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## **CRE hold national convention in Seattle - Part 1**

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The New England/Upstate NY CRE Chapter members attended the CRE National Meetings in Seattle from May 23rd-26th. The first speaker of the conference was Asieh Mansour, PhD, chief economist and strategist of RREEF in San Francisco. She delivered the Economic Outlook to the attendees with the following summary:

Greece is only 2% of the global economy and a very small part of the picture. She did not think that a double-dip recession would happen and double-dips are very rare. The U.S. economy is on track for a rebound and the manufacturing sector is leading the growth. Europe is lagging but the U.S. recovery is on track along with other emerging countries.

2009 was a severe global recession and she defines recession as 2 quarters of lower GDP. The world is in a recovery mode but it is happening slowly. From 2010-14, she sees China as a leader in growth but she is concerned about inflation in China and globally. Europe has more risk. The general pace of the recovery is different for each global region. The population over 65 years old is increasing globally and will be a burden. The outlook for the U.S. economy is that it is most vibrant and is the largest economy in the world but there is a question if it will remain the largest.

### Forecast Highlights

The employment for the U.S. has turned positive with job growth. In the past, we had a "V" shaped recovery from a recession but in this case the recovery will be "U" shaped. This longer recovery is due to the financial crisis and the fact that we are deleveraging. Deleveraging however is a key point and so the U.S. will be muted and the recovery will be moderate. This recession has been so severe. The Great Depression experienced a 43 month period. The Great Recession started 2007 to July 2009 and lasted 20 months. Mansour looked at "peak to trough" and this current recession is the worst on record but the Great Depression experienced a 36% decline in GDP vs. a 3.7% decline in GDP in this current recession. Unemployment in the Great Depression peaked at 25% and today we are at 9.9%. Inflation was greater in the Great Depression and we now have deflation. The difference here is Ben Bernanke in her opinion as Bernanke is the ultimate student of the Great Depression and he wants to be certain that he does not make the same mistakes.

Mansour also sees inventory build-up and an increase in the economy. The outlook for 2009 was a sharp recession and a negative 2.4% GDP for the 4Q of '09. Now the thought is a positive 3.2% for 2010 and 2011 could be 3% as the Feds back off its own programs.

### Good News

Most cyclical indicators are all turning positive and we had a 3Q of inventory revamping as everyone seemed to be buying. The economy recovery has been broadened with service companies and hiring more workers with more ordering and production. Smaller businesses still are hurting and still do not have credit. They are not increasing production or employees.

### Employment

With payroll, there has been a loss of over 8 million jobs and it will take awhile to recover. Because 2010 is a Census Year, the Feds have hired people that has helped the burden. The U.S. has 150-200,000 jobs per month for a 2010 projection. Many discouraged workers have come back to look for a job once again and that is good news.

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