

Huntington Economist Says U.S. Economy Vulnerable but Growth Expected to Continue Through 2011

U.S. Corporate Profits Near Record High; Consumer Spending Still Sluggish

COLUMBUS, Ohio, Sept. 8 /PRNewswire-FirstCall/ -- Although the U.S. economy is still vulnerable, a "double-dip" recession is unlikely with slow-to-moderate growth continuing this year and gradually accelerating in 2011, according to a U.S. economic forecast released by George Mokrzan, senior economist for Huntington Bank (Nasdaq: HBAN; www.huntington.com).

"The economy is especially vulnerable when it comes to additional negative economic shocks, whether they come from credit markets, the geo-political environment, the policy environment or other unforeseeable areas," Mokrzan said.

Mokrzan sees the probability of a double-dip recession at 26 percent this year.

Following are highlights from the forecast:

- **Good News for U.S. Businesses:**Corporate profits are close to achieving a new U.S. record high, with strong growth in both manufacturing and non-manufacturing sectors, Mokrzan said. He added that info-tech spending in information processing equipment and software is 63 percent higher than it was at the peak of the technology boom in 2000. In addition, confidence has increased due to recent credit market improvements coming from proactive policies in Europe aimed at reducing sovereign debt risks. Exports are also on the rise. "Exports hold the greatest potential for economic growth and opportunity in the U.S. in the next decade, especially as wage levels rise in emerging markets," Mokrzan said.
- **Consumer Spending Still Sluggish:**Although housing prices are improving and interest rates remain low, consumer spending remains sluggish because of a weak labor market and concerns about an increasingly glum U.S. government debt outlook, Mokrzan said. He added that tax cuts would help spark spending, but are challenging to implement due to the high level of government debt. "Consumers are concerned about national spending and debt as well as personal spending and debt. Ultimately, they will have to pay for both," Mokrzan said.
- **Deflation Not Likely:**Although there is some risk of deflation, mainly

from slowing money supply growth, it is not likely, Mokrzan said. He added that since the Federal Reserve knows how detrimental deflation would be, they already have tools in place to 'inflate' the economy as needed.

Visit HuntingtonFunds.com for the full forecast. It includes detailed information on key economic indicators and factors that may affect economic growth.

About George Mokrzan

For more than a decade, George Mokrzan has provided economic analysis and forecasting for Huntington Bancshares Incorporated. He has accurately forecasted many upturns and downturns in the economy since the late 1990s, including the current recovery. As far back as late 2005 and early 2006, he was one of the few economists who accurately predicted the national housing correction, and the cyclical slowdown in the economy that it fostered.

Mokrzan earned his doctorate in macroeconomics, international economics and econometrics from Duke University in 1990. He earned a master's degree in economics from Duke University and a bachelor's degree in economics from the University of Rochester.

About Huntington

Huntington Bancshares Incorporated is a \$52 billion regional bank holding company headquartered in Columbus, Ohio. Through its affiliated companies, Huntington has been providing a full range of financial services including checking, loans, savings, insurance and investment services to customers for 144 years. Huntington has more than 600 banking offices. Huntington also offers retail and commercial financial services online at huntington.com; through its telephone bank; and through its network of over 1,300 ATMs.

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