



The U.S. Economy

The 25-Year Focus

Summer 2003



GLOBAL INSIGHT

GLOBAL INSIGHT WORLDWIDE OFFICES

HEADQUARTERS, Waltham, MA

1000 Winter Street
Waltham, MA 02451-1241
Phone: +1 (781) 487-2100
Fax: +1 (781) 890-6187

NORTH AMERICA

United States

Chicago
150 South Wacker Drive, Suite 780
Chicago, IL 60606
Phone: +1 (312) 236-6747
Fax: +1 (312) 236-5420

Detroit

3290 W. Big Beaver Road, Suite 502
Troy, MI 48084
Phone: +1 (248) 614-0040
Fax: +1 (248) 614-0068

Lexington

24 Hartwell Avenue
Lexington, MA 02421-3158
Phone: +1 (781) 301-9100
Fax: +1 (781) 301-9407

Los Angeles

6033 W. Century Boulevard, Suite 850
Los Angeles, CA 90045
Phone: +1 (310) 670-7393
Fax: +1 (310) 670-4509

New York

530 Fifth Avenue, 7th Floor
New York, NY 10036-5101
Phone: +1 (212) 884-9500
Fax: +1 (212) 884-9514

Philadelphia

800 Baldwin Tower
Eddystone, PA 19022
Phone: +1 (610) 490-4000
Fax: +1 (610) 490-2770

Reston

11951 Freedom Drive, Suite 1337
Reston, VA 20190
Phone: +1 (703) 251-4575
Fax: +1 (703) 251-4745

San Francisco

1 Market Plaza, Spear Tower, 36th Floor
San Francisco, CA 94105
Phone: +1 (415) 293-8286
Fax: +1 (415) 293-7647

Washington, D.C.

1850 M Street, NW, Suite 1100
Washington, DC 20036
Phone: +1 (202) 481-9300
Fax: +1 (202) 481-9301

Canada

Global Insight (Canada) Limited
One Financial Place
1 Adelaide Street East
Suite 2505, P.O. Box 179
Toronto, Ontario, M5C 2V9 Canada
Phone: +1 (416) 360-8885
Fax: +1 (416) 360-0088

EUROPE

Frankfurt

Global Insight (Deutschland) GmbH
Taubenstraße 7-9, Börsencenter
60313 Frankfurt am Main, Germany
Phone: +49 (0)69-20973-0
Fax: +49 (0)69-20973-500

London

Global Insight Limited (U.K.)
5th Floor, Wimbledon Bridge House
1 Hartfield Road
Wimbledon, London SW19 3RU, United Kingdom
Phone: +44 (0)20-8544-7800
Fax: +44 (0)20-8544-7801

Milan

Global Insight (Italy) S.r.l.
Via Santa Maria Segreta 6, 2nd Floor
20123 Milan, Italy
Phone: +39 (0)02 86481.1
Fax: +39 (0)02 801080

Paris

Global Insight (France) S.A. / Groupe DAFSA
117, quai de Valmy
75010 Paris, France
Phone: +33 (0)1-55-45-2600
Fax: +33 (0)1-55-45-2617

MIDDLE EAST AND AFRICA

Abu Dhabi

Global Insight c/o ADGECO
Three Sails Building (Venetto)
12th Floor, Suite 1204, P.O. Box 549
Corniche Road, Abu Dhabi
Phone: +971 2-665-6000
Fax: +971 2-681-1184

Pretoria

Global Insight Southern Africa (Proprietary) Limited
Building 6, Highgrove Office Park
Oak Avenue, Highveld Technopark Centurion
Pretoria, 0157 South Africa
Phone: +27 (0)12-665-5420
Fax: +27 (0)12-665-5421

ASIA

Tokyo

Global Insight (Japan) Inc.
East Tower 4/F, Otemachi
1st Square, Otemachi 1-5-1
Chiyoda-ku, Tokyo 100-0004 Japan
Phone: +81 (0)3-5219-1314
Fax: +81 (0)3-5219-1378

Hong Kong

Global Insight (Hong Kong) Inc.
16/F Cheung Kong Center
2 Queen's Road Central, Hong Kong
Phone: +852 2297-2251 / 2252
Fax: +852 2297-2356

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Resources

U.S. Economic Staff

Executive Summary	Nariman Behravesch	nariman.behravesch@globalinsight.com	781-301-9101
	Andrew Hodge	andrew.hodge@globalinsight.com	610-490-2625
	Cynthia Latta	cynthia.latta@globalinsight.com	781-301-9121
Risks to the Forecast	Cynthia Latta	cynthia.latta@globalinsight.com	781-301-9121
	Patrick Newport	patrick.newport@globalinsight.com	781-301-9125
Long-Term Outlook	Patrick Newport	patrick.newport@globalinsight.com	781-301-9125
Consumer Income/ Spending	Sara Johnson	sara.johnson@globalinsight.com	781-301-9115
	Michael Sweet	michael.sweet@globalinsight.com	781-301-9039
Housing	Patrick Newport	patrick.newport@globalinsight.com	781-301-9125
	Michael Montgomery	mike.montgomery@globalinsight.com	781-301-9030
Business Investment	Patrick Newport	patrick.newport@globalinsight.com	781-301-9125
	Tom Runiewicz	tom.runiewicz@globalinsight.com	610-490-2671
Government	Cynthia Latta	cynthia.latta@globalinsight.com	781-301-9121
International	Nigel Gault	nigel.gault@globalinsight.com	781-301-9093
	Farid Abolfathi	farid.abolfathi@globalinsight.com	781-301-9108
Inflation	John Mothersole	john.mothersole@globalinsight.com	202-481-9227
Energy	Jim Osten	jim.osten@globalinsight.com	781-301-9120
	Lilly Teng	lilly.teng@globalinsight.com	781-301-9139
Production	Michael Montgomery	mike.montgomery@globalinsight.com	781-301-9030
	Tom Runiewicz	tom.runiewicz@globalinsight.com	610-490-2671
Employment	Lilly Teng	lilly.teng@globalinsight.com	781-301-9139
	Michael Montgomery	mike.montgomery@globalinsight.com	781-301-9030
Financial	Cynthia Latta	cynthia.latta@globalinsight.com	781-301-9121
	Wendy Mak	wendy.mak@globalinsight.com	610-490-2632
Corporate Profits/ Equities	Nigel Gault	nigel.gault@globalinsight.com	781-301-9093
	Cynthia Latta	cynthia.latta@globalinsight.com	781-301-9121

Support Services

Global Insight Client Resource Center support@globalinsight.com **800-933-3374** or **781-301-9200**
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Forecast Overview

This issue of The U.S. Economy, 25-Year Focus presents Global Insight's most recent set of long-range projections. Given the detail available in the current Global Insight model, the projections for the next quarter-century cover not just the macro concepts such as output, inflation, and unemployment, but also the more disaggregated variables such as production and employment by industry. This disaggregation provides a variety of concepts for analysts to use in their planning models. Many of these variables serve as inputs to Global Insight's Regional and Energy models.

While the long-range outlooks have been of particular interest to utilities and state and local governments, which have relatively long planning horizons, they can be equally

relevant to analysts dealing with shorter intervals. This is especially true of the trend scenario, the principal long-range projection. The trend is completely consistent with Global Insight's August short-term baseline (Control) solution (detailed in the August 2003 issue of The U.S. Economic Outlook), which represents our forecast through 2013. Thereafter, the economy is expected to make a transition to "full employment" (4.5–5.5% unemployment), and then evolve gradually along this full-employment growth path. Hence, the transition between the short and long-term forecasts is smooth, making the trend projection an excellent base for ten-year planning purposes and policy simulations.

EXHIBIT 1
A Comparison of the Past and Future
(Percent)

	History 1978-2002	Trend 2002-2028	Cycle 2002-2028	Optim 2002-2028	Pesim 2002-2028
Average Annual Real Growth					
Potential Output	3.0	2.8	2.9	3.3	2.4
GDP	2.8	3.0	2.9	3.5	2.5
Consumption	3.0	3.0	3.0	3.4	2.4
Business Fixed Investment	4.2	5.8	5.9	6.0	5.5
Government	2.2	1.5	1.5	1.9	1.1
Exports	5.5	6.6	6.3	7.4	6.2
Imports	6.2	6.0	6.2	6.2	5.6
Average Annual Growth					
Labor Force	1.4	0.9	0.9	1.2	0.8
Productivity	1.6	2.3	2.4	2.5	1.9
Industrial Production	2.2	3.7	3.3	5.1	2.7
Average Level					
Inflation (Chain-wt. Implicit GDP deflator)	3.4	2.9	3.2	2.1	3.5
Unemployment	6.3	4.9	5.1	4.5	5.9
Average Percent of GDP					
Fuel Import Bill	1.2	1.1	1.1	1.2	1.0
Trade Balance	-1.7	-3.8	-4.2	-4.2	-2.4
Federal Deficit	-2.2	-0.9	-1.0	0.7	-3.1
Fixed Investment	11.7	12.7	12.7	12.7	12.6

Note: Growth rates for the projection period are compound annual growth rates calculated between the years 2002 and 2028. Level Variables are averages for the years 2002 to 2028. Interpretation of the historical figures is similar. Unless otherwise stated, all real data are in chained 1996 dollars.

EXHIBIT 2

Real GDP

(Trillions of chained 1996 dollars)

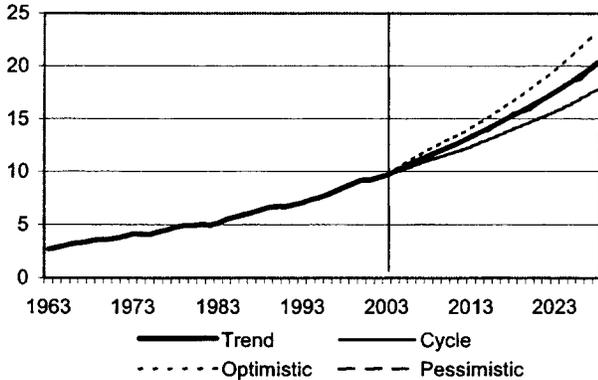
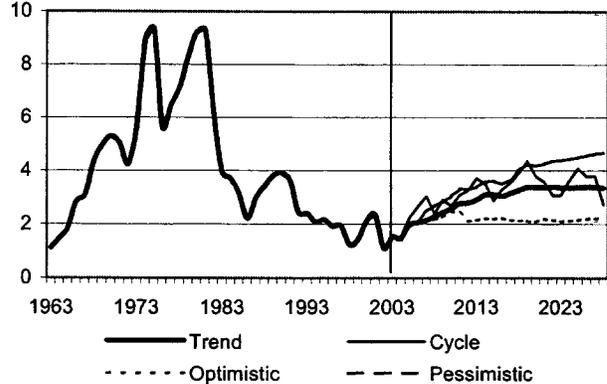


EXHIBIT 3

GDP Price Inflation

(Percent)

**The Four Long-Term Projections**

This 25-Year Focus presents four projections: baseline, cyclical, optimistic, and pessimistic.

The trend projection is the baseline scenario. It assumes that the economy suffers no major mishaps between now and 2028. It grows smoothly, in the sense that actual output follows potential output relatively closely. This projection is best described as depicting the mean of all possible paths that the economy could follow in the absence of major disruptions. Such disruptions include large oil price shocks, untoward swings in macroeconomic policy, or excessively

rapid increases in demand. In all three situations, demographic forces slow the pace of real economic growth after 2010.

The cyclical projection is the primary alternative scenario. It superimposes business-cycle behavior on the trend scenario. Economic growth proceeds in a series of starts and stops, with periods of rapid expansion, followed by externally- or policy-induced recessions. The timing of the recessions is merely suggestive. Because it is impossible to predict the exact timing of business cycles much in advance, it is unwise to focus on specific years. It is also

EXHIBIT 4

Contributions to Real Potential GDP Growth

(Average annual percent change)

	History		Trend		Cycle		Optim		Pessim	
	1979-89	1989-99	2003-08	2009-28	2003-08	2009-28	2003-08	2009-28	2003-08	2009-28
Factors of Production: Private Nonresidential										
Labor Force (0.646)	1.0	1.0	0.8	0.6	0.8	0.6	0.8	0.8	0.8	0.6
Capital Stock (0.259)	0.9	1.4	1.1	1.3	1.1	1.4	1.2	1.4	0.9	1.3
Energy (0.07)	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Govt. Infrastructure (0.025)	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Total	2.0	2.5	2.0	2.1	2.0	2.1	2.2	2.3	1.9	1.9
Contributions to Factor Productivity										
Research and Development	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other	0.0	1.0	1.3	0.9	1.3	0.9	1.4	1.1	1.0	0.6
Total	0.3	1.3	1.6	1.1	1.5	1.1	1.7	1.4	1.3	0.8
Output Coverage	-0.4	-0.5	-0.5	-0.4	-0.5	-0.4	-0.6	-0.4	-0.5	-0.5
Real Potential Growth	2.7	3.3	3.0	2.8	3.1	2.8	3.3	3.3	2.7	2.3

Note: Figures in parentheses are production function weights. All real data are in chained 1996 dollars. Labor and capital exclude labor and capital used to produce energy.

EXHIBIT 5
Mortality Assumptions
(Ultimate levels by 2050)

	Trend/Cycle	Optim	Pessim
Life Expectancy at Birth (Years)			
Male	81.2	83.8	79.5
Female	86.7	88.4	84.9

inappropriate to calculate average growth rates between different points in the business cycle.

The optimistic projection is the “upside” scenario, in which economic growth proceeds smoothly but more rapidly than in the baseline, while prices rise more slowly. In this projection, population, labor force, and capital stock growth, as well as exogenous technological changes, occur more quickly than in the trend. Potential output thus climbs more rapidly, and because output is primarily supply-determined in the long run, real GDP grows 0.5 percentage point quicker per year.

The pessimistic projection is the “downside” scenario. Here, growth proceeds smoothly, but more slowly than in the baseline, and productivity growth is weaker. In this projection, population, labor force, and capital stock growth, together with exogenous technological changes, occur less rapidly than in the trend. Output thus climbs 0.5 percentage point more slowly per year.

Probabilities

The underlying rate of growth in TREND25YR0803 is consistent with history, as well as with conjecture about the

EXHIBIT 6
The Percentage of the Population Aged 65 and Older Rises

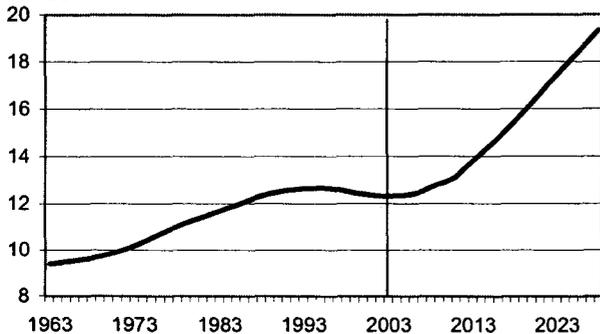
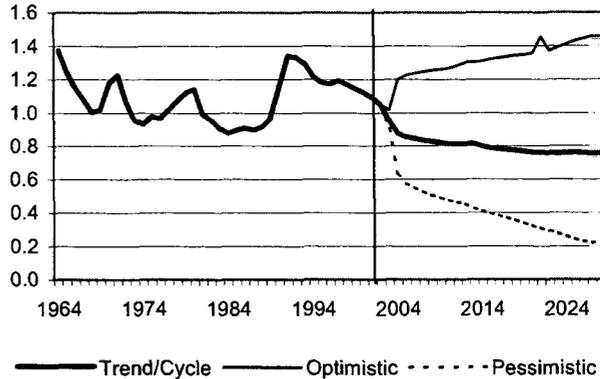


EXHIBIT 7
Population Growth
(Percent)



economy’s unfolding structure. It can be regarded as the best unbiased projection of the economy. Although any probabilities attached to long-run projections must be highly subjective, Global Insight believes there is only a 10% chance that the economy’s underlying path will be outside the “bandwidth” encompassed by the optimistic and pessimistic projections.

Key Assumptions

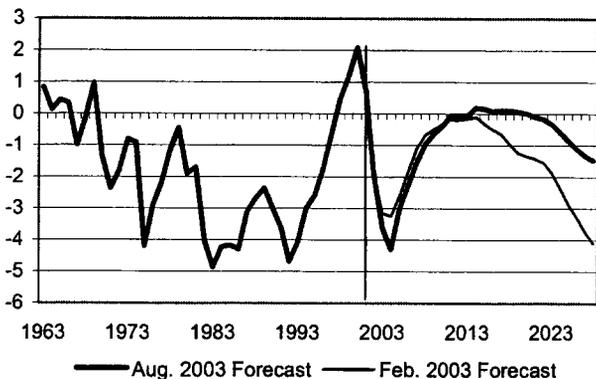
Demographics. Demographic factors are a primary driving force in any long-term economic projection. The population’s growth rate and changes in its composition have considerable impacts on the labor force, the full-employment unemployment rate, housing demand, and other spending categories—most notably, consumption of health services and purchases by state and local governments.

The population projections in Global Insight’s trend and cyclical scenarios are consistent with the Census Bureau’s “middle” projection for the U.S. population. These projections, which we downloaded from the Census’ Web site, are unofficial. They are consistent with the Census 2000 population estimates. When the Census releases its official estimates later this year, we will incorporate them into all of our forecasts. The “middle” projection is based on specific assumptions about immigration, fertility, and mortality rates. The fertility rate (the average number of births per woman upon completion of childbearing) will rise from its current level of 2.0 to about 2.2 in 2028, while the mortality rate should continue to improve—with life expectancy

EXHIBIT 8

The Federal Surplus Shrinks Then Widens

(Percent of GNP, NIPA basis)



for men and women rising steadily from 74.1 and 79.8 years, respectively, in 1999 to 77.6 and 83.6 years, respectively, in 2028. Meanwhile, net immigration (including undocumented immigration) is estimated to rise from 960,000 persons in 1999 to 979,000 in 2028. Based on these assumptions, the U.S. population will average 0.8% growth per year through 2028, down from the 1.1% pace during the last 25 years. Thus total population will rise from 282.8 million in 2000 to 355.5 million in 2028.

The age distribution of the population is also an important factor in the long-term outlook. As baby boomers begin to retire, the share of the U.S. population aged 65 years and over will jump from 13% in 2010 to 19% by 2028, pushing up outlays for Social Security, Medicare, and Medicaid. In addition, the growth rate of the working-age population will slow more than that of the overall population. After increasing 1.2% annually over the past 25 years, the population aged 16 to 64 years will grow 0.9% annually during 2000-2014 and just 0.15% per year thereafter.

The optimistic and pessimistic alternatives embody population projections different from those in the trend. The optimistic outlook assumes the U.S. population will increase more quickly because of higher net immigration. Conversely, the pessimistic alternative constricts growth in the labor force because of lower assumed net immigration from the start of the forecast period. As a result, annual population growth averages 1.3% in the optimistic scenario and just 0.4% in the pessimistic scenario. By the end of the forecast interval, the current population increases to 407

million in the optimistic projection, but to only 321 million in the pessimistic scenario compared with 354 million in the baseline.

Fiscal Policy. We expect federal spending on defense, transfer payments, and federal aid to state and local governments to consume a larger share of GDP than previously thought. As a result, the federal government should post deficits in the unified budget, averaging 0.3% of GDP from 2003 through 2028.

In the longer run, the baby boomers' retirement will cause deficits to grow, despite some increases in the Social Security tax rate. In the trend scenario, the (unified) budget is in deficit throughout most of the forecast period.

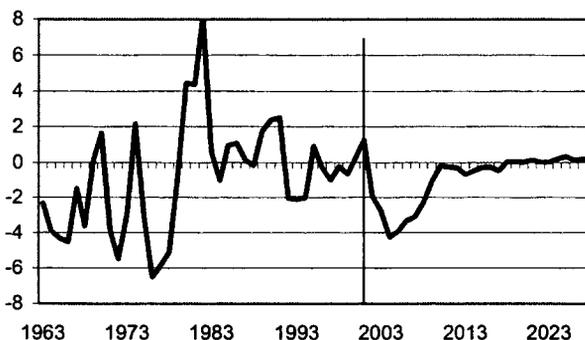
Monetary Policy and Inflation. Monetary policy remains important in the long-term projections, not so much in determining the level of output, but rather in determining the rate of inflation. Ultimately, the Federal Reserve decides on the "steady-state" rate of inflation. Monetary policy can cause inflation to accelerate by being overly accommodative and pushing the unemployment rate temporarily below the rate at which inflation is stable. Alternatively, it can cause inflation to decelerate by being restrictive and pushing the unemployment rate temporarily above the rate at which inflation is stable.

The monetary authorities choose to keep short-term interest rates slightly below their equilibrium levels throughout the forecast period in the trend projection, causing a slow

EXHIBIT 9

Short-Term Interest Rates Will Settle at Their Equilibrium

(Federal funds rate less nominal GDP growth, percentage points)



but steady increase in inflation. Consequently, the rate of inflation—as measured by the chain-weighted GDP price index—rises from 1.1% in 2002 to 2.6% by 2010 and 3.3% in 2028.

Bond yields will generally move parallel to the funds rate over the forecast interval, but run somewhat higher. The yield on ten-year treasuries stays below 6.5% through 2004. Thereafter, the combination of higher short-term rates and increased government borrowing pushes up the ten-year bond rate to 8.4% by 2028. The forecast implies a real federal funds rate of about 2.1% and a real long-term bond rate between 3.8% and 5.6%—in line with historical averages.

In the cyclical scenario, periods of overly expansive monetary policy are followed by intervals of overly restrictive policy, which translates into the periodic acceleration and deceleration of inflation. In the optimistic scenario, the Fed is assumed to keep a tight rein on the money supply, permitting little acceleration of inflation. Conversely, in the pessimistic scenario, the central bank is assumed to be reluctant to put the economy through the pain necessary to bring inflation back to baseline levels, choosing instead to tolerate an inflation rate that eventually exceeds 5%.

Energy. Except for temporary spikes (such as this year's), Global Insight's Energy Service expects the average acquisition price of foreign oil to remain below \$30 per barrel until 2013. With worldwide demand steadily increasing, however, the OPEC cartel will maintain some pricing

power. Energy price inflation should thus heat up early in the next decade. Although it is impossible to predict the precise timing of price changes, the trend projection assumes that oil prices hover around \$25-30 per barrel through the end of 2010. Thereafter, the forecast shows oil prices climbing steadily to \$62 per barrel by 2028. The West Texas Intermediate price for oil is projected to reach \$66 per barrel by 2028, compared with the average price of \$26 in 2001.

In the long run, scarcity tends to bid energy prices up, while new technologies tend to hold them down. In the end, we project that scarcity will win out, with the real price of imported oil rising from about \$20.1 per barrel in 2001 to \$27.1 per barrel in 2028.

The oil price path in the cyclical scenario has a major spike in 2025, where oil producers are assumed to mimic their behavior of the 1970s, raising oil prices substantially when the world economy is close to a cyclical peak. In the pessimistic scenario, nominal oil prices are higher than in the trend. In the optimistic scenario, both nominal and real oil prices are below what they are in the trend.

International. In all three projections, the major U.S. trading partners are assumed to follow a growth pattern similar to that in the United States, with the pace of growth (in real consumption) averaging 2.4% over the forecast period, down from an average 2.6% over the past 25 years. This slowdown reflects demographic forces similar to those

EXHIBIT 10
Real Oil Prices Are Higher in the Long Term
(Refiners' acquisition cost of imported crude, 1996 dollars/barrel)

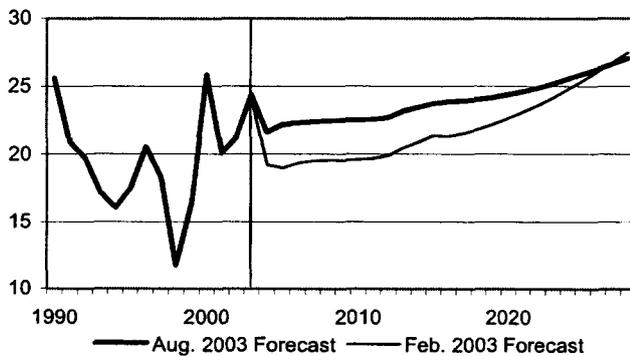


EXHIBIT 11
Oil Price Paths Across the Four Scenarios
(Refiners' acquisition cost of imported crude, 1996 dollars/barrel)

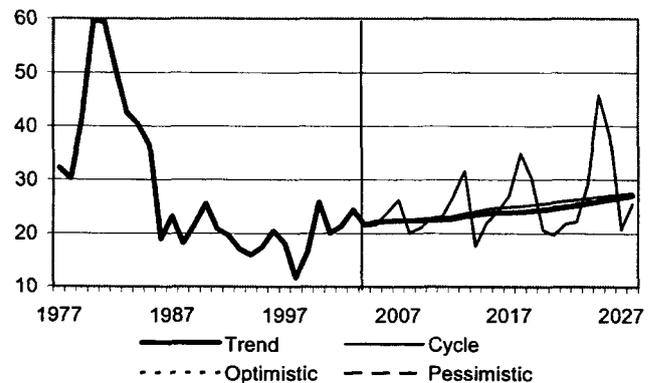
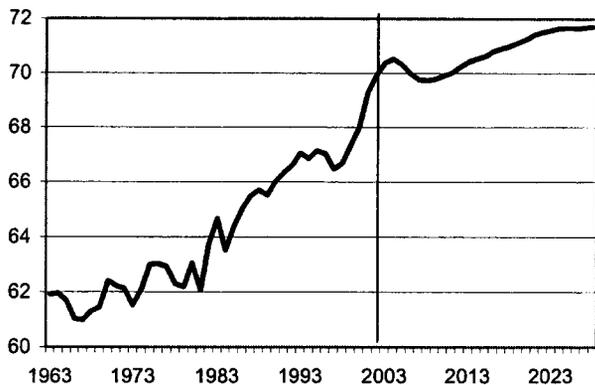


EXHIBIT 12

The Consumption Share Will Keep Rising
(Percent of GDP)

operating in the United States, as well as the maturation of many developing economies. Owing to steady pressure from the current account deficit, the dollar will fluctuate but on average depreciate throughout our long-term forecast.

Variations in the international environment help explain some of the differences among the alternative scenarios. A faster (slower) rate of growth abroad partially explains the higher (lower) level of exports in the optimistic (pessimistic) scenario. Meanwhile, a cycle in the real exchange rate due to swings in domestic interest rates helps explain the trade pattern in the cyclical scenario.

Demand Mix. Although the overall level of output is determined by supply conditions, many mixes of aggregate

demand are consistent with that level of output. Over the forecast period, the demand mix will be dominated by the retirement of baby boomers. The consumption share of GDP rises because senior citizens continue to spend, even though they are no longer directly producing GDP. In addition, federal government outlays for Social Security and Medicare explode, further boosting consumption relative to GDP. Between 2012 and 2028, consumption's share of GDP rises from 70% to more than 71%.

The sum of the remaining shares of GDP must decline to make room for the rising share devoted to consumption. Government spending will bear some of the burden—between 2012 and 2028, government's share of GDP will decline 4 percentage points.

Methodology over the Short-Term Forecasting Horizon

The trend remains consistent with the August Control forecast through 2013. The two bandwidth scenarios, optimistic and pessimistic, take the trend solution as their starting point and immediately diverge from it—according to their own underlying assumptions—at the beginning of the solution interval. This ensures that growth is always higher in the optimistic alternative, and lower in the pessimistic alternative. However, while average GDP growth, inflation, unemployment, and interest rates may be higher or lower than in the trend, depending on which is appropriate, these relationships will not necessarily hold for every individual quarter of the forecast period.

TABLE 1
Capsule Summary of the Long-Term Projections

	Trend	Cyclical
General Outlook	The economy exhibits mild variations in growth and approaches its balanced-growth path. Inflation rises slowly, averaging 2.9%.	Typical business-cycle fluctuations.
I. Principal Exogenous Assumptions		
Demographic	Projections consistent with the Census Bureau's latest middle-growth forecast, which assumes a leveling off of the fertility rate at 2.2 births, an ultimate mortality rate of 77.6 years for men and 83.6 years for women, and net immigration of 912,000–954,000 per year.	
Energy imports	Real oil prices remain stable. No embargoes are assumed.	Sharp price hikes occur in periods of peak demand.
Food prices	Wholesale farm prices average 1.7% annual increases.	Wholesale farm prices average 2.0% annual increases. Inflation spikes in 2025-26.
II. Principal Policy Dimensions		
Tax changes	Lower personal income tax rates. Corporate tax falls to 34.0% as the national debt shrinks.	Fluctuates with the business cycle.
Growth of federal government purchases	Real, +1.2% per year.	Real, +1.3% per year. Growth pattern resembles the trend's.
Federal Transfers	Real growth of 4.7% per year.	Real growth of 4.5% per year.
Budget deficit	Deficit averages 0.3% of GDP.	Deficit averages 0.3% of GDP.
Average federal government share of GDP	19.9%	20.1%
Monetary policy	Sufficient funds made available to promote stable credit growth. Money (M2) growth averages 5.5%.	Fluctuations in monetary policy contribute to severity of cycles. M2 averages 5.8% annual growth.
Federal funds rate	Rises gradually over forecast period.	Ranges between 0.75% and 13.00%.
Nonborrowed reserves	Steadily rises over forecast period.	Steadily rises over forecast period.

TABLE 1 (CONTINUED)

Capsule Summary of the Long-Term Projections

	Trend	Cyclical
III. Behavior of Economic Agents		
Consumers	Consumer confidence relatively constant..	Cyclical swings in confidence, income, and wealth cause large fluctuations in expenditures, particularly on durable goods.
Average annual real consumption growth	3.0%	3.0%
Business	Decisions made in relatively stable environment.	Fluctuations in output, interest rates, and inflation lead to fluctuations in investment.
Average fixed investment share in GDP	12.8%	12.8%
Average share of corporate cash flow in GNP	9.3%	9.1%
State and local government	Real expenditures dictated by demographics and ability to raise taxes. Average real growth in purchases of 1.6% per year.	Average real growth in purchases of 1.6% per year.
Federal budget position (Fiscal years)	Mostly deficits.	Mostly deficits throughout.
International		
Average annual wholesale price inflation for major trading partners	1.8% (OECD countries) 3.7% (Developing countries)	1.9% (OECD countries) 3.8% (Developing countries)
U.S. exchange rate	Declines over forecast period.	Declines over forecast period.
IV. Other Parameters		
Average annual productivity growth	2.3%	2.3%
Average annual potential output growth	2.8%	2.9%
Consumer price inflation	Demand pressures and a return of moderate oil and food price inflation gradually push consumer price inflation from 1.2% in 2002 to 3.6% in 2027.	Periodic demand surges, oil price shocks, and more aggressive wage responses boost the average inflation rate.
Consumer price index		
Average annual increase	2.9%	3.2%
Peak annual	3.6% (2028)	5.2% (2025)
Hourly earnings		
Average annual rise	4.8%	5.2%
Peak annual	5.4% (2015)	6.7% (2018)
Housing market	Demographics dictate slower growth of the housing stock after 1998.	Cycles in incomes and monetary policy affect the housing sector more severely.
Median new home price in 2028	\$540,200	\$591,200
Average annual rise	4.2%	4.6%
Unemployment	Drops to about 4.4%, where it settles. 5.0%.	Fluctuates with the business cycle..
Average rate	4.8%	5.1%

TABLE 1 (CONTINUED)
Capsule Summary of the Long-Term Projections

	Optimistic	Pessimistic
General Outlook	High growth.	Low growth.
	Deviations from trend due to differences in demographic assumptions, productivity growth, and investment.	
I. Principal Exogenous Assumptions		
Demographic	Projections above the trend are a result of higher net immigration.	Projections below the trend due to lower net immigration.
Energy imports	By 2027, oil import bill reaches \$600 billion.	Oil prices rise steadily, reaching \$74 per barrel by 2027. Oil import bill reaches \$522 billion by 2028.
Food prices	Wholesale farm prices rise 0.5% annually.	Wholesale farm prices average 1.9% annual increases.
II. Principal Policy Dimensions		
Tax changes	Similar to trend.	Similar to trend.
Growth of federal government purchases	Real, +1.2% per year.	Real, +1.2% per year.
Transfers	Real growth of 4.5% per year.	Real growth of 4.8% per year.
Budget deficit	Deficits throughout.	Deficits throughout.
Average federal government share of GDP	18.3%	22.4%
Monetary policy	Stable and predictable.	Tight policies required to contain rising inflationary pressures.
Federal funds rate	Settles at 5.25%.	Rises continually over forecast period.
Nonborrowed reserves	3.4% average growth.	3.2% average growth.

TABLE 1 (CONTINUED)

Capsule Summary of the Long-Term Projections

	Optimistic	Pessimistic
III. Behavior of Economic Agents		
Consumers	Consumer confidence upbeat.	Lower real incomes depress consumer expenditures, especially on durable goods.
Average annual real consumption growth	3.4%	2.4%
Business	High demand expectations plus low inflation and interest rates enhance the business environment.	Higher inflation, higher interest rates, and weaker demand make investors more cautious.
Average fixed investment share in GDP	12.8%	12.7%
Average share of corporate cash flow in GNP	9.1%	9.5%
State and local government	Average real growth in purchases of 2.2% per year.	Average real growth in purchases of 1.1% per year.
Federal budget position (Fiscal years)	Government runs deficits after 2008.	Government runs deficits.
International		
Average annual wholesale price inflation for major trading partners	1.6% (OECD countries) 3.5% (Developing countries)	2.2% (OECD countries) 4.1% (Developing countries)
U.S. exchange rate	Real exchange rate declines.	Real exchange rate rises..
IV. Other Parameters		
Average annual productivity growth	2.5%	1.9%
Average annual potential output growth	3.3%	2.4%
Consumer price inflation	Hovers below 2.5%.	Inflation accelerates, surpassing 5.5% in 2026.
Consumer price index		
Average annual increase	2.2%	3.7%
Peak annual	2.4% (2028)	5.2% (2028)
Hourly earnings		
Average annual rise	3.9%	5.3%
Peak annual	4.7% (2011)	6.8% (2028)
Housing market	The higher population projections push the housing stock above the trend.	Lower real incomes and high cost of funds depress housing starts.
Median new home price in 2027	\$466,100	\$612,000
Average annual rise	3.6%	4.7%
Unemployment	Remains below trend throughout forecast period.	Remains above trend throughout forecast period.
Average rate	4.4%	5.9%

The Trend Projection

by Patrick J. Newport and Lily Teng

Slowing Growth and Federal Deficits

Highlights

- *Real GDP growth will average 3.0% per year during 2002–28. Growth slows after 2012 as baby boomers retire.*
- *The outlook for inflation remains moderate. CPI inflation will average 3.2% per year over the forecast period. Core inflation will average 3.3%.*
- *High investment and a slower growing labor force should result in higher productivity growth. Nonfarm business productivity growth averages 2.4% over the forecast period, compared with the 1.7% average experienced since 1975.*
- *The current account deficit worsens through 2022 and narrows thereafter. Its share of GDP is 4.6% in 2002, but shrinks to 2.2% in 2028.*
- *Real oil prices will creep up over the forecast period. The real price of imported oil rises from about \$21.32 per barrel in 2002 to \$27.00 per barrel in 2028.*
- *The labor market improves over the forecast period, with the unemployment rate falling from 5.8% in 2002 to 4.5% in 2015.*
- *The federal budget deficit shrinks through 2017 and then grows thereafter.*

Introduction

Economists focus on the short run. Will the Federal Reserve raise interest rates? Is the stock market overvalued? Will we have a recession next year? This focus is understandable. We care more about what will happen tomorrow than what will happen three years from today. The focus, though, is misplaced. When historians look back on the 20th century, the most striking economic fact that

will distinguish it from previous centuries will not be the 21 recessions, but rather the steady, inexorable rise in per capita income.

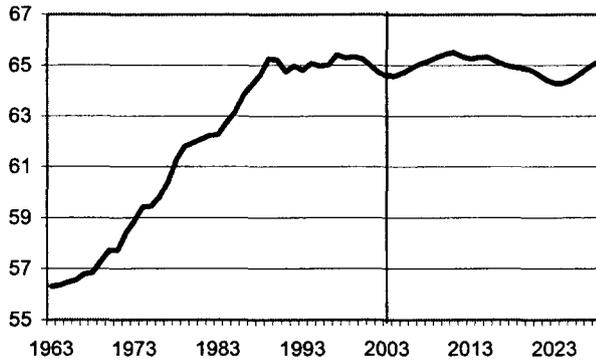
The driving force behind rising per capita income is one that economists still do not quite understand: productivity growth. While they agree that new technologies eventually make workers more productive, many questions remain under debate. What determines the pace of technological progress? How long does it take for new technologies to catch on? As a growth accelerant, how does an innovation such as the Internet compare with the invention of the transistor, the airplane, or the electric bulb? Not knowing these answers makes productivity—and the course of the economy—extremely tricky to forecast.

A further complication made this forecast even trickier. Productivity, before the current slowdown, was surging, possibly because of what Alan Greenspan called “a revolution in information technologies.” Although productivity growth eased as the economy slowed in 2001, recent data indicate that it is surging again. Indeed, productivity growth in 2002 was the highest in 50 years! Will the productivity boom continue much longer? While there are several promising new technologies in the pipeline, we think things will settle, with productivity growth rising faster than it did in during the 1970s and 1980s, but slower than in the second half of the 1990s.

Long-Term Forecast Assumptions

In the trend scenario, after the first five years of the forecast, we assume an environment free of exogenous shocks. Economic output will converge towards its potential level, with all resources fully utilized. As a result, the growth rates of output, real incomes, real expenditures, and the general standard of living of the population are determined by the growth rate of potential GDP. The long-range outlook is dominated by supply factors, such as population growth and demographics, labor force participation rates, average weekly hours worked, national saving and capital stock accumulation, productivity growth, fiscal and mone-

EXHIBIT 1

The Labor-Force Participation Rate Stabilize
(Percent)

tary policies, foreign developments, and internationally determined prices.

Population and Demographics

Global Insight's population projections are based on the Census Bureau's middle series assumptions for fertility, life expectancy, and net immigration. These projections have the U.S. population expanding at an annual rate of 0.8% between 2002 and 2028, when the population reaches 355 million. Growth in the older age cohorts will be stronger as the baby boomers age. The 65 years and over population share rises from 12.3% in 2002 to 19.4% in 2028.

EXHIBIT 2

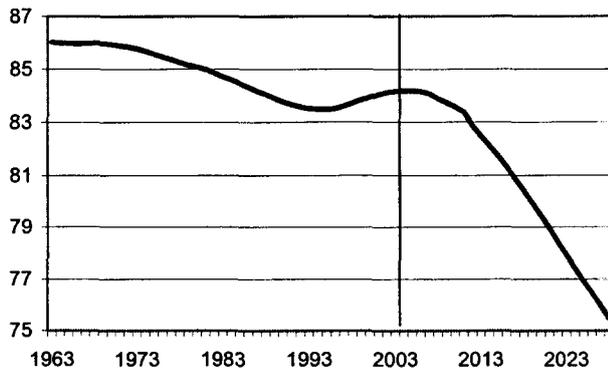
Population Aged 16-65 as a Percent of the Total Adult Population Falls

EXHIBIT 3

Contributions to New Jobs

(Payroll employment, cumulative percent change)

	History		Trend		
	1977 -1987	1988 -2002	2003 -2008	2009 -2018	2019 -2028
Manufacturing	0.4	-13.1	-6.3	-3.9	-4.0
Mining and Construction	30.4	24.8	14.1	24.7	23.8
Government	14.4	25.2	2.2	3.8	2.7
Private Services	31.7	28.2	9.4	14.4	10.8
Total New Jobs (Millions)	22.6	28.3	10.7	17.0	15.0

The population projections incorporate the 2000 Census estimates. These projections are preliminary. They come from the Census' Web site, but are likely to be fine tuned when they are "officially" released later this year.

Productivity and Aggregate Supply

It is the economy's ability to increase supply in the long run that determines its potential growth path. Growth in aggregate supply depends on the increase in the labor force, the growth of the capital stock, and improvements in productivity.

Global Insight believes that productivity growth will average 2.3% per year during 2008–28. This is lower than the stellar 2.9% average annual growth achieved during the 1960s, although higher than the 1.7% annual growth rate for 1975–2002. The pickup in productivity growth, particularly over the next decade, is largely due to robust growth in equipment spending and new technologies.

The real capital stock will grow 4.6% annually, compared with 4.1% in 1976–2002. The declining price of capital goods relative to other inputs accounts for the robust capital stock growth rates.

Government Policy

The federal budget deficit will exceed \$500 billion in 2004, as the 2003 tax act reduces receipts and the war on terrorism boosts spending. Between 2005 and 2011, the budget deficit shrinks but never disappears as taxes rise in the second half of the decade. An easy way for Congress to achieve this is to let the tax cuts sunset as scheduled, but this seems unlikely regardless of who may be in the White House or in control Congress. One way or another, the well-off will be forced to pay more, perhaps by applying the

Social Security tax to all income, as well as by raising marginal rates. In the longer run, the baby boomers' retirement will cause a gradual worsening of the deficit, despite some increases in the Social Security tax rate. By 2026, the budget deficit reaches \$550 billion.

With the economy growing faster than the pace of government spending, the government sector's share of GDP will decline over the forecast period. The state and local government maintains the dominant share of total government purchases, growing from 65% in 2002 to 70% in 2028. At the federal level, the military accounts for 64% of federal purchases in 2002, but falls to 58% by 2028.

Monetary Policy and Financial Markets

The Federal Reserve decides on the "steady-state" rate of inflation. Monetary policy can cause inflation to accelerate by being overly accommodative. Alternatively, it can cause inflation to decelerate by being restrictive. The monetary authorities choose to keep short-term interest rates slightly below their equilibrium levels throughout the forecast period in the trend projection, causing a slow but steady increase in inflation. Consequently, the rate of inflation—as measured by the chain-weighted GDP price index—rises from 1.1% in 2002 to 2.6% by 2010 and 3.3% in 2028.

Bond yields will generally move parallel to the funds rate over the forecast interval, but run somewhat higher. The yield on ten-year treasuries stays below 6.0% through 2008.

Thereafter, the combination of higher short-term rates and increased government borrowing pushes up the ten-year bond rate to 8.0% by 2028. The forecast implies a real fed funds rate of about 2.9% and a real long-term bond rate of 4.2%.

Oil Prices

Except for temporary spikes (such as this year's), Global Insight's Energy Service expects the average acquisition price of foreign oil to remain below \$30 per barrel until 2010. With worldwide demand steadily increasing, however, the OPEC cartel will maintain some pricing power. Energy price inflation should, therefore, heat up early in the next decade. Although it is impossible to predict the precise timing of price changes, the trend projection assumes that oil prices will average \$36 between 2011 and 2020. Thereafter, the forecast shows oil prices climbing steadily to \$62 per barrel by 2028. The West Texas Intermediate price for oil is projected to reach \$66.0 per barrel by 2028, compared with the price of \$26.00 in 2002.

In the long run, scarcity tends to bid energy prices up, while new technologies tend to hold them down. In the end, we project that scarcity will win out, with the real price of imported oil rising from about \$21 per barrel in 2002 to \$27 per barrel in 2028.

Foreign Assumptions

The major U.S. industrialized trading partners are assumed to follow a growth pattern similar to that in the United

EXHIBIT 4
**Manufacturing's Share of Total Employment
Continues to Erode**
(Percent)

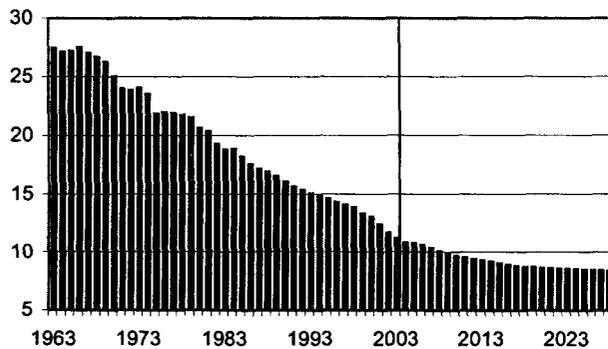


EXHIBIT 5
Potential Output Growth Will Slow
(Percent)

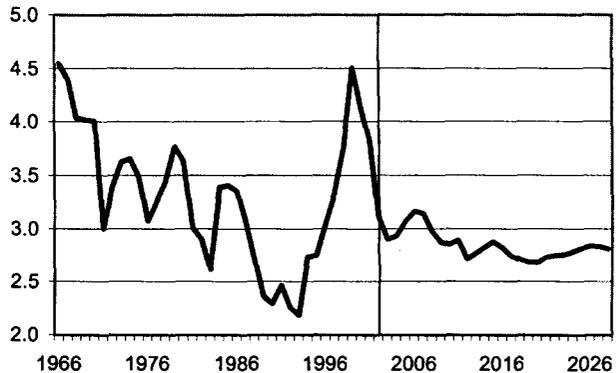
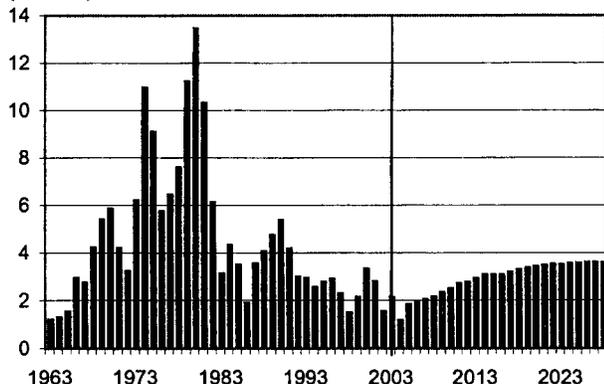


EXHIBIT 6

Consumer Price Inflation

(Percent)



States, with the pace of growth averaging 2.4% over the forecast period, down from an average 2.6% over the past 25 years. This slowdown reflects demographic forces similar to those operating in the United States. The developing countries that trade with the United States will grow 4.5%, up 0.2 percentage point from the past 25 years.

The dollar will have to depreciate steadily against foreign currencies throughout the forecast period in order to keep the U.S. current account deficit from growing too fast. Over the forecast period, the real U.S. trade-weighted dollar relative to industrialized-country currencies depreciates 1.4% annually.

Long-Term Forecast Highlights

Real GDP. The trend projection assumes that the U.S. economy experiences no major mishaps between now and 2028. The projection is identical with our August 2003 baseline forecast through 2013, and represents Global Insight's best estimate of the economy's path over that period. Beyond 2013, the projection should be interpreted as the mean of all possible "near-full-employment" paths the economy could follow. The smooth-growth characteristics of the trend projection make it most useful for tasks largely impervious to short-term cyclical fluctuations, such as planning capacity additions and evaluating new markets. This projection is also the best base from which to evaluate the effects of various assumptions about key exogenous elements, such as fiscal policy or energy prices, on the overall economic outlook.

Annual real GDP growth averages 3.0% during 2002–28, about the same average achieved during 1976–2001. The economy's underlying growth rate will slow after 2011 as baby boomers begin to retire, slowing labor force growth. Potential output growth should hold up fairly well in the future, with greater business fixed investment and R&D spending offsetting the slowdown in labor force growth. Eventually, though, the effects of weaker labor force growth become dominant and, in a sense, self-perpetuating. As output growth drops off, business fixed investment rises more slowly, limiting capital stock growth and thus future output gains.

EXHIBIT 7

The Federal Funds Rate

(Percent)

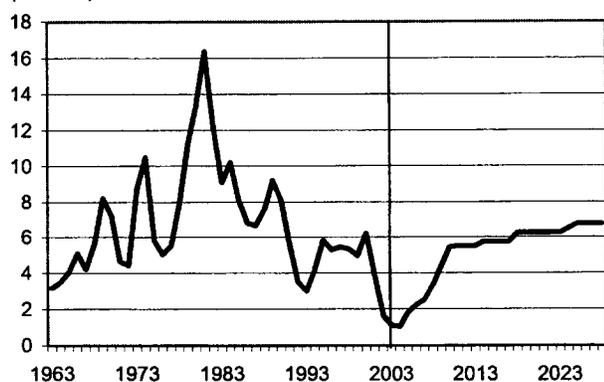


EXHIBIT 8

The Consumption Share Rises Steadily

(Percent of GDP)

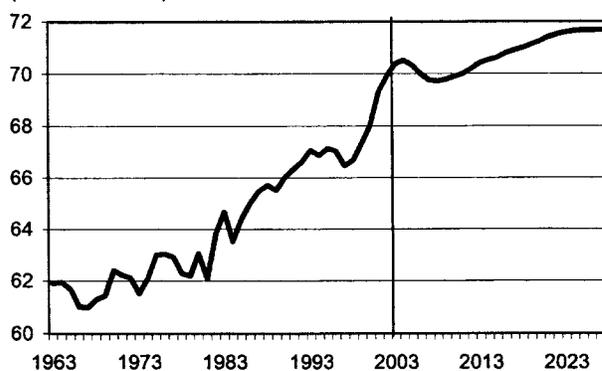


EXHIBIT 9

Personal Consumption Slows in Trend Scenario

(Average annual percent change)

	History		Trend		
	1977-1987	1988-2002	2003-2008	2009-2018	2019-2028
Total Expenditures	3.3	3.2	3.2	3.0	2.8
Total less New Light Vehicles	N/A	3.2	3.3	3.1	2.9
Durable Goods	5.0	5.4	4.2	4.1	4.1
Motor Vehicles & Parts	4.3	3.1	1.9	1.3	1.5
Furniture & Household Equip.	6.3	8.3	6.6	6.1	5.6
Computers	N/A	44.1	22.0	18.6	20.2
Software	N/A	36.2	6.9	4.6	4.8
Other Equipment	5.6	5.5	5.2	4.9	3.7
Other Durables	4.5	5.0	5.1	5.4	5.2
Nondurable Goods	2.4	2.8	3.2	3.4	3.3
Clothing & Shoes	5.7	4.6	4.1	4.6	5.0
Food & Beverages	1.7	2.1	2.1	1.9	2.2
Gasoline & Oil	1.4	1.7	3.2	2.4	2.4
Fuel Oil & Coal	-5.2	-0.7	-4.4	-1.8	-1.8
Other Nondurables	3.2	3.6	4.9	5.3	3.9
Tobacco	-1.0	-2.4	-1.8	-4.8	-6.9
Drugs & Pharmaceuticals	4.4	5.8	8.2	7.5	3.9
Services	3.6	2.9	3.0	2.6	2.5
Housing	2.9	2.1	1.7	1.0	0.1
Household Operation	2.9	3.3	2.5	3.3	4.9
Transportation	3.3	2.8	2.9	2.2	2.7
Medical Care	3.9	3.0	3.6	3.2	3.0
Recreation	5.5	4.6	5.4	4.8	4.6
Personal Business	4.6	3.5	3.2	2.8	1.8
Other Services	3.7	3.0	2.7	2.3	2.0

Employment. Slower long-run increases in the labor force indicate more moderate long-run employment growth in the future. Total civilian employment will rise at an average annual rate of 1.2% from 2002 to 2013 and will moderate to an average growth rate of 0.7% for the rest of the forecast period. Total establishment employment will rise from 130.4 million in 2002 to 173.8 million in 2028, an increase of 33%. This growth is significantly slower than the astonishing gain of 47.8 million (58%) recorded in the previous 25 years. Manufacturing's share of total employment will continue to decline over the forecast period, falling to 8.4% in 2028 from 11.7% in 2002. The broad service sector will generate an increasing share of employment growth in the forecast period, although the federal government's share of employment will decline during the forecast period.

Inflation. Over the long run, inflation is a monetary phenomenon. Its future course will be determined by policies implemented by Alan Greenspan and his successors. Since we do not know who his successors will be, we assumed the following in the 25-year forecast:

The Fed will attempt to keep inflation contained over the first ten years of the forecast period.

In the second half of the forecast period, as baby boomers start retiring, labor markets will tighten, putting pressure on wages. We assume that the Fed will allow inflation to creep up rather than slow the economy—possibly inducing a recession—to keep inflation checked.

The CPI is expected to average 3.2% annual increases between 2002 and 2028, somewhat less than the 4.3% average from 1959 to 2002. The broader-based GDP deflator will rise 2.9% per year. The acceleration of inflation over the projection period reflects a more accommodative Federal Reserve attitude in response to pressures created by the aging population

Consumption. Expenditures, in the long term, are primarily determined by the growth of real permanent income, demographic influences, and changes in relative prices. The share of personal consumption expenditures in GDP will rise slightly over the forecast interval, and should account for 72% of the overall economy by the end of the forecast horizon. Real consumption expenditure growth will average 3.0% per year over the forecast period.

With total output growth easing, real consumer spending gains will slow from 3.1% annually in 1973–2002 to 3.0% during 2002–28. In per capita terms, growth will advance about 2.2% per year, up 0.1 percentage point from the 1973–2002 rate. The share of consumption devoted to serv-

EXHIBIT 10

Light-Vehicle Sales

(Millions of units)

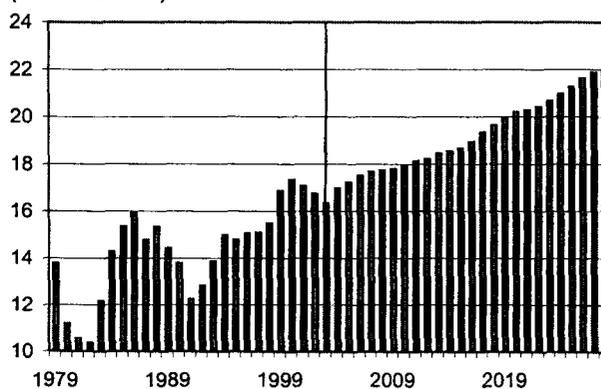


EXHIBIT 11

Housing Starts Flatten

(Millions of units)

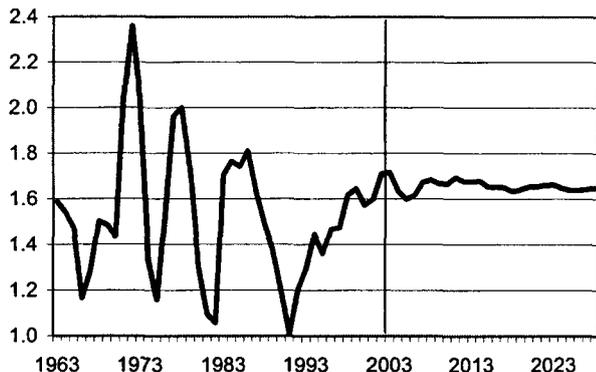
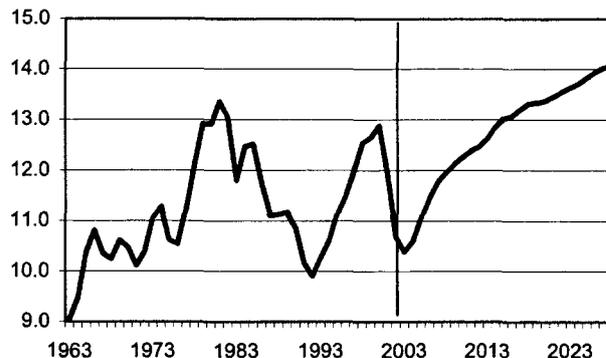


EXHIBIT 12

Investment's Share of GDP

(Percent of GDP)



ices will rise, mainly because of rising health expenditures, while that for goods will fall over the forecast period.

The long-term outlook for auto and light truck sales calls for a slowdown in the rate of increase relative to past performance. Vehicle sales growth will average close to 1.1% over the next 25 years. Light-vehicle sales are forecasted to reach 22.0 million units by 2028. Although the number of vehicles per person has increased significantly in the past 20 years, the United States is approaching a saturation point in the rate of vehicle ownership. Future growth in vehicle sales will be primarily driven by growth in population and demand for replacement vehicles. Automobile sales should be relatively strong throughout the projection period, averaging 8.4 million units per year.

According to Global Insight's Energy Service, real energy-intensive consumption (gasoline, fuel oil, coal, electricity, and natural gas) should increase 2.1% per year through 2028, compared with 1.5% annual gains since 1970. Energy conservation efforts will continue. This stems partly from a stock/flow phenomenon: despite the trend toward minivans and sport/utility vehicles, for example, the average new vehicle is still more fuel-efficient than the existing stock. Gasoline usage per vehicle should fall for several more years, even if relative energy prices remain flat. Similar considerations apply to business capital and housing stocks. The ongoing employment shift from manufacturing to services also implies lower energy usage per unit of output.

Summer 2003

Real personal disposable income, which climbed 3.1% in 1970–2002, will rise 3.0% annually over the next 25 years. This does not take into account the rising volume of withdrawals from existing retirement plans.

Housing. Household growth clearly depends on population growth, but real incomes, employment, the age distribution of the population, and societal values also influence it. Net additions to the housing stock are closely linked to household growth, which is the primary driver of housing starts. Many analysts tend to overlook another key factor for housing starts: the geographic location of the demand for net additions.

EXHIBIT 13

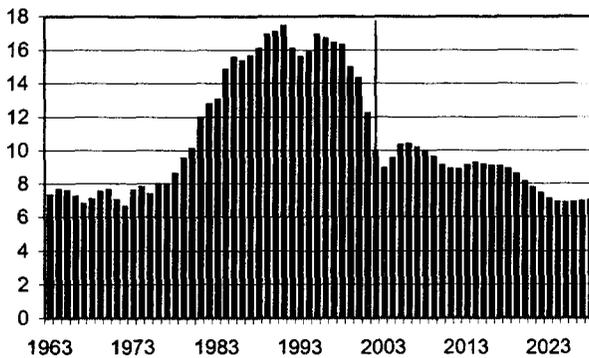
Saving and Investment Shares of GNP

(Percent)

	History		2003	Trend	
	1977 -1987	1988 -2002		2009 -2018	2019 -2028
Household	10.1	7.3	5.9	4.7	5.0
Business	9.1	9.2	9.1	8.5	10.4
Government	-3.4	-2.6	-3.5	-0.9	-1.5
Total Saving	15.8	13.9	11.4	12.3	14.0
Total Investment	16.2	13.7	10.5	11.5	13.4
Gross Private Investment	17.3	15.7	16.1	17.3	17.5
Nonresidential Fixed Investment	12.2	11.3	11.3	13.0	13.7
Residential	4.6	4.0	4.4	4.0	3.5
Change in Inventories	0.5	0.4	0.4	0.3	0.3
Net Foreign Investment	-1.1	-2.0	-5.7	-5.8	-4.1
Statistical Discrepancy	0.8	0.0	-0.8	-0.6	-0.3

EXHIBIT 14

Net Interest Paid by the Federal Government
(Percent of federal government expenditures, excluding investment)



The 25–34-age cohort is key for the demand for new housing. This is the age group where individuals typically purchase their first home. The demand for new housing was boosted by the large gains in this age group in the late 1960s and 1970s, as the baby-boom generation entered the housing market. Unfortunately for the housing sector, the baby-boom generation began to pass through this age bracket in the mid-1980s, limiting the demand for additions to the housing stock. The number of households in this

cohort will begin a modest increase after 2005. The overall headship rate will gradually increase toward older segments due to the shift in the age composition.

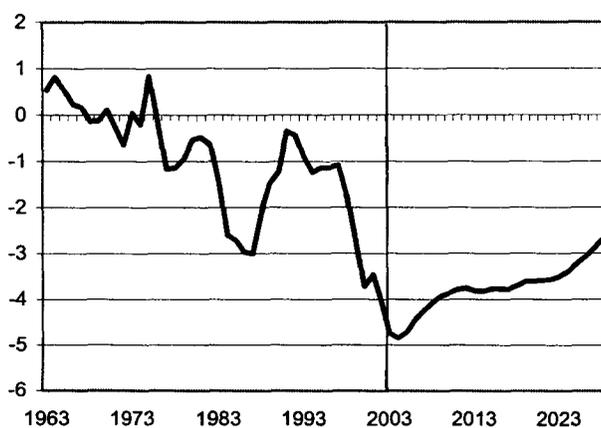
The demographic demand for housing will be higher over the next 25 years than over the past 25 years. Thus, housing starts are projected to average 1.7 million units annually from 2002 to 2028, above the 1.6 million average for 1971–2002. Meanwhile, the housing stock will climb from 108.1 million units in 2002 to 140.0 million units in 2028.

Business Fixed Investment. Good profitability and solid demand growth should keep investment healthy over the next 25 years. The share of GDP devoted to business fixed investment will hover between 10.0% and 13.0% of GDP through most of the forecast period. The effective capital stock (in 1996 dollar terms) is projected to increase 4.6% annually, below the average growth rate recorded for 1970–2002. Inventory investment will remain a small percentage of GDP. Although inventories have played significant roles during past business cycles, inventory investment represents an average in the stable growth scenario and is thus artificially smooth. Capital inflow will contribute to net domestic investment throughout the forecast period, although federal deficits clearly hurt it in the later years of the forecast. The government saving projection assumes

EXHIBIT 15

Trade Outlook
(Percent of GDP)

The Goods and Service Trade Balance



Net U.S. Investment Position

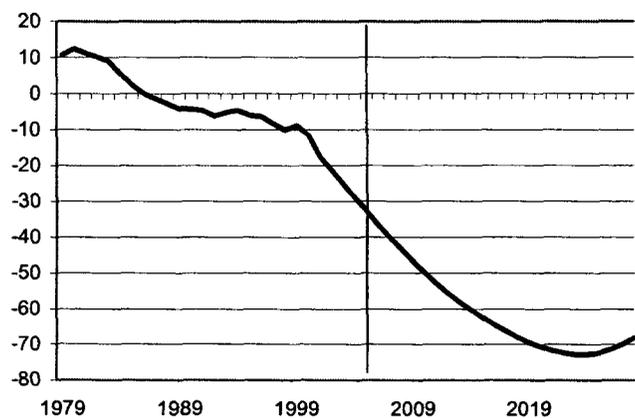


EXHIBIT 16

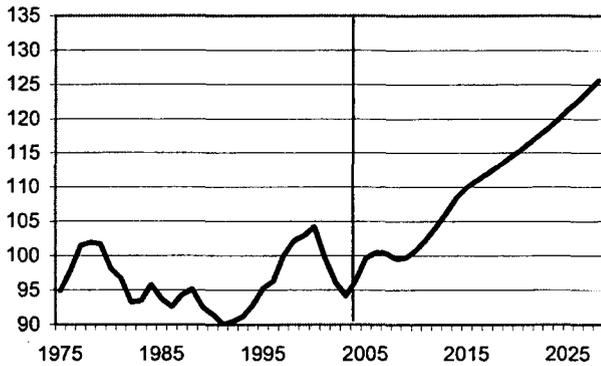
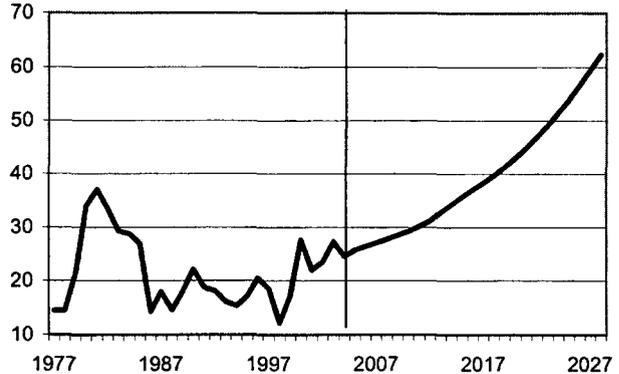
Ratio of Manufacturing Output to Real GDP
(1997 = 100)

EXHIBIT 17

Foreign Oil Prices
(Dollars per barrel)

that state and local governments continue to run modest operating surpluses.

The composition of investment will continue to change in the forecast period; structures' share of investment will decline modestly, while equipment's share rises. This is a continuation of a long-standing trend, and is a direct result of declining relative prices for equipment and software.

International Trade. A decline in the dollar relative to industrialized-country-currencies, combined with modest unit labor cost growth, will stimulate U.S. exports abroad and result in an eventual improvement in the U.S. current account balance. Global Insight projects that real exports will expand at an average annual rate of 6.6% over the entire forecast period. Real imports, meanwhile, will grow at an average annual rate of 6.0%.

EXHIBIT 18

Industrial Production

(Average annual percent change)

	History		Trend			
	1977-1987	1988-2002	2003-2028	2003-2008	2009-2018	2019-2028
Mining	0.0	-0.2	0.5	0.9	0.4	0.4
Utilities	1.8	2.4	2.3	2.3	2.3	2.3
Manufacturing - SIC Basis	2.1	3.3	4.1	3.9	4.2	4.0
Food	2.1	1.5	2.0	1.7	2.2	2.0
Textile Mills	0.3	-1.1	-1.1	-1.7	-0.9	-0.8
Apparel	-0.3	-2.7	-1.4	-2.7	-1.0	-1.0
Logging*	-0.5	-2.5	-0.4	-2.3	-0.1	0.3
Furniture & Related Products	2.5	1.2	2.2	1.6	2.5	2.2
Paper & Products	1.8	0.5	2.5	2.1	2.6	2.6
Newspapers, Periodicals, Books*	-0.2	0.4	2.2	2.5	2.1	2.0
Petroleum & Coal Products	1.4	1.0	2.6	2.2	2.8	2.6
Chemicals	2.3	2.1	4.4	4.0	4.6	4.5
Rubber & Plastics Products	4.4	3.6	2.8	2.7	3.0	2.8
Leather & Allied Products	-2.3	-3.4	-1.4	-2.9	-1.1	-1.0
Nonmetallic Mineral Products	2.1	1.7	2.3	1.8	2.5	2.4
Primary Metals	0.6	0.6	0.6	2.0	0.4	0.1
Fabricated Metal Products	2.1	1.9	2.1	2.0	1.9	2.3
Machinery	1.2	1.3	2.5	2.8	2.6	2.3
Computers & Electronic Products	20.4	17.1	12.2	14.6	10.9	11.9
Elec. Eq., Appliances, & Components	1.8	1.5	2.8	3.4	2.2	3.1
Transportation Equipment	2.5	2.0	1.8	2.6	2.8	0.5
Miscellaneous	2.7	3.5	4.0	3.5	4.7	3.7
All Manufacturing - NAICS	3.6	3.5	4.3	5.1	4.4	3.8
Durable Goods	4.8	5.1	5.2	6.8	5.6	3.9
Nondurable Goods	1.8	1.3	2.8	2.5	2.7	3.2
All Less Comp., Commun., & Chips	2.3	1.4	2.8	2.6	2.5	3.2

TABLE 1
Summary of the U.S. Economy

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.3	3.8	3.7	3.5	3.4	3.3	3.0	3.0	2.9	2.9	3.2	3.0	2.8
Final Sales of Domestic Product	2.2	3.4	3.7	3.5	3.5	3.3	3.0	2.9	2.9	2.9	3.1	3.0	2.9
Total Consumption	2.7	4.0	3.3	2.9	3.0	3.2	3.0	3.0	2.9	3.1	3.3	3.1	2.9
Durables	5.6	6.5	3.8	2.6	3.5	3.6	3.6	4.0	4.2	4.0	4.6	4.1	3.5
Nondurables	3.2	3.8	3.3	3.1	2.9	3.2	3.2	3.4	3.3	3.5	3.6	3.5	3.6
Services	1.9	3.7	3.3	2.9	3.0	3.1	2.8	2.7	2.6	2.8	3.0	2.7	2.5
Nonresidential Fixed Investment	1.3	7.0	9.4	8.4	7.5	6.1	5.8	5.7	5.6	5.4	6.4	6.9	6.0
Equipment & Software	3.9	9.0	9.0	9.2	7.9	6.9	6.4	6.5	6.8	7.2	7.6	8.1	7.8
Information Processing Equipment	10.4	9.3	8.2	9.3	11.9	11.4	10.8	10.6	10.9	11.4	11.2	11.5	11.0
Computers & Peripherals	26.4	23.2	18.6	22.1	21.1	20.2	19.7	19.4	19.1	18.9	18.7	18.6	18.3
Communications Equipment	6.3	6.4	7.0	4.6	7.2	7.3	5.6	4.7	5.5	8.2	8.0	7.6	8.5
Industrial Equipment	-2.1	3.8	10.7	10.1	2.8	0.3	2.0	2.4	1.8	0.9	1.6	3.7	3.4
Transportation equipment	-5.4	15.8	12.5	13.4	6.4	4.6	2.4	2.4	3.0	3.6	4.8	4.3	3.4
Aircraft	-29.1	8.9	12.6	15.5	13.9	8.5	3.8	3.5	3.3	3.7	4.4	4.4	4.3
Other Equipment	2.1	7.0	6.0	3.7	3.9	3.6	2.6	2.6	2.7	3.2	4.1	4.4	4.5
Structures	-6.9	0.0	10.8	5.7	6.5	3.6	4.1	3.2	2.0	0.0	2.7	3.3	0.4
Buildings and Miscellaneous	-6.8	2.3	12.4	7.1	6.6	5.4	4.1	4.3	2.6	-0.4	3.0	3.7	0.0
Commercial	-9.0	0.6	14.7	4.4	4.5	5.7	4.4	3.5	2.0	0.9	2.1	4.5	1.1
Industrial	-20.1	2.9	24.6	19.4	20.6	10.6	8.4	7.1	7.0	5.2	6.4	4.4	-0.6
Other	1.1	3.6	7.3	9.5	6.9	4.0	2.8	5.3	2.6	-4.2	3.0	2.5	-1.8
Mining & Petroleum	0.9	-11.3	5.8	-3.4	2.2	-0.2	-0.4	-0.6	-0.5	0.5	0.4	0.2	0.1
Public Utilities	-11.7	-1.4	7.6	5.2	8.6	-1.6	6.4	0.7	0.6	1.5	2.3	2.8	2.5
Residential Fixed Investment	5.4	-1.5	-0.1	1.6	3.1	1.8	0.0	0.2	2.3	1.2	1.4	0.9	1.0
Exports	0.3	7.3	10.9	9.8	8.1	7.5	6.9	6.5	6.5	6.3	6.2	6.1	5.8
Imports	4.0	7.3	7.3	6.0	5.5	5.5	5.3	5.7	5.7	6.0	6.5	6.4	5.8
Federal Government	6.9	3.4	2.0	1.3	1.5	1.4	1.4	1.6	0.6	1.1	1.1	0.9	0.8
State & Local Government	0.0	0.1	1.5	2.3	1.7	1.8	1.7	1.3	1.3	1.3	1.5	1.7	1.9
Billions of Dollars													
Real GDP	9658.4	10023.4	10395.5	10754.3	11122.3	11488.4	11831.4	12181.1	12533.1	12897.4	13307.3	13710.7	14099.5
Nominal GDP	10852.4	11429.5	12089.3	12764.5	13484.4	14245.9	15029.1	15871.8	16782.2	17752.7	18848.5	20021.6	21227.9
Prices & Wages, Percent Change, SAAR													
GDP Deflator	1.5	1.5	2.0	2.1	2.1	2.3	2.4	2.6	2.8	2.8	2.9	3.1	3.1
Consumer Prices	2.2	1.2	1.9	2.0	2.1	2.2	2.4	2.5	2.8	2.8	3.0	3.1	3.1
Producer Prices, Finished Goods	2.7	-0.1	0.6	1.0	1.3	1.4	1.4	1.5	1.7	1.8	1.9	2.1	2.0
Employment Cost Index - Total Comp.	3.8	3.2	3.3	3.2	3.2	3.4	3.6	3.8	3.9	4.0	4.2	4.4	4.4
Other Key Measures													
Oil - WTI (\$ per barrel)	30.27	26.80	28.01	28.79	29.50	30.26	31.05	31.87	32.83	33.97	35.69	37.19	38.73
Productivity (%ch., saar)	3.0	3.0	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.4	2.4	2.3	2.5
Manufacturing Production (%ch., saar)	0.1	6.1	7.3	4.4	3.3	2.5	3.1	4.1	4.5	4.8	5.1	5.2	4.2
Factory Operating Rate	73.385	76.143	78.868	80.829	81.952	82.480	82.539	82.649	82.752	82.563	82.687	82.489	81.978
Nonfarm Inven. Chg. (Bil. 1996 \$)	13.0	55.1	62.7	54.4	52.5	50.8	44.5	48.4	51.0	51.0	59.0	57.5	53.3
Consumer Sentiment Index	88.3	92.8	90.5	90.5	91.0	90.8	89.9	89.9	90.2	90.0	91.7	91.2	89.5
Light Vehicle Sales (Mil. units, saar)	16.382	17.024	17.278	17.547	17.715	17.781	17.848	17.967	18.144	18.246	18.479	18.579	18.701
Housing Starts (Mil. units, saar)	1.717	1.636	1.600	1.618	1.675	1.685	1.668	1.667	1.696	1.678	1.678	1.680	1.654
Existing House Sales (Mil. units, saar)	5.768	5.301	5.261	5.337	5.514	5.597	5.616	5.637	5.766	5.812	5.875	5.955	6.024
Unemployment Rate (%)	6.1	6.0	5.8	5.7	5.5	5.3	5.1	5.0	4.9	4.7	4.5	4.4	4.5
Payroll Employment (%ch., saar)	-0.2	1.3	1.8	1.7	1.7	1.7	1.4	1.3	1.2	1.1	1.3	1.2	0.9
Federal Surplus (Unified, FY, bil. \$)	-428.3	-491.1	-406.1	-305.7	-228.9	-163.7	-119.9	-98.7	-60.7	-17.8	-31.6	-34.3	-24.7
Current Account Balance (Bil. \$)	-566.3	-626.5	-682.4	-712.1	-743.8	-792.8	-848.1	-920.5	-961.3	-1013.5	-1086.4	-1164.1	-1216.1
Financial Markets, NSA													
Federal Funds Rate (%)	1.12	1.07	1.86	2.25	2.54	3.4	4.4	5.4	5.5	5.5	5.5	5.8	5.8
3-Month Treasury Bill Rate (%)	1.04	1.06	1.73	2.10	2.39	3.16	4.13	5.05	5.13	5.16	5.19	5.41	5.42
10-Year Treasury Note Yield (%)	4.15	4.84	5.23	5.27	5.38	5.77	6.22	6.62	6.51	6.47	6.50	6.61	6.52
30-Year Fixed Mortgage Rate (%)	5.94	6.38	6.70	6.73	6.77	7.14	7.58	8.06	8.02	7.98	8.01	8.15	8.08
S&P 500 Stock Index	957	1064	1140	1225	1313	1415	1519	1636	1752	1879	2017	2197	2430
(Four-Quarter % change)	-3.9	11.1	7.1	7.5	7.2	7.8	7.3	7.7	7.1	7.3	7.3	8.9	10.6
Exchange Rate, Industrial Countries (% change, annual rate)	1.092	1.069	1.046	1.029	1.016	1.006	0.998	0.991	0.985	0.980	0.975	0.970	0.966
	-10.2	-2.1	-2.1	-1.6	-1.3	-1.0	-0.8	-0.7	-0.6	-0.5	-0.5	-0.5	-0.5
Incomes													
Personal Income (% ch., saar)	4.0	5.2	5.2	5.5	5.6	5.8	5.8	6.1	6.2	6.5	6.7	6.5	6.2
Real Disposable Income (%ch., saar)	3.1	4.4	2.5	2.7	2.5	2.7	2.8	3.1	2.9	3.3	3.4	2.8	2.9
Saving Rate (%)	4.0	4.4	3.7	3.6	3.1	2.6	2.4	2.3	2.2	2.3	2.4	2.3	2.3
After-Tax Profits (Billions of \$)	483	526	702	770	811	814	786	734	736	747	784	839	905
(% change)	6.9	9.0	33.4	9.6	5.3	0.5	-3.5	-6.7	0.3	1.5	4.9	7.1	7.8

Summer 2003

TABLE 1 (CONTINUED)
Summary of the U.S. Economy

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.9	3.0	2.8	2.7	2.8	2.6	2.7	2.8	2.8	2.9	3.1	3.1	3.1
Final Sales of Domestic Product	2.8	2.9	2.8	2.7	2.8	2.6	2.7	2.8	2.8	2.9	3.1	3.0	3.1
Total Consumption	3.0	3.0	2.8	2.9	2.9	2.8	2.7	2.7	2.8	2.8	2.9	2.9	2.9
Durables	4.2	4.6	4.1	4.3	4.5	4.3	4.4	4.3	4.1	3.6	3.9	3.7	3.7
Nondurables	3.6	3.5	3.4	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Services	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.5	2.7	2.7	2.7
Nonresidential Fixed Investment	5.0	5.6	5.2	4.8	5.1	5.2	5.3	5.3	5.6	5.8	5.8	5.6	5.4
Equipment & Software	6.5	6.7	6.1	5.8	6.2	6.3	6.4	6.3	6.5	6.7	6.9	6.5	6.4
Information Processing Equipment	8.7	8.4	7.4	7.1	7.9	8.1	7.7	7.4	7.5	7.8	7.8	7.3	7.4
Computers & Peripherals	18.0	17.3	16.8	17.2	17.2	17.1	17.0	17.1	17.2	17.1	17.1	17.4	17.5
Communications Equipment	8.8	8.4	8.3	7.6	8.0	7.6	7.2	7.0	6.7	6.2	6.3	6.5	6.4
Industrial Equipment	2.8	3.4	3.8	4.0	3.0	2.4	3.9	4.5	4.6	5.1	5.1	4.7	3.9
Transportation equipment	3.3	4.5	4.0	3.2	3.7	3.6	4.0	4.2	4.4	4.5	5.1	4.8	4.3
Aircraft	4.1	4.2	4.3	4.5	4.3	4.1	4.5	4.6	4.8	4.9	5.1	5.0	5.0
Other Equipment	4.7	5.4	5.1	4.9	5.2	5.0	5.4	5.6	5.8	6.0	6.4	6.3	6.3
Structures	0.4	1.7	2.1	1.5	1.2	1.8	1.9	2.0	2.4	2.5	2.2	2.5	2.2
Buildings and Miscellaneous	0.0	1.7	2.1	1.4	1.0	1.8	2.0	2.0	2.5	2.6	2.1	2.5	2.2
Commercial	1.3	3.3	3.1	2.2	2.6	2.4	2.3	2.8	2.6	3.0	2.7	2.9	2.6
Industrial	-5.1	-1.8	0.4	4.3	-0.8	-1.5	-1.9	-2.0	-1.2	0.7	-0.4	-0.4	-1.7
Other	-0.5	0.0	1.2	-0.8	-0.9	1.9	2.6	2.0	3.7	2.9	2.4	2.9	2.7
Mining & Petroleum	0.3	-0.2	0.0	0.1	0.2	0.3	0.3	0.4	0.4	0.5	0.4	0.4	0.4
Public Utilities	2.3	2.5	2.6	2.2	2.4	2.7	2.5	2.4	2.7	2.8	3.0	3.1	3.0
Residential Fixed Investment	1.1	1.4	0.4	1.4	2.2	1.7	1.9	2.0	1.1	1.1	1.7	1.8	2.1
Exports	6.0	6.6	6.9	6.5	6.1	6.0	6.2	6.3	6.3	6.4	6.6	6.7	6.6
Imports	6.0	6.3	6.1	6.3	6.6	6.4	6.3	6.2	6.0	5.8	5.9	6.0	5.7
Federal Government	0.7	0.7	0.6	0.7	1.6	-0.2	0.4	0.6	0.6	0.6	0.6	0.6	0.6
State & Local Government	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.7	1.7	1.7	1.7	1.6
Billions of Dollars													
Real GDP	14501.7	14931.3	15353.3	15773.9	16208.7	16634.0	17087.3	17558.1	18052.5	18578.3	19153.3	19738.5	20347.1
Nominal GDP	22498.0	23896.1	25376.0	26949.1	28626.0	30369.0	32255.0	34258.4	36406.8	38732.1	41286.9	43986.1	46860.4
Prices & Wages, Percent Change, SAAR													
GDP Deflator	3.0	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.3
Consumer Prices	3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.5	3.6	3.6	3.6	3.6	3.6
Producer Prices, Finished Goods	1.9	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4
Employment Cost Index - Total Comp.	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Other Key Measures													
Oil - WTI (\$ per barrel)	40.09	41.31	42.77	44.39	46.18	48.10	50.17	52.40	54.81	57.35	60.03	62.85	65.86
Productivity (%ch., saar)	2.4	2.4	2.3	2.2	2.3	2.1	2.3	2.3	2.3	2.4	2.5	2.4	2.4
Manufacturing Production (%ch., saar)	3.8	3.9	3.7	3.8	3.7	3.7	3.7	3.8	4.0	4.1	4.3	4.3	4.3
Factory Operating Rate	81.846	82.265	82.669	83.128	83.260	83.168	83.225	83.386	83.796	84.395	85.184	85.842	86.489
Nonfarm Inven. Chg. (Bil. 1996 \$)	60.3	68.3	69.6	70.8	73.2	70.7	73.7	75.3	77.4	81.0	90.2	95.5	94.8
Consumer Sentiment Index	89.6	90.0	89.4	90.1	90.0	89.5	89.5	89.4	89.5	89.2	89.8	89.8	89.8
Light Vehicle Sales (Mil. units, saar)	18.987	19.369	19.672	19.992	20.248	20.327	20.488	20.718	21.029	21.301	21.671	21.915	22.040
Housing Starts (Mil. units, saar)	1.655	1.651	1.634	1.644	1.656	1.655	1.663	1.663	1.648	1.641	1.641	1.644	1.651
Existing House Sales (Mil. units, saar)	6.127	6.230	6.275	6.369	6.507	6.595	6.710	6.805	6.829	6.856	6.921	7.008	7.111
Unemployment Rate (%)	4.6	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.4
Payroll Employment (%ch., saar)	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Federal Surplus (Unified, FY, bil. \$)	-44.4	-40.2	-32.8	-49.3	-63.4	-90.0	-119.3	-164.3	-264.5	-376.4	-518.5	-645.1	-761.7
Current Account Balance (Bil. \$)	-1281.5	-1354.6	-1443.0	-1483.0	-1524.8	-1561.0	-1580.7	-1577.9	-1556.6	-1495.7	-1398.4	-1267.4	-1067.4
Financial Markets, NSA													
Federal Funds Rate (%)	5.8	5.8	6.3	6.3	6.3	6.3	6.3	6.3	6.5	6.8	6.8	6.8	6.8
3-Month Treasury Bill Rate (%)	5.44	5.45	5.90	5.92	5.93	5.93	5.94	5.94	6.17	6.39	6.39	6.39	6.40
10-Year Treasury Note Yield (%)	6.53	6.54	6.86	6.89	6.97	7.06	7.14	7.20	7.45	7.67	7.79	7.90	8.03
30-Year Fixed Mortgage Rate (%)	8.10	8.12	8.42	8.45	8.52	8.61	8.69	8.73	8.95	9.14	9.23	9.33	9.42
S&P 500 Stock Index	2735	3108	3450	3816	4238	4598	5033	5332	5569	5808	6184	6643	7042
(Four-Quarter % change)	12.6	13.6	11.0	10.6	11.0	8.5	9.5	5.9	4.5	4.3	6.5	7.4	6.0
Exchange Rate, Industrial Countries	0.957	0.944	0.931	0.920	0.912	0.904	0.895	0.885	0.876	0.867	0.860	0.854	0.849
(% change, annual rate)	-0.9	-1.5	-1.3	-1.2	-0.8	-0.9	-1.0	-1.1	-1.1	-1.0	-0.8	-0.7	-0.5
Incomes													
Personal Income (% ch., saar)	6.2	6.4	6.5	6.5	6.6	6.5	6.6	6.6	6.8	6.9	7.0	7.1	7.1
Real Disposable Income (%ch., saar)	2.9	2.8	2.7	2.8	2.8	2.8	2.8	3.0	3.2	3.3	3.5	3.4	3.3
Saving Rate (%)	2.3	2.1	2.1	2.1	2.0	2.1	2.2	2.5	3.0	3.6	4.1	4.6	5.0
After-Tax Profits (Billions of \$)	973	1059	1094	1176	1277	1371	1495	1626	1752	1912	2134	2359	2654
(% change)	7.5	8.9	3.3	7.5	8.7	7.3	9.1	8.8	7.8	9.1	11.6	10.6	12.5

TABLE 2
Population, Labor Force and Potential GDP

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Millions													
Total Population	291.7	294.2	296.8	299.3	301.8	304.3	306.8	309.3	311.8	314.3	316.9	319.4	321.9
Under 5	19.7	19.9	20.0	20.2	20.3	20.5	20.7	21.0	21.2	21.4	21.7	21.9	22.1
Ages 5 through 21	72.8	73.3	73.7	74.0	74.2	74.4	74.5	74.7	74.7	74.6	74.6	74.7	74.9
Ages 16 and Up	226.9	229.4	231.9	234.5	237.0	239.5	241.8	244.1	246.2	248.3	250.4	252.5	254.5
Males Ages 25 through 54	62.6	62.8	63.0	63.2	63.4	63.5	63.5	63.5	63.4	63.3	63.3	63.2	63.2
Ages 55 through 64	28.0	29.2	30.4	31.6	32.7	33.7	34.9	36.3	37.5	38.2	39.1	39.8	40.1
Ages 65 and Up	35.9	36.3	36.7	37.1	37.8	38.6	39.3	40.0	40.9	42.5	43.8	45.1	46.5
Ages 85 and Up	4.7	4.8	4.9	5.1	5.3	5.5	5.6	5.7	5.9	6.0	6.1	6.3	6.5
Percent Change, Annual Rate													
Total Population	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Under 5	0.8	0.8	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.1	1.0	0.9
Ages 5 through 21	1.1	0.8	0.5	0.4	0.3	0.2	0.2	0.2	0.1	-0.1	0.0	0.1	0.3
Ages 16 and Up	1.2	1.1	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8
Males Ages 25 through 54	0.2	0.3	0.4	0.3	0.2	0.2	0.0	0.0	0.0	-0.2	-0.1	-0.1	0.0
Ages 65 and Up	0.9	1.0	1.1	1.3	1.7	2.2	1.9	1.8	2.1	3.8	3.2	3.0	3.0
Ages 85 and Up	2.8	2.9	3.2	3.6	3.4	2.9	2.8	2.6	2.2	2.2	2.2	2.3	3.5
Labor Force and Employment													
Labor Force, Millions	146.6	148.2	150.1	152.2	154.2	156.1	158.0	159.8	161.3	162.3	163.4	165.0	166.3
Under 65	141.9	143.5	145.3	147.4	149.4	151.2	153.0	154.7	156.1	156.9	157.8	159.0	160.0
Ages 65 and Up	4.7	4.7	4.8	4.8	4.8	4.9	5.0	5.1	5.2	5.4	5.6	5.9	6.3
Participation Rate, Percent	64.6	64.6	64.7	64.9	65.1	65.2	65.3	65.5	65.5	65.3	65.3	65.3	65.3
Under 65	74.3	74.3	74.4	74.7	75.0	75.3	75.6	75.8	76.0	76.2	76.4	76.7	76.9
Ages 65 and Up	13.2	13.1	13.0	12.9	12.8	12.7	12.7	12.7	12.7	12.7	12.8	13.1	13.5
Employment, Millions													
Household Survey	137.7	139.3	141.4	143.6	145.7	147.9	149.9	151.8	153.4	154.6	156.1	157.7	158.7
Establishment Survey	130.1	131.7	134.1	136.4	138.8	141.1	143.1	144.9	146.7	148.3	150.2	152.0	153.4
Percent Change, Annual Rate	-0.2	1.3	1.8	1.7	1.7	1.7	1.4	1.3	1.2	1.1	1.3	1.2	0.9
Unemployment Rate, Percent	6.1	6.0	5.8	5.7	5.5	5.3	5.1	5.0	4.9	4.7	4.5	4.4	4.5
Average Weekly Hours	33.0	33.0	33.0	32.9	32.9	32.9	32.8	32.8	32.8	32.8	32.7	32.8	32.8
Manhours in Private Nonfarm Estab.													
Billions of Hours, SAAR	193.3	196.9	201.0	204.7	208.5	212.2	215.3	218.1	221.0	223.4	226.4	229.2	231.1
Percent Change, Annual Rate	-0.4	1.9	2.1	1.8	1.9	1.8	1.4	1.3	1.3	1.1	1.3	1.2	0.9
Index of Vendor Performance	52.3	54.6	55.7	55.8	54.6	53.3	52.3	52.0	51.9	51.3	51.9	51.2	50.7
Potential GDP													
Billions of Chained 1996 Dollars	10008	10302	10619	10955	11299	11636	11970	12312	12667	13011	13371	13750	14145
Percent Change, SAAR													
Potential GDP	2.9	2.9	3.1	3.2	3.1	3.0	2.9	2.9	2.9	2.7	2.8	2.8	2.9
Nonhousing, Non-Government													
Potential Output	3.2	3.5	3.6	3.6	3.6	3.3	3.2	3.3	3.3	3.1	3.2	3.3	3.3
Capital Stock	2.8	3.4	4.0	4.6	5.2	5.5	5.4	5.3	5.3	5.4	5.5	5.8	6.0
R&D Capital Stock	3.6	3.3	3.3	3.5	3.7	3.9	3.9	3.7	3.6	3.6	3.5	3.5	3.5
Full-Employment Labor Force	0.8	1.3	1.3	1.4	1.3	1.1	1.0	1.1	1.2	0.7	0.9	0.9	0.8
Multifactor Productivity	1.40	1.38	1.32	1.20	1.00	0.81	0.76	0.75	0.75	0.75	0.75	0.76	0.78
Nonfarm Productivity - Output per Hour													
Full-Employment	2.3	2.2	2.3	2.3	2.2	2.2	2.2	2.2	2.1	2.4	2.3	2.3	2.5
Actual	3.0	3.0	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.4	2.4	2.3	2.5

TABLE 2 (CONTINUED)

Population, Labor Force and Potential GDP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Millions													
Total Population	324.5	327.0	329.5	332.1	334.6	337.2	339.7	342.3	344.9	347.5	350.2	352.8	355.5
Under 5	22.3	22.4	22.6	22.7	22.9	23.0	23.1	23.3	23.4	23.5	23.6	23.7	23.9
Ages 5 through 21	75.2	75.6	76.1	76.6	77.1	77.7	78.3	79.0	79.6	80.3	80.9	81.6	82.2
Ages 16 and Up	256.5	258.4	260.4	262.3	264.3	266.2	268.2	270.2	272.2	274.3	276.4	278.5	280.6
Males Ages 25 through 54	63.2	63.2	63.2	63.2	63.3	63.5	63.7	64.0	64.2	64.5	64.9	65.3	65.8
Ages 55 through 64	40.4	40.8	41.1	41.4	41.7	42.0	42.3	42.7	43.0	43.3	43.6	44.0	44.3
Ages 65 and Up	47.9	49.4	51.0	52.6	54.3	56.1	57.9	59.7	61.5	63.3	65.1	66.9	68.8
Ages 85 and Up	6.6	6.7	6.8	6.8	6.9	7.0	7.1	7.2	7.3	7.5	7.7	7.9	8.2
Percent Change, Annual Rate													
Total Population	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Under 5	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Ages 5 through 21	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Ages 16 and Up	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7
Males Ages 25 through 54	0.0	0.0	0.0	0.0	0.2	0.2	0.4	0.4	0.4	0.5	0.6	0.7	0.7
Ages 65 and Up	3.0	3.2	3.2	3.2	3.2	3.2	3.3	3.1	3.0	2.9	2.9	2.8	2.8
Ages 85 and Up	1.8	1.5	0.9	0.8	0.9	1.5	1.5	1.5	2.0	2.2	2.4	2.9	3.9
Labor Force and Employment													
Labor Force, Millions	167.1	168.0	169.1	170.2	171.3	172.1	172.8	173.8	175.1	176.8	178.7	180.7	182.7
Under 65	160.5	161.0	161.6	162.3	162.9	163.2	163.4	163.8	164.6	165.7	167.1	168.5	169.8
Ages 65 and Up	6.6	7.1	7.5	7.9	8.4	8.9	9.4	10.0	10.5	11.1	11.6	12.2	12.9
Participation Rate, Percent	65.2	65.0	64.9	64.9	64.8	64.6	64.4	64.3	64.3	64.4	64.7	64.9	65.1
Under 65	76.9	77.0	77.2	77.4	77.6	77.7	77.7	77.8	78.1	78.5	79.1	79.6	80.2
Ages 65 and Up	13.9	14.3	14.7	15.1	15.5	15.9	16.3	16.7	17.1	17.5	17.9	18.3	18.7
Employment, Millions													
Household Survey	159.5	160.4	161.5	162.7	163.8	164.5	165.2	166.1	167.3	168.9	170.8	172.7	174.6
Establishment Survey	154.9	156.5	158.1	159.6	161.2	162.7	164.1	165.5	167.0	168.6	170.3	172.0	173.8
Percent Change, Annual Rate	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Unemployment Rate, Percent	4.6	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.4
Average Weekly Hours	32.9	33.0	33.1	33.2	33.2	33.3	33.4	33.5	33.6	33.6	33.7	33.8	33.9
Manhours in Private Nonfarm Estab.													
Billions of Hours, SAAR	233.2	235.6	238.0	240.3	242.5	244.9	247.3	249.7	252.5	255.4	258.7	262.2	265.8
Percent Change, Annual Rate	0.9	1.0	1.0	1.0	0.9	1.0	1.0	1.0	1.1	1.2	1.3	1.4	1.4
Index of Vendor Performance	51.4	52.2	52.4	52.7	52.1	51.7	51.8	52.0	52.5	53.1	53.8	53.6	53.9
Potential GDP													
Billions of Chained 1996 Dollars	14545	14944	15349	15761	16183	16625	17082	17552	18040	18548	19074	19615	20167
Percent Change, SAAR													
Potential GDP	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Nonhousing, Non-Government													
Potential Output	3.2	3.1	3.1	3.1	3.1	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3
Capital Stock	5.6	5.4	5.1	4.9	4.8	4.9	4.9	4.9	4.9	5.0	5.0	5.1	5.0
R&D Capital Stock	3.5	3.5	3.6	3.6	3.7	3.7	3.8	3.9	3.9	4.0	4.1	4.2	4.4
Full-Employment Labor Force	0.8	0.7	0.8	0.8	0.8	1.0	0.9	0.9	1.0	1.0	1.0	1.0	0.9
Multifactor Productivity	0.80	0.83	0.85	0.87	0.89	0.91	0.93	0.93	0.93	0.93	0.93	0.93	0.93
Nonfarm Productivity - Output per Hour													
Full-Employment	2.4	2.4	2.3	2.2	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Actual	2.4	2.4	2.3	2.2	2.3	2.1	2.3	2.3	2.3	2.4	2.5	2.4	2.4

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The Cyclical Projection

by Patrick J. Newport

Business Planning in an Uncertain Environment

Highlights

- *Four recessions disrupt economic growth in the cyclical projection, but the economy rebounds each time, although the level of real GDP is below that of the trend.*
- *The shocks to confidence, income, and employment work together to keep real investment below the trend through most of the forecast period.*
- *The unemployment rate averages 5.1% in the cycle forecast, compared with 4.8% in the trend.*
- *As in the recessions of 1975 and 1982, oil price spikes exacerbate business downturns.*

This long-term planning scenario explicitly includes business-cycle fluctuations. The expansions and contractions

are built to typify those of the postwar period. As in the past, exogenous shocks exacerbate the business cycles depicted in this projection. The timing of the recessions is, of course, only suggestive (Exhibit 1).

Beginning in 2003, the cyclical projection includes four recessions. Collectively, these resemble the depth and duration of an average postwar downturn, with the decline in real GDP from the peak of economic expansion to the trough of activity averaging 1.3%.

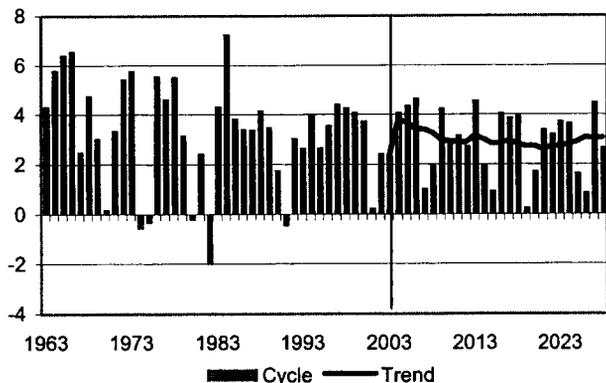
The U.S. economy is currently expanding, after experiencing its first recession in a decade. The cyclical scenario projects this expansion to continue until early 2007, when a slump in consumer confidence reduces consumer spending, pushing the economy into a two-quarter recession. Over the remainder of the projection period, three additional recessions occur in 2014, 2019, and 2025. The severity of these downturns varies, although each falls within the range of other postwar recessions (Exhibit 2).

EXHIBIT 1
Peak-to-Trough Movements During Recessions
(Percent Change)

Recession of:	Cycle									
	1975	1980	History 1982	1991	2001	2007	2014	2019	2025	
Gross Domestic Product	-3.4	-2.2	-2.9	-1.5	-0.5	-1.5	-1.5	-1.1	-1.1	
Consumption	-1.0	-1.3	0.7	-0.9	0.7	-0.9	-0.2	-0.5	-0.4	
Durable Goods	-9.5	-6.9	-3.1	-7.5	2.4	-9.6	-10.4	-16.9	-16.2	
Nondurable Goods	-2.4	-1.5	1.0	-1.0	0.2	0.7	1.9	1.3	1.0	
Services	2.9	0.4	1.5	0.6	0.6	0.0	0.5	1.2	1.1	
Nonresidential Fixed Investment	0.0	0.0	0.0	-3.6	-5.3	-4.2	-1.0	-6.1	-0.5	
Equipment	-9.5	-5.9	-8.1	-2.0	-6.7	-6.4	-0.7	-7.9	-2.2	
Structures	-11.1	-1.6	-4.8	-6.9	-1.5	2.9	-2.1	0.0	5.1	
Nonfarm Inventory Accumulation (a)	-90.4	-41.2	-43.6	-53.3	-31.0	-83.6	-264.8	-226.0	-325.2	
Residential Fixed Investment	0.0	0.0	0.0	-18.2	0.0	-4.9	-6.1	-9.4	-14.8	
Federal Government Purchases	0.0	0.0	0.0	0.6	1.8	0.7	0.6	0.5	-6.1	
State and Local Government Purchases	0.0	0.0	0.0	2.0	0.7	0.6	1.1	0.8	1.3	
Exports	5.0	1.5	-7.0	1.2	-7.7	2.8	-1.2	3.3	2.6	
Imports	-11.0	-14.0	2.9	-5.7	-4.8	-0.5	-2.0	-4.4	-2.6	
Industrial Production	-11.3	-6.0	-6.8	-3.2	-2.7	-3.1	-1.2	1.6	-5.6	
Output per Hour	0.3	-0.6	-1.1	-0.2	0.4	-0.8	-1.0	-0.1	-0.2	
Payroll Employment	-1.1	-0.9	-2.4	-0.9	-0.6	-0.5	-0.4	-0.7	-0.4	

EXHIBIT 2

Real GDP Growth Remains Volatile
(Percent)



Projection Detail

Participation Rates and the Labor Force. The cyclical and trend projections use the same population assumptions. Projected labor-force growth is thus similar. In the cyclical projection, lower real wages and higher average unemployment discourage some workers from entering the labor force when the economy is weak, but have the opposite effect when the economy is strong. Overall participation is 182.8 million by 2028, about the same as the trend. Demographics curb labor-force gains in both scenarios, as baby boomers leave their working years behind and swell the ranks of retirees.

Inflation. Prices are more volatile in the cyclical projection than in the trend. As the expansion matures, demand pressures rekindle inflation, prompting the Federal Reserve to restrict the growth of reserves. Eventually, the higher interest rates dampen demand pressures and slow inflation. But the increased volatility raises inflationary expectations, forcing the Fed to intervene quickly in response to any evidence of higher prices.

In this scenario, consumer price inflation averages 3.2% annually through 2028, compared with 2.8% in the trend. Quarterly increases (at annual rates) in the consumer price index range from 0.1% to 5.9% (Exhibit 3). While the lower range may seem optimistic considering the double-digit inflation rates of the not-so-distant past, inflation expectations today are lower, largely because inflation has remained low in recent years despite unusually strong growth.

The duration and timing of inflationary periods are of prime importance to the business planner. Inflation typically begins to accelerate about a year or so before a recession. Then, when CPI inflation exceeds 2.5-3.0%, the Fed tightens its reins, interest rates rise, and the economy slows. Typically, price increases begin to moderate about two quarters after the onset of recession.

Financial Conditions. Before the Federal Reserve adopted its present gradualist approach to monetary policy, it was often guilty of stepping too hard on the accelerator or the brake, creating a stop-and-go environment. In the cyclical

EXHIBIT 3

Inflation Will Rise Despite Higher Interest Rates
(Percent)

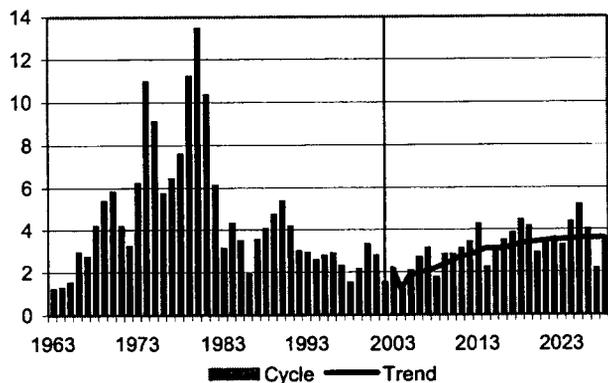


EXHIBIT 4

The Fed Preserves Its Inflation-Fighting Credibility by Raising Interest Rates
(Federal funds rate, percent)

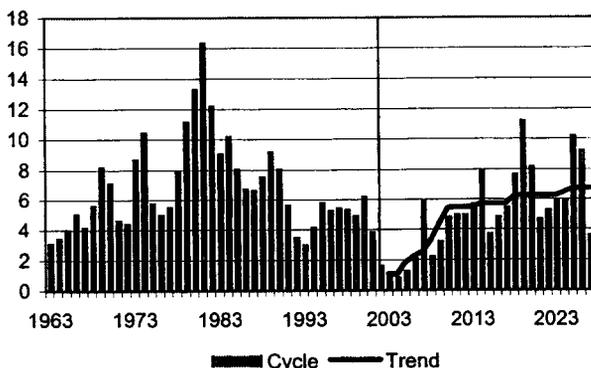


EXHIBIT 5
Personal Consumption Slows in Cyclical Scenario
(Average annual percent change)

	History		Cycle		
	1977 -1987	1988 -2002	2003 -2008	2009 -2018	2019 -2028
Total Expenditures	3.3	3.2	3.0	3.3	2.7
Total less New Light Vehicles	N/A	3.2	3.1	3.3	2.8
Durable Goods	5.0	5.4	3.6	5.5	3.2
Motor Vehicles & Parts	4.3	3.1	1.2	3.5	-0.5
Furniture & Household Equip.	6.3	8.3	6.0	7.2	5.1
Computers	N/A	44.1	21.1	20.0	19.2
Software	N/A	36.2	6.1	5.8	3.9
Other Equipment	5.6	5.5	4.7	5.9	3.4
Other Durables	4.5	5.0	4.5	6.0	5.2
Nondurable Goods	2.4	2.8	3.2	3.6	3.2
Clothing & Shoes	5.7	4.6	3.9	5.0	4.8
Food & Beverages	1.7	2.1	2.1	1.9	2.3
Gasoline & Oil	1.4	1.7	3.7	1.8	2.6
Fuel Oil & Coal	-5.2	-0.7	-4.3	-3.1	-1.3
Other Nondurables	3.2	3.6	4.6	5.6	3.7
Tobacco	-1.0	-2.4	-1.8	-4.7	-7.0
Drugs & Pharmaceuticals	4.4	5.8	7.9	7.8	3.6
Services	3.6	2.9	2.8	2.8	2.4
Housing	2.9	2.1	1.8	1.0	0.0
Household Operation	2.9	3.3	2.5	3.6	4.4
Transportation	3.3	2.8	2.7	2.4	2.7
Medical Care	3.9	3.0	3.3	3.1	2.9
Recreation	5.5	4.6	5.3	4.9	4.6
Personal Business	4.6	3.5	3.1	3.1	2.0
Other Services	3.7	3.0	2.4	2.5	1.9

scenario, we expect some return to that abruptness, predicated on imperfect information, reaction to external shocks, and simple policy mistakes. We also assume, however, that the Fed does not want to reverse its success of the 1990s, and that it therefore remains vigilant, reacting forcefully when inflation accelerates.

Because inflation is more volatile in this cyclical scenario, the federal funds rate is also more volatile. During periods of Fed tightening, the funds rate can reach 13%, or 625 basis points above trend levels.

The yield curve typically inverts during credit crunches, which means that short-term interest rates are higher than long-term rates. This usually happens when the Fed is determined to reduce inflation by raising short-term rates and slowing economic growth. Credible Fed action thus reassures markets that the return on bonds will not be eroded by inflation. Greater market confidence then moderates the rise in long-term yields, while the immediate shortage of liquidity boosts short-term rates sharply, causing an inversion of the yield curve. As the recession unfolds, a

decline in demand for long-term funds by businesses scaling back their investment plans can maintain the inversion.

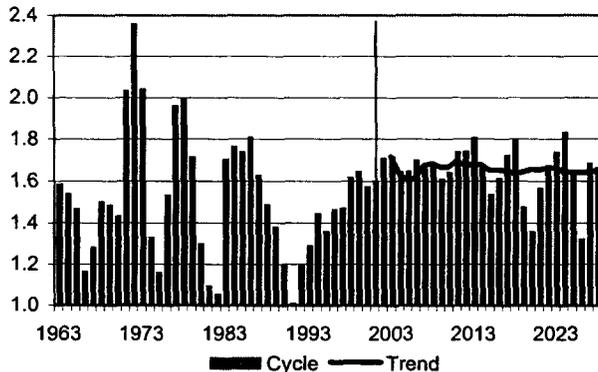
The business planner should note that interest rates usually begin to rise progressively faster about three quarters or so before a recession arrives, and generally peak in the early stages of the contraction. During the recession and early recovery, rates will decline dramatically. Given this, planners should remember that interest-rate cycles, while extremely volatile, are only temporary.

Consumer Spending and Income. Consumer spending—the single-largest component of GDP—is somewhat insulated from business-cycle fluctuations because of its nondiscretionary component. Real consumption of services and nondurable goods (such as food and clothing) therefore remains fairly stable throughout the projection period; nondurables grow 3.3%, the same as in the trend, while services grow 2.6%, also the same as in the trend.

Discretionary purchases of durable goods, however, fluctuate with interest rates and economic conditions, which influence consumers' buying decisions about such big-ticket items as cars and home appliances. Spending on new cars and light trucks, for instance, can rise or fall by 10-20% per year.

Consumer confidence also plays an important role in the cyclical projection. In favorable economic times, when the unemployment rate is low and people feel more secure

EXHIBIT 6
Economic Fluctuations Sharply Influence Housing
(Millions of starts)



about their jobs, consumers spend more and save less. When interest rates rise and fears of inflation take over, consumers cut back or postpone discretionary purchases. On average, though, the underlying uncertainty within this scenario dampens demand for big-ticket items over the entire projection period (Exhibit 5).

The consumer confidence index provides a fairly accurate gauge of consumers' buying patterns, although it does a better job of predicting recessions than recoveries. Confidence typically slips a quarter or two before a recession, and rebounds only when positive economic news convinces consumers that the recession is over.

Housing. Over the short term, the housing market reacts to prevailing economic conditions. Typically, housing activity leads the economic cycle; home sales begin to decline midway through an expansion in response to rising mortgage rates and home prices, and then revive toward the end of a recession as rates fall and affordability improves. Builders respond quickly to changing demand by adjusting the pace of residential construction. Thus, housing starts can exhibit volatile cyclical swings from year to year, ranging from about 1.3 million to 1.8 million units (Exhibit 6).

Although demographics and replacement demand are the primary determinants of long-term housing activity, this cyclical economic environment nevertheless takes its toll during recessions. During downturns, housing starts fall as much as 25% below the trend level; conversely, in upturns, they rise as much as 15%. These swings are not unusual:

EXHIBIT 7

Saving and Investment Shares of GNP (Percent)

	History		Cycle		
	1977 -1987	1988 -2002	2003 -2008	2009 -2018	2019 -2028
Household	10.1	7.3	5.8	5.0	6.0
Business	9.1	9.2	9.0	8.3	10.0
Government	-3.4	-2.6	-3.4	-0.9	-2.3
Total Saving	15.8	13.9	11.5	12.4	13.7
Total Investment	16.2	13.7	10.5	11.6	13.2
Gross Private Investment	17.3	15.7	16.1	17.4	17.2
Nonresidential Fixed Investment	12.2	11.3	11.3	13.1	13.6
Residential	4.6	4.0	4.5	3.9	3.4
Change in Inventories	0.5	0.4	0.4	0.4	0.2
Net Foreign Investment	-1.1	-2.0	-5.6	-5.8	-4.0
Statistical Discrepancy	0.8	0.0	-0.8	-0.5	-0.3

next to inventories, housing is the most volatile sector of the economy.

Business Fixed Investment. This uncertain economic landscape is bad for business investment, which suffers long-term damage. In a downturn, climbing interest rates and weak final demand reduce the rate of return on investments. In addition, sluggish cash flow restricts a corporation's ability to replace, upgrade, and expand its capital base. During periods of tight monetary policy, high interest rates choke real fixed investment, which falls below its trend levels during recessions.

Slumping business confidence also undercuts investment. An investment rebound typically lags the overall recovery, as companies first use existing spare capacity to meet growing demand. The business community must also be convinced that the rebound in demand is solid enough to justify adding new plant and equipment. Moreover, investment decisions take time to implement, with projects requiring a period of planning and preparation. Eventually, though, corporations upgrade their facilities during expansions to return capacity utilization rates to their trend levels.

Still, sharp fluctuations in business investment have a slight dampening effect on long-term capital formation. As a share of GDP, business investment averages 11.3% in the cyclical scenario. (Exhibit 8).

EXHIBIT 8

Uncertainty Creates Swings in Investment (Fixed private investment as a percent of GDP)

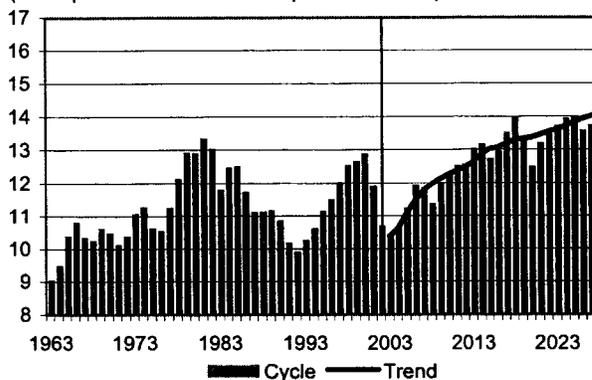
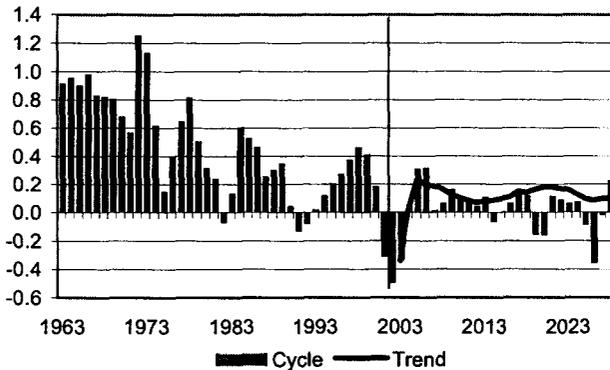


EXHIBIT 9

Cycles Mean Feast, Then Famine for State and Local Government Operating Surplus

(Percent of GDP, NIPA basis)



Inventories traditionally play a key role in business-cycle fluctuations. In this scenario, swings in stock accumulation continue to exacerbate the falloff in real GDP, as firms strive to reduce inventory by trimming production schedules. Stocks usually mirror the peak-to-trough movements in the overall economy, with some buildup occurring near the peak and drawdowns occurring just after the trough. Overall, however, inventory-to-sales ratios increase because firms are less efficient in this simulation than in the trend projection.

Government. Changing economic conditions cause wide swings in the budgets of federal, state, and local governments. In the cyclical projection, the federal budget remains in deficit throughout the forecast period. Still, the underlying economic volatility creates a cycle in the surplus: rising transfer payments during recessions increase the federal government's mandatory spending, causing the surplus to narrow. The federal budget averages a deficit of 0.3% of GDP over the projection period.

At the state and local government levels, operating budget surpluses shrink sharply during recessions. Rising demand for services, combined with lower tax receipts and less federal support, erodes the customary cushion. Since states and localities cannot run deficits for any length of time, spending sometimes has to be cut, exacerbating the cycle.

International. Fluctuating economic conditions cause greater volatility in the exchange rate, as the dollar responds to shifting inflation and interest rates. Although higher interest rates attract investment funds to the United States, higher inflation discourages investors from holding dollar-denominated assets. On balance, the real exchange rate—the nominal exchange rate adjusted for changes between price levels here and abroad—is higher than in the trend, implying a loss of international competitiveness. The exchange rate rises when the U.S. economy becomes an attractive place to invest—that is, when interest rates are high and inflation is low. The dollar usually strengthens in the period immediately following a recession (Exhibit 10).

Incorporating business cycles increases the volatility of the real trade balance, but the lower demand for manufactured goods during recessions also reduces this balance. Overall, the merchandise trade deficit as a percent of GDP averages 5.5% in the cyclical projection, compared with 4.8% in the trend. Although this scenario does not explicitly contain worldwide recessions, the major U.S. trading partners—Canada, Japan, and Europe—do experience slower growth when U.S. import demand is weak.

Profits and Equities. Corporate profits fluctuate sharply during business cycles. Pretax profits fall dramatically in a recession, but rebound just as quickly with the recovery; the cycle in profits is thus short but steep. Before taxes, profits range from 3.2% to 9.8% of GNP through 2028, compared with the 6.6–9.2% in the trend.

EXHIBIT 10

Dollar's Exchange-Rate Swings Influence Trade

(Trade-weighted dollar, 1990=1.0)

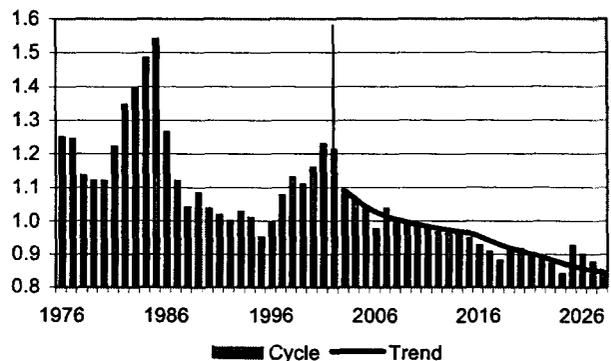


EXHIBIT 11

Industrial Production

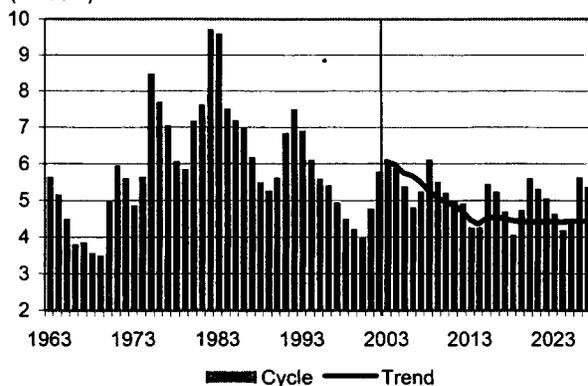
(Average annual percent change)

	History			Cycle		
	1977 -1987	1988 -2002	2003 -2028	2003 2008	2009 -2018	2019 -2028
Mining	0.0	-0.2	0.4	0.7	0.6	0.0
Utilities	1.8	2.4	2.3	2.1	2.5	2.1
Manufacturing - SIC Basis	2.1	3.3	3.6	3.5	4.5	2.9
Food	2.1	1.5	2.0	1.6	2.3	1.9
Textile Mills	0.3	-1.1	-1.0	-2.9	0.8	-1.7
Apparel	-0.3	-2.7	-1.4	-3.0	-0.8	-0.9
Logging*	-0.5	-2.5	-0.1	-3.2	1.1	0.5
Furniture & Related Products	2.5	1.2	2.1	0.2	4.1	1.3
Paper & Products	1.8	0.5	2.1	1.8	2.9	1.6
Newspapers, Periodicals, Books*	-0.2	0.4	2.1	2.2	2.4	1.7
Petroleum & Coal Products	1.4	1.0	2.6	2.5	2.6	2.8
Chemicals	2.3	2.1	4.2	3.5	4.8	3.9
Rubber & Plastics Products	4.4	3.6	2.9	1.5	3.8	2.9
Leather & Allied Products	-2.3	-3.4	-1.5	-2.7	-1.1	-1.0
Nonmetallic Mineral Products	2.1	1.7	2.1	1.3	2.9	1.7
Primary Metals	0.6	0.6	-0.8	0.7	1.3	-3.7
Fabricated Metal Products	2.1	1.9	1.1	1.3	2.8	-0.8
Machinery	1.2	1.3	1.6	1.4	4.1	-0.7
Computers & Electronic Prod.	20.6	17.1	12.1	11.7	12.8	11.5
Elec. Eq., Appliances, & Comp.	1.4	1.5	2.3	1.8	3.4	1.4
Transportation Equipment	2.3	2.0	1.8	0.9	2.5	1.7
Miscellaneous	2.9	3.5	3.0	4.0	3.0	2.2
All Manufacturing - NAICS	2.9	3.5	3.9	3.5	4.8	3.1
Durable Goods	3.8	5.1	4.7	4.6	5.9	3.5
Nondurable Goods	1.7	1.3	2.7	1.9	3.2	2.7
All Less Comp., Commun., & Chips	2.1	1.4	2.2	1.8	2.9	1.8

Equities follow earnings and thus also exhibit strong, yet short, cyclical patterns: the stock market can lose more than 30% of its value during an economic downturn, but rally just as quickly during the ensuing recovery. Typically, stocks begin to decline a quarter before the onset of recession, then fall precipitously as the downturn deepens. Stock prices generally start to rebound a quarter before the recession ends.

Production and Employment. On average, total industrial production declines in recessions. Utilization rates in manufacturing are also volatile, ranging from 86% during periods of peak demand to 76% during recessions. Those industries particularly sensitive to interest-rate fluctuations, such as motor vehicles, suffer deeper output declines. On the other hand, industries such as instruments, food, and utilities remain relatively resistant to changing economic conditions (Exhibit 11).

EXHIBIT 12

Unemployment Rate Surges During Recessions
(Percent)

Consequently, employment weathers recessions better in these industries than it does in industries such as primary metals, rubber and plastics, and lumber. Overall, weaker productivity gains and shifts in labor-force composition prevent the unemployment rate from reaching the double-digit rates of the early 1980s. The reorientation of the economy away from manufacturing and toward services also moderates the swings in unemployment. We therefore anticipate a jobless rate in the 3.9-6.2% range (Exhibit 12). Steady declines in labor-force growth also help contain unemployment in the cyclical projection.

Energy. Oil price assumptions strongly influence economic conditions. The U.S. refiners' acquisition price of foreign crude rises to about the same level as in the trend projection; however, this simulation includes several sharp oil price jumps during periods of strong demand, when OPEC

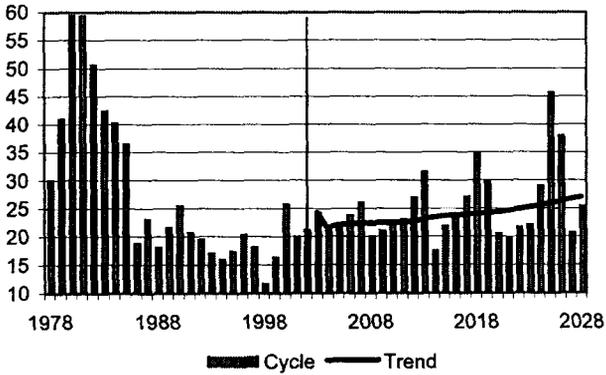
EXHIBIT 13

Contributions to New Jobs

(Payroll employment, cumulative percent change)

	History			Cycle	
	1977 -1987	1988 -2002	2003 -2008	2009 -2018	2019 -2028
Manufacturing	0.4	-13.1	-7.9	-8.0	-1.6
Mining and Construction	30.4	24.8	11.3	21.6	24.3
Government	14.4	25.2	1.0	2.0	2.6
Private Services	31.7	28.2	8.1	13.5	11.1
Total New Jobs (Millions)	22.6	28.3	9.0	20.0	15.4

EXHIBIT 14
Oil Price Spikes Will Complicate Planning
 (Real foreign crude, 1996 dollars per barrel)



can exert greater leverage (Exhibit 14). As in the past, higher energy prices fuel inflationary pressures, which can precipitate recessions.

OPEC's oil price shocks have been sustained in some past cases, but have failed in others. This projection incorporates the same assumption on future oil price shocks as our previous cyclical simulation: price increases are always successful, but the shocks themselves are less disruptive than they have been in the past. Although industries dependent on oil remain vulnerable to temporary price volatility, energy price run-ups are generally short-lived.

TABLE 1
Summary of the U.S. Economy

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.3	4.1	4.4	4.7	1.0	1.9	4.3	3.0	3.2	2.8	4.6	2.0	0.9
Final Sales of Domestic Product	2.2	3.6	4.2	4.6	1.6	2.5	3.3	3.3	3.0	2.8	4.2	2.3	1.9
Total Consumption	2.8	4.3	3.8	3.6	1.1	2.7	3.9	3.0	3.0	2.7	4.0	2.8	1.9
Durables	5.8	7.7	6.1	6.4	-5.1	1.5	8.2	3.3	6.1	4.7	7.2	-3.4	1.2
Nondurables	3.2	3.9	3.4	3.3	1.9	3.3	3.8	3.2	3.1	3.0	3.7	4.5	3.1
Services	1.9	3.8	3.5	3.3	1.8	2.7	3.2	2.8	2.5	2.2	3.6	3.1	1.6
Nonresidential Fixed Investment	1.3	7.7	11.3	11.7	1.8	-0.5	11.9	6.8	6.8	4.7	9.8	5.3	0.3
Equipment & Software	3.9	9.9	11.2	12.7	-0.6	3.0	13.4	5.9	8.4	7.2	10.3	5.6	3.0
Information Processing Equipment	10.5	10.1	10.7	13.2	-0.1	11.3	18.7	11.0	9.7	11.7	14.2	7.1	10.8
Computers & Peripherals	26.6	23.4	19.2	20.9	17.5	24.8	20.3	19.7	18.8	18.4	17.9	18.7	20.2
Communications Equipment	6.6	9.5	10.4	9.0	1.2	-7.2	14.0	10.0	3.1	9.2	10.1	6.0	5.4
Industrial Equipment	-2.1	4.1	11.7	11.8	2.8	-0.5	-0.6	-7.7	15.3	2.6	0.8	8.3	-8.7
Transportation equipment	-5.4	17.5	15.2	17.7	-3.3	-7.9	17.4	5.9	3.2	1.5	8.9	1.7	-8.6
Aircraft	-29.0	10.0	14.5	18.6	8.0	6.2	1.8	2.8	10.0	2.4	6.2	2.2	2.8
Other Equipment	2.1	7.9	7.8	7.0	-2.2	-3.7	8.8	3.5	4.2	3.1	7.6	2.4	-1.9
Structures	-6.9	0.2	11.8	8.2	9.7	-10.5	7.0	9.9	1.9	-2.8	8.3	4.1	-7.9
Buildings and Miscellaneous	-6.8	2.5	13.6	10.2	8.8	-10.0	6.8	13.1	2.0	-3.5	6.6	9.0	-10.8
Commercial	-9.0	1.2	17.1	8.5	6.7	-16.2	13.2	11.5	2.6	-1.1	4.8	11.3	-14.5
Industrial	-20.1	1.2	21.8	14.0	45.9	12.1	-18.0	7.1	26.0	-1.8	6.9	17.4	-2.5
Other	1.1	3.6	8.0	12.9	4.3	-7.1	7.6	17.1	-4.8	-6.7	9.0	3.5	-8.5
Mining & Petroleum	0.9	-11.5	5.1	-3.3	18.6	-20.6	8.1	0.2	3.6	-2.8	26.9	-29.2	9.1
Public Utilities	-11.7	-1.2	8.6	7.1	8.6	-5.8	6.8	2.1	0.4	0.4	5.8	2.8	-1.3
Residential Fixed Investment	5.4	-1.1	1.3	3.4	-3.5	4.6	-1.2	-0.1	5.2	1.5	3.1	-3.1	0.7
Exports	0.3	7.7	12.3	13.0	9.4	2.2	5.4	7.4	6.8	7.6	9.6	6.6	-1.7
Imports	4.0	8.1	8.7	8.2	3.6	-1.5	11.4	5.1	7.2	5.7	8.6	8.2	-4.0
Federal Government	6.9	3.4	2.0	1.3	1.5	1.4	1.4	1.6	0.6	1.1	1.1	0.9	0.8
State & Local Government	0.0	0.2	1.8	2.9	2.0	-0.6	2.2	2.1	1.2	1.3	1.8	2.1	0.3
Billions of Dollars													
Real GDP	9660.5	10055.2	10495.7	10985.9	11097.7	11312.9	11795.2	12146.4	12534.0	12880.0	13469.0	13734.2	13864.1
Nominal GDP	10854.8	11472.2	12244.0	13158.6	13694.0	14296.4	15338.5	16218.3	17252.4	18305.8	19855.6	20951.6	21758.7
Prices & Wages, Percent Change, SAAR													
GDP Deflator	1.5	1.5	2.2	2.7	3.0	2.4	2.9	2.7	3.1	3.3	3.7	3.5	2.9
Consumer Prices	2.2	1.3	2.1	2.7	3.2	1.8	2.9	2.9	3.1	3.5	4.3	2.3	3.2
Producer Prices, Finished Goods	2.7	-0.1	0.9	2.2	2.8	-0.2	2.0	2.1	2.2	2.8	4.2	-0.2	2.0
Employment Cost Index - Total Comp.	3.8	3.3	3.8	4.1	4.0	3.4	3.7	4.1	4.3	4.6	4.8	4.9	4.2
Other Key Measures													
Oil - WTI (\$ per barrel)	30.27	26.58	27.48	31.02	34.71	27.87	29.97	33.08	34.57	41.38	49.64	29.80	37.55
Productivity (%ch., saar)	3.0	3.1	2.6	2.7	0.4	2.9	2.7	1.8	2.1	2.3	3.2	1.1	2.4
Manufacturing Production (%ch., saar)	0.2	6.7	8.5	6.5	-0.6	-0.2	5.4	4.2	4.6	4.7	6.0	6.3	-1.0
Factory Operating Rate	73.408	76.678	80.167	83.375	80.678	80.174	82.832	81.528	82.495	82.209	84.625	81.920	77.541
Nonfarm Inven. Chg. (Bil. 1996 \$)	13.2	66.9	90.2	106.0	31.3	-47.0	86.0	41.3	70.1	73.0	139.5	78.9	-109.9
Consumer Sentiment Index	88.7	95.0	97.0	101.7	84.6	86.5	89.3	91.1	95.3	96.5	106.5	81.3	78.1
Light Vehicle Sales (Mil. units, saar)	16.436	17.392	18.238	19.480	17.422	16.551	18.006	18.090	18.628	18.874	20.089	17.790	17.067
Housing Starts (Mil. units, saar)	1.718	1.647	1.647	1.701	1.661	1.677	1.611	1.643	1.741	1.744	1.811	1.661	1.539
Existing House Sales (Mil. units, saar)	5.770	5.344	5.418	5.605	5.221	5.474	5.594	5.598	5.810	5.891	5.960	5.701	6.022
Unemployment Rate (%)	6.1	5.9	5.4	4.8	5.2	6.1	5.5	5.2	5.0	4.9	4.3	4.3	5.4
Payroll Employment (%ch., saar)	-0.2	1.4	2.2	2.6	1.1	-0.3	1.9	1.7	1.5	1.0	1.9	1.2	-0.7
Federal Surplus (Unified, FY, bil. \$)	-428.2	-473.2	-344.1	-155.1	-193.5	-336.7	-133.8	-132.1	-44.4	128.5	74.8	2.6	-142.1
Current Account Balance (Bil. \$)	-566.6	-632.4	-695.9	-765.3	-826.5	-638.3	-829.7	-910.0	-991.4	-1033.7	-1222.4	-1255.8	-934.2
Financial Markets, NSA													
Federal Funds Rate (%)	1.06	0.88	1.31	2.13	6.00	2.3	3.3	4.9	5.0	5.0	5.8	8.0	3.8
3-Month Treasury Bill Rate (%)	0.99	0.90	1.28	2.05	5.44	2.21	3.15	4.61	4.73	4.75	5.50	7.47	3.64
10-Year Treasury Note Yield (%)	4.11	4.75	4.97	5.36	7.41	4.85	5.85	6.62	6.50	6.37	7.06	7.83	5.12
30-Year Fixed Mortgage Rate (%)	5.91	6.28	6.45	6.74	8.92	6.41	7.29	8.11	8.10	7.99	8.64	9.51	6.79
S&P 500 Stock Index	976	1152	1428	1575	827	1208	1742	1645	1806	1938	2108	1986	2278
(Four-Quarter % change)	-1.9	18.0	23.9	10.3	-47.5	46.0	44.2	-5.6	9.8	7.3	8.8	-5.8	14.7
Exchange Rate, Industrial Countries	1.092	1.068	1.035	0.980	1.039	1.012	0.996	0.989	0.987	0.968	0.964	0.974	0.950
(% change, annual rate)	-10.2	-2.2	-3.1	-5.3	6.0	-2.6	-1.5	-0.7	-0.2	-1.9	-0.5	1.0	-2.4
Incomes													
Personal Income (% ch., saar)	4.0	5.4	5.9	7.0	5.7	4.1	7.1	6.4	6.7	6.8	8.2	7.4	4.0
Real Disposable Income (%ch., saar)	3.0	4.4	2.5	2.9	3.0	2.2	2.8	3.3	2.4	2.4	4.5	4.8	0.8
Saving Rate (%)	4.0	4.2	3.0	2.4	4.1	3.7	2.6	2.8	2.1	1.8	2.3	4.0	3.1
After-Tax Profits (Billions of \$)	485	542	748	853	643	805	862	757	766	780	871	655	935
(% change)	7.2	11.9	37.9	14.1	-24.7	25.3	7.0	-12.1	1.2	1.7	11.8	-24.8	42.8

TABLE 1 (CONTINUED)
Summary of the U.S. Economy

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	4.1	3.9	4.0	0.3	1.7	3.4	3.2	3.7	3.7	1.7	0.9	4.5	2.7
Final Sales of Domestic Product	2.9	3.8	3.9	1.1	1.7	2.9	3.2	3.6	3.7	2.1	1.4	3.5	3.0
Total Consumption	3.7	3.7	3.8	0.8	2.5	4.0	2.9	3.4	3.1	1.9	1.1	5.2	2.1
Durables	10.3	8.7	9.0	-11.4	-1.9	16.3	8.3	8.4	8.9	-5.7	-8.9	19.6	3.4
Nondurables	3.6	4.0	4.0	2.3	4.0	4.0	2.8	3.3	3.0	2.6	2.2	5.2	2.5
Services	2.8	2.8	3.0	1.9	2.5	2.5	2.3	2.8	2.4	2.5	1.7	3.7	1.7
Nonresidential Fixed Investment	7.9	9.7	8.3	-2.7	-1.7	12.7	7.3	7.7	6.7	4.5	-1.2	8.9	9.6
Equipment & Software	10.7	9.5	9.2	-3.7	1.4	15.5	7.2	8.4	8.1	3.4	0.1	12.8	9.9
Information Processing Equipment	11.9	8.4	8.3	-1.1	6.1	18.7	9.3	5.7	6.9	6.1	4.0	11.5	14.7
Computers & Peripherals	17.2	17.3	15.8	15.6	20.0	17.8	17.1	17.3	16.8	15.4	17.6	20.9	16.8
Communications Equipment	10.3	8.5	11.7	-0.3	-2.8	20.0	14.3	4.2	6.5	8.4	-2.4	8.3	14.1
Industrial Equipment	2.9	13.2	15.9	-6.6	-8.6	1.8	-8.9	26.7	15.3	-1.2	-1.8	10.0	-13.9
Transportation equipment	13.3	11.8	8.5	-11.9	-6.0	18.6	8.8	6.9	7.5	-3.9	-12.2	22.7	9.6
Aircraft	4.3	4.4	9.2	0.5	2.4	2.4	4.9	8.6	6.0	3.2	2.3	4.9	3.7
Other Equipment	9.9	8.3	8.1	-2.2	-0.4	10.5	8.8	9.6	8.5	3.7	-2.3	11.9	8.7
Structures	-1.4	10.5	5.0	1.0	-11.3	3.0	7.7	5.1	2.0	8.4	-5.1	-3.9	8.4
Buildings and Miscellaneous	-2.7	12.6	5.1	-0.2	-12.3	3.7	8.7	6.5	1.0	8.2	-8.4	-0.4	8.5
Commercial	0.9	15.4	8.7	0.5	-18.4	7.1	10.1	9.2	6.5	5.9	-12.0	-0.2	12.3
Industrial	-24.8	5.4	10.0	15.9	9.3	-17.2	-24.5	24.0	-12.0	15.2	7.5	-0.6	-34.7
Other	-1.5	10.0	-0.2	-5.5	-10.4	8.1	17.8	-5.9	0.1	11.4	-6.1	1.2	13.7
Mining & Petroleum	4.4	4.2	6.1	13.8	-24.7	-4.5	7.8	-4.4	11.2	19.5	21.8	-42.3	19.4
Public Utilities	1.4	4.3	4.2	0.4	1.2	3.4	3.4	2.8	3.6	5.2	-0.9	1.8	4.6
Residential Fixed Investment	1.0	3.5	3.4	-9.8	-6.5	15.1	6.4	4.7	3.5	-3.8	-13.8	20.0	6.0
Exports	6.4	9.0	9.7	6.2	2.8	0.8	6.1	8.0	9.3	7.9	2.5	5.0	5.4
Imports	11.3	10.1	9.6	-1.1	0.8	14.6	8.7	9.0	7.5	5.7	-6.0	14.9	6.6
Federal Government	0.8	0.7	0.6	0.7	2.2	2.0	4.7	5.6	5.4	-1.6	-6.9	-2.8	0.2
State & Local Government	2.1	2.7	2.6	1.7	-0.9	1.9	3.8	2.1	1.9	2.3	-0.2	0.1	4.6
Billions of Dollars													
Real GDP	14429.0	14990.4	15583.4	15624.4	15893.8	16436.9	16966.9	17602.0	18248.7	18553.8	18715.9	19561.2	20085.6
Nominal GDP	23391.9	25166.1	27185.5	28437.2	30023.8	32159.2	34218.0	36589.6	39317.3	41595.1	43551.2	47248.5	49838.9
Prices & Wages, Percent Change, SAAR													
GDP Deflator	3.3	3.6	3.9	4.3	3.8	3.6	3.1	3.1	3.6	4.1	3.8	3.8	2.7
Consumer Prices	3.5	3.9	4.5	4.2	3.0	3.5	3.6	3.3	4.4	5.2	4.1	2.2	3.6
Producer Prices, Finished Goods	2.5	3.2	4.4	3.0	0.2	1.7	2.3	1.7	4.1	6.1	2.6	-1.5	2.5
Employment Cost Index - Total Comp.	4.5	4.9	5.2	5.5	4.6	4.4	4.4	4.5	4.9	5.0	4.4	4.1	4.1
Other Key Measures													
Oil - WTI (\$ per barrel)	42.19	48.77	64.56	57.90	42.05	41.79	47.14	49.41	66.43	107.17	92.04	53.49	66.83
Productivity (%ch., saar)	3.4	2.5	2.4	0.7	3.0	2.6	2.4	2.6	2.5	1.2	2.3	3.4	1.9
Manufacturing Production (%ch., saar)	5.2	5.2	4.3	2.5	4.2	0.2	2.3	5.9	6.8	-4.1	9.2	3.6	-1.0
Factory Operating Rate	80.297	81.504	83.002	79.603	80.702	80.362	78.950	80.202	82.065	79.673	79.383	82.919	79.698
Nonfarm Inven. Chg. (Bil. 1996 \$)	115.2	137.0	159.8	-38.3	-25.7	108.8	112.4	160.3	169.5	52.4	-117.9	218.3	92.6
Consumer Sentiment Index	89.9	103.2	107.6	67.0	72.1	87.7	91.5	96.6	104.1	77.7	70.0	93.8	84.9
Light Vehicle Sales (Mil. units, saar)	19.271	20.954	22.672	17.691	15.921	19.117	20.504	22.119	24.136	20.442	17.007	21.906	22.167
Housing Starts (Mil. units, saar)	1.615	1.726	1.796	1.479	1.360	1.567	1.676	1.742	1.834	1.640	1.324	1.687	1.666
Existing House Sales (Mil. units, saar)	6.111	6.173	6.242	5.613	5.386	6.448	6.625	6.729	6.885	6.528	5.716	7.030	7.420
Unemployment Rate (%)	5.2	4.7	4.1	4.7	5.6	5.3	5.0	4.6	4.2	4.4	5.6	5.4	5.3
Payroll Employment (%ch., saar)	1.2	1.8	2.1	0.1	-0.8	1.0	1.5	1.5	1.5	0.9	-0.7	1.0	1.4
Federal Surplus (Unified, FY, bil. \$)	-51.4	16.5	131.8	-156.9	-639.0	-298.8	-289.3	-233.6	-106.6	-429.9	-1493.4	-1033.1	-678.8
Current Account Balance (Bil. \$)	-1281.7	-1526.6	-1901.3	-1695.7	-1095.3	-1380.4	-1670.6	-1865.3	-1971.0	-2311.0	-1207.3	-868.4	-1073.8
Financial Markets, NSA													
Federal Funds Rate (%)	4.9	5.5	7.8	11.3	8.3	4.8	5.3	5.9	6.0	10.3	9.3	3.6	4.6
3-Month Treasury Bill Rate (%)	4.69	5.30	7.32	10.36	7.85	4.70	5.17	5.70	5.75	9.45	8.64	3.72	4.50
10-Year Treasury Note Yield (%)	6.35	6.73	8.13	9.97	7.53	6.17	6.88	7.21	7.35	10.20	9.18	5.93	7.05
30-Year Fixed Mortgage Rate (%)	8.01	8.47	9.67	11.63	9.72	7.78	8.55	8.88	9.05	11.65	11.24	7.69	8.62
S&P 500 Stock Index	2669	3010	3206	2643	3093	4658	4618	4866	5379	4659	4047	7634	7164
(Four-Quarter % change)	17.1	12.8	6.5	-17.6	17.0	50.6	-0.9	5.4	10.5	-13.4	-13.1	88.6	-6.2
Exchange Rate, Industrial Countries	0.930	0.911	0.884	0.914	0.919	0.907	0.893	0.874	0.843	0.929	0.903	0.879	0.849
(% change, annual rate)	-2.2	-2.0	-3.0	3.4	0.5	-1.3	-1.6	-2.1	-3.7	10.3	-2.9	-2.6	-3.4
Incomes													
Personal Income (% ch., saar)	7.0	7.6	8.3	7.1	6.1	7.0	6.5	6.9	7.5	7.7	6.2	7.6	6.1
Real Disposable Income (%ch., saar)	3.1	3.1	3.4	3.6	3.6	1.9	2.4	3.0	2.6	4.0	3.7	3.6	1.3
Saving Rate (%)	2.7	2.2	1.8	4.3	5.5	3.7	3.2	2.9	2.5	4.4	7.0	5.7	5.0
After-Tax Profits (Billions of \$)	1045	1095	1036	525	939	1445	1494	1614	1812	1334	1627	2820	2852
(% change)	11.8	4.8	-5.4	-49.3	78.7	53.9	3.4	8.0	12.3	-26.4	21.9	73.3	1.1

TABLE 2
Population, Labor Force and Potential GDP

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Millions													
Total Population	291.7	294.2	296.8	299.3	301.8	304.3	306.8	309.3	311.8	314.3	316.9	319.4	321.9
Under 5	19.7	19.9	20.0	20.2	20.3	20.5	20.7	21.0	21.2	21.4	21.7	21.9	22.1
Ages 5 through 21	72.8	73.3	73.7	74.0	74.2	74.4	74.5	74.7	74.7	74.6	74.6	74.7	74.9
Ages 16 and up	226.9	229.4	231.9	234.5	237.0	239.5	241.8	244.1	246.2	248.3	250.4	252.5	254.5
Males Ages 25 through 54	62.6	62.8	63.0	63.2	63.4	63.5	63.5	63.5	63.4	63.3	63.3	63.2	63.2
Ages 55 through 64	28.0	29.2	30.4	31.6	32.7	33.7	34.9	36.3	37.5	38.2	39.1	39.8	40.1
Ages 65 and up	35.9	36.3	36.7	37.1	37.8	38.6	39.3	40.0	40.9	42.5	43.8	45.1	46.5
Ages 85 and up	4.7	4.8	4.9	5.1	5.3	5.5	5.6	5.7	5.9	6.0	6.1	6.3	6.5
Percent Change, Annual Rate													
Total Population	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Under 5	0.8	0.8	0.7	0.7	0.8	0.9	1.0	1.1	1.1	1.1	1.1	1.0	0.9
Ages 5 through 21	1.1	0.8	0.5	0.4	0.3	0.2	0.2	0.2	0.1	-0.1	0.0	0.1	0.3
Ages 16 and up	1.2	1.1	1.1	1.1	1.1	1.0	1.0	0.9	0.9	0.9	0.8	0.8	0.8
Males Ages 25 through 54	0.2	0.3	0.4	0.3	0.2	0.2	0.0	0.0	0.0	-0.2	-0.1	-0.1	0.0
Ages 65 and up	0.9	1.0	1.1	1.3	1.7	2.2	1.9	1.8	2.1	3.8	3.2	3.0	3.0
Ages 85 and up	2.8	2.9	3.2	3.6	3.4	2.9	2.8	2.6	2.2	2.2	2.2	2.3	3.5
Labor Force and Employment													
Labor Force, Millions	146.6	148.2	150.2	152.6	154.7	155.9	157.7	159.5	161.2	162.2	163.4	165.1	166.0
Under 65	141.9	143.5	145.4	147.8	149.8	151.0	152.6	154.5	156.0	156.8	157.8	159.2	159.7
Ages 65 and up	4.7	4.7	4.8	4.8	4.9	4.9	5.0	5.1	5.2	5.4	5.6	5.9	6.3
Participation Rate, Percent	64.6	64.6	64.8	65.1	65.3	65.1	65.2	65.4	65.5	65.3	65.3	65.4	65.2
Under 65	74.3	74.3	74.5	74.9	75.2	75.2	75.4	75.7	76.0	76.2	76.4	76.8	76.8
Ages 65 and up	13.2	13.1	13.0	13.0	12.9	12.8	12.8	12.7	12.6	12.7	12.8	13.1	13.5
Employment, Millions													
Household Survey	137.7	139.5	142.1	145.3	146.6	146.4	149.0	151.2	153.1	154.2	156.5	158.1	157.0
Establishment Survey	130.1	131.9	134.9	138.3	139.8	139.4	142.0	144.4	146.5	148.0	150.8	152.6	151.5
Percent Change, Annual Rate	-0.2	1.4	2.2	2.6	1.1	-0.3	1.9	1.7	1.5	1.0	1.9	1.2	-0.7
Unemployment Rate, Percent	6.1	5.9	5.4	4.8	5.2	6.1	5.5	5.2	5.0	4.9	4.3	4.3	5.4
Average Weekly Hours	33.0	33.0	33.0	33.0	32.9	32.7	32.9	32.8	32.8	32.7	32.8	32.8	32.7
Manhours in Private Nonfarm Estab. Billions of Hours, SAAR	193.3	197.3	202.4	208.0	209.6	209.2	213.8	217.1	220.6	222.7	227.3	229.9	227.7
Percent Change, Annual Rate	-0.3	2.1	2.6	2.7	0.8	-0.2	2.2	1.5	1.6	1.0	2.1	1.1	-1.0
Index of Vendor Performance	52.4	55.4	57.3	59.3	47.2	54.0	54.0	50.5	53.4	51.4	57.5	45.8	47.8
Potential GDP													
Billions of Chained 1996 Dollars	10008	10302	10623	10973	11339	11660	11969	12323	12687	13036	13398	13803	14203
Percent Change, SAAR													
Potential GDP	2.9	2.9	3.1	3.3	3.3	2.8	2.7	3.0	3.0	2.8	2.8	3.0	2.9
Nonhousing, Non-Government Potential Output	3.2	3.5	3.6	3.8	3.6	3.3	3.1	3.4	3.4	3.1	3.2	3.6	3.3
Capital Stock	2.8	3.5	4.4	5.6	5.0	3.6	5.6	5.9	5.6	5.6	6.0	6.2	5.1
R&D Capital Stock	3.6	3.3	3.4	3.7	3.9	3.6	3.7	3.7	3.9	3.6	3.5	3.6	3.5
Full-Employment Labor Force	0.8	1.3	1.2	1.2	1.2	1.6	1.0	0.9	1.2	0.7	0.8	0.9	1.2
Multifactor Productivity	1.40	1.38	1.32	1.20	1.00	0.81	0.76	0.75	0.75	0.75	0.75	0.76	0.78
Nonfarm Productivity - Output per Hour Full-Employment	2.3	2.3	2.4	2.6	2.4	1.6	2.1	2.5	2.2	2.4	2.4	2.7	2.1
Actual	3.0	3.1	2.6	2.7	0.4	2.9	2.7	1.8	2.1	2.3	3.2	1.1	2.4

TABLE 2 (CONTINUED)

Population, Labor Force and Potential GDP

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Millions													
Total Population	324.5	327.0	329.5	332.1	334.6	337.2	339.7	342.3	344.9	347.5	350.2	352.8	355.5
Under 5	22.3	22.4	22.6	22.7	22.9	23.0	23.1	23.3	23.4	23.5	23.6	23.7	23.9
Ages 5 through 21	75.2	75.6	76.1	76.6	77.1	77.7	78.3	79.0	79.6	80.3	80.9	81.6	82.2
Ages 16 and Up	256.5	258.4	260.4	262.3	264.3	266.2	268.2	270.2	272.2	274.3	276.4	278.5	280.6
Males Ages 25 through 54	63.2	63.2	63.2	63.2	63.3	63.5	63.7	64.0	64.2	64.5	64.9	65.3	65.8
Ages 55 through 64	40.4	40.8	41.1	41.4	41.7	42.0	42.3	42.7	43.0	43.3	43.6	44.0	44.3
Ages 65 and Up	47.9	49.4	51.0	52.6	54.3	56.1	57.9	59.7	61.5	63.3	65.1	66.9	68.8
Ages 85 and Up	6.6	6.7	6.8	6.8	6.9	7.0	7.1	7.2	7.3	7.5	7.7	7.9	8.2
Percent Change, Annual Rate													
Total Population	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Under 5	0.9	0.8	0.7	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Ages 5 through 21	0.4	0.5	0.6	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Ages 16 and Up	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.7
Males Ages 25 through 54	0.0	0.0	0.0	0.0	0.2	0.2	0.4	0.4	0.4	0.5	0.6	0.7	0.7
Ages 65 and Up	3.0	3.2	3.2	3.2	3.2	3.2	3.3	3.1	3.0	2.9	2.9	2.8	2.8
Ages 85 and Up	1.8	1.5	0.9	0.8	0.9	1.5	1.5	1.5	2.0	2.2	2.4	2.9	3.9
Labor Force and Employment													
Labor Force, Millions	166.6	167.7	169.1	170.3	170.8	171.5	172.3	173.4	175.0	176.9	178.4	180.1	182.1
Under 65	160.0	160.7	161.7	162.4	162.4	162.6	162.9	163.5	164.6	165.8	166.7	167.9	169.3
Ages 65 and Up	6.6	7.0	7.5	7.9	8.4	8.9	9.4	9.9	10.5	11.1	11.6	12.2	12.8
Participation Rate, Percent	65.0	64.9	65.0	64.9	64.6	64.4	64.2	64.2	64.3	64.5	64.5	64.7	64.9
Under 65	76.7	76.9	77.2	77.4	77.4	77.4	77.5	77.7	78.1	78.6	78.9	79.4	79.9
Ages 65 and Up	13.9	14.2	14.6	15.1	15.5	15.9	16.2	16.6	17.0	17.5	17.9	18.2	18.6
Employment, Millions													
Household Survey	157.9	159.9	162.3	162.2	161.3	162.4	163.6	165.4	167.7	169.2	168.3	170.4	172.4
Establishment Survey	153.3	156.1	159.3	159.5	158.3	159.8	162.2	164.6	167.0	168.5	167.4	169.1	171.5
Percent Change, Annual Rate	1.2	1.8	2.1	0.1	-0.8	1.0	1.5	1.5	1.5	0.9	-0.7	1.0	1.4
Unemployment Rate, Percent	5.2	4.7	4.1	4.7	5.6	5.3	5.0	4.6	4.2	4.4	5.6	5.4	5.3
Average Weekly Hours	32.9	33.0	33.1	33.1	33.1	33.3	33.4	33.5	33.6	33.7	33.6	33.8	33.9
Manhours in Private Nonfarm Estab.													
Billions of Hours, SAAR	230.7	234.9	239.8	239.1	237.8	241.2	243.9	248.0	252.5	254.7	253.1	258.6	261.7
Percent Change, Annual Rate	1.3	1.8	2.1	-0.3	-0.5	1.4	1.1	1.7	1.8	0.9	-0.6	2.2	1.2
Index of Vendor Performance	53.7	53.7	54.6	46.6	54.1	49.7	50.3	53.2	55.2	47.3	53.9	56.0	47.1
Potential GDP													
Billions of Chained 1996 Dollars	14587	14992	15415	15850	16238	16637	17112	17603	18101	18620	19145	19668	20242
Percent Change, SAAR													
Potential GDP	2.7	2.8	2.8	2.8	2.4	2.5	2.9	2.9	2.8	2.9	2.8	2.7	2.9
Nonhousing, Non-Government													
Potential Output	3.1	3.1	3.1	3.1	2.9	3.0	3.1	3.2	3.2	3.2	3.5	3.7	3.1
Capital Stock	5.8	5.9	6.0	4.4	2.6	5.0	6.0	5.5	5.4	5.1	3.7	4.6	6.5
R&D Capital Stock	3.4	3.4	3.6	3.4	3.1	3.3	3.7	3.9	3.8	3.9	3.7	3.9	4.4
Full-Employment Labor Force	0.8	0.6	0.6	0.8	1.4	0.9	0.3	0.7	0.8	0.9	1.6	1.6	0.3
Multifactor Productivity	0.80	0.83	0.85	0.87	0.89	0.91	0.93	0.93	0.93	0.93	0.93	0.93	0.93
Nonfarm Productivity - Output per Hour													
Full-Employment	2.3	2.6	2.5	2.4	1.6	2.1	2.8	2.5	2.4	2.3	1.8	2.1	2.8
Actual	3.4	2.5	2.4	0.7	3.0	2.6	2.4	2.6	2.5	1.2	2.3	3.4	1.9

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The Optimistic and Pessimistic Projections

by Patrick J. Newport

A Range of Possibilities

Highlights

- Real GDP advances 3.5% per year on average over the next 25 years in the optimistic scenario (optim). This is above the 3.1% growth rate recorded between 1976 and 2002, and higher than the projected averages of 3.0% in the baseline (trend) and 2.5% in the pessimistic scenario (pessim).
- Despite optim's strong growth, inflation as measured by the GDP deflator averages a moderate 2.1%. This compares with the averages of 2.8% in the trend and 3.5% in pessim.
- The federal budget remains in deficit in all three scenarios.
- In pessim, business fixed investment grows only 5.5% a year on average, compared with 6.0% in the optim.
- Output per man-hour rises 2.5% in optim, 2.3% in trend, and 1.9% in pessim.

EXHIBIT 1

Output Growth Will Weaken

(Real GDP, annual percent change)

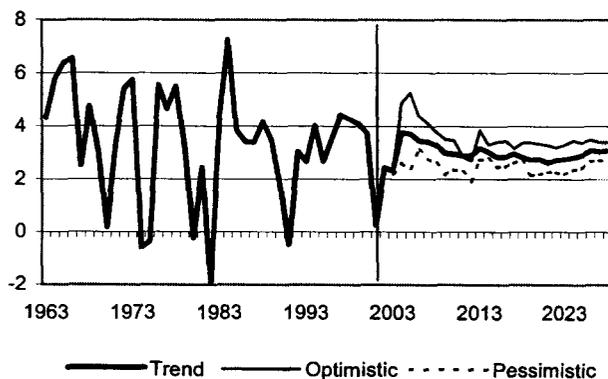
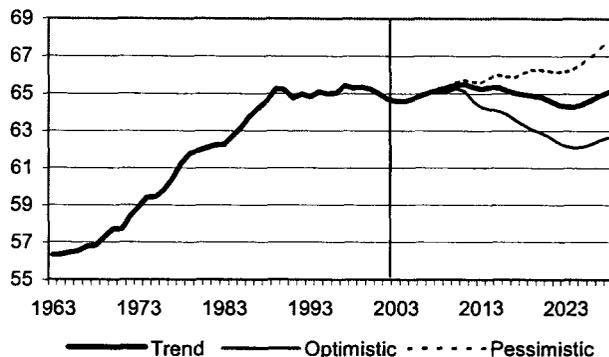


EXHIBIT 2

Labor-Force Participation Rates

(Percent)



The optimistic scenario is characterized by strong GDP growth and moderate inflation, with higher rates of growth in capital spending and factor-productivity relative to the trend. The pessimistic alternative (which encompasses opposite assumptions on labor force, capital stock, and factor productivity) exhibits higher inflation than optim, partly because of escalating energy prices.

In the optimistic case, real GDP growth averages 3.5% annually, which is above the 3.1% gains achieved during 1976-2002 (Exhibit 1). Consumer price inflation, on the other hand, averages only 2.9%, well below the previous 25-year rate of 4.5%. The high-growth, low-inflation environment depicted here is especially favorable to durable-goods spending categories such as business fixed investment, housing construction, and motor vehicles. In contrast, the low-growth environment of the pessimistic projection debilitates these same sectors. For example, in optim, housing starts are 65% higher than its trend level by 2028, while in pessim it is 46% lower.

Projection Detail

Participation Rates and the Labor Force. These two scenarios incorporate different demographic assumptions from

those in the trend, leading to varying labor-force growth and participation rates. The optimistic outlook assumes that the U.S. population will grow more quickly because of higher net immigration. The pessimistic alternative constricts growth in the labor force, the result of lower assumed net immigration. As a result, the U.S. population increases from 286 million in 2001 to 407 million by 2028 in the optim, but to just 321 million in the pessim, compared with the 355 million in the trend. Annual population growth averages 1.3% in optim, but only 0.4% in pessim.

Thus, by 2028, the adult population (aged 16 and over) is roughly 11% higher in optim than in the trend, while it is 7% lower in pessim. These results directly affect the labor force. By 2028, the civilian labor force is 7% higher in optim and 3% lower in pessim relative to the trend. Labor-force growth averages 1.2% in optim and 0.8% in pessim over the next 25 years, compared with the 0.9% annual gains in the trend.

Potential Output. Over the longer term, the economy's actual growth is constrained by the expansion of potential output. The optimistic scenario, with its above-trend supply factors, yields average potential output growth of 3.5% per year through 2028. In the pessimistic scenario, with its

EXHIBIT 3

Bandwidth Projections at a Glance (Average annual percent change)

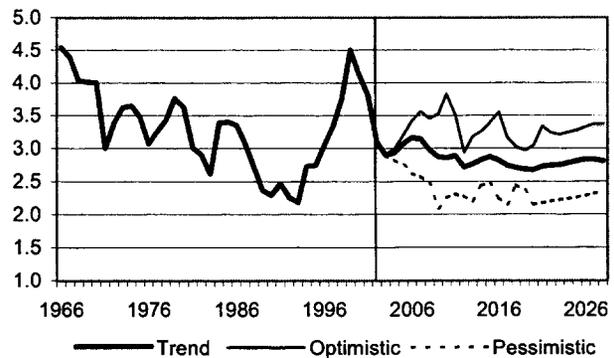
	2002-2028		Spread
	Optim	Pessim	
Real GDP	3.5	2.5	1.1
Consumption	3.4	2.4	1.0
Motor Vehicles	2.3	1.0	1.3
Nonresidential Fixed Investment	6.0	5.5	0.5
Residential Fixed Investment	2.9	-0.3	3.2
Exports	7.4	6.2	1.2
Imports	6.2	5.6	0.6
Total Government	1.9	1.1	0.7
Chain-Wt. Implicit GDP Deflator	2.1	3.5	-1.4
Output per Hour	2.5	1.9	0.6
Real Short-Term Interest Rates (Basis pts.)	2.2	1.7	0.5
Federal Funds Rate (Basis pts.)	4.4	5.5	-1.0
Unemployment Rate (% pts.)	4.4	5.9	-1.5
Foreign Crude Oil (\$/barrel)	36.1	42.6	-6.6
Real After-Tax Profits	5.0	4.3	0.7
Real Disposable Income	3.3	2.8	0.5
Population	1.3	0.4	0.9
Real Disposable Income Per Capita	1.9	2.3	-0.4
Housing Starts (Mil. Units)	2.4	1.1	1.2

Note: All data represent compound annual growth rates calculated over the entire forecast period, except where units are given. Data accompanied by units represents the absolute change over the forecast period. All real data are in chained 1996 dollars.

EXHIBIT 4

Actual Output Growth Will Be Constrained by Slower Potential Output Gains

(Potential output, percent change)



slower labor-force and capital-stock growth, potential production is limited to 2.5% gains over the forecast interval (Exhibit 4).

Inflation. The subdued inflation in the optimistic scenario depends on relatively low energy prices and moderate wage increases. When combined with faster productivity growth, consumer price inflation averages only 2.2% per year through 2028, compared with 2.9% in the trend and 4.5% over the past 25 years (Exhibit 5).

In the pessimistic case, inflation is fanned by higher crude oil prices. Thus, although the GDP deflator recedes to less than 3.0% early in the forecast period, it then reaccelerates

EXHIBIT 5

Consumer Price Inflation

(Percent)

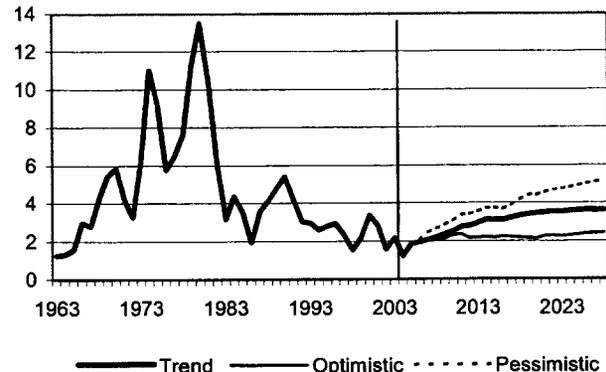
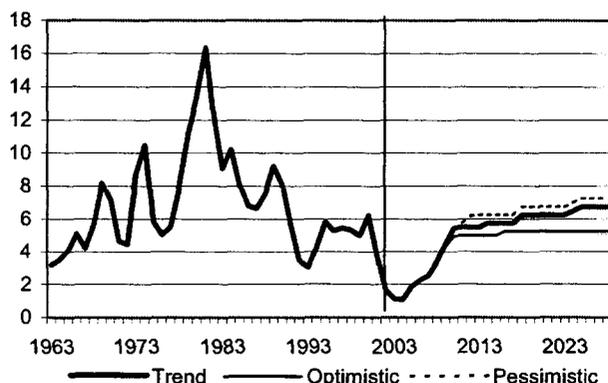


EXHIBIT 6
The Federal Funds Rate
(Percent)



to 4.6% in 2028. Rising energy prices, wages, and import prices combine to push consumer price inflation up to nearly 5.2% annually in 2028.

Financial Conditions. The federal funds rate averages 5.7% in pessim and 4.5% in optim, compared with the trend's 5.2% rate (Exhibit 6). The rate would be higher in pessim, but the Federal Reserve compromises between fighting the inflationary forces of rising oil prices and pushing the economy into recession. At the long end of the maturity spectrum, the 10-year government bond yield rises to 6.3% in optim and 9.7% in pessim. The steeper yield curve in pessim reflects mounting concerns about the inflationary outlook, given the Fed's accommodative monetary policy and accelerating inflation.

Consumer Spending and Income. Real consumer spending averages 3.4% annual growth in optim, 0.4 percentage point above the trend rate. Real per capita consumption expands an average of 2.2%, compared with its 2.2% annual rate since 1970.

Income-sensitive durable goods are affected the most (Exhibit 7). Spending on consumer durables rises an average 4.7% per year in optim, 0.6 percentage point stronger than the trend growth rate; in pessim, growth in the same spending category averages just 3.5%. In the optimistic scenario, light-vehicle sales average 21.6 million units per year, pushing the stock of cars and light trucks 13% above its trend level by 2028.

EXHIBIT 7
Personal Consumption Slows in Trend Scenario
(Average annual percent change)

	History		Optim		Pessim	
	1977-1987	1988-2002	2003-2008	2009-2028	2003-2008	2009-2028
Total Expenditures	3.3	3.2	4.0	3.2	1.4	2.9
Total less New Light Vehicles	N/A	3.2	4.0	3.3	1.5	2.9
Durable Goods	5.0	5.4	5.8	4.3	-0.2	4.0
Motor Vehicles & Parts	4.3	3.1	3.8	1.8	-2.8	2.6
Furniture & Household Equip.	6.3	8.3	8.2	6.0	0.9	4.7
Computers	N/A	44.1	24.2	19.0	-5.1	12.9
Software	N/A	36.2	8.8	4.4	-12.0	5.6
Other Equipment	5.6	5.5	6.7	4.6	1.4	4.3
Other Durables	4.5	5.0	5.8	5.5	2.8	5.0
Nondurable Goods	2.4	2.8	3.8	3.5	1.7	3.0
Clothing & Shoes	5.7	4.6	4.9	4.9	2.3	3.5
Food & Beverages	1.7	2.1	2.6	2.2	1.3	1.9
Gasoline & Oil	1.4	1.7	4.2	2.6	1.9	1.7
Fuel Oil & Coal	-5.2	-0.7	-4.0	-1.3	-2.3	-2.7
Other Nondurables	3.2	3.6	5.4	4.8	2.1	4.5
Tobacco	-1.0	-2.4	-1.8	-4.8	-2.3	-3.8
Drugs & Pharmaceuticals	4.4	5.8	8.7	5.9	4.6	5.5
Services	3.6	2.9	3.7	2.9	1.5	2.7
Housing	2.9	2.1	2.4	1.8	0.8	-0.7
Household Operation	2.9	3.3	3.4	4.4	1.9	4.1
Transportation	3.3	2.8	3.6	2.7	1.7	2.7
Medical Care	3.9	3.0	4.1	3.4	1.7	3.6
Recreation	5.5	4.6	6.6	4.2	0.8	4.6
Personal Business	4.6	3.5	4.0	2.3	1.8	2.5
Other Services	3.7	3.0	3.8	2.6	1.9	3.1

Real personal income averages 3.5% annual gains in optim, up from 3.2% in the trend. Income grows only 2.9% per year in pessim. Interest income in pessim is bolstered by higher interest rates and larger federal deficits.

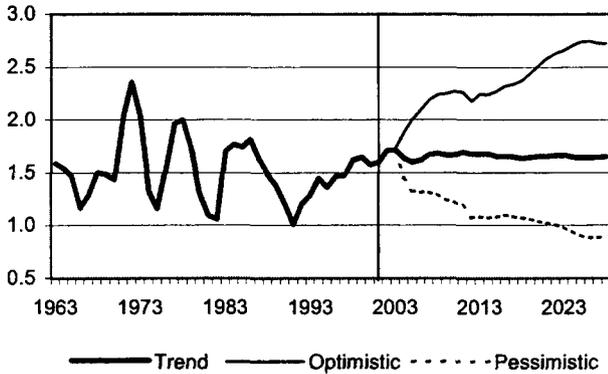
Housing. Since the demographic forces of population growth and household formation are the main long-term determinants of new residential construction, we would expect the housing outlook to be weaker in pessim and stronger in optim relative to the trend. In fact, the disparity between interest rates in the two bandwidth alternatives drives their respective housing outlooks even further apart. The conventional mortgage rate averages 7.2% in optim, below its 9.1% average in pessim and 8.1% in the trend.

Housing starts average slightly more than 2.37 million units per year (or 717,000 units above trend) in optim and 1.11 million (or 542,000 below trend) in pessim (Exhibit 8). By 2028, the housing stock in optim is 12% above the trend level, while in pessim it stands 9% below. Because of the gloomier inflation picture in pessim, the slower economy pushes the average nominal price of a new home to only

EXHIBIT 8

Demographics and Interest Rates Determine the Housing Outlook

(Housing starts, millions of units)



\$746,000 in 2028, compared with \$659,000 in the trend and \$568,000 in the optimistic alternative.

Business Fixed Investment. The extremely volatile investment sector reacts strongly to the differing assumptions in the alternatives. Business investment suffers long-term damage in pessim, as weak final demand and higher interest rates raise the cost of capital, lower the rate of return on investments, and weaken investor confidence (Exhibit 9). The economy's overall sluggishness also hurts the profitability of corporations, limiting the funds available for investment. Thus, business fixed investment grows only

EXHIBIT 9

Business Fixed Investment

(Percent of GDP)

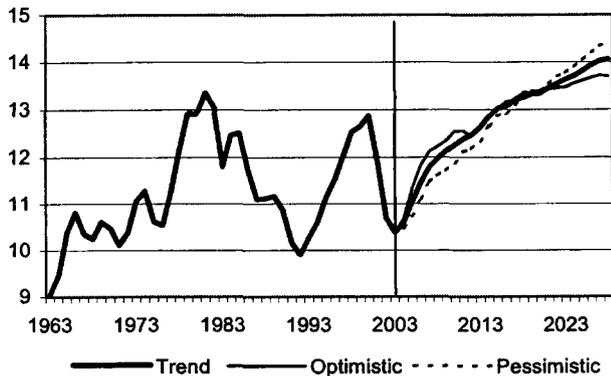


EXHIBIT 10

Saving and Investment Shares of GNP

(Percent)

	History		Optim		Pessim	
	1977-1987	1988-2002	2003-2008	2009-2028	2003-2008	2009-2028
Household	10.1	7.3	6.0	3.6	6.7	3.6
Business	9.1	9.2	9.1	9.3	9.1	9.3
Government	-3.4	-2.6	-3.3	0.6	-4.6	0.6
Total Saving	15.8	13.9	11.8	13.6	11.2	14.5
Total Investment	16.2	13.7	10.8	12.9	10.2	13.8
Gross Private Investment	17.3	15.7	16.6	18.4	15.3	16.3
Nonresidential Fixed Investment	12.2	11.3	11.2	13.3	10.9	13.1
Residential	4.6	4.0	4.9	4.8	4.2	2.9
Change in Inventories	0.5	0.4	0.4	0.4	0.2	0.3
Net Foreign Investment	-1.1	-2.0	-5.8	-5.5	-5.1	-2.5
Statistical Discrepancy	0.8	0.0	-0.9	-0.5	-0.9	-0.5

5.5% annually in the pessimistic case, compared with 5.8% in the trend and 6.0% in the optimistic scenario.

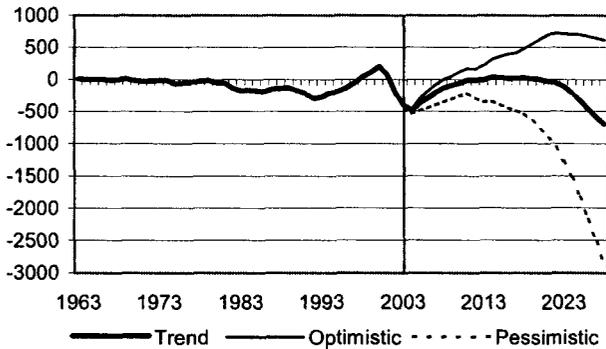
Corporations may choose from several options to finance plant and equipment expansion. The type of inflationary environment in which they operate is likely to influence whether they finance by issuing stocks or bonds, selling short-term commercial paper or obtaining bank loans, or using internally generated funds. The higher inflation in the pessimistic environment encourages firms to rely more heavily on relatively scarce internal funds to finance investment—avoiding the payouts associated with stocks, bonds, and bank loans. In addition, high inflation depresses the real value of depreciation allowances, constraining corporate cash flow and, subsequently, business fixed investment.

Government. The taxation policy assumptions in the two bandwidth scenarios are similar to those in the trend. The government expenditure assumptions are different, however, largely reflecting the different growth paths and demographic assumptions of the optim and pessim projections. In pessim, a weaker economy leads to a higher ratio of federal spending to GDP. Higher interest rates on past debt and larger operating deficits boost federal interest payments, exacerbating the persistent shortfalls.

Federal government outlays as a share of GDP average 18.2% in optim and 19.9% in the trend. They are higher, at 22.4% of GDP, in pessim because of the slower economy and the need to make larger transfer payments. As a share of GDP, the federal budget deficit is 0.3% of GDP in the

EXHIBIT 11
Federal Budget Paths Diverge in the Bandwidth Scenarios

(Billions of dollars)

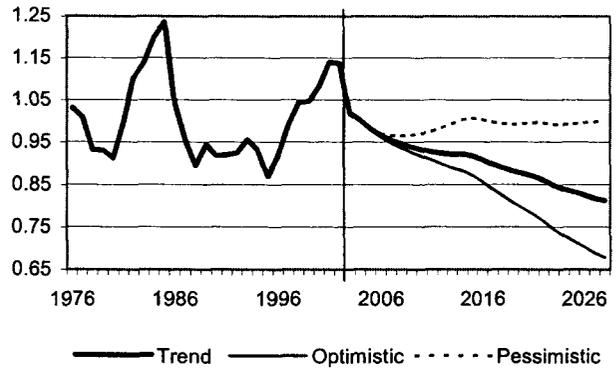


trend, compared with 0.8% in the pessim. In the optim, the budget is in surplus after 2009, averaging 0.2% of GDP.

Unlike the federal government, state and local governments must maintain budgets close to balance. Therefore, their spending is tied closely to available revenue, which is created by economic activity within their regions. Increases in state and local government purchases average 2.2% in optim, 1.6% in trend, and 1.1% in pessim.

International. The world is assumed to become more open to trade in all the scenarios, but it opens up most quickly in the optimistic alternative and most slowly in the pessimistic

EXHIBIT 13
Dollar's Real Trade-Weighted Exchange Rate
(Versus developed-country currencies)



projection. In the optimistic outlook, the nation's major trading partners are also assumed to experience strong output growth and low inflation, although the relative performance of the United States improves slightly when compared with the trend. Real export growth averages 7.4% per year in optim, versus 6.6% in the trend; real import growth averages 6.2% annually in optim, versus 6.0% in the trend.

Industrial Production and Employment. In the pessimistic scenario, the index of industrial production is 22% below the trend level by 2028. Total nonfarm employment is 9% lower, consistent with the labor-force participation projec-

EXHIBIT 12
Corporate Cash Flow as a Percent of GNP

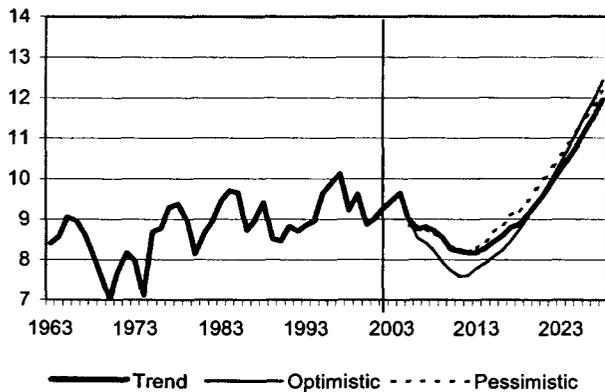


EXHIBIT 14
Unemployment Varies Only Slightly Across the Bandwidth Alternatives

(Percent)

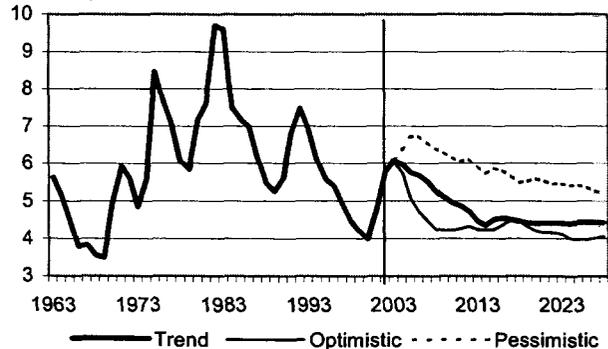


EXHIBIT 15

Contributions to New Jobs

(Payroll employment, cumulative percent change)

	History		Optim		Pessim	
	1977-1987	1988-2002	2003-2008	2009-2028	2003-2008	2009-2028
Manufacturing	0.4	-13.1	-1.2	28.9	-9.9	-4.9
Mining and Construction	30.4	24.8	24.7	61.4	4.4	42.2
Government	14.4	25.2	4.8	21.1	-1.4	-6.3
Private Services	31.7	28.2	18.0	37.9	5.3	20.5
Total New Jobs (Millions)	22.6	25.0	20.8	45.5	5.9	21.2

tions. The pattern of employment losses by industry reflects output differences from trend levels, as well as productivity losses in individual industries.

Over the projection period, total payroll employment rises by 43 million in the trend, 69 million in optim, and 28 million in pessim; the last 25 years saw total payrolls increase by about 51 million workers. Total employment in the opti-

EXHIBIT 16

Industrial Production

(Average annual percent change)

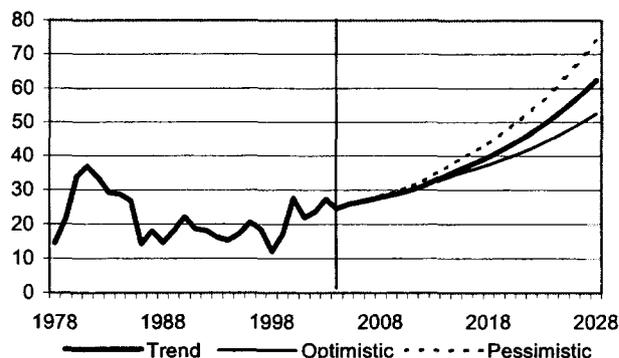
	History		Optim		Pessim	
	1977-1987	1988-2002	2003-2008	2009-2028	2003-2008	2009-2028
Mining	0.0	-0.2	0.7	1.1	0.3	0.3
Utilities	1.8	2.4	2.8	3.1	1.9	1.9
Manufacturing - SIC Basis	2.1	3.3	5.5	5.0	3.4	2.6
Food	2.1	1.5	2.3	2.3	1.9	1.8
Textile Mills	0.3	-1.1	0.4	-0.5	-2.5	-1.9
Apparel	-0.3	-2.7	-0.2	-2.3	-3.2	-4.2
Logging*	-0.5	-2.5	0.6	0.6	-0.5	-0.1
Furniture & Related Products	2.5	1.2	3.3	3.8	2.1	1.6
Paper & Products	1.8	0.5	3.8	3.1	1.7	1.8
Newspapers, Periodicals, Books*	-0.2	0.4	2.9	3.5	1.4	1.4
Petroleum & Coal Products	1.4	1.0	2.9	3.2	2.2	2.8
Chemicals	2.3	2.1	5.6	5.6	3.1	3.1
Rubber & Plastics Products	4.4	3.6	4.4	4.1	1.4	0.1
Leather & Allied Products	-2.3	-3.4	-1.4	-2.8	-4.6	-2.6
Nonmetallic Mineral Products	2.1	1.7	3.7	4.2	1.8	1.5
Primary Metals	0.6	0.6	3.3	3.5	-0.4	-1.1
Fabricated Metal Products	2.1	1.9	3.4	3.3	1.5	1.4
Machinery	1.2	1.3	4.1	3.8	2.2	-0.1
Computers & Electronic Prod.	20.6	17.1	13.0	12.8	12.0	11.3
Elec. Eq., Appliances, & Comp.	1.4	1.5	4.6	4.6	2.4	1.1
Transportation Equipment	2.3	2.0	2.6	2.9	1.5	0.8
Miscellaneous	2.9	3.5	5.5	3.8	2.5	2.2
All Manufacturing - NAICS	2.9	3.5	5.8	5.1	3.7	2.9
Durable Goods	3.8	5.1	6.8	6.2	4.9	3.6
Nondurable Goods	1.7	1.3	3.8	3.3	1.9	1.9
All Less Comp., Commun., & Chips	2.1	1.4	4.3	3.5	1.8	1.6

Summer 2003

EXHIBIT 17

Foreign Oil Prices Rise

(Average refiners' acquisition price of imported oil, dollars/barrel)



mistic scenario is 15% above its trend level by 2028. Manufacturing employment rises from 15.3 million in 2002 to 19.7 million in 2028. In pessim, manufacturing payrolls decline to 13.1 million.

Energy. The optimistic scenario assumes that energy availability is greater than in the trend, facilitating stronger economic growth by the United States and its major trading partners. Total U.S. energy usage is boosted to 161 quadrillion British thermal units (quads) by 2028 in this scenario, compared with 143 quads in the trend.

In the long run, production costs determine energy prices. Technological improvements lower production costs, but drilling deeper holes raises them. In all three scenarios, higher drilling costs win out: in both the optim and pessim, the real oil price rises to \$27.5 per barrel by the end of the projection period (Exhibit 17), while in the trend it rises to \$27.1 per barrel. Energy-efficiency gains are made in all scenarios, but higher fuel prices hinder such developments in all scenarios..

TABLE 1
Summary of the U.S. Economy—Optimistic Projection

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.4	4.9	5.3	4.4	4.1	3.8	3.5	3.5	2.9	2.7	3.8	3.3	3.4
Final Sales of Domestic Product	2.3	4.3	5.1	4.6	4.2	3.8	3.6	3.5	3.0	2.8	3.7	3.4	3.4
Total Consumption	2.8	4.8	4.7	4.1	3.9	3.8	3.7	3.7	3.1	3.0	3.6	3.3	3.5
Durables	5.9	9.3	6.7	4.5	4.6	3.9	4.0	4.8	3.5	3.1	5.2	4.2	4.9
Nondurables	3.2	4.1	4.1	3.9	3.6	3.8	3.8	3.9	3.5	3.5	3.9	3.7	3.9
Services	2.0	4.3	4.5	4.1	3.9	3.8	3.6	3.4	2.9	2.8	3.3	3.0	3.1
Nonresidential Fixed Investment	1.3	8.8	12.9	9.8	7.7	5.9	5.9	6.7	4.5	3.4	7.5	7.1	6.2
Equipment & Software	3.9	10.5	11.5	9.7	7.5	6.6	6.5	7.2	6.6	6.1	8.4	8.6	8.0
Information Processing Equipment	10.4	9.3	8.3	9.7	12.2	11.7	11.0	11.4	11.7	11.3	11.0	11.6	11.0
Computers & Peripherals	26.4	23.0	18.7	22.2	21.3	20.7	20.3	20.5	20.1	19.5	19.2	19.3	18.6
Communications Equipment	6.4	6.9	8.2	7.2	9.3	8.2	6.2	5.9	6.4	7.4	7.5	7.8	9.1
Industrial Equipment	-2.1	5.4	14.7	10.3	1.8	0.1	2.8	3.7	1.4	-0.6	3.6	5.6	3.9
Transportation equipment	-5.3	20.7	18.4	13.3	5.0	3.2	2.3	3.2	1.6	1.0	7.5	5.4	4.5
Aircraft	-28.9	12.6	16.6	17.7	14.4	7.2	3.6	3.8	2.8	3.1	5.0	4.8	6.0
Other Equipment	2.2	9.4	9.7	5.1	4.3	3.4	2.5	2.9	1.8	1.7	5.1	4.4	4.9
Structures	-6.9	2.7	18.1	10.1	8.3	3.9	4.0	5.3	-1.0	-4.3	4.8	2.8	0.7
Buildings and Miscellaneous	-6.8	5.9	21.9	12.5	8.8	5.4	4.0	7.0	-1.3	-5.6	5.8	3.0	0.4
Commercial	-9.0	7.2	31.4	12.8	7.7	6.1	3.0	5.6	0.4	-6.1	1.3	6.5	2.6
Industrial	-20.1	-0.2	18.0	22.0	25.3	10.7	8.5	7.1	6.0	7.0	4.7	3.0	0.6
Other	1.2	4.8	10.6	11.8	7.9	3.1	4.7	10.8	-6.2	-9.7	15.5	-2.8	-4.1
Mining & Petroleum	0.9	-11.3	5.9	-3.3	2.2	-0.2	-0.3	-0.7	-0.4	0.7	0.5	0.3	0.2
Public Utilities	-11.7	-0.6	10.2	7.5	9.6	-0.7	6.6	0.3	-0.1	0.2	1.6	3.1	2.5
Residential Fixed Investment	5.7	6.1	8.5	5.2	4.9	3.4	1.9	1.3	2.0	-1.4	3.5	0.9	2.2
Exports	0.4	7.8	11.9	10.6	8.8	8.1	7.5	7.0	6.7	6.8	7.1	6.9	6.6
Imports	4.1	9.3	10.3	7.7	6.4	6.0	5.8	6.8	5.6	4.7	6.8	6.4	6.2
Federal Government	6.9	3.4	2.0	1.3	1.5	1.4	1.4	1.6	0.6	1.1	1.1	0.9	0.8
State & Local Government	0.1	0.4	2.3	3.0	2.3	2.1	1.6	1.4	1.7	1.6	1.7	2.4	2.3
Billions of Dollars													
Real GDP	9664.4	10135.7	10669.0	11136.3	11594.9	12033.2	12455.8	12889.7	13258.8	13617.6	14141.7	14609.8	15110.0
Nominal GDP	10859.7	11566.3	12417.7	13223.1	14059.9	14908.9	15782.7	16737.5	17634.0	18494.5	19618.6	20716.3	21895.5
Prices & Wages, Percent Change, SAAR													
GDP Deflator	1.5	1.6	2.0	2.0	2.1	2.2	2.3	2.5	2.4	2.1	2.1	2.2	2.2
Consumer Prices	2.2	1.3	1.9	1.9	2.0	2.0	2.1	2.3	2.4	2.1	2.2	2.2	2.2
Producer Prices, Finished Goods	2.7	0.0	0.7	1.0	1.2	1.2	1.2	1.4	1.4	1.1	1.1	1.2	1.1
Employment Cost Index - Total Comp.	3.8	3.1	3.1	3.2	3.4	3.6	3.7	3.8	3.8	3.7	3.7	3.7	3.6
Other Key Measures													
Oil - WTI (\$ per barrel)	30.27	26.81	28.07	28.87	29.58	30.32	31.06	31.82	32.71	33.70	35.16	36.38	37.57
Productivity (%ch., saar)	3.0	3.5	2.6	2.2	2.2	2.2	2.2	2.0	2.2	2.9	3.3	2.6	2.5
Manufacturing Production (%ch., saar)	0.3	7.8	9.8	5.3	3.9	3.0	3.9	5.0	4.4	4.6	6.6	6.0	5.1
Factory Operating Rate	73.385	76.143	78.868	80.829	81.952	82.480	82.539	82.649	82.752	82.563	82.687	82.489	81.978
Nonfarm Inven. Chg. (Bil. 1996 \$)	14.1	77.1	96.4	73.4	67.5	63.4	57.5	63.6	50.3	42.5	78.4	68.3	71.2
Consumer Sentiment Index	89.2	99.8	101.2	101.2	101.0	99.6	98.2	97.6	94.4	91.8	94.5	94.1	94.6
Light Vehicle Sales (Mil. units, saar)	16.449	17.814	18.747	19.314	19.627	19.646	19.734	20.046	19.985	19.821	20.369	20.540	21.063
Housing Starts (Mil. units, saar)	1.729	1.885	2.006	2.095	2.192	2.241	2.251	2.272	2.266	2.180	2.246	2.244	2.274
Existing House Sales (Mil. units, saar)	5.784	5.715	5.955	6.166	6.427	6.612	6.715	6.830	6.965	6.898	7.153	7.265	7.421
Unemployment Rate (%)	6.1	5.8	5.1	4.7	4.5	4.3	4.2	4.2	4.3	4.3	4.2	4.2	4.3
Payroll Employment (%ch., saar)	-0.1	2.6	3.8	3.3	2.9	2.4	2.0	2.1	1.4	0.6	1.3	1.3	1.5
Federal Surplus (Unified, FY, bil. \$)	-428.2	-472.5	-344.2	-214.8	-111.2	-32.4	19.7	72.7	122.8	150.3	181.3	234.3	288.0
Current Account Balance (Bil. \$)	-567.6	-655.0	-761.5	-818.3	-865.2	-925.2	-991.3	-1078.6	-1122.8	-1145.0	-1232.8	-1304.2	-1369.0
Financial Markets, NSA													
Federal Funds Rate (%)	1.12	1.07	1.86	2.25	2.54	3.4	4.3	4.9	5.0	5.0	5.0	5.0	5.0
3-Month Treasury Bill Rate (%)	1.04	1.08	1.77	2.12	2.40	3.15	4.00	4.58	4.65	4.66	4.65	4.65	4.64
10-Year Treasury Note Yield (%)	4.15	4.87	5.24	5.18	5.22	5.56	5.88	6.07	5.97	5.87	5.82	5.72	5.59
30-Year Fixed Mortgage Rate (%)	5.94	6.47	6.81	6.72	6.70	7.00	7.35	7.59	7.48	7.31	7.29	7.23	7.09
S&P 500 Stock Index	954	1052	1171	1299	1389	1466	1543	1684	1768	1872	2083	2361	2591
(Four-Quarter % change)	-4.2	10.2	11.4	10.9	7.0	5.5	5.3	9.2	5.0	5.9	11.3	13.3	9.7
Exchange Rate, Industrial Countries	1.092	1.066	1.041	1.022	1.006	0.993	0.983	0.974	0.966	0.958	0.951	0.944	0.937
(% change, annual rate)	-10.2	-2.3	-2.4	-1.9	-1.5	-1.2	-1.0	-0.9	-0.9	-0.8	-0.7	-0.7	-0.7
Incomes													
Personal Income (% ch., saar)	4.0	6.2	6.8	6.8	6.6	6.5	6.2	6.4	5.9	5.4	6.0	5.8	5.7
Real Disposable Income (%ch., saar)	3.1	5.2	3.9	3.9	3.4	3.5	3.6	3.5	3.0	3.0	3.4	2.8	3.2
Saving Rate (%)	4.1	4.5	3.8	3.7	3.2	2.8	2.7	2.4	2.2	2.2	2.0	1.5	1.3
After-Tax Profits (Billions of \$)	483	545	736	777	788	767	712	672	636	628	710	758	814
(% change)	6.8	12.9	35.0	5.7	1.4	-2.7	-7.1	-5.6	-5.4	-1.2	13.0	6.8	7.3

TABLE 1 (CONTINUED)

Summary of the U.S. Economy—Optimistic Projection

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	3.5	3.2	3.4	3.4	3.3	3.3	3.2	3.3	3.5	3.4	3.5	3.4	3.4
Final Sales of Domestic Product	3.4	3.2	3.4	3.4	3.4	3.3	3.2	3.3	3.4	3.4	3.5	3.4	3.4
Total Consumption	3.4	3.1	3.2	3.2	3.2	3.1	3.0	3.1	3.1	3.0	3.0	3.0	3.0
Durables	4.3	3.8	4.8	4.8	5.1	4.9	4.3	4.6	4.9	4.1	4.0	3.5	3.5
Nondurables	3.8	3.7	3.6	3.5	3.5	3.4	3.3	3.3	3.3	3.2	3.3	3.2	3.2
Services	3.1	2.8	2.8	2.8	2.8	2.8	2.7	2.8	2.8	2.7	2.8	2.8	2.8
Nonresidential Fixed Investment	6.3	4.6	5.0	5.5	5.1	5.9	4.8	5.0	5.8	5.4	5.4	5.2	4.8
Equipment & Software	6.9	6.4	6.1	6.0	6.1	6.3	6.0	5.9	6.3	6.4	6.3	6.0	5.8
Information Processing Equipment	8.6	8.3	7.5	7.0	7.3	7.6	7.3	6.9	7.1	7.4	7.3	6.7	6.7
Computers & Peripherals	18.4	17.7	17.3	17.3	17.3	17.2	17.2	17.1	17.2	17.1	17.0	17.4	17.4
Communications Equipment	8.8	8.1	8.5	8.3	8.1	7.9	7.3	7.1	6.9	6.7	6.7	6.6	6.4
Industrial Equipment	5.0	4.4	3.6	4.4	4.8	5.1	5.1	5.2	5.8	6.0	5.9	6.3	5.6
Transportation equipment	4.7	3.3	4.4	4.8	4.3	4.4	3.8	4.4	5.3	4.7	4.9	4.7	4.3
Aircraft	4.9	4.5	5.2	4.9	5.3	5.2	5.0	5.2	5.4	5.5	5.6	5.4	5.4
Other Equipment	5.3	4.5	5.0	5.0	4.8	4.6	4.3	4.5	4.9	4.6	4.7	4.4	4.1
Structures	4.2	-1.0	1.5	3.9	1.9	4.7	1.1	2.2	4.2	2.3	2.5	3.0	2.0
Buildings and Miscellaneous	4.8	-1.8	1.4	4.5	1.8	5.4	0.8	2.1	4.7	2.2	2.5	3.1	1.9
Commercial	4.2	1.3	1.5	4.8	4.8	5.5	2.3	2.4	4.0	3.9	2.6	3.0	1.8
Industrial	-4.7	-0.7	0.5	1.1	0.4	-1.3	-1.9	-1.9	-2.3	-1.2	-1.3	-1.2	-3.2
Other	9.8	-8.6	1.6	5.2	-4.2	8.1	-1.8	3.0	8.8	-0.4	3.3	4.6	3.2
Mining & Petroleum	0.3	-0.1	0.2	0.2	0.3	0.3	0.3	0.4	0.5	0.5	0.5	0.5	0.4
Public Utilities	2.9	3.4	2.8	2.6	3.1	2.9	2.9	2.8	2.8	3.1	3.1	3.1	3.0
Residential Fixed Investment	2.9	2.3	2.4	3.1	3.8	3.3	3.3	2.5	2.5	2.5	2.0	0.8	1.2
Exports	6.8	7.3	7.8	7.6	7.2	7.2	7.3	7.5	7.6	7.6	7.8	7.8	7.7
Imports	6.5	5.6	5.8	6.3	6.4	6.4	5.8	5.8	6.0	5.4	5.2	5.3	5.0
Federal Government	0.7	0.7	0.6	0.7	1.6	-0.3	0.4	0.6	0.6	0.6	0.6	0.5	0.5
State & Local Government	2.6	2.6	2.5	2.9	2.6	2.7	2.6	2.5	2.5	2.6	2.6	2.5	2.4
Billions of Dollars													
Real GDP	15633.9	16127.8	16674.8	17240.2	17816.5	18402.7	18990.1	19618.3	20298.4	20986.6	21722.2	22463.5	23230.1
Nominal GDP	23157.7	24404.8	25768.9	27205.2	28697.6	30289.9	31929.9	33679.0	35585.5	37587.4	39761.6	42026.5	44416.2
Prices & Wages, Percent Change, SAAR													
GDP Deflator	2.2	2.2	2.1	2.1	2.1	2.2	2.2	2.1	2.1	2.2	2.2	2.2	2.2
Consumer Prices	2.2	2.2	2.2	2.2	2.1	2.3	2.3	2.2	2.3	2.3	2.4	2.4	2.4
Producer Prices, Finished Goods	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.2	1.2	1.3	1.3	1.3
Employment Cost Index - Total Comp.	3.5	3.4	3.4	3.3	3.3	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Other Key Measures													
Oil - WTI (\$ per barrel)	38.58	39.45	40.47	41.57	42.76	44.03	45.45	46.94	48.55	50.25	52.05	53.92	55.93
Productivity (%ch., saar)	2.5	2.7	2.8	2.6	2.4	2.1	2.3	2.4	2.4	2.4	2.4	2.3	2.3
Manufacturing Production (%ch., saar)	5.0	4.5	4.8	5.1	5.1	5.1	5.4	5.6	6.0	6.5	7.5	8.3	8.8
Factory Operating Rate	81.846	82.265	82.669	83.128	83.260	83.168	83.225	83.386	83.796	84.395	85.184	85.842	86.490
Nonfarm Inven. Chg. (Bil. 1996 \$)	83.6	75.7	88.0	97.0	98.0	102.2	98.3	103.6	114.7	114.8	122.6	129.0	129.8
Consumer Sentiment Index	93.3	91.6	92.3	93.9	94.9	95.0	94.2	94.6	95.9	95.7	95.9	95.6	95.2
Light Vehicle Sales (Mil. units, saar)	21.462	21.573	22.079	22.621	23.042	23.332	23.431	23.741	24.317	24.705	25.104	25.326	25.416
Housing Starts (Mil. units, saar)	2.321	2.339	2.378	2.446	2.520	2.585	2.632	2.662	2.702	2.741	2.746	2.725	2.722
Existing House Sales (Mil. units, saar)	7.639	7.835	8.064	8.332	8.633	8.872	9.139	9.326	9.499	9.697	9.832	9.904	10.018
Unemployment Rate (%)	4.4	4.5	4.5	4.3	4.2	4.2	4.2	4.1	4.0	4.0	4.0	4.0	4.1
Payroll Employment (%ch., saar)	1.5	1.1	1.2	1.4	1.4	1.6	1.3	1.3	1.4	1.4	1.4	1.5	1.4
Federal Surplus (Unified, FY, bil. \$)	332.4	352.8	399.3	475.6	547.7	624.4	654.3	645.8	633.3	635.0	605.9	580.0	547.9
Current Account Balance (Bil. \$)	-1469.0	-1523.9	-1580.3	-1633.5	-1671.7	-1719.6	-1731.0	-1724.1	-1708.1	-1638.4	-1532.3	-1384.2	-1169.7
Financial Markets, NSA													
Federal Funds Rate (%)	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
3-Month Treasury Bill Rate (%)	4.86	4.86	4.87	4.88	4.87	4.86	4.86	4.87	4.87	4.86	4.86	4.86	4.87
10-Year Treasury Note Yield (%)	5.70	5.65	5.63	5.65	5.66	5.70	5.75	5.80	5.90	5.97	6.10	6.21	6.34
30-Year Fixed Mortgage Rate (%)	7.22	7.16	7.14	7.13	7.12	7.18	7.21	7.23	7.29	7.34	7.42	7.50	7.59
S&P 500 Stock Index	2845	3237	3803	4298	4809	5221	5711	6079	6487	6909	7366	7896	8333
(Four-Quarter % change)	9.8	13.8	17.5	13.0	11.9	8.6	9.4	6.4	6.7	6.5	6.6	7.2	5.5
Exchange Rate, Industrial Countries	0.927	0.911	0.897	0.884	0.874	0.864	0.853	0.842	0.831	0.820	0.811	0.804	0.797
(% change, annual rate)	-1.1	-1.7	-1.6	-1.4	-1.1	-1.2	-1.3	-1.3	-1.3	-1.3	-1.1	-0.9	-0.8
Incomes													
Personal Income (% ch., saar)	5.7	5.4	5.4	5.5	5.5	5.6	5.5	5.5	5.7	5.7	5.8	5.8	5.8
Real Disposable Income (%ch., saar)	3.2	2.9	2.8	2.8	2.8	3.0	3.0	3.2	3.4	3.3	3.4	3.3	3.3
Saving Rate (%)	1.2	0.9	0.6	0.2	-0.2	-0.3	-0.3	-0.2	0.1	0.3	0.7	1.1	1.5
After-Tax Profits (Billions of \$)	874	941	1036	1134	1239	1347	1466	1605	1763	1935	2143	2349	2611
(% change)	7.5	7.7	10.0	9.5	9.3	8.7	8.8	9.5	9.9	9.7	10.8	9.6	11.2

TABLE 2
Population, Labor Force and Potential GDP—Optimistic Projection

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Millions													
Total Population	291.9	295.4	299.0	302.7	306.5	310.3	314.2	318.2	322.3	326.5	330.8	335.1	339.6
Under 5	19.7	20.1	20.5	20.9	21.3	21.8	22.3	22.8	23.3	23.8	24.3	24.7	25.2
Ages 5 through 21	72.8	73.6	74.3	74.8	75.3	75.9	76.4	77.0	77.5	78.1	78.7	79.5	80.4
Ages 16 and Up	227.1	230.2	233.3	236.4	239.5	242.5	246.2	249.9	252.4	254.9	258.1	261.1	264.7
Males Ages 25 through 54	62.6	63.0	63.5	63.9	64.3	64.6	64.9	65.2	65.4	65.6	65.9	66.3	66.6
Ages 55 through 64	28.0	29.2	30.5	31.7	32.9	34.1	35.4	36.8	38.2	39.1	40.1	40.9	41.4
Ages 65 and Up	35.9	36.3	36.8	37.3	38.0	39.0	39.8	40.7	41.6	43.4	44.9	46.4	47.9
Ages 85 and Up	4.7	4.8	5.0	5.2	5.3	5.5	5.7	5.8	6.0	6.1	6.3	6.5	6.7
Percent Change, Annual Rate													
Total Population	1.0	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Under 5	1.0	1.7	1.9	2.0	2.1	2.2	2.2	2.2	2.2	2.2	2.1	1.9	1.8
Ages 5 through 21	1.2	1.1	0.9	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	1.0	1.2
Ages 16 and Up	1.2	1.4	1.3	1.3	1.3	1.3	1.5	1.5	1.0	1.0	1.2	1.1	1.4
Males Ages 25 through 54	0.3	0.6	0.7	0.6	0.6	0.5	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Ages 65 and Up	1.0	1.2	1.3	1.4	1.8	2.6	2.2	2.1	2.3	4.3	3.5	3.3	3.3
Ages 85 and Up	2.8	3.1	3.4	3.8	3.5	3.2	3.0	2.9	2.4	2.7	2.5	2.6	3.7
Labor Force and Employment													
Labor Force, Millions	146.7	148.7	151.1	153.6	155.8	157.7	160.3	163.1	164.5	164.7	165.9	167.5	169.5
Under 65	142.0	144.0	146.3	148.7	150.9	152.7	155.1	157.9	159.1	159.1	160.1	161.3	163.1
Ages 65 and Up	4.7	4.7	4.8	4.8	4.9	5.0	5.1	5.3	5.4	5.6	5.8	6.1	6.5
Participation Rate, Percent	64.6	64.6	64.8	65.0	65.1	65.0	65.1	65.3	65.1	64.6	64.3	64.1	64.1
Under 65	74.3	74.3	74.5	74.7	74.9	75.0	75.2	75.4	75.5	75.2	75.1	75.2	75.2
Ages 65 and Up	13.2	13.0	13.0	12.9	12.9	12.9	12.9	12.9	12.9	12.8	12.9	13.2	13.5
Employment, Millions													
Household Survey	137.8	140.2	143.4	146.3	148.8	151.0	153.5	156.2	157.4	157.5	158.9	160.3	162.3
Establishment Survey	130.2	133.6	138.7	143.3	147.4	151.0	154.1	157.4	159.5	160.5	162.6	164.8	167.2
Percent Change, Annual Rate	-0.1	2.6	3.8	3.3	2.9	2.4	2.0	2.1	1.4	0.6	1.3	1.3	1.5
Unemployment Rate, Percent	6.1	5.8	5.1	4.7	4.5	4.3	4.2	4.2	4.3	4.3	4.2	4.2	4.3
Average Weekly Hours	33.0	33.0	33.1	33.0	32.9	32.9	32.9	32.8	32.8	32.7	32.7	32.8	32.8
Manhours in Private Nonfarm Estab.													
Billions of Hours, SAAR	193.6	200.5	209.3	216.8	223.5	229.4	234.6	240.0	243.5	244.8	248.1	251.3	255.0
Percent Change, Annual Rate	-0.2	3.6	4.4	3.6	3.1	2.6	2.3	2.3	1.4	0.5	1.4	1.3	1.5
Index of Vendor Performance	52.3	54.6	55.7	55.8	54.6	53.3	52.3	52.0	51.9	51.3	51.9	51.2	50.7
Potential GDP													
Billions of Chained 1996 Dollars	10010	10309	10639	11003	11395	11789	12205	12672	13117	13502	13931	14385	14874
Percent Change, SAAR													
Potential GDP	2.9	3.0	3.2	3.4	3.6	3.5	3.5	3.8	3.5	2.9	3.2	3.3	3.4
Nonhousing, Non-Government													
Potential Output	3.2	3.6	3.7	3.9	4.0	3.8	4.2	4.4	3.7	3.2	3.7	3.6	3.9
Capital Stock	2.8	3.5	4.5	5.2	5.8	5.9	5.8	5.8	5.8	5.6	5.7	6.1	6.2
R&D Capital Stock	3.6	3.3	3.4	3.6	3.9	4.1	4.0	3.8	3.7	3.6	3.5	3.5	3.5
Full-Employment Labor Force	0.9	1.7	1.4	1.4	1.4	1.1	1.7	2.0	1.0	0.3	1.1	0.9	1.4
Multifactor Productivity	1.37	1.12	1.12	1.19	1.19	1.12	1.09	1.08	1.08	1.08	1.08	1.02	0.97
Nonfarm Productivity - Output per Hour													
Full-Employment	2.2	1.9	2.3	2.5	2.6	2.7	2.5	2.4	2.7	2.9	2.7	2.7	2.6
Actual	3.0	3.5	2.6	2.2	2.2	2.2	2.2	2.0	2.2	2.9	3.3	2.6	2.5

TABLE 2 (CONTINUED)

Population, Labor Force and Potential GDP—Optimistic Projection

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Millions													
Total Population	344.1	348.7	353.4	358.2	363.0	368.3	373.4	378.6	383.9	389.4	395.0	400.8	406.7
Under 5	25.6	26.0	26.5	26.9	27.3	27.7	28.1	28.6	29.0	29.5	30.0	30.5	31.0
Ages 5 through 21	81.5	82.8	84.1	85.5	87.0	88.6	90.2	91.9	93.6	95.3	97.1	98.9	100.7
Ages 16 and Up	268.3	271.2	274.3	277.2	280.8	284.6	288.2	291.9	295.7	299.7	303.8	308.0	312.3
Males Ages 25 through 54	67.0	67.3	67.7	68.1	68.7	69.3	69.9	70.6	71.2	71.9	72.6	73.4	74.3
Ages 55 through 64	41.8	42.2	42.6	43.1	43.5	44.0	44.4	44.9	45.3	45.8	46.2	46.6	47.0
Ages 65 and Up	49.5	51.2	52.9	54.8	56.7	58.7	60.8	62.8	64.9	66.9	69.0	71.0	73.0
Ages 85 and Up	6.8	6.9	7.0	7.1	7.2	7.3	7.4	7.6	7.7	7.9	8.1	8.4	8.7
Percent Change, Annual Rate													
Total Population	1.3	1.3	1.3	1.4	1.4	1.5	1.4	1.4	1.4	1.4	1.4	1.5	1.5
Under 5	1.7	1.7	1.6	1.6	1.6	1.5	1.5	1.6	1.6	1.6	1.7	1.6	1.6
Ages 5 through 21	1.4	1.5	1.6	1.7	1.8	1.8	1.8	1.8	1.8	1.9	1.8	1.9	1.9
Ages 16 and Up	1.4	1.1	1.1	1.1	1.3	1.4	1.2	1.3	1.3	1.3	1.4	1.4	1.4
Males Ages 25 through 54	0.5	0.5	0.5	0.7	0.8	0.9	0.9	0.9	1.0	0.9	1.0	1.2	1.2
Ages 65 and Up	3.2	3.4	3.4	3.5	3.5	3.5	3.6	3.4	3.2	3.2	3.0	2.9	2.9
Ages 85 and Up	2.0	1.7	1.2	1.0	1.1	1.8	1.7	1.8	2.3	2.5	2.6	3.0	3.9
Labor Force and Employment													
Labor Force, Millions	171.5	172.5	173.7	174.9	176.7	178.5	179.9	181.5	183.7	186.3	189.3	192.5	195.7
Under 65	164.6	165.2	165.9	166.7	168.0	169.3	170.1	171.2	172.8	174.8	177.2	179.8	182.3
Ages 65 and Up	6.9	7.3	7.7	8.2	8.7	9.2	9.8	10.3	10.9	11.5	12.1	12.7	13.4
Participation Rate, Percent	63.9	63.6	63.3	63.1	62.9	62.7	62.4	62.2	62.1	62.2	62.3	62.5	62.7
Under 65	75.2	75.1	75.0	74.9	74.9	74.9	74.8	74.7	74.8	75.1	75.5	75.8	76.2
Ages 65 and Up	13.9	14.2	14.6	14.9	15.3	15.7	16.1	16.4	16.8	17.2	17.6	17.9	18.3
Employment, Millions													
Household Survey	163.9	164.8	165.9	167.3	169.2	171.1	172.4	174.1	176.3	178.9	181.7	184.7	187.7
Establishment Survey	169.7	171.6	173.6	175.9	178.5	181.2	183.6	185.9	188.6	191.2	193.9	196.8	199.6
Percent Change, Annual Rate	1.5	1.1	1.2	1.4	1.4	1.6	1.3	1.3	1.4	1.4	1.4	1.5	1.4
Unemployment Rate, Percent	4.4	4.5	4.5	4.3	4.2	4.2	4.2	4.1	4.0	4.0	4.0	4.0	4.1
Average Weekly Hours	32.9	33.0	33.1	33.2	33.3	33.3	33.4	33.5	33.6	33.7	33.7	33.8	33.9
Manhours in Private Nonfarm Estab.													
Billions of Hours, SAAR	258.6	261.2	264.1	267.3	270.8	275.1	278.6	282.4	286.8	291.1	295.6	300.4	305.3
Percent Change, Annual Rate	1.4	1.0	1.1	1.2	1.3	1.6	1.3	1.3	1.6	1.5	1.6	1.6	1.6
Index of Vendor Performance	51.4	52.2	52.4	52.7	52.1	51.7	51.8	52.0	52.5	53.1	53.8	53.6	53.9
Potential GDP													
Billions of Chained 1996 Dollars	15402	15888	16368	16855	17369	17949	18530	19125	19745	20393	21071	21783	22518
Percent Change, SAAR													
Potential GDP	3.6	3.2	3.0	3.0	3.0	3.3	3.2	3.2	3.2	3.3	3.3	3.4	3.4
Nonhousing, Non-Government													
Potential Output	3.9	3.4	3.3	3.2	3.5	3.8	3.6	3.6	3.6	3.7	3.7	3.8	3.8
Capital Stock	5.9	5.6	5.3	5.1	5.0	5.0	5.0	4.9	4.9	5.0	5.0	5.0	4.9
R&D Capital Stock	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.3	4.4	4.6	4.7	4.9	5.0
Full-Employment Labor Force	1.4	0.8	0.8	0.7	1.0	1.5	1.2	1.2	1.3	1.3	1.4	1.5	1.5
Multifactor Productivity	0.96	0.98	1.00	1.03	1.04	1.06	1.06	1.05	1.04	1.04	1.04	1.04	1.04
Nonfarm Productivity - Output per Hour													
Full-Employment	2.5	2.6	2.5	2.5	2.4	2.3	2.4	2.3	2.3	2.3	2.3	2.3	2.2
Actual	2.5	2.7	2.8	2.6	2.4	2.1	2.3	2.4	2.4	2.4	2.4	2.3	2.3

TABLE 1
Summary of the U.S. Economy—Pessimistic Projection

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.2	2.6	2.4	3.1	2.8	2.6	2.2	2.4	2.3	1.9	2.7	2.8	2.5
Final Sales of Domestic Product	2.1	2.4	2.4	3.0	2.8	2.7	2.2	2.3	2.3	2.0	2.6	2.8	2.5
Total Consumption	2.6	3.0	2.0	2.4	2.3	2.4	1.9	2.1	2.1	2.1	2.6	2.8	2.3
Durables	5.4	3.2	0.3	2.2	2.8	3.0	2.5	3.3	3.3	2.0	3.9	4.7	3.4
Nondurables	3.1	3.2	2.3	2.5	2.3	2.4	2.3	2.6	2.5	2.8	3.1	3.2	3.1
Services	1.8	2.9	2.2	2.3	2.3	2.3	1.7	1.8	1.7	1.9	2.2	2.3	1.8
Nonresidential Fixed Investment	1.2	4.8	6.0	8.0	7.3	5.0	4.6	5.5	6.0	4.4	6.2	7.5	6.1
Equipment & Software	3.8	7.1	6.4	9.1	7.5	5.8	5.6	6.1	6.8	6.5	7.7	8.7	7.8
Information Processing Equipment	10.4	8.9	7.2	8.0	11.2	11.1	10.3	10.3	10.6	10.9	10.6	11.6	11.0
Computers & Peripherals	26.4	22.8	17.5	21.5	20.2	19.6	19.2	18.9	18.5	18.2	18.3	18.4	17.9
Communications Equipment	6.3	5.4	3.2	-1.3	5.6	7.1	4.9	5.5	6.1	7.9	6.4	7.9	9.8
Industrial Equipment	-2.1	2.1	8.0	11.9	2.1	-3.0	0.4	0.6	1.7	0.6	3.0	3.6	2.0
Transportation equipment	-5.7	10.4	6.7	15.6	7.6	3.8	1.2	2.4	3.6	1.6	4.9	6.0	3.7
Aircraft	-29.3	5.0	9.1	14.8	13.4	9.2	2.5	2.6	2.7	2.7	4.3	4.0	4.3
Other Equipment	1.9	4.2	2.3	2.8	2.6	2.1	1.4	2.1	2.9	2.0	4.4	5.4	5.3
Structures	-7.0	-3.2	4.7	4.2	6.5	2.5	1.1	3.7	3.2	-2.3	1.2	3.6	0.3
Buildings and Miscellaneous	-7.0	-2.1	4.4	5.7	6.8	4.4	0.2	5.0	4.2	-3.4	1.2	4.1	-0.4
Commercial	-9.0	-4.4	2.2	2.8	3.5	2.5	1.9	0.9	3.7	-3.0	-0.9	3.4	2.3
Industrial	-19.7	2.3	21.7	22.8	21.6	14.9	8.9	4.2	6.7	4.4	7.1	1.6	-1.5
Other	0.6	-1.4	3.2	7.0	8.3	4.1	-5.3	12.0	4.8	-7.6	1.1	6.8	-3.7
Mining & Petroleum	0.9	-11.2	6.0	-3.4	2.2	-0.1	-0.3	-0.5	-0.5	0.8	0.5	0.5	0.3
Public Utilities	-11.7	-2.3	4.7	3.2	8.0	-2.9	5.7	1.0	1.0	0.9	2.0	3.1	3.3
Residential Fixed Investment	5.2	-7.5	-6.8	-0.9	0.0	-0.3	-2.1	-2.0	-0.2	-6.1	1.3	0.1	2.6
Exports	0.3	6.9	10.6	9.8	8.0	7.4	6.7	6.4	6.2	6.0	5.7	5.8	5.3
Imports	3.9	5.1	3.8	5.4	4.9	4.3	4.1	4.8	5.3	4.5	6.1	6.7	5.8
Federal Government	6.9	3.4	2.0	1.3	1.5	1.4	1.4	1.6	0.6	1.1	1.1	0.9	0.8
State & Local Government	-0.1	-0.5	0.4	1.5	1.2	1.2	1.3	0.7	1.1	0.6	0.8	1.1	1.8
Billions of Dollars													
Real GDP	9648.6	9899.7	10139.5	10456.9	10747.4	11027.9	11268.1	11534.5	11799.9	12029.0	12356.7	12700.4	13013.2
Nominal GDP	10841.3	11283.1	11772.6	12401.2	13062.7	13764.4	14463.2	15256.4	16127.0	16982.2	18034.4	19200.1	20383.5
Prices & Wages, Percent Change, SAAR													
GDP Deflator	1.5	1.4	1.9	2.1	2.5	2.7	2.8	3.0	3.3	3.3	3.4	3.6	3.6
Consumer Prices	2.2	1.2	1.8	2.1	2.5	2.7	2.9	3.1	3.4	3.4	3.6	3.7	3.7
Producer Prices, Finished Goods	2.7	-0.1	0.5	1.1	1.7	1.9	1.9	2.1	2.4	2.4	2.4	2.7	2.6
Employment Cost Index - Total Comp.	3.8	3.1	3.0	3.0	3.2	3.5	3.7	3.9	4.1	4.2	4.3	4.5	4.6
Other Key Measures													
Oil - WTI (\$ per barrel)	30.28	26.87	28.09	28.91	29.76	30.70	31.71	32.74	33.99	35.46	37.51	39.42	41.44
Productivity (%ch., saar)	2.9	2.4	2.1	2.3	1.6	1.6	1.7	1.6	1.7	1.7	2.2	1.8	2.1
Manufacturing Production (%ch., saar)	0.0	4.4	5.1	4.4	2.7	1.4	2.1	3.3	3.7	3.3	4.3	4.6	3.2
Factory Operating Rate	73.261	74.679	76.604	79.423	80.450	80.955	81.053	81.561	81.798	81.228	81.804	81.959	81.387
Nonfarm Inven. Chg. (Bil. 1996 \$)	11.5	34.6	33.4	48.4	41.9	35.7	30.3	37.9	40.9	28.7	47.5	52.0	43.9
Consumer Sentiment Index	87.6	86.5	82.3	84.0	83.9	83.1	80.8	82.1	81.6	80.0	81.8	82.9	80.8
Light Vehicle Sales (Mil. units, saar)	16.324	16.074	15.569	15.931	16.035	16.031	15.905	15.965	16.019	15.735	15.866	16.154	16.284
Housing Starts (Mil. units, saar)	1.708	1.454	1.330	1.313	1.315	1.298	1.248	1.221	1.192	1.076	1.083	1.072	1.080
Existing House Sales (Mil. units, saar)	5.755	4.961	4.667	4.620	4.667	4.676	4.653	4.631	4.617	4.405	4.458	4.510	4.651
Unemployment Rate (%)	6.1	6.4	6.7	6.7	6.6	6.4	6.3	6.2	6.1	6.1	5.9	5.7	5.9
Payroll Employment (%ch., saar)	-0.3	0.2	0.6	1.2	1.3	1.2	0.7	0.9	0.8	0.5	0.7	1.0	0.6
Federal Surplus (Unified, FY, bil. \$)	-429.0	-521.1	-511.3	-456.6	-409.1	-380.3	-335.1	-297.1	-261.9	-280.6	-356.8	-406.8	-440.8
Current Account Balance (Bil. \$)	-564.9	-592.2	-595.3	-614.3	-627.8	-642.3	-657.0	-681.1	-691.9	-688.5	-720.5	-756.2	-768.0
Financial Markets, NSA													
Federal Funds Rate (%)	1.12	1.07	1.86	2.25	2.54	3.4	4.4	5.4	5.8	6.2	6.3	6.3	6.3
3-Month Treasury Bill Rate (%)	1.04	1.02	1.68	2.09	2.40	3.18	4.17	5.10	5.41	5.83	5.93	5.94	5.94
10-Year Treasury Note Yield (%)	4.15	4.81	5.28	5.47	5.69	6.17	6.69	7.09	7.16	7.33	7.41	7.38	7.35
30-Year Fixed Mortgage Rate (%)	5.94	6.39	6.79	7.00	7.20	7.67	8.19	8.68	8.80	8.98	9.07	9.08	9.08
S&P 500 Stock Index	953	959	821	858	924	999	1160	1343	1467	1489	1626	1886	2112
(Four-Quarter % change)	-4.2	0.6	-14.4	4.5	7.7	8.1	16.1	15.8	9.2	1.5	9.2	16.0	12.0
Exchange Rate, Industrial Countries	1.092	1.068	1.047	1.035	1.027	1.023	1.023	1.027	1.031	1.037	1.044	1.049	1.052
(% change, annual rate)	-10.2	-2.1	-2.0	-1.2	-0.8	-0.4	0.0	0.4	0.3	0.6	0.7	0.5	0.3
Incomes													
Personal Income (% ch., saar)	3.9	4.4	3.9	5.1	5.6	5.7	5.6	6.1	6.3	6.3	6.8	6.9	6.6
Real Disposable Income (%ch., saar)	3.0	3.8	1.7	2.5	2.0	2.2	1.7	2.1	2.3	2.7	3.2	2.8	2.7
Saving Rate (%)	4.1	4.9	4.8	5.0	4.8	4.5	4.3	4.1	4.3	4.8	5.3	5.4	5.8
After-Tax Profits (Billions of \$)	479	485	646	730	755	757	728	694	695	681	738	819	897
(% change)	6.0	1.2	33.3	13.0	3.5	0.2	-3.7	-4.7	0.1	-2.1	8.4	10.9	9.6

TABLE 1 (CONTINUED)

Summary of the U.S. Economy—Pesimistic Projection

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.5	2.6	2.7	2.1	2.2	2.3	2.3	2.2	2.3	2.4	2.7	2.7	2.7
Final Sales of Domestic Product	2.5	2.6	2.7	2.2	2.2	2.2	2.3	2.2	2.3	2.4	2.7	2.7	2.7
Total Consumption	2.4	2.4	2.6	2.2	2.2	2.3	2.3	2.2	2.3	2.3	2.6	2.6	2.6
Durables	4.4	4.6	4.7	3.4	3.7	4.3	4.3	4.0	3.8	3.2	3.7	3.6	3.4
Nondurables	3.1	3.0	3.1	2.9	2.9	2.9	2.8	2.8	2.8	2.8	3.0	3.1	3.1
Services	1.9	1.8	2.1	1.7	1.7	1.8	1.7	1.7	1.8	2.0	2.2	2.3	2.4
Nonresidential Fixed Investment	4.7	5.7	6.1	4.3	4.3	5.7	5.5	5.0	5.7	5.8	6.0	6.1	5.8
Equipment & Software	6.3	6.6	6.4	5.6	5.9	6.5	6.5	6.3	6.6	6.9	7.1	7.1	6.8
Information Processing Equipment	8.4	8.1	7.2	7.2	8.2	8.2	8.0	7.7	7.9	8.1	8.1	8.0	7.9
Computers & Peripherals	17.6	16.7	16.4	16.9	16.9	16.7	16.6	16.8	16.9	16.8	16.8	17.2	17.2
Communications Equipment	9.0	8.6	8.9	8.1	7.9	7.4	7.1	6.8	6.4	6.0	6.1	6.3	6.2
Industrial Equipment	2.4	3.4	4.1	3.5	1.2	1.8	3.2	3.2	3.6	4.1	4.1	3.8	2.9
Transportation equipment	2.8	3.9	4.8	1.8	1.8	3.7	3.8	3.2	3.9	4.0	4.8	4.8	3.9
Aircraft	3.9	3.7	4.1	3.6	3.6	3.4	3.9	4.1	4.1	4.3	4.6	4.6	4.6
Other Equipment	5.4	6.0	6.3	4.9	5.1	5.7	5.9	5.9	6.5	6.8	7.5	7.8	7.7
Structures	-1.0	2.4	5.3	-0.1	-1.7	2.9	1.8	0.1	2.1	1.9	1.8	2.3	2.0
Buildings and Miscellaneous	-2.1	2.6	6.5	-0.7	-2.8	3.3	1.9	-0.3	2.3	1.9	1.6	2.4	2.0
Commercial	2.5	5.5	6.2	4.3	-0.6	2.8	3.2	2.4	2.1	2.5	2.3	2.9	2.7
Industrial	-5.2	-3.0	0.6	4.5	-1.1	-2.6	-3.3	-2.1	-1.8	-0.4	-0.7	-0.4	-2.3
Other	-7.6	0.7	10.4	-10.2	-8.1	7.4	1.7	-4.8	4.5	1.9	1.9	3.0	2.4
Mining & Petroleum	0.6	0.0	0.1	0.2	0.4	0.2	0.2	0.3	0.3	0.2	0.2	0.1	0.0
Public Utilities	2.4	2.9	3.1	2.3	1.7	2.3	2.4	2.0	2.1	2.8	2.8	2.9	2.9
Residential Fixed Investment	3.2	1.3	0.5	0.6	0.8	0.5	0.8	0.4	-0.4	-0.9	0.1	1.7	2.0
Exports	5.6	6.3	6.7	6.0	5.6	5.6	5.7	5.7	5.7	5.8	6.0	6.0	5.9
Imports	5.9	6.1	6.7	6.1	5.9	6.7	6.6	6.2	6.2	6.0	6.3	6.7	6.3
Federal Government	0.8	0.7	0.7	0.7	1.5	-0.2	0.4	0.6	0.6	0.6	0.6	0.6	0.6
State & Local Government	1.6	1.7	1.4	1.7	1.3	1.3	1.4	1.3	1.1	1.0	1.1	0.9	0.8
Billions of Dollars													
Real GDP	13337.0	13685.4	14057.3	14358.6	14672.7	15006.5	15346.2	15683.3	16051.2	16440.6	16881.1	17339.1	17806.6
Nominal GDP	21617.9	22996.0	24573.3	26165.9	27852.4	29698.2	31693.8	33808.1	36132.0	38671.4	41520.7	44623.8	47965.5
Prices & Wages, Percent Change, SAAR													
GDP Deflator	3.5	3.7	4.0	4.2	4.2	4.3	4.4	4.4	4.4	4.5	4.6	4.6	4.7
Consumer Prices	3.7	3.9	4.2	4.4	4.4	4.5	4.7	4.7	4.8	4.9	5.0	5.1	5.2
Producer Prices, Finished Goods	2.5	2.7	3.1	3.3	3.1	3.2	3.3	3.3	3.3	3.4	3.5	3.5	3.6
Employment Cost Index - Total Comp.	4.6	4.7	4.9	5.0	5.0	5.1	5.2	5.3	5.3	5.4	5.4	5.5	5.6
Other Key Measures													
Oil - WTI (\$ per barrel)	43.27	44.95	46.95	49.26	51.72	54.26	57.07	60.05	63.25	66.62	70.16	73.87	77.83
Productivity (%ch., saar)	2.1	2.1	1.7	1.6	2.0	1.8	1.8	1.8	1.9	2.0	2.1	2.0	2.0
Manufacturing Production (%ch., saar)	2.9	3.0	3.1	2.5	2.5	2.8	2.6	2.4	2.7	2.7	2.8	2.8	2.6
Factory Operating Rate	81.310	81.839	82.579	82.478	82.250	82.073	81.675	81.229	81.156	81.159	81.346	81.369	81.201
Nonfarm Inven. Chg. (Bil. 1996 \$)	50.6	58.9	68.4	53.7	51.2	59.7	58.7	54.4	59.8	61.7	70.7	78.5	75.1
Consumer Sentiment Index	81.8	82.7	83.7	81.9	81.2	81.6	81.8	81.3	81.4	81.2	82.2	82.7	82.8
Light Vehicle Sales (Mil. units, saar)	16.610	17.017	17.546	17.653	17.724	17.915	18.116	18.317	18.662	18.941	19.369	19.729	19.925
Housing Starts (Mil. units, saar)	1.099	1.085	1.072	1.058	1.038	1.020	1.007	0.980	0.944	0.905	0.883	0.884	0.887
Existing House Sales (Mil. units, saar)	4.786	4.859	4.887	4.926	4.977	4.993	5.021	5.018	4.969	4.906	4.885	4.912	4.945
Unemployment Rate (%)	5.8	5.7	5.5	5.5	5.6	5.5	5.5	5.5	5.4	5.4	5.4	5.3	5.2
Payroll Employment (%ch., saar)	0.8	0.8	1.2	0.9	0.6	0.7	0.7	0.6	0.6	0.6	0.8	0.8	0.8
Federal Surplus (Unified, FY, bil. \$)	-502.1	-541.7	-585.3	-682.8	-820.1	-956.6	-1099.0	-1295.4	-1545.0	-1833.7	-2183.1	-2527.2	-2887.0
Current Account Balance (Bil. \$)	-785.6	-798.6	-836.3	-795.8	-731.1	-693.3	-621.0	-502.4	-359.2	-159.6	72.9	332.9	681.8
Financial Markets, NSA													
Federal Funds Rate (%)	6.3	6.3	6.8	6.8	6.8	6.8	6.8	6.8	7.0	7.3	7.3	7.3	7.3
3-Month Treasury Bill Rate (%)	5.97	5.98	6.43	6.45	6.48	6.51	6.52	6.52	6.76	6.99	7.01	7.02	7.02
10-Year Treasury Note Yield (%)	7.39	7.42	7.79	7.88	8.05	8.21	8.35	8.49	8.81	9.10	9.29	9.48	9.68
30-Year Fixed Mortgage Rate (%)	9.11	9.18	9.54	9.68	9.82	10.00	10.16	10.29	10.60	10.90	11.08	11.29	11.50
S&P 500 Stock Index	2432	2791	3180	3498	3846	4188	4561	4739	4907	5063	5291	5573	5748
(Four-Quarter % change)	15.2	14.8	13.9	10.0	9.9	8.9	8.9	3.9	3.6	3.2	4.5	5.3	3.2
Exchange Rate, Industrial Countries (% change, annual rate)	1.050	1.038	1.027	1.015	1.010	1.005	1.000	0.995	0.989	0.984	0.980	0.978	0.976
	-0.2	-1.1	-1.1	-1.1	-0.6	-0.5	-0.4	-0.5	-0.6	-0.5	-0.4	-0.2	-0.2
Incomes													
Personal Income (% ch., saar)	6.5	6.8	7.3	7.2	7.1	7.4	7.6	7.5	7.8	8.0	8.3	8.5	8.5
Real Disposable Income (%ch., saar)	2.6	2.6	2.9	2.6	2.7	2.8	2.8	2.9	3.2	3.3	3.6	3.5	3.5
Saving Rate (%)	6.0	6.1	6.4	6.8	7.3	7.8	8.3	9.0	9.9	10.8	11.7	12.6	13.3
After-Tax Profits (Billions of \$)	980	1078	1145	1229	1351	1474	1610	1757	1922	2127	2387	2654	2996
(% change)	9.2	10.0	6.2	7.3	10.0	9.1	9.2	9.1	9.4	10.7	12.2	11.2	12.9

TABLE 2
Population, Labor Force and Potential GDP—Pessimistic Projection

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Millions													
Total Population	291.5	293.4	295.1	296.7	298.3	299.8	301.2	302.7	304.1	305.4	306.8	308.0	309.2
Under 5	19.7	19.6	19.5	19.5	19.4	19.4	19.4	19.5	19.5	19.6	19.6	19.6	19.6
Ages 5 through 21	72.7	73.2	73.3	73.4	73.4	73.3	73.2	73.0	72.8	72.4	72.0	71.6	71.3
Ages 16 and Up	226.9	229.0	231.1	233.2	235.2	237.3	238.3	240.4	241.4	243.5	244.5	246.5	247.5
Males Ages 25 through 54	62.6	62.6	62.7	62.7	62.7	62.7	62.5	62.3	62.1	61.8	61.6	61.4	61.2
Ages 55 through 64	28.0	29.2	30.4	31.6	32.7	33.7	34.9	36.3	37.5	38.2	39.1	39.8	40.1
Ages 65 and Up	35.9	36.2	36.5	36.9	37.4	38.2	38.9	39.5	40.1	41.6	42.9	44.1	45.3
Ages 85 and Up	4.7	4.8	4.9	5.1	5.3	5.5	5.6	5.7	5.9	6.0	6.1	6.3	6.5
Percent Change, Annual Rate													
Total Population	0.9	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Under 5	0.6	-0.4	-0.3	-0.3	-0.2	0.0	0.0	0.1	0.2	0.2	0.2	0.1	0.0
Ages 5 through 21	1.1	0.6	0.2	0.1	-0.1	-0.1	-0.1	-0.2	-0.3	-0.5	-0.6	-0.6	-0.4
Ages 16 and Up	1.2	1.0	0.9	0.9	0.9	0.9	0.4	0.9	0.4	0.9	0.4	0.8	0.4
Males Ages 25 through 54	0.2	0.1	0.1	0.1	0.0	-0.1	-0.3	-0.3	-0.3	-0.4	-0.4	-0.3	-0.3
Ages 65 and Up	0.9	0.8	0.9	1.0	1.3	2.2	1.7	1.6	1.4	3.9	3.0	2.8	2.8
Ages 85 and Up	2.8	2.9	3.2	3.6	3.4	2.9	2.8	2.6	2.2	2.2	2.2	2.3	3.5
Labor Force and Employment													
Labor Force, Millions	146.6	148.0	149.5	151.3	153.1	154.9	155.8	157.7	158.7	159.8	160.3	162.3	163.3
Under 65	141.8	143.3	144.8	146.6	148.4	150.2	151.0	152.8	153.8	154.7	155.0	156.7	157.4
Ages 65 and Up	4.7	4.7	4.7	4.7	4.7	4.8	4.8	4.9	4.9	5.1	5.3	5.6	5.9
Participation Rate, Percent	64.6	64.6	64.7	64.9	65.1	65.3	65.4	65.6	65.7	65.6	65.6	65.8	66.0
Under 65	74.3	74.3	74.4	74.7	75.0	75.4	75.7	76.0	76.4	76.7	76.9	77.4	77.9
Ages 65 and Up	13.2	13.1	13.0	12.8	12.6	12.4	12.4	12.4	12.3	12.3	12.4	12.6	13.0
Employment, Millions													
Household Survey	137.6	138.5	139.5	141.1	143.1	145.0	146.0	148.0	149.1	150.1	150.8	153.0	153.7
Establishment Survey	129.9	130.2	131.0	132.5	134.3	135.9	136.8	138.0	139.1	139.8	140.8	142.2	143.1
Percent Change, Annual Rate	-0.3	0.2	0.6	1.2	1.3	1.2	0.7	0.9	0.8	0.5	0.7	1.0	0.6
Unemployment Rate, Percent	6.1	6.4	6.7	6.7	6.6	6.4	6.3	6.2	6.1	6.1	5.9	5.7	5.9
Average Weekly Hours	33.0	32.9	32.9	32.9	32.9	32.8	32.8	32.8	32.7	32.7	32.7	32.7	32.8
Manhours in Private Nonfarm Estab.													
Billions of Hours, SAAR	193.2	195.4	197.4	200.5	204.2	207.5	209.4	212.0	214.5	216.2	218.6	222.0	224.0
Percent Change, Annual Rate	-0.4	1.1	1.0	1.6	1.8	1.6	0.9	1.2	1.2	0.8	1.1	1.6	0.9
Index of Vendor Performance	52.1	52.7	54.3	56.2	54.0	53.4	52.2	52.8	52.0	51.0	52.6	51.8	50.7
Potential GDP													
Billions of Chained 1996 Dollars	10007	10290	10573	10851	11131	11407	11647	11909	12184	12462	12737	13047	13370
Percent Change, SAAR													
Potential GDP	2.9	2.8	2.8	2.6	2.6	2.5	2.1	2.3	2.3	2.3	2.2	2.4	2.5
Nonhousing, Non-Government													
Potential Output	3.1	3.3	3.2	3.1	3.0	2.8	2.2	2.9	2.6	2.8	2.6	3.1	2.8
Capital Stock	2.8	3.2	3.4	3.9	4.6	4.7	4.7	4.6	4.7	4.8	4.9	5.4	5.7
R&D Capital Stock	3.6	3.3	3.2	3.1	3.3	3.5	3.7	3.5	3.4	3.4	3.2	3.2	3.3
Full-Employment Labor Force	0.8	1.3	1.4	1.4	1.4	1.2	0.4	1.3	0.8	1.0	0.6	1.4	0.6
Multifactor Productivity	1.39	1.25	1.05	0.85	0.65	0.52	0.49	0.51	0.53	0.53	0.53	0.53	0.53
Nonfarm Productivity - Output per Hour													
Full-Employment	2.3	2.0	1.8	1.7	1.7	1.7	1.9	1.6	1.8	1.8	1.9	1.8	2.2
Actual	2.9	2.4	2.1	2.3	1.6	1.6	1.7	1.6	1.7	1.7	2.2	1.8	2.1

TABLE 2 (CONTINUED)

Population, Labor Force and Potential GDP—Pessimistic Projection

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Millions													
Total Population	310.4	311.6	312.7	313.8	314.8	315.7	316.7	317.5	318.4	319.2	319.9	320.6	321.3
Under 5	19.6	19.6	19.6	19.5	19.5	19.4	19.3	19.2	19.1	19.0	18.9	18.8	18.7
Ages 5 through 21	71.1	70.9	70.8	70.6	70.5	70.4	70.2	70.2	70.1	70.0	69.9	69.8	69.7
Ages 16 and Up	248.4	249.4	251.4	252.4	253.4	254.3	255.3	256.3	257.2	258.2	259.1	260.0	260.8
Males Ages 25 through 54	61.0	60.8	60.6	60.4	60.3	60.3	60.4	60.4	60.5	60.5	60.4	60.6	60.7
Ages 55 through 64	40.4	40.8	41.1	41.4	41.7	42.0	42.3	42.7	43.0	43.3	43.6	44.0	44.3
Ages 65 and Up	46.6	47.9	49.3	50.8	52.4	54.0	55.6	57.2	58.8	60.4	61.9	63.3	64.8
Ages 85 and Up	6.6	6.7	6.8	6.8	6.9	7.0	7.1	7.2	7.3	7.5	7.7	7.9	8.2
Percent Change, Annual Rate													
Total Population	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Under 5	0.0	-0.1	-0.2	-0.2	-0.3	-0.3	-0.4	-0.5	-0.5	-0.6	-0.6	-0.5	-0.5
Ages 5 through 21	-0.3	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Ages 16 and Up	0.4	0.4	0.8	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3
Males Ages 25 through 54	-0.3	-0.3	-0.3	-0.2	-0.1	0.0	0.1	0.1	0.1	0.0	0.0	0.2	0.2
Ages 65 and Up	2.8	2.9	2.9	3.0	3.0	3.1	3.1	2.9	2.7	2.7	2.5	2.3	2.3
Ages 85 and Up	1.8	1.5	0.9	0.8	0.9	1.5	1.5	1.5	2.0	2.2	2.4	2.9	3.9
Labor Force and Employment													
Labor Force, Millions	163.8	164.3	166.2	167.2	168.0	168.5	169.0	169.6	170.6	172.0	173.6	175.4	177.2
Under 65	157.5	157.7	159.2	159.8	160.1	160.2	160.2	160.4	160.9	161.7	162.8	164.1	165.3
Ages 65 and Up	6.2	6.6	7.0	7.4	7.8	8.3	8.8	9.3	9.8	10.3	10.8	11.3	11.9
Participation Rate, Percent	65.9	65.9	66.1	66.3	66.3	66.2	66.2	66.2	66.3	66.6	67.0	67.5	67.9
Under 65	78.0	78.3	78.8	79.3	79.7	79.9	80.2	80.6	81.1	81.7	82.6	83.5	84.3
Ages 65 and Up	13.4	13.7	14.2	14.6	15.0	15.4	15.8	16.2	16.6	17.0	17.5	17.9	18.3
Employment, Millions													
Household Survey	154.2	155.0	157.0	158.0	158.6	159.1	159.7	160.4	161.4	162.6	164.3	166.2	167.9
Establishment Survey	144.2	145.4	147.2	148.5	149.3	150.3	151.4	152.3	153.3	154.3	155.4	156.7	158.0
Percent Change, Annual Rate	0.8	0.8	1.2	0.9	0.6	0.7	0.7	0.6	0.6	0.6	0.8	0.8	0.8
Unemployment Rate, Percent	5.8	5.7	5.5	5.5	5.6	5.5	5.5	5.5	5.4	5.4	5.4	5.3	5.2
Average Weekly Hours	32.9	33.0	33.1	33.1	33.2	33.3	33.4	33.5	33.5	33.6	33.7	33.8	33.9
Manhours in Private Nonfarm Estab. Billions of Hours, SAAR	225.9	228.2	231.7	233.8	235.3	237.6	239.8	241.7	244.0	246.2	248.9	252.0	255.0
Percent Change, Annual Rate	0.9	1.0	1.5	0.9	0.6	1.0	0.9	0.8	0.9	0.9	1.1	1.2	1.2
Index of Vendor Performance	51.6	52.5	53.0	51.6	51.5	51.3	50.8	50.8	51.3	51.5	51.9	51.6	51.4
Potential GDP													
Billions of Chained 1996 Dollars	13672	13965	14307	14645	14960	15285	15622	15968	16326	16694	17076	17472	17879
Percent Change, SAAR													
Potential GDP	2.3	2.1	2.4	2.4	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3
Nonhousing, Non-Government Potential Output	2.6	2.5	3.1	2.6	2.5	2.7	2.7	2.7	2.7	2.8	2.8	2.9	2.9
Capital Stock	5.3	5.0	4.9	4.7	4.6	4.7	4.8	4.8	4.8	4.9	5.0	5.1	5.1
R&D Capital Stock	3.3	3.4	3.4	3.5	3.5	3.6	3.6	3.7	3.7	3.8	3.9	4.0	4.1
Full-Employment Labor Force	0.5	0.5	1.4	0.8	0.7	0.9	0.8	0.8	0.9	0.9	0.9	1.0	0.9
Multifactor Productivity	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53
Nonfarm Productivity - Output per Hour													
Full-Employment	2.1	2.0	1.7	1.8	1.8	1.8	1.9	1.9	1.8	1.9	1.9	1.9	1.9
Actual	2.1	2.1	1.7	1.6	2.0	1.8	1.8	1.8	1.9	2.0	2.1	2.0	2.0

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TABLE 1
Summary of the U.S. Economy

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.3	3.8	3.7	3.5	3.4	3.3	3.0	3.0	2.9	2.9	3.2	3.0	2.8
Final Sales of Domestic Product	2.2	3.4	3.7	3.5	3.5	3.3	3.0	2.9	2.9	2.9	3.1	3.0	2.9
Total Consumption	2.7	4.0	3.3	2.9	3.0	3.2	3.0	3.0	2.9	3.1	3.3	3.1	2.9
Durables	5.6	6.5	3.8	2.6	3.5	3.6	3.6	4.0	4.2	4.0	4.6	4.1	3.5
Nondurables	3.2	3.8	3.3	3.1	2.9	3.2	3.2	3.4	3.3	3.5	3.6	3.5	3.6
Services	1.9	3.7	3.3	2.9	3.0	3.1	2.8	2.7	2.6	2.8	3.0	2.7	2.5
Nonresidential Fixed Investment	1.3	7.0	9.4	8.4	7.5	6.1	5.8	5.7	5.6	5.4	6.4	6.9	6.0
Equipment & Software	3.9	9.0	9.0	9.2	7.9	6.9	6.4	6.5	6.8	7.2	7.6	8.1	7.8
Information Processing Equipment	10.4	9.3	8.2	9.3	11.9	11.4	10.8	10.6	10.9	11.4	11.2	11.5	11.0
Computers & Peripherals	26.4	23.2	18.6	22.1	21.1	20.2	19.7	19.4	19.1	18.9	18.7	18.6	18.3
Communications Equipment	6.3	6.4	7.0	4.6	7.2	7.3	5.6	4.7	5.5	8.2	8.0	7.6	8.5
Industrial Equipment	-2.1	3.8	10.7	10.1	2.8	0.3	2.0	2.4	1.8	0.9	1.6	3.7	3.4
Transportation equipment	-5.4	15.8	12.5	13.4	6.4	4.6	2.4	2.4	3.0	3.6	4.8	4.3	3.4
Aircraft	-29.1	8.9	12.6	15.5	13.9	8.5	3.8	3.5	3.3	3.7	4.4	4.4	4.3
Other Equipment	2.1	7.0	6.0	3.7	3.9	3.6	2.6	2.6	2.7	3.2	4.1	4.4	4.5
Structures	-6.9	0.0	10.8	5.7	6.5	3.6	4.1	3.2	2.0	0.0	2.7	3.3	0.4
Buildings and Miscellaneous	-6.8	2.3	12.4	7.1	6.6	5.4	4.1	4.3	2.6	-0.4	3.0	3.7	0.0
Commercial	-9.0	0.6	14.7	4.4	4.5	5.7	4.4	3.5	2.0	0.9	2.1	4.5	1.1
Industrial	-20.1	2.9	24.6	19.4	20.6	10.6	8.4	7.1	7.0	5.2	6.4	4.4	-0.6
Other	1.1	3.6	7.3	9.5	6.9	4.0	2.8	5.3	2.6	-4.2	3.0	2.5	-1.8
Mining & Petroleum	0.9	-11.3	5.8	-3.4	2.2	-0.2	-0.4	-0.6	-0.5	0.5	0.4	0.2	0.1
Public Utilities	-11.7	-1.4	7.6	5.2	8.6	-1.6	6.4	0.7	0.6	1.5	2.3	2.8	2.5
Residential Fixed Investment	5.4	-1.5	-0.1	1.6	3.1	1.8	0.0	0.2	2.3	1.2	1.4	0.9	1.0
Exports	0.3	7.3	10.9	9.8	8.1	7.5	6.9	6.5	6.5	6.3	6.2	6.1	5.8
Imports	4.0	7.3	7.3	6.0	5.5	5.5	5.3	5.7	5.7	6.0	6.5	6.4	5.8
Federal Government	6.9	3.4	2.0	1.3	1.5	1.4	1.4	1.6	0.6	1.1	1.1	0.9	0.8
State & Local Government	0.0	0.1	1.5	2.3	1.7	1.8	1.7	1.3	1.3	1.3	1.5	1.7	1.9
Billions of Dollars													
Real GDP	9658.4	10023.4	10395.5	10754.3	11122.3	11488.4	11831.4	12181.1	12533.1	12897.4	13307.3	13710.7	14099.5
Nominal GDP	10852.4	11429.5	12089.3	12764.5	13484.4	14245.9	15029.1	15871.8	16782.2	17752.7	18848.5	20021.6	21227.9
Prices & Wages, Percent Change, SAAR													
GDP Deflator	1.5	1.5	2.0	2.1	2.1	2.3	2.4	2.6	2.8	2.8	2.9	3.1	3.1
Consumer Prices	2.2	1.2	1.9	2.0	2.1	2.2	2.4	2.5	2.8	2.8	3.0	3.1	3.1
Producer Prices, Finished Goods	2.7	-0.1	0.6	1.0	1.3	1.4	1.4	1.5	1.7	1.8	1.9	2.1	2.0
Employment Cost Index - Total Comp.	3.8	3.2	3.3	3.2	3.2	3.4	3.6	3.8	3.9	4.0	4.2	4.4	4.4
Other Key Measures													
Oil - WTI (\$ per barrel)	30.27	26.80	28.01	28.79	29.50	30.26	31.05	31.87	32.83	33.97	35.69	37.19	38.73
Productivity (%ch., saar)	3.0	3.0	2.3	2.3	2.2	2.1	2.1	2.1	2.1	2.4	2.4	2.3	2.5
Manufacturing Production (%ch., saar)	0.1	6.1	7.3	4.4	3.3	2.5	3.1	4.1	4.5	4.8	5.1	5.2	4.2
Factory Operating Rate	73.385	76.143	78.868	80.829	81.952	82.480	82.539	82.649	82.752	82.563	82.687	82.489	81.978
Nonfarm Inven. Chg. (Bil. 1996 \$)	13.0	55.1	62.7	54.4	52.5	50.8	44.5	48.4	51.0	51.0	59.0	57.5	53.3
Consumer Sentiment Index	88.3	92.8	90.5	90.5	91.0	90.8	89.9	89.9	90.2	90.0	91.7	91.2	89.5
Light Vehicle Sales (Mil. units, saar)	16.382	17.024	17.278	17.547	17.715	17.781	17.848	17.967	18.144	18.246	18.479	18.579	18.701
Housing Starts (Mil. units, saar)	1.717	1.636	1.600	1.618	1.675	1.685	1.668	1.667	1.696	1.678	1.678	1.680	1.654
Existing House Sales (Mil. units, saar)	5.768	5.301	5.261	5.337	5.514	5.597	5.616	5.637	5.766	5.812	5.875	5.955	6.024
Unemployment Rate (%)	6.1	6.0	5.8	5.7	5.5	5.3	5.1	5.0	4.9	4.7	4.5	4.4	4.5
Payroll Employment (%ch., saar)	-0.2	1.3	1.8	1.7	1.7	1.7	1.4	1.3	1.2	1.1	1.3	1.2	0.9
Federal Surplus (Unified, FY, bil. \$)	-428.3	-491.1	-406.1	-305.7	-228.9	-163.7	-119.9	-98.7	-60.7	-17.8	-31.6	-34.3	-24.7
Current Account Balance (Bil. \$)	-566.3	-626.5	-682.4	-712.1	-743.8	-792.8	-848.1	-920.5	-961.3	-1013.5	-1086.4	-1164.1	-1216.1
Financial Markets, NSA													
Federal Funds Rate (%)	1.12	1.07	1.86	2.25	2.54	3.4	4.4	5.4	5.5	5.5	5.5	5.8	5.8
3-Month Treasury Bill Rate (%)	1.04	1.06	1.73	2.10	2.39	3.16	4.13	5.05	5.13	5.16	5.19	5.41	5.42
10-Year Treasury Note Yield (%)	4.15	4.84	5.23	5.27	5.38	5.77	6.22	6.62	6.51	6.47	6.50	6.61	6.52
30-Year Fixed Mortgage Rate (%)	5.94	6.38	6.70	6.73	6.77	7.14	7.58	8.06	8.02	7.98	8.01	8.15	8.08
S&P 500 Stock Index	957	1064	1140	1225	1313	1415	1519	1636	1752	1879	2017	2197	2430
(Four-Quarter % change)	-3.9	11.1	7.1	7.5	7.2	7.8	7.3	7.7	7.1	7.3	7.3	8.9	10.6
Exchange Rate, Industrial Countries	1.092	1.069	1.046	1.029	1.016	1.006	0.998	0.991	0.985	0.980	0.975	0.970	0.966
(% change, annual rate)	-10.2	-2.1	-2.1	-1.6	-1.3	-1.0	-0.8	-0.7	-0.6	-0.5	-0.5	-0.5	-0.5
Incomes													
Personal Income (% ch., saar)	4.0	5.2	5.2	5.5	5.6	5.8	5.8	6.1	6.2	6.5	6.7	6.5	6.2
Real Disposable Income (%ch., saar)	3.1	4.4	2.5	2.7	2.5	2.7	2.8	3.1	2.9	3.3	3.4	2.8	2.9
Saving Rate (%)	4.0	4.4	3.7	3.6	3.1	2.6	2.4	2.3	2.2	2.3	2.4	2.3	2.3
After-Tax Profits (Billions of \$)	483	526	702	770	811	814	786	734	736	747	784	839	905
(% change)	6.9	9.0	33.4	9.6	5.3	0.5	-3.5	-6.7	0.3	1.5	4.9	7.1	7.8

TABLE 1 (CONTINUED)
Summary of the U.S. Economy

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Composition of Real GDP, Percent Change, SAAR													
Gross Domestic Product	2.9	3.0	2.8	2.7	2.8	2.6	2.7	2.8	2.8	2.9	3.1	3.1	3.1
Final Sales of Domestic Product	2.8	2.9	2.8	2.7	2.8	2.6	2.7	2.8	2.8	2.9	3.1	3.0	3.1
Total Consumption	3.0	3.0	2.8	2.9	2.9	2.8	2.7	2.7	2.8	2.8	2.9	2.9	2.9
Durables	4.2	4.6	4.1	4.3	4.5	4.3	4.4	4.3	4.1	3.6	3.9	3.7	3.7
Nondurables	3.6	3.5	3.4	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Services	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.5	2.7	2.7	2.7
Nonresidential Fixed Investment	5.0	5.6	5.2	4.8	5.1	5.2	5.3	5.3	5.6	5.8	5.8	5.6	5.4
Equipment & Software	6.5	6.7	6.1	5.8	6.2	6.3	6.4	6.3	6.5	6.7	6.9	6.5	6.4
Information Processing Equipment	8.7	8.4	7.4	7.1	7.9	8.1	7.7	7.4	7.5	7.8	7.8	7.3	7.4
Computers & Peripherals	18.0	17.3	16.8	17.2	17.2	17.1	17.0	17.1	17.2	17.1	17.1	17.4	17.5
Communications Equipment	8.8	8.4	8.3	7.6	8.0	7.6	7.2	7.0	6.7	6.2	6.3	6.5	6.4
Industrial Equipment	2.8	3.4	3.8	4.0	3.0	2.4	3.9	4.5	4.6	5.1	5.1	4.7	3.9
Transportation equipment	3.3	4.5	4.0	3.2	3.7	3.6	4.0	4.2	4.4	4.5	5.1	4.8	4.3
Aircraft	4.1	4.2	4.3	4.5	4.3	4.1	4.5	4.6	4.8	4.9	5.1	5.0	5.0
Other Equipment	4.7	5.4	5.1	4.9	5.2	5.0	5.4	5.6	5.8	6.0	6.4	6.3	6.3
Structures	0.4	1.7	2.1	1.5	1.2	1.8	1.9	2.0	2.4	2.5	2.2	2.5	2.2
Buildings and Miscellaneous	0.0	1.7	2.1	1.4	1.0	1.8	2.0	2.0	2.5	2.6	2.1	2.5	2.2
Commercial	1.3	3.3	3.1	2.2	2.6	2.4	2.3	2.8	2.6	3.0	2.7	2.9	2.6
Industrial	-5.1	-1.8	0.4	4.3	-0.8	-1.5	-1.9	-2.0	-1.2	0.7	-0.4	-0.4	-1.7
Other	-0.5	0.0	1.2	-0.8	-0.9	1.9	2.6	2.0	3.7	2.9	2.4	2.9	2.7
Mining & Petroleum	0.3	-0.2	0.0	0.1	0.2	0.3	0.3	0.4	0.4	0.5	0.4	0.4	0.4
Public Utilities	2.3	2.5	2.6	2.2	2.4	2.7	2.5	2.4	2.7	2.8	3.0	3.1	3.0
Residential Fixed Investment	1.1	1.4	0.4	1.4	2.2	1.7	1.9	2.0	1.1	1.1	1.7	1.8	2.1
Exports	6.0	6.6	6.9	6.5	6.1	6.0	6.2	6.3	6.3	6.4	6.6	6.7	6.6
Imports	6.0	6.3	6.1	6.3	6.6	6.4	6.3	6.2	6.0	5.8	5.9	6.0	5.7
Federal Government	0.7	0.7	0.6	0.7	1.6	-0.2	0.4	0.6	0.6	0.6	0.6	0.6	0.6
State & Local Government	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.7	1.7	1.7	1.7	1.6
Billions of Dollars													
Real GDP	14501.7	14931.3	15353.3	15773.9	16208.7	16634.0	17087.3	17558.1	18052.5	18578.3	19153.3	19738.5	20347.1
Nominal GDP	22498.0	23896.1	25376.0	26949.1	28626.0	30369.0	32255.0	34258.4	36406.8	38732.1	41286.9	43986.1	46860.4
Prices & Wages, Percent Change, SAAR													
GDP Deflator	3.0	3.2	3.3	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.3
Consumer Prices	3.1	3.2	3.3	3.4	3.5	3.5	3.5	3.5	3.6	3.6	3.6	3.6	3.6
Producer Prices, Finished Goods	1.9	2.1	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4
Employment Cost Index - Total Comp.	4.3	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Other Key Measures													
Oil - WTI (\$ per barrel)	40.09	41.31	42.77	44.39	46.18	48.10	50.17	52.40	54.81	57.35	60.03	62.85	65.86
Productivity (%ch., saar)	2.4	2.4	2.3	2.2	2.3	2.1	2.3	2.3	2.3	2.4	2.5	2.4	2.4
Manufacturing Production (%ch., saar)	3.8	3.9	3.7	3.8	3.7	3.7	3.7	3.8	4.0	4.1	4.3	4.3	4.3
Factory Operating Rate	81.846	82.265	82.669	83.128	83.260	83.168	83.225	83.386	83.796	84.395	85.184	85.842	86.489
Nonfarm Inven. Chg. (Bil. 1996 \$)	60.3	68.3	69.6	70.8	73.2	70.7	73.7	75.3	77.4	81.0	90.2	95.5	94.8
Consumer Sentiment Index	89.6	90.0	89.4	90.1	90.0	89.5	89.5	89.4	89.5	89.2	89.8	89.8	89.8
Light Vehicle Sales (Mil. units, saar)	18.987	19.369	19.672	19.992	20.248	20.327	20.488	20.718	21.029	21.301	21.671	21.915	22.040
Housing Starts (Mil. units, saar)	1.655	1.651	1.634	1.644	1.656	1.655	1.663	1.663	1.648	1.641	1.641	1.644	1.651
Existing House Sales (Mil. units, saar)	6.127	6.230	6.275	6.369	6.507	6.595	6.710	6.805	6.829	6.856	6.921	7.008	7.111
Unemployment Rate (%)	4.6	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.4
Payroll Employment (%ch., saar)	1.0	1.0	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Federal Surplus (Unified, FY, bil. \$)	-44.4	-40.2	-32.8	-49.3	-63.4	-90.0	-119.3	-164.3	-264.5	-376.4	-518.5	-645.1	-761.7
Current Account Balance (Bil. \$)	-1281.5	-1354.6	-1443.0	-1483.0	-1524.8	-1561.0	-1580.7	-1577.9	-1556.6	-1495.7	-1398.4	-1267.4	-1067.4
Financial Markets, NSA													
Federal Funds Rate (%)	5.8	5.8	6.3	6.3	6.3	6.3	6.3	6.3	6.5	6.8	6.8	6.8	6.8
3-Month Treasury Bill Rate (%)	5.44	5.45	5.90	5.92	5.93	5.93	5.94	5.94	6.17	6.39	6.39	6.39	6.40
10-Year Treasury Note Yield (%)	6.53	6.54	6.86	6.89	6.97	7.06	7.14	7.20	7.45	7.67	7.79	7.90	8.03
30-Year Fixed Mortgage Rate (%)	8.10	8.12	8.42	8.45	8.52	8.61	8.69	8.73	8.95	9.14	9.23	9.33	9.42
S&P 500 Stock Index	2735	3108	3450	3816	4238	4598	5033	5332	5569	5808	6184	6643	7042
(Four-Quarter % change)	12.6	13.6	11.0	10.6	11.0	8.5	9.5	5.9	4.5	4.3	6.5	7.4	6.0
Exchange Rate, Industrial Countries	0.957	0.944	0.931	0.920	0.912	0.904	0.895	0.885	0.876	0.867	0.860	0.854	0.849
(% change, annual rate)	-0.9	-1.5	-1.3	-1.2	-0.8	-0.9	-1.0	-1.1	-1.1	-1.0	-0.8	-0.7	-0.5
Incomes													
Personal Income (% ch., saar)	6.2	6.4	6.5	6.5	6.6	6.5	6.6	6.6	6.8	6.9	7.0	7.1	7.1
Real Disposable Income (%ch., saar)	2.9	2.8	2.7	2.8	2.8	2.8	2.8	3.0	3.2	3.3	3.5	3.4	3.3
Saving Rate (%)	2.3	2.1	2.1	2.1	2.0	2.1	2.2	2.5	3.0	3.6	4.1	4.6	5.0
After-Tax Profits (Billions of \$)	973	1059	1094	1176	1277	1371	1495	1626	1752	1912	2134	2359	2654
(% change)	7.5	8.9	3.3	7.5	8.7	7.3	9.1	8.8	7.8	9.1	11.6	10.6	12.5

TABLE 2
Composition of Gross National Product

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions of Chained 1996 Dollars, SAAR													
Gross National Product	9650.7	9996.8	10337.5	10673.0	11024.5	11364.4	11677.4	11996.3	12342.4	12701.7	13104.8	13494.9	13883.4
(Percent change)	2.3	3.6	3.4	3.2	3.3	3.1	2.8	2.7	2.9	2.9	3.2	3.0	2.9
(Four-quarter percent change)	2.3	3.6	3.4	3.2	3.3	3.1	2.8	2.7	2.9	2.9	3.2	3.0	2.9
Gross Domestic Product	9658.4	10023.4	10395.5	10754.3	11122.3	11488.4	11831.4	12181.1	12533.1	12897.4	13307.3	13710.7	14099.5
(Percent change)	2.3	3.8	3.7	3.5	3.4	3.3	3.0	3.0	2.9	2.9	3.2	3.0	2.8
(Four-quarter percent change)	2.3	3.8	3.7	3.5	3.4	3.3	3.0	3.0	2.9	2.9	3.2	3.0	2.8
Consumption	6755.0	7028.1	7262.6	7474.6	7699.5	7945.2	8181.9	8429.8	8677.4	8944.7	9241.5	9525.4	9799.4
Durable Goods	1056.0	1124.7	1167.0	1197.2	1238.6	1283.4	1329.9	1383.1	1441.4	1499.2	1568.4	1633.3	1691.1
Motor Vehicles & Parts	397.2	413.5	419.7	420.2	424.7	427.5	431.6	437.5	443.5	445.9	451.5	453.7	457.4
Furniture	469.3	513.2	541.8	569.1	603.2	641.6	680.3	722.9	770.4	821.8	880.8	939.8	985.6
Other Durables	198.3	211.4	222.6	230.2	238.8	250.0	261.1	274.1	288.6	304.6	322.8	341.3	359.8
Nondurable Goods	1991.3	2066.5	2134.1	2199.5	2263.3	2335.7	2410.2	2491.1	2572.3	2661.0	2758.1	2855.4	2957.3
Food	932.3	951.7	970.9	989.4	1005.6	1021.7	1038.7	1056.6	1074.5	1094.7	1116.7	1137.9	1159.7
Clothing & Shoes	371.3	391.0	406.1	421.7	436.9	454.6	473.6	494.6	515.4	539.5	565.6	590.8	619.9
Fuel Oil & Coal	12.0	11.5	10.5	10.1	9.9	9.7	9.5	9.4	9.2	9.0	8.9	8.7	8.5
Gasoline	145.2	154.5	159.3	166.4	170.9	175.5	180.0	184.7	188.7	193.5	198.3	202.4	207.1
Drugs & Pharmaceuticals	175.1	190.4	206.8	221.6	239.2	260.9	282.6	306.5	331.3	357.6	386.0	415.9	446.3
Tobacco	40.4	39.9	39.4	38.8	38.0	37.1	36.0	34.7	33.2	31.5	29.9	28.3	26.8
Other Nondurables	327.0	343.1	359.7	372.5	386.3	402.0	418.8	437.5	456.8	477.1	500.6	524.3	548.8
Services	3746.3	3884.9	4012.4	4129.3	4252.4	4384.6	4506.3	4629.0	4748.6	4879.9	5024.9	5160.9	5288.6
Housing	896.1	913.4	929.7	945.1	960.4	975.7	989.8	1002.7	1015.0	1026.8	1037.8	1047.9	1057.2
Household Operation	390.3	405.2	415.8	425.8	435.4	447.3	460.2	473.0	485.5	500.3	518.8	535.2	552.7
Medical Services	1014.9	1054.4	1094.5	1132.0	1167.9	1208.9	1245.9	1284.8	1323.5	1366.3	1410.7	1457.2	1504.4
Personal Business Services	572.4	601.8	624.4	642.7	661.8	682.3	703.3	726.4	750.1	772.4	798.6	823.3	842.3
Transportation	249.7	259.1	271.2	281.9	290.6	297.1	302.3	308.1	314.3	321.3	329.3	337.2	345.1
Recreation	241.7	260.4	274.4	288.4	305.6	325.4	344.9	360.5	374.6	393.4	414.7	432.2	452.4
Other Services	379.7	389.6	401.2	412.1	428.4	444.4	455.8	468.5	480.0	493.0	508.3	520.5	527.5
Investment	1638.9	1750.1	1868.0	1978.7	2098.6	2198.2	2284.4	2383.3	2497.0	2603.9	2743.7	2889.9	3023.0
Nonresidential Fixed	1198.3	1281.7	1401.8	1519.3	1634.0	1733.6	1834.7	1938.6	2046.9	2157.5	2296.1	2455.7	2603.0
Equipment & Software	1008.8	1099.5	1198.3	1308.5	1411.4	1508.5	1605.1	1709.0	1824.9	1955.5	2104.4	2275.2	2452.1
Information Processing	621.8	679.5	735.2	803.4	899.0	1001.6	1109.5	1226.7	1361.0	1515.8	1684.8	1878.2	2085.5
Industrial	143.9	149.3	165.3	181.9	187.0	187.6	191.3	195.9	199.4	201.1	204.4	212.0	219.3
Light Vehicles	102.6	118.8	133.9	153.6	163.3	170.3	174.6	179.8	187.1	195.2	205.6	215.5	224.2
Aircraft	13.6	14.8	16.7	19.3	22.0	23.8	24.7	25.6	26.5	27.4	28.7	29.9	31.2
Other Transportation	24.5	29.5	32.9	35.5	36.4	37.4	37.7	37.5	37.1	37.3	38.3	39.1	39.1
Other Equipment	142.3	152.2	161.3	167.4	173.9	180.1	184.8	189.7	194.8	201.0	209.4	218.6	228.4
Structures	210.7	210.7	233.4	246.6	262.7	272.1	283.1	292.1	297.8	297.9	305.8	315.9	317.0
Nonfarm Buildings	131.7	134.2	151.0	162.2	173.3	182.9	190.6	199.3	204.7	203.8	209.9	217.8	217.5
Commercial	72.3	72.7	83.4	87.0	91.0	96.2	100.4	103.9	106.0	107.0	109.3	114.2	115.5
Industrial	9.2	9.5	11.8	14.1	17.0	18.8	20.4	21.8	23.4	24.6	26.1	27.3	27.1
Other	50.2	52.0	55.8	61.1	65.3	67.9	69.8	73.5	75.4	72.2	74.4	76.2	74.8
Mining & Petroleum	29.5	26.2	27.7	26.8	27.4	27.3	27.2	27.0	26.9	27.0	27.2	27.2	27.2
Public Utilities	41.8	41.2	44.3	46.6	50.6	49.8	53.0	53.3	53.7	54.5	55.7	57.3	58.7
Telecommunications	13.2	15.0	17.0	18.9	19.8	20.6	21.4	22.2	23.0	23.9	24.9	26.0	27.0
Other	28.6	26.3	27.4	27.9	30.9	29.3	31.7	31.3	30.9	30.8	31.1	31.6	31.9
Farm and Miscellaneous	9.2	9.9	10.9	11.2	11.7	12.0	12.3	12.3	12.2	12.3	12.8	13.1	13.3
Residential Fixed	409.1	402.8	402.4	408.8	421.5	429.2	429.2	429.9	439.8	445.3	451.4	455.3	459.8
Structures	398.8	392.2	391.8	397.9	410.3	417.7	417.4	417.9	427.4	432.5	438.2	441.8	446.0
Equipment	10.3	10.8	10.9	11.1	11.4	11.8	12.2	12.7	13.1	13.6	14.2	14.8	15.4
Change in Inventories	12.7	53.5	60.5	54.4	52.4	50.7	44.5	48.3	51.0	50.9	58.9	57.5	53.2
Nonfarm	13.0	55.1	62.7	54.4	52.5	50.8	44.5	48.4	51.0	51.0	59.0	57.5	53.3
Manufacturing	-2.8	11.9	19.8	19.2	18.3	16.0	13.2	12.8	12.6	11.7	13.8	13.7	13.5
Wholesale	5.0	20.1	20.7	19.9	18.5	18.6	18.4	19.3	20.1	21.1	23.6	23.7	22.7
Retail	13.2	20.0	18.7	11.6	11.2	11.5	7.6	10.4	12.3	12.1	15.0	12.9	9.8
Construction, Mining & Public Utilities	-3.9	0.5	1.3	1.1	1.3	1.0	1.0	0.9	0.9	0.6	0.7	1.0	0.7
Farm	-0.3	-1.3	-1.8	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports	1062.4	1139.5	1263.6	1387.8	1500.0	1612.8	1724.3	1836.4	1955.0	2079.0	2208.3	2343.6	2478.7
Goods	754.3	805.7	904.0	1003.6	1093.2	1182.4	1269.2	1355.7	1447.3	1543.1	1643.0	1747.4	1850.2
Services	307.1	332.5	359.5	385.5	409.7	434.7	460.6	487.5	515.8	545.5	576.4	609.1	642.7
Imports	1609.2	1727.1	1852.4	1963.9	2071.8	2185.9	2301.2	2432.6	2572.1	2725.9	2902.5	3086.9	3265.0
Goods	1383.7	1483.8	1596.2	1696.0	1792.5	1894.2	1997.0	2115.5	2242.1	2381.3	2541.8	2711.5	2875.3
Services	227.4	244.9	259.0	271.8	284.1	297.5	310.9	325.4	340.2	356.7	375.4	393.4	410.9
Government Purchases	1754.4	1777.7	1807.4	1841.7	1871.9	1902.6	1933.1	1961.1	1981.1	2006.0	2032.7	2061.9	2092.4
Federal	655.3	677.7	691.4	700.2	710.6	720.3	730.4	742.2	746.7	755.0	763.3	770.3	776.2
Defense	366.0	379.0	381.9	380.8	381.6	382.6	383.4	384.2	384.8	385.4	385.8	386.4	388.0
Nondefense	175.2	179.6	184.9	189.4	193.4	196.7	200.3	205.8	204.6	206.9	209.4	211.2	212.9
State & Local	887.3	886.7	895.2	910.6	921.6	933.2	944.4	953.1	962.2	972.2	982.4	994.0	1006.1

TABLE 2 (CONTINUED)

Composition of Gross National Product

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Billions of Chained 1996 Dollars, SAAR													
Gross National Product	14285.3	14713.8	15115.1	15544.2	15998.7	16446.3	16929.8	17432.8	17959.2	18525.1	19154.1	19795.4	20480.8
(Percent change)	2.9	3.0	2.7	2.8	2.9	2.8	2.9	3.0	3.0	3.2	3.4	3.3	3.5
(Four-quarter percent change)	2.9	3.0	2.7	2.8	2.9	2.8	2.9	3.0	3.0	3.2	3.4	3.3	3.5
Gross Domestic Product	14501.7	14931.3	15353.3	15773.9	16208.7	16634.0	17087.3	17558.1	18052.5	18578.3	19153.3	19738.5	20347.1
(Percent change)	2.9	3.0	2.8	2.7	2.8	2.6	2.7	2.8	2.8	2.9	3.1	3.1	3.1
(Four-quarter percent change)	2.9	3.0	2.8	2.7	2.8	2.6	2.7	2.8	2.8	2.9	3.1	3.1	3.1
Consumption	10090.9	10389.5	10684.6	10989.1	11302.4	11615.7	11934.5	12260.2	12599.3	12948.5	13328.0	13717.7	14121.5
Durable Goods	1762.1	1842.3	1918.2	2000.9	2091.8	2181.0	2277.5	2375.4	2472.2	2561.8	2662.7	2761.7	2864.3
Motor Vehicles & Parts	467.8	479.1	486.8	498.7	508.9	514.8	522.0	530.3	541.0	549.1	558.1	561.9	563.8
Furniture	1038.0	1099.1	1161.3	1221.1	1293.2	1373.9	1460.3	1546.7	1629.1	1708.8	1797.8	1895.2	1998.3
Other Durables	378.8	399.8	421.0	444.4	470.5	496.5	524.4	552.6	579.4	605.1	634.8	666.4	701.2
Non-durable Goods	3063.2	3170.8	3278.4	3389.0	3503.9	3618.9	3734.9	3852.7	3975.0	4100.5	4235.3	4375.4	4518.9
Food	1182.4	1205.2	1228.3	1251.9	1276.5	1302.0	1328.6	1356.9	1388.0	1421.3	1457.3	1494.7	1533.4
Clothing & Shoes	650.4	682.1	713.8	748.0	785.2	822.7	862.6	904.6	949.3	996.2	1048.2	1103.2	1159.2
Fuel Oil & Coal	8.4	8.2	8.1	8.0	7.8	7.7	7.5	7.4	7.3	7.1	7.0	6.9	6.8
Gasoline	211.9	216.7	221.5	226.2	231.1	236.1	241.2	246.7	253.0	259.7	267.0	274.4	281.8
Drugs & Pharmaceuticals	477.1	507.8	538.4	568.4	597.8	626.1	653.1	678.6	702.0	723.8	746.0	768.8	792.4
Tobacco	25.4	24.0	22.7	21.4	20.1	18.9	17.7	16.5	15.3	14.2	13.1	12.1	11.1
Other Non-durables	575.3	602.9	630.7	661.2	695.6	730.7	767.1	805.3	847.6	892.6	942.5	995.2	1049.8
Services	5422.5	5557.6	5692.1	5830.0	5969.5	6110.1	6252.5	6399.4	6554.9	6719.2	6898.1	7082.5	7274.9
Housing	1065.3	1072.6	1078.9	1084.0	1088.6	1092.4	1095.5	1097.9	1099.2	1099.3	1098.3	1096.5	1093.8
Household Operation	573.4	595.2	618.2	643.0	669.1	697.2	727.6	761.5	800.4	843.0	891.1	941.1	994.0
Medical Services	1552.2	1600.7	1649.9	1699.7	1750.1	1801.4	1854.6	1909.6	1966.2	2024.4	2084.2	2145.9	2209.5
Personal Business Services	861.5	880.3	897.2	914.4	932.0	949.9	965.7	981.6	998.6	1016.5	1036.8	1056.8	1077.4
Transportation	353.0	361.1	369.5	378.0	386.7	395.7	405.3	415.6	426.9	439.2	452.9	467.6	482.6
Recreation	474.7	496.8	520.0	545.2	569.6	592.5	613.7	635.5	662.7	695.0	733.6	774.2	817.8
Other Services	536.5	546.3	555.8	565.7	576.1	587.2	600.9	614.6	626.0	637.2	649.1	662.2	676.5
Investment	3152.4	3302.3	3437.0	3574.6	3733.7	3896.0	4075.2	4262.0	4457.8	4671.7	4908.4	5147.2	5389.0
Nonresidential Fixed	2734.2	2886.1	3035.5	3180.5	3342.4	3517.7	3705.7	3903.1	4119.8	4357.4	4609.9	4868.1	5132.3
Equipment & Software	2610.6	2786.1	2956.1	3126.5	3321.6	3529.2	3753.4	3990.5	4248.8	4534.9	4846.3	5162.3	5491.7
Information Processing	2266.4	2457.4	2640.1	2826.4	3048.9	3294.6	3547.6	3809.2	4096.2	4416.2	4758.9	5108.4	5487.0
Industrial	225.4	233.1	242.1	251.8	259.5	265.7	276.1	288.4	301.6	316.9	333.1	348.7	362.2
Light Vehicles	233.1	245.2	256.0	265.4	276.7	288.2	301.0	314.8	329.4	345.0	363.3	381.8	399.1
Aircraft	32.5	33.8	35.3	36.9	38.5	40.1	41.9	43.8	45.9	48.2	50.6	53.2	55.8
Other Transportation	38.9	39.5	40.1	40.1	40.1	40.2	40.7	41.4	42.4	43.5	45.1	46.4	47.2
Other Equipment	239.2	252.1	265.0	277.8	292.3	306.9	323.4	341.6	361.4	383.1	407.7	433.6	460.7
Structures	318.3	323.6	330.2	335.0	339.1	345.3	352.0	358.9	367.6	376.8	385.1	394.7	403.5
Nonfarm Buildings	217.3	220.7	225.4	228.7	231.2	235.3	239.9	244.8	251.1	257.9	263.8	270.7	276.8
Commercial	117.0	120.9	124.6	127.3	130.6	133.8	136.9	140.8	144.5	148.8	152.7	157.2	161.2
Industrial	25.7	25.3	25.4	26.5	26.3	25.9	25.4	24.9	24.6	24.7	24.6	24.5	24.1
Other	74.5	74.5	75.4	74.7	74.1	75.5	77.4	79.0	81.9	84.3	86.3	88.8	91.3
Mining & Petroleum	27.3	27.3	27.3	27.3	27.4	27.4	27.5	27.6	27.7	27.9	28.0	28.1	28.2
Public Utilities	60.1	61.6	63.1	64.5	66.1	67.9	69.6	71.3	73.2	75.2	77.5	79.9	82.3
Telecommunications	28.1	29.2	30.4	31.7	32.9	34.2	35.6	37.0	38.5	40.1	41.8	43.5	45.3
Other	32.3	32.7	33.0	33.2	33.6	34.1	34.4	34.7	35.1	35.6	36.2	36.9	37.6
Farm and Miscellaneous	13.6	14.0	14.3	14.5	14.5	14.8	15.1	15.3	15.6	15.7	15.7	15.8	16.1
Residential Fixed	465.0	471.3	473.4	480.0	490.6	498.8	508.1	518.2	523.8	529.3	538.5	548.2	559.9
Structures	450.8	456.7	458.3	464.6	474.7	482.4	491.2	500.6	505.8	510.8	519.4	528.4	539.5
Equipment	16.0	16.6	17.3	18.0	18.8	19.6	20.5	21.4	22.4	23.5	24.7	25.9	27.1
Change in Inventories	60.1	68.2	69.4	70.6	72.9	70.5	73.4	75.0	77.1	80.7	89.9	95.2	94.5
Nonfarm	60.3	68.3	69.6	70.8	73.2	70.7	73.7	75.3	77.4	81.0	90.2	95.5	94.8
Manufacturing	15.9	18.8	19.1	18.6	15.4	12.0	13.3	14.8	17.2	20.5	25.7	27.3	28.2
Wholesale	24.8	26.6	26.9	29.1	30.9	31.1	32.5	33.1	33.5	33.3	36.1	38.0	38.4
Retail	11.9	14.8	15.2	14.3	17.4	17.3	16.9	16.0	15.3	16.0	17.3	18.9	16.5
Construction, Mining & Public Utilities	0.6	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	0.9
Farm	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exports	2626.9	2799.9	2992.3	3186.1	3380.0	3584.2	3807.1	4047.9	4304.8	4578.8	4880.4	5205.4	5546.8
Goods	1963.1	2097.5	2249.9	2402.6	2552.5	2709.6	2884.2	3075.9	3279.8	3497.5	3741.0	4006.9	4284.7
Services	679.6	720.9	765.0	810.1	857.1	907.0	959.8	1015.1	1074.5	1137.9	1205.8	1277.1	1353.1
Imports	3461.1	3678.6	3903.4	4149.7	4424.7	4708.2	5006.9	5319.3	5640.6	5965.4	6317.5	6696.9	7081.8
Goods	3057.5	3261.0	3471.1	3703.1	3963.4	4231.4	4513.8	4807.0	5103.7	5398.1	5714.1	6054.4	6395.0
Services	429.0	448.2	468.3	489.2	511.9	535.8	561.0	588.8	620.5	655.9	696.1	739.6	786.3
Government Purchases	2124.8	2158.3	2191.1	2224.0	2263.8	2290.7	2323.7	2357.8	2390.3	2422.2	2455.2	2487.9	2520.8
Federal	781.9	787.2	792.3	797.7	810.1	808.3	811.6	816.4	821.2	826.0	830.8	835.6	840.5
Defense	389.4	390.6	391.7	392.6	393.3	393.9	394.5	394.9	395.2	395.5	395.7	395.8	395.9
Nondefense	214.7	216.2	217.7	219.6	227.6	223.7	224.1	225.9	227.8	229.6	231.6	233.6	235.7
State & Local	1020.2	1035.4	1050.4	1065.3	1079.9	1094.6	1109.9	1124.9	1138.3	1150.8	1163.8	1176.2	1188.2

TABLE 3
Composition of Gross National Product

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions of Dollars, SAAR													
Gross National Product	10841.8	11397.3	12020.1	12666.6	13364.6	14091.0	14832.8	15630.7	16527.2	17484.4	18563.6	19709.5	20907.2
(Percent change)	3.9	5.1	5.5	5.4	5.5	5.4	5.3	5.4	5.7	5.8	6.2	6.2	6.1
(Four-quarter percent change)	3.9	5.1	5.5	5.4	5.5	5.4	5.3	5.4	5.7	5.8	6.2	6.2	6.1
Gross Domestic Product	10852.4	11429.5	12089.3	12764.5	13484.4	14245.9	15029.1	15871.8	16782.2	17752.7	18848.5	20021.6	21227.9
(Percent change)	3.9	5.3	5.8	5.6	5.6	5.6	5.5	5.6	5.7	5.8	6.2	6.2	6.0
(Four-quarter percent change)	3.9	5.3	5.8	5.6	5.6	5.6	5.5	5.6	5.7	5.8	6.2	6.2	6.0
Consumption	7638.3	8061.0	8503.1	8935.5	9407.6	9934.5	10488.1	11094.8	11749.5	12465.7	13274.6	14122.3	14991.7
Durable Goods	892.9	929.8	960.0	982.1	1014.1	1049.7	1087.2	1130.7	1179.7	1228.2	1286.4	1342.0	1389.9
Motor Vehicles & Parts	385.9	397.9	405.1	408.5	416.7	423.7	432.8	444.4	456.9	465.8	478.5	488.0	498.6
Furniture	321.9	336.2	347.3	357.8	372.0	388.6	404.5	422.2	442.2	463.7	488.5	512.8	528.7
Other Durables	185.1	195.7	207.5	215.9	225.4	237.5	249.8	264.1	280.5	298.6	319.4	341.2	362.7
Nondurable Goods	2216.1	2312.8	2429.0	2542.9	2662.8	2798.8	2945.3	3108.4	3285.5	3478.1	3696.1	3926.6	4168.8
Food	1081.2	1121.0	1162.5	1201.6	1241.5	1285.5	1333.1	1386.3	1444.2	1506.7	1575.5	1648.2	1723.9
Clothing & Shoes	327.1	340.9	353.7	366.4	378.8	393.5	409.3	427.1	445.2	466.1	489.4	511.9	536.8
Fuel Oil & Coal	17.3	16.0	15.1	14.8	15.0	15.2	15.4	15.7	16.0	16.3	16.6	17.0	17.4
Gasoline	180.7	181.3	191.5	204.6	216.2	226.5	238.4	250.7	265.2	280.7	300.0	318.7	338.9
Drugs & Pharmaceuticals	215.9	242.6	274.2	305.2	342.1	387.4	435.3	489.5	549.2	615.0	689.3	771.8	858.3
Tobacco	80.8	83.0	86.1	89.3	92.3	95.3	97.8	100.0	101.7	102.7	103.6	104.7	105.7
Other Nondurables	313.1	328.0	345.9	360.9	376.9	395.4	415.9	439.1	464.0	490.7	521.7	554.2	587.7
Services	4529.3	4818.5	5114.2	5410.5	5730.7	6085.9	6455.6	6855.7	7284.3	7759.4	8292.0	8853.8	9432.9
Housing	1115.9	1158.1	1206.1	1255.3	1307.6	1363.3	1421.2	1481.9	1547.0	1615.9	1687.5	1763.5	1842.8
Household Operation	428.0	442.5	452.2	465.4	479.2	495.4	514.0	533.2	553.9	578.3	608.2	638.0	669.1
Medical Services	1223.6	1318.7	1418.8	1518.9	1622.2	1740.4	1863.8	2000.4	2148.7	2314.1	2494.7	2694.7	2908.9
Personal Business Services	693.1	750.1	805.9	857.5	913.1	975.5	1044.0	1121.3	1206.1	1294.1	1396.1	1504.7	1608.6
Transportation	280.6	298.2	320.2	341.0	360.0	377.9	395.4	415.1	436.5	460.3	487.2	516.0	545.6
Recreation	299.2	331.3	359.1	387.6	422.1	462.9	506.0	546.5	587.7	638.9	698.4	759.9	821.5
Other Services	488.8	519.5	551.9	584.8	626.4	670.6	711.2	757.3	804.5	858.0	919.9	980.9	1036.4
Investment	1652.0	1781.4	1927.5	2069.9	2227.2	2368.7	2498.8	2646.2	2817.7	2984.7	3193.4	3419.9	3639.7
Nonresidential Fixed	1127.3	1211.1	1336.6	1462.9	1589.5	1704.9	1823.3	1946.4	2078.6	2214.7	2381.2	2575.8	2765.4
Equipment & Software	872.7	948.8	1033.0	1127.3	1215.8	1300.2	1383.8	1473.5	1575.3	1689.6	1818.0	1967.0	2127.1
Information Processing	428.9	460.2	488.5	524.1	576.2	632.1	689.7	751.2	822.5	904.7	991.4	1091.6	1204.4
Industrial	150.4	158.5	178.9	200.4	209.4	213.7	221.6	230.6	238.9	245.0	253.3	267.3	280.9
Light Vehicles	98.1	113.7	128.5	148.2	158.7	167.1	172.9	180.1	189.6	200.2	213.7	227.0	239.3
Aircraft	16.1	18.1	20.9	24.8	29.0	32.3	34.4	36.5	38.8	41.3	44.2	47.4	50.7
Other Transportation	27.2	33.3	38.1	41.9	43.8	45.9	47.2	47.8	48.3	49.6	51.9	54.1	55.1
Other Equipment	152.0	165.0	178.2	188.0	198.6	209.1	218.0	227.2	237.2	248.9	263.4	279.6	296.7
Structures	254.6	262.3	303.6	335.6	373.7	404.7	439.5	472.9	503.3	525.1	563.2	608.7	638.3
Nonfarm Buildings	165.4	173.2	202.4	226.4	252.2	278.3	303.1	331.4	356.7	371.6	401.2	436.9	457.1
Commercial	90.8	94.3	112.5	122.3	133.3	147.2	160.6	173.8	185.7	196.1	209.9	230.2	243.8
Industrial	11.6	12.3	15.9	19.8	25.0	28.8	32.7	36.6	41.0	45.1	50.3	55.0	57.3
Other	63.0	66.6	74.0	84.3	94.0	102.2	109.8	121.0	130.0	130.4	141.0	151.6	156.0
Mining & Petroleum	29.6	27.1	31.6	33.7	37.6	40.3	42.2	43.4	44.4	45.7	47.2	48.9	50.5
Public Utilities	48.4	49.5	55.2	60.1	67.2	68.2	75.0	78.1	81.5	85.8	90.9	97.1	103.3
Telecommunications	14.8	17.4	20.6	23.8	25.8	27.6	29.7	31.8	34.1	36.8	39.7	43.1	46.6
Other	33.6	32.1	34.6	36.3	41.5	40.6	45.4	46.4	47.4	49.0	51.2	54.0	56.7
Farm and Miscellaneous	11.1	12.5	14.3	15.4	16.7	17.9	19.2	20.1	20.8	22.0	24.0	25.8	27.4
Residential Fixed	512.4	514.7	527.8	550.2	582.7	610.2	628.0	648.1	684.3	714.9	748.5	781.2	815.4
Structures	502.6	504.8	517.8	540.0	572.2	599.3	616.7	636.4	672.2	702.3	735.3	767.4	801.1
Equipment	9.8	10.0	10.1	10.2	10.5	10.9	11.3	11.7	12.1	12.6	13.2	13.8	14.3
Change in Inventories	12.2	55.6	63.1	56.7	55.0	53.6	47.5	51.7	54.7	55.0	63.7	63.0	58.9
Nonfarm	12.6	56.6	64.6	56.5	54.9	53.5	47.4	51.6	54.6	54.9	63.6	62.8	58.8
Manufacturing	-2.8	11.9	19.8	19.2	18.3	16.0	13.2	12.8	12.6	11.7	13.8	13.7	13.5
Wholesale	4.4	19.3	20.0	19.4	18.3	18.5	18.6	19.8	20.9	22.3	25.3	25.9	25.2
Retail	14.3	22.1	20.9	13.8	13.3	13.7	9.7	12.6	14.5	14.4	17.3	15.3	12.2
Construction, Mining & Public Utilities	-5.4	0.6	1.6	1.3	1.7	1.3	1.2	1.1	1.2	0.8	1.0	1.3	0.9
Farm	-0.4	-1.1	-1.5	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Exports	1038.5	1115.1	1245.8	1379.1	1504.0	1633.3	1763.6	1898.9	2046.7	2203.7	2373.0	2557.4	2745.4
Goods	713.9	759.0	853.2	949.4	1037.6	1127.0	1213.9	1302.0	1397.2	1497.1	1604.0	1719.1	1832.9
Services	324.6	356.1	392.6	429.7	466.4	506.3	549.7	596.9	649.5	706.5	768.9	838.3	912.6
Imports	1552.5	1669.5	1815.1	1945.0	2075.2	2213.6	2352.5	2510.0	2680.5	2870.1	3091.6	3321.3	3544.5
Goods	1287.0	1379.0	1502.4	1611.2	1720.1	1834.9	1949.4	2080.2	2221.9	2379.2	2563.6	2756.6	2940.5
Services	265.5	290.4	312.7	333.7	355.1	378.7	403.2	429.9	458.6	490.9	528.0	565.6	604.0
Government Purchases	2076.2	2141.4	2227.9	2324.9	2420.8	2523.0	2631.1	2742.0	2848.8	2968.7	3099.1	3243.2	3395.6
Federal	763.6	804.3	837.6	865.8	897.1	929.1	963.0	1001.5	1032.2	1069.3	1108.8	1148.8	1188.1
Defense	499.6	527.0	544.0	556.0	571.1	587.1	603.8	621.4	640.3	659.6	679.9	701.0	722.9
Nondefense	264.0	277.3	293.6	309.8	326.0	342.0	359.2	380.1	391.9	409.7	428.9	447.7	465.2
State & Local	1312.6	1337.2	1390.3	1459.1	1523.7	1594.0	1668.1	1740.4	1816.6	1899.4	1990.3	2094.4	2207.5

TABLE 3 (CONTINUED)
Composition of Gross National Product

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Billions of Dollars, SAAR													
Gross National Product	22169.0	23557.3	24994.8	26573.3	28276.5	30053.8	31992.9	34058.7	36274.4	38690.7	41374.9	44219.7	47298.9
(Percent change)	6.0	6.3	6.1	6.3	6.4	6.3	6.5	6.5	6.5	6.7	6.9	6.9	7.0
(Four-quarter percent change)	6.0	6.3	6.1	6.3	6.4	6.3	6.5	6.5	6.5	6.7	6.9	6.9	7.0
Gross Domestic Product	22498.0	23896.1	25376.0	26949.1	28626.0	30369.0	32255.0	34258.4	36406.8	38732.1	41286.9	43986.1	46860.4
(Percent change)	6.0	6.2	6.2	6.2	6.2	6.1	6.2	6.2	6.3	6.4	6.6	6.5	6.5
(Four-quarter percent change)	6.0	6.2	6.2	6.2	6.2	6.1	6.2	6.2	6.3	6.4	6.6	6.5	6.5
Consumption	15929.2	16944.2	18017.5	19167.7	20393.4	21687.5	23066.6	24522.2	26084.7	27755.5	29587.4	31525.7	33600.4
Durable Goods	1448.9	1519.4	1588.5	1662.1	1741.2	1819.1	1904.0	1989.3	2074.0	2154.3	2246.4	2335.2	2425.4
Motor Vehicles & Parts	516.6	537.3	555.2	578.6	600.6	617.7	637.1	658.4	683.4	706.1	731.1	749.8	766.2
Furniture	547.1	570.8	595.1	616.2	641.3	669.3	699.2	727.1	751.2	773.3	798.9	825.2	849.9
Other Durables	385.1	411.3	438.2	467.3	499.4	532.1	567.7	603.8	639.3	674.9	716.4	760.2	809.3
Nondurable Goods	4427.1	4706.9	5003.8	5315.9	5646.3	5994.3	6362.9	6747.4	7160.0	7601.4	8085.5	8596.3	9140.3
Food	1803.4	1888.4	1979.0	2075.4	2177.0	2285.1	2399.7	2520.6	2652.0	2793.6	2946.3	3106.7	3275.1
Clothing & Shoes	563.5	592.9	622.8	653.8	687.2	721.3	758.1	796.3	837.6	881.9	931.8	983.6	1037.7
Fuel Oil & Coal	17.8	18.3	18.7	19.2	19.7	20.2	20.8	21.4	21.9	22.6	23.2	23.9	24.6
Gasoline	359.9	381.6	405.6	432.2	461.9	494.7	530.7	570.7	616.3	667.0	723.6	785.0	851.3
Drugs & Pharmaceuticals	951.6	1054.2	1163.9	1276.4	1392.6	1513.6	1639.6	1767.1	1897.8	2034.1	2182.5	2339.2	2509.9
Tobacco	106.5	107.5	108.4	109.2	109.6	109.9	110.0	109.6	108.9	107.8	106.4	104.6	102.3
Other Nondurables	624.3	664.0	705.3	749.8	798.4	849.5	904.0	961.7	1025.5	1094.5	1171.6	1253.3	1339.4
Services	10053.2	10718.0	11425.2	12189.7	13005.8	13874.1	14799.7	15785.6	16850.7	17999.9	19255.6	20594.3	22034.7
Housing	1923.5	2007.7	2095.3	2186.8	2282.6	2381.7	2484.3	2589.6	2697.5	2807.0	2919.1	3033.4	3150.0
Household Operation	704.3	742.3	783.3	828.6	877.2	929.9	987.6	1051.1	1123.5	1203.0	1292.6	1386.9	1488.6
Medical Services	3137.1	3383.6	3649.4	3937.6	4248.5	4582.7	4944.8	5333.7	5752.6	6203.4	6687.1	7203.9	7759.4
Personal Business Services	1718.8	1836.4	1957.5	2087.6	2227.0	2376.0	2528.6	2689.8	2863.8	3050.6	3256.9	3474.4	3707.1
Transportation	576.5	609.9	645.9	684.2	724.7	768.2	814.5	864.6	919.6	979.6	1045.7	1117.3	1193.5
Recreation	894.5	972.4	1057.6	1152.7	1252.1	1354.4	1458.7	1570.1	1702.1	1855.4	2035.3	2231.6	2449.4
Other Services	1098.4	1165.7	1236.3	1312.2	1393.6	1481.2	1581.3	1686.6	1791.6	1900.9	2018.9	2146.8	2286.7
Investment	3860.1	4125.1	4386.2	4652.9	4949.1	5260.3	5610.3	5977.6	6363.1	6792.2	7278.2	7776.6	8287.8
Nonresidential Fixed	2941.6	3155.3	3378.2	3595.1	3829.7	4087.3	4371.8	4670.9	4994.2	5356.6	5756.3	6167.9	6590.1
Equipment & Software	2272.3	2443.3	2616.9	2785.5	2970.9	3170.8	3392.7	3625.0	3871.4	4149.7	4462.7	4777.6	5099.6
Information Processing	1301.2	1409.9	1518.2	1622.3	1741.0	1873.9	2014.4	2156.5	2305.3	2475.4	2664.4	2852.5	3048.4
Industrial	293.4	309.4	327.5	346.6	362.8	377.4	398.8	423.2	449.4	479.4	512.2	544.2	573.4
Light Vehicles	252.2	269.3	286.0	301.6	319.8	338.9	360.1	383.3	408.2	435.2	467.1	500.2	532.9
Aircraft	54.1	57.9	62.2	66.7	71.4	76.2	81.7	87.6	94.1	101.1	109.0	117.3	126.1
Other Transportation	55.9	58.1	60.2	61.4	62.7	64.0	66.0	68.5	71.4	74.6	78.8	82.4	85.4
Other Equipment	315.6	338.8	362.8	386.8	413.2	440.4	471.7	505.9	543.0	584.0	631.3	681.0	733.5
Structures	669.3	712.0	761.3	809.7	858.8	916.5	979.1	1045.9	1122.9	1206.9	1293.6	1390.4	1490.4
Nonfarm Buildings	478.4	510.2	547.5	583.9	620.3	663.6	711.1	762.3	822.1	887.7	954.9	1030.3	1107.4
Commercial	258.7	280.5	303.8	326.3	351.9	378.6	407.2	439.9	474.5	513.5	554.4	599.8	646.8
Industrial	56.9	58.7	61.9	67.9	70.8	73.3	75.6	77.8	80.7	85.4	89.4	93.6	96.8
Other	162.8	171.0	181.8	189.7	197.6	211.7	228.3	244.7	266.9	288.7	311.1	336.8	363.9
Mining & Petroleum	52.2	53.8	55.6	57.5	59.5	61.6	63.9	66.3	68.9	71.6	74.4	77.3	80.3
Public Utilities	109.4	116.4	124.2	132.2	140.9	150.4	160.3	170.7	182.2	194.8	208.9	224.1	240.0
Telecommunications	50.1	54.1	58.6	63.5	68.7	74.3	80.4	86.9	94.1	101.9	110.4	119.7	129.6
Other	59.3	62.3	65.6	68.7	72.2	76.1	80.0	83.8	88.1	93.0	98.5	104.5	110.4
Farm and Miscellaneous	29.3	31.7	34.0	36.1	38.1	40.8	43.8	46.5	49.8	52.8	55.4	58.7	62.8
Residential Fixed	851.8	893.5	929.5	977.0	1035.0	1090.4	1151.6	1217.0	1275.3	1336.4	1410.2	1488.9	1577.1
Structures	836.9	877.9	913.2	959.9	1017.1	1071.7	1132.0	1196.5	1253.8	1313.8	1386.4	1463.7	1550.6
Equipment	14.9	15.6	16.3	17.0	17.8	18.7	19.6	20.5	21.5	22.6	23.9	25.1	26.5
Change in Inventories	66.7	76.2	78.5	80.8	84.4	82.6	86.9	89.8	93.5	99.1	111.6	119.8	120.6
Nonfarm	66.6	76.1	78.4	80.7	84.3	82.4	86.8	89.7	93.4	99.0	111.5	119.7	120.5
Manufacturing	15.9	18.8	19.1	18.6	15.4	12.0	13.3	14.8	17.2	20.5	25.7	27.3	28.2
Wholesale	28.0	30.5	31.6	34.9	37.7	38.7	41.4	42.9	44.3	45.0	50.0	53.9	55.7
Retail	14.3	17.4	18.0	17.0	20.4	20.4	20.0	19.2	18.5	19.4	20.9	22.9	20.2
Construction, Mining & Public Utilities	0.8	1.1	1.1	1.1	1.2	1.3	1.3	1.4	1.5	1.5	1.5	1.8	1.7
Farm	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Exports	2952.5	3200.3	3482.5	3777.5	4082.0	4408.0	4770.2	5166.2	5599.2	6073.2	6606.2	7190.0	7817.5
Goods	1957.6	2110.6	2287.1	2468.0	2648.7	2838.6	3051.8	3286.1	3540.3	3817.2	4131.9	4478.4	4845.6
Services	994.9	1089.7	1195.3	1309.5	1433.3	1569.4	1718.5	1880.0	2058.9	2256.1	2474.3	2711.6	2971.9
Imports	3799.8	4101.0	4418.8	4748.6	5110.5	5495.6	5919.0	6363.4	6831.2	7324.5	7878.9	8468.8	9087.7
Goods	3154.7	3409.9	3677.8	3954.8	4259.4	4582.0	4936.7	5304.8	5685.7	6080.4	6521.2	6986.3	7468.4
Services	645.1	691.1	741.0	793.8	851.2	913.6	982.3	1058.6	1145.5	1244.1	1357.7	1482.5	1619.3
Government Purchases	3556.0	3727.5	3908.6	4099.6	4312.1	4508.9	4726.9	4955.7	5191.1	5435.6	5693.9	5962.5	6242.5
Federal	1228.0	1269.7	1313.6	1360.4	1421.6	1459.5	1508.1	1561.0	1616.1	1673.5	1733.6	1796.1	1861.0
Defense	744.8	767.8	791.8	816.9	842.6	868.8	895.9	923.5	952.0	981.5	1012.1	1043.5	1076.0
Nondefense	483.2	502.0	521.7	543.5	579.0	590.7	612.2	637.5	664.1	692.0	721.5	752.5	785.0
State & Local	2327.9	2457.8	2595.0	2739.2	2890.5	3049.4	3218.8	3394.8	3575.0	3762.0	3960.3	4166.4	4381.5

TABLE 4
Contributions to Real GDP Growth

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Percent Change, Annual Rate													
GDP	2.32	3.78	3.71	3.45	3.42	3.29	2.99	2.96	2.89	2.91	3.18	3.03	2.84
Percentage Points													
Consumption	1.91	2.84	2.35	2.05	2.11	2.23	2.08	2.12	2.05	2.16	2.33	2.16	2.03
Durable Goods	0.46	0.52	0.30	0.20	0.26	0.27	0.26	0.29	0.30	0.28	0.31	0.28	0.23
Nondurable Goods	0.65	0.77	0.66	0.61	0.58	0.63	0.63	0.66	0.64	0.67	0.71	0.69	0.70
Services	0.80	1.55	1.39	1.24	1.27	1.33	1.19	1.17	1.12	1.21	1.30	1.20	1.10
Gross Private Domestic Investment	0.47	1.03	1.05	0.94	0.98	0.78	0.65	0.72	0.79	0.71	0.90	0.90	0.78
Fixed Investment	0.38	0.65	0.98	0.99	0.99	0.79	0.69	0.69	0.77	0.71	0.85	0.90	0.80
Nonresidential	0.13	0.72	0.99	0.92	0.86	0.71	0.69	0.68	0.68	0.66	0.79	0.87	0.76
Structures	-0.18	0.00	0.25	0.14	0.17	0.10	0.12	0.09	0.06	0.00	0.08	0.10	0.01
Equipment & Software	0.31	0.72	0.74	0.78	0.69	0.61	0.58	0.59	0.62	0.66	0.71	0.77	0.75
Information Equipment	0.39	0.36	0.32	0.37	0.48	0.48	0.47	0.48	0.51	0.55	0.56	0.59	0.59
Residential	0.25	-0.07	0.00	0.07	0.13	0.08	0.00	0.01	0.09	0.05	0.06	0.03	0.04
Change in Private Inventories	0.09	0.38	0.06	-0.05	-0.02	-0.01	-0.04	0.03	0.02	0.00	0.05	-0.01	-0.02
Net Exports	-0.52	-0.35	0.00	0.11	0.04	-0.01	-0.03	-0.13	-0.13	-0.18	-0.27	-0.27	-0.22
Exports	0.03	0.69	1.06	1.01	0.87	0.83	0.79	0.76	0.77	0.77	0.77	0.77	0.73
Goods	-0.02	0.44	0.80	0.77	0.66	0.62	0.58	0.54	0.55	0.54	0.54	0.53	0.50
Services	0.06	0.25	0.25	0.24	0.21	0.21	0.21	0.21	0.22	0.22	0.23	0.23	0.23
Imports	-0.56	-1.04	-1.06	-0.90	-0.83	-0.84	-0.81	-0.89	-0.90	-0.95	-1.04	-1.03	-0.95
Goods	-0.55	-0.85	-0.91	-0.77	-0.71	-0.72	-0.69	-0.76	-0.78	-0.81	-0.89	-0.90	-0.82
Services	0.00	-0.19	-0.15	-0.13	-0.12	-0.12	-0.12	-0.12	-0.12	-0.13	-0.14	-0.13	-0.13
Government	0.46	0.25	0.31	0.35	0.30	0.29	0.28	0.25	0.18	0.21	0.22	0.24	0.24
Federal	0.46	0.24	0.14	0.09	0.10	0.09	0.09	0.10	0.04	0.07	0.07	0.05	0.04
State & Local	0.00	0.01	0.17	0.26	0.20	0.20	0.19	0.15	0.14	0.15	0.16	0.18	0.20

TABLE 4 (CONTINUED)
Contributions to Real GDP Growth

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Percent Change, Annual Rate													
GDP	2.85	2.96	2.83	2.74	2.76	2.62	2.73	2.76	2.82	2.91	3.10	3.06	3.08
Percentage Points													
Consumption	2.10	2.10	2.01	2.02	2.03	1.98	1.96	1.95	1.98	1.99	2.10	2.10	2.11
Durable Goods	0.27	0.29	0.26	0.27	0.28	0.26	0.26	0.25	0.23	0.20	0.22	0.20	0.19
Nondurable Goods	0.70	0.69	0.67	0.66	0.67	0.65	0.63	0.62	0.62	0.62	0.64	0.65	0.64
Services	1.13	1.12	1.09	1.10	1.09	1.07	1.07	1.08	1.12	1.16	1.24	1.25	1.28
Gross Private Domestic Investment	0.73	0.81	0.70	0.69	0.76	0.75	0.79	0.79	0.80	0.83	0.88	0.85	0.82
Fixed Investment	0.69	0.77	0.69	0.68	0.75	0.76	0.78	0.79	0.79	0.82	0.85	0.84	0.83
Nonresidential	0.65	0.72	0.68	0.63	0.67	0.70	0.71	0.72	0.75	0.78	0.79	0.77	0.75
Structures	0.01	0.05	0.06	0.04	0.04	0.06	0.06	0.06	0.07	0.08	0.07	0.08	0.07
Equipment & Software	0.64	0.67	0.62	0.59	0.64	0.64	0.65	0.66	0.67	0.71	0.73	0.70	0.68
Information Equipment	0.48	0.48	0.43	0.41	0.47	0.48	0.47	0.45	0.47	0.49	0.49	0.47	0.47
Residential	0.04	0.05	0.02	0.05	0.08	0.06	0.07	0.07	0.04	0.04	0.06	0.06	0.07
Change in Private Inventories	0.03	0.04	0.01	0.01	0.01	-0.01	0.01	0.01	0.01	0.01	0.03	0.02	0.00
Net Exports	-0.23	-0.19	-0.13	-0.20	-0.31	-0.28	-0.24	-0.20	-0.16	-0.10	-0.08	-0.08	-0.03
Exports	0.77	0.86	0.91	0.88	0.85	0.85	0.90	0.93	0.95	0.97	1.03	1.06	1.07
Goods	0.52	0.59	0.63	0.60	0.56	0.56	0.60	0.62	0.63	0.64	0.68	0.70	0.70
Services	0.25	0.27	0.28	0.28	0.28	0.29	0.30	0.31	0.32	0.33	0.35	0.35	0.37
Imports	-0.99	-1.05	-1.04	-1.09	-1.15	-1.13	-1.14	-1.13	-1.11	-1.07	-1.11	-1.14	-1.10
Goods	-0.87	-0.92	-0.91	-0.96	-1.02	-0.99	-1.00	-0.98	-0.94	-0.89	-0.91	-0.93	-0.88
Services	-0.13	-0.13	-0.13	-0.13	-0.14	-0.14	-0.14	-0.15	-0.17	-0.18	-0.20	-0.20	-0.21
Government	0.25	0.25	0.24	0.23	0.27	0.18	0.21	0.21	0.20	0.19	0.19	0.18	0.18
Federal	0.04	0.04	0.03	0.04	0.08	-0.01	0.02	0.03	0.03	0.03	0.02	0.02	0.02
State & Local	0.21	0.21	0.20	0.20	0.19	0.19	0.19	0.19	0.17	0.16	0.17	0.16	0.16

TABLE 5
GDP, GNP and National Income and Its Distribution

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions of Dollars, SAAR													
Gross Domestic Product	10852.4	11429.5	12089.3	12764.5	13484.4	14245.9	15029.1	15871.8	16782.2	17752.7	18848.5	20021.6	21227.9
Plus: Receipts of Factor Income	281.4	292.1	322.3	359.4	397.2	459.6	549.7	668.3	776.2	895.7	1034.1	1214.1	1412.7
Less: Payments of Factor Income	292.0	324.3	391.5	457.3	517.0	614.4	746.0	909.4	1031.2	1163.9	1319.0	1526.2	1733.5
Equals: Gross National Product	10841.8	11397.3	12020.1	12666.6	13364.6	14091.0	14832.8	15630.7	16527.2	17484.4	18563.6	19709.5	20907.2
Less Capital Consumption	1425.4	1471.3	1543.2	1630.4	1727.6	1831.2	1939.2	2051.3	2170.7	2295.0	2429.0	2565.2	2724.4
Equals: Net National Product	9416.4	9926.0	10476.9	11036.2	11637.0	12259.8	12893.6	13579.4	14356.5	15189.4	16134.7	17144.3	18182.8
Less:													
Indirect Bus. Tax & Nontax Liabilities	835.5	875.8	917.2	956.7	996.9	1039.8	1084.5	1133.6	1186.9	1243.5	1307.2	1374.3	1444.3
Business Transfer Payments	44.9	45.7	47.5	49.2	51.0	53.2	55.5	58.1	61.0	64.0	67.8	71.8	75.1
Statistical Discrepancy	-97.9	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-100.0	-117.5	-120.0
Plus: Subsidies less Current Surplus of Government Enterprises	38.4	33.4	33.6	34.2	34.8	35.5	36.2	37.0	38.1	39.3	40.7	41.6	41.5
Equals: National Income	8672.2	9138.0	9645.8	10164.5	10723.9	11302.3	11889.8	12524.7	13246.7	14021.2	14900.4	15857.3	16824.8
Composition of National Income													
Compensation of Employees	6158.2	6481.0	6862.3	7243.0	7640.3	8072.5	8521.8	9002.4	9511.1	10054.2	10666.9	11335.3	12014.9
Proprietors' Income													
Nonfarm	795.0	855.0	913.3	965.3	1029.5	1094.6	1151.0	1200.7	1266.4	1347.7	1444.4	1542.9	1636.8
Farm	15.2	22.1	25.3	27.0	28.0	30.2	31.6	32.4	32.9	33.1	32.8	33.0	32.5
Rental Income	117.6	124.0	140.4	153.1	164.1	174.7	183.9	193.0	202.4	211.6	219.9	228.3	236.9
Net Interest	701.4	687.9	673.9	688.3	700.7	742.5	826.6	972.6	1095.6	1210.4	1315.5	1412.4	1503.3
Economic Profits	884.9	968.0	1030.6	1087.8	1161.4	1187.9	1174.9	1123.7	1138.2	1164.2	1220.9	1305.6	1400.3
Income Shares, Percent of National Income													
Compensation of Employees	71.0	70.9	71.1	71.3	71.2	71.4	71.7	71.9	71.8	71.7	71.6	71.5	71.4
Proprietors' Income													
Nonfarm	9.2	9.4	9.5	9.5	9.6	9.7	9.7	9.6	9.6	9.6	9.7	9.7	9.7
Farm	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Rental Income	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.4
Net Interest	8.1	7.5	7.0	6.8	6.5	6.6	6.9	7.8	8.3	8.6	8.8	8.9	8.9
Economic Profits	10.2	10.6	10.7	10.7	10.8	10.5	9.9	9.0	8.6	8.3	8.2	8.2	8.3
Corporate Profits													
Economic Profits	884.9	968.0	1030.6	1087.8	1161.4	1187.9	1174.9	1123.7	1138.2	1164.2	1220.9	1305.6	1400.3
Four-Quarter Percent Change	12.4	9.4	6.5	5.6	6.8	2.3	-1.1	-4.4	1.3	2.3	4.9	6.9	7.3
Less:													
Capital Consumption Adjustment	168.2	191.0	-23.5	-72.0	-64.3	-52.8	-36.0	-21.3	-9.0	0.0	5.5	10.6	17.5
Inventory Valuation Adjustment	1.3	6.8	5.4	1.3	2.1	2.7	3.5	2.8	0.9	2.5	-1.3	-0.7	1.4
Equals: Before-Tax Book Profits	715.4	770.2	1048.7	1158.5	1223.5	1237.9	1207.4	1142.2	1146.3	1161.6	1216.7	1295.7	1381.3
Four-Quarter Percent Change	7.6	7.7	36.1	10.5	5.6	1.2	-2.5	-5.4	0.4	1.3	4.7	6.5	6.6
Less: Corporate Income Taxes	232.3	243.8	346.2	388.6	412.8	423.4	421.1	408.6	410.4	414.4	432.8	456.3	476.4
Federal	192.2	206.2	293.9	329.9	350.5	359.8	358.7	349.3	351.7	355.7	371.6	391.4	407.9
State & Local	36.0	37.6	52.4	58.7	62.3	63.6	62.4	59.3	58.7	58.8	61.2	64.9	68.5
Equals: After-Tax Profits	483.1	526.4	702.4	769.9	810.7	814.5	786.3	733.6	735.8	747.2	783.9	839.5	905.0
Less: Dividends	463.0	490.0	518.3	560.2	605.2	639.6	662.6	674.7	703.3	740.1	783.8	825.2	878.4
Equals: Retained Earnings	20.1	36.5	184.2	209.7	205.5	174.9	123.8	58.9	32.6	7.1	0.1	14.3	26.6
Profits Addenda													
Economic Profits (Bil. \$)	884.9	968.0	1030.6	1087.8	1161.4	1187.9	1174.9	1123.7	1138.2	1164.2	1220.9	1305.6	1400.3
Domestic Corporate	746.3	830.9	906.5	968.6	1041.1	1075.1	1071.9	1030.6	1031.2	1042.9	1087.1	1165.6	1238.5
Rest of World	119.8	119.4	104.7	97.2	95.8	84.9	70.0	53.4	62.0	72.3	81.1	82.9	100.6
Federal Reserve	18.8	17.7	19.3	22.1	24.5	27.9	33.1	39.8	45.0	48.9	52.7	57.1	61.2
Real After-Tax Profits (Bil.\$)	430.7	465.8	635.7	686.3	706.6	689.4	641.5	571.4	551.5	538.0	545.8	570.1	599.2
Dividend Payout Ratio	95.8	93.1	73.8	72.8	74.7	78.5	84.3	92.0	95.6	99.1	100.0	98.3	97.1
Book-Value of Depreciation	1006.0	1056.3	889.6	898.8	970.6	1051.1	1140.0	1230.8	1323.6	1420.4	1519.5	1618.9	1738.2
Less: Economic Depreciation	1425.4	1471.3	1543.2	1630.4	1727.6	1831.2	1939.2	2051.3	2170.7	2295.0	2429.0	2565.2	2724.4
Equals: Capital Consumption Adjustment	168.2	191.0	-23.5	-72.0	-64.3	-52.8	-36.0	-21.3	-9.0	0.0	5.5	10.6	17.5
After-Tax Profits	483.1	526.4	702.4	769.9	810.7	814.5	786.3	733.6	735.8	747.2	783.9	839.5	905.0
Plus: Book Value of Depreciation	1006.0	1056.3	889.6	898.8	970.6	1051.1	1140.0	1230.8	1323.6	1420.4	1519.5	1618.9	1738.2
Less: Inventory Profits	1.3	6.8	5.4	1.3	2.1	2.7	3.5	2.8	0.9	2.5	-1.3	-0.7	1.4
Equals: Gross Cash Flow	1490.4	1589.5	1597.4	1669.9	1783.4	1868.3	1929.9	1967.2	2060.4	2170.1	2302.1	2457.6	2644.6
Less: Dividends	463.0	490.0	518.3	560.2	605.2	639.6	662.6	674.7	703.3	740.1	783.8	825.2	878.4
Equals: Net Cash Flow	1027.4	1099.6	1079.2	1109.7	1178.2	1228.8	1267.3	1292.4	1357.1	1430.0	1518.3	1632.4	1766.2

TABLE 5 (CONTINUED)
GDP, GNP and National Income and Its Distribution

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Billions of Dollars, SAAR													
Gross Domestic Product	22498.0	23896.1	25376.0	26949.1	28626.0	30369.0	32255.0	34258.4	36406.8	38732.1	41286.9	43986.1	46860.4
Plus: Receipts of Factor Income	1643.0	1908.3	2274.3	2673.5	3146.5	3691.8	4337.7	5075.4	6032.3	7192.8	8472.6	9950.5	11710.8
Less: Payments of Factor Income	1972.1	2247.1	2655.5	3049.2	3495.9	4007.1	4599.8	5275.1	6164.7	7234.2	8384.6	9716.9	11272.3
Equals: Gross National Product	22169.0	23557.3	24994.8	26573.3	28276.5	30053.8	31992.9	34058.7	36274.4	38690.7	41374.9	44219.7	47298.9
Less: Capital Consumption	2893.8	3085.3	3300.9	3537.3	3798.7	4088.2	4409.4	4758.8	5139.2	5556.2	6013.4	6502.7	7025.1
Equals: Net National Product	19275.1	20472.0	21693.9	23036.1	24477.9	25965.6	27583.5	29299.9	31135.2	33134.5	35361.5	37717.0	40273.8
Less:													
Indirect Bus. Tax & Nontax Liabilities	1520.0	1602.8	1690.0	1782.6	1881.3	1985.0	2095.7	2212.5	2336.3	2467.1	2609.4	2759.4	2917.9
Business Transfer Payments	78.3	82.3	86.6	91.1	96.0	100.9	106.1	111.7	117.7	124.1	131.1	138.6	146.6
Statistical Discrepancy	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0	-120.0
Plus: Subsidies less Current Surplus of Government Enterprises	41.2	40.8	40.4	40.0	39.5	39.0	38.3	37.7	36.9	36.2	35.5	34.9	34.3
Equals: National Income	17837.9	18947.8	20077.7	21322.4	22660.2	24038.7	25540.0	27133.4	28838.2	30699.5	32776.6	34973.9	37363.5
Composition of National Income													
Compensation of Employees	12728.1	13490.7	14295.7	15144.6	16039.9	16983.4	17987.6	19053.2	20198.4	21417.9	22734.8	24140.4	25631.2
Proprietors' Income													
Nonfarm	1738.7	1852.9	1964.4	2081.2	2209.8	2343.5	2485.3	2636.7	2795.9	2963.0	3152.0	3356.9	3577.4
Farm	31.9	31.6	31.9	32.0	31.8	32.4	32.8	32.9	32.9	32.4	31.4	30.5	29.0
Rental Income	245.4	253.2	260.2	266.4	273.1	279.7	285.2	289.4	292.3	292.8	290.7	286.6	280.6
Net Interest	1593.7	1690.9	1832.2	1983.9	2147.9	2314.3	2497.6	2697.5	2929.9	3195.9	3483.4	3786.7	4103.7
Economic Profits	1500.1	1628.4	1693.5	1814.4	1957.7	2085.3	2251.5	2423.7	2588.9	2797.5	3084.3	3373.0	3741.6
Income Shares, Percent of National Income													
Compensation of Employees	71.4	71.2	71.2	71.0	70.8	70.7	70.4	70.2	70.0	69.8	69.4	69.0	68.6
Proprietors' Income													
Nonfarm	9.7	9.8	9.8	9.8	9.8	9.7	9.7	9.7	9.7	9.7	9.6	9.6	9.6
Farm	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Rental Income	1.4	1.3	1.3	1.2	1.2	1.2	1.1	1.1	1.0	1.0	0.9	0.8	0.8
Net Interest	8.9	8.9	9.1	9.3	9.5	9.6	9.8	9.9	10.2	10.4	10.6	10.8	11.0
Economic Profits	8.4	8.6	8.4	8.5	8.6	8.7	8.8	8.9	9.0	9.1	9.4	9.6	10.0
Corporate Profits													
Economic Profits	1500.1	1628.4	1693.5	1814.4	1957.7	2085.3	2251.5	2423.7	2588.9	2797.5	3084.3	3373.0	3741.6
Four-Quarter Percent Change	7.1	8.5	4.0	7.1	7.9	6.5	8.0	7.6	6.8	8.1	10.3	9.4	10.9
Less:													
Capital Consumption Adjustment	25.0	33.7	43.6	54.8	67.4	81.6	97.5	115.0	134.2	155.4	178.8	203.9	230.8
Inventory Valuation Adjustment	-1.0	-5.5	-7.6	-9.1	-7.9	-8.6	-10.0	-11.2	-14.2	-18.0	-21.8	-22.6	-25.6
Equals: Before-Tax Book Profits	1476.1	1600.2	1657.4	1768.6	1898.1	2012.3	2163.9	2319.9	2468.8	2660.2	2927.4	3191.6	3536.4
Four-Quarter Percent Change	6.9	8.4	3.6	6.7	7.3	6.0	7.5	7.2	6.4	7.8	10.0	9.0	10.8
Less: Corporate Income Taxes	503.1	541.1	563.8	593.1	620.8	641.3	668.7	693.7	716.6	747.8	793.5	832.5	882.2
Federal	432.0	464.5	485.6	511.1	536.3	554.7	579.0	602.2	622.7	650.5	690.7	725.1	768.6
State & Local	71.1	76.7	78.2	82.0	84.5	86.6	89.7	91.5	93.9	97.2	102.8	107.4	113.6
Equals: After-Tax Profits	972.9	1059.0	1093.6	1175.6	1277.4	1371.1	1495.2	1626.2	1752.3	1912.4	2133.9	2359.1	2654.2
Less: Dividends	931.2	996.1	1054.8	1127.1	1218.1	1311.6	1421.7	1542.8	1669.2	1812.4	1984.4	2167.0	2378.3
Equals: Retained Earnings	41.8	62.9	38.8	48.5	59.3	59.4	73.5	83.4	83.0	100.0	149.5	192.1	275.9
Profits Addenda													
Economic Profits (Bil. \$)	1500.1	1628.4	1693.5	1814.4	1957.7	2085.3	2251.5	2423.7	2588.9	2797.5	3084.3	3373.0	3741.6
Domestic Corporate	1314.8	1418.9	1481.9	1561.5	1645.5	1705.4	1786.5	1863.5	1925.2	2007.4	2134.5	2247.6	2390.5
Rest of World	120.1	140.0	136.0	171.2	224.8	286.6	365.5	453.9	548.7	664.7	813.6	978.3	1192.7
Federal Reserve	65.3	69.5	75.6	81.7	87.4	93.3	99.5	106.2	114.9	125.5	136.2	147.0	158.4
Real After-Tax Profits (Bil.\$)	628.6	668.3	660.4	689.0	726.8	753.6	797.8	841.0	874.7	926.8	1013.5	1094.4	1214.2
Dividend Payout Ratio	95.7	94.1	96.5	95.9	95.4	95.7	95.1	94.9	95.3	94.8	93.0	91.9	89.6
Book-Value of Depreciation	1867.1	2015.7	2187.1	2379.4	2596.6	2840.6	3114.6	3415.5	3746.1	4110.8	4512.6	4944.6	5407.6
Less: Economic Depreciation	2893.8	3085.3	3300.9	3537.3	3798.7	4088.2	4409.4	4758.8	5139.2	5556.2	6013.4	6502.7	7025.1
Equals: Capital Consumption Adjustment	25.0	33.7	43.6	54.8	67.4	81.6	97.5	115.0	134.2	155.4	178.8	203.9	230.8
After-Tax Profits	972.9	1059.0	1093.6	1175.6	1277.4	1371.1	1495.2	1626.2	1752.3	1912.4	2133.9	2359.1	2654.2
Plus: Book Value of Depreciation	1867.1	2015.7	2187.1	2379.4	2596.6	2840.6	3114.6	3415.5	3746.1	4110.8	4512.6	4944.6	5407.6
Less: Inventory Profits	-1.0	-5.5	-7.6	-9.1	-7.9	-8.6	-10.0	-11.2	-14.2	-18.0	-21.8	-22.6	-25.6
Equals: Gross Cash Flow	2839.0	3069.2	3273.1	3546.0	3866.0	4203.1	4599.8	5030.5	5484.2	6005.2	6624.6	7281.1	8036.2
Less: Dividends	931.2	996.1	1054.8	1127.1	1218.1	1311.6	1421.7	1542.8	1669.2	1812.4	1984.4	2167.0	2378.3
Equals: Net Cash Flow	1907.9	2073.1	2218.3	2418.9	2647.9	2891.4	3178.1	3487.7	3814.9	4192.8	4640.3	5114.1	5658.0

TABLE 6
Real Consumer Spending

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions of Chained 1996 Dollars, SAAR													
Total Expenditures	6755.0	7028.1	7262.6	7474.6	7699.5	7945.2	8181.9	8429.8	8677.4	8944.7	9241.5	9525.4	9799.4
Total less New Light Vehicles	6497.8	6760.1	6995.2	7211.8	7436.0	7681.2	7915.2	8159.7	8404.2	8670.5	8964.8	9247.9	9519.6
Durable Goods	1056.0	1124.7	1167.0	1197.2	1238.6	1283.4	1329.9	1383.1	1441.4	1499.2	1568.4	1633.3	1691.1
Motor Vehicles & Parts	397.2	413.5	419.7	420.2	424.7	427.5	431.6	437.5	443.5	445.9	451.5	453.7	457.4
New Autos	108.4	109.2	102.0	94.4	90.9	88.9	88.2	87.8	87.3	85.6	84.5	83.0	82.7
New Light Trucks	153.3	163.4	167.7	167.9	170.1	170.4	172.0	174.2	176.1	175.8	176.6	175.5	175.3
Net Purchases of Used Cars	56.5	60.5	67.0	72.5	75.4	76.8	77.1	77.8	79.2	80.6	82.9	85.1	87.0
Purchases of Other Vehicles	32.0	30.7	31.3	31.2	31.6	31.9	32.1	32.5	33.0	33.1	33.4	33.5	33.6
Tires, Accessories & Parts	45.7	48.4	50.0	52.3	54.8	57.4	60.0	62.8	65.6	68.5	71.6	74.2	76.5
Furniture & Household Equipment	469.3	513.2	541.8	569.1	603.2	641.6	680.3	722.9	770.4	821.8	880.8	939.8	985.6
Computers	257.6	322.3	390.4	467.0	558.2	667.8	795.9	951.4	1130.0	1351.7	1630.2	1939.4	2265.1
Software	22.6	24.8	26.2	27.4	28.8	30.5	32.2	34.0	35.7	37.6	40.1	42.1	43.4
Other Equipment	345.5	373.0	388.7	403.2	422.5	444.2	465.5	488.7	515.1	543.0	574.5	605.9	628.1
Other Durables	198.3	211.4	222.6	230.2	238.8	250.0	261.1	274.1	288.6	304.6	322.8	341.3	359.8
Ophthalmic & Orthopedic Supplies	20.0	21.3	22.6	22.6	23.1	24.8	26.4	28.4	30.3	32.4	34.6	37.1	39.1
All Other	179.5	191.3	201.3	209.2	217.5	226.7	236.2	247.0	259.5	273.3	289.1	305.0	321.6
Nondurable Goods	1991.3	2066.5	2134.1	2199.5	2263.3	2335.7	2410.2	2491.1	2572.3	2661.0	2758.1	2855.4	2957.3
Clothing & Shoes	371.3	391.0	406.1	421.7	436.9	454.6	473.6	494.6	515.4	539.5	565.6	590.8	619.9
Food & Beverages	932.3	951.7	970.9	989.4	1005.6	1021.7	1038.7	1056.6	1074.5	1094.7	1116.7	1137.9	1159.7
Off-Premises Consumption	555.7	561.8	571.7	580.9	588.5	595.6	603.2	611.1	619.0	628.1	638.0	647.5	657.2
Purchased Meals	367.0	379.9	389.0	398.1	406.4	415.2	424.2	433.9	443.4	454.1	465.8	477.0	488.5
Other Food	9.4	9.4	9.5	9.5	9.6	9.7	9.8	9.9	10.0	10.1	10.2	10.3	10.3
Gasoline & Oil	145.2	154.5	159.3	166.4	170.9	175.5	180.0	184.7	188.7	193.5	198.3	202.4	207.1
Fuel Oil & Coal	12.0	11.5	10.5	10.1	9.9	9.7	9.5	9.4	9.2	9.0	8.9	8.7	8.5
Other Nondurables	535.4	564.7	595.5	621.3	650.7	686.2	722.1	761.5	802.0	844.5	891.5	940.9	991.2
Tobacco	40.4	39.9	39.4	38.8	38.0	37.1	36.0	34.7	33.2	31.5	29.9	28.3	26.8
Drugs & Pharmaceuticals	175.1	190.4	206.8	221.6	239.2	260.9	282.6	306.5	331.3	357.6	386.0	415.9	446.3
All Other	327.0	343.1	359.7	372.5	386.3	402.0	418.8	437.5	456.8	477.1	500.6	524.3	548.8
Services	3746.3	3884.9	4012.4	4129.3	4252.4	4384.6	4506.3	4629.0	4748.6	4879.9	5024.9	5160.9	5288.6
Housing	896.1	913.4	929.7	945.1	960.4	975.7	989.8	1002.7	1015.0	1026.8	1037.8	1047.9	1057.2
Household Operation	390.3	405.2	415.8	425.8	435.4	447.3	460.2	473.0	485.5	500.3	518.8	535.2	552.7
Utility Natural Gas	37.6	35.5	34.2	34.4	34.7	34.9	35.3	35.6	35.9	36.3	36.6	37.0	37.3
Electricity	100.7	104.3	109.3	112.8	115.0	117.3	119.6	122.2	124.7	127.5	130.4	133.3	136.2
Telecommunications	155.8	167.2	172.0	176.9	182.8	190.7	199.4	207.4	215.4	226.1	241.2	254.1	268.7
Water & Sewer	45.3	46.3	47.5	48.6	49.8	51.0	52.3	53.5	54.7	55.9	57.1	58.2	59.3
Domestic Help	12.2	13.6	14.2	14.5	14.8	15.3	15.9	16.5	17.0	17.5	18.2	18.9	19.6
Other	41.5	43.5	44.8	45.4	46.1	47.0	48.1	49.4	50.6	52.0	53.8	55.2	56.7
Transportation	249.7	259.1	271.2	281.9	290.6	297.1	302.3	308.1	314.3	321.3	329.3	337.2	345.1
Vehicle Leasing	32.8	32.8	36.5	40.8	44.5	46.1	46.2	47.2	48.7	51.0	53.8	57.0	60.1
Other User-Operated	165.8	172.3	178.2	182.7	186.0	188.8	191.5	194.2	196.7	199.6	202.9	205.8	208.8
Purchased Local	12.5	12.6	12.7	12.8	12.8	12.9	13.0	13.1	13.2	13.3	13.5	13.6	13.7
Intercity	37.9	40.8	43.9	46.8	49.6	52.3	55.0	57.7	60.5	63.3	66.3	69.5	72.7
Medical Care	1014.9	1054.4	1094.5	1132.0	1167.9	1208.9	1245.9	1284.8	1323.5	1366.3	1410.7	1457.2	1504.4
Recreation	241.7	260.4	274.4	288.4	305.6	325.4	344.9	360.5	374.6	393.4	414.7	432.2	452.4
Personal Business	572.4	601.8	624.4	642.7	661.8	682.3	703.3	726.4	750.1	772.4	798.6	823.3	842.3
Financial Services Furnished Free	240.1	250.7	259.0	265.4	273.6	283.2	293.3	304.3	316.5	330.0	344.8	358.9	369.5
Other	332.7	351.4	365.6	377.4	388.3	399.3	410.3	422.4	433.9	442.7	453.9	464.4	472.7
Other Services	379.7	389.6	401.2	412.1	428.4	444.4	455.8	468.5	480.0	493.0	508.3	520.5	527.5
Addenda (Dollars)													
Per Capita Consumption	23159	23886	24473	24976	25514	26112	26671	27257	27831	28456	29162	29820	30438
Medical Spending	1210	1267	1325	1377	1431	1496	1557	1622	1688	1759	1834	1913	1993
Per Capita	4149	4304	4463	4602	4743	4917	5075	5244	5412	5596	5787	5988	6189
Energy Spending	295	304	310	320	327	334	340	348	354	362	369	376	384
Per Capita	1010	1032	1046	1070	1083	1097	1110	1124	1136	1151	1165	1178	1192

TABLE 6 (CONTINUED)
Real Consumer Spending

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Billions of Chained 1996 Dollars, SAAR													
Total Expenditures	10090.9	10389.5	10684.6	10989.1	11302.4	11615.7	11934.5	12260.2	12599.3	12948.5	13328.0	13717.7	14121.5
Total less New Light Vehicles	9804.8	10097.2	10387.8	10684.9	10991.9	11300.8	11614.4	11934.5	12266.8	12610.5	12984.2	13370.4	13770.4
Durable Goods	1762.1	1842.3	1918.2	2000.9	2091.8	2181.0	2277.5	2375.4	2472.2	2561.8	2662.7	2761.7	2864.3
Motor Vehicles & Parts	467.8	479.1	486.8	498.7	508.9	514.8	522.0	530.3	541.0	549.1	558.1	561.9	563.8
New Autos	84.3	86.4	87.9	91.0	93.7	95.9	98.6	101.7	105.6	109.0	112.7	115.9	119.1
New Light Trucks	178.5	181.1	181.5	184.9	186.5	185.8	185.7	185.7	186.6	185.5	184.3	179.3	174.5
Net Purchases of Used Cars	89.4	92.9	96.2	98.9	102.2	104.6	107.2	110.4	114.1	118.1	122.7	127.1	130.0
Purchases of Other Vehicles	34.1	34.6	34.9	35.3	35.7	35.8	35.9	36.0	36.2	36.3	36.2	35.8	35.1
Tires, Accessories & Parts	79.2	81.8	84.1	86.5	88.9	91.0	93.3	95.5	97.8	100.1	102.6	105.1	107.6
Furniture & Household Equipment	1038.0	1099.1	1161.3	1221.1	1293.2	1373.9	1460.3	1546.7	1629.1	1708.8	1797.8	1895.2	1998.3
Computers	2663.5	3126.5	3663.8	4330.0	5134.4	6098.1	7248.8	8659.4	10446.8	12604.5	15243.5	18624.3	23124.6
Software	44.9	46.3	47.7	49.5	51.5	53.7	56.1	58.7	61.8	65.0	68.5	72.1	76.1
Other Equipment	653.6	684.4	715.0	741.6	774.9	812.3	851.7	888.4	918.6	944.6	973.7	1003.7	1031.2
Other Durables	378.8	399.8	421.0	444.4	470.5	496.5	524.4	552.6	579.4	605.1	634.8	666.4	701.2
Ophthalmic & Orthopedic Supplies	40.8	42.5	44.3	46.0	47.8	49.5	51.1	52.5	54.0	55.1	56.0	56.6	57.1
All Other	339.0	358.8	378.6	400.9	426.0	451.3	478.9	507.0	533.7	560.0	591.0	625.0	662.7
Nondurable Goods	3063.2	3170.8	3278.4	3389.0	3503.9	3618.9	3734.9	3852.7	3975.0	4100.5	4235.3	4375.4	4518.9
Clothing & Shoes	650.4	682.1	713.8	748.0	785.2	822.7	862.6	904.6	949.3	996.2	1048.2	1103.2	1159.2
Food & Beverages	1182.4	1205.2	1228.3	1251.9	1276.5	1302.0	1328.6	1356.9	1388.0	1421.3	1457.3	1494.7	1533.4
Off-Premises Consumption	667.2	677.2	687.1	697.2	707.7	718.5	729.8	741.7	754.7	768.5	783.5	799.0	815.0
Purchased Meals	500.7	512.9	525.4	538.2	551.5	565.4	579.8	595.3	612.2	630.5	650.2	670.6	691.8
Other Food	10.4	10.4	10.5	10.6	10.7	10.8	10.8	10.9	11.0	11.0	11.1	11.2	11.3
Gasoline & Oil	211.9	216.7	221.5	226.2	231.1	236.1	241.2	246.7	253.0	259.7	267.0	274.4	281.8
Fuel Oil & Coal	8.4	8.2	8.1	8.0	7.8	7.7	7.5	7.4	7.3	7.1	7.0	6.9	6.8
Other Nondurables	1043.3	1096.3	1149.2	1203.0	1258.3	1312.7	1366.0	1418.0	1469.7	1520.6	1574.7	1630.9	1688.7
Tobacco	25.4	24.0	22.7	21.4	20.1	18.9	17.7	16.5	15.3	14.2	13.1	12.1	11.1
Drugs & Pharmaceuticals	477.1	507.8	538.4	568.4	597.8	626.1	653.1	678.6	702.0	723.8	746.0	768.8	792.4
All Other	575.3	602.9	630.7	661.2	695.6	730.7	767.1	805.3	847.6	892.6	942.5	995.2	1049.8
Services	5422.5	5557.6	5692.1	5830.0	5969.5	6110.1	6252.5	6399.4	6554.9	6719.2	6898.1	7082.5	7274.9
Housing	1065.3	1072.6	1078.9	1084.0	1088.6	1092.4	1095.5	1097.9	1099.2	1099.3	1098.3	1096.5	1093.8
Household Operation	573.4	595.2	618.2	643.0	669.1	697.2	727.6	761.5	800.4	843.0	891.1	941.1	994.0
Utility Natural Gas	37.6	37.9	38.1	38.4	38.6	38.9	39.1	39.3	39.6	39.8	40.1	40.4	40.7
Electricity	139.2	142.2	145.3	148.4	151.6	155.0	158.3	161.9	165.9	170.1	174.7	179.3	184.0
Telecommunications	287.8	308.7	331.4	357.4	385.6	417.2	452.6	493.6	542.1	596.8	660.6	728.9	803.6
Water & Sewer	60.4	61.4	62.4	63.4	64.3	65.2	66.1	66.9	67.7	68.5	69.2	69.9	70.6
Domestic Help	20.6	21.7	23.0	24.3	25.7	27.3	29.0	30.9	33.2	35.8	38.6	41.6	44.8
Other	58.4	60.0	61.8	63.6	65.4	67.4	69.4	71.7	74.3	77.1	80.3	83.3	86.5
Transportation	353.0	361.1	369.5	378.0	386.7	395.7	405.3	415.6	426.9	439.2	452.9	467.6	482.6
Vehicle Leasing	62.9	66.0	69.4	72.9	76.5	80.3	84.5	89.2	94.2	99.4	105.4	112.1	118.8
Other User-Operated	212.0	215.1	218.3	221.5	224.8	228.2	231.7	235.6	240.0	245.0	250.5	256.4	262.4
Purchased Local	13.8	13.9	14.1	14.2	14.3	14.5	14.6	14.8	15.0	15.2	15.4	15.7	15.9
Intercity	76.1	79.6	83.2	87.0	91.0	95.1	99.4	104.0	108.9	114.3	120.1	126.4	133.2
Medical Care	1552.2	1600.7	1649.9	1699.7	1750.1	1801.4	1854.6	1909.6	1966.2	2024.4	2084.2	2145.9	2209.5
Recreation	474.7	496.8	520.0	545.2	569.6	592.5	613.7	635.5	662.7	695.0	733.6	774.2	817.8
Personal Business	861.5	880.3	897.2	914.4	932.0	949.9	965.7	981.6	998.6	1016.5	1036.8	1056.8	1077.4
Financial Services Furnished Free	379.1	388.4	397.5	407.0	416.8	428.0	436.8	446.8	457.3	468.2	479.3	489.9	501.9
Other	482.2	491.6	499.3	506.7	514.3	520.5	527.2	532.6	538.5	544.8	553.6	562.5	570.4
Other Services	536.5	546.3	555.8	565.7	576.1	587.2	600.9	614.6	626.0	637.2	649.1	662.2	676.5
Addenda (Dollars)													
Per Capita Consumption	31099	31771	32422	33092	33778	34452	35130	35817	36531	37259	38061	38880	39723
Medical Spending	2073	2154	2235	2316	2397	2478	2560	2642	2723	2804	2888	2973	3061
Per Capita	6388	6586	6782	6975	7165	7351	7536	7718	7895	8069	8246	8426	8611
Energy Spending	391	399	407	414	422	430	439	447	457	468	480	492	504
Per Capita	1206	1221	1234	1248	1262	1277	1291	1307	1326	1347	1371	1394	1417

TABLE 7

Real Consumer Spending, Percent Changes

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions of Chained 1996 Dollars, SAAR													
Total Expenditures	2.7	4.0	3.3	2.9	3.0	3.2	3.0	3.0	2.9	3.1	3.3	3.1	2.9
Total less New Light Vehicles	2.6	4.0	3.5	3.1	3.1	3.3	3.0	3.1	3.0	3.2	3.4	3.2	2.9
Durable Goods	5.6	6.5	3.8	2.6	3.5	3.6	3.6	4.0	4.2	4.0	4.6	4.1	3.5
Motor Vehicles & Parts	3.9	4.1	1.5	0.1	1.1	0.6	1.0	1.4	1.4	0.5	1.2	0.5	0.8
New Autos	1.8	0.7	-6.6	-7.5	-3.7	-2.2	-0.7	-0.5	-0.6	-1.9	-1.3	-1.8	-0.4
New Light Trucks	9.9	6.6	2.7	0.1	1.3	0.2	1.0	1.3	1.1	-0.2	0.5	-0.6	-0.1
Net Purchases of Used Cars	-6.4	7.0	10.8	8.3	3.9	2.0	0.3	0.9	1.8	1.7	2.9	2.6	2.2
Purchases of Other Vehicles	7.4	-4.0	2.0	-0.3	1.0	1.0	0.6	1.4	1.5	0.3	0.9	0.3	0.3
Tires, Accessories & Parts	1.5	5.7	3.4	4.6	4.7	4.7	4.5	4.8	4.5	4.3	4.6	3.6	3.1
Furniture & Household Equipment	7.1	9.4	5.6	5.0	6.0	6.4	6.0	6.3	6.6	6.7	7.2	6.7	4.9
Computers	27.2	25.1	21.1	19.6	19.5	19.6	19.2	19.5	18.8	19.6	20.6	19.0	16.8
Software	10.0	10.1	5.4	4.6	5.2	6.0	5.5	5.6	4.9	5.4	6.4	5.1	3.0
Other Equipment	5.4	8.0	4.2	3.7	4.8	5.1	4.8	5.0	5.4	5.4	5.8	5.5	3.7
Other Durables	6.7	6.6	5.3	3.4	3.8	4.7	4.5	5.0	5.3	5.5	6.0	5.7	5.4
Ophthalmic & Orthopedic Supplies	0.6	6.8	6.0	-0.2	2.2	7.6	6.5	7.4	6.9	6.8	6.9	7.1	5.3
All Other	7.6	6.6	5.2	3.9	4.0	4.3	4.2	4.6	5.0	5.3	5.8	5.5	5.4
Nondurable Goods	3.2	3.8	3.3	3.1	2.9	3.2	3.2	3.4	3.3	3.5	3.6	3.5	3.6
Clothing & Shoes	4.0	5.3	3.8	3.9	3.6	4.1	4.2	4.4	4.2	4.7	4.8	4.5	4.9
Food & Beverages	3.3	2.1	2.0	1.9	1.6	1.6	1.7	1.7	1.7	1.9	2.0	1.9	1.9
Off-Premises Consumption	2.9	1.1	1.8	1.6	1.3	1.2	1.3	1.3	1.3	1.5	1.6	1.5	1.5
Purchased Meals	4.0	3.5	2.4	2.3	2.1	2.2	2.2	2.3	2.2	2.4	2.6	2.4	2.4
Other Food	0.1	0.0	1.0	0.7	0.9	1.0	0.9	0.9	0.8	0.9	1.0	0.9	0.6
Gasoline & Oil	0.1	6.4	3.1	4.5	2.7	2.7	2.5	2.6	2.2	2.6	2.5	2.1	2.3
Fuel Oil & Coal	-5.6	-4.5	-8.1	-4.3	-1.9	-1.8	-1.8	-1.7	-1.8	-1.8	-2.1	-1.9	-1.9
Other Nondurables	3.8	5.5	5.5	4.3	4.7	5.5	5.2	5.5	5.3	5.3	5.6	5.5	5.4
Tobacco	-2.3	-1.1	-1.4	-1.5	-2.0	-2.3	-3.1	-3.6	-4.2	-5.0	-5.3	-5.2	-5.3
Drugs & Pharmaceuticals	7.4	8.7	8.6	7.2	7.9	9.1	8.3	8.4	8.1	7.9	7.9	7.8	7.3
All Other	3.1	4.9	4.8	3.6	3.7	4.1	4.2	4.5	4.4	4.4	4.9	4.8	4.7
Services	1.9	3.7	3.3	2.9	3.0	3.1	2.8	2.7	2.6	2.8	3.0	2.7	2.5
Housing	1.8	1.9	1.8	1.7	1.6	1.6	1.5	1.3	1.2	1.2	1.1	1.0	0.9
Household Operation	1.5	3.8	2.6	2.4	2.2	2.7	2.9	2.8	2.6	3.0	3.7	3.2	3.3
Utility Natural Gas	6.5	-5.7	-3.5	0.5	0.8	0.7	1.0	1.1	0.9	0.9	1.0	1.0	0.9
Electricity	0.1	3.6	4.8	3.2	1.9	2.0	2.0	2.2	2.1	2.2	2.3	2.2	2.2
Telecommunications	1.7	7.3	2.9	2.9	3.3	4.3	4.5	4.0	3.9	4.9	6.7	5.4	5.7
Water & Sewer	1.1	2.3	2.4	2.4	2.4	2.5	2.5	2.3	2.3	2.2	2.1	2.0	1.9
Domestic Help	5.3	11.5	4.5	2.3	1.9	3.6	3.5	4.0	3.0	2.9	4.1	3.8	3.8
Other	-1.1	4.9	2.8	1.5	1.4	2.1	2.3	2.6	2.5	2.9	3.3	2.7	2.7
Transportation	-0.2	3.7	4.7	4.0	3.1	2.3	1.7	1.9	2.0	2.2	2.5	2.4	2.3
Vehicle Leasing	-12.9	0.0	11.2	11.9	9.0	3.5	0.4	2.0	3.3	4.6	5.6	6.0	5.3
Other User-Operated	1.7	3.9	3.5	2.5	1.8	1.5	1.4	1.4	1.3	1.5	1.6	1.5	1.5
Purchased Local	-0.2	0.8	0.8	0.5	0.2	0.6	0.7	0.9	0.7	1.0	1.2	0.8	0.9
Intercity	2.2	7.5	7.7	6.6	6.0	5.5	5.1	4.9	4.8	4.7	4.8	4.8	4.6
Medical Care	3.7	3.9	3.8	3.4	3.2	3.5	3.1	3.1	3.0	3.2	3.2	3.3	3.2
Recreation	1.8	7.7	5.4	5.1	6.0	6.5	6.0	4.5	3.9	5.0	5.4	4.2	4.7
Personal Business	1.6	5.1	3.8	2.9	3.0	3.1	3.1	3.3	3.3	3.0	3.4	3.1	2.3
Financial Services Furnished Free	2.6	4.4	3.3	2.5	3.1	3.5	3.6	3.7	4.0	4.2	4.5	4.1	2.9
Other	0.9	5.6	4.1	3.2	2.9	2.8	2.8	3.0	2.7	2.0	2.5	2.3	1.8
Other Services	0.1	2.6	3.0	2.7	3.9	3.7	2.6	2.8	2.4	2.7	3.1	2.4	1.3
Addenda													
Per Capita Consumption	1.8	3.1	2.5	2.1	2.2	2.3	2.1	2.2	2.1	2.2	2.5	2.3	2.1
Medical Spending	4.2	4.6	4.6	4.0	3.9	4.5	4.1	4.2	4.0	4.2	4.3	4.3	4.2
Per Capita	3.2	3.7	3.7	3.1	3.1	3.7	3.2	3.3	3.2	3.4	3.4	3.5	3.3
Energy Spending	0.7	3.1	2.2	3.2	2.0	2.1	2.0	2.1	1.8	2.1	2.1	1.9	2.0
Per Capita	-0.2	2.2	1.3	2.3	1.2	1.2	1.2	1.3	1.0	1.3	1.3	1.1	1.2

TABLE 7 (CONTINUED)
Real Consumer Spending, Percent Changes

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Billions of Chained 1996 Dollars, SAAR													
Total Expenditures	3.0	3.0	2.8	2.9	2.9	2.8	2.7	2.7	2.8	2.8	2.9	2.9	2.9
Total less New Light Vehicles	3.0	3.0	2.9	2.9	2.9	2.8	2.8	2.8	2.8	2.8	3.0	3.0	3.0
Durable Goods	4.2	4.6	4.1	4.3	4.5	4.3	4.4	4.3	4.1	3.6	3.9	3.7	3.7
Motor Vehicles & Parts	2.3	2.4	1.6	2.4	2.1	1.1	1.4	1.6	2.0	1.5	1.6	0.7	0.3
New Autos	2.0	2.5	1.8	3.5	3.0	2.3	2.8	3.2	3.8	3.2	3.4	2.8	2.8
New Light Trucks	1.8	1.5	0.2	1.8	0.9	-0.3	-0.1	0.0	0.5	-0.6	-0.7	-2.7	-2.7
Net Purchases of Used Cars	2.8	3.9	3.5	2.9	3.3	2.3	2.5	3.0	3.4	3.5	3.9	3.6	2.2
Purchases of Other Vehicles	1.5	1.5	0.9	1.2	1.2	0.3	0.2	0.3	0.5	0.2	-0.3	-1.1	-1.9
Tires, Accessories & Parts	3.4	3.3	2.8	2.9	2.7	2.4	2.5	2.4	2.4	2.3	2.6	2.4	2.4
Furniture & Household Equipment	5.3	5.9	5.7	5.2	5.9	6.2	6.3	5.9	5.3	4.9	5.2	5.4	5.4
Computers	17.6	17.4	17.2	18.2	18.6	18.8	18.9	19.5	20.6	20.7	20.9	22.2	24.2
Software	3.5	3.2	3.0	3.8	4.1	4.3	4.4	4.7	5.4	5.2	5.3	5.4	5.4
Other Equipment	4.1	4.7	4.5	3.7	4.5	4.8	4.9	4.3	3.4	2.8	3.1	3.1	2.7
Other Durables	5.3	5.6	5.3	5.6	5.9	5.5	5.6	5.4	4.8	4.4	4.9	5.0	5.2
Ophthalmic & Orthopedic Supplies	4.5	4.1	4.2	3.9	3.9	3.5	3.3	2.9	2.8	2.0	1.8	0.9	1.0
All Other	5.4	5.8	5.5	5.9	6.3	5.9	6.1	5.9	5.3	4.9	5.5	5.8	6.0
Nondurable Goods	3.6	3.5	3.4	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.3	3.3	3.3
Clothing & Shoes	4.9	4.9	4.7	4.8	5.0	4.8	4.9	4.9	4.9	4.9	5.2	5.2	5.1
Food & Beverages	2.0	1.9	1.9	1.9	2.0	2.0	2.0	2.1	2.3	2.4	2.5	2.6	2.6
Off-Premises Consumption	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.7	1.8	1.9	2.0	2.0
Purchased Meals	2.5	2.4	2.4	2.4	2.5	2.5	2.5	2.7	2.9	3.0	3.1	3.1	3.2
Other Food	0.6	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Gasoline & Oil	2.3	2.3	2.2	2.1	2.2	2.2	2.2	2.3	2.5	2.7	2.8	2.8	2.7
Fuel Oil & Coal	-1.8	-1.6	-1.7	-1.8	-1.8	-1.8	-1.8	-1.9	-1.8	-1.8	-1.7	-1.7	-1.7
Other Nondurables	5.3	5.1	4.8	4.7	4.6	4.3	4.1	3.8	3.6	3.5	3.6	3.6	3.5
Tobacco	-5.4	-5.5	-5.5	-5.7	-5.9	-6.0	-6.4	-6.7	-7.0	-7.3	-7.6	-7.9	-8.4
Drugs & Pharmaceuticals	6.9	6.4	6.0	5.6	5.2	4.7	4.3	3.9	3.5	3.1	3.1	3.1	3.1
All Other	4.8	4.8	4.6	4.8	5.2	5.1	5.0	5.0	5.3	5.3	5.6	5.6	5.5
Services	2.5	2.5	2.4	2.4	2.4	2.4	2.3	2.4	2.4	2.5	2.7	2.7	2.7
Housing	0.8	0.7	0.6	0.5	0.4	0.4	0.3	0.2	0.1	0.0	-0.1	-0.2	-0.2
Household Operation	3.7	3.8	3.9	4.0	4.1	4.2	4.4	4.7	5.1	5.3	5.7	5.6	5.6
Utility Natural Gas	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Electricity	2.2	2.2	2.1	2.2	2.2	2.2	2.2	2.3	2.4	2.6	2.7	2.7	2.6
Telecommunications	7.1	7.3	7.3	7.9	7.9	8.2	8.5	9.1	9.8	10.1	10.7	10.3	10.2
Water & Sewer	1.8	1.7	1.6	1.5	1.4	1.4	1.3	1.3	1.2	1.1	1.1	1.0	0.9
Domestic Help	4.9	5.6	5.8	5.8	5.9	6.0	6.3	6.6	7.5	7.6	8.1	7.8	7.6
Other	2.9	2.9	2.9	2.9	2.9	3.0	3.0	3.2	3.6	3.8	4.1	3.9	3.8
Transportation	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.5	2.7	2.9	3.1	3.2	3.2
Vehicle Leasing	4.6	5.0	5.2	5.0	4.9	5.0	5.2	5.6	5.6	5.6	6.0	6.3	6.0
Other User-Operated	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.7	1.9	2.1	2.3	2.3	2.3
Purchased Local	1.0	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.4	1.4	1.6	1.5	1.4
Intercity	4.6	4.6	4.6	4.5	4.5	4.5	4.6	4.6	4.7	4.9	5.1	5.3	5.3
Medical Care	3.2	3.1	3.1	3.0	3.0	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Recreation	4.9	4.7	4.7	4.8	4.5	4.0	3.6	3.5	4.3	4.9	5.6	5.5	5.6
Personal Business	2.3	2.2	1.9	1.9	1.9	1.9	1.7	1.6	1.7	1.8	2.0	1.9	1.9
Financial Services Furnished Free	2.6	2.4	2.3	2.4	2.4	2.7	2.0	2.3	2.4	2.4	2.4	2.2	2.4
Other	2.0	2.0	1.6	1.5	1.5	1.2	1.3	1.0	1.1	1.2	1.6	1.6	1.4
Other Services	1.7	1.8	1.7	1.8	1.9	1.9	2.3	2.3	1.9	1.8	1.9	2.0	2.2
Addenda													
Per Capita Consumption	2.2	2.2	2.0	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.2	2.1	2.2
Medical Spending	4.0	3.9	3.8	3.6	3.5	3.4	3.3	3.2	3.1	3.0	3.0	3.0	3.0
Per Capita	3.2	3.1	3.0	2.8	2.7	2.6	2.5	2.4	2.3	2.2	2.2	2.2	2.2
Energy Spending	2.0	2.0	1.9	1.9	1.9	1.9	1.9	2.0	2.2	2.4	2.5	2.5	2.4
Per Capita	1.2	1.2	1.1	1.1	1.1	1.2	1.1	1.3	1.5	1.6	1.7	1.7	1.7

TABLE 8
Nominal Consumer Spending

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions of Dollars, SAAR													
Total Expenditures	7638.3	8061.0	8503.1	8935.5	9407.6	9934.5	10488.1	11094.8	11749.5	12465.7	13274.6	14122.3	14991.7
Total less New Light Vehicles	7386.1	7800.7	8244.2	8681.6	9152.2	9677.8	10227.2	10828.6	11478.1	12192.2	12997.1	13843.1	14708.6
Durable Goods	892.9	929.8	960.0	982.1	1014.1	1049.7	1087.2	1130.7	1179.7	1228.2	1286.4	1342.0	1389.9
Motor Vehicles & Parts	385.9	397.9	405.1	408.5	416.7	423.7	432.8	444.4	456.9	465.8	478.5	488.0	498.6
New Autos	102.9	102.6	96.1	89.3	86.7	85.5	85.6	86.0	86.4	85.7	85.6	85.0	85.6
New Light Trucks	149.3	157.8	162.9	164.6	168.7	171.2	175.3	180.2	185.1	187.8	191.9	194.2	197.4
Net Purchases of Used Cars	54.2	57.3	63.7	69.9	73.7	76.3	78.3	80.9	84.4	87.8	92.6	96.9	100.7
Purchases of Other Vehicles	32.2	30.6	31.4	31.5	32.2	32.9	33.5	34.5	35.5	36.2	37.1	37.8	38.6
Tires, Accessories & Parts	47.3	49.6	51.1	53.1	55.3	57.7	60.1	62.9	65.6	68.3	71.4	74.0	76.3
Furniture & Household Equipment	321.9	336.2	347.3	357.8	372.0	388.6	404.5	422.2	442.2	463.7	488.5	512.8	528.7
Computers	26.2	28.1	29.5	30.8	32.5	34.6	36.7	39.1	41.5	44.2	47.5	50.3	52.6
Software	9.0	9.7	10.2	10.6	11.2	11.9	12.6	13.5	14.3	15.2	16.4	17.3	18.1
Other Equipment	286.6	298.4	307.6	316.4	328.4	342.1	355.2	369.6	386.5	404.3	424.6	445.1	458.0
Other Durables	185.1	195.7	207.5	215.9	225.4	237.5	249.8	264.1	280.5	298.6	319.4	341.2	362.7
Ophthalmic & Orthopedic Supplies	22.3	24.1	26.2	26.7	28.0	30.8	33.7	37.1	40.7	44.7	49.1	54.1	58.6
All Other	162.8	171.6	181.4	189.2	197.4	206.7	216.2	227.0	239.8	253.9	270.3	287.1	304.1
Nondurable Goods	2216.1	2312.8	2429.0	2542.9	2662.8	2798.8	2945.3	3108.4	3285.5	3478.1	3696.1	3926.6	4168.8
Clothing & Shoes	327.1	340.9	353.7	366.4	378.8	393.5	409.3	427.1	445.2	466.1	489.4	511.9	536.8
Food & Beverages	1081.2	1121.0	1162.5	1201.6	1241.5	1285.5	1333.1	1386.3	1444.2	1506.7	1575.5	1648.2	1723.9
Off-Premises Consumption	630.5	646.1	665.4	683.2	701.1	720.6	741.8	765.5	791.5	819.2	849.6	881.9	914.9
Purchased Meals	439.9	463.8	485.8	506.8	528.5	552.6	578.6	607.7	639.1	673.5	711.3	751.2	793.4
Other Food	10.9	11.1	11.4	11.6	11.9	12.3	12.7	13.1	13.6	14.0	14.5	15.1	15.6
Gasoline & Oil	180.7	181.3	191.5	204.6	216.2	226.5	238.4	250.7	265.2	280.7	300.0	318.7	338.9
Fuel Oil & Coal	17.3	16.0	15.1	14.8	15.0	15.2	15.4	15.7	16.0	16.3	16.6	17.0	17.4
Other Nondurables	609.8	653.5	706.1	755.4	811.3	878.2	949.0	1028.6	1114.9	1208.4	1314.6	1430.7	1551.7
Tobacco	80.8	83.0	86.1	89.3	92.3	95.3	97.8	100.0	101.7	102.7	103.6	104.7	105.7
Drugs & Pharmaceuticals	215.9	242.6	274.2	305.2	342.1	387.4	435.3	489.5	549.2	615.0	689.3	771.8	858.3
All Other	313.1	328.0	345.9	360.9	376.9	395.4	415.9	439.1	464.0	490.7	521.7	554.2	587.7
Services	4529.3	4818.5	5114.2	5410.5	5730.7	6085.9	6455.6	6855.7	7284.3	7759.4	8292.0	8853.8	9432.9
Housing	1115.9	1158.1	1206.1	1255.3	1307.6	1363.3	1421.2	1481.9	1547.0	1615.9	1687.5	1763.5	1842.8
Household Operation	428.0	442.5	452.2	465.4	479.2	495.4	514.0	533.2	553.9	578.3	608.2	638.0	669.1
Utility Natural Gas	58.6	52.5	48.2	49.0	50.3	51.1	52.0	53.0	53.9	55.2	56.5	58.5	60.6
Electricity	106.8	110.5	114.9	118.9	122.1	125.1	128.9	132.6	137.3	142.2	147.8	153.9	158.9
Telecommunications	138.0	145.3	147.3	149.2	151.8	156.2	161.4	166.2	171.2	178.3	188.8	197.9	208.1
Water & Sewer	55.2	58.5	62.1	65.6	69.4	73.5	77.9	82.7	87.8	93.3	99.0	105.2	111.8
Domestic Help	15.2	17.3	18.3	19.0	19.6	20.5	21.6	22.8	23.9	25.1	26.6	28.2	30.0
Other	54.3	58.4	61.4	63.8	66.1	69.0	72.2	75.9	79.8	84.3	89.4	94.3	99.6
Transportation	280.6	298.2	320.2	341.0	360.0	377.9	395.4	415.1	436.5	460.3	487.2	516.0	545.6
Vehicle Leasing	31.6	31.2	34.9	39.3	43.2	45.2	46.0	47.5	49.7	52.6	56.3	60.5	64.6
Other User-Operated	199.5	213.6	227.9	240.8	252.6	265.1	278.2	292.5	307.6	324.1	342.6	362.1	382.4
Purchased Local	14.1	14.8	15.3	15.7	16.2	16.7	17.4	18.0	18.8	19.6	20.5	21.4	22.3
Intercity	35.5	38.7	42.1	45.2	48.0	50.9	53.9	57.0	60.4	63.9	67.8	72.0	76.3
Medical Care	1223.6	1318.7	1418.8	1518.9	1622.2	1740.4	1863.8	2000.4	2148.7	2314.1	2494.7	2694.7	2908.9
Recreation	299.2	331.3	359.1	387.6	422.1	462.9	506.0	546.5	587.7	638.9	698.4	759.9	821.5
Personal Business	693.1	750.1	805.9	857.5	913.1	975.5	1044.0	1121.3	1206.1	1294.1	1396.1	1504.7	1608.6
Financial Services Furnished Free	278.8	298.3	321.3	342.8	368.1	397.7	430.7	467.9	510.3	558.5	613.7	672.9	729.6
Other	414.3	451.9	484.6	514.7	545.0	577.8	613.4	653.5	695.8	735.5	782.4	831.8	879.0
Other Services	488.8	519.5	551.9	584.8	626.4	670.6	711.2	757.3	804.5	858.0	919.9	980.9	1036.4
Addenda													
Medical Spending	1461.8	1585.4	1719.1	1850.8	1992.3	2158.6	2332.7	2527.0	2738.6	2973.8	3233.1	3520.6	3825.9
Energy Spending	363.3	360.3	369.7	387.3	403.6	417.9	434.7	452.0	472.4	494.3	521.0	548.2	575.8
Retail & Food Service Sales	3733.1	3912.3	4110.5	4290.6	4482.2	4695.4	4921.9	5175.9	5457.3	5756.6	6097.9	6452.8	6816.1
Percent Change, Annual Rate	4.2	4.8	5.1	4.4	4.5	4.8	4.8	5.2	5.4	5.5	5.9	5.8	5.6

TABLE 8 (CONTINUED)
Nominal Consumer Spending

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Billions of Dollars, SAAR													
Total Expenditures	15929.2	16944.2	18017.5	19167.7	20393.4	21687.5	23066.6	24522.2	26084.7	27755.5	29587.4	31525.7	33600.4
Total less New Light Vehicles	15636.5	16641.0	17706.1	18842.6	20056.8	21342.7	22712.1	24157.0	25706.2	27366.6	29187.3	31120.1	33189.3
Durable Goods	1448.9	1519.4	1588.5	1662.1	1741.2	1819.1	1904.0	1989.3	2074.0	2154.3	2246.4	2335.2	2425.4
Motor Vehicles & Parts	516.6	537.3	555.2	578.6	600.6	617.7	637.1	658.4	683.4	706.1	731.1	749.8	766.2
New Autos	88.2	91.6	94.5	99.3	103.8	107.7	112.4	117.7	124.1	130.2	136.8	143.2	149.6
New Light Trucks	204.5	211.7	216.9	225.8	232.8	237.1	242.2	247.5	254.4	258.8	263.3	262.4	261.4
Net Purchases of Used Cars	105.3	111.3	117.4	123.0	129.4	134.9	140.9	147.9	155.7	164.2	174.0	183.7	191.5
Purchases of Other Vehicles	39.8	41.1	42.3	43.7	45.1	46.2	47.3	48.4	49.7	50.9	51.9	52.4	52.6
Tires, Accessories & Parts	78.9	81.6	84.1	86.8	89.4	91.8	94.4	96.9	99.5	102.1	105.1	108.0	111.0
Furniture & Household Equipment	547.1	570.8	595.1	616.2	641.3	669.3	699.2	727.1	751.2	773.3	798.9	825.2	849.9
Computers	55.3	58.5	61.8	65.5	69.2	73.2	77.4	82.1	87.4	93.1	99.5	106.2	113.2
Software	19.1	20.1	21.3	22.6	23.8	25.2	26.7	28.3	30.1	32.1	34.3	36.6	39.0
Other Equipment	472.7	492.2	512.0	528.1	548.2	570.9	595.1	616.7	633.7	648.1	665.1	682.4	697.7
Other Durables	385.1	411.3	438.2	467.3	499.4	532.1	567.7	603.8	639.3	674.9	716.4	760.2	809.3
Ophthalmic & Orthopedic Supplies	63.0	67.5	72.5	77.5	82.8	88.3	93.8	99.3	105.0	110.4	115.8	120.3	125.2
All Other	322.2	343.8	365.8	389.8	416.5	443.8	473.9	504.5	534.3	564.5	600.7	639.8	684.1
Nondurable Goods	4427.1	4706.9	5003.8	5315.9	5646.3	5994.3	6362.9	6747.4	7160.0	7601.4	8085.5	8596.3	9140.3
Clothing & Shoes	563.5	592.9	622.8	653.8	687.2	721.3	758.1	796.3	837.6	881.9	931.8	983.6	1037.7
Food & Beverages	1803.4	1888.4	1979.0	2075.4	2177.0	2285.1	2399.7	2520.6	2652.0	2793.6	2946.3	3106.7	3275.1
Off-Premises Consumption	949.2	985.7	1024.4	1065.0	1107.5	1152.2	1199.2	1248.1	1300.4	1356.2	1415.8	1477.5	1541.6
Purchased Meals	838.1	886.0	937.3	992.3	1050.8	1113.5	1180.4	1251.8	1330.0	1415.0	1507.4	1605.2	1708.7
Other Food	16.1	16.7	17.3	18.0	18.6	19.3	20.1	20.8	21.6	22.3	23.1	24.0	24.8
Gasoline & Oil	359.9	381.6	405.6	432.2	461.9	494.7	530.7	570.7	616.3	667.0	723.6	785.0	851.3
Fuel Oil & Coal	17.8	18.3	18.7	19.2	19.7	20.2	20.8	21.4	21.9	22.6	23.2	23.9	24.6
Other Nondurables	1682.4	1825.7	1977.6	2135.3	2300.6	2473.0	2653.6	2838.4	3032.2	3236.4	3460.5	3697.1	3951.6
Tobacco	106.5	107.5	108.4	109.2	109.6	109.9	110.0	109.6	108.9	107.8	106.4	104.6	102.3
Drugs & Pharmaceuticals	951.6	1054.2	1163.9	1276.4	1392.6	1513.6	1639.6	1767.1	1897.8	2034.1	2182.5	2339.2	2509.9
All Other	624.3	664.0	705.3	749.8	798.4	849.5	904.0	961.7	1025.5	1094.5	1171.6	1253.3	1339.4
Services	10053.2	10718.0	11425.2	12189.7	13005.8	13874.1	14799.7	15785.6	16850.7	17999.9	19255.6	20594.3	22034.7
Housing	1923.5	2007.7	2095.3	2186.8	2282.6	2381.7	2484.3	2589.6	2697.5	2807.0	2919.1	3033.4	3150.0
Household Operation	704.3	742.3	783.3	828.6	877.2	929.9	987.6	1051.1	1123.5	1203.0	1292.6	1386.9	1488.6
Utility Natural Gas	62.7	64.9	67.2	69.6	72.1	74.8	77.5	80.3	83.3	86.4	89.8	93.2	96.6
Electricity	164.0	169.4	175.2	181.4	188.0	194.9	202.1	209.6	217.9	226.9	236.5	246.7	258.2
Telecommunications	221.4	236.2	252.3	271.1	291.4	314.1	339.7	369.0	403.7	442.7	488.1	536.2	588.6
Water & Sewer	118.6	125.7	133.2	141.1	149.5	158.3	167.6	177.4	187.6	198.1	209.1	220.5	232.4
Domestic Help	32.1	34.7	37.5	40.6	44.0	47.8	52.1	56.9	62.6	69.0	76.3	84.2	92.8
Other	105.4	111.4	117.9	124.8	132.2	140.1	148.6	157.9	168.4	179.9	192.7	206.0	220.0
Transportation	576.5	609.9	645.9	684.2	724.7	768.2	814.5	864.6	919.6	979.6	1045.7	1117.3	1193.5
Vehicle Leasing	68.4	73.0	78.2	83.5	89.2	95.3	102.0	109.6	117.8	126.7	136.9	148.4	160.3
Other User-Operated	403.9	426.8	451.3	477.5	505.3	535.1	566.7	600.8	638.2	679.2	724.2	772.4	824.0
Purchased Local	23.3	24.3	25.5	26.6	27.9	29.2	30.5	32.0	33.6	35.3	37.2	39.1	41.1
Intercity	80.8	85.7	91.0	96.5	102.4	108.6	115.3	122.3	130.0	138.3	147.5	157.4	168.1
Medical Care	3137.1	3383.6	3649.4	3937.6	4248.5	4582.7	4944.8	5333.7	5752.6	6203.4	6687.1	7203.9	7759.4
Recreation	894.5	972.4	1057.6	1152.7	1252.1	1354.4	1458.7	1570.1	1685.4	1805.4	1935.3	2071.6	2214.9
Personal Business	1718.8	1836.4	1957.5	2087.6	2227.0	2376.0	2528.6	2689.8	2863.8	3050.6	3256.9	3474.4	3707.1
Financial Services Furnished Free	788.2	850.5	917.1	989.8	1068.0	1156.1	1243.4	1340.3	1445.5	1559.3	1681.5	1810.5	1953.8
Other	930.6	985.8	1040.3	1097.8	1159.1	1219.9	1285.1	1349.5	1418.3	1491.3	1575.3	1663.9	1753.3
Other Services	1098.4	1165.7	1236.3	1312.2	1393.6	1481.2	1581.3	1686.6	1791.6	1900.9	2018.9	2146.8	2286.7
Addenda													
Medical Spending	4151.6	4505.4	4885.7	5291.5	5723.9	6184.5	6678.3	7200.2	7755.4	8347.8	8985.3	9663.4	10394.5
Energy Spending	604.5	634.1	666.7	702.5	741.7	784.6	831.1	882.0	939.4	1002.9	1073.2	1148.8	1230.7
Retail & Food Service Sales	7213.4	7652.2	8111.6	8600.4	9123.6	9669.9	10254.4	10864.8	11510.9	12192.5	12946.1	13736.0	14576.8
Percent Change, Annual Rate	5.8	6.1	6.0	6.0	6.1	6.0	6.0	6.0	5.9	5.9	6.2	6.1	6.1