

U.S. Economic Forecast

**WELLS
FARGO**

SECURITIES

Wells Fargo U.S. Economic Forecast

	Actual								Forecast								Actual		Forecast		
	2014				2015				2016				2017				2013	2014	2015	2017	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q					
Real Gross Domestic Product (a)	-0.9	4.6	4.3	2.1	0.6	3.9	1.9	2.7	2.6	2.8	2.8	2.6	2.2	2.3	2.2	2.2	1.5	2.4	2.5	2.7	2.4
Personal Consumption	1.3	3.8	3.5	4.3	1.8	3.6	2.9	3.0	2.5	2.6	2.5	2.3	2.1	2.1	2.0	2.0	1.7	2.7	3.1	2.7	2.2
Business Fixed Investment	8.3	4.4	9.0	0.7	1.6	4.1	4.9	5.5	5.2	5.3	5.6	5.5	5.2	5.1	5.0	4.9	3.0	6.2	3.6	5.2	5.3
Equipment	3.5	6.5	16.4	-4.9	2.3	0.3	3.1	4.7	4.1	4.8	5.5	5.6	5.3	5.2	4.8	4.7	3.2	5.8	2.7	4.2	5.2
Intellectual Property Products	7.8	4.9	6.5	6.9	7.4	8.3	6.8	6.9	6.7	6.0	5.8	5.3	4.9	4.7	4.8	4.7	3.8	5.2	7.1	6.5	5.1
Structures	19.1	-0.2	-1.9	4.3	-7.4	6.2	6.1	5.3	5.4	5.4	5.5	5.5	5.6	5.6	5.7	5.8	1.6	8.1	0.8	5.5	5.6
Residential Construction	-2.7	10.4	3.4	9.9	10.1	9.4	10.0	9.5	12.0	14.0	14.0	12.5	9.0	9.0	8.0	8.0	9.5	1.8	9.1	11.8	10.3
Government Purchases	0.0	1.2	1.8	-1.4	-0.1	2.6	1.8	1.7	1.7	2.1	1.8	1.7	1.5	1.6	1.5	1.4	-2.9	-0.6	0.8	1.9	1.6
Net Exports	-434.0	-443.3	-429.1	-463.6	-541.2	-534.6	-521.0	-543.5	-569.6	-594.9	-620.0	-639.7	-658.7	-675.6	-689.1	-702.4	-417.5	-442.5	-535.1	-606.1	-681.4
Pct. Point Contribution to GDP	-1.4	-0.2	0.4	-0.9	-1.9	0.2	0.3	-0.5	-0.6	-0.6	-0.6	-0.5	-0.4	-0.4	-0.3	-0.3	0.2	-0.2	-0.6	-0.4	-0.4
Inventory Change	36.9	77.1	79.9	78.2	112.8	113.5	60.0	55.0	60.0	65.0	70.0	70.0	64.0	59.0	54.0	50.0	61.4	68.0	85.3	66.3	56.8
Pct. Point Contribution to GDP	-1.3	1.1	0.0	0.0	0.9	0.0	-1.3	-0.1	0.1	0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.1	-0.1	-0.1
Nominal GDP (a)	0.6	6.9	6.0	2.2	0.8	6.1	3.5	4.5	4.3	4.8	5.0	4.7	4.1	4.3	4.1	4.2	3.1	4.1	3.6	4.5	4.4
Real Final Sales	0.4	3.5	4.3	2.1	-0.2	3.9	3.5	2.8	2.5	2.7	2.6	2.6	2.3	2.4	2.3	2.3	1.4	2.4	2.4	2.8	2.4
Retail Sales (b)	2.2	4.5	4.4	4.2	2.6	1.9	2.5	3.2	5.5	4.8	4.4	4.1	4.3	4.8	5.1	5.2	3.9	3.8	2.5	4.7	4.9
Inflation Indicators (b)																					
PCE Deflator	1.3	1.7	1.6	1.1	0.2	0.3	0.4	0.9	1.8	1.7	1.9	1.9	2.0	2.0	1.9	1.9	1.4	1.4	0.4	1.8	2.0
Consumer Price Index	1.4	2.1	1.8	1.2	-0.1	0.0	0.2	0.8	2.1	1.9	2.0	2.2	2.2	2.2	2.1	2.1	1.5	1.6	0.3	2.0	2.2
"Core" Consumer Price Index	1.6	1.9	1.8	1.7	1.7	1.8	1.8	1.9	1.9	1.8	1.9	2.0	2.0	2.1	2.1	2.1	1.8	1.7	1.8	1.9	2.1
Producer Price Index (Final Demand)	1.4	2.0	1.8	1.3	-0.5	-0.9	-0.6	0.0	1.7	2.1	2.0	2.1	2.2	2.2	2.2	2.2	1.4	1.6	-0.5	2.0	2.2
Employment Cost Index	1.8	2.0	2.2	2.3	2.6	2.0	2.3	2.5	2.5	3.0	2.7	2.5	2.6	2.6	2.7	2.7	1.9	2.1	2.3	2.7	2.7
Real Disposable Income (a)	4.0	3.0	2.7	4.7	3.9	1.2	2.8	2.8	2.5	2.6	2.7	2.7	2.5	2.5	2.4	2.4	-1.4	2.7	3.1	2.6	2.5
Nominal Personal Income (b)	3.9	4.2	4.5	5.2	4.5	4.2	4.3	4.6	5.1	5.4	5.3	4.8	4.4	4.2	4.0	3.8	1.1	4.4	4.4	5.2	4.1
Industrial Production (a)	3.6	5.7	3.9	4.7	-0.3	-2.6	2.2	2.2	3.5	3.7	3.5	3.5	3.6	3.7	2.9	2.7	1.9	3.7	1.5	2.7	3.4
Capacity Utilization	77.3	78.0	78.3	78.8	78.4	77.6	78.0	78.7	78.9	79.1	79.2	79.2	79.2	79.3	79.3	79.3	76.7	78.1	78.2	79.1	79.3
Corporate Profits Before Taxes (b)	-3.6	1.2	5.8	3.4	4.6	0.6	5.8	6.8	6.5	7.2	5.0	5.8	5.5	5.2	5.5	5.7	2.0	1.7	4.5	6.1	5.5
Corporate Profits After Taxes	-7.5	-2.6	4.9	2.7	4.7	-0.6	5.0	5.3	4.4	5.8	5.4	5.2	4.6	4.1	5.2	5.5	1.2	-0.6	3.6	5.2	4.9
Federal Budget Balance (c)	-241	47	-117	-177	-263	123	-174	-170	-150	-60	-130	-160	-150	-80	-150	-150	-680	-483	-490	-510	-540
Current Account Balance (d)	-96.4	-92.0	-97.9	-103.1	-118.3	-109.7	-100.0	-105.0	-110.0	-120.0	-125.0	-130.0	-135.0	-140.0	-145.0	-150.0	-376.8	-389.5	-433.0	-485.0	-570.1
Trade Weighted Dollar Index (e)	76.9	75.9	81.3	85.1	92.1	89.9	92.1	93.0	94.0	95.3	96.5	97.8	98.8	99.3	99.3	99.0	75.9	78.5	91.8	95.9	99.1
Nonfarm Payroll Change (f)	193	284	237	324	195	231	167	210	200	197	195	190	185	180	180	175	199	260	201	195	180
Unemployment Rate	6.6	6.2	6.1	5.7	5.6	5.4	5.2	5.0	4.9	4.8	4.7	4.6	4.5	4.5	4.4	4.4	7.4	6.2	5.3	4.8	4.5
Housing Starts (g)	0.93	0.98	1.03	1.06	0.98	1.16	1.17	1.22	1.24	1.24	1.25	1.26	1.27	1.34	1.39	1.40	0.92	1.00	1.14	1.25	1.35
Light Vehicle Sales (h)	15.8	16.5	16.7	16.8	16.7	17.1	17.5	17.3	17.2	17.1	17.0	16.9	17.0	17.1	16.8	16.8	15.5	16.4	17.1	17.1	16.9
Crude Oil - Brent - Front Contract (i)	107.6	109.5	103.7	77.3	55.6	63.9	51.6	51.0	54.0	59.0	62.0	60.0	65.0	68.0	70.0	66.0	108.4	99.5	55.5	58.8	67.3
Quarter-End Interest Rates (j)																					
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.25	1.50	1.75	2.00	2.25	2.50	0.25	0.25	0.31	1.13	2.13
3 Month LIBOR	0.23	0.23	0.24	0.26	0.27	0.28	0.33	0.70	0.95	1.20	1.45	1.70	1.95	2.20	2.45	2.70	0.27	0.23	0.39	1.33	2.33
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.50	3.75	4.00	4.25	4.50	4.75	5.00	5.25	5.50	3.25	3.25	3.31	4.13	5.13
Conventional Mortgage Rate	4.34	4.16	4.16	3.86	3.77	3.98	3.91	4.15	4.23	4.28	4.37	4.63	4.75	4.76	4.84	4.93	3.98	4.17	3.95	4.38	4.82
3 Month Bill	0.05	0.04	0.02	0.04	0.03	0.01	0.00	0.13	0.56	0.84	1.17	1.34	1.63	1.81	2.12	2.38	0.06	0.03	0.04	0.98	1.99
6 Month Bill	0.07	0.07	0.03	0.12	0.14	0.11	0.08	0.30	0.61	0.89	1.23	1.43	1.66	1.94	2.19	2.41	0.09	0.06	0.16	1.04	2.05
1 Year Bill	0.13	0.11	0.13	0.25	0.26	0.28	0.33	0.68	0.96	1.23	1.59	1.80	2.09	2.29	2.38	2.57	0.13	0.12	0.39	1.40	2.33
2 Year Note	0.44	0.47	0.58	0.67	0.56	0.64	0.64	0.85	1.07	1.26	1.71	1.92	2.27	2.39	2.50	2.62	0.31	0.46	0.67	1.49	2.44
5 Year Note	1.73	1.62	1.78	1.65	1.37	1.63	1.37	1.73	1.87	1.99	2.20	2.34	2.52	2.60	2.69	2.78	1.17	1.64	1.53	2.10	2.65
10 Year Note	2.73	2.53	2.52	2.17	1.94	2.35	2.06	2.40	2.49	2.53	2.63	2.77	2.83	2.88	2.95	3.03	2.35	2.54	2.19	2.61	2.92
30 Year Bond	3.56	3.34	3.21	2.75	2.54	3.11	2.87	3.16	3.23	3.26	3.33	3.58	3.66	3.73	3.81	3.89	3.45	3.34	2.92	3.35	3.77

Forecast as of: September 25, 2015

Notes: (a) Compound Annual Growth Rate Quarter-over-Quarter

(b) Year-over-Year Percentage Change

(c) Quarterly Sum - Billions USD; Annual Data Represents Fiscal Yr.

(d) Quarterly Sum - Billions USD

(e) Federal Reserve Major Currency Index, 1973=100 - Quarter End

(f) Average Monthly Change

(g) Millions of Units - Annual Data - Not Seasonally Adjusted

(h) Quarterly Data - Average Monthly SAAR; Annual Data - Actual Total Vehicles Sold

(i) Quarterly Average of Daily Close

(j) Annual Numbers Represent Averages

Together we'll go far



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