

# United States Economic Outlook

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Our key forecasts for the U.S. economy

September 21, 2018

	2017				2018				2019				2016	2017	2018	2019	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
<b>Production</b>	<b>q/q % chng : a.r.</b>																
Real GDP (chain-weighted)	1.8	3.0	2.8	2.3	2.2	4.2	2.8	2.9	2.6	2.2	2.0	1.8	1.6	2.2	2.8	2.5	
Final Sales	2.6	2.8	1.8	3.2	1.9	5.3	1.3	2.8	2.6	2.1	1.9	1.8	2.1	2.2	2.8	2.4	
Final Domestic Demand	2.6	2.6	1.7	4.0	1.9	3.9	2.7	3.0	2.7	2.3	2.1	1.9	2.3	2.5	2.9	2.6	
Consumer Spending	1.8	2.9	2.2	3.9	0.5	3.8	2.6	2.2	2.2	2.1	1.9	1.8	2.7	2.5	2.5	2.2	
Durables	1.9	8.6	7.8	12.6	-2.0	8.6	1.5	2.6	2.0	2.0	1.8	1.7	5.5	6.8	5.2	2.4	
Nondurables	1.9	4.0	2.3	4.0	0.1	3.7	3.7	2.5	2.4	2.3	2.0	1.9	2.7	2.1	2.6	2.6	
Services	1.7	1.7	1.4	2.6	1.0	3.1	2.5	2.1	2.1	2.0	1.8	1.7	2.3	2.0	2.0	2.1	
Government Spending	-0.8	0.1	-1.0	2.4	1.5	2.3	3.3	6.9	5.7	3.5	3.2	2.4	1.4	-0.1	2.0	4.5	
Business Investment	9.6	7.3	3.4	4.9	11.5	8.5	3.2	2.4	2.2	2.1	2.1	2.0	0.5	5.3	6.8	2.7	
Non-residential Construction	12.8	3.8	-5.8	1.3	13.9	13.2	3.0	2.5	2.2	2.0	1.9	1.8	-5.0	4.6	6.0	2.9	
Equipment	9.1	9.7	9.8	9.9	8.5	4.4	2.0	2.2	2.1	2.0	1.9	1.8	-1.4	6.1	6.9	2.2	
Intellectual Property	7.9	6.6	1.7	0.7	14.1	11.0	5.0	2.5	2.4	2.4	2.4	2.3	7.5	4.6	7.0	3.2	
Residential Construction	11.1	-5.5	-0.5	11.2	-3.4	-1.6	-2.0	1.9	1.9	1.8	1.7	1.7	6.5	3.3	0.2	1.1	
Exports	5.0	3.6	3.5	6.6	3.6	9.1	-1.6	2.2	2.1	2.1	2.1	2.1	-0.1	3.0	4.4	2.1	
Imports	4.8	2.5	2.8	11.8	3.0	-0.4	6.6	3.3	3.2	3.1	3.0	2.7	1.9	4.6	4.3	3.3	
	<b>2009\$ blns : a.r. (contribution in pts : a.r.)</b>																
Inventory Change	-2.4	11.9	64.4	16.1	30.3	-26.9	38.0	39.8	40.8	42.3	43.8	44.8	22.6	21.5	19.9	42.9	
Contribution to GDP Growth	-0.8	0.2	1.0	-0.9	0.3	-1.0	1.4	0.0	0.0	0.0	0.0	0.0	-0.6	0.0	0.0	0.1	
Net Exports	-845.5	-844.1	-845.9	-899.2	-902.3	-843.7	-909.3	-923.6	-937.8	-951.3	-964.1	-974.4	-786.2	-858.7	-894.7	-956.9	
Contribution to GDP Growth	-0.1	0.1	0.0	-0.9	0.0	1.2	-1.4	-0.3	-0.3	-0.3	-0.3	-0.2	-0.3	-0.3	-0.2	-0.3	
	<b>\$ blns : a.r. (growth in q/q % chng : a.r.)</b>																
Nominal GDP	19,163	19,359	19,588	19,832	20,041	20,412	20,621	20,880	21,136	21,343	21,546	21,749	18,707	19,485	20,488	21,443	
Growth	3.9	4.2	4.8	5.1	4.3	7.6	4.2	5.1	5.0	4.0	3.9	3.8	2.7	4.2	5.1	4.7	
Real GDP	<b>y/y % chng</b>																
	1.9	2.1	2.3	2.5	2.6	2.9	2.9	3.0	3.1	2.6	2.4	2.1					
<b>Inflation</b>	<b>q/q % chng : a.r.</b>																
GDP Price Index	2.0	1.2	2.2	2.5	2.0	3.0	1.7	2.2	2.4	1.8	1.9	2.0	1.1	1.9	2.2	2.1	
Core PCE Deflator	1.6	1.3	1.4	2.1	2.2	2.0	1.7	2.4	2.8	2.1	2.0	2.2	1.7	1.6	1.9	2.3	
CPI All Items	3.0	0.1	2.1	3.3	3.5	1.7	2.1	2.4	2.6	1.7	1.9	2.1	1.3	2.1	2.5	2.2	
Ex. Food and Energy	2.2	0.8	1.8	2.2	3.0	1.8	2.2	2.4	2.8	2.1	2.0	2.2	2.2	1.8	2.2	2.3	
Food Prices	1.4	2.1	1.2	1.0	1.5	1.7	1.6	2.1	2.2	2.2	2.0	2.0	0.3	0.9	1.5	2.0	
Energy Prices	14.8	-10.5	7.2	21.2	12.7	0.2	2.9	2.9	1.7	-2.5	-0.4	1.1	-6.5	8.0	7.6	0.9	
Services	2.9	1.7	2.7	3.1	3.2	2.4	2.5	2.2	2.2	2.2	2.0	2.0	2.8	2.7	2.7	2.2	
CPI All Items	<b>y/y % chng</b>																
	2.6	1.9	2.0	2.1	2.3	2.6	2.6	2.4	2.2	2.2	2.2	2.1					
Ex. Food and Energy	<b>y/y % chng</b>																
	2.1	1.8	1.7	1.7	1.9	2.2	2.3	2.3	2.3	2.4	2.3	2.3					
Core PCE Deflator	<b>y/y % chng</b>																
	1.8	1.6	1.5	1.6	1.7	1.9	2.0	2.1	2.2	2.3	2.3	2.3					
<b>Financial</b>	<b>% : quarterly avg.</b>																
Fed Funds Rate	0.71	0.96	1.13	1.21	1.46	1.71	1.96	2.21	2.46	2.71	2.88	2.88	0.40	1.00	1.83	2.73	
90-Day T-Bill	0.60	0.90	1.06	1.23	1.58	1.87	2.10	2.25	2.45	2.65	2.75	2.75	0.32	0.95	1.95	2.65	
3-Month Libor	1.06	1.20	1.31	1.46	1.91	2.34	2.40	2.65	2.85	3.05	3.15	3.15	0.74	1.26	2.30	3.05	
10-Year Bond Yield	2.44	2.26	2.24	2.37	2.76	2.92	2.90	3.05	3.15	3.20	3.20	3.25	1.84	2.33	2.90	3.20	
<b>Foreign Trade</b>	<b>\$ blns : a.r. (share in % of GDP)</b>																
Current Account Balance	-431	-487	-414	-465	-487	-406	-479	-489	-503	-516	-528	-534	-433	-449	-465	-520	
Share of GDP	-2.2	-2.5	-2.1	-2.3	-2.4	-2.0	-2.3	-2.3	-2.4	-2.4	-2.4	-2.5	-2.3	-2.3	-2.3	-2.4	
Merchandise Balance	-793	-800	-787	-850	-883	-813	-894	-912	-928	-944	-960	-973	-751	-807	-875	-951	
Non-Merchandise Balance	363	312	374	385	396	407	415	422	425	428	432	440	318	358	410	431	
	<b>quarterly avg.</b>																
Yen	¥/US\$	114	111	111	113	108	109	111	110	110	109	109	108	109	112	110	109
Euro	US\$/€	1.07	1.10	1.18	1.18	1.23	1.19	1.16	1.17	1.18	1.20	1.22	1.24	1.11	1.13	1.19	1.21
Pound	US\$/£	1.24	1.28	1.31	1.33	1.39	1.36	1.30	1.29	1.26	1.30	1.34	1.39	1.35	1.29	1.34	1.32
Trade-Wt. Dollar (broad)	Jan '97=100	126.0	123.3	119.1	120.1	117.6	121.0	125.2	126.1	125.7	124.8	123.8	122.7	122.4	122.1	122.5	124.3
<b>Commodity Prices</b>	<b>quarterly avg.</b>																
WTI Spot	US\$/bbl	51.8	48.3	48.2	55.4	62.9	67.9	69.4	69.9	69.0	66.0	63.0	62.0	43.2	50.9	67.5	65.0
Henry Hub Spot	US\$/mmbtu	3.0	3.1	3.0	2.9	3.1	2.9	2.9	3.0	3.2	3.1	3.0	3.2	2.5	3.0	3.0	3.1
<b>Incomes</b>	<b>y/y % chng</b>																
Pre-Tax Profits with IVA and CCA	3.0	3.6	2.8	3.3	5.9	7.7	8.2	7.0	7.0	4.6	4.5	4.2	-1.1	3.2	7.2	5.0	
Personal Income	4.1	4.3	4.5	4.6	4.3	4.6	4.6	4.4	4.1	4.0	4.0	3.8	2.6	4.4	4.5	4.0	
Real Disposable Income	2.0	2.7	2.9	2.8	2.8	2.9	3.2	3.1	2.3	2.2	1.8	1.8	1.7	2.6	3.0	2.0	
Savings Rate	<b>% : quarterly avg.</b>																
	7.0	6.7	6.7	6.3	7.2	6.8	7.0	6.9	6.8	6.8	6.8	6.8	6.7	6.7	7.0	6.8	
<b>Other Indicators</b>	<b>quarterly avg. (mlns are a.r.)</b>																
Unemployment Rate	percent	4.6	4.3	4.3	4.1	4.1	3.9	3.8	3.7	3.7	3.6	3.6	3.5	4.9	4.4	3.9	3.6
Housing Starts	mlns	1.23	1.17	1.17	1.26	1.32	1.26	1.24	1.30	1.31	1.32	1.33	1.33	1.18	1.21	1.28	1.32
Existing Home Sales	mlns	5.60	5.55	5.40	5.59	5.51	5.41	5.36	5.49	5.48	5.42	5.39	5.38	5.44	5.54	5.44	5.42
Home Prices (Case-Shiller)	y/y % chng	5.7	5.6	5.9	6.3	6.6	6.5	6.3	5.0	3.8	3.8	3.9	3.9	5.2	5.9	6.1	3.9
Motor Vehicle Sales	mlns	17.2	16.8	17.2	17.7	17.2	17.2	16.7	16.4	16.3	16.2	16.2	16.2	17.5	17.2	16.9	16.2
	<b>q/q % chng : a.r.</b>																
Civilian Employment	1.2	1.5	1.8	0.4	2.7	1.2	0.8	0.7	1.1	1.0	0.9	0.9	1.7	1.3	1.4	0.9	
Industrial Production	1.0	5.0	-1.5	7.7	2.5	5.1	3.4	3.0	2.6	2.5	2.4	2.2	-1.9	1.6	3.7	2.9	
CBO Budget Deficit	<b>% of GDP</b>																
													-3.2	-3.5	-4.0	-4.6	

Shaded values represent forecasts

Please refer to page 2 for Important Disclosures

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