

Prefatory Note

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Please note that some material may have been redacted from this document if that material was received on a confidential basis. Redacted material is indicated by occasional gaps in the text or by gray boxes around non-text content. All redacted passages are exempt from disclosure under applicable provisions of the Freedom of Information Act.

Class II FOMC – Restricted (FR)

Report to the FOMC on Economic Conditions and Monetary Policy



Book A

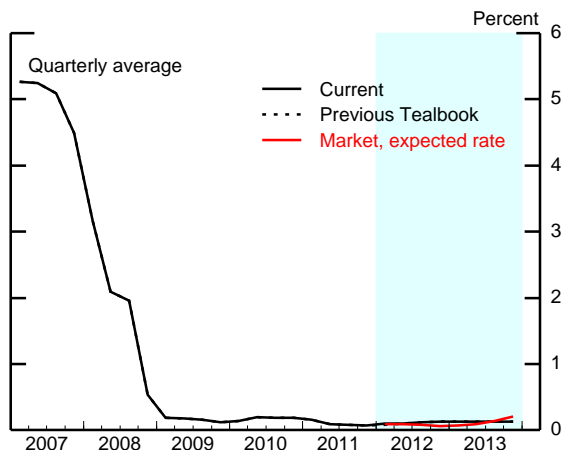
Economic and Financial Conditions: Current Situation and Outlook

March 7, 2012

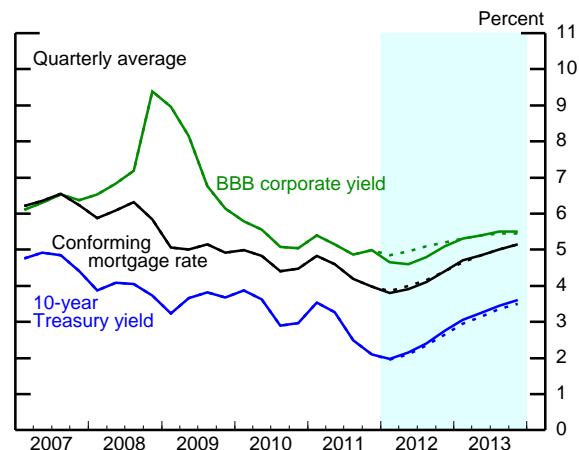
Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Key Background Factors underlying the Baseline Staff Projection

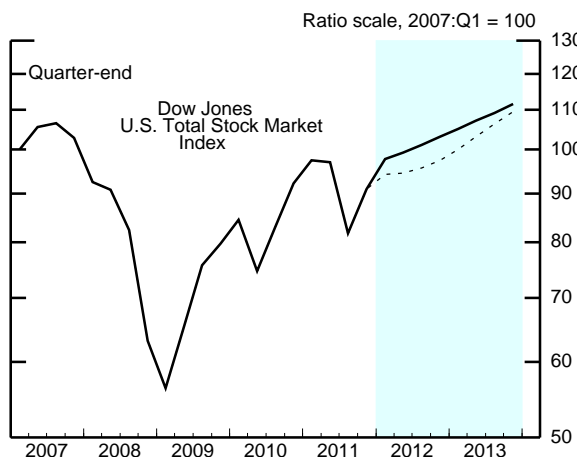
Federal Funds Rate



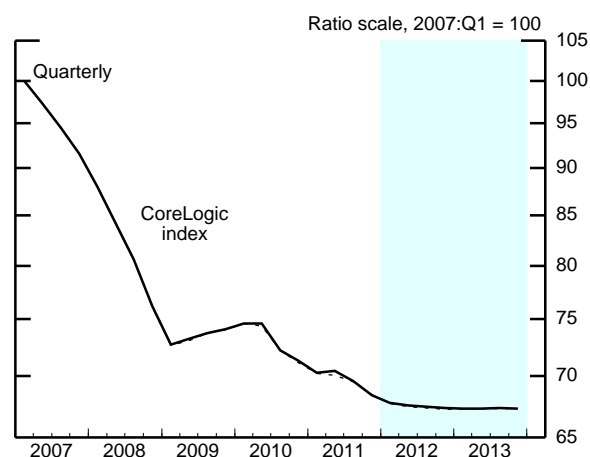
Long-Term Interest Rates



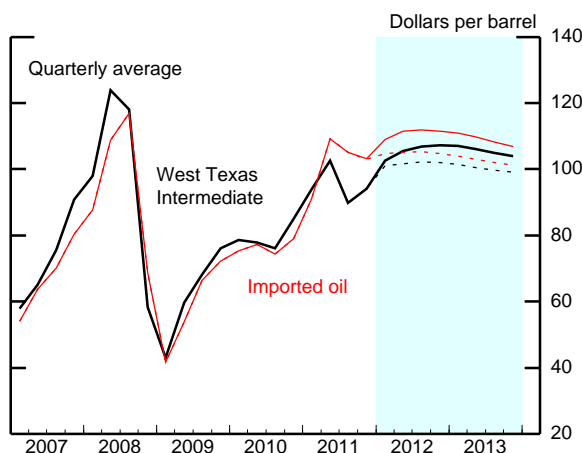
Equity Prices



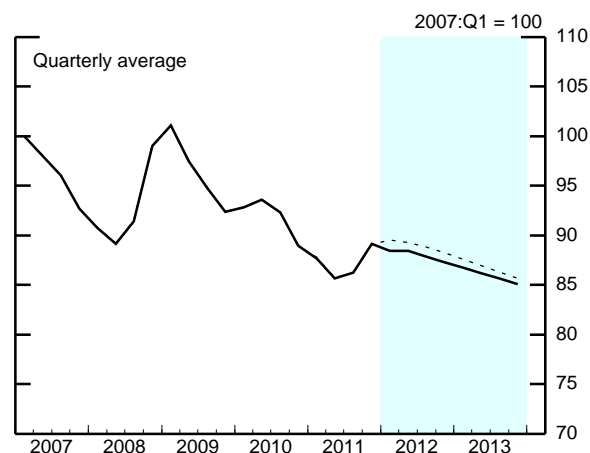
House Prices



Crude Oil Prices



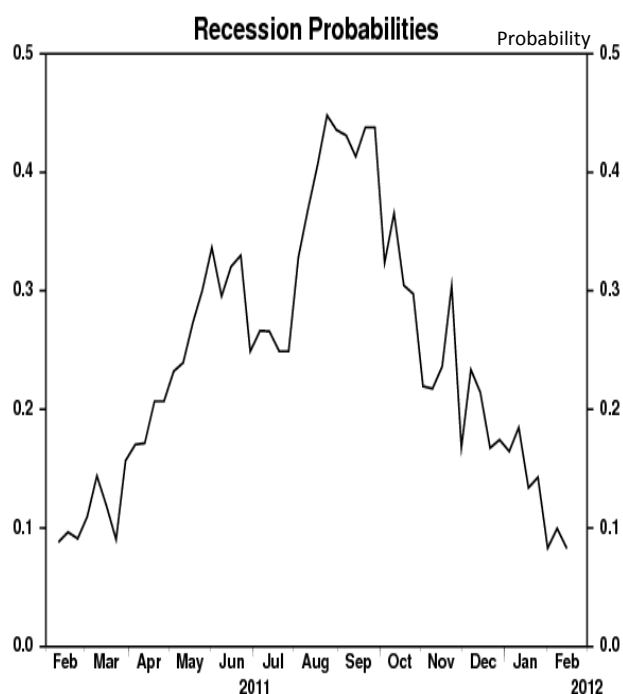
Broad Real Dollar



particularly pronounced upswing in the late summer, reflecting concerns about fiscal and financial conditions here and in Europe. As these concerns have eased, and as incoming labor and production data for the U.S. economy have shown greater strength, the model's estimate of the probability of a recession has declined to its long-run average of around 10 percent.

As shown in the table below, the model now predicts real GDP to rise at an annual rate of 1½ percent in the first quarter of 2012 and 3½ percent in the second quarter. The projected rise in GDP in the first quarter is held down by the weak trajectory of recent spending data. However, as a range of other data suggest greater underlying strength, the model's projection for GDP growth in the second quarter rebounds to an above-trend rate of 3½ percent.

The lower portion of the table shows the contribution of news about different categories of recent data to the revision in the real GDP projection from the factor model since the January Tealbook. These contributions illustrate similar tensions to those confronted in the construction of the judgmental projection. Weak data on spending, particularly in PCE, has weighed heavily on the model's projection of first-quarter real GDP growth. However, the model has continued to be surprised by the strength of labor, production, and financial market indicators and, on the basis of those indicators alone, would have revised up growth considerably in both the first and second quarters.



Note: Chart shows the probability of two consecutive quarters of declining output.

Factor Model Projections of Real GDP Growth

	2012:Q1	2012:Q2
Real GDP growth (percent)		
Current	1.4	3.5
As of January Tealbook	2.0	2.4
Revision since January (percentage points)		
Revision since January	-0.6	1.1
Contribution of:		
Production and labor	1.3	1.4
Financial	0.2	1.0
Spending and other	-2.0	-1.3

Summary of the Near-Term Outlook

(Percent change at annual rate except as noted)

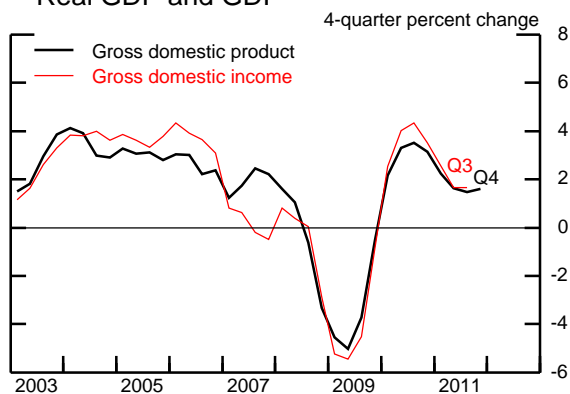
Measure	2011:Q4		2012:Q1		2012:Q2	
	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook
Real GDP	2.9	3.1	1.6	1.8	1.8	2.2
Private domestic final purchases	2.4	2.5	1.9	1.9	2.4	2.9
Personal consumption expenditures	2.2	2.1	2.0	1.2	2.4	2.6
Residential investment	9.7	11.5	8.5	13.9	4.0	7.7
Business fixed investment	2.6	3.2	-.1	4.5	2.1	3.9
Government purchases	-4.5	-4.2	.0	-1.4	-.8	-.3
<i>Contributions to change in real GDP</i>						
Inventory investment ¹	1.6	1.9	-.1	.0	-.1	-.4
Net exports ¹	.2	-.1	.1	.5	.1	.2
Unemployment Rate²	8.7	8.7	8.7	8.4	8.7	8.4
PCE Chain Price Index	.5	1.2	1.4	2.1	1.7	2.2
Ex. food and energy	.9	1.3	1.5	1.8	1.5	1.7

1. Percentage points.

2. Percent.

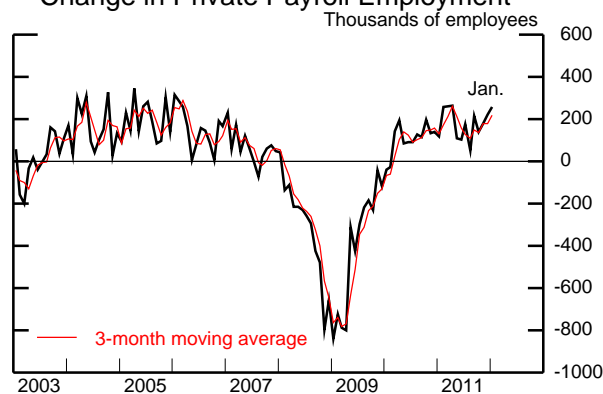
Recent Nonfinancial Developments (1)

Real GDP and GDI



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

Change in Private Payroll Employment



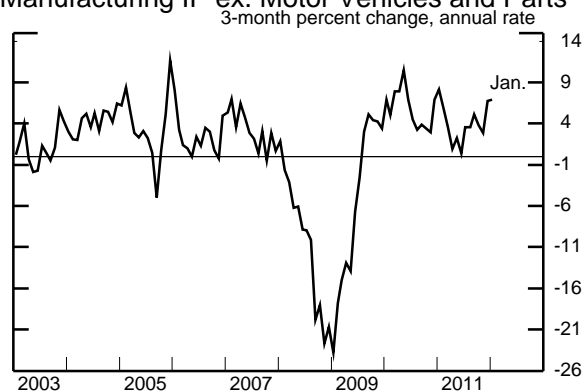
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

Unemployment Rate



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

Manufacturing IP ex. Motor Vehicles and Parts

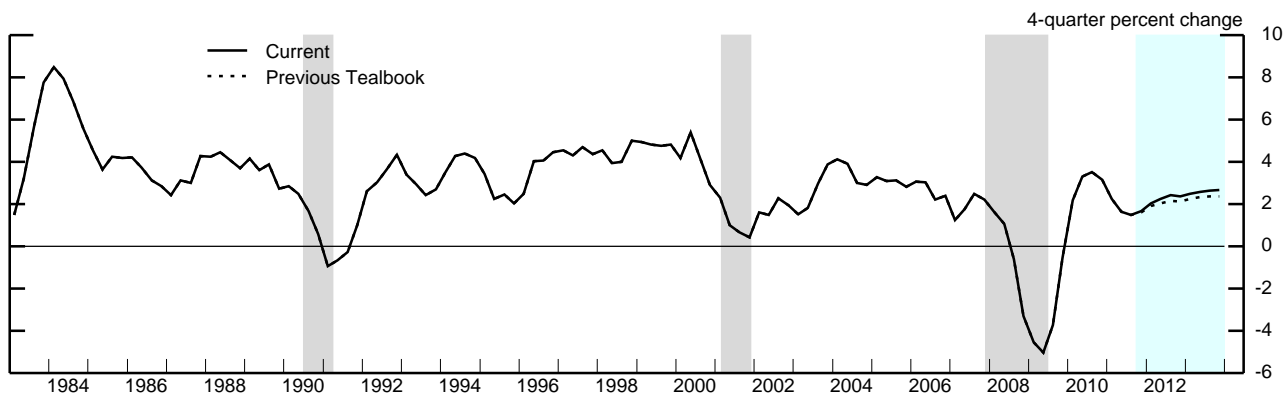


Source: Federal Reserve Board, G.17 Statistical Release, "Industrial Production and Capacity Utilization."

Projections of Real GDP and Related Components
(Percent change at annual rate from final quarter
of preceding period except as noted)

Measure	2010	2011		2012	2013
		H1	H2		
Real GDP	3.1	.8	2.4	2.4	2.7
Previous Tealbook	3.1	.8	2.4	2.1	2.4
Final sales	2.4	.8	2.2	2.3	2.4
Previous Tealbook	2.4	.8	2.2	2.0	2.2
Personal consumption expenditures	3.0	1.4	1.9	2.4	2.6
Previous Tealbook	3.0	1.4	2.0	2.4	2.4
Residential investment	-6.3	.8	6.3	9.6	8.2
Previous Tealbook	-6.3	.8	5.4	6.6	7.3
Nonresidential structures	-1.8	2.5	6.3	.6	2.0
Previous Tealbook	-1.8	2.5	7.8	-2.1	1.1
Equipment and software	16.6	7.5	10.3	5.3	5.6
Previous Tealbook	16.6	7.5	9.4	3.8	6.4
Federal purchases	2.9	-3.9	-2.5	-1.6	-4.1
Previous Tealbook	2.9	-3.9	-3.9	-1.0	-4.1
State and local purchases	-1.7	-3.1	-1.9	-.4	.7
Previous Tealbook	-1.7	-3.1	-1.2	-.5	.7
Exports	8.8	5.7	4.5	5.9	5.7
Previous Tealbook	8.8	5.7	4.9	4.8	5.2
Imports	10.7	4.8	2.5	3.7	3.9
Previous Tealbook	10.7	4.8	2.1	3.9	4.1
Contributions to change in real GDP (percentage points)					
Inventory change	.7	.0	.3	.1	.3
Previous Tealbook	.7	.0	.1	.1	.2
Net exports	-.6	-.1	.2	.2	.1
Previous Tealbook	-.6	-.1	.3	.0	.0

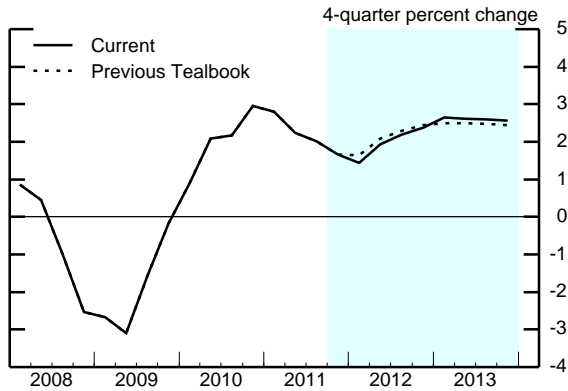
Real GDP



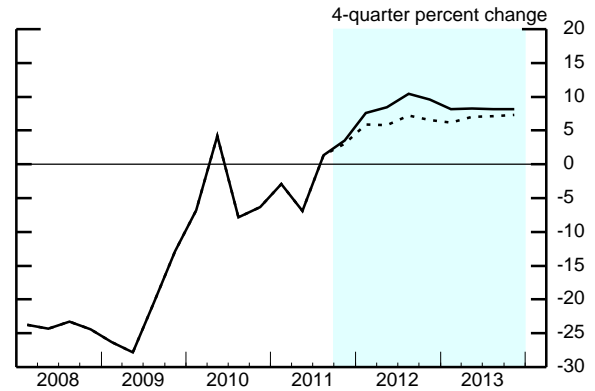
Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Components of Final Demand

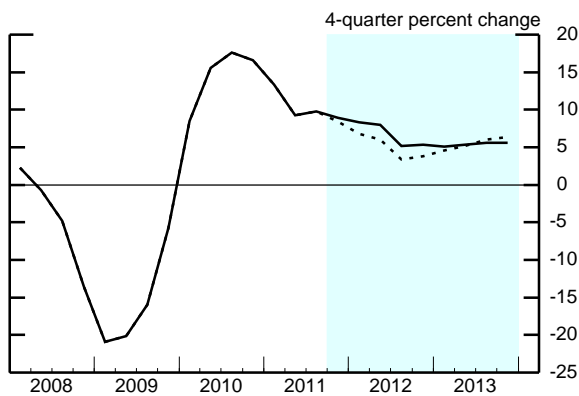
Personal Consumption Expenditures



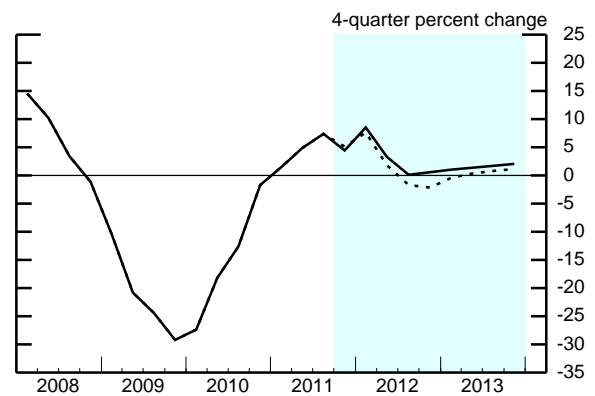
Residential Investment



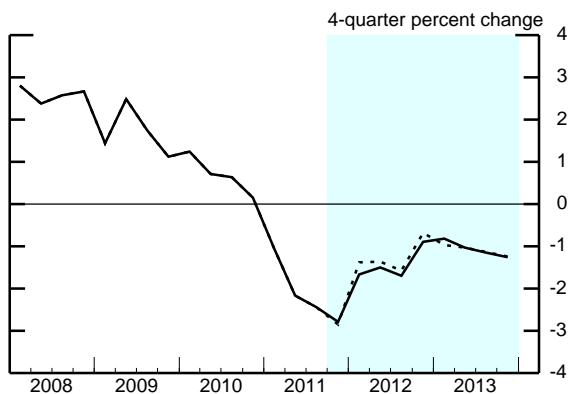
Equipment and Software



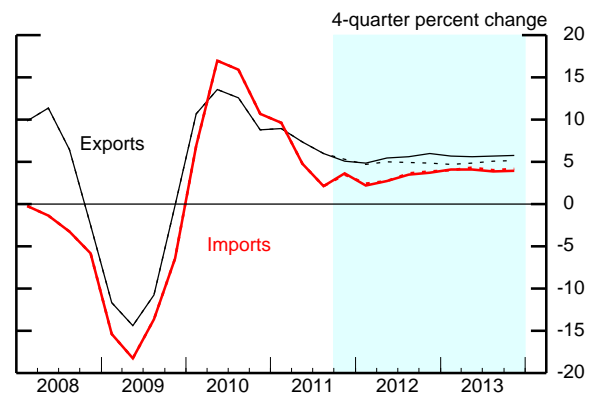
Nonresidential Structures



Government Consumption & Investment



Exports and Imports



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

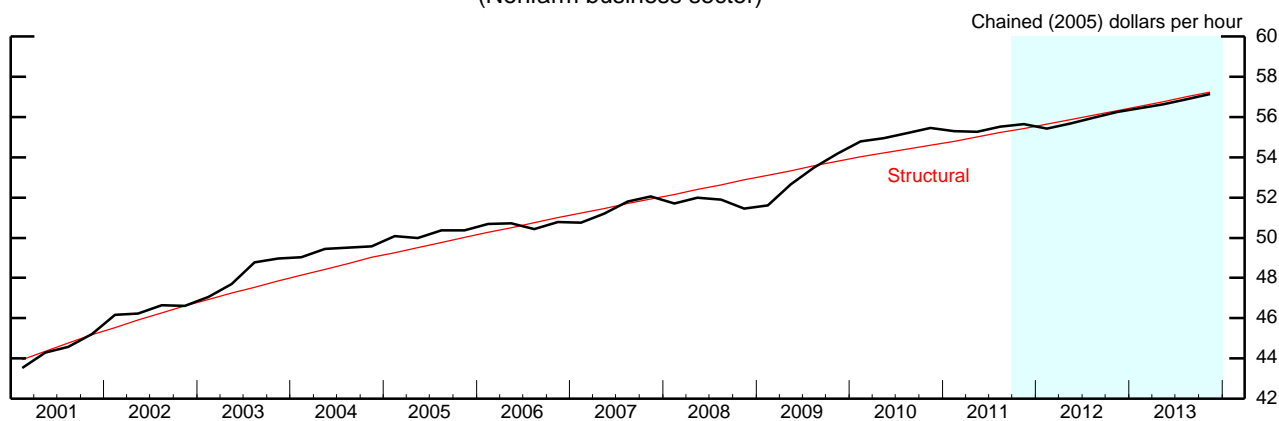
Decomposition of Potential GDP
(Percent change, Q4 to Q4, except as noted)

Measure	1974-1995	1996-2000	2001-2009	2010	2011	2012	2013
Potential real GDP	3.0	3.4	2.3	1.5	1.7	2.0	2.1
Previous Tealbook	3.0	3.5	2.4	1.6	1.7	2.0	2.1
<i>Selected contributions¹</i>							
Structural labor productivity	1.4	2.6	2.3	1.4	1.5	1.6	1.7
Previous Tealbook	1.5	2.7	2.4	1.4	1.5	1.6	1.7
Capital deepening	.7	1.5	.8	.4	.6	.6	.7
Previous Tealbook	.7	1.5	.8	.4	.5	.5	.7
Multifactor productivity	.5	.8	1.3	.9	.8	.9	.9
Previous Tealbook	.5	.9	1.4	.9	.8	.9	.9
Structural hours	1.5	1.0	.6	.4	.5	.6	.6
Previous Tealbook	1.5	1.0	.6	.5	.6	.7	.6
Labor force participation	.4	.0	-.3	-.5	-.4	-.3	-.3
Previous Tealbook	.4	.0	-.3	-.4	-.3	-.2	-.3

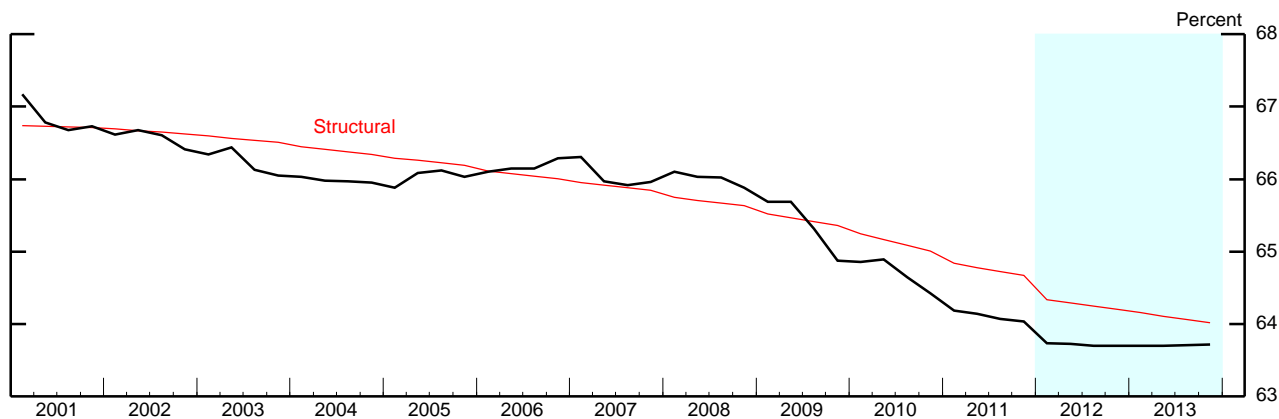
Note: Components may not sum to totals because of rounding. For multiyear periods, the percent change is the annual average from Q4 of the year preceding the first year shown to Q4 of the last year shown.

1. Percentage points.

Structural and Actual Labor Productivity
(Nonfarm business sector)



Structural and Actual Labor Force Participation Rate



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

The Outlook for the Labor Market and Resource Utilization

(Percent change from final quarter of preceding period)

Measure	2010	2011		2012	2013
		H1	H2		
Output per hour, nonfarm business	2.3	-.7	1.4	1.1	1.6
Previous Tealbook	2.5	-.4	1.4	1.4	1.4
Nonfarm private employment ¹	104	185	163	193	195
Previous Tealbook	98	165	155	163	171
Labor force participation rate ²	64.4	64.1	64.0	63.7	63.7
Previous Tealbook	64.4	64.1	64.0	64.0	63.9
Civilian unemployment rate ²	9.6	9.1	8.7	8.2	7.8
Previous Tealbook	9.6	9.1	8.7	8.6	8.2
Memo: GDP gap ³	-4.9	-5.3	-5.0	-4.6	-4.0
Previous Tealbook	-5.4	-5.8	-5.5	-5.4	-5.2

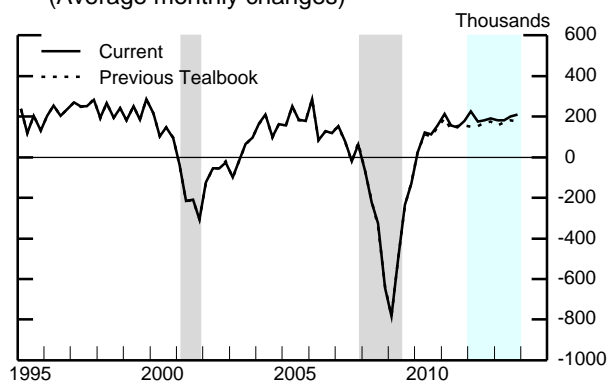
1. Thousands, average monthly changes.

2. Percent, average for the final quarter in the period.

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

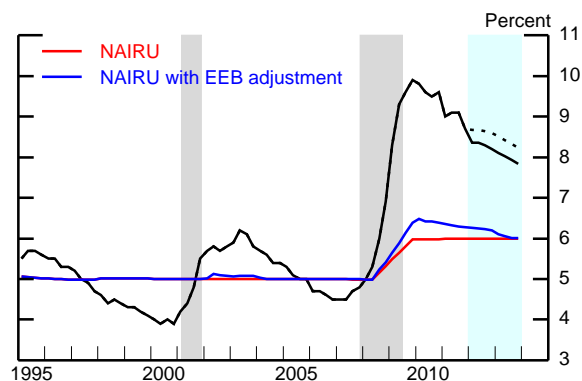
Source: U.S. Department of Labor, BLS; staff assumptions.

Nonfarm Private Employment (Average monthly changes)



Source: U.S. Dept. of Labor, BLS.

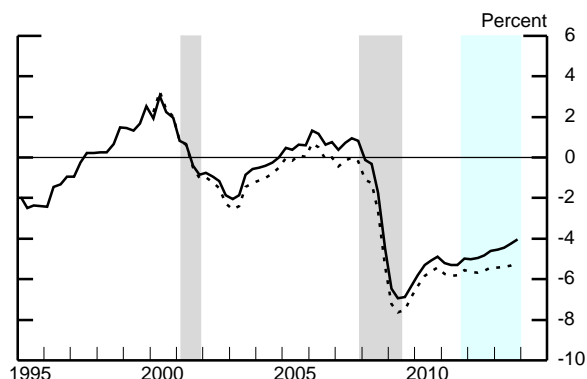
Unemployment Rate



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

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

GDP Gap

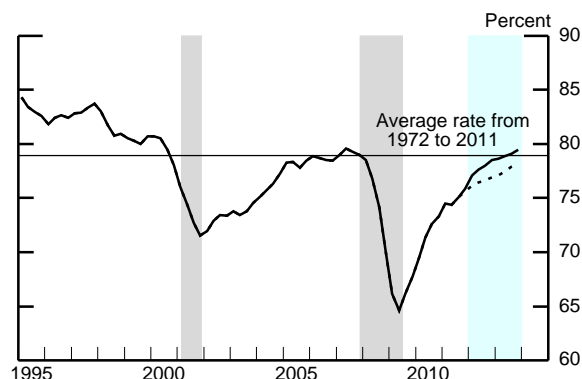


Note: The GDP gap is the percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential.

Source: U.S. Dept. of Commerce, BEA; staff assumptions.

Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research.

Manufacturing Capacity Utilization Rate



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

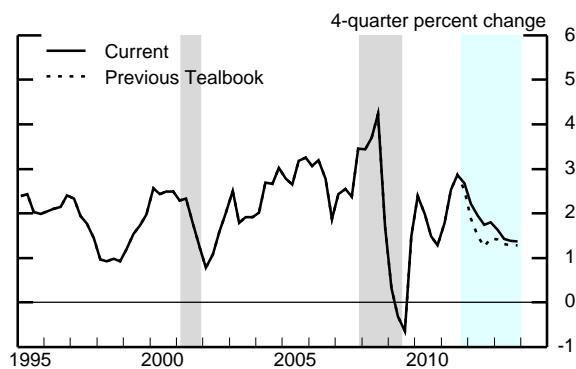
Inflation Projections (Percent change at annual rate from final quarter of preceding period)

Measure	2010	2011		2012	2013
		H1	H2		
PCE chain-weighted price index	1.3	3.6	1.8	1.8	1.4
Previous Tealbook	1.3	3.6	1.4	1.4	1.3
Food and beverages	1.3	6.4	4.0	1.6	1.2
Previous Tealbook	1.3	6.4	3.7	1.1	1.2
Energy	6.2	27.2	.0	3.8	-1.6
Previous Tealbook	6.2	27.2	-1.9	1.4	- .8
Excluding food and energy	1.0	1.9	1.7	1.7	1.6
Previous Tealbook	1.0	1.9	1.5	1.5	1.4
Prices of core goods imports ¹	2.6	7.7	1.0	.9	1.5
Previous Tealbook	2.6	7.7	.8	.2	1.5

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

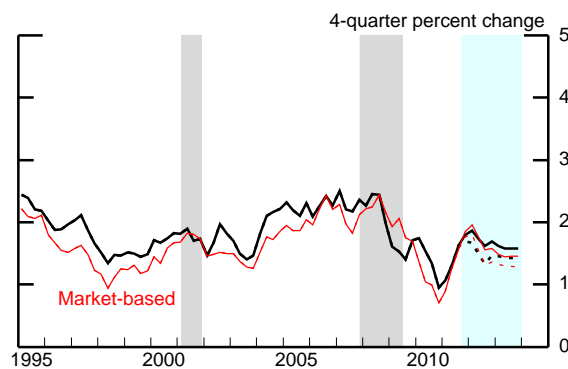
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Total PCE Prices



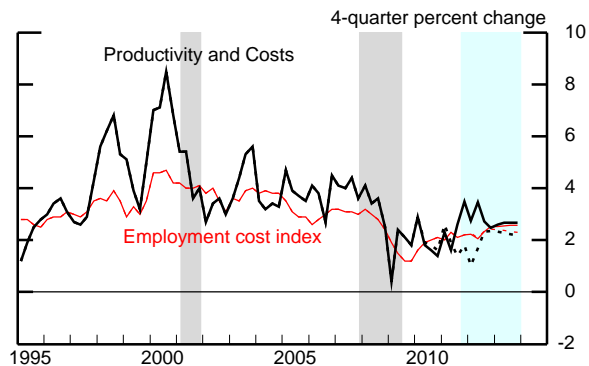
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

PCE Prices ex. Food and Energy



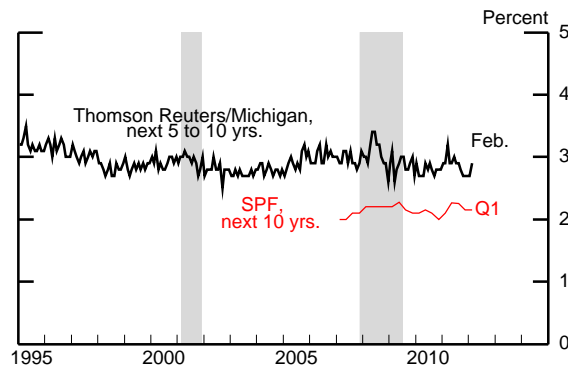
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Compensation per Hour



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

Long-Term Inflation Expectations



Note: The Survey of Professional Forecasters (SPF) projection is for the PCE price index.
Source: Thomson Reuters/University of Michigan Surveys of Consumers; Federal Reserve Bank of Philadelphia.

Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research.

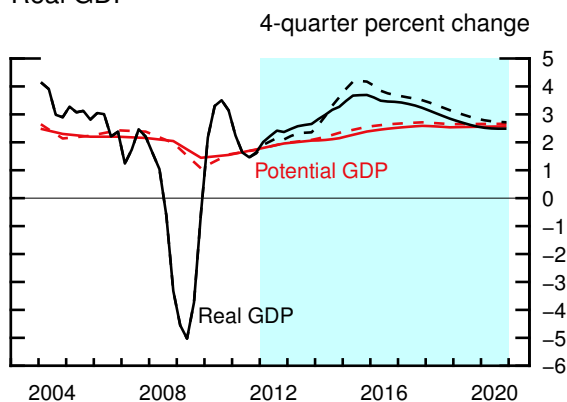
The Long-Term Outlook

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

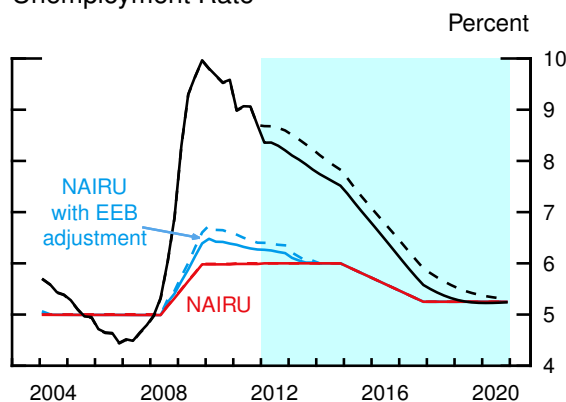
Measure	2012	2013	2014	2015	2016
Real GDP	2.4	2.7	3.3	3.7	3.4
Previous Tealbook	2.1	2.4	3.6	4.2	3.7
Civilian unemployment rate ¹	8.2	7.8	7.5	6.9	6.2
Previous Tealbook	8.6	8.2	7.8	7.2	6.5
PCE prices, total	1.8	1.4	1.4	1.5	1.6
Previous Tealbook	1.4	1.3	1.5	1.5	1.6
Core PCE prices	1.7	1.6	1.6	1.6	1.7
Previous Tealbook	1.5	1.4	1.4	1.4	1.5
Federal funds rate ¹	.1	.1	.8	2.1	3.0
Previous Tealbook	.1	.1	.3	1.5	2.5
10-year Treasury yield ¹	2.8	3.6	3.7	4.0	4.1
Previous Tealbook	2.7	3.5	3.7	3.9	4.1

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

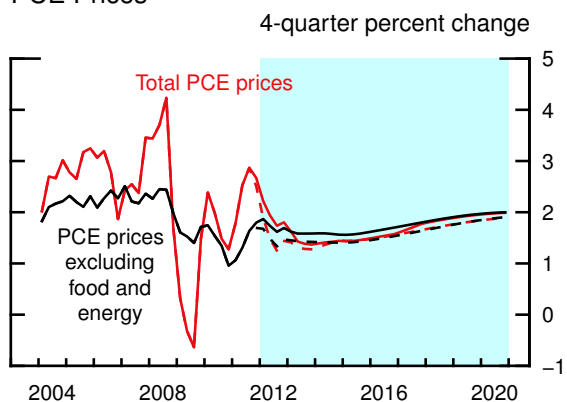
Real GDP



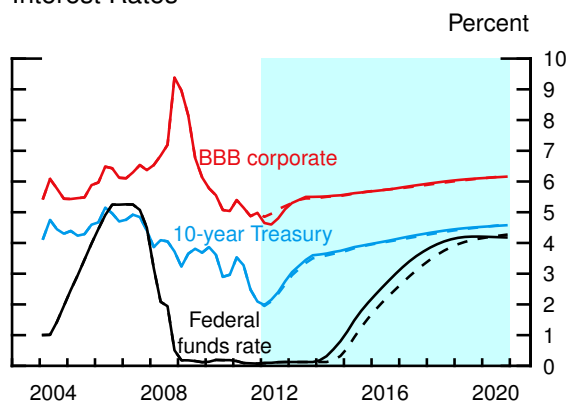
Unemployment Rate



PCE Prices



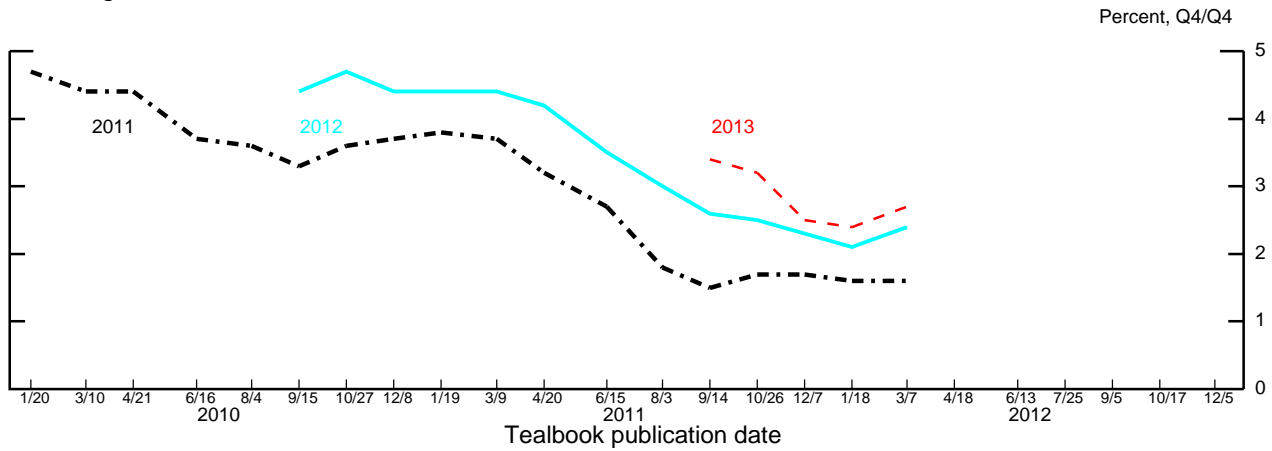
Interest Rates



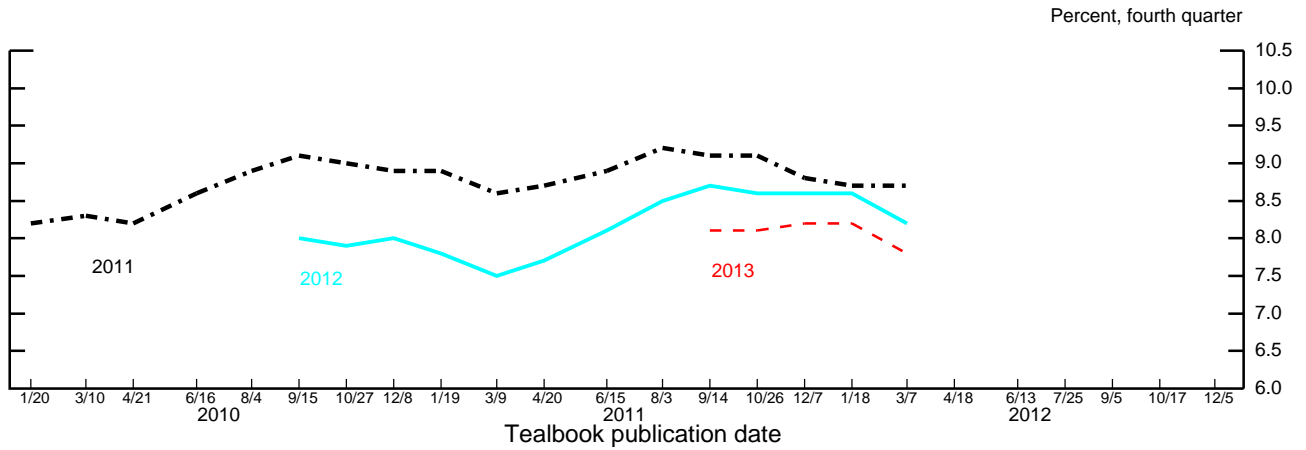
Note: In each panel, shading represents the projection period, dashed lines are the previous Tealbook.

Evolution of the Staff Forecast

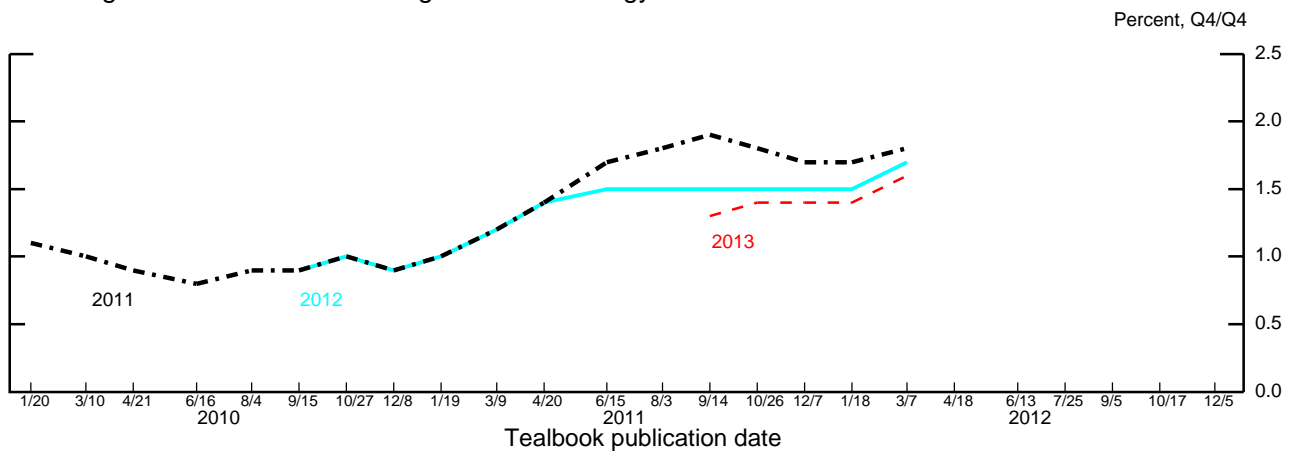
Change in Real GDP



Unemployment Rate



Change in PCE Prices excluding Food and Energy



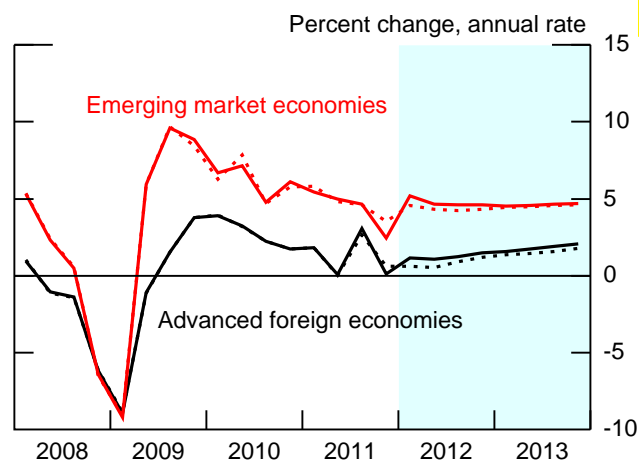
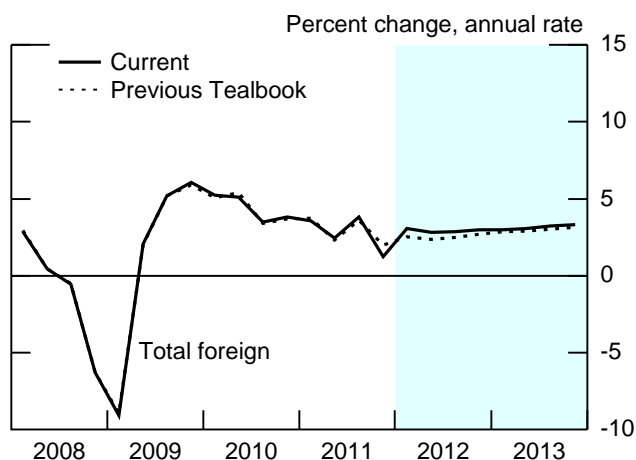
The Foreign Outlook

(Percent change, annual rate)

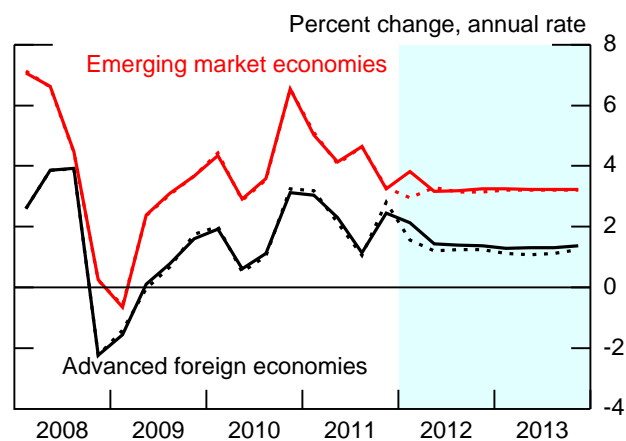
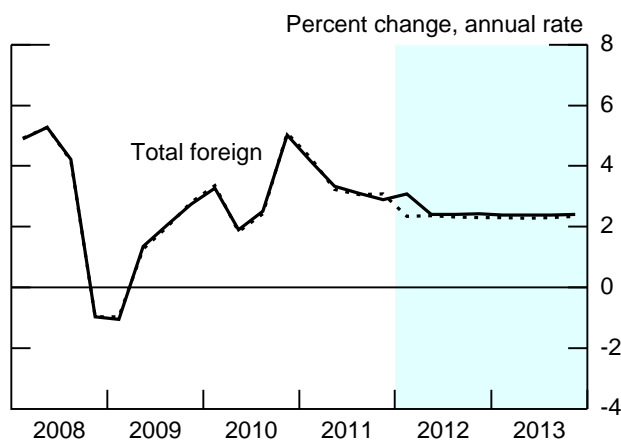
	2011			2012			2013
	H1	Q3	Q4	Q1	Q2	H2	
Real GDP							
Total foreign	3.0	3.8	1.2	3.1	2.8	2.9	3.2
Previous Tealbook	3.0	3.6	2.0	2.5	2.3	2.6	3.0
Advanced foreign economies	.9	3.1	.1	1.1	1.1	1.3	1.8
Previous Tealbook	.9	2.7	.6	.6	.5	1.1	1.5
Emerging market economies	5.2	4.6	2.4	5.2	4.7	4.6	4.6
Previous Tealbook	5.3	4.6	3.5	4.6	4.3	4.3	4.5
Consumer Prices							
Total foreign	3.7	3.1	2.9	3.1	2.4	2.4	2.4
Previous Tealbook	3.7	3.1	3.1	2.3	2.4	2.3	2.3
Advanced foreign economies	2.7	1.1	2.5	2.1	1.4	1.4	1.3
Previous Tealbook	2.7	1.0	2.8	1.6	1.2	1.3	1.1
Emerging market economies	4.6	4.6	3.2	3.8	3.2	3.2	3.2
Previous Tealbook	4.6	4.6	3.3	3.0	3.3	3.1	3.2

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

Real GDP

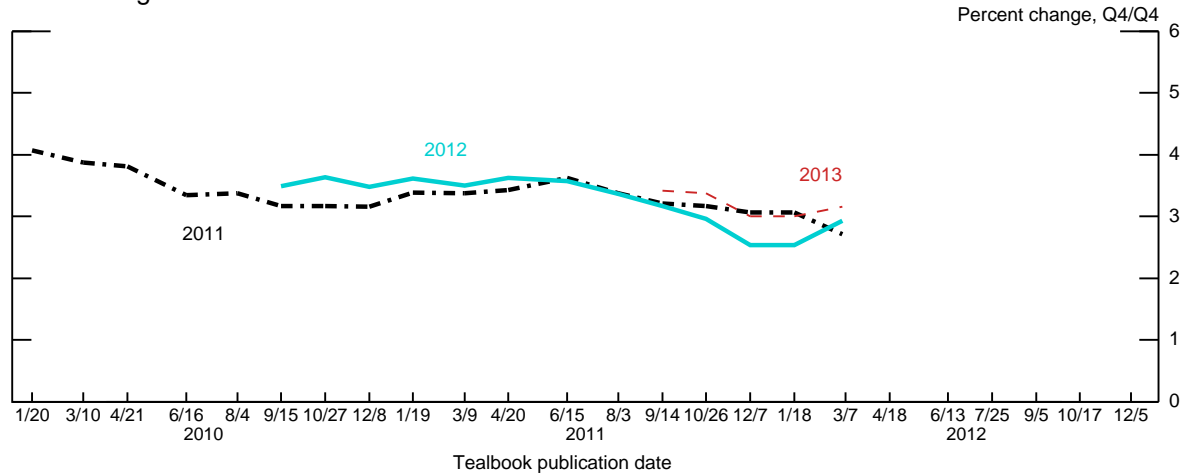


Consumer Prices

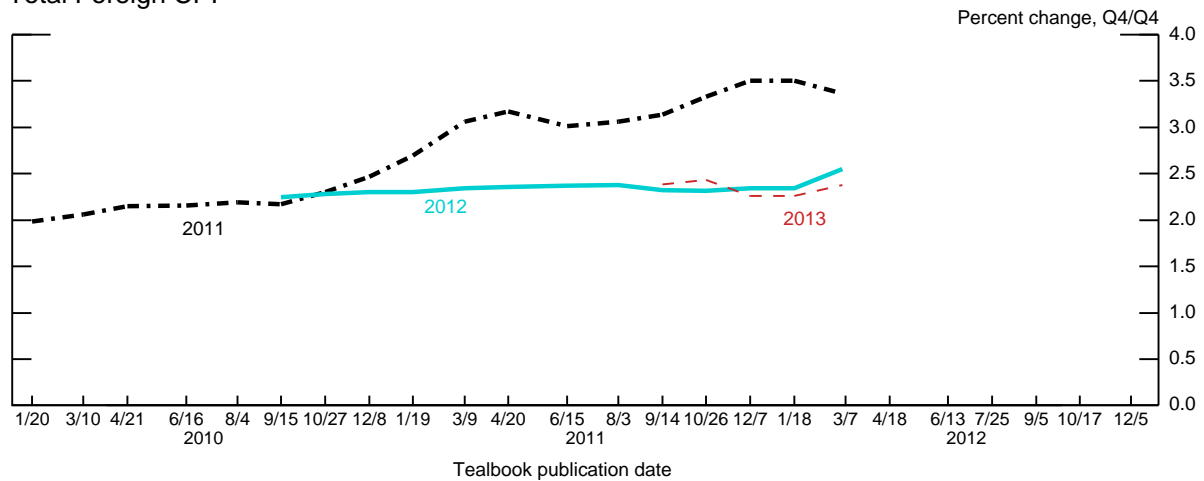


Evolution of Staff's International Forecast

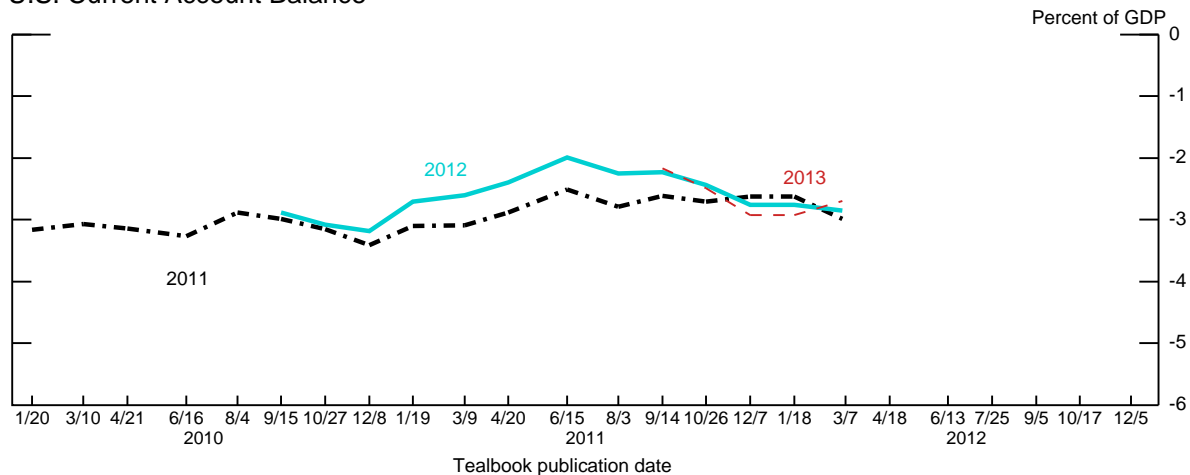
Total Foreign GDP



Total Foreign CPI

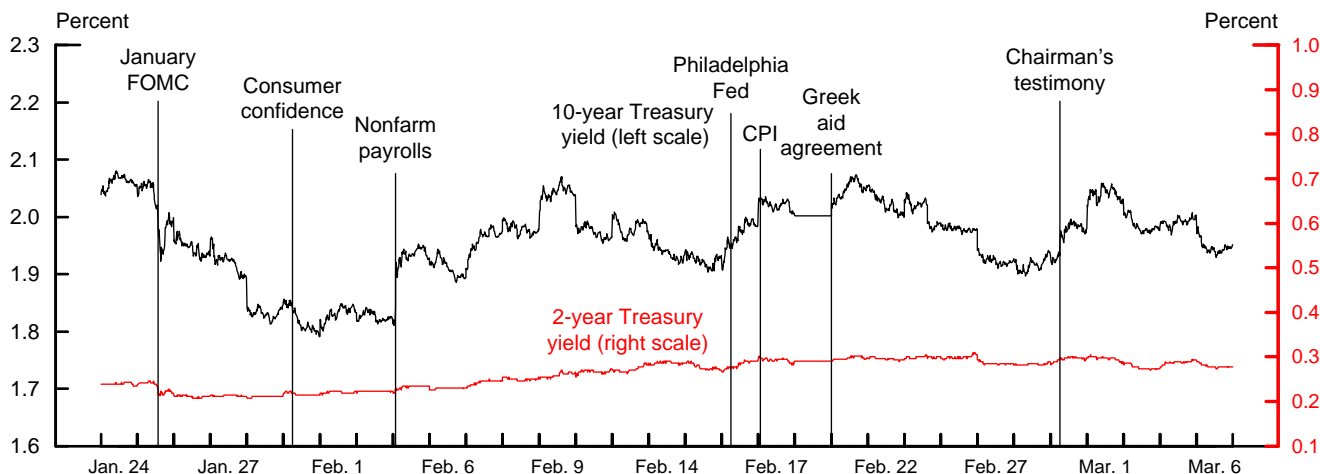


U.S. Current Account Balance



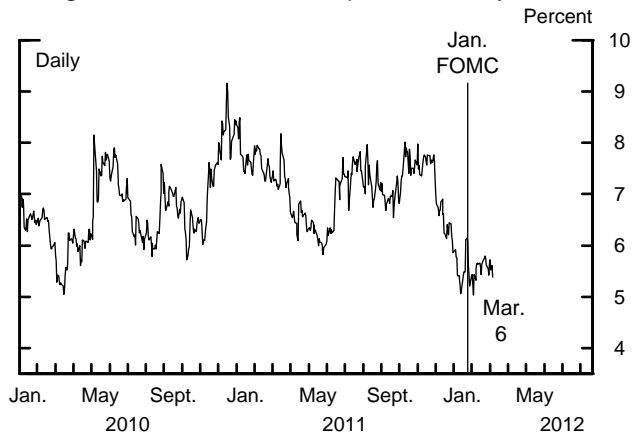
Policy Expectations and Treasury Yields

Selected Interest Rates



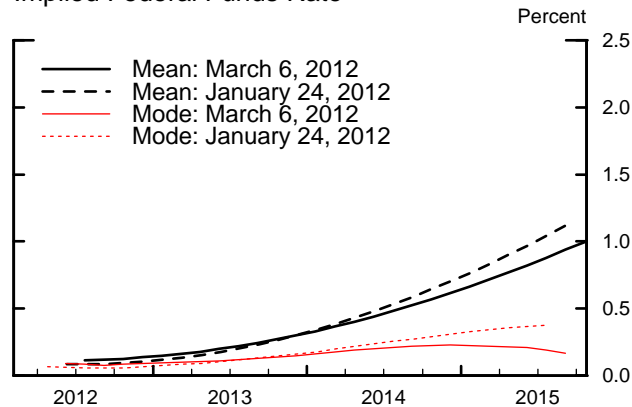
Note: 5-minute intervals. 8:00 a.m. to 4:00 p.m. No adjustments for term premiums.
Source: Bloomberg.

Long-Term Interest Rate Implied Volatility



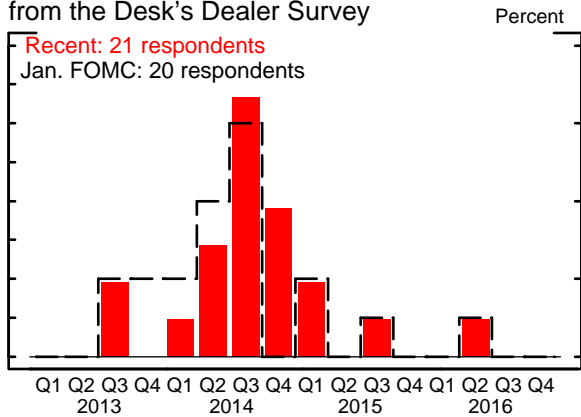
Note: Derived from options on 10-year Treasury note futures.
Source: Bloomberg.

Implied Federal Funds Rate



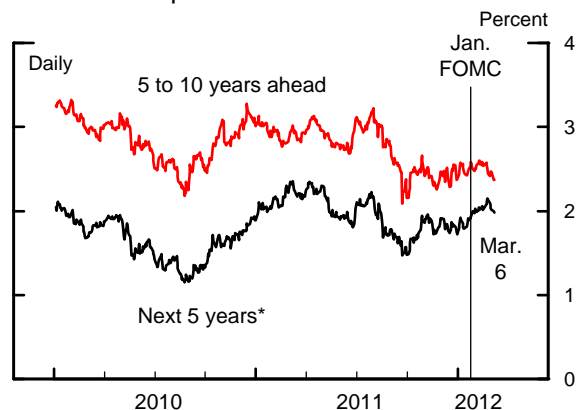
Note: Mean is estimated using overnight index swap quotes. Mode is estimated from the distribution of federal funds rate implied by interest rate caps. Both include a term premium of zero basis points per month.
Source: Bloomberg and CME Group.

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



Source: Desk's Dealer Survey from March 5, 2012.

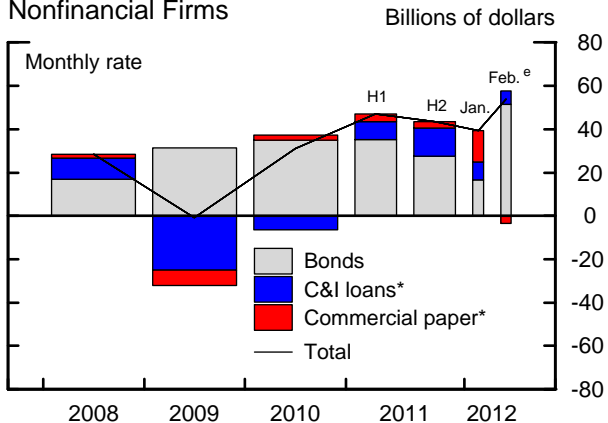
Inflation Compensation



Note: Estimates based on smoothed nominal and inflation-indexed Treasury yield curves.
*Adjusted for the indexation-lag (carry) effect.
Source: Barclays PLC and staff estimates.

Business Finance

Selected Components of Net Debt Financing,
Nonfinancial Firms

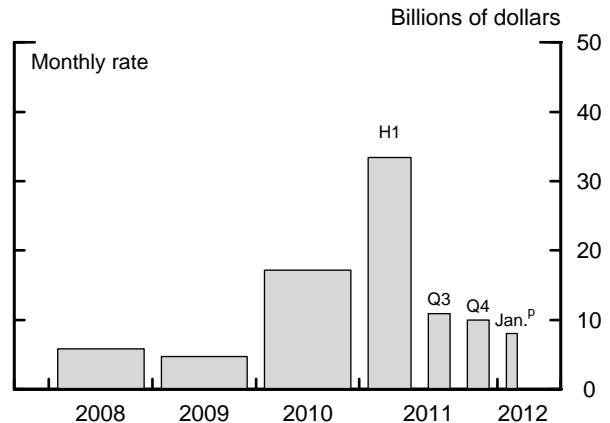


e Estimate.

* Period-end basis, seasonally adjusted.

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

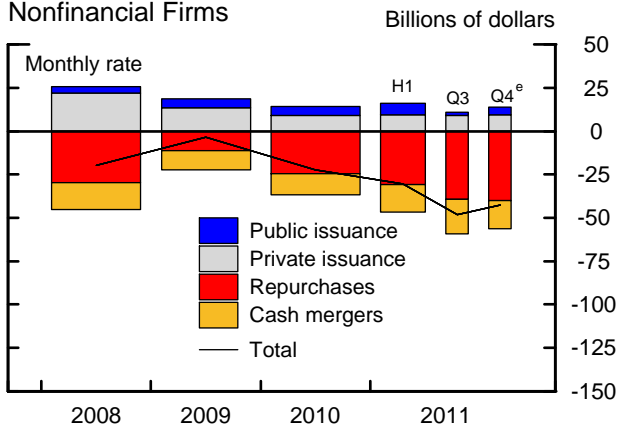
Gross Issuance of Institutional Leveraged Loans



p Preliminary.

Source: Reuters Loan Pricing Corporation.

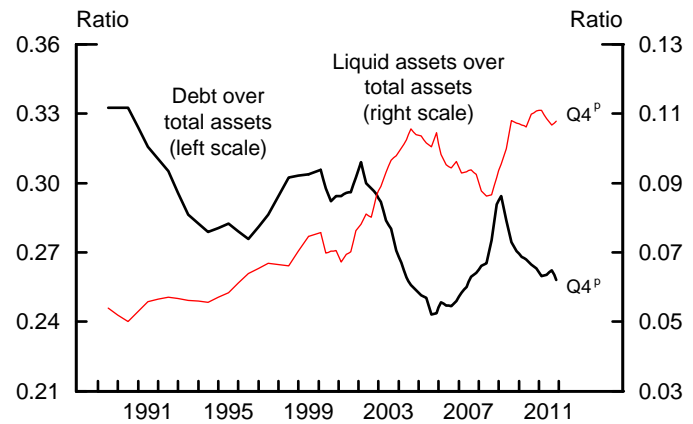
Selected Components of Net Equity Issuance,
Nonfinancial Firms



e Estimate.

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

Financial Ratios for Nonfinancial Corporations

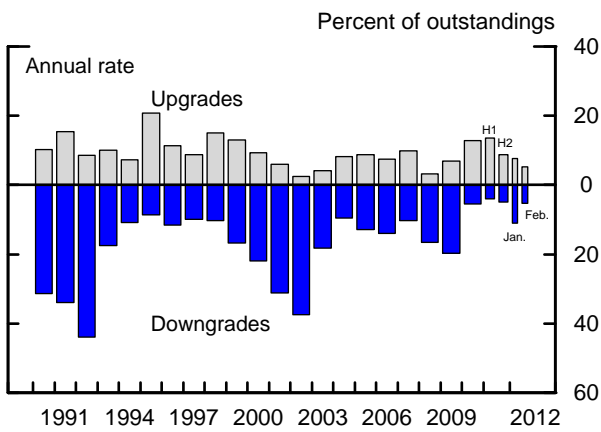


Note: Data are annual through 1999 and quarterly thereafter.

p Preliminary.

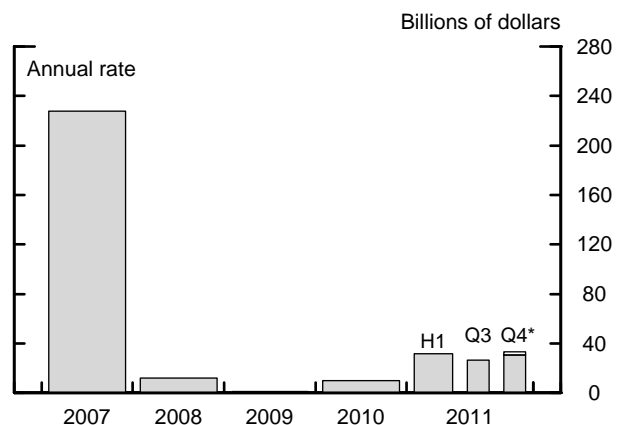
Source: Compustat.

Bond Ratings Changes of Nonfinancial Firms



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

CMBS Issuance

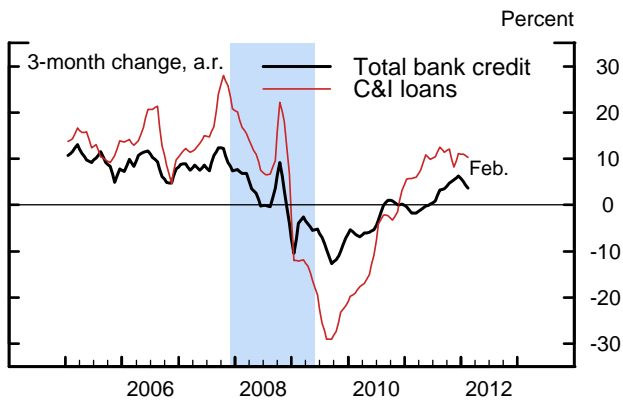


* Hollow bar indicates issuance in the pipeline.

Source: Commercial Mortgage Alert.

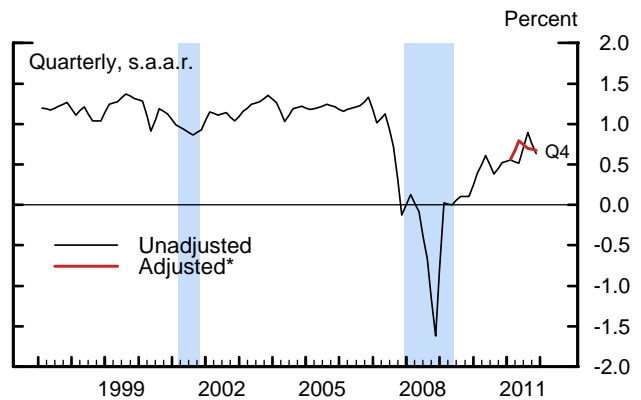
Commercial Banking and Money

Changes in Bank Credit



Source: Federal Reserve Board.

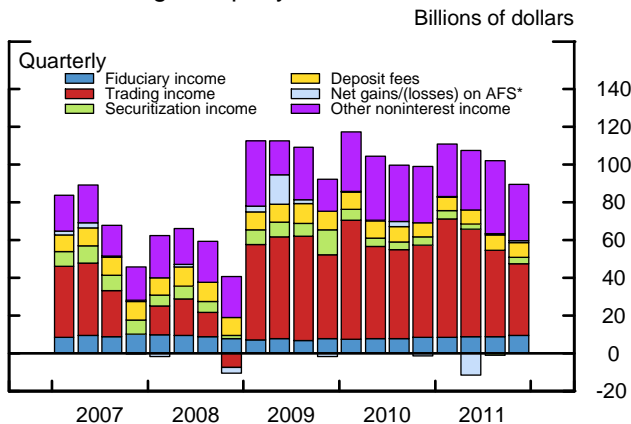
Return on Assets



* Adjusted return on assets removes mortgage-related charges by Bank of America in 2011:Q2, debt valuation adjustment income effects in 2011:Q3 and 2011:Q4, and litigation provisions in 2011. These adjustments assume a marginal tax rate of 35 percent and are not seasonally adjusted.

Source: Federal Reserve Board.

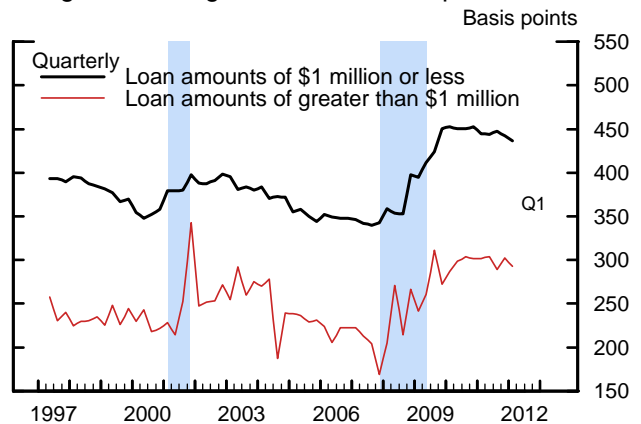
Bank Holding Company Noninterest Income



*AFS is available-for-sale securities.

Source: Federal Reserve Board.

Weighted-Average C&I Loan Rate Spread



Note: The rate on C&I loans over the interest rate on a market instrument of comparable maturity.

Source: Survey of Terms of Business Lending.

Growth of M2 and Its Components

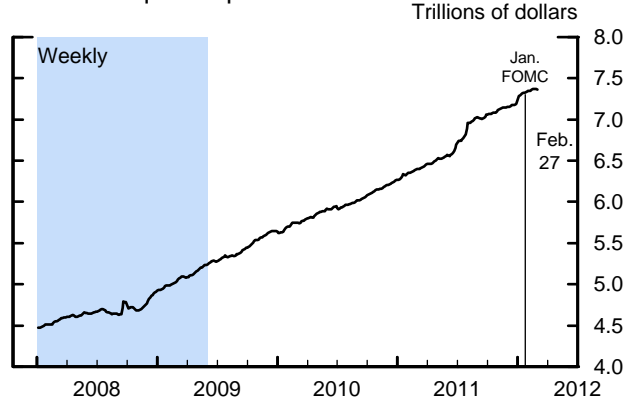
	Percent, s.a.a.r.	M2	Liquid deposits	Small time deposits	Retail MMFs	Curr.
2010	3.1	10.9	-21.4	-15.7	5.9	
2011:H1	6.7	11.9	-19.3	-6.8	9.3	
2011:H2	11.9	18.0	-20.4	.5	7.8	
Dec.	5.5	8.2	-14.0	-4.9	8.2	
Jan.	15.6	21.9	-15.8	-9.8	11.4	
Feb.(e)	2.5	6.2	-19.4	-27.4	12.1	

Note: Retail MMFs are retail money market funds.

e Estimate.

Source: Federal Reserve Board.

Level of Liquid Deposits



Note: Seasonally adjusted.

Source: Federal Reserve Board.

Note: The shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research.

Alternative Scenarios

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

Measure and scenario	2012		2013	2014	2015-16
	H1	H2			
<i>Real GDP</i>					
Extended Tealbook baseline	2.0	2.7	2.7	3.3	3.6
Lost decade	2.0	2.3	2.0	2.2	2.5
Virtuous circle	2.2	3.6	4.4	3.4	2.9
Virtuous circle with higher inflation	2.2	3.6	4.3	3.2	2.6
Disinflation	2.0	2.6	2.3	2.7	3.8
European crisis with severe spillovers	.3	-2.6	-1.6	2.9	4.5
Faster European recovery	2.1	3.1	3.2	3.7	3.5
Higher oil prices	1.5	1.9	2.2	3.2	3.9
<i>Unemployment rate¹</i>					
Extended Tealbook baseline	8.4	8.2	7.8	7.5	6.2
Lost decade	8.4	8.3	8.3	8.4	8.2
Virtuous circle	8.4	8.0	7.0	6.4	5.8
Virtuous circle with higher inflation	8.4	8.1	7.0	6.5	6.3
Disinflation	8.4	8.2	8.0	7.9	6.6
European crisis with severe spillovers	8.6	9.2	10.6	10.7	8.5
Faster European recovery	8.4	8.1	7.5	7.1	5.8
Higher oil prices	8.5	8.4	8.2	8.0	6.5
<i>Total PCE prices</i>					
Extended Tealbook baseline	2.1	1.5	1.4	1.4	1.5
Lost decade	2.1	1.5	1.4	1.3	1.3
Virtuous circle	2.1	1.5	1.4	1.6	1.9
Virtuous circle with higher inflation	2.2	1.7	2.0	2.5	2.6
Disinflation	1.8	1.0	.6	.3	.3
European crisis with severe spillovers	1.3	-.7	-.3	1.0	1.9
Faster European recovery	2.2	1.9	1.8	1.8	1.6
Higher oil prices	5.7	1.0	1.2	1.3	1.7
<i>Core PCE prices</i>					
Extended Tealbook baseline	1.8	1.6	1.6	1.6	1.7
Lost decade	1.8	1.6	1.6	1.5	1.5
Virtuous circle	1.8	1.6	1.6	1.8	2.1
Virtuous circle with higher inflation	1.8	1.8	2.2	2.7	2.8
Disinflation	1.5	1.1	.8	.5	.5
European crisis with severe spillovers	1.5	.5	.4	1.0	1.9
Faster European recovery	1.8	1.8	1.9	1.8	1.8
Higher oil prices	1.9	1.8	1.9	1.8	1.8
<i>Federal funds rate¹</i>					
Extended Tealbook baseline	.1	.1	.1	.8	3.0
Lost decade	.1	.1	.1	.1	.2
Virtuous circle	.1	.3	1.8	2.8	3.6
Virtuous circle with higher inflation	.1	.3	2.3	3.7	4.1
Disinflation	.1	.1	.1	.1	.7
European crisis with severe spillovers	.1	.1	.1	.1	.5
Faster European recovery	.1	.1	.2	1.4	3.3
Higher oil prices	.1	.1	.1	.7	2.3

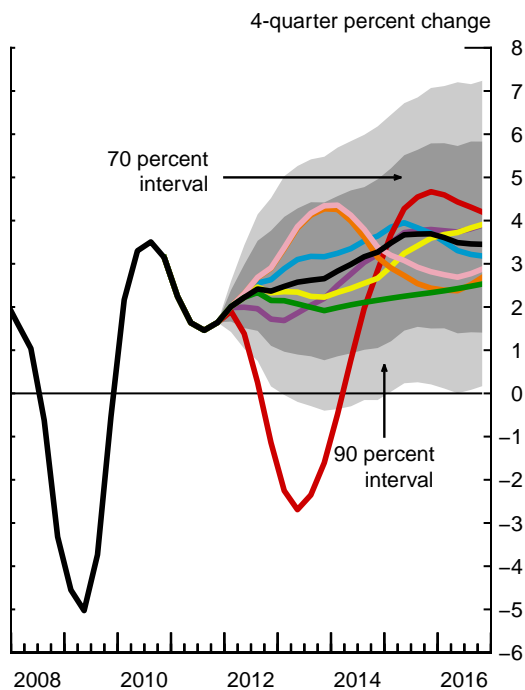
1. Percent, average for the final quarter of the period.

Forecast Confidence Intervals and Alternative Scenarios

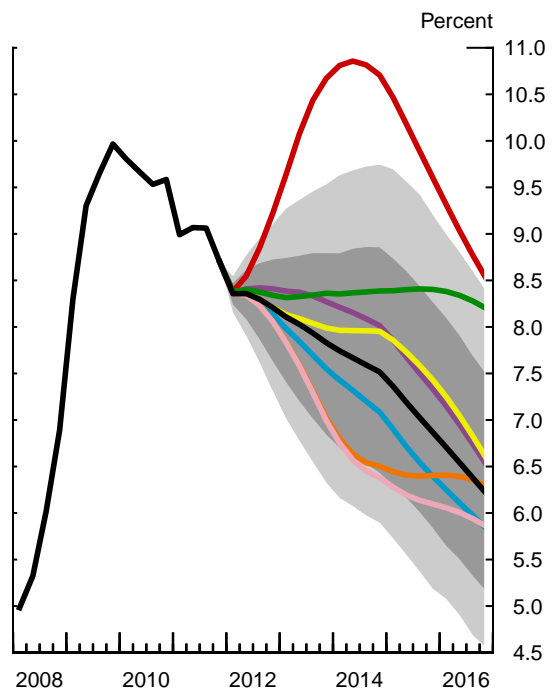
Confidence Intervals Based on FRB/US Stochastic Simulations

- Extended Tealbook baseline
- Lost decade
- Virtuous circle
- Virtuous circle with higher inflation
- Disinflation
- European crisis with severe spillovers
- Faster European recovery
- Higher oil prices

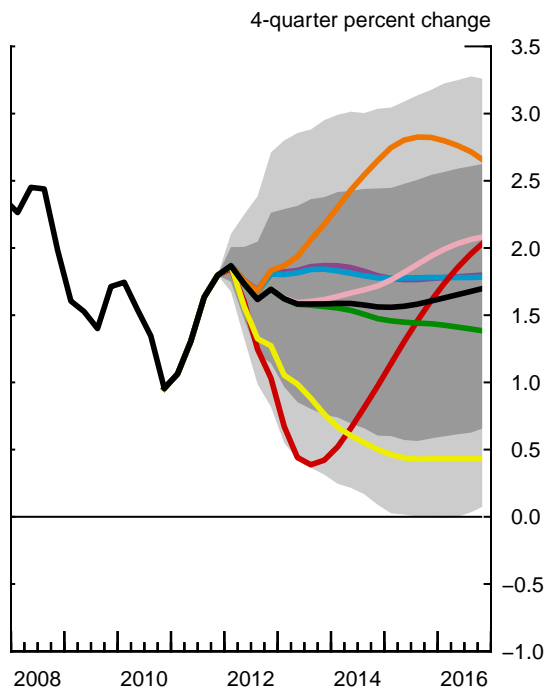
Real GDP



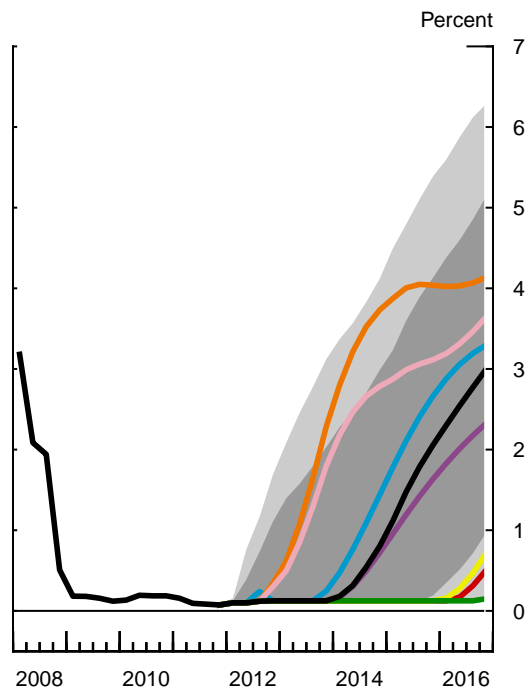
Unemployment Rate



PCE Prices excluding Food and Energy



Federal Funds Rate



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

Measure	2012	2013	2014	2015	2016
<i>Real GDP</i> (percent change, Q4 to Q4)					
Projection	2.4	2.7	3.3	3.7	3.4
Confidence interval					
Tealbook forecast errors	.8–3.9	.9–4.4	...	...	...
FRB/US stochastic simulations	1.1–3.8	.8–4.4	1.0–5.0	1.5–5.8	1.4–5.8
<i>Civilian unemployment rate</i> (percent, Q4)					
Projection	8.2	7.8	7.5	6.9	6.2
Confidence interval					
Tealbook forecast errors	7.6–8.8	6.8–8.8	...	...	...
FRB/US stochastic simulations	7.6–8.7	6.8–8.8	6.4–8.9	5.8–8.3	5.2–7.5
<i>PCE prices, total</i> (percent change, Q4 to Q4)					
Projection	1.8	1.4	1.4	1.5	1.6
Confidence interval					
Tealbook forecast errors	.8–2.8	.2–2.5	...	...	...
FRB/US stochastic simulations	.9–2.8	.2–2.6	.1–2.7	.1–2.7	.2–2.8
<i>PCE prices excluding food and energy</i> (percent change, Q4 to Q4)					
Projection	1.7	1.6	1.6	1.6	1.7
Confidence interval					
Tealbook forecast errors	1.1–2.3	.8–2.4	...	...	...
FRB/US stochastic simulations	1.1–2.3	.8–2.4	.6–2.4	.6–2.5	.7–2.6
<i>Federal funds rate</i> (percent, Q4)					
Projection	.1	.1	.8	2.1	3.0
Confidence interval					
FRB/US stochastic simulations	.1–1.1	.1–2.0	.1–3.0	.2–4.1	1.0–5.1

Note: Shocks underlying FRB/US stochastic simulations are randomly drawn from the 1969–2010 set of model equation residuals.

Intervals derived from Tealbook forecast errors are based on projections made from 1979–2010, except for PCE prices excluding food and energy, where the sample is 1981–2010.

... Not applicable. The Tealbook forecast horizon has typically extended about 2 years.

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	
	01/18/12	03/07/12	01/18/12	03/07/12	01/18/12	03/07/12	01/18/12	03/07/12	01/18/12	03/07/12
<i>Quarterly</i>										
2011:Q1	3.1	3.1	.4	.4	3.9	3.9	1.6	1.6	9.0	9.0
Q2	4.0	4.0	1.3	1.3	3.3	3.3	2.3	2.3	9.1	9.1
Q3	4.4	4.4	1.8	1.8	2.3	2.3	2.1	2.1	9.1	9.1
Q4	3.8	4.0	2.9	3.1	.5	1.2	.9	1.3	8.7	8.7
2012:Q1	3.3	3.4	1.6	1.8	1.4	2.1	1.5	1.8	8.7	8.4
Q2	3.6	4.2	1.8	2.2	1.7	2.2	1.5	1.7	8.7	8.4
Q3	3.8	4.1	2.3	2.6	1.4	1.5	1.5	1.6	8.6	8.3
Q4	4.1	4.3	2.7	2.9	1.3	1.4	1.4	1.6	8.6	8.2
2013:Q1	3.5	3.8	2.1	2.3	1.3	1.4	1.4	1.6	8.5	8.1
Q2	3.6	4.1	2.2	2.6	1.3	1.4	1.4	1.6	8.4	8.0
Q3	3.8	4.3	2.4	2.8	1.3	1.4	1.4	1.6	8.3	7.9
Q4	4.2	4.6	2.8	3.0	1.3	1.4	1.4	1.6	8.2	7.8
<i>Two-quarter²</i>										
2011:Q2	3.5	3.5	.8	.8	3.6	3.6	1.9	1.9	-5	-5
Q4	4.1	4.2	2.4	2.4	1.4	1.8	1.5	1.7	-4	-4
2012:Q2	3.4	3.8	1.7	2.0	1.5	2.1	1.5	1.8	.0	-3
Q4	4.0	4.2	2.5	2.7	1.3	1.5	1.4	1.6	-1	-2
2013:Q2	3.6	3.9	2.1	2.4	1.3	1.4	1.4	1.6	-2	-2
Q4	4.0	4.4	2.6	2.9	1.3	1.4	1.4	1.6	-2	-2
<i>Four-quarter³</i>										
2010:Q4	4.7	4.7	3.1	3.1	1.3	1.3	1.0	1.0	-3	-3
2011:Q4	3.8	3.9	1.6	1.6	2.5	2.7	1.7	1.8	-9	-9
2012:Q4	3.7	4.0	2.1	2.4	1.4	1.8	1.5	1.7	-1	-5
2013:Q4	3.8	4.2	2.4	2.7	1.3	1.4	1.4	1.6	-4	-4
<i>Annual</i>										
2010	4.2	4.2	3.0	3.0	1.8	1.8	1.4	1.4	9.6	9.6
2011	3.9	3.9	1.7	1.7	2.4	2.5	1.4	1.5	8.9	8.9
2012	3.7	4.0	2.0	2.3	1.5	1.9	1.5	1.7	8.6	8.3
2013	3.8	4.1	2.3	2.6	1.3	1.5	1.4	1.6	8.4	8.0

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)

Class II FOMC - Restricted (FR)

Authorized for Public Release

March 7, 2012

Item	2011				2012				2013				2011 ¹	2012 ¹	2013 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Tealbook</i>	.4	1.3	1.8	3.1	1.8	2.2	2.6	2.9	2.3	2.6	2.8	3.0	1.6	2.4	2.7
Final sales <i>Previous Tealbook</i>	.4	1.3	1.8	2.9	1.6	1.8	2.3	2.7	2.1	2.2	2.4	2.8	1.6	2.1	2.4
Priv. dom. final purch. <i>Previous Tealbook</i>	.0	1.6	3.2	1.2	1.9	2.6	2.4	2.5	2.2	2.5	2.5	2.4	1.5	2.3	2.4
Personal cons. expend. <i>Previous Tealbook</i>	.0	1.6	3.2	1.3	1.7	2.0	1.9	2.3	1.8	2.1	2.5	2.3	1.5	2.0	2.2
Durables	2.0	1.9	3.3	2.5	1.9	2.9	3.0	3.2	2.7	3.0	3.1	3.1	2.4	2.8	3.0
Nondurables	2.0	1.9	3.3	2.4	1.9	2.4	2.8	3.0	2.6	2.8	3.1	3.0	2.4	2.5	2.9
Services	2.1	.7	1.7	2.1	1.2	2.6	2.8	2.9	2.3	2.5	2.7	2.8	1.7	2.4	2.6
Residential investment <i>Previous Tealbook</i>	2.1	.7	1.7	2.2	2.0	2.4	2.6	2.8	2.2	2.4	2.6	2.6	1.7	2.4	2.4
Business fixed invest. <i>Previous Tealbook</i>	11.7	-5.3	5.7	15.3	6.9	3.7	5.9	6.5	5.7	6.7	6.9	6.1	6.6	5.7	6.3
Equipment & software <i>Previous Tealbook</i>	1.6	.2	-5	.4	-4	2.1	2.6	2.7	1.7	1.9	2.1	2.3	.4	1.8	2.0
Nonres. structures <i>Previous Tealbook</i>	.8	1.9	1.9	.7	.8	2.6	2.3	2.4	1.9	2.0	2.2	2.4	1.3	2.0	2.1
Net exports ² <i>Previous Tealbook</i> ²	-2.4	4.2	1.3	11.5	13.9	7.7	8.7	8.0	8.1	8.2	8.2	8.3	3.5	9.6	8.2
Exports	-2.4	4.2	1.3	9.7	8.5	4.0	6.9	7.0	7.0	7.1	7.5	7.5	3.1	6.6	7.3
Imports	2.1	10.3	15.7	3.2	4.5	3.9	3.6	4.0	4.4	4.9	4.9	4.2	7.7	4.0	4.6
Gov't. cons. & invest. <i>Previous Tealbook</i>	2.1	10.3	15.7	2.6	-1	2.1	3.2	3.6	3.8	4.8	6.1	5.0	7.5	2.2	4.9
Federal	8.7	6.2	16.2	4.8	6.2	5.1	4.6	5.2	5.4	6.0	5.8	5.0	8.9	5.3	5.6
Defense	8.7	6.2	16.2	3.0	2.2	3.4	4.8	5.0	4.9	6.1	7.9	6.6	8.4	3.8	6.4
Nondefense	-14.3	22.6	14.4	-1.1	.0	.7	.8	.8	1.7	1.9	2.2	2.2	4.4	.6	2.0
State & local	-14.3	22.6	14.4	1.7	-6.0	-1.5	-1.0	.1	.7	1.5	1.1	1.0	5.1	-2.1	1.1
Change in bus. inventories ² <i>Previous Tealbook</i> ²	-424	-416	-403	-404	-387	-380	-379	-379	-373	-366	-359	-358	-412	-381	-364
Nonfarm ²	-424	-416	-403	-396	-394	-389	-395	-395	-396	-395	-392	-391	-410	-393	-394
Farm ²	7.9	3.6	4.7	4.3	6.9	5.8	5.5	5.6	5.7	5.7	5.8	5.8	5.1	5.9	5.7
	8.3	1.4	1.2	3.8	2.3	3.5	4.3	4.6	3.7	3.5	3.6	4.7	3.6	3.7	3.9
Gov't. cons. & invest. <i>Previous Tealbook</i>	-5.9	-9	-1	-4.2	-1.4	-3	-9	-1.0	-1.2	-1.1	-1.3	-1.4	-2.8	-9	-1.3
Federal	-5.9	-9	-1	-4.5	.0	-8	-9	-9	-1.2	-1.1	-1.4	-1.4	-2.9	-7	-1.3
Defense	-9.4	1.9	2.1	-6.9	-2.6	.2	-1.9	-2.2	-3.4	-3.6	-4.6	-4.9	-3.2	-1.6	-4.1
Nondefense	-12.6	7.0	5.0	-12.1	-3.3	1.3	-1.6	-2.1	-3.8	-4.1	-5.5	-6.1	-3.6	-1.4	-4.9
State & local	-2.7	-7.6	-3.8	4.4	-1.1	-2.2	-2.5	-2.5	-2.5	-2.6	-2.6	-2.6	-2.5	-2.1	-2.6
	-3.4	-2.8	-1.6	-2.2	-7	-5	-3	-1	.4	.6	.8	.9	-2.5	-4	.7
Change in bus. inventories ² <i>Previous Tealbook</i> ²	49	39	-2	57	57	45	53	66	68	71	79	100	36	55	80
Nonfarm ²	49	39	-2	51	48	43	56	69	76	77	75	91	34	54	80
Farm ²	60	51	6	63	58	45	52	65	67	71	78	100	45	55	79
	-8	-9	-6	-6	-1	0	1	1	1	1	1	1	-7	0	1

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	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP <i>Previous Tealbook</i>	2.8	2.4	2.2	-3.3	-5	3.1	1.6	2.4	2.7
Final sales <i>Previous Tealbook</i>	2.8	2.4	2.2	-3.3	-5	3.1	1.6	2.1	2.4
Priv. dom. final purch. <i>Previous Tealbook</i>	2.7	2.8	2.4	-2.6	-8	2.4	1.5	2.3	2.4
Personal cons. expend. <i>Previous Tealbook</i>	2.7	2.8	2.4	-2.6	-8	2.4	1.5	2.0	2.2
Durables	3.2	2.4	1.2	-4.5	-2.5	3.6	2.4	2.8	3.0
Nondurables	3.2	2.4	1.2	-4.5	-2.5	3.6	2.4	2.5	2.9
Services	2.8	3.2	1.7	-2.5	-2	3.0	1.7	2.4	2.6
Residential investment <i>Previous Tealbook</i>	2.8	3.2	1.7	-2.5	-2	3.0	1.7	2.4	2.4
Business fixed invest. <i>Previous Tealbook</i>	2.8	7.0	4.6	-13.0	3.0	10.9	6.6	5.7	6.3
Equipment & software <i>Previous Tealbook</i>	3.1	2.9	.8	-3.1	.6	3.5	.4	1.8	2.0
Nonres. structures <i>Previous Tealbook</i>	2.7	2.6	1.4	-.5	-.9	1.6	1.3	2.0	2.1
Net exports ¹ <i>Previous Tealbook</i> ¹	5.3	-15.7	-20.7	-24.4	-12.9	-6.3	3.5	9.6	8.2
Exports	5.3	-15.7	-20.7	-24.4	-12.9	-6.3	3.1	6.6	7.3
Imports	4.5	7.8	7.9	-9.4	-14.4	11.1	7.7	4.0	4.6
Gov't. cons. & invest. <i>Previous Tealbook</i>	4.5	7.8	7.9	-9.4	-14.4	11.1	7.5	2.2	4.9
Federal	6.2	6.0	3.9	-13.6	-5.8	16.6	8.9	5.3	5.6
Defense	6.2	6.0	3.9	-13.6	-5.8	16.6	8.4	3.8	6.4
Nondefense	-1	13.0	17.3	-1.2	-29.3	-1.8	4.4	.6	2.0
State & local	-1	13.0	17.3	-1.2	-29.3	-1.8	5.1	-2.1	1.1
Change in bus. inventories ¹ <i>Previous Tealbook</i> ¹	-723	-729	-649	-495	-359	-422	-412	-381	-364
Nonfarm ¹	-723	-729	-649	-495	-359	-422	-410	-393	-394
Farm ¹	6.7	10.2	10.1	-2.5	-.1	8.8	5.1	5.9	5.7
	5.2	4.1	.8	-5.9	-6.5	10.7	3.6	3.7	3.9
Gov't. cons. & invest. <i>Previous Tealbook</i>	.7	1.5	1.9	2.7	1.1	.1	-2.8	-.9	-1.3
Federal	.7	1.5	1.9	2.7	1.1	.1	-2.9	-.7	-1.3
Defense	1.2	2.2	3.1	8.8	4.6	2.9	-3.2	-1.6	-4.1
Nondefense	.4	4.4	2.6	9.8	3.5	1.5	-3.6	-1.4	-4.9
State & local	2.6	-2.3	4.2	6.8	6.9	5.7	-2.5	-2.1	-2.6
	.4	1.2	1.2	-.9	-1.1	-1.7	-2.5	-.4	.7
Change in bus. inventories ¹ <i>Previous Tealbook</i> ¹	50	59	28	-36	-145	59	36	55	80
Nonfarm ¹	50	59	28	-36	-145	59	34	54	80
Farm ¹	50	63	29	-38	-144	61	45	55	79
	0	-4	-1	1	-1	-1	-7	0	1

1. Billions of chained (2005) dollars.

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

Item	2011				2012				2013				2011 ¹	2012 ¹	2013 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Tealbook</i>	.4	1.3	1.8	3.1	1.8	2.2	2.6	2.9	2.3	2.6	2.8	3.0	1.6	2.4	2.7
Final sales <i>Previous Tealbook</i>	.4	1.3	1.8	2.9	1.6	1.8	2.3	2.7	2.1	2.2	2.4	2.8	1.6	2.1	2.4
Priv. dom. final purch. <i>Previous Tealbook</i>	.0	1.6	3.2	1.2	1.9	2.6	2.4	2.5	2.2	2.4	2.5	2.4	1.5	2.3	2.4
Personal cons. expend. <i>Previous Tealbook</i>	.0	1.6	3.2	1.3	1.7	2.0	1.9	2.3	1.8	2.1	2.5	2.3	1.5	2.0	2.2
Durables	1.6	1.6	2.8	2.1	1.6	2.4	2.5	2.7	2.3	2.5	2.6	2.6	2.0	2.3	2.5
Nondurables	1.6	1.6	2.8	2.0	1.6	2.0	2.3	2.5	2.1	2.3	2.6	2.6	2.0	2.1	2.4
Services	1.5	.5	1.2	1.5	.9	1.9	2.0	2.1	1.6	1.8	1.9	2.0	1.2	1.7	1.8
Residential investment <i>Previous Tealbook</i>	1.5	.5	1.2	1.5	1.4	1.7	1.8	2.0	1.6	1.7	1.8	1.8	1.2	1.7	1.7
Business fixed invest. <i>Previous Tealbook</i>	.9	-.4	.4	1.1	.5	.3	.5	.5	.4	.5	.5	.5	.5	.4	.5
Equipment & software <i>Previous Tealbook</i>	.3	.0	-.1	.1	-.1	.3	.4	.4	.3	.3	.3	.4	.1	.3	.3
Nonres. structures <i>Previous Tealbook</i>	.4	.9	.9	.4	.4	1.2	1.1	1.1	.9	.9	1.0	1.1	.6	1.0	1.0
Net exports <i>Previous Tealbook</i>	-.1	.1	.0	.2	.3	.2	.2	.2	.2	.2	.2	.2	.1	.2	.2
Exports	-.1	.1	.0	.2	.2	.1	.2	.2	.2	.2	.2	.2	.1	.1	.2
Imports	.2	1.0	1.5	.3	.5	.4	.4	.4	.5	.5	.5	.4	.8	.4	.5
Gov't cons. & invest. <i>Previous Tealbook</i>	.2	1.0	1.5	.3	.0	.2	.3	.4	.4	.5	.6	.5	.7	.2	.5
Federal	.6	.4	1.1	.4	.5	.4	.4	.4	.4	.5	.4	.4	.6	.4	.4
Defense	.6	.4	1.1	.2	.2	.3	.4	.4	.4	.5	.6	.5	.6	.3	.5
Nondefense	-.4	.5	.4	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1	.0	.1
State & local	-.4	.5	.4	.0	-.2	.0	.0	.0	.0	.0	.0	.0	.1	-.1	.0
Change in bus. inventories <i>Previous Tealbook</i>	-.3	.2	.4	-.1	.5	.2	.0	.0	.1	.2	.2	.0	.1	.2	.1
Nonfarm	-.3	.2	.4	.2	.1	.1	-.2	.0	-.1	.0	.1	.0	.1	.0	.0
Farm	1.0	.5	.6	.6	.9	.8	.8	.8	.8	.8	.8	.8	.7	.8	.8
	-.1.4	-.2	-.2	-.7	-.4	-.6	-.8	-.8	-.6	-.6	-.6	-.8	-.6	-.7	-.7
Gov't cons. & invest. <i>Previous Tealbook</i>	-.1.2	-.2	.0	-.8	-.3	.0	-.2	-.2	-.2	-.2	-.2	-.3	-.6	-.2	-.2
Federal	-.1.2	-.2	.0	-.9	.0	-.2	-.2	-.2	-.2	-.2	-.2	-.3	-.6	-.1	-.2
Defense	-.8	.2	.2	-.6	-.2	.0	-.1	-.2	-.3	-.3	-.3	-.4	-.3	-.1	-.3
Nondefense	-.7	.4	.3	-.7	-.2	.1	-.1	-.1	-.2	-.2	-.3	-.3	-.2	-.1	-.3
State & local	-.1	-.2	-.1	.1	.0	-.1	-.1	-.1	-.1	-.1	-.1	-.1	-.1	-.1	-.1
	-.4	-.3	-.2	-.3	-.1	-.1	.0	.0	.0	.1	.1	.1	-.3	.0	.1
Change in bus. inventories <i>Previous Tealbook</i>	.3	-.3	-.1.4	1.9	.0	-.4	.2	.4	.1	.1	.2	.7	.1	.1	.3
Nonfarm	.3	-.3	-.1.4	1.6	-.1	-.1	.4	.4	.2	.0	.0	.5	.1	.1	.2
Farm	.4	-.3	-.1.5	1.9	-.2	-.4	.2	.4	.1	.1	.2	.7	.2	.0	.3
	-.1	.0	.1	.0	.1	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

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

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

Item	2011				2012				2013				2011 ¹	2012 ¹	2013 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP chain-wt. price index <i>Previous Tealbook</i>	2.5 2.5	2.5 2.5	2.6 2.6	.9 .9	1.5 1.7	2.0 1.7	1.5 1.4	1.4 1.4	1.5 1.5	1.5 1.4	1.4 1.4	1.5 1.4	2.1 2.1	1.6 1.6	1.5 1.4
PCE chain-wt. price index <i>Previous Tealbook</i>	3.9 3.9	3.3 3.3	2.3 2.3	1.2 .5	2.1 1.4	2.2 1.7	1.5 1.4	1.4 1.3	1.4 1.3	1.4 1.3	1.4 1.3	1.4 1.3	2.7 2.5	1.8 1.4	1.4 1.3
Energy <i>Previous Tealbook</i>	40.7 40.7	15.0 15.0	3.3 3.3	-3.2 -6.8	6.3 .7	9.5 4.9	.7 .7	-1.0 -5	-9 -6	-1.5 -9	-1.9 -1.0	-1.9 -8	12.8 11.7	3.8 1.4	-1.6 -8
Food <i>Previous Tealbook</i>	6.5 6.5	6.4 6.4	4.7 4.7	3.3 2.6	1.7 .9	1.6 1.1	1.5 1.2	1.3 1.2	1.2 1.2	1.2 1.2	1.2 1.2	1.2 1.2	5.2 5.0	1.6 1.1	1.2 1.2
Ex. food & energy <i>Previous Tealbook</i>	1.6 1.6	2.3 2.3	2.1 2.1	1.3 .9	1.8 1.5	1.7 1.5	1.6 1.5	1.6 1.4	1.6 1.4	1.6 1.4	1.6 1.4	1.6 1.4	1.8 1.7	1.7 1.5	1.6 1.4
Ex. food & energy, market based <i>Previous Tealbook</i>	1.3 1.3	2.4 2.4	2.3 2.3	1.4 1.1	1.8 1.5	1.6 1.4	1.5 1.3	1.5 1.3	1.4 1.3	1.4 1.3	1.5 1.3	1.5 1.3	1.8 1.8	1.6 1.4	1.5 1.3
CPI <i>Previous Tealbook</i>	4.5 5.2	4.4 4.1	3.1 3.1	1.3 .9	2.4 1.6	2.6 1.9	1.5 1.5	1.3 1.3	1.4 1.3	1.3 1.2	1.3 1.2	1.3 1.2	3.3 3.3	2.0 1.6	1.3 1.3
Ex. food & energy <i>Previous Tealbook</i>	1.8 1.7	2.4 2.5	2.5 2.7	1.9 1.7	2.1 1.7	2.0 1.5	1.6 1.5	1.6 1.5	1.6 1.5	1.7 1.5	1.7 1.5	1.7 1.5	2.2 2.2	1.8 1.6	1.7 1.5
ECI, hourly compensation ² <i>Previous Tealbook</i> ²	2.1 2.1	3.2 3.2	1.4 1.4	1.8 2.0	2.6 2.5	2.5 2.5	2.5 2.4	2.5 2.4	2.6 2.3	2.6 2.3	2.6 2.3	2.6 2.3	2.2 2.2	2.5 2.4	2.6 2.3
Nonfarm business sector															
Output per hour <i>Previous Tealbook</i>	-1.0 -6	-3 -1	1.8 1.9	1.1 .8	-1.6 .3	1.8 1.3	1.9 1.7	2.2 2.2	1.3 1.1	1.5 1.3	1.7 1.5	1.8 1.8	.4 .5	1.1 1.4	1.6 1.4
Compensation per hour <i>Previous Tealbook</i>	5.1 5.6	-5 -3	5.7 -2	3.7 2.3	2.1 2.3	2.3 2.4	2.7 2.3	2.7 2.3	2.6 2.2	2.6 2.2	2.7 2.1	2.7 2.1	3.5 1.8	2.5 2.3	2.7 2.2
Unit labor costs <i>Previous Tealbook</i>	6.2 6.2	-1 -2	3.9 -2.1	2.6 1.5	3.8 2.0	.5 1.1	.8 .6	.5 .1	1.4 1.1	1.1 .9	1.0 .6	.9 .3	3.1 1.3	1.4 1.0	1.1 .7
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i> ³	8.3 8.3	7.2 7.2	2.4 2.4	-4 -8	-5 -1.2	1.5 .0	1.1 .7	1.7 1.4	1.6 1.5	1.6 1.6	1.5 1.6	1.5 1.5	4.3 4.2	.9 .2	1.5 1.5

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.

Greensheets

Changes in Prices and Costs

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

Item	2005	2006	2007	2008	2009	2010	2011	2012	2013
GDP chain-wt. price index <i>Previous Tealbook</i>	3.5	2.9	2.6	2.1	.7	1.6	2.1	1.6	1.5
PCE chain-wt. price index <i>Previous Tealbook</i>	3.5	2.9	2.6	2.1	.7	1.6	2.1	1.6	1.4
Energy <i>Previous Tealbook</i>	3.2	1.9	3.5	1.7	1.5	1.3	2.7	1.8	1.4
Food <i>Previous Tealbook</i>	3.2	1.9	3.5	1.7	1.5	1.3	2.5	1.4	1.3
Ex. food & energy <i>Previous Tealbook</i>	21.5	-3.7	19.3	-8.8	2.6	6.2	12.8	3.8	-1.6
Ex. food & energy, market based <i>Previous Tealbook</i>	21.5	-3.7	19.3	-8.8	2.6	6.2	11.7	1.4	-8
CPI <i>Previous Tealbook</i>	1.5	1.7	4.7	7.0	-1.7	1.3	5.2	1.6	1.2
Ex. food & energy <i>Previous Tealbook</i>	1.5	1.7	4.7	7.0	-1.7	1.3	5.0	1.1	1.2
Ex. food & energy, market based <i>Previous Tealbook</i>	2.3	2.3	2.4	2.0	1.7	1.0	1.8	1.7	1.6
CPI <i>Previous Tealbook</i>	2.3	2.3	2.4	2.0	1.7	1.0	1.7	1.5	1.4
Ex. food & energy <i>Previous Tealbook</i>	2.0	2.2	2.1	2.2	1.7	.7	1.8	1.6	1.5
Ex. food & energy, market based <i>Previous Tealbook</i>	2.0	2.2	2.1	2.2	1.7	.7	1.8	1.4	1.3
CPI <i>Previous Tealbook</i>	3.7	2.0	4.0	1.6	1.5	1.2	3.3	2.0	1.3
Ex. food & energy <i>Previous Tealbook</i>	3.7	2.0	4.0	1.6	1.5	1.2	3.3	1.6	1.3
Ex. food & energy, market based <i>Previous Tealbook</i>	2.1	2.7	2.3	2.0	1.7	.6	2.2	1.8	1.7
Ex. food & energy, market based <i>Previous Tealbook</i>	2.1	2.7	2.3	2.0	1.7	.6	2.2	1.6	1.5
ECL, hourly compensation ¹ <i>Previous Tealbook</i> ¹	2.9	3.2	3.0	2.4	1.2	2.1	2.2	2.5	2.6
ECL, hourly compensation ¹ <i>Previous Tealbook</i> ¹	2.9	3.2	3.0	2.4	1.2	2.1	2.2	2.4	2.3
Nonfarm business sector Output per hour <i>Previous Tealbook</i>	1.6	.8	2.5	-1.1	5.3	2.3	.4	1.1	1.6
Nonfarm business sector Output per hour <i>Previous Tealbook</i>	1.6	.8	2.5	-1.1	5.3	2.5	.5	1.4	1.4
Compensation per hour <i>Previous Tealbook</i>	3.5	4.5	3.6	2.5	1.8	1.4	3.5	2.5	2.7
Compensation per hour <i>Previous Tealbook</i>	3.5	4.5	3.6	2.5	1.8	1.6	1.8	2.3	2.2
Unit labor costs <i>Previous Tealbook</i>	1.9	3.6	1.1	3.7	-3.3	-9	3.1	1.4	1.1
Unit labor costs <i>Previous Tealbook</i>	1.9	3.6	1.1	3.7	-3.3	-9	1.3	1.0	.7
Core goods imports chain-wt. price index ² <i>Previous Tealbook</i> ²	2.2	2.5	2.9	3.7	-1.7	2.6	4.3	.9	1.5
Core goods imports chain-wt. price index ² <i>Previous Tealbook</i> ²	2.2	2.5	2.9	3.7	-1.7	2.6	4.2	.2	1.5

1. Private-industry workers.

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

Other Macroeconomic Indicators

Item	2011				2012				2013				2011 ¹	2012 ¹	2013 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<i>Employment and production</i>															
Nonfarm payroll employment ²	.5	.6	.3	.4	.6	.5	.5	.5	.5	.6	.6	.7	1.8	2.1	2.4
Unemployment rate ³	9.0	9.1	9.1	8.7	8.4	8.4	8.3	8.2	8.2	8.1	7.9	7.8	8.7	8.2	7.8
<i>Previous Tealbook³</i>	9.0	9.1	9.1	8.7	8.7	8.7	8.6	8.6	8.6	8.5	8.4	8.2	8.7	8.6	8.2
NAIRU ³	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<i>Previous Tealbook³</i>	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
GDP gap ⁴	-5.2	-5.3	-5.3	-5.0	-5.0	-5.0	-4.8	-4.6	-4.6	-4.6	-4.4	-4.0	-5.0	-4.6	-4.0
<i>Previous Tealbook⁴</i>	-5.7	-5.8	-5.8	-5.5	-5.6	-5.7	-5.6	-5.4	-5.4	-5.4	-5.4	-5.2	-5.5	-5.4	-5.2
Industrial production ⁵	4.8	.7	6.2	3.9	3.5	5.5	3.9	3.7	3.7	2.5	2.4	2.7	3.9	4.1	2.6
<i>Previous Tealbook⁵</i>	4.8	.7	6.3	3.1	3.2	2.9	2.2	2.4	2.4	2.7	3.2	3.7	3.7	2.7	3.1
Manufacturing industr. prod. ⁵	7.2	.1	4.9	5.1	8.0	3.8	2.8	3.6	3.6	2.3	2.6	3.1	4.3	4.5	2.9
<i>Previous Tealbook⁵</i>	7.2	.1	5.0	3.9	4.1	2.5	2.1	2.7	2.7	2.5	3.3	4.1	4.0	2.8	3.2
Capacity utilization rate - mfg. ³	74.5	74.4	75.1	75.8	77.1	77.6	78.0	78.5	78.5	78.7	78.8	79.1	75.8	78.5	79.5
<i>Previous Tealbook³</i>	74.5	74.4	75.1	75.6	76.2	76.4	76.6	76.9	76.9	77.1	77.5	78.2	75.6	76.9	78.2
Housing starts ⁶	.6	.6	.6	.7	.7	.7	.7	.8	.8	.8	.9	1.0	.6	.7	.9
Light motor vehicle sales ⁶	13.0	12.1	12.4	13.4	14.5	14.3	14.5	14.5	14.5	14.6	14.9	15.2	12.7	14.4	15.0
<i>Income and saving</i>															
Nominal GDP ⁵	3.1	4.0	4.4	4.0	3.4	4.2	4.1	4.3	4.3	3.8	4.1	4.3	3.9	4.0	4.2
Real disposable pers. income ⁵	1.2	-5	.7	1.4	1.6	2.8	3.1	3.5	3.5	-8	2.7	2.9	.7	2.8	2.0
<i>Previous Tealbook⁵</i>	1.2	-5	-1.9	2.7	3.4	3.0	3.3	3.5	3.5	-1.3	2.3	2.6	.4	3.3	1.7
Personal saving rate ³	5.0	4.8	4.6	4.5	4.6	4.6	4.7	4.8	4.8	4.1	4.1	4.2	4.5	4.8	4.3
<i>Previous Tealbook³</i>	5.0	4.8	3.9	4.1	4.4	4.5	4.7	4.9	4.9	4.0	4.0	4.1	4.1	4.9	4.1
Corporate profits ⁷	4.2	13.7	6.9	-7.1	-3.9	7.7	-4	-9	-9	-2.5	-9	.8	4.1	.5	-1
Profit share of GNP ³	12.4	12.7	12.8	12.4	12.2	12.3	12.1	12.0	12.0	11.8	11.7	11.6	12.4	12.0	11.5
Net federal saving ⁸	-1,201	-1,275	-1,161	-1,097	-1,022	-1,039	-1,003	-985	-985	-822	-804	-764	-1,184	-1,012	-793
Net state & local saving ⁸	-57	-40	-83	-68	-51	-39	-33	-23	-23	-15	-2	2	-62	-37	-4
Gross national saving rate ³	12.6	12.4	12.9	13.0	13.2	13.2	13.3	13.4	13.4	13.5	13.6	13.7	13.0	13.4	13.9
Net national saving rate ³	-1	-4	.2	.5	.7	.7	.9	1.0	1.0	1.1	1.2	1.3	.5	1.0	1.5

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.

Greensheets

Other Macroeconomic Indicators

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

Item	2005	2006	2007	2008	2009	2010	2011	2012	2013
<i>Employment and production</i>									
Nonfarm payroll employment ¹	2.4	2.1	1.2	-2.8	-5.6	.8	1.8	2.1	2.4
Unemployment rate ²	5.0	4.5	4.8	6.9	9.9	9.6	8.7	8.2	7.8
<i>Previous Tealbook²</i>	5.0	4.5	4.8	6.9	9.9	9.6	8.7	8.6	8.2
NAIRU ²	5.0	5.0	5.0	5.3	6.0	6.0	6.0	6.0	6.0
<i>Previous Tealbook²</i>	5.0	5.0	5.0	5.3	6.0	6.0	6.0	6.0	6.0
GDP gap ³	.6	.8	.8	-4.5	-6.4	-4.9	-5.0	-4.6	-4.0
<i>Previous Tealbook³</i>	.0	.0	-2	-5.4	-6.9	-5.4	-5.5	-5.4	-5.2
Industrial production ⁴	2.3	2.3	2.5	-9.1	-5.5	6.2	3.9	4.1	2.6
<i>Previous Tealbook⁴</i>	2.3	2.3	2.5	-9.1	-5.5	6.2	3.7	2.7	3.1
Manufacturing industr. prod. ⁴	3.4	2.0	2.8	-11.8	-6.1	6.1	4.3	4.5	2.9
<i>Previous Tealbook⁴</i>	3.4	2.0	2.8	-11.8	-6.1	6.1	4.0	2.8	3.2
Capacity utilization rate - mfg. ²	78.5	78.4	79.0	70.1	67.7	73.3	75.8	78.5	79.5
<i>Previous Tealbook²</i>	78.5	78.4	79.0	70.1	67.7	73.3	75.6	76.9	78.2
Housing starts ⁵	2.1	1.8	1.4	.9	.6	.6	.6	.7	.9
Light motor vehicle sales ⁵	16.9	16.5	16.1	13.1	10.3	11.5	12.7	14.4	15.0
<i>Income and saving</i>									
Nominal GDP ⁴	6.4	5.3	4.9	-1.2	.0	4.7	3.9	4.0	4.2
Real disposable pers. income ⁴	.6	4.6	1.6	1.0	-2.4	3.5	.7	2.8	2.0
<i>Previous Tealbook⁴</i>	.6	4.6	1.6	1.0	-2.4	3.5	.4	3.3	1.7
Personal saving rate ²	1.6	2.8	2.5	6.2	4.3	5.2	4.5	4.8	4.3
<i>Previous Tealbook²</i>	1.6	2.8	2.5	6.2	4.3	5.2	4.1	4.9	4.1
Corporate profits ⁶	19.6	3.7	-8.1	-33.5	61.8	18.2	4.1	.5	-.1
Profit share of GNP ²	11.8	11.6	10.1	6.8	11.0	12.4	12.4	12.0	11.5
Net federal saving ⁷	-283	-204	-245	-613	-1218	-1274	-1184	-1012	-793
Net state & local saving ⁷	26	51	12	-72	-78	-25	-62	-37	-4
Gross national saving rate ²	15.6	16.5	13.9	12.6	11.3	12.3	13.0	13.4	13.9
Net national saving rate ²	3.6	4.4	1.7	-.6	-1.9	-.4	.5	1.0	1.5

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.

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

Item	Fiscal year				2011				2012				2013				
	2010 ^a	2011 ^a	2012	2013	Q1 ^a	Q2 ^a	Q3 ^a	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Unified budget	Receipts ¹	2163	2303	2476	2750	488	714	568	555	527	766	627	609	576	853	713	668
	Outlays ¹	3456	3603	3603	3584	949	855	895	877	959	907	860	927	923	884	850	935
	Surplus/deficit ¹	-1293	-1300	-1127	-834	-460	-141	-326	-322	-432	-140	-233	-318	-347	-31	-138	-267
	<i>Previous Tealbook</i>	-1293	-1297	-1107	-853	-460	-141	-326	-322	-443	-130	-213	-317	-350	-43	-143	-280
	On-budget	-1370	-1367	-1110	-826	-451	-202	-311	-346	-412	-169	-183	-323	-324	-75	-104	-286
	Off-budget	77	67	-17	-8	-10	61	-15	24	-20	28	-50	6	-23	43	-33	19
	Means of financing																
	Borrowing	1474	1110	1201	894	260	93	389	326	424	184	268	318	367	51	158	287
	Cash decrease	-35	252	-12	20	225	-19	79	-28	56	-49	10	20	0	0	0	0
	Other ²	-146	-62	-62	-80	-24	67	-142	23	-47	6	-45	-20	-20	-20	-20	-20
Cash operating balance, end of period	310	58	70	50	118	137	58	86	30	80	70	50	50	50	50	50	
NIPA federal sector																	
Receipts	2379	2534	2709	2970	2528	2554	2583	2612	2702	2745	2778	2813	2990	3022	3057	3094	
Expenditures	3648	3765	3750	3819	3729	3829	3744	3709	3724	3784	3781	3798	3812	3826	3839	3858	
Consumption expenditures	1042	1070	1073	1069	1059	1078	1085	1069	1072	1076	1075	1074	1074	1069	1061	1053	
Defense	697	715	715	714	701	723	733	711	713	718	718	717	717	713	707	701	
Nondefense	346	355	358	355	346	354	352	358	359	359	358	357	356	355	354	353	
Other spending	2606	2695	2677	2749	2670	2752	2659	2640	2652	2708	2706	2724	2738	2757	2777	2805	
Current account surplus	-1269	-1231	-1040	-848	-1201	-1275	-1161	-1097	-1022	-1039	-1003	-985	-822	-804	-782	-764	
Gross investment	165	165	156	152	161	160	164	157	155	156	156	155	153	151	148	145	
Gross saving less gross investment ³	-1305	-1260	-1052	-846	-1227	-1298	-1185	-1113	-1034	-1050	-1011	-989	-823	-800	-772	-749	
Fiscal indicators ⁴																	
High-employment (HEB) surplus/deficit	-985	-969	-769	-576	-941	-1004	-889	-822	-750	-769	-736	-719	-545	-529	-509	-496	
Change in HEB, percent of potential GDP	1.0	-3	-1.4	-1.3	-7	3	-8	-4	-5	1	-2	-1	-1.1	-1	-1	-1	
Fiscal impetus (FI), percent of GDP	0.5	-0.3	-0.5	-1.1	-0.6	0.4	-0.1	-1.0	-0.7	-0.5	-0.5	-0.5	-1.8	-0.9	-0.9	-0.7	
<i>Previous Tealbook</i>	0.5	-0.4	-0.4	-1.1	-0.6	0.4	-0.1	-1.2	-0.2	-0.5	-0.5	-0.4	-1.8	-0.9	-1.0	-0.7	

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. The sign on Change in HEB, as a percent of nominal potential GDP, is reversed. FI is the weighted difference of discretionary changes in federal spending and taxes in chained (2005) dollars, scaled by real GDP. The FI estimates are calendar year contributions to Q4/Q4 real GDP growth. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus. Quarterly figures for change in HEB and FI are not at annual rates.

a Actual.

Change in Debt of the Domestic Nonfinancial Sectors
(Percent)

Period ¹	Total	Households			Business	State and local governments	Federal government	Memo: Nominal GDP
		Total	Home mortgages	Consumer credit				
<i>Year</i>								
2007	8.5	6.7	6.9	5.8	13.6	5.4	4.9	4.9
2008	6.0	.1	-.5	1.5	6.2	.7	24.2	-1.2
2009	3.1	-1.7	-1.4	-4.4	-2.4	3.9	22.7	.0
2010	4.1	-2.1	-2.9	-1.8	.7	2.2	20.2	4.7
2011	3.7	-.9	-2.1	3.5	4.2	-1.9	11.4	3.9
2012	4.6	.6	-1.2	6.0	4.1	-.2	11.4	4.0
2013	4.0	1.6	-.2	7.0	4.3	.6	7.4	4.2
2014	4.0	1.9	.0	7.5	4.3	1.0	6.5	4.8
<i>Quarter</i>								
2010:1	3.5	-3.1	-4.8	-3.9	-.1	2.4	20.6	5.5
2	3.9	-2.2	-2.5	-3.3	-1.3	-.5	22.5	5.4
3	3.7	-2.2	-2.5	-2.2	1.8	2.1	16.0	3.9
4	4.9	-.7	-1.8	2.3	2.5	4.8	16.4	4.2
2011:1	2.3	-1.9	-2.7	2.2	4.1	-3.3	7.9	3.1
2	3.0	-.6	-2.4	3.6	4.4	-3.5	8.6	4.0
3	4.4	-1.2	-1.9	1.4	3.6	.0	14.1	4.4
4	4.9	.3	-1.5	6.9	4.6	-1.0	13.1	4.0
2012:1	4.9	.2	-1.6	5.5	4.2	-.7	13.3	3.4
2	4.4	.4	-1.3	5.5	3.9	-.3	11.0	4.2
3	3.8	.8	-1.0	6.0	4.0	-.1	8.1	4.1
4	4.9	1.0	-.8	6.3	4.2	.3	11.4	4.3
2013:1	4.7	1.3	-.5	6.6	4.3	.6	10.0	3.8
2	3.5	1.5	-.3	6.9	4.2	.6	5.5	4.1
3	3.0	1.8	.0	6.9	4.3	.6	3.8	4.3
4	4.8	1.8	.0	7.0	4.3	.6	9.5	4.6

Note: Quarterly data are at seasonally adjusted annual rates.

1. Data after 2011: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.

Flow of Funds Projections: Highlights
(Billions of dollars at seasonally adjusted annual rates except as noted)

Category	2011	2012	2013	2014	2011				2012				2013			
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Domestic nonfinancial sectors</i>																
Net funds raised																
Total	878.5	1338.5	1282.1	1307.7	1029.6	1351.7	1484.2	1298.9	1053.8	1517.1	1557.8	1082.9	880.8	1517.1	1557.8	1082.9
Net equity issuance	-489.9	-410.0	-340.0	-340.0	-606.6	-514.8	-400.0	-400.0	-420.0	-420.0	-320.0	-320.0	-360.0	-420.0	-320.0	-320.0
Net debt issuance	1368.3	1748.5	1622.1	1647.7	1636.2	1866.5	1884.2	1698.9	1473.8	1937.1	1877.8	1402.9	1240.8	1937.1	1877.8	1402.9
Borrowing indicators																
Debt (percent of GDP) ¹	249.3	249.7	250.1	248.6	248.0	248.5	249.5	249.8	249.8	249.8	250.5	250.5	249.9	249.8	250.5	250.5
Borrowing (percent of GDP)	9.1	11.1	9.9	9.6	10.8	12.2	12.2	10.9	9.3	12.2	11.7	8.6	7.6	12.2	11.7	8.6
Households																
Net borrowing ²	-113.9	79.8	216.1	262.7	-159.3	43.1	24.2	56.7	103.4	134.9	175.8	204.4	238.5	134.9	175.8	204.4
Home mortgages	-213.2	-115.0	-19.4	0.0	-184.8	-150.3	-157.3	-127.3	-97.6	-77.9	-48.6	-29.1	0.0	-77.9	-48.6	-29.1
Consumer credit	86.3	150.4	187.7	213.3	34.6	170.4	138.4	140.8	156.3	166.3	177.3	186.1	190.7	166.3	177.3	186.1
Debt/DPI (percent) ³	114.4	110.1	107.5	104.5	113.6	112.8	111.8	110.5	109.4	108.4	108.5	107.8	107.1	108.4	108.5	107.8
Business																
Financing gap ⁴	-183.2	-102.0	45.2	101.3	-252.9	-136.9	-119.0	-138.4	-98.6	-52.2	10.6	31.2	53.0	-52.2	10.6	31.2
Net equity issuance	-489.9	-410.0	-340.0	-340.0	-606.6	-514.8	-400.0	-400.0	-420.0	-420.0	-320.0	-320.0	-360.0	-420.0	-320.0	-320.0
Credit market borrowing	472.9	482.0	525.1	541.5	411.9	531.3	487.4	461.5	474.7	504.3	515.4	519.1	527.7	504.3	515.4	519.1
State and local governments																
Net borrowing	-58.6	-6.2	17.8	29.8	1.0	-29.1	-22.2	-10.2	-2.2	9.8	17.8	17.8	17.8	9.8	17.8	17.8
Current surplus ⁵	214.9	209.7	249.9	236.2	212.1	175.2	192.6	206.1	214.1	226.1	235.7	251.3	254.1	226.1	235.7	251.3
Federal government																
Net borrowing	1067.9	1192.9	863.1	813.8	1382.6	1321.2	1394.8	1190.9	897.8	1288.1	1168.8	661.5	456.8	1288.1	1168.8	661.5
Net borrowing (n.s.a.)	1067.9	1192.9	863.1	813.8	389.1	326.0	423.5	183.8	267.9	317.7	367.0	51.5	157.6	317.7	367.0	51.5
Unified deficit (n.s.a.)	1251.4	1122.9	783.1	733.8	328.1	321.7	432.3	140.5	232.6	317.6	347.0	31.5	137.6	317.6	347.0	31.5
<i>Depository institutions</i>																
Funds supplied	200.5	520.7	483.1	598.6	498.1	606.2	776.8	448.8	398.3	458.7	465.2	466.1	488.4	458.7	465.2	466.1

Note: Data after 2011: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.

Foreign Real GDP and Consumer Prices: Selected Countries

(Quarterly percent changes at an annual rate)

Measure and country	2011				2012				Projected			
	2011		2012		2012		2012		2013		2013	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP ¹												
Total foreign	3.6	2.4	3.8	1.2	3.1	2.8	2.8	3.0	3.0	3.1	3.2	3.3
<i>Previous Tealbook</i>	3.7	2.3	3.6	2.0	2.5	2.3	2.5	2.7	2.8	2.9	3.0	3.1
Advanced foreign economies	1.8	.1	3.1	.1	1.1	1.1	1.2	1.5	1.6	1.7	1.9	2.1
Canada	3.7	-6	4.2	1.8	2.0	1.9	2.2	2.3	2.2	2.2	2.2	2.4
Japan	-6.8	-1.5	7.0	-2.3	2.7	2.3	2.0	1.8	1.4	1.4	1.5	1.5
United Kingdom	1.3	.1	2.2	-8	1.2	.9	.9	1.2	1.7	1.9	2.3	2.5
Euro area	3.1	.6	.5	-1.3	-8	-6	-4	.1	.6	.9	1.3	1.4
Germany	5.5	1.1	2.3	-7	.3	.5	.7	1.0	1.3	1.5	1.8	2.0
Emerging market economies	5.4	5.0	4.6	2.4	5.2	4.7	4.6	4.6	4.5	4.6	4.7	4.7
Asia	7.5	4.8	4.9	2.6	6.4	5.7	5.5	5.5	5.8	5.8	5.9	5.9
Korea	5.4	3.6	3.3	1.4	3.2	3.5	3.5	3.5	3.7	3.8	4.0	4.1
China	8.7	9.5	9.5	8.2	8.0	8.0	8.0	8.0	8.2	8.2	8.2	8.2
Latin America	3.1	5.3	4.3	2.1	3.9	3.6	3.5	3.5	3.1	3.2	3.3	3.3
Mexico	2.1	6.0	5.1	1.7	4.0	3.5	3.4	3.4	2.9	2.9	3.1	3.1
Brazil	2.5	2.0	-2	1.3	3.1	3.3	3.5	3.5	3.7	3.8	4.0	4.0
Consumer prices ²												
Total foreign	4.1	3.3	3.1	2.9	3.1	2.4	2.4	2.4	2.4	2.4	2.4	2.4
<i>Previous Tealbook</i>	4.3	3.2	3.1	3.1	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.3
Advanced foreign economies	3.0	2.3	1.1	2.5	2.1	1.4	1.4	1.4	1.3	1.3	1.3	1.4
Canada	3.3	3.4	1.0	2.9	2.6	2.0	2.0	1.8	1.8	1.8	1.8	1.9
Japan	.0	-.7	.1	-.7	.6	-.2	-.2	-.2	-.1	-.1	-.1	.0
United Kingdom	6.7	4.1	3.7	4.2	1.3	1.9	1.8	2.9	1.6	1.5	1.6	2.0
Euro Area	3.7	2.8	1.4	3.8	2.9	1.8	1.6	1.6	1.5	1.5	1.5	1.5
Germany	3.4	2.4	1.9	2.8	2.8	2.2	2.1	2.0	1.9	1.9	1.7	1.7
Emerging market economies	5.0	4.1	4.6	3.2	3.8	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Asia	5.3	4.9	5.3	2.4	3.2	3.1	3.0	3.0	3.0	3.0	3.0	3.0
Korea	6.0	2.8	4.8	2.3	2.9	3.1	3.0	3.0	3.0	3.0	3.0	3.0
China	4.6	5.8	6.2	1.8	3.3	2.9	2.8	2.9	2.9	2.9	2.9	2.9
Latin America	4.2	2.4	3.6	5.5	5.6	3.4	3.7	3.8	3.8	3.8	3.8	3.8
Mexico	3.6	1.8	3.3	5.3	5.5	3.1	3.5	3.5	3.5	3.5	3.5	3.5
Brazil	8.1	7.1	5.3	6.4	5.4	5.2	5.0	5.9	6.0	5.1	4.9	4.9

¹ Foreign GDP aggregates calculated using shares of U.S. exports.

² Foreign CPI aggregates calculated using shares of U.S. non-oil imports.

Foreign Real GDP and Consumer Prices: Selected Countries
(Percent change, Q4 to Q4)

Measure and country	2005	2006	2007	2008	2009	2010	-----Projected-----		
							2011	2012	2013
Real GDP ¹									
Total foreign	4.0	4.2	4.4	-.9	.9	4.4	2.8	2.9	3.2
<i>Previous Tealbook</i>	4.0	4.2	4.3	-.9	.9	4.4	2.9	2.5	3.0
Advanced foreign economies	2.7	2.6	2.6	-2.0	-1.3	2.8	1.3	1.2	1.8
Canada	3.1	1.9	2.5	-.7	-1.4	3.3	2.2	2.1	2.3
Japan	2.1	2.1	1.6	-4.8	-.6	3.2	-1.0	2.2	1.5
United Kingdom	2.8	2.1	4.1	-5.4	-.8	1.7	.7	1.1	2.1
Euro area	2.2	3.8	2.3	-2.1	-2.1	2.0	.7	-.5	1.0
Germany	1.6	4.9	2.4	-1.9	-2.2	3.8	2.0	.6	1.6
Emerging market economies	5.8	6.3	6.7	.3	3.5	6.2	4.4	4.8	4.6
Asia	7.6	7.8	8.9	.9	8.0	7.6	5.0	5.8	5.8
Korea	5.2	4.6	5.8	-3.2	6.3	4.7	3.4	3.4	3.9
China	10.3	12.8	13.7	7.7	11.4	9.6	9.0	8.0	8.2
Latin America	3.9	4.8	4.4	-.4	-.9	4.6	3.7	3.6	3.2
Mexico	3.6	4.1	3.5	-1.2	-2.4	4.3	3.7	3.6	3.0
Brazil	2.2	4.9	6.6	.9	5.3	5.4	1.4	3.3	3.9
Consumer prices ²									
Total foreign	2.3	2.2	3.7	3.3	1.3	3.2	3.4	2.6	2.4
<i>Previous Tealbook</i>	2.3	2.2	3.7	3.3	1.3	3.2	3.4	2.3	2.3
Advanced foreign economies	1.6	1.4	2.2	2.0	.2	1.7	2.2	1.6	1.3
Canada	2.3	1.4	2.5	1.8	.8	2.2	2.7	2.1	1.8
Japan	-.7	.3	.5	1.1	-2.0	-.3	-.3	-.0	-.1
United Kingdom	2.1	2.7	2.1	3.9	2.2	3.4	4.7	1.9	1.7
Euro Area	2.3	1.8	2.9	2.3	.4	2.0	2.9	2.0	1.5
Germany	2.2	1.3	3.1	1.7	.3	1.6	2.6	2.3	1.8
Emerging market economies	3.0	2.9	5.1	4.6	2.1	4.3	4.3	3.4	3.2
Asia	2.5	2.4	5.5	3.6	1.3	4.3	4.4	3.1	3.0
Korea	2.5	2.1	3.4	4.5	2.4	3.2	4.0	3.0	3.0
China	1.4	2.1	6.7	2.5	.6	4.7	4.6	3.0	2.9
Latin America	3.8	4.1	4.2	6.7	3.9	4.4	3.9	4.1	3.8
Mexico	3.1	4.1	3.8	6.2	4.0	4.3	3.5	3.9	3.5
Brazil	6.1	3.1	4.3	6.3	4.3	5.6	6.7	5.4	5.2

¹ Foreign GDP aggregates calculated using shares of U.S. exports.

² Foreign CPI aggregates calculated using shares of U.S. non-oil imports.

U.S. Current Account

Quarterly Data

	2011				2012				Projected-----2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----Projected-----											
	<i>Billions of dollars, s.a.a.r.</i>											
U.S. current account balance	-474.9	-495.4	-437.7	-458.5	-467.4	-422.7	-426.3	-450.7	-480.4	-438.4	-444.0	-460.7
<i>Previous Tealbook</i>	-478.4	-498.9	-441.1	-453.4	-465.5	-422.5	-439.2	-461.0	-497.7	-463.5	-476.7	-497.8
Current account as percent of GDP	-3.2	-3.3	-2.9	-3.0	-3.0	-2.7	-2.7	-2.8	-3.0	-2.7	-2.7	-2.8
<i>Previous Tealbook</i>	-3.2	-3.3	-2.9	-3.0	-3.0	-2.7	-2.8	-2.9	-3.1	-2.9	-2.9	-3.0
Net goods & services	-556.4	-581.4	-538.9	-555.4	-581.7	-531.3	-534.6	-547.5	-570.6	-520.0	-511.7	-518.2
Investment income, net	219.5	236.6	242.1	233.5	255.8	246.2	249.2	239.8	231.7	219.1	208.6	200.4
Direct, net	315.9	322.1	323.5	295.2	305.0	289.2	292.1	288.0	288.6	285.7	285.1	287.5
Portfolio, net	-96.4	-85.5	-81.4	-61.7	-49.2	-43.0	-42.9	-48.1	-56.8	-66.6	-76.6	-87.0
Other income and transfers, net	-138.0	-150.7	-140.9	-136.6	-141.5	-137.6	-140.9	-143.0	-141.5	-137.6	-140.9	-143.0

Annual Data

	2005	2006	2007	2008	2009	2010	2011	2012	2013
	-----Projected-----								
	Billions of dollars								
U.S. current account balance	-745.8	-800.6	-710.3	-677.1	-376.6	-470.9	-466.6	-441.8	-455.9
Previous Tealbook	-745.8	-800.6	-710.3	-677.1	-376.6	-470.9	-467.9	-447.1	-483.9
Current account as percent of GDP	-5.9	-6.0	-5.1	-4.7	-2.7	-3.2	-3.1	-2.8	-2.8
Previous Tealbook	-5.9	-6.0	-5.1	-4.7	-2.7	-3.2	-3.1	-2.9	-3.0
Net goods & services	-708.6	-753.3	-696.7	-698.3	-381.3	-500.0	-558.0	-548.8	-530.1
Investment income, net	78.7	54.7	111.1	157.8	137.1	174.5	232.9	247.7	215.0
Direct, net	173.2	174.0	244.6	284.3	262.2	280.6	314.2	293.6	286.7
Portfolio, net	-94.5	-119.4	-133.5	-126.5	-125.1	-106.2	-81.3	-45.8	-71.8
Other income and transfers, net	-115.9	-102.0	-124.7	-136.6	-132.3	-145.3	-141.5	-140.8	-140.8

Class I FOMC – Restricted Controlled (FR)

Report to the FOMC on Economic Conditions and Monetary Policy



Book B Monetary Policy: Strategies and Alternatives

March 8, 2012

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

Policy Rules and the Staff Projection

Near-Term Prescriptions of Selected Policy Rules

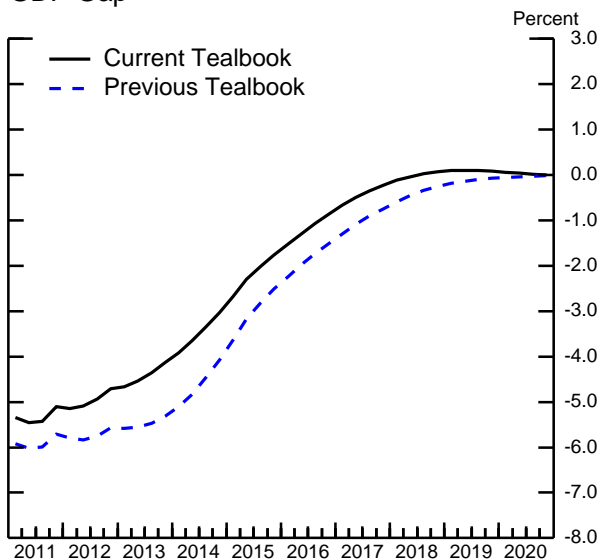
	Constrained Policy		Unconstrained Policy	
	<u>2012Q2</u>	<u>2012Q3</u>	<u>2012Q2</u>	<u>2012Q3</u>
Taylor (1993) rule	1.38	1.27	1.38	1.27
<i>Previous Tealbook</i>	0.65	0.45	0.65	0.45
Taylor (1999) rule	0.13	0.13	-1.10	-1.14
<i>Previous Tealbook</i>	0.13	0.13	-2.18	-2.34
Outcome-based rule	0.13	0.13	-0.05	-0.20
<i>Previous Tealbook Outlook</i>	0.13	0.13	-0.30	-0.77
First-difference rule	0.14	0.20	0.14	0.20
<i>Previous Tealbook Outlook</i>	0.13	0.13	-0.07	-0.22
Nominal income targeting rule	0.13	0.13	-0.55	-1.04
<i>Previous Tealbook Outlook</i>	0.13	0.13	-0.75	-1.40

Memo: Equilibrium and Actual Real Federal Funds Rate

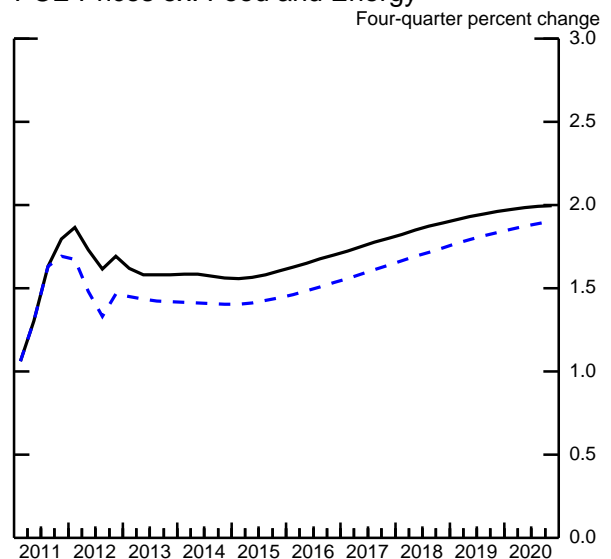
	Current Tealbook	<i>Previous Tealbook</i>
Tealbook-consistent FRB/US r^* estimate	-2.9	-3.2
Actual real federal funds rate	-1.7	-1.6

Key Elements of the Staff Projection

GDP Gap



PCE Prices ex. Food and Energy

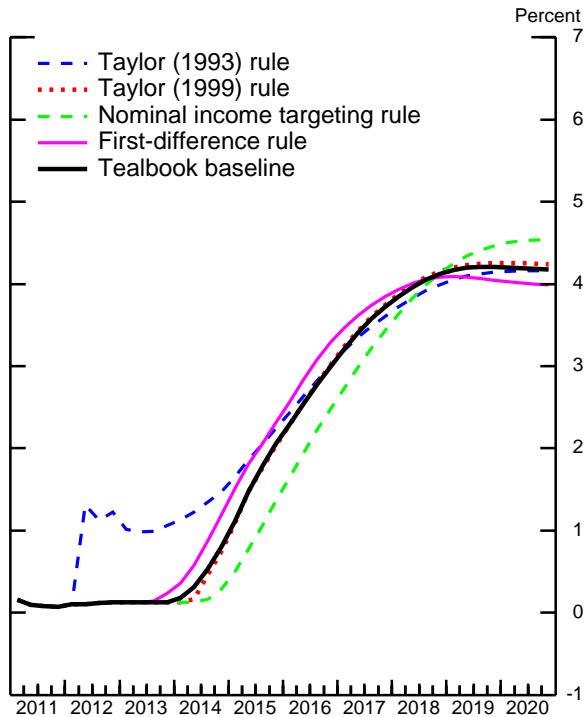


Note: For rules which have the lagged policy rate as a right-hand-side variable, the lines denoted "Previous Tealbook Outlook" report rule prescriptions based on the previous Tealbook's staff outlook, but jumping off from the average value for the policy rate thus far in the quarter.

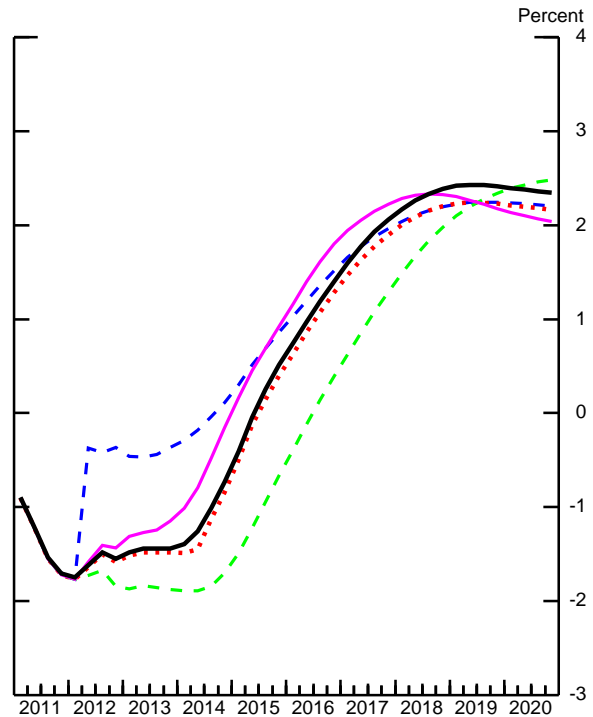
Policy Rule Simulations

Strategies

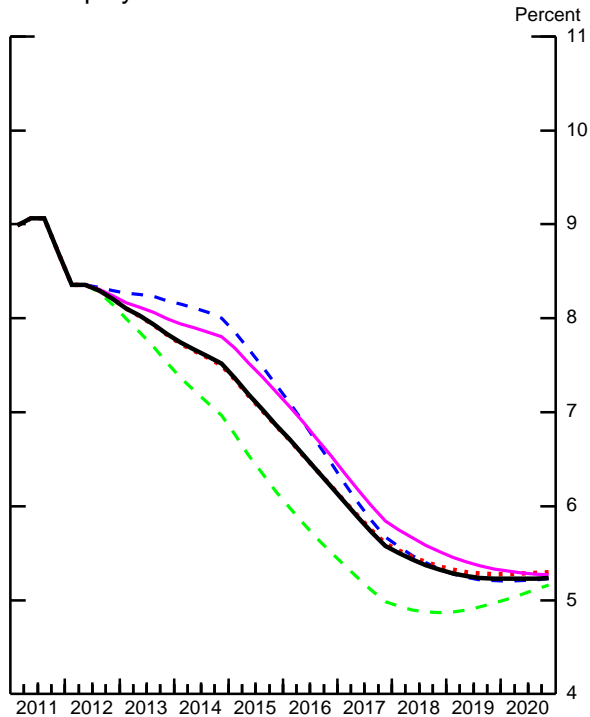
Nominal Federal Funds Rate



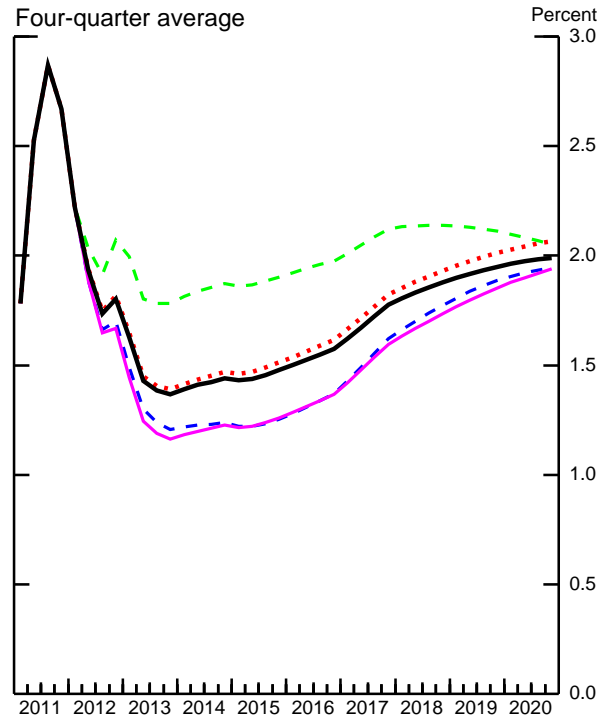
Real Federal Funds Rate



Unemployment Rate



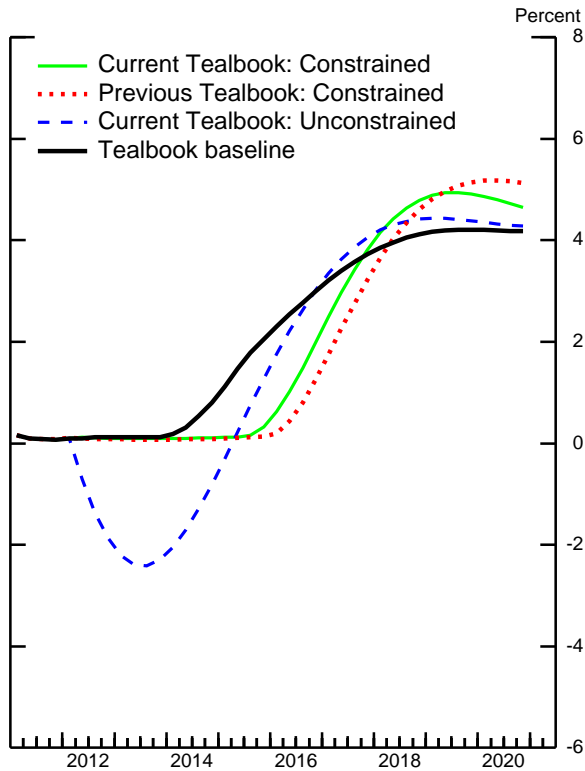
PCE Inflation
Four-quarter average



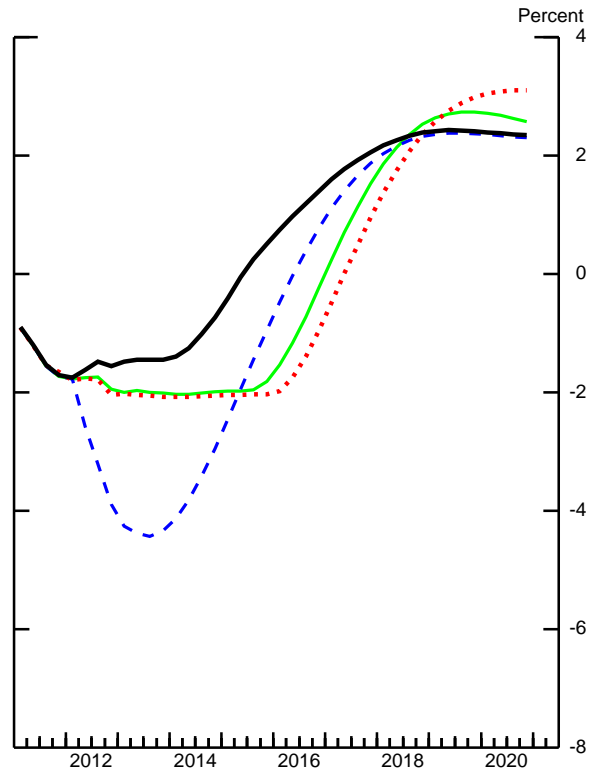
Note: The policy rule simulations in this exhibit are based on rules that respond to core inflation. This choice of rule specification was made in light of the tendency for current and near-term core inflation rates to outperform headline inflation rates as predictors of the medium-term behavior of headline inflation.

Constrained vs. Unconstrained Optimal Monetary Policy

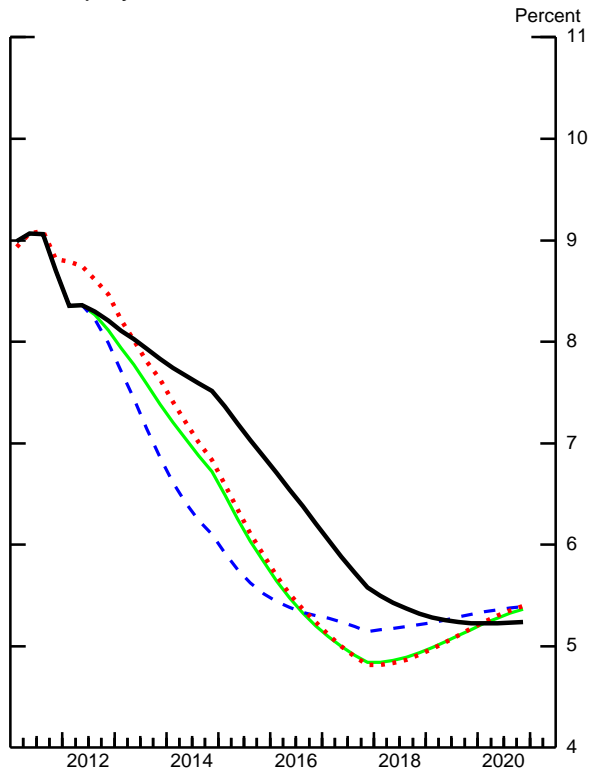
Nominal Federal Funds Rate



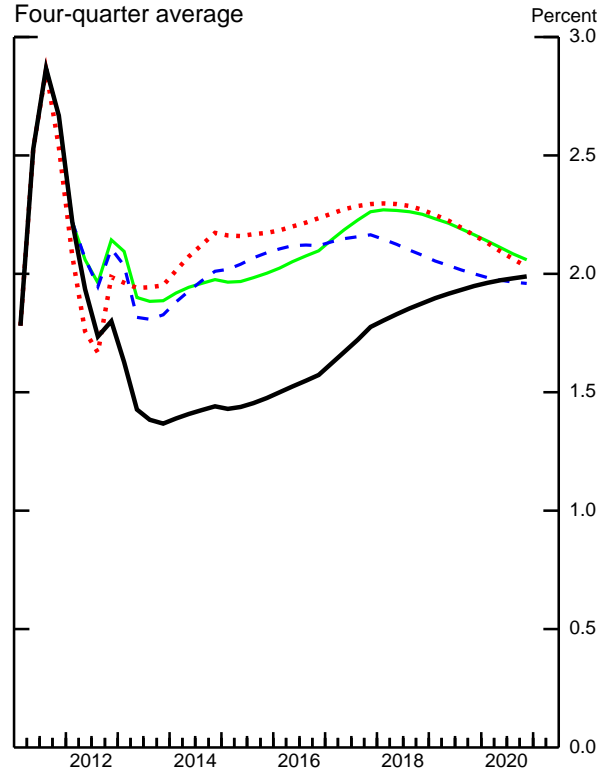
Real Federal Funds Rate



Unemployment Rate



PCE Inflation
Four-quarter average



Outcomes under Alternative Policies

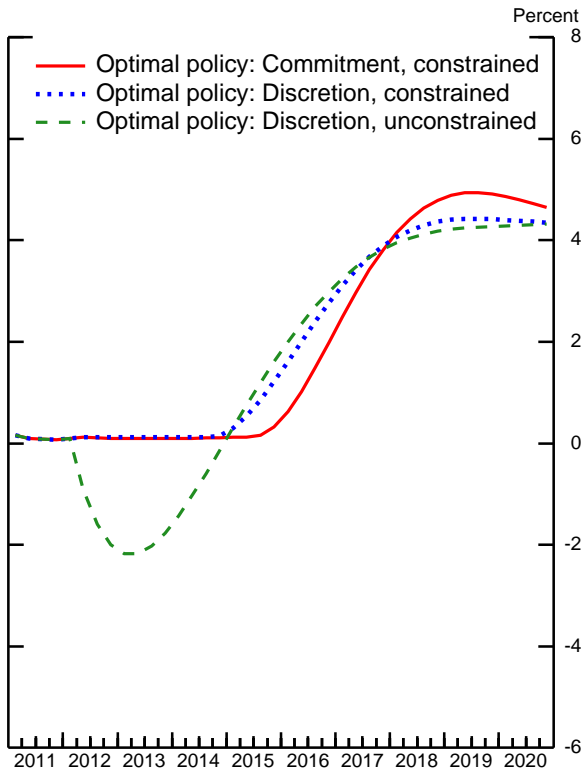
(Percent change, annual rate, from end of preceding period except as noted)

Measure and scenario	2011	2012	2013	2014	2015	2016
	H2					
<i>Unemployment rate</i> ¹						
Extended Tealbook baseline	8.7	8.2	7.8	7.5	6.9	6.2
Taylor (1993)	8.7	8.3	8.2	8.0	7.3	6.5
Taylor (1999)	8.7	8.2	7.8	7.5	6.9	6.2
First-difference	8.7	8.2	8.0	7.8	7.3	6.5
Nominal income targeting	8.7	8.1	7.5	6.9	6.2	5.5
Constrained optimal control	8.7	8.1	7.4	6.7	5.9	5.2
<i>Total PCE prices</i>						
Extended Tealbook baseline	1.7	1.8	1.4	1.4	1.5	1.6
Taylor (1993)	1.7	1.7	1.2	1.2	1.3	1.4
Taylor (1999)	1.7	1.8	1.4	1.4	1.5	1.6
First-difference	1.7	1.7	1.2	1.2	1.3	1.4
Nominal income targeting	1.7	2.1	1.8	1.8	1.9	2.0
Constrained optimal control	1.7	2.1	1.9	1.9	2.0	2.1
<i>Core PCE prices</i>						
Extended Tealbook baseline	1.7	1.7	1.6	1.6	1.6	1.7
Taylor (1993)	1.7	1.6	1.4	1.4	1.4	1.5
Taylor (1999)	1.7	1.7	1.6	1.6	1.6	1.7
First-difference	1.7	1.6	1.4	1.4	1.4	1.5
Nominal income targeting	1.7	2.0	2.0	2.0	2.0	2.1
Constrained optimal control	1.7	2.0	2.1	2.1	2.1	2.2
<i>Federal funds rate</i> ¹						
Extended Tealbook baseline	0.1	0.1	0.1	0.8	2.1	3.0
Taylor (1993)	0.1	1.2	1.1	1.5	2.2	3.0
Taylor (1999)	0.1	0.1	0.1	0.7	2.0	3.0
First-difference	0.1	0.1	0.2	1.2	2.3	3.3
Nominal income targeting	0.1	0.1	0.1	0.3	1.4	2.5
Constrained optimal control	0.1	0.1	0.1	0.1	0.3	2.0

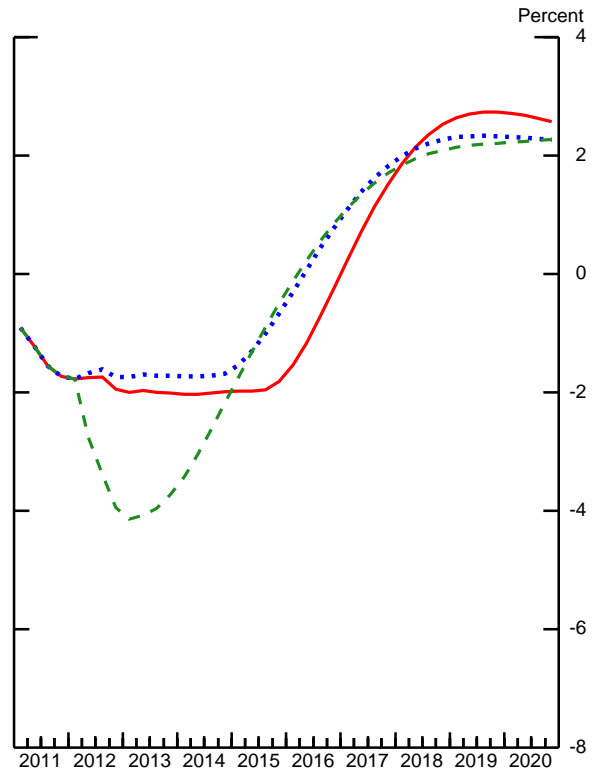
1. Percent, average for the final quarter of the period.

Optimal Monetary Policy: Commitment vs. Discretion

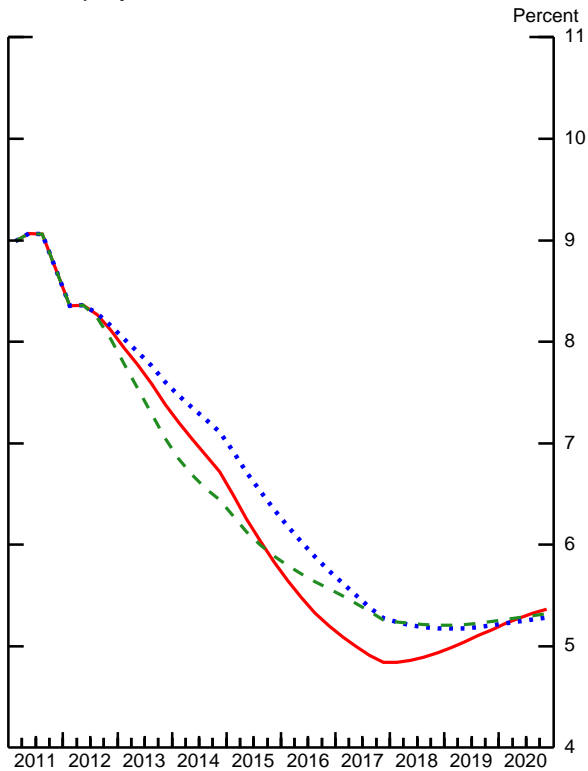
Nominal Federal Funds Rate



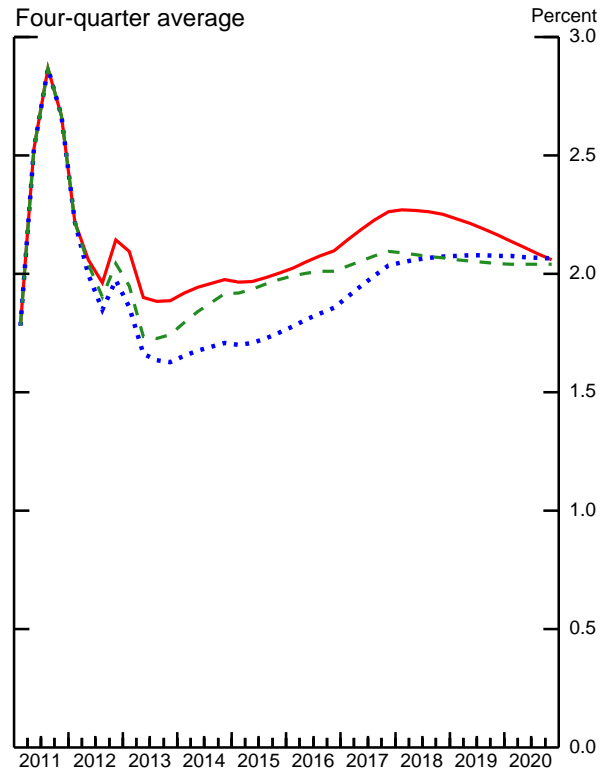
Real Federal Funds Rate



Unemployment Rate



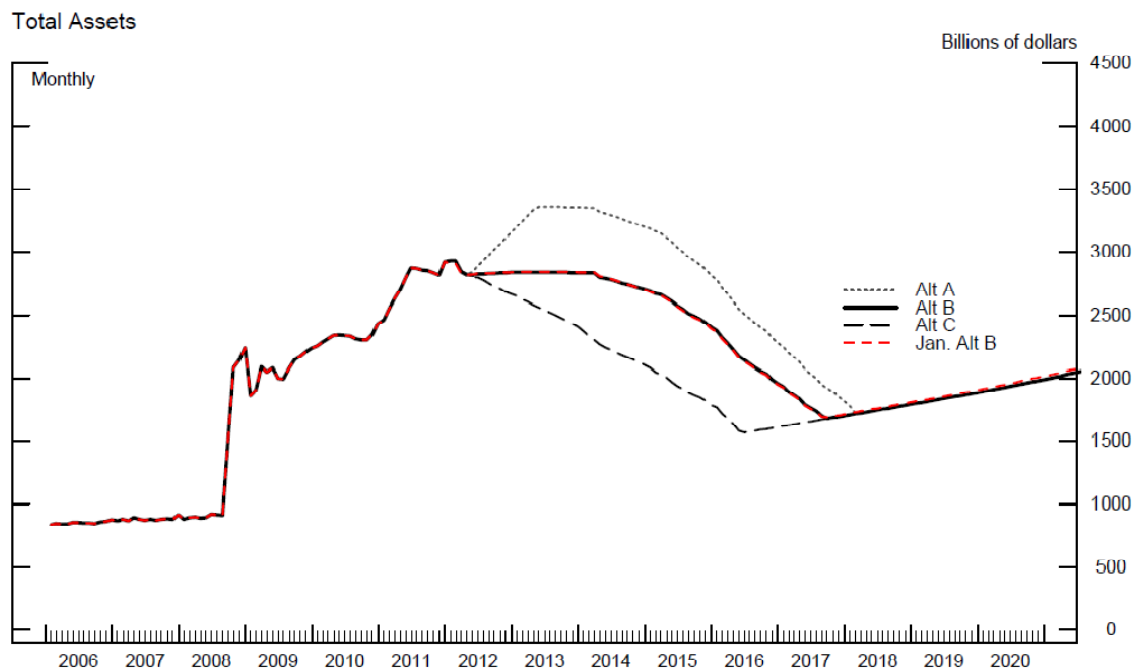
PCE Inflation
Four-quarter average



LONG-RUN PROJECTIONS OF THE BALANCE SHEET AND MONETARY BASE

The staff has prepared three scenarios for the Federal Reserve's balance sheet that correspond to the policy alternatives A, B, and C. The scenario for Alternative A incorporates the \$500 billion agency MBS purchase program included in paragraph 3 of the draft statement for that alternative. This scenario is also consistent with the open-ended purchase program in paragraph 3' of that statement if purchases last, and are expected to last, for one year. Projections under each scenario are based on assumptions about the trajectory of various components of the balance sheet. Details of these assumptions, as well as projections for each major component of the balance sheet, can be found in Explanatory Note D.

Alternatives



For the balance sheet scenario that corresponds to Alternative B, the Committee is assumed to complete the maturity extension program (MEP) that it announced in September, purchasing a total of \$400 billion (par value) of Treasury securities with remaining maturities of six years or more and selling the same par amount of securities with remaining maturities of three years or less by the end of June 2012. The Committee also continues to reinvest principal payments from its holdings of agency debt and MBS into agency MBS, while principal from maturing Treasury securities is reinvested at auction according to the Desk's current practice (that is, reinvesting roughly proportionally across all Treasury securities that are being issued on the date the

begins to contract sooner than under the baseline because of the assumed earlier liftoff, and at a faster pace because, under Alternative C, the smaller MEP leaves a larger quantity of shorter-term securities in the portfolio, which are allowed to mature.

Growth Rates for the Monetary Base				
Date	Alternative B	Alternative A	Alternative C	Memo : January Tealbook
Percent, annual rate				
Monthly				
Jan-11	23.3	23.3	23.3	23.3
Feb-11	57.6	57.6	57.6	57.6
Mar-11	97.8	97.8	97.8	97.8
Apr-11	74.4	74.4	74.4	74.4
May-11	42.1	42.1	42.1	42.1
Jun-11	35.9	35.9	35.9	35.9
Jul-11	27.0	27.0	27.0	27.0
Aug-11	2.0	2.0	2.0	2.0
Sep-11	-10.6	-10.6	-10.6	-10.6
Oct-11	-4.5	-4.5	-4.5	-4.5
Nov-11	-8.0	-8.0	-8.0	-8.0
Dec-11	-4.5	-4.5	-4.5	-4.5
Jan-12	9.2	9.2	9.2	5.8
Feb-12	18.0	18.0	18.0	22.7
Mar-12	11.3	11.5	10.6	4.0
Apr-12	-31.7	-31.2	-33.9	-38.5
May-12	-13.7	-8.8	-16.9	-2.2
Jun-12	16.2	30.0	13.1	18.3
Quarterly				
2011 Q1	36.8	36.8	36.8	36.8
2011 Q2	69.3	69.3	69.3	69.3
2011 Q3	21.0	21.0	21.0	21.0
2011 Q4	-5.9	-5.9	-5.9	-5.9
2012 Q1	6.4	6.5	6.4	5.5
2012 Q2	-7.4	-4.7	-9.4	-8.1
2012 Q3	6.0	22.4	-1.5	5.6
2012 Q4	-4.5	14.3	-16.3	5.5
Annual - Q4 to Q4				
2010	0.9	0.9	0.9	0.9
2011	32.9	32.9	32.9	32.9
2012	0.1	9.9	-5.2	2.1
2013	-0.3	8.9	-7.3	0.9
2014	-2.0	-2.2	-13.8	-4.8
2015	-10.7	-11.4	-15.7	-11.4
2016	-19.8	-20.2	-15.0	-19.8

Note: Not seasonally adjusted.

Growth Rates for M2

(Percent, seasonally adjusted annual rate)

Monthly Growth Rates	Tealbook Forecast*
Jan-12	15.6
Feb-12	2.5
Mar-12	2.2
Apr-12	4.2
May-12	4.2
Jun-12	4.2
Jul-12	4.1
Aug-12	4.1
Sep-12	4.1
Oct-12	4.3
Nov-12	4.3
Dec-12	4.3
Quarterly Growth Rates	
2012 Q1	7.9
2012 Q2	3.5
2012 Q3	4.2
2012 Q4	4.3
2013 Q1	1.8
2013 Q2	1.8
2013 Q3	2.6
2013 Q4	2.7
Annual Growth Rates	
2012	5.1
2013	2.2

* This forecast is consistent with nominal GDP and interest rates in the Tealbook forecast. Actual data through January 2012; projections thereafter.

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

Billions of dollars

	<u>Feb 29, 2012</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2020</u>
Total assets	2,930	3,157	3,201	2,281	1,793	1,992
Selected assets						
Liquidity programs for financial firms	108	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0
Central bank liquidity swaps	108	0	0	0	0	0
Lending through other credit facilities	11	3	1	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	11	3	1	0	0	0
Support for specific institutions	31	20	16	12	7	4
Credit extended to AIG	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	31	20	16	12	7	4
Securities held outright	2,603	2,918	2,984	2,102	1,646	1,863
U.S. Treasury securities	1,662	1,653	1,599	1,231	1,315	1,863
Agency debt securities	101	77	39	16	2	0
Agency mortgage-backed securities	841	1,189	1,346	855	329	0
Net portfolio holdings of TALF LLC	1	1	1	0	0	0
Total other assets	177	215	199	166	140	125
Total liabilities	2,876	3,096	3,119	2,173	1,649	1,802
Selected liabilities						
Federal Reserve notes in circulation	1,050	1,113	1,241	1,382	1,530	1,683
Reverse repurchase agreements	77	70	70	70	70	70
Deposits with Federal Reserve Banks	1,727	1,893	1,789	702	30	30
Reserve balances held by depository institutions	1,620	1,808	1,784	697	25	25
U.S. Treasury, General Account	63	86	5	5	5	5
Other Deposits	45	0	0	0	0	0
Interest on Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0
Total capital	55	62	82	108	143	189

Explanatory Notes

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

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

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

Billions of dollars

	<u>Feb 29, 2012</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2020</u>
Total assets	2,930	2,836	2,703	1,963	1,793	1,992
Selected assets						
Liquidity programs for financial firms	108	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0
Central bank liquidity swaps	108	0	0	0	0	0
Lending through other credit facilities	11	3	1	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	11	3	1	0	0	0
Support for specific institutions	31	20	16	12	7	4
Credit extended to AIG	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	31	20	16	12	7	4
Securities held outright	2,603	2,613	2,507	1,798	1,654	1,867
U.S. Treasury securities	1,662	1,653	1,599	1,231	1,439	1,867
Agency debt securities	101	77	39	16	2	0
Agency mortgage-backed securities	841	884	869	551	212	0
Net portfolio holdings of TALF LLC	1	1	1	0	0	0
Total other assets	177	200	179	152	132	121
Total liabilities	2,876	2,774	2,621	1,854	1,649	1,802
Selected liabilities						
Federal Reserve notes in circulation	1,050	1,113	1,241	1,382	1,530	1,683
Reverse repurchase agreements	77	70	70	70	70	70
Deposits with Federal Reserve Banks	1,727	1,572	1,291	384	30	30
Reserve balances held by depository institutions	1,620	1,487	1,286	379	25	25
U.S. Treasury, General Account	63	86	5	5	5	5
Other Deposits	45	0	0	0	0	0
Interest on Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0
Total capital	55	62	82	108	143	189

Explanatory Notes

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

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

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

Billions of dollars

	<u>Feb 29, 2012</u>	<u>2012</u>	<u>2014</u>	<u>2016</u>	<u>2018</u>	<u>2020</u>
Total assets	2,930	2,666	2,101	1,608	1,792	1,991
Selected assets						
Liquidity programs for financial firms	108	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0
Central bank liquidity swaps	108	0	0	0	0	0
Lending through other credit facilities	11	3	1	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	11	3	1	0	0	0
Support for specific institutions	31	20	16	12	7	4
Credit extended to AIG	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	31	20	16	12	7	4
Securities held outright	2,603	2,469	1,940	1,476	1,681	1,890
U.S. Treasury securities	1,662	1,598	1,382	1,237	1,681	1,890
Agency debt securities	101	77	39	16	0	0
Agency mortgage-backed securities	841	795	518	222	0	0
Net portfolio holdings of TALF LLC	1	1	1	0	0	0
Total other assets	177	173	144	120	104	97
Total liabilities	2,876	2,604	2,019	1,500	1,649	1,802
Selected liabilities						
Federal Reserve notes in circulation	1,050	1,112	1,240	1,381	1,529	1,682
Reverse repurchase agreements	77	70	70	70	70	70
Deposits with Federal Reserve Banks	1,727	1,402	690	30	30	30
Reserve balances held by depository institutions	1,620	1,316	685	25	25	25
U.S. Treasury, General Account	63	86	5	5	5	5
Other Deposits	45	0	0	0	0	0
Interest on Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0
Total capital	55	62	82	108	143	189

Explanatory Notes

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

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