

U.S. Economic Outlook

Research and Statistics Group

October 12, 2011

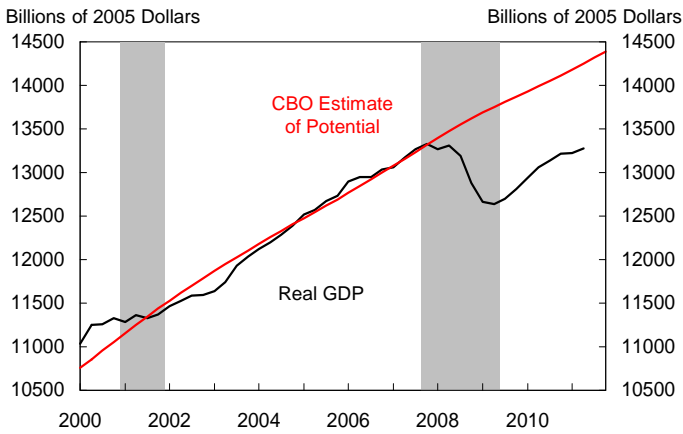


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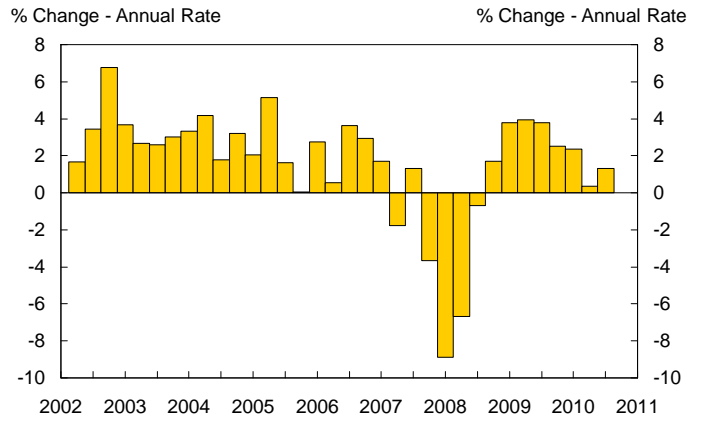
Real Activity and Labor Market

Real and Potential GDP



Source: Bureau of Economic Analysis and Congressional Budget Office

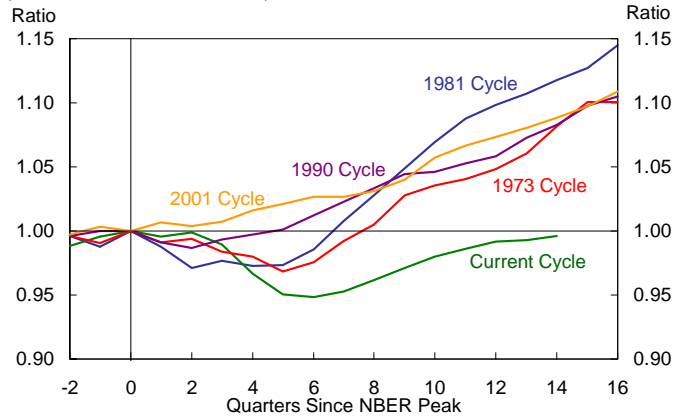
Quarterly Real GDP Growth



Source: Bureau of Economic Analysis

Level of Real GDP

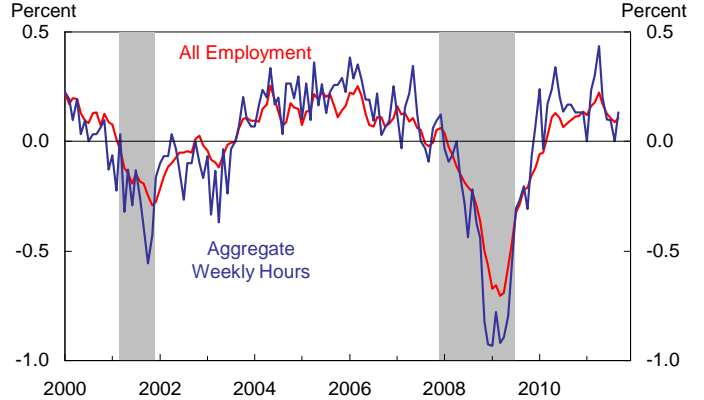
(Series Set to 1.00 at NBER Peak)



Source: Bureau of Economic Analysis

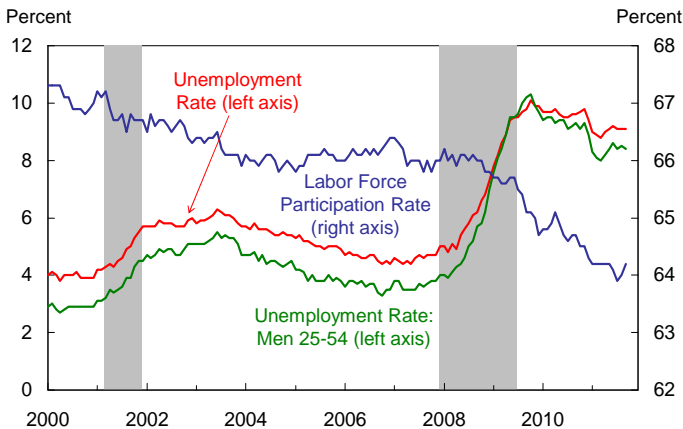
Private Nonfarm Payroll Employment and Total Hours Worked

3-Month Moving Average of One-Month Change



Source: Bureau of Labor Statistics

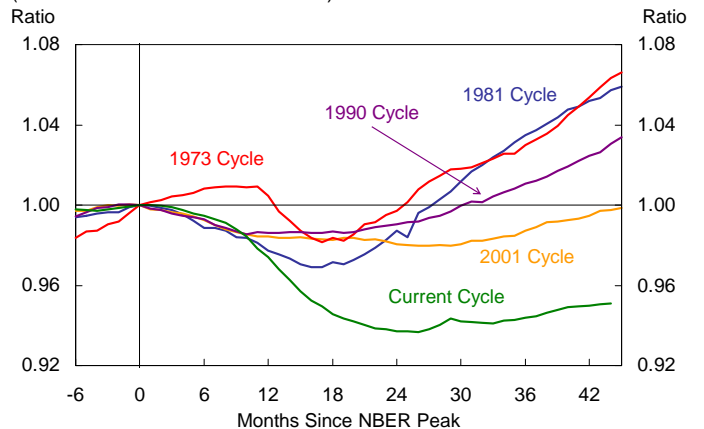
Measures of the Employment Situation



Source: Bureau of Labor Statistics

Employment Declines During Recessions

(Series Set to 1.00 at NBER Peak)

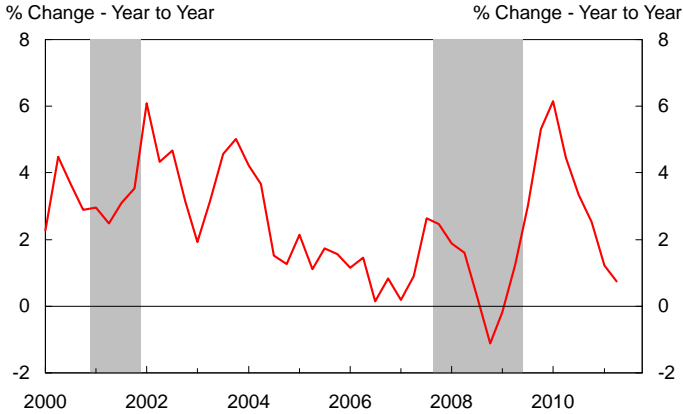


Source: Bureau of Labor Statistics

Productivity and Household Spending

Productivity

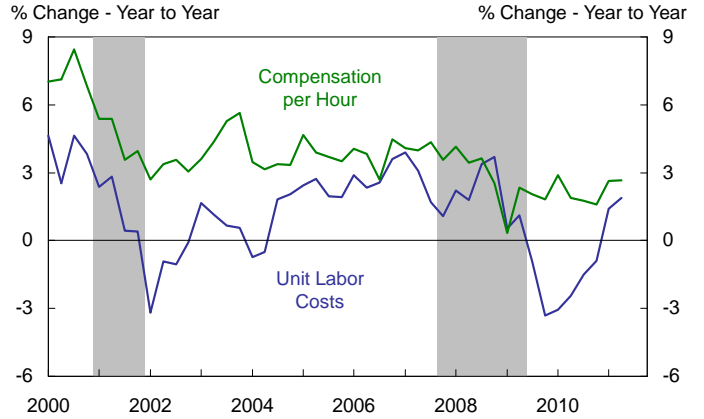
Nonfarm Business Sector



Source: Bureau of Labor Statistics

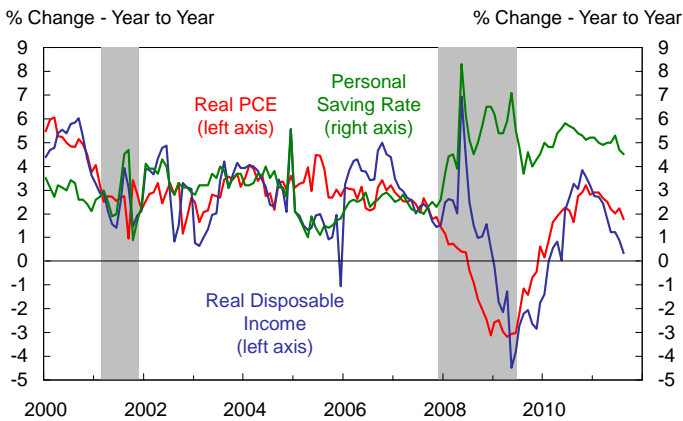
Compensation and Unit Labor Costs

Nonfarm Business Sector



Source: Bureau of Labor Statistics

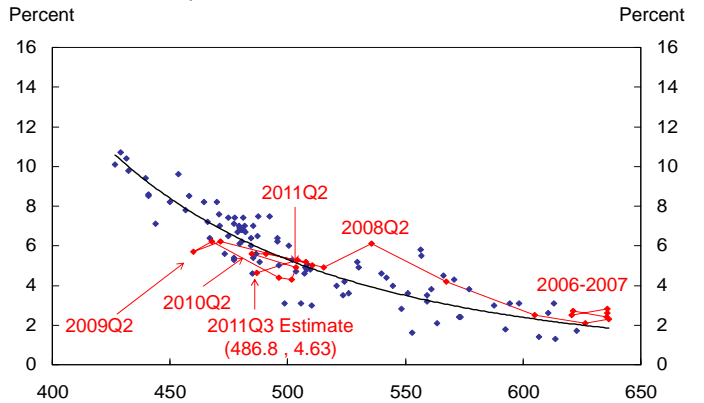
Real PCE, Disposable Income and Personal Saving Rate



Source: Bureau of Economic Analysis

Households' Net Worth and the Saving Rate

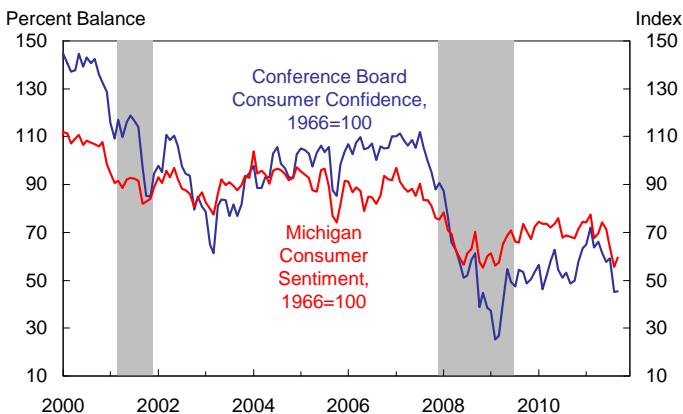
As a Percent of Disposable Income



Source: Bureau of Economic Analysis and Federal Reserve Board

Note: Fitted line is from 1983Q1 to 2005Q4.

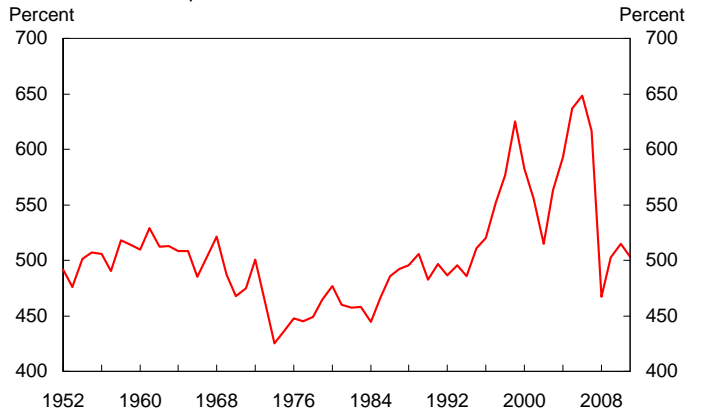
Consumer Confidence/Sentiment Indices



Source: University of Michigan and the Conference Board

Household Net Worth

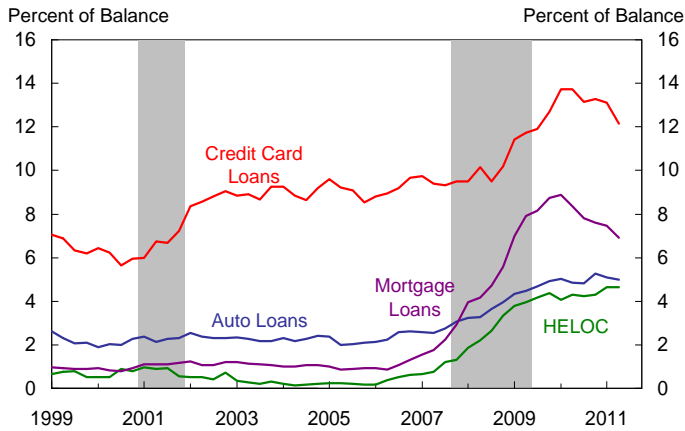
As a Percent of Disposable Income



Source: Flow of Funds, Federal Reserve Board

Housing and Trade

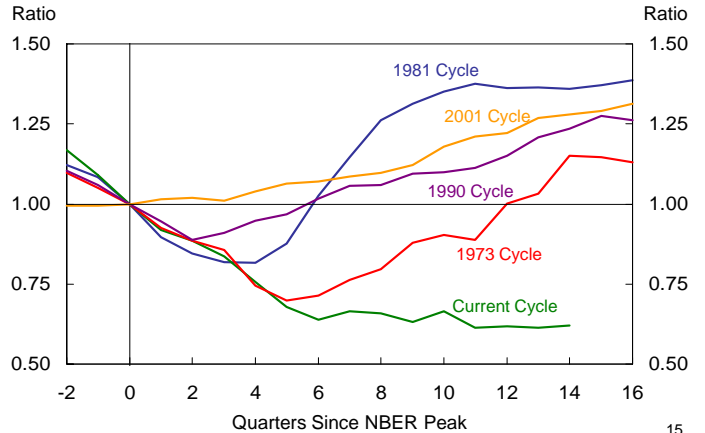
90+ Days Delinquency Rate by Loan Type



Source: FRBNY Consumer Credit Panel (Equifax)

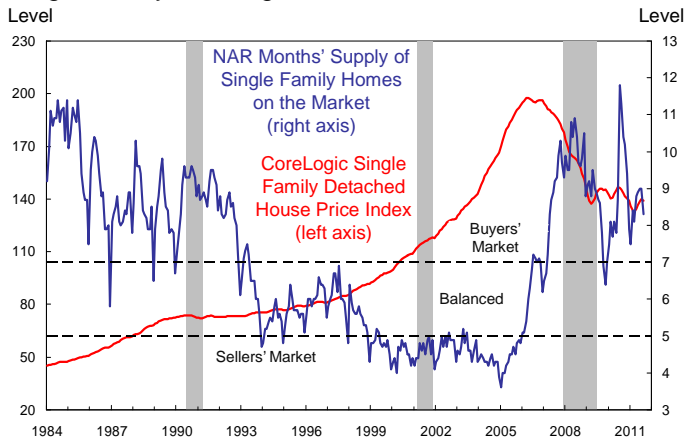
Real Private Residential Investment

(Series Set to 1.0 at NBER Peak)



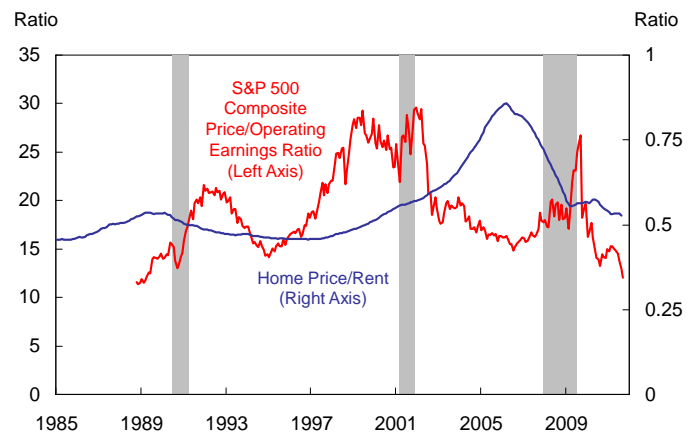
Source: Bureau of Economic Analysis

Single Family Housing Market



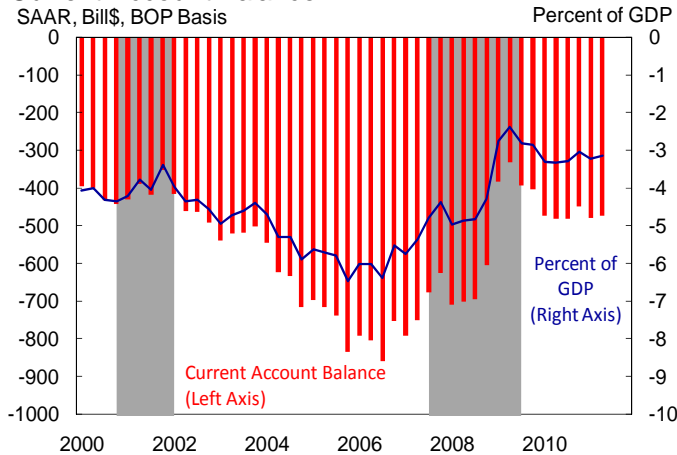
Source: CoreLogic, National Association of Realtors

Price to Earnings Ratios



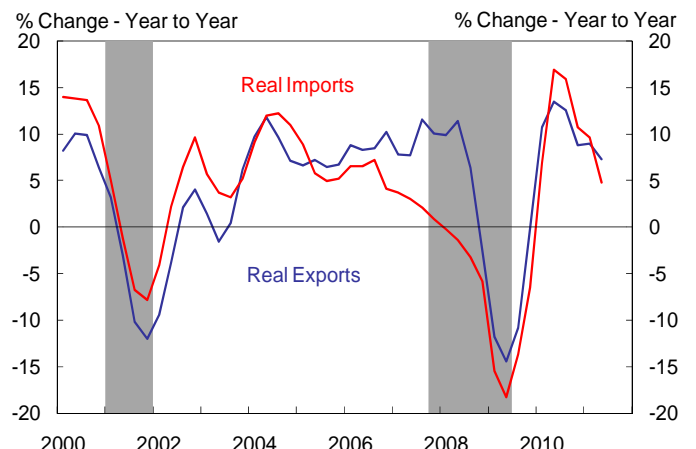
Source: S&P, BLS, and CoreLogic

Current Account Balance



Sources: Bureau of Economic Analysis

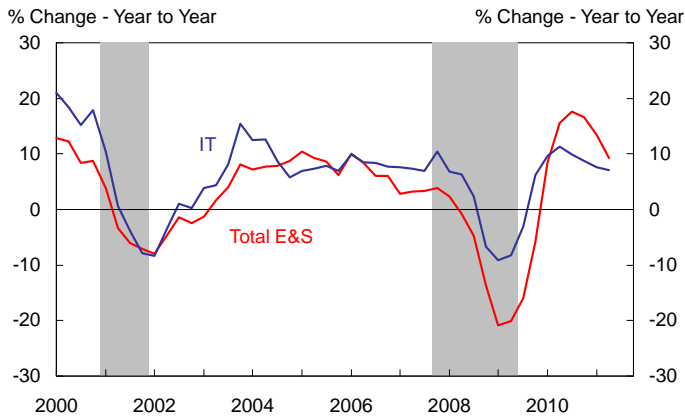
U.S. Trade



Sources: Bureau of Economic Analysis

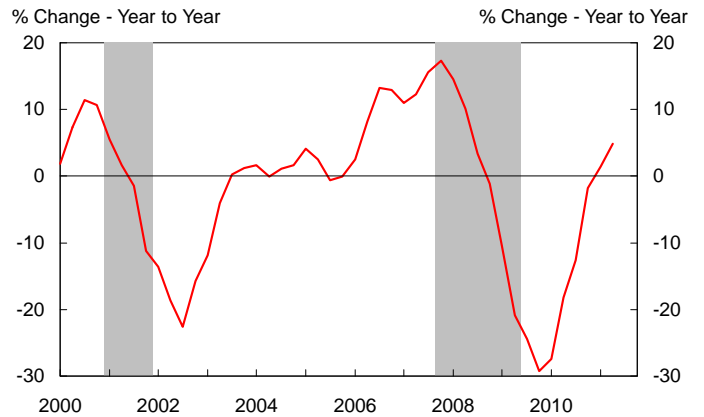
Investment, Inventories, and Manufacturing

Real Business Investment: Equipment and Software



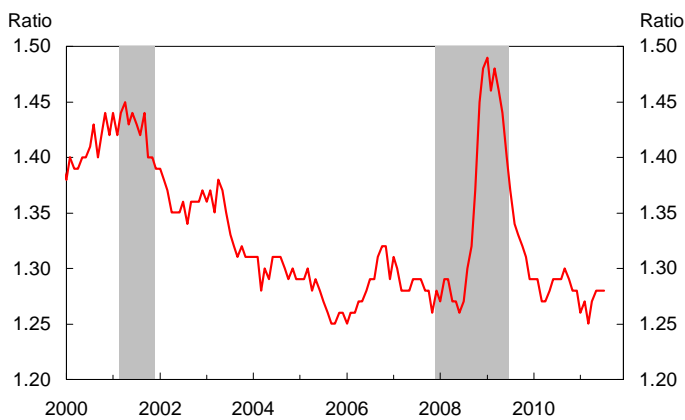
Source: Bureau of Economic Analysis

Business Investment in Nonresidential Structures



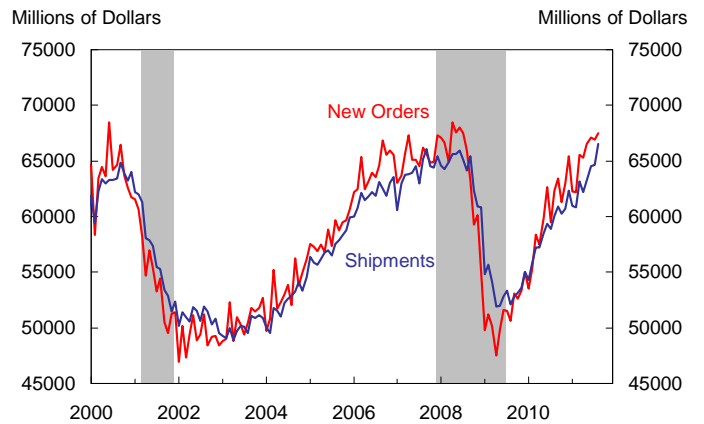
Source: Bureau of Economic Analysis

Inventory / Sales: Total Business



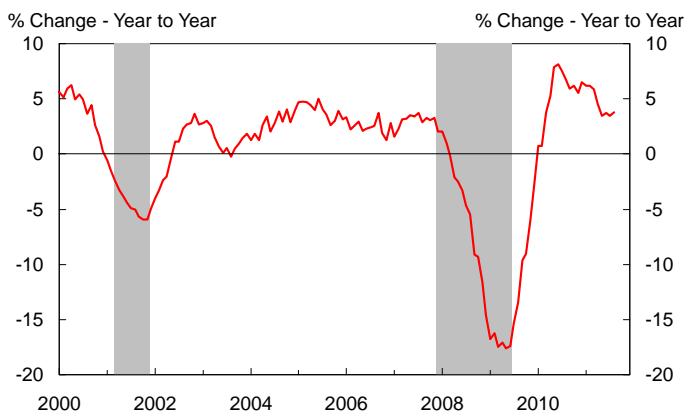
Source: Census Bureau

Nondefense Capital Goods Excluding Aircraft



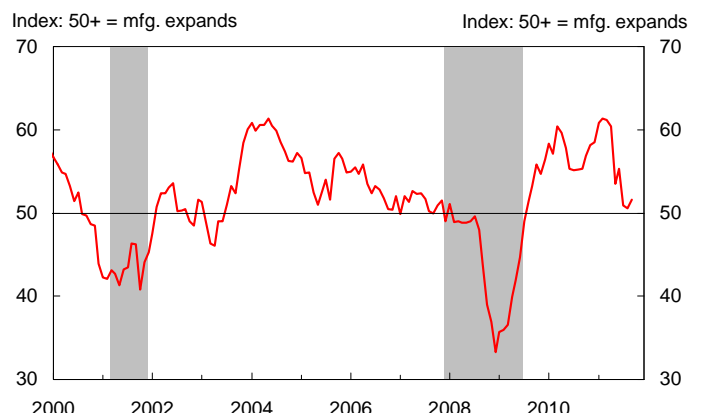
Source: Census Bureau

Manufacturing Output Growth



Source: Federal Reserve Board

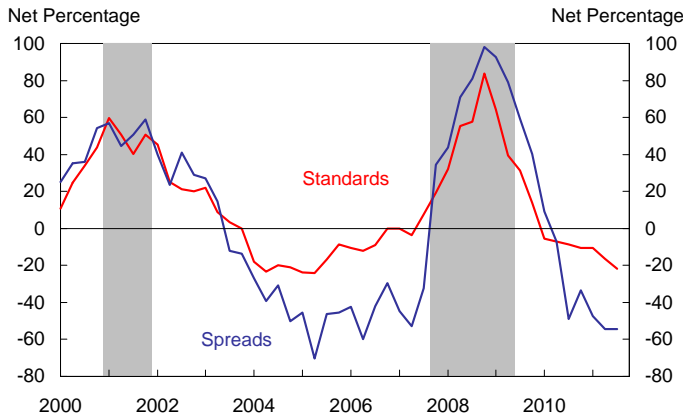
ISM Manufacturing Index



Source: Institute for Supply Management

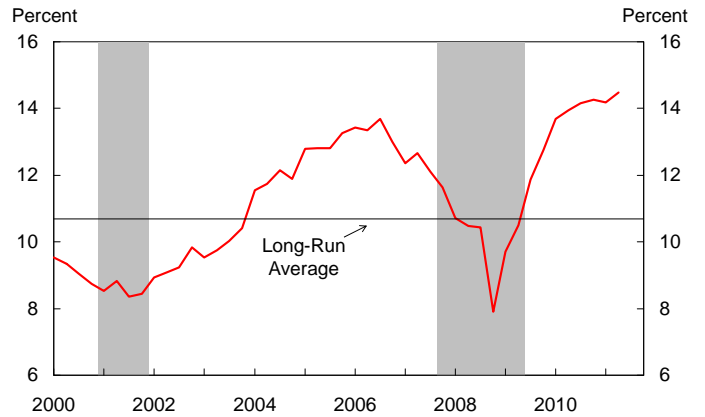
Lending Standards, Corporate Profits, and Fiscal Situation

Net Percentage of Loan Officers Tightening Standards and Raising Spreads for Loans to Large and Mid-Sized Firms



Source: FRB Senior Loan Officer Opinion Survey

Corporate Profits as a Percent of National Income

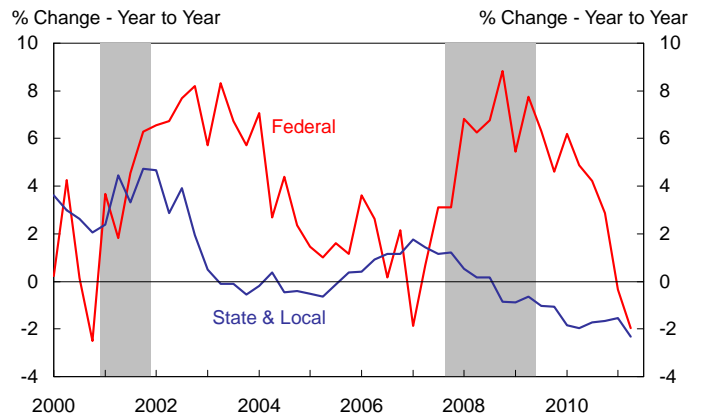


Source: Bureau of Economic Analysis

	FY2009*	FY2010*	FY2011	FY2012
Receipts				
\$ Billions	2,105	2,163	2,314	2,635
% of GDP	14.9	14.9	15.3	16.8
Outlays				
\$ Billions	3,518	3,456	3,597	3,609
% of GDP	25.0	23.8	23.8	23.0
Balance				
\$ Billions	-1,413	-1,294	-1,284	-973
% of GDP	-10.0	-8.9	-8.5	-6.2
Debt Held by the Public				
% of GDP	53.5	62.1	67.3	71.2

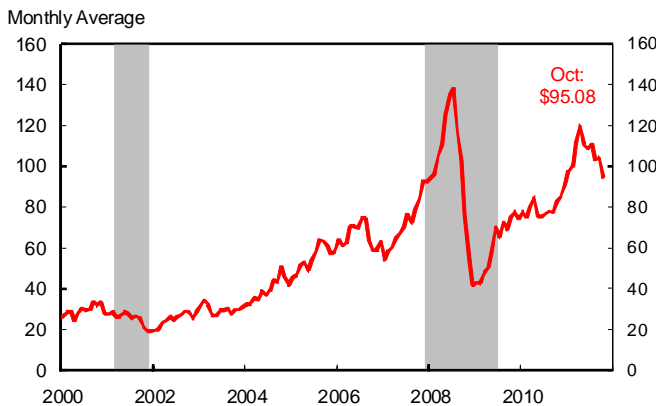
Source: Congressional Budget Office

Real Government Consumption and Gross Investment



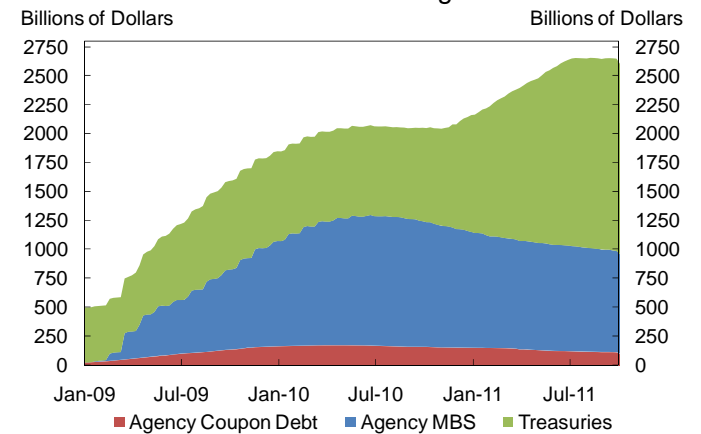
Source: Bureau of Economic Analysis

Oil Prices



Source: Haver/Bloomberg. Oil is average of WTI, Brent, and Bonny Light prices.

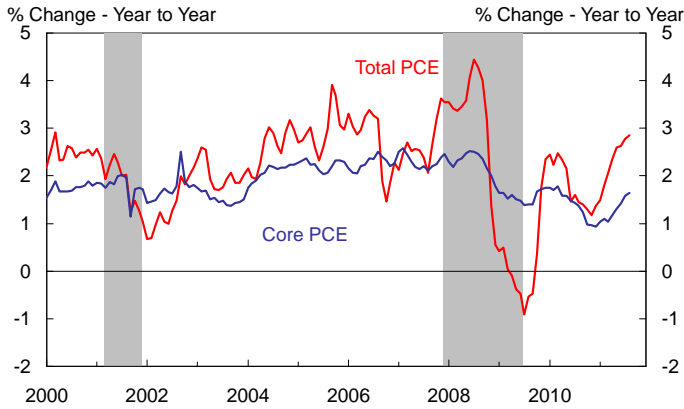
Federal Reserve Securities Holdings



Source: Federal Reserve

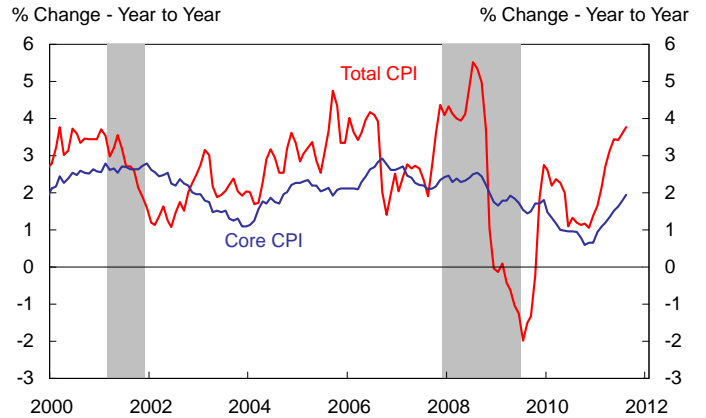
PCE and CPI Measures of Inflation since 2000

Total and Core PCE Deflator



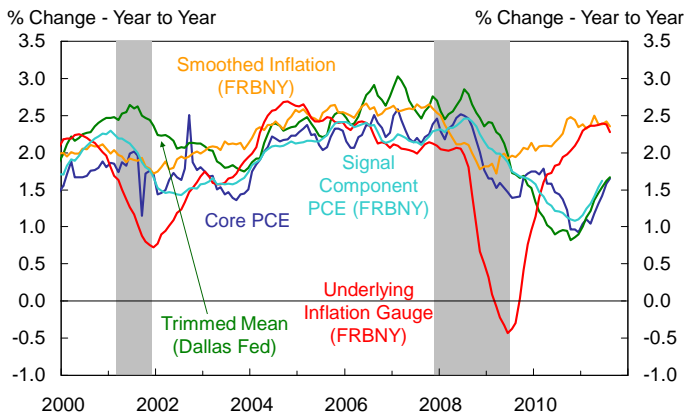
Source: Bureau of Economic Analysis

Total and Core CPI Deflator



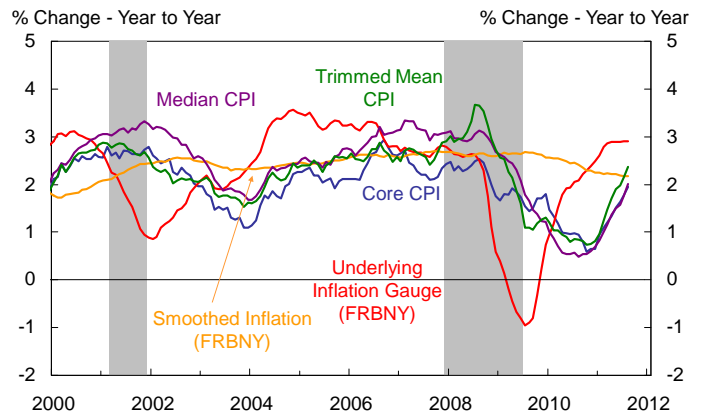
Source: Bureau of Labor Statistics

Measures of PCE Inflation



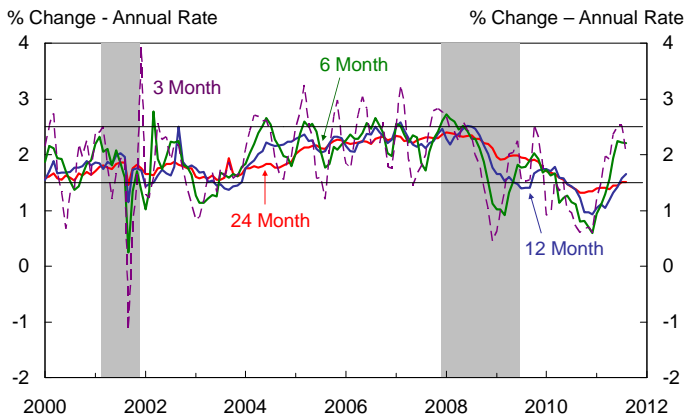
Source: Bureau of Economic Analysis, Dallas Fed, FRBNY, and Bank of Switzerland

Measures of CPI Inflation



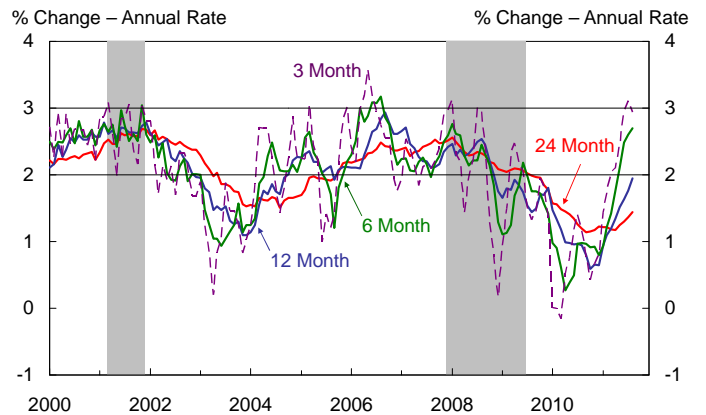
Source: Bureau of Labor Statistics and FRBNY

Core PCE Inflation over Various Horizons



Source: Bureau of Economic Analysis

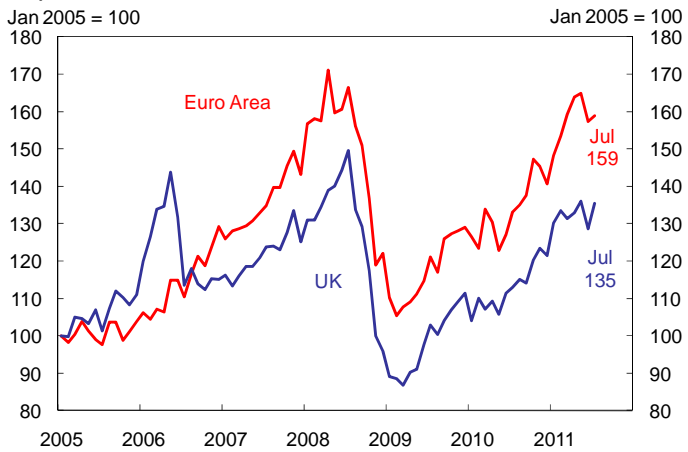
Core CPI Inflation over Various Horizons



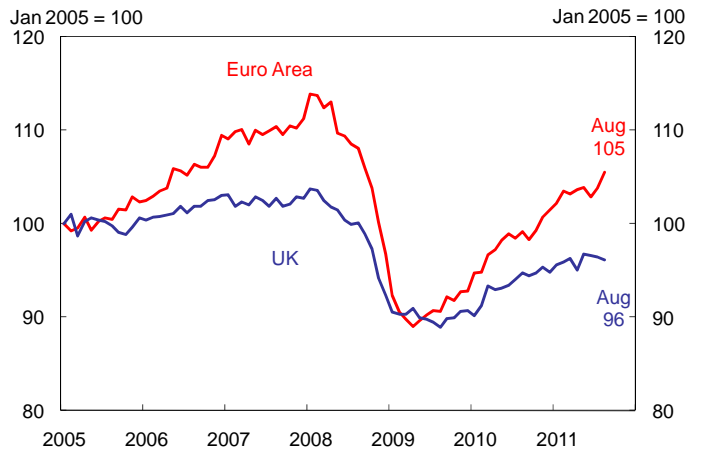
Source: Bureau of Labor Statistics

Exports and Industrial Production

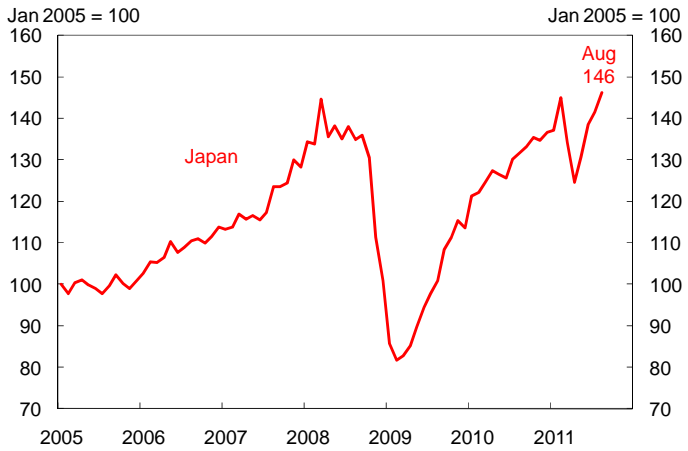
Exports



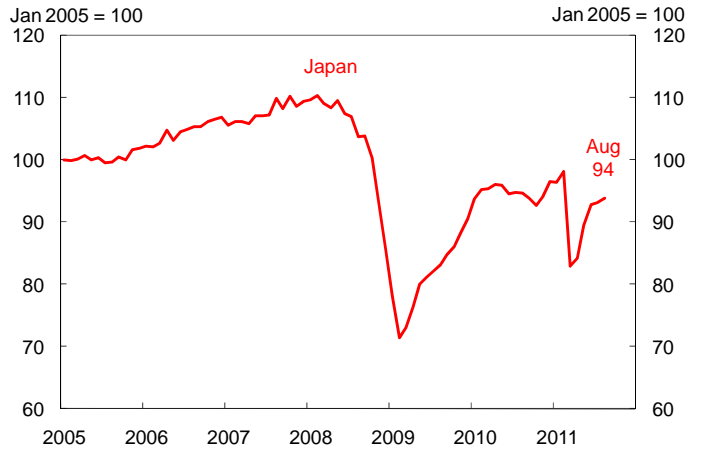
Industrial Production



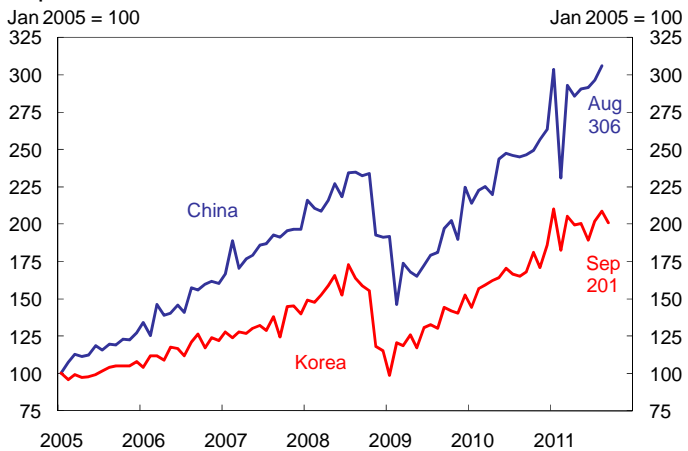
Exports



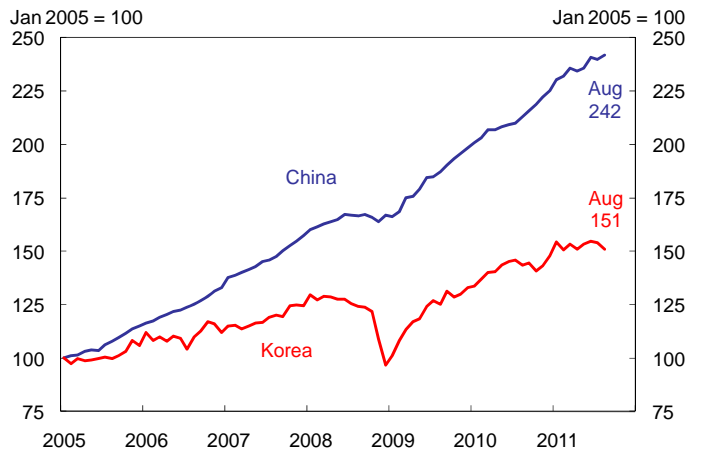
Industrial Production



Exports

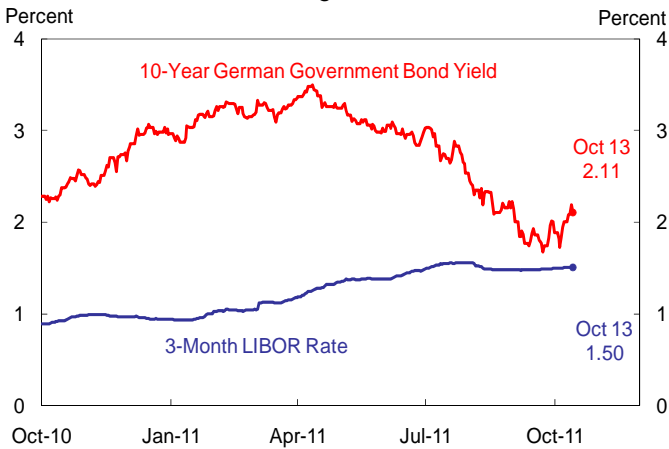


Industrial Production



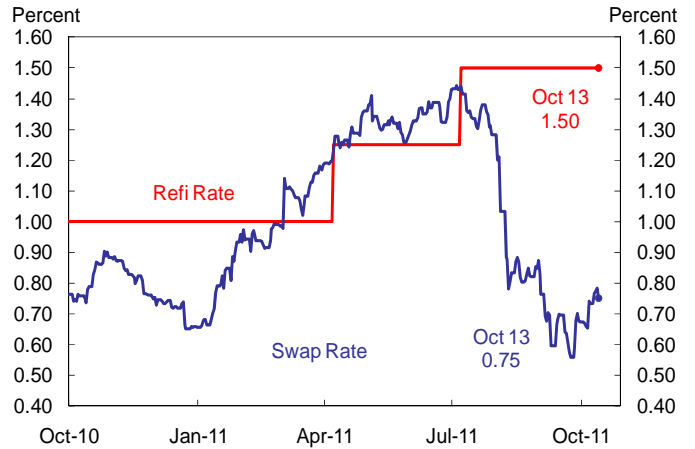
Global Interest Rates and Equity Markets

Euro Area Short- and Long-Term Interest Rates



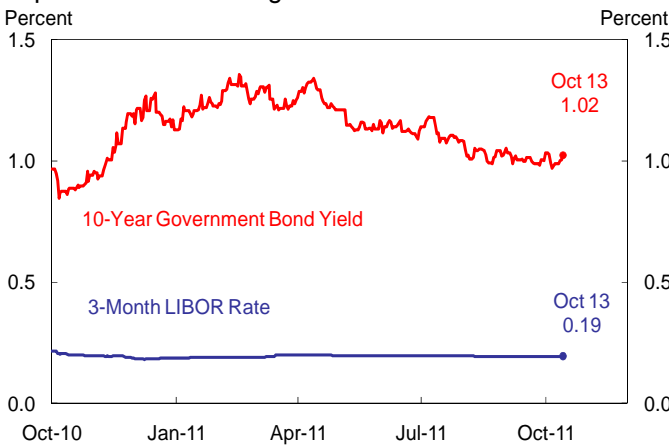
Source: Bloomberg

Euro Area: OIS Rate (Six Months)



Source: Bloomberg

Japan Short- and Long-Term Interest Rates



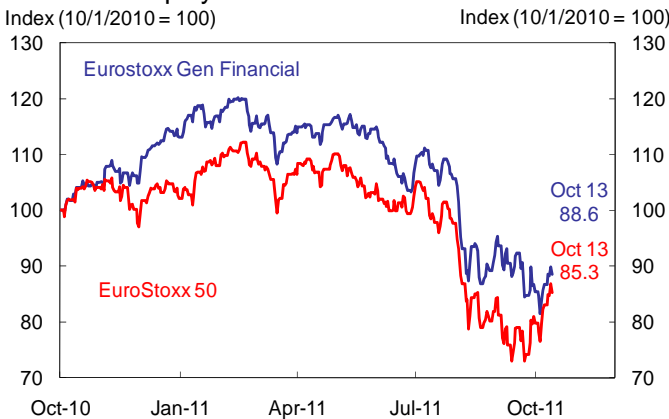
Source: Bloomberg

Japan: OIS Rate (Six Months)



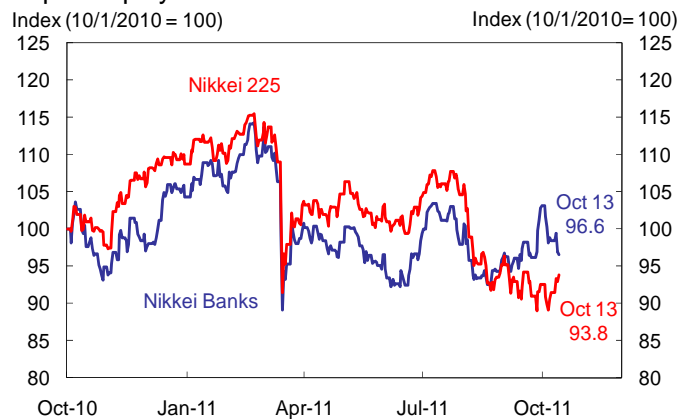
Source: Bloomberg

Euro Area Equity Price Indices



Source: Bloomberg

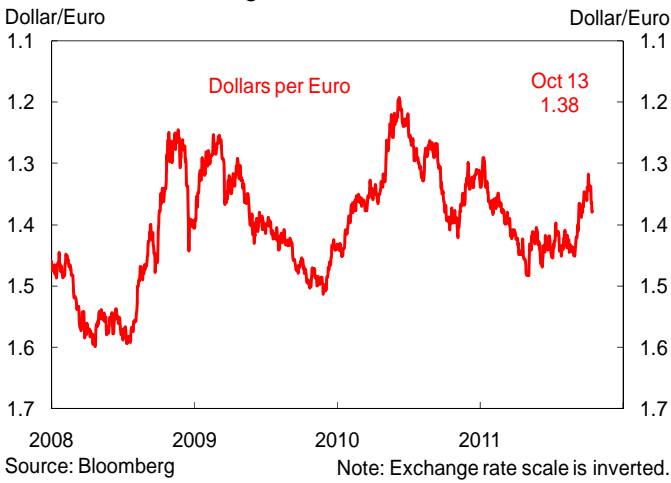
Japan Equity Price Indices



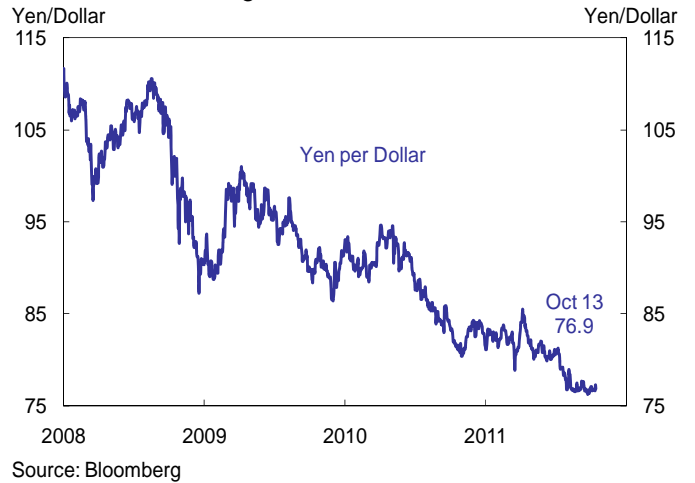
Source: Bloomberg

Exchange Rates

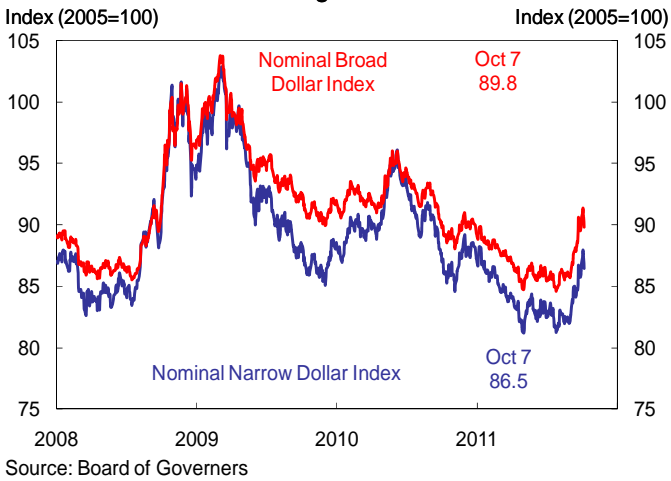
Dollar-Euro Exchange Rate



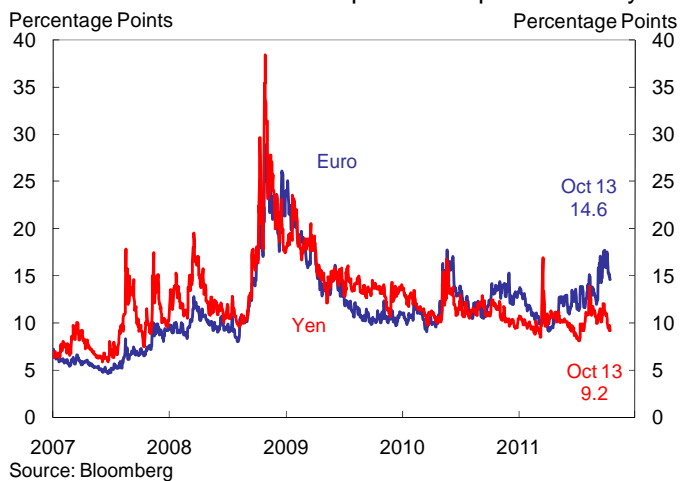
Yen-Dollar Exchange Rate



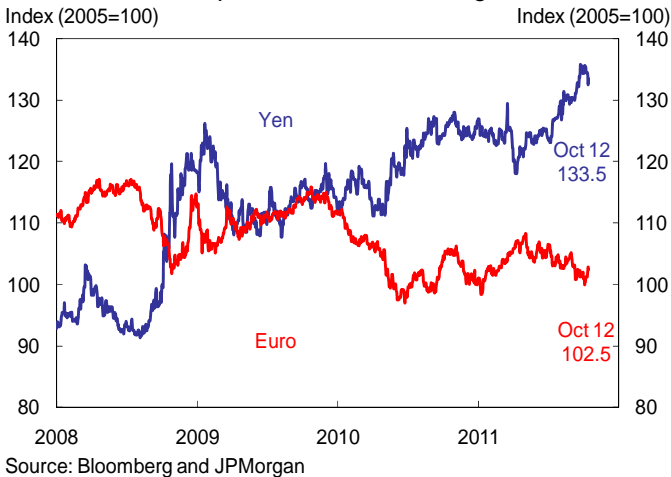
Nominal Effective Exchange Rates



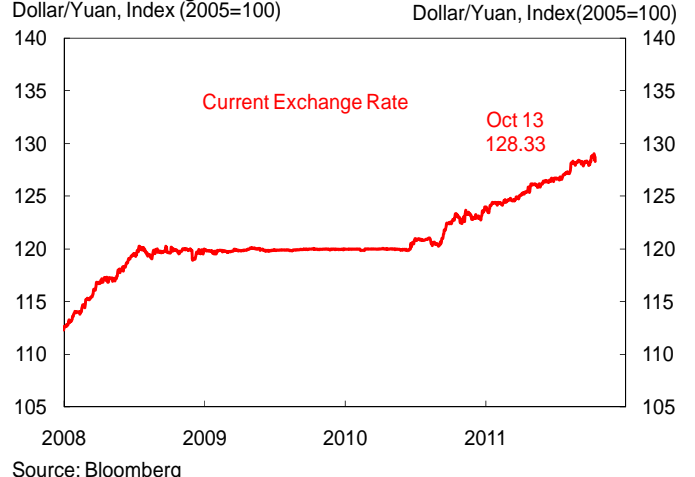
Euro and Yen One-Month Implied FX Option Volatility



Euro Area and Japan Effective Exchange Rates

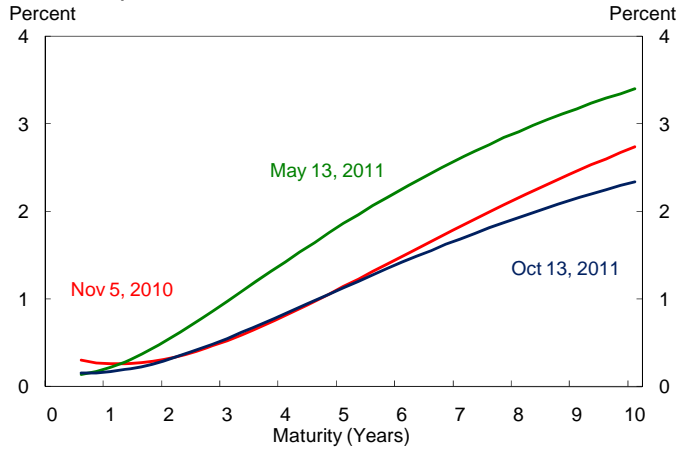


China Exchange Rates



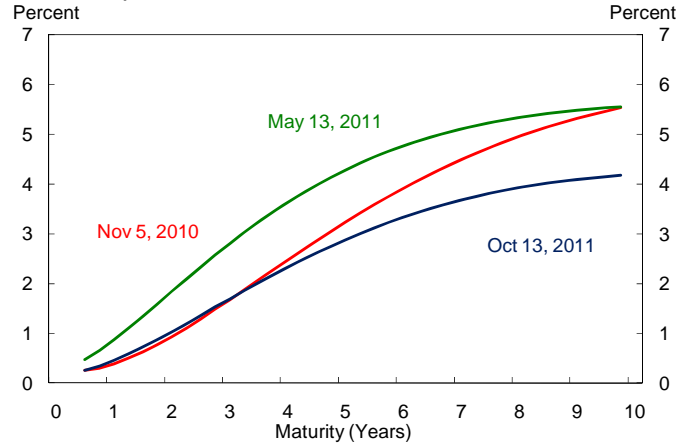
Treasury Yields and Inflation Expectations

Zero Coupon Yield Curves



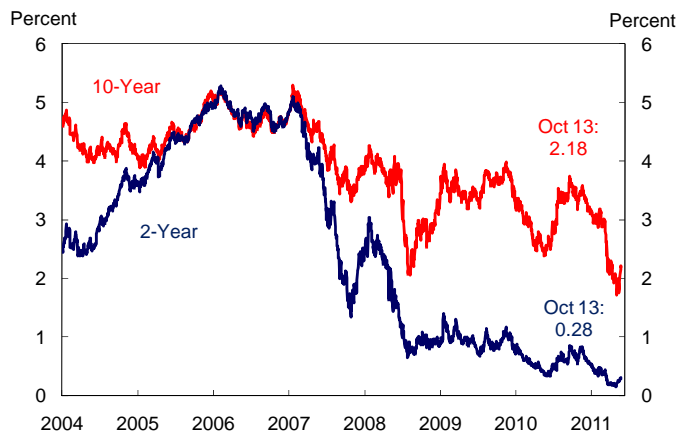
Source: Federal Reserve Board

Zero Coupon Yield Curves: One-Year Forward Rates



Source: Federal Reserve Board

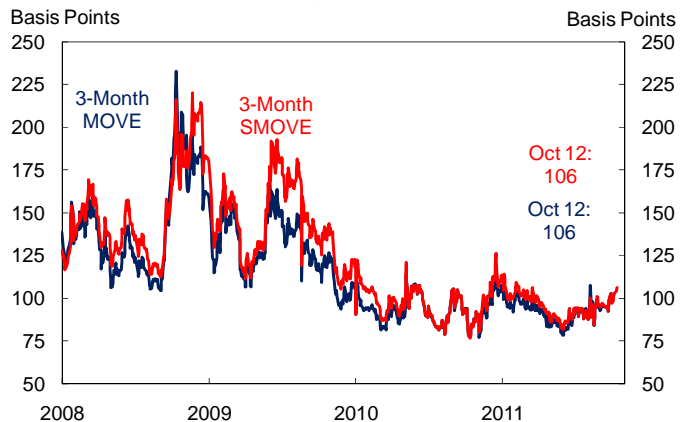
Short- and Long-Term Treasury Yields



Source: Bloomberg

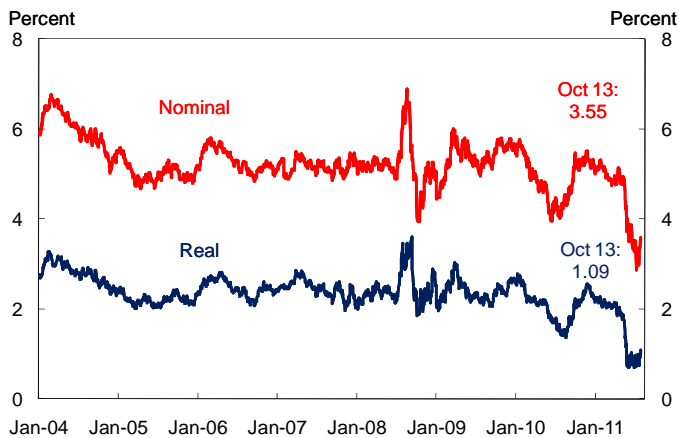
Note: On-the-run securities.

Option and Swaption Volatility Expectations



Source: Federal Reserve Board, Barclays, and FRBNY

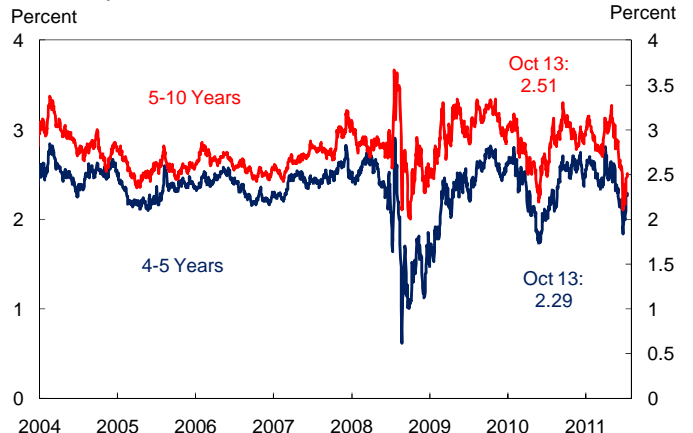
5-10 Year Forward Rates



Source: Federal Reserve Board

Note: Carry-adjusted

TIPS Implied Inflation: 4-5 and 5-10 Year Horizons

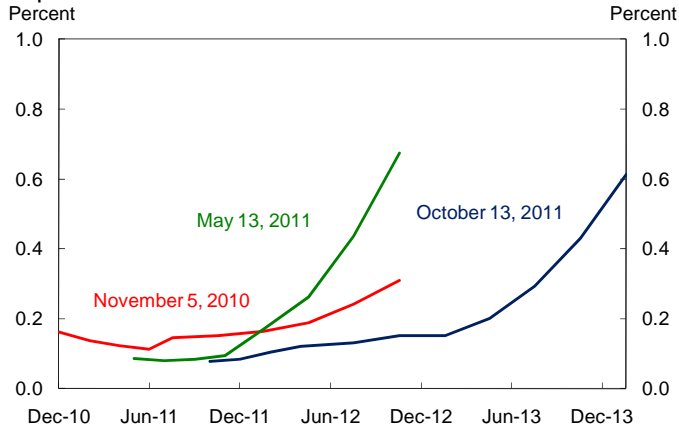


Source: Federal Reserve Board

Note: Carry-adjusted

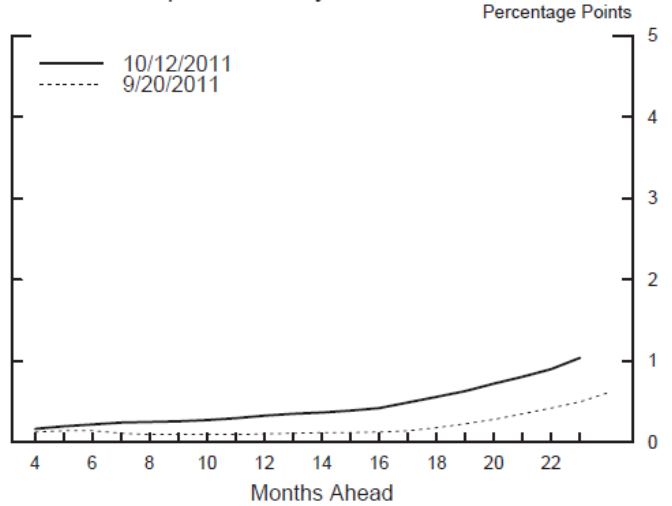
Market Policy Expectations and Uncertainty

Expected Federal Funds Rate



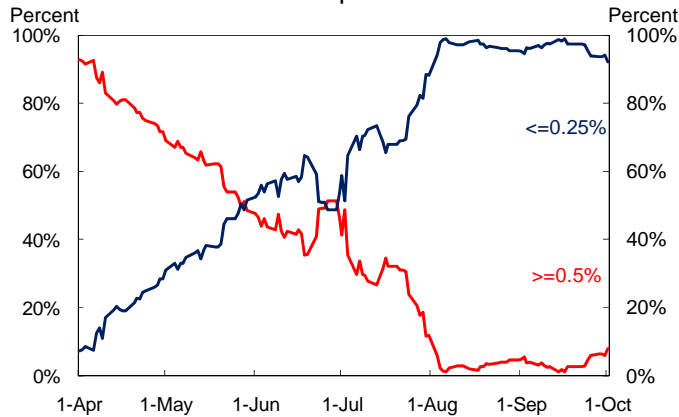
Source: Federal Reserve Board

Eurodollar Implied Volatility Term Structure*



*Width of a 90 percent confidence interval computed from the term structures for the expected federal funds rate and implied volatility.

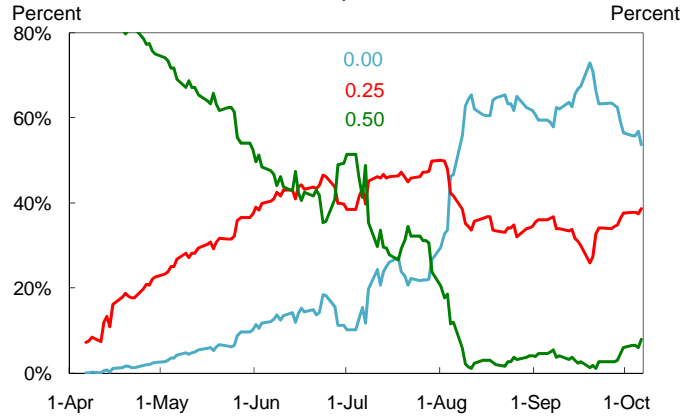
Fed Funds Probabilities September 2012



Source: Bloomberg

Note: Estimated from Fed Funds Futures

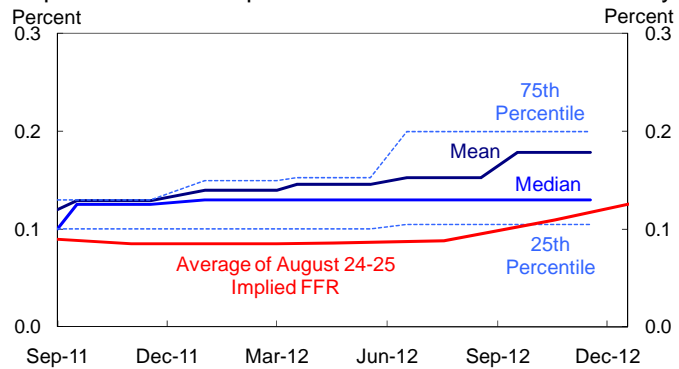
Fed Funds Probabilities September 2012



Source: Bloomberg

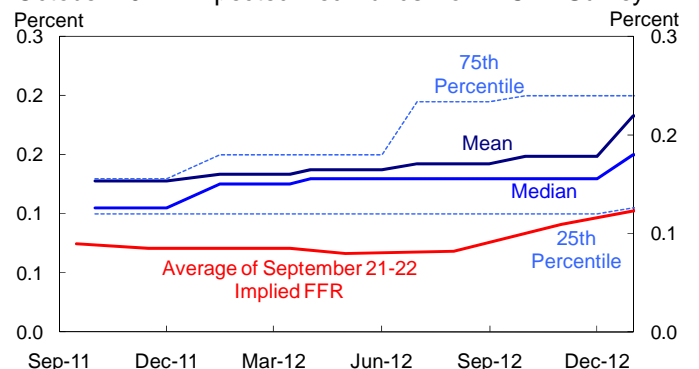
Note: Estimated from Fed Funds Futures

September 2011: Expected Fed Funds from BCFF Survey



Note: Implied FFR are from Fed Funds and Eurodollar futures. The BCFF survey was conducted on August 24-25.

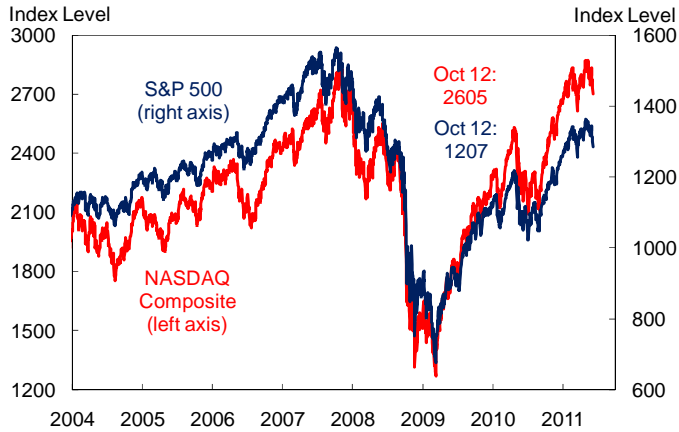
October 2011: Expected Fed Funds from BCFF Survey



Note: Implied FFR are from Fed Funds and Eurodollar futures. The BCFF survey was conducted on September 21-22.

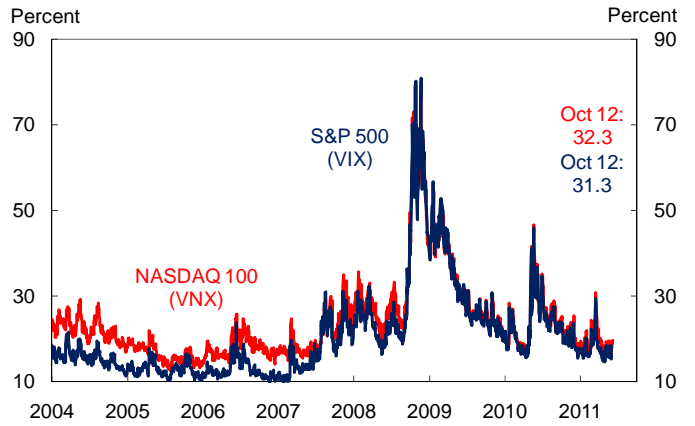
Equity Markets and Corporate Credit Risk

Equity Indices



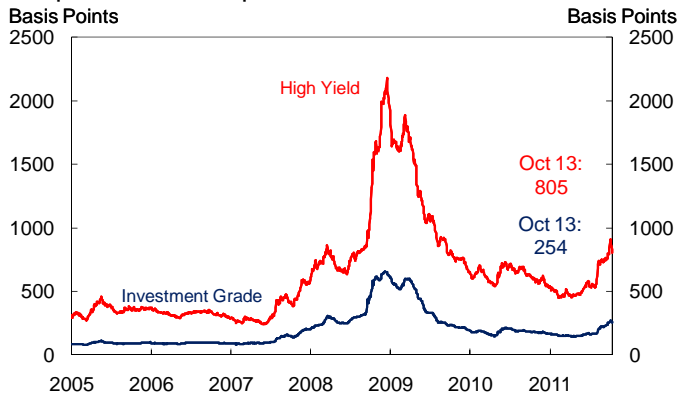
Source: Datastream

Equity Indices: One-Month Implied Volatility



Source: Datastream

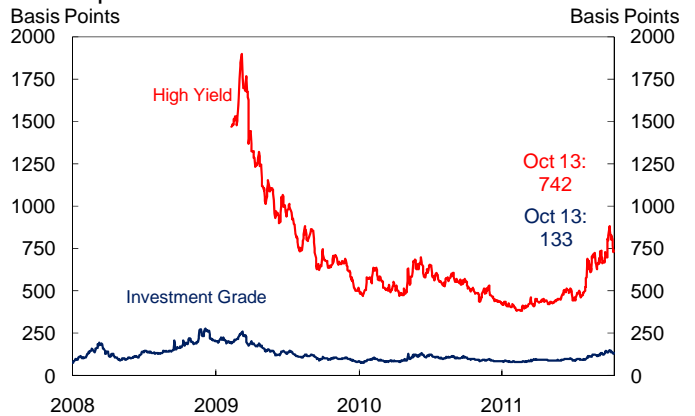
Corporate Credit Spreads



Source: Bloomberg

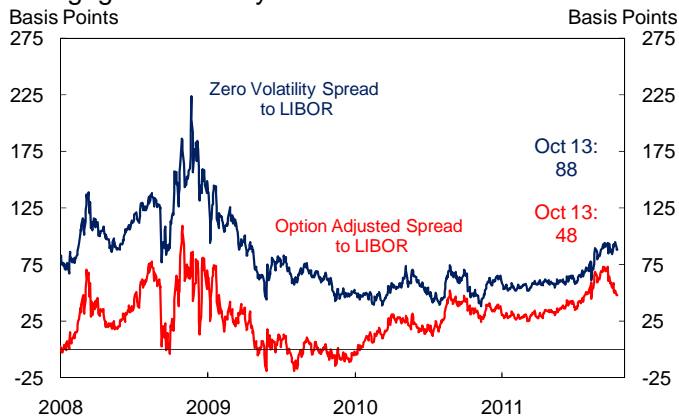
Note: Option-adjusted spreads.

CDS Spreads



Source: Bloomberg

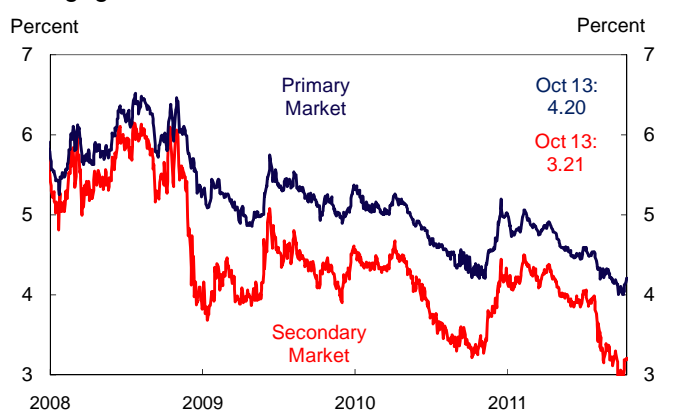
Mortgage Secondary Market



Source: J.P. Morgan

Note: 30 year current coupon Fannie Mae MBS.

Mortgage Market Rates



Source: Bloomberg

Note: 30-year fixed mortgage rate and Fannie Mae current coupon yield.