Class II FOMC - Restricted (FR)

Part 1

April 22, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Summary and Outlook

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Class II FOMC - Restricted (FR)

April 22, 2009

Summary and Outlook

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

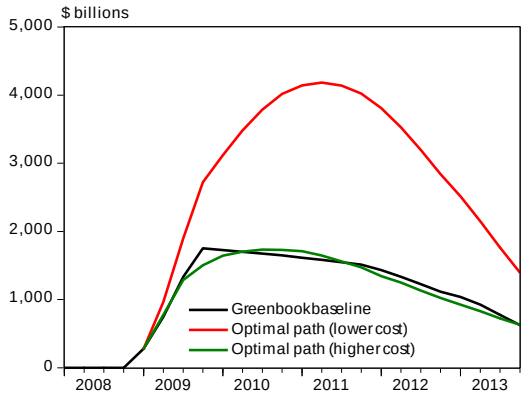
Large-Scale Asset Purchases and the Economic Outlook

The Federal Reserve has announced plans to purchase $1.75 trillion in long-term Treasury securities, agency debt, and agency MBS by the end of this year. As indicated by the black line in the chart at the bottom left, we have incorporated no additional purchases into the baseline outlook. In addition, we have assumed that the FOMC will let these assets run off gradually as the securities mature and as home mortgages in MBS pools are refinanced. Under this assumption, at the end of 2013 the Federal Reserve holds $625 billion more in long-term assets than it otherwise would; the runoff is completed by 2015. As illustrated in the chart to the bottom right, we judge that these purchases will help to reduce unemployment modestly over the next several years.

As discussed in a recent memo to the FOMC, designing an "optimal" large-scale asset purchase (LSAP) program is complex, in part because of uncertainty about the costs associated with buying and selling these assets.* The costs may include such things as disruptions to market functioning, exposure of the Federal Reserve to large capital losses, and impaired management of our balance sheet. Designing an LSAP program is also complicated by uncertainty about its effects on interest rates, real activity, and inflation. As a consequence, we suggest that these simulations be taken with an even larger-than-usual grain of salt and with the reminder that the alternatives are "optimal" only within the very narrow terms of this exercise.

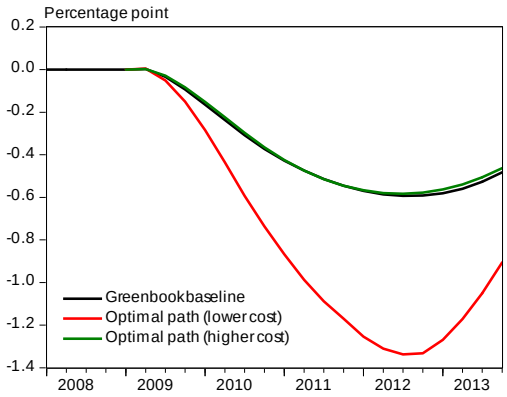
That said, the optimal-control exercises suggest that a path similar to the baseline assumption would be appropriate if policymakers judge the costs of buying and selling these assets as fairly high (the green lines). However, if policymakers judge the costs of an LSAP program as less substantial, then an expansion of the current program might be desirable (the red lines).

Holdings of Long-Term Treasury and Agency Securities+



+ Net of usual Federal Reserve holdings

Effect of LSAP Programs on the Unemployment Rate++

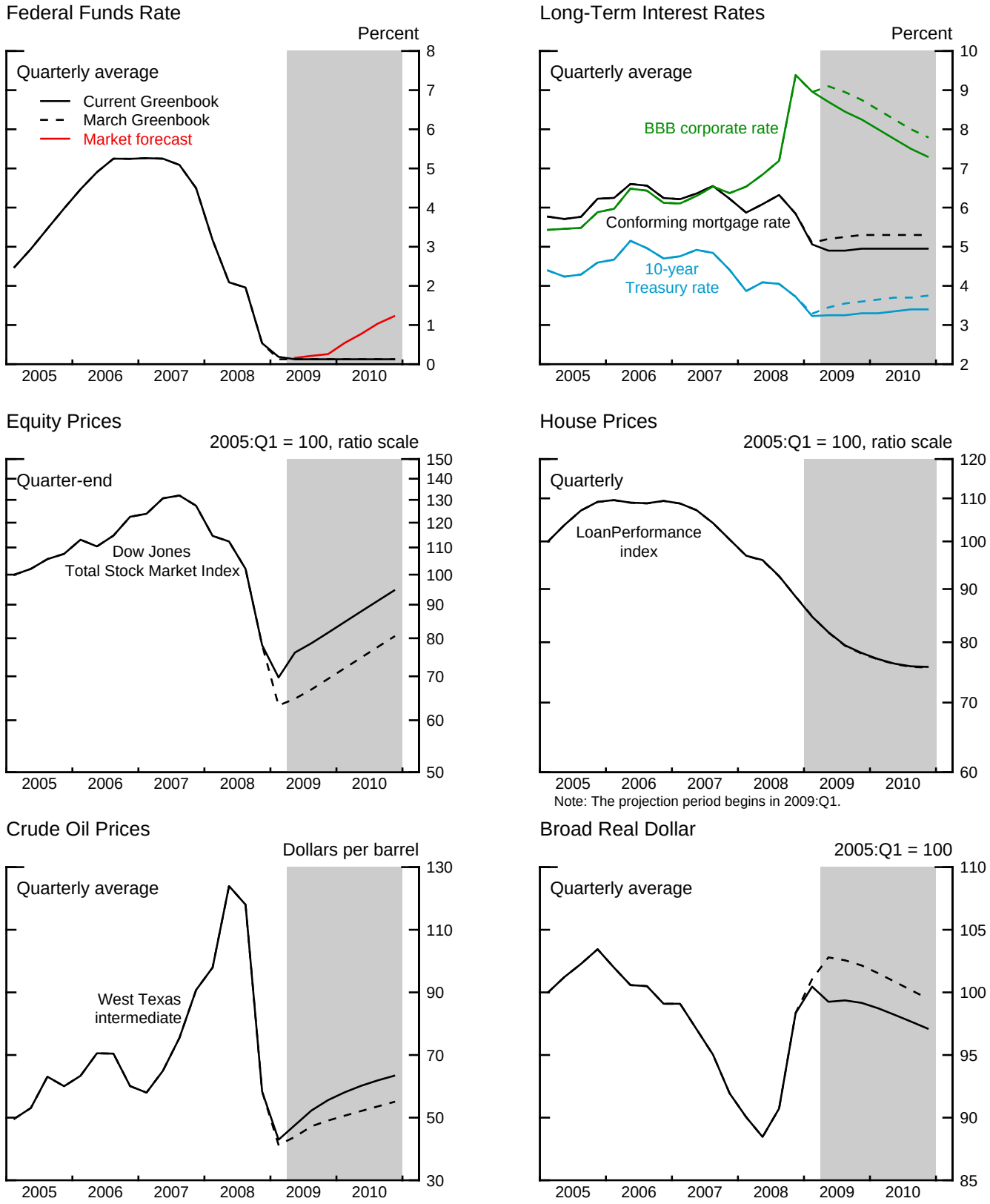


++ Reported as changes from a path with no LSAP program

*Eileen Mauskopf and Jae Sim, "Optimal Paths for Large-Scale Asset Purchases," FOMC memo (April 20, 2009).

Class II FOMC − Restricted (FR)

Key Background Factors Underlying the Baseline Staff Projection



Note: In each panel, shading represents the projection period, which begins in 2009:Q2, except where noted. In the upper-left panel that reports the federal funds rate, the dashed line is not apparent because the paths of the federal funds rate in the March and current Greenbooks are the same.

Recent Developments and the Near-Term Outlook

We estimate that real GDP dropped at an annual rate of 6¼ percent in the first quarter, as final sales fell steeply and the pace of inventory liquidation quickened. In the current quarter, with fiscal stimulus kicking in, defense spending rebounding, and motor vehicle production stepping up, we are projecting that real GDP will decline at a more moderate annual rate of 1½ percent.

The severe contraction in the labor market continued into March. Private nonfarm payrolls shrank another 660,000 last month, and the unemployment rate jumped to 8.5 percent. With initial claims for unemployment insurance remaining extremely elevated in April, we expect private employment to fall 600,000 further this month. Thereafter, we anticipate some moderation in the pace of job loss, with private payrolls dropping 400,000 in May and 300,000 in June. These job cuts are projected to push the unemployment rate up to 9.1 percent by June.

Industrial production has continued to fall sharply. Manufacturing production declined at an annual rate of 23 percent last quarter, and the factory utilization rate dropped to a new postwar low of 65.8 percent in March. As in the last Greenbook, we anticipate a slower pace of decline in the second quarter. After plummeting to a historically low level last

Summary of the Near-Term Outlook
(Percent change at annual rate except as noted)

Measure	2009:Q1		2009:Q2	
	March Greenbook	April Greenbook	March Greenbook	April Greenbook
Real GDP	**-6.5**	**-6.3**	**-2.0**	**-1.5**
Private domestic final purchases	-5.3	-5.0	-4.3	-4.0
Personal consumption expenditures	.4	1.1	.0	-.5
Residential investment	-41.2	-38.2	-34.3	-27.4
Business fixed investment	-27.3	-30.1	-23.4	-20.8
Government outlays for consumption and investment	-.2	-5.3	5.5	6.7
	Contribution to growth (percentage points)			
Inventory investment	-2.2	-2.2	.5	-.1
Net exports	.1	1.0	.0	.6

Projections of Real GDP
(Percent change at annual rate from end of preceding period except as noted)

Measure	2009 H1	2009 H2	2010
Real GDP	**-3.9**	**.8**	**2.6**
Previous Greenbook	-4.2	-.3	1.5
Final sales	-2.8	-.6	2.4
Previous Greenbook	-3.4	-1.5	1.4
Personal consumption expenditures	.3	.8	2.7
Previous Greenbook	.2	.6	1.9
Residential investment	-33.0	-.9	11.0
Previous Greenbook	-37.9	-9.5	6.7
Business fixed investment	-25.6	-15.5	3.4
Previous Greenbook	-25.4	-19.7	-.9
Government purchases	.5	4.9	1.9
Previous Greenbook	2.6	4.3	1.8
Exports	-18.6	-.7	2.3
Previous Greenbook	-15.1	-2.3	1.0
Imports	-20.1	4.1	5.1
Previous Greenbook	-12.5	3.2	3.8
	Contribution to growth (percentage points)		
Inventory change	-1.1	1.4	.3
Previous Greenbook	-.8	1.2	.1
Net exports	.9	-.6	-.5
Previous Greenbook	.1	-.7	-.4

accumulation, and a gradual repair of financial markets. Relative to the last Greenbook, lower borrowing rates and higher equity prices boost our forecast through the usual channels. Moreover, given that measures of financial market stress appear to have eased somewhat more than we had assumed, we have also reduced our judgmental estimate of the restraint on spending from financial channels that are outside those that are routinely captured by our models. *(See the box entitled "Judgmental Effects of Financial Market Turmoil in the Staff Projection" for more details.)*

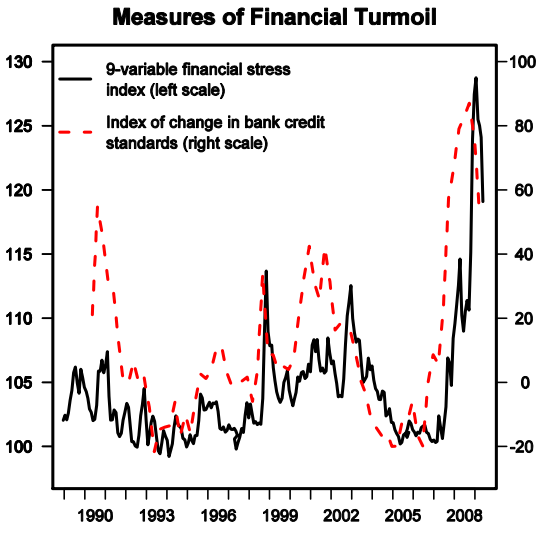
Judgmental Effects of Financial Market Turmoil in the Staff Projection

As discussed last fall in the September and October Greenbooks, our standard models probably do not capture all the effects of financial turmoil on real activity, such as those associated with tighter lending standards and other factors that influence spending outside of conventional cost-of-capital and wealth channels. For this reason, we continue to use supplementary analyses to inform our judgmental estimates of these effects.

As before, we use two types of financial data to quantify the extent of financial turmoil: indicators of capital market stress derived from risk spreads and volatility measures, and indicators of bank lending conditions from the Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS). We then gauge the implications of this stress for the economic outlook using two empirical methods: one that exploits the historical correlation between stress and errors in FRB/US spending equations to project the path of these errors forward, and another that incorporates indicators of stress within small-scale VAR models.

As shown in the chart and table below, measures of stress have improved somewhat since last fall, especially in recent weeks. Accordingly, our various econometric estimates of the fallout from financial turmoil—shown in the table on the facing page—are now smaller than they were in March. In particular, estimated effects on the level of real GDP have revised up ½ percent in 2009 and about ¾ percent in 2010, averaging across all the models.

In updating the staff projection in response to the recent easing in financial stress, we have had to wrestle with several issues. First, each estimate reported in the table has its own merits and drawbacks, and all are subject to considerable coefficient and model uncertainty. Second, each of the approaches poses significant identification challenges that have been exacerbated as the economy has experienced other contractionary shocks. Third, the estimates are sensitive to the projected speed at which financial stress fades away over time. Finally, the econometric



Recent Movements in Measures of Financial Turmoil

SLOOS index	
October 2008 survey	87.0
January 2009 survey	76.0
April 2009 survey	51.9
Financial stress index	
October 2008 average	124.0
March 2009 average	124.2
Early April 2009 average	119.1

estimates do not fully account for the likely ameliorative effects of the various traditional and nontraditional policy actions taken in recent months by the Federal Reserve and the federal government to mitigate the effects of the current crisis.

After weighing these considerations, we have marked up the forecast from the last Greenbook to account for the diminished financial stress by an amount towards the low end of the range suggested by the model results.

As shown in the bottom portion of the table, our judgmental adjustments (which include the effects of recession dynamics as well as financial turmoil) now cut about 5 percent off the level of real GDP by the end of this year and 3½ percent by the end of 2010, over and above the restraint imposed by traditional cost-of-capital and wealth effects. As can be seen, these effects are somewhat smaller than what we assumed in March. Beyond 2010, we expect the unusual restraint from financial turmoil and recession dynamics to continue to abate as financial institutions repair their balance sheets, credit availability improves further, and households and firms become more confident about the permanence of the economic recovery.

Selected Econometric Estimates of the Effects of Financial Turmoil on Real GDP

Date of Estimate and Data Source	Methodology	Percent deviation from Q4 baseline level			
		2007	2008	2009	2010
Senior Loan Officer Opinion Survey					
Index of survey responses	FRB/US[1]	-.4	-2.9	-1.8	-0.1
Commercial loan credit standards	VAR[2]	-.1	-2.8	-4.4	-3.1
Change in bank credit standards[3]	VAR[2]	-.1	-1.2	-2.3	-1.5
Capital markets data					
9-variable stress index	FRB/US[2]	-.1	-1.1	-2.0	-1.3
9-variable stress index	FRB/US[1]	-.4	-1.7	-4.6	-4.5
9-variable stress index	VAR[2]	.0	-.1	-1.6	-2.6
Revision in estimates since March Greenbook					
Average				**.5**	**.8**
Range				(.1, .9)	(.1, 1.5)
Memo item: Staff judgmental projection adjustments[4]					
April Greenbook		-.3	-3.5	-5.2	-3.5
March Greenbook		-.3	-3.5	-5.4	-4.0
Revision		.0	.0	**.2**	**.5**

1. Stress treated as exogenous and phased out over four quarters.
2. Stress treated as endogenous and simulated as part of a system of equations.
3. Series shown as the dashed line in the chart; includes both business and consumer lending standards.
4. Includes the effects of financial stress and adjustments for recession dynamics.

Decomposition of Structural Labor Productivity
Nonfarm Business Sector
(Percent change, Q4 to Q4, except as noted)

Measure	1974-95	1996-2000	2001-06	2007	2008	2009	2010
Structural labor productivity	**1.5**	**2.5**	**2.6**	**2.1**	**1.9**	**1.6**	**1.6**
Previous Greenbook	1.5	2.5	2.6	2.1	1.9	1.6	1.5
Contributions[1]							
Capital deepening	.7	1.4	.7	.6	.4	-.3	-.2
Previous Greenbook	.7	1.4	.7	.6	.4	-.3	-.3
Multifactor productivity	.5	.7	1.6	1.2	1.3	1.6	1.6
Previous Greenbook	.5	.7	1.6	1.2	1.3	1.7	1.7
Labor composition	.3	.3	.3	.2	.2	.2	.1
MEMO							
Potential GDP	3.0	3.4	2.6	2.5	2.5	2.0	2.0
Previous Greenbook	3.0	3.4	2.6	2.5	2.5	2.0	2.0

Note: Components may not sum to totals because of rounding. For multiyear periods, the percent change is the annual average from Q4 of the year preceding the first year shown to Q4 of the last year shown.

1. Percentage points.

The Outlook for the Labor Market
(Percent change, Q4 to Q4, except as noted)

Measure	2007	2008	2009	2010
Output per hour, nonfarm business	2.6	2.2	1.3	2.1
Previous Greenbook	2.6	2.1	.9	2.0
Nonfarm private payroll employment	.8	-2.1	-3.7	1.2
Previous Greenbook	.8	-2.1	-3.8	-.1
Household survey employment	.4	-1.5	-2.7	1.0
Previous Greenbook	.4	-1.5	-2.6	.4
Labor force participation rate[1]	66.0	65.9	65.3	65.1
Previous Greenbook	66.0	65.9	65.3	65.1
Civilian unemployment rate[1]	4.8	6.9	9.3	9.1
Previous Greenbook	4.8	6.9	9.2	9.5
MEMO				
GDP gap[2]	-.4	-3.6	-7.0	-6.4
Previous Greenbook	-.4	-3.7	-7.7	-8.2

1. Percent, average for the fourth quarter.

2. Actual less potential GDP in the fourth quarter of the year indicated as a percent of potential GDP. A negative number thus indicates that the economy is operating below potential.

Inflation Projections
(Percent change, Q4 to Q4, except as noted)

Measure	2007	2008	2009	2010
PCE chain-weighted price index	3.5	1.9	.7	1.0
Previous Greenbook	3.5	1.9	.4	.8
Food and beverages	4.5	6.3	1.7	1.2
Previous Greenbook	4.5	6.3	1.9	1.2
Energy	19.1	-8.5	-8.9	6.1
Previous Greenbook	19.1	-8.6	-11.3	4.5
Excluding food and energy	2.2	1.9	1.2	.7
Previous Greenbook	2.2	1.9	1.0	.5
Consumer price index	4.0	1.5	.4	1.3
Previous Greenbook	4.0	1.5	.3	1.1
Excluding food and energy	2.3	2.0	1.3	.9
Previous Greenbook	2.3	2.0	1.3	.7
GDP chain-weighted price index	2.6	2.0	1.6	.9
Previous Greenbook	2.6	2.0	1.6	.8
ECI for compensation of private industry workers[1]	3.0	2.4	1.8	1.3
Previous Greenbook	3.0	2.4	1.8	1.1
Compensation per hour, nonfarm business sector	3.6	4.1	2.3	1.3
Previous Greenbook	3.6	4.1	2.2	1.1
Prices of core goods imports[2]	3.4	3.5	-3.3	1.1
Previous Greenbook	3.4	3.6	-4.2	1.1

1. December to December.
2. Core goods imports exclude computers, semiconductors, oil, and natural gas.

The Long-Term Outlook

We have extended the staff forecast to 2013 using the FRB/US model, which was adjusted to incorporate staff assessments of long-run potential output growth, fiscal policy, and foreign economic conditions. The contour of the long-run outlook depends on the following key assumptions:

- Monetary policy aims to stabilize PCE inflation at 2 percent in the long run, consistent with the longer-term inflation projections provided by FOMC participants in January. We have made no provision for further nontraditional policy actions in the construction of this extension beyond those that have already been announced.

The Long-Term Outlook
(Percent change, Q4 to Q4, except as noted)

Measure	2008	2009	2010	2011	2012	2013
Real GDP	-0.8	-1.6	2.6	4.8	5.4	5.2
Civilian unemployment rate[1]	6.9	9.3	9.1	7.7	5.9	4.7
PCE prices, total	1.9	0.7	1.0	0.8	0.9	1.1
Core PCE prices	1.9	1.2	0.7	0.7	0.8	1.1
Federal funds rate[1]	0.5	0.1	0.1	0.1	0.1	2.0

1. Percent, average for the final quarter of the period.

- Federal Reserve holdings of long-term Treasury securities, agency debt, and agency MBS are allowed to run off gradually as the securities mature and mortgages in MBS pools are refinanced. This strategy causes term premiums on Treasury bonds to gradually move back up to their historical averages after 2010.
- Risk premiums on corporate bonds, mortgages, and corporate equity continue to fall back toward historically more normal levels beyond 2010.
- The fiscal stimulus package continues to boost government spending beyond 2010, reflecting the staff's assumptions about the rate at which state and local governments respond to increased grants. However, the level of government spending from this source gradually fades and is small by 2013.
- Government budget deficits narrow after 2010. This improvement mostly reflects the effects of the economic recovery on tax receipts and transfer payments.
- Beyond 2010, foreign real GDP expands 5 percent per year, on average, as the economic recovery picks up speed abroad. The dollar is assumed to depreciate about 2¾ percent per year in real terms. Nominal WTI crude oil prices rise gradually from recent levels to a bit more than $70 per barrel by the end of 2013, consistent with futures prices. Under these assumptions, movements in prices of energy and imports have only minor implications for domestic inflation.
- The NAIRU remains flat at 4¾ percent, and potential GDP expands 2½ percent per year, on average, over the 2011-13 period.

The unemployment rate enters 2011 at a very high level, and inflation is well below the assumed long-run target. Under the assumptions used to construct the baseline extension, the federal funds rate remains at the effective lower bound through 2012. The lingering effects of financial upheaval continue to fade after 2010, and the recovery in residential construction gains momentum; coupled with stimulative monetary policy, these factors

Alternative Scenarios

(Percent change, annual rate, from end of preceding period except as noted)

Measure and scenario	2009		2010	2011	2012-13
	H1	H2			
Real GDP					
Extended Greenbook baseline	-3.9	.8	2.6	4.8	5.3
False dawn	-5.8	-3.5	1.5	4.6	5.3
Typical recovery	-3.9	6.2	3.6	4.6	4.2
Labor market damage	-3.9	.1	2.2	4.8	5.0
Anchored inflation expectations	-3.9	.8	2.7	5.0	5.4
Deflation	-3.9	.8	2.5	4.6	4.9
Unemployment rate[1]					
Extended Greenbook baseline	9.0	9.3	9.1	7.7	4.7
False dawn	9.2	10.1	10.5	9.1	5.7
Typical recovery	9.0	8.7	7.9	6.6	4.5
Labor market damage	9.2	9.9	9.9	8.5	5.8
Anchored inflation expectations	9.0	9.3	9.1	7.6	4.5
Deflation	9.0	9.3	9.1	7.8	5.0
Core PCE inflation					
Extended Greenbook baseline	1.7	.8	.7	.7	.9
False dawn	1.7	.7	.4	.4	.5
Typical recovery	1.7	.8	.9	.9	1.1
Labor market damage	1.8	.8	.7	.8	1.0
Anchored inflation expectations	1.7	.9	.9	1.1	1.4
Deflation	1.1	-.4	-.4	-.6	-.3
Federal funds rate[1]					
Extended Greenbook baseline	.1	.1	.1	.1	2.0
False dawn	.1	.1	.1	.1	.1
Typical recovery	.1	.1	.1	.1	2.2
Labor market damage	.1	.1	.1	.1	2.0
Anchored inflation expectations	.1	.1	.1	.1	3.0
Deflation	.1	.1	.1	.1	.2

1. Percent, average for the final quarter of the period.

Economic activity abroad also falters, depressing demand for U.S. exports. Buffeted by these shocks, real GDP contracts at an annual rate of 5¾ percent in the first half of this year and 3½ percent in the second half. In 2010, the economic recovery begins, but at a pace noticeably below its potential. The unemployment rate peaks at 10½ percent next year, and core PCE inflation edges below ½ percent. Beyond 2010, the recovery

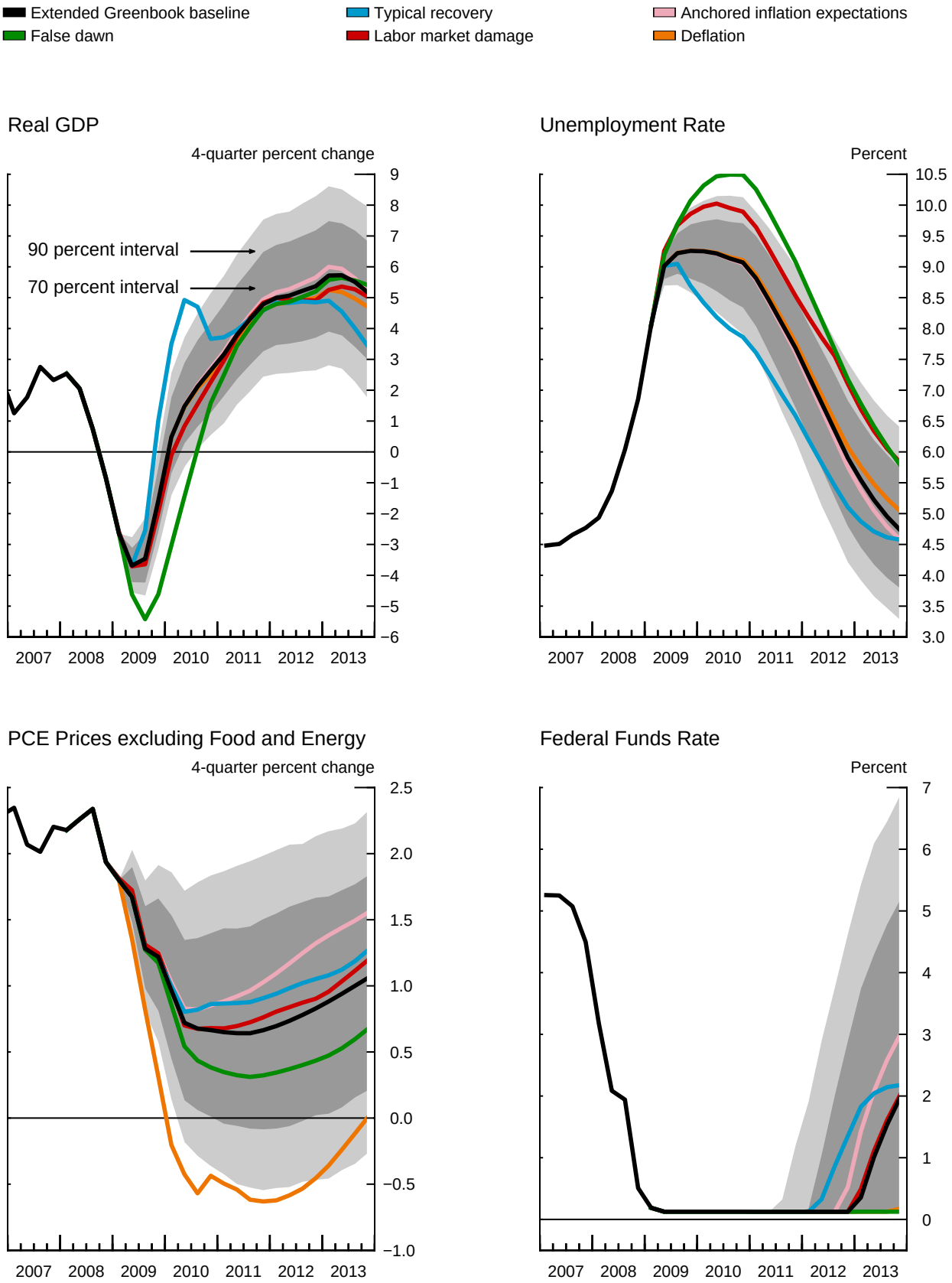
Selected Greenbook Projections and 70 Percent Confidence Intervals Derived from Historical Greenbook Forecast Errors and FRB/US Simulations

Measure	2009	2010	2011	2012	2013
Real GDP					
(percent change, Q4 to Q4)					
Projection	-1.6	2.6	4.8	5.4	5.2
Confidence interval					
Greenbook forecast errors	-2.8– -.3	1.0–4.3	. . .	. . .	. . .
FRB/US stochastic simulations	-2.6– -.5	1.3–4.2	3.3–6.5	3.7–7.2	3.0–6.8
Civilian unemployment rate					
(percent, Q4)					
Projection	9.3	9.1	7.7	5.9	4.7
Confidence interval					
Greenbook forecast errors	8.8–9.8	8.3–9.8	. . .	. . .	. . .
FRB/US stochastic simulations	8.8–9.7	8.3–9.7	6.7–8.5	4.8–6.8	3.8–5.7
PCE prices, total					
(percent change, Q4 to Q4)					
Projection	0.7	1.0	0.8	0.9	1.1
Confidence interval					
Greenbook forecast errors	.0–1.4	-.2–2.2	. . .	. . .	. . .
FRB/US stochastic simulations	.2–1.3	.2–1.9	-.1–1.8	.0–1.9	.2–2.0
PCE prices excluding					
food and energy					
(percent change, Q4 to Q4)					
Projection	1.2	0.7	0.7	0.8	1.1
Confidence interval					
Greenbook forecast errors	.8–1.7	-.1–1.4	. . .	. . .	. . .
FRB/US stochastic simulations	.8–1.7	.0–1.4	-.1–1.5	.0–1.7	.2–1.8
Federal funds rate					
(percent, Q4)					
Projection	0.1	0.1	0.1	0.1	2.0
Confidence interval					
FRB/US stochastic simulations	.1–.1	.1–.1	.1–.1	.1–2.9	.1–5.2

Notes: Shocks underlying FRB/US stochastic simulations are randomly drawn from the 1969-2008 set of model equation residuals.
Intervals derived from Greenbook forecast errors are based on projections made from 1979-2008, except for PCE prices excluding food and energy, where the sample is 1981-2008.
. . . Not applicable. The Greenbook forecast horizon has typically extended about two years.

Forecast Confidence Intervals and Alternative Scenarios

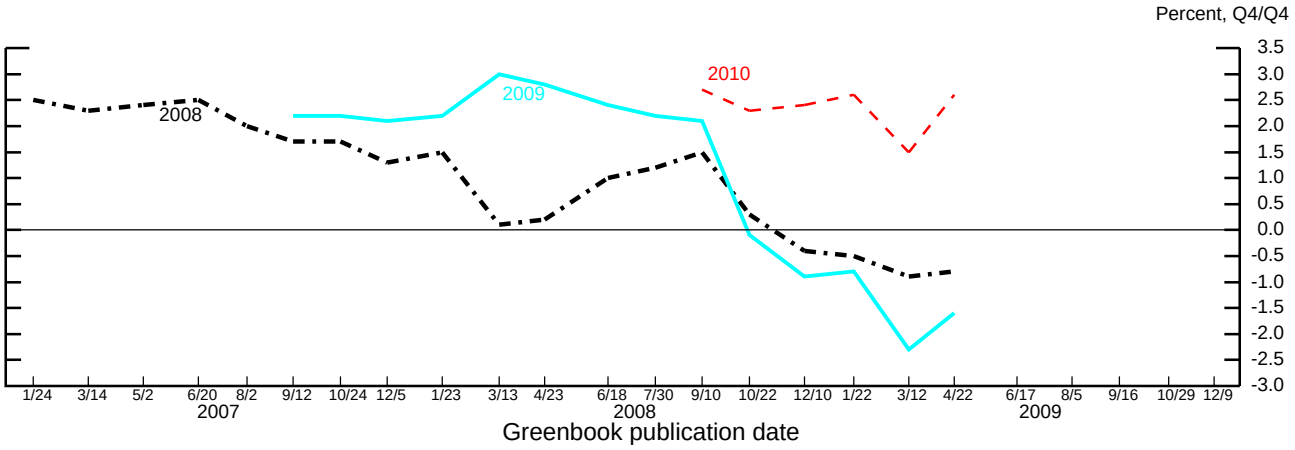
Confidence Intervals Based on FRB/US Stochastic Simulations



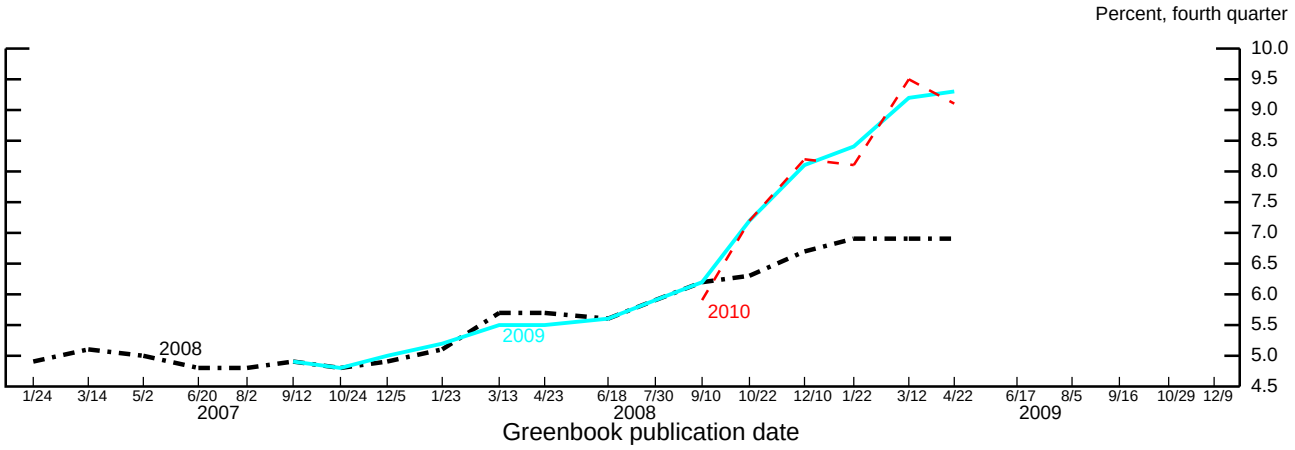
Class II FOMC - Restricted (FR)

Evolution of the Staff Forecast

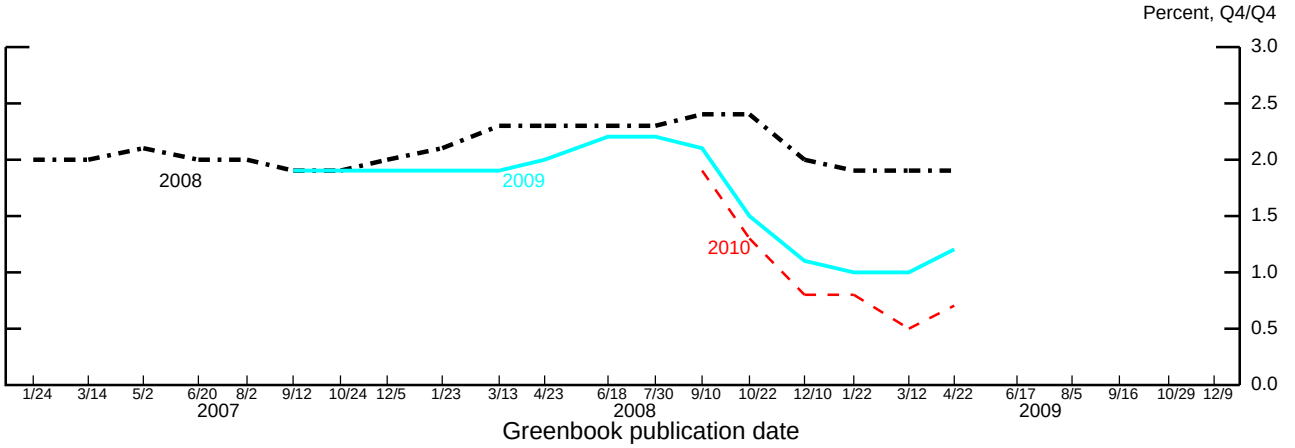
Change in Real GDP



Unemployment Rate



Change in PCE Prices excluding Food and Energy



Changes in GDP, Prices, and Unemployment
(Percent, annual rate except as noted)

	Nominal GDP		Real GDP		PCE price index		Core PCE price index		Unemployment rate[1]	
Interval	3/12/09	4/22/09	3/12/09	4/22/09	3/12/09	4/22/09	3/12/09	4/22/09	3/12/09	4/22/09
Quarterly										
2008:Q1	3.5	3.5	.9	.9	3.6	3.6	2.3	2.3	4.9	4.9
Q2	4.1	4.1	2.8	2.8	4.3	4.3	2.2	2.2	5.4	5.4
Q3	3.4	3.4	-.5	-.5	5.0	5.0	2.4	2.4	6.0	6.0
Q4	-6.3	-5.8	-6.7	-6.3	-5.0	-4.9	.8	.9	6.9	6.9
2009:Q1	-3.3	-3.1	-6.5	-6.3	-1.4	-.9	.9	1.7	8.0	8.1
Q2	-1.1	-1.0	-2.0	-1.5	1.0	.8	1.4	1.7	8.7	9.0
Q3	.6	1.9	-.5	.4	1.1	1.6	.9	.9	9.0	9.2
Q4	.8	2.3	-.1	1.2	1.0	1.4	.7	.7	9.2	9.3
2010:Q1	1.6	2.9	.7	1.9	.9	1.2	.6	.7	9.4	9.3
Q2	2.2	3.5	1.4	2.5	.8	1.1	.5	.7	9.5	9.2
Q3	2.6	3.9	1.9	3.0	.7	1.0	.5	.7	9.5	9.1
Q4	2.8	4.1	2.1	3.3	.7	.8	.4	.6	9.5	9.1
Two-quarter[2]										
2008:Q2	3.8	3.8	1.8	1.8	3.9	3.9	2.2	2.2	.6	.6
Q4	-1.6	-1.3	-3.6	-3.5	-.1	.0	1.6	1.7	1.5	1.5
2009:Q2	-2.2	-2.0	-4.2	-3.9	-.2	-.1	1.2	1.7	1.8	2.1
Q4	.7	2.1	-.3	.8	1.0	1.5	.8	.8	.5	.3
2010:Q2	1.9	3.2	1.1	2.2	.8	1.1	.5	.7	.3	-.1
Q4	2.7	4.0	2.0	3.1	.7	.9	.4	.6	.0	-.1
Four-quarter[3]										
2007:Q4	4.9	4.9	2.3	2.3	3.5	3.5	2.2	2.2	.4	.4
2008:Q4	1.1	1.2	-.9	-.8	1.9	1.9	1.9	1.9	2.1	2.1
2009:Q4	-.8	.0	-2.3	-1.6	.4	.7	1.0	1.2	2.3	2.4
2010:Q4	2.3	3.6	1.5	2.6	.8	1.0	.5	.7	.3	-.2
Annual										
2007	4.8	4.8	2.0	2.0	2.6	2.6	2.2	2.2	4.6	4.6
2008	3.3	3.3	1.1	1.1	3.3	3.3	2.2	2.2	5.8	5.8
2009	-1.5	-1.0	-3.2	-2.8	-.1	.1	1.2	1.5	8.7	8.9
2010	1.5	2.7	.6	1.7	.9	1.2	.7	.8	9.5	9.2

1. Level, except for two-quarter and four-quarter intervals.
2. Percent change from two quarters earlier; for unemployment rate, change is in percentage points.
3. Percent change from four quarters earlier; for unemployment rate, change is in percentage points.

Changes in Real Gross Domestic Product and Related Items
(Percent, annual rate except as noted)

Item	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2008[1]	2009[1]	2010[1]
Real GDP	.9	2.8	-.5	-6.3	-6.3	-1.5	.4	1.2	1.9	2.5	3.0	3.3	-.8	-1.6	2.6
Previous Greenbook	.9	2.8	-.5	-6.7	-6.5	-2.0	-.5	-.1	.7	1.4	1.9	2.1	-.9	-2.3	1.5
Final sales	.9	4.4	-1.3	-6.2	-4.1	-1.4	-.6	-.5	.7	3.0	3.0	2.9	-.7	-1.7	2.4
Previous Greenbook	.9	4.4	-1.3	-6.5	-4.3	-2.5	-1.9	-1.2	-.3	1.9	2.1	1.9	-.7	-2.5	1.4
Priv. dom. final purch.	-.3	.7	-4.1	-7.5	-5.0	-4.0	-1.8	-.5	1.3	2.8	3.6	4.3	-2.8	-2.9	3.0
Previous Greenbook	-.3	.7	-4.1	-7.5	-5.3	-4.3	-3.0	-1.2	.1	1.7	2.4	2.9	-2.8	-3.5	1.8
Personal cons. expend.	.9	1.2	-3.8	-4.3	1.1	-.5	.4	1.2	1.9	2.5	3.0	3.3	-1.5	.5	2.7
Previous Greenbook	.9	1.2	-3.8	-4.3	.4	.0	.0	1.2	1.3	1.8	2.1	2.4	-1.5	.4	1.9
Durables	-4.3	-2.8	-14.8	-22.1	6.0	-6.0	.8	3.9	6.9	7.6	6.5	6.1	-11.4	1.1	6.8
Nondurables	-.4	3.9	-7.1	-9.4	1.1	-.1	.3	1.1	1.8	2.2	2.7	3.0	-3.4	.6	2.4
Services	2.4	.7	-.1	1.5	.4	.2	.3	.8	1.2	1.8	2.6	3.0	1.1	.4	2.2
Residential investment	-25.1	-13.3	-16.0	-22.8	-38.2	-27.4	-1.7	.0	8.2	13.8	11.3	10.7	-19.4	-18.5	11.0
Previous Greenbook	-25.1	-13.3	-16.0	-23.4	-41.2	-34.3	-13.4	-5.5	2.5	9.0	8.7	6.8	-19.6	-25.0	6.7
Business fixed invest.	2.4	2.5	-1.7	-21.7	-30.1	-20.8	-17.4	-13.6	-5.3	2.1	6.8	10.8	-5.2	-20.7	3.4
Previous Greenbook	2.4	2.5	-1.7	-21.6	-27.3	-23.4	-21.7	-17.8	-11.1	-1.6	3.2	6.6	-5.2	-22.6	-.9
Equipment & software	-.6	-5.0	-7.5	-28.1	-32.4	-13.6	-12.5	-8.9	-1.1	9.2	14.8	19.1	-11.0	-17.4	10.2
Previous Greenbook	-.6	-5.0	-7.5	-28.1	-26.6	-17.9	-17.4	-13.6	-8.3	5.2	11.1	14.3	-11.0	-19.0	5.2
Nonres. structures	8.6	18.5	9.7	-9.4	-26.4	-31.6	-25.4	-21.5	-13.0	-10.5	-7.9	-5.4	6.3	-26.3	-9.2
Previous Greenbook	8.6	18.5	9.7	-9.0	-28.4	-31.9	-28.8	-24.9	-16.1	-13.4	-11.0	-8.1	6.4	-28.5	-12.2
Net exports[2]	-462	-381	-353	-364	-333	-314	-325	-351	-383	-378	-383	-407	-390	-331	-388
Previous Greenbook[2]	-462	-381	-353	-373	-370	-369	-384	-411	-438	-436	-442	-464	-392	-383	-445
Exports	5.1	12.3	3.0	-23.6	-31.4	-3.4	-1.5	.2	1.2	2.1	2.7	3.2	-1.8	-10.1	2.3
Imports	-.8	-7.3	-3.5	-17.5	-31.1	-7.2	1.4	6.9	8.9	.3	3.3	8.2	-7.5	-8.8	5.1
Gov't. cons. & invest.	1.9	3.9	5.8	1.3	-5.3	6.7	6.1	3.7	3.1	2.4	1.3	.9	3.2	2.7	1.9
Previous Greenbook	1.9	3.9	5.8	1.2	-.2	5.5	5.5	3.1	2.6	2.1	1.5	1.2	3.2	3.4	1.8
Federal	5.8	6.6	13.8	7.0	-9.4	14.8	12.5	5.7	5.3	3.2	-.2	-.4	8.2	5.5	2.0
Defense	7.3	7.3	18.0	3.4	-13.8	19.8	15.5	3.9	1.9	1.8	.6	.2	8.9	5.5	1.1
Nondefense	2.9	5.0	5.1	15.3	.7	4.9	6.5	9.6	12.9	6.0	-1.7	-1.7	6.9	5.3	3.7
State & local	-.3	2.5	1.3	-2.0	-2.6	2.0	2.2	2.4	1.7	2.0	2.2	1.8	.4	1.0	1.9
Change in bus. inventories[2]	-10	-51	-30	-26	-93	-97	-66	-16	18	4	3	14	-29	-68	10
Previous Greenbook[2]	-10	-51	-30	-31	-101	-87	-46	-16	13	0	-6	0	-30	-62	2
Nonfarm[2]	-18	-55	-33	-31	-96	-99	-70	-19	15	1	-1	11	-34	-71	6
Farm[2]	6	2	2	4	3	3	3	3	3	3	3	3	4	3	3

1. Change from fourth quarter of previous year to fourth quarter of year indicated.
2. Billions of chained (2000) dollars.

Changes in Real Gross Domestic Product and Related Items
(Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise noted)

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
Real GDP	1.9	3.7	3.1	2.7	2.4	2.3	-.8	-1.6	2.6
Previous Greenbook	1.9	3.7	3.1	2.7	2.4	2.3	-.9	-2.3	1.5
Final sales	.8	3.7	2.8	2.7	2.8	2.5	-.7	-1.7	2.4
Previous Greenbook	.8	3.7	2.8	2.7	2.8	2.5	-.7	-2.5	1.4
Priv. dom. final purch.	1.1	4.1	4.3	3.1	2.3	1.4	-2.8	-2.9	3.0
Previous Greenbook	1.1	4.1	4.3	3.1	2.3	1.4	-2.8	-3.5	1.8
Personal cons. expend.	1.9	3.4	3.7	2.6	3.2	2.2	-1.5	.5	2.7
Previous Greenbook	1.9	3.4	3.7	2.6	3.2	2.2	-1.5	.4	1.9
Durables	1.2	8.3	5.6	1.2	6.9	4.2	-11.4	1.1	6.8
Nondurables	2.1	3.9	3.5	3.6	3.2	1.7	-3.4	.6	2.4
Services	1.9	2.2	3.3	2.4	2.6	2.1	1.1	.4	2.2
Residential investment	7.0	11.7	6.7	5.4	-15.5	-19.0	-19.4	-18.5	11.0
Previous Greenbook	7.0	11.7	6.7	5.4	-15.5	-19.0	-19.6	-25.0	6.7
Business fixed invest.	-6.5	4.9	7.5	4.9	6.5	6.4	-5.2	-20.7	3.4
Previous Greenbook	-6.5	4.9	7.5	4.9	6.5	6.4	-5.2	-22.6	-.9
Equipment & software	-3.4	6.6	9.4	7.0	4.2	2.8	-11.0	-17.4	10.2
Previous Greenbook	-3.4	6.6	9.4	7.0	4.2	2.8	-11.0	-19.0	5.2
Nonres. structures	-14.9	.2	2.3	-.5	12.8	14.5	6.3	-26.3	-9.2
Previous Greenbook	-14.9	.2	2.3	-.5	12.8	14.5	6.4	-28.5	-12.2
Net exports[1]	-471	-519	-594	-617	-616	-547	-390	-331	-388
Previous Greenbook[1]	-471	-519	-594	-617	-616	-547	-392	-383	-445
Exports	3.8	5.8	7.4	7.0	10.1	8.9	-1.8	-10.1	2.3
Imports	9.7	4.8	11.5	4.8	3.8	1.1	-7.5	-8.8	5.1
Gov't. cons. & invest.	4.0	1.7	.7	.6	2.1	2.4	3.2	2.7	1.9
Previous Greenbook	4.0	1.7	.7	.6	2.1	2.4	3.2	3.4	1.8
Federal	7.8	5.5	2.4	1.0	2.9	2.3	8.2	5.5	2.0
Defense	8.4	7.5	2.5	.8	4.1	2.7	8.9	5.5	1.1
Nondefense	6.8	1.9	2.3	1.4	.5	1.5	6.9	5.3	3.7
State & local	2.1	-.4	-.4	.3	1.6	2.4	.4	1.0	1.9
Change in bus. inventories[1]	12	14	54	39	42	-2	-29	-68	10
Previous Greenbook[1]	12	14	54	39	42	-2	-30	-62	2
Nonfarm[1]	15	14	48	39	46	-4	-34	-71	6
Farm[1]	-2	0	6	0	-3	1	4	3	3

1. Billions of chained (2000) dollars.

Contributions to Changes in Real Gross Domestic Product
(Percentage points, annual rate except as noted)

Item	2008				2009				2010						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008[1]	2009[1]	2010[1]
Real GDP	.9	2.8	-.5	-6.3	-6.3	-1.5	.4	1.2	1.9	2.5	3.0	3.3	-.8	-1.6	2.6
Previous Greenbook	.9	2.8	-.5	-6.7	-6.5	-2.0	-.5	-.1	.7	1.4	1.9	2.1	-.9	-2.3	1.5
Final sales	.9	4.3	-1.4	-6.2	-4.0	-1.4	-.6	-.5	.7	2.9	3.0	2.9	-.7	-1.7	2.4
Previous Greenbook	.9	4.3	-1.4	-6.6	-4.2	-2.5	-1.9	-1.2	-.3	1.9	2.1	1.9	-.7	-2.5	1.4
Priv. dom. final purch.	-.3	.6	-3.5	-6.4	-4.1	-3.4	-1.5	-.4	1.1	2.2	2.9	3.5	-2.4	-2.4	2.4
Previous Greenbook	-.3	.6	-3.5	-6.4	-4.4	-3.6	-2.5	-1.0	.1	1.4	2.0	2.4	-2.4	-2.9	1.4
Personal cons. expend.	.6	.9	-2.8	-3.0	.9	-.3	.3	.8	1.4	1.7	2.1	2.3	-1.1	.4	1.9
Previous Greenbook	.6	.9	-2.8	-3.0	.4	.0	.0	.8	1.0	1.3	1.5	1.7	-1.1	.3	1.4
Durables	-.3	-.2	-1.2	-1.7	.4	-.4	.1	.3	.4	.5	.4	.4	-.9	.1	.4
Nondurables	-.1	.8	-1.6	-2.0	.2	.0	.1	.2	.4	.4	.5	.6	-.7	.1	.5
Services	1.0	.3	.0	.7	.2	.1	.1	.4	.6	.8	1.1	1.3	.5	.2	1.0
Residential investment	-1.1	-.5	-.6	-.8	-1.4	-.8	.0	.0	.2	.3	.3	.3	-.8	-.6	.3
Previous Greenbook	-1.1	-.5	-.6	-.9	-1.5	-1.1	-.3	-.1	.1	.2	.2	.2	-.8	-.8	.2
Business fixed invest.	.3	.3	-.2	-2.6	-3.6	-2.2	-1.7	-1.3	-.5	.2	.5	.9	-.6	-2.2	.3
Previous Greenbook	.3	.3	-.2	-2.6	-3.2	-2.6	-2.2	-1.7	-1.0	-.1	.3	.5	-.6	-2.4	-.1
Equipment & software	.0	-.4	-.6	-2.2	-2.4	-.9	-.8	-.5	-.1	.5	.8	1.0	-.8	-1.1	.6
Previous Greenbook	.0	-.4	-.6	-2.2	-2.0	-1.2	-1.1	-.8	-.5	.3	.6	.7	-.8	-1.2	.3
Nonres. structures	.3	.6	.4	-.4	-1.2	-1.3	-1.0	-.7	-.4	-.3	-.2	-.1	.2	-1.0	-.3
Previous Greenbook	.3	.6	.4	-.4	-1.3	-1.4	-1.1	-.9	-.5	-.4	-.3	-.2	.2	-1.1	-.4
Net exports	.8	2.9	1.1	-.2	1.0	.6	-.4	-.9	-1.1	.2	-.2	-.8	1.1	.1	-.5
Previous Greenbook	.8	2.9	1.1	-.6	.1	.0	-.5	-.9	-.9	.0	-.2	-.7	1.0	-.3	-.4
Exports	.6	1.5	.4	-3.4	-4.4	-.4	-.2	.0	.1	.2	.3	.3	-.2	-1.2	.2
Imports	.1	1.4	.7	3.3	5.3	1.0	-.2	-.9	-1.2	.0	-.5	-1.1	1.3	1.3	-.7
Gov't. cons. & invest.	.4	.8	1.1	.3	-1.1	1.3	1.2	.8	.7	.5	.3	.2	.6	.5	.4
Previous Greenbook	.4	.8	1.1	.3	.0	1.1	1.1	.7	.6	.5	.3	.3	.6	.7	.4
Federal	.4	.5	1.0	.5	-.7	1.1	1.0	.5	.4	.3	.0	.0	.6	.4	.2
Defense	.3	.4	.9	.2	-.8	1.0	.8	.2	.1	.1	.0	.0	.4	.3	.1
Nondefense	.1	.1	.1	.3	.0	.1	.2	.2	.3	.2	.0	.0	.2	.1	.1
State & local	.0	.3	.2	-.3	-.3	.3	.3	.3	.2	.3	.3	.2	.0	.1	.3
Change in bus. inventories	.0	-1.5	.8	-.1	-2.2	-.1	1.0	1.7	1.1	-.5	-.1	.4	-.2	.1	.3
Previous Greenbook	.0	-1.5	.8	-.1	-2.2	.5	1.4	1.1	1.0	-.4	-.2	.2	-.2	.2	.1
Nonfarm	.2	-1.4	.8	-.2	-2.2	-.1	1.0	1.7	1.2	-.5	-.1	.4	-.1	.1	.3
Farm	-.2	-.1	.0	.1	.0	.0	.0	.0	.0	.0	.0	.0	-.1	.0	.0

1. Change from fourth quarter of previous year to fourth quarter of year indicated.

Changes in Prices and Costs
(Percent, annual rate except as noted)

Item	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2008[1]	2009[1]	2010[1]
GDP chain-wt. price index	2.6	1.1	3.9	.5	3.3	.5	1.5	1.1	1.0	1.0	.9	.8	2.0	1.6	.9
Previous Greenbook	2.6	1.1	3.9	.3	3.4	.9	1.1	.9	.8	.8	.7	.6	2.0	1.6	.8
PCE chain-wt. price index	3.6	4.3	5.0	-4.9	-.9	.8	1.6	1.4	1.2	1.1	1.0	.8	1.9	.7	1.0
Previous Greenbook	3.6	4.3	5.0	-5.0	-1.4	1.0	1.1	1.0	.9	.8	.7	.7	1.9	.4	.8
Energy	19.0	27.4	31.7	-65.0	-36.0	-13.1	12.2	10.5	8.2	6.6	5.2	4.4	-8.5	-8.9	6.1
Previous Greenbook	19.0	27.4	31.7	-65.1	-36.0	-7.8	1.9	2.6	4.4	4.8	4.4	4.3	-8.6	-11.3	4.5
Food	4.9	6.4	8.5	5.6	.9	1.0	2.5	2.2	1.6	1.3	1.0	.8	6.3	1.7	1.2
Previous Greenbook	4.9	6.4	8.5	5.6	1.8	1.8	2.1	1.9	1.3	1.2	1.1	1.1	6.3	1.9	1.2
Ex. food & energy	2.3	2.2	2.4	.9	1.7	1.7	.9	.7	.7	.7	.7	.6	1.9	1.2	.7
Previous Greenbook	2.3	2.2	2.4	.8	.9	1.4	.9	.7	.6	.5	.5	.4	1.9	1.0	.5
CPI	4.5	4.5	6.2	-8.3	-2.4	.3	2.1	1.8	1.6	1.4	1.2	1.1	1.5	.4	1.3
Previous Greenbook	4.5	4.5	6.2	-8.3	-2.4	.9	1.4	1.3	1.2	1.1	1.0	1.0	1.5	.3	1.1
Ex. food & energy	2.5	2.0	2.8	.6	1.5	1.5	1.2	1.0	.9	.9	.9	.8	2.0	1.3	.9
Previous Greenbook	2.5	2.0	2.8	.6	1.3	1.6	1.2	1.0	.8	.7	.7	.6	2.0	1.3	.7
ECI, hourly compensation[2]	3.0	2.3	2.6	1.9	2.0	1.9	1.8	1.5	1.4	1.3	1.3	1.2	2.4	1.8	1.3
Previous Greenbook[2]	3.0	2.3	2.6	1.9	2.0	1.9	1.8	1.5	1.3	1.2	1.1	1.0	2.4	1.8	1.1
Nonfarm business sector															
Output per hour	2.6	4.7	2.2	-.5	-1.0	3.1	1.6	1.6	2.2	2.1	2.0	1.9	2.2	1.3	2.1
Previous Greenbook	2.6	4.7	2.2	-.9	-1.1	2.4	1.3	1.2	2.1	2.0	1.9	1.8	2.1	.9	2.0
Compensation per hour	3.7	1.7	5.7	5.2	3.2	2.9	1.9	1.4	1.4	1.4	1.3	1.3	4.1	2.3	1.3
Previous Greenbook	3.7	1.7	5.7	5.2	2.5	2.7	2.1	1.5	1.3	1.2	1.1	1.0	4.1	2.2	1.1
Unit labor costs	1.1	-2.8	3.5	5.7	4.3	-.2	.3	-.3	-.8	-.7	-.7	-.7	1.8	1.0	-.7
Previous Greenbook	1.1	-2.8	3.5	6.2	3.7	.3	.8	.3	-.8	-.8	-.8	-.7	1.9	1.3	-.8
Core goods imports chain-wt price index[3]	8.5	10.6	4.6	-8.5	-9.7	-3.0	-.7	.5	1.0	1.1	1.1	1.0	3.5	-3.3	1.1
Previous Greenbook[3]	8.5	10.6	4.6	-8.3	-10.0	-4.7	-2.1	.4	1.0	1.2	1.1	1.1	3.6	-4.2	1.1

1. Change from fourth quarter of previous year to fourth quarter of year indicated.
2. Private-industry workers.
3. Core goods imports exclude computers, semiconductors, oil, and natural gas.

Changes in Prices and Costs
(Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise noted)

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
GDP chain-wt price index	1.7	2.2	3.2	3.5	2.8	2.6	2.0	1.6	.9
Previous Greenbook	1.7	2.2	3.2	3.5	2.8	2.6	2.0	1.6	.8
PCE chain-wt price index	1.8	1.9	3.1	3.3	1.9	3.5	1.9	.7	1.0
Previous Greenbook	1.8	1.9	3.1	3.3	1.9	3.5	1.9	.4	.8
Energy	7.7	7.6	18.3	23.1	-4.0	19.1	-8.5	-8.9	6.1
Previous Greenbook	7.7	7.6	18.3	23.1	-4.0	19.1	-8.6	-11.3	4.5
Food	1.3	2.6	2.9	2.1	2.3	4.5	6.3	1.7	1.2
Previous Greenbook	1.3	2.6	2.9	2.1	2.3	4.5	6.3	1.9	1.2
Ex. food & energy	1.6	1.4	2.2	2.2	2.3	2.2	1.9	1.2	.7
Previous Greenbook	1.6	1.4	2.2	2.2	2.3	2.2	1.9	1.0	.5
CPI	2.3	2.0	3.4	3.8	1.9	4.0	1.5	.4	1.3
Previous Greenbook	2.3	2.0	3.4	3.8	1.9	4.0	1.5	.3	1.1
Ex. food & energy	2.1	1.2	2.2	2.1	2.7	2.3	2.0	1.3	.9
Previous Greenbook	2.1	1.2	2.2	2.1	2.7	2.3	2.0	1.3	.7
ECI, hourly compensation[1]	3.1	4.0	3.8	2.9	3.2	3.0	2.4	1.8	1.3
Previous Greenbook[1]	3.1	4.0	3.8	2.9	3.2	3.0	2.4	1.8	1.1
Nonfarm business sector									
Output per hour	2.9	4.7	1.8	1.5	.6	2.6	2.2	1.3	2.1
Previous Greenbook	2.9	4.7	1.8	1.5	.6	2.6	2.1	.9	2.0
Compensation per hour	3.2	5.3	3.9	3.6	4.2	3.6	4.1	2.3	1.3
Previous Greenbook	3.2	5.3	3.9	3.6	4.2	3.6	4.1	2.2	1.1
Unit labor costs	.2	.5	2.1	2.1	3.7	.9	1.8	1.0	-.7
Previous Greenbook	.2	.5	2.1	2.1	3.7	.9	1.9	1.3	-.8
Core goods imports chain-wt. price index[2]	.1	1.6	3.6	2.2	2.4	3.4	3.5	-3.3	1.1
Previous Greenbook[2]	.1	1.6	3.6	2.2	2.4	3.4	3.6	-4.2	1.1

1. Private-industry workers.
2. Core goods imports exclude computers, semiconductors, oil and natural gas.

Other Macroeconomic Indicators

Item	2008 Q1	2008 Q2	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2008[1]	2009[1]	2010[1]
Employment and production															
Nonfarm payroll employment[2]	-.1	-.4	-.5	-1.3	-2.0	-1.6	-.4	.0	.2	.5	.3	.5	-2.3	-4.1	1.5
Unemployment rate[3]	4.9	5.4	6.0	6.9	8.1	9.0	9.2	9.3	9.3	9.2	9.1	9.1	6.9	9.3	9.1
Previous Greenbook[3]	4.9	5.4	6.0	6.9	8.0	8.7	9.0	9.2	9.4	9.5	9.5	9.5	6.9	9.2	9.5
GDP gap[4]	-.8	-.7	-1.4	-3.6	-5.6	-6.4	-6.8	-7.0	-7.0	-6.9	-6.7	-6.4	-3.6	-7.0	-6.4
Previous Greenbook[4]	-.8	-.7	-1.4	-3.7	-5.7	-6.7	-7.3	-7.7	-8.0	-8.2	-8.2	-8.2	-3.7	-7.7	-8.2
Industrial production[5]	.2	-4.6	-9.0	-12.7	-20.0	-9.2	.5	2.0	3.9	3.5	4.7	4.4	-6.7	-7.1	4.1
Previous Greenbook[5]	.4	-3.4	-8.9	-12.1	-18.3	-9.3	-2.6	-.2	2.7	3.0	3.1	3.5	-6.1	-7.9	3.1
Manufacturing industr. prod.[5]	-1.2	-5.4	-9.3	-17.7	-22.5	-8.9	1.5	2.5	3.9	3.4	4.4	4.2	-8.6	-7.4	4.0
Previous Greenbook[5]	-1.0	-4.1	-8.7	-17.4	-21.7	-9.9	-2.0	.3	2.5	2.9	2.9	3.1	-8.0	-8.7	2.9
Capacity utilization rate - mfg.[3]	78.1	76.7	74.6	71.0	66.7	65.3	65.8	66.5	67.5	68.5	69.7	70.8	71.0	66.5	70.8
Previous Greenbook[3]	78.7	77.5	75.5	71.7	67.4	65.8	65.6	65.8	66.6	67.5	68.3	69.2	71.7	65.8	69.2
Housing starts[6]	1.1	1.0	.9	.7	.5	.5	.6	.6	.7	.7	.8	.9	.9	.5	.8
Light motor vehicle sales[6]	15.2	14.1	12.9	10.3	9.5	9.9	10.1	10.5	11.2	12.0	12.5	13.0	13.1	10.0	12.2
Income and saving															
Nominal GDP[5]	3.5	4.1	3.4	-5.8	-3.1	-1.0	1.9	2.3	2.9	3.5	3.9	4.1	1.2	.0	3.6
Real disposable pers. income[5]	-.7	10.7	-8.5	2.7	3.9	6.6	-1.5	1.6	.9	1.5	2.1	2.2	.8	2.6	1.7
Previous Greenbook[5]	-.7	10.7	-8.5	3.3	6.4	4.3	-1.6	1.5	1.7	1.1	1.4	1.3	1.0	2.6	1.4
Personal saving rate[3]	.2	2.5	1.3	3.2	3.9	5.6	5.1	5.3	5.1	4.9	4.7	4.5	3.2	5.3	4.5
Previous Greenbook[3]	.2	2.5	1.3	3.2	4.6	5.6	5.3	5.4	5.5	5.4	5.2	5.0	3.2	5.4	5.0
Corporate profits[7]	-4.3	-14.3	-4.7	-51.5	-18.9	-6.5	-3.3	-5.0	24.5	6.7	6.8	8.3	-21.5	-8.7	11.3
Profit share of GNP[3]	11.2	10.6	10.4	8.8	8.5	8.4	8.3	8.1	8.5	8.6	8.6	8.7	8.8	8.1	8.7
Net federal saving[8]	-331	-650	-544	-561	-803	-1,030	-1,097	-1,146	-1,138	-1,116	-1,157	-1,138	-521	-1,019	-1,137
Net state & local saving[8]	-52	-67	-104	-97	-15	-67	-42	-42	-36	-42	-29	-28	-80	-42	-34
Gross national saving rate[3]	12.4	11.3	11.5	12.0	11.1	10.5	9.9	9.6	9.5	9.6	9.4	9.4	12.0	9.6	9.4
Net national saving rate[3]	.0	-1.3	-1.8	-1.0	-2.4	-3.3	-4.1	-4.5	-4.6	-4.5	-4.8	-4.7	-1.0	-4.5	-4.7

1. Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise indicated.
2. Change, millions.
3. Percent, annual values are for the fourth quarter of the year indicated.
4. Percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential. Annual values are for the fourth quarter of the year indicated.
5. Percent change, annual rate.
6. Level, millions, annual values are annual averages.
7. Percent change, annual rate, with inventory valuation and capital consumption adjustments.
8. Billions of dollars, annual values are annual averages.

Other Macroeconomic Indicators

(Change from fourth quarter of previous year to fourth quarter of year indicated, unless otherwise noted)

Item	2002	2003	2004	2005	2006	2007	2008	2009	2010
Employment and production									
Nonfarm payroll employment[1]	-.7	-.1	2.0	2.4	2.1	1.2	-2.3	-4.1	1.5
Unemployment rate[2]	5.8	5.8	5.4	4.9	4.4	4.8	6.9	9.3	9.1
Previous Greenbook[2]	5.8	5.8	5.4	4.9	4.4	4.8	6.9	9.2	9.5
GDP gap[3]	-2.6	-1.8	-.8	-.3	-.2	-.4	-3.6	-7.0	-6.4
Previous Greenbook[3]	-2.6	-1.8	-.8	-.3	-.2	-.4	-3.7	-7.7	-8.2
Industrial production[4]	2.5	1.6	3.0	2.6	1.8	1.8	-6.7	-7.1	4.1
Previous Greenbook[4]	2.6	1.5	3.1	2.6	1.7	2.1	-6.1	-7.9	3.1
Manufacturing industr. prod.[4]	2.5	1.8	3.6	3.8	1.2	1.9	-8.6	-7.4	4.0
Previous Greenbook[4]	2.6	1.7	3.7	3.7	1.1	2.3	-8.0	-8.7	2.9
Capacity utilization rate - mfg.[2]	73.0	74.6	77.3	79.2	79.0	78.7	71.0	66.5	70.8
Previous Greenbook[2]	73.2	74.8	77.5	79.2	79.0	79.3	71.7	65.8	69.2
Housing starts[5]	1.7	1.8	2.0	2.1	1.8	1.4	.9	.5	.8
Light motor vehicle sales[5]	16.7	16.6	16.8	16.9	16.5	16.1	13.1	10.0	12.2
Income and saving									
Nominal GDP[4]	3.6	5.9	6.5	6.3	5.3	4.9	1.2	.0	3.6
Real disposable pers. income[4]	2.9	3.7	4.1	.9	3.6	1.8	.8	2.6	1.7
Previous Greenbook[4]	2.9	3.7	4.1	.9	3.6	1.8	1.0	2.6	1.4
Personal saving rate[2]	1.8	2.2	2.5	.8	.9	.4	3.2	5.3	4.5
Previous Greenbook[2]	1.8	2.2	2.5	.8	.9	.4	3.2	5.4	5.0
Corporate profits[6]	20.6	12.6	20.3	18.8	6.9	-2.0	-21.5	-8.7	11.3
Profit share of GNP[2]	9.0	9.5	10.8	12.0	12.2	11.3	8.8	8.1	8.7
Net federal saving[7]	-248	-372	-371	-292	-201	-229	-521	-1019	-1137
Net state & local saving[7]	-34	-20	2	29	46	10	-80	-42	-34
Gross national saving rate[2]	13.6	13.7	13.8	15.0	15.5	13.4	12.0	9.6	9.4
Net national saving rate[2]	1.5	1.9	2.1	2.8	3.4	1.2	-1.0	-4.5	-4.7

1. Change, millions.
2. Percent, values are for the fourth quarter of the year indicated.
3. Percent difference between actual and potential GDP; a negative number indicates that the economy is operating below potential. Values are for the fourth quarter of the year indicated.
4. Percent change.
5. Level, millions, values are annual averages.
6. Percent change, with inventory valuation and capital consumption adjustments.
7. Billions of dollars,values are annual averages.

Staff Projections of Federal Sector Accounts and Related Items
(Billions of dollars except as noted)

Item	Fiscal year				2008				2009				2010			
	2007[a]	2008[a]	2009	2010	Q1[a]	Q2[a]	Q3[a]	Q4[a]	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unified budget					Not seasonally adjusted											
Receipts[1]	2568	2524	2185	2292	540	788	590	547	442	640	555	524	506	689	574	562
Outlays[1]	2729	2978	3832	3766	746	761	759	1033	914	899	986	1084	987	861	834	899
Surplus/deficit[1]	-162	-455	-1647	-1473	-206	27	-169	-485	-472	-259	-431	-561	-481	-172	-260	-338
Previous Greenbook	*-162*	*-455*	*-1915*	*-1221*	*-206*	*27*	*-169*	*-485*	*-520*	*-494*	*-416*	*-408*	*-346*	*-194*	*-273*	*-348*
On-budget	-343	-638	-1779	-1607	-237	-64	-171	-538	-490	-325	-425	-616	-486	-253	-252	-392
Off-budget	181	183	132	134	31	91	2	53	19	66	-6	55	5	81	-8	55
Means of financing																
Borrowing	206	768	1770	1283	200	-48	526	561	465	263	481	340	471	197	275	328
Cash decrease	-23	-296	111	210	11	-7	-318	5	98	24	-15	225	15	-20	-10	15
Other[2]	-22	-17	-235	-20	-5	29	-39	-81	-92	-27	-35	-5	-5	-5	-5	-5
Cash operating balance, end of period	75	372	260	50	46	53	372	367	269	245	260	35	20	40	50	35
NIPA federal sector					Seasonally adjusted annual rates											
Receipts	2624	2607	2425	2469	2673	2479	2596	2544	2418	2370	2366	2389	2470	2505	2513	2554
Expenditures	2832	3047	3298	3609	3003	3128	3140	3106	3222	3400	3463	3535	3608	3621	3670	3692
Consumption expenditures	842	910	975	1055	898	918	954	957	948	981	1013	1031	1053	1066	1069	1072
Defense	569	624	664	710	614	629	660	657	641	668	692	701	708	714	718	721
Nondefense	273	286	311	345	284	289	295	301	308	313	321	331	345	352	352	351
Other spending	1990	2136	2323	2554	2105	2210	2186	2148	2273	2418	2450	2504	2555	2555	2601	2620
Current account surplus	-209	-440	-873	-1139	-331	-650	-544	-561	-803	-1030	-1097	-1146	-1138	-1116	-1157	-1138
Gross investment	123	134	149	160	129	138	144	150	141	149	156	158	159	160	161	161
Gross saving less gross investment[3]	-221	-458	-899	-1169	-344	-671	-569	-590	-822	-1055	-1128	-1177	-1168	-1146	-1186	-1166
Fiscal indicators[4]																
High-employment (HEB) surplus/deficit	-222	-426	-654	-810	-322	-641	-502	-447	-599	-771	-799	-824	-809	-783	-826	-813
Change in HEB, percent of potential GDP	-0.3	1.3	1.4	0.9	0.6	2.2	-1.0	-0.4	1.0	1.1	0.1	0.1	-0.1	-0.2	0.2	-0.1
Fiscal impetus (FI), percent of GDP	0.2	0.8	0.8	0.9	0.1	0.5	0.7	-0.3	-0.2	0.8	0.3	0.2	0.3	0.1	0.1	-0.0
Previous Greenbook	*0.2*	*0.8*	*0.9*	*0.9*	*0.1*	*0.5*	*0.7*	*-0.3*	*0.0*	*0.6*	*0.2*	*0.2*	*0.3*	*0.2*	*0.1*	*0.0*

1. Budget receipts, outlays, and surplus/deficit include corresponding social security (OASDI) categories. The OASDI surplus and the Postal Service surplus are excluded from the on-budget surplus and shown separately as off-budget, as classified under current law.
2. Other means of financing are checks issued less checks paid, accrued items, and changes in other financial assets and liabilities.
3. Gross saving is the current account surplus plus consumption of fixed capital of the general government as well as government enterprises.
4. HEB is gross saving less gross investment (NIPA) of the federal government in current dollars, with cyclically sensitive receipts and outlays adjusted to the staff's measure of potential output and the NAIRU. Quarterly figures for change in HEB and FI are not at annual rates. The sign on Change in HEB, as a percent of nominal potential GDP, is reversed. FI is the weighted difference of discretionary changes in federal spending and taxes in chained (2000) dollars, scaled by real GDP. The annual FI estimates are on a calendar year basis. Also, for FI and the change in HEB, positive values indicate aggregate demand stimulus.

a--Actual

Class II FOMC
Restricted (FR)

Change in Debt of the Domestic Nonfinancial Sectors
(Percent)

April 22, 2009

Period [1]	Total	Households			Business	State and local governments	Federal government	Memo: Nominal GDP
		Total	Home mortgages	Consumer credit				
Year								
2003	8.1	11.6	14.2	5.2	2.5	8.3	10.9	5.9
2004	8.9	11.2	13.6	5.5	6.2	7.4	9.0	6.5
2005	9.5	11.1	13.3	4.3	8.7	10.2	7.0	6.3
2006	8.9	10.0	10.9	4.5	10.5	8.2	3.9	5.3
2007	8.6	6.6	6.6	5.5	13.1	9.3	4.9	4.9
2008	5.8	.4	-.4	1.8	4.8	1.8	24.2	1.2
2009	4.8	-1.3	-1.6	-1.5	1.5	3.3	24.4	.0
2010	5.0	1.4	.7	2.8	2.1	2.7	16.1	3.6
Quarter								
2008:1	5.2	3.0	2.4	4.7	7.2	3.5	8.1	3.5
2	3.1	.3	-.3	3.9	5.8	.9	5.9	4.1
3	8.1	.2	-2.3	1.4	4.1	3.2	39.2	3.4
4	6.3	-1.9	-1.5	-2.9	1.7	-.4	37.0	-5.8
2009:1	4.5	-2.2	-2.7	-2.0	2.2	4.6	23.2	-3.1
2	4.2	-1.7	-2.0	-2.2	.3	2.4	23.1	-1.0
3	6.0	-.9	-1.1	-1.6	1.9	3.1	26.7	1.9
4	4.3	-.4	-.6	-.5	1.7	3.0	16.8	2.3
2010:1	5.3	.6	.1	1.2	1.9	2.9	18.9	2.9
2	4.9	1.1	.5	2.5	2.0	2.8	15.6	3.5
3	4.4	1.6	.9	3.4	2.0	2.5	12.4	3.9
4	5.1	2.1	1.4	4.2	2.4	2.5	13.8	4.1

Note. Quarterly data are at seasonally adjusted annual rates.
1. Data after 2008:Q4 are staff projections. Changes are measured from end of the preceding period to end of period indicated except for annual nominal GDP growth, which is calculated from Q4 to Q4.

2.6.3 FOF

Class II FOMC
Restricted (FR)

Flow of Funds Projections: Highlights
(Billions of dollars at seasonally adjusted annual rates except as noted)

April 22, 2009

Category	2007	2008	2009	2010	2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4
Domestic nonfinancial sectors														
Net funds raised														
Total	1668.9	1444.9	1398.6	1595.2	2235.0	1600.8	1213.5	1206.5	1866.4	1308.2	1695.5	1576.1	1418.3	1691.1
Net equity issuance	-831.2	-395.1	-214.3	-160.0	-393.2	-450.0	-297.0	-200.0	-180.0	-180.0	-160.0	-160.0	-160.0	-160.0
Net debt issuance	2500.1	1840.0	1612.9	1755.2	2628.2	2050.9	1510.5	1406.5	2046.4	1488.2	1855.5	1736.1	1578.3	1851.1
Borrowing indicators														
Debt (percent of GDP) [1]	220.3	228.5	243.1	248.3	226.7	234.2	239.2	242.4	244.3	246.0	247.2	248.2	248.7	249.1
Borrowing (percent of GDP)	18.1	12.9	11.4	12.1	18.2	14.4	10.7	10.0	14.5	10.5	13.0	12.0	10.8	12.6
Households														
Net borrowing [2]	848.7	53.5	-179.6	184.4	26.7	-265.7	-308.6	-230.2	-129.7	-49.7	76.5	148.5	220.8	291.6
Home mortgages	651.5	-43.7	-168.9	73.5	-238.1	-155.9	-287.2	-203.8	-118.5	-66.3	9.5	47.4	94.8	142.2
Consumer credit	133.6	45.0	-40.1	72.3	35.4	-77.1	-51.1	-56.0	-40.5	-12.6	30.3	63.5	87.0	108.4
Debt/DPI (percent) [3]	131.2	129.6	126.2	123.0	129.8	130.3	128.6	125.7	125.3	124.2	123.5	123.0	122.5	122.2
Business														
Financing gap [4]	185.6	181.3	-65.8	-33.7	127.9	110.0	-37.6	-86.7	-89.7	-49.2	-20.2	-43.4	-48.0	-22.9
Net equity issuance	-831.2	-395.1	-214.3	-160.0	-393.2	-450.0	-297.0	-200.0	-180.0	-180.0	-160.0	-160.0	-160.0	-160.0
Credit market borrowing	1228.4	507.1	168.6	238.7	451.4	169.3	242.6	28.2	208.4	195.3	217.2	229.2	228.7	279.9
State and local governments														
Net borrowing	185.9	40.1	74.1	61.7	71.6	-7.9	103.0	54.1	69.7	69.7	65.7	65.7	57.7	57.7
Current surplus [5]	246.6	171.9	174.9	188.2	153.1	118.5	199.5	148.8	175.3	176.1	184.0	179.5	193.3	195.9
Federal government														
Net borrowing	237.1	1239.2	1549.7	1270.4	2078.5	2155.2	1473.4	1554.4	1898.0	1272.8	1496.0	1292.6	1071.1	1221.9
Net borrowing (n.s.a.)	237.1	1239.2	1549.7	1270.4	526.5	560.9	465.4	262.6	481.4	340.3	471.1	197.1	274.6	327.6
Unified deficit (n.s.a.)	187.9	833.2	1722.4	1250.4	168.9	485.2	471.6	259.3	431.0	560.6	481.1	172.1	259.6	337.6
Depository institutions														
Funds supplied	858.7	422.6	79.2	309.4	549.5	503.4	-498.1	-117.5	544.4	388.0	293.0	406.0	373.7	164.9

Note. Data after 2008:Q4 are staff projections.
1. Average debt levels in the period (computed as the average of period-end debt positions) divided by nominal GDP.
2. Includes change in liabilities not shown in home mortgages and consumer credit.
3. Average debt levels in the period (computed as the average of period-end debt positions) divided by disposable personal income.
4. For corporations, excess of capital expenditures over U.S. internal funds.
5. NIPA state and local government saving plus consumption of fixed capital and net capital transfers.
n.s.a. Not seasonally adjusted.

2.6.4 FOF

International Developments

Following the substantial macroeconomic and financial policy actions of the last several months, the decline in foreign economic activity appears to be moderating and investor sentiment and financial market functioning have improved somewhat. Industrial production has started to move up in some emerging market economies, such as China, Korea, and Brazil, but more widespread indications of stabilization abroad remain tenuous. After dropping sharply in the first quarter, foreign economic activity through the remainder of 2009 is projected to evolve at rates a bit above those in the March Greenbook, still contracting in the second quarter and becoming slightly positive in the latter half of the year. We see the risks to this projection as being a bit less skewed to the downside than in March, but the outlook remains very uncertain.

Summary of Staff Projections

(Percent change from end of previous period except as noted, annual rate)

Indicator	2008		Projection			
	H1	H2	2009			2010
			Q1	Q2	H2	
Foreign output	1.7	-3.5	-7.2	-2.4	.8	2.8
Previous GB	1.7	-3.4	-6.7	-2.9	.3	2.3
Foreign CPI	5.0	1.8	-.8	1.5	1.6	1.6
Previous GB	5.0	1.7	-1.5	1.1	1.5	1.5
	Contribution to growth (percentage points)					
U.S. net exports	1.8	.4	1.0	.6	-.6	-.5
Previous GB	1.8	.2	.1	.0	-.7	-.4

NOTE. Changes for years are measured as Q4/Q4; half-years are Q2/Q4 or Q4/Q2.

Commodity prices have started to turn up some, but with output below potential in most foreign economies, consumer price inflation abroad remains subdued. We estimate that foreign consumer prices dropped ¾ percent at an annual rate in the first quarter and project that prices will rise at roughly a 1½ percent pace over the remainder of 2009 and 2010, about the same as in the March Greenbook. Spot oil prices moved up about

Staff Projections of Selected Trade Prices
(Percent change from end of previous period, annual rate, excepted as noted)

Trade category	2008		Projection			
	H1	H2	2009			2010
			Q1	Q2	H2	
Imports						
Core goods	9.5	-2.2	-9.7	-3.0	-.1	1.1
Previous GB	9.5	-2.0	-10.0	-4.7	-.8	1.1
Oil (dollars per barrel)	108.65	68.74	43.40	47.32	51.32	58.86
Previous GB	108.65	68.74	41.46	43.09	44.79	50.51
Exports						
Core goods	13.0	-12.0	-10.1	-2.3	.7	1.2
Previous GB	13.0	-10.9	-10.9	-5.2	-.3	1.2

Note: Prices for core exports exclude computers and semiconductors. Prices for core imports exclude computers, semiconductors, oil, and natural gas. Both prices are on a national income and product account chain-weighted basis.

The price of imported oil for multi-quarter periods is the price for the final quarter of the period. Imported oil includes both crude oil and refined products.

Staff Projections for Trade in Goods and Services
(Percent change from end of previous period, annual rate)

Measure	2008		Projection			
	H1	H2	2009			2010
			Q1	Q2	H2	
Real imports	-4.1	-10.8	-31.1	-7.2	4.1	5.1
Previous GB	-4.1	-10.0	-19.7	-4.7	3.2	3.8
Real exports	8.6	-11.3	-31.4	-3.4	-.7	2.3
Previous GB	8.6	-11.3	-23.6	-5.6	-2.3	1.0

Note: Changes for years are measured as Q4/Q4; half-years are measured as Q2/Q4 or Q4/Q2.

Alternative Simulation:
Weaker Foreign GDP and Stronger Dollar
(Percent change from previous period, annual rate, except as noted)

Indicator and simulation	2009		2010		2011	2012-13
	H1	H2	H1	H2		
U.S. real GDP						
Baseline	-3.9	.8	2.2	3.1	4.8	5.3
Weaker foreign GDP and stronger dollar	-4.2	-.9	.0	1.9	4.5	5.6
U.S. PCE prices excluding food and energy						
Baseline	1.7	.8	.7	.6	.7	.9
Weaker foreign GDP and stronger dollar	1.4	.1	.0	.2	.5	.9
U.S federal funds rate (percent)						
Baseline	.1	.1	.1	.1	.1	2.0
Weaker foreign GDP and stronger dollar	.1	.1	.1	.1	.1	1.6
U.S. trade balance (percent share of GDP)						
Baseline	-2.7	-2.9	-3.3	-3.4	-3.6	-3.9
Weaker foreign GDP and stronger dollar	-3.1	-4.0	-4.8	-4.8	-4.7	-4.0

NOTE. H1 is Q2/Q4; H2 is Q4/Q2. U.S. real GDP and U.S. PCE prices are the average rates over the period. The federal funds rate and the trade balance are the values for the final quarter of the period.

The Role of the Zero Lower Bound in Amplifying Foreign Shocks

In this box, we show that external disturbances can pose a much greater risk to domestic economic activity when monetary policy is constrained by the zero lower bound than when policy is unconstrained.

The solid lines in Figure 1 reproduce the previously discussed alternative simulation, showing the effects of foreign demand and risk premium shocks on key U.S. variables. In this scenario, the federal funds rate responds according to a Taylor rule but is constrained by the zero lower bound over the period shown. All simulation results are reported as deviations from baseline.

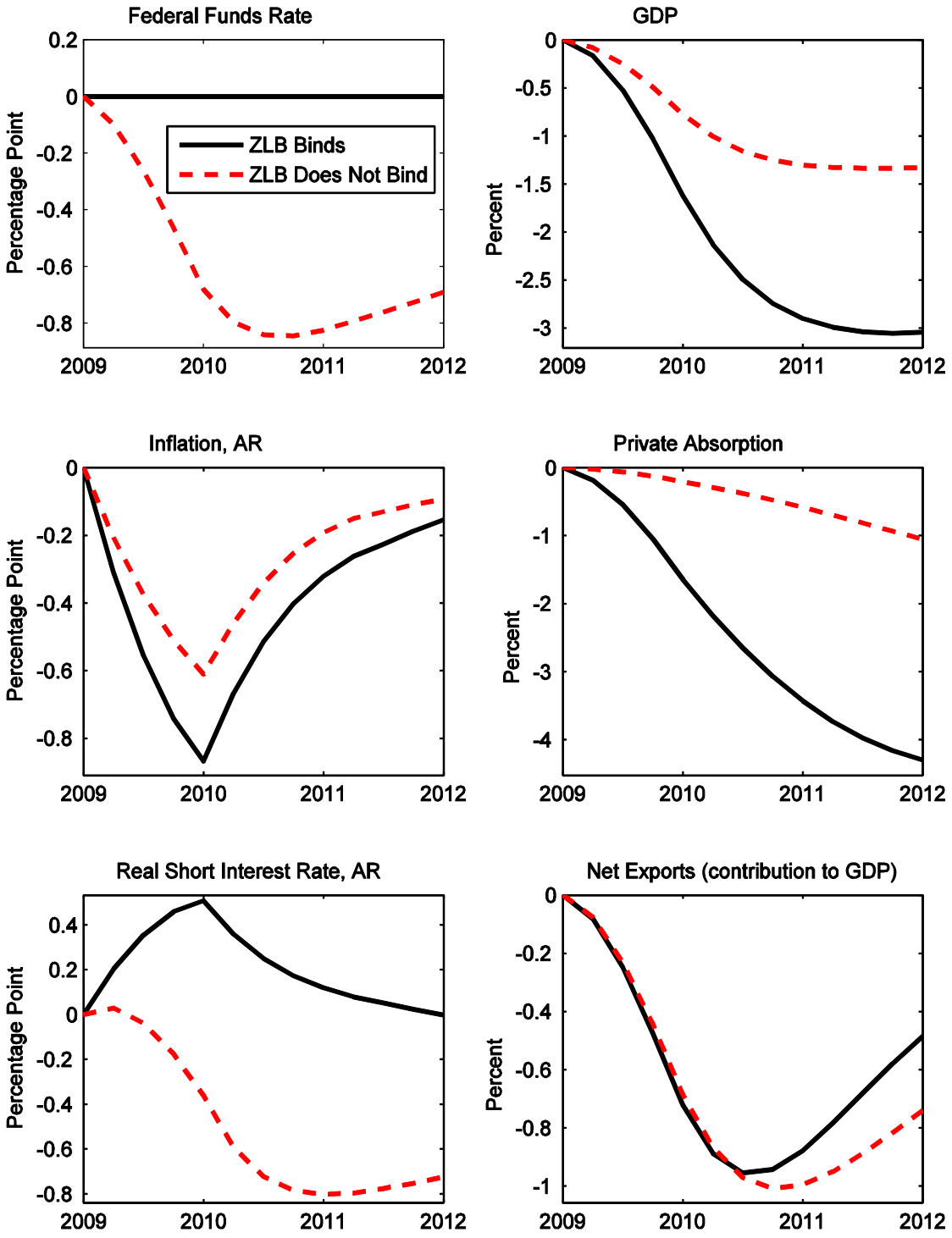
The dashed lines show the response to the same shocks in a different scenario, in which the federal funds rate is unconstrained and allowed to fall below the zero lower bound. In this case, the shocks have a depressing effect on U.S. real net exports through both weaker foreign activity and an appreciation of the dollar. This fall in external demand causes the level of U.S. GDP to decline more than 1 percent below baseline in 2010, while core PCE price inflation declines 0.4 percentage point. However, the contractionary effects of the shock are alleviated by the impact of a decline in the real interest rate on private absorption, reflecting an easing of monetary policy.

When policy is constrained by the zero bound, the shocks have nearly the same effect on U.S. net exports, but the decline in U.S. GDP is about three times larger. The zero bound constraint keeps nominal interest rates from declining in the face of lower expected inflation, inducing a pronounced rise in the real interest rate. As a result, U.S. domestic absorption falls sharply, reinforcing the deflationary effects of the shocks.

The constrained simulation assumes that U.S. monetary policymakers do not engage in unconventional forms of stimulus. Such policies would bring the effects of the shocks closer to those seen when the federal funds rate is unconstrained.

Figure 1

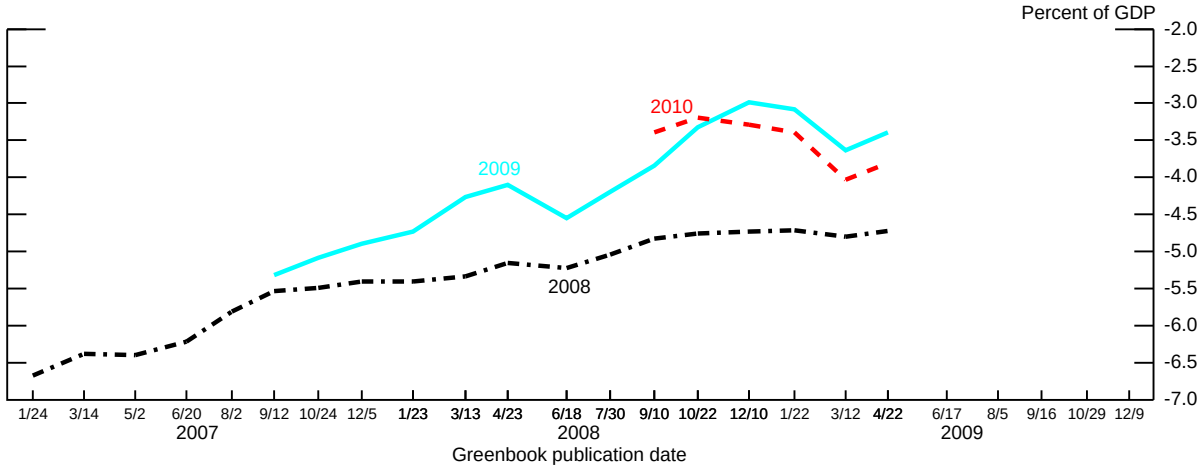
(Deviation from Baseline)



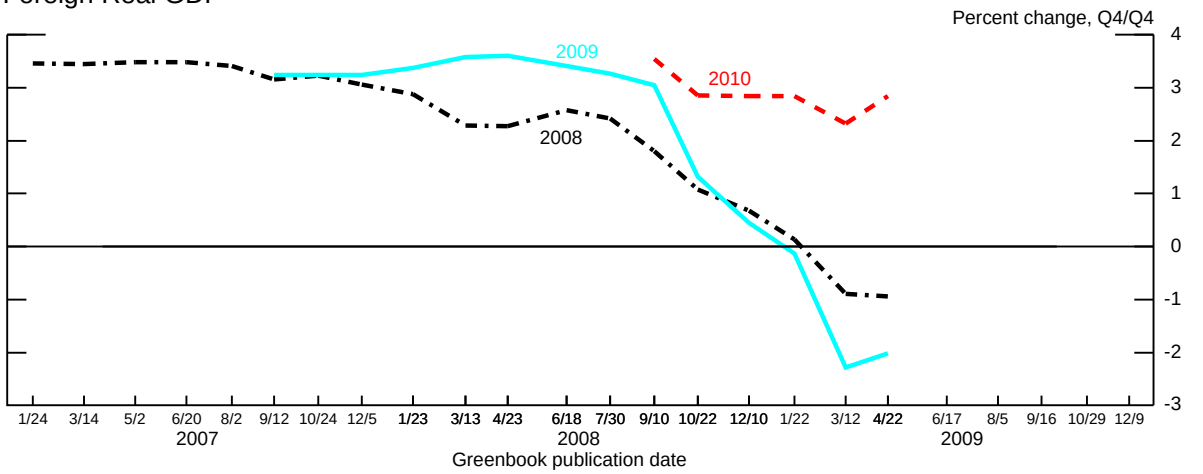
Class II FOMC -- Restricted (FR)

Evolution of the Staff Forecast

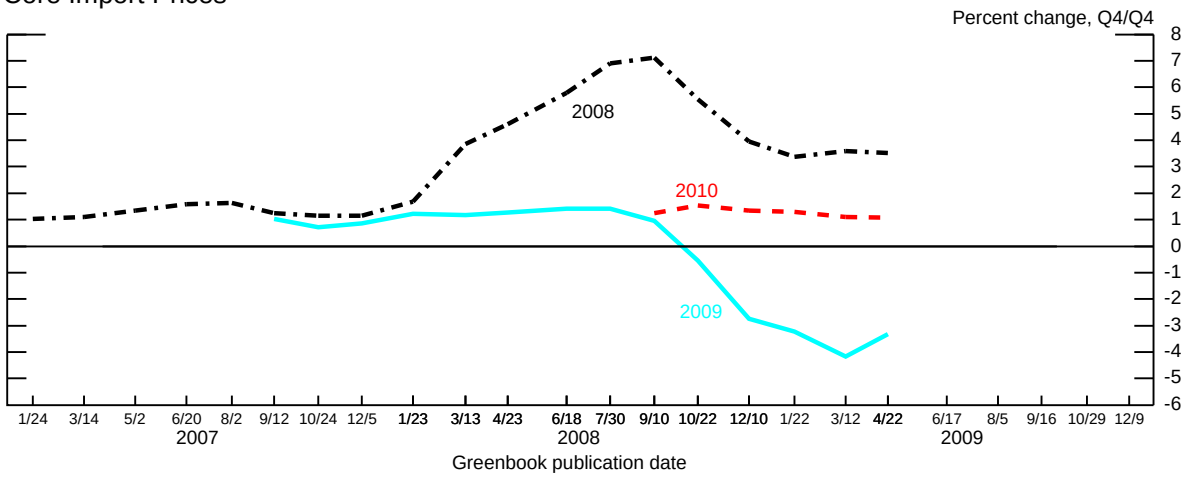
Current Account Balance



Foreign Real GDP



Core Import Prices*



*Prices for merchandise imports excluding computers, semiconductors, oil, and natural gas.

Class II FOMC
Restricted (FR)

April 22, 2009

OUTLOOK FOR FOREIGN REAL GDP AND CONSUMER PRICES: SELECTED COUNTRIES
(Percent changes)

Measure and country	2008 Q1	2008 Q2	2008 Q3	2008 Q4	Projected 2009 Q1	2009 Q2	2009 Q3	2009 Q4	Projected 2010 Q1	2010 Q2	2010 Q3	2010 Q4
REAL GDP (1)	Quarterly changes at an annual rate											
Total Foreign	2.2	1.1	0.4	-7.3	-7.2	-2.4	0.4	1.3	2.1	2.8	3.2	3.3
Advanced Foreign Economies	0.7	-0.5	-0.3	-5.4	-7.8	-3.8	-0.6	0.5	1.0	1.7	2.0	2.1
of which:												
Canada	-0.9	0.6	0.9	-3.4	-6.4	-3.8	-0.0	0.7	1.0	2.1	2.3	2.4
Japan	1.4	-4.5	-1.4	-12.1	-17.8	-5.7	-2.1	-0.3	0.7	1.0	1.3	1.3
United Kingdom	1.2	-0.1	-2.8	-6.1	-7.0	-2.8	-1.0	1.0	1.0	1.3	2.2	2.3
Euro Area (2)	2.7	-1.0	-1.0	-6.3	-6.5	-3.6	-1.0	0.2	1.1	1.5	1.8	1.8
Germany	6.2	-2.0	-2.1	-8.2	-7.0	-3.8	-1.1	0.0	1.0	1.4	1.5	1.7
Emerging Market Economies	4.3	3.3	1.4	-9.6	-6.3	-0.5	1.7	2.4	3.5	4.3	4.8	4.9
Asia	7.0	3.5	0.7	-10.6	-4.7	0.6	2.7	3.6	4.5	5.3	5.8	6.0
Korea	4.4	1.7	1.0	-18.8	-5.3	-4.1	1.6	2.3	3.3	4.2	4.2	4.2
China	10.3	10.9	5.3	1.6	6.5	6.9	7.4	8.0	8.3	8.8	9.2	9.2
Latin America	1.4	2.9	2.1	-9.4	-8.5	-1.8	0.6	1.2	2.3	3.2	3.8	3.9
Mexico	1.2	1.3	1.6	-10.3	-10.0	-2.0	0.6	1.0	2.0	3.2	4.0	4.2
Brazil	6.7	6.5	6.9	-13.6	-4.0	-0.5	1.0	2.3	3.2	3.2	3.2	3.2
CONSUMER PRICES (3)	Four-quarter changes											
Total Foreign	4.1	4.7	4.8	3.3	1.9	1.0	0.4	0.9	1.6	1.6	1.6	1.6
Advanced Foreign Economies	2.3	2.7	3.4	2.0	1.0	0.5	-0.2	0.5	1.1	1.0	0.9	0.9
of which:												
Canada	1.9	2.3	3.4	1.9	1.1	0.4	-0.4	0.8	1.3	1.3	1.2	1.2
Japan	1.0	1.4	2.2	1.0	0.4	-0.3	-1.2	-0.7	-0.6	-0.4	-0.5	-0.5
United Kingdom (4)	2.4	3.4	4.8	3.9	3.0	2.2	0.9	1.2	2.0	1.6	1.7	1.6
Euro Area (2)	3.4	3.6	3.8	2.3	1.0	0.7	0.4	0.9	1.6	1.3	1.3	1.2
Germany	3.1	3.0	3.2	1.7	0.8	0.6	0.2	0.7	1.0	1.0	1.0	1.1
Emerging Market Economies	6.0	6.6	6.1	4.7	2.8	1.6	1.0	1.4	2.1	2.2	2.2	2.2
Asia	6.6	7.0	6.0	3.7	1.1	-0.2	-0.7	0.3	1.4	1.7	1.8	1.8
Korea	3.8	4.8	5.5	4.5	3.9	2.5	1.7	1.8	1.8	1.8	1.8	1.8
China	8.1	7.7	5.1	2.7	-0.6	-1.5	-1.3	-0.4	1.0	1.3	1.4	1.4
Latin America	4.5	5.5	6.1	6.6	6.4	5.5	4.5	3.6	3.3	3.1	3.1	3.0
Mexico	3.9	4.9	5.5	6.2	6.2	5.4	4.4	3.4	2.9	2.6	2.6	2.6
Brazil	4.6	5.5	6.3	6.2	5.9	5.0	4.1	4.0	3.7	3.7	3.7	3.7

1. Foreign GDP aggregates calculated using shares of U.S. exports.
2. Harmonized data for euro area from Eurostat.
3. Foreign CPI aggregates calculated using shares of U.S. non-oil imports.
4. CPI excluding mortgage interest payments, which is the targeted inflation rate.

Class II FOMC
Restricted (FR)

April 22, 2009

OUTLOOK FOR FOREIGN REAL GDP AND CONSUMER PRICES: SELECTED COUNTRIES
(Percent, Q4 to Q4)

Measure and country	2002	2003	2004	2005	2006	2007	2008	Projected 2009	2010
REAL GDP (1)									
Total Foreign	3.0	2.9	3.8	4.0	4.1	4.2	-0.9	-2.0	2.8
Advanced Foreign Economies	2.5	1.8	2.6	2.7	2.7	2.6	-1.4	-3.0	1.7
of which:									
Canada	3.5	1.5	3.7	3.0	2.2	2.8	-0.7	-2.4	1.9
Japan	2.1	2.4	1.1	2.9	2.2	2.1	-4.3	-6.7	1.0
United Kingdom	2.4	3.2	2.3	2.0	3.2	3.2	-2.0	-2.5	1.7
Euro Area (2)	1.1	1.2	1.7	2.1	3.4	2.1	-1.5	-2.8	1.6
Germany	0.0	0.2	0.2	1.6	4.1	1.7	-1.6	-3.0	1.4
Emerging Market Economies	3.9	4.6	5.5	5.9	5.9	6.3	-0.3	-0.7	4.4
Asia	6.4	6.9	6.0	7.7	7.2	8.1	-0.1	0.5	5.4
Korea	7.5	3.7	2.5	5.2	4.6	5.7	-3.4	-1.4	4.0
China	8.6	10.3	9.9	10.3	10.8	12.3	6.9	7.2	8.9
Latin America	1.6	2.0	5.0	4.1	4.7	4.5	-0.9	-2.2	3.3
Mexico	2.0	1.5	4.5	3.6	4.0	3.7	-1.7	-2.7	3.3
Brazil	4.9	1.0	4.7	3.7	4.6	6.1	1.2	-0.3	3.2
CONSUMER PRICES (3)									
Total Foreign	2.5	2.1	2.8	2.3	2.1	3.6	3.3	0.9	1.6
Advanced Foreign Economies	2.1	1.3	1.8	1.6	1.4	2.2	2.0	0.5	0.9
of which:									
Canada	3.8	1.7	2.3	2.3	1.4	2.5	1.9	0.8	1.2
Japan	-0.5	-0.3	0.5	-1.0	0.3	0.5	1.0	-0.7	-0.5
United Kingdom (4)	1.5	1.3	1.4	2.1	2.7	2.1	3.9	1.2	1.6
Euro Area (2)	2.3	2.0	2.3	2.3	1.8	2.9	2.3	0.9	1.2
Germany	1.2	1.1	2.1	2.2	1.3	3.1	1.7	0.7	1.1
Emerging Market Economies	2.9	3.1	3.9	3.0	2.9	5.1	4.7	1.4	2.2
Asia	0.8	2.3	3.2	2.6	2.4	5.4	3.7	0.3	1.8
Korea	3.3	3.5	3.4	2.5	2.1	3.4	4.5	1.8	1.8
China	-0.6	2.7	3.3	1.4	2.1	6.7	2.7	-0.4	1.4
Latin America	6.4	4.9	5.6	3.8	4.1	4.3	6.6	3.6	3.0
Mexico	5.2	3.9	5.3	3.1	4.1	3.8	6.2	3.4	2.6
Brazil	10.7	11.5	7.2	6.1	3.2	4.3	6.2	4.0	3.7

1. Foreign GDP aggregates calculated using shares of U.S. exports.
2. Harmonized data for euro area from Eurostat.
3. Foreign CPI aggregates calculated using shares of U.S. non-oil imports.
4. CPI excluding mortgage interest payments, which is the targeted inflation rate.

Class II FOMC
Restricted (FR)

April 22, 2009

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2002	2003	2004	2005	2006	2007	2008	Projected 2009	Projected 2010
NIPA REAL EXPORTS and IMPORTS									
	Percentage point contribution to GDP growth, Q4/Q4								
Net Goods & Services	-0.9	-0.1	-0.9	-0.1	0.4	0.8	1.1	0.1	-0.5
Exports of G&S	0.4	0.6	0.7	0.7	1.1	1.0	-0.2	-1.2	0.2
Imports of G&S	-1.3	-0.7	-1.7	-0.8	-0.6	-0.2	1.3	1.3	-0.7
	Percentage change, Q4/Q4								
Exports of G&S	3.8	5.8	7.4	7.0	10.1	8.9	-1.8	-10.1	2.3
Services	10.2	3.0	8.3	4.0	11.5	9.3	2.5	-7.0	2.2
Computers	-1.1	11.3	5.8	14.2	8.1	0.9	-2.2	3.2	9.5
Semiconductors	10.1	38.3	-6.0	17.6	2.9	29.3	-13.8	-13.1	11.1
Core Goods 1/	0.6	4.9	8.0	7.4	10.0	8.2	-3.4	-12.0	1.7
Imports of G&S	9.7	4.8	11.5	4.8	3.8	1.1	-7.5	-8.8	5.1
Services	8.8	2.2	9.3	-0.1	8.0	1.8	-1.7	-3.1	3.6
Oil	3.8	1.2	10.8	1.0	-9.2	0.6	-1.1	-13.5	-0.0
Natural Gas	19.5	1.3	4.9	13.7	-12.6	12.1	-27.3	11.4	2.0
Computers	13.2	17.0	23.2	12.5	13.8	8.4	-11.6	1.6	15.5
Semiconductors	11.0	-0.1	9.8	7.5	-0.3	3.8	-10.0	-15.0	5.0
Core Goods 2/	10.0	5.2	11.4	5.9	5.7	0.1	-9.8	-10.9	6.0
	Billions of Chained 2000 Dollars								
Net Goods & Services	-471.3	-518.9	-593.8	-616.6	-615.7	-546.5	-390.2	-330.8	-387.7
Exports of G&S	1013.3	1026.1	1126.1	1205.3	1314.8	1425.9	1514.1	1313.2	1324.2
Imports of G&S	1484.6	1545.0	1719.9	1821.9	1930.5	1972.4	1904.3	1644.0	1711.9
	Billions of dollars								
US CURRENT ACCOUNT BALANCE	-461.3	-523.4	-625.0	-729.0	-788.1	-731.2	-673.3	-478.9	-552.3
Current Acct as Percent of GDP	-4.4	-4.8	-5.3	-5.9	-6.0	-5.3	-4.7	-3.4	-3.8
Net Goods & Services (BOP)	-423.7	-496.9	-607.7	-711.6	-753.3	-700.3	-681.1	-393.8	-486.5
Investment Income, Net	33.0	51.0	73.4	78.8	63.8	88.8	134.8	46.8	64.2
Direct, Net	102.4	112.7	150.9	173.2	184.1	233.9	267.9	172.1	197.0
Portfolio, Net	-69.4	-61.7	-77.5	-94.4	-120.3	-145.1	-133.1	-125.2	-132.8
Other Income & Transfers,Net	-70.5	-77.5	-90.6	-96.2	-98.6	-119.7	-127.0	-132.0	-130.0

1. Merchandise exports excluding computers and semiconductors.
2. Merchandise imports excluding oil, natural gas, computers, and semiconductors.

Class II FOMC
Restricted (FR)

April 22, 2009

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2005				2006				2007			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NIPA REAL EXPORTS and IMPORTS												
Percentage point contribution to GDP growth												
Net Goods & Services	0.3	0.8	-0.1	-1.3	0.1	0.6	-0.1	1.3	-1.2	1.7	2.0	0.9
Exports of G&S	0.8	0.9	0.0	1.1	1.7	0.6	0.4	1.7	0.1	1.0	2.5	0.5
Imports of G&S	-0.5	-0.1	-0.1	-2.4	-1.6	0.0	-0.5	-0.3	-1.2	0.7	-0.5	0.4
Percentage change from previous period, s.a.a.r.												
Exports of G&S	8.1	8.8	0.4	10.9	16.7	5.5	3.5	15.6	0.6	8.8	23.0	4.4
Services	10.2	-2.8	3.2	5.7	13.4	2.7	3.2	28.6	-2.7	13.3	25.9	2.7
Computers	16.8	27.9	8.3	5.2	12.0	17.5	-7.9	12.7	3.9	-4.0	14.4	-9.2
Semiconductors	-5.2	11.7	30.7	38.0	20.3	16.1	-5.6	-15.0	15.9	23.7	20.5	61.7
Core Goods 1/	7.3	13.8	-2.9	12.4	18.3	5.6	4.8	11.8	1.3	6.6	22.1	3.7
Imports of G&S	3.2	0.6	0.8	15.3	10.3	0.1	3.1	2.0	7.7	-3.7	3.0	-2.3
Services	-5.7	-0.0	-1.0	6.8	17.7	-2.0	-0.3	18.4	4.2	-2.0	6.3	-0.9
Oil	5.1	-27.1	-11.6	53.6	-2.8	-27.1	7.5	-10.6	30.9	-22.3	-13.5	16.5
Natural Gas	58.6	-14.1	111.1	-41.9	-50.7	91.9	26.6	-51.2	70.8	74.2	28.2	-58.6
Computers	3.2	11.6	20.4	15.4	20.7	21.1	19.7	-4.3	34.9	-6.5	-0.2	9.7
Semiconductors	-9.2	7.7	14.0	20.0	0.2	-0.5	17.7	-15.8	1.2	6.7	1.0	6.4
Core Goods 2/	4.8	6.1	0.3	12.7	13.7	4.9	1.2	3.2	2.2	-1.1	5.8	-6.0
Billions of Chained 2000 Dollars, s.a.a.r.												
Net Goods & Services	-623.7	-601.3	-603.6	-637.8	-636.0	-619.4	-623.0	-584.2	-618.6	-571.2	-511.8	-484.5
Exports of G&S	1177.9	1203.1	1204.3	1235.7	1284.3	1301.4	1312.6	1361.1	1363.2	1392.2	1466.2	1482.1
Imports of G&S	1801.7	1804.4	1807.9	1873.6	1920.2	1920.9	1935.7	1945.3	1981.8	1963.4	1978.0	1966.5
Billions of dollars, s.a.a.r.												
US CURRENT ACCOUNT BALANCE	-696.2	-711.3	-675.6	-832.9	-783.8	-799.6	-843.6	-725.4	-787.7	-776.4	-691.8	-669.0
Current Account as % of GDP	-5.7	-5.8	-5.4	-6.6	-6.0	-6.1	-6.4	-5.4	-5.8	-5.7	-5.0	-4.8
Net Goods & Services (BOP)	-664.0	-682.9	-721.4	-778.0	-756.4	-767.4	-789.9	-699.5	-718.2	-715.3	-672.5	-695.1
Investment Income, Net	88.6	77.8	88.7	59.9	65.2	70.7	51.7	67.7	57.8	45.8	98.9	152.6
Direct, Net	170.2	168.5	187.8	166.3	177.2	189.2	171.9	198.2	201.1	196.2	238.8	299.3
Portfolio, Net	-81.6	-90.7	-99.0	-106.5	-112.0	-118.5	-120.3	-130.5	-143.2	-150.4	-139.9	-146.7
Other Inc. & Transfers, Net	-120.9	-106.2	-42.9	-114.8	-92.6	-103.0	-105.4	-93.6	-127.4	-106.9	-118.3	-126.4

1. Merchandise exports excluding computers and semiconductors.
2. Merchandise imports excluding oil, natural gas, computers, and semiconductors.

Class II FOMC
Restricted (FR)

April 22, 2009

OUTLOOK FOR U.S. INTERNATIONAL TRANSACTIONS

	2008				Projected 2009				Projected 2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
NIPA REAL EXPORTS and IMPORTS												
Percentage point contribution to GDP growth												
Net Goods & Services	0.8	2.9	1.1	-0.2	1.0	0.6	-0.4	-0.9	-1.1	0.2	-0.2	-0.8
Exports of G&S	0.6	1.5	0.4	-3.4	-4.4	-0.4	-0.2	0.0	0.1	0.2	0.3	0.3
Imports of G&S	0.1	1.4	0.7	3.3	5.3	1.0	-0.2	-0.9	-1.2	0.0	-0.5	-1.1
Percentage change from previous period, s.a.a.r.												
Exports of G&S	5.1	12.3	3.0	-23.6	-31.4	-3.4	-1.5	0.2	1.2	2.1	2.7	3.2
Services	6.4	3.8	1.4	-1.5	-14.4	-7.8	-3.8	-1.6	0.1	1.7	3.2	3.9
Computers	0.4	57.4	5.4	-45.2	-18.5	15.8	9.5	9.5	9.5	9.5	9.5	9.5
Semiconductors	4.6	-6.8	21.3	-53.4	-64.8	31.2	11.1	11.1	11.1	11.1	11.1	11.1
Core Goods 1/	4.7	16.1	2.9	-30.4	-38.1	-2.6	-1.1	0.6	1.1	1.7	1.9	2.2
Imports of G&S	-0.8	-7.3	-3.5	-17.5	-31.1	-7.2	1.4	6.9	8.9	0.3	3.3	8.2
Services	5.5	-8.0	3.3	-6.7	-15.7	0.5	2.2	1.8	6.7	-0.8	4.1	4.6
Oil	17.6	-38.1	-6.6	40.7	7.6	-52.5	-15.8	30.3	29.9	-28.5	-17.7	30.9
Natural Gas	-40.5	3.7	-38.0	-27.2	81.6	-1.0	37.1	-37.4	15.6	11.8	27.0	-34.1
Computers	6.3	26.0	-13.1	-47.4	-26.4	8.6	15.5	15.5	15.5	15.5	15.5	15.5
Semiconductors	-3.3	14.4	-4.5	-37.9	-55.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Core Goods 2/	-6.4	2.4	-2.5	-29.2	-41.8	-0.0	2.8	5.2	5.7	6.0	6.1	6.1
Billions of Chained 2000 Dollars, s.a.a.r.												
Net Goods & Services	-462.0	-381.3	-353.0	-364.5	-333.4	-314.0	-324.7	-351.2	-383.3	-377.9	-382.9	-406.5
Exports of G&S	1500.6	1544.7	1556.1	1454.9	1324.1	1312.7	1307.6	1308.4	1312.2	1318.9	1327.7	1338.1
Imports of G&S	1962.6	1926.0	1909.1	1819.4	1657.5	1626.7	1632.3	1659.6	1695.5	1696.7	1710.6	1744.7
Billions of dollars, s.a.a.r.												
US CURRENT ACCOUNT BALANCE	-707.6	-728.9	-725.2	-531.3	-470.2	-462.7	-474.7	-508.2	-550.5	-542.1	-544.6	-571.9
Current Account as % of GDP	-5.0	-5.1	-5.0	-3.7	-3.3	-3.3	-3.4	-3.6	-3.8	-3.8	-3.7	-3.9
Net Goods & Services (BOP)	-713.8	-725.7	-723.5	-561.5	-389.2	-374.7	-386.4	-424.9	-473.3	-472.4	-483.4	-516.7
Investment Income, Net	140.3	120.0	125.5	153.5	59.1	41.3	41.0	46.0	52.1	59.6	68.1	77.1
Direct, Net	281.3	259.7	256.3	274.2	171.1	167.0	171.7	178.4	185.7	193.7	201.3	207.2
Portfolio, Net	-141.1	-139.7	-130.8	-120.7	-112.0	-125.7	-130.7	-132.4	-133.6	-134.1	-133.2	-130.2
Other Inc. & Transfers, Net	-134.1	-123.3	-127.2	-123.2	-140.1	-129.3	-129.3	-129.3	-129.3	-129.3	-129.3	-132.3

1. Merchandise exports excluding computers and semiconductors.
2. Merchandise imports excluding oil, natural gas, computers, and semiconductors.

Class III FOMC - Internal (FR)

Part 2

April 22, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Recent Developments

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Class III FOMC - Internal (FR)

April 22, 2009

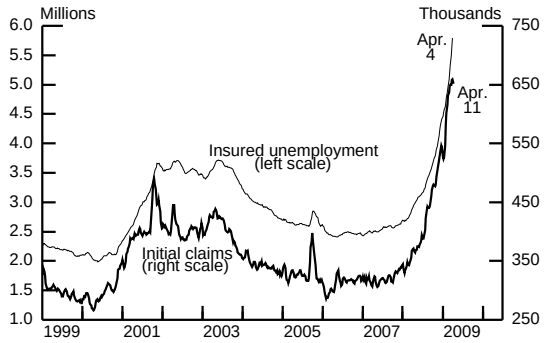
Recent Developments

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

Domestic Nonfinancial Developments

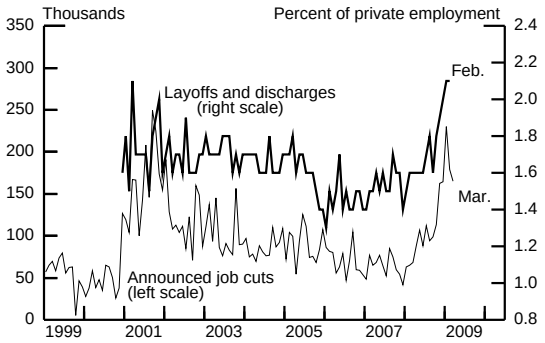
Labor Market Indicators

Unemployment Insurance



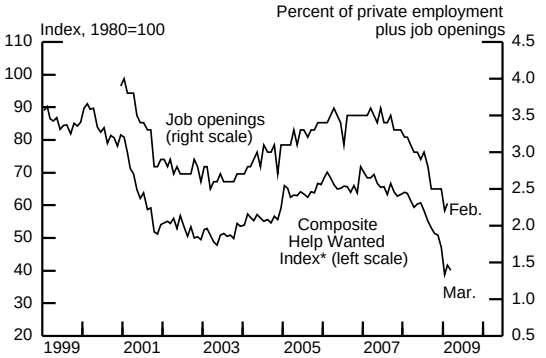
Note: 4-week moving averages.
Source: U.S. Dept. of Labor, Employment and Training Administration.

Layoffs and Job Cuts



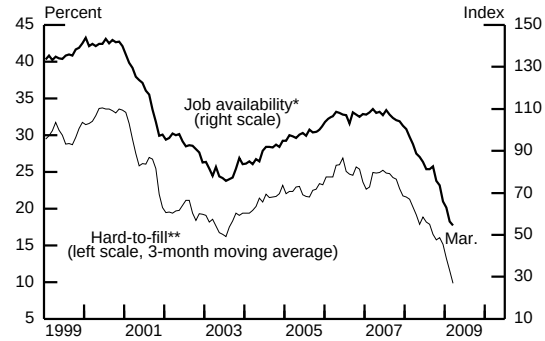
Note: Job cuts seasonally adjusted by FRB staff.
Source: For layoffs and discharges, Job Openings and Labor Turnover Survey; for job cuts, Challenger, Gray, and Christmas, Inc.

Job Openings



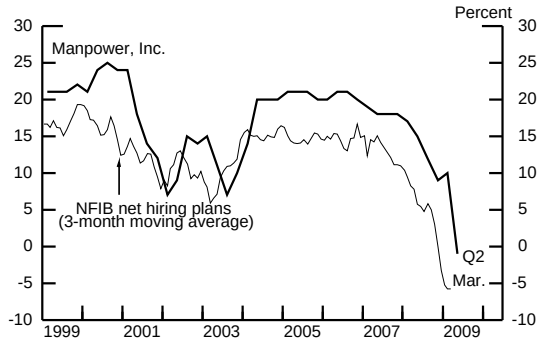
*Index of staff composite help wanted advertising as a percent of private payroll employment.
Source: For job openings, Job Openings and Labor Turnover Survey; for Help Wanted Index, Conference Board and staff calculations.

Job Availability and Hard-to-Fill Positions



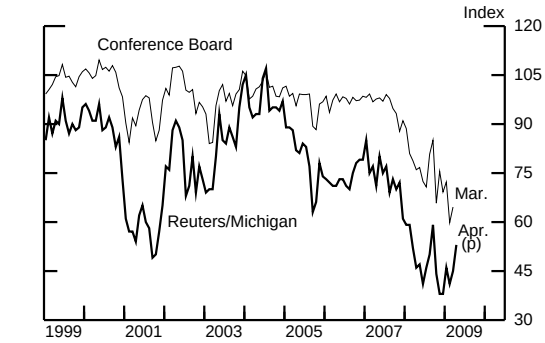
*Proportion of households believing jobs are plentiful, minus the proportion believing jobs are hard to get, plus 100.
**Percent of small businesses surveyed with at least one "hard-to-fill" job opening. Seasonally adjusted by FRB staff.
Source: For job availability, Conference Board; for hard-to-fill, National Federation of Independent Business.

Net Hiring Plans



Note: Percent planning an increase in employment minus the percent planning a reduction.
Source: National Federation of Independent Business (NFIB); Manpower, Inc.

Expected Labor Market Conditions



Note: The proportion of households expecting labor market conditions to improve, minus the proportion expecting conditions to worsen, plus 100.
p Preliminary.
Source: Conference Board; Reuters/University of Michigan Surveys of Consumers.

Production of Domestic Light Vehicles

(Millions of units at an annual rate except as noted)

Item	2008		2009		2009			
	Q3	Q4	Q1	Q2	Mar.	Apr.	May	June
U.S. production[1]	8.4	7.1	4.4	5.9	4.8	5.8	6.1	5.7
Autos	4.1	3.3	1.6	2.6	1.9	2.5	2.7	2.5
Light trucks	4.3	3.7	2.8	3.3	3.0	3.3	3.4	3.1
Days' supply[2]	76	98	93	n.a.	89	n.a.	n.a.	n.a.
Autos	67	98	94	n.a.	86	n.a.	n.a.	n.a.
Light trucks	84	99	92	n.a.	91	n.a.	n.a.	n.a.
Inventories[3]	2.41	2.47	2.04	n.a.	2.04	n.a.	n.a.	n.a.
Autos	0.96	1.14	0.92	n.a.	0.92	n.a.	n.a.	n.a.
Light trucks	1.44	1.33	1.11	n.a.	1.11	n.a.	n.a.	n.a.
Memo: U.S. production, total motor vehicles[4]	8.6	7.3	4.6	6.1	5.1	6.0	6.3	5.9

Note: FRB seasonals. Components may not sum to totals because of rounding.
1. Production rates for April, May, June, and the second quarter of 2009 reflect the latest industry schedules.
2. Quarterly values are calculated with end-of-period stocks and average reported sales.
3. End-of-period stocks.
4. Includes medium and heavy trucks.
n.a. Not available.
Source: Ward's Communications.

Inventories of Light Vehicles

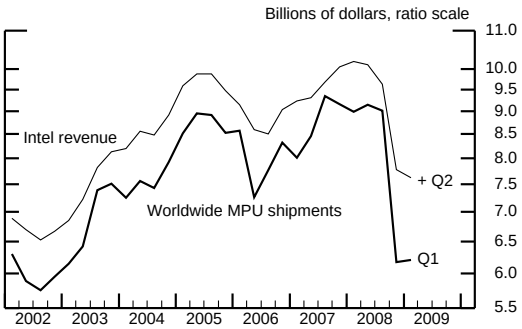
Source: Ward's Communications. Adjusted using FRB seasonals.

Days' Supply of Light Vehicles

Source: Constructed from Ward's Communications data. Adjusted using FRB seasonals.

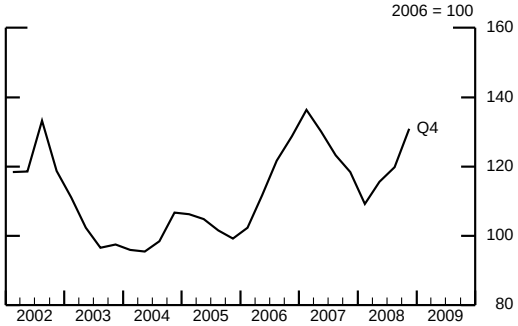
Indicators of High-Tech Manufacturing Activity

MPU Shipments and Intel Revenue



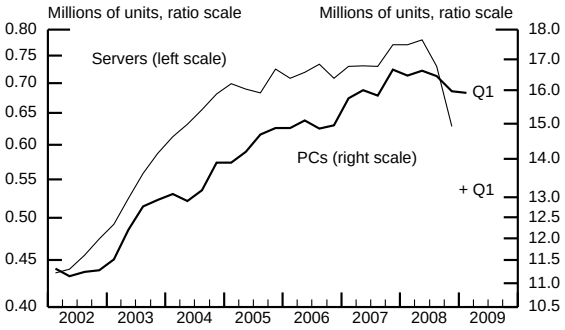
Note: FRB seasonals. MPU is a microprocessor unit. Q2 Intel revenue is the company's internal forecast as of April 14, 2009. MPU shipments include Semiconductor Industry Association (SIA) data through February and a staff estimate for March.
Source: Intel; SIA.

FRB Chip Inventory Index



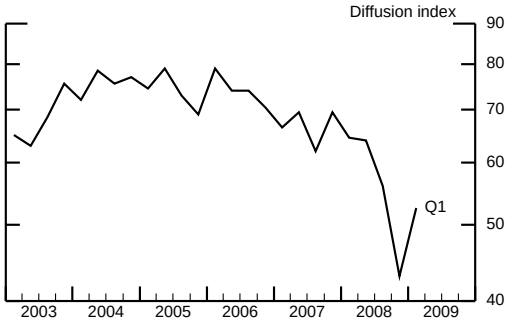
Note: The staff's chip inventory index is a sales-weighted chain-type index constructed from financial data for 10 major chip manufacturers.
Source: Financial reports.

U.S. Personal Computer and Server Absorption



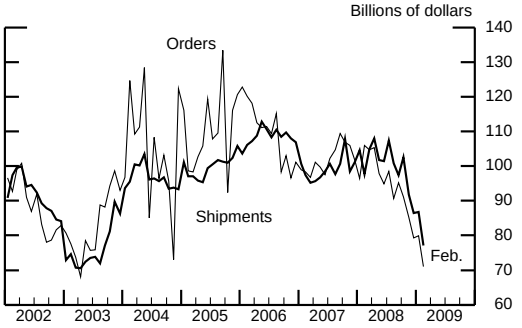
Note: FRB seasonals. Q1 server units are a forecast produced by International Data Corporation (IDC). Q1 PCs are constructed using IDC's Top 5.
Source: IDC.

High-Tech Spending Plans



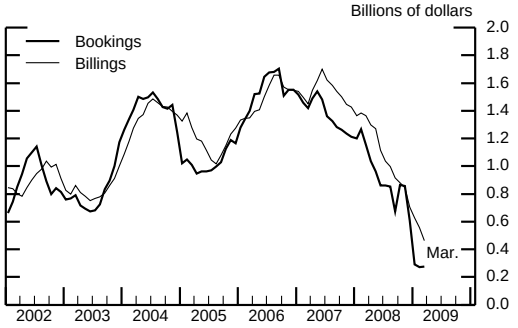
Note: Based on survey question on firms' plans to increase or decrease their spending on high-tech equipment in the next 12 months.
Source: NABE Industry Survey.

Circuit Board Orders and Shipments



Note: U.S. and Canadian shipments of bare and loaded circuit boards.
Source: Institute for Printed Circuits.

Bookings and Billings for Semiconductor Equipment



Note: FRB seasonals.
Source: Semiconductor Equipment and Materials International.

Sales of Light Vehicles
(Millions of units at an annual rate; FRB seasonals)

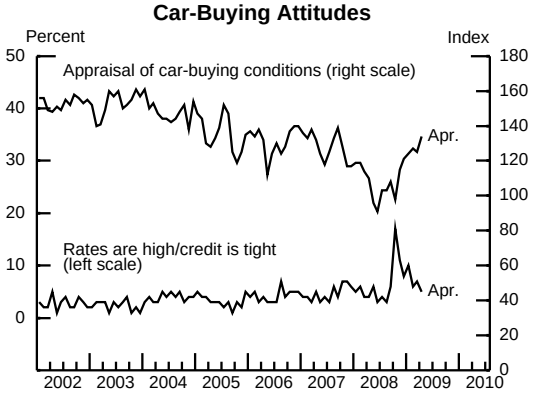
Category	2008	2008 Q3	2008 Q4	2009 Q1	2009 Jan.	2009 Feb.	2009 Mar.
Total	13.1	12.9	10.3	9.5	9.5	9.1	9.8
Autos	6.7	6.6	5.2	4.8	4.6	4.6	5.1
Light trucks	6.4	6.3	5.1	4.7	5.0	4.5	4.7
North American[1]	9.8	9.7	7.7	6.8	6.9	6.3	7.1
Autos	4.5	4.4	3.6	3.0	2.9	2.9	3.3
Light trucks	5.3	5.3	4.1	3.7	4.0	3.5	3.8
Foreign-produced	3.3	3.2	2.6	2.7	2.7	2.8	2.8
Autos	2.2	2.2	1.7	1.7	1.7	1.7	1.8
Light trucks	1.1	1.0	.9	1.0	1.0	1.0	1.0
Memo: Detroit Three domestic market share (percent)[2]	47.6	46.7	47.5	43.2	43.1	43.4	44.5

Note: Components may not sum to totals because of rounding.
1. Excludes some vehicles produced in Canada that are classified as imports by the industry.
2. Domestic market share excludes sales of foreign brands affiliated with the Detroit Three.
Source: Ward's Communications. Adjusted using FRB seasonals.

Content redacted.

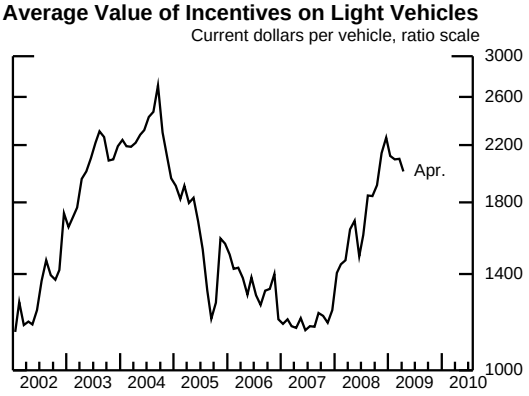
Content redacted.

Car-Buying Attitudes



Source: Reuters/University of Michigan Surveys of Consumers.

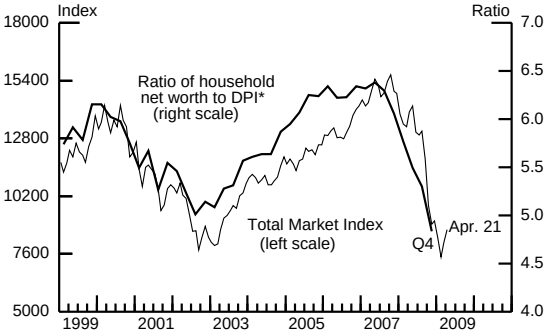
Average Value of Incentives on Light Vehicles



Note: Seasonally adjusted weighted average of customer cash rebate and the present value of interest rate reduction. April figure is based on data through April 12.
Source: J.D. Power and Associates.

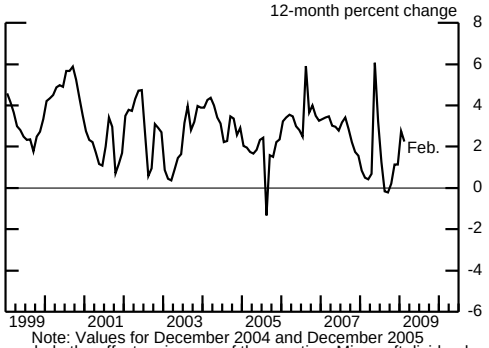
Fundamentals of Household Spending

Household Net Worth
and Dow Jones Total Market Index



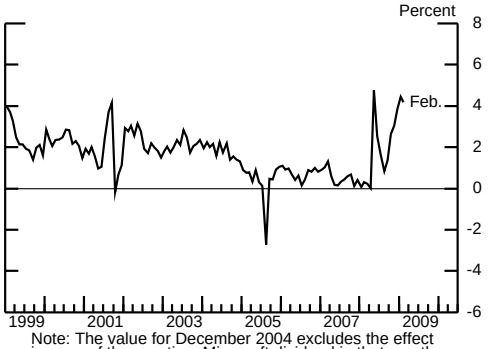
* The value for 2004:Q4 excludes the effect on income of the one-time Microsoft dividend in December 2004.
Source: Federal Reserve Board; U.S. Department of Commerce, Bureau of Economic Analysis; *Wall Street Journal.*

Change in Real Disposable Personal Income



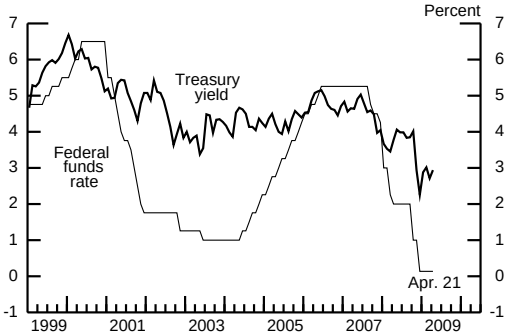
Note: Values for December 2004 and December 2005 exclude the effect on income of the one-time Microsoft dividend in December 2004.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Personal Saving Rate



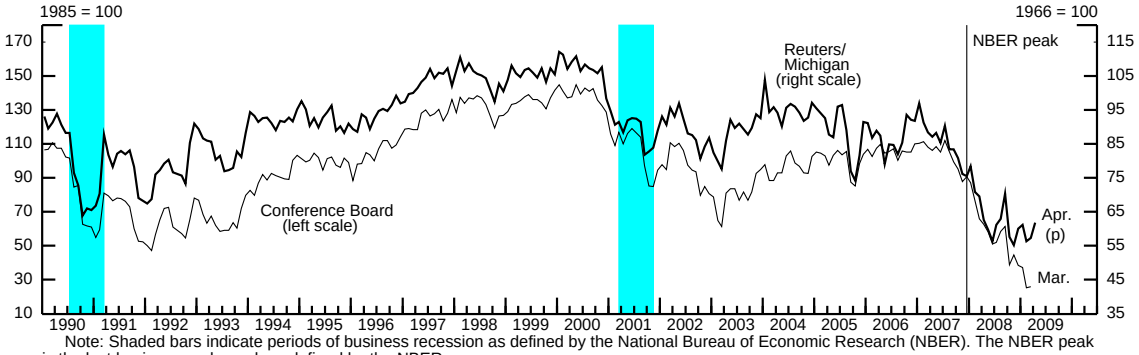
Note: The value for December 2004 excludes the effect on income of the one-time Microsoft dividend in that month.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Target Federal Funds Rate
and 10-Year Treasury Yield



Source: Federal Reserve Board.

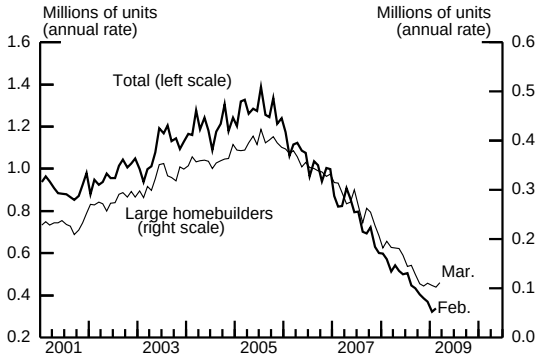
Consumer Confidence



Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER). The NBER peak is the last business cycle peak as defined by the NBER.
(p) Preliminary.
Source: Reuters/University of Michigan Surveys of Consumers; Conference Board.

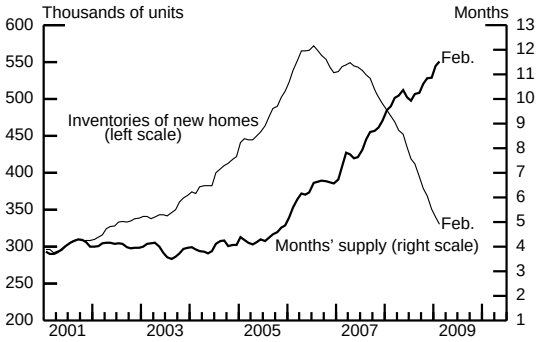
Indicators of Single-Family Housing

New Single-Family Home Sales



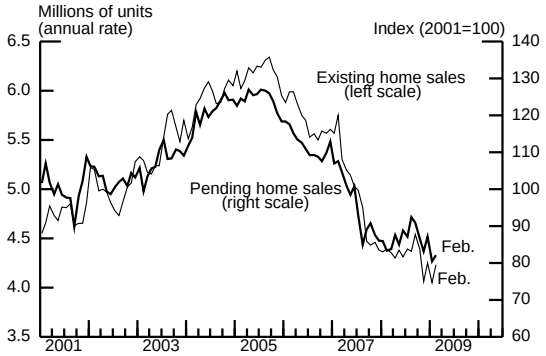
Source: For total, Census Bureau; for large homebuilders, National Association of Home Builders.

Inventories of New Homes and Months' Supply



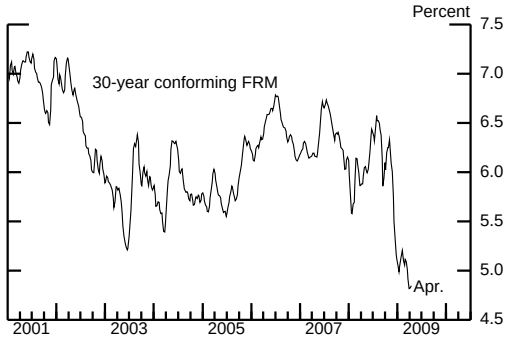
Note: Months' supply is calculated using the 3-month moving average of sales.
Source: Census Bureau.

Existing Single-Family Home Sales



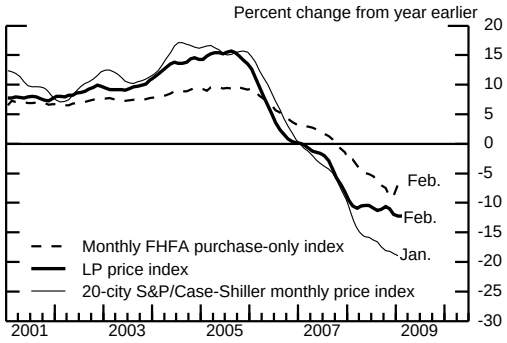
Source: National Association of Realtors.

Mortgage Rates



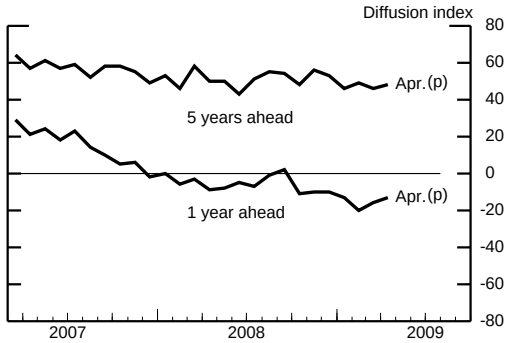
Note: The April reading is a 2-week moving average of data available through Apr. 15, 2009. FRM is a fixed-rate mortgage.
Source: Federal Home Loan Mortgage Corporation.

Prices of Existing Homes



Source: For FHFA, Federal Housing Finance Agency; for S&P/Case-Shiller, Standard & Poor's; for LP, LoanPerformance, a division of First American CoreLogic.

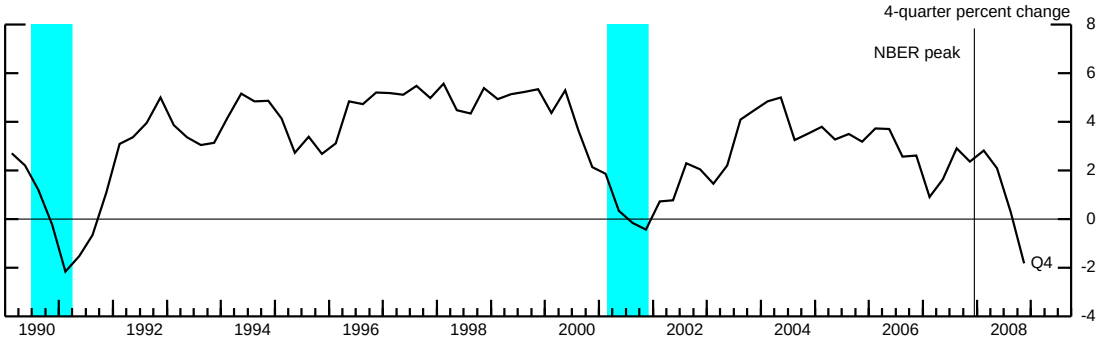
House Price Expectations



Note: Diffusion index is constructed by subtracting expectations of decrease from expectations of increase.
p Preliminary.
Source: Reuters/University of Michigan Surveys of Consumers.

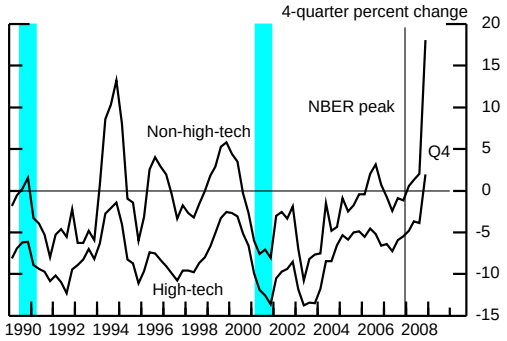
Fundamentals of Equipment and Software Investment

Real Business Output



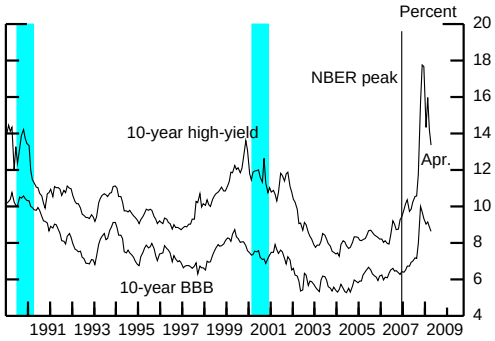
Note: Shaded bars indicate periods of business recession as defined by the National Bureau of Economic Research (NBER).
The NBER peak is the last business cycle peak as defined by the NBER.
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

User Cost of Capital



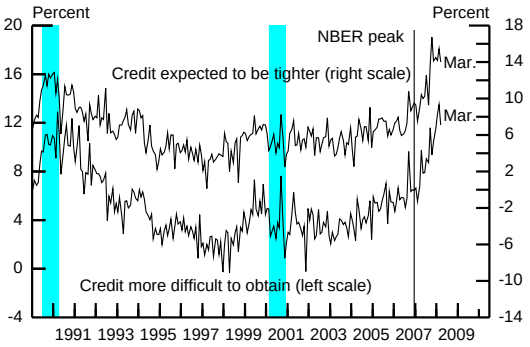
Source: Staff calculation.

Corporate Bond Yields



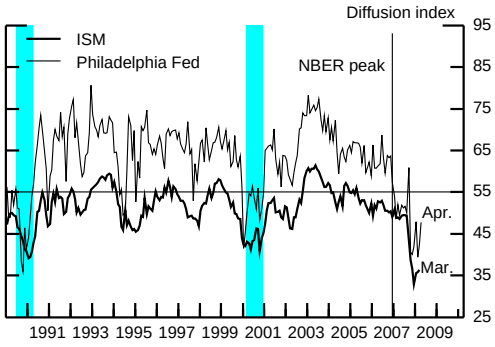
Note: End of month. April value as of Apr. 21.
Source: Merrill Lynch.

NFIB: Survey on Loan Availability



Note: Of borrowers who sought credit in the past three months, the proportion that reported or expected more difficulty in obtaining credit less the proportion that reported or expected more ease in obtaining credit. Seasonally adjusted.
Source: National Federation of Independent Business (NFIB).

Surveys of Business Conditions

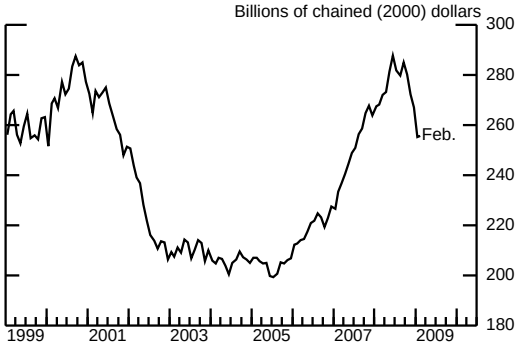


Source: Institute for Supply Management (ISM), Manufacturing ISM Report on Business; Philadelphia Fed Business Outlook Survey.

Nonresidential Construction and Indicators

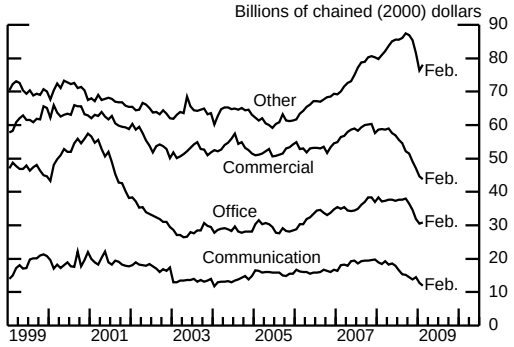
(All spending series are seasonally adjusted at an annual rate; nominal CPIP deflated by BEA prices through Q4 and by staff projection thereafter)

Total Structures



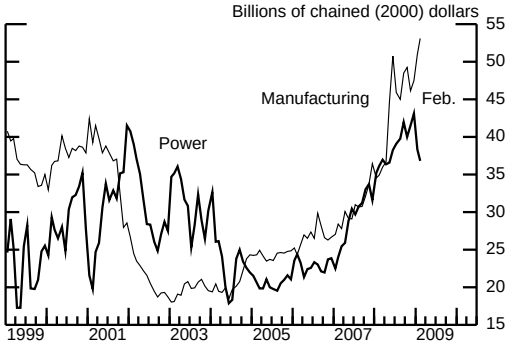
Source: Census Bureau.

Office, Commercial, Communication, and Other



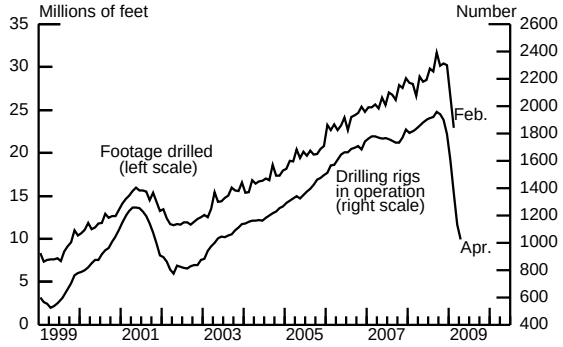
Note: Other consists of structures for religious organizations, education, lodging, amusement and recreation, transportation, and health care.
Source: Census Bureau.

Manufacturing and Power



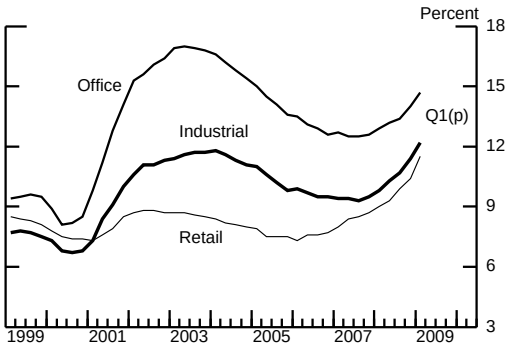
Source: Census Bureau.

Drilling and Mining Indicators



Note: The April readings for drilling rigs are based on data through April 17, 2009. Both series are seasonally adjusted by FRB staff.
Source: For footage drilled, U.S. Department of Energy, Energy Information Agency; for drilling rigs, Baker Hughes.

Vacancy Rates



Note: Industrial space includes both manufacturing structures and warehouses.
p Preliminary.
Source: Torto Wheaton Research.

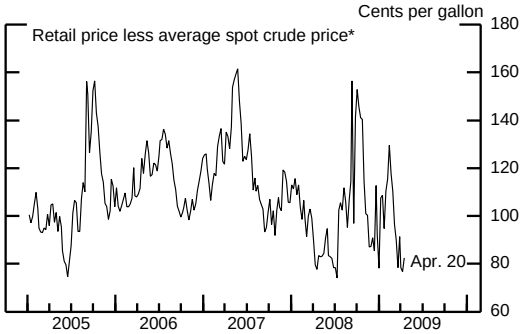
Architectural Billings and Nonresidential Construction Employment

Note: Both series are 3-month moving averages. Employment consists of industrial, commercial, and specialty trade construction.
Source: For billings, American Institute of Architects; for employment, U.S. Department of Labor, Bureau of Labor Statistics.

Energy and Food Price Indicators

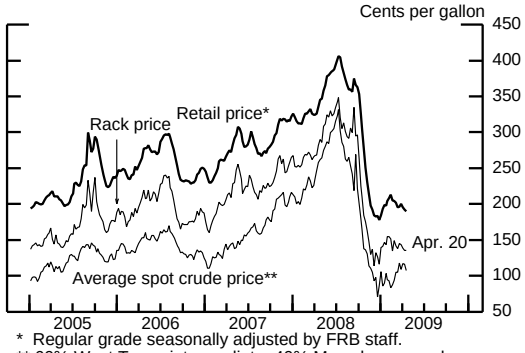
(Data from U.S. Department of Energy, Energy Information Administration, except as noted)

Total Gasoline Margin



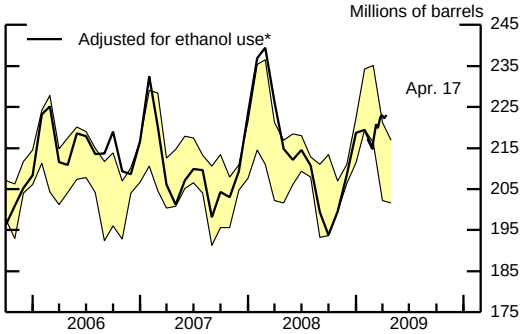
* Regular grade seasonally adjusted by FRB staff, less average spot crude price: 60% West Texas intermediate, 40% Maya heavy crude. Includes gasoline taxes.

Gasoline Price Decomposition



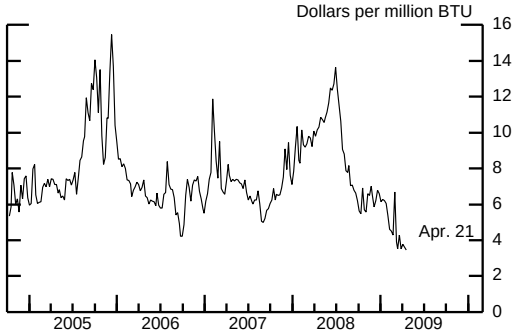
* Regular grade seasonally adjusted by FRB staff.
** 60% West Texas intermediate, 40% Maya heavy crude.

Gasoline Inventories



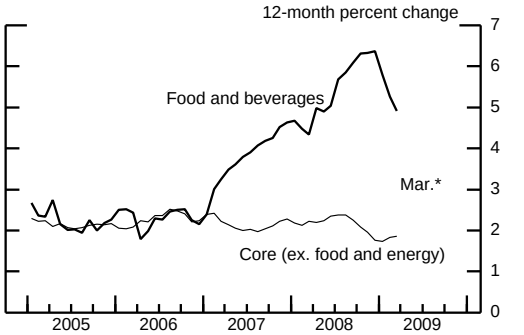
Note: Bounds are defined as the monthly mean over the preceding five years, plus or minus the standard deviation for each month. Monthly data through December 2008, weekly data thereafter.
* The RBOB component of total motor gasoline inventories is adjusted for ethanol use after 2006, boosting reported stocks; estimated by FRB staff.

Natural Gas Prices



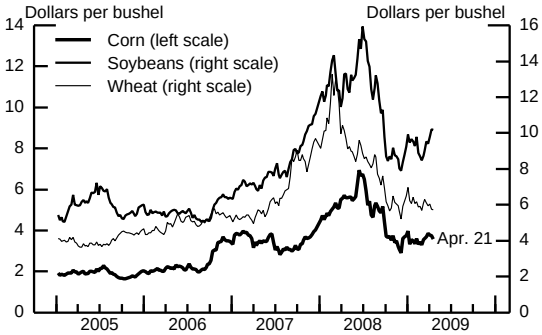
Note: National average spot price.
Source: Bloomberg.

PCE: Food and Core Prices



*Staff estimate.
Source: U.S. Dept. of Commerce, Bureau of Economic Analysis.

Spot Agricultural Commodity Prices



Source: Commodity Research Bureau.

Broad Measures of Inflation
(Percent change, Q4 to Q4)

Measure	2005	2006	2007	2008
Product prices				
GDP price index	3.5	2.8	2.6	2.0
Less food and energy	3.3	3.0	2.3	1.7
Nonfarm business chain price index	3.6	2.4	2.0	2.0
Expenditure prices				
Gross domestic purchases price index	4.0	2.5	3.3	2.0
Less food and energy	3.2	2.9	2.3	2.1
PCE price index	3.3	1.9	3.5	1.9
Less food and energy	2.2	2.3	2.2	1.9
PCE price index, market-based components	3.1	1.6	3.3	1.8
Less food and energy	1.7	2.0	1.8	1.8
CPI	3.8	1.9	4.0	1.5
Less food and energy	2.1	2.7	2.3	2.0
Chained CPI	3.2	1.7	3.6	1.1
Less food and energy	1.8	2.3	1.9	1.5
Median CPI	2.5	3.1	3.0	3.0
Trimmed mean CPI	2.6	2.6	2.8	2.9
Trimmed mean PCE	2.5	2.8	2.6	2.4

Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for all else, U.S. Dept. of Commerce, Bureau of Economic Analysis.

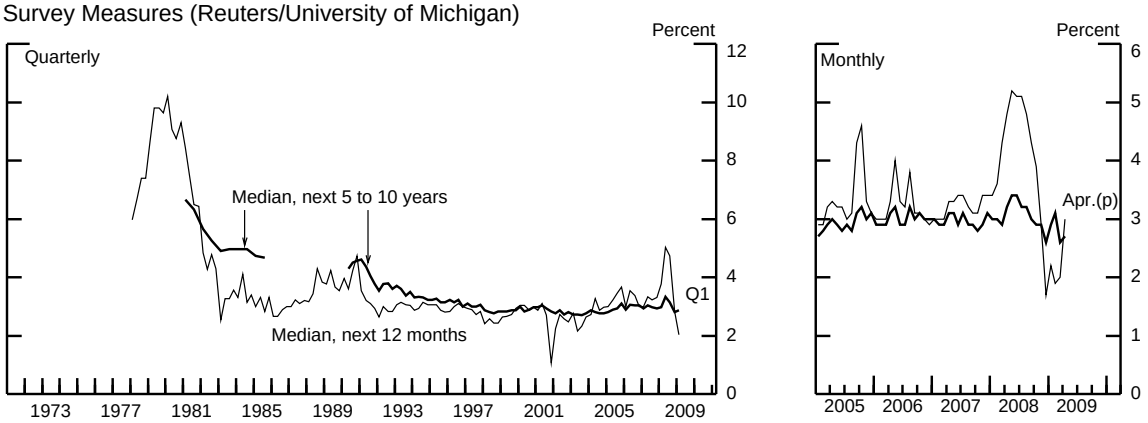
Surveys of Inflation Expectations
(Percent)

Period	Actual CPI inflation [1]	Reuters/Michigan Survey				Professional forecasters (10 years) [4]	
		1 year [2]		5 to 10 years [3]			
		Mean	Median	Mean	Median	CPI	PCE
2007:Q2	2.7	4.2	3.3	3.5	3.0	2.4	2.0
Q3	2.4	4.1	3.2	3.5	3.0	2.4	2.1
Q4	4.0	4.1	3.3	3.3	2.9	2.4	2.1
2008:Q1	4.1	4.2	3.8	3.3	3.0	2.5	2.2
Q2	4.4	6.4	5.0	3.8	3.3	2.5	2.2
Q3	5.3	5.4	4.7	3.6	3.1	2.5	2.2
Q4	1.6	3.0	2.8	2.9	2.8	2.5	2.2
2009:Q1	.0	2.4	2.0	3.3	2.9	2.4	2.2
2008:Dec.	.1	1.7	1.7	2.6	2.6	...	...
2009:Jan.	.0	2.5	2.2	3.4	2.9	...	...
Feb.	.2	2.3	1.9	3.5	3.1	2.4	2.2
Mar.	-.4	2.4	2.0	2.9	2.6	...	...
2009:Apr.(p)	n.a.	3.4	3.0	2.8	2.7	...	...

1. Percent change from the same period in the preceding year.
2. Responses to the question, By about what percent do you expect prices to go up, on average, during the next 12 months?
3. Responses to the question, By about what percent per year do you expect prices to go up, on average, during the next 5 to 10 years?
4. Median CPI and PCE price projections.
... Not applicable.
n.a. Not available.
Source: For CPI, U.S. Dept. of Labor, Bureau of Labor Statistics; for Reuters/Michigan Survey, Reuters/University of Michigan Surveys of Consumers; for professional forecasters, the Federal Reserve Bank of Philadelphia.

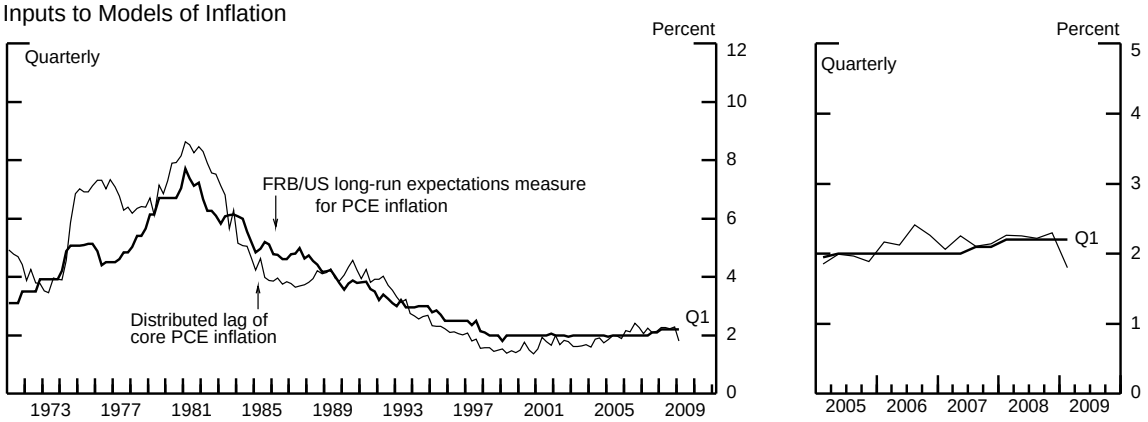
Measures of Expected Inflation

Survey Measures (Reuters/University of Michigan)



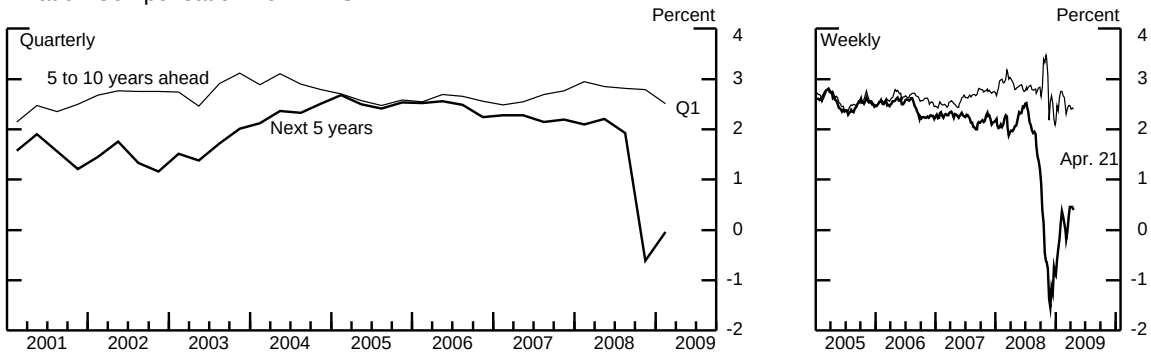
Source: Reuters/University of Michigan Surveys of Consumers.

Inputs to Models of Inflation



Note: The distributed lag of core PCE inflation is derived from one of the reduced-form Phillips curves used by Board staff.
Source: For the distributed lag of core PCE inflation, FRB staff calculations; for the FRB/US measure, for 2007 forward, the median projection for PCE inflation over the next 10 years from the Survey of Professional Forecasters (SPF); for 1990 to 2006, the equivalent SPF projection for the CPI; for 1981 to 1989, a related survey for the CPI conducted by Richard Hoey; and for the period preceding 1981, a model-based estimate constructed by Board staff. The survey data before 2007 are adjusted down 0.5 percentage point to put the CPI projections approximately on a PCE basis.

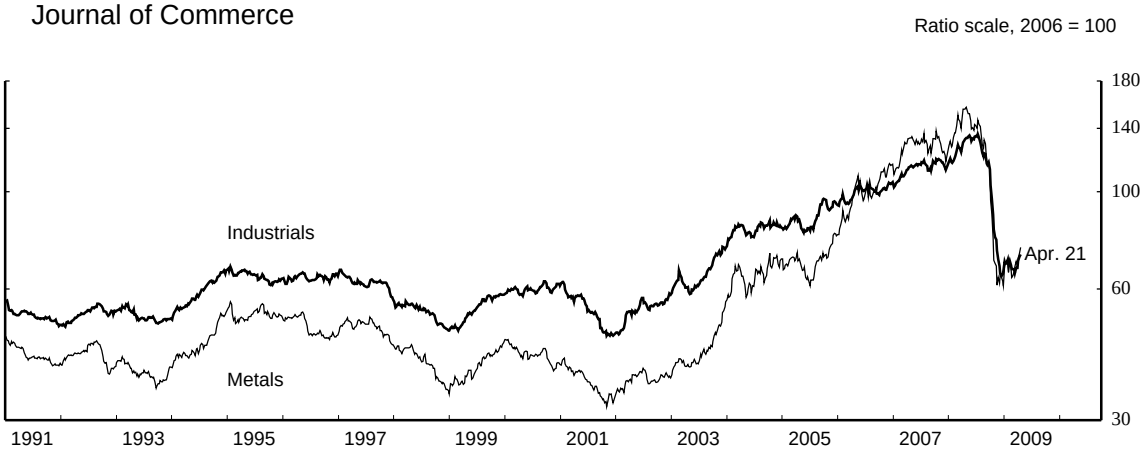
Inflation Compensation from TIPS



Note: Based on a comparison of an estimated TIPS (Treasury inflation-protected securities) yield curve with an estimated nominal off-the-run Treasury yield curve, with an adjustment for the indexation-lag effect.
Source: FRB staff calculations.

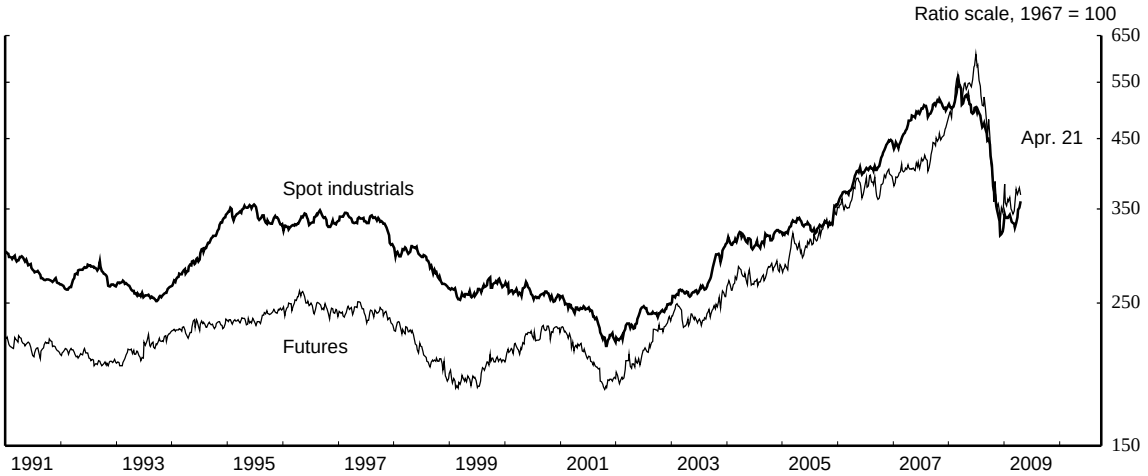
Commodity Price Indexes

Journal of Commerce



Note: The *Journal of Commerce* (JOC) industrial price index is based almost entirely on industrial commodities, with a small weight given to energy commodities. Copyright for JOC data is held by CIBCR, 1994.

Commodity Research Bureau



Note: The Commodity Research Bureau (CRB) spot industrials index consists entirely of industrial commodities, excluding energy. The CRB futures index gives about a 60 percent weight to food commodities and splits the remaining weight roughly equally among energy commodities, industrial commodities, and precious metals.

Selected Commodity Price Indexes

(Percent change)

Index	2008 [1]	12/30/08 to 3/10/09 [2]	3/10/09 [2] to 4/21/09	52-week change to 4/21/09
JOC industrials	-41.4	1.0	8.3	-45.5
JOC metals	-48.2	8.2	13.3	-51.8
CRB spot industrials	-34.3	1.5	8.2	-31.3
CRB spot foodstuffs	-14.1	-3.0	7.9	-23.4
CRB futures	-24.7	-1.3	6.0	-33.0

1. From the last week of the preceding year to the last week of the year indicated.
2. March 10, 2009, is the Tuesday preceding publication of the March Greenbook.

Selected Financial Market Quotations

(One-day quotes in percent except as noted)

Instrument	2007	2009			Change to Apr. 21 from selected dates (percentage points)		
	Aug. 6	Jan. 27	Mar. 17	Apr. 21	2007 Aug. 6	2009 Jan. 27	2009 Mar. 17
Short-term							
FOMC intended federal funds rate	5.25	.13	.13	.13	-5.12	.00	.00
Treasury bills[1]							
3-month	4.74	.13	.24	.15	-4.59	.02	-.09
6-month	4.72	.32	.44	.34	-4.38	.02	-.10
Commercial paper (A1/P1 rates)[2]							
1-month	5.26	.29	.44	.29	-4.97	.00	-.15
3-month	5.29	2.04	.66	.35	-4.94	-1.69	-.31
Large negotiable CDs[1]							
3-month	5.34	1.08	1.08	.90	-4.44	-.18	-.18
6-month	5.27	1.57	1.83	1.50	-3.77	-.07	-.33
Eurodollar deposits[3]							
1-month	5.33	.75	1.00	.90	-4.43	.15	-.10
3-month	5.35	1.75	1.65	1.50	-3.85	-.25	-.15
Bank prime rate	8.25	3.25	3.25	3.25	-5.00	.00	.00
Intermediate- and long-term							
U.S. Treasury[4]							
2-year	4.49	.68	1.04	.90	-3.59	.22	-.14
5-year	4.52	1.74	2.14	1.96	-2.56	.22	-.18
10-year	4.82	3.17	3.47	3.27	-1.55	.10	-.20
U.S. Treasury indexed notes[5]							
5-year	2.43	1.84	2.04	1.61	-.82	-.23	-.43
10-year	2.48	1.97	2.26	1.99	-.49	.02	-.27
Municipal general obligations (Bond Buyer)[6]	4.51	5.13	5.03	4.78	.27	-.35	-.25
Private instruments							
10-year swap	5.44	2.84	3.14	2.99	-2.45	.15	-.15
10-year FNMA[7]	5.34	3.65	4.04	3.88	-1.46	.23	-.16
10-year AA[8]	6.12	6.03	6.99	6.29	.17	.26	-.70
10-year BBB[8]	6.57	8.94	9.25	8.63	2.06	-.31	-.62
10-year high yield[8]	9.21	14.68	16.41	13.37	4.16	-1.31	-3.04
Home mortgages (FHLMC survey rate)							
30-year fixed	6.59	5.10	4.98	4.82	-1.77	-.28	-.16
1-year adjustable	5.65	4.90	4.91	4.91	-.74	.01	.00

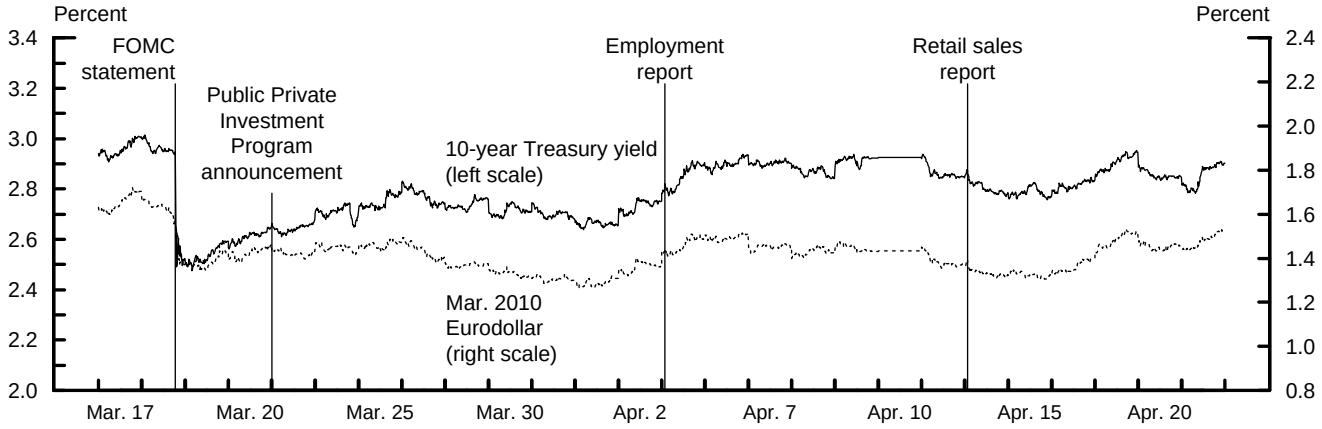
Stock exchange index	Record high		2009			Change to Apr. 21 from selected dates (percent)		
	Level	Date	Jan. 27	Mar. 17	Apr. 21	Record high	2009 Jan. 27	2009 Mar. 17
Dow Jones Industrial	14,165	10-9-07	8,175	7,396	7,970	-43.74	-2.51	7.76
S&P 500 Composite	1,565	10-9-07	846	778	850	-45.69	.52	9.25
Nasdaq	5,049	3-10-00	1,505	1,462	1,644	-67.44	9.23	12.43
Russell 2000	856	7-13-07	456	404	470	-45.07	3.18	16.47
D.J. Total Stock Index	15,807	10-9-07	8,524	7,878	8,695	-44.99	2.00	10.37

1. Secondary market.
2. Financial commercial paper.
3. Bid rates for Eurodollar deposits collected around 9:30 a.m. eastern time.
4. Derived from a smoothed Treasury yield curve estimated using off-the-run securities.
5. Derived from a smoothed Treasury yield curve estimated using all outstanding securities and adjusted for the carry effect.
6. Most recent Thursday quote.
7. Constant-maturity yields estimated from Fannie Mae domestic noncallable coupon securities.
8. Derived from smoothed corporate yield curves estimated using Merrill Lynch bond data.

NOTES:
August 6, 2007, is the day before the August 2007 FOMC meeting.
January 27, 2009, is the day before the January 2009 FOMC monetary policy announcement.
March 17, 2009, is the day before the most recent FOMC monetary policy announcement.

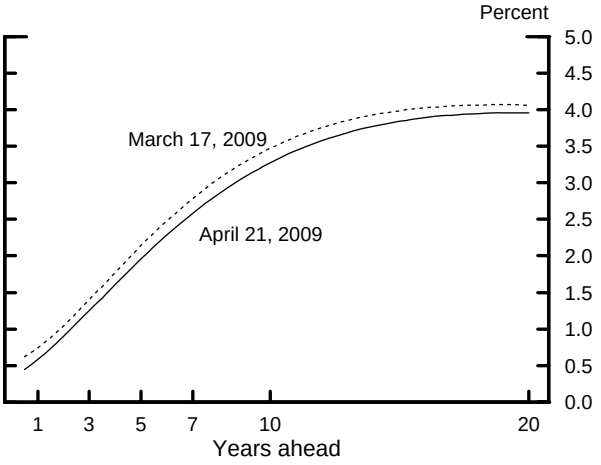
Policy Expectations and Treasury Yields

Interest Rates



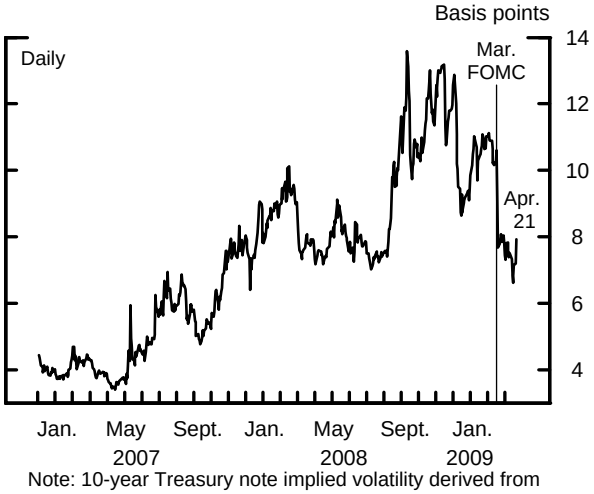
Note: 5-minute intervals. 8:00 a.m. to 4:00 p.m. No adjustments for term premiums.
Source: Bloomberg.

Treasury Yield Curve



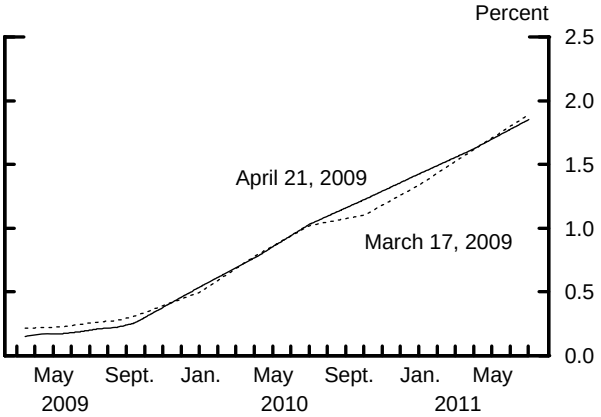
Note: Smoothed yield curve estimated from off-the-run Treasury coupon securities. Yields shown are those on notional par Treasury securities with semiannual coupons.
Source: Federal Reserve Bank of New York.

10-Year Treasury Implied Volatility



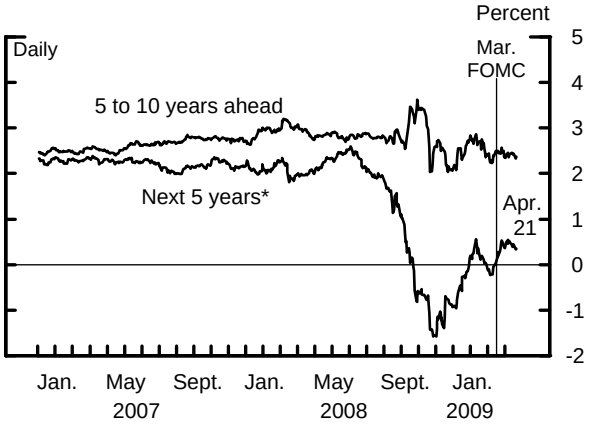
Note: 10-year Treasury note implied volatility derived from options on futures contracts.
Source: Bloomberg.

Implied Federal Funds Rate



Note: Estimated from federal funds and Eurodollar futures, with an allowance for term premiums and other adjustments.
Source: Chicago Mercantile Exchange; Chicago Board of Trade.

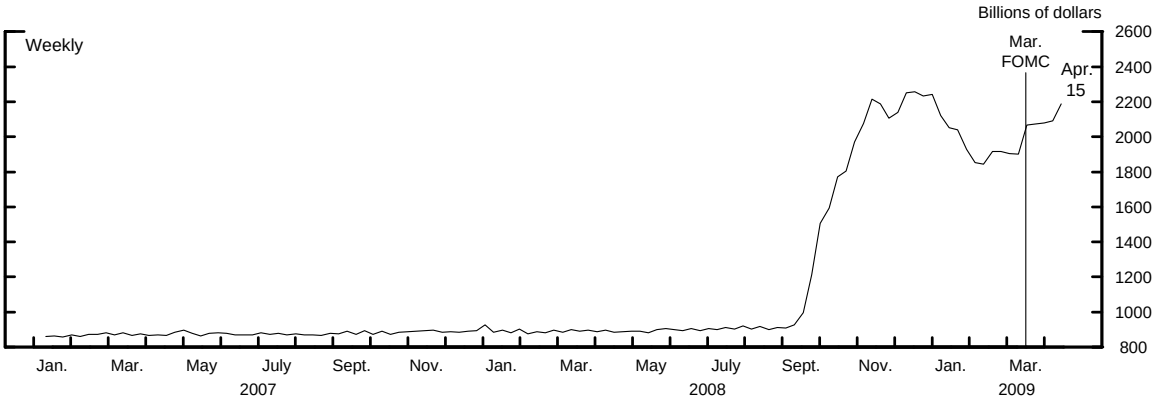
Inflation Compensation



Note: Estimates based on smoothed nominal and inflation-indexed Treasury yields.
*Adjusted for lagged indexation of Treasury inflation-protected securities.
Source: Federal Reserve Bank of New York.

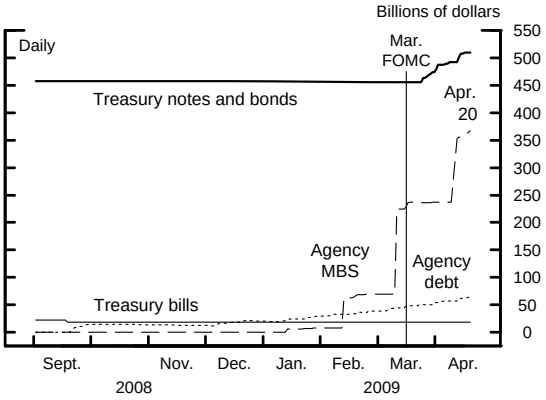
Federal Reserve Purchase Programs and Facilities

Total Federal Reserve Assets



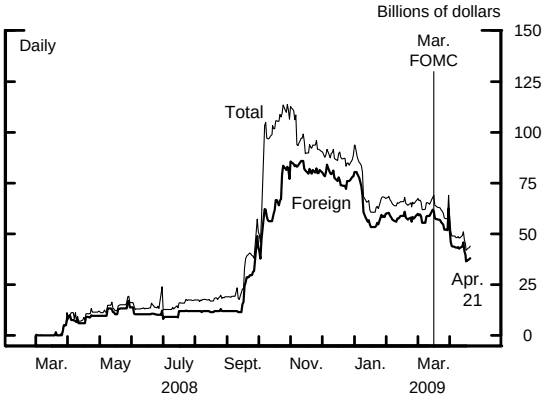
Source: Board of Governors of the Federal Reserve System, Statistical Release H.4.1, "Factors Affecting Reserve Balances."

Securities Held Outright



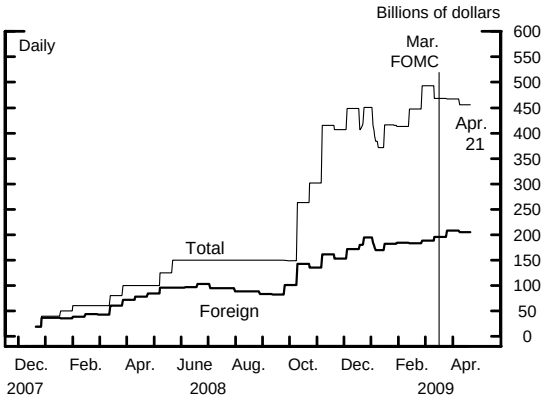
Source: Federal Reserve Board.

Primary Credit



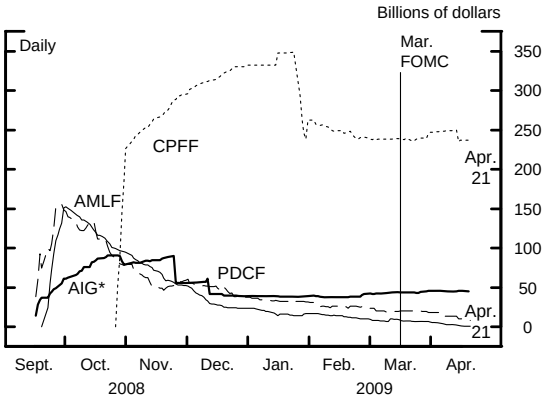
Source: Federal Reserve Board.

Term Auction Facility



Source: Federal Reserve Board.

Other Credit Extensions



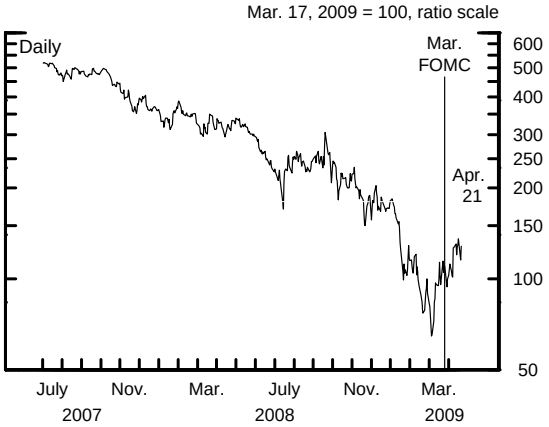
Note: AMLF is the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility; AIG is American International Group, Inc.; CPFF is the Commercial Paper Funding Facility; PDCF is the Primary Dealer Credit Facility.

* Data for AIG extend through April 20.

Source: Federal Reserve Board.

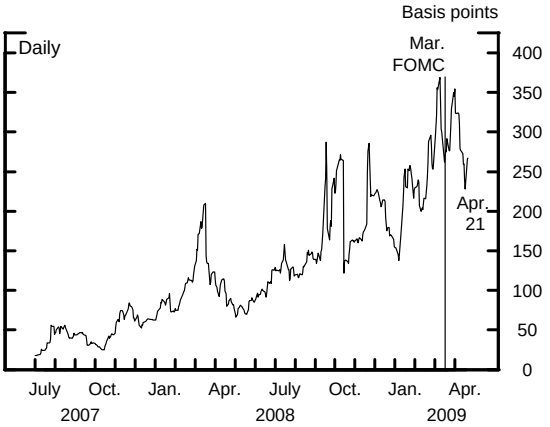
Financial Institutions and Short-Term Funding Markets

S&P Banks Equity Index



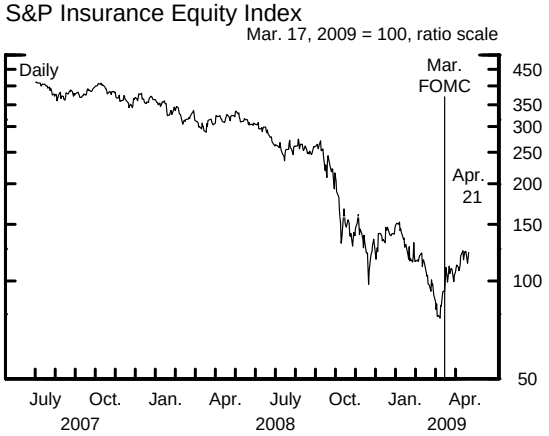
Source: Bloomberg.

Senior CDS Spreads for Bank Holding Companies



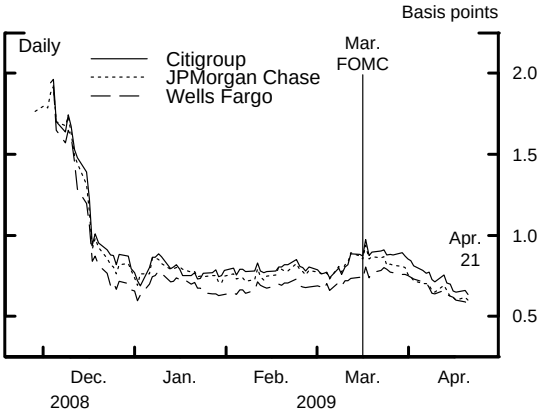
Note: Median spreads for 6 bank holding companies.
Source: Markit.

S&P Insurance Equity Index



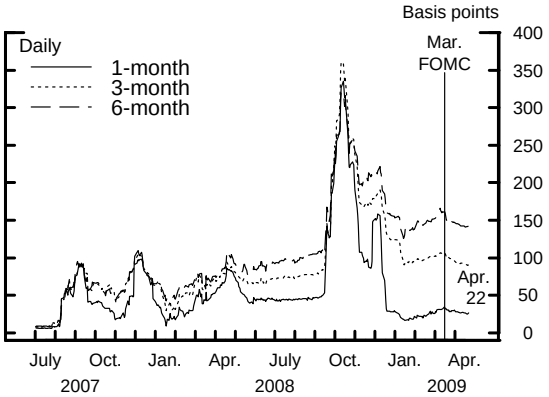
Source: Standard & Poor's.

Selected FDIC-Guaranteed Spreads



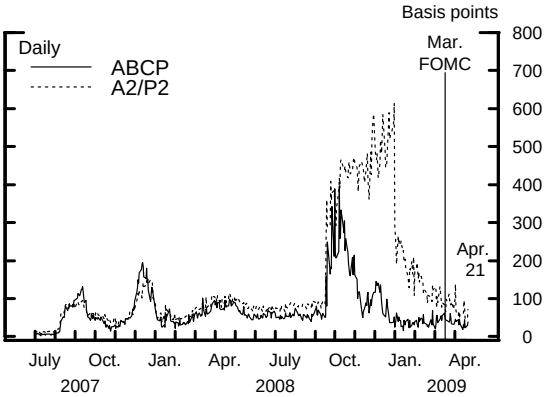
Note: Spreads to comparable-maturity Treasury securities for issues maturing around year-end 2011.
Source: Bloomberg.

Libor over OIS Spread



Source: British Bankers' Association and Prebon.

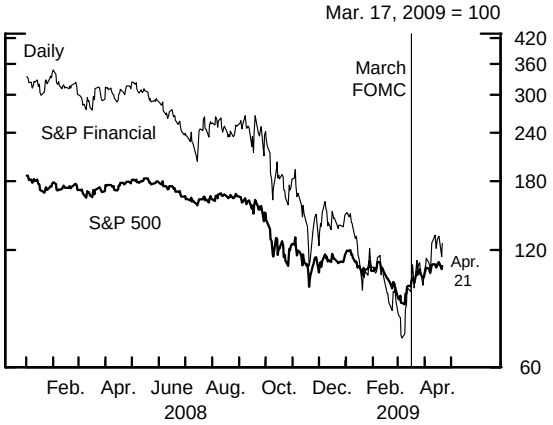
Spreads on 30-day Commercial Paper



Note: The ABCP spread is the AA ABCP rate minus the AA nonfinancial rate. The A2/P2 spread is the A2/P2 nonfinancial rate minus the AA nonfinancial rate.
Source: Depository Trust & Clearing Corporation.

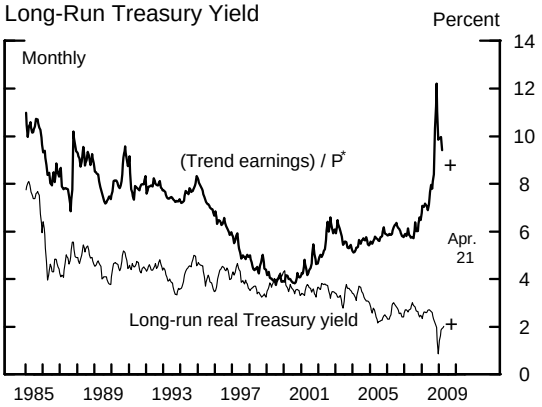
Corporate Yields, Risk Spreads, and Stock Prices

Selected Stock Price Indexes



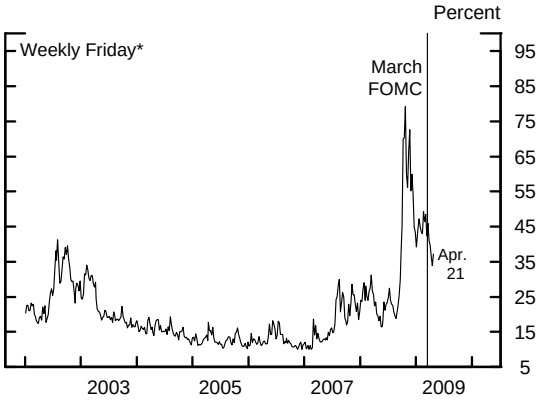
Source: Standard & Poor's.

Ratio of Trend Earnings to Price for S&P 500 and Long-Run Treasury Yield



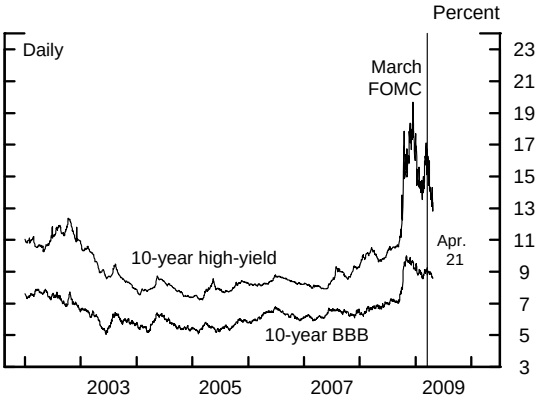
* Trend earnings are estimated using analysts' forecasts of year-ahead earnings from I/B/E/S.
+ Denotes the latest observation using daily interest rates and stock prices and latest earnings data from I/B/E/S.
Source: Thomson Financial.

Implied Volatility on S&P 500 (VIX)



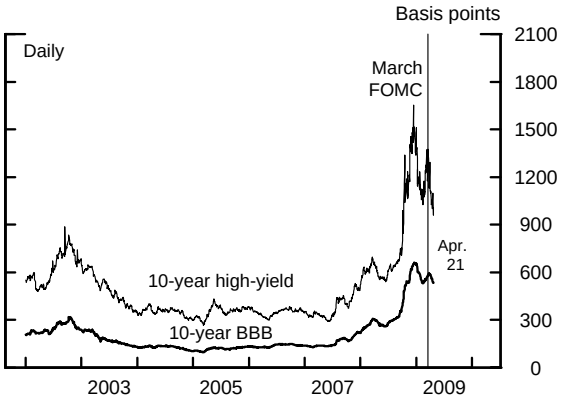
* Latest observation is for most recent business day.
Source: Chicago Board of Exchange.

Corporate Bond Yields



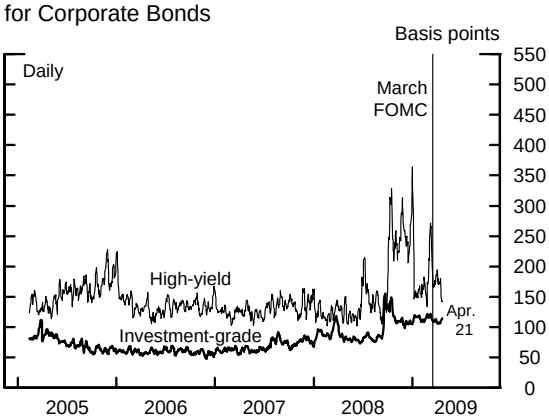
Note: Yields from smoothed yield curves based on Merrill Lynch bond data.

Corporate Bond Spreads



Note: Corporate yields from smoothed yield curves based on Merrill Lynch bond data and spreads measured relative to comparable-maturity Treasury securities.

Estimated Median Bid-Asked Spread for Corporate Bonds



Source: Staff estimate using data from the National Assn. of Securities Dealers' Trade Reporting and Compliance Engine.

Business Finance

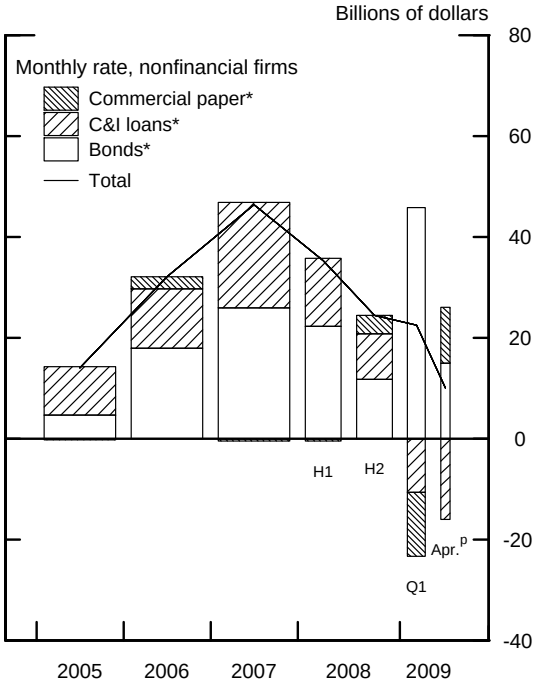
Gross Issuance of Securities by U.S. Corporations

(Billions of dollars; monthly rates, not seasonally adjusted)

Type of security	2005	2006	2007	2008 H1	2008 H2	2009 Q1	2009 Apr. p
Nonfinancial corporations							
Stocks[1]	4.6	4.7	5.5	3.5	4.0	2.9	2.5
Initial public offerings	1.7	1.8	1.6	.6	.1	.3	.0
Seasoned offerings	2.8	2.9	3.8	2.9	3.9	2.6	2.5
Bonds[2]	18.7	29.3	35.1	36.0	19.4	55.0	28.0
Investment grade	8.7	13.1	17.5	24.9	14.2	41.6	20.0
Speculative grade	5.2	6.2	7.5	3.1	.4	2.5	4.0
Other (sold abroad/unrated)	4.8	10.1	10.0	8.0	4.8	10.9	4.0
Memo							
Net issuance of commercial paper[3]	-.2	2.4	-.4	-.5	3.7	-12.7	11.0
Change in C&I loans at commercial banks[3]	9.6	11.7	20.9	13.4	9.0	-10.6	-16.0
Financial corporations							
Stocks[1]	5.0	5.3	8.6	17.2	9.9	.9	8.0
Bonds[2]	170.4	180.6	151.7	66.2	24.6	38.4	20.0

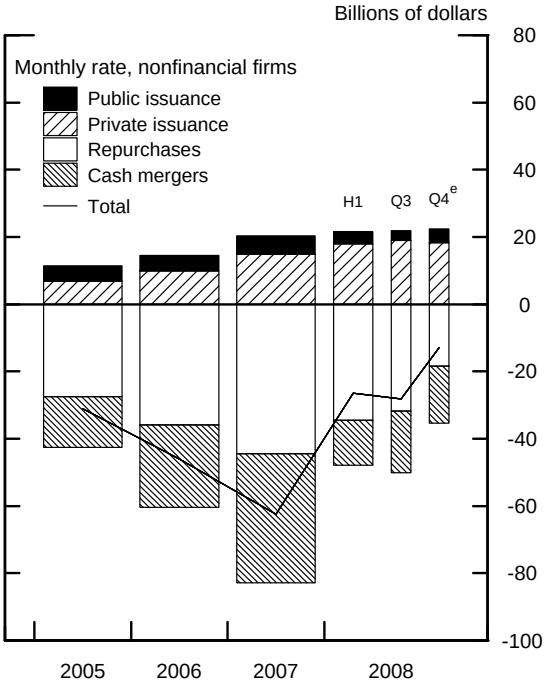
Note: Components may not sum to totals because of rounding.
1. Excludes private placements and equity-for-equity swaps that occur in restructurings.
2. Data include regular and 144a private placements. Bond totals reflect gross proceeds rather than par value of original discount bonds. Bonds are categorized according to Moody's bond ratings or to Standard & Poor's if unrated by Moody's.
3. End-of-period basis, seasonally adjusted.
p Forecast based on preliminary data.
Source: Depository Trust & Clearing Corporation; Thomson Financial; Federal Reserve Board.

Selected Components of Net Debt Financing



* Seasonally adjusted, period-end basis.
p Preliminary.
Source: Depository Trust & Clearing Corporation; Thomson Financial; Federal Reserve Board.

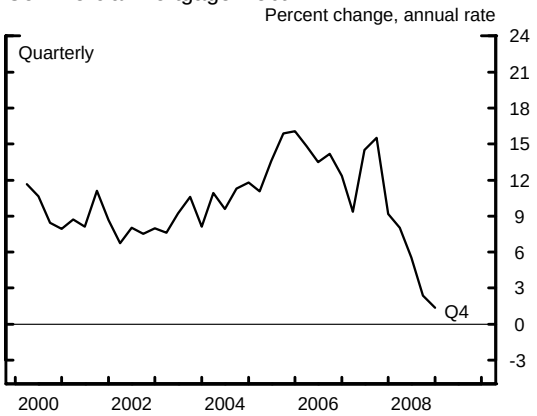
Components of Net Equity Issuance



e Staff estimate.
Source: Thomson Financial, Investment Benchmark Report; Money Tree Report by PricewaterhouseCoopers, National Venture Capital Association, and Venture Economics.

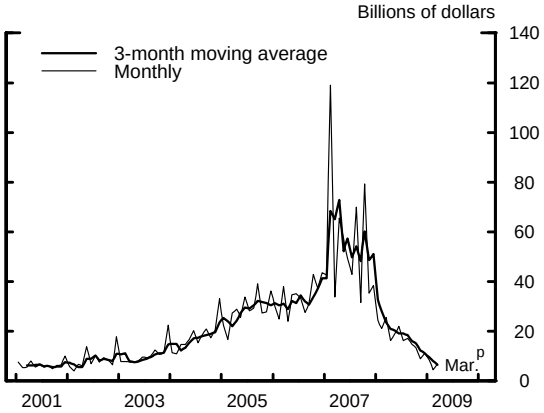
Commercial Real Estate

Commercial Mortgage Debt



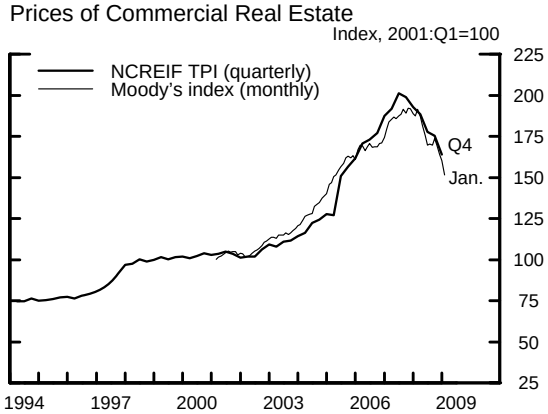
Source: Federal Reserve.

Sales of Commercial Real Estate



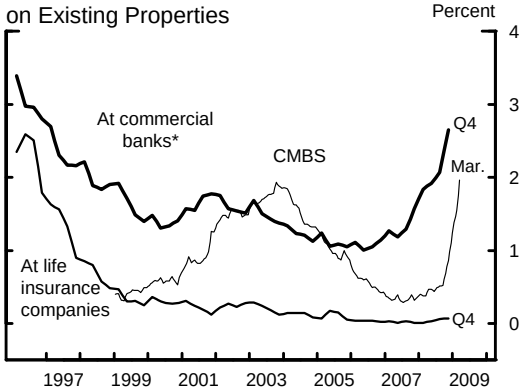
p Preliminary.
Source: Real Capital Analytics.

Prices of Commercial Real Estate



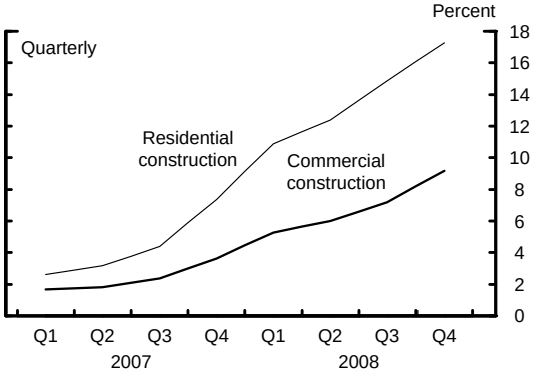
Source: NCREIF; MIT Center for Real Estate; Moody's.

Delinquency Rates on Commercial Mortgages on Existing Properties



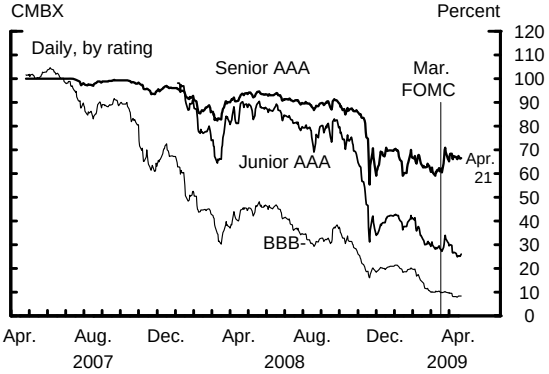
Note: CMBS are commercial mortgage-backed securities.
*Excluding farmland.
Source: Citigroup; Call Report; ACLI.

Delinquency Rates on Commercial Construction Loans at Banks



Note: Data series for residential and commercial construction begin in 2007:Q1. Existing properties include nonresidential and multifamily.
Source: Call Report.

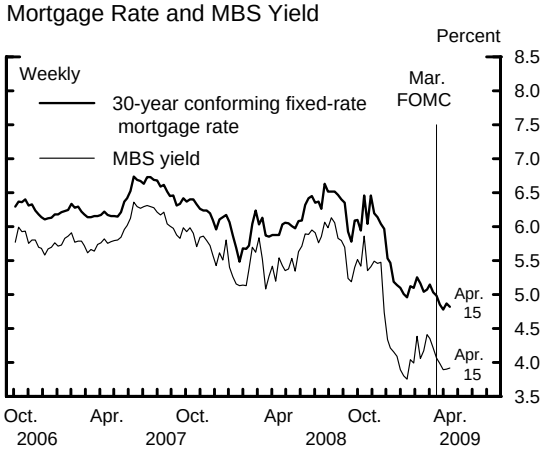
Commercial Mortgage CDS Index Prices



Note: Each index corresponds to pools of mortgages securitized in 2006:H1.
Source: JPMorgan Chase & Co.

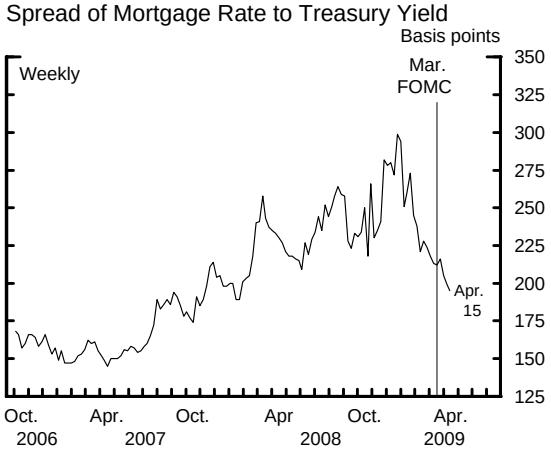
Residential Mortgages

Mortgage Rate and MBS Yield



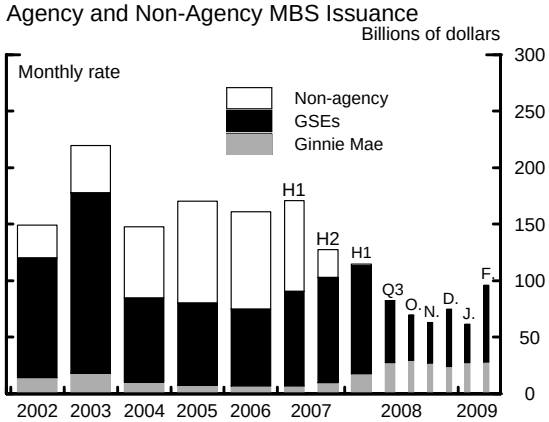
Note: For MBS yield, Fannie Mae 30-year current coupon rate.
Source: For conforming, Freddie Mac; for MBS yield, Bloomberg.

Spread of Mortgage Rate to Treasury Yield



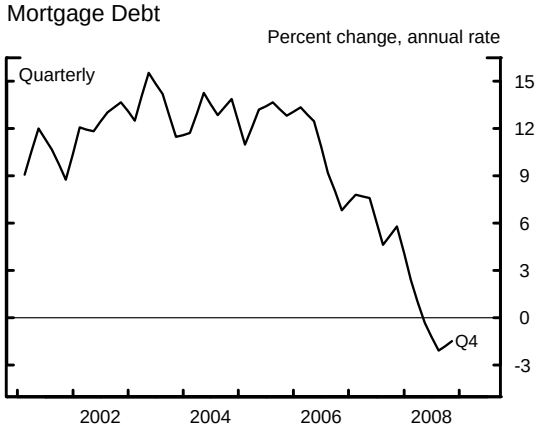
Note: Spread is of 30-year conforming fixed mortgage rate relative to the on-the-run 10-year Treasury yield.
Source: Bloomberg; Freddie Mac.

Agency and Non-Agency MBS Issuance



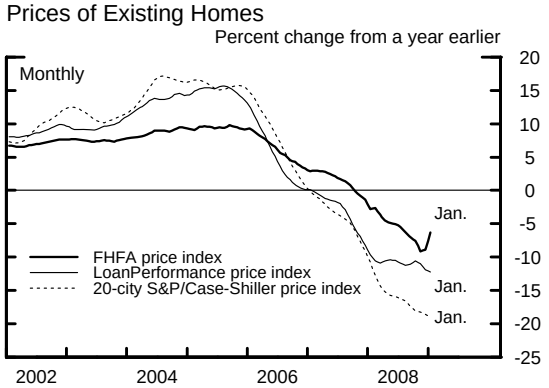
Source: For agency issuance, Fannie Mae, Freddie Mac, and Ginnie Mae; for non-agency, Inside Mortgage Finance.

Mortgage Debt



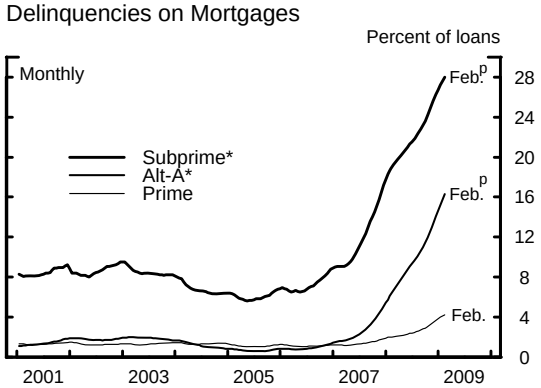
Source: Federal Reserve.

Prices of Existing Homes



Source: For FHFA, Federal Housing Finance Agency; for S&P/Case-Shiller, Standard & Poor's; for LoanPerformance, First American CoreLogic.

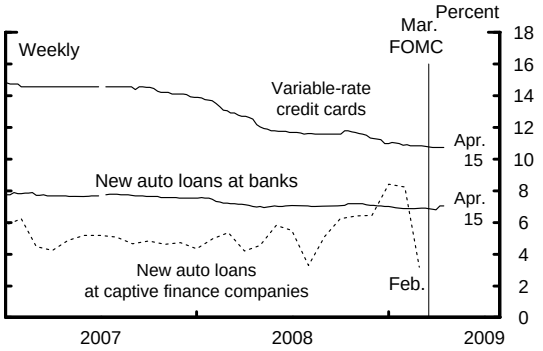
Delinquencies on Mortgages



Note: Percent of loans 90 or more days past due or in foreclosure. Prime includes near-prime mortgages.
* Among securitized loans only.
p Preliminary.
Source: For subprime and alt-A, LoanPerformance, a division of First American CoreLogic; for prime, McDash.

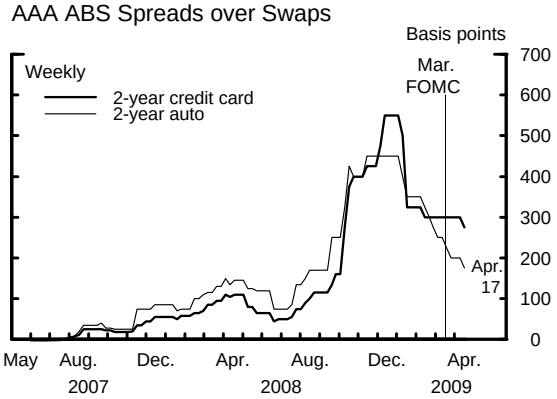
Consumer Credit and Household Wealth

Consumer Loan Rates



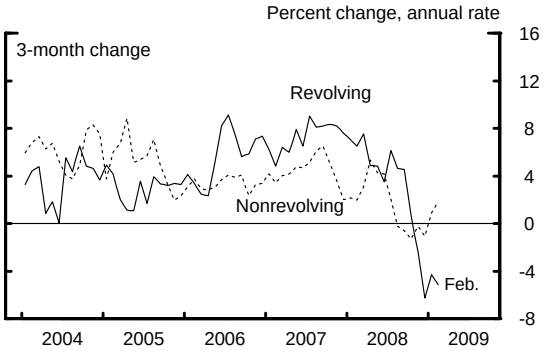
Source: For credit cards and auto at banks, Bankrate, Inc.; for auto at captive finance companies, Federal Reserve.

AAA ABS Spreads over Swaps



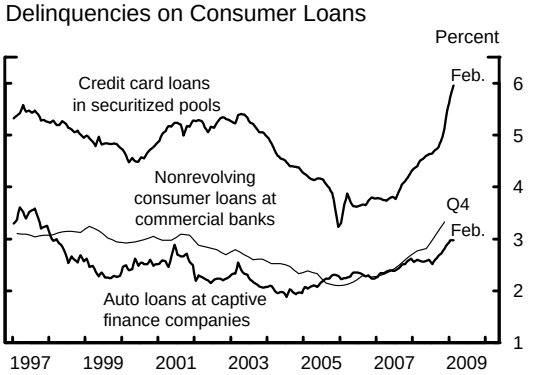
Source: For credit cards and auto, Citigroup Global Markets.

Consumer Credit



Source: Federal Reserve.

Delinquencies on Consumer Loans



Source: For auto loans, Federal Reserve; for credit cards, Moody's Investors Service; for nonrevolving consumer loans, Call Report.

Net Flows into Mutual Funds

(Billions of dollars, monthly rate)

Fund type	2007	2008		2009			Assets
		H1	H2	Jan.	Feb.	Mar.[e]	Feb.
Total long-term funds	**18.6**	**11.9**	**-49.9**	**25.0**	**-12.1**	**-12.2**	**5,146**
Equity funds	**7.7**	**-3.4**	**-36.0**	**8.9**	**-25.0**	**-28.1**	**3,104**
Domestic	-3.9	-4.8	-20.8	6.7	-14.3	-16.3	2,385
International	11.6	1.4	-15.3	2.2	-10.8	-11.8	719
Hybrid funds	**1.8**	**1.4**	**-4.9**	**-0.4**	**-4.3**	**-3.9**	**441**
Bond funds	**9.0**	**14.0**	**-8.9**	**16.5**	**17.2**	**19.8**	**1,601**
High-yield	-0.2	-0.2	0.1	3.1	1.2	4.1	118
Other taxable	8.4	11.2	-7.4	9.5	11.7	12.2	1,123
Municipals	0.9	2.9	-1.6	3.9	4.3	3.6	361
Money market funds	**62.5**	**56.1**	**59.6**	**63.7**	**-10.1**	**-53.5**	**3,892**

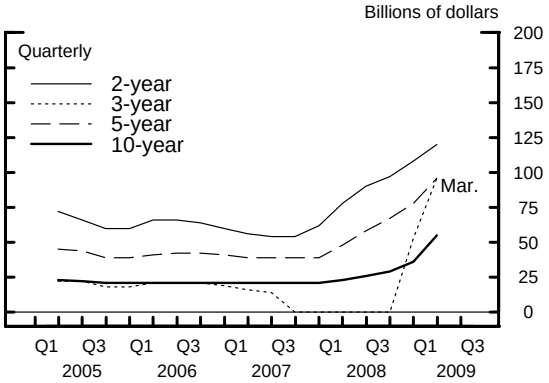
Note: Excludes reinvested dividends.

e Staff estimate.

Source: Investment Company Institute.

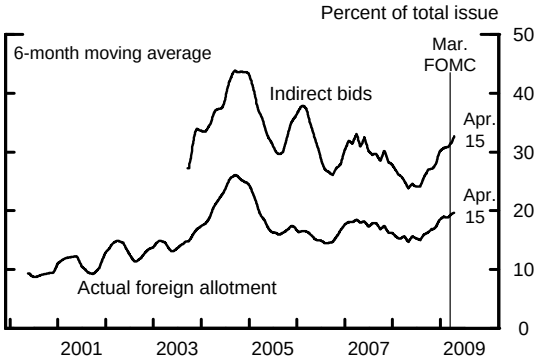
Treasury Finance

Treasury Auction Amounts



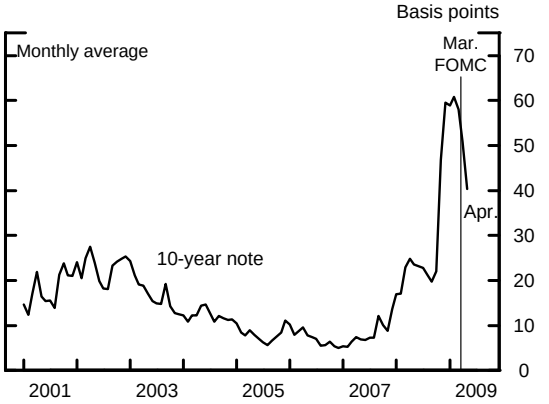
Source: U.S. Treasury Dept.

Foreign Participation in Treasury Auctions



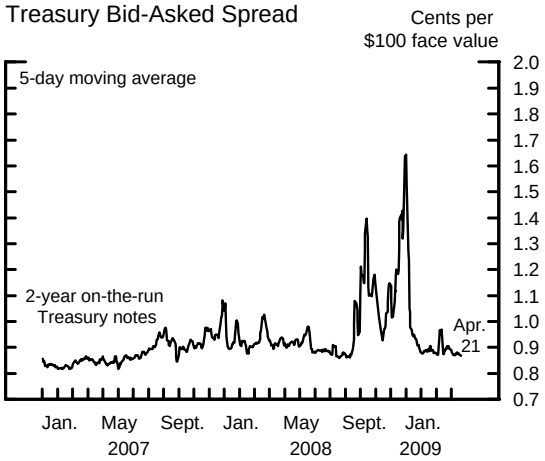
Note: Indirect bids and actual allotment are a percentage of the total amount accepted, including the amount tendered to the Federal Reserve. Moving averages include 2-, 5-, and 10-year original auctions and reopenings.
Source: Federal Reserve Board.

Treasury On-the-Run Premium



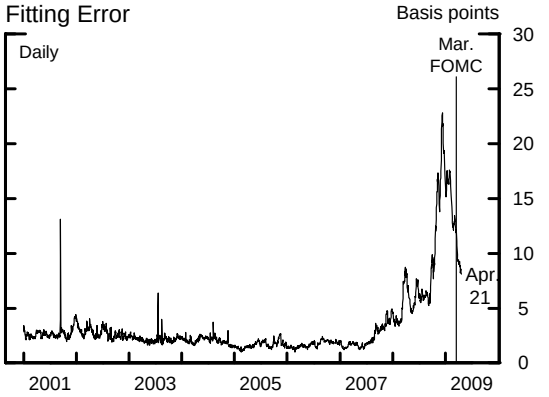
Note: Computed as the spread of the yield read from an estimated off-the-run yield curve over the on-the-run Treasury yield. March observation is the month-to-date average.
Source: Federal Reserve Bank of New York.

Treasury Bid-Asked Spread



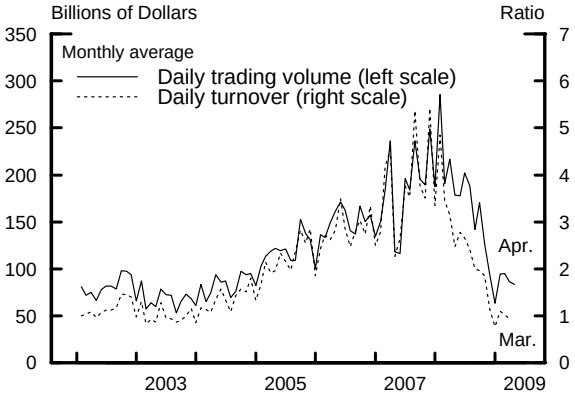
Source: BrokerTec Interdealer Market Data.

Average Absolute Nominal Yield Curve Fitting Error



Note: Calculated from securities with 2 to 10 years until maturity, excluding on-the-run and first off-the-run securities.
Source: Federal Reserve Board.

Daily Treasury Market Volume and Turnover



Note: April observation is the month-to-date average.
Source: BrokerTec Interdealer Market Data.

State and Local Government Finance

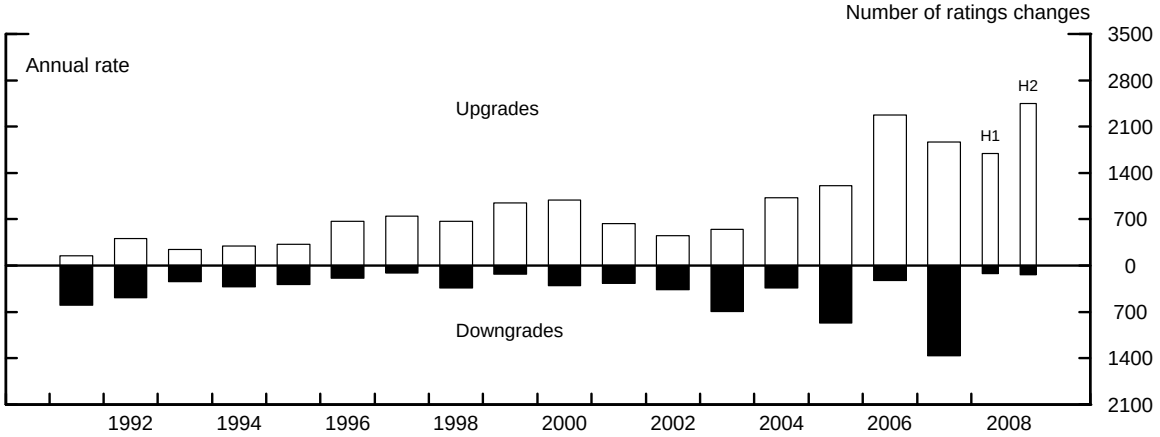
Gross Offerings of Municipal Securities

(Billions of dollars; monthly rate, not seasonally adjusted)

Type of security	2005	2006	2007	2008 H1	2008 H2	2009 Q1	2009 Apr. p
Total	38.4	36.1	40.4	41.6	33.1	30.6	30.0
Long-term [1]	34.2	32.5	35.5	38.0	26.6	28.8	29.0
Refundings [2]	15.6	10.6	12.6	18.0	11.0	10.7	10.0
New capital	18.6	21.9	22.9	20.1	15.6	18.1	19.0
Short-term	4.2	3.7	4.9	3.6	6.5	1.8	1.0
Memo: Long-term taxable	2.1	2.5	2.4	2.7	1.8	1.1	1.0

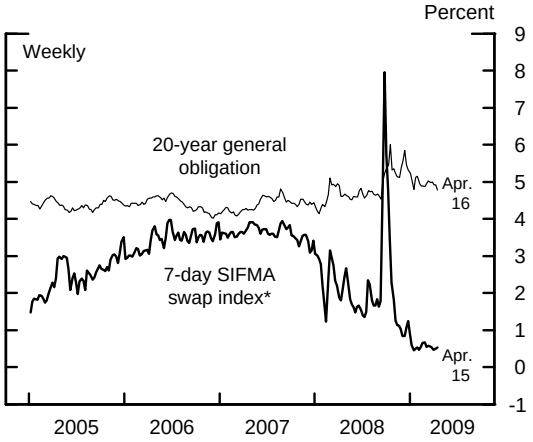
1. Includes issues for public and private purposes.
2. All issues that include any refunding bonds.
p Forecast based on preliminary data through April 16, 2009.
Source: Thomson Financial.

Ratings Changes



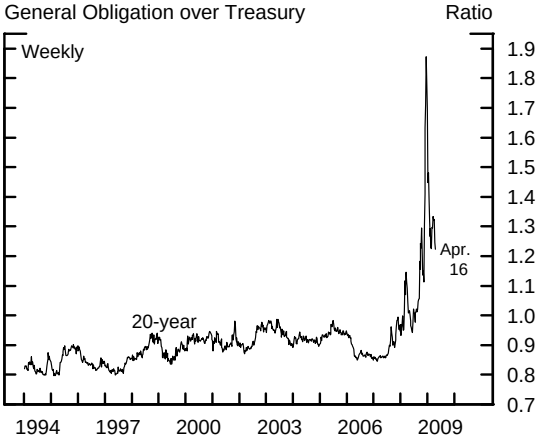
Note: Recent upgrades reflect S&P's change of rating standard.
Source: S&P's Credit Week Municipal; S&P's Ratings Direct.

Municipal Bond Yields



* SIFMA is the Securities Industry and Financial Markets Association.
Source: Municipal Market Advisors; Bond Buyer.

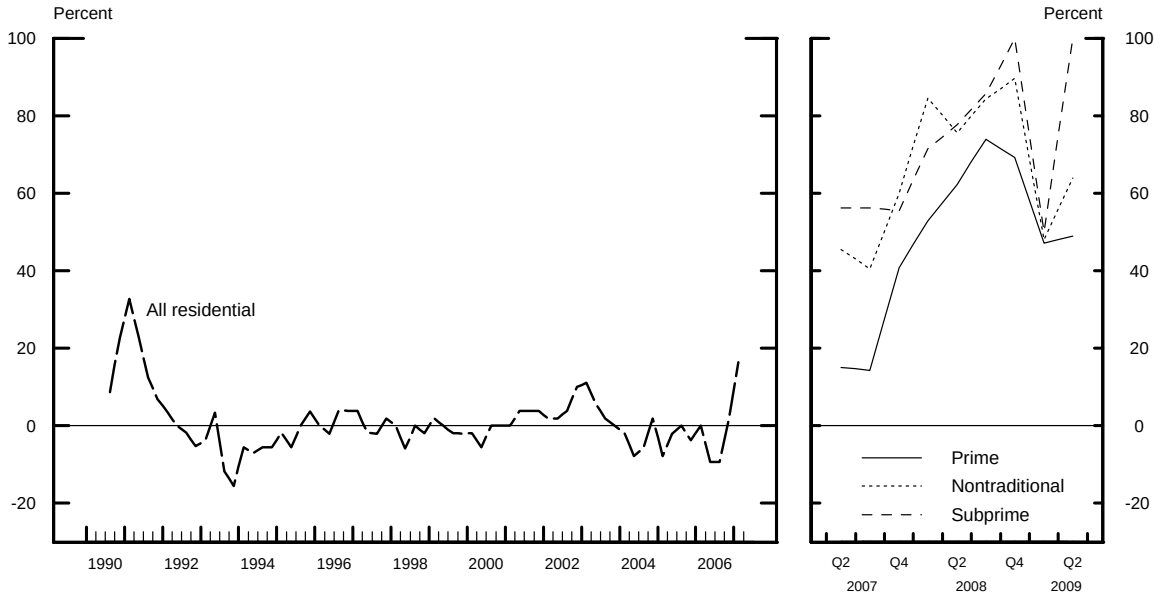
Municipal Bond Yield Ratio



Source: Bond Buyer.

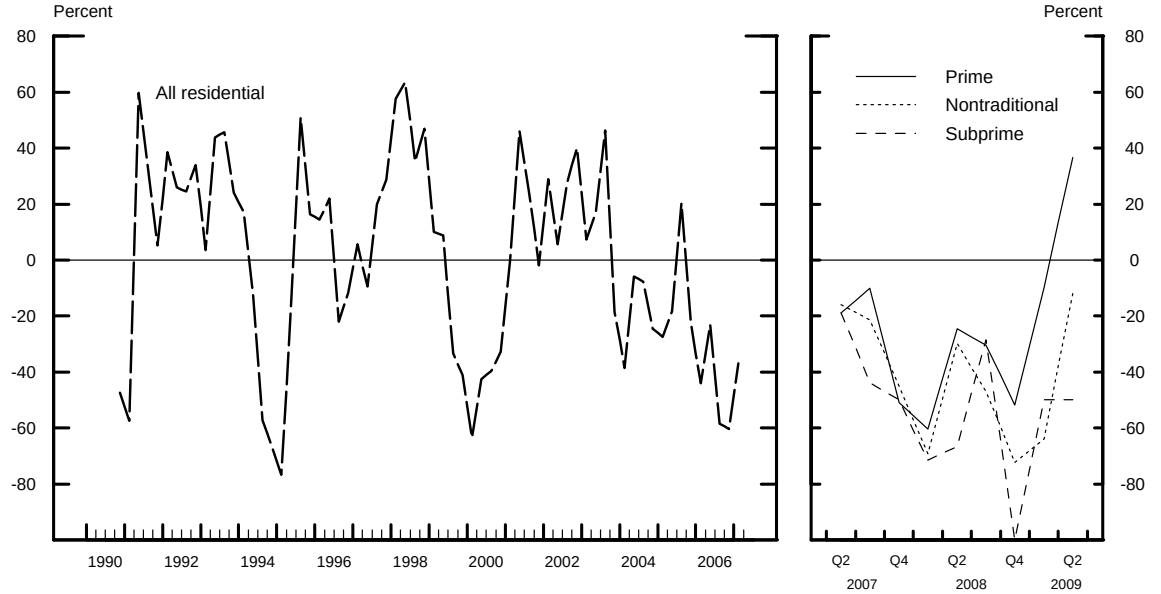
Measures of Supply and Demand for Residential Mortgage Loans

Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans



Note: For data starting in 2007:Q2, changes in standards for prime, nontraditional, and subprime mortgage loans are reported separately.

Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

International Developments

Confidential (FR) Class III FOMC

April 24, 2009

CURRENT ECONOMIC AND FINANCIAL CONDITIONS

Supplemental Notes

Prepared for the Federal Open Market Committee
by the staff of the Board of Governors of the Federal Reserve System

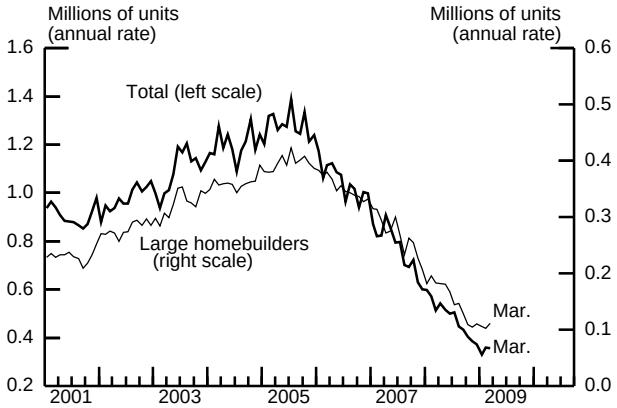
Correction to Part 1

In the table that appears on page 13 of Part 1 of the Greenbook, two lines were inadvertently mislabeled. Specifically, the results reported as based on commercial loan credit standards from the Senior Loan Officer Opinion Survey are in fact based on the change in bank credit standards from the survey; the results reported for the change in bank credit standards are in fact based on commercial loan credit standards.

The Domestic Financial Economy

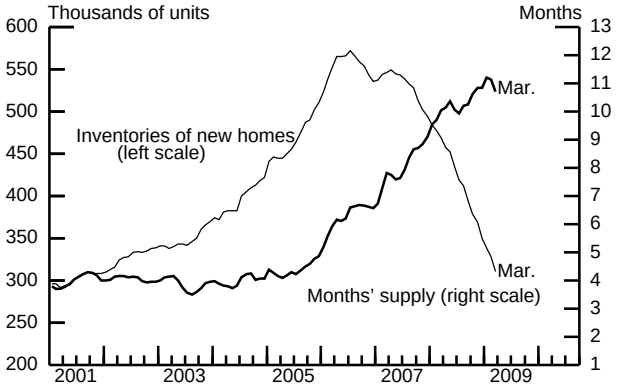
Indicators of Single-Family Housing

New Single-Family Home Sales



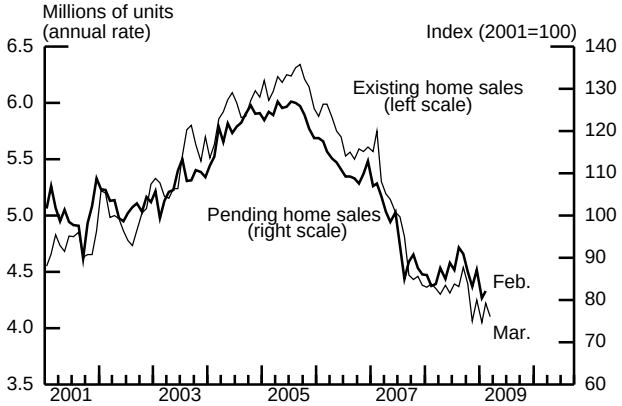
Source: For total, Census Bureau; for large homebuilders, National Association of Home Builders.

Inventories of New Homes and Months' Supply



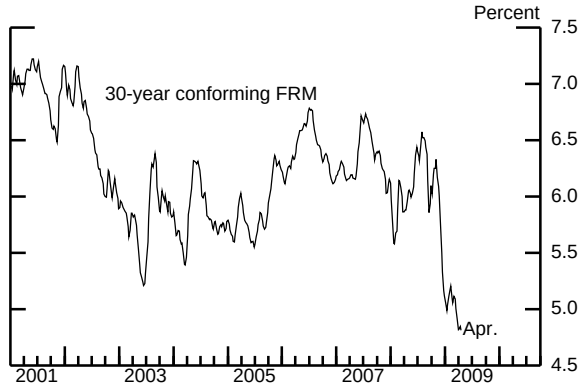
Note: Months' supply is calculated using the 3-month moving average of sales.
Source: Census Bureau.

Existing Single-Family Home Sales



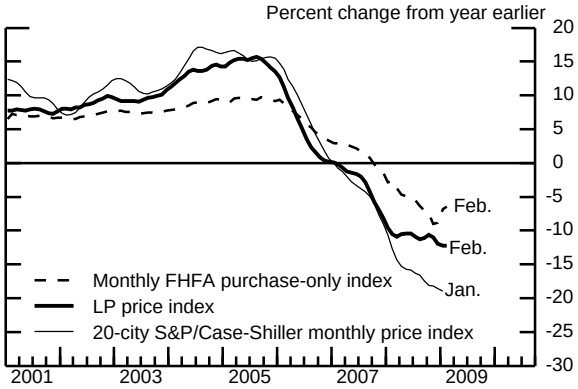
Source: National Association of Realtors.

Mortgage Rates



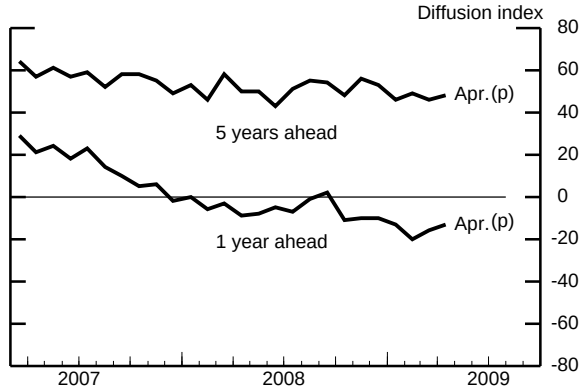
Note: The April reading is a 2-week moving average of data available through Apr. 22, 2009. FRM is a fixed-rate mortgage.
Source: Federal Home Loan Mortgage Corporation.

Prices of Existing Homes



Source: For FHFA, Federal Housing Finance Agency; for S&P/Case-Shiller, Standard & Poor's; for LP, LoanPerformance, a division of First American CoreLogic.

House Price Expectations



Note: Diffusion index is constructed by subtracting expectations of decrease from expectations of increase.
p Preliminary.
Source: Reuters/University of Michigan Surveys of Consumers.

Commercial Bank Credit

(Percent change, annual rate, except as noted; seasonally adjusted)

Type of credit	2007	2008	H2 2008	Q4 2008	Q1 2009	Mar. 2009	Apr. 2009[e]	Level[1] Apr. 2009[e]
Total	10.9	4.4	4.7	6.2	-6.7	-3.8	-14.8	9,325
Loans[2]								
Total	11.3	4.4	2.6	3.1	-6.4	-7.2	-11.9	7,023
To businesses								
Commercial and industrial	19.0	14.2	13.0	18.3	-9.7	-13.0	-18.3	1,520
Commercial real estate	10.7	6.4	2.9	2.0	-1.0	-1.7	-2.4	1,723
To households								
Residential real estate	6.8	-2.3	-3.8	-.7	-.5	2.5	-7.5	2,091
Revolving home equity	6.4	12.9	12.9	13.1	8.3	8.6	1.8	602
Closed-end mortgages	6.9	-7.1	-9.5	-5.8	-4.0	.0	-11.3	1,489
Consumer	6.6	7.9	7.4	6.0	7.3	-10.0	-15.5	881
Originated[3]	6.0	6.4	4.7	3.3	1.9	-7.3	-5.1	1,296
Other	17.1	-1.6	-4.5	-13.7	-36.7	-29.1	-27.2	808
Securities								
Total	9.5	4.6	11.2	16.0	-7.8	6.7	-23.5	2,303
Treasury and agency	-5.6	19.4	37.7	51.6	3.1	7.4	-35.2	1,354
Other[4]	31.1	-10.7	-16.8	-24.7	-22.8	5.7	-6.3	949

Note: Yearly annual rates are Q4 to Q4; quarterly and monthly annual rates use corresponding average levels. Data have been adjusted to remove the effects of mark-to-market accounting rules (FIN 39 and FAS 115), the initial consolidation of certain variable interest entities (FIN 46), and the initial adoption of fair value accounting. Data also account for the effects of nonbank structure activity of $5 billion or more.

1. Billions of dollars. Pro rata averages of weekly (Wednesday) levels.
2. Excludes interbank loans.
3. Includes an estimate of outstanding loans securitized by commercial banks.
4. Includes private mortgage-backed securities; securities of corporations, state and local governments, and foreign governments; and any trading account assets that are not Treasury or agency securities.

e Estimated.

Source: Federal Reserve.

III-T-1

Selected Financial Market Quotations

(One-day quotes in percent except as noted)

Instrument	2007	2009			Change to Apr. 23 from selected dates (percentage points)		
	Aug. 6	Jan. 27	Mar. 17	Apr. 23	2007 Aug. 6	2009 Jan. 27	2009 Mar. 17
Short-term							
FOMC intended federal funds rate	5.25	.13	.13	.13	-5.12	.00	.00
Treasury bills[1]							
3-month	4.74	.13	.24	.10	-4.64	-.03	-.14
6-month	4.72	.32	.44	.30	-4.42	-.02	-.14
Commercial paper (A1/P1 rates)[2]							
1-month	5.26	.29	.44	.30	-4.96	.01	-.14
3-month	5.29	2.04	.66	.40	-4.89	-1.64	-.26
Large negotiable CDs[1]							
3-month	5.34	1.08	1.08	.87	-4.47	-.21	-.21
6-month	5.27	1.57	1.83	1.48	-3.79	-.09	-.35
Eurodollar deposits[3]							
1-month	5.33	.75	1.00	.90	-4.43	.15	-.10
3-month	5.35	1.75	1.65	1.50	-3.85	-.25	-.15
Bank prime rate	8.25	3.25	3.25	3.25	-5.00	.00	.00
Intermediate- and long-term							
U.S. Treasury[4]							
2-year	4.49	.68	1.04	.90	-3.59	.22	-.14
5-year	4.52	1.74	2.14	1.98	-2.54	.24	-.16
10-year	4.82	3.17	3.47	3.30	-1.52	.13	-.17
U.S. Treasury indexed notes[5]							
5-year	2.43	1.84	2.04	1.55	-.88	-.29	-.49
10-year	2.48	1.97	2.26	1.92	-.56	-.05	-.34
Municipal general obligations (Bond Buyer)[6]	4.51	5.13	5.03	4.57	.06	-.56	-.46
Private instruments							
10-year swap	5.44	2.84	3.14	3.11	-2.33	.27	-.03
10-year FNMA[7]	5.34	3.65	4.04	3.82	-1.52	.17	-.22
10-year AA[8]	6.12	6.03	6.99	6.31	.19	.28	-.68
10-year BBB[8]	6.57	8.94	9.25	8.57	2.00	-.37	-.68
10-year high yield[8]	9.21	14.68	16.41	14.01	4.80	-.67	-2.40
Home mortgages (FHLMC survey rate)							
30-year fixed	6.59	5.10	4.98	4.80	-1.79	-.30	-.18
1-year adjustable	5.65	4.90	4.91	4.82	-.83	-.08	-.09

Stock exchange index	Record high		2009			Change to Apr. 23 from selected dates (percent)		
	Level	Date	Jan. 27	Mar. 17	Apr. 23	Record high	2009 Jan. 27	2009 Mar. 17
Dow Jones Industrial	14,165	10-9-07	8,175	7,396	7,957	-43.82	-2.66	7.59
S&P 500 Composite	1,565	10-9-07	846	778	852	-45.57	.73	9.48
Nasdaq	5,049	3-10-00	1,505	1,462	1,652	-67.27	9.79	13.00
Russell 2000	856	7-13-07	456	404	467	-45.47	2.42	15.62
D.J. Total Stock Index	15,807	10-9-07	8,524	7,878	8,701	-44.95	2.07	10.45

1. Secondary market.
2. Financial commercial paper.
3. Bid rates for Eurodollar deposits collected around 9:30 a.m. eastern time.
4. Derived from a smoothed Treasury yield curve estimated using off-the-run securities.
5. Derived from a smoothed Treasury yield curve estimated using all outstanding securities and adjusted for the carry effect.
6. Most recent Thursday quote.
7. Constant-maturity yields estimated from Fannie Mae domestic noncallable coupon securities.
8. Derived from smoothed corporate yield curves estimated using Merrill Lynch bond data.

NOTES:
August 6, 2007, is the day before the August 2007 FOMC meeting.
January 27, 2009, is the day before the January 2009 FOMC monetary policy announcement.
March 17, 2009, is the day before the most recent FOMC monetary policy announcement.