

Part 1

April 21, 2010

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

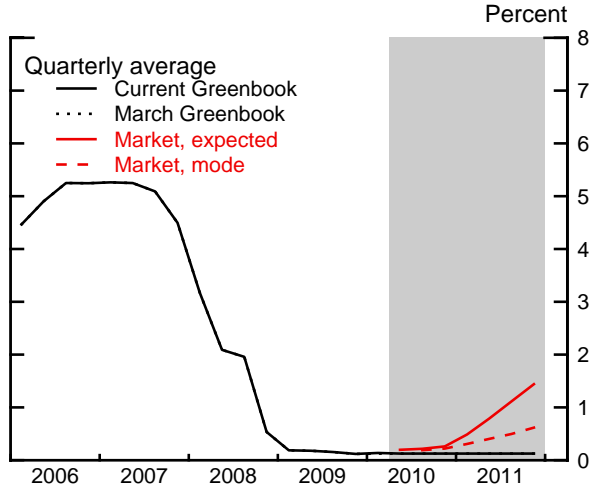
Summary and Outlook

April 21, 2010

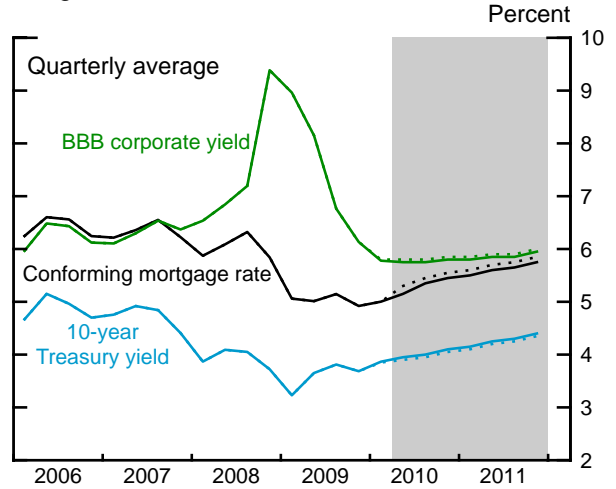
Summary and Outlook

Key Background Factors Underlying the Baseline Staff Projection

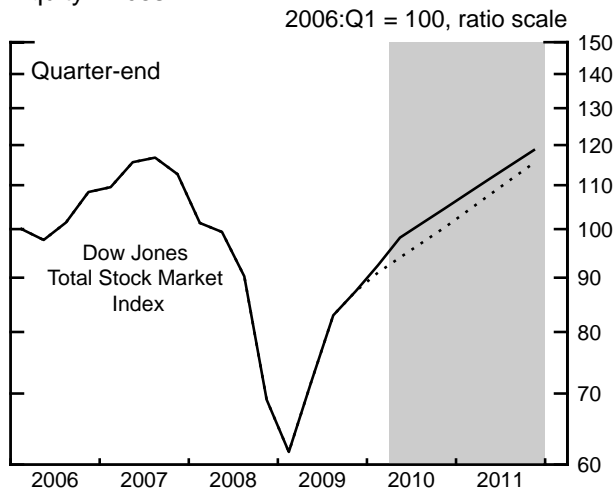
Federal Funds Rate



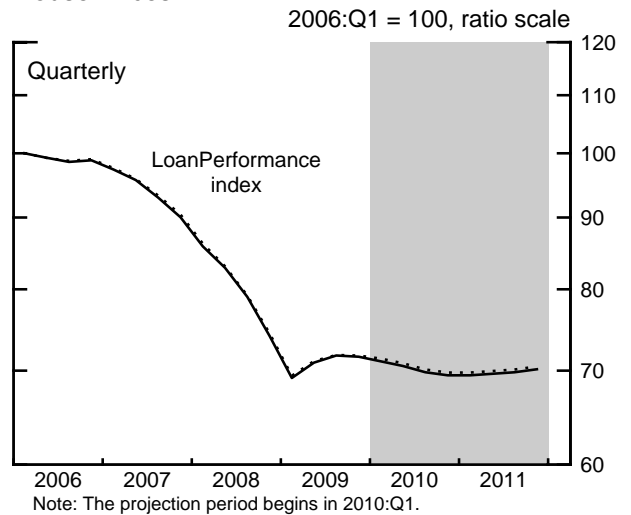
Long-Term Interest Rates



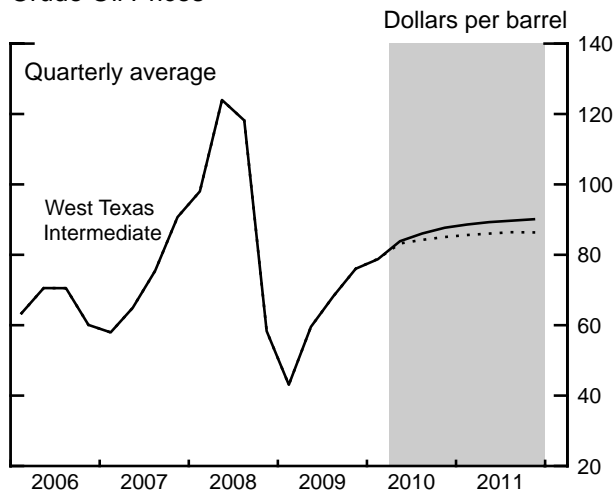
Equity Prices



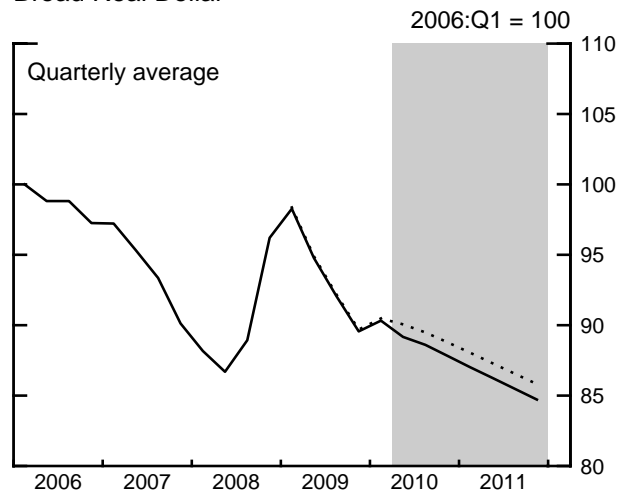
House Prices



Crude Oil Prices



Broad Real Dollar



Note: In each panel, shading represents the projection period, which begins in 2010:Q2, except where noted. In the upper-left panel that reports the federal funds rate, the black dotted line is not apparent because the paths of the federal funds rate in the March and the current Greenbooks are the same.

Summary of the Near-Term Outlook
(Percent change at annual rate except as noted)

Measure	2010:Q1		2010:Q2	
	March Greenbook	April Greenbook	March Greenbook	April Greenbook
Real GDP	2.2	2.9	3.6	3.5
Private domestic final purchases	2.0	3.4	3.8	3.6
Personal consumption expenditures	2.4	3.6	2.4	2.1
Residential investment	-17.4	-15.7	18.3	22.3
Nonresidential structures	-8.6	-10.6	-4.6	.4
Equipment and software	11.8	17.0	18.5	15.8
Government outlays for consumption and investment	.2	-2.2	3.9	3.0
	Contribution to growth (percentage points)			
Inventory investment	.6	.7	-.3	-.2
Net exports	-.1	-.2	.0	.1

payroll employment is expected to average monthly gains of 230,000.² We project that the unemployment rate will edge down to 9½ percent in June, similar to our forecast in the March Greenbook.

Manufacturing output continued to increase at a robust annual rate of almost 7 percent in the first quarter, with gains widespread across industries. Looking ahead, the indicators of manufacturing activity suggest further solid increases in production in coming months. Motor vehicle production, however, is expected to level off this quarter after climbing noticeably in the preceding three quarters. On balance, we project that manufacturing output will increase at an annual rate of about 6 percent in the second quarter; these projected gains should push the factory operating rate up to 71 percent by June, 5½ percentage points above the low recorded in the first half of 2009, but still roughly 8 percentage points below its long-run average.

Despite ongoing weakness in many of the underlying determinants of consumer demand, consumer spending has picked up noticeably in recent months. Real outlays for goods

² Based on information from the Department of Commerce, we currently expect the peak effect of census hiring to occur in May, when the number of temporary census-related jobs included in the payroll figures balloons to about 500,000. Thereafter, the effect on the level of employment shrinks and is largely gone by September.

Projections of Real GDP

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

Measure	2010		2011
	H1	H2	
Real GDP	3.2	3.7	4.4
Previous Greenbook	2.9	3.7	4.4
Final sales	3.0	3.1	4.1
Previous Greenbook	2.8	3.0	4.0
Personal consumption expenditures	2.8	2.8	3.5
Previous Greenbook	2.4	2.8	3.5
Residential investment	1.5	3.1	19.8
Previous Greenbook	-1.1	3.9	20.4
Nonresidential structures	-5.3	.3	1.1
Previous Greenbook	-6.6	1.3	.1
Equipment and software	16.4	13.9	13.2
Previous Greenbook	15.1	12.8	13.7
Government purchases	.4	1.3	.7
Previous Greenbook	2.0	1.1	.9
Exports	8.7	9.4	9.1
Previous Greenbook	9.2	9.0	8.7
Imports	7.0	8.5	7.4
Previous Greenbook	7.5	8.5	7.7
	Contribution to growth (percentage points)		
Inventory change	.3	.7	.3
Previous Greenbook	.1	.7	.4
Net exports	-.0	-.2	-.0
Previous Greenbook	-.0	-.2	-.1

confidence improve. Because we have taken on board the higher level of consumer spending suggested by the recent data and because the level of equity wealth is higher in this projection, the saving rate—at roughly 3½ percent both this year and next—is about ¼ percentage point lower than in the March Greenbook.

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

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

Measure	1974-95	1996-2000	2001-07	2008	2009	2010	2011
Structural labor productivity	1.5	2.5	2.7	2.3	2.6	1.8	2.1
Previous Greenbook	1.5	2.5	2.7	2.3	2.6	1.8	2.1
<i>Contributions</i> ¹							
Capital deepening	.7	1.5	.7	.5	.0	.2	.6
Previous Greenbook	.7	1.5	.7	.5	.0	.2	.6
Multifactor productivity	.5	.7	1.7	1.6	2.4	1.5	1.4
Previous Greenbook	.5	.7	1.7	1.6	2.4	1.5	1.4
Labor composition	.3	.3	.3	.2	.2	.1	.1
MEMO							
Potential GDP	3.0	3.4	2.7	2.7	2.7	2.3	2.5
Previous Greenbook	3.0	3.4	2.7	2.7	2.7	2.3	2.5

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.

The Outlook for the Labor Market

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

Measure	2008	2009	2010	2011
Output per hour, nonfarm business	1.4	5.6	1.3	.8
Previous Greenbook	1.4	5.7	.8	1.2
Nonfarm private payroll employment	-2.7	-4.7	1.9	3.6
Previous Greenbook	-2.7	-4.7	2.1	3.3
Household survey employment	-1.5	-4.0	1.4	2.2
Previous Greenbook	-1.5	-4.0	1.4	2.1
Labor force participation rate ¹	65.9	64.9	64.7	64.7
Previous Greenbook	65.9	64.9	64.7	64.6
Civilian unemployment rate ¹	6.9	10.0	9.3	8.2
Previous Greenbook	6.9	10.0	9.4	8.3
MEMO				
GDP gap ²	-4.9	-7.3	-6.3	-4.5
Previous Greenbook	-4.9	-7.3	-6.4	-4.7

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.

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

Measure	2008	2009	2010	2011
PCE chain-weighted price index	1.7	1.2	1.3	1.0
Previous Greenbook	1.7	1.2	1.3	1.0
Food and beverages	6.8	-1.7	1.7	.7
Previous Greenbook	6.8	-1.7	1.5	.7
Energy	-9.1	1.1	7.6	2.4
Previous Greenbook	-9.1	1.1	6.6	1.5
Excluding food and energy	2.0	1.5	.9	.9
Previous Greenbook	2.0	1.5	1.0	1.0
Consumer price index	1.6	1.5	1.3	1.1
Previous Greenbook	1.6	1.5	1.5	1.1
Excluding food and energy	2.0	1.7	.6	.9
Previous Greenbook	2.0	1.7	.9	1.0
GDP chain-weighted price index	1.9	.7	1.1	.9
Previous Greenbook	1.9	.7	1.2	.9
ECI for compensation of private industry workers ¹	2.4	1.2	2.1	2.1
Previous Greenbook	2.4	1.2	2.1	2.1
Compensation per hour, nonfarm business sector	3.1	.8	2.2	2.5
Previous Greenbook	3.1	.8	2.2	2.5
Prices of core goods imports ²	3.8	-1.6	2.7	1.2
Previous Greenbook	3.8	-1.6	2.4	1.1

1. December to December.

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

Household debt is expected to edge up this quarter, as it did in the first quarter, after having contracted in 2009. We anticipate that household debt will expand slowly through 2011 because of roughly flat house prices, ongoing household deleveraging, and elevated charge-off rates. Although mortgage borrowing is projected to remain weak because of the continuing softness in housing markets, we anticipate that increasing demand for consumer durables and an easing of lending standards will generate a noticeable pickup in consumer credit toward the end of the forecast period.

We estimate that nonfinancial business debt expanded slightly last quarter, as robust bond and commercial paper issuance more than offset contractions in commercial mortgage

- Fiscal stimulus policies continue to boost the level of government purchases through 2012. The federal government budget deficit narrows to about 5 percent of GDP by the end of 2014. This improvement reflects the net effects of the economic recovery on tax receipts and transfer payments, as well as further policy actions after 2011 aimed at reducing the deficit. The effects of the recently enacted health-care legislation are highly uncertain; we have assumed that the legislation is roughly deficit-neutral over the extension period.
- From 2012 to 2014, the foreign exchange value of the dollar is assumed to depreciate 1½ percent per year in real terms. The price of WTI crude oil rises gradually to \$93 per barrel by the end of 2014, consistent with futures prices. Under these assumptions, movements in the prices of energy and imports have only minor implications for domestic inflation. Foreign real GDP expands about 3¼ percent per year, on average in the 2012-14 period, as foreign output gaps continue to narrow.
- With emergency and extended unemployment benefit programs assumed to wind down over 2012, the “effective” NAIRU falls from a little below 6 percent at the end of 2011 to 5¼ percent by the end of 2012 and then remains at that level through 2014. Potential GDP is assumed to expand 2½ percent per year, on average, from 2012 to 2014.

The unemployment rate enters 2012 still at a very high level, and inflation is well below the assumed long-run target. Under the assumptions used to construct the extension, the federal funds rate climbs steadily after 2011, reaching 1½ percent by the end of 2012 and

The Long-Term Outlook
(Percent change, Q4 to Q4, except as noted)

Measure	2010	2011	2012	2013	2014
Real GDP	3.5	4.4	4.7	4.5	3.4
Civilian unemployment rate ¹	9.3	8.2	6.7	5.6	5.2
PCE prices, total	1.3	1.0	1.1	1.3	1.6
Core PCE prices	.9	.9	1.1	1.3	1.5
Federal funds rate ¹	.1	.1	1.4	2.9	3.6

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

Alternative Scenarios

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

Measure and scenario	2010		2011	2012	2013-14
	H1	H2			
<i>Real GDP</i>					
Extended Greenbook baseline	3.2	3.7	4.4	4.7	3.9
Stronger recovery	3.9	5.9	6.1	4.0	2.9
Weaker consumption	2.9	2.2	3.2	5.1	4.7
Jobless recovery	3.1	3.8	4.3	5.4	5.9
Lower potential	3.0	3.1	3.4	3.2	2.8
Greater disinflation	3.2	3.8	4.4	4.9	4.8
<i>Unemployment rate¹</i>					
Extended Greenbook baseline	9.5	9.3	8.2	6.7	5.2
Stronger recovery	9.4	8.9	7.1	5.8	5.2
Weaker consumption	9.5	9.5	9.0	7.4	5.2
Jobless recovery	9.7	9.8	9.6	8.3	4.4
Lower potential	9.5	9.5	8.9	8.0	7.4
Greater disinflation	9.5	9.3	8.2	6.6	4.5
<i>Core PCE inflation</i>					
Extended Greenbook baseline	.7	1.0	.9	1.1	1.4
Stronger recovery	.7	1.0	1.0	1.2	1.6
Weaker consumption	.7	1.0	.7	.9	1.2
Jobless recovery	.7	.9	.5	.3	.7
Lower potential	.8	1.5	1.7	2.2	2.5
Greater disinflation	.6	.6	.1	-.2	-.1
<i>Federal funds rate¹</i>					
Extended Greenbook baseline	.1	.1	.1	1.4	3.6
Stronger recovery	.1	.1	1.5	2.5	3.9
Weaker consumption	.1	.1	.1	.3	3.5
Jobless recovery	.1	.1	.1	.1	3.6
Lower potential	.1	.1	1.6	2.9	4.8
Greater disinflation	.1	.1	.1	.1	2.2

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

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

Measure	2010	2011	2012	2013	2014
<i>Real GDP</i> (percent change, Q4 to Q4)					
Projection	3.5	4.4	4.7	4.5	3.4
Confidence interval					
Greenbook forecast errors	2.2-4.8	2.6-6.2	...	...	...
FRB/US stochastic simulations	2.4-4.7	2.6-6.3	2.5-6.5	2.3-6.6	1.2-5.9
<i>Civilian unemployment rate</i> (percent, Q4)					
Projection	9.3	8.2	6.7	5.6	5.2
Confidence interval					
Greenbook forecast errors	8.8-9.8	7.5-9.0	...	...	...
FRB/US stochastic simulations	8.8-9.8	7.3-9.1	5.7-7.8	4.5-6.8	4.1-6.4
<i>PCE prices, total</i> (percent change, Q4 to Q4)					
Projection	1.3	1.0	1.1	1.3	1.6
Confidence interval					
Greenbook forecast errors	.6-2.0	-.2-2.2	...	...	...
FRB/US stochastic simulations	.6-2.1	.0-2.1	.1-2.3	.2-2.6	.5-2.7
<i>PCE prices excluding food and energy</i> (percent change, Q4 to Q4)					
Projection	.9	.9	1.1	1.3	1.5
Confidence interval					
Greenbook forecast errors	.4-1.3	.2-1.7	...	...	...
FRB/US stochastic simulations	.4-1.3	.2-1.7	.3-2.0	.5-2.2	.7-2.5
<i>Federal funds rate</i> (percent, Q4)					
Projection	.1	.1	1.4	2.9	3.6
Confidence interval					
FRB/US stochastic simulations	.1-.3	.1-1.9	.1-3.2	1.2-4.7	2.0-5.4

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

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

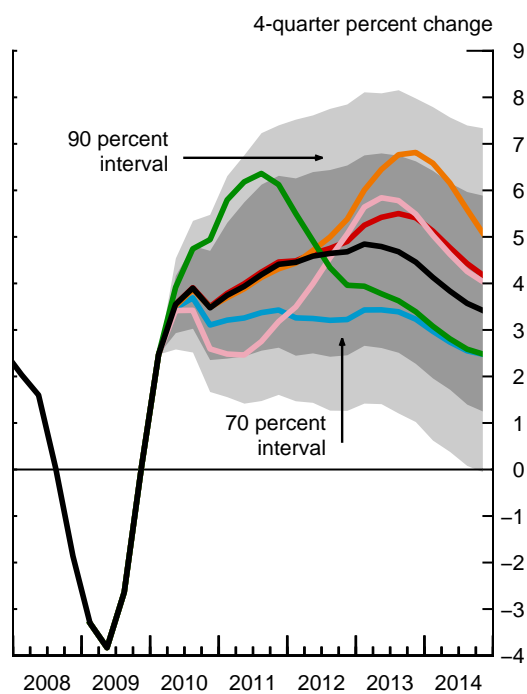
... Not applicable. The Greenbook forecast horizon has typically extended about two years.

Forecast Confidence Intervals and Alternative Scenarios

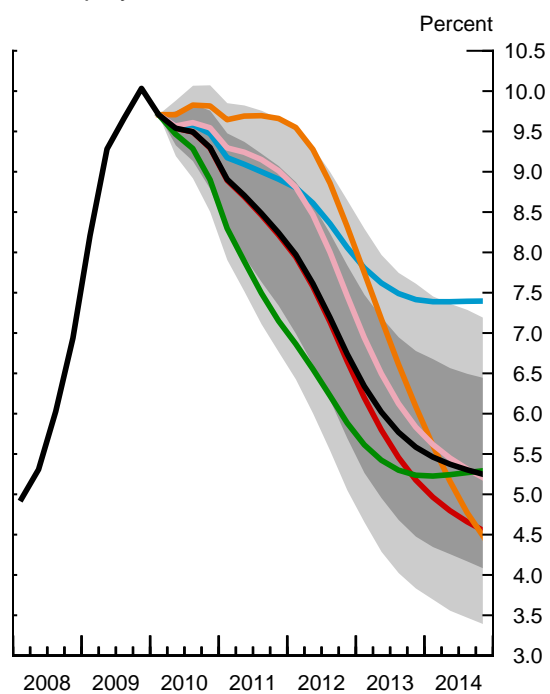
Confidence Intervals Based on FRB/US Stochastic Simulations

■ Extended Greenbook baseline ■ Weaker consumption ■ Lower potential
 ■ Stronger recovery ■ Jobless recovery ■ Greater disinflation

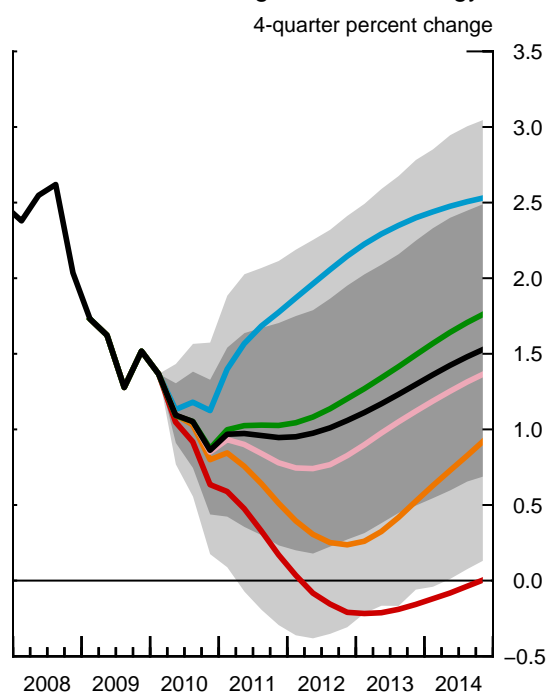
Real GDP



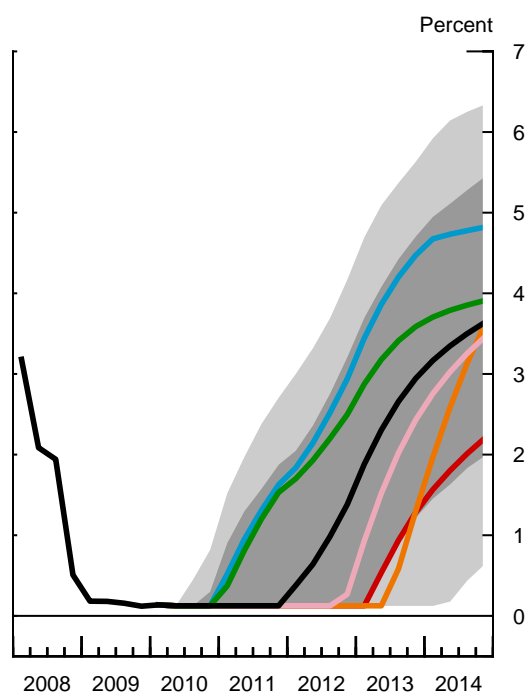
Unemployment Rate



PCE Prices excluding Food and Energy

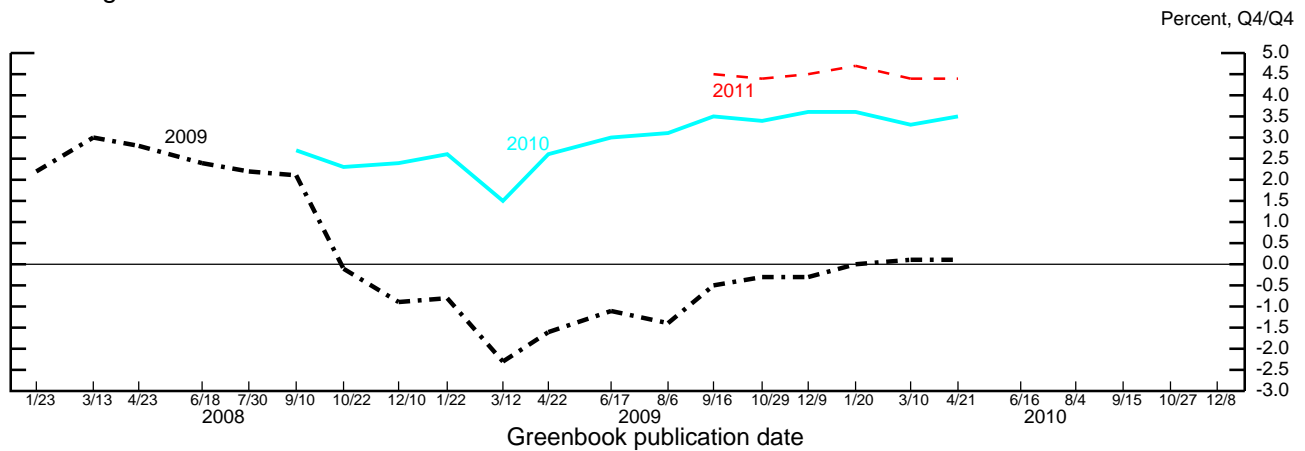


Federal Funds Rate

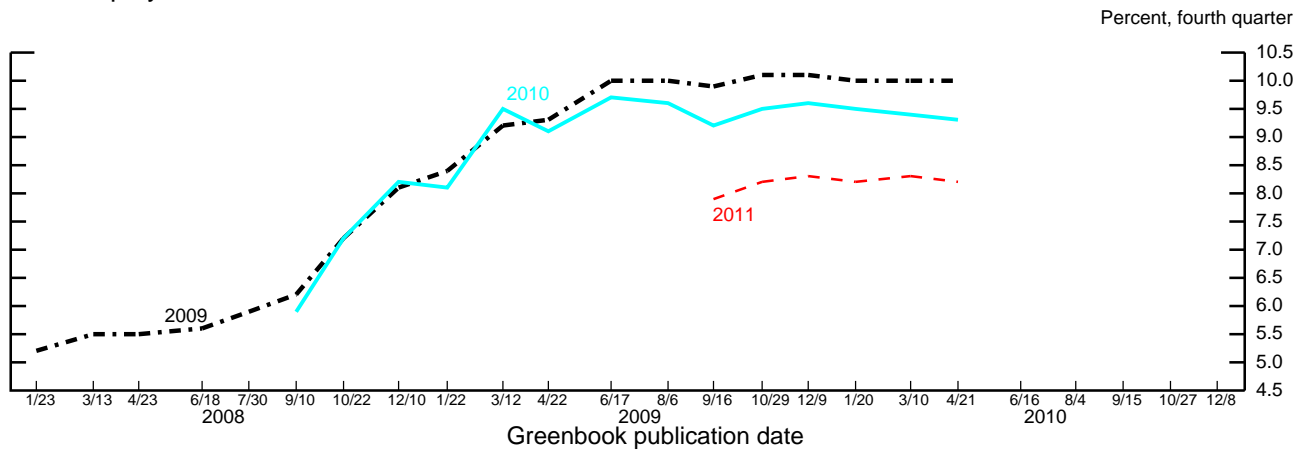


Evolution of the Staff Forecast

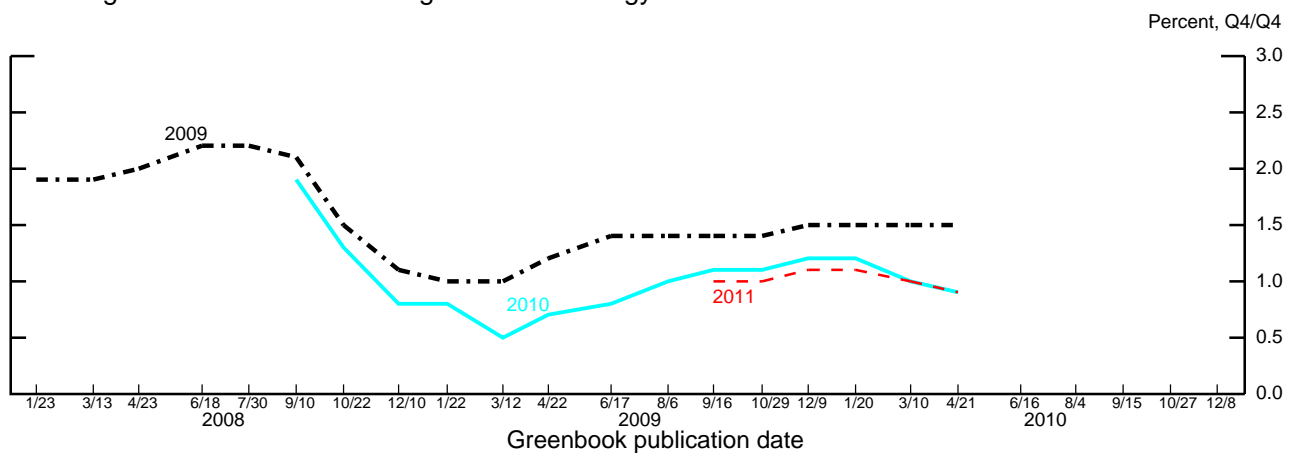
Change in Real GDP



Unemployment Rate



Change in PCE Prices excluding Food and Energy*



*Because the core PCE price index was redefined as part of the comprehensive revisions to the NIPA, projections prior to the August 2009 Greenbook are not strictly comparable with more recent projections.

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	
	03/10/10	04/21/10	03/10/10	04/21/10	03/10/10	04/21/10	03/10/10	04/21/10	03/10/10	04/21/10
<i>Quarterly</i>										
2009:Q1	-4.6	-4.6	-6.4	-6.4	-1.5	-1.5	1.1	1.1	8.2	8.2
Q2	-8	-8	-7	-7	1.4	1.4	2.0	2.0	9.3	9.3
Q3	2.6	2.6	2.2	2.2	2.6	2.6	1.2	1.2	9.7	9.7
Q4	6.0	6.1	5.6	5.6	2.3	2.5	1.6	1.8	10.0	10.0
2010:Q1	4.2	4.0	2.2	2.9	1.5	1.5	.8	.5	9.7	9.7
Q2	4.5	4.6	3.6	3.5	1.3	.7	1.1	.9	9.6	9.5
Q3	4.7	5.0	3.5	3.6	1.4	1.7	1.1	1.0	9.6	9.5
Q4	4.7	4.9	3.8	3.8	1.1	1.3	1.0	1.0	9.4	9.3
2011:Q1	5.0	5.1	4.0	4.0	1.0	1.1	1.0	1.0	9.0	8.9
Q2	5.3	5.2	4.3	4.3	1.0	1.0	1.0	.9	8.8	8.7
Q3	5.5	5.5	4.6	4.6	1.0	1.0	1.0	.9	8.6	8.5
Q4	5.6	5.6	4.7	4.7	.9	1.0	1.0	.9	8.3	8.2
<i>Two-quarter²</i>										
2009:Q2	-2.7	-2.7	-3.6	-3.6	-1	-1	1.6	1.6	2.4	2.4
Q4	4.3	4.3	3.9	3.9	2.5	2.5	1.4	1.5	.7	.7
2010:Q2	4.3	4.3	2.9	3.2	1.4	1.1	.9	.7	-4	-5
Q4	4.7	4.9	3.7	3.7	1.3	1.5	1.1	1.0	-2	-2
2011:Q2	5.2	5.1	4.2	4.1	1.0	1.1	1.0	1.0	-6	-6
Q4	5.5	5.6	4.6	4.7	1.0	1.0	1.0	.9	-5	-5
<i>Four-quarter³</i>										
2008:Q4	.1	.1	-1.9	-1.9	1.7	1.7	2.0	2.0	2.1	2.1
2009:Q4	.7	.7	.1	.1	1.2	1.2	1.5	1.5	3.1	3.1
2010:Q4	4.5	4.6	3.3	3.5	1.3	1.3	1.0	.9	-6	-7
2011:Q4	5.3	5.3	4.4	4.4	1.0	1.0	1.0	.9	-1.1	-1.1
<i>Annual</i>										
2008	2.6	2.6	.4	.4	3.3	3.3	2.4	2.4	5.8	5.8
2009	-1.3	-1.3	-2.4	-2.4	.2	.2	1.5	1.5	9.3	9.3
2010	4.2	4.2	3.2	3.3	1.7	1.7	1.2	1.1	9.6	9.5
2011	5.0	5.1	4.0	4.1	1.1	1.1	1.0	1.0	8.7	8.6

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	2009				2010				2011				2009 ¹	2010 ¹	2011 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Greenbook</i>	-6.4	-7	2.2	5.6	2.9	3.5	3.6	3.8	4.0	4.3	4.6	4.7	.1	3.5	4.4
Final sales <i>Previous Greenbook</i>	-6.4	-7	2.2	5.6	2.2	3.6	3.5	3.8	4.0	4.3	4.6	4.7	.1	3.3	4.4
Priv. dom. final purch. <i>Previous Greenbook</i>	-4.1	.7	1.5	1.7	2.2	3.7	2.8	3.4	3.6	4.1	4.1	4.5	-1	3.0	4.1
	-4.1	.7	1.5	1.7	1.6	3.9	2.5	3.4	3.5	4.1	4.0	4.4	-1	2.9	4.0
	-7.2	-2.7	2.2	2.1	3.4	3.6	3.2	3.9	4.3	4.7	4.9	5.1	-1.5	3.5	4.8
	-7.2	-2.7	2.2	2.1	2.0	3.8	3.2	4.0	4.2	4.7	4.9	5.1	-1.5	3.2	4.7
Personal cons. expend. <i>Previous Greenbook</i>	.6	-9	2.8	1.6	3.6	2.1	2.7	2.8	3.2	3.5	3.7	3.9	1.0	2.8	3.5
	.6	-9	2.8	1.7	2.4	2.4	2.7	2.9	3.1	3.5	3.6	3.8	1.0	2.6	3.5
Durables	3.9	-5.6	20.4	.4	9.8	13.6	10.2	9.3	9.1	10.7	11.0	12.1	4.4	10.7	10.7
Nondurables	1.9	-1.9	1.5	4.0	4.5	3.2	2.4	2.6	3.0	3.3	3.4	3.6	1.3	3.2	3.3
Services	-3	.2	.8	1.0	2.4	.0	1.7	1.9	2.3	2.5	2.6	2.7	.4	1.5	2.5
Residential investment <i>Previous Greenbook</i>	-38.2	-23.3	18.9	3.8	-15.7	22.3	-2.1	8.6	12.3	21.6	23.3	22.5	-12.5	2.3	19.8
	-38.2	-23.3	18.9	3.3	-17.4	18.3	-2.7	11.0	13.4	21.5	23.4	23.5	-12.6	1.4	20.4
Business fixed invest. <i>Previous Greenbook</i>	-39.2	-9.6	-5.9	5.3	7.6	10.9	8.6	10.9	10.5	9.3	9.6	9.4	-14.1	9.5	9.7
	-39.2	-9.6	-5.9	5.0	4.9	11.0	8.2	10.4	10.2	9.8	9.7	9.3	-14.1	8.6	9.7
Equipment & software <i>Previous Greenbook</i>	-36.4	-4.9	1.5	19.0	17.0	15.8	12.5	15.3	14.2	13.3	12.8	12.5	-7.5	15.2	13.2
	-36.4	-4.9	1.5	18.6	11.8	18.5	11.4	14.3	14.1	14.0	13.6	12.9	-7.6	14.0	13.7
Nonres. structures <i>Previous Greenbook</i>	-43.6	-17.3	-18.4	-18.0	-10.6	.4	-2	.8	1.8	-5	1.5	1.4	-25.3	-2.5	1.1
	-43.6	-17.3	-18.4	-18.1	-8.6	-4.6	1.0	1.5	1.1	-3	-1	-1	-25.3	-2.8	.1
Net exports ² <i>Previous Greenbook</i> ²	-386	-330	-357	-348	-352	-348	-356	-355	-356	-353	-357	-353	-356	-353	-355
Exports	-386	-330	-357	-347	-349	-347	-357	-358	-362	-362	-370	-368	-355	-353	-365
Imports	-29.9	-4.1	17.8	22.8	8.7	8.8	9.2	9.7	9.3	9.1	9.1	8.9	-7	9.1	9.1
	-36.4	-14.7	21.3	15.8	7.9	6.2	9.3	7.8	7.9	6.8	8.5	6.6	-6.6	7.8	7.4
Gov't. cons. & invest. <i>Previous Greenbook</i>	-2.6	6.7	2.6	-1.3	-2.2	3.0	1.9	.7	.7	.8	.8	.7	1.3	.8	.7
	-2.6	6.7	2.6	-1.3	.2	3.9	1.2	.9	.9	.9	1.0	.9	1.3	1.5	.9
Federal	-4.3	11.4	8.0	.0	.9	8.4	4.7	.7	.8	.9	.8	.8	3.6	3.6	.8
Defense	-5.1	14.0	8.4	-3.6	-2.3	8.7	8.0	1.9	-1	.0	.0	.0	3.1	4.0	.0
Nondefense	-2.5	6.1	7.0	8.3	7.8	7.8	-1.9	-1.7	2.6	2.6	2.6	2.6	4.6	2.9	2.6
State & local	-1.5	3.9	-6	-2.2	-4.2	-5	.1	.6	.6	.7	.7	.7	-1	-1.0	.7
Change in bus. inventories ² <i>Previous Greenbook</i> ²	-114	-160	-139	-20	2	-4	22	37	50	55	74	82	-108	14	65
	-114	-160	-139	-19	-2	-12	18	30	44	52	71	80	-108	9	62
Nonfarm ²	-115	-163	-141	-14	-2	-8	19	35	48	52	71	80	-108	11	63
Farm ²	0	2	2	-6	4	3	3	3	3	3	3	3	-0	3	3

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

2. Billions of chained (2005) 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	2003	2004	2005	2006	2007	2008	2009	2010	2011
Real GDP <i>Previous Greenbook</i>	3.8 3.8	3.1 3.1	2.7 2.7	2.4 2.4	2.5 2.5	-1.9 -1.9	.1 .1	3.5 3.3	4.4 4.4
Final sales <i>Previous Greenbook</i>	3.8 3.8	2.8 2.8	2.7 2.7	2.8 2.8	2.7 2.7	-1.4 -1.4	-1 -1	3.0 2.9	4.1 4.0
Priv. dom. final purch. <i>Previous Greenbook</i>	4.2 4.2	4.2 4.2	3.1 3.1	2.5 2.5	1.4 1.4	-3.2 -3.2	-1.5 -1.5	3.5 3.2	4.8 4.7
Personal cons. expend. <i>Previous Greenbook</i>	3.4 3.4	3.5 3.5	2.7 2.7	3.3 3.3	2.0 2.0	-1.8 -1.8	1.0 1.0	2.8 2.6	3.5 3.5
Durables	8.9	5.5	2.1	6.3	4.6	-11.8	4.4	10.7	10.7
Nondurables	3.9	3.0	3.3	3.2	1.5	-2.9	1.3	3.2	3.3
Services	2.2	3.4	2.6	2.8	1.7	.3	.4	1.5	2.5
Residential investment <i>Previous Greenbook</i>	11.5 11.5	6.6 6.6	5.3 5.3	-15.7 -15.7	-20.5 -20.5	-21.0 -21.0	-12.5 -12.6	2.3 1.4	19.8 20.4
Business fixed invest. <i>Previous Greenbook</i>	5.9 5.9	7.0 7.0	4.4 4.4	7.8 7.8	7.9 7.9	-6.0 -6.0	-14.1 -14.1	9.5 8.6	9.7 9.7
Equipment & software <i>Previous Greenbook</i>	7.5 7.5	8.8 8.8	6.1 6.1	6.0 6.0	3.2 3.2	-10.7 -10.7	-7.5 -7.6	15.2 14.0	13.2 13.7
Nonres. structures <i>Previous Greenbook</i>	1.3 1.3	1.7 1.7	-1 -1	13.0 13.0	18.9 18.9	3.2 3.2	-25.3 -25.3	-2.5 -2.8	1.1 .1
Net exports¹ <i>Previous Greenbook¹</i>	-604 -604	-688 -688	-723 -723	-729 -729	-648 -648	-494 -494	-356 -355	-353 -353	-355 -365
Exports	6.2	7.1	6.7	10.2	10.2	-3.4	-7	9.1	9.1
Imports	5.1	10.9	5.2	4.1	.9	-6.8	-6.6	7.8	7.4
Gov't. cons. & invest. <i>Previous Greenbook</i>	1.6 1.6	.6 .6	.7 .7	1.5 1.5	2.5 2.5	3.0 3.0	1.3 1.3	.8 1.5	.7 .9
Federal	5.7	2.3	1.2	2.2	3.4	8.9	3.6	3.6	.8
Defense	8.4	2.4	.4	4.4	2.6	9.5	3.1	4.0	.0
Nondefense	.7	2.3	2.6	-2.3	5.2	7.5	4.6	2.9	2.6
State & local	-.5	-.4	.4	1.2	1.9	-.3	-.1	-1.0	.7
Change in bus. inventories¹ <i>Previous Greenbook¹</i>	17 17	66 66	50 50	59 59	19 19	-26 -26	-108 -108	14 9	65 62
Nonfarm ¹	17	58	50	63	20	-20	-108	11	63
Farm ¹	0	8	0	-4	-1	-5	-0	3	3

1. Billions of chained (2005) dollars.

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

Item	2009				2010				2011				2009 ¹	2010 ¹	2011 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Greenbook</i>	-6.4	-7	2.2	5.6	2.9	3.5	3.6	3.8	4.0	4.3	4.6	4.7	.1	3.5	4.4
	-6.4	-7	2.2	5.6	2.2	3.6	3.5	3.8	4.0	4.3	4.6	4.7	.1	3.3	4.4
Final sales <i>Previous Greenbook</i>	-4.1	.7	1.5	1.8	2.2	3.7	2.8	3.4	3.6	4.1	4.1	4.5	-.1	3.0	4.1
Priv. dom. final purch. <i>Previous Greenbook</i>	-4.1	.7	1.5	1.8	1.6	3.9	2.6	3.4	3.5	4.1	4.0	4.4	-.1	2.9	4.0
	-6.1	-2.3	1.8	1.8	2.8	3.0	2.7	3.2	3.5	3.9	4.1	4.2	-1.3	2.9	3.9
	-6.1	-2.3	1.8	1.8	1.7	3.1	2.6	3.3	3.5	3.9	4.0	4.2	-1.3	2.7	3.9
Personal cons. expend. <i>Previous Greenbook</i>	.4	-6	2.0	1.2	2.5	1.5	1.9	2.0	2.2	2.5	2.6	2.7	.7	2.0	2.5
	.4	-6	2.0	1.3	1.7	1.7	1.9	2.1	2.2	2.5	2.5	2.7	.7	1.8	2.5
Durables	.3	-4	1.4	.0	.7	1.0	.7	.7	.7	.8	.8	.9	.3	.8	.8
Nondurables	.3	-3	.2	.6	.7	.5	.4	.4	.5	.5	.6	.6	.2	.5	.5
Services	-.1	.1	.4	.5	1.1	.0	.8	.9	1.1	1.2	1.2	1.3	.2	.7	1.2
Residential investment <i>Previous Greenbook</i>	-1.3	-7	.4	.1	-4	.5	-1	.2	.3	.5	.6	.6	-.4	.1	.5
	-1.3	-7	.4	.1	-5	.4	-1	.3	.3	.5	.6	.6	-.4	.0	.5
Business fixed invest. <i>Previous Greenbook</i>	-5.3	-1.0	-6	.5	.7	1.0	.8	1.0	1.0	.9	.9	.9	-1.6	.9	.9
	-5.3	-1.0	-6	.5	.5	1.0	.8	1.0	1.0	.9	.9	.9	-1.6	.8	.9
Equipment & software <i>Previous Greenbook</i>	-3.0	-3	.1	1.1	1.0	1.0	.8	1.0	1.0	.9	.9	.9	-.5	1.0	.9
	-3.0	-3	.1	1.1	.7	1.1	.7	.9	.9	.9	.9	.9	-.5	.9	.9
Nonres. structures <i>Previous Greenbook</i>	-2.3	-7	-7	-6	-3	.0	.0	.0	.1	.0	.0	.0	-1.1	-.1	.0
	-2.3	-7	-7	-6	-3	-1	.0	.0	.0	.0	.0	.0	-1.1	-.1	.0
Net exports <i>Previous Greenbook</i>	2.6	1.7	-8	.3	-2	.1	-3	.0	-1	.1	-2	.1	1.0	-.1	.0
	2.6	1.7	-8	.2	-1	.0	-3	-1	-1	.0	-3	.0	1.0	-.1	-.1
Exports	-4.0	-5	1.8	2.4	1.0	1.0	1.1	1.2	1.1	1.1	1.1	1.1	-.1	1.1	1.1
Imports	6.6	2.1	-2.6	-2.1	-1.1	-9	-1.4	-1.2	-1.2	-1.1	-1.3	-1.0	1.0	-1.2	-1.2
Gov't. cons. & invest. <i>Previous Greenbook</i>	-.5	1.3	.6	-3	-4	.6	.4	.1	.1	.2	.2	.2	.3	.2	.1
	-.5	1.3	.6	-3	.0	.8	.3	.2	.2	.2	.2	.2	.3	.3	.2
Federal	-.3	.9	.6	.0	.1	.7	.4	.1	.1	.1	.1	.1	.3	.3	.1
Defense	-.3	.7	.5	-2	-1	.5	.4	.1	.0	.0	.0	.0	.2	.2	.0
Nondefense	-.1	.2	.2	.2	.2	.2	-1	.0	.1	.1	.1	.1	.1	.1	.1
State & local	-.2	.5	-1	-3	-5	-1	.0	.1	.1	.1	.1	.1	.0	-.1	.1
Change in bus. inventories <i>Previous Greenbook</i>	-2.4	-1.4	.7	3.8	.7	-2	.8	.5	.4	.2	.6	.3	.1	.5	.3
	-2.4	-1.4	.7	3.8	.6	-3	.9	.4	.5	.2	.6	.3	.1	.4	.4
Nonfarm	-2.4	-1.5	.7	4.0	.4	-2	.8	.5	.4	.1	.6	.3	.2	.4	.3
Farm	.1	.1	.0	-2	.4	.0	.0	.0	.0	.0	.0	.0	.0	.1	.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	2009				2010				2011				2009 ¹	2010 ¹	2011 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP chain-wt. price index <i>Previous Greenbook</i>	1.9	.0	.4	.5	1.1	1.0	1.3	1.0	1.0	.9	.9	.8	.7	1.1	.9
PCE chain-wt. price index <i>Previous Greenbook</i>	1.9	.0	.4	.4	2.0	.8	1.2	.9	1.0	.9	.9	.9	.7	1.2	.9
Energy <i>Previous Greenbook</i>	-1.5	1.4	2.6	2.5	1.5	.7	1.7	1.3	1.1	1.0	1.0	1.0	1.2	1.3	1.0
Food <i>Previous Greenbook</i>	-1.5	1.4	2.6	2.3	1.5	1.3	1.4	1.1	1.0	1.0	1.0	.9	1.2	1.3	1.0
Ex. food & energy <i>Previous Greenbook</i>	-36.7	-2.0	40.6	19.9	15.9	-3.7	12.5	6.8	3.5	2.7	1.8	1.7	1.1	7.6	2.4
	-36.7	-2.0	40.6	19.9	14.0	4.1	5.8	2.7	2.0	1.8	1.5	.8	1.1	6.6	1.5
	-1.1	-3.6	-2.1	-1	1.9	2.0	1.7	1.1	.7	.7	.7	.7	-1.7	1.7	.7
	-1.1	-3.6	-2.1	-1	1.8	1.4	1.7	1.1	.8	.7	.7	.7	-1.7	1.5	.7
	1.1	2.0	1.2	1.8	.5	.9	1.0	1.0	1.0	.9	.9	.9	1.5	.9	.9
	1.1	2.0	1.2	1.6	.8	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.5	1.0	1.0
CPI <i>Previous Greenbook</i>	-2.2	1.9	3.7	2.6	1.5	.4	1.9	1.4	1.2	1.1	1.0	1.0	1.5	1.3	1.1
Ex. food & energy <i>Previous Greenbook</i>	-2.2	1.9	3.7	2.6	1.6	1.4	1.6	1.2	1.1	1.1	1.1	1.0	1.5	1.5	1.1
	1.6	2.3	1.5	1.5	.0	.6	.9	.9	.9	.9	.9	.9	1.7	.6	.9
	1.6	2.3	1.5	1.5	.2	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.7	.9	1.0
ECI, hourly compensation ² <i>Previous Greenbook</i> ²	.7	.7	1.8	1.5	2.2	2.1	2.1	2.1	2.2	2.1	2.1	2.1	1.2	2.1	2.1
	.7	.7	1.8	1.5	2.2	2.1	2.1	2.1	2.2	2.1	2.1	2.1	1.2	2.1	2.1
Nonfarm business sector Output per hour <i>Previous Greenbook</i>	.9	7.6	7.8	6.3	2.7	1.1	.8	.4	.4	.6	1.1	1.2	5.6	1.3	.8
Compensation per hour <i>Previous Greenbook</i>	.9	7.6	7.8	6.5	1.7	.9	.3	.5	.6	1.1	1.4	1.6	5.7	.8	1.2
Unit labor costs <i>Previous Greenbook</i>	-4.2	7.7	-4	.5	2.9	.9	2.4	2.4	3.3	2.4	2.2	2.2	.8	2.2	2.5
	-4.2	7.7	-4	.4	2.1	1.8	2.4	2.4	3.3	2.4	2.2	2.2	.8	2.2	2.5
	-5.0	.1	-7.6	-5.5	.2	-2	1.6	2.0	2.9	1.7	1.1	1.0	-4.6	.9	1.7
	-5.0	.1	-7.6	-5.7	.4	.9	2.1	1.9	2.7	1.3	.8	.6	-4.6	1.3	1.3
Core goods imports chain-wt. price index ³ <i>Previous Greenbook</i> ³	-9.4	-2.3	1.3	4.7	4.0	2.9	2.3	1.6	1.4	1.2	1.1	1.1	-1.6	2.7	1.2
	-9.4	-2.3	1.3	4.7	4.2	2.2	1.7	1.3	1.1	1.1	1.1	1.1	-1.6	2.4	1.1

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	2003	2004	2005	2006	2007	2008	2009	2010	2011
GDP chain-wt. price index <i>Previous Greenbook</i>	2.1 2.1	3.2 3.2	3.5 3.5	2.9 2.9	2.7 2.7	1.9 1.9	.7 .7	1.1 1.2	.9 .9
PCE chain-wt. price index <i>Previous Greenbook</i>	1.9 1.9	3.0 3.0	3.3 3.3	1.9 1.9	3.6 3.6	1.7 1.7	1.2 1.2	1.3 1.3	1.0 1.0
Energy <i>Previous Greenbook</i>	8.6 8.6	18.6 18.6	21.5 21.5	-3.7 -3.7	19.7 19.7	-9.1 -9.1	1.1 1.1	7.6 6.6	2.4 1.5
Food <i>Previous Greenbook</i>	3.2 3.2	2.7 2.7	1.5 1.5	1.7 1.7	4.7 4.7	6.8 6.8	-1.7 -1.7	1.7 1.5	.7 .7
Ex. food & energy <i>Previous Greenbook</i>	1.5 1.5	2.2 2.2	2.3 2.3	2.3 2.3	2.5 2.5	2.0 2.0	1.5 1.5	.9 1.0	.9 1.0
CPI <i>Previous Greenbook</i>	2.0 2.0	3.4 3.4	3.7 3.7	1.9 1.9	4.0 4.0	1.6 1.6	1.5 1.5	1.3 1.5	1.1 1.1
Ex. food & energy <i>Previous Greenbook</i>	1.2 1.2	2.2 2.2	2.1 2.1	2.7 2.7	2.3 2.3	2.0 2.0	1.7 1.7	.6 .9	.9 1.0
ECI, hourly compensation ¹ <i>Previous Greenbook</i> ¹	4.0 4.0	3.8 3.8	2.9 2.9	3.2 3.2	3.0 3.0	2.4 2.4	1.2 1.2	2.1 2.1	2.1 2.1
Nonfarm business sector Output per hour <i>Previous Greenbook</i>	5.0 5.0	1.5 1.5	1.5 1.5	1.0 1.0	2.9 2.9	1.4 1.4	5.6 5.7	1.3 .8	.8 1.2
Compensation per hour <i>Previous Greenbook</i>	5.7 5.7	3.4 3.4	3.6 3.6	4.5 4.5	3.6 3.6	3.1 3.1	.8 .8	2.2 2.2	2.5 2.5
Unit labor costs <i>Previous Greenbook</i>	.6 .6	1.9 1.9	2.0 2.0	3.5 3.5	.7 .7	1.7 1.7	-4.6 -4.6	.9 1.3	1.7 1.3
Core goods imports chain-wt. price index ² <i>Previous Greenbook</i> ²	1.6 1.6	3.6 3.6	2.2 2.2	2.5 2.5	3.5 3.5	3.8 3.8	-1.6 -1.6	2.7 2.4	1.2 1.1

1. Private-industry workers.

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

Other Macroeconomic Indicators

Item	2009				2010				2011				2009 ¹	2010 ¹	2011 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<i>Employment and production</i>															
Nonfarm payroll employment ²	-2.2	-1.7	-1.0	-4	.0	.6	.5	.8	1.0	1.0	1.0	1.0	-5.4	1.9	4.1
Unemployment rate ³	8.2	9.3	9.7	10.0	9.7	9.5	9.5	9.3	8.9	8.7	8.5	8.2	10.0	9.3	8.2
<i>Previous Greenbook³</i>	8.2	9.3	9.7	10.0	9.7	9.6	9.6	9.4	9.0	8.8	8.6	8.3	10.0	9.4	8.3
GDP gap ⁴	-7.1	-7.8	-8.0	-7.3	-7.2	-6.9	-6.6	-6.3	-5.9	-5.5	-5.0	-4.5	-7.3	-6.3	-4.5
<i>Previous Greenbook⁴</i>	-7.1	-7.8	-8.0	-7.3	-7.3	-7.0	-6.8	-6.4	-6.1	-5.7	-5.2	-4.7	-7.3	-6.4	-4.7
Industrial production ⁵	-19.0	-10.4	6.4	6.9	7.8	4.6	5.3	5.9	6.1	5.0	5.9	5.7	-4.7	5.9	5.7
<i>Previous Greenbook⁵</i>	-19.0	-10.4	6.4	6.6	7.4	3.2	4.2	5.9	6.0	5.2	6.0	6.1	-4.7	5.1	5.8
Manufacturing industr. prod. ⁵	-22.0	-8.8	8.4	5.6	6.6	6.4	4.9	6.6	7.1	6.0	6.8	6.5	-5.0	6.1	6.6
<i>Previous Greenbook⁵</i>	-22.0	-8.8	8.4	5.5	5.9	4.1	4.6	6.7	6.9	6.0	6.9	6.8	-5.0	5.3	6.7
Capacity utilization rate - mfg. ³	66.7	65.4	67.0	68.2	69.5	70.8	71.8	73.1	74.3	75.4	76.6	77.8	68.2	73.1	77.8
<i>Previous Greenbook³</i>	66.7	65.4	67.0	68.2	69.4	70.3	71.2	72.5	73.7	74.8	76.1	77.3	68.2	72.5	77.3
Housing starts ⁶	.5	.5	.6	.6	.6	.6	.7	.8	.9	.9	1.1	1.2	.6	.7	1.0
Light motor vehicle sales ⁶	9.5	9.6	11.5	10.8	11.0	11.3	12.1	12.9	13.6	14.2	14.7	15.2	10.3	11.8	14.4
<i>Income and saving</i>															
Nominal GDP ⁵	-4.6	-8	2.6	6.1	4.0	4.6	5.0	4.9	5.1	5.2	5.5	5.6	.7	4.6	5.3
Real disposable pers. income ⁵	.2	6.2	-3.6	1.0	.5	2.3	3.3	3.4	1.2	3.9	4.4	4.7	.9	2.4	3.6
<i>Previous Greenbook⁵</i>	.2	6.2	-3.6	1.8	-4	2.7	3.4	3.4	.9	3.9	4.4	4.6	1.1	2.3	3.4
Personal saving rate ³	3.7	5.4	3.9	3.9	3.3	3.3	3.5	3.7	3.2	3.3	3.5	3.7	3.9	3.7	3.7
<i>Previous Greenbook³</i>	3.7	5.4	3.9	4.1	3.5	3.6	3.8	4.0	3.5	3.6	3.8	4.0	4.1	4.0	4.0
Corporate profits ⁷	22.8	15.6	50.7	36.0	16.6	13.9	5.7	5.2	5.0	5.4	3.7	5.4	30.6	10.2	4.9
Profit share of GNP ³	8.3	8.6	9.5	10.1	10.4	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.1	10.6	10.6
Net federal saving ⁸	-969	-1,269	-1,354	-1,307	-1,326	-1,357	-1,408	-1,421	-1,314	-1,275	-1,243	-1,234	-1,225	-1,378	-1,266
Net state & local saving ⁸	-37	-25	-15	-1	43	51	74	81	67	54	23	25	-19	62	42
Gross national saving rate ³	11.2	10.7	9.8	10.3	10.2	10.5	10.6	10.9	11.3	11.7	12.0	12.3	10.3	10.9	12.3
Net national saving rate ³	-2.5	-2.7	-3.6	-2.8	-2.6	-2.3	-2.2	-1.8	-1.5	-1.0	-.8	-.4	-2.8	-1.8	-.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	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>Employment and production</i>									
Nonfarm payroll employment ¹	-1	2.0	2.4	2.1	1.2	-2.8	-5.4	1.9	4.1
Unemployment rate ²	5.8	5.4	5.0	4.5	4.8	6.9	10.0	9.3	8.2
<i>Previous Greenbook²</i>	5.8	5.4	5.0	4.5	4.8	6.9	10.0	9.4	8.3
GDP gap ³	-1.7	-8	-4	-4	-4	-4.9	-7.3	-6.3	-4.5
<i>Previous Greenbook³</i>	-1.7	-8	-4	-4	-4	-4.9	-7.3	-6.4	-4.7
Industrial production ⁴	1.6	3.0	2.6	1.8	1.8	-6.7	-4.7	5.9	5.7
<i>Previous Greenbook⁴</i>	1.6	3.0	2.6	1.8	1.8	-6.7	-4.7	5.1	5.8
Manufacturing industr. prod. ⁴	1.8	3.6	3.8	1.2	1.9	-8.7	-5.0	6.1	6.6
<i>Previous Greenbook⁴</i>	1.8	3.6	3.8	1.2	1.9	-8.7	-5.0	5.3	6.7
Capacity utilization rate - mfg. ²	74.6	77.3	79.2	79.0	78.7	70.9	68.2	73.1	77.8
<i>Previous Greenbook²</i>	74.6	77.3	79.2	79.0	78.7	70.9	68.2	72.5	77.3
Housing starts ⁵	1.8	2.0	2.1	1.8	1.4	.9	.6	.7	1.0
Light motor vehicle sales ⁵	16.6	16.8	16.9	16.5	16.1	13.1	10.3	11.8	14.4
<i>Income and saving</i>									
Nominal GDP ⁴	6.0	6.4	6.3	5.4	5.3	.1	.7	4.6	5.3
Real disposable pers. income ⁴	3.9	3.5	.6	4.6	1.0	.3	.9	2.4	3.6
<i>Previous Greenbook⁴</i>	3.9	3.5	.6	4.6	1.0	.3	1.1	2.3	3.4
Personal saving rate ²	3.6	3.6	1.5	2.5	1.5	3.8	3.9	3.7	3.7
<i>Previous Greenbook²</i>	3.6	3.6	1.5	2.5	1.5	3.8	4.1	4.0	4.0
Corporate profits ⁶	12.2	21.9	19.6	3.7	-5.7	-25.1	30.6	10.2	4.9
Profit share of GNP ²	9.1	10.5	11.8	11.6	10.3	7.8	10.1	10.6	10.6
Net federal saving ⁷	-376	-379	-283	-204	-236	-643	-1225	-1378	-1266
Net state & local saving ⁷	-39	-8	26	51	22	-40	-19	62	42
Gross national saving rate ²	14.3	14.3	15.5	16.3	13.8	12.2	10.3	10.9	12.3
Net national saving rate ²	2.5	2.7	3.5	4.2	1.6	-7	-2.8	-1.8	-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)

April 21, 2010

Item	Fiscal year				2009				2010				2011			
	2008 ^a	2009 ^a	2010	2011	Q1 ^a	Q2 ^a	Q3 ^a	Q4 ^a	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unified budget	Not seasonally adjusted															
Receipts ¹	2524	2104	2146	2445	442	599	516	488	466	636	557	536	522	748	638	608
Outlays ¹	2983	3520	3505	3758	891	904	845	876	795	928	906	948	961	931	918	931
Surplus/deficit ¹	-458	-1416	-1359	-1314	-449	-305	-329	-388	-329	-292	-349	-412	-439	-182	-280	-323
<i>Previous Greenbook</i>	-459	-1415	-1395	-1295	-449	-305	-329	-388	-474	-271	-263	-411	-427	-170	-287	-331
On-budget	-642	-1553	-1449	-1419	-468	-382	-318	-394	-359	-360	-337	-454	-439	-253	-273	-370
Off-budget	183	137	91	105	19	77	-11	6	30	67	-13	42	-1	71	-7	47
Means of financing																
Borrowing	768	1743	1494	1298	465	338	379	261	478	339	416	367	429	207	295	313
Cash decrease	-296	96	-10	35	98	-49	43	82	-25	-62	-5	50	15	-20	-10	15
Other ²	-13	-424	-125	-20	-114	16	-92	45	-124	15	-61	-5	-5	-5	-5	-5
Cash operating balance, end of period	372	275	285	250	269	318	275	194	219	280	285	235	220	240	250	235
NIPA federal sector	Seasonally adjusted annual rates															
Receipts	2534	2281	2334	2541	2251	2237	2189	2230	2356	2361	2390	2417	2544	2582	2623	2667
Expenditures	3074	3348	3684	3855	3220	3506	3542	3537	3682	3719	3799	3837	3857	3857	3866	3901
Consumption expenditures	914	972	1040	1088	954	979	1001	1011	1031	1053	1066	1072	1087	1094	1100	1107
Defense	620	658	698	731	643	663	679	682	688	703	717	723	731	733	736	739
Nondefense	294	314	343	357	311	316	322	329	343	350	349	349	356	360	364	368
Other spending	2160	2375	2644	2766	2266	2527	2541	2526	2650	2666	2732	2766	2771	2763	2766	2795
Current account surplus	-540	-1066	-1350	-1313	-969	-1269	-1354	-1307	-1326	-1357	-1408	-1421	-1314	-1275	-1243	-1234
Gross investment	141	158	161	166	152	159	163	159	157	162	166	166	166	165	165	165
Gross saving less gross investment ³	-563	-1101	-1376	-1334	-999	-1304	-1391	-1336	-1350	-1383	-1436	-1447	-1336	-1295	-1260	-1247
Fiscal indicators⁴																
High-employment (HEB) surplus/deficit	-496	-761	-961	-985	-681	-911	-967	-907	-925	-973	-1038	-1063	-975	-955	-946	-960
Change in HEB, percent of potential GDP	1.9	1.6	1.1	-0.1	1.2	1.5	0.3	-0.4	0.1	0.3	0.4	0.1	-0.6	-0.2	-0.1	0.0
Fiscal impetus (FI), percent of GDP	0.8	1.0	0.9	-0.0	0.0	0.7	0.3	0.1	0.1	0.3	0.2	0.1	-0.2	-0.0	-0.1	-0.2
<i>Previous Greenbook</i>	0.8	1.0	0.9	-0.0	0.0	0.7	0.3	0.1	0.2	0.3	0.2	0.1	-0.2	-0.0	-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 (2005) dollars, scaled by real GDP. The annual FI estimates are on a calendar year basis. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus.

a--Actual

Class II FOMC Restricted (FR) **Change in Debt of the Domestic Nonfinancial Sectors** **April 21, 2010**
(Percent)

Period ¹	Total	Households			Business	State and local governments	Federal government	Memo: Nominal GDP
		Total	Home mortgages	Consumer credit				
<i>Year</i>								
2004	8.9	11.0	13.4	5.6	6.3	7.3	9.0	6.4
2005	9.5	11.1	13.2	4.5	8.8	10.2	7.0	6.3
2006	9.0	10.0	11.0	4.1	10.7	8.3	3.9	5.4
2007	8.7	6.7	6.7	5.8	13.2	9.5	4.9	5.3
2008	6.0	.1	-.6	1.5	5.5	2.5	24.2	.1
2009	3.0	-1.8	-1.6	-4.4	-2.7	4.8	22.7	.7
2010	5.7	.4	-.1	1.1	1.9	4.0	20.5	4.6
2011	5.3	2.1	.7	6.7	3.1	3.5	13.2	5.3
<i>Quarter</i>								
2008:1	5.6	3.1	2.6	4.6	8.1	3.9	8.1	1.0
2	3.3	-.0	-.6	3.5	6.6	1.8	5.9	3.5
3	8.3	-.6	-2.5	.7	5.6	3.9	39.2	1.4
4	6.2	-1.9	-1.9	-2.7	1.2	.2	37.0	-5.4
2009:1	3.8	-1.3	-.2	-3.9	-.7	4.7	22.6	-4.6
2	4.1	-1.7	-1.7	-4.8	-3.2	4.1	28.2	-.8
3	2.6	-2.7	-3.6	-3.1	-3.3	5.5	20.6	2.6
4	1.4	-1.4	-1.0	-6.2	-3.6	4.7	12.6	6.1
2010:1	5.1	.4	.5	-1.5	1.6	3.6	18.5	4.0
2	6.7	.6	.2	1.0	2.0	4.1	23.8	4.6
3	5.5	.2	-.5	1.8	1.7	4.1	18.9	5.0
4	5.0	.5	-.5	3.3	2.4	4.0	15.2	4.9
2011:1	5.0	1.2	.0	4.6	2.8	3.5	13.3	5.1
2	5.7	2.0	.8	5.9	2.8	3.5	14.5	5.2
3	5.1	2.3	.8	7.3	3.1	3.4	11.4	5.5
4	5.3	2.7	1.0	8.3	3.5	3.4	11.2	5.6

Note. Quarterly data are at seasonally adjusted annual rates.

1. Data after 2009: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

April 21, 2010

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

Category	2008	2009	2010	2011	2009				2010				2011			
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Domestic nonfinancial sectors</i>																
Net funds raised																
Total	1562.5	939.8	1786.3	1777.0	940.3	146.7	1577.0	2159.4	1772.3	1636.3	1633.9	1916.1	1724.5	1833.6		
Net equity issuance	-336.0	-68.1	-179.5	-180.0	65.5	-331.3	-178.0	-180.0	-180.0	-180.0	-180.0	-180.0	-180.0	-180.0		
Net debt issuance	1898.5	1007.9	1965.8	1957.0	874.9	478.0	1755.0	2339.4	1952.3	1816.3	1813.9	2096.1	1904.5	2013.6		
Borrowing indicators																
Debt (percent of GDP) ¹	226.2	239.4	239.8	240.7	241.6	239.2	238.8	239.6	240.3	240.5	240.6	240.7	240.7	240.5		
Borrowing (percent of GDP)	13.1	7.1	13.2	12.5	6.1	3.3	12.0	15.8	13.1	12.0	11.8	13.5	12.1	12.6		
Households																
Net borrowing ²	20.2	-243.1	60.1	280.3	-366.1	-193.1	51.0	83.3	33.0	72.8	158.8	277.1	317.1	368.2		
Home mortgages	-62.2	-168.2	-7.7	66.8	-376.8	-100.7	51.3	20.5	-51.4	-51.3	0.0	82.0	82.2	102.9		
Consumer credit	38.8	-115.3	28.3	167.0	-79.5	-155.5	-36.7	24.4	44.1	81.4	114.6	148.9	187.3	217.2		
Debt/DPI (percent) ³	127.3	125.0	120.6	117.1	124.6	122.9	122.2	121.4	120.1	118.8	118.4	117.4	116.5	115.6		
Business																
Financing gap ⁴	232.4	-113.6	-66.1	6.0	-204.6	-58.9	-69.1	-91.3	-59.6	-44.6	-18.5	-10.3	19.3	33.7		
Net equity issuance	-336.0	-68.1	-179.5	-180.0	65.5	-331.3	-178.0	-180.0	-180.0	-180.0	-180.0	-180.0	-180.0	-180.0		
Credit market borrowing	584.8	-301.5	211.9	346.6	-371.6	-393.5	173.1	217.4	190.0	266.9	316.2	319.6	354.2	396.5		
State and local governments																
Net borrowing	54.3	108.7	94.3	85.7	127.8	108.7	83.9	97.7	97.7	97.7	85.7	85.7	85.7	85.7		
Current surplus ⁵	212.7	243.8	281.4	264.2	258.0	261.2	261.4	269.3	293.4	301.4	287.5	275.9	245.4	248.2		
Federal government																
Net borrowing	1239.2	1443.9	1599.6	1244.4	1484.9	955.8	1447.0	1941.0	1631.5	1378.9	1253.2	1413.6	1147.4	1163.2		
Net borrowing (n.s.a.)	1239.2	1443.9	1599.6	1244.4	378.7	261.4	477.7	339.2	415.9	366.7	429.3	207.4	294.9	312.8		
Unified deficit (n.s.a.)	680.5	1471.3	1382.9	1224.4	329.4	388.1	328.9	292.5	349.5	412.0	439.3	182.4	279.9	322.8		
<i>Depository institutions</i>																
Funds supplied	407.6	-643.4	750.6	270.7	-1001.3	-550.8	1649.7	1157.1	86.0	109.4	419.5	197.9	266.9	198.3		

Note. Data after 2009: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.

International Developments

Average foreign GDP growth appears to have been stronger in the first quarter than we had anticipated, largely reflecting robust growth in several emerging Asian economies. Going forward, the foreign growth projection is little changed on balance, as greater momentum in emerging Asia is offset by the drag from deepening fiscal concerns in Europe. Debt sustainability issues in Greece and some other euro-area countries continue to represent notable downside risks to the outlook.

Our projection for foreign inflation is little changed, on net, as a somewhat higher path for prices of oil and other commodities has been accompanied by indications of lower core inflation. We continue to project that inflation abroad will ease from current elevated rates to about 2 percent by the second half of this year, as the boosts from energy and food price increases moderate.

Summary of Staff Projections

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

Indicator	2009		Projection			
	H1	H2	2010			2011
			Q1	Q2	H2	
Foreign output	-3.7	4.4	4.5	3.7	3.8	3.8
Previous Greenbook	-3.6	4.4	3.6	3.7	3.7	3.9
Foreign consumer prices	.2	2.3	3.4	2.5	2.1	2.1
Previous Greenbook	.1	2.2	3.4	2.5	2.0	2.1
Contribution to growth (percentage points)						
U.S. net exports	2.1	-.3	-.2	.1	-.2	.0
Previous Greenbook	2.1	-.3	-.1	.0	-.2	-.1

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

We estimate that the contribution of net exports to U.S. real GDP growth was slightly negative in the first quarter as imports expanded at about the same pace as exports but imports grew off a larger base. In the current quarter, net exports make a slight positive contribution as imports are held back by a decline in oil imports. Thereafter, we expect the contribution to be roughly neutral, as export growth slightly outpaces import growth.

Banking System Credit Exposure to Greece, Portugal, Spain, and Italy (as of end-December 2009, in billions of U.S. dollars and percent of Tier 1 capital)										
Banking Systems of:	Greece		Portugal		Spain		Total		Memo: Italy	
	<i>Percent of Tier 1</i>		<i>Percent of Tier 1</i>		<i>Percent of Tier 1</i>		<i>Percent of Tier 1</i>		<i>Percent of Tier 1</i>	
France	98	33	51	17	248	83	398	133	580	194
Germany	45	13	47	14	238	71	330	98	190	56
Netherlands	13	8	15	10	127	81	155	99	77	49
Spain	1	1	110	38	--	--	111	39	58	20
Switzerland	20	19	5	5	31	30	57	55	39	37
United Kingdom	20	5	32	8	139	35	190	48	104	26
Western Europe	238	11	285	13	935	43	1,457	67	1,165	54
Memo:										
United States	44	5	38	4	177	18	259	26	278	28

Note: Credit exposure is total balance sheet and contingent credit exposures to residents of selected southern European countries of banks headquartered in countries that compile the BIS consolidated banking statistics. Specifically, credit exposure consists of cross-border claims, foreign-office claims on local residents, counterparty credit exposure from derivatives contracts, the notional value of credit derivatives sold on foreign reference entities, and undrawn credit commitments. Balance sheet exposures are adjusted for third-party guarantees and liquid collateral. For Germany and some other countries included in the Western Europe total, derivatives exposures, credit derivatives sold, and unused credit commitments are not included because the data are unavailable.

Bank capital is Tier 1 capital of domestic banks. Tier 1 capital is estimated for Spain from capital and reserves. For Germany, Tier 1 capital of all banks is used.

Source: BIS consolidated banking statistics.

Staff Projections for Foreign GDP Growth by Region
(Percent change from end of previous period, annual rate)

Indicator	2009		Projection			
	H1	H2	2010			2011
			Q1	Q2	H2	
Advanced foreign economies	-4.8	1.9	2.6	2.5	2.6	2.9
Previous Greenbook	-4.8	2.0	2.4	2.5	2.8	3.0
Emerging market economies	-2.2	7.7	6.9	5.1	5.2	5.0
Previous Greenbook	-2.0	7.7	5.3	5.1	5.0	5.0

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

Emerging Market Economies

We estimate that first-quarter real GDP growth in the emerging market economies (EMEs) continued at its fourth-quarter pace of about 7 percent, as an estimated step-up in emerging Asian growth was offset by slower growth in Latin America. The growth estimate for the first quarter is 1¾ percentage points above that in the March Greenbook, reflecting in large part surprisingly strong growth in Singapore and China. We still project EME growth to slow in the current quarter and to average about 5 percent for the remainder of the forecast period. The growth outlook for the rest of this year is a bit higher than our forecast in March, primarily reflecting greater momentum in Asia.

The Chinese economy continued to grow rapidly. The recent GDP release points to growth of 11¼ percent at an annual rate in the first quarter, the fourth consecutive quarter of double-digit growth. Exports expanded rapidly, but robust domestic demand fueled an even greater increase in imports, resulting in a reduction of the trade surplus in the first quarter to its lowest level since 2005. With more underlying momentum than we had expected, Chinese growth for the rest of this year is now seen to be ¾ percentage point higher than in the March Greenbook. However, we still anticipate that, as a result of policy tightening measures, growth will slow to 8½ percent in 2011.

We estimate that activity boomed in the rest of emerging Asia as well in the first quarter. In India, various indicators suggest that real GDP rose sharply following a drought-induced decline in the fourth quarter. A rebound in the volatile biomedical industry boosted Singapore's GDP growth to a jaw-dropping annual rate of 32 percent in the first

Staff Projections of Selected Trade Prices

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

Trade category	2009		Projection			
	H1	H2	2010			2011
			Q1	Q2	H2	
<i>Imports</i>						
Core goods	-5.9	2.9	4.0	2.9	2.0	1.2
Previous Greenbook	-5.9	3.0	4.2	2.2	1.5	1.1
Oil (dollars per barrel)	53.71	71.92	75.77	80.26	83.19	85.60
Previous Greenbook	53.71	71.94	75.86	79.62	80.55	81.85
<i>Exports</i>						
Core goods	-5.3	5.4	6.7	4.0	2.7	1.4
Previous Greenbook	-5.3	5.4	8.6	3.1	2.0	1.3

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.

Trade in Goods and Services

After exceptional growth in the second half of 2009, imports and exports declined in January and then bounced back in February, leaving their levels little changed from December. Nonetheless, we estimate that real exports grew at an annual rate of 8¾ percent in the first quarter, boosted by the quarterly arithmetic of a sharp December gain. Exports are expected to expand at a robust 9 percent pace in the remainder of 2010 and 2011, supported by solid foreign growth and prior declines in the dollar. We revised export growth down in the first quarter to reflect the weak monthly trade data but up in the remainder of 2010 and 2011 because of the lower path of the dollar.

Real imports are estimated to have grown at an annual rate of 8 percent in the first quarter, also reflecting a steep increase in December, and are expected to expand at an average rate of about 7½ percent for the remainder of this year and in 2011. As with exports, the cyclical rebound in imports plays an ongoing though diminishing role over the remainder of the forecast period. Thus, projected growth in imports does not pick up in line with the projected rise in U.S. GDP growth. We marked down our forecast for the first quarter in response to weak data, but the projection thereafter is little changed as the lower dollar balances stronger U.S. growth.

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

Measure	2009		Projection			
	H1	H2	2010			2011
			Q1	Q2	H2	
Real exports	-18.1	20.3	8.7	8.8	9.4	9.1
Previous Greenbook	-18.1	20.1	9.9	8.4	9.0	8.7
Real imports	-26.3	18.5	7.9	6.2	8.5	7.4
Previous Greenbook	-26.3	18.2	8.6	6.5	8.5	7.7

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

Alternative Scenarios

We used the SIGMA model to examine the effects on the United States of a scenario in which fiscal stress in Greece and other vulnerable euro-area countries precipitates broader financial turmoil in Europe.¹ In this scenario, the level of European GDP falls about 2 percentage points below baseline by the end of 2010 and 3½ percentage points by the end of 2011, as a result of shocks to aggregate demand and sharp increases in government and corporate financing spreads.² Such developments would likely trigger safe-haven flows toward the dollar. Accordingly, our simulation also incorporates a shock to the exchange-rate risk premium, so that the broad real dollar appreciates about 9 percent by the end of 2010 before gradually returning to baseline.

In response to these shocks, U.S. real GDP growth falls 1.3 percentage points below baseline in 2010:H2 and 0.7 percentage point in 2011, as the higher dollar reduces foreign demand for U.S. exports and boosts imports. The effects on the U.S. economy of these combined shocks are amplified because they extend by 3 quarters the period during which the federal funds rate remains at zero. Expected inflation declines in this scenario, which raises real interest rates relative to baseline and causes domestic demand to contract. U.S. core PCE inflation falls 0.9 percentage point below baseline in 2010:H2 and 0.4 percentage point in 2011. The nominal trade balance as a percent of GDP deteriorates 1 percentage point in 2011 in response to the stronger dollar and weaker European activity.

¹ We used the SIGMA model with three country blocs: the United States, Europe, and the rest of the world. The United States and Europe have zero lower bound constraints, but the rest of the world does not.

² Specifically, the term premium on European 10-year government bonds rises about 50 basis points relative to baseline, and the spread between European corporate bonds and government bonds rises about 100 basis points relative to baseline. The shocks begin in 2010:Q2.

**Alternative Scenarios:
Financial Distress in Europe**

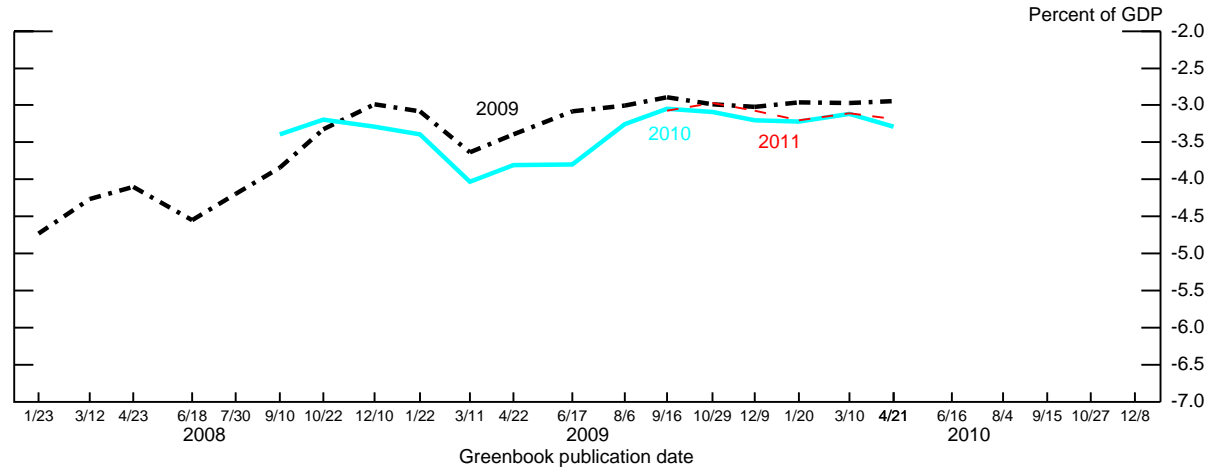
(Percent change from previous period, annual rate, except as noted)

Indicator and simulation	2010		2011		2012	2013-14
	H1	H2	H1	H2		
<i>U.S. real GDP</i>						
Baseline	3.2	3.7	4.1	4.7	4.7	3.9
Financial Distress in Europe	2.9	2.4	3.1	4.4	4.8	4.0
With Additional Spillover Abroad	2.9	2.0	2.7	4.2	4.8	4.1
<i>U.S. PCE prices excluding food and energy</i>						
Baseline	.7	1.0	1.0	.9	1.1	1.4
Financial Distress in Europe	.2	.1	.5	.6	.9	1.2
With Additional Spillover Abroad	.1	-.1	.4	.5	.8	1.2
<i>U.S. federal funds rate (percent)</i>						
Baseline	.1	.1	.1	.1	1.4	3.6
Financial Distress in Europe	.1	.1	.1	.1	.4	3.0
With Additional Spillover Abroad	.1	.1	.1	.1	.3	2.8
<i>U.S. trade balance (percent share of GDP)</i>						
Baseline	-3.2	-3.2	-3.2	-3.1	-3.0	-2.7
Financial Distress in Europe	-3.7	-4.4	-4.3	-4.1	-3.8	-3.2
With Additional Spillover Abroad	-3.7	-4.5	-4.5	-4.3	-4.0	-3.2

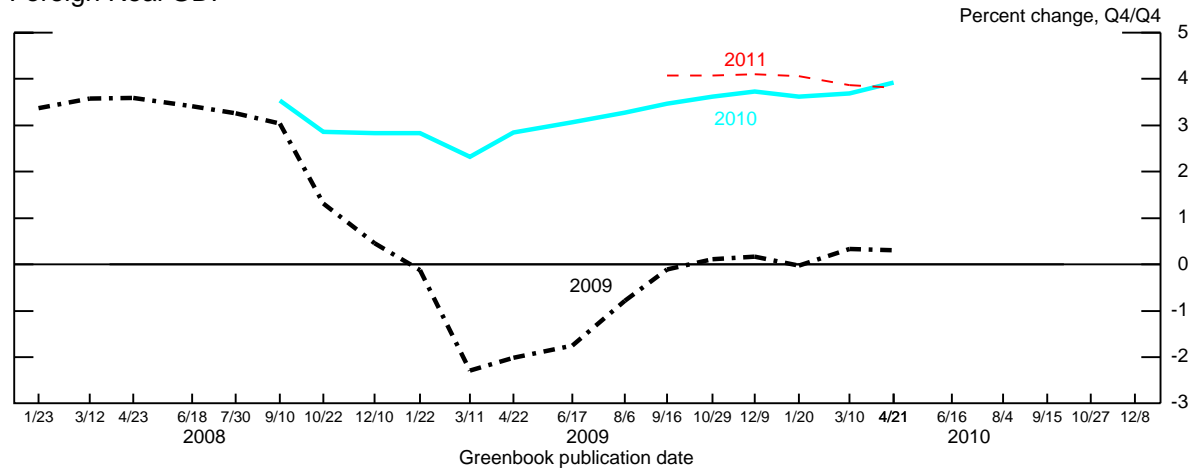
NOTE: H1 is Q2/Q4; H2 is Q4/Q2. U.S. real GDP and U.S. PCE prices are the average rates over the period. The federal funds rate and the trade balance are the values for the final quarter of the period.

Evolution of the Staff Forecast

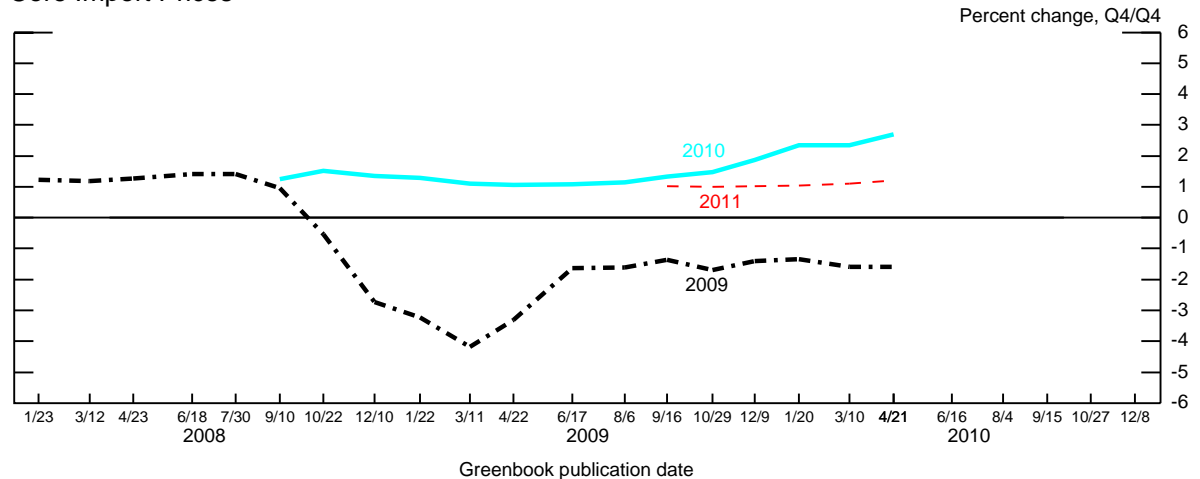
Current Account Balance



Foreign Real GDP



Core Import Prices*



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

April 21, 2010

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

Measure and country	2009				2010				Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
REAL GDP (1)	Quarterly changes at an annual rate											
Total Foreign	-9.3	2.4	4.2	4.7	4.5	3.7	3.7	3.8	3.8	3.8	3.8	3.8
Advanced Foreign Economies	-8.3	-1.2	0.9	2.9	2.6	2.5	2.5	2.7	2.9	2.9	2.9	2.9
of which:												
Canada	-7.0	-3.5	0.9	5.0	4.1	3.3	3.3	3.4	3.8	3.8	3.8	3.8
Japan	-13.7	6.0	-0.6	3.8	2.3	1.9	2.0	2.2	2.1	2.0	1.8	1.8
United Kingdom	-10.0	-2.7	-1.1	1.8	1.4	2.4	2.7	2.8	2.8	2.9	2.8	2.7
Euro Area (2)	-9.5	-0.5	1.6	0.2	0.9	1.7	1.6	1.8	1.8	1.9	2.0	2.0
Germany	-13.4	1.8	2.9	0.0	0.2	2.2	1.8	2.1	2.1	2.2	2.3	2.4
Emerging Market Economies	-10.5	6.9	8.4	7.0	6.9	5.1	5.3	5.2	5.0	4.9	5.0	5.0
Asia	-1.8	13.4	9.5	7.0	10.6	6.0	6.3	6.2	6.0	6.1	6.1	6.2
Korea	1.0	9.8	13.4	0.7	3.9	4.1	4.1	4.2	4.2	4.3	4.3	4.4
China	7.1	15.5	10.8	10.1	11.3	9.5	9.1	8.8	8.5	8.5	8.7	8.9
Latin America	-18.8	1.9	7.7	7.6	4.0	4.3	4.3	4.2	3.9	3.9	3.9	3.9
Mexico	-24.9	1.1	10.4	8.4	4.5	4.8	4.2	4.1	4.0	3.9	3.9	3.9
Brazil	-3.6	5.6	7.0	8.4	6.5	5.5	5.0	4.5	4.2	4.2	4.2	4.2
CONSUMER PRICES (3)	Four-quarter changes											
Total Foreign	1.9	0.9	0.3	1.2	2.2	2.6	2.8	2.5	2.2	2.1	2.1	2.1
Advanced Foreign Economies	1.0	0.0	-0.8	0.2	1.1	1.4	1.6	1.4	1.1	1.1	1.1	1.2
of which:												
Canada	1.2	0.1	-0.9	0.8	1.8	2.3	2.7	2.2	2.0	1.9	1.9	2.0
Japan	-0.1	-1.0	-2.2	-2.0	-1.3	-1.3	-1.0	-1.0	-1.2	-1.0	-0.9	-0.8
United Kingdom (4)	3.0	2.1	1.5	2.1	3.3	3.6	3.3	2.9	1.9	1.6	1.7	1.8
Euro Area (2)	1.0	0.2	-0.4	0.4	1.1	1.5	1.7	1.3	1.2	1.1	1.2	1.2
Germany	0.8	0.2	-0.4	0.3	0.8	1.2	1.3	1.1	1.0	0.9	1.0	1.1
Emerging Market Economies	2.7	1.7	1.3	2.2	3.3	3.7	3.9	3.7	3.3	3.1	3.1	3.1
Asia	1.1	-0.2	-0.4	1.3	2.7	3.3	3.5	3.0	2.8	2.7	2.7	2.6
Korea	4.0	2.7	2.0	2.4	2.7	2.7	2.8	2.6	2.4	2.4	2.4	2.4
China	-0.6	-1.5	-1.3	0.6	2.2	2.9	3.3	2.8	2.6	2.6	2.5	2.5
Latin America	6.4	6.0	5.0	4.0	4.8	4.9	5.1	5.5	4.6	4.1	4.1	4.1
Mexico	6.2	6.0	5.1	4.0	4.8	4.8	4.9	5.3	4.2	3.7	3.7	3.7
Brazil	5.9	5.3	4.3	4.2	4.8	4.9	5.2	5.4	4.8	4.5	4.5	4.5

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.

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

Measure and country	2003	2004	2005	2006	2007	2008	2009	2010	2011
-----Projected-----									
REAL GDP (1)									

Total Foreign	2.8	3.8	4.1	3.9	4.2	-0.9	0.3	3.9	3.8
Advanced Foreign Economies	1.7	2.6	2.8	2.5	2.5	-1.7	-1.5	2.6	2.9
of which:									
Canada	1.5	3.7	3.1	1.9	2.8	-1.0	-1.2	3.6	3.8
Japan	2.4	1.1	2.9	2.0	1.7	-4.3	-1.4	2.1	1.9
United Kingdom	3.2	2.4	2.4	2.8	2.4	-2.1	-3.1	2.3	2.8
Euro Area (2)	1.2	1.8	2.1	3.4	2.2	-1.9	-2.2	1.5	1.9
Germany	0.1	0.2	1.6	4.3	1.6	-1.8	-2.4	1.6	2.2
Emerging Market Economies	4.4	5.6	5.9	5.8	6.5	0.1	2.6	5.6	5.0
Asia	6.9	6.0	7.7	7.2	8.3	0.4	6.9	7.2	6.1
Korea	3.6	2.7	5.2	4.6	5.7	-3.2	6.1	4.1	4.3
China	10.3	9.9	10.3	10.9	12.4	7.0	10.8	9.7	8.6
Latin America	1.7	5.1	4.0	4.6	4.6	-0.4	-1.0	4.2	3.9
Mexico	1.2	4.6	3.5	3.8	3.8	-1.2	-2.4	4.4	3.9
Brazil	0.8	5.1	3.5	4.8	6.7	0.8	4.3	5.4	4.2
CONSUMER PRICES (3)									

Total Foreign	2.1	2.8	2.3	2.1	3.7	3.4	1.2	2.5	2.1
Advanced Foreign Economies	1.3	1.8	1.6	1.4	2.2	2.0	0.2	1.4	1.2
of which:									
Canada	1.7	2.3	2.3	1.4	2.5	1.9	0.8	2.2	2.0
Japan	-0.3	0.5	-1.0	0.3	0.6	1.0	-2.0	-1.0	-0.8
United Kingdom (4)	1.3	1.4	2.1	2.7	2.1	3.9	2.1	2.9	1.8
Euro Area (2)	2.0	2.3	2.3	1.8	2.9	2.3	0.4	1.3	1.2
Germany	1.1	2.1	2.2	1.3	3.1	1.7	0.3	1.1	1.1
Emerging Market Economies	3.1	3.9	3.0	2.9	5.1	4.6	2.2	3.7	3.1
Asia	2.3	3.1	2.6	2.3	5.5	3.7	1.3	3.0	2.6
Korea	3.5	3.4	2.5	2.1	3.4	4.5	2.4	2.6	2.4
China	2.7	3.2	1.4	2.1	6.6	2.6	0.6	2.8	2.5
Latin America	4.9	5.6	3.7	4.1	4.2	6.6	4.0	5.5	4.1
Mexico	3.9	5.3	3.1	4.1	3.8	6.2	4.0	5.3	3.7
Brazil	11.5	7.2	6.1	3.2	4.3	6.2	4.2	5.4	4.5

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.

April 21, 2010

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2003	2004	2005	2006	2007	2008	----- 2009	Projected 2010	----- 2011
NIPA REAL EXPORTS and IMPORTS									
	Percentage point contribution to GDP growth, Q4/Q4								
Net Goods & Services	-0.1	-0.9	-0.2	0.4	1.0	0.7	1.0	-0.1	-0.0
Exports of G&S	0.6	0.7	0.7	1.1	1.2	-0.4	-0.1	1.1	1.1
Imports of G&S	-0.7	-1.6	-0.8	-0.7	-0.2	1.2	1.0	-1.2	-1.2
	Percentage change, Q4/Q4								
Exports of G&S	6.2	7.1	6.7	10.2	10.2	-3.4	-0.7	9.1	9.1
Services	4.3	9.1	3.6	12.0	13.0	-3.5	-1.6	6.2	7.3
Computers	11.3	5.8	14.2	8.4	1.3	-2.4	6.6	17.0	9.5
Semiconductors	38.3	-6.0	17.6	2.1	29.1	-12.7	21.7	13.1	11.0
Core Goods 1/	4.8	7.2	7.2	9.9	8.4	-3.1	-1.3	10.1	9.9
Imports of G&S	5.1	10.9	5.2	4.1	0.9	-6.8	-6.6	7.8	7.4
Services	3.3	8.8	2.3	7.1	2.0	0.2	-3.7	6.0	6.1
Oil	1.3	10.7	1.3	-8.2	0.0	0.3	-16.8	-2.2	0.1
Natural Gas	1.3	4.9	13.7	-10.1	13.4	-24.0	-8.3	13.0	1.7
Computers	17.1	23.2	12.5	14.3	8.8	-11.3	35.4	16.2	15.5
Semiconductors	-0.1	9.8	7.5	-0.8	3.6	-9.7	5.6	5.8	5.0
Core Goods 2/	5.3	10.9	5.8	5.8	0.2	-9.8	-7.8	10.1	8.9
	Billions of Chained 2005 Dollars								
Net Goods & Services	-603.9	-688.0	-722.7	-729.2	-647.7	-494.3	-355.6	-352.5	-354.6
Exports of G&S	1116.8	1222.8	1305.1	1422.0	1546.1	1629.3	1472.4	1642.5	1794.4
Imports of G&S	1720.7	1910.8	2027.8	2151.2	2193.8	2123.5	1828.0	1995.0	2149.0
	Billions of dollars								
US CURRENT ACCOUNT BALANCE	-521.5	-631.1	-748.7	-803.5	-726.6	-706.1	-419.9	-489.1	-498.1
Current Acct as Percent of GDP	-4.7	-5.3	-5.9	-6.0	-5.2	-4.9	-2.9	-3.3	-3.2
Net Goods & Services (BOP)	-495.0	-610.0	-715.3	-760.4	-701.4	-695.9	-378.6	-462.3	-480.7
Investment Income, Net	51.0	73.4	78.8	54.7	97.9	125.5	96.1	108.1	113.6
Direct, Net	112.7	150.9	173.2	174.0	236.7	249.9	206.8	210.0	232.7
Portfolio, Net	-61.7	-77.5	-94.4	-119.4	-138.8	-124.3	-110.7	-101.9	-119.1
Other Income & Transfers, Net	-77.5	-94.5	-112.2	-97.9	-123.1	-135.7	-137.3	-134.9	-130.9

1. Merchandise exports excluding computers and semiconductors.

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

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2006				2007				2008			
	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	0.4	0.0	-0.7	1.9	-0.3	0.7	1.4	2.2	0.4	2.4	-0.1	0.5
Exports of G&S	1.6	0.7	0.1	1.8	0.4	0.6	2.0	1.6	-0.0	1.5	-0.5	-2.7
Imports of G&S	-1.2	-0.7	-0.8	0.1	-0.7	0.1	-0.6	0.6	0.4	0.9	0.4	3.1
	Percentage change from previous period, s.a.a.r.											
Exports of G&S	16.5	6.9	0.6	17.8	3.5	5.2	18.5	14.5	-0.1	12.1	-3.6	-19.5
Services	13.6	5.6	1.5	29.1	4.7	2.8	27.2	19.2	-9.0	7.8	-7.7	-4.3
Computers	18.1	8.9	-9.6	19.0	11.6	-15.4	11.5	0.0	8.7	33.5	1.3	-38.3
Semiconductors	22.1	19.5	-14.2	-13.3	23.7	26.3	4.7	69.9	15.0	-3.8	6.5	-50.7
Core Goods 1/	17.6	6.7	1.6	14.5	1.5	6.4	15.4	10.8	3.5	14.3	-2.2	-23.7
Imports of G&S	7.8	4.5	4.9	-0.5	4.3	-0.5	3.7	-3.6	-2.5	-5.0	-2.2	-16.7
Services	16.1	1.8	1.3	10.0	0.4	2.1	8.6	-2.9	3.0	-7.1	6.1	-0.9
Oil	-20.8	5.0	22.1	-30.1	0.8	14.7	-3.4	-10.4	-1.5	-9.3	2.7	10.3
Natural Gas	-50.2	80.0	26.1	-42.2	52.8	54.0	36.5	-48.5	-5.0	-38.2	12.2	-49.5
Computers	24.8	13.0	17.3	3.1	39.0	-15.4	-2.2	21.6	12.7	8.6	-15.9	-39.9
Semiconductors	2.4	-2.8	17.4	-17.3	7.3	2.6	-0.4	4.9	5.6	8.9	-6.3	-38.2
Core Goods 2/	14.0	3.1	0.6	5.8	3.1	-3.6	4.1	-2.5	-5.1	-3.2	-5.1	-24.2
	Billions of Chained 2005 Dollars, s.a.a.r.											
Net Goods & Services	-732.6	-732.8	-756.5	-694.9	-705.0	-683.4	-638.4	-564.0	-550.9	-476.0	-479.2	-470.9
Exports of G&S	1388.8	1412.1	1414.1	1473.2	1485.9	1504.8	1569.9	1624.0	1623.4	1670.4	1655.2	1568.0
Imports of G&S	2121.3	2144.9	2170.5	2168.1	2190.8	2188.1	2208.3	2188.0	2174.3	2146.5	2134.4	2038.9
	Billions of dollars, s.a.a.r.											
US CURRENT ACCOUNT BALANCE	-794.6	-808.3	-859.2	-752.1	-796.4	-762.1	-686.5	-661.3	-717.2	-750.9	-736.7	-619.5
Current Account as % of GDP	-6.0	-6.1	-6.4	-5.5	-5.8	-5.4	-4.8	-4.6	-5.0	-5.2	-5.1	-4.3
Net Goods & Services (BOP)	-766.5	-764.7	-797.2	-713.1	-712.2	-710.2	-685.9	-697.4	-730.6	-731.4	-743.8	-578.0
Investment Income, Net	62.4	57.7	44.0	54.6	45.8	58.2	120.7	167.0	154.0	112.3	143.7	92.1
Direct, Net	173.9	175.2	163.1	183.9	186.7	204.4	252.7	303.0	284.6	241.9	268.0	205.1
Portfolio, Net	-111.5	-117.5	-119.1	-129.3	-140.9	-146.2	-132.0	-136.0	-130.6	-129.6	-124.2	-113.0
Other Inc. & Transfers, Net	-90.5	-101.3	-106.0	-93.6	-130.0	-110.1	-121.3	-130.9	-140.6	-131.8	-136.7	-133.6

1. Merchandise exports excluding computers and semiconductors.

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

April 21, 2010

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2009				2010				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	2.6	1.7	-0.8	0.3	-0.2	0.1	-0.3	-0.0	-0.1	0.1	-0.2	0.1
Exports of G&S	-4.0	-0.5	1.8	2.4	1.0	1.0	1.1	1.2	1.1	1.1	1.1	1.1
Imports of G&S	6.6	2.1	-2.6	-2.1	-1.1	-0.9	-1.4	-1.2	-1.2	-1.1	-1.3	-1.0
Percentage change from previous period, s.a.a.r.												
Exports of G&S	-29.9	-4.1	17.8	22.8	8.7	8.8	9.2	9.7	9.3	9.1	9.1	8.9
Services	-13.6	0.1	5.6	2.6	4.6	6.0	6.8	7.5	7.5	7.2	7.3	7.4
Oil	-14.0	-10.8	26.5	33.3	39.4	11.9	9.5	9.5	9.5	9.5	9.5	9.5
Natural Gas	-17.1	27.7	45.8	42.1	22.0	8.7	11.0	11.0	11.0	11.0	11.0	11.0
Computers	-38.3	-7.2	23.8	33.8	9.2	10.1	10.3	10.7	10.2	9.9	9.9	9.6
Semiconductors	-36.4	-14.7	21.3	15.8	7.9	6.2	9.3	7.8	7.9	6.8	8.5	6.6
Core Goods 1/	-11.5	-7.5	7.0	-1.9	11.4	1.4	5.5	5.7	5.5	5.9	6.4	6.6
Imports of G&S	-15.9	-21.9	5.3	-30.8	2.0	-12.0	2.8	-1.0	2.7	-3.6	3.6	-2.1
Services	5.9	-2.4	-1.9	-30.1	29.4	-22.9	74.7	-6.6	14.7	-36.1	49.5	-2.6
Oil	-22.3	24.7	60.0	116.6	16.8	16.8	15.5	15.5	15.5	15.5	15.5	15.5
Natural Gas	-47.8	24.7	48.8	28.1	3.5	9.8	5.0	5.0	5.0	5.0	5.0	5.0
Computers	-46.7	-18.6	27.3	30.9	7.4	12.1	11.0	10.0	9.1	9.5	9.2	7.9
Semiconductors	Billions of Chained 2005 Dollars, s.a.a.r.											
Core Goods 2/	-386.5	-330.4	-357.4	-348.0	-351.7	-347.5	-355.8	-355.0	-356.0	-352.6	-357.1	-352.7
Net Goods & Services	1434.5	1419.5	1478.8	1556.8	1589.5	1623.2	1659.3	1698.1	1736.5	1774.6	1813.7	1853.0
Exports of G&S	1821.0	1749.8	1836.2	1904.8	1941.2	1970.7	2015.1	2053.1	2092.5	2127.2	2170.8	2205.6
Imports of G&S	Billions of dollars, s.a.a.r.											
US CURRENT ACCOUNT BALANCE	-416.7	-391.0	-409.4	-462.4	-503.6	-476.5	-488.9	-487.3	-505.4	-486.5	-499.5	-500.8
Current Account as % of GDP	-2.9	-2.8	-2.9	-3.2	-3.5	-3.2	-3.3	-3.2	-3.3	-3.1	-3.2	-3.1
Net Goods & Services (BOP)	-368.9	-324.3	-385.5	-435.8	-464.2	-450.3	-464.7	-469.9	-478.2	-476.8	-484.7	-483.3
Investment Income, Net	80.1	73.4	123.3	107.6	106.6	104.8	109.3	111.7	114.8	117.2	114.8	107.6
Direct, Net	204.5	190.6	227.1	205.1	203.4	207.4	212.0	217.1	223.1	229.5	235.8	242.6
Portfolio, Net	-124.3	-117.2	-103.8	-97.5	-96.8	-102.7	-102.6	-105.3	-108.3	-112.2	-121.0	-134.9
Other Inc. & Transfers, Net	-128.0	-140.0	-147.2	-134.2	-146.1	-131.0	-133.6	-129.2	-142.1	-127.0	-129.6	-125.2

1. Merchandise exports excluding computers and semiconductors.

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

Part 2

April 21, 2010

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Recent Developments

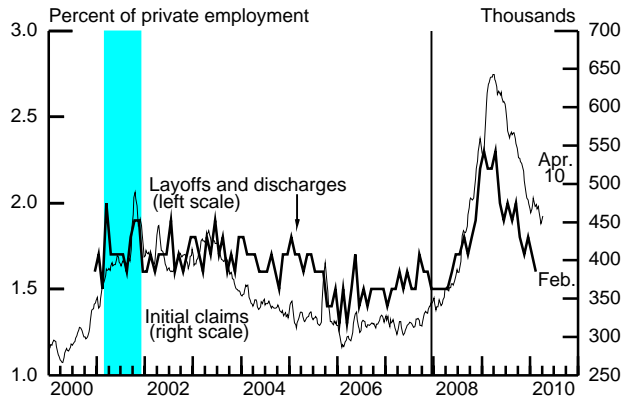
April 21, 2010

Recent Developments

Domestic Nonfinancial Developments

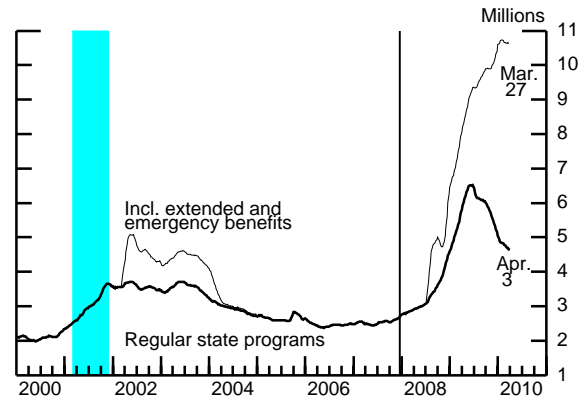
Labor Market Indicators

Layoffs and Initial Claims



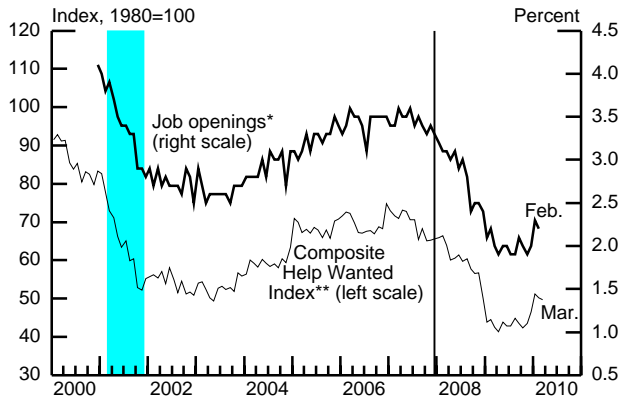
Note: Data for initial claims are 4-week moving averages.
Source: For layoffs and discharges, Job Openings and Labor Turnover Survey; for initial claims, U.S. Dept. of Labor, Employment and Training Administration.

Insured Unemployment



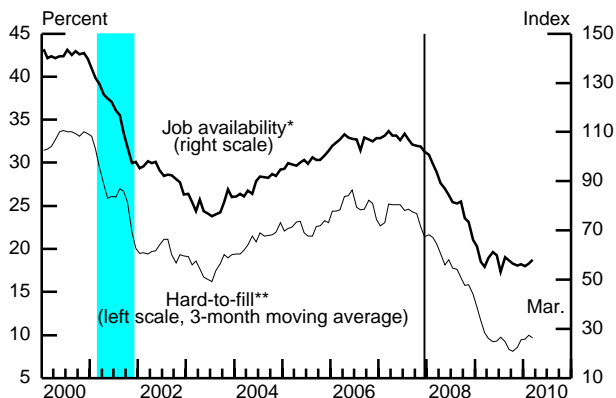
Note: 4-week moving averages.
Source: U.S. Dept. of Labor, Employment and Training Administration.

Job Openings



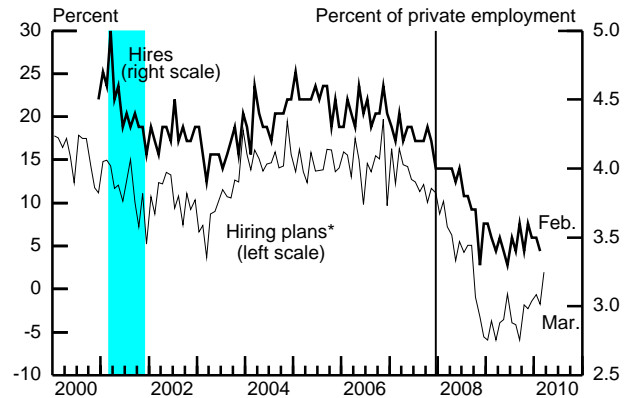
*Percent of private employment plus job openings.
**Index of staff composite help-wanted advertising as a percent of payroll employment.
Source: For job openings, Job Openings and Labor Turnover Survey; for Composite Help Wanted Index, Conference Board and staff calculations.

Job Availability and Hard-to-Fill Positions



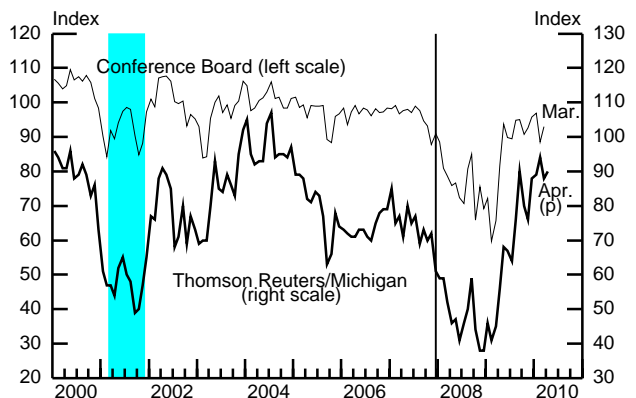
*Proportion of households believing jobs are plentiful, minus the proportion believing jobs are hard to get, plus 100.
**Percent of small businesses surveyed with at least one "hard-to-fill" job opening. Seasonally adjusted by FRB staff.
Source: For job availability, Conference Board; for hard-to-fill,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

Hires and Hiring Plans



*Percent planning an increase in employment minus percent planning a reduction. Seasonally adjusted by FRB staff.
Source: For hires, Job Openings and Labor Turnover Survey; for hiring plans, 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.
p Preliminary.
Source: Conference Board; Thomson Reuters/University of Michigan Surveys of Consumers.

Note: The shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research (NBER). The vertical lines represent the last business cycle peak as defined by the NBER.

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

Category	2009	2009		2010			
		Q3	Q4	Q1	Jan.	Feb.	Mar.
Total	10.3	11.5	10.8	11.0	10.8	10.3	11.8
Autos	5.4	6.4	5.7	5.7	5.7	5.4	6.0
Light trucks	4.9	5.1	5.2	5.3	5.1	4.9	5.8
North American ¹	7.6	8.4	8.2	8.3	8.1	7.9	9.0
Autos	3.6	4.2	3.9	3.9	3.8	3.7	4.3
Light trucks	4.0	4.2	4.4	4.4	4.3	4.1	4.7
Foreign-produced	2.7	3.1	2.6	2.6	2.6	2.5	2.8
Autos	1.8	2.1	1.8	1.8	1.9	1.7	1.7
Light trucks	.9	.9	.8	.9	.8	.8	1.0
Memo: Detroit Three market share (percent) ²	44.7	43.1	45.0	45.1	45.7	46.3	43.5

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

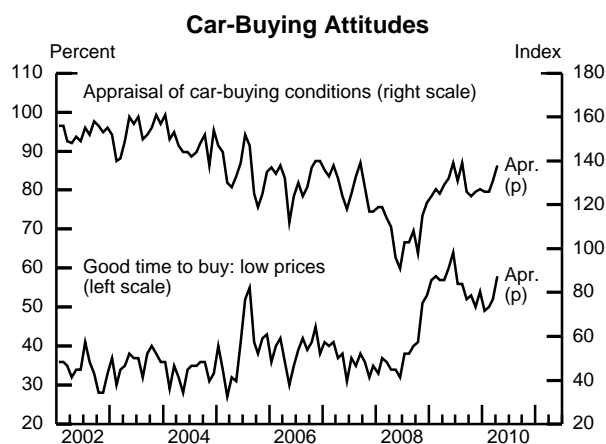
1. Excludes some vehicles produced in Canada that are classified as imports by the industry.

2. Includes domestic and foreign brands affiliated with the Detroit Three.

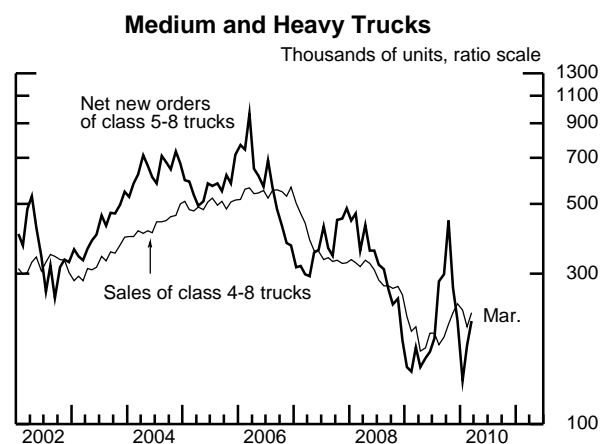
Source: Ward's Communications. Adjusted using FRB seasonals.

Content redacted.

Content redacted.



p Preliminary.
Source: Thomson Reuters/University of Michigan Surveys of Consumers.



Note: Annual rate, FRB seasonals.
Source: For sales, Ward's Communications; for orders, ACT Research.

Real Personal Consumption Expenditures

(Percent change from preceding comparable period)

Category	2009		2010	2010		
	Q3	Q4	Q1 ^e	Jan. ^e	Feb. ^e	Mar. ^e
	Annual rate			Monthly rate		
Total real PCE	2.8	1.6	n.a.	.3	.5	n.a.
Motor vehicles	53.7	-23.7	-7.4	-5.2	-3.8	11.7
Goods ex. motor vehicles	3.8	5.6	7.4	.9	1.0	.5
Services	.8	1.0	n.a.	.2	.4	n.a.
Ex. energy	.8	.5	n.a.	.1	.2	n.a.
Memo:						
Real PCE control ¹	3.2	6.0	7.7	.6	1.4	.5
Nominal retail control ²	1.4	5.4	7.4	.7	1.2	.5

1. Durables excluding motor vehicles, nondurables excluding gasoline, and food services.

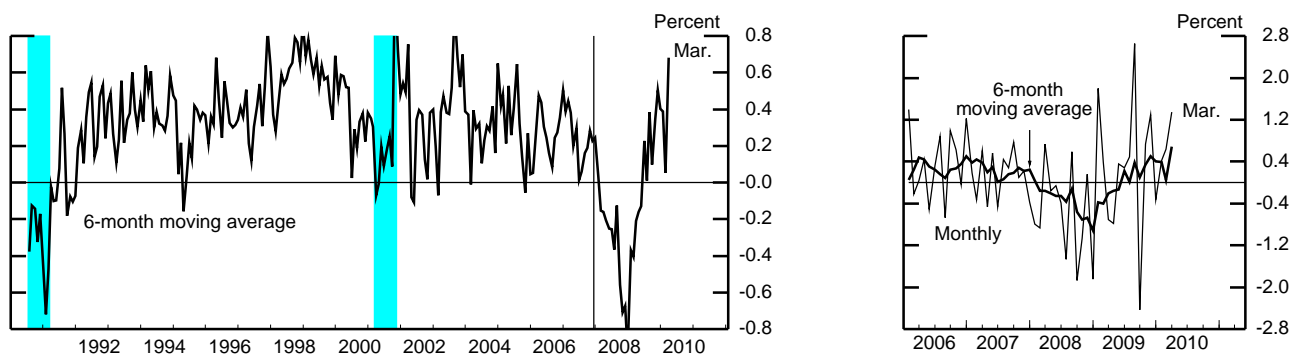
2. Total sales less outlays at building material and supply stores, automobile and other motor vehicle dealers, and gasoline stations.

^e Staff estimate.

n.a. Not available.

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

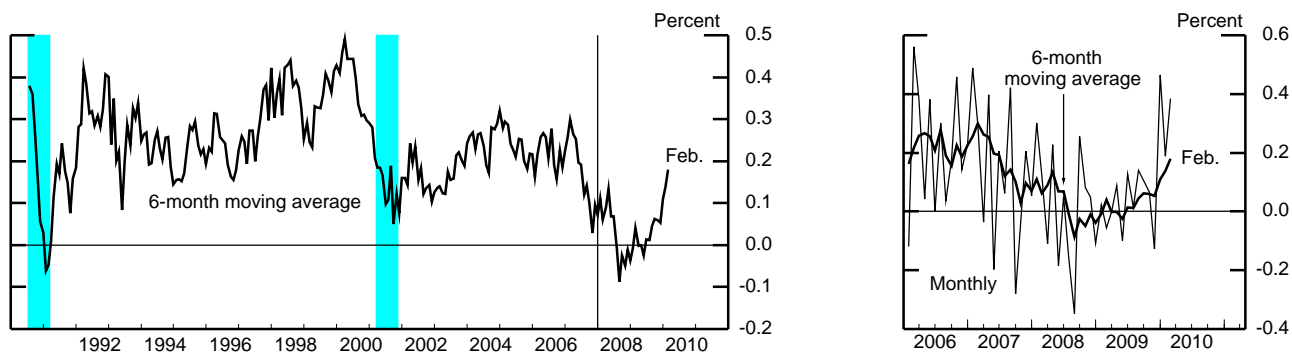
Change in Real PCE Goods



Note: The shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research (NBER). The vertical line represents 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

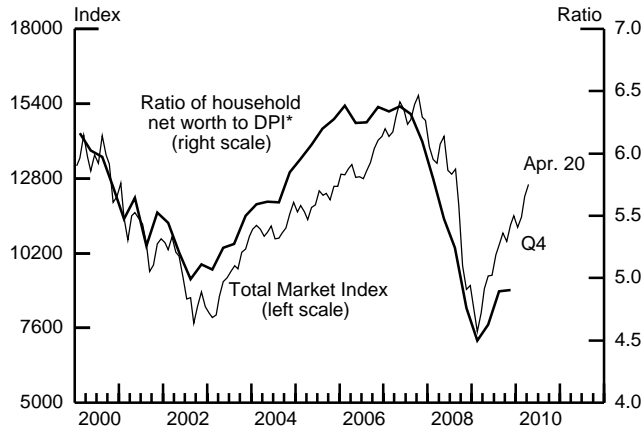


Note: The shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research (NBER). The vertical line represents the last business cycle peak as defined by the NBER.

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

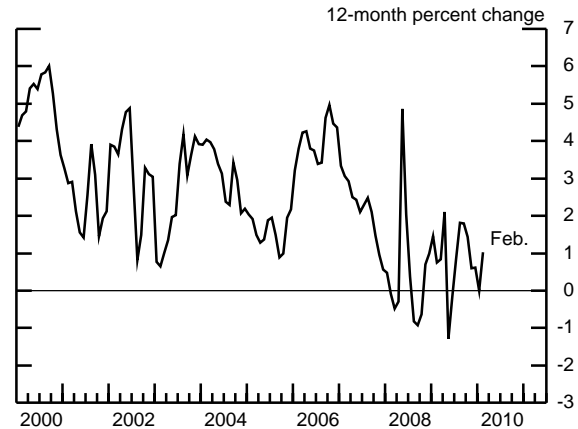
Fundamentals of Household Spending

Household Net Worth
and Dow Jones Total Market Index



* The value for 2004:Q4 excludes the effect on income of the one-time Microsoft dividend in December 2004.
Source: Federal Reserve Board; U.S. Department of Commerce, Bureau of Economic Analysis; *Wall Street Journal*.

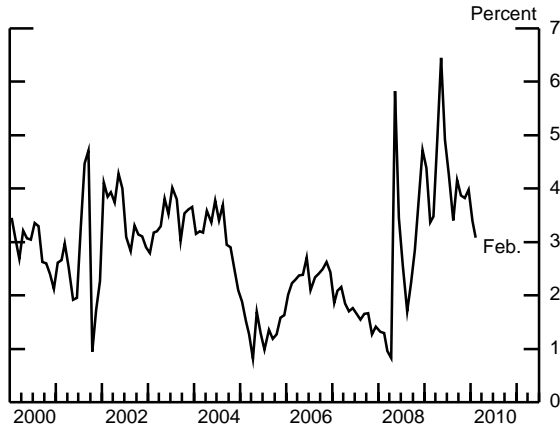
Change in Real Disposable Personal Income



Note: Values for December 2004 and December 2005 exclude the effect on income of the one-time Microsoft dividend in December 2004.

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

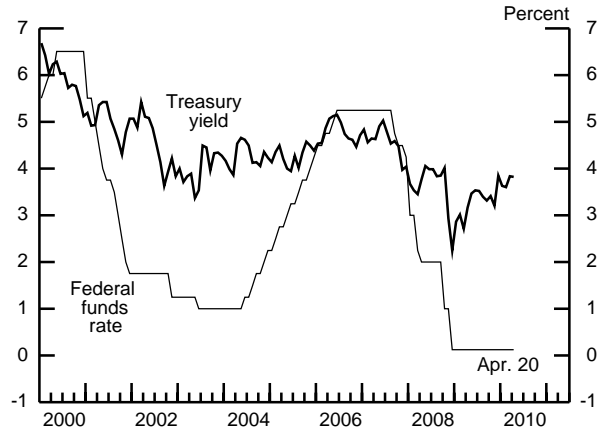
Personal Saving Rate



Note: The value for December 2004 excludes the effect on income of the one-time Microsoft dividend in that month.

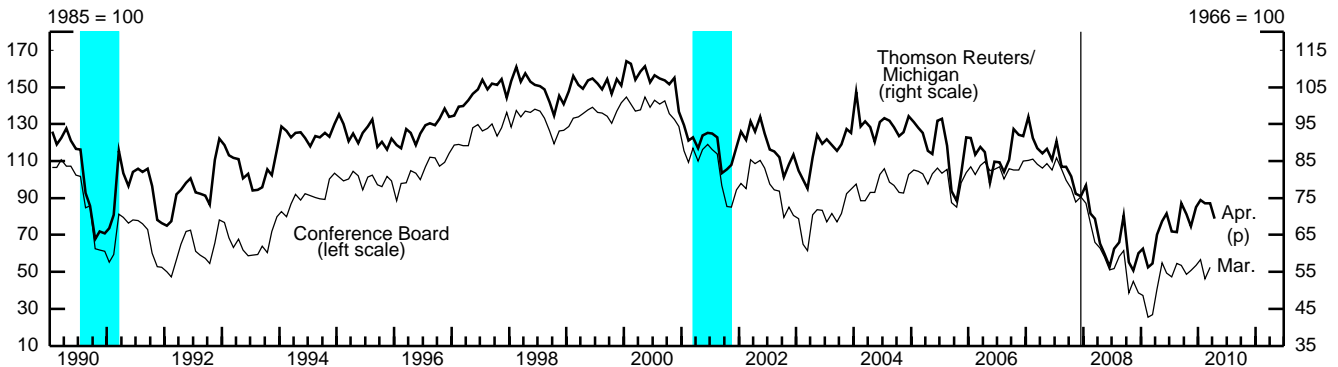
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Target Federal Funds Rate
and 10-Year Treasury Yield



Source: Federal Reserve Board.

Consumer Confidence



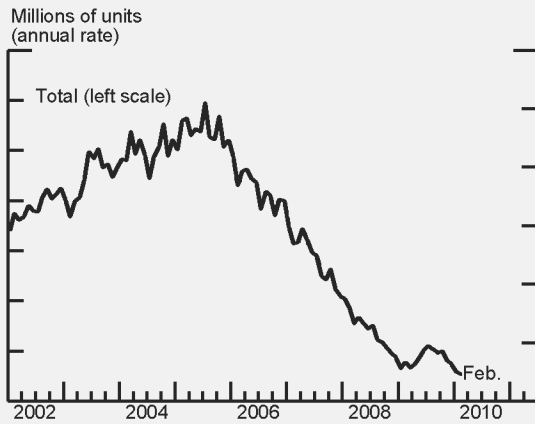
Note: The shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research (NBER). The vertical line represents the last business cycle peak as defined by the NBER.

Source: Thomson Reuters/University of Michigan Surveys of Consumers; Conference Board.

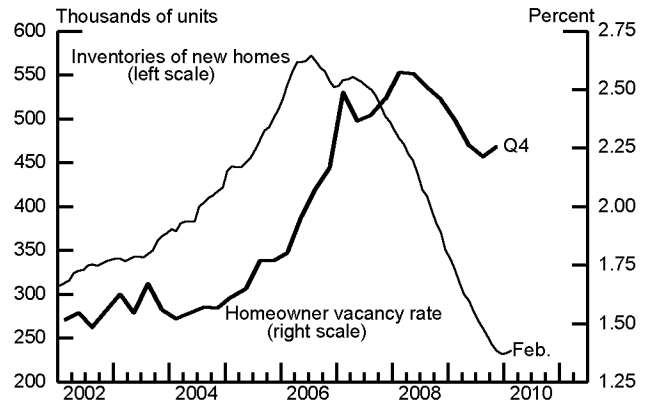
Indicators of Single-Family Housing

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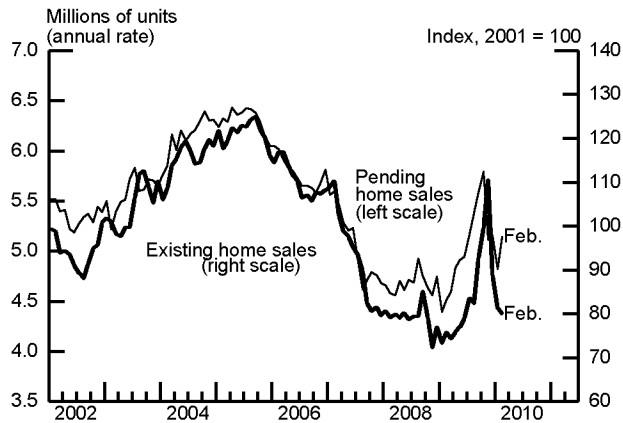
New Single-Family Home Sales



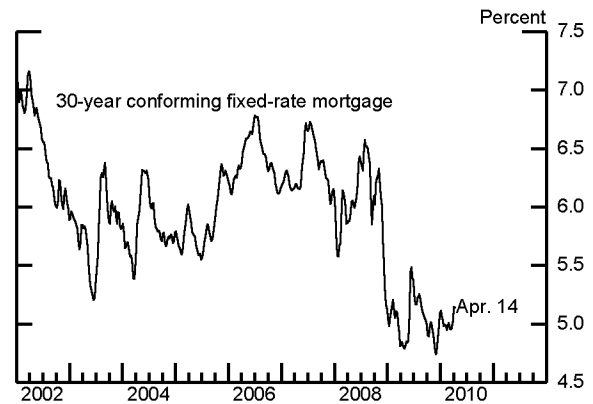
Inventories of New Homes and Homeowner Vacancy Rate



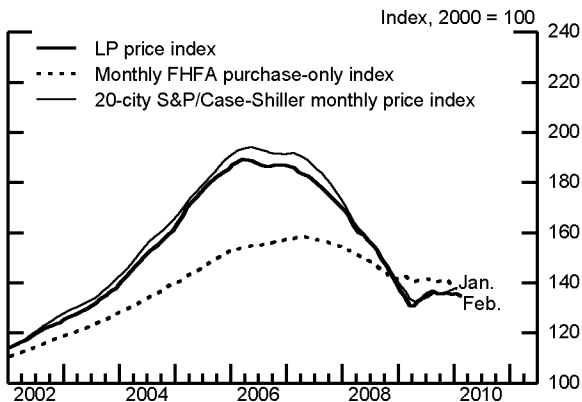
Existing Single-Family Home Sales



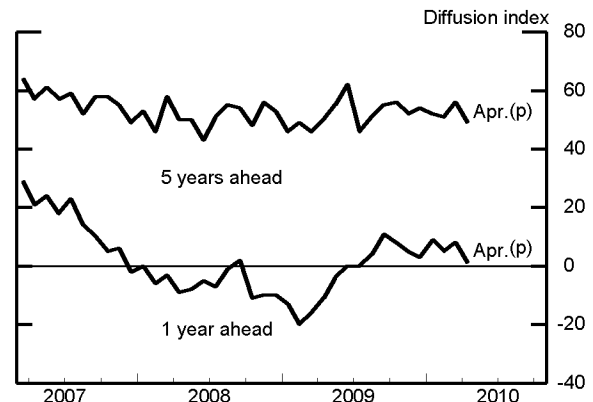
Mortgage Rates



Prices of Existing Homes



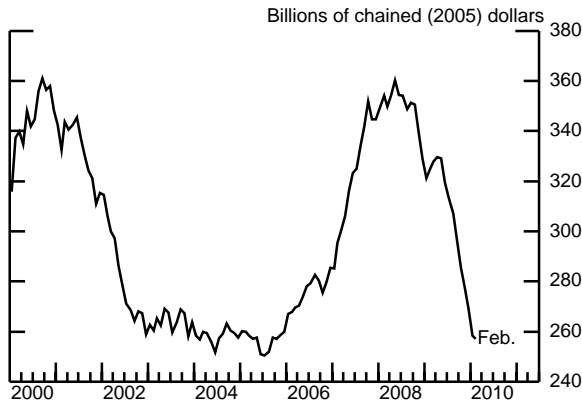
House Price Expectations



Nonresidential Construction and Indicators

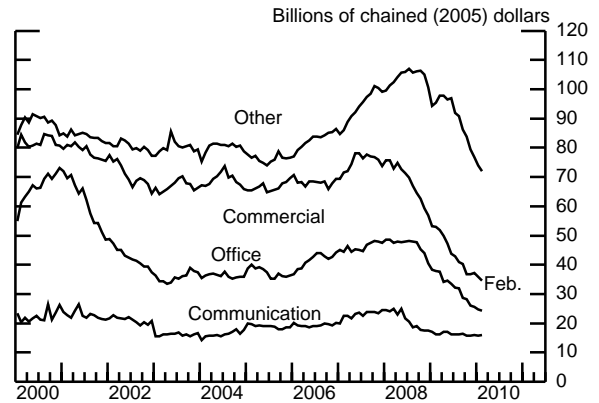
(All spending series are seasonally adjusted at an annual rate; nominal CPIP deflated by BEA prices through Q4 and by staff projection thereafter)

Total Structures



Source: Census Bureau.

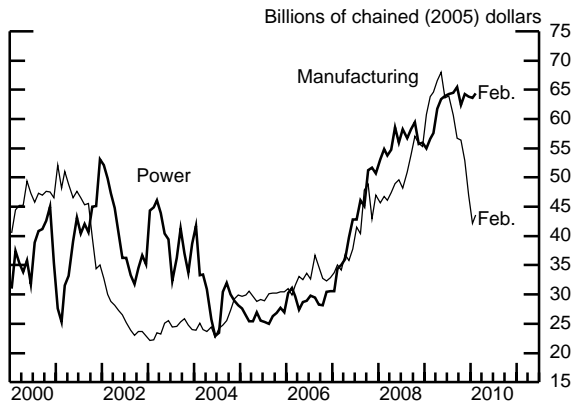
Office, Commercial, Communication, and Other



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

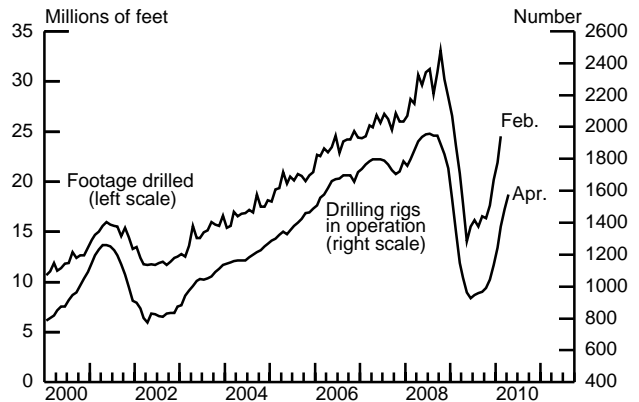
Source: Census Bureau.

Manufacturing and Power



Source: Census Bureau.

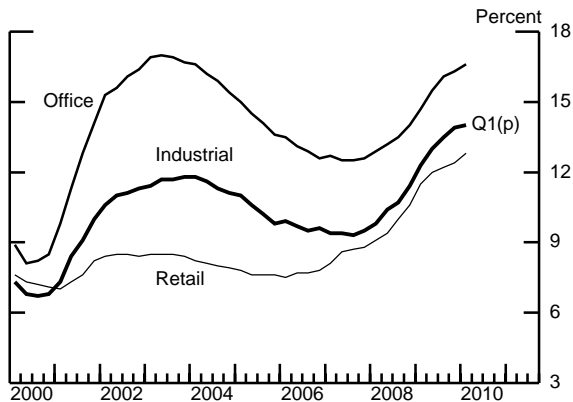
Drilling and Mining Indicators



Note: The April readings for drilling rigs are based on data through April 16, 2010. 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.

Vacancy Rates



Note: Industrial space includes both manufacturing structures and warehouses.

p Preliminary.

Source: CB Richard Ellis Economic Advisors.

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.

Nonfarm Inventory Investment
(Billions of dollars; seasonally adjusted annual rate)

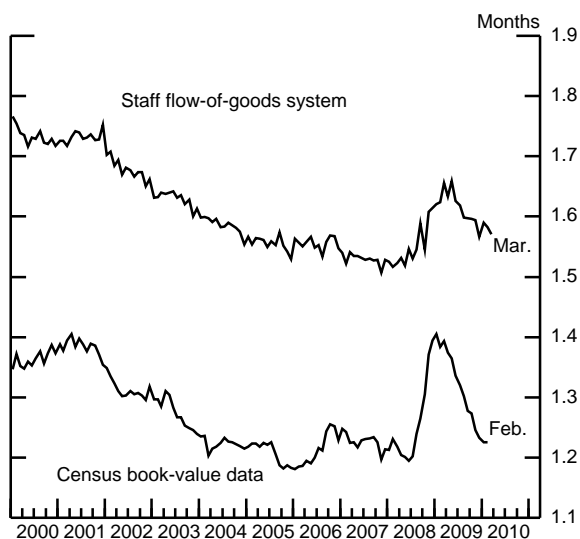
Measure and sector	2009				2010	
	Q2	Q3	Q4	Dec.	Jan.	Feb.
<i>Real inventory investment</i> (chained 2005 dollars)						
Total nonfarm business	-163.1	-141.4	-13.7	...	...	...
Motor vehicles	-48.1	-4.6	21.0	...	...	...
Nonfarm ex. motor vehicles	-115.1	-136.9	-34.7	...	...	...
Manufacturing and trade ex. wholesale and retail motor vehicles and parts	-110.9	-129.3	-16.4	-57.4	-19.8	n.a.
Manufacturing	-39.8	-55.3	-6.1	-22.1	-4.6	n.a.
Wholesale trade ex. motor vehicles & parts	-52.5	-51.9	-1.4	-42.3	-1.9	n.a.
Retail trade ex. motor vehicles & parts	-18.6	-22.1	-8.8	6.9	-13.3 ^e	n.a.
<i>Book-value inventory investment</i> (current dollars)						
Manufacturing and trade ex. wholesale and retail motor vehicles and parts	-146.3	-121.8	20.5	-18.7	19.2	54.5
Manufacturing	-66.0	-49.8	7.5	-10.0	16.1	30.2
Wholesale trade ex. motor vehicles & parts	-56.5	-47.8	13.9	-25.5	11.7	28.4
Retail trade ex. motor vehicles & parts	-23.7	-24.2	-9	16.7	-8.6	-4.2

n.a. Not available.

... Not applicable.

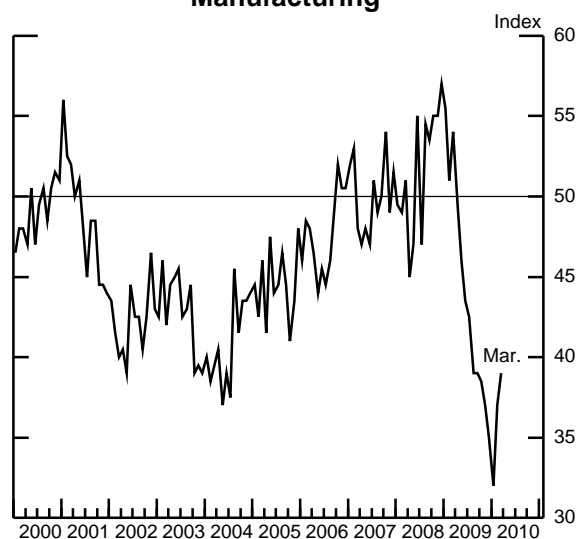
^e Staff estimate of real inventory investment based on revised book-value data.

Source: For real inventory investment, U.S. Dept. of Commerce, Bureau of Economic Analysis; for book-value data, Census Bureau.

Inventory Ratios ex. Motor Vehicles

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

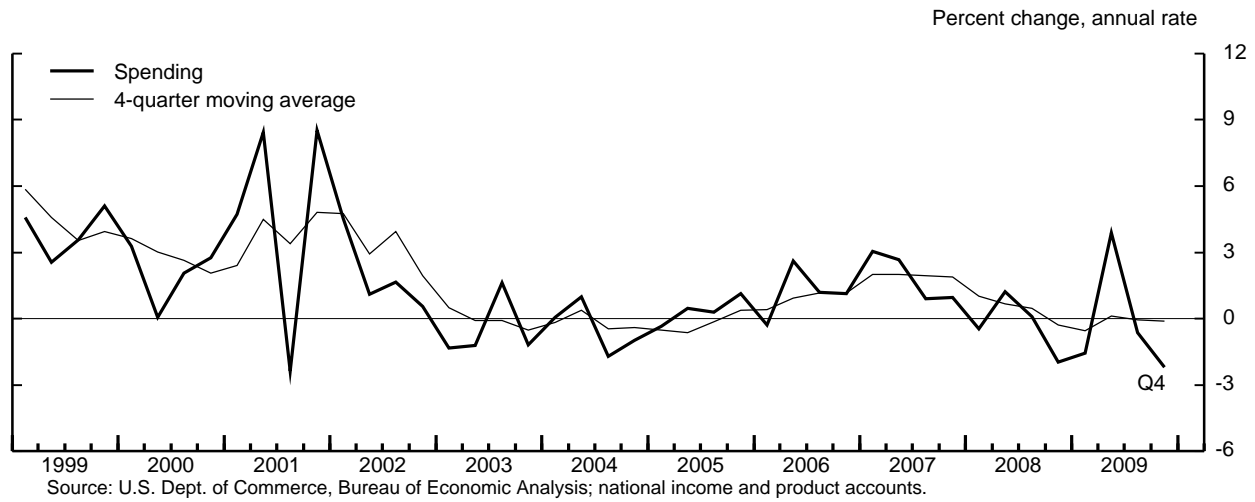
Source: Census Bureau; staff calculation.

ISM Customers' Inventories: Manufacturing

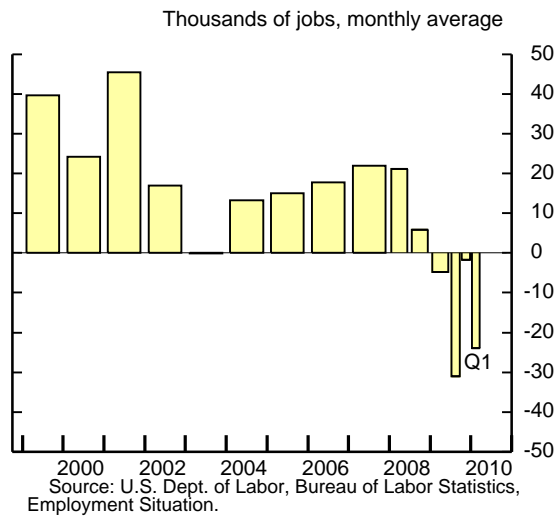
Note: A number below 50 indicates inventories are "too low."
Source: Institute for Supply Management (ISM), Manufacturing ISM Report on Business.

State and Local Indicators

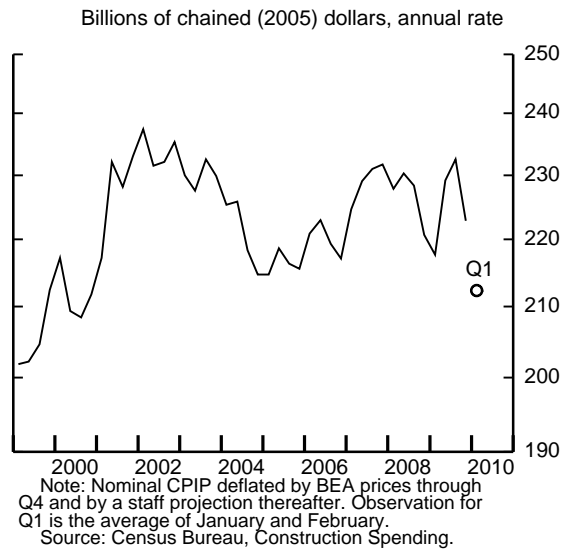
Real Spending on Consumption and Investment



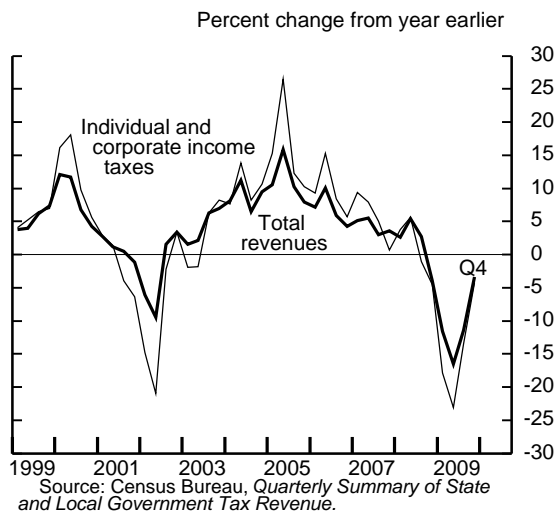
Net Change in Employment



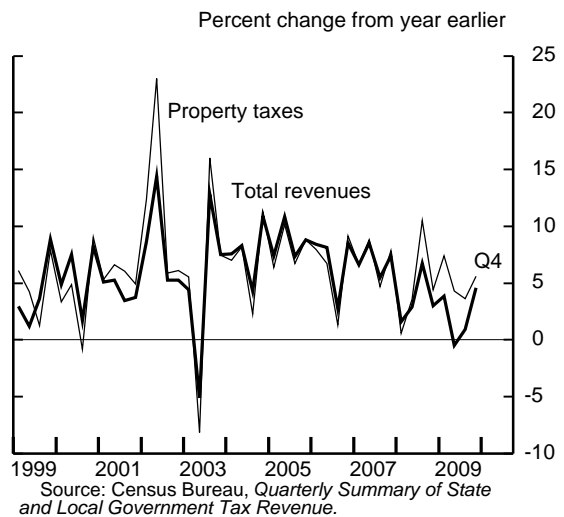
Real Construction



State Revenues



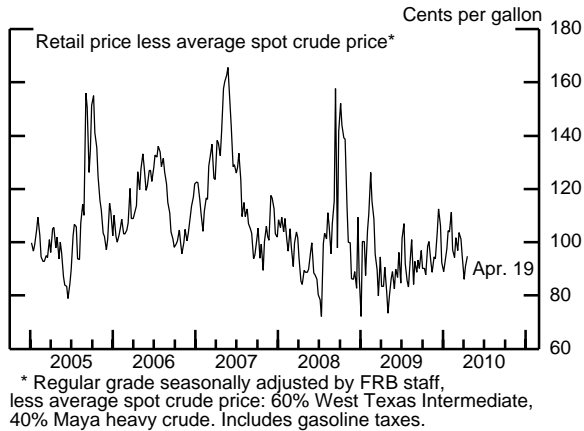
Local Revenues



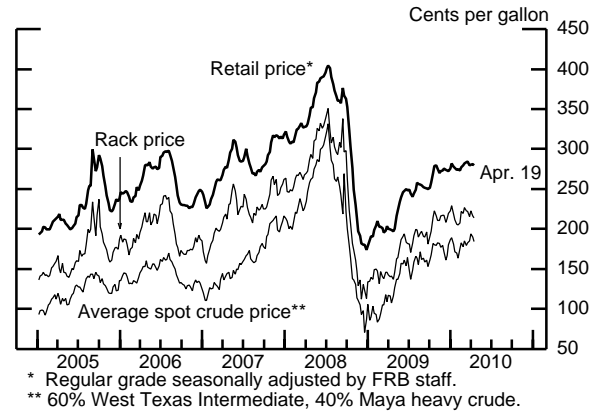
Energy and Food Price Indicators

(Data from U.S. Department of Energy, Energy Information Administration, except as noted)

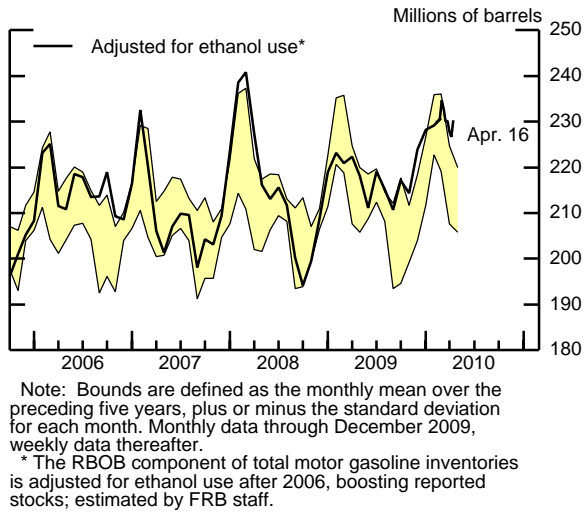
Total Gasoline Margin



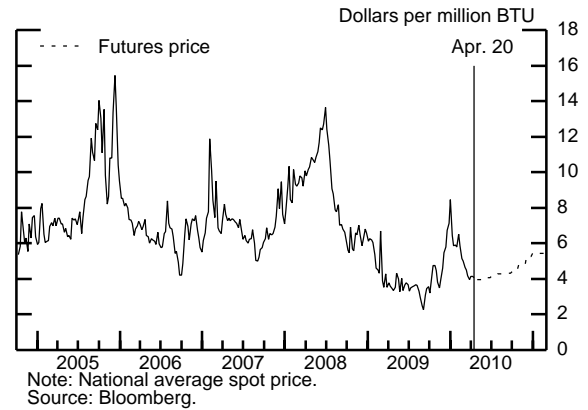
Gasoline Price Decomposition



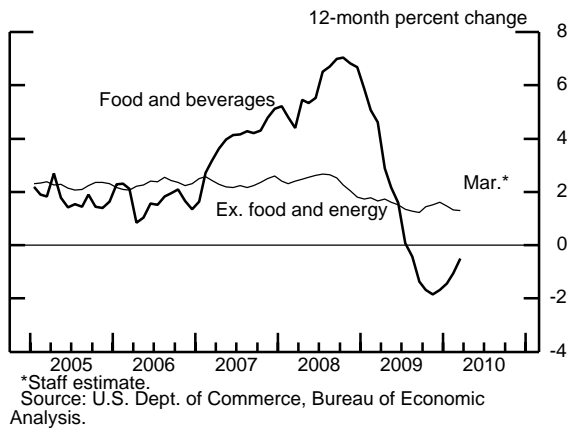
Gasoline Inventories



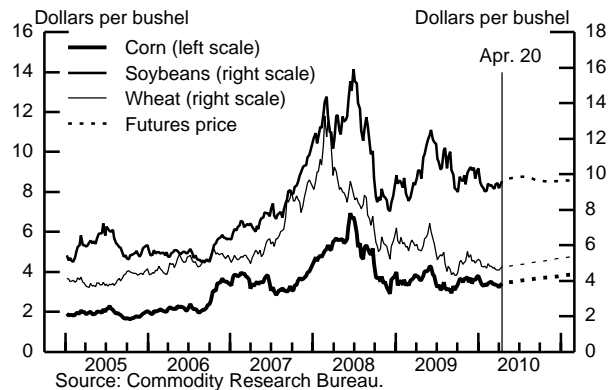
Natural Gas Prices



PCE: Food at Home and Core Prices



Spot Prices of Agricultural Commodities



Broad Measures of Inflation
(Percent change, Q4 to Q4)

Measure	2006	2007	2008	2009
<i>Product prices</i>				
GDP price index	2.9	2.7	1.9	.7
Less food and energy	3.0	2.8	1.7	.8
Nonfarm business chain price index	2.3	2.2	1.6	.6
<i>Expenditure prices</i>				
Gross domestic purchases price index	2.6	3.5	1.9	.6
Less food and energy	2.9	2.8	2.0	.7
PCE price index	1.9	3.6	1.7	1.2
Less food and energy	2.3	2.5	2.0	1.5
PCE price index, market-based components	1.8	3.5	1.9	1.3
Less food and energy	2.2	2.2	2.3	1.7
CPI	1.9	4.0	1.6	1.5
Less food and energy	2.7	2.3	2.0	1.7
Chained CPI	1.7	3.6	1.8	1.6
Less food and energy	2.3	1.9	1.9	1.3
Median CPI	3.0	3.1	2.9	1.2
Trimmed mean CPI	2.6	2.8	2.9	1.2
Trimmed mean PCE	2.7	2.7	2.5	1.4

Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for median and trimmed mean CPI, Federal Reserve Bank of Cleveland; for all else, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Surveys of Inflation Expectations
(Percent)

Period	Actual CPI inflation ¹	Thomson Reuters/Michigan Survey				Professional forecasters (10 years) ⁴	
		1 year ²		5 to 10 years ³			
		Mean	Median	Mean	Median	CPI	PCE
2008: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	.0	2.4	2.0	3.3	2.9	2.4	2.2
Q2	-1.2	3.4	2.9	3.1	2.9	2.5	2.3
Q3	-1.6	3.1	2.6	3.2	2.9	2.5	2.2
Q4	1.4	3.1	2.7	3.1	2.9	2.3	2.1
2010:Q1	2.4	3.5	2.7	3.2	2.8	2.4	2.1
2009:Dec.	2.7	3.0	2.5	3.0	2.7	...	...
2010:Jan.	2.6	3.4	2.8	3.3	2.9	...	...
Feb.	2.1	3.6	2.7	3.3	2.7	2.4	2.1
Mar.	2.3	3.4	2.7	3.1	2.7	...	...
Apr.	n.a.	3.8	2.9	3.2	2.7	...	...

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.

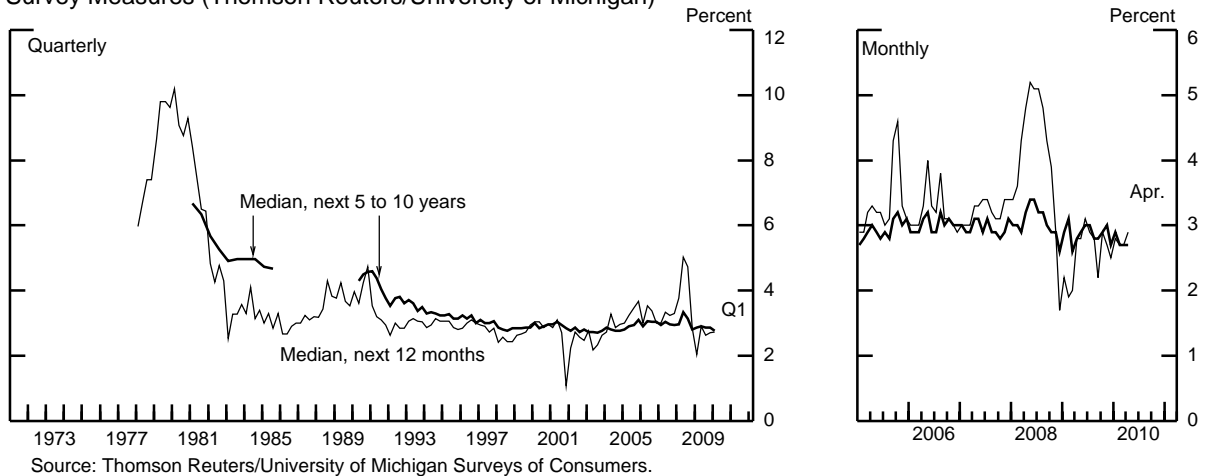
... Not applicable.

n.a. Not available.

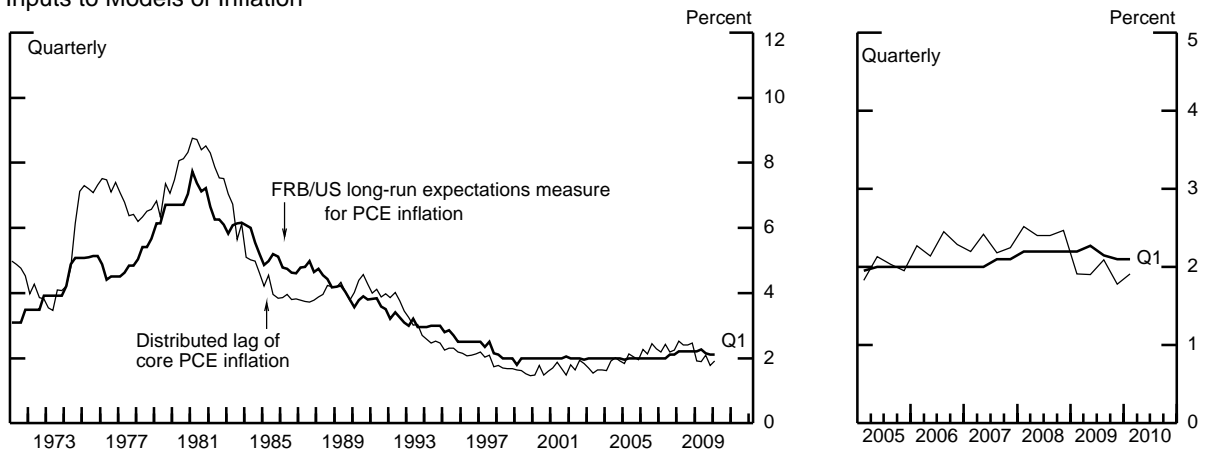
Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for Thomson Reuters/Michigan Survey, Thomson Reuters/University of Michigan Surveys of Consumers; for professional forecasters, the Federal Reserve Bank of Philadelphia.

Measures of Expected Inflation

Survey Measures (Thomson Reuters/University of Michigan)

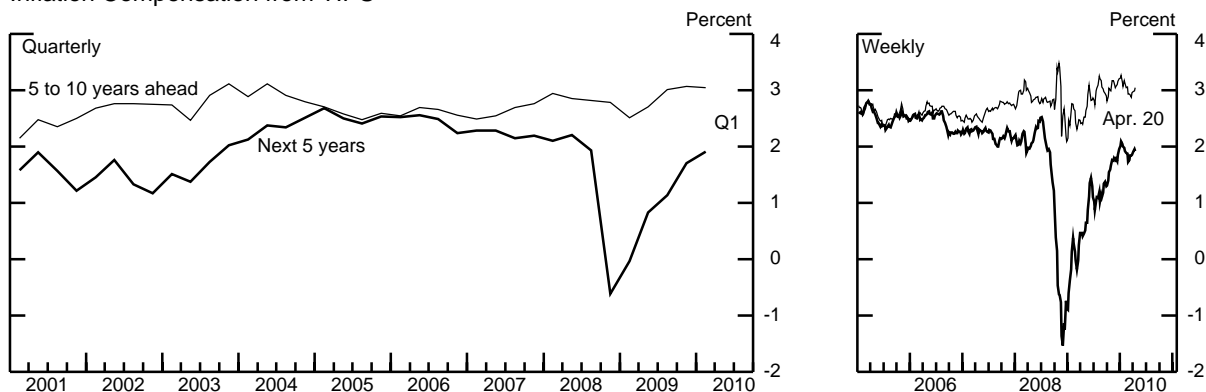


Inputs to Models of Inflation



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 Hoey; 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.

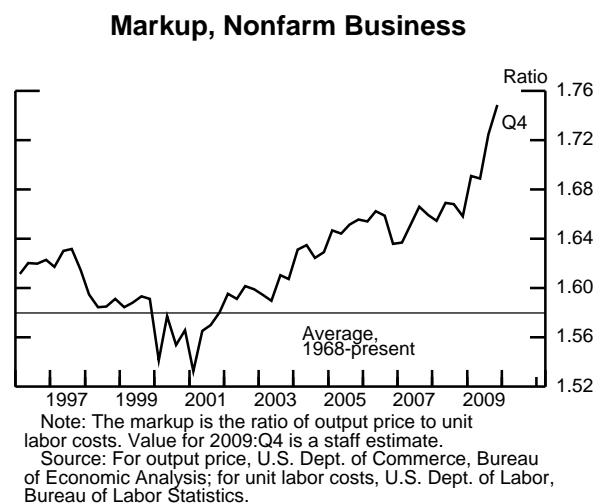
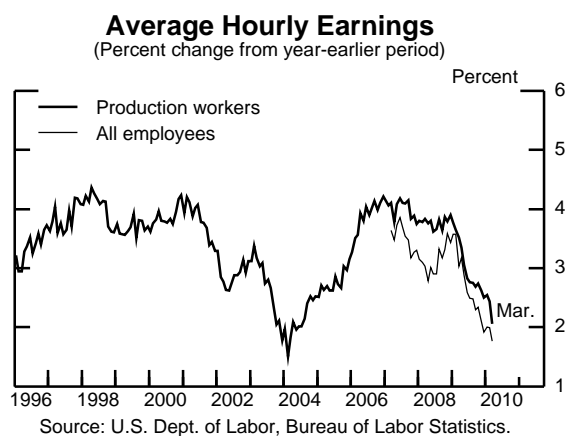
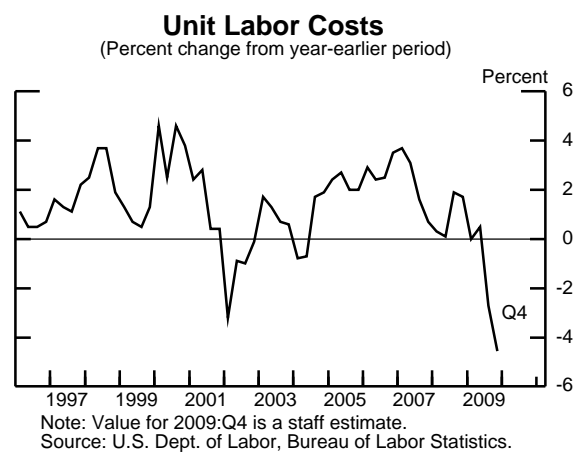
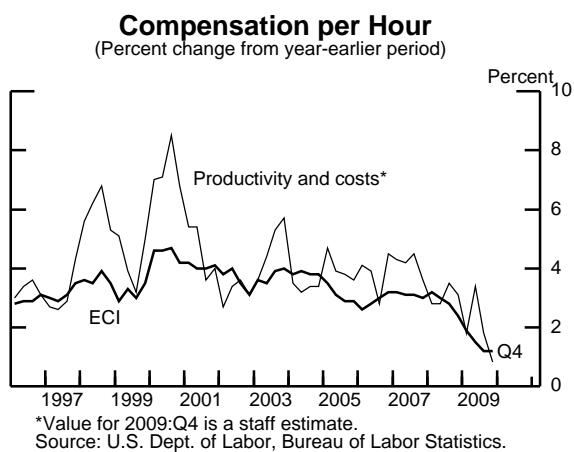
Hourly Compensation and Unit Labor Costs

(Percent change from preceding period at compound annual rate; based on seasonally adjusted data)

Category	2007:Q4 to 2008:Q4	2008:Q4 to 2009:Q4 ^e	2009			
			Q1	Q2	Q3	Q4 ^e
<i>Compensation per hour</i> Nonfarm business	3.1	.8	-4.2	7.7	-.4	.5
<i>Output per hour</i> Nonfarm business	1.4	5.6	.9	7.6	7.8	6.3
<i>Unit labor costs</i> Nonfarm business	1.7	-4.6	-5.0	.1	-7.6	-5.5

^e Staff estimate.

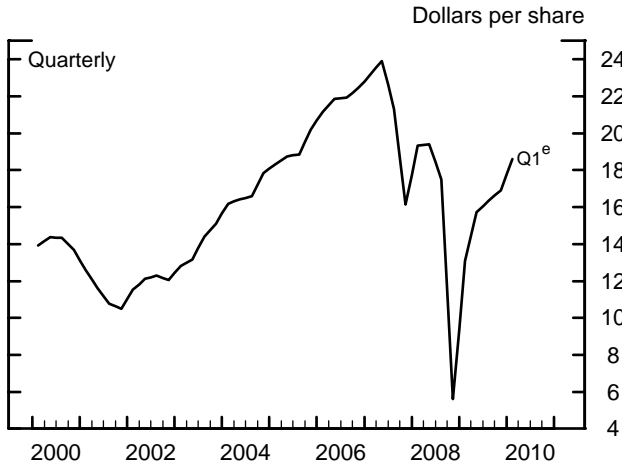
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.



Domestic Financial Developments

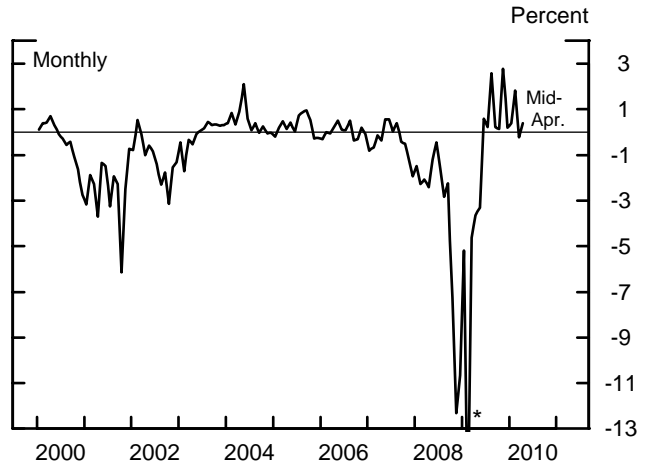
III-6 Corporate Earnings and Credit Quality

S&P 500 Earnings Per Share



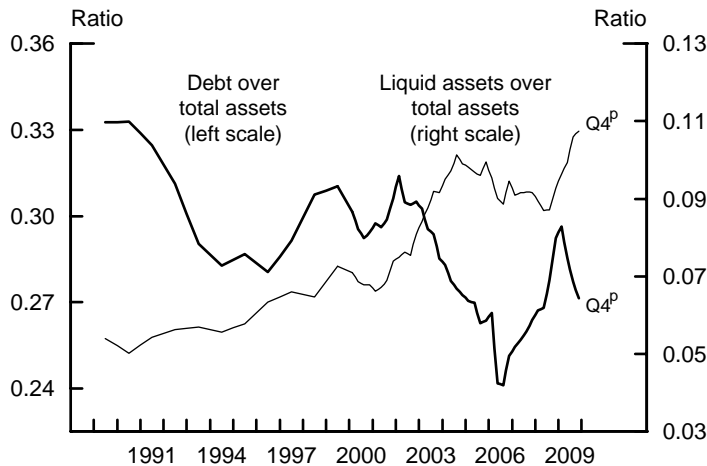
Note: Data are seasonally adjusted by Board staff.
e Staff estimate based on earnings reports of firms that have reported earnings for Q1 and Wall Street analyst forecasts.
Source: Thomson Financial.

Revisions to Expected S&P 500 Earnings



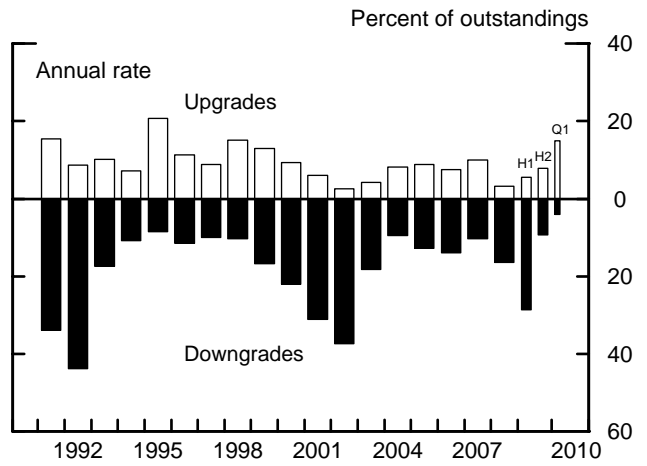
Note: Index is a weighted average of the percent change in the consensus forecasts of current-year and following-year earnings per share for a fixed sample.
* Revision in Feb. 2009 was -17.2%.
Source: Thomson Financial.

Financial Ratios for Nonfinancial Corporations



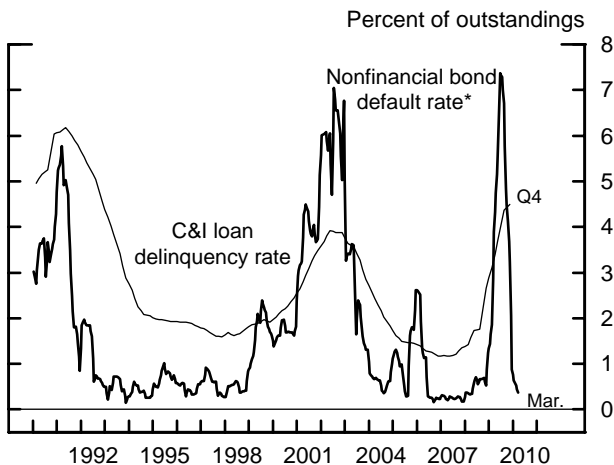
Note: Data are annual through 1999 and quarterly thereafter.
p Preliminary.
Source: Compustat.

Bond Ratings Changes of Nonfinancial Companies



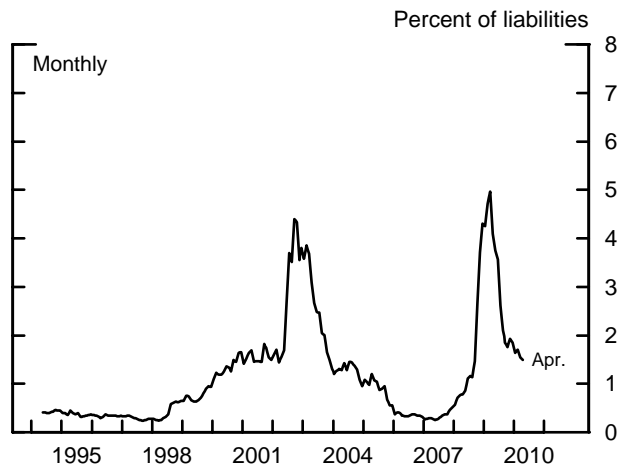
Source: Calculated using data from Moody's Investors Service.

Selected Default and Delinquency Rates



* 6-month trailing defaults divided by beginning-of-period outstandings, at an annual rate.
Source: For default rate, Moody's Investors Service; for delinquency rate, Call Report data.

Expected Nonfinancial Year-Ahead Defaults



Note: Firm-level estimates of default weighted by firm liabilities as a percent of total liabilities, excluding defaulted firms.
Source: Calculated using firm-level data from Moody's KMV.

Business Finance

Gross Issuance of Securities by U.S. Corporations

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

Type of security	2006	2007	2008	2009		2010		
				H1	H2	Q1	Mar.	Apr. ^p
<i>Nonfinancial corporations</i>								
Stocks ¹	4.7	5.5	3.7	5.3	5.2	4.2	7.0	6.2
Initial public offerings	1.8	1.6	.3	.2	1.1	.7	1.2	.8
Seasoned offerings	2.9	3.8	3.4	5.1	4.1	3.5	5.8	5.4
Bonds ²	29.3	35.1	27.7	50.1	31.1	40.2	64.8	45.0
Investment grade	13.1	17.5	19.5	32.6	13.9	16.3	23.5	18.0
Speculative grade	6.2	7.5	1.8	5.3	7.8	6.4	8.4	9.0
Other (sold abroad/unrated)	10.1	10.0	6.4	12.2	9.5	17.5	32.9	18.0
<i>Memo</i>								
Net issuance of commercial paper ³	2.4	-.4	1.6	-12.4	-1.9	4.5	17.2	6.4
Change in C&I loans at commercial banks ³	11.8	21.8	11.2	-22.2	-28.6	-25.9	-32.2	n.a.
<i>Financial corporations</i>								
Stocks ¹	5.3	8.6	13.5	15.9	12.6	6.3	9.0	6.7
Bonds ²	180.6	151.7	45.4	44.5	33.9	36.2	52.7	35.0

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

1. Excludes private placements and equity-for-equity swaps that occur in restructurings.

2. Data include regular and 144a private placements. Bond totals reflect gross proceeds rather than par value of original discount bonds. Bonds are categorized according to Moody's bond ratings or to Standard & Poor's if unrated by Moody's.

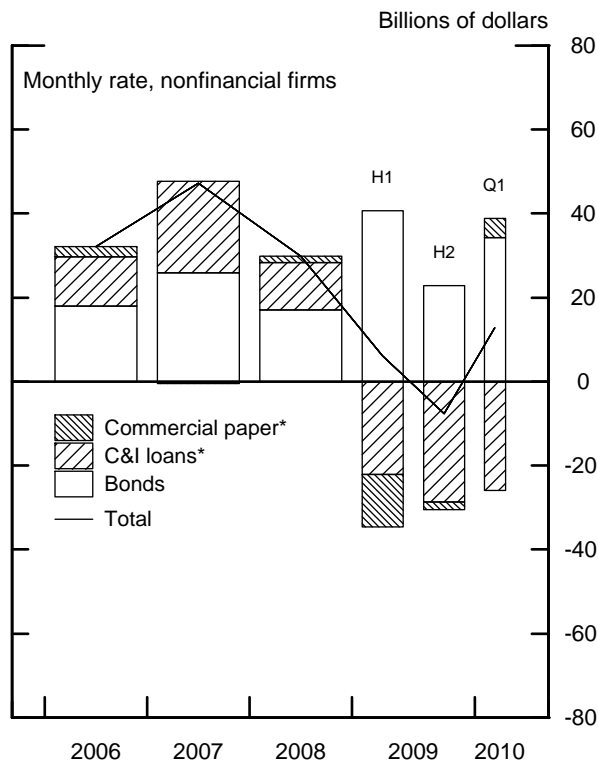
3. For all nonfinancial firms; period-end basis, seasonally adjusted.

n.a. Not available.

p Forecast based on preliminary data.

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

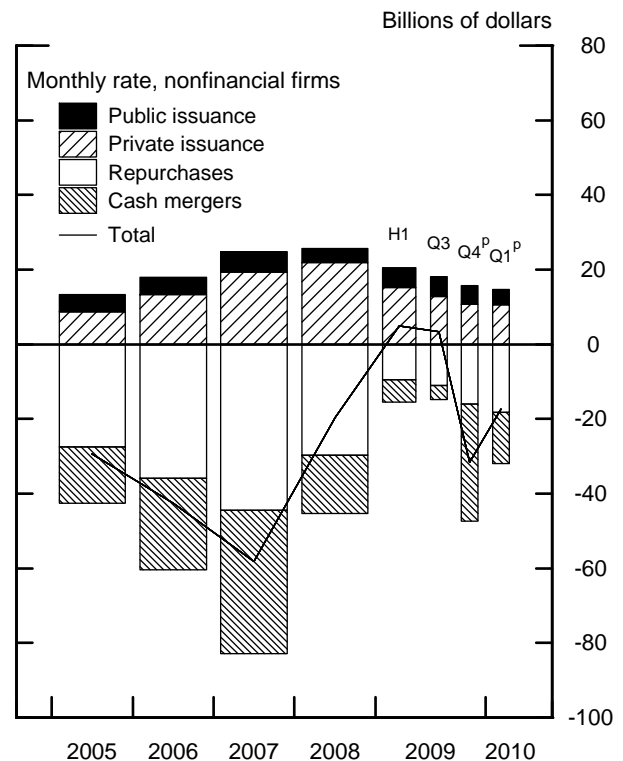
Selected Components of Net Debt Financing



* Seasonally adjusted, period-end basis.

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

Components of Net Equity Issuance

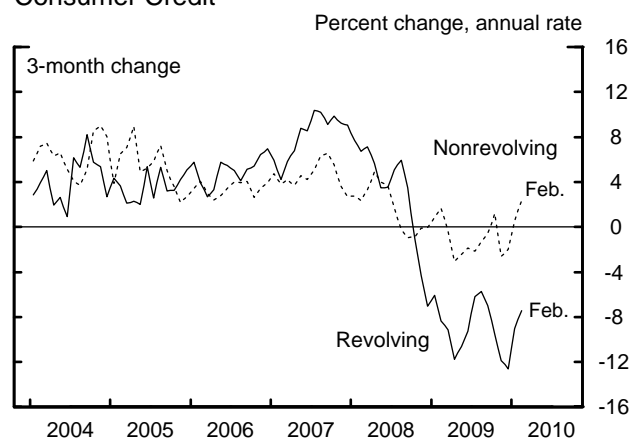


p Preliminary.

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

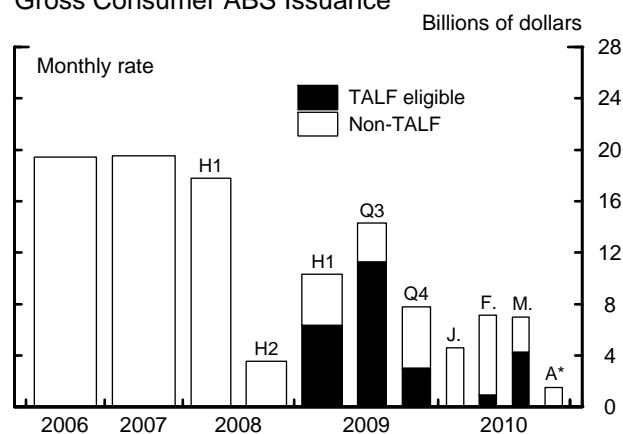
Consumer Credit and Mutual Funds

Consumer Credit



Source: Federal Reserve Board.

Gross Consumer ABS Issuance

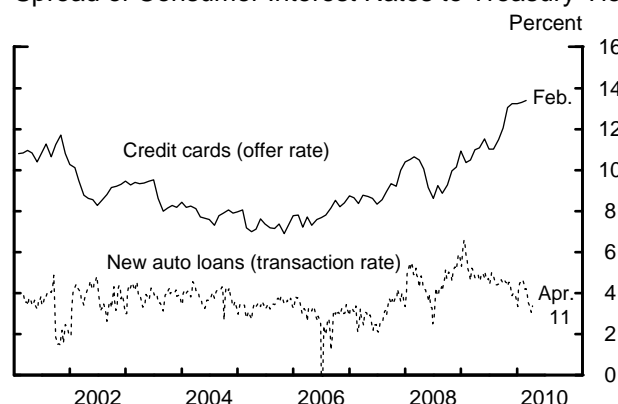


* Through April 16.

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

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

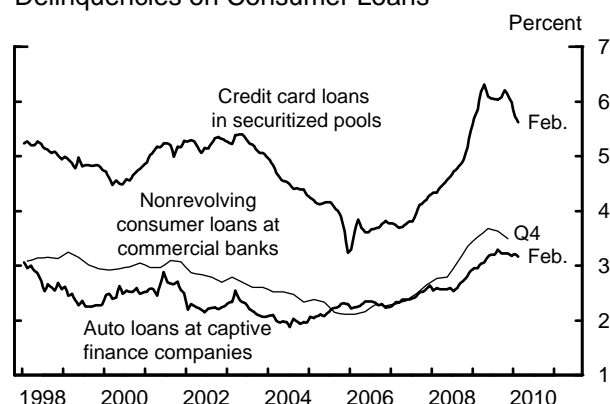
Spread of Consumer Interest Rates to Treasury Yield



Note: Spreads are relative to 2-year Treasury yields. For credit cards, monthly; for auto loans, weekly.

Source: For credit cards, Intel; for auto loans, PIN.

Delinquencies on Consumer Loans



Source: For auto loans, Federal Reserve Board; for credit cards, Moody's Investors Service; for nonrevolving consumer loans, Call Report.

Net Flows into Mutual Funds

(Billions of dollars, monthly rate)

Fund type	2008	2009			2010			Assets Feb.
		H1	Q3	Q4	Jan.	Feb.	Mar. ^e	
Total long-term funds	-18.8	23.3	47.9	34.0	47.7	29.0	49.3	7,831
Equity funds	-19.4	-0.1	0.9	-4.4	16.9	0.1	8.7	4,891
Domestic	-12.6	0.9	-3.7	-10.8	6.8	-5.0	1.1	3,656
International	-6.9	-1.0	4.6	6.4	10.1	5.1	7.6	1,234
Hybrid funds	-1.7	-0.3	5.2	2.8	3.5	2.3	3.9	645
Bond funds	2.3	23.7	41.8	35.7	27.3	26.5	36.7	2,296
High-yield	-0.1	2.8	1.4	0.5	0.7	-2.8	2.3	187
Other taxable	1.7	16.2	31.8	30.4	22.1	24.4	30.3	1,636
Municipals	0.7	4.8	8.7	4.8	4.5	4.9	4.1	472
Money market funds	57.9	-27.3	-81.1	-43.0	-83.0	-68.9	-167.7	3,151

Note: Excludes reinvested dividends.

e Staff estimate.

Source: Investment Company Institute.

State and Local Government Finance

Gross Offerings of Municipal Securities

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

Type of security	2006	2007	2008	2009		2010		
				H1	H2	Q1	Mar.	Apr. ^p
Total	36.1	40.4	37.6	36.6	42.7	36.2	46.0	37.0
Long-term ¹	32.5	35.5	32.6	33.0	35.5	34.4	43.5	34.0
Refundings ²	10.6	12.6	14.6	11.6	13.1	11.9	13.4	11.0
New capital	21.9	22.9	17.9	21.3	22.5	22.4	30.1	23.0
Short-term	3.7	4.9	5.0	3.6	7.2	1.8	2.5	3.0
Memo: Long-term taxable	2.5	2.4	2.3	4.5	9.9	11.3	14.6	10.0

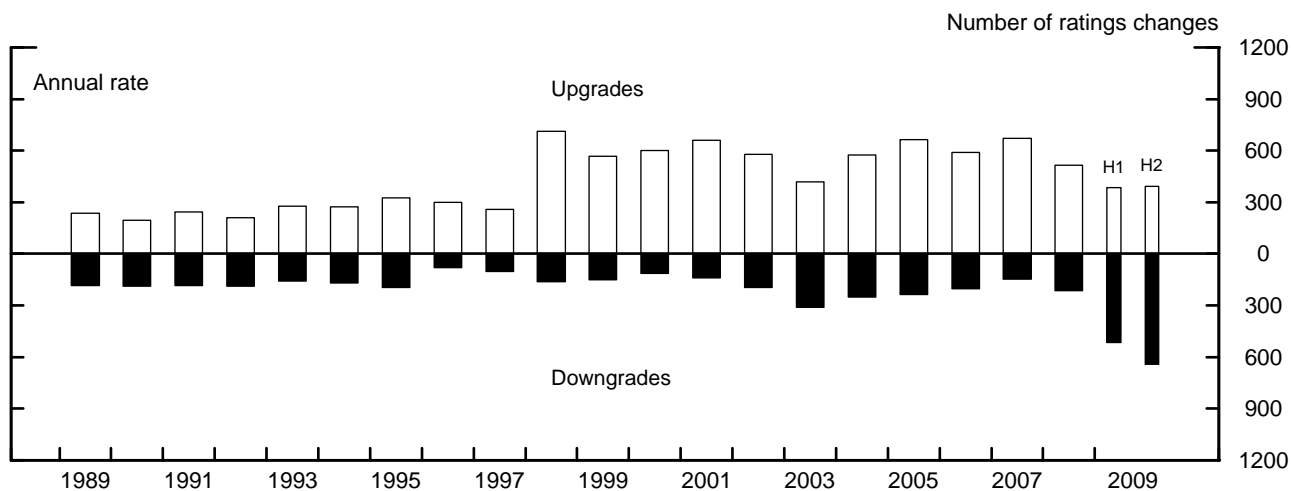
1. Includes issues for public and private purposes.

2. All issues that include any refunding bonds.

p Forecast based on preliminary data through April 15, 2010.

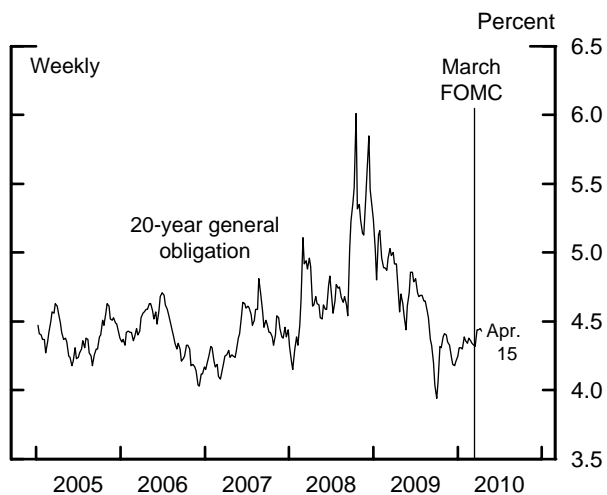
Source: Thomson Financial.

Ratings Changes



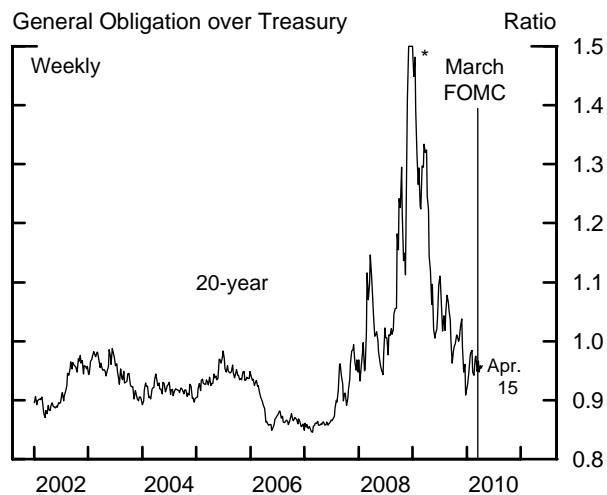
Source: Moody's Credit Trends.

Municipal Bond Yields



Source: Municipal Market Advisors; Bond Buyer.

Municipal Bond Yield Ratio



* Yield ratio peak is at 1.87 on December 15, 2008.

Source: Bond Buyer.

M2 Monetary Aggregate
(Based on seasonally adjusted data)

Aggregate and components	Percent change (annual rate) ¹					Level (billions of dollars)
	2008	2009	2010			Mar. (p)
			Jan.	Feb.	Mar. (p)	
M2	8.5	5.1	-8.2	7.8	-4.0	8,513
Components ²						
Currency	5.8	7.0	-1.4	8.5	6.1	872
Liquid deposits ³	6.9	17.2	-1.6	17.5	3.9	5,771
Small time deposits	12.3	-15.9	-28.8	-18.4	-21.8	1,105
Retail money market funds	13.4	-21.6	-31.3	-23.6	-47.8	760
Memo:						
Institutional money market funds	24.6	-2.1	-22.8	-39.4	-47.8	2,021
Monetary base	70.3	41.6	-18.4	74.0	-19.3	2,075

1. For years, Q4 to Q4; for quarters and months, calculated from corresponding average levels.

2. Nonbank traveler's checks are not listed.

3. Sum of demand deposits, other checkable deposits, and savings deposits.

p Preliminary.

Source: Federal Reserve Board.

International Developments

International Developments

U.S. International Transactions

Trade in Goods and Services

The U.S. international trade deficit widened to \$39.7 billion in February, from \$37 billion in January, as a rise in nominal imports outpaced a small increase in exports.

Trade in Goods and Services

	2009	Annual rate			Monthly rate		
		2009		2010	2009	2010	
		Q3	Q4	Q1 ^e	Dec.	Jan.	Feb.
	Percent change						
<i>Nominal BOP</i>							
Exports	-1.3	25.4	29.1	10.3	3.4	-.2	.2
Imports	-7.2	36.8	35.3	13.1	4.9	-1.8	1.7
<i>Real NIPA</i>							
Exports	-.7	17.8	22.8	...	...	...	...
Imports	-6.6	21.3	15.8	...	...	...	...
	Billions of dollars						
<i>Nominal BOP</i>							
Net exports	-378.6	-385.5	-435.8	-459.9	-39.9	-37.0	-39.7
Goods, net	-517.0	-528.4	-582.0	-604.0	-51.9	-49.4	-51.3
Services, net	138.4	142.9	146.2	144.0	12.0	12.4	11.6

... Not applicable.

BOP Balance of payments.

NIPA National income and product accounts.

^e BOP data are two months at an annual rate.

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

The value of exports of goods and services moved up 0.2 percent in February after decreasing by about the same amount in January. The February increase was fairly broad based across product categories with the exception of agricultural goods and consumer goods, both of which fell back slightly. Capital goods rose in spite of falling aircraft and computer sales, driven by a large increase in machinery and semiconductors. Automotive products moved up, though only partially reversing a sizable decline in January.

On average in January and February, nominal exports increased 10¼ percent at an annual rate. The increase reflects the quarterly arithmetic of a sharp jump in December, as the level of exports in February was almost unchanged from the December level.

U.S. Exports and Imports of Goods and Services
(Billions of dollars; annual rate, balance of payments basis)

	Levels				Change ¹			
	2009	2010	2010		2009	2010	2010	
	Q4	Q1 ^e	Jan.	Feb.	Q4	Q1 ^e	Jan.	Feb.
Exports of goods and services	1674.7	1716.4	1714.6	1718.1	103.5	41.6	-3.2	3.5
Goods exports	1147.7	1181.6	1181.1	1182.0	93.1	33.9	-7.9	1.0
Gold	15.3	16.9	18.9	14.9	1.0	1.6	1.6	-4.0
Other goods	1132.4	1164.7	1162.2	1167.2	92.1	32.3	-9.5	5.0
Capital goods	414.1	419.5	417.2	421.9	32.5	5.4	-12.6	4.7
Aircraft & parts	76.7	73.8	77.8	69.9	6.5	-2.9	-6.3	-7.9
Computers & accessories	40.9	42.7	43.4	41.9	3.4	1.8	1.7	-1.5
Semiconductors	42.9	44.3	43.1	45.6	4.4	1.5	.7	2.6
Other capital goods	253.7	258.7	252.9	264.5	18.2	5.0	-8.7	11.6
Automotive	104.1	108.8	107.5	110.0	18.0	4.7	-6.5	2.4
Ind. supplies (ex. ag., gold)	303.8	317.3	314.2	320.3	20.7	13.4	2.5	6.1
Consumer goods	160.2	160.2	161.6	158.8	10.3	.0	2.1	-2.9
Agricultural	109.6	113.9	116.5	111.4	10.4	4.3	1.6	-5.1
All other goods	40.6	45.0	45.1	44.8	.2	4.4	8.2	-.3
Services exports	527.0	534.8	533.5	536.0	10.4	7.8	4.7	2.5
Imports of goods and services	2110.5	2176.3	2158.0	2194.5	153.8	65.8	-38.6	36.5
Goods imports	1729.7	1785.5	1773.6	1797.5	146.7	55.8	-38.3	23.9
Oil	301.8	328.6	326.0	331.3	26.2	26.8	-12.3	5.3
Gold	10.7	9.3	9.9	8.7	2.0	-1.4	-.4	-1.2
Other goods	1417.1	1447.6	1437.7	1457.5	118.5	30.5	-25.7	19.8
Capital goods	400.7	407.5	405.3	409.7	36.2	6.8	-13.7	4.4
Aircraft & parts	31.2	28.3	29.6	26.9	2.1	-2.9	-4.3	-2.6
Computers & accessories	114.6	116.9	113.6	120.1	19.2	2.3	-8.1	6.5
Semiconductors	23.6	23.0	22.9	23.2	1.4	-.6	-.2	.3
Other capital goods	231.3	239.3	239.1	239.5	13.6	8.1	-1.1	.3
Automotive	207.4	197.9	202.7	193.2	29.9	-9.4	-16.8	-9.5
Ind. supplies (ex. oil, gold)	214.6	238.3	234.3	242.4	24.6	23.8	11.5	8.1
Consumer goods	448.9	450.0	443.1	456.8	26.5	1.1	-10.4	13.7
Foods, feeds, beverages	82.8	85.9	86.3	85.4	2.0	3.1	1.6	-.9
All other goods	62.8	68.0	66.0	70.0	-.8	5.2	2.1	4.0
Services imports	380.8	390.8	384.5	397.1	7.1	9.9	-.3	12.6
Memo:								
Oil quantity (mb/d)	11.41	12.05	11.82	12.28	.11	.65	-.67	.45
Oil import price (\$/bbl)	72.37	74.69	75.49	73.88	5.68	2.30	1.36	-1.61

1. Change from previous quarter or month.

e Estimate based on average of two months.

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