



Global Themes and Risks

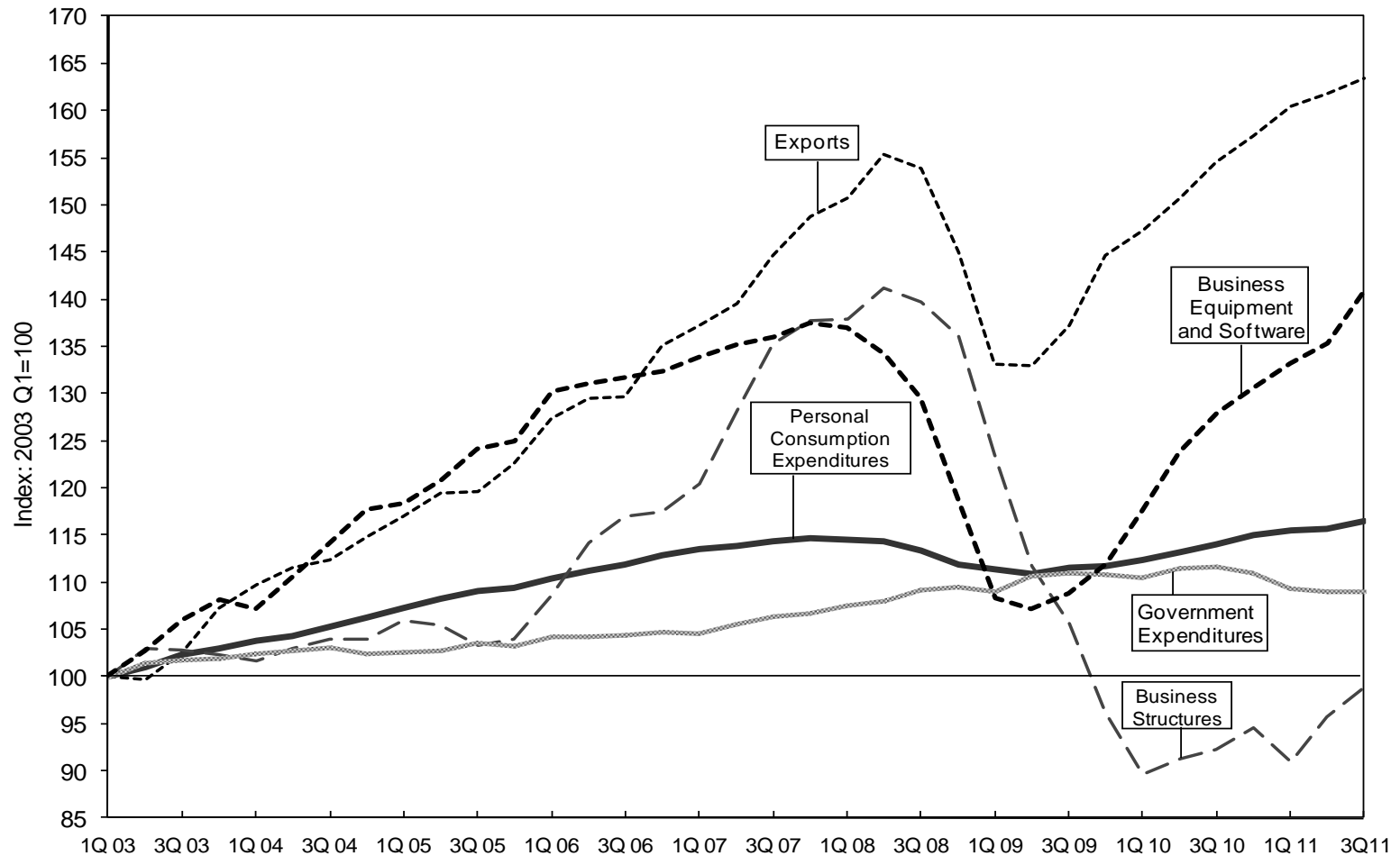
Presentation prepared for meetings in Israel, 31 January-3 February, 2012

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Exports and business equipment lead all other GDP sectors

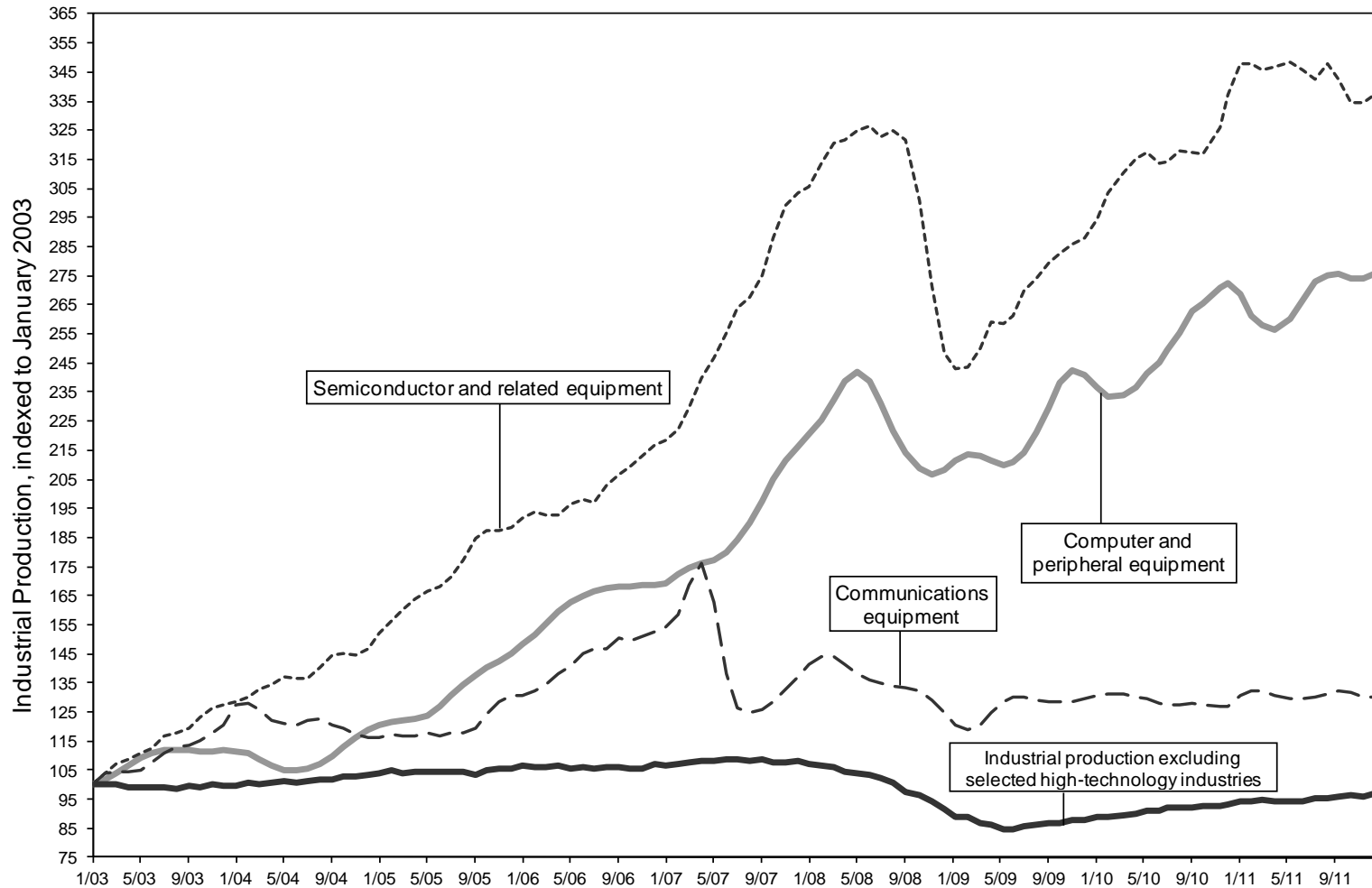
Private construction showing some life; government spending now turning down



Data from 2003 Q1 through 2011 Q3

Source: Bureau of Economic Analysis.

Technology and capital spending have expanded beyond earlier peaks

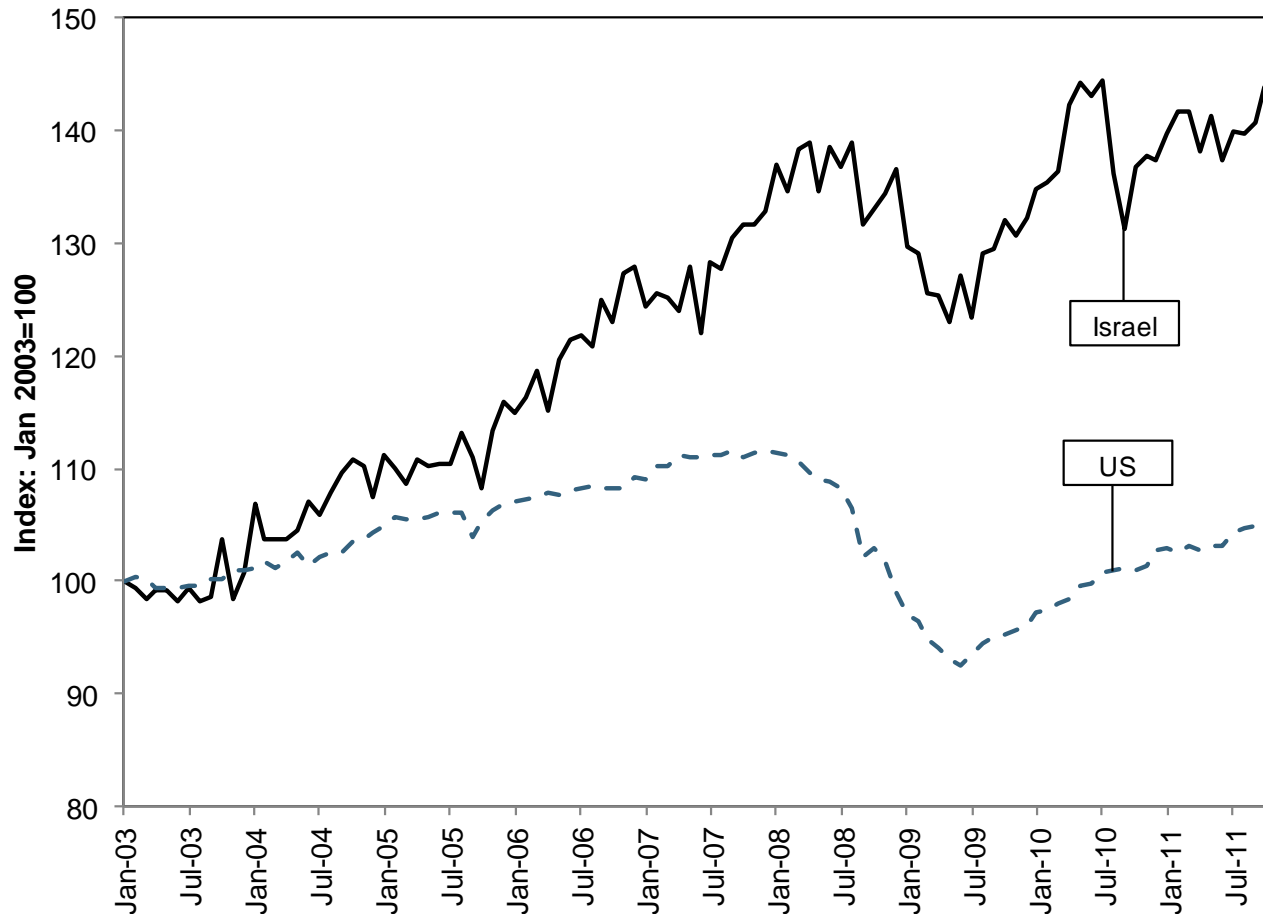


Monthly data from 1/2003 through 12/2011

Source: Federal Reserve Board.

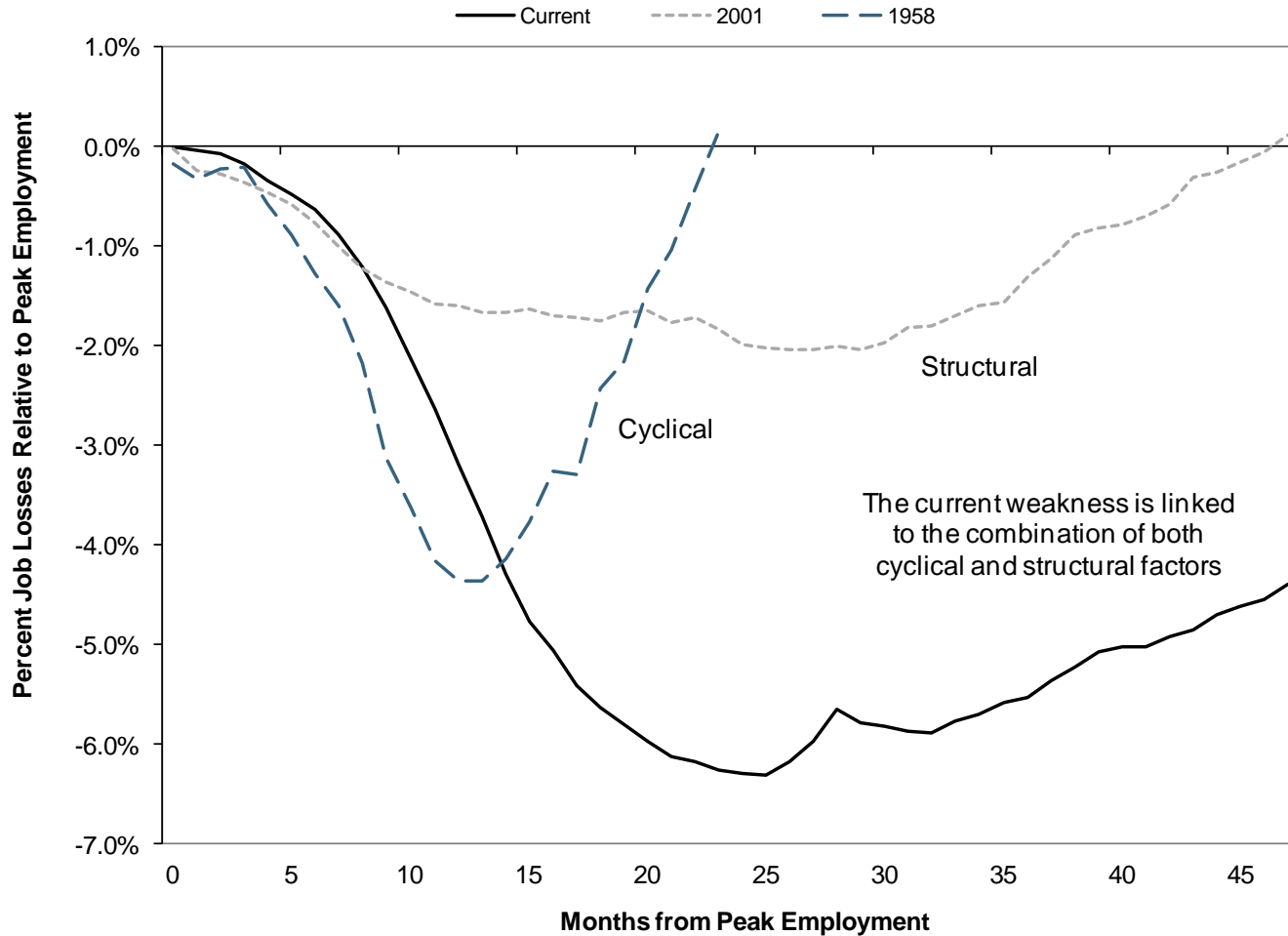
Changes in industrial production

Stronger growth in Israel, lesser impact from the GFC



Source: Federal Reserve Board, Bank of Israel.

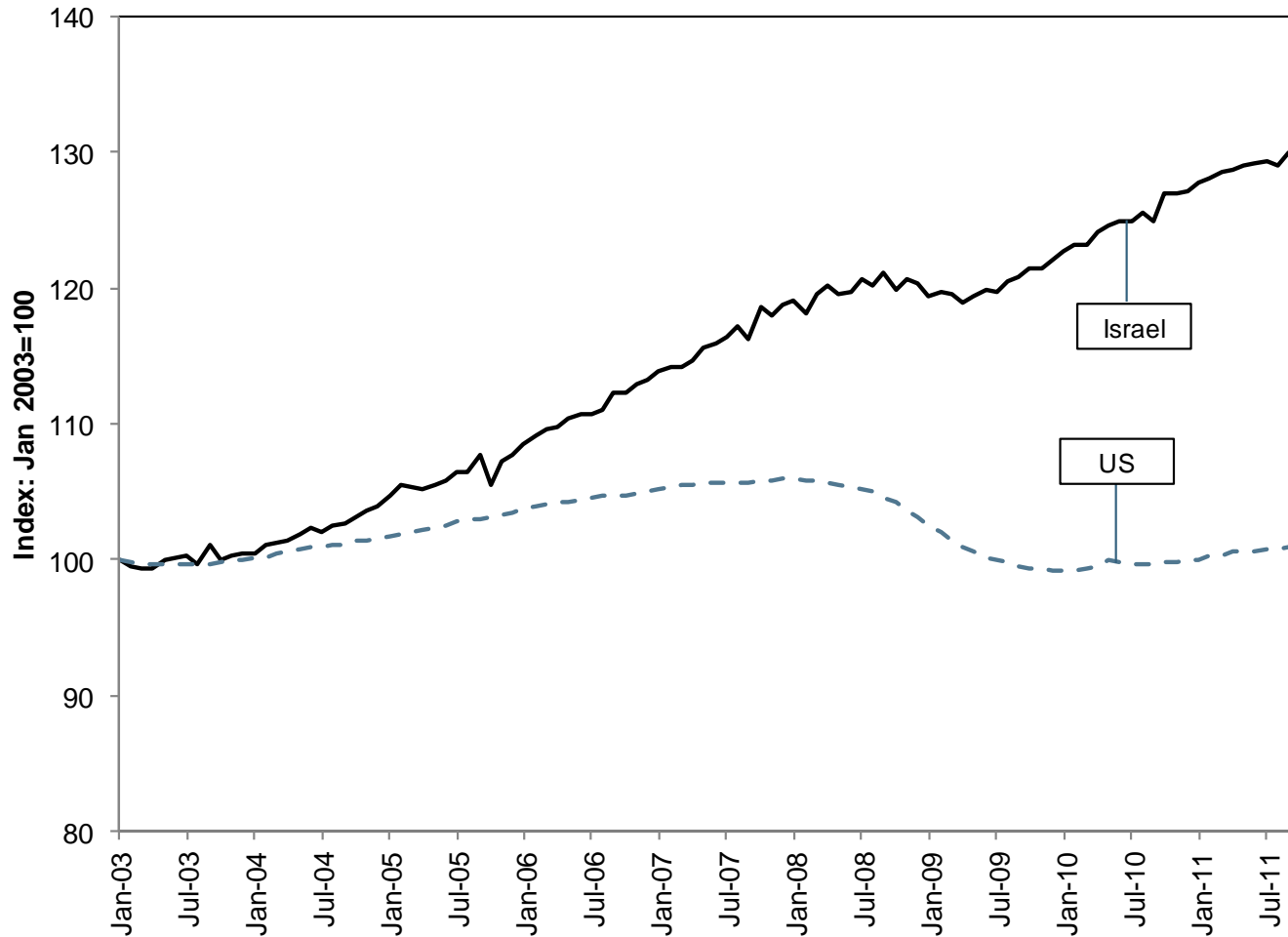
Employment changes during selected recessions and recoveries



Source: Brookings, Bureau of Labor Statistics, Goldman Sachs Global Markets Institute.

Employment levels

Disappointing employment growth in the US

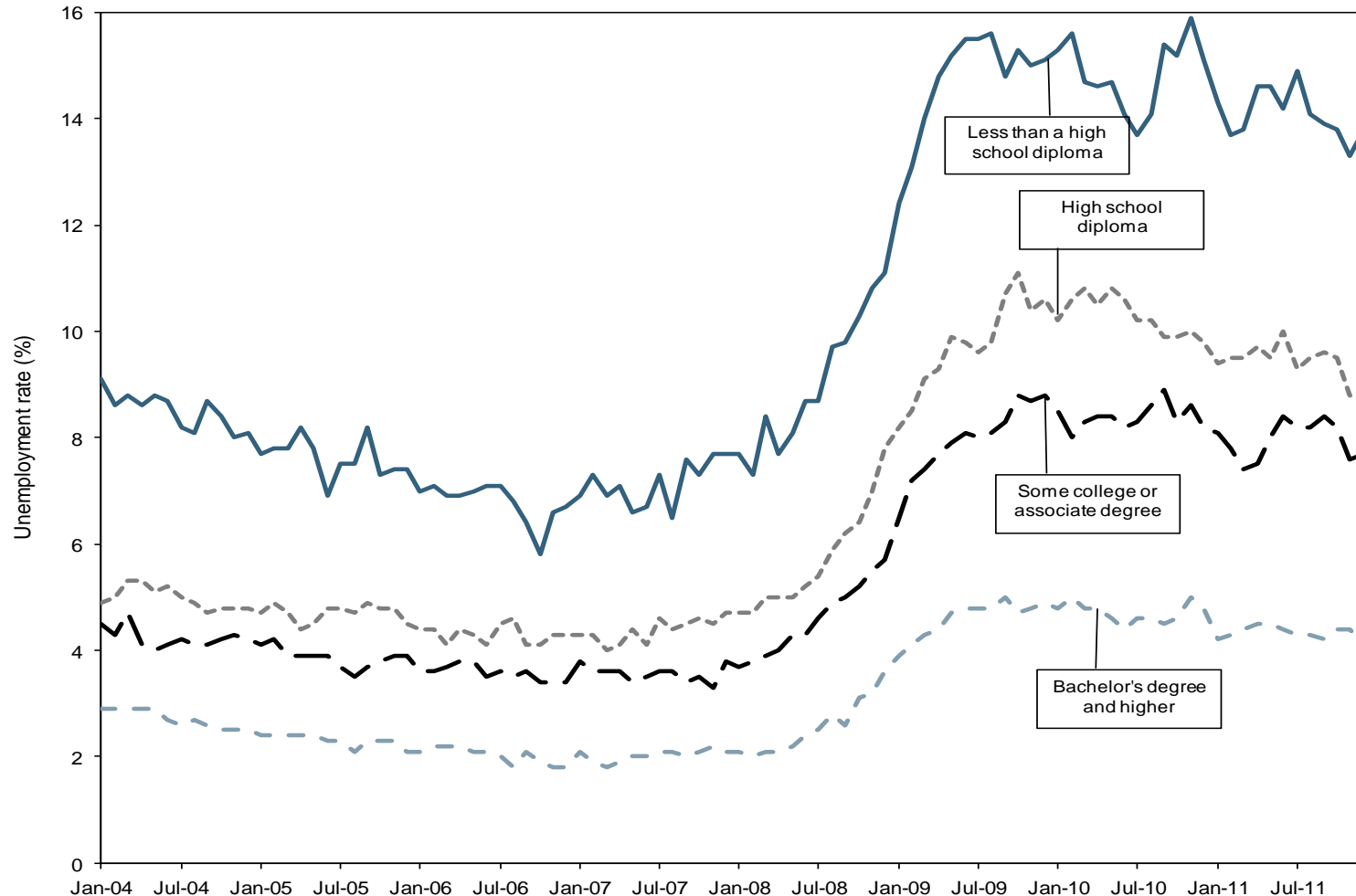


Note: Israel employment refers to number of jobs, excluding Palestinian Authority and US employment refers to total nonfarm employees.

Source: Bureau of Labor Statistics, Central Bureau of Statistics.

Employment gap by education

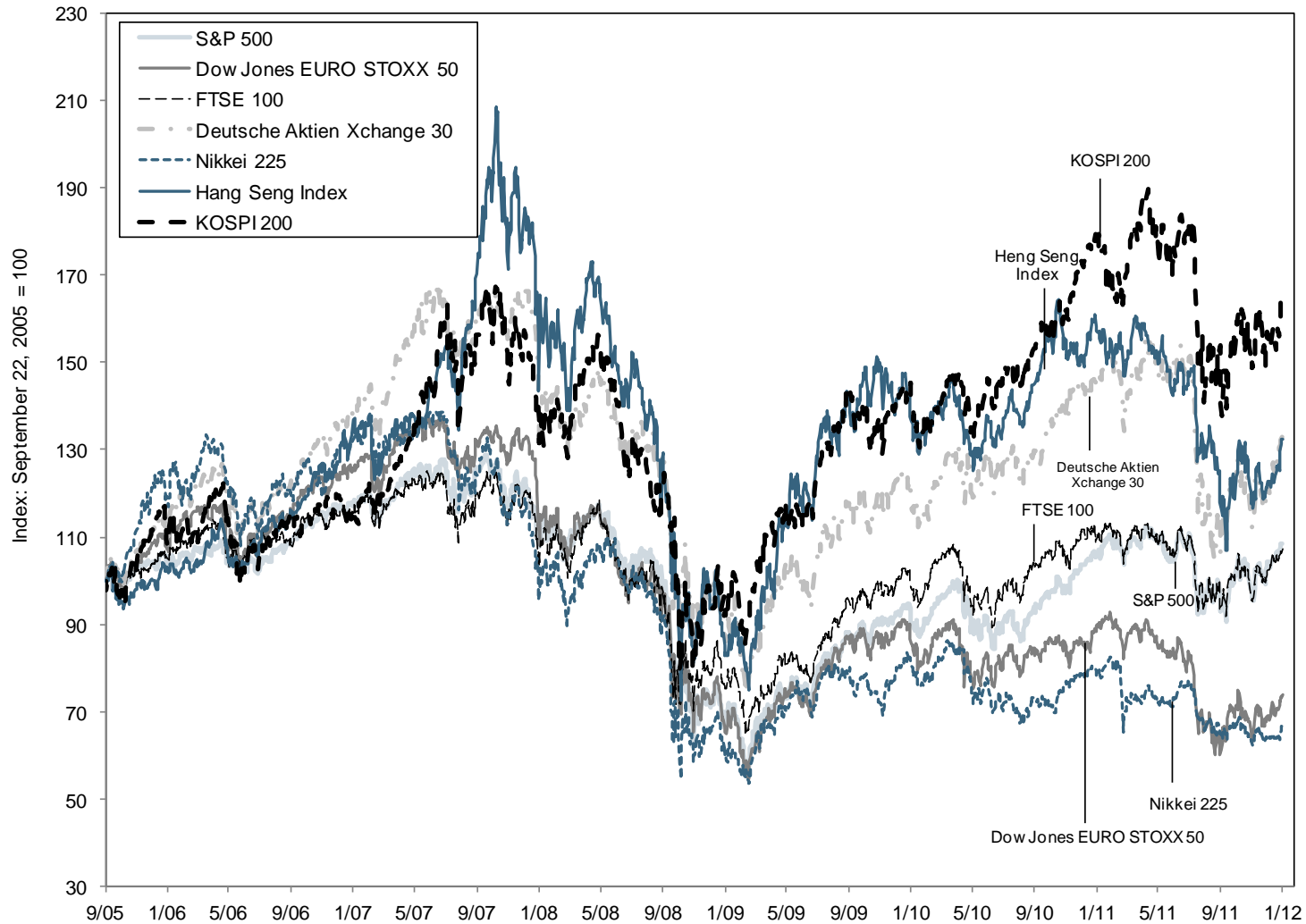
Unemployment rates for adults, 25 years and over



Source: Bureau of Labor Statistics

Share price performance for major indices

Significant divergences have emerged



Source: FactSet.

Global growth outlook

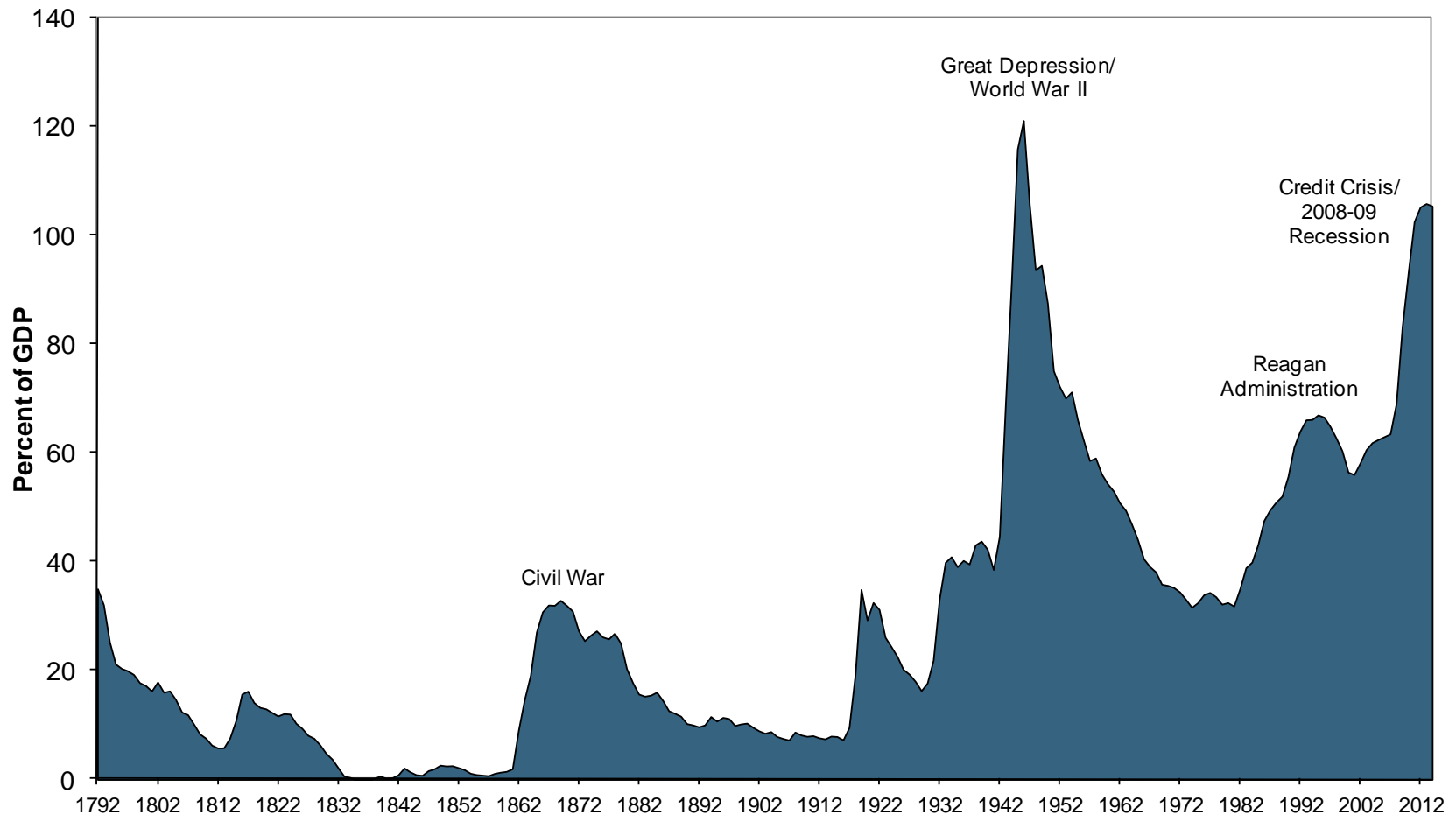
Global GDP projected at 3.3% in 2012, with recession in Europe

(\$ Billions)

	2010 GDP	Growth Rates					
		2008	2009	2010	2011(E)	2012(E)	2013(E)
US	14,527	(0.3) %	(3.5) %	3.0 %	1.8 %	2.1 %	2.2 %
Eurozone	12,364	0.3	(4.2)	1.8	1.5	(0.8)	0.7
Germany	3,334	0.8	(5.1)	3.6	3.0	0.1	1.5
France	2,604	(0.2)	(2.6)	1.4	1.6	(0.4)	0.9
Italy	2,087	(1.3)	(5.2)	1.2	0.6	(1.6)	(0.1)
Japan	5,363	(1.0)	(5.5)	4.4	(0.8)	2.0	1.5
United Kingdom	2,272	(1.1)	(4.4)	2.1	0.9	0.7	2.3
China	5,892	9.6	9.2	10.4	9.2	8.6	8.7
Canada	1,568	0.7	(2.8)	3.2	2.4	2.2	2.5
Brazil	2,099	5.2	(0.3)	7.5	3.0	2.8	4.1
Mexico	1,035	1.2	(6.1)	5.4	3.8	2.8	3.9
Korea	1,014	2.3	0.3	6.2	3.7	3.5	4.1
Australia	1,235	2.5	1.4	2.6	2.0	2.5	3.7
→ Israel	202	4.0	0.8	4.9	4.8	2.3	4.0

Source: Goldman Sachs Economics Research.

US federal debt as a percentage of GDP



Source: USGovernmentSpending.com.

Disclosures

January 26, 2012

Disclosures

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