

## Economic Forecast: January 2012

	----- 2011 -----				----- 2012 -----				----- 2013 -----				2011	2012	2013
	11.1	11.2	11.3	11.4	12.1	12.2	12.3	12.4	13.1	13.2	13.3	13.4			
<b>Percent Change: Quarterly SAAR, Annual Q4/Q4 (unless noted)</b>															
Real GDP	0.4	1.3	1.8	3.3	2.1	2.0	2.4	2.6	2.2	2.3	2.4	2.4	1.7	2.3	2.3
Personal Consumption	2.1	0.7	1.7	2.7	2.2	2.1	2.2	2.5	1.7	1.8	2.1	2.3	1.8	2.3	2.0
Residential Investment	-2.4	4.2	1.3	7.7	8.1	5.8	5.7	7.3	11.5	15.3	18.2	22.3	2.6	6.7	16.8
Business Fixed Investment	2.1	10.3	15.7	-0.1	6.8	4.6	6.0	6.0	5.8	4.9	6.2	7.2	6.8	5.8	6.0
Net Exports (Bil. Chain 2000\$)	-424.4	-416.4	-402.8	-394.9	-386.3	-372.6	-362.7	-355.2	-354.4	-347.9	-349.1	-364.2	-409.6	-369.2	-353.9
Government Consumption & Investment	-5.9	-0.9	-0.1	-0.3	-1.5	-2.1	-1.9	-1.5	-1.1	-0.7	-0.3	-0.4	-1.8	-1.8	-0.6
<b>Billions of Dollars</b>															
Change in Business Inventories	49.1	39.1	-2.0	28.8	20.5	18.9	24.4	30.0	39.3	44.2	40.9	41.9	28.8	23.4	41.6
<b>Percent Change: Quarterly SAAR, Annual Q4/Q4 (unless noted)</b>															
GDP Price Index	2.5	2.5	2.6	0.6	1.7	1.7	1.6	1.8	1.7	1.7	1.6	1.8	2.0	1.7	1.7
Consumer Price Index	5.2	4.1	3.1	0.9	1.7	1.6	1.6	1.7	1.7	1.8	1.6	1.7	3.3	1.7	1.7
Consumer Price Index (Quarterly YOY % Change, Annual YOY % Change)	2.2	3.3	3.8	3.3	2.4	1.8	1.5	1.7	1.6	1.7	1.7	1.7	3.1	1.8	1.7
Consumer Price Index excl. Food & Energy	1.7	2.5	2.7	1.6	1.9	1.5	1.5	1.6	1.8	1.9	1.7	1.9	2.1	1.6	1.8
Consumer Price Index excl. Food & Energy (Quarterly YOY % Change, Annual YOY % Change)	1.1	1.5	1.9	2.1	2.2	1.9	1.6	1.6	1.6	1.7	1.8	1.8	1.7	1.8	1.7
Industrial Production	4.8	0.7	6.1	2.5	1.7	1.7	1.6	2.0	2.5	3.0	3.5	3.6	3.5	1.7	3.1
<b>Percent</b>															
Unemployment Rate	8.9	9.1	9.1	8.7	8.6	8.7	8.6	8.5	8.3	8.2	8.0	7.6	9.0	8.6	8.0
<b>Percent Change: Quarterly SAAR, Annual Q4/Q4</b>															
Employment, Total Nonfarm Establishment Survey	1.3	1.4	0.9	1.3	1.1	1.0	1.0	1.2	1.1	1.7	2.1	2.2	1.2	1.1	1.8
<b>Interest Rates, Percent</b>															
Fed Funds Rate	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.2
1-yr T-Note	0.3	0.2	0.1	0.1	0.1	0.0	0.1	0.1	0.2	0.3	0.3	0.4	0.2	0.1	0.3
10-yr T-Note	3.5	3.2	2.4	2.0	1.9	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.8	2.0	2.3
1-yr ARM rate	3.3	3.1	2.9	2.9	2.8	2.9	3.0	3.0	3.0	3.1	3.1	3.2	3.0	2.9	3.1
30-yr Fixed-Rate	4.8	4.7	4.3	4.0	3.9	4.0	4.0	4.1	4.1	4.2	4.3	4.3	4.5	4.0	4.2

January 9, 2012

Notes: Interest rate forecasts are based on rates from December 30, 2011.

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

Opinions, analyses, estimates, forecasts, and other views of Fannie Mae's Economics and Mortgage Market Analysis (EMMA) group included in these materials should not be construed as indicating

Fannie Mae's business prospects or expected results, are based on a number of assumptions, and are subject to change without notice. How this information affects Fannie Mae will depend

on many factors. Although the EMMA group bases its opinions, analyses, estimates, forecasts, and other views on information it considers reliable, it does not guarantee that the information provided

in these materials is accurate, current or suitable for any particular purpose. Changes in the assumptions or the information underlying these views could produce materially different results.

The analyses, opinions, estimates, forecasts, and other views published by the EMMA group represent the views of that group as of the date indicated and do not necessarily represent the views

of Fannie Mae or its management.