

Part 1

March 12, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Summary and Outlook

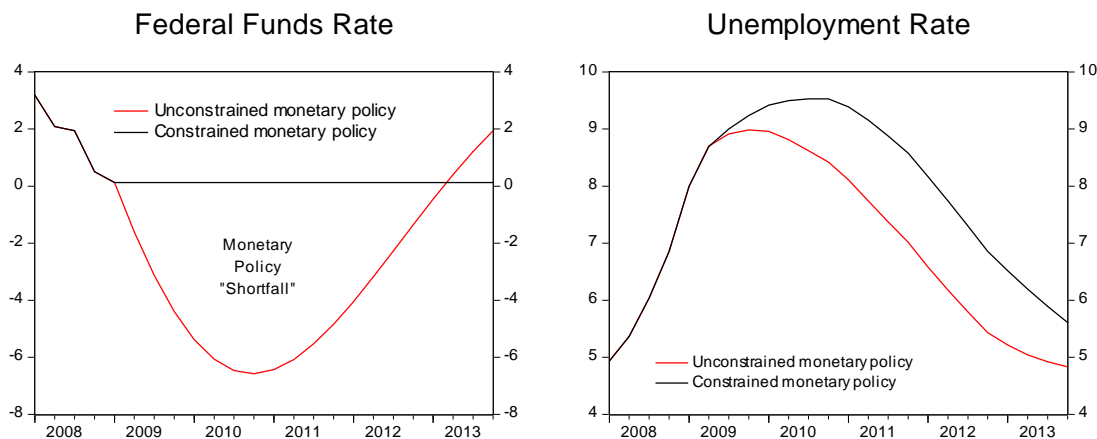
March 12, 2009

Summary and Outlook

Implications of the Zero Bound for Monetary Policy in the Projection

In this projection, we assume that the nominal federal funds rate will remain close to zero through 2013, as shown by the black line in the figure below to the left. However, if not for the zero lower bound, an even lower federal funds rate would be indicated. As shown by the dashed red line, an estimate of the “optimal” path for the federal funds rate shows a decline to negative 6½ percent by next year, with

rates remaining below zero through 2013.* As shown in the figure below to the right, such additional monetary stimulus would lead to a lower peak level of unemployment and a noticeably faster return to full employment. Thus, the outlook implies a significant monetary policy “shortfall” that would require additional fiscal or unconventional monetary policy actions to fill.

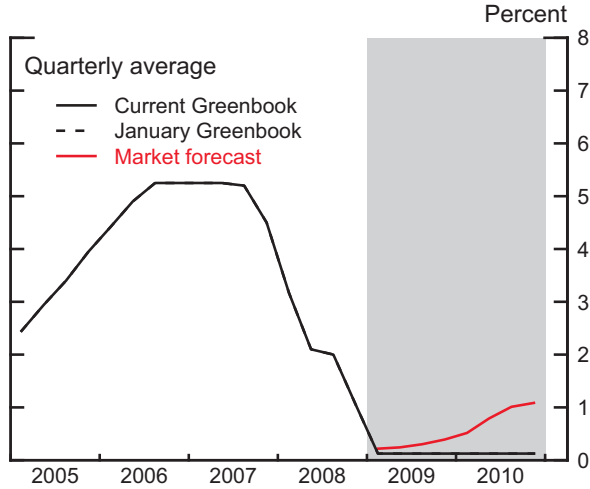


*The unconstrained “optimal” policy path minimizes a loss function, conditional on the staff outlook and the dynamics of the FRB/US model. This function aims at keeping core PCE inflation near 2 percent, keeping the unemployment rate near the NAIRU, and avoiding changes in the federal funds rate. This unconstrained path is the same as that reported in the Bluebook.

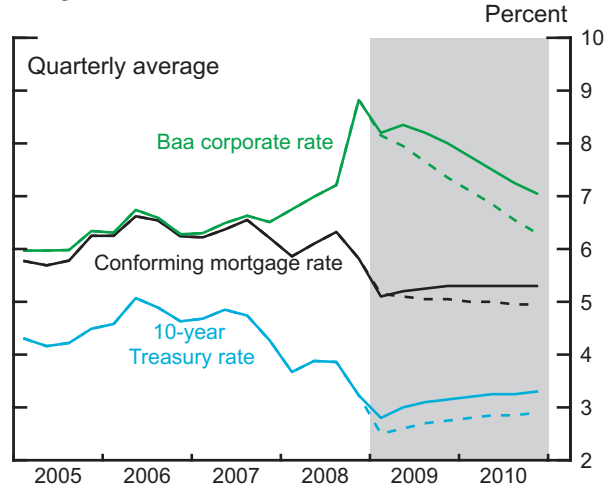
Class II FOMC - Restricted (FR)

Key Background Factors Underlying the Baseline Staff Projection

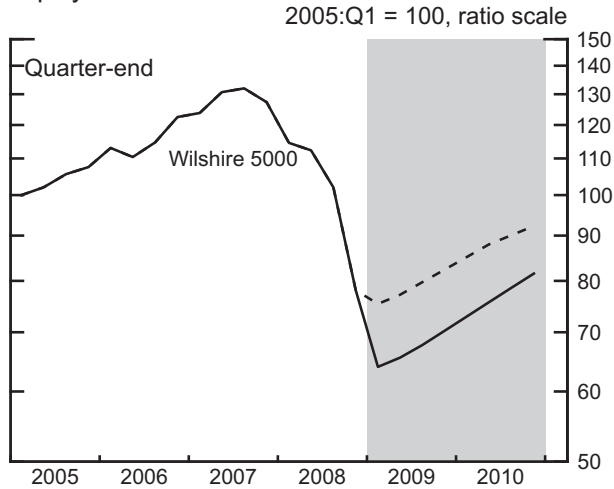
Federal Funds Rate



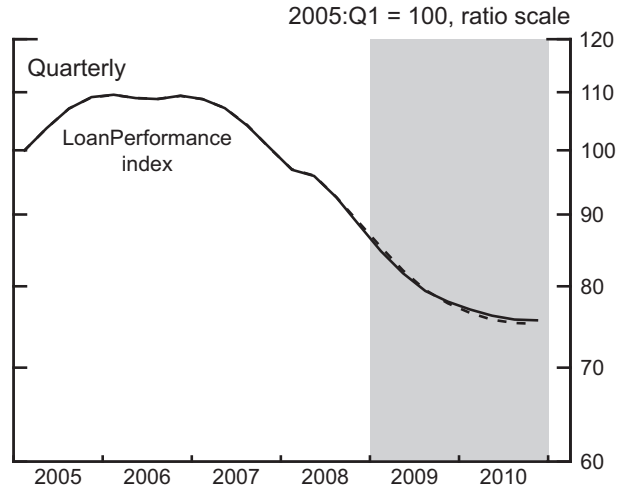
Long-Term Interest Rates



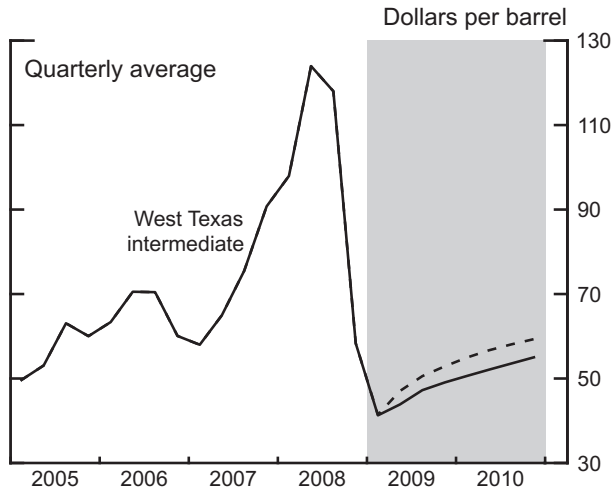
Equity Prices



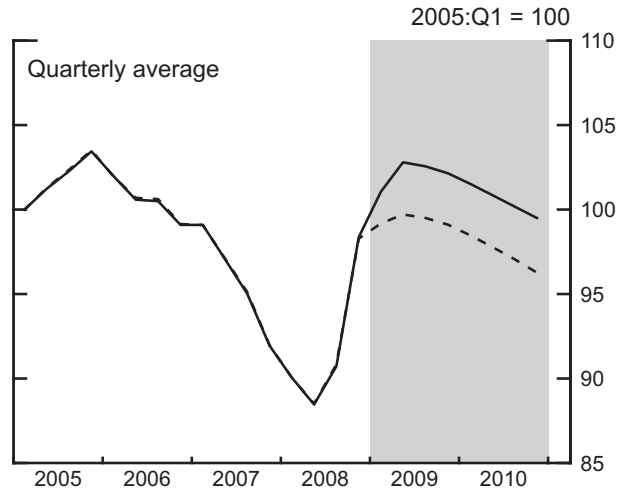
House Prices



Crude Oil Prices



Broad Real Dollar



Note: In each panel, shading represents the projection period, which begins in 2009:Q1.

In the upper-left panel that reports the federal funds rate, the dashed line is not apparent because the paths of the federal funds rate in the January and current Greenbooks are the same.

prices, we expect crude oil prices to move up slowly as global economic activity recovers, with the price of WTI reaching \$49 per barrel by the end of this year and \$55 per barrel—\$4 lower than in the January Greenbook—by the end of next year.

Recent Developments and the Near-Term Outlook

In the fourth quarter, we estimate that real GDP fell at an annual rate of about 6¾ percent, a decline 1¾ percentage points larger than we had projected in January. Furthermore, the composition of output last quarter was less favorable than we had anticipated—final demand fell much more steeply than we had projected, while the pace of inventory liquidation was slower than expected. We now project that real GDP will drop at about a 4¼ percent rate over the first half of this year, as final demand weakens further and firms intensify their efforts to reduce inventories.

Indeed, the incoming data on industrial production (IP) indicate that firms are slashing output dramatically in response to the falloff in demand and the buildup of some inventory overhangs. Motor vehicle producers, in particular, have cut their assemblies sharply this quarter, and their production schedules suggest that output will remain extremely low over the next several months. More broadly, manufacturing IP appears on track to decline at an annual rate of about 20 percent in the first quarter, and the factory operating rate has dropped to its lowest level in postwar history. With the purchasing managers indexes, orders for new durable goods, and other forward-looking indicators

Summary of the Near-Term Outlook				
(Percent change at annual rate except as noted)				
Measure	2009:Q1		2009:Q2	
	January Greenbook	March Greenbook	January Greenbook	March Greenbook
Real GDP	-5.6	-6.5	-1.3	-2.0
Private domestic final purchases	-5.9	-5.3	-2.8	-4.3
Personal consumption expenditures	-1.7	.4	.6	.0
Residential investment	-40.7	-41.2	-21.0	-34.3
Business fixed investment	-19.8	-27.3	-19.3	-23.4
Government outlays for consumption and investment	.4	-.2	2.8	5.5
	Contribution to growth (percentage points)			
Inventory investment	-2.0	-2.2	.6	.5
Net exports	1.2	.1	-.1	.0

Fiscal Stimulus Package

The overall size of the American Recovery and Reinvestment Act of 2009 is similar to the \$800 billion package that was assumed in our forecast in the January Greenbook. However, one important difference is that the stimulus bill includes \$70 billion for providing relief to most households from the alternative minimum tax in 2009, which we had already incorporated as part of our baseline fiscal policy assumptions in January. Thus, the effective size of the package is smaller than what we had assumed previously.

The other key components of the stimulus package, summarized in the table below, are:

- A reduction in personal taxes for most individuals, primarily through a \$400 tax credit which is anticipated to show up in lower tax withholding beginning in the second quarter.
- Business tax cuts that in large part reflect the extension through 2009 of the 50 percent bonus depreciation provision for equipment spending that was in place last year.
- Federal grants to state governments to help shore up states' operating budgets—delivered in large part through higher Medicaid reimbursement rates—and to help

Federal Cost of the 2009 Fiscal Stimulus Package

(Billions of dollars)

Component	March Greenbook	January Greenbook
Total cost	787	800
Taxes	283	300
Personal tax cuts	232	180
Business tax cuts	51	120
Spending programs	504	500
Grants for state and local operating budgets	176	200
Grants for state and local infrastructure	100	200
Transfer payments	116	90
Federal purchases	69	10
Subsidies for long-term programs	45	0

maintain or increase their infrastructure spending.

- Increases in transfer payments including a boost to unemployment insurance benefits and food stamps, a one-time \$250 payment to retirees and veterans, and a new program to subsidize health insurance premiums for many individuals that have become unemployed.
- Additional budget authority for federal spending, which most notably includes funding for infrastructure and research programs.
- Subsidies for long-term projects to improve health information, energy, and broadband technology. These subsidies are likely to occur mostly in years beyond our forecast period.

Our estimates of the effects of the package on economic activity are based on a number of assumptions about the direct spend-out of the stimulus funds:

- The additional transfer payments are spent by the recipients soon after they are received, while the increase in disposable income resulting from the reduction in income taxes is spent by households in the same way, in terms of magnitude and timing, as an increase in ordinary income.
- Business spending for equipment and software will get only a small lift from

the business tax cuts, consistent with our judgment about the 2001-2004 experience with a temporary bonus depreciation allowance.

- About 65 percent of the federal grants to shore-up state operating budgets and 35 percent of the federal aid to state governments for funding infrastructure projects will be spent by the end of next year, reflecting the typical spend-out rates for such projects.
- About half of the additional budget authority for federal spending programs is assumed to show up as outlays by the end of 2010, consistent with the usual spend-out lags for these types of programs.

Given these assumptions and incorporating associated indirect multiplier effects, we estimate that the fiscal stimulus package will add 1.1 percentage points to the change in real GDP in 2009 and 0.8 percentage point in 2010, 0.1 percentage point lower in each year than in our previous forecast. Our estimates of the effects of the stimulus package on economic activity are slightly smaller than assumed in the January Greenbook, reflecting both the smaller effective size and the different composition of the final package.

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

Measure	2008: H2	2009: H1	2009: H2	2010
Real GDP	-3.6	-4.2	-.3	1.5
Previous Greenbook	-2.7	-3.5	2.0	2.6
Final sales	-4.0	-3.4	-1.5	1.4
Previous Greenbook	-2.9	-2.7	.0	2.6
Personal consumption expenditures	-4.1	.2	.6	1.9
Previous Greenbook	-3.9	-.6	1.9	2.9
Residential investment	-19.8	-37.9	-9.5	6.7
Previous Greenbook	-22.3	-31.6	-11.1	10.0
Business fixed investment	-12.2	-25.4	-19.7	-.9
Previous Greenbook	-7.4	-19.5	-13.8	3.0
Government purchases	3.5	2.6	4.3	1.8
Previous Greenbook	4.6	1.6	3.3	2.5
Exports	-11.3	-15.1	-2.3	1.0
Previous Greenbook	-9.2	-3.9	-.1	2.4
Imports	-10.0	-12.5	3.2	3.8
Previous Greenbook	-9.6	-6.9	5.8	5.4
	Contribution to growth (percentage points)			
Inventory change	.4	-.8	1.2	.1
Previous Greenbook	.2	-.7	1.9	.0
Net exports	.3	.1	-.7	-.4
Previous Greenbook	.5	.6	-.8	-.5

... Not applicable.

declines in wealth and our forecast for lackluster growth in real wages and salaries; indeed, those factors are even more pronounced in this forecast than in the previous Greenbook. Reflecting the outsized declines in household wealth, we expect the saving rate to hold at a relatively high level—about 5¼ percent, on average—over the forecast period as households work to repair their balance sheets.

Decomposition of Structural Labor Productivity**Nonfarm Business Sector**

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

Measure	1974-95	1996-2000	2001-06	2007	2008	2009	2010
Structural labor productivity	1.5	2.5	2.6	2.1	1.9	1.6	1.5
Previous Greenbook	1.5	2.5	2.6	2.1	1.9	1.7	1.7
<i>Contributions¹</i>							
Capital deepening	.7	1.4	.7	.6	.4	-.3	-.3
Previous Greenbook	.7	1.4	.7	.6	.4	-.1	.1
Multifactor productivity	.5	.7	1.6	1.2	1.3	1.7	1.7
Previous Greenbook	.5	.7	1.6	1.2	1.3	1.6	1.5
Labor composition	.3	.3	.3	.2	.2	.2	.1
MEMO							
Potential GDP	3.0	3.4	2.6	2.5	2.5	2.0	2.0
Previous Greenbook	3.0	3.4	2.6	2.5	2.5	2.2	2.2

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

1. Percentage points.

... Not applicable.

The Outlook for the Labor Market

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

Measure	2007	2008	2009	2010
Output per hour, nonfarm business	2.6	2.1	.9	2.0
Previous Greenbook	2.7	2.4	1.1	2.0
Nonfarm private payroll employment	.8	-2.1	-3.8	-.1
Previous Greenbook	.9	-1.9	-2.2	1.0
Household survey employment	.4	-1.5	-2.6	.4
Previous Greenbook	.4	-1.5	-1.1	1.1
Labor force participation rate ¹	66.0	65.9	65.3	65.1
Previous Greenbook	66.0	65.9	65.5	65.3
Civilian unemployment rate ¹	4.8	6.9	9.2	9.5
Previous Greenbook	4.8	6.9	8.4	8.1
MEMO				
GDP gap ²	-.4	-3.7	-7.7	-8.2
Previous Greenbook	-.3	-3.2	-6.0	-5.5

1. Percent, average for the fourth quarter.

2. Actual less potential GDP in the fourth quarter of the year indicated as a percent of potential GDP. A negative number thus indicates that the economy is operating below potential.

... Not applicable.

payrolls about the middle of 2010, but at a pace that is sufficient only to keep the unemployment rate from rising further.

Productivity fell in the fourth quarter, and given the severity of the output decline that we are projecting, we are anticipating another drop this quarter. Over 2009 as a whole, we expect productivity to increase a good bit below the growth rate of structural productivity. Productivity then accelerates in 2010 to above its structural rate, as the economy recovers and firms lag slightly in their hiring.

Inflation Projections

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

Measure	2007	2008	2009	2010
PCE chain-weighted price index	3.5	1.9	.4	.8
Previous Greenbook	3.5	1.7	.6	1.1
Food and beverages	4.5	6.3	1.9	1.2
Previous Greenbook	4.5	6.2	2.0	1.2
Energy	19.1	-8.6	-11.3	4.5
Previous Greenbook	19.1	-9.8	-8.8	5.2
Excluding food and energy	2.2	1.9	1.0	.5
Previous Greenbook	2.2	1.9	1.0	.8
Consumer price index	4.0	1.5	.3	1.1
Previous Greenbook	4.0	1.5	.4	1.3
Excluding food and energy	2.3	2.0	1.3	.7
Previous Greenbook	2.3	2.0	1.3	1.0
GDP chain-weighted price index	2.6	2.0	1.6	.8
Previous Greenbook	2.6	2.3	1.5	.9
ECI for compensation of private industry workers ¹	3.0	2.4	1.8	1.1
Previous Greenbook	3.0	2.5	1.9	1.5
Compensation per hour, nonfarm business sector	3.6	4.1	2.2	1.1
Previous Greenbook	3.6	3.4	2.1	1.5
Prices of core goods imports ²	3.4	3.6	-4.2	1.1
Previous Greenbook	3.4	3.4	-3.2	1.3

1. December to December.

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

Alternative Scenarios

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

Measure and scenario	2009		2010	2011	2012-13
	H1	H2			
<i>Real GDP</i>					
Extended Greenbook baseline	-4.2	-.3	1.5	3.9	5.3
Delayed financial repair	-4.2	-.8	-.4	3.1	4.6
Intensifying financial strains	-7.0	-4.5	1.0	3.8	5.1
Faster recovery	-3.5	2.3	3.1	4.3	5.2
More adverse supply conditions	-4.6	-1.6	.4	2.9	4.3
Anchored inflation expectations	-4.2	-.3	1.6	4.0	5.6
Deflation	-4.2	-.3	1.5	3.8	4.8
<i>Unemployment rate¹</i>					
Extended Greenbook baseline	8.7	9.2	9.5	8.6	5.6
Delayed financial repair	8.7	9.2	10.2	9.7	7.0
Intensifying financial strains	9.0	10.2	11.1	10.1	7.1
Faster recovery	8.6	8.8	8.4	7.3	4.4
More adverse supply conditions	8.8	9.4	10.0	9.3	6.4
Anchored inflation expectations	8.7	9.2	9.5	8.5	5.4
Deflation	8.7	9.2	9.5	8.6	5.9
<i>Core PCE inflation</i>					
Extended Greenbook baseline	1.2	.8	.5	.5	.7
Delayed financial repair	1.2	.8	.4	.1	-.2
Intensifying financial strains	1.2	.6	-.1	-.5	-.9
Faster recovery	1.2	.8	.8	1.2	1.7
More adverse supply conditions	1.3	1.1	.9	.9	1.1
Anchored inflation expectations	1.2	.9	.7	.9	1.3
Deflation	.8	.3	-.3	-.6	-.9
<i>Federal funds rate¹</i>					
Extended Greenbook baseline	.1	.1	.1	.1	.1
Delayed financial repair	.1	.1	.1	.1	.1
Intensifying financial strains	.1	.1	.1	.1	.1
Faster recovery	.1	.1	.1	.1	3.9
More adverse supply conditions	.1	.1	.1	.1	.1
Anchored inflation expectations	.1	.1	.1	.1	1.1
Deflation	.1	.1	.1	.1	.1

1. Percent, average for the final quarter of the period.

between the poor health of financial institutions' balance sheets and the weakness in real activity. Risk premiums on investment-grade private securities, home mortgages, and corporate equity are assumed to increase an additional 50 basis points, relative to baseline, and to remain at these elevated levels into next year. Home prices fall more rapidly, so that by late 2010 they stand 10 percent below baseline. Finally, credit

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

Measure	2009	2010	2011	2012	2013
<i>Real GDP</i> (percent change, Q4 to Q4)					
Projection	-2.3	1.5	3.9	5.3	5.3
Confidence interval					
Greenbook forecast errors	-3.7–-.8	.1–3.0	...	...	...
FRB/US stochastic simulations	-3.2–-1.4	.2–2.6	2.4–5.1	3.7–6.5	3.6–6.5
<i>Civilian unemployment rate</i> (percent, Q4)					
Projection	9.2	9.5	8.6	6.9	5.6
Confidence interval					
Greenbook forecast errors	8.8–9.7	8.6–10.4	...	...	...
FRB/US stochastic simulations	8.9–9.6	9.1–10.0	8.1–9.2	6.4–7.6	5.2–6.6
<i>PCE prices, total</i> (percent change, Q4 to Q4)					
Projection	0.4	0.8	0.6	0.7	0.9
Confidence interval					
Greenbook forecast errors	-.4–1.2	-.3–1.8	...	...	...
FRB/US stochastic simulations	-.1–.9	.1–1.4	-.3–1.4	-.3–1.4	-.3–1.5
<i>PCE prices excluding food and energy</i> (percent change, Q4 to Q4)					
Projection	1.0	0.5	0.5	0.6	0.8
Confidence interval					
Greenbook forecast errors	.5–1.5	-.4–1.3	...	...	...
FRB/US stochastic simulations	.7–1.3	-.1–.9	-.3–1.0	-.3–1.1	-.2–1.3
<i>Federal funds rate</i> (percent, Q4)					
Projection	0.1	0.1	0.1	0.1	0.1
Confidence interval					
FRB/US stochastic simulations	.1–1.3	.1–1.8	.1–2.0	.1–2.0	.1–2.0

Notes: Intervals derived from Greenbook forecast errors are based on projections made from 1987-2007. Shocks underlying FRB/US stochastic simulations are randomly drawn from the 1987-2007 set of model equation residuals.

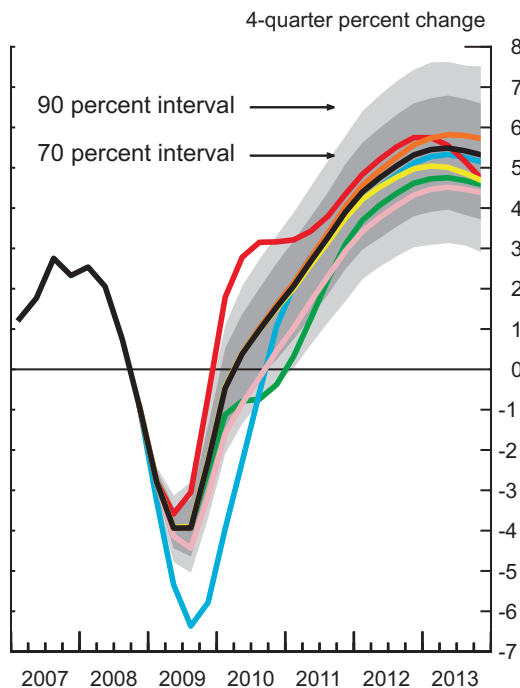
... Not applicable. The Greenbook forecast horizon has typically extended about two years.

Forecast Confidence Intervals and Alternative Scenarios

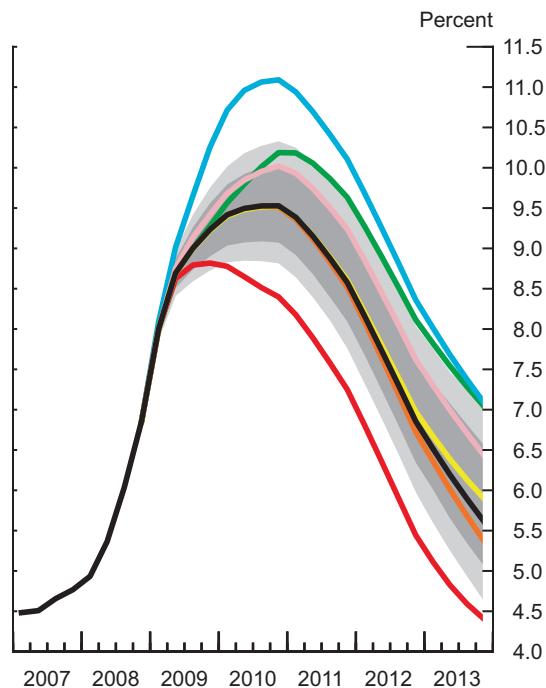
Confidence Intervals Based on FRB/US Stochastic Simulations

- | | | |
|----------------------------------|----------------------------------|-----------------------------------|
| ■ Extended Greenbook baseline | ■ Faster recovery | ■ Anchored inflation expectations |
| ■ Delayed financial repair | ■ More adverse supply conditions | ■ Deflation |
| ■ Intensifying financial strains | | |

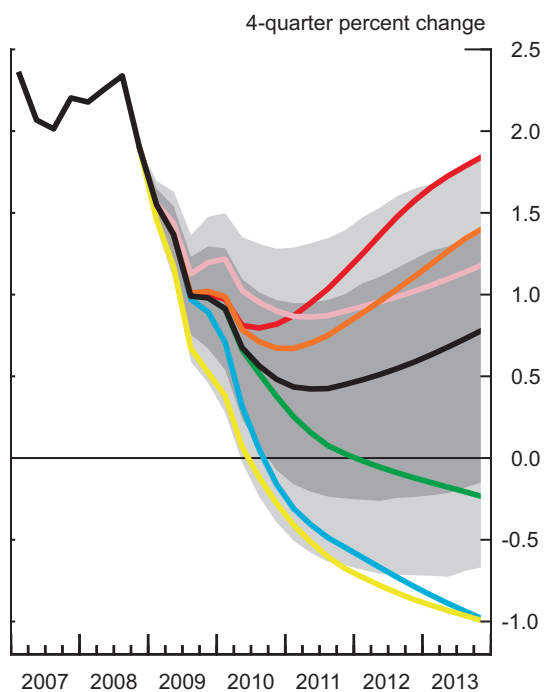
Real GDP



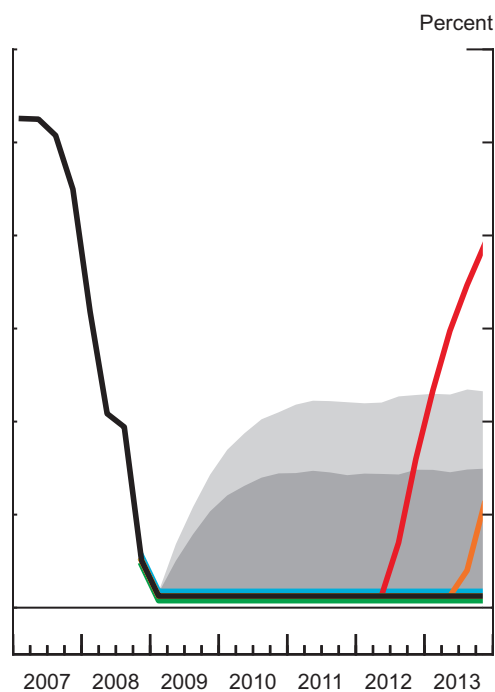
Unemployment Rate



PCE Prices excluding Food and Energy



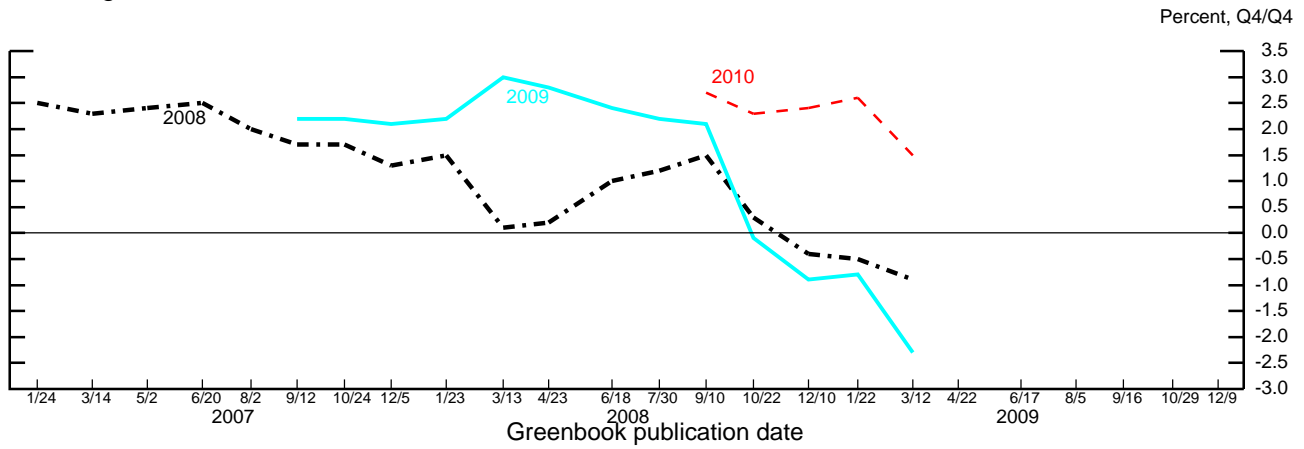
Federal Funds Rate



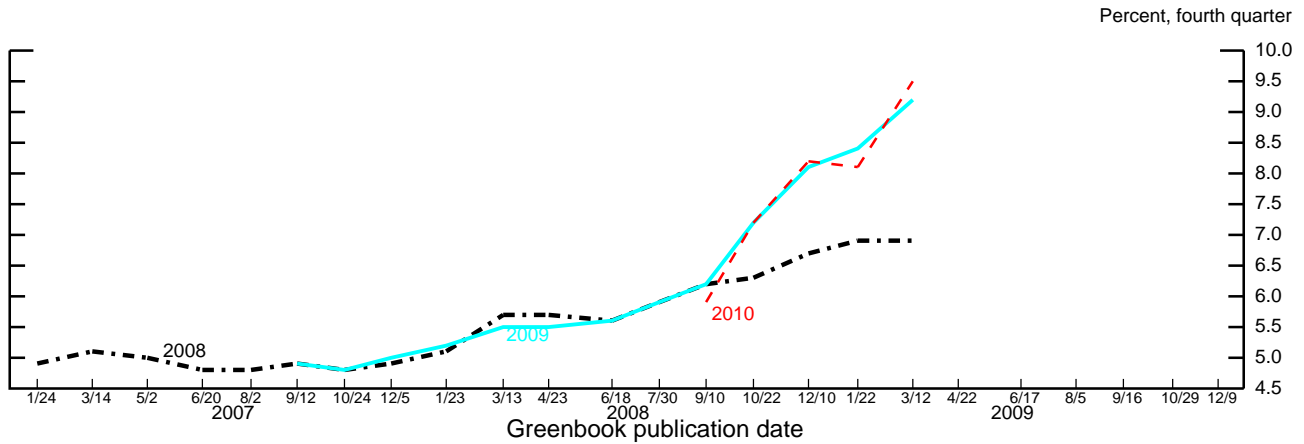
Class II FOMC - Restricted (FR)

Evolution of the Staff Forecast

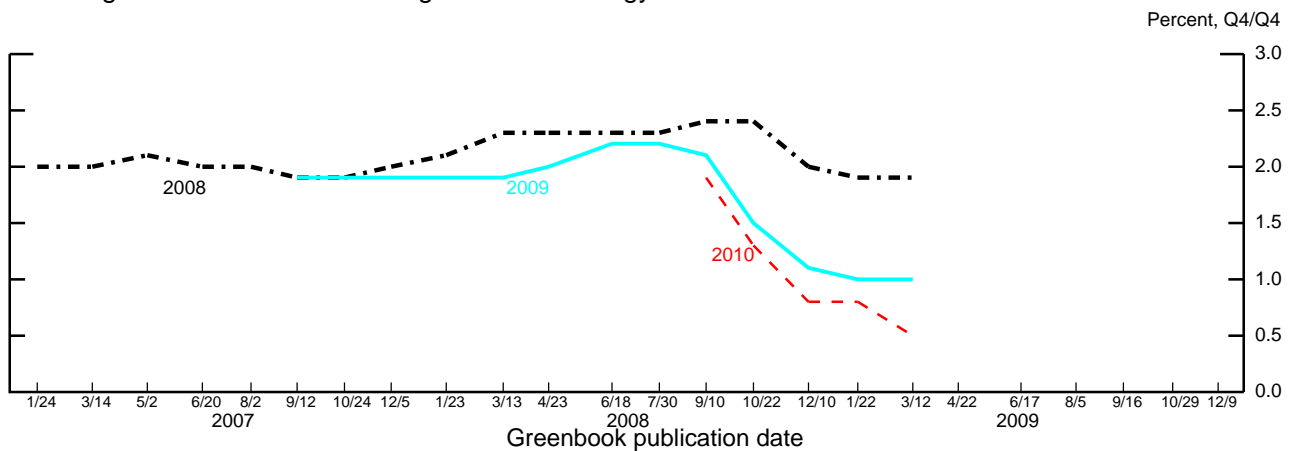
Change in Real GDP



Unemployment Rate



Change in PCE Prices excluding Food and Energy



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	
	1/22/09	3/12/09	1/22/09	3/12/09	1/22/09	3/12/09	1/22/09	3/12/09	1/22/09	3/12/09
<i>Quarterly</i>										
2008:Q1	3.5	3.5	.9	.9	3.6	3.6	2.3	2.3	4.9	4.9
Q2	4.1	4.1	2.8	2.8	4.3	4.3	2.2	2.2	5.4	5.4
Q3	3.4	3.4	-.5	-.5	5.0	5.0	2.4	2.4	6.0	6.0
Q4	-3.3	-6.3	-4.9	-6.7	-5.6	-5.0	.6	.8	6.9	6.9
2009:Q1	-4.3	-3.3	-5.6	-6.5	-2.3	-1.4	.8	.9	7.7	8.0
Q2	1.0	-1.1	-1.3	-2.0	1.9	1.0	1.6	1.4	8.2	8.7
Q3	3.2	.6	1.8	-.5	1.5	1.1	1.0	.9	8.3	9.0
Q4	3.2	.8	2.1	-.1	1.2	1.0	.8	.7	8.4	9.2
2010:Q1	3.2	1.6	2.2	.7	1.2	.9	.8	.6	8.5	9.4
Q2	3.4	2.2	2.4	1.4	1.1	.8	.8	.5	8.4	9.5
Q3	3.6	2.6	2.7	1.9	1.0	.7	.8	.5	8.2	9.5
Q4	4.0	2.8	3.1	2.1	1.0	.7	.7	.4	8.1	9.5
<i>Two-quarter²</i>										
2008:Q2	3.8	3.8	1.8	1.8	3.9	3.9	2.2	2.2	.6	.6
Q4	.0	-1.6	-2.7	-3.6	-.4	-.1	1.5	1.6	1.5	1.5
2009:Q2	-1.7	-2.2	-3.5	-4.2	-.2	-.2	1.2	1.2	1.3	1.8
Q4	3.2	.7	2.0	-.3	1.4	1.0	.9	.8	.2	.5
2010:Q2	3.3	1.9	2.3	1.1	1.1	.8	.8	.5	.0	.3
Q4	3.8	2.7	2.9	2.0	1.0	.7	.8	.4	-.3	.0
<i>Four-quarter³</i>										
2007:Q4	4.9	4.9	2.3	2.3	3.5	3.5	2.2	2.2	.4	.4
2008:Q4	1.9	1.1	-.5	-.9	1.7	1.9	1.9	1.9	2.1	2.1
2009:Q4	.7	-.8	-.8	-2.3	.6	.4	1.0	1.0	1.5	2.3
2010:Q4	3.6	2.3	2.6	1.5	1.1	.8	.8	.5	-.3	.3
<i>Annual</i>										
2007	4.8	4.8	2.0	2.0	2.6	2.6	2.2	2.2	4.6	4.6
2008	3.5	3.3	1.2	1.1	3.3	3.3	2.2	2.2	5.8	5.8
2009	-.3	-1.5	-2.1	-3.2	-.2	-.1	1.2	1.2	8.2	8.7
2010	3.2	1.5	2.1	.6	1.2	.9	.9	.7	8.3	9.5

1. Level, except for two-quarter and four-quarter intervals.

2. Percent change from two quarters earlier; for unemployment rate, change is in percentage points.

3. Percent change from four quarters earlier; for unemployment rate, change is in percentage points.

Changes in Real Gross Domestic Product and Related Items
(Percent, annual rate except as noted)

Item	2008				2009				2010				2008 ¹	2009 ¹	2010 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Greenbook</i>	.9	2.8	-5	-6.7	-6.5	-2.0	-5	-1	.7	1.4	1.9	2.1	-9	-2.3	1.5
Final sales <i>Previous Greenbook</i>	.9	2.8	-5	-4.9	-5.6	-1.3	1.8	2.1	2.2	2.4	2.7	3.1	-5	-8	2.6
Priv. dom. final purch. <i>Previous Greenbook</i>	.9	4.4	-1.3	-6.5	-4.3	-2.5	-1.9	-1.2	-3	1.9	2.1	1.9	-7	-2.5	1.4
Personal cons. expend. <i>Previous Greenbook</i>	.9	4.4	-1.3	-4.5	-3.6	-1.8	-1	.2	1.3	3.0	3.3	2.9	-2	-1.3	2.6
Durables	-3	.7	-4.1	-7.5	-5.3	-4.3	-3.0	-1.2	.1	1.7	2.4	2.9	-2.8	-3.5	1.8
Nondurables	-3	.7	-4.1	-6.1	-5.9	-2.8	-3	.7	2.1	2.9	3.8	3.9	-2.5	-2.1	3.2
Services	.9	1.2	-3.8	-4.3	.4	.0	.0	1.2	1.3	1.8	2.1	2.4	-1.5	.4	1.9
Residential investment <i>Previous Greenbook</i>	.9	1.2	-3.8	-3.9	-1.7	.6	1.7	2.0	2.6	2.8	3.1	3.2	-1.4	.6	2.9
Business fixed invest. <i>Previous Greenbook</i>	-4.3	-2.8	-14.8	-22.0	2.4	-5	4.2	5.5	4.6	7.4	4.7	2.7	-11.3	2.9	4.8
Equipment & software <i>Previous Greenbook</i>	-4	3.9	-7.1	-9.3	-1	.1	.1	.8	.7	2.0	3.0	2.9	-3.4	.2	2.2
Nonres. structures <i>Previous Greenbook</i>	2.4	.7	-1	1.4	.3	.0	-6	.7	1.1	.9	1.3	2.1	1.1	.1	1.4
Net exports ² <i>Previous Greenbook</i> ²	-25.1	-13.3	-16.0	-23.4	-41.2	-34.3	-13.4	-5.5	2.5	9.0	8.7	6.8	-19.6	-25.0	6.7
Exports	-25.1	-13.3	-16.0	-28.1	-40.7	-21.0	8.6	13.8	10.5	7.3	11.3	11.0	-20.9	-12.8	10.0
Imports	2.4	2.5	-1.7	-21.6	-27.3	-23.4	-21.7	-17.8	-11.1	-1.6	3.2	6.6	-5.2	-22.6	-9
Govt. cons. & invest. <i>Previous Greenbook</i>	2.4	2.5	-1.7	-12.9	-19.8	-19.3	-15.9	-11.6	-4.1	2.7	6.4	7.5	-2.6	-16.7	3.0
Federal	-6	-5.0	-7.5	-28.1	-26.6	-17.9	-17.4	-13.6	-8.3	5.2	11.1	14.3	-11.0	-19.0	5.2
Defense	-6	-5.0	-7.5	-20.3	-19.0	-13.2	-9.8	-5.3	.0	9.6	13.4	13.7	-8.7	-12.0	9.0
Nondefense	8.6	18.5	9.7	-9.0	-28.4	-31.9	-28.8	-24.9	-16.1	-13.4	-11.0	-8.1	6.4	-28.5	-12.2
State & local	8.6	18.5	9.7	1.5	-21.0	-28.7	-25.6	-22.0	-11.5	-9.5	-6.6	-4.9	9.4	-24.4	-8.2
Change in bus. inventories ² <i>Previous Greenbook</i> ²	-462	-381	-353	-373	-370	-369	-384	-411	-438	-436	-442	-464	-392	-383	-445
Nonfarm ²	-462	-381	-353	-359	-322	-324	-342	-375	-406	-406	-414	-438	-389	-341	-416
Farm ²	5.1	12.3	3.0	-23.6	-23.6	-5.6	-3.2	-1.3	-3	.6	1.5	2.1	-1.8	-8.9	1.0
	-8	-7.3	-3.5	-16.0	-19.7	-4.7	1.0	5.5	6.0	.2	2.5	6.6	-7.1	-5.0	3.8
Govt. cons. & invest. <i>Previous Greenbook</i>	1.9	3.9	5.8	1.2	-2	5.5	5.5	3.1	2.6	2.1	1.5	1.2	3.2	3.4	1.8
Federal	1.9	3.9	5.8	3.4	.4	2.8	3.4	3.1	3.1	2.7	2.2	2.1	3.8	2.4	2.5
Defense	5.8	6.6	13.8	6.7	1.2	9.1	8.8	3.8	4.3	2.6	.3	.9	8.2	5.7	2.0
Nondefense	7.3	7.3	18.0	3.1	1.0	11.2	9.9	1.3	.5	.3	2.1	2.2	8.8	5.8	1.3
State & local	2.9	5.0	5.1	15.1	1.6	4.8	6.4	9.5	12.6	7.3	-3.1	-1.8	6.9	5.5	3.6
Change in bus. inventories ² <i>Previous Greenbook</i> ²	-3	2.5	1.3	-2.0	-1.1	3.3	3.4	2.7	1.5	1.8	2.2	1.4	.4	2.1	1.7
Nonfarm ²	-10	-51	-30	-31	-101	-87	-46	-16	13	0	-6	0	-30	-62	2
Farm ²	-10	-51	-30	-43	-101	-86	-33	21	47	31	15	22	-33	-50	29
	-18	-55	-33	-36	-101	-87	-47	-17	11	-2	-7	-2	-36	-63	0
	6	2	2	4	1	1	1	1	1	1	1	1	4	1	1

1. Change from fourth quarter of previous year to fourth quarter of year indicated.

2. Billions of chained (2000) dollars.

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	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	1.9	3.7	3.1	2.7	2.4	2.3	-9	-2.3	1.5
<i>Previous Greenbook</i>	1.9	3.7	3.1	2.7	2.4	2.3	-5	-8	2.6
Final sales	.8	3.7	2.8	2.7	2.8	2.5	-7	-2.5	1.4
<i>Previous Greenbook</i>	.8	3.7	2.8	2.7	2.8	2.5	-2	-1.3	2.6
Priv. dom. final purch.	1.1	4.1	4.3	3.1	2.3	1.4	-2.8	-3.5	1.8
<i>Previous Greenbook</i>	1.1	4.1	4.3	3.1	2.3	1.4	-2.5	-2.1	3.2
Personal cons. expend.	1.9	3.4	3.7	2.6	3.2	2.2	-1.5	.4	1.9
<i>Previous Greenbook</i>	1.9	3.4	3.7	2.6	3.2	2.2	-1.4	.6	2.9
Durables	1.2	8.3	5.6	1.2	6.9	4.2	-11.3	2.9	4.8
Nondurables	2.1	3.9	3.5	3.6	3.2	1.7	-3.4	.2	2.2
Services	1.9	2.2	3.3	2.4	2.6	2.1	1.1	.1	1.4
Residential investment	7.0	11.7	6.7	5.4	-15.5	-19.0	-19.6	-25.0	6.7
<i>Previous Greenbook</i>	7.0	11.7	6.7	5.4	-15.5	-19.0	-20.9	-12.8	10.0
Business fixed invest.	-6.5	4.9	7.5	4.9	6.5	6.4	-5.2	-22.6	-9
<i>Previous Greenbook</i>	-6.5	4.9	7.5	4.9	6.5	6.4	-2.6	-16.7	3.0
Equipment & software	-3.4	6.6	9.4	7.0	4.2	2.8	-11.0	-19.0	5.2
<i>Previous Greenbook</i>	-3.4	6.6	9.4	7.0	4.2	2.8	-8.7	-12.0	9.0
Nonres. structures	-14.9	.2	2.3	-5	12.8	14.5	6.4	-28.5	-12.2
<i>Previous Greenbook</i>	-14.9	.2	2.3	-5	12.8	14.5	9.4	-24.4	-8.2
Net exports ¹	-471	-519	-594	-617	-616	-547	-392	-383	-445
<i>Previous Greenbook¹</i>	-471	-519	-594	-617	-616	-547	-389	-341	-416
Exports	3.8	5.8	7.4	7.0	10.1	8.9	-1.8	-8.9	1.0
Imports	9.7	4.8	11.5	4.8	3.8	1.1	-7.1	-5.0	3.8
Govt. cons. & invest.	4.0	1.7	.7	.6	2.1	2.4	3.2	3.4	1.8
<i>Previous Greenbook</i>	4.0	1.7	.7	.6	2.1	2.4	3.8	2.4	2.5
Federal	7.8	5.5	2.4	1.0	2.9	2.3	8.2	5.7	2.0
Defense	8.4	7.5	2.5	.8	4.1	2.7	8.8	5.8	1.3
Nondefense	6.8	1.9	2.3	1.4	.5	1.5	6.9	5.5	3.6
State & local	2.1	-.4	-.4	.3	1.6	2.4	.4	2.1	1.7
Change in bus. inventories ¹	12	14	54	39	42	-2	-30	-62	2
<i>Previous Greenbook¹</i>	12	14	54	39	42	-2	-33	-50	29
Nonfarm ¹	15	14	48	39	46	-4	-36	-63	0
Farm ¹	-2	0	6	0	-3	1	4	1	1

1. Billions of chained (2000) dollars.

Contributions to Changes in Real Gross Domestic Product
(Percentage points, annual rate except as noted)

Item	2008				2009				2010				2008 ¹	2009 ¹	2010 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Greenbook</i>	.9	2.8	-5	-6.7	-6.5	-2.0	-5	-1	.7	1.4	1.9	2.1	-9	-2.3	1.5
Final sales <i>Previous Greenbook</i>	.9	2.8	-5	-4.9	-5.6	-1.3	1.8	2.1	2.2	2.4	2.7	3.1	-5	-8	2.6
Priv. dom. final purch. <i>Previous Greenbook</i>	.9	4.3	-1.4	-6.6	-4.2	-2.5	-1.9	-1.2	-3	1.9	2.1	1.9	-7	-2.5	1.4
Personal cons. expend. <i>Previous Greenbook</i>	.9	4.3	-1.4	-4.5	-3.5	-1.8	-1	.2	1.3	3.0	3.3	2.9	-2	-1.3	2.6
Durables	-3	.6	-3.5	-6.4	-4.4	-3.6	-2.5	-1.0	.1	1.4	2.0	2.4	-2.4	-2.9	1.4
Nondurables	-3	.6	-3.5	-5.2	-4.9	-2.4	-2	.6	1.7	2.4	3.0	3.2	-2.1	-1.7	2.6
Services	.6	.9	-2.8	-3.0	.4	.0	.0	.8	1.0	1.3	1.5	1.7	-1.1	.3	1.4
Residential investment <i>Previous Greenbook</i>	.6	.9	-2.8	-2.7	-1.1	.4	1.2	1.4	1.8	1.9	2.2	2.3	-1.0	.4	2.0
Business fixed invest. <i>Previous Greenbook</i>	-3	-2	-1.2	-1.7	.2	.0	.3	.4	.3	.5	.3	.2	-9	.2	.3
Equipment & software <i>Previous Greenbook</i>	-1	.8	-1.6	-2.0	.0	.0	.0	.2	.1	.4	.6	.6	-7	.0	.4
Nonres. structures <i>Previous Greenbook</i>	1.0	.3	.0	.7	.2	.0	-3	.3	.5	.4	.6	.9	.5	.0	.6
Net exports <i>Previous Greenbook</i>	-1.1	-5	-6	-9	-1.5	-1.1	-3	-1	.1	.2	.2	.2	-8	-8	.2
Exports	-1.1	-5	-6	-1.1	-1.5	-6	.2	.3	.3	.2	.3	.3	-8	-4	.3
Imports	.3	.3	-2	-2.6	-3.2	-2.6	-2.2	-1.7	-1.0	-1	.3	.5	-6	-2.4	-1
Govt. cons. & invest. <i>Previous Greenbook</i>	.3	.3	-2	-1.5	-2.3	-2.1	-1.6	-1.1	-4	.2	.6	.6	-3	-1.8	.3
Federal	.0	-4	-6	-2.2	-2.0	-1.2	-1.1	-8	-5	.3	.6	.7	-8	-1.2	.3
Defense	.0	-4	-6	-1.5	-1.4	-9	-6	-3	.0	.5	.7	.8	-6	-8	.5
Nondefense	.3	.6	.4	-4	-1.3	-1.4	-1.1	-9	-5	-4	-3	-2	.2	-1.1	-4
State & local	.3	.6	.4	.1	-9	-1.3	-1.0	-8	-4	-3	-2	-1	.3	-1.0	-3
Change in bus. inventories <i>Previous Greenbook</i>	.8	2.9	1.1	-6	.1	.0	-5	-9	-9	.0	-2	-7	1.0	-3	-4
Nonfarm	.8	2.9	1.1	-1	1.2	-1	-6	-1.1	-1.0	.0	-3	-8	1.1	-1	-5
Farm	.6	1.5	.4	-3.5	-3.2	-6	-4	-1	.0	.1	.2	.2	-2	-1.1	.1
	.1	1.4	.7	3.0	3.3	.7	-1	-7	-8	.0	-4	-9	1.2	.8	-5
Govt. cons. & invest. <i>Previous Greenbook</i>	.4	.8	1.1	.3	.0	1.1	1.1	.7	.6	.5	.3	.3	.6	.7	.4
Federal	.4	.8	1.1	.7	.1	.6	.7	.7	.7	.6	.5	.5	.7	.5	.5
Defense	.4	.5	1.0	.5	.1	.7	.7	.3	.4	.2	.0	.1	.6	.4	.2
Nondefense	.3	.4	.9	.2	.1	.6	.5	.1	.0	.0	.1	.1	.4	.3	.1
State & local	.1	.1	.1	.3	.0	.1	.2	.2	.3	.2	-1	.0	.2	.1	.1
Change in bus. inventories <i>Previous Greenbook</i>	.0	.3	.2	-2	-1	.4	.4	.4	.2	.2	.3	.2	.0	.3	.2
Nonfarm	.0	-1.5	.8	-1	-2.2	.5	1.4	1.1	1.0	-4	-2	.2	-2	.2	.1
Farm	.0	-1.5	.8	-4	-2.0	.6	1.9	1.9	.9	-6	-6	.2	-3	.6	.0
	.2	-1.4	.8	-1	-2.2	.5	1.4	1.0	1.0	-4	-2	.2	-1	.2	.1
	-2	-1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	-1	.0	.0

1. Change from fourth quarter of previous year to fourth quarter of year indicated.

Changes in Prices and Costs
(Percent, annual rate except as noted)

Item	2008				2009				2010				2008 ¹	2009 ¹	2010 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP chain-wt. price index <i>Previous Greenbook</i>	2.6	1.1	3.9	.3	3.4	.9	1.1	.9	.8	.8	.7	.6	2.0	1.6	.8
PCE chain-wt. price index <i>Previous Greenbook</i>	2.6	1.1	3.9	1.7	1.3	2.3	1.4	1.1	1.0	1.0	.9	.8	2.3	1.5	.9
Energy <i>Previous Greenbook</i>	3.6	4.3	5.0	-5.0	-1.4	1.0	1.1	1.0	.9	.8	.7	.7	1.9	.4	.8
Food <i>Previous Greenbook</i>	3.6	4.3	5.0	-5.6	-2.3	1.9	1.5	1.2	1.2	1.1	1.0	1.0	1.7	.6	1.1
Ex. food & energy <i>Previous Greenbook</i>	19.0	27.4	31.7	-65.1	-36.0	-7.8	1.9	2.6	4.4	4.8	4.4	4.3	-8.6	-11.3	4.5
CPI <i>Previous Greenbook</i>	19.0	27.4	31.7	-66.8	-45.4	8.8	9.5	6.4	6.9	5.7	4.5	3.8	-9.8	-8.8	5.2
Ex. food & energy <i>Previous Greenbook</i>	4.9	6.4	8.5	5.6	1.8	1.8	2.1	1.9	1.3	1.2	1.1	1.1	6.3	1.9	1.2
ECI, hourly compensation ² <i>Previous Greenbook</i> ²	4.9	6.4	8.5	5.0	2.4	1.8	2.0	1.7	1.3	1.2	1.2	1.1	6.2	2.0	1.2
Nonfarm business sector Output per hour <i>Previous Greenbook</i>	2.3	2.2	2.4	.8	.9	1.4	.9	.7	.6	.5	.5	.4	1.9	1.0	.5
Compensation per hour <i>Previous Greenbook</i>	2.3	2.2	2.4	.6	.8	1.6	1.0	.8	.8	.8	.8	.7	1.9	1.0	.8
Unit labor costs <i>Previous Greenbook</i>	4.5	4.5	6.2	-8.3	-2.4	.9	1.4	1.3	1.2	1.1	1.0	1.0	1.5	.3	1.1
Core goods imports chain-wt price index ³ <i>Previous Greenbook</i> ³	4.3	5.0	6.7	-9.2	-3.7	2.1	1.9	1.6	1.5	1.4	1.3	1.2	1.5	.4	1.3
	2.5	2.0	2.8	.6	1.3	1.6	1.2	1.0	.8	.7	.7	.6	2.0	1.3	.7
	2.5	1.9	3.2	.4	.9	1.7	1.3	1.1	1.0	1.0	1.0	.9	2.0	1.3	1.0
	3.0	2.3	2.6	1.9	2.0	1.9	1.8	1.5	1.3	1.2	1.1	1.0	2.4	1.8	1.1
	3.0	2.3	2.6	2.2	2.0	1.9	1.8	1.8	1.6	1.6	1.5	1.5	2.5	1.9	1.5
Nonfarm business sector Output per hour <i>Previous Greenbook</i>	2.6	4.7	2.2	-9	-1.1	2.4	1.3	1.2	2.1	2.0	1.9	1.8	2.1	.9	2.0
Compensation per hour <i>Previous Greenbook</i>	2.6	3.6	1.5	1.7	-3.2	.6	3.4	3.7	2.6	1.8	1.7	2.0	2.4	1.1	2.0
Unit labor costs <i>Previous Greenbook</i>	3.7	1.7	5.7	5.2	2.5	2.7	2.1	1.5	1.3	1.2	1.1	1.0	4.1	2.2	1.1
Core goods imports chain-wt price index ³ <i>Previous Greenbook</i> ³	3.8	.9	4.1	4.7	2.0	2.4	2.1	1.8	1.6	1.5	1.5	1.4	3.4	2.1	1.5
	1.1	-2.8	3.5	6.2	3.7	.3	.8	.3	-8	-8	-8	-7	1.9	1.3	-8
	1.2	-2.6	2.6	3.0	5.4	1.8	-1.3	-1.8	-9	-3	-2	-6	1.0	1.0	-5
	8.5	10.6	4.6	-8.3	-10.0	-4.7	-2.1	.4	1.0	1.2	1.1	1.1	3.6	-4.2	1.1
	8.5	10.6	4.6	-9.0	-9.4	-3.0	-1.0	.8	1.3	1.3	1.3	1.3	3.4	-3.2	1.3

1. Change from fourth quarter of previous year to fourth quarter of year indicated.

2. Private-industry workers.

3. Core goods imports exclude computers, semiconductors, oil, and natural gas.

Changes in Prices and Costs

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

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP chain-wt price index <i>Previous Greenbook</i>	1.7 1.7	2.2 2.2	3.2 3.2	3.5 3.5	2.8 2.8	2.6 2.6	2.0 2.3	1.6 1.5	.8 .9
PCE chain-wt price index <i>Previous Greenbook</i>	1.8	1.9	3.1	3.3	1.9	3.5	1.9	.4	.8
Energy <i>Previous Greenbook</i>	1.8 7.7 7.7	1.9 7.6 7.6	3.1 18.3 18.3	3.3 23.1 23.1	1.9 -4.0 -4.0	3.5 19.1 19.1	1.7 -8.6 -9.8	.6 -11.3 -8.8	1.1 4.5 5.2
Food <i>Previous Greenbook</i>	1.3	2.6	2.9	2.1	2.3	4.5	6.3	1.9	1.2
Ex. food & energy <i>Previous Greenbook</i>	1.3 1.6 1.6	2.6 1.4 1.4	2.9 2.2 2.2	2.1 2.2 2.2	2.3 2.3 2.3	4.5 2.2 2.2	6.2 1.9 1.9	2.0 1.0 1.0	1.2 .5 .8
CPI <i>Previous Greenbook</i>	2.3 2.3	2.0 2.0	3.4 3.4	3.8 3.8	1.9 1.9	4.0 4.0	1.5 1.5	.3 .4	1.1 1.3
Ex. food & energy <i>Previous Greenbook</i>	2.1 2.1	1.2 1.2	2.2 2.1	2.1 2.1	2.7 2.7	2.3 2.3	2.0 2.0	1.3 1.3	.7 1.0
ECI, hourly compensation ¹ <i>Previous Greenbook</i> ¹	3.1 3.1	4.0 4.0	3.8 3.8	2.9 2.9	3.2 3.2	3.0 3.0	2.4 2.5	1.8 1.9	1.1 1.5
Nonfarm business sector Output per hour <i>Previous Greenbook</i>	2.9 2.9	4.7 4.7	1.8 1.8	1.5 1.5	.6 .6	2.6 2.7	2.1 2.4	.9 1.1	2.0 2.0
Compensation per hour <i>Previous Greenbook</i>	3.2 3.2	5.3 5.3	3.9 3.9	3.6 3.6	4.2 4.3	3.6 3.6	4.1 3.4	2.2 2.1	1.1 1.5
Unit labor costs <i>Previous Greenbook</i>	.2 .2	.5 .5	2.1 2.1	2.1 2.1	3.7 3.6	.9 .9	1.9 1.0	1.3 1.0	-.8 -.5
Core goods imports chain-wt. price index ² <i>Previous Greenbook</i> ²	.1 .1	1.6 1.6	3.6 3.6	2.2 2.2	2.4 2.4	3.4 3.4	3.6 3.4	-.4 -3.2	1.1 1.3

1. Private-industry workers.

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

Other Macroeconomic Indicators

Item	2008				2009				2010				2008 ¹	2009 ¹	2010 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008 ¹	2009 ¹	2010 ¹
<i>Employment and production</i>															
Nonfarm payroll employment ²	-1	-4	-5	-1.3	-2.0	-1.4	-4	-3	-3	.2	-.1	.2	-2.3	-4.1	.0
Unemployment rate ³	4.9	5.4	6.0	6.9	8.0	8.7	9.0	9.2	9.4	9.5	9.5	9.5	6.9	9.2	9.5
<i>Previous Greenbook³</i>	4.9	5.4	6.0	6.9	7.7	8.2	8.3	8.4	8.5	8.4	8.2	8.1	6.9	8.4	8.1
GDP gap ⁴	-8	-7	-1.4	-3.7	-5.7	-6.7	-7.3	-7.7	-8.0	-8.2	-8.2	-8.2	-3.7	-7.7	-8.2
<i>Previous Greenbook⁴</i>	-7	-6	-1.3	-3.2	-5.1	-5.9	-6.0	-6.0	-5.9	-5.9	-5.8	-5.5	-3.2	-6.0	-5.5
Industrial production ⁵	.4	-3.4	-8.9	-12.1	-18.3	-9.3	-2.6	-2	2.7	3.0	3.1	3.5	-6.1	-7.9	3.1
<i>Previous Greenbook⁵</i>	.4	-3.4	-8.9	-11.5	-13.8	-2.3	1.4	2.6	3.5	2.9	4.2	4.3	-6.0	-3.2	3.7
Manufacturing industr. prod. ⁵	-1.0	-4.1	-8.7	-17.4	-21.7	-9.9	-2.0	.3	2.5	2.9	2.9	3.1	-8.0	-8.7	2.9
<i>Previous Greenbook⁵</i>	-1.0	-4.1	-8.8	-16.2	-17.3	-2.0	3.2	3.7	3.5	3.0	4.5	4.1	-7.7	-3.5	3.8
Capacity utilization rate - mfg. ³	78.7	77.5	75.5	71.7	67.4	65.8	65.6	65.8	66.6	67.5	68.3	69.2	71.7	65.8	69.2
<i>Previous Greenbook³</i>	78.7	77.5	75.5	71.9	68.6	68.3	68.8	69.4	70.1	70.7	71.6	72.4	71.9	69.4	72.4
Housing starts ⁶	1.1	1.0	.9	.7	.4	.4	.4	.5	.5	.6	.6	.6	.9	.4	.6
Light motor vehicle sales ⁶	15.2	14.1	12.9	10.3	9.2	9.3	9.8	10.4	10.8	11.7	12.2	12.4	13.1	9.7	11.8
<i>Income and saving</i>															
Nominal GDP ⁵	3.5	4.1	3.4	-6.3	-3.3	-1.1	.6	.8	1.6	2.2	2.6	2.8	1.1	-.8	2.3
Real disposable pers. income ⁵	-7	10.7	-8.5	3.3	6.4	4.3	-1.6	1.5	1.7	1.1	1.4	1.3	1.0	2.6	1.4
<i>Previous Greenbook⁵</i>	-7	10.7	-8.8	4.6	7.4	1.9	-.1	1.0	2.4	1.9	2.5	2.3	1.2	2.5	2.3
Personal saving rate ³	.2	2.5	1.3	3.2	4.6	5.6	5.3	5.4	5.5	5.4	5.2	5.0	3.2	5.4	5.0
<i>Previous Greenbook³</i>	.2	2.5	1.2	3.3	5.4	5.8	5.4	5.2	5.2	5.0	4.9	4.7	3.3	5.2	4.7
Corporate profits ⁷	-4.3	-14.3	-4.7	-34.0	-26.4	-24.2	-6.5	-.8	5.2	8.1	6.3	6.4	-15.2	-15.2	6.5
Profit share of GNP ³	11.2	10.6	10.4	9.6	9.0	8.4	8.2	8.2	8.3	8.4	8.5	8.5	9.6	8.2	8.5
Net federal saving ⁸	-331	-650	-544	-523	-852	-1,018	-1,083	-1,132	-1,184	-1,167	-1,213	-1,208	-512	-1,022	-1,193
Net state & local saving ⁸	-52	-67	-104	-71	-34	-79	-47	-48	-43	-49	-39	-39	-73	-52	-42
Gross national saving rate ³	12.4	11.3	11.5	12.7	11.3	10.3	9.7	9.5	9.1	9.2	9.0	9.0	12.7	9.5	9.0
Net national saving rate ³	.0	-1.3	-1.8	-.3	-2.2	-3.6	-4.3	-4.7	-5.2	-5.1	-5.4	-5.4	-.3	-4.7	-5.4

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

2. Change, millions.

3. Percent, annual values are for the fourth quarter of the year indicated.

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.

5. Percent change, annual rate.

6. Level, millions, annual values are annual averages.

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

8. Billions of dollars, annual values are annual averages.

Other Macroeconomic Indicators

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

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
<i>Employment and production</i>									
Nonfarm payroll employment ¹	-7	-1	2.0	2.4	2.1	1.2	-2.3	-4.1	.0
Unemployment rate ²	5.8	5.8	5.4	4.9	4.4	4.8	6.9	9.2	9.5
<i>Previous Greenbook²</i>	5.8	5.8	5.4	4.9	4.4	4.8	6.9	8.4	8.1
GDP gap ³	-2.6	-1.8	-8	-3	-2	-4	-3.7	-7.7	-8.2
<i>Previous Greenbook³</i>	-2.5	-1.7	-7	-2	-1	-3	-3.2	-6.0	-5.5
Industrial production ⁴	2.6	1.5	3.1	2.6	1.7	2.1	-6.1	-7.9	3.1
<i>Previous Greenbook⁴</i>	2.6	1.5	3.1	2.6	1.7	2.1	-6.0	-3.2	3.7
Manufacturing industr. prod. ⁴	2.6	1.7	3.7	3.7	1.1	2.3	-8.0	-8.7	2.9
<i>Previous Greenbook⁴</i>	2.6	1.7	3.7	3.7	1.1	2.3	-7.7	-3.5	3.8
Capacity utilization rate - mfg. ²	73.2	74.8	77.5	79.2	79.0	79.3	71.7	65.8	69.2
<i>Previous Greenbook²</i>	73.2	74.8	77.5	79.2	79.0	79.3	71.9	69.4	72.4
Housing starts ⁵	1.7	1.8	2.0	2.1	1.8	1.4	.9	.4	.6
Light motor vehicle sales ⁵	16.7	16.6	16.8	16.9	16.5	16.1	13.1	9.7	11.8
<i>Income and saving</i>									
Nominal GDP ⁴	3.6	5.9	6.5	6.3	5.3	4.9	1.1	-8	2.3
Real disposable pers. income ⁴	2.9	3.7	4.1	.9	3.6	1.8	1.0	2.6	1.4
<i>Previous Greenbook⁴</i>	2.9	3.7	4.1	.9	3.6	1.8	1.2	2.5	2.3
Personal saving rate ²	1.8	2.2	2.5	.8	.9	.4	3.2	5.4	5.0
<i>Previous Greenbook²</i>	1.8	2.2	2.5	.8	.9	.4	3.3	5.2	4.7
Corporate profits ⁶	20.6	12.6	20.3	18.8	6.9	-2.0	-15.2	-15.2	6.5
Profit share of GNP ²	9.0	9.5	10.8	12.0	12.2	11.3	9.6	8.2	8.5
Net federal saving ⁷	-248	-372	-371	-292	-201	-229	-512	-1022	-1193
Net state & local saving ⁷	-34	-20	2	29	46	10	-73	-52	-42
Gross national saving rate ²	13.6	13.7	13.8	15.0	15.5	13.4	12.7	9.5	9.0
Net national saving rate ²	1.5	1.9	2.1	2.8	3.4	1.2	-3	-4.7	-5.4

1. Change, millions.

2. Percent, values are for the fourth quarter of the year indicated.

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.

4. Percent change.

5. Level, millions, values are annual averages.

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

7. Billions of dollars, values are annual averages.

**Class II FOMC
Restricted (FR)**

Staff Projections of Federal Sector Accounts and Related Items
(Billions of dollars except as noted)

March 12, 2009

Item	Fiscal year			2008				2009				2010					
	2007 ^a	2008 ^a	2009	2010	Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Unified budget	Receipts ¹	2568	2524	2193	2259	540	788	590	547	457	648	541	524	516	658	560	553
	Outlays ¹	2729	2978	4108	3480	746	761	759	1033	977	1141	957	932	862	852	833	900
	Surplus/deficit ¹	-162	-455	-1915	-1221	-206	27	-169	-485	-520	-494	-416	-408	-346	-194	-273	-348
	<i>Previous Greenbook</i>	-162	-455	-1791	-1033	-206	27	-169	-485	-553	-387	-365	-378	-314	-106	-234	-309
	On-budget	-343	-638	-2048	-1353	-237	-64	-171	-538	-529	-571	-411	-463	-351	-275	-264	-401
	Off-budget	181	183	133	132	31	91	2	53	9	77	-5	56	5	80	-9	53
	Means of financing									Not seasonally adjusted							
	Borrowing	206	768	2062	1031	200	-48	526	561	467	560	475	188	336	219	288	338
	Cash decrease	-23	-296	112	210	11	-7	-318	5	142	-20	-15	225	15	-20	-10	15
	Other ²	-22	-17	-258	-20	-5	29	-39	-81	-89	-46	-43	-5	-5	-5	-5	-5	-5
Cash operating balance, end of period	75	372	260	50	46	53	372	367	367	225	245	260	35	20	40	50	35
NIPA federal sector	Receipts	2624	2607	2445	2428	2673	2479	2596	2590	2416	2383	2393	2413	2412	2440	2445	2473
	Expenditures	2832	3047	3315	3602	3003	3128	3140	3113	3269	3401	3476	3545	3596	3607	3657	3681
	Consumption expenditures	842	910	985	1053	898	918	954	957	971	994	1017	1032	1051	1063	1067	1072
	Defense	569	624	674	707	614	629	660	656	662	679	696	700	706	709	715	721
	Nondefense	273	286	311	346	284	289	295	301	309	314	322	332	345	354	352	351
	Other spending	1990	2136	2330	2548	2105	2210	2186	2155	2297	2407	2459	2514	2545	2545	2591	2608
	Current account surplus	-209	-440	-869	-1174	-331	-650	-544	-523	-852	-1018	-1083	-1132	-1184	-1167	-1213	-1208
	Gross investment	123	134	152	158	129	138	144	149	148	148	153	157	158	158	160	161
	Gross saving less gross investment ³	-221	-458	-898	-1203	-344	-671	-569	-552	-878	-1046	-1115	-1163	-1213	-1195	-1240	-1235
	Fiscal indicators ⁴	High-employment (HEB) surplus/deficit	-222	-426	-647	-802	-322	-641	-502	-406	-653	-758	-770	-780	-820	-786	-821	-812
Change in HEB, percent of potential GDP		-0.3	1.3	1.4	0.9	0.6	2.2	-1.0	-0.7	1.6	0.7	0.0	0.0	0.2	-0.3	0.2	-0.1
Fiscal impetus (FI), percent of GDP		0.2	0.8	0.9	0.9	0.1	0.5	0.7	-0.3	0.0	0.6	0.2	0.2	0.3	0.2	0.1	0.0
<i>Previous Greenbook</i>		0.2	0.8	1.0	1.0	0.1	0.5	0.7	-0.2	0.2	0.4	0.2	0.3	0.3	0.2	0.1	0.1

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.

2. Other means of financing are checks issued less checks paid, accrued items, and changes in other financial assets and liabilities.

3. Gross saving is the current account surplus plus consumption of fixed capital of the general government as well as government enterprises.

4. HEB is gross saving less gross investment (NIPA) of the federal government in current dollars, with cyclically sensitive receipts and outlays adjusted to the staff's measure of potential output and the NAIRU. Quarterly figures for change in HEB and FI are not at annual rates. The sign on Change in HEB, as a percent of nominal potential GDP, is reversed. FI is the weighted difference of discretionary changes in federal spending and taxes in chained (2000) dollars, scaled by real GDP. The annual FI estimates are on a calendar year basis. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus.

a--Actual

Class II FOMC Restricted (FR) **Change in Debt of the Domestic Nonfinancial Sectors** **March 12, 2009**
(Percent)

Period ¹	Total	Households			Business	State and local governments	Federal government	Memo: Nominal GDP
		Total	Home mortgages	Consumer credit				
<i>Year</i>								
2003	8.1	11.6	14.2	5.2	2.5	8.3	10.9	5.9
2004	8.9	11.2	13.6	5.5	6.2	7.4	9.0	6.5
2005	9.5	11.1	13.3	4.3	8.7	10.2	7.0	6.3
2006	8.9	10.0	10.9	4.5	10.5	8.2	3.9	5.3
2007	8.6	6.6	6.6	5.5	13.1	9.3	4.9	4.9
2008	5.8	.4	-.4	1.7	4.7	2.2	24.2	1.1
2009	5.1	-1.8	-2.0	-1.8	1.7	2.9	26.6	-.8
2010	4.4	.5	.1	1.9	2.0	3.0	14.7	2.3
<i>Quarter</i>								
2008:1	5.2	3.0	2.4	4.7	7.2	3.5	8.1	3.5
2	3.1	.3	-.3	3.9	5.8	.9	5.9	4.1
3	8.1	.2	-2.3	1.5	4.1	3.1	39.2	3.4
4	6.3	-2.0	-1.6	-3.2	1.5	1.2	37.0	-6.3
2009:1	4.4	-2.6	-2.7	-3.0	2.9	1.2	23.3	-3.3
2	7.7	-2.2	-2.3	-2.6	.7	3.6	40.7	-1.1
3	5.5	-1.6	-1.8	-1.4	1.4	3.4	25.2	.6
4	2.3	-.8	-1.1	-.2	1.6	3.4	8.4	.8
2010:1	3.6	.2	-.3	1.5	1.8	3.2	11.9	1.6
2	4.9	.6	.0	2.5	1.9	3.2	16.7	2.2
3	4.2	.7	.2	2.0	1.9	2.8	13.0	2.6
4	4.6	.7	.4	1.5	2.3	2.8	14.2	2.8

Note. Quarterly data are at seasonally adjusted annual rates.

1. Data after 2008:Q4 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.

2.6.3 FOF

**Class II FOMC
Restricted (FR)**

Flow of Funds Projections: Highlights

March 12, 2009

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

Category	2007	2008	2009	2010	2008		2009			2010					
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<i>Domestic nonfinancial sectors</i>															
Net funds raised															
Total	1668.8	1446.1	1519.1	1407.8	2233.9	1622.4	1290.4	2402.8	1727.1	656.1	1117.3	1610.9	1358.7	1544.3	
Net equity issuance	-831.2	-395.1	-175.0	-140.0	-393.2	-450.0	-180.0	-200.0	-160.0	-160.0	-140.0	-140.0	-140.0	-140.0	
Net debt issuance	2500.0	1841.1	1694.1	1547.8	2627.0	2072.5	1470.4	2602.8	1887.1	816.1	1257.3	1750.9	1498.7	1684.3	
Borrowing indicators															
Debt (percent of GDP) ¹	220.3	228.6	244.6	252.4	226.7	234.5	239.6	243.9	247.6	249.5	250.4	251.6	252.8	253.9	
Borrowing (percent of GDP)	18.1	12.9	12.1	10.9	18.2	14.6	10.5	18.6	13.4	5.8	8.9	12.3	10.5	11.7	
Households															
Net borrowing ²	848.8	50.9	-244.9	73.0	28.6	-278.7	-352.9	-300.0	-216.9	-109.9	26.3	81.1	88.6	95.8	
Home mortgages	651.5	-46.2	-207.3	7.1	-241.3	-163.0	-284.3	-241.7	-189.5	-113.7	-28.4	0.0	19.0	37.9	
Consumer credit	133.6	44.3	-45.7	47.6	38.4	-83.0	-76.6	-65.9	-35.3	-5.0	37.8	63.4	51.0	38.4	
Debt/DPI (percent) ³	131.2	129.6	125.7	122.3	129.8	130.1	127.8	125.4	125.0	123.8	123.0	122.5	122.0	121.6	
Business															
Financing gap ⁴	185.6	172.3	-35.2	-20.8	127.9	74.3	-31.1	-34.4	-34.7	-40.7	2.8	-25.4	-38.0	-22.6	
Net equity issuance	-831.2	-395.1	-175.0	-140.0	-393.2	-450.0	-180.0	-200.0	-160.0	-160.0	-140.0	-140.0	-140.0	-140.0	
Credit market borrowing	1228.4	503.0	184.0	224.2	451.2	169.3	317.3	78.8	155.6	184.4	200.3	214.6	221.5	260.6	
State and local governments															
Net borrowing	185.7	48.0	66.0	69.7	68.7	26.7	26.7	81.7	77.7	77.7	73.7	73.7	65.7	65.7	
Current surplus ⁵	246.6	167.0	165.1	180.0	153.1	144.8	181.3	137.1	170.6	171.2	177.4	172.9	183.8	185.9	
Federal government															
Net borrowing	237.1	1239.2	1689.0	1180.9	2078.5	2155.2	1479.2	2742.2	1870.8	663.9	957.0	1381.5	1122.8	1262.1	
Net borrowing (n.s.a.)	237.1	1239.2	1689.0	1180.9	526.5	560.9	466.9	559.5	474.6	188.1	336.3	219.4	287.6	337.6	
Unified deficit (n.s.a.)	187.9	833.2	1837.9	1160.9	168.9	485.2	520.0	493.6	416.3	408.0	346.3	194.4	272.6	347.6	
<i>Depository institutions</i>															
Funds supplied	858.7	507.6	88.5	319.6	549.5	503.4	-303.8	-42.3	322.1	378.0	184.3	391.5	417.5	285.3	

Note. Data after 2008:Q4 are staff projections.

1. Average debt levels in the period (computed as the average of period-end debt positions) divided by nominal GDP.

2. Includes change in liabilities not shown in home mortgages and consumer credit.

3. Average debt levels in the period (computed as the average of period-end debt positions) divided by disposable personal income.

4. For corporations, excess of capital expenditures over U.S. internal funds.

5. NIPA state and local government saving plus consumption of fixed capital and net capital transfers.

n.s.a. Not seasonally adjusted.

2.6.4 FOF

International Developments

Data from the foreign economies indicate that economic activity has been far weaker than we had projected in the January Greenbook. We now estimate that foreign real GDP contracted 7¼ percent at an annual rate in the fourth quarter, which is more than 5 percentage points greater than any decline we have seen in the past 40 years. Moreover, there are few indications that a recovery is imminent. We project that foreign output will fall an additional 4¾ percent at an annual rate in the first half of this year before stabilizing in the second half. The beginning of a recovery late this year is predicated on financial markets improving, the U.S. economy beginning to stabilize, fiscal stimulus abroad, and monetary policy—both conventional and unconventional—continuing to ease in many countries. With many economic indicators currently in free fall, however, this outlook is very uncertain.

Summary of Staff Projections

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

Indicator	2008		Projection				
	H1	Q3	2008: Q4	2009			2010
				Q1	Q2	H2	
Foreign output	1.7	.5	-7.2	-6.7	-2.9	.3	2.3
Previous Greenbook	1.8	.7	-3.7	-2.7	-.7	1.5	2.8
Foreign consumer prices	5.0	4.3	-.7	-1.5	1.1	1.5	1.5
Previous Greenbook	5.1	4.5	-1.1	-.8	1.3	1.7	2.0
Contribution to growth (percentage points)							
U.S. net exports	1.8	1.1	-.6	.1	.0	-.7	-.4
Previous Greenbook	1.8	1.1	-.1	1.2	-.1	-.8	-.5

Note: Change for year measured as Q4/Q4; half-years are Q2/Q4 or Q4/Q2.

Falling commodity prices and the global economic contraction have put considerable downward pressure on consumer prices. We estimate that foreign consumer prices dropped ¾ percent at an annual rate in the fourth quarter and project that prices will continue to fall, at about a 1½ percent pace, in the first. With commodity prices bottoming out, we project that consumer prices then will begin to rise and that inflation will average about 1½ percent in 2010, down from the January Greenbook, reflecting greater slack in the foreign economies. Our projection of oil prices is lower than in the

fourth quarter of 2008. The decline in core import prices reflects both the recent appreciation of the dollar as well as the lagged effect of previous declines in commodity prices. Core import prices are projected to continue falling at a modest pace through the end of this year, but thereafter they start to rise slowly, as commodity prices edge up and the dollar depreciates. Compared with the January Greenbook, our projection for import prices is lower in the near term, reflecting the recent upward move of the dollar.

Staff Projections of Selected Trade Prices

(Percent change from end of previous period, annual rate, excepted as noted)

Trade category	2008		Projection				
	H1	Q3	2008: Q4	2009			2010
				Q1	Q2	H2	
<i>Imports</i>							
Core goods	9.5	4.6	-8.3	-10.0	-4.7	-.8	1.1
Previous Greenbook	9.5	4.6	-9.0	-9.4	-3.0	-.1	1.3
Oil (dollars per barrel)	108.65	117.49	68.74	41.46	43.09	44.79	50.51
Previous Greenbook	108.65	117.49	68.52	45.55	44.56	48.60	54.82
<i>Exports</i>							
Core goods	13.0	6.6	-25.6	-10.9	-5.2	-.3	1.2
Previous Greenbook	13.0	6.6	-19.0	-12.9	-2.9	.5	1.1

Note: Prices for core exports exclude computers and semiconductors. Prices for core imports exclude computers, semiconductors, oil, and natural gas. Both prices are on a national income and product account chain-weighted basis.

The price of imported oil for multi-quarter periods is the price for the final quarter of the period. Imported oil includes both crude oil and refined products.

In the fourth quarter, core export prices showed their largest one-quarter decline in more than 40 years, falling at an annual rate of 26 percent. Small price increases for finished goods were vastly outweighed by large declines in prices for agricultural products and industrial supplies, which reflected the collapse of nonfuel commodity prices. We expect the lagged effect of previous declines in commodity prices to pull down core export prices through the first three quarters of 2009, but core export prices should flatten out late in the year and resume modest growth in 2010.

Trade in Goods and Services

Real exports of goods and services declined at an annual rate of 23½ percent in the fourth quarter, about 3¾ percentage points steeper than projected in the January Greenbook. The downward revision was primarily the result of substantially weaker-than-expected

data for December, reflecting sharp declines in most categories of exports, which more than offset a rebound in exports of aircraft following the end of production disruptions at Boeing. In the current quarter, we expect exports to again plunge 24 percent. This is more than 18 percentage points larger than we had projected in the January Greenbook, reflecting weaker foreign activity and a higher dollar, as well as our response to the December data. This steep fall-off in exports in part reflects the high responsiveness of trade, particularly in durable goods, to the business cycle. We expect real exports to continue declining through the rest of 2009, although at a slower pace, before edging up in 2010, in line with the recovery in foreign GDP growth. Relative to the January Greenbook, our projection for export growth in the last three quarters of 2009 and for 2010 is, on average, about 1¾ percentage points lower, reflecting both the sizable markdown in foreign growth and the stronger dollar.

**Staff Projections for
Trade in Goods and Services**
(Percent change from end of previous period, annual rate)

Measure	2008		Projection				
	H1	Q3	2008: Q4	2009			2010
				Q1	Q2	H2	
Real imports	-4.1	-3.5	-16.0	-19.7	-4.7	3.2	3.8
Previous Greenbook	-4.1	-3.5	-15.4	-11.7	-1.9	5.8	5.4
Real exports	8.6	3.0	-23.6	-23.6	-5.6	-2.3	1.0
Previous Greenbook	8.6	3.0	-19.9	-5.1	-2.7	-.1	2.4

Note: Changes for years are measured as Q4/Q4; half-years are measured as Q2/Q4 or Q4/Q2.

Real imports of goods and services decreased at an annual rate of 16 percent in the fourth quarter, in line with our projection in the January Greenbook. For the current quarter, we expect imports to decline 20 percent, as U.S. demand continues to weaken and imports of automotive products reflect cutbacks in motor vehicle production schedules in Canada and Mexico. As with exports, the recent sharp decline in imports in part reflects the strong cyclicity of trade flows. The decline in imports is projected to moderate to a 5 percent pace in the second quarter. Import growth should turn positive towards the end of the year and average roughly 3¾ percent in 2010. The pickup in imports reflects the lagged effect of recent dollar appreciation as well as the projected stabilization and eventual recovery of the U.S. economy. Compared with the January Greenbook, we have lowered our import growth forecast for the first quarter 8 percentage points, a little less

policy rate could be lowered in response to weaker foreign demand, inducing a decline in real interest rates that would stimulate domestic demand and reduce the appreciation of the dollar. With the negative effect on U.S. GDP arising from the net export channel smaller and largely offset by stronger U.S. domestic demand, U.S. GDP would fall only about a quarter as much in the first couple of years as reported in our current simulation. Thus, the zero bound constraint induces a much larger fall in U.S. GDP because the contraction in net exports is reinforced, rather than offset, by the change in domestic demand.

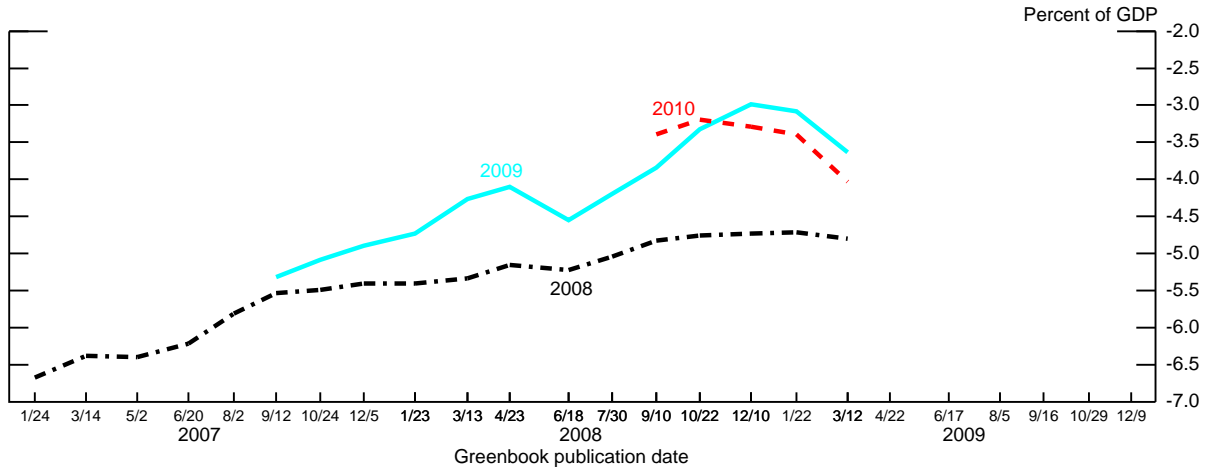
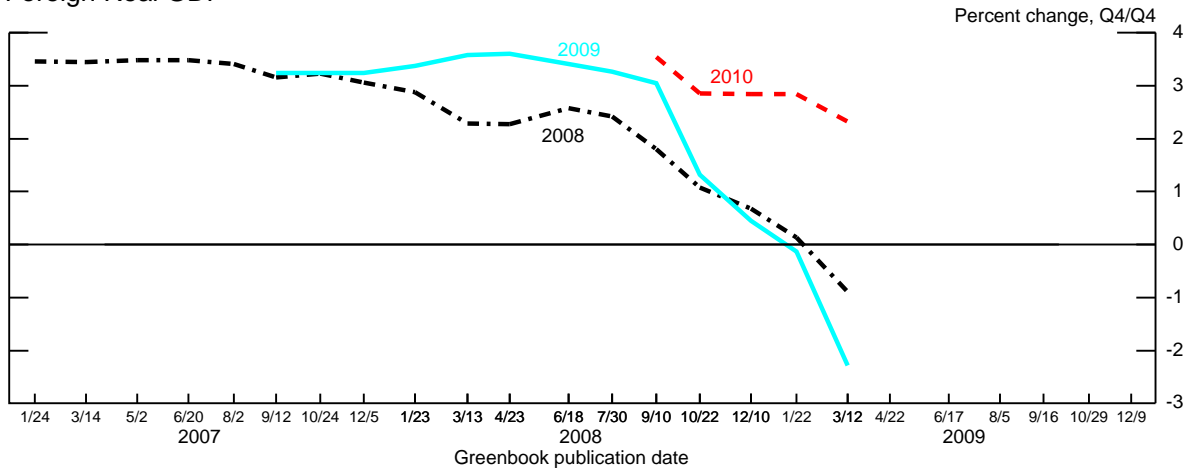
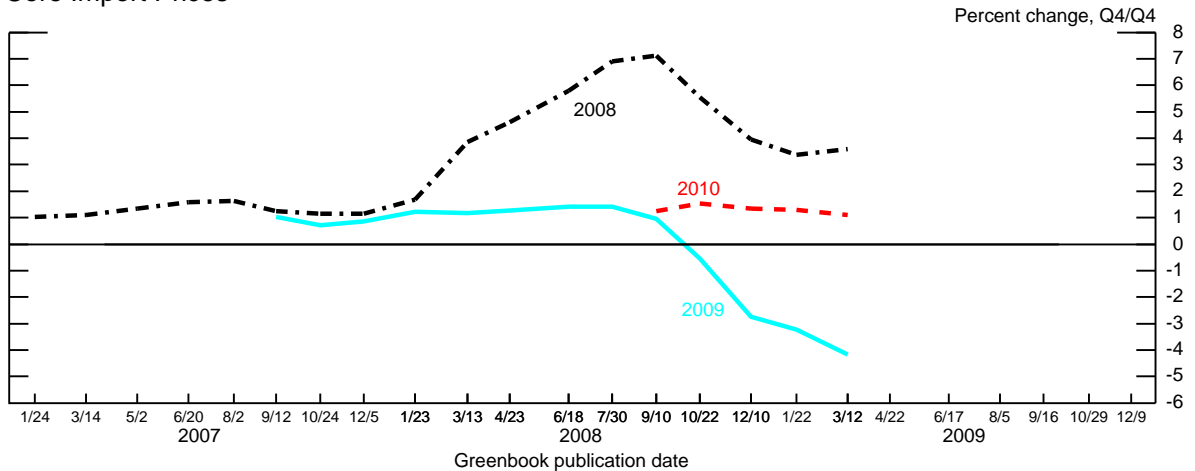
**Alternative Scenario:
Lower Foreign Demand**

(Percent change from previous period, annual rate, except as noted)

Indicator and simulation	2009		2010		2011	2012-13
	H1	H2	H1	H2		
<i>U.S. real GDP</i>						
Baseline	-4.2	-.3	1.1	2.0	3.9	5.3
Lower Foreign Demand	-4.3	-1.0	-.1	.7	3.1	5.4
<i>U.S. PCE prices excluding food and energy</i>						
Baseline	1.2	.8	.5	.4	.5	.7
Lower Foreign Demand	1.1	.5	.1	-.1	.1	.6
<i>U.S. federal funds rate (percent)</i>						
Baseline	.1	.1	.1	.1	.1	.1
Lower Foreign Demand	.1	.1	.1	.1	.1	.1
<i>U.S. trade balance (percent share of GDP)</i>						
Baseline	-3.0	-3.2	-3.5	-3.7	-3.8	-4.1
Lower Foreign Demand	-3.1	-3.4	-3.8	-4.1	-4.1	-4.1

NOTE: H1 is Q2/Q4; H2 is Q4/Q2. The federal funds rate is the average rate for the final quarter of the period.

Class II FOMC -- Restricted (FR)

Evolution of the Staff Forecast**Current Account Balance****Foreign Real GDP****Core Import Prices***

*Prices for merchandise imports excluding computers, semiconductors, oil, and natural gas.

OUTLOOK FOR FOREIGN REAL GDP AND CONSUMER PRICES: SELECTED COUNTRIES
(Percent changes)

Measure and country	2008				2009				Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
REAL GDP (1)	Quarterly changes at an annual rate											
Total Foreign	2.3	1.2	0.5	-7.2	-6.7	-2.9	-0.2	0.8	1.5	2.2	2.7	2.9
Advanced Foreign Economies	0.8	-0.5	-0.3	-5.3	-7.0	-3.8	-0.8	0.2	0.7	1.4	1.7	1.8
of which:												
Canada	-0.9	0.6	0.9	-3.4	-6.1	-4.1	-0.5	0.1	0.5	1.5	1.8	2.0
Japan	1.4	-4.5	-1.4	-12.1	-15.9	-4.4	-1.8	-0.1	0.6	0.9	1.1	1.1
United Kingdom	1.6	-0.1	-2.8	-6.0	-4.8	-2.9	-1.2	1.1	0.7	1.2	2.0	2.3
Euro Area (2)	2.8	-1.0	-1.0	-5.7	-6.0	-4.1	-1.0	0.0	1.0	1.3	1.6	1.6
Germany	6.2	-2.0	-2.1	-8.2	-6.5	-4.3	-1.1	-0.2	0.9	1.2	1.3	1.5
Emerging Market Economies	4.2	3.4	1.6	-9.7	-6.3	-1.6	0.5	1.7	2.5	3.4	3.9	4.3
Asia	6.8	3.8	0.9	-11.0	-4.3	-0.4	2.1	3.0	4.1	4.8	5.2	5.6
Korea	3.3	3.4	2.1	-20.8	-7.0	-4.7	1.2	2.1	3.1	3.6	3.7	3.8
China	10.3	10.9	5.3	1.6	2.2	4.8	5.8	6.8	7.6	8.2	8.4	8.9
Latin America	1.5	2.9	2.3	-9.2	-8.9	-3.2	-1.3	0.1	0.7	1.8	2.5	2.9
Mexico	1.2	1.3	1.6	-10.3	-10.8	-3.7	-1.7	-0.1	0.4	1.8	2.7	3.2
Brazil	6.7	6.5	6.9	-13.6	-4.0	-2.0	0.0	1.0	2.0	2.0	2.0	2.0
CONSUMER PRICES (3)	Four-quarter changes											
Total Foreign	4.1	4.7	4.8	3.3	1.7	0.7	0.1	0.6	1.4	1.5	1.6	1.5
Advanced Foreign Economies	2.3	2.7	3.4	2.0	0.7	0.0	-0.7	0.1	1.0	0.9	0.9	0.9
of which:												
Canada	1.9	2.3	3.4	1.9	0.5	-0.2	-1.0	0.1	1.3	1.3	1.2	1.2
Japan	1.0	1.4	2.2	1.0	-0.2	-1.1	-2.0	-1.5	-0.7	-0.4	-0.4	-0.5
United Kingdom (4)	2.4	3.4	4.8	3.9	2.8	1.6	0.2	0.5	1.5	1.6	1.7	1.6
Euro Area (2)	3.4	3.6	3.8	2.3	1.1	0.7	0.3	0.8	1.4	1.1	1.2	1.2
Germany	3.1	3.0	3.3	1.7	0.5	0.4	-0.1	0.5	1.1	1.1	1.1	1.1
Emerging Market Economies	6.0	6.6	6.1	4.6	2.7	1.4	0.8	1.2	1.9	2.1	2.2	2.1
Asia	6.6	7.0	6.0	3.7	1.0	-0.4	-0.9	0.1	1.2	1.6	1.7	1.7
Korea	3.8	4.8	5.5	4.5	3.9	2.3	1.4	1.4	1.5	1.6	1.6	1.6
China	8.1	7.7	5.1	2.7	-0.7	-1.7	-1.5	-0.7	0.7	1.2	1.2	1.2
Latin America	4.5	5.5	6.1	6.6	6.3	5.3	4.4	3.5	3.3	3.2	3.2	3.1
Mexico	3.9	4.9	5.5	6.2	6.1	5.1	4.1	3.2	2.8	2.7	2.7	2.7
Brazil	4.6	5.5	6.3	6.2	5.8	4.9	4.1	3.9	3.7	3.7	3.7	3.7

1. Foreign GDP aggregates calculated using shares of U.S. exports.
2. Harmonized data for euro area from Eurostat.
3. Foreign CPI aggregates calculated using shares of U.S. non-oil imports.
4. CPI excluding mortgage interest payments, which is the targeted inflation rate.

Class II FOMC
Restricted (FR) March 12, 2009

OUTLOOK FOR FOREIGN REAL GDP AND CONSUMER PRICES: SELECTED COUNTRIES
(Percent, Q4 to Q4)

Measure and country	2002	2003	2004	2005	2006	2007	2008	2009	2010
REAL GDP (1)									

Total Foreign	3.1	2.9	3.8	4.0	4.1	4.2	-0.9	-2.3	2.3
Advanced Foreign Economies	2.5	1.8	2.6	2.7	2.7	2.6	-1.4	-2.9	1.4
of which:									
Canada	3.5	1.5	3.7	3.0	2.2	2.8	-0.7	-2.7	1.4
Japan	2.1	2.4	1.1	2.9	2.2	2.1	-4.3	-5.8	0.9
United Kingdom	2.4	3.2	2.3	2.0	3.2	3.0	-1.9	-2.0	1.6
Euro Area (2)	1.1	1.2	1.8	2.1	3.4	2.1	-1.3	-2.8	1.4
Germany	0.0	0.2	0.2	1.6	4.1	1.7	-1.6	-3.1	1.2
Emerging Market Economies	3.9	4.6	5.5	5.9	5.9	6.3	-0.3	-1.5	3.5
Asia	6.4	7.0	6.0	7.7	7.1	8.1	-0.1	0.1	4.9
Korea	7.7	4.1	2.9	5.6	4.2	5.9	-3.6	-2.2	3.5
China	8.6	10.3	9.9	10.3	10.8	12.3	6.9	4.9	8.3
Latin America	1.6	2.0	5.0	4.1	4.7	4.5	-0.8	-3.4	2.0
Mexico	2.0	1.5	4.5	3.6	4.0	3.7	-1.7	-4.2	2.0
Brazil	4.9	1.0	4.7	3.7	4.6	6.1	1.2	-1.3	2.0
CONSUMER PRICES (3)									

Total Foreign	2.5	2.1	2.8	2.3	2.1	3.6	3.3	0.6	1.5
Advanced Foreign Economies	2.1	1.3	1.8	1.6	1.4	2.2	2.0	0.1	0.9
of which:									
Canada	3.8	1.7	2.3	2.3	1.4	2.5	1.9	0.1	1.2
Japan	-0.5	-0.3	0.5	-1.0	0.3	0.5	1.0	-1.5	-0.5
United Kingdom (4)	1.5	1.3	1.4	2.1	2.7	2.1	3.9	0.5	1.6
Euro Area (2)	2.3	2.0	2.3	2.3	1.8	2.9	2.3	0.8	1.2
Germany	1.2	1.1	2.1	2.2	1.3	3.1	1.7	0.5	1.1
Emerging Market Economies	2.9	3.1	3.9	3.0	2.9	5.1	4.6	1.2	2.1
Asia	0.8	2.3	3.2	2.6	2.4	5.4	3.7	0.1	1.7
Korea	3.3	3.5	3.4	2.5	2.1	3.4	4.5	1.4	1.6
China	-0.6	2.7	3.3	1.4	2.1	6.7	2.7	-0.7	1.2
Latin America	6.4	4.9	5.6	3.7	4.1	4.3	6.6	3.5	3.1
Mexico	5.2	3.9	5.3	3.1	4.1	3.8	6.2	3.2	2.7
Brazil	10.7	11.5	7.2	6.1	3.2	4.3	6.2	3.9	3.7

1. Foreign GDP aggregates calculated using shares of U.S. exports.
2. Harmonized data for euro area from Eurostat.
3. Foreign CPI aggregates calculated using shares of U.S. non-oil imports.
4. CPI excluding mortgage interest payments, which is the targeted inflation rate.

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2002	2003	2004	2005	2006	2007	----- 2008	Projected 2009	----- 2010
NIPA REAL EXPORTS and IMPORTS									
	Percentage point contribution to GDP growth, Q4/Q4								
Net Goods & Services	-0.9	-0.1	-0.9	-0.1	0.4	0.8	1.0	-0.3	-0.4
Exports of G&S	0.4	0.6	0.7	0.7	1.1	1.0	-0.2	-1.1	0.1
Imports of G&S	-1.3	-0.7	-1.7	-0.8	-0.6	-0.2	1.2	0.8	-0.5
	Percentage change, Q4/Q4								
Exports of G&S	3.8	5.8	7.4	7.0	10.1	8.9	-1.8	-8.9	1.0
Services	10.2	3.0	8.3	4.0	11.5	9.3	3.7	-8.0	1.6
Computers	-1.1	11.3	5.8	14.2	8.1	0.9	-2.2	-3.3	9.5
Semiconductors	10.1	38.3	-6.0	17.6	2.9	29.3	-14.0	-15.8	11.1
Core Goods 1/	0.6	4.9	8.0	7.4	10.0	8.2	-4.0	-9.3	-0.0
Imports of G&S	9.7	4.8	11.5	4.8	3.8	1.1	-7.1	-5.0	3.8
Services	8.8	2.2	9.3	-0.1	8.0	1.8	0.7	-0.6	1.8
Oil	3.8	1.2	10.8	1.0	-9.2	0.6	-1.1	-12.6	1.1
Natural Gas	19.5	1.3	4.9	13.7	-12.6	12.1	-27.3	12.8	6.0
Computers	13.2	17.0	23.2	12.5	13.8	8.4	-11.5	-9.3	15.5
Semiconductors	11.0	-0.1	9.8	7.5	-0.3	3.8	-10.1	-12.4	5.0
Core Goods 2/	10.0	5.2	11.4	5.9	5.7	0.1	-9.7	-5.1	4.2
	Billions of Chained 2000 Dollars								
Net Goods & Services	-471.3	-518.9	-593.8	-616.6	-615.7	-546.5	-392.3	-383.3	-445.0
Exports of G&S	1013.3	1026.1	1126.1	1205.3	1314.8	1425.9	1514.0	1339.0	1330.3
Imports of G&S	1484.6	1545.0	1719.9	1821.9	1930.5	1972.4	1906.3	1722.3	1775.3
	Billions of dollars								
US CURRENT ACCOUNT BALANCE	-461.3	-523.4	-625.0	-729.0	-788.1	-731.2	-684.2	-511.1	-574.9
Current Acct as Percent of GDP	-4.4	-4.8	-5.3	-5.9	-6.0	-5.3	-4.8	-3.6	-4.0
Net Goods & Services (BOP)	-423.7	-496.9	-607.7	-711.6	-753.3	-700.3	-677.1	-430.0	-515.3
Investment Income, Net	33.0	51.0	73.4	78.8	63.8	88.8	117.2	44.4	64.0
Direct, Net	102.4	112.7	150.9	173.2	184.1	233.9	249.5	157.5	182.5
Portfolio, Net	-69.4	-61.7	-77.5	-94.4	-120.3	-145.1	-132.3	-113.1	-118.5
Other Income & Transfers, Net	-70.5	-77.5	-90.6	-96.2	-98.6	-119.7	-124.3	-125.5	-123.6

1. Merchandise exports excluding computers and semiconductors.

2. Merchandise imports excluding oil, natural gas, computers, and semiconductors.

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NIPA REAL EXPORTS and IMPORTS												
	Percentage point contribution to GDP growth											
Net Goods & Services	0.3	0.8	-0.1	-1.3	0.1	0.6	-0.1	1.3	-1.2	1.7	2.0	0.9
Exports of G&S	0.8	0.9	0.0	1.1	1.7	0.6	0.4	1.7	0.1	1.0	2.5	0.5
Imports of G&S	-0.5	-0.1	-0.1	-2.4	-1.6	0.0	-0.5	-0.3	-1.2	0.7	-0.5	0.4
	Percentage change from previous period, s.a.a.r.											
Exports of G&S	8.1	8.8	0.4	10.9	16.7	5.5	3.5	15.6	0.6	8.8	23.0	4.4
Services	10.2	-2.8	3.2	5.7	13.4	2.7	3.2	28.6	-2.7	13.3	25.9	2.7
Computers	16.8	27.9	8.3	5.2	12.0	17.5	-7.9	12.7	3.9	-4.0	14.4	-9.2
Semiconductors	-5.2	11.7	30.7	38.0	20.3	16.1	-5.6	-15.0	15.9	23.7	20.5	61.7
Core Goods 1/	7.3	13.8	-2.9	12.4	18.3	5.6	4.8	11.8	1.3	6.6	22.1	3.7
Imports of G&S	3.2	0.6	0.8	15.3	10.3	0.1	3.1	2.0	7.7	-3.7	3.0	-2.3
Services	-5.7	-0.0	-1.0	6.8	17.7	-2.0	-0.3	18.4	4.2	-2.0	6.3	-0.9
Oil	5.1	-27.1	-11.6	53.6	-2.8	-27.1	7.5	-10.6	30.9	-22.3	-13.5	16.5
Natural Gas	58.6	-14.1	111.1	-41.9	-50.7	91.9	26.6	-51.2	74.2	74.2	28.2	-58.6
Computers	3.2	11.6	20.4	15.4	20.7	21.1	19.7	-4.3	34.9	-6.5	-0.2	9.7
Semiconductors	-9.2	7.7	14.0	20.0	0.2	-0.5	17.7	-15.8	1.2	6.7	1.0	6.4
Core Goods 2/	4.8	6.1	0.3	12.7	13.7	4.9	1.2	3.2	2.2	-1.1	5.8	-6.0
	Billions of Chained 2000 Dollars, s.a.a.r.											
Net Goods & Services	-623.7	-601.3	-603.6	-637.8	-636.0	-619.4	-623.0	-584.2	-618.6	-571.2	-511.8	-484.5
Exports of G&S	1177.9	1203.1	1204.3	1235.7	1284.3	1301.4	1312.6	1361.1	1363.2	1392.2	1466.2	1482.1
Imports of G&S	1801.7	1804.4	1807.9	1873.6	1920.2	1920.9	1935.7	1945.3	1981.8	1963.4	1978.0	1966.5
	Billions of dollars, s.a.a.r.											
US CURRENT ACCOUNT BALANCE	-696.2	-711.3	-675.6	-832.9	-783.8	-799.6	-843.6	-725.4	-787.7	-776.4	-691.8	-669.0
Current Account as % of GDP	-5.7	-5.8	-5.4	-6.6	-6.0	-6.1	-6.4	-5.4	-5.8	-5.7	-5.0	-4.8
Net Goods & Services (BOP)	-664.0	-682.9	-721.4	-778.0	-756.4	-767.4	-789.9	-699.5	-718.2	-715.3	-672.5	-695.1
Investment Income, Net	88.6	77.8	88.7	59.9	65.2	70.7	51.7	67.7	57.8	45.8	98.9	152.6
Direct, Net	170.2	168.5	187.8	166.3	177.2	189.2	171.9	198.2	201.1	196.2	238.8	299.3
Portfolio, Net	-81.6	-90.7	-99.0	-106.5	-112.0	-118.5	-120.3	-130.5	-143.2	-150.4	-139.9	-146.7
Other Inc. & Transfers, Net	-120.9	-106.2	-42.9	-114.8	-92.6	-103.0	-105.4	-93.6	-127.4	-106.9	-118.3	-126.4

1. Merchandise exports excluding computers and semiconductors.

2. Merchandise imports excluding oil, natural gas, computers, and semiconductors.

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2008				2009				Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NIPA REAL EXPORTS and IMPORTS												
Percentage point contribution to GDP growth												
Net Goods & Services	0.8	2.9	1.1	-0.6	0.1	0.0	-0.5	-0.9	-0.9	0.0	-0.2	-0.7
Exports of G&S	0.6	1.5	0.4	-3.5	-3.2	-0.6	-0.4	-0.1	0.0	0.1	0.2	0.2
Imports of G&S	0.1	1.4	0.7	3.0	3.3	0.7	-0.1	-0.7	-0.8	0.0	-0.4	-0.9
Percentage change from previous period, s.a.a.r.												
Exports of G&S	5.1	12.3	3.0	-23.6	-23.6	-5.6	-3.2	-1.3	-0.3	0.6	1.5	2.1
Services	6.4	3.8	1.4	3.5	-14.5	-9.2	-5.1	-2.6	-0.8	1.0	2.6	3.7
Computers	0.4	57.4	5.4	-45.1	-13.2	-3.9	0.0	4.7	9.5	9.5	9.5	9.5
Semiconductors	4.6	-6.8	21.3	-53.7	-50.4	-4.0	-0.0	5.4	11.1	11.1	11.1	11.1
Core Goods 1/	4.7	16.1	2.9	-32.2	-27.3	-3.6	-2.4	-1.0	-0.7	-0.2	0.2	0.7
Imports of G&S	-0.8	-7.3	-3.5	-16.0	-19.7	-4.7	1.0	5.5	6.0	0.2	2.5	6.6
Services	5.5	-8.0	3.3	2.7	-5.9	1.6	1.8	0.3	4.8	-2.5	2.2	2.6
Oil	17.6	-38.1	-6.6	40.7	-15.2	-41.4	-14.3	37.3	17.7	-24.7	-14.7	38.3
Natural Gas	-40.5	3.7	-38.0	-27.2	0.7	37.3	65.6	-29.2	31.5	20.5	17.5	-32.3
Computers	6.3	26.0	-13.1	-47.3	-34.4	-3.9	-0.0	7.5	15.5	15.5	15.5	15.5
Semiconductors	-3.3	14.4	-4.5	-38.2	-40.2	-4.0	-0.0	2.5	5.0	5.0	5.0	5.0
Core Goods 2/	-6.4	2.4	-2.5	-29.0	-23.3	-0.3	2.4	3.7	3.9	4.3	4.3	4.1
Billions of Chained 2000 Dollars, s.a.a.r.												
Net Goods & Services	-462.0	-381.3	-353.0	-372.8	-369.7	-368.7	-383.8	-411.1	-437.6	-436.4	-442.2	-463.8
Exports of G&S	1500.6	1544.7	1556.1	1454.8	1360.2	1340.7	1329.7	1325.4	1324.5	1326.6	1331.6	1338.6
Imports of G&S	1962.6	1926.0	1909.1	1827.6	1729.9	1709.4	1713.5	1736.5	1762.1	1763.0	1773.7	1802.4
Billions of dollars, s.a.a.r.												
US CURRENT ACCOUNT BALANCE	-708.8	-730.0	-702.6	-595.3	-508.5	-495.1	-507.1	-533.9	-564.9	-561.4	-570.3	-602.9
Current Account as % of GDP	-5.0	-5.1	-4.9	-4.2	-3.6	-3.5	-3.6	-3.8	-4.0	-4.0	-4.0	-4.2
Net Goods & Services (BOP)	-714.6	-726.5	-712.3	-554.9	-416.6	-413.1	-428.0	-462.4	-499.9	-502.4	-513.9	-544.9
Investment Income, Net	140.0	119.8	130.5	78.5	41.7	40.8	43.8	51.4	57.9	63.8	66.5	67.9
Direct, Net	281.0	259.5	261.2	196.5	159.0	153.2	154.1	163.6	172.1	179.6	186.3	192.3
Portfolio, Net	-141.0	-139.7	-130.7	-118.0	-117.2	-112.4	-110.4	-112.2	-114.2	-115.8	-119.8	-124.4
Other Inc. & Transfers, Net	-134.2	-123.2	-120.8	-118.9	-133.6	-122.8	-122.8	-122.8	-122.8	-122.8	-122.8	-125.8

1. Merchandise exports excluding computers and semiconductors.

2. Merchandise imports excluding oil, natural gas, computers, and semiconductors.

Part 2

March 12, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Recent Developments

March 12, 2009

Recent Developments

Domestic Nonfinancial Developments

Changes in Employment

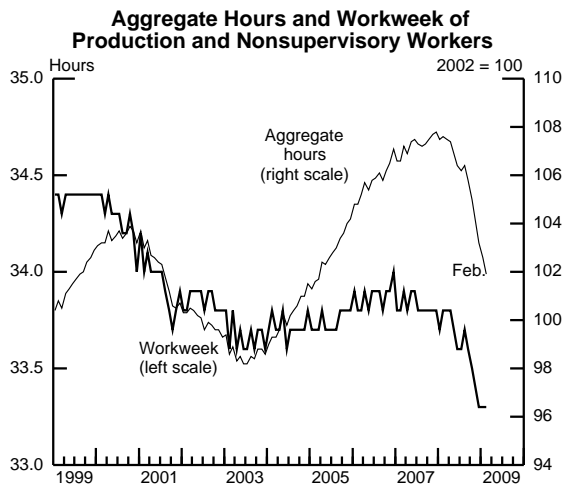
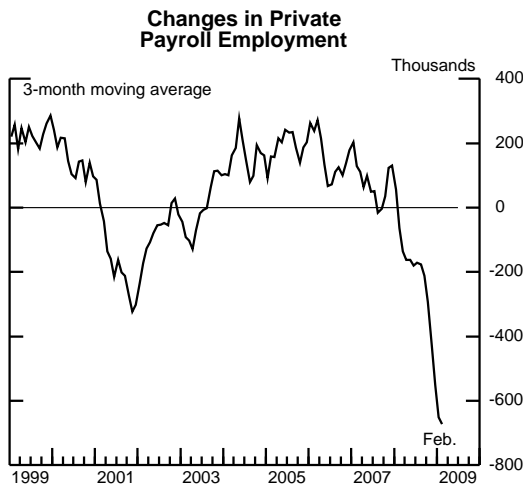
(Thousands of employees; seasonally adjusted)

Measure and sector	2008	2008				2009	
		Q2	Q3	Q4	Dec.	Jan.	Feb.
		Average monthly change				Monthly change	
Nonfarm payroll employment (establishment survey)	-257	-153	-208	-553	-681	-655	-651
Private	-270	-180	-212	-552	-670	-686	-660
Natural resources and mining	4	5	8	-2	-4	-4	-4
Manufacturing	-73	-46	-61	-140	-180	-257	-168
Ex. motor vehicles	-58	-38	-43	-121	-152	-188	-167
Construction	-57	-56	-34	-97	-98	-118	-104
Residential	-35	-32	-21	-51	-50	-57	-51
Nonresidential	-22	-25	-12	-45	-48	-61	-53
Wholesale trade	-16	-10	-12	-32	-40	-31	-37
Retail trade	-44	-34	-42	-80	-88	-39	-40
Financial activities	-19	-14	-16	-35	-33	-52	-44
Temporary help services	-44	-34	-40	-70	-73	-80	-78
Nonbusiness services ¹	19	35	16	-19	-36	2	-21
Total government	14	27	4	-1	-11	31	9
Total employment (household survey)	-246	-95	-236	-564	-806	-1239	-351
Memo:							
Aggregate hours of private production workers (percent change) ²	-3.3	-2.3	-2.8	-7.4	-9	-6	-7
Average workweek (hours) ³	33.6	33.7	33.6	33.4	33.3	33.3	33.3
Manufacturing (hours)	40.8	40.9	40.8	40.2	39.9	39.8	39.6

1. Nonbusiness services comprises education and health, leisure and hospitality, and "other."

2. Establishment survey. Annual data are percent changes from Q4 to Q4. Quarterly data are percent changes from preceding quarter at an annual rate. Monthly data are percent changes from preceding month.

3. Establishment survey.



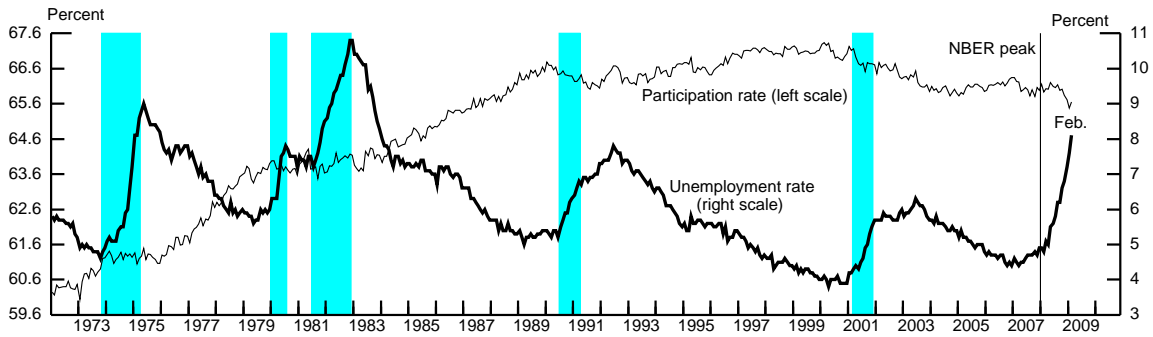
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Selected Unemployment and Labor Force Participation Rates

(Percent; seasonally adjusted)

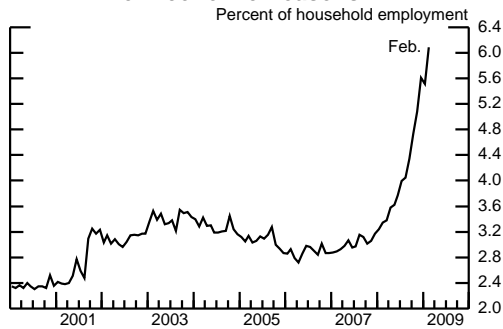
Rate and group	2008	2008				2009	
		Q2	Q3	Q4	Dec.	Jan.	Feb.
<i>Civilian unemployment rate</i>							
Total	5.8	5.4	6.0	6.9	7.2	7.6	8.1
Teenagers	18.7	17.7	19.7	20.7	20.8	20.8	21.6
20-24 years old	10.2	9.8	10.6	11.3	12.1	12.1	12.9
Men, 25 years and older	4.8	4.2	5.1	6.0	6.4	6.9	7.5
Women, 25 years and older	4.4	4.1	4.5	5.2	5.4	5.8	6.2
<i>Labor force participation rate</i>							
Total	66.0	66.1	66.1	65.9	65.7	65.5	65.6
Teenagers	40.2	41.3	40.3	38.7	38.3	38.3	38.7
20-24 years old	74.4	74.6	74.8	74.1	74.3	72.8	74.0
Men, 25 years and older	75.4	75.3	75.6	75.2	74.9	74.7	74.7
Women, 25 years and older	60.0	60.0	60.0	60.1	60.1	60.1	60.0

Labor Force Participation Rate and Unemployment Rate

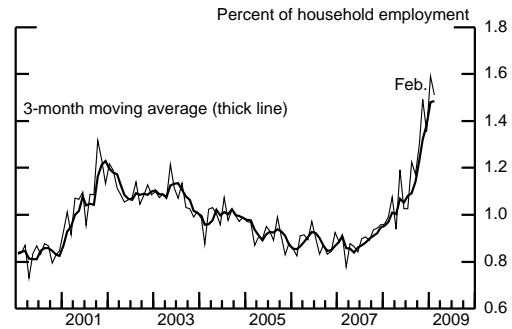


Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.

Persons Working Part Time for Economic Reasons



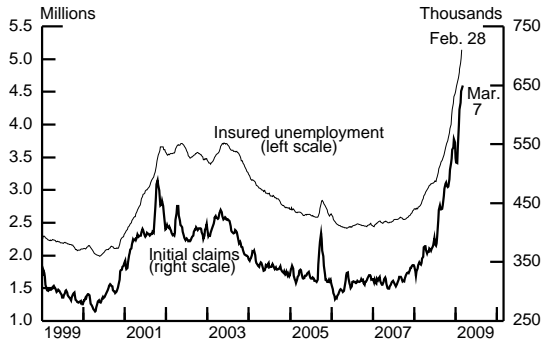
Job Losers Unemployed Less Than 5 Weeks



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

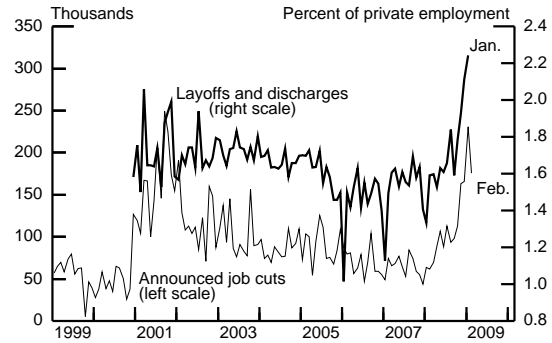
Labor Market Indicators

Unemployment Insurance



Note: 4-week moving averages.
Source: U.S. Dept. of Labor, Employment and Training Administration.

Layoffs and Job Cuts



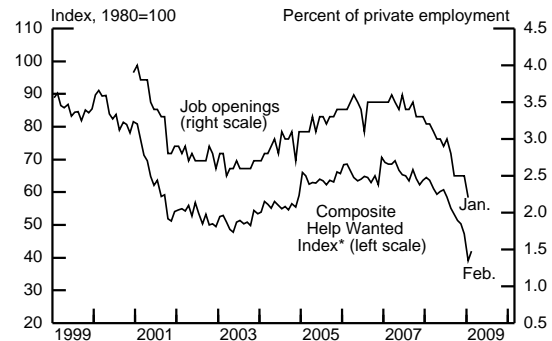
Note: Both series are seasonally adjusted by FRB staff.
Source: For layoffs and discharges, Job Openings and Labor Turnover Survey; for job cuts, Challenger, Gray, and Christmas, Inc.

Hiring



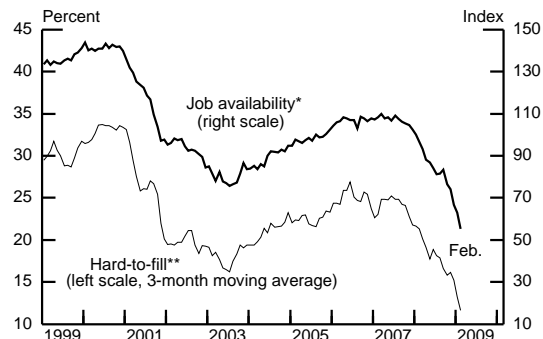
Note: NFIB is the percent planning an increase in employment minus the percent planning a reduction.
Source: National Federation of Independent Business (NFIB); Job Openings and Labor Turnover Survey (JOLTS).

Job Openings



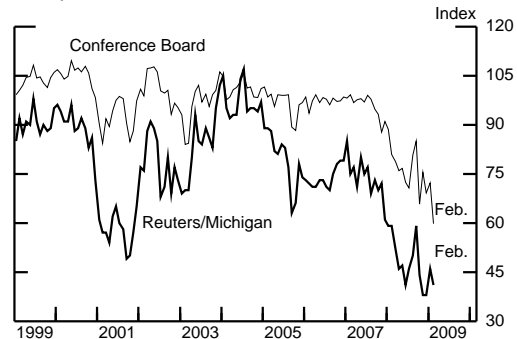
*Index of staff composite help wanted advertising as a percent of private payroll employment.
Source: For job openings, Job Openings and Labor Turnover Survey; for Help Wanted Index, Conference Board and staff calculations.

Job Availability and Hard-to-Fill Positions



*Proportion of households believing jobs are plentiful, minus the proportion believing jobs are hard to get, plus 100.
**Percent of small businesses surveyed with at least one "hard-to-fill" job opening. Seasonally adjusted by FRB staff.
Source: For job availability, Conference Board; for hard-to-fill, National Federation of Independent Business.

Expected Labor Market Conditions



Note: The proportion of households expecting labor market conditions to improve, minus the proportion expecting conditions to worsen, plus 100.
Source: Conference Board; Reuters/University of Michigan Surveys of Consumers.

Selected Components of Industrial Production
(Percent change from preceding comparable period)

Component	Proportion 2008 (percent)	2008 ¹	2008		2008		2009
			Q3	Q4	Nov.	Dec.	Jan.
			Annual rate		Monthly rate		
Total	100.0	-6.1	-8.9	-12.1	-1.2	-2.4	-1.8
Previous	100.0	-6.0	-8.9	-11.5	-1.3	-2.0	...
Manufacturing	77.4	-8.0	-8.7	-17.4	-2.2	-2.9	-2.5
Ex. motor veh. and parts	73.1	-7.0	-8.7	-16.1	-2.2	-2.6	-1.4
Ex. high-tech industries	69.1	-7.4	-9.1	-14.9	-2.0	-2.4	-1.4
Mining	12.9	1.0	-7.9	6.9	2.5	-1.0	-1.3
Utilities	9.7	.2	-11.6	10.3	2.0	-.2	2.7
<i>Selected industries</i>							
Energy	27.2	1.1	-11.6	12.2	1.5	-.3	.4
High technology	4.0	-2.1	-2.3	-33.6	-6.1	-6.2	-3.2
Computers	.9	-11.2	-22.3	-42.0	-5.2	-6.1	-3.6
Communications equipment	1.3	4.6	-9.1	-2.0	.1	-1.2	1.5
Semiconductors ²	1.8	-2.6	14.0	-46.5	-10.8	-10.1	-7.1
Motor vehicles and parts	4.3	-22.9	-7.8	-37.3	-2.2	-8.1	-23.4
Aircraft and parts	2.2	-13.3	-26.9	-24.5	16.0	20.5	-3.1
<i>Total ex. selected industries</i>	62.2	-7.8	-7.5	-17.3	-2.4	-3.4	-1.4
Consumer goods	19.5	-3.9	-4.0	-8.1	-.9	-2.1	-.7
Durables	3.3	-15.2	-12.4	-28.6	-4.0	-3.5	-2.4
Nondurables	16.2	-1.4	-2.2	-3.4	-.3	-1.8	-.4
Business equipment	6.3	-5.4	-1.1	-15.2	-1.3	-1.8	-2.3
Defense and space equipment	1.2	-3.1	-7.1	-3.1	-.8	-1.0	1.7
Construction supplies	3.9	-11.3	-4.1	-26.3	-4.0	-4.1	-3.4
Business supplies	7.2	-8.7	-8.7	-16.6	-2.1	-3.2	-1.6
Materials	24.1	-11.0	-12.0	-24.1	-3.9	-5.1	-1.6
Durables	12.5	-10.8	-6.9	-29.2	-4.0	-5.5	-2.8
Nondurables	11.7	-11.3	-17.1	-18.2	-3.8	-4.7	-.3

1. From fourth quarter of preceding year to fourth quarter of year shown.

2. Includes related electronic components.

... Not applicable.

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

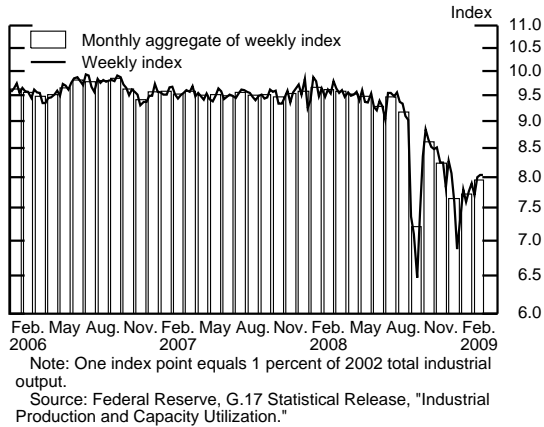
Capacity Utilization
(Percent of capacity)

Sector	1972- 2008 average	1994- 95 high	2001- 02 low	2008				2009
				Q2	Q3	Q4	Dec.	Jan.
Total industry	80.9	85.1	73.6	79.7	77.6	74.9	73.3	72.0
Manufacturing	79.6	84.6	71.5	77.5	75.5	71.7	69.7	68.0
Mining	87.6	88.7	84.8	90.8	88.8	90.1	90.2	88.9
Utilities	86.8	93.9	84.6	85.6	82.6	84.2	84.5	86.7
<i>Stage-of-process groups</i>								
Crude	86.7	89.5	81.9	89.2	86.3	85.8	84.7	83.9
Primary and semifinished	82.1	88.2	74.6	79.8	77.4	74.0	71.6	70.4
Finished	77.6	80.4	69.9	76.0	74.5	71.7	70.9	69.3

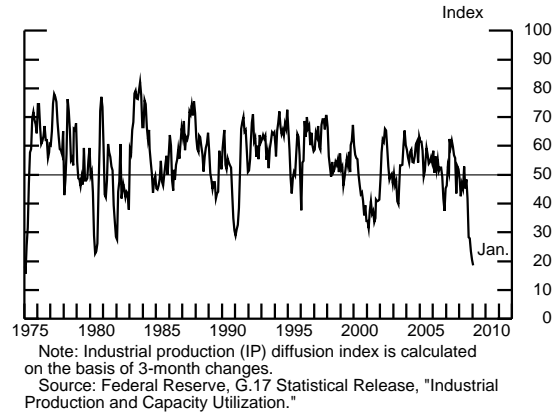
Source: Federal Reserve, G.17 Statistical Release, "Industrial Production and Capacity Utilization."

Indicators of Industrial Activity

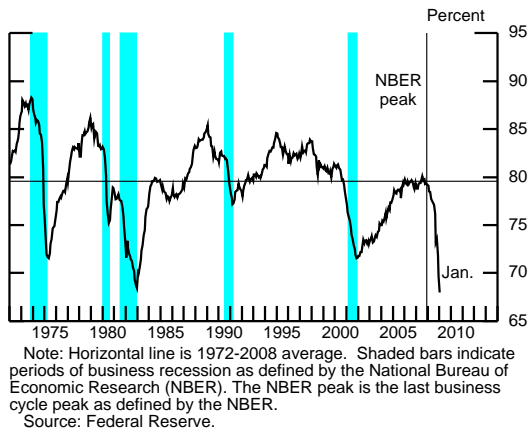
Weekly Production Index excluding Motor Vehicles and Electricity Generation



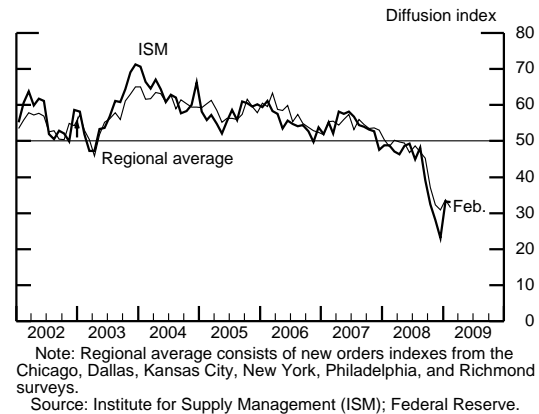
IP Diffusion Index



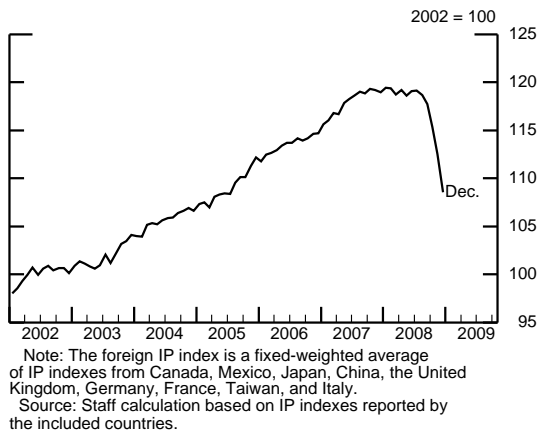
Manufacturing Capacity Utilization



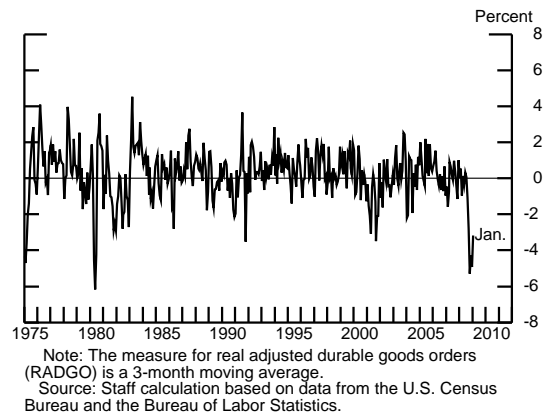
ISM Diffusion Index and Average of Regional New Orders Diffusion Indexes



Foreign Industrial Production



Change in Real Adjusted Durable Goods Orders



Production of Domestic Light Vehicles
(Millions of units at an annual rate except as noted)

Item	2008		2009		2008	2009		
	Q3	Q4	Q1	Q2	Dec.	Jan.	Feb.	Mar.
U.S. production ¹	8.5	7.2	4.6	6.1	6.4	3.7	4.5	5.5
Autos	4.2	3.4	1.7	2.7	2.9	1.3	1.6	2.4
Light trucks	4.3	3.8	2.8	3.4	3.5	2.4	2.9	3.2
Days' supply ²	76	98	n.a.	n.a.	98	99	101	n.a.
Autos	67	98	n.a.	n.a.	96	108	101	n.a.
Light trucks	84	99	n.a.	n.a.	99	92	101	n.a.
Inventories ³	2.40	2.47	n.a.	n.a.	2.47	2.22	2.08	n.a.
Autos	0.96	1.14	n.a.	n.a.	1.14	1.02	0.94	n.a.
Light trucks	1.44	1.33	n.a.	n.a.	1.33	1.19	1.14	n.a.
Memo: U.S. production, total motor vehicles ⁴	8.8	7.4	4.8	6.3	6.6	3.8	4.8	5.8

Note: FRB seasonals. Components may not sum to totals because of rounding. n.a. Not available.

1. Production rates for March and the first and second quarters of 2009 reflect the latest industry schedules.

2. Quarterly values are calculated with end-of-period stocks and average reported sales.

3. End-of-period stocks.

4. Includes medium and heavy trucks.

Source: Ward's Communications.

Inventories of Light Vehicles



Source: Ward's Communications. Adjusted using FRB seasonals.

Days' Supply of Light Vehicles



Source: Constructed from Ward's Communications data. Adjusted using FRB seasonals.

Sales of Light Vehicles
(Millions of units at an annual rate; FRB seasonals)

Category	2008	2008				2009	
		Q2	Q3	Q4	Dec.	Jan.	Feb.
Total	13.1	14.1	12.9	10.3	10.3	9.5	9.1
Autos	6.7	7.6	6.6	5.2	5.2	4.6	4.6
Light trucks	6.4	6.5	6.3	5.1	5.1	5.0	4.5
North American ¹	9.8	10.3	9.7	7.7	7.8	6.9	6.3
Autos	4.5	5.0	4.4	3.6	3.6	2.9	2.9
Light trucks	5.3	5.3	5.3	4.1	4.1	4.0	3.5
Foreign-produced	3.3	3.8	3.2	2.6	2.5	2.7	2.8
Autos	2.2	2.7	2.2	1.7	1.6	1.7	1.7
Light trucks	1.1	1.1	1.0	.9	.9	1.0	1.0
Memo: Detroit Three domestic market share (percent) ²	47.6	45.9	46.7	47.5	48.9	43.1	43.3

Note: Components may not sum to totals because of rounding.

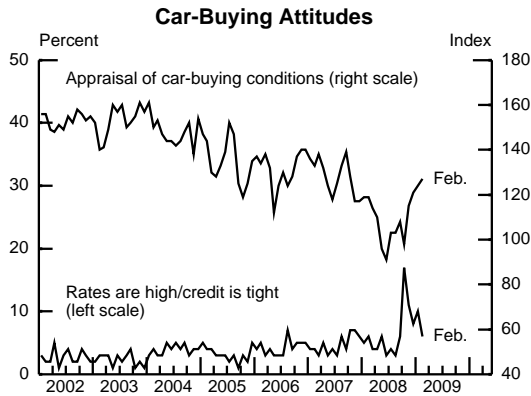
1. Excludes some vehicles produced in Canada that are classified as imports by the industry.

2. Domestic market share excludes sales of foreign brands affiliated with the Detroit Three.

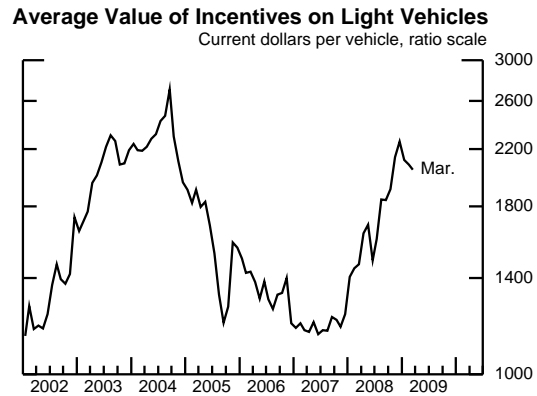
Source: Ward's Communications. Adjusted using FRB seasonals.

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Source: Reuters/University of Michigan Surveys of Consumers.



Note: Seasonally adjusted weighted average of customer cash rebate and the present value of interest rate reduction. March figure is based on data through March 8.
Source: J.D. Power and Associates.

Real Personal Consumption Expenditures
(Percent change from preceding comparable period)

Category	2008	2008		2008	2009	
		Q3	Q4	Dec.	Jan.	Feb.
		Annual rate		Monthly rate		
Total real PCE¹	.2	-3.8	-4.3	-.5	.5	n.a.
Motor vehicles	-13.3	-26.6	-38.0	.6	-.9	-3.3
Goods ex. motor vehicles	-.2	-7.4	-10.1	-1.7	1.2	.3
Ex. energy	.3	-6.5	-12.3	-1.7	1.1	.2
Services	1.5	-.1	1.4	.1	.3	n.a.
Ex. energy	1.6	.9	1.0	.1	.0	n.a.
Memo: Nominal retail control ²	3.4	.4	-22.6	-3.3	1.8	.8

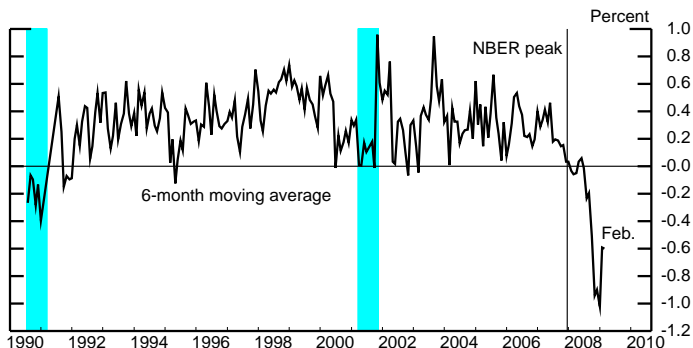
1. The values for Q4 and December, January, and February are staff estimates based on available data.

2. Total sales less outlays at building material and supply stores and automobile and other motor vehicle dealers.

n.a. Not available.

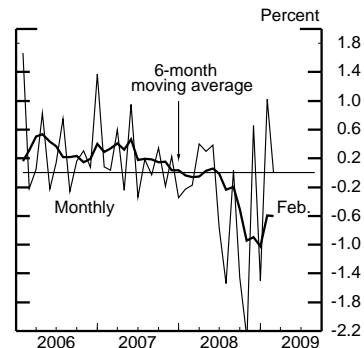
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Change in Real PCE Goods

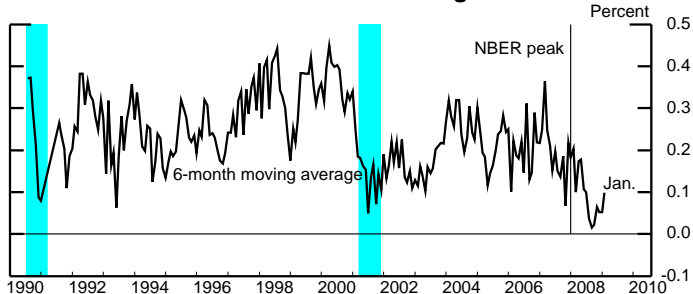


Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.

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

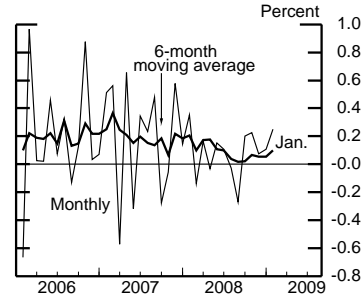


Change in Real PCE Services



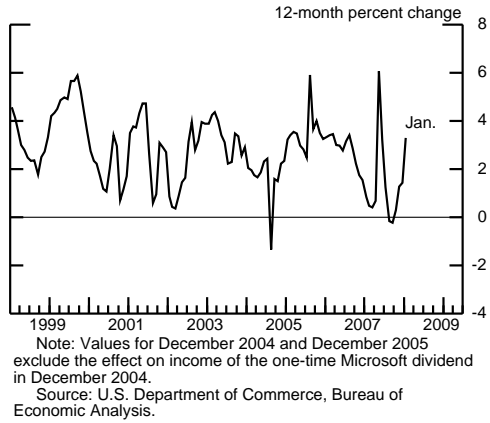
Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.

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

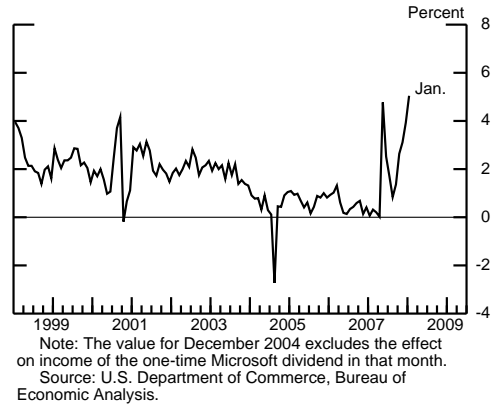


Fundamentals of Household Spending

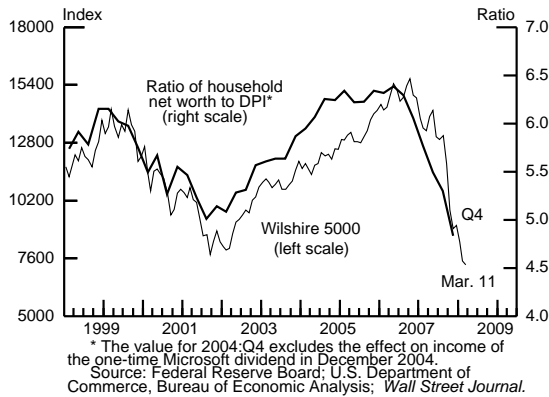
Change in Real Disposable Personal Income



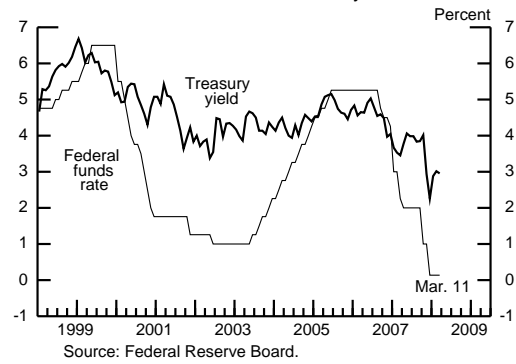
Personal Saving Rate



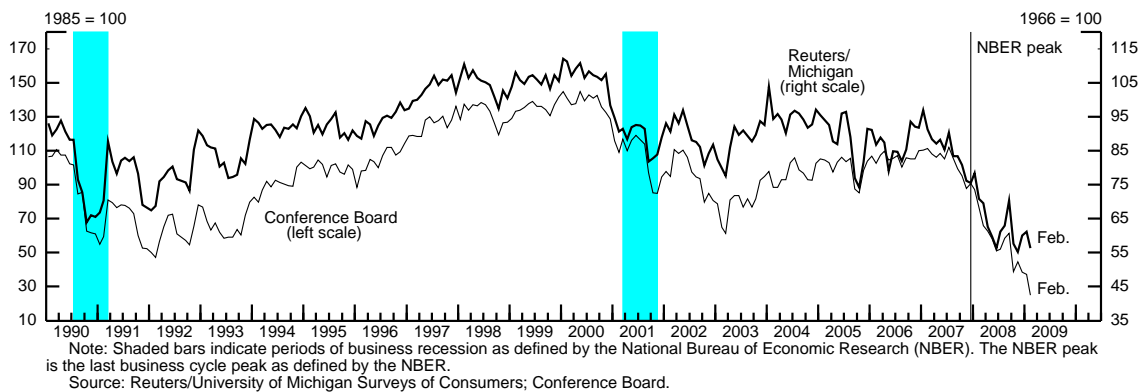
Household Net Worth and Wilshire 5000



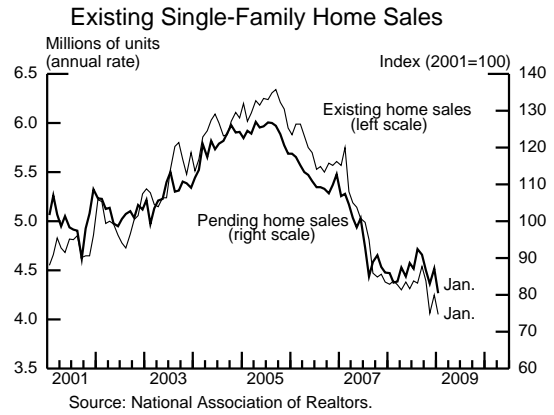
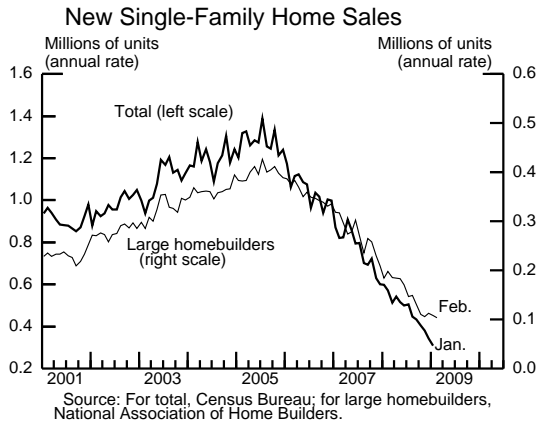
Target Federal Funds Rate and 10-Year Treasury Yield



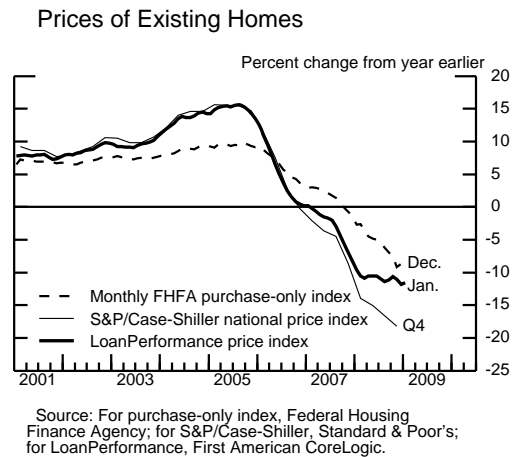
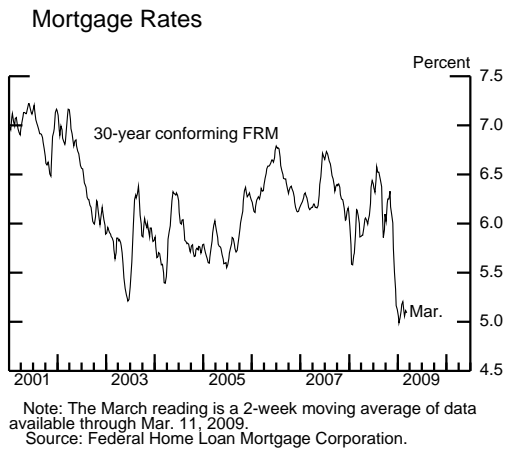
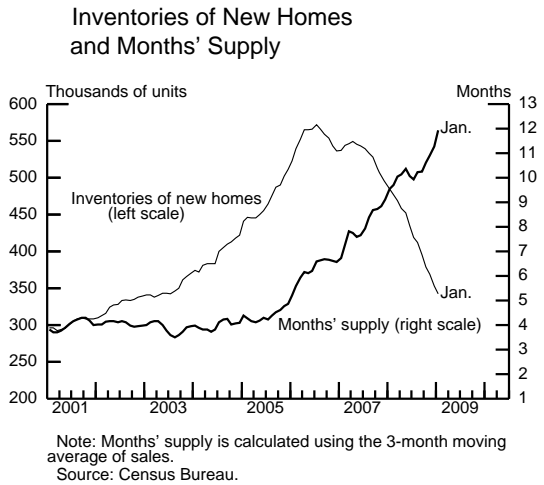
Consumer Confidence



Indicators of Single-Family Housing

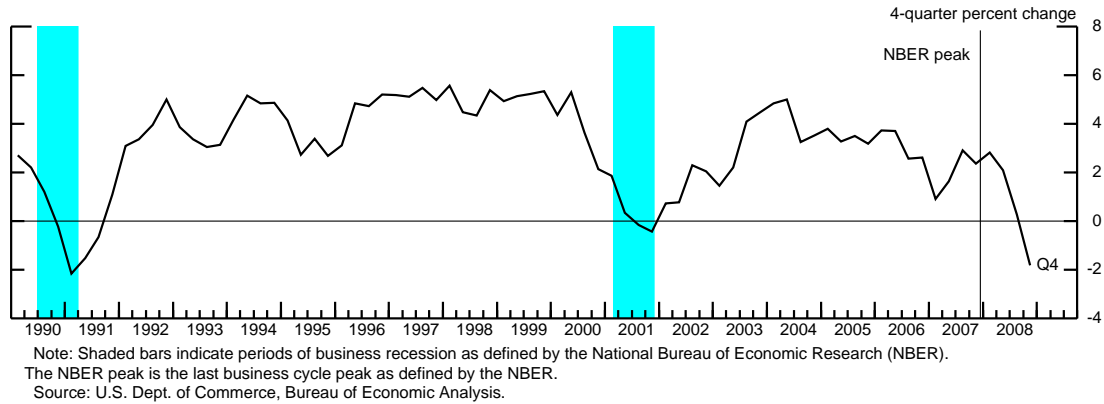


Content redacted.

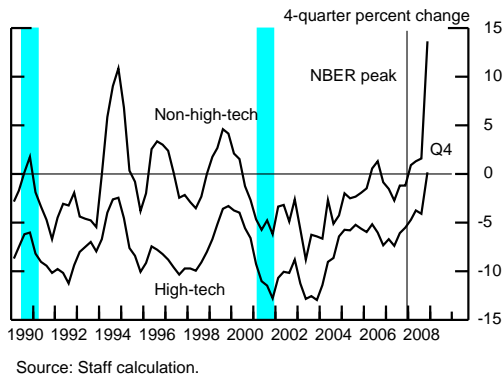


Fundamentals of Equipment and Software Investment

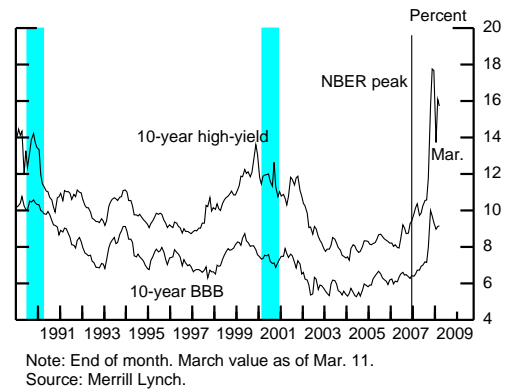
Real Business Output



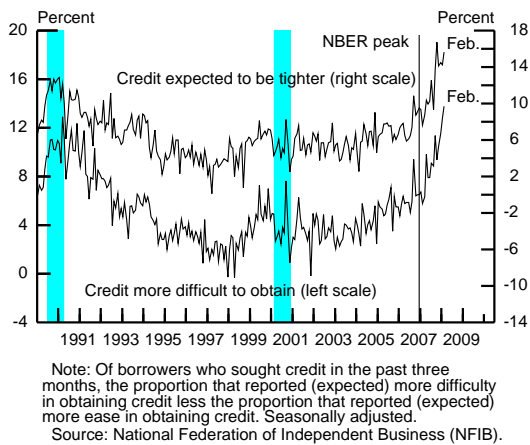
User Cost of Capital



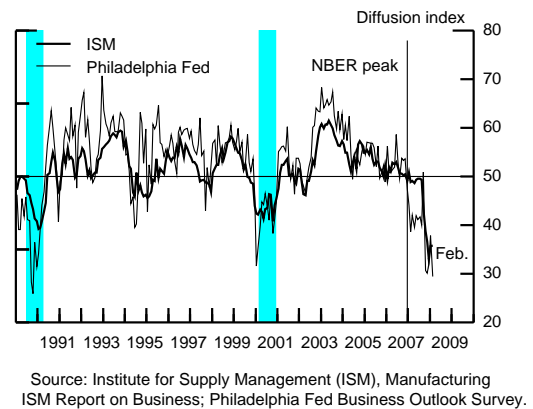
Corporate Bond Yields



NFIB: Survey on Loan Availability



Surveys of Business Conditions



Nonresidential Construction and Indicators

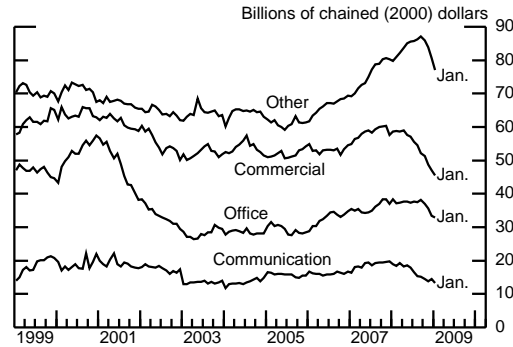
(All spending series are seasonally adjusted at an annual rate; nominal CIPPI deflated by BEA prices through Q3 and by staff projection thereafter)

Total Structures



Source: Census Bureau.

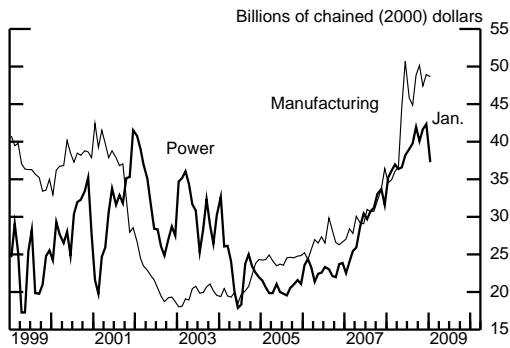
Office, Commercial, Communication, and Other



Note: Other consists of structures for religious organizations, education, lodging, amusement and recreation, transportation, and health care.

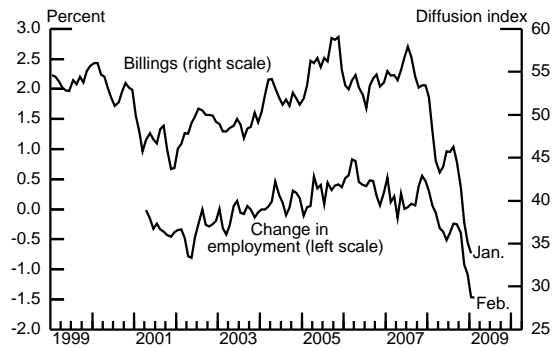
Source: Census Bureau.

Manufacturing and Power



Source: Census Bureau.

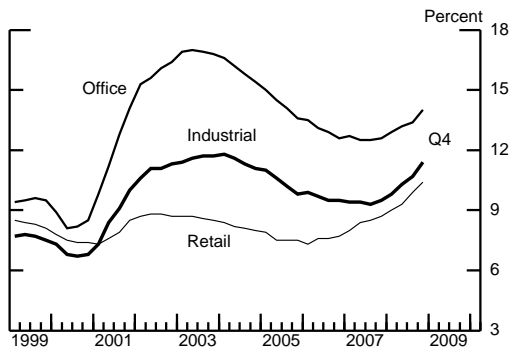
Architectural Billings and Nonresidential Construction Employment



Note: Both series are 3-month moving averages. Employment consists of industrial, commercial, and specialty trade construction.

Source: For billings, American Institute of Architects; for employment, U.S. Department of Labor, Bureau of Labor Statistics.

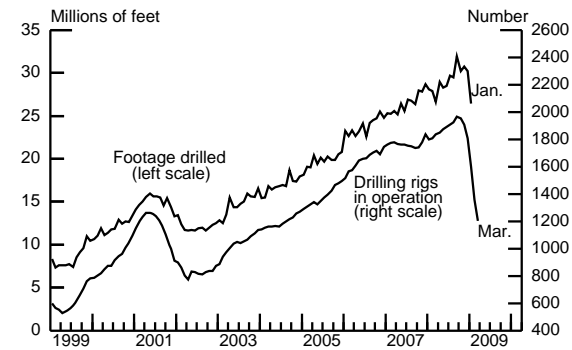
Vacancy Rates



Note: Industrial space includes both manufacturing structures and warehouses. Q4 values are preliminary.

Source: Torto Wheaton Research.

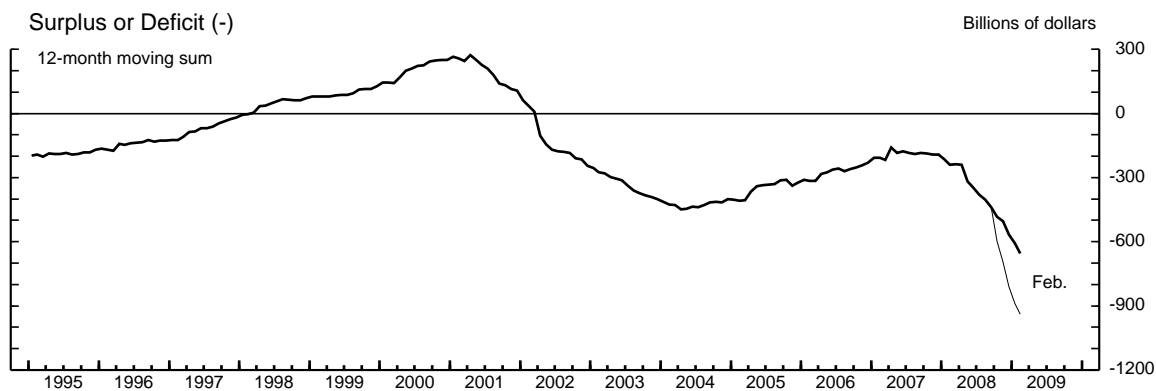
Drilling and Mining Indicators



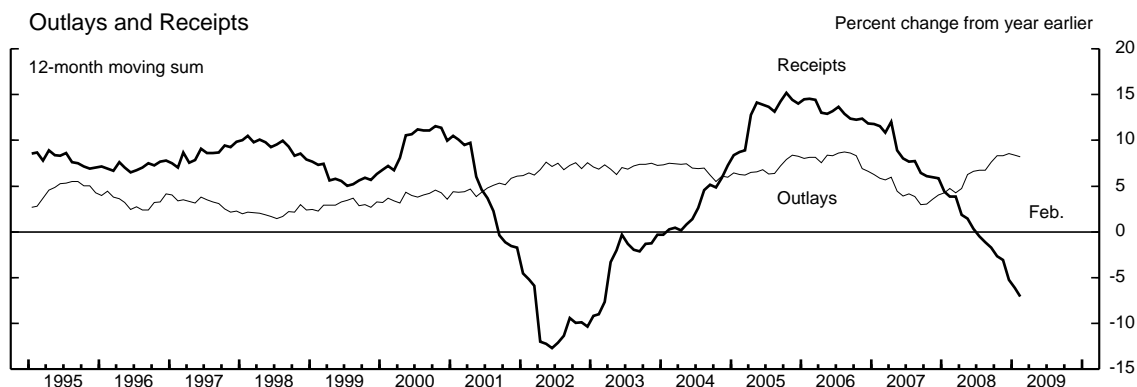
Note: The March readings for drilling rigs are based on data through March 6, 2009. Both series are seasonally adjusted by FRB staff.

Source: For footage drilled, U.S. Department of Energy, Energy Information Agency; for drilling rigs, Baker Hughes.

Federal Government Budget
(Unified basis; adjusted for payment-timing shifts and financial transactions; data from Monthly Treasury Statement)



Note: Thin line includes deficit effects of financial transactions related to Troubled Asset Relief Program (TARP) and government-sponsored enterprise equity purchase programs.



Recent Federal Outlays and Receipts

(Billions of dollars except as noted; adjusted for payment-timing shifts and financial transactions)

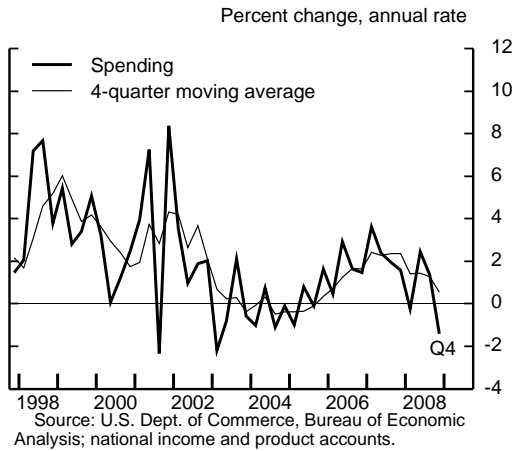
Function or source	Sum of January-February			12 months ending in February		
	2008	2009	Percent change	2008	2009	Percent change
Outlays	509.1	539.1	5.9	2,830.1	3,061.6	8.2
Net interest	43.0	20.2	-53.0	251.9	218.8	-13.2
National defense	97.8	99.9	2.2	586.4	642.6	9.6
Major transfers ¹	292.3	333.9	14.2	1,555.8	1,722.5	10.7
Other	76.1	85.1	11.8	436.0	477.7	9.6
Receipts	370.9	313.4	-15.5	2,590.4	2,407.4	-7.1
Individual income and payroll taxes	331.9	283.4	-14.6	2,014.5	1,932.0	-4.1
Corporate income taxes	4.4	2.5	-43.3	353.4	260.3	-26.3
Other	34.7	27.6	-20.6	222.5	215.1	-3.3
Surplus or deficit (-)	-138.2	-225.6	...	-239.8	-654.2	...
Memo:						
Unadjusted surplus or deficit (-)	-157.7	-279.3	...	-263.9	-954.8	...

1. Includes Social Security, Medicare, Medicaid, and income security programs.

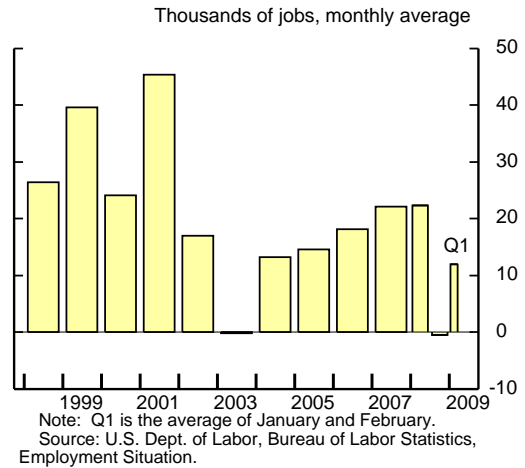
... Not applicable.

State and Local Indicators

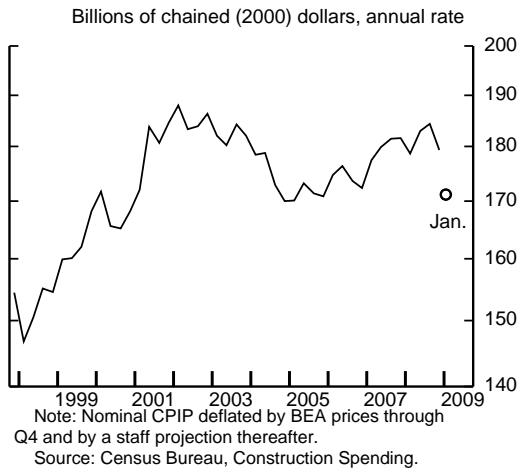
Real Spending on Consumption & Investment



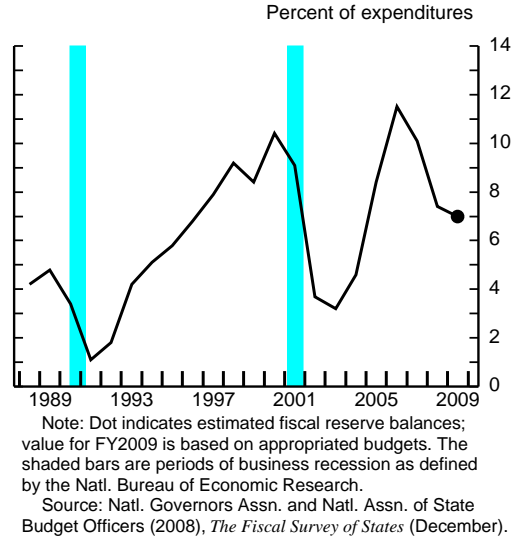
Net Change in Employment



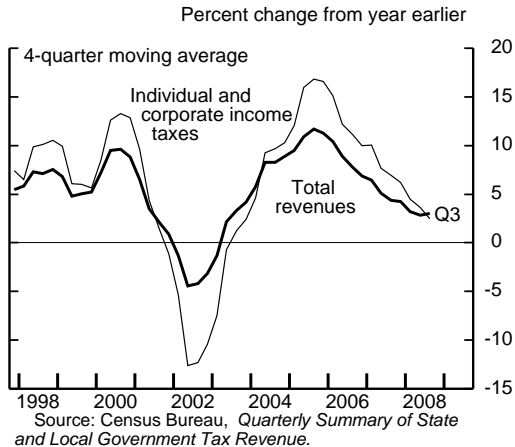
Real Construction



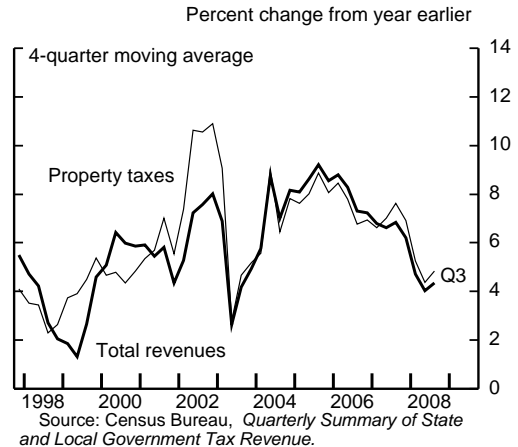
State Fiscal Reserve Balances at Year-End



State Revenues



Local Revenues



Broad Measures of Inflation

(Percent change, Q4 to Q4)

Measure	2005	2006	2007	2008
<i>Product prices</i>				
GDP price index	3.5	2.8	2.6	2.0
Less food and energy	3.3	3.0	2.3	1.7
Nonfarm business chain price index	3.6	2.4	2.0	2.0
<i>Expenditure prices</i>				
Gross domestic purchases price index	4.0	2.5	3.3	2.0
Less food and energy	3.2	2.9	2.3	2.1
PCE price index	3.3	1.9	3.5	1.9
Less food and energy	2.2	2.3	2.2	1.9
PCE price index, market-based components	3.1	1.6	3.3	1.8
Less food and energy	1.7	2.0	1.8	1.8
CPI	3.8	1.9	4.0	1.5
Less food and energy	2.1	2.7	2.3	2.0
Chained CPI	3.2	1.7	3.6	1.1
Less food and energy	1.8	2.3	1.9	1.5
Median CPI	2.5	3.1	3.0	3.0
Trimmed mean CPI	2.6	2.6	2.8	2.9
Trimmed mean PCE	2.5	2.8	2.6	2.4

Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for all else, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Surveys of Inflation Expectations

(Percent)

Period	Actual CPI inflation ¹	Reuters/Michigan Survey				Professional forecasters (10 years) ⁴	
		1 year ²		5 to 10 years ³			
		Mean	Median	Mean	Median	CPI	PCE
2007:Q2	2.7	4.2	3.3	3.5	3.0	2.4	2.0
Q3	2.4	4.1	3.2	3.5	3.0	2.4	2.1
Q4	4.0	4.1	3.3	3.3	2.9	2.4	2.1
2008:Q1	4.1	4.2	3.8	3.3	3.0	2.5	2.2
Q2	4.4	6.4	5.0	3.8	3.3	2.5	2.2
Q3	5.3	5.4	4.7	3.6	3.1	2.5	2.2
Q4	1.6	3.0	2.8	2.9	2.8	2.5	2.2
2009:Q1	n.a.	n.a.	n.a.	n.a.	n.a.	2.4	2.2
2008:Oct.	3.7	4.3	3.9	3.1	2.9	...	...
Nov.	1.1	2.9	2.9	3.1	2.9	2.5	2.2
Dec.	.1	1.7	1.7	2.6	2.6	...	...
2009:Jan.	.0	2.5	2.2	3.4	2.9	...	...
Feb.	n.a.	2.3	1.9	3.5	3.1	2.4	2.2

1. Percent change from the same period in the preceding year.

2. Responses to the question, By about what percent do you expect prices to go up, on average, during the next 12 months?

3. Responses to the question, By about what percent per year do you expect prices to go up, on average, during the next 5 to 10 years?

4. Median CPI and PCE price projections.

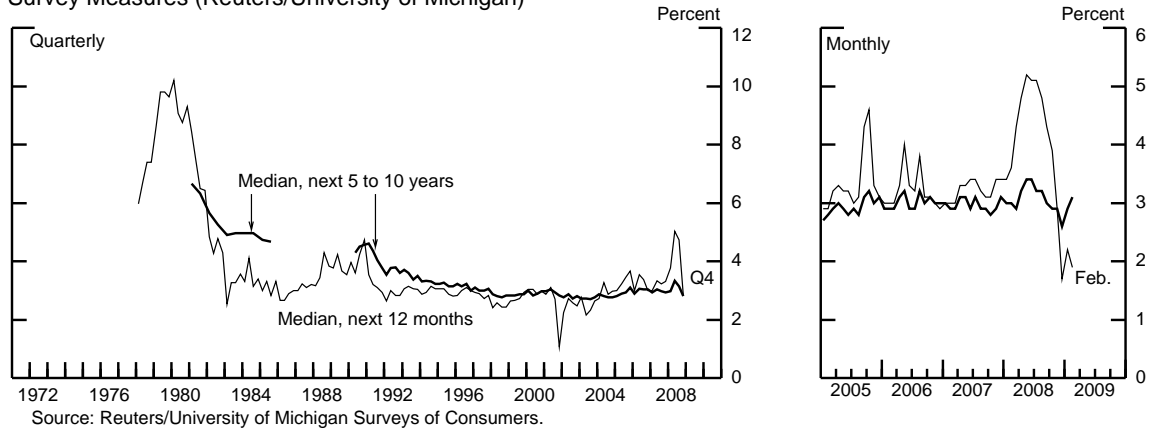
... Not applicable.

n.a. Not available.

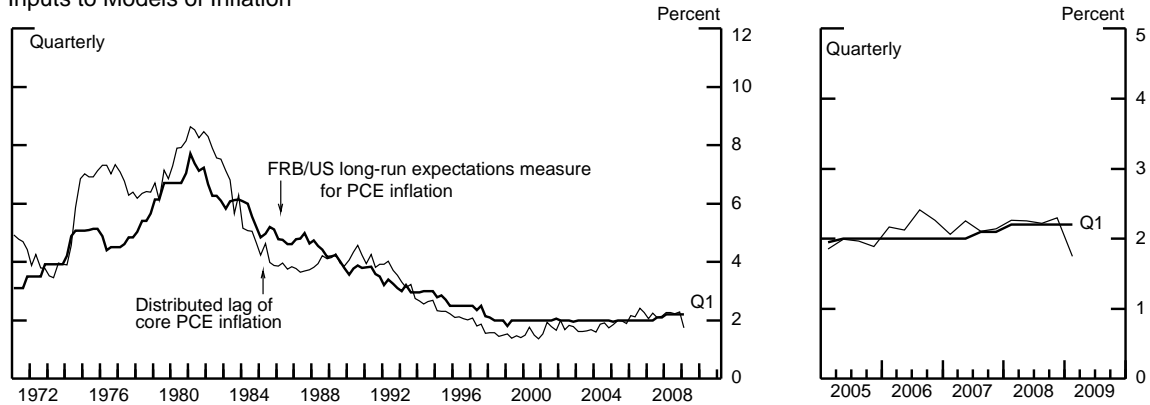
Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for Reuters/Michigan Survey, Reuters/University of Michigan Surveys of Consumers; for professional forecasters, the Federal Reserve Bank of Philadelphia.

Measures of Expected Inflation

Survey Measures (Reuters/University of Michigan)

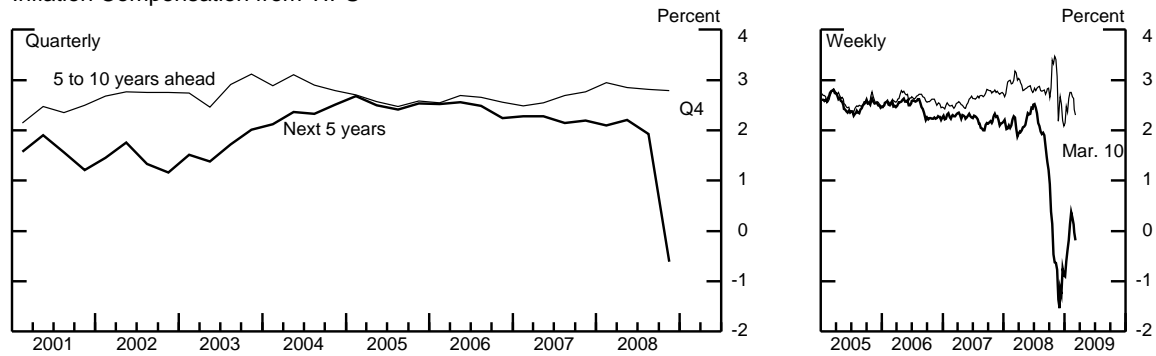


Inputs to Models of Inflation



Note: The distributed lag of core PCE inflation is derived from one of the reduced-form Phillips curves used by Board staff.
 Source: For the distributed lag of core PCE inflation, FRB staff calculations; for the FRB/US measure, for 2007 forward, the median projection for PCE inflation over the next 10 years from the Survey of Professional Forecasters (SPF); for 1990 to 2006, the equivalent SPF projection for the CPI; for 1981 to 1989, a related survey for the CPI conducted by Richard Hovey; and for the period preceding 1981, a model-based estimate constructed by Board staff. The survey data before 2007 are adjusted down 0.5 percentage point to put the CPI projections approximately on a PCE basis.

Inflation Compensation from TIPS

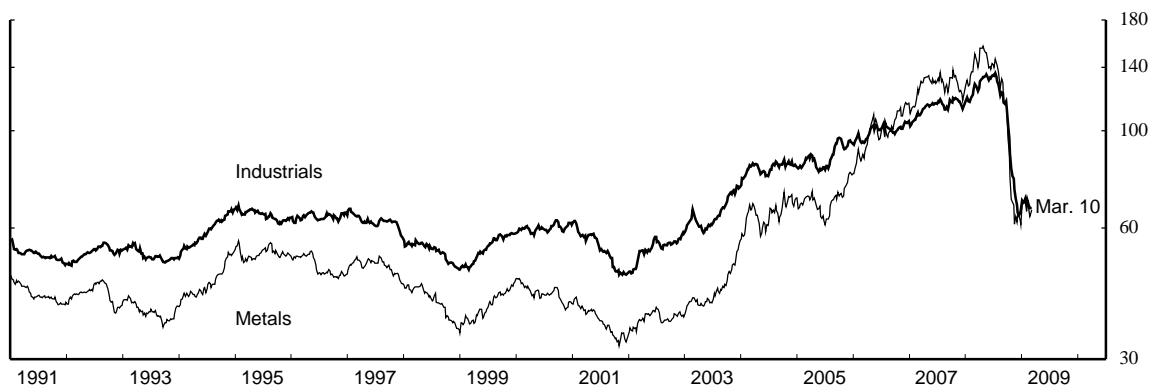


Note: Based on a comparison of an estimated TIPS (Treasury inflation-protected securities) yield curve with an estimated nominal off-the-run Treasury yield curve, with an adjustment for the indexation-lag effect.
 Source: FRB staff calculations.

Commodity Price Indexes

Journal of Commerce

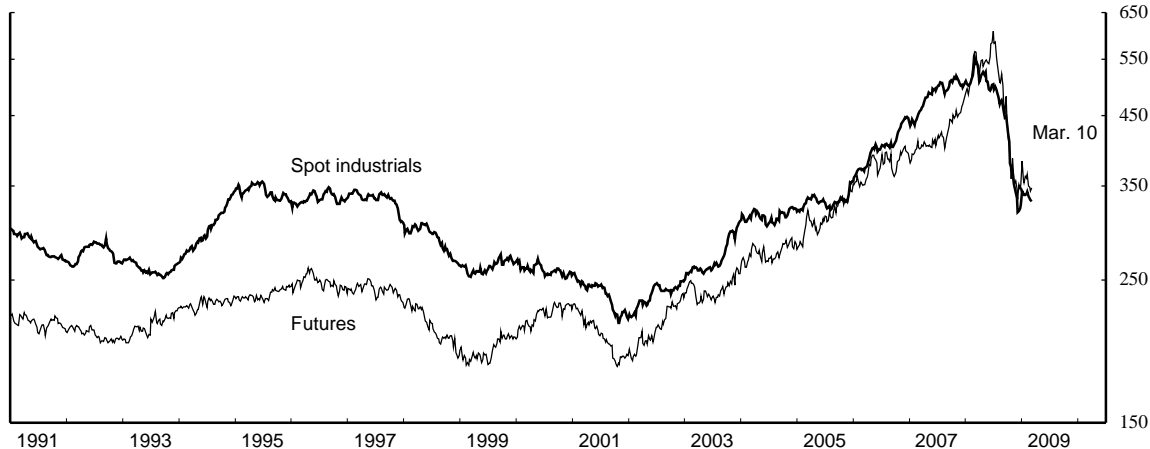
Ratio scale, 2006 = 100



Note: The *Journal of Commerce* (JOC) industrial price index is based almost entirely on industrial commodities, with a small weight given to energy commodities. Copyright for JOC data is held by CIBCR, 1994.

Commodity Research Bureau

Ratio scale, 1967 = 100



Note: The Commodity Research Bureau (CRB) spot industrials index consists entirely of industrial commodities, excluding energy. The CRB futures index gives about a 60 percent weight to food commodities and splits the remaining weight roughly equally among energy commodities, industrial commodities, and precious metals.

Selected Commodity Price Indexes (Percent change)

Index	2008 ¹	12/30/08 to 1/20/09 ²	1/20/09 ² to 3/10/09	52-week change to 3/10/09
JOC industrials	-41.4	4.2	-3.1	-47.5
JOC metals	-48.2	12.5	-3.8	-55.2
CRB spot industrials	-34.3	3.6	-2.3	-39.0
CRB spot foodstuffs	-14.1	2.5	-5.3	-28.8
CRB futures	-24.7	.5	-1.8	-38.5

1. From the last week of the preceding year to the last week of the year indicated.

2. January 20, 2009, is the Tuesday preceding publication of the January Greenbook.

Estimated Federal Cost of the American Recovery and Reinvestment Act of 2009
(Billions of dollars, fiscal years)

Item	Total (2009-19)	2009	2010	2011	2012	2013-19
Total	787	185	399	134	36	35
Taxes	283	66	212	39	-9	-21
Individual	232	26	173	31	0	3
"Making Work Pay" tax credit	116	20	66	30	0	0
AMT relief	70	2	83	-15	0	0
Other ¹	46	4	24	16	0	3
Corporate	51	41	39	7	-9	-24
Bonus depreciation	5	24	15	-8	-7	-19
Other ²	46	17	24	16	-2	-5
Spending	504	118	187	96	45	56
Transfers	116	51	51	8	4	3
Unemployment insurance	40	17	21	1	1	1
Food stamps	20	5	6	4	3	2
Retirees and veterans	14	14	0	0	0	0
Health insurance subsidies	25	14	9	1	0	0
Pell Grants	17	1	15	1	0	0
Grants	276	57	111	61	19	25
Stabilization	54	7	28	16	2	0
Relief (Medicaid match)	90	34	44	12	0	0
Education	32	2	15	13	2	0
Other ³	100	14	23	21	15	24
Federal purchases	69	9	21	16	10	12
Subsidies for long-term projects	45	1	4	10	12	17

Note: Components may not sum to totals because of rounding. AMT is the alternative minimum tax.

1. Includes an increase in the earned income tax credit and an expansion of the child tax credit.

2. Includes the deferral of income arising from the discharging of business debt.

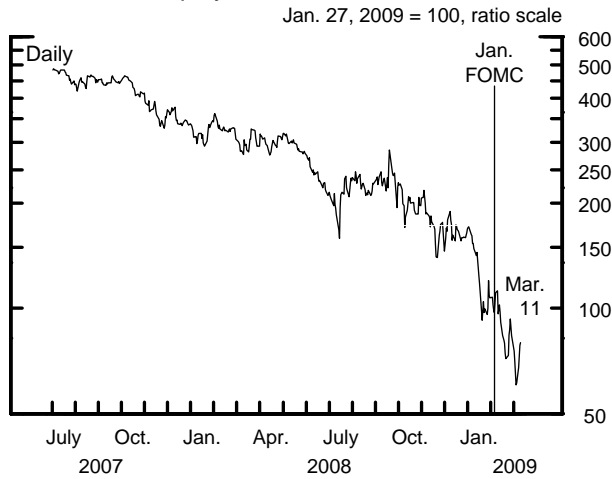
3. Includes grants for highways, sewers, and other infrastructure projects.

Source: Congressional Budget Office and staff estimates.

Domestic Financial Developments

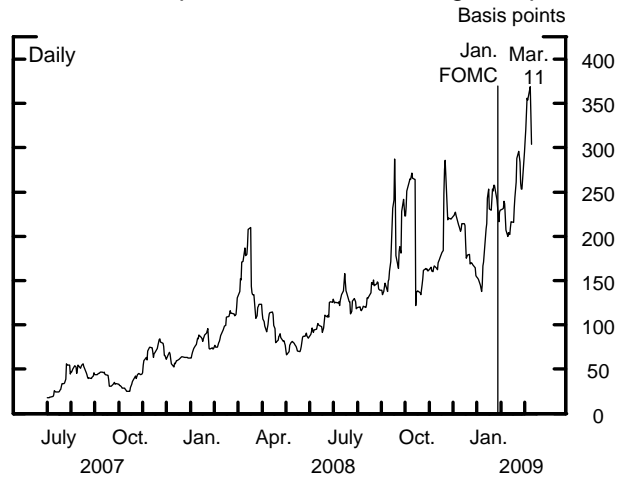
III-C-1 Financial Institutions and Short-Term Funding Markets

S&P Banks Equity Index



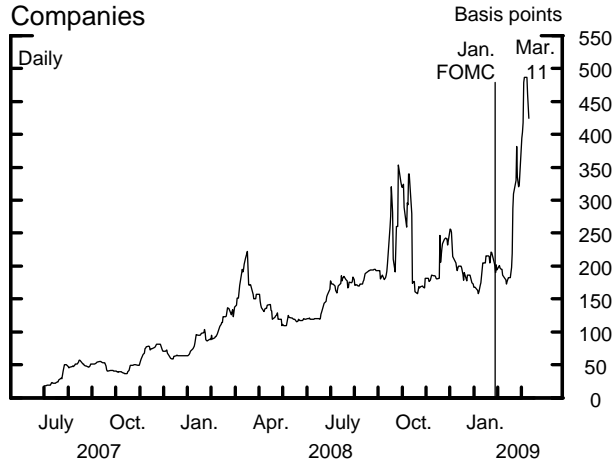
Source: Bloomberg.

Senior CDS Spreads for Bank Holding Companies



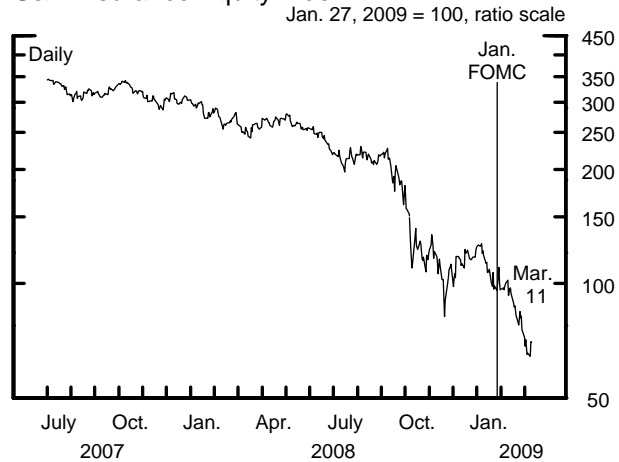
Note: Median spreads for 6 bank holding companies.
Source: Markit.

Subordinated CDS Spreads for Bank Holding Companies



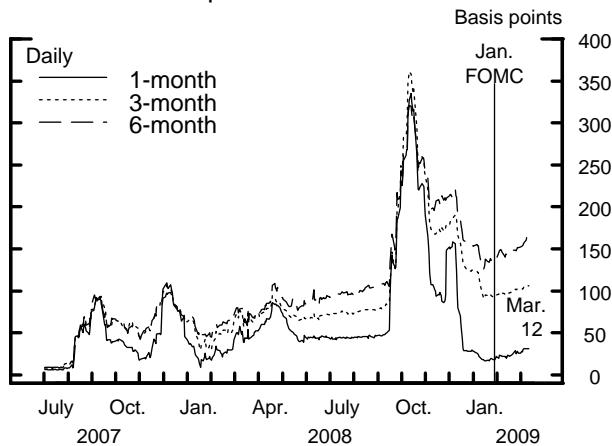
Note: Sector median.
Source: Markit.

S&P Insurance Equity Index



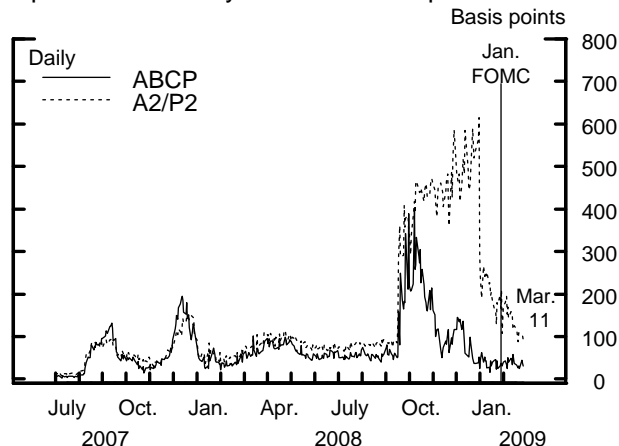
Source: Standard & Poor's.

Libor over OIS Spread



Source: British Bankers' Association and Prebon.

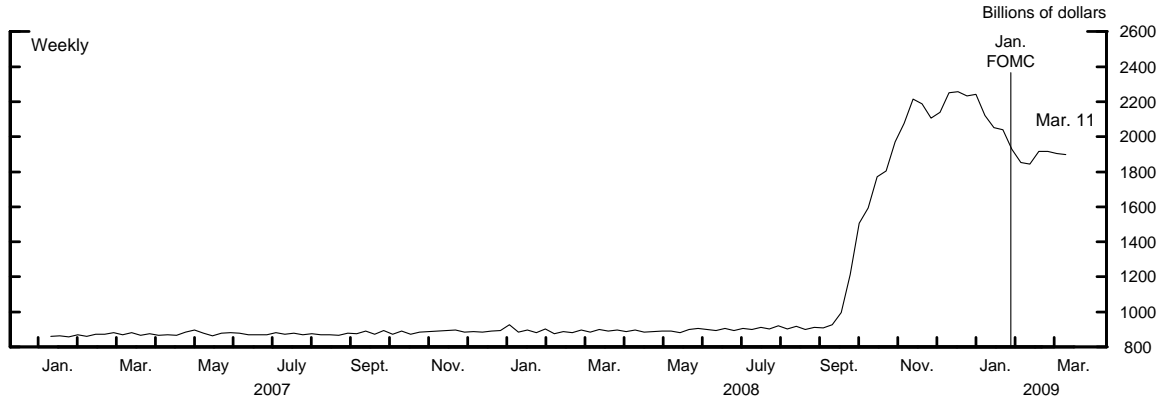
Spreads on 30-day Commercial Paper



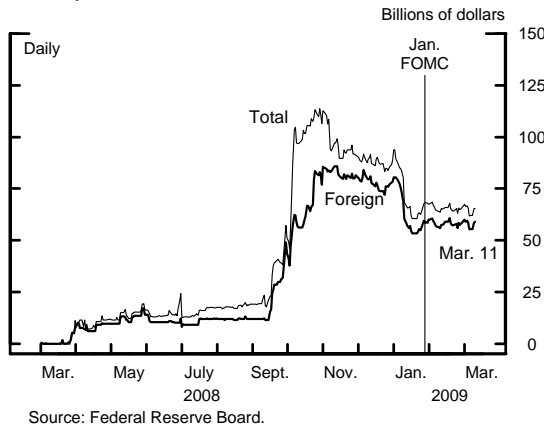
Note: The ABCP spread is the AA ABCP rate minus the AA nonfinancial rate. The A2/P2 spread is the A2/P2 nonfinancial rate minus the AA nonfinancial rate.
Source: Depository Trust & Clearing Corporation.

Federal Reserve Liquidity Provision

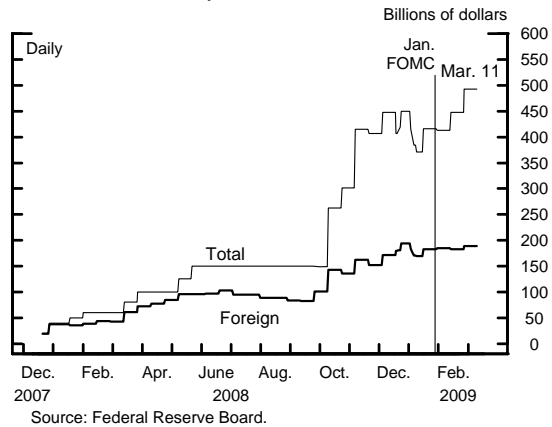
Total Federal Reserve Assets



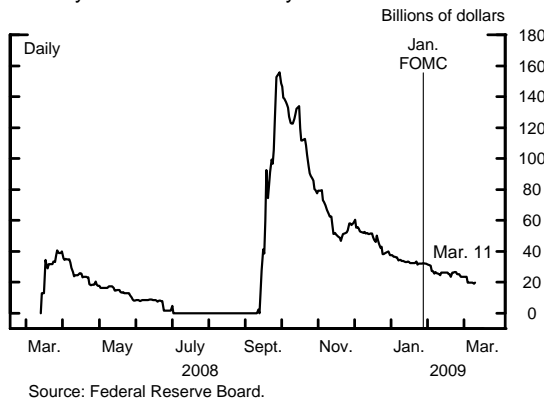
Primary Credit



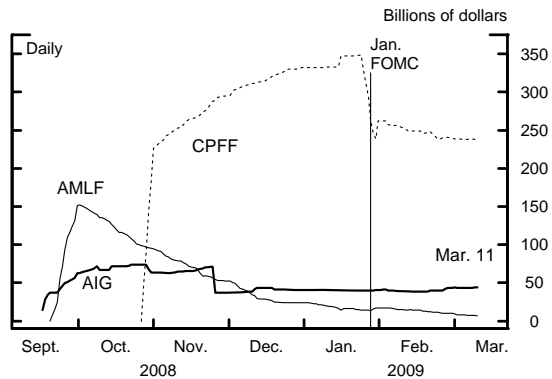
Term Auction Facility



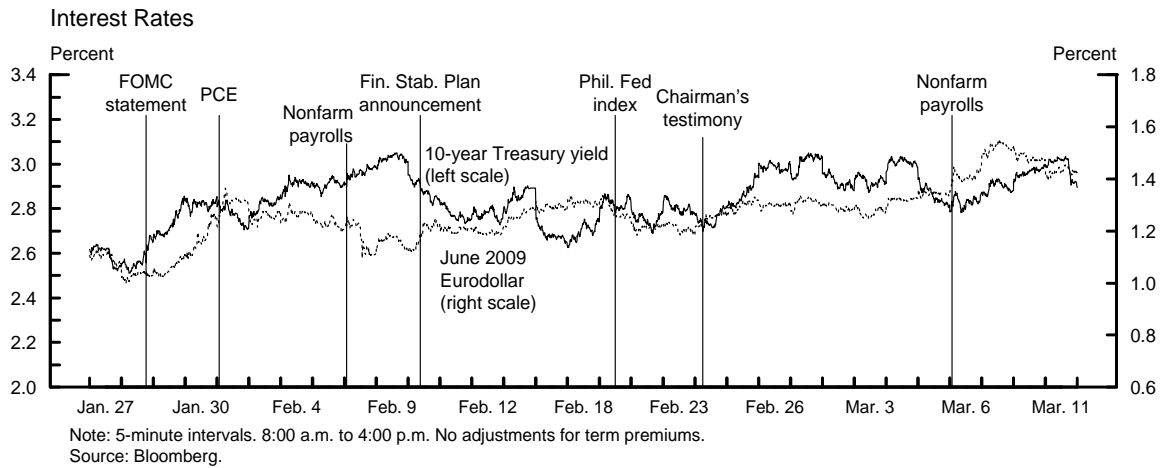
Primary Dealer Credit Facility



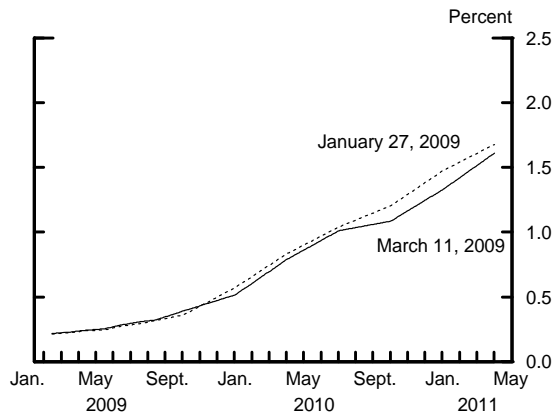
Other Credit Extensions



Policy Expectations and Treasury Yields

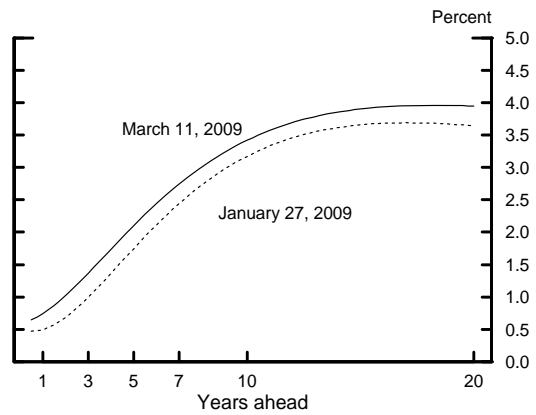


Implied Federal Funds Rate



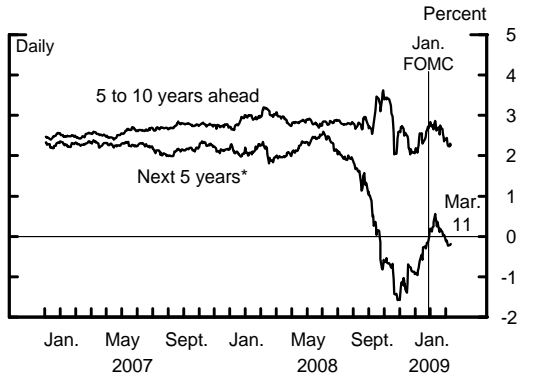
Note: Estimated from federal funds and Eurodollar futures, with an allowance for term premiums and other adjustments.
Source: Chicago Mercantile Exchange; Chicago Board of Trade.

Treasury Yield Curve



Note: Smoothed yield curve estimated from off-the-run Treasury coupon securities. Yields shown are those on notional par Treasury securities with semiannual coupons.
Source: Federal Reserve Bank of New York.

Inflation Compensation

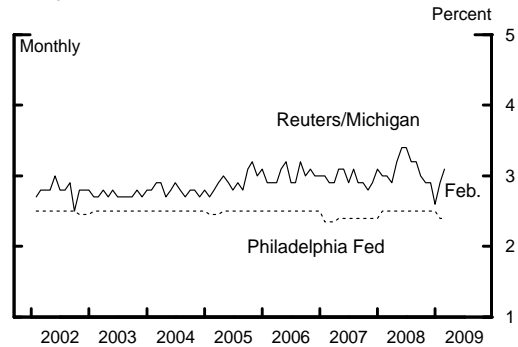


Note: Estimates based on smoothed nominal and inflation-indexed Treasury yields.

*Adjusted for lagged indexation of Treasury inflation-protected securities.

Source: Federal Reserve Bank of New York.

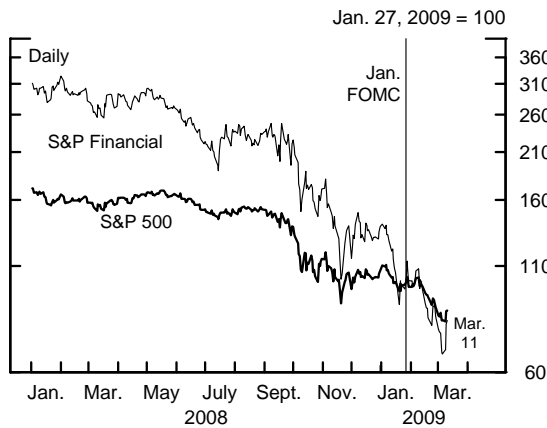
Long-Term Inflation Expectations from Surveys



Source: Reuters/University of Michigan Surveys of Consumers; Survey of Professional Forecasters.

Corporate Yields, Risk Spreads, and Stock Prices

Selected Stock Price Indexes



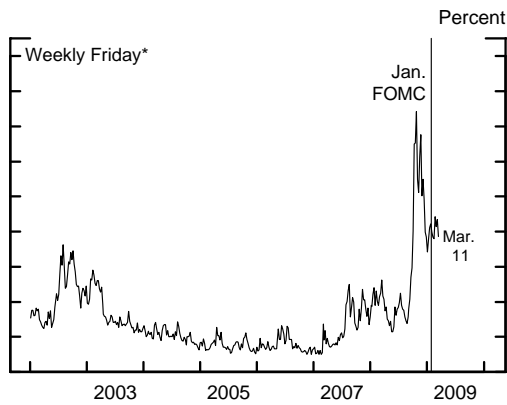
Source: Standard & Poor's.

Ratio of Trend Earnings to Price for S&P 500 and Long-Run Treasury Yield



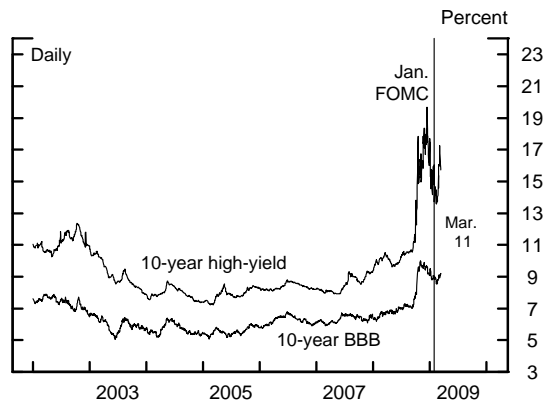
* Trend earnings are estimated using analysts' forecasts of year-ahead earnings from I/B/E/S.
+ Denotes the latest observation using daily interest rates and stock prices and latest earnings data from I/B/E/S.
Source: Thomson Financial.

Implied Volatility on S&P 500 (VIX)



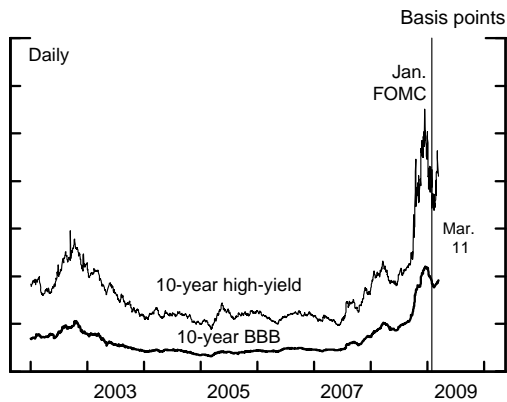
* Latest observation is for most recent business day.
Source: Chicago Board of Exchange.

Corporate Bond Yields



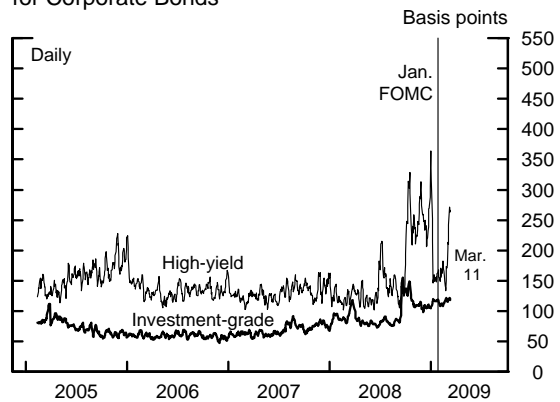
Note: Yields from smoothed yield curves based on Merrill Lynch bond data.

Corporate Bond Spreads



Note: Corporate yields from smoothed yield curves based on Merrill Lynch bond data and spreads measured relative to comparable-maturity Treasury securities.

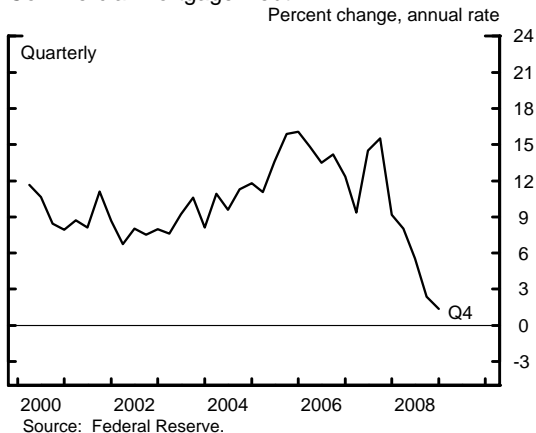
Estimated Median Bid-Asked Spread for Corporate Bonds



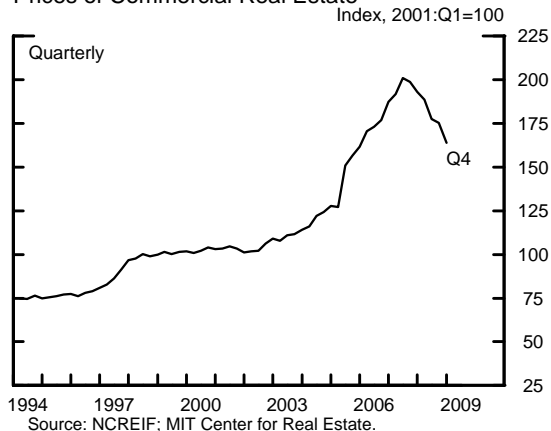
Source: Staff estimate using data from the National Assn. of Securities Dealers' Trade Reporting and Compliance Engine.

Commercial Real Estate

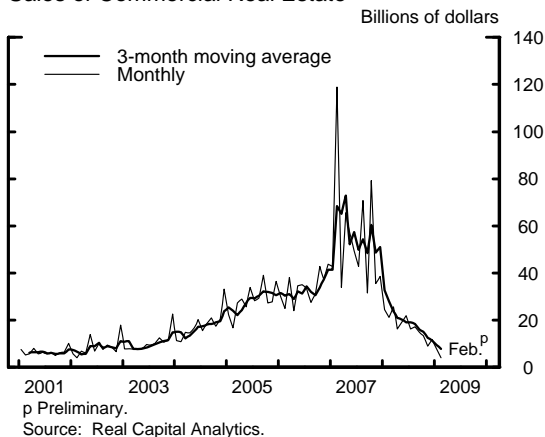
Commercial Mortgage Debt



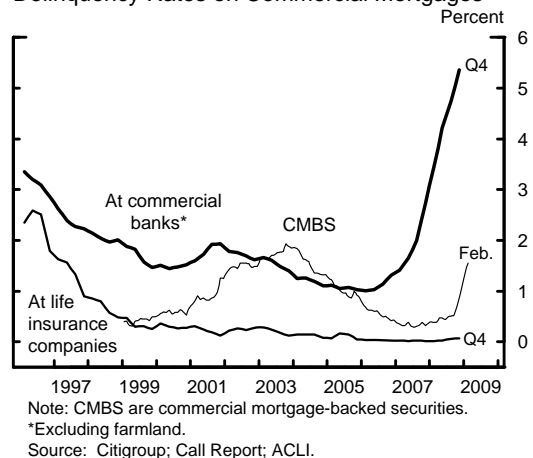
Prices of Commercial Real Estate



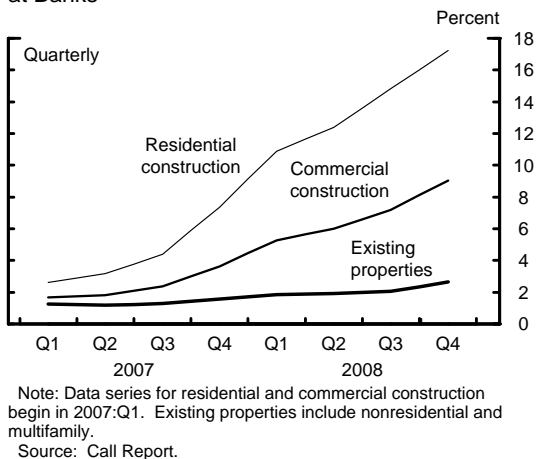
Sales of Commercial Real Estate



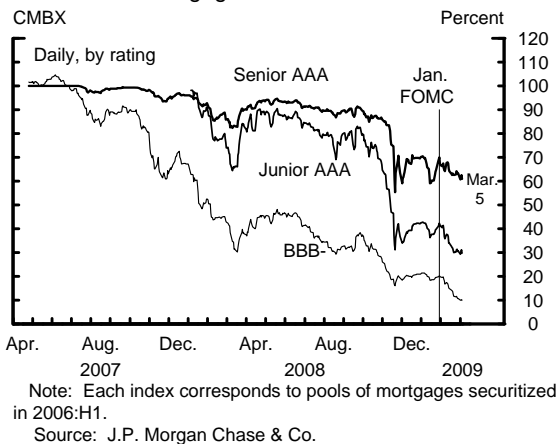
Delinquency Rates on Commercial Mortgages



Delinquency Rates on Commercial Mortgages at Banks

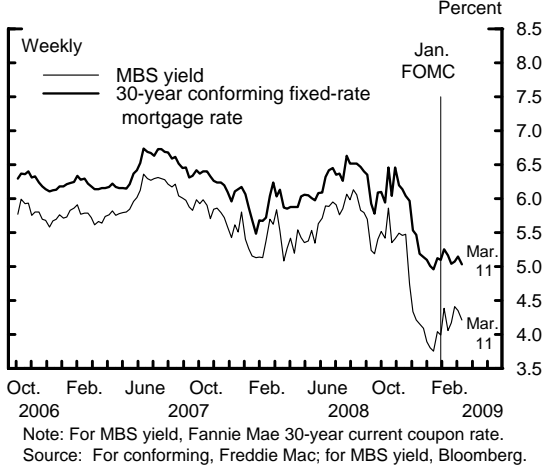


Commercial Mortgage CDS Index Prices

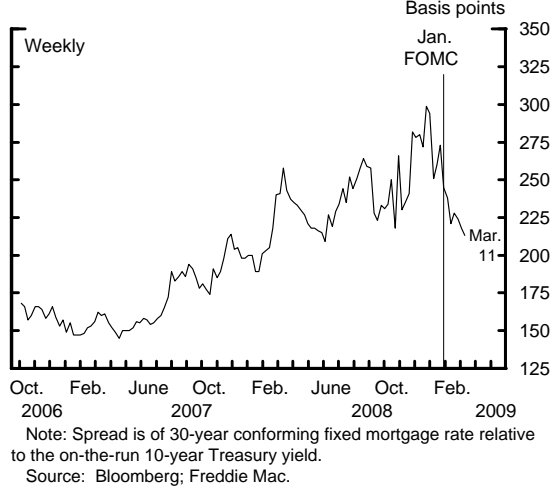


Residential Mortgages

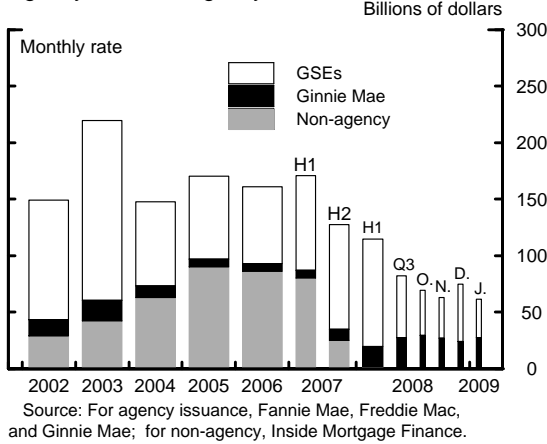
Mortgage Rate and MBS Yield



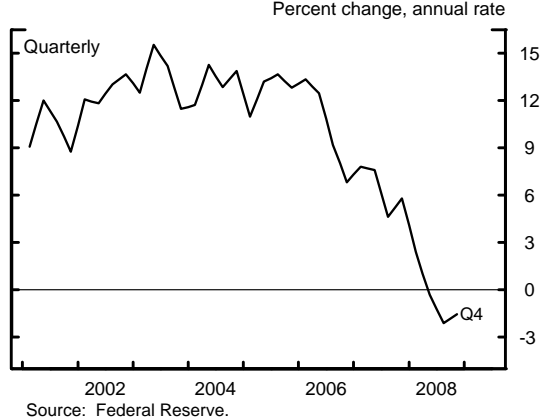
Spread of Mortgage Rate to Treasury Yield



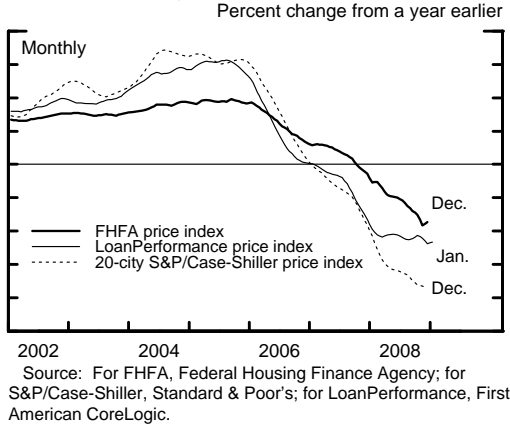
Agency and Non-Agency MBS Issuance



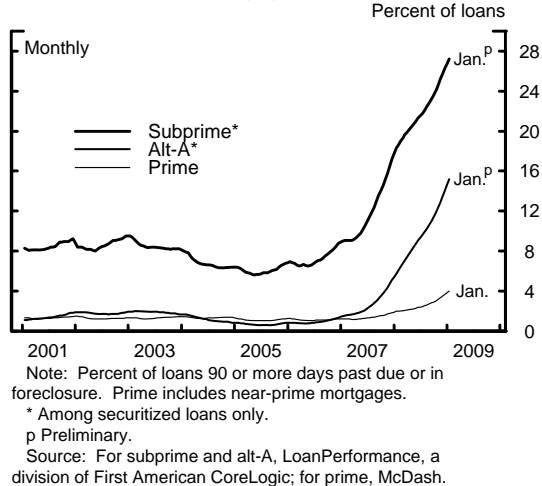
Mortgage Debt



Prices of Existing Homes

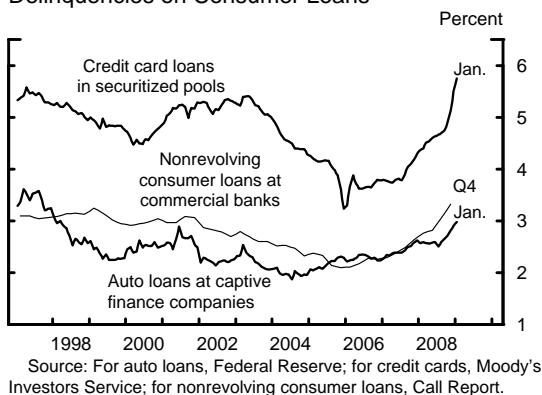


Delinquencies on Mortgages

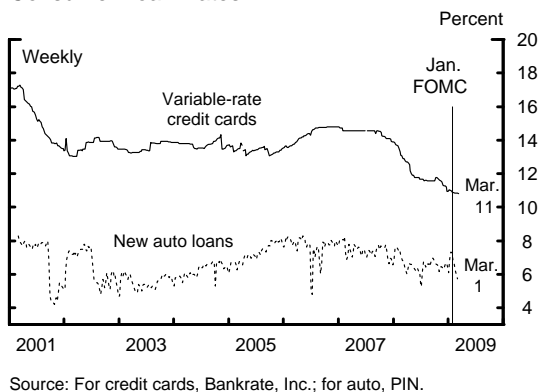


Consumer Credit and Household Wealth

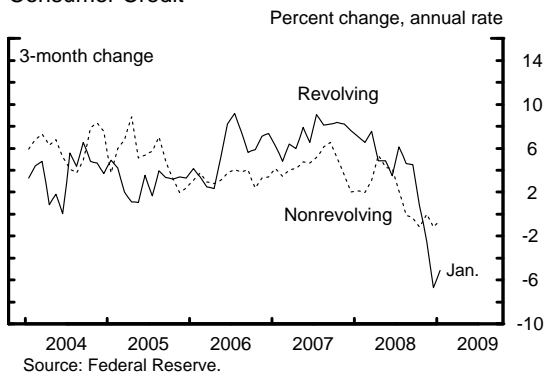
Delinquencies on Consumer Loans



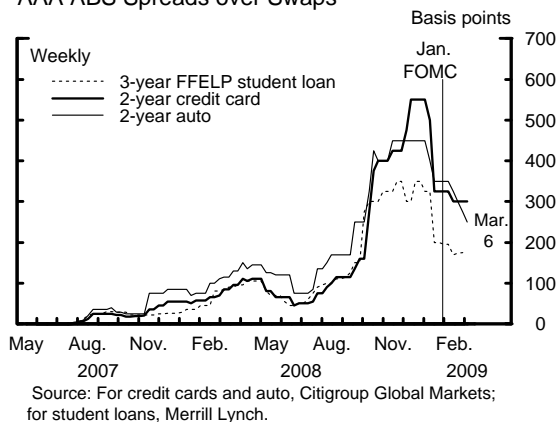
Consumer Loan Rates



Consumer Credit



AAA ABS Spreads over Swaps



Net Flows into Mutual Funds

(Billions of dollars, monthly rate)

Fund type	2007	2008			2009		Assets Jan.
		H1	Q3	Q4	Jan.	Feb. ^e	
Total long-term funds	18.6	12.1	-34.3	-65.5	25.3	-17.4	5,516
Equity funds	7.7	-3.4	-34.5	-37.6	9.0	-29.7	3,439
Domestic	-3.9	-4.8	-18.5	-23.0	6.9	-17.8	2,645
International	11.6	1.4	-16.0	-14.6	2.2	-11.9	794
Hybrid funds	1.8	1.3	-2.7	-7.1	-0.4	-4.7	477
Bond funds	9.0	14.2	2.9	-20.8	16.7	17.0	1,601
High-yield	-0.2	-0.2	-0.3	0.4	3.1	1.4	119
Other taxable	8.4	11.5	1.8	-16.6	9.7	11.3	1,126
Municipals	0.9	2.9	1.4	-4.6	3.9	4.4	355
Money market funds	62.5	56.1	-7.2	127.2	64.5	-9.8	3,905

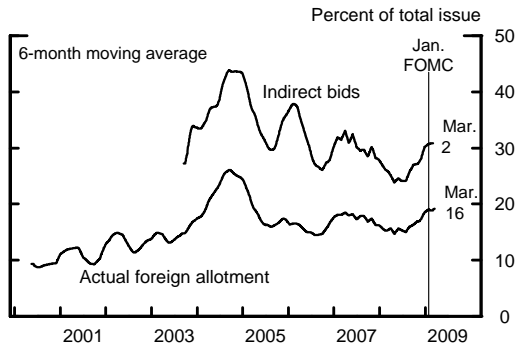
Note: Excludes reinvested dividends.

e Staff estimate.

Source: Investment Company Institute.

Treasury Finance

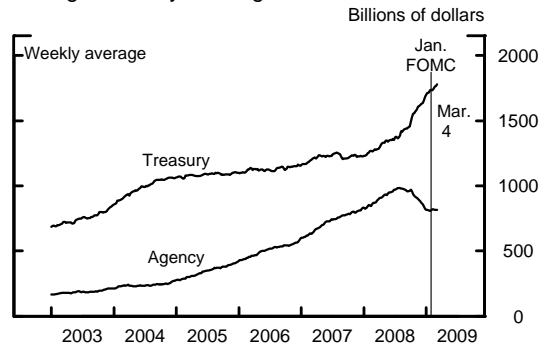
Foreign Participation in Treasury Auctions



Note: Indirect bids and actual allotment are a percentage of the total amount accepted, including the amount tendered to the Federal Reserve. Moving averages include 2-, 5-, and 10-year original auctions and reopenings.

Source: Federal Reserve Board.

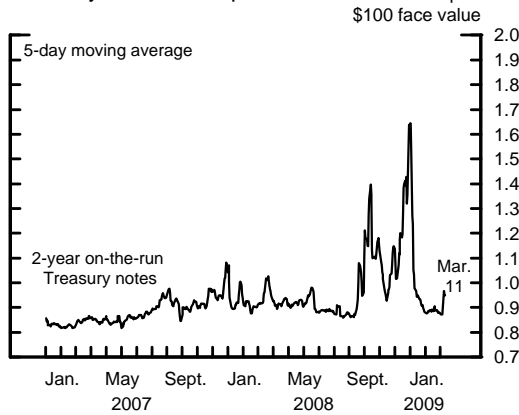
Foreign Custody Holdings



Note: Securities held in custody at the Federal Reserve Bank of New York on behalf of foreign official institutions.

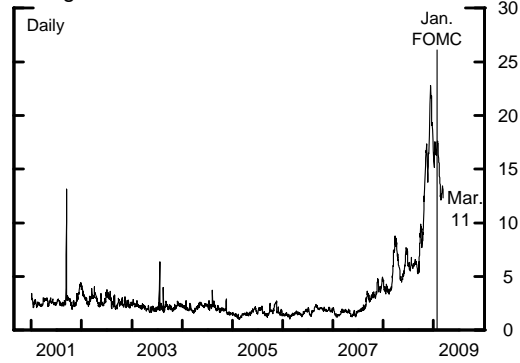
Source: Federal Reserve Bank of New York.

Treasury Bid-Asked Spread



Source: BrokerTec Interdealer Market Data.

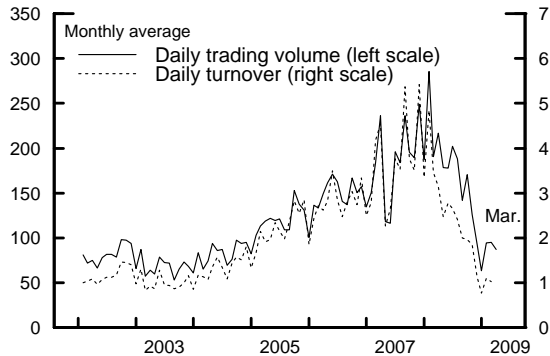
Average Absolute Nominal Yield Curve Fitting Error



Note: Calculated from securities with 2 to 10 years until maturity, excluding on-the-run and first off-the-run securities.

Source: Federal Reserve Board.

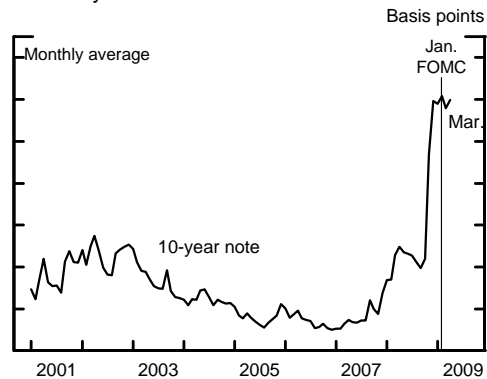
Daily Treasury Market Volume and Turnover



Note: March observation is the month-to-date average.

Source: BrokerTec Interdealer Market Data.

Treasury On-the-Run Premium



Note: Computed as the spread of the yield read from an estimated off-the-run yield curve over the on-the-run Treasury yield. March observation is the month-to-date average.

Source: Federal Reserve Bank of New York.

State and Local Government Finance

Gross Offerings of Municipal Securities

(Billions of dollars; monthly rate, not seasonally adjusted)

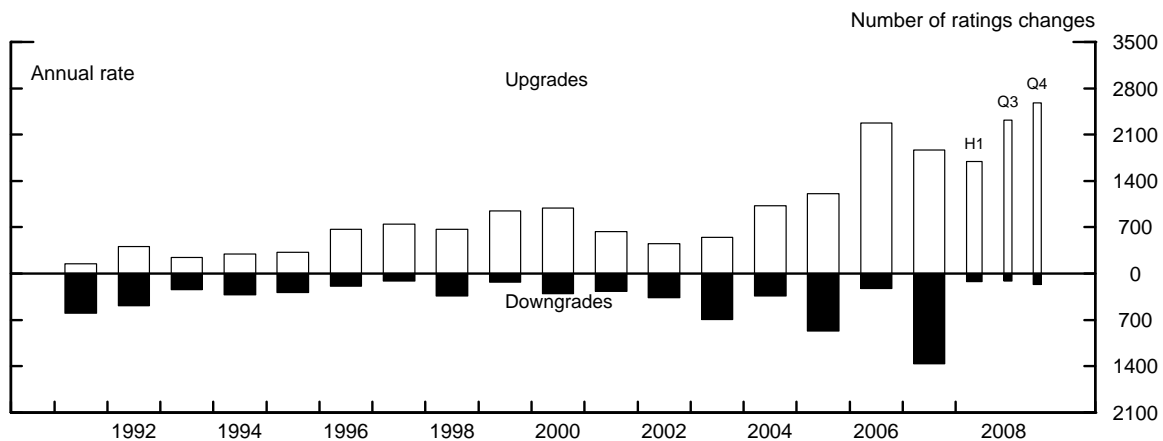
Type of security	2005	2006	2007	2008		2009	
				H1	H2	Jan.	Feb.
Total	38.4	36.1	40.4	41.6	32.8	25.7	24.3
Long-term ¹	34.2	32.5	35.5	38.0	26.3	23.3	22.8
Refundings ²	15.6	10.6	12.6	17.9	10.8	8.2	9.7
New capital	18.6	21.9	22.9	20.1	15.5	15.1	13.2
Short-term	4.2	3.7	4.9	3.6	6.5	2.4	1.4
Memo: Long-term taxable	2.1	2.5	2.4	2.7	1.7	.8	.4

1. Includes issues for public and private purposes.

2. All issues that include any refunding bonds.

Source: Thomson Financial.

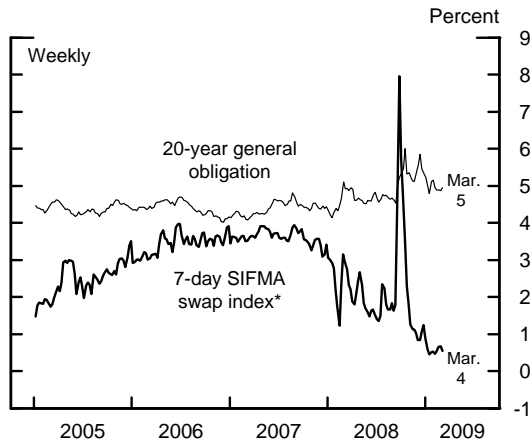
Ratings Changes



Note: Recent upgrades reflect S&P's change of rating standard.

Source: S&P's Credit Week Municipal; S&P's Ratings Direct.

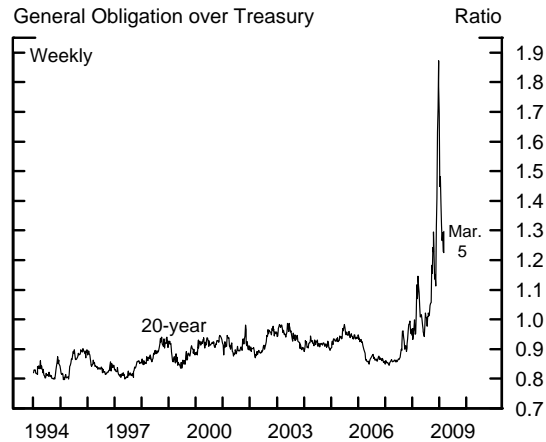
Municipal Bond Yields



* SIFMA is the Securities Industry and Financial Markets Association.

Source: Municipal Market Advisors; Bond Buyer.

Municipal Bond Yield Ratio



Source: Bond Buyer.

March 13, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Supplemental Notes

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

March 13, 2009

Reuters/University of Michigan Survey of Consumers
Indexes of consumer sentiment
 (Not seasonally adjusted)

Category	2008					2009		
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar. ^P
Composite of current and expected conditions ¹	63.0	70.3	57.6	55.3	60.1	61.2	56.3	56.6
Current conditions ¹	71.0	75.0	58.4	57.5	69.5	66.5	65.5	62.3
Expected conditions ¹	57.9	67.2	57.0	53.9	54.0	57.8	50.5	53.0
Personal financial situation								
Now compared with 12 months ago ²	72	86	60	59	62	70	65	63
Expected in 12 months ²	105	120	106	107	109	114	103	100
Expected business conditions								
Next 12 months ²	52	65	49	42	39	47	31	43
Next 5 years ²	72	83	71	65	66	69	66	67
Appraisal of buying conditions								
Cars	103	108	98	115	121	124	127	123
Large household appliances ²	110	107	89	88	116	101	103	96
Houses	146	140	117	145	130	143	146	139
Expected unemployment change - next 12 months	150	141	156	162	162	154	159	156
Prob. household will lose a job - next 5 years	22	21	24	27	25	24	27	28
Expected inflation - next 12 months								
Mean	5.3	4.6	4.3	2.9	1.7	2.5	2.3	2.4
Median	4.8	4.3	3.9	2.9	1.7	2.2	1.9	2.2
Expected inflation - next 5 to 10 years								
Mean	3.9	3.3	3.1	3.1	2.6	3.4	3.5	2.9
Median	3.2	3.0	2.9	2.9	2.6	2.9	3.1	2.8

Note. Figures on financial, business, and buying conditions are the percent reporting 'good times' (or 'better') minus the percent reporting 'bad times' (or 'worse'), plus 100. Expected change in unemployment is the fraction expecting unemployment to rise minus the fraction expecting unemployment to fall, plus 100.

P Preliminary.

1. Feb. 1966 = 100.

2. Indicates the question is one of the five equally-weighted components of the index of sentiment.

