

U.S. Economic Outlook: October 2005

	2004		2005		2006					2007		2003	2004	2005	2006
	IV	I	II	III	IV	I	II	III	IV	I					
U.S. Economy															
<i>Annual Growth Rate</i>															
Real GDP	3.3	3.8	3.3	2.8	2.7	4.4	4.6	4.0	3.6	3.4	2.7	4.2	3.4	3.8	
Nonfarm Payroll Employment	1.7	1.6	1.9	1.1	0.7	1.7	1.8	1.9	1.8	1.4	-0.3	1.1	1.6	1.5	
Consumer Prices	3.6	2.4	4.2	5.5	3.9	0.6	2.2	2.1	2.2	2.0	2.3	2.7	3.5	2.6	
Real Disposable Income	9.1	-3.4	1.5	-2.1	4.1	7.2	4.8	4.7	4.0	4.9	2.4	3.4	1.4	4.1	
Consumer Confidence	96	104	102	99	99	100	102	104	105	106	80	96	101	103	
<i>Percent</i>															
Unemployment	5.4	5.3	5.1	5.1	5.2	5.2	5.2	5.0	5.0	5.0	6.0	5.5	5.2	5.1	
<i>Interest Rates, Percent</i>															
Fed Funds Rate	2.0	2.5	2.9	3.4	4.0	4.3	4.3	4.3	4.3	4.3	1.1	1.3	3.2	4.3	
3-Month T-Bill Rate	2.0	2.5	2.9	3.4	3.9	4.1	4.1	4.1	4.1	4.1	1.0	1.4	3.2	4.1	
Prime Rate	4.9	5.4	5.9	6.4	7.0	7.3	7.4	7.2	7.2	7.2	4.1	4.3	6.2	7.3	
Corporate Aaa Bond Yield	5.5	5.3	5.1	5.1	5.5	5.8	6.0	6.1	6.1	6.2	5.7	5.6	5.3	6.0	
10-Year Government Bond	4.2	4.3	4.2	4.2	4.6	4.8	4.9	5.0	5.0	5.1	4.0	4.3	4.3	4.9	
30-Year Government Bond	4.9	4.7	4.5	5.0	5.3	5.5	5.6	5.6	5.7	5.7	5.1	5.1	4.9	5.6	
<i>Mortgage Rates, percent</i>															
30-Year Fixed Rate	5.7	5.8	5.7	5.8	6.2	6.4	6.5	6.6	6.7	6.8	5.8	5.8	5.9	6.5	
1-Year Adjustable	4.1	4.2	4.3	4.5	4.9	5.1	5.2	5.2	5.2	5.3	3.8	3.9	4.5	5.2	
Housing Indicators															
<i>Thousands</i>															
Existing Home Sales*	6,877	6,837	7,223	7,168	6,987	6,850	6,803	6,823	6,796	6,829	6,183	6,784	7,071	6,809	
New Single-Family Sales	1,243	1,249	1,297	1,312	1,295	1,289	1,259	1,192	1,141	1,107	1,086	1,203	1,289	1,223	
Housing Starts	1,973	2,083	2,044	2,001	2,022	2,042	2,000	1,909	1,841	1,804	1,854	1,950	2,038	1,948	
Single-Family Units	1,621	1,709	1,693	1,705	1,681	1,674	1,625	1,528	1,453	1,410	1,505	1,604	1,697	1,570	
Multifamily Units	352	374	351	296	340	368	375	382	388	394	349	345	340	378	
Residential Construction**	571	584	599	605	606	607	605	595	579	566	509	562	599	596	
<i>Percent Change -- Year Ago</i>															
Existing Home Sales	8.1	8.2	4.7	5.5	1.6	0.2	-5.8	-4.8	-2.7	-0.3	9.8	9.7	4.2	-3.7	
New Single-Family Sales	10.8	5.0	7.8	12.8	4.2	3.2	-2.9	-9.2	-11.9	-14.1	11.9	10.8	7.1	-5.1	
Housing Starts	-3.1	8.0	6.3	1.3	2.5	-2.0	-2.2	-4.6	-9.0	-11.7	8.4	5.2	4.5	-4.4	
Single-Family Units	-2.2	9.4	5.9	4.3	3.7	-2.0	-4.0	-10.4	-13.6	-15.8	10.3	6.6	5.8	-7.5	
Multifamily Units	-7.0	1.9	8.6	-12.6	-3.3	-1.7	6.9	28.7	13.9	7.0	0.6	-0.9	-1.4	11.1	
Residential Construction	6.6	7.7	6.1	6.4	6.1	3.8	1.0	-1.8	-4.4	-6.6	8.4	10.3	6.6	-0.4	
Median Home Prices															
<i>Thousands of Dollars</i>															
Existing Home Prices	189.3	190.3	209.3	217.3	211.5	203.0	219.3	228.6	221.3	211.8	169.5	185.2	208.4	219.2	
New Home Prices	227.8	229.9	228.0	219.2	243.7	246.2	245.1	235.2	259.6	259.3	195.0	221.0	229.7	246.0	
<i>Percent Change -- Year Ago</i>															
Existing Home Prices	9.7	10.2	13.4	14.8	11.7	6.6	4.8	5.2	4.6	4.4	8.5	9.3	12.5	5.2	
New Home Prices	14.4	8.0	5.3	2.4	7.0	7.1	7.5	7.3	6.5	5.3	3.9	13.3	3.9	7.1	
Housing Affordability Index	132	133	121	117	118	120	111	107	110	113	138	133	122	112	

Quarterly figures are seasonally adjusted annual rates.

* Existing home sales of single-family homes and condo/coops; ** billion dollars

Source: Forecast produced using Macroeconomic Advisers quarterly model of the U.S. economy.

Assumptions and simulations by Dr. David Lereah and Dr. Lawrence Yun.