

**University of Pennsylvania**  
**Current Quarter Model of the United States Economy**

**FORECAST SUMMARY**

by Lawrence R. Klein and Wendy Mak

At the University of Pennsylvania, in cooperation with Global Insight, we have established statistical relationships between some 75 monthly economic and financial indicators and the main entries in the quarterly national income and product accounts (NIPA). This is a purely econometric system with no personal data adjustment. We update, on a weekly basis, partial information on the United States economy from high-frequency indicators, as they become available, and revise our current (and next) quarter forecasts, on a forward rolling basis.

In addition to economic forecasting at high-frequency intervals, our Current Quarter Model features the combination of GDP forecasts from three approaches -- from bridge equations of both the product (expenditure) side and the income side of the NIPA, and from regressions of GDP on the principal components of selected major indicators.

### ***The Week's Economic Highlights***

- This year's July review of National Income and Product Accounts (NIPA) was unusually drawn out and contained some significant changes of importance; hence these highlights cover two weeks instead of one.
- Important changes in NIPA are the reporting of a negative quarter of GDP growth, at the end of 2007. It was small change of -0.17%. Also, the concern about the very small positive growth of GDP that we estimated for the third quarter of 2008, does not appear in this new forecast, based on revised data. The estimate of growth is now greater than 1.0%. That leaves the extrapolation of GDP growth for GDP for Q4, as a low value.
- The Open Market Committee of the FED left interest rates unchanged, but they meet again in mid-September. Clearly, they were balancing their policies between two objectives – avoiding further large increases in inflation (the whole value and not just the core) and declines in real GDP.
- Real exports continue to lend support to the overall economy.
- The consumer sector has held back recovery in both durable (especially cars) and nondurable goods. Services continue to expand moderately.
- The labor market has continued to provide fewer jobs, quarter by quarter. Productivity slipped by 0.4 percentage points in the first quarter.
- Sample surveys of households continue to be pessimistic, on an overall basis.
- For about one month, energy prices have turned down, and the US dollar exhibits strength, while European and other competitive currencies are relatively weak, on a fairly broad scale. This has been the pattern for more than one month.
- Our interpretation of the new NIPA data contain a series of large statistical discrepancies.

**FORECAST UPDATE OVERVIEW**

This forecast incorporates the following National Income and Product Accounts:

**JUL 31 GDP (based on Chain 2000 Weights) for 2008Q2: 1.9%**  
**AUG 04 Personal Income and Consumption for June: 0.1%, 0.6%**

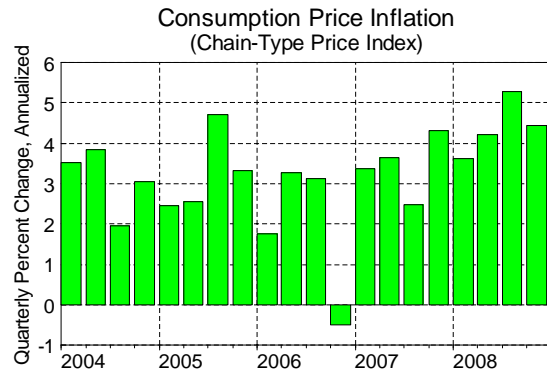
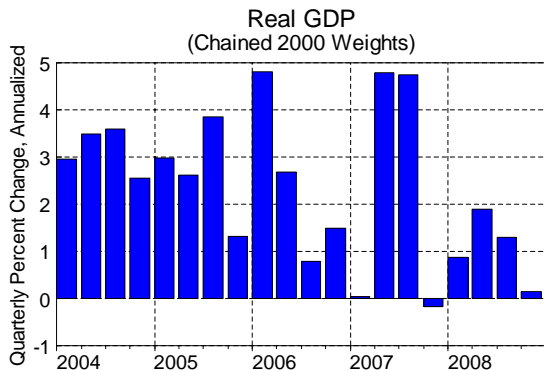
The latest CQM forecast incorporates new monthly economic indicators (marked in red) that were not included in the previous forecast

Date	Economic Indicator	for	Latest	Prior Month
<b>Aug 01</b>	<b>Construction Spending</b>	<b>June</b>	<b>-0.4%</b>	<b>0.0%</b>
<b>Aug 01</b>	<b>Nonfarm Payroll Employment</b>	<b>July</b>	<b>-51,000</b>	<b>-51,000</b>
<b>Aug 01</b>	<b>Auto Sales</b>	<b>July</b>	<b>12.5 Million</b>	<b>13.6 Million</b>
<b>Aug 07</b>	<b>Consumer Credit Outstanding</b>	<b>June</b>	<b>\$14.3 billion</b>	<b>\$7.8 billion</b>
Jul 12	Export/Import Price Index	June	1.0%, 2.6%	0.4%, 2.6%
Jul 15	Producer Price Index, Total & Core	June	1.8%, 0.2%	1.4%, 0.2%
Jul 15	Retail Sales, Total & Ex-Auto	June	0.1%, 0.8%	0.8%, 1.2%
Jul 16	Industrial Production	June	0.5%	-0.2%
Jul 15	Business Inventories	May	0.3%	0.5%
Jul 16	Consumer Price Index, Total & Core	June	1.1%, 0.3%	0.6%, 0.2%
Jul 17	Housing Starts	June	1,066,000	977,000
Jul 10	Trade Balance	May	-\$59.8 billion	-\$60.5 billion
Jul 25	Durable Goods Orders & Shipments	June	0.8%, 0.6%	0.1%, -1.2%
<b>Aug 04</b>	<b>Manuf Ships, Inv, &amp; Orders</b>	<b>June</b>	<b>1.6%, 1.0%, 1.7%</b>	<b>0.3%, 0.6%, 0.9%</b>

Weekly forecasts of the quarterly percent change (SAAR) of Real GDP and quarterly percent change (SAAR) of the (Chain-Type) Price Index of Personal Consumption Expenditures:

	Real GDP				PCE Price Index				Official Release	
	08Q1	08Q2	08Q3	08Q4	08Q1	08Q2	08Q3	08Q4		
Mar 31	0.01	1.07			3.56	3.30			<=3 <sup>rd</sup>	07Q4
Apr 07	-0.23	0.88			3.56	3.30				
Apr 14	-0.33	0.66			3.56	3.30				
Apr 21	-0.49	0.27			3.65	3.60				
Apr 28	-0.49	0.27			3.65	3.60				
May 05	<b>0.60</b>	-0.50	1.34		<b>3.52</b>	3.55	3.96		<=1 <sup>st</sup>	08Q1
May 12	0.95	-0.45	1.45		3.63	3.55	3.96			
May 19	0.99	-0.44	1.57		3.63	3.16	3.80			
May 20	0.99	-0.38	1.59		3.63	3.16	3.80			
Jun 02	<b>0.90</b>	0.95	-0.51		<b>3.46</b>	4.11	3.29		<=2 <sup>nd</sup>	08Q1
Jun 09	0.95	1.65	0.60		3.52	3.16	3.80			
Jun 16	0.95	1.72	0.46		3.52	3.80	4.50			
Jun 23	0.95	1.46	0.12		3.56	3.80	4.50		<=3 <sup>rd</sup>	08Q1
Jun 30	<b>0.96</b>	2.07	0.88		<b>3.61</b>	3.80	4.50			
Jul 07		2.32	0.95			3.80	4.50			
Jul 14		2.22	0.74			3.80	4.50			
Jul 21		1.95	0.01			4.27	6.06			
Jul 28		1.95	0.01			4.27	6.06			
Aug 11		<b>1.89</b>	1.30	0.15		<b>4.21</b>	5.28	4.45	<=1 <sup>st</sup>	08Q2

Official figures released by the Department of Commerce are in blue.



# High Frequency Indicators

## The Week in Review (July 28 – August 8)

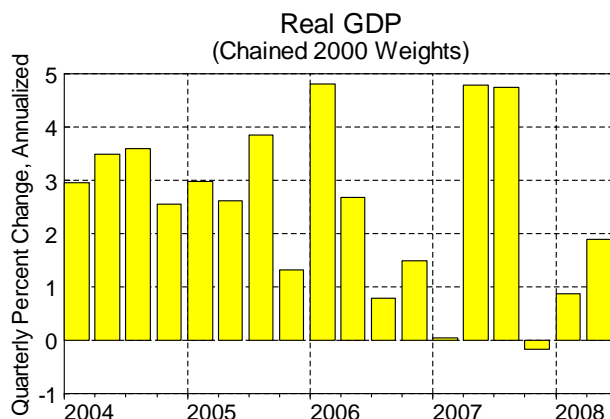
### FOMC Meeting

The Federal Open Market Committee decided, on August 5<sup>th</sup>, to maintain the target for federal funds rate unchanged at 2%.

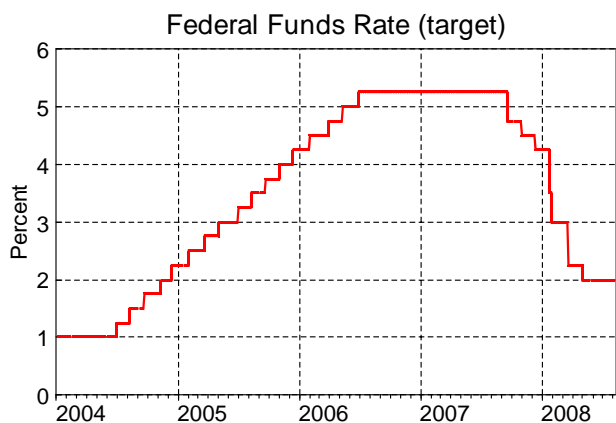
In their statement, the Fed Committee noted that labor market conditions have “softened”, and the financial markets were under “considerable stress”.

The Fed Committee indicated that “although downside risks to growth remain, the upside risks to inflation are also of significant concern to the Committee”.

The next FOMC meeting is scheduled on September 16<sup>th</sup>. At the moment, Fed watchers anticipate that the Fed will remain on hold in the next meeting.



In the second quarter, real consumer spending increased 1.5%, contributing 1.1 percentage points to GDP growth. Consumer spending on nondurable goods and services went up 4% and 1.1%, respectively, offsetting a 3% decline in spending on durable goods.

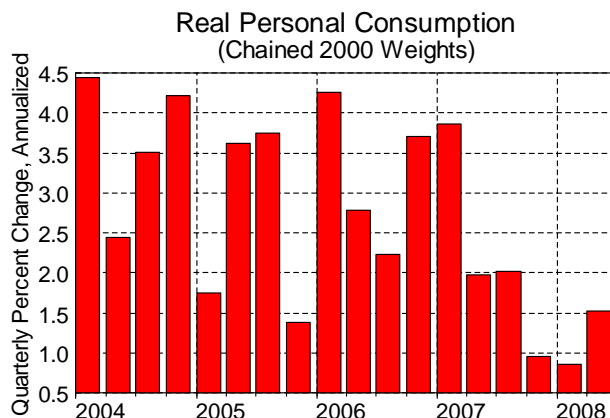


### Gross Domestic Product

According to the first estimate from the BEA, the economy expanded 1.9% in the second quarter (annual rate).

In nominal terms, the economy was up 3% in the second quarter, to \$14.26 trillion.

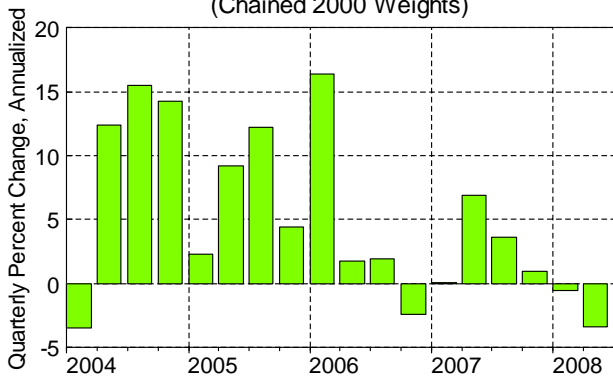
The government's fiscal stimulus package led to a 11.3% increase in real disposable income, while the savings rate rose to 2.6%.



Business investment rose 2.3%, contributing a quarter point to GDP growth.

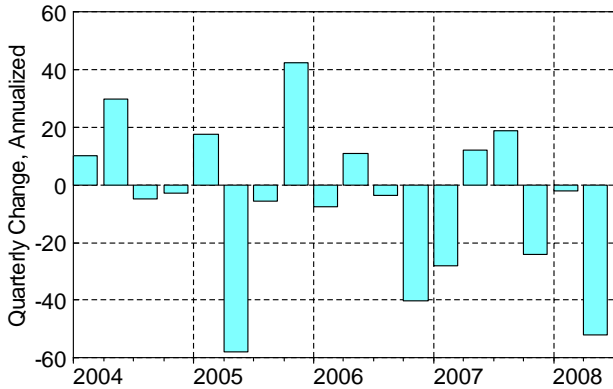
Investment in structures went up 14.4%. In contrast, investment in equipment and software fell 3.4%, the biggest decline in many quarters.

**Real Investment in Equipment and Software**  
(Chained 2000 Weights)



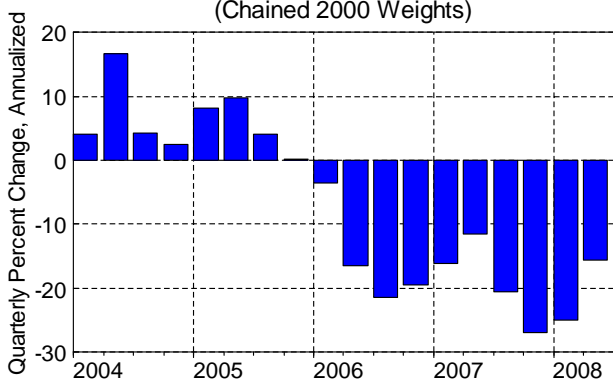
Inventories fell by \$62 billion in the second quarter, subtracting 1.9 percentage points from GDP growth.

**Private Inventories**



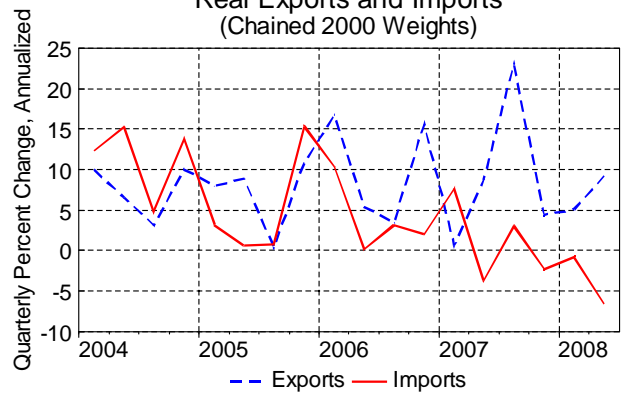
Residential investment shrank 15.6% in the second quarter, down for the 10<sup>th</sup> consecutive quarter.

**Real Residential Investment**  
(Chained 2000 Weights)



In the second quarter, exports increased 9.2%. Meanwhile, imports fell 6.6, the biggest drop in more than seven years. Together, net exports added 2.4 percentage points to GDP growth, the strongest trade contribution since 1980.

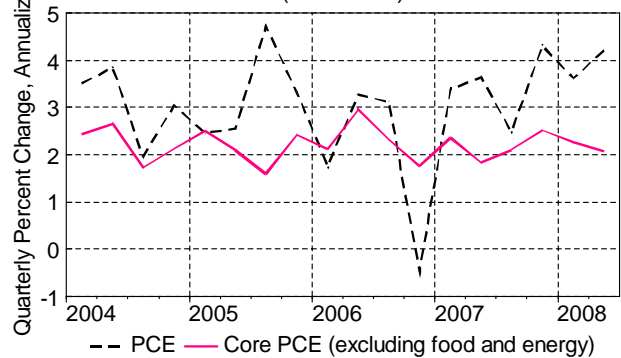
**Real Exports and Imports**  
(Chained 2000 Weights)



Government spending rose 3.4% in the second quarter. Federal government spending was up 6.7%, while state and local spending increased 1.6%. Government spending added 0.7 percentage point to GDP growth.

On inflation, the PCE price index rose 4.2% in the second quarter, while the core PCE price index increased 2.1%.

**Price Indices for Personal Consumption**  
(2000=100)

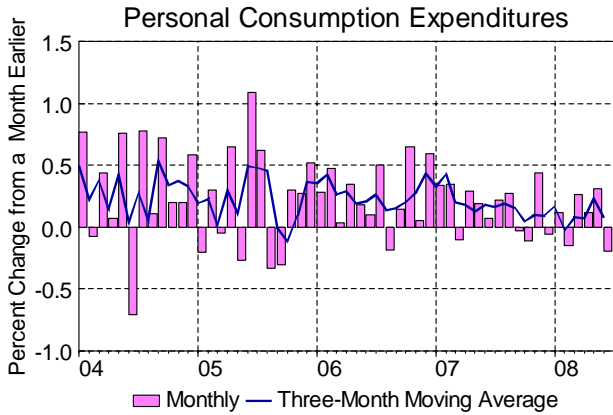


Annual revisions in this BEA report also indicated that the US economy shrank 0.2% in the fourth quarter of 2008, followed by a 0.9% increase in the first quarter of 2008.

**Personal Income and Consumption**

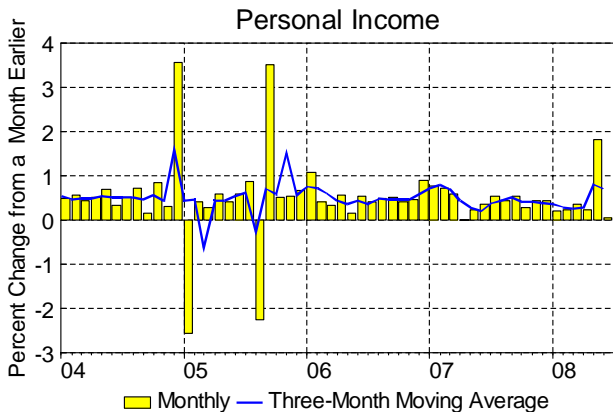
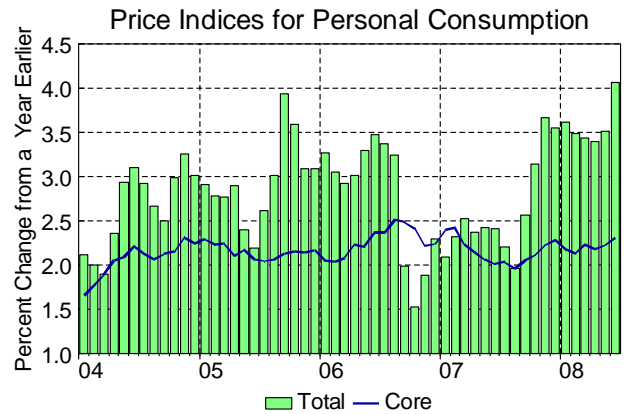
In June, consumer spending rose 0.6% in nominal term. The increase, however, was largely due to strong price increases (up 0.8%). Adjusted for inflation, consumer spending fell 0.2% in June.

Real consumer spending on durable goods fell 1.6%, the largest monthly decline in a year. At the same time, real spending on nondurable goods was down 0.4%. Real consumer spending on services rose 0.2%.



Personal income inched up 0.1% in June, following a 1.8% increase in May. The government sent out \$27.9 billion in tax rebate checks, after sending out \$48.1 billion in the previous month. Rental income surged 14.2%. Wages and salaries inched up 0.2%, while proprietors' income increased 0.6%. Income from assets fell 0.2%.

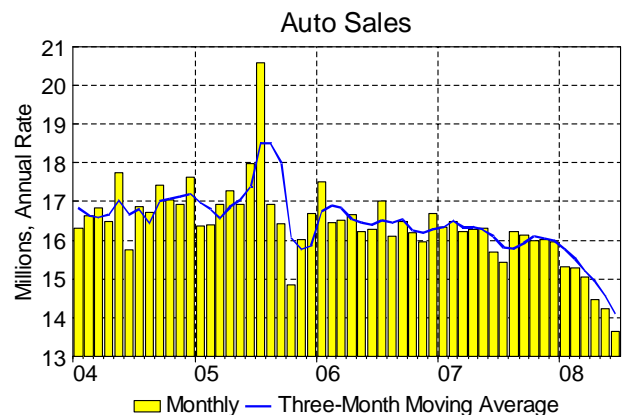
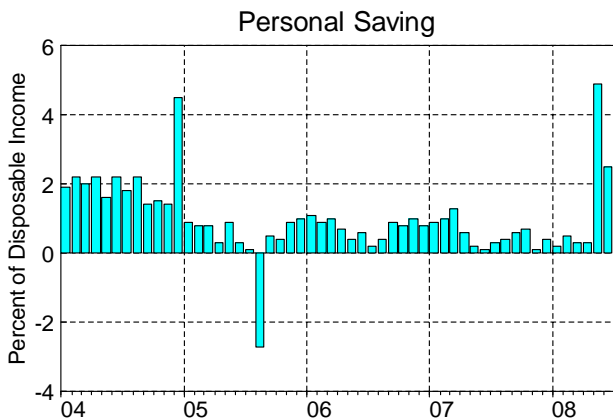
The personal savings rate stood at 2.5% in June, down from 4.9% in May. Inflation remained an issue in June. The monthly PCE price index increased 0.8% in June, the strongest in three years. The core PCE price index rose 0.3%. Compared to a year ago, the PCE price index rose 4.1%, while the core PCE price index went up 2.3%.



Real disposable income dropped 2.6% in June, reversing a 5.2% increase in May.

**Auto Sales**

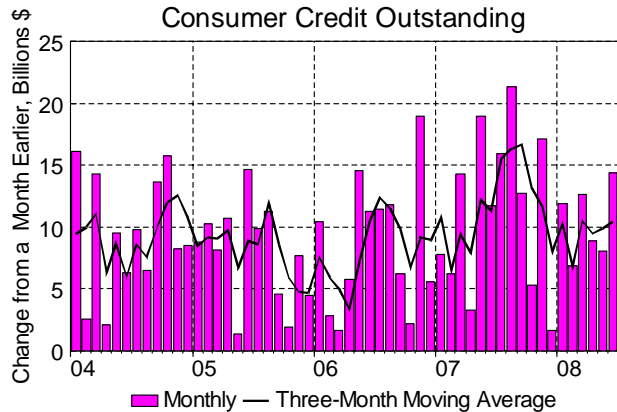
In July, auto sales plunged to 12.5 million (annual rate), the weakest performance since 1992. This followed 13.4 million sales in June. Car sales were flat in July, compared to a year ago. Sales of light trucks, however, dropped more than 25%. Car sales accounted for 54.5% of the July market. The Detroit Big Three's sales performance was weak. GM's sales dropped 26.1%, while Ford's sales were down 14.7%. Chrysler's sales fell 28.8%. The Asian Big Three's performance was mixed. Toyota's sales dropped 11.9%, while Honda's sales were down 1.6%. Nissan's sales, however, increased 8.5%.



**Consumer Credit Outstanding**

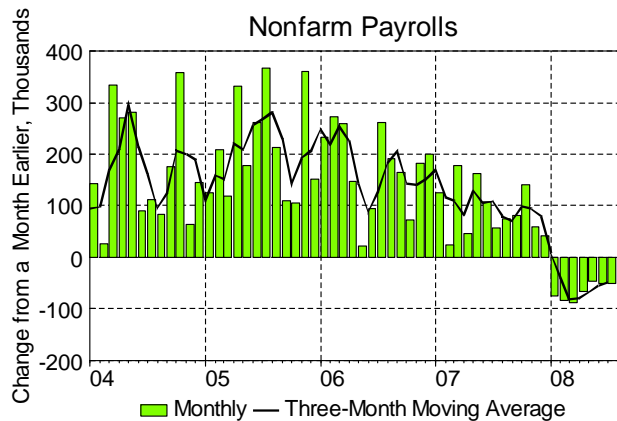
In June, consumer credit outstanding increased \$14.3 billion, to \$2.59 trillion. The June increase was the strongest since November 2007, following a \$8.1 billion increase in May.

Revolving debt rose \$5.5 billion in June, while non-revolving debt was up \$8.8 billion.

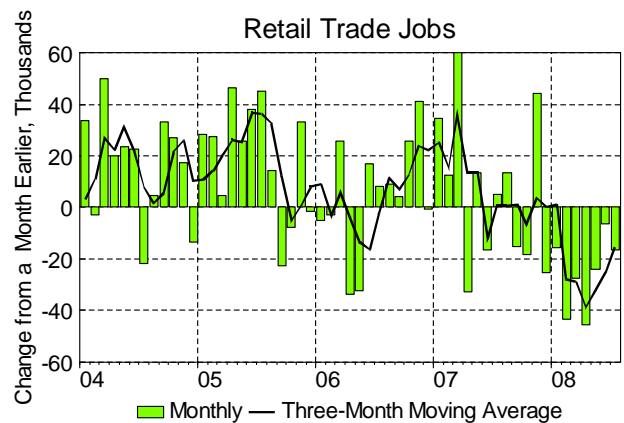
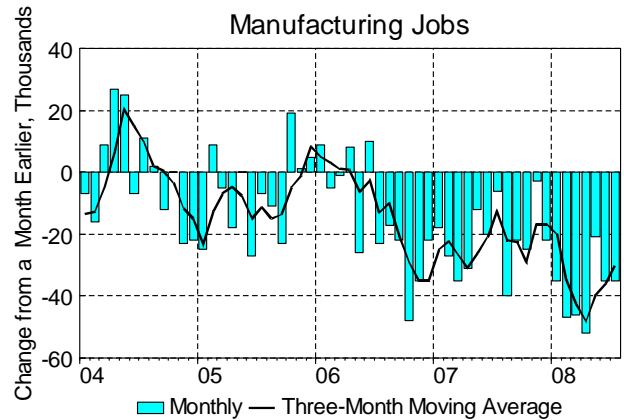
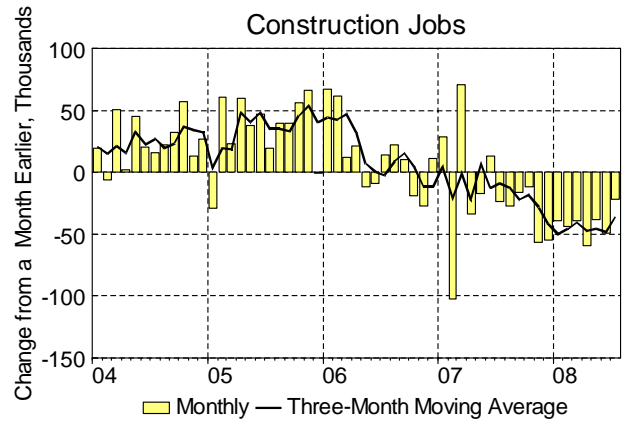


**Employment**

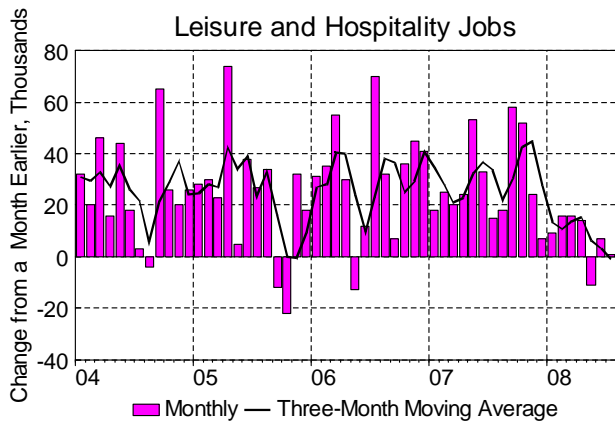
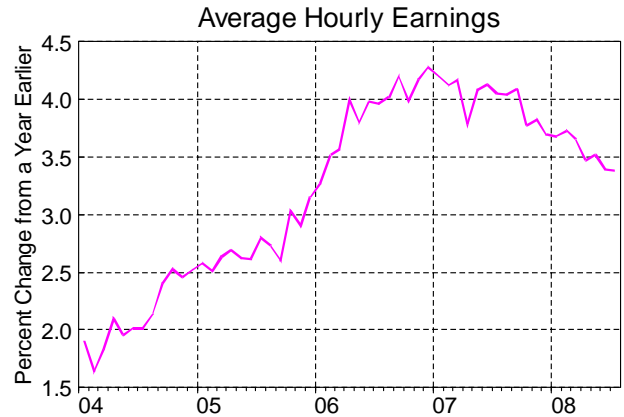
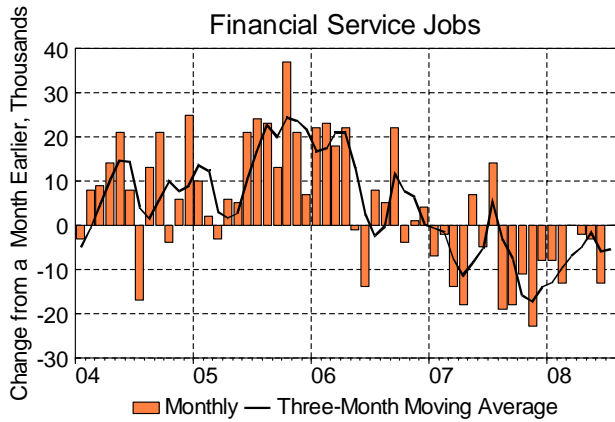
In July, nonfarm payrolls fell by 51,000, following the same decline in June. Since December 2007, more than 460,000 jobs have been eliminated.



The private sector cut 76,000 jobs in June. In the manufacturing sector, payrolls fell by 35,000. Meanwhile, the construction sector cut 22,000 jobs. The retail sector shed 16,500 jobs in July, down for the 8<sup>th</sup> straight month. Temp jobs fell by 20,000 in the same month.



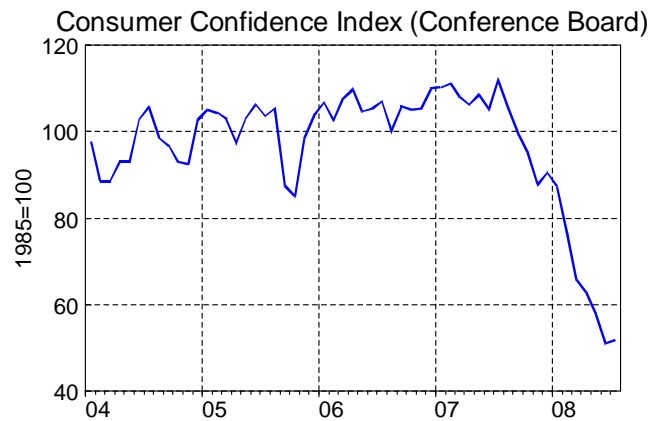
In contrast, the healthcare sector added 33,000 jobs in July. The government sector added 25,000 jobs. Meanwhile, the number of jobs in the financial sector was unchanged in July.



**Consumer Confidence Index**

In July, the Consumer Confidence Index (from the Conference Board) rose to 51.9, from 51.0 in June. The Present Situations Index inched down one-tenth to 65.3 in July. The Expectations Index rose more than 1.5 index points to 43.0. Inflation expectations inched down one-tenth to 7.6%.

The unemployment rate jumped to 5.7% in July, a four-year high. In June, the unemployment rate was 5.5%.

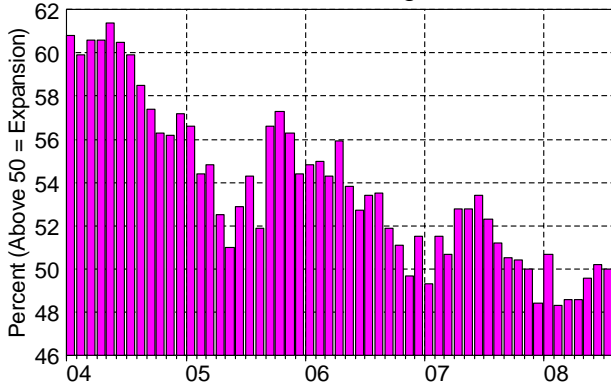


**ISM Manufacturing Index**

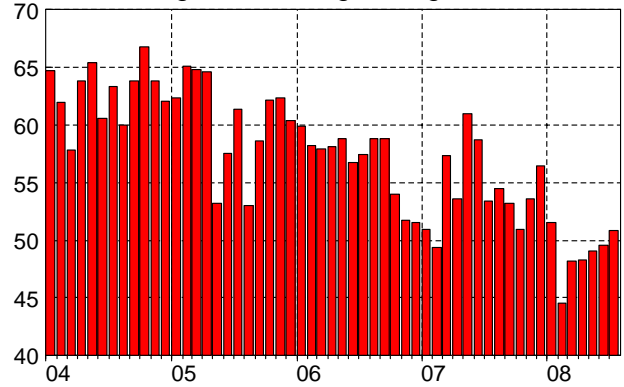
In July, the ISM Manufacturing Index fell 0.2 index points to 50.0, an indication that manufacturing activities will remain unchanged in the near term. Among the components of the index, new orders fell to 45 in July, from 49.6. Production, however, rose to 52.9, up 1.4 index points. Employment index rose to 51.9, gaining more than 8 index points. Prices paid eased, from 91.5 in June to 88.5 in July.

Total hours worked fell 0.4% in July. The average workweek fell to 33.6 hours. Average hourly earnings rose 0.3% (6 cents) to \$18.06. Compared to a year ago, average hourly earnings increased 3.4%.

ISM Manufacturing Index



Chicago Purchasing Managers' Index



**ISM Non-Manufacturing Index**

In July, the ISM non-manufacturing index rose to 49.5, from 48.2 in June.

Despite the increase, the Index remained below 50, the expansion threshold.

New orders slipped 0.7 index point to 47.9. Production inched down to 49.6.

Employment rose more than 3 index points, to 47.1

Prices paid fell about 4 index points, to 80.8.

**Nonfarm Business Productivity**

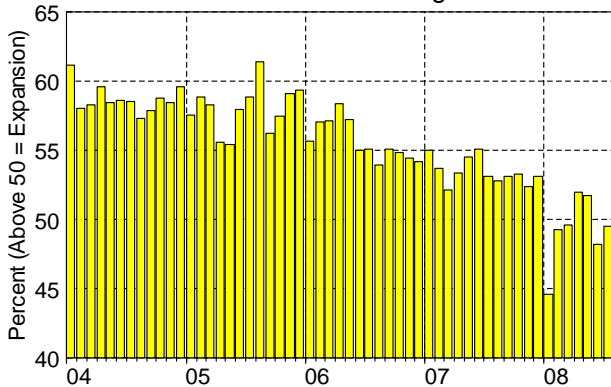
In the second quarter, nonfarm business productivity rose 2.2% (annual rate), following a 2.6% increase in the first quarter.

Unit labor costs were up 1.3% in the second quarter. Output went up 1.7%, but hours worked fell 0.5%.

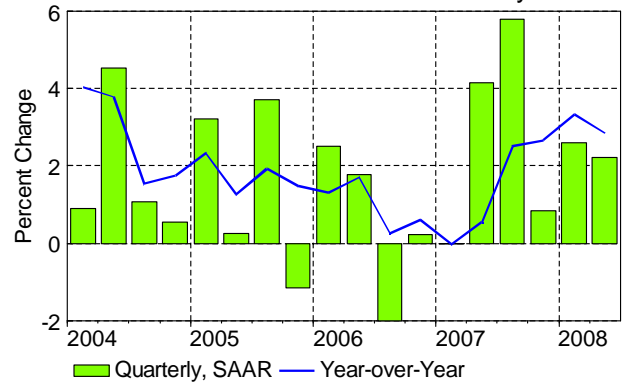
Compared to a year ago, productivity increased 2.8%, while unit labor costs rose 1.5%.

In the manufacturing sector, productivity fell 1.4%, but unit labor costs jumped 6.1%. Manufacturing output fell 3.5%.

ISM Non-Manufacturing Index



Nonfarm Business Productivity



**Chicago Purchasing Managers Index**

In July, the Chicago Purchasing Managers Index gained more than 1 index point to 50.8.

Except employment, all components of the Index were higher in July than in June.

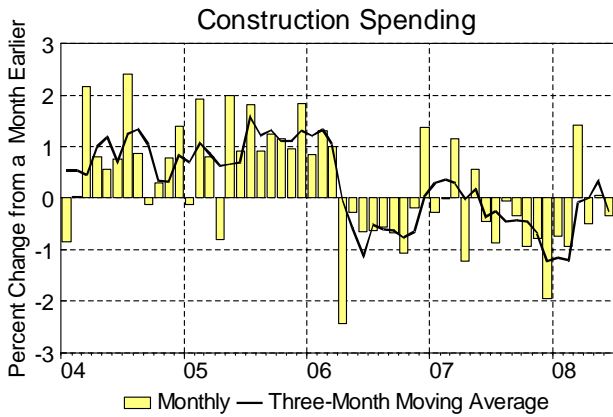
New orders gained more than 1.5 index points to 53.5. Production was up 4 index points in July, but remained below 50.

Prices-paid continued to rise, indicating inflationary pressure.

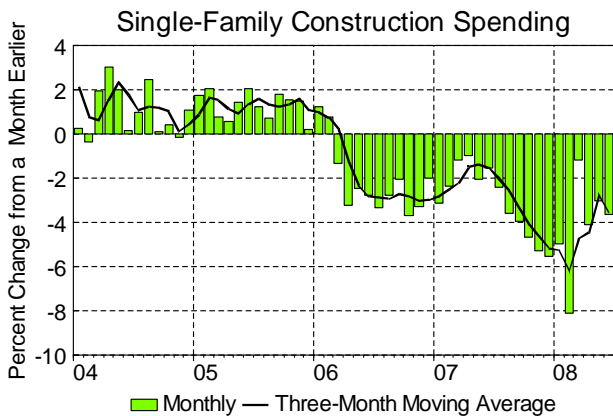
**Construction Spending**

In June, construction spending fell 0.4%, after being unchanged in the previous month. Compared to a year ago, construction spending was down 5.9%.

Residential construction activities continued to be weak. Private residential construction fell 1.8% in June, following a 1.1% decline in May. Compared to a year ago, private residential construction spending was down 26.7%.

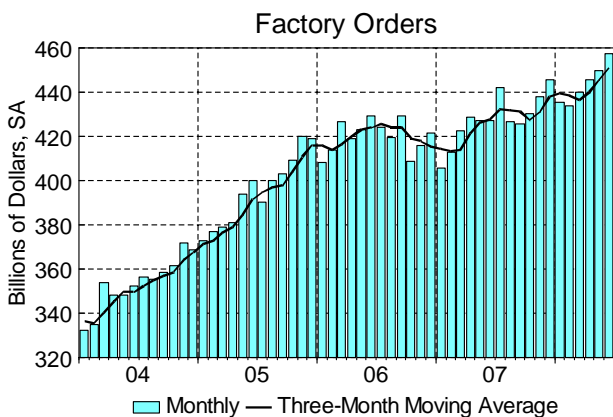


In contrast, nonresidential activities rose 0.8% to a record high. Overall, private construction activities inched down 0.4%.



**Factory Orders**

In June, factory orders increased 1.7%, following an upward-revised 0.9% gain in the previous month. Orders for durable goods rose 0.8%, unrevised from the previous estimate from two weeks ago.

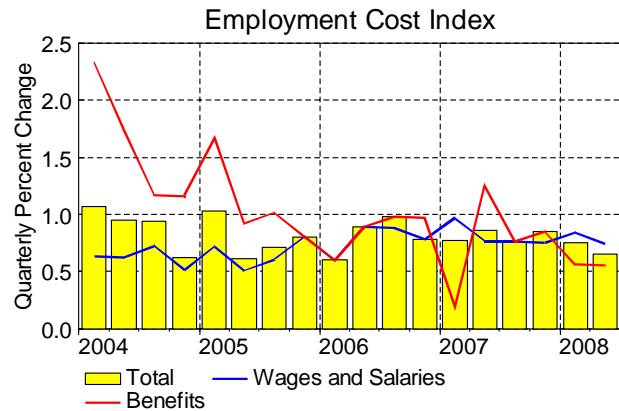


Orders for nondurable goods increased 2.5%.

Orders for transportation goods went up 2.7%. Excluding transportation, orders were up 2.3% in June. Orders for electrical equipment increased 4.6%, while orders for machinery were up 2.6%. Orders for computers slipped 0.6%. In June, shipments of manufactured goods went up 1.6%. Inventories were up 1%. Unfilled orders increased 0.9%.

**Employment Cost Index**

The employment cost index was up 0.7% in the second quarter. Wages and salaries increased 0.7% in the quarter, following a 0.8% increase in the previous quarter. Benefit costs went up 0.6%, same as in the prior quarter. Compared to a year ago, employment costs were up 3.1%.



**Initial Jobless Claims**

For the week ending August 2, initial jobless claims rose 7,000 to 455,000, the highest in more than six years. The four-week moving average of claims rose 26,750 to 419,500, the highest in more than five years. The number of insured unemployed went up 31,000 to 3.3 million, for the week ending July 26. Continuing claims have consistently remained above the 3-million level since mid-April. The insured unemployment rate remained unchanged at 2.5%.

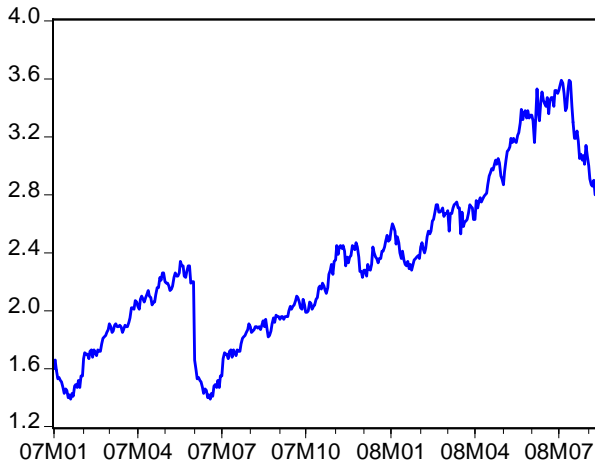
**Energy Prices**

For the fourth consecutive week, crude oil prices retreated. Compared to two weeks ago, oil prices fell \$8 to \$115.20. In the past four weeks, oil prices have dropped more than \$30, providing some relief for anxious market watchers.

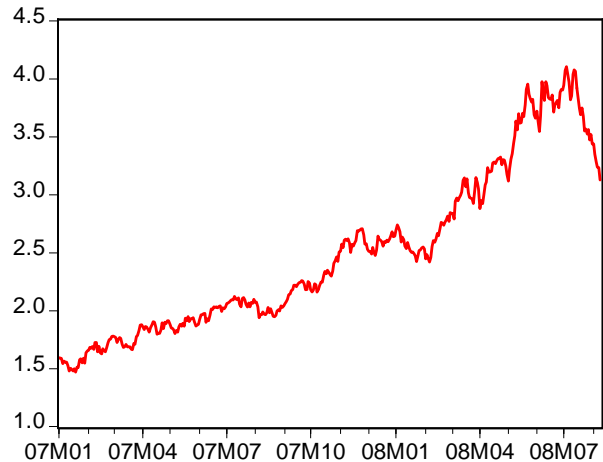
Aside from OPEC production increase, the US dollar's recent strength also helped support lower oil prices.

Similar to crude oil prices, prices of other energy commodities also closed lower this week. Prices of heating oil were down by about 44 cents in the past two weeks to \$3.13 a gallon. Prices of gasoline also fell about 14 cents to \$2.89 a gallon. Prices of natural gas fell 88 cents to \$8.25 per mmbtu. In the past weeks, prices of natural gas have retreated by about \$4 per mmbtu.

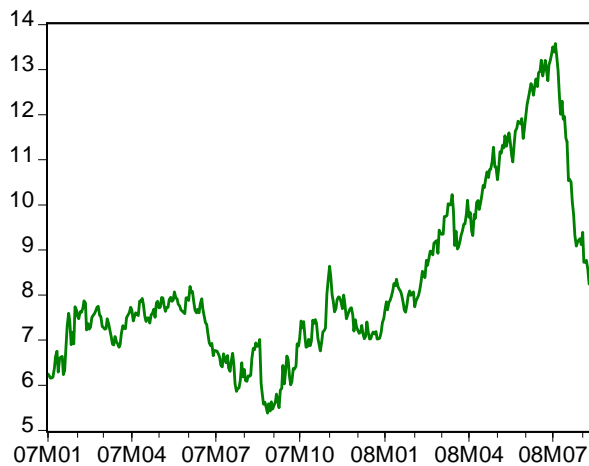
The trends in energy prices are still showing some increases, but short-period declines are increasingly evident.



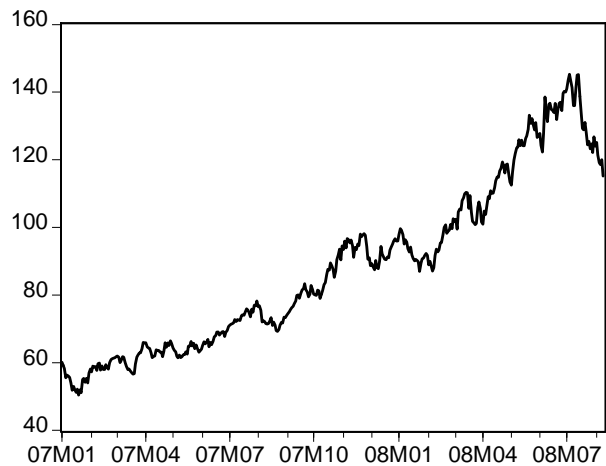
— Gasoline Futures Price, \$/Gallon



— Heating Oil Futures Price, \$/Gallon



— Natural Gas Futures Price, \$/MMBTU



— Crude Oil (WTI) Futures Price, \$/Barrel

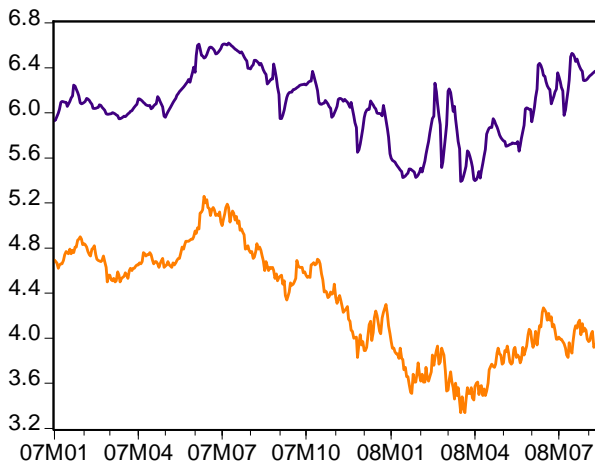
**Interest Rates**

After falling in the past week, interest rates were mostly unchanged for the week. Inflationary concern has eased marginally, as oil prices retreated. However, at the same time, market participants remained cautious about the near-term economic outlook and lingering credit risk concerns.

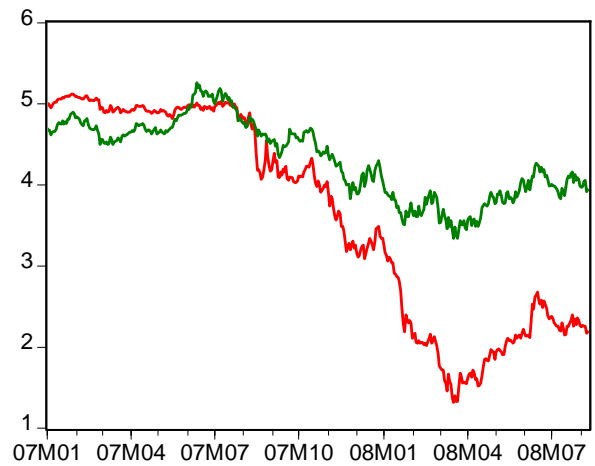
The two-year treasury yield traded at 2.5% during Friday’s market close, unchanged from the prior week.

Similarly, the ten-year treasury yield closed at 3.93% this week, unchanged from the prior week.

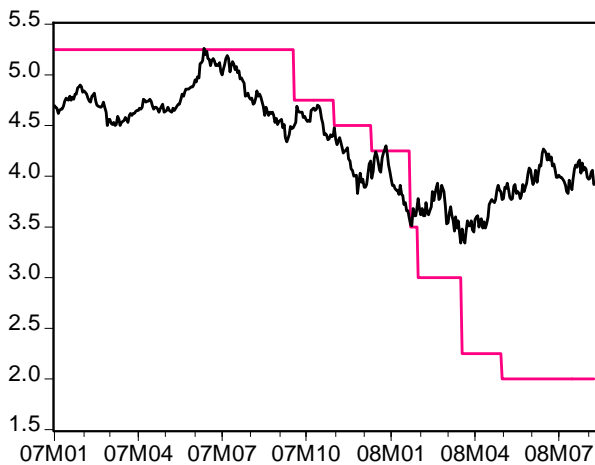
The upward pressure on daily inflation expectations (yield on unprotected minus yield on protected 10-year bonds) has eased. They currently stand at 2.23%. FED officials remain concerned about inflation.



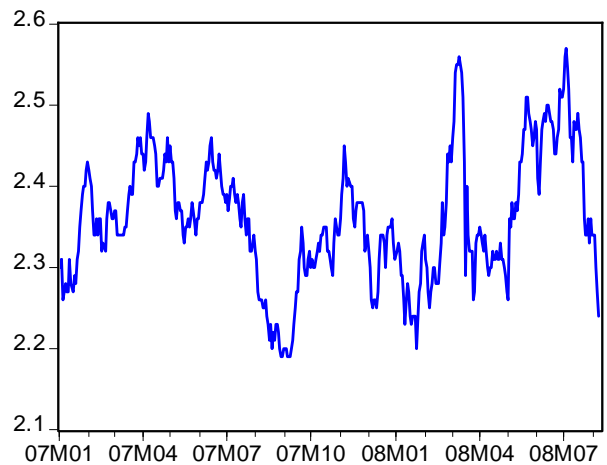
— 10-year treasury yield  
— Average weekly yield of 30-year mortgages



— 1-year treasury bill  
— 10-year treasury yield



— Federal funds rate  
— 10-year treasury yield



— Daily Inflation Expectations

**Currency Markets**

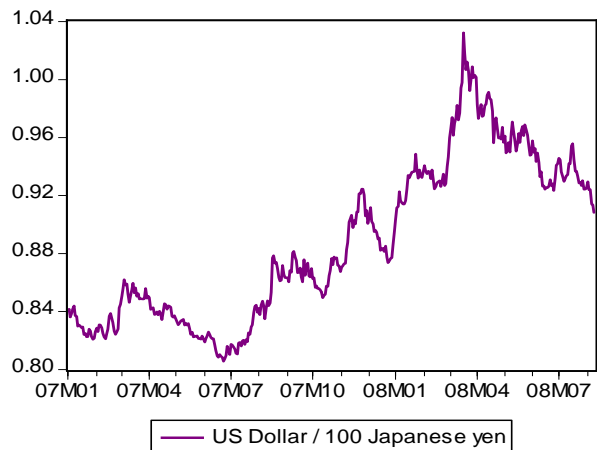
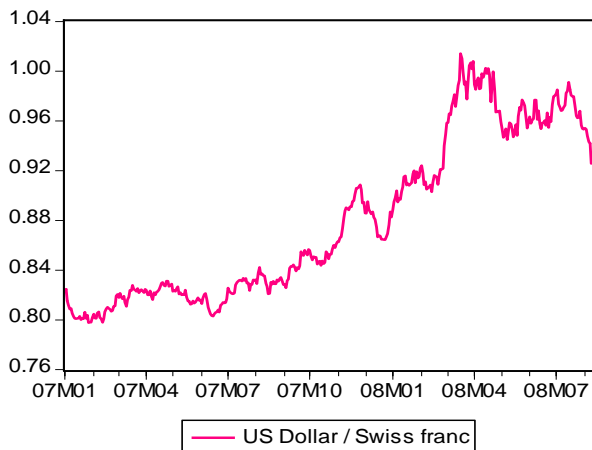
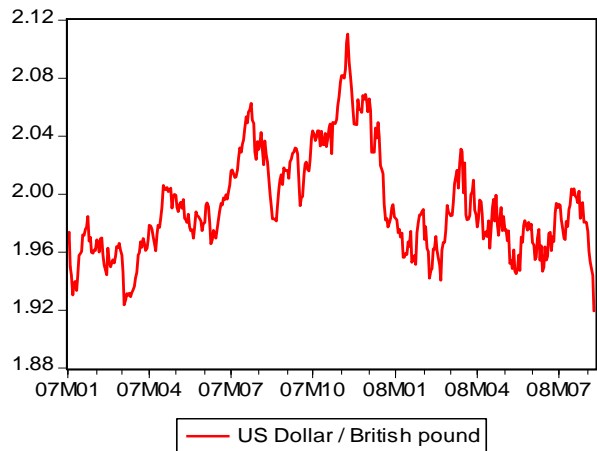
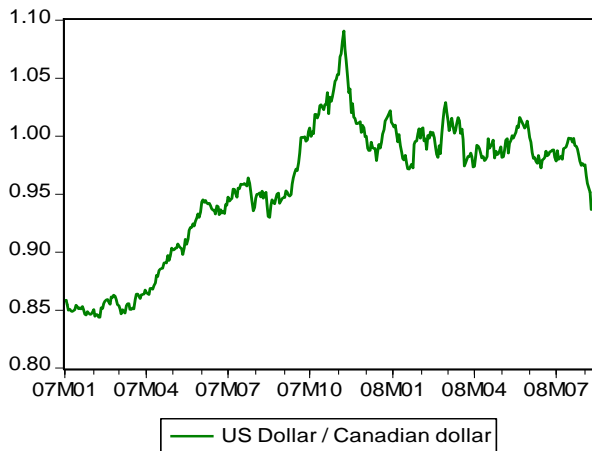
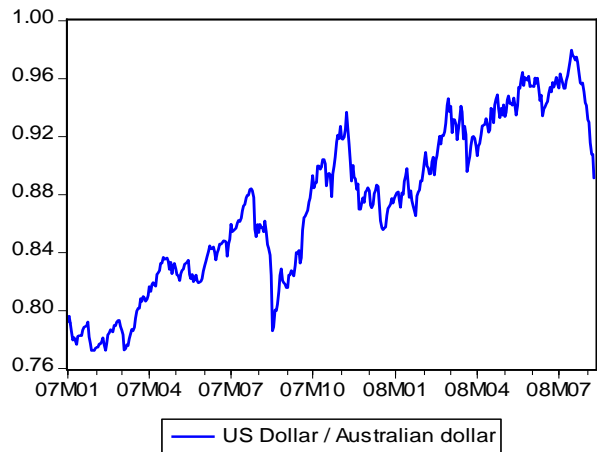
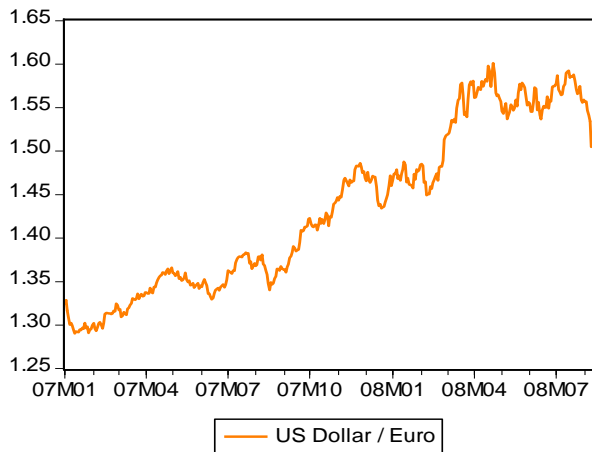
The US dollar has gained significantly against most major currencies. By Friday's market close, the US dollar traded at \$1.5005 per euro, gaining 2% against the euro.

Similarly, the US dollar traded at \$1.9212 per British pound, up 2.7%.

The dollar also rose 0.7% against the Japanese yen, trading at 110.18 yen per US dollar by the week's close.

Likewise, the US dollar was at 93.75 cents per Canadian dollar, marking the strongest weekly gain of the US dollar in many years.

Against key currencies, below, the US dollar has reversed course, and showed surprising strength.



## The Week in Preview (August 11 - 15)

Date	Economic Indicator	For	Market Consensus	Prior Month
Aug 12	Trade Balance	June	-\$59.0 billion	-\$59.8 billion
Aug 13	Retail Sales, total	July	0.4%	0.1%
Aug 13	Retail Sales, excluding autos	July	0.7%	0.8%
Aug 13	Business Inventories	June	0.5%	0.3%
Aug 14	Consumer Price Index, total	July	0.3%	1.1%
Aug 14	Consumer Price Index, core	July	0.2%	0.3%
Aug 15	Empire State Index	August	-5.0	-4.9
Aug 15	Industrial Production	July	0.1%	0.5%
Aug 15	Capacity Utilization Rate	July	79.9%	79.9%
Aug 15	Consumer Sentiment Index, preliminary	August	63.0	61.2

### Current Quarter Forecasts

In the third quarter, our forecast for real GDP is expected to increase 1.3% (SAAR), to be followed by a 0.15% increase in the fourth quarter of 2008.

The GDP deflator is projected to increase 3.6% in the third quarter (SAAR), and 3.3% in the fourth quarter of 2008.

Nominal GDP is forecasted to total US\$14.4 trillion in the third quarter, to be followed by US\$14.6 trillion in the fourth quarter of 2008. This amounts to 5.5% (SAAR) expansion in the third quarter and 3.5% increase in the fourth quarter of 2008.

### CQM Forecast Assumption

On their website, the BEA noted that “rebates to individuals are expected to total \$106.7 billion for 2008”, with the majority sent between end-April and mid-July. These rebates will be “recorded as either an offset to personal current taxes or as a social benefit payment to persons”.

In our latest forecast, we have incorporated the rebates on the income side of our forecast, and assume a 0.9 marginal propensity to consume (MPC) on the expenditure side.

### New Projections

A methodological concept for high-frequency forecasting is to revise forecasts by using new observations as soon as they are available. In the general pattern of BEA releases on NIPA sequences, there are 3 reports every quarter – advance, preliminary, and final. We are now making fresh estimates of GDP and consumer price rates of change by re-estimating quarterly values for the preliminary and final estimates prior to their official release dates. You will find our final projection values on page 2 of this report for the weeks of May 12<sup>th</sup>-26<sup>th</sup>, and Jun 9<sup>th</sup>-23<sup>rd</sup>.

If you have any questions, please contact Wendy Mak at (202) 955-5520 or [wendymak@sas.upenn.edu](mailto:wendymak@sas.upenn.edu)

## FORECAST SUMMARY TABLE

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	2008Q2 Actual	2008Q3 Forecast
<b>PRODUCTION</b>								
Nonfarm Payroll Employment (Mil)	137.764	137.717	137.666	137.615	137.604	137.595	137.716	137.605
+ Difference	-0.067	-0.047	-0.051	-0.051	-0.011	-0.008	-0.202	-0.111
% Change, Annual Rate	-0.6	-0.4	-0.4	-0.4	-0.1	-0.1	-0.6	-0.3
% Change, Year Ago	0.3	0.1	0.0	-0.0	-0.1	-0.2	0.2	-0.1
<b>DEMAND AND SPENDING</b>								
Retail Sales (Bil\$)	342.73	345.58	345.94	362.70	364.71	366.43	344.75	349.95
% Change	0.1	0.8	0.1	4.8	0.6	0.5		
% Change, Annual Rate	1.3	10.4	1.2	76.4	6.9	5.8	3.5	6.2
% Change, Year Ago	2.6	1.8	3.0	7.8	8.1	7.9	2.4	3.6
<b>PRICES</b>								
PPI, Finished Goods (1982=100)	176.1	178.5	181.7	183.0	184.5	185.9	178.8	184.5
% Change	0.2	1.4	1.8	0.7	0.8	0.8		
% Change, Annual Rate	2.1	17.6	23.8	8.8	10.4	9.4	10.4	13.3
% Change, Year Ago	6.4	7.2	9.1	9.2	11.1	11.3	7.6	10.5
CPI, All-Urban (1982-84=100)	213.7	215.1	217.4	218.7	219.9	220.9	215.4	219.8
% Change	0.2	0.6	1.1	0.6	0.5	0.5		
% Change, Annual Rate	2.5	8.1	13.4	7.2	6.7	6.1	5.0	8.4
% Change, Year Ago	3.9	4.1	4.9	5.3	5.8	6.0	4.3	5.7
Housing Starts (Mil)	1.004	0.977	1.066	1.036	1.041	1.057	1.016	1.045
% Change	1.6	-2.7	9.1	-2.8	0.4	1.6		
% Change, Annual Rate	21.3	-27.9	184.7	-28.8	5.5	20.7	-13.4	12.0
% Change, Year Ago	-32.5	-32.0	-26.9	-24.4	-22.1	-10.8	-30.4	-19.5
Industrial Production Index (2002=	111.42	111.19	111.73	111.89	112.07	112.36	111.44	112.11
% Change	-0.7	-0.2	0.5	0.1	0.2	0.3		
% Change, Annual Rate	-8.2	-2.5	6.0	1.7	2.0	3.1	-3.1	2.4
% Change, Year Ago	0.4	0.2	0.3	-0.1	0.1	0.1	0.3	0.0
New Orders for Manufactured Goods	445.92	450.03	457.63	456.80	459.15	462.06	451.19	459.34
% Change	1.3	0.9	1.7	-0.2	0.5	0.6		
% Change, Annual Rate	16.7	11.7	22.2	-2.2	6.3	7.9	14.2	7.4
% Change, Year Ago	4.0	5.4	7.1	3.3	7.7	8.6	5.5	6.5
Nondefense Capital Goods Shipments	67.88	67.71	68.01	68.20	67.94	68.45	67.87	68.19
% Change	1.8	-0.2	0.4	0.3	-0.4	0.8		
% Change, Annual Rate	23.8	-2.9	5.4	3.3	-4.5	9.5	3.0	1.9
% Change, Year Ago	2.9	1.7	2.6	2.9	0.6	0.9	5.5	6.5
Sales of Domestic Passenger Cars (	4.95	5.27	4.88	4.44	4.67	4.81	5.03	4.64
% Change	-0.8	6.6	-7.5	-9.0	5.1	3.2		
% Change, Annual Rate	-9.7	114.2	-60.6	-67.6	82.0	45.5	-1.4	-27.6
% Change, Year Ago	-2.8	-3.8	-7.0	-11.1	-9.7	-7.2	-4.5	-9.3
Business Inventories (Bil\$)	1474.25	1479.72	1489.22	1495.77	1502.59	1509.42	1481.06	1502.59
% Change	0.5	0.4	0.6	0.4	0.5	0.5		
% Change, Year Ago	5.3	5.3	5.6	5.5	5.7	5.7	5.4	5.6
+ Difference, Annual Rate	81.4	65.6	114.1	78.6	81.8	82.0	71.0	86.1
<b>EXTERNAL SECTOR</b>								
Merchandise Trade Balance, Census	-70.58	-71.17	-69.60	-71.23	-71.21	-70.99	-845.42	-853.70
+ Difference	-4.3	-0.6	1.6	-1.6	0.0	0.2		
+ Difference, Annual Rate	-51.3	-7.1	18.9	-19.6	0.2	2.7	-26.28	-8.28
+ Difference, year ago	-4.3	-5.1	-2.7	-5.7	-6.6	-6.2		

**FORECAST SUMMARY**  
**GROSS DOMESTIC PRODUCT**  
 Billions of (Chained 2000) Dollars, S.A.A.R.

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
	< a c t u a l >			< forecast >	
Real GDP					
(i) Expenditure Side GDP	11620.7	11646.0	11700.6	11762.5	11783.6
% Previous Q, A.R.	-0.17	0.87	1.89	2.13	0.72
% Year before	2.33	2.54	1.82	1.18	1.40
(ii) Income Side GDP	11620.7	11646.0	11700.6	11722.4	11666.6
% Previous Q, A.R.	-0.17	0.87	1.89	0.75	-1.89
% Year before	2.33	2.54	1.82	0.83	0.39
(iii) Principal Components est. GDP	11620.7	11646.0	11700.6	11730.4	11778.6
% Previous Q, A.R.	-0.17	0.87	1.89	1.02	1.65
% Year before	2.33	2.54	1.82	0.90	1.36
Average Real GDP	11620.7	11646.0	11700.6	11738.4	11742.9
% Previous Q, A.R.	-0.17	0.87	1.89	1.30	0.15
% Year before	2.33	2.54	1.82	0.97	1.05
GDP Deflator (2000=100)					
(i) Expenditure Side PGDP	120.8	121.6	121.9	123.0	124.0
% Previous Q, A.R.	2.84	2.63	1.06	3.66	3.31
% Year before	2.62	2.25	2.01	2.54	2.66
(ii) Income Side PGDP: Same as (i)	120.8	121.6	121.9	123.0	124.0
% Previous Q, A.R.	2.84	2.63	1.06	3.66	3.31
% Year before	2.62	2.25	2.01	2.54	2.66
(iii) Principal Components est. PGDP	120.8	121.6	121.9	123.0	123.9
% Previous Q, A.R.	2.84	2.63	1.06	3.40	3.22
% Year before	2.62	2.25	2.01	2.48	2.57
Average GDP Deflator	120.8	121.6	121.9	123.0	124.0
% Previous Q, A.R.	2.84	2.63	1.06	3.57	3.28
% Year before	2.62	2.25	2.01	2.52	2.63
Nominal GDP					
(i) Expenditure Side GDP\$	14031.2	14150.8	14256.5	14500.0	14650.9
% Previous Q, A.R.	2.33	3.45	3.02	7.01	4.23
% Year before	4.94	4.74	3.78	3.94	4.42
(ii) Income Side GDP\$	14031.2	14150.8	14256.5	14422.4	14471.1
% Previous Q, A.R.	2.33	3.45	3.02	4.74	1.36
% Year before	4.94	4.74	3.78	3.38	3.13
(iii) Principal Components est. GDP\$	14031.2	14150.8	14256.5	14423.5	14598.0
% Previous Q, A.R.	2.33	3.45	3.02	4.77	4.93
% Year before	4.94	4.74	3.78	3.39	4.04
Average Nominal GDP	14031.2	14150.8	14256.5	14448.6	14573.3
% Previous Q, A.R.	2.33	3.45	3.02	5.50	3.50
% Year before	4.94	4.74	3.78	3.57	3.86

## EXPENDITURE SIDE

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## Real Gross Domestic Product

2007Q4 2008Q1 2008Q2 2008Q3 2008Q4

Billions of Chained (2000) Dollars, SAAR

Gross Domestic Product	11620.70	11646.00	11700.60	11762.51	11783.55
Total Demand	13587.20	13608.60	13629.80	13700.49	13727.59
Domestic Demand	12103.20	12105.80	12090.30	12131.26	12124.91
Domestic Final Demand	12109.80	12113.30	12153.00	12164.28	12162.08
Final Demand	11628.00	11653.70	11764.40	11791.98	11816.43
Personal Consumption Expenditures	8298.20	8316.06	8347.53	8349.11	8341.62
Durable Goods	1250.58	1237.01	1227.68	1213.71	1226.68
Nondurable Goods	2400.16	2397.94	2421.73	2413.36	2398.28
Services	4676.10	4704.35	4717.39	4738.85	4740.10
Gross Private Domestic Investment	1781.30	1754.70	1686.00	1729.86	1738.00
Fixed Investment	1788.20	1762.40	1751.60	1762.91	1775.18
Nonresidential	1414.70	1423.10	1431.30	1451.49	1469.13
Equipment and Software	1090.13	1088.61	1079.16	1092.44	1106.45
Structures	319.69	326.36	337.53	343.63	347.59
Residential	411.60	383.00	367.10	359.75	355.52
Change In Business Inventories	-8.10	-10.20	-62.20	-32.98	-37.18
Farm	10.50	6.00	2.00	-1.92	-0.84
Nonfarm	-20.59	-17.93	-66.64	-31.05	-36.34
Net Exports	-484.50	-462.00	-395.20	-372.32	-345.64
Exports	1482.10	1500.60	1534.10	1569.28	1602.70
Imports	1966.50	1962.60	1929.20	1941.61	1948.34
Government Purchases	2029.40	2039.10	2056.30	2052.29	2045.26
Federal	761.70	772.60	785.20	784.46	782.15
State and Local	1267.50	1266.70	1271.70	1267.83	1263.09

Percent Change, Annual Rate

Gross Domestic Product	-0.17	0.87	1.89	2.13	0.72
Total Demand	-0.48	0.63	0.62	2.09	0.79
Domestic Demand	-1.05	0.09	-0.51	1.36	-0.21
Domestic Final Demand	-0.14	0.12	1.32	0.37	-0.07
Final Demand	0.80	0.89	3.85	0.94	0.83
Personal Consumption Expenditures	0.95	0.86	1.52	0.08	-0.36
Durable Goods	0.38	-4.27	-2.98	-4.48	4.34
Nondurable Goods	0.26	-0.37	4.03	-1.38	-2.48
Services	1.41	2.44	1.11	1.83	0.11
Gross Private Domestic Investment					
Fixed Investment	-6.19	-5.65	-2.43	2.61	2.81
Nonresidential	3.41	2.40	2.32	5.76	4.95
Equipment and Software	0.98	-0.56	-3.43	5.01	5.23
Structures	8.54	8.61	14.41	7.43	4.69
Residential	-27.01	-25.03	-15.60	-7.77	-4.62
Exports	4.41	5.09	9.23	9.49	8.79
Imports	-2.31	-0.79	-6.64	2.60	1.40
Government Purchases	0.81	1.93	3.42	-0.78	-1.36
Federal	-0.52	5.85	6.68	-0.38	-1.17
State and Local	1.56	-0.25	1.59	-1.21	-1.49

## EXPENDITURE SIDE

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## Nominal Gross Domestic Product

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
Billions of Dollars, SAAR					
Gross Domestic Product	14031.20	14150.80	14256.50	14500.03	14650.89
Total Demand	16487.70	16677.30	16901.30	17220.88	17440.09
Domestic Demand	14728.00	14856.60	14993.70	15246.70	15407.59
Domestic Final Demand	14749.00	14882.20	15088.70	15287.37	15453.83
Final Demand	14052.30	14176.40	14351.50	14540.70	14697.13
Personal Consumption Expenditures	9892.72	10002.33	10144.30	10277.95	10381.04
Durable Goods	1083.01	1071.05	1058.75	1047.13	1059.09
Nondurable Goods	2906.24	2950.73	3027.83	3076.47	3100.23
Services	5903.47	5980.56	6057.72	6154.36	6221.72
Gross Private Domestic Investment	2092.30	2056.10	1979.90	2056.88	2076.92
Fixed Investment	2113.40	2081.70	2074.90	2097.54	2123.16
Nonresidential	1542.10	1553.60	1571.50	1605.19	1636.26
Equipment and Software	1033.41	1030.90	1026.10	1043.34	1061.15
Structures	508.71	522.73	545.42	561.85	575.10
Residential	571.30	528.10	503.40	492.35	486.90
Change In Business Inventories	-21.10	-25.60	-95.00	-40.66	-46.24
Farm	5.70	0.20	-5.10	-2.37	-1.05
Nonfarm	-26.73	-25.83	-89.94	-38.29	-45.20
Net Exports	-696.70	-705.70	-737.30	-746.67	-756.70
Exports	1759.70	1820.80	1907.50	1974.18	2032.50
Imports	2456.50	2526.50	2644.80	2720.85	2789.20
Government Purchases	2742.90	2798.10	2869.60	2911.87	2949.63
Federal	998.30	1026.50	1056.00	1065.05	1075.70
State and Local	1744.60	1771.60	1813.60	1846.82	1873.94

## Percent Change, Annual Rate

Gross Domestic Product	2.33	3.45	3.02	7.01	4.23
Total Demand	3.46	4.68	5.48	7.78	5.19
Domestic Demand	2.62	3.54	3.74	6.92	4.29
Domestic Final Demand	3.86	3.66	5.67	5.37	4.43
Final Demand	3.63	3.58	5.03	5.38	4.37
Personal Consumption Expenditures	5.31	4.51	5.80	5.38	4.07
Durable Goods	-1.18	-4.35	-4.51	-4.32	4.65
Nondurable Goods	8.65	6.27	10.87	6.58	3.13
Services	4.93	5.33	5.26	6.54	4.45
Gross Private Domestic Investment	-12.61	-6.74	-14.02	16.48	3.95
Fixed Investment	-5.06	-5.87	-1.30	4.44	4.98
Nonresidential	5.14	3.02	4.69	8.86	7.97
Equipment and Software	1.34	-0.97	-1.85	6.89	7.01
Structures	13.44	11.49	18.52	12.61	9.77
Residential	-27.02	-26.99	-17.44	-8.49	-4.35
Exports	10.87	14.63	20.45	14.73	12.35
Imports	10.21	11.89	20.09	12.01	10.43
Government Purchases	5.96	8.30	10.62	6.02	5.29
Federal	1.74	11.79	12.00	3.47	4.06
State and Local	8.47	6.34	9.83	7.53	6.00

## EXPENDITURE SIDE

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## Gross Domestic Product Chain-Type Price Index

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
Index 2000=100					
Gross Domestic Product	120.83	121.61	121.93	123.03	124.04
Total Demand	121.35	122.55	124.00	125.70	127.04
Domestic Demand	121.77	122.82	124.10	125.68	127.07
Domestic Final Demand	121.80	122.86	124.16	125.67	127.06
Final Demand	120.86	121.65	122.00	123.31	124.38
Personal Consumption Expenditures	119.22	120.28	121.53	123.10	124.45
Durable Goods	86.60	86.58	86.24	86.28	86.34
Nondurable Goods	121.09	123.06	125.03	127.48	129.27
Services	126.25	127.13	128.42	129.87	131.26
Gross Private Domestic Investment	117.96	117.82	117.99	118.92	119.50
Fixed Investment	118.19	118.12	118.46	118.98	119.60
Nonresidential	109.02	109.18	109.80	110.59	111.38
Equipment and Software	94.80	94.70	95.08	95.51	95.91
Structures	159.14	160.18	161.60	163.50	165.45
Residential	138.80	137.90	137.14	136.86	136.95
Exports	118.79	121.40	124.41	125.80	126.82
Imports	124.91	128.72	137.08	140.13	143.16
Government Purchases	135.17	137.24	139.56	141.88	144.21
Federal	131.07	132.88	134.49	135.77	137.53
State and Local	137.65	139.87	142.63	145.67	148.36

## Percent Change, Annual Rate

Gross Domestic Product	2.84	2.63	1.06	3.66	3.31
Total Demand	3.96	4.02	4.83	5.59	4.35
Domestic Demand	4.02	3.51	4.22	5.21	4.49
Domestic Final Demand	4.00	3.54	4.29	4.97	4.50
Final Demand	2.82	2.66	1.13	4.38	3.51
Personal Consumption Expenditures	4.31	3.61	4.21	5.28	4.45
Durable Goods	-1.56	-0.08	-1.58	0.18	0.29
Nondurable Goods	8.37	6.66	6.58	8.05	5.74
Services	3.48	2.82	4.10	4.60	4.34
Gross Private Domestic Investment	1.35	-0.49	0.59	3.21	1.96
Fixed Investment	1.20	-0.24	1.16	1.78	2.10
Nonresidential	1.69	0.60	2.30	2.91	2.87
Equipment and Software	0.36	-0.41	1.63	1.79	1.69
Structures	4.49	2.65	3.59	4.79	4.85
Residential	-0.05	-2.58	-2.19	-0.82	0.28
Exports	6.21	9.06	10.29	4.56	3.27
Imports	12.81	12.79	28.61	9.21	8.91
Government Purchases	5.12	6.25	6.95	6.82	6.73
Federal	2.25	5.64	4.95	3.85	5.28
State and Local	6.81	6.60	8.13	8.81	7.60

## INCOME SIDE

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GDP, National Income and Personal Income

	2007Q4	2008Q1	2008Q2	2008Q3	2008Q4
Billions of Current Dollars, SAAR					
Gross Domestic Product	14031.20	14150.80	14256.50	14422.37	14471.07
Plus:					
Receipts of Factor Income	907.40	843.20	802.44	818.99	835.93
Less:					
Payments of Factor Income	742.00	705.10	674.78	686.12	697.81
Equals: Gross National Product	14196.60	14289.00	14384.16	14555.24	14609.18
Less:					
Consumption of Fixed Capital	1758.60	1778.00	1804.20	1813.81	1828.22
Equals: Net National Product	12438.00	12511.10	12579.96	12741.75	12781.05
Indirect Business Taxes	1027.66	1025.76	1034.10	1046.64	1059.55
Business Transfers	103.10	103.20	103.00	103.12	103.23
Statistical Discrepancy	13.90	43.60	118.28	109.32	101.23
Net Subsidies	52.34	50.64	50.84	50.62	50.36
National Income	12424.10	12467.50	12471.47	12632.43	12679.82
Corporate Profits	1611.10	1593.50	1576.09	1607.72	1641.21
Net Interest	688.10	662.30	590.82	555.05	537.76
Contribution for Soc. Ins.	975.26	991.31	996.60	1001.83	1006.06
Personal	505.70	515.24	517.98	518.90	518.90
Employer	469.56	476.08	478.62	482.93	487.16
Personal Interest Income	1242.70	1224.60	1199.40	1186.46	1196.21
Personal Dividend Income	813.50	829.50	843.60	852.15	860.45
Government Transfers	1704.73	1745.82	1890.99	1920.35	1970.56
Business Transfers (to persons)	33.10	32.20	32.40	32.12	32.02
Personal Income	11872.10	11981.20	12195.70	12365.37	12447.97
Percent Change, Annual Rate					
Gross Domestic Product	2.33	3.45	3.02	4.74	1.36
Plus:					
Receipts of Factor Income	4.02	-25.44	-17.98	8.51	8.53
Less:					
Payments of Factor Income	-20.70	-18.46	-16.12	6.89	6.99
Equals: Gross National Product	3.86	2.63	2.69	4.84	1.49
Less:					
Consumption of Fixed Capital	6.31	4.49	6.03	2.15	3.22
Equals: Net National Product	3.52	2.37	2.22	5.24	1.24
Indirect Business Taxes	3.35	-0.74	3.29	4.94	5.03
Business Transfers	3.57	0.39	-0.77	0.45	0.43
National Income	2.80	1.40	0.13	5.26	1.51
Corporate Profits	-13.03	-4.30	-4.30	8.27	8.60
Net Interest	16.03	-14.18	-36.67	-22.11	-11.89
Contribution for Social Insurance	3.87	6.75	2.15	2.11	1.70
Personal	3.87	7.76	2.15	0.71	0.00
Employer	3.87	5.67	2.15	3.65	3.55
Personal Interest Income	2.12	-5.70	-7.98	-4.24	3.33
Personal Dividend Income	9.80	8.10	6.97	4.11	3.96
Government Transfers	4.01	9.99	37.65	6.36	10.88
Business Transfers (to persons)	7.59	-10.44	2.51	-3.46	-1.19
Personal Income	4.92	3.73	7.36	5.68	2.70

GDP, National Income and Personal Income  
Components of Personal Income  
2007Q4 2008Q1 2008Q2 2008Q3 2008Q4

Billions of Current Dollars, SAAR

Wages and Salaries	6465.50	6538.20	6592.20	6646.07	6704.98
Commod Prod Industries	1218.20	1224.20	1222.60	1230.47	1239.77
Manufacturing	750.20	754.10	754.80	758.06	761.71
Others	468.00	470.10	467.80	472.41	478.06
Distributive Industries*	1048.30	1057.90	1057.90	1063.20	1069.22
Service Industries	3106.90	3146.40	3188.80	3219.63	3251.53
Government	1092.10	1109.70	1122.90	1132.92	1144.61
Other Labor Income	1475.50	1491.40	1502.10	1513.30	1525.02
Proprietors Income	1073.80	1071.70	1077.30	1081.46	1093.24
Farm	47.10	41.60	41.00	32.33	32.41
Business and Profess.	1026.70	1030.10	1036.20	1049.13	1060.84
Rental Income of Persons	38.60	39.10	54.30	61.69	65.37
Interest Paid by Persons	276.70	261.70	262.30	267.91	268.67
Other Interest	966.00	962.90	937.10	918.56	927.54
Transfer Payments	1737.80	1778.10	1923.40	1954.67	2009.17
Contributions for Social In	505.70	515.24	517.98	518.90	518.90
Personal Tax & Nontax P.	1520.55	1541.21	1362.27	1410.09	1446.78
Disposable Income	10351.50	10440.00	10833.40	10955.28	11001.19
Addendum:					
Domestic Final Sales	14754.7	14882.3	15083.7	15209.7	15274.0

Percent Change, Annual Rate

Wages and Salaries	5.62	4.57	3.34	3.31	3.59
Commod Prod Industries	4.70	1.98	-0.52	2.60	3.06
Manufacturing	3.71	2.10	0.37	1.74	1.94
Others	6.31	1.81	-1.94	4.00	4.87
Distributive Industries*	5.12	3.71	0.00	2.02	2.28
Service Industries	6.64	5.18	5.50	3.92	4.02
Government	4.25	6.60	4.84	3.62	4.19
Other Labor Income	3.86	4.38	2.90	3.02	3.14
Proprietors Income	3.81	-0.78	2.11	1.55	4.43
Farm	-2.51	-39.15	-5.65	-61.35	0.97
Business and Profess.	4.12	1.33	2.39	5.09	4.54
Rental Income of Persons	-27.28	5.28	271.96	66.54	26.14
Interest Paid by Persons	-2.14	-19.98	0.92	8.83	1.14
Other Interest	3.38	-1.28	-10.29	-7.68	3.97
Transfer Payments	4.06	9.60	36.92	6.66	11.63
Contribution for Social Ins	3.87	7.76	2.15	0.71	0.00
Personal Tax & Nontax P.	5.15	5.55	-38.96	14.80	10.82
Disposable Income	4.89	3.46	15.95	4.58	1.69
Addendum:					
Domestic Final Sales	4.02	3.50	5.52	3.38	1.70

\*Distributive Industries are Transportation, Public Utilities excluding the U.S. Postal Service, and Wholesale and Retail Trade

## MONTHLY ECONOMIC INDICATORS for PERSONAL CONSUMPTION EXPENDITURES, GOVERNMENT PURCHASES, and CONSTRUCTION INVESTMENT

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
RETAIL SALES (RS), Billions of Current Dollars, SA									
RS, Total Retail Sales	342.73	345.58	345.94	362.70	364.71	366.43	353.61	355.49	357.35
RS, Durable Goods Stores	118.06	118.45	115.62	122.01	122.98	123.47	119.22	119.85	120.47
RS, Bldg Materials, Hardware	27.34	27.96	27.71	29.07	29.25	29.39	28.42	28.51	28.75
RS, Auto Dealers	71.76	71.33	68.96	73.83	74.82	74.95	72.25	72.26	72.26
RS, Furn, Home Furn & Equip	9.46	9.49	9.35	9.81	9.89	9.96	9.63	9.70	9.77
RS, Nondurable Goods Stores	218.56	221.04	223.77	233.17	234.55	235.34	227.29	227.89	229.16
RS, Food Stores	48.96	48.90	49.24	51.31	51.44	51.58	49.74	49.86	50.00
RS, Gas Service Stations	42.55	43.96	45.97	48.55	49.30	49.50	47.71	47.09	47.52
RS, Apparel and Accessories	18.97	19.12	19.24	20.10	20.20	20.30	19.62	19.72	19.82
RS, New Domestic Cars, SAA	4.95	5.27	4.88	4.44	4.67	4.81	4.81	4.80	4.74
RS, New Dom Light Trucks, SAA	5.74	5.19	5.06	4.61	4.76	4.83	4.84	4.82	4.86

RECEIPTS AND OUTLAYS OF THE FEDERAL GOVERNMENT, Billions of Current Dollars, NSA									
Federal Govt Total Outlays	252.13	288.74	195.98	271.04	247.34	221.76	271.97	241.06	234.79
Federal Govt Debt Outstanding	9303.52	9328.80	9432.27	9468.26	9540.02	9593.06	9639.84	9705.91	9783.65

HOUSING STARTS, Millions, SAAR									
Housing Starts, Total	1.0040	0.9770	1.0660	1.0363	1.0409	1.0574	1.0471	1.0573	1.0798

NEW CONSTRUCTION PUT IN PLACE, Billions of Current Dollars, SAAR									
New Const, Residential Bldgs	383.49	379.14	372.47	368.52	368.55	366.03	364.36	361.82	360.64
New Const, Nonresident Bldgs	400.19	404.75	408.10	411.62	414.42	417.94	419.80	422.88	425.78
New Const, Federal Government	22.62	22.44	22.97	22.84	23.06	22.93	23.25	23.27	23.37
New Const, State & Local Govt	278.87	279.34	278.33	279.58	280.96	282.09	283.33	284.45	285.63

## Percent Change, Monthly Rate

RETAIL SALES (RS)									
RS, Total Retail Sales	0.11	0.83	0.10	4.84	0.55	0.47	-3.50	0.53	0.52
RS, Durable Goods Stores	-1.32	0.33	-2.39	5.52	0.80	0.40	-3.45	0.53	0.52
RS, Bldg Materials, Hardware	2.24	2.28	-0.91	4.92	0.62	0.50	-3.32	0.34	0.84
RS, Auto Dealers	-3.09	-0.59	-3.33	7.06	1.34	0.16	-3.59	0.01	-0.01
RS, Furn, Home Furn & Equip	-0.23	0.34	-1.44	4.87	0.83	0.72	-3.24	0.63	0.78
RS, Nondurable Goods Stores	0.73	1.13	1.24	4.20	0.59	0.34	-3.42	0.26	0.56
RS, Food Stores	0.76	-0.13	0.71	4.21	0.25	0.27	-3.57	0.26	0.28
RS, Gas Service Stations	0.61	3.30	4.58	5.61	1.55	0.41	-3.63	-1.29	0.90
RS, Apparel and Accessories	0.54	0.76	0.64	4.47	0.49	0.50	-3.36	0.51	0.51
RS, New Domestic Cars, SAAR	-0.84	6.55	-7.46	-8.96	5.11	3.18	0.00	-0.40	-1.05
RS, New Dom Light Trucks, SA	-7.61	-9.58	-2.45	-8.85	3.25	1.49	0.11	-0.34	0.73

RECEIPTS AND OUTLAYS OF THE FEDERAL GOVERNMENT									
Federal Govt Total Outlays	25.84	14.52	-32.13	38.30	-8.74	-10.34	22.64	-11.37	-2.60
Federal Govt Debt Outstanding	-0.63	0.27	1.11	0.38	0.76	0.56	0.49	0.69	0.80

HOUSING STARTS									
Housing Starts, Total	1.62	-2.69	9.11	-2.79	0.45	1.58	-0.97	0.97	2.13

NEW CONSTRUCTION PUT IN PLACE									
New Const, Residential Bldgs	-2.08	-1.13	-1.76	-1.06	0.01	-0.68	-0.46	-0.70	-0.33
New Const, Nonresidential Bldgs	0.55	1.14	0.83	0.86	0.68	0.85	0.45	0.73	0.69
New Const, Federal Government	1.61	-0.79	2.36	-0.59	0.96	-0.55	1.37	0.11	0.44
New Const, State & Local Govt	0.11	0.17	-0.36	0.45	0.49	0.40	0.44	0.39	0.42

## MONTHLY ECONOMIC INDICATORS for GROSS PRIVATE DOMESTIC INVESTMENT and NET EXPORTS

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
INDUSTRIAL PRODUCTION, Index 2002=100, SA									
Industrial Production, Total	111.42	111.19	111.73	111.89	112.07	112.36	112.67	112.93	113.21
MANUFACTURERS' SHIPMENTS/INVENTORIES/ORDERS, Billions of Current Dollars, SA									
Manufacturers' New Orders	445.92	450.03	457.63	456.80	459.15	462.06	463.37	465.47	467.84
Manufacturers' Shipments	446.03	447.41	454.57	455.98	457.89	460.01	461.26	462.18	464.53
Manufacturers' Unfilled Orders	802.97	810.29	817.38	823.64	830.22	836.93	843.08	849.26	855.28
MANUFACTURED DURABLE GOODS, Billions of Current Dollars, SA									
Nondefense Capital Goods Shipmt	67.88	67.71	68.01	68.20	67.94	68.45	68.79	68.75	69.04
BUSINESS INVENTORIES, Billions of Current Dollars, SA									
Inventories, Manufacturers	545.63	548.83	554.34	556.09	559.35	562.15	564.42	566.94	569.21
Inventories, Merchant Wholesale	427.56	430.96	433.76	437.00	439.41	441.78	444.66	447.07	448.79
Inventories, Retail Traders	501.05	499.94	501.13	502.68	503.83	505.49	506.98	508.70	510.40
U.S. MERCHANDISE TRADE, Millions of Current Dollars, SA									
Exports, FAS	110835	111381	112382	114153	114737	115757	116779	117699	118587
Imports, CIF	181418	182555	181979	185381	185946	186744	188647	188763	190706
Exports, Mach and Transp Equipm	41784	41470	41093	41866	41890	42380	42620	42795	43065
Imports, Mach and Transp Equipm	65107	63167	64193	64469	65311	65493	66625	65872	67594
Percent Change, Monthly Rate									
INDUSTRIAL PRODUCTION									
Industrial Production, Total	-0.71	-0.21	0.48	0.14	0.17	0.25	0.28	0.23	0.25
MANUFACTURERS' SHIPMENTS/INVENTORIES/ORDERS									
Manufacturers' New Orders	1.29	0.92	1.69	-0.18	0.51	0.63	0.28	0.45	0.51
Manufacturers' Shipments	2.68	0.31	1.60	0.31	0.42	0.46	0.27	0.20	0.51
Manufacturers' Unfilled Orders	0.73	0.91	0.87	0.77	0.80	0.81	0.73	0.73	0.71
MANUFACTURED DURABLE GOODS									
Nondefense Capital Goods Shipmt	1.80	-0.25	0.44	0.27	-0.38	0.76	0.50	-0.06	0.41
BUSINESS INVENTORIES									
Inventories, Manufacturers	-0.03	0.59	1.00	0.32	0.58	0.50	0.40	0.45	0.40
Inventories, Merchant Wholesale	1.39	0.79	0.65	0.75	0.55	0.54	0.65	0.54	0.39
Inventories, Retail Traders	0.22	-0.22	0.24	0.31	0.23	0.33	0.29	0.34	0.33
U.S. MERCHANDISE TRADE									
Exports, FAS	5.02	0.49	0.90	1.58	0.51	0.89	0.88	0.79	0.75
Imports, CIF	5.57	0.63	-0.32	1.87	0.30	0.43	1.02	0.06	1.03
Exports, Mach and Transp Equip	9.01	-0.75	-0.91	1.88	0.06	1.17	0.57	0.41	0.63
Imports, Mach and Transp Equip	9.19	-2.98	1.62	0.43	1.31	0.28	1.73	-1.13	2.61

## MONTHLY ECONOMIC INDICATORS for CHAIN PRICE INDEXES

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
CONSUMER PRICE INDEX (CPI), 1982-1984=100, SA									
CPI, All Urban Consumers	213.74	215.13	217.40	218.67	219.85	220.93	222.12	223.14	224.33
CPI, Durables	111.42	111.23	111.26	111.27	111.28	111.32	111.32	111.33	111.38
CPI, Furniture	124.56	123.49	124.00	123.84	123.72	123.92	123.89	123.72	123.65
CPI, Housekeeping Supplies	174.83	175.43	175.60	176.22	176.85	177.48	178.10	178.73	179.37
CPI, Nondurables	204.71	207.83	212.72	214.43	215.86	216.70	218.51	217.94	218.36
CPI, Apparel and Upkeep	118.36	118.04	118.11	118.27	118.46	118.66	118.85	119.05	119.24
CPI, Food and Beverages	211.44	212.09	213.61	214.65	215.56	216.56	217.49	218.47	219.41
CPI, Motor Oil, Fuel,	276.57	292.24	321.62	331.94	332.31	332.53	334.45	330.45	327.95
CPI, Services	253.46	254.64	255.87	256.85	257.78	258.78	259.72	260.72	261.68
CPI, New cars	134.77	134.69	134.99	135.19	135.37	135.58	135.80	136.02	136.23
PRODUCER PRICE INDEX (PPI), 1982=100, SA									
PPI, Finished Goods	176.10	178.50	181.70	182.98	184.50	185.88	187.33	188.44	190.24
PPI, Capital Equipment	152.50	152.70	153.10	153.50	153.85	154.23	154.62	155.00	155.38
PPI, Intermediate Materials	186.50	192.00	196.10	198.84	201.99	204.60	207.17	209.64	211.84
PPI, Components for Construction	199.10	203.20	206.20	208.59	210.16	211.20	212.28	213.43	214.31
PRICES RECEIVED BY FARMERS, Index, 1910-14=100, SA									
Index of Prices Recvd by Farmer	930.80	936.14	937.72	940.73	942.26	944.12	947.44	949.99	952.67
U.S. EXPORT/IMPORT PRICES, Index, 1995=100, SA									
U.S. Export Price Index	124.30	124.80	126.00	126.76	127.36	128.26	128.96	129.60	130.33
U.S. Import Price Index	137.30	140.90	144.60	146.48	147.50	148.14	148.61	148.99	149.34
Percent Change, Monthly Rate									
CONSUMER PRICE INDEX (CPI)									
CPI, All Urban Consumers	0.21	0.65	1.06	0.58	0.54	0.49	0.54	0.46	0.53
CPI, Durables	-0.34	-0.17	0.03	0.01	0.00	0.04	-0.00	0.01	0.04
CPI, Furniture	-1.12	-0.86	0.42	-0.13	-0.09	0.17	-0.02	-0.14	-0.05
CPI, Housekeeping Supplies	0.69	0.34	0.10	0.36	0.36	0.35	0.35	0.35	0.35
CPI, Nondurables	0.48	1.53	2.35	0.81	0.66	0.39	0.84	-0.26	0.19
CPI, Apparel and Upkeep	0.46	-0.27	0.05	0.14	0.16	0.16	0.16	0.16	0.16
CPI, Food and Beverages	0.92	0.31	0.72	0.49	0.42	0.47	0.43	0.45	0.43
CPI, Motor Oil, Fuel	-1.92	5.67	10.05	3.21	0.11	0.07	0.58	-1.20	-0.76
CPI, Services	0.30	0.47	0.48	0.38	0.36	0.39	0.36	0.39	0.37
CPI, New Cars	-0.19	-0.06	0.22	0.15	0.13	0.16	0.16	0.16	0.16
PRODUCER PRICE INDEX (PPI)									
PPI, Finished Goods	0.17	1.36	1.79	0.70	0.83	0.75	0.78	0.59	0.96
PPI, Capital Equipment	0.39	0.13	0.26	0.26	0.23	0.25	0.25	0.25	0.25
PPI, Intermediate Materials	0.92	2.95	2.14	1.40	1.59	1.29	1.26	1.19	1.05
PPI, Components for Construction	1.01	2.06	1.48	1.16	0.75	0.49	0.51	0.54	0.41
PRICES RECEIVED BY FARMERS									
Index of Prices Recvd by Farmer	0.19	0.57	0.17	0.32	0.16	0.20	0.35	0.27	0.28
U.S. EXPORT/IMPORT PRICES									
U.S. Export Price Index	0.40	0.40	0.96	0.60	0.47	0.71	0.54	0.49	0.57
U.S. Import Price Index	2.85	2.62	2.63	1.30	0.70	0.43	0.31	0.26	0.23

## MONTHLY ECONOMIC INDICATORS for PERSONAL INCOME

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
EMPLOYEES (EMP) on Nonfarm Payrolls, Millions, SA									
EMP, Total	137.764	137.717	137.666	137.615	137.604	137.595	137.600	137.616	137.642
EMP, Manufacturing	13.592	13.571	13.536	13.501	13.474	13.453	13.437	13.425	13.413
EMP, Services	116.136	116.140	116.166	116.161	116.253	116.340	116.453	116.594	116.742
EMP, Wholesale and Retail Trade	21.400	21.370	21.361	21.327	21.319	21.299	21.297	21.281	21.280
EMP, Government	22.401	22.453	22.496	22.521	22.547	22.574	22.600	22.628	22.655
EMP, Federal Government	1.996	2.007	2.011	2.011	2.011	2.011	2.011	2.012	2.012
EMP, State and Local Governme	21.628	21.577	21.500	21.454	21.411	21.372	21.340	21.313	21.293
Total Unemployed, Millions	7.626	8.487	8.499	8.784	8.938	9.062	9.210	9.341	9.393

## AVERAGE WEEKLY HOURS (AWH) of Production Workers, SA

AWH, Total Private	33.80	33.70	33.70	33.60	33.63	33.63	33.60	33.60	33.59
AWH, Manufacturing	41.00	41.00	41.00	41.00	40.99	40.98	40.99	41.00	40.99
AWH, Services	30.20	30.10	30.10	30.00	30.04	30.03	30.00	30.00	29.98
AWH, Wholesale and Retail Trade	38.30	38.30	38.30	38.40	38.33	38.32	38.35	38.34	38.32

## AVERAGE HOURLY EARNINGS (AHE) of Production Workers, Current Dollars, SA

AHE, Manufacturing	17.62	17.65	17.72	17.78	17.82	17.86	17.90	17.95	17.99
AHE, Services	12.85	12.90	12.88	12.90	12.91	12.93	12.94	12.95	12.97
AHE, Wholesale and Retail Trade	20.05	20.06	20.11	20.15	20.19	20.23	20.28	20.32	20.37

## AVERAGE WEEKLY EARNINGS (AWE) of Production Workers, Current Dollars

AWE, Total Private	604.68	604.92	606.60	606.82	608.93	610.75	612.13	613.87	615.52
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## Percent Change, Monthly Rate

## EMPLOYEES (EMP) ON NONFARM PAYROLLS

EMP, Total	-0.049	-0.034	-0.037	-0.037	-0.008	-0.006	0.004	0.011	0.019
EMP, Manufacturing	-0.381	-0.155	-0.258	-0.259	-0.203	-0.156	-0.113	-0.097	-0.087
EMP, Services	0.036	0.003	0.022	-0.004	0.079	0.075	0.097	0.121	0.127
EMP, Wholesale and Retail Trade	-0.261	-0.140	-0.042	-0.159	-0.039	-0.091	-0.011	-0.077	-0.001
EMP, Government	0.107	0.232	0.192	0.111	0.114	0.123	0.115	0.123	0.117
EMP, Federal Government	0.453	0.551	0.199	0.000	0.007	-0.010	0.024	0.034	0.010
EMP, State and Local Governme	-0.501	-0.236	-0.357	-0.214	-0.201	-0.181	-0.152	-0.126	-0.094
Total Unemployed, Millions	-2.418	11.290	0.141	3.353	1.752	1.384	1.631	1.423	0.565

## AVERAGE WEEKLY HOURS (AWH) OF PRODUCTION WORKERS

AWH, Total Private	0.00	-0.30	0.00	-0.30	0.09	-0.01	-0.07	-0.01	-0.02
AWH, Manufacturing	-0.49	0.00	0.00	0.00	-0.03	-0.02	0.03	0.02	-0.01
AWH, Services	0.00	-0.33	0.00	-0.33	0.13	-0.01	-0.12	0.02	-0.08
AWH, Wholesale and Retail Trade	-0.26	0.00	0.00	0.26	-0.19	-0.02	0.08	-0.04	-0.04

## AVERAGE HOURLY EARNINGS (AHE) OF PRODUCTION WORKERS

AHE, Manufacturing	0.06	0.17	0.40	0.34	0.21	0.24	0.25	0.24	0.25
AHE, Services	-0.08	0.39	-0.16	0.16	0.10	0.10	0.12	0.10	0.12
AHE, Wholesale and Retail Trade	0.10	0.05	0.25	0.20	0.21	0.21	0.21	0.23	0.24

## AVERAGE WEEKLY EARNINGS (AWE) OF PRODUCTION WORKERS

AWE, Total Private	0.11	0.04	0.28	0.04	0.35	0.30	0.22	0.29	0.27
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## MONTHLY FINANCIAL INDICATORS

	APR08	MAY08	JUN08	JUL08	AUG08	SEP08	OCT08	NOV08	DEC08
MONEY SUPPLY, Billions of Dollars, SA									
Money Supply (M1)	1370.7	1367.1	1385.5	1389.9	1394.4	1399.2	1402.8	1407.0	1413.3
Money Supply (M2)	7679.8	7688.2	7687.1	7703.9	7737.6	7771.2	7805.2	7838.2	7870.1
Money Supply (M3)	7581.8	7661.5	7739.1	7815.4	7891.2	7966.8	8042.5	8118.4	8194.8

INTEREST RATES (IR), Percent Per Annum									
IR, Treasury Bill, 6 Month	1.58	1.86	2.19	1.98	1.83	1.83	1.78	1.73	1.70
IR, Commercial Paper, 2 month	2.06	2.01	2.15	2.13	2.08	2.09	2.07	2.07	2.06
Yields, US Govt Bond, 1 year	1.74	2.05	2.42	2.28	2.19	2.34	2.28	2.27	2.29
Yields, US Govt Bond, 10 Year	3.68	3.88	4.10	4.01	3.95	3.95	3.96	3.99	3.97

FOREIGN EXCHANGE VALUE, March 1973=100									
Weighted Average Value of US\$	95.48	95.83	96.09	95.42	95.32	95.49	95.72	95.96	96.21

STOCK MARKET									
New York Stock Exchange Index	9174.1	9429.0	8997.0	8427.4	8358.7	8361.9	8375.5	8390.6	8405.8
Dividend to (Stock) Price Ratio	2.09	2.07	2.15	2.28	2.30	2.29	2.28	2.28	2.27

CONSUMER INSTALLMENT CREDIT, Millions of Dollars, SA									
Consumer Credit Outstanding	2563.95	2572.00	2586.33	2598.17	2609.81	2621.74	2634.39	2647.10	2660.75

Percent Change, Monthly Rate

MONEY SUPPLY									
Money Supply, (M1)	-0.29	-0.26	1.35	0.31	0.33	0.34	0.26	0.30	0.45
Money Supply, (M2)	0.20	0.11	-0.01	0.22	0.44	0.43	0.44	0.42	0.41
Money Supply, (M3)	1.40	1.05	1.01	0.99	0.97	0.96	0.95	0.94	0.94

INTEREST RATES (IR), Monthly Change									
IR, Treasury Bill, 6 Month	0.08	0.28	0.32	-0.21	-0.15	0.00	-0.05	-0.05	-0.03
IR, Commercial Paper, 6 Month	-0.26	-0.05	0.15	-0.03	-0.04	0.00	-0.02	0.01	-0.01
Yields, US Govt Bond, 1 Year	0.19	0.31	0.37	-0.14	-0.09	0.15	-0.06	-0.01	0.02
Yields, US Govt Bond, 10 Year	0.17	0.21	0.22	-0.09	-0.06	0.01	0.01	0.03	-0.02

FOREIGN EXCHANGE VALUE									
Weighted Average Value of US\$	-0.30	0.37	0.27	-0.69	-0.11	0.19	0.23	0.26	0.26

STOCK MARKET									
New York Stock Exchange Index	4.53	2.78	-4.58	-6.33	-0.82	0.04	0.16	0.18	0.18
Dividend to (Stock) Price Ratio	-3.69	-0.96	3.86	6.05	0.88	-0.48	-0.23	-0.31	-0.28

CONSUMER INSTALLMENT CREDIT									
Consumer Credit Outstanding	0.35	0.31	0.56	0.46	0.45	0.46	0.48	0.48	0.52