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December 2010 Tealbook Book A Tables and Charts[‡]

Domestic Economic Developments and Outlook

Key Background Factors underlying the Baseline Staff Projection

Figure: Federal Funds Rate

Line chart, 2007 to 2012. Unit is percent. Data are quarterly average. There are four series, "Current," "Previous Tealbook," "Market, expected rate," and "Market, modal rate." All 4 series begin at about 5.25 and generally decrease together to about 0 in 2009:Q1. Current remains about constant to the end of the timeline. Previous Tealbook remains about constant until 2012:Q3 then generally increases ending at about .5. Market, expected rate remains about constant until 2011:Q3 then generally increases ending at about 1. Market, modal rate remains about constant until 2012:Q1 then generally increases ending at about .25.

Figure: Long-Term Interest Rates

Line chart, 2007 to 2012. Unit is percent. Data are quarterly average. There are six series, "BBB Corporate Yield - Current," "BBB Corporate Yield - Previous Tealbook," "Conforming Mortgage Rate - Current," "Conforming Mortgage Rate - Previous Tealbook," "10-year Treasury Yield - Current," and "10-year Treasury Yield - Previous Tealbook." BBB Corporate Yield Current and BBB Corporate Yield Previous Tealbook begin at about 6 and generally increase together to about 9.5 in 2008:Q4. BBB Corporate Yield Current generally decreases to about 5 in 2010:Q4 then generally increases ending at about 6. BBB Corporate Yield Previous Tealbook generally decreases to about 5 in 2010:Q4 then generally increases ending at about 6. Conforming Mortgage Rate - Current and Conforming Mortgage Rate - Previous Tealbook begin at about 6 and fluctuate but generally decrease together to about 4.5 in 2010:Q3. Conforming Mortgage Rate Current generally increases ending at about 5. Conforming Mortgage Rate - Previous Tealbook generally decreases to about 4 in 2010:Q1 then generally increases ending at about 6. 10-year treasury yield - current and 10-year Treasury yield - previous Tealbook begin at about 5 and generally decrease together to about 3 in 2009:Q1. They generally increase together to about 4 in 2010:Q1 then generally decrease together to about 3 in 2020:Q3. 10-Year Treasury Yield - Current generally increases ending at about 4.5. 10-Year Treasury Yield - Previous Tealbook generally decreases to about 2.75 in 2010:Q4 then generally increases ending at about 4.5.

Figure: Equity Prices

Line chart, 2007 to 2012. Unit is an index, 2007:Q1=100, ratio scale. Data are quarter-end. There are two series, "Dow Jones Total Stock Market Index - Current" and "Dow Jones Total Stock Market Index - Previous Tealbook." Both series begin at about 100 and generally increase together to about 105 in 2007:Q4. They generally decrease together to about 55 in 2009:Q1 then generally increase together to about 85 in 2010:Q1. They generally decrease together to about 75 in 2010:Q2 then generally increase together ending at about 110.

Figure: House Prices

Line chart, 2007 to 2012. Unit is an index, 2007:Q1=100, ratio scale. Data are quarterly. There are two series, "CoreLogic Index - Current" and "CoreLogic Index - Previous Tealbook." Both series begin at about 100 and generally decrease together to about 72 in 2009:Q1. They generally increase together to about 75 in 2010:Q2. CoreLogic Index - Current generally decreases ending at about 68 and CoreLogic Index - Previous Tealbook generally increases ending at about 74.

Figure: Crude Oil Prices

Line chart, 2007 to 2012. Unit is dollars per barrel. Data are quarterly averages. There are two series, "Current" and "Previous Tealbook." Both series begin at about 60 and generally increase together to about 130 in 2008:Q2. The generally decrease together to about 40 in 2009:Q1 then generally increase together to about 90 in 2011:Q2. They remain about constant to the end of the timeline.

Figure: Broad Real Dollar

Line chart, 2007 to 2012. Unit is 2007:Q1=100. Data are quarterly averages. There are two series, "Current" and "Previous Tealbook." Both series begin at about 100 and generally decrease together to about 90 in 2008:Q2. They generally increase together to about 100 in 2009:Q1 then generally decrease together to about 92 in 2009:Q4. They generally increase together to about 94 in 2010:Q2 then generally decrease together ending at about 85.

Note: Shading represents the projection period, which begins in 2010:Q4.

Summary of the Near-Term Outlook

(Percent change at annual rate except as noted)



Measure	2010:Q3		2010:Q4		2011:Q1	
	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook
Real GDP	1.7	2.7	2.4	2.5	2.7	3.4
Private domestic final purchases	1.9	2.6	2.1	2.7	3.0	3.5
Personal consumption expenditures	2.6	2.8	2.2	2.7	2.4	3.2
Residential investment	-29.9	-27.8	-4.7	-3.8	13.5	2.9
Nonres. structures	-5.1	-4.9	-2.4	-.9	-2.8	-3.5
Equipment and software	9.7	16.1	5.6	5.8	8.3	9.4
Federal purchases	4.3	8.9	3.7	2.1	1.0	1.1
State and local purchases	-.6	.8	-.7	.1	.1	.1
	Contribution to change in real GDP (percentage points)					
Inventory investment	1.4	1.5	-1.3	-1.6	-.5	.1
Net exports	-1.5	-1.7	1.6	1.7	.6	.3

Recent Nonfinancial Developments (1)

Figure: Change in Private Payroll Employment

Line chart, 2001 to 2011. Unit is thousands of employees. 0 on the scale is marked by a horizontal line. The end of the timeline is labeled November. The series begins at about 0 and generally decreases to about -300 in mid-2001. It fluctuates but generally increases to about 350 in late 2004 then fluctuates but generally decreases to about -800 in 2009. It generally increases to about 300 in late 2009 then generally decreases ending at about 50. There is a second series labeled 3-month moving average that begins at about 100 and generally decreases to about -300 in late 2001. It fluctuates but generally increases to about 300 in early 2006 then generally decreases to about -700 in early 2009. It generally decreases ending at about 100.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Figure: Unemployment Rate

Line chart, 2001 to 2010. Unit is percent. The series begins at about 4 and generally increases to about 6.5 in mid-2003. It generally decreases to about 4 in early 2007 then generally increases ending at about 10.

Source: U.S. Dept. of Labor, Bureau of Statistics.

Figure: Manufacturing IP ex. Motor Vehicles and Parts

Line chart, 2001 to 2011. Unit is 3-month percent change, annual rate. 0 on the scale is marked by a horizontal line. The end of the timeline is marked October. The series begins at about -2.5 and generally decreases to about 8 in late 2008. It generally increases to about 7 in mid-2002 then generally decreases to about -2.5 in late 2002. It fluctuates but generally increases to about 9 in mid-2005 then generally decreases to about -5 in late 2005. It generally increases to about 13 in early 2006 then generally decreases to about 0 in mid-2006. It fluctuates but generally increases to about 7 in late 2007 then generally decreases to about -23 in early 2009. It fluctuates but generally increases to about 15 in early 2010 then generally decreases to about 0 in mid-2010. It generally increases ending at about 5.

Source: Federal Reserve Board, G.17 Statistical Release, "Industrial Production and Capacity Utilization."

Figure: Production of Light Motor Vehicles

Line chart, 2001 to 2011. Unit is millions of units, annual rate. The end of the timeline is labeled October. Schedules: Q1 is marked by a bold circle at about 8.5 in early 2011. Schedules: Q4 is marked by a circle at about 8 in late 2010. The series begins at about 10.5 and fluctuates but generally increases to about 12.5 in mid-2003. It fluctuates but generally decreases to about 4 in late 2008. It fluctuates but generally increases ending at about 8.

Note: Schedules data are from Ward's Communications.

Source: Ward's Auto Infobank.

Recent Nonfinancial Developments (2)

Figure: Real PCE Goods ex. Motor Vehicles

Line chart, 2001 to 2011. Unit is billions of chained (2005) dollars. The end of the timeline is labeled October. The series begins at about 2300 and generally increases

to about 3000 in early 2008. It generally decreases to about 2800 in early 2009 then generally increases ending at about 3000.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: Sales of Light Motor Vehicles

Line chart, 2001 to 2011. Unit is millions of units, annual rate. The end of the timeline is marked November. The series begins at about 18 and generally increases to about 22 in late 2001. It generally decreases to about 16 in early 2002 then fluctuates but remains about constant until early 2005. It generally increases to about 21 in mid-2005 then generally decreases to about 9 in early 2009. It generally increases to about 14 in mid-2009 then generally decreases to about 9 in late 2009. It generally increases ending at about 12.

Source: Ward's Auto Infobank.

Figure: Single-Family Housing Starts

Line chart, 2001 to 2011. Unit is thousands of units, annual rate. The end of the timeline is labeled October. There are two series, "Starts" and "Adjusted permits." Both series begin at about 133 and generally increase together to about 1800 in early 2006. They generally decrease together to about 300 in late 2008 then generally increase together to about 600 in early 2010. They generally decrease together ending at about 400.

Note: Adjusted permits equal permits plus starts outside of permit-issuing areas.

Source: U.S. Census Bureau.

Figure: Single-Family Home Sales

Line chart, 2001 to 2011. Unit is thousands of units, annual rate. The end of the timeline is labeled October. There are two series, "New (right scale)" and "Existing (left scale)." New begins at about 950 and generally increases to about 1400 in late 2005. It generally decreases ending at about 300. Existing begins at about 4500 and generally increases to about 6259 in late 2005. It generally decreases to about 400 in late 2008 then generally increases to about 1100 in late 2009. It generally decreases to about 100 in late 2010 then generally increases ending at about 300.

Source: For existing, National Association of Realtors; for new, U.S. Census Bureau.

Figure: Nondefense Capital Goods ex. Aircraft

Line chart, 2001 to 2011. Unit is billions of dollars. The end of the timeline is marked October. There are two series, "Orders" and "Shipments." Orders begins at about 62 and generally decreases to about 45 in early 2002. It generally increases to about 70 in late 2007 then generally decreases to about 47 in early 2009. It generally increases to about 55 in mid-2010 then generally decreases ending at about 53. Shipments begins at about 62 and generally decreases to about 40 in early 2004. It generally increases to about 65 in mid-2008 then generally decreases to about 54 in early 2009. It generally increases ending at about 60.

Source: U.S. Census Bureau.

Figure: Nonresidential Construction Put in Place

Line chart, 2001 to 2011. Unit is billions of unchained (2005) dollars. The end of the timeline is labeled October. The series begins at about 275 and generally decreases to about 225 in late 2002. It generally increases to about 400 in late 2008 then generally decreases ending at about 250.

Source: U.S. Census Bureau.

Recent Nonfinancial Developments (3)

Figure: Inventory Ratios ex. Motor Vehicles

Line chart, 2001 to 2011. Unit is months. The end of the upper series is labeled October. The end of the lower series is marked September. There are two series, "Staff flow-of-goods system" and "Census book-value data." Staff flow-of-goods system begins at about 1.7 and generally decreases to about 1.45 in late 2007. It generally increases to about 1.55 in early 2009 then generally decreases ending at about 1.5. Census book-value data begins at about 1.4 and generally decreases to about 1.2 in late 2005. It fluctuates but generally increases to about 1.4 in early 2009 then generally decreases ending at about 1.2.

Note: Flow-of-goods system covers total industry ex. motor vehicles and parts, and inventories are relative to consumption. Census data cover manufacturing and trade ex. motor vehicles and parts, and inventories are relative to sales.

Source: U.S. Census Bureau, staff calculation.

Figure: Defense Spending

Line chart, 2001 to 2011. Unit is billions of chained (2005) dollars. The end of the upper series is labeled October. The end of the lower series is labeled Q3. There are two series, "Unified (monthly)" and "NIPA (quarterly)." Unified (monthly) begins at about 375 and fluctuates but generally increases to about 550 in mid-2004. It fluctuates but remains about constant until early 2008 then fluctuates but generally increases to about 675 in early 2010. It generally decreases ending at about 625.

NIPA (quarterly) begins at about 375 and generally increases to about 525 in late 2005. It remains about constant until early 2007 then generally increases ending at about 650.

Note: The unified series is seasonally adjusted and deflated by BEA products. The NIPA series excludes the consumption of fixed capital.

Source: Monthly Treasury Statement, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: Trade Balance

Line chart, 2001 to 2011. Unit is billions of dollars. The end of the series is labeled September. The series begins at about -30 and generally decreases to about -70 in late 2005. It generally increases to about -60 in late 2007 then generally decreases to about -70 in mid-2008. It generally increases to about -25 in early 2009 then generally decreases ending at about -45.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; U.S. Census Bureau.

Figure: Exports and Non-Oil Imports

Line chart, 2001 to 2011. Unit is billions of dollars. The end of the timeline is labeled September. There are two series, "Non-oil imports" and "Exports." Non-Oil imports begins at about 110 and generally decreases to about 100 in late 2001. It generally increases to about 180 in late 2008 then generally decreases to about 130 in mid-2009. It generally increases ending at about 170. Exports begins at about 90 and generally decreases to about 80 in late 2001. It generally increases to about 160 in early 2008 then generally decreases to about 120 in early 2009. It generally increases ending at about 160.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; U.S. Census Bureau.

Figure: Total PCE prices

Line chart, 2001 to 2011. Unit is percent. 0 on the scale is marked by a horizontal line. The end of the timeline is labeled October. There are two series, "12-month change" and "3-month change." 12-month change begins at about 2 and generally decreases to about 0 in early 2002. It generally increases to about 4 in late 2005 then generally decreases to about 1.75 in late 2006. It generally increases to about 4 in mid-2008 then generally decreases to about -1. It generally increases to about 2 in late 2009 then generally decreases ending at about 1. 3-month change begins at about 2 and generally decreases to about 2 in late 2001. It generally increases to about 4 in early 2002 then generally decreases to about 2 in late 2002. It generally increases to about 4 in early 2003 then generally decreases to about -1 in mid-2003. It generally increases to about 4 in mid-2003 then fluctuates but remains about constant until late 2005. It generally increases to about 9 in mid-2005 then generally decreases to about 0 in late 2005. It generally increases to about 4 in late 2006 then generally decreases to about -1 in late 2006. It fluctuates but generally increases to about 7 in mid-2008 then generally decreases to about -10 in late 2008. It generally increases to about 4 in mid-2009 then generally decreases to about -1 in early 2010. It generally increases ending at about 2.

Note: 3-month changes are at an annual rate.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: PCE Prices ex. Food and Energy

Line chart, 2001 to 2011. Unit is percent. The end of the timeline is labeled October. 0 on the scale is marked by a horizontal line. There are two series, "12-month change" and "3-month change." 12-month change begins at about 2 and generally decreases to about 1 in late 2001. It generally increases to about 2.5 in late 2002 then generally decreases to about 1.5 in late 2003. It generally increases to about 2.5 in mid-2008 then generally decreases to about 1 in late 2009. It generally increases to about 2 in early 2010 then generally decreases ending at about 1. 3-month change begins at about 2.5 and generally decreases to about -1 in late 2001. It generally increases to about 2.5 in early 2002 then generally decreases to about 1 in early 2003. It generally increases to about 2.75 in late 2004 then generally decreases to about 1.5 in late 2004. It generally increases to about 3.5 in mid-2005 then generally fluctuates between about 2 and about 3 until early 2007. It generally decreases to about 1 in early 2007 then generally increases to about 3 in early 2008. It generally decreases to about 0 in late 2008 then generally increases to about 2.5 in early 2009. It generally decreases ending at about .5.

Note: 3-month changes are at an annual rate.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

[Box:] What Explains the Recent Strength of Imports?

Figure: GDP and Imports

Bar chart, 2008:Q2 to 2009:Q3. Unit is percent annual rate. There are three series, "GDP," "Private domestic demand for goods (sum of PCE goods, equipment and software, and inventories)," and "Imports." GDP begins at about -4 and decreases to about -6 in 2008:Q4. It increases to about 4 in 2009:Q4 then decreases to about 1 in 2010:Q1. It increases ending at about 2. Private domestic demand for goods begins at about -9 and decreases to about -21 in 2008:Q4. It increases to about 29 in 2010:Q1 then decreases ending at about 11. Imports begins at about 0 and generally decreases to about -38 in 2008:Q4. It increases to about 21 in 2009:Q3 then decreases to about 4 in 2009:Q4. It increases to about 34 in 2010:Q1 then decreases ending at about 27.

Source: Bureau of Economic Analysis.

Figure: Import Penetration: Manufactures

Line chart, 1999 to 2010. Unit is import share of domestic demand (percent). The series begins at about 20.5 and generally increases to about 23.75 in early 2001. It generally decreases to about 22.5 in late 2001 then generally increases to about 27.5 in mid-2007. It generally decreases to about 26.75 in early 2008 then generally increases to about 27.5 in early 2009. It generally decreases to about 24.75 in early 2009 then generally increases ending at about 29.

Source: U.S. Department of Commerce.

Figure: Imports and Industrial Production

Imports and industrial production for 21 disaggregated manufacturing sectors. A scatter plot of points along rough vertical lines, with a solid regression line. The x axis is "Industrial Production" (percent annual rate (from 2009:Q2 to 2010:Q3)). The y axis is "Change in Import Penetration" (percentage points from 2009:Q2 to 2010:Q3). 0 on the x-axis is marked by a vertical line. 0 on the y-axis is marked by a horizontal line. There is also a line chart that begins at about 0.5 on the y-axis and increases ending at about 1.25. The points seem to be mainly concentrated in the rectangular area of [-5, 20] on the x-axis and [0.0 and 1.5] on the y-axis. Approximately, the regression line runs between the points (-10, 0.5) and (35, 1.25).

Source: U.S. Department of Commerce and Federal Reserve Board.

Projections of Real GDP and Related Components

(Percent change at annual rate from end of preceding period except as noted)

Measure	2009	2010		2011	2012
		H1	H2		
Real GDP	.2	2.7	2.6	3.7	4.4
Previous Tealbook	.2	2.7	2.0	3.6	4.7
Final sales	-3	1.0	2.7	3.9	4.1
Previous Tealbook	-3	1.0	2.0	3.8	4.6
Personal consumption expenditures	.2	2.0	2.8	3.5	4.0
Previous Tealbook	.2	2.0	2.4	3.1	4.4
Residential investment	-13.4	5.0	-16.7	10.0	13.6
Previous Tealbook	-13.4	5.0	-18.2	21.5	17.0
Nonresidential structures	-26.5	-9.5	-3.0	-1.4	-.8
Previous Tealbook	-26.5	-9.5	-3.8	-3.0	.0
Equipment and software	-4.9	22.6	10.9	12.0	9.7
Previous Tealbook	-4.9	22.6	7.6	10.1	11.6
Federal purchases	3.6	5.4	5.4	1.0	.2
Previous Tealbook	3.6	5.4	4.0	1.0	.2
State and local purchases	-1.0	-1.6	.4	.4	1.3
Previous Tealbook	-1.0	-1.6	-.6	.4	1.3
Exports	-.1	10.2	7.2	8.3	8.1
Previous Tealbook	-.1	10.2	7.5	8.6	8.3
Imports	-7.2	21.8	5.7	5.3	6.2
Previous Tealbook	-7.2	21.8	5.5	4.7	6.7
	Contributions to change in real GDP (percentage points)				
Inventory change	.5	1.7	-.1	-.1	.4
Previous Tealbook	.5	1.7	.1	-.1	.2
Net exports	1.2	-1.9	.0	.2	.0
Previous Tealbook	1.2	-1.9	.0	.3	.0

Figure: Real GDP

Line chart, 1981 to 2010. Unit is 4-Quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded bar marking late 2010 to late 2012. There are two series, "Current" and "Previous Tealbook." Both series begin at about 2 and generally decrease together to about -3 in late 1982. They generally increase together to about 8 in early 1984 then generally decrease together to about -1 in early 1991. They fluctuate but generally increase together to about 6 in early 2000 then generally decrease together to about 0 in late 2001. They generally increase together to about 4 in late 2003 then generally decrease together to about -4 in mid-2009. They generally increase together to about 3.5 in late 2010. Current generally decreases to about 2.5 in late 2010 then generally increases ending at about 4. Previous Tealbook generally decreases to about 2 in late 2010 then generally increases ending at

about 4.5.

Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research: July 1981-November 1982, July 1990-March 1991, March 2001-November 2001, and December 2007-June 2009.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Components of Final Demand

Figure: Personal Consumption Expenditures

Line chart, 2007 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded area marking 2010:Q3 to 2012:Q4. There are two series, "Current" and "Previous Tealbook." Both series begin at about 3 and generally decrease together to about -2.25 in 2009:Q2. They generally increase together to about 2 in 2010:Q3. Current generally increases ending at about 4 and Previous Tealbook generally increases ending at about 4.5.

Figure: Residential Investment

Line chart, 2007 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded area marking 2010:Q3 to 2012:Q4. There are two series, "Current" and "Previous Tealbook." Both series begin at about -20 and generally decrease together to about -30 in 2009:Q2. They generally increase together to about 5 in 2010:Q1 then generally decrease together to about -5 in 2010:Q3. Current fluctuates but remains about constant until 2011:Q2 then generally increases ending at about 14. Previous Tealbook generally increases to about 22 in 2012:Q1 then generally decreases ending at about 16.

Figure: Equipment and Software

Line chart, 2007 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded area marking 2010:Q3 to 2012:Q4. There are two series, "Current" and "Previous Tealbook." Both series begin at about 4 and remain about constant until 2008:Q1. They generally decrease together to about -20 in 2009:Q1 then generally increase together to about 15 in 2010:Q2. Current generally increases to about 20 in 2010:Q3 then generally decreases ending at about 10. Previous Tealbook generally increases to about 17 in 2010:Q2 then generally decreases to about 8 in 2011:Q1. It generally increases ending at about 12.

Figure: Nonresidential Structures

Line chart, 2007 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded area marking 2010:Q3 to 2012:Q4. There are two series, "Current" and "Previous Tealbook." Both series begin at about 10 and generally increase together to about 17 in 2008:Q1. They generally decrease together to about -27 in 2009:Q4 then generally increase together to about 0 in 2011:Q4. They remain about constant to the end of the timeline.

Figure: Government Consumption & Investment

Line chart, 2007 to 2012. Unit is 4-quarter percent change. There is a blue shaded area marking 2010:Q3 to 2012:Q4. There are two series, "Current" and "Previous Tealbook." Both series begin at about 0.5 and generally increase together to about 3.25 in 2008:Q4. They generally decrease together to about 1.75 in 2009:Q1 then generally increase together to about 2.5 in 2009:Q2. They generally decrease together to about 0.75 in 2009:Q4 then generally increase together to about 1.25 in 2010:Q2. Current generally increases to about 2.5 in 2011:Q1 and Previous Tealbook generally increases to about 1.5 in 2011:Q1. They generally decrease to about 0.5 in 2011:Q3 then generally increase together ending at about 1.0.

Figure: Exports and Imports

Line chart, 2007 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded area marking 2010:Q3 to 2012:Q4. There are four series, "Exports - Current," "Exports - Previous Tealbook," "Imports - Current," and "Imports." Exports - Current and Exports - Previous Tealbook begin at about 7 and generally increase together to about 12 in 2007:Q3. They fluctuate but remain about constant until 2008:Q2. They generally decrease together to about -15 in 2009:Q2 then generally increase together to about 14 in 2010:Q2. They generally decrease together to about 8 in 2010:Q4 and remain about constant to the end of the timeline. Imports - Current and Imports - Previous Tealbook both begin at about 5 and generally decrease together to about -20 in 2009:Q2. They generally increase together to about 17 in 2010:Q2 then generally decrease together to about 3 in 2011:Q3. They generally increase together ending at about 5.

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

[Box:] The Macroeconomic Effect of Basel III Requirements

New Capital Framework
(Minimums, percent of risk-weighted assets)

Model	2013	2015	2019
Common equity	3.5	4.5	4.5

Plus conservation buffer	3.5	4.5	7.0
Tier 1 capital	4.5	6.0	6.0

Source: Basel Committee on Banking Supervision.

Figure: Tier 1 Capital at Top 25 Banks

Line chart, 1990 to 2010. Unit is percent of risk-weighted assets. The series begins at about 5.5 and generally increases to about 9 in late 1993. It generally decreases to about 8 in early 1998 then generally increases to about 8.5 in early 2002. It generally decreases to about 8.25 in early 2009 then generally increases ending at about 12.

Source: Call Reports.

Aspects of the Medium-Term Projection

Figure: Personal Saving Rate

Line chart, 1990 to 2012. Unit is percent. There is a blue shaded bar marking late 2010 to late 2012. There are two series, "Current" and "Previous Tealbook." Both series begin at about 6.5 and generally increase together to about 7.5 in mid-1992. They fluctuate but generally decrease together to about 2 in early 2001. They generally increase together to about 4 in early 2002 then fluctuate but remain about constant until early 2005. They generally decrease together to about 1 in mid-2005 then fluctuate but generally increase together to about 7.5 in early 2009. They generally decrease together to about 5.5 in mid-2009 then generally increase together to about 6.25 in early 2010. Current fluctuates but remains about constant until early 2012 then generally decreases ending at about 5.5. Previous Tealbook generally decreases ending at about 5.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: Wealth-to-Income Ratio

Line chart, 1990 to 2012. Unit is ratio. There is a blue shaded bar marking late 2010 to late 2012. There are two series, "Current" and "Previous Tealbook." Both series begin at about 4.8 and fluctuate but remain about constant until early 1995. They generally increase together to about 6.2 in late 1999 then generally decrease together to about 5.0 in mid-2002. They generally increase together to about 6.4 in late 2007 then generally decrease together to about 4.4 in late 2008 then generally increase together to about 4.9 in early 2010. They generally decrease together to about 4.7 in mid-2010. Current generally increases ending at about 4.9 and Previous Tealbook generally increases ending at about 5.0.

Note: Household net worth as a ratio to disposable personal income.

Source: For net worth, Federal Reserve Board, flow of funds data; for income, Dept. of Commerce, Bureau of Economic Analysis.

Figure: Single-Family Housing Starts

Line chart, 1990 to 2012. Unit is millions of units. There is a blue shaded bar marking late 2010 to late 2012. There are two series, "Current" and "Previous Tealbook." Both series begin at about 1.0 and generally decrease together to about 0.75 in early 1991. They fluctuate but generally increase together to about 1.75 in early 2006 then generally decrease to about 0.75 in late 2008. They generally increase together to about 0.5 in early 2010 then generally decrease together to about 0.4 in late 2010. Current generally increases ending at about 0.7 and Previous Tealbook generally increases ending at about 1.

Source: U.S. Census Bureau.

Figure: Equipment and Software Spending

Line chart, 1990 to 2012. Unit is share of nominal GDP. There is a blue shaded bar marking late 2010 to late 2012. There are two series, "Current" and "Previous Tealbook." Both series begin at about 7.5 and generally decrease to about 6.75 in early 1992. They generally increase together to about 9.75 in early 2000. They generally decrease together to about 7.5 in mid-2004 then generally increase together to about 8.0 in early 2006. They generally decrease together to about 6.5 in early 2009 then generally increase together ending at about 8.0.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: Federal Surplus/Deficit

Line chart, 1990 to 2012. Unit is share of nominal GDP. There is a blue shaded bar marking late 2010 to late 2012. 0 on the scale is marked by a horizontal line. There are two series, "Current" and "Previous Tealbook." Both series begin at about -3 and generally decrease to about -5 in mid-1992. They generally increase together to about 3 in late 2000. They generally decrease together to about -4 in early 2004 then generally increase together to about -1 in mid-2007. They generally decrease together to about -10 in late 2009 then fluctuate but generally increase together ending at about -6.

Note: Share of federal government surplus/deficit is shown as a 4-quarter moving average.

Source: Monthly Treasury Statement.

Figure: Current Account Surplus/Deficit

Line chart, 1990 to 2012. Unit is share of nominal GDP. There is a blue shaded bar marking late 2010 to late 2012. 0 on the scale is marked by a horizontal line. There are two series, "Current" and "Previous Tealbook." Both series begin at about -1.5 and generally increase together to about 1 in early 1991. They fluctuate but generally decrease together to about -7 in early 2005. They fluctuate but generally increase to about -2 in early 2009 then generally decrease together to about -3.5 in early 2011. They generally increase together ending at about -3.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research: July 1990-March 1991, March 2001-November 2001, and December 2007-June 2009.

Decomposition of Potential GDP

(Percent change, Q4 to Q4, except as noted)

Measure	1974-1995	1996-2000	2001-2008	2009	2010	2011	2012
Potential GDP	3.0	3.5	2.7	2.2	2.5	2.5	2.6
Previous Tealbook	3.0	3.5	2.7	2.2	2.5	2.5	2.6
Selected contributions ¹							
Structural labor productivity	1.5	2.7	2.5	2.3	2.0	2.1	2.1
Previous Tealbook	1.5	2.7	2.5	2.3	2.0	2.0	2.2
Capital deepening	.7	1.5	.7	.3	.4	.7	.9
Previous Tealbook	.7	1.5	.7	.3	.4	.6	.9
Multifactor productivity	.5	.9	1.6	1.9	1.5	1.3	1.2
Previous Tealbook	.5	.9	1.4	1.9	1.5	1.3	1.2
Trend hours	1.5	1.1	.8	.0	.7	.7	.7
Previous Tealbook	1.7	1.1	.8	.0	.7	.7	.7
Labor force participation	.4	.0	-.2	-.2	-.2	-.2	-.2
Previous Tealbook	.5	.0	-.2	-.2	-.2	-.2	-.2

Note: Components may not sum to totals because of rounding. For multiyear periods, the percent change is the annual average from Q4 of the year preceding the first year shown to Q4 of the last year shown.

1. Percentage points. [Return to table](#)

Source: Staff assumptions.

Figure: Nonfarm Business Productivity

Line chart, 2001 to 2012. Unit is chained (2005) dollars per hour. There is a blue shaded bar marking 2010:Q3 to 2012:Q4. The series begins at about 44 and fluctuates but generally increases ending at about 58. There is a second series labeled "Structural Productivity" that begins at about 44 and increases ending at about 58.

Figure: Labor Force Participation Rate

Line chart, 2001 to 2012. Unit is percent. There is a blue shaded bar marking 2010:Q3 to 2012:Q4. The series begins at about 67 and generally decreases to about 65.75 in 2005:Q1. It generally increases to about 66.5 in 2007:Q1 then generally decreases to about 64.5 in 2010:Q4. It remains about constant to the end of the timeline. There is a second series labeled "Trend" that begins at about 66.75 and generally decreases ending at about 65.

Source: For both figures, U.S. Department of Labor, Bureau of Labor statistics; staff assumptions.

The Outlook for the Labor Market

(Percent change, Q4 to Q4, except as noted)

Measure	2009	2010	2011	2012
Output per hour, nonfarm business	6.2	1.3	1.7	2.1

Previous Tealbook	6.2	1.5	1.5	2.0
Nonfarm private employment	-4.7	1.1	2.4	3.0
Previous Tealbook	-4.7	.9	2.3	3.1
Labor force participation rate ¹	64.9	64.5	64.6	64.6
Previous Tealbook	64.9	64.7	64.7	64.8
Civilian unemployment rate ¹	10.0	9.7	8.9	8.0
Previous Tealbook	10.0	9.7	9.0	7.9
Memo:				
GDP gap ²	-6.7	-6.6	-5.5	-3.7
Previous Tealbook	-6.7	-6.8	-5.8	-3.8

Note: A negative number indicates that the economy is operating below potential.

1. Percent, average for the fourth quarter. [Return to table](#)

2. Percent difference between actual and potential GDP in the fourth quarter of the year indicated. [Return to table](#)

Source: U.S. Department of Labor, Bureau of Labor Statistics; staff assumptions.

Figure: Private Payroll Employment, Average Monthly Changes

Line chart, 1990 to 2012. Unit is thousands. There is a blue bar marking late 2010 to late 2012. 0 on the scale is marked by a horizontal line. There are two series, "Current" and "Previous Tealbook." Both series begin at about 200 and generally decrease together to about -200 in early 1991. They generally increase together to about 300 in late 1994 then generally decrease together to about 100 in late 1995. They generally increase together to about 300 then fluctuate but remain about constant until early 2000. They generally increase together to about 300 in mid-2006 then generally decrease together to about -800 in early 2009. They generally increase together ending at about 300.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Figure: Unemployment Rate

Line chart, 1990 to 2012. Unit is percent. There is a blue bar marking late 2010 to late 2012. There are four series, "Current," "Previous Tealbook," "NAIRU," and "NAIRU with EEB Adjustment." Current and Previous Tealbook begin at about 5.5 and generally increase together to about 7.75 in late 1992. They generally decrease together to about 4 in late 2000 then generally increase together to about 6 in late 2003. They generally decrease together to about 4.5 in late 2007 then generally increase together to about 10 in early 2009. They generally decrease together ending at about 8. NAIRU begins at about 6 and generally decreases to about 5 in early 1994. It remains about constant until early 2009 then generally increases to about 6 in early 2010. It remains about constant to the end of the timeline. NAIRU with EEB adjustment begins at about 6 and generally decreases to about 5 in mid-2004. It remains about constant until early 2009 then generally increases to about 8 in late 2009. It generally decreases ending at about 6.

Note: The EEB adjustment is the staff estimate of the effect of extended and emergency unemployment compensation programs on the NAIRU.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics; staff assumptions.

Figure: GDP Gap

Line chart, 1990 to 2012. Unit is percent. There is a blue bar marking late 2010 to late 2012. 0 on the scale is marked by a horizontal line. There are two series, "Current" and "Previous Tealbook." The series begin at about 1.5 and generally decrease together to about -3.5 in late 1991. They generally increase together to about 3.5 in mid-2000 then generally decrease together to about -3 in early 2003. They generally increase together to about 1 in early 2006 then generally decrease together to about -7 in early 2009. They generally increase together ending at about -4.

Note: The GDP gap is the percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; staff assumptions.

Figure: Manufacturing Capacity Utilization Rate

Line chart, 1990 to 2012. Unit is percent. "Average Rate from 1972 to 2009" is marked at about 79. There is a blue bar marking late 2010 to late 2012. There are two series, "Current" and "Previous Tealbook." The series begin at about 83 and generally decrease together to about 77 in late 1991. They generally increase together to about 85 in early 1995 then generally decrease together to about 83 in early 1996. They generally increase together to about 85 in late 1996 then fluctuate but generally decrease together to about 72 in late 2000. They generally increase together to about 80 in mid-2007 then generally decrease together to about 65 in early 2009. They generally increase together ending at about 79.

Source: Federal Reserve Board, G.17 Statistical Release, "Industrial Production and Capacity Utilization."

Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research: July 1990-March 1991, March 2001-November 2001, and December 2007-June 2009.

[Box:] What Do Different Measures of Underlying Inflation Say about the Degree of Deceleration in Prices?

Figure: Consumer Price Index

Line chart, 2005 to 2010. Unit is percent, 12-month change. December 2007 is marked by a vertical line. The end of the timeline is labeled October. There are three series, "CPI ex food and energy," "CPI ex food, energy, and housing," and "Trimmed-mean CPI." CPI ex food and energy begins at about 2.5 and generally increases to about 3 in 2006:Q3. It generally decreases to about 2 in 2007:Q3 then generally increases to about 2.5 in 2008:Q3. It generally decreases to about 1.5 in 2009:Q3 then generally increases to about 1.75 in 2009:Q4. It generally decreases ending at about .75. CPI ex food, energy, and housing begins at about 2 and generally decreases to about 1.75 in 2006:Q1. It generally increases to about 2.5 in 2006:Q3 then generally decreases to about 1.25 in 2007:Q21. It generally increases to about 2.5 in 2008:Q3 then generally decreases to about 1.25 in 2009:Q1. It generally increases to about 2.5 in 2009:Q4 then generally decreases ending at about 1. Trimmed mean CPI begins at about 2.5 and generally increases to about 3 in 2006:Q3. It generally decreases to about 2.5 in 2007:Q3 then generally increases to about 3.5 in 2008:Q3. It generally decreases ending at about .75.

Note: CPI housing includes rent of tenant and owner-occupied housing. The trimmed-mean CPI is based on 45 components.

Source: For trimmed-mean, Federal Reserve Bank of Cleveland; for all else, U.S. Dept. of Labor, Bureau of Labor Statistics.

Figure: PCE Prices

Line chart, 2005 to 2010. Unit is percent, 12-month change. December 2007 is marked by a vertical line. The end of the timeline is labeled October. There are four series, "PCE ex. Food and energy," "Market-based PCE ex. Food and energy," "Market-Based PCE ex. Food, energy, and housing," and "Trimmed mean PCE." PCE ex. Food and Energy begins at about 2.25 and fluctuates but generally increases to about 2.5 in 2008:Q3. It generally decreases to about 1.25 in 2009:Q3 then generally increases to about 1.75 in 2010:Q1. It generally decreases ending at about 1. Market-based PCE ex food and energy begins at about 2 and generally increases to about 2.5 in 2008:Q3. It generally decreases to about 1.75 in 2007:Q3 then generally increases to about 2.5 in 2008:Q3. It fluctuates but generally decreases ending at about .75. Market-based PCE ex food, energy, and housing begins at about 2 and fluctuates but remains about constant until 2006:Q3. It generally decreases to about 1.25 in 2007:Q3 then generally increases to about 2.5 in 2008:Q3. It generally decreases to about 1.75 in 2008:Q4 then generally increases to about 2 in 2009:Q4. It generally decreases ending at about 1. Trimmed mean PCE begins at about 2.5 and fluctuates but generally increases to about 3 in 2007:Q1. It fluctuates but generally decreases ending at about .75.

Note: Market-based PCE housing includes rent of tenant, owner-occupied, and group housing. The trimmed-mean PCE price index is based on 178 components.

Source: For trimmed mean, Federal Reserve Bank of Dallas; for all else, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: PCE Prices Diffusion Index

Line chart, 2005 to 2010. Unit is percentage points. December 2007 is marked by a vertical line. The end of the timeline is labeled October. There are two series, "PCE ex food and energy" and "PCE." PCE ex food and energy begins at about 40 and generally increases to about 65 in 2006:Q2. It generally decreases to about 40 in 2007:Q3 then fluctuates but generally increases to about 60 in 2008:Q3. It fluctuates but generally decreases ending at about 30. PCE begins at about 50 and fluctuates but remains about constant until 2007:Q4. It generally increases to about 60 in 2008:Q3 then generally decreases to about 20 in 2010:Q2. It generally increases to about 40 in late 2010:Q2 then generally decreases ending at about 30.

Note: The diffusion Index is the share of price indexes that have increased over the past 12 months minus the share that have decreased. PCE is based on 200 components and PCE excluding food and energy on 176 components.

Source: FRB staff calculations.

Inflation Projections

(Percent change, Q4 to Q4)

Measure	2009	2010	2011	2012
PCE chain-weighted price index	1.5	1.2	1.1	.9
Previous Tealbook	1.5	1.3	1.1	1.1
Food and beverages	-1.6	1.4	1.1	1.1
Previous Tealbook	-1.6	1.3	1.0	1.1
Energy	2.7	5.7	3.8	.0
Previous Tealbook	2.7	4.0	3.2	1.3
Excluding food and energy	1.7	.9	.9	.9
Previous Tealbook	1.7	1.1	1.0	1.0
Prices of core goods imports ¹	-1.9	3.0	2.5	1.4
Previous Tealbook	-1.9	3.5	2.1	1.3

1. Core goods imports exclude computers, semiconductors, oil, and natural gas. [Return to table](#)

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: Total PCE Prices

Line chart, 1990 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded bar marking mid-2010 to late 2012. There are two series, "Current" and "Previous Tealbook." Both series begin at about 4 and generally increase together to about 5.5 in late 1990. They fluctuate but generally decrease together to about 2 in mid-1994 then fluctuate but generally increase together to about 2.5 in early 1997. They generally decrease together to about 1 in .5 in early 2002 then fluctuate but generally increase together to about 4.5 in late 2008. They generally decrease together to about -1 in mid-2009 then generally increase together to about 2.5 in early 2010. They generally decrease together ending at about 1.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: PCE Prices excluding Food and Energy

Line chart, 1990 to 2012. Unit is 4-quarter percent change. There is a blue shaded bar marking mid-2010 to late 2012. There are four series, "Current," "Previous Tealbook," "Market Based: Current," and "Market Based: Previous Tealbook." Current and Previous Tealbook begin at about 3.75 and generally increase together to about 4.5 in late 2009. They fluctuate but generally decrease together to about 1.5 in mid-1998 then fluctuate but generally increase together to about 2.5 in early 2007. They fluctuate but generally decrease together ending at about 1. Market Based: Current and Market Based: Previous Tealbook begin at about 4.5 and generally increase together to about 5 in late 1990. They generally decrease together to about 1 in early 1998 then generally increase together to about 2.5 in mid-2009. They generally decrease together ending at about 1.

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Figure: Compensation per Hour

Line chart, 1990 to 2012. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There is a blue shaded bar marking mid-2010 to late 2012. There are four series, "Productivity and Costs: Current," "Productivity and Costs: Previous Tealbook," "Employment Cost Index: Current," and "Employment Cost Index: Previous Tealbook." Productivity and Costs: Current and Productivity and Costs: Previous Tealbook begin at about 4.5 and generally increase together to about 7.5 in late 1990 then generally decrease together to about 1 in mid-1995. They generally increase together to about 7 in mid-1998 then generally decrease together to about 3 in mid-1999. They generally increase together to about 9 in early 2000 then generally decrease together to about 2.5 in early 2002. They generally increase together to about 6 in late 2003 then generally decrease together to about 3 in mid-2004. They generally increase together to about 5 in early 2005 then generally decrease together to about 2.5 in late 2006. They generally increase together to about 5 in early 2007 then generally decrease together to about 0 in early 2009. They generally increase together to about 3.5 in early 2010 then generally decrease together to about 1.5 in mid-2010. They generally increase together ending at about 2. Employment Cost Index: Current and Employment Cost Index: Previous Tealbook begin at about 5.5 and generally decrease together to about 2.5 in early 1996. They fluctuate but generally increase together to about 5 in late 2000. They fluctuate but generally decrease together to about 1 in late 2009 then generally increase together ending at about 2.

Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Figure: Long-Term Inflation Expectations

Line chart, 1990 to 2010. Unit is percent. There are two series, "Thomson Reuters/Michigan, next 5 to 10 years" and "SPF, next 10 years." Thomson Reuters Michigan begins at about 4 and generally increases to about 5 in late 1990. It fluctuates but generally decreases to about 2.5 in mid-1998 then fluctuates but generally increases to about 3 in mid-2001. It generally decreases to about 2.5 in late 2002 then fluctuates but generally increases to about 3.5 in early 2008. It generally decreases to about 3 in late 2009 then fluctuates but remains about constant to the end of the timeline, November 2010. SPF, next 10 years begins at about 4 and generally decreases to about 2.5 in late 1998. It fluctuates but remains about constant until mid-2009 then generally decreases ending at about 2 in 2010:Q4.

Note: The Survey of Professional Forecasters (SPF) projection is for the CPI.

Source: Thomson Reuters/University of Michigan Surveys of Consumers; Federal Reserve Bank of Philadelphia.

Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research: July 1990-March 1991, March 2001-November 2001, and December 2007-June 2009.

The Long-Term Outlook

(Percent change, Q4 to Q4, except as noted)

Item	2010	2011	2012	2013	2014	2015
Real GDP	2.7	3.7	4.4	4.7	4.7	3.5
Civilian unemployment rate ¹	9.7	8.9	8.0	7.1	6.1	5.3
PCE prices, total	1.2	1.1	.9	1.1	1.4	1.6
Core PCE prices	.9	.9	.9	1.1	1.3	1.5
Federal funds rate ¹	.2	.1	.1	1.3	3.3	4.1
10-year Treasury yield ¹	3.0	3.8	4.4	4.6	4.9	5.0

1. Percent, average for the final quarter of the period. [Return to table](#)

Figure: Real GDP

Line chart, 2002 to 2015. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There are two series, "Real GDP" and "Potential GDP." Real GDP begins at about 1.5 and generally increases to about 4.5 in early 2004. It generally decreases to about -4.5 in early 2009 then generally increases to about 5 in mid-2014. It generally decreases ending at about 3.5. Potential GDP begins at about 3.5 and generally decreases to about 2 in early 2005. It generally increases ending at about 3.

Figure: Unemployment Rate

Line chart, 2002 to 2015. Unit is percent. The series begins at about 5.5 and generally increases to about 6.25 in mid-2003. It generally decreases to about 4.5 in early 2007 then generally increases to about 10 in late 2009. It generally decreases ending at about 5.25. There is a second series labeled "NAIRU" that begins at about 5 and remains about constant until mid-2008. It generally increases to about 6 in early 2010 then remains about constant until early 2013 then generally decreases ending at about 5.25.

Figure: PCE Prices

Line chart, 2002 to 2015. Unit is 4-quarter percent change. There are two series, "Total PCE Prices" and "PCE Prices excluding food and energy." Total PCE Prices begins at about 1 and fluctuates but generally increases to about 3.5 in mid-2006. It generally decreases to about 2 in late 2006 then generally increases to about 4.5 in mid-2008. It generally decreases to about -1 in mid-2009 then generally increases to about 2.5 in mid-2010. It generally decreases to about 1 in late 2011 then generally increases ending at about 1.75. PCE prices excluding food and energy begins at about 1.5 and fluctuates but generally increases to about 2.5 in mid-2008. It generally decreases to about 1.25 in mid-2009 then generally increases to about 1.75 in late 2009. It generally decreases to about .75 in early 2011 then generally increases ending at about 1.75.

Figure: Interest Rates

Line chart, 2002 to 2015. Unit is percent. There are three series, "BBB Corporate," "10-Year Treasury," and "Federal Funds Rate." BBB Corporate begins at about 7.5 and generally decreases to about 5.5 in mid-2004. It generally increases to about 9.5 in late 2008 then generally decreases to about 5 in late 2010. It generally increases ending at about 6.5. 10-year Treasury begins at about 5.5 and generally decreases to about 3.75 in early 2003. It fluctuates but generally increases to about 5 in mid-2006 then fluctuates but generally decreases to about 3 in mid-2010. It generally increases ending at about 5. Federal Funds Rate begins at about 2 and generally decreases to about 1 in early 2004. It generally increases to about 5 in late 2006 then generally decreases to about 0 in early 2009. It remains about constant until early 2013 then generally increases ending at about 4.

Note: In each panel, shading represents the projection period (beginning in 2010:Q4).

Evolution of the Staff Forecast

Figure: Change in Real GDP

Line chart, Tealbook publication dates 1/22/2009 to 12/7/2011. Unit is percent, Q4/Q4. There are three series, "2010," "2011," and "2012." 2010 begins at about 2.5 and generally decreases to about 1.5 on 3/12/2009. It generally increases to about 3.5 on 9/16/2009 then fluctuates but remains about constant until 4/21/2010. It generally decreases to about 2.25 on 9/15/2010 then generally increases ending at about 2.5 on 12/8/2010. 2011 begins at about 4.5 on 9/16/2009 and generally increases to about 4.75 on 1/20/2010. It generally decreases to about 3.5 on 9/15/2010 then generally increases ending at about 3.75 on 12/8/2010. 2012 begins at about 4.5 on 9/15/2010 then generally increases to about 4.75 on 10/27/2010. It generally decreases ending at about 4.5 on 12/8/2010.

Figure: Unemployment Rate

Line chart, Tealbook publication dates 1/22/2009 to 12/7/2011. Unit is percent, fourth quarter. There are three series, "2010," "2011," and "2012." 2010 begins at about 8.0 and generally increases to about 9.5 on 3.12.2009. It generally decreases to about 9.0 on 4/22/2009 then generally increases to about 9.75 on 6/17/2009. It generally decreases to about 9.0 on 9/16/2009 then generally increases to about 9.5 on 10/29/2009. It generally decreases to about 9.25 on 4/21/2010 then generally increases to about 9.75 on 8/4/2010. It remains about constant ending on 12/8/2010. 2011 begins at about 8.0 and generally increases to about 9.0 on 9/15/2010. It generally decreases ending at about 9.0 on 12/8/2010. 2012 begins at about 8.0 on 9/15/2010 and generally decreases to about 7.75 on 10/27/2010. It generally increases ending at about 8.0 on 12/8/2010.

Figure: Change in PCE Prices excluding Food and Energy

Line chart, Tealbook publication dates 1/22/2009 to 12/7/2011. Unit is percent, Q4/Q4. There are three series, "2010," "2011," and "2012." 2010 begins at about 0.75 and generally decreases to about 0.5 on 3/12/2010. It generally increases to about 1.25 on 1/20/2010 then generally decreases to about 0.75 on 6/16/2010. It generally increases to about 1.0 on 8/4/2010 and remains about constant until 10/27/2010. It generally decreases ending at about 1.0 on 12/8/2010. 2011 begins at about 1.0 on 9/16/2009 then generally increases to about 1.25 on 1/20/2010. It generally decreases to about .75 on 6/6/2010 then generally increases to about 1.0 on 10/27/2010. It generally decreases ending at about 1.0 on 12/8/2010. 2012 begins at about .75 on 9/15/2010 and generally increases to about 1.0 on 10/27/2010. It generally decreases ending at about .75 on 12/8/2010.

Note: Because the core PCE price index was redefined as part of the comprehensive revisions to the NIPA, projections prior to the August 2009 Tealbook are not strictly comparable with more

recent projections.

† Note: Data values for figures are rounded and may not sum to totals. [Return to text](#)

Last update: January 29, 2016

December 2010 Tealbook Book A Tables and Charts[‡]

International Economic Developments and Outlook

[Box:] Developments in Ireland and the Euro-Area Periphery

Figure: Peripheral Euro-Area Countries: 10 Year Sovereign Spreads

Line chart, April through December. Unit is basis points. There are four series, "Greece," "Ireland," "Portugal," and "Spain." Greece begins at about 350 and fluctuates but generally increases to about 950 in early May. It generally decreases to about 450 in mid-May then fluctuates but generally increases to about 950 in mid-September. It generally decreases to about 650 in mid-October then generally increases to about 900 in late October. It fluctuates but remains about constant to the end of the timeline. Ireland begins at about 150 and generally increases to about 300 in early May. It generally decreases to about 150 in mid-May then generally increases to about 650 in early November. It generally decreases to about 550 in late November then generally increases to about 700 in early December. It generally decreases ending at about 500. Portugal begins at about 100 and generally increases to about 350 in early May. It generally decreases to about 150 in mid-May then fluctuates but generally increases to about 400 in late September. It generally decreases to about 300 in mid-October then generally increases to about 400 in early November. It remains about constant until early December then decreases ending at about 300. Spain begins at about 100 and fluctuates but generally increases to about 250 in early December. It generally decreases ending at about 200.

Note: Spreads over German bunds.

Source: Bloomberg.

Figure: 2010 General Government Debt and Deficits

Scatterplot. The x-axis is labeled "Government Deficit (percent of GDP)." The y-axis is labeled "Gross Debt (percent of GDP)." The approximate data are: Finland (3, 50); Germany (3.75, 75); Austria (4.25, 70); Belgium (5, 100); Canada (5, 85); Italy (5.25, 120); Netherlands (5.75, 65); Portugal (7.5, 85); France (7.75, 85); Slovakia (8.25, 40); Spain (9.25, 65); Greece (9.5, 140); UK (10.5, 75); US (10, 85); and Ireland (12.5, 95).

Note: Deficit for Ireland excludes the effect of banking support measures equal to 20 percent of GDP.

Source: IMF Fiscal Monitor for Canada; staff estimates for the United States; European Commission for all other countries.

Recent Foreign Indicators

Figure: Nominal Exports

Line chart, 2006 to 2010. Unit is an index, January 2006 = 100. 100 on the scale is marked by a horizontal line. There are three series, "Foreign," "AFE," and "EME." Foreign begins at about 100 and fluctuates but generally increases to about 150 in late 2008. It generally decreases to about 100 in early 2009 then generally increases ending at about 135. AFE begins at about 100 and fluctuates but generally increases to about 145 in mid-2008. It generally decreases to about 90 in early 2009 then generally increases ending at about 120. EME begins at about 100 and generally increases to about 160 in mid-2008. It generally decreases to about 110 in early 2009 then generally increases ending at about 150.

Note: EME excludes Venezuela.

Figure: Industrial Production

Line chart, 2006 to 2010. Unit is an index, January 2006 = 100. 100 on the scale is marked by a horizontal line. There are three series, "Foreign," "AFE," and "EME." Foreign begins at about 100 and generally increases to about 105 in early 2008. It generally decreases to about 90 in early 2009 then generally increases ending at about 105. AFE begins at about 100 and fluctuates but remains about constant until mid-2008. It generally decreases to about 80 in early 2009 then generally increases ending at about 90. EME begins at about 100 and generally increases to about 115 in early 2008. It generally decreases to about 100 in early 2009 then generally increases ending at about 120.

Note: AFE excludes Australia and Switzerland. EME excludes Hong Kong and Venezuela.

Figure: Retail Sales

Line chart, 2006 to 2010. Unit is 12-month percent change. 0 on the scale is marked by a horizontal line. There are three series, "Foreign," "AFE," and "EME." Foreign begins at about 4.5 and fluctuates but remains about constant until late 2008. It generally decreases to about -2.5 in early 2009 then generally increases to about 5.5 in 2010. It generally decreases ending at about 4.5. AFE begins at about 4.5 and generally decreases to about -5 in early 2009. It generally increases to about 5 in early 2010 then generally decreases ending at about 2.5. EME begins at about 5 and fluctuates but generally increases to about 10 in early 2007. It fluctuates but generally decreases to about 2.5 in early 2009 then generally increases to about 10 in late 2009. It generally decreases ending at about 9.

Note: AFE excludes Australia and Switzerland. EME includes Brazil, China, Israel, Korea, Singapore, and Taiwan.

Figure: Employment

Line chart, 2006 to 2010. Unit is 4-quarter percent change. 0 on the scale is marked by a horizontal line. There are three series, "Foreign," "AFE," and "EME." Foreign begins at about 2 and fluctuates but remains about constant until late 2007. It generally decreases to about -1 in mid-2009 then generally increases ending at about 1. AFE begins at about 1.5 and generally increases to about 2 in late 2007. It generally decreases to about -2 in mid-2009 then generally increases ending at about .75. EME begins at about 2.75 and generally decreases to about 2 in late 2007. It generally increases to about 3 in late 2007 then generally decreases to about 0 in mid-2009. It generally increases to about 175 in late 2009 and remains about constant until early 2010. It generally decreases ending at about 1.

Figure: Consumer Prices: Advanced Foreign Economies

Line chart, 2006 to 2010. Unit is 12-month percent change. 0 on the scale is marked by a horizontal line. There are two series, "Headline" and "Core." Headline begins at about 2 and generally decreases to about 1 in late 2006. It generally increases to about 3.5 in early 2008 then generally decreases to about -1 in mid-2009. It generally increases ending at about 2. Core begins at about 1 and generally increases to about 1.5 in mid-2007. It generally decreases ending at about 1.

Note: Excludes Australia, Sweden, and Switzerland. Core excludes all food and energy; staff calculation.

Source: Haver Analytics and CEIC.

Figure: Consumer Prices: Emerging Market Economies

Line chart, 2006 to 2010. Unit is 12-month percent change. 0 on the scale is marked by a horizontal line. There are three series, "Headline," "Ex. Food - East Asia (excludes India)," and "Ex. Food - Latin America." Headline begins at about 3 and generally increases to about 7 in mid-2008. It generally decreases to about 1 in mid-2009 then generally increases ending at about 4. Ex. Food - East Asia begins at about 2 and generally decreases to about 1.5 in early 2007. It generally increases to about 3.5 in mid-2008 then generally decreases to about -2 in mid-2009. It generally increases ending at about 2. Ex. Food - Latin America begins at about 4 and generally decreases to about 3.5 in early 2007. It generally increases to about 6 in late 2008 then generally decreases to about 4 in late 2009. It generally increases to about 5 in early 2010 and remains about constant to the end of the timeline.

The Foreign Outlook

(Percent change, annual rate)

	2009	2010			2011 ^P	2012 ^P
		H1	Q3 ^e	Q4 ^P		
Real GDP						
Total foreign	.5	5.4	2.1	2.7	3.2	3.5
Previous Tealbook	.4	5.4	2.3	2.6	3.2	3.6
Advanced foreign economies	-1.4	3.5	1.7	1.6	1.9	2.4
Previous Tealbook	-1.4	3.4	2.0	1.9	2.0	2.6
Emerging market economies	2.9	7.8	2.5	4.1	4.7	4.9
Previous Tealbook	2.8	8.0	2.6	3.6	4.7	5.0
Consumer Prices						
Total foreign	1.2	2.4	2.2	3.9	2.5	2.3
Previous Tealbook	1.2	2.4	2.1	2.5	2.3	2.3
Advanced foreign economies	.2	1.1	1.1	2.6	1.3	1.4
Previous Tealbook	.2	1.1	1.0	1.2	1.2	1.4
Emerging market economies	2.2	3.6	3.3	5.1	3.6	3.2
Previous Tealbook	2.2	3.6	3.2	3.6	3.3	3.1

Note: Annualized percent change from final quarter of preceding period to final quarter of period indicated.

Figure: Real GDP

The first panel is a line chart, 2007 to 2012. Unit is percent change, annual rate. 0 on the scale is marked by a horizontal line. There is a shaded bar marking the time period late 2010 through late 2012. There are four series, "Total foreign - Current" and "Total Foreign - Previous Tealbook." Both series begin at about 5 and generally decrease together to about -10 in early 2009. They generally increase together to about 5 in early 2010 then generally decrease together to about 2 in mid-2010. They generally increase together ending at about 4.

The second panel is a line chart, 2007 to 2012. Unit is percent change, annual rate. 0 on the scale is marked by a horizontal line. There is a shaded bar marking the time period late 2010 through late 2012. There are four series, "Emerging Market Economies - Current," "Emerging Market Economies - Previous Tealbook," "Advanced Foreign Economies - Current," and "Advanced Foreign Economies - Previous Tealbook." Emerging Market Economies - Current and Emerging Market Economies - Previous Tealbook begin at about 7 and generally decrease together to about -10 in early 2009. They generally increase together to about 10 in mid-2009. Emerging Market Economies - Current generally decreases to about 4 in mid-2010 then generally increases to about 5 in late 2010. It remains about constant to the end of the timeline. Emerging Market Economies - Previous Tealbook decreases to about 5 in early 2010 then increases to about 10 in mid-2010. It generally decreases to about 4 in mid-2010 then generally increases to about 5 in late 2010. It remains about constant to the end of the timeline. Advanced foreign Economies - Current and Advanced Foreign Economies - Previous Tealbook begin at about 4 and generally decrease together to about -10 in early 2010. They generally increase together to about 4 in early 2010 then generally decrease together to about 2.5 in mid-2010. They remain about constant to the end of the timeline.

Figure: Consumer Prices

The first panel is a line chart, 2007 to 2012. Unit is percent change, annual rate. 0 on the scale is marked by a horizontal line. There is a shaded bar marking the time period late 2010 through late 2012. There are two series, "Total foreign - Current" and "Total Foreign - Previous Tealbook." Both series begin at about 3 and generally increase together to about 5.5 in early 2008. They generally decrease together to about -0.5 in early 2009 then generally increase together to about 3.5 in early 2010. They generally decrease together to about 1.5 in mid-2010. Total Foreign - Current generally increases to about 4 in late 2010 then generally decreases to about 2 in mid-2011. It remains about constant to the end of the timeline. Total Foreign - Previous Tealbook generally increases to about 2 in late 2010 and remains about constant to the end of the timeline.

The second panel is a line chart, 2007 to 2012. Unit is percent change, annual rate. 0 on the scale is marked by a horizontal line. There is a shaded bar marking the time period late 2010 through late 2012. There are four series, "Emerging Market Economies - Current," "Emerging Market Economies - Previous Tealbook," "Advanced Foreign Economies - Current," and "Advanced Foreign Economies - Previous Tealbook." Emerging Market Economies - Current and Emerging Market Economies - Previous Tealbook begin at about 4 and generally increase together to about 8 in early 2008. They generally decrease together to about 0 in early 2009 then generally increase together to about 4 in early 2010. They generally decrease together to about 2.5 in early 2010. Emerging Market Economies - Current generally increases to about 5 then generally decreases to about 3.5 in mid-2011. It remains about constant to the end of the timeline. Emerging Market Economies - Previous Tealbook generally increases to about 3 in late 2010 and remains about constant to the end of the timeline. Advanced foreign Economies - Current and Advanced Foreign Economies - Previous Tealbook begin at about 2.5 and generally decrease together to about 1 in late 2007. They generally increase together to about 3.5 in mid-2008 then generally decrease together to about -2 in late 2008. They generally increase together to about 2 in early 2010 then generally decrease together to about 0 in mid-2010. Advanced foreign Economies - Current generally increases to about 2 in late 2010 then generally decreases to about 1 in mid-2011. It generally increases ending at about 1.75. Advanced Foreign Economies - Previous Tealbook generally increases ending at about 1.75.

Capital Flows to Emerging Market Economies

Figure: Emerging Market International Financial Flows

Bar chart, 2004 to 2010. Unit is percent of aggregate GDP, semi-annual. There are two series, "Current account (+ = surplus)," and "Net private capital flows (+ = inflows)." Approximate data are: 2004:Q1 and Q2: Current Account 2, Net Private Capital Flows 2.5. 2004:Q3 and Q4: Current Account 3.5, Net Private Capital Flows 1.5. 2005:Q1 and Q2: Current Account 3, Net Private Capital Flows 2. 2005:Q3 and Q4: Current Account 4, Net Private Capital Flows -1. 2006:Q1 and Q2: Current Account 3.5, Net Private Capital Flows 1. 2006:Q3 and Q4: Current Account 6, Net Private Capital Flows -2. 2007:Q1 and Q2: Current Account 4.5, Net Private Capital Flows 3. 2007:Q3 and Q4: Current Account 5.5, Net Private Capital Flows: .5. 2008:Q1 and Q2: Current Account 4, Net Private Capital Flows 2. 2008:Q3 and Q4: Current Account 4, Net Private Capital Flows -2.5. 2009:Q1 and Q2: Current Account 3.5, Net Private Capital Flows .5. 2009:Q3 and Q4: Current Account 3.5, Net Private Capital Flows 4. 2010:Q1 and Q2: Current Account 2, Net Private Capital Flows 2. There is a third series presented as a line chart labeled "Change in Reserve Assets." It begins at about 4 and generally increases to about 5.5 in 2004:Q3. It generally decreases to about 3.5 in 2005:Q3 then generally increases to about 7 in 2007:Q1. It generally decreases to about 5.5 in 2007:Q3 then remains about constant until 2008:Q2. It generally decreases to about 2.5 in 2008:Q4 then generally increases to about 6.5 in 2009:Q3. It generally decreases ending at about 3.5 in 2010:Q1.

Source: Country sources via Haver.

Figure: Foreign Official Balances Held at the Federal Reserve Board of New York

Line chart, July 2010 through December 2010. The end of the series is labeled December 6. The series begins at about 3125 and generally increases to about 3250 in Late August. It generally decreases to about 3225 in early September then generally increases to about 3375 in early November. It remains about constant to the end of the timeline.

Source: Federal Reserve Bank of New York.

Figure: Flows to Latin American and Asian Emerging Market Mutual Funds

The first panel is a bar chart, 2007 to 2010. Unit is billions of dollars, monthly. The series begins at about 5.5 and generally decreases to about -4.5 in 2007:Q1. It generally increases to about 11 in 2007:Q3 then generally decreases to about -10 in 2008:Q1. It generally increases to about 7 in 2008:Q1 then generally decreases to about -14 in 2008:Q4. It generally increases to about 8 in 2009:Q1 then generally decreases to about 2 in 2009:Q3. It generally increases to about 7 in 2009:Q4 then generally decreases to about 0 in 2010:Q1. It generally increases to about 8 in 2010:Q1 then generally decreases to about -3 in 2010:Q2. It fluctuates but generally increases to about 10 in 2010:Q4 then decreases ending at about 6.

The second panel is a bar chart, July 2010 to December 2010. Unit is billions of dollars, weekly. The series begins at about .75 then generally increases to about 2.75 in late July. It generally decreases to about .25 in mid-August then generally increases to about 3.5 in late September. It generally decreases to about 1.25 in late October then generally increases to about 3 in early November. It generally decreases to about 0 in early December.

Source: EPFR.

Figure: Net Cross-Border Claims of U.S. Resident Banks

Line chart, 2001 to 2010. Unit is billions of dollars. 0 on the scale is marked by a horizontal line. There are four series, "EM Asia and Latin America (right scale)," "U.K. and Caribbean (left scale)," "Japan (right scale)," and "Europe ex. U.K. (right scale)." EM Asia and Latin America begins at about 0 and fluctuates but generally decreases to about -150 in late 2007. It generally increases to about -50 in late 2008 then generally decreases to about -150 in early 2009. It generally increases ending at about 0. U.K. and Caribbean begins at about -300 and generally decreases to about -1200 in mid-2007. It generally increases ending at about -650. Japan begins at about -50 and generally increases to about 100 in late 2005. It generally decreases to about -50 in early 2009 then generally increases ending at about 150. Europe ex. U.K. begins at about 50 and generally decreases to about -100 in early 2006. It generally increases to about 300 in early 2008 then generally decreases ending at about 50.

Source: Staff estimates based on Treasury International Capital data through October 2010.

Figure: Cumulative U.S. Purchases of Foreign Securities

Line chart, 2001 to 2010. Unit is billions of dollars, monthly. 0 on the scale is marked by a horizontal line. There are five series, "EM Asia and Latin America," "U.K. and Caribbean," "Japan," "Europe ex. U.K.," and "Other Countries." EM Asia and Latin America begins at about 0 and generally increases to about 150 in early 2007. It generally decreases to about 100 in late 2008 then generally increases ending at about 350. U.K. and Caribbean begins at about 0 and generally increases to about 950 in early 2008. It generally decreases to about 900 in late 2008 then generally increases ending at about 950. Japan begins at about 0 and generally increases to about 250 in late 2007. It generally decreases to about 200 in late 2008 and remains about constant to the end of the timeline. Europe ex. U.K. begins at about 0 and generally increases to about 800 in late 2007. It generally decreases to about 650 in late 2008 then generally increases ending at about 1000. Other countries begins at about 0 and generally increases ending at about 400.

Source: Staff estimates based on Treasury International Capital data through October 2010.

Evolution of Staff's International Forecast

Figure: Total Foreign GDP

Line chart, Tealbook publication dates 1/23/2008 to 12/8/2010. Unit is percent change, Q4/Q4. 0 on the scale is marked by a horizontal line. There are four series, "2009," "2010," "2011," and "2012." 2009 begins at about 3.5 and generally decreases to about -2.5 on 3/12/2009. It generally increases to about .5 and remains about constant to the end of the timeline. 2010 begins at about 3.5 on 9/10/2009 and generally decreases to about 2.5 on 3/12/2009. It generally increases ending at about 4. 2011 begins at about 4 on 9/16/2009 and generally decreases ending at about 3.5. 2012 begins at about 3.5 on 9/15/2010 and generally increases to about 3.75 on 10/27/2010. It generally decreases ending at about 3.5.

Figure: Total Foreign CPI

Line chart, Tealbook publication dates 1/23/2008 to 12/8/2010. Unit is percent change, Q4/Q4. 0 on the scale is marked by a horizontal line. There are four series, "2009," "2010," "2011," and "2012." 2009 begins at about 2.5 and generally increases to about 3 on 7/30/2008. It generally decreases to about .5 on 3/12/2009 then generally increases to about 1 on 6/17/2009. It generally decreases to about .5 on 8/6/2009 and remains about constant until 10/29/2010. It generally increases to about 1.25 on 1/20/2010 and remains about constant to the end of the timeline. 2010 begins at about 2.25 on 9/10/2008 and generally decreases to about 1.5 on 3/12/2009. It remains about constant until 12/9/2010 then generally increases to about 2.5 on 4/21/2010. It generally decreases to about 2 on 8/4/2010 then generally increases ending at about 2.75. 2011 begins at about 1.75 on 9/16/2009 and generally increases ending at about 2.5. 2012 begins at about 2.25 on 9/15/2010 and remains about constant to the end of the timeline.

Figure: U.S. Current Account Balance

Line chart, Tealbook publication dates 1/23/2008 to 12/8/2010. Unit is percent of GDP. There are four series, "2009," "2010," "2011," and "2012." 2009 begins at about -4.5 and generally increases to about -3.75 on 4/23/2008. It generally decreases to about -4.25 on 6/18/2008 then generally increases to about -3 on 12/10/2008. It generally decreases to about -3.5 on 3/12/2009 then generally increases to about -3 on 9/16/2009. It fluctuates but remains about constant to the end of the timeline. 2010 begins at about -3 on 9/10/2008 and generally decreases to about -4 on 3/12/2009. It generally increases to about -3 on 9/16/2009 then fluctuates but remains about constant until 9/15/2010. It generally decreases ending at about -3.5. 2011 begins at about -3.5 on 9/16/2009 and generally decreases to about -3.5 on 6/16/2010. It generally increases to about -3 on 8/4/2010 then generally decreases ending at about -3.5. 2012 begins at about -3 on 9/15/2010 and generally decreases ending at about -3.25.

† Note: Data values for figures are rounded and may not sum to totals. [Return to text](#)

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December 2010 Tealbook Book A Tables and Charts[‡]

Financial Developments

Policy Expectations and Treasury Yields

Figure: Policy Expectations and Treasury Yields

Line chart, November 1 through December 7. Unit is percent. Data are interest rates. November FOMC is marked by a vertical line around November 3. Employment Report is marked by a vertical line around November 4. Letter to Chairman is marked by a vertical line near November 12. UI claims is marked by a vertical line near November 24. Employment Report is marked by a vertical line near December 3. Tax Deal is marked by a vertical line near December 7. There are two series, "June 2010 Eurodollar (right scale)" and "10-year Treasury Yield (left scale)." June 2012 Eurodollar begins at about 0.7 and fluctuates but generally decreases to about 0 on November 4. It generally increases to about 1.2 on November 12 then fluctuates but generally decreases to about 0.9 on November 22. It generally increases to about 1.15 on November 25 then fluctuates but generally decreases to about 1.0 on November 30. It generally increases to about 1.2 on December 3 then generally decreases to about 0.9 on December 7. It generally increases ending at about 1.1. 10-year Treasury yield begins at about 2.6 and generally increases to about 2.65 on November 1. It fluctuates but generally decreases to about 0 around November 4. It generally increases to about 2.75 on November 9 then generally decreases to about 2.65 around November 10. It generally increases to about 3.0 around November 15 then generally decreases to about 2.8 on November 17. It generally increases to about 2.95 around November 18 then generally decreases to about 2.75 around November 23. It generally increases to about 2.9 around November 24 then generally decreases to about 2.75 around November 30. It generally increases to about 3.05 around December 3 then fluctuates but generally decreases to about 2.9 on December 7. It generally increases ending at about 3.2.

Note: 5-minute intervals. 8:00 a.m. to 4:00 p.m. No adjustments for term premiums.

Source: Bloomberg.

Figure: Market-Based Measures of Uncertainty

Line chart, January 2010 to December 2010. The November FOMC meeting is marked by a vertical line. The end of the timeline is labeled December 7. There are two series, "10-year Treasury (percent)" and "Eurodollar Futures (basis points)." 10-year Treasury begins at about 7 and generally decreases to about 5 in late March. It generally increases to about 8 in late April then generally decreases to about 6 in early August. It generally increases ending at about 8.5. Eurodollar futures begins at about 200 and generally decreases to about 125 in late February. It generally increases to about 175 in early April then generally decreases to about 25 in early November. It generally increases ending at about 60.

Source: Bloomberg, CME group, staff analysis.

Figure: Inflation Compensation

Line Chart, 2007 to 2010. Unit is percent. Data are daily. 0 on the scale is marked by a horizontal line. The 2010 November FOMC meeting is marked by a vertical line. The end of the timeline is marked December 7. There are two series, "5 to 10 years ahead" and "Next 5 years (adjusted for the indexation-lag (carry) effect)." 5 to 10 years ahead begins at about 2.5 and fluctuates but generally increases to about 3.75 in 2008:Q4. It generally decreases to about 2 in 2008:Q4 then generally increases to about 3.5 in 2009:Q4. It generally decreases to about 2 in 2010:Q3 then generally increases ending at about 3. Next 5 years begins at about 2.25 and fluctuates but remains about constant until 2008:Q3. It generally decreases to about -1.5 in 2008:Q4 then generally increases to about 2 in 2010:Q1 then generally decreases to about 1 in 2010:Q3. It generally increases ending at about 2.

Note: Estimates based on smoothed nominal and inflation-indexed Treasury yield curves.

Source: Barclays PLC and staff estimates.

Figure: Implied Federal Funds Rate

Line chart, 2011 to 2012. Unit is percent. There are four series, "Mean: December 7, 2010," "Mean, November 2, 2010," "Mode: December 7, 2010," and "Mode: November 2, 2010." Mean: December 7, 2010 begins at about 0.25 and remains about constant until 2011:Q2. It generally increases ending at about 0.9. Mean, November 2, 2010 begins at about 0.25 and remains about constant until 2011:Q3. It generally increases ending at about 0.4. Mode: December 7, 2010 begins at about 0.1 and generally increases ending at about 0.4. Mode: November 2, 2010 begins at about 0.1 and generally decreases to about 0 in 2011:Q4. It generally increases ending at about 0.1.

Note: Mean is estimated from federal funds and Eurodollar futures. Mode is estimated from distribution of federal funds rate implied by interest rate caps. Both include an allowance for term premiums and other adjustments.

Source: Bloomberg and CME Group.

Figure: Implied Expectation of Quarter of First Rate Increase from the Desk's Dealer Survey

Bar chart, 2010:Q4 to 2012:Q4 or later. Unit is percent. The series "Recent: 18 respondents" begins at about 0 and generally increases to about 15 in 2012:Q1. It remains about constant until 2012:Q3 then generally increases ending at about 40. There is a second series presented as a line labeled "November FOMC: 18

Respondents." It begins at about 0 and generally increases to about 10 in 2011:Q3. It remains about constant until 2011:Q4. It generally increases to about 15 in 2012:Q1 and remains about constant until 2012:Q2. It generally increases ending at about 30.

Source: Desk Dealer Survey from December 7, 2010.

[Box:] Long-Term Treasury Yields

Figure: Daily Spread between 30- and 10-year Treasury Yields

The first panel is a line chart, 1977 to 2010. Unit is percent. The end of the timeline is marked by a vertical dashed line labeled November 10, 2010. The series begins at about 0.4 and generally decreases to about -1 in 1992. It fluctuates but generally increases to about 0.4 in 1986 then generally decreases to about -0.25 in 1989. It generally increases to about 1.25 in 1992 then generally decreases to about 0 in 1994. It fluctuates but generally increases to about 0.5 in 1999 then generally decreases to about -0.5 in 2000. It generally increases to about 1.0 in 2001 then ends at about 0.5 between 2001 and 2002. The series begins at about 0 between 2006 and 2007 then fluctuates but generally increases ending at about 1.75.

The second panel is a line chart showing data from October 2010 to December 2010. Unit is percent. November FOMC is marked by a solid vertical line. November 10, 2010 is marked by a dashed vertical line. The series begins at about 1.25 and generally increases to about 1.5 in late October. It generally decreases to about 1.25 in mid-November then generally increases to about 1.6 at the November 10 mark. It generally decreases ending at about 1.25.

Note: Data not available between 2002 and 2006 because the Treasury stopped issuing 30-year bonds.

Source: Treasury constant maturity yields.

Nominal 1-year Implied Forward Rates
(percent)

	Sep. 20	Nov. 2	Nov. 10	Dec. 7	Change (2)-(1)	Change (3)-(2)	Change (4)-(3)
Horizon	(1)	(2)	(3)	(4)	(5)	(6)	(7)
2-year	1.36	.99	1.09	1.67	-.37	.10	.58
5-year	3.69	3.47	3.28	4.28	-.22	-.19	1.00
7-year	4.59	4.60	4.54	5.25	.01	-.06	.71
10-year	5.08	5.35	5.73	5.79	.26	.39	.06
15-year	4.97	5.33	6.22	5.71	.36	.89	-.51
20-year	4.72	4.99	5.81	5.46	.27	.82	-.35
25-year	4.59	4.77	5.24	5.29	.18	.47	.05
30-year	4.54	4.67	4.79	5.21	.13	.12	.42

Source: Staff estimate.

Figure: Spread between 30-year and 10-year Rates

Line chart, October 2010 to December 2010. Unit is percentage points. The September and November 2010 FOMC meetings are marked by vertical lines. There are two series, "Nominal (left scale)" and "Inflation compensation (right scale)." Nominal begins at about 1.0 and generally increases to about 1.3 in late October. It generally decreases to about 1.25 in mid-November then generally increases to about 1.5 in late November. It fluctuates but generally decreases ending at about 1. Inflation compensation begins at about 0 and generally increases to about 0.4 in late October. It generally decreases to about 0.3 in early November then generally increases to about 0.45 in mid-November. It fluctuates but generally decreases ending at about 0.25.

Source: Staff estimate.

Asset Market Developments

Figure: Equity Prices

Line chart, 2008 to 2010. Unit is an index, September 20, 2010 = 100. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled December 7. There are two series, "S&P 500 Bank Index" and "S&P 500." S&P 500 Index begins at about 130 and fluctuates but generally increases to about 175 in 2008:Q3. It generally decreases to about 40 in 2009:Q1 then generally increases to about 130 in 2010:Q2. It generally decreases to about 95 in 2010:Q3 then generally increases ending at about 110. S&P 500 begins at about 110 and generally decreases to about 60 in 2009:Q1. It generally increases to about 110 in 2010:Q2 then generally decreases to about 90 in 2010:Q3. It generally increases ending at about 110.

Source: Bloomberg.

Figure: Implied Volatility on S&P 500 (VIX)

Line chart, 2007 to 2010. Unit is percent, log scale. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled December 7. The series begins at about 0 and fluctuates but generally increases to about 35 in 2008:Q1. It generally decreases to about 15 in 2008:Q2 then fluctuates but generally increases to about 80 in 2008:Q4. It fluctuates but generally decreases to about 15 in early 2010:Q2 then generally increases to about 50 in late 2010:Q2. It generally decreases ending at about 20.

Source: Chicago Board Options Exchange.

Figure: Equity Risk Premium

Line chart, 1990 to 2010. Unit is percent. Data are monthly. The end of the timeline is labeled December 7. The ends of the series are marked with a + which denotes the latest observation using daily interest rates and stock prices and latest earnings data from I/B/E/S. There are two series, "Expected 10-year real equity return" and "Expected real yield on 10-year Treasury (off the run 10-year Treasury yield less Philadelphia Fed 10-year expected inflation)." Expected 10-year real equity return begins at about 8 and generally increases to about 9.5 in late 1990. It generally decreases to about 7 in early 1992 then generally increases to about 9 in early 1995. It generally decreases to about 2 in late 2000 then generally increases to about 12 in early 2009. It generally decreases to about 8 in early 2010 then generally increases ending at about 10. Expected real yield on 10-year Treasury begins at about 4 and generally decreases to about 2 in late 1993. It generally increases to about 5 in late 1994 then generally decreases to about 3 in early 1996. It generally increases to about 4.5 in mid-1997 then generally decreases to about 2.5 in late 1998. It generally increases to about 4.5 in early 1999 then generally decreases to about 1 in mid-2003. It generally increases to about 3 in mid-2007 then generally decreases ending at about 0.

Source: Thomson Financial.

Figure: Corporate Bond Spreads

Line chart, 2007 to 2010. Unit is basis points. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled December 7. There are two series, "10-year high-yield (right scale)" and "10-year BBB (left scale)." 10-year high-yield begins at about 250 and fluctuates but generally increases to about 1700 in 2008:Q4. It generally decreases to about 1100 in 2009:Q1 then generally increases to about 1300 in 2009:Q2. It generally decreases ending at about 500. 10-year BBB begins at about 100 and generally increases to about 650 in 2009:Q1. It fluctuates but generally decreases ending at about 250.

Note: Measured relative to a smoothed nominal off-the-run Treasury yield curve.

Source: Merrill Lynch and staff estimates.

Figure: 3-Month Forward Funding Spread

Line chart, December 2009 to December 2010. Unit is basis points. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled December 7. The series begins at about 15 and fluctuates but remains about constant until late April. It generally increases to about 70 in late May then generally decreases to about 20 in late October. It generally increases to about 40 in late November then generally decreases ending at about 25.

Note: Spread is the difference between the 3-month dollar forward rate agreement and the OIS rate 3 months forward.

Source: Bloomberg.

Figure: Spread on 30-Day Commercial Paper

Line chart, March 2009 to October 2010. Unit is basis points. Data are 5-day moving averages. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled December 7. There are two series, "A2/P2" and "ABCP." A2/P2 begins at about 100 and fluctuates but generally decreases to about 10 in April 2010. It generally increases to about 25 in mid-July 2010 then fluctuates but remains about constant to the end of the timeline. ABCP begins at about 30 and fluctuates but generally decreases to about 0 in April 2010. It generally increases to about 25 in early June 2010 then generally decreases to about 0 in October 2010. It generally increases ending at about 25.

Note: The ABCP spread is the AA ABCP rate minus the AA nonfinancial rate. The A2/P2 spread is the A2/P2 nonfinancial rate minus the AA nonfinancial rate.

Source: Depository Trust & Clearing Corporation.

Business Finance

Figure: Selected Components of Net Debt Financing, Nonfinancial Firms

Bar chart, 2006 to 2010. Unit is billions of dollars. Data are monthly rate. There are three series, "Commercial Paper," "C&I Loans," and "Bonds." Commercial paper and C&I loans are seasonally adjusted, period-end basis. There is also a "total" series presented as a line chart which sums the total of the other series. Approximate values are: 2006: Bonds 19, C&I Loans 11, Commercial Paper 1, Total 31. 2007: Bonds 30, C&I Loans 20, Commercial Paper 0, Total 50. 2008: Bonds: 19, C&I Loans 10, Commercial Paper 1, total 30. 2009: Bonds 30, C&I Loans -25, Commercial Paper, -5, Total 0. 2010:H1: Bonds 30, C&I Loans -18, Commercial Paper 6, Total 18. 2010:Q3: Bonds 40, C&I Loans -1, Commercial Paper 1, Total 40. 2010 October: Bonds 38, C&I Loans -1, Commercial Paper 3, Total 40. 2010 November: Bonds 55, C&I loans -10, Commercial Paper -5, Total 40.

Source: Depository Trust & Clearing Corporation; Thomson Financial; Federal Reserve Board.

Figure: Selected Components of Net Equity Issuance, Nonfinancial Firms

Bar chart, 2006 to 2010. Unit is billions of dollars. Data are monthly rates. There are four series, "Cash Mergers," "Repurchases," "Private Issuance," and "Public Issuance." There is also a "total" series presented as a line chart which sums the total of the other series. Approximate values are: 2006: Cash Mergers -20, Repurchases -40, Private Issuance 15, Public Issuance 5, Total -40. 2007: Cash Mergers -35, Repurchases -50, Private Issuance 20, Public Issuance 5, Total -60. 2008: Cash Mergers -15, Repurchases -30, Private Issuance 20, Public Issuance 5, Total -20. 2009:H1: Cash Mergers -3, Repurchases -10, Private Issuance 20, Public Issuance 3, Total 10. 2009:H2: Cash Mergers -15, Repurchases -10, Private Issuance 12, Public Issuance 3, Total -10. 2010:Q1: Cash Mergers -10, Repurchases -20, Private Issuance 10, Public Issuance 5, Total -15. 2010:Q2: Cash Mergers -10, Repurchases -25, Private Issuance 15, Public Issuance 5, Total -15. 2010:Q3 (estimate): Cash Mergers -10, Repurchases -30, Private Issuance 10, Public Issuance 5, Total -25.

Source: Thomson Financial, Investment Benchmark Report; Money Tree Report by PricewaterhouseCoopers, National Venture Capital Association, and Venture Economics.

Figure: S&P 500 Earnings Per Share

Line chart, 2000 to 2010. Unit is dollars per share. Data are quarterly. The end of the series is labeled Q3 (Staff estimate). The series begins at about 14 and generally decreases to about 11 in late 2001. It generally increases to about 24 in mid-2007 then fluctuates but generally decreases to about 5 in late 2008. It generally increases ending at about 22.

Note: Data are seasonally adjusted by staff.

Source: Thomson Financial.

Figure: Bond Ratings Changes of Nonfinancial Firms

Bar chart, 2000 to 2010. Unit is percent of outstandings. Data are annual rates. There are two series, "Upgrades" and "Downgrades." Upgrades begins at about 10 and generally decreases to about 5 in 2002. It generally increases to about 10 in 2005 then remains about constant until 2007. It generally decreases to about 5 in 2008 then generally increases to about 15 in 2010:H1 then generally decreases to about 10 in 2010:Q3. It increases ending at about 15. Downgrades begins at about 25 and generally increases to about 35 in 2002. It generally decreases to about 10 in 2004 then generally increases to about 15 in 2006. It generally decreases to about 10 in 2007 then generally increases to about 30 in 2009:H1. It generally decreases to about 5 in 2010:H1 then remains constant to the end of the timeline.

Source: Calculated using data from Moody's Investors Service.

Figure: Commercial Mortgage Debt

Line chart, 2001 to 2010. Unit is percent change, annual rate. Data are quarterly. 0 on the scale is marked by a horizontal line. The end of the timeline is labeled Q3 (estimate). The series begins at about 8 and generally increases to about 12 in late 2001. It generally decreases to about 6 in early 2002 then generally increases to about 16 in late 2005. It generally decreases to about 8 in late 2006 then generally increases to about 14 in late 2007. It generally decreases to about -8 in late 2009 then generally increases to about -4 in early 2010. It generally decreases ending at about -8.

Source: Federal Reserve.

Figure: Delinquency Rates on Commercial Mortgages on Existing Properties

Line chart, 1996 to 2010. Unit is percent. There are three series, "At life insurance companies," "CMBS," and "At commercial banks (excluding farmland)." At life insurance companies begins at about 2.5 and generally decreases to about 0 in 1999. It remains about constant to the end of the timeline, 2010:Q3. CMBS begins at about .5 in early 1999 and generally increases to about 2 in late 2003. It generally decreases to about 0 in mid-2008 then generally increases ending at about 10 in November 2010. At commercial banks begins at about 3 and generally decreases to about 1 in late 2006. It generally increases ending at about 6 in 2010:Q3.

Note: CMBS are commercial mortgage-backed securities. All series are seasonally adjusted.

Source: Citigroup; Call Report; ACLI.

Household Finance

Figure: Mortgage Rate and MBS Yield

Line chart, 2007 to 2010. Unit is percent. Data are weekly. The November 2010 FOMC meeting is marked by a vertical line. There are two series, "30-year conforming fixed mortgage rate" and "MBS Yield." 30-year conforming fixed mortgage rate begins at about 6.5 and generally increases to about 7.0 in 2007:Q3. It generally decreases to about 5.5 in 2008:Q1 then generally increases to about 6.5 in 2008:Q3. It generally decreases to about 4.75 in 2009:Q1 then generally increases to about 5.5 in 2009:Q2. It generally decreases to about 4.5 in 2009:Q4 then generally increases to about 5.25 in 2010:Q2. It generally decreases ending at about 4.5 on December 1, 2010. MBS Yield begins at about 5.5 and generally increases to about 6.5 in 2007:Q3. It generally decreases to about 5 in 2008:Q1 then fluctuates but generally increases to about 6.0 in 2008:Q4. It generally decreases to about 3.5 in 2009:Q1 then generally increases to about 5.0 in 2009:Q2. It generally decreases to about 3.75 in 2009:Q4 then generally increases to about 4.5 in 2010:Q1. It generally decreases to about 3.5 in 2010:Q3 then generally increases ending at about 4.0 on December 7, 2010.

Note: For MBS yield, Fannie Mae 30-year current coupon rate.

Source: For mortgage rate, Freddie Mac; for MBS yield, Bloomberg.

Figure: Purchase and Refinance Activity

Line chart, 2002 to 2010. Unit is an index, March 16, 1990 = 100. Data are weekly. The end of the timeline is labeled December 3. There are two series, "Purchase Index (left scale)" and "Refi Index (right scale)." Purchase Index begins at about 300 and generally increases to about 500 in mid-2005. It generally decreases to about 350 in early 2006 then generally increases to about 450 in late 2007. It generally decreases ending at about 175. Refi index begins at about 2,000 and fluctuates but generally increases to about 10,000 in mid-2003. It generally decreases to about 2,000 in late 2003 then generally increases to about 4,000 in early 2004. It generally decreases to about 1,000 in early 2005 then generally increases to about 3,000 in mid-2005. It generally decreases to about 1,000 in early 2006 then generally increases to about 4,000 in early 2008. It generally decreases to about 1,000 in late 2008 then generally increases to about 6,000 in early 2009. It generally decreases to about 2,000 in mid-2009 then fluctuates but generally increases to about 6,000 in late 2010. It generally decreases ending at about 2,000.

Note: Seasonally adjusted by FRB staff.

Source: Mortgage Bankers Association.

Figure: Prices of Existing Homes

Line chart, 2005 to 2010. Unit are indexes, peaks normalized to 100. Data are monthly. There are three series, "FHFA," "Core Logic," and "20-city S&P/Case-Shiller." FHFA begins at about 90 and generally increases to about 100 in mid-2007. It generally decreases ending at about 85 in September 2010. Core logic begins at about 90 and generally increases to about 100 in early 2006. It generally decreases to about 70 in early 2009 then generally increases to about 75 in mid-2010. It generally decreases ending at about 70 in October 2010. 20-city S&P/Case Shiller begins at about 85 and generally increases to about 100 in early 2006. It generally decreases to about 70 in early 2009 and remains about constant to the end of the timeline, September 2010.

Source: For FHFA, Federal Housing Finance Agency; for CoreLogic, CoreLogic; for S&P/Case-Shiller, Standard & Poor's.

Figure: Growth of Household Sector Debt

Line chart, 1992 to 2010. Unit is percent. Data are quarterly, s.a.a.r. 0 on the scale is marked by a horizontal line. There are two series, "Consumer Credit" and "Home Mortgage." Consumer credit begins at about -2 and generally increases to about 16 in late 1994. It generally decreases to about 4 in mid-1998 then fluctuates but generally increases to about 15 in late 2000. It fluctuates but generally decreases to about 3 in early 2006 then generally increases to about 7 in early 2008. It generally decreases to about -7 in early 2010 then generally increases ending at about -1 in 2010:Q3. Home Mortgage begins at about 8 and generally decreases to about 4 in early 1993. It fluctuates but generally increases to about 16 in late 2003 then fluctuates but generally decreases to about -4 in early 2010. It generally increases ending at an estimate of about -3 in 2010:Q3.

Source: Federal Reserve Board.

Figure: Gross Consumer ABS Issuance

Bar chart, 2006-2010. Unit is billions of dollars. Data are monthly rates. There are two series, "Non-Auto" and "Auto." Approximate Values are: 2006: Auto 7, Non-auto 11. 2007: Auto 6, Non-Auto 12. 2008:H1: Auto 5, Non-auto 10. 2008:H2: Auto 1, Non-Auto 3. 2009:H1: Auto 7, Non-Auto 10. 2009:H2: Auto 10, Non-Auto 8. 2010:H1: Auto 5, Non-Auto 3. 2010:Q3: Auto 5, Non-Auto 4. 2010 October: Auto 3, Non-Auto 1. 2010 November: Auto 6, Non-Auto 2.

Note: Credit card, auto, and student loan ABS.

Source: Inside MBS & ABS; Merrill Lynch; Bloomberg; Federal Reserve Board.

Figure: Consumer Delinquencies

Line chart, 2002 to 2010. Unit is percent of loans. Data are monthly. There are two series, "Delinquency Rate on consumer loans (right scale)" and "Delinquency rate on prime mortgages (left scale)." Delinquency rate on consumer loans begins at about 3.6 and generally decreases to about 2.8 in late 2005. It generally increases to about 5.2 in early 2009 then generally decreases ending at about 4.2 in 2010:Q3. Delinquency rate on prime mortgages begins at about 1.5 and remains about constant until late 2007. It generally increases to about 6.5 in early 2010 then generally decreases ending at about 6 in October 2010.

Note: For mortgage delinquency rate, percent of loans 90 or more days past due or in foreclosure.

Source: For mortgage rate, LPS Applied Analytics; for consumer rate, Call Report.

Foreign Developments

Figure: Nominal Trade-Weighted Dollar Indexes

Line chart, 2007 to 2010. Unit are indexes, January 1, 2007 = 100. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. There are three series, "Broad," "Major," and "OITP." Broad begins at about 100 and generally decreases to about 90 in 2008:Q3. It fluctuates but generally increases to about 107 in 2009: Q1 then generally decreases to about 93 in 2009: Q4. It generally increases to about 100 in 2010: Q2 then generally decreases to about 90 in 2010: Q3. It generally increases ending at about 95.

Source: Federal Reserve Board and Bloomberg.

Figure: Bilateral Exchange Rates

Line chart, 2007 to 2010. Unit are indexes, foreign currency per dollar, January 1, 2007 = 100. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled Dec. 7. There are four series, "Euro," "Yen," "Swiss franc," and "British pound." Euro begins at about 100 and generally decreases to about 80 in 2008:Q1. It generally increases to about 100 in 2009:Q1 then generally decreases to about 85 in 2009:Q4. It generally increases to about 110 in 2010:Q2 then generally decreases to about 95 in 2010:Q4. It generally increases ending at about 100. Yen begins at about 100 and generally decreases to about 80 in 2008:Q1. It generally increases to about 90 in 2008:Q3 then generally decreases to about 75 in 2009:Q1. It generally increases to about 80 in 2009:Q2 then generally decreases ending at about 70. Swiss franc begins at about 100 and generally decreases to about 80 in 2008:Q1. It generally increases to about 100 in 2008:Q4 then generally decreases to about 80 in 2009:Q4. It generally increases to about 95 in 2010:Q2 then generally decreases ending at about 80. British pound begins at about 100 and fluctuates but remains about constant until 2008:Q2. It generally increases to about 140 in 2009:Q1 then generally decreases to about 120 in 2009:Q2. It generally increases to about 140 in 2010:Q2 then generally decreases ending at about 120.

Source: Federal Reserve Bank of New York.

Figure: Euro-Area 10-Year Government Bond Spreads

Line Chart, 2007 to 2010. Unit is percentage points. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. 0 on the scale is marked by a horizontal line. The end of the timeline is labeled Dec. 7. There are three series, "Greece," "Spain," and "Iceland." Greece begins at about 0 and remains about constant until 2008:Q2. It generally increases to about 3 in 2009:Q1 then generally decreases to about 1 in 2009:Q3. It generally increases to about 10 in 2010:Q1 then generally decreases to about 4 in 2010:Q2. It generally increases ending at about 9. Spain begins at about 0 and remains about constant until 2008:Q4. It generally increases to about 1 in 2009:Q1 then generally decreases to about .5 in 2009:Q2. It remains about constant until 2010:Q1 then generally increases ending at about 3. Ireland begins at about 0 and remains about constant until 2008:Q1. It generally increases to about 3 in 2009:Q1 then generally decreases to about 1 in 2010:Q1. It generally increases ending at about 7.

Note: Spread over German bunds.

Source: Bloomberg.

Figure: Nominal 10-Year Government Bond Yields

Line chart, 2007 to 2010. Unit is percent. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled Dec. 7. There are three series, "Germany," "United Kingdom," and "Japan." Germany begins at about 4 and generally increases to about 4.5 in 2007:Q2. It generally decreases to about 3.5 in 2008:Q1 then generally increases to about 4.5 in 2008:Q3. It generally decreases to about 3 in 2009:Q1 then generally increases to about 3.75 in 2009:Q2. It generally decreases to about 2 in 2010:Q3 then generally increases ending at about 3. United Kingdom begins at about 5 and generally increases to about 5.5 in 2007:Q3. It generally decreases to about 4.5 in 2008:Q2 and generally increases to about 5.25 in 2008:Q3. It generally decreases to about 3 in 2009:Q1 then generally increases to about 4 in 2010:Q1. It generally decreases to about 3 in 2010:Q3 then generally increases ending at about 3.5. Japan begins at about 2 and fluctuates but generally decreases ending at about 1.

Source: Bloomberg.

Figure: Stock Price Indexes

Line chart, 2007 to 2010. Unit are indexes, January 1, 2007 = 100. Data are daily. The November 2010 FOMC meeting is marked by a vertical line. The end of the timeline is labeled Dec. 7. There are four series, "DJ Euro," "Topix," "FTSE," and "MSCI Emerging Markets." DJ Euro begins at about 100 and generally increases to about 110 in 2007:Q3. It generally decreases to about 40 in 2009:Q1 then generally increases ending at about 70. Topix begins at about 100 and generally increases to about 110 in 2007:Q3. It generally decreases to about 40 in 2010:Q1 then generally increases to about 60 in 2010:Q2. It generally decreases ending at about 50. FTSE begins at about 100 and remains about constant until 2007:Q4. It fluctuates but generally decreases to about 60 in 2009:Q1. It generally increases ending at about 90. MSCI Emerging Markets begins at about 100 and generally increases to about 150 in 2007:Q4. It generally decreases to about 60 in 2009:Q1 then generally increases ending at about 120.

Source: Bloomberg.

Figure: Foreign Net Purchases of U.S. Treasury Securities

Bar chart, 2007 to 2010. Unit is billions of dollars, annual rate. There are two series, "Official" and "Private." Approximate values are: 2007: Official 100, Private 75. 2008: Official 550, Private 200. 2009: Official 100, Private 25. 2010:H1: Official 200, Private 400. 2010:Q3: Official 750, Private: 300. 2010 October: Official: 850, Private -300.

Source: Treasury International Capital data adjusted for staff estimates.

Commercial Banking and Money

Figure: Bank Credit

Line chart, 2007 to 2010. Unit is an index, January 2008 = 100. Data are monthly average. The ends of the series are labeled Nov. There are two series, "Securities" and "Total loans." Securities begins at about 95 and fluctuates but generally increases ending at about 117. Total Loans begins at about 90 and generally increases to about 103 in late 2008. It generally decreases ending at about 85.

Note: The data have been adjusted to remove the estimated effects of marking certain securities to market (FAS 115); the initial consolidations of assets under FIN 46, FAS 166, and FAS 167; and nonbank structure activity of \$5 billion or more.

Source: Federal Reserve Board.

Figure: Weighted-Average C&I Loan Rate Spread

Line chart, 1998 to 2010. Unit is basis points. Data are quarterly. The end of the timeline is marked Q4. The series begins at about 150 and fluctuates but generally increases to about 185 in late 2002. It generally decreases to about 130 in late 2005 and remains about constant until late 2008. It generally increases ending at about 240.

Note: The rate on C&I loans of less than \$25 million over a market interest rate on an instrument of comparable maturity, adjusted for changes in nonprice loan characteristics.

Source: Survey of Terms of Business Lending.

Figure: Return on Assets, by Bank Size

Line chart, 1986 to 2010. Unit is percent. Data are quarterly, s.a.a.r. 0 on the scale is marked by a horizontal line. The end of the timeline is labeled Q3. There are two series, "Banks in top 5 BHCs" and "All other banks." Banks in top 5 BHCs begins at about .75 and generally decreases to about -.5 in early 1987. It generally increases to about 2 in early 1988 then generally decreases to about -2 in early 1990. It generally increases to about 1 in late 1993 then fluctuates but remains about constant until mid-2006. It generally decreases to about 0 in late 2008 then generally increases ending at about .5. All other banks begins at about 1 and generally decreases to about -1 in early 1987. It generally increases to about 1 in early 2007 then generally decreases to about -2 in late 2008. It generally increases ending at about .5.

Source: Call Report.

Figure: Provisions and Charge-Offs

Line chart, 1986 to 2010. Unit is percent of total loans. Data are quarterly, s.a.a.r. The end of the timeline is labeled Q3. There are two series, "Loan loss provisions" and "Charge-offs." Loan loss provisions begins at about 1 and generally increases to about 5.5 in early 1987. It generally decreases to about 1 in mid-1987 then generally increases to about 2.5 in late 1989. It generally decreases to about .5 in late 1994 then generally increases to about 1 in late 2001. It generally decreases to about .5 in early 2006 then generally increases to about 4 in early 2009. It generally decreases ending at about 2. Charge-offs begins at about 1 and generally increases to about 2 in mid-1991. It generally decreases to about .5 in late 1994 then generally increases to about 1 in late 2001. It generally decreases to about .5 in early 2006 then generally increases to about 3 in early 2009. It generally decreases ending at about 2.5.

Source: Call Report.

Growth of M2 and Its Components

Percent, s.a.a.r.

	M2	Liquid deposits	Small time deposits	RMMF	Curr.
2008	8.6	6.9	12.4	13.7	5.8
2009					
H1	7.6	16.4	-6.1	-15.4	10.8
H2	2.4	16.5	-26.4	-31.0	2.9
2010					
H1	.9	8.8	-22.3	-22.3	4.2
Q3	4.6	10.3	-19.9	-5.9	5.7
Oct.	8.0	16.8	-30.3	-16.6	10.5
Nov. (e)	5.1	12.6	-30.4	-17.0	9.9

Note: RMMF are retail money market mutual funds.

e Estimate. [Return to table](#)

Source: Federal Reserve Board.

Figure: Interest Rates on Selected Components of M2

Line chart, 2008 to 2010. Unit is percent. Data are monthly. The end of the timeline is labeled Nov. (estimate). There are three series, "Retail Money Market Mutual Funds," "Small time deposits," and "Liquid deposits." Retail money market mutual funds begins at about 3.5 and generally decreases to about 1.5 in mid-2008. It remains about constant until late 2008 then generally decreases to about 0 in early 2009. It remains about constant to the end of the timeline. Small time deposits begins at about 3 and generally decreases to about 1.75 in mid-2008. It generally increases to about 2 in late 2008 then generally decreases ending at about .25. Liquid deposits begins at about 2 and generally decreases to about 1 in mid-2008. It generally increases to about 1.5 in mid-2008 then generally decreases ending at about .5.

Source: Federal Reserve Board.

[Box:] Balance Sheet Developments over the Intermeeting Period

Federal Reserve Balance Sheet

Billions of dollars

	Change since last FOMC	Current (12/06/10)	Maximum level	Date of maximum level
Total assets	72	2,375	2,375	12/06/10
Selected assets:				
Liquidity programs for financial firms	-0	+0	677	11/06/08
Primary, secondary, and seasonal credit	-0	+0	114	10/28/08
Foreign central bank liquidity swaps	+0	+0	586	12/04/08
Term Asset-Backed Securities Loan Facility (TALF)	-2	25	49	03/11/10
Support for specific institutions	-0	113	121	05/05/10
Credit extended to AIG, net	2	21	91	10/27/08
Preferred interests in AIA Aurora LLC and ALICO Holdings LLC	0	26	26	12/06/10
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	-2	67	75	12/30/08
Securities held outright*	69	2,112	2,112	12/06/10
U.S. Treasury securities	99	941	941	12/06/10
Agency debt securities	-2	148	169	03/11/10
Agency mortgage-backed securities	-28	1,023	1,129	06/14/10
Total liabilities	74	2,318	2,318	12/06/10
Selected liabilities:				
Federal Reserve notes in circulation	9	935	937	11/24/10
Reverse repurchase agreements	-6	50	110	10/14/08
Foreign official and international accounts	-6	50	92	12/22/08
Others	0	+0	26	09/26/08
Reserve balances of depository institutions	93	1,060	1,249	02/24/10
Term deposits held by depository institutions	-0	5	5	11/03/10
U.S. Treasury, general account	-36	19	187	12/31/09
U.S. Treasury, supplementary financing account	-0	200	559	10/22/08
Funds from AIG asset dispositions, held as agent	13	27	27	12/06/10
Other deposits	-0	+0	81	03/12/10
Total capital	-1	57	60	08/03/10

Note: +0 (-0) denotes positive (negative) value rounded to zero. [Return to table](#)

* Par value. [Return to table](#)

† Note: Data values for figures are rounded and may not sum to totals. [Return to text](#)

Last update: January 29, 2016

Risks and Uncertainty

Alternative Scenarios

(Percent change, annual rate, from end of preceding period except as noted)

Measure and scenario	2010 H2	2011	2012	2013	2014- 15
<i>Real GDP</i>					
Extended Tealbook baseline	2.6	3.7	4.4	4.7	4.1
Stronger recovery	3.0	5.2	5.3	4.1	3.4
Weaker recovery	2.5	2.2	2.9	4.1	5.3
Greater disinflation	2.6	3.6	4.0	4.3	4.8
Higher inflation	2.6	3.4	3.8	4.0	3.9
Mild European recession	2.6	3.4	4.1	4.8	4.2
Severe European recession	2.6	2.5	3.4	4.9	4.5
<i>Unemployment rate¹</i>					
Extended Tealbook baseline	9.7	8.9	8.0	7.1	5.3
Stronger recovery	9.7	8.3	6.9	6.1	5.2
Weaker recovery	9.7	9.4	9.4	9.0	6.1
Greater disinflation	9.7	8.9	8.2	7.5	5.2
Higher inflation	9.7	9.0	8.4	7.8	6.3
Mild European recession	9.7	9.0	8.3	7.4	5.5
Severe European recession	9.7	9.3	8.9	8.0	5.9
<i>Core PCE inflation</i>					
Extended Tealbook baseline	.7	.9	.9	1.1	1.4
Stronger recovery	.7	.9	1.1	1.4	1.8
Weaker recovery	.7	.9	.6	.5	.7
Greater disinflation	.7	.5	.0	-.2	-.3
Higher inflation	.8	1.4	2.2	2.8	3.0
Mild European recession	.7	.7	.7	1.0	1.4
Severe European recession	.7	.3	.3	.9	1.4
<i>Federal funds rate¹</i>					
Extended Tealbook baseline	.2	.1	.1	1.3	4.1
Stronger recovery	.2	.3	1.8	2.9	4.5
Weaker recovery	.2	.1	.1	.1	2.5
Greater disinflation	.2	.1	.1	.1	1.9
Higher inflation	.2	.1	.5	2.5	5.4
Mild European recession	.2	.1	.1	1.1	3.9
Severe European recession	.2	.1	.1	.6	3.6

1. Percent, average for the final quarter of the period. [Return to table](#)

Figure: Real GDP

Line chart, 2008 to 2015. Unit is 4-quarter Percent Change. 0 on the scale is marked by a horizontal line. There are seven series, "Extended Tealbook baseline," "Stronger Recovery," "Weaker Recovery," "Greater Disinflation," "Higher Inflation," "Mild European Recession," and "Severe European Recession." Extended Tealbook Baseline begins at about 2 and generally decreases to about -4 in 2009:Q2. It generally increases to about 3.5 in 2010:Q3 then generally decreases to about 2.5 in 2011: Q2. It generally increases to about 5 in 2014:Q3 then generally decreases ending at about 3.5. Stronger recovery begins at about 3 in 2010 and generally increases to about 5.5 in 2012:Q3. It generally decreases ending at about 3. Weaker recovery begins at about 3 in 2010 and generally increases to about 6 in 2015:Q1. It generally decreases ending at about 5. Greater Disinflation begins at about 3 in 2010 and generally increases to about 5 in 2015:Q1. It generally decreases ending at about 4.5. Higher Inflation begins at about 3 in 2010 and generally increases to about 4 in 2014:Q3. It generally decreases ending at about 3.5. Mild European Recession begins at about 3 in 2010 and generally increases to about 5 in 2014:Q4. It generally decreases ending at about 3.5. Severe European Recession begins at about 3 in 2010 and generally decreases to about 2.5 in 2012:Q2. It generally increases to about 5.5 in 2014:Q3 then generally decreases ending at about 4. 70 percent interval is presented as a dark shaded area that begins at about 3 in 2010 then generally decreases to a range of about [2, 3] in 2011:Q2. It generally increases to about [2.5, 6.5] in 20112:Q3 then generally decreases to about [2, 6] in 2013:Q4. It generally increases to about [2.5, 7] in 2014:Q4 then generally decreases ending at about [1, 6]. 90 Percent interval is presented as a light shaded area that begins at about 3 in 2010 and generally decreases to a range of about [1.5, 3]. It generally increases to about [1, 8.5] in 2014:Q4 then generally decreases ending at about [-.5, 7.5].

Figure: Unemployment Rate

Line chart, 2008 to 2015. Unit is percent. There are seven series, "Extended Tealbook baseline," "Stronger Recovery," "Weaker Recovery," "Greater Disinflation," "Higher Inflation," "Mild European Recession," and "Severe European Recession." Extended Tealbook Baseline begins at about 5.0 and generally increases to about 1.0 in 1009:Q4. It generally decreases ending at about 5.25. Stronger Recovery begins at about 9.75 in 2010 and generally decreases ending at about 5.0. Weaker Recovery begins at about 9.75 in 2010 and generally decreases ending at about 6.25. Greater Disinflation begins at about 9.75 in 2010 and generally decreases ending at about 5.25. Higher Inflation begins at about 9.75 in 2010 and generally decreases ending at about 6.5. Mild European Recession begins at about 9.75 in 2010 and generally decreases ending at about 5.5. Severe European recession begins at about 9.75 in 2010 and generally decreases ending at about 5.75. 70-percent interval is presented as a dark shaded area that begins at about 9.75 in 2010 and generally decreases ending at a range of about [4.25, 6.75]. 90-percent interval is presented as a light shaded area that begins at about 9.75 in 2010 and generally decreases ending at a range of about [3.5, 7.5].

Figure: PCE Prices excluding Food and Energy

Line chart, 2008 to 2015. Unit is 4-quarter Percent Change. 0 on the scale is marked by a horizontal line. There are seven series, "Extended Tealbook baseline," "Stronger Recovery," "Weaker Recovery," "Greater Disinflation," "Higher Inflation," "Mild European Recession," and "Severe European Recession." Extended Tealbook Baseline begins at about 2.25 and generally increases to about 2.5 in 2008:Q4. It generally decreases to about 1.25 in 2009:Q3 then generally increases to about 1.75 in 2010:Q1. It generally decreases to about .75 in 2011:Q2 then generally increases ending at about 1.5. Stronger Recovery begins at about 1.25 in 2010 and generally increases ending at about 2.0. Weaker recovery begins at about 1.25 in 2010 and generally decreases to about 0.5 in 2014:Q1. It generally increases ending at about 0.75. Greater disinflation begins at about 1.25 in 2010 and generally decreases to about -0.25 in 2014:Q3 then remains about constant to the end of the timeline. Higher inflation begins at about 1.25 in 2010 and generally increases to about 3.0 in 2014:Q4. It remains about constant to the end of the timeline. Mild European Recession begins at about 1.25 in 2010 and generally decreases to about .5 in 2012:Q2. It generally increases ending at about 1.5. Severe European Recession begins at about 1.25 in 2010 and generally decreases to about 0 in 2012:Q1. It generally increases ending at about 1.5. 70-percent interval is presented as a dark shaded area that begins at about 1.25 in 2010 and generally increases to a range of about [0.75, 2.5]. 90-percent interval is presented as a light shaded area that begins at about 1.25 in 2010 and generally decreases to a range of about [-0.5, 2.5] in 2013:Q3. It generally increases ending at about [0.0, 3.0].

Figure: Federal Funds Rate

Line chart, 2008 to 2015. Unit is percent. 0 on the scale is marked by a horizontal line. There are seven series, "Extended Tealbook baseline," "Stronger Recovery," "Weaker Recovery," "Greater Disinflation," "Higher Inflation," "Mild European Recession," and "Severe European Recession." Extended Tealbook Baseline begins at about 3 and generally decreases to about 0 in 2009:Q1. It remains about constant until 2012:Q4 then generally increases ending at about 4. Stronger Recovery begins at about 0 in 2010 and remains about constant until 2011:Q3. It generally increases ending at about 4.5. Weaker Recovery begins at about 0 in 2010 and remains about constant until 2014:Q2. It generally increases ending at about 2.5. Greater disinflation begins at about 0 in 2010 and remains about constant until 2014:Q2. It generally increases ending at about 2. Higher Inflation begins at about 0 in 2010 and remains about constant until 2012:Q3. It generally increases ending at about 5.5. Mild European Recession begins at about 0 in 2010 and remains about constant until 2013:Q1. It generally increases ending at about 4. Severe European Recession begins at about 0 in 2010 and remains about constant until 2013:Q2. It generally increases ending at about 4.5. 70-percent interval is presented as a dark shaded area that begins at about 0 and generally increases ending at a range of about [2, 7]. 90-percent interval is presented as a light shaded area that begins at about 0 in 2010 and generally increases ending at a range of about [0, 8].

Selected Tealbook Projections and 70 Percent Confidence Intervals Derived from Historical Tealbook Forecast Errors and FRB/US Simulations

Measure	2010	2011	2012	2013	2014	2015
Real GDP (percent change, Q4 to Q4)						

Projection	2.7	3.7	4.4	4.7	4.7	3.5
Confidence interval						
Tealbook forecast errors	2.1-3.2	2.0-5.5	2.7-6.2	...	...	...
FRB/US stochastic simulations	2.3-3.0	2.2-5.5	2.5-6.4	2.4-6.6	2.3-6.9	1.0-6.0
<i>Civilian unemployment rate (percent, Q4)</i>						
Projection	9.7	8.9	8.0	7.1	6.1	5.3
Confidence interval						
Tealbook forecast errors	9.6-9.8	8.2-9.6	6.9-9.1	...	...	...
FRB/US stochastic simulations	9.6-9.8	8.2-9.6	6.8-9.0	5.9-8.5	4.9-7.5	4.1-6.7
<i>PCE prices, total (percent change, Q4 to Q4)</i>						
Projection	1.2	1.1	.9	1.1	1.4	1.6
Confidence interval						
Tealbook forecast errors	1.0-1.4	-.2-2.3	-.4-2.2	...	...	...
FRB/US stochastic simulations	1.0-1.4	.2-2.2	-.2-2.1	.0-2.3	.2-2.6	.5-2.9
<i>PCE prices excluding food and energy (percent change, Q4 to Q4)</i>						
Projection	.9	.9	.9	1.1	1.3	1.5
Confidence interval						
Tealbook forecast errors	.7-1.1	.2-1.6	.1-1.7	...	...	...
FRB/US stochastic simulations	.8-1.1	.3-1.6	.1-1.8	.2-2.0	.4-2.3	.6-2.5
<i>Federal funds rate (percent, Q4)</i>						
Projection	.2	.1	.1	1.3	3.3	4.1
Confidence interval						
FRB/US stochastic simulations	.2-.2	.1-1.1	.1-2.2	.1-3.9	1.1-6.0	1.8-6.8

Note: Shocks underlying FRB/US stochastic simulations are randomly drawn from the 1969-2009 set of model equation residuals.

Intervals derived from Tealbook forecast errors are based on projections made from 1979-2009, except for PCE prices excluding food and energy, where the sample is 1981-2009.

... Not applicable. The Tealbook forecast horizon has typically extended about 2 years. [Return to table](#)

† Note: Data values for figures are rounded and may not sum to totals. [Return to text](#)

Last update: January 29, 2016

December 2010 Tealbook Book A Tables and Charts

Greensheets

Changes in GDP, Prices, and Unemployment

(Percent, annual rate except as noted)

Interval	Nominal GDP		Real GDP		PCE price index		Core PCE price index		Unemployment rate ¹	
	10/27/10	12/08/10	10/27/10	12/08/10	10/27/10	12/08/10	10/27/10	12/08/10	10/27/10	12/08/10
<i>Quarterly</i>										
2010: Q1	4.8	4.8	3.7	3.7	2.1	2.1	1.2	1.2	9.7	9.7
Q2	3.7	3.7	1.7	1.7	.0	.0	1.0	1.0	9.7	9.7
Q3	3.8	5.0	1.7	2.7	1.2	1.0	1.0	.8	9.6	9.6
Q4	2.8	2.8	2.4	2.5	1.9	1.8	1.1	.6	9.7	9.7
2011: Q1	4.0	4.6	2.7	3.4	1.3	1.6	1.1	1.0	9.5	9.5
Q2	4.5	4.5	3.4	3.5	1.1	1.0	1.0	.9	9.5	9.4
Q3	5.0	4.6	4.0	3.7	1.1	.9	1.0	.9	9.2	9.1
Q4	5.5	5.1	4.4	4.3	1.0	.7	1.0	.8	9.0	8.9
2012: Q1	6.0	5.5	4.6	4.3	1.1	.9	1.0	.9	8.8	8.8
Q2	6.0	5.6	4.7	4.4	1.1	.9	1.0	.9	8.6	8.6
Q3	6.0	5.6	4.8	4.5	1.1	.9	1.0	.9	8.2	8.3
Q4	6.0	5.6	4.8	4.5	1.1	.9	1.0	.9	7.9	8.0
<i>Two-quarter²</i>										
2010: Q2	4.3	4.3	2.7	2.7	1.0	1.0	1.1	1.1	-3	-3
Q4	3.3	3.9	2.0	2.6	1.5	1.4	1.0	.7	.0	.0
2011: Q2	4.2	4.5	3.1	3.5	1.2	1.3	1.1	1.0	-2	-3
Q4	5.2	4.9	4.2	4.0	1.1	.8	1.0	.8	-5	-5
2012: Q2	6.0	5.6	4.6	4.4	1.1	.9	1.0	.9	-4	-3
Q4	6.0	5.6	4.8	4.5	1.1	.9	1.0	.9	-7	-6
<i>Four-quarter³</i>										
2009:Q4	.6	.6	.2	.2	1.5	1.5	1.7	1.7	3.1	3.1
2010:Q4	3.8	4.1	2.4	2.7	1.3	1.2	1.1	.9	-3	-3
2011:Q4	4.7	4.7	3.6	3.7	1.1	1.1	1.0	.9	-7	-8
2012:Q4	6.0	5.6	4.7	4.4	1.1	.9	1.0	.9	-1.1	-9
<i>Annual</i>										
2009	-1.7	-1.7	-2.6	-2.6	.2	.2	1.5	1.5	9.3	9.3
2010	3.7	3.8	2.7	2.8	1.8	1.7	1.4	1.4	9.7	9.7
2011	4.0	4.3	2.9	3.2	1.2	1.2	1.1	.9	9.3	9.2
2012	5.7	5.3	4.5	4.3	1.1	.9	1.0	.9	8.4	8.4

1. Level, except for two-quarter and four-quarter intervals. [Return to table](#)

2. Percent change from two quarters earlier; for unemployment rate, change is in percentage points. [Return to table](#)

3. Percent change from four quarters earlier; for unemployment rate, change is in percentage points. [Return to table](#)

Changes in Real Gross Domestic Product and Related Items

(Percent, annual rate except as noted)

Item	2010				2011				2012				2010 ¹	2011 ¹	2012 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP	3.7	1.7	2.7	2.5	3.4	3.5	3.7	4.3	4.3	4.4	4.5	4.5	2.7	3.7	4.4
<i>Previous Tealbook</i>	3.7	1.7	1.7	2.4	2.7	3.4	4.0	4.4	4.6	4.7	4.8	4.8	2.4	3.6	4.7
Final sales	1.1	.9	1.2	4.2	3.3	3.8	4.0	4.4	3.9	4.0	4.0	4.5	1.8	3.9	4.1
<i>Previous Tealbook</i>	1.1	.9	.3	3.7	3.2	3.7	3.8	4.4	4.5	4.6	4.3	4.9	1.5	3.8	4.6
Priv. dom. final purch.	2.1	4.4	2.6	2.7	3.5	4.1	4.5	5.0	4.2	4.5	4.8	5.0	3.0	4.3	4.7
<i>Previous Tealbook</i>	2.1	4.4	1.9	2.1	3.0	3.9	4.2	5.0	5.0	5.3	5.3	5.6	2.6	4.0	5.3
Personal cons. expend.	1.9	2.2	2.8	2.7	3.2	3.3	3.5	4.0	3.7	3.9	4.2	4.2	2.4	3.5	4.0
<i>Previous Tealbook</i>	1.9	2.2	2.6	2.2	2.4	2.8	3.3	4.0	4.1	4.3	4.5	4.8	2.2	3.1	4.4
Durables	8.8	6.8	7.4	15.5	6.6	7.4	8.9	8.9	10.2	11.4	11.6	10.2	9.6	7.9	10.8
Nondurables	4.2	1.9	1.8	3.0	4.2	3.3	3.1	3.1	2.9	3.0	3.5	3.6	2.7	3.4	3.3
Services	.1	1.6	2.5	.7	2.4	2.6	2.8	3.5	2.9	3.0	3.3	3.5	1.2	2.8	3.2
Residential investment	-12.3	25.7	-27.8	-3.8	2.9	8.0	14.0	15.6	13.5	13.6	13.5	13.7	-6.5	10.0	13.6
<i>Previous Tealbook</i>	-12.3	25.7	-29.9	-4.7	13.5	27.2	22.3	23.3	18.4	17.5	16.0	16.1	-7.3	21.5	17.0
Business fixed invest.	7.8	17.2	10.1	4.0	5.9	9.1	9.1	9.8	5.9	7.2	7.3	8.1	9.7	8.5	7.1
<i>Previous Tealbook</i>	7.8	17.2	5.5	3.4	5.3	6.8	7.0	7.4	8.3	9.3	8.6	8.6	8.4	6.6	8.7
Equipment & software	20.4	24.8	16.1	5.8	9.4	12.7	12.6	13.3	8.5	10.0	9.8	10.6	16.6	12.0	9.7
<i>Previous Tealbook</i>	20.4	24.8	9.7	5.6	8.3	10.4	10.6	11.1	11.6	12.6	11.3	10.9	14.9	10.1	11.6
Nonres. structures	-17.8	-.5	-4.9	-.9	-3.5	-.7	-.7	-.5	-1.8	-1.3	-.4	.4	-6.3	-1.4	-.8
<i>Previous Tealbook</i>	-17.8	-.5	-5.1	-2.4	-2.8	-2.9	-3.1	-3.1	-1.1	-.6	.4	1.2	-6.7	-3.0	.0
Net exports ²	-338	-449	-506	-450	-441	-432	-426	-422	-413	-411	-418	-412	-436	-430	-413
<i>Previous Tealbook</i> ²	-338	-449	-499	-445	-425	-412	-405	-401	-393	-391	-400	-398	-433	-411	-395
Exports	11.4	9.1	6.2	8.2	8.3	8.4	8.1	8.2	8.3	8.1	8.0	8.1	8.7	8.3	8.1
Imports	11.2	33.5	16.5	-4.1	4.7	5.0	5.4	6.0	5.0	6.2	7.8	5.7	13.5	5.3	6.2
Gov't. cons. & invest.	-1.6	3.9	4.0	.9	.5	.6	.8	.8	.7	.8	.9	1.0	1.8	.7	.8
<i>Previous Tealbook</i>	-1.6	3.9	1.3	1.1	.4	.5	.8	.9	.8	.8	.8	1.0	1.2	.6	.9
Federal	1.8	9.1	8.9	2.1	1.1	1.0	1.1	1.0	.1	.2	.2	.2	5.4	1.0	.2
Defense	.4	7.4	8.5	2.5	.2	.0	.2	-.1	-.1	.0	.0	.0	4.6	.1	.0
Nondefense	5.0	12.8	9.5	1.4	2.9	3.1	3.1	3.1	.6	.6	.6	.6	7.1	3.0	.6
State & local	-3.8	.6	.8	.1	.1	.3	.5	.8	1.0	1.1	1.4	1.6	-.6	.4	1.3
Change in bus. inventories ²	44	69	116	66	69	62	53	50	65	81	98	99	74	58	86
<i>Previous Tealbook</i> ²	44	69	114	75	60	52	58	59	62	68	84	81	76	57	74
Nonfarm ²	37	61	110	62	66	59	49	47	61	78	95	96	68	55	83
Farm ²	8	8	6	4	4	4	4	4	4	4	4	4	6	4	4

1. Change from fourth quarter of previous year to fourth quarter of year indicated. [Return to table](#)

2. Billions of chained (2005) dollars. [Return to table](#)

Changes in Real Gross Domestic Product and Related Items

(Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise noted)

[illegible]

<i>Previous Tealbook</i>	2.8	2.7	2.8	2.5	-1.9	-.3	1.5	3.8	4.6
Priv. dom. final purch.	4.2	3.1	2.5	1.3	-3.8	-2.0	3.0	4.3	4.7
<i>Previous Tealbook</i>	4.2	3.1	2.5	1.3	-3.8	-2.0	2.6	4.0	5.3
Personal cons. expend.	3.5	2.7	3.3	1.7	-1.9	.2	2.4	3.5	4.0
<i>Previous Tealbook</i>	3.5	2.7	3.3	1.7	-1.9	.2	2.2	3.1	4.4
Durables	5.5	2.1	6.3	3.9	-12.3	4.8	9.6	7.9	10.8
Nondurables	3.0	3.3	3.2	.8	-2.9	1.1	2.7	3.4	3.3
Services	3.4	2.6	2.8	1.7	.3	-.8	1.2	2.8	3.2
Residential investment	6.6	5.3	-15.7	-20.7	-24.6	-13.4	-6.5	10.0	13.6
<i>Previous Tealbook</i>	6.6	5.3	-15.7	-20.7	-24.6	-13.4	-7.3	21.5	17.0
Business fixed invest.	7.0	4.4	7.8	8.2	-8.3	-12.7	9.7	8.5	7.1
<i>Previous Tealbook</i>	7.0	4.4	7.8	8.2	-8.3	-12.7	8.4	6.6	8.7
Equipment & software	8.8	6.1	6.0	4.3	-11.8	-4.9	16.6	12.0	9.7
<i>Previous Tealbook</i>	8.8	6.1	6.0	4.3	-11.8	-4.9	14.9	10.1	11.6
Nonres. structures	1.7	-.1	13.0	17.3	-1.5	-26.5	-6.3	-1.4	-.8
<i>Previous Tealbook</i>	1.7	-.1	13.0	17.3	-1.5	-26.5	-6.7	-3.0	.0
Net exports ¹	-688	-723	-729	-655	-504	-363	-436	-430	-413
<i>Previous Tealbook</i> ¹	-688	-723	-729	-655	-504	-363	-433	-411	-395
Exports	7.1	6.7	10.2	10.1	-2.9	-.1	8.7	8.3	8.1
Imports	10.9	5.2	4.1	.7	-6.0	-7.2	13.5	5.3	6.2
Gov't. cons. & invest.	.6	.7	1.5	1.9	3.1	.8	1.8	.7	.8
<i>Previous Tealbook</i>	.6	.7	1.5	1.9	3.1	.8	1.2	.6	.9
Federal	2.3	1.2	2.2	3.1	9.2	3.6	5.4	1.0	.2
Defense	2.4	.4	4.4	2.6	9.5	3.3	4.6	.1	.0
Nondefense	2.3	2.6	-2.3	4.2	8.5	4.5	7.1	3.0	.6
State & local	-.4	.4	1.2	1.2	-.4	-1.0	-.6	.4	1.3
Change in bus. inventories ¹	66	50	59	28	-38	-113	74	58	86
<i>Previous Tealbook</i> ¹	66	50	59	28	-38	-113	76	57	74
Nonfarm ¹	58	50	63	29	-39	-117	68	55	83
Farm ¹	8	0	-4	-1	1	3	6	4	4

1. Billions of chained (2005) dollars. [Return to table](#)

Contributions to Changes in Real Gross Domestic Product

(Percentage points, annual rate except as noted)

Item	2010				2011				2012				2010 ¹	2011 ¹	2012 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP	3.7	1.7	2.7	2.5	3.4	3.5	3.7	4.3	4.3	4.4	4.5	4.5	2.7	3.7	4.4
<i>Previous Tealbook</i>	3.7	1.7	1.7	2.4	2.7	3.4	4.0	4.4	4.6	4.7	4.8	4.8	2.4	3.6	4.7
Final sales	1.1	.9	1.2	4.1	3.3	3.7	4.0	4.4	3.9	4.0	4.0	4.5	1.8	3.9	4.1
<i>Previous Tealbook</i>	1.1	.9	.3	3.6	3.2	3.7	3.8	4.4	4.5	4.5	4.3	4.9	1.5	3.8	4.5
Priv. dom. final purch.	1.7	3.6	2.2	2.2	2.9	3.4	3.7	4.1	3.5	3.8	4.0	4.1	2.4	3.5	3.9
<i>Previous Tealbook</i>	1.7	3.6	1.5	1.8	2.5	3.2	3.5	4.1	4.1	4.3	4.4	4.6	2.2	3.3	4.4
Personal cons. expend.	1.3	1.5	2.0	1.9	2.3	2.3	2.5	2.8	2.6	2.7	3.0	3.0	1.7	2.5	2.8
<i>Previous Tealbook</i>	1.3	1.5	1.8	1.5	1.7	2.0	2.3	2.9	2.9	3.0	3.1	3.3	1.6	2.2	3.1
Durables	.6	.5	.5	1.1	.5	.5	.7	.7	.8	.8	.9	.8	.7	.6	.8

Nondurables	.7	.3	.3	.5	.7	.5	.5	.5	.5	.5	.6	.6	.4	.6	.5
Services	.0	.8	1.2	.4	1.1	1.2	1.3	1.7	1.4	1.4	1.5	1.6	.6	1.3	1.5
Residential investment	-.3	.6	-.8	-.1	.1	.2	.3	.3	.3	.3	.3	.3	-.2	.2	.3
<i>Previous Tealbook</i>	-.3	.6	-.8	-.1	.3	.6	.5	.5	.4	.4	.4	.4	-.2	.5	.4
Business fixed invest.	.7	1.5	.9	.4	.6	.9	.9	1.0	.6	.7	.7	.8	.9	.8	.7
<i>Previous Tealbook</i>	.7	1.5	.5	.3	.5	.6	.7	.7	.8	.9	.8	.8	.8	.6	.9
Equipment & software	1.2	1.5	1.1	.4	.7	.9	.9	1.0	.6	.8	.7	.8	1.1	.9	.7
<i>Previous Tealbook</i>	1.2	1.5	.7	.4	.6	.7	.8	.8	.8	.9	.8	.8	1.0	.7	.9
Nonres. structures	-.5	.0	-.1	.0	-.1	.0	.0	.0	.0	.0	.0	.0	-.2	.0	.0
<i>Previous Tealbook</i>	-.5	.0	-.1	-.1	-.1	-.1	-.1	-.1	.0	.0	.0	.0	-.2	-.1	.0
Net exports	-.3	-3.5	-1.7	1.7	.3	.2	.1	.1	.3	.0	-.2	.1	-1.0	.2	.0
<i>Previous Tealbook</i>	-.3	-3.5	-1.5	1.6	.6	.4	.2	.1	.2	.0	-.3	.0	-.9	.3	.0
Exports	1.3	1.1	.8	1.0	1.0	1.1	1.0	1.1	1.1	1.1	1.1	1.1	1.0	1.1	1.1
Imports	-1.6	-4.6	-2.5	.7	-.8	-.8	-.9	-1.0	-.8	-1.0	-1.3	-1.0	-2.0	-.9	-1.1
Gov't. cons. & invest.	-.3	.8	.8	.2	.1	.1	.2	.2	.1	.2	.2	.2	.4	.1	.2
<i>Previous Tealbook</i>	-.3	.8	.3	.2	.1	.1	.2	.2	.2	.2	.2	.2	.2	.1	.2
Federal	.2	.7	.7	.2	.1	.1	.1	.1	.0	.0	.0	.0	.4	.1	.0
Defense	.0	.4	.5	.1	.0	.0	.0	.0	.0	.0	.0	.0	.3	.0	.0
Nondefense	.1	.3	.2	.0	.1	.1	.1	.1	.0	.0	.0	.0	.2	.1	.0
State & local	-.5	.1	.1	.0	.0	.0	.1	.1	.1	.1	.2	.2	-.1	.0	.2
Change in bus. inventories	2.6	.8	1.5	-1.6	.1	-.2	-.3	-.1	.4	.5	.5	.0	.8	-.1	.4
<i>Previous Tealbook</i>	2.6	.8	1.4	-1.3	-.5	-.2	.2	.0	.1	.2	.5	-.1	.9	-.1	.2
Nonfarm	2.6	.8	1.5	-1.5	.1	-.2	-.3	-.1	.4	.5	.5	.0	.8	-.1	.4
Farm	.1	.0	-.1	-.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

1. Change from fourth quarter of previous year to fourth quarter of year indicated. [Return to table](#)

Changes in Prices and Costs

(Percent, annual rate except as noted)

Item	2010				2011				2012				2010 ¹ 2011 ¹ 2012 ¹		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP chain-wt. price index	1.0	1.9	2.3	.2	1.2	.9	.8	.8	1.1	1.1	1.1	1.1	1.4	.9	1.1
<i>Previous Tealbook</i>	1.0	1.9	2.1	.4	1.2	1.1	1.0	1.0	1.3	1.2	1.2	1.2	1.3	1.1	1.2
PCE chain-wt. price index	2.1	.0	1.0	1.8	1.6	1.0	.9	.7	.9	.9	.9	.9	1.2	1.1	.9
<i>Previous Tealbook</i>	2.1	.0	1.2	1.9	1.3	1.1	1.1	1.0	1.1	1.1	1.1	1.1	1.3	1.1	1.1
Energy	16.4	-17.5	5.6	23.0	11.7	2.5	1.2	.4	.1	-.3	.0	.3	5.7	3.8	.0
<i>Previous Tealbook</i>	16.4	-17.5	5.2	15.6	5.2	3.6	2.2	1.8	1.8	1.2	1.1	1.1	4.0	3.2	1.3
Food	1.8	1.6	.3	1.8	1.6	1.2	.9	.8	1.0	1.1	1.2	1.2	1.4	1.1	1.1
<i>Previous Tealbook</i>	1.8	1.6	.2	1.7	1.1	.9	.9	.9	1.0	1.1	1.2	1.3	1.3	1.0	1.1
Ex. food & energy	1.2	1.0	.8	.6	1.0	.9	.9	.8	.9	.9	.9	.9	.9	.9	.9
<i>Previous Tealbook</i>	1.2	1.0	1.0	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0
CPI	1.5	-.7	1.5	2.2	1.8	1.1	1.0	.9	.9	.9	.9	1.0	1.1	1.2	.9
<i>Previous Tealbook</i>	1.5	-.7	1.5	2.1	1.4	1.2	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.2	1.1
Ex. food & energy	.0	.9	1.2	.3	.9	.9	.9	.9	.9	1.0	1.0	1.1	.6	.9	1.0
<i>Previous Tealbook</i>	.0	.9	1.2	.9	1.1	1.0	1.0	1.0	1.0	1.1	1.1	1.2	.7	1.0	1.1
ECI, hourly compensation ²	2.6	1.8	1.8	2.0	2.3	2.1	2.0	2.1	2.5	2.2	2.2	2.2	2.0	2.1	2.3
<i>Previous Tealbook</i> ²	2.6	1.8	1.8	1.8	2.2	2.0	2.0	2.0	2.4	2.2	2.1	2.1	2.0	2.1	2.2

Nonfarm business sector															
Output per hour	3.9	-1.8	2.5	.9	2.0	1.2	1.3	2.1	2.1	2.1	2.1	2.1	1.3	1.7	2.1
<i>Previous Tealbook</i>	3.9	-1.9	2.0	2.0	1.2	1.2	1.6	1.9	2.1	2.0	2.0	1.9	1.5	1.5	2.0
Compensation per hour	-9	2.9	2.2	2.1	2.4	1.8	1.7	1.7	2.3	2.0	2.0	2.1	1.6	1.9	2.1
<i>Previous Tealbook</i>	-9	-6	2.1	1.8	2.4	1.8	1.7	1.7	2.3	2.0	2.0	2.1	.6	1.9	2.1
Unit labor costs	-4.6	4.9	-.3	1.2	.4	.6	.4	-.4	.2	-.1	-.1	.0	.2	.2	.0
<i>Previous Tealbook</i>	-4.6	1.3	.1	-.2	1.2	.6	.1	-.2	.2	.0	.0	.2	-.9	.4	.1
Core goods imports chain-wt. price index ³	4.2	3.1	-.4	5.2	4.7	2.2	1.8	1.2	1.3	1.4	1.4	1.4	3.0	2.5	1.4
<i>Previous Tealbook</i> ³	4.2	3.1	2.1	4.8	4.0	1.9	1.6	1.1	1.2	1.3	1.3	1.3	3.5	2.1	1.3

1. Change from fourth quarter of previous year to fourth quarter of year indicated. [Return to table](#)

2. Private-industry workers. [Return to table](#)

3. Core goods imports exclude computers, semiconductors, oil, and natural gas. [Return to table](#)

Changes in Prices and Costs

(Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise noted)

Item	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP chain-wt. price index	3.2	3.5	2.9	2.6	2.1	.5	1.4	.9	1.1
<i>Previous Tealbook</i>	3.2	3.5	2.9	2.6	2.1	.5	1.3	1.1	1.2
PCE chain-wt. price index	3.0	3.3	1.9	3.5	1.7	1.5	1.2	1.1	.9
<i>Previous Tealbook</i>	3.0	3.3	1.9	3.5	1.7	1.5	1.3	1.1	1.1
Energy	18.6	21.5	-3.7	19.4	-9.0	2.7	5.7	3.8	.0
<i>Previous Tealbook</i>	18.6	21.5	-3.7	19.4	-9.0	2.7	4.0	3.2	1.3
Food	2.7	1.5	1.7	4.8	6.9	-1.6	1.4	1.1	1.1
<i>Previous Tealbook</i>	2.7	1.5	1.7	4.8	6.9	-1.6	1.3	1.0	1.1
Ex. food & energy	2.2	2.3	2.3	2.4	2.0	1.7	.9	.9	.9
<i>Previous Tealbook</i>	2.2	2.3	2.3	2.4	2.0	1.7	1.1	1.0	1.0
CPI	3.4	3.7	1.9	4.0	1.6	1.5	1.1	1.2	.9
<i>Previous Tealbook</i>	3.4	3.7	1.9	4.0	1.6	1.5	1.1	1.2	1.1
Ex. food & energy	2.2	2.1	2.7	2.3	2.0	1.7	.6	.9	1.0
<i>Previous Tealbook</i>	2.2	2.1	2.7	2.3	2.0	1.7	.7	1.0	1.1
ECI, hourly compensation ¹	3.8	2.9	3.2	3.0	2.4	1.2	2.0	2.1	2.3
<i>Previous Tealbook</i> ¹	3.8	2.9	3.2	3.0	2.4	1.2	2.0	2.1	2.2
Nonfarm business sector									
Output per hour	1.5	1.4	.9	2.6	-.4	6.2	1.3	1.7	2.1
<i>Previous Tealbook</i>	1.5	1.4	.9	2.6	-.4	6.2	1.5	1.5	2.0
Compensation per hour	3.3	3.5	4.5	3.6	2.3	2.5	1.6	1.9	2.1
<i>Previous Tealbook</i>	3.3	3.5	4.5	3.6	2.3	2.5	.6	1.9	2.1
Unit labor costs	1.9	2.0	3.5	.9	2.7	-3.5	.2	.2	.0
<i>Previous Tealbook</i>	1.9	2.0	3.5	.9	2.7	-3.5	-.9	.4	.1
Core goods imports chain-wt. price index ²	3.6	2.2	2.5	2.9	3.5	-1.9	3.0	2.5	1.4
<i>Previous Tealbook</i> ²	3.6	2.2	2.5	2.9	3.5	-1.9	3.5	2.1	1.3

1. Private-industry workers. [Return to table](#)

2. Core goods imports exclude computers, semiconductors, oil, and natural gas. [Return to table](#)

Other Macroeconomic Indicators

2010

2011

2012

Item	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2010 ¹	2011 ¹	2012 ¹
Employment and production															
Nonfarm payroll employment ²	.1	.7	.0	.2	.4	.7	.8	.8	.8	.8	.9	.9	.9	2.7	3.5
Unemployment rate ³	9.7	9.7	9.6	9.7	9.5	9.4	9.1	8.9	8.8	8.6	8.3	8.0	9.7	8.9	8.0
Previous Tealbook ³	9.7	9.7	9.6	9.7	9.5	9.5	9.2	9.0	8.8	8.6	8.2	7.9	9.7	9.0	7.9
NAIRU ³	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Previous Tealbook ³	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
GDP gap ⁴	-6.4	-6.6	-6.6	-6.6	-6.4	-6.1	-5.9	-5.5	-5.1	-4.6	-4.2	-3.7	-6.6	-5.5	-3.7
Previous Tealbook ⁴	-6.4	-6.6	-6.8	-6.8	-6.8	-6.6	-6.2	-5.8	-5.3	-4.8	-4.3	-3.8	-6.8	-5.8	-3.8
Industrial production ⁵	7.1	7.1	5.2	1.8	5.9	3.5	3.7	3.5	3.8	4.8	4.8	4.2	5.3	4.1	4.4
Previous Tealbook ⁵	7.1	7.0	4.8	-1.5	3.5	4.0	4.7	4.5	5.0	5.6	5.5	4.8	4.3	4.2	5.2
Manufacturing industr. prod. ⁵	6.2	9.3	3.7	3.8	5.4	3.7	4.2	4.3	4.4	5.7	5.5	4.7	5.7	4.4	5.1
Previous Tealbook ⁵	6.2	9.1	3.6	-.7	2.8	4.9	5.8	5.5	6.0	6.6	6.4	5.6	4.5	4.7	6.1
Capacity utilization rate - mfg. ³	70.0	71.6	72.3	72.9	73.7	74.2	74.8	75.5	76.0	76.8	77.6	78.2	72.9	75.5	78.2
Previous Tealbook ³	70.0	71.6	72.2	72.0	72.5	73.3	74.3	75.3	76.2	77.2	78.2	79.1	72.0	75.3	79.1
Housing starts ⁶	.6	.6	.6	.5	.6	.7	.7	.8	.8	.9	.9	1.0	.6	.7	.9
Light motor vehicle sales ⁶	11.0	11.3	11.6	12.2	12.3	12.6	13.1	13.5	14.0	14.7	15.3	15.8	11.5	12.9	15.0
Income and saving															
Nominal GDP ⁵	4.8	3.7	5.0	2.8	4.6	4.5	4.6	5.1	5.5	5.6	5.6	5.6	4.1	4.7	5.6
Real disposable pers. income ⁵	1.3	5.6	.9	1.5	5.2	3.3	3.7	4.1	.1	4.3	3.9	4.3	2.3	4.1	3.1
Previous Tealbook ⁵	1.3	4.4	1.0	.6	1.9	3.1	3.2	3.9	3.7	4.3	4.0	4.4	1.8	3.0	4.1
Personal saving rate ³	5.5	6.2	5.8	5.6	6.1	6.1	6.2	6.2	5.4	5.4	5.3	5.3	5.6	6.2	5.3
Previous Tealbook ³	5.5	5.9	5.7	5.4	5.3	5.3	5.3	5.3	5.2	5.2	5.1	5.0	5.4	5.3	5.0
Corporate profits ⁷	48.9	12.7	11.6	8.7	6.5	3.2	3.6	5.0	3.3	5.7	6.6	4.0	19.4	4.6	4.9
Profit share of GNP ³	10.7	10.9	11.1	11.3	11.3	11.3	11.3	11.3	11.2	11.2	11.2	11.2	11.3	11.3	11.2
Net federal saving ⁸	-1,314	-1,337	-1,338	-1,317	-1,417	-1,365	-1,344	-1,327	-1,141	-1,111	-1,086	-1,064	-1,326	-1,363	-1,100
Net state & local saving ⁸	29	16	50	45	46	34	26	22	32	39	49	52	35	32	43
Gross national saving rate ³	11.1	11.7	11.6	11.8	11.9	12.2	12.3	12.5	12.7	13.0	13.2	13.3	11.8	12.5	13.3
Net national saving rate ³	-1.8	-1.1	-.9	-.7	-.5	-.2	.0	.2	.4	.8	1.0	1.2	-.7	.2	1.2

Other Macroeconomic Indicators

[illegible]

	-1416	-1294	-1389	-1074	-329	-287	-290	-384	-451	-236	-318	-368	-403	-114	-188	-317
<i>Previous Tealbook</i>	-1416	-1294	-1337	-1026	-329	-287	-290	-412	-470	-186	-269	-319	-403	-115	-189	-319
On-budget	-1553	-1371	-1417	-1158	-359	-351	-267	-426	-427	-278	-286	-395	-403	-184	-176	-370
Off-budget	137	77	27	85	30	64	-23	42	-24	42	-32	27	-1	70	-12	54
Means of financing																
Borrowing	1743	1474	1418	1094	478	344	390	373	516	216	313	358	393	139	203	307
Cash decrease	96	-35	60	0	-25	-71	-20	10	29	11	10	15	15	-20	-10	15
Other ²	-424	-145	-88	-20	-124	14	-80	1	-94	10	-5	-5	-5	-5	-5	-5
Cash operating balance, end of period	275	310	250	250	219	290	310	300	270	260	250	235	220	240	250	235
NIPA federal sector					Seasonally adjusted annual rates											
Receipts	2261	2335	2438	2706	2323	2365	2422	2453	2397	2433	2470	2508	2729	2771	2817	2860
Expenditures	3355	3660	3799	3873	3637	3701	3760	3769	3814	3798	3815	3835	3870	3883	3903	3923
Consumption expenditures	977	1030	1088	1119	1017	1038	1062	1072	1086	1093	1101	1108	1118	1123	1128	1133
Defense	659	691	726	742	684	695	711	718	726	729	732	734	741	744	747	749
Nondefense	318	339	362	378	333	343	351	354	360	364	369	374	377	379	381	383
Other spending	2378	2630	2711	2753	2620	2663	2698	2697	2729	2705	2714	2727	2751	2759	2775	2791
Current account surplus	-1094	-1325	-1361	-1166	-1314	-1337	-1338	-1317	-1417	-1365	-1344	-1327	-1141	-1111	-1086	-1064
Gross investment	151	165	174	174	161	168	172	174	174	174	174	174	174	174	175	175
Gross saving less gross investment ³	-1122	-1361	-1401	-1201	-1348	-1376	-1380	-1359	-1458	-1405	-1383	-1363	-1176	-1145	-1118	-1095
Fiscal indicators⁴																
High-employment (HEB) surplus/deficit	-838	-1017	-1069	-921	-1011	-1030	-1034	-1007	-1122	-1078	-1069	-1067	-880	-870	-868	-871
Change in HEB, percent of potential GDP	2.2	1.0	.1	-1.1	.1	.1	-.1	-.2	.7	-.3	-.1	-.1	-1.2	-.1	-.1	.0
Fiscal impetus (FI), percent of GDP	1.1	1.1	.2	-.6	.3	.3	.2	.0	.0	.0	.0	.0	-.3	-.1	-.3	-.2
<i>Previous Tealbook</i>	1.1	1.0	-.1	-.5	.3	.3	.1	.1	-.2	-.1	.0	-.1	-.1	-.1	-.3	-.2

1. Budget receipts, outlays, and surplus/deficit include corresponding social security (OASDI) categories. The OASDI surplus and the Postal Service surplus are excluded from the on-budget surplus and shown separately as off-budget, as classified under current law. [Return to table](#)

2. Other means of financing are checks issued less checks paid, accrued items, and changes in other financial assets and liabilities. [Return to table](#)

3. Gross saving is the current account surplus plus consumption of fixed capital of the general government as well as government enterprises. [Return to table](#)

4. HEB is gross saving less gross investment (NIPA) of the federal government in current dollars, with cyclically sensitive receipts and outlays adjusted to the staff's measure of potential output and the NAIRU. Quarterly figures for change in HEB and FI are not at annual rates. The sign on Change in HEB, as a percent of nominal potential GDP, is reversed. FI is the weighted difference of discretionary changes in federal spending and taxes in chained (2005) dollars, scaled by real GDP. The annual FI estimates are on a calendar year basis. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus. [Return to table](#)

a Actual. [Return to table](#)

Change in Debt of the Domestic Nonfinancial Sectors

(Percent)

Period ¹	Total	Households			Business	State and local governments	Federal government	Memo: Nominal GDP
		Total	Home mortgages	Consumer credit				
Year								
2005	9.5	11.1	13.3	4.5	8.6	10.2	7.0	6.3
2006	9.0	10.1	11.2	4.1	10.5	8.3	3.9	5.4
2007	8.6	6.8	6.8	5.8	13.1	9.5	4.9	5.0
2008	6.0	.3	-.4	1.5	5.5	2.3	24.2	-.7
2009	3.0	-1.7	-1.5	-4.4	-2.6	4.9	22.7	.6
2010	4.4	-2.0	-3.1	-2.1	1.1	4.1	20.3	4.1
2011	4.9	.3	-1.4	3.5	1.9	4.6	14.9	4.7
2012	4.9	2.3	.0	8.0	3.6	4.9	9.7	5.6

Quarter									
2009:	1	4.7	-8	-2	-3.7	.1	5.6	24.4	-3.9
	2	4.4	-1.9	-1.9	-4.8	-2.6	4.3	28.9	-.4
	3	2.1	-2.2	-2.6	-3.9	-4.3	5.8	19.0	2.3
	4	.9	-2.0	-1.5	-5.6	-3.7	3.8	11.9	4.7
2010:	1	4.3	-2.1	-4.4	-3.9	.4	5.6	20.5	4.8
	2	4.7	-2.2	-2.3	-3.3	-.1	-1.5	24.4	3.7
	3	4.2	-1.7	-2.5	-1.5	1.7	5.2	16.0	4.8
	4	4.2	-1.9	-3.5	.2	2.3	7.0	14.8	3.0
2011:	1	5.2	-.7	-2.1	1.5	1.1	4.3	18.7	4.6
	2	4.9	.2	-1.3	2.8	1.6	4.6	15.1	4.5
	3	4.1	.6	-1.1	4.2	2.3	4.5	10.7	4.6
	4	4.9	.9	-1.0	5.3	2.7	4.8	12.2	5.1
2012:	1	5.2	1.7	-.3	6.5	3.1	4.9	11.7	5.5
	2	5.1	2.1	-.1	7.5	3.4	4.8	10.6	5.6
	3	4.0	2.5	.2	8.4	3.8	4.8	5.7	5.6
	4	5.1	2.7	.3	8.9	3.9	4.7	9.3	5.6

Flow of Funds Projections: Highlights

(Billions of dollars at seasonally adjusted annual rates except as noted)

[illegible]

Net borrowing	1443.9	1585.7	1402.7	1042.0	1395.9	1341.3	1756.2	1486.2	1086.8	1281.7	1265.9	1179.6	647.4	1074.9
Net borrowing (n.s.a.)	1443.9	1585.7	1402.7	1042.0	390.1	373.3	516.0	215.6	312.7	358.4	393.5	138.9	202.8	306.7
Unified deficit (n.s.a.)	1471.3	1290.6	1373.4	1022.0	290.2	384.5	451.4	236.1	317.6	368.4	403.5	113.9	187.8	316.7
<i>Depository institutions</i>														
Funds supplied	-639.9	-89.7	102.0	213.1	772.5	-129.2	-12.5	90.0	167.1	163.4	177.5	220.3	247.4	207.1

Note: Data after 2010:Q2 are staff projections.

1. Average debt levels in the period (computed as the average of period-end debt positions) divided by nominal GDP. [Return to table](#)
2. Includes change in liabilities not shown in home mortgages and consumer credit. [Return to table](#)
3. Average debt levels in the period (computed as the average of period-end debt positions) divided by disposable personal income. [Return to table](#)
4. For corporations, excess of capital expenditures over U.S. internal funds. [Return to table](#)
5. NIPA state and local government saving plus consumption of fixed capital and net capital transfers. [Return to table](#)

n.s.a. Not seasonally adjusted. [Return to table](#)

Foreign Real GDP and Consumer Prices: Selected Countries

(Quarterly percent changes at an annual rate)

Measure and country	Projected											
	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP¹												
Total foreign	5.5	5.4	2.1	2.7	3.0	3.1	3.2	3.3	3.4	3.4	3.5	3.6
<i>Previous Tealbook</i>	4.9	5.9	2.3	2.6	3.0	3.1	3.2	3.3	3.4	3.6	3.7	3.8
Advanced foreign economies	3.9	3.1	1.7	1.6	1.8	1.8	2.0	2.1	2.2	2.3	2.4	2.6
Canada	5.6	2.3	1.0	2.3	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6
Japan	6.6	1.8	3.9	-1.5	1.5	1.6	1.7	1.7	1.8	1.8	1.9	2.0
United Kingdom	1.8	4.7	3.1	2.1	1.0	2.0	2.4	2.4	2.5	2.5	2.5	2.6
Euro area	1.5	4.0	1.5	1.5	1.0	.8	1.0	1.3	1.6	2.0	2.3	2.7
Germany	2.3	9.5	2.8	2.5	1.8	1.7	1.7	1.8	2.1	2.4	2.7	3.0
Emerging market economies	7.5	8.2	2.5	4.1	4.5	4.7	4.8	4.8	4.8	4.8	4.9	4.9
Asia	14.4	8.0	2.1	5.0	5.6	5.7	5.8	5.9	5.9	5.9	5.9	6.0
Korea	8.8	5.8	3.0	3.4	3.7	4.1	4.2	4.3	4.3	4.4	4.5	4.6
China	10.1	6.8	9.8	8.8	8.5	8.5	8.4	8.4	8.4	8.4	8.4	8.5
Latin America	1.5	9.0	3.1	3.1	3.4	3.8	3.8	3.8	3.7	3.8	3.8	3.9
Mexico	-.2	9.5	3.0	3.3	3.6	3.7	3.8	3.8	3.8	3.9	3.9	3.9
Brazil	11.3	5.1	3.5	3.8	4.0	4.0	3.5	3.5	3.5	3.5	3.8	4.0
Consumer prices²												
Total foreign	3.4	1.4	2.2	3.9	3.0	2.5	2.2	2.2	2.2	2.3	2.3	2.4
<i>Previous Tealbook</i>	3.4	1.4	2.1	2.5	2.4	2.3	2.2	2.2	2.2	2.3	2.3	2.3
Advanced foreign economies	2.1	.1	1.1	2.6	1.6	1.3	1.1	1.2	1.3	1.4	1.4	1.6
Canada	2.3	-.9	2.4	2.5	1.9	1.9	2.1	2.1	2.1	2.2	2.2	2.2
Japan	.7	-.9	-1.7	2.4	-.8	-.8	-.8	-.7	-.6	-.6	-.5	-.4
United Kingdom	5.4	2.4	1.4	2.8	6.0	1.7	1.6	1.6	1.7	1.8	2.0	3.3
Euro Area	1.8	1.4	1.3	2.9	1.9	1.5	.9	1.2	1.3	1.4	1.5	1.6
Germany	1.4	.8	.9	2.0	1.5	1.3	1.1	1.2	1.2	1.4	1.5	1.6
Emerging market economies	4.7	2.6	3.3	5.1	4.2	3.6	3.3	3.2	3.2	3.1	3.1	3.1
Asia	3.6	2.1	3.6	5.3	4.0	3.2	2.8	2.8	2.8	2.8	2.8	2.8
Korea	3.3	1.9	3.4	5.3	3.0	2.8	2.6	2.4	2.4	2.4	2.4	2.4
China	3.0	2.6	4.3	6.1	4.1	3.1	2.7	2.7	2.7	2.7	2.7	2.7

Latin America	7.8	3.6	2.3	4.7	4.8	4.5	4.3	4.3	4.2	4.1	4.1	4.1
Mexico	7.9	2.7	2.1	4.3	4.2	3.9	3.9	3.9	3.7	3.7	3.7	3.7
Brazil	7.4	5.9	1.1	6.8	7.4	6.6	5.3	4.9	4.9	4.9	4.9	4.9

1. Foreign GDP aggregates calculated using shares of U.S. exports. [Return to table](#)

2. Foreign CPI aggregates calculated using shares of U.S. non-oil imports. [Return to table](#)

Foreign Real GDP and Consumer Prices: Selected Countries

(Percent change, Q4 to Q4)

Measure and country	2004	2005	2006	2007	2008	2009	Projected		
							2010	2011	2012
Real GDP ¹									
Total foreign	3.9	4.1	4.0	4.2	-8	.5	3.9	3.2	3.5
Previous Tealbook	3.9	4.1	4.0	4.2	-8	.4	3.9	3.2	3.6
Advanced foreign economies	2.6	2.8	2.5	2.4	-1.8	-1.4	2.6	1.9	2.2
Canada	3.7	3.1	1.9	2.5	-9	-1.1	2.8	2.6	2.6
Japan	1.1	2.9	2.1	1.8	-4.4	-1.3	2.6	1.6	1.9
United Kingdom	2.4	2.4	2.7	2.4	-2.7	-3.0	2.9	2.0	2.5
Euro area	1.7	2.1	3.6	2.2	-2.1	-2.0	2.1	1.0	2.2
Germany	.2	1.6	4.5	1.8	-2.0	-2.0	4.2	1.7	2.5
Emerging market economies	5.6	5.9	6.0	6.5	.4	2.9	5.5	4.7	4.9
Asia	6.1	7.8	7.2	8.4	.7	7.2	7.3	5.8	5.9
Korea	2.7	5.2	4.6	5.7	-3.2	6.1	5.2	4.1	4.4
China	10.0	10.5	11.0	12.6	7.2	11.5	8.8	8.4	8.4
Latin America	5.1	4.0	4.8	4.6	-2	-9	4.1	3.7	3.8
Mexico	4.6	3.6	4.1	3.7	-9	-2.2	3.8	3.7	3.9
Brazil	5.1	3.5	4.8	6.8	1.0	4.4	5.9	3.7	3.7
Consumer prices ²									
Total foreign	2.8	2.3	2.1	3.7	3.4	1.2	2.7	2.5	2.3
Previous Tealbook	2.8	2.3	2.1	3.7	3.4	1.2	2.3	2.3	2.3
Advanced foreign economies	1.8	1.6	1.4	2.2	2.0	.2	1.5	1.3	1.4
Canada	2.3	2.3	1.4	2.5	1.9	.8	1.6	2.0	2.1
Japan	.5	-1.0	.3	.6	1.0	-2.0	.1	-.8	-.5
United Kingdom	1.4	2.1	2.7	2.1	3.9	2.1	3.0	2.7	2.2
Euro Area	2.3	2.3	1.8	2.9	2.3	.4	1.9	1.4	1.5
Germany	2.1	2.2	1.3	3.1	1.7	.3	1.3	1.3	1.4
Emerging market economies	3.9	3.0	2.9	5.1	4.6	2.2	3.9	3.6	3.2
Asia	3.1	2.6	2.4	5.5	3.7	1.3	3.6	3.2	2.8
Korea	3.4	2.5	2.1	3.4	4.5	2.4	3.4	2.7	2.4
China	3.2	1.4	2.1	6.6	2.6	.6	4.0	3.1	2.7
Latin America	5.6	3.7	4.1	4.2	6.6	4.0	4.6	4.5	4.1
Mexico	5.3	3.1	4.1	3.8	6.2	4.0	4.2	4.0	3.7
Brazil	7.2	6.1	3.2	4.3	6.2	4.2	5.3	6.1	4.9

1. Foreign GDP aggregates calculated using shares of U.S. exports. [Return to table](#)

2. Foreign CPI aggregates calculated using shares of U.S. non-oil imports. [Return to table](#)

U.S. Current Account

Quarterly Data

	Projected											
	2010				2011				2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	<i>Billions of dollars, s.a.a.r.</i>											
U.S. current account balance	-436.6	-493.1	-514.9	-506.3	-544.2	-531.2	-531.6	-530.2	-535.5	-523.0	-535.2	-522.7
<i>Previous Tealbook</i>	-436.6	-493.1	-505.6	-503.8	-507.0	-487.4	-492.2	-489.3	-487.5	-490.8	-505.0	-506.8
Current account as percent of GDP	-3.0	-3.4	-3.5	-3.4	-3.6	-3.5	-3.5	-3.4	-3.4	-3.3	-3.3	-3.2
<i>Previous Tealbook</i>	-3.0	-3.4	-3.4	-3.4	-3.4	-3.2	-3.2	-3.2	-3.1	-3.1	-3.1	-3.1
Net goods & services	-457.8	-526.4	-532.3	-535.1	-547.4	-545.3	-545.1	-545.8	-538.8	-537.2	-548.5	-546.7
Investment income, net	168.8	173.1	158.6	149.3	136.6	131.4	132.4	130.1	131.7	128.4	131.2	138.5
Direct, net	275.9	283.8	274.5	268.6	259.5	260.7	264.6	269.1	276.2	282.0	289.1	302.0
Portfolio, net	-107.1	-110.7	-115.9	-119.4	-122.9	-129.3	-132.2	-139.0	-144.6	-153.6	-157.9	-163.5
Other income and transfers, net	-147.6	-139.8	-141.2	-120.4	-133.3	-117.2	-118.8	-114.4	-128.3	-114.2	-117.8	-114.4

Annual Data

	2004	2005	2006	2007	2008	2009	Projected		
							2010	2011	2012
	<i>Billions of dollars</i>								
U.S. current account balance	-630.5	-747.6	-802.6	-718.1	-668.9	-378.4	-487.7	-534.3	-529.1
<i>Previous Tealbook</i>	-630.5	-747.6	-802.6	-718.1	-668.9	-378.4	-484.8	-494.0	-497.5
Current account as percent of GDP	-5.3	-5.9	-6.0	-5.1	-4.7	-2.7	-3.3	-3.5	-3.3
<i>Previous Tealbook</i>	-5.3	-5.9	-6.0	-5.1	-4.7	-2.7	-3.3	-3.2	-3.1
Net goods & services	-609.3	-714.2	-759.2	-702.1	-698.8	-374.9	-512.9	-545.9	-542.8
Investment income, net	73.4	78.8	54.7	106.6	159.3	129.2	162.4	132.6	132.4
Direct, net	150.9	173.2	174.0	241.6	287.7	252.1	275.7	263.5	287.3
Portfolio, net	-77.5	-94.4	-119.4	-134.9	-128.4	-122.8	-113.3	-130.8	-154.9
Other income and transfers, net	-94.5	-112.2	-98.1	-122.6	-129.3	-132.8	-137.3	-121.0	-118.7

Last update: January 29, 2016

Monetary Policy Strategies

Equilibrium Real Federal Funds Rate

Figure: Short-Run Estimates with Confidence Intervals

Line chart, by percent, 1990 to 2010. There are five series, "The actual real funds rate based on lagged core inflation", "Tealbook-consistent measure (FRB/US)", "Range of four model-based estimates", "70 Percent confidence interval", and "90 Percent confidence interval". The actual real funds rate series starts at about 4.5 in 1990, decreases to about 0 by 1992, generally increases to about 4.8 by 2000, generally decreases to about -1 by 2004, generally increases to about 3 by 2007, generally decreases to about -1.7 by early 2010 and generally increases to about -0.8 by 2010:Q4. Tealbook-consistent measure starts at about 4 in 1997. It generally increases to about 5.5 by 2000, generally decreases to about 0 by 2003, generally increases to about 3 by 2007, decreases to about -4 by 2009, and generally increases to about -2 by 2010:Q4. The other 3 series closely track each other throughout the chart, with the 70 percent confidence interval being about 1 percent both lesser and greater than the Range of model-based estimates, and the 90 Percent confidence interval being about 2 percent both lesser and greater than the Range of model-based estimates at any given point. The Range of model-based estimates begins at a range of about [1.5, 4] in 1990, decreases to about [-1.3, 2] by 1991, generally increases to about [2, 4.5] by 2000, generally decreases to about [-0.5, 1.5] by 2003, increases to about [0.5, 2.25] by 2006, decreases to about [-7.5, -1.3] by 2009 and then increases to about [-2.5, 0] by 2010.

Short-Run and Medium-Run Measures

	Current Tealbook	Previous Tealbook
Short-Run Measures		
Single-equation model	-2.0	-2.4
Small structural model	-2.4	-2.7
EDO model	-0.1	0.1
FRB/US model	-2.5	-3.1
Confidence intervals for four model-based estimates		
70 percent confidence interval	-3.5 to 0.1	
90 percent confidence interval	-4.4 to 1.2	
Tealbook-consistent measures		
EDO model	-2.8	-2.3
FRB/US model	-2.0	-1.9
Medium-Run Measures		
Single-equation model	1.1	1.2
Small structural model	1.3	1.2
Confidence intervals for two model-based estimates		
70 percent confidence interval	0.3 to 2.1	
90 percent confidence interval	-0.5 to 2.7	
TIPS-based factor model	2.0	2.0
Memo		
Actual real federal funds rate	-0.8	-1.2

Note: Explanatory Note A provides background information regarding the construction of these measures and confidence intervals. The actual real federal funds rate shown is based on lagged core inflation as a proxy for inflation expectations. For information regarding alternative measures, see Explanatory Note A. Estimates of r^* may change at the beginning of a quarter even when there is no shift in the staff outlook because the twelve quarter horizon covered by the calculation has rolled forward one quarter. Therefore, whenever the Tealbook is published early in the quarter, this table includes a third column labeled "Current Quarter Estimate as of Previous Tealbook."

Constrained vs. Unconstrained Monetary Policy (2 Percent Inflation Goal)

Figure: Nominal Federal Funds Rate

Line chart, by percent, 2010 to 2015. There are three series, "Current Tealbook: Constrained", "Current Tealbook: Unconstrained", and "Previous Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2010:Q2 at about 0.25 and remains relatively constant here until 2013:Q4. It then generally increases to about 3.6 by 2015:Q4. Current Tealbook: Unconstrained begins in 2010:Q2 at about 0.25 and decreases to about -3 by 2012:Q1. It then increases to about 4.4 by 2015:Q4. Previous Tealbook: Unconstrained begins in 2010:Q2 at about 0.25 and decreases to about -3.2 by 2011:Q4. It then increases to about 4.2 by 2015:Q4.

Figure: Real Federal Funds Rate

Line chart, by percent, 2010 to 2015. There are three series, "Current Tealbook: Constrained", "Current Tealbook: Unconstrained", and "Previous Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2010:Q2 at about -1.3 and generally increases to about -0.8 by 2011:Q4. It then generally decreases to about -1.4 by 2014:Q1 and then generally increases to about 1.5 by 2015:Q4. Current Tealbook: Unconstrained begins in 2010:Q2 at about -1.3 and increases to about -0.9 by 2010:Q4. It then decreases to about -4.3 by 2012:Q2. It then increases to about 2.3 by 2015:Q4. Previous Tealbook: Unconstrained begins in 2010:Q2 at about -1.3 and decreases to about -4.7 by 2011:Q4. It then increases to about 2.1 by 2015:Q4.

Figure: Civilian Unemployment Rate

Line chart, by percent, 2010 to 2015. There are three series, "Current Tealbook: Constrained", "Current Tealbook: Unconstrained", and "Previous Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2010:Q2 at about 9.7 and generally decreases to about 4.4 by 2015:Q4. Current Tealbook: Unconstrained begins in 2010:Q2 at about 9.7 and generally decreases to about 5.55 by 2015:Q4. Previous Tealbook: Unconstrained begins in 2010:Q2 at about 9.7 and decreases to about 4.7 by 2015:Q4.

Figure: Core PCE Inflation

Line chart, 2010 to 2015. Unit is percent, four-quarter average. There are three series, "Current Tealbook: Constrained", "Current Tealbook: Unconstrained", and "Previous Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2010:Q2 at about 1.47 and decreases to about 0.9 by 2010:Q4. It then generally increases to about 2.13 by 2015:Q4. Current Tealbook: Unconstrained begins in 2010:Q2 at about 1.47 and decreases to about 0.9 by 2010:Q4. It then increases to about 1.36 by 2011:Q4 and decreases to about 1.3 by 2012:Q1. By 2015:Q4 it has increased to about 2.11. Previous Tealbook: Unconstrained begins in 2010:Q2 at about 1.47 and generally decreases to about 1.2 by 2010:Q4. It then generally increases to about 1.51 by 2011:Q3 and then generally decreases to about 1.47 by 2011:Q4. By 2015:Q4 it has generally increased to about 2.13.

Note: As discussed in the text note, the lines "Previous Tealbook" depict optimal control paths based on the previous Tealbook's staff outlook, but using the re-specified model under the new expectational assumptions.

The Policy Outlook in an Uncertain Environment

Figure: FRB/US Model Simulations of Estimated Outcome-Based Rule

Line chart, by percent, 2010 to 2014. There are four series, "Current Tealbook", "Previous Tealbook", "70 percent confidence interval" and "90 percent confidence interval". The Current Tealbook begins at about 0.1 in 2010:Q4 and remains stable here until 2012:Q3. It then increases to about 3.3 by 2014:Q4. The Previous Tealbook begins at about 0.1 in 2010:Q4 and remains constant here until 2012:Q3. It then increases to about 3.4 by 2014:Q4. The other 2 series closely track the Previous Tealbook series throughout the chart, with the 70 percent confidence interval being about 2% both lesser and greater than the Previous Tealbook series, and the 90 Percent confidence interval being about 3% both lesser and greater than the Previous Tealbook series at any given point.

Figure: Information from Financial Markets

Line chart, by percent, 2010 to 2014. There are six series, "Current Tealbook", "Previous Tealbook", "Current 70 percent confidence interval", "Current 90 percent confidence interval", "Previous 70 percent confidence interval" and "Previous 90 percent confidence interval". The Current Tealbook begins at about 0.1 in 2010:Q4 and then generally increases to about 2.05 by 2014:Q4. The Previous Tealbook begins at about 0.15 in 2010:Q4 and then decreases to about 0.05 by 2011:Q3. It then increases to about 1.7 by 2014:Q4. The other 2 Current series closely track the Current Tealbook series throughout the chart. The Current 70 percent confidence interval begins in 2010:Q4 being about 0.1% both lesser and greater than the Current Tealbook series. It then generally increases to about 1.1% both lesser and greater than the Current Tealbook series by the end of 2014. The Current 90 percent confidence interval begins in 2010:Q4 being about 0.2% both lesser and greater than the Current Tealbook series. It then generally increases to about 1.75% both lesser and greater than the Current Bluebook series by the end of 2014. The Previous 70 percent confidence interval begins at a range of about [0.1, 0.15] in 2010:Q4 and then decreases to about [0, 0.1] by 2011:Q3. It then generally increases to about [0.85, 2.4] by 2014:Q4. The Previous 90 percent confidence interval begins at a range of about [0.1, 0.2] in 2010:Q4 and then decreases to about [0, 0.15] by 2011:Q3. It then generally increases to about [0.6, 3.4] by 2014:Q4.

Note: In both panels, the dark and light shading represent the 70 and 90 percent confidence intervals respectively. Financial market quotes are as of December 8.

Near-Term Prescriptions of Simple Policy Rules

Constrained Policy Unconstrained Policy

	2011Q1	2011Q2	2011Q1	2011Q2
Taylor (1993) rule	0.13	0.13	-0.90	-0.81
<i>Previous Tealbook</i>	<i>0.13</i>	<i>0.13</i>	<i>-0.82</i>	<i>-0.71</i>
Taylor (1999) rule	0.13	0.13	-4.09	-3.89
<i>Previous Tealbook</i>	<i>0.13</i>	<i>0.13</i>	<i>-4.21</i>	<i>-4.00</i>
Estimated outcome-based rule	0.13	0.13	-0.42	-1.05
<i>Previous Tealbook Outlook</i>	<i>0.13</i>	<i>0.13</i>	<i>-0.51</i>	<i>-1.17</i>
Estimated forecast-based rule	0.13	0.13	-0.42	-0.98
<i>Previous Tealbook Outlook</i>	<i>0.13</i>	<i>0.13</i>	<i>-0.47</i>	<i>-1.05</i>
First-difference rule	0.16	0.26	0.16	0.26
<i>Previous Tealbook Outlook</i>	<i>0.19</i>	<i>0.43</i>	<i>0.19</i>	<i>0.43</i>

Memo

	2011Q1	2011Q2
Staff assumption	0.13	0.13
Fed funds futures	0.15	0.13
Median expectation of primary dealers	0.13	0.13
Blue Chip forecast (December 1, 2010)	0.20	0.20

Note: In calculating the near-term prescriptions of these simple policy rules, policymakers' long-run inflation objective is assumed to be 2 percent. Explanatory Note B provides further background information. The first-difference rule, the estimated outcome-based rule and the estimated forecast-based rule include the lagged policy rate as a right-hand-side variable. Since this Tealbook is published late in the quarter, the lines denoted "Previous Tealbook Outlook" report rule prescriptions based on the previous Tealbook's staff outlook, but jumping off from the average value for the policy rate thus far this quarter.

[Box:] The Role of Commitment in Optimal Policy Simulations

Comparing Optimal Policies: Commitment versus Discretion

Figure: Constrained Policy - Federal funds rate

Line chart, by percent, 2010 to 2020. There are three series, Baseline, Commitment, and Discretion. Baseline begins in 2010:Q3 at about 0.15 and remains constant here until 2012:Q4. It then generally increases to about 4.1 by 2015:Q3 and then generally increases at a slower rate to about 4.55 by 2020:Q4. Commitment begins in 2010:Q3 at about 0.2 and generally increases to about 0.25 by 2011:Q2. It remains stable here until 2014:Q1 and then generally increases to about 5.4 by 2017:Q4. By 2020:Q4 it has generally decreased to about 4.9. Discretion begins in 2010:Q3 at about 0.2 remains relatively stable here until 2012:Q4. It then generally increases to about 4.75 by 2017:Q2. It then generally decreases to about 4.65 by 2020:Q4.

Figure: Unconstrained Policy - Federal funds rate

Line chart, by percent, 2010 to 2020. There are three series, Baseline, Commitment, and Discretion. Baseline begins in 2010:Q3 at about 0.15 and remains constant here until 2012:Q4. It then generally increases to about 4.1 by 2015:Q3 and then generally increases at a slower rate to about 4.55 by 2020:Q4. Commitment begins in 2010:Q3 at about 0.2 and generally decreases to about -3 by 2012:Q2. It generally increases to about 5.0 by 2016:Q4. By 2020:Q4 it has generally decreased to about 4.75. Discretion begins in 2010:Q3 at about 0.2 and generally decreases to about -2.5 by 2011:Q4. It then generally increases to about 4.8 by 2020:Q4.

Figure: Constrained Policy - Unemployment Rate

Line chart, by percent, 2010 to 2020. There are three series, Baseline, Commitment, and Discretion. Baseline begins in 2010:Q3 at about 9.6 and increases to about 9.75 by 2011:Q1. It then generally decreases to about 5.1 by 2018:Q1 and remains relatively constant here until 2020:Q4. Commitment begins in 2010:Q3 at about 9.6 and increases to about 9.75 by 2011:Q1. It then generally decreases to about 4.3 by 2016:Q1 and then generally increases to about 5.2 by 2020:Q4. Discretion begins in 2010:Q3 at about 9.6 and increases to about 9.75 by 2011:Q1. It then generally decreases to about 4.85 by 2016:Q3 and then generally increases to about 5.1 by 2020:Q4.

Figure: Unconstrained Policy - Unemployment Rate

Line chart, by percent, 2010 to 2020. There are three series, Baseline, Commitment, and Discretion. Baseline begins in 2010:Q3 at about 9.6 and increases to about 9.75 by 2011:Q1. It then generally decreases to about 5.1 by 2018:Q1 and remains relatively constant here until 2020:Q4. Commitment begins in 2010:Q3 at about 9.6 and increases to about 9.75 by 2011:Q1. It then generally decreases to about 4.5 by 2015:Q3 and then generally increases to about 5.1 by 2020:Q4. Discretion

begins in 2010:Q3 at about 9.6 and increases to about 9.75 by 2011:Q1. It then generally decreases to about 4.7 by 2015:Q4 and then generally increases to about 5.2 by 2020:Q4.

Figure: Constrained Policy - Core PCE Inflation

Line chart, by percent, 2010 to 2020. There are three series, Baseline, Commitment, and Discretion. Baseline begins in 2010:Q3 at about 1.27 and generally decreases to about 0.8 by 2011:Q2. It then generally increases to about 1.98 by 2020:Q4. Commitment begins in 2010:Q3 at about 1.27 and generally decreases to about 0.92 by 2010:Q4. It then generally increases to about 2.3 by 2017:Q2 and then generally decreases to about 2.08 by 2020:Q4. Discretion begins in 2010:Q3 at about 1.27 and generally decreases to about 0.92 by 2011:Q1. It then generally increases to about 1.99 by 2018:Q3 and stays constant here until 2020:Q4.

Figure: Unconstrained Policy - Core PCE Inflation

Line chart, by percent, 2010 to 2020. There are three series, Baseline, Commitment, and Discretion. Baseline begins in 2010:Q3 at about 1.27 and generally decreases to about 0.8 by 2011:Q2. It then generally increases to about 1.98 by 2020:Q4. Commitment begins in 2010:Q3 at about 1.27 and generally decreases to about 0.92 by 2010:Q4. It then generally increases to about 2.13 by 2016:Q2 and then generally decreases to about 2.03 by 2019:Q2. By 2020:Q4 it has generally increased to about 2.07. Discretion begins in 2010:Q3 at about 1.27 and generally decreases to about 0.92 by 2011:Q1. It then generally increases to about 1.98 by 2018:Q3 and stays relatively constant here until 2020:Q4.

† Note: Data values for figures are rounded and may not sum to totals. [Return to text](#)

Monetary Policy Alternatives

Table 1: Overview of Alternatives for the December 14 FOMC Statement

Key Components	November Statement	December Alternatives			
		A	B	C	D
Economic Activity					
Recent Developments	pace of recovery continues to be slow	pace of recovery continues to be slow		recovery is continuing	economic recovery is proceeding
Labor Market	pace of recovery continues to be slow; high unemployment; employers remain reluctant to add to payrolls; unemployment rate is elevated	pace of recovery continues to be slow		recovery is continuing	n.a.
		high unemployment		n.a.	
		employers remain reluctant to add to payrolls; unemployment rate is elevated			
Outlook	gradual return to higher resource utilization with price stability	gradual return to higher resource utilization with price stability			
	progress has been disappointingly slow	progress remains disappointingly slow	progress has been disappointingly slow	progress has been slow	n.a.
Inflation					
Recent Developments	expectations stable, but underlying inflation has trended lower; measures are somewhat low	expectations stable, but underlying inflation has continued to trend downward; measures are low	expectations stable, but underlying inflation has continued to trend downward; measures are somewhat low	expectations stable, but underlying inflation has trended lower; measures are somewhat low	although underlying inflation has trended lower, expectations have remained stable
Outlook	same as "Economic Activity" outlook above	same as "Economic Activity" outlook above			
Target Federal Funds Rate					
Intermeeting Period	0 to ¼ percent	0 to ¼ percent			
Forward Guidance	exceptionally low levels for an extended period	exceptionally low levels at least through mid-2012	exceptionally low levels for an extended period		low levels for some time
SOMA Portfolio Policy					
Approach	\$600 billion of Treasuries by end of 2011:Q2, \$75 billion per month	\$800 billion of Treasuries (\$200b more than Nov.), \$75 billion per month, through 2011:Q3	\$600 billion of Treasuries by end of 2011:Q2, \$75 billion per month	\$400 billion of Treasuries (\$200b less than Nov.), \$50 billion per month, through 2011:Q2	discontinue program announced in November
	maintain reinvestment policy	maintain reinvestment policy			for the time being, maintain existing reinvestment policy
Future Policy Action					
Approach	will adjust program as needed; will employ policy tools as necessary to support the recovery and to help ensure that inflation, over time, is at levels consistent with its mandate	will adjust program as needed; will employ policy tools as necessary to support the recovery and to help ensure that inflation, over time, is at levels consistent with its mandate			will employ policy tools as necessary to promote maximum employment and price stability

Long-Run Projections of the Balance Sheet and Monetary Base

Figure: Total Assets

Line chart, by billions of dollars, 2006 to 2020. Data are monthly. There are five series, Alt A, Alt B, Alt C, Alt D, and November Alt B. Alt A begins in 2006 at about 800 and generally increases slowly to about 950 by August 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By 2011 it has generally increased to about 3100 and by September 2016 it has generally decreased to about 1450. It then increases to about 1800 by the end of 2020. Alt B begins in 2006 at about 800 and generally increases slowly to about 950 by August 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By 2011 it has generally increased to about 2850 and by June 2016 it has generally decreased to about 1430. It then increases to about 1800 by the end of 2020. Alt C begins in 2006 at about 800 and generally increases slowly to about 950 by August 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By 2011 it has generally increased to about 2650 and by March 2016 it has generally decreased to about 1440. It then increases to about 1800 by the end of 2020. Alt D begins in 2006 at about 800 and generally increases slowly to about 950 by August 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By December 2010 it has generally increased to about 2330 and by October 2015 it has generally decreased to about 1350. It then increases to about 1800 by the end of 2020. November Alt B begins in 2006 at about 800 and generally increases slowly to about 950 by August 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By 2011 it has generally increased to about 2850 and by March 2016 it has generally decreased to about 1440. It then increases to about 1800 by the end of 2020.

Source: Federal Reserve H.4.1 statistical release and staff calculations.

Growth Rates for the Monetary Base

Date	Alternative B	Alternative A	Alternative C	Alternative D	Memo: November Alternative B
Percent, annual rate					
Monthly					
Apr-10	-37.6	-37.6	-37.6	-37.6	-37.6
May-10	-2.0	-2.0	-2.0	-2.0	-2.0
Jun-10	-5.8	-5.8	-5.8	-5.8	-5.8
Jul-10	-2.2	-2.2	-2.2	-2.2	-2.2
Aug-10	-2.4	-2.4	-2.4	-2.4	-2.4
Sep-10	-10.1	-10.1	-10.1	-10.1	-10.1
Oct-10	-9.8	-9.8	-9.8	-9.8	-9.8
Nov-10	4.6	4.6	4.6	4.6	4.6
Dec-10	15.4	15.4	13.5	5.6	27.6
Jan-11	24.1	24.1	15.2	-9.5	18.4
Feb-11	66.7	66.7	53.1	20.6	41.6
Mar-11	57.9	57.9	45.5	14.7	57.0
Quarterly					
2010 Q2	-10.4	-10.4	-10.4	-10.4	-10.4
2010 Q3	-3.9	-3.9	-3.9	-3.9	-3.9
2010 Q4	-3.1	-3.1	-3.3	-4.2	9.5
2011 Q1	34.3	34.3	26.1	4.8	31.7
Annual - Q4 to Q4					
2009	41.5	41.5	41.5	41.5	41.5
2010	-1.0	-1.0	-1.0	-1.2	2.2
2011	30.9	41.0	20.8	2.9	28.7
2012	-1.2	-1.1	-1.3	-1.0	-2.6
2013	-12.2	-11.6	-12.4	-11.6	-19.0
2014	-19.6	-19.3	-20.0	-20.8	-18.1
2015	-24.7	-24.1	-24.1	-11.5	-23.7

Note: Not seasonally adjusted.

Growth Rates for M2

(Percent, seasonally adjusted annual rate)

Tealbook Forecast [*]	
Monthly Growth Rates	
Apr-10	-4.1
May-10	11.6
Jun-10	4.4
Jul-10	-0.2
Aug-10	6.4
Sep-10	8.3
Oct-10	8.0
Nov-10	5.1
Dec-10	1.6
Jan-11	1.3
Feb-11	1.2
Mar-11	1.1
Quarterly Growth Rates	
2010 Q2	1.8
2010 Q3	4.6
2010 Q4	6.6
2011 Q1	1.8
Annual Growth Rates	
2009	5.1
2010	3.2
2011	1.4
2012	5.1

^{*} This forecast is consistent with nominal GDP and interest rates in the Tealbook forecast. Actual data through November 2010; projections thereafter. [Return to table](#)

[†] Note: Data values for figures are rounded and may not sum to totals. [Return to text](#)

Last update: January 29, 2016

December 2010 Tealbook Book B Tables and Charts

Explanatory Notes

A. Measures of the Equilibrium Real Rate

Measure	Description
Single-equation Model	The measure of the equilibrium real rate in the single-equation model is based on an estimated aggregate-demand relationship between the current value of the output gap and its lagged values as well as the lagged values of the real federal funds rate.
Small Structural Model	The small-scale model of the economy consists of equations for six variables: the output gap, the equity premium, the federal budget surplus, the trend growth rate of output, the real bond yield, and the real federal funds rate.
EDO Model	Estimates of the equilibrium real rate using EDO--an estimated dynamic-stochastic-general-equilibrium (DSGE) model of the U.S. economy--depend on data for major spending categories, price and wages, and the federal funds rate as well as the model's structure and estimate of the output gap.
FRB/US Model	Estimates of the equilibrium real rate using FRB/US--the staff's large-scale econometric model of the U.S. economy--depend on a very broad array of economic factors, some of which take the form of projected values of the model's exogenous variables.
Tealbook-consistent	Two measures are presented based on the FRB/US and the EDO models. Both models are matched to the extended Tealbook forecast. Model simulations determine the value of the real federal funds rate that closes the output gap conditional on the extended baseline.
TIPS-based Factor Model	Yields on TIPS (Treasury Inflation-Protected Securities) reflect investors' expectations of the future path of real interest rates. The TIPS-based measure of the equilibrium real rate is constructed using the seven-year-ahead instantaneous real forward rate derived from TIPS yields as of the Tealbook publication date. This forward rate is adjusted to remove estimates of the term and liquidity premiums based on a three-factor arbitrage-free term-structure model applied to TIPS yields, nominal yields, and inflation.

Proxy used for expected inflation	Actual real federal funds rate (current value)	Tealbook-consistent FRB/US-based measure of the equilibrium real funds rate (current value)	Average actual real funds rate (twelve-quarter average)
Lagged core inflation	-0.8	-2.0	-0.6
Lagged headline inflation	-1.1	-2.1	-0.7
Projected headline inflation	-1.0	-2.1	-0.7

C. Long-run Projections of the Balance Sheet and Monetary Base

Federal Reserve Balance Sheet: End-of-Year Projections -- Alternative B

	End-of-Year						
	Nov 30, 2010	2010	2012	2014	2016	2018	2020
	\$ Billions						
Total assets	2,342	2,403	2,835	2,077	1,455	1,623	1,816
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	26	27	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	26	27	9	0	0	0	0
Support for specific institutions	115	96	32	3	2	0	0
Credit extended to AIG	48	43	3	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	3	2	0	0

Securities held outright	2,081	2,156	2,640	1,954	1,360	1,542	1,742
U.S. Treasury securities	911	1,016	1,923	1,473	1,137	1,542	1,742
Agency debt securities	148	147	77	39	16	0	0
Agency mortgage-backed securities	1,023	992	640	443	207	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	115	118	148	111	86	74	67
Total liabilities	2,285	2,344	2,757	1,974	1,319	1,442	1,577
Selected liabilities:							
Federal Reserve notes in circulation	937	941	1,000	1,088	1,209	1,333	1,468
Reverse repurchase agreements	57	54	59	59	59	59	59
Deposits with Federal Reserve Banks	1,247	1,302	1,681	810	35	35	35
Reserve balances held by depository institutions	963	995	1,471	600	25	25	25
U.S. Treasury, general account	79	100	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	200	0	0	0
Other balances	3	2	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

Source: Federal Reserve H.4.1 statistical release and staff calculations.

Note: Components may not sum to totals due to rounding.

Federal Reserve Balance Sheet: End-of-Year Projections -- Alternative A

	End-of-Year						
	Nov 30, 2010	2010	2012	2014	2016	2018	2020
	\$ Billions						
Total assets	2,342	2,403	3,036	2,232	1,455	1,623	1,816
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	26	27	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	26	27	9	0	0	0	0
Support for specific institutions	115	96	32	3	2	0	0
Credit extended to AIG	48	43	3	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	3	2	0	0
Securities held outright	2,081	2,156	2,840	2,110	1,360	1,542	1,742
U.S. Treasury securities	911	1,016	2,123	1,628	1,137	1,542	1,742
Agency debt securities	148	147	77	39	16	0	0
Agency mortgage-backed securities	1,023	992	640	443	207	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	115	118	148	111	86	74	67
Total liabilities	2,285	2,344	2,958	2,129	1,319	1,442	1,577
Selected liabilities:							
Federal Reserve notes in circulation	937	941	1,000	1,088	1,209	1,333	1,468
Reverse repurchase agreements	57	54	59	59	59	59	59
Deposits with Federal Reserve Banks	1,247	1,302	1,882	965	35	35	35
Reserve balances held by depository institutions	963	995	1,672	755	25	25	25
U.S. Treasury, general account	79	100	5	5	5	5	5

U.S. Treasury, supplementary financing account	200	200	200	200	0	0	0
Other balances	3	2	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

Source: Federal Reserve H.4.1 statistical release and staff calculations.

Note: Components may not sum to totals due to rounding.

Federal Reserve Balance Sheet: End-of-Year Projections -- Alternative C

	End-of-Year						
	Nov 30, 2010	2010	2012	2014	2016	2018	2020
	\$ Billions						
Total assets	2,342	2,397	2,636	1,925	1,455	1,623	1,816
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	26	27	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	26	27	9	0	0	0	0
Support for specific institutions	115	96	32	3	2	0	0
Credit extended to AIG	48	43	3	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	3	2	0	0
Securities held outright	2,081	2,150	2,440	1,802	1,360	1,542	1,742
U.S. Treasury securities	911	1,010	1,723	1,321	1,137	1,542	1,742
Agency debt securities	148	147	77	39	16	0	0
Agency mortgage-backed securities	1,023	992	640	443	207	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	115	118	148	111	86	74	67
Total liabilities	2,285	2,338	2,558	1,822	1,319	1,442	1,577
Selected liabilities:							
Federal Reserve notes in circulation	937	941	1,000	1,088	1,209	1,333	1,468
Reverse repurchase agreements	57	54	59	59	59	59	59
Deposits with Federal Reserve Banks	1,247	1,296	1,482	658	35	35	35
Reserve balances held by depository institutions	963	989	1,272	448	25	25	25
U.S. Treasury, general account	79	100	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	200	0	0	0
Other balances	3	2	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

Source: Federal Reserve H.4.1 statistical release and staff calculations.

Note: Components may not sum to totals due to rounding.

Federal Reserve Balance Sheet: End-of-Year Projections -- Alternative D

	End-of-Year						
	Nov 30, 2010	2010	2012	2014	2016	2018	2020
	\$ Billions						
Total assets	2,342	2,371	2,289	1,677	1,455	1,622	1,815
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0

Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	26	27	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	26	27	9	0	0	0	0
Support for specific institutions	115	96	32	3	2	0	0
Credit extended to AIG	48	43	3	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	3	2	0	0
Securities held outright	2,081	2,125	2,125	1,560	1,372	1,554	1,754
U.S. Treasury securities	911	985	1,408	1,079	1,149	1,554	1,754
Agency debt securities	148	147	77	39	16	0	0
Agency mortgage-backed securities	1,023	992	640	443	207	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	115	118	116	106	74	61	55
Total liabilities	2,285	2,312	2,211	1,574	1,318	1,442	1,577
Selected liabilities:							
Federal Reserve notes in circulation	937	941	1,000	1,088	1,209	1,333	1,468
Reverse repurchase agreements	57	54	59	59	59	59	59
Deposits with Federal Reserve Banks	1,247	1,270	1,135	411	35	35	35
Reserve balances held by depository institutions	963	963	925	201	25	25	25
U.S. Treasury, general account	79	100	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	200	0	0	0
Other balances	3	2	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

Source: Federal Reserve H.4.1 statistical release and staff calculations.

Note: Components may not sum to totals due to rounding.

Last update: January 29, 2016