

Report to the FOMC on Economic Conditions and Monetary Policy



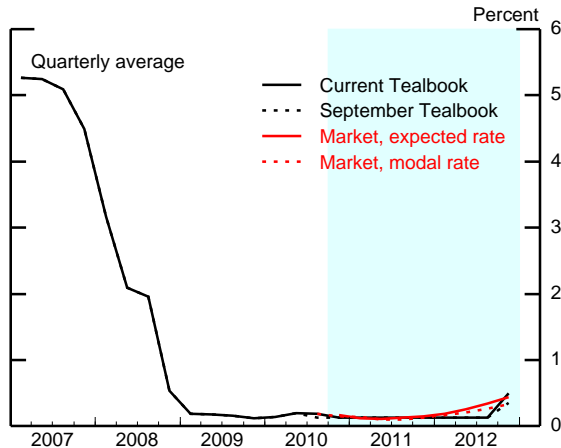
Book A

Economic and Financial Conditions: Current Situation and Outlook

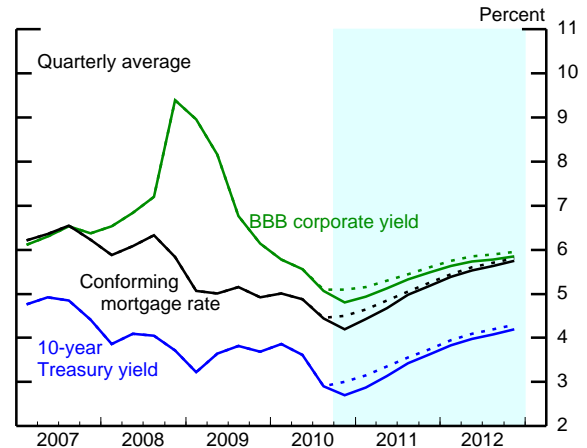
October 27, 2010

Key Background Factors Underlying the Baseline Staff Projection

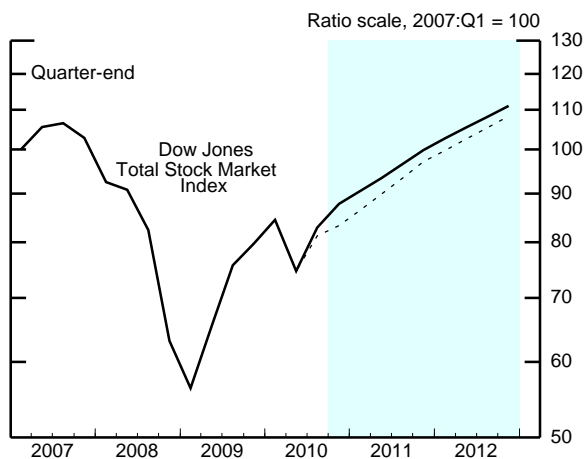
Federal Funds Rate



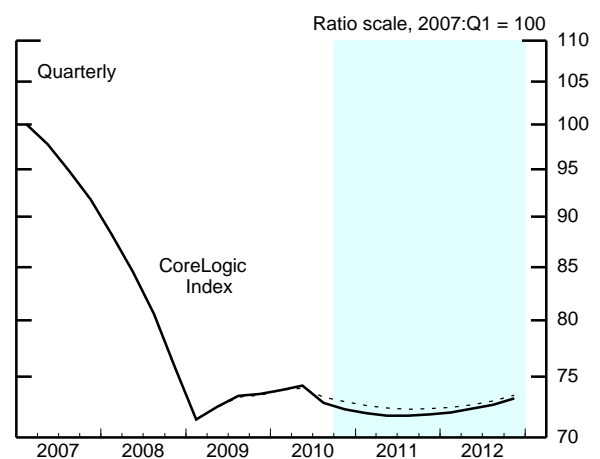
Long-Term Interest Rates



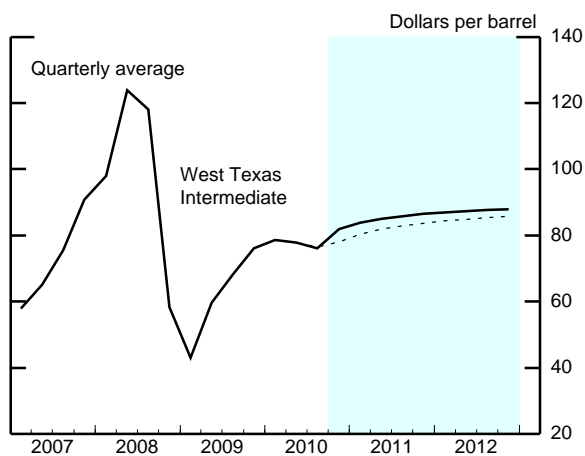
Equity Prices



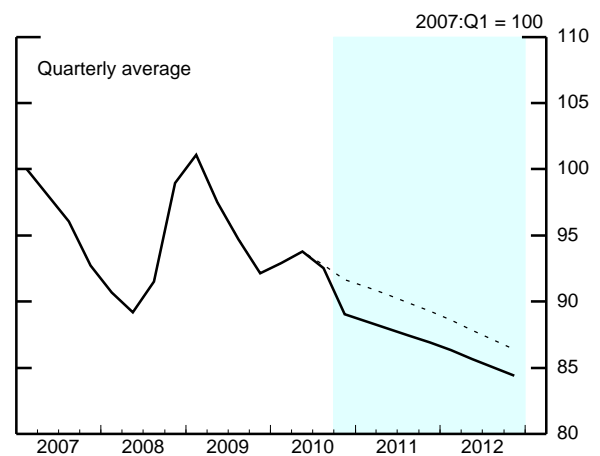
House Prices



Crude Oil Prices



Broad Real Dollar



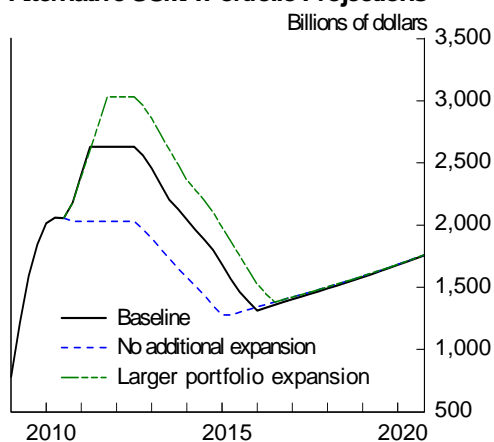
Alternative SOMA Portfolio Assumptions

The staff's baseline forecast assumes that the Federal Reserve will increase its holdings of longer-term securities by \$600 billion, and that the additional purchases will be completed by next June. We expect that investors will be somewhat disappointed when the Committee takes no further action at subsequent meetings, a reaction that causes some additional upward pressure on long-term yields during the first half of next year.

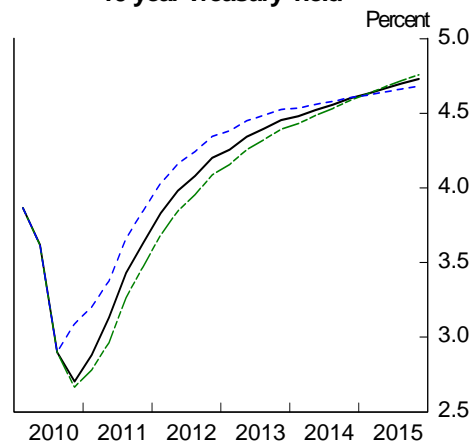
Here we consider the effects of two alternative scenarios for asset purchases. In the first alternative, called "no additional expansion," the Committee announces that it will maintain the Federal Reserve's balance sheet at its current level through 2012, thereby greatly surprising market participants. In the second alternative, called "larger portfolio expansion," the FOMC instead announces that it will increase the size of the balance sheet by \$1 trillion by the end of next year—a policy that would not entail the disappointment during the first half of next year that we envision occurring under the baseline policy. In both alternative scenarios, market participants expect that no further expansions of the balance sheet will be announced after November. The paths for the size of the SOMA portfolio in the baseline and in the alternative scenarios are shown in the figure in the lower left.

For purposes of this simulation, we assume that market participants currently expect a cumulative increase in the SOMA of roughly \$1 trillion. Accordingly, an announcement that no further asset purchases will be forthcoming would likely cause long-term interest rates to jump 30 to 40 basis points. Although such estimates are uncertain, this response would be in line with research on the effects of the earlier large-scale asset programs. The figure in the lower right shows the effect of this announcement regarding the no-additional-expansion policy. Going forward, the gap between yields under this strategy and the baseline policy narrows, in part because the baseline incorporates a backup in yields next year as market participants come to realize that the baseline policy involves only \$600 billion in purchases, not \$1 trillion.

Alternative SOMA Portfolio Projections



10-year Treasury Yield

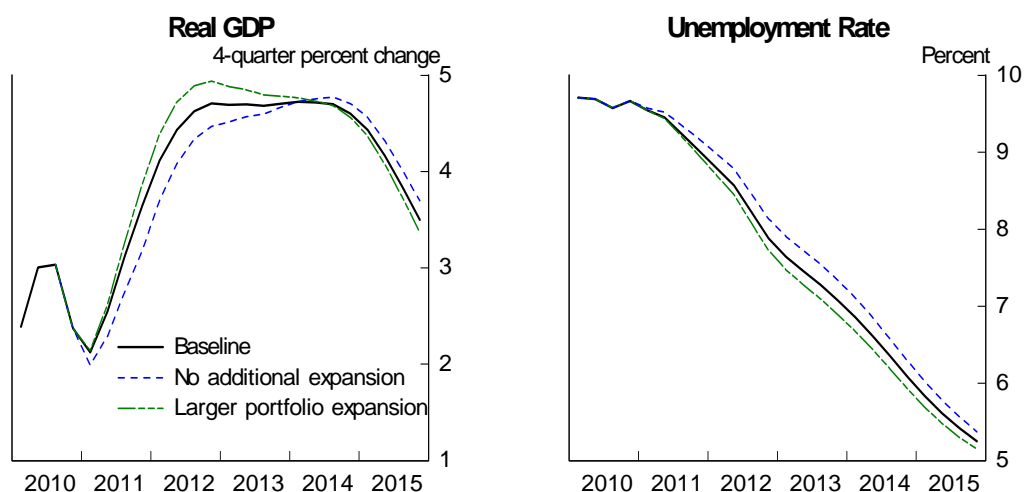


In contrast to the no-additional-expansion policy, we assume that the implementation of the larger program of additional asset purchases would largely accord with current market expectations. Therefore, as indicated by the green line in the figure on the lower right on the facing page, this policy would prevent the backup in term premiums that the baseline forecast anticipates for next year, and thus would provide a modest amount of additional monetary stimulus over time.

The figures below illustrate the implications for real GDP and the unemployment rate of the alternative portfolio strategies, based on simulations of the FRB/US model in which the federal funds rate follows the baseline path through 2015. In the no-additional-expansion scenario, the less favorable financial conditions induced by higher long-term interest rates (including lower equity prices and a higher foreign exchange value of the dollar) restrain aggregate demand. As a result, the level of real GDP is 0.7 percent below baseline by the end of 2012, while the unemployment rate is 0.3 percentage point higher. In the larger-portfolio-expansion scenario, by contrast, the additional monetary stimulus provided by the policy results in modestly more favorable financial conditions, so that the level of real GDP is 0.4 percent above baseline by late 2012.

FRB/US simulations suggest that the price implications of pursuing either of the two alternative portfolio strategies would likely be small. For example, the model predicts that, without any further expansion, inflation would decline relative to baseline by only 0.1 percentage point at most. However, this result hinges on the assumption that agents' expectations for long-run inflation would not be materially altered by changes in the balance sheet of the magnitude considered here.

Macroeconomic Effects of Alternative SOMA Policies

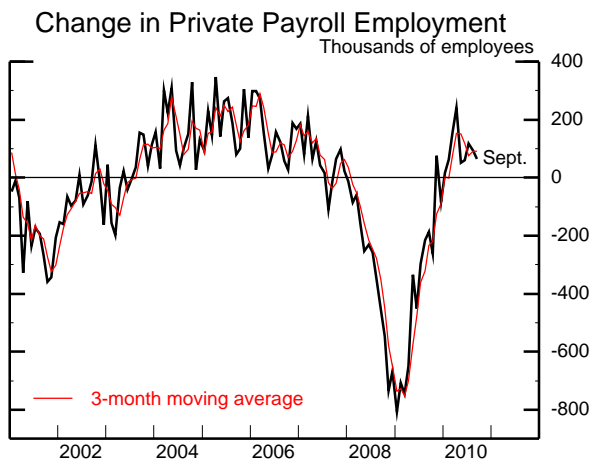


Summary of the Near-Term Outlook

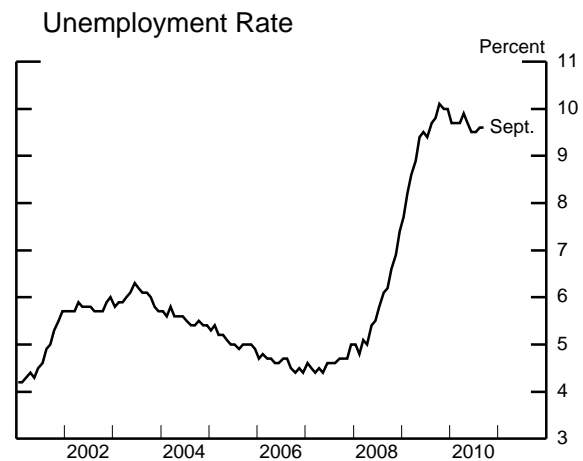
(Percent change at annual rate except as noted)

Measure	2010:Q3		2010:Q4		2011:Q1	
	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook
Real GDP	1.7	1.7	2.4	2.4	2.5	2.7
Private domestic final purchases	.9	1.9	2.1	2.1	2.8	3.0
Personal consumption expenditures	2.2	2.6	2.0	2.2	2.1	2.4
Residential investment	-27.2	-29.9	3.5	-4.7	11.0	13.5
Nonres. structures	-1.5	-5.1	-1.8	-2.4	-1.9	-2.8
Equipment and software	-.3	9.7	4.6	5.6	8.8	8.3
Federal purchases	3.4	4.3	4.5	3.7	.9	1.0
State and local purchases	-1.0	-.6	-.1	-.7	.1	.1
Contribution to change in real GDP (percentage points)						
Inventory investment	.9	1.4	-.9	-1.3	-.1	-.5
Net exports	-.1	-1.5	1.1	1.6	.2	.6

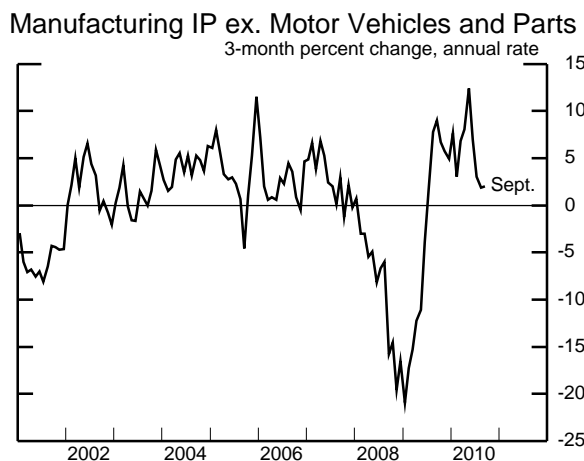
Recent Nonfinancial Developments (1)



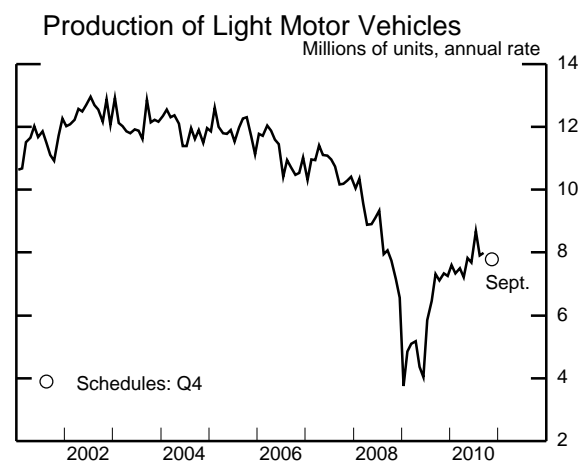
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.



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

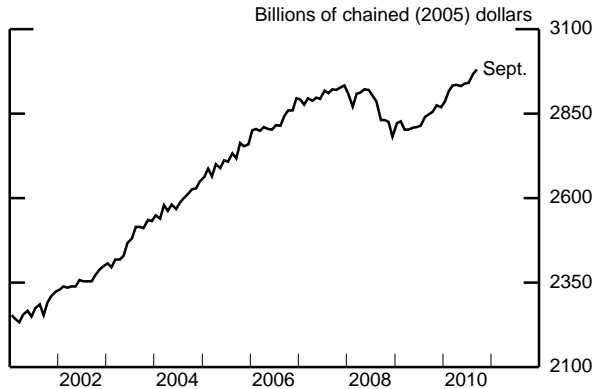


Source: Federal Reserve Board, G.17 Statistical Release, "Industrial Production and Capacity Utilization."

Note: Schedules data are from Ward's Communications.
Source: Ward's Auto Infobank.

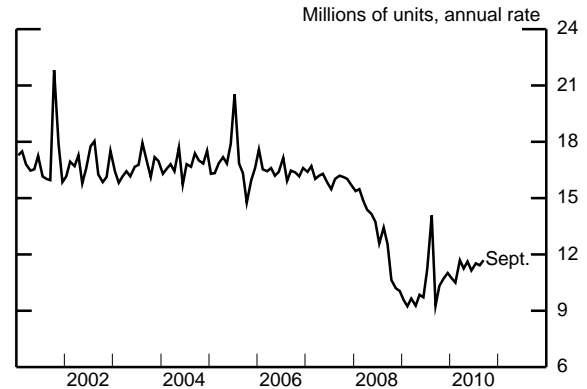
Recent Nonfinancial Developments (2)

Real PCE Goods ex. Motor Vehicles



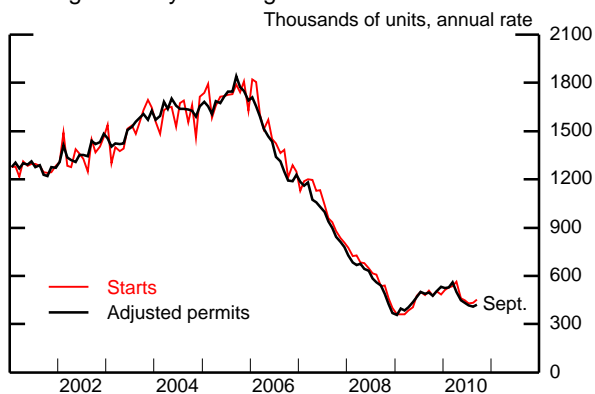
Note: Figures for July, August, and September are staff estimates based on available source data.
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Sales of Light Motor Vehicles



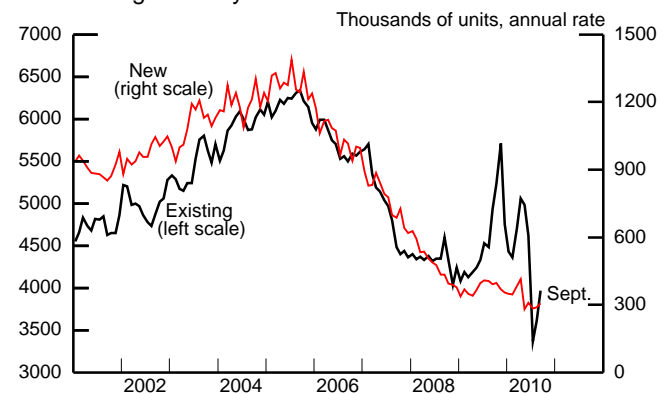
Source: Ward's Auto Infobank.

Single-Family Housing Starts



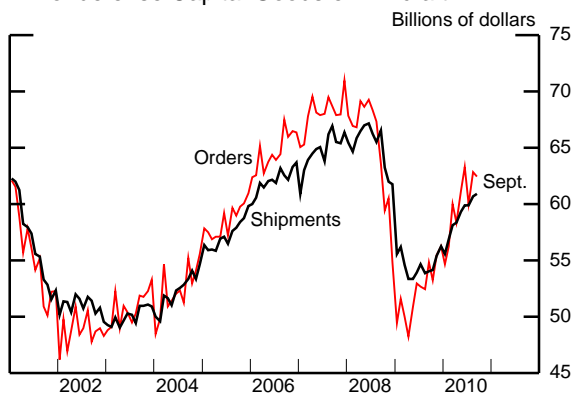
Note: Adjusted permits equal permits plus starts outside of permit-issuing areas.
Source: U.S. Census Bureau.

Single-Family Home Sales



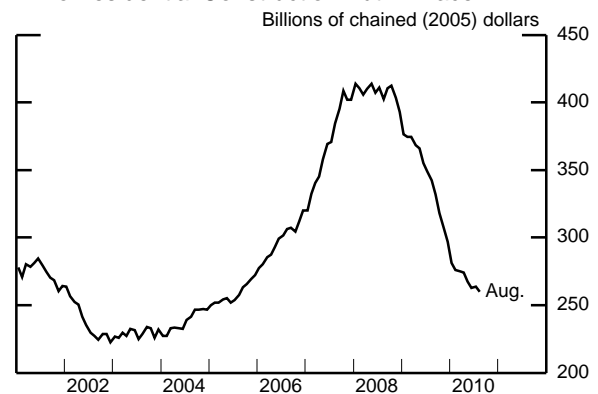
Source: For existing, National Association of Realtors; for new, U.S. Census Bureau.

Nondefense Capital Goods ex. Aircraft



Source: U.S. Census Bureau.

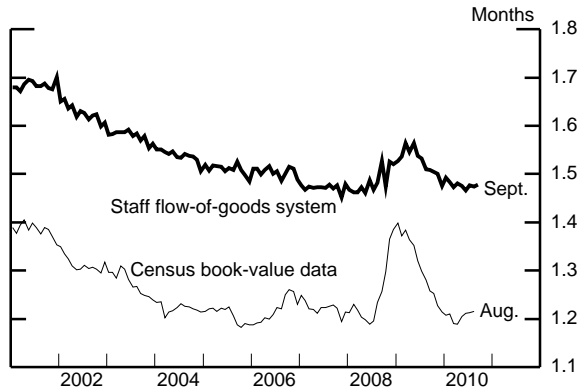
Nonresidential Construction Put in Place



Source: U.S. Census Bureau.

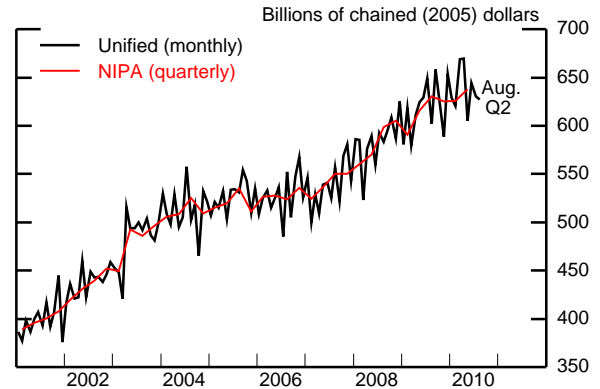
Recent Nonfinancial Developments (3)

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: U.S. Census Bureau; staff calculation.

Defense Spending



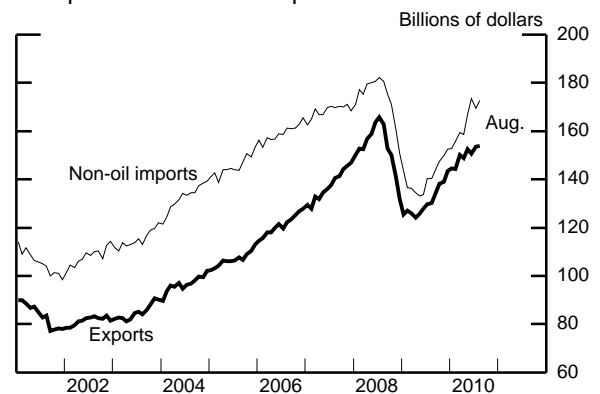
Note: The unified series is seasonally adjusted and deflated by BEA prices. The NIPA series excludes the consumption of fixed capital.
Source: Monthly Treasury Statement.

Trade Balance



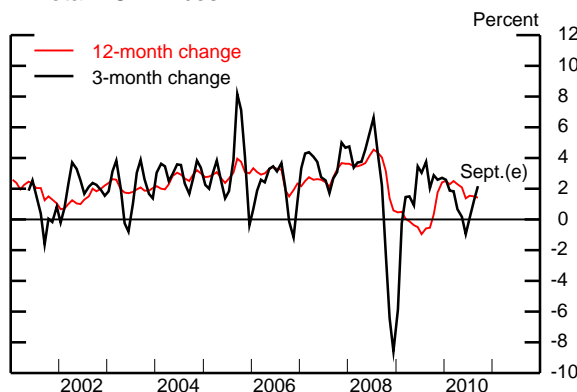
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; U.S. Census Bureau.

Exports and Non-Oil Imports



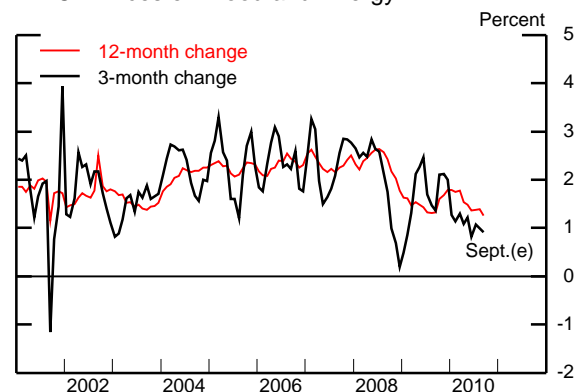
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis; U.S. Census Bureau.

Total PCE Prices



Note: 3-month changes are at an annual rate.
e Staff estimate.
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

PCE Prices ex. Food and Energy

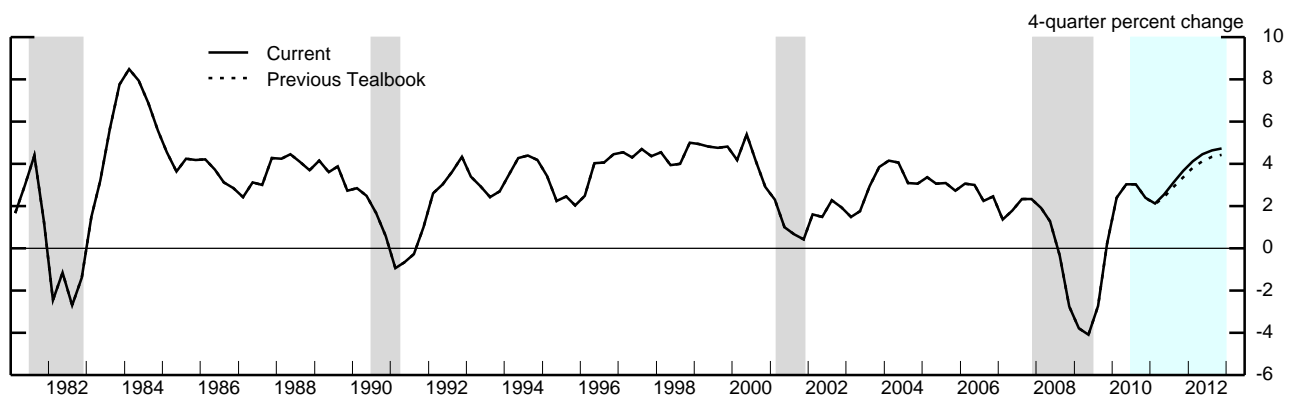


Note: 3-month changes are at an annual rate.
e Staff estimate.
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

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

Measure	2009	2010		2011	2012
		H1	H2		
Real GDP	.2	2.7	2.0	3.6	4.7
Previous Tealbook	.2	2.7	2.0	3.3	4.4
Final sales	-.3	1.0	2.0	3.8	4.6
Previous Tealbook	-.3	1.0	2.0	3.4	4.3
Personal consumption expenditures	.2	2.0	2.4	3.1	4.4
Previous Tealbook	.2	1.9	2.1	3.0	4.2
Residential investment	-13.4	5.0	-18.2	21.5	17.0
Previous Tealbook	-13.4	5.3	-13.2	19.2	17.5
Nonresidential structures	-26.5	-9.5	-3.8	-3.0	.0
Previous Tealbook	-26.5	-10.5	-1.6	-2.0	-.7
Equipment and software	-4.9	22.6	7.6	10.1	11.6
Previous Tealbook	-4.9	23.4	2.1	10.5	11.0
Federal purchases	3.6	5.4	4.0	1.0	.2
Previous Tealbook	3.6	5.4	4.0	1.1	.2
State and local purchases	-1.0	-1.6	-.6	.4	1.3
Previous Tealbook	-1.0	-1.6	-.6	.4	1.3
Exports	-.1	10.2	7.5	8.6	8.3
Previous Tealbook	-.1	10.3	9.6	7.6	7.5
Imports	-7.2	21.8	5.5	4.7	6.7
Previous Tealbook	-7.2	21.5	4.1	5.7	6.3
Contributions to change in real GDP (percentage points)					
Inventory change	.5	1.7	.1	-.1	.2
Previous Tealbook	.5	1.7	.0	.0	.1
Net exports	1.2	-1.9	.0	.3	.0
Previous Tealbook	1.2	-1.9	.5	.0	-.1

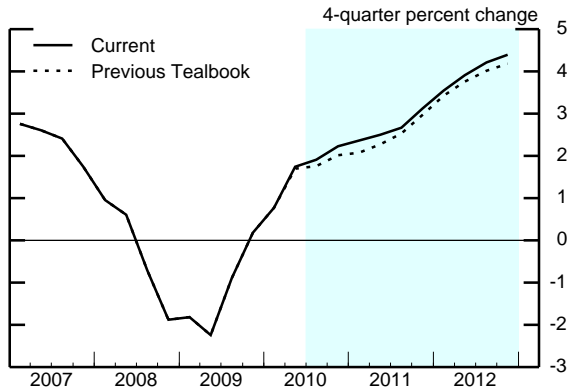
Real GDP



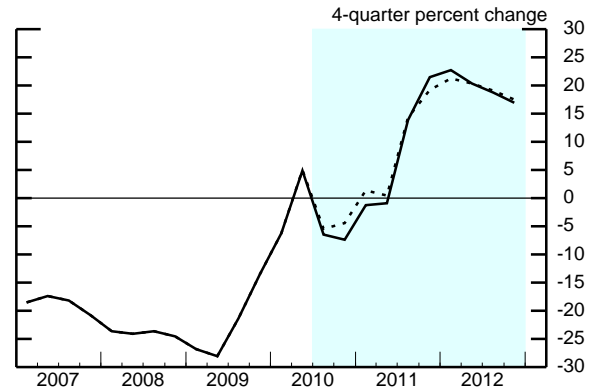
Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Components of Final Demand

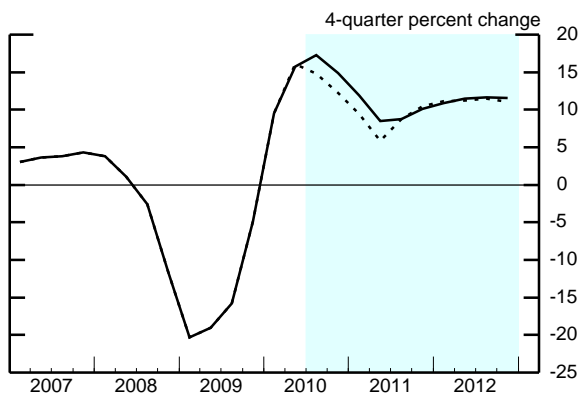
Personal Consumption Expenditures



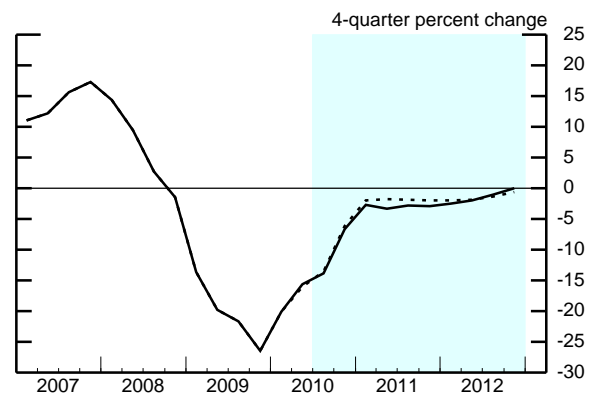
Residential Investment



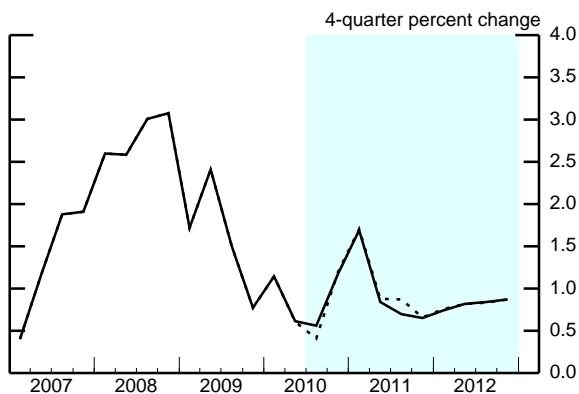
Equipment and Software



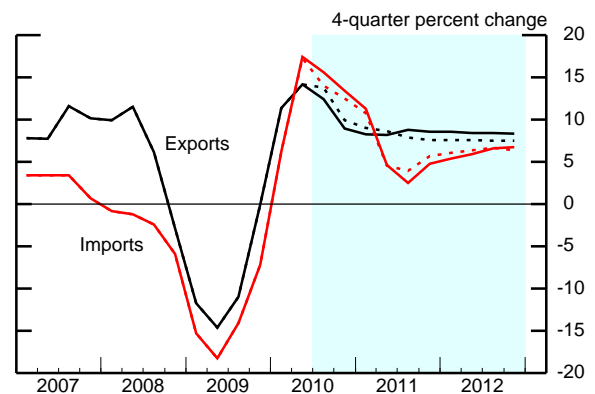
Nonresidential Structures



Government Consumption & Investment



Exports and Imports



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

conditions, continued increases in credit availability, a further diminishing of the adverse effects of earlier declines in wealth, and a gradual recovery in the labor market should contribute to an improvement in business and household confidence and provide some impetus to private spending growth over the next two years. However, several other factors—the waning of federal fiscal stimulus, budgetary pressures on state and local governments, lingering credit constraints for some potential borrowers, and a sizable overhang of residential and commercial real estate—will likely weigh on economic growth over the projection period. On balance, we see these various influences as consistent with a further recovery in economic activity, but one that is more modest than has typically followed deep U.S. recessions.

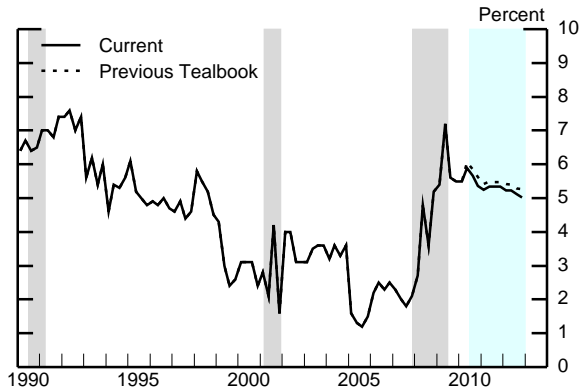
In the household sector, we expect that spending will be increasingly supported over time by more-favorable credit conditions, improvements in the pace of job creation, diminishing concerns about future income prospects, and a waning of the drag from earlier declines in wealth. As a result, we project real consumption spending to rise about 3 percent in 2011, about the same pace as real income growth and consistent with little change in the personal saving rate. For 2012, our projection calls for real PCE growth to pick up to 4½ percent and for the saving rate to edge down to 5 percent.

We expect that housing market activity will begin to pick up early next year, as the boost to affordability from low mortgage rates and low house prices, increasing confidence that house prices have bottomed out, and modest but steady improvements in income and employment lead to a gradual upturn in the demand for housing. That said, at 610,000 units and 880,000 units for 2011 and 2012, respectively, our projection for single-family housing starts is still far below the pace we believe is consistent with the longer-run demand for housing. This shortfall reflects, in large part, the substantial overhang of vacant homes and lingering impediments to the availability of mortgage credit.

We project that business outlays for equipment and software will rise about 10 percent in 2011 and then step up to an 11½ percent growth rate in 2012—solid, albeit not spectacular, gains. E&S spending should continue to be supported by the replacement of aging capital, the resumption of investment projects deferred during the financial crisis, and some expansion of capacity in response to rising sales. Nevertheless, with the shift in the composition of the capital stock toward high-tech equipment and software—which have short service lives—the aggregate depreciation rate has continued to move higher. As a result, the level of investment is not much above that required to

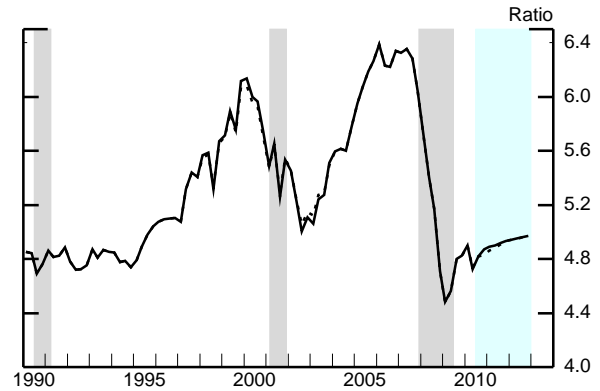
Aspects of the Medium-Term Projection

Personal Saving Rate



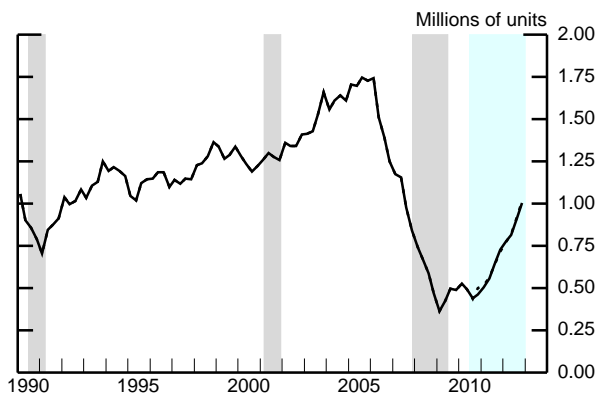
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Wealth-to-Income Ratio



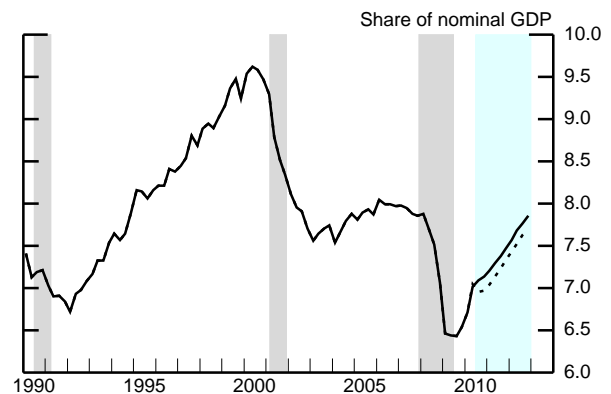
Note: Household net worth as a ratio to disposable personal income.
Source: Flow of Funds Accounts.

Single-Family Housing Starts



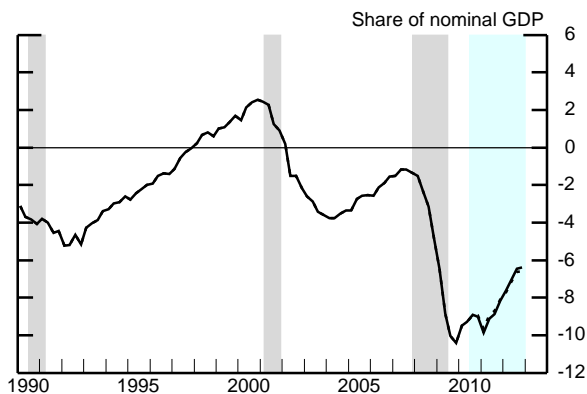
Source: U.S. Census Bureau.

Equipment and Software Spending



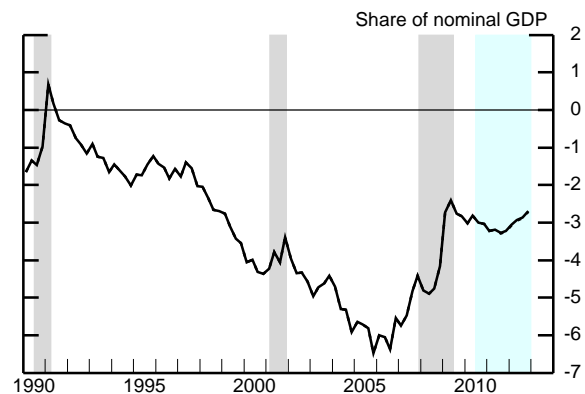
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Federal Surplus/Deficit



Note: Share of federal government surplus/deficit is shown as a 4-quarter moving average.
Source: Monthly Treasury Statement.

Current Account Surplus/Deficit



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

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

Decomposition of Potential GDP

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

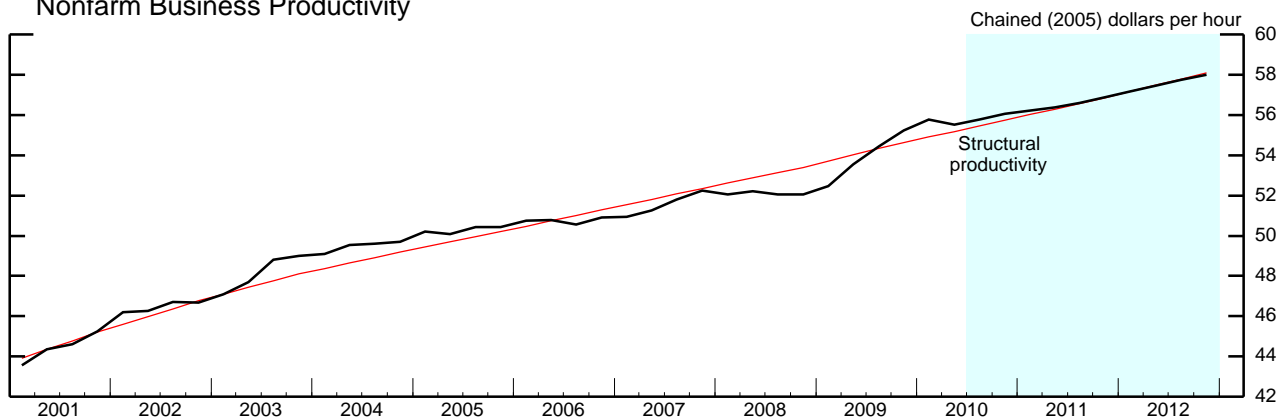
Measure	1974-1995	1996-2000	2001-2008	2009	2010	2011	2012
Potential GDP	3.0	3.5	2.7	2.2	2.5	2.5	2.6
Previous Tealbook	3.0	3.5	2.7	2.2	2.5	2.5	2.5
<i>Selected contributions¹</i>							
Structural labor productivity	1.5	2.7	2.5	2.3	2.0	2.0	2.2
Previous Tealbook	1.5	2.7	2.5	2.3	2.0	2.0	2.1
Capital deepening	.7	1.5	.7	.3	.4	.6	.9
Previous Tealbook	.7	1.5	.7	.3	.4	.6	.8
Multifactor productivity	.5	.9	1.6	1.9	1.5	1.3	1.2
Previous Tealbook	.5	.9	1.4	1.9	1.5	1.3	1.2
Trend hours	1.7	1.1	.8	.0	.7	.7	.7
Previous Tealbook	1.7	1.1	.8	.1	.7	.7	.7
Labor force participation	.5	.0	-.2	-.2	-.2	-.2	-.2
Previous Tealbook	.5	.0	-.2	-.2	-.2	-.2	-.2

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

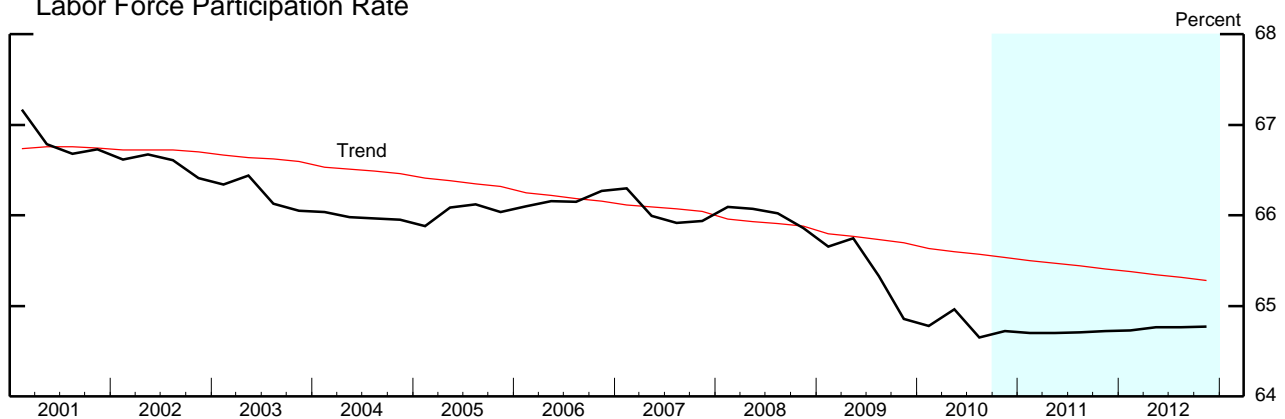
1. Percentage points.

Source: Staff assumptions.

Nonfarm Business Productivity



Labor Force Participation Rate



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

The Outlook for the Labor Market

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

Measure	2009	2010	2011	2012
Output per hour, nonfarm business	6.2	1.5	1.5	2.0
Previous Tealbook	6.2	1.3	1.6	2.0
Nonfarm private employment	-4.7	.9	2.3	3.1
Previous Tealbook	-4.7	.9	2.1	2.9
Labor force participation rate ¹	64.9	64.7	64.7	64.8
Previous Tealbook	64.9	64.7	64.7	64.6
Civilian unemployment rate ¹	10.0	9.7	9.0	7.9
Previous Tealbook	10.0	9.7	9.1	8.0
Memo: GDP gap ²	-6.7	-6.8	-5.8	-3.8
Previous Tealbook	-7.1	-7.2	-6.4	-4.7

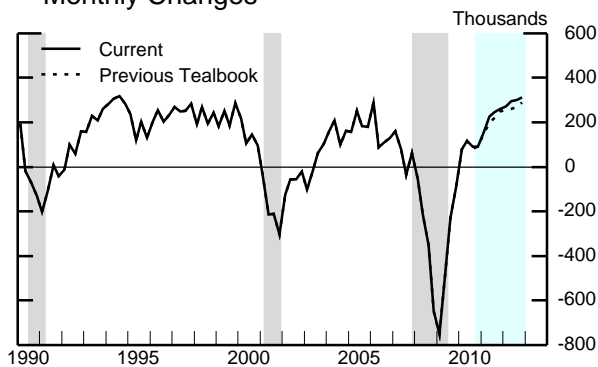
Note: A negative number indicates that the economy is operating below potential.

1. Percent, average for the fourth quarter.

2. Percent difference between actual and potential GDP in the fourth quarter of the year indicated.

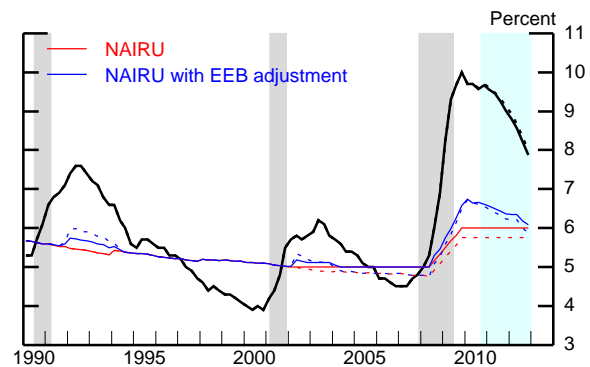
Source: U.S. Department of Labor, Bureau of Labor Statistics; staff assumptions.

Private Payroll Employment, Average
Monthly Changes



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

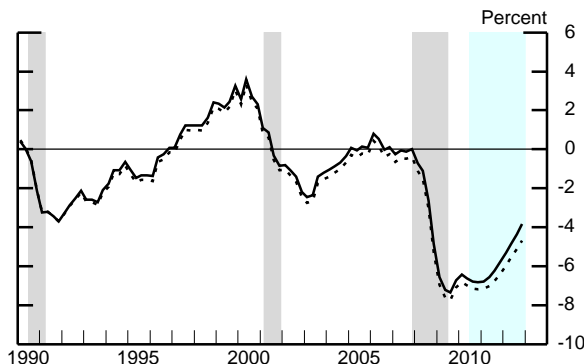
Unemployment Rate



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, Bureau of Labor Statistics; staff assumption.

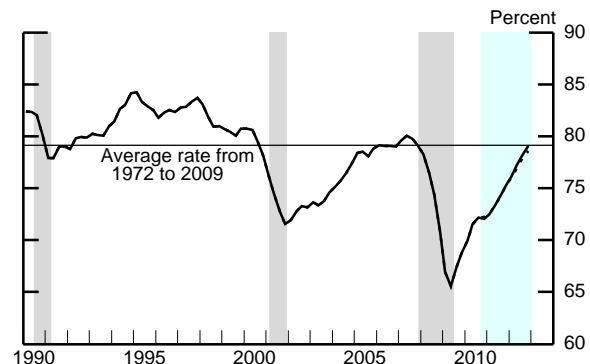
GDP Gap



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, Bureau of Economic Analysis; staff assumption.

Manufacturing Capacity Utilization Rate



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

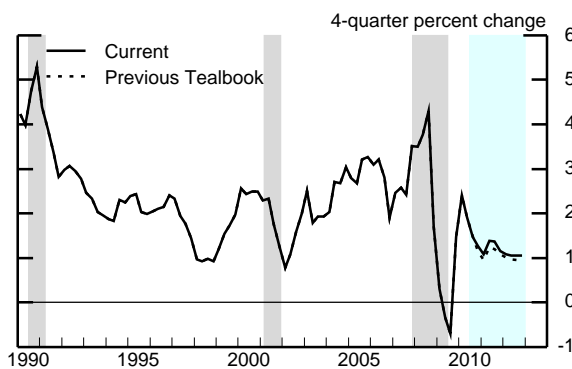
Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research.

Inflation Projections (Percent change, Q4 to Q4)

Measure	2009	2010	2011	2012
PCE chain-weighted price index	1.5	1.3	1.1	1.1
Previous Tealbook	1.5	1.2	1.1	1.0
Food and beverages	-1.6	1.3	1.0	1.1
Previous Tealbook	-1.6	1.2	.7	.7
Energy	2.7	4.0	3.2	1.3
Previous Tealbook	2.7	1.4	4.4	1.8
Excluding food and energy	1.7	1.1	1.0	1.0
Previous Tealbook	1.7	1.1	.9	.9
Prices of core goods imports ¹	-1.9	3.5	2.1	1.3
Previous Tealbook	-1.9	2.7	1.2	.9

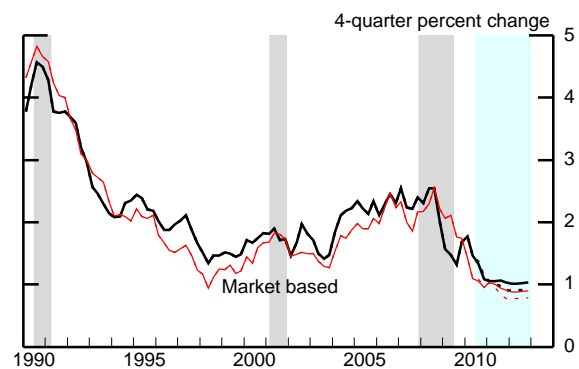
1. Core goods imports exclude computers, semiconductors, oil, and natural gas.
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Total PCE Prices



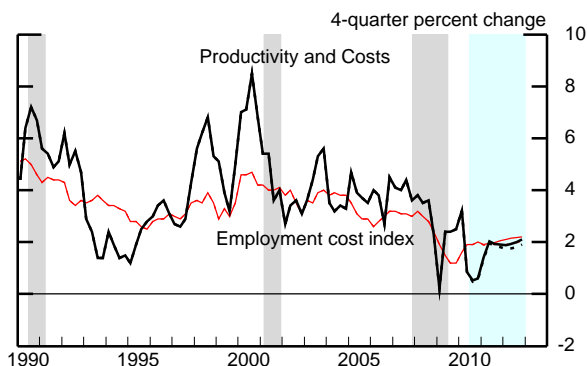
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

PCE Prices ex. Food and Energy



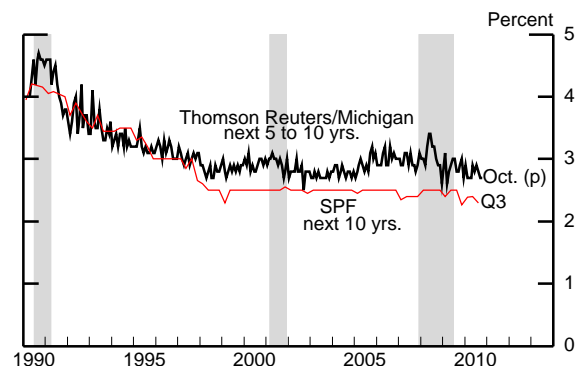
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

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 CPI.
p Preliminary.

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

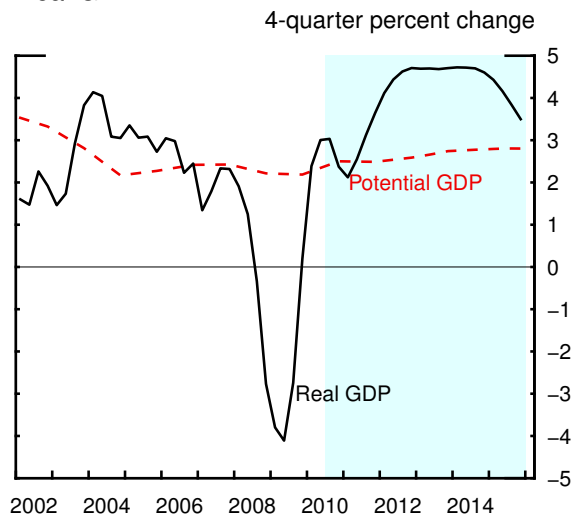
The Long-Term Outlook

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

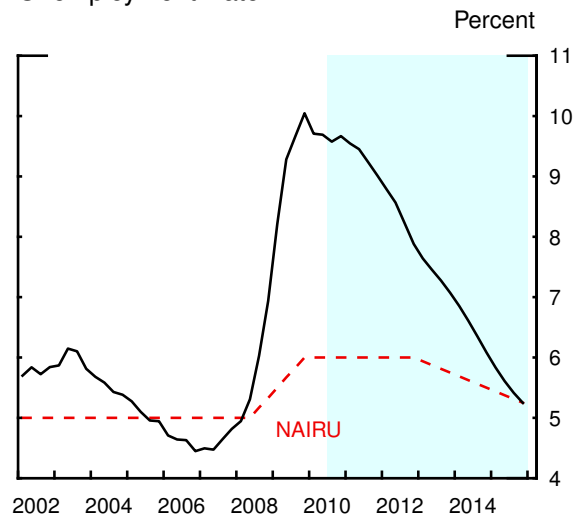
Item	2010	2011	2012	2013	2014	2015
Real GDP	2.4	3.6	4.7	4.7	4.6	3.5
Civilian unemployment rate ¹	9.7	9.0	7.9	7.1	6.1	5.2
PCE prices, total	1.3	1.1	1.1	1.2	1.4	1.6
Core PCE prices	1.1	1.0	1.0	1.2	1.3	1.5
Federal funds rate ¹	.1	.1	.5	1.7	2.8	3.7
10-year Treasury yield ¹	2.7	3.6	4.2	4.5	4.6	4.7

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

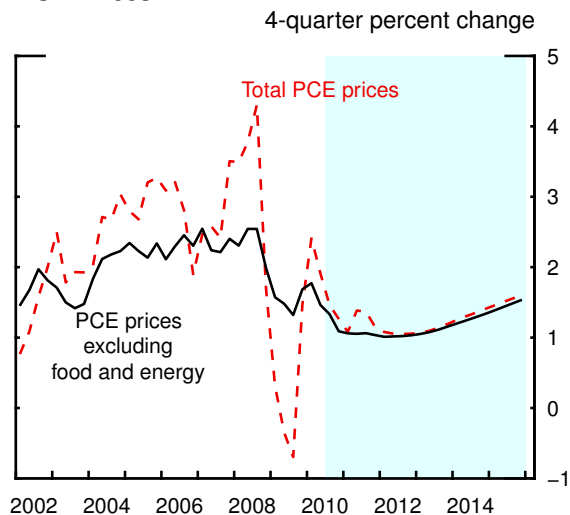
Real GDP



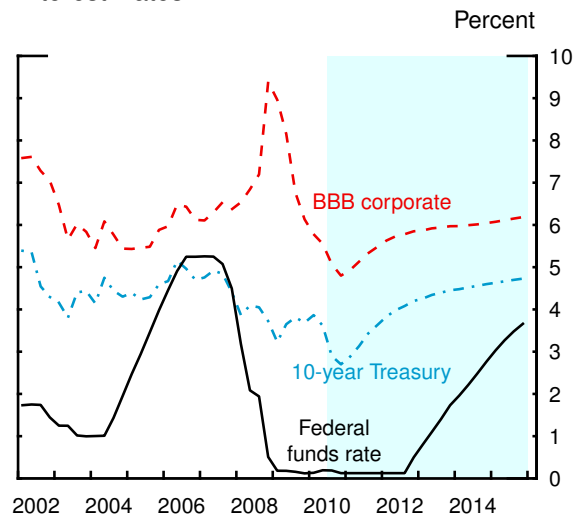
Unemployment Rate



PCE Prices



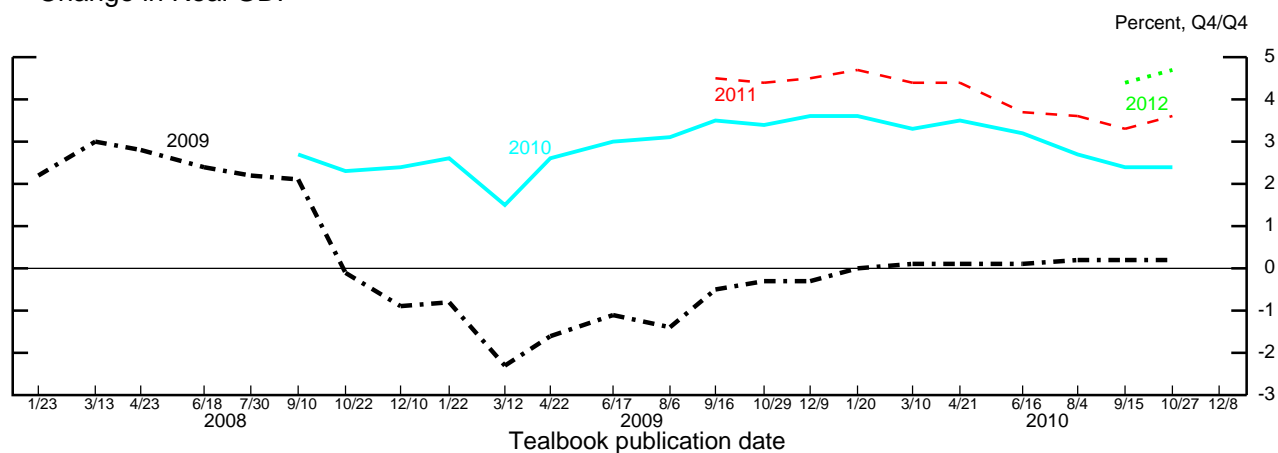
Interest Rates



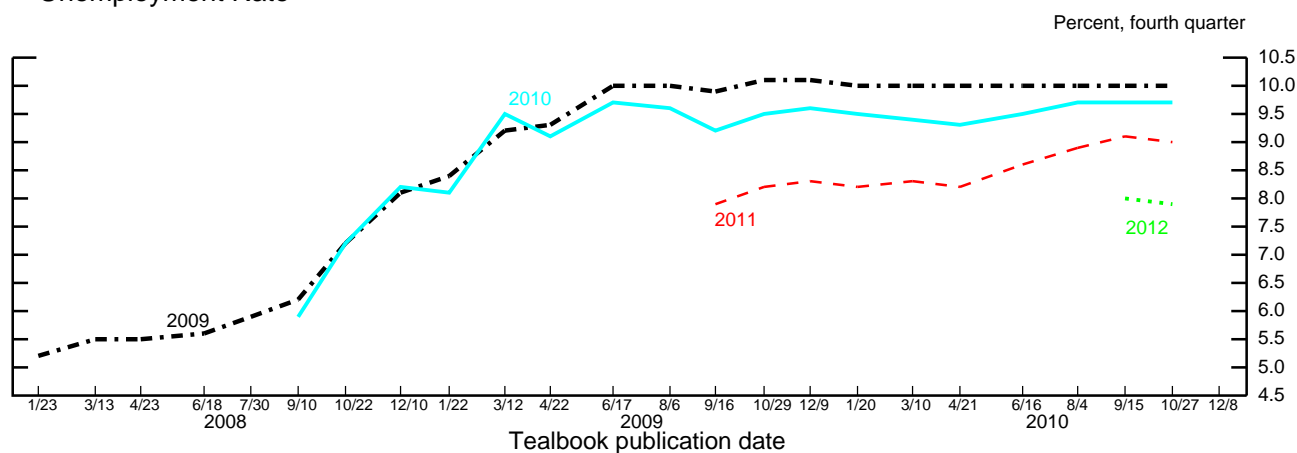
Note: In each panel, shading represents the projection period.

Evolution of the Staff Forecast

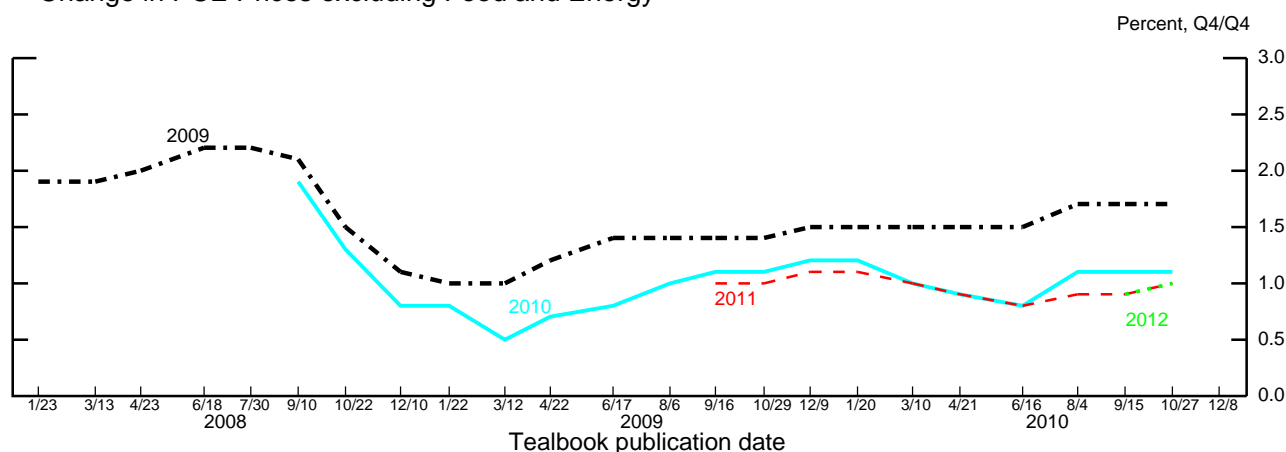
Change in Real GDP



Unemployment Rate



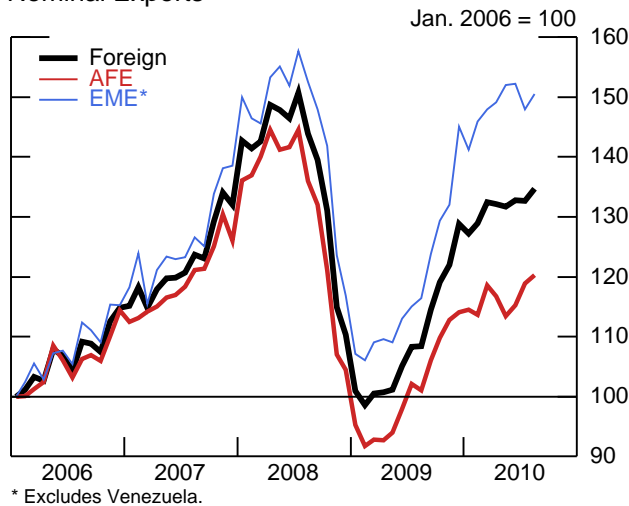
Change in PCE Prices excluding Food and Energy*



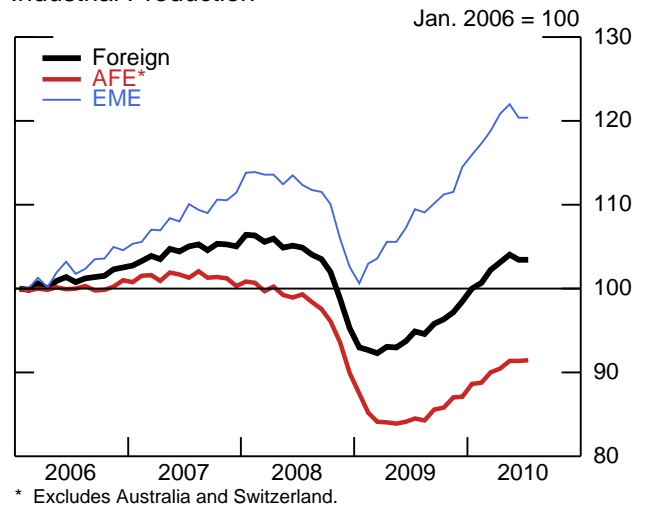
*Because the core PCE price index was redefined as part of the comprehensive revisions to the NIPA, projections prior to the August 2009 Tealbook are not strictly comparable with more recent projections.

Recent Foreign Indicators

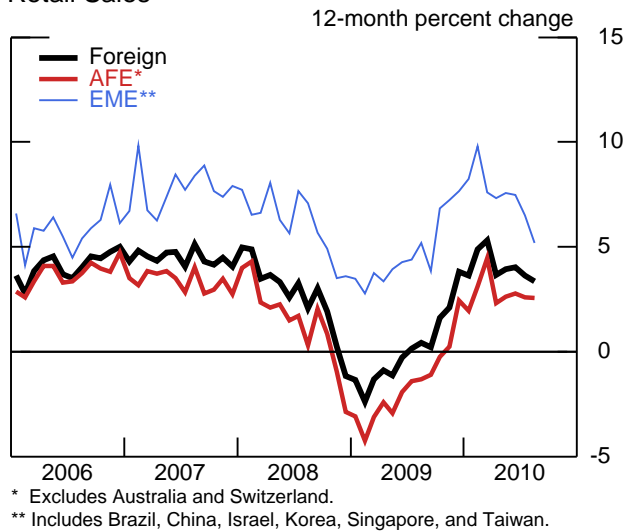
Nominal Exports



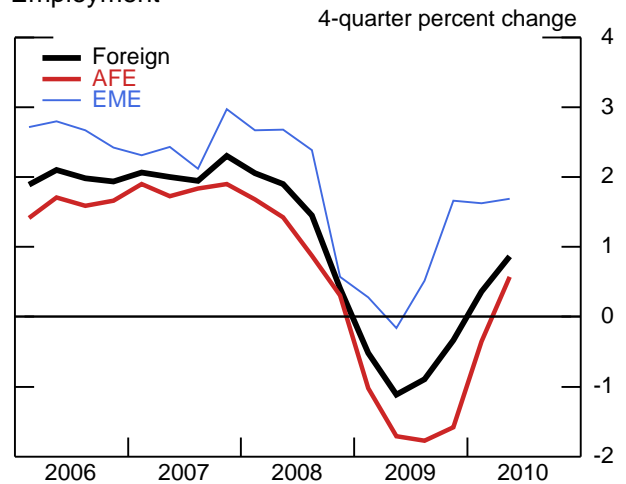
Industrial Production



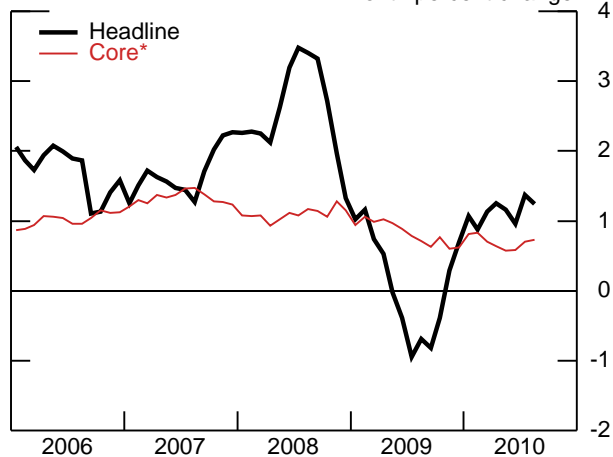
Retail Sales



Employment



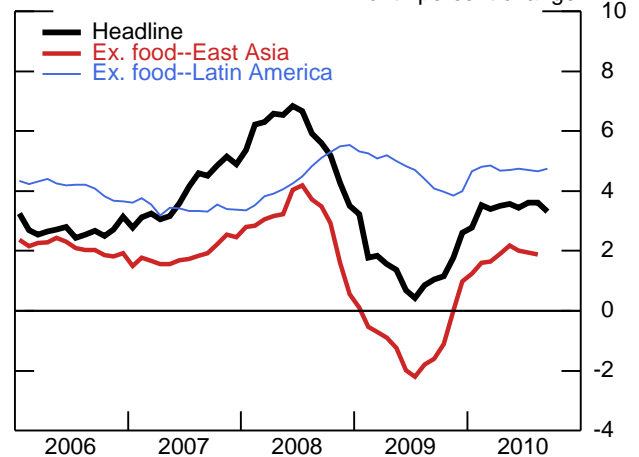
Consumer Prices: Advanced Foreign Economies



Note: Excludes Australia, Sweden, and Switzerland.
* Excludes all food and energy; staff calculation.

Source: Haver Analytics and CEIC.

Consumer Prices: Emerging Market Economies



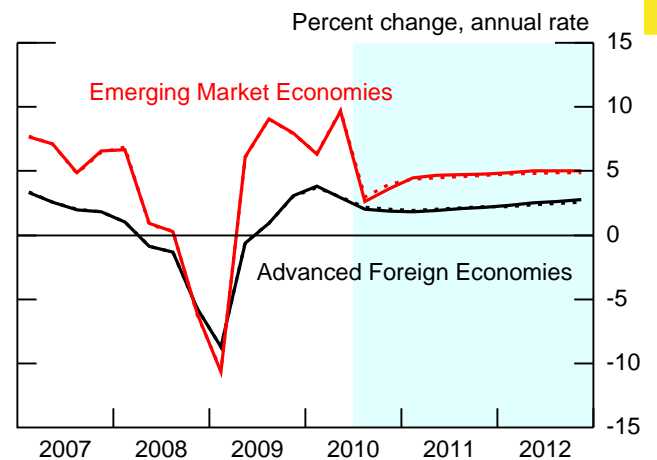
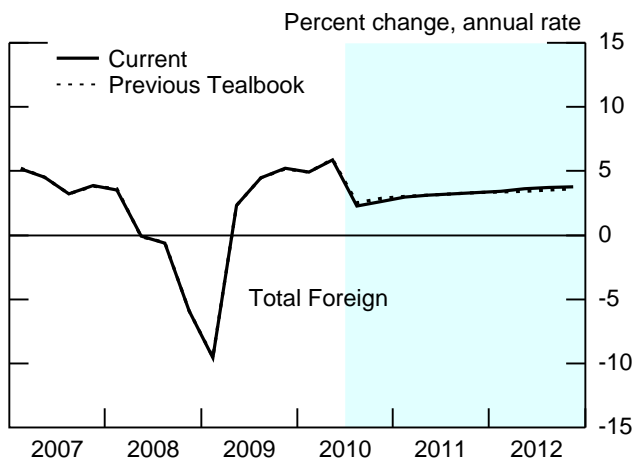
The Foreign Outlook

(Percent change, annual rate)

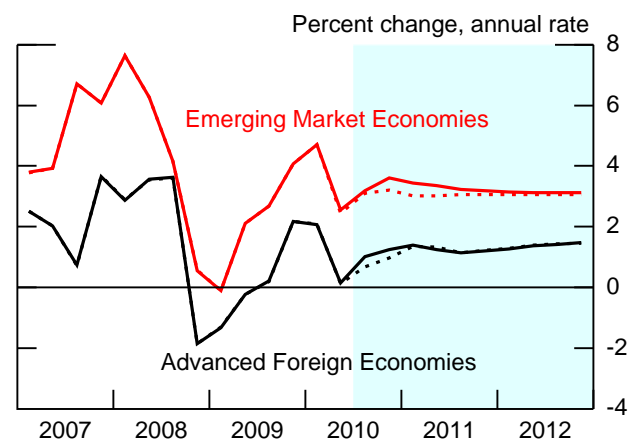
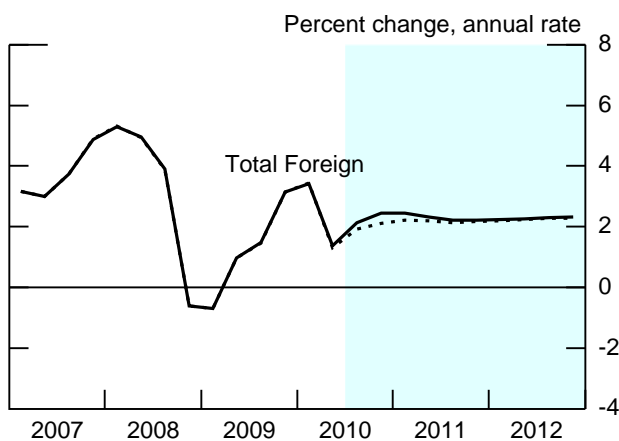
	2009	2010			2011 ^P	2012 ^P
		H1	Q3 ^e	Q4 ^P		
Real GDP						
Total Foreign	.4	5.4	2.3	2.6	3.2	3.6
Previous Tealbook	.4	5.4	2.5	2.9	3.2	3.5
Advanced Foreign Economies	-1.4	3.4	2.0	1.9	2.0	2.6
Previous Tealbook	-1.4	3.4	2.2	2.0	2.1	2.4
Emerging Market Economies	2.8	8.0	2.6	3.6	4.7	5.0
Previous Tealbook	2.8	8.0	3.0	4.0	4.5	4.8
Consumer Prices						
Total Foreign	1.2	2.4	2.1	2.5	2.3	2.3
Previous Tealbook	1.2	2.4	1.9	2.1	2.2	2.2
Advanced Foreign Economies	.2	1.1	1.0	1.2	1.2	1.4
Previous Tealbook	.2	1.1	.7	1.0	1.3	1.4
Emerging Market Economies	2.2	3.6	3.2	3.6	3.3	3.1
Previous Tealbook	2.2	3.6	3.1	3.2	3.0	3.1

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

Real GDP

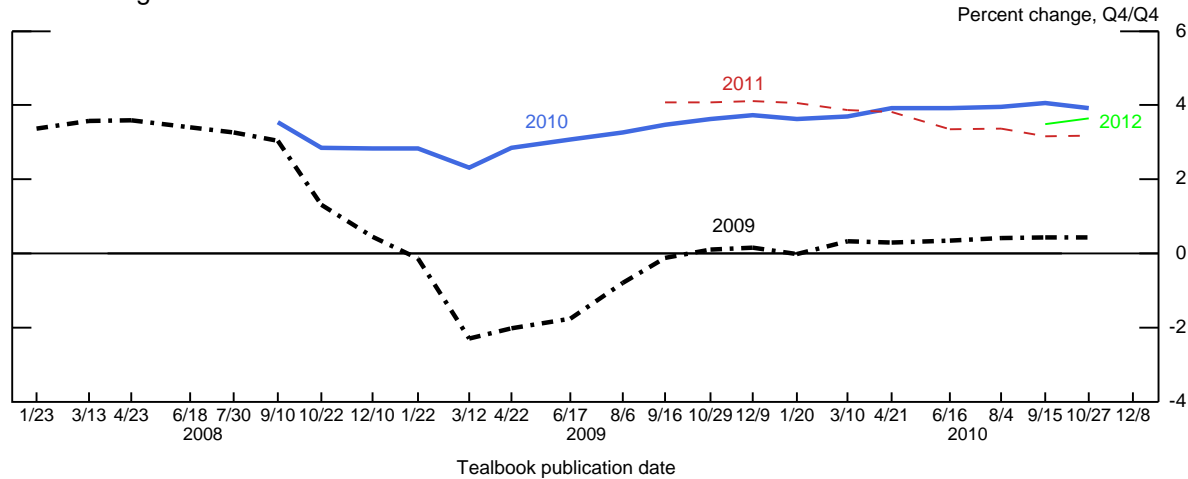


Consumer Prices

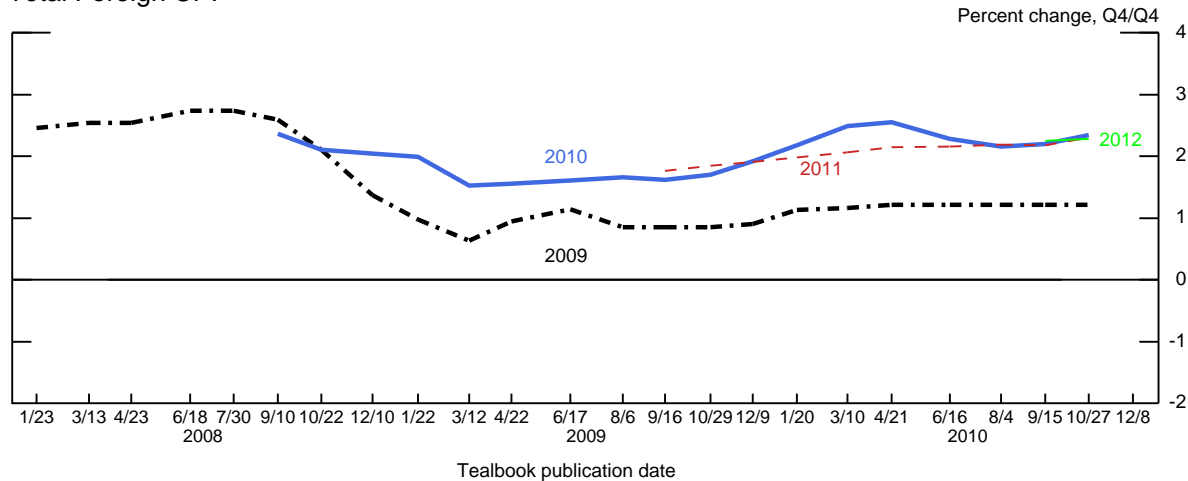


Evolution of Staff's International Forecast

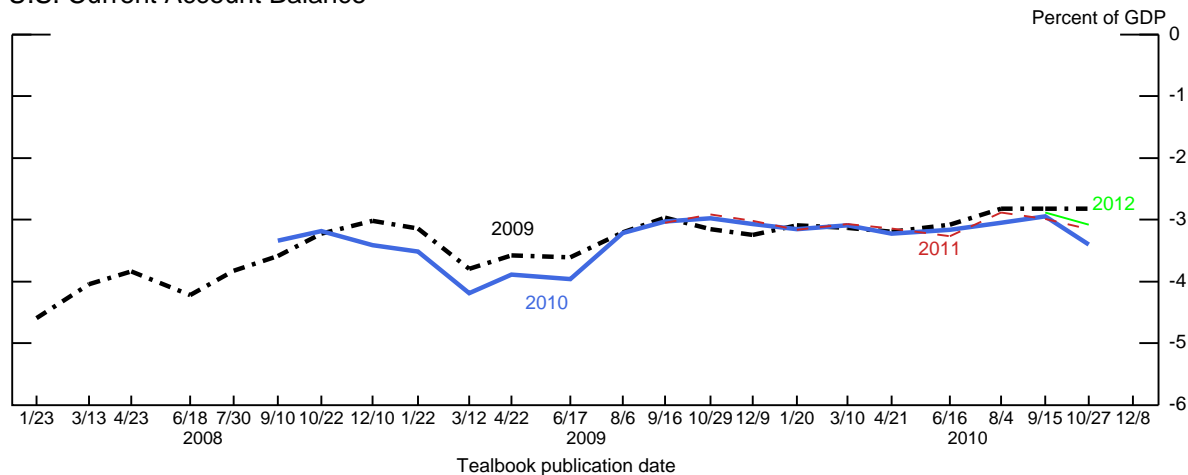
Total Foreign GDP



Total Foreign CPI

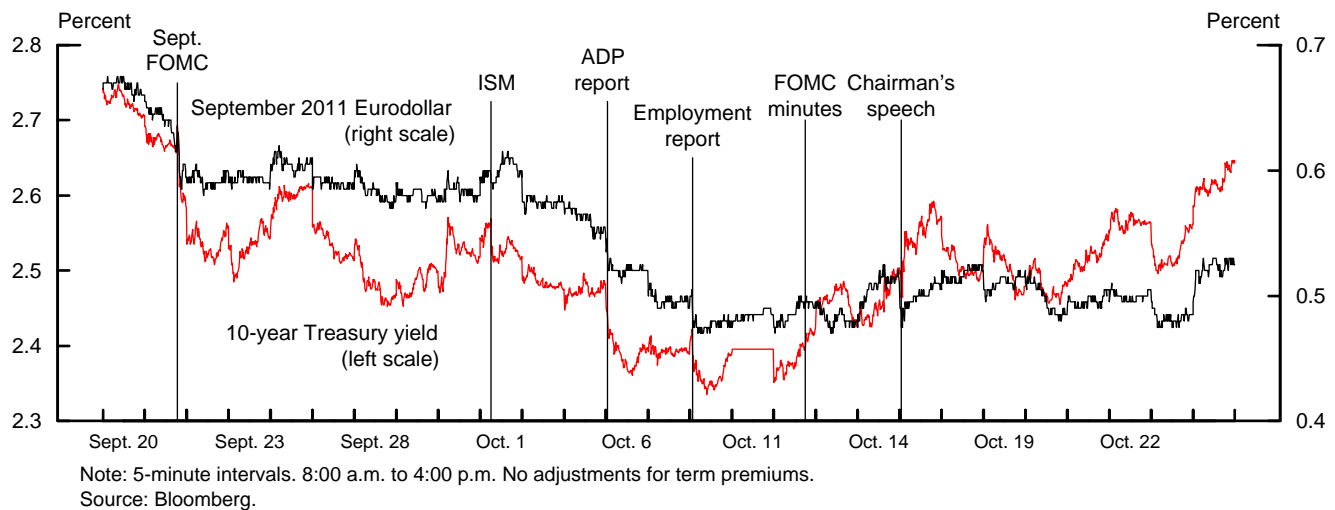


U.S. Current Account Balance

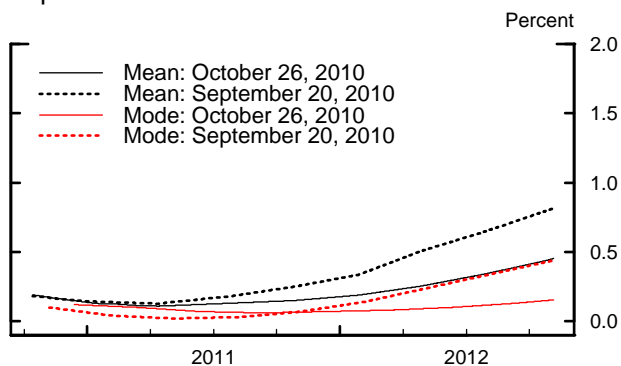


Policy Expectations and Treasury Yields

Interest Rates

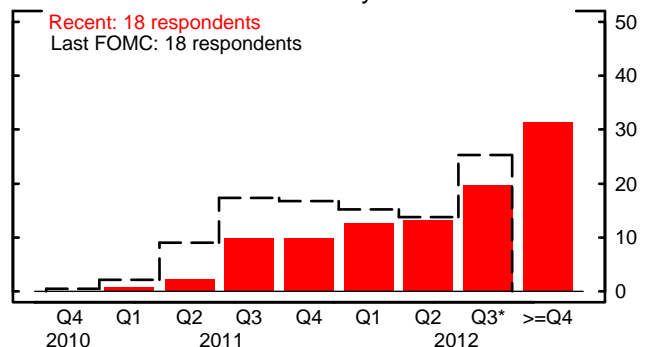


Implied Federal Funds Rate



Note: Mean is estimated from federal funds and Eurodollar futures. Mode is estimated from distribution of federal funds rate implied by interest rate caps. Both include an allowance for term premiums and other adjustments.
Source: Bloomberg and CME Group.

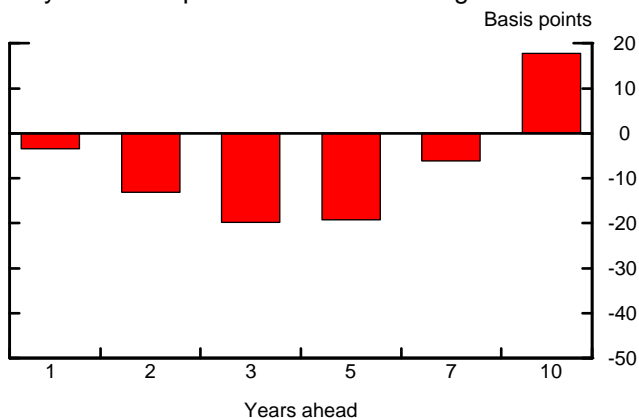
Implied Expectation of Quarter of First Rate Increase from the Desk's Dealer Survey



*For the last FOMC, the probability reported in the 2012:Q3 bin corresponds to the probability that the first policy rate hike will occur in 2012:Q3 or later.

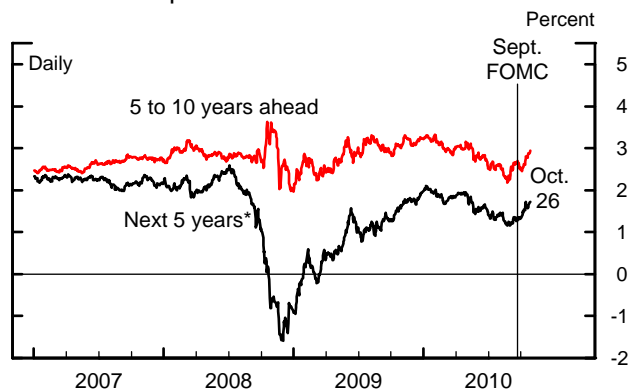
Source: Desk Dealer Survey from October 25, 2010.

Change in Implied One-Year Forward Rates since Day Before September FOMC Meeting



Note: Data run through October 26, 2010.
Source: Federal Reserve Bank of New York.

Inflation Compensation



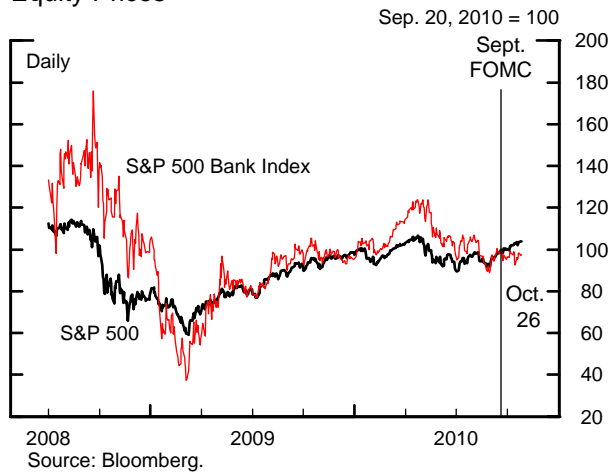
Note: Estimates based on smoothed nominal and inflation-indexed Treasury yield curves.

*Adjusted for the indexation-lag (carry) effect.

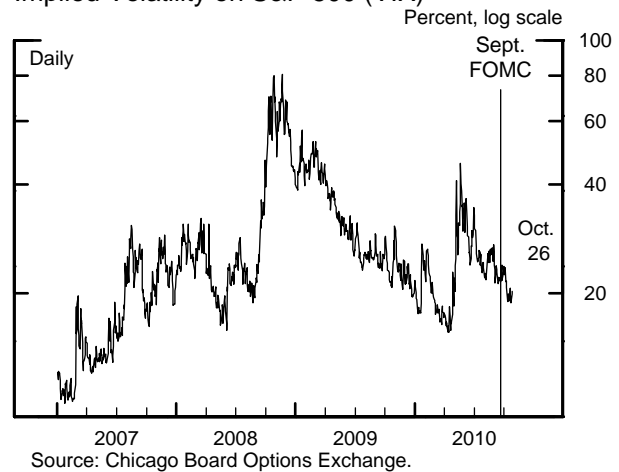
Source: Barclays PLC and staff estimates.

Asset Market Developments

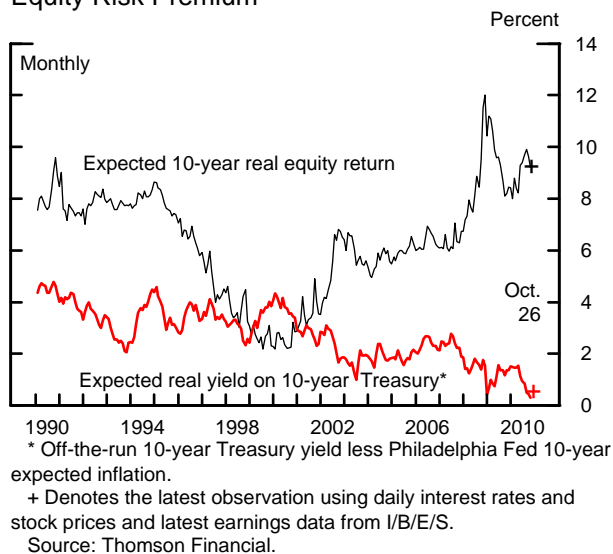
Equity Prices



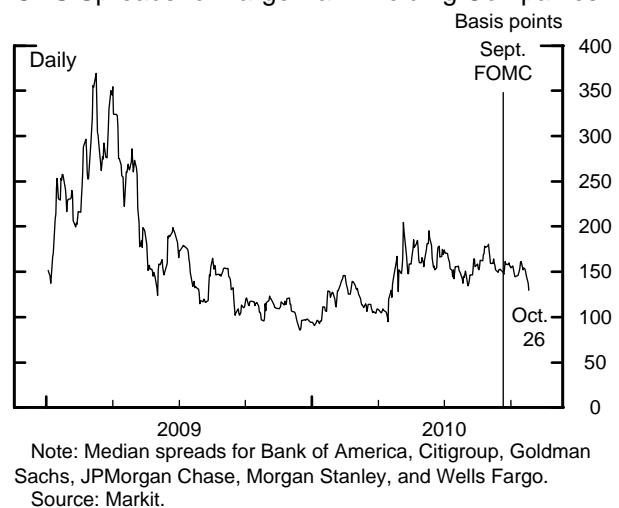
Implied Volatility on S&P 500 (VIX)



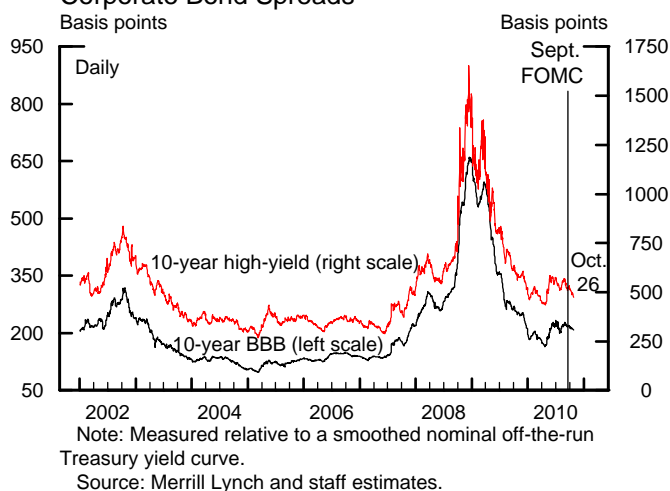
Equity Risk Premium



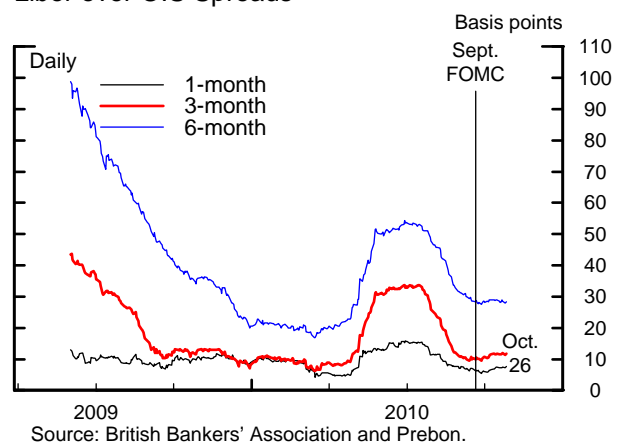
CDS Spreads for Large Bank Holding Companies



Corporate Bond Spreads

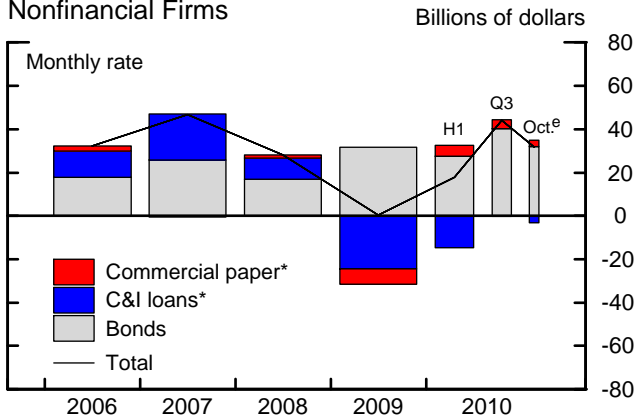


Libor over OIS Spreads



Business Finance

Selected Components of Net Debt Financing,
Nonfinancial Firms

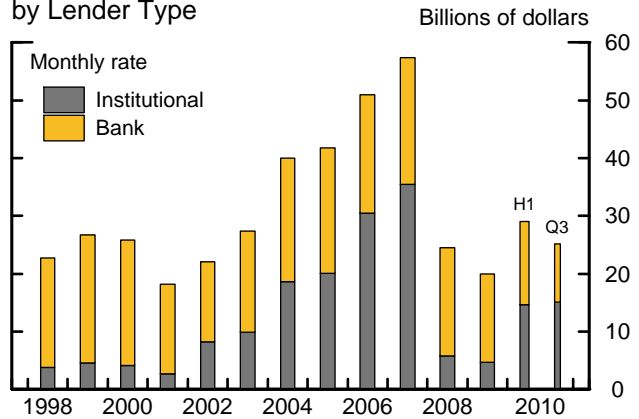


* Seasonally adjusted, period-end basis.

^e Estimate.

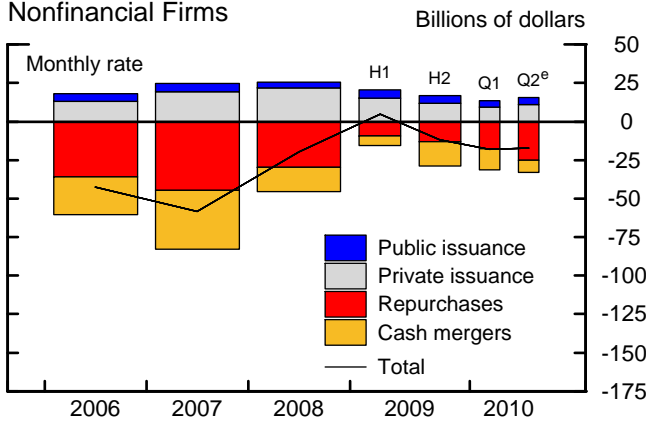
Source: Depository Trust & Clearing Corporation; Thomson Financial; Federal Reserve Board.

Syndicated Leveraged Loan Gross Issuance,
by Lender Type



Source: Thomson Reuters LPC.

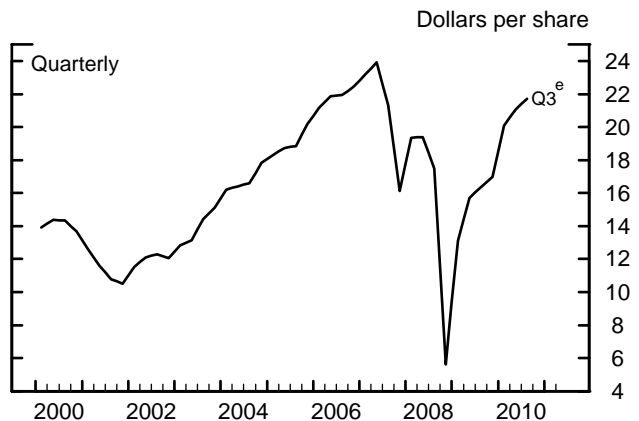
Selected Components of Net Equity Issuance,
Nonfinancial Firms



^e Estimate.

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

S&P 500 Earnings Per Share

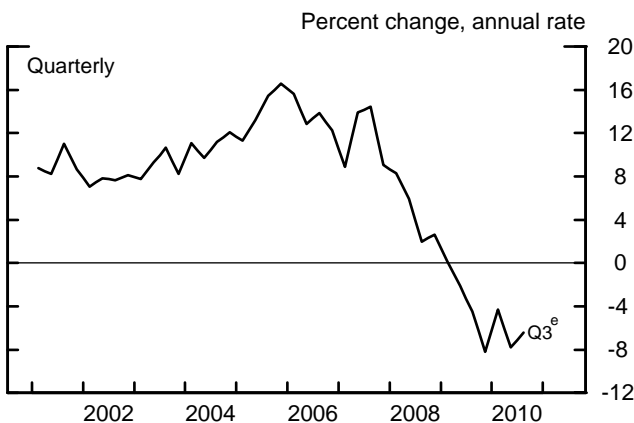


Note: Data are seasonally adjusted by staff.

^e Staff estimate.

Source: Thomson Financial.

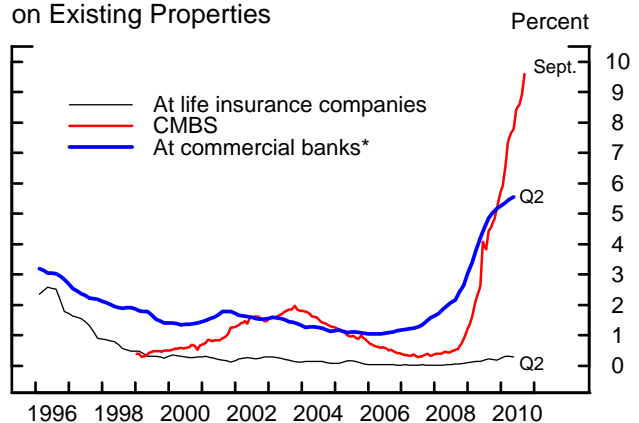
Commercial Mortgage Debt



^e Estimate.

Source: Federal Reserve.

Delinquency Rates on Commercial Mortgages
on Existing Properties



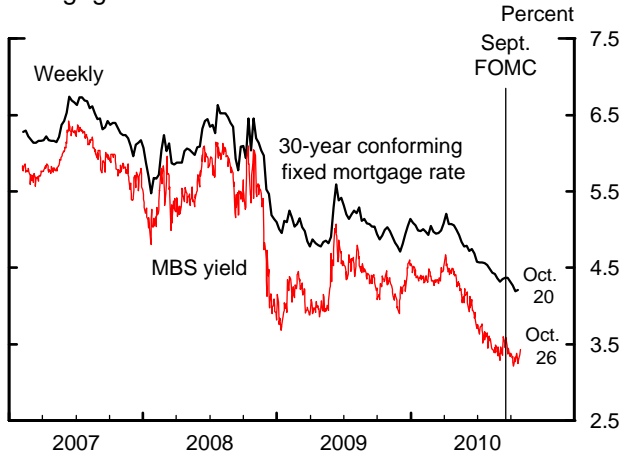
Note: CMBS are commercial mortgage-backed securities. All series are seasonally adjusted.

* Excluding farmland.

Source: Citigroup; Call Report data; ACLI.

Household Finance

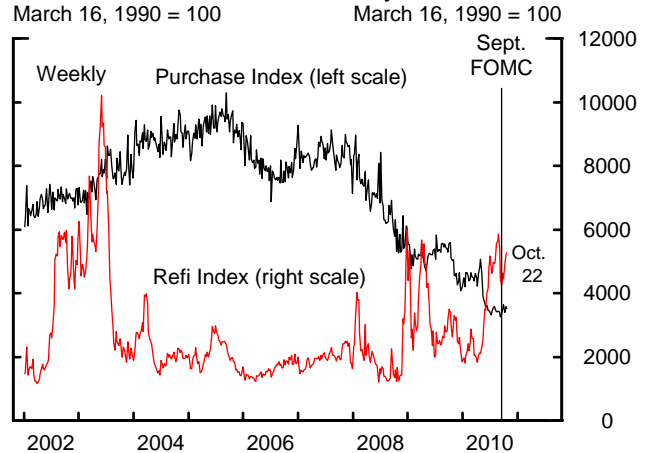
Mortgage Rate and MBS Yield



Note: For MBS yield, Fannie Mae 30-year current coupon rate.

Source: For mortgage rate, Freddie Mac; for MBS yield, Bloomberg.

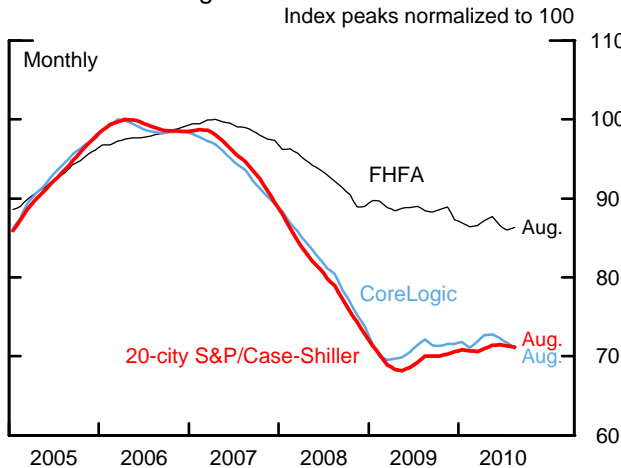
Purchase and Refinance Activity



Note: Seasonally adjusted by FRB staff.

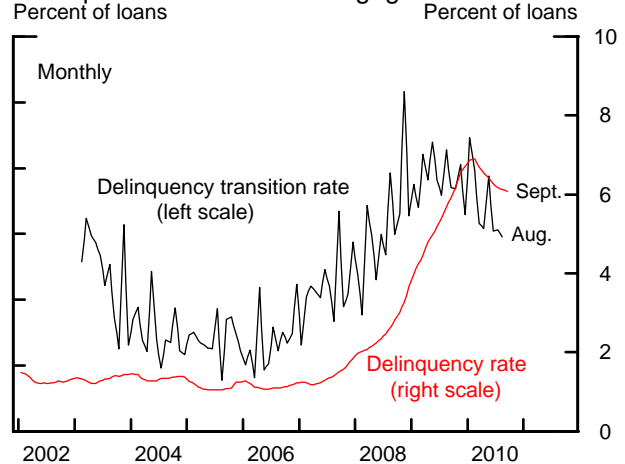
Source: Mortgage Bankers Association.

Prices of Existing Homes



Source: For FHFA, Federal Housing Finance Agency; for CoreLogic, CoreLogic; for S&P/Case-Shiller, Standard & Poor's.

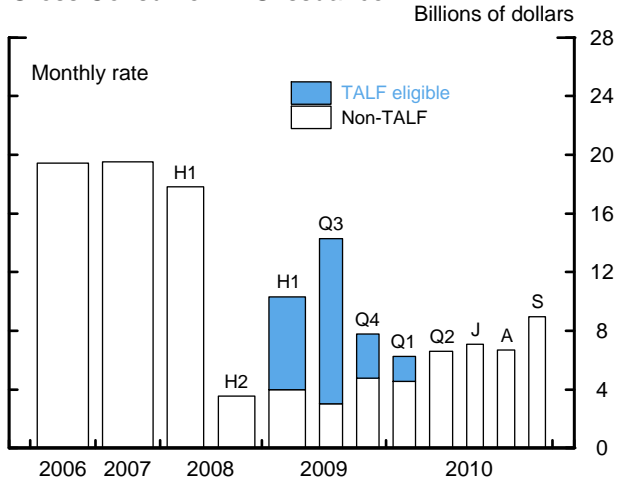
Delinquencies on Prime Mortgages



Note: For delinquency rate, percent of loans 90 or more days past due or in foreclosure. For transition rate, percent of previously current mortgages that transition to being at least 30 days delinquent each month.

Source: LPS Applied Analytics.

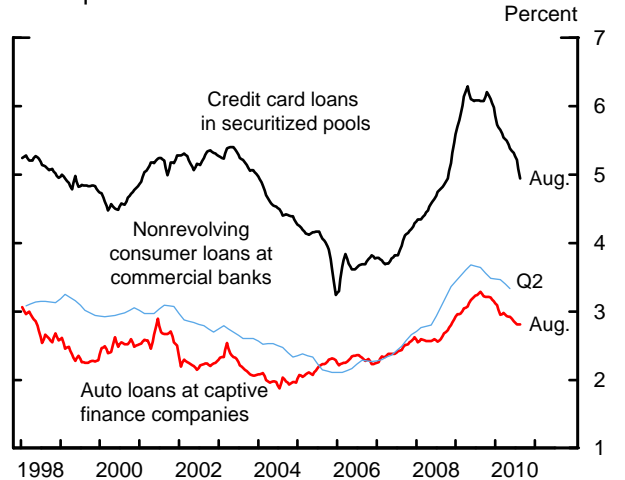
Gross Consumer ABS Issuance



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

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

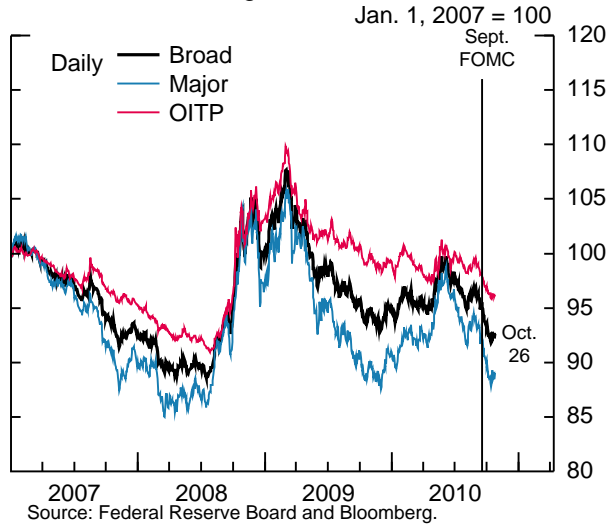
Delinquencies on Consumer Loans



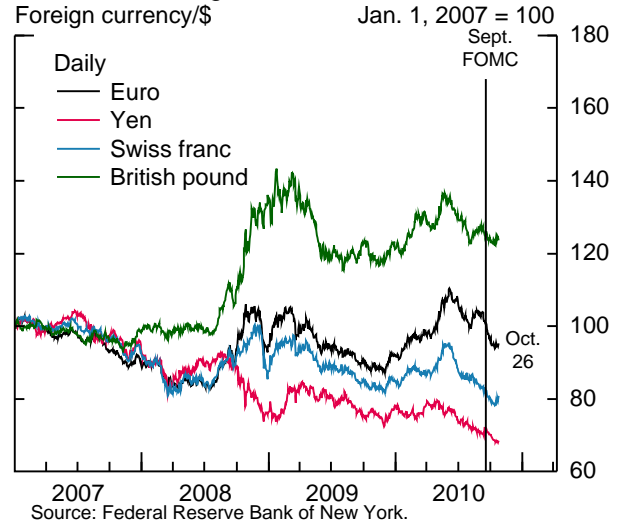
Source: For credit cards, Moody's Investors Service; for nonrevolving consumer loans, Call Report; for auto loans, Federal Reserve Board.

Foreign Developments

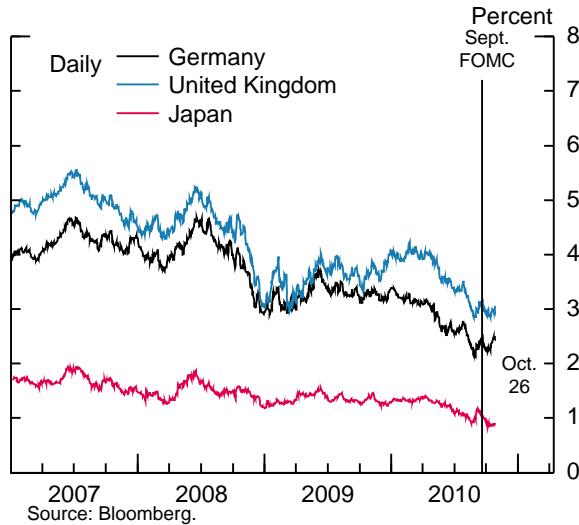
Nominal Trade-Weighted Dollar Indexes



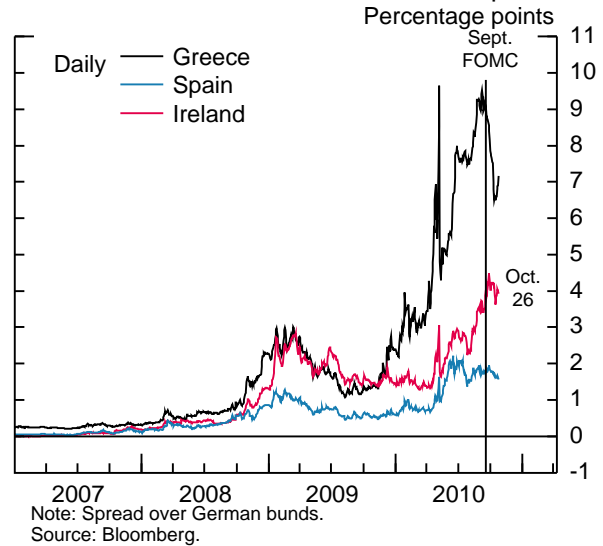
Bilateral Exchange Rates



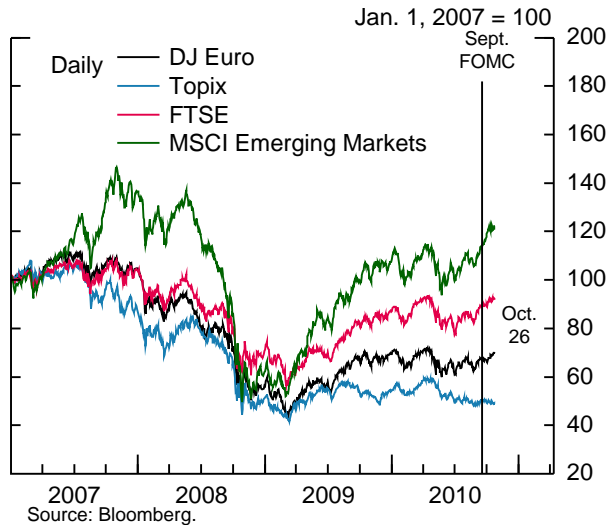
Nominal 10-Year Government Bond Yields



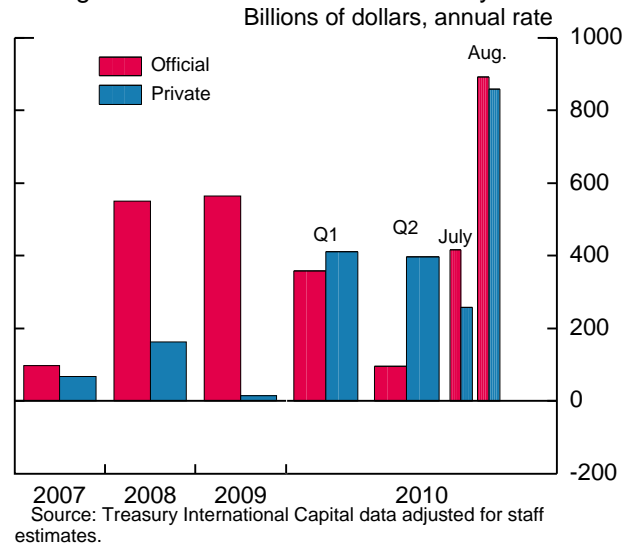
Euro-Area 10-Year Government Bond Spreads



Stock Price Indexes

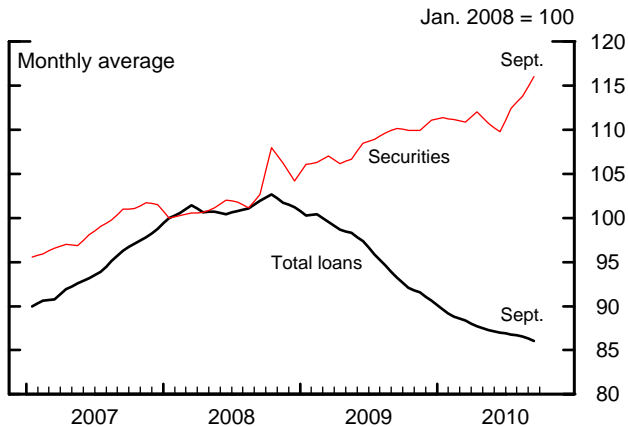


Foreign Net Purchases of U.S. Treasury Securities



Commercial Banking and Money

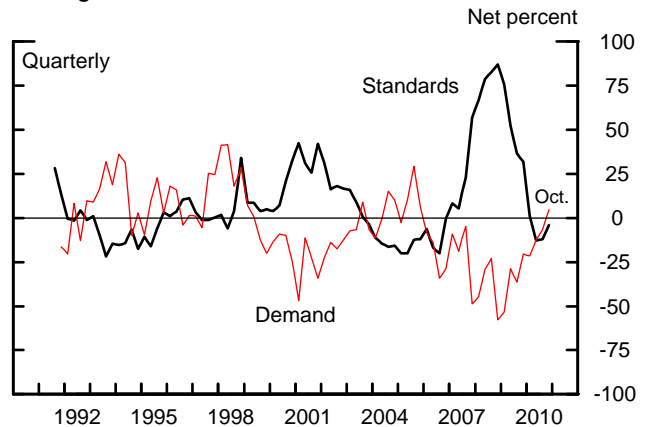
Bank Credit



Note: The data have been adjusted to remove the effects of consolidations of assets under FAS 166 and FAS 167.

Source: Federal Reserve Board.

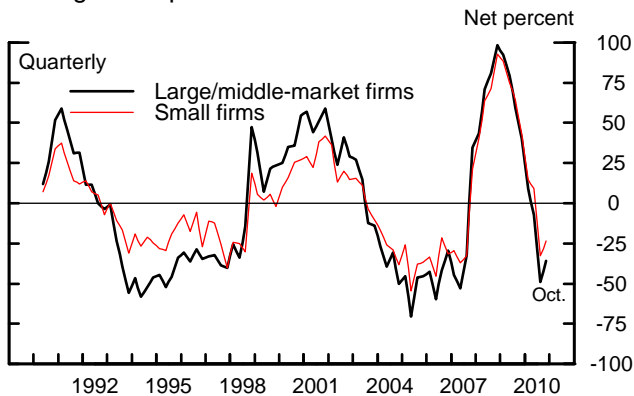
Changes in Standards and Demand for Bank Loans



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

Source: Senior Loan Officer Opinion Survey on Bank Lending Practices.

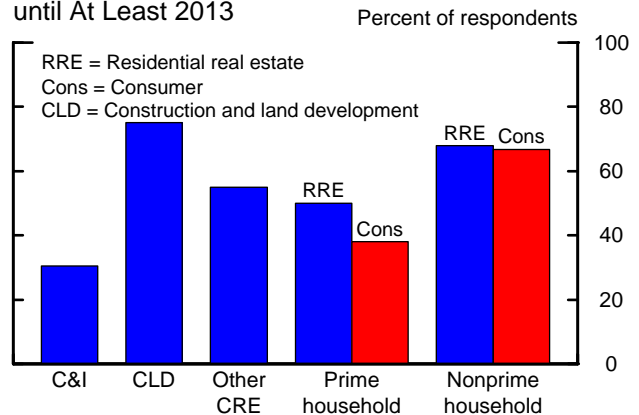
Changes in Spreads on C&I Loans



Note: Net percent of respondents that widened spreads over the past 3 months.

Source: Senior Loan Officer Opinion Survey on Bank Lending Practices.

Lending Standards Remain Tighter Than Average until At Least 2013



Note: Fraction of banks that expect lending standards will return to their longer-run norms sometime after 2012 or will not return to them for the foreseeable future.

Source: Senior Loan Officer Opinion Survey on Bank Lending Practices.

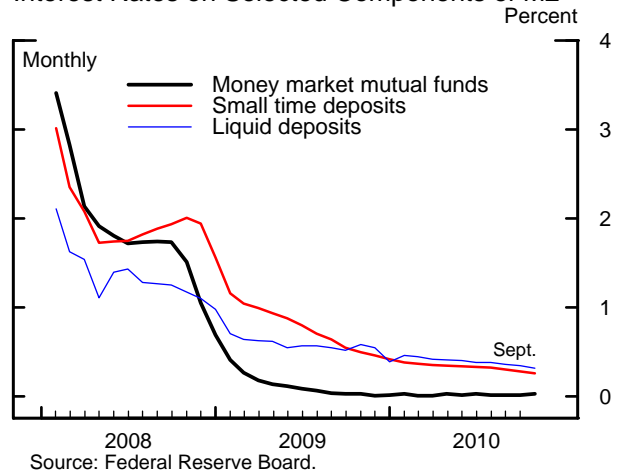
Growth of M2 and Its Components

Percent, s.a.a.r.	M2	Liquid deposits	Small time deposits	RMMF	Curr.
2008	8.6	6.9	12.4	13.7	5.8
2009					
H1	7.6	16.4	-6.1	-15.4	10.8
H2	2.4	16.5	-26.4	-31.0	2.9
2010					
Q1	-1	9.2	-25.7	-27.4	2.1
Q2	1.8	8.3	-20.2	-18.6	6.4
Q3	4.6	10.2	-19.9	-5.9	5.7
Oct.(e)	8.3	17.5	-31.3	-16.7	9.7

Note: RMMF are retail money market mutual funds.
e Estimate.

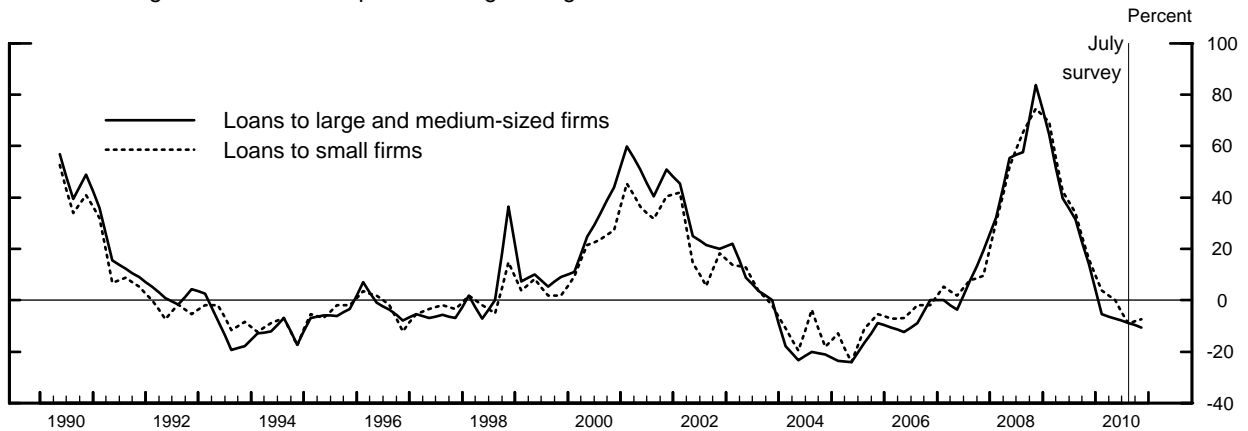
Source: Federal Reserve Board.

Interest Rates on Selected Components of M2

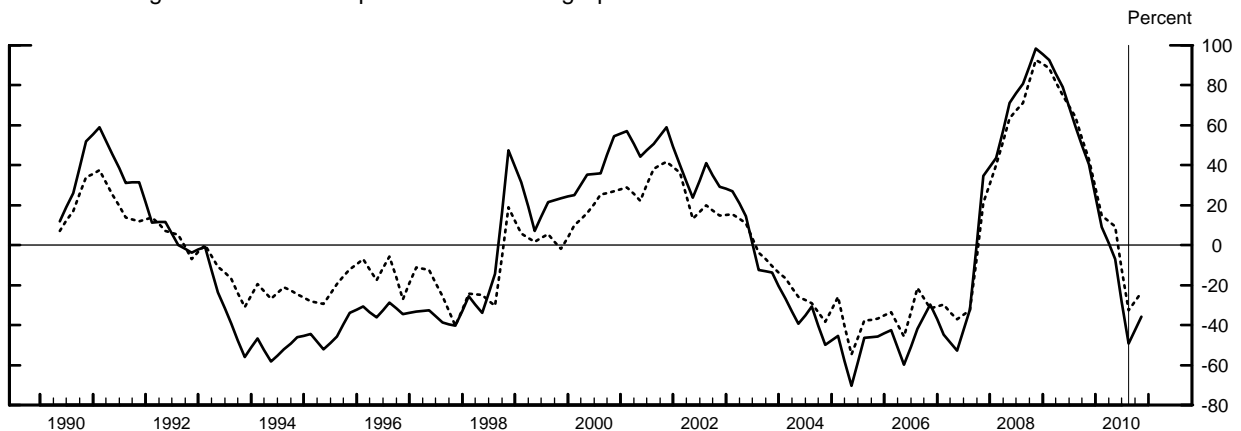


Measures of Supply and Demand for Commercial and Industrial Loans, by Size of Firm Seeking Loan

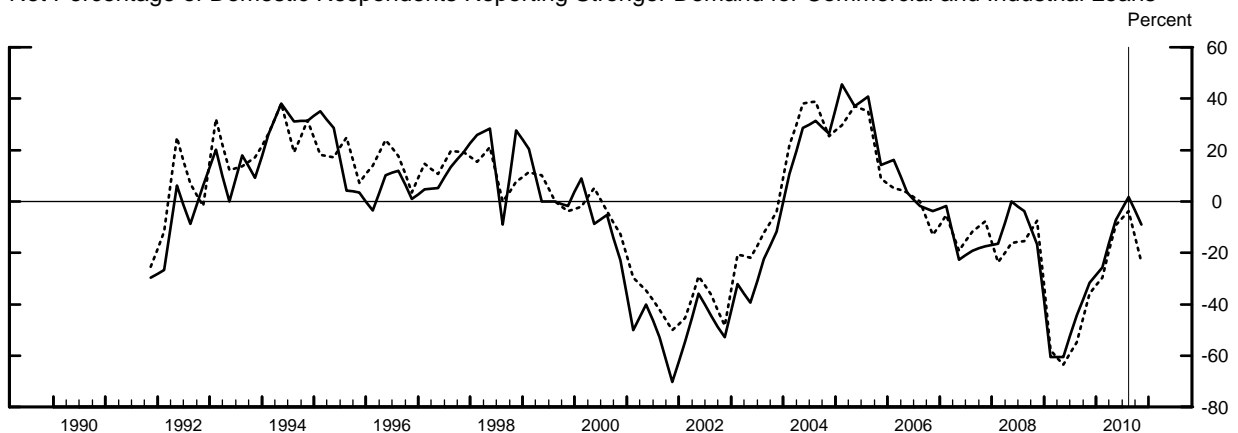
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Costs of Funds

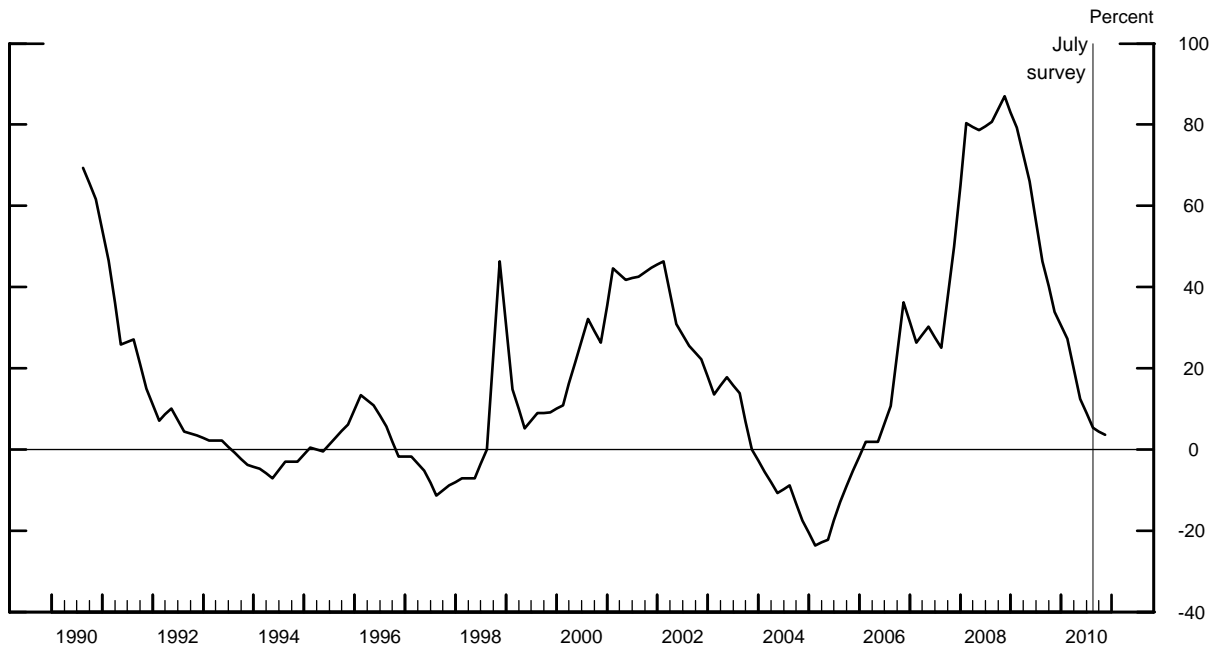


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

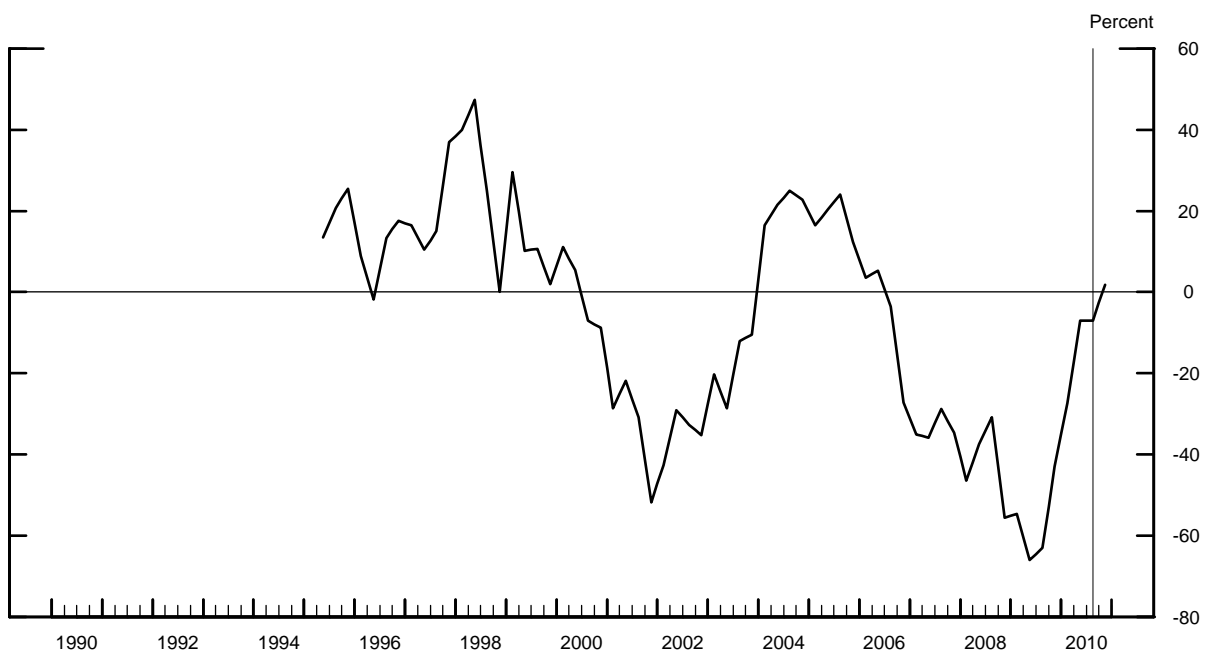


Measures of Supply and Demand for Commercial Real Estate Loans

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

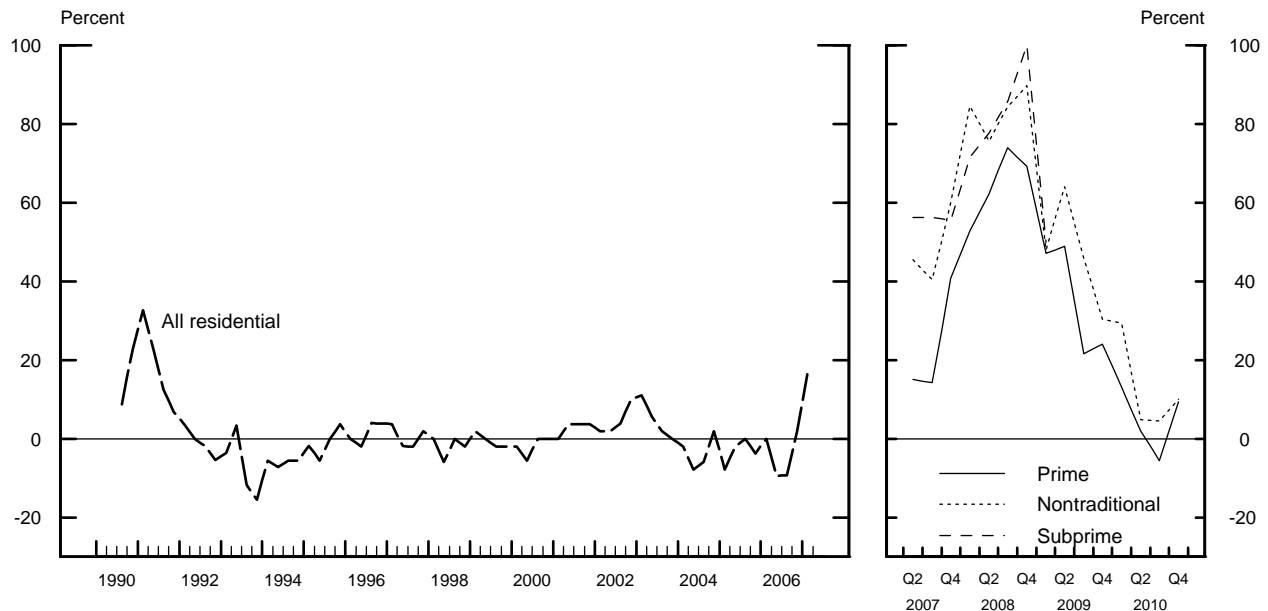


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



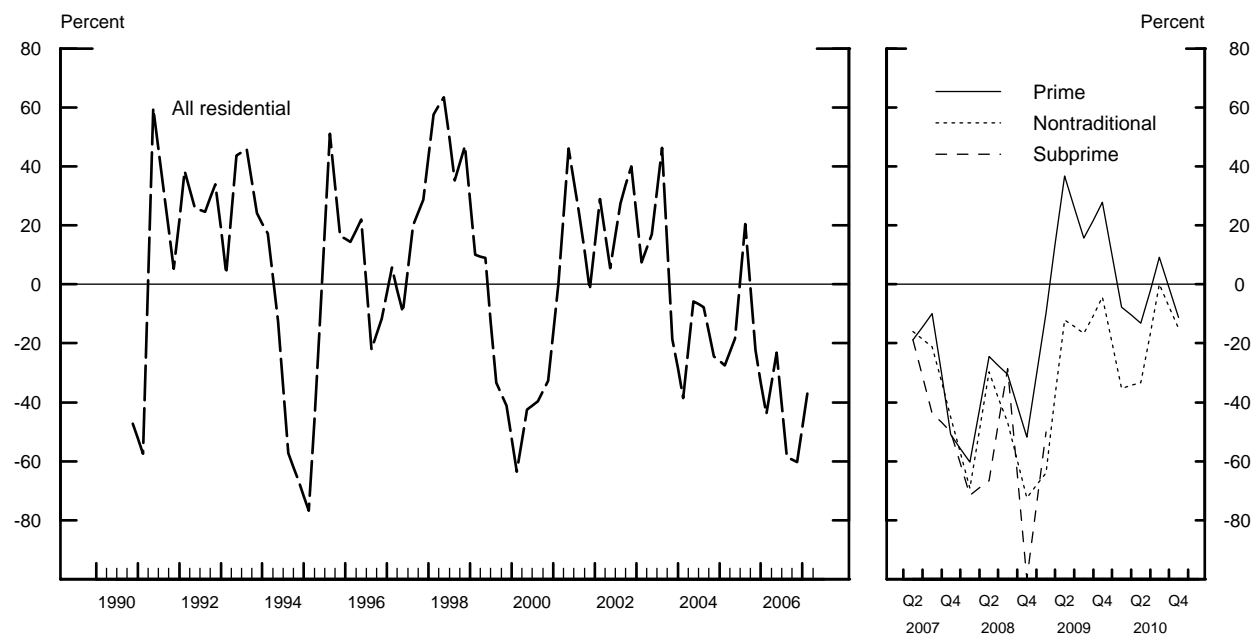
Measures of Supply and Demand for Residential Mortgage Loans

Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans



Note: For data starting in 2007:Q2, changes in standards for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is 3 or fewer.

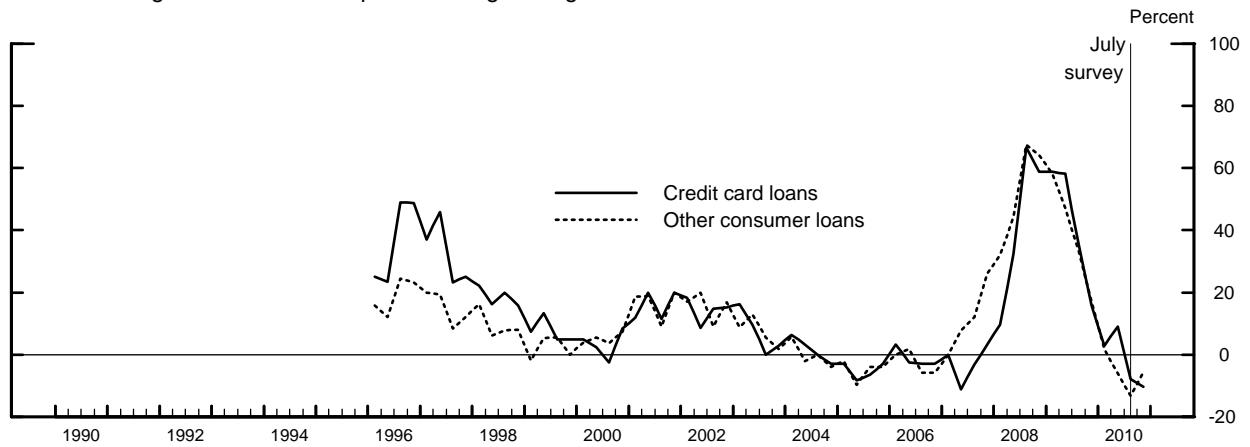
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



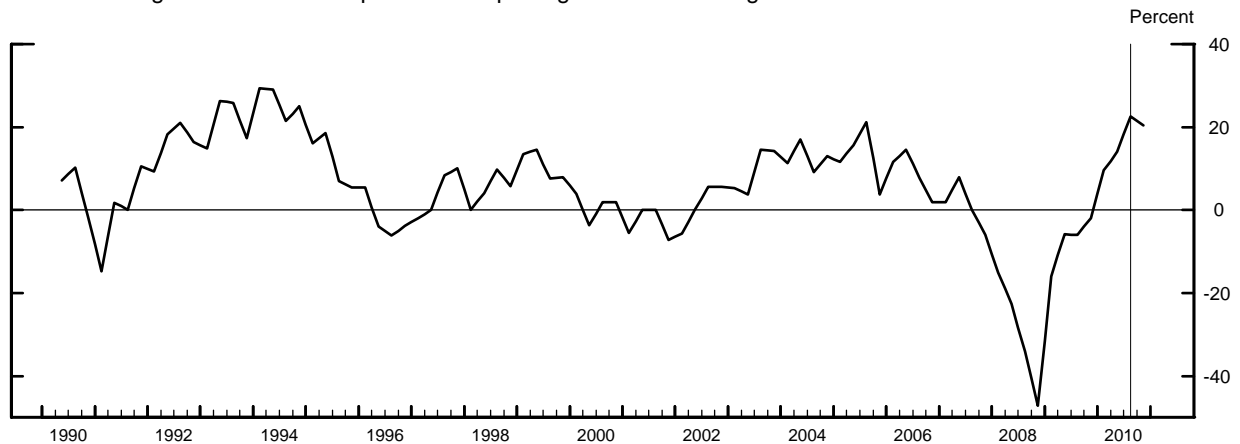
Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is 3 or fewer.

Measures of Supply and Demand for Consumer Loans

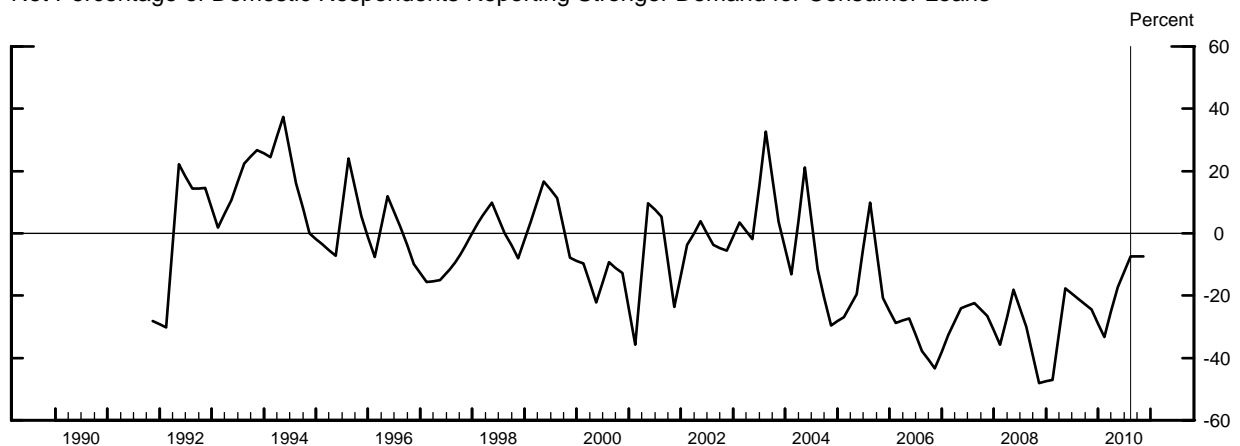
Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans



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



Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans



Alternative Scenarios

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

Measure and scenario	2010	2011	2012	2013	2014-15
	H2				
<i>Real GDP</i>					
Extended Tealbook baseline	2.0	3.6	4.7	4.7	4.0
Stronger recovery	2.9	5.1	5.8	4.8	3.4
Weaker recovery	1.8	1.9	2.9	3.9	4.6
Lower potential	1.9	2.9	3.3	3.2	3.2
Greater disinflation	2.0	3.6	4.5	4.9	4.6
Higher inflation	1.9	3.0	4.4	4.5	4.1
Dollar depreciation	2.1	4.2	4.9	4.4	3.7
Asian currency appreciation	2.0	4.0	4.9	4.5	3.8
<i>Unemployment rate¹</i>					
Extended Tealbook baseline	9.7	9.0	7.9	7.1	5.2
Stronger recovery	9.6	8.4	6.9	6.1	4.8
Weaker recovery	9.7	9.6	9.1	8.6	6.0
Lower potential	9.7	9.4	8.8	8.7	7.3
Greater disinflation	9.7	9.0	8.0	7.1	4.8
Higher inflation	9.7	9.2	8.2	7.5	5.4
Dollar depreciation	9.7	8.8	7.5	6.7	5.0
Asian currency appreciation	9.7	8.9	7.6	6.9	5.1
<i>Core PCE inflation</i>					
Extended Tealbook baseline	1.0	1.0	1.0	1.2	1.4
Stronger recovery	1.0	1.1	1.1	1.3	1.6
Weaker recovery	1.0	1.0	.8	.9	1.1
Lower potential	1.1	1.4	1.5	1.7	1.9
Greater disinflation	1.0	.6	.3	.2	.0
Higher inflation	1.0	1.4	1.7	2.0	2.1
Dollar depreciation	1.1	1.4	1.2	1.2	1.4
Asian currency appreciation	1.0	1.3	1.1	1.2	1.4
<i>Federal funds rate¹</i>					
Extended Tealbook baseline	.1	.1	.5	1.7	3.7
Stronger recovery	.1	.2	1.7	3.0	4.4
Weaker recovery	.1	.1	.1	.1	2.3
Lower potential	.1	.7	2.2	2.8	4.1
Greater disinflation	.1	.1	.1	.2	2.1
Higher inflation	.1	.1	1.1	2.4	4.4
Dollar depreciation	.1	.1	.8	2.1	3.9
Asian currency appreciation	.1	.1	.7	2.0	3.8

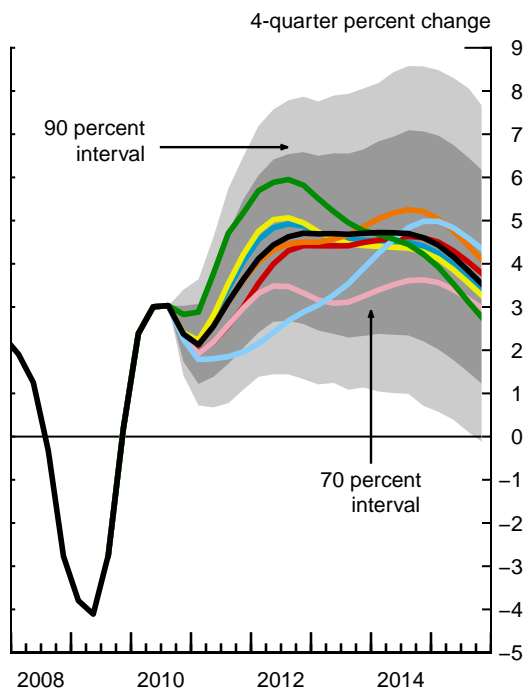
1. Percent, average for the final quarter of the period.

Forecast Confidence Intervals and Alternative Scenarios

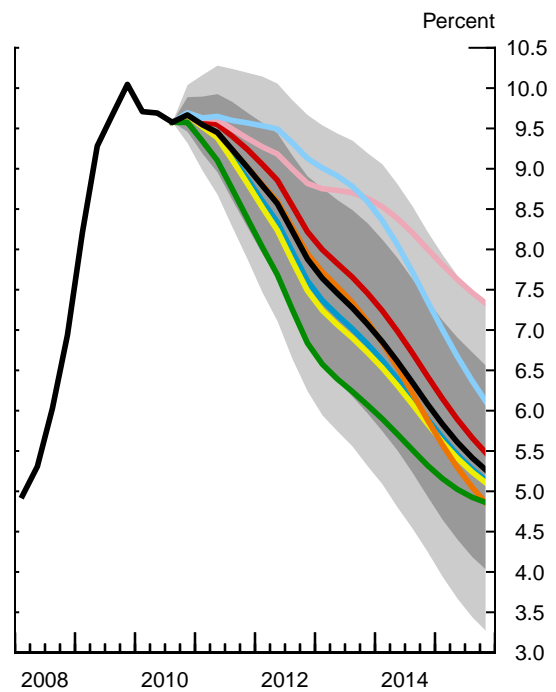
Confidence Intervals Based on FRB/US Stochastic Simulations

- | | | |
|------------------------------|------------------------|-------------------------------|
| ■ Extended Tealbook baseline | ■ Lower potential | ■ Dollar depreciation |
| ■ Stronger recovery | ■ Greater disinflation | ■ Asian currency appreciation |
| ■ Weaker recovery | ■ Higher inflation | |

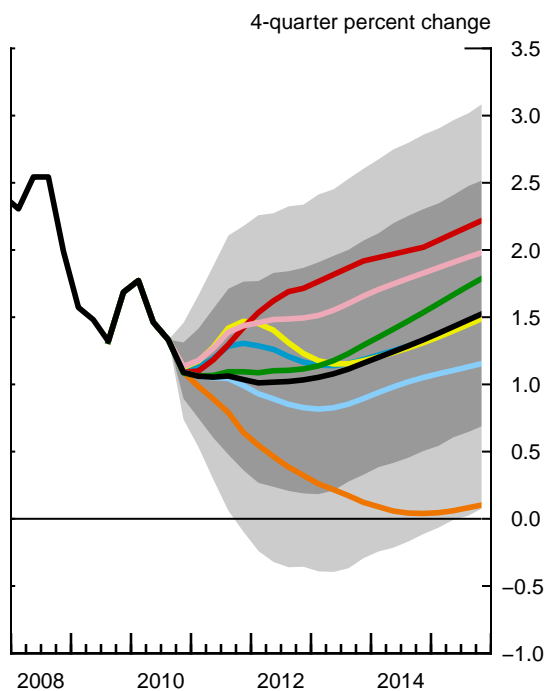
Real GDP



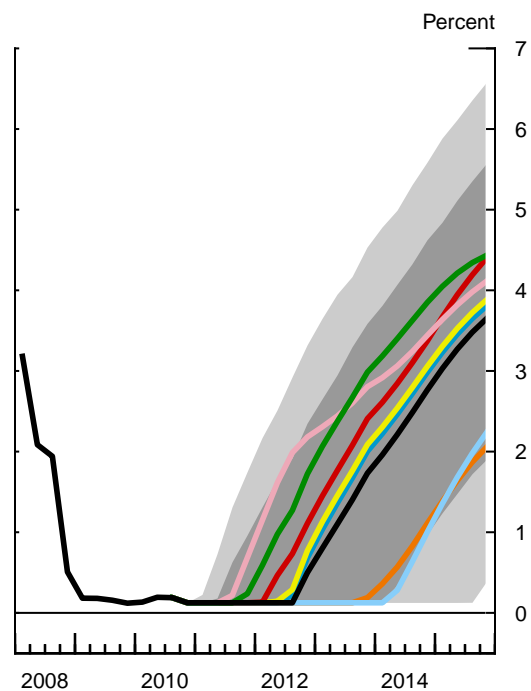
Unemployment Rate



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	2010	2011	2012	2013	2014	2015
<i>Real GDP</i> (percent change, Q4 to Q4)						
Projection	2.4	3.6	4.7	4.7	4.6	3.5
Confidence interval						
Tealbook forecast errors	1.9–2.9	1.9–5.4	2.9–6.5	...	...	...
FRB/US stochastic simulations	1.7–3.0	2.1–5.5	2.6–6.6	2.3–6.6	2.2–7.1	1.2–6.1
<i>Civilian unemployment rate</i> (percent, Q4)						
Projection	9.7	9.0	7.9	7.1	6.1	5.2
Confidence interval						
Tealbook forecast errors	9.6–9.8	8.3–9.7	6.8–9.0	...	...	...
FRB/US stochastic simulations	9.5–9.9	8.3–9.7	6.9–8.9	6.0–8.3	4.9–7.4	4.0–6.5
<i>PCE prices, total</i> (percent change, Q4 to Q4)						
Projection	1.3	1.1	1.1	1.2	1.4	1.6
Confidence interval						
Tealbook forecast errors	1.0–1.5	-.1–2.4	-.2–2.3	...	...	...
FRB/US stochastic simulations	.9–1.6	.2–2.2	.0–2.2	.1–2.4	.3–2.6	.5–2.8
<i>PCE prices excluding food and energy</i> (percent change, Q4 to Q4)						
Projection	1.1	1.0	1.0	1.2	1.3	1.5
Confidence interval						
Tealbook forecast errors	.9–1.3	.4–1.7	.2–1.9	...	...	...
FRB/US stochastic simulations	.9–1.3	.4–1.8	.2–1.9	.3–2.1	.5–2.3	.7–2.5
<i>Federal funds rate</i> (percent, Q4)						
Projection	.1	.1	.5	1.7	2.8	3.7
Confidence interval						
FRB/US stochastic simulations	.1–.1	.1–1.0	.1–2.3	.1–3.6	1.0–4.6	1.9–5.6

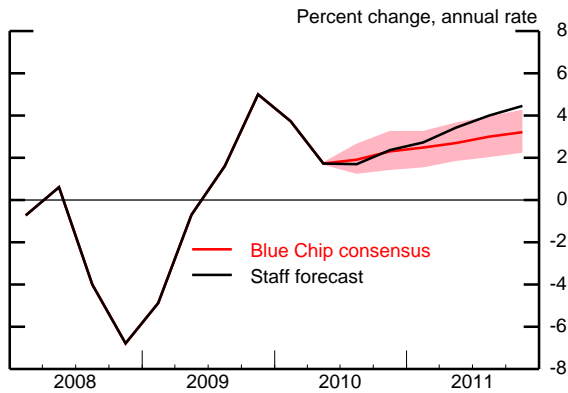
Note: Shocks underlying FRB/US stochastic simulations are randomly drawn from the 1969–2009 set of model equation residuals.

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

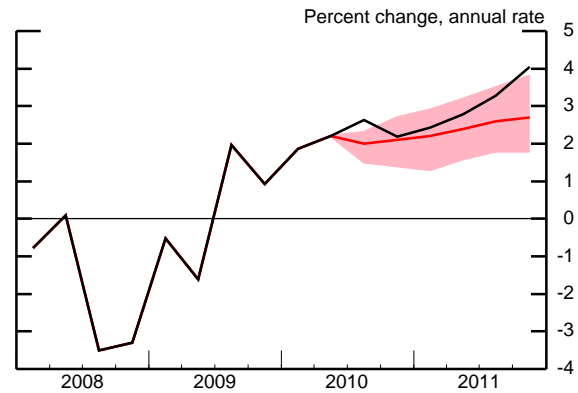
... Not applicable. The Tealbook forecast horizon has typically extended about 2 years.

Tealbook Forecast Compared with Blue Chip (Blue Chip survey released October 10, 2010)

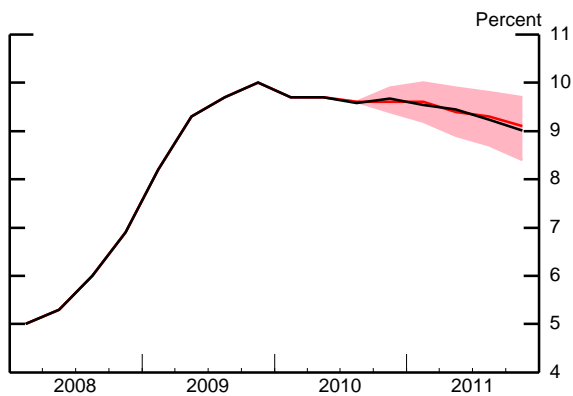
Real GDP



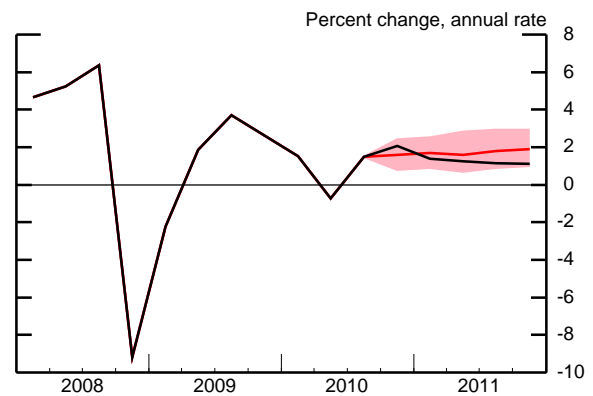
Real PCE



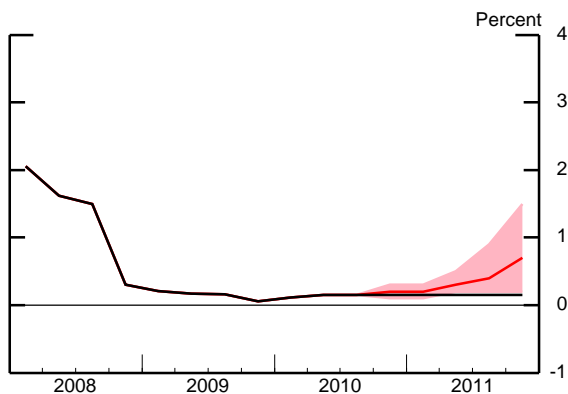
Unemployment Rate



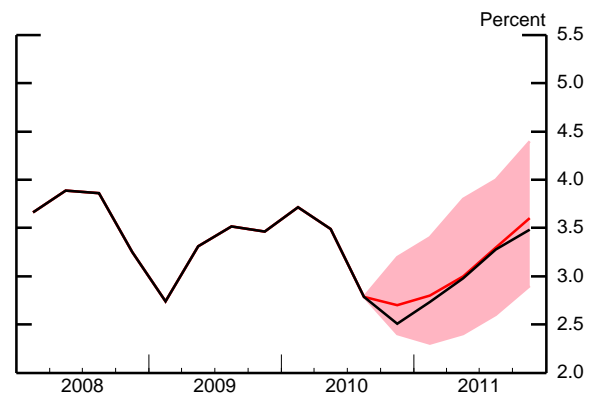
Consumer Price Index



Treasury Bill Rate



10-Year Treasury Yield



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

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	
	09/15/10	10/27/10	09/15/10	10/27/10	09/15/10	10/27/10	09/15/10	10/27/10	09/15/10	10/27/10
<i>Quarterly</i>										
2010:Q1	4.8	4.8	3.7	3.7	2.1	2.1	1.2	1.2	9.7	9.7
2010:Q2	3.7	3.7	1.7	1.7	.0	.0	1.1	1.0	9.7	9.7
2010:Q3	3.6	3.8	1.7	1.7	1.2	1.2	1.1	1.0	9.6	9.6
2010:Q4	2.7	2.8	2.4	2.4	1.4	1.9	1.1	1.1	9.7	9.7
2011:Q1	3.8	4.0	2.5	2.7	1.3	1.3	1.0	1.1	9.6	9.5
2011:Q2	4.1	4.5	3.1	3.4	1.1	1.1	.9	1.0	9.5	9.5
2011:Q3	4.6	5.0	3.6	4.0	1.0	1.1	.9	1.0	9.3	9.2
2011:Q4	5.1	5.5	4.1	4.4	.9	1.0	.9	1.0	9.1	9.0
2012:Q1	5.6	6.0	4.3	4.6	1.0	1.1	.9	1.0	8.9	8.8
2012:Q2	5.6	6.0	4.4	4.7	1.0	1.1	.9	1.0	8.7	8.6
2012:Q3	5.6	6.0	4.4	4.8	1.0	1.1	.9	1.0	8.3	8.2
2012:Q4	5.6	6.0	4.5	4.8	1.0	1.1	.9	1.0	8.0	7.9
<i>Two-quarter²</i>										
2010:Q2	4.2	4.3	2.7	2.7	1.0	1.0	1.1	1.1	-3	-3
2010:Q4	3.2	3.3	2.0	2.0	1.3	1.5	1.1	1.0	.0	.0
2011:Q2	4.0	4.2	2.8	3.1	1.2	1.2	.9	1.1	-2	-2
2011:Q4	4.8	5.2	3.9	4.2	1.0	1.1	.9	1.0	-4	-5
2012:Q2	5.6	6.0	4.4	4.6	1.0	1.1	.9	1.0	-4	-4
2012:Q4	5.6	6.0	4.5	4.8	1.0	1.1	.9	1.0	-7	-7
<i>Four-quarter³</i>										
2009:Q4	.6	.6	.2	.2	1.5	1.5	1.7	1.7	3.1	3.1
2010:Q4	3.7	3.8	2.4	2.4	1.2	1.3	1.1	1.1	-3	-3
2011:Q4	4.4	4.7	3.3	3.6	1.1	1.1	.9	1.0	-6	-7
2012:Q4	5.6	6.0	4.4	4.7	1.0	1.1	.9	1.0	-1.1	-1.1
<i>Annual</i>										
2009	-1.7	-1.7	-2.6	-2.6	.2	.2	1.5	1.5	9.3	9.3
2010	3.7	3.7	2.7	2.7	1.7	1.8	1.4	1.4	9.7	9.7
2011	3.8	4.0	2.7	2.9	1.1	1.2	1.0	1.1	9.4	9.3
2012	5.3	5.7	4.2	4.5	1.0	1.1	.9	1.0	8.5	8.4

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.

Greensheets

Changes in Real Gross Domestic Product and Related Items

(Percent, annual rate except as noted)

Item	2010				2011				2012				2010 ¹	2011 ¹	2012 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP <i>Previous Tealbook</i>	3.7 3.7	1.7 1.7	1.7 1.7	2.4 2.4	2.7 2.5	3.4 3.1	4.0 3.6	4.4 4.1	4.6 4.3	4.7 4.4	4.8 4.4	4.8 4.5	2.4 2.4	3.6 3.3	4.7 4.4
Final sales <i>Previous Tealbook</i>	1.1 1.1	.9 .9	.3 .8	3.7 3.3	3.2 2.6	3.7 3.3	3.8 3.6	4.4 4.1	4.5 4.2	4.6 4.2	4.3 4.2	4.9 4.7	1.5 1.5	3.8 3.4	4.6 4.3
Priv. dom. final purch. <i>Previous Tealbook</i>	2.1 2.1	4.4 4.3	1.9 .9	2.1 2.1	3.0 2.8	3.9 3.8	4.2 4.3	5.0 4.7	5.0 4.9	5.3 5.0	5.3 5.3	5.6 5.2	2.6 2.4	4.0 3.9	5.3 5.1
Personal cons. expend. <i>Previous Tealbook</i>	1.9 1.9	2.2 2.0	2.6 2.2	2.2 2.0	2.4 2.1	2.8 2.8	3.3 3.3	4.0 3.7	4.1 3.9	4.3 4.1	4.5 4.3	4.8 4.4	2.2 2.0	3.1 3.0	4.4 4.2
Durables	8.8	6.8	8.0	9.5	6.8	7.7	8.9	9.5	11.6	12.3	11.9	10.9	8.3	8.2	11.7
Nondurables	4.2	1.9	2.5	3.6	2.7	2.7	2.9	3.1	3.2	3.4	3.8	4.1	3.1	2.9	3.6
Services	.1	1.6	1.9	.6	1.6	2.0	2.5	3.5	3.2	3.3	3.5	4.0	1.0	2.4	3.5
Residential investment <i>Previous Tealbook</i>	-12.3 -12.3	25.7 26.3	-29.9 -27.2	-4.7 3.5	13.5 11.0	27.2 21.8	22.3 21.8	23.3 22.7	18.4 18.8	17.5 18.0	16.0 17.0	16.1 16.3	-7.3 -4.4	21.5 19.2	17.0 17.5
Business fixed invest. <i>Previous Tealbook</i>	7.8 7.8	17.2 17.6	5.5 -7	3.4 2.8	5.3 5.9	6.8 7.2	7.0 7.5	7.4 7.8	8.3 7.9	9.3 7.9	8.6 8.9	8.6 7.5	8.4 6.7	6.6 7.1	8.7 8.1
Equipment & software <i>Previous Tealbook</i>	20.4 20.4	24.8 26.4	9.7 -3	5.6 4.6	8.3 8.8	10.4 10.6	10.6 11.0	11.1 11.5	11.6 11.4	12.6 11.0	11.3 12.0	10.9 9.8	14.9 12.2	10.1 10.5	11.6 11.0
Nonres. structures <i>Previous Tealbook</i>	-17.8 -17.8	-5 -2.7	-5.1 -1.5	-2.4 -1.8	-2.8 -1.9	-2.9 -1.8	-3.1 -2.1	-3.1 -2.2	-1.1 -1.8	-6 -1.3	.4 -3	1.2 .6	-6.7 -6.2	-3.0 -2.0	.0 -7
Net exports ² <i>Previous Tealbook</i> ²	-338 -338	-449 -446	-499 -449	-445 -411	-425 -403	-412 -399	-405 -401	-401 -402	-393 -400	-391 -403	-400 -414	-398 -406	-433 -411	-411 -401	-395 -406
Exports	11.4	9.1	5.7	9.4	8.7	8.8	8.4	8.4	8.5	8.3	8.2	8.1	8.9	8.6	8.3
Imports	11.2	33.5	14.7	-3.0	3.0	4.5	5.5	6.0	5.5	6.6	8.4	6.3	13.4	4.7	6.7
Gov't. cons. & invest. <i>Previous Tealbook</i>	-1.6 -1.6	3.9 3.9	1.3 .8	1.1 1.7	.4 .4	.5 .6	.8 .8	.9 .9	.8 .8	.8 .8	.8 .8	1.0 1.0	1.2 1.2	.6 .7	.9 .9
Federal	1.8	9.1	4.3	3.7	1.0	.9	1.2	1.1	.4	.3	-1	.2	4.7	1.0	.2
Defense	.4	7.4	6.5	5.5	.0	-1	.3	.1	.3	.2	-5	.0	4.9	.1	.0
Nondefense	5.0	12.8	-3	-2	3.0	3.1	3.1	3.1	.6	.6	.6	.6	4.2	3.1	.6
State & local	-3.8	.6	-6	-7	.1	.2	.5	.8	1.1	1.2	1.5	1.6	-1.1	.4	1.3
Change in bus. inventories ² <i>Previous Tealbook</i> ²	44 44	69 70	114 99	75 71	60 69	52 62	58 64	59 66	62 70	68 78	84 87	81 80	76 71	57 65	74 79
Nonfarm ²	37	61	110	71	56	48	54	56	59	64	81	78	70	54	70
Farm ²	8	8	4	4	4	4	4	4	4	4	4	4	6	4	4

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	2004	2005	2006	2007	2008	2009	2010	2011	2012
Real GDP <i>Previous Tealbook</i>	3.1 3.1	2.7 2.7	2.4 2.4	2.3 2.3	-2.8 -2.8	.2 .2	2.4 2.4	3.6 3.3	4.7 4.4
Final sales <i>Previous Tealbook</i>	2.8 2.8	2.7 2.7	2.8 2.8	2.5 2.5	-1.9 -1.9	-.3 -.3	1.5 1.5	3.8 3.4	4.6 4.3
Priv. dom. final purch. <i>Previous Tealbook</i>	4.2 4.2	3.1 3.1	2.5 2.5	1.3 1.3	-3.8 -3.8	-2.0 -2.0	2.6 2.4	4.0 3.9	5.3 5.1
Personal cons. expend. <i>Previous Tealbook</i>	3.5 3.5	2.7 2.7	3.3 3.3	1.7 1.7	-1.9 -1.9	.2 .2	2.2 2.0	3.1 3.0	4.4 4.2
Durables	5.5	2.1	6.3	3.9	-12.3	4.8	8.3	8.2	11.7
Nondurables	3.0	3.3	3.2	.8	-2.9	1.1	3.1	2.9	3.6
Services	3.4	2.6	2.8	1.7	.3	-.8	1.0	2.4	3.5
Residential investment <i>Previous Tealbook</i>	6.6 6.6	5.3 5.3	-15.7 -15.7	-20.7 -20.7	-24.6 -24.6	-13.4 -13.4	-7.3 -4.4	21.5 19.2	17.0 17.5
Business fixed invest. <i>Previous Tealbook</i>	7.0 7.0	4.4 4.4	7.8 7.8	8.2 8.2	-8.3 -8.3	-12.7 -12.7	8.4 6.7	6.6 7.1	8.7 8.1
Equipment & software <i>Previous Tealbook</i>	8.8 8.8	6.1 6.1	6.0 6.0	4.3 4.3	-11.8 -11.8	-4.9 -4.9	14.9 12.2	10.1 10.5	11.6 11.0
Nonres. structures <i>Previous Tealbook</i>	1.7 1.7	-.1 -.1	13.0 13.0	17.3 17.3	-1.5 -1.5	-26.5 -26.5	-6.7 -6.2	-3.0 -2.0	.0 -.7
Net exports ¹ <i>Previous Tealbook</i> ¹	-688 -688	-723 -723	-729 -729	-655 -655	-504 -504	-363 -363	-433 -411	-411 -401	-395 -406
Exports	7.1	6.7	10.2	10.1	-2.9	-.1	8.9	8.6	8.3
Imports	10.9	5.2	4.1	.7	-6.0	-7.2	13.4	4.7	6.7
Gov't. cons. & invest. <i>Previous Tealbook</i>	.6 .6	.7 .7	1.5 1.5	1.9 1.9	3.1 3.1	.8 .8	1.2 1.2	.6 .7	.9 .9
Federal	2.3	1.2	2.2	3.1	9.2	3.6	4.7	1.0	.2
Defense	2.4	.4	4.4	2.6	9.5	3.3	4.9	.1	.0
Nondefense	2.3	2.6	-2.3	4.2	8.5	4.5	4.2	3.1	.6
State & local	-.4	.4	1.2	1.2	-.4	-1.0	-1.1	.4	1.3
Change in bus. inventories ¹ <i>Previous Tealbook</i> ¹	66 66	50 50	59 59	28 28	-38 -38	-113 -113	76 71	57 65	74 79
Nonfarm ¹	58	50	63	29	-39	-117	70	54	70
Farm ¹	8	0	-4	-1	1	3	6	4	4

1. Billions of chained (2005) dollars.

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

Item	2010				2011				2012				2010 ¹	2011 ¹	2012 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Real GDP	3.7	1.7	1.7	2.4	2.7	3.4	4.0	4.4	4.6	4.7	4.8	4.8	2.4	3.6	4.7
<i>Previous Tealbook</i>	3.7	1.7	1.7	2.4	2.5	3.1	3.6	4.1	4.3	4.4	4.4	4.5	2.4	3.3	4.4
Final sales	1.1	.9	.3	3.6	3.2	3.7	3.8	4.4	4.5	4.5	4.3	4.9	1.5	3.8	4.5
<i>Previous Tealbook</i>	1.1	.9	.8	3.3	2.6	3.3	3.6	4.1	4.2	4.1	4.2	4.7	1.5	3.4	4.3
Priv. dom. final purch.	1.7	3.6	1.5	1.8	2.5	3.2	3.5	4.1	4.1	4.3	4.4	4.6	2.2	3.3	4.4
<i>Previous Tealbook</i>	1.7	3.5	.8	1.8	2.3	3.1	3.5	3.9	4.0	4.1	4.3	4.3	1.9	3.2	4.2
Personal cons. expend.	1.3	1.5	1.8	1.5	1.7	2.0	2.3	2.9	2.9	3.0	3.1	3.3	1.6	2.2	3.1
<i>Previous Tealbook</i>	1.3	1.4	1.6	1.4	1.5	2.0	2.3	2.6	2.8	2.9	3.0	3.1	1.4	2.1	2.9
Durables	.6	.5	.6	.7	.5	.6	.7	.7	.9	.9	.9	.8	.6	.6	.9
Nondurables	.7	.3	.4	.6	.4	.4	.5	.5	.5	.5	.6	.7	.5	.5	.6
Services	.0	.8	.9	.3	.8	1.0	1.2	1.7	1.5	1.6	1.7	1.9	.5	1.1	1.6
Residential investment	-.3	.6	-.8	-.1	.3	.6	.5	.5	.4	.4	.4	.4	-.2	.5	.4
<i>Previous Tealbook</i>	-.3	.6	-.7	.1	.2	.5	.5	.5	.5	.5	.4	.4	-.1	.4	.5
Business fixed invest.	.7	1.5	.5	.3	.5	.6	.7	.7	.8	.9	.8	.8	.8	.6	.9
<i>Previous Tealbook</i>	.7	1.5	-.1	.3	.6	.7	.7	.7	.8	.8	.9	.7	.6	.7	.8
Equipment & software	1.2	1.5	.7	.4	.6	.7	.8	.8	.8	.9	.8	.8	1.0	.7	.9
<i>Previous Tealbook</i>	1.2	1.6	.0	.3	.6	.7	.8	.8	.8	.8	.9	.7	.8	.7	.8
Nonres. structures	-.5	.0	-.1	-.1	-.1	-.1	-.1	-.1	.0	.0	.0	.0	-.2	-.1	.0
<i>Previous Tealbook</i>	-.5	-.1	.0	.0	.0	.0	-.1	-.1	.0	.0	.0	.0	-.2	-.1	.0
Net exports	-.3	-.3.5	-.1.5	1.6	.6	.4	.2	.1	.2	.0	-.3	.0	-.9	.3	.0
<i>Previous Tealbook</i>	-.3	-.3.5	-.1	1.1	.2	.1	-.1	.0	.0	-.1	-.3	.2	-.7	.0	-.1
Exports	1.3	1.1	.7	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Imports	-1.6	-4.6	-2.3	.5	-.5	-.7	-.9	-1.0	-.9	-1.1	-1.4	-1.1	-2.0	-.8	-1.1
Gov't. cons. & invest.	-.3	.8	.3	.2	.1	.1	.2	.2	.2	.2	.2	.2	.2	.1	.2
<i>Previous Tealbook</i>	-.3	.8	.2	.4	.1	.1	.2	.2	.2	.2	.2	.2	.2	.1	.2
Federal	.2	.7	.3	.3	.1	.1	.1	.1	.0	.0	.0	.0	.4	.1	.0
Defense	.0	.4	.4	.3	.0	.0	.0	.0	.0	.0	.0	.0	.3	.0	.0
Nondefense	.1	.3	.0	.0	.1	.1	.1	.1	.0	.0	.0	.0	.1	.1	.0
State & local	-.5	.1	-.1	-.1	.0	.0	.1	.1	.1	.1	.2	.2	-.1	.0	.2
Change in bus. inventories	2.6	.8	1.4	-1.3	-.5	-.2	.2	.0	.1	.2	.5	-.1	.9	-.1	.2
<i>Previous Tealbook</i>	2.6	.8	.9	-.9	-.1	-.2	.0	.1	.1	.2	.3	-.2	.9	.0	.1
Nonfarm	2.6	.8	1.5	-1.2	-.5	-.2	.2	.0	.1	.2	.5	-.1	.9	-.1	.2
Farm	.1	.0	-.1	-.1	.0	.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	2010				2011				2012				2010 ¹	2011 ¹	2012 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
GDP chain-wt. price index <i>Previous Tealbook</i>	1.0 1.0	1.9 1.9	2.1 1.9	.4 .4	1.2 1.2	1.1 1.0	1.0 .9	1.0 .9	1.3 1.2	1.2 1.2	1.2 1.1	1.2 1.1	1.3 1.3	1.1 1.0	1.2 1.2
PCE chain-wt. price index <i>Previous Tealbook</i>	2.1 2.1	.0 .0	1.2 1.2	1.9 1.4	1.3 1.3	1.1 1.1	1.1 1.0	1.0 .9	1.1 1.0	1.1 1.0	1.1 1.0	1.1 1.0	1.3 1.2	1.1 1.1	1.1 1.0
Energy <i>Previous Tealbook</i>	16.4 16.4	-17.5 -17.5	5.2 4.5	15.6 5.3	5.2 7.3	3.6 5.1	2.2 2.9	1.8 2.2	1.8 2.2	1.2 1.6	1.1 1.6	1.1 1.6	4.0 1.4	3.2 4.4	1.3 1.8
Food <i>Previous Tealbook</i>	1.8 1.8	1.6 1.6	.2 .3	1.7 1.3	1.1 .8	.9 .7	.9 .7	.9 .7	1.0 .7	1.1 .7	1.2 .7	1.3 .7	1.3 1.2	1.0 .7	1.1 .7
Ex. food & energy <i>Previous Tealbook</i>	1.2 1.2	1.0 1.1	1.0 1.1	1.1 1.1	1.1 1.0	1.0 .9	1.0 .9	1.0 .9	1.0 .9	1.0 .9	1.0 .9	1.0 .9	1.1 1.1	1.0 .9	1.0 .9
CPI <i>Previous Tealbook</i>	1.5 1.5	-.7 -.7	1.5 1.6	2.1 1.5	1.4 1.5	1.2 1.3	1.1 1.0	1.1 1.0	1.1 1.1	1.1 1.0	1.1 1.1	1.2 1.1	1.1 1.0	1.2 1.2	1.1 1.1
Ex. food & energy <i>Previous Tealbook</i>	.0 .0	.9 .9	1.2 1.6	.9 1.3	1.1 1.0	1.0 .9	1.0 .9	1.0 .9	1.0 1.0	1.1 1.0	1.1 1.0	1.2 1.0	.7 .9	1.0 .9	1.1 1.0
ECL, hourly compensation ² <i>Previous Tealbook</i> ²	2.6 2.6	1.8 1.8	1.8 1.8	1.8 1.8	2.2 2.2	2.0 1.8	2.0 1.8	2.0 1.8	2.4 2.2	2.2 2.0	2.1 2.0	2.1 2.0	2.0 2.0	2.1 1.9	2.2 2.0
Nonfarm business sector Output per hour <i>Previous Tealbook</i>	3.9 3.9	-1.9 -1.7	2.0 1.5	2.0 1.8	1.2 1.1	1.2 1.5	1.6 1.8	1.9 2.0	2.1 2.3	2.0 2.1	2.0 1.9	1.9 1.8	1.5 1.3	1.5 1.6	2.0 2.0
Compensation per hour <i>Previous Tealbook</i>	-.9 -.9	-.6 -.7	2.1 2.0	1.8 1.8	2.4 2.4	1.8 1.6	1.7 1.6	1.7 1.6	2.3 2.1	2.0 1.7	2.1 1.9	2.1 2.0	.6 .5	1.9 1.8	2.1 1.9
Unit labor costs <i>Previous Tealbook</i>	-4.6 -4.6	1.3 1.0	.1 .5	-.2 .0	1.2 1.3	.6 .1	.1 -.2	-.2 -.4	.2 -.2	.0 -.4	.0 .2	.2 .2	-.9 -.8	.4 .2	.1 -.1
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i> ³	4.2 4.2	3.1 3.1	2.1 1.3	4.8 2.2	4.0 1.7	1.9 1.1	1.6 1.0	1.1 .8	1.2 .8	1.3 .9	1.3 .9	1.3 .9	3.5 2.7	2.1 1.2	1.3 .9

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	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP chain-wt. price index <i>Previous Tealbook</i>	3.2 3.2	3.5 3.5	2.9 2.9	2.6 2.6	2.1 2.1	.5 .5	1.3 1.3	1.1 1.0	1.2 1.2
PCE chain-wt. price index <i>Previous Tealbook</i>	3.0 3.0	3.3 3.3	1.9 1.9	3.5 3.5	1.7 1.7	1.5 1.5	1.3 1.2	1.1 1.1	1.1 1.0
Energy <i>Previous Tealbook</i>	18.6 18.6	21.5 21.5	-3.7 -3.7	19.4 19.4	-9.0 -9.0	2.7 2.7	4.0 1.4	3.2 4.4	1.3 1.8
Food <i>Previous Tealbook</i>	2.7 2.7	1.5 1.5	1.7 1.7	4.8 4.8	6.9 6.9	-1.6 -1.6	1.3 1.2	1.0 .7	1.1 .7
Ex. food & energy <i>Previous Tealbook</i>	2.2 2.2	2.3 2.3	2.3 2.3	2.4 2.4	2.0 2.0	1.7 1.7	1.1 1.1	1.0 .9	1.0 .9
CPI <i>Previous Tealbook</i>	3.4 3.4	3.7 3.7	1.9 1.9	4.0 4.0	1.6 1.6	1.5 1.5	1.1 1.0	1.2 1.2	1.1 1.1
Ex. food & energy <i>Previous Tealbook</i>	2.2 2.2	2.1 2.1	2.7 2.7	2.3 2.3	2.0 2.0	1.7 1.7	.7 .9	1.0 .9	1.1 1.0
ECL, hourly compensation ¹ <i>Previous Tealbook¹</i>	3.8 3.8	2.9 2.9	3.2 3.2	3.0 3.0	2.4 2.4	1.2 1.2	2.0 2.0	2.1 1.9	2.2 2.0
Nonfarm business sector Output per hour <i>Previous Tealbook</i>	1.5 1.5	1.4 1.4	.9 .9	2.6 2.6	-.4 -.4	6.2 6.2	1.5 1.3	1.5 1.6	2.0 2.0
Compensation per hour <i>Previous Tealbook</i>	3.3 3.3	3.5 3.5	4.5 4.5	3.6 3.6	2.3 2.3	2.5 2.5	.6 .5	1.9 1.8	2.1 1.9
Unit labor costs <i>Previous Tealbook</i>	1.9 1.9	2.0 2.0	3.5 3.5	.9 .9	2.7 2.7	-3.5 -3.5	-.9 -.8	.4 .2	.1 -.1
Core goods imports chain-wt. price index ² <i>Previous Tealbook²</i>	3.6 3.6	2.2 2.2	2.5 2.5	2.9 2.9	3.5 3.5	-1.9 -1.9	3.5 2.7	2.1 1.2	1.3 .9

1. Private-industry workers.

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

Other Macroeconomic Indicators

Item	2010				2011				2012				2010 ¹	2011 ¹	2012 ¹
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
<i>Employment and production</i>															
Nonfarm payroll employment ²	.1	.7	-1	.1	.4	.6	.7	.8	.9	.9	1.0	1.0	.7	2.6	3.7
Unemployment rate ³	9.7	9.7	9.6	9.7	9.5	9.5	9.2	9.0	8.8	8.6	8.2	7.9	9.7	9.0	7.9
<i>Previous Tealbook³</i>	9.7	9.7	9.6	9.7	9.6	9.5	9.3	9.1	8.9	8.7	8.3	8.0	9.7	9.1	8.0
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>	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8
GDP gap ⁴	-6.4	-6.6	-6.8	-6.8	-6.8	-6.6	-6.2	-5.8	-5.3	-4.8	-4.3	-3.8	-6.8	-5.8	-3.8
<i>Previous Tealbook⁴</i>	-6.8	-7.0	-7.2	-7.2	-7.2	-7.0	-6.8	-6.4	-6.0	-5.6	-5.1	-4.7	-7.2	-6.4	-4.7
Industrial production ⁵	7.1	7.0	4.8	-1.5	3.5	4.0	4.7	4.5	5.0	5.6	5.5	4.8	4.3	4.2	5.2
<i>Previous Tealbook⁵</i>	7.1	6.5	4.3	.8	2.1	3.6	4.0	4.5	4.2	4.5	5.1	3.9	4.7	3.5	4.4
Manufacturing industr. prod. ⁵	6.2	9.1	3.6	-.7	2.8	4.9	5.8	5.5	6.0	6.6	6.4	5.6	4.5	4.7	6.1
<i>Previous Tealbook⁵</i>	6.2	8.5	3.9	.6	1.9	4.7	5.1	5.7	5.1	5.3	6.0	4.4	4.7	4.3	5.2
Capacity utilization rate - mfg. ³	70.0	71.6	72.2	72.0	72.5	73.3	74.3	75.3	76.2	77.2	78.2	79.1	72.0	75.3	79.1
<i>Previous Tealbook³</i>	70.0	71.5	72.1	72.2	72.5	73.4	74.3	75.3	76.1	76.9	77.9	78.6	72.2	75.3	78.6
Housing starts ⁶	.6	.6	.6	.6	.7	.8	.9	1.0	1.0	1.1	1.2	1.3	.6	.8	1.1
Light motor vehicle sales ⁶	11.0	11.3	11.6	11.8	12.1	12.5	13.0	13.5	14.2	15.0	15.6	16.1	11.4	12.8	15.2
<i>Income and saving</i>															
Nominal GDP ⁵	4.8	3.7	3.8	2.8	4.0	4.5	5.0	5.5	6.0	6.0	6.0	6.0	3.8	4.7	6.0
Real disposable pers. income ⁵	1.3	4.4	1.0	.6	1.9	3.1	3.2	3.9	3.7	4.3	4.0	4.4	1.8	3.0	4.1
<i>Previous Tealbook⁵</i>	1.3	4.4	.7	.9	1.1	3.0	3.2	3.7	3.7	4.1	4.0	4.4	1.8	2.8	4.0
Personal saving rate ³	5.5	5.9	5.7	5.4	5.3	5.3	5.3	5.3	5.2	5.2	5.1	5.0	5.4	5.3	5.0
<i>Previous Tealbook³</i>	5.5	6.1	5.9	5.6	5.4	5.5	5.5	5.5	5.4	5.4	5.3	5.3	5.6	5.5	5.3
Corporate profits ⁷	48.9	12.7	7.3	2.9	3.3	5.0	6.5	6.8	5.3	7.1	7.6	7.4	16.7	5.4	6.8
Profit share of GNP ³	10.7	10.9	11.0	11.0	11.0	11.0	11.1	11.1	11.1	11.1	11.2	11.2	11.0	11.1	11.2
Net federal saving ⁸	-1,314	-1,355	-1,346	-1,334	-1,287	-1,246	-1,221	-1,203	-1,153	-1,140	-1,107	-1,087	-1,337	-1,239	-1,122
Net state & local saving ⁸	29	16	28	42	45	34	23	20	14	28	35	43	28	31	30
Gross national saving rate ³	11.1	11.3	11.2	11.2	11.4	11.8	11.9	12.1	12.3	12.5	12.8	12.9	11.2	12.1	12.9
Net national saving rate ³	-1.8	-1.4	-1.3	-1.3	-1.1	-.7	-.5	-.3	.0	.3	.5	.8	-1.3	-.3	.8

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	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Employment and production</i>									
Nonfarm payroll employment ¹	2.0	2.4	2.1	1.2	-2.8	-5.4	.7	2.6	3.7
Unemployment rate ²	5.4	5.0	4.5	4.8	6.9	10.0	9.7	9.0	7.9
<i>Previous Tealbook²</i>	5.4	5.0	4.5	4.8	6.9	10.0	9.7	9.1	8.0
NAIRU ²	5.0	5.0	5.0	5.0	5.3	6.0	6.0	6.0	6.0
<i>Previous Tealbook²</i>	4.9	4.8	4.8	4.8	5.1	5.8	5.8	5.8	5.8
GDP gap ³	-4	.1	.1	.0	-4.9	-6.7	-6.8	-5.8	-3.8
<i>Previous Tealbook³</i>	-7	-3	-3	-4	-5.3	-7.1	-7.2	-6.4	-4.7
Industrial production ⁴	2.9	2.3	2.5	2.3	-7.6	-3.8	4.3	4.2	5.2
<i>Previous Tealbook⁴</i>	2.9	2.3	2.5	2.3	-7.6	-3.8	4.7	3.5	4.4
Manufacturing industr. prod. ⁴	3.5	3.5	2.0	2.6	-10.0	-4.1	4.5	4.7	6.1
<i>Previous Tealbook⁴</i>	3.5	3.5	2.0	2.6	-10.0	-4.1	4.7	4.3	5.2
Capacity utilization rate - mfg. ²	77.4	78.8	79.0	79.1	70.9	68.8	72.0	75.3	79.1
<i>Previous Tealbook²</i>	77.4	78.8	79.0	79.1	70.9	68.8	72.2	75.3	78.6
Housing starts ⁵	2.0	2.1	1.8	1.4	.9	.6	.6	.8	1.1
Light motor vehicle sales ⁵	16.8	16.9	16.5	16.1	13.1	10.3	11.4	12.8	15.2
<i>Income and saving</i>									
Nominal GDP ⁴	6.4	6.3	5.4	5.0	-7	.6	3.8	4.7	6.0
Real disposable pers. income ⁴	3.5	.6	4.6	1.5	1.0	.4	1.8	3.0	4.1
<i>Previous Tealbook⁴</i>	3.5	.6	4.6	1.5	1.0	.4	1.8	2.8	4.0
Personal saving rate ²	3.6	1.5	2.5	2.1	5.2	5.5	5.4	5.3	5.0
<i>Previous Tealbook²</i>	3.6	1.5	2.5	2.1	5.2	5.5	5.6	5.5	5.3
Corporate profits ⁶	21.9	19.6	3.7	-8.1	-31.9	42.5	16.7	5.4	6.8
Profit share of GNP ²	10.5	11.8	11.6	10.1	6.9	9.8	11.0	11.1	11.2
Net federal saving ⁷	-379	-283	-204	-245	-616	-1252	-1337	-1239	-1122
Net state & local saving ⁷	-8	26	51	12	-47	-20	28	31	30
Gross national saving rate ²	14.3	15.5	16.3	13.6	11.8	10.8	11.2	12.1	12.9
Net national saving rate ²	2.7	3.5	4.2	1.3	-1.4	-2.3	-1.3	-3	.8

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				2010				2011				2012			
	2009 ^a	2010	2011	2012	Q1 ^a	Q2 ^a	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unified budget	Not seasonally adjusted															
	2104	2162	2377	2636	466	643	565	529	486	724	638	604	559	798	675	646
	3520	3456	3714	3662	795	930	855	942	956	910	907	923	961	913	864	965
	-1416	-1294	-1337	-1026	-329	-287	-290	-412	-470	-186	-269	-319	-403	-115	-189	-319
	-1416	-1299	-1306	-1045	-329	-287	-295	-397	-449	-186	-274	-322	-405	-117	-202	-330
	-1553	-1371	-1422	-1126	-359	-351	-267	-452	-465	-248	-257	-365	-401	-184	-177	-372
	137	77	85	100	30	64	-23	40	-5	62	-12	46	-2	69	-13	53
Means of financing																
Borrowing	1743	1474	1311	1046	478	344	390	363	498	166	284	309	393	140	204	309
Cash decrease	96	-35	60	0	-25	-71	-20	40	5	25	-10	15	15	-20	-10	15
Other ²	-424	-145	-34	-20	-124	14	-80	9	-33	-5	-5	-5	-5	-5	-5	-5
Cash operating balance, end of period	275	310	250	250	219	290	310	270	265	240	250	235	220	240	250	235
NIPA federal sector	Seasonally adjusted annual rates															
Receipts	2261	2323	2512	2709	2323	2347	2390	2414	2508	2544	2583	2622	2691	2737	2785	2834
Expenditures	3355	3654	3784	3860	3637	3701	3736	3748	3795	3790	3804	3825	3844	3877	3893	3921
Consumption expenditures	977	1027	1080	1115	1017	1038	1050	1063	1078	1086	1093	1101	1115	1120	1124	1129
Defense	659	690	725	742	684	695	706	717	725	728	731	734	742	745	747	750
Nondefense	318	337	355	373	333	343	344	346	353	358	363	367	373	375	377	379
Other spending	2378	2627	2704	2745	2620	2663	2686	2686	2716	2704	2710	2725	2730	2757	2769	2793
Current account surplus	-1094	-1331	-1272	-1151	-1314	-1355	-1346	-1334	-1287	-1246	-1221	-1203	-1153	-1140	-1107	-1087
Gross investment	151	165	175	175	161	168	171	175	174	175	175	175	175	175	175	176
Gross saving less gross investment ³	-1122	-1368	-1313	-1186	-1348	-1394	-1388	-1377	-1329	-1286	-1260	-1240	-1189	-1175	-1141	-1120
Fiscal indicators ⁴																
High-employment (HEB) surplus/deficit	-839	-1023	-961	-892	-1010	-1050	-1038	-1019	-971	-933	-920	-919	-879	-889	-883	-891
Change in HEB, percent of potential GDP	2.2	1.0	-6	-6	.1	.2	-2	-2	-4	-3	-1	-1	-3	.0	-1	.0
Fiscal impetus (FI), percent of GDP	1.1	1.0	-1	-5	.3	.3	.1	.1	-2	-1	.0	-1	-1	-1	-3	-2
Previous Tealbook	1.1	1.0	-1	-5	.3	.3	.1	.1	-1	-1	.0	-1	-1	-1	-3	-2

- 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.
- Other means of financing are checks issued less checks paid, accrued items, and changes in other financial assets and liabilities.
- Gross saving is the current account surplus plus consumption of fixed capital of the general government as well as government enterprises.
- 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.

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>								
2005	9.5	11.1	13.3	4.5	8.6	10.2	7.0	6.3
2006	9.0	10.1	11.2	4.1	10.5	8.3	3.9	5.4
2007	8.6	6.8	6.8	5.8	13.1	9.5	4.9	5.0
2008	6.0	.3	-.4	1.5	5.5	2.3	24.2	-.7
2009	3.0	-1.7	-1.6	-4.4	-2.7	4.9	22.7	.6
2010	4.5	-2.0	-3.2	-1.6	1.4	3.6	20.2	3.8
2011	4.8	1.2	-.4	4.5	1.9	5.3	13.4	4.7
2012	5.2	3.1	1.0	9.0	3.5	4.9	9.8	6.0
<i>Quarter</i>								
2009:1	4.6	-.9	-.3	-3.7	-.0	5.6	24.4	-3.9
2	4.4	-1.9	-1.8	-4.8	-2.6	4.3	28.9	-.4
3	2.1	-2.2	-2.6	-3.9	-4.4	5.8	19.0	2.3
4	.9	-2.0	-1.5	-5.6	-3.8	3.8	11.9	4.7
2010:1	4.5	-1.7	-4.3	-1.9	.5	5.6	20.5	4.8
2	4.8	-2.3	-2.3	-2.6	.1	-1.5	24.4	3.7
3	4.2	-2.8	-4.0	-2.0	3.3	4.4	16.0	3.8
4	4.1	-1.3	-2.5	.0	1.7	5.9	14.4	2.8
2011:1	5.5	.2	-1.1	2.6	1.1	5.5	17.9	4.0
2	4.7	1.1	-.3	3.8	1.6	5.4	13.1	4.5
3	4.2	1.5	-.1	5.2	2.2	5.0	9.6	5.0
4	4.6	1.8	.0	6.2	2.6	4.8	10.5	5.5
2012:1	5.5	2.6	.7	7.5	3.0	4.9	11.9	6.0
2	5.4	3.0	.9	8.5	3.3	4.8	10.8	6.0
3	4.3	3.4	1.2	9.3	3.7	4.8	5.8	6.0
4	5.4	3.5	1.2	9.7	3.9	4.7	9.5	6.0

Note: Quarterly data are at seasonally adjusted annual rates.

1. Data after 2010:Q2 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	2009	2010	2011	2012	2010				2011				2012			
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<i>Domestic nonfinancial sectors</i>																
Net funds raised																
Total	950.3	1309.8	1541.1	1782.4	1201.4	1193.4	1773.2	1541.9	1330.5	1518.8	1868.5	1875.7	1457.7	1927.5	1927.5	1927.5
Net equity issuance	-64.7	-236.0	-210.0	-208.0	-292.4	-268.0	-200.0	-200.0	-220.0	-220.0	-208.0	-208.0	-208.0	-208.0	-208.0	-208.0
Net debt issuance	1015.0	1545.8	1751.1	1990.4	1493.8	1461.4	1973.2	1741.9	1550.5	1738.8	2076.5	2083.7	1665.7	2135.5	2135.5	2135.5
Borrowing indicators																
Debt (percent of GDP) ¹	241.7	241.9	243.4	242.0	242.2	243.0	243.6	244.0	243.7	243.1	242.6	242.4	241.8	241.2	241.2	241.2
Borrowing (percent of GDP)	7.2	10.6	11.5	12.4	10.2	9.9	13.2	11.5	10.1	11.2	13.2	13.0	10.3	13.0	13.0	13.0
Households																
Net borrowing ²	-241.8	-271.2	156.4	421.8	-373.0	-171.3	32.7	146.5	203.2	243.3	349.3	401.1	459.1	477.7	477.7	477.7
Home mortgages	-163.1	-332.9	-37.4	99.7	-405.3	-250.8	-109.6	-29.8	-9.9	0.0	69.5	89.5	119.6	120.0	120.0	120.0
Consumer credit	-115.3	-39.7	110.3	229.7	-48.3	0.0	62.9	93.8	128.2	156.3	190.8	220.6	245.4	262.2	262.2	262.2
Debt/DPI (percent) ³	124.4	118.5	114.0	111.0	117.6	116.3	115.2	114.2	113.4	112.5	111.8	111.1	110.6	110.0	110.0	110.0
Business																
Financing gap ⁴	-44.7	34.4	32.6	100.1	50.5	22.1	23.9	23.9	37.8	44.9	67.3	85.6	118.1	129.3	129.3	129.3
Net equity issuance	-64.7	-236.0	-210.0	-208.0	-292.4	-268.0	-200.0	-200.0	-220.0	-220.0	-208.0	-208.0	-208.0	-208.0	-208.0	-208.0
Credit market borrowing	-298.2	155.4	208.9	397.1	364.3	190.1	124.2	173.0	248.9	289.6	339.0	374.1	427.1	448.2	448.2	448.2
State and local governments																
Net borrowing	111.2	86.0	128.6	125.6	106.1	141.6	133.6	133.6	125.6	121.6	125.6	125.6	125.6	125.6	125.6	125.6
Current surplus ⁵	248.2	273.0	261.5	267.8	253.6	268.9	274.1	264.3	254.4	253.2	249.1	264.6	274.1	283.4	283.4	283.4
Federal government																
Net borrowing	1443.9	1575.6	1257.1	1045.9	1396.4	1301.0	1682.7	1288.8	972.8	1084.3	1262.6	1182.9	653.9	1084.0	1084.0	1084.0
Net borrowing (n.s.a.)	1443.9	1575.6	1257.1	1045.9	390.1	363.2	497.7	166.2	284.2	309.1	392.6	139.7	204.5	309.0	309.0	309.0
Unified deficit (n.s.a.)	1471.3	1318.1	1244.1	1025.9	290.1	412.1	469.8	186.0	269.2	319.1	402.6	114.7	189.5	319.0	319.0	319.0
<i>Depository institutions</i>																
Funds supplied	-639.9	-215.1	133.6	250.8	105.4	21.5	73.1	103.7	165.4	192.2	232.2	257.7	282.9	230.4	230.4	230.4

Note: Data after 2010:Q2 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.

Greensheets

Foreign Real GDP and Consumer Prices: Selected Countries

(Quarterly percent changes at an annual rate)

Measure and country	2010				2011				2012			
	-----				-----				-----			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP ¹												
Total foreign	4.9	5.9	2.3	2.6	3.0	3.1	3.2	3.3	3.4	3.6	3.7	3.8
<i>Previous Tealbook</i>	4.9	5.9	2.5	2.9	3.0	3.1	3.2	3.3	3.4	3.4	3.5	3.6
Advanced foreign economies	3.8	2.9	2.0	1.9	1.8	1.9	2.1	2.2	2.3	2.5	2.6	2.8
Canada	5.8	2.0	1.8	2.5	2.5	2.5	2.7	2.8	2.8	2.9	2.9	2.9
Japan	5.0	1.5	1.6	.9	1.5	1.6	1.7	1.7	1.8	1.8	1.9	2.0
United Kingdom	1.8	4.7	3.2	1.3	1.1	2.1	2.4	2.5	2.5	2.5	2.6	2.6
Euro area	1.4	3.9	2.0	1.4	1.0	1.0	1.1	1.3	1.6	2.1	2.5	2.8
Germany	1.9	9.0	3.0	2.1	1.5	1.5	1.6	1.7	2.0	2.4	2.8	3.2
Emerging market economies	6.3	9.7	2.6	3.6	4.5	4.7	4.7	4.8	4.9	5.0	5.0	5.0
Asia	13.7	8.4	2.3	5.0	5.6	5.7	5.8	5.9	5.9	5.9	6.0	6.0
Korea	8.8	5.8	3.3	3.6	3.9	4.1	4.2	4.3	4.4	4.5	4.6	4.7
China	9.9	6.9	9.8	8.4	8.4	8.4	8.5	8.5	8.5	8.5	8.6	8.6
Latin America	-.2	11.8	2.9	2.1	3.4	3.7	3.7	3.7	3.8	4.2	4.2	4.2
Mexico	-2.5	13.5	2.5	1.5	3.5	3.8	3.8	3.8	4.0	4.3	4.3	4.3
Brazil	11.3	5.1	3.5	3.5	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Consumer prices ²												
Total foreign	3.4	1.4	2.1	2.5	2.4	2.3	2.2	2.2	2.2	2.3	2.3	2.3
<i>Previous Tealbook</i>	3.4	1.3	1.9	2.1	2.2	2.2	2.1	2.2	2.2	2.2	2.3	2.3
Advanced foreign economies	2.1	.1	1.0	1.2	1.4	1.2	1.1	1.2	1.3	1.4	1.4	1.5
Canada	2.3	-.9	2.3	1.5	1.6	2.1	2.1	2.1	2.1	2.2	2.2	2.2
Japan	.7	-.9	-1.5	-1.3	-1.0	-.9	-.8	-.8	-.7	-.6	-.5	-.5
United Kingdom	5.5	2.4	1.2	2.1	5.1	1.5	1.4	1.5	1.6	1.7	1.7	1.8
Euro Area	1.8	1.4	1.2	2.1	1.7	1.4	1.1	1.2	1.3	1.5	1.6	1.6
Germany	1.4	.7	.9	1.2	1.2	1.1	1.0	1.0	1.2	1.4	1.5	1.6
Emerging market economies	4.7	2.6	3.2	3.6	3.4	3.4	3.2	3.2	3.2	3.1	3.1	3.1
Asia	3.6	2.1	3.5	3.5	3.1	2.9	2.8	2.7	2.7	2.7	2.7	2.7
Korea	3.3	1.9	3.4	2.9	2.7	2.5	2.4	2.4	2.4	2.4	2.4	2.4
China	3.0	2.6	4.3	3.9	2.9	2.8	2.6	2.6	2.6	2.6	2.6	2.6
Latin America	7.8	3.6	2.3	3.6	4.4	4.4	4.3	4.3	4.2	4.1	4.1	4.1
Mexico	7.9	2.7	2.1	3.2	3.8	3.9	3.9	3.9	3.7	3.7	3.7	3.7
Brazil	7.4	5.9	1.1	5.3	6.3	5.4	5.2	5.2	5.0	4.9	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	2004	2005	2006	2007	2008	2009	-----Projected-----			
							2010	2011	2012	
Real GDP ¹										
Total foreign	3.9	4.1	4.0	4.2	-8	.4	3.9	3.2	3.6	
<i>Previous Tealbook</i>	3.9	4.1	4.0	4.2	-8	.4	4.1	3.2	3.5	
Advanced foreign economies	2.6	2.8	2.5	2.4	-1.8	-1.4	2.7	2.0	2.6	
Canada	3.7	3.1	1.9	2.5	-9	-1.1	3.0	2.6	2.9	
Japan	1.1	2.9	2.1	1.8	-4.3	-1.4	2.2	1.6	1.9	
United Kingdom	2.4	2.4	2.7	2.4	-2.7	-3.0	2.8	2.0	2.5	
Euro area	1.7	2.1	3.6	2.2	-2.1	-2.0	2.1	1.1	2.3	
Germany	.2	1.6	4.5	1.8	-2.0	-2.0	4.0	1.6	2.6	
Emerging market economies	5.6	5.8	5.9	6.6	.3	2.8	5.5	4.7	5.0	
Asia	6.0	7.8	7.2	8.4	.9	7.1	7.3	5.8	5.9	
Korea	2.7	5.2	4.6	5.7	-3.2	6.1	5.4	4.1	4.5	
China	10.0	10.5	11.0	12.6	7.2	11.5	8.7	8.4	8.5	
Latin America	5.1	3.9	4.6	4.7	-4	-9	4.1	3.6	4.1	
Mexico	4.6	3.5	3.9	3.9	-1.1	-2.3	3.6	3.7	4.2	
Brazil	5.1	3.5	4.8	6.8	1.0	4.4	5.8	3.9	4.0	
Consumer prices ²										
Total foreign	2.8	2.3	2.1	3.7	3.4	1.2	2.3	2.3	2.3	
<i>Previous Tealbook</i>	2.8	2.3	2.1	3.7	3.4	1.2	2.2	2.2	2.2	
Advanced foreign economies	1.8	1.6	1.4	2.2	2.0	.2	1.1	1.2	1.4	
Canada	2.3	2.3	1.4	2.5	1.9	.8	1.3	2.0	2.2	
Japan	.5	-1.0	.3	.6	1.0	-2.0	-8	-9	-6	
United Kingdom	1.4	2.1	2.7	2.1	3.9	2.1	2.8	2.4	1.7	
Euro Area	2.3	2.3	1.8	2.9	2.3	.4	1.6	1.3	1.5	
Germany	2.1	2.2	1.3	3.1	1.7	.3	1.1	1.1	1.4	
Emerging market economies	3.9	3.0	2.9	5.1	4.6	2.2	3.5	3.3	3.1	
Asia	3.1	2.6	2.4	5.5	3.7	1.3	3.2	2.9	2.7	
Korea	3.4	2.5	2.1	3.4	4.5	2.4	2.9	2.5	2.4	
China	3.2	1.4	2.1	6.6	2.6	.6	3.4	2.7	2.6	
Latin America	5.6	3.7	4.1	4.2	6.6	4.0	4.3	4.3	4.1	
Mexico	5.3	3.1	4.1	3.8	6.2	4.0	4.0	3.9	3.7	
Brazil	7.2	6.1	3.2	4.3	6.2	4.2	4.9	5.5	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.

Greensheets

U.S. Current Account

Quarterly Data

	2010				2011				Projected			
	-----				-----				-----			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<i>Billions of dollars, s.a.a.r.</i>												
U.S. current account balance	-436.6	-493.1	-505.6	-503.8	-507.0	-487.4	-492.2	-489.3	-487.5	-490.8	-505.0	-506.8
<i>Previous Tealbook</i>	-432.8	-502.9	-458.2	-435.8	-454.6	-446.7	-459.1	-462.4	-464.6	-471.2	-482.1	-470.6
Current account as percent of GDP	-3.0	-3.4	-3.4	-3.4	-3.4	-3.2	-3.2	-3.2	-3.1	-3.1	-3.1	-3.1
<i>Previous Tealbook</i>	-3.0	-3.4	-3.1	-2.9	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-2.9
Net goods & services	-457.8	-526.4	-536.0	-537.4	-529.6	-521.4	-520.9	-522.0	-519.0	-520.0	-534.7	-537.3
Investment income, net	168.8	173.1	151.4	150.2	152.2	148.5	145.8	145.4	144.1	141.8	142.4	143.2
Direct, net	275.9	283.8	267.8	268.5	268.2	267.2	268.0	274.2	279.4	285.7	291.9	299.8
Portfolio, net	-107.1	-110.7	-116.4	-118.3	-116.1	-118.7	-122.2	-128.8	-135.3	-143.9	-149.5	-156.6
Other income and transfers, net	-147.6	-139.8	-121.0	-116.6	-129.5	-114.4	-117.0	-112.6	-112.6	-112.6	-112.6	-112.6

Annual Data

	2004	2005	2006	2007	2008	2009	2010	2011	2012
	-----Projected-----								
	<i>Billions of dollars</i>								
U.S. current account balance	-630.5	-747.6	-802.6	-718.1	-668.9	-378.4	-484.8	-494.0	-497.5
<i>Previous Tealbook</i>	-630.5	-747.6	-802.6	-718.1	-668.9	-378.4	-457.4	-455.7	-472.1
Current account as percent of GDP	-5.3	-5.9	-6.0	-5.1	-4.7	-2.7	-3.3	-3.2	-3.1
<i>Previous Tealbook</i>	-5.3	-5.9	-6.0	-5.1	-4.7	-2.7	-3.1	-3.0	-3.0
Net goods & services	-609.3	-714.2	-759.2	-702.1	-698.8	-374.9	-514.4	-523.5	-527.7
Investment income, net	73.4	78.8	54.7	106.6	159.3	129.2	160.9	147.9	142.9
Direct, net	150.9	173.2	174.0	241.6	287.7	252.1	274.0	269.4	289.2
Portfolio, net	-77.5	-94.4	-119.4	-134.9	-128.4	-122.8	-113.1	-121.5	-146.3
Other income and transfers, net	-94.5	-112.2	-98.1	-122.6	-129.3	-132.8	-131.3	-118.4	-112.6

Report to the FOMC on Economic Conditions and Monetary Policy



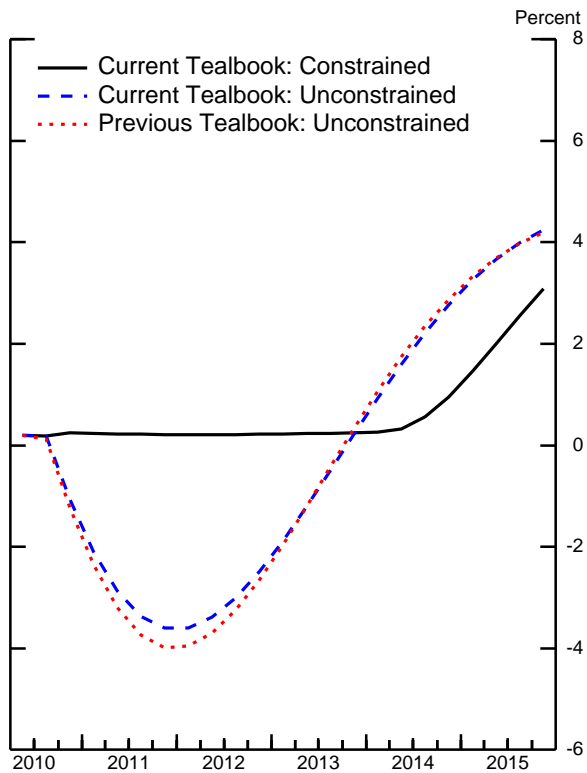
Book B

Monetary Policy: Strategies and Alternatives

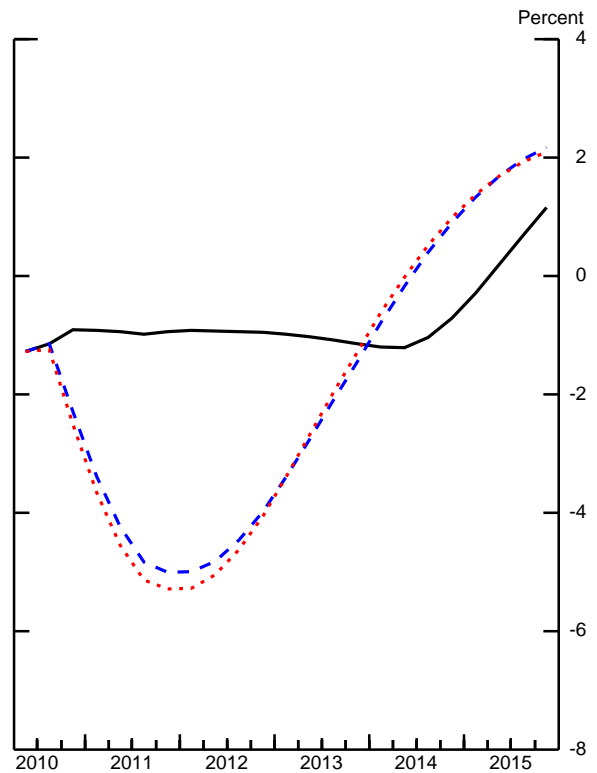
October 28, 2010

Constrained vs. Unconstrained Monetary Policy (2 Percent Inflation Goal)

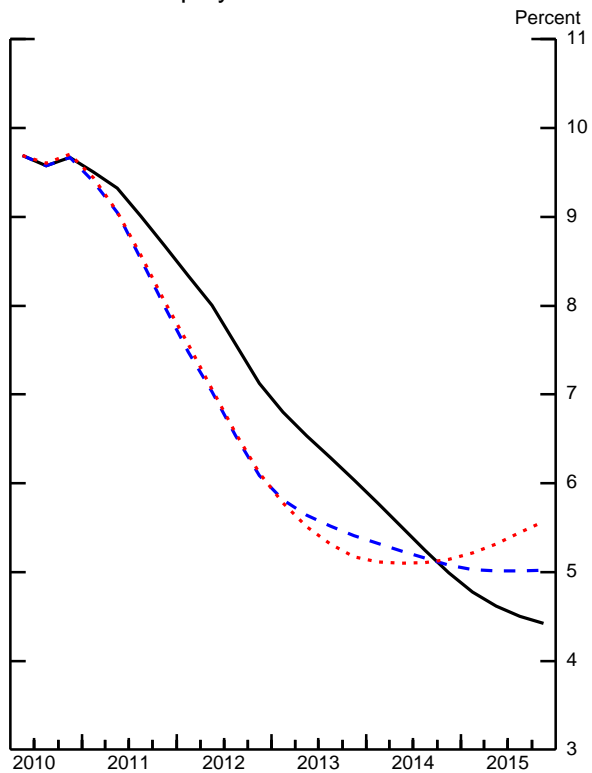
Nominal Federal Funds Rate



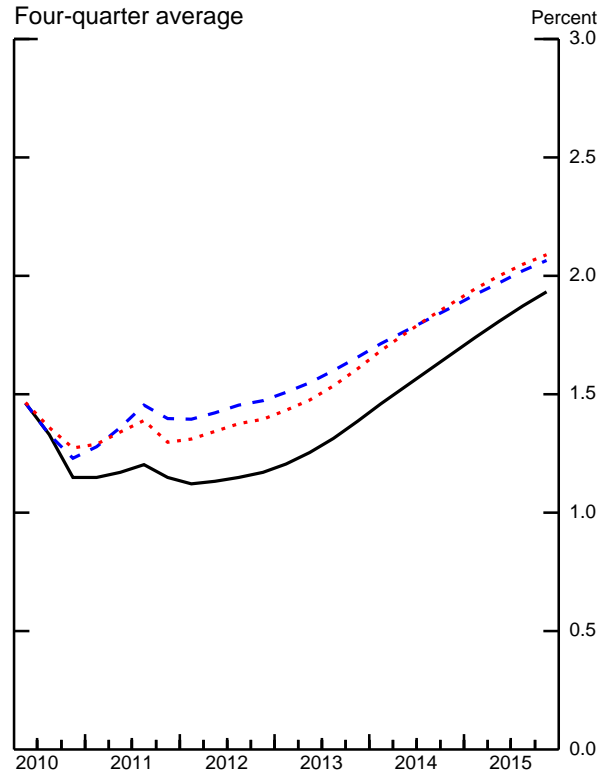
Real Federal Funds Rate



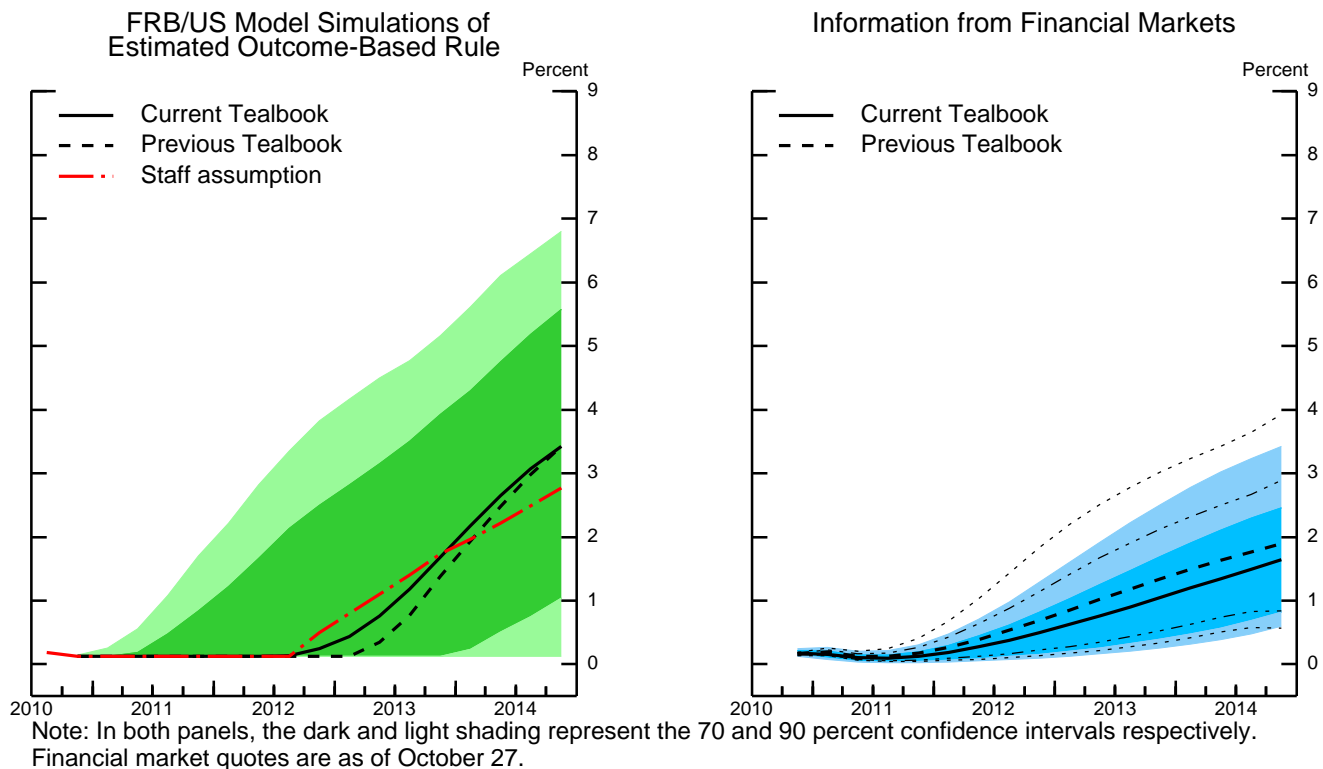
Civilian Unemployment Rate



Core PCE Inflation Four-quarter average



The Policy Outlook in an Uncertain Environment



Near-Term Prescriptions of Simple Policy Rules

	Constrained Policy		Unconstrained Policy	
	2010Q4	2011Q1	2010Q4	2011Q1
Taylor (1993) rule	0.13	0.13	-0.81	-0.82
Previous Tealbook	0.13	0.13	-0.92	-1.00
Taylor (1999) rule	0.13	0.13	-4.23	-4.21
Previous Tealbook	0.13	0.13	-4.51	-4.59
Estimated outcome-based rule	0.13	0.13	-0.51	-1.31
Previous Tealbook	0.13	0.13	-0.70	-1.64
Estimated forecast-based rule	0.13	0.13	-0.54	-1.28
Previous Tealbook	0.13	0.13	-0.71	-1.60
First-difference rule	0.13	0.17	0.01	0.05
Previous Tealbook	0.13	0.13	-0.19	-0.34

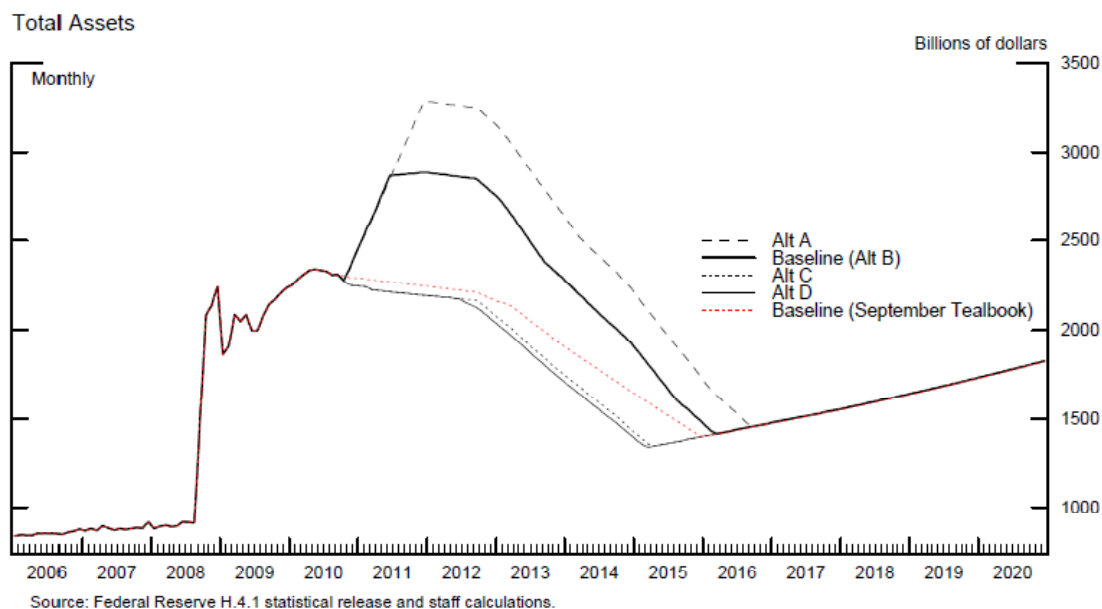
Memo

	2010Q4	2011Q1
Staff assumption	0.13	0.13
Fed funds futures	0.17	0.13
Median expectation of primary dealers	0.13	0.13
Blue Chip forecast (October 1, 2010)	0.20	0.20

Note: In calculating the near-term prescriptions of these simple policy rules, policymakers' long-run inflation objective is assumed to be 2 percent. Explanatory Note B provides further background information.

LONG-RUN PROJECTIONS OF THE BALANCE SHEET AND MONETARY BASE

The staff has prepared four scenarios for the Federal Reserve's balance sheet that correspond to the policy alternatives presented above: a baseline scenario corresponding to Alternative B, and other scenarios corresponding to Alternatives A, C, and D. Projections under each scenario are based on assumptions about each component 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 C.



Under the baseline scenario, the FOMC announces an expansion of its holdings of longer-term Treasury securities of \$600 billion (at an average pace of about \$75 billion per month) at the November meeting, and by the middle of next year the size of the balance sheet peaks at about \$2.8 trillion. Over the following year and a half, the size of the balance sheet edges down slightly as credit extensions are repaid, and then declines more rapidly through 2015 as securities mature, are prepaid, or are sold. Under Alternative A, an additional \$1 trillion of longer-term Treasury securities are purchased by the end of next year, and the balance sheet expands to reach a peak of \$3.3 trillion in December 2011. Over the following year, the size of the balance sheet declines slightly as credit extensions are repaid; thereafter, the size of the balance sheet contracts more quickly as securities mature and eventually returns to the total asset path projected under the baseline by September 2016. Under Alternatives C and D, only the proceeds from principal payments of agency securities are reinvested in Treasury securities; in these

Growth Rates for the Monetary Base				
Date	Baseline	Alternative A	Alternative C	Alternative D
Percent, annual rate				
Monthly				
Jan-10	-17.8	-17.8	-17.8	-17.8
Feb-10	72.2	72.2	72.2	72.2
Mar-10	-19.7	-19.7	-19.7	-19.7
Apr-10	-37.6	-37.6	-37.6	-37.6
May-10	-2.0	-2.0	-2.0	-2.0
Jun-10	-5.8	-5.8	-5.8	-5.8
Jul-10	-2.2	-2.2	-2.2	-2.2
Aug-10	-2.4	-2.4	-2.4	-2.4
Sep-10	-10.2	-10.2	-10.2	-10.2
Oct-10	14.6	14.6	13.7	12.5
Nov-10	32.6	31.6	6.5	5.9
Dec-10	27.3	25.2	-24.4	-23.2
Quarterly				
2010 Q1	14.0	14.0	14.0	14.0
2010 Q2	-10.4	-10.4	-10.4	-10.4
2010 Q3	-3.9	-3.9	-3.9	-3.9
2010 Q4	12.7	12.3	0.7	0.3
Annual, Q4 to Q4				
2009	41.5	41.5	41.5	41.5
2010	3.0	2.9	0.0	-0.1
2011	28.7	43.1	-1.7	-1.7
2012	-2.3	1.6	-2.9	-4.8
2013	-16.7	-15.0	-15.3	-15.6
2014	-15.8	-16.2	-18.1	-18.2
2015	-22.2	-20.8	-0.5	2.1

Note: Not seasonally adjusted.

in 2012. Partly reflecting the gradual recovery in loan demand, the growth in banks' securities holdings is expected to moderate over the forecast period.

M2 is projected to expand at a pace below that of nominal GDP over the forecast period, as investors steadily reallocate their portfolios away from safe and liquid M2 assets toward higher-yielding investments. Liquid deposits are anticipated to decelerate from their robust pace recorded since 2009, but growth in this component of M2 is expected to remain solid. Small time deposits and retail money market mutual funds are projected to continue to contract through most of the forecast period, though the rate of decline moderates over time. Currency is forecast to expand moderately as demand for currency from abroad wanes.

Growth Rates for M2	
(Percent, seasonally adjusted annual rate)	
Monthly Growth Rates	Tealbook Forecast*
Jan-10	-8.0
Feb-10	8.4
Mar-10	-3.6
Apr-10	-4.1
May-10	11.6
Jun-10	4.4
Jul-10	-0.2
Aug-10	6.4
Sep-10	8.3
Oct-10	8.3
Nov-10	3.2
Dec-10	1.3
Quarterly Growth Rates	
2010 Q1	-0.1
2010 Q2	1.8
2010 Q3	4.6
2010 Q4	6.2
Annual Growth Rates	
2009	5.1
2010	3.2
2011	1.4
2012	4.3

* This forecast is consistent with nominal GDP and interest rates in the Tealbook forecast. Actual data through October 2010; projections thereafter.

Federal Reserve Balance Sheet							
End-of-Year Projections -- Baseline Scenario (Alternative B)							
	Sep 30, 2010	End-of-Year					
		2010	2012	2014	2016	2018	2020
		\$ Billions					
Total assets	2,311	2,424	2,767	1,930	1,475	1,635	1,825
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	30	29	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	30	29	9	0	0	0	0
Support for specific institutions	112	84	29	9	2	0	0
Credit extended to AIG	45	31	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	9	2	0	0
Securities held outright	2,054	2,180	2,561	1,799	1,384	1,559	1,756
U.S. Treasury securities	822	1,040	1,934	1,415	1,235	1,559	1,756
Agency debt securities	154	147	77	39	16	0	0
Agency mortgage-backed securities	1,079	992	550	345	133	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	108	126	161	113	82	69	62
Total liabilities	2,254	2,365	2,689	1,827	1,339	1,455	1,587
Selected liabilities:							
Federal Reserve notes in circulation	914	920	981	1,113	1,231	1,347	1,479
Reverse repurchase agreements	65	64	59	59	59	59	59
Deposits with Federal Reserve Banks	1,252	1,363	1,634	641	35	35	35
Reserve balances held by depository institutions	942	1,091	1,424	431	25	25	25
U.S. Treasury, general account	108	70	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	200	0	0	0
Other balances	2	2	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

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

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

Federal Reserve Balance Sheet							
End-of-Year Projections -- Alternative A							
	Sep 30, 2010	End-of-Year					
		2010	2012	2014	2016	2018	2020
		\$ Billions					
Total assets	2,311	2,417	3,167	2,236	1,475	1,635	1,825
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	30	29	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	30	29	9	0	0	0	0
Support for specific institutions	112	84	29	9	2	0	0
Credit extended to AIG	45	31	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	9	2	0	0
Securities held outright	2,054	2,173	2,961	2,105	1,384	1,559	1,756
U.S. Treasury securities	822	1,033	2,334	1,721	1,235	1,559	1,756
Agency debt securities	154	147	77	39	16	0	0
Agency mortgage-backed securities	1,079	992	550	345	133	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	108	126	161	113	82	69	62
Total liabilities	2,254	2,358	3,089	2,132	1,339	1,455	1,587
Selected liabilities:							
Federal Reserve notes in circulation	914	920	981	1,113	1,231	1,347	1,479
Reverse repurchase agreements	65	64	59	59	59	59	59
Deposits with Federal Reserve Banks	1,252	1,358	2,034	947	35	35	35
Reserve balances held by depository institutions	942	1,084	1,824	737	25	25	25
U.S. Treasury, general account	108	70	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	200	0	0	0
Other balances	2	5	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

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

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

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

	Sep 30, 2010	End-of-Year					
		2010	2012	2014	2016	2018	2020
		\$ Billions					
Total assets	2,311	2,246	2,092	1,440	1,475	1,635	1,825
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	30	29	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	30	29	9	0	0	0	0
Support for specific institutions	112	84	29	9	2	0	0
Credit extended to AIG	45	31	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	9	2	0	0
Securities held outright	2,054	2,030	1,964	1,351	1,400	1,566	1,759
U.S. Treasury securities	822	890	1,338	967	1,251	1,566	1,759
Agency debt securities	154	147	77	39	16	0	0
Agency mortgage-backed securities	1,079	992	550	345	133	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	108	98	82	71	66	63	59
Total liabilities	2,254	2,187	2,014	1,337	1,339	1,455	1,587
Selected liabilities:							
Federal Reserve notes in circulation	914	920	981	1,113	1,231	1,347	1,479
Reverse repurchase agreements	65	64	59	59	59	59	59
Deposits with Federal Reserve Banks	1,252	1,187	959	151	35	35	35
Reserve balances held by depository institutions	942	913	749	25	25	25	25
U.S. Treasury, general account	108	70	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	116	0	0	0
Other balances	2	5	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

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

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

Federal Reserve Balance Sheet							
End-of-Year Projections --Alternative D							
	Sep 30, 2010	End-of-Year					
		2010	2012	2014	2016	2018	2020
		\$ Billions					
Total assets	2,311	2,246	2,052	1,409	1,475	1,635	1,825
Selected assets:							
Liquidity programs for financial firms	0	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0
Central bank liquidity swaps	0	0	0	0	0	0	0
Lending through other credit facilities	30	29	9	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	30	29	9	0	0	0	0
Support for specific institutions	112	84	29	9	2	0	0
Credit extended to AIG	45	31	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III	67	53	29	9	2	0	0
Securities held outright	2,054	2,030	1,925	1,320	1,400	1,566	1,759
U.S. Treasury securities	822	890	1,298	936	1,251	1,566	1,759
Agency debt securities	154	147	77	39	16	0	0
Agency mortgage-backed securities	1,079	992	550	345	133	0	0
Special drawing rights certificate account	5	5	7	7	7	7	7
Net portfolio holdings of TALF LLC	1	1	1	1	0	0	0
Total other assets	108	98	82	71	66	63	59
Total liabilities	2,254	2,187	1,974	1,305	1,339	1,455	1,587
Selected liabilities:							
Federal Reserve notes in circulation	914	920	981	1,113	1,231	1,347	1,479
Reverse repurchase agreements	65	64	59	59	59	59	59
Deposits with Federal Reserve Banks	1,252	1,185	919	120	35	35	35
Reserve balances held by depository institutions	942	913	709	25	25	25	25
U.S. Treasury, general account	108	70	5	5	5	5	5
U.S. Treasury, supplementary financing account	200	200	200	85	0	0	0
Other balances	2	2	5	5	5	5	5
Total capital	57	59	78	103	136	180	239

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

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