

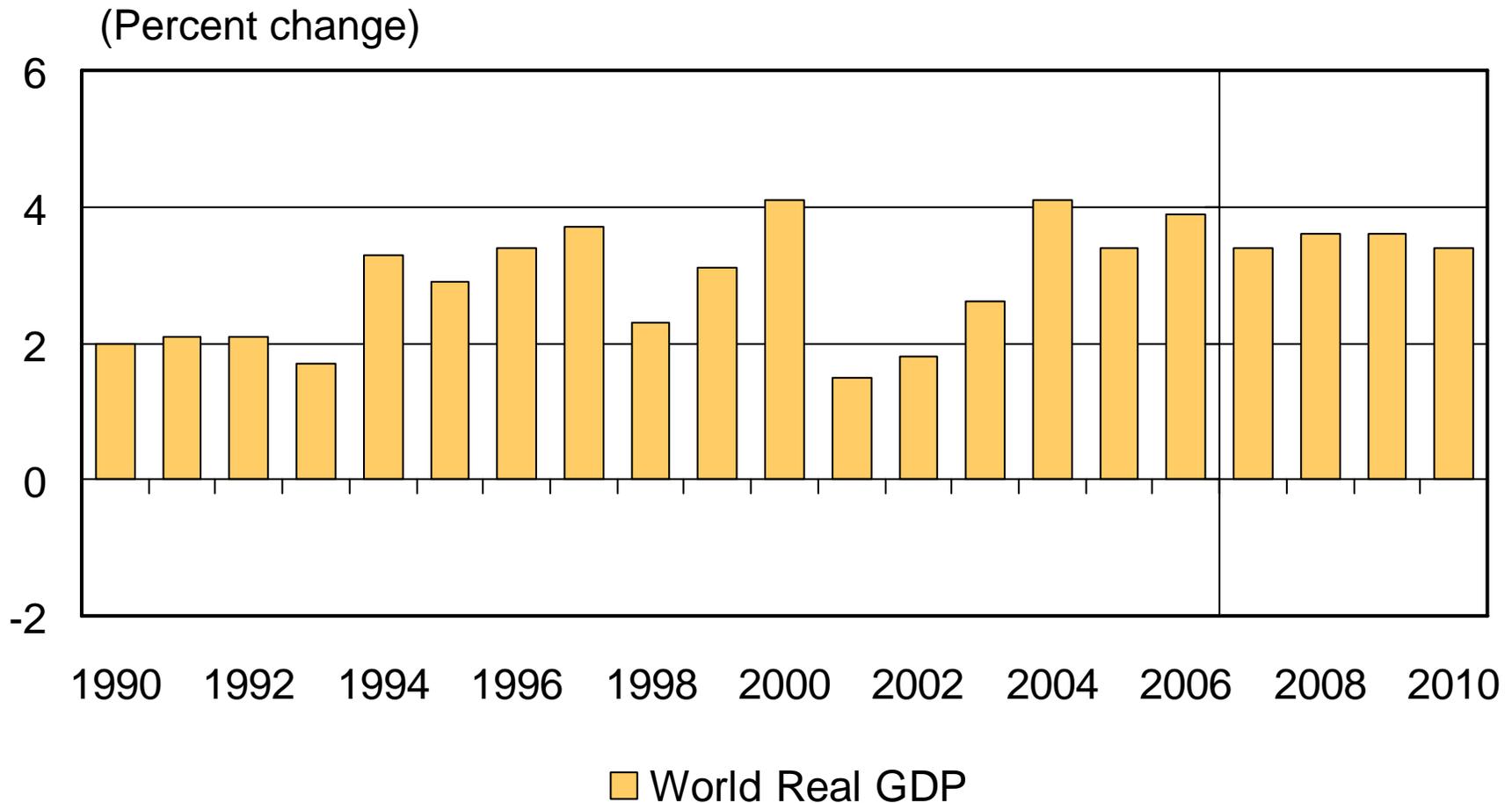


The Environment for U.S. Aviation: Economy

Nigel Gault
Group Managing Director
North American Macroeconomic Services

32nd FAA Aviation Forecast Conference
March 15, 2007

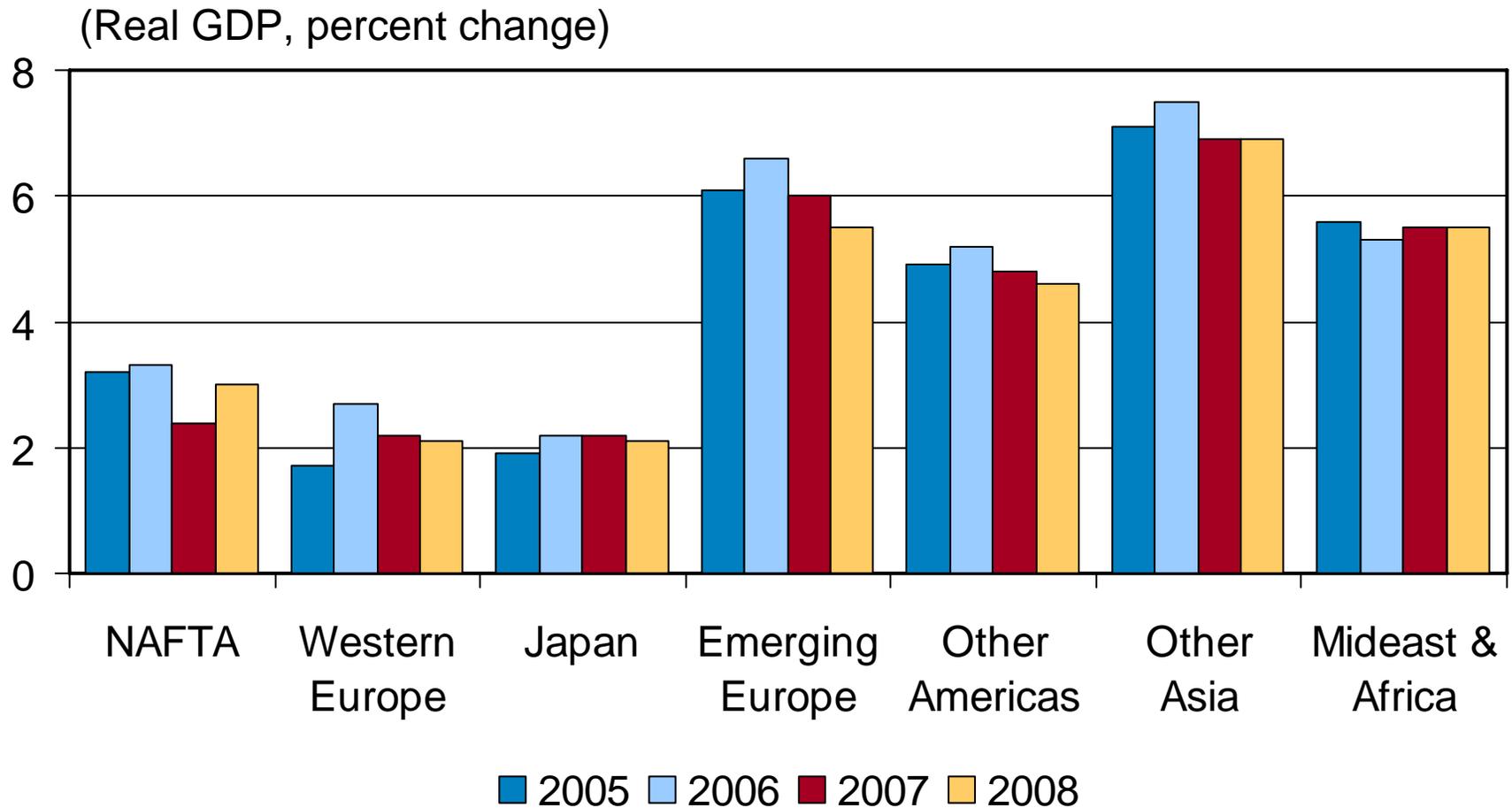
The Global Expansion Will Continue



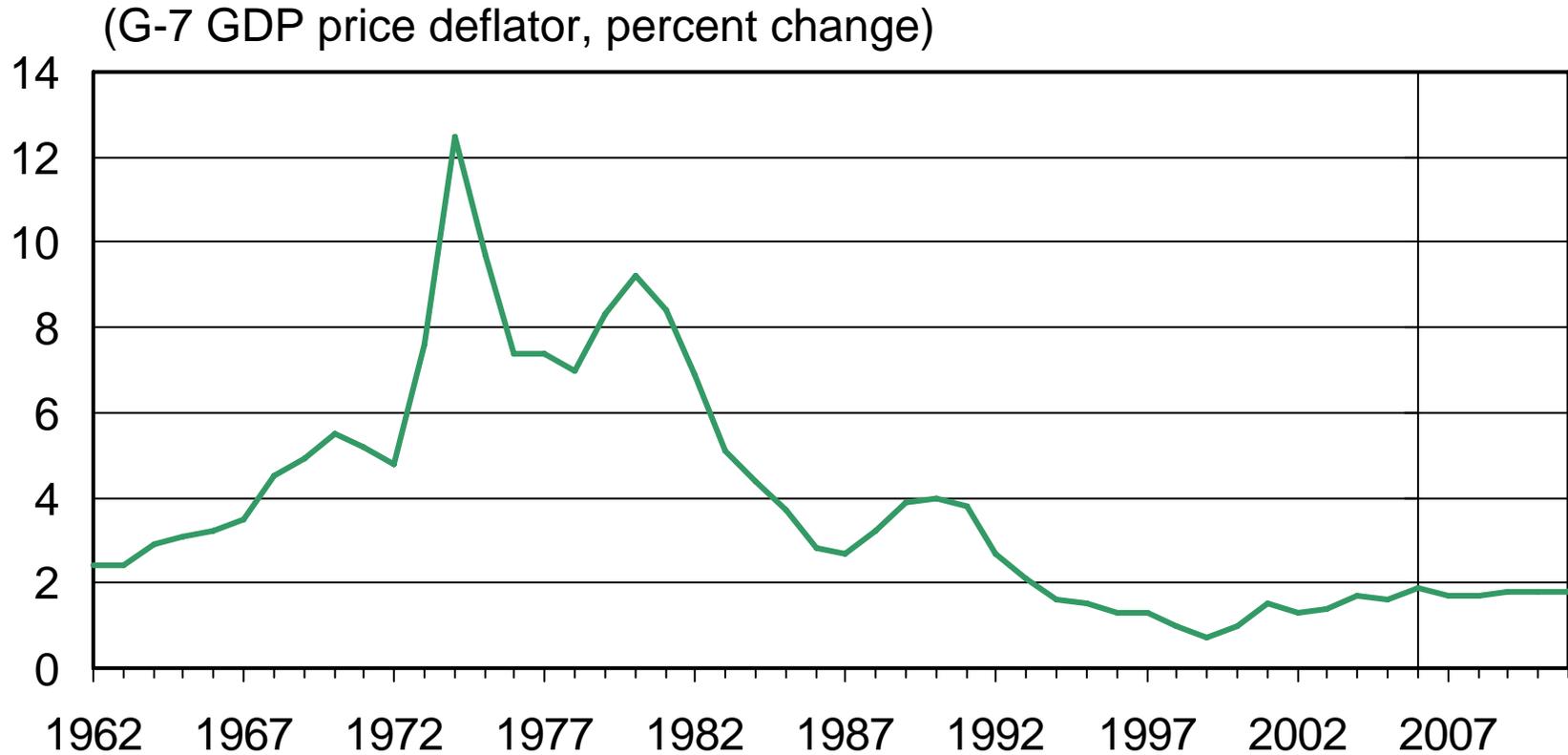
Global Economic Environment Still Benign

- **Global growth broadly shared**
- **Inflation is still tame**
- **Monetary policy more restrictive, but interest rates are still low**
- **World economy has been resilient in the face of multiple shocks**

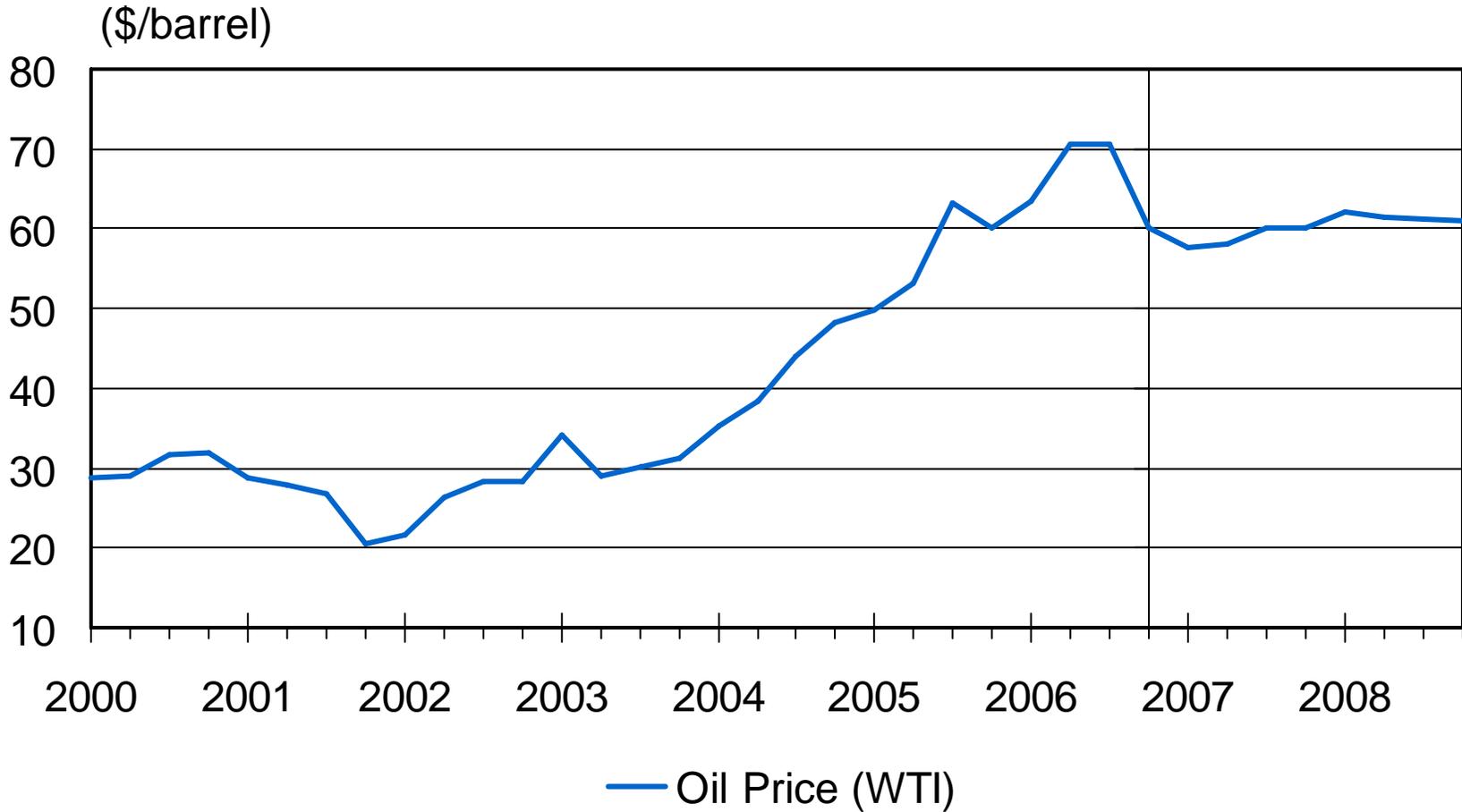
Growth Is Broadly Shared



Inflation Will Remain Tame

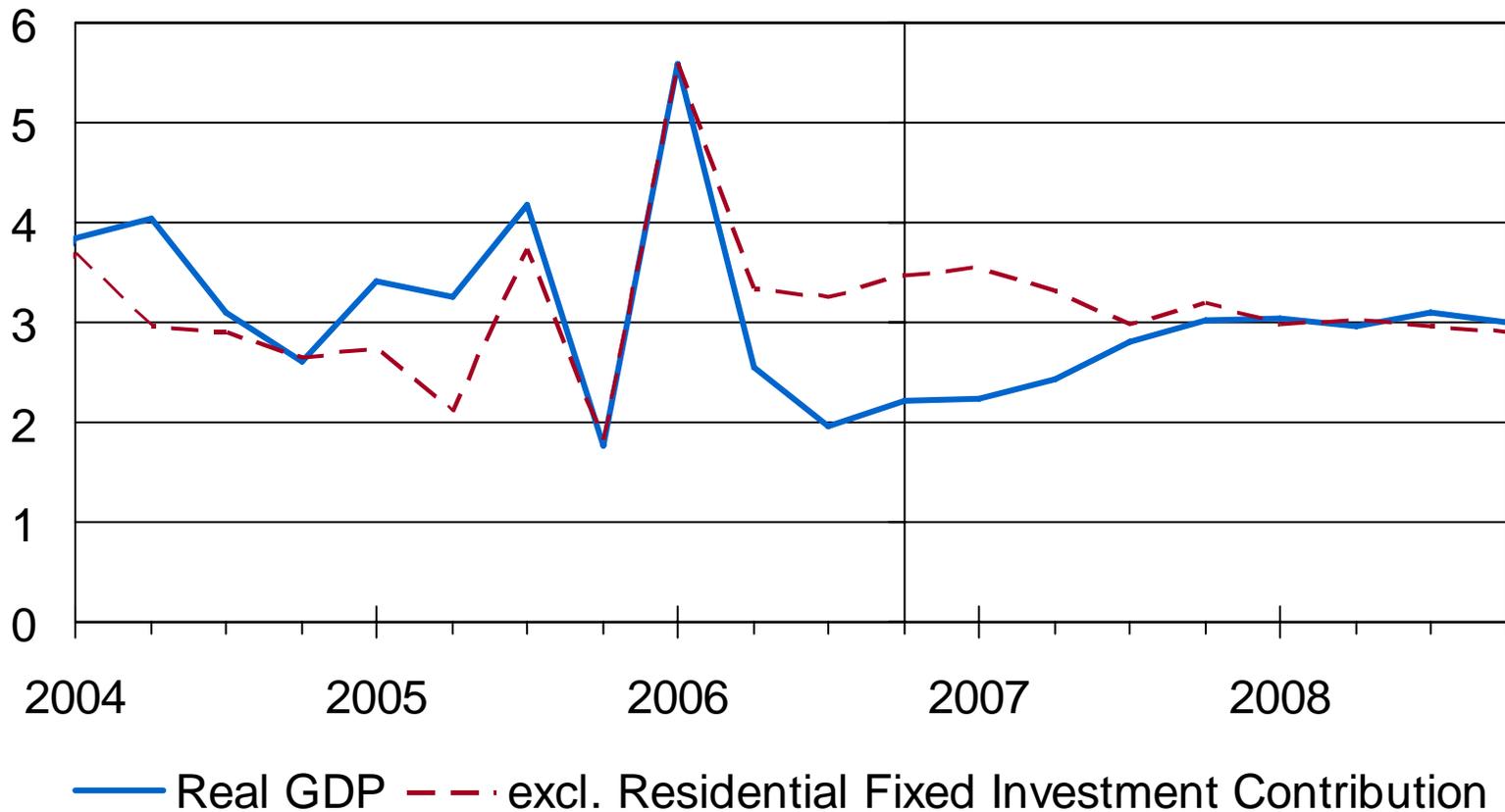


Higher Oil Prices Haven't Spilled Into Broader Inflation

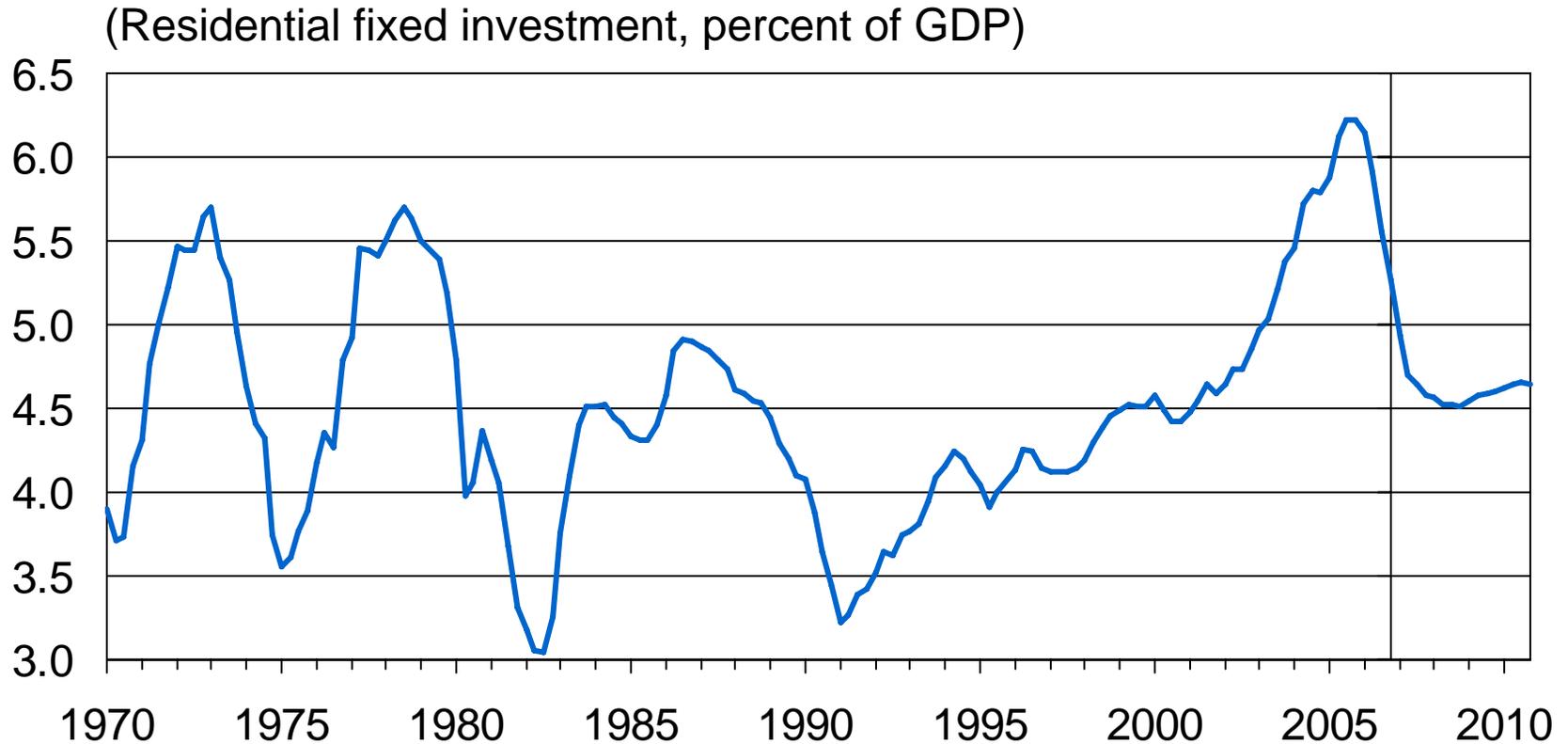


U.S. Is Resilient Despite Housing Bust

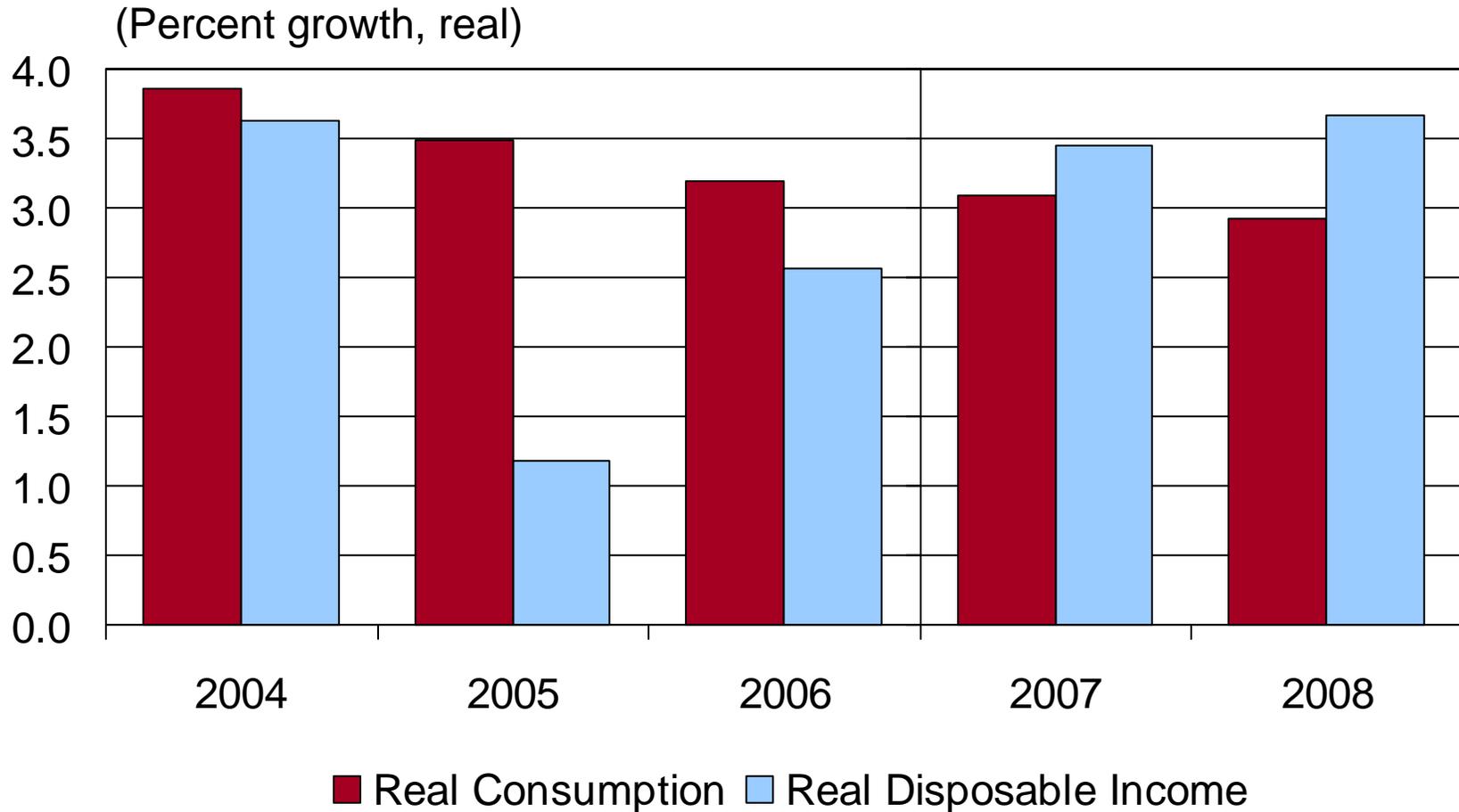
(Annualized rate of growth)



U.S. Residential Construction Adjustment Has Some Way To Go...



Some Rebuilding of U.S. Household Savings Is Likely



Key Risks

- **A global downturn triggered by the U.S.**
- **Hard landing in China**
- **Higher oil prices**
- **A hard landing of the U.S. dollar**
- **Terrorism/geopolitical risks**