

Economic Advisory Committee of the American Bankers Association

Median of Individual Forecasts as of June 21, 2017

	2015.IV	2016.I	2016.II	2016.III	2016.IV	2017.I	2017.II	2017.III	2017.IV	2018.I	2018.II	2018.III	2018.IV	2017 Q4/Q4 or Level	2018
Gross Domestic Product															
<i>Seasonally Adjusted Annualized Growth Rate from Prior Quarter</i>															
GDP in Current Dollars	1.8%	1.3%	3.7%	5.0%	4.2%	3.0%	4.5%	4.4%	4.3%	4.3%	4.3%	4.4%	4.4%	4.0%	4.4%
Real GDP, chain-weighted	0.9%	0.8%	1.4%	3.5%	2.1%	0.7%	2.9%	2.3%	2.3%	2.1%	2.3%	2.3%	2.1%	2.1%	2.3%
Personal Consumption	2.3%	1.6%	4.3%	3.0%	3.5%	0.3%	2.9%	2.3%	2.4%	2.3%	2.5%	2.3%	2.1%	2.0%	2.3%
Nonresidential Fixed Investment	-3.3%	-3.4%	1.0%	1.4%	0.9%	9.4%	3.6%	3.7%	3.4%	3.5%	3.5%	3.2%	3.2%	5.0%	3.4%
Residential Investment	11.5%	7.8%	-7.7%	-4.1%	9.6%	13.7%	4.0%	4.1%	5.0%	5.1%	5.1%	4.5%	4.0%	6.4%	4.6%
Change In Business Inventories (\$Bs)	\$56.9	\$40.7	(\$9.5)	\$7.1	\$49.6	\$10.3	\$25.0	\$30.5	\$36.2	\$38.6	\$37.7	\$36.8	\$40.0	\$22.4	\$36.8
Imports	0.7%	-0.6%	0.2%	2.2%	8.9%	4.1%	2.0%	3.1%	4.1%	3.9%	3.7%	3.7%	3.8%	3.5%	3.8%
Exports	-2.7%	-0.7%	1.8%	10.0%	-4.5%	5.8%	1.5%	2.3%	2.6%	2.7%	2.7%	2.5%	2.8%	2.8%	2.5%
Government Purchases	1.0%	1.6%	-1.7%	0.8%	0.2%	-1.7%	1.2%	1.0%	1.0%	1.3%	1.3%	1.3%	1.2%	0.3%	1.3%

	<i>Seasonally Adjusted Annualized Quarterly Average Change or Level</i>														
Other Business Indicators															
Consumer Price Index Inflation	0.4%	0.1%	2.3%	1.8%	3.0%	3.1%	0.8%	2.0%	2.1%	2.3%	2.1%	2.1%	2.1%	2.0%	2.1%
Personal Consumpn. Expenditures Inflation	0.4%	0.3%	2.0%	1.5%	2.0%	2.4%	0.9%	1.8%	1.9%	2.1%	2.0%	2.0%	2.0%	1.7%	2.0%
Core P.C.E. Inflation	1.2%	2.1%	1.5%	1.7%	1.3%	2.0%	1.2%	1.9%	1.8%	1.9%	1.9%	2.0%	2.0%	1.8%	2.0%
West Texas Intermediate Crude Oil	\$42	\$33	\$45	\$45	\$49	\$52	\$49	\$50	\$50	\$52	\$53	\$53	\$53	\$50	\$53
S&P 500 Operating E/S	\$23.06	\$23.97	\$25.70	\$28.69	\$27.90	\$29.0	\$28.5	\$29.6	\$30.0	\$31.0	\$30.0	\$30.7	\$29.7	\$29.1	\$29.9
Total Auto & Lt. Truck Sales (millions)	17.9	17.3	17.1	17.5	18.0	17.2	16.8	17.0	16.9	16.9	16.8	16.7	16.7	17.0	16.7
Total Private Average Hourly Earnings	\$25.24	\$25.40	\$25.58	\$25.75	\$25.93	\$26.08	\$26.23	\$26.39	\$26.57	\$26.75	\$26.93	\$27.11	\$27.29	\$26.31	\$27.02
New Home Sales (000s)	508	529	565	583	564	598	591	604	618	629	632	637	636	604	636
Housing Starts (000s)	1,124	1,153	1,158	1,150	1,248	1,242	1,225	1,255	1,265	1,274	1,295	1,308	1,312	1,247	1,294
House Prices (S&P/Case-Shiller 20-City)	7.3%	8.7%	2.8%	1.4%	8.0%	8.0%	5.6%	5.3%	4.8%	4.9%	4.3%	4.1%	3.9%	6.1%	4.2%
Nonfarm Payrolls (avg. mo. Δ, 000's)	277	196	164	239	148	176	158	155	153	144	147	145	132	163	145
Unemployment Rate (percent)	5.0%	4.9%	4.9%	4.9%	4.7%	4.7%	4.4%	4.3%	4.2%	4.2%	4.1%	4.2%	4.2%	4.4%	4.2%

	<i>Average for the Last Month of the Quarter</i>														Federal Budget	
Interest Rates and the Dollar																
Federal funds rate	0.36%	0.36%	0.40%	0.40%	0.79%	0.79%	1.12%	1.16%	1.37%	1.50%	1.66%	1.91%	2.13%	FY Unified Surplus / (Deficit) \$Billions		
3-M Treas. Bills (dsct, secy mkt)	0.23%	0.30%	0.27%	0.29%	0.51%	0.74%	0.99%	1.20%	1.27%	1.41%	1.59%	1.78%	1.99%			
Two-Year U.S. Treasury Notes	0.98%	0.88%	0.73%	0.77%	1.20%	1.31%	1.36%	1.52%	1.71%	1.88%	2.05%	2.22%	2.40%			
Ten-Year U.S. Treasury Bonds	2.24%	1.89%	1.64%	1.63%	2.49%	2.48%	2.28%	2.50%	2.62%	2.76%	2.83%	2.91%	3.00%			
Conventional Mortgages	3.96%	3.69%	3.57%	3.46%	4.20%	3.57%	3.99%	4.24%	4.33%	4.40%	4.43%	4.49%	4.56%			
Trade-Weighted Dollar (Fed BOG, major)	93.9	91.4	89.5	90.1	95.4	94.5	94.3	95.0	95.0	95.0	94.6	94.0	93.9	2015	(\$438)	
														2016	(\$587)	
														2017	(\$600)	
														2018	(\$692)	

Bank Credit and Quality (An. Avg.)	2015	2016	2017	2018
Bank Consumer Cr. Delinquency Rate	2.0%	2.1%	2.3%	2.4%
Bank Consumer Cr. Charge-Off Rate	1.8%	1.9%	2.0%	2.2%
Consumer Credit (Dec/Dec)	5.8%	7.0%	5.7%	5.0%
Bank C&I Loan Delinquency Rate	0.9%	1.6%	1.6%	1.8%
Bank C&I Loan Charge-Off Rate	1.8%	1.9%	2.2%	1.4%
Bank Commercial & Industrial (Dec/Dec)	10.6%	6.6%	3.5%	4.2%

If my 2017 forecast is wrong:	Lower	Balanced	Higher
Real GDP growth	6	7	2
Personal Consumption	6	7	2
Business Investment	7	5	3
Inflation	10	2	3
Long-term interest rates	10	3	2

Probability of Recession	
2017	15%
2018	23%
2019	32%

<i>Over the next 6 months, changes in:</i>	Deterioration	Same	Improvement
Consumer Credit Quality	6	4	0
Consumer Credit Availability	4	4	2
Business Credit Quality	2	4	3
Business Credit Availability	3	4	3

Potential Real GDP Growth through 2021	1.8%
Full-Employment Unemployment Rate	4.3%
Labor Force Participation Rate in 2017	63.0%
Current cycle nadir unemployment rate	4.0%
Month of next Federal Reserve rate hike	December
Fed stops rolling over its securities portfolio	4Q 2017

		Monetary Policy	
		Federal funds target ceiling rate	
		Expected	Recommended
9/20/17		1.25%	1.25%
12/13/17		1.50%	1.50%
6/13/18		1.75%	1.75%
12/19/18		2.25%	2.00%

ABA ECONOMIC ADVISORY COMMITTEE

Median of Individual Forecasts as of June 21, 2017

Real GDP Growth in 2017 (Q4-to-Q4)

Up to 1¼%	1	2% up to 2¼%	6
1¼% up to 2%	5	2¼% up to 2½%	3

Long-term Potential for Growth of Inflation-Adjusted GDP

Up to 1½%	3	2% up to 2¼%	1
Change In Business Inventories (\$Bs)	3	2¼% up to 2½%	1
1¼% up to 2%	7	Over 2¼%	0

Full Employment Unemployment Rate

4¼% up to 4½%	4	4¾% up to 5%	3
4½% up to 4¾%	1	Over 5%	0

Core Personal Consumption Expenditures Inflation in 2017 (Q4-to-Q4)

1¼% up to 1½%	0	1¾% up to 2%	7
1½% up to 1¾%	7	2% up to 2½%	0

Risks for the 2017 Forecast	Real GDP	Personal	Business	Inflation	Long-term
	growth	Consumption	Investment		Interest Rates
Lower	6	6	7	10	10
Balanced	7	7	5	2	3
Higher	2	2	3	3	2

Upside Risks to the Forecast

Global economic recovery
Strengthening real wage growth
Productive tax reform

Downside Risks to the Forecast

Weakening global economy
Trade protectionism
Ineffective fiscal policy

Strongest Economic Headwind

Weak productivity and labor force growth

Federal Funds Rate Target Ceiling

	December 13, 2017		December 19, 2018	
	<i>Expected</i>	<i>Recommended</i>	<i>Expected</i>	<i>Recommended</i>
1%		1		
1¼%	1	1		
1½%	13	11	1	1
1¾%			1	1
2%			3	5
2¼%			8	5
2½%			2	1

Changes in Credit Over the Next 6 Months

	Consumer Credit		Business Credit	
	<i>Credit Quality</i>	<i>Availability</i>	<i>Credit Quality</i>	<i>Availability</i>
Deterioration	6	4	2	3
No Change	4	4	4	4
Improvement		2	3	3

Economic Projections of the Federal Open Market Committee Median of Individual Forecasts as of June 21, 2017

<i>(Percents)</i>	FOMC June 2017 Projections				ABA Economic Advisory Committee			
	2017	2018	2019	Long Run	2017	2018	2019	Long Run
Central Tendencies*								
Real GDP Growth	2.1 to 2.2	1.8 to 2.2	1.8 to 2.0	1.8 to 2.0	2 to 2.2	2 to 2.5	1.7 to 2.1	1.7 to 2
Unemployment Rate	4.2 to 4.3	4.0 to 4.3	4.1 to 4.4	4.5 to 5.8	4.4 to 4.4	4.1 to 4.2	4 to 4.4	4.2 to 4.6
PCE Inflation	1.6 to 1.7	1.8 to 2.0	2.0 to 2.1	2.0	1.6 to 1.8	1.9 to 2.2	1.8 to 2.1	2 to 2
Core PCE Inflation	1.6 to 1.7	1.8 to 2.0	2.0 to 2.1		1.6 to 1.8	1.7 to 2.1	1.8 to 2.1	2 to 2
Federal Funds Rate	1.1 to 1.6	1.9 to 2.6	2.6 to 3.1	2.8 to 3.0	1.2 to 1.3	1.5 to 1.6	1.9 to 2.9	2.4 to 2.9
Ranges**								
Real GDP Growth	2.0 to 2.5	1.7 to 2.3	1.4 to 2.3	1.5 to 2.2	1.4 to 2.5	1.3 to 2.7	1.5 to 2.2	1.5 to 2.2
Unemployment Rate	4.1 to 4.5	3.9 to 4.5	3.8 to 4.5	4.5 to 5.0	4.3 to 4.5	3.8 to 4.4	3.6 to 5	4 to 5
PCE Inflation	1.5 to 1.8	1.7 to 2.1	1.8 to 2.2	2.0	1.3 to 2	1.2 to 2.3	1.3 to 2.2	1.2 to 2.3
Core PCE Inflation	1.6 to 1.8	1.7 to 2.1	1.8 to 2.2		1.6 to 2	1.3 to 2.3	1.5 to 2.4	1.4 to 2.2
Federal Funds Rate	1.1 to 1.6	1.1 to 3.1	1.1 to 4.1	2.5 to 3.5	0.8 to 1.3	1.3 to 1.7	0.3 to 3.5	2 to 3.5

* As reported by the Federal Reserve, the top three and bottom three individual projection values are removed for the central tendencies range. The ABA central tendency ranges do not include the top two and bottom two individual projections.

** Ranges reported are the low and high end individual projections.