

News

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MOODY'S ANALYTICS REVISES U.S. MACRO OUTLOOK DOWNWARD

Moody's Analytics Chief Economist Mark Zandi sees weakened near-term economic growth

MICHAEL ADLER
Vice President
Corporate Communications
212.553.4667
Michael.adler@moodys.com

JESSICA SCHAEFER
Communications Strategist
Corporate Communications
212.553.4494
jessica.schaefer@moodys.com

NEW YORK – AUGUST 15, 2011 – Moody's Analytics' Chief Economist Mark Zandi believes that the U.S. economy is struggling to avoid another recession. In his report, "U.S. Macro Outlook: Reversal of Fortune," Mark Zandi says that "the odds of a renewed recession over the next 12 months, already one in three, will increase if stock prices continue to fall."

"The U.S. economy needs to grow 2.5% to 3% per year to add jobs fast enough to keep the unemployment rate stable. This will not happen soon," says Mark Zandi, Chief Economist for Moody's Analytics.

"Employers will have added about 1.25 million jobs between the fourth quarters of 2010 and 2011, and 2 million more by the fourth quarter of 2012. By then, U.S. employment will still total some 1 million less than expected," Zandi added.

According to the report, as 2011 began, the recovery appeared healthy and ready to become self-sustaining. Job growth was strong, unemployment was falling, and income and consumer spending were accelerating. A string of shocks through the spring and summer undermined business, consumer and investor confidence. Surging gasoline and food prices and fallout from the Japanese quake hurt badly in the spring; more recently, the debt-ceiling issues and a revived European debt crisis have been especially disconcerting. The report notes that confidence, already fragile after Washington's heated policy debates, was severely undermined.

Although it remains likely that the recovery will continue, Moody's Analytics' near-term economic outlook is significantly weaker than it was just a month ago. Real GDP is now expected to expand at an annualized rate near 2% during the second half of 2011, and just over 3% next year. Previously, Moody's Analytics had projected GDP growth at 3.5% during the second half of this year and through 2012.

For more information or to view the report, please visit www.economy.com.

ABOUT MOODY'S ANALYTICS

Moody's Analytics helps capital markets and risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services and research,

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