

U.S. Economic Forecast

May 2007

Consumer Electronics Association Economic Outlook

	2006				2007				2008				Annual			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2005	2006	2007	2008
Real Gross Domestic Product (a)	5.6	2.6	2.0	2.5	0.9	2.8	2.2	2.7	2.8	2.9	3.0	2.9	3.2	3.3	2.1	2.8
Personal Consumption	4.8	2.6	2.8	4.2	3.8	2.6	2.6	2.6	2.4	2.3	2.4	2.2	3.5	3.2	3.3	2.5
Fixed Investment	8.2	-1.6	-1.2	-9.1	-4.7	0.1	0.9	2.6	4.5	5.9	5.4	5.1	7.5	2.9	-2.9	3.8
Residential Investment	-0.3	-11.1	-18.7	-19.8	-17.0	-9.2	-4.4	-1.1	4.7	8.1	5.5	4.3	8.6	-4.2	-13.7	2.2
Net Exports	0.0	-7.6	3.0	-26.3	10.9	2.1	0.3	-4.2	-4.2	-4.7	-6.0	-7.0	4.8	-0.2	-3.1	-3.7
Government	4.9	0.8	1.7	3.4	0.9	1.8	1.6	1.2	0.7	0.6	0.6	0.8	0.9	2.1	1.7	1.0
Contribution to Real GDP																
Personal Consumption	3.3	1.8	2.0	3.0	2.7	1.9	1.9	1.9	1.7	1.6	1.7	1.6	2	2.5	2	1.6
Fixed Investment	1.3	-0.3	-0.2	-1.6	-0.8	0.0	0.1	0.4	0.7	0.9	0.8	0.8	1.1	-0.2	-0.1	0.8
Residential Investment	0.0	-0.6	-1.1	-1.1	-0.8	-0.4	-0.2	0.0	0.2	0.3	0.2	0.2	0.5	-0.7	-0.4	0.2
Inventory Change	-0.1	0.4	0.1	-1.1	-0.3	0.6	0.0	0.0	0.1	0.0	0.0	0.1	-0.1	-0.2	0.1	0.1
Net Exports	0.0	0.4	-0.2	1.6	-0.5	-0.1	0.0	0.2	0.2	0.2	0.3	0.3	-0.1	0.5	-0.1	0.3
Government	0.8	0.1	0.3	0.6	0.2	0.3	0.3	0.2	0.1	0.1	0.1	0.1	0.2	0.5	0.2	0.1
Unemployment Rate	4.7	4.7	4.7	4.5	4.5	4.5	4.6	4.8	4.9	4.9	5.0	4.9	5.1	4.6	4.6	4.9
Employment (a)	3.3	1.4	1.2	1.3	1.0	1.5	0.5	0.2	0.5	0.7	0.8	1.1	1.8	1.9	1.1	0.6
Productivity (b)	3.5	1.2	-0.5	1.6	0.9	1.5	2.1	3	2.7	2.6	2.5	2.2	2.1	1.6	1.2	2.5
Personal Income (a)	9.4	3.2	5.0	4.7	9.2	3.6	5.4	4.9	6.1	5.3	5.4	5.5	5.2	6.3	5.6	5.4
Real Disposable Income (a)	4.6	-1.5	3.2	5.3	4.5	-1.4	2.9	2.7	3.6	2.9	2.9	2.9	1.2	2.6	2.7	2.8
Dollar Exchange Rate(d)	110.2	108.7	108.1	107.4	107.2	106.2	105.3	104.3	103.3	102.4	101.5	100.6	110.8	108.6	105.7	101.9
Import price index (a)	-0.7	9.8	5.4	-8.6	1.3	8.1	2.8	2.8	3.6	3.6	3.7	3.3	6.3	4.3	1.9	3.6
Corporate Profits before tax (e)	18.9	18.5	30.6	18.3	6.6	6.6	3.8	5.8	5.2	4.7	4.7	3.8	12.5	21.4	5.7	4.6
Corporate Profits after tax (e)	21.0	17.4	31.0	21.0	7.1	6.6	4.0	5.1	4.1	5.3	4.6	3.6	5.5	22.5	5.7	4.4
Consumer Sentiment	88.9	53.8	84	92.5	92.2	87.9	89.3	90.1	90.8	91.3	91.6	91.9	88.6	87.3	89.87	91.38
Retail sales (e)	7.7	6.3	5.2	4.7	3.2	3.4	2.9	4.1	3.3	3.4	3.8	3.6	6.6	6.0	4.9	4.1
Inflation Indicators (a)																
Consumer Price Index	1.9	5.0	3.1	-2.1	3.8	5.3	2.7	2.5	2.7	2.7	2.7	2.7	3.4	3.2	2.7	2.8
Core Consumer Price Index	2.4	3.3	3.0	1.9	2.3	1.7	2.4	2.6	2.7	2.6	2.4	2.5	2.2	2.5	2.3	2.5
PCE price index	2.0	4.0	2.4	-1.0	3.4	4.8	2.4	2.1	2.3	2.3	2.4	2.4	2.9	2.7	2.5	2.5
Producer Price Index	-0.1	3.7	0.7	-3.0	6.8	6.7	3.1	3.4	1.6	1.6	1.8	1.6	4.9	2.9	3.2	2.4
Employment Cost Index	12.6	1.4	3.5	8.5	3.5	5.1	5.0	4.3	5.5	4.8	4.9	5.1	5.7	6.5	4.8	5.0
Housing Indicators (f)																
Existing Home Sales	6,863	6,627	6,287	6,263	6,423	6,002	6,037	6,073	6,109	6,144	6,180	6,215	7,076	6,478	6,134	6,162
New SF Home Sales	1,132	1,086	994	986	863	959	953	956	959	961	964	967	1,279	1,049	933	963
Housing Starts	2,123	1,873	1,714	1,559	1,474	1,438	1,427	1,420	1,503	1,526	1,529	1,531	2,073	1,817	1,440	1,522
Commodity Prices																
Crude Oil	63.35	70.5	70.4	60.1	58.1	63.8	66.4	68.4	69.6	70.3	70.8	71	56.47	66.1	64.21	70.4
Copper	2.26	3.39	3.54	3.2	2.71	3.59	3.6	3.54	3.46	3.37	3.27	3.18	1.68	3.09	3.51	3.32
Interest Rate Yields (g)																
Federal Funds Target Rate	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	3.21	4.96	5.25	5.25
3-mon Treasury Bill	4.39	4.70	4.91	4.90	4.96	4.96	4.95	4.95	4.94	4.93	4.92	4.91	3.15	4.73	4.96	4.92
10-year Treasury Note	4.57	5.07	4.90	4.63	4.68	4.73	4.90	5.00	5.05	5.10	5.10	5.10	4.29	4.79	4.83	5.09

(a) Annualized percent change from previous quarter

(b) Nonfarm Payroll, annualized percent change from previous quarter

(c) Output per Hour, Private Nonfarm Business, annualized percent change from previous quarter

(d) 36-Country trade-weighted exchange rate

(e) Year-over-Year Percentage Change

(f) Thousands of units, average of monthly seasonally adjusted annual figure

(g) Quarterly average

Forecast prepared by the Consumer Electronics Association's Economic Analysis Group. Contact CEA's Economist, Shawn DuBravac at sdubravac@CEA.org with any comments or questions.