

# U.S. ECONOMIC OUTLOOK

## December 2006

	2005		2006				2007				2004	2005	2006	2007
	III	IV	I	II	III	IV	I	II	III	IV				
<b>U.S. Economy</b>														
<i>Annual Growth Rate</i>														
Real GDP	4.2	1.8	5.6	2.6	2.2	1.4	2.3	2.7	2.9	3.2	3.9	3.2	3.3	2.3
Nonfarm Payroll Employment	1.6	1.2	1.7	1.2	1.3	0.6	1.0	1.5	1.8	1.8	1.1	1.5	1.4	1.2
Consumer Prices	5.5	3.2	2.2	5.0	2.9	0.2	2.8	2.6	2.5	1.8	2.7	3.4	3.4	2.3
Real Disposable Income	-0.6	5.5	4.6	-1.5	3.7	4.8	4.2	3.2	2.9	2.9	3.6	1.2	2.6	3.5
Consumer Confidence	99	96	106	107	104	105	104	105	105	106	80	100	106	105
Percent Unemployment	5.0	5.0	4.7	4.7	4.7	4.5	4.6	4.7	4.8	4.9	5.5	5.1	4.6	4.8
<i>Interest Rates, Percent</i>														
Fed Funds Rate	3.5	4.0	4.5	4.9	5.3	5.3	5.3	5.3	5.3	5.3	1.4	3.2	5.0	5.3
3-Month T-Bill Rate	3.4	3.8	4.4	4.7	4.9	5.1	5.0	5.0	5.0	5.0	1.4	3.1	4.8	5.0
Prime Rate	6.4	7.0	7.4	7.9	8.3	8.3	8.3	8.3	8.3	8.3	4.3	6.2	8.0	8.3
Corporate Aaa Bond Yield	5.1	5.4	5.4	5.9	5.7	5.4	5.5	5.7	5.9	5.9	5.6	5.2	5.6	5.7
10-Year Government Bond	4.2	4.5	4.6	5.1	4.9	4.6	4.7	4.8	4.9	5.0	4.3	4.3	4.8	4.8
30-Year Government Bond	4.4	4.7	4.6	5.1	5.0	4.8	4.9	5.0	5.2	5.2	5.1	4.6	4.9	5.1
<i>Mortgage Rates, percent</i>														
30-Year Fixed Rate	5.7	6.2	6.2	6.6	6.6	6.3	6.4	6.5	6.6	6.7	5.8	5.9	6.4	6.6
1-Year Adjustable	4.5	5.1	5.3	5.6	5.7	5.7	5.6	5.6	5.6	5.5	3.9	4.5	5.6	5.6
<b>Housing Indicators</b>														
<i>Thousands</i>														
Existing Home Sales*	7,180	6,943	6,790	6,687	6,280	6,207	6,294	6,333	6,475	6,493	6,779	7,075	6,465	6,399
New Single-Family Sales	1,297	1,280	1,111	1,100	1,005	996	968	950	944	967	1,203	1,283	1,055	957
Housing Starts	2,101	2,060	2,123	1,873	1,720	1,543	1,542	1,527	1,535	1,563	1,956	2,068	1,815	1,541
Single-Family Units	1,748	1,718	1,747	1,530	1,403	1,230	1,210	1,187	1,180	1,209	1,611	1,716	1,478	1,197
Multifamily Units	353	342	376	343	316	312	331	340	355	354	345	352	337	345
Residential Construction**	620	619	619	601	571	536	510	501	499	504	560	608	582	503
<i>Percent Change – Year Ago</i>														
Existing Home Sales	6.5	0.9	-2.2	-7.0	-12.5	-10.6	-7.3	-5.3	3.1	4.6	9.8	4.4	-8.6	-1.0
New Single-Family Sales	11.9	3.1	-11.5	-14.3	-22.5	-22.2	-12.8	-13.7	-6.1	-3.0	10.8	6.7	-17.7	-9.4
Housing Starts	6.3	4.8	2.6	-9.3	-18.1	-25.1	-27.4	-18.5	-10.8	1.3	5.2	5.7	-12.3	-15.1
Single-Family Units	6.5	6.7	2.6	-10.4	-19.7	-28.4	-30.7	-22.4	-15.9	-1.8	6.6	6.5	-13.9	-19.0
Multifamily Units	4.9	-3.7	2.9	-3.8	-10.5	-8.6	-11.9	-0.9	12.1	13.3	-0.9	1.9	-4.3	2.4
Residential Construction	9.1	9.0	6.1	-1.5	-7.9	-13.4	-17.6	-16.5	-12.7	-6.0	10.3	8.6	-4.4	-13.4
<b>Median Home Prices</b>														
<i>Thousands of Dollars</i>														
Existing Home Prices	227.3	225.3	218.7	226.7	225.0	218.1	215.4	228.7	229.1	223.1	195.4	219.6	222.6	224.7
New Home Prices	236.6	240.1	244.8	246.1	232.3	236.3	243.8	247.3	235.3	240.8	221.0	240.9	239.7	241.7
<i>Percent Change -- Year Ago</i>														
Existing Home Prices	14.2	13.4	9.5	3.0	-1.0	-3.2	-1.5	0.9	1.8	2.3	9.3	12.4	1.4	1.0
New Home Prices	10.5	5.4	6.5	6.9	-1.8	-1.6	-0.4	0.5	1.3	1.9	13.3	9.0	-0.5	0.8
Housing Affordability Index	109	107	109	103	103	112	113	108	108	110	134	122	107	110

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.