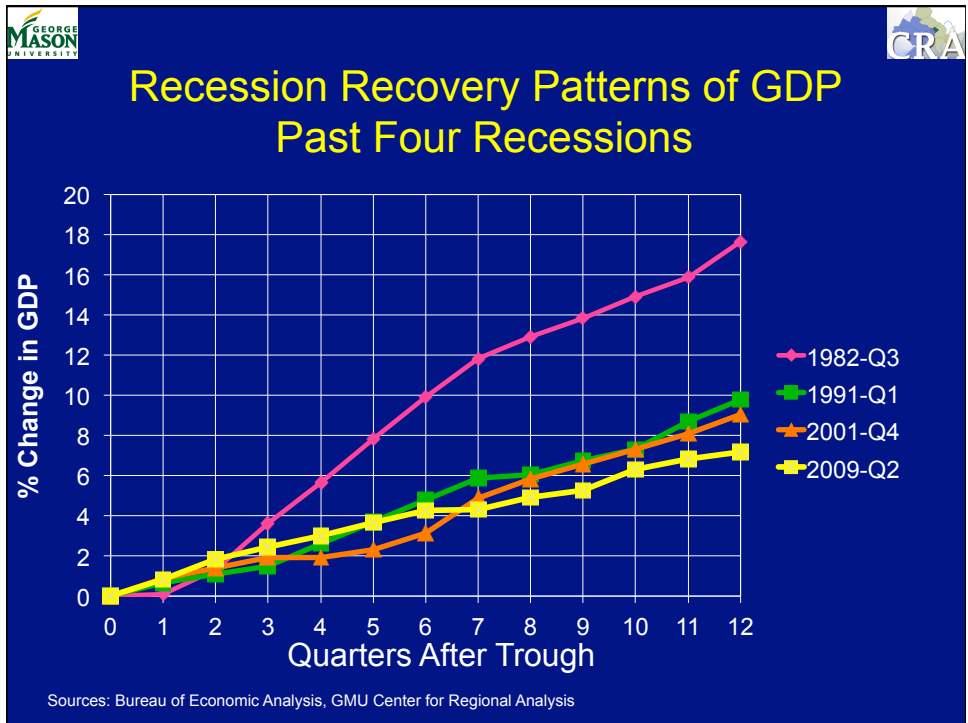


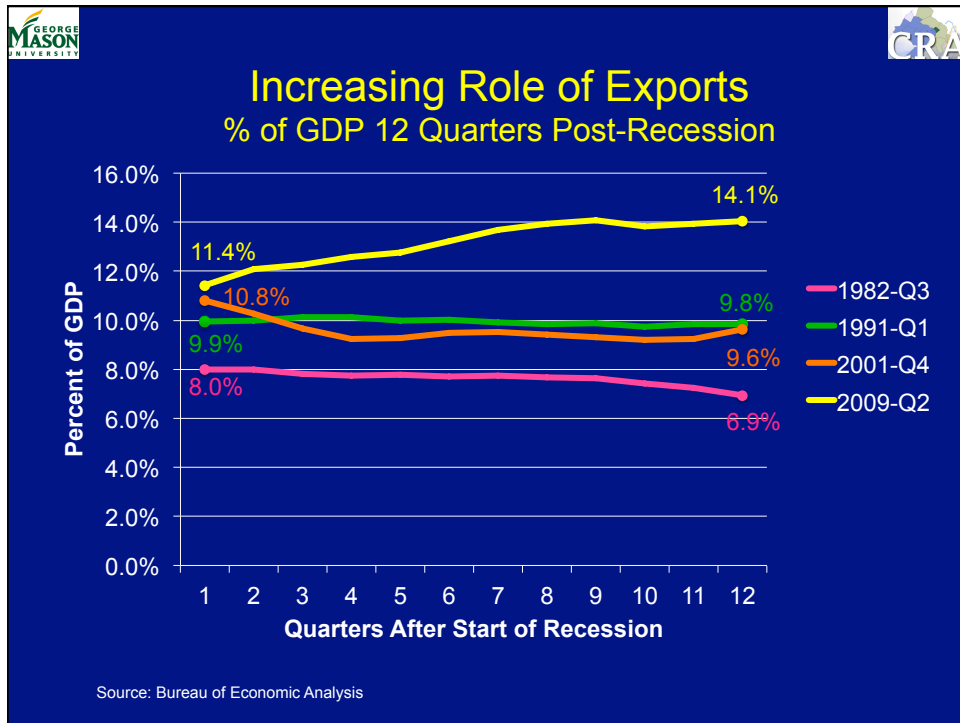
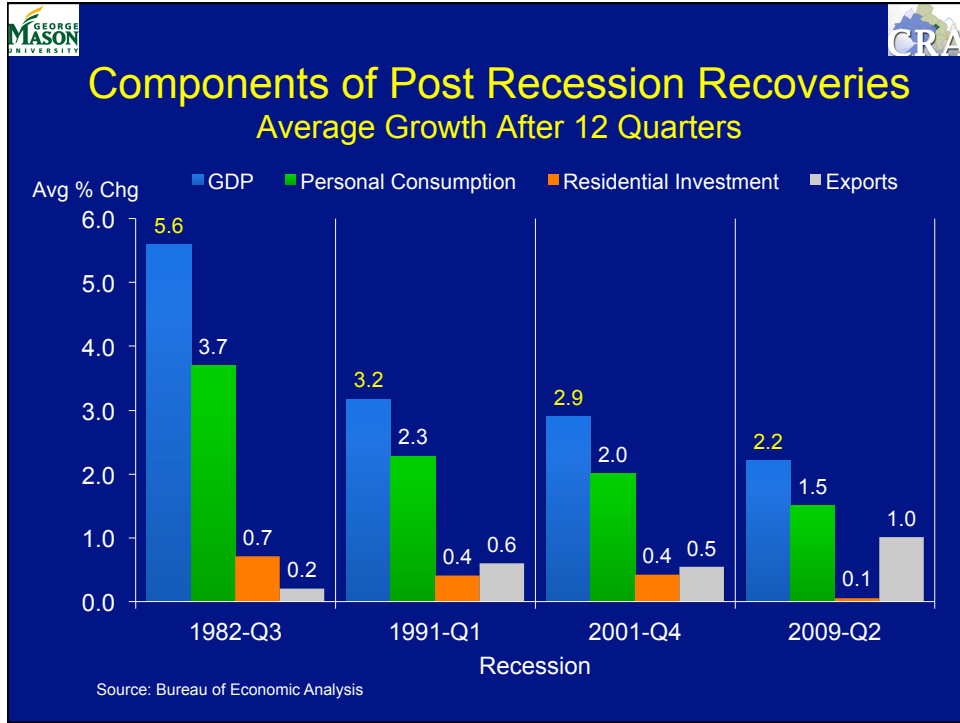
Virginia Bankers Association's Credit Management Conference

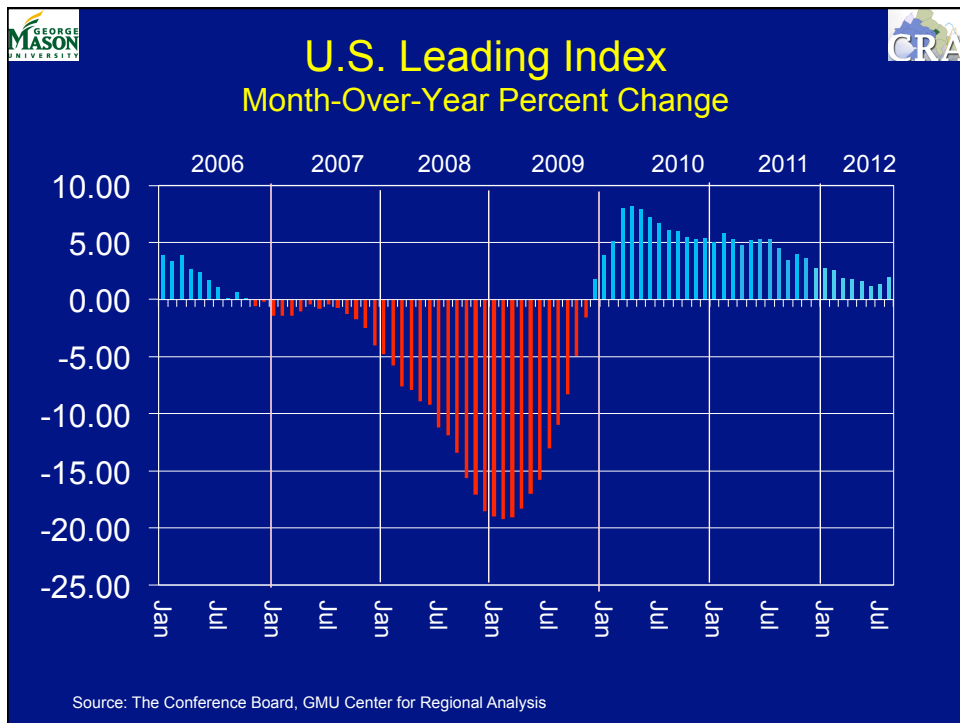
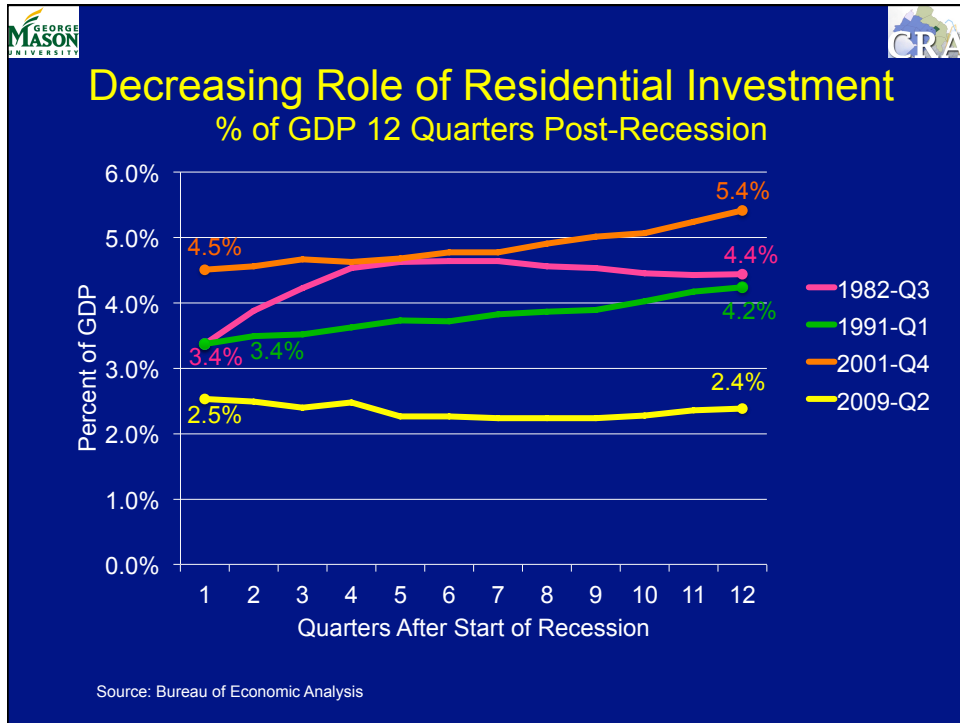
What's Behind The Economy's Weak Performance and When Will the Expansion Accelerate

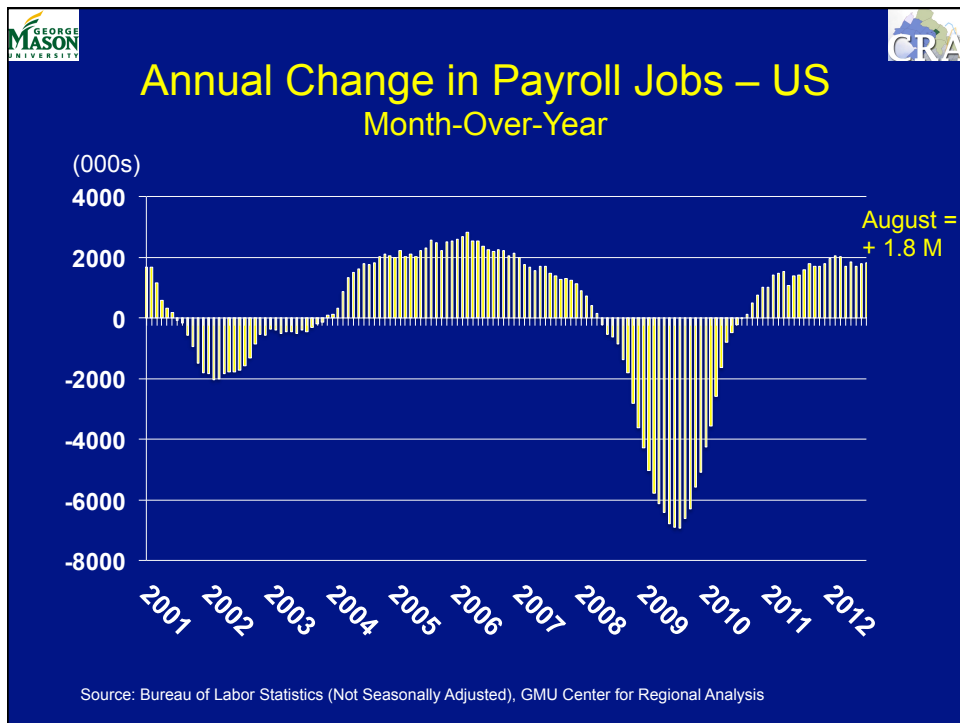
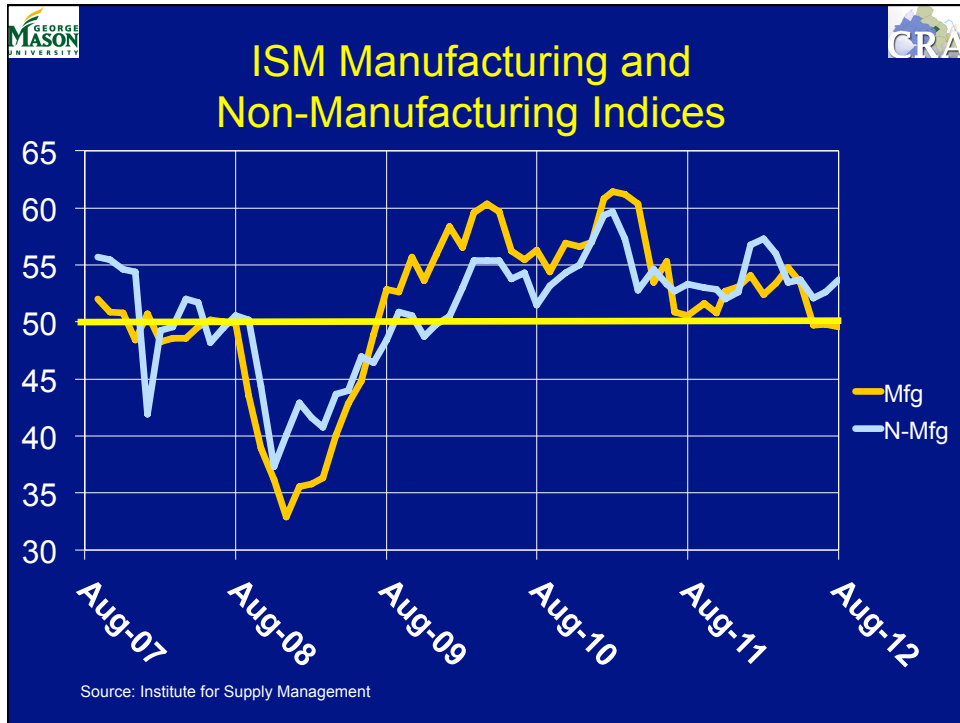
Stephen S. Fuller, PhD
 Dwight Schar Faculty Chair and University Professor
 Director, Center for Regional Analysis
 School of Public Policy
 George Mason University

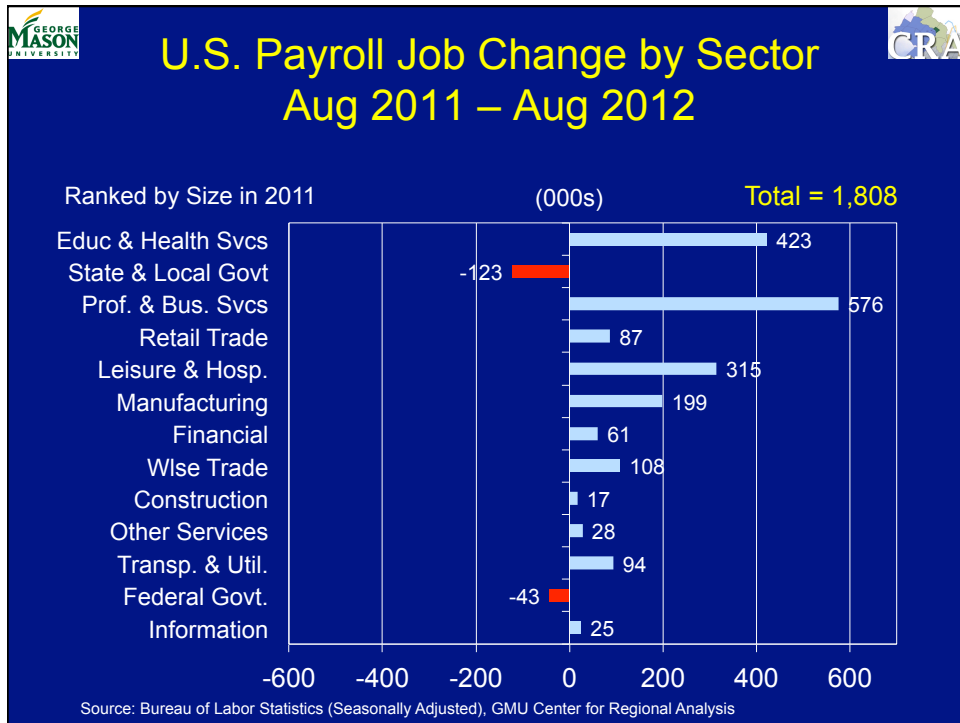
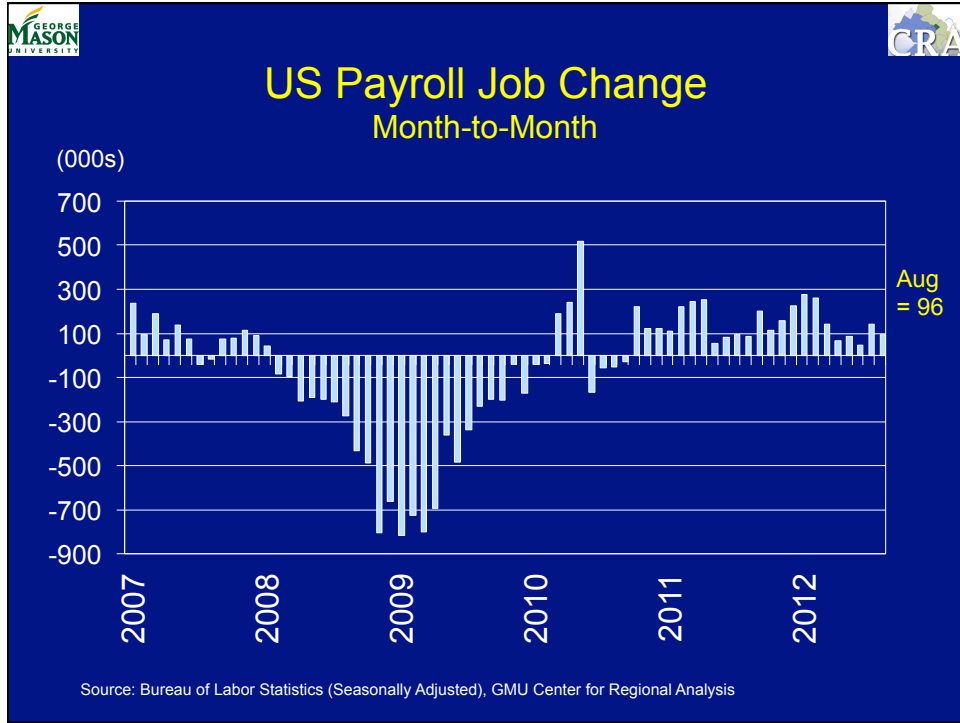
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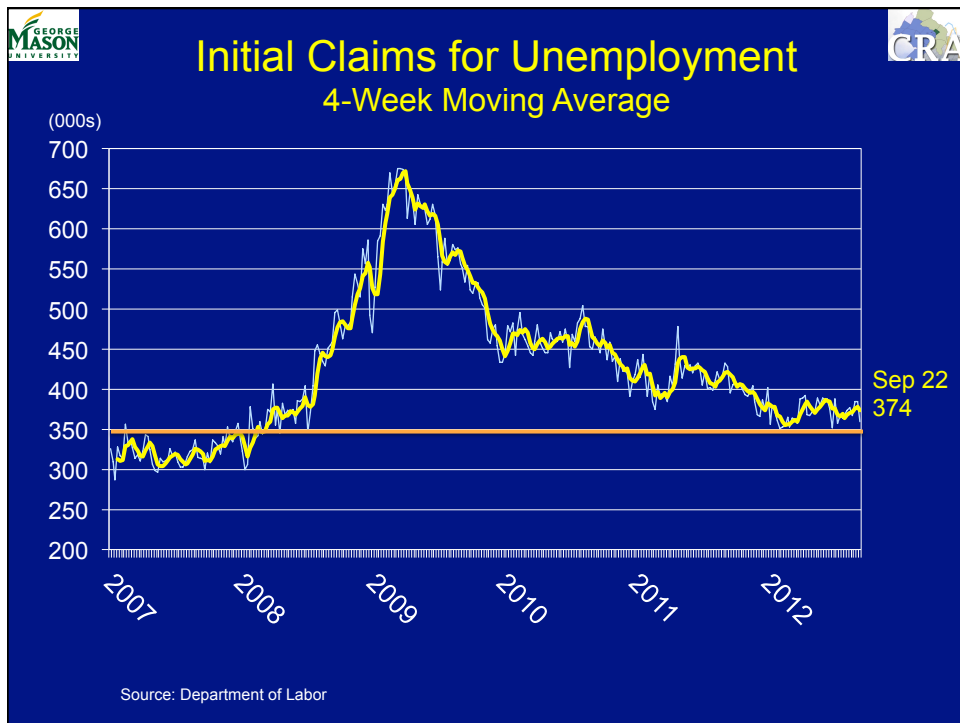


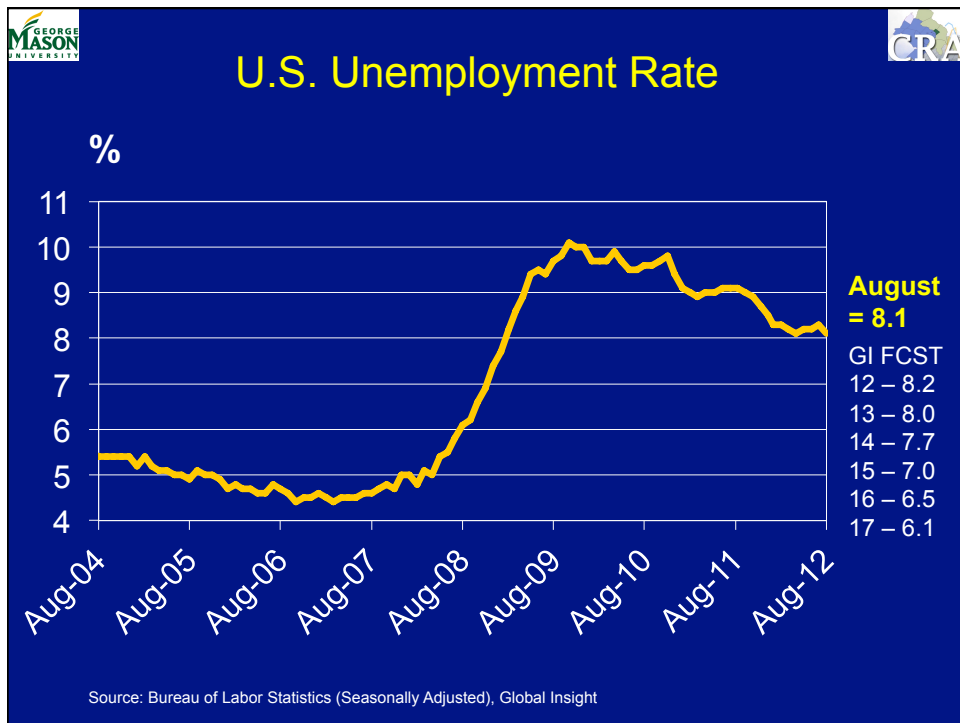
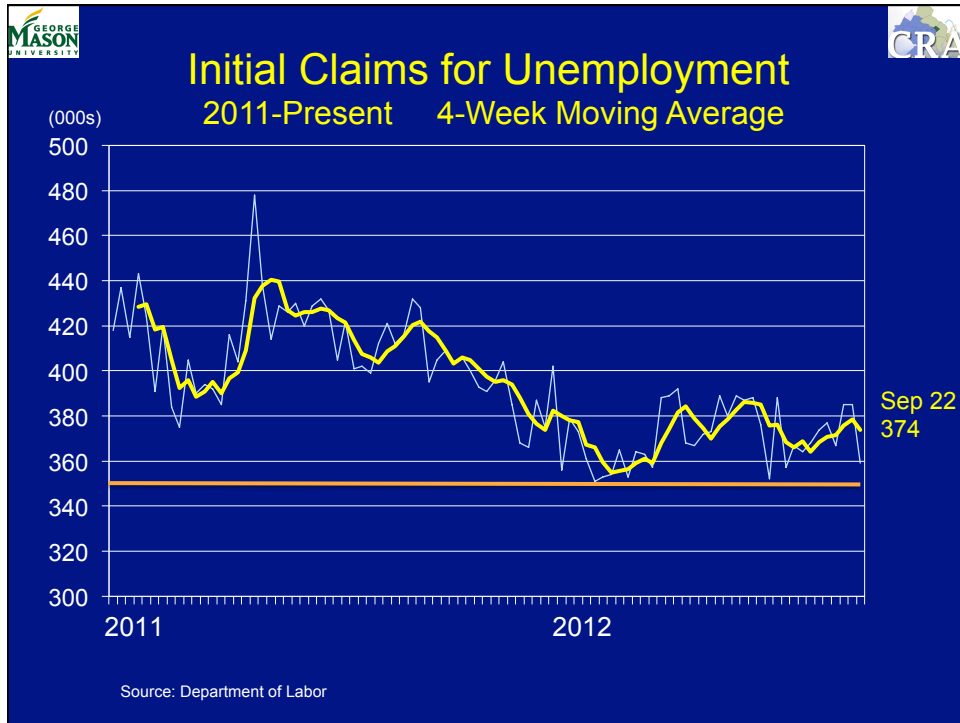






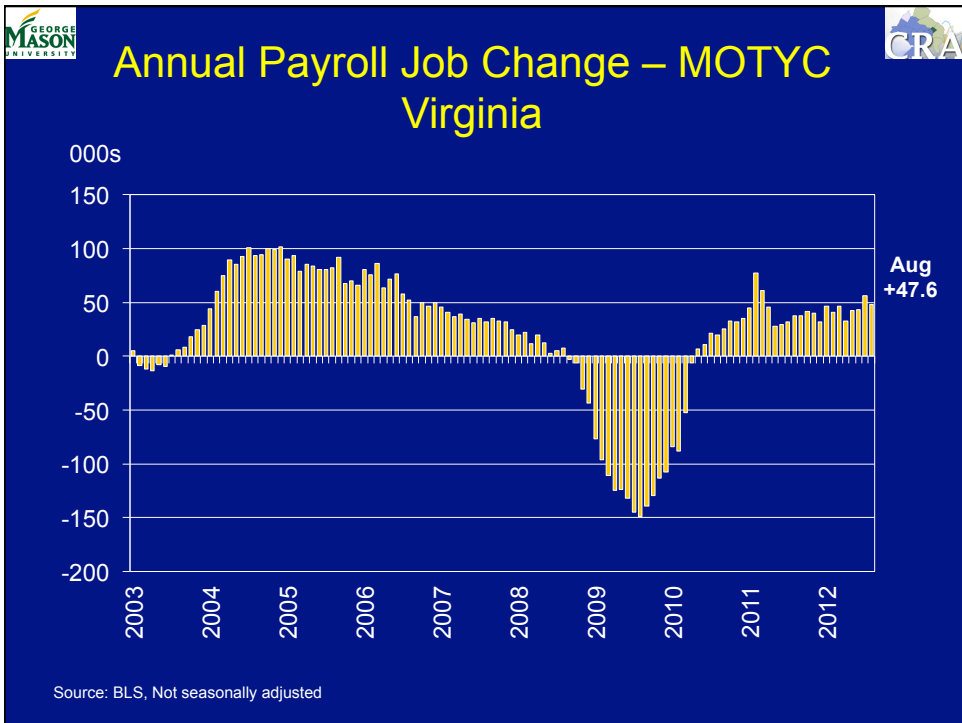


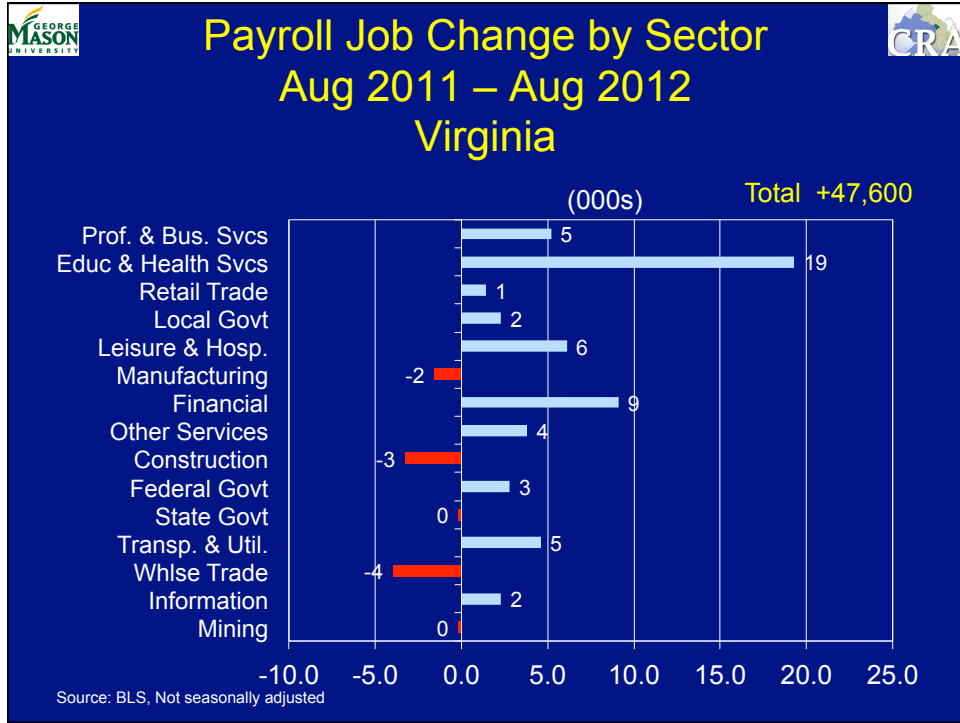


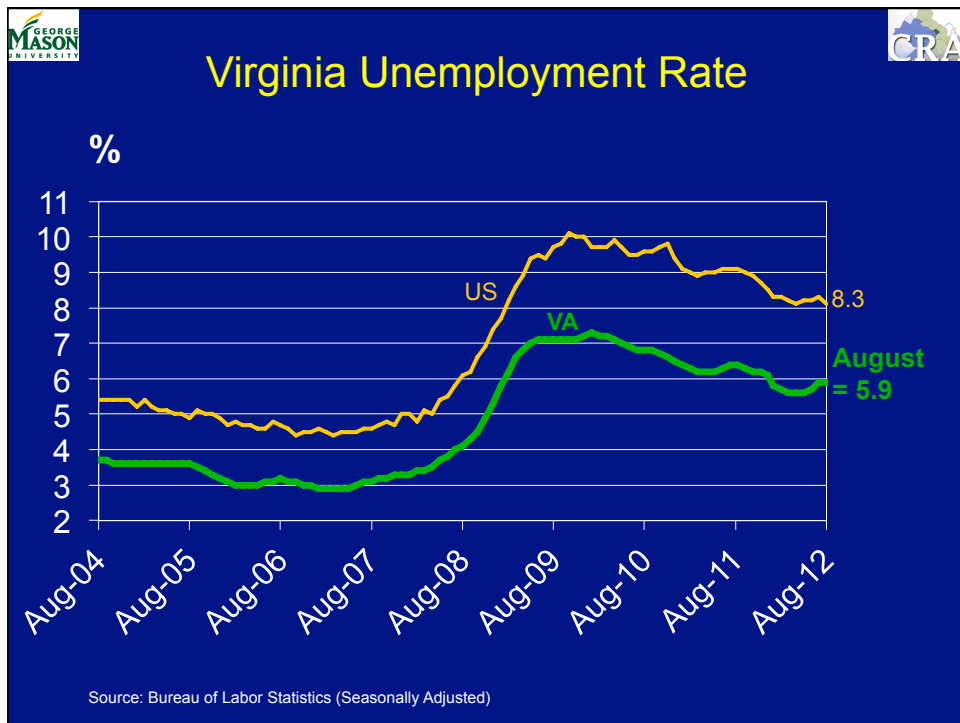
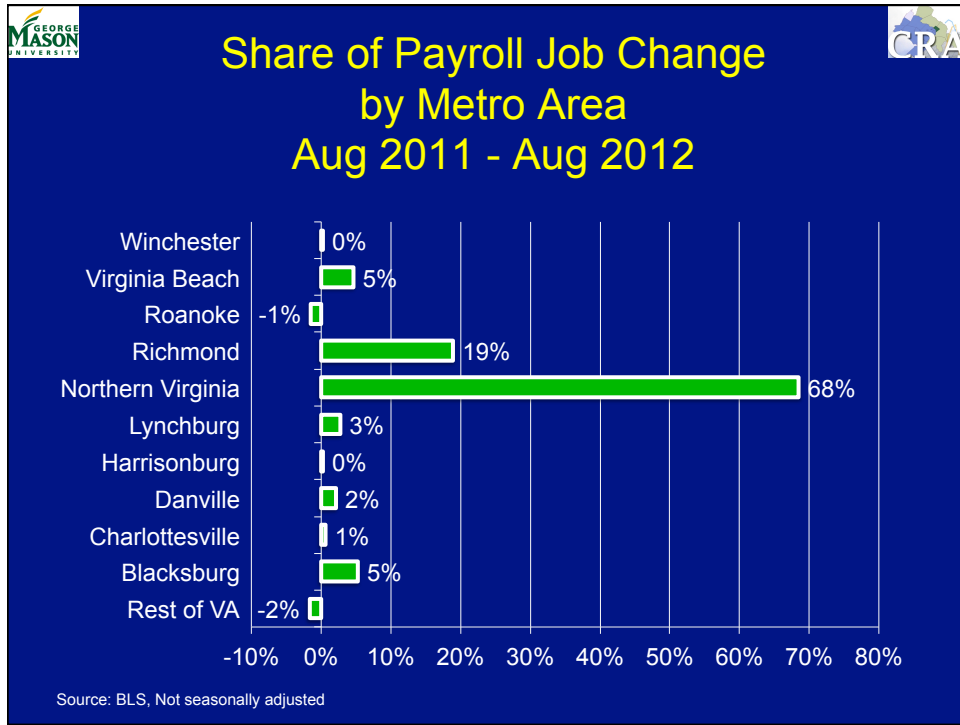


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The Virginia Economy's Recent Performance











The Economic Outlook: Wildcards and Drivers



Wildcards (Uncertainty)

- **The Election**
- **The fiscal cliff including taxes, sequestration, the debt ceiling**
- **QE 3 and the Fed's other macro policies**
- **Europe's economic recovery**
- **Asia's economic performance**
- **Inflation and Unemployment**






The Economic Impact the of Budget Control Act of 2011 in 2013 (\$s in billions)

Sources of Impact	GDP Impact	Labor Income	Job Losses
DOD Budget			
Reductions (\$56.7)	\$94.5	\$46.5	1,090,359*
Non-DOD-Agency			
Reductions (\$59.0)	\$120.5	\$62.9	1,047,349**
Total Impacts (\$115.7)	\$215.0	\$109.4	2,137,708

*direct jobs losses include 48,000 federal workers and 277,545 federal contractor jobs; an additional 282,426 jobs of suppliers and vendors to primes would be lost accounting for 56% of all job losses; **direct job losses include 229,116 federal workers and 191,413 federal contractor jobs; and additional 150,552 jobs of suppliers and vendors would be lost accounting for 54% of the total.

Source: "The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies," Stephen S. Fuller, July 17, 2012.

The Employment Impact the of Budget Control Act of 2011 on the Maryland-DC-Virginia Region

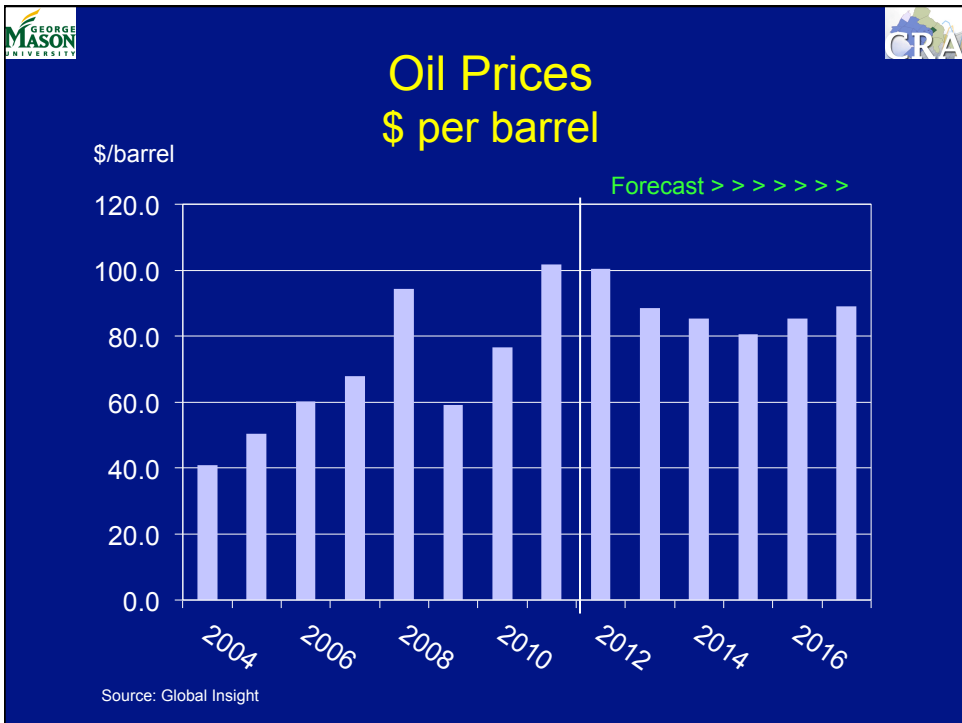
<u>State</u>	Job Losses*		Total Job* <u>Losses</u>
	<u>DoD Cuts</u>	<u>Non-DoD Cuts</u>	
Maryland	39,395	75,400	114,795
District of Columbia	15,169	112,238	127,407
Virginia	136,191	71,380	207,571
Totals	190,755	259,018	449,773
% U.S. job losses	17.5	24.7	21.0

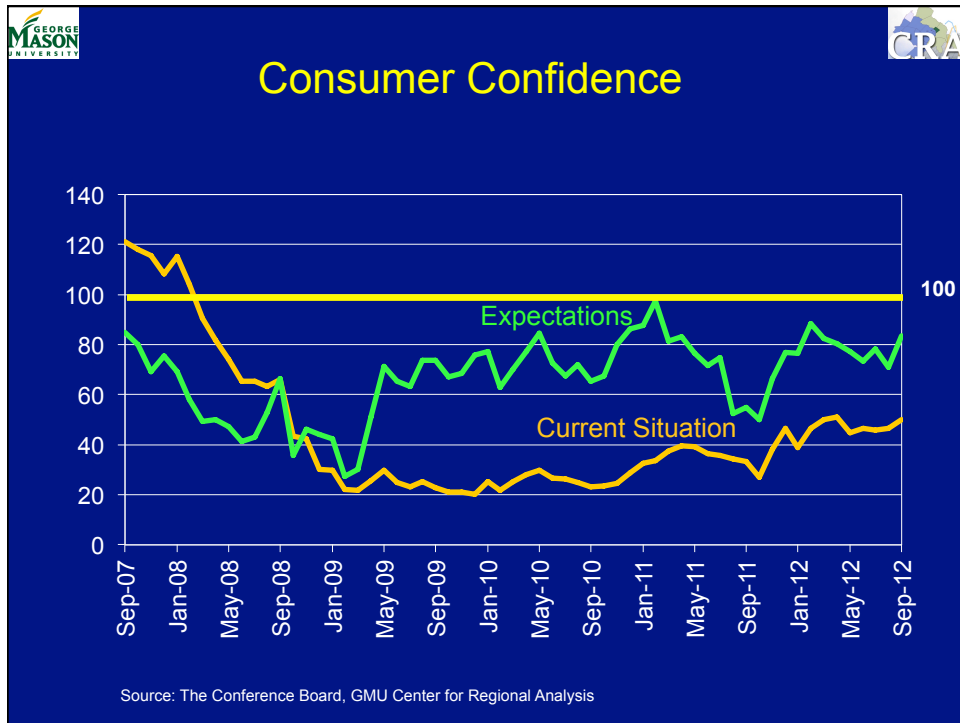
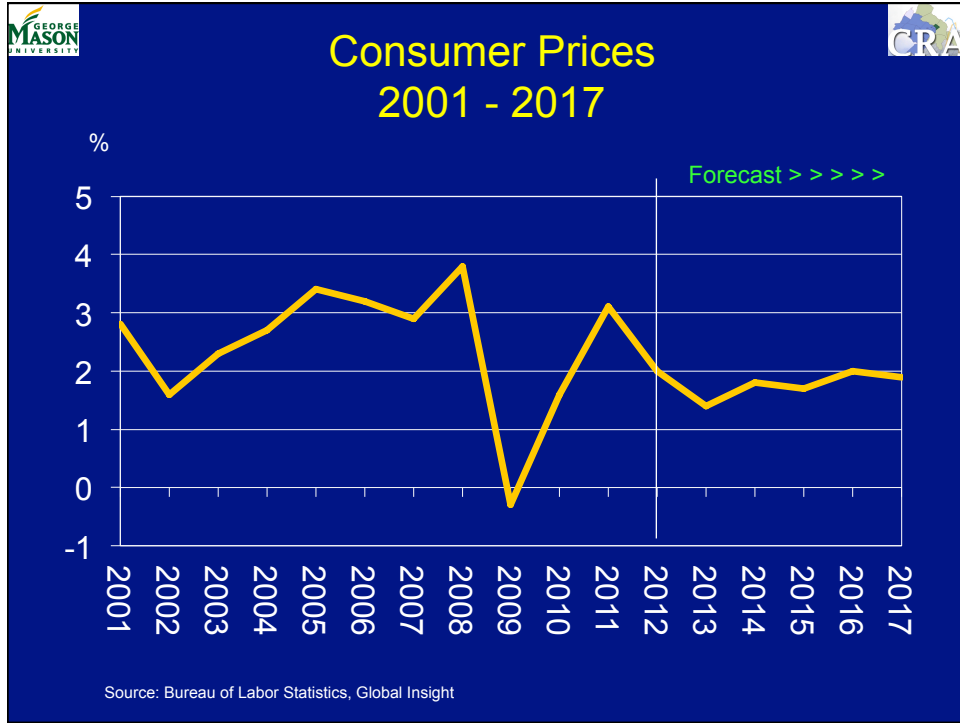
*direct, indirect and induced job losses resulting from BCA-mandated federal spending reductions in FY 2013; of the direct job losses totaling 161,161, an estimated 65,189 workers would be federal employees (40.4%) and 95,972 (59.5%) workers would be contractors, suppliers and vendors.

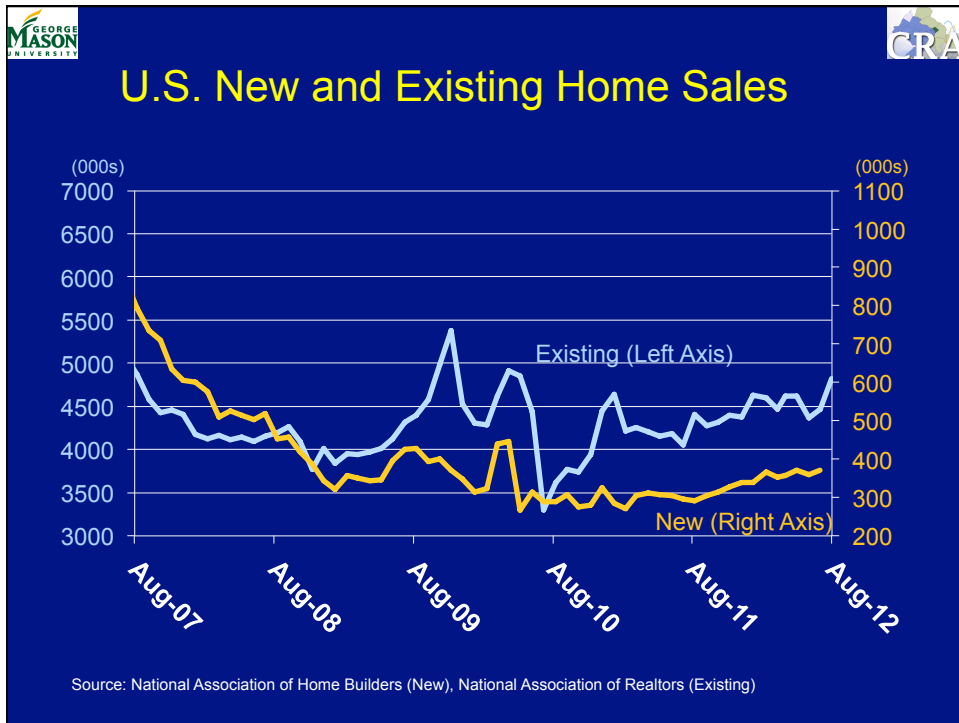
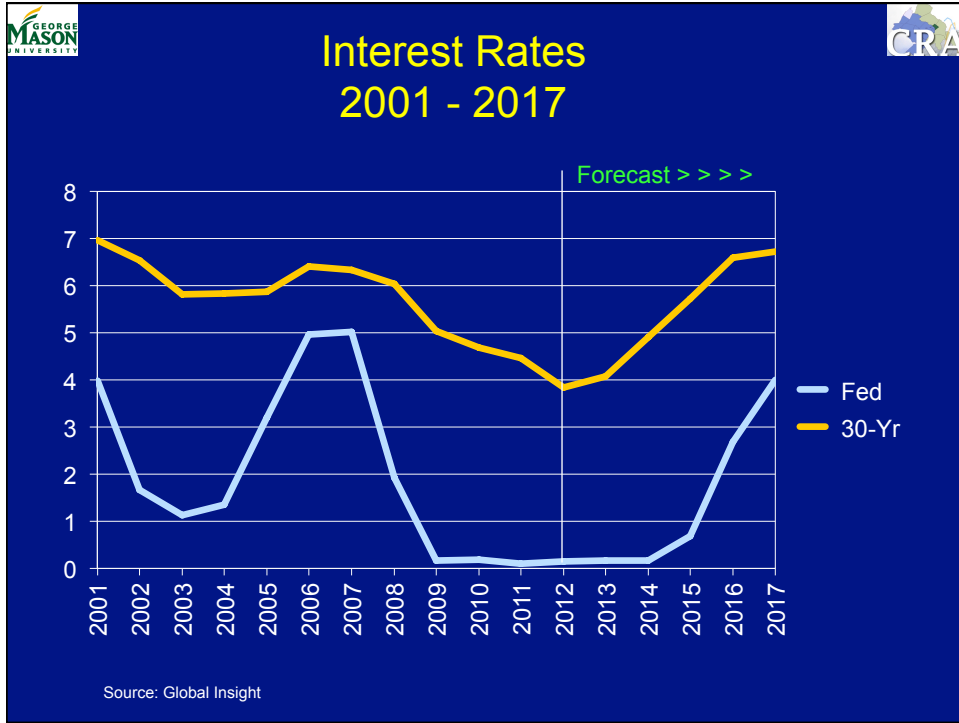
Source: "The Economic Impact of the Budget Control Act of 2011 on DOD and Non-DOD Agencies," Stephen S. Fuller, July 17, 2012.

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Drivers (Behind the Forecast)







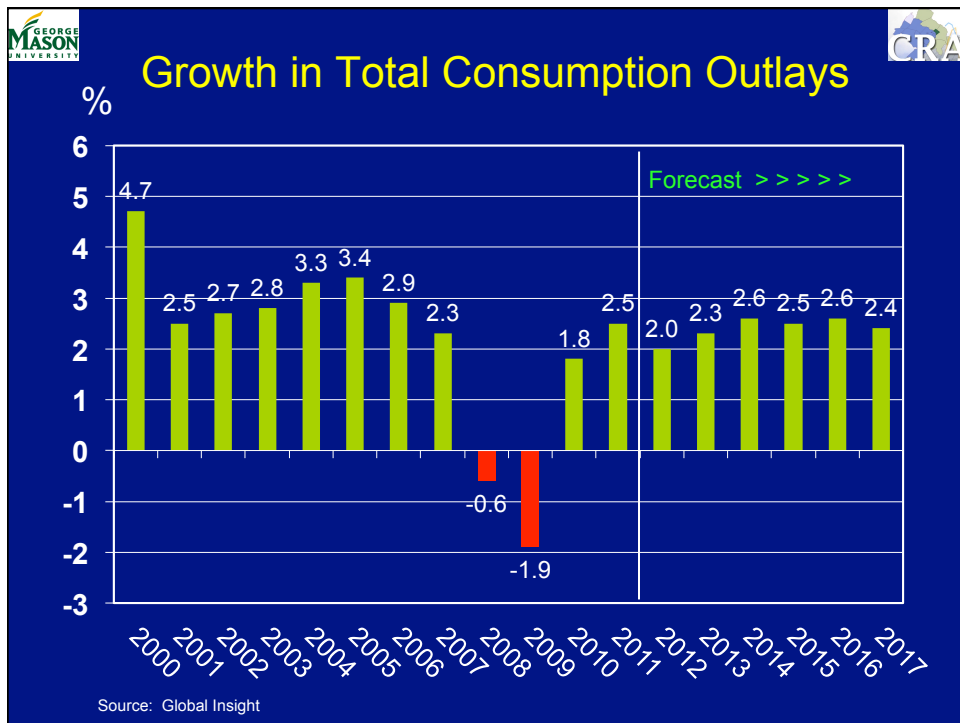
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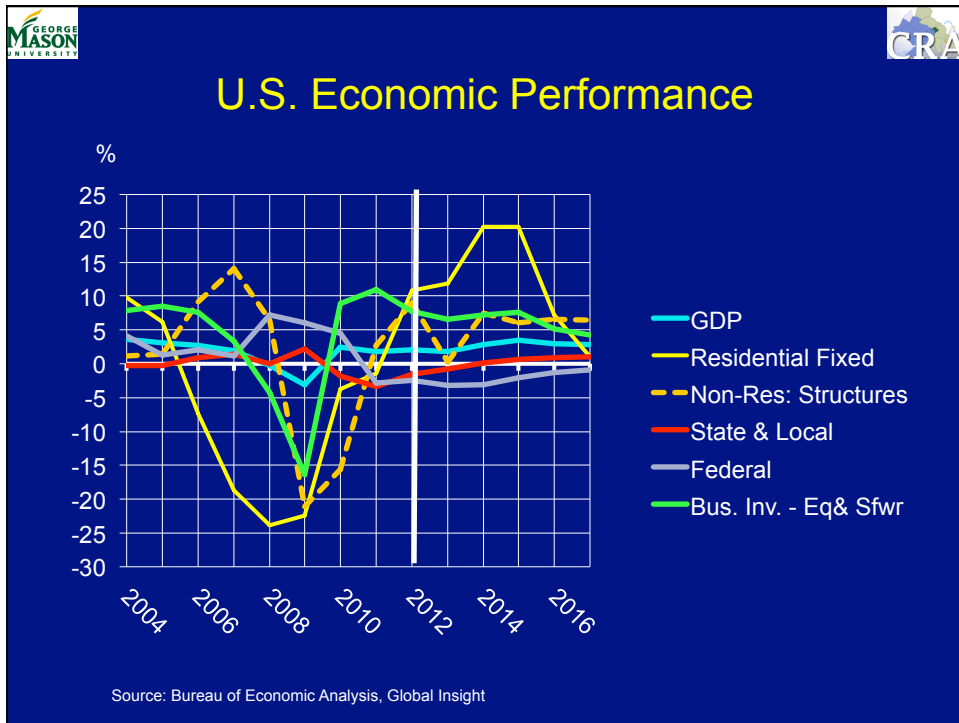
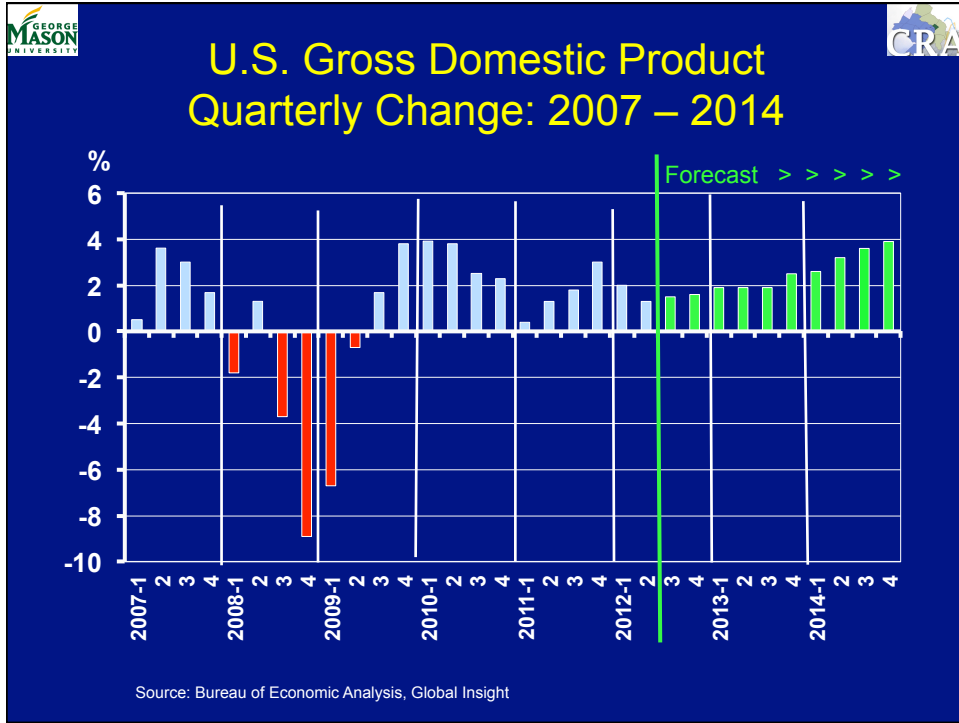
Housing Forecast, 2011-2017

(millions of Units)

Year	Housing Starts	Existing House Sales
2005	2.073	7.076
2011	0.612	4.483
2012	0.759	4.555
2013	0.945	4.916
2014	1.243	5.404
2015	1.567	5.746
2016	1.680	5.754
2017	1.714	5.666

Source: IHS Global Insight "US Executive Summary" September 11, 2012







Thank You

Questions and Answers

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