

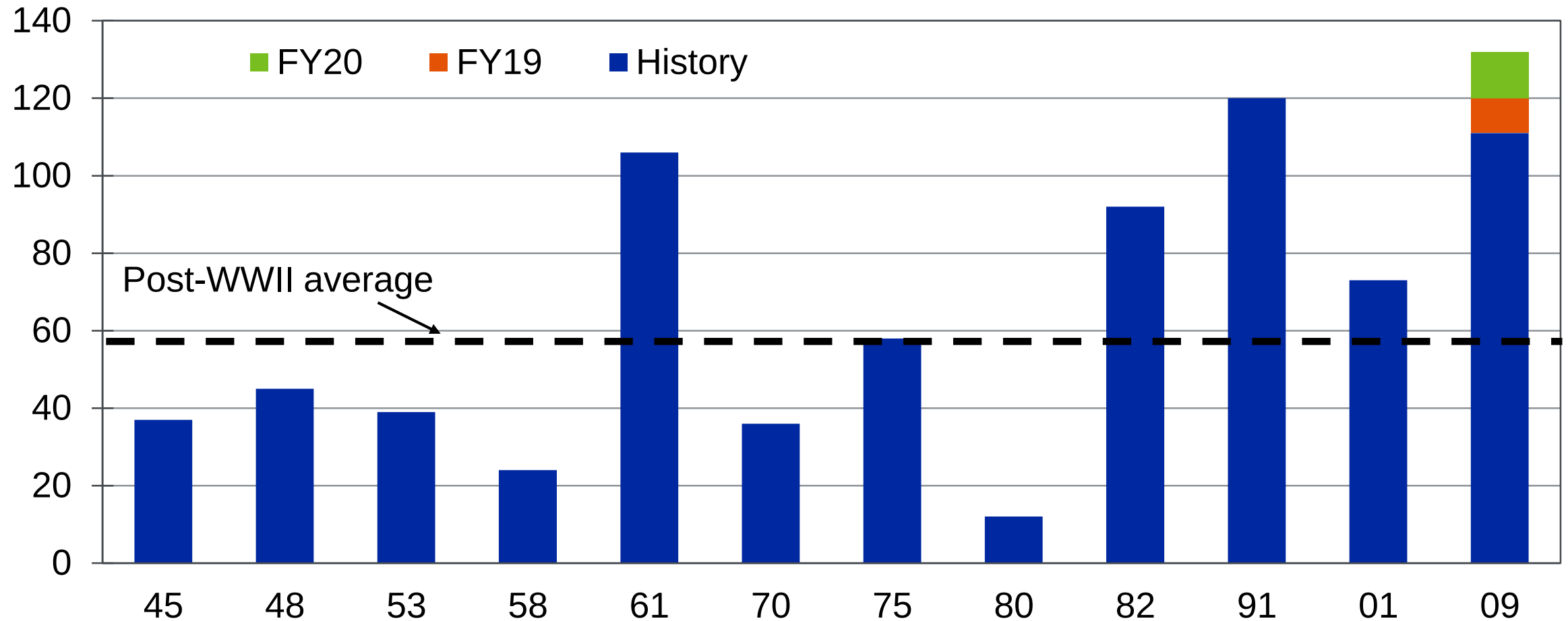
Feeling Good...For Now

DAN WHITE, Director of Fiscal Policy Research

October 2018

Pushing the Envelope

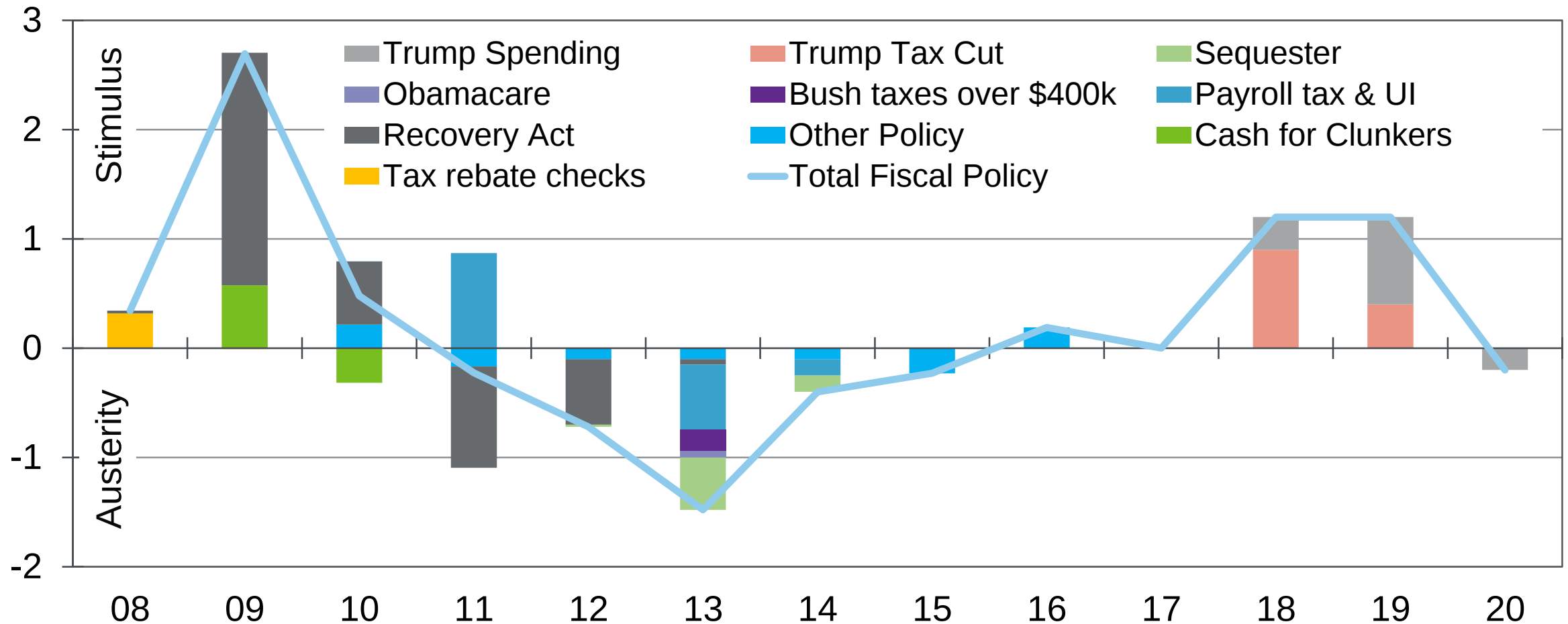
Duration of business cycle expansion, months, state fiscal year



Sources: NBER, Moody's Analytics
MOODY'S ANALYTICS

Lots of Fiscal Stimulus

Federal discretionary fiscal policy as a % of GDP

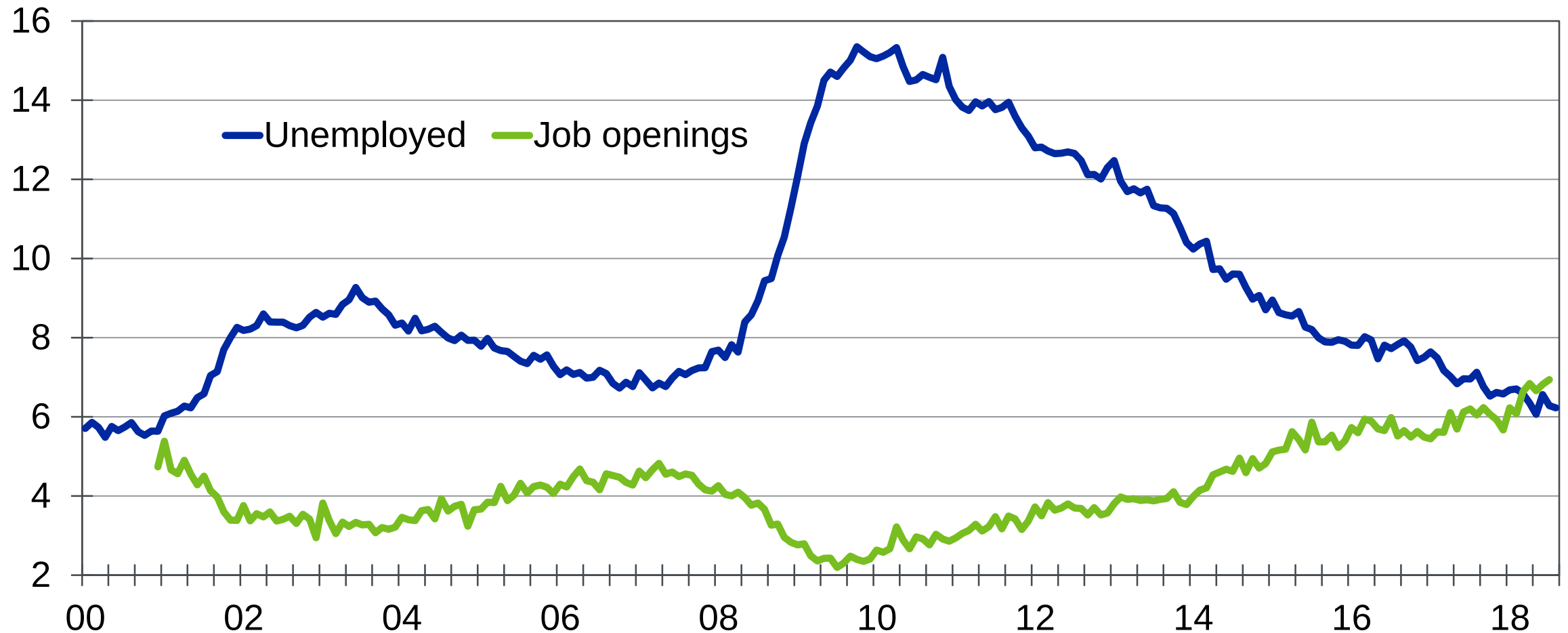


Source: Moody's Analytics

MOODY'S ANALYTICS

The Job Market Is As Good As It Gets

Mil

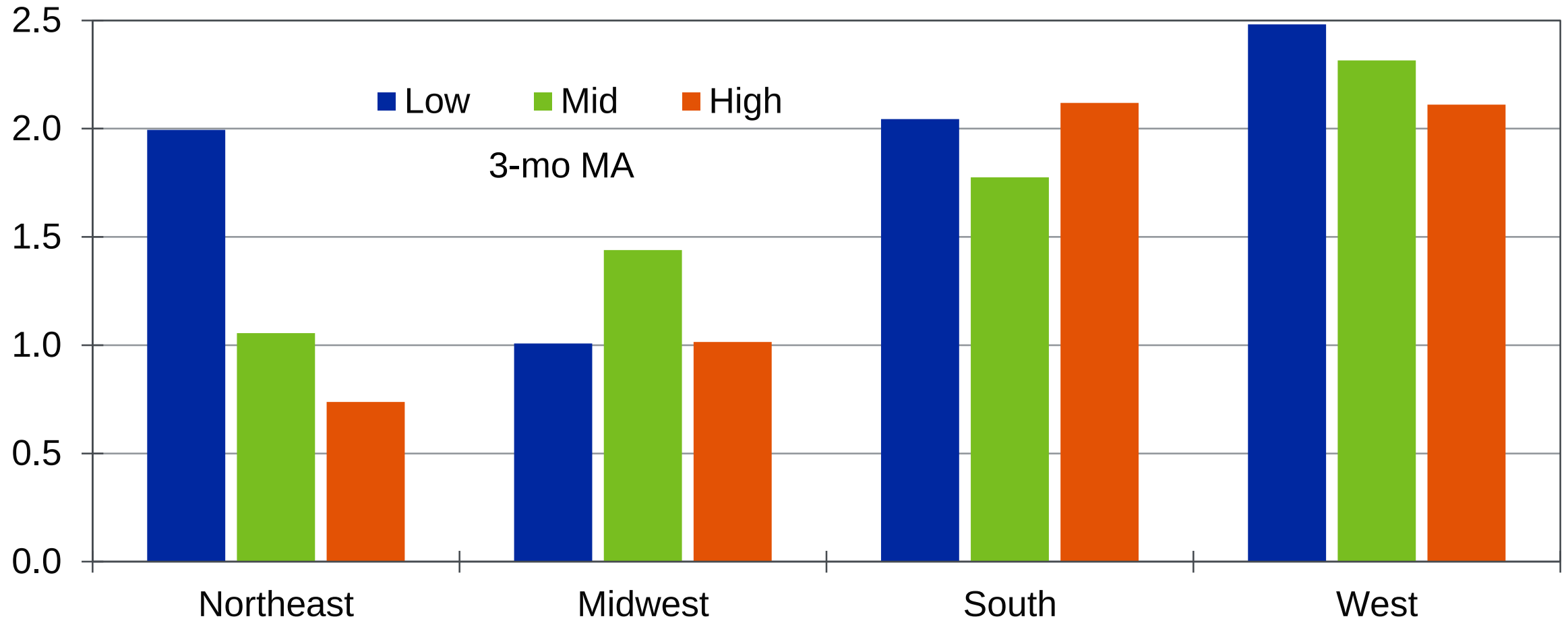


Sources: BLS, Moody's Analytics

MOODY'S ANALYTICS

Job Growth Is (Mostly) Broad-Based

Employment growth by wage cohort, % change yr ago, Aug 2018

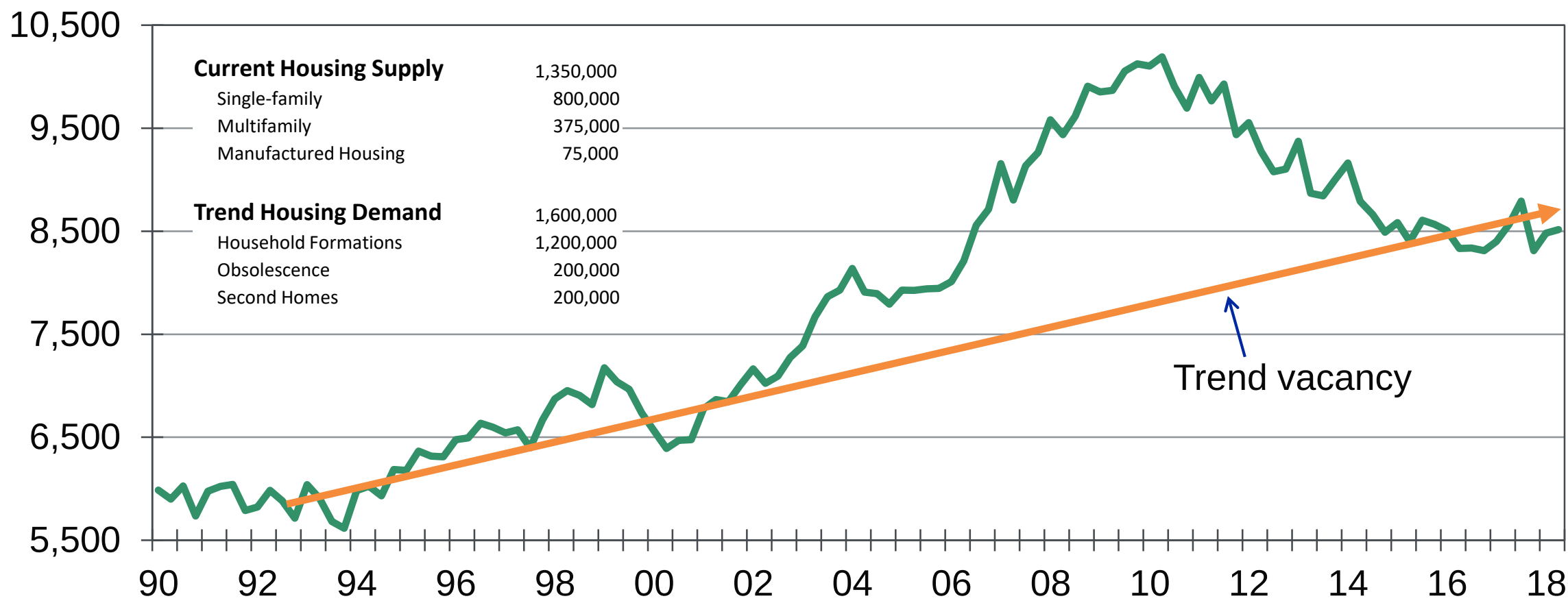


Sources: BLS, BEA, Moody's Analytics

MOODY'S ANALYTICS

Builders Are Still Not Building

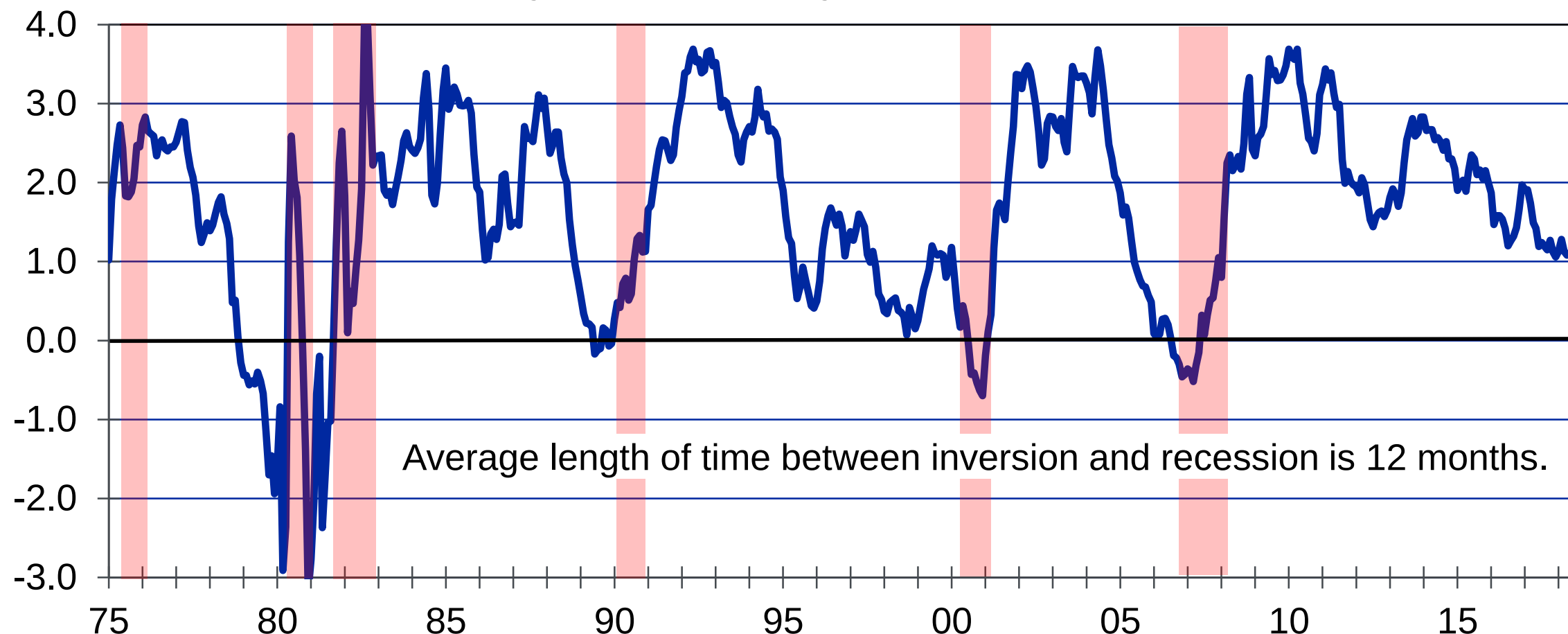
Vacant homes for sale, for rent and held off market, the



Sources: Census Bureau, Moody's Analytics

Yield Curve Sends a Warning

Difference between 10-yr and 3-mo yield, %

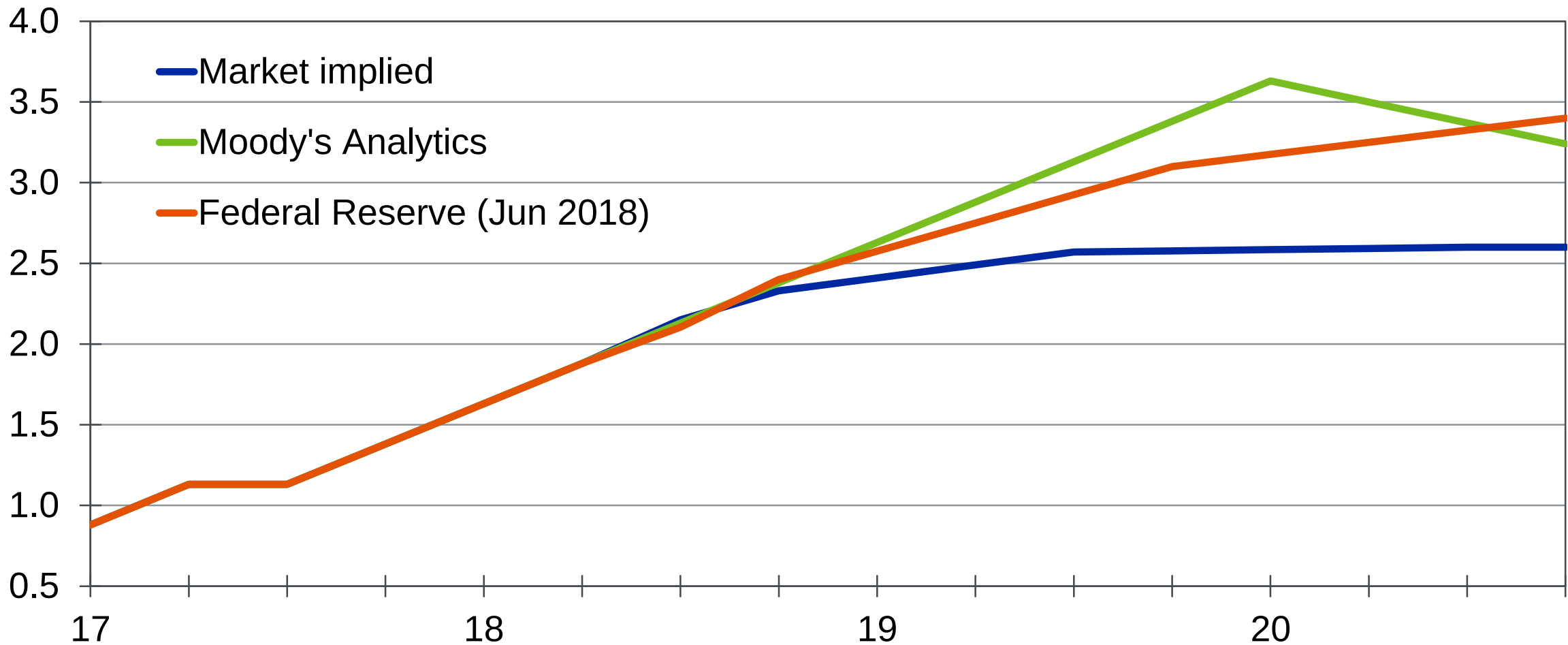


Sources: Federal Reserve, Moody's Analytics

MOODY'S ANALYTICS

Global Investors Need to Adjust

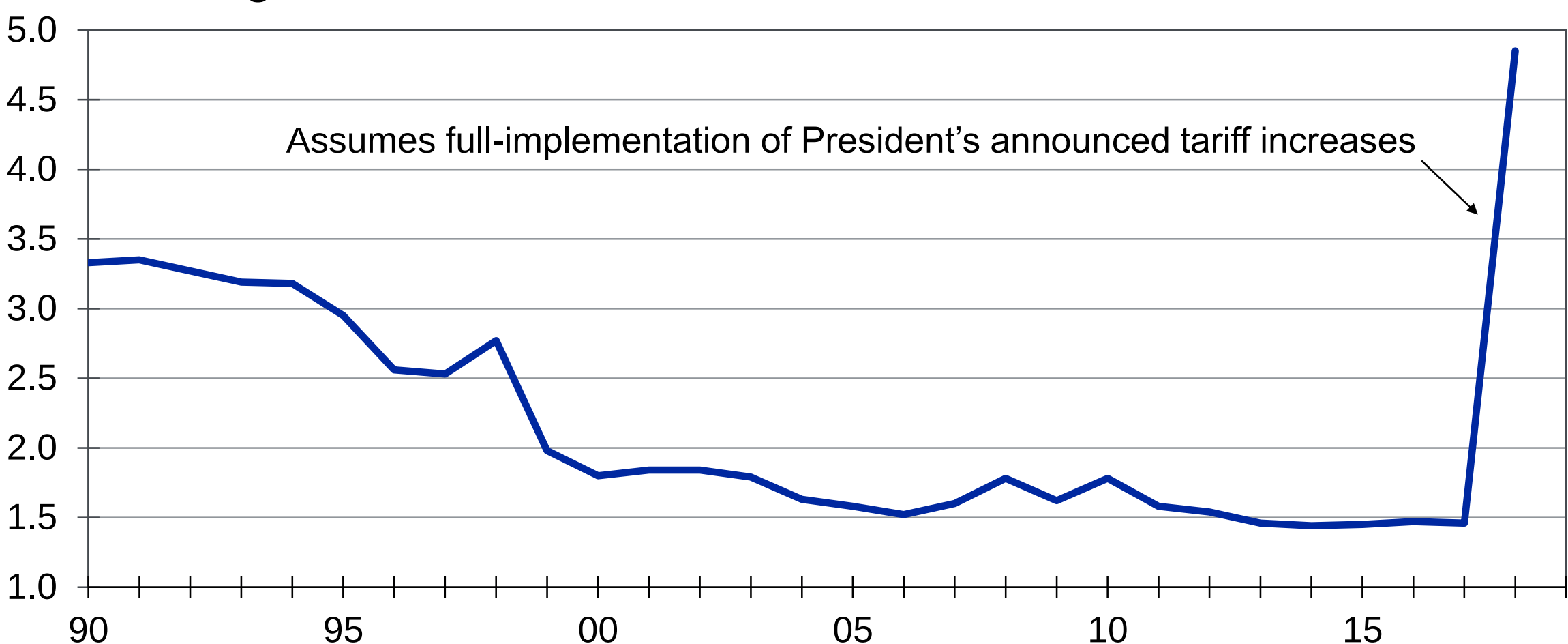
Federal funds rate, %



Sources: Federal Reserve, Bloomberg LP, Moody's Analytics

Putting Tariff Threat into Perspective

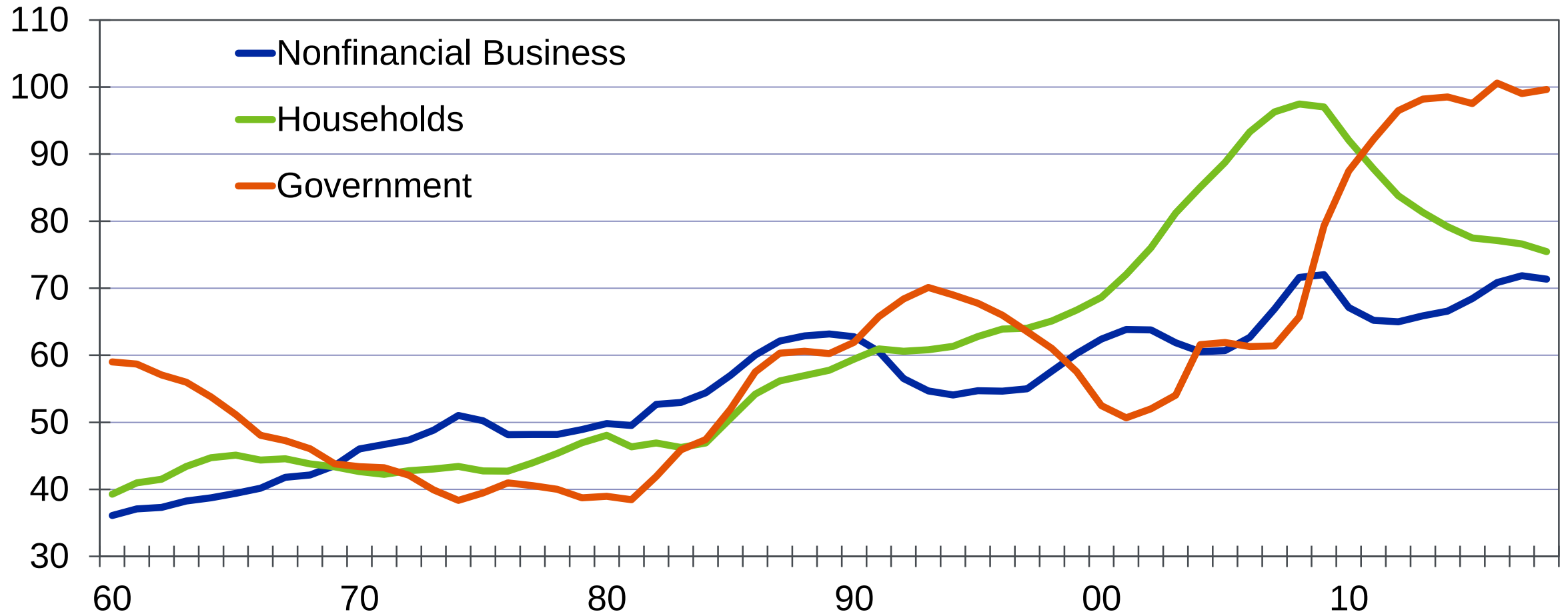
U.S. average effective tariff rate, %



Sources: World Bank, Moody's Analytics

Will Debt Sink the Expansion?

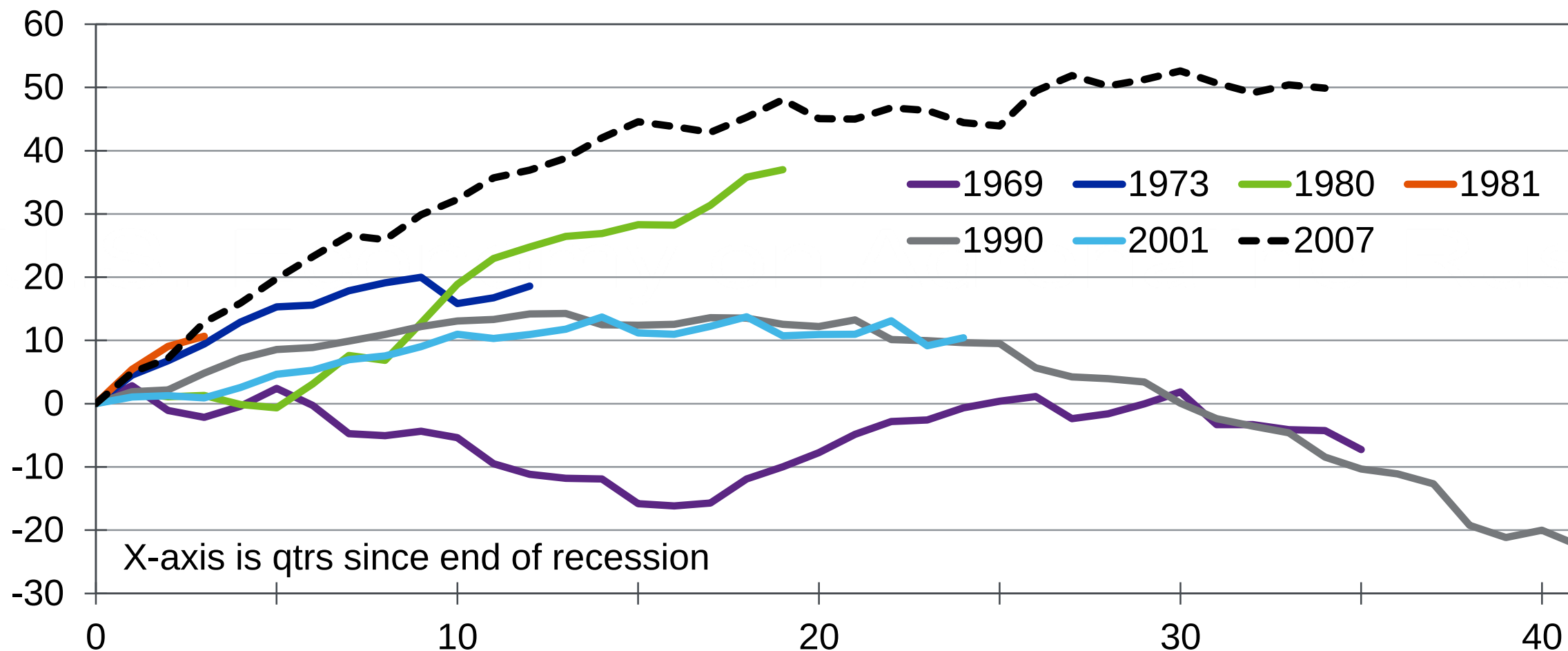
Debt to GDP ratio



Sources: Federal Reserve, Moody's Analytics

Uncharted Territory

Government debt to GDP ratio, first quarter of expansion=100

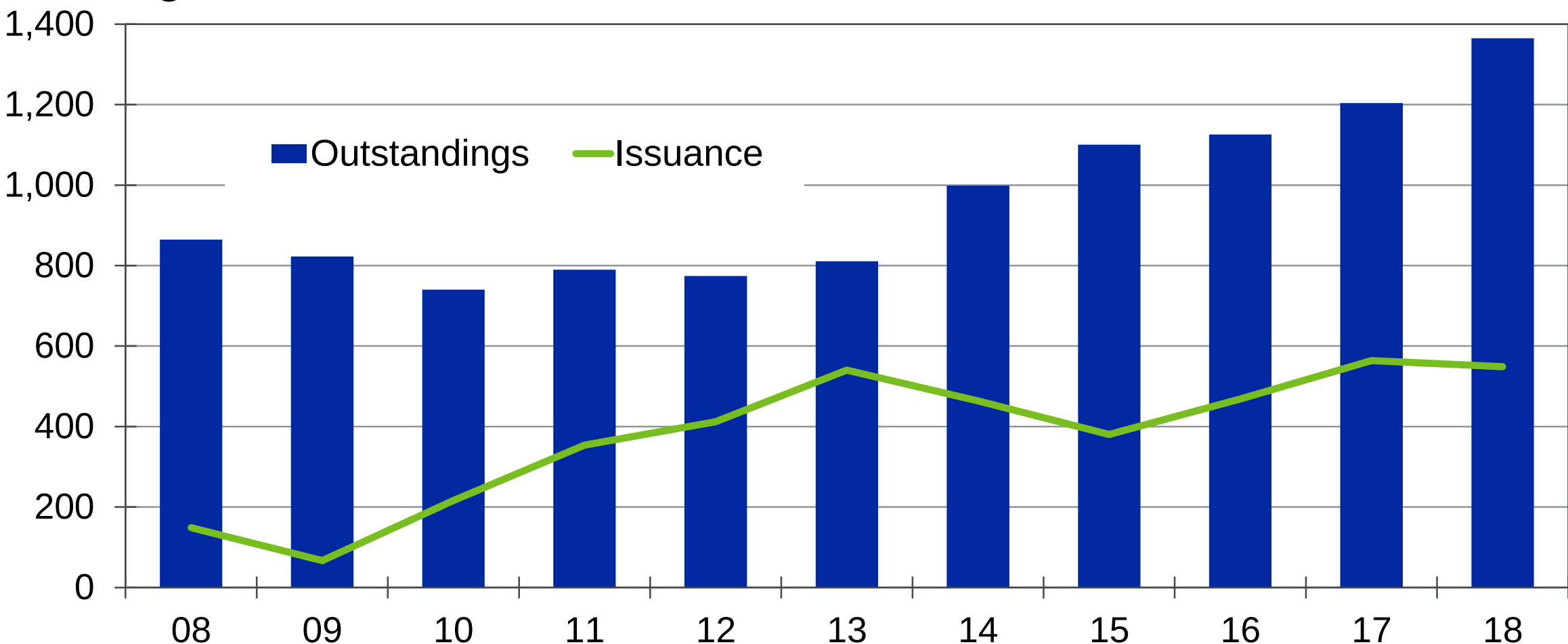


Source: Moody's Analytics

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Leveraged Firms Leveraging Up

Leveraged loans, \$ bil



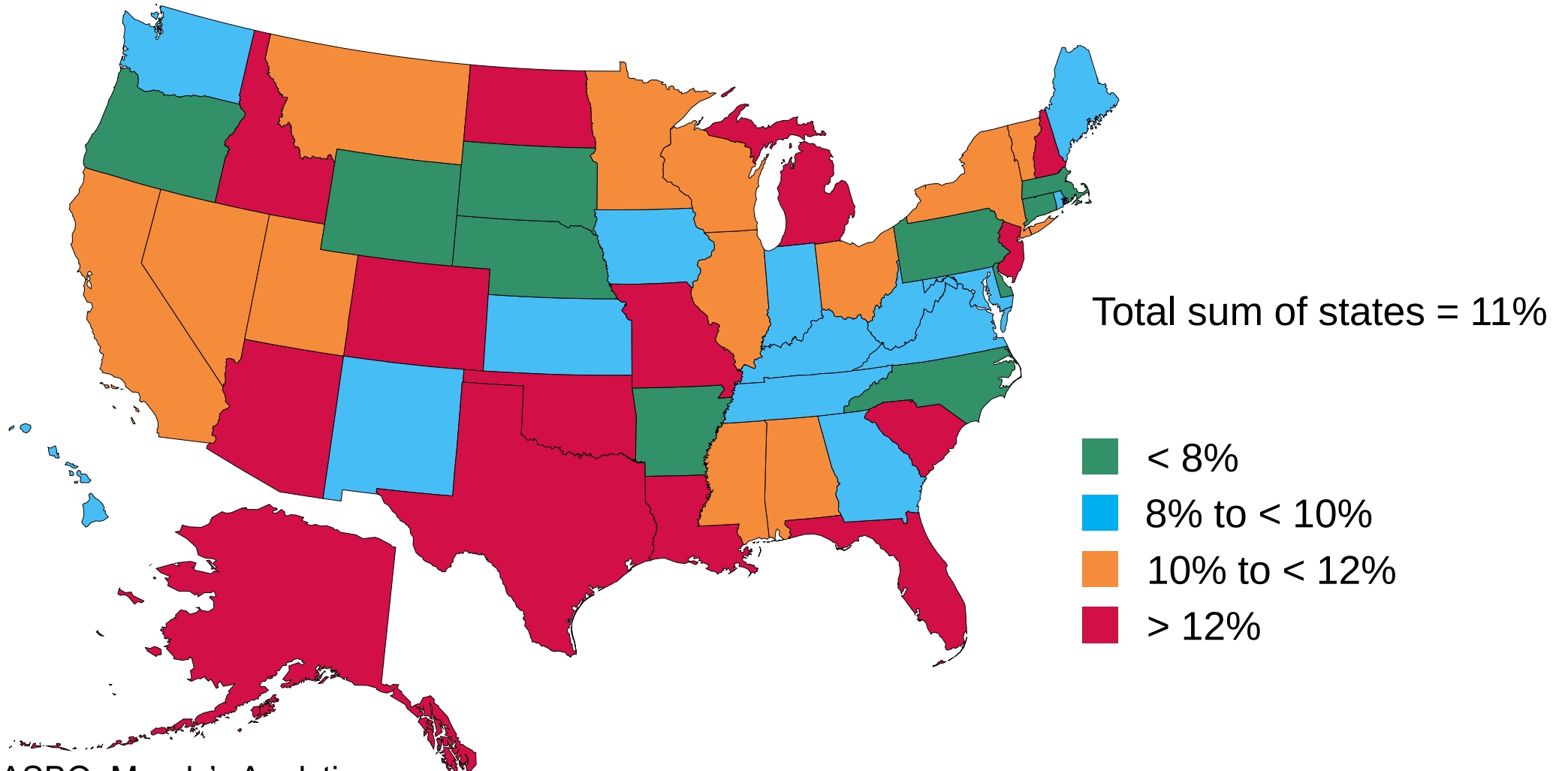
Sources: IMF, Moody's

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Note: 2018 issuance is YTD annualized

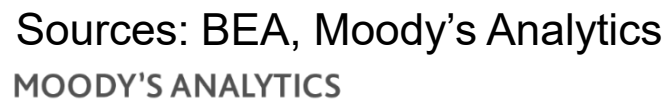
Recessions Impact All States Differently

Fiscal shock from moderate recession, % of estimated 2018 revenues



Sources: NASBO, Moody's Analytics

Potential state government fiscal drag from next recession, % of GSP



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