National Economic Outlook

by

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FOMC Statement  
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- The pace of economic activity appears to have slowed markedly, owing importantly to a **decline in consumer expenditures**.
- **Business equipment spending and industrial production have weakened** in recent months, and slowing economic activity in many foreign economies is **damping the prospects for U.S. exports**.
- Moreover, the intensification of **financial market turmoil** is likely to exert additional restraint on spending, partly by further **reducing the ability of households and businesses to obtain credit**.
- In light of the declines in the prices of energy and other commodities and the weaker prospects for economic activity, **the Committee expects inflation to moderate** in coming quarters to levels consistent with price stability.

Chart 1:  
U.S. Real GDP Growth

**Annualized percent change**

Source: BEA and Blue Chip Economic Indicators
Chart 2:
Home Starts, Sales and Inventories

Month's supply

Index (Jan-00=100)

Month's Supply of New Homes
(Left Scale)

Existing Home Sales (Right Scale)

Housing Starts (Right Scale)

Jan-00 Jan-01 Jan-02 Jan-03 Jan-04 Jan-05 Jan-06 Jan-07 Jan-08

Source: Dept. of Commerce, National Association of Realtors

Chart 3:
U.S. Foreclosure Rates

Percent of loans serviced

Prime FRM
Subprime FRM
Subprime ARM
Prime ARM


Source: Mortgage Bankers Association
Chart 4:
Commercial Paper and Fed Funds Rates

Source: Federal Reserve Board of Governors

Chart 5:
U.S. Domestic Business Debt Outstanding

Source: Federal Reserve Board of Governors
Chart 6:
World Oil Balance

Million barrels per day

Source: Energy Information Administration

Chart 7:
Energy and Farm Commodity Prices

Dollars per barrel

Index (1990-1992=100)

Source: Commodity Research Bureau and USDA
Chart 8:
Personal Consumption Expenditures

Annualized percent change

Source: BEA and Blue Chip Economic Indicators

Chart 9:
U.S. Household and Government Debt

Source: Federal Reserve Board of Governors
Chart 10: 
Real Net Exports

Billion dollars (2000=100)

Source: BEA and Blue Chip Economic Indicators

Chart 11: 
World GDP Forecasts

Percent change from year ago

Source: International Monetary Fund, October 2008