

Prefatory Note

The attached document represents the most complete and accurate version available based on original files from the FOMC Secretariat at the Board of Governors of the Federal Reserve System.

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

Class II FOMC – Restricted (FR)

Report to the FOMC on Economic Conditions and Monetary Policy



Book A

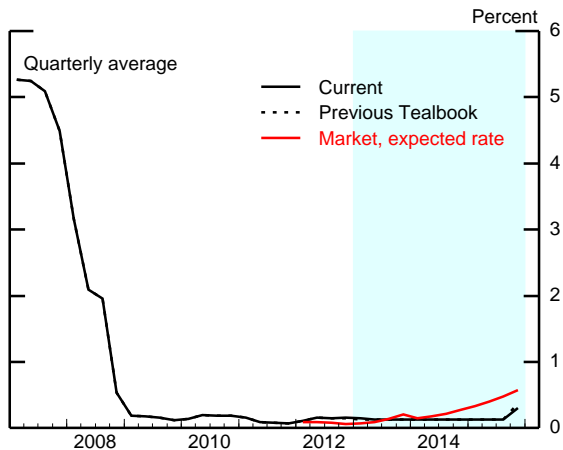
Economic and Financial Conditions: Current Situation and Outlook

January 23, 2013

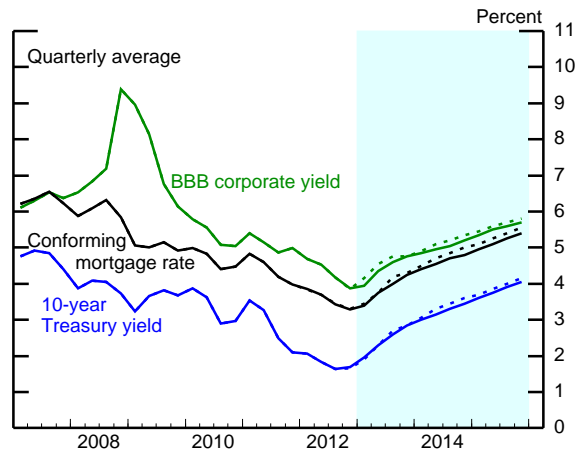
Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Key Background Factors underlying the Baseline Staff Projection

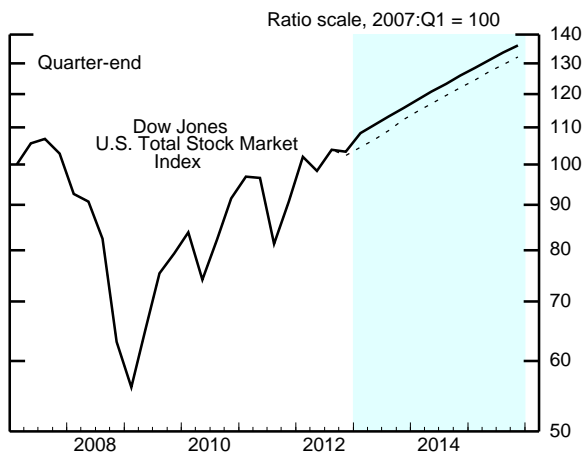
Federal Funds Rate



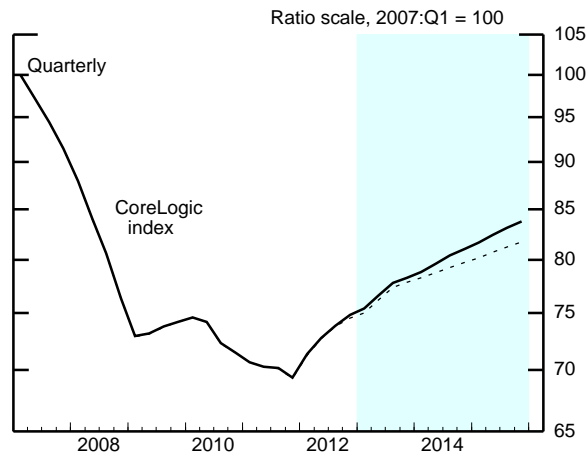
Long-Term Interest Rates



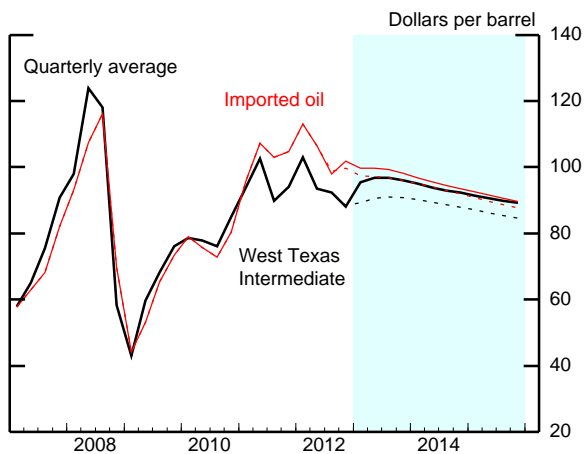
Equity Prices



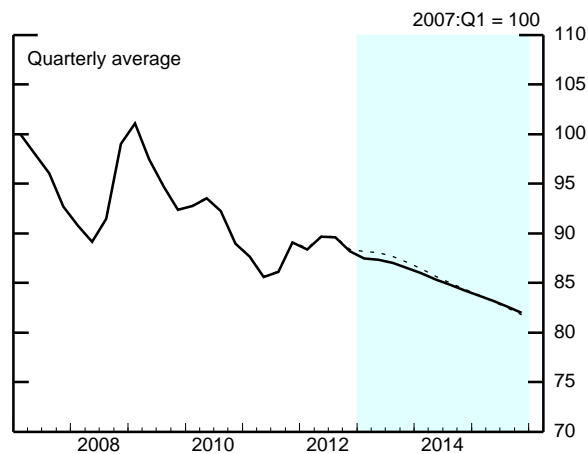
House Prices



Crude Oil Prices



Broad Real Dollar



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

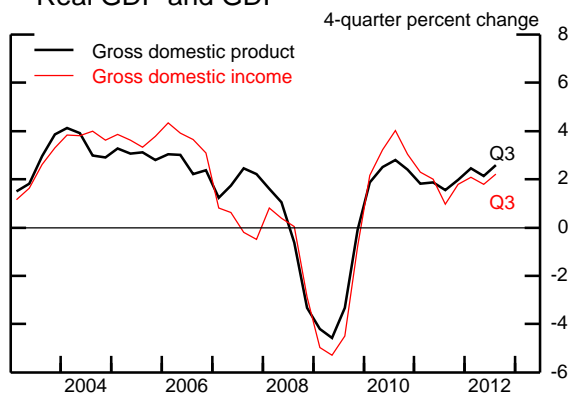
Measure	2012:Q4		2013:Q1		2013:Q2	
	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook
Real GDP	.9	.1	1.7	2.7	2.5	2.4
Private domestic final purchases	2.9	3.4	1.1	2.1	3.7	3.5
Personal consumption expenditures	2.1	2.2	.6	1.7	2.6	2.6
Residential investment	14.8	13.1	17.0	15.0	22.6	25.1
Business fixed investment	5.4	9.6	1.1	2.2	6.4	5.0
Government purchases	-3.5	-5.6	-1.8	-1.1	-1.5	-1.5
<i>Contributions to change in real GDP</i>						
Inventory investment ¹	-.8	-1.4	.9	.9	-.3	-.2
Net exports ¹	.0	-.2	.2	.2	.1	.0
Unemployment Rate²	8.0	7.8	7.9	7.8	7.9	7.7
PCE Chain Price Index	1.5	1.2	1.1	.9	1.4	1.9
Ex. food and energy	1.2	.8	1.7	1.6	1.6	1.7

1. Percentage points.

2. Percent.

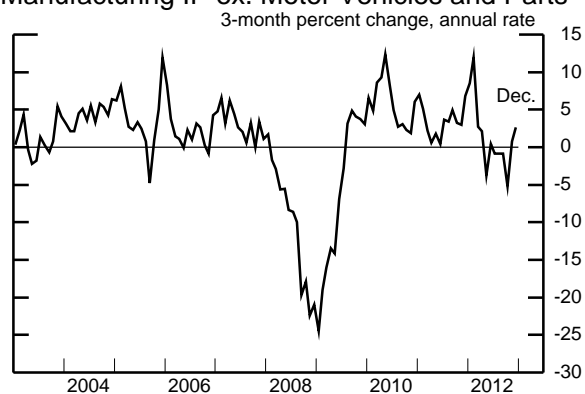
Recent Nonfinancial Developments (1)

Real GDP and GDI



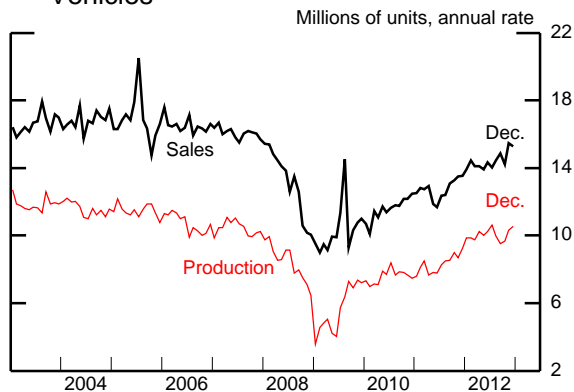
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Manufacturing IP ex. Motor Vehicles and Parts



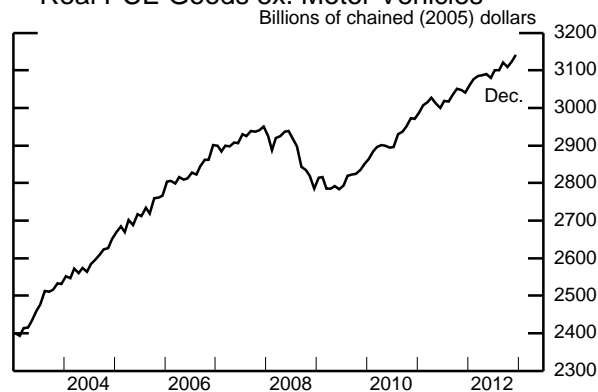
Source: Federal Reserve Board, G.17 Statistical Release, "Industrial Production and Capacity Utilization."

Sales and Production of Light Motor Vehicles



Source: Ward's Auto Infobank.

Real PCE Goods ex. Motor Vehicles



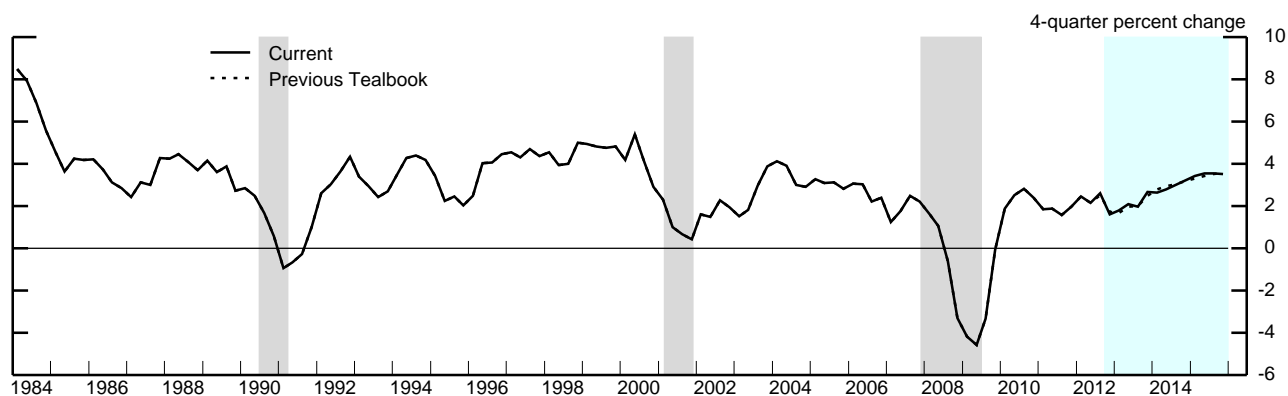
Note: Figures for October, November, and December 2012 are staff estimates based on available source data.

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

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

Measure	2011	2012		2013	2014	2015
		H1	H2			
Real GDP	2.0	1.6	1.6	2.7	3.2	3.5
Previous Tealbook	2.0	1.6	1.8	2.5	3.2	3.6
Final sales	1.7	2.1	1.9	2.5	3.0	3.5
Previous Tealbook	1.7	2.1	1.8	2.3	3.1	3.6
Personal consumption expenditures	1.9	2.0	1.9	2.3	3.3	3.5
Previous Tealbook	1.9	2.0	1.8	2.2	3.3	3.6
Residential investment	3.9	14.3	13.3	17.9	12.7	13.8
Previous Tealbook	3.9	14.3	14.3	16.8	11.8	12.7
Nonresidential structures	6.9	6.6	-2	4.2	2.5	2.1
Previous Tealbook	6.9	6.6	.4	2.9	2.5	2.1
Equipment and software	11.4	5.1	5.3	5.7	5.8	6.0
Previous Tealbook	11.4	5.1	2.0	6.1	7.0	6.2
Federal purchases	-4.2	-2.3	-2.1	-3.9	-4.9	-3.3
Previous Tealbook	-4.2	-2.3	.0	-4.5	-4.3	-2.3
State and local purchases	-2.7	-1.6	-.2	.3	.9	1.2
Previous Tealbook	-2.7	-1.6	.3	.3	.9	1.2
Exports	4.3	4.8	-1.3	5.3	6.1	7.1
Previous Tealbook	4.3	4.8	2.1	5.1	5.9	7.3
Imports	3.5	2.9	-1.5	3.9	4.8	5.3
Previous Tealbook	3.5	2.9	1.3	3.8	4.8	5.2
Contributions to change in real GDP (percentage points)						
Inventory change	.3	-.4	-.3	.2	.2	.0
Previous Tealbook	.3	-.4	.0	.2	.1	.0
Net exports	.0	.1	.1	.1	.0	.1
Previous Tealbook	.0	.1	.1	.0	.0	.1

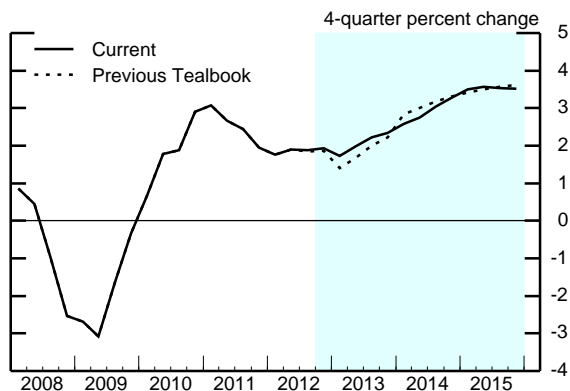
Real GDP



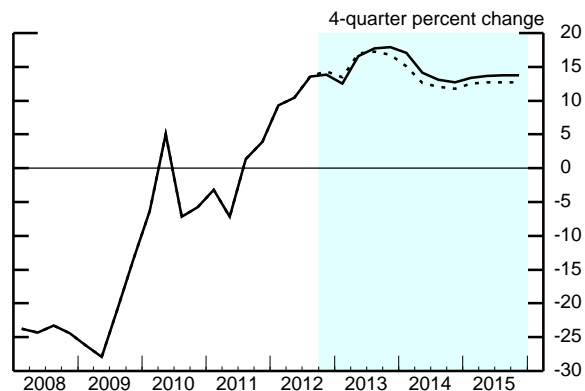
Note: The gray shaded bars indicate a period of business recession as defined by the National Bureau of Economic Research.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Components of Final Demand

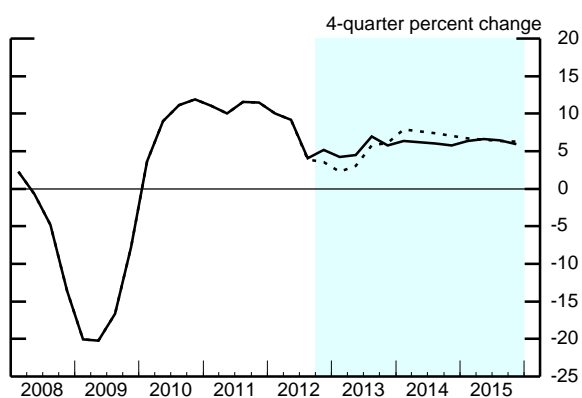
Personal Consumption Expenditures



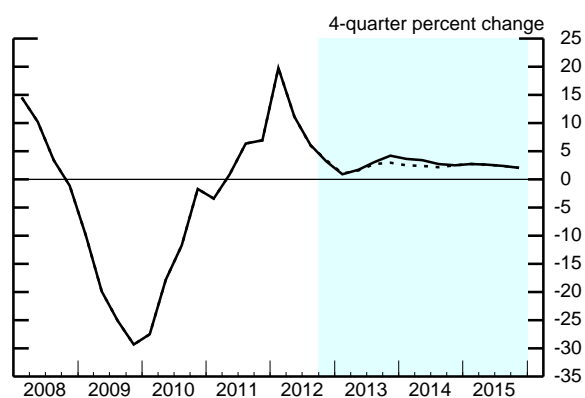
Residential Investment



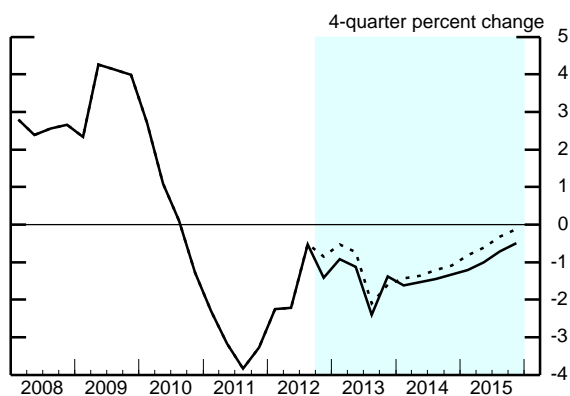
Equipment and Software



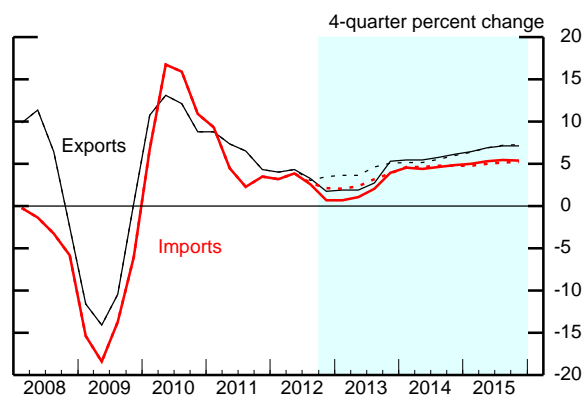
Nonresidential Structures



Government Consumption & Investment

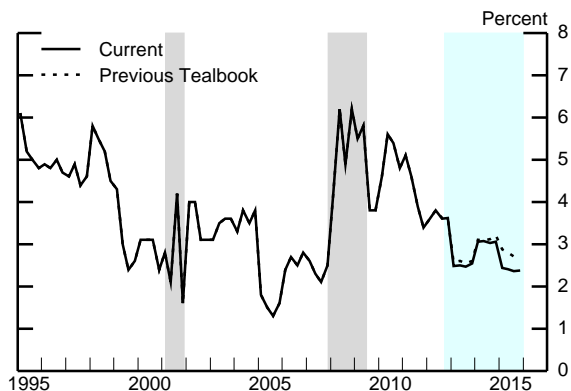


Exports and Imports



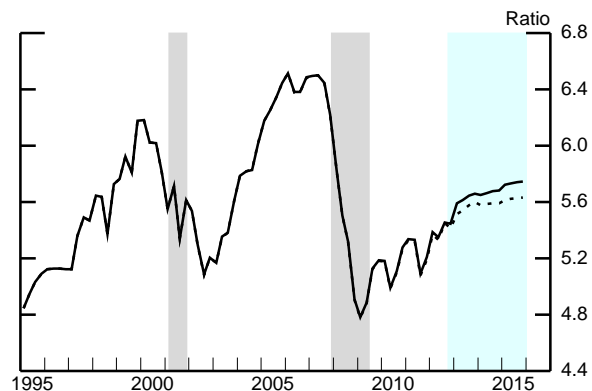
Aspects of the Medium-Term Projection

Personal Saving Rate



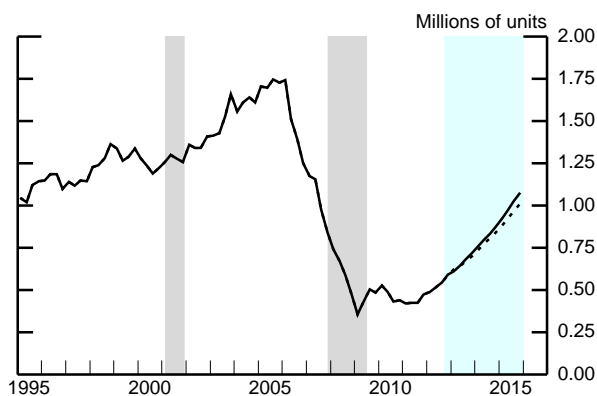
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Wealth-to-Income Ratio



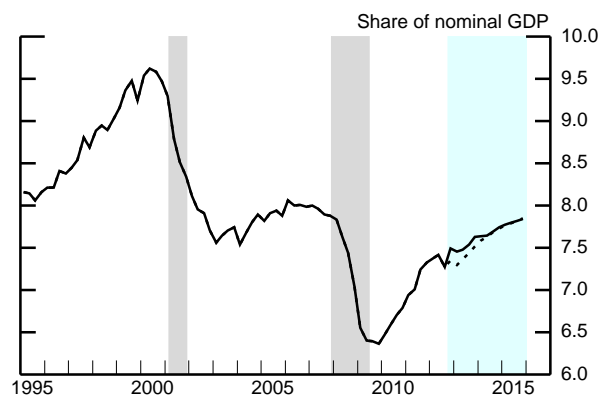
Note: Household net worth as a ratio to disposable personal income.
Source: For net worth, Federal Reserve Board, flow of funds data; for income, Dept. of Commerce, Bureau of Economic Analysis.

Single-Family Housing Starts



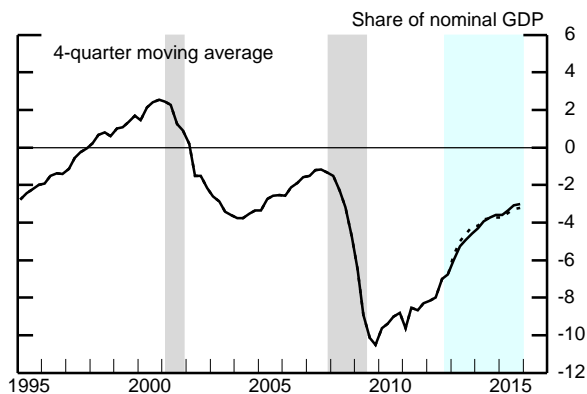
Source: U.S. Census Bureau.

Equipment and Software Spending



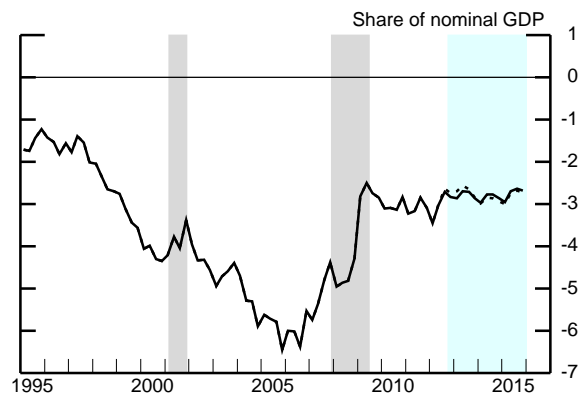
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Federal Surplus/Deficit



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)

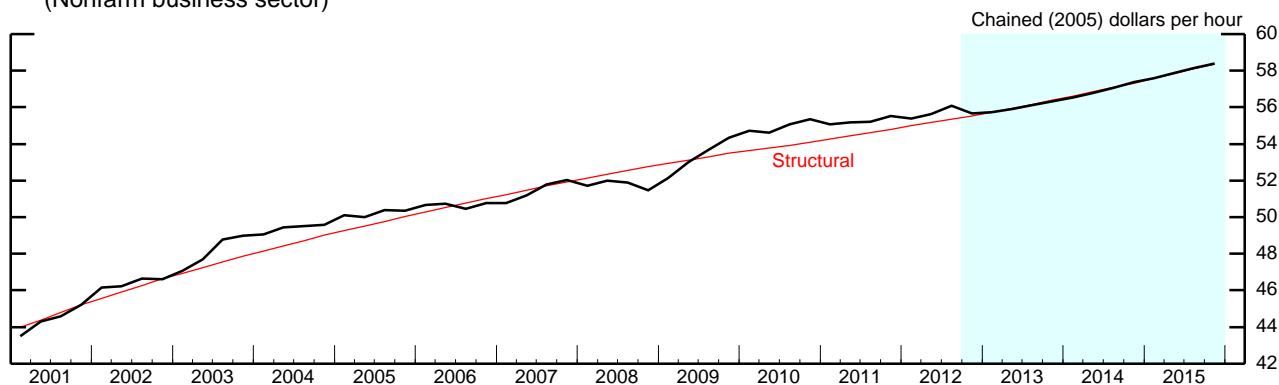
Measure	1974-1995	1996-2000	2001-2010	2011	2012	2013	2014	2015
Potential real GDP	3.0	3.4	2.2	1.5	1.8	1.9	2.1	2.1
Previous Tealbook	3.0	3.4	2.2	1.5	1.8	2.0	2.1	2.2
<i>Selected contributions¹</i>								
Structural labor productivity	1.4	2.6	2.1	1.3	1.4	1.5	1.7	1.8
Previous Tealbook	1.4	2.6	2.1	1.3	1.4	1.6	1.7	1.8
Capital deepening	.7	1.5	.7	.4	.5	.6	.7	.8
Previous Tealbook	.7	1.5	.7	.4	.5	.6	.7	.8
Multifactor productivity	.5	.8	1.2	.8	.8	.8	.9	.9
Previous Tealbook	.5	.8	1.2	.8	.9	.9	.9	.9
Structural hours	1.5	1.0	.6	.5	.6	.6	.6	.6
Previous Tealbook	1.5	1.0	.6	.5	.6	.6	.6	.7
Labor force participation	.4	.0	-.3	-.4	-.3	-.3	-.3	-.3
Previous Tealbook	.4	.0	-.3	-.4	-.3	-.3	-.3	-.4
Memo:								
GDP gap ²	-2.4	1.9	-4.2	-3.8	-4.0	-3.3	-2.2	-.9
Previous Tealbook	-2.4	1.9	-4.2	-4.0	-4.1	-3.6	-2.6	-1.3

Note: 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.

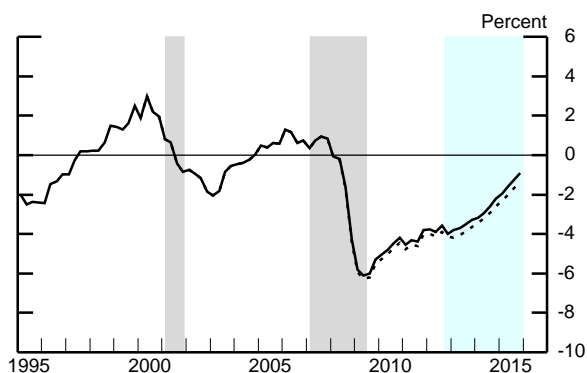
2. Percent difference between actual and potential GDP in the final quarter of the period indicated. A negative number indicates that the economy is operating below potential.

Structural and Actual Labor Productivity
(Nonfarm business sector)



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

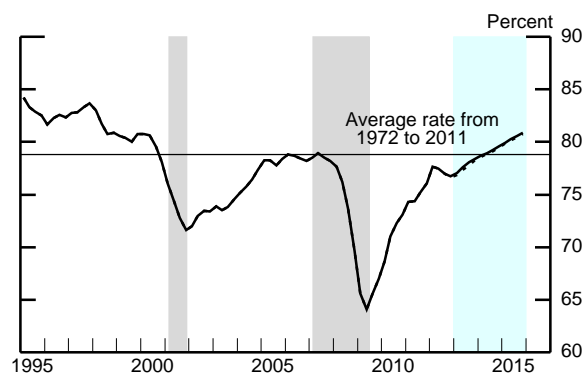
GDP Gap



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

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

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.

The Outlook for the Labor Market
(Percent change from final quarter of preceding period at annual rate)

Measure	2011	2012		2013	2014	2015
		H1	H2			
Output per hour, nonfarm business	.6	.7	.1	1.2	1.8	1.8
Previous Tealbook	.6	.7	1.2	1.0	1.8	1.9
Nonfarm private employment ¹	175	157	160	165	205	253
Previous Tealbook	175	157	153	158	200	262
Labor force participation rate ²	64.1	63.7	63.7	63.6	63.5	63.4
Previous Tealbook	64.0	63.7	63.8	63.7	63.7	63.5
Civilian unemployment rate ²	8.7	8.2	7.8	7.6	7.1	6.3
Previous Tealbook	8.7	8.2	8.0	7.8	7.4	6.5

1. Thousands, average monthly changes.

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

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

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

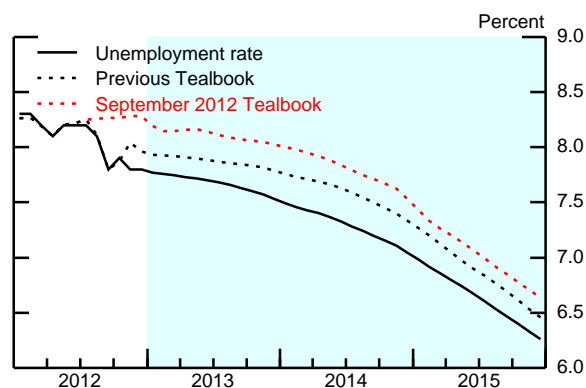
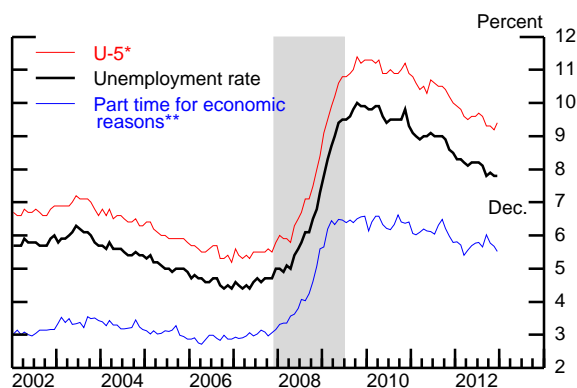
Measure	2011	2012		2013	2014	2015
		H1	H2			
PCE chain-weighted price index	2.5	1.6	1.4	1.4	1.5	1.6
Previous Tealbook	2.5	1.6	1.6	1.3	1.4	1.5
Food and beverages	5.1	1.0	1.3	2.2	1.1	1.5
Previous Tealbook	5.1	1.0	1.5	2.3	1.1	1.5
Energy	11.9	-3.3	8.0	-3.2	-1.5	-1.1
Previous Tealbook	11.9	-3.3	7.5	-4.4	-1.7	-1.6
Excluding food and energy	1.7	2.0	1.0	1.6	1.7	1.7
Previous Tealbook	1.7	2.0	1.2	1.6	1.6	1.7
Prices of core goods imports ¹	4.3	.5	-.5	1.7	1.5	1.5
Previous Tealbook	4.3	.5	-.1	1.1	1.5	1.5

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

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

Labor Market Developments and Outlook

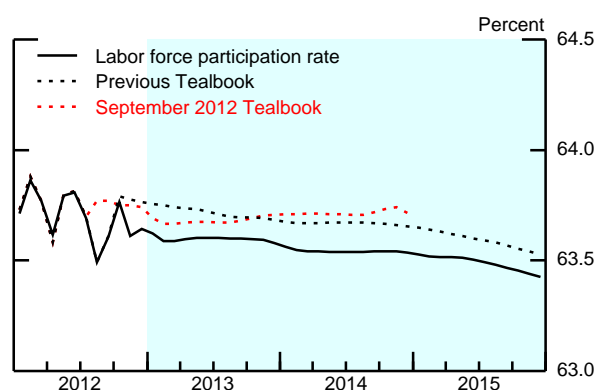
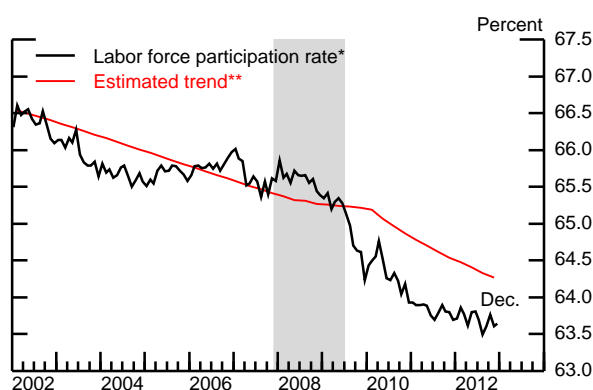
Measures of Labor Underutilization



* U-5 measures total unemployed plus all marginally attached to the labor force, as a percent of the labor force plus persons marginally attached to the labor force.

** Percent of Current Population Survey employment.

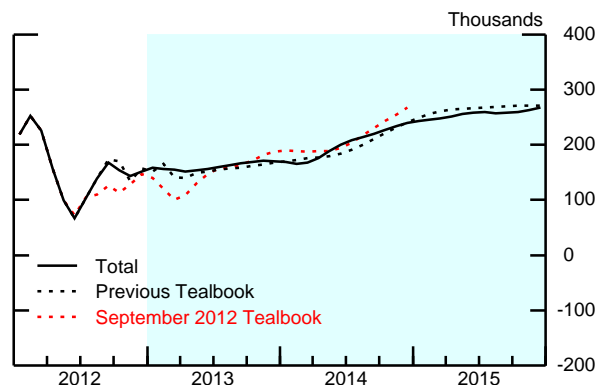
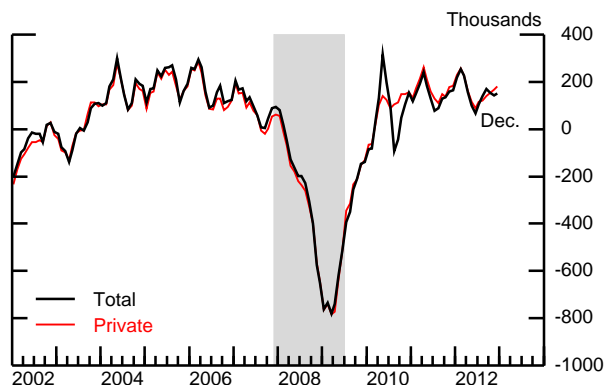
Labor Force Participation Rate



* Published data adjusted by staff to account for changes in population weights.

** Includes staff estimate of the effect of Extended Employment Benefits.

Change in Payroll Employment*



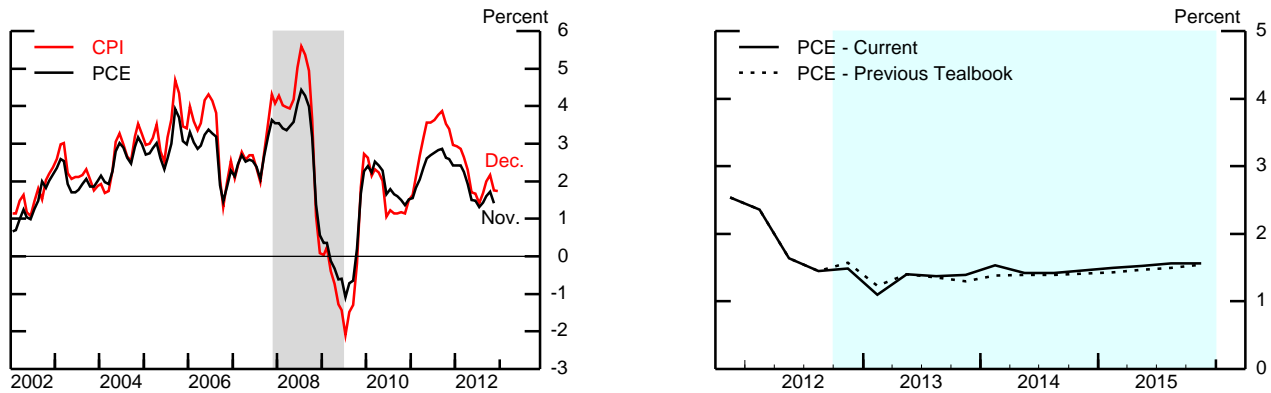
* 3-month moving averages in history; average monthly changes in each quarter during the forecast period.

Note: In September 2012, judgmental projections were prepared through 2015 for the Summary of Economic Projections variables including the unemployment rate, while projections for other variables, including the labor force participation rate and payroll employment, were prepared only through 2014. This exhibit therefore reports a 2015 projection from the September 2012 Tealbook only for the unemployment rate.

Inflation Developments and Outlook

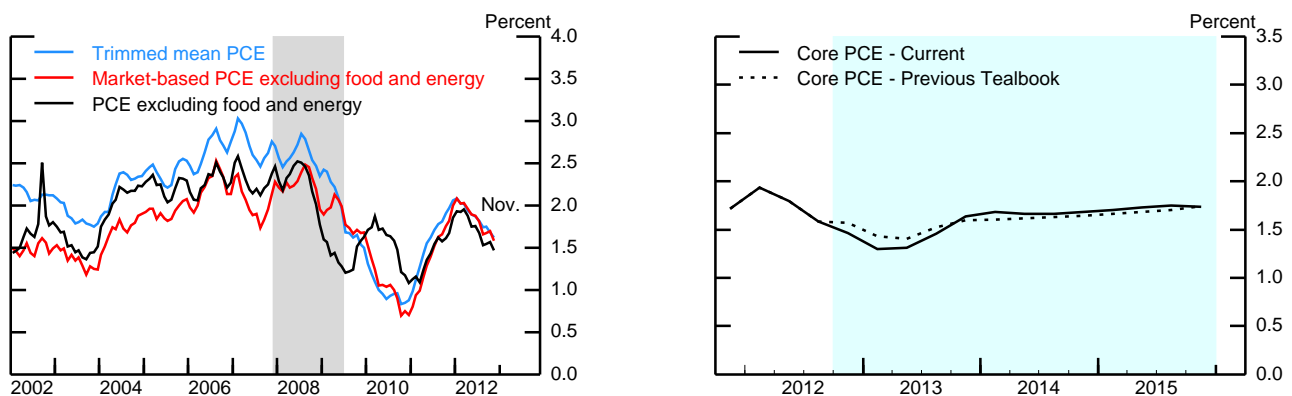
(Percent change from year-earlier period)

Headline Consumer Price Inflation



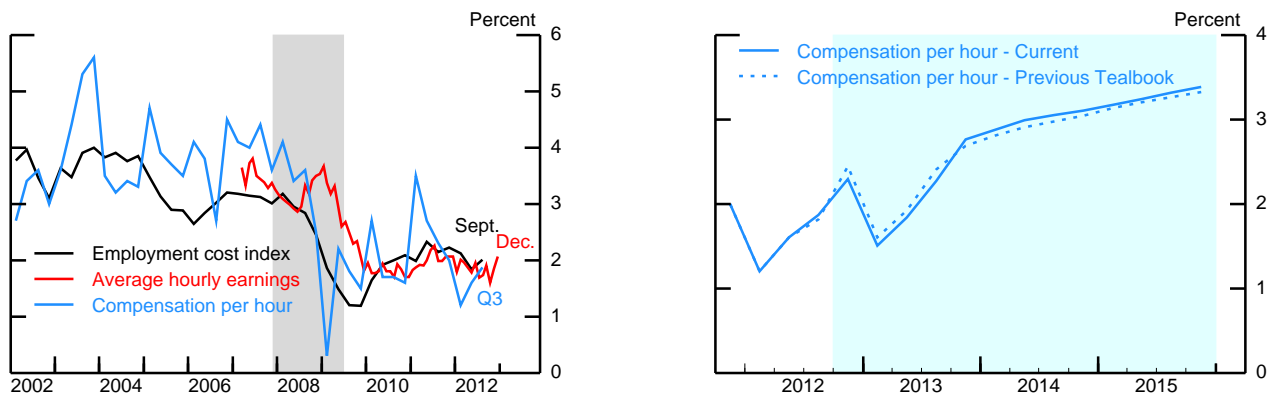
Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for PCE, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Measures of Underlying PCE Price Inflation



Source: For trimmed mean PCE, Federal Reserve Bank of Dallas; otherwise, U.S. Dept. of Commerce, Bureau of Economic Analysis.

Labor Cost Growth (Private Industry)



Note: Compensation per hour value for 2012:Q3 is a staff estimate.
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

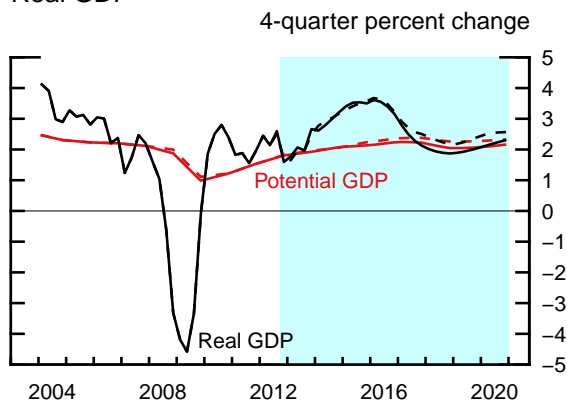
The Long-Term Outlook

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

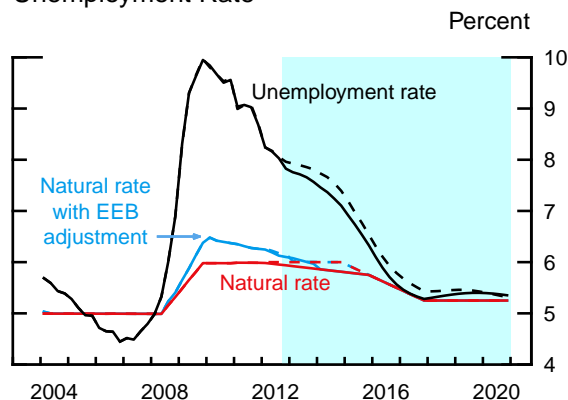
Measure	2012	2013	2014	2015	2016	2017	Longer run
Real GDP	1.6	2.7	3.2	3.5	3.2	2.1	2.3
Previous Tealbook	1.7	2.5	3.2	3.6	3.2	2.5	2.5
Civilian unemployment rate ¹	7.8	7.6	7.1	6.3	5.6	5.3	5.2
Previous Tealbook	8.0	7.8	7.4	6.5	5.8	5.4	5.2
PCE prices, total	1.5	1.4	1.5	1.6	1.8	2.0	2.0
Previous Tealbook	1.6	1.3	1.4	1.5	1.8	1.9	2.0
Core PCE prices	1.5	1.6	1.7	1.7	1.8	2.0	2.0
Previous Tealbook	1.6	1.6	1.6	1.7	1.8	1.9	2.0
Federal funds rate ¹	.2	.1	.1	.3	1.8	2.8	4.0
Previous Tealbook	.2	.1	.1	.4	2.0	3.2	4.3
10-year Treasury yield ¹	1.7	2.8	3.5	4.1	4.3	4.2	4.8
Previous Tealbook	1.7	2.8	3.6	4.2	4.4	4.4	5.1

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

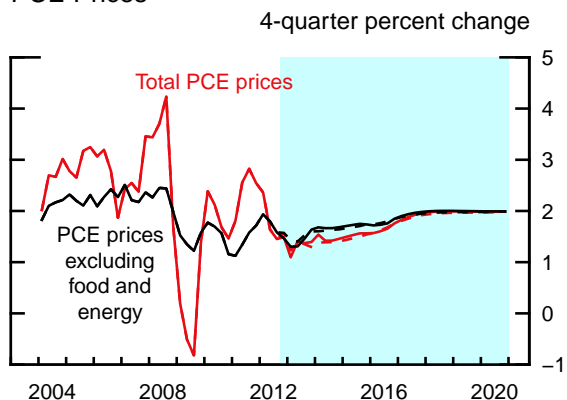
Real GDP



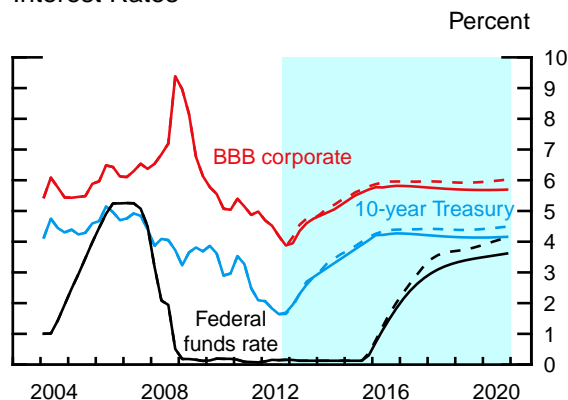
Unemployment Rate



PCE Prices



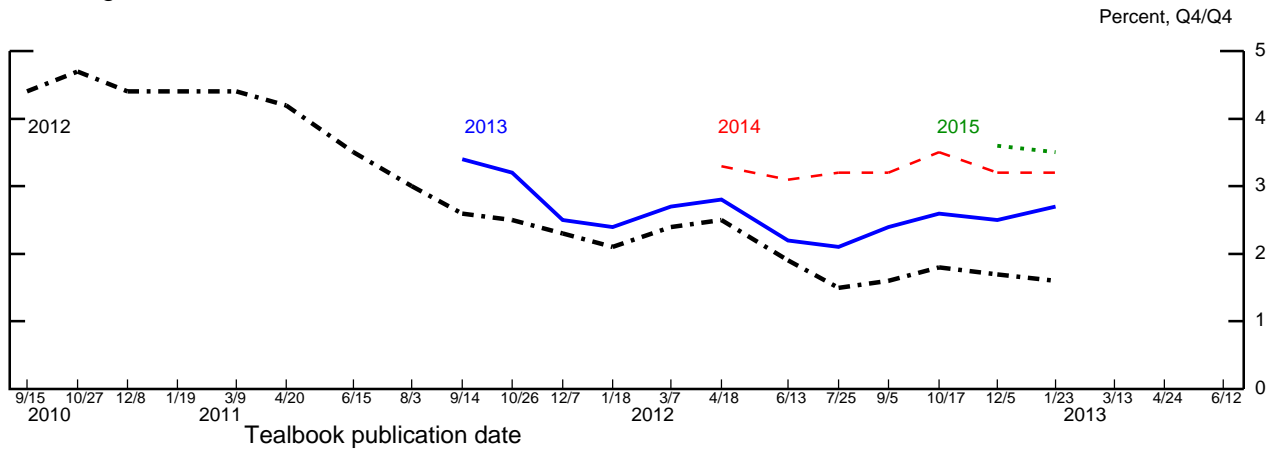
Interest Rates



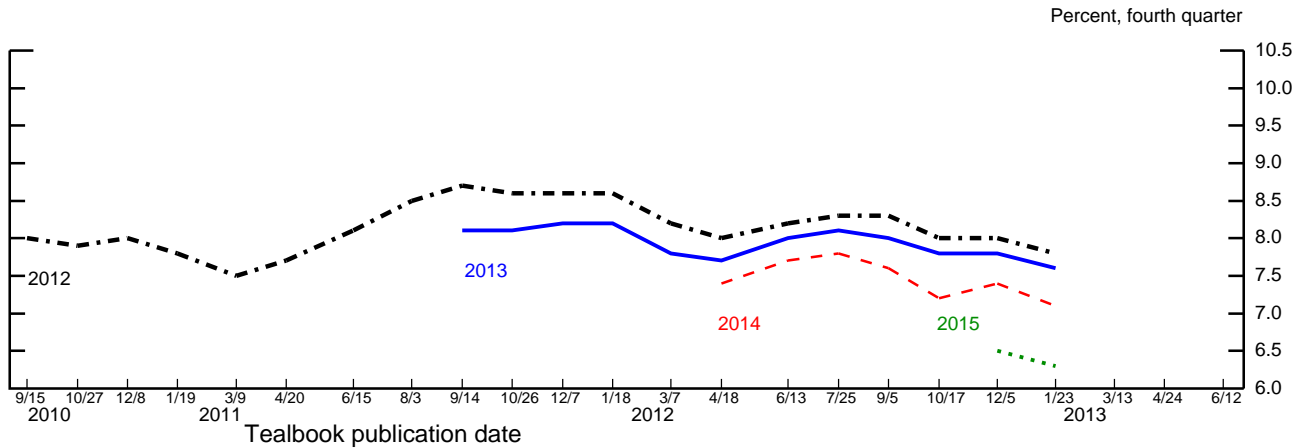
Note: In each panel, shading represents the projection period, and dashed lines are the previous Tealbook.

Evolution of the Staff Forecast

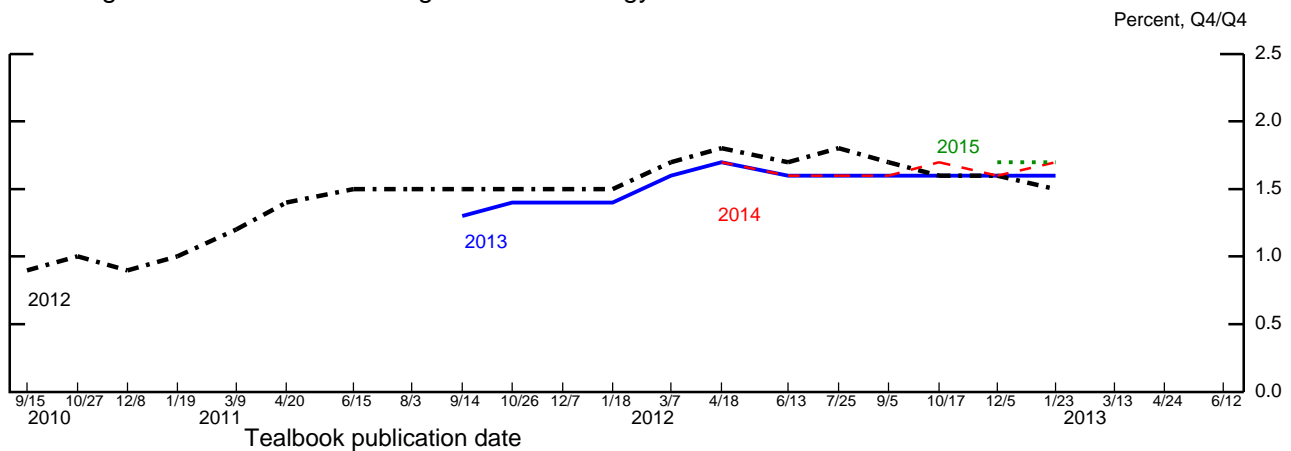
Change in Real GDP



Unemployment Rate



Change in PCE Prices excluding Food and Energy



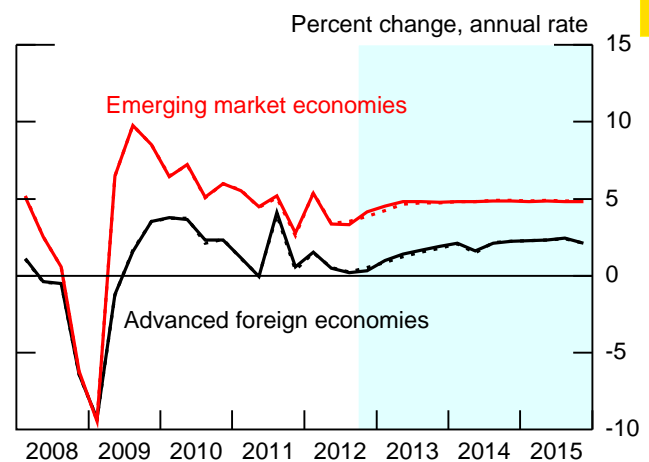
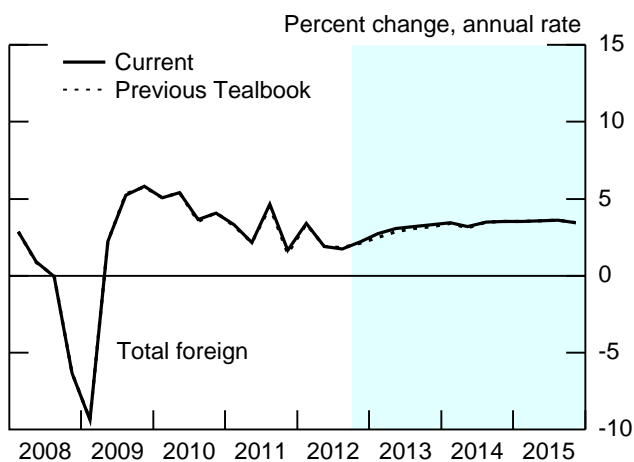
The Foreign Outlook

(Percent change, annual rate)

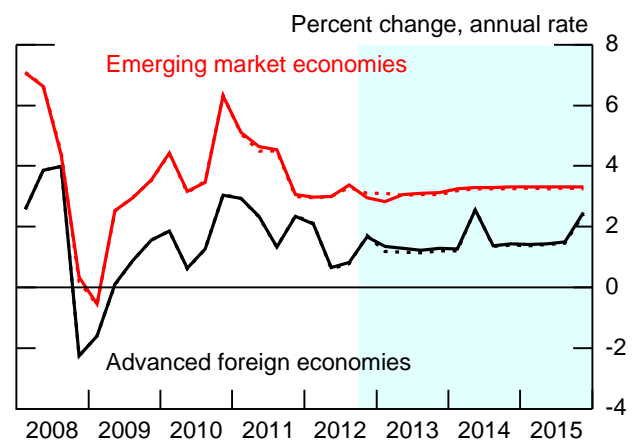
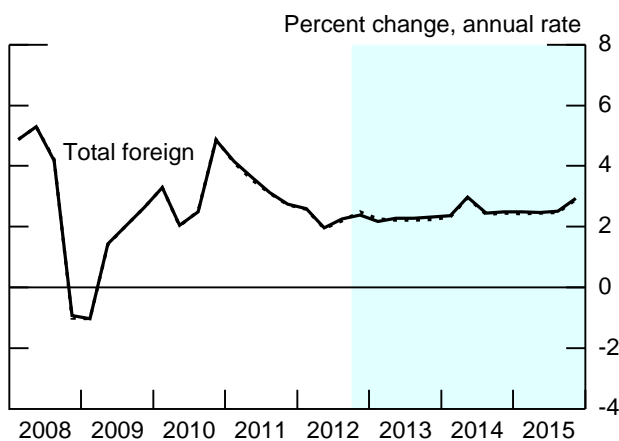
	2012			2013			2014	2015
	H1	Q3	Q4	Q1	Q2	H2		
Real GDP								
Total foreign	2.7	1.8	2.2	2.7	3.1	3.3	3.4	3.5
Previous Tealbook	2.6	1.8	2.1	2.5	2.9	3.1	3.4	3.5
Advanced foreign economies	1.0	.2	.3	1.0	1.4	1.8	2.0	2.3
Previous Tealbook	1.0	.2	.5	.8	1.2	1.6	2.0	2.3
Emerging market economies	4.4	3.3	4.1	4.5	4.8	4.8	4.8	4.8
Previous Tealbook	4.4	3.5	3.9	4.2	4.6	4.7	4.9	4.9
Consumer Prices								
Total foreign	2.3	2.3	2.4	2.2	2.3	2.3	2.6	2.6
Previous Tealbook	2.3	2.2	2.5	2.3	2.2	2.2	2.5	2.6
Advanced foreign economies	1.4	.8	1.7	1.3	1.3	1.3	1.7	1.7
Previous Tealbook	1.4	.8	1.7	1.2	1.2	1.2	1.6	1.7
Emerging market economies	3.0	3.4	3.0	2.8	3.1	3.1	3.3	3.3
Previous Tealbook	3.0	3.3	3.1	3.1	3.0	3.1	3.2	3.3

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

Real GDP

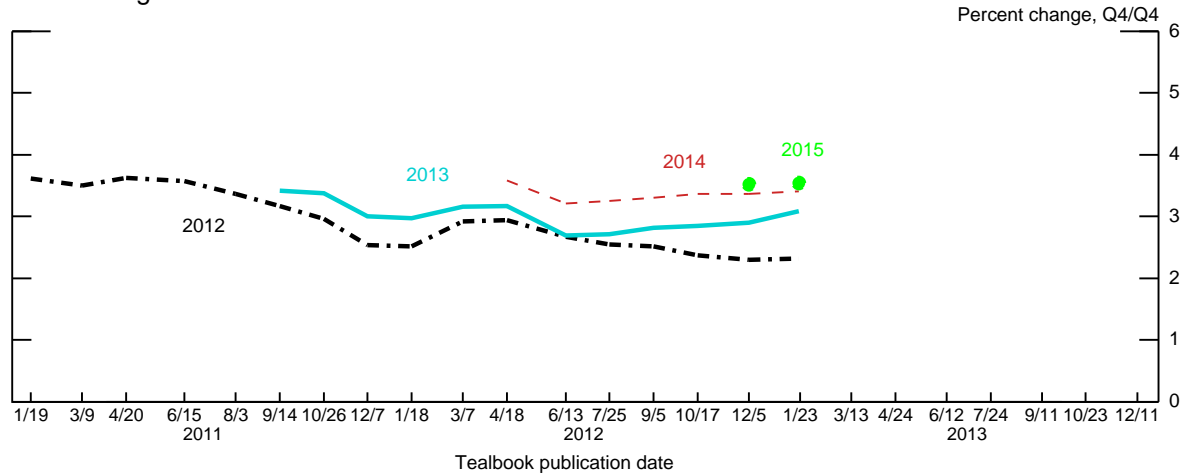


Consumer Prices

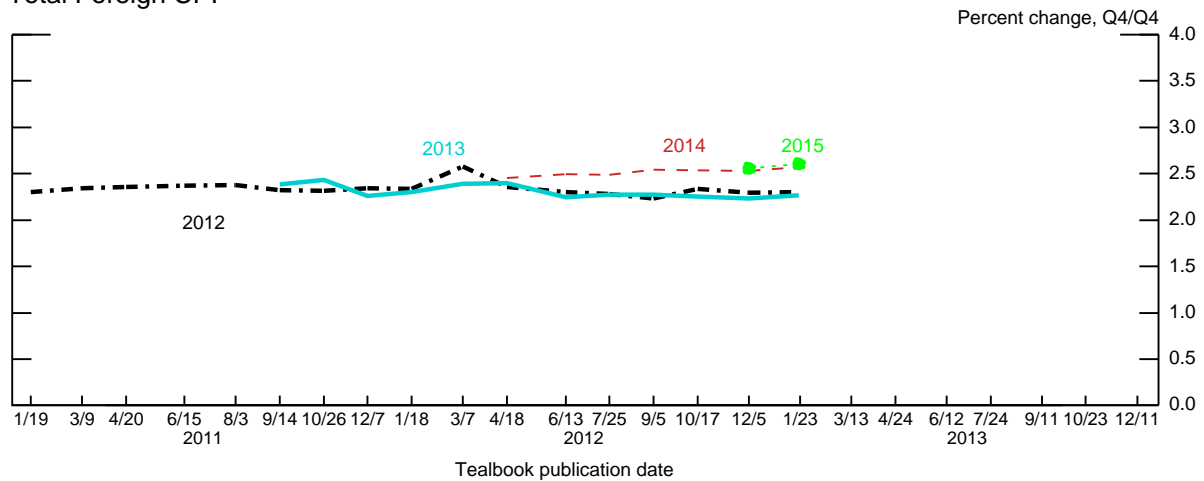


Evolution of Staff's International Forecast

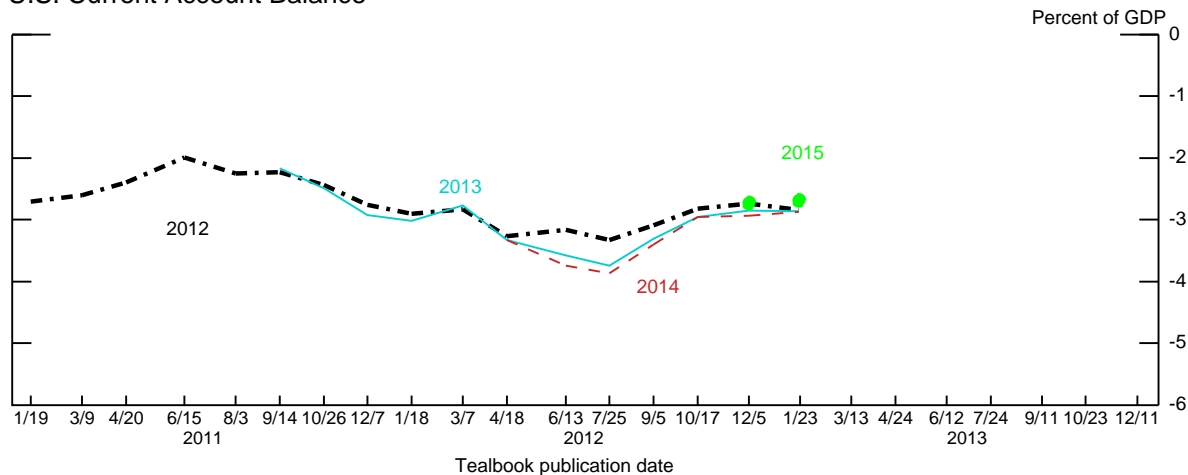
Total Foreign GDP



Total Foreign CPI

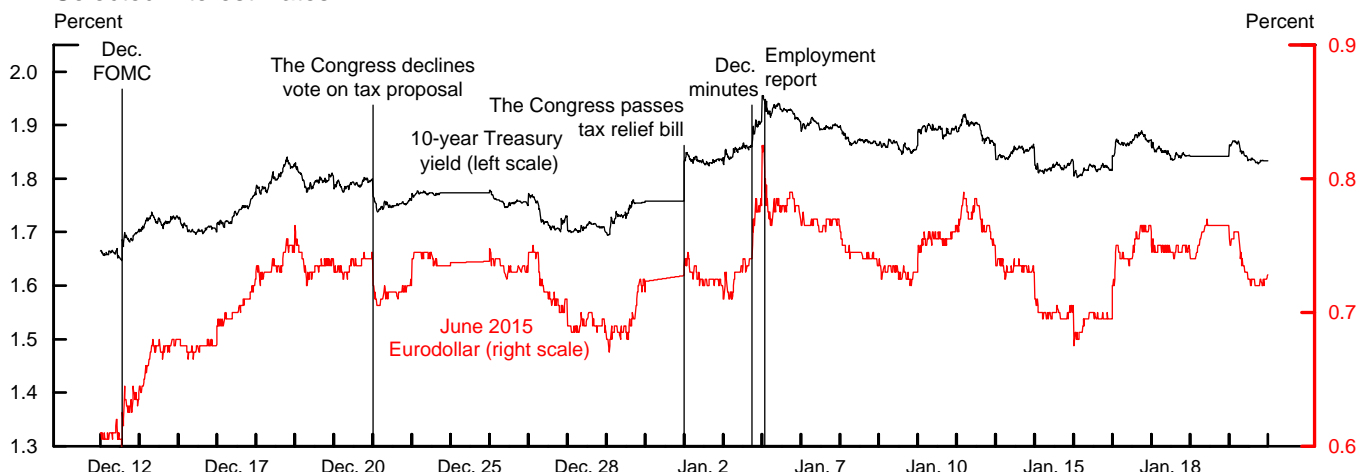


U.S. Current Account Balance



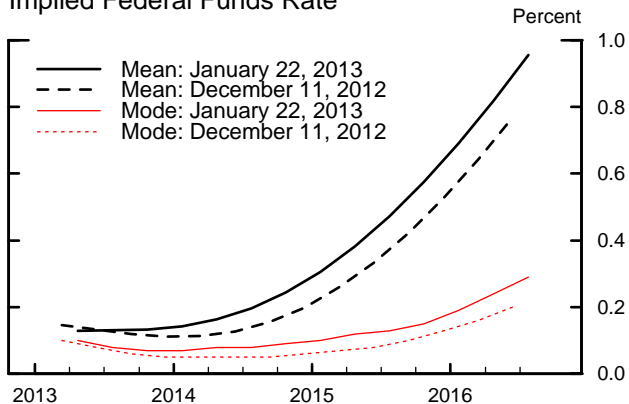
Policy Expectations and Treasury Yields

Selected Interest Rates



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

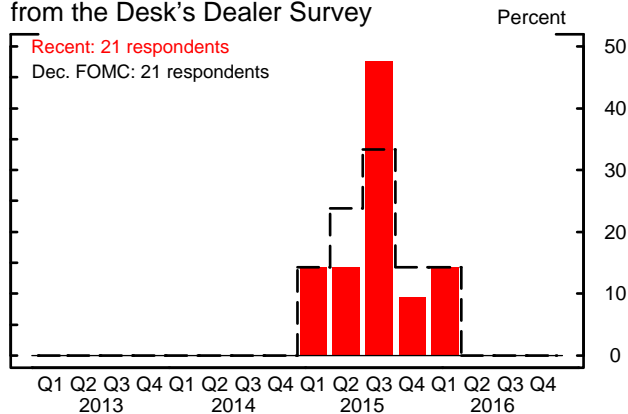
Implied Federal Funds Rate



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

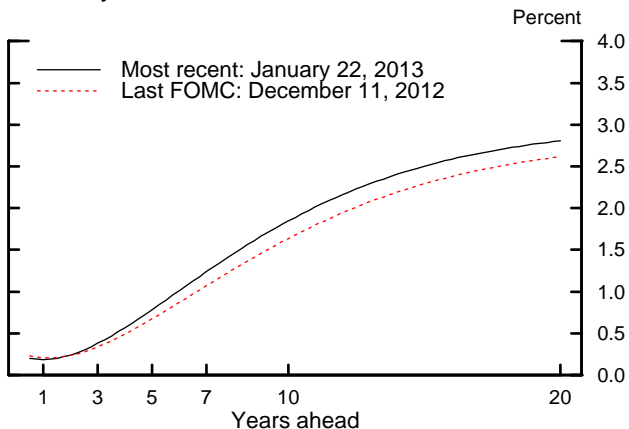
Source: Bloomberg and CME Group.

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



Source: Desk's dealer survey from January 22, 2013.

Treasury Yield Curve



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

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.

Alternative Scenarios

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

Measure and scenario	2012	2013	2014	2015	2016-17
	H2				
<i>Real GDP</i>					
Extended Tealbook baseline	1.6	2.7	3.2	3.5	2.6
Lower natural rate	1.6	2.6	3.1	3.5	2.5
Supply-side damage	1.6	2.5	2.9	3.1	2.3
Unanchored expectations	1.6	2.6	2.9	2.3	2.1
Headwinds	1.6	2.4	2.4	2.6	2.8
Housing-led recovery	1.6	5.0	4.4	1.9	.9
European crisis with severe spillovers	1.6	-1.6	1.2	3.6	3.6
Faster recovery abroad	1.6	3.5	4.0	3.5	2.1
<i>Unemployment rate¹</i>					
Extended Tealbook baseline	7.8	7.6	7.1	6.3	5.3
Lower natural rate	7.8	7.4	6.8	6.0	5.4
Supply-side damage	7.8	7.5	6.7	5.8	5.2
Unanchored expectations	7.8	7.6	7.2	6.9	6.5
Headwinds	7.8	7.7	7.5	7.2	6.1
Housing-led recovery	7.8	6.8	5.5	5.1	6.3
European crisis with severe spillovers	7.8	8.9	9.5	8.7	6.7
Faster recovery abroad	7.8	7.4	6.5	5.6	4.9
<i>Total PCE prices</i>					
Extended Tealbook baseline	1.4	1.4	1.5	1.6	1.9
Lower natural rate	1.4	1.3	1.4	1.4	1.6
Supply-side damage	1.4	1.4	1.5	1.7	2.1
Unanchored expectations	1.4	2.7	3.2	3.0	2.8
Headwinds	1.4	1.4	1.4	1.4	1.5
Housing-led recovery	1.4	1.5	1.8	2.0	2.1
European crisis with severe spillovers	1.4	-.7	.9	1.9	2.4
Faster recovery abroad	1.4	2.2	2.4	2.0	1.8
<i>Core PCE prices</i>					
Extended Tealbook baseline	1.0	1.6	1.7	1.7	1.9
Lower natural rate	1.0	1.5	1.6	1.5	1.6
Supply-side damage	1.0	1.6	1.7	1.8	2.1
Unanchored expectations	1.0	2.5	3.0	2.8	2.5
Headwinds	1.0	1.6	1.6	1.5	1.5
Housing-led recovery	1.0	1.7	2.0	2.1	2.1
European crisis with severe spillovers	1.0	.6	1.2	1.7	2.1
Faster recovery abroad	1.0	1.9	2.1	2.0	2.0
<i>Federal funds rate¹</i>					
Extended Tealbook baseline	.2	.1	.1	.3	2.8
Lower natural rate	.2	.1	.1	.8	2.4
Supply-side damage	.2	.1	.1	.8	2.2
Unanchored expectations	.2	.1	1.4	2.3	2.6
Headwinds	.2	.1	.1	.1	.7
Housing-led recovery	.2	.1	2.0	3.4	3.0
European crisis with severe spillovers	.2	.1	.1	.1	.1
Faster recovery abroad	.2	.1	.1	.9	3.6

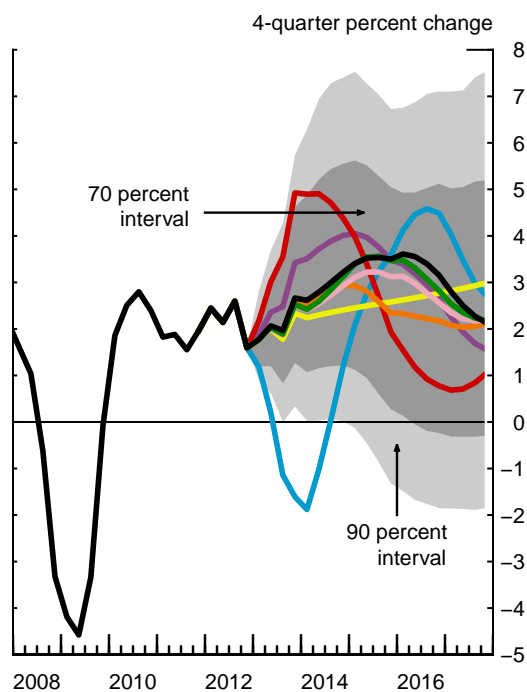
1. Percent, average for the final quarter of the period.

Forecast Confidence Intervals and Alternative Scenarios

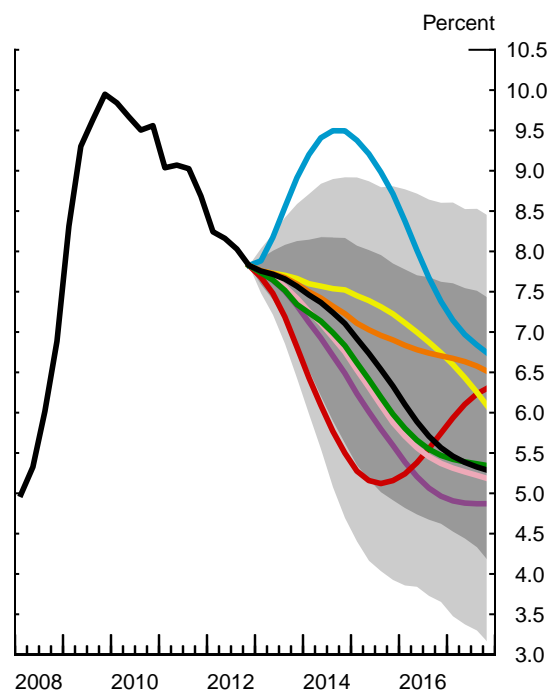
Confidence Intervals Based on FRB/US Stochastic Simulations

- Extended Tealbook baseline
- Unanchored expectations
- European crisis with severe spillovers
- Lower natural rate
- Headwinds
- Faster recovery abroad
- Supply-side damage
- Housing-led recovery

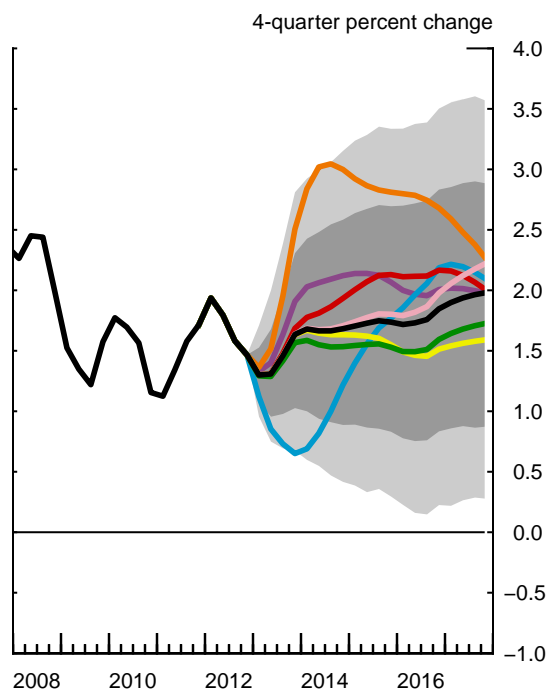
Real GDP



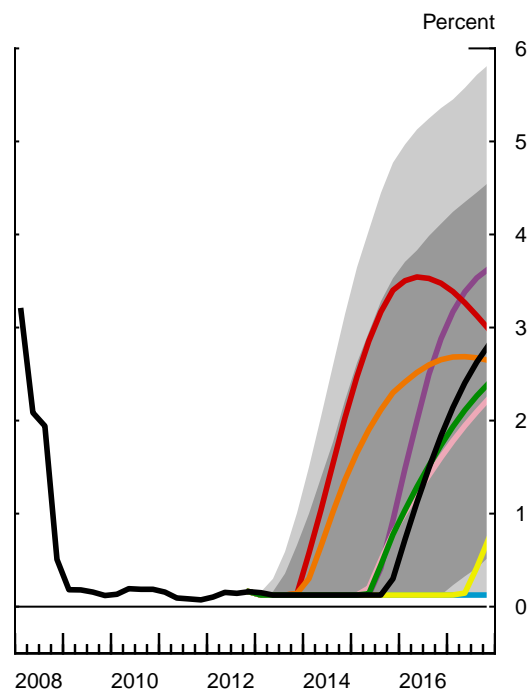
Unemployment Rate



PCE Prices excluding Food and Energy



Federal Funds Rate



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

Measure	2012	2013	2014	2015	2016	2017
<i>Real GDP</i> (percent change, Q4 to Q4)						
Projection	1.6	2.7	3.2	3.5	3.2	2.1
Confidence interval						
Tealbook forecast errors	1.4–1.8	1.1–4.2	1.4–5.0	...	...	...
FRB/US stochastic simulations	1.4–1.8	1.3–4.6	1.2–5.6	.3–5.0	-.2–5.1	-.3–5.2
<i>Civilian unemployment rate</i> (percent, Q4)						
Projection	7.8	7.6	7.1	6.3	5.6	5.3
Confidence interval						
Tealbook forecast errors	7.8–7.8	7.0–8.2	6.2–8.0	...	...	...
FRB/US stochastic simulations	7.8–7.9	6.8–8.1	5.6–8.2	4.9–7.8	4.6–7.6	4.2–7.4
<i>PCE prices, total</i> (percent change, Q4 to Q4)						
Projection	1.5	1.4	1.5	1.6	1.8	2.0
Confidence interval						
Tealbook forecast errors	1.4–1.6	.4–2.4	.3–2.6	...	...	...
FRB/US stochastic simulations	1.4–1.6	.5–2.4	.4–2.6	.4–2.8	.5–3.0	.6–3.1
<i>PCE prices excluding food and energy</i> (percent change, Q4 to Q4)						
Projection	1.5	1.6	1.7	1.7	1.8	2.0
Confidence interval						
Tealbook forecast errors	1.3–1.6	1.1–2.2	.9–2.5	...	...	...
FRB/US stochastic simulations	1.4–1.5	1.0–2.3	.9–2.6	.8–2.7	.8–2.8	.9–2.9
<i>Federal funds rate</i> (percent, Q4)						
Projection	.2	.1	.1	.3	1.8	2.8
Confidence interval						
FRB/US stochastic simulations	.2–.2	.1–.7	.1–2.2	.1–3.5	.1–4.1	.5–4.6

Note: Shocks underlying FRB/US stochastic simulations are randomly drawn from the 1969–2011 set of model equation residuals.

Intervals derived from Tealbook forecast errors are based on projections made from 1979–2011, except for PCE prices excluding food and energy, where the sample is 1981–2011.

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

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

Measure and projection	2012		2013		2014	
	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook	Previous Tealbook	Current Tealbook
<i>Real GDP</i>						
Staff	1.7	1.6	2.5	2.7	3.2	3.2
FRB/US	1.7	1.6	1.4	2.0	2.9	2.2
EDO	1.7	1.6	3.0	3.0	3.3	3.2
Blue Chip	1.7	1.9	2.3	2.2	...	2.8
<i>Unemployment rate¹</i>						
Staff	8.0	7.8	7.8	7.6	7.4	7.1
FRB/US	8.0	7.8	8.3	8.0	8.1	8.0
EDO	8.0	7.8	7.7	7.6	7.3	7.3
Blue Chip	7.9	7.8	7.6	7.5	...	7.0
<i>Total PCE prices</i>						
Staff	1.6	1.5	1.3	1.4	1.4	1.5
FRB/US	1.6	1.5	1.0	1.3	1.1	1.0
EDO	1.6	1.5	1.3	1.2	1.5	1.4
Blue Chip ²	2.0	1.9	2.0	1.9	...	2.2
<i>Core PCE prices</i>						
Staff	1.6	1.5	1.6	1.6	1.6	1.7
FRB/US	1.6	1.5	1.3	1.5	1.3	1.3
EDO	1.6	1.5	1.3	1.2	1.5	1.4
Blue Chip	...	...	...	...	...	...
<i>Federal funds rate¹</i>						
Staff	.2	.2	.1	.1	.1	.1
FRB/US	.2	.2	.2	.1	1.3	.1
EDO	.2	.2	.9	.9	1.7	1.7
Blue Chip ³	.1	.1	.2	.1	...	.3

Note: Blue Chip forecast completed on January 10, 2013.

1. Percent, average for Q4.

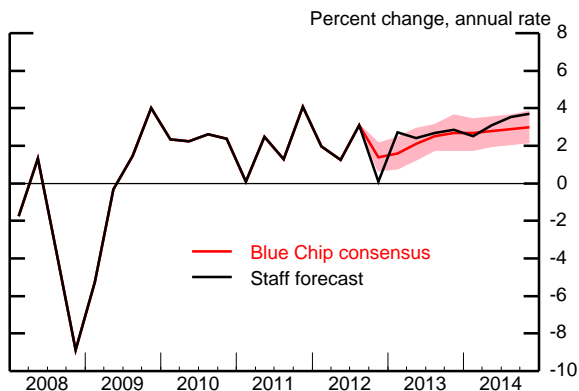
2. Consumer price index.

3. Treasury bill rate.

... Not applicable. The Blue Chip forecast typically extends about 2 years.

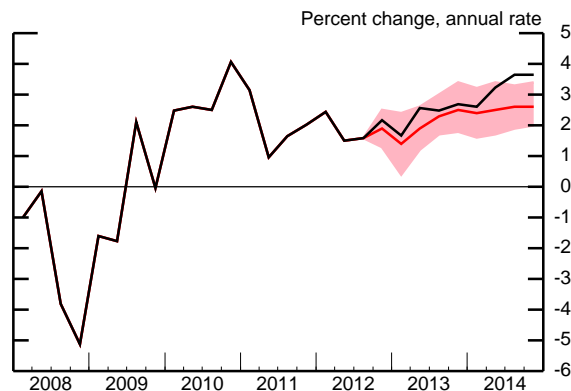
Tealbook Forecast Compared with Blue Chip (Blue Chip survey released January 10, 2013)

Real GDP

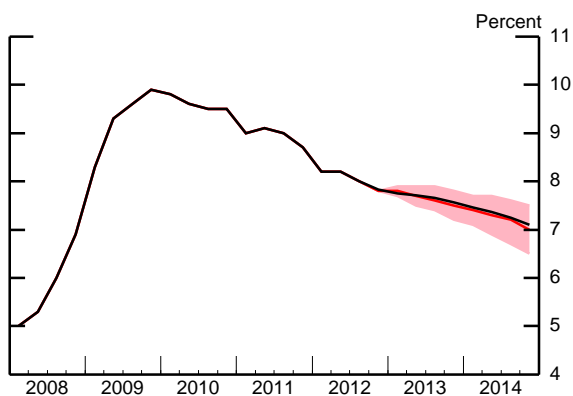


Note: The shaded area represents the area between the Blue Chip top 10 and bottom 10 averages.

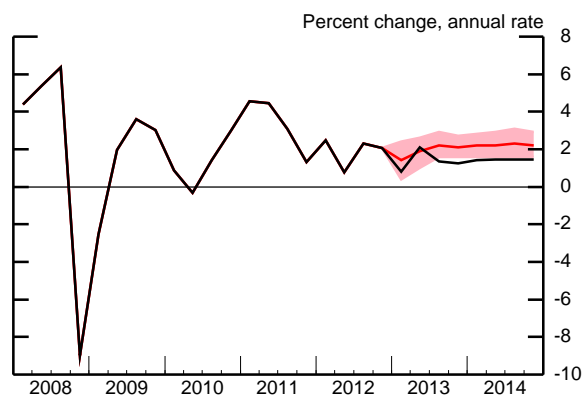
Real PCE



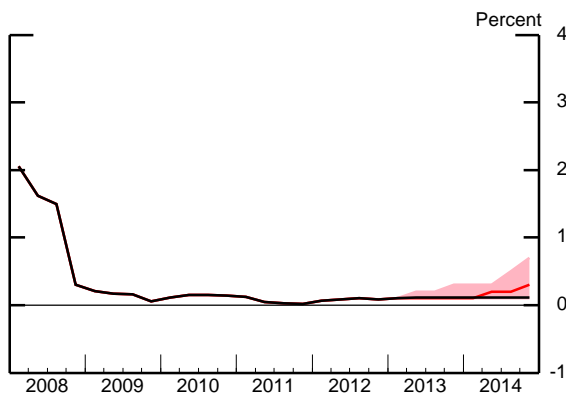
Unemployment Rate



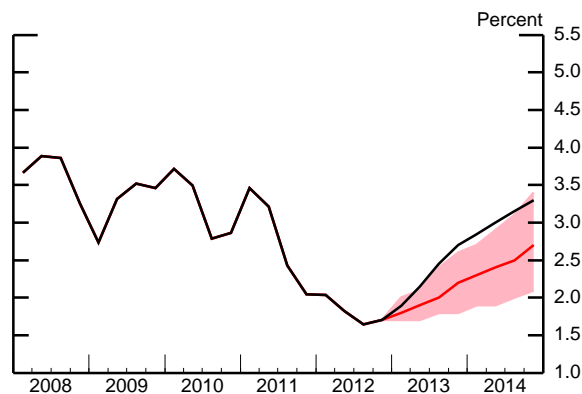
Consumer Price Index



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.

Assessment of Key Macroeconomic Risks (1)**Probability of Inflation Events**

(4 quarters ahead—2013:Q4)

Probability that the 4-quarter change in total PCE prices will be ...	Staff	FRB/US	EDO	BVAR
<i>Greater than 3 percent</i>				
Current Tealbook	.05	.04	.09	.06
Previous Tealbook	.04	.03	.10	.09
<i>Less than 1 percent</i>				
Current Tealbook	.31	.36	.33	.18
Previous Tealbook	.36	.47	.30	.13

Probability of Unemployment Events

(4 quarters ahead—2013:Q4)

Probability that the unemployment rate will ...	Staff	FRB/US	EDO	BVAR
<i>Increase by 1 percentage point</i>				
Current Tealbook	.02	.07	.16	.01
Previous Tealbook	.02	.13	.17	.02
<i>Decrease by 1 percentage point</i>				
Current Tealbook	.11	.03	.28	.21
Previous Tealbook	.04	.00	.28	.18

Probability of Near-Term Recession

Probability that real GDP declines in each of 2013:Q1 and 2013:Q2	Staff	FRB/US	EDO	BVAR	Factor Model
Current Tealbook	.04	.08	.04	.08	.10
Previous Tealbook	.03	.05	.05	.04	.25

Note: "Staff" represents Tealbook forecast errors applied to the Tealbook baseline; baselines for FRB/US, BVAR, EDO, and the factor model are generated by those models themselves, up to the current-quarter estimate. The current quarter is taken as data from the staff estimate for the second Tealbook in each quarter, otherwise the preceding quarter is taken as the latest historical observation.

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	
	12/05/12	01/23/13	12/05/12	01/23/13	12/05/12	01/23/13	12/05/12	01/23/13	12/05/12	01/23/13
<i>Quarterly</i>										
2012:Q1	4.2	4.2	2.0	2.0	2.5	2.5	2.2	2.2	8.2	8.2
Q2	2.8	2.8	1.3	1.3	.7	.7	1.7	1.7	8.2	8.2
Q3	5.7	5.9	2.8	3.1	1.6	1.6	1.1	1.1	8.1	8.0
Q4	2.6	1.3	.9	.1	1.5	1.2	1.2	.8	8.0	7.8
2013:Q1	3.1	3.7	1.7	2.7	1.1	.9	1.7	1.6	7.9	7.8
Q2	3.9	4.2	2.5	2.4	1.4	1.9	1.6	1.7	7.9	7.7
Q3	4.2	4.1	2.8	2.7	1.4	1.5	1.6	1.7	7.9	7.7
Q4	4.2	4.2	2.9	2.8	1.3	1.3	1.5	1.5	7.8	7.6
2014:Q1	4.4	4.1	2.9	2.5	1.5	1.5	1.7	1.7	7.7	7.5
Q2	4.6	4.7	3.1	3.1	1.4	1.4	1.6	1.7	7.7	7.4
Q3	4.7	5.1	3.3	3.5	1.4	1.5	1.7	1.7	7.5	7.2
Q4	4.9	5.3	3.4	3.7	1.4	1.4	1.6	1.6	7.4	7.1
<i>Two-quarter²</i>										
2012:Q2	3.5	3.5	1.6	1.6	1.6	1.6	2.0	2.0	-5	-5
Q4	4.1	3.6	1.8	1.6	1.6	1.4	1.2	1.0	-2	-4
2013:Q2	3.5	4.0	2.1	2.6	1.2	1.4	1.6	1.7	-1	-1
Q4	4.2	4.2	2.8	2.8	1.3	1.4	1.6	1.6	-1	-1
2014:Q2	4.5	4.4	3.0	2.8	1.4	1.5	1.7	1.7	-1	-2
Q4	4.8	5.2	3.3	3.6	1.4	1.4	1.6	1.7	-3	-3
<i>Four-quarter³</i>										
2011:Q4	4.0	4.0	2.0	2.0	2.5	2.5	1.7	1.7	-9	-8
2012:Q4	3.8	3.5	1.7	1.6	1.6	1.5	1.6	1.5	-7	-9
2013:Q4	3.9	4.1	2.5	2.7	1.3	1.4	1.6	1.6	-2	-2
2014:Q4	4.6	4.8	3.2	3.2	1.4	1.5	1.6	1.7	-4	-5
2015:Q4	5.2	5.1	3.6	3.5	1.5	1.6	1.7	1.7	-9	-8
<i>Annual</i>										
2011	4.0	4.0	1.8	1.8	2.4	2.4	1.4	1.4	8.9	8.9
2012	4.1	4.0	2.2	2.2	1.8	1.7	1.7	1.7	8.1	8.1
2013	3.7	3.7	2.0	2.1	1.3	1.3	1.5	1.4	7.9	7.7
2014	4.4	4.4	3.0	2.9	1.4	1.5	1.6	1.7	7.6	7.3
2015	5.0	5.1	3.4	3.5	1.5	1.5	1.7	1.7	6.9	6.6

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

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

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

Changes in Real Gross Domestic Product and Related Items

(Percent, annual rate except as noted)

Item	2012			2013				2014				2012 ¹	2013 ¹	2014 ¹	2015 ¹
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP <i>Previous Tealbook</i>	1.3 1.3	3.1 2.8	.1 .9	2.7 1.7	2.4 2.5	2.7 2.8	2.8 2.9	2.5 2.9	3.1 3.1	3.5 3.3	3.7 3.4	1.6 1.7	2.7 2.5	3.2 3.2	3.5 3.6
Final sales <i>Previous Tealbook</i>	1.7	2.4	1.5	1.8	2.6	2.8	2.6	2.0	3.0	3.6	3.4	2.0	2.5	3.0	3.5
Priv. dom. final purch. <i>Previous Tealbook</i>	1.7 1.9 1.9	2.0 1.5 1.3	1.7 3.4 2.9	.8 2.1 1.1	2.8 3.5 3.7	2.8 3.5 3.6	2.6 3.6 3.7	2.6 3.0 3.6	3.1 3.7 3.9	3.5 4.2 4.0	3.3 4.3 4.1	1.9 2.6 2.4	2.3 3.2 3.0	3.1 3.8 3.9	3.6 4.1 4.1
Personal cons. expend. <i>Previous Tealbook</i>	1.5 1.5	1.6 1.4	2.2 2.1	1.7 .6	2.6 2.6	2.5 2.7	2.7 2.9	2.6 3.1	3.2 3.3	3.6 3.4	3.6 3.5	1.9 1.9	2.3 2.2	3.3 3.3	3.5 3.6
Durables	-2	8.9	12.0	2.2	9.6	8.9	9.2	8.7	9.1	8.5	8.9	7.9	7.4	8.8	8.4
Nondurables	.6	1.2	.5	.9	1.4	1.4	1.7	1.7	2.5	3.0	2.9	1.0	1.3	2.5	2.8
Services	2.1	.6	1.2	1.8	1.8	1.8	2.0	1.9	2.5	3.0	3.0	1.3	1.9	2.6	2.9
Residential investment <i>Previous Tealbook</i>	8.5 8.5	13.5 13.8	13.1 14.8	15.0 17.0	25.1 22.6	17.9 14.7	14.1 13.0	11.6 10.3	13.2 12.3	13.4 12.7	12.6 11.9	13.8 14.3	17.9 16.8	12.7 11.8	13.8 12.7
Business fixed invest. <i>Previous Tealbook</i>	3.6	-1.8	9.6	2.2	5.0	6.7	7.3	3.4	4.1	5.6	6.3	4.6	5.3	4.8	4.8
Equipment & software <i>Previous Tealbook</i>	3.6	-2.2	5.4	1.1	6.4	6.7	6.5	5.7	5.5	5.9	5.7	3.5	5.2	5.7	5.0
Nonres. structures <i>Previous Tealbook</i>	4.8 4.8	-2.6 -3.1	13.8 7.3	1.7 .4	5.5 7.9	7.1 7.8	8.6 8.5	4.2 7.5	4.7 6.7	6.7 7.0	7.5 6.8	5.2 3.5	5.7 6.1	5.8 7.0	6.0 6.2
Net exports ² <i>Previous Tealbook</i> ²	.6 .6	.0 -2	-.4 .9	3.6 2.9	3.7 2.8	5.5 4.0	4.0 1.8	1.4 1.3	2.6 2.6	3.0 3.0	3.1 3.1	3.1 3.4	4.2 2.9	2.5 2.5	2.1 2.1
Exports	-407	-395	-403	-396	-396	-390	-394	-397	-393	-387	-388	-405	-394	-391	-379
Imports	-407	-403	-403	-395	-393	-390	-396	-403	-402	-393	-391	-407	-393	-397	-379
Gov't. cons. & invest. <i>Previous Tealbook</i>	5.3 2.8	1.9 -6	-4.5 -2.4	5.2 3.0	5.3 4.4	5.3 3.2	5.4 5.1	5.7 5.3	5.4 3.9	6.3 4.1	6.8 6.0	1.7 .7	5.3 3.9	6.1 4.8	7.1 5.3
Federal	-7	3.9	-5.6	-1.1	-1.5	-1.4	-1.5	-2.0	-1.2	-1.0	-1.0	-1.4	-1.4	-1.3	-.5
Defense	-7	4.0	-3.5	-1.8	-1.5	-1.6	-1.5	-1.1	-1.2	-1.0	-1.0	-.8	-1.6	-1.1	-.1
Nondefense	-2	9.5	-12.4	-2.8	-4.2	-4.1	-4.5	-6.5	-4.4	-4.2	-4.4	-2.2	-3.9	-4.9	-3.3
State & local	-2	12.9	-17.1	-3.2	-4.9	-4.7	-5.4	-8.2	-5.3	-4.9	-5.2	-3.5	-4.6	-5.9	-3.6
Change in bus. inventories ² <i>Previous Tealbook</i> ²	-4 -1.0	3.0 .3	-2.2 -.8	-2.0 .1	-2.7 .3	-2.7 .3	-2.8 .4	-3.1 .8	-2.8 .9	-2.8 .9	-2.8 1.0	-.5 -.9	-2.6 .3	-2.9 .9	-2.8 1.2
Nonfarm ²	41	60	16	57	50	46	52	67	71	69	80	44	51	72	84
Farm ²	41	61	35	75	66	66	74	83	83	77	81	49	70	81	75
	53	88	44	49	42	38	44	62	66	64	75	62	43	67	83
	-8	-19	-19	7	7	7	7	5	5	5	5	-12	7	5	1

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

2. Billions of chained (2005) dollars.

Changes in Real Gross Domestic Product and Related Items
(Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise noted)

Item	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real GDP <i>Previous Tealbook</i>	2.4 2.4	2.2 2.2	-3.3 -3.3	-1 -1	2.4 2.4	2.0 2.0	1.6 1.7	2.7 2.5	3.2 3.2	3.5 3.6
Final sales <i>Previous Tealbook</i>	2.8 2.8	2.4 2.4	-2.6 -2.6	-5 -5	1.7 1.7	1.7 1.7	2.0 1.9	2.5 2.3	3.0 3.1	3.5 3.6
Priv. dom. final purch. <i>Previous Tealbook</i>	2.4 2.4	1.2 1.2	-4.5 -4.5	-2.8 -2.8	3.2 3.2	2.9 2.9	2.6 2.4	3.2 3.0	3.8 3.9	4.1 4.1
Personal cons. expend. <i>Previous Tealbook</i>	3.2 3.2	1.7 1.7	-2.5 -2.5	-3 -3	2.9 2.9	1.9 1.9	1.9 1.9	2.3 2.2	3.3 3.3	3.5 3.6
Durables	7.0	4.6	-13.0	3.0	9.5	5.9	7.9	7.4	8.8	8.4
Nondurables	2.9	.8	-3.1	.4	3.0	1.4	1.0	1.3	2.5	2.8
Services	2.6	1.4	-.5	-1.1	1.9	1.5	1.3	1.9	2.6	2.9
Residential investment <i>Previous Tealbook</i>	-15.7 -15.7	-20.7 -20.7	-24.4 -24.4	-13.3 -13.3	-5.7 -5.7	3.9 3.9	13.8 14.3	17.9 16.8	12.7 11.8	13.8 12.7
Business fixed invest. <i>Previous Tealbook</i>	7.8 7.8	7.9 7.9	-9.4 -9.4	-15.7 -15.7	7.7 7.7	10.2 10.2	4.6 3.5	5.3 5.2	4.8 5.7	4.8 5.0
Equipment & software <i>Previous Tealbook</i>	6.0 6.0	3.9 3.9	-13.6 -13.6	-7.8 -7.8	11.9 11.9	11.4 11.4	5.2 3.5	5.7 6.1	5.8 7.0	6.0 6.2
Nonres. structures <i>Previous Tealbook</i>	13.0 13.0	17.3 17.3	-1.2 -1.2	-29.4 -29.4	-1.8 -1.8	6.9 6.9	3.1 3.4	4.2 2.9	2.5 2.5	2.1 2.1
Net exports ¹ <i>Previous Tealbook</i> ¹	-729 -729	-649 -649	-495 -495	-355 -355	-420 -420	-408 -408	-405 -407	-394 -393	-391 -397	-379 -379
Exports	10.2	10.1	-2.5	.3	8.8	4.3	1.7	5.3	6.1	7.1
Imports	4.1	.8	-5.9	-6.1	10.9	3.5	.7	3.9	4.8	5.3
Gov't. cons. & invest. <i>Previous Tealbook</i>	1.5 1.5	1.9 1.9	2.7 2.7	4.0 4.0	-1.3 -1.3	-3.3 -3.3	-1.4 -.8	-1.4 -1.6	-1.3 -1.1	-.5 -1
Federal	2.2	3.1	8.8	5.1	2.3	-4.2	-2.2	-3.9	-4.9	-3.3
Defense	4.4	2.6	9.8	4.1	1.0	-4.0	-3.5	-4.6	-5.9	-3.6
Nondefense	-2.3	4.2	6.8	7.2	5.2	-4.6	.5	-2.6	-2.9	-2.8
State & local	1.2	1.2	-.9	3.3	-3.6	-2.7	-.9	.3	.9	1.2
Change in bus. inventories ¹ <i>Previous Tealbook</i> ¹	59 59	28 28	-36 -36	-139 -139	51 51	31 31	44 49	51 70	72 81	84 75
Nonfarm ¹	63	29	-38	-138	58	36	62	43	67	83
Farm ¹	-4	-1	1	-1	-6	-4	-12	7	5	1

1. Billions of chained (2005) dollars.

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

Item	2012			2013				2014				2012 ¹	2013 ¹	2014 ¹	2015 ¹
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Real GDP <i>Previous Tealbook</i>	1.3 1.3	3.1 2.8	.1 .9	2.7 1.7	2.4 2.5	2.7 2.8	2.8 2.9	2.5 2.9	3.1 3.1	3.5 3.3	3.7 3.4	1.6 1.7	2.7 2.5	3.2 3.2	3.5 3.6
Final sales <i>Previous Tealbook</i>	1.7	2.4	1.4	1.8	2.6	2.8	2.6	2.0	3.0	3.6	3.4	2.0	2.5	3.0	3.5
Priv. dom. final purch. <i>Previous Tealbook</i>	1.7 1.6 1.6	2.0 1.3 1.1	1.7 2.8 2.4	.8 1.8 1.0	2.8 2.9 3.0	2.8 2.9 3.0	2.6 3.0 3.1	2.6 3.1 3.0	3.1 3.1 3.2	3.4 3.6 3.4	3.3 3.6 3.4	1.9 2.1 2.0	2.3 2.7 2.5	3.1 3.2 3.3	3.6 3.5 3.5
Personal cons. expend. <i>Previous Tealbook</i>	1.1 1.1	1.1 1.0	1.5 1.5	1.2 .4	1.8 1.8	1.8 1.9	1.9 2.1	1.8 2.2	2.3 2.3	2.6 2.4	2.6 2.5	1.4 1.3	1.7 1.6	2.3 2.3	2.5 2.6
Durables	.0	.7	.9	.2	.7	.7	.7	.7	.7	.7	.7	.6	.6	.7	.7
Nondurables	.1	.2	.1	.1	.2	.2	.3	.3	.4	.5	.5	.2	.2	.4	.4
Services	1.0	.3	.6	.9	.9	.9	.9	.9	1.2	1.4	1.4	.6	.9	1.2	1.4
Residential investment <i>Previous Tealbook</i>	.2 .2	.3 .3	.3 .3	.4 .4	.6 .6	.5 .4	.4 .4	.3 .3	.4 .4	.4 .4	.4 .4	.3 .3	.5 .4	.4 .3	.4 .4
Business fixed invest. <i>Previous Tealbook</i>	.4 .4	-.2 -.2	.9 .5	.2 .1	.5 .6	.7 .7	.8 .7	.4 .6	.4 .6	.6 .6	.7 .6	.5 .4	.5 .5	.5 .6	.5 .5
Equipment & software <i>Previous Tealbook</i>	.4 .4	-.2 -.2	1.0 .5	.1 .0	.4 .6	.5 .6	.6 .6	.3 .5	.4 .5	.5 .5	.6 .5	.4 .3	.4 .4	.4 .5	.5 .5
Nonres. structures <i>Previous Tealbook</i>	.0 .0	.0 .0	.0 .0	.1 .1	.1 .1	.2 .1	.1 .1	.0 .0	.1 .1	.1 .1	.1 .1	.1 .1	.1 .1	.1 .1	.1 .1
Net exports <i>Previous Tealbook</i>	.2 .2	.4 .1	-.2 .0	.2 .2	.0 .1	.2 .1	-.1 -.2	-.1 -.2	.1 .0	.2 .2	-.1 .0	.1 .1	.1 .0	.0 .0	.1 .1
Exports	.7	.3	-.6	.7	.7	.7	.7	.8	.8	.9	1.0	.2	.7	.8	1.0
Imports	-.5	.1	.4	-.5	-.7	-.5	-.9	-.9	-.7	-.7	-1.0	-.1	-.7	-.8	-.9
Gov't. cons. & invest. <i>Previous Tealbook</i>	-.1 -.1	.8 .8	-1.1 -.7	-.2 -.3	-.3 -.3	-.3 -.3	-.3 -.3	-.4 -.2	-.2 -.2	-.2 -.2	-.2 -.2	-.3 -.2	-.3 -.3	-.2 -.2	-.1 .0
Federal	.0	.7	-1.0	-.2	-.3	-.3	-.3	-.5	-.3	-.3	-.3	-.2	-.2	-.3	-.2
Defense	.0	.6	-1.0	-.2	-.3	-.2	-.3	-.4	-.2	-.2	-.2	-.2	-.2	-.3	-.2
Nondefense	.0	.1	-.1	-.1	-.1	-.1	-.1	-.1	-.1	-.1	-.1	.0	-.1	-.1	-.1
State & local	-.1	.0	-.1	.0	.0	.0	.0	.1	.1	.1	.1	-.1	.0	.1	.1
Change in bus. inventories <i>Previous Tealbook</i>	-.5 -.5	.7 .8	-1.4 -.8	.9 .9	-.2 -.3	-.1 .0	.2 .3	.5 .3	.1 .0	.0 -.2	.3 .1	-.4 -.2	.2 .2	.2 .1	.0 .0
Nonfarm	-.3	1.1	-1.4	.2	-.2	-.1	.2	.5	.1	-.1	.3	-.2	.0	.2	.1
Farm	-.2	-.4	.0	.8	.0	.0	.0	-.1	.0	.0	.0	-.1	.2	.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	2012			2013				2014				2012 ¹	2013 ¹	2014 ¹	2015 ¹
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
GDP chain-wt. price index <i>Previous Tealbook</i>	1.6	2.7	1.2	1.0	1.8	1.4	1.3	1.5	1.5	1.5	1.5	1.9	1.4	1.5	1.6
PCE chain-wt. price index <i>Previous Tealbook</i>	1.6	2.7	1.7	1.4	1.4	1.4	1.3	1.5	1.4	1.4	1.4	2.0	1.3	1.4	1.5
Energy <i>Previous Tealbook</i>	.7	1.6	1.2	.9	1.9	1.5	1.3	1.5	1.4	1.5	1.4	1.5	1.4	1.5	1.6
Food <i>Previous Tealbook</i>	.7	1.6	1.5	1.1	1.4	1.4	1.3	1.5	1.4	1.4	1.4	1.6	1.3	1.4	1.5
Ex. food & energy <i>Previous Tealbook</i>	-13.6	10.5	5.6	-11.0	3.6	-2.7	-2.2	-1.6	-1.5	-1.6	-1.3	2.2	-3.2	-1.5	-1.1
Ex. food & energy, market based <i>Previous Tealbook</i>	-13.6	10.5	4.6	-9.3	-3.7	-2.4	-1.9	-1.4	-1.7	-2.0	-1.8	1.9	-4.4	-1.7	-1.6
CPI <i>Previous Tealbook</i>	.7	.6	2.1	3.1	2.8	2.0	1.0	.9	1.0	1.1	1.2	1.2	2.2	1.1	1.5
Ex. food & energy <i>Previous Tealbook</i>	.7	.6	2.4	3.4	2.8	2.1	1.1	.9	1.0	1.1	1.3	1.2	2.3	1.1	1.5
Ex. food & energy, market based <i>Previous Tealbook</i>	1.7	1.1	.8	1.6	1.7	1.7	1.5	1.7	1.7	1.7	1.6	1.5	1.6	1.7	1.7
CPI <i>Previous Tealbook</i>	1.7	1.1	1.2	1.7	1.6	1.6	1.5	1.7	1.6	1.7	1.6	1.6	1.6	1.6	1.7
Ex. food & energy <i>Previous Tealbook</i>	1.8	1.3	.8	1.4	1.6	1.6	1.4	1.6	1.6	1.6	1.5	1.6	1.5	1.6	1.6
Ex. food & energy, market based <i>Previous Tealbook</i>	1.8	1.3	1.3	1.6	1.5	1.5	1.4	1.6	1.5	1.5	1.4	1.7	1.5	1.5	1.6
CPI <i>Previous Tealbook</i>	.8	2.3	2.1	.8	2.1	1.3	1.3	1.4	1.4	1.4	1.4	1.9	1.4	1.4	1.6
Ex. food & energy <i>Previous Tealbook</i>	.8	2.3	2.3	1.2	1.3	1.4	1.3	1.4	1.4	1.4	1.4	2.0	1.3	1.4	1.5
Ex. food & energy, market based <i>Previous Tealbook</i>	2.6	1.5	1.6	1.9	1.8	1.7	1.6	1.8	1.8	1.8	1.7	1.9	1.7	1.8	1.8
ECI, hourly compensation ² <i>Previous Tealbook</i>	2.6	1.5	1.8	2.0	1.7	1.7	1.6	1.8	1.8	1.8	1.7	2.0	1.7	1.7	1.8
ECI, hourly compensation ² <i>Previous Tealbook</i>	2.1	1.7	2.1	2.3	2.6	2.7	2.7	2.9	3.0	3.0	3.0	1.9	2.6	2.9	3.1
Nonfarm business sector Output per hour <i>Previous Tealbook</i>	2.1	1.7	2.1	2.3	2.5	2.6	2.7	2.7	2.8	2.9	2.9	1.9	2.5	2.8	3.0
Compensation per hour <i>Previous Tealbook</i>	1.9	3.3	-3.0	.5	1.2	1.6	1.6	1.3	1.8	2.1	2.3	.4	1.2	1.8	1.8
Unit labor costs <i>Previous Tealbook</i>	1.9	3.0	-.6	-1.0	1.9	1.7	1.5	1.7	1.9	1.8	1.9	.9	1.0	1.8	1.9
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i>	1.3	1.1	1.0	2.6	2.7	2.9	3.0	3.1	3.1	3.1	3.2	2.3	2.8	3.1	3.4
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i>	1.3	.9	1.8	2.4	2.6	2.8	2.9	2.9	3.0	3.1	3.2	2.4	2.7	3.0	3.3
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i>	-.5	-2.1	4.1	2.1	1.4	1.3	1.4	1.7	1.3	1.0	.9	1.9	1.5	1.2	1.6
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i>	-.5	-2.0	2.4	3.5	.7	1.1	1.3	1.2	1.1	1.3	1.2	1.5	1.7	1.2	1.4
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i>	1.2	-2.3	1.3	2.5	1.6	1.4	1.3	1.3	1.4	1.7	1.5	.0	1.7	1.5	1.5
Core goods imports chain-wt. price index ³ <i>Previous Tealbook</i>	1.2	-2.4	2.2	1.5	.8	1.0	1.1	1.3	1.4	1.7	1.4	.2	1.1	1.5	1.5

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

2. Private-industry workers.

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

Greensheets

Changes in Prices and Costs

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

Item	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP chain-wt. price index <i>Previous Tealbook</i>	2.9 2.9	2.6 2.6	2.1 2.1	.5 .5	1.8 1.8	2.0 2.0	1.9 2.0	1.4 1.3	1.5 1.4	1.6 1.5
PCE chain-wt. price index <i>Previous Tealbook</i>	1.9 1.9	3.5 3.5	1.7 1.7	1.4 1.4	1.5 1.5	2.5 2.5	1.5 1.6	1.4 1.3	1.5 1.4	1.6 1.5
Energy <i>Previous Tealbook</i>	-3.7 -3.7	19.3 19.3	-8.8 -8.8	2.7 2.7	6.5 6.5	11.9 11.9	2.2 1.9	-3.2 -4.4	-1.5 -1.7	-1.1 -1.6
Food <i>Previous Tealbook</i>	1.7 1.7	4.7 4.7	7.0 7.0	-1.7 -1.7	1.3 1.3	5.1 5.1	1.2 1.2	2.2 2.3	1.1 1.1	1.5 1.5
Ex. food & energy <i>Previous Tealbook</i>	2.3 2.3	2.4 2.4	2.0 2.0	1.6 1.6	1.2 1.2	1.7 1.7	1.5 1.6	1.6 1.6	1.7 1.6	1.7 1.7
Ex. food & energy, market based <i>Previous Tealbook</i>	2.2 2.2	2.1 2.1	2.2 2.2	1.7 1.7	.7 .7	1.9 1.9	1.6 1.7	1.5 1.5	1.6 1.5	1.6 1.6
CPI <i>Previous Tealbook</i>	2.0 2.0	4.0 4.0	1.6 1.6	1.5 1.5	1.2 1.2	3.3 3.3	1.9 2.0	1.4 1.3	1.4 1.4	1.6 1.5
Ex. food & energy <i>Previous Tealbook</i>	2.7 2.7	2.3 2.3	2.0 2.0	1.7 1.7	.6 .6	2.2 2.2	1.9 2.0	1.7 1.7	1.8 1.7	1.8 1.8
ECL, hourly compensation ¹ <i>Previous Tealbook</i> ¹	3.2 3.2	3.0 3.0	2.4 2.4	1.2 1.2	2.1 2.1	2.2 2.2	1.9 1.9	2.6 2.5	2.9 2.8	3.1 3.0
Nonfarm business sector Output per hour <i>Previous Tealbook</i>	.8 .8	2.5 2.5	-1.1 -1.1	5.6 5.6	1.8 1.8	.6 .6	.4 .9	1.2 1.0	1.8 1.8	1.8 1.9
Compensation per hour <i>Previous Tealbook</i>	4.5 4.5	3.6 3.6	2.5 2.5	1.5 1.5	1.6 1.6	2.0 2.0	2.3 2.4	2.8 2.7	3.1 3.0	3.4 3.3
Unit labor costs <i>Previous Tealbook</i>	3.6 3.6	1.1 1.1	3.7 3.7	-3.9 -3.9	-2 -2	1.4 1.4	1.9 1.5	1.5 1.7	1.2 1.2	1.6 1.4
Core goods imports chain-wt. price index ² <i>Previous Tealbook</i> ²	2.5 2.5	2.9 2.9	3.7 3.7	-1.7 -1.7	2.7 2.7	4.3 4.3	.0 .2	1.7 1.1	1.5 1.5	1.5 1.5

1. Private-industry workers.

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

Other Macroeconomic Indicators

Item	2012				2013				2014				2012 ¹	2013 ¹	2014 ¹	2015 ¹
	Q2	Q3	Q4		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
<i>Employment and production</i>																
Nonfarm payroll employment ²	.3	.4	.4		.5	.5	.5	.5	.5	.6	.6	.7	1.9	1.9	2.4	3.1
Unemployment rate ³	8.2	8.0	7.8		7.8	7.7	7.7	7.6	7.5	7.4	7.2	7.1	7.8	7.6	7.1	6.3
<i>Previous Tealbook³</i>	8.2	8.1	8.0		7.9	7.9	7.9	7.8	7.7	7.7	7.5	7.4	8.0	7.8	7.4	6.5
Natural rate of unemployment ³	6.0	6.0	5.9		5.9	5.9	5.9	5.9	5.9	5.8	5.8	5.8	5.9	5.9	5.8	5.8
<i>Previous Tealbook³</i>	6.0	6.0	6.0		6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.8
GDP gap ⁴	-3.9	-3.6	-4.0		-3.8	-3.7	-3.5	-3.3	-3.2	-3.0	-2.6	-2.2	-4.0	-3.3	-2.2	-9
<i>Previous Tealbook⁴</i>	-4.1	-3.9	-4.1		-4.2	-4.1	-3.9	-3.6	-3.4	-3.2	-2.9	-2.6	-4.1	-3.6	-2.6	-1.3
Industrial production ⁵	2.4	.4	1.0		2.6	6.9	5.7	4.5	3.9	3.9	4.1	4.3	2.4	4.9	4.0	4.1
<i>Previous Tealbook⁵</i>	2.3	.0	1.0		4.0	4.6	4.2	3.8	3.7	3.6	3.6	3.9	2.3	4.2	3.7	4.0
Manufacturing industr. prod. ⁵	.8	-1.0	.2		3.8	5.1	4.6	4.0	3.9	3.9	3.9	4.4	2.4	4.4	4.0	4.5
<i>Previous Tealbook⁵</i>	.7	-1.1	-.3		2.9	4.4	4.3	4.2	4.0	3.9	3.9	4.3	2.2	4.0	4.0	4.3
Capacity utilization rate - mfg. ³	77.5	77.0	76.8		77.1	77.6	78.1	78.4	78.7	79.0	79.2	79.6	76.8	78.4	79.6	80.9
<i>Previous Tealbook³</i>	77.5	77.0	76.6		76.8	77.3	77.8	78.2	78.6	78.9	79.1	79.5	76.6	78.2	79.5	80.7
Housing starts ⁶	.7	.8	.9		.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	.8	1.0	1.3	1.5
Light motor vehicle sales ⁶	14.1	14.5	15.0		14.9	15.0	15.2	15.4	15.6	15.9	16.0	16.1	14.4	15.2	15.9	16.5
<i>Income and saving</i>																
Nominal GDP ⁵	2.8	5.9	1.3		3.7	4.2	4.1	4.2	4.1	4.7	5.1	5.3	3.5	4.1	4.8	5.1
Real disposable pers. income ⁵	2.2	.5	2.3		-3.0	2.7	2.5	3.1	4.9	3.4	3.5	3.9	2.2	1.3	3.9	2.9
<i>Previous Tealbook⁵</i>	2.2	.5	2.1		-3.5	2.8	2.5	3.2	5.3	3.3	3.6	4.0	2.1	1.2	4.0	3.1
Personal saving rate ³	3.8	3.6	3.6		2.5	2.5	2.5	2.5	3.1	3.1	3.0	3.1	3.6	2.5	3.1	2.4
<i>Previous Tealbook³</i>	3.8	3.6	3.6		2.6	2.6	2.5	2.6	3.1	3.1	3.1	3.2	3.6	2.6	3.2	2.6
Corporate profits ⁷	4.7	9.9	1.7		-1.6	-1.5	-1.4	-1.4	-2.2	.5	4.0	3.7	1.2	-1.5	1.5	2.4
Profit share of GNP ³	12.1	12.3	12.3		12.1	12.0	11.8	11.6	11.5	11.4	11.3	11.3	12.3	11.6	11.3	11.0
Net federal saving ⁸	-1,115	-1,089	-1,114		-878	-876	-853	-834	-743	-737	-735	-737	-1,094	-860	-738	-580
Net state & local saving ⁸	-124	-140	-139		-128	-107	-97	-89	-93	-71	-66	-59	-133	-105	-72	-29
Gross national saving rate ³	12.3	12.3	12.2		12.7	12.8	12.8	13.0	13.2	13.3	13.4	13.4	12.2	13.0	13.4	14.0
Net national saving rate ³	-.4	-.3	-.4		.3	.4	.5	.6	1.0	1.1	1.2	1.2	-.4	.6	1.2	2.0

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Employment and production</i>										
Nonfarm payroll employment ¹	2.1	1.2	-2.8	-5.6	.8	1.8	1.9	1.9	2.4	3.1
Unemployment rate ²	4.5	4.8	6.9	9.9	9.5	8.7	7.8	7.6	7.1	6.3
<i>Previous Tealbook²</i>	4.5	4.8	6.9	9.9	9.6	8.7	8.0	7.8	7.4	6.5
Natural rate of unemployment ²	5.0	5.0	5.3	6.0	6.0	6.0	5.9	5.9	5.8	5.8
<i>Previous Tealbook²</i>	5.0	5.0	5.3	6.0	6.0	6.0	6.0	6.0	6.0	5.8
GDP gap ³	.8	.8	-4.3	-5.3	-4.2	-3.8	-4.0	-3.3	-2.2	-.9
<i>Previous Tealbook³</i>	.8	.8	-4.4	-5.5	-4.4	-4.0	-4.1	-3.6	-2.6	-1.3
Industrial production ⁴	2.1	2.5	-9.0	-5.7	6.3	4.1	2.4	4.9	4.0	4.1
<i>Previous Tealbook⁴</i>	2.1	2.5	-9.0	-5.7	6.3	4.1	2.3	4.2	3.7	4.0
Manufacturing industr. prod. ⁴	1.8	2.8	-11.8	-6.5	6.5	4.2	2.4	4.4	4.0	4.5
<i>Previous Tealbook⁴</i>	1.8	2.8	-11.8	-6.5	6.5	4.2	2.2	4.0	4.0	4.3
Capacity utilization rate - mfg. ²	78.2	78.2	69.7	67.0	73.1	76.1	76.8	78.4	79.6	80.9
<i>Previous Tealbook²</i>	78.2	78.2	69.7	67.0	73.1	76.1	76.6	78.2	79.5	80.7
Housing starts ⁵	1.8	1.4	.9	.6	.6	.6	.8	1.0	1.3	1.5
Light motor vehicle sales ⁵	16.5	16.1	13.1	10.4	11.5	12.7	14.4	15.2	15.9	16.5
<i>Income and saving</i>										
Nominal GDP ⁴	5.3	4.9	-1.2	.4	4.3	4.0	3.5	4.1	4.8	5.1
Real disposable pers. income ⁴	4.6	1.6	1.0	-3.0	3.5	.3	2.2	1.3	3.9	2.9
<i>Previous Tealbook⁴</i>	4.6	1.6	1.0	-3.0	3.5	.3	2.1	1.2	4.0	3.1
Personal saving rate ²	2.8	2.5	6.2	3.8	4.8	3.4	3.6	2.5	3.1	2.4
<i>Previous Tealbook²</i>	2.8	2.5	6.2	3.8	4.8	3.4	3.6	2.6	3.2	2.6
Corporate profits ⁶	3.7	-8.1	-33.5	57.0	17.3	9.2	1.2	-1.5	1.5	2.4
Profit share of GNP ²	11.6	10.1	6.8	10.7	12.0	12.5	12.3	11.6	11.3	11.0
Net federal saving ⁷	-204	-245	-613	-1,229	-1,308	-1,237	-1,094	-860	-738	-580
Net state & local saving ⁷	51	12	-72	-113	-90	-102	-133	-105	-72	-29
Gross national saving rate ²	16.5	13.9	12.6	11.0	12.1	12.4	12.2	13.0	13.4	14.0
Net national saving rate ²	4.4	1.7	-.6	-2.3	-.6	-.3	-.4	.6	1.2	2.0

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				2012				2013				2014			
	2012 ^a	2013	2014	2015	Q1 ^a	Q2 ^a	Q3 ^a	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unified budget																
Receipts ¹	2,449	2,745	2,987	3,234	509	760	625	616	562	859	708	673	615	937	761	736
Outlays ¹	3,538	3,538	3,615	3,778	966	885	810	908	909	873	848	918	923	897	878	965
Surplus/deficit ¹	-1,089	-793	-628	-544	-457	-125	-185	-292	-347	-14	-140	-245	-308	41	-116	-230
<i>Previous Tealbook</i>																
On-budget	-1,089	-741	-630	-579	-457	-125	-185	-300	-296	-14	-131	-241	-297	34	-127	-246
Off-budget	-1,151	-804	-631	-536	-458	-187	-160	-310	-327	-61	-106	-266	-284	-3	-78	-247
	62	11	3	-8	1	62	-25	17	-20	47	-33	21	-23	43	-38	17
Means of financing																
Borrowing	1,152	797	708	624	398	198	230	314	299	15	169	265	328	-21	136	250
Cash decrease	-27	15	0	0	42	-48	6	-7	63	-31	-10	0	0	0	0	0
Other ²	-36	-19	-80	-80	17	-25	-51	-14	-15	30	-20	-20	-20	-20	-20	-20
Cash operating balance, end of period	85	70	70	70	43	91	85	93	30	60	70	70	70	70	70	70
NIPA federal sector																
Receipts	2,632	2,877	3,106	3,353	2,665	2,659	2,671	2,693	2,906	2,939	2,970	3,003	3,102	3,138	3,179	3,220
Expenditures	3,744	3,807	3,868	3,980	3,724	3,775	3,761	3,807	3,784	3,814	3,823	3,836	3,846	3,875	3,914	3,956
Consumption expenditures	1,062	1,054	1,023	993	1,056	1,055	1,086	1,060	1,059	1,052	1,045	1,037	1,025	1,018	1,011	1,003
Defense	709	697	671	647	703	701	728	701	701	696	690	684	673	667	661	655
Nondefense	353	357	352	347	352	354	358	359	358	357	355	353	353	351	350	348
Other spending	2,682	2,753	2,845	2,987	2,668	2,720	2,674	2,747	2,725	2,762	2,778	2,799	2,820	2,858	2,904	2,953
Current account surplus	-1,111	-930	-762	-628	-1,059	-1,115	-1,089	-1,114	-878	-876	-853	-834	-743	-737	-735	-737
Gross investment	156	144	134	126	152	156	155	146	145	143	141	139	135	133	131	129
Gross saving less gross investment ³	-1,127	-930	-749	-602	-1,071	-1,130	-1,102	-1,118	-879	-874	-849	-826	-731	-722	-717	-716
Fiscal indicators⁴																
High-employment (HEB) surplus/deficit	-919.1	-715.7	-577.0	-494.1	-865.0	-922.6	-909.2	-909.9	-657.9	-659.4	-635.8	-625.8	-556.4	-557.6	-568.4	-584.5
Change in HEB, percent of potential GDP	-1.0	-1.4	-9	-6	-8	.3	-1	.0	-1.6	.0	-2	-1	-4	.0	.0	.1
Fiscal impetus (FI), percent of GDP	-6	-9	-7	-3	-7	-6	.3	-1.3	-1.5	-7	-8	-7	-1.1	-7	-5	-4
<i>Previous Tealbook</i>	-5	-1.2	-5	-3	-7	-7	.3	-1.0	-2.1	-1.1	-9	-8	-6	-5	-5	-4

1. Budget receipts, outlays, and surplus/deficit include corresponding social security (OASDI) categories. The OASDI surplus and the Postal Service surplus are excluded from the on-budget surplus and shown separately as off-budget, as classified under current law.

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

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

4. HEB is gross saving less gross investment (NIPA) of the federal government in current dollars, with cyclically sensitive receipts and outlays adjusted to the staff's measure of potential output and the natural rate of unemployment. The sign on Change in HEB, as a percent of nominal potential GDP, is reversed. FI is the weighted difference of discretionary changes in federal spending and taxes in chained (2005) dollars, scaled by real GDP. The FI estimates are calendar year contributions to Q4/Q4 real GDP growth. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus. Quarterly figures for change in HEB and FI are not at annual rates.

a. Actual.

Foreign Real GDP and Consumer Prices: Selected Countries

(Quarterly percent changes at an annual rate)

Measure and country	2012				2013				Projected			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP ¹												
Total foreign	3.4	1.9	1.8	2.2	2.7	3.1	3.2	3.3	3.4	3.2	3.5	3.5
<i>Previous Tealbook</i>	3.4	1.9	1.8	2.1	2.5	2.9	3.1	3.2	3.4	3.1	3.5	3.5
Advanced foreign economies	1.5	.5	.2	.3	1.0	1.4	1.7	1.9	2.1	1.6	2.1	2.2
Canada	1.7	1.7	.6	1.4	1.9	2.0	2.1	2.2	2.3	2.5	2.7	2.8
Japan	5.7	-1	-3.5	.2	1.4	1.8	2.0	2.2	3.4	-2.6	.7	.7
United Kingdom	-1.0	-1.5	3.8	-.7	.7	1.2	1.7	2.1	2.2	2.3	2.3	2.4
Euro area	-1	-.7	-.3	-1.2	-.5	.4	.8	1.2	1.4	1.5	1.6	1.8
Germany	2.0	1.1	.9	-1.0	.1	.9	1.2	1.7	1.8	1.9	2.0	2.0
Emerging market economies	5.4	3.4	3.3	4.1	4.5	4.8	4.8	4.8	4.8	4.8	4.9	4.9
Asia	6.2	3.7	4.6	5.8	5.6	5.8	5.8	5.8	5.9	5.9	5.9	5.9
Korea	3.5	1.1	.2	3.3	3.4	3.8	3.8	4.0	4.1	4.2	4.3	4.4
China	7.0	6.5	8.4	9.5	8.8	8.4	8.2	8.2	8.2	8.2	8.2	8.2
Latin America	4.6	2.9	2.0	2.6	3.6	4.0	3.9	3.8	3.8	3.8	3.9	3.9
Mexico	5.4	3.3	1.8	2.3	3.7	4.2	4.1	3.9	3.9	3.9	3.9	3.9
Brazil	.2	1.0	2.4	3.2	3.5	3.6	3.8	3.8	3.9	3.9	4.1	4.1
Consumer prices ²												
Total foreign	2.6	2.0	2.3	2.4	2.2	2.3	2.3	2.3	2.4	3.0	2.5	2.5
<i>Previous Tealbook</i>	2.6	1.9	2.2	2.5	2.3	2.2	2.2	2.2	2.3	3.0	2.4	2.4
Advanced foreign economies	2.1	.7	.8	1.7	1.3	1.3	1.2	1.3	1.3	2.5	1.4	1.4
Canada	2.1	.1	.1	1.8	1.8	1.9	1.8	1.7	1.8	1.9	1.9	1.9
Japan	2.3	-.9	-2.0	-.5	-.2	-.1	-.1	.0	.0	7.1	.1	.1
United Kingdom	1.7	1.3	3.0	4.7	2.5	1.6	1.6	2.8	1.4	1.4	1.5	2.6
Euro Area	2.4	2.0	2.3	2.5	1.7	1.5	1.4	1.4	1.4	1.4	1.5	1.5
Germany	2.3	1.4	2.0	2.3	2.2	2.0	1.7	1.7	1.7	1.7	1.8	1.9
Emerging market economies	3.0	3.0	3.4	3.0	2.8	3.1	3.1	3.1	3.2	3.3	3.3	3.3
Asia	2.4	3.1	2.1	2.7	2.9	2.9	3.0	3.0	3.1	3.2	3.2	3.2
Korea	1.6	1.2	1.0	3.1	3.0	2.8	2.8	2.8	3.0	3.0	3.0	3.1
China	2.0	2.5	1.7	2.0	2.6	2.7	2.8	2.8	3.0	3.0	3.0	3.0
Latin America	4.6	2.6	6.3	3.6	2.7	3.5	3.5	3.5	3.7	3.7	3.7	3.7
Mexico	4.5	2.5	6.5	3.0	2.2	3.2	3.2	3.2	3.4	3.4	3.4	3.4
Brazil	4.0	3.8	7.3	7.5	6.2	5.4	5.6	5.6	5.6	5.6	5.5	5.5

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	2007	2008	2009	2010	2011	-----Projected-----				
						2012	2013	2014	2015	
Real GDP ¹										
Total foreign	4.3	-7	.8	4.5	2.9	2.3	3.1	3.4	3.5	
<i>Previous Tealbook</i>	4.3	-7	.8	4.5	2.8	2.3	2.9	3.4	3.5	
Advanced foreign economies	2.4	-1.6	-1.5	3.0	1.4	.6	1.5	2.0	2.3	
Canada	2.3	.0	-1.6	3.6	2.4	1.3	2.0	2.6	2.9	
Japan	1.6	-4.8	-6	3.5	.0	.5	1.8	.5	.3	
United Kingdom	3.8	-4.6	-9	1.5	.9	.2	1.4	2.3	2.5	
Euro area	2.4	-2.1	-2.3	2.3	.6	-.6	.5	1.5	2.0	
Germany	2.4	-1.9	-2.2	4.2	1.9	.8	1.0	1.9	2.4	
Emerging market economies	6.7	.4	3.5	6.2	4.5	4.0	4.7	4.8	4.8	
Asia	8.9	.8	8.0	7.7	4.9	5.1	5.7	5.9	5.9	
Korea	5.8	-3.2	6.3	5.0	3.4	2.0	3.7	4.2	4.6	
China	13.7	7.7	11.3	9.7	8.8	7.8	8.4	8.2	8.0	
Latin America	4.4	-2	-8	4.5	3.9	3.0	3.8	3.8	3.8	
Mexico	3.5	-1.1	-2.2	4.1	3.9	3.2	4.0	3.9	3.8	
Brazil	6.6	.9	5.3	5.3	1.4	1.7	3.7	4.0	4.1	
Consumer prices ²										
Total foreign	3.7	3.3	1.3	3.2	3.4	2.3	2.3	2.6	2.6	
<i>Previous Tealbook</i>	3.7	3.3	1.3	3.2	3.4	2.3	2.2	2.5	2.6	
Advanced foreign economies	2.2	2.0	.2	1.7	2.2	1.3	1.3	1.7	1.7	
Canada	2.5	1.8	.8	2.2	2.7	1.0	1.8	1.9	1.9	
Japan	.5	1.1	-2.0	-.3	-.3	-.3	-.1	1.8	1.3	
United Kingdom	2.1	3.9	2.2	3.4	4.7	2.7	2.1	1.8	1.8	
Euro Area	2.9	2.3	.4	2.0	2.9	2.3	1.5	1.5	1.7	
Germany	3.1	1.7	.3	1.6	2.6	2.0	1.9	1.8	1.9	
Emerging market economies	5.1	4.6	2.1	4.3	4.3	3.1	3.0	3.3	3.3	
Asia	5.5	3.6	1.3	4.3	4.5	2.6	2.9	3.1	3.2	
Korea	3.4	4.5	2.4	3.2	4.0	1.7	2.9	3.0	3.2	
China	6.7	2.5	.6	4.6	4.6	2.1	2.7	3.0	3.0	
Latin America	4.2	6.7	3.9	4.4	4.0	4.3	3.3	3.7	3.7	
Mexico	3.8	6.2	4.0	4.3	3.5	4.1	2.9	3.4	3.4	
Brazil	4.3	6.3	4.3	5.6	6.7	5.6	5.7	5.6	5.5	

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

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

U.S. Current Account

Quarterly Data

	2012				2013				Projected-----2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	-----Projected-----											
U.S. current account balance	-534.5	-472.4	-430.0	-450.8	-458.5	-437.3	-444.1	-473.3	-496.9	-469.9	-475.2	-496.7
<i>Previous Tealbook</i>	-534.5	-469.6	-418.4	-436.3	-432.0	-415.0	-433.8	-471.6	-500.2	-482.0	-489.1	-508.2
Current account as percent of GDP	-3.5	-3.0	-2.7	-2.8	-2.9	-2.7	-2.7	-2.9	-3.0	-2.8	-2.8	-2.9
<i>Previous Tealbook</i>	-3.5	-3.0	-2.6	-2.7	-2.7	-2.6	-2.7	-2.9	-3.0	-2.9	-2.9	-2.9
Net goods & services	-593.5	-549.7	-498.0	-531.0	-532.2	-506.4	-500.6	-519.8	-538.2	-506.7	-499.4	-515.2
Investment income, net	197.4	215.9	211.0	219.4	211.4	202.9	193.6	185.7	179.0	170.6	161.4	157.8
Direct, net	282.9	291.6	286.1	283.4	273.0	268.5	267.8	270.3	273.7	274.6	275.3	282.2
Portfolio, net	-85.6	-75.7	-75.2	-64.0	-61.6	-65.6	-74.2	-84.6	-94.7	-103.9	-114.0	-124.4
Other income and transfers, net	-138.4	-138.7	-143.1	-139.2	-137.7	-133.8	-137.1	-139.2	-137.7	-133.8	-137.1	-139.2

Billions of dollars, s.a.a.r.

Annual Data

	-----Projected-----										
	2007	2008	2009	2010	2011	2012	2013	2014	2015		
	-----Projected-----										
U.S. current account balance	-710.3	-677.1	-381.9	-442.0	-465.9	-471.9	-453.3	-484.7	-490.6		
<i>Previous Tealbook</i>	-710.3	-677.1	-381.9	-442.0	-465.9	-464.7	-438.1	-494.9	-497.7		
Current account as percent of GDP	-5.1	-4.7	-2.7	-3.0	-3.1	-3.0	-2.8	-2.9	-2.7		
<i>Previous Tealbook</i>	-5.1	-4.7	-2.7	-3.0	-3.1	-3.0	-2.7	-2.9	-2.8		
Net goods & services	-696.7	-698.3	-379.2	-494.7	-559.9	-543.0	-514.7	-514.9	-505.4		
Investment income, net	111.1	157.8	127.6	191.0	235.0	210.9	198.4	167.2	150.8		
Direct, net	244.6	284.3	253.0	297.9	321.7	286.0	269.9	276.4	303.7		
Portfolio, net	-133.5	-126.5	-125.4	-106.9	-86.7	-75.1	-71.5	-109.3	-152.9		
Other income and transfers, net	-124.7	-136.6	-130.3	-138.2	-141.1	-139.8	-137.0	-137.0	-135.9		

Billions of dollars

Class I FOMC – Restricted Controlled (FR)

Report to the FOMC on Economic Conditions and Monetary Policy



Book B Monetary Policy: Strategies and Alternatives

January 24, 2013

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

Policy Rules and the Staff Projection

Strategies

Near-Term Prescriptions of Selected Policy Rules

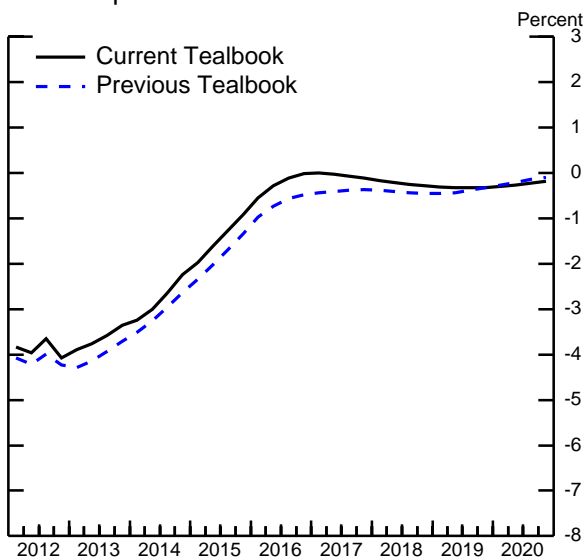
	Constrained Policy		Unconstrained Policy	
	2013Q1	2013Q2	2013Q1	2013Q2
Taylor (1993) rule	1.04	1.12	1.04	1.12
Previous Tealbook	1.05	1.07	1.05	1.07
Taylor (1999) rule	0.13	0.13	-0.86	-0.73
Previous Tealbook	0.13	0.13	-1.04	-0.96
Inertial Taylor (1999) rule	0.13	0.13	0.01	-0.10
Previous Tealbook	0.13	0.13	-0.03	-0.17
Outcome-based rule	0.13	0.13	0.08	-0.03
Previous Tealbook	0.13	0.13	-0.08	-0.25
First-difference rule	0.33	0.47	0.33	0.47
Previous Tealbook	0.20	0.37	0.20	0.37
Nominal income targeting rule	0.13	0.13	-0.53	-1.02
Previous Tealbook	0.13	0.13	-0.54	-1.07

Memo: Equilibrium and Actual Real Federal Funds Rate

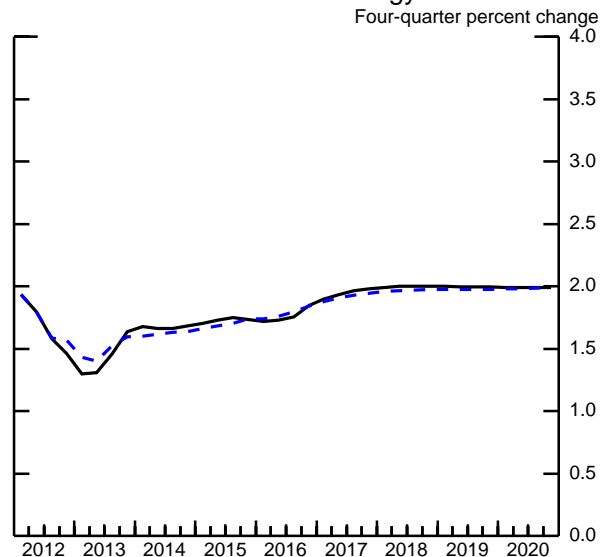
	Current Tealbook	Current Quarter Estimate as of Previous Tealbook	Previous Tealbook
Tealbook-consistent FRB/US r^* estimate	-1.83	-2.06	-2.21
Actual real federal funds rate	-1.33		-1.45

Key Elements of the Staff Projection

GDP Gap



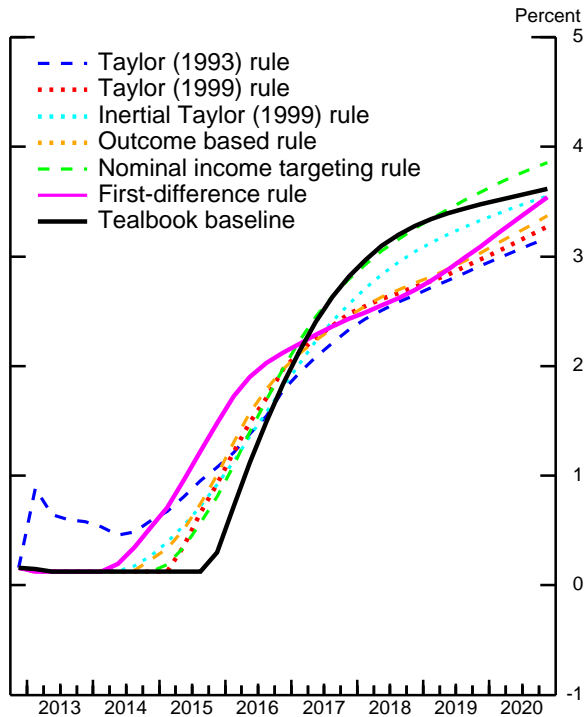
PCE Prices ex. Food and Energy



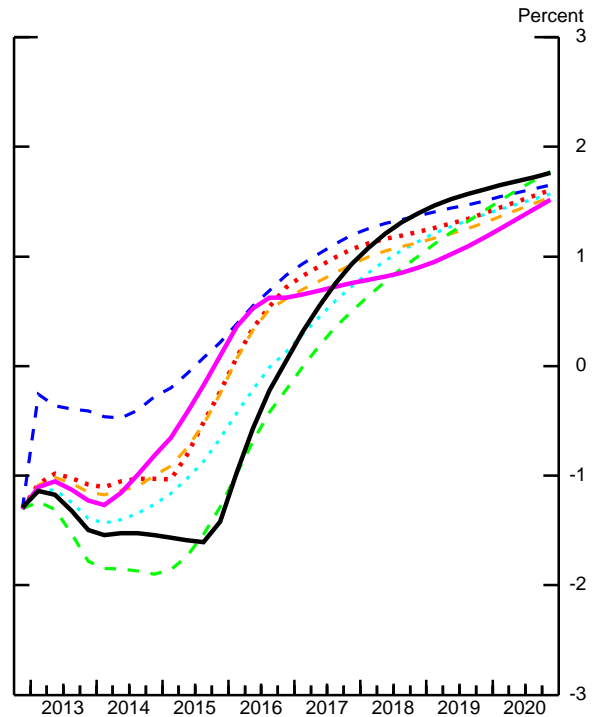
Note: Since the previous Tealbook, the staff has revised down the long-run value of the real funds rate from 2.25 percent to 2 percent. The intercepts of the different policy rules have been adjusted to reflect this change, both for the current and previous Tealbook simulations. Estimates of r^* may change at the beginning of a quarter even when the staff outlook is unchanged because the twelve-quarter horizon covered by the calculation has rolled forward one quarter. Therefore, whenever the Tealbook is published early in the quarter, the memo includes a third column labeled "Current Quarter Estimate as of Previous Tealbook."

Policy Rule Simulations without Thresholds

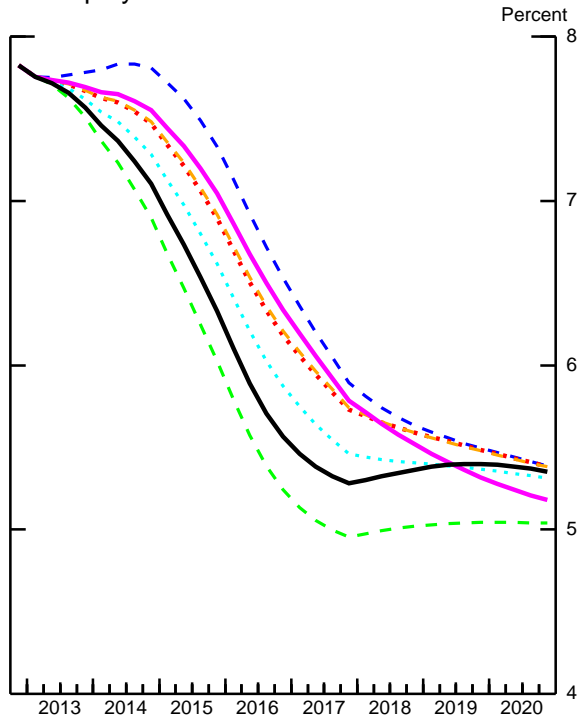
Nominal Federal Funds Rate



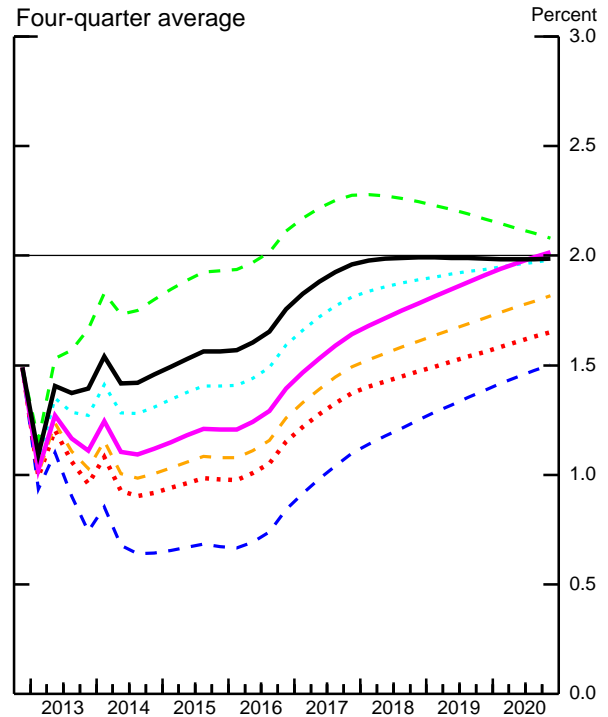
Real Federal Funds Rate



Unemployment Rate



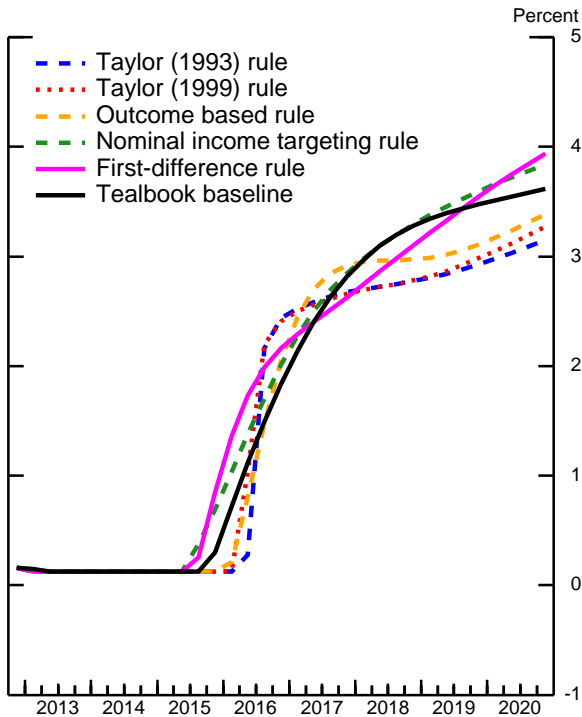
PCE Inflation
Four-quarter average



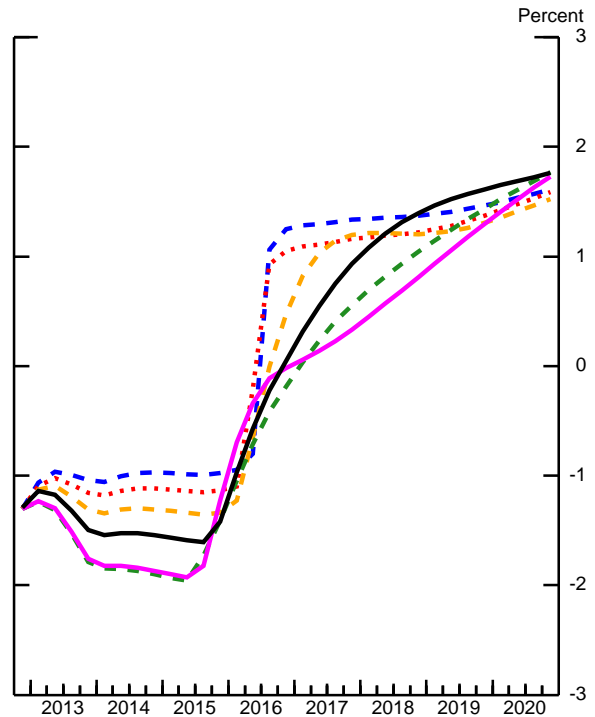
Note: The policy rule simulations in this exhibit are based on rules that respond to core inflation. This choice of rule specification was made in light of the tendency for current and near-term core inflation rates to outperform headline inflation rates as predictors of the medium-term behavior of headline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

Policy Rule Simulations with Thresholds

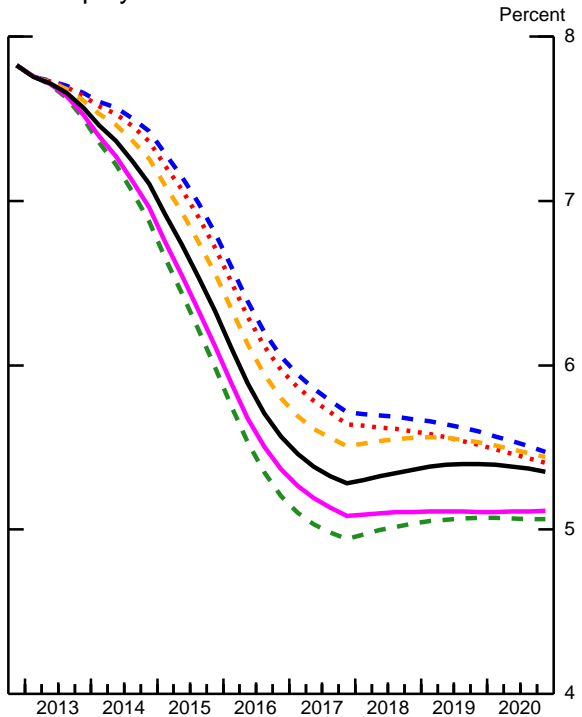
Nominal Federal Funds Rate



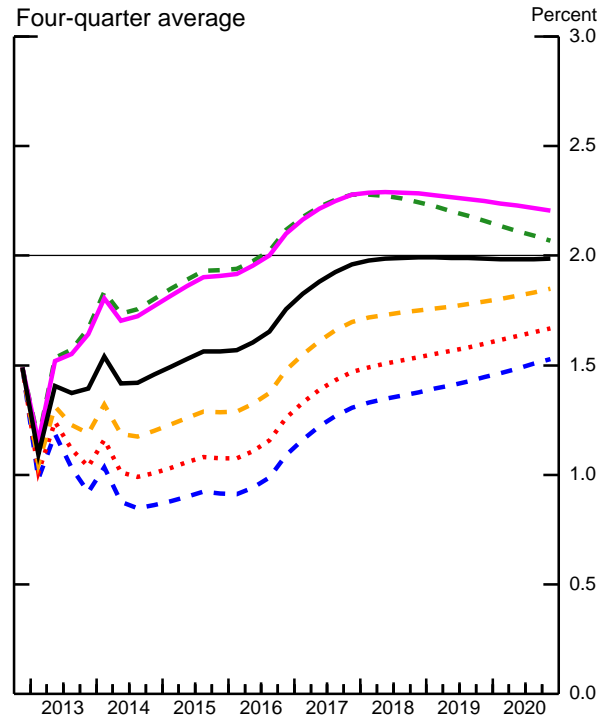
Real Federal Funds Rate



Unemployment Rate



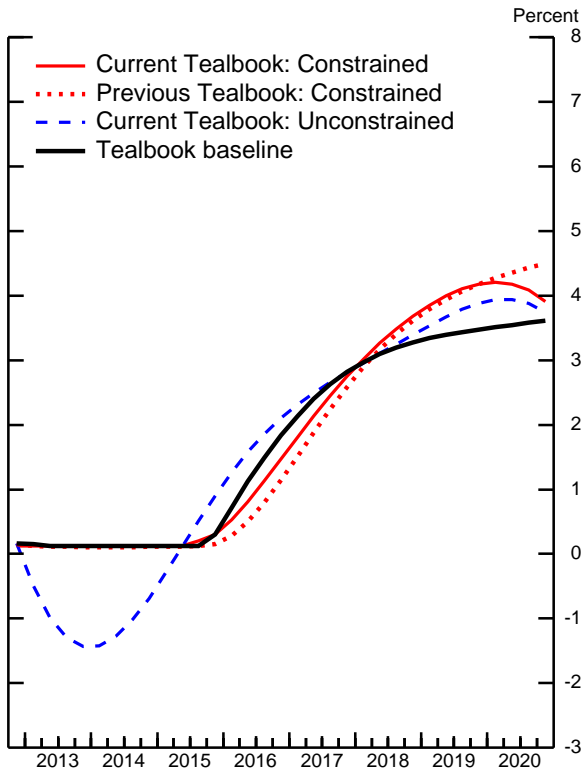
PCE Inflation
Four-quarter average



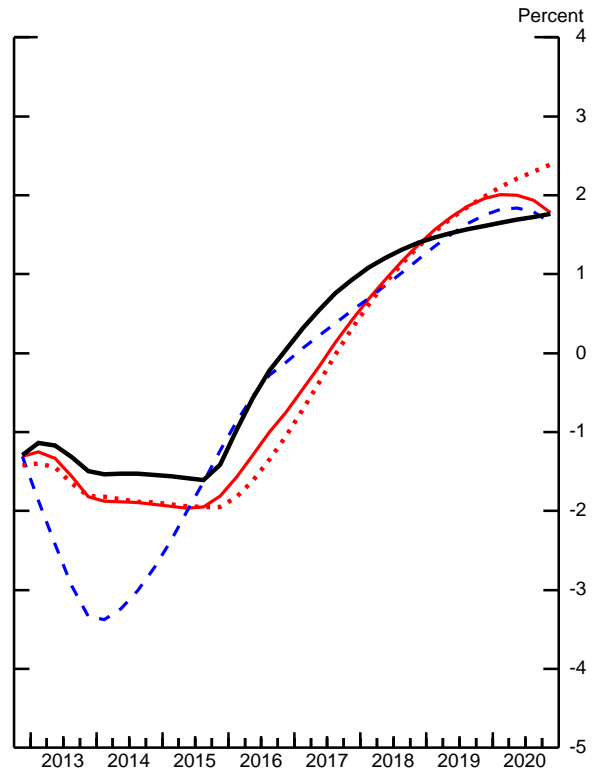
Note: The policy rule simulations in this exhibit are based on rules that respond to core inflation. This choice of rule specification was made in light of the tendency for current and near-term core inflation rates to outperform headline inflation rates as predictors of the medium-term behavior of headline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

Constrained vs. Unconstrained Optimal Control Policy

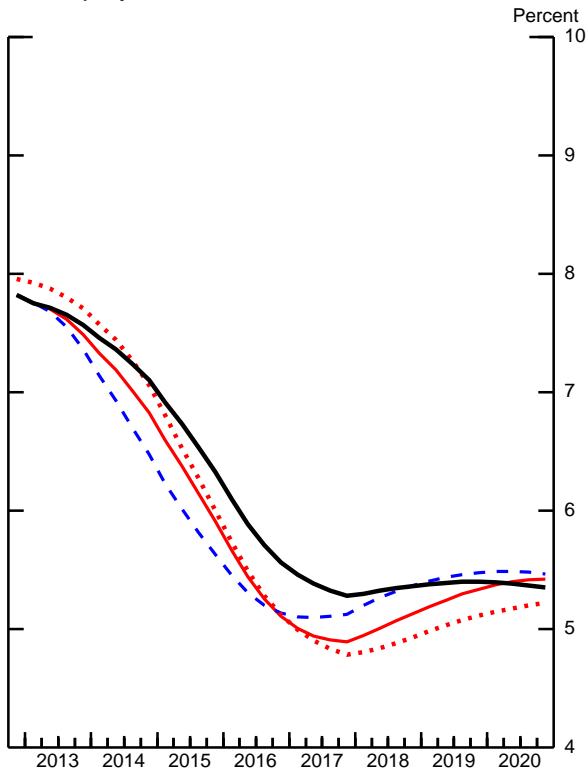
Nominal Federal Funds Rate



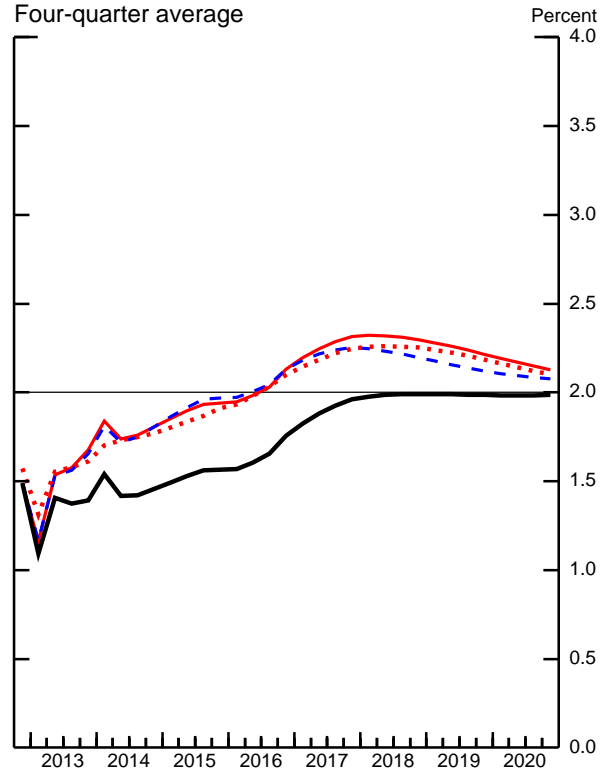
Real Federal Funds Rate



Unemployment Rate



PCE Inflation
Four-quarter average



Outcomes under Alternative Policies without Thresholds
(Percent change, annual rate, from end of preceding period except as noted)

Measure and scenario	2012					
	H2	2013	2014	2015	2016	2017
<i>Real GDP</i>						
Extended Tealbook baseline ¹	1.6	2.7	3.2	3.5	3.2	2.1
Taylor (1993)	1.6	1.9	2.3	3.0	3.3	2.7
Taylor (1999)	1.6	2.3	2.7	3.1	3.1	2.4
Inertial Taylor (1999)	1.6	2.5	3.0	3.3	3.2	2.4
Outcome based	1.6	2.3	2.7	3.1	3.1	2.5
First-difference	1.6	2.2	2.6	3.0	3.1	2.6
Nominal income targeting	1.6	2.9	3.5	3.7	3.2	2.2
Constrained optimal control	1.6	2.9	3.6	3.7	3.3	2.0
<i>Unemployment rate²</i>						
Extended Tealbook baseline ¹	7.8	7.6	7.1	6.3	5.6	5.3
Taylor (1993)	7.8	7.8	7.8	7.3	6.5	5.9
Taylor (1999)	7.8	7.7	7.5	6.9	6.2	5.7
Inertial Taylor (1999)	7.8	7.6	7.3	6.6	5.9	5.5
Outcome based	7.8	7.7	7.5	6.9	6.2	5.7
First-difference	7.8	7.7	7.6	7.0	6.3	5.8
Nominal income targeting	7.8	7.5	6.9	6.0	5.2	5.0
Constrained optimal control	7.8	7.5	6.8	5.9	5.1	4.9
<i>Total PCE prices</i>						
Extended Tealbook baseline ¹	1.4	1.4	1.5	1.6	1.8	2.0
Taylor (1993)	1.4	0.7	0.6	0.7	0.8	1.1
Taylor (1999)	1.4	1.0	0.9	1.0	1.2	1.4
Inertial Taylor (1999)	1.4	1.3	1.3	1.4	1.6	1.8
Outcome based	1.4	1.0	1.0	1.1	1.3	1.5
First-difference	1.4	1.1	1.1	1.2	1.4	1.6
Nominal income targeting	1.4	1.7	1.8	1.9	2.1	2.3
Constrained optimal control	1.4	1.7	1.8	1.9	2.1	2.3
<i>Core PCE prices</i>						
Extended Tealbook baseline ¹	1.0	1.6	1.7	1.7	1.8	2.0
Taylor (1993)	1.0	1.0	0.9	0.8	0.9	1.1
Taylor (1999)	1.0	1.2	1.1	1.2	1.2	1.4
Inertial Taylor (1999)	1.0	1.5	1.5	1.6	1.7	1.8
Outcome based	1.0	1.3	1.2	1.3	1.4	1.5
First-difference	1.0	1.3	1.3	1.4	1.5	1.7
Nominal income targeting	1.0	1.9	2.0	2.1	2.2	2.3
Constrained optimal control	1.0	1.9	2.0	2.1	2.2	2.3
<i>Federal funds rate²</i>						
Extended Tealbook baseline ¹	0.2	0.1	0.1	0.3	1.8	2.8
Taylor (1993)	0.2	0.6	0.6	1.1	1.8	2.3
Taylor (1999)	0.2	0.1	0.1	0.9	2.0	2.5
Inertial Taylor (1999)	0.2	0.1	0.3	0.9	1.8	2.6
Outcome based	0.2	0.1	0.2	1.0	2.0	2.5
First-difference	0.2	0.1	0.5	1.5	2.1	2.4
Nominal income targeting	0.2	0.1	0.1	0.8	2.0	2.8
Constrained optimal control	0.2	0.1	0.1	0.3	1.5	2.7

1. In the Tealbook baseline, the federal funds rate stays at its effective lower bound of 12.5 basis points as long as the unemployment rate is above 6.5 percent and projected inflation from 1 to 2 years ahead is less than 2.5 percent. Once either threshold is crossed, the federal funds rate follows the prescription of the inertial Taylor (1999) rule.

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

Outcomes under Alternative Policies with Thresholds¹
(Percent change, annual rate, from end of preceding period except as noted)

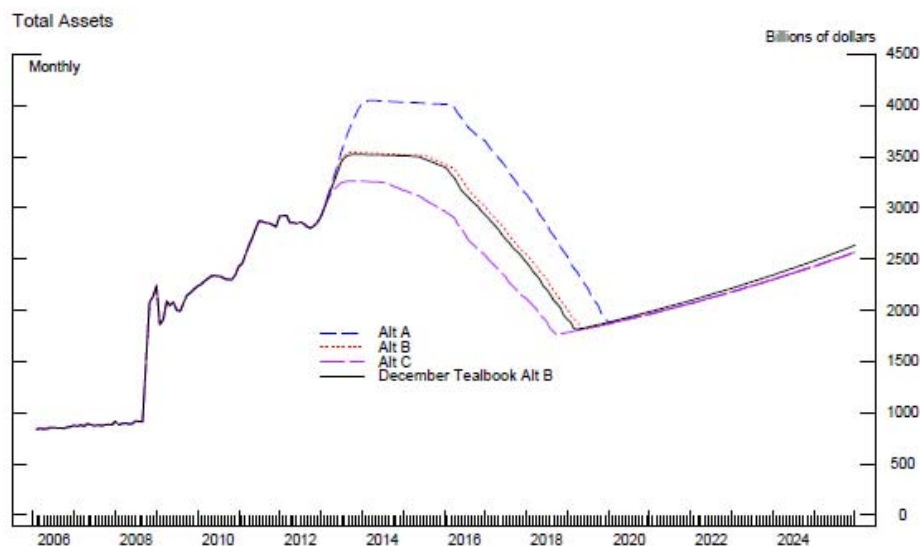
Measure and scenario	2012					
	H2	2013	2014	2015	2016	2017
<i>Real GDP</i>						
Extended Tealbook baseline	1.6	2.7	3.2	3.5	3.2	2.1
Taylor (1993)	1.6	2.4	2.8	3.2	3.1	2.2
Taylor (1999)	1.6	2.4	2.9	3.3	3.1	2.2
Outcome based	1.6	2.5	3.0	3.4	3.1	2.1
First-difference	1.6	2.8	3.4	3.6	3.1	2.2
Nominal income targeting	1.6	2.9	3.5	3.7	3.2	2.1
Constrained optimal control	1.6	2.9	3.6	3.7	3.3	2.0
<i>Unemployment rate²</i>						
Extended Tealbook baseline	7.8	7.6	7.1	6.3	5.6	5.3
Taylor (1993)	7.8	7.7	7.4	6.8	6.1	5.7
Taylor (1999)	7.8	7.6	7.4	6.7	6.0	5.6
Outcome based	7.8	7.6	7.3	6.6	5.8	5.5
First-difference	7.8	7.5	7.0	6.1	5.4	5.1
Nominal income targeting	7.8	7.5	6.9	6.0	5.2	4.9
Constrained optimal control	7.8	7.5	6.8	5.9	5.1	4.9
<i>Total PCE prices</i>						
Extended Tealbook baseline	1.4	1.4	1.5	1.6	1.8	2.0
Taylor (1993)	1.4	0.9	0.9	0.9	1.1	1.3
Taylor (1999)	1.4	1.0	1.0	1.1	1.3	1.5
Outcome based	1.4	1.2	1.2	1.3	1.5	1.7
First-difference	1.4	1.6	1.8	1.9	2.1	2.3
Nominal income targeting	1.4	1.7	1.8	1.9	2.1	2.3
Constrained optimal control	1.4	1.7	1.8	1.9	2.1	2.3
<i>Core PCE prices</i>						
Extended Tealbook baseline	1.0	1.6	1.7	1.7	1.8	2.0
Taylor (1993)	1.0	1.2	1.1	1.1	1.2	1.3
Taylor (1999)	1.0	1.3	1.2	1.2	1.4	1.5
Outcome based	1.0	1.4	1.4	1.5	1.6	1.7
First-difference	1.0	1.9	2.0	2.1	2.2	2.3
Nominal income targeting	1.0	1.9	2.0	2.1	2.2	2.3
Constrained optimal control	1.0	1.9	2.0	2.1	2.2	2.3
<i>Federal funds rate²</i>						
Extended Tealbook baseline	0.2	0.1	0.1	0.3	1.8	2.8
Taylor (1993)	0.2	0.1	0.1	0.1	2.4	2.7
Taylor (1999)	0.2	0.1	0.1	0.1	2.4	2.7
Outcome based	0.2	0.1	0.1	0.1	2.0	2.9
First-difference	0.2	0.1	0.1	0.8	2.2	2.6
Nominal income targeting	0.2	0.1	0.1	0.7	2.0	2.8
Constrained optimal control	0.2	0.1	0.1	0.3	1.5	2.7

1. With the exception of constrained optimal control, monetary policy is specified to keep the federal funds rate at its effective lower bound of 12.5 basis points as long as the unemployment rate is above 6.5 percent and projected inflation from 1 to 2 years ahead is less than 2.5 percent. Once either of these thresholds is crossed, the federal funds rate follows the prescriptions of the specified rule. Policy in the Tealbook baseline also uses these threshold conditions and switches to the inertial Taylor (1999) rule once either of these thresholds is crossed.

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

LONG-RUN PROJECTIONS OF THE BALANCE SHEET AND MONETARY BASE

The staff has prepared three scenarios for the Federal Reserve's balance sheet that correspond to Alternatives A, B, and C. All three policy alternatives include additional asset purchases in 2013.⁴ Alternative B continues purchases at the monthly rates that the Committee specified in its December statement, \$45 billion per month of longer-term Treasury securities and \$40 billion per month of agency MBS. Alternative A increases the pace of securities purchases, while Alternative C decreases the pace. All three alternatives maintain the 0 to ¼ percent target range for the federal funds rate and retain threshold-based forward guidance for the funds rate based on the outlook for unemployment and inflation. Projections under each scenario are based on assumptions about the trajectory of various components of the balance sheet. Details of these assumptions, as well as projections for each major component of the balance sheet, can be found in Explanatory Note D.⁵



⁴ As announced in December, the Committee is assumed to maintain its policy of reinvesting principal payments from Treasury securities at auction. It is also assumed to continue reinvesting principal payments from agency MBS and agency debt securities into agency MBS. The effect of assuming reinvestment of Treasury securities at auction is very modest; as a result of the maturity extension program, there are currently less than \$6 billion of Treasury securities in the SOMA portfolio that mature before January 2016.

⁵ The entire expected path of the portfolio has implications for the evolution of economic activity, interest rates and Federal Reserve income. To the extent that market participants have different expectations for the size, pace, and composition of purchases as well as the execution of the exit strategy than is assumed in these scenarios, the resulting effects on economic activity, interest rates and Federal Reserve income will differ from those presented here.

Growth Rates for the Monetary Base

Date	Alternative B	Alternative A	Alternative C	December Alternative B
Percent, annual rate				
Monthly				
Apr-12	-12.2	-12.2	-12.2	-12.2
May-12	-8.7	-8.7	-8.7	-8.7
Jun-12	-5.1	-5.1	-5.1	-5.1
Jul-12	7.7	7.7	7.7	7.7
Aug-12	7.8	7.8	7.8	7.8
Sep-12	-12.4	-12.4	-12.4	-12.4
Oct-12	-8.9	-8.9	-8.9	-8.9
Nov-12	11.1	11.1	11.1	32.6
Dec-12	14.7	14.7	14.7	37.9
Quarterly				
2011 Q3	21.0	21.0	21.0	21.0
2011 Q4	-5.9	-5.9	-5.9	-5.9
2012 Q1	5.5	5.5	5.5	5.5
2012 Q2	-3.9	-3.9	-3.9	-3.9
2012 Q3	0.8	0.8	0.8	0.8
2012 Q4	-0.8	-0.8	-0.8	6.6
2013 Q1	35.3	36.6	32.7	36.4
2013 Q2	43.0	48.5	27.2	30.2
Annual - Q4 to Q4				
2010	0.9	0.9	0.9	0.9
2011	32.9	32.9	32.9	32.9
2012	0.4	0.4	0.4	2.2
2013	28.2	42.9	17.6	25.7
2014	-0.8	2.6	-1.9	-0.6
2015	-2.0	-0.8	-4.9	-1.3
2016	-10.5	-6.9	-14.9	-13.2
2017	-16.3	-14.3	-17.9	-16.5
2018	-21.7	-20.0	-19.8	-23.4
2019	-12.5	-27.3	4.0	-7.4
2020	4.6	4.6	4.6	4.6
2021	4.5	4.3	4.5	4.6
2022	4.6	4.5	4.6	4.6
2023	4.6	4.5	4.6	4.7
2024	4.5	4.5	4.5	4.7
2025	4.5	4.5	4.5	4.7

Note: Not seasonally adjusted.

Growth Rates for M2	
(Percent, seasonally adjusted annual rate)	
Monthly Growth Rates	Tealbook Forecast*
Jun-12	6.2
Jul-12	11.1
Aug-12	8.7
Sep-12	9.1
Oct-12	9.9
Nov-12	6.0
Dec-12	12.7
Jan-13	3.3
Feb-13	1.0
Mar-13	0.7
Apr-13	0.6
May-13	0.6
Quarterly Growth Rates	
2012 Q3	8.6
2012 Q4	9.1
2013 Q1	4.9
2013 Q2	0.6
2013 Q3	1.9
2013 Q4	2.0
2014 Q1	1.9
2014 Q2	2.5
2014 Q3	2.9
2014 Q4	3.1
Annual Growth Rates	
2012	7.5
2013	2.4
2014	2.6
2015	1.7

*This forecast is consistent with nominal GDP and interest rates in the Tealbook forecast. Actual data through January 14, 2013; projections thereafter.

10-Year Treasury Term Premium Effect				
Date	Alternative B	Alternative A	Alternative C	December Alternative B

Basis Points
Quarterly Averages

2013 Q1	-109	-117	-80	-104
2013 Q2	-99	-114	-75	-94
2013 Q3	-88	-110	-71	-83
2013 Q4	-83	-104	-66	-78
2014 Q1	-78	-99	-61	-73
2014 Q2	-73	-93	-57	-69
2014 Q3	-68	-88	-53	-64
2014 Q4	-63	-82	-48	-59
2015 Q1	-59	-77	-44	-55
2015 Q2	-54	-72	-40	-51
2015 Q3	-50	-66	-37	-47
2015 Q4	-46	-62	-33	-43
2016 Q4	-32	-44	-22	-29
2017 Q4	-21	-30	-15	-20
2018 Q4	-15	-21	-11	-14
2019 Q4	-12	-15	-10	-11
2020 Q4	-10	-12	-9	-10
2021 Q4	-9	-11	-9	-9
2022 Q4	-8	-9	-7	-8
2023 Q4	-6	-7	-6	-6
2024 Q4	-5	-5	-4	-4
2025 Q4	-3	-4	-3	-3

Federal Reserve Balance Sheet End-of-Year Projections -- Jan TB Alt B

Billions of dollars

	<u>Dec 31, 2012</u>	<u>2013</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>	<u>2021</u>	<u>2023</u>	<u>2025</u>
Total assets	2,919	3,541	3,431	2,546	1,869	2,068	2,303	2,569
Selected assets								
Liquidity programs for financial firms	9	8	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0	0
Central bank liquidity swaps	9	8	0	0	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	1	0	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	1	1	0	0	0	0	0	0
Securities held outright	2,670	3,267	3,201	2,361	1,722	1,946	2,190	2,464
U.S. Treasury securities	1,666	1,930	1,927	1,549	1,384	1,946	2,190	2,464
Agency debt securities	77	57	33	4	2	0	0	0
Agency mortgage-backed securities	927	1,279	1,241	808	335	0	0	0
Net portfolio holdings of TALF LLC	1	1	0	0	0	0	0	0
Total other assets	237	264	230	185	147	122	113	105
Total liabilities	2,864	3,478	3,348	2,436	1,723	1,876	2,048	2,232
Selected liabilities								
Federal Reserve notes in circulation	1,127	1,196	1,348	1,481	1,608	1,761	1,933	2,117
Reverse repurchase agreements	107	70	70	70	70	70	70	70
Deposits with Federal Reserve Banks	1,618	2,202	1,920	877	36	36	36	36
Reserve balances held by depository institutions	1,492	2,102	1,908	865	25	25	25	25
U.S. Treasury, General Account	93	93	5	5	5	5	5	5
Other Deposits	34	6	6	6	6	6	6	6
Interest on Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0	0	0
Total capital	55	63	83	110	146	192	255	337

Explanatory Notes

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

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

Federal Reserve Balance Sheet End-of-Year Projections -- Jan TB Alt A

Billions of dollars

	<u>Dec 31, 2012</u>	<u>2013</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>	<u>2021</u>	<u>2023</u>	<u>2025</u>
Total assets	2,919	4,018	4,013	3,136	1,879	2,068	2,300	2,568
Selected assets								
Liquidity programs for financial firms	9	8	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0	0
Central bank liquidity swaps	9	8	0	0	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	1	0	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	1	1	0	0	0	0	0	0
Securities held outright	2,670	3,719	3,758	2,929	1,716	1,938	2,181	2,457
U.S. Treasury securities	1,666	2,208	2,208	1,824	1,163	1,938	2,181	2,457
Agency debt securities	77	57	33	4	2	0	0	0
Agency mortgage-backed securities	927	1,453	1,517	1,101	550	0	0	0
Net portfolio holdings of TALF LLC	1	1	0	0	0	0	0	0
Total other assets	237	289	255	207	164	130	119	110
Total liabilities	2,864	3,955	3,930	3,026	1,734	1,876	2,045	2,231
Selected liabilities								
Federal Reserve notes in circulation	1,127	1,196	1,348	1,491	1,614	1,760	1,929	2,115
Reverse repurchase agreements	107	70	70	70	70	70	70	70
Deposits with Federal Reserve Banks	1,618	2,677	2,500	1,454	40	36	36	36
Reserve balances held by depository institutions	1,492	2,577	2,401	1,443	28	25	25	25
U.S. Treasury, General Account	93	93	93	5	5	5	5	5
Other Deposits	34	6	6	6	6	6	6	6
Interest on Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0	0	0
Total capital	55	63	83	110	146	192	255	337

Explanatory Notes

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

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

Federal Reserve Balance Sheet End-of-Year Projections -- Jan TB Alt C

Billions of dollars

	<u>Dec 31, 2012</u>	<u>2013</u>	<u>2015</u>	<u>2017</u>	<u>2019</u>	<u>2021</u>	<u>2023</u>	<u>2025</u>
Total assets	2,919	3,262	2,970	2,115	1,869	2,068	2,303	2,569
Selected assets								
Liquidity programs for financial firms	9	8	0	0	0	0	0	0
Primary, secondary, and seasonal credit	0	0	0	0	0	0	0	0
Central bank liquidity swaps	9	8	0	0	0	0	0	0
Term Asset-Backed Securities Loan Facility (TALF)	1	0	0	0	0	0	0	0
Net portfolio holdings of Maiden Lane LLC, Maiden Lane II LLC, and Maiden Lane III LLC	1	1	0	0	0	0	0	0
Securities held outright	2,670	3,011	2,766	1,952	1,738	1,954	2,197	2,470
U.S. Treasury securities	1,666	1,800	1,797	1,435	1,648	1,954	2,197	2,470
Agency debt securities	77	57	33	4	2	0	0	0
Agency mortgage-backed securities	927	1,153	936	512	88	0	0	0
Net portfolio holdings of TALF LLC	1	1	0	0	0	0	0	0
Total other assets	237	241	203	163	130	114	106	99
Total liabilities	2,864	3,199	2,886	2,005	1,723	1,876	2,048	2,232
Selected liabilities								
Federal Reserve notes in circulation	1,127	1,196	1,348	1,481	1,608	1,761	1,933	2,117
Reverse repurchase agreements	107	70	70	70	70	70	70	70
Deposits with Federal Reserve Banks	1,618	1,922	1,458	445	36	36	36	36
Reserve balances held by depository institutions	1,492	1,823	1,446	434	25	25	25	25
U.S. Treasury, General Account	93	93	5	5	5	5	5	5
Other Deposits	34	6	6	6	6	6	6	6
Interest on Federal Reserve Notes due to U.S. Treasury	2	0	0	0	0	0	0	0
Total capital	55	63	83	110	146	192	255	337

Explanatory Notes

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

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