

United States Economic Outlook

BMO Capital Markets Economics

August 27, 2010

	2009				2010				2011				2008	2009	2010	2011
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
PRODUCTION																
	(quarter/quarter % change : a.r.)															
Real GDP (chain-weighted)	-4.9	-0.7	1.6	5.0	3.7	1.6	1.3	1.8	2.2	2.5	3.2	3.0	-0.0	-2.6	2.6	2.2
Final Sales	-3.9	0.2	0.4	2.1	1.1	1.0	1.3	2.1	2.7	2.7	3.0	3.2	0.5	-2.1	1.2	2.4
Final Domestic Demand	-6.3	-1.2	1.8	0.2	1.3	4.3	1.3	2.0	2.6	2.7	3.0	3.1	-0.6	-3.1	1.6	2.5
Consumer Spending	-0.5	-1.6	2.0	0.9	1.9	2.0	1.6	1.9	2.0	2.3	2.9	3.0	-0.3	-1.2	1.5	2.2
durables	4.9	-3.1	20.1	-1.1	8.8	6.9	2.3	2.7	2.3	3.0	4.0	4.0	-5.2	-3.7	5.8	3.1
nondurables	0.4	-0.7	1.7	3.1	4.2	2.1	2.2	2.8	2.9	3.0	3.5	3.7	-1.1	-1.2	2.6	2.9
services	-1.6	-1.7	-0.5	0.5	0.1	1.2	1.3	1.5	1.7	2.0	2.5	2.5	0.9	-0.8	0.4	1.8
Government Spending	-3.0	6.2	1.6	-1.4	-1.6	4.3	1.3	1.3	2.1	2.4	1.9	2.2	2.8	1.6	0.9	2.0
Business Investment	-35.2	-7.5	-1.7	-1.4	7.8	17.6	2.8	3.9	6.6	4.6	4.9	4.8	0.3	-17.1	4.7	5.5
non-residential construction	-41.0	-20.2	-12.4	-29.2	-17.8	0.4	-4.0	0.0	2.0	3.0	3.7	4.0	5.9	-20.4	-14.0	1.3
equipment & software	-31.6	0.2	4.2	14.6	20.5	24.9	4.0	5.0	8.0	5.0	5.2	5.0	-2.4	-15.3	13.6	6.8
Residential Construction	-36.2	-19.7	10.6	-0.8	-12.3	27.1	-15.0	3.0	4.0	5.0	5.2	5.5	-24.0	-22.9	-0.9	2.9
Exports	-27.8	-1.0	12.2	24.4	11.4	9.2	5.3	5.2	4.1	3.9	3.7	3.7	6.0	-9.5	11.3	4.6
Imports	-35.3	-10.6	21.9	4.9	11.2	32.4	4.1	4.3	3.2	3.3	3.2	3.0	-2.6	-13.8	12.1	5.1
	(billions of 2005 dollars : a.r.)															
Inventory Change	-125.8	-161.8	-128.2	-36.7	44.1	63.2	63.0	56.0	41.0	34.0	39.0	34.0	-38.0	-113.5	56.6	37.0
Net Exports	-389.2	-342.1	-390.8	-330.1	-338.4	-444.8	-444.4	-445.3	-445.1	-445.9	-447.1	-447.4	-504.1	-363.1	-418.2	-446.4
Contribution to GDP Growth	2.8	1.5	-1.5	1.9	-0.3	-2.5	0.0	-0.0	0.0	-0.0	-0.0	-0.0	1.1	1.1	-0.4	-0.2
	(billions of dollars : a.r.)															
Nominal GDP	14 050	14 035	14 115	14 277	14 446	14 575	14 647	14 761	14 889	15 034	15 206	15 376	14 369	14 119	14 607	15 126
(% chng : a.r.)	-3.9	-0.4	2.3	4.7	4.8	3.6	2.0	3.1	3.5	4.0	4.7	4.5	2.2	-1.7	3.5	3.6
INFLATION																
	(quarter/quarter % change : a.r.)															
GDP Price Index	1.1	0.3	0.7	-0.2	1.0	1.9	0.7	1.3	1.3	1.4	1.4	1.5	2.2	0.9	0.8	1.3
Core PCE Deflator	0.9	2.3	1.5	2.1	1.2	1.1	0.9	0.7	0.3	1.1	1.1	1.1	2.3	1.5	1.4	0.8
CPI All Items	-2.2	1.9	3.7	2.6	1.5	-0.7	1.1	1.5	0.9	1.5	1.4	1.7	3.8	-0.3	1.5	1.2
Excl. Food & Energy	1.6	2.3	1.5	1.5	-0.0	0.9	1.3	0.8	0.3	1.2	1.2	1.2	2.3	1.7	1.0	0.9
Food Prices	0.1	-1.5	-1.3	0.4	2.0	1.4	0.1	1.6	2.0	2.3	1.3	1.2	5.5	1.8	0.7	1.6
Energy Prices	-33.6	3.4	37.4	16.7	15.6	-16.7	0.9	7.4	4.3	2.4	3.0	5.9	13.7	-18.1	8.0	2.6
Services	1.1	0.2	0.9	1.3	-0.1	1.4	1.2	1.2	1.2	1.2	1.2	1.2	3.5	1.4	0.9	1.2
	(year/year % change)															
CPI All Items	-0.2	-1.0	-1.6	1.5	2.4	1.8	1.1	0.9	0.7	1.3	1.3	1.4	0.7	0.9	0.9	1.0
Excl. Food & Energy	1.7	1.8	1.5	1.7	1.3	1.0	0.9	0.7	0.8	0.9	0.9	1.0	0.8	0.9	0.9	1.0
FINANCIAL																
	(average for the quarter)															
Fed Funds Rate	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.46	1.86	0.13	0.13	0.21
90 Day T-Bill	0.21	0.17	0.16	0.06	0.11	0.15	0.16	0.16	0.16	0.16	0.16	0.56	1.39	0.15	0.14	0.26
3-Month Libor	1.25	0.87	0.42	0.27	0.26	0.43	0.41	0.36	0.36	0.36	0.36	0.76	2.92	0.70	0.37	0.46
10 Year Bond Yield	2.74	3.31	3.52	3.46	3.72	3.49	2.73	2.47	2.63	2.89	3.15	3.41	3.67	3.26	3.10	3.02
FOREIGN TRADE																
	(billions of dollars : a.r.)															
Current Account Balance	-382	-338	-390	-404	-436	-505	-506	-512	-513	-520	-523	-524	-669	-378	-490	-520
Merchandise Balance	-485	-454	-528	-560	-605	-689	-698	-710	-715	-722	-728	-734	-835	-507	-676	-725
Non-Merchandise Balance	102	116	138	157	169	184	191	198	202	202	206	210	166	129	186	205
	(average for the quarter)															
Exchange Rate (¥/US\$)	94	97	94	90	91	92	86	87	90	93	96	99	103	94	89	95
Exchange Rate (US\$/€)	1.30	1.36	1.43	1.48	1.38	1.27	1.29	1.30	1.33	1.35	1.33	1.31	1.47	1.39	1.31	1.33
Exchange Rate (US\$/£)	1.44	1.55	1.64	1.63	1.56	1.49	1.56	1.58	1.61	1.62	1.61	1.58	1.85	1.57	1.55	1.61
COMMODITY PRICES																
	(average for the quarter)															
WTI spot (US\$/bbl)	43.0	59.5	68.2	76.1	78.6	77.9	76.5	79.0	83.7	84.3	85.0	87.0	99.6	61.7	78.0	85.0
Henry Hub spot (US\$/mmBtu)	4.6	3.7	3.2	4.4	5.1	4.3	4.5	5.0	6.1	5.5	5.4	6.0	8.9	4.0	4.8	5.8
	(year/year % change)															
Pre-tax Profits with IVA and CCA	-17.3	-11.4	-3.9	42.5	37.6	39.2	28.1	18.5	8.2	4.4	4.2	4.2	-16.4	-0.4	30.1	5.2
Personal Income	-1.7	-2.1	-2.3	-0.9	2.1	2.2	3.5	3.8	3.9	3.9	4.1	4.2	4.0	-1.7	2.9	4.0
Real Disposable Income	0.8	0.0	1.1	0.4	0.7	0.3	2.1	2.9	3.1	2.6	2.5	2.3	1.7	0.6	1.5	2.6
	(average for the quarter)															
Savings Rate (%)	5.4	7.2	5.6	5.5	5.5	6.1	6.4	6.6	6.6	6.6	6.5	6.4	4.1	5.9	6.1	6.5
OTHER INDICATORS																
	(average or end for the quarter : a.r.)															
Unemployment Rate (%)	8.2	9.3	9.7	10.0	9.7	9.7	9.5	9.4	9.3	9.2	9.1	8.9	5.8	9.3	9.6	9.1
Housing Starts (millions)	0.53	0.54	0.59	0.56	0.62	0.60	0.54	0.57	0.63	0.68	0.71	0.74	0.90	0.55	0.58	0.69
Motor Vehicle Sales (millions)	9.5	9.6	11.6	10.8	11.0	11.4	11.8	12.4	13.0	13.2	13.4	13.6	13.2	10.4	11.6	13.3
	(quarter/quarter % change : a.r.)															
Civilian Employment Growth	-6.3	-3.1	-3.2	-3.4	1.4	2.0	-1.2	1.0	1.3	1.1	1.3	1.8	-0.5	-3.8	-0.6	1.0
Industrial Production	-17.6	-10.3	8.3	7.0	7.1	6.7	7.0	3.2	2.4	2.7	2.9	3.2	-3.3	-9.3	5.7	3.6

Note: Outlined areas represent forecast periods

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