

Gas Group

Fiscal Year	AGL RES INC	ATMOS ENERGY CORP	LACLEDE GROUP INC	NEW JERSEY RES	NORTHWEST NAT GAS CO	PIEDMONT NAT GAS INC	SOUTH JERSEY INDS INC	WGL HLDGS INC	Average
	(NYSE:AGL)	(NYSE:ATO)	(NYSE:LG)	(NYSE:NJR)	(NYSE:NWN)	(NYSE:PNY)	(NYSE:SJI)	(NYSE:WGL)	
	31-Dec-09	30-Sep-09	30-Sep-09	30-Sep-09	31-Dec-09	31-Oct-09	31-Dec-09	30-Sep-09	
Capitalization at Fair Values									
Debt(D)	2,060,000	2,317,572	423,375	415,700	707,755	910,310	394,500	627,800	982,127
Preferred(P)	0	0	0	0	0	0	0	28,200	3,525
Equity(E)	<u>2,826,425</u>	<u>2,608,107</u>	<u>712,927</u>	<u>1,509,979</u>	<u>1,195,048</u>	<u>1,705,632</u>	<u>1,137,620</u>	<u>1,661,755</u>	<u>1,669,687</u>
Total	<u>4,886,425</u>	<u>4,925,679</u>	<u>1,136,302</u>	<u>1,925,679</u>	<u>1,902,803</u>	<u>2,615,942</u>	<u>1,532,120</u>	<u>2,317,755</u>	<u>2,655,338</u>
Capital Structure Ratios									
Debt(D)	42.16%	47.05%	37.26%	21.59%	37.20%	34.80%	25.75%	27.09%	34.11%
Preferred(P)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.22%	0.15%
Equity(E)	<u>57.84%</u>	<u>52.95%</u>	<u>62.74%</u>	<u>78.41%</u>	<u>62.80%</u>	<u>65.20%</u>	<u>74.25%</u>	<u>71.70%</u>	<u>65.74%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.01%</u>	<u>100.00%</u>
Common Stock									
Issued	77,500,000	92,551,709	22,168,120	43,762,475	26,533,028	73,266,000		50,143,484	
Treasury	0.000	0.000	0.000	2,176,724	0.000	0.000		0.000	
Outstanding	77,500,000	92,551,709	22,168,120	41,585,751	26,533,028	73,266,000	29,796,232	50,143,484	
Market Price	\$36.47	\$28.18	\$32.16	\$36.31	\$45.04	\$23.28	\$38.18	\$33.14	
Capitalization at Carrying Amounts									
Debt(D)	1,974,000	2,172,827	389,240	399,800	636,700	792,512	347,900	561,800	909,347
Preferred(P)	0	0	0	0	0	0	0	28,200	3,525
Equity(E)	<u>1,780,000</u>	<u>2,176,761</u>	<u>517,030</u>	<u>689,726</u>	<u>660,105</u>	<u>927,948</u>	<u>544,564</u>	<u>1,097,698</u>	<u>1,049,229</u>
Total	<u>3,754,000</u>	<u>4,349,588</u>	<u>906,270</u>	<u>1,089,526</u>	<u>1,296,805</u>	<u>1,720,460</u>	<u>892,464</u>	<u>1,687,698</u>	<u>1,962,101</u>
Capital Structure Ratios									
Debt(D)	52.58%	49.95%	42.95%	36.69%	49.10%	46.06%	38.98%	33.29%	43.70%
Preferred(P)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.67%	0.21%
Equity(E)	<u>47.42%</u>	<u>50.05%</u>	<u>57.05%</u>	<u>63.31%</u>	<u>50.90%</u>	<u>53.94%</u>	<u>61.02%</u>	<u>65.04%</u>	<u>56.09%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Betas	Value Line	0.75	0.65	0.60	0.65	0.60	0.65	0.65	0.65
Hamada	BI =	Bu [1+	(1 - t)	D/E	+	P/E]			
	0.65 =	Bu [1+	(1-0.35)	0.5189	+	0.0023]			
	0.65 =	Bu [1+	0.65	0.5189	+	0.0023]			
	0.65 =	Bu 1.3396							
	0.49 =	Bu							
Hamada	BI =	0.49 [1+	(1 - t)	D/E	+	P/E]			
	BI =	0.49 [1+	0.65	0.7791	+	0.0037]			
	BI =	0.49 1.5101							
	BI =	0.74							
M&M	ku =	ke -	((	ku -	i)		1-t)	D / E ) - (	ku - d) P / E
	8.16% =	9.16% -	((	8.16% -	5.20%)		0.65)	34.11% / 65.74% ) - (	8.16% - 6.04%) 0.15% / 65.74%
	8.16% =	9.16% -	((	2.96%)			0.65)	0.5189 ) - (	2.12%) 0.0023
	8.16% =	9.16% -	((	1.92%)				0.5189 ) - (	2.12%) 0.0023
	8.16% =	9.16% -	((	1.00%)					- 0.00%
M&M	ke =	ku +	((	ku -	i)		1-t)	D / E ) + (	ku - d) P / E
	9.67% =	8.16% +	((	8.16% -	5.20%)		0.65)	43.70% / 56.09% ) + (	8.16% - 6.04%) 0.21% / 56.09%
	9.67% =	8.16% +	((	2.96%)			0.65)	0.7790 ) + (	2.12%) 0.0037
	9.67% =	8.16% +	((	1.92%)				0.7790 ) + (	2.12%) 0.0037
	9.67% =	8.16% +	((	1.50%)					+ 0.01%

Combination Group
Year End 2009

Fiscal Year	Black Hills		CMS Energy (NYSE:CMS)	DTE Energy (NYSE:DTE)	Empire		Vectren Corp. (NYSE:VVC)	Wisconsin Energy (NYSE:WEC)	Xcel Energy Inc. (NYSE:XEL)	Average
	Alliant Energy (NYSE:LNT)	Corp.(NYSE: BKH)			District(NYSE :EDE)	MGE Energy (NYSE MGEE)				
	12/31/09	12/31/09	12/31/09	12/31/09	12/31/09	12/31/09	12/31/09	12/31/09	12/31/09	
<u>Capitalization at Fair Values</u>										
Debt(D)	2,675,500	1,123,703	7,013,000	8,300,000	695,000	339,557	1,720,100	4,162,500	9,026,257	3,895,069
Preferred(P)	260,900	0	239,000	0	0	0	0	20,200	104,980	69,453
Equity(E)	<u>3,348,466</u>	<u>1,037,736</u>	<u>3,568,914</u>	<u>7,209,788</u>	<u>713,843</u>	<u>826,081</u>	<u>2,001,548</u>	<u>5,825,543</u>	<u>9,708,341</u>	<u>3,804,473</u>
Total	<u>6,284,866</u>	<u>2,161,439</u>	<u>10,820,914</u>	<u>15,509,788</u>	<u>1,408,843</u>	<u>1,165,638</u>	<u>3,721,648</u>	<u>10,008,243</u>	<u>18,839,578</u>	<u>7,768,995</u>
<u>Capital Structure Ratios</u>										
Debt(D)	42.57%	51.99%	64.81%	53.51%	49.33%	29.13%	46.22%	41.59%	47.91%	47.45%
Preferred(P)	4.15%	0.00%	2.21%	0.00%	0.00%	0.00%	0.00%	0.20%	0.56%	0.79%
Equity(E)	<u>53.28%</u>	<u>48.01%</u>	<u>32.98%</u>	<u>46.49%</u>	<u>50.67%</u>	<u>70.87%</u>	<u>53.78%</u>	<u>58.21%</u>	<u>51.53%</u>	<u>51.76%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Common Stock</u>										
Issued	110,656,498	38,977,526	227,900,000	165,400,045	38,112,280	23,113,638	81,100,000	116,908,346	457,509,000	
Treasury	0,000	8,834	0,000	0,000	0,000	0,000	0,000	0,000	0,000	
Outstanding	110,656,498	38,968,692	227,900,000	165,400,045	38,112,280	23,113,638	81,100,000	116,908,346	457,509,000	
Year-End Price	\$30.26	\$26.63	\$15.66	\$43.59	\$18.73	\$35.74	\$24.68	\$49.83	\$21.22	
<u>Capitalization at Carrying Amounts</u>										
Debt(D)	2,506,000	1,051,157	6,567,000	8,000,000	688,000	323,500	1,642,500	4,049,800	8,432,442	3,695,600
Preferred(P)	243,800	0	239,000	0	0	0	0	30,400	104,980	68,687
Equity(E)	<u>2,772,600</u>	<u>1,084,837</u>	<u>2,602,000</u>	<u>6,278,000</u>	<u>600,150</u>	<u>501,795</u>	<u>1,397,200</u>	<u>3,566,900</u>	<u>7,283,245</u>	<u>2,898,525</u>
Total	<u>5,522,400</u>	<u>2,135,994</u>	<u>9,408,000</u>	<u>14,278,000</u>	<u>1,288,150</u>	<u>825,295</u>	<u>3,039,700</u>	<u>7,647,100</u>	<u>15,820,667</u>	<u>6,662,812</u>
<u>Capital Structure Ratios</u>										
Debt(D)	45.38%	49.21%	69.80%	56.03%	53.41%	39.20%	54.03%	52.96%	53.30%	52.59%
Preferred(P)	4.41%	0.00%	2.54%	0.00%	0.00%	0.00%	0.00%	0.40%	0.66%	0.89%
Equity(E)	<u>50.21%</u>	<u>50.79%</u>	<u>27.66%</u>	<u>43.97%</u>	<u>46.59%</u>	<u>60.80%</u>	<u>45.97%</u>	<u>46.64%</u>	<u>46.04%</u>	<u>46.52%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Betas</u>	Value Line	0.70	0.80	0.75	0.75	0.70	0.65	0.70	0.65	0.65
Hamada	Bl =	Bu	[1+ (1-t)]	D/E	+	P/E]			
	0.71 =	Bu	[1+ (1-0.35)]	0.9167	+	0.0153]			
	0.71 =	Bu	[1+ 0.65]	0.9167	+	0.0153]			
	0.71 =	Bu	1.6112							
	0.44 =	Bu								
Hamada	Bl =	0.44	[1+ (1-t)]	D/E	+	P/E]			
	Bl =	0.44	[1+ 0.65]	1.1305	+	0.0191]			
	Bl =	0.44	1.7539							
	Bl =	0.77								
M&M	ku =	ke	- (((ku - d) / E) - (8.64% - 6.04%))							
	8.64% =	10.73%	- (((8.64% - 6.04%) / 5.20%) - 0.65)							
	8.64% =	10.73%	- (((3.44%) / 0.65) - 0.9167)							
	8.64% =	10.73%	- ((2.24%) / 0.9167)							
	8.64% =	10.73%	- 2.05%							
M&M	ke =	ku	+ (((ku - d) / E) + (8.64% - 6.04%))							
	11.22% =	8.64%	+ (((8.64% - 6.04%) / 5.20%) + 0.65)							
	11.22% =	8.64%	+ (((3.44%) / 0.65) + 1.1305)							
	11.22% =	8.64%	+ ((2.24%) / 1.1305)							
	11.22% =	8.64%	+ 2.53%							

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H.15 Selected Interest Rates for Jan 06, 2011

Series Description	Market yield on U.S. Treasury securities at 1-year constant maturity, quoted on investme nt basis	Market yield on U.S. Treasury securities at 2-year constant maturity, quoted on investme nt basis	Market yield on U.S. Treasury securities at 3-year constant maturity, quoted on investme nt basis	Market yield on U.S. Treasury securities at 5-year constant maturity, quoted on investme nt basis	Market yield on U.S. Treasury securities at 7-year constant maturity, quoted on investme nt basis	Market yield on U.S. Treasury securities at 10-year constant maturity, quoted on investme nt basis	Market yield on U.S. Treasury securities at 20-year constant maturity, quoted on investme nt basis
Unit:	Percent: Per_Year						
Multiplier:	1						
Currency:	NA						
Unique Identifier:	H15/H15/RIFLGFC Y01_N.M	H15/H15/RIFLGFC Y02_N.M	H15/H15/RIFLGFC Y03_N.M	H15/H15/RIFLGFC Y05_N.M	H15/H15/RIFLGFC Y07_N.M	H15/H15/RIFLGFC Y10_N.M	H15/H15/RIFLGFC Y20_N.M
Time Period	Y01_N.M	Y02_N.M	Y03_N.M	Y05_N.M	Y07_N.M	Y10_N.M	Y20_N.M
2009-12	0.37	0.87	1.38	2.34	3.07	3.59	4.40
2010-01	0.35	0.93	1.49	2.48	3.21	3.73	4.50
2010-02	0.35	0.86	1.40	2.36	3.12	3.69	4.48
2010-03	0.40	0.96	1.51	2.43	3.16	3.73	4.49
2010-04	0.45	1.06	1.64	2.58	3.28	3.85	4.53
2010-05	0.37	0.83	1.32	2.18	2.86	3.42	4.11
2010-06	0.32	0.72	1.17	2.00	2.66	3.20	3.95
2010-07	0.29	0.62	0.98	1.76	2.43	3.01	3.80
2010-08	0.26	0.52	0.78	1.47	2.10	2.70	3.52
2010-09	0.26	0.48	0.74	1.41	2.05	2.65	3.47
2010-10	0.23	0.38	0.57	1.18	1.85	2.54	3.52
2010-11	0.25	0.45	0.67	1.35	2.02	2.76	3.82

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Fed Announces Its LSAP Program (QE2) And Yields Jump

Domestic Commentary The Treasury market suffered a second consecutive monthly loss in November, marking the first back-to-back monthly declines since May-June 2009. Pressuring the market has been profit-taking and position-squaring in the wake of the Federal Reserve's November 2nd announcement of its plans for further large-scale asset purchases (LSAP), coupled with a relatively sustained run of better-than-expected economic news. Also weighing on Treasury prices, though to a lesser degree, was the unusually vigorous political backlash against the Fed's QE2 program from both within and outside the country. Losses in the Treasury market would have been greater save for safe-haven demand related to recent tensions on the Korean Peninsula and re-intensification of Europe's sovereign debt crisis. Nonetheless, with the exception of 2-year maturities, yields across the curve today are higher than those that prevailed just prior to Chairman Ben Bernanke's hints in late August that the Fed was considering a further expansion of its balance sheet.

The back-up in Treasury yields should not have come as a complete surprise. In our late-October survey, an overwhelming majority of our panelists said markets already had discounted the well-telegraphed QE2 program, strongly suggesting the likelihood of a "buy-the-rumor, sell-the-fact" reaction. Treasury yields had moved steadily lower since April as doubts about the strength of the economic recovery emerged, eventually leading to speculation about additional easing by the Fed. All bulled up, the market was ripe for a correction. In its November policy statement, the Federal Open Market Committee said the Fed planned to increase the size of its balance sheet by \$600 billion by mid-2011 with monthly purchases of \$75 billion in Treasuries. That generally matched market expectations and combined with the Fed's ongoing reinvestment of mortgage-backed securities and agency paper should bring total Treasury purchases to \$850-\$900 billion by the end of next June.

Markets were caught off guard, however, by operational details of the LSAP program that 46% of the purchases would be in maturities from 5-years to 10-years and that only 6% would be accounted for by purchases of paper with maturities exceeding 10 years. As a result, in the days following the Fed's announcement, money surged into the most heavily targeted areas of Fed buying and out of the long, and to a lesser extent, short end of the curve. Somewhat later, the intermediate portion of the curve was also whacked when prices ran up too quickly. By late November, trading conditions had settled down. Nonetheless, yields for the very most part remain comfortably above the levels seen prior to the Fed's November 2nd announcement.

Minutes of the FOMC meeting that were released on November 23rd indicated a vigorous discussion about the need for and potential risks of further large-scale expansion of the Fed's balance sheet but only Kansas City Fed president Thomas Hoenig dissented from the decision. At the meeting, policymakers raised their unemployment projections for the next two years while lowering their growth outlook for 2011. The Fed now expects a Q4 2011 unemployment rate of 8.9% to 9.1% versus their June forecast of 8.3% to 8.7%. That's in line with consensus forecasts. In 2012, the unemployment rate is now forecast to fall between 7.7% and 8.2%, up from the prior estimate of 7.1% to 7.5%. Real GDP now is expected to grow by 3.0% to 3.6% next year on a fourth quarter-over-fourth quarter basis, down from the June estimate of 3.5% to 4.2%, but still slightly on the high side of consensus forecasts. The Fed's forecast of growth in 2012 was little changed with real GDP projected to expand 3.6% to 4.5% versus the prior estimate of 3.5% to 4.5%. Projections for core inflation also went largely unaltered, with the core personal consumption expenditures deflator expected to increase 0.9% to 1.6% in 2011 and 1.1% to 2.0% in 2012. These forecasts reflect the central tendency of FOMC members' projections which exclude the three highest and three lowest estimates.

The minutes of the November meeting also revealed that the FOMC had held a previously undisclosed video-conference on October 15th to discuss the merits of further large scale asset purchases. However, other issues discussed at the meeting included targeting a long-term interest rate by committing the Fed to making unlimited purchases of securities – a policy option that has not been utilized since the Truman Administration. Also discussed was the establishment of an explicit inflation target and ways to improve communication with the public by having the Fed Chairman hold regular press briefings.

The domestic and external political reverberations resulting from announcement of the Fed's QE2 program for a time unsettled market participants. So virulent were condemnations that some investors began to fear political pressures might eventually force the Fed to call an early end to its asset purchases or specifically state that they would not be extended beyond June even if the Fed's goals were unmet. Vigorous defense of the move by Bernanke and other Fed officials have helped dampened domestic criticism in the short-run, and the rise in the value of the U.S. dollar in recent weeks has muted international critics. However, attacks on the Fed may well resurface early next year under new leadership in the House of Representatives and from abroad if the U.S. dollar begins to sink anew.

Some of the recent rise in Treasury yields also is likely attributable to improved economic news that has encouraged investors to take on more risk. Real GDP's growth rate in Q3 was revised up half a percentage point to 2.5%. Moreover, the composition of growth during the quarter – more final sales, less inventory building – caused many analysts to up their forecasts of growth in the current quarter. Especially encouraging, initial weekly claims for unemployment insurance have dropped noticeably over the last several weeks and in the most recent period stood at their lowest level since August 2008. As a result, most analysts now predict the improvement in job growth seen in October will persist in November. Other encouraging news has included rebounds in the Institute of Supply Management's indexes of October activity in the manufacturing and service sectors, stronger-than-expected increases in October personal income and consumption, and a November reading for consumer sentiment that was the highest since June. Less encouraging, housing starts fell sharply in October, existing home sales dipped, and new home sales plunged, dropping their sales pace back to near its cyclical low. Also unexpectedly soft were core capital goods shipments in October. The consensus predicts real GDP growth in the current quarter will be slightly less than in Q3, but encouragingly, growth in final sales is expected to be stronger.

Consensus Forecast Real GDP growth in the current quarter is predicted to be a couple of tenths of a percentage point slower than in Q3, largely due to drag from business inventories. However, the consensus continues to forecast a gradual improvement over the course of 2011 with real GDP growing at an annual rate of 3.0% or so in the second half of the year. Job growth will continue to improve, says the consensus, but not by a sufficient enough degree to produce a notable decline in the unemployment rate by the end of next year. Inflation is forecast to remain quite subdued with the GDP price index and Consumer Price Index each registering Q4/Q4 increases of less than 2.0% in 2011. In the short-run, the consensus thinks Treasury yields are likely to remain near current levels, or perhaps even retreat a bit, supported by massive demand from the Fed. However, yields are expected to be rising again by early spring on signs of continued economic improvement and the market's anticipation of the looming conclusion to the Fed's LSAP program (*see page 2*).

Special Questions On page 14 are results of our twice-yearly long-range survey results with forecasts for the years 2012 through 2016 and averages for the 5-year periods 2012-2016 and 2017-2021.

Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

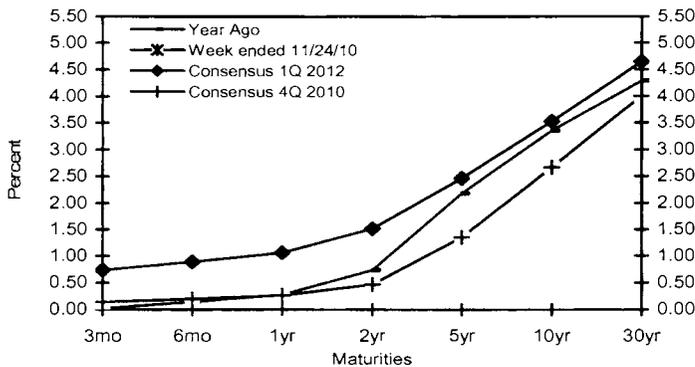
Interest Rates	-----History-----								Consensus Forecasts-Quarterly Avg.						
	-----Average For Week End-----				-----Average For Month-----				Latest Q	4Q	1Q	2Q	3Q	4Q	1Q
	Nov.24	Nov.19	Nov.12	Nov.5	Oct.	Sep.	Aug.	3Q 2010	2010	2011	2011	2011	2011	2011	2012
Federal Funds Rate	0.22	0.19	0.18	0.20	0.19	0.19	0.19	0.19	0.2	0.2	0.2	0.2	0.4	0.7	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.3	3.3	3.3	3.3	3.5	3.7	
LIBOR, 3-mo.	0.29	0.29	0.29	0.29	0.29	0.29	0.36	0.36	0.3	0.3	0.4	0.4	0.6	1.0	
Commercial Paper, 1-mo.	0.21	0.21	0.19	0.21	0.21	0.20	0.20	0.20	0.2	0.2	0.3	0.4	0.6	0.9	
Treasury bill, 3-mo.	0.15	0.14	0.13	0.13	0.13	0.15	0.16	0.16	0.1	0.2	0.2	0.3	0.5	0.7	
Treasury bill, 6-mo.	0.20	0.19	0.16	0.16	0.18	0.19	0.19	0.19	0.2	0.2	0.3	0.4	0.6	0.9	
Treasury bill, 1 yr.	0.27	0.27	0.24	0.22	0.23	0.26	0.26	0.27	0.3	0.3	0.4	0.5	0.8	1.1	
Treasury note, 2 yr.	0.50	0.52	0.46	0.35	0.38	0.48	0.52	0.54	0.5	0.6	0.7	0.9	1.2	1.5	
Treasury note, 5 yr.	1.49	1.51	1.25	1.11	1.18	1.41	1.47	1.55	1.3	1.5	1.6	1.9	2.2	2.5	
Treasury note, 10 yr.	2.86	2.89	2.68	2.61	2.54	2.65	2.70	2.79	2.7	2.7	2.9	3.1	3.3	3.5	
Treasury note, 30 yr.	4.24	4.30	4.22	4.04	3.87	3.77	3.80	3.85	4.0	4.1	4.2	4.3	4.5	4.6	
Corporate Aaa bond	4.91	4.98	4.90	4.75	4.68	4.53	4.49	4.58	4.7	4.7	4.8	5.0	5.1	5.3	
Corporate Baa bond	5.96	6.03	5.95	5.79	5.72	5.66	5.66	5.78	5.8	5.8	5.8	6.0	6.1	6.2	
State & Local bonds	4.69	4.72	4.24	4.02	3.87	3.87	4.03	4.07	4.2	4.3	4.3	4.4	4.5	4.6	
Home mortgage rate	4.36	4.39	4.17	4.24	4.23	4.35	4.43	4.45	4.3	4.4	4.5	4.7	4.9	5.1	

Key Assumptions	-----History-----								Consensus Forecasts-Quarterly					
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
	2008	2009	2009	2009	2009	2010	2010	2010	2010	2011	2011	2011	2011	2012
Major Currency Index	81.5	82.9	79.6	76.4	72.8	74.8	77.6	75.9	73.0	73.0	72.9	73.0	73.1	73.2
Real GDP	-6.8	-4.9	-0.7	1.6	5.0	3.7	1.7	2.5	2.3	2.5	2.7	3.0	3.1	3.2
GDP Price Index	-1.2	1.1	0.3	0.7	-0.2	1.0	1.9	2.2	1.3	1.5	1.4	1.5	1.6	1.8
Consumer Price Index	-9.2	-2.2	1.9	3.7	2.6	1.5	-0.7	1.5	1.9	1.6	1.5	1.8	1.9	2.1

Forecasts for interest rates and the Federal Reserve's Major Currency Index represent averages for the quarter. Forecasts for Real GDP, GDP Price Index and Consumer Price Index are seasonally-adjusted annual rates of change (saar). Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Interest rate definitions are the same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the Fed's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS).

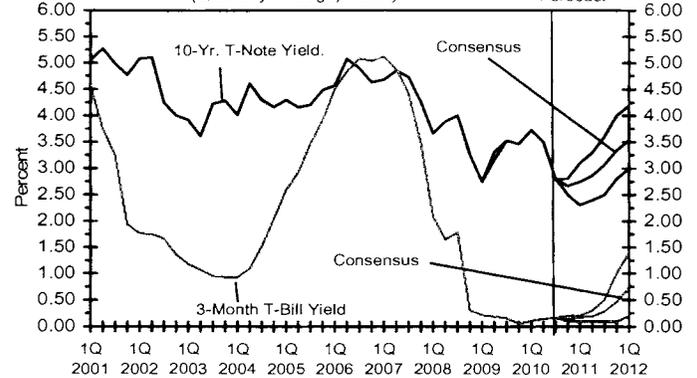
U.S. Treasury Yield Curve

Week ended November 26, 2010 and Year Ago vs. 4Q 2010 and 1Q 2012 Consensus Forecasts



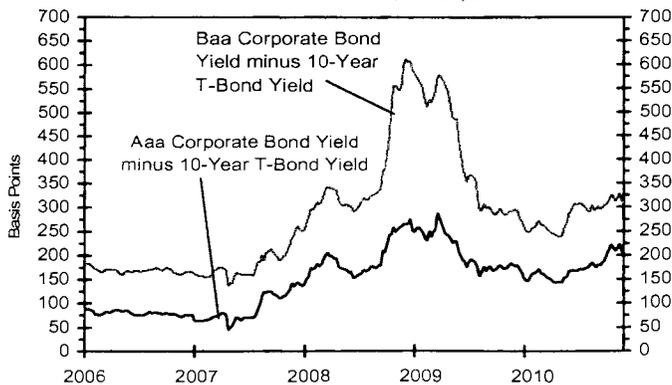
U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield

(Quarterly Average) History Forecast



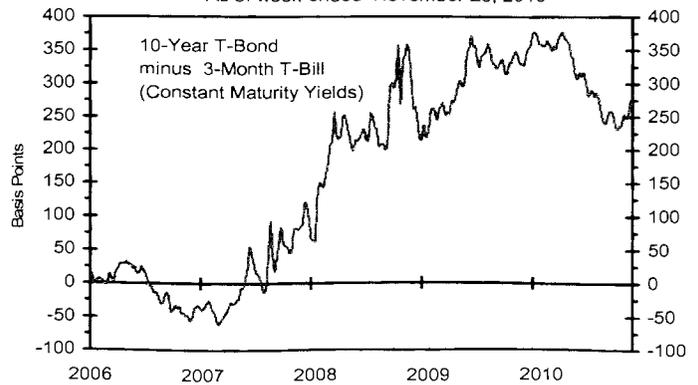
Corporate Bond Spreads

As of week ended November 26, 2010



U.S. Treasury Yield Curve

As of week ended November 26, 2010



-----3-Month Interest Rates¹-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
	Latest:	Ago:	Ago:	3	6	12
U.S.	0.65	0.41	0.34	0.39	0.40	0.54
Japan	0.33	0.25	0.50	0.23	0.23	0.22
U.K.	0.75	0.95	0.94	0.73	0.76	1.05
Switzerland	0.50	0.36	0.49	0.23	0.23	0.45
Canada	1.62	1.57	0.60	1.14	1.29	1.81
Australia	4.96	4.78	3.94	4.85	4.90	5.15
Eurozone	1.16	1.08	0.73	0.98	1.05	1.20

-----10-Yr. Government Bond Yields²-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
	Latest:	Ago:	Ago:	3	6	12
U.S.	2.91	2.55	3.28	2.58	2.69	3.09
Germany	2.71	2.46	3.24	2.51	2.63	2.87
Japan	1.16	0.90	1.31	1.04	1.10	1.19
U.K.	3.36	2.92	3.63	3.22	3.41	3.72
France	3.14	2.79	3.51	2.95	3.14	3.37
Italy	4.44	3.77	4.05	3.92	4.03	4.31
Switzerland	1.68	1.55	1.91	1.75	1.88	2.20
Canada	3.16	2.73	3.26	3.14	3.26	3.60
Australia	5.50	5.21	5.43	5.47	5.57	5.70
Spain	5.20	4.08	3.83	4.08	4.20	4.44
Eurozone	4.47	4.20	3.84	2.51	2.64	3.20

-----Foreign Exchange Rates¹-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
	Latest:	Ago:	Ago:	3	6	12
U.S.	73.185	72.498	72.686	72.3	72.9	74.4
Japan	83.490	81.370	88.90	82.6	84.1	87.1
U.K.	1.5961	1.5681	1.6529	1.57	1.58	1.60
Switzerland	0.9979	0.9797	1.0177	0.96	0.97	1.00
Canada	1.0226	1.0271	1.0698	1.01	1.02	1.02
Australia	0.9846	0.9813	0.9155	0.97	0.95	0.93
Euro	1.3654	1.3929	1.4870	1.36	1.36	1.33

	Consensus 3-Month Rates vs. U.S. Rate			Consensus 10-Year Gov't Yields vs. U.S. Yield	
	Now	In 12 Mo.		Now	In 12 Mo.
Japan	-0.32	-0.32	Germany	-0.20	-0.22
U.K.	0.10	0.51	Japan	-1.75	-1.90
Switzerland	-0.15	-0.09	U.K.	0.45	0.63
Canada	0.97	1.28	France	0.23	0.28
Australia	4.31	4.61	Italy	1.53	1.22
Eurozone	0.51	0.66	Switzerland	-1.23	-0.89
			Canada	0.25	0.51
			Australia	2.59	2.61
			Spain	2.29	1.35
			Eurozone	1.56	0.11

Forecasts of individual panel members are on pages 10 and 11. Definitions of variables are as follows: ¹Three month rate on interest-earning money market deposits denominated in selected currencies. ²Government bonds are yields to maturity. 10-year yield for Eurozone is average for currency zone. ³Foreign exchange rate forecasts for U.K., Australia and the Euro are U.S. dollars per currency unit. For the U.S. dollar, forecasts are of the U.S. Federal Reserve Board's Major Currency Index.

International Commentary The Eurozone's debt crisis re-intensified over the past month as Ireland's troubled, state-backed banks struggled to meet funding requirements, forcing them to rely almost exclusively on short-term loans from the ECB. The funding problems finally forced Ireland's government to request a Greece-like EU-IMF bailout that policymakers signed off on before markets opened November 29th. Nonetheless, doubts may persist about the Irish government's ability to gain parliamentary approval of its latest austerity budget on December 7th, or even if approved, whether a new government early next year will stick to the plan. Ireland's travails heightened investor concern that other Eurozone members also may eventually need assistance. Of particular worry is Spain, deemed to big to bail out by analysts. Such concerns prompted EU/IMF officials also to announce on November 28th plans for creation of a permanent fund to backstop vulnerable economies that will be loosely structured along the lines of the current \$750 billion euro emergency lending facility that is scheduled to lapse in mid-2013. As Germany had sought, private investors may have to absorb some of the costs of bailouts after mid-2013, but as France had desired, decisions on private sector losses would be handled on a case-by-case basis. Whether these steps can forestall further "contagion" in the Eurozone remains to be seen.

The renewed debt crisis will loom large as the ECB meets December 2nd. Despite signs of healthy economic growth in such "core" members of the currency zone as Germany and France, many analysts suspect renewed market turmoil will force policymakers to further delay withdrawal of its emergency liquidity support for banks despite the potential inflationary risks of delay. Currently the ECB supplies unlimited liquidity to banks at maturities of one week, one month, and three months. Until recently, many analysts assumed the central bank would continue to offer unlimited amounts at the shorter maturities, but that it would revert to offering only fixed amounts at the three-month tenders. However, this has become less certain in recent weeks.

At its December 2nd meeting, the BoE is expected to hold its repo rate steady at 0.50% and leave its asset purchase target steady at 200 billion pounds. The strength exhibited by the economy over the past two quarters surprised analysts and temporarily served to dampen expectations of further quantitative easing. However, as the severe austerity measures begin to bite in early 2011 expectations of further QE will increase if economic growth falters despite inflation that continues to exceed the BoE's target. Among the measures set to take effect are sharp cuts in welfare programs, an increase in the VAT, and large layoffs of public sector workers.

Japan's economy grew at an annualized rate of 3.9% in Q3, more than twice the pace of Q2. However, industrial output slowed noticeably over the course of quarter and significantly weaker GDP growth is expected this quarter and next as the effects of prior fiscal stimulus fades and the strong yen hits growth in exports and profits. Household spending also has softened and car sales have tanked as government incentives expired. With that in mind, the Bank of Japan has cut in its benchmark overnight rate to 0% to 0.1% and announced additional quantitative measures designed to push down longer-term market interest rates and narrow risk premiums.

Elsewhere, the Reserve Bank of Australia raised its cash rate by 25 basis points to 4.75% on November 2nd, citing the strong economy and rising inflationary risks. Although the pace of economic growth is assumed to have slowed in Q3, it remains healthy, and further increases in interest rates are likely in the first half 2011. The Bank of Canada, on the other hand left its benchmark overnight rate unchanged at 1.0% in November and will likely do so again in December. Economic growth during Q3 likely moderated to about 1.5% annualized but the pace is likely to pick up in Q4. Moreover, core consumer price inflation jumped in October to 1.8% on y/y basis. As a result, the BoC is expected to resume tightening before the end of Q1 2011 (see 10 and 11 for individual panel members' forecasts).

Fourth Quarter 2010 Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter--															Avg. For --Qtr-- A. Fed's Major Currency \$ Index	--(Q-Q % Change)-- --(SAAR)--			
	Short-Term					Intermediate-Term					Long-Term						B. Real GDP	C. GDP Price Index	D. Cons. Price Index	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15					
	Federal Funds Rate	Prime Bank Rate	LIBOR Rate 3-Mo.	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bonds 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate					
Bank of Toyko-Mitsubishi UFJ	0.3 H	3.3 H	0.5 H	0.3	0.2 H	0.2 L	0.3 H	0.7 H	1.8 H	2.9	3.9	4.5	5.8	4.5	4.4	74.0	2.8	2.2	2.2	
Swiss Re	0.3 H	3.3	0.3	0.4 H	0.2 H	0.2 L	0.3 H	0.7 H	1.7	2.7	3.8	4.5	na	na	3.8 L	na	2.3	2.6 H	2.8	
Scotiabank Group	0.3 H	3.3	na	na	0.2 H	na	na	0.4	1.1	2.6	4.1	na	na	na	na	na	1.2	1.0	1.4	
ClearView Economics	0.2	3.3	0.4	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.4	2.8	4.1	4.9	5.9	4.2	4.3	72.0	3.1	1.5	1.7	
RidgeWorth Investments	0.2	3.3	0.5 H	0.2 L	0.1 L	0.2 L	0.2	0.4	1.3	2.6	3.9	4.6	5.7	4.1	4.3	73.5	2.2	1.5	2.1	
JPMorgan Private Banking	0.2	3.3	0.4	0.2 L	0.2 H	0.2 L	0.3 H	0.5	1.5	2.8	4.2	5.0	6.1 H	4.7 H	4.4	73.0	2.4	1.1	1.4	
Cycledata Corp.	0.2	3.3	0.4	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.4	2.7	4.1	4.8	5.9	4.4	4.4	74.0	2.6	1.4	1.4	
Mesirow Financial	0.2	3.3	0.4	0.3	0.1 L	0.2 L	0.3 H	0.5	1.3	2.4 L	3.6 L	4.4	5.5	3.7 L	4.1	72.5	1.9	1.4	2.0	
Naroff Economic Advisors	0.2	3.3	0.4	0.2 L	0.2 H	0.3 H	0.3 H	0.5	1.4	2.8	4.1	4.9	5.9	4.3	4.3	71.5	2.4	1.4	3.8 H	
Stone Harbor Investment Partners	0.2	3.3	0.3	0.3	0.1 L	0.2 L	0.2	0.4	1.1	2.5	3.9	4.4	5.5	na	4.2	73.0	2.4	2.1	1.9	
Wayne Hummer Investments	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.6	1.3	2.8	4.3	4.5	5.5	3.8	4.2	72.5	2.1	1.3	1.0	
MacroFin Analytics	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.5	2.8	4.1	4.8	5.8	4.4	4.4	73.0	2.1	1.0	1.2	
The Northern Trust Company	0.2	3.3	0.3	na	0.1 L	na	na	0.2 L	1.2	2.5	3.9	na	na	na	na	na	2.0	1.2	1.2	
Thredgold Economic Assoc.	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.4	1.4	2.7	4.1	4.9	5.9	4.1	4.3	75.0	2.5	1.3	1.6	
Russell Investments	0.2	3.3	0.3	0.2 L	0.2 H	0.2 L	0.3 H	0.5	1.4	2.8	4.3	4.9	6.0	4.4	4.4	72.6	2.2	1.6	1.8	
RDQ Economics	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.2	0.4	1.5	2.7	4.1	4.8	5.8	4.3	4.4	72.1	2.9	1.9	1.9	
Barclays Capital	0.2	3.3	0.3	0.2 L	0.2 H	0.2 L	0.3 H	0.4	1.3	2.6	4.0	4.8	5.8	4.0	4.3	na	3.0	1.5	2.1	
Wells Fargo	0.2	3.3	0.3	0.3	0.2 H	0.2 L	0.3 H	0.4	1.4	2.7	4.1	4.9	5.9	4.3	4.2	73.0	2.0	1.1	2.2	
RBS Securities	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.3	2.7	4.1	4.8	5.9	4.3	4.3	72.0	2.5	1.6	2.4	
PNC Financial Services Corp.	0.2	3.3	0.3	na	0.1 L	0.2 L	0.2	0.4	1.2	2.6	na	na	na	3.9	4.3	75.1	2.5	0.7	1.0	
Moody's Capital Markets Group	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.3	2.7	4.1	4.8	5.8	4.4	4.3	73.1	2.2	1.5	2.0	
Fannie Mae	0.2	3.3	na	na	0.1 L	na	0.2	na	na	2.6	3.6 L	4.6	na	na	4.3	na	2.2	1.5	0.8 L	
UBS	0.2	na	0.3	na	0.2 H	na	na	0.4	1.2	2.5	3.9	na	na	na	na	na	2.5	na	2.3	
DePrince & Assoc.	0.2	3.3	0.4	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.3	2.7	4.1	4.9	5.9	4.3	4.3	72.3	0.8 L	1.0	2.1	
Pierpont Securities	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.4	1.3	2.7	4.1	4.8	5.9	4.4	4.3	73.0	2.8	1.2	2.3	
Nomura Securities, Inc.	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.2	0.6	1.4	2.7	4.0	4.8	5.9	na	4.4	72.0	2.4	0.2	2.4	
Comerica Bank	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.2	0.4	1.3	2.7	4.1	4.8	5.9	4.2	4.3	72.6	2.8	1.8	2.1	
Loomis, Sayles & Company	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.2	0.5	1.2	2.6	4.0	4.8	5.9	4.1	4.3	72.7	2.0	1.5	2.3	
Action Economics	0.2	3.3	0.4	0.2 L	0.2 H	0.2 L	0.2	0.6	1.6	3.0 H	4.4 H	5.0	6.0	4.2	4.5 H	70.7	2.5	1.1	2.9	
Wells Capital Management	0.2	3.3	0.3	0.2 L	0.2 H	0.2 L	0.3 H	0.5	1.4	2.7	4.1	4.8	5.8	4.3	4.3	73.3	2.3	2.3	2.5	
SunTrust Banks	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.1 L	0.4	1.2	2.4	3.7	4.3	4.7 L	4.2	4.0	72.3	3.9 H	0.8	1.2	
Societe Generale	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.2	0.4	1.1 L	2.6	4.1	4.6	5.6	na	4.4	72.0	2.4	2.2	2.3	
Chmura Economics & Analytics	0.2	3.3	0.4	0.2 L	0.1 L	0.2 L	0.3 H	0.4	1.3	2.7	4.1	4.9	na	na	4.2	70.2 L	2.0	1.7	1.1	
Goldman Sachs & Co.	0.2	3.3	0.3	na	0.1 L	na	na	0.4	1.2	2.6	3.8	3.8 L	na	na	4.3	na	1.5	0.5	2.4	
Standard & Poor's Corp.	0.2	3.3	0.3	0.2 L	0.2 H	0.2 L	0.2	0.4	1.2	2.6	na	4.7	5.7	3.9	4.3	81.8 H	2.7	-0.1 L	2.9	
Woodworth Holdings	0.2	3.3	0.4	0.2 L	0.2 H	0.2 L	0.3 H	0.5	1.5	2.7	4.2	5.0 H	6.1 H	3.8	4.5 H	72.5	3.0	1.8	1.2	
GLC Financial Economics	0.2	3.3	0.3	0.2	0.1 L	0.2 L	0.2	0.5	1.4	2.8	4.1	5.0 H	6.0	4.5	4.4	72.4	2.1	1.5	1.6	
Daiwa Securities America	0.2	3.3	0.3	0.3	0.2 H	0.2 L	0.3 H	0.5	1.5	2.8	4.3	5.0 H	6.0	4.5	4.4	72.0	2.0	1.3	1.8	
Economist Intelligence Unit	0.1 L	3.3	0.4	0.2 L	0.2 H	0.2 L	0.2	0.4	1.3	2.6	3.8	na	na	na	4.3	na	1.5	na	1.4	
Moody's Analytics	0.1 L	3.3	0.4	0.2 L	0.2 H	0.2 L	0.3 H	0.6	1.3	2.7	3.7	4.4	5.5	na	4.3	na	2.2	0.2	1.7	
J.W. Coons Advisors LLC	0.1 L	3.3	0.3	0.3	0.1 L	0.2 L	0.3 H	0.5	1.3	2.7	4.1	4.8	5.9	na	4.3	75.1	2.4	1.7	2.9	
BMO Capital Markets	0.1 L	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3 H	0.5	1.3	2.7	4.1	4.9	5.9	4.3	4.3	72.7	2.0	1.3	2.1	
MF Global	0.1 L	3.3	na	na	0.2 H	0.2 L	0.3 H	0.5	1.4	2.6	3.7	na	na	na	na	na	3.0	1.8	1.8	
Banc of America-Merrill Lynch	0.1 L	na	0.3	na	0.2 H	na	na	0.4	1.2	2.4	4.0	na	na	na	na	na	2.0	1.4	1.8	
J.P. Morgan Chase	0.1 L	na	0.3	na	0.2 H	na	na	na	1.3	2.4	3.6 L	na	na	na	na	na	2.5	1.3	2.3	
Nat'l Assn. of Realtors	0.1 L	3.3	0.2 L	0.2 L	0.2 H	0.2 L	0.3 H	0.5	1.4	2.8	4.1	4.9	6.0	4.5	4.5 H	na	1.8	1.3	1.5	
Kellner Economic Advisers	0.1 L	3.3	0.3	0.3	0.1 L	0.2 L	0.3 H	0.5	1.6	2.7	4.0	4.8	5.9	4.4	4.5 H	74.0	1.5	1.4	1.6	
Georgia State University	0.1 L	3.3 L	na	na	0.1 L	0.2 L	0.3 H	0.7	1.6	2.8	4.0	4.7	5.8	na	4.5 H	na	1.8	0.3	3.2	
December Consensus	0.2	3.3	0.3	0.2	0.1	0.2	0.3	0.5	1.3	2.7	4.0	4.7	5.8	4.2	4.3	73.0	2.3	1.3	1.9	
Top 10 Avg.	0.2	3.3	0.4	0.3	0.2	0.2	0.3	0.6	1.6	2.8	4.2	4.9	6.0	4.5	4.4	74.9	3.0	2.0	2.8	
Bottom 10 Avg.	0.1	3.3	0.3	0.2	0.1	0.2	0.4	1.2	2.5	3.7	4.4	5.5	3.9	4.1	71.7	1.6	0.6	1.2		
November Consensus	0.2	3.3	0.3	0.2	0.1	0.2	0.3	0.4	1.3	2.5	3.8	4.6	5.6	3.9	4.3	73.6	2.3	1.2	1.7	
Number of Forecasts Changed From A Month Ago:...																				
Down	1	3	10	7	13	9	10	4	10	4	2	1	2	2	9	14	11	5	10	
Same	40	42	29	20	28	26	17	17	9	7	6	4	4	3	10	8	11	21	9	
Up	7	0	5	11	7	6	15	25	28	37	38	35	26	21	23	10	26	20	29	
Diffusion Index	56 %	47 %	44 %	55 %	44 %	46 %	56 %	73 %	69 %	84 %	89 %	93 %	88 %	87 %	67 %	44 %	66 %	66 %	70 %	

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First Quarter 2011 Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter--															Avg. For ---Qtr.--- Fed's Major Currency \$ Index	----(Q-Q % Change)----			
	Short-Term					Intermediate-Term					Long-Term						----(SAAR)----			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		A.	B.	C.	D.
	Federal Funds Rate	Prime Bank Rate	LIBOR Rate 3-Mo.	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bond 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate		Fed's Major Currency \$ Index	Real GDP	Price Index	Cons. Price Index
Bank of Toyko-Mitsubishi UFJ	0.3 H	3.3 H	0.5	0.3	0.2	0.2 L	0.3	0.8	1.9	3.0	4.0	4.6	5.9	4.5	4.5	75.0	3.2	2.0	2.2	
MacroFin Analytics	0.3 H	3.3	0.4	0.3	0.2	0.4 H	0.5	0.8	1.8	2.8	4.2	5.0	6.0	4.4	4.5	76.0	2.2	1.2	1.3	
Swiss Re	0.3 H	3.3	0.3	0.5 H	0.2	0.4 H	0.6 H	1.1 H	2.1 H	3.0	4.1	4.6	na	na	4.1	na	2.9	1.6	1.6	
Scotiabank Group	0.3 H	3.3	na	na	0.2	na	na	0.5	1.3	2.7	4.2	na	na	na	na	na	2.2	1.5	1.0	
Moody's Capital Markets Group	0.2	3.3	0.3	0.3	0.2	0.2 L	0.4	0.6	1.6	2.8	4.2	4.8	5.9	4.6	4.4	74.8	3.0	1.6	1.5	
ClearView Economics	0.2	3.3	0.4	0.2	0.1 L	0.2 L	0.3	0.5	1.5	2.9	4.2	4.9	6.0	4.4	4.4	71.0	2.4	1.6	1.8	
RidgeWorth Investments	0.2	3.3	0.6 H	0.3	0.2	0.2 L	0.3	0.5	1.4	2.7	3.8	4.4	5.5	3.9	4.3	74.0	2.2	1.7	1.8	
Naroff Economic Advisors	0.2	3.3	0.5	0.2	0.3 H	0.3	0.4	0.6	1.5	3.0	4.1	5.0	6.0	4.3	4.4	69.5 L	2.0	1.7	2.5	
JPMorgan Private Banking	0.2	3.3	0.4	0.2	0.2	0.2 L	0.3	0.5	1.5	2.8	4.2	5.0	6.1	4.7	4.4	72.8	2.5	1.3	1.5	
Cycledata Corp.	0.2	3.3	0.4	0.2	0.1 L	0.2 L	0.3	0.5	1.4	2.7	4.2	4.8	5.9	4.4	4.4	73.0	2.7	1.5	1.6	
Barclays Capital	0.2	3.3	0.4	0.2	0.2	0.2 L	0.3	0.4	1.2	2.5	3.7	4.9	5.8	3.9	4.3	na	2.5	1.5	1.3	
Mesirow Financial	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.7	1.6	2.5	3.6	4.4	5.5	3.7 L	4.2	71.6	2.5	1.2	1.8	
Stone Harbor Investment Partners	0.2	3.3	0.3	0.4	0.2	0.2 L	0.3	0.3	1.0 L	2.4	4.3	4.1	5.1	na	3.9	75.0	3.3	1.6	2.2	
The Northern Trust Company	0.2	3.3	0.3	na	0.1 L	na	na	0.2 L	1.2	2.5	3.9	na	na	na	na	na	2.4	1.0	1.2	
Russell Investments	0.2	3.3	0.3	0.2	0.2	0.3	0.4	0.7	1.7	3.1	4.4	5.1	6.1	4.6	4.5	73.4	3.0	1.7	1.2	
Wells Fargo	0.2	3.3	0.3	0.2	0.2	0.2 L	0.3	0.4	1.3	2.6	4.1	4.8	5.8	4.5	4.1	73.0	2.5	0.9	1.6	
Thredgold Economic Assoc.	0.2	3.3	0.3	0.2	0.2	0.2 L	0.3	0.5	1.4	2.8	4.1	4.9	5.9	4.1	4.4	75.0	2.7	1.5	1.6	
Wayne Hummer Investments	0.2	3.3	0.3	0.3	0.2	0.2 L	0.3	0.7	1.4	3.2 H	4.4	4.6	5.6	3.9	4.3	72.6	2.4	1.4	1.8	
RDQ Economics	0.2	3.3	0.3	0.2	0.1 L	0.2 L	0.3	0.5	1.8	3.0	4.4	5.0	6.0	4.6	4.7 H	71.3	2.7	2.0	2.0	
Nomura Securities, Inc.	0.2	3.3	0.3	0.2	0.2	0.2 L	0.3	0.9	1.8	2.9	4.2	5.0	5.8	na	4.7 H	73.0	2.6	1.5	2.2	
RBS Securities	0.2	3.3	0.3	0.2	0.2	0.2 L	0.3	0.5	1.4	2.6	4.3	4.6	5.7	4.5	4.3	72.0	2.7	2.0	2.3	
Comerica Bank	0.2	3.3	0.3	0.2	0.2	0.2 L	0.3	0.6	1.5	2.9	4.1	4.8	5.9	4.6	4.4	74.0	3.0	2.1	1.2	
PNC Financial Services Corp.	0.2	3.3	0.3	na	0.1 L	0.2 L	0.2 L	0.6	1.4	2.6	na	na	na	4.1	4.4	74.4	2.7	1.5	1.3	
Pierpont Securities	0.2	3.3	0.3	0.2	0.2	0.2 L	0.3	0.6	1.6	3.0	4.5 H	5.1	6.1	4.8 H	4.7 H	72.5	4.0 H	2.0	2.2	
Fannie Mae	0.2	3.3	na	na	0.1 L	na	0.3	na	na	2.7	3.6	4.7	na	na	4.3	na	2.3	0.7	1.1	
JBS	0.2	na	0.4	na	0.2	na	na	0.4	1.3	2.5	4.2	na	na	na	na	na	3.0	na	1.6	
DePrince & Associates	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.7	1.5	2.9	4.4	4.9	5.9	4.3	4.5	72.2	3.0	1.1	1.7	
Loomis, Sayles & Company	0.2	3.3	0.3	0.2	0.1	0.2 L	0.2 L	0.5	1.2	2.5	3.9	4.7	5.8	3.9	4.2	71.6	1.9	0.7 L	1.7	
Action Economics	0.2	3.3	0.4	0.2	0.2	0.2 L	0.3	0.9	2.0	3.1	4.5	4.8	6.0	4.0	4.4	70.7	2.5	2.4 H	2.8 H	
Societe Generale	0.2	3.3	0.3	0.2	0.1	0.2 L	0.2 L	0.4	1.3	2.3	3.5	4.1	5.2	na	3.9	71.2	2.1	1.8	1.5	
SunTrust Banks	0.2	3.3	0.2 L	0.1 L	0.2	0.2 L	0.2 L	0.4	1.2	1.8 L	3.3 L	3.9	4.6 L	3.8	3.8 L	71.8	3.6	1.5	2.0	
Woodworth Holdings	0.2	3.3	0.4	0.2	0.2	0.2 L	0.3	0.5	1.5	2.7	4.1	4.9	6.0	3.9	4.5	71.0	3.0	1.7	1.2	
Chmura Economics & Analytics	0.2	3.3	0.4	0.2	0.2	0.2 L	0.3	0.6	1.5	3.0	4.2	5.1	na	na	4.2	70.2	2.0	1.7	1.1	
Wells Capital Management	0.2	3.3	0.3	0.2	0.2	0.2 L	0.4	0.6	1.5	2.9	4.3	4.8	5.7	4.5	4.5	73.5	2.8	2.3	2.5	
Goldman Sachs	0.2	3.3	0.3	na	0.1 L	na	na	0.4	1.1	2.5	3.8	3.8 L	na	na	4.2	na	1.5	0.9	1.5	
Daiwa Securities America	0.2	3.3	0.3	0.3	0.2	0.2 L	0.3	0.5	1.6	2.9	4.3	5.1	6.1	4.3	4.5	71.0	1.9	1.0	1.1	
Moody's Analytics	0.1 L	3.3	0.4	0.2	0.3 H	0.3	0.4	0.7	1.1	2.8	3.8	4.3	5.5	na	4.5	na	2.9	1.1	1.2	
Economist Intelligence Unit	0.1 L	3.3	0.4	0.2	0.2	0.2 L	0.2 L	0.4	1.3	2.6	3.9	na	na	na	4.3	na	1.2	na	1.6	
GLC Financial Economics	0.1 L	3.3	0.3	0.2	0.1 L	0.2 L	0.3	0.5	1.4	2.9	4.2	5.0	6.1	4.7	4.5	72.2	2.2	1.4	1.5	
BMO Capital Markets	0.1 L	3.3	0.3	0.2	0.1 L	0.2 L	0.3	0.4	1.2	2.4	3.9	4.8	5.9	4.4	4.3	72.2	2.1	1.3	1.0	
J.W. Coons Advisors LLC	0.1 L	3.3	0.2 L	0.2	0.2	0.2 L	0.3	0.5	1.5	2.8	4.2	5.0	6.0	na	4.5	74.8	2.0	1.8	2.6	
MF Global	0.1 L	3.3	na	na	0.2	0.2 L	0.4	0.8	1.9	3.0	3.9	na	na	na	na	na	3.5	1.1	1.1	
Banc of America-Merrill Lynch	0.1 L	na	0.3	na	0.2	na	na	0.4	1.2	2.5	4.1	na	na	na	na	na	2.0	1.2	0.9 L	
J.P. Morgan Chase	0.1 L	na	0.3	na	0.2	na	na	na	1.3	2.3	3.5	na	na	na	na	na	2.0	1.0	1.6	
Standard & Poor's Corp.	0.1 L	3.3	0.3	0.2	0.2	0.2 L	0.3	0.4	1.3	2.5	na	4.4	5.5	3.7 L	4.2	81.2 H	2.4	2.2	1.9	
Nat'l Assn. of Realtors	0.1 L	3.3	0.2 L	0.3	0.3 H	0.3	0.5	0.7	1.7	3.1	4.4	5.2 H	6.2 H	4.6	4.7 H	na	2.1	1.5	1.8	
Kellner Economic Advisers	0.1 L	3.3	0.3	0.4	0.1 L	0.3	0.4	0.6	1.7	2.8	4.1	4.9	6.0	4.5	4.6	73.0	0.5 L	1.5	1.7	
Georgia State University	0.1 L	3.3 L	na	na	0.2	0.3	0.4	0.7	1.7	3.1	4.3	4.9	6.0	na	4.7 H	na	2.0	2.0	1.2	
December Consensus	0.2	3.3	0.3	0.2	0.2	0.2	0.3	0.6	1.5	2.7	4.1	4.7	5.8	4.3	4.4	73.0	2.5	1.5	1.6	
Top 10 Avg.	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.8	1.8	3.1	4.4	5.1	6.1	4.6	4.6	75.4	3.3	2.1	2.4	
Bottom 10 Avg.	0.1	3.3	0.3	0.2	0.1	0.2	0.2	0.4	1.2	2.3	3.6	4.3	5.4	3.9	4.1	70.9	1.7	1.0	1.1	
November Consensus	0.2	3.3	0.3	0.2	0.2	0.2	0.3	0.5	1.4	2.7	3.8	4.6	5.6	4.0	4.3	73.2	2.5	1.5	1.7	
Number of Forecasts Changed From A Month Ago:																				
Down	2	3	12	7	8	7	10	9	9	8	2	5	5	3	10	15	14	10	14	
Same	44	42	25	21	34	26	17	13	14	12	11	5	5	5	9	8	18	23	21	
Up	2	0	7	10	6	8	15	24	24	28	33	30	26	23	23	9	16	13	13	
Diffusion Index	50 %	47 %	44 %	54 %	48 %	51 %	56 %	66 %	66 %	71 %	84 %	81 %	79 %	82 %	65 %	41 %	52 %	53 %	49 %	

Second Quarter 2011 Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	-----Percent Per Annum -- Average For Quarter-----															Avg. For ---Qtr--- Fed's Major Currency \$ Index	----(Q-Q % Change)---- ----(SAAR)----							
	Short-Term					Intermediate-Term					Long-Term						A.	B.	C.	D.				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15						Fed's Major Currency \$ Index	Real GDP	Price Index	Price Index
	Federal Funds Rate	Prime Bank Rate	LIBOR Rate 3-Mo.	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bond 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate									
Naroff Economic Advisors	0.3 H	3.3 H	0.6 H	0.4	0.4 H	0.4	0.5	0.7	1.7	3.0	4.3	5.2	6.3	4.4	4.5	68.0 L	2.5	2.1	2.1					
Bank of Toyko-Mitsubishi UFJ	0.3 H	3.3	0.5	0.3	0.2	0.2 L	0.3	0.9	2.1	3.2	4.1	4.8	5.9	4.5	4.7	73.0	3.3	2.1	2.3					
MacroFin Analytics	0.3 H	3.3	0.4	0.3	0.2	0.4	0.5	0.9	2.0	2.9	4.3	5.2	6.2	4.4	4.9	77.0	2.3	1.4	1.3					
DePrince & Assoc.	0.3 H	3.3	0.4	0.4	0.3	0.4	0.5	0.8	1.7	3.1	4.4	5.0	5.9	4.1	4.7	72.3	1.2	1.2	1.7					
Swiss Re	0.3 H	3.3	0.3	0.6 H	0.2	0.4	0.6	1.2	2.4 H	3.2	4.3	4.8	na	na	4.3	na	3.3	0.8	1.0					
Scotiabank Group	0.3 H	3.3	na	na	0.2	na	na	0.7	1.6	2.8	4.2	na	na	na	na	na	2.4	1.5	1.4					
Moody's Capital Markets Group	0.2	3.3	0.3	0.3	0.2	0.3	0.5	0.8	1.7	2.9	4.2	4.9	5.9	4.6	4.5	75.9	3.2	1.7	1.5					
ClearView Economics	0.2	3.3	0.4	0.2 L	0.1 L	0.2 L	0.3	0.5	1.5	2.9	4.2	4.9	6.0	4.4	4.4	70.0	2.6	1.7	1.8					
Pierpont Securities	0.2	3.3	0.3	0.2 L	0.2	0.3	0.4	0.8	1.7	3.3	4.8	5.3	6.3	5.0	5.1	71.0	4.1 H	1.5	2.5 H					
Wayne Hummer Investments	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.9	1.6	3.4	4.6	4.7	5.7	4.1	4.3	73.0	2.7	1.3	1.7					
Wells Fargo	0.2	3.3	0.3	0.2 L	0.2	0.3	0.4	0.5	1.3	2.6	4.2	4.8	5.8	4.5	4.1	74.0	2.3	0.9	1.7					
RidgeWorth Investments	0.2	3.3	0.5	0.3	0.2	0.2 L	0.3	0.5	1.4	2.8	3.8	4.3	5.4	3.7	4.3	72.3	2.2	2.0	1.8					
JPMorgan Private Banking	0.2	3.3	0.4	0.2 L	0.2	0.2 L	0.3	0.5	1.5	2.8	4.2	5.0	6.1	4.7	4.4	72.6	2.7	1.3	1.5					
Russell Investments	0.2	3.3	0.4	0.2 L	0.2	0.3	0.4	0.9	1.8	3.2	4.5	5.1	6.1	4.7	4.6	73.9	3.1	1.4	1.4					
Thredgold Economic Assoc.	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.6	1.6	2.9	4.2	5.0	6.0	4.1	4.5	75.0	2.7	1.5	1.6					
Cycledata Corp.	0.2	3.3	0.4	0.2 L	0.2	0.3	0.4	0.6	1.7	2.9	4.3	5.0	6.1	4.5	4.5	72.0	2.8	1.7	2.1					
Barclays Capital	0.2	3.3	0.4	0.2 L	0.2	0.2 L	0.3	0.4	1.3	2.6	3.8	4.9	5.9	4.0	4.4	na	3.0	1.5	-0.2					
Mesirow Financial	0.2	3.3	0.4	0.3	0.2	0.3	0.5	0.9	1.7	2.6	3.7	4.4	5.5	3.8	4.2	72.6	3.0	0.8	1.5					
RBS Securities	0.2	3.3	0.3	0.2 L	0.2	0.2 L	0.3	0.5	1.4	2.7	4.4	4.5	5.6	4.6	4.4	73.0	3.3	1.8	2.3					
Nomura Securities, Inc.	0.2	3.3	0.3	0.2 L	0.2	0.2 L	0.4	1.3 H	2.1	3.2	4.4	5.1	5.9	na	5.0	74.0	2.9	0.8	0.5					
Comerica Bank	0.2	3.3	0.3	0.2 L	0.2	0.2 L	0.3	0.7	1.7	3.0	4.2	5.0	6.0	4.7	4.5	75.0	3.3	1.1	1.2					
Stone Harbor Investment Partners	0.2	3.3	0.3	0.4	0.2	0.3	0.4	0.4	1.2 L	2.8	4.8	4.4	5.3	na	4.2	72.0	3.0	2.1	2.3					
RDQ Economics	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3	0.6	2.1	3.5 H	4.9 H	5.4	6.4 H	5.1 H	5.2 H	71.2	2.8	2.1	2.4					
PNC Financial Services Corp.	0.2	3.3	0.3	na	0.1 L	0.2 L	0.2 L	0.8	1.6	2.8	na	na	na	4.2	4.5	73.0	2.7	1.3	1.4					
The Northern Trust Company	0.2	3.3	0.2 L	na	0.1 L	na	na	0.3 L	1.2 L	2.5	3.9	na	na	na	na	na	2.9	1.0	2.0					
Fannie Mae	0.2	3.3	na	na	0.2	na	0.3	na	na	2.8	3.7	4.9	na	na	4.3	na	2.9	0.4	0.9					
Georgia State University	0.2	3.3	na	na	0.3	0.4	0.4	0.8	1.9	3.3	4.4	5.1	6.3	na	4.9	na	2.1	1.1	1.4					
UBS	0.2	na	0.5	na	0.3	na	na	0.5	1.5	2.6	4.2	na	na	na	na	na	2.8	na	0.7					
Loomis, Sayles & Company	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3	0.5	1.3	2.5	3.8	4.6	5.7	3.8	4.1	71.6	2.4	0.3 L	1.4					
Action Economics	0.2	3.3	0.5	0.2 L	0.2	0.2 L	0.6	1.1	2.2	3.3	4.6	4.6	5.8	4.0	4.3	70.7	3.3	2.4 H	1.6					
Societe Generale	0.2	3.3	0.3	0.2 L	0.1 L	0.2 L	0.2 L	0.5	1.3	2.2	3.4	4.0	5.0	na	3.8	70.6	2.3	0.5	-0.4 L					
SunTrust Banks	0.2	3.3	0.3	0.2 L	0.3	0.4	0.3	0.5	1.3	1.8 L	3.3 L	3.8 L	4.6 L	3.7 L	3.6 L	71.7	4.0	1.8	2.3					
Woodworth Holdings	0.2	3.3	0.4	0.2 L	0.2	0.2 L	0.3	0.5	1.5	2.7	4.1	4.8	5.9	4.0	4.5	70.0	3.5	1.6	1.2					
Wells Capital Management	0.2	3.3	0.4	0.3	0.2	0.2 L	0.5	0.7	1.5	3.0	4.5	4.9	5.8	4.6	4.5	74.2	3.3	2.4	2.5 H					
Chmura Economics & Analytics	0.2	3.3	0.3	0.2 L	0.4 H	0.5	0.6	0.7	1.8	3.1	4.2	5.1	na	na	4.6	74.9	3.3	1.5	1.8					
Goldman Sachs & Co.	0.2	3.3	0.3	na	0.1 L	na	na	0.5	1.4	2.6	3.8	3.9	na	na	4.2	na	2.0	0.7	0.9					
Daiwa Securities America	0.2	3.3	0.3	0.3	0.2	0.2 L	0.3	0.8	1.7	2.9	4.3	5.1	6.1	4.1	4.5	70.0	2.6	1.0	1.0					
J.W. Coons Advisors LLC	0.1 L	3.3	0.2 L	0.3	0.2	0.3	0.3	0.6	1.6	2.9	4.1	5.0	6.1	na	4.6	74.3	1.8	1.9	2.4					
Moody's Analytics	0.1 L	3.3	0.5	0.4	0.4 H	0.4	0.5	0.8	1.3	3.2	4.2	4.6	5.6	na	4.7	na	2.9	1.2	1.6					
GLC Financial Economics	0.1 L	3.3	0.4	0.2 L	0.2	0.2 L	0.3	0.6	1.4	2.8	4.1	4.9	6.0	4.5	4.6	72.3	2.5	1.5	1.6					
Economist Intelligence Unit	0.1 L	3.3	0.4	0.3	0.2	0.3	0.3	0.5	1.5	2.8	4.2	na	na	na	4.5	na	1.6	na	1.6					
BMO Capital Markets	0.1 L	3.3	0.3	0.2 L	0.1 L	0.2 L	0.3	0.6	1.2 L	2.4	3.9	4.8	5.9	4.4	4.3	72.0	2.4	1.4	1.3					
MF Global	0.1 L	3.3	na	na	0.2	0.3	0.6	1.2	2.2	3.3	4.1	na	na	na	na	na	3.7	1.2	1.2					
Banc of America-Merrill Lynch	0.1 L	na	0.3	na	0.2	na	na	0.5	1.3	2.8	4.4	na	na	na	na	na	2.2	1.0	0.6					
J.P. Morgan Chase	0.1 L	na	0.3	na	0.2	na	na	na	1.3	2.3	3.5	na	na	na	na	na	3.0	1.0	1.0					
Nat'l Assn. of Realtors	0.1 L	3.3	0.3	0.4	0.4 H	0.6 H	0.8 H	1.1	2.2	3.4	4.7	5.5 H	6.2	4.7	4.8	na	2.1	1.7	2.0					
Kellner Economic Advisers	0.1 L	3.3	0.4	0.5	0.1 L	0.4	0.5	0.7	1.8	2.9	4.2	5.0	6.1	4.6	4.7	72.0	1.0 L	1.6	1.8					
Standard & Poor's Corp.	0.1 L	3.3 L	0.4	0.3	0.2	0.3	0.3	0.5	1.4	2.5	na	4.4	5.5	3.8	4.1	83.1 H	2.2	1.3	1.2					
December Consensus	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.7	1.6	2.9	4.2	4.8	5.8	4.3	4.5	72.9	2.7	1.4	1.5					
Top 10 Avg.	0.2	3.3	0.5	0.4	0.3	0.4	0.6	1.0	2.1	3.3	4.6	5.2	6.2	4.7	4.9	75.7	3.5	2.1	2.3					
Bottom 10 Avg.	0.1	3.3	0.3	0.2	0.1	0.2	0.3	0.4	1.3	2.4	3.6	4.3	5.4	3.9	4.1	70.5	1.8	0.7	0.6					
November Consensus	0.2	3.3	0.4	0.3	0.2	0.3	0.4	0.6	1.6	2.8	3.9	4.7	5.7	4.1	4.4	73.3	2.8	1.4	1.5					
Number of Forecasts Changed From A Month Ago:																								
Down	6	7	11	9	12	7	12	10	12	10	3	8	8	4	11	15	19	9	13					
Same	39	36	29	23	31	26	16	19	18	15	15	6	7	6	12	7	13	26	21					
Up	3	2	4	6	5	8	14	17	17	23	28	26	21	21	19	10	16	11	14					
Diffusion Index	47 %	44 %	42 %	46 %	43 %	51 %	52 %	58 %	55 %	64 %	77 %	73 %	68 %	77 %	60 %	42 %	47 %	52 %	51 %					

Third Quarter 2011 Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum – Average For Quarter															Avg. For ---Qtr--- A. Fed's Major Currency \$ Index	---(Q-Q % Change)---		
	Short-Term					Intermediate-Term					Long-Term						---(SAAR)---		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		B.	C.	D.
	Federal Funds Rate	Prime Bank Rate	LIBOR Rate 3-Mo.	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bond 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate		Real GDP	Price Index	Cons. Price Index
Nat'l Assn. of Realtors	0.5 H	3.6 H	0.6	0.7 H	0.7 H	1.2 H	1.4 H	1.8	2.7	3.8	4.9	5.6	6.4	4.8	5.0	na	1.8	1.7	2.0
Naroff Economic Advisors	0.5 H	3.5	0.8 H	0.6	0.6	0.6	0.7	1.0	2.0	3.5	4.7	5.6	6.6	4.6	4.8	67.0 L	4.1	2.3	2.5
Bank of Tokyo-Mitsubishi UFJ	0.5 H	3.5	0.8 H	0.5	0.4	0.5	0.6	2.0 H	2.8 H	3.5	4.4	5.0	5.8	4.5	5.0	71.0	2.9	2.3	2.7
Cycledata Corp.	0.5 H	3.5	0.7	0.5	0.7 H	0.9	1.0	1.2	2.4	3.6	4.8	5.6	6.6	4.9	5.0	71.0	2.8	1.8	2.2
DePrince & Assoc.	0.5 H	3.5	0.6	0.7 H	0.5	0.6	0.8	1.2	2.0	3.2	4.5	5.1	6.0	4.2	4.9	73.6	2.3	1.2	1.7
MacroFin Analytics	0.5 H	3.5	0.6	0.7 H	0.6	0.8	0.9	1.2	2.1	3.0	4.5	5.5	6.5	4.6	5.0	78.5	2.5	1.4	1.4
Chmura Economics & Analytics	0.4	3.4	0.6	0.5	0.6	0.8	0.9	1.0	2.2	3.3	4.3	5.1	na	na	4.7	74.9	3.1	1.9	1.7
Woodworth Holdings	0.4	3.5	0.6	0.5	0.4	0.4	0.5	0.6	1.6	2.8	4.1	4.8	5.8	4.1	4.6	72.0	3.5	1.6	1.2
Wayne Hummer Investments	0.3	3.4	0.5	0.4	0.3	0.4	0.6	1.1	1.8	3.5	4.7	4.8	5.8	4.2	4.4	73.4	3.0	1.4	1.9
ClearView Economics	0.3	3.3 L	0.6	0.3	0.3	0.4	0.6	0.9	1.8	3.1	4.4	5.1	6.1	4.4	4.6	69.0	2.5	1.7	2.0
J.W. Coons Advisors LLC	0.3	3.3 L	0.4	0.4	0.3	0.4	0.4	0.7	1.8	3.0	4.1	5.0	6.1	na	4.7	74.1	1.6 L	2.0	2.3
Moody's Capital Markets Group	0.3	3.3 L	0.4	0.3	0.3	0.4	0.7	0.9	1.9	3.1	4.3	5.0	5.9	4.7	4.7	77.1	3.4	1.6	2.0
Swiss Re	0.3	3.3 L	0.3 L	0.7 H	0.2	0.4	0.5	1.3	2.6	3.4	4.5	5.0	na	na	4.6	na	3.3	1.2	1.4
Scotiabank Group	0.3	3.3 L	na	na	0.3	na	na	0.8	1.8	3.1	4.3	na	na	na	na	na	2.6	1.5	1.5
Pierpont Securities	0.2	3.3 L	0.4	0.3	0.2	0.4	0.7	1.4	2.2	3.7	5.1	5.5	6.5	5.2	5.4	73.0	4.0	1.8	2.8
RBS Securities	0.2	3.3 L	0.4	0.3	0.2	0.3	0.4	0.7	1.8	2.9	4.5	4.5	5.5	4.7	4.5	77.0	3.6	2.2	2.3
RidgeWorth Investments	0.2	3.3 L	0.5	0.3	0.2	0.3	0.4	0.6	1.5	2.8	3.6	4.1	5.2	3.5 L	4.3	72.0	2.5	2.0	1.8
Kellner Economic Advisors	0.2	3.3 L	0.5	0.6	0.3	0.5	0.6	0.8	1.9	3.0	4.3	5.1	6.2	4.7	4.8	71.0	2.0	1.7	1.9
Russell Investments	0.2	3.3 L	0.5	0.3	0.2	0.3	0.5	1.0	1.8	3.3	4.6	5.3	6.2	4.8	4.8	73.6	3.2	1.5	2.0
JPMorgan Private Banking	0.2	3.3 L	0.4	0.2 L	0.2	0.2 L	0.3	0.6	1.5	2.8	4.2	5.0	6.1	4.7	4.4	72.8	2.9	1.4	1.5
Thredgold Economic Assoc.	0.2	3.3 L	0.4	0.3	0.2	0.3	0.4	0.6	1.6	2.9	4.2	5.0	6.0	4.1	4.5	75.0	2.7	1.5	1.6
Mesirow Financia'	0.2	3.3 L	0.4	0.3	0.3	0.4	0.6	1.0	1.7	2.8	3.8	4.5	5.6	3.9	4.5	71.5	3.9	0.7	1.5
Barclays Capital	0.2	3.3 L	0.4	0.2 L	0.2	0.2 L	0.4	0.5 L	1.4	2.8	4.1	4.9	6.0	4.0	4.6	na	3.5	1.8	2.7
Comerica Bank	0.2	3.3 L	0.3 L	0.2 L	0.2	0.3	0.4	0.8	1.9	3.2	4.3	5.0	6.0	5.0	4.7	76.0	3.5	1.2	1.3
Nomura Securities, Inc.	0.2	3.3 L	0.3 L	0.3	0.2	0.2 L	0.4	1.3	2.0	3.1	4.4	5.0	5.8	na	4.9	74.0	2.8	1.3	1.3
Wells Fargo	0.2	3.3 L	0.3 L	0.3	0.3	0.4	0.5	0.6	1.4	2.7	4.2	4.9	5.9	4.6	4.2	75.0	2.4	1.0	1.9
Stone Harbor Investment Partners	0.2	3.3 L	0.3 L	0.4	0.2	0.3	0.4	0.5 L	1.9	3.5	5.3	5.0	5.9	na	5.0	70.0	2.4	2.6	2.2
RDQ Economics	0.2	3.3 L	0.3 L	0.3	0.2	0.3	0.4	0.7	2.4	4.0 H	5.4 H	5.9 H	6.8 H	5.6 H	5.8 H	71.5	3.1	2.2	2.5
PNC Financial Services Corp.	0.2	3.3 L	0.3 L	na	0.1 L	0.2 L	0.3	0.9	1.8	3.0	na	na	na	4.4	4.7	72.9	3.3	1.5	1.8
The Northern Trust Company	0.2	3.3 L	0.3 L	na	0.1 L	na	na	0.5 L	1.2 L	2.6	4.0	na	na	na	na	na	3.1	1.8	2.5
Fannie Mae	0.2	3.3 L	na	na	0.3	na	0.4	na	na	2.9	3.8	5.0	na	na	4.4	na	3.1	0.3	1.0
Georgia State University	0.2	3.3 L	na	na	0.4	0.5	0.6	1.0	2.3	3.6	4.6	5.5	6.6	na	5.1	na	2.5	1.1	1.3
UBS	0.2	na	0.5	na	0.3	na	na	0.7	1.8	2.8	4.1	na	na	na	na	na	2.8	na	2.7
Loomis, Sayles & Company	0.2	3.3 L	0.3 L	0.2 L	0.1 L	0.2 L	0.3	0.5 L	1.4	2.6	3.8	4.6	5.6	3.6	4.2	71.6	3.1	0.2 L	1.4
Action Economics	0.2	3.3 L	0.6	0.2 L	0.2	0.4	1.0	1.5	2.6	3.6	4.8	4.6	5.7	4.1	4.4	70.6	3.6	1.9	1.6
SunTrust Banks	0.2	3.3 L	0.5	0.4	0.4	0.5	0.4	0.7	1.6	1.9 L	3.4 L	4.0 L	4.7 L	3.9	4.4	71.5	4.3 H	1.9	2.4
Societe Generale	0.2	3.3 L	0.3 L	0.2 L	0.1 L	0.2 L	0.2 L	0.8	1.6	2.5	3.6	4.4	5.4	na	4.0 L	70.0	2.9	3.0 H	3.4 H
Wells Capital Management	0.2	3.3 L	0.4	0.3	0.2	0.3	0.5	0.8	1.7	3.2	4.7	5.1	5.9	4.8	4.8	75.1	3.5	2.6	2.6
Goldman Sachs & Co.	0.2	3.3 L	0.3 L	na	0.1 L	na	na	0.5 L	1.6	2.9	3.9	4.2	na	na	4.4	na	2.5	0.7	0.6 L
Daiwa Securities America	0.2	3.3 L	0.3 L	0.3	0.2	0.2 L	0.3	1.0	1.9	3.0	4.4	5.2	6.2	3.9	4.6	70.0	3.2	1.0	1.0
Moody's Analytics	0.1 L	3.3 L	0.5	0.5	0.5	0.5	0.6	0.9	1.7	3.6	4.5	4.9	6.0	na	5.1	na	3.1	1.2	2.0
GLC Financial Economics	0.1 L	3.3 L	0.4	0.2 L	0.2	0.3	0.4	0.6	1.5	2.9	4.1	5.0	6.1	4.3	4.7	72.7	3.2	1.6	1.6
Economist Intelligence Unit	0.1 L	3.3 L	0.4	0.3	0.2	0.3	0.3	0.7	1.7	2.9	4.5	na	na	na	4.5	na	1.6 L	na	1.6
BMO Capital Markets	0.1 L	3.3 L	0.3 L	0.3	0.2	0.2 L	0.6	1.2	1.9	2.8	4.1	5.0	6.1	4.5	4.6	71.5	2.5	1.4	1.3
MF Global	0.1 L	3.3 L	na	na	0.3	0.4	0.8	1.4	2.5	3.5	4.2	na	na	na	na	na	3.7	1.3	1.3
Banc of America-Merrill Lynch	0.1 L	na	0.3 L	na	0.2	na	na	0.6	1.4	3.0	4.5	na	na	na	na	na	2.4	0.9	1.3
J.P. Morgan Chase	0.1 L	na	0.3 L	na	0.2	na	na	na	1.3	2.3	3.5	na	na	na	na	na	3.0	1.0	1.1
Standard & Poor's Corp.	0.1 L	3.3 L	0.5	0.4	0.3	0.4	0.5	0.7	1.6	2.6	na	4.4	5.5	3.8	4.2	82.4 H	2.7	1.1	1.7
December Consensus	0.2	3.3	0.4	0.4	0.3	0.4	0.5	0.9	1.9	3.1	4.3	5.0	6.0	4.4	4.7	73.0	3.0	1.5	1.8
Top 10 Avg.	0.4	3.5	0.6	0.6	0.5	0.7	0.9	1.4	2.4	3.6	4.9	5.5	6.5	4.9	5.1	76.5	3.8	2.3	2.7
Bottom 10 Avg.	0.1	3.3	0.3	0.2	0.1	0.2	0.3	0.5	1.4	2.5	3.7	4.4	5.5	3.9	4.3	70.1	2.2	0.8	1.1
November Consensus	0.3	3.4	0.5	0.4	0.3	0.4	0.6	0.9	1.8	3.0	4.1	4.9	5.9	4.2	4.7	73.5	3.0	1.5	1.8
Number of Forecasts Changed From A Month Ago:																			
Down	13	13	16	13	16	13	15	12	11	9	7	8	8	4	11	15	19	10	17
Same	35	32	23	19	25	20	14	18	15	17	11	10	10	8	14	8	15	24	20
Up	0	0	5	6	7	8	13	16	21	22	28	22	18	18	17	9	14	12	11
Diffusion Index	36 %	36 %	38 %	41 %	41 %	44 %	48 %	54 %	61 %	64 %	73 %	68 %	64 %	73 %	57 %	41 %	45 %	52 %	44 %

Fourth Quarter 2011 Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	-----Percent Per Annum -- Average For Quarter-----															Avg. For ---Qtr--- A. Fed's Major Currency \$ Index	----(Q-Q % Change)----		
	Short-Term					Intermediate-Term					Long-Term						----(SAAR)----		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		B.	C.	D.
	Federal Funds Rate	Prime Bank Rate	LIBOR Rate 3-Mo.	Com. Paper 1-Mo.	Treas. Bills 3-Mo.	Treas. Bills 6-Mo.	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bonds 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate		Real GDP	Price Index	Cons. Price Index
Natl Assn. of Realtors	1.5 H	4.5 H	1.6 H	1.5	1.5 H	1.8 H	2.1 H	2.5 H	3.0 H	4.0	5.0	5.8	6.6	4.9	5.3	na	2.4	1.8	2.1
Naroff Economic Advisors	1.3	4.3	1.6 H	1.8 H	1.4	1.5	1.6	1.9	3.0 H	4.0	5.1	6.0	7.0	4.8	5.2	67.0 L	4.7 H	2.5	2.8
Bank of Toyko-Mitsubishi UFJ	1.0	4.0	1.3	1.0	0.9	1.0	1.1	2.3	2.9	3.7	4.5	5.1	5.7	4.5	5.2	69.0	3.2	2.3	2.5
Cycledata Corp.	1.0	4.0	1.2	1.0	0.9	1.0	1.1	1.4	2.6	3.8	5.0	5.8	6.8	5.1	5.2	70.0	2.8	1.8	2.3
Chmura Economics & Analytics	0.9	3.9	1.0	0.9	1.1	1.2	1.2	1.4	2.4	3.5	4.4	5.2	na	na	4.9	74.8	3.1	2.2	1.8
ClearView Economics	0.8	3.8	1.2	0.8	0.7	1.0	1.2	1.6	2.3	3.5	4.6	5.3	6.3	4.6	4.9	68.0	2.6	1.8	2.2
MacroFin Analytics	0.8	3.8	0.8	0.9	1.1	1.3	1.5	1.5	2.9	3.3	4.7	5.5	6.5	4.7	5.1	78.5	2.6	1.5	1.5
DePrince & Associates	0.7	3.7	0.9	0.9	0.7	0.8	1.0	1.4	2.2	3.4	4.6	5.2	6.1	4.2	5.1	75.0	2.5	1.2	1.8
Wayne Hummer Investments	0.6	3.6	0.8	0.7	0.5	0.7	0.8	1.3	2.1	3.6	4.9	4.9	5.9	4.2	4.5	74.1	3.2	1.5	2.0
J.W. Coons Advisors LLC	0.6	3.6	0.8	0.7	0.6	0.6	0.7	1.0	2.0	3.1	4.2	5.1	6.2	na	4.8	74.2	2.1	2.0	2.3
Action Economics	0.5	3.5	1.0	0.5	0.6	0.7	1.4	1.9	2.9	3.9	5.0	4.7	5.6	4.3	4.8	70.4	4.1	0.5	2.1
Moody's Capital Markets Group	0.5	3.5	0.9	0.6	0.6	0.7	0.9	1.1	2.3	3.4	4.4	5.0	6.0	4.7	5.0	77.9	3.8	1.7	1.9
SunTrust Banks	0.5	3.5	0.8	0.7	0.6	0.7	0.9	1.2	2.2	2.5 L	3.7	4.4	4.9 L	4.1	4.6	71.4	3.3	2.0	2.6
Thredgold Economic Assoc.	0.5	3.5	0.7	0.6	0.5	0.6	0.7	1.1	2.0	3.2	4.4	5.2	6.2	4.3	4.8	75.0	2.8	1.6	1.8
Daiwa Securities America	0.5	3.5	0.6	0.6	0.5	0.6	0.6	1.5	2.3	3.3	4.6	5.4	6.4	4.0	4.8	68.0	3.5	1.1	1.2
Stone Harbor Investment Partners	0.5	3.5	0.6	0.7	0.6	0.8	0.9	1.4	2.6	3.8	5.5	5.3	6.2	na	5.2	68.0	2.9	2.5	2.0
Scotiabank Group	0.5	3.5	na	na	0.6	na	na	1.1	1.9	3.4	4.3	na	na	na	na	na	2.6	1.5	1.5
Pierpont Securities	0.4	3.4	1.0	0.5	0.6	1.0	1.4	2.2	2.9	4.1	5.4	5.7	6.8	5.3	5.8	76.0	4.2	2.1	3.1 H
Woodworth Holdings	0.4	3.8	0.8	0.8	0.7	0.7	0.8	0.9	1.9	3.1	4.4	4.9	5.8	4.2	4.9	78.0	4.0	1.7	1.3
MF Global	0.3	3.4	na	na	0.5	0.7	1.0	1.6	2.7	3.7	4.3	na	na	na	na	na	4.0	1.4	1.4
Kelner Economic Advisers	0.3	3.3 L	0.7	0.7	0.4	0.7	0.8	0.9	2.0	3.2	4.4	5.2	6.2	4.8	4.9	70.0	2.2	1.8	2.0
Russell Investments	0.3	3.3 L	0.5	0.3	0.3	0.4	0.6	1.1	1.9	3.5	4.7	5.5	6.4	5.0	4.9	74.1	3.3	1.7	1.6
Moody's Analytics	0.3	3.3 L	0.6	0.6	0.5	0.5	0.6	0.9	2.2	4.3	5.1	5.5	6.5	na	5.8	na	4.0	1.3	2.2
RBS Securities	0.3	3.3 L	0.4	0.3	0.3	0.4	0.5	1.1	2.3	3.3	5.0	4.6	5.5	5.1	4.8	77.0	3.8	2.3	2.4
Swiss Re	0.3	3.3 L	0.3 L	0.7	0.2	0.4	0.5	1.4	2.8	3.7	4.6	5.2	na	na	4.8	na	3.4	2.0	2.2
Comerica Bank	0.2	3.3 L	0.4	0.3	0.3	0.4	0.6	1.1	2.3	3.5	4.5	5.1	6.1	5.3	5.0	77.0	3.8	1.3	1.4
Georgia State University	0.2	3.4	na	na	0.4	0.5	0.6	1.1	2.6	3.9	4.7	5.8	7.1 H	na	5.5	na	2.4	1.2	1.8
JPMorgan Private Banking	0.2	3.3 L	0.5	0.3	0.3	0.3	0.4	0.6 L	1.6	2.9	4.3	5.1	6.2	4.8	4.5	73.0	3.0	1.5	1.6
Mesirow Financial	0.2	3.3 L	0.5	0.3	0.3	0.5	0.7	1.1	1.9	2.9	3.9	4.4	5.5	3.9	4.6	70.5	4.0	1.0	1.9
RidgeWorth Investments	0.2	3.3 L	0.5	0.3	0.2	0.3	0.4	0.7	1.5	2.8	3.5 L	3.9 L	5.0	3.2 L	4.3 L	72.0	2.5	2.0	1.8
Wells Fargo	0.2	3.3 L	0.4	0.3	0.3	0.4	0.5	0.7	1.5	2.8	4.3	5.0	6.0	4.6	4.3 L	76.0	2.8	1.4	2.2
Barclays Capital	0.2	3.3 L	0.4	0.2 L	0.2	0.2	0.4	0.7	1.7	3.1	4.5	4.9	6.0	4.1	5.0	na	3.5	1.9	1.9
Nomura Securities, Inc.	0.2	3.3 L	0.3 L	0.3	0.2	0.2	0.4	1.4	2.1	3.1	4.3	4.9	5.7	na	4.9	75.0	2.4	1.2	1.3
The Northern Trust Company	0.2	3.3 L	0.3 L	na	0.2	na	na	0.9	1.3 L	2.8	4.1	na	na	na	na	na	3.5	2.3	1.5
RDQ Economics	0.2	3.3 L	0.3 L	0.3	0.3	0.4	0.6	0.9	2.6	4.3 H	5.7 H	6.1 H	7.1 H	5.9 H	6.1 H	71.9	3.3	2.3	2.6
PNC Financial Services Corp.	0.2	3.3 L	0.3 L	na	0.1 L	0.2 L	0.4	1.1	1.9	3.2	na	na	na	4.6	4.8	72.9	3.2	1.5	1.8
Fannie Mae	0.2	3.3 L	na	na	0.3	na	0.5	na	na	3.0	3.9	5.1	na	na	4.4	na	3.3	0.2	0.9
UBS	0.2	na	0.5	na	0.4	na	na	0.9	2.1	2.9	4.0	na	na	na	na	na	3.0	na	2.6
Loomis, Sayles & Company	0.2	3.3 L	0.3 L	0.2 L	0.1 L	0.2 L	0.3	0.6	1.6	2.9	3.8	4.7	5.6	3.8	4.5	71.6	3.1	0.1 L	1.3
Societe Generale	0.2	3.3 L	0.3 L	0.2 L	0.1 L	0.2 L	0.2 L	0.9	1.9	2.9	3.9	4.9	5.9	na	4.4	69.7	3.1	2.0	2.5
Standard & Poor's Corp.	0.2	3.3 L	0.7	0.5	0.4	0.6	0.7	0.9	1.9	2.8	na	4.5	5.6	4.0	4.4	81.6 H	3.4	1.3	2.0
Wells Capital Management	0.2	3.3 L	0.5	0.3	0.2	0.3	0.5	0.9	1.8	3.6	4.9	5.3	5.9	5.0	5.3	74.0	3.0	2.7 H	2.2
Goldman Sachs & Co.	0.2	3.3 L	0.4	na	0.1 L	na	na	0.6	1.9	3.1	4.0	4.5	na	na	4.6	na	3.0	0.6	0.3 L
GLC Financial Economics	0.1 L	3.3 L	0.4	0.2 L	0.2	0.3	0.4	0.7	1.6	3.0	4.1	5.0	6.1	4.3	4.9	73.2	3.2	1.7	2.0
BMO Capital Markets	0.1 L	3.3 L	0.4	0.3	0.2	0.3	0.9	1.8	2.6	3.2	4.5	5.4	6.5	4.7	5.0	71.0	2.8	1.5	1.3
Economist Intelligence Unit	0.1 L	3.3 L	0.4	0.3	0.2	0.3	0.4	0.9	1.9	3.0	4.6	na	na	na	4.7	na	1.7 L	na	1.6
Bank of America-Merrill Lynch	0.1 L	na	0.3 L	na	0.2	na	na	0.7	1.6	3.3	4.7	na	na	na	na	na	2.7	0.9	0.6
December Consensus	0.4	3.5	0.6	0.6	0.5	0.6	0.8	1.2	2.2	3.3	4.5	5.1	6.1	4.5	4.9	73.1	3.1	1.6	1.9
Top 10 Avg.	0.9	3.9	1.2	1.0	1.0	1.1	1.4	1.9	2.8	4.0	5.2	5.7	6.7	5.1	5.5	77.2	4.0	2.3	2.6
Bottom 10 Avg.	0.2	3.3	0.3	0.2	0.1	0.2	0.4	0.7	1.6	2.8	3.9	4.5	5.5	4.0	4.4	69.1	2.3	0.8	1.1
November Consensus	0.5	3.5	0.7	0.6	0.5	0.7	0.8	1.2	2.1	3.3	4.3	5.0	6.0	4.3	4.9	74.0	3.3	1.6	1.9
Number of Forecasts Changed From A Month Ago:																			
Down	14	12	11	10	13	11	14	10	11	9	7	8	8	7	10	15	19	11	18
Same	32	30	25	20	26	19	17	17	15	17	13	10	8	6	14	7	18	24	17
Up	1	3	7	8	8	11	11	19	20	21	25	22	19	16	18	8	10	10	12
Diffusion Index	36 %	40 %	45 %	47 %	45 %	50 %	46 %	60 %	60 %	63 %	70 %	68 %	66 %	66 %	60 %	38 %	40 %	49 %	44 %

First Quarter 2012

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter															Avg. For ---Qtr--- A. Fed's Major Currency \$ Index	---(Q-Q % Change)---			
	Short-Term					Intermediate-Term					Long-Term						---(SAAR)---			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		B.	C.	D.	
	Federal Funds Rate	Prime Bank Rate	LIBOR Rate 3-Mo	Com. Paper 1-Mo	Treas. Bills 3-Mo	Treas. Bills 6-Mo	Treas. Bills 1-Yr.	Treas. Notes 2-Yr.	Treas. Notes 5-Yr.	Treas. Notes 10-Yr.	Treas. Bonds 30-Yr.	Aaa Corp. Bond	Baa Corp. Bond	State & Local Bonds	Home Mtg. Rate		Fed's Major Currency \$ Index	Real GDP	Price Index	Cons. Price Index
Naroff Economic Advisors	1.8 H	4.8 H	2.2 H	2.4 H	1.9 H	2.0	2.1	2.5	3.5	4.3	5.5	6.6 H	7.6 H	5.2	5.6	66.5 L	3.6	2.4	2.6	
Natl Assn. of Realtors	1.8	4.8 H	1.8	1.7	1.7	2.0	2.2	2.6	3.2	4.1	5.1	5.9	6.7	5.0	5.5	na	3.1	1.9	2.2	
Bank of Toyko-Mitsubishi UFJ	1.5	4.5	1.8	1.5	1.4	1.5	1.6	2.8	3.3	4.0	4.8	5.2	6.0	4.5	5.5	67.0	3.3	2.2	2.6	
Pierpont Securities	1.4	4.4	2.0	1.5	1.7	2.1 H	2.5 H	3.0 H	3.6 H	4.5	5.6	5.9	7.0	5.5	6.2	78.0	4.4	2.5	3.4 H	
ClearView Economics	1.3	4.3	1.7	1.3	1.2	1.4	1.6	1.9	2.6	3.7	4.8	5.5	6.5	4.7	5.1	67.0	2.5	2.0	2.3	
Chmura Economics & Analytics	1.3	4.3	1.4	1.3	1.5	1.5	1.6	1.7	2.7	3.7	4.6	5.3	na	na	5.1	74.1	3.3	2.0	1.8	
DePrince & Associates	1.1	4.1	1.2	1.3	1.1	1.2	1.5	1.8	2.5	3.6	4.7	5.4	6.3	4.4	5.4	75.7	2.8	1.2	1.8	
Moody's Capital Markets Group	1.0	4.0	1.5	1.7	1.1	1.3	1.3	1.4	2.4	3.5	4.4	5.0	5.9	4.6	5.2	78.2	2.6	1.9	2.0	
Action Economics	1.0	4.0	1.5	1.0	1.1	1.3	2.0	2.4	3.3	4.1	5.3	4.9	5.5	4.5	4.9	70.2	4.2	1.9	2.6	
MacroFin Analytics	1.0	4.0	1.2	1.2	1.3	1.7	1.8	1.8	3.2	3.5	4.8	5.6	7.0	4.8	5.3	79.0	2.8	1.5	1.5	
Cycledata Corp.	1.0	4.0	1.2	1.0	0.9	1.0	1.1	1.4	2.6	3.8	5.0	5.8	6.8	5.1	5.2	70.0	2.8	2.0	2.5	
Daiwa Securities America	1.0	4.0	1.1	1.1	1.0	1.1	1.1	2.3	2.9	3.7	4.9	5.8	6.7	4.3	5.2	68.0	3.6	1.2	1.3	
Stone Harbor Investment Partners	1.0	4.0	1.1	1.2	1.1	1.3	1.5	1.9	3.0	4.1	5.6 H	5.5	6.3	na	5.5	67.0	2.4	2.5	2.0	
J.W. Coons Advisors LLC	0.9	3.9	1.0	1.0	0.9	0.9	1.0	1.2	2.3	3.3	4.3	5.2	6.3	na	5.0	74.3	2.3	2.1	2.5	
Thredgold Economic Assoc.	0.8	3.8	1.0	0.9	0.8	0.9	1.0	1.4	2.2	3.4	4.6	5.4	6.4	4.4	4.9	75.0	3.2	1.6	1.9	
Wayne Hummer Investments	0.8	3.8	1.0	0.9	0.8	1.0	1.2	1.3	2.5	3.7	5.0	5.0	6.0	4.3	4.6	74.8	3.2	1.6	2.1	
Moody's Analytics	0.8	3.7	0.9	1.1	0.9	0.9	1.1	1.4	2.7	4.7 H	5.6 H	5.8	6.9	na	6.3 H	na	5.0 H	1.7	2.7	
Woodworth Holdings	0.7	3.8	0.8	0.8	0.7	0.7	0.8	0.9	1.9	3.1	4.4	4.9	5.8	4.2	4.9	78.0	4.0	1.7	1.3	
SunTrust Banks	0.7	3.7	1.0	0.9	0.8	0.9	1.1	1.3	2.4	2.8	3.8	4.5	5.1	4.3	5.0	72.8	3.2	2.1	2.8	
BMO Capital Markets	0.6	3.6	0.8	0.7	0.6	0.7	1.4	2.2	3.0	3.4	4.7	5.6	6.7	4.9	5.3	71.0	3.3	1.5	1.3	
Kellner Economic Advisors	0.5	3.5	0.9	0.8	0.6	0.9	1.0	1.1	2.2	3.4	4.5	5.5	6.5	4.9	5.0	69.0	2.5	1.9	2.5	
JPMorgan Private Banking	0.5	3.5	0.8	0.6	0.5	0.5	0.6	0.9	1.9	3.2	4.6	5.4	6.4	5.1	4.7	73.5	3.0	1.5	1.7	
UBS	0.5	na	0.7	na	0.5	na	na	1.1	2.3	3.1	4.1	na	na	na	na	na	2.6	na	2.4	
Comerica Bank	0.5	3.5	0.7	0.5	0.6	0.8	1.0	1.6	2.8	3.8	4.6	5.2	6.2	5.6 H	5.3	78.0	4.0	2.4	1.5	
Russell Investments	0.4	3.4	0.7	0.5	0.6	0.7	0.9	1.2	1.9	3.6	4.9	5.6	6.5	5.1	4.9	74.6	2.8	1.8	1.6	
Swiss Re	0.4	3.4	0.4	0.8	0.3	0.5	0.6	1.6	3.0	3.9	4.8	5.4	na	na	5.1	na	3.0	2.0	2.0	
RBS Securities	0.4	3.4	0.9	0.4	0.5	0.6	0.7	1.6	2.8	3.5	5.2	4.6	5.4	5.2	4.9	79.0	4.0	2.5	2.5	
Wells Capital Management	0.3	3.3 L	0.6	0.5	0.3	0.3	0.6	1.1	1.8	3.7	5.1	5.4	6.0	5.0	5.3	74.0	3.0	2.7 H	2.2	
Georgia State University	0.3	3.4	na	na	0.5	0.6	0.7	1.3	2.8	4.1	4.8	6.0	7.3	na	5.7	na	2.4	1.7	2.2	
PNC Financial Services Corp.	0.3	3.3 L	0.4	na	0.3	0.4	0.6	1.3	2.2	3.5	na	na	na	4.8	5.1	72.9	3.3	1.5	2.0	
RidgeWorth Investments	0.3	3.3 L	0.5	0.3	0.2	0.4	0.5	0.8	1.6 L	2.8 L	3.3 L	3.8 L	4.9 L	2.8 L	4.3 L	72.0	3.0	2.5	2.4	
Standard & Poor's Corp.	0.2	3.3 L	1.0	0.8	0.6	0.8	0.9	1.2	2.1	3.1	na	4.7	5.8	4.3	4.6	80.8 H	3.0	1.7	2.1	
Mesirow Financial	0.2	3.3 L	0.7	0.3	0.3	0.5	0.8	1.3	1.9	3.0	3.9	4.5	5.6	3.9	4.6	69.5	3.8	1.4	1.8	
Wells Fargo	0.2	3.3 L	0.4	0.3	0.4	0.5	0.6	0.8	1.6 L	2.9	4.4	5.1	6.1	4.7	4.4	77.0	3.0	1.4	2.6	
Nomura Securities, Inc.	0.2	3.3 L	0.4	0.3	0.2	0.2 L	0.4	1.5	2.1	3.1	4.3	4.9	5.7	na	4.9	76.0	2.6	1.9	1.4	
Fannie Mae	0.2	3.3 L	na	na	0.3	na	0.6	na	na	3.1	4.0	5.2	na	na	4.5	na	3.2	0.7	0.8 L	
Loomis, Sayles & Company	0.2	3.3 L	0.3 L	0.2 L	0.2	0.2 L	0.4	0.8	1.8	3.0	4.0	4.6	5.6	3.8	4.6	71.6	3.2	0.6 L	1.4	
Societe Generale	0.2	3.3 L	0.3 L	0.2 L	0.1 L	0.2 L	0.3 L	1.2	2.2	3.1	4.0	5.2	6.3	na	4.6	69.3	3.3	1.7	2.1	
GLC Financial Economics	0.1 L	3.3 L	0.4	0.2 L	0.2	0.3	0.4	0.7 L	1.7	3.1	4.2	5.1	6.3	4.3	5.1	73.3	3.0	1.9	2.1	
Economist Intelligence Unit	0.1 L	3.3 L	0.4	0.3	0.2	0.3	0.4	0.9	1.9	3.2	4.7	na	na	na	4.9	na	1.8 L	na	1.6	

December Consensus	0.7	3.7	1.0	0.9	0.7	0.9	1.1	1.5	2.5	3.5	4.6	5.3	6.2	4.6	5.1	73.2	3.2	1.8	2.1
Top 10 Avg.	1.3	4.3	1.6	1.5	1.4	1.6	1.8	2.3	3.2	4.2	5.3	5.9	6.9	5.2	5.6	78.0	4.0	2.4	2.7
Bottom 10 Avg.	0.2	3.3	0.4	0.3	0.2	0.3	0.5	0.9	1.8	3.0	4.0	4.6	5.5	4.1	4.6	68.4	2.5	1.3	1.4
November Consensus	0.8	3.9	1.1	0.9	0.9	1.0	1.2	1.6	2.5	3.5	4.5	5.2	6.2	4.4	5.1	74.3	3.1	1.8	2.0
Number of Forecasts Changed From A Month Ago:																			
Down	14	14	13	12	16	16	15	12	10	10	7	10	10	10	13	14	11	11	13
Same	23	22	18	15	18	15	17	15	16	15	9	7	7	6	12	9	17	17	16
Up	3	3	7	9	6	7	7	12	13	15	22	20	17	13	14	8	12	10	11
Diffusion Index	36 %	36 %	42 %	46 %	38 %	38 %	40 %	50 %	54 %	56 %	70 %	64 %	60 %	55 %	51 %	40 %	51 %	49 %	48 %

International Interest Rate And Foreign Exchange Rate Forecasts

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	0.30	0.30	0.80
Moody's Analytics	0.71	0.82	1.06
Barclays Capital	0.35	0.35	0.35
Mizuho Research Institute	0.25	0.20	0.20
Wells Fargo	0.30	0.30	0.40
UBS	na	na	na
ING Financial Markets	0.40	0.40	0.40
Moody's Captial Markets	0.40	0.40	0.55
December Consensus	0.39	0.40	0.54
High	0.40	0.40	0.55
Low	0.25	0.20	0.20
Last Months Avg.	0.38	0.39	0.48

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	0.22	0.22	0.25
Moody's Analytics	na	na	na
Barclays Capital	0.20	0.20	0.15
Mizuho Research Institute	0.30	0.28	0.25
UBS	na	na	na
Wells Fargo	0.25	0.25	0.20
ING Financial Markets	0.20	0.20	0.20
Moody's Captial Markets	0.20	0.20	0.25
December Consensus	0.23	0.23	0.22
High	0.30	0.28	0.25
Low	0.20	0.20	0.20
Last Months Avg.	0.22	0.21	0.22

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	0.75	0.80	1.00
Moody's Analytics	na	na	na
Barclays Capital	0.75	0.80	1.15
Mizuho Research Institute	0.70	0.70	0.70
UBS	na	na	na
Wells Fargo	0.75	0.80	1.75
ING Financial Markets	0.70	0.70	0.70
Moody's Captial Markets	0.75	0.75	1.00
December Consensus	0.73	0.76	1.05
High	0.75	0.80	1.75
Low	0.70	0.70	0.70
Last Months Avg.	0.69	0.72	0.92

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	na	na	na
Moody's Analytics	na	na	na
Barclays Capital	na	na	na
Mizuho Research Institute	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
ING Financial Markets	0.25	0.25	0.45
Moody's Captial Markets	0.20	0.20	0.45
December Consensus	0.23	0.23	0.45
High	0.25	0.25	0.45
Low	0.20	0.20	0.45
Last Months Avg.	0.23	0.23	0.65

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	1.30	1.80	1.80
Moody's Analytics	na	na	na
Barclays Capital	na	na	na
Mizuho Research Institute	na	na	na
UBS	na	na	na
Wells Fargo	1.15	1.25	2.75
ING Financial Markets	1.20	1.20	1.70
Moody's Captial Markets	0.90	0.90	1.00
December Consensus	1.14	1.29	1.81
High	1.20	1.25	2.75
Low	0.90	0.90	1.00
Last Months Avg.	0.96	1.01	1.40

United States			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
2.70	2.80	3.40	
2.79	3.18	4.27	
2.45	2.55	3.10	
2.60	2.50	2.50	
2.40	2.50	2.60	
2.50	2.70	3.00	
2.50	2.50	2.60	
2.70	2.80	3.25	
2.58	2.69	3.09	
2.70	2.80	3.25	
2.40	2.50	2.50	
2.52	2.70	3.13	

Japan			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.03	1.10	1.15	
1.33	1.27	1.50	
1.10	1.10	1.00	
0.85	0.75	0.75	
1.10	1.50	1.70	
0.85	0.85	0.95	
0.95	1.00	1.10	
1.10	1.20	1.40	
1.04	1.10	1.19	
1.10	1.50	1.70	
0.85	0.75	0.75	
1.03	1.10	1.34	

United Kingdom			
10 Yr. Gilt Yields %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
3.00	3.25	3.60	
4.04	4.50	5.21	
3.45	3.55	4.00	
3.10	3.05	3.05	
3.00	3.30	3.60	
2.95	3.40	3.85	
2.90	2.90	3.00	
3.30	3.35	3.45	
3.22	3.41	3.72	
3.30	3.40	3.85	
2.90	2.90	3.00	
3.18	3.39	3.74	

Switzerland			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
na	na	na	
2.20	2.30	2.60	
na	na	na	
na	na	na	
1.80	2.00	2.20	
na	na	na	
1.45	1.50	2.20	
1.55	1.70	1.80	
1.75	1.88	2.20	
1.80	2.00	2.20	
1.45	1.50	1.80	
1.75	1.88	2.20	

Canada			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
2.95	3.00	3.20	
4.37	4.43	4.66	
na	na	na	
na	na	na	
2.70	3.00	3.30	
2.80	3.05	3.85	
2.90	2.90	3.40	
3.10	3.15	3.20	
3.14	3.26	3.60	
3.10	3.15	3.85	
2.70	2.90	3.20	
3.18	3.31	3.63	

Fed's Major Currency \$ Index			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
na	na	na	
na	na	na	
na	na	na	
72.4	72.6	74.4	
na	na	na	
na	na	na	
70.4	71.2	70.4	
74.2	75.0	78.5	
72.3	72.9	74.4	
74.2	75.0	78.5	
70.4	71.2	70.4	
74.7	75.0	76.5	

Yen/USD			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
78.0	80.0	84.0	
91.1	92.5	95.1	
80.0	85.0	89.0	
81.0	80.0	82.0	
85.0	na	85.0	
82.0	84.0	90.0	
80.0	82.0	85.0	
84.0	85.0	86.5	
82.6	84.1	87.1	
85.0	85.0	90.0	
80.0	80.0	82.0	
82.6	84.2	88.4	

USD/Pound Sterling			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.61	1.63	1.67	
1.47	1.43	1.45	
1.60	1.64	1.67	
na	na	na	
1.47	na	1.63	
1.63	1.61	1.56	
1.65	1.65	1.69	
1.55	1.54	1.52	
1.57	1.58	1.60	
1.65	1.65	1.69	
1.47	1.54	1.52	
1.57	1.58	1.56	

CHF/USD			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
na	na	na	
0.93	0.93	0.93	
0.97	1.04	1.12	
na	na	na	
1.02	na	1.04	
na	na	na	
0.90	0.89	0.89	
1.00	1.02	1.04	
0.96	0.97	1.00	
1.02	1.02	1.04	
0.90	0.89	0.89	
0.97	0.96	1.02	

CAD/USD			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.01	1.02	1.04	
1.02	1.03	1.05	
1.00	1.04	1.07	
na	na	na	
1.04	na	1.05	
0.98	0.96	0.95	
0.99	1.01	0.96	
1.02	1.03	1.05	
1.01	1.02	1.02	
1.04	1.03	1.05	
0.98	0.96	0.95	
1.01	1.02	1.06	

International Interest Rate And Foreign Exchange Rate Forecasts

Australia

10 Yr. Gov't Bond Yield %

	In 3 Mo.	In 6 Mo.	In 12 Mo.
5.10	5.30	5.60	
6.13	5.89	6.04	
na	na	na	
na	na	na	
5.30	5.70	5.70	
na	na	na	
na	na	na	
5.35	5.40	5.45	
5.47	5.57	5.70	
5.35	5.70	5.70	
5.30	5.40	5.45	
5.42	5.51	5.64	

USD/AUD

	In 3 Mo.	In 6 Mo.	In 12 Mo.
0.97	0.96	0.94	
0.91	0.90	0.90	
1.01	0.95	0.92	
na	na	na	
0.93	na	0.93	
na	na	na	
1.01	0.99	0.96	
0.97	0.95	0.93	
0.97	0.95	0.93	
1.01	0.99	0.96	
0.93	0.95	0.93	
0.96	0.94	0.97	

Eurozone

10 Yr. Euro Bond Yield %

	In 3 Mo.	In 6 Mo.	In 12 Mo.
2.30	2.50	2.80	
2.53	2.43	3.73	
2.80	3.05	3.35	
na	na	na	
2.70	2.90	3.10	
2.40	2.60	3.40	
2.40	2.50	3.00	
2.45	2.50	3.00	
2.51	2.64	3.20	
2.70	2.90	3.40	
2.40	2.50	3.00	
2.49	2.65	3.20	

USD/EUR

	In 3 Mo.	In 6 Mo.	In 12 Mo.
1.44	1.46	1.50	
1.30	1.25	1.20	
1.38	1.35	1.30	
1.36	1.35	1.32	
1.25		1.30	
1.4	1.4	1.3	
1.40	1.40	1.40	
1.30	1.30	1.26	
1.36	1.36	1.33	
1.41	1.40	1.40	
1.25	1.30	1.26	
1.34	1.34	1.28	

3 Mo. Interest Rate %

Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	4.90	5.00	5.30
Moody's Analytics	na	na	na
Barclays Capital	na	na	na
Mizuho Research Institute	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
ING Financial Markets	na	na	na
Moody's Captial Markets	4.80	4.80	5.00
December Consensus	4.85	4.90	5.15
High	4.80	4.80	5.00
Low	4.80	4.80	5.00
Last Months Avg.	4.73	4.78	5.00

3 Mo. Interest Rate %

Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank Group	0.80	0.90	1.10
Moody's Analytics	na	na	na
Barclays Capital	1.15	1.30	1.35
Mizuho Research Institute	1.05	1.05	1.05
UBS	na	na	na
Wells Fargo	1.00	1.15	1.40
ING Financial Markets	1.00	1.00	1.30
Moody's Captial Markets	0.88	0.88	1.00
December Consensus	0.98	1.05	1.20
High	1.05	1.15	1.40
Low	0.88	0.88	1.00
Last Months Avg.	0.90	0.96	1.18

10 Yr. Gov't Bond Yields %

Blue Chip Forecasters	Germany			France			Italy			Spain		
	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Moody's Captial Markets	2.60	2.80	3.00	2.95	3.15	3.25	4.05	4.15	4.35	4.70	4.75	4.65
Moody's Analytics	na	na	na	3.60	4.20	4.40	4.50	4.80	5.40	4.43	4.83	5.57
UBS	2.70	2.90	3.10	2.80	3.00	3.20	3.30	3.50	3.70	3.00	3.30	3.60
Mizuho Research Institute	2.55	2.50	2.50	2.95	2.80	2.80	4.05	3.90	3.90	4.35	4.10	4.00
ING Financial Markets	2.40	2.50	3.00	2.70	2.80	3.30	3.70	3.80	4.20	3.90	4.00	4.40
Scotiabank Group	2.30	2.45	2.75	2.70	2.90	3.25	na	na	na	na	na	na
December Consensus	2.51	2.63	2.87	2.95	3.14	3.37	3.92	4.03	4.31	4.08	4.20	4.44
High	2.70	2.90	3.10	3.60	4.20	4.40	4.50	4.80	5.40	4.70	4.83	5.57
Low	2.30	2.45	2.50	2.70	2.80	2.80	3.30	3.50	3.70	3.00	3.30	3.60
Last Months Avg.	3.14	3.28	3.44	3.51	3.62	3.82	4.25	4.30	4.51	4.10	4.16	4.38

Consensus Forecasts 10-year Bond Yields vs U.S. Yield

	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-1.75	-1.54	-1.60	-1.90
United Kingdom	0.45	0.64	0.72	0.63
Switzerland	-1.23	-0.83	-0.82	-0.89
Canada	0.25	0.56	0.56	0.51
Australia	2.59	2.89	2.88	2.61
Germany	-0.20	-0.07	-0.06	-0.22
France	0.23	0.37	0.45	0.28
Italy	1.53	1.34	1.34	1.22
Spain	2.29	1.50	1.50	1.35
Eurozone	1.56	-0.07	-0.05	0.11

Consensus Forecasts 3 Mo. Deposit Rates vs U.S. Rate

	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-0.32	-0.16	-0.62	-0.32
United Kingdom	0.10	0.35	0.36	0.51
Switzerland	-0.15	-0.16	-0.17	-0.09
Canada	0.97	0.75	0.89	1.28
Australia	4.31	4.46	4.50	4.61
Eurozone	0.51	0.59	0.65	0.66

Viewpoints:

A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

Partisan Politics And Fed Policy

One of the disturbing developments in recent weeks is that partisan politics is increasingly impacting the Fed. Democrats and Republicans have already reached a dangerous impasse on fiscal policy: delaying extension of the Bush-era tax cuts does nothing to reduce the budget deficit, but is a good way to undercut confidence in the economy. Now that partisan divide has moved into the debate over QE2—the Fed’s second round of asset buying. Democrats generally have voiced support for the Fed:

President Obama remarked at the G20 meeting in Seoul that “the Fed’s mandate, my mandate, is to grow our economy. And that’s not just good for the United States, that’s good for the world as a whole.”

Rep. Barney Frank called the Fed’s plan for QE2 “a very reasonable thing” that would not lead to inflation.

By contrast, Republicans generally oppose QE2:

The four top Republicans in Congress wrote an open letter to Bernanke, affirming that they did not want the Fed to be under political pressure, but then asking the Fed to “be open to receiving input and data from a wide range of sources.”

Former Alaska Governor Sarah Palin has been more blunt: calling on the Fed to “cease and desist” from its policy of quantitative easing.

Economists disagree about a lot of things, including the costs and benefits of QE2. However, the vast majority of economists believe the Fed should make policy decisions free from partisan politics. Central bank independence has two principal advantages. First, during crises it is crucial that there is a “first responder”: a policy institution that can react quickly to the crisis. Having Fed decisions reviewed by Congress would be a little like a 911 emergency service requiring a meeting of the Town Council to decide on whether an ambulance is really needed.

Recent history shows the importance of having a first responder. As the mortgage crisis spread, the Fed took increasingly aggressive actions to stem the evolving crisis, stretching the bounds of its mandate to the limit. Meanwhile, Congress took no substantive actions until after the Lehman Brothers collapse. It then took two tries, and a complete meltdown of capital markets, to get the TARP legislation passed. In our view, had the TARP tourniquet been applied before the meltdown in the markets, the fund could have been smaller and the ensuing recession would have been much milder.

Central bank independence is also vital to achieving low inflation and stabilizing the business cycle. With a politicized central bank, there is a temptation to gun the economy in front of elections, taking advantage of the lags from policy to the economy. The good stuff comes first—low borrowing costs and stronger growth—and the bad stuff comes later—asset and price bubbles. This is why there has been a strong global trend towards greater central bank independence, including explicit legislation in a number of countries.

Ben Bernanke and Robert Frank wrote about Fed independence in a textbook they co-authored. They note four factors that support Fed independence: (1) Fed officials have long appointments, (2) while the Fed reports to Congress periodically, its individual actions are not subject to review, (3) the Fed self-funds its budget through interest on its assets, and (4) the Fed is not obliged to fund the budget deficit.

Arguably the threats to the Fed are now the greatest since the early 1980s, when Volcker’s frontal assault on inflation pushed the unemployment rate to 10.8%. All four underpinnings of independence are now at risk. A number of Congressional leaders have pushed for changing the appointment process for regional Presidents or for taking them off of the FOMC. The Frank-Dodd bill empowers the GAO to audit the

Fed’s actions during the crisis, and proposed legislation would have meant a much broader audit of the Fed.

A negative side effect of recent Fed actions is that they have added to the risks. The Fed is buying a very large amount of assets and will have to sell those assets in a timely manner to avoid overheating. Hence, the Fed may end up taking capital losses and need funding help from the Treasury. Finally, while there is no sign yet of Congress forcing the Fed to fund the deficit, when the time comes for the Fed to exit QE2, Congress could step in and try to delay the process.

The attacks on the Fed—from politicians and others—are already having three important impacts on the policy process. First, they are undercutting the effectiveness of QE2. Fed policy will only help the economy if it helps improve confidence in the growth outlook and if it eases financial conditions. The attacks on the Fed have undercut some of the rally in the stock and bond market and have raised questions about the competence or effectiveness of Fed policy. We still expect QE2 to have a net positive impact on growth over the next two years. But the attacks put the impact closer to the lower bound of the zero to 0.5 pp range of GDP stimulus we had expected.

Second, the attacks have caused some of the FOMC hawks to close ranks with the majority of the committee. Kansas City President Hoenig continues to work overtime to convince the general public that the Fed is making a serious mistake and Dallas President Fisher has not toned down his criticism either. Meanwhile, Minnesota President Kocherlakota has endorsed the policy, and Philadelphia President Plosser has sounded slightly more accommodative, emphasizing the conditional nature of the QE2 program. Plosser also stated that the division within the Fed is over policy efficacy, and is not politically motivated. We believe Plosser and Kocherlakota have decided to keep their concerns in the committee. For the year ahead, this means that, despite the slight hawkish shift in the composition of voters on the FOMC, they are unlikely to steer QE2 to shore early.

Third, the attacks complicate the Fed’s next policy move. The FOMC minutes show that the Fed decided to launch QE2 even though they expect fairly solid growth next year: the “central tendency” of the Committee’s projections show GDP up between 3.0 and 3.6% over the four quarters of 2011, with the unemployment rate dropping to about 9%. We think growth will be well below the Fed’s forecast in the first half of next year, presenting them with a dilemma. We think they are very likely to complete the \$600 billion in buying—turning around this super tanker would damage Fed credibility even further. However, extending QE2 is a bit more problematic, in our view.

Since the crisis started in 2007, the Bernanke-Fed has shown a willingness to move ahead and do what it thought was right, despite severe criticism --“helicopter Ben,” “NASCAR Ben,” “B-52 Ben” -- for supposedly ignoring inflation risks. And yet, over the whole period the Fed has been proven right: unemployment and deflation have proved to be the real risks, not inflation. With history on their side, if growth is as weak as we expect, and the jobless rate remains stuck at 9.5%, we expect the Fed to do another round of QE, buying a total of about \$1 trillion before moving to the sidelines at the end of 2011.

Ethan S. Harris, Bank of America-Merrill Lynch, New York, NY

Gradual Recovery Continues

The barrage of data before the Thanksgiving holiday involved mixed results, but we viewed the weight of the evidence as suggesting continued improvement in the economy. Housing activity remains slow, and new orders for durable goods have been less than impressive, but the labor market seems to be improving and consumers are providing moderate support to the economy.

Viewpoints

A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

Sales of both new and existing homes fell in October, keeping activity at the low levels that emerged after the expiration of the housing tax credit. Some payback for the jump in activity that preceded the expiration of the tax credit was to be expected, but we find the extent and degree of payback mildly surprising. The lull in the past few months suggests that underlying demand for housing is weak.

Several factors seem to be restraining demand at this time. The job market, while improving, is still well shy of vigorous, and many individuals would be naturally reluctant to undertake a home purchase when faced with job uncertainty. In addition, many individuals might be hoping that prices will ease in the future; at the very least, few probably expect prices to jump in the near future and thus see no urgency in making a purchase. More generally, perceptions of housing as an investment have probably changed because of the correction in prices over the past few years. In the past, conventional wisdom held that housing was an attractive investment because of the ability to accumulate equity through both mortgage amortization and steady price appreciation. Now, many are likely to be concerned about the burden of mortgage debt and the potential for capital losses. With the investment aspects of home ownership appearing less attractive than in the past, many individuals are likely to be content with renting.

The slow pace of sales that has emerged in the past few months seems to be having some price consequences, as the index published by the Federal Housing Finance Agency has declined for four consecutive months and has more than reversed the effects of a rally in the early months of the year. The recent softening in prices, while disappointing, is not alarming, as the rate of adjustment is mild compared with the shifts during the most severe portion of the housing adjustment. Moreover, we do not expect an extended period of deterioration or pronounced slippage in prices because they are now in closer alignment with historical norms when measured relative to rents. If prices were to fall much further, some renters most likely would become buyers, which would provide price support.

New orders for durable goods posted disappointing results for October, declining 3.3 percent. A good portion of the drop was the result of a sharp retreat in bookings for defense goods, which often show wide swings. In addition, results in the prior month were revised upward by the equivalent of 1.5 percentage points of growth. Thus, the report was not quite as dire as the headline number might suggest, although it was well shy of firm. We keep a close eye on orders for durable goods excluding transportation because this series eliminates most of the noise associated with bookings for commercial aircraft and many defense items. This series dipped in October and has shown only a mild upward drift since the spring. The pattern suggests growth in the manufacturing sector, but slow-to-moderate growth rather than a brisk advance.

The series on nondefense capital goods other than aircraft also is valuable because of the insight it provides into the outlook for capital spending. October brought poor results, with orders for business equipment dropping 4.5 percent. This series, though, is unusually noisy and seems to contain a seasonal glitch. Specifically, orders for capital goods other than aircraft often decline in the first month of a quarter. Indeed, each of the past 10 quarters (and 12 of the past 13) has shown a decline in the initial month of the quarter. While the cause of the pattern is not clear, its persistence leads us to downplay the soft results for October. We would look for an increase in November and a continuation of the upward trend that began in 2009. An increase in unfilled orders for capital goods other than aircraft (the sixth consecutive gain) also leads us to remain optimistic on the outlook for capital spending.

Housing results were disappointing and order flows underwhelming, but we found recent results for unemployment claims encouraging. Initial claims, while showing a good bit of week-to-week volatility, had been moving sideways since the beginning of the year and had remained at a level suggestive of a soft labor market. In the past few weeks, however, claims have started to move lower. Several recent observations were in the low end of range that has been in place since the end of last year, and the latest weekly observation broke out of that range, moving the lowest level since mid-2008, before the labor market showed marked deterioration. Of course, the low reading in the latest report might represent a random shift, but below-average observations in the past few weeks raise the possibility that fundamental improvement might be underway.

The labor market has been sufficiently strong to support a revival in consumer spending this year, with real outlays advancing for five consecutive quarters. The latest GDP report showed an upward revision to results in the third quarter (2.8 percent versus 2.6 percent), and the monthly data for October suggest a similar pace in the final quarter of the year. Recent growth is moderate by the standards of the past two decades, but it seems to be building momentum, and it most likely will strengthen if the labor market continues to improve.

Michael Moran, Daiwa Capital Markets, New York, NY

The War Of Words

The war of words between the doves and hawks over the benefits and risks of launching QE2 was largely (and conspicuously) absent from the minutes of the last FOMC meeting. However, the Fed's revised outlook, and the risks to it, left little doubt that Bernanke and his merry band of money minstrels have every intention of buying the full \$600 billion allotment of Treasury notes through mid-2011, and are more likely to expand the program than cut it short. Despite taking a scythe to their economic outlook, most FOMC members remained optimistic. Their forecast for 2011, centered at 3¼% on a Q4/Q4 basis, remains well above the consensus view (and ours) of 2½%, and growth is expected to accelerate to 4% in 2012 and 2013 (at least one member predicts 5% in 2013, a pace achieved only twice in the past quarter century).

Now I'm not saying there is little chance of the Fed's optimistic forecast playing out, but, given the long arm of the credit crisis, let's just say the odds are probably less than even. Indeed, "many" policymakers saw the risks to the economic outlook as "weighted to the downside". Moreover, even assuming turbo-charged growth, "somewhat more than half" of policymakers judged the economy could take "about five or six years" to return to full employment, and (here's the kicker) the "rest" thought it "could take longer". This means the disinflationary winds are likely to persist for most of this decade, which wouldn't be so bad if core inflation wasn't already at a record low and perilously close to the Twilight Deflation Zone.

Yearly growth in the core PCE deflator is currently hugging the bottom end of the Fed's 0.9%-to-1.6% central tendency range for late 2011, and the three- and six-month annualized rates of 0.4% and 0.7%, respectively, suggest it will diverge further from the FOMC's 1.6%-to-2.0% price-stability target.

Simply put, progress toward lowering unemployment and lifting inflation is likely to be "disappointingly slow"—recall, that was the reason for launching QE2. Barring an exceptionally favorable tailwind, Captain Bernanke is unlikely to dock QE2 before its scheduled arrival date, and may even have to extend its voyage.

Sal Guatieri, BMO Capital Markets, Toronto, Canada

Long Range Forecasts:

The table below contains results of our twice-annual long-range CONSENSUS survey. There are also Top 10 and Bottom 10 averages for each variable. Shown are estimates for the years 2012 through 2016 and averages for the five-year periods 2012-2017 and 2017-2021. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

Interest Rates		-----Average For The Year-----					Five-Year Averages	
		2012	2013	2014	2015	2016	2012-2016	2017-2021
1. Federal Funds Rate	CONSENSUS	1.4	2.9	3.5	3.8	3.9	3.1	3.9
	Top 10 Average	2.6	4.3	4.8	4.7	4.7	4.2	4.8
	Bottom 10 Average	0.4	1.5	2.2	2.6	2.9	1.9	3.0
2. Prime Rate	CONSENSUS	4.5	5.9	6.6	6.7	6.8	6.1	6.8
	Top 10 Average	5.6	7.3	7.8	7.7	7.7	7.2	7.7
	Bottom 10 Average	3.5	4.7	5.4	5.6	5.6	5.0	5.7
3. LIBOR, 3-Mo.	CONSENSUS	1.8	3.2	3.9	4.0	4.1	3.4	4.1
	Top 10 Average	2.9	4.5	5.1	5.0	4.9	4.5	4.9
	Bottom 10 Average	0.8	2.0	2.7	2.9	3.1	2.3	3.2
4. Commercial Paper, 1-Mo.	CONSENSUS	1.7	3.0	3.7	3.8	3.9	3.2	3.9
	Top 10 Average	2.7	4.3	4.9	4.8	4.8	4.3	4.7
	Bottom 10 Average	0.7	1.8	2.5	2.7	2.9	2.1	3.0
5. Treasury Bill Yield, 3-Mo.	CONSENSUS	1.5	2.9	3.6	3.7	3.8	3.1	3.8
	Top 10 Average	2.6	4.1	4.7	4.6	4.6	4.1	4.6
	Bottom 10 Average	0.6	1.6	2.4	2.6	2.9	2.0	3.0
6. Treasury Bill Yield, 6-Mo.	CONSENSUS	1.7	3.1	3.7	3.8	3.9	3.2	3.9
	Top 10 Average	2.8	4.3	4.8	4.8	4.7	4.3	4.7
	Bottom 10 Average	0.8	1.8	2.5	2.7	3.0	2.1	3.1
7. Treasury Bill Yield, 1-Yr.	CONSENSUS	1.9	3.2	3.9	4.0	4.1	3.4	4.1
	Top 10 Average	3.1	4.6	5.1	5.0	4.9	4.5	4.9
	Bottom 10 Average	0.9	1.8	2.6	2.8	3.0	2.2	3.2
8. Treasury Note Yield, 2-Yr.	CONSENSUS	2.3	3.5	4.1	4.2	4.3	3.7	4.3
	Top 10 Average	3.5	4.8	4.1	5.2	5.1	4.5	5.2
	Bottom 10 Average	1.3	2.2	2.8	3.0	3.2	2.5	3.3
10. Treasury Note Yield, 5-Yr.	CONSENSUS	3.0	4.0	4.4	4.6	4.7	4.2	4.7
	Top 10 Average	4.0	5.0	5.4	5.4	5.4	5.0	5.5
	Bottom 10 Average	2.1	2.8	3.3	3.6	3.8	3.1	3.7
11. Treasury Note Yield, 10-Yr.	CONSENSUS	3.8	4.5	4.9	5.0	5.1	4.7	5.2
	Top 10 Average	4.7	5.3	5.6	5.7	5.8	5.4	5.8
	Bottom 10 Average	3.1	3.7	4.2	4.3	4.5	4.0	4.4
12. Treasury Bond Yield, 30-Yr.	CONSENSUS	4.8	5.2	5.4	5.5	5.6	5.3	5.6
	Top 10 Average	5.5	6.0	6.2	6.2	6.2	6.0	6.4
	Bottom 10 Average	4.1	4.4	4.7	4.8	4.9	4.6	4.8
13. Corporate Aaa Bond Yield	CONSENSUS	5.4	5.8	6.1	6.3	6.3	6.0	6.3
	Top 10 Average	6.0	6.6	6.8	6.9	7.0	6.7	7.0
	Bottom 10 Average	4.8	5.1	5.4	5.6	5.8	5.3	5.6
13. Corporate Baa Bond Yield	CONSENSUS	6.4	6.8	7.1	7.2	7.3	7.0	7.2
	Top 10 Average	7.1	7.6	7.8	8.0	8.0	7.7	8.0
	Bottom 10 Average	5.8	6.0	6.4	6.5	6.6	6.3	6.4
14. State & Local Bonds Yield	CONSENSUS	4.7	5.0	5.3	5.4	5.4	5.1	5.3
	Top 10 Average	5.2	5.7	6.0	5.9	5.9	5.7	5.9
	Bottom 10 Average	4.1	4.3	4.6	4.7	4.8	4.5	4.6
15. Home Mortgage Rate	CONSENSUS	5.4	6.0	6.3	6.5	6.6	6.2	6.5
	Top 10 Average	6.1	6.8	7.1	7.3	7.3	6.9	7.3
	Bottom 10 Average	4.7	5.2	5.6	5.8	6.0	5.4	5.8
A. FRB - Major Currency Index	CONSENSUS	73.6	74.1	74.5	75.1	75.4	74.6	75.8
	Top 10 Average	78.1	79.8	80.8	81.8	82.2	80.6	84.6
	Bottom 10 Average	68.9	68.4	68.6	69.0	69.1	68.8	68.4
B. Real GDP		-----Year-Over-Year, % Change-----					Five-Year Averages	
	CONSENSUS	2012	2013	2014	2015	2016	2012-2016	2017-2021
C. GDP Chained Price Index	CONSENSUS	3.2	3.2	3.0	2.9	2.8	3.0	2.6
	Top 10 Average	3.9	3.9	3.7	3.5	3.3	3.6	3.1
	Bottom 10 Average	2.6	2.4	2.4	2.4	2.3	2.4	2.2
D. Consumer Price Index	CONSENSUS	1.8	2.0	2.1	2.1	2.1	2.0	2.1
	Top 10 Average	2.4	2.6	2.5	2.5	2.5	2.5	2.5
	Bottom 10 Average	1.2	1.4	1.6	1.7	1.8	1.5	1.7
D. Consumer Price Index	CONSENSUS	2.0	2.2	2.3	2.3	2.3	2.2	2.4
	Top 10 Average	2.7	2.9	2.8	2.7	2.7	2.7	2.7
	Bottom 10 Average	1.3	1.5	1.7	1.9	1.9	1.7	1.9

Databank:

2010

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.3	0.6	2.1	0.3	-1.0	-0.3	0.5	0.9	0.7	1.2		
Auto & Light Truck Sales (b)	10.74	10.5	11.70	11.25	11.62	11.14	11.53	11.44	11.71	12.22		
Personal Income (a, current \$)	0.3	0.1	0.4	0.4	0.4	0.1	0.2	0.5	0.0	0.5		
Personal Consumption (a, current \$)	-0.1	0.4	0.5	0.0	0.2	0.0	0.5	0.5	0.3	0.4		
Consumer Credit (e)	3.2	-3.8	-2.5	-6.4	-1.2	-0.9	-2.7	-2.5	1.1			
Consumer Sentiment (U. of Mich.)	74.4	73.6	73.6	72.2	73.6	76.0	67.8	68.9	68.2	67.7	71.6	
Household Employment (c)	541	308	264	550	-35	-301	-159	290	141	-330		
Non-farm Payroll Employment (c)	14	39	208	290	432	-175	-66	-1	-41	151		
Unemployment Rate (%)	9.7	9.7	9.7	9.9	9.7	9.5	9.5	9.6	9.6	9.6		
Average Hourly Earnings (All, cur. \$)	22.45	22.48	22.48	22.50	22.55	22.55	22.59	22.65	22.68	22.73		
Average Workweek (All, hrs.)	34.2	33.9	34.0	34.1	34.2	34.1	34.2	34.3	34.2	34.3		
Industrial Production (d)	1.6	2.3	4.4	5.8	8.1	8.3	7.6	6.5	5.7	5.4		
Capacity Utilization (%)	72.3	72.4	72.8	73.2	74.2	74.2	74.8	74.9	74.8	74.8		
ISM Manufacturing Index (g)	58.4	56.5	59.6	60.4	59.7	56.2	55.5	56.3	54.4	56.9		
ISM Non-Manufacturing Index (g)	50.5	53.0	55.4	55.4	55.4	53.8	54.3	51.1	53.2	54.3		
Housing Starts (b)	.612	.605	.634	.679	.588	.539	.550	.614	.588	.519		
Housing Permits (b)	.629	.650	.685	.610	.574	.583	.559	.571	.547	.550		
New Home Sales (1-family, c)	349	347	384	414	282	310	283	275	308	283		
Construction Expenditures (a)	-0.1	-3.0	1.0	2.3	-2.8	0.1	-2.6	-0.2	0.5			
Consumer Price Index (nsa., d)	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2		
CPI ex. Food and Energy (nsa., d)	1.6	1.3	1.1	0.9	0.9	0.9	0.9	0.9	0.8	0.6		
Producer Price Index (n.s.a., d)	4.5	4.2	5.9	5.4	5.1	2.7	4.2	3.1	4.0	4.3		
Durable Goods Orders (a)	4.9	0.5	0.1	2.9	-0.7	-0.2	1.2	-0.8	5.0	-3.4		
Leading Economic Indicators (g)	0.6	0.4	1.5	-0.1	0.5	-0.3	0.1	0.1	0.5	0.5		
Balance of Trade & Services (f)	-34.8	-39.9	-40.0	-40.1	-41.8	-49.8	-42.6	-46.5	-44.0			
Federal Funds Rate (%)	0.11	0.13	0.16	0.20	0.20	0.18	0.18	0.19	0.19	0.19		
3-Mo. Treasury Bill Rate (%)	0.06	0.11	0.15	0.16	0.16	0.12	0.16	0.16	0.15	0.13		
10-Year Treasury Note Yield (%)	3.73	3.69	3.73	3.82	3.42	3.20	3.01	2.70	2.65	2.54		

2009

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	1.8	-0.1	-1.3	0.0	0.7	1.1	0.1	2.1	-2.2	1.5	1.6	0.1
Auto & Light Truck Sales (b)	9.63	9.33	9.71	9.35	9.91	9.79	11.28	14.15	9.35	10.40	10.83	11.09
Personal Income (a, current \$)	-0.8	-0.7	-0.2	0.5	1.7	-1.0	-0.3	0.2	0.0	0.1	0.5	0.5
Personal Consumption (a, current \$)	0.5	-0.2	-0.4	-0.1	0.0	0.0	0.1	0.9	-0.8	0.3	0.1	0.2
Consumer Credit (e)	3.3	-5.1	-7.3	-8.2	-4.2	-7.4	-6.3	-1.6	-4.3	-2.7	-11.6	-3.7
Consumer Sentiment (U. of Mich.)	61.2	56.3	57.3	65.1	68.7	70.8	66.0	65.7	73.5	70.6	67.4	72.5
Household Employment (c)	-967	-534	-833	48	-464	-400	-221	-384	-665	-526	139	-589
Non-Farm Payroll Employment (c)	-779	-726	-753	-582	-347	-504	-344	-211	-225	-224	64	-109
Unemployment Rate (%)	7.7	8.2	8.6	8.9	9.4	9.5	9.4	9.7	9.8	10.1	10.0	10.0
Average Hourly Earnings (All, cur. \$)	22.01	22.05	22.08	22.11	22.14	22.16	22.20	22.28	22.30	22.35	22.39	22.38
Average Workweek (All, hrs.)	34.2	34.1	34.0	33.9	33.9	33.8	33.8	33.8	33.8	33.7	33.9	33.8
Industrial Production (d)	-11.0	-11.4	-12.4	-12.4	-12.8	-12.8	-11.5	-9.3	-4.9	-5.6	-4.1	-1.5
Capacity Utilization (%)	71.3	70.7	69.6	69.0	68.3	68.2	69.1	70.0	70.5	70.7	71.1	71.6
ISM Manufacturing Index (g)	35.5	35.7	36.4	40.4	43.2	45.3	40.1	52.8	52.4	55.2	53.7	54.9
ISM Non-Manufacturing Index (g)	43.2	42.1	41.2	43.9	44.5	46.3	46.7	48.2	50.1	50.1	48.4	49.8
Housing Starts (b)	.488	.581	.520	.477	.550	.583	.587	.585	.586	.529	.589	.576
Housing Permits (b)	.549	.566	.522	.523	.550	.600	.587	.610	.605	.576	.621	.681
New Home Sales (1-family, c)	329	354	332	345	371	399	419	408	391	400	362	353
Construction Expenditures (a)	-3.6	-0.7	-1.0	-1.0	-1.7	-0.8	-0.7	0.1	-0.8	-1.1	-2.6	-2.3
Consumer Price Index (s.a., d)	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7
CPI ex. Food and Energy (s.a., d)	1.7	1.8	1.8	1.9	1.8	1.7	1.5	1.4	1.5	1.7	1.7	1.8
Producer Price Index (n.s.a., d)	-0.9	-1.4	-3.4	-3.5	-4.8	-4.4	-6.9	-4.4	-4.9	-2.0	2.2	4.3
Durable Goods Orders (a)	-7.8	1.7	-2.2	1.4	1.4	-1.1	4.8	-3.1	2.5	-0.1	-0.4	0.9
Leading Economic Indicators (g)	-0.3	-0.4	-0.3	1.0	1.3	0.9	1.2	0.6	1.1	0.5	1.1	1.1
Balance of Trade & Services (f)	-36.1	-26.4	-28.0	-28.4	-24.9	-27.1	-33.1	-31.1	-35.2	-32.3	-35.3	-37.1
Federal Funds Rate (%)	0.15	0.22	0.18	0.15	0.18	0.21	0.16	0.16	0.15	0.12	0.12	0.12
3-Mo. Treasury Bill Rate (%)	0.13	0.30	0.21	0.16	0.18	0.18	0.18	0.17	0.12	0.07	0.05	0.05
10-Year Treasury Note Yield (%)	2.52	2.87	2.82	2.93	3.29	3.72	3.56	3.59	3.40	3.39	3.40	3.59

(a) month-over-month % change; (b) millions, saar; (c) thousands, saar; (d) year-over-year % change; (e) annualized % change; (f) \$ billions; (g) level. Most series are subject to frequent government revisions. Use with care.

Calendar Of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
November 29 Dallas Fed Survey (Nov)	30 S&P/Case-Shiller Home Price Index (Sep, Q3) Chicago PMI (Nov) Consumer Confidence (Nov., Conference Board) ABC Consumer Comfort Index Weekly Store Sales	December 1 ADP Employment (Nov) ISM Manufacturing (Nov) Light Vehicle Sales (Nov) Construction Spending (Oct) Beige Book Productivity and Costs (Q3, revised) EIA Crude Oil Stocks Mortgage Applications	2 Pending Home Sales (Oct) Chain Store Sales (Nov) Weekly Jobless Claims Weekly Money Supply	3 Employment (Nov) ISM Non-Manufacturing (Nov) Factory Orders (Oct)
6	7 JOLTS (Oct) Consumer Credit (Oct) ABC Consumer Comfort Index Weekly Store Sales	8 EIA Crude Oil Stocks Mortgage Applications	9 Wholesale Trade (Oct) Weekly Jobless Claims Weekly Money Supply	10 International Trade (Oct) Import Prices (Nov) Consumer Sentiment (Dec., preliminary, University of Michigan) Federal Budget (Nov)
13	14 FOMC Meeting Retail Sales (Nov) Producer Price Index (November) NFIB Survey (Nov) Business Inventories (Oct) Weekly Store Sales ABC Consumer Comfort Index	15 Consumer Price Index (Nov) Industrial Production (Nov) NAHB Survey (Dec) Empire State Survey (Dec) TIC Data (Oct) EIA Crude Oil Stocks Mortgage Applications	16 Housing Starts (Nov) Philadelphia Fed Survey (Dec) Current Account (Q3) Weekly Jobless Claims Weekly Money Supply	17 Leading Economic Indicators (Nov)
20	21 Weekly Store Sales ABC Consumer Comfort Index	22 Real GDP (Q3, third estimate) Existing Home Sales (Nov) FHFA Home Price Index (Oct) EIA Crude Oil Stocks Mortgage Applications	23 Durable Goods (Nov) Personal Income and Consumption (Nov) New Home Sales ((Nov) Consumer Sentiment (Dec., Final, University of Michigan)	24 Christmas Day Holiday Observed Markets Closed
27 Dallas Fed Survey (Dec)	28 S&P/Case-Shiller Home Price Index (Oct) Consumer Confidence (Dec., Conference Board) Richmond Fed Survey (Dec) ABC Consumer Comfort Index Weekly Store Sales	29 EIA Crude Oil Stocks Mortgage Applications	30 Chicago PMI (Dec) Kansas City Fed Survey (Dec) Weekly Jobless Claims Weekly Money Supply	31 New Year's Day Holiday Observed Markets Closed
January 3 ISM Manufacturing (Dec) Construction Spending (Nov)	4 Vehicle Sales (Dec) Factory Orders (Nov) FOMC Minutes (Dec 14 meeting) ABC Consumer Comfort Index Weekly Store Sales	5 ISM Non-manufacturing (Dec) ADP Employment (Dec) EIA Crude Oil Stocks Mortgage Applications	6 Weekly Jobless Claims Weekly Money Supply	7 Employment Report (Dec) Consumer Credit (Nov)

BLUE CHIP FORECASTERS

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Standard & Poor's ANALYSTS' HANDBOOK

December 2010
Monthly Supplement

S&P 500

Quarter	Price 1941-1943 = 10			Diluted Earnings		Basic Earnings			Diluted Price/Earn Ratio			Dividends		% of		Yield %			Total Return Index
	High	Low	Close	Qtrly	4 Qtrs Total	Qtrly	4 Qtrs Total	High	Low	Close	Qtrly	4 Qtrs Total	Diluted EPS	High	Low	Close			
2007 Q1	1459.68	1374.12	1420.86	21.33	83.15	21.74	84.78	17.56	16.53	17.09	6.52	25.49	30.67	1.86	1.75	1.80	2200.12		
2007 Q2	1539.18	1424.55	1503.35	21.88	84.92	22.38	86.66	18.13	16.78	17.70	6.69	26.17	30.82	1.84	1.71	1.75	2338.25		
2007 Q3	1553.08	1406.70	1526.75	15.15	78.59	15.54	80.32	19.76	17.90	19.42	6.90	26.98	34.33	1.93	1.75	1.78	2385.72		
2007 Q4	1565.15	1407.22	1468.36	7.82	66.17	8.15	67.81	23.65	21.26	22.19	7.62	27.88	41.90	1.98	1.78	1.90	2306.23		
2008 Q1	1447.16	1273.37	1322.70	15.54	60.39	15.84	61.91	23.96	21.09	21.90	7.09	28.30	46.87	2.22	1.96	2.14	2088.42		
2008 Q2	1426.63	1278.38	1280.00	12.86	51.37	13.17	52.70	27.77	24.89	24.92	7.10	28.71	55.90	2.25	2.02	2.25	2031.47		
2008 Q3	1305.32	1106.39	1166.36	9.73	45.95	10.02	47.18	28.41	24.08	25.38	7.04	28.85	62.79	2.61	2.21	2.47	1861.44		
2008 Q4	1161.07	752.44	903.26	-23.25	14.88	-23.13	15.90	78.01	50.56	60.69	7.15	28.39	190.73	3.77	2.45	3.14	1452.98		
2009 Q1	934.70	676.53	797.87	7.52	6.87	7.63	7.69	136.13	98.53	116.21	5.96	27.25	396.94	4.03	2.92	3.42	1292.98		
2009 Q2	946.21	811.08	919.32	13.51	7.51	13.67	8.19	125.96	107.97	122.38	5.44	25.59	340.71	3.16	2.71	2.78	1498.94		
2009 Q3	1071.66	879.13	1057.08	14.76	12.55	14.96	13.13	85.42	70.07	84.26	5.35	23.90	190.50	2.72	2.23	2.26	1732.86		
2009 Q4	1127.78	1025.21	1115.10	15.18	50.98	15.48	51.74	22.12	20.11	21.88	5.66	22.41	43.95	2.19	1.99	2.01	1837.50		
2010 Q1	1174.17	1056.75	1169.43	17.48	60.94	17.82	61.93	19.27	17.34	19.19	5.46	21.90	35.95	2.07	1.87	1.87	1936.48		
2010 Q2	1217.28	1030.71	1030.71	19.68	67.11	19.99	68.24	18.14	15.36	15.36	5.58	22.04	32.84	2.14	1.81	2.14	1715.23		
2010 Q3	1148.67	1022.58	1141.20	19.48	71.83	19.78	73.06	15.99	14.24	15.89	5.66	22.35	31.12	2.19	1.95	1.96	1908.95		
2010 Q4	1225.85	1137.03	1180.55	.....	.....	.....	.....	.....	.....	.....	4.25	20.94	.....	1.84	1.71	1.77	1981.84
				2011 Earnings 94.52 (2010-ER3.59) 13.1								23.34				2.00 1981.84			

Energy (10)

Quarter	Price 30-Dec-94 = 100			Sales Qtrly	Diluted Earnings		Basic Earnings			Diluted Price/Earn Ratio			Dividends		% of		Yield %			Total Return Index	
	High	Low	Close		Qtrly	4 Qtrs Total	% of Sales	Qtrly	4 Qtrs Total	% of Sales	High	Low	Close	Qtrly	4 Qtrs Total	Diluted EPS	High	Low	Close		
2007 Q1	469.19	418.58	463.37	92.93	398.07	9.96	43.69	10.98	10.10	44.33	11.14	10.74	9.58	10.61	1.85	7.10	16.25	1.70	1.51	1.53	626.06
2007 Q2	544.49	468.51	529.71	107.99	402.67	11.14	42.82	10.63	11.28	43.41	10.78	12.72	10.94	12.37	1.99	7.37	17.22	1.57	1.35	1.39	718.50
2007 Q3	584.92	500.83	579.47	111.67	408.12	10.74	41.77	10.23	10.94	42.38	10.38	14.01	11.99	13.88	1.96	7.56	18.10	1.51	1.29	1.30	788.94
2007 Q4	611.17	542.73	603.04	125.54	438.14	12.53	44.38	10.13	12.69	45.01	10.27	13.77	12.23	13.59	1.94	7.74	17.44	1.43	1.27	1.28	823.84
2008 Q1	610.01	512.79	557.65	130.65	475.85	12.09	46.50	9.77	12.23	47.14	9.91	13.12	11.03	11.99	1.99	7.88	16.95	1.54	1.29	1.41	764.62
2008 Q2	668.81	569.11	652.00	156.62	524.48	13.12	48.48	9.24	13.30	49.16	9.37	13.80	11.74	13.45	2.14	8.02	16.56	1.41	1.20	1.23	896.99
2008 Q3	656.08	462.52	489.35	160.50	573.31	19.70	57.44	10.02	19.97	58.19	10.15	11.42	8.05	8.52	2.13	8.20	14.28	1.77	1.25	1.68	675.90
2008 Q4	481.11	324.54	386.35	100.44	548.21	-9.76	35.15	6.41	-9.69	35.81	6.53	13.69	9.23	10.99	2.10	8.36	23.79	2.58	1.74	2.17	536.57
2009 Q1	410.65	304.81	339.68	78.05	495.61	-0.27	22.79	4.60	-0.26	23.32	4.71	18.02	13.38	14.91	2.13	8.50	37.30	2.79	2.07	2.50	474.48
2009 Q2	412.75	340.49	373.84	87.30	426.28	4.20	13.87	3.25	4.23	14.25	3.34	29.77	24.56	26.96	2.22	8.58	61.91	2.52	2.08	2.30	525.25
2009 Q3	421.72	347.64	409.31	95.87	361.65	5.89	0.05	0.01	5.90	0.18	0.05	8057.10	6641.837820.16	2.24	8.69	16605.04	2.50	2.06	2.12	578.44	
2009 Q4	452.23	395.32	429.95	103.93	365.14	6.19	16.00	4.38	6.23	16.09	4.41	28.26	24.71	26.87	2.25	8.84	55.25	2.24	1.96	2.06	610.74
2010 Q1	451.99	404.65	430.31	105.23	392.32	8.27	24.54	6.26	8.31	24.67	6.29	18.42	16.49	17.53	2.23	8.94	36.42	2.21	1.98	2.08	614.54
2010 Q2	462.89	373.36	373.36	108.47	413.50	9.74	30.09	7.28	9.80	30.24	7.31	15.38	12.41	12.41	2.32	9.03	30.02	2.42	1.95	2.42	536.20
2010 Q3	420.81	371.08	419.27	110.14	427.77	8.50	32.70	7.64	8.56	32.90	7.69	12.87	11.35	12.82	2.33	9.13	27.91	2.46	2.17	2.18	605.63
2010 Q4	476.06	420.12	465.21	2.07	8.94	2.13	1.88	1.92	675.01
				2011 Earnings 39.43 (2010-E34.71) 13.6								11.80		9.37		2.00 675.01					

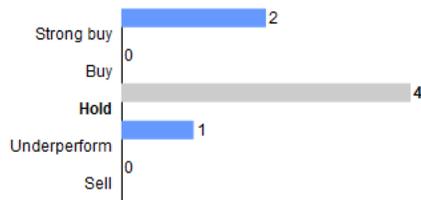


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Earnings

First Call Consensus



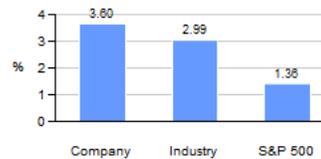
Expected Annual Growth Rates

Long term estimated growth rate



PEG Ratio

P/E ratio divided by the expected growth rate. The higher the PEG ratio, the more expensive the stock.



Consensus Estimates

	This Quarter (12/2010)	Next Quarter (03/2011)	This Year (09/2011)	Next Year (09/2012)
Average Estimate	\$0.91	\$1.59	\$2.13	\$2.47
Number of Analysts	4	4	6	7
High Estimate	\$0.92	\$1.65	\$2.40	\$2.69
Low Estimate	\$0.89	\$1.55	\$2.00	\$2.10
Year Ago EPS	\$1.01	\$1.64	\$2.27	\$2.13
EPS Growth	-9.90%	57.43%	-6.17%	15.96%

Current Price to Earnings

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	Company	Industry	S&P 500
Trailing	15.46	14.08	16.15
Forward	17	14	14
Current Fiscal Year	16.20	14.55	15.13
Next Fiscal Year	16.90	14.04	13.21

Earnings Estimates Revision Trend

	This Quarter (12/2010)	Next Quarter (03/2011)	This Year (09/2011)	Next Year (09/2012)	Long-Term Growth
Current	\$1.01	\$1.64	\$2.42	\$2.60	3.60%
7 Days Ago	\$1.01	\$1.64	\$2.42	\$2.60	3.20%
30 Days Ago	\$1.01	\$1.64	\$2.42	\$2.60	3.20%
60 Days Ago	\$1.01	\$1.64	\$2.42	\$2.60	3.20%
90 Days Ago	\$1.01	\$1.64	\$2.42	—	3.20%

Historical Earnings Surprise

	09/2010	06/2010	03/2010	12/2009	09/2009
Estimate	-\$0.28	\$0.02	\$1.55	\$0.98	-\$0.31
Actual	-\$0.29	-\$0.07	\$1.64	\$1.01	-\$0.25
Difference	-\$0.01	-\$0.09	\$0.09	\$0.03	\$0.06
Surprise	-3.60%	-450.00%	5.80%	3.10%	19.40%

[Glossary](#)

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