



A comparison of U.S. Economic Forecasts

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A REFERENCE FOR:

- ✓ Strategic Planning
- ✓ Forecasting and budgeting
- ✓ Customer and staff presentation
- ✓ Business reviews
- ✓ Trend analysis
- ✓ Benchmarking
- ✓ Pricing decisions
- ✓ Report writing
- ✓ General reference

US *economic indicators report* **April 2010**

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ABOUT THIS REPORT

In the business planning and review process, today's decision makers are often presented with the economic forecasts of one economist or one organization without information as to how the forecasts may differ from others. In order to help develop a more complete picture it is often useful to compare the figures from various sources and from that comparison to develop a framework for business planning, analysis and forecasting.

On a quarterly basis, Market Data Group, compares the economic forecasts from a cross section of economists. The results are reported in this report. The **U.S. ECONOMIC INDICATORS REPORT** summarizes the average of the forecasts and shows the range in the key economic indicator forecasts. To ensure that a cross section of views and perspectives are represented, a variety of organizations are referenced which include both large and small banks, a brokerage firm, associations representing both large and small businesses and foreign banks from North America and overseas.

This report is intended as a tool to assist in the business planning and review process and is issued at the end of each calendar quarter: January, April, July, and October.

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HIGHLIGHTS

- * The U.S. economy continues to recover. Consumer spending and business investment are expected to be the main drivers of growth as government stimulus programs wind down. The consensus forecast is for the economy to grow by a healthy 3.0% this year and to moderate to 2.9% in 2011. Continued weakness in the housing sector and high unemployment continue to be challenges to the economic recovery.

Real GDP 2009:	-2.4%
Average Forecast for 2010:	3.0%
Average Forecast for 2011:	2.9%

- * Excess capacity in the economy and in labour markets is expected to keep prices low. The consensus forecast is for the Consumer Price Index (CPI) to increase by 2.2% this year and 1.7% in 2011.

Consumer Price Index (CPI)2009:	-0.3%
Average Forecast for 2010:	2.2%
Average Forecast for 2011:	1.7%

- * Labor markets remain weak although the pace of job losses has slowed. The unemployment rate which doubled since 2007, is forecasted to remain high this year . It is forecasted to end 2010 at 9.7% and to decline to 9.2% in 2011.

Unemployment Rate 2009:	9.3%
Average Forecast for 2010	9.7%
Average Forecast for 2011	9.2%

- * Consumer spending, which accounts for about 70% of the U.S. economy, grew in the first quarter of this year. Consumers continue to face high debt, high unemployment and continued uncertainty in the housing sector. Consumer spending is forecasted to grow by 2.1% in 2010 and 2.4% in 2011.

Consumer Spending 2009:	-0.6%
Average Forecast for 2010:	2.1%
Average Forecast for 2011:	2.4%

- * The Federal Reserve is expected to focus on economic recovery and is not expected to increase rates in the near term. Ben Bernacke indicated in early April in his summary of economic conditions to Congress that “ a modest U.S. economic recovery is likely to warrant very low interest rates for a long time”. Some forecasters expect a movement in rates in the second half of 2010 while other expect the Fed to stay on hold until 2011. The consensus forecast is for the Prime Rate to average 3.28% in 2010 and 4.81% in 2011.

FORECAST COMPARISON - 2010

Annual Percent Change
(except where noted)

2009 ACTUAL

2010 ESTIMATES

Department of Commerce	Conference Board	Merrill Lynch	Chamber of Commerce	Citigroup	Wachovia / Wells Fargo	BNP Paribas	Harris Bank	Royal Bank of Canada	2010 FORECAST RANGE	2010 FORECAST AVERAGE	
<u>ECONOMIC ACTIVITY</u>											
Real GDP	-2.4	2.6	3.2	3.2	3.3	3.0	2.8	3.1	2.9	2.6 - 3.3	3.0
<u>CONSUMER SECTOR</u>											
Consumer Price Index	-0.3	2.1	2.1	na	2.1	2.3	2.5	2.2	2.0	2.0 - 2.5	2.2
Unemployment Rate	9.3	9.7	9.5	9.7	9.5	9.9	10.1	9.6	9.7	9.5 - 10.1	9.7
Real Consumer Expenditure	-0.6	1.9	2.1	2.1	2.5	1.9	1.6	2.2	2.1	1.6 - 2.5	2.1
Car & Light Truck sales (million units)	10.35	11.43	11.80	na	na	11.10	na	11.90	11.80	11.10 - 11.90	11.61
(% change)	-23.3	10.4	14.1	na	na	7.3	na	15.0	14.0	7.3 - 15.0	12.2
Housing Starts (million units)	0.55	0.63	0.61	na	na	0.65	na	0.66	0.67	0.61 - 0.67	0.64
(% change)	-38.9	14.5	-10.9	na	na	18.2	na	20.0	21.8	-10.9 - 21.8	12.7
<u>BUSINESS SECTOR</u>											
Industrial Production	-9.8	5.0	5.1	na	4.7	4.4	4.1	4.0	na	4.0 - 5.1	4.6
Corporate Profits Before Tax	-2.5	16.0	na	na	na	13.7	na	20.1	11.4	11.4 - 20.1	15.3
After Tax	-4.9	na	17.7	na	na	18.4	na	na	na	17.7 - 18.4	18.1
Change in Inventories (billions of 2005\$)	-108.3	20.0	-83.5	14.0	11.1	26.0	na	17.3	26.9	-83.5 - 26.9	4.5
Real Non Residential Investment	-17.8	0.3	2.6	1.7	2.3	1.1	1.3	-0.6	na	-0.6 - 2.6	1.2
<u>FINANCIAL SECTOR</u>											
Federal Funds Rate (annual avg ,%)	0.16	0.15	0.13	0.30	0.35	0.31	0.25	0.31	0.29	0.13 - 0.35	0.26
Bank Prime Rate (annual avg ,%)	3.25	3.25	na	na	na	3.31	na	na	na	3.25 - 3.31	3.28
U.S. Exchange Rate Jap. Yen (yen/\$)	93.4	92.0	95.8	na	90.1	92.5	108.0	95.0	88.0	88.0 - 108.0	94.5
Euro (US\$/ECU)	1.39	1.36	1.29	na	1.34	1.33	1.27	1.38	1.35	1.27 - 1.38	1.33
90 Day Treasury Bills (%)	0.16	0.17	0.13	0.30	na	0.30	0.45	0.37	0.41	0.13 - 0.45	0.30
10 Year Treasury Bonds (%)	3.26	3.71	4.05	4.20	3.83	4.12	3.75	4.02	4.13	3.71 - 4.20	3.98

FORECAST COMPARISON - 2011

Annual Percent Change
(except where noted)

2011 FORECAST

	Conference Board	Merrill Lynch	Chamber of Commerce	Citigroup	Wachovia / Wells Fargo	BNP Paribas	Harris Bank	Royal Bank of Canada	2011 FORECAST RANGE	2011 FORECAST AVERAGE
<u>ECONOMIC ACTIVITY</u>										
Real GDP	2.0	3.4	3.0	2.9	2.5	2.7	3.2	3.4	2.0 - 3.4	2.9
<u>CONSUMER SECTOR</u>										
Consumer Price Index	1.6	1.5	na	1.3	2.4	1.1	1.8	1.9	1.1 - 2.4	1.7
Unemployment Rate	9.7	9.1	8.9	9.2	9.5	9.2	8.7	9.2	8.7 - 9.7	9.2
Real Consumer Expenditure	1.6	2.4	2.7	2.3	2.0	2.5	2.9	2.5	1.6 - 2.9	2.4
Car & Light Truck sales (million units)	12.73	14.10	na	na	12.10	na	13.30	13.40	12.10 - 14.10	13.13
(% change)	11.4	19.5	na	na	9.0	na	11.8	13.6	9.0 - 19.5	13.1
Housing Starts (million units)	0.96	0.85	na	na	0.82	na	0.90	0.88	0.82 - 0.96	0.88
(% change)	52.3	39.3	na	na	26.2	na	36.0	31.9	26.2 - 52.3	37.1
<u>BUSINESS SECTOR</u>										
Industrial Production	4.1	6.8	na	4.0	5.7	4.4	3.3	na	3.3 - 6.8	4.7
Corporate Profits Before Tax	4.7	na	na	na	8.0	na	6.1	7.0	4.7 - 8.0	6.5
After Tax	na	11.6	na	na	8.4	na	na	na	8.4 - 11.6	10.0
Change in Inventories (billions of 2005\$)	36.5	-42.1	35.0	29.4	47.0	na	29.3	65.2	-42.1 - 65.2	28.6
Real Non Residential Investment	2.7	11.3	5.0	7.3	6.8	5.7	4.9	na	2.7 - 11.3	6.2
<u>FINANCIAL SECTOR</u>										
Federal Funds Rate (annual avg ,%)	0.35	0.88	1.60	1.75	2.31	0.75	2.04	2.25	0.35 - 2.31	1.49
Bank Prime Rate (annual avg ,%)	4.30	na	na	na	5.31	na	na	na	4.30 - 5.31	4.81
U.S. Exchange Rate Jap. Yen (yen/\$)	95.0	101.0	na	na	102.3	118.0	105.0	95.8	95.0 - 118.0	102.9
Euro (US\$/ECU)	1.41	1.25	na	na	1.24	1.36	1.39	1.28	1.24 - 1.41	1.32
90 Day Treasury Bills (%)	0.49	0.36	1.60	na	2.39	1.25	2.13	2.53	0.36 - 2.53	1.54
10 Year Treasury Bonds (%)	3.99	4.40	4.70	4.55	4.56	4.75	4.66	4.31	3.99 - 4.75	4.49

HISTORICAL AND YEAR TO DATE

Annual percent change, seasonally adjusted
(except where noted)

	2004	2005	2006	2007	2008	2009	2008 QUARTERLY				2009 QUARTERLY				2010 QUARTERLY
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<u>ECONOMIC ACTIVITY</u>															
Real GDP															
(billions, 2005\$)	12,263.8	12,638.4	12,976.2	13,254.1	13,312.2	12,987.4	13,366.9	13,415.3	13,324.6	13,141.9	12,925.4	12,901.5	12,973.0	13,149.5	
(% change)	3.6	3.1	2.7	2.1	0.4	-2.4	2.0	1.6	0.02	-1.9	-3.3	-3.8	-4.5	0.06	
Nominal GDP															
(billions, current \$)	11,867.8	12,638.4	13,398.9	14,077.6	14,441.4	14,256.3	14,373.9	14,497.8	14,546.7	14,347.3	14,178.0	14,151.2	14,242.1	14,453.8	
(% change)	6.5	6.5	6.0	5.1	2.6	-1.3	4.2	3.6	2.6	0.1	-1.4	-2.4	-2.1	0.74	
<u>CONSUMER SECTOR</u>															
Consumer Price Index (Index 1982-84=100)															
(% change)	188.9	195.3	201.6	207.3	215.3	214.5	212.1	216.7	219.3	213.1	212.0	214.3	215.7	216.2	
	2.7	3.4	3.2	2.8	3.8	-0.3	4.1	4.3	5.3	1.6	-0.1	-1.1	-1.6	1.5	
Unemployment Rate	5.5	5.1	4.6	4.6	5.8	9.3	4.9	5.4	6.1	6.9	8.1	9.3	9.6	10.0	9.7
Real Consumer Expenditure (billions, 2005\$)	8,532.7	8,819.0	9,073.5	9,313.9	9,290.9	9,235.1	9,349.6	9,351.0	9,267.7	9,195.3	9,209.2	9,189.0	9,252.6	9,289.5	
(% change)	3.5	3.4	2.9	2.6	-0.2	-0.6	0.9	0.6	-0.7	-1.8	-1.5	-1.7	-0.2	1.0	
Car & Light Truck Sales (million units)	17.3	17.5	17.1	16.5	13.5	103.5	15.6	14.4	13.2	10.8	9.7	9.8	11.7	11.1	11.0
(% change)	1.8	1.2	-2.3	-3.5	-18.2	-23.3	-7.1	-12.7	-18.5	-34.1	-37.8	-31.9	-11.4	2.8	13.4
Housing Starts (million units)	1.96	2.07	1.80	1.36	0.90	0.55	1.05	1.02	0.868	0.658	0.528	0.540	0.587	0.554	
(% change)	5.9	5.6	-12.9	-24.4	-33.8	-38.9	-28.1	-29.6	-32.7	-43.8	-49.7	-47.1	-32.4	-15.8	

Source: U.S. Department of Commerce, Bureau of Economic Analysis unless otherwise specified

HISTORICAL AND YEAR TO DATE

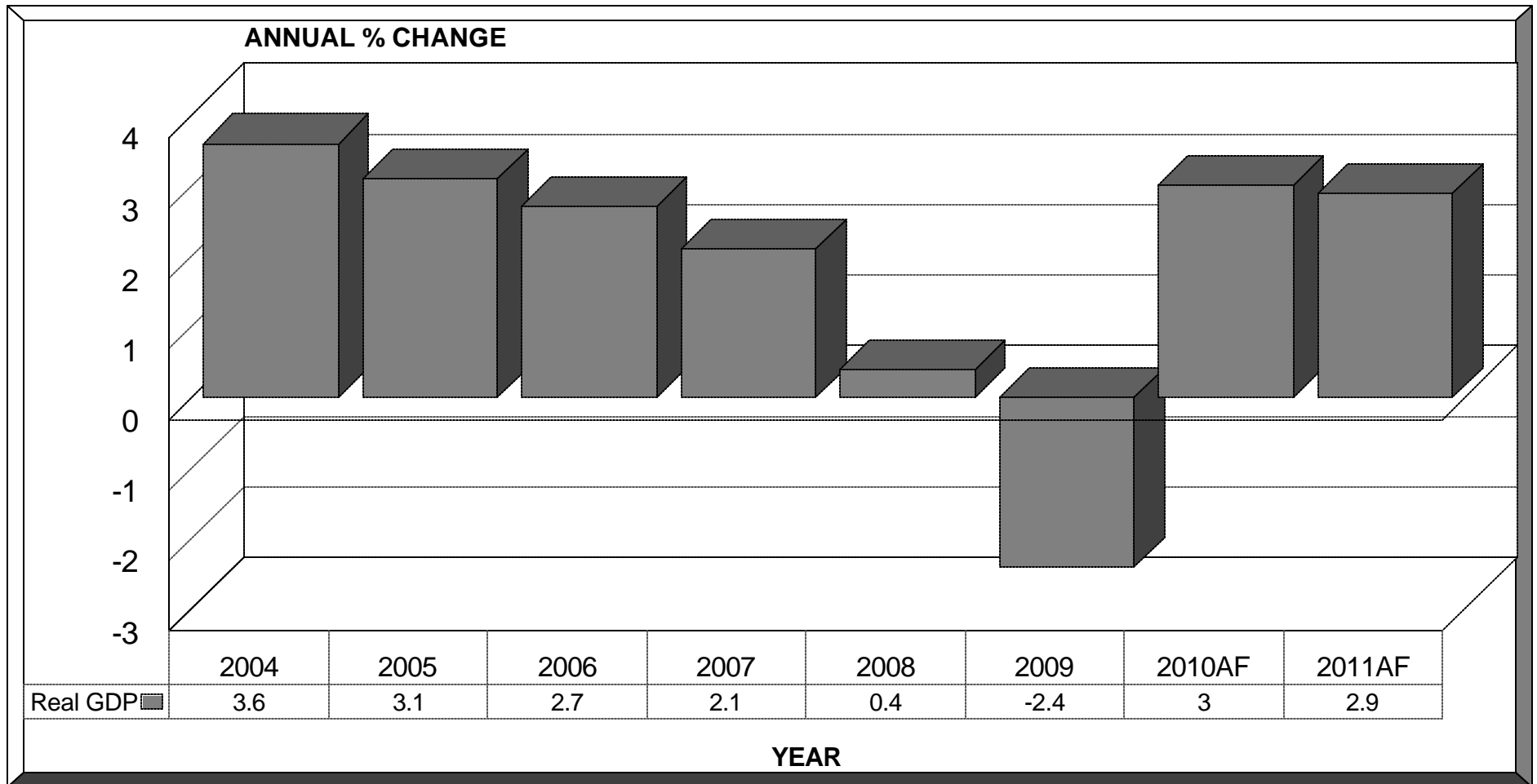
Annual percent change, seasonally adjusted
(except where noted)

	2004	2005	2006	2007	2008	2009	2008 QUARTERLY				2009 QUARTERLY				2010 QUARTERLY
							Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<u>BUSINESS SECTOR</u>															
Industrial Production (index 2002=100)	103.4	107.6	110.3	111.3	108.8	98.2	112.0	110.7	108.1	104.5	99.1	96.4	97.9	99.5	
(% change)	2.5	3.3	2.3	1.5	-2.2	-9.8	1.4	0.4	-3.2	-6.9	-11.5	-12.9	-9.4	4.8	
Corporate Profits (before tax, \$billions)	1229.4	1640.2	1822.7	1774.4	1462.7	1427.6	1,620.8	1,593.5	1,576.6	1,060.1	1,246.5	1,337.1	1,495.0	1,632.0	
(% change)	36.0	33.4	11.1	-2.7	-17.6	-2.5	-7.3	-11.9	-10.3	-40.5	-23.1	-16.1	-5.2	53.9	
Corporate Profits (after tax, \$billions)	923.3	1227.8	1349.5	1322.8	1170.6	1112.8	1297.6	1276.0	1271.9	836.8	976.1	1031.1	1173.9	1270.1	
(% change)	40.0	33.0	9.9	-2.0	-11.5	-4.9	1.5	-4.9	-3.5	-38.2	-24.8	-19.2	-7.7	51.8	
Chg in Private Inventories (billions, 2005\$)	66.3	50.0	59.4	19.5	-25.9	-108.3	0.6	-37.1	-29.7	-37.4	-113.9	-160.2	-139.2	-19.7	
Real Non Residential Investment (billions, 2005\$)	1,263.0	1,347.3	1,453.9	1,544.3	1,569.7	1,291.0	1,598.9	1,604.4	1,579.2	1,496.1	1,321.2	1,288.4	1,269.0	1,285.5	
(% change)	6.0	6.7	7.9	6.2	1.6	-17.8	7.3	4.8	0.9	-6.0	-17.4	-19.7	-19.7	-14.1	
<u>FINANCIAL SECTOR</u>															
Federal Funds Rate (% average)	1.35	3.22	4.97	5.02	1.92	0.16	3.16	2.09	1.94	0.51	0.18	0.18	0.15	0.12	0.13
Bank Prime Rate (% annual average)	4.34	6.19	7.96	8.05	5.09	3.25	6.21	5.08	5.00	3.87	3.25	3.25	3.25	3.25	3.25
U.S. Exchange Rate * Jap. Yen (Yen/\$)	108.2	110.1	116.3	117.8	103.4	93.4	105.2	104.7	107.6	96.1	93.6	97.4	93.5	89.9	90.6
Euro (US\$/ECU)	1.244	1.25	1.26	1.37	1.47	1.39	1.50	1.56	1.50	1.32	1.30	1.44	1.43	1.48	1.38
90 Day Treasury Bills (% annual average)	1.38	3.16	4.73	4.41	1.48	0.16	2.09	1.64	1.49	0.35	0.22	0.17	0.16	0.05	0.11
10 Year Treasury Bond (%)*	4.27	4.29	4.80	4.63	3.66	3.26	3.66	3.89	3.86	3.25	2.74	3.31	3.52	3.46	3.72

Source: U.S. Department of Commerce, Bureau of Economic Analysis unless otherwise specified

GROSS DOMESTIC PRODUCT

ANNUAL PERCENT CHANGE

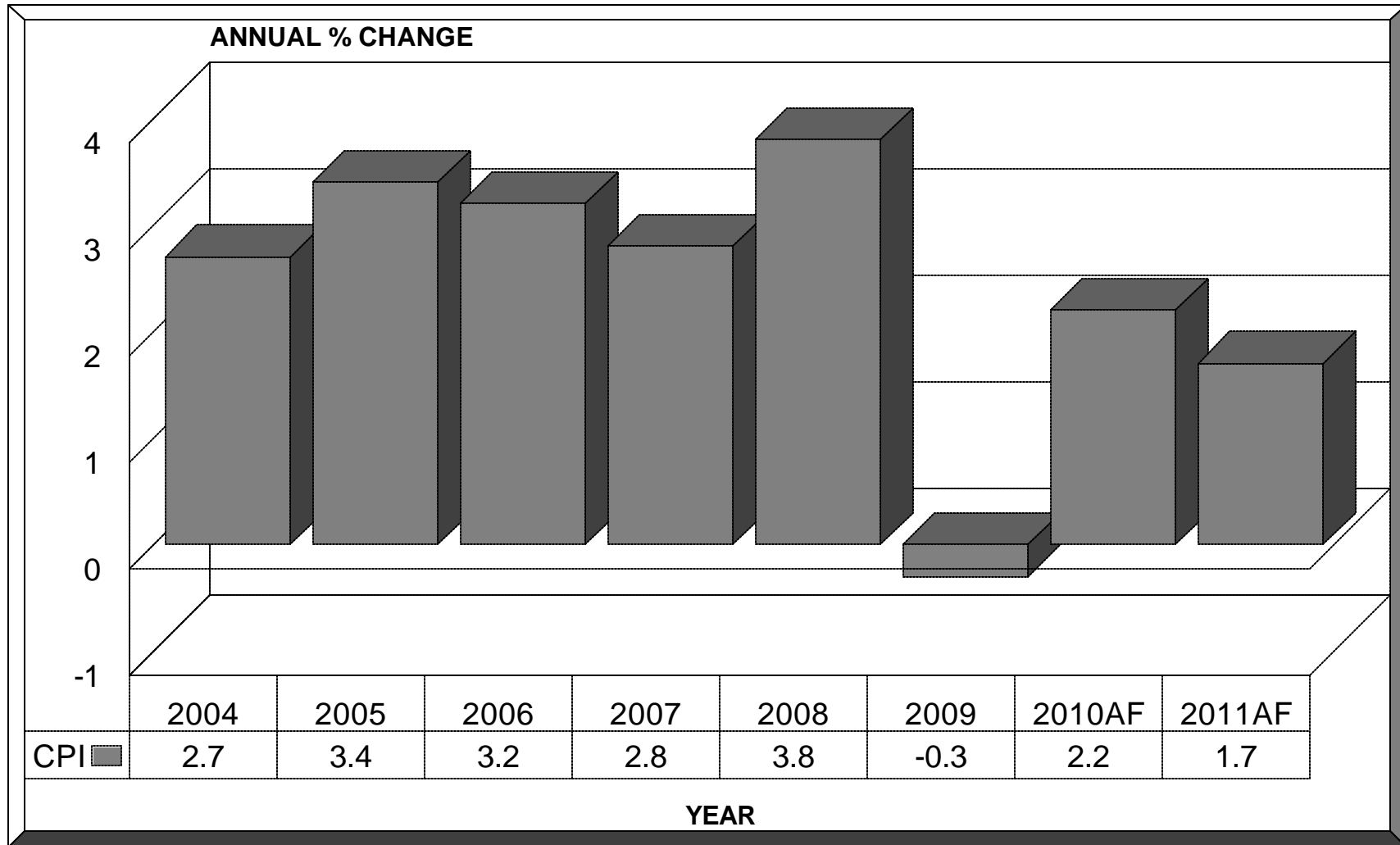


2010AF/2011AF are the Average of the Forecasts where available from
sources referenced on pages 6 - 7

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CONSUMER PRICE INDEX

ANNUAL PERCENT CHANGE

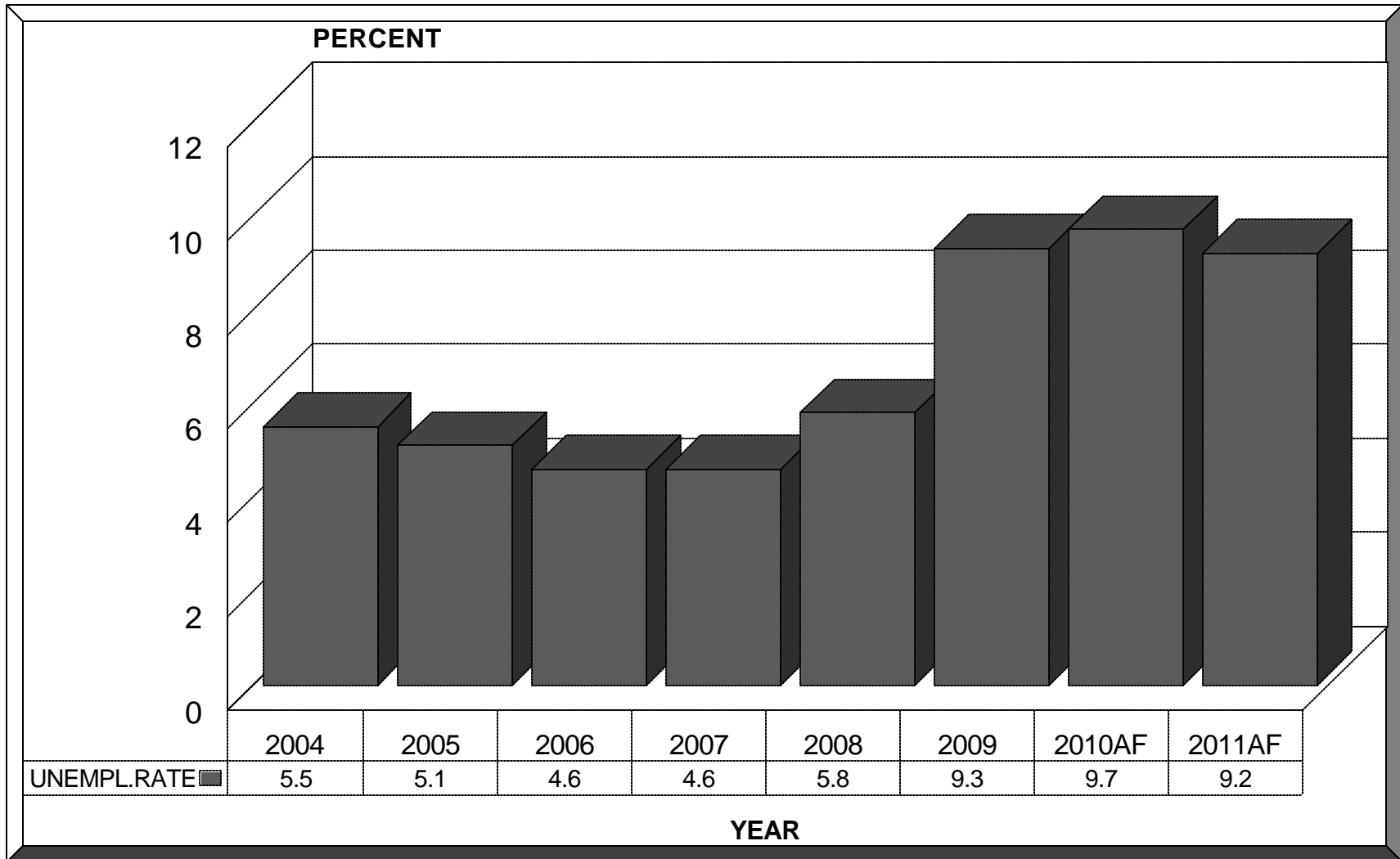


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UNEMPLOYMENT RATE

PERCENT

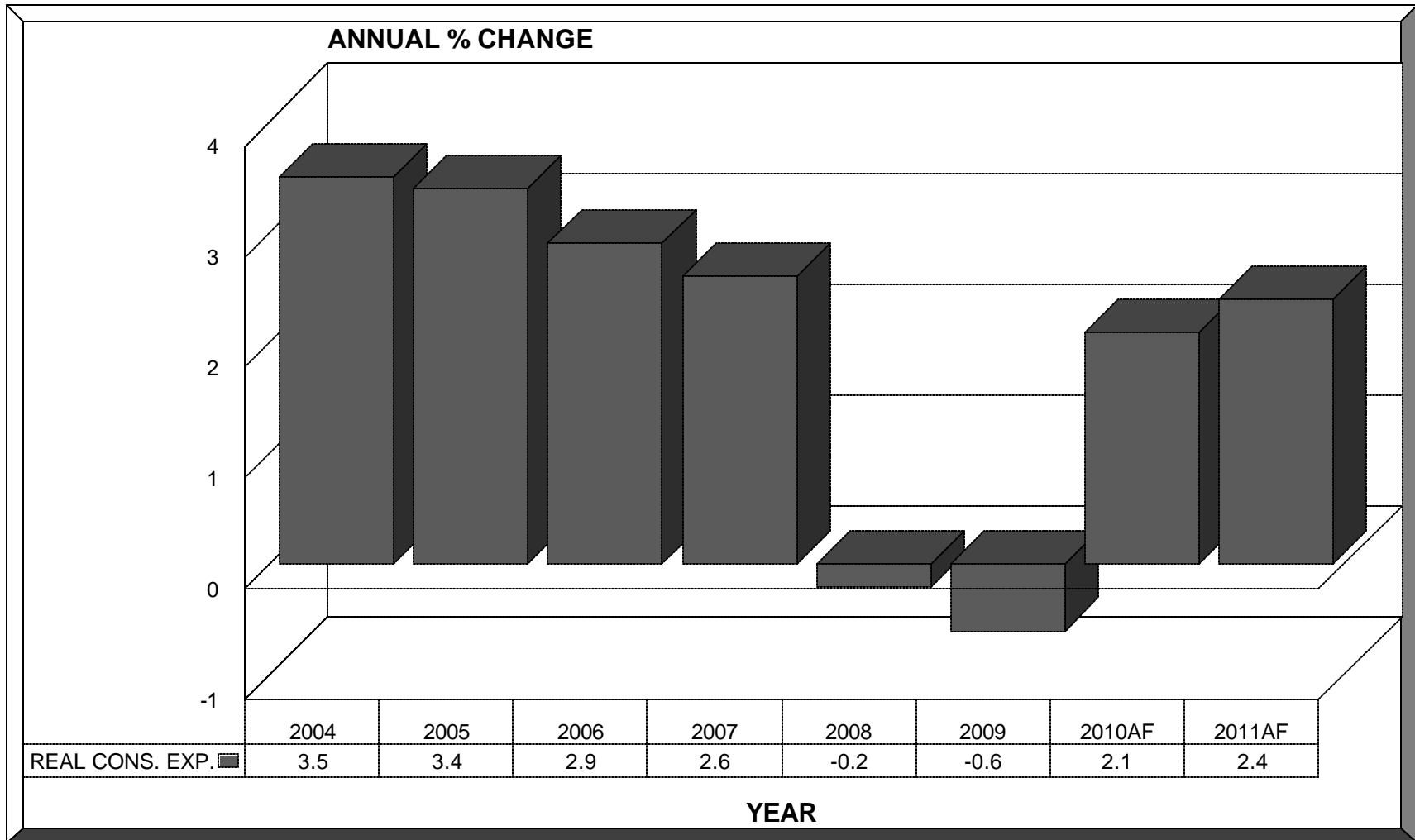


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REAL CONSUMER EXPENDITURE

ANNUAL PERCENT CHANGE

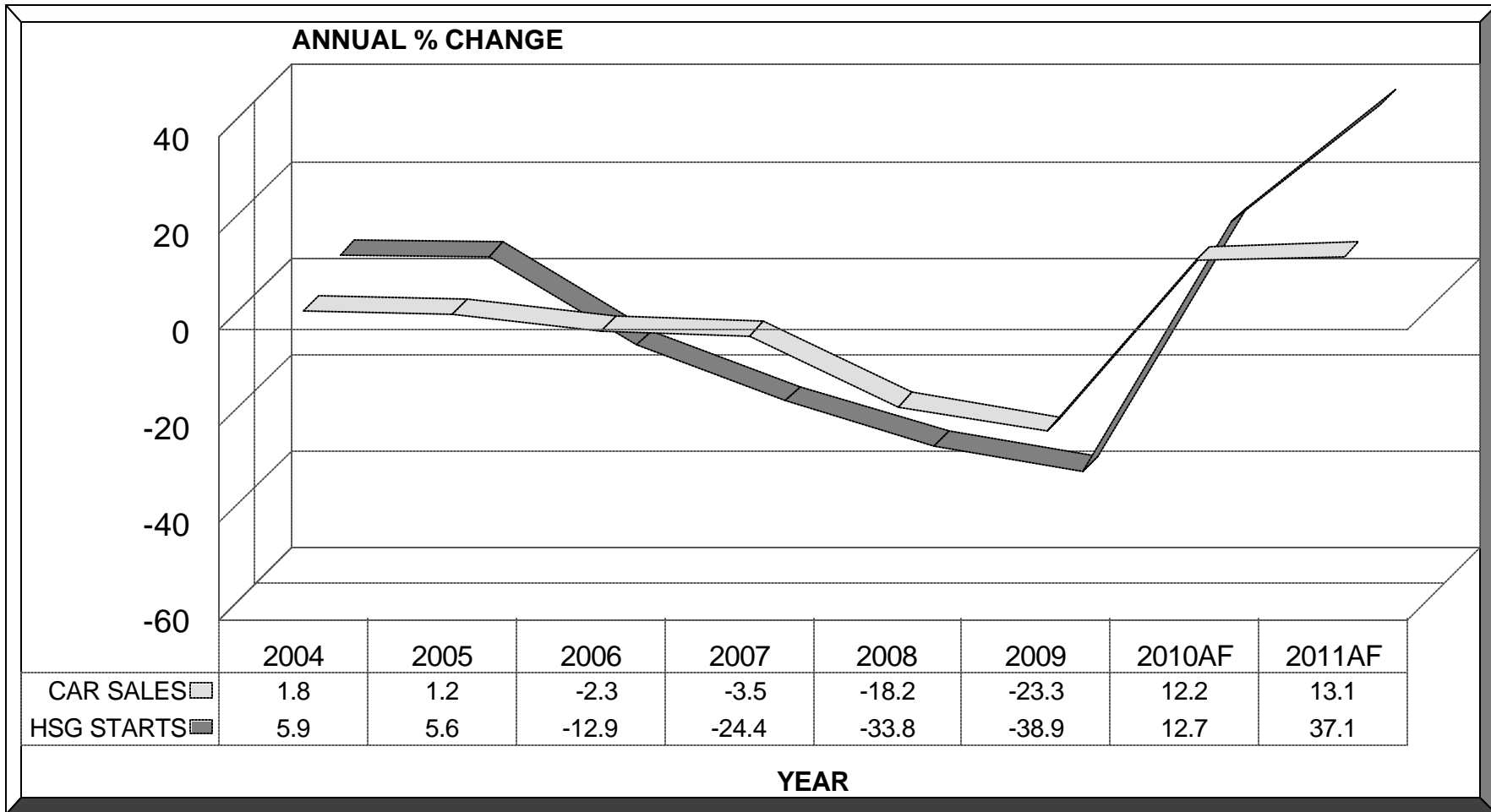


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CAR SALES & HOUSING STARTS

ANNUAL PERCENT CHANGE

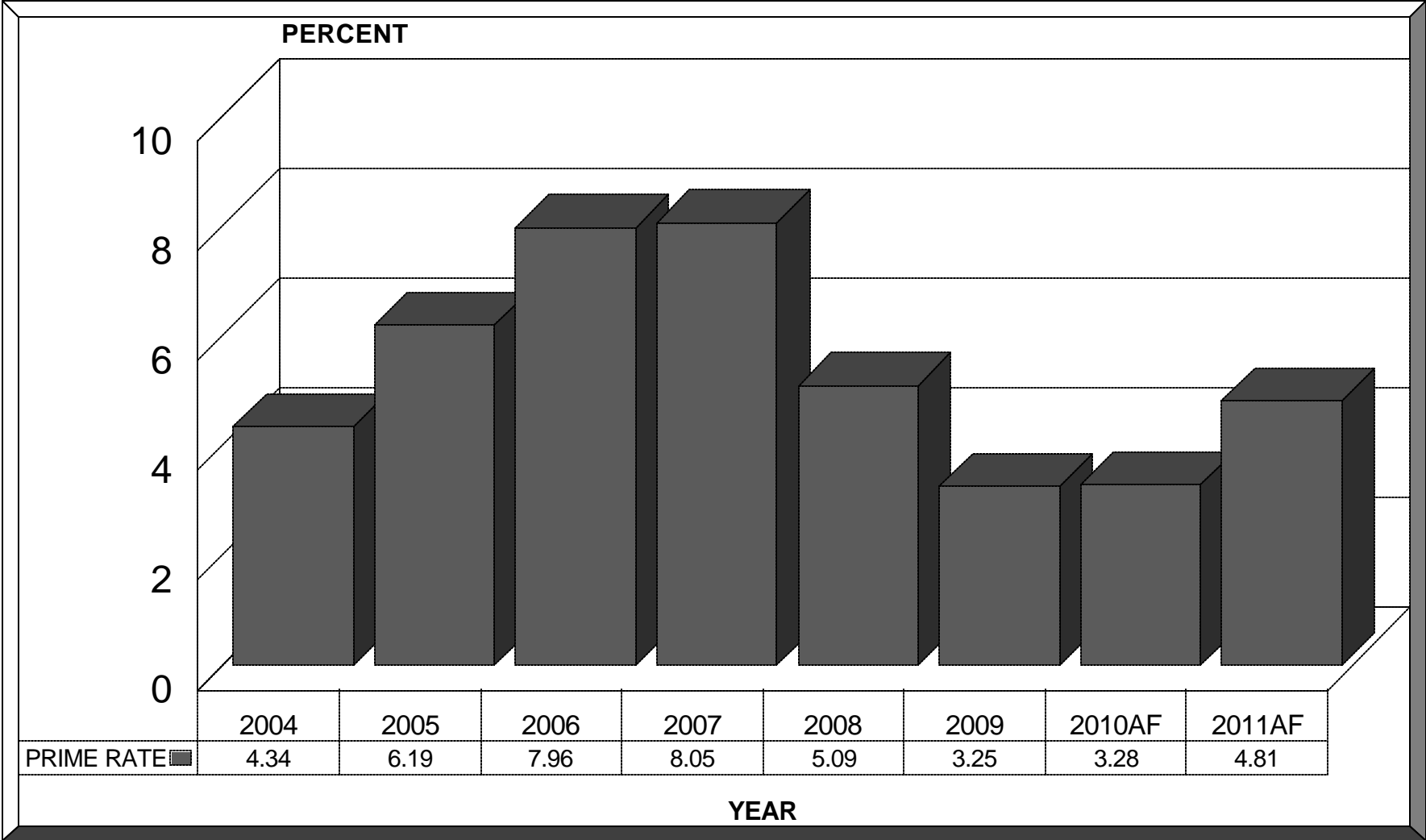


2010AF/2011AF are the Average of the Forecasts where available from sources referenced on pages 6 -7

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BANK PRIME RATE

PERCENT



2010AF/2011AF are the Average of the Forecasts where available from sources referenced on pages 6 -7

ABOUT THE SOURCES

THE CONFERENCE BOARD NEW YORK: The board is a business membership organization connecting companies in more than 60 nations. The board was founded in 1916 and today its membership includes over 2200 companies and other organizations worldwide. It offers a variety of products and services to assist executives including networking, publications, research and conferences.

MERRILL LYNCH: Merrill Lynch is a financial management and advisory company with over 56,200 employees and a global presence in over 38 countries worldwide. It has recently been acquired by Bank of America. Together with Bank of America it is now the largest brokerage in the world with more than 20,000 advisors and \$2.5 trillion in client assets.

U.S. CHAMBER OF COMMERCE: Established in 1912, the U.S. Chamber is the world's largest federation representing a membership of more than three million businesses and organizations. It plays a strong role in helping business, especially small businesses prosper and provides a strong link between business and government.

CITIGROUP/MORGAN STANLEY SMITH BARNEY: On Jan 31, 2009 Citigroup group sold 51% of Smith Barney to Morgan Stanley creating Morgan Stanley Smith Barney. The combined brokerage house has 18,500 brokers and managers and \$1.7 trillion in client assets.

WACHOVIA/WELLS FARGO : Wachovia Corporation was recently acquired by Wells Fargo, the nations 4th largest bank. Over the next 3 years the Wachovia brand will be absorbed by the Wells Fargo brand. Wells Fargo is a diversified financial service company with \$1.3 trillion in assets.

BNP PARIBAS: One of Europe's largest banks, BNP Paribas operates 2,200 retail branches in France and has operations in 85 other countries. The bank employs 89,100 people. Economic Research is a world-wide function grouping together economists based in Paris, London, New York and Tokyo.

ROYAL BANK OF CANADA: Royal Bank of Canada is Canada's largest bank and Canada is one of the major trading partners of the U.S. The bank has 77,000 employees and assets of \$655 billion as of year end Oct. 2009. Its international network includes 300 offices in 50 countries. More than 80% of Canadian exports are to U.S. markets.

HARRIS BANK: Harris Bank is one of the largest community bank networks in Illinois serving more than 1 million customers, offering both personal, corporate and investment banking. Harris has 233 locations throughout Chicago area as well as Arizona, California, Florida, Indiana and major American cities. It is wholly owned by BMO Financial Corp., a diversified financial services institution with \$388 billion in total assets. Harris Bank serves more than 1.2 million customers and has 700 employees.

NOTES:

1. Percent change figures reflect the change from the SAME PERIOD the previous year.
2. Figures are annualized, seasonally adjusted, except where indicated. Seasonally adjusted, annualized figures are calculated by adjusting monthly statistics to provide an indication of the annual total which would be achieved if activity in all other months were at the same level of performance relative to past seasonal patterns.
3. GDP figures expressed in “REAL” terms have been adjusted to remove the effects of inflation and are expressed in chained 2005 dollars where noted . On July 31, 2009 the Bureau of Economic Analysis released the results from its comprehensive revision of National accounts. The revised estimates incorporate a number of changes in classification and definitions as well as statistical improvements designed to better measure changes in the U.S. economy. Real GDP and components have been revised to the base year of 2005 dollars.
4. Historical figures are revised on an ongoing basis by the U.S. Department of Commerce and are likewise updated in this report.

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19. Bureau of Economic Analysis, Supplemental Tables to GDP Release ,March 26, 2010, Motor Vehicles, Table 6.