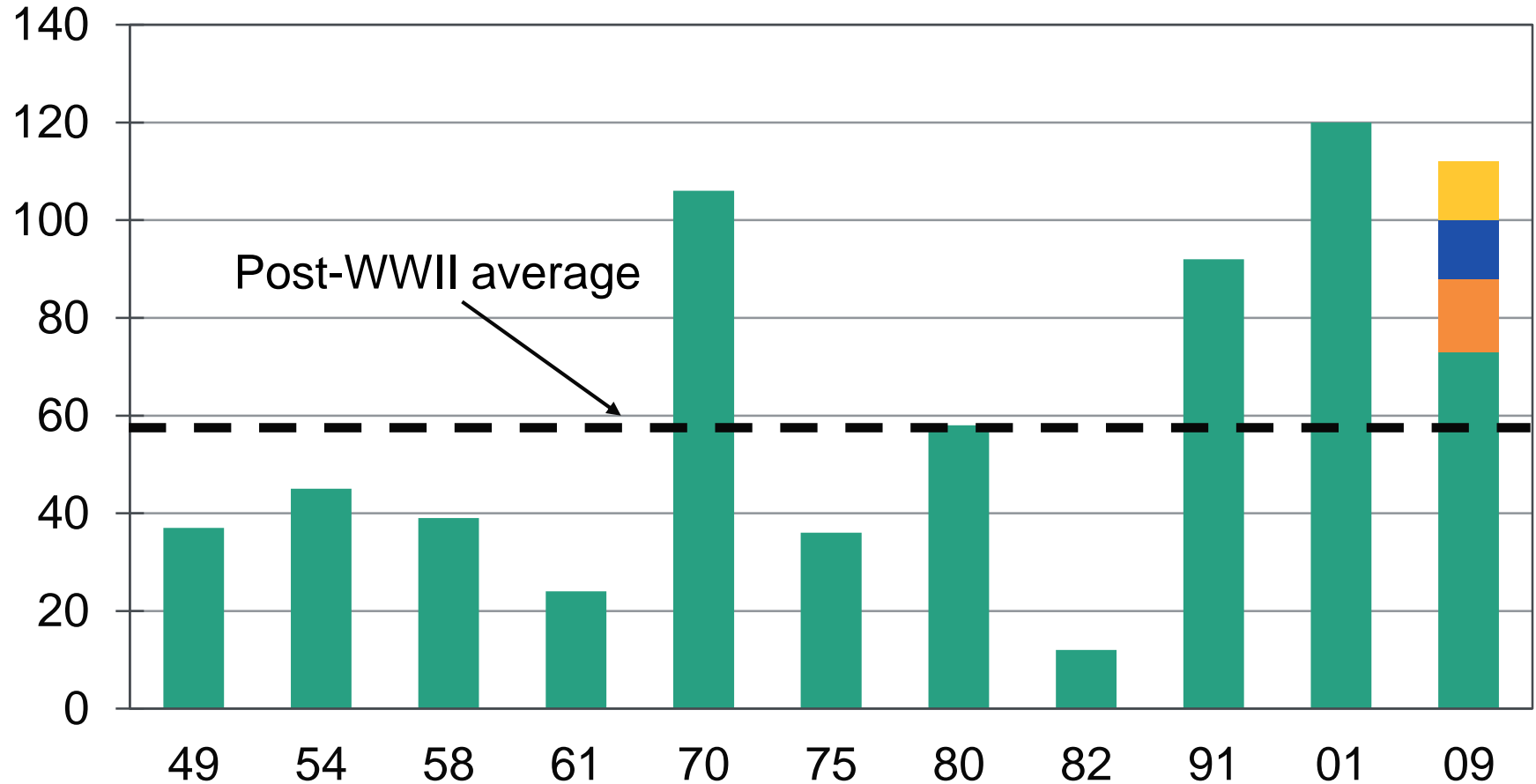


Uncertain Waters Ahead

DAN WHITE, SENIOR ECONOMIST

Pushing the Envelope

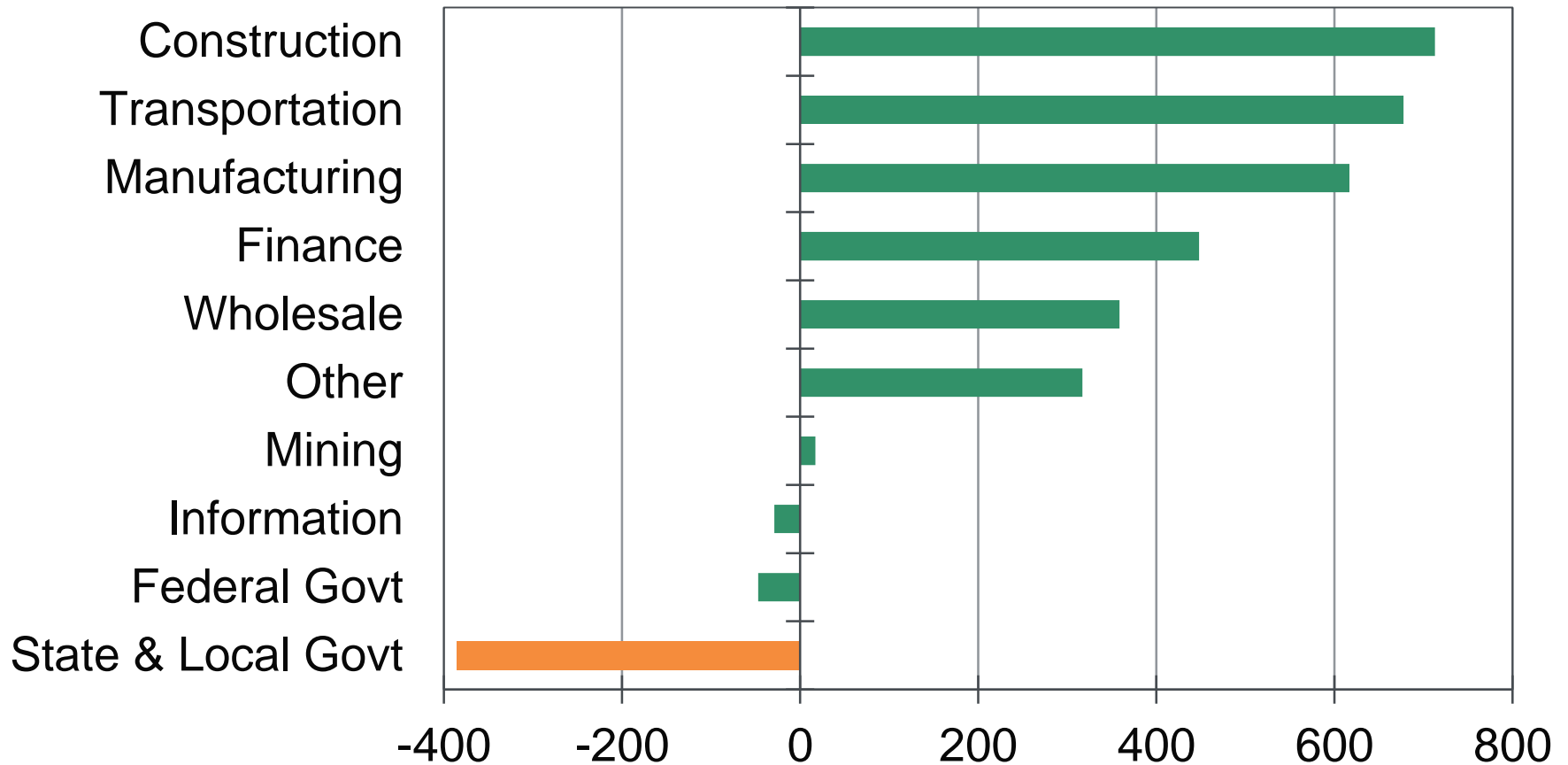
Duration of business cycle expansion, months



Sources: NBER, Moody's Analytics

Heaviest Weight on the Jobs Rebound

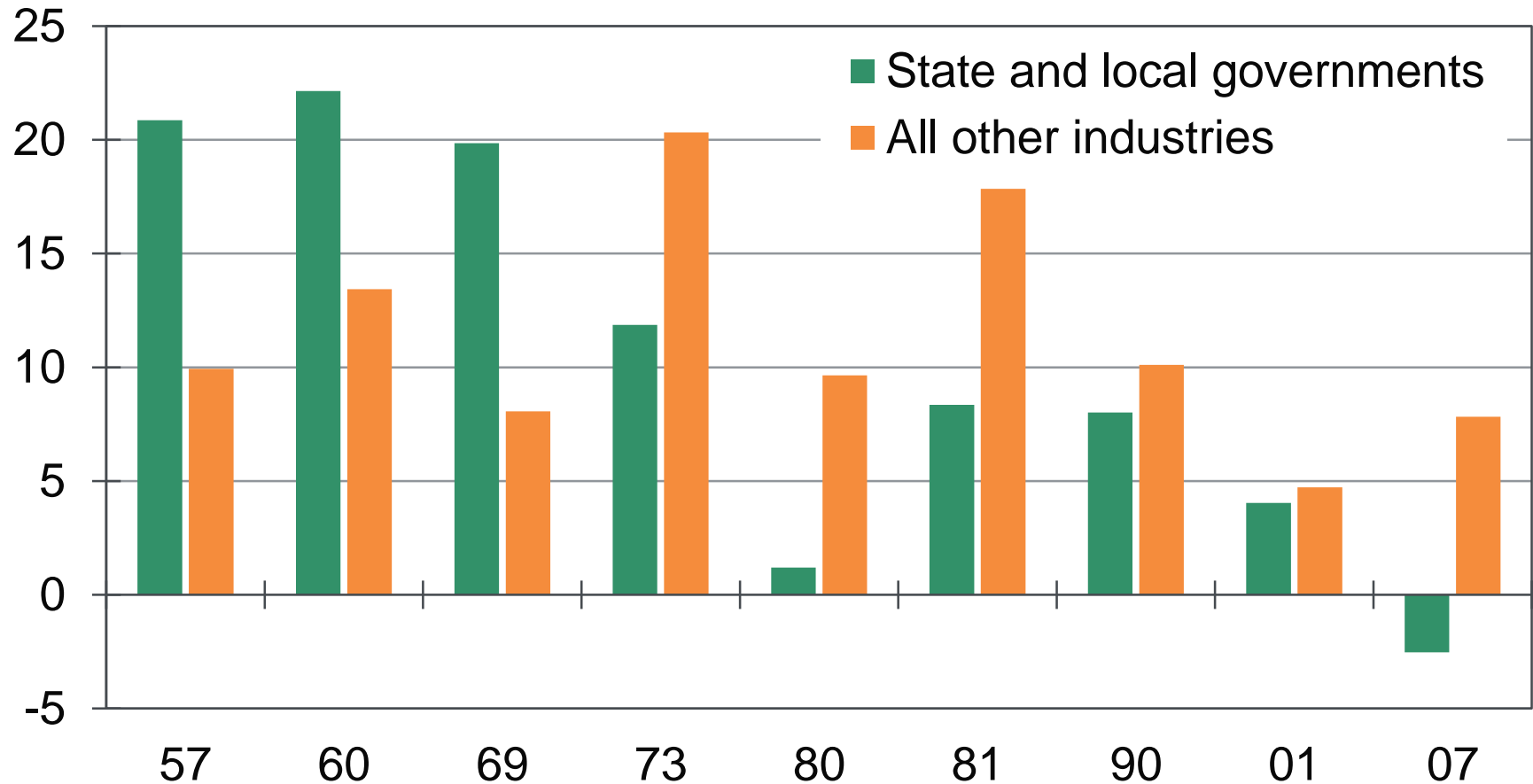
Net change in employment since July-09, ths



Sources: BLS, Moody's Analytics

This Time is Different

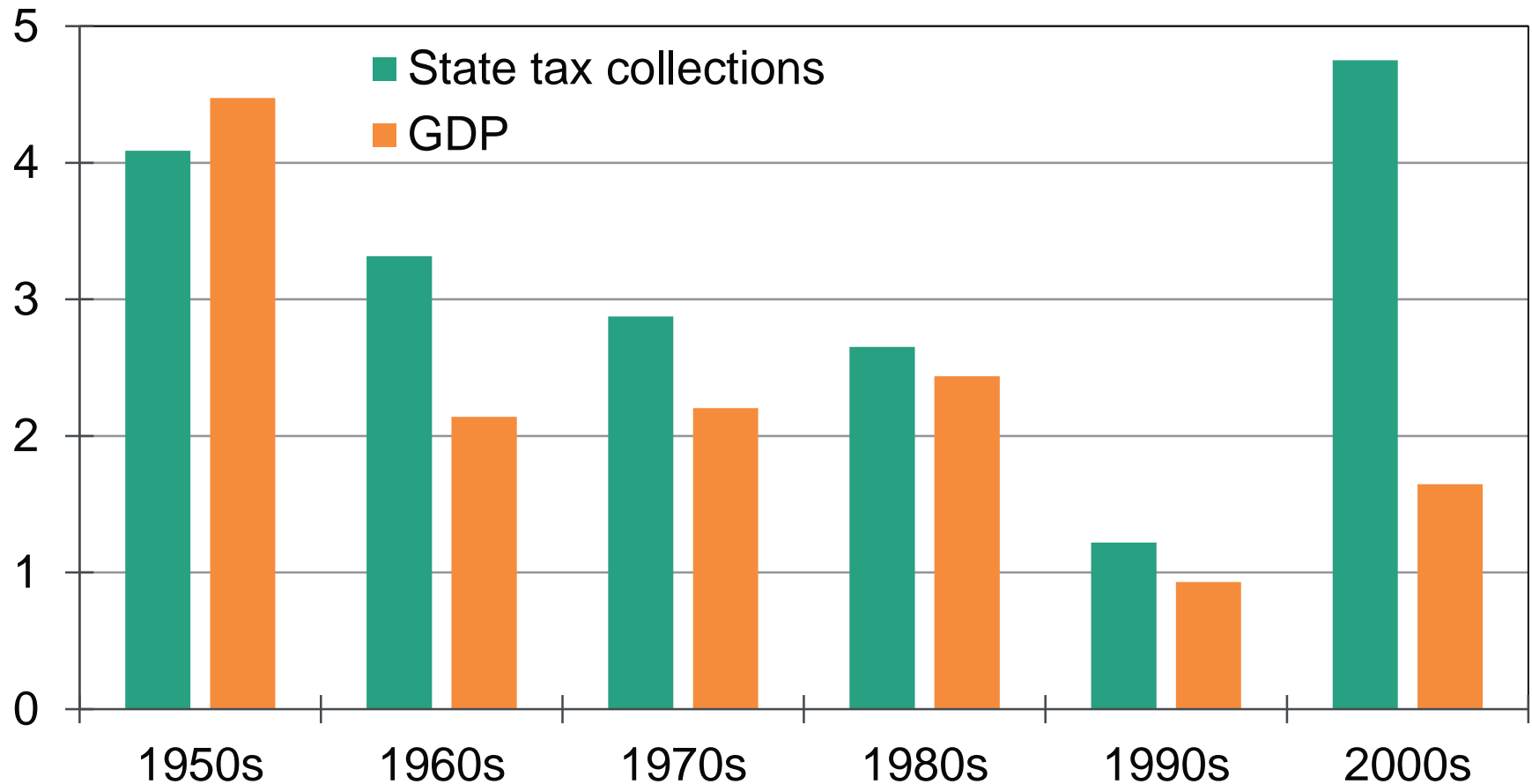
Cumulative job growth after 5 years of recovery, by recession, %



Sources: Census Bureau, Moody's Analytics

Increased Volatility in Tax Collections

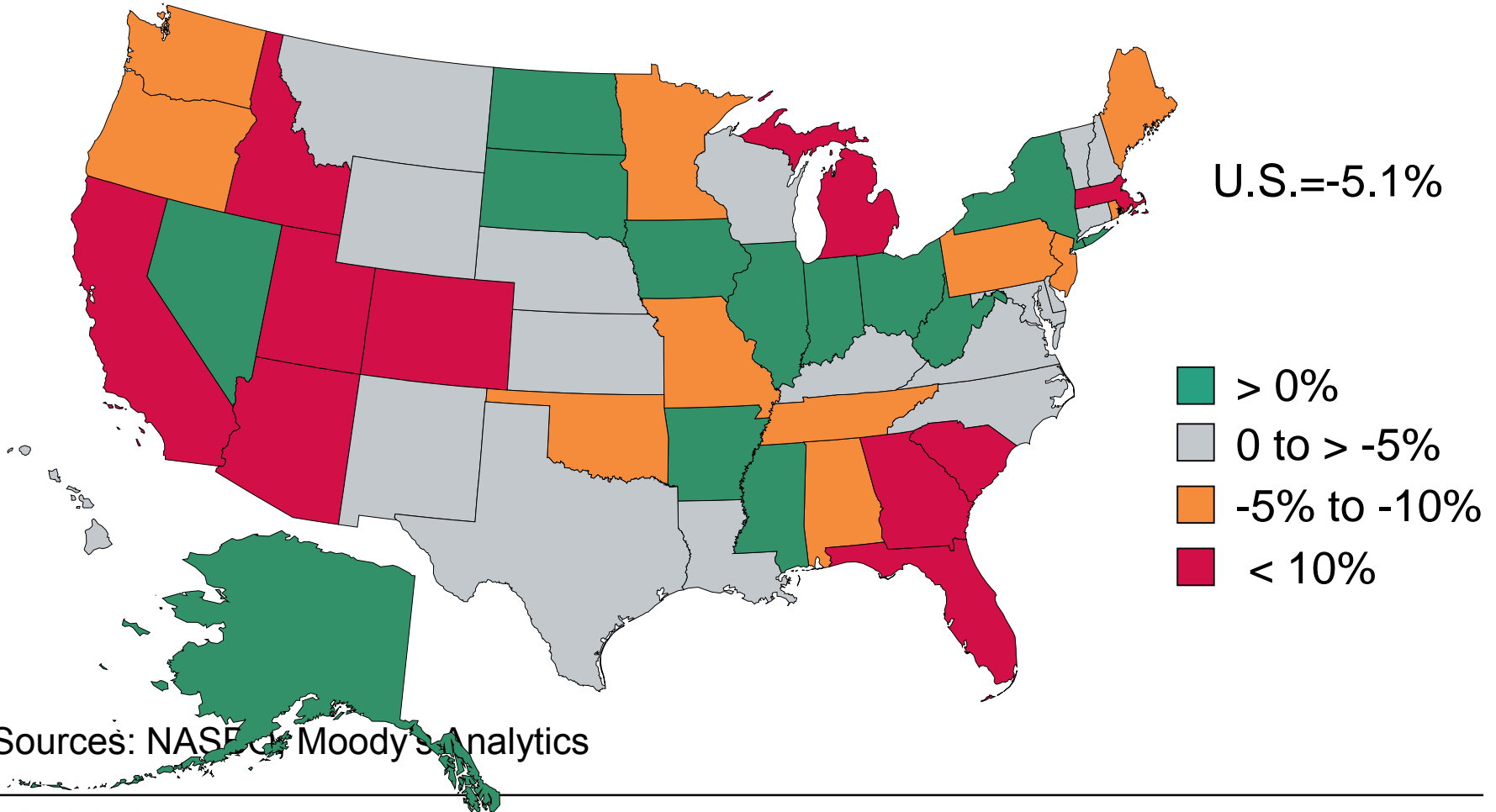
Standard deviation of annual % change



Sources: Census Bureau, BEA, Moody's Analytics

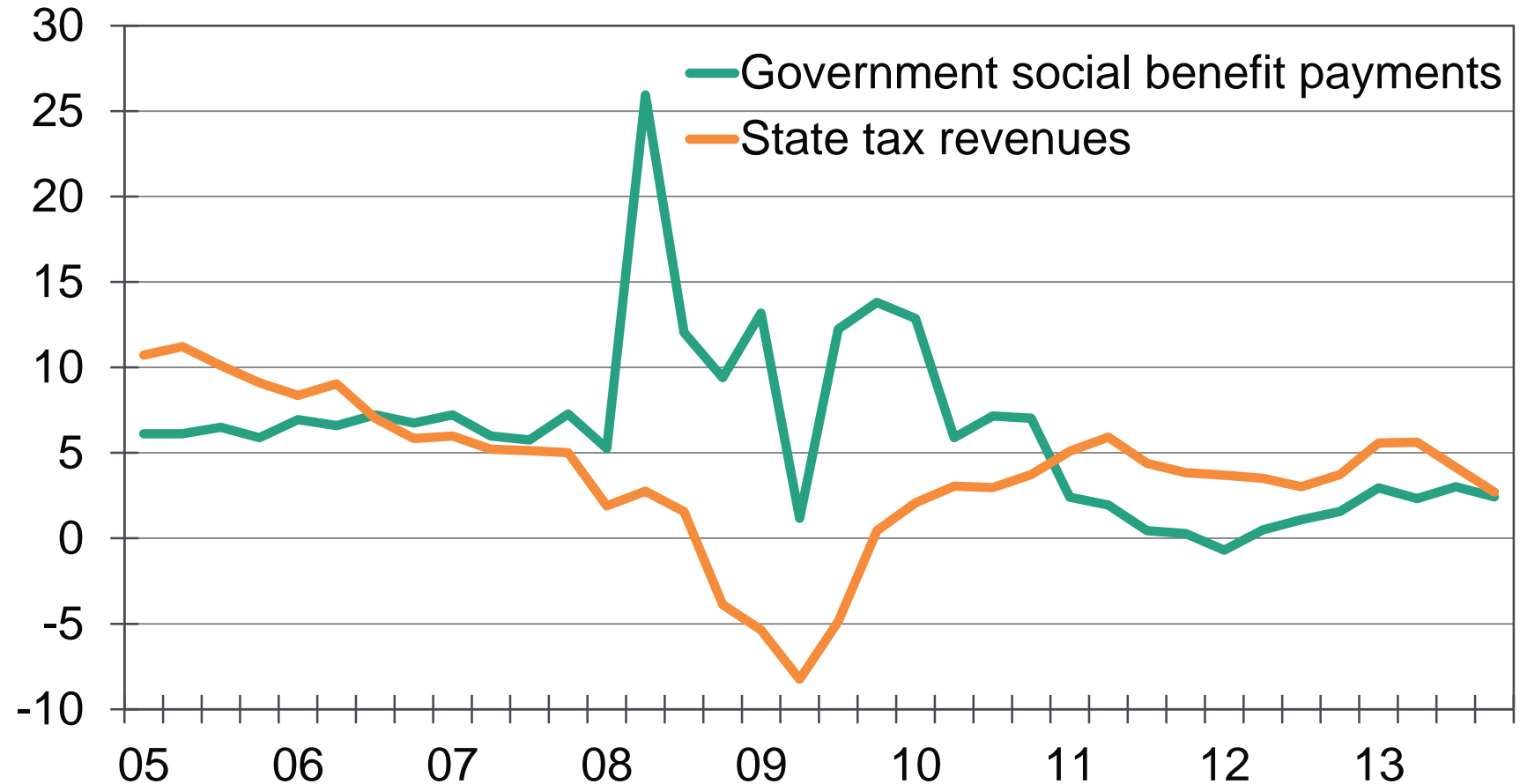
Great Recession Hit Revenues

General fund revenues, % change FY07 to FY09



Recessions Affect Revenues AND Spending

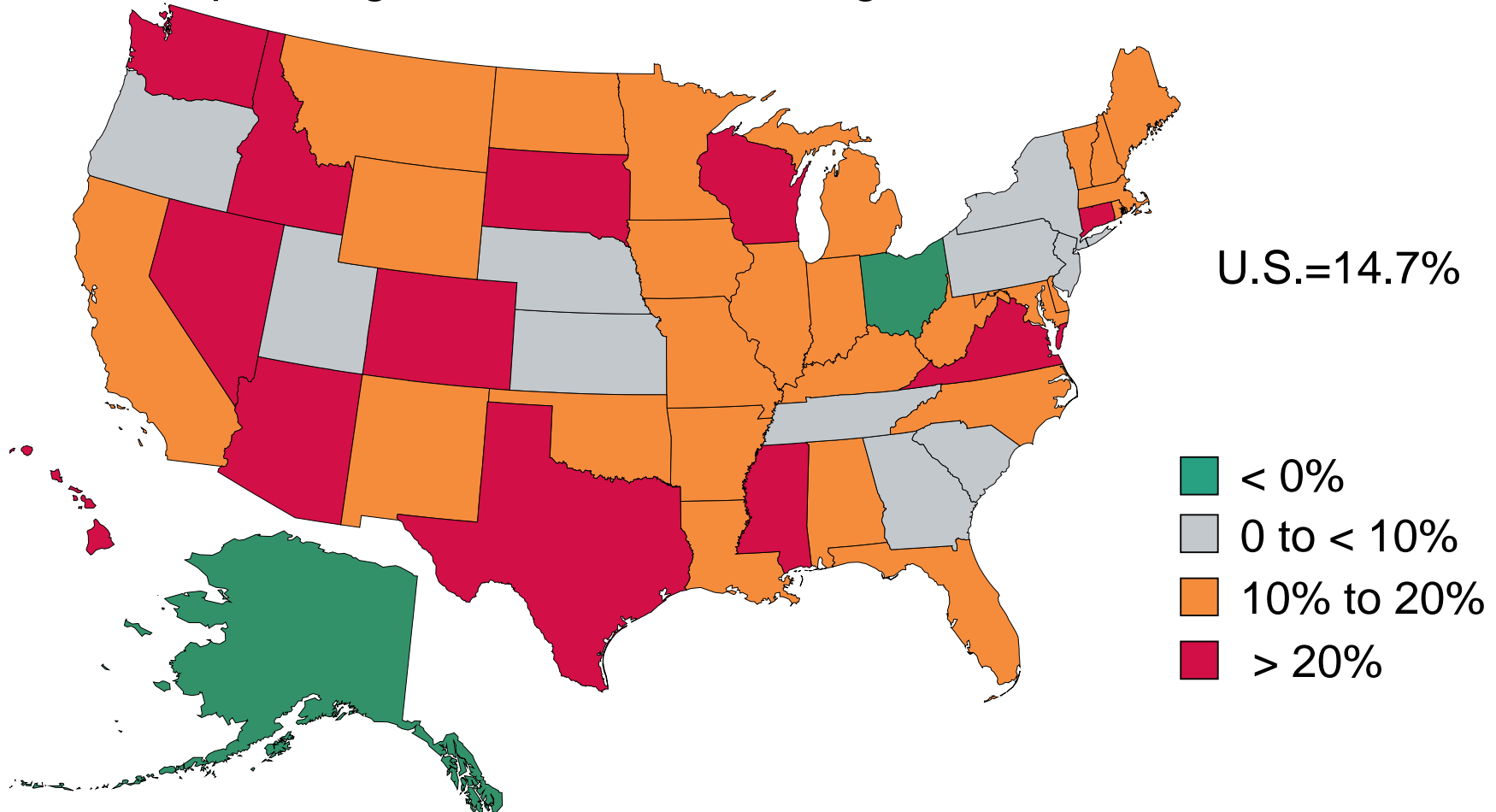
% change year ago



Sources: BEA, Moody's Analytics

Medicaid Moved More Quickly

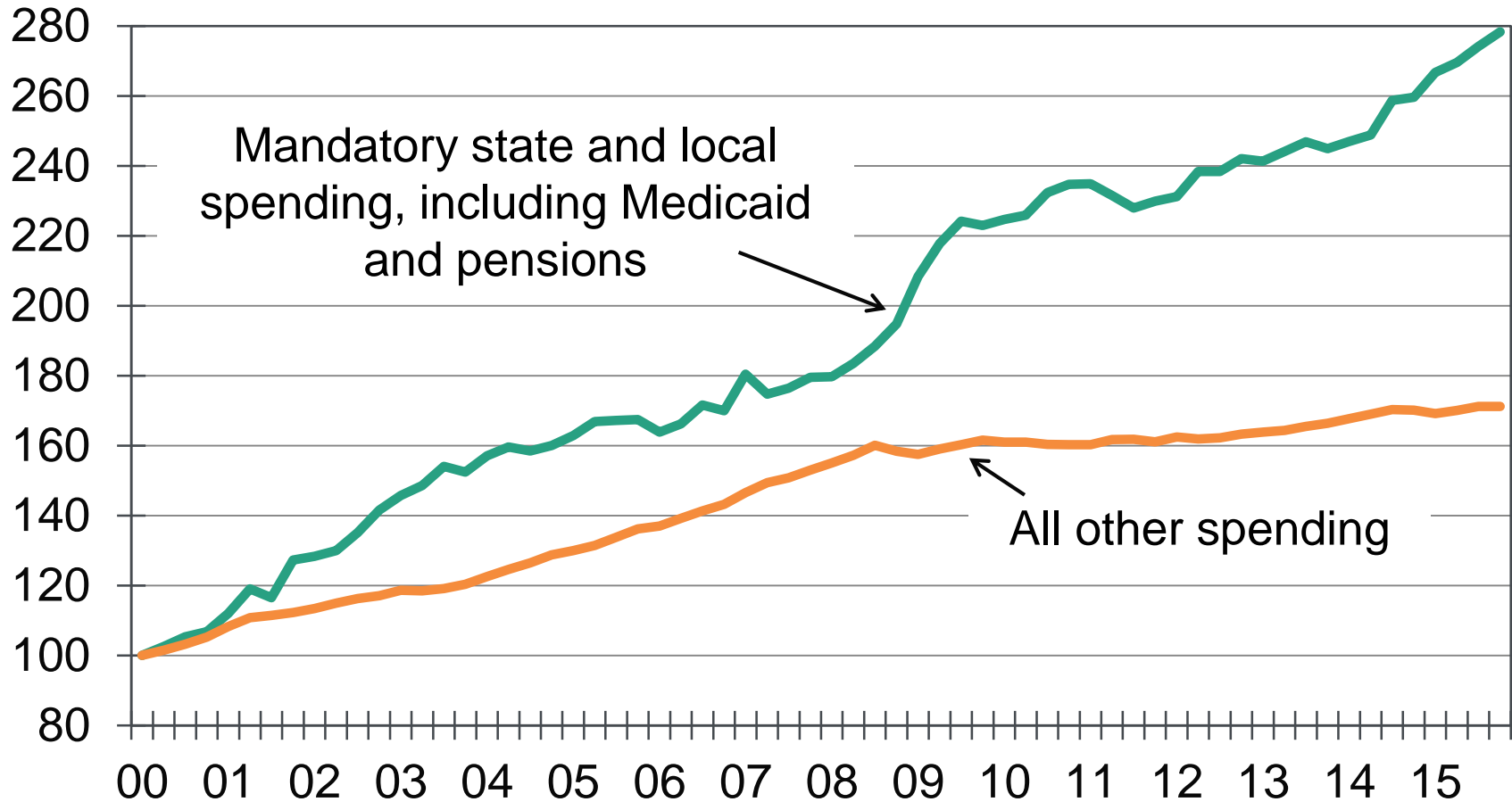
Medicaid spending, all sources, % change FY07 to FY09



Sources: NASBO, Moody's Analytics

The Changing Face of Government

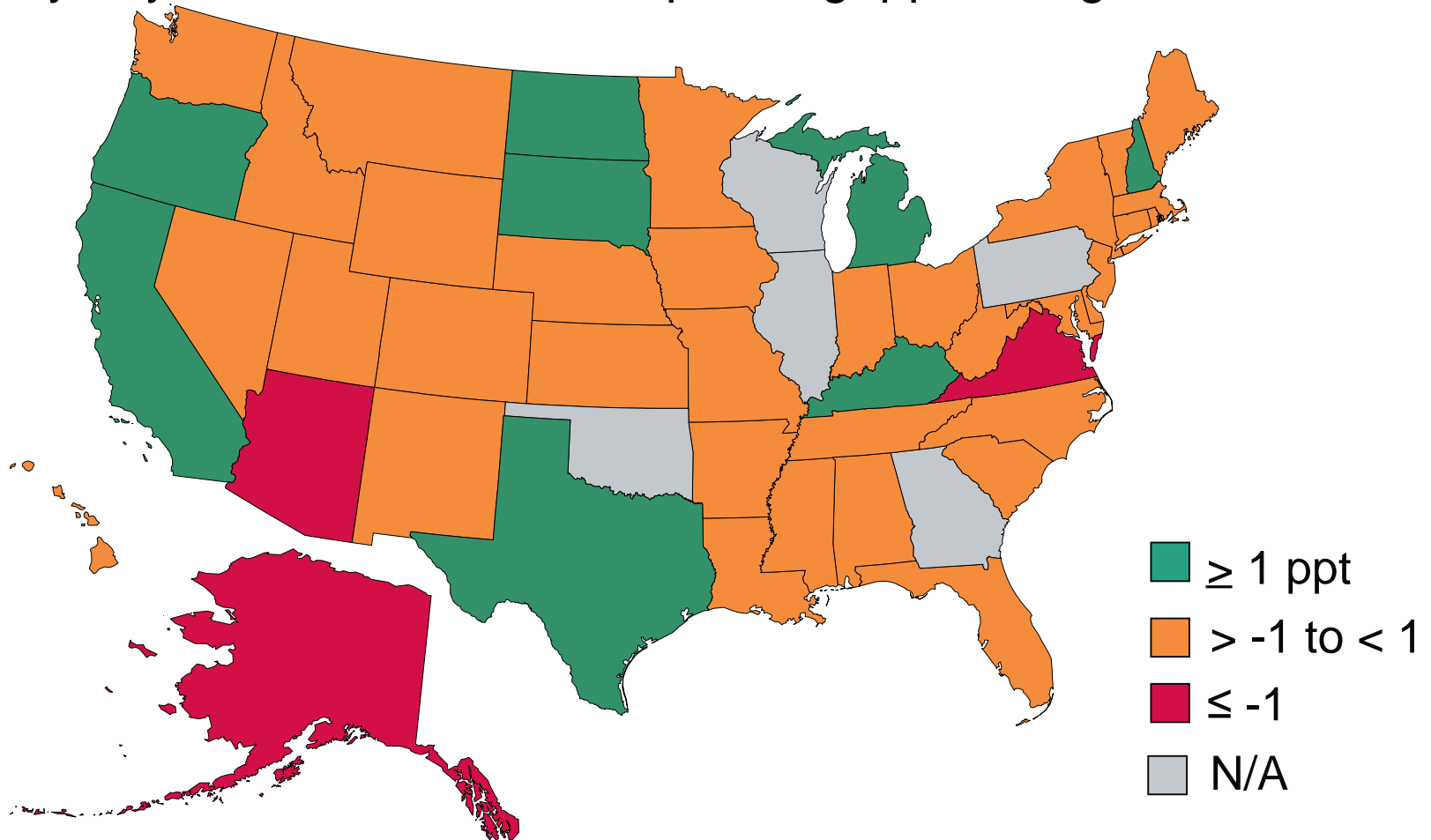
Nominal, 2000Q1=100



Sources: BEA, Moody's Analytics

More States Preparing Themselves

Rainy day fund balances % of spending, ppt change from FY15



Sources: NASBO, Moody's Analytics

United States
121 North Walnut Street
Suite 500
West Chester PA 19380
+1.610.235.5299

United Kingdom
One Canada Square
Canary Wharf
London E14 5FA
+44.20.7772.5454

Australia
Level 10
1 O'Connell Street
Sydney, NSW, 2000
Australia
+61.2.9270.8111

Prague
Washingtonova 17
110 00 Prague 1
Czech Republic
+420.22.422.2929



© 2016, Moody's Analytics, Inc. and/or its licensors and affiliates (together, "Moody's"). All rights reserved. ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by Moody's from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall Moody's have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of Moody's or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if Moody's is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The financial reporting, analysis, projections, observations, and other information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell, or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation prior to investing.