ECONOMIC OUTLOOK

REGIONS

February 2023

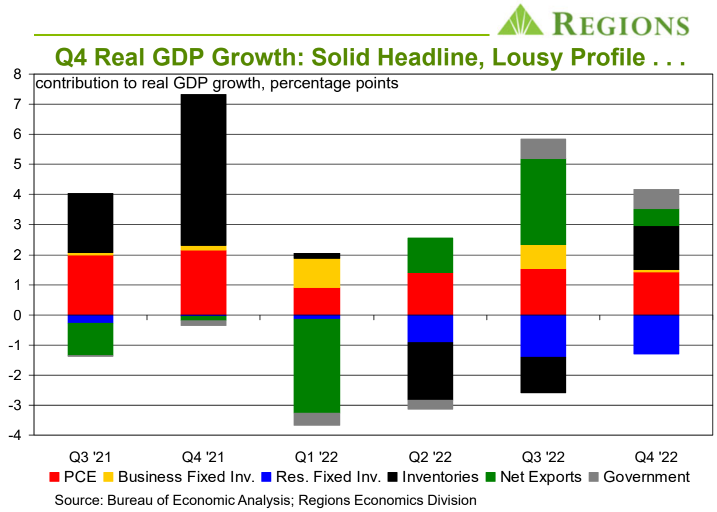
~~Where Do We Go From Here?~~

Where Are We?

It's hard to know where you're going if you're not sure where you are. That is something we learned, repeatedly, from experience in the dark days before the advent of GPS technology. Then again, not even GPS can tell you where to go if it doesn't know where you're starting from. That seems an appropriate analogy in the wake of the initial estimate of Q4 2022 GDP from the Bureau of Economic Analysis (BEA), which showed another quarter of solid real GDP growth despite mounting evidence that the pace of economic activity slowed over the latter stages of 2022. Indeed, mixed signals abound in the economic data, seemingly leaving us in a "yes, but" economy. Yes, inflation is slowing, but it remains much too high to suit the FOMC. Yes, job growth is slowing, but the labor market is showing few signs of cracking. Yes, the labor market is showing few signs of cracking, but employment is always a lagging indicator. The beauty of a "yes, but" economy is that there is something for everyone; no matter what one's outlook for the economy – recession, no recession – there's something in nearly every single data release for them to focus on, whether it's the "yes" or the "but."

Okay, sure, that's a huge plus for fans of endless argument, but for those of us trying to drown out the noise and get a clear read on where the economy is heading, not so much. To that point, the BEA's initial estimate shows real GDP grew at an annual rate of 2.9 percent in Q4 2022. While that matched our above-consensus forecast, the details of the data left us with a sinking feeling as the profile of Q4 GDP growth was much different than we anticipated. For instance, relative to our expectations, inventories and trade made larger contributions to Q4 growth while consumer spending and business investment made smaller contributions. So, to the extent our call on Q4 growth was right, it was right for the wrong reasons. On the bright side, we did learn that while two wrongs don't make a right, four wrongs can indeed make a right, though every parent, teacher, and preacher on earth would no doubt prefer we keep that finding to ourselves. Oops . . .

In any event, after real GDP contracted in each of the first two quarters of 2022, the final two quarters of the year saw growth easily running at an above-trend pace. While that may seem to set a solid foundation for continued growth in 2023, the profile of Q4, and to a lesser extent Q3, growth suggests anything but. We can make a case that the profile of GDP over the first half of 2022 was more constructive than that seen over the second half of the year. We have on several occasions, starting with the May 2022 *Outlook*, discussed why the contractions in real GDP in each of the first two quarters of 2022 said more about the quirks of GDP accounting than they did about the underlying health of the U.S. economy. We can make that same argument with the 2H 2022 GDP data, particularly the reported 2.9 percent annualized growth in real GDP in Q4. The following chart, which shows the contribution of each of the main components to the change in top-line real GDP, helps illustrate our point.



As we discussed at the time the data were released, the reported contractions in real GDP in each of the first two quarters of 2022 primarily reflected, respectively, a significant widening in the trade deficit and a slower pace of inventory accumulation in the nonfarm business sector. The former took 3.13 percentage points off the quarterly change in real GDP in Q1 while the latter knocked 1.91 percentage points off of the quarterly change in real GDP in Q2, in each case more than accounting for the contraction in real GDP (annualized contractions of 1.6 percent in Q1 and 0.6 percent in Q2). Without completely repeating our previous discussions, we'll note that a surge in imports of goods was the primary culprit behind the wider trade deficit in Q1 2022, with roughly one-half of those imports being raw inputs or capital goods used in the production of goods and services here in the U.S. but which, under GDP accounting conventions, are treated as a deduction from GDP. As for the treatment of inventories, nonfarm business inventories actually increased in Q2 2022 but that they did so at a slower pace – following the two largest quarterly builds on record – meant that, under GDP accounting conventions, inventory accumulation was treated as a deduction from GDP growth.

Our point was that real private domestic demand – combined consumer spending, residential fixed investment, and business fixed investment – is typically a more meaningful indicator of the underlying health of the economy than the reported change in real GDP, with real private domestic demand having expanded in each of the first two quarters of 2022. We'll make the exact same point regarding the Q4 GDP data despite the tables having been turned. Though real GDP expanded at an annualized rate of 2.9 percent in

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Q4 2022, we think it much more telling, not to mention more than a bit concerning, that real private domestic demand expanded at a meager annualized rate of 0.2 percent. The ongoing contraction in residential fixed investment remained a powerful drag, weighing on real private domestic demand and knocking 1.29 percentage points off top-line real GDP growth. That contraction, however, was offset by growth in real consumer spending. Real business fixed investment rose at an annual rate of just 0.7 percent, adding a mere 0.09 percentage points to top-line real GDP growth. The weakness in real private domestic demand was more than countered by a smaller trade deficit, which added 0.56 percentage points to Q4 real GDP growth, and a much faster pace of inventory accumulation in the nonfarm business sector, which added 1.46 percentage points to top-line growth, with increased government expenditures adding 0.64 percentage points.

While all of this adds up to 2.9 percent growth, annualized, in real GDP in Q4, the composition of that growth does not bode well for growth going forward, particularly in Q1 2023. For instance, the smaller trade deficit in Q4 largely reflected a steep decline in imports of goods, particularly consumer goods, into the U.S., which reflected diminished demand and which won't be repeated in Q1. Also, a good chunk of build in nonfarm business inventories in Q4 came from growing stocks in the manufacturing sector. That could reflect firms wishing to hold higher inventories than has been the case in the past as a hedge against further disruptions in supply chains, but part of it likely reflects rapidly falling demand for manufactured goods. Either way, with the ISM Manufacturing Index showing the factory sector in contraction since November and the data on industrial production showing factory sector output declining over that same span, it seems a given that the "support" for growth from rising manufacturing inventories in Q4 2022 will turn into a drag in Q1 2023. That will be the case more broadly if the pace of overall inventory accumulation slows sharply in Q1, as we expect. Moreover, given how large the inventory build was in Q4 2022 – again, adding 1.46 percentage points to real GDP growth – a sharp enough slowdown in inventory growth in Q1 could doom us to a contraction in real GDP if we see another quarter of only tepid growth in real private domestic demand.

While residential fixed investment will contract further in Q1, the magnitude of that decline will be far smaller than has been the case in the prior two quarters as new single family construction and sales form bottoms, and beyond Q1 we expect residential fixed investment to begin adding, even if only modestly, to top-line real GDP growth. Still, as the drag from residential fixed investment abates and turns into a support, our baseline forecast anticipates uninspired growth in both real consumer spending and business fixed investment over the next few quarters. The net effect will be only modest growth in real private domestic demand over much of 2023 meaning, in turn, only meager real GDP growth this year, leaving little room to absorb any adverse shocks.

That we expect a marked slowdown in real consumer spending growth will come as no surprise to our regular readers, as we have for several months now been discussing fading spending on goods and our expectation of a pullback in discretionary services spending. We were not wrong in our call on discretionary services spending, just early; our proxy for real spending on discretionary services declined in each of the last three months of 2022, with successively larger declines in each month of Q4 (we had expected this pullback to begin once summer ended). This decline could easily be sustained over coming months if labor market conditions erode to a meaningful degree and sentiment does not improve, particularly with the pool of household savings set to drain further.

Business investment, particularly investment in equipment and machinery will be of little support for growth in private domestic demand in 2023. This is one element of our baseline forecast we've meaningfully downgraded over recent months, which is consistent with both what we've seen – the high frequency data on leading indicators, such as orders for core capital goods – and with what we've heard – commentary on corporate earnings calls indicating an increasingly uncertain outlook is leading many firms to scale down planned capital expenditures. Even with our expectations having been lowered, we were surprised by the contraction, at a 3.7 percent annual rate, in real business investment in equipment and machinery in the initial estimate of Q4 GDP. At the same time, real investment in intellectual property products, which over time tends to be a driver of changes in labor productivity and which has been the primary driver of growth in total business investment over the past several quarters, grew at its slowest pace since Q1 2019 (barring the decline in Q1 2020, when everything declined).

We look for real business investment in equipment and machinery to decline further over coming quarters, thus remaining a drag on both private domestic demand and top-line GDP growth. What is, or at least should be, of even greater concern is that diminished business investment today can weigh on future growth, as capital formation provides fuel for faster growth over time. Put differently, consumption doesn't drive growth, growth drives consumption, and whether in intellectual property products or in equipment and machinery, a stretch of weakness in business investment now will have implications later. While our forecast does look for business spending on structures to post moderate growth over coming quarters, structures spending accounted for less than one-fifth of total business investment in 2022, a share which has been steadily declining over the past several decades.

It isn't unusual for top-line real GDP and real private domestic demand to be out of alignment, but that the two were out of alignment to the degree they were during 2022 is, and the manner of the misalignment in the final quarter of 2022 – a solid-looking headline print masking virtually flat private domestic demand – sets the stage for what we already thought would be a challenging year for the U.S. economy to be even more so. That the headline Q4 GDP growth print is so at odds with the underlying details of the GDP data is in keeping with the "yes, but" nature of much of the recent economic data. As we stated at the outset, it's hard to know where you're going when you're not sure where you are. It can also be the case that even though you're not going all that far, not knowing how you're going to get there can make the trip seem way longer and way more stressful than it actually will be, which is pretty much what we envision for the U.S. economy this year.

U.S. Consumers: Hanging In, Or Just Hanging On?

As noted above, we expect growth in real consumer spending to slow markedly in 2023. Shifting patterns in consumer spending, diminishing excess savings, the cumulative effects of higher prices and higher interest rates, and at least some softening in labor market conditions will team up to form a potent drag on spending growth. While inflation is fading, particularly goods price inflation, and market interest rates will follow inflation lower, we think what will be slowing growth in labor earnings will be the dominant factor, particularly should wavering consumer sentiment weigh on discretionary spending.

Indeed, spending appeared to falter over the closing months of 2022, which many were quick to attribute to mounting financial stress taking a toll on U.S. consumers, using rapidly growing credit card debt as evidence of support for their contentions. While there are no doubt pockets of distress amongst consumers, the reality is that there are a host of factors impacting measured consumer spending, some of them more concerning than others, though this point is lost on those going no further than the headline spending numbers to conclude consumers are struggling across the board. Holiday season retail sales are a prime illustration of this.

The chart above shows control retail sales (retail sales excluding motor vehicle, gasoline, building materials, and restaurant sales), a direct input into the GDP data on consumer spending on goods, on both a seasonally adjusted and not seasonally adjusted basis. While the former is what gets the headlines and what most people react to, the latter is the actual dollar volume of control retail sales. On a seasonally adjusted basis, control retail sales fell in both November and December, but the not seasonally adjusted data told a different story, with unadjusted control sales rising by 8.1 percent in November and by 12.2 percent in December. While those may seem like healthy advances, they were nonetheless smaller than the increases typically seen in those months, which translated into declines in sales in the seasonally adjusted data. None of this surprised us given the many factors impacting consumer spending during the 2022 holiday sales season.

To give you a sense of the magnitude of seasonal adjustment of the December, the level of not seasonally adjusted control retail sales in December 2022 was 21.5 percent higher than the level after seasonal adjustment which, while substantial, is less than the typical gap. To be sure, it is more than fair to ask why unadjusted control retail sales underperformed historical norms in November and December. One factor was that many retailers trying to rid themselves of unwanted inventories began running "holiday" sales promotions in October. Consumers clearly responded, which was apparent in the healthy increase in control retail sales in October, but this had the effect of pulling some spending that would have otherwise taken place later in the year forward into October.

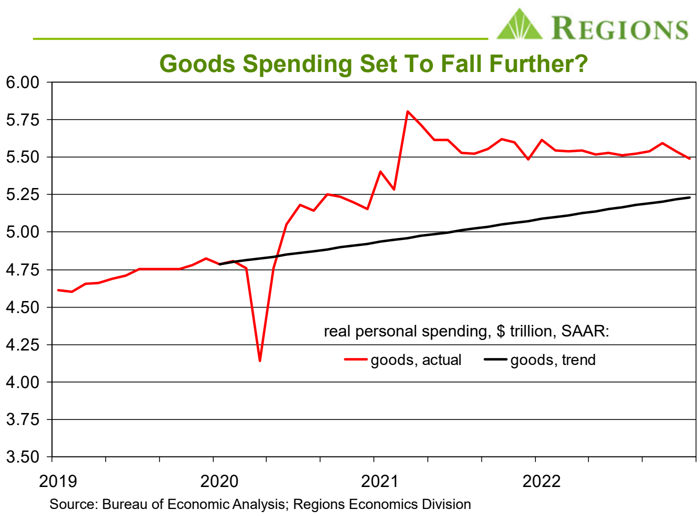
One factor contributing to retailers sitting on undesired inventories was the shift in consumer spending patterns – away from goods, toward services – that we and others have been discussing for some time now. Consumer spending on goods in 2020 and 2021 was juiced up like a big-league slugger from the steroids era by substantial financial transfers while much of the services sector was either shuttered or operating at only limited capacity. As the economy more fully reopened and consumers became more willing to venture out and about, spending patterns eventually began to shift, and that likely weighed on goods spending during the 2022 holiday shopping season. As we discuss below, we do not think that shift has fully run its course.

The role of prices should not be overlooked here. Higher prices for necessities such as food, energy, and shelter have weighed on discretionary goods spending, particularly in the wake of the binge seen in 2020 and 2021. At the same time, however, prices for core (i.e., non-food, non-energy) consumer goods began to soften in late-2022, in part reflecting aggressive discounting by many retailers, with core goods prices falling in each of the final three months of the year. That matters in this context as retail sales are reported in nominal terms, meaning the data are not adjusted for price changes. With core goods prices declining, nominal holiday season sales were lower than would have otherwise been the case. More broadly, the GDP data show total consumer spending on goods declined at an annual rate of 0.4 percent in Q4 2022, while real spending on goods grew at an annual rate of 1.1 percent.

Sure, we get it, talking about holiday season sales seems so last year, but we think it worth discussing given the extent to which "surprisingly weak" 2022 holiday sales helped shape the narrative around the state of U.S. consumers heading into 2023. In so many instances, however, that narrative has not accounted for factors that, though lurking beneath the headline numbers, have had a meaningful impact on consumer spending and which will continue to do so in the months ahead. One such factor we think worth discussing further is the shift in spending patterns noted above, which we think has further to run.

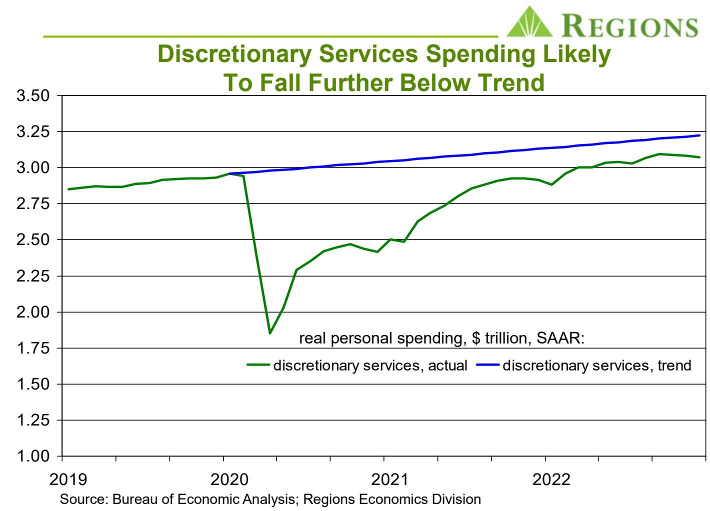
After declining in March and April 2020, consumer spending on goods began rebounding in May 2020, helped along after the first of what would ultimately be three rounds of Economic Impact Payments (EIP) began to flow in April, with other forms of financial transfers not far behind. Again, with much of the services sector either shuttered or operating at limited capacity, to the extent that the financial transfers boosted consumer spending, that spending largely fell on consumer goods so that by June 2020 the level of goods spending, as reported by the BEA, was well above the level seen in February 2020. Two further rounds of EIP, the second falling over December 2020/January 2021 and the third coming in March 2021, along with ongoing support from other pandemic-related programs, further fueled spending, particularly on goods.

To help illustrate the extent to which consumer spending on goods was, well, inflated during this time, we used the average monthly growth rate of goods spending over the two years prior to the pandemic to estimate a "trend" path of consumer spending on goods had the pandemic not struck. In order to remove the effects of higher goods prices, we used the data on real (inflation adjusted) consumer spending on goods. The chart below illustrates the extent to which goods spending jumped above the trend path and the extent to which it remained above that trend at year-end 2022 (the latest available data).



At its height – real spending on goods peaked in March 2021 – the level of real spending on goods was 17.1 percent above the trend level of spending, and while that gap has narrowed, it has yet to fully close. As of December 2022, the level of real spending on goods was still five percent above the trend level. To be sure, there is nothing that says real spending on goods has to, should, or will fall back to the trend level. For instance, one could argue that what has been a faster pace of growth in labor earnings over the last two years – aggregate private sector wage and salary earnings grew by better than nine percent in both 2021 and 2022, well above the rate of inflation – would have led to faster trend growth. Our point, though, is that after the binge in 2020-2021, there is likely little pent-up demand for goods spending left, with motor vehicles a possible exception, which would argue for further declines in real goods spending. We'd argue that any such further declines would just be righting the ship, as opposed to signs of consumer distress. As it turns out, however, with consumer sentiment wavering, excess savings being pared down, and wage growth slowing, there is no way of distinguishing between a return to trend and growing consumer unease as the main driver of any further declines in real goods spending.

We did the same exercise with consumer spending on services, i.e., mapping out a "trend" path based on the average monthly growth rate over the two years prior to the pandemic and using the inflation-adjusted data to segregate out the effects of price changes. Rather than using the overall measure of real consumer spending on services (which accounts for roughly two-thirds of all consumer spending) we used our proxy for discretionary services spending, which strips out expenditures on housing, utilities, health care, and financial services from total services spending, adjusted for price changes. We think this to be a better gauge of the extent to which the pandemic, the policy response to it, and consumer attitudes/sentiment have impacted spending since the onset of the pandemic than overall services spending would be.



It is not at all surprising that discretionary services spending fell sharply during the early phases of the pandemic, particularly given what in many cases were restrictions on or shutdowns of various segments of discretionary services, such as travel, dining out, recreation, and entertainment. It is interesting to note that, at its low point, real discretionary services spending was 37.8 percent below the trend level, compared to the 14.1 percent gap in real non-discretionary services spending and the 14.2 percent gap in real spending on goods. That the recovery in discretionary services spending to some degree came in fits and starts in part reflects uneven reopening across different parts of the U.S. and recurring spikes in case counts into early-2022. Still, the rebound in real discretionary services spending picked up pace through 2022 to the point that, as of September, the level of such spending was just 3.4 percent below the trend level. As noted above, however, real discretionary services spending faltered over the final quarter of 2022, falling in each of the final three months of the year and ending the year 4.7 percent below the trend level.

As with goods spending, there is nothing that says real spending on discretionary services has to return to the trend level. Indeed, at this point it seems more likely that coming months will see the divergence between the actual and trend levels widen as opposed to narrowing. While one could make a plausible argument that there is still pent-up demand for discretionary services, the same factors that we expect will weigh on discretionary goods spending will also weigh on discretionary services spending. As such, we look for slow and uneven growth in real consumer spending over much of 2023, which helps account for why we expect real private domestic demand to be somewhat listless for much of this year.

Still, it would be unwise to totally write off U.S. consumers, as evidenced by motor vehicle sales coming in much stronger than expected in January, with the annual rate of 15.74 million units the highest monthly sales rate since May 2021. We pointed to motor vehicles as representing a pocket of pent-up demand for consumer spending on goods, and improving supply is helping unlock some of that demand. To be sure, we always caution against making too much of any single data point in any single month, and January vehicle sales are no exception. That vehicle sales were so strong, however, should at least raise the question of whether reports of the financial demise of U.S. consumers have been at least a little exaggerated.

Sure, we see the same data on credit card debt that everyone else sees, but also know seasonal patterns dictate large increases in the final quarter of any year followed by declines in the first quarter of the next year. So, at least for us, with no Q1 data yet available, it is too soon to draw any meaningful conclusions about the message in rising credit card debt in Q4. While delinquency rates on consumer debt are rising, they are doing so from the historical lows seen over the prior two years and are only now approaching pre-pandemic norms, which themselves were notably low. While growth in labor earnings is slowing, this comes after private sector wage earnings grew by better than nine percent in both 2021 and 2022. While at some point it was bound to slow, growth in aggregate labor earnings continues to outpace inflation, itself slowing. It is also the case that, though falling, consumer deposit balances remain well above pre-pandemic norms. Finally, with the overwhelming share of debt on household balance sheets being fixed rate rather than variable rate debt, households have been highly insulated from rising interest rates, which has not always been the case in past cycles.

It is understandable that consumers remain somewhat anxious about the outlook for the economy and about their own job and income prospects, and that will help shape spending decisions. Whether consumers have the will to spend, however, is a different question than whether they have the wherewithal. Doing no more than pointing to rising credit card debt to argue they lack the means while making no effort to account for shifting spending patterns, changing prices, and off-kilter seasonal patterns, among other factors impacting measured consumer spending, can lead to some faulty conclusions regarding the state of U.S. consumers.

January Employment Report

Ahead of the release of the January employment report, we noted the report could very easily change perceptions of labor market conditions. As it turns out, the January employment did just that, though hardly in the manner we had expected. What we had in mind were the looming annual revisions to estimates of nonfarm employment, hours, and earnings. Data from the Quarterly Census of Employment and Wages (QCEW), the source data for the BLS's estimates, implied a much slower pace of job growth over the back half of 2022 than had previously been reported, which would have been consistent with other signs of slowing in the broader economy. Instead, the benchmark revisions showed an even faster pace of job growth in both 2021 and 2022 than had previously been reported.

As surprising as that was, it wasn't the biggest surprise in the January employment report, for which one had to look no further than the headline print. Total nonfarm employment is reported to have risen by 517,000 jobs, blowing away even the most ambitious forecast, while the unemployment rate fell to 3.4 percent, a rate last seen in May 1969. To be sure, the headline job growth number was flattered, in a big way, by seasonal adjustment as the raw data showed significantly smaller job losses than is typical for the month of January. At the same time, average weekly hours are reported to have risen by three-tenths of an hour in January, and while that may seem a small change, it has big implications in that each one-tenth of an hour change in the average length of the workweek is equivalent to over 300,000 private sector jobs in terms of the economy's productive capacity. Again, there was a boost from seasonal adjustment, as the raw data show an increase in average hours in January, contrary to the normal decline in the month, but the real story is the increase seen in the raw data.

In our initial review of the January employment report, we focused more on the noise in the data than we should have, leading some to think we were arguing that noise was masking what was really a weak labor market, which was by no means our intent. To be sure, between the revisions to prior estimates of job growth and what, filtering out the noise, was strong January job growth, there are several possible implications of the report to consider. For instance, between the upward revision to job growth and an upward revision to average weekly hours, growth in aggregate private sector hours worked in 2022 was much faster than had previously been reported. This means that labor productivity was even weaker than has been reported to date, the economy grew at a faster rate in 2022 than has been reported to date, or some combination of the two. To us, an upward revision in real GDP growth would make the most sense, but we are months away from that question being answered. Either way, the upward revision to aggregate hours worked means that growth in private sector labor earnings, the largest component of personal income, was faster in 2022 than has been reported to date, which goes to our point about the financial condition of U.S. consumers.

The January employment report also highlights what remains a yawning gap between labor demand and labor supply. This is seen in the data from the Job Openings and Labor Turnover Survey (JOLTS), which show job vacancies jumping back over eleven million in December. As with the January employment data, we think the December JOLTS data contain some element of seasonal adjustment noise but, even so, that doesn't change the broader conclusion about the degree of imbalance in the labor market.

That said, it is harder to explain the deceleration in wage growth, as seen in the recently released Q4 2022 Employment Cost Index or the steady deceleration in growth in average hourly earnings. The 4.4 percent year-on-year increase in average hourly earnings in January is the smallest such increase in eighteen months, and is even more perplexing given the upward revisions to job growth in 2022. There was a modest upward revision to growth in hourly earnings, now shown to have risen by 5.3 percent in 2022 rather than 5.2 percent as had been reported, but we'd have expected a more meaningful revision, and a less pronounced deceleration in growth than that seen over the past several months.

That job growth has been, and remains, as robust as portrayed in the January employment report is even more noteworthy in the context of decelerating wage growth and slowing inflation. It was interesting that bond yields jumped after the January employment report came out, with market participants apparently thinking robust job growth will sustain inflation pressures to the point that the FOMC will have to be more aggressive than had been thought. We'd argue that slowing wage growth and inflation will mean more to the FOMC than any headline job growth number. All of this comes with the caveat that it's never wise to make too much of any single report in any single month, but the January employment report certainly leaves a lot to think about.

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REGIONS

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Q3 '22 (a)	Q4 '22 (p)	Q1 '23 (f)	Q2 '23 (f)	Q3 '23 (f)	Q4 '23 (f)	Q1 '24 (f)	Q2 '24 (f)		2020 (a)	2021 (a)	2022 (p)	2023 (f)	2024 (f)
3.2	2.9	0.3	0.4	0.7	1.1	1.6	1.9	Real GDP[1]	-2.8	5.9	2.1	1.2	1.4
2.3	2.1	1.6	0.7	1.5	1.4	1.8	2.0	Real Personal Consumption[1]	-3.0	8.3	2.8	1.6	1.8
6.2	0.7	3.2	1.0	-0.1	1.7	3.4	3.5	Real Business Fixed Investment[1]	-4.9	6.4	3.6	2.0	2.6
10.6	-3.7	-0.2	-3.5	-5.7	-1.2	2.2	2.7	Equipment[1]	-10.5	10.3	4.3	-1.1	0.5
6.8	5.3	6.3	5.0	4.5	4.3	4.4	4.4	Intellectual Property and Software[1]	4.8	9.7	8.7	5.7	4.4
-3.6	0.4	4.0	2.7	2.7	2.3	3.5	2.8	Structures[1]	-10.1	-6.4	-7.4	0.7	2.7
-27.1	-26.7	-12.4	1.5	4.2	1.6	4.5	4.0	Real Residential Fixed Investment[1]	7.2	10.7	-10.7	-12.8	3.9
3.7	3.7	1.1	1.1	0.7	0.8	0.8	0.9	Real Government Expenditures[1]	2.6	0.6	-0.6	1.7	0.8
-1,268.8	-1,232.4	-1,242.5	-1,251.3	-1,269.2	-1,284.1	-1,296.9	-1,317.0	Real Net Exports[2]	-922.6	-1,233.4	-1,355.1	-1,261.8	-1,328.5
905	862	788	750	738	758	791	824	Single Family Housing Starts, ths. of units[3]	1,002	1,131	1,010	759	839
545	541	524	506	488	461	456	455	Multi-Family Housing Starts, ths. of units[3]	393	474	545	495	454
11.4	7.1	0.6	-4.8	-4.5	-4.7	-2.3	1.2	CoreLogic House Price Index[5]	6.7	15.7	13.6	-3.4	0.9
13.4	14.3	14.9	14.4	14.6	14.9	15.2	15.4	Vehicle Sales, millions of units[3]	14.5	14.9	13.8	14.7	15.5
3.6	3.6	3.5	3.7	3.9	4.2	4.3	4.3	Unemployment Rate, %[4]	8.1	5.4	3.6	3.8	4.3
4.2	3.4	2.9	2.4	1.7	1.1	0.6	0.4	Non-Farm Employment[5]	-5.8	2.9	4.3	2.0	0.5
1.0	3.3	7.8	1.0	1.5	3.5	5.0	4.1	Real Disposable Personal Income[1]	6.2	1.9	-6.4	3.1	3.7
7.1	6.3	4.8	3.3	2.9	2.6	2.5	2.2	GDP Price Deflator[5]	1.3	4.5	7.0	3.4	2.2
6.3	5.5	4.2	3.3	2.9	2.7	2.6	2.2	PCE Deflator[5]	1.1	4.0	6.2	3.3	2.1
8.3	7.1	5.5	3.8	3.2	3.0	2.8	2.4	Consumer Price Index[5]	1.2	4.7	8.0	3.9	2.3
4.9	4.7	4.1	3.7	3.2	2.8	2.5	2.2	Core PCE Deflator[5]	1.3	3.5	5.0	3.4	2.2
6.3	6.0	5.2	4.4	3.5	3.1	2.8	2.5	Core Consumer Price Index[5]	1.7	3.6	6.1	4.1	2.5
2.24	3.71	4.57	4.88	4.88	4.88	4.67	4.02	Fed Funds Target Rate Range Mid-Point, %[4]	0.42	0.13	1.73	4.80	3.58
3.11	3.83	3.62	3.57	3.47	3.36	3.27	3.26	10-Year Treasury Note Yield, %[4]	0.89	1.44	2.95	3.51	3.26
5.62	6.66	6.24	6.13	5.98	5.81	5.62	5.49	30-Year Fixed Mortgage, %[4]	3.12	2.96	5.34	6.04	5.45
-3.4	-3.3	-3.5	-3.5	-3.4	-3.4	-3.3	-3.2	Current Account, % of GDP	-2.9	-3.6	-3.7	-3.5	-3.2

a = actual; f = forecast; p = preliminary

Notes: 1 - annualized percentage change 2 - chained 2012 $ billions 3 - annualized rate 4 - quarterly average 5 - year-over-year percentage change

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