



Economic Advisory Committee of the American Bankers Association

Median of Individual Forecasts as of January 14, 2010, for 2009.IV to 2010.IV

	2008.I	2008.II	2008.III	2008.IV	2009.I	2009.II	2009.III	2009.IV	2010.I	2010.II	2010.III	2010.IV	2008	2009	2010												
Gross Domestic Product													Seasonally Adjusted Annualized Growth Rate from Prior Quarter														
GDP in Current Dollars	1.0%	3.5%	1.4%	-5.4%	-4.6%	-0.8%	2.6%	5.7%	5.2%	4.7%	4.9%	4.9%	0.1%	0.6%	4.9%												
Real GDP, chain-weighted	-0.7%	1.5%	-2.7%	-5.4%	-6.4%	-0.7%	2.2%	4.3%	3.1%	3.1%	3.1%	3.3%	-1.9%	-0.3%	3.1%												
Personal Consumption	-0.6%	0.1%	-3.5%	-3.1%	0.6%	-0.9%	2.8%	1.8%	2.0%	2.5%	2.7%	2.9%	-1.8%	1.1%	2.5%												
Nonresidential Fixed Investment	1.9%	1.4%	-6.1%	-19.4%	-39.2%	-9.6%	-5.9%	-1.0%	1.2%	3.2%	4.8%	5.8%	-6.0%	-15.4%	3.8%												
Residential Investment	-28.2%	-15.8%	-15.9%	-23.2%	-38.2%	-23.2%	18.9%	8.0%	6.5%	12.5%	15.0%	15.0%	-20.9%	-11.7%	12.2%												
Business Inventories (\$billions)	\$0.6	(\$37.1)	(\$29.7)	(\$37.4)	(\$113.9)	(\$160.2)	(\$139.2)	(\$40.0)	(\$18.2)	\$18.7	\$30.3	\$36.4	(\$25.9)	(\$113.3)	\$16.8												
Net Exports (\$billions)	(\$551)	(\$476)	(\$479)	(\$471)	(\$387)	(\$330)	(\$357)	(\$356)	(\$354)	(\$364)	(\$362)	(\$368)	(\$494)	(\$357)	(\$362)												
Government Purchases	2.6%	3.6%	4.8%	1.2%	-2.6%	6.7%	2.6%	2.2%	2.0%	1.6%	1.5%	1.5%	3.0%	2.2%	1.7%												
Other Business Indicators													Seasonally Adjusted Annualized Level														
Consumer Prices (growth rate)	4.5%	4.5%	6.2%	-8.3%	-2.4%	1.3%	3.6%	3.0%	1.7%	1.7%	1.9%	1.9%	1.5%	1.4%	1.8%												
Personal Consumpn. Expenditures Inflation	3.7%	3.9%	4.7%	-5.0%	-1.5%	1.4%	2.7%	2.5%	1.7%	1.5%	1.5%	1.5%	1.7%	1.3%	1.6%												
Core P.C.E. Inflation	2.4%	2.4%	2.6%	0.8%	1.1%	2.0%	1.3%	1.3%	1.3%	1.3%	1.2%	1.3%	2.0%	1.4%	1.3%												
West Texas Intermediate Crude Oil	\$98	\$124	\$118	\$58	\$43	\$59	\$68	\$76	\$78	\$80	\$80	\$85	\$100	\$62	\$81												
S&P 500 Operating EPS (quarterly)	\$16.6	\$17.0	\$16.0	-\$0.1	\$10.1	\$13.8	\$15.6	\$16.4	\$16.7	\$17.6	\$17.9	\$18.3	\$49.5	\$55.8	\$70.5												
Total Auto & Lt. Truck Sales (millions)	15.3	14.1	12.9	10.5	9.5	9.6	11.5	10.8	11.3	11.6	12.1	12.3	13.2	10.3	11.8												
Existing Home Sales (millions)	4.95	4.90	5.01	4.74	4.59	4.76	5.29	6.17	6.18	5.89	5.90	5.92	4.90	5.20	5.97												
New Home Sales (millions)	0.56	0.51	0.46	0.39	0.34	0.37	0.41	0.40	0.43	0.45	0.47	0.48	0.48	0.38	0.45												
Housing Starts (millions)	1.06	1.02	0.87	0.66	0.53	0.54	0.59	0.58	0.61	0.73	0.80	0.80	0.90	0.56	0.73												
FHFA Housing Price Index	-6.8%	-6.6%	-8.4%	-11.8%	-2.0%	-2.2%	0.9%	0.6%	1.1%	1.3%	1.5%	2.0%	-8.4%	-0.7%	1.4%												
Nonfarm Payrolls (avg. mo. ch., 000's)	-113	-153	-208	-553	-691	-428	-199	-69	75	150	214	225	-3,078	-4,163	1,992												
Unemployment Rate (percent)	4.9%	5.4%	6.1%	6.9%	8.1%	9.3%	9.6%	10.0%	10.2%	10.0%	9.9%	9.6%	5.8%	9.2%	9.9%												
Interest Rates and the Dollar													Average for the Last Month of the Quarter														
Federal Funds (effective rate)	2.61%	2.00%	1.81%	0.16%	0.18%	0.21%	0.15%	0.12%	0.13%	0.15%	0.25%	0.65%	Full Employment Unemployment Rate:														
3-M Treasury Bills (dsct., sec'y mkt.)	1.26%	1.86%	1.13%	0.03%	0.21%	0.18%	0.12%	0.05%	0.20%	0.24%	0.33%	0.80%				5.4%											
Two-Year U.S. Treasury Notes	1.62%	2.77%	2.08%	0.82%	0.93%	1.18%	0.96%	0.87%	1.03%	1.21%	1.46%	1.93%	End of Recession														
Ten-Year U.S. Treasury Bonds	3.51%	4.10%	3.69%	2.42%	2.82%	3.72%	3.40%	3.59%	3.75%	4.00%	4.22%	4.39%				Year Quarter											
Conventional Mortgages	5.97%	6.32%	6.04%	5.33%	5.00%	5.42%	5.06%	4.93%	5.30%	5.50%	5.80%	6.15%	2009 3														
Trade-Weighted Dollar (Fed BOG, major)	70.3	71.4	75.5	80.7	83.8	77.0	74.6	74.0	74.8	75.5	76.8	77.4															
Bank Credit													Consumer Credit			Commercial & Industrial			Fed Forecast Parallel		Long-Term Real GDP Growth Potential		Federal Budget FY Surplus (\$B)				
	2008	2009	2010	2008	2009	2010	2010		2011	2.6%		2009			2010	2011											
Delinquency Rate	2.9%	4.7%	4.2%	1.3%	3.8%	3.6%	Real GDP Growth		3.1%	3.3%	(\$1,250)			(\$1,324)	(\$1,000)												
Charge-Off Rate	2.1%	5.0%	4.7%	0.3%	2.2%	2.0%	Unemployment R.		9.6%	8.6%																	
Growth Rate (Dec/Dec)	4.6%	-3.7%	3.2%	11.9%	-15.5%	2.3%	PCE Inflation		1.6%	1.8%																	
							Core PCE Inflation		1.3%	1.4%																	
Monetary Policy (2010)													Jan 27			Mar 16			Jun 23			Sep 21			Dec 14		
Expected Fed Funds Target Rate Ceiling	0.25%	0.25%	0.25%	0.50%	0.75%	Recommended Target Ceiling:						0.25%	0.25%	0.25%	0.50%	1.00%											

ABA ECONOMIC ADVISORY COMMITTEE

Median of Individual Forecasts as of January 14, 2010, for 2009.IV to 2010.IV

Real GDP Growth in 2010 (Q4-to-Q4)

Less than 2½%	1	Over 3¼% up to 3½%	0
Over 2½% up to 2¾%	0	Over 3½% up to 3¾%	1
Over 2¾% up to 3%	2	Over 3¾% up to 4%	1
Over 3% up to 3¼%	3	Over 4%	2

Long-term Potential for Growth of Real GDP

Up to 2%	1	Over 2¾% up to 3%	1
Over 2% up to 2¼%	1	Over 3% up to 3¼%	0
Over 2¼% up to 2½%	3	Over 3¼% up to 3½%	2
Over 2½% up to 2¾%	2	Over 3½%	0

Full Employment Unemployment Rate

Up to 4¼%	0	Over 5¾% up to 6¼%	2
Over 4¼% up to 4¾%	1	Over 6¼% up to 6¾%	0
Over 4¾% up to 5¼%	3	Over 6¾% up to 7¼%	1
Over 5¼% up to 5¾%	3	Over 7¼%	0

Core PCE Inflation in 2010 (Q4-to-Q4)

Over 0% up to ¼%	1	Over 1¼% up to 1½%	2
Over ¼% up to ½%	0	Over 1½% up to 1¾%	2
Over ½% up to ¾%	0	Over 1¾% up to 2%	0
Over ¾% up to 1%	1	Over 2% up to 2¼%	0
Over 1% up to 1¼%	3	Over 2¼%	1

Risks for the 2009 Forecast

	<u>Real GDP</u>	<u>Inflation</u>
Lower	3	1
Balanced	4	5
Higher	3	4

Upside Risks to the Forecast

Rapid deployment of bank reserves into credit
 Pent-up consumer demand
 Strong rebound in hiring
 Even more and material fiscal stimulus
 Much stronger global growth
 Extraordinary monetary stimulus
 Resurgent housing sector

Downside Risks to the Forecast

Policy impact on the cost of credit
 Consumer caution and deleveraging
 Caution in business spending and hiring
 Booming federal and municipal deficits
 Sharp rise in oil and commodity prices
 Spike in Treasury & mortgage interest rates
 Double-dip in home prices and foreclosures

Federal Funds Rate Target Ceiling

	<u>January 27, 2010</u>		<u>December 14, 2010</u>	
	<u>Expected</u>	<u>Recommended</u>	<u>Expected</u>	<u>Recommended</u>
¼%	10	10	4	3
½%	0	0	5	0
¾%	0	0	0	2
1%	0	0	0	3
1¼%	0	0	1	1

Changes in Credit Over the Next 6 Months

	<u>Consumer Credit</u>		<u>Business Credit</u>	
	<u>Credit Quality</u>	<u>Availability</u>	<u>Credit Quality</u>	<u>Availability</u>
Deterioration	4	0	1	0
Same	2	2	5	2
Improvement	4	8	4	8