Economic Update
The Goal: Foster Maximum Employment and Stable Prices

Economic Projections of Federal Open Market Committee Members, Central Tendency, April 2011

<table>
<thead>
<tr>
<th></th>
<th>Longer Run</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP Growth</td>
<td>2.5 to 2.8</td>
<td>3.1 to 3.3</td>
<td>3.5 to 4.2</td>
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<tr>
<td><em>Jan. 2011 projection</em></td>
<td>3.4 to 3.9</td>
<td>3.5 to 4.4</td>
<td></td>
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<tr>
<td>Unemployment Rate</td>
<td>5.2 to 5.6</td>
<td>8.4 to 8.7</td>
<td>7.6 to 7.9</td>
</tr>
<tr>
<td><em>Jan. 2011 projection</em></td>
<td>8.8 to 9.0</td>
<td>7.6 to 8.1</td>
<td></td>
</tr>
<tr>
<td>PCE Inflation</td>
<td>1.7 to 2.0</td>
<td>2.1 to 2.8</td>
<td>1.2 to 2.0</td>
</tr>
<tr>
<td><em>Jan. 2011 projection</em></td>
<td>1.3 to 1.7</td>
<td>1.0 to 1.9</td>
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</tbody>
</table>

Source: Federal Reserve Board of Governors
Another summer soft patch in 2011?

U.S. Real GDP Growth

Annualized percent change (2005 constant dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>2009Q3</th>
<th>2010Q1</th>
<th>2010Q3</th>
<th>2011Q1</th>
<th>2011Q3</th>
<th>2012Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.0</td>
<td>5.0</td>
<td>3.0</td>
<td>2.0</td>
<td>3.0</td>
<td>2.0</td>
</tr>
</tbody>
</table>

June 2011
Blue Chip Forecast

Source: Bureau of Economic Analysis and Blue Chip Forecast
Will consumer spending rebound?

U.S. Personal Consumption Expenditures Growth

Annualized percent change (2005 constant dollars)

Source: Bureau of Economic Analysis and Blue Chip Forecast
Residential activity remains sluggish.

![Single-family Housing Activity Graph](image)

Source: Census Bureau
Net exports strengthen with a weaker dollar.

U.S. Real Net Exports of Goods and Services and Value of the Dollar

Source: Bureau of Economic Analysis and Federal Reserve Board of Governors
Will the federal government be able to control U.S. debt accumulation?

Federal Government Debt as a Percent of GDP

CBO Assumptions (2012 to 2021):
- GDP Growth: 4.7%
- Debt growth: 5.8%

Source: Federal Reserve Board of Governors and Congressional Budget Office
Long-term inflation expectations remain well anchored.