

Economic Forecast: January 2011

| | 2009 | | | | 2010 | | | | 2011 | | | | 2012 | | | | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 09.1 | 09.2 | 09.3 | 09.4 | 10.1 | 10.2 | 10.3 | 10.4 | 11.1 | 11.2 | 11.3 | 11.4 | 12.1 | 12.2 | 12.3 | 12.4 | | | | | |
| Percent Change: Quarterly SAAR, Annual Q4/Q4 (unless noted) | | | | | | | | | | | | | | | | | | | | | |
| Real GDP | -4.9 | -0.7 | 1.6 | 5.0 | 3.7 | 1.7 | 2.6 | 3.2 | 3.5 | 3.6 | 3.3 | 3.9 | 3.4 | 3.4 | 3.6 | 3.6 | 0.2 | 2.8 | 3.6 | 3.5 | 3.7 |
| Personal Consumption | -0.5 | -1.6 | 2.0 | 0.9 | 1.9 | 2.2 | 2.4 | 4.1 | 3.2 | 3.3 | 2.9 | 2.9 | 2.8 | 2.6 | 2.8 | 2.8 | 0.2 | 2.6 | 3.1 | 2.7 | 3.0 |
| Residential Investment | -36.2 | -19.7 | 10.6 | -0.8 | -12.3 | 25.7 | -27.3 | 3.4 | 8.9 | 13.2 | 20.3 | 21.2 | 20.9 | 24.0 | 28.6 | 28.7 | -13.4 | -4.6 | 15.8 | 25.5 | 23.8 |
| Business Fixed Investment | -35.2 | -7.5 | -1.7 | -1.4 | 7.8 | 17.2 | 10.0 | 0.9 | 8.2 | 9.4 | 9.5 | 11.8 | 12.8 | 8.8 | 9.3 | 8.4 | -12.7 | 8.8 | 9.7 | 9.8 | 6.6 |
| Net Exports (Bil. Chain 2000\$) | -389.2 | -342.0 | -390.8 | -330.1 | -338.4 | -449.0 | -505.0 | -459.2 | -453.8 | -443.6 | -440.9 | -431.2 | -438.6 | -437.4 | -434.9 | -435.7 | -363.0 | -437.9 | -442.4 | -436.6 | -428.4 |
| Government Consumption & Investment | -3.0 | 6.1 | 1.6 | -1.4 | -1.6 | 3.9 | 3.9 | 1.9 | -0.1 | -0.4 | -0.5 | -0.6 | -0.1 | -0.1 | -0.3 | -0.2 | 0.8 | 2.0 | -0.4 | -0.2 | 0.3 |
| Billions of Dollars | | | | | | | | | | | | | | | | | | | | | |
| Change in Business Inventories | -125.8 | -161.8 | -128.2 | -36.7 | 44.1 | 68.8 | 121.4 | 67.9 | 72.0 | 66.5 | 63.5 | 64.6 | 61.1 | 63.4 | 61.9 | 66.2 | -113.1 | 75.5 | 66.7 | 63.2 | 68.0 |
| Percent Change: Quarterly SAAR, Annual Q4/Q4 (unless noted) | | | | | | | | | | | | | | | | | | | | | |
| GDP Price Index | 1.1 | 0.3 | 0.7 | -0.2 | 1.0 | 1.9 | 2.1 | 0.7 | 1.2 | 0.9 | 0.9 | 0.8 | 0.9 | 0.9 | 1.0 | 1.1 | 0.5 | 1.4 | 0.9 | 1.0 | 1.3 |
| Consumer Price Index | -2.2 | 1.9 | 3.7 | 2.6 | 1.5 | -0.7 | 1.5 | 2.3 | 1.9 | 1.0 | 1.3 | 1.3 | 1.2 | 1.4 | 1.8 | 1.8 | 1.5 | 1.1 | 1.4 | 1.6 | 1.8 |
| Consumer Price Index (Quarterly YOY % Change, Annual YOY % Change) | -0.2 | -1.0 | -1.6 | 1.5 | 2.4 | 1.8 | 1.2 | 1.1 | 1.2 | 1.7 | 1.6 | 1.4 | 1.2 | 1.3 | 1.4 | 1.6 | -0.3 | 1.6 | 1.5 | 1.4 | 1.7 |
| Consumer Price Index excl. Food & Energy | 1.6 | 2.3 | 1.5 | 1.5 | 0.0 | 0.9 | 1.2 | 0.4 | 0.7 | 1.0 | 1.3 | 1.4 | 1.4 | 1.7 | 2.0 | 2.0 | 1.7 | 0.6 | 1.1 | 1.8 | 2.0 |
| Consumer Price Index excl. Food & Energy (Quarterly YOY % Change, Annual YOY % Change) | 1.7 | 1.8 | 1.5 | 1.7 | 1.3 | 1.0 | 0.9 | 0.6 | 0.8 | 0.8 | 0.8 | 1.1 | 1.3 | 1.5 | 1.6 | 1.8 | 1.7 | 1.0 | 0.9 | 1.5 | 1.9 |
| Industrial Production | -17.6 | -10.3 | 8.3 | 7.0 | 7.1 | 7.2 | 5.9 | 1.2 | 3.9 | 5.3 | 4.4 | 4.9 | 4.1 | 3.4 | 2.7 | 2.5 | -3.8 | 5.3 | 4.6 | 3.2 | 2.7 |
| Percent | | | | | | | | | | | | | | | | | | | | | |
| Unemployment Rate | 8.2 | 9.3 | 9.7 | 10.0 | 9.7 | 9.7 | 9.6 | 9.6 | 9.6 | 9.5 | 9.4 | 9.2 | 8.9 | 8.8 | 8.6 | 8.5 | 9.3 | 9.6 | 9.4 | 8.7 | 7.8 |
| Percent Change: Quarterly SAAR, Annual Q4/Q4 | | | | | | | | | | | | | | | | | | | | | |
| Employment, Total Nonfarm Establishment Survey | -6.4 | -5.0 | -3.1 | -1.3 | 0.2 | 2.2 | -0.1 | 0.5 | 0.9 | 2.4 | 2.0 | 1.9 | 1.7 | 2.0 | 2.2 | 2.3 | -4.0 | 0.7 | 1.8 | 2.1 | 2.6 |
| Interest Rates, Percent | | | | | | | | | | | | | | | | | | | | | |
| Fed Funds Rate | 0.2 | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.4 | 0.9 | 1.2 | 1.4 | 0.2 | 0.2 | 0.2 | 1.0 | 2.0 |
| 1-yr T-Note | 0.6 | 0.5 | 0.4 | 0.3 | 0.4 | 0.4 | 0.3 | 0.3 | 0.3 | 0.5 | 0.6 | 0.9 | 1.1 | 1.3 | 1.5 | 1.7 | 0.5 | 0.3 | 0.6 | 1.4 | 2.5 |
| 10-yr T-Note | 2.7 | 3.3 | 3.5 | 3.5 | 3.7 | 3.5 | 2.8 | 2.9 | 3.3 | 3.5 | 3.6 | 3.7 | 3.8 | 3.9 | 4.0 | 4.1 | 3.3 | 3.2 | 3.5 | 4.0 | 4.3 |
| 1-yr ARM rate | 4.9 | 4.8 | 4.7 | 4.4 | 4.3 | 4.0 | 3.6 | 3.3 | 3.5 | 3.6 | 3.8 | 3.9 | 4.0 | 4.1 | 4.2 | 4.3 | 4.7 | 3.8 | 3.7 | 4.2 | 4.6 |
| 30-yr Fixed-Rate | 5.1 | 5.0 | 5.2 | 4.9 | 5.0 | 4.9 | 4.4 | 4.4 | 4.9 | 5.1 | 5.2 | 5.3 | 5.4 | 5.5 | 5.6 | 5.7 | 5.0 | 4.7 | 5.1 | 5.5 | 5.8 |

January 10, 2011

Notes: Interest rate forecasts are based on rates from December 31, 2010.

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

Source: Actuals: Census, Bureau of Labor Statistics, Federal Reserve, Mortgage Bankers Association, National Association of REALTORS®, FHFA; Forecasts: Fannie Mae Economics and Mortgage Market Analysis

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