

United States Economic Outlook

Our key forecasts for the U.S. economy

December 7, 2018

	2018				2019				2020				2017	2018	2019	2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Production	q/q % chng : a.r.																
Real GDP (chain-weighted)	2.2	4.2	3.5	2.6	2.4	2.2	2.0	1.9	1.8	1.6	1.4	1.3	2.2	2.9	2.5	1.7	
Final Sales	1.9	5.4	1.2	2.8	2.4	2.2	2.0	1.9	1.8	1.6	1.3	1.3	2.2	2.8	2.4	1.7	
Final Domestic Demand	1.9	4.0	3.1	3.1	2.5	2.4	2.1	2.0	1.9	1.7	1.4	1.4	2.5	2.9	2.7	1.8	
Consumer Spending	0.5	3.8	3.6	2.7	2.2	2.1	1.9	1.9	2.1	1.8	1.4	1.4	2.5	2.6	2.5	1.8	
Durables	-2.0	8.6	3.9	2.6	2.0	2.0	1.8	1.7	1.6	1.6	1.4	1.3	6.8	5.5	2.7	1.6	
Nondurables	0.1	4.0	5.3	2.5	2.4	2.3	2.0	1.9	2.0	1.4	1.4	1.3	2.1	2.9	2.8	1.8	
Services	1.0	3.0	3.1	2.8	2.1	2.0	1.8	2.0	2.2	2.0	1.4	1.4	2.0	2.2	2.3	1.9	
Government Spending	1.5	2.5	2.6	4.5	4.5	3.9	3.4	2.1	1.0	1.1	1.1	1.1	-0.1	1.8	3.7	1.7	
Business Investment	11.5	8.7	2.5	4.6	2.2	2.1	2.1	2.0	2.0	1.9	1.8	1.7	5.3	6.9	3.0	1.9	
Non-residential Construction	13.9	14.5	-1.7	2.0	2.2	2.0	1.9	1.8	1.8	1.6	1.5	1.4	4.6	5.6	2.3	1.7	
Equipment	8.5	4.6	3.5	3.5	2.1	2.0	1.9	1.8	1.8	1.7	1.6	1.5	6.1	7.2	2.6	1.8	
Intellectual Property	14.1	10.5	4.3	8.0	2.4	2.4	2.4	2.3	2.3	2.3	2.2	2.2	4.6	7.2	4.1	2.3	
Residential Construction	-3.4	-1.3	-2.6	-3.0	1.9	1.8	1.7	1.7	1.6	1.6	1.6	1.6	3.3	-0.1	0.1	1.7	
Exports	3.6	9.3	-4.4	4.0	2.4	2.2	2.1	2.1	2.0	2.0	2.0	2.0	3.0	4.2	2.1	2.0	
Imports	3.0	-0.6	9.2	5.0	3.2	3.1	3.0	2.7	2.4	2.3	2.2	2.1	4.6	4.7	4.0	2.5	
	2009\$ blns : a.r. (contribution in ppts : a.r.)																
Inventory Change	30.3	-36.8	86.6	76.0	76.0	76.0	77.0	78.0	79.0	80.0	81.0	82.0	21.5	37.9	76.8	80.5	
Contribution to GDP Growth	0.3	-1.2	2.3	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	
Net Exports	-902.3	-841.0	-945.8	-963.8	-976.4	-989.6	-1002.7	-1013.3	-1021.9	-1029.7	-1036.6	-1042.6	-858.7	-913.2	-995.5	-1032.7	
Contribution to GDP Growth	0.0	1.2	-1.9	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.3	-0.3	-0.4	-0.2	
	\$ blns : a.r. (growth in q/q % chng : a.r.)																
Nominal GDP	20,041	20,412	20,660	20,909	21,139	21,363	21,572	21,781	21,990	22,181	22,361	22,542	19,485	20,506	21,464	22,269	
Growth	4.3	7.6	5.0	4.9	4.5	4.3	4.0	3.9	3.9	3.5	3.3	3.3	4.2	5.2	4.7	3.8	
Real GDP	y/y % chng																
	2.6	2.9	3.0	3.1	3.1	2.7	2.3	2.1	2.0	1.8	1.7	1.5					
Inflation	q/q % chng : a.r.																
GDP Price Index	2.0	3.0	1.7	2.3	2.0	2.1	2.0	2.0	2.1	1.9	1.9	1.9	1.9	2.2	2.1	2.0	
Core PCE Deflator	2.2	2.1	1.5	1.7	2.9	2.2	2.1	2.2	2.3	1.9	2.0	2.0	1.6	1.9	2.2	2.1	
CPI All Items	3.5	1.7	2.0	1.8	2.3	2.2	2.0	2.1	2.1	1.8	1.9	1.9	2.1	2.4	2.1	2.0	
Ex. Food and Energy	3.0	1.8	2.0	2.1	2.9	2.2	2.1	2.2	2.3	1.9	2.0	2.0	1.8	2.1	2.3	2.1	
Food Prices	1.5	1.7	1.4	0.6	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.0	0.9	1.4	1.7	2.0	
Energy Prices	12.7	0.2	2.8	0.3	-3.1	2.0	1.2	1.2	1.2	1.2	1.2	1.2	8.0	7.4	0.2	1.3	
Services	3.2	2.4	2.5	2.5	2.2	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.7	2.7	2.3	2.0	
CPI All Items	y/y % chng																
	2.3	2.6	2.6	2.2	1.9	2.1	2.1	2.1	2.1	2.0	2.0	2.0					
Ex. Food and Energy	y/y % chng																
	1.9	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.2	2.1	2.1	2.0					
Core PCE Deflator	y/y % chng																
	1.7	1.9	2.0	1.9	2.1	2.1	2.2	2.3	2.2	2.1	2.1	2.0					
Financial	% : quarterly avg.																
Fed Funds Rate	1.46	1.71	1.96	2.21	2.38	2.54	2.71	2.88	3.13	3.13	3.13	3.13	1.00	1.83	2.63	3.13	
90-Day T-Bill	1.58	1.87	2.08	2.40	2.55	2.70	2.85	2.95	3.15	3.15	3.15	3.15	0.95	2.00	2.75	3.15	
3-Month Libor	1.91	2.34	2.34	2.60	2.75	2.95	3.05	3.20	3.40	3.40	3.40	3.40	1.26	2.30	3.00	3.40	
10-Year Bond Yield	2.76	2.92	2.93	3.05	2.95	3.05	3.10	3.20	3.20	3.25	3.30	3.35	2.33	2.90	3.05	3.30	
10-Year BBB Corporate Spread	ppts																
	1.40	1.56	1.61	1.70	1.90	2.10	2.20	2.30	2.35	2.35	2.35	2.35	1.61	1.57	2.13	2.35	
Foreign Trade	\$ blns : a.r. (share in % of GDP)																
Current Account Balance	-487	-406	-530	-496	-521	-533	-545	-559	-567	-575	-586	-592	-449	-480	-540	-580	
Share of GDP	-2.4	-2.0	-2.6	-2.4	-2.5	-2.5	-2.5	-2.6	-2.6	-2.6	-2.6	-2.6	-2.3	-2.3	-2.5	-2.6	
Merchandise Balance	-883	-813	-933	-907	-928	-944	-959	-973	-985	-997	-1009	-1019	-807	-884	-951	-1003	
Non-Merchandise Balance	396	407	403	411	407	411	414	414	418	422	423	428	358	404	411	423	
	quarterly avg.																
Yen	¥/US\$	108	109	112	113	113	112	111	110	110	109	109	108	112	110	111	109
Euro	US\$/€	1.23	1.19	1.16	1.14	1.13	1.11	1.14	1.19	1.20	1.21	1.21	1.22	1.13	1.18	1.14	1.21
Pound	US\$/£	1.39	1.36	1.30	1.28	1.24	1.28	1.33	1.37	1.38	1.39	1.39	1.40	1.29	1.34	1.30	1.39
Trade-Wt. Dollar (broad)	Jan '97=100	117.6	121.0	125.1	127.9	129.8	130.2	128.3	126.1	125.3	125.1	124.8	124.6	122.1	122.9	128.6	124.9
Commodity Prices	quarterly avg.																
WTI Spot	US\$/bbl	62.9	67.9	69.7	60.6	58.0	62.7	64.3	63.0	62.0	62.0	62.0	62.0	50.9	65.3	62.0	62.0
Henry Hub Spot	US\$/mmbtu	3.1	2.9	2.9	3.7	3.5	3.0	3.1	3.2	3.3	3.3	3.3	3.3	3.0	3.1	3.2	3.3
Incomes	y/y % chng																
Pre-Tax Profits with IVA and CCA		5.9	7.3	10.3	9.1	8.9	6.9	4.4	4.2	4.0	3.8	3.7	3.5	3.2	8.2	6.1	3.8
Personal Income		4.3	4.5	4.4	4.2	3.9	4.0	4.0	3.8	3.7	3.7	3.6	3.6	4.4	4.3	3.9	3.7
Real Disposable Income		2.8	2.7	2.7	2.9	2.2	2.2	2.1	1.7	1.6	1.6	1.6	1.6	2.6	2.8	2.1	1.6
Savings Rate	% : quarterly avg.	7.2	6.7	6.3	6.4	6.3	6.2	6.2	6.1	6.0	6.0	6.0	6.1	6.7	6.6	6.2	6.0
Other Indicators	quarterly avg. (mlns are a.r.)																
Unemployment Rate	percent	4.1	3.9	3.8	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.6	3.7	4.4	3.9	3.5	3.6
Housing Starts	mlns	1.32	1.26	1.22	1.24	1.27	1.28	1.28	1.29	1.29	1.30	1.30	1.30	1.21	1.26	1.28	1.30
Existing Home Sales	mlns	5.51	5.41	5.27	5.31	5.39	5.36	5.34	5.33	5.34	5.35	5.36	5.37	5.54	5.38	5.36	5.36
Home Prices (Case-Shiller)	y/y % chng	6.6	6.5	5.6	4.5	3.3	3.2	3.6	3.5	3.3	3.2	3.1	3.0	5.9	5.8	3.4	3.1
Motor Vehicle Sales	mlns	17.2	17.2	17.0	17.4	16.7	16.5	16.4	16.2	16.1	16.0	16.0	16.0	17.2	17.2	16.4	16.0
	q/q % chng : a.r.																
Civilian Employment		2.7	1.2	1.1	2.5	1.2	1.0	0.9	0.9	0.8	0.6	0.5	0.5	1.3	1.6	1.3	0.7
Industrial Production		2.5	5.3	4.7	3.6	3.0	2.5	2.4	2.2	1.9	1.6	1.6	1.6	1.6	4.0	3.2	1.9
CBO Budget Deficit	% of GDP													-3.5	-4.0	-4.6	-4.6

Shaded values represent forecasts

Please refer to page 2 for Important Disclosures

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