

## Economic Forecast: June 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>National Income and Product Accounts (Chained 2005\$)</b>                                  |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| <i>Percent Change: Quarterly SAAR, Annual Q4/Q4</i>   |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| Gross Domestic Product  | 0.4              | 1.3    | 1.8    | 3.0    | 1.9              | 2.3    | 2.3    | 2.4    | 2.3              | 2.3    | 2.4    | 2.6    | 1.6    | 2.2    | 2.4    |  |
| Personal Consumption Expenditures   | 2.1              | 0.7    | 1.7    | 2.1    | 2.7              | 2.5    | 2.6    | 2.2    | 1.9              | 2.1    | 2.5    | 2.6    | 1.6    | 2.5    | 2.3    |  |
| Residential Fixed Investment  | -2.4             | 4.2    | 1.3    | 11.6   | 19.4             | 10.3   | 8.4    | 6.9    | 6.6              | 9.0    | 14.4   | 20.4   | 3.5    | 11.1   | 12.5   |  |
| Business Fixed Investment   | 2.1              | 10.3   | 15.7   | 5.2    | 1.9              | 4.2    | 7.2    | 6.5    | 7.2              | 5.5    | 6.4    | 7.2    | 8.2    | 4.9    | 6.5    |  |
| Government Consumption & Investment   | -5.9             | -0.9   | -0.1   | -4.2   | -3.9             | -0.2   | -0.9   | -1.2   | -1.2             | -1.0   | -0.7   | -0.7   | -2.8   | -1.6   | -0.9   |  |
| <i>Billions of Chained 2005\$</i>   |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| Net Exports   | -424             | -416   | -403   | -411   | -412             | -403   | -406   | -394   | -379             | -373   | -375   | -386   | -414   | -404   | -378   |  |
| Change in Business Inventories  | 49               | 39     | -2     | 52     | 58               | 49     | 46     | 43     | 39               | 40     | 33     | 31     | 35     | 49     | 36     |  |
| <b>Income (Billions of Nominal \$)</b>  |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| Disposable Personal Income  | 11,481           | 11,559 | 11,648 | 11,686 | 11,769           | 11,841 | 11,920 | 12,029 | 11,996           | 12,114 | 12,191 | 12,323 | 11,594 | 11,890 | 12,156 |  |
| <i>Percent Change: Quarterly SAAR, Annual Q4/Q4</i>   | 5.2              | 2.8    | 3.1    | 1.3    | 2.9              | 2.5    | 2.7    | 3.7    | -1.1             | 4.0    | 2.6    | 4.4    | 3.1    | 2.9    | 2.4    |  |
| <b>Price Indices</b>  |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| <i>Percent Change: Quarterly SAAR, Annual Q4/Q4</i>   |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| GDP Price Index   | 2.5              | 2.5    | 2.6    | 0.9    | 1.7              | 1.4    | 1.9    | 1.5    | 1.7              | 1.8    | 1.7    | 2.2    | 2.1    | 1.6    | 1.8    |  |
| Consumer Price Index  | 4.5              | 4.4    | 3.1    | 1.3    | 2.5              | 1.8    | 2.0    | 2.2    | 2.1              | 1.9    | 2.1    | 2.0    | 3.3    | 2.1    | 2.0    |  |
| Consumer Price Index excl. Food & Energy  | 1.8              | 2.4    | 2.5    | 1.9    | 2.1              | 3.0    | 2.4    | 2.3    | 2.1              | 1.8    | 2.1    | 2.0    | 2.2    | 2.4    | 2.0    |  |
| <b>Employment</b>   |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| Unemployment Rate (Percent)   | 9.0              | 9.1    | 9.1    | 8.7    | 8.2              | 8.1    | 8.1    | 8.0    | 7.9              | 7.8    | 7.7    | 7.6    | 8.9    | 8.1    | 7.8    |  |
| Employment, Total Nonfarm Establishment Survey (Percent Change: Quarterly SAAR, Annual Q4/Q4) | 1.4              | 1.7    | 0.9    | 1.4    | 2.1              | 1.0    | 1.4    | 1.2    | 1.5              | 1.5    | 1.8    | 2.1    | 1.4    | 1.4    | 1.7    |  |
| <b>Interest Rates (Percent)</b>   |                  |        |        |        |                  |        |        |        |                  |        |        |        |        |        |        |  |
| Federal 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-Year Treasury Note Yield  | 0.3              | 0.2    | 0.1    | 0.1    | 0.2              | 0.1    | 0.2    | 0.2    | 0.2              | 0.2    | 0.2    | 0.3    | 0.2    | 0.2    | 0.2    |  |
| 10-Year Treasury Bond Yield   | 3.5              | 3.2    | 2.4    | 2.0    | 2.0              | 1.8    | 1.7    | 1.8    | 1.9              | 1.9    | 2.0    | 2.0    | 2.8    | 1.8    | 1.9    |  |

June 11, 2012

Note: Interest rate forecasts are based on rates from May 31, 2012.

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 and Strategic Research

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