

# MBA Economic Forecast

February 11, 2009

|                                          | 2008  |       |       |       | 2009  |       |       |      | 2010 |      |      |      | 2011 |      |      |      | Q4-over-Q4 |       |      |      |
|------------------------------------------|-------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|------|------|------|------------|-------|------|------|
|                                          | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | 2008       | 2009  | 2010 | 2011 |
| <i>Percent Change, Annual Rate</i>       |       |       |       |       |       |       |       |      |      |      |      |      |      |      |      |      |            |       |      |      |
| Real Gross Domestic Product              | 0.9   | 2.8   | -0.5  | -3.8  | -5.8  | -1.8  | -0.6  | 1.2  | 3.0  | 3.6  | 3.8  | 3.8  | 4.3  | 5.0  | 4.0  | 3.5  | -0.2       | -1.8  | 3.5  | 4.2  |
| Personal Consumption Expenditures        | 0.9   | 1.2   | -3.8  | -3.5  | -2.6  | -0.9  | 0.0   | 2.0  | 2.5  | 2.4  | 2.6  | 2.5  | 3.8  | 3.9  | 3.0  | 3.5  | -1.3       | -0.4  | 2.5  | 3.6  |
| Business Fixed Investment                | 2.4   | 2.5   | -1.7  | -19.1 | -13.2 | -14.8 | -13.2 | -8.7 | -2.8 | 5.4  | 7.2  | 10.0 | 4.0  | 9.8  | 9.7  | 8.0  | -4.4       | -12.5 | 4.8  | 7.9  |
| Residential Investment                   | -25.1 | -13.3 | -16.0 | -23.6 | -30.3 | -17.8 | -0.7  | 15.7 | 20.1 | 24.8 | 24.4 | 19.5 | 23.6 | 29.0 | 23.5 | 17.0 | -19.7      | -9.9  | 22.2 | 23.2 |
| Govt. Consumption & Investment           | 1.9   | 3.9   | 5.8   | 1.9   | -0.1  | 9.3   | 1.7   | 0.8  | 0.4  | 0.8  | 0.3  | 0.2  | 0.2  | -0.1 | -0.5 | -1.8 | 0.2        | -0.1  | -0.5 | -1.8 |
| Net Exports (Bil. Chain 2000\$)          | -462  | -381  | -353  | -356  | -338  | -333  | -340  | -343 | -334 | -334 | -339 | -340 | -337 | -332 | -331 | -332 | -388       | -339  | -337 | -333 |
| Inventory Investment (Bil. Chain 2000\$) | -10   | -51   | -30   | 6     | -56   | -87   | -67   | -62  | -43  | -25  | -4   | 14   | 28   | 39   | 50   | 54   | -21        | -68   | -14  | 43   |
| GDP Deflator                             | 2.6   | 1.1   | 3.9   | -0.1  | 2.3   | 0.5   | 0.5   | -0.2 | 0.0  | -0.3 | -0.2 | 0.0  | -0.2 | -0.9 | 0.1  | 0.2  | 1.9        | 0.8   | -0.1 | -0.2 |
| Consumer Prices                          | 4.3   | 5.0   | 6.7   | -9.2  | -2.7  | 0.2   | 1.4   | 0.3  | -0.2 | -0.1 | 0.2  | 0.4  | -0.6 | -0.9 | 0.2  | 0.3  | 1.5        | -0.2  | 0.1  | -0.2 |
| <i>Percent</i>                           |       |       |       |       |       |       |       |      |      |      |      |      |      |      |      |      |            |       |      |      |
| Unemployment Rate                        | 4.9   | 5.4   | 6.0   | 6.9   | 7.8   | 8.3   | 8.8   | 9.2  | 9.5  | 9.6  | 9.5  | 9.5  | 9.5  | 9.2  | 8.9  | 8.6  | 5.8        | 8.5   | 9.5  | 9.0  |
| Federal Funds Rate                       | 3.2   | 2.1   | 1.9   | 0.5   | 0.1   | 0.1   | 0.1   | 0.1  | 0.1  | 0.1  | 0.3  | 0.5  | 0.8  | 1.0  | 1.3  | 1.5  | 1.9        | 0.1   | 0.3  | 1.1  |
| 10-Year Treasury Bond Rate               | 3.7   | 3.9   | 3.9   | 3.3   | 2.9   | 3.1   | 3.2   | 3.3  | 3.4  | 3.5  | 3.5  | 3.6  | 3.6  | 3.6  | 3.6  | 3.6  | 3.7        | 3.1   | 3.5  | 3.6  |

All data except interest rates are seasonally adjusted.

Forecast produced with the assistance of the Macroeconomic Advisers' model.

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