

ECONOMY IN UPHEAVAL: RECOVERY ON THE HORIZON - JUNE '09

Economic recovery will continue to be a sasquatch for the rest of 2009 - we will catch glimpses of it only to see it fade away quickly. Regardless, the recovery from the Great Recession is on the horizon at last.

WHAT'S NEXT?

A long, flat bottom through 2010 and anemic recovery through 2011. Persistent high unemployment will be a huge drag on GDP growth. Consumer confidence will slowly rise but that will not translate into a new spending bubble. Inventory is still high, holding back business investment. Although China, India and some other emerging markets will grow more rapidly in 2009 and beyond, they won't grow fast enough to see exports drive the U.S. economy up much.

Wild Cards - Low Probability, High Impact Events

Gone are the frightening scenarios of a financial meltdown and global depression that persisted into the 1st Quarter of 2009. However, wild cards could still take us out. Think about what if ...

- China's economic recovery stalls out and tumbles
- A panedemic virulent viral flu that is widely fatal all but shutting down travel and shipping
- North Korea nuclear attack on Japan
- Rapid economic recovery

ROAD TO RECOVERY - PERSISTENT UPS AND DOWNS

Still Getting Worse

- Housing prices continue to decline through most of 2009, then prices will flatten. Mortgage rates remain at rock bottom through 2009 and remain low in 2010. Residential foreclosures will continue.



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Legendary Business Forecaster
in Volatile Times

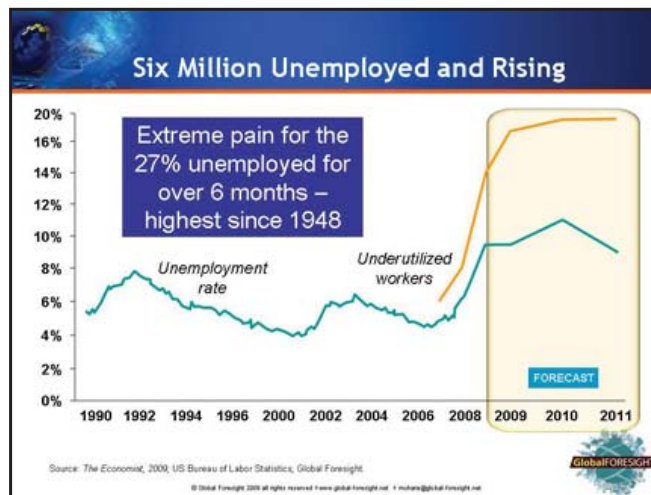
- Unemployment continues to rise throughout 2009 and peak mid 2010. It will likely reach 11% nationally.
- Extreme pain is experienced by the historic 27% who have been unemployed for more than 6 months, the highest since 1948.
- Uninsured for health care rises as unemployment rises
- Commercial real estate prices and building
- Credit conditions remain dicey
- Disinflation-inflation continues to fall

Getting Better

- Consumer confidence (weak spending on essentials); this will not be a consumer-led recovery
- American savings rate rises to 4% in 2009 and continues to 6-8% in 2010. This will not help the economy, but will help repayment of the long-term debt.
- Fewer job losses - still losing, but getting much less
- Key emerging market economies - China's economy - could be over 7% in 2009
- Stock market - less volatility and bottoming out, but no huge rebound on the horizon

Uncertainty - Long Term

- Will the recovery be a straight line or "W"
- Impact of the Great Recession on Social Security and Medicare
- Stock market - will it take 15 years to recover to 2007 highs?
- Stability and utility of the dollar globally
- Resilience and structure of the financial markets to support growth - U.S. and global



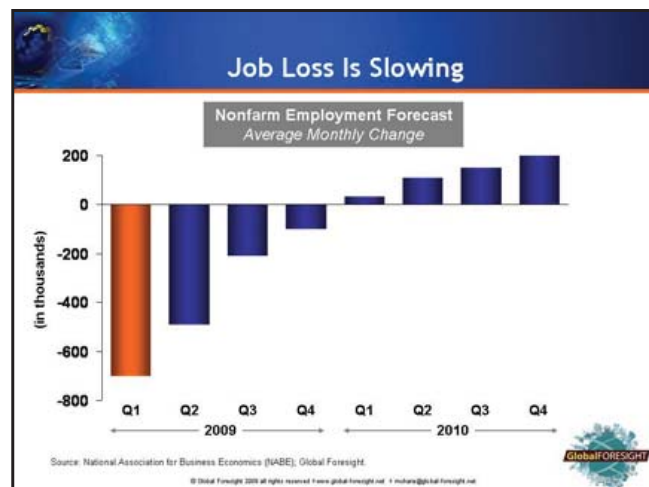
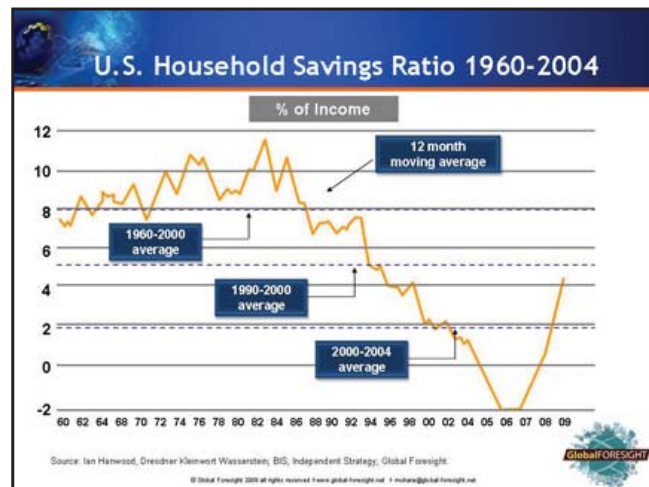
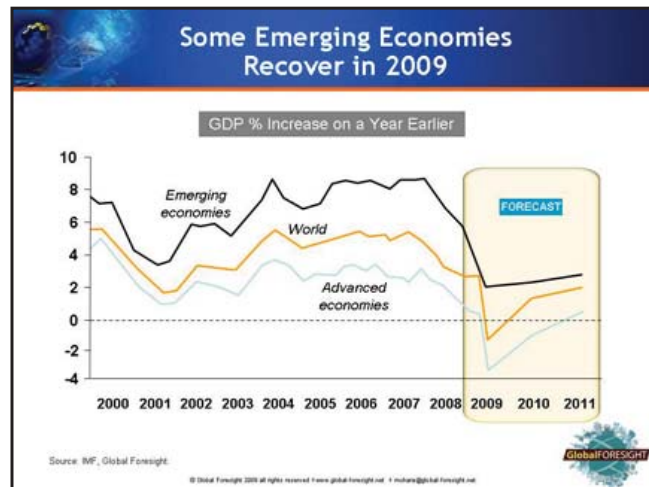
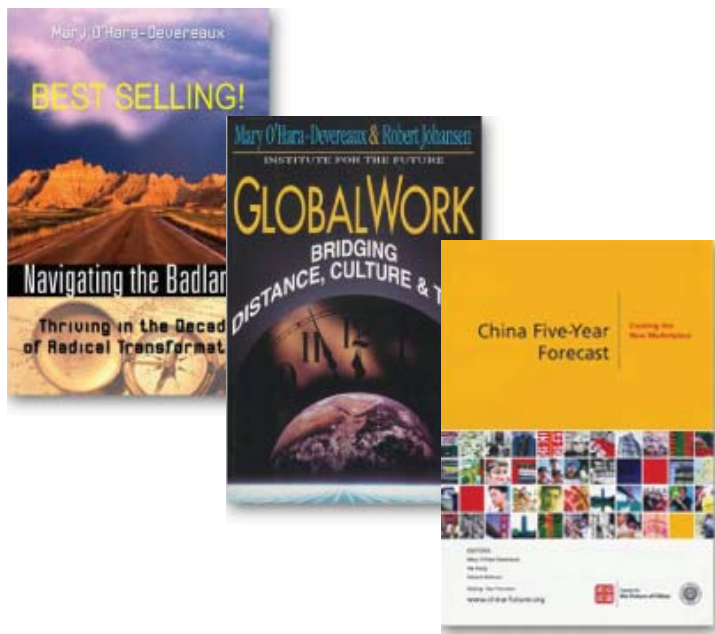
**THE FUTURE WON'T RESEMBLE THE PAST:
HOW ARE YOU PREPARING FOR WHAT'S NEXT?**

For Business

- Take advantage of the American Recovery and Reinvestment Act - several benefits to business
- Find customers in the "untouchables" (health care, energy, pet products) and resilient sectors (security, legal and accounting, funerals and funeral services, food distribution, hotel/motel, auto repair)
- Re-think your customers needs - expect big shifts
- Retool your value proposition to match the new era
- Launch expansion in 2010 - there are business bargains galore: leases, equipment, real estate
- Swap out talent, matched to new value proposition
- Define global opportunities

For Consumers

- Keep on saving - this is a sea change - stay lean
- Buy a house - best time to buy for many decades
- Invest in the stock market cautiously - hedge for inflation
- Re-do long-term financial plans and retirement - don't just go back to the old strategy
- Plan for increasing inflation in about 2 years. How will that impact you? What should you do now?
- Go green and lean - sustainability does matter for you, your business, the planet



You need to think differently about your future. Don't go it alone - signals will be confusing. Get an Executive Briefing and Action Plan customized to you ... contact Mary today!