

# MBA Economic Forecast

September 17, 2014

|  | 2013   |        |        |        | 2014   |        |        |        | 2015   |        |        |        | 2013   | 2014   | 2015   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3     | Q4     |        |        |        |
| <i>Percent Change, SAAR</i>              |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Real Gross Domestic Product              | 2.7    | 1.8    | 4.5    | 3.5    | -2.1   | 4.2    | 3.0    | 3.0    | 2.8    | 2.6    | 2.7    | 2.8    | 3.1    | 2.0    | 2.7    |
| Personal Consumption Expenditures        | 3.6    | 1.8    | 2.0    | 3.7    | 1.2    | 2.5    | 1.9    | 2.8    | 3.2    | 3.2    | 3.3    | 3.1    | 2.8    | 2.1    | 3.2    |
| Business Fixed Investment                | 1.5    | 1.6    | 5.5    | 10.4   | 1.6    | 8.4    | 6.7    | 5.2    | 4.1    | 4.3    | 4.5    | 5.1    | 4.7    | 5.5    | 4.5    |
| Residential Investment                   | 7.8    | 19.0   | 11.2   | -8.5   | -5.3   | 7.2    | 11.3   | 9.9    | 7.5    | 10.8   | 12.9   | 10.8   | 6.9    | 5.6    | 10.5   |
| Govt. Consumption & Investment           | -3.9   | 0.2    | 0.2    | -3.8   | -0.8   | 1.4    | 1.2    | 0.2    | 0.7    | 0.3    | 0.3    | 0.2    | -1.9   | 0.5    | 0.4    |
| Net Exports (Bil. Chain 2005\$)          | -382.6 | -400.1 | -379.8 | -341.2 | -401.0 | -415.8 | -400.1 | -382.5 | -381.2 | -388.3 | -400.4 | -412.3 | -375.9 | -399.8 | -395.5 |
| Inventory Investment (Bil. Chain 2005\$) | 30.6   | 40.2   | 88.1   | 75.2   | 32.4   | 77.4   | 72.1   | 59.3   | 47.3   | 36.8   | 29.3   | 27.2   | 58.5   | 60.3   | 35.1   |
| Consumer Prices (YOY)                    | 1.7    | 1.4    | 1.5    | 1.2    | 1.4    | 2.1    | 2.0    | 2.1    | 2.1    | 2.1    | 2.3    | 2.4    | 1.5    | 1.9    | 2.2    |
| <i>Percent</i>                           |        |        |        |        |        |        |        |        |        |        |        |        |        |        |        |
| Unemployment Rate                        | 7.7    | 7.5    | 7.3    | 7.0    | 6.7    | 6.2    | 6.1    | 5.9    | 5.8    | 5.7    | 5.7    | 5.5    | 7.4    | 6.2    | 5.7    |
| Federal Funds Rate                       | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.1    | 0.5    | 1.0    | 1.5    | 0.1    | 0.1    | 0.8    |
| 10-Year Treasury Yield                   | 2.0    | 2.0    | 2.7    | 2.7    | 2.8    | 2.6    | 2.5    | 2.7    | 3.0    | 3.1    | 3.3    | 3.4    | 2.4    | 2.6    | 3.2    |

**Notes:**

All data except interest rates are seasonally adjusted.

Forecast produced with the assistance of the Macroeconomic Advisers' model.

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