

## Economic Forecast: January 2015

|   | ----- 2014 ----- |        |        |        | ----- 2015 ----- |        |        |        | 2012   | 2013   | 2014   | 2015   | 2016   |
|---|------------------|--------|--------|--------|------------------|--------|--------|--------|--------|--------|--------|--------|--------|
|   | 14.1             | 14.2   | 14.3   | 14.4   | 15.1             | 15.2   | 15.3   | 15.4   |        |        |        |        |        |
| <b>National Income and Product Accounts (Chained 2009\$)</b>                                  |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| <i>Percent Change: Quarterly SAAR, Annual Q4/Q4</i>   |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| Gross Domestic Product  | -2.1             | 4.6    | 5.0    | 3.0    | 3.4              | 3.2    | 2.9    | 2.7    | 1.6    | 3.1    | 2.6    | 3.1    | 2.5    |
| Personal Consumption Expenditures   | 1.2              | 2.5    | 3.2    | 4.0    | 3.6              | 3.2    | 2.8    | 2.8    | 2.0    | 2.8    | 2.7    | 3.1    | 2.5    |
| Residential Fixed Investment  | -5.3             | 8.8    | 3.2    | 6.4    | 3.7              | 5.0    | 6.5    | 7.4    | 15.8   | 6.9    | 3.1    | 5.6    | 6.1    |
| Business Fixed Investment   | 1.6              | 9.7    | 8.9    | 1.2    | 2.9              | 5.6    | 4.9    | 4.5    | 3.7    | 4.7    | 5.3    | 4.5    | 3.6    |
| Government Consumption & Investment   | -0.8             | 1.7    | 4.4    | -0.6   | -0.6             | 0.2    | 0.3    | 0.3    | -1.7   | -1.9   | 1.1    | 0.0    | 0.4    |
| <i>Billions of Chained 2009\$</i>   |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| Net Exports   | -447             | -460   | -431   | -437   | -433             | -409   | -387   | -388   | -452   | -420   | -444   | -404   | -363   |
| Change in Business Inventories  | 35               | 85     | 82     | 89     | 109              | 90     | 72     | 72     | 58     | 64     | 73     | 86     | 53     |
| <b>Income (Billions of Nominal \$)</b>  |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| Disposable Personal Income  | 12,773           | 12,945 | 13,050 | 13,130 | 13,257           | 13,364 | 13,488 | 13,627 | 12,384 | 12,505 | 12,975 | 13,434 | 13,986 |
| <i>Percent Change: Quarterly SAAR, Annual Q4/Q4</i>   | 4.8              | 5.5    | 3.3    | 2.5    | 3.9              | 3.3    | 3.8    | 4.2    | 6.7    | -0.8   | 4.0    | 3.8    | 4.3    |
| <b>Price Indices</b>  |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| <i>Percent Change: Quarterly SAAR, Annual Q4/Q4</i>   |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| GDP Price Index   | 1.3              | 2.1    | 1.4    | 1.1    | 0.9              | 1.8    | 1.7    | 1.9    | 1.8    | 1.4    | 1.5    | 1.6    | 2.1    |
| Consumer Price Index  | 1.9              | 3.0    | 1.1    | -0.9   | -0.8             | 2.1    | 2.0    | 2.2    | 1.9    | 1.2    | 1.3    | 1.4    | 2.1    |
| Consumer Price Index excl. Food & Energy  | 1.6              | 2.5    | 1.3    | 1.5    | 1.7              | 1.6    | 1.8    | 2.0    | 1.9    | 1.7    | 1.7    | 1.8    | 2.0    |
| <b>Employment</b>   |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| Unemployment Rate (Percent)   | 6.6              | 6.2    | 6.1    | 5.7    | 5.5              | 5.4    | 5.3    | 5.2    | 8.1    | 7.4    | 6.2    | 5.4    | 5.2    |
| Employment, Total Nonfarm Establishment Survey (Percent Change: Quarterly SAAR, Annual Q4/Q4) | 1.5              | 2.2    | 2.1    | 2.4    | 2.5              | 2.5    | 2.2    | 1.9    | 1.7    | 1.8    | 2.0    | 2.3    | 1.6    |
| <b>Interest Rates (Percent)</b>   |                  |        |        |        |                  |        |        |        |        |        |        |        |        |
| Federal Funds Rate  | 0.1              | 0.1    | 0.1    | 0.1    | 0.2              | 0.2    | 0.4    | 0.6    | 0.1    | 0.1    | 0.1    | 0.4    | 1.1    |
| 1-Year Treasury Note Yield  | 0.1              | 0.1    | 0.1    | 0.1    | 0.4              | 0.5    | 0.7    | 1.0    | 0.2    | 0.1    | 0.1    | 0.7    | 1.6    |
| 10-Year Treasury Bond Yield   | 2.8              | 2.6    | 2.5    | 2.3    | 2.2              | 2.3    | 2.3    | 2.4    | 1.8    | 2.4    | 2.5    | 2.3    | 2.5    |

January 12, 2015

Note: Interest rate forecasts are based on rates from December 31, 2014.

Note: Unshaded areas denote actuals. Shaded areas denote forecasts.

Sources: Actuals: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Board. Forecasts: Fannie Mae Economic & Strategic Research

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