



## Economic Forecast: May 2020

|                                                        | ----- 2019 ----- |      |      |      | ----- 2020 ----- |       |      |      | ----- 2021 ----- |      |      |      | 2019 | 2020  | 2021 |
|--------------------------------------------------------|------------------|------|------|------|------------------|-------|------|------|------------------|------|------|------|------|-------|------|
|                                                        | 19.1             | 19.2 | 19.3 | 19.4 | 20.1             | 20.2  | 20.3 | 20.4 | 21.1             | 21.2 | 21.3 | 21.4 |      |       |      |
| <b>Percent Change: Quarterly SAAR, Annual Q4/Q4</b>    |                  |      |      |      |                  |       |      |      |                  |      |      |      |      |       |      |
| Gross Domestic Product                                 | 3.1              | 2.0  | 2.1  | 2.1  | -4.8             | -36.6 | 18.4 | 12.6 | 8.7              | 5.2  | 3.5  | 3.4  | 2.3  | -5.3  | 5.2  |
| Personal Consumption Expenditures (PCE)                | 1.1              | 4.6  | 3.2  | 1.8  | -7.6             | -42.6 | 25.2 | 17.4 | 2.5              | 5.5  | 5.1  | 4.8  | 2.7  | -6.0  | 4.5  |
| Residential Fixed Investment                           | -1.0             | -3.0 | 4.6  | 6.5  | 21.0             | -56.4 | 5.1  | 9.9  | 14.0             | 15.4 | 9.0  | 6.7  | 1.7  | -11.6 | 11.2 |
| Business Fixed Investment                              | 4.4              | -1.0 | -2.3 | -2.4 | -8.6             | -31.7 | -3.2 | 20.5 | 10.1             | 4.5  | 2.7  | 2.2  | -0.4 | -7.6  | 4.9  |
| Government Consumption & Investment                    | 2.9              | 4.8  | 1.7  | 2.5  | 0.7              | -3.3  | 4.7  | 3.0  | 3.6              | 1.8  | 1.8  | 1.6  | 3.0  | 1.3   | 2.2  |
| <b>Billions of Chained 2012\$</b>                      |                  |      |      |      |                  |       |      |      |                  |      |      |      |      |       |      |
| Net Exports                                            | -944             | -981 | -990 | -901 | -817             | -666  | -528 | -649 | -757             | -802 | -871 | -925 | -954 | -665  | -839 |
| Change in Business Inventories                         | 116              | 69   | 69   | 13   | -16              | -114  | -168 | -184 | 137              | 176  | 187  | 199  | 67   | -120  | 175  |
| <b>Percent Change: Quarterly YoY, Annual Q4/Q4</b>     |                  |      |      |      |                  |       |      |      |                  |      |      |      |      |       |      |
| Consumer Price Index                                   | 1.6              | 1.8  | 1.8  | 2.0  | 2.1              | 0.5   | 0.5  | 0.5  | 0.9              | 2.3  | 2.3  | 2.1  | 2.0  | 0.5   | 2.1  |
| Core Consumer Price Index (ex. Food & Energy)          | 2.1              | 2.1  | 2.3  | 2.3  | 2.2              | 2.0   | 1.6  | 1.4  | 1.3              | 1.4  | 1.4  | 1.5  | 2.3  | 1.4   | 1.5  |
| PCE Chain Price Index                                  | 1.4              | 1.4  | 1.4  | 1.4  | 1.6              | 0.5   | 0.3  | 0.3  | 0.4              | 1.4  | 1.5  | 1.5  | 1.4  | 0.3   | 1.5  |
| Core PCE Chain Price Index (ex. Food & Energy)         | 1.6              | 1.6  | 1.7  | 1.6  | 1.8              | 1.4   | 0.9  | 0.8  | 0.7              | 0.9  | 1.1  | 1.2  | 1.6  | 0.8   | 1.2  |
| <b>Change: Quarterly Mo. Avg., Thous., Annual Mil.</b> |                  |      |      |      |                  |       |      |      |                  |      |      |      |      |       |      |
| Employment, Total Nonfarm                              | 162              | 142  | 184  | 209  | 99               | -9459 | 2057 | 1876 | 1500             | 1100 | 550  | 500  | 2.1  | -16.3 | 11.0 |
| Percent Change: Q4/Q4                                  |                  |      |      |      |                  |       |      |      |                  |      |      |      | 1.4  | -10.7 | 8.1  |
| <b>Percent</b>                                         |                  |      |      |      |                  |       |      |      |                  |      |      |      |      |       |      |
| Unemployment Rate                                      | 3.9              | 3.6  | 3.6  | 3.5  | 3.8              | 17.5  | 12.8 | 9.5  | 7.9              | 7.1  | 6.5  | 6.0  | 3.7  | 10.9  | 6.9  |
| Federal Funds Rate                                     | 2.4              | 2.4  | 2.2  | 1.6  | 1.3              | 0.1   | 0.1  | 0.1  | 0.1              | 0.1  | 0.1  | 0.1  | 2.2  | 0.4   | 0.1  |
| 1-Year Treasury Note Yield                             | 2.5              | 2.3  | 1.8  | 1.6  | 1.1              | 0.2   | 0.2  | 0.2  | 0.2              | 0.2  | 0.3  | 0.3  | 2.1  | 0.4   | 0.3  |
| 10-Year Treasury Note Yield                            | 2.7              | 2.3  | 1.8  | 1.8  | 1.4              | 0.7   | 0.7  | 0.7  | 0.7              | 0.7  | 0.7  | 0.8  | 2.1  | 0.8   | 0.7  |

May 11, 2020

Note: Interest rate forecasts are based on rates from April 30, 2020.

Note: Unshaded areas denote actuals. Shaded areas denote forecasts.

Note: Nonfarm employment numbers include temporary hiring for the 2020 decennial Census.

Sources: Actuals: Bureau of Economic Analysis, Bureau of Labor Statistics, Federal Reserve Board. Forecasts: Fannie Mae Economic and Strategic Research

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