Board of Governors of the Federal Reserve System

The Federal Reserve, the central bank of the United States, provides the nation with a safe, flexible, and stable monetary and financial system.

Accessible Material

January 2012 Tealbook Tables and Charts

Table of Contents

Book A

Book B

Last update: January 5, 2018

BOARD OF GOVERNORS *of the* FEDERAL RESERVE SYSTEM
20th Street and Constitution Avenue N.W., Washington, DC 20551

Accessible Material

January 2012 Tealbook A Tables and Charts†

Domestic Economic Developments and Outlook

Key Background Factors underlying the Baseline Staff Projection

Figure: Federal Funds Rate

Line chart, by percent, 2007 to 2013. Data are quarterly average. There are four series, Current Tealbook, Previous Tealbook, Market expected rate, and Market modal rate. Current Tealbook begins in 2007:Q1 at about 5.25 and generally decreases to about 0.13 by 2009:Q1. From 2009:Q1 to 2011:Q1 it fluctuates between about 0.07 and 0.18. By 2011:Q1 it is at about 0.13 and it remains constant here until 2013:Q4. Previous Tealbook follows Current Tealbook almost exactly until 2012:Q1 when it moves to 0.13. It remains constant at 0.13 until 2013:Q4. Market expected rate begins in 2012:Q1 at about 0.13 and remains steady until 2013:Q3 with an increase by .03 by the end of 2013:Q4. Market modal rate begins in 2012:Q1 at about 0.13 and remains constant until 2013:Q4.

Figure: Long-Term Interest Rates

Line chart, by percent, 2007 to 2013. Data are quarterly average. There are six series, "Current Tealbook: BBB corporate yield", "Current Tealbook: Conforming mortgage rate", "Current Tealbook: 10-year Treasury yield", "Previous Tealbook: BBB corporate yield", "Previous Tealbook: Conforming mortgage rate", and "Previous Tealbook: 10-year Treasury yield". Current Tealbook: BBB corporate yield begins in 2007 at about 6.1 and generally increases to about 9.4 by late 2008. It then generally decreases to about 4.9 by mid-2011 and then generally increases to about 5.6 by late 2013. Current Tealbook: Conforming mortgage rate begins in 2007 at about 6.2 and fluctuates but generally decreases to about 4.0 by late 2011. It then increases to about 5.2 by late 2013. Current Tealbook: 10-year Treasury yield begins in 2007 at about 4.8 and fluctuates but generally decreases to about 3.2 by early 2009. It then generally increases to about 3.9 by early 2010 and then generally decreases to about 2.9 by mid-2010. By early 2011 it has generally increased to about 3.6 and by late 2011 it has generally decreased to about 2.1. It then generally increases to about 3.7 by late 2013. Previous Tealbook: BBB corporate yield begins in 2007 at about 6.1 and generally increases to about 9.4 by late 2008. It then generally decreases to about 4.9 by mid-2011 and then generally increases to about 5.8 by late 2013. Previous Tealbook: Conforming mortgage rate begins in 2007 at about 6.2 and fluctuates but generally decreases to about 4.0 by late 2011. It then increases to about 5.4 by late 2013. Previous Tealbook: 10-year Treasury yield begins in 2007 at about 4.8 and fluctuates but generally decreases to about 3.2 by early 2009. It then generally increases to about 3.9 by early 2010 and then generally decreases to about 2.9 by mid-2010. By early 2011 it has generally increased to about 3.6 and by late 2011 it has generally decreased to about 2.15. It then generally increases to about 3.85 by late 2013.

Figure: Equity Prices

Line chart, by ratio scale where 2007:Q1 = 100, 2007 to 2013. Data are quarter-end. There are two series, Current Tealbook: Dow Jones U.S. Total Stock Market Index and Previous Tealbook: Dow Jones U.S. Total Stock Market Index. Current Tealbook: Dow Jones U.S. Total Stock Market Index begins in early 2007 at about 100 and generally increases to about 107 by mid-2007. It then generally decreases to about 56 by 2009 and then generally increases to about 85 by early 2010. By mid-2010 it has generally decreased to about 74 and by early 2011 it has generally increased to about 98. It then generally decreases to about 81 by mid-2011 and then increases to about 109 by late 2013. Previous Tealbook: Dow Jones U.S. Total Stock Market Index begins in early 2007 at about 100 and generally increases to about 107 by mid-2007. It then generally decreases to about 56 by 2009 and then generally increases to about 85 by early 2010. By mid-2010 it has generally decreased to about 74 and by early 2011 it has generally increased to about 98. It then generally decreases to about 81 by mid-2011 and then increases to about 110 by late 2013.

Figure: House Prices

Line chart, by ratio scale, 2007:Q1 = 100, 2007 to 2013. Data are quarterly. There are two series, Current Tealbook: CoreLogic index and Previous Tealbook: CoreLogic index. Current Tealbook: CoreLogic index begins in 2007 at about 100 and generally decreases to about 72.5 by early 2009. It then generally increases to about 74.8 by early 2010 and then generally decreases to about 68.3 by late 2013. Previous Tealbook: CoreLogic index begins in 2007 at about 100 and generally decreases to about 72.5 by early 2009. It then generally increases to about 74.5 by mid-2010 and then generally decreases to about 69 by late 2013.

Figure: Crude Oil Prices

Line chart, by dollars per barrel, 2007 to 2013. Data are quarterly average. There are four series, Current Tealbook: West Texas Intermediate, Current Tealbook: Imported Oil, Previous Tealbook: West Texas Intermediate and Previous Tealbook: Imported Oil. Current Tealbook: West Texas Intermediate begins in early 2007 at about 58 and generally increases to about 125 by 2008. By 2009 it has generally decreased to about 42 and by early 2011 it has generally increased to about 103. It then generally decreases to about 88 by late 2011 and then increases to about 101 by early 2012. It then decreases to about 98 by late 2013. Current Tealbook: Imported Oil begins in early 2007 at about 55 and increases to about 117 by mid-2008. It then decreases to about 41 by early 2009 and then generally increases to about 109 by mid-2011. By late 2013 it has generally decreased to about 101. Previous Tealbook: West Texas Intermediate begins in early 2007 at about 58 and generally increases to about 125 by 2008. By 2009 it has generally decreased to about 42 and by early 2011 it has generally increased to about 103. It then generally decreases to about 89 by late 2011 and then generally increases to about 96 by late 2013. Previous Tealbook: Imported Oil begins in early 2007 at about 55 and increases to about 117 by mid-2008. It then decreases to about 41 by early 2009 and then generally increases to about 109 by mid-2011. By late 2013 it has generally decreased to about 96.

Figure: Broad Real Dollar

Line chart, by scale where 2007:Q1 = 100, 2007 to 2013. Data are quarterly average. There are two series, Current Tealbook and Previous Tealbook. Current Tealbook begins in 2007 at about 100 and generally decreases to about 89 by 2008. It then generally increases to about 101 by early 2009 and then generally decreases to about 92 by late 2009. By 2010 it has generally increased to about 94 and by mid-2011 it has generally decreased to about 85.2. It then generally increases to about 89 by late 2011 and then decreases to about 85 by late 2013. Previous Tealbook begins in 2007 at about 100 and generally decreases to about 89 by 2008. It then generally increases to about 101 by early 2009 and then generally decreases to about 92 by late 2009. By 2010 it has generally increased to about 94 and by mid-2011 it has generally decreased to about 85.2. It then generally increases to about 88 by late 2011 and then decreases to about 85 by late 2013.

Note: Blue shading represents the projection period, which begins in 2012:Q1.

Summary of the Near-Term Outlook

(Percent change at annual rate except as noted)

Measure	2011:Q4		2012:Q1		2012:Q2	
	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook
Real GDP	**3.2**	**2.9**	**2.1**	**1.6**	**1.9**	**1.8**
Private domestic final purchases	2.6	2.4	1.9	1.9	2.3	2.4
Personal consumption expenditures	2.4	2.2	2.3	2.0	2.2	2.4
Residential investment	3.1	9.7	3.6	8.5	6.3	4.0
Business Fixed Investment	3.7	2.6	-1.2	-.1	1.8	2.1
Government Purchases	-1.9	-4.5	1.1	.0	-.5	-.8
Contributions to change in real GDP						
Inventory investment[1]	1.2	1.6	.1	-.1	-.1	-.1
Net exports[1]	.2	.2	.1	.1	.2	.1
Unemployment Rate[2]	**8.8**	**8.7**	**8.8**	**8.7**	**8.8**	**8.7**
PCE Chain Price Index	**.7**	**.5**	**1.4**	**1.4**	**1.5**	**1.7**
Ex. food and energy	1.1	.9	1.6	1.5	1.5	1.5

1. Percentage points. Return to table

2. Percent. Return to table

Recent Nonfinancial Developments (1)

Figure: Real GDP and GDI

Line chart, by 4-quarter percent change, 2003 to 2011. There is a horizontal line at zero. There are two series, Gross domestic product and Gross domestic income. Gross domestic product begins in 2003 at about 1.6 and increases to about 4.1 by 2004. It then generally decreases to about 1 by early 2007 and then increases to about 2.4 by mid-2007. By 2009 it has generally decreased to about -5.3 and by 2010 it has generally increased to about 3.5. It then decreases to about 1.5 by 2011:Q3. Gross domestic income begins in 2003 at about 1.1 and increases to about 3.8 by early 2004. From early 2004 to early 2006 it fluctuates between about 3.2 and 4.2. It then decreases to about -0.5 by late 2007 and then increases to about 0.7 by early 2008. By 2009 it has decreased to about -5.5 and by 2010 it has increased to about 4.3. It then decreases to about 1 by 2011:Q3.

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

Figure: Change in Private Payroll Employment

Line chart, by thousands of employees, 2003 to 2011. There is a horizontal line at zero. There are two series, Change in Private Payroll Employment and 3-month moving average. Change in Private Payroll Employment begins in early 2003 at about 40 and generally decreases to about -210 by mid-2003. It then generally increases to about 320 by early 2004. From early 2004 to early 2006 it fluctuates between about -10 and 350. It then generally decreases to about -20 by early 2006 and then generally increases to about 220 by 2007. By early 2009 it has generally decreased to about -880 and by November 2011 it has generally increased to about 130. 3-month moving average begins in early 2003 at about -40 and generally decreases to about -130 by mid-2003. By early 2006 it has generally increased to about 300 and by early 2009 it has generally decreased to about -800. It then generally increases to about 170 by November 2011.

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

Figure: Unemployment Rate

Line chart, by percent, 2003 to 2011. The series begins in early 2003 at about 5.9 and generally increases to about 6.3 by mid-2003. It then generally decreases to about 4.3 by 2007 and then generally increases to about 10.1 by 2009. By November 2011 it has generally decreased to about 8.6.

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

Figure: Manufacturing IP excluding Motor Vehicles and Parts

Line chart, by 3-month percent change, annual rate, 2003 to 2011. There is a horizontal line at zero. The series begins in early 2003 at about 0 and then generally increases to about 5 within a month or two. It then generally decreases to about -2 by mid-2003. By early 2005 it has generally increased to about 9 and by mid-2005 it has generally decreased to about -5. It then generally increases to about 12.5 by late 2005 and then generally decreases to about -0.5 by late 2006. By early 2007 it has generally increased to about 7.5 and by early 2009 it has generally decreased to about -25. It then generally increases to about 11 by early 2010 and then generally decreases to about 3.0 by October 2011.

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

Recent Nonfinancial Developments (2)

Figure: Production of Light Motor Vehicles

Line chart, by millions of units, annual rate, 2003 to 2011. The series begins in 2003 at about 12.8. It then fluctuates, but generally decreases to about 3.5 by early 2009 and then fluctuates, but generally increases to about 9 by October 2011.

Source: Ward's Auto Infobank

Figure: Sales of Light Motor Vehicles

Line chart, by millions of units, annual rate, 2003 to 2011. The series begins in early 2003 at about 16.2. From early 2003 to early 2005 it fluctuates between about 15.2 and 18.1. It then generally increases to about 20.5 by mid-2005 and then decreases to about 14.5 by late 2005. By early 2006 it has generally increased to about 18 and by early 2009 it has generally decreased to about 9.0. It then generally increases to about 14 by mid-2009 and within a month or so decreases to about 8.95. By November 2011 it has generally increased to about 13.5.

Source: Ward's Auto Infobank.

Figure: Real PCE Goods excluding Motor Vehicles

Line chart, by billions of chained (2005) dollars, 2003 to 2011. The series begins in 2003 at about 2400 and generally increases to about 2950 by 2007. It then generally decreases to about 2775 by 2009 and then generally increases to about 3060 by December 2011.

Note: Figures for October, November, and December are staff estimates based on available source data.

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

Figure: Single-Family Housing Starts

Line chart, thousands of units, annual rate, 2003 to 2011. There are two series, Starts and Adjusted permits. Starts begins in 2003 at about 1530 and generally decreases to about 1280 within a month or so. It then fluctuates, but generally increases to about 1810 by 2006 and then generally decreases to about 350 by early 2009. By early 2010 it has generally increased to about 580 and by October 2011 it has generally decreased to about 430. Adjusted permits begins in 2003 at about 1450 and generally increases to about 1840 by 2005. It then generally decreases to about 350 by 2009 and then generally increases to about 575 by early 2010. By October 2011 it has generally decreased to about 430.

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

Source: U.S. Census Bureau.

Figure: Single-Family Home Sales

Line chart, by thousands of units, annual rate, 2003 to 2011. There are two series, New and Existing. New begins in 2003 at about 1000 and fluctuates, but generally increases to about 1400 by 2005. It then generally decreases to about 300 by October 2011. Existing begins in 2003 at about 5350 and fluctuates, but generally increases to about 6350 by 2005. It then generally decreases to about 3500 by late 2008 and then generally increases to about 5650 by late 2009. By mid-2010 it has generally decreased to about 3000 and by early 2011 it has generally increased to about 4750. It then generally decreases to about 4400 by October 2011.

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

Figure: Nondefense Capital Goods Excluding Aircraft

Line chart, by billions of dollars, 2003 to 2011. There are two series, Orders and Shipments. Orders begins in 2003 at about 49. It then fluctuates, but generally increases to about 68.5 by early 2008 and then generally decreases to about 47 by 2009. By October 2011 it has generally increased to about 68. Shipments begins in 2003 at about 49.3 It then generally increases to about 66 by 2008 and then generally decreases to about 51.7 by 2009. By October 2011 it has generally increased to about 66.

Source: U.S. Census Bureau.

Recent Nonfinancial Developments (3)

Figure: Nonresidential Construction Put in Place

Line chart, by billions of chained (2005) dollars, 2003 to 2011. The series begins in 2003 at about 226. It then generally increases to about 410 by late 2007. From late 2007 to late 2008 it fluctuates between about 400 and 415. It then generally decreases to about 245 by early 2011 and then generally increases to about 280 by October 2011.

Source: U.S. Census Bureau.

Figure: Inventory Ratios ex. Motor Vehicles

Line chart, by months, 2003 to 2011. There are two series, Staff flow-of-goods system and Census book-value data. Staff flow-of-goods system begins in 2003 at about 1.6 and generally decreases to about 1.48 by late 2007. It then generally increases to about 1.63 by early 2009 and then generally decreases to about 1.5 by October 2011. Census book-value data begins in 2003 at about 1.3 and generally decreases to about 1.18 by 2005. It then generally increases to about 1.26 by 2006 and then generally decreases to about 1.18 by 2008. By early 2009 it has generally increased to about 1.41 and by October 2011 it has generally decreased to about 1.22.

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, by billions of chained (2005) dollars, 2003 to 2011. There are two series, "Unified" in which the data are monthly and "NIPA" in which the data are quarterly. Unified begins in 2003 at about 450 and generally increases to about 555 by 2004. From 2004 to early 2007 it fluctuates between about 465 and 575. It then generally increases to about 690 by late 2010 and then generally decreases to about 575 by October 2011. NIPA begins in 2003 at about 450 and generally increases to about 525 by 2004. From 2004 to early 2007 it fluctuates between about 505 and 535. It then generally increases to about 650 by mid-2010 and then generally decreases to about 610 by early 2011. It then generally increases to about 635 by 2011:Q3.

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

Source: *Monthly Treasury Statement*; U.S. Department of Commerce, Bureau of Economic Analysis.

Figure: Exports and Non-Oil Imports

Line chart, by billions of dollars, 2003 to 2011. There are two series, Non-oil imports and Exports. Non-oil imports begins in early 2003 at about 112. It then generally increases to about 180 by 2008 and then generally decreases to about 132 by 2009. By September 2011 it has generally increased to about 187. Exports begins in early 2003 at about 81. It then generally increases to about 165 by 2008 and then generally decreases to about 122 by 2009. By September 2011 it has generally increased to about 180.

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

Figure: Total PCE Prices

Line chart, by percent, 2003 to 2011. There is a horizontal line at zero. There are two series, 12-month change and 3-month change. 12-month change begins in 2003 at about 2.3 and generally decreases to about 1.8 by mid-2003. It then generally increases to about 4 by 2005 and then generally decreases to about 1.5 by 2006. By 2008 it has generally increased to about 4.5 and by 2009 it has generally decreased to about -1. It then generally increases to about 2.5 by early 2010 and then generally decreases to about 1.0 by late 2010. By October 2011 it has generally increased to about 2.7. 3-month change begins in early 2003 at about 2. It then generally decreases to about -1 by mid-2003. By late 2003 it has generally increased to about 4. From late 2003 to beginning of 2005 it fluctuates between about 1.0 and 4.0. It then generally increases to about 8.5 by mid-2005 and then generally decreases to about -2 by end of 2006. By beginning of 2007 it has generally increased to about 4. By mid-2008 it has generally increased to about 6.5 and by late 2008 it has generally decreased to about -9.0. It then generally increases to about 4.0 by 2009 and then generally decreases to about -1.2 by 2010. By early 2011 it has generally increased to about 4.7 and by October 2011 it has generally decreased to about 1.7.

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, by percent, 2003 to 2011. There are two series, 12-month change and 3-month change. 12-month change begins in early 2003 at about 1.7 and generally decreases to about 1.3 by end of 2003. By mid-2008 it has generally increased to about 2.5 and by 2009 it has generally decreased to about 1.3. It then generally increases to about 1.8 by early 2010 and then generally decreases to about 0.9 by late 2010. By October 2011 it generally increases to about 1.65. 3-month change begins in early 2003 at about 0.9. It then generally increases to about 3.45 by 2005. From 2005 to early 2008 it fluctuates between about 1 and 3.45. It then generally decreases to about 0.3 by late 2008 and then generally increases to about 2.6 by 2009. By late 2010 it has generally decreased to about 0.5 and by mid-2011 it has increased to about 2.5. It then decreases to about .5 by October 2011.

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

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

Projections of Real GDP and Related Components

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

Measure	2010	2011 H1	2011 H2	2012	2013
Real GDP	**3.1**	**.8**	**2.4**	**2.1**	**2.4**
Previous Tealbook	3.1	.8	2.6	2.3	2.5
Final sales	2.4	.8	2.2	2.0	2.2
Previous Tealbook	2.4	.8	2.7	2.1	2.2
Personal consumption expenditures	3.0	1.4	2.0	2.4	2.4
Previous Tealbook	3.0	1.4	2.2	2.4	2.3
Residential investment	-6.3	.8	5.4	6.6	7.3
Previous Tealbook	-6.3	.8	2.4	5.8	7.9
Nonresidential structures	-1.8	2.5	7.8	-2.1	1.1
Previous Tealbook	-1.8	2.5	10.2	-1.1	.9
Equipment and software	16.6	7.5	9.4	3.8	6.4
Previous Tealbook	16.6	7.5	9.4	3.2	6.4
Federal purchases	2.9	-3.9	-3.9	-1.0	-4.1
Previous Tealbook	2.9	-3.9	-.8	.4	-3.9
State and local purchases	-1.7	-3.1	-1.2	-.5	.7
Previous Tealbook	-1.7	-3.1	-1.2	-.4	.8
Exports	8.8	5.7	4.9	4.8	5.2
Previous Tealbook	8.8	5.7	5.4	5.1	5.5
Imports	10.7	4.8	2.1	3.9	4.1
Previous Tealbook	10.7	4.8	2.3	3.8	4.2
	Contributions to change in real GDP (percentage points)				
Inventory change	.7	.0	.1	.1	.2
Previous Tealbook	.7	.0	-.2	.3	.3
Net exports	-.6	-.1	.3	.0	.0
Previous Tealbook	-.6	-.1	.3	.0	.0

Figure: Real GDP

Line chart, by 4-quarter percent change, 1982 to 2013. There are two series, Current and Previous Tealbook. Current begins in early 1982 at about -2.3. By 1984 it has generally increased to about 8.5 and by 1991 it has generally decreased to about -1.2. It then generally increases to about 4.2 by late 1992. From late 1992 to early 2000 it fluctuates between about 2 and 5.7. It then generally decreases to about 0.2 by 2001 and then generally increases to about 4.1 by 2004. By 2009 it has generally decreased to about -5.4 and by 2010 it generally increases to about 3.8. It then generally decreases to about 1.5 by 2011 and then generally increases to about 2.3 by late 2013. Previous Tealbook follows the Current series almost exactly until 2011 when it begins decreasing at a slower rate. By late 2011 it has generally decreased to about 1.8 and by late 2013 it has generally increased to about 3.2.

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, December 2007-June 2009.

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

Components of Final Demand

Figure: Personal Consumption Expenditures

Line chart, by 4-quarter percent change, 2007 to 2013. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 2007:Q1 at about 2.75 and generally decreases to about -3.1 by 2009:Q2. It then generally increases to about 3.0 by 2010:Q4 and then generally decreases to about 1.8 by 2012:Q1. By 2013:Q4 it has generally increased to about 2.5. Previous Tealbook follows the Current series almost exactly until 2011:Q3 when it begins to decrease at a different rate. By 2012:Q2 it has generally increased to 2.5 and by 2013:Q4 it has decreased to about 2.25.

Figure: Residential Investment

Line chart, by 4-quarter percent change, 2007 to 2013. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 2007:Q1 at about -18.5 and generally decreases to about -28 by 2009:Q2. It then generally increases to about 5 by 2010:Q2 and then generally decreases to about -8.5 by 2010:Q3. By 2011:Q1 it has generally increased to about -2.5 and by 2011:Q2 it has generally decreased to about -7.5. It then generally increases to about 8 by 2013:Q4. Previous Tealbook follows the Current Tealbook series almost exactly until 2011:Q4 when it begins increasing at a different rate. By 2013:Q4 it has increased to about 9.8.

Figure: Equipment and Software

Line chart, by 4-quarter percent change, 2007 to 2013. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 2007:Q1 at about 3 and generally increases to about 4.5 by 2007:Q4. It then generally decreases to about -21 by 2009:Q1. By 2010:Q3 it has generally increased to about 17.5 and by 2012:Q3 it has generally decreased to about 2. It then generally increases to about 6 by 2013:Q4. Previous Tealbook begins in 2007:Q1 at about 3 and generally increases to about 4.5 by 2007:Q4. It then generally decreases to about -21 by 2009:Q1. By 2010:Q3 it has generally increased to about 17.5 and by 2012:Q3 it has generally decreased to about 4.0. It then generally increases to about 5.65 by 2013:Q4.

Figure: Nonresidential Structures

Line chart, by 4-quarter percent change, 20007 to 2013. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 2007:Q1 at about 11 and generally increases to about 17.5 by 2007:Q4. By 2009:Q4 it has generally decreased to about -29.8 and by 2012:Q1 it has generally increased to about 9.5. It then generally decreases to about -1 by 2012:Q4 and then generally increases to about 1 by 2013:Q4. Previous Tealbook begins in 2007:Q1 at about 11 and generally increases to about 17.5 by 2007:Q4. By 2009:Q4 it has generally decreased to about -29.8 and by 2011:Q3 it has generally increased to about 7. By 2012:Q3 it has generally decreased to about -2 and by 2013:Q4 it has increased to about 1.

Figure: Government Consumption & Investment

Line chart, by 4-quarter percent change, 2007 to 2013. There are two series, Current and Previous Tealbook. Current begins in 2007:Q1 at about 0.4 and generally increases to about 2.9 by 2008:Q1. By 2011:Q3 it has generally decreased to about -2.8. It then generally increases to about -0.08 by 2012:Q4 and then generally decreases to about -1.2 by 2013:Q4. Previous Tealbook begins in 2007:Q1 at about 0.4 and generally increases to about 2.9 by 2008:Q1. By 2011:Q3 it has generally decreased to about -2.5. It then generally increases to about -0.01 by 2012:Q3 and generally decreases to about -1.1 by 2013:Q4.

Figure: Exports and Imports

Line chart, by 4-quarter percent change, 2007 to 2013. There is a horizontal line at zero. There are four series, Exports Current Tealbook, Imports Current Tealbook, Exports Previous Tealbook and Imports Previous Tealbook. Exports Current Tealbook begins in 2007:Q1 at about 8 and generally increases to about 11.5 by 2008:Q2. It then generally decreases to about -14.8 by 2009:Q2 and then generally increases to about 14 by 2010:Q2. By 2013:Q4 it has generally decreased to about 5.2. Exports Previous begins in 2007:Q1 at about 8 and generally increases to about 11.5 by 2008:Q2. It then generally decreases to about -14.8 by 2009:Q2 and then generally increases to about 14 by 2010:Q2. By 2013:Q4 it has generally decreased to about 5.65. Imports Current Tealbook begins in 2007:Q1 at about 4 and generally decreases to about -19 by 2009:Q2. It then generally increases to about 17 by 2010:Q2 and then generally decreases to about 1.5 by 2011:Q3. By 2013:Q4 it has generally increased to about 4.5. Imports Previous Tealbook begins in 2007:Q1 at about 4 and generally decreases to about -19 by 2009:Q2. It then generally increases to about 17 by 2010:Q2 and then generally decreases to about 2 by 2011:Q3. By 2013:Q4 it has generally increased to about 4.

Note: Blue shading represents the projection period, which begins in 2011:Q4.

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

Aspects of the Medium-Term Projection

Figure: Personal Saving Rate

Line chart, by percent, 1995 to 2013. There are two series, Current and Previous Tealbook. Current begins in 1995 at about 6.05. By 1997 it has generally decreased to about 4.4 and by 1998 it has generally increased to about 5.95. It then generally decreases to about 2.0 by late 2001 and then generally increases to about 4.1 by early 2002. By 2005 it has generally decreased to about 1.2 and by 2009 it has generally increased to about 6.3. It then generally decreases to about 4.1 by 2013. Previous Tealbook follows the Current Tealbook series almost exactly until 2010 when it begins decreasing at a slower rate. It generally decreases to about 4.3 by 2013.

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

Figure: Wealth-to-Income Ratio

Line chart, by ratio, 1995 to 2013. There are two series, Current and Previous Tealbook. Current begins in 1995 at about 4.8. It then generally increases to about 6.2 by 2000 and then generally decreases to about 5.0 by 2002. By 2005 it has generally increased to about 6.4 and by 2009 it has generally decreased to about 4.6. It then generally increases to about 5.25 by early 2011 and then generally decreases to about 5.1 by late 2013. Previous Tealbook begins in 1995 at about 4.8. It then generally increases to about 6.2 by 2000 and then generally decreases to about 5.0 by 2002. By 2005 it has generally increased to about 6.4 and by 2009 it has generally decreased to about 4.5. It then generally increases to about 5.3 by early 2011 and then generally decreases to about 5.1 by late 2013.

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

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

Figure: Single-Family Housing Starts

Line chart, by millions of units, 1995 to 2013. There are two series, Current and Previous Tealbook. Current begins in 1995 at about 1.05. It then generally increases to about 1.75 by 2006 and then generally decreases to about 0.33 by 2009. By early 2013 it has generally increased to about 0.60. Previous Tealbook follows the Current Tealbook series almost exactly.

Note: Blue shading represents the projection period, which begins in 2011:Q3.

Source: U.S. Census Bureau.

Figure: Equipment and Software Spending

Line chart, by share of nominal GDP, 1995 to 2013. There are two series, Current and Previous Tealbook. Current begins in 1995 at about 8.15. It then generally increases to about 9.6 by 2000 and then generally decreases to about 7.5 by 2004. By 2006 it has generally increased to about 8.03 and by 2009 it has generally decreased to about 6.45. It then generally increases to about 7.7 by the end of 2013. Previous Tealbook follows the Current Tealbook series almost exactly except that it ends in late 2013 at about 7.6.

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

Figure: Federal Surplus/Deficit

Line chart, by share of nominal GDP, 1995 to 2013. Data is 4-quarter moving average. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 1995 at about -2.7. It then generally increases to about 2.5 by 2000 and then generally decreases to about -3.8 by 2004. By 2007 it has generally increased to about -1.2 and by 2009 it has generally decreased to about -10.7. It has generally increased to about -5.4 by the end of 2013. Previous Tealbook follows the Current Tealbook series almost exactly except that it ends in late 2013 at about -5.1.

Source: *Monthly Treasury Statement*.

Figure: Current Account Surplus/Deficit

Line chart, by share of nominal GDP, 1995 to 2013. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in early 1995 at about -1.75 and generally increases to about -1.1 by late 1995. It then generally decreases to about -6.7 by 2005 and then generally increases to about -2.35 by 2009. By 2010 it has generally decreased to about -3.3 and by 2012 it has generally increased to about -2.6. It then generally decreases to about -2.98 by the end of 2013. Previous Tealbook follows the Current Tealbook series almost exactly until 2011 when it begins increasing at a different rate. By the end of 2013 it has increased to about -3.0.

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: March 2001-November 2001, and December 2007-June 2009. Blue shading represents the projection period, which begins in 2011:Q4 except as noted.

[Box:] The Role of Surprisingly Weak Income Data in the PCE Projection

Projections of the 2011 Q4/Q4 Change in Real DPI

(Billions of real dollars)

	Oct 2011 TB	Jan 2012 TB	Revision
DPI	157	38	-120
Selected components			
Compensation	95	69	-27
Transfers	-9	-53	-44
Dividends and interest	50	9	-41

Figure: Effect of Revision to the Level of 2011:Q4 Income from the October to January Tealbook on Projected Consumption Growth

Bar chart, by percentage points 0 to -0.5, 2012:Q4/Q4 to 2013:Q4/Q4. There are two series, Staff PCE Model and Staff PCE Projection. In 2012:Q4 Staff PCE Model is at -0.5 and Staff PCE Projection is at -0.3. In 2013:Q4, Staff PCE Model is at -0.25 and Staff PCE Projection is at -0.10.

Decomposition of Potential GDP

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

Measure	1974-1995	1996-2000	2001-2009	2010	2011	2012	2013
Potential Real GDP	**3.0**	**3.5**	**2.4**	**1.6**	**1.7**	**2.0**	**2.1**
Previous Tealbook	3.0	3.5	2.4	1.6	1.7	2.0	2.1
Selected contributions[1]							
Structural labor productivity	1.5	2.7	2.4	1.4	1.5	1.6	1.7
Previous Tealbook	1.5	2.7	2.4	1.4	1.5	1.6	1.7
Capital deepening	.7	1.5	.8	.4	.5	.5	.7
Previous Tealbook	.7	1.5	.8	.4	.5	.5	.7
Multifactor productivity	.5	.9	1.4	.9	.8	.9	.9
Previous Tealbook	.5	.9	1.4	.9	.8	.9	.9
Structural hours	1.5	1.0	.6	.5	.6	.7	.6
Previous Tealbook	1.5	1.0	.6	.5	.6	.7	.6
Labor force participation	.4	.0	-.3	-.4	-.3	-.2	-.3
Previous Tealbook	.4	.0	-.3	-.4	-.3	-.2	-.3

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

Figure: Structural and Actual Labor Productivity (Nonfarm Business Sector)

Line chart, by chained (2005) dollars per hour, 2001 to 2013. There is a shaded bar from 2011:Q3 to 2013:Q4 that represents the forecast period. There are two series, Structural labor productivity and Actual labor productivity. Structural labor productivity begins in 2001 at about 43.9 and generally increases to about 57.5 by the end of 2013. Actual labor productivity begins in 2001 at about 43.5 and generally increases to about 52 by 2007. It then generally decreases to about 51.3 by 2008 and then generally increases to about 57.5 by the end of 2013.

Note: Blue shading represents the projection period, which begins in 2011:Q4.

Figure: Structural and Actual Labor Force Participation Rate

Line chart, by percent, 2001 to 2013. There is a shaded bar from 2011:Q4 to 2013:Q4 that represents the forecast period. There are two series, Structural Labor Force Participation Rate and Actual Labor Force Participation Rate. Structural Labor Force Participation Rate begins in 2001 at about 66.75 and generally decreases to about 64.45 by the end of 2013. Actual Labor Force Participation Rate begins in 2001 at about 67.1 and generally decreases to about 65.8 by 2005. It then generally increases to about 66.3 by 2007 and then generally decreases to about 64 by the end of 2013.

Note: Blue shading represents the projection period, which begins in 2012:Q1.

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

The Outlook for the Labor Market and Resource Utilization

(Percent change from final quarter of preceding period)

Measure	2010	2011		2012	2013
		H1	H2		
Output per hour, nonfarm business	2.5	-.4	1.4	1.4	1.4
Previous Tealbook	2.5	-.4	2.1	1.3	1.2
Nonfarm private employment[1]	98	165	155	163	171
Previous Tealbook	98	165	145	168	173
Labor force participation rate[2]	64.4	64.1	64.0	64.0	63.9
Previous Tealbook	64.5	64.1	64.1	64.1	64.0
Civilian unemployment rate[2]	9.6	9.1	8.7	8.6	8.2
Previous Tealbook	9.6	9.1	8.8	8.6	8.2
Memo:					
GDP gap[3]	-5.4	-5.8	-5.5	-5.4	-5.2
Previous Tealbook	-5.4	-5.8	-5.5	-5.2	-4.8

1. Thousands, average monthly changes. Return to table

2. Percent, average for the final quarter in the period. Return to table

3. Percent difference between actual and potential GDP in the final quarter of the period indicated. A negative number indicates that the economy is operating below potential. Return to table

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

Figure: Nonfarm Private Employment, Average Monthly Changes

Line chart, by thousands, 1995 to 2013. There is a shaded bar from 2011:Q4 to 2013:Q4 that represents the forecast period. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 1995 at about 220. From 1995 to 1999 it fluctuates between about 100 and 320. It then generally decreases to about -350 by 2001 and then generally increases to about 320 by 2006. By 2009 it has generally decreased to about -820 and by the end of 2013 it has generally increased to about 195. Previous Tealbook follows the Current Tealbook series almost exactly until 2011. By the end of 2013 it has generally increased to about 220.

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

Figure: Unemployment Rate

Line chart, by percent, 1995 to 2013. There is a shaded bar from 2011:Q4 to 2013:Q4 that represents the forecast period. There are four series, Current Tealbook, Previous Tealbook, NAIRU, and NAIRU with EEB adjustment. Current Tealbook begins in early 1995 at about 5.5 and generally increases to about 5.75 by mid-1995. It then generally decreases to about 3.95 by 2000 and then generally increases to about 6.2 by 2003. By 2007 it has generally decreased to about 4.5 and by 2009 it has generally increased to about 10. It then generally decreases to about 8.1 by the end of 2013. Previous Tealbook follows Current Tealbook exactly except that it ends in late 2013 at about 8.05. NAIRU begins in 1995 at about 5.0 and remains constant at 5.0 until 2008. It then generally increases to about 6 by 2009 and remains constant here until the end of 2013. NAIRU with EEB adjustment begins in 1995 at about 5.01 and remains relatively constant at 5 until 2001. It then increases to about 5.1 by 2002. It then generally decreases to about 5 by 2004 and remains constant here until 2008. By 2010 it has increased to about 6.85 and by the end of 2013 it has generally decreased to about 6.0.

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

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

Figure: GDP Gap

Line chart, by percent, 1995 to 2013. There is a shaded bar from 2011:Q3 to 2013:Q4 that represents the forecast period. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in 1995 at about -1.4. It then generally increases to about 3.5 by 2000 and then generally decreases to about -2.7 by 2003. By 2006 it has generally increased to about 0.7 and by 2009 it has generally decreased to about -7.8. It then generally increases to about -5.0 by the end of 2013. Previous Tealbook follows Current Tealbook exactly until 2010. By the end of 2013 it has generally increased to about -5.3.

Note: The GDP gap is the percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential. Blue shading represents the projection period, which begins in 2011:Q4.

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

Figure: Manufacturing Capacity Utilization Rate

Line chart, by percent, 1995 to 2013. There is a shaded bar from 2011:Q4 to 2013:Q4 that represents the forecast period. There is a horizontal line at about 79 which represents the average rate from 1972 to 2010. There are two series, Current and Previous Tealbook. Current begins in 1995 at about 84.3 and generally decreases to about 82 by 1996. It then generally increases to about 84 by 1997 and then generally decreases to about 71.5 by 2001. By 2007 it has generally increased to about 79.7 and by 2009 it has generally decreased to about 64.5. It then generally increases to about 77.3 by the end of 2013. Previous Tealbook follows the Current Tealbook series almost exactly until 2010 when it begins increasing at a faster rate. By the end of 2013 it has generally increased to about 78.5.

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: March 2001-November 2001, and December 2007-June 2009. Blue shading represents the projection period, which begins in 2012:Q1 except as noted.

Inflation Projections

(Percent change at annual rate from final quarter of preceding period)

Measure	2010	2011 H1	2011 H2	2012	2013
PCE chain-weighted price index	1.3	3.6	1.4	1.4	1.3
Previous Tealbook	1.3	3.6	1.4	1.4	1.2
Food and beverages	1.3	6.4	3.7	1.1	1.2
Previous Tealbook	1.3	6.4	3.7	1.2	1.2
Energy	6.2	27.2	-1.9	1.4	-.8
Previous Tealbook	6.2	27.2	-1.9	-.3	-1.6
Excluding food and energy	1.0	1.9	1.5	1.5	1.4
Previous Tealbook	1.0	1.9	1.5	1.5	1.4
Prices of core goods imports[1]	2.6	7.7	.8	.2	1.5
Previous Tealbook	2.6	7.7	.8	.2	1.5

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, by 4-quarter percent change, 1995 to 2013. There is a shaded bar from 2011:Q4 through 2013:Q4 that represents the forecast period. There is a horizontal line at zero. There are two series, Current and Previous Tealbook. Current begins in early 1995 at about 2.4. It then generally decreases to about 2.0 by late 1995 and then generally increases to about 2.4 by 1996. It then generally decreases to about 0.95 by 1998 and then generally increases to about 2.7 by 2000. By 2002 it has generally decreased to about 0.7 and by 2005 it has generally increased to about 3.2. It then generally decreases to about 1.7 by 2006 and then generally increases to about 4.4 by 2008. By 2009 it has generally decreased to about -0.9 and by early 2010 it has generally increased to about 2.5. It then generally decreases to about 1.1 by late 2010 and then increases to about 2.9 by 2011. By the end of 2013 it has generally decreased to about 1.2. Previous Tealbook follows the Current series almost exactly except it ends in late 2013 at about 1.3.

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

Figure: PCE Prices excluding Food and Energy

Line chart, by 4-quarter percent change, 1995 to 2013. There is a shaded bar from 2011:Q4 through 2013:Q4 that represents the forecast period. There 3 series, Current Tealbook, Previous Tealbook and Current Tealbook: Market based. Current Tealbook begins in early 1995 at about 2.4. It then generally decreases to about 1.3 by 1998 and then generally increases to about 2.6 by 2007. By late 2010 it has generally decreased to about 0.95 and by early 2012 it has generally increased to about 1.8. It then generally decreases to about 1.35 by late 2013. Previous Tealbook follows Current Tealbook almost exactly until 2011. By early 2012 it has generally increased to about 1.9 and by late 2013 it has generally decreased to about 1.35. Current Tealbook: Market based begins in early 1995 at about 2.15. It then generally decreases to about 0.95 by 1998 and then generally increases to about 1.9 by 2001. By 2003 it has generally decreased to about 1.2 and by 2008 it has generally increased to about 2.45. It then generally decreases to about 0.7 by late 2010 and then generally increases to about 1.8 by early 2012. It then generally decreases to about 1.2 by the end of 2013.

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

Figure: Compensation per Hour

Line chart, by 4-quarter percent change, 1995 to 2013. There is a shaded bar from 2011:Q4 through 2013:Q4 that represents the forecast period. There is a horizontal line at zero. There are two series, Current Productivity and Costs and Current Employment cost index. Current Productivity and Costs begins in early 1995 at about 1.2 and generally increases to about 3.7 by 1996. It then generally decreases to about 2.5 by 1997 and then generally increases to about 7 by 1998. By 1999 it has generally decreased to about 3 and by 2000 it has generally increased to about 8.7. It then generally decreases to about 2.5 by 2002 and then generally increases to about 5.7 by 2003. By 2009 it has generally decreased to about 0 and by 2010 it has generally increased to about 3. It then generally decreases to about 2.1 by the end of 2013. Current Employment cost index begins in 1995 at about 2.8. It then generally increases to about 4.7 by 2000 and then generally decreases to about 1.2 by 2009. By the end of 2013 it has generally increased to about 2.3. Previous Employment cost index follows the Current Employment cost index almost exactly.

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

Figure: Long-Term Inflation Expectations

Line chart, by percent, 1995 to 2011. There are two series, Thomson Reuters/Michigan next 5 to 10 yrs. and SPF next 10 yrs. Thomson Reuters/Michigan begins in early 1995 at about 3.1. It then generally decreases to about 2.7 by 1998. From 1998 to early 2005 it fluctuates between about 2.2 and 3.25. From early 2005 to late 2010 it fluctuates between about 2.4 and 3.4. By November 2011 it is at about 2.7. SPF begins in early 2007 at about 2.0 and generally increases to about 2.25 by 2009. It then generally decreases to about 2.0 by 2010 and then generally increases to about 2.1 by 2011:Q4.

Note: The Survey of Professional Forecasters (SPF) projection is for the PCE price index.

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: March 2001-November 2001, and December 2007-June 2009.

The Long-Term Outlook

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

Item	2011	2012	2013	2014	2015	2016
Real GDP	1.6	2.1	2.4	3.6	4.2	3.7
Civilian unemployment rate[1]	8.7	8.6	8.2	7.8	7.2	6.5
PCE prices, total	2.5	1.4	1.3	1.5	1.5	1.6
Core PCE prices	1.7	1.5	1.4	1.4	1.4	1.5
Federal funds rate[1]	.1	.1	.1	.3	1.5	2.5
10-year Treasury yield[1]	2.1	2.7	3.5	3.7	3.9	4.1

1. Percent, average for the final quarter of the period. Return to table

Figure: Real GDP

Line chart, by 4-quarter percent change, 2002 to 2016. There is a horizontal line at zero. There are two series, Real GDP and Potential GDP. Real GDP begins in 2002 at about 1.6 and generally increases to about 4.1 by 2004. It then generally decreases to about -5.1 by 2009 and then generally increases to about 3.5 by 2010. By 2011 it has generally decreased to about 1.5 and by 2015 it has generally increased to about 4.1. It then generally decreases to about 3.6 the end of 2016. Potential GDP begins in 2002 at about 3.4 and generally decreases to about 2.1 by late 2004. It then generally increases to about 2.4 by 2007 and then generally decreases to about 1.0 by 2009. By the end of 2016 it has generally increased to about 2.6.

Figure: Unemployment Rate

Line chart, by percent, 2002 to 2016. There are three series, Unemployment rate, NAIRU with EEB adjustment and NAIRU. Unemployment rate begins in 2002 at about 5.7 and generally increases to about 6.1 by 2003. It then generally decreases to about 4.3 by late 2006 and then generally increases to about 10 by 2009. By the end of 2016 it has generally decreased to about 6.3. NAIRU with EEB adjustment begins in early 2002 at about 5 and generally increases to about 5.2 by mid-2002. It then generally decreases to about 5 by 2004 and remains constant here until 2008. It then generally increases to about 6.75 by 2010 and then generally decreases to about 5.4 by the end of 2016. NAIRU begins in 2002 at about 5 and remains constant here until 2008. It then generally increases to about 6 by 2009 and remains constant here until late 2014. By the end of 2016 it has decreased to about 5.4.

Figure: PCE Prices

Line chart, by 4-quarter percent change, 2002 to 2016. There are two series, PCE prices excluding food and energy and Total PCE prices. PCE prices excluding food and energy begins in early 2002 at about 1.5 and generally increases to about 2 by mid-2002. It then generally decreases to about 1.4 by 2003 and then generally increases to about 2.5 by 2008. By 2009 it has generally decreased to about 1.3 and by early 2010 it has generally increased to about 1.8. It then generally decreases to about 0.95 by late 2010 and generally increases to about 1.8 by 2012. By 2014 it has generally decreased to about 1.3 and by the end of 2016 it has generally increased to about 1.6. Total PCE prices begins in 2002 at about 0.8 and generally increases to about 3.25 by 2005. It then generally decreases to about 1.9 by 2006 and then generally increases to about 4.25 by 2008. By 2009 it has generally decreased to about -0.7 and by early 2010 it has generally increased to about 2.35. It then generally decreases to about 1.3 by late 2010 and then generally increases to about 2.9 by 2011. By 2012 it has decreased to about 1.1 and by end of 2016 it has generally increased to about 1.6.

Figure: Interest Rates

Line chart, by percent, 2002 to 2016. There are three series, Federal funds rate, 10-year Treasury and BBB corporate. Federal funds rate begins in 2002 at about 1.75 and generally decreases to about 1 by 2003. It then generally increases to about 5.25 by 2006 and then generally decreases to about 0.13 by 2009. It remains relatively stable here until early 2014. It then generally increases to about 2.75 by the end of 2016. 10-year Treasury begins in 2002 at about 5.4 and generally decreases to about 3.75 by 2003. It then generally increases to about 5.1 by 2006 and then generally decreases to about 2.1 by late 2011. By the end of 2016 it has generally increased to about 4.2. BBB corporate begins in 2002 at about 7.6 and generally decreases to about 5.4 by 2004. It then generally increases to about 9.3 by 2008 and then generally decreases to about 4.8 by 2011. By the end of 2016 it has generally increased to about 5.9.

Note: In each panel, shading represents the projection period, which begins in 2011:Q4.

Evolution of the Staff Forecast

Figure: Change in Real GDP

Line chart, by percent, 2010 to 2012. Data are Q4 over Q4 and are plotted on the Tealbook publication dates. There are 3 series 2011, 2012, and 2013. 2011 begins on January 20, 2010 at about 4.75. It then generally decreases to about 3.25 by September 15, 2010 and then generally increases to about 3.8 by January 19, 2011. By September 14, 2011 it has decreased to about 1.4 and by December 7, 2011 it has increased to about 1.75. 2012 begins on September 15, 2010 at about 4.3 and increases to about 4.75 by October 27, 2010. It then decreases to about 4.3 by December 8, 2010 and remains constant here until March 9, 2011. By December 7, 2011 it has decreased to about 2.25. 2013 begins on September 14, 2011 at about 3.3 and decreases to about 2.6 by December 7, 2011.

Figure: Unemployment Rate

Line chart, by percent, 2010 to 2012. Data are from the fourth quarter and are plotted on the Tealbook publication dates. There are three series, 2011, 2012 and 2013. 2011 begins on January 20, 2010 at about 8.15 and generally increases to about 9.1 by September 15, 2010. It then generally decreases to about 8.55 by March 9, 2011 and then increases to about 9.2 by August 3, 2011. By December 7, 2011 it has generally decreased to about 8.8. 2012 begins on September 15, 2010 at about 8.0 and decreases to about 7.9 by October 27, 2010. It then increases to about 8.0 by December 8, 2010 and then decreases to about 7.5 by March 9, 2011. By December 7, 2011 it has generally increased to about 8.65. 2013 begins on September 14, 2011 at about 8.1 and generally increases to about 8.25 by January 18, 2012.

Figure: Change in PCE Prices excluding Food and Energy

Line chart, by percent, 2010 to 2012. Data are Q4 over Q4 and are plotted on the Tealbook publication dates. There are three series, 2011, 2012 and 2013. 2011 begins on January 20, 2010 at about 1.1. It then generally decreases to about 0.8 by June 16, 2010 and then generally increases to about 1.0 by October 27, 2010. By December 8, 2010 it has decreased to about 0.9 and by September 14, 2011 it has increased to about 1.9. It then decreases to about 1.65 by December 7, 2011. 2012 begins on September 15, 2010 at about 0.9 and increases to about 1.0 by October 27, 2010. By December 8, 2010 it has decreased to about 0.9 and by June 15, 2011 it has increased to about 1.5. It remains constant here until January 18, 2012. 2013 begins on September 14, 2011 at about 1.3 and generally increases to about 1.4 by January 18, 2012.

International Economic Developments and Outlook

Recent Foreign Indicators

Figure: Nominal Exports

Line chart, by scale where January 2007 = 100, 2007 to 2012. There is a horizontal line at 100. There are three series, Foreign, AFE, and EME. Foreign begins in early 2007 at about 100 and generally increases to about 133 by mid-2008. It then generally decreases to about 85 by early 2009 and then generally increases to about 140 by beginning of 2012. AFE begins in early 2007 at about 100 and generally increases to about 130 by mid-2008. It then generally decreases to about 81 by early 2009 and then generally increases to about 127 by beginning of 2012. EME begins in early 2007 at about 100 and generally increases to about 135 by mid-2008. By early 2009 it has generally decreased to about 88 and by early 2011 it has generally increased to about 160. It then generally decreases to about 155 by early 2012.

Note: EME excludes Venezuela.

Figure: Industrial Production

Line chart, by scale where January 2007 = 100, 2007 to 2012. There is a horizontal line at 100. There are three series, Foreign, AFE and EME. Foreign begins in early 2007 at about 100 and generally increases to about 103.5 by early 2008. It then generally decreases to about 90 by early 2009 and then generally increases to about 107 by late 2011. AFE begins in early 2007 at about 100 and generally increases to about 101 by mid-2007. It then generally decreases to about 84 by early 2009 and then generally increases to about 95.5 by late 2011. EME begins in early 2007 at about 100 and generally increases to about 109 by early 2008. It then generally decreases to about 95 by early 2009 and then generally increases to about 122 by late 2011.

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

Figure: Retail Sales

Line chart, by 12-month percent change, 2007 to 2012. There is a horizontal line at zero. There are three series, Foreign, AFE and EME. Foreign begins in early 2007 at about 4.5. From early 2007 to early 2008 it fluctuates between about 4 and 5.3. It then generally decreases to about -2.3 by early 2009 and then generally increases to about 6.2 by early 2010. By late 2011 it has generally decreased to about 2.5. AFE begins in early 2007 at about 3.5. From early 2007 to early 2008 it fluctuates between about 2.5 and 4.5. It then generally decreases to about -4.3 by early 2009 and then generally increases to about 5.1 by early 2010. By early 2011 it has generally decreased to about -1.5 and by late 2011 it has generally increased to about 1. EME begins in early 2007 at about 6 and generally increases to about 10.5 within a month or so. It then generally decreases to about 3.3 by late 2008. By early 2010 it has generally increased to about 11 and by early 2011 it has generally decreased to about 4.0. It then generally increase to about 7.5 by mid-2011 and then generally decreases to about 5.1 by beginning of 2012.

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

Figure: Employment

Line chart, by 4-quarter percent change, 2007 to 2012. There is a horizontal line at zero. There are three series, Foreign, AFE and EME. Foreign begins in early 2007 at about 2.1 and decreases to about 2.02 by mid-2007. It then increases to about 2.3 by late 2007 and then generally decreases to about -2.90 by mid-2009. By beginning of 2011 it has generally increased to about 1.6 and by beginning of 2012 it has decreased slightly to 1.3. AFE begins in early 2007 at about 1.95 and generally decreases to about 1.8 by mid-2007. It generally increases to about 1.95 by beginning of 2008. It then generally decreases to about -1.8 by mid-2009 and then generally increases to about 1.0 by beginning of 2011 and generally decreases to 0.8 by beginning of 2012. EME begins in early 2007 at about 2.9 and generally increases to about 3.3 by beginning of 2008. It then generally decreases to about 0.4 by mid-2009 and then generally increases to about 2.98 by beginning of 2012.

Note: EME excludes Argentina and Mexico.

Figure: Consumer Prices: Advanced Foreign Economies

Line chart, by 12-month percent change, 2007 to 2012. There is a horizontal line at zero. There are two series, Headline and Core. Headline begins in early 2007 at about 1.3 and generally increases to about 3.5 by mid-2008. It then generally decreases to about -0.95 by mid-2009. By beginning of 2012 it has generally increased to about 2.5. Core begins in early 2007 at about 1.28 and generally increases to about 1.4 by mid-2007. It then generally decreases to about 0.95 by early 2008 and then generally increases to about 1.3 by late 2008. By mid-2010 it has generally decreased to about 0.6 and by beginning of 2012 it has generally increased to about 1.25.

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

Source: Haver Analytics and CEIC.

Figure: Consumer Prices: Emerging Market Economies

Line chart, by 12-month percent change, 2007 to 2012. There is a horizontal line at zero. There are three series, Headline, Excluding food -- East Asia and Excluding food -- Latin America. Headline begins in early 2007 at about 2.9. It then generally increases to about 6.8 by mid-2008 and then generally decreases to about 1.0 by mid-2009. By mid-2011 it has generally increased to about 5.0 and by beginning of 2012 it has decreases to 4.1. Excluding food -- East Asia begins in early 2007 at about 1.3. It then generally increases to about 4.0 by mid-2008 and then generally decreases to about -2.1 by mid-2009. By mid-2010 it has increased to 1.8. By beginning of 2012 it has generally increased to about 2.2. Excluding food -- Latin America begins in early 2007 at about 3.6 and then generally decreases to about 3.2 within a few months. It then generally increases to about 5.8 by late 2008 and then generally decreases to about 3.4 by late 2009. By early 2010 it has generally increased to about 4.6 and by beginning of 2012 it has generally decreased to about 3.8.

The Foreign Outlook

(Percent change, annual rate)

	2011			2012			
	H1	Q3	Q4	Q1	Q2	H2	2013
Real GDP							
Total foreign	3.0	3.6	2.0	2.5	2.3	2.6	3.0
Previous Tealbook	3.2	3.6	2.3	2.5	2.4	2.7	3.0
Advanced foreign economies	.9	2.7	.6	.6	.5	1.1	1.5
Previous Tealbook	1.2	2.7	1.0	.7	.6	1.1	1.6
Emerging market economies	5.3	4.6	3.5	4.6	4.3	4.3	4.5
Previous Tealbook	5.3	4.7	3.7	4.4	4.3	4.4	4.6
Consumer Prices							
Total foreign	3.7	3.1	3.1	2.3	2.4	2.3	2.3
Previous Tealbook	3.7	3.1	3.5	2.6	2.3	2.2	2.3
Advanced foreign economies	2.7	1.0	2.8	1.6	1.2	1.3	1.1
Previous Tealbook	2.7	1.1	2.9	1.4	1.1	1.1	1.1
Emerging market economies	4.6	4.6	3.3	3.0	3.3	3.1	3.2
Previous Tealbook	4.6	4.6	3.9	3.6	3.2	3.1	3.2

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

Figure: Real GDP

Line chart, by percent change, 2008 to 2013. Data are annual rate. There is a horizontal line at zero. There are two series, Total Foreign Current Tealbook and Total Foreign Previous Tealbook. Total Foreign Current Tealbook begins in early 2008 at about 3 and generally decreases to about -9.8 by early 2009. It then generally increases to about 5.5 by late 2009 and then generally decreases to about 2 by late 2011. By the end of 2013 it has generally increased to about 3.5. Total Foreign Previous Tealbook follows the Current Tealbook series almost exactly except that it decreases to about 3 by late 2011 and then increases to about 3.5 by the end of 2013.

There is a second line chart, by percent change, 2008 to 2013. Data are annual rate. There is a horizontal line at zero. There are four series, Advanced Foreign Economies Current Tealbook, Advanced Foreign Economies Previous Tealbook, Emerging Market Economies Current Tealbook and Emerging Market Economies Previous Tealbook. Advanced Foreign Economies Current Tealbook begins in early 2008 at about 1 and generally decreases to about -9.7 by early 2009. It then generally increases to about 4.5 by early 2010 and then generally decreases to about 0 by early 2011. By mid-2011 it has generally increased to about 3 and by 2012 it has generally decreased to about 0.5. It then generally increases to about 2 by the end of 2013. Advanced Foreign Economies Previous Tealbook follows the Advanced Foreign Economies Current Tealbook series almost exactly until mid-2011 when it generally increases to about 2. It then generally decreases to about 2.5 by 2012 and then generally increases to about 2 by the end of 2013. Emerging Market Economies Current Tealbook begins in early 2008 at about 5.2 and generally decreases to about -9.7 by early 2009. By mid-2009 it has generally increased to about 10 and by late 2011 it has generally decreased to about 3.5. It then generally increases to about 4.8 by the end of 2013. Emerging Market Economies Previous Tealbook follows the Emerging Market Economies Current Tealbook series almost exactly until early 2011. By late 2011 it has generally decreased to about 4.5 and by the end of 2013 it has generally increased to about 4.9.

Figure: Consumer Prices

Line chart, by percent change, 2008 to 2013. Data are annual rate. There is a horizontal line at zero. There are two series, Total Foreign Current Tealbook and Total Foreign Previous Tealbook. Total Foreign Current Tealbook begins in early 2008 at about 5. It then generally decreases to about -1 by late 2008 and then generally increases to about 3.3 by early 2010. By mid-2010 it has generally decreased to about 1.8 and by late 2010 it has generally increased to about 5.2. It then generally decreases to about 2.2 by the end of 2013. Total Foreign Previous Tealbook follows Total Foreign Current Tealbook almost exactly until mid-2011. By the end of 2013 it has generally decreased to about 2.5.

There is a second line chart, by percent change, 2008 to 2013. Data are annual rate. There is a horizontal line at zero. There are four series, Advanced Foreign Economies Current Tealbook, Advanced Foreign Economies Previous Tealbook, Emerging Market Economies Current Tealbook and Emerging Market Economies Previous Tealbook. Advanced Foreign Economies Current Tealbook begins in early 2008 at about 2.7 and generally increases to about 3.95 by mid-2008. It then generally decreases to about -2.2 by late 2008. It then generally increases to about 2 by early 2010 and then generally decreases to about 0.4 by mid-2010. By late 2010 it has generally increased to about 3.1 and by mid-2011 it has generally decreased to about 0.7. It then generally increases to about 3.0 by late 2011 and generally decreases to about 1.2 by the end of 2013. Advanced Foreign Economies Previous Tealbook follows the Advanced Foreign Economies Current Tealbook series almost exactly until mid-2011. By late 2011 it increases to about 2.8 and by mid-2012 it has generally decreased to about 1.5. It then generally increases to about 1.7 by the end of 2013. Emerging Market Economies Current Tealbook begins in early 2008 at about 7.1. It then generally decreases to about -0.7 by early 2009 and then generally increases to about 4.5 by early 2010. By mid-2010 it has generally decreased to about 2.7 and by late 2010 it has generally increased to about 6.7. It then generally decreases to about 3.2 by the end of 2013. Emerging Market Economies Previous Tealbook follows Emerging Market Economies Current Tealbook almost exactly.

Note: Blue shading represents the projection period, which begins in 2011:Q4.

Evolution of Staff's International Forecast

Figure: Total Foreign GDP

Line chart, by percent change, Q4 over Q4, January 20, 2010 to December 5, 2012. The x-axis is Tealbook publication dates. There are three series, 2011, 2012 and 2013. 2011 begins on January 20, 2010 at about 4.1 and generally decreases to about 3.1 by June 16, 2010. It then generally increases to about 3.5 by June 15, 2011. It generally decreases to 2.8 by January 18, 2012. 2012 begins on September 15, 2010 at about 3.5 and remains relatively stable here until June 15, 2011. It then generally decreases to about 2.3 by January 18, 2012. 2013 begins on September 14, 2011 at about 3.5. It then decreases to about 3.0 by January 18, 2012.

Figure: Total Foreign CPI

Line chart, by percent change, Q4 over Q4, January 20, 2010 to December 5, 2012. The x-axis is Tealbook publication dates. There are 3 series 2011, 2012 and 2013. 2011 begins on January 20, 2010 at about 2.0 and generally increases to about 3.0 by April 20, 2011. It then generally decreases to about 2.8 by June 15, 2011 and then generally increases 3.5 on December 7, 2011. It then generally decreased to about 3.1 on January 18, 2012. 2012 begins on September 15, 2010 at about 2.3 and generally remains steady until January 18, 2012. 2013 begins on September 14, 2011 at about 2.3 and generally decreases to about 2.1 by January 18, 2012.

Figure: U.S. Current Account Balance

Line chart, by percent of GDP, January 20, 2010 to December 5, 2012. The x-axis is Tealbook publication dates. There are three series, 2011, and 2012 and 2013. 2011 begins on January 20, 2010 at about -3.2 and generally increases to about -2.8 by August 4, 2010. It then generally decreases to about -3.3 by December 8, 2010. It then increases to about -2.5 by June 15, 2011 and then decreases to -3.0 on August 3, 2011. It then increases to -2.8 on December 7, 2011 and then decreases to -3 on January 18, 2012. 2012 begins on September 15, 2010 at -2.8. It then decreases to -3.2 on December 8, 2011 and then increases to -2.0 on June 15, 2011. It then generally decreases -3.0 by January 18, 2012. 2013 begins at -2.3 on September 14, 2011 and then decreases to -3.2 on January 18, 2012.

Financial Developments

Policy Expectations and Treasury Yields

Figure: Selected Interest Rates

Line chart, by percent, December 12, 2011 to January 13, 2012. There is a vertical line on December 13th noting the December FOMC, on December 15th noting PPI, on December 15th noting Philadelphia Fed, on December 16th noting CPI, on December 20th noting ECB 3-year longer-term refinancing operation auction, on December 21st noting GDP, on December 27th Consumer confidence, and on January 5, 2012 noting nonfarm payrolls. There are two series, 2-year Treasury yield and 10-year Treasury yield. 2-year Treasury yield begins on December 12th at about 0.25 and generally increases between about .30 by December 27th. From December 28th to January 10th it fluctuates between 0.28 to 0.25 and generally decreases to 0.23 by January 13th. 10-year Treasury yield begins on December 12th at about 2.05 and generally decreases to about 1.8 by December 20th. It then generally increases to about 2.05 by December 23rd and then generally decreases to about 1.91 by December 30th. By January 5th it has generally increased to about 2.05 and by January 7th it has generally decreased to about 1.95. It then generally increases to about 2.05 by January 10th and then generally decreases to about 1.85 by January 13th.

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

Source: Bloomberg.

Figure: Long-Term Rate Implied Volatility

Line chart, by percent, January 2010 to December 2011. Data are daily. There is a vertical line in early December 2011 marking the December FOMC. The series begins in January 2010 at about 7 and generally decreases to about 5 by March 2010. It then generally increases to about 8.1 by May 2010 and then generally decreases to about 5.8 by early August 2010. By late August 2010 it has generally increased to about 7.6 and by November 2010 it has generally decreased to about 5.8. It then generally increases to about 9.1 by December 2010 and then generally decreases to about 5.9 by May 2011. By October 2011 it has generally increased to about 8 and by December 6, 2011 it has generally decreased to about 5.5.

Note: Derived from options on 10-year Treasury note futures.

Source: Bloomberg.

Figure: Implied Federal Funds Rate

Line chart, by percent, 2012:Q1 to 2015:Q3. There are four series, "Mean: January 17, 2012", "Mean: December 12, 2011", "Mode: January 17, 2012" and "Mode: December 12, 2011". "Mean: January 17, 2012" begins in 2012:Q2 at about 0.12 and remains relatively stable here until 2013:Q1. It then generally increases to about 1.35 by 2015:Q3. "Mean: December 12, 2011" begins in 2012:Q1 at about 0.1 and generally decreases to about 0.09 by 2012:Q4. It then increases to about 1.25 by 2015:Q2. "Mode: January 17, 2012" begins in 2012:Q1 at about 0.09 and generally decreases to about 0.05 by 2012:Q3. It then generally increases to about 0.25 by 2015:Q3. "Mode: December 12, 2011" begins in 2012:Q1 at about 0.1 and generally decreases to about 0.03 by 2013:Q1. It then generally increases to about 0.17 by 2015:Q2.

Note: Mean is estimated using overnight index swap quotes. Mode is estimated from the distribution of federal funds rate implied by interest rate caps. Both include a term premium of zero basis points per month.

Source: Bloomberg and CME Group.

Figure: Distribution of Modal Timing of First Rate Increase from the Desk's Dealer Survey

Bar chart, by percent, from 2013:Q1 to 2016:Q4. There are two series, "Recent: 20 respondents" and "Dec. FOMC: 21 respondents". "Recent: 20 respondents" begins in 2013:Q1 at about 0 and increases to about 10 by 2013:Q4. It then increases to about 32 by 2014:Q3 and then decreases to 0 in 2014:Q4. . By 2015:Q1 it has increased to 10 and then decreases to 0 in 2015:Q2. By 2015:Q3 it has increased to 6 and then decreases to 0 in 2015:Q4 until 2016:Q1. By 2016:Q2 it has increased to 6 and then decreases to 0 between 2016:Q3 and 2016:Q4. "Dec. FOMC: 21 respondents" begins in 2013:Q1 at about 0 and increases to about 20 by 2013:Q3. It then decreases to about 5 by 2013:Q4 and then increases to about 26 by 2014:Q2. By 2015:Q1 it has decreased to about 0 and remains at 0 until 2016:Q1. By 2016:Q2 it has increased to about 5. It then decreases to about 0 by 2016:Q2 and remains constant here until 2016:Q4.

Source: Desk's Dealer Survey from January 17, 2011.

Figure: Inflation Compensation

Line chart, by percent, 2010 to 2012. Data are daily. There is a label in December 2011 representing the December FOMC. There are two series, 5 to 10 years ahead and Next 5 years. 5 to 10 years ahead begins in 2010:Q1 at about 3.25 and generally decreases to about 2.1 by 2010:Q3. It then generally increases to about 3.3 by 2010:Q4 and then generally decreases to about 2.7 by 2011:Q2. By 2011:Q3 it has generally increased to about 3.25 and by December 6, 2011 it has generally decreased to about 2.2. It then generally increases to 2.4 by January 17, 2012. Next 5 years begins in 2010:Q1 at about 2.0 and decreases to about 1.1 by 2010:Q3. It then generally increases to about 2.3 by 2011:Q1 and then generally decreases to about 1.4 by 2011:Q3. By January 17, 2012 it generally increases to about 1.9.

Note: Estimates based on smoothed nominal and inflation-indexed Treasury yield curves. Next 5 years is adjusted for the indexation-lag (carry) effect.

Source: Barclays PLC and staff estimates.

Short-Term Funding Markets and Financial Institutions

Figure: Selected Interest Rate Spreads

Line chart, by basis points, January 2010 to January 2012. Data are daily. There is a label in December 2011 representing the December FOMC. There are two series, 3-month Libor over OIS and 1-week Libor over OIS. 3-month Libor over OIS begins in January 2010 at about 9 and generally decreases to about 6 by March 2010. It then generally increases to about 34 by July 2010 and then generally decreases to about 10 by September 2010. By March 2011 it has generally increased to about 17 and by June 2011 it has generally decreased to about 11. It then generally increases to about 48 by January 17, 2012. 1-week Libor over OIS begins in January 2010 at about 8 and generally decreases to about 2 by April 2010. It then generally increases to about 17 by June 2010 and then generally decreases to about 5 by December 2010. By January 2011 it has generally increased to about 15 and by August 2011 it has generally decreased to about 3. It then generally increases to about 17 by December 2012. By January 17, 2012 it has generally decreased to 11.

Source: Bloomberg.

Figure: Dollar Funding Spreads

Line chart, by basis points, April 2010 to January 17, 2012. Data are daily. There is a vertical line in December 2011 representing the December FOMC. There are two series, USD 3x6 FRA-OIS and 3-month euro-dollar implied basis swap. USD 3x6 FRA-OIS begins in April 2010 at about 13 and generally increases to about 70 by May 2010. It then generally decreases to about 17 by October 2010 and then generally increases to about 38 by November 2010. By April 2011 it has generally decreased to about 14 and by December 6, 2011 it has generally increased to about 48. By January 17, 2012, it has generally decreased to 38. 3-month euro-dollar implied basis swap begins in April 2010 at about 30 and generally increases to about 62 by May 2010. It then generally decreases to about 18 in July 2010 and then generally increases to about 46 by August 2010. By October 2010 it has generally decreased to about 12 and by December 2010 it has generally increased to about 55. By May 2011 it has generally decreased to about -1 and by December 6, 2011 it has generally increased to about 150.By January 17, 2012 it has decreased to 77.

Note: For USD 3x6 FRA-OIS the spread is calculated from a Libor forward rate agreement (FRA) 3 to 6 months in the future and the implied forward overnight index swap (OIS) rate for the same period.

Source: Bloomberg; staff estimates.

Figure: Unsecured Dollar Financial Commercial Paper Outstanding

Line chart, by billions of dollars, January 2011 to January 2012. Data are daily. There is a vertical line in December 2011 representing the December FOMC. There are two series, European issuers and U.S. issuers. European issuers begins in January at about 340 and generally increases to about 410 by May 2011. It then generally decreases to about 225 by January 17, 2012. U.S. issuers begins in January at about 100 and remains relatively stable here until late April 2011. It then gradually decreases to about 80 by January 17, 2012.

Source: Depository Trust & Clearing Corporation

Figure: Spreads on Unsecured Financial Commercial Paper Issued in the U.S. Market

Line chart, by basis points, January 2010 to January 2012. Data are daily. There is a vertical line in December 2011 representing the December FOMC. There are four series, France and Germany parent, Ireland, Italy, and Spain parent, other Europe parent and U.S. parent. France and Germany parent begins in January 2010 at about 3 and generally increases to about 7 by July 2010. It then generally decreases to about 1 by October 2010 and then generally increases to about 5 by January 2011. By March 2011 it has generally decreased to about 1. It then generally increases to about 9 by September 2011 and then generally decreases to about 4 by October 2011. By December 2011 it has generally increased to about 9 and by January 17, 2012 it has generally decreased to about

6. Ireland, Italy and Spain parent begins in January 2010 at about -3 and generally increases to about 8 by July 2011. It then generally decreases to about 2 by September 2010 and then generally increases to about 9 by December 2010. By April 2011 it has generally decreased to about 2 and by August 2011 it has generally increased to about 15. It then generally decreases to about 10 by October 2011. By December 2011 it has increased to 30. It then generally decreases to about 18 by January 17, 2012. Other Europe parent begins in January 2010 at 3 and then generally increases to 6 by September 2010. By December 2010 it decreases to 1 and then generally increases to 3 by January 2011. By July 2011 it decreases to -1 and then increases to 6 by January 17, 2012. The U.S. parent begins in January 2010 at about 0 and generally increases to 4 on June 2010. By January 2011 it has generally decreases to -4 and by July 2011 it increases to 5. By January 17, 2012 it then gradually decreases to 3.

Note: 5-day moving average. Spreads computed over the AA nonfinancial unsecured rate.

Source: Depository Trust & Clearing Corporation.

Figure: S&P 500 Diversified Financials Stock Price Index

Line chart, by log scale where Nov. 1, 2011 = 100, January 2010 to December 2011. Data are daily. There is a vertical line in December 2011 representing the December FOMC. The series begins in January 2010 at about 139 and generally decreases to about 123 by February 2010. It then generally increases to about 159 by April 2010 and then generally decreases to about 116 by August 2010. By February 2011 it has generally increased to about 157 and by early October 2011 it has generally decreased to about 87. It then generally increases to about 115 by late October 2011. By November 2011 it has generally decreased to about 88 and by January 17, 2012 it has generally increased to about 105.

Source: Bloomberg.

Figure: CDS Spreads of Large Bank Holding Companies

Line chart, by basis points, January 2010 to January 17, 2012. Data are daily. There is a vertical line in December 2011 representing the December FOMC. There are six series, Citigroup, JPMorgan Chase, Wells Fargo, Goldman Sachs, Bank of America, and Morgan Stanley. Citigroup begins in January 2010 at about 155 and increases to about 235 by February 2010. It then generally decreases to about 125 by April 2010 and then generally increases to about 220 by June 2010. By April 2011 it has generally decreased to about 110 and by early October 2011 it has generally increased to about 360. It then generally decreases to about 200 by late October 2011 and then generally increases to about 320 by November 2011. By January 17, 2012 it has generally decreased to about 240. JPMorgan Chase begins in January 2010 at about 50 and generally increases to about 90 by February 2010. It then generally decreases to about 50 by April 2010 and then generally increases to about 120 by June 2010. By February 2011 it has generally decreased to about 60 and by December 6, 2011 it has generally increased to about 140. By January 17, 2012, it decreases to 125. Wells Fargo begins in January 2010 at about 90 and generally increases to about 110 by February 2010. It then generally decreases to about 75 by April 2010 and then generally increases to about 145 by June 2010. By August 2010 it has generally decreased to about 90 and by October 2010 it has generally increased to about 130. It then generally decreases to about 80 by April 2011 and then generally increases to about 190 by November 2011. By January 17, 2012 it decreases to 110. Goldman Sachs begins in January 2010 at about 90 and generally increases to about 145 by February 2010. It then generally decreases to about 95 by April 2010 and then generally increases to about 210 by June 2010. By February 2011 it has generally decreased to about 100 and by December 6, 2011 it has generally increased to about 300. By January 17, 2012 it decreases to 280. Bank of America begins in January 2010 at about 100 and generally increases to about 150 by February 2010. It then generally decreases to about 100 by April 2010 and then generally increases to about 220 by November 2010. By April 2011 it has generally decreased to about 120 and by December 6, 2011 it has generally increased to about 490. By January 17, 2012 it decreases to 310. Morgan Stanley begins in January 2010 at about 100 and generally increases to about 160 by February 2010. It then generally decreases to about 120 by April 2010 and then generally increases to about 300 by June 2010. By April 2011 it has generally decreased to about 125 and by September 2011 it has generally increased to about 598. It then generally decreases to about 300 by October 2011 and then generally increases to about 530 by November 2011. By January 17, 2012 it has generally decreased to about 350.

Source: Markit.

Foreign Developments

Figure: European Central Bank Operations

Line chart, by percent, January 2010 to January 2012. Data are weekly, billions of euros. There are two series, Amount outstanding from refinancing operations and EONIA. Amount outstanding from refinancing operations begins on January 2010 at 760 and increases to 900 by May 2010. It then generally decreases to about 500 in September 2010 and then increases to about 590 in January 2011. It then generally decreases to 400 by March 2011 and then increases to about 500 on May 2011. It then decreases to about 450 on July 2011. On December 2011 it generally increases to 875 and by January 17, 2012 it has decreased to about 810. EONIA begins January 2010 at about 0.2. It then generally increases at 0.6 on June 2010. It then generally decreases to about 0.3 on August 2010. By September 2010 it has increase to about 0.8. It then generally decreases to about 0.4 by December 2010. By January 2011 it has increased to about 1.0 and then by February 2011 it has decreases to about 0.4. On April 2011 it has increased to about 1.4 and by May 2011 it has decreased to about 0.6. By June 2011 it has increased to about 1.6 and by July 2011 it has decreased to about 0.6. On August 2011 it has generally increased to about 1.5 and by September 2011 it has decreased to about 0.9. By October 2011 it has increased to about 1.5 and by January 17, 2012 it has decreased to about 0.35.

Source: Bloomberg.

Figure: Euro-Area Two-Year Government Bond Spreads

Line chart, by percentage points, 2011 to 2012. Data are daily. There is a label in December 2011 representing the December FOMC. There are four series, Portugal, Spain, Ireland and Italy. Portugal begins in 2011:Q1 at about 3 and generally increases to about 20 by beginning of 2011:Q3. It then generally decreases to about 11 by mid-2011:Q3. By mid-2011:Q4 it has generally increased to about 20 and by late 2011:Q4 it has generally decreased to about 15. By January 17, 2012 it has generally increased to about 16. Spain begins in early 2011:Q1 at about 3 and generally decreases to about 1 by late 2011:Q4. It then generally increases to about 2 in 2011:Q1. It then generally decreases to about 1 in 2011:Q2. By 2011:Q3 it increases to 4. By 2011:Q4 it decreases to 3 and generally increases to 5. It then generally decreases to about 3 by January 17, 2012. Ireland begins in 2011:Q1 at about 4 and generally increases to about 8 by end of 2011:Q4. It then generally decreases to about 6 by end of 2011:Q2. It then generally increases to 23 by end of 2011:Q3 it has decreased to about 7. By 2011:Q4, it has generally increased to about 9 and by January 17, 2012, it has generally decreased to about 5. Italy begins in early 2011:Q1 at about 2 and generally decreases to about 1 by late 2011:Q1. It then generally increases to about 7 by mid-2011:Q3. By January 17, 2012 it has decreased to about 3.

Note: Spread over German bunds.

Source: Bloomberg.

Figure: Dollar Exchange Rates

Line chart, by log scale where Jan 3, 2011 = 100 percentage points, 2011 to 2012. Data are daily, Euros per dollar. There is a label in December 2011 representing the December FOMC. There are two series, Broad and Euro. Broad begins in 2011:Q1 at 100 and decreases to about 94 at the beginning of 2011: Q2. It then generally increases to about 103 by end of 2011:Q3. It then generally decreases to 101 by end of 2011:Q3 and increases to about 103 by January 17, 2012. Euro begins in 2011:Q1 at about 0.75 and then generally decreases to 0.68 by 2011:Q2. It then generally increases to about 0.77 by beginning of 2011:Q3 and then generally decreases to 0.76 by mid-2011:Q3. By January 17, 2012 it has increased to about 0.79.

Source: Federal Reserve Board; Bloomberg.

Figure: Stock Price Indexes

Line chart, by scale where January 1, 2010=100, 2010 to 2011. Data are daily. There is a label in December 2011 representing the December FOMC. There are four series, DJ Euro, Topix, FTSE, and MSCI Emerging Markets. DJ Euro begins in early 2010:Q1 at about 100 and generally decreases to about 90 by mid-2010:Q1. It then generally increases to about 104 by early 2010:Q2 and then generally decreases to about 95 by end of 2010:Q4. Beginning of 2011:Q1 it has generally increased to about 105 and by late 2011:Q1 it has generally decreased to about 75. It then generally increases to about 83 by mid-2011:Q2 and then generally decreases to about 72 by late 2011:Q3. By early 2011:Q4 it has generally increased to about 85 and by end of 2011:Q4, it has decreased to about 75. By January 17, 2012 it has generally increased to about 84. Topix begins in early 2010:Q1 at about 103 and generally increases to about 107 by beginning of 2010:Q2. It then generally decreases to 87 by mid-2010:Q2 and then generally increases to about 95 by early 2010:Q3. By 2010:Q4 it has generally decreased to about 87 and by mid-2011:Q1 it has generally increased to about 98. It then generally decreases to about 84 by late 2011:Q1. By early 2011:Q2 it has generally increases to about 85 and then generally decreases to about 80 by mid-2011:Q3. By beginning of 2011:Q4 it has increased to about 85 and by January 17, 2012 it has decreased to about 81. FTSE begins in early 2010:Q1 at about 103 and generally decreases to about 95 by mid-2010:Q1. It then generally increases to about 104 by early 2010:Q2 and then generally decreases to about 91 by early 2010:Q3. It then generally increases to about 103 by early 2011:Q1 and then generally decreases to about 85 by late 2011:Q2. By early 2011:Q3 it has generally increased to about 92 and by mid-2011:Q3 it has generally decreased to about 85. It then generally increases to about 98 by beginning of 2011:Q4. It then generally decreases to 86 by mid-2011:Q4. By January 17, 2012 it has generally increased to about 96. MSCI Emerging Markets begins in early 2010:Q1 at about 100 and generally decreases to about 94. It then generally decreases to about 90 by mid-2010:Q1 and then generally increases to about 106 by early 2010:Q2. By mid-2010:Q2 it has generally decreased to about 86 and by 2010:Q4 it has generally increased to about 117. From early 2010:Q4 to mid-2011:Q1 it fluctuates between about 109 and 119. It then generally increases to about 122 by early 2011:Q2 and then generally decreases to about 83 by early 2011:Q4. By December 6, 2011 it has generally increased to about 97.

Source: Bloomberg.

Figure: Emerging Market Economies Fund Flows

Bar chart, by percent of GDP, annual rate, December 2010 to January 2012. Data are monthly. There is a horizontal line at zero. There are two series, EME bonds and EME equities. Approximate values are: December 2010: EME bonds .2, EME equities .5. Approximate values are: January 2011: EME bonds .1, EME equities -.5. Approximate values are: February 2011: EME bonds 0, EME equities -.6. Approximate values are: March 2011: EME bonds .2, EME equities 2. Approximate values are: April 2011: EME bonds .2, EME equities 1.4. Approximate values are: May 2011: EME bonds .3. EME equities -1.5. Approximate values are: June 2011: EME bonds .3, EME equities .8. Approximate values are: July 2011: EME bonds .5, EME equities 0. Approximate values are: August 2011: EME bonds 0, EME equities -.7. Approximate values are: September 2011: EME bonds -1.2, EME equities -3.9. Approximate values are: October 2011: EME bonds 0, EME equities -.5. Approximate values are: November 2011: EME bonds -.3, EME equities -1.1. Approximate values are: December 2011: EME bonds 0, EME equities -1.0.

Source: EPFR Global.

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

Bar chart, by billions of dollars, annual rate, 2009 to 2011. There is a horizontal line at zero. There are two series, Official and Private. Approximate values: 2009: Official 580, Private -10. 2010: Official 400, Private 240. 2011:H1: Official 200, Private -100. 2011:Q3: Official 190, Private 490. October 2011: Official -230, Private 300. November 2011: Official 390, Private 600.

Source: Treasury International Capital data adjusted for staff estimates.

[Box:] Recent Developments in Counterparty Risk Management

Figure: Net Fraction of Dealers Reporting Increased Attention to Exposure to Other Dealers

Line chart, by percent, 2010:Q2 through 2011:Q4. The curve begins at about 55, decreases to about 10 by 2010:Q3, increases to about 25 by 2011:Q1, remains at that level through 2011:Q2, increases to nearly 80 by 2011:Q3, and ends at about 90.

Source: Federal Reserve Board.

Figure: Distribution of the Credit Ratings of Primary Dealers

Bar chart, by number. Approximate values are as follows: AA-: 4; A+: 7; A: 2; A-: 5; BBB+: 0; BBB: 3.

Source: Standard & Poor's.

Domestic Asset Market Developments

Figure: S&P 500 Stock Price Index

Line chart, by log scale where November 1, 2011 = 100, January 2010 to January 2012. There is a label in December 2011 representing the December FOMC. Data are daily. The series begins in January 2010 at about 93 and generally decreases to about 87 by February 2010. It then generally increases to about 100 by April 2010 and then generally decreases to about 84 by July 2010. By April 2011 it has generally increased to about 112 and by October 2011 it has generally decreased to about 90. It then generally increases to about 108 by November 2011. By December 2011 it has decreased to 98 and by January 17, 2012, it has increased to about 107.

Source: Bloomberg.

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

Line chart, by percent, log scale, 2007 to 2012. Data are daily. There is a label in December 2011 representing the December FOMC. The series begins in 2007:Q1 at about 9 and generally increases to about 33 by 2008:Q1. It then generally decreases to about 13.2 by 2008:Q2 and then generally increases to about 80 by 2008:Q4. By early 2010:Q2 it has generally decreased to about 13 and by mid-2010:Q2 it has generally increased to about 48. It then generally decreases to about 15 by 2011:Q2 and then generally increases to about 48 by 2011:Q3. By January 17, 2012 it has generally decreased to about 20.

Source: Chicago Board Options Exchange.

Figure: Equity Risk Premium

Line chart, by percent, 1990 to 2011. Data are monthly. There are two series, Expected 10-year real equity return and Expected real yield on 10-year Treasury. Expected 10-year real equity return begins in early 1990 at about 7.6 and then increases to about 9.6 by late 1990. It then generally decreases to about 7 by 1992 and then generally increases to about 8.7 by 1995. By 2000 it has generally decreased to about 2.1 and by 2002 it has generally increased to about 6.9. It then generally decreases to about 4.8 by 2004 and then generally increases to about 12 by 2008. By 2010 it has generally decreased to about 8 and by January 17, 2012 it has generally increased to about 8.5. Expected real yield on 10-year Treasury begins in 1990 at about 4.3 and generally decreases to about 2 by 1993. It then generally increases to about 4.5 by 1995. From 1995 to 2000 it fluctuates between about 2.2 and 4.5. It then generally decreases to about 0.8 by 2003 and then generally increases to about 2.7 by 2007. By January 17, 2012 it has generally decreased to about -0.1.

Note: Expected real yield on 10-year Treasury is off-the-run 10-year Treasury yield less Philadelphia Fed 10-year expected inflation. January 17, 2012 values are the latest observations using daily interest rates and stock prices and latest earnings data.

Source: Thomson Financial.

Figure: S&P 500 Earnings Per Share

Line chart, dollars per share, 2000 to 2011. Data are quarterly. The series begins in early 2000 at about 14 and generally increases to about 14.4 by mid-2000. It then generally decreases to about 10.3 by late 2001 and then generally increases to about 24 by mid-2007. By late 2007 it has generally decreased to about 16 and by early

2008 it has generally increased to about 19.5. It then generally decreases to about 5.6 by late 2008 and then generally increases to about 25.5 by 2011:Q3.

Note: Data are seasonally adjusted by staff.

Source: Thomson Financial.

Figure: Corporate Bond Spreads

Line chart, by basis points, 2007 to 2011. Data are daily. There is a label in December 2011 representing the December FOMC. There are two series, 10-year high-yield and 10-year BBB. 10-year high-yield begins in 2007:Q1 at about 350 and generally increases to about 1680 by 2008:Q4 and then generally decreases to about 1000 by early 2009:Q1 and generally increases to about 1400 by mid-2009:Q2. It then generally decreases to about 450 by 2010:Q2 and then generally increases to about 750 by 2011:Q4. By January 17, 2011 it then generally decreases to 550. 10-year BBB begins in 2007:Q1 at about 140 and then generally increases to about 650 by 2008:Q4. It then generally decreases to about 160 by early 2010:Q2 and then generally increases to about 250 by late 2010:Q2. By 2011:Q2 it has generally decreased to about 170 and by 2011:Q4 it has generally increased to about 360. By January 17, 2012 it has generally decreased to 300.

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

Source: Merrill Lynch and staff estimates.

Figure: Spread on 30-Day A2/P2 Commercial Paper

Line chart, by basis points, 2009 to 2011. Data are 5-day moving average. There is a label in December 2011 representing the December FOMC. The series begins in April 2009 at about 96 and generally decreases to about 10 by January 2010. It then generally increases to about 27 by July 2010. From July 2010 to April 2011 it fluctuates between about 13 and 25. By December 6, 2011 it generally increases to about 39 and by January 17, 2012 it has generally decreased to 30.

Note: The A2/P2 spread is the A2/P2 nonfinancial rate minus the AA nonfinancial rate. The January 17, 2012 value is the latest available single-day observation.

Source: Depository Trust & Clearing Corporation.

Business Finance

Figure: Selected Components of Net Debt Financing, Nonfinancial Firms

Bar chart, by billions of dollars, 2007 to 2011. Data are monthly rate. There is a horizontal line at zero. There are three series, Bonds, C&I loans and Commercial paper. Commercial paper and C&I loans are seasonally adjusted on a period-end basis, bonds are not. There is also a "Total" series presented as a line chart which sums the total of the other series. Approximate values are: 2007: Bonds 25, C&I 22, Commercial paper 0, Total 47. 2008: Bonds 17, C&I 6, Commercial paper 1, Total 24. 2009: Bonds 32, C&I -27, Commercial paper -5, Total 0. 2010: Bonds 34, C&I -5, Commercial paper 2, Total 38. 2011:H1: Bonds 35, C&I 6, Commercial paper 3, Total 43. 2011:Q3: Bonds 24, C&I 13, Commercial paper 3, Total 40. 2011:Q4: Bonds 28, C&I 17, Commercial paper 3, Total 49.

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

Figure: Gross Issuance of Institutional Leveraged Loans

Bar chart, by billions of dollars, 2007 to 2011. Data are monthly rate. The series begins in 2007 at about 36 and decreases to about 4 by 2009. It then increases to about 33 by 2011:H1 and then decreases to about 10 by 2011:Q3. By October 2011 it has increased to about 12.

Source: Reuters Loan Pricing Corporation.

Figure: Selected Components of Net Equity Issuance, Nonfinancial Firms

Bar chart, by billions of dollars, 2007 to 2011. Data are monthly rate. There is a horizontal line at zero. There are four series, Public issuance, Private issuance, Repurchases and Cash mergers. There is also a "Total" series presented as a line chart which sums the total of the other series. Approximate values are: 2007: Public issuance 10, Private issuance 20, Repurchases -46, Cash mergers -39, Total -60. 2008: Public issuance 4, Private issuance 22, Repurchases -31, Cash mergers -17, Total -22. 2009: Private issuance 15, Public issuance 6, Repurchases -12, Cash mergers -12, Total -3. 2010: Private issuance 9, Public issuance 5, Repurchases -25, Cash mergers -13, Total -23. 2011:H1: Private issuance 9, Public issuance 8, Repurchases -30, Cash mergers -16, Total -27. 2011:Q3: Private issuance 10, Public issuance 1, Repurchases -40, Cash mergers -18, Total -47.

Note: The 2011:Q3 values are preliminary.

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

Figure: Financial Ratios for Nonfinancial Corporations

Line chart, by ratio, 1989 to 2011. There are two series, Debt over total assets and Liquid assets over total assets. Debt over total assets begins in 1989 at about 0.333 and generally decreases to about 0.275 by 1996. It then generally increases to about 0.315 by 2002 and then generally decreases to about 0.248 by 2005. By 2009 it has generally increased to about 0.30 and by 2011:Q3 it has generally decreased to about 0.268. Liquid assets over total assets begins in 1989 at about 0.055 and decreases to about 0.048 by 1990. It then generally increases to about 0.103 by 2004 and generally decreases to about 0.085 by 2008. By 2011:Q3 it has generally increased to about 0.108.

Note: 2011:Q3 values are preliminary. Data are annual through 1999 and quarterly thereafter.

Source: Compustat.

Figure: Bond Ratings Changes of Nonfinancial Firms

Bar chart, by percent of outstandings, 1990 to 2011. Data are annual rate. There is a horizontal line at zero. There are two series, Upgrades and Downgrades. Upgrades begins in 1990 at about 10 and increases to about 16 by 1991. It then decreases to about 8 by 1992 and then increases to about 10 by 1993. By 1994 it has decreased to about 7 and by 1995 it has increased to about 21. It then decreases to about 9 by 1997 and then increases to about 14 by 1998. By 2002 it has decreased to about 3 and by 2007 it has generally increased to about 10. It then decreases to about 4 by 2008 and then generally increases to about 14 by 2011:H1. By 2011:Q3 it has decreased to about 9 and by 2011:Q4 Downgrades begins in 1990 at about 32 and increases to about 44 by 1992. It then decreases to about 8 by 1995 and generally increases to about 37 by 2002. By 2004 it has decreased to about 10 and by 2009 it has generally increased to about 20. It then decreases to about 5 by 2011:Q3 and increases to about 9 by 2011:Q4.

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

Figure: CMBS Issuance

Bar chart, by billions of dollars, 2007 to 2011. Data are annual rate. The series begins in 2007 at about 230 and decreases to about 0 by 2009. It then increases to about 35 by 2011:H1 and then decreases to about 30 by 2011:Q4. Part of the 2011:Q4 bar is hollow, about 1 billion dollars, indicating issuance in the pipeline.

Source: Commercial Mortgage Alert.

Household Finance

Figure: Mortgage Rate and MBS Yield

Line chart, by percent, 2007 to 2011. There is a label in December 2011 representing the December FOMC. There are two series, 30-year conforming fixed mortgage rate and MBS yield. 30-year conforming fixed mortgage rate begins in 2007:Q1 at about 6.3 and generally increases to about 6.75 by 2007:Q2. It then generally decreases to about 5.49 by 2008:Q1 and then generally increases to about 6.6 by 2008:Q3. By early 2009:Q2 it has generally decreased to about 4.75 and by late 2009:Q2 it has generally increased to about 5.6. It then generally decreases to about 4.1 by 2010:Q4 and then generally increases to about 5.05 by 2011:Q1. By January 17, 2012 it has generally decreased to about 3.85. MBS yield begins in 2007:Q1 at about 5.8 and generally increases to about 6.45 by 2007:Q2. It then generally decreases to about 4.7 by 2008:Q1 and then generally increases to about 6.1 by 2008:Q4. By 2009:Q1 it has generally decreased to about 3.6 and by 2009:Q2 it has generally increased to about 5.1. It then generally decreases to about 3.85 by 2009:Q4 and then generally increases to about 4.6 by 2010:Q2. By 2010:Q4 it has generally decreased to about 3.2 and by 2011:Q1 it has generally increased to about 4.5. It then generally decreases to about 2.85 by January 17, 2012.

Note: For mortgage-backed securities (MBS) yield, the data are daily and consist of the Fannie Mae 30-year current-coupon rate; for mortgage rate, the data are weekly before 2010 and daily thereafter.

Source: For MBS yield, Barclays; for mortgage rate, Freddie Mac (before 2010) and Loansifter (after 2010).

Figure: Purchase and Refinance Activity

Line chart, by scale where March 16, 1990=100, 2002 to 2012. Data are weekly. There are two series, Purchase Index and Refi Index. Purchase Index begins in 2002 to about 380 and generally decreases to about 325 by middle of 2003. It then generally increases to about 510 in 2005 and decreases to about 350 by middle of 2006. It then generally increases to about 480 in 2007 and then decreases to about 360 by the end of 2007. By the beginning of 2008 it has increased to about 480 and then decreases to about 200 by January 13, 2012. Refi Index begins in 2002 at 1850 and then increases to 10100 by 2003. It then generally decreases to 2000 by end of 2003. By beginning of 2004 it has increased to about 4000, and then decreases to about 1850 by beginning of 2006. It then generally increases to about 4000 by beginning of 2008 and then decreases to 1500 by end of 2008. By the beginning of 2009 it has generally increased to about 6000 and then decreases to about 2000 by beginning of 2010. It then generally increases to about 5000 by middle of 2010 and then generally decreases to about 2000 by the beginning of 2011. By January 13, 2012, it has increased to about 3800.

Note: Seasonally adjusted by FRB staff.

Source: Mortgage Bankers Association.

Figure: Prices of Existing Homes

Line chart, by index peaks normalized to 100, 2005 to 2011. Data are monthly. The series begins in 2005 at about 86 and generally increases to about 100 by early 2006. It then generally decreases to about 70 by early 2009 and then generally increases to about 72.5 by mid-2010. By November 2011 it has generally decreased to about 67.

Source: CoreLogic.

Figure: Delinquencies on Prime Mortgages, Transition Rate

Line chart, by percent of loans, 2003 to 2011. There are two series, 3-month moving average and monthly rate. 3-month moving average begins in 2003 at about 1.09 and generally decreases to about 0.81 by 2006. It then generally increases to about 1.47 by the beginning of 2009 and then generally decreases to about 1.07 by November 2011. Monthly rate begins in 2003 at about 1.03 and generally decreases to about 0.76 by 2006. It then generally increases to about 1.71 by 2008 and then generally decreases to about 1.1 by October 2011.

Note: Percent of previously current mortgages that transition to being at least 30 days delinquent each month.

Source: LPS Applied Analytics.

Figure: Consumer Credit

Line chart, by percent change, annual rate, 2004 to 2011. Data are 3-month moving average. There is a horizontal line at zero. There are two series, Nonrevolving and revolving. Nonrevolving begins in 2004 at about 6 and increases to about 8. It then generally decreases to about 4 in the beginning of 2005. By mid-2005, it has generally increased to about 8 and then decreases to about 4 by mid-2006. It then generally increases to about 7 by mid-2007 and then decrease to about 2.5 by the beginning of 2008. It then generally increases to about 6 by mid-2008 and then generally decreases to about -3 by beginning of 2009. By 2010, it has generally increased to about 5 and then decreases to about 2 by mid-2011. By November 2011, it has increased to about 7.8. Revolving begins in 2004 at about 3 and decreases to about 1 by mid-2004. It then generally increases to about 7 at the beginning of 2006 and then decreases to about 3 by mid-2006. By mid-2007 it has then generally increased to about 9 and then decreases to about -13 by the beginning of 2010. It then generally increases to about 4 by November 2011.

Source: Federal Reserve Board.

Figure: Gross Consumer ABS Issuance

Bar chart, by billions of dollars, 2007 to 2011. Data are monthly rate. There are three series, Auto, Credit card, and Student loan. Approximate values are: 2007: Auto 6, Credit card 8, Student loan 5.6. 2008:H1: Auto 5, Credit card 8.5, Student loan 4.5. 2008:H2: Auto 0.9, Credit card 1.8, Student loan 1. 2009:H1: Auto 6.3, Credit card 7.8, Student loan 2.4. 2009:H2: Auto 9.5, Credit card 6, Student loan, 2.5. 2010:H1: Auto 4.5, Credit card 0.8, Student loan 2.2. 2010:H2: Auto 4.0, Credit card 0.2, Student loan 2.3. 2011:H1: Auto 4.1, Credit card 0.5, Student loan 2.2. 2011:Q3: Auto 5.0, Credit card 0.3, Student loan 1.7. 2011:Q4: Auto 4.3, Credit card 1.5, Student loan 0.4.

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

[Box:] Dollar Funding Strains and Credit Provision of U.S. Branches and Agencies of European Banks

Figure: Managed Liabilities at European Branches

Line chart, by billions of dollars, from January 2010 through January 4, 2012. Data are weekly, n.s.a. There are three series. The series "Large time deposits" begins near 700, fluctuates within a range of about 550-700 through mid-2011, and then decreases to end at about 300. The series "Net due to" begins at about -250, fluctuates within a range of about -150 - -200 through the end of 2010, and increases to end at about 300. The series "Other managed liabilities" begins near 300, and remains at about that level throughout the period.

Note: Other managed liabilities include nonbank borrowing and nonderivative trading liabilities. Currently, European branches account for about 30 percent of banks' total managed liabilities.

Source: FR 2644

Figure: C&I Loans

Line chart, from January 2010 through January 4, 2012. Data are weekly, n.s.a. index values, January 6, 2010 = 100. There are four series. The series "French branches" begins at 100, decreases to about 95 by February 2010, and fluctuates around that level through late 2011. It then decreases to end at about 80. The series "Non-French European branches" begins at 100, and generally decreases to end at about 70. The series "Non-European foreign branches" begins at 100, decreases to about 90 by late 2010, and generally increases to end at about 125. The series "U.S. domestic banks" begins at 100, decreases to about 95 by mid-2010, and gradually increases to end at about 110.

Note: Currently, European branches account for about 8 percent of banks' total C&I loans; French branches account for 3 percent of banks' total C&I loans.

Source: FR 2644

Commercial Banking and Money

Figure: Changes in Bank Credit

Line chart, by percent, 2005 to 2012. Data are 3-month change, a.r. There is a horizontal line at zero. There are two series, Total bank credit and C&I loans. Total bank credit begins in 2005:Q1 at about 10. From 2005:Q1 to 2008:Q1 it fluctuates between about 4 and 13. It then generally decreases to about -1 by 2008:Q2 and then generally increases to about 9.8 by 2008:Q4. By 2009:Q3 it has generally decreased to about -12 and by 2010:Q3 it has generally increased to about 1.5. It then generally decreases to about -1.5 by 2011:Q2 and then generally increases to about 5 by December 2012. C&I loans begins in 2005:Q1 at about 12 and generally decreases to about 9 by 2005:Q2. It then generally increases to about 20 by 2006:Q2 and then generally decreases to about 5 in 2007:Q1. By 2007:Q4 it has generally increased to about 31 and by 2008:Q3 it has generally decreased to about 10. It then generally increases to about 22 by 2008:Q4 and then generally decreases to about -30 by 2009:Q3. By 20010:Q3 it has generally increased to about 12 and by December 2012 it has generally decreased to about 10.

Source: Federal Reserve Board.

Figure: Changes in Standards and Demand for Bank Loans

Line chart, by index, 1990 to 2012. Data are Quarterly. There is a horizontal line at zero. There is a label in October 2011 representing the survey representing the Survey on Bank Lending Practices. There are two series, Standards and Demand. Standards begins in 1990 at 0.4 and then generally decreases to about -0.2 in 1993. By 1996, it has generally increases to about 0.1 and then generally decreases to about -0.05 in 1998. It then generally increases to about 0.4 in 2002 and then generally decreases to about -0.2 in 2005. It then generally increases to about 0.8 in 2008 and then generally decreases to about -0.2 in 2012. By January 2012, it has increased to about -0.1. Demand begins in 1991 at about -0.3 and it then generally increases to 0.3 in 1993. It then generally decreases to -0.1 in 1994 and then increases to about 0.3 in 1998. It then generally decreases to about -0.4 in 2000 and then generally increases to about 0.4 in 2005. By 2008, it has generally decreased to about -0.6 and by January 2012, it has increased to about 0.1.

Note: A composite index that represents the net percentage of loans on respondents' balance sheets that were in categories for which banks reported tighter lending standards or strong loan demand over the past 3 months.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices.

Figure: Changes in Spreads on C&I Loans

Line chart, by net percent, 1990 to 2012. Data are Quarterly. There is a horizontal line at zero. There are two series, Large/Middle-market firms and Small firms. Large/Middle-market firms begins in 1990 at about 10 and then generally increases to about 60 in 1991. It then generally decreases to about -60 in 1994 and then generally increases to about 50 in 1998. By 1999, it has decreased to about 10 and then generally increases to about 60 in 2001. It then generally decreases to about -80 in 2005 and then generally increases to about 100 in 2008. By January 2012, it has decreased to about -50.

Note: Net percent of respondents that increased spreads of loan rates over cost of funds over the past 3 months.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices.

Figure: Changes in Standard on C&I Loans at Foreign Respondents

Line chart, by net percent, 2000 to 2012. Data are Quarterly. There is a horizontal line at zero. There is a label in October 2011 representing the survey representing the Survey on Bank Lending Practices. There are two series, European respondents and Non-European foreign respondents. European respondents begins in 2000 at about 40 and increases to about 81 in 2001. It then generally decreases to about -50 in 2004 and then generally increases to about 10 in 2005. By 2007, it has generally decreased to about -10 and then generally increases to about 80 in the beginning of 2008. It then generally decreases to about 40 during the middle of 2008 and by beginning of 2009, it has increased to about 78. It then generally decreases to about -20 by 2011 and then it generally increases to about 25 by January 2012.

Note: Net percent of respondents that tightened lending standards over the past 3 months.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices.

Growth of M2 and Its Components

Percent, s.a.a.r.

	M2	Liquid deposits	Small time deposits	Retail MMMFs	Curr.

2010	3.1	10.9	-21.4	-15.7	5.9
2011:H1	6.7	11.9	-19.3	-6.8	9.3
2011:H2	11.9	18.0	-20.6	0.5	7.8
Oct.	5.9	9.3	-21.5	4.9	5.5
Nov.	5.8	10.2	-21.5	-11.6	8.5
Dec.	5.3	8.4	-17.2	-5.1	8.1

Note: Retail MMMFs are retail money market mutual funds.

Source: Federal Reserve Board.

Figure: Level of Liquid Deposits

Line chart, by trillion of dollars, 2008 to 2012. Data are weekly. There is a label in December 2011 representing the December FOMC. The series begins in early 2008 at about 4.5 and generally increases to about 7.15 by January 23, 2012.

Note: Seasonally adjusted.

Source: Federal Reserve Board.

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

[Box:] Balance Sheet Developments over the Intermeeting Period

Federal Reserve Balance Sheet

Billions of dollars

	Change since last FOMC	Current (01/13/12)
Total assets	**19**	**2,924**
Selected assets:		
Liquidity programs for financial firms	49	103
Primary, secondary, and seasonal credit	-0	+0
Foreign central bank liquidity swaps	49	103
Term Asset-Backed Securities Loan Facility (TALF)	-1	9
Net portfolio holdings of Maiden Lane LLCs	-4	34
Maiden Lane	-3	7
Maiden Lane II	-0	9
Maiden Lane III	-0	18
Securities held outright*	-33	2,602
U.S. Treasury securities	-28	1,644
Agency debt securities	-4	102

Agency mortgage-backed securities	-2	855
Total liabilities	**19**	**2,870**
Selected liabilities:		
Federal Reserve notes in circulation	4	1,026
Reverse repurchase agreements	-1	82
Foreign official and international accounts	-1	82
Others	0	0
Reserve balances of depository institutions**	8	1,604
Term deposits held by depository institutions	-2	3
U.S. Treasury, General Account	33	65
U.S. Treasury, Supplementary Financing Account	0	0
Other deposits	-17	71
Total capital	**-0**	**54**

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

* Par value. Return to table

** Includes required clearing balances and overdrafts. Excludes as-of adjustments. Return to table

Appendix
Senior Loan Officer Opinion Survey on Bank Lending Practices

Measures of Supply and Demand for Commercial and Industrial Loans, by Size of Firm Seeking Loan

Figure: Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans

Line chart, by percent, 1990 to 2012. There is a label in October 2011 representing the October Survey. There are two series, Loans to large and middle-market firms and Loans to small firms. Loans to large and middle-market firms begins in 1990:Q1 at 58 and then generally decreases to about 40 in 1990:Q3. It then generally increases to about 50 in 1991:Q1 and then generally decreases to about -19 in 1993:Q3. It then generally increases to about 3 in 1996:Q1 and then decreases to about -10 in 1998:Q2. It then generally increases to about 40 in 1998:Q4 and then generally decreases to about 5 in 1999:Q3. In 2001:Q1, it then generally increases to about 60 and then generally decreases to about -20 in 2005:Q2. By 2008:Q4, it has generally increased to 80 and then generally decreases to about 2 in 2012:Q1. Loans to small firms begins in 1990:Q2 at about 52 and then generally decreases to about -8 in 1992:Q2. In 1993:Q3, it has generally increased to about -1 and then generally decreases to about -18 in 1994:Q4. It then increases to about 2 in 1996:Q1 and then generally decreases to about -10 in 1996:Q4. It then generally increases to about 10 in 1998:Q4 and then generally decreases to about 1 in 1999:Q4. It then generally increases to about 40 in 2001:Q1 and then decreases to about 5 in 2002:Q2. It then generally increases to about 15 in 2003:Q1 and then generally decreases to about -21 in 2005:Q2. By 2008:Q4 it has increased to about 78 and then decreases to about -15 in 2011:Q2. By 2012:Q1 it has increased to 1.

Figure: Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Cost of Funds

Line chart, by percent, 1990 to 2012. There is a label in October 2011 representing the October Survey. There are two series, Loans to large and middle-market firms and Loans to small firms. Loans to large and middle-market firms begins in 1990:Q2 at about 10 and then generally increases to about 40 in 1991:Q2. It then generally decreases to -59 in 1993:Q4 and then generally increases to about -40 in 1996:Q3. By 1998:Q4 it has increased to about 45 and then generally decreases to about 8 in 1999:Q2. In 2001:Q4 it has generally increased to about 45 and then generally decreases to about -70 in 2005:Q2. It then generally increases to about 100 in 2009:Q1 and then generally decreases to about -50 in 2010:Q3. In 2010:Q4 it has generally increased to about -30 and then it generally decreases to about -45 in 2012:Q1. Loans to small firms begins in 1990:Q1 at about 5 and then generally increases to about 39 in 1991:Q1. It decreases to about -35 in 1992:Q4 and then generally increases to about -5 in 1996:Q3. It generally decreases to about -40 in 1997:Q4 and then generally increases to about 20 in 1998:Q4. It generally decreases to about -1 in 1999:Q4 and then generally increases to about 40 in 2001:Q4. It generally decreases to about -50 in 2005:Q2. It generally increases to -21 in 2006:Q3 and then generally decreases to about -37 in 2007:Q2. It generally increases to about 70 in 2008:Q4 and then generally decreases to about -30 in 2010:Q3. By 2010:Q4 it has increased to about -20 and then generally decreases to about -45 in 2012:Q1.

Figure: Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

Line chart, by percent, 1990 to 2012. There is a label in October 2011 representing the October Survey. There are two series, Loans to large and middle-market firms and Loans to small firms. Loans to large and middle-market firms begins at 1991:Q4 at about -32 and then it generally increases to about 8 in 1992:Q1. It generally decreases to about -10 in 1992:Q3 and then generally increases to 20 in 1993:Q1. It generally decreases to about 0 in 1992:Q2 and then generally increases to about 30 in 1994:Q3. By 1996:Q1, it has generally decreased to about -1 and then generally increases to about 22 in 1998:Q2. It generally decreases to about -10 in 1998:Q3 and then generally increases to about 20 in 1999:Q4. By 2001:Q4 it has decreased to about -75 and then generally increases to about -39 in 2002:Q2. It generally decreases to about -58 in 2003:Q1 and then generally increases to about 50 in 2005:Q2. It generally decreases to about -20 in 2007:Q2 and then generally increases to about 0 in 2008:Q2. By 2009:Q1 it has generally decreased to about -60 and then generally increases to about 30 in 2011:Q2. It generally decreases to about -20 in 2011:Q4 and then generally increases to about 20 in 2012:Q2. Loans to small firms begins in 1991:Q4 at about -25 and then increases to about 22 in 1992:Q2. It generally decreases to about 0 and then generally increases to about 28 in 1993:Q1. It then decreases to about 15 in 1993:Q2 and then increases to about 40 in 1994:Q2. It generally decreases to about 5 in 1995:Q4 and then generally increases to about 20 in 1996:Q2. It generally decreases to about 0 in 1996:Q3 and then generally increases to about 20 in 1998:Q1. It generally decreases to about 0 in 1998:Q2 and then generally increases to about 10 in 1999:Q2. It generally decreases to about -3 in 2000:Q1 and then generally increases to about 2 in 2000:Q3. It generally decreases to about -50 in 2001:Q4 and then generally increases to about 37 in 2004:Q2. It generally decreases to about 25 in 2005:Q1 and then generally increases to about 36 in 2005:Q3. It generally decreases to about -20 in 2008:Q1 and then generally increases to about -12 in 2008Q4. By 2009:Q2 it has generally decreased to about -62 and then generally increases to about 10 in 2011:Q3. It generally decreases to -20 in 2011:Q4 and then generally increases to about 19 in 2012:Q1.

Measures of Supply and Demand for Commercial Real Estate Loans

Figure: Net Percentage of Domestic Respondents Tightening Standards for Commercial Real Estate Loans

Line chart, by percent, 1990 to 2012. There is a label in October 2011 representing the October Survey. The series begins in 1990:Q2 at about 70 and generally decreases to about -8 by 1994:Q2. It generally increases to about 12 in 1996:Q1 and then generally decreases to about -11 in 1997:Q3. It generally increases to about 48 in 1998:Q4 and then generally decreases to about 8 in 1999:Q2. By 2002:Q2, it generally increases about 48 and then generally decreases to about -30 in 2005:Q1. It generally increases to about 88 in 2008:Q4 and then generally decreases to about -2 in 2012:Q1.

Figure: Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans

Line chart, by percent, 1990 to 2012. There is a label in October 2011 representing the October Survey. The series begin in 1995:Q1 at about 10 and generally decreases to about -1 in 1996:Q2. It generally increases to about 12 in 1997:Q1 and then generally decreases to about 10 in 1997:Q2. It generally increases to about 50 in 1998:Q1 and generally decreases to 0 in 1998:Q4. By 1999:Q2, it has generally increased to about 30 and then it generally decreases to -50 in 2000:Q4. In 2004:Q3 it has generally increased to about 22 and then generally decreases to about -70 in 2009:Q2. In 2011:Q2 it has generally increased to 35 and then generally decreases to about 16 in 2011:Q4. By 2012:Q2, it has increased to about 35.

Measures of Supply and Demand for Residential Mortgage Loans

Figure: Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans

Line chart, 1990 to 2006. Unit is percent. There is one series, "All residential." The series begins at about 10 and generally increases to about 35 in 1995:Q1. It generally decreases to about -19 in 1992:Q4. It fluctuates but generally increases to about 15 in 2002:Q4. It fluctuates but generally decreases to about -10 in 2006:Q3. It generally increases ending at about 18.

There is a second panel showing 2007 to 2011. Unit is percent. There are three series, "Prime," "Nontraditional," and "Subprime." Prime begins at about18 and generally increases to about 75 in 2008:Q3. It generally decreases to about -4 in 2010:Q3 then generally increases to about 10 in 2010:Q4. It generally decreases ending at about 0. Nontraditional begins at about 40 and generally increases to about 90 in 2008:Q4. It generally decreases to about 5 in 2010:Q1. It generally increases to about 18. Subprime begins at about 58 and generally increases to about 100 in 2008:Q4. It generally decreases to about -5 then generally increases to about 15. It generally decreases ending at about 0.

Note: For data starting in 2007:Q2, changes in standards for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is three or fewer.

Figure: Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans

Line chart, 1990 to 2006. Unit is percent. There is one series, "All residential." The series begins at about 10 and generally increases to about 35 in 1995:Q1. It generally decreases to about -19 in 1992:Q4. It fluctuates but generally increases to about 15 in 2002:Q4. It fluctuates but generally decreases to about -10 in 2006:Q3. It generally increases ending at about 18.

There is a second panel showing 2007 to 2011. Unit is percent. There are three series, "Prime," "Nontraditional," and "Subprime." Prime begins at about18 and generally increases to about 75 in 2008:Q3. It generally decreases to about -4 in 2010:Q3 then generally increases to about 10 in 2010:Q4. It generally decreases ending at about 0. Nontraditional begins at about 40 and generally increases to about 90 in 2008:Q4. It generally decreases to about 5 in 2010:Q1. It generally increases to about 18. Subprime begins at about 58 and generally increases to about 100 in 2008:Q4. It generally decreases to about -5 then generally increases to about 15. It generally decreases ending at about 0.

Note: For data starting in 2007:Q2, changes in standards for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is three or fewer.

Measures of Supply and Demand for Consumer Loans

Figure: Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans

Line chart, 1990 to 2011. Unit is percent. There is a horizontal line at 0.There is two series, Credit card loans and Other consumer loans. Credit card begins in 1995:Q4 at about 25 and generally increases to about 50 in 1996:Q2. It generally decreases to about -1 in 2000:Q3. It generally increases to about 20 in 2001:Q4 and then decreases to about 0 in 2003:Q2. Between 2004:Q1 and 2007:Q1 it fluctuates between 1 and -8 and then generally decreases to about -12 in 2007:Q2. It then generally increases to about 65 in 2008:Q2 and then generally decreases to about -10 in 2011:Q1. Other consumer loans begins in 1996 at 20 and then generally increases to about 25 in 1996:Q3. It then generally decreases to about 12 and then generally increases to about 18 in 1998:Q1. It then generally decreases about 0 in 1999:Q4 and then generally increases to about 25 in 2001:Q1. By 2005:Q2 it then generally decreases to about -10 and then it generally increases to about 70 in 2008:Q4. By 2009:Q3, it has then decreased to about -15 and then it generally increases to -1 by 2011:Q1.

There is a second panel showing 2011:Q2 to 2012:Q1. Unit is percent. There is a horizontal line at 0. There are three series, Credit card loans, Auto loans and Other consumer loans. Credit card loans begins at about -20 in 2011:Q2 and generally increases to about -10 in 2011:Q3. It then generally increases to about -8 in 2011:Q4. It generally decreases to about -13 by 2012:Q2. Auto loans begins at about -17 in 2011:Q2 and generally decreases to about -21 in 2011:Q3 and remains steady until 2011:Q4. By 2012:Q1 it has generally increased to about -17. Other consumer loans begins at about -18 in 2011:Q2 and generally remains steady until 2011:Q3. It generally decreases to about -15 in 2011:Q4 and then it generally increases to about -10 in 2012:Q1.

Note: For data starting in 2011:Q2, changes in standards for auto loans and consumer loans excluding credit card and auto loans are reported separately. In 2011:Q2 only, new and used auto loans are reported separately and equally weighted to calculate the auto loans series.

Figure: Net Percentage of Domestic Respondents Reporting Increased Willingness to Make Consumer Installment Loans

Line chart, 1990 to 2012. Unit is percent. There is a horizontal line at 0. There is one series, Credit card loans. The series begins at about 10 in 1990:Q1 and generally decreases to about -11 in 1991:Q1. It generally increases to about 25 in 1994:Q2. It then generally decreases to about -12 in 1996:Q3. It then generally increases to about 15 in 1999:Q3. It then generally decreases to about -10 in 2001:Q4 and then increases to about 20 in 2005:Q3. By 2008:Q4 it generally decreases to about -50 and by 2010:Q4 it has increased to about 30. It then generally decreased to about 12 by 2012:Q2.

Figure: Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans

Line chart, 1990 to 2011. Unit is percent. There is a horizontal line at 0. There is one series, All consumer loans. The series begins at about-30 in 1991:Q4 and then it generally increases to 20 in 1992:Q2. It then decreases to about 1 in 1993:Q2 and then generally increases to about 45 in 1994:Q2. By 1995:Q2 it then generally decreases to about -5 and then generally increases to about 42 in 1995:Q3. It then generally decreases to about -10 in 1997:Q2 and then generally increases to about 18 in 1999:Q2. By 2001:Q1, it has generally decreased to about -37 and then it generally increases to about 40 in 2003:Q3. It then generally decreases to about -20 in 2004:Q4 and then generally increases to about 8 in 2005:Q3. By 2006:Q4 it has generally decreased to about -40 and then increases to about -20 in 2008:Q2. By 2008:Q4, it has generally decreased to about -50 and then generally increases to about 2 in 2011:Q1.

There is a second panel showing 2011:Q2 to 2012:Q1. Unit is percent. There is a horizontal line at 0. There are three series, Credit card loans, Auto loans and Other consumer loans. Credit card loans begins at about -8 in 2011:Q2 and generally increases to about 10 in 2011:Q4. It remains steady at about 10 from 2011:Q4 until 2012:Q1. Auto loans beings in 2011:Q2 at about 22 and decreases to about 10 in 2011:Q3. It remains steady at about 10 between 2011:Q3 and 2011:Q4. It then generally increases to about 15 by 2012:Q1. Other consumer loans begins at about 0 in 2011:Q2 and generally decreases to about -10 in 2011:Q4. By 2012:Q1 it has generally increased to about 0.

Note: For data starting in 2011:Q2, changes in demand for credit card loans, auto loans, and consumer loans excluding credit card and auto loans are reported separately.

Special Questions

Figure: Changes in Standards and Terms for Lending to Firms with Significant Exposure to European Economies

There are two bar charts. First bar chart: For banks headquartered in Europe (includes affiliates and subsidiaries), by net percent, Domestic respondents and Foreign respondents. 2011 to 2012. Data are Tightening and Easing. There is a horizontal line at zero. There are two series, 2011:Q4 and 2012:Q1. Approximate values are: Domestic respondents, 2011:Q4: 68, 2012:Q1, 58. Foreign respondents, 2011:Q4: 56 and 2012:Q1, 71.

There is a second bar chart showing: For nonfinancial companies. Approximate values are: Domestic respondents, 2011:Q4: 17, 2012:Q1, 36. Foreign respondents, 2011:Q4: 23 and 2012:Q1, 32.

Figure: Outlook for Asset Quality in 2012

There are two bar chart. First bar chart: Business lending, by Net percent expecting improvement. There are 3 series. C&I (Commercial and Industrial) (large firms), C&I (small firms) and Commercial real estate. Approximate values are: C&I (large firms) 55, C&I (small firms) 45, Commercial real estate 57.

There is a second bar chart showing: Household lending, there are 5 series. Prime residential real estate, Nontraditional residential real estate, HELOC (Home Equity Lines Of Credit), Credit card and Other consumer. Approximate values are: Prime residential real estate 40, Nontraditional residential real estate 50, HELOC 32, Credit card 15, Other consumer 20.

Risks and Uncertainty

Alternative Scenarios

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

Measure and scenario	2011 H2	2012	2013	2014	2015-16
Real GDP					
Extended Tealbook baseline	2.4	2.1	2.4	3.6	3.9
Faster snapback	2.4	2.9	3.4	3.7	3.0
Lost decade	2.4	1.9	1.9	2.0	2.4
Greater supply-side damage	2.4	1.7	1.7	2.5	2.9
Disinflation	2.4	2.0	2.0	2.9	3.9
European crisis with severe spillovers	2.4	-2.9	-1.6	3.5	5.1
Higher oil prices	2.4	1.2	1.9	3.5	4.2
Unemployment rate[1]					
Extended Tealbook baseline	8.7	8.6	8.2	7.8	6.5
Faster snapback	8.7	8.3	7.3	6.7	6.2
Lost decade	8.7	8.7	8.7	8.7	8.5
Greater supply-side damage	8.7	8.5	8.1	8.0	7.7
Disinflation	8.7	8.6	8.4	8.3	7.1
European crisis with severe spillovers	8.7	10.2	11.6	11.4	8.9
Higher oil prices	8.7	8.9	8.8	8.4	6.9

Total PCE prices					
Extended Tealbook baseline	1.4	1.4	1.3	1.5	1.5
Faster snapback	1.4	1.4	1.4	1.8	2.0
Lost decade	1.4	1.4	1.3	1.4	1.2
Greater supply-side damage	1.4	1.6	1.9	2.3	2.3
Disinflation	1.4	.7	.3	.3	.0
European crisis with severe spillovers	1.4	-.7	-.3	1.2	2.2
Higher oil prices	1.4	3.4	1.2	1.5	1.8
Core PCE prices					
Extended Tealbook baseline	1.5	1.5	1.4	1.4	1.5
Faster snapback	1.5	1.5	1.5	1.7	2.0
Lost decade	1.5	1.5	1.4	1.3	1.2
Greater supply-side damage	1.5	1.7	2.0	2.2	2.3
Disinflation	1.5	.8	.4	.2	.0
European crisis with severe spillovers	1.5	.4	.2	.9	1.9
Higher oil prices	1.5	1.7	1.8	1.7	1.7
Federal funds rate[1]					
Extended Tealbook baseline	.1	.1	.1	.3	2.5
Faster snapback	.1	.1	.4	1.6	2.8
Lost decade	.1	.1	.1	.1	.1
Greater supply-side damage	.1	.1	.6	1.9	3.4
Disinflation	.1	.1	.1	.1	.1
European crisis with severe spillovers	.1	.1	.1	.1	.4
Higher oil prices	.1	.1	.1	.3	2.0

1. Percent, average for the final quarter of the period. Return to table

Forecast Confidence Intervals and Alternative Scenarios

Confidence Intervals Based on FRB/US Stochastic Simulations

Figure: Real GDP

Line chart, by 4-quarter percent change, 2008 to 2016. There is a horizontal line at zero. There are nine series, Extending Tealbook baseline, Greater supply-side damage, European crisis with severe spillovers, Faster snapback, Disinflation, Higher oil prices, Lost decade, 70 percent interval and 90 percent interval. Extending Tealbook baseline begins in 2008:Q1 at about 2 and generally decreases to about -5.1 by 2009:Q2. It then generally increases to about 3.5 by 2010:Q3 and then generally decreases to about 1.5 by 2011:Q3. By 2015:Q4 it has generally increased to about 4.2 and by 2016:Q4 it has generally decreased to about 3.65. Greater supply-side damage begins in 2011:Q3 at about 1.6 and generally increases to about 2.0 by 2012:Q1. It then generally decreases to about 1.8 by 2013:Q1 and then generally increases to about 3.0 by 2016:Q4. European crisis with severe spillovers begins in 2011:Q3 at in about 1.6 and generally decreases to about -3.5 by 2013:Q1. It then generally increases to about 5.7 by 2015:Q4. By 2016:Q4, it has generally decreased to about 4.8. Faster snapback begins in 2011:Q3 at about 1.6 and generally increases to about 3.5 by 2013:Q1. It then generally decreases to about 3.0 by 2013:Q3 and then generally increases to about 3.6 by 2015:Q2. By 2016:Q4 it has generally decreased to about 2.8. Disinflation begins in 2011:Q3 at about 1.6 and generally increases to about 2.4 by 2012:Q3. It then generally decreases to about 2.0 by 2013:Q4 and then generally increases to about 4.0 by 2016:Q4. Higher oil prices begins in 2012:Q1 at about 1.6 and then generally decreases to about 1.0 in 2013:Q1. It then generally increases to about 4.4 in 2015:Q2 and then generally decreases to about 4.1 in 2016:Q4. Lost decade begins in 2012:Q1 at about 2 and then generally decreases to about 1.8 in 2013:Q1. By 2016:Q4 it has then generally increased to about 2.6. The 70 percent interval beginning in 2011:Q3 at about 0.1 percent both lesser and greater than the Extended Tealbook baseline and widening out to about 2.0 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4. The 90 percent interval begins in 2011:Q3 at about 0.2 percent both lesser and greater than the Extended Tealbook baseline and widens out to about 3.5 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4.

Figure: Unemployment Rate

Line chart, by percent, 2008 to 2016. There are nine series, Extending Tealbook baseline, European crisis with severe spillovers, Faster snapback, Greater supply-side damage, Disinflation, Higher oil prices, Lost decade, 70 percent interval and 90 percent interval. Extending Tealbook baseline begins in 2008:Q1 at about 4.9 and generally increases to about 10.1 by 2009:Q4. It then generally decreases to about 8.6 by 2011:Q1 and then generally increases to about 9.15 by 2011:Q3. It then generally decreases to about 6.5 by 2016:Q4. European crisis with severe spillovers begins in 2011:Q3 at about 8.6 and generally increases to about 11.8 by 2013:Q4. It then generally decreases to about 9.0 by 2016:Q4. Faster snapback begins in 2011:Q3 at about 8.5 and generally decreases to about 6.3 by 2016:Q4. Greater supply-side damage begins in 2011:Q3 at about 8.4 and generally decreases to about 7.6 by 2016:Q4. Disinflation begins at 2012: Q3 at 8.5 and generally decreases to about 7.1 by 2016:Q4. The Lost decade beings in 2011:Q3 at about 8.5 and increases to about 8.6 in 2016:Q4. The 70 percent interval beginning in 2011:Q3 at about 0.1 percent both lesser and greater than the Extended Tealbook baseline and widening out to about 1.12 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4. The 90 percent interval begins in 2011:Q3 at about 0.2 percent both lesser and greater than the Extended Tealbook baseline and widens out to about 1.75 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4.

Figure: PCE Prices excluding Food and Energy

Line chart, by 4-quarter percent change, 2008 to 2016. There is a horizontal line at zero. There are nine series, Extending Tealbook baseline, European crisis with severe spillovers, Faster snapback, Greater supply-side damage, Disinflation, Higher oil prices, Lost decade, 70 percent interval and 90 percent interval. Extending Tealbook baseline begins in 2008:Q1 at about 2.3 and generally increases to about 2.45 by 2008:Q2. It then generally decreases to about 1.4 by 2009:Q3 and then generally increases to about 1.75 by 2010:Q1. By 2010:Q4 it has generally decreased to about 0.9 and by 2012:Q1 it has generally increased to about 1.75. It then generally decreases to about 1.4 by 2012:Q3 and then generally increases to about 1.6 by 2016:Q4. European crisis with severe spillovers begins in 2012:Q1 at about 1.7. It then generally decreases to about 0.1 by 2013:Q2 and then generally increases to about 2.15 by 2016:Q4. Faster snapback begins in 2012:Q4 at about 1.5 and generally decreases to about 1.45 by 2012:Q3. It then generally increases to about 2.0 by 2016:Q4. Greater supply-side damage begins in 2011:Q4 at about 1.7 and generally decreases to about 1.5 by 2012:Q3 It then generally increases to about 2.3 by 2016:Q4. Disinflation begins in 2011:Q3 at about 1.6 and generally increases to about2.1 by 2016:Q4. Higher oil prices in 2012:Q1 at about 1.5 and then decreases to about 1.4 in 2012:Q4. By 2013:Q3 it has increased to about 1.8 and generally decreases to about 1.7 by 2016:Q4. Lost decade begins 2013:Q3 at 1.3 and generally decreases to about 1.1 by 2016:Q4. The 70 percent interval beginning in 2011:Q3 at about 0.05 percent both lesser and greater than the Extended Tealbook baseline and widening out to about 1 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4. The 90 percent interval begins in 2011:Q3 at about 0.1 percent both lesser and greater than the Extended Tealbook baseline and widens out to about 1.5 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4.

Figure: Federal Funds Rate

Line chart, by percent, 2008 to 2016. There are eight series, Extending Tealbook baseline, European crisis with severe spillovers, Faster snapback, Greater supply-side damage, Higher oil prices, Lost decade, 70 percent interval and 90 percent interval. Extending Tealbook baseline begins in 2008:Q1 at about 3.2 and generally decreases to about 0.13 by 2010:Q1. It remains relatively stable here until 2014:Q3. It then generally increases to about 2.65 by 2016:Q4. European crisis and severe spillovers begins in 2011:Q3 at about 0.13 and remains stable here until 2016:Q3. It then generally increases to about 0.1 by 2016:Q4. Faster snapback begins in 2011:Q3 at about 0.13 and remains stable here until 2013:Q3. It then generally increases to about 2.8 by 2016:Q4. Greater supply-side damage begins in 2011:Q3 at about 0.13 and remains relatively stable here until 2013:Q1. It then generally increases to about 3.45 by 2016:Q4. The other 2 series track each other closely throughout the chart with the 70 percent interval beginning in 2014:Q2 at about 1.5 percent both lesser and greater than the Extended Tealbook baseline and widening out to about 2 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4. The 90 percent interval begins in 2014:Q2 at about 1.6 percent both lesser and greater than the Extended Tealbook baseline and widens out to about 3 percent both lesser and greater than the Extended Tealbook baseline by 2016:Q4.

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

Measure	2011	2012	2013	2014	2015	2016
Real GDP (percent change, Q4 to Q4)						
Projection	1.6	2.1	2.4	3.6	4.2	3.7
Confidence interval						
Tealbook forecast errors	1.4-1.8	.5-3.7	.6-4.1	...	...	...
FRB/US stochastic simulations	1.4-1.8	.7-3.8	.6-4.3	1.4-5.4	1.7-6.1	1.5-5.9
Civilian unemployment rate (percent, Q4)						
Projection	8.7	8.6	8.2	7.8	7.2	6.5
Confidence interval						
Tealbook forecast errors	8.7-8.7	8.0-9.2	7.2-9.2	...	...	...
FRB/US stochastic simulations	8.6-8.8	7.9-9.2	7.1-9.2	6.5-9.1	6.0-8.6	5.5-7.9
PCE prices, total (percent change, Q4 to Q4)						
Projection	2.5	1.4	1.3	1.5	1.5	1.6
Confidence interval						
Tealbook forecast errors	2.4-2.6	.5-2.4	.1-2.4	...	...	...
FRB/US stochastic simulations	2.4-2.6	.5-2.6	.0-2.5	.1-2.7	.1-2.8	.2-2.9
PCE prices excluding food and energy (percent change, Q4 to Q4)						
Projection	1.7	1.5	1.4	1.4	1.4	1.5
Confidence interval						
Tealbook forecast errors	1.6-1.8	.9-2.0	.6-2.2	...	...	...
FRB/US stochastic simulations	1.6-1.8	.8-2.2	.6-2.3	.4-2.4	.4-2.4	.5-2.5

Federal funds rate (percent, Q4)						
Projection	.1	.1	.1	.3	1.5	2.5
Confidence interval						
FRB/US stochastic simulations	.1-.1	.1-.8	.1-1.5	.1-2.6	.1-3.8	.5-4.6

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

Tealbook Forecast Compared with Blue Chip

(Blue Chip survey released January 10, 2012)

Figure: Real GDP

Line chart, by percent change, annual rate, 2008 to 2013. There is a horizontal line at zero. There are two series, Blue Chip consensus and Staff forecast. Blue chip consensus begins in 2011:Q3 at about 2 and generally increases to about 3 by 2011:Q4. It then generally decreases to about 2.1 by 2012:Q1 and then generally increases to about 3.1 by 2013:Q4. Staff forecast begins in 2008:Q1 at about -1.9 and generally increases to about 1.5 by 2008:Q2. It then generally decreases to about -9.2 by 2008:Q4 and then generally increases to about 4 by 2010:Q1. By 2011:Q1 it has generally decreased to about 0.3 and by 2011:Q4 it has generally increased to about 3.3. It then generally decreases to about 2.0 by 2012:Q2 and then generally increases to about 3.0 by 2012:Q4. It then generally decreases to about 2.0 in 2013:Q1 and by 2013:Q4 it has generally increased to about 3.0. There is a shaded area that represents the area between the Blue Chip top 10 and bottom 10 averages. It begins in 2011:Q3 at about 0.1 percent both lesser and greater than the Blue Chip consensus and widens out to about 1 percent both lesser and greater than the Blue Chip consensus by 2012:Q1 and remains generally stable here until 2013:Q4.

Figure: Real PCE

Line chart, by percent change, annual rate, 2008 to 2013. There are two series, Blue Chip consensus and Staff forecast. Blue chip consensus begins in 2011:Q3 at about 2.0 and generally increases to about 2.5 by 2011:Q4. It then generally decreases to about 2.0 by 2012:Q1 and then generally increases to about 2.5 by 2013:Q4. Staff forecast begins in 2008:Q1 at about -1.0 and generally increases to about 0 by 2008:Q2. It then generally decreases to about -5.2 by 2008:Q4 and then generally increases to about 2.6 by 2009:Q3. By 2009:Q4 it has generally decreased to about 0.3 and by 2010:Q4 it has generally increased to about 3.8. It then generally decreases to about 0.5 by 2011:Q2 and then generally increases to about 2.9 by 2012:Q4. It then generally decreases to about 2.75 by 2013:Q4. There is a shaded area that represents the area between the Blue Chip top 10 and bottom 10 averages. It begins in 2011:Q3 at about 0.1 percent both lesser and greater than the Blue Chip consensus and widens out to about 1.0 percent both lesser and greater than the Blue Chip consensus by 2011:Q4. It then narrows to about 0.8 percent both lesser and greater than the Blue Chip consensus by 2013:Q4.

Figure: Unemployment Rate

Line chart, by percent, 2008 to 2013. There are two series, Blue Chip consensus and Staff forecast. Blue chip consensus begins in 2011:Q4 at about 8.5 and generally decreases to about 8 by 2013:Q4. Staff forecast begins in 2008:Q1 at about 5 and generally increases to about 10 by 2009:Q4. It then generally decreases to about 9.6 by 2010:Q2 and remains constant here until 2010:Q4. By 2011:Q1 it has generally decreased to about 8.9 and by 2011:Q3 it has generally increased to about 9.05. It then generally decreases to about 8.7 by 2011:Q4. There is a shaded area that represents the area between the Blue Chip top 10 and bottom 10 averages. It begins in 2011:Q4 at about 0.1 percent both lesser and greater than the Blue Chip consensus and widens out to about 0.6 percent both lesser and greater than the Blue Chip consensus by 2013:Q4.

Figure: Consumer Price Index

Line chart, by percent change, annual rate, 2008 to 2013. There are two series, Blue Chip consensus and Staff forecast. Blue chip consensus begins in 2011:Q2 at about 3 and decreases to about 2 by 2011:Q4. It then increases to about 2.2 by 2012:Q4 and remains constant until about 2013:Q4. Staff forecast begins in 2008:Q1 at about 4.4 and increases to about 6.5 by 2008:Q3. It then decreases to about -9.5 by 2008:Q4 and then increases to about 3.8 by 2009:Q3. By 2010:Q2 it has generally decreased to about -0.6 and by 2011:Q1 it has generally increased to about 5.2. By 2011:Q4 it has generally decreased to about 0.8 and by 2012:Q2 it has generally increased to about 1.6. It then generally decreases to about 1.3 by 2013:Q4. There is a shaded area that represents the area between the Blue Chip top 10 and bottom 10 averages. It begins in 2011:Q3 at about 0.1 percent both lesser and greater than the Blue Chip consensus and widens out to about 1.3 percent both lesser and greater than the Blue Chip consensus by 2011:Q4. It then generally narrows to about 0.8 percent both lesser and greater than the Blue Chip consensus by 2013:Q4.

Figure: Treasury Bill Rate

Line chart, by percent, 2008 to 2013. There are two series, Blue Chip consensus and Staff forecast. Blue chip consensus begins in 2011:Q4 at about 0 and generally increases to about 0.3 by 2012:Q1. It generally decreases to about 0.1 by 2012:Q4 and then generally increases to about 0.5 by 2013:Q4. By Staff forecast begins in 2008:Q1 at about 2.02 and generally decreases to about 0.02 by 2009:Q4. It generally increases to about 0.1 by 2010:Q3 and then generally decreases to about 0 by 2011:Q3. It then generally increases to about 0.08 by 2013:Q4. There is a shaded area that represents the area between the Blue Chip top 10 and bottom 10 averages. It begins in 2011:Q4 at about 0.01 percent both lesser and greater than the Blue Chip consensus and widens out to about 0.15 percent both lesser and greater than the Blue Chip consensus by 2013:Q4.

Figure: 10-Year Treasury Yield

Line chart, by percent, 2008 to 2013. There are two series, Blue Chip consensus and Staff forecast. Blue chip consensus begins in 2011:Q4 at about 2.2 and generally increases to about 3.3 by 2013:Q4. Staff forecast begins in 2008:Q1 at about 3.65 and generally increases to about 3.9 by 2008:Q2. It then generally decreases to about 2.7 by 2009:Q1 and then generally increases to about 3.7 by 2010:Q1. By 2010:Q3 it has generally decreased to about 2.75 and by 2011:Q1 it has generally increased to about 3.5. It then generally decreases to about 2.05 by 2012:Q1 and then generally increases to about 3.3 by 2013:Q4. There is a shaded area that represents the area between the Blue Chip top 10 and bottom 10 averages. It begins in 2011:Q4 at about 0.05 percent both lesser and greater than the Blue Chip consensus and widens out to about 0.75 percent both lesser and greater than the Blue Chip consensus by 2013:Q4.

Note: The yield is for on-the-run Treasury securities. Over the forecast period, the staff's projected yield is assumed to be 15 basis points below the off-the-run yield.

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]	
		12/07/11	01/18/12	12/07/11	01/18/12	12/07/11	01/18/12	12/07/11	01/18/12	12/07/11	01/18/12
Quarterly											
2011:	Q1	3.1	3.1	.4	.4	3.9	3.9	1.6	1.6	8.9	9.0

	Q2	4.0	4.0	1.3	1.3	3.3	3.3	2.3	2.3	9.1	9.1
	Q3	4.5	4.4	1.9	1.8	2.3	2.3	2.0	2.1	9.1	9.1
	Q4	4.3	3.8	3.2	2.9	.7	.5	1.1	.9	8.8	8.7
2012:	Q1	3.8	3.3	2.1	1.6	1.4	1.4	1.6	1.5	8.8	8.7
	Q2	3.5	3.6	1.9	1.8	1.5	1.7	1.5	1.5	8.8	8.7
	Q3	4.1	3.8	2.5	2.3	1.3	1.4	1.5	1.5	8.7	8.6
	Q4	4.4	4.1	2.9	2.7	1.3	1.3	1.4	1.4	8.6	8.6
2013:	Q1	3.7	3.5	2.2	2.1	1.3	1.3	1.4	1.4	8.5	8.5
	Q2	3.7	3.6	2.3	2.2	1.2	1.3	1.4	1.4	8.4	8.4
	Q3	3.9	3.8	2.5	2.4	1.2	1.3	1.4	1.4	8.3	8.3
	Q4	4.4	4.2	2.9	2.8	1.2	1.3	1.4	1.4	8.2	8.2
Two-quarter[2]											
2011:	Q2	3.5	3.5	.8	.8	3.6	3.6	1.9	1.9	-.5	-.5
	Q4	4.4	4.1	2.6	2.4	1.5	1.4	1.6	1.5	-.3	-.4
2012:	Q2	3.6	3.4	2.0	1.7	1.4	1.5	1.5	1.5	.0	.0
	Q4	4.2	4.0	2.7	2.5	1.3	1.3	1.4	1.4	-.2	-.1
2013:	Q2	3.7	3.6	2.2	2.1	1.2	1.3	1.4	1.4	-.2	-.2
	Q4	4.2	4.0	2.7	2.6	1.2	1.3	1.4	1.4	-.2	-.2
Four-quarter[3]											
2010:Q4		4.7	4.7	3.1	3.1	1.3	1.3	1.0	1.0	-.4	-.3
2011:Q4		4.0	3.8	1.7	1.6	2.5	2.5	1.7	1.7	-.8	-.9
2012:Q4		3.9	3.7	2.3	2.1	1.4	1.4	1.5	1.5	-.2	-.1
2013:Q4		3.9	3.8	2.5	2.4	1.2	1.3	1.4	1.4	-.4	-.4
Annual											
2010		4.2	4.2	3.0	3.0	1.8	1.8	1.4	1.4	9.6	9.6
2011		3.9	3.9	1.8	1.7	2.4	2.4	1.4	1.4	9.0	8.9
2012		4.0	3.7	2.3	2.0	1.5	1.5	1.5	1.5	8.7	8.6
2013		3.9	3.8	2.4	2.3	1.3	1.3	1.4	1.4	8.3	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)

	2011				2012				2013	
Item	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2

Real GDP	.4	1.3	1.8	2.9	1.6	1.8	2.3	2.7	2.1	2.2
Previous Tealbook	.4	1.3	1.9	3.2	2.1	1.9	2.5	2.9	2.2	2.3
Final sales	.0	1.6	3.2	1.3	1.7	2.0	1.9	2.3	1.8	2.1
Previous Tealbook	.0	1.6	3.5	1.9	1.9	2.0	1.9	2.5	2.1	2.1
Priv. dom. final purch.	2.0	1.9	3.3	2.4	1.9	2.4	2.8	3.0	2.6	2.8
Previous Tealbook	2.0	1.9	3.6	2.6	1.9	2.3	2.6	3.0	2.5	2.6
Personal cons. expend.	2.1	.7	1.7	2.2	2.0	2.4	2.6	2.8	2.2	2.4
Previous Tealbook	2.1	.7	2.1	2.4	2.3	2.2	2.4	2.8	2.1	2.1
Durables	11.7	-5.3	5.7	15.1	3.9	7.2	6.4	7.2	6.2	6.1
Nondurables	1.6	.2	-.5	.6	1.9	2.1	2.1	2.3	1.7	2.0
Services	.8	1.9	1.9	.7	1.7	1.7	2.2	2.2	1.8	1.9
Residential investment	-2.4	4.2	1.3	9.7	8.5	4.0	6.9	7.0	7.0	7.1
Previous Tealbook	-2.4	4.2	1.7	3.1	3.6	6.3	6.5	6.9	7.2	7.6
Business fixed invest.	2.1	10.3	15.7	2.6	-.1	2.1	3.2	3.6	3.8	4.8
Previous Tealbook	2.1	10.3	15.8	3.7	-1.2	1.8	3.3	4.1	4.4	4.8
Equipment & software	8.7	6.2	16.2	3.0	2.2	3.4	4.8	5.0	4.9	6.1
Previous Tealbook	8.7	6.2	16.2	3.0	.6	2.5	4.5	5.2	5.9	6.1
Nonres. structures	-14.3	22.6	14.4	1.7	-6.0	-1.5	-1.0	.1	.7	1.5
Previous Tealbook	-14.3	22.6	14.7	5.8	-5.6	.0	.0	1.2	.6	1.4
Net exports[2]	-424	-416	-403	-396	-394	-389	-395	-395	-396	-395
Previous Tealbook[2]	-424	-416	-401	-394	-391	-384	-388	-386	-386	-383
Exports	7.9	3.6	4.7	5.1	5.5	4.5	4.5	4.7	5.1	5.1
Imports	8.3	1.4	1.2	3.0	4.0	2.8	4.8	3.8	4.5	4.0
Gov't. cons. & invest.	-5.9	-.9	-.1	-4.5	.0	-.8	-.9	-.9	-1.2	-1.1
Previous										

Tealbook	-5.9	-.9	-.2	-1.9	1.1	-.5	-.4	-.4	.0	-.8
Federal	-9.4	1.9	2.1	-9.6	1.4	-1.2	-1.9	-2.1	-3.4	-3.6
Defense	-12.6	7.0	5.0	-15.4	2.7	-.7	-1.6	-2.0	-3.8	-4.1
Nondefense	-2.7	-7.6	-3.8	3.5	-1.1	-2.2	-2.5	-2.5	-2.5	-2.6
State & local	-3.4	-2.8	-1.6	-.8	-.9	-.6	-.3	-.1	.3	.6
Change in bus. inventories[2]	49	39	-2	51	48	43	56	69	76	77
Previous Tealbook[2]	49	39	-5	32	37	34	53	66	68	73
Nonfarm[2]	60	51	6	54	49	43	55	68	75	76
Farm[2]	-8	-9	-6	-3	-1	0	1	1	1	1

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)

Item	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP	2.8	2.4	2.2	-3.3	-.5	3.1	1.6	2.1	2.4
Previous Tealbook	2.8	2.4	2.2	-3.3	-.5	3.1	1.7	2.3	2.5
Final sales	2.7	2.8	2.4	-2.6	-.8	2.4	1.5	2.0	2.2
Previous Tealbook	2.7	2.8	2.4	-2.6	-.8	2.4	1.8	2.1	2.2
Priv. dom. final purch.	3.2	2.4	1.2	-4.5	-2.5	3.6	2.4	2.5	2.9
Previous Tealbook	3.2	2.4	1.2	-4.5	-2.5	3.6	2.5	2.5	2.8
Personal cons. expend.	2.8	3.2	1.7	-2.5	-.2	3.0	1.7	2.4	2.4
Previous Tealbook	2.8	3.2	1.7	-2.5	-.2	3.0	1.8	2.4	2.3
Durables	2.8	7.0	4.6	-13.0	3.0	10.9	6.5	6.2	6.2
Nondurables	3.1	2.9	.8	-3.1	.6	3.5	.5	2.1	2.1
Services	2.7	2.6	1.4	-.5	-.9	1.6	1.3	1.9	2.0
Residential investment	5.3	-15.7	-20.7	-24.4	-12.9	-6.3	3.1	6.6	7.3
Previous Tealbook	5.3	-15.7	-20.7	-24.4	-12.9	-6.3	1.6	5.8	7.9
Business fixed invest.	4.5	7.8	7.9	-9.4	-14.4	11.1	7.5	2.2	4.9
Previous Tealbook	4.5	7.8	7.9	-9.4	-14.4	11.1	7.8	2.0	4.9
Equipment & software	6.2	6.0	3.9	-13.6	-5.8	16.6	8.4	3.8	6.4
Previous Tealbook	6.2	6.0	3.9	-13.6	-5.8	16.6	8.4	3.2	6.4
Nonres. structures	-.1	13.0	17.3	-1.2	-29.3	-1.8	5.1	-2.1	1.1

Previous Tealbook	-.1	13.0	17.3	-1.2	-29.3	-1.8	6.2	-1.1	.9
Net exports[1]	-723	-729	-649	-495	-359	-422	-410	-393	-394
Previous Tealbook[1]	-723	-729	-649	-495	-359	-422	-409	-387	-381
Exports	6.7	10.2	10.1	-2.5	-.1	8.8	5.3	4.8	5.2
Imports	5.2	4.1	.8	-5.9	-6.5	10.7	3.4	3.9	4.1
Gov't. cons. & invest.	.7	1.5	1.9	2.7	1.1	.1	-2.9	-.7	-1.3
Previous Tealbook	.7	1.5	1.9	2.7	1.1	.1	-2.2	-.1	-1.2
Federal	1.2	2.2	3.1	8.8	4.6	2.9	-3.9	-1.0	-4.1
Defense	.4	4.4	2.6	9.8	3.5	1.5	-4.5	-.4	-4.8
Nondefense	2.6	-2.3	4.2	6.8	6.9	5.7	-2.7	-2.1	-2.6
State & local	.4	1.2	1.2	-.9	-1.1	-1.7	-2.1	-.5	.7
Change in bus. inventories[1]	50	59	28	-36	-145	59	34	54	80
Previous Tealbook[1]	50	59	28	-36	-145	59	29	47	82
Nonfarm[1]	50	63	29	-38	-144	61	42	54	79
Farm[1]	0	-4	-1	1	-1	-1	-6	0	1

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	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
Real GDP	.4	1.3	1.8	2.9	1.6	1.8	2.3	2.7	2.1	2.2
Previous Tealbook	.4	1.3	1.9	3.2	2.1	1.9	2.5	2.9	2.2	2.3
Final sales	.0	1.6	3.2	1.3	1.7	2.0	1.9	2.3	1.8	2.1
Previous Tealbook	.0	1.6	3.5	2.0	1.9	2.0	1.9	2.5	2.1	2.1
Priv. dom. final purch.	1.6	1.6	2.8	2.0	1.6	2.0	2.3	2.5	2.1	2.3
Previous Tealbook	1.6	1.6	3.0	2.2	1.6	1.9	2.2	2.5	2.1	2.2
Personal cons. expend.	1.5	.5	1.2	1.5	1.4	1.7	1.8	2.0	1.6	1.7
Previous Tealbook	1.5	.5	1.5	1.7	1.6	1.6	1.7	2.0	1.5	1.5
Durables	.9	-.4	.4	1.1	.3	.5	.5	.6	.5	.5
Nondurables	.3	.0	-.1	.1	.3	.3	.3	.4	.3	.3

Services	.4	.9	.9	.3	.8	.8	1.0	1.0	.8	.9
Residential investment	-.1	.1	.0	.2	.2	.1	.2	.2	.2	.2
Previous Tealbook	-.1	.1	.0	.1	.1	.1	.1	.2	.2	.2
Business fixed invest.	.2	1.0	1.5	.3	.0	.2	.3	.4	.4	.5
Previous Tealbook	.2	1.0	1.5	.4	-.1	.2	.3	.4	.4	.5
Equipment & software	.6	.4	1.1	.2	.2	.3	.4	.4	.4	.5
Previous Tealbook	.6	.4	1.1	.2	.0	.2	.3	.4	.4	.4
Nonres. structures	-.4	.5	.4	.0	-.2	.0	.0	.0	.0	.0
Previous Tealbook	-.4	.5	.4	.2	-.2	.0	.0	.0	.0	.0
Net exports	-.3	.2	.4	.2	.1	.1	-.2	.0	-.1	.0
Previous Tealbook	-.3	.2	.5	.2	.1	.2	-.1	.1	.0	.1
Exports	1.0	.5	.6	.7	.8	.6	.6	.7	.7	.7
Imports	-1.4	-.2	-.2	-.5	-.7	-.5	-.8	-.7	-.8	-.7
Gov't. cons. & invest.	-1.2	-.2	.0	-.9	.0	-.2	-.2	-.2	-.2	-.2
Previous Tealbook	-1.2	-.2	.0	-.4	.2	-.1	-.1	-.1	.0	-.1
Federal	-.8	.2	.2	-.8	.1	-.1	-.1	-.2	-.3	-.3
Defense	-.7	.4	.3	-.9	.1	.0	-.1	-.1	-.2	-.2
Nondefense	-.1	-.2	-.1	.1	.0	-.1	-.1	-.1	-.1	-.1
State & local	-.4	-.3	-.2	-.1	-.1	-.1	.0	.0	.0	.1
Change in bus. inventories	.3	-.3	-1.4	1.6	-.1	-.1	.4	.4	.2	.0
Previous Tealbook	.3	-.3	-1.5	1.2	.1	-.1	.6	.4	.1	.2
Nonfarm	.4	-.3	-1.5	1.6	-.2	-.2	.4	.4	.2	.0
Farm	-.1	.0	.1	.1	.1	.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	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2
GDP chain-wt. price index	2.5	2.5	2.6	.9	1.7	1.7	1.5	1.4	1.5	1.4
Previous Tealbook	2.5	2.5	2.5	1.0	1.7	1.6	1.6	1.4	1.5	1.4
PCE chain-wt. price index	3.9	3.3	2.3	.5	1.4	1.7	1.4	1.3	1.3	1.3
Previous Tealbook	3.9	3.3	2.3	.7	1.4	1.5	1.3	1.3	1.3	1.2
Energy	40.7	15.0	3.3	-6.8	.7	4.9	.7	-.5	-.6	-.9
Previous Tealbook	40.7	15.0	3.3	-8.2	-.9	1.3	-.4	-1.2	-1.2	-1.7
Food	6.5	6.4	4.7	2.6	.9	1.1	1.2	1.2	1.2	1.2
Previous Tealbook	6.5	6.4	4.7	3.5	1.3	1.1	1.2	1.2	1.2	1.2
Ex. food & energy	1.6	2.3	2.1	.9	1.5	1.5	1.5	1.4	1.4	1.4
Previous Tealbook	1.6	2.3	2.0	1.1	1.6	1.5	1.5	1.4	1.4	1.4
Ex. food & energy, market based	1.3	2.4	2.3	1.1	1.5	1.4	1.3	1.3	1.3	1.3
Previous Tealbook	1.3	2.4	2.3	1.0	1.4	1.4	1.3	1.3	1.3	1.3
CPI	5.2	4.1	3.1	.9	1.6	1.9	1.5	1.3	1.3	1.2
Previous Tealbook	5.2	4.1	3.1	.9	1.5	1.5	1.4	1.2	1.2	1.2
Ex. food & energy	1.7	2.5	2.7	1.7	1.7	1.5	1.5	1.5	1.5	1.5
Previous Tealbook	1.7	2.5	2.7	1.7	1.8	1.6	1.5	1.5	1.5	1.5
ECI, hourly compensation[2]	2.1	3.2	1.4	2.0	2.5	2.5	2.4	2.4	2.3	2.3
Previous Tealbook[2]	2.1	3.2	1.4	1.9	2.3	2.4	2.4	2.4	2.3	2.3
Nonfarm business sector										
Output per hour	-.6	-.1	1.9	.8	.3	1.3	1.7	2.2	1.1	1.3
Previous Tealbook	-.6	-.1	2.2	2.1	.7	.9	1.5	1.9	1.0	1.1
Compensation per hour	5.6	-.3	-.2	2.3	2.3	2.4	2.3	2.3	2.2	2.2

Previous Tealbook	5.6	-.3	-.2	2.2	2.3	2.3	2.3	2.2	2.2	2.2
Unit labor costs	6.2	-.2	-2.1	1.5	2.0	1.1	.6	.1	1.1	.9
Previous Tealbook	6.2	-.2	-2.4	.1	1.5	1.3	.8	.3	1.2	1.1
Core goods imports chain-wt. price index[3]	8.3	7.2	2.4	-.8	-1.2	.0	.7	1.4	1.5	1.6
Previous Tealbook[3]	8.3	7.2	2.3	-.7	-.9	.4	.7	1.2	1.4	1.4

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	2005	2006	2007	2008	2009	2010	2011	2012	2013
GDP chain-wt. price index	3.5	2.9	2.6	2.1	.7	1.6	2.1	1.6	1.4
Previous Tealbook	3.5	2.9	2.6	2.1	.7	1.6	2.1	1.6	1.4
PCE chain-wt. price index	3.2	1.9	3.5	1.7	1.5	1.3	2.5	1.4	1.3
Previous Tealbook	3.2	1.9	3.5	1.7	1.5	1.3	2.5	1.4	1.2
Energy	21.5	-3.7	19.3	-8.8	2.6	6.2	11.7	1.4	-.8
Previous Tealbook	21.5	-3.7	19.3	-8.8	2.6	6.2	11.3	-.3	-1.6
Food	1.5	1.7	4.7	7.0	-1.7	1.3	5.0	1.1	1.2
Previous Tealbook	1.5	1.7	4.7	7.0	-1.7	1.3	5.2	1.2	1.2
Ex. food & energy	2.3	2.3	2.4	2.0	1.7	1.0	1.7	1.5	1.4
Previous Tealbook	2.3	2.3	2.4	2.0	1.7	1.0	1.7	1.5	1.4
Ex. food & energy, market based	2.0	2.2	2.1	2.2	1.7	.7	1.8	1.4	1.3
Previous Tealbook	2.0	2.2	2.1	2.2	1.7	.7	1.7	1.4	1.3
CPI	3.7	2.0	4.0	1.6	1.5	1.2	3.3	1.6	1.3
Previous Tealbook	3.7	2.0	4.0	1.6	1.5	1.2	3.3	1.4	1.2
Ex. food & energy	2.1	2.7	2.3	2.0	1.7	.6	2.2	1.6	1.5
Previous Tealbook	2.1	2.7	2.3	2.0	1.7	.6	2.2	1.6	1.5
ECI, hourly compensation[1]	2.9	3.2	3.0	2.4	1.2	2.1	2.2	2.4	2.3
Previous Tealbook[1]	2.9	3.2	3.0	2.4	1.2	2.1	2.2	2.4	2.3
Nonfarm business sector									
Output per hour	1.6	.8	2.5	-1.1	5.3	2.5	.5	1.4	1.4

Previous Tealbook	1.6	.8	2.5	-1.1	5.3	2.5	.9	1.3	1.2
Compensation per hour	3.5	4.5	3.6	2.5	1.8	1.6	1.8	2.3	2.2
Previous Tealbook	3.5	4.5	3.6	2.5	1.8	1.6	1.8	2.3	2.2
Unit labor costs	1.9	3.6	1.1	3.7	-3.3	-.9	1.3	1.0	.7
Previous Tealbook	1.9	3.6	1.1	3.7	-3.3	-.9	.9	1.0	.9
Core goods imports chain-wt. price index[2]	2.2	2.5	2.9	3.7	-1.7	2.6	4.2	.2	1.5
Previous Tealbook[2]	2.2	2.5	2.9	3.7	-1.7	2.6	4.2	.4	1.4

1. Private-industry workers. Return to table

2. Core goods imports exclude computers, semiconductors, oil, and natural gas. Return to table

Other Macroeconomic Indicators

Item	2011				2012				2013	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Employment and production										
Nonfarm payroll employment[2]	.4	.5	.3	.4	.4	.4	.4	.5	.5	.5
Unemployment rate[3]	9.0	9.1	9.1	8.7	8.7	8.7	8.6	8.6	8.5	8.4
Previous Tealbook[3]	8.9	9.1	9.1	8.8	8.8	8.8	8.7	8.6	8.5	8.4
NAIRU[3]	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
GDP gap[4]	-5.7	-5.8	-5.8	-5.5	-5.6	-5.7	-5.6	-5.4	-5.4	-5.4
Previous Tealbook[4]	-5.8	-5.8	-5.8	-5.5	-5.4	-5.5	-5.4	-5.2	-5.1	-5.1
Industrial production[5]	4.8	.7	6.3	3.1	3.2	2.9	2.2	2.4	2.7	3.2
Previous Tealbook[5]	4.8	.6	5.2	2.6	2.4	2.3	2.3	2.2	3.2	3.2
Manufacturing industr. prod.[5]	7.2	.1	5.0	3.9	4.1	2.5	2.1	2.7	2.5	3.3
Previous Tealbook[5]	7.2	.0	4.3	2.7	2.7	1.6	2.0	2.5	3.3	3.3
Capacity utilization rate - mfg.[3]	74.5	74.4	75.1	75.6	76.2	76.4	76.6	76.9	77.1	77.5
Previous Tealbook[3]	74.5	74.4	74.9	75.3	75.6	75.7	75.8	76.1	76.4	76.8

Housing starts[6]	.6	.6	.6	.7	.7	.7	.8	.8	.9	.9
Light motor vehicle sales[6]	13.0	12.1	12.4	13.4	13.4	13.4	13.5	13.6	13.9	14.1
Income and saving										
Nominal GDP[5]	3.1	4.0	4.4	3.8	3.3	3.6	3.8	4.1	3.5	3.6
Real disposable pers. income[5]	1.2	-.5	-1.9	2.7	3.4	3.0	3.3	3.5	-1.3	2.3
Previous Tealbook[5]	1.2	-.5	-2.1	4.3	2.9	3.0	3.3	3.6	-1.3	2.4
Personal saving rate[3]	5.0	4.8	3.9	4.1	4.4	4.5	4.7	4.9	4.0	4.0
Previous Tealbook[3]	5.0	4.8	3.8	4.3	4.4	4.6	4.8	5.0	4.1	4.2
Corporate profits[7]	4.2	13.7	6.9	-3.1	-.2	-6.1	-.8	-4.1	.6	.5
Profit share of GNP[3]	12.4	12.7	12.8	12.5	12.4	12.1	12.0	11.8	11.7	11.6
Net federal saving[8]	-1,201	-1,275	-1,172	-1,127	-1,078	-1,069	-1,051	-1,043	-864	-842
Net state & local saving[8]	-57	-40	-83	-70	-60	-45	-41	-35	-33	-20
Gross national saving rate[3]	12.6	12.4	12.3	12.6	12.8	12.7	12.8	12.7	12.9	13.0
Net national saving rate[3]	-.1	-.4	-.5	.0	.3	.2	.2	.2	.3	.5

1. Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise indicated. Return to table

2. Change, millions. Return to table

3. Percent; annual values are for the fourth quarter of the year indicated. Return to table

4. Percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential. Annual values are for the fourth quarter of the year indicated. Return to table

5. Percent change, annual rate. Return to table

6. Level, millions; annual values are annual averages. Return to table

7. Percent change, annual rate, with inventory valuation and capital consumption adjustments. Return to table

8. Billions of dollars; annual values are annual averages. Return to table

Other Macroeconomic Indicators

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

Item	2005	2006	2007	2008	2009	2010	2011	2012	2013

Employment and production									
Nonfarm payroll employment[1]	2.4	2.1	1.2	-2.8	-5.6	.7	1.6	1.7	2.1
Unemployment rate[2]	5.0	4.5	4.8	6.9	9.9	9.6	8.7	8.6	8.2
Previous Tealbook[2]	5.0	4.5	4.8	6.9	10.0	9.6	8.8	8.6	8.2
NAIRU[2]	5.0	5.0	5.0	5.3	6.0	6.0	6.0	6.0	6.0
Previous Tealbook[2]	5.0	5.0	5.0	5.3	6.0	6.0	6.0	6.0	6.0
GDP gap[3]	.0	.0	-.2	-5.4	-6.9	-5.4	-5.5	-5.4	-5.2
Previous Tealbook[3]	.0	.0	-.2	-5.4	-6.9	-5.4	-5.5	-5.2	-4.8
Industrial production[4]	2.3	2.3	2.5	-9.1	-5.5	6.2	3.7	2.7	3.1
Previous Tealbook[4]	2.3	2.3	2.5	-9.1	-5.5	6.2	3.3	2.3	3.2
Manufacturing industr. prod.[4]	3.4	2.0	2.8	-11.8	-6.1	6.1	4.0	2.8	3.2
Previous Tealbook[4]	3.4	2.0	2.8	-11.8	-6.1	6.1	3.5	2.2	3.4
Capacity utilization rate - mfg.[2]	78.5	78.4	79.0	70.1	67.7	73.3	75.6	76.9	78.2
Previous Tealbook[2]	78.5	78.4	79.0	70.1	67.7	73.3	75.3	76.1	77.5
Housing starts[5]	2.1	1.8	1.4	.9	.6	.6	.6	.7	.9
Light motor vehicle sales[5]	16.9	16.5	16.1	13.1	10.3	11.5	12.7	13.5	14.3
Income and saving									
Nominal GDP[4]	6.4	5.3	4.9	-1.2	.0	4.7	3.8	3.7	3.8
Real disposable pers. income[4]	.6	4.6	1.6	1.0	-2.4	3.5	.4	3.3	1.7
Previous Tealbook[4]	.6	4.6	1.6	1.0	-2.4	3.5	.7	3.2	1.7
Personal saving rate[2]	1.6	2.8	2.5	6.2	4.3	5.2	4.1	4.9	4.1
Previous Tealbook[2]	1.6	2.8	2.5	6.2	4.3	5.2	4.3	5.0	4.4
Corporate profits[6]	19.6	3.7	-8.1	-33.5	61.8	18.2	5.2	-2.9	.9
Profit share of GNP[2]	11.8	11.6	10.1	6.8	11.0	12.4	12.5	11.8	11.5
Net federal saving[7]	-283	-204	-245	-613	-1218	-1274	-1194	-1060	-832
Net state & local saving[7]	26	51	12	-72	-78	-25	-63	-45	-23
Gross national saving rate[2]	15.6	16.5	13.9	12.6	11.3	12.3	12.6	12.7	13.1
Net national saving rate[2]	3.6	4.4	1.7	-.6	-1.9	-.4	.0	.2	.6

1. Change, millions. Return to table

2. Percent; values are for the fourth quarter of the year indicated. Return to table

3. Percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential. Values are for the fourth quarter of the year indicated. Return to table

4. Percent change. Return to table

5. Level, millions; values are annual averages. Return to table

6. Percent change, with inventory valuation and capital consumption adjustments. Return to table

7. Billions of dollars; values are annual averages. Return to table

Staff Projections of Federal Sector Accounts and Related Items

(Billions of dollars except as noted)

	Fiscal year				2011				2012		
Item	2010[a]	2011[a]	2012	2013	Q1[a]	Q2[a]	Q3[a]	Q4	Q1	Q2	Q
Unified budget					Not seasonally ac						
Receipts[1]	2163	2302	2469	2710	488	714	568	555	524	763	
Outlays[1]	3456	3599	3576	3563	949	855	895	877	967	893	
Surplus/deficit[1]	-1293	-1297	-1107	-853	-460	-141	-326	-322	-443	-130	
Previous Tealbook	*-1293*	*-1296*	*-1149*	*-904*	*-460*	*-141*	*-325*	*-348*	*-437*	*-135*	
On-budget	-1370	-1364	-1079	-855	-451	-202	-311	-346	-407	-159	
Off-budget	77	67	-29	2	-10	61	-15	24	-35	30	
Means of financing											
Borrowing	1474	1110	1102	933	260	93	389	326	429	144	
Cash decrease	-35	252	8	0	225	-19	79	-28	26	-20	
Other[2]	-146	-65	-3	-80	-24	67	-142	23	-12	6	
Cash operating balance, end of period	310	58	50	50	118	137	58	86	60	80	
NIPA federal sector					Seasonally adjusted a						
Receipts	2379	2531	2688	2934	2528	2554	2572	2599	2687	2716	
Expenditures	3648	3765	3769	3826	3729	3829	3744	3726	3766	3785	
Consumption expenditures	1042	1070	1076	1074	1059	1078	1085	1067	1079	1080	
Defense	697	715	718	719	701	723	733	709	720	722	
Nondefense	346	355	358	355	358	354	352	357	359	358	
Other spending	2606	2695	2693	2752	2670	2752	2659	2660	2687	2705	
Current account surplus	-1269	-1234	-1081	-892	-1201	-1275	-1172	-1127	-1078	-1069	-
Gross investment	165	165	156	153	161	160	164	155	157	157	
Gross saving less gross											

investment[3]	-1305	-1263	-1093	-890	-1227	-1298	-1197	-1141	-1091	-1079	-
Fiscal indicators[4]											
High-employment (HEB) surplus/deficit	-943	-929	-745	-537	-906	-961	-844	-794	-745	-730	
Change in HEB, percent of potential GDP	1.1	-.3	-1.3	-1.4	-.7	.3	-.8	-.3	-.3	-.1	
Fiscal impetus (FI), percent of GDP	0.5	-0.4	-0.4	-1.1	-0.6	0.4	-0.1	-1.2	-0.2	-0.5	
Previous Tealbook	*0.5*	*-0.3*	*-0.3*	*-1.1*	*-0.6*	*0.4*	*-0.1*	*-0.7*	*-0.0*	*-0.5*	

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. 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 FI estimates are calendar year contributions to Q4/Q4 real GDP growth. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus. Quarterly figures for change in HEB and FI are not at annual rates. Return to table

a Actual. Return to table

Change in Debt of the Domestic Nonfinancial Sectors

(Percent)

		Households						
Period[1]	**Total**	**Total**	**Home mortgages**	**Consumer credit**	**Business**	**State and local governments**	**Federal government**	**Memo: Nominal GDP**
Year								
2006	8.7	9.9	11.1	4.1	11.1	3.7	3.9	5.3
2007	8.5	6.7	6.9	5.8	13.6	5.4	4.9	4.9
2008	6.0	.1	-.5	1.5	6.2	.7	24.2	-1.2
2009	3.0	-1.7	-1.4	-4.4	-2.4	3.9	22.7	.0
2010	4.1	-2.1	-2.9	-1.8	.7	2.2	20.2	4.7
2011	3.6	-.9	-2.1	2.9	4.0	-1.9	11.4	3.8
2012	4.2	.6	-.9	4.8	3.4	1.4	10.6	3.7
2013	4.0	1.6	-.0	6.4	3.9	1.2	7.7	3.8

Quarter									
2010:	1	3.5	-3.1	-4.8	-3.9	-.1	2.4	20.6	5.5
	2	3.9	-2.2	-2.5	-3.3	-1.3	-.5	22.5	5.4
	3	3.7	-2.2	-2.5	-2.2	1.8	2.1	16.0	3.9
	4	4.9	-.7	-1.8	2.3	2.4	4.8	16.4	4.2
2011:	1	2.3	-1.8	-2.6	2.2	4.1	-3.3	7.9	3.1
	2	3.1	-.6	-2.4	3.5	4.5	-3.5	8.6	4.0
	3	4.3	-1.2	-1.9	1.4	3.4	.0	14.1	4.4
	4	4.6	-.0	-1.6	4.6	3.9	-.8	13.1	3.8
2012:	1	4.9	-.0	-1.3	3.3	3.4	1.7	13.5	3.3
	2	3.9	.5	-1.0	4.8	3.2	1.5	9.5	3.6
	3	3.0	.7	-.8	5.1	3.2	1.3	5.8	3.8
	4	5.0	1.1	-.5	5.7	3.4	1.2	12.2	4.1
2013:	1	4.6	1.4	-.2	6.0	3.7	1.2	10.2	3.5
	2	3.5	1.6	.0	6.2	3.8	1.2	6.0	3.6
	3	3.0	1.7	.1	6.4	3.9	1.2	4.0	3.8
	4	4.8	1.7	.1	6.3	3.9	1.2	10.0	4.2

Note: Quarterly data are at seasonally adjusted annual rates.

1. Data after 2011:Q3 are staff projections. Changes are measured from end of the preceding period to end of period indicated except for annual nominal GDP growth, which is calculated from Q4 to Q4. Return to table

Flow of Funds Projections: Highlights

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

					2011		2012				
Category	**2010**	**2011**	**2012**	**2013**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q**
Domestic nonfinancial sectors											
Net funds raised											
Total	1167.1	852.3	1211.1	1269.2	1010.4	1241.2	1460.3	1118.0	734.4	1531.6	1
Net equity issuance	-278.0	-484.9	-410.0	-340.0	-606.6	-494.8	-400.0	-400.0	-420.0	-420.0	-
Net debt issuance	1445.1	1337.1	1621.1	1609.2	1617.0	1736.0	1860.3	1518.0	1154.4	1951.6	1
Borrowing indicators											
Debt (percent of GDP)[1]	249.1	249.1	249.6	250.5	248.0	248.4	249.3	249.9	249.7	249.6	
Borrowing (percent of GDP)	9.9	8.9	10.4	9.9	10.7	11.3	12.0	9.7	7.3	12.3	

Households											
Net borrowing[2]	-278.4	-122.7	73.7	213.5	-158.8	-4.8	-5.3	63.9	94.1	141.9	
Home mortgages	-298.2	-211.8	-88.2	-0.0	-185.6	-158.0	-127.8	-98.0	-78.2	-48.8	
Consumer credit	-44.2	71.3	120.0	167.0	33.6	113.4	82.2	120.7	129.9	147.1	
Debt/DPI (percent)[3]	120.3	114.7	110.3	108.0	114.3	113.2	111.9	110.7	109.6	108.5	
Business											
Financing gap[4]	-197.1	-201.9	-93.9	66.7	-257.3	-196.0	-158.9	-121.0	-76.7	-18.8	
Net equity issuance	-278.0	-484.9	-410.0	-340.0	-606.6	-494.8	-400.0	-400.0	-420.0	-420.0	-
Credit market borrowing	77.0	449.3	391.6	462.5	392.2	443.6	399.9	378.1	382.7	405.7	
State and local governments											
Net borrowing	66.2	-57.3	43.0	38.0	1.0	-23.9	50.0	46.0	38.0	38.0	
Current surplus[5]	257.0	214.6	203.1	233.2	212.1	173.8	185.6	202.0	208.8	215.9	
Federal government											
Net borrowing	1580.2	1067.9	1112.9	895.2	1382.6	1321.2	1415.7	1030.1	639.6	1366.0	1
Net borrowing (n.s.a.)	1580.2	1067.9	1112.9	895.2	389.1	326.0	428.8	143.6	203.3	337.2	
Unified deficit (n.s.a.)	1275.1	1251.4	1102.6	815.2	328.1	321.7	442.7	129.5	213.2	317.2	
Depository institutions											
Funds supplied	-181.1	154.9	339.6	371.6	489.9	432.1	375.5	306.0	327.2	349.7	

Note: Data after 2011:Q3 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	2011 Q1	2011 Q2	2011 Q3	2011 Q4	Projected 2012 Q1	Projected 2012 Q2	Projected 2012 Q3	Projected 2012 Q4	Projected 2013 Q1	Projected 2013 Q2
Real GDP[1]										
Total foreign	3.7	2.3	3.6	2.0	2.5	2.3	2.5	2.7	2.8	2.9
Previous Tealbook	*3.9*	*2.4*	*3.6*	*2.3*	*2.5*	*2.4*	*2.6*	*2.7*	*2.9*	*3.0*
Advanced foreign economies	1.8	.0	2.7	.6	.6	.5	.9	1.2	1.4	1.4
Canada	3.5	-.5	3.5	2.0	1.9	1.7	2.0	2.1	2.0	2.0
Japan	-6.6	-2.0	5.6	.4	2.8	1.8	1.6	1.5	1.4	1.3
United Kingdom	1.7	-.0	2.3	-.3	.1	.4	.7	1.1	1.5	1.6
Euro area	3.1	.6	.5	-1.2	-1.9	-1.7	-1.0	-.3	.2	.5
Germany	5.5	1.1	2.0	-.9	-.9	-.7	-.1	.3	.7	1.1
Emerging market economies	5.8	4.8	4.6	3.5	4.6	4.3	4.2	4.3	4.4	4.5
Asia	8.0	5.0	4.7	3.7	5.5	5.3	5.3	5.4	5.6	5.7
Korea	5.4	3.6	3.3	3.5	3.4	3.4	3.4	3.4	3.6	3.7
China	8.7	9.5	9.5	8.2	8.0	7.9	7.9	7.9	8.0	8.1
Latin America	3.5	4.8	4.6	3.3	3.6	3.2	3.0	3.0	3.1	3.1
Mexico	2.3	5.2	5.5	3.5	3.7	3.2	2.9	2.9	2.9	2.9
Brazil	3.2	2.9	-.2	2.2	3.1	3.1	3.1	3.1	3.5	3.6
Consumer prices[2]										
Total foreign	4.3	3.2	3.1	3.1	2.3	2.4	2.3	2.3	2.3	2.3
Previous Tealbook	*4.3*	*3.2*	*3.1*	*3.5*	*2.6*	*2.3*	*2.2*	*2.2*	*2.2*	*2.2*
Advanced foreign economies	3.2	2.1	1.0	2.8	1.6	1.2	1.3	1.3	1.1	1.1
Canada	3.6	3.1	1.1	3.5	2.4	1.8	1.8	1.7	1.7	1.7
Japan	.4	-.8	-.3	-.5	-.4	-.4	-.4	-.4	-.3	-.3
United Kingdom	7.0	3.7	3.5	4.6	1.9	1.6	1.6	2.8	1.5	1.3

Euro Area	3.6	2.8	1.3	4.1	1.9	1.5	1.5	1.4	1.2	1.2
Germany	3.5	2.3	1.8	2.9	2.3	2.3	2.0	1.9	1.6	1.5
Emerging market economies	5.1	4.1	4.6	3.3	3.0	3.3	3.1	3.1	3.2	3.2
Asia	5.3	4.8	5.3	2.4	2.2	3.2	2.9	2.9	3.0	3.0
Korea	6.0	2.8	4.8	2.3	2.7	3.0	3.0	3.0	3.0	3.0
China	4.6	5.8	6.2	1.8	1.6	3.0	2.7	2.7	2.9	2.9
Latin America	4.3	2.5	3.6	5.5	4.7	3.6	3.8	3.8	3.8	3.7
Mexico	3.6	1.8	3.3	5.3	4.4	3.3	3.5	3.5	3.5	3.4
Brazil	9.5	7.5	5.6	6.4	6.0	5.3	4.9	4.9	5.3	5.1

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	2005	2006	2007	2008	2009	2010	Projected 2011	Projected 2012	Projected 2013
Real GDP[1]									
Total foreign	4.0	4.2	4.3	-.9	.9	4.4	2.9	2.5	3.0
Previous Tealbook	*4.1*	*4.1*	*4.4*	*-.9*	*.8*	*4.3*	*3.1*	*2.5*	*3.0*
Advanced foreign economies	2.7	2.6	2.6	-2.0	-1.3	2.8	1.3	.8	1.5
Canada	3.1	1.9	2.5	-.7	-1.4	3.3	2.1	1.9	2.0
Japan	2.1	2.1	1.6	-4.8	-.6	3.3	-.7	1.9	1.3
United Kingdom	2.8	2.1	4.1	-5.4	-.8	1.7	.9	.6	1.8
Euro area	2.2	3.8	2.3	-2.1	-2.1	2.0	.8	-1.2	.6
Germany	1.6	4.9	2.4	-1.9	-2.2	3.8	1.9	-.4	1.2
Emerging market economies	5.8	6.3	6.7	.4	3.5	6.1	4.7	4.4	4.5
Asia	7.6	7.8	8.8	.9	8.0	7.6	5.3	5.4	5.7
Korea	5.2	4.6	5.8	-3.2	6.3	4.7	3.9	3.4	3.8
China	10.3	12.8	13.7	7.7	11.4	9.6	9.0	7.9	8.1
Latin America	3.9	4.8	4.4	-.4	-.8	4.5	4.1	3.2	3.2
Mexico	3.6	4.1	3.5	-1.2	-2.3	4.2	4.1	3.2	3.0
Brazil	2.2	4.8	6.6	.9	5.3	5.4	2.0	3.1	3.6
Consumer prices[2]									
Total foreign	2.3	2.2	3.7	3.3	1.3	3.2	3.4	2.3	2.3

Previous Tealbook	*2.3*	*2.2*	*3.7*	*3.3*	*1.3*	*3.2*	*3.5*	*2.3*	*2.3*
Advanced foreign economies	1.6	1.4	2.2	2.0	.2	1.7	2.3	1.3	1.1
Canada	2.3	1.4	2.5	1.8	.8	2.2	2.8	2.0	1.7
Japan	-.7	.3	.5	1.0	-2.0	-.3	-.3	-.4	-.3
United Kingdom	2.1	2.7	2.1	3.9	2.2	3.4	4.7	2.0	1.8
Euro Area	2.3	1.8	2.9	2.3	.4	2.0	2.9	1.6	1.2
Germany	2.2	1.3	3.1	1.7	.3	1.6	2.6	2.1	1.6
Emerging market economies	3.0	2.9	5.1	4.6	2.1	4.3	4.3	3.1	3.2
Asia	2.5	2.4	5.5	3.6	1.3	4.3	4.4	2.8	3.0
Korea	2.5	2.1	3.4	4.5	2.4	3.2	4.0	2.9	3.0
China	1.4	2.1	6.7	2.5	.6	4.7	4.6	2.5	2.9
Latin America	3.8	4.2	4.2	6.7	3.9	4.4	4.0	4.0	3.7
Mexico	3.1	4.1	3.8	6.2	4.0	4.3	3.5	3.7	3.4
Brazil	6.1	3.2	4.3	6.2	4.2	5.4	7.2	5.3	5.1

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										
	2011				2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Billions of dollars, s.a.a.r.										
U.S. current account balance	**-478.4**	**-498.9**	**-441.1**	**-453.4**	**-465.5**	**-422.5**	**-439.2**	**-461.0**	**-497.7**	**-463.5**	**-47**
Previous Tealbook	*-478.4*	*-472.0*	*-390.7*	*-402.7*	*-439.8*	*-396.8*	*-416.6*	*-440.7*	*-477.6*	*-448.4*	*-46*
Current account as percent of GDP	-3.2	-3.3	-2.9	-3.0	-3.0	-2.7	-2.8	-2.9	-3.1	-2.9	
Previous Tealbook	*-3.2*	*-3.1*	*-2.6*	*-2.6*	*-2.8*	*-2.5*	*-2.6*	*-2.8*	*-3.0*	*-2.8*	
Net goods & services	-559.9	-584.8	-542.3	-548.7	-569.7	-517.9	-528.4	-540.2	-567.3	-526.0	-52
Investment income, net	219.5	236.6	242.1	236.3	243.7	231.1	228.1	220.1	209.0	198.2	18
Direct,											

net	315.9	322.1	323.5	293.0	286.7	270.7	268.5	265.2	262.3	260.4	25
Portfolio, net	-96.4	-85.5	-81.4	-56.7	-43.1	-39.6	-40.4	-45.0	-53.3	-62.3	-
Other income and transfers, net	-138.0	-150.7	-140.9	-141.0	-139.5	-135.6	-138.9	-141.0	-139.5	-135.6	-13

Annual Data

						Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
	Billions of dollars								
U.S. current account balance	**-745.8**	**-800.6**	**-710.3**	**-677.1**	**-376.6**	**-470.9**	**-467.9**	**-447.1**	**-483.9**
Previous Tealbook	*-745.8*	*-800.6*	*-710.3*	*-677.1*	*-376.6*	*-470.9*	*-435.9*	*-423.5*	*-468.8*
Current account as percent of GDP	-5.9	-6.0	-5.1	-4.7	-2.7	-3.2	-3.1	-2.9	-3.0
Previous Tealbook	*-5.9*	*-6.0*	*-5.1*	*-4.7*	*-2.7*	*-3.2*	*-2.9*	*-2.7*	*-2.9*
Net goods & services	-708.6	-753.3	-696.7	-698.3	-381.3	-500.0	-558.9	-539.1	-537.5
Investment income, net	78.7	54.7	111.1	157.8	137.1	174.5	233.6	230.7	192.4
Direct, net	173.2	174.0	244.6	284.3	262.2	280.6	313.6	272.8	259.4
Portfolio, net	-94.5	-119.4	-133.5	-126.5	-125.1	-106.2	-80.0	-42.0	-67.1
Other income and transfers, net	-115.9	-102.0	-124.7	-136.6	-132.3	-145.3	-142.6	-138.8	-138.8

† Note: Data values for figures are rounded and may not sum to totals. Return to text

Last update: January 5, 2018

Accessible Material

January 2012 Tealbook B Tables and Charts†

Monetary Policy Strategies

Equilibrium Real Federal Funds Rate

Figure: Short-Run Estimates with Confidence Intervals

Line chart, by percent, 1992 to 2012. 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 0.3 in 1992, decreases to about -0.2 by 1992:Q4, generally increases to about 3.8 by 1995:Q1. It generally decreases to about 3 by 1996:Q2 and then generally increases to about 4 by 1998:Q2. It generally decreases to about 3 by late 1999:Q2 and generally increases to about 5 by 2000:Q4. It generally decreases to about -1 in 2004:Q2 and then generally increases to about 3 in 2006:Q2. It generally decreases to about -2 in 2008:Q3 and then increases to about -1.6 in 2011:Q1. By 2012:Q1 it has generally decreased to about -1.8. Tealbook-consistent measure starts at about 4 in 1997:Q1. It generally increases to about 5.5 by 2000:Q2, generally decreases to about 0 by 2003:Q2. It generally increases to about 3.3 by 2007:Q3 and decreases to about -4.3 by 2009:Q2. It generally increases to about -1.6 by 2011:Q1 and generally decreases to about -3.3 by 2011:Q4. The other 3 series closely track each other throughout the chart, with the 70 percent confidence interval being about 0.5 percent both lesser and greater than the Range of model-based estimates, and the 90 Percent confidence interval being about 1 percent both lesser and greater than the Range of four model-based estimates at any given point. The Range of four model-based estimates begins at a range of about -1 and 3 in 1992, and increases to about 4 and -1 by 2000. It generally decreases to about -0.5 and -1 by 2003 and then increases to about 2 and 0 by 2006. It generally decreases to about -7.5 and -2.5 by 2009 and then increases to about 0 and -4 by 2012:Q4.

Short-Run and Medium-Run Measures (Percent)

Processing math: 100%

	Current Tealbook	*Current Quarter Estimate as of Previous Tealbook*	*Previous Tealbook*

Short-Run Measures			
Single-equation model	-1.9	*-1.5*	*-1.8*
Small structural model	-4.1	*-3.8*	*-3.9*
EDO model	0.1	*0.0*	*-0.2*
FRB/US model	-2.8	*-3.0*	*-3.1*
Confidence intervals for four model-based estimates			
70 percent confidence interval	-4.3 to 0.1		
90 percent confidence interval	-5.4 to 1.3		
Tealbook-consistent measures			
EDO model	-4.5	*-4.3*	*-4.4*
FRB/US model	-3.2	*-3.1*	*-3.3*
Medium-Run Measures			
Single-equation model	0.8	*0.9*	*0.9*
Small structural model	0.5	*0.6*	*0.5*
Confidence intervals for two model-based estimates			
70 percent confidence interval	-0.2 to 1.6		
90 percent confidence interval	-0.8 to 2.3		
TIPS-based factor model	1.7		*1.7*
Memo			
Actual real federal funds rate	-1.6		*-1.5*

Note: Explanatory Note A provides background information regarding the construction of these measures and confidence intervals. The actual real federal funds rate shown is generated using 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 the staff outlook is unchanged 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, 2011 to 2020. There are three series, "Current Tealbook: Constrained", "Previous Tealbook: Constrained", and "Current Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2011:Q1 at about 0.1 and remains constant here until 2016:Q3. It then generally increases to about 5.1 by 2020:Q4. Previous Tealbook: Constrained begins in 2011:Q1 at about 0.1 and remains constant there until 2016:Q2. It then increases to about 5.1 by 2020:Q4. Current Tealbook: Unconstrained begins in 2011:Q1 at about 0.1. It then decreases to about -3.1 by 2013:Q1 and then increases to about 4.5 by 2020:Q4.

Figure: Real Federal Funds Rate

Line chart, by percent, 2011 to 2020. There are three series, "Current Tealbook: Constrained", "Previous Tealbook: Constrained", and "Current Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2011:Q1 at about -1.0. It then generally decreases to about -2 by 2012:Q3 and remains constant here until 2016:Q3. It then generally increases to about 3.2 by 2020:Q4. Previous Tealbook: Constrained begins in 2011:Q1 at about -1.0. It then decreases to about -2.0 by 2012:Q3 and remains relatively stable here until 2016:Q2. It then generally increases to about 3.2 by 2020:Q4. Current Tealbook: Unconstrained begins in 2011:Q1 at about -1.0. It then decreases to about -5.1 by 2013:Q2 and then increases to about 2.7 by 2020:Q4.

Figure: Civilian Unemployment Rate

Line chart, by percent, 2011 to 2020. There are three series, "Current Tealbook: Constrained", "Previous Tealbook: Constrained", and "Current Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2011:Q1 at about 8.95 and generally increases to about 9.1 by 2011:Q3. It then generally decreases to about 4.8 by 2017:Q4 and then generally increases to about 5.4 by 2020:Q4. Previous Tealbook: Constrained begins in 2011:Q1 at about 8.95 and increases to about 9.1 by 2012:Q1. It then generally decreases to about 4.7 by 2017:Q2 and then generally decreases to about 5.4 by 2020:Q4. Current Tealbook: Unconstrained begins in 2011:Q1 at about 8.95 and generally increases to about 9.1 by 2011:Q3. It then generally decreases to about 5.2 by 2016:Q1 and then generally increases to about 5.5 by 2020:Q4.

Figure: PCE Inflation (Four-quarter average)

Line chart, by percent, 2011 to 2020. There are three series, "Current Tealbook: Constrained", "Previous Tealbook: Constrained", and "Current Tealbook: Unconstrained". Current Tealbook: Constrained begins in 2011:Q1 at about 1.8 and increases to about 2.83 by 2011:Q4. It then generally decreases to about 1.9 by 2012:Q3 and then generally increases to about 2.25 by 2018:Q1. By 2020:Q4 it has generally decreased to about 2.0. Previous Tealbook: Constrained begins in 2011:Q1 at about 1.8 and increases to about 2.8 by 2011:Q4. It then generally decreases to about 1.75 by 2012:Q3 and then generally increases to about 2.3 by 2018:Q1. By 2020:Q4 it has generally decreased to about 2.03. Current Tealbook: Unconstrained begins in 2011:Q1 at about 1.8 and increases to about 2.83 by 2011:Q4. It then decreases to about 1.85 by 2012:Q3 and then generally increases to about 2.2 by 2015:Q4. By 2020:Q4 it has decreased to about 1.85.

Policy Rules and Market-Based Expectations for the Federal Funds Rate

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

Line chart, by percent, 2012 to 2016. 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 2011:Q1 and remains stable here until 2014:Q4. It then increases to about 2.5 by 2016:Q4. The Previous Tealbook begins at about 0.1 in 2011:Q3 and remains constant here until 2014:Q3. It then increases to about 2.85 by 2016:Q4. The 70 percent confidence interval begins at a range of about 0.1 and 0.13 in 2012:Q1 and generally increases to about 0.5 and 5.8 by 2016:Q4. The 90 percent confidence interval begins at a range of about 0.1 and 0.2 in 2012:Q1 and generally increases to about 0.2 and 4.5 by 2016:Q4.

Note: The staff baseline projection for the federal funds rate is derived from the outcome-based policy rule. Explanatory Note B provides further background information.

Figure: Market-Based Expectations for the Federal Funds Rate

Line chart, by percent, 2012 to 2016. 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 2012:Q1 and then generally increases to about 1.8 by 2016:Q4. The Previous Tealbook begins at about 0.1 in 2012:Q1 and then increases to about 2.2 by 2016:Q4. The other 2 Current series closely track the Current Tealbook series throughout the chart. The Current 70 percent confidence interval begins at a range of about 0.05 and 0.10 in 2012:Q1 and then increases to about 0.8 and 4.7 by 2016:Q4. The Current 90 percent confidence interval begins at a range of about 0.05 and 0.2 in 2012:Q1 and then increases to about 0.4 and 5.7 by 2016:Q4. The other 2 Previous series closely track the Previous Tealbook series throughout the chart. The Previous 70 percent confidence interval begins at a range of about 0.05 and 0.15 in 2011:Q4 and then increases to about 0.6 and 3.9 by 2016:Q4. The Previous 90 percent confidence interval begins at a range of about 0.05 and 0.21 in 2011:Q4 and then increases to about 0.35 and 5.7

by 2016:Q4.

Note: The figure depicts the mean path and confidence intervals of future federal funds rates derived from market quotes as of January 18. Explanatory Note B provides further background information.

Near-Term Prescriptions of Simple Policy Rules

	Constrained Policy		Unconstrained Policy	
	2012Q1	**2012Q2**	**2012Q1**	**2012Q2**
Taylor (1993) rule	**0.73**	**0.40**	**0.73**	**0.40**
Previous Tealbook	*0.90*	*0.59*	*0.90*	*0.59*
Taylor (1999) rule	**0.13**	**0.13**	**-2.09**	**-2.43**
Previous Tealbook	*0.13*	*0.13*	*-1.82*	*-2.15*
Estimated outcome-based rule	**0.13**	**0.13**	**-0.22**	**-0.61**
Previous Tealbook	*0.13*	*0.13*	*-0.11*	*-0.42*
Estimated forecast-based rule	**0.13**	**0.13**	**-0.37**	**-0.78**
Previous Tealbook	*0.13*	*0.13*	*-0.27*	*-0.61*
First-difference rule	**0.13**	**0.13**	**-0.13**	**-0.30**
Previous Tealbook	*0.13*	*0.13*	*-0.02*	*-0.14*

Memo

	2012Q1	2012Q2
Staff assumption	0.08	0.10
Fed funds futures	0.08	0.09
Median expectation of primary dealers	0.13	0.13
Blue Chip forecast (January 1, 2012)	0.10	0.10

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.

Monetary Policy Alternatives

Table 1: Overview of Policy Alternatives for the January 25 FOMC Statement

Selected Elements	December Statement	January Alternatives		
		A	**B**	**C**
Balance Sheet				
MEP	$400 billion; complete by end of June 2012	unchanged		cut to $200 billion and complete by February 2012
		$500 billion of agency MBS by end of January 2013		

<table>
<tr><td>Additional Purchases</td><td>none</td><td>OR
$40 billion of agency MBS per month; will adjust this program as needed to foster objectives</td><td colspan="2">none</td></tr>
<tr><td>Reinvestment Policies</td><td>principal payments of agency debt and MBS into agency MBS; Treasuries into Treasuries</td><td colspan="3">unchanged</td></tr>
<tr><td colspan="5">Forward Rate Guidance</td></tr>
<tr><td rowspan="2">Explicit Statement</td><td rowspan="2">none</td><td>at least as long as unemployment exceeds [6 1/2] percent and</td><td>at least as long as unemployment exceeds [7] percent and</td><td rowspan="2">none</td></tr>
<tr><td colspan="2">inflation rate is projected to be either below or close to 2 percent, and long-term expectations remain anchored; Committee expects conditions to prevail at least through 2014</td></tr>
<tr><td>Simpler Statement</td><td>at least through mid-2013</td><td>none</td><td>through 2014</td><td>for an extended period</td></tr>
<tr><td colspan="5">Future Policy Action</td></tr>
<tr><td>Future Actions</td><td>prepared to employ its tools to promote stronger economic recovery</td><td>will employ its tools as needed to promote stronger economic recovery in a context of price stability</td><td>prepared to adjust holdings as appropriate</td><td>prepared to employ its tools as appropriate to promote objectives of maximum employment and price stability</td></tr>
</table>

[Note: In the January FOMC Statement Alternatives, emphasis (strike-through) indicates strike-through text in the original document, and strong emphasis (bold) indicates bold red underlined text in the original document.]

January FOMC Statement--Alternative A

1. Information received since the Federal Open Market Committee met in ~~November~~ **December** suggests that the economy has been expanding moderately, notwithstanding some ~~apparent~~ slowing in global growth. While indicators point to some **further** improvement in overall labor market conditions, the unemployment rate remains elevated. Household spending has continued to advance, but **growth in** business fixed investment ~~appears to be increasing less rapidly~~ **has slowed,** and the housing sector remains depressed. Inflation has ~~moderated since earlier in the year~~ **been subdued in recent months**, and longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee ~~continues to~~ expect**s** ~~a moderate~~ **that, absent further policy action, the** pace of economic growth **would remain modest** over coming quarters and consequently anticipates that the unemployment rate ~~will~~ **would** decline only **very** gradually toward levels that the Committee judges to be consistent with its dual mandate. Strains in global financial markets continue to pose significant downside risks to the economic outlook. The Committee also anticipates that over coming quarters, inflation will ~~settle,~~ **run** at levels **[** at or **]** below those consistent with the Committee's dual mandate. ~~However, the Committee will continue to pay close attention to the evolution of inflation and inflation expectations.~~

3. To support a stronger economic recovery and to help ensure that inflation, over time, is at levels consistent with the dual mandate, the Committee decided today to **purchase up to an additional $500 billion of agency**

mortgage-backed securities by the end of January 2013. **In addition, the Committee intends to** continue its program to extend the average maturity of its holdings of securities as announced in September. The Committee is **also** maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. **These programs should put downward pressure on longer-term interest rates, provide support to mortgage markets, and help make broader financial conditions more accommodative.** The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate.
OR

3′ To support a stronger economic recovery and to help ensure that inflation, over time, is at levels consistent with the dual mandate, the Committee decided today to **purchase additional agency mortgage-backed securities, initially at a rate of $40 billion per month**. **The Committee will adjust the pace of purchases and determine the ultimate size of the program in light of the evolving economic outlook and as needed to foster its objectives. In addition, the Committee intends to** continue its program to extend the average maturity of its holdings of securities as announced in September. The Committee is **also** maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. **These programs should put downward pressure on longer-term interest rates, provide support to mortgage markets, and help make broader financial conditions more accommodative.** ~~The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate.~~

4. The Committee also decided to keep the target range for the federal funds rate at 0 to 1/4 percent and ~~currently~~ **now** anticipates that ~~economic conditions--including low rates of resource utilization and a subdued outlook for inflation over the medium run--are likely to warrant~~ **this** exceptionally low ~~levels~~ **range** for the federal funds rate ~~at least through mid-2013~~ **will be appropriate at least as long as the unemployment rate exceeds [6 1/2] percent, the inflation rate (as measured by the price index for personal consumption expenditures) at a one- to two-year horizon is projected to be either below or close to 2 percent, and longer-term inflation expectations continue to be well anchored**. **On the basis of currently available information, the Committee expects these conditions to prevail at least through 2014.**

5. The Committee will ~~continue to assess the economic outlook in light of incoming information and is prepared to~~ employ its tools **as needed** to promote a stronger economic recovery in a context of price stability.

January FOMC Statement--Alternative B

1. Information received since the Federal Open Market Committee met in ~~November~~ **December** suggests that the economy has been expanding moderately, notwithstanding some ~~apparent~~ slowing in global growth. While indicators point to some **further** improvement in overall labor market conditions, the unemployment rate remains elevated. Household spending has continued to advance, but **growth in** business fixed investment ~~appears to be increasing less rapidly~~ **has slowed,** and the housing sector remains depressed. Inflation has ~~moderated since earlier in the year~~ **been subdued in recent months**, and longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee ~~continues to~~ expect**s** ~~a moderate pace of~~ economic growth over coming quarters **to be modest** and consequently anticipates that the unemployment rate will ~~decline only gradually~~ **make only slow progress** toward levels that the Committee judges to be consistent with its dual mandate. Strains in global financial markets continue to pose significant downside risks to the economic outlook. The Committee also anticipates that over coming quarters, inflation will ~~settle,~~ **run** at levels at or below those consistent with the Committee's dual mandate. **[** However, the Committee will continue to pay close attention to the evolution of inflation and inflation expectations. **]**

3. To support a stronger economic recovery and to help ensure that inflation, over time, is at levels consistent with the dual mandate, **the Committee intends to maintain a highly accommodative stance for monetary policy**. **In**

particular, the Committee ~~also~~ decided **today** to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that ~~economic conditions--including low rates of resource utilization and a subdued outlook for inflation over the medium run--are likely to warrant~~ **this** exceptionally low ~~levels~~ **range** for the federal funds rate ~~at least through mid-2013~~ **will be appropriate at least as long as the unemployment rate exceeds [7] percent, the inflation rate (as measured by the price index for personal consumption expenditures) at a one- to two-year horizon is projected to be either below or close to 2 percent, and longer-term inflation expectations continue to be well anchored**. **On the basis of currently available information, the Committee expects these conditions to prevail at least through 2014.**
OR

3′. To support a stronger economic recovery and to help ensure that inflation, over time, is at levels consistent with the dual mandate, **the Committee expects to maintain a highly accommodative stance for monetary policy**. **In particular,** the Committee ~~also~~ decided **today** to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that economic conditions--including low rates of resource utilization and a subdued outlook for inflation over the medium run--are likely to warrant exceptionally low levels for the federal funds rate at least through ~~mid-2013~~ **2014**.

4. The Committee **also** decided ~~today~~ to continue its program to extend the average maturity of its holdings of securities as announced in September. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size and composition of its securities holdings and is prepared to adjust those holdings as appropriate **to promote a stronger economic recovery in a context of price stability**.

5. ~~The Committee will continue to assess the economic outlook in light of incoming information and is prepared to employ its tools to promote a stronger economic recovery in a context of price stability.~~

January FOMC Statement--Alternative C

1. Information received since the Federal Open Market Committee met in ~~November~~ **December** suggests that the econom**ic** ~~has been expanding moderately, notwithstanding some apparent slowing in global growth~~ **recovery has strengthened somewhat**. ~~While indicators point to some improvement in overall labor market conditions,~~ **Although** the unemployment rate remains elevated**, it has declined recently, and employment continues to increase**. Household spending has ~~continued to~~ advance**d further**~~, but~~ **and** business fixed investment ~~appears to be increasing less rapidly and~~ **has continued to expand, but** the housing sector remains depressed. Inflation has moderated ~~since earlier in the~~ **somewhat since the first half of last** year, and longer-term inflation expectations have remained stable.

2. Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee ~~continues to~~ expect**s** a ~~moderate~~ **firming in the** pace of economic growth over coming quarters and consequently anticipates that the unemployment rate will decline ~~only~~ gradually toward levels that the Committee judges to be consistent with its dual mandate. ~~Strains in global financial markets continue to pose significant downside risks to the economic outlook.~~ The Committee also anticipates that over coming quarters, inflation will ~~settle,~~ **run** at levels ~~at or below those~~ consistent with the Committee's dual mandate. ~~However,~~ The Committee will continue to pay close attention to the evolution of inflation and inflation expectations.

3. To support ~~a stronger~~ **the** economic recovery ~~and to help~~ **while** ensur**ing** that inflation, over time, is at levels **that are** consistent with the dual mandate, the Committee decided today to ~~continue its~~ **reduce by half the size of the** program to extend the average maturity of its holdings of securities as announced in September **and to complete the program by the end of February**. The Committee is maintaining its existing policies of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee will regularly review the size

and composition of its securities holdings and is prepared to adjust those holdings as appropriate.

4. The Committee also decided to keep the target range for the federal funds rate at 0 to 1/4 percent and ~~currently~~ **now** anticipates that economic conditions--including low rates of resource utilization and a subdued outlook for inflation over the medium run--are likely to warrant exceptionally low levels for the federal funds rate ~~at least through mid-2013~~ **for an extended period**.

5. The Committee will ~~continue to~~ assess the economic outlook in light of incoming information and is prepared to employ its tools **as appropriate** to promote ~~a stronger economic recovery in a context of~~ **its objectives of maximum employment and** price stability.

[Box:] Forward Rate Guidance and Policy Expectations

Figure: Expected Time Of First Tightening From Interest Rate Caps

Line chart. The range of the y-axis is from 10/15/2011 through 4/15/2014. There is one curve, expected time of first tightening, with a generally upward trend. The curve begins in January 2011 between 10/15/2011 and 4/15/2012, and stays within that range through April 2011. By the end of July 2011, the curve increases to about 4/15/2013, and in August 2011 it jumps to about 10/15/2013. It fluctuates near that level through early January 2012, and then increases to end closer to 4/15/2014 by January 18, 2012.

Source: Staff estimate.

Figure: OIS-Implied Expected Fed Funds Rate Around August FOMC Meeting

Line chart, by percent, August 2011 through November 2015. There are three curves, August 8, 2011 (red), August 9, 2011 (blue), and January 18, 2012 (black). All three curves begin near 0.1. The red curve stays near that level through mid-2012, and then increases to just above 2.0 by August 2015. The blue curve stays near 0.1 through late 2012, and then increases to about 1.8 by August 2015. The black curve begins in January 2012, and remains near 0.1 through April 2013. It then begins to increase, and ends at about 1.5 in January 2016.

Source: Staff estimate based on a zero term-premium assumption.

Average Absolute Responses of Eurodollar Futures Rates to Macroeconomic News (in basis points)

Pre "mid-2013" language				
Futures Contract	**Sep-12**	**Dec-12**	**Mar-13**	**Jun-13**
Average Response	**6.39**	**8.39**	**8.02**	**9.37**
Post "mid-2013" language				
Futures Contract	**Mar-13**	**Jun-13**	**Sep-13**	**Dec-13**
Average Response	**2.31**	**2.59**	**3.02**	**4.54**
Post/Pre Ratio of Average Responses	**0.36**	**0.31**	**0.38**	**0.48**

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 four series, Alt A, Alt B and Alt C and Dec. Alt B. Alt A begins in 2006 at about 800 and generally increases slowly to about 900 by October 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By February 2013 it has generally increased to about 3450 and by May 2018 it has generally decreased to about

1750. It then increases to about 2100 by the end of 2020. Alt B begins in 2006 at about 800 and generally increases slowly to about 900 by October 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By January 2012 it has generally increased to about 2950 and by September 2017 it has generally decreased to about 1650. It then increases to about 2100 by the end of 2020. Alt C begins in 2006 at about 800 and generally increases slowly to about 900 by October 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By January 2012 it has generally increased to about 2825 and by May 2016 it has generally decreased to about 1525. It then increases to about 2100 by the end of 2020. Dec Alt B begins in 2006 at about 800 and generally increases slowly to about 900 by October 2008. It then steeply inclines to about 2250 by November 2008 and then generally decreases to about 1850 by December 2008. By January 2012 it has generally increased to about 2750 and by August 2018 it has generally decreased to about 1600. It then increases to about 2100 by the end of 2020.

Growth Rates for the Monetary Base

Date	Alternative B	Alternative A	Alternative C	*Memo:* December Tealbook
	Percent, annual rate			
Monthly				
Jan-11	23.3	23.3	23.3	23.3
Feb-11	57.6	57.6	57.6	57.6
Mar-11	97.8	97.8	97.8	97.8
Apr-11	74.4	74.4	74.4	74.4
May-11	42.1	42.1	42.1	42.1
Jun-11	35.9	35.9	35.9	35.9
Jul-11	27.0	27.0	27.0	27.0
Aug-11	2.0	2.0	2.0	2.0
Sep-11	-10.6	-10.6	-10.6	-10.6
Oct-11	-4.5	-4.5	-4.5	-4.5
Nov-11	-8.0	-8.0	-8.0	-8.0
Dec-11	-4.5	-4.5	-4.5	12.1
Jan-12	5.8	5.9	5.7	15.1
Feb-12	22.7	22.4	21.9	10.3
Mar-12	4.0	7.1	1.9	4.4
Apr-12	-38.5	-26.1	-41.4	-29.5
May-12	-2.2	17.1	-4.9	0.9
Jun-12	18.3	37.9	15.8	15.4
Quarterly				
2011 Q1	36.8	36.8	36.8	36.8
2011 Q2	69.3	69.3	69.3	69.3
2011 Q3	21.0	21.0	21.0	21.0

2011 Q4	-5.9	-5.9	-5.9	-4.1
2012 Q1	5.5	5.8	5.1	9.7
2012 Q2	-8.1	3.2	-10.4	-5.9
2012 Q3	5.6	25.2	-2.7	4.7
2012 Q4	5.5	23.4	-8.5	5.4
Annual - Q4 to Q4				
2010	0.9	0.9	0.9	0.9
2011	32.9	32.9	32.9	33.5
2012	2.1	15.1	-4.1	3.5
2013	0.9	6.8	-11.4	0.5
2014	-4.8	-4.6	-14.5	-4.8
2015	-11.4	-12.0	-16.1	-11.3
2016	-19.8	-20.3	-10.5	-19.6

Note: Not seasonally adjusted.

Growth Rates for M2

(Percent, seasonally adjusted annual rate)

	Tealbook Forecast *
Monthly Growth Rates	
Jun-11	9.9
Jul-11	22.7
Aug-11	24.5
Sep-11	2.5
Oct-11	6.0
Nov-11	5.8
Dec-11	5.6
Jan-12	15.9
Feb-12	7.0
Mar-12	3.5
Apr-12	3.1
May-12	3.1
Jun-12	3.1
Quarterly Growth Rates	
2011 Q3	16.4
2011 Q4	7.2
2012 Q1	9.2

2012 Q2	3.6
Annual Growth Rates	
2010	3.1
2011	9.5
2012	5.3
2013	1.9

* This forecast is consistent with nominal GDP and interest rates in the Tealbook forecast. Actual data through December 2011; projections thereafter. Return to table

[Note: In the January 2012 Directive Alternatives, emphasis (strike-through) indicates strike-through text in the original document, and strong emphasis (bold) indicates bold red underlined text in the original document.]

January 2012 Directive--Alternative A

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to 1/4 percent. The Committee directs the Desk to continue the maturity extension program it began in September to purchase, by the end of June 2012, Treasury securities with remaining maturities of approximately 6 years to 30 years with a total face value of $400 billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of $400 billion. **[The Committee also directs the Desk to execute purchases of agency mortgage-backed securities by the end of January 2013 in order to increase the total face value of domestic securities held in the System Open Market Account to approximately $3.1 trillion. | The Committee also directs the Desk to execute purchases of agency mortgage-backed securities in order to increase the total face value of domestic securities held in the System Open Market Account by approximately $40 billion per month.]** The Committee also directs the Desk to maintain its existing policies of rolling over maturing Treasury securities into new issues and of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities~~ in order to maintain the total face value of domestic securities at approximately $2.6 trillion~~. The Committee directs the Desk to engage in dollar roll **and coupon swap** transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

January 2012 Directive--Alternative B

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to 1/4 percent. The Committee directs the Desk to continue the maturity extension program it began in September to purchase, by the end of June 2012, Treasury securities with remaining maturities of approximately 6 years to 30 years with a total face value of $400 billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of $400 billion. The Committee also directs the Desk to maintain its existing policies of rolling over maturing Treasury securities into new issues and of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities in order to maintain the total face value of domestic securities at approximately $2.6 trillion. The Committee directs the Desk to engage in dollar roll transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System

Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

January 2012 Directive--Alternative C

The Federal Open Market Committee seeks monetary and financial conditions that will foster price stability and promote sustainable growth in output. To further its long-run objectives, the Committee seeks conditions in reserve markets consistent with federal funds trading in a range from 0 to 1/4 percent. The Committee directs the Desk to ~~continue~~ **modify** the maturity extension program it began in September **so as** to purchase, by the end of ~~June~~ **February** 2012, Treasury securities with remaining maturities of approximately 6 years to 30 years with a total face value of ~~$400~~ **$200** billion, and to sell Treasury securities with remaining maturities of 3 years or less with a total face value of ~~$400~~ **$200** billion. The Committee also directs the Desk to maintain its existing policies of rolling over maturing Treasury securities into new issues and of reinvesting principal payments on all agency debt and agency mortgage-backed securities in the System Open Market Account in agency mortgage-backed securities in order to maintain the total face value of domestic securities at approximately $2.6 trillion. The Committee directs the Desk to engage in dollar roll transactions as necessary to facilitate settlement of the Federal Reserve's agency MBS transactions. The System Open Market Account Manager and the Secretary will keep the Committee informed of ongoing developments regarding the System's balance sheet that could affect the attainment over time of the Committee's objectives of maximum employment and price stability.

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, prices and wages, and the nominal 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 exogenous variables in the extended baseline forecast.
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)	Projected real funds rate (twelve-quarter-ahead average)
Lagged core inflation	-1.6	-3.2	-1.3
Lagged headline inflation	-2.4	-3.2	-1.3
Projected headline inflation	-1.3	-3.1	-1.2

B. Analysis of Policy Paths and Confidence Intervals

Rule Specifications

For the following rules, i_t denotes the federal funds rate for quarter t, while the right-hand-side variables include the staff's projection of trailing four-quarter core PCE inflation (π_t), the forecast of inflation two and three quarters ahead ($\pi_{t+2|t}$ and $\pi_{t+3|t}$), the output gap estimate for the current period as well as its one quarter ahead forecast ($y_t - y^t$ and $y_{t+1|t} - y^{t+1|t}$), and the forecast of three-quarter-ahead annual average GDP growth relative to potential ($\Delta^4 y_{t+3|t} - \Delta^4 y^{t+3|t}$). The assumed value of policymakers' long-run inflation objective is denoted π . The outcome-based and forecast-based rules were estimated using real-time data over the sample 1988:1-2006:4; each specification was chosen using the Bayesian information criterion. Each rule incorporates a 75 basis point shift in the intercept, specified as a sequence of 25 basis point increments during the first three quarters of 1998. The first two simple rules were proposed by Taylor (1993, 1999). The prescriptions of the first-difference rule do not depend on assumptions regarding r or the level of the output gap; see Orphanides (2003).

Rule	Specification
Outcome-based rule	$i_t = 1.20 i_{t-1} - 0.39 i_{t-2} + 0.19[1.17 + 1.73\pi_t + 3.66(y_t - y^t\ ) - 2.72(y_{t-1} - y^{t-1})]$
Forecast-based rule	$i_t = 1.18 i_{t-1} - 0.38 i_{t-2} + 0.20[0.98 + 1.72\pi_{t+2\|t} + 2.29(y_{t+1\|t} - y^{t+1\|t}) - 1.37(y_{t-1} - y^{t-1})]$
Taylor (1993) rule	$i_t = 2 + \pi_t + 0.5(\pi_t - \pi\ ) + 0.5(y_t - y^t\ )$
Taylor (1999) rule	$i_t = 2 + \pi_t + 0.5(\pi_t - \pi\ ) + (y_t - y^t\ )$
First-difference rule	$i_t = i_{t-1} + 0.5(\pi_{t+3\|t} - \pi\ ) + 0.5(\Delta^4 y_{t+3\|t} - \Delta^4 y^{t+3\|t})$

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

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

Billions of dollars

	Dec 31, 2011	2012	2014	2016	2018	2020
Total assets	2,921	3,242	3,199	2,272	1,810	2,017
Selected assets						
Liquidity programs for financial firms	100	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0

Central bank liquidity swaps	100	0	0	0	0	0
Lending through other credit facilities	9	3	1	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	9	3	1	0	0	0
Support for specific institutions	34	29	21	11	7	4
Credit extended to AIG	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	34	29	21	11	7	4
Securities held outright	2,605	2,982	2,970	2,092	1,665	1,893
U.S. Treasury securities	1,663	1,651	1,600	1,232	1,338	1,893
Agency debt securities	104	77	39	16	2	0
Agency mortgage-backed securities	838	1,255	1,331	843	324	0
Net portfolio holdings of TALF LLC	1	1	1	0	0	0
Total other assets	171	227	206	169	138	120
Total liabilities	2,867	3,180	3,117	2,164	1,667	1,828
Selected liabilities						
Federal Reserve notes in circulation	1,034	1,111	1,245	1,396	1,551	1,712
Reverse repurchase agreements	100	70	70	70	70	70
Deposits with Federal Reserve Banks	1,713	1,982	1,786	683	30	30
Reserve balances held by depository institutions	1,562	1,967	1,781	678	25	25
U.S. Treasury, General Account	86	16	5	5	5	5
Other Deposits	65	0	0	0	0	0
Interest of Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0
Total capital	54	62	82	108	143	189

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

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

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

Billions of dollars

	Dec 31, 2011	2012	2014	2016	2018	2020
Total assets	2,921	2,838	2,700	1,954	1,810	2,017
Selected assets						
Liquidity programs for financial firms	100	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0
Central bank liquidity swaps	100	0	0	0	0	0
Lending through other credit facilities	9	3	1	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	9	3	1	0	0	0

Support for specific institutions	34	29	21	11	7	4
Credit extended to AIG	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	34	29	21	11	7	4
Securities held outright	2,605	2,600	2,495	1,789	1,673	1,896
U.S. Treasury securities	1,663	1,651	1,600	1,232	1,462	1,896
Agency debt securities	104	77	39	16	2	0
Agency mortgage-backed securities	838	873	856	540	208	0
Net portfolio holdings of TALF LLC	1	1	1	0	0	0
Total other assets	171	205	183	154	130	117
Total liabilities	2,867	2,776	2,618	1,846	1,667	1,828
Selected liabilities						
Federal Reserve notes in circulation	1,034	1,111	1,245	1,396	1,551	1,712
Reverse repurchase agreements	100	70	70	70	70	70
Deposits with Federal Reserve Banks	1,713	1,579	1,287	364	30	30
Reserve balances held by depository institutions	1,562	1,563	1,282	359	25	25
U.S. Treasury, General Account	86	16	5	5	5	5
Other Deposits	65	0	0	0	0	0
Interest of Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0
Total capital	54	62	82	108	143	189

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

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

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

Billions of dollars

	Dec 31, 2011	2012	2014	2016	2018	2020
Total assets	2,921	2,634	2,025	1,620	1,810	2,017
Selected assets						
Liquidity programs for financial firms	100	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0
Central bank liquidity swaps	100	0	0	0	0	0
Lending through other credit facilities	9	3	1	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	9	3	1	0	0	0
Support for specific institutions	34	29	16	11	7	4
Credit extended to AIG	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	34	29	16	11	7	4

Securities held outright	2,605	2,426	1,861	1,487	1,698	1,915
U.S. Treasury securities	1,663	1,590	1,341	1,265	1,698	1,915
Agency debt securities	104	77	39	16	0	0
Agency mortgage-backed securities	838	760	482	206	0	0
Net portfolio holdings of TALF LLC	1	1	1	0	0	0
Total other assets	171	175	146	121	104	98
Total liabilities	2,867	2,573	1,943	1,512	1,667	1,828
Selected liabilities						
Federal Reserve notes in circulation	1,034	1,111	1,245	1,396	1,551	1,712
Reverse repurchase agreements	100	70	70	70	70	70
Deposits with Federal Reserve Banks	1,713	1,375	612	30	30	30
Reserve balances held by depository institutions	1,562	1,359	607	25	25	25
U.S. Treasury, General Account	86	16	5	5	5	5
Other Deposits	65	0	0	0	0	0
Interest of Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0
Total capital	54	62	82	108	143	189

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

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

† Note: Data values for figures are rounded and may not sum to totals. Return to text

Last update: January 5, 2018