

# Blue Chip Financial Forecasts®

**Top Analysts' Forecasts Of U.S. And Foreign Interest Rates, Currency Values  
And The Factors That Influence Them**

**Vol. 33, No. 11, November 1, 2014**

# BLUE CHIP FINANCIAL FORECASTS®

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Publisher: Richard Rubin

Director of Product Management: Dom Cervi

**Blue Chip Financial Forecasts®** (ISSN: 0741-8345) is published monthly by Aspen Publishers, 76 Ninth Avenue, New York, NY 10011. Printed in the U.S.A.

**Subscriptions:** \$1195 per year for print or e-mail delivery of 12 monthly issues. \$1425 per year for both print and e-mail delivery of 12 monthly issues. For multiple-copy rates and site-license agreements call Terry Watkins in the U.S. toll free at 888-200-2984 or use 212-740-2976. You may also contact her at:

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## The End Of QE3. “Considerable Time” Will Live On

**Domestic Commentary** Global financial markets convulsed between mid-September and mid-October, shaken by worries about the pace of global economic growth, deflationary risks in Europe, the Ebola outbreak, and more mixed than expected U.S. data. As investors pared their holdings of riskier assets, safe-haven demand sent Treasury yields plummeting. By the end of October’s second week, however, selling of risk assets dried up and was replaced by fevered buying during the third week, lifting several major U.S. equity indices back near their recent record highs. As risk assets came back into vogue, safe haven demand for Treasuries ebbed and yields rebounded, but remained below levels seen in mid-September. It is difficult to ascertain with any certainty what impact, if any, the recent gyrations in financial markets had on our panelists’ expectations for economic growth, inflation, interest rates, and Federal Reserve policy. However, results of our October 22<sup>nd</sup>-23<sup>rd</sup> survey suggests that the consensus looks for a bit less, but still quite healthy U.S. economic growth over coming quarters. Consensus forecasts of U.S. inflation continued to ease. Treasury yields are expected to remain a little lower than previously thought, the dollar even stronger, and the Federal Reserve a little slower in pulling the trigger on a hike in interest rates.

An overwhelming majority (93.8%) of our panelists believe the Federal Open Market Committee (FOMC) will stick with its previously stated intention and end its current large-scale asset purchase program at the October 28<sup>th</sup>-29<sup>th</sup> meeting. While Saint Louis Fed bank President James Bullard (currently a non-voter) recently suggested delaying an end to the program due to falling inflationary expectations, our panelists appear to agree that doing so would cost the Fed a bit of credibility given that September’s policy statement explicitly noted that the program would be concluded at the “next meeting” with a final \$15 billion reduction.

A sizable majority of the panelists (89.6%) think the FOMC will leave its forward guidance relatively unchanged at the October meeting, sticking with the current language that states “...it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time...” but abandoning the qualifying phrase “after the asset purchase program ends.” About 65% of the panelists, however, think the “considerable time” language will be jettisoned from the policy statement at the FOMC’s December 16<sup>th</sup>-17<sup>th</sup> meeting. Although policymakers will emphasize that any move to hike interest rates remains “data dependent,” abandoning the “considerable time” language in its forward guidance will likely be viewed as hawkish by markets. As a result, the FOMC may opt to replace it with a reference to “patience,” or “some time”, both of which has been utilized previously by the FOMC.

Another potential alteration in the October policy statement involves current language that refers to “significant underutilization of labor resources.” Minutes from September state that “this characterization might have to be changed if progress in the labor market continued.” Given the 248,000-person increase in September nonfarm payrolls, net upward revision of 69,000 to payrolls over the prior two months, and the drop in the unemployment rate to 5.9%, its lowest level since July 2008, hawks on the FOMC will argue that it is time to abandon, or at least soften, the characterization of labor resources as being underutilized. Doves, on the other hand, will argue that growth in average hourly earnings (2.0% y/y) remains too modest, barely exceeding the rate of inflation, and that a goodly portion of the decline in the unemployment rate remains attributable to a drop in the labor force participation rate to its lowest level since the late 1970s.

Doves at the October meeting also may counter the arguments of the hawks by noting that inflation and inflationary expectations have fallen over recent months. The 12-month change in the personal consumption expenditures (PCE) price index stood at just 1.5% in September as did the core PCE price index. That compares with a May

reading of 1.7% for the overall index and 1.5% for the core index. The 12-month change in the Consumer Price Index and the core CPI remained at just 1.7% for a second consecutive month in September versus recent respective highs of 2.0% and 2.1% in May. Moreover, continued softness in energy prices suggests we will get even lower y/y October and perhaps November readings for the PCE price index and the CPI. The FOMC desires a 2.0% rate for the PCE prices index and would likely tolerate a reading a bit above that for a short time before reacting. At present, however, inflation is heading in a direction opposite of policymakers’ desire.

Consensus expectations about when the FOMC will begin to raise interest rates were pushed a bit further into the future over the past month. In last month’s survey, about one-third of our panelists thought the Fed would vote to raise rates at one of the first three meetings of 2015, with not quite 45% predicting it would hold off until next June’s meeting. This month, a bit less than 19% foresee rate hikes beginning before next June, about 46% expecting a June start to tightening, 4.2% predicting July, and a sizable 27.1% stating the Fed would hold off until next September’s meeting. This month’s consensus forecast that the federal funds rate will average 0.818% in Q4 2015 compared to last month’s prediction of 0.918% also suggests that our panelists’ expectations of when the Fed will begin to tighten were pushed out a bit over the past month. Fed funds futures markets currently suggests an even later start to Fed tightening than does the current consensus readings. The consensus forecast and fed funds futures are more dovish than is the Fed’s current “dot plot” that projects a median fed funds rate of 1.375% at the end of 2015.

As for economic growth, the consensus predicts that real GDP grew 3.1% (saar) in Q3 of this year, 0.1 of a percentage point better than forecast last month. Real GDP growth last quarter is believed to have been supported by PCE growth on par with the 2.5% (saar) pace seen in Q2. Residential and nonresidential fixed investment likely registered high, single-digit growth rates in Q3, but perhaps not quite as strong as those seen in Q2. Private inventories are thought to have subtracted from GDP growth last quarter, more than offset, however, by a major contribution to GDP from net exports. Government spending again likely added to GDP in Q3 as federal spending bounced back. In Q4 of this year, the consensus still looks for real GDP growth of 3.0%. However, consensus estimates of real GDP growth in Q1 and Q2 of 2015 both fell 0.1 of a percentage point to 2.9%. The consensus forecast of Q3 2015 growth stayed at 3.0% while the forecast of Q4 2015 growth rose 0.1 of a point to 3.0%. The consensus forecast of Q1 2016 real GDP growth remained at 2.9%.

Consensus forecasts of inflation slipped again over the past month reflecting recent softness in the price data, continued declines in raw commodity prices, especially oil and petroleum-related products, downgraded forecasts of global growth, and further strengthening in the value of the U.S. dollar. The CPI rose just 1.1% (saar) and the consensus forecast of its Q4 change fell 0.6 of a percentage point over the past month to 1.3%. Forecasts of its change in the first two quarters of next year also were trimmed this month but those for the second half of next year went unchanged.

**Consensus Forecast** While forecasts were trimmed a bit over the past month, the consensus still looks for real GDP growth of about 3.0% over the forecast horizon. Inflationary expectations have eased but consumer price inflation a bit faster than 2.0% still is foreseen by the second half of next year. Some of our panelists pushed out when they think the Fed will begin to raise interest rates, but it still looks like a mid-2015 event with a year-end 2015 federal funds rate of about 1.0% or a bit less (*see page 2*).

**Special Questions** The consensus sees December jobless rates of 5.8% this year and 5.4% in 2016. Less than 19% of the panelists cut estimates of 2015 GDP growth over the past month (*see page 14*).

### Consensus Forecasts Of U.S. Interest Rates And Key Assumptions<sup>1</sup>

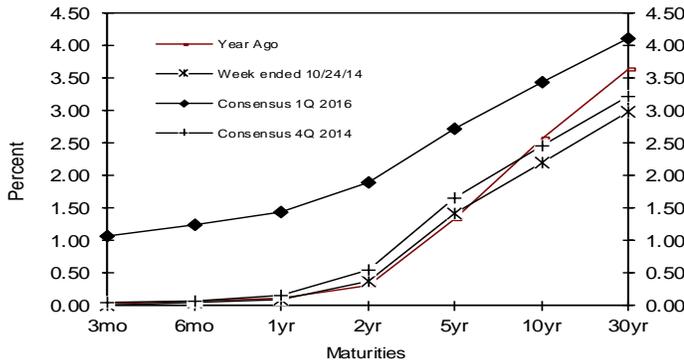
Interest Rates	-----History-----								Consensus Forecasts-Quarterly Avg.						
	-----Average For Week Ending-----				-----Average For Month-----				Latest Q	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
	Oct. 24	Oct. 17	Oct. 10	Oct. 3	Sep.	Aug.	July	3Q 2014	2014	2015	2015	2015	2015	2015	2016
Federal Funds Rate	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.1	0.1	0.3	0.5	0.8	1.1	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.3	3.3	3.3	3.5	3.9	4.2	
LIBOR, 3-mo.	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.23	0.3	0.3	0.4	0.7	1.1	1.4	
Commercial Paper, 1-mo.	0.07	0.07	0.06	0.05	0.06	0.08	0.07	0.07	0.1	0.2	0.3	0.6	0.9	1.2	
Treasury bill, 3-mo.	0.02	0.02	0.01	0.02	0.02	0.03	0.03	0.03	0.1	0.1	0.2	0.5	0.8	1.1	
Treasury bill, 6-mo.	0.06	0.05	0.05	0.04	0.04	0.05	0.06	0.05	0.1	0.1	0.3	0.6	0.9	1.2	
Treasury bill, 1 yr.	0.10	0.10	0.10	0.11	0.11	0.11	0.11	0.11	0.2	0.3	0.5	0.8	1.1	1.4	
Treasury note, 2 yr.	0.38	0.37	0.49	0.56	0.57	0.47	0.51	0.52	0.6	0.7	1.1	1.4	1.7	1.9	
Treasury note, 5 yr.	1.43	1.41	1.61	1.73	1.77	1.63	1.70	1.70	1.7	1.8	2.1	2.3	2.6	2.7	
Treasury note, 10 yr.	2.21	2.19	2.36	2.47	2.53	2.42	2.54	2.50	2.5	2.6	2.9	3.1	3.3	3.4	
Treasury note, 30 yr.	2.98	2.95	3.07	3.16	3.26	3.20	3.33	3.26	3.2	3.4	3.6	3.8	4.0	4.1	
Corporate Aaa bond	3.89	3.83	3.92	4.00	4.11	4.08	4.16	4.12	4.1	4.2	4.5	4.7	4.9	5.0	
Corporate Baa bond	4.66	4.62	4.68	4.76	4.80	4.69	4.68	4.72	4.8	5.0	5.2	5.4	5.6	5.8	
State & Local bonds	3.90	3.87	4.01	4.11	4.13	4.23	4.33	4.23	4.0	4.2	4.4	4.6	4.7	4.8	
Home mortgage rate	3.92	3.97	4.12	4.19	4.16	4.12	4.13	4.14	4.1	4.3	4.5	4.7	4.9	5.1	

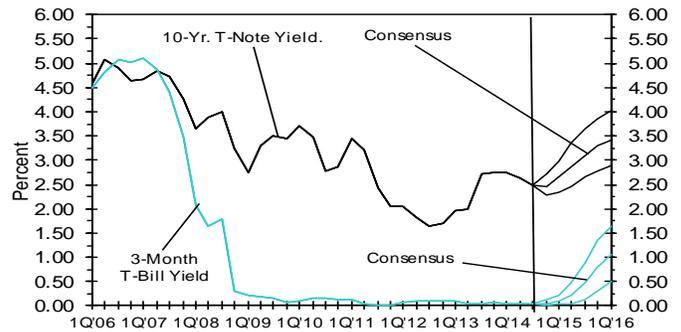
Key Assumptions	-----History-----								Consensus Forecasts-Quarterly					
	4Q 2012	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q*	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016
Major Currency Index	73.2	74.7	76.4	76.7	76.0	77.1	76.6	77.9	80.6	81.3	81.6	81.8	82.0	81.5
Real GDP	0.1	2.7	1.8	4.5	3.5	-2.1	4.6	3.1	3.0	2.9	3.0	3.0	3.0	2.9
GDP Price Index	1.3	1.3	1.2	1.7	1.5	1.3	2.1	1.6	1.7	1.9	2.0	2.1	2.1	2.1
Consumer Price Index	2.4	1.2	0.4	2.2	1.1	1.9	3.0	1.1	1.3	1.8	2.1	2.2	2.3	2.3

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 same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for 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). Figures for 3Q 2014 Real GDP and GDP Chained Price Index are consensus forecasts based on a special question asked of the panelists' this month.

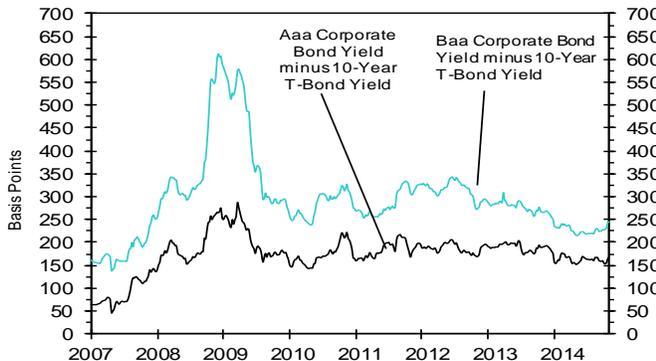
**U.S. Treasury Yield Curve**  
Week ended October 24, 2014 and Year Ago vs.  
4Q 2014 and 1Q 2016 Consensus Forecasts



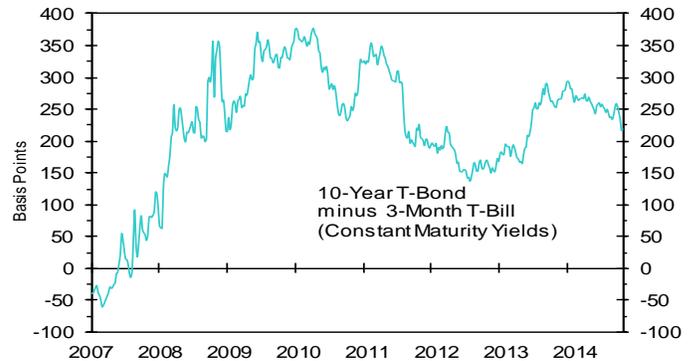
**U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield**  
(Quarterly Average) Forecast



**Corporate Bond Spreads**  
As of week ended October 24, 2014



**U.S. Treasury Yield Curve**  
As of week ended October 24, 2014



-----3-Month Interest Rates<sup>1</sup>-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
Latest:	Ago:	Ago:	3	6	12	
U.S.	0.32	0.48	0.28	<b>0.24</b>	<b>0.30</b>	<b>0.44</b>
Japan	0.10	0.15	0.25	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>
U.K.	0.75	0.76	0.68	<b>0.62</b>	<b>0.83</b>	<b>1.28</b>
Switzerland	0.05	0.05	0.05	na	na	na
Canada	1.27	1.23	1.19	<b>1.30</b>	<b>1.30</b>	<b>1.40</b>
Australia	2.78	2.90	2.55	<b>2.70</b>	<b>2.80</b>	<b>3.20</b>
Eurozone	0.09	0.09	0.26	<b>0.07</b>	<b>0.07</b>	<b>0.09</b>

-----10-Yr. Government Bond Yields<sup>2</sup>-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
Latest:	Ago:	Ago:	3	6	12	
U.S.	2.27	2.54	2.50	<b>2.67</b>	<b>2.84</b>	<b>3.16</b>
Germany	0.91	1.01	1.76	<b>1.11</b>	<b>1.18</b>	<b>1.31</b>
Japan	0.49	0.54	0.61	<b>0.60</b>	<b>0.65</b>	<b>0.82</b>
U.K.	2.25	2.49	2.63	<b>2.71</b>	<b>2.86</b>	<b>3.14</b>
France	1.30	1.35	2.33	<b>1.66</b>	<b>1.76</b>	<b>1.89</b>
Italy	2.50	2.41	4.14	<b>2.79</b>	<b>2.87</b>	<b>2.95</b>
Switzerland	0.47	0.47	0.99	<b>0.69</b>	<b>0.78</b>	<b>0.90</b>
Canada	1.99	2.17	2.41	<b>2.42</b>	<b>2.61</b>	<b>2.94</b>
Australia	3.33	3.55	4.00	<b>3.86</b>	<b>3.96</b>	<b>4.24</b>
Spain	2.19	2.22	4.14	<b>2.49</b>	<b>2.54</b>	<b>2.61</b>

-----Foreign Exchange Rates<sup>1</sup>-----

	History			Consensus Forecasts		
	Month	Year	Months From Now:			
Latest:	Ago:	Ago:	3	6	12	
U.S.	80.713	80.062	74.712	<b>80.8</b>	<b>81.7</b>	<b>83.3</b>
Japan	106.72	108.96	97.770	<b>108.8</b>	<b>102.2</b>	<b>111.8</b>
U.K.	1.6086	1.6314	1.6184	<b>1.64</b>	<b>1.64</b>	<b>1.62</b>
Switzerland	0.9468	0.9404	0.9013	<b>0.96</b>	<b>0.98</b>	<b>1.01</b>
Canada	1.1247	1.0968	1.0287	<b>1.12</b>	<b>1.13</b>	<b>1.14</b>
Australia	0.8761	0.8935	0.9671	<b>0.89</b>	<b>0.88</b>	<b>0.87</b>
Euro	1.2755	1.2835	1.3693	<b>1.25</b>	<b>1.23</b>	<b>1.20</b>

Consensus  
3-Month Rates  
vs. U.S. Rate

	Now	In 12 Mo.
	Japan	-0.22
U.K.	0.43	<b>0.84</b>
Switzerland	-0.27	na
Canada	0.95	<b>0.96</b>
Australia	2.46	<b>2.76</b>
Eurozone	-0.23	<b>-0.35</b>

Consensus  
10-Year Gov't  
Yields vs. U.S. Yield

	Now	In 12
	Germany	-1.36
Japan	-1.78	<b>-2.34</b>
U.K.	-0.02	<b>-0.02</b>
France	-0.97	<b>-1.27</b>
Italy	0.23	<b>-0.21</b>
Switzerland	-1.80	<b>-2.26</b>
Canada	-0.28	<b>-0.22</b>
Australia	1.06	<b>1.08</b>
Spain	-0.08	<b>-0.55</b>

**International Commentary** Fears about the pace of global economic growth, the risk of deflation in Europe, and the Ebola outbreak rattled investors over the past month. Equity and commodity prices were sent tumbling, Eurozone peripheral bond yields blew out, and the U.S. dollar jumped further in value. While markets stabilized during the third week of the month, and in many cases registered considerable rebounds, investors remain nervous and prices volatile. Much of the angst centered on the Eurozone where recent economic data, especially out of Germany, suggested GDP growth in the Eurozone last quarter remained abysmally weak and inflation worryingly low. Indeed, the latest data showed that Spain, Italy and Greece are all now experiencing deflation. The poor news flow and increased market volatility served to push out a bit expectations of when the Bank of England (BoE) and the Federal Reserve will begin to hike interest rates next year and increased pressure on the European Central Bank (ECB) and the Bank of Japan (BoJ) to provide even more monetary stimulus in coming months by way of increased asset purchases.

The ECB kept rates and policy unchanged at its early October meeting and focused on details of its planned purchases of covered bonds and asset-back securities scheduled to start in Q4. This disappointed markets, hoping for more forceful action in light of the poor economic news and increased deflationary concerns. At its November 6<sup>th</sup> meeting, markets are looking for the ECB to announce further enhancements to its long-term refinancing operation (TLTRO) and perhaps even future purchases of non-financial corporate bonds in an effort to further bolster the size of its balance sheet. However, large-scale purchases of sovereign debt by the ECB still seem unlikely given expectations by bank staff that economic growth is poised to pick up and stiffened German opposition to such purchases.

The Bank of England's (BoE) Monetary Policy Committee (MPC) is expected to leave its QE program and overnight policy rate unchanged at the November 6<sup>th</sup> meeting. Minutes of the October meeting noted fresh worries about global economic growth and "a loss of momentum in the Euro area". Inflation fell to 1.2% y/y in September, a five-year low, and well short of the BoE's 2.0% target. Real GDP grew 2.8% in Q3, according to the preliminary estimate. That was in line with expectations, but nonetheless softer than the 3.6% registered in Q2. Despite a fall in the unemployment rate to 6.0% wage growth has remained tepid, but recently began to show tentative signs of picking up. The consensus now looks for the MPC to begin gradually raising rates in Q2 of next year, a few months later than recently thought.

The Bank of Canada (BoC) left its overnight rate unchanged at 1.0% on October 22<sup>nd</sup> and as earlier hinted at by Governor Poloz dropped explicit forward guidance. The growth outlook in the Monetary Policy Report was slightly downgraded while the outlook for domestic growth was essentially unchanged. The MPR noted that while core inflation recently overshot the BoC's 2.0% target, the increase resulted from "unexpected sector-specific factors". The consensus looks for the BoC to begin increasing interest rates early in the second half of 2015.

On October 7<sup>th</sup> the Reserve Bank of Australia left its overnight policy rate at its record low of 2.50% for a 14<sup>th</sup> consecutive month. The bank's forward guidance remained consistent with an extended period of steady rates with economic growth running somewhat below its trend rate and the policymakers concerned with the strength of the Australian dollar. Continued weakness in global economic growth remains a threat to this export dependent economy.

China's economy grew a slightly better than expected 7.3 y/y% in Q3. However, that still marked the slowest y/y rate since 2009. Indeed, annual growth this year is likely to be the slowest since 1990. Much of this slowdown results from softening residential and nonresidential investment that account for about 50% of China's GDP. Nonetheless, most analysts do not expect large-scale stimulus measures from its central bank as the government attempts to rebalance China's economic model (see pages 10-11 for individual panelists' forecasts).

Forecasts of panel members are on pages 10 and 11. Definitions of variables are as follows: <sup>1</sup>Three month rate on interest-earning money market deposits denominated in selected currencies. <sup>2</sup>Government bonds are yields to maturity. Foreign 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.

# Fourth Quarter 2014

## 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)----- B. C. D. GDP GDP Cons. Real Price Price GDP Index Index			
	Short-Term					Intermediate-Term					Long-Term									
	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					
RBC Capital Markets	0.3 H	3.3 H	na	na	0.1	na	na	0.5	1.7	2.5	3.2	na	na	na	na	na	na	2.5	1.1	1.2
Swiss Re	0.3 H	3.3	0.3	0.2	0.1	0.1	0.2	0.6	1.7	2.6	3.3	4.2	4.8	na	4.5	na	na	3.5	1.3	1.5
MUFG Union Bank	0.3 H	3.3	0.3	0.3 H	0.1	0.1	0.2	0.5	1.6	2.4	3.1	4.2	4.8	4.1	4.0	80.0	3.1	1.9	1.7	
Scotiabank Group	0.3 H	3.3	na	na	0.2 H	na	na	1.0	2.1	2.9	3.4	na	na	na	na	na	na	3.0	1.2	1.8
Fannie Mae	0.2	3.3	0.3	na	0.0 L	0.1	0.2	0.7	1.9	2.6	3.2	na	na	na	4.1	na	4.3	3.0	1.8	0.9
Naroff Economic Advisors	0.2	3.3	0.2 L	0.1	0.1	0.1	0.1 L	0.6	1.9	2.5	3.2	4.1	4.8	4.1	4.1	80.5	4.4 H	1.4	1.4	1.1
Woodworth Holdings	0.2	3.3	0.3	0.1	0.1	0.1	0.1 L	0.4	1.5	2.3	3.0	3.9	4.7	3.9	4.0	77.5 L	2.5	0.0 L	0.5	
Comerica Bank	0.2	3.3	0.2 L	na	0.0 L	0.0 L	0.1 L	0.4	1.6	2.3	3.1	na	na	na	na	na	na	2.8	1.6	0.5
Wells Capital Management	0.2	3.3	0.2 L	0.1	0.1	0.1	0.3	0.5	1.6	2.3	3.0	na	na	na	4.1	80.6	2.7	1.7	1.6	
Chase Wealth Management	0.2	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.4	1.5	2.4	3.3	4.0	4.8	4.2	4.1	80.8	3.0	2.0	1.9	
SunTrust Banks	0.1 L	3.3	0.3	0.0	0.0 L	0.1	0.1 L	0.5	1.5	2.3	3.0	4.2	5.5	4.0	4.0	79.5	3.5	1.8	1.9	
Bank of America Merrill Lynch	0.1 L	na	0.2 L	na	0.0 L	na	na	0.6	1.8	2.6	3.4	na	na	na	na	na	na	3.0	1.6	-0.5 L
BMO Capital Markets	0.1 L	3.3	0.2 L	na	0.0 L	0.1	0.2	0.5	1.5	2.3	3.0	na	na	na	3.9 L	na	na	3.0	0.5	-0.2
Nomura Securities, Inc.	0.1 L	3.3	0.3	0.2	0.1	0.1	0.2	0.5	1.6	2.4	3.1	4.1	4.9	na	4.0	na	na	3.1	1.6	0.2
J.P. Morgan Chase	0.1 L	na	0.2 L	na	na	na	na	0.6	1.8	2.5	3.2	na	na	na	na	na	na	3.0	1.2	0.4
Moody's Capital Markets Group	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1	0.5	1.6	2.4	3.2	4.1	4.8	4.1	4.1	80.6	3.2	1.7	0.6	
High Frequency Economics	0.1 L	3.3	na	na	0.1	0.1	0.4 H	1.1 H	1.7	2.6	3.3	na	na	na	na	na	na	3.3	0.9	0.9
Societe Generale	0.1 L	na	0.3	na	na	na	na	0.8	2.1	2.8	3.6	na	na	na	na	na	na	3.4	1.9	1.4
Oxford Economics	0.1 L	3.3	0.3	na	0.0 L	0.1	0.1 L	0.6	1.8	2.5	3.2	na	na	na	4.2	81.6	2.9	2.3	1.4	
PNC Financial Services Corp.	0.1 L	3.3	0.4 H	na	0.1	0.2 H	0.3	0.6	1.7	2.6	3.4	na	4.9	4.2	4.3	78.1	3.0	1.5	1.7	
UBS	0.1 L	na	0.2 L	na	0.0 L	na	na	0.5	1.7	2.5	3.3	na	na	na	na	na	na	3.2	1.8	2.0
Economist Intelligence Unit	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.5	1.5	2.4	3.0	na	na	na	4.0	na	na	3.1	na	2.0
Chmura Economics & Analytics	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.4	1.4	2.2 L	3.0	3.8 L	na	na	4.0	79.1	2.6	2.2	2.8 H	
BNP Paribas Americas	0.1 L	na	0.3	na	0.0 L	0.1	0.1 L	0.7	2.0	2.9 H	3.8 H	4.2	5.4	2.9 L	4.6 H	na	na	2.6	na	-0.5
Barclays Capital	0.1 L	3.3	0.3	na	na	na	na	0.9	2.2 H	2.8	3.4	na	na	na	na	na	na	2.5	2.3	1.4
GLC Financial Economics	0.1 L	3.3	0.3	0.1	0.0 L	0.0 L	0.1 L	0.5	1.6	2.3	3.1	4.0	4.6	3.9	4.1	79.9	3.6	2.0	2.6	
MacroFin Analytics	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.4	1.5	2.3	3.1	4.1	4.7	4.1	4.0	80.7	3.1	1.6	1.8	
Goldman Sachs & Co.	0.1 L	na	0.2	na	0.0 L	na	na	0.5	1.7	2.5	3.2	na	na	na	4.3	na	na	3.0	na	na
Mesirow Financial	0.1 L	3.3	0.3	0.1	0.0 L	0.1	0.1 L	0.5	1.5	2.5	3.3	4.1	4.9	4.1	4.2	81.5	2.8	1.7	0.9	
RDQ Economics	0.1 L	3.3	0.2 L	0.2	0.1	0.2 H	0.3	0.5	1.6	2.5	3.2	4.0	4.6	4.2	4.1	82.3	3.2	1.7	0.9	
Loomis, Sayles & Company	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.6	1.5	2.4	3.2	3.9	4.6	4.0	4.0	80.8	2.9	2.2	1.0	
Nat'l Assn. of Realtors	0.1 L	3.3	0.3	0.1	0.1	0.1	0.1 L	0.5	1.5	2.3	3.1	3.9	4.7	4.1	4.0	na	na	3.0	0.9	1.3
AIG	0.1 L	3.3	0.4 H	na	0.2 H	0.2 H	0.4	0.9	2.0	2.7	3.5	na	4.9	na	4.4	na	na	3.4	1.3	1.3
RidgeWorth Investments	0.1 L	3.3	0.3	0.1	0.1	0.1	0.1 L	0.5	1.1 L	2.5	3.2	4.0	4.6	4.0	4.0	81.0	2.5	2.0	1.6	
Wells Fargo	0.1 L	3.3	0.2 L	0.1	0.0 L	0.0 L	0.1 L	0.3 L	1.3	2.2 L	2.9 L	4.0	4.8	4.0	3.9 L	81.1	2.6	2.0	1.7	
Georgia State University	0.1 L	3.3	na	na	0.1	0.1	0.1 L	0.5	1.6	2.5	3.3	4.0	4.3 L	na	4.3	na	na	1.9 L	1.4	1.8
The Northern Trust Company	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.4	1.5	2.3	3.2	3.9	4.6	4.0	4.1	na	na	3.3	1.4	1.8
Daiwa Capital Markets America	0.1 L	3.3	0.3	0.1	0.1	0.1	0.2	0.5	1.6	2.4	3.0	4.0	4.8	3.9	4.2	81.0	2.8	2.0	1.8	
RBS Securities	0.1 L	3.3	0.3	0.1	0.0 L	0.1	0.2	0.5	1.7	2.5	3.2	4.2	4.8	4.1	4.1	81.0	3.0	2.1	1.8	
Kellner Economic Advisers	0.1 L	3.3	0.3	0.1	0.1	0.1	0.2	0.7	1.9	2.6	3.5	4.3	5.0	4.4	4.3	79.0	2.9	1.9	1.9	
Cycledata Corp.	0.1 L	3.3	0.2 L	0.1	0.1	0.1	0.1 L	0.4	1.5	2.3	3.2	4.1	4.8	4.0	4.0	79.0	2.9	1.9	2.0	
DePrince & Associates	0.1 L	3.3	0.3	0.1	0.1	0.1	0.2	0.4	1.5	2.3	3.1	3.9	4.8	3.9	4.1	80.3	2.8	2.3	2.3	
Pierpont Securities	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.5	1.7	2.6	3.4	4.3	5.0	4.3	4.3	82.5	2.7	1.8	-0.1	
Action Economics	0.1 L	3.3	0.3	0.1	0.1	0.1	0.2	0.6	1.8	2.6	3.4	3.9	4.6	4.0	4.0	81.0	3.5	1.7	0.5	
ClearView Economics	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.4	1.6	2.3	3.1	4.0	4.7	4.0	4.0	81.5	3.4	1.5	1.2	
Moody's Analytics	0.1 L	3.3	0.3	0.0 L	0.0 L	0.1	0.2	0.5	1.8	2.8	3.5	4.7 H	5.7 H	4.0	4.5	86.2 H	3.1	3.9 H	1.7	
Stone Harbor Investment Partners	0.1 L	3.3	0.2 L	0.1	0.0 L	0.1	0.1 L	0.5	1.7	2.4	3.2	4.1	4.7	na	4.0	79.0	3.4	1.6	2.0	
Standard & Poor's Corp.	0.1 L	3.3 L	0.3	0.2	0.1	0.1	0.2	0.6	1.7	2.6	na	4.2	4.9	4.4 H	4.3	na	na	3.0	1.7	2.1
<b>November Consensus</b>	<b>0.1</b>	<b>3.3</b>	<b>0.3</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.6</b>	<b>1.7</b>	<b>2.5</b>	<b>3.2</b>	<b>4.1</b>	<b>4.8</b>	<b>4.0</b>	<b>4.1</b>	<b>80.6</b>	<b>3.0</b>	<b>1.7</b>	<b>1.3</b>	
Top 10 Avg.	0.2	3.3	0.3	0.1	0.1	0.1	0.3	0.8	1.9	2.7	3.5	4.2	5.1	4.2	4.4	82.0	3.5	2.3	2.2	
Bottom 10 Avg.	0.1	3.3	0.2	0.1	0.0	0.0	0.1	0.4	1.4	2.3	3.0	3.9	4.6	3.8	4.0	79.1	2.5	1.0	0.1	
October Consensus	0.1	3.3	0.3	0.1	0.1	0.1	0.2	0.7	1.9	2.7	3.4	4.3	5.0	4.2	4.3	79.2	3.0	1.9	1.9	
<u>Number of Forecasts Changed From A Month Ago:</u>																				
Down	10	1	17	10	22	16	20	35	37	39	38	24	23	19	31	1	10	20	28	
Same	38	42	23	20	23	24	21	12	10	8	8	7	6	8	7	7	28	17	17	
Up	1	0	2	2	1	2	1	2	2	2	2	2	4	1	3	18	11	9	3	
Diffusion Index	41%	49%	32%	38%	27%	33%	27%	16%	14%	12%	13%	17%	21%	18%	16%	83%	51%	38%	24%	

# First Quarter 2015

## Interest Rate Forecasts

## Key Assumptions

Blue Chip Financial Forecasts Panel Members	-----Percent Per Annum -- Average For Quarter-----															Avg. For ---Qtr--- A.	----(Q-Q % Change)----			
	-----Short-Term-----					-----Intermediate-Term-----					-----Long-Term-----						Fed's Major Currency \$ Index	----(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 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		GDP Price Index	Cons. Price Index	
Scotiabank Group	0.3 H	3.3 H	na	na	0.3 H	na	na	1.5	2.4	3.2 H	3.5	na	na	na	na	na	na	3.0	1.6	1.7
Naroff Economic Advisors	0.3 H	3.3	0.4	0.4 H	0.2	0.3	0.4	0.9	2.0	2.8	3.7	4.8	5.5	4.3	4.0 L	81.0	4.2 H	1.8	1.8	
Swiss Re	0.3 H	3.3	0.3	0.3	0.2	0.3	0.4	0.7	1.8	2.7	3.5	4.3	4.9	na	4.7 H	na	3.8	2.2	2.2	
RBC Capital Markets	0.3 H	3.3	na	na	0.2	na	na	1.3	2.4	3.1	3.8 H	na	na	na	na	na	2.1	2.1	2.6	
MUFG Union Bank	0.3 H	3.3	0.3	0.3	0.1	0.1 L	0.2	0.7	2.0	2.7	3.3	4.4	5.0	4.3	4.3	82.0	2.9	2.2	2.9 H	
Woodworth Holdings	0.2	3.3	0.3	0.2	0.1	0.1 L	0.1 L	0.5	1.6	2.4	3.1	4.0	4.8	4.0	4.1	78.0 L	2.0 L	0.8 L	0.8	
Fannie Mae	0.2	3.3	0.3	na	0.1	0.2	0.3	1.0	2.1	2.7	3.3	na	na	na	4.4	na	2.5	1.5	0.8	
RDQ Economics	0.2	3.3	0.4	0.3	0.3 H	0.4 H	0.7	0.9	1.9	2.8	3.5	4.2	4.8	4.5	4.4	83.2	3.4	1.9	1.7	
SunTrust Banks	0.2	3.3	0.3	0.1 L	0.1	0.1 L	0.3	0.6	1.7	2.4	3.1	4.3	5.6	4.0	4.1	81.0	3.7	1.9	2.1	
Standard & Poor's Corp.	0.2	3.3	0.3	0.2	0.1	0.2	0.2	0.7	1.9	3.0	na	4.5	5.4	4.7 H	4.6	na	2.6	1.7	0.9	
AIG	0.2	3.3	0.5	na	0.2	0.3	0.7	1.1	2.1	2.8	3.6	na	5.0	na	4.5	na	3.4	1.8	1.4	
RBS Securities	0.2	3.3	0.3	0.2	0.1	0.1 L	0.2	0.6	1.8	2.6	3.4	4.3	5.0	4.2	4.2	82.0	3.1	1.4	1.6	
Comerica Bank	0.2	3.3	0.3	na	0.0 L	0.1 L	0.1 L	0.4 L	1.6	2.4	3.1	na	na	na	na	na	2.8	1.7	1.8	
Chase Wealth Management	0.2	3.3	0.3	0.1 L	0.1	0.2	0.2	0.5	1.6	2.4	3.3	4.1	4.9	4.2	4.2	81.0	3.1	2.0	2.0	
Wells Capital Management	0.2	3.3	0.3	0.2	0.1	0.2	0.4	0.7	1.7	2.4	3.2	na	na	na	4.2	80.7	2.8	2.0	2.2	
Action Economics	0.2	3.3	0.5	0.1 L	0.1	0.3	0.4	0.9	1.8	2.7	3.5	4.0	4.6	3.9	4.0 L	81.0	3.0	2.2	2.3	
Chmura Economics & Analytics	0.2	3.3	0.3	0.1 L	0.0 L	0.1 L	0.1 L	0.4 L	1.4	2.3	3.1	3.9 L	na	na	4.1	79.9	2.9	2.2	2.4	
MacroFin Analytics	0.1 L	3.3	0.3	0.1 L	0.1	0.2	0.2	0.5	1.6	2.4	3.5	4.2	4.7	4.2	4.1	80.8	3.1	1.6	1.7	
DePrince & Associates	0.1 L	3.3	0.4	0.2	0.1	0.2	0.3	0.6	1.6	2.4	3.2	4.1	5.0	4.0	4.2	80.7	2.7	2.2	2.3	
BNP Paribas Americas	0.1 L	na	0.3	na	0.0 L	0.1 L	0.1 L	0.9	2.5 H	3.0	3.8 H	4.3	5.5	3.0 L	4.7 H	na	2.6	na	0.2 L	
J.P. Morgan Chase	0.1 L	na	0.4	na	na	na	na	0.8	1.9	2.5	3.2	na	na	na	na	na	3.0	1.3	0.5	
UBS	0.1 L	na	0.4	na	0.2	na	na	0.8	1.9	2.7	3.5	na	na	na	na	na	3.3	2.1	0.6	
Nomura Securities, Inc.	0.1 L	3.3	0.4	0.2	0.1 L	0.2	0.3	0.7	1.9	2.6	3.1	4.3	5.1	na	4.3	na	3.1	1.6	1.1	
Societe Generale	0.1 L	na	0.3	na	na	na	na	0.8	2.1	2.8	3.6	na	na	na	na	na	3.4	1.9	1.4	
Moody's Capital Markets Group	0.1 L	3.3	0.2 L	0.1 L	0.0 L	0.1 L	0.2	0.6	1.7	2.6	3.3	4.2	4.9	4.0	4.3	81.2	2.5	1.8	1.5	
Bank of America Merrill Lynch	0.1 L	na	0.3	na	0.0 L	na	na	0.7	1.9	2.8	3.6	na	na	na	na	na	3.2	1.7	1.7	
Oxford Economics	0.1 L	3.3	0.3	na	0.0 L	0.1 L	0.2	0.7	1.9	2.7	3.2	na	na	na	4.2	82.2	3.1	2.0	2.0	
Economist Intelligence Unit	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.1 L	0.5	1.6	2.5	3.2	na	na	na	4.3	na	3.0	na	2.1	
PNC Financial Services Corp.	0.1 L	3.3	0.6 H	na	0.3	0.4 H	0.5	0.7	1.8	2.7	3.5	na	5.3	4.4	4.4	78.0	2.7	2.0	2.2	
High Frequency Economics	0.1 L	3.3	na	na	0.1	0.2	0.9 H	1.7 H	2.2	2.9	3.6	na	na	na	na	na	3.0	2.3	2.3	
BMO Capital Markets	0.1 L	3.3	0.3	na	0.0 L	0.1 L	0.3	0.7	1.7	2.4	3.1	na	na	na	4.0 L	na	2.9	2.2	2.5	
Goldman Sachs & Co.	0.1 L	na	0.3	na	0.1	na	na	0.8	1.8	2.6	3.3	na	na	na	4.6	na	3.0	na	na	
Barclays Capital	0.1 L	3.3	0.3	na	na	na	na	1.3	2.4	3.0	3.5	na	na	na	na	na	2.5	2.4	1.1	
GLC Financial Economics	0.1 L	3.3	0.3	0.1 L	0.0 L	0.1 L	0.1 L	0.5	1.5	2.2 L	3.0 L	4.0	4.6	3.9	4.1	81.0	2.9	2.0	2.7	
Loomis, Sayles & Company	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.2	1.0	2.0	2.6	3.4	4.2	4.9	4.1	4.3	81.4	2.7	1.4	1.5	
ClearView Economics	0.1 L	3.3	0.3	0.1 L	0.0 L	0.1 L	0.1 L	0.4 L	1.6	2.3	3.1	4.0	4.7	4.0	4.0 L	82.5	3.3	1.6	2.2	
Pierpont Securities	0.1 L	3.3	0.3	0.1 L	0.1	0.2	0.3	0.8	2.0	3.0	3.7	4.6	5.3	4.6	4.6	84.0	2.6	2.2	2.2	
Moody's Analytics	0.1 L	3.3	0.3	0.1 L	0.0 L	0.1 L	0.2	0.6	1.9	3.0	3.7	5.1 H	6.0 H	4.2	4.6	87.2 H	3.4	3.1 H	2.4	
Mesirow Financial	0.1 L	3.3	0.3	0.1 L	0.0 L	0.1 L	0.2	0.6	1.7	2.8	3.7	4.2	5.0	4.5	4.4	82.1	2.8	1.4	0.4	
The Northern Trust Company	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.2	0.6	1.8	2.6	3.6	4.1	4.8	4.2	4.3	na	3.0	1.5	1.8	
Georgia State University	0.1 L	3.3	na	na	0.1	0.1 L	0.1 L	0.5	1.6	2.6	3.4	4.1	4.5 L	na	4.4	na	2.0 L	2.1	1.8	
Cycledata Corp.	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.2	0.5	1.6	2.4	3.3	4.2	4.9	4.1	4.1	80.0	2.9	1.9	2.0	
Kellner Economic Advisers	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.3	0.8	2.0	2.7	3.6	4.4	5.2	4.6	4.5	80.0	2.8	2.0	2.0	
Daiwa Capital Markets America	0.1 L	3.3	0.3	0.2	0.1	0.2	0.2	0.8	1.7	2.5	3.2	4.1	4.8	3.9	4.3	82.0	2.9	2.0	2.0	
Wells Fargo	0.1 L	3.3	0.2 L	0.1 L	0.1	0.1 L	0.2	0.6	1.7	2.4	3.1	4.1	4.8	4.1	4.1	81.8	2.5	2.1	2.0	
RidgeWorth Investments	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.2	0.6	1.3 L	2.7	3.3	4.0	4.6	3.9	4.1	80.0	3.0	2.2	2.4	
Nat'l Assn. of Realtors	0.1 L	3.3	0.3	0.1 L	0.1	0.1 L	0.2	1.0	2.0	2.8	3.7	4.4	5.2	4.7 H	4.5	na	2.8	1.6	2.5	
Stone Harbor Investment Partners	0.1 L	3.3 L	0.2 L	0.1 L	0.1	0.2	0.3	0.8	1.9	2.7	3.5	4.3	5.0	na	4.2	80.0	3.1	1.7	2.2	
<b>November Consensus</b>	<b>0.1</b>	<b>3.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.7</b>	<b>1.8</b>	<b>2.6</b>	<b>3.4</b>	<b>4.2</b>	<b>5.0</b>	<b>4.2</b>	<b>4.3</b>	<b>81.3</b>	<b>2.9</b>	<b>1.9</b>	<b>1.8</b>	
Top 10 Avg.	0.2	3.3	0.4	0.2	0.2	0.3	0.5	1.2	2.2	3.0	3.7	4.5	5.4	4.5	4.6	82.9	3.5	2.3	2.5	
Bottom 10 Avg.	0.1	3.3	0.2	0.1	0.0	0.1	0.1	0.5	1.5	2.4	3.1	4.0	4.7	3.9	4.0	79.8	2.4	1.4	0.8	
October Consensus	0.2	3.3	0.3	0.2	0.1	0.2	0.3	0.9	2.0	2.9	3.6	4.4	5.2	4.3	4.5	79.9	3.0	2.0	2.0	
Number of Forecasts Changed From A Month Ago:																				
Down	10	1	15	10	21	22	32	37	39	38	22	20	20	29	1	15	13	19		
Same	37	39	23	19	22	22	13	10	8	7	5	7	4	5	9	26	23	21		
Up	1	1	5	2	2	2	5	6	3	2	2	3	4	3	5	16	7	9	7	
Diffusion Index	41%	50%	38%	37%	29%	33%	29%	23%	15%	11%	12%	18%	24%	19%	19%	79%	42%	46%	37%	

## Second Quarter 2015

### 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)----- B. C. D. GDP Price Price Real Index Cons.			
	-----Short-Term-----					-----Intermediate-Term-----					-----Long-Term-----						Real GDP	Price Index	Price Index	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15					
	Federal Rate	Prime Rate	LIBOR 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					
RDQ Economics	0.6 H	3.6 H	0.8 H	0.7	0.7 H	0.9 H	1.3	1.6	2.5	3.3	4.0	4.6	5.2	5.1	4.9	84.1	3.5	2.0	2.2	
RBC Capital Markets	0.5	3.5	na	na	0.5	na	na	1.6	2.8 H	3.4	4.0	na	na	na	na	na	2.3 L	1.4	1.5	
Scotiabank Group	0.5	3.5	na	na	0.7 H	na	na	1.9	2.8 H	3.6 H	4.1	na	na	na	na	na	3.1	1.8	1.7	
Naroff Economic Advisors	0.5	3.5	0.7	0.7 H	0.7 H	0.8	0.9	1.5	2.3	3.2	4.1	5.4	6.1	4.7	4.8	80.7	2.6	2.7	2.4	
MUFG Union Bank	0.5	3.5	0.5	0.5	0.3	0.4	0.4	1.8	2.7	3.3	3.8	4.6	5.3	4.4	4.9	80.0	2.9	2.2	3.1 H	
Daiwa Capital Markets America	0.4	3.5	0.5	0.3	0.3	0.4	0.4	1.3	2.0	2.8	3.4	4.4	5.0	4.0	4.6	82.0	3.0	2.2	2.0	
Societe Generale	0.4	na	0.7	na	na	na	na	1.6	2.6	3.3	4.0	na	na	na	na	na	3.4	2.0	2.0	
Nomura Securities, Inc.	0.4	3.4	0.6	0.4	0.2	0.3	0.5	1.0	2.1	2.8	3.2	4.4	5.2	na	4.4	na	3.0	1.6	2.1	
Swiss Re	0.4	3.4	0.5	0.5	0.5	0.5	0.6	0.9	2.0	2.9	3.7	4.5	5.0	na	4.9	na	3.4	2.3	2.5	
Barclays Capital	0.4	3.4	0.5	na	na	na	na	1.6	2.6	3.1	3.6	na	na	na	na	na	2.5	2.5	0.9	
BNP Paribas Americas	0.4	na	0.3 L	na	0.1	0.1 L	0.1 L	1.3	2.4	3.1	3.9	4.4	5.6	3.1 L	4.8	na	2.8	na	1.8	
DePrince & Assoc.	0.3	3.3 L	0.6	0.5	0.3	0.4	0.6	0.8	1.8	2.7	3.4	4.3	5.3	4.1	4.5	80.9	2.6	2.2	2.3	
J.P. Morgan Chase	0.3	na	0.6	na	na	na	na	1.0	2.2	2.7	3.4	na	na	na	na	na	3.0	1.6	1.9	
Action Economics	0.3	3.3 L	0.7	0.3	0.4	0.6	1.0	1.3	2.1	2.9	3.6	4.0 L	4.6 L	3.9	4.0 L	81.1	3.0	2.1	2.4	
Cycledata Corp.	0.3	3.4	0.5	0.3	0.3	0.4	0.6	0.8	1.9	2.6	3.5	4.4	5.1	4.2	4.2	80.0	2.8	1.9	2.1	
Nat'l Assn. of Realtors	0.3	3.3 L	0.4	0.3	0.3	0.4	0.7	1.9	2.8 H	3.5	4.4 H	5.0	5.8	5.3 H	5.1	na	2.8	2.6	3.1 H	
Standard & Poor's Corp.	0.3	3.3 L	0.4	0.3	0.2	0.3	0.4	0.8	2.0	3.3	na	4.7	5.7	5.0	5.0	na	2.6	1.9	0.8 L	
Woodworth Holdings	0.3	3.5	0.4	0.3	0.2	0.2	0.3	0.6	1.7	2.5	3.2	4.1	4.9	4.1	4.2	78.5	2.5	1.2 L	1.0	
Bank of America Merrill Lynch	0.3	na	0.4	na	0.2	na	na	0.9	2.0	2.9	3.7	na	na	na	na	na	3.3	1.7	2.0	
Stone Harbor Investment Partners	0.3	3.3 L	0.4	0.3	0.2	0.3	0.4	1.1	2.1	2.9	3.7	4.5	5.2	na	4.4	81.0	3.7	1.9	2.0	
Chase Wealth Management	0.3	3.3 L	0.5	0.3	0.3	0.4	0.4	0.7	1.8	2.6	3.5	4.3	5.1	4.4	4.4	81.3	3.0	2.1	2.0	
RidgeWorth Investments	0.3	3.4	0.5	0.3	0.2	0.3	0.4	0.7	1.7	2.9	3.4	4.2	4.8	4.3	4.3	80.0	3.0	2.2	2.4	
High Frequency Economics	0.3	3.3 L	na	na	0.4	0.4	1.4 H	2.3 H	2.7	3.3	3.9	na	na	na	na	na	3.0	2.4	2.4	
UBS	0.3	na	0.6	na	0.4	na	na	1.4	2.3	3.0	3.7	na	na	na	na	na	3.3	2.0	2.5	
Wells Capital Management	0.2	3.3 L	0.3 L	0.3	0.2	0.3	0.5	0.9	2.0	2.6	3.3	na	na	na	4.3	80.7	2.9	2.0	2.3	
BMO Capital Markets	0.2	3.3 L	0.6	na	0.1	0.2	0.6	1.2	2.0	2.5	3.2	na	na	na	4.1	na	3.0	2.3	2.7	
MacroFin Analytics	0.2	3.3 L	0.4	0.2	0.2	0.2	0.4	0.7	1.9	2.6	3.8	4.5	5.2	4.6	4.4	81.0	3.1	1.7	1.5	
Fannie Mae	0.2	3.3 L	0.5	na	0.3	0.4	0.5	1.2	2.2	2.8	3.3	na	na	na	4.5	na	2.4	1.8	1.7	
Wells Fargo	0.2	3.4	0.3 L	0.2	0.2	0.3	0.4	1.1	1.9	2.5	3.2	4.2	4.9	4.2	4.2	82.3	2.7	2.1	2.0	
SunTrust Banks	0.2	3.3 L	0.4	0.1 L	0.1	0.2	0.4	0.8	1.8	2.4	3.1 L	4.3	5.6	4.1	4.1	82.5	3.9 H	1.9	2.2	
RBS Securities	0.2	3.3 L	0.6	0.2	0.2	0.3	0.4	1.0	2.2	2.9	3.5	4.6	5.4	4.3	4.5	83.0	3.3	2.1	2.7	
Comerica Bank	0.2	3.3 L	0.3 L	na	0.0 L	0.1 L	0.1 L	0.5	1.6	2.4	3.1 L	na	na	na	na	na	2.8	1.6	1.9	
Oxford Economics	0.2	3.3 L	0.3 L	na	0.0 L	0.1 L	0.4	0.8	2.0	2.8	3.3	na	na	na	4.3	82.7	3.0	2.1	2.1	
ClearView Economics	0.2	3.3 L	0.4	0.2	0.1	0.2	0.3	0.6	1.7	2.4	3.2	4.1	4.7	4.0	4.1	83.0	3.1	1.7	2.5	
Pierpont Securities	0.2	3.3 L	0.6	0.2	0.3	0.5	0.9	1.3	2.6	3.5	4.3	5.1	5.9	5.1	5.3 H	85.0	2.7	2.0	2.6	
AIG	0.2	3.3 L	0.5	na	0.2	0.6	1.0	1.6	2.5	3.1	3.8	na	5.2	na	4.7	na	2.4	1.9	1.8	
Chmura Economics & Analytics	0.2	3.3 L	0.3 L	0.1 L	0.1	0.1 L	0.1 L	0.5 L	1.4 L	2.4	3.2	4.1	na	na	4.1	79.2	3.1	2.2	2.8	
Moody's Capital Markets Group	0.1 L	3.3 L	0.3 L	0.2	0.1	0.1 L	0.2	0.7	1.8	2.7	3.3	4.2	4.9	3.9	4.4	81.5	2.6	1.8	1.6	
Mesirow Financial	0.1 L	3.3 L	0.4	0.2	0.1	0.3	0.5	1.0	2.1	3.1	4.0	4.5	5.3	4.9	4.7	82.5	2.6	1.8	1.7	
Loomis, Sayles & Company	0.1 L	3.3 L	0.3 L	0.2	0.1	0.2	0.4	1.2	2.3	2.8	3.5	4.4	5.1	4.3	4.5	81.9	2.6	2.0	1.7	
PNC Financial Services Corp.	0.1 L	3.3 L	0.6	na	0.4	0.5	0.7	1.0	2.0	2.8	3.5	na	5.4	4.5	4.6	77.9 L	2.7	2.1	2.2	
Moody's Analytics	0.1 L	3.3 L	0.4	0.1 L	0.1	0.1 L	0.2	0.5	2.1	3.3	4.0	5.5 H	6.4 H	4.4	5.0	88.2 H	3.7	2.8 H	2.3	
Economist Intelligence Unit	0.1 L	3.3 L	0.3 L	0.2	0.1	0.1 L	0.2	0.6	1.7	2.8	3.5	na	na	na	4.4	na	3.3	na	2.3	
Goldman Sachs & Co.	0.1 L	na	0.3 L	na	0.1	na	na	1.1	2.0	2.7	3.4	na	na	na	4.8	na	3.0	na	na	
GLC Financial Economics	0.1 L	3.3 L	0.3 L	0.1 L	0.1	0.1 L	0.1 L	0.5	1.5	2.3 L	3.1 L	4.1	4.7	3.9	4.1	80.8	2.9	2.0	2.6	
The Northern Trust Company	0.1 L	3.3 L	0.4	0.1 L	0.2	0.2	0.3	0.8	2.2	3.0	4.0	4.5	5.1	4.5	4.6	na	3.1	1.5	1.8	
Georgia State University	0.1 L	3.3 L	na	na	0.1	0.1 L	0.1 L	0.5 L	1.6	2.7	3.5	4.2	4.7	na	4.7	na	2.3 L	1.3	1.9	
Kellner Economic Advisers	0.1 L	3.3 L	0.4	0.2	0.1	0.2	0.4	0.9	2.2	2.9	3.7	4.5	5.3	4.8	4.6	81.0	2.7	2.0	2.1	
<b>November Consensus</b>	<b>0.3</b>	<b>3.3</b>	<b>0.4</b>	<b>0.3</b>	<b>0.2</b>	<b>0.3</b>	<b>0.5</b>	<b>1.1</b>	<b>2.1</b>	<b>2.9</b>	<b>3.6</b>	<b>4.5</b>	<b>5.2</b>	<b>4.4</b>	<b>4.5</b>	<b>81.6</b>	<b>2.9</b>	<b>2.0</b>	<b>2.1</b>	
Top 10 Avg.	0.5	3.5	0.6	0.4	0.5	0.6	0.9	1.7	2.7	3.4	4.1	4.8	5.7	4.8	4.9	83.5	3.5	2.4	2.7	
Bottom 10 Avg.	0.1	3.3	0.3	0.1	0.1	0.1	0.2	0.6	1.6	2.5	3.2	4.1	4.8	3.9	4.1	79.9	2.5	1.5	1.4	
October Consensus	0.3	3.4	0.5	0.3	0.3	0.4	0.6	1.2	2.3	3.1	3.8	4.7	5.4	4.5	4.7	80.3	3.0	2.0	2.2	
<b>Number of Forecasts Changed From A Month Ago:</b>																				
Down	16	7	12	11	22	19	20	29	31	35	36	21	18	16	27	3	11	11	15	
Same	29	33	28	20	22	18	17	14	14	11	9	8	7	7	9	9	28	29	25	
Up	3	1	3	0	1	3	3	5	3	2	2	2	3	1	3	14	9	5	7	
Diffusion Index	36%	43%	40%	32%	27%	30%	29%	25%	21%	16%	14%	19%	23%	19%	19%	71%	48%	43%	41%	

## Third Quarter 2015

## 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
RDQ Economics	1.1 H	4.1 H	1.4 H	1.2	1.3 H	1.5 H	1.9 H	2.2	2.9	3.6	4.2	4.8	5.4	5.3	5.1	85.1	3.7	2.1	2.3
Naroff Economic Advisors	1.0	4.0	1.2	1.3 H	1.2	1.3	1.5	1.9	2.7	3.5	4.5	5.7 H	6.5	5.1	5.3	79.8	3.3	2.4	2.7
Scotiabank Group	0.8	3.8	na	na	0.9	na	na	2.2	3.1	3.8	4.2	na	na	na	na	na	3.3	2.0	1.9
RBC Capital Markets	0.8	3.8	na	na	0.8	na	na	2.1	3.1	3.6	4.3	na	na	na	na	na	2.1 L	3.3 H	2.2
MUFG Union Bank	0.8	3.8	0.8	0.8	0.6	0.6	0.7	2.0	2.9	3.5	4.0	4.8	5.6	4.6	5.1	78.0	2.9	2.2	2.6
Standard & Poor's Corp.	0.7	3.7	1.0	0.8	0.8	0.9	1.1	1.4	2.3	3.6	na	5.1	6.0	5.2	5.2	na	2.9	1.8	1.7
Nat'l Assn. of Realtors	0.7	3.7	0.8	0.7	0.8	0.8	1.2	2.3	3.2 H	3.9	4.8 H	5.5	6.3	5.8 H	5.4	na	2.9	2.8	3.2
Action Economics	0.7	3.7	1.1	0.7	0.8	1.3	1.6	1.9	2.4	3.0	3.7	4.1 L	4.6 L	4.0	4.1	81.2	2.8	1.9	2.4
Daiwa Capital Markets America	0.7	3.8	0.8	0.6	0.6	0.7	0.7	1.8	2.3	3.0	3.6	4.5	5.2	4.2	4.8	84.0	3.1	2.2	2.1
Societe Generale	0.6	na	0.9	na	na	na	na	1.9	2.8	3.5	4.2	na	na	na	na	na	3.4	2.2	1.7
J.P. Morgan Chase	0.6	na	0.8	na	na	na	na	1.3	2.4	2.9	3.5	na	na	na	na	na	2.5	1.7	2.0
Nomura Securities, Inc.	0.6	3.6	0.8	0.6	0.4	0.5	0.7	1.2	2.1	2.8	3.3	4.4	5.2	na	4.5	na	2.8	1.6	2.1
Swiss Re	0.6	3.6	0.8	0.9	0.9	0.9	1.1	1.3	2.2	3.1	3.8	4.6	5.2	na	5.1	na	3.1	2.0	2.2
UBS	0.6	na	1.0	na	0.8	na	na	1.9	2.6	3.2	3.9	na	na	na	na	na	2.9	2.1	2.5
High Frequency Economics	0.6	3.6	na	na	0.8	0.9	1.8	2.9 H	3.1	3.6	4.1	na	na	na	na	na	2.9	2.6	2.6
Barclays Capital	0.6	3.4	0.8	na	na	na	na	1.9	2.8	3.3	3.7	na	na	na	na	na	3.0	2.6	1.3
BNP Paribas Americas	0.6	na	0.5	na	0.1	0.1	0.2	1.6	2.5	3.2	3.9	4.5	5.7	3.2 L	4.9	na	2.8	na	4.0 H
MacroFin Analytics	0.6	3.8	0.8	0.7	0.6	0.7	0.7	1.0	2.0	3.1	4.1	4.8	5.4	4.7	4.6	81.8	3.2	1.8	1.6
Wells Fargo	0.6	3.6	0.7	0.6	0.5	0.6	0.7	1.3	2.0	2.7	3.4	4.3	5.0	4.3	4.4	83.0	2.9	1.9	2.3
Pierpont Securities	0.6	3.7	1.2	0.7	0.7	1.0	1.4	1.8	3.1	4.0 H	4.8 H	5.6	6.4	5.7	5.8 H	86.0	2.7	2.1	2.8
DePrince & Associates	0.6	3.6	0.9	0.7	0.6	0.7	0.9	1.2	2.0	2.9	3.7	4.6	5.6	4.4	4.7	80.8	2.7	2.1	2.6
Wells Capital Management	0.6	3.8	0.8	0.8	0.8	0.8	1.0	1.4	2.3	2.7	3.4	na	na	na	4.3	81.0	3.0	2.1	2.4
Bank of America Merrill Lynch	0.5	na	0.7	na	0.4	na	na	1.2	2.2	3.1	3.8	na	na	na	na	na	3.2	1.8	1.9
Chase Wealth Management	0.5	3.5	0.8	0.6	0.6	0.7	0.7	1.0	2.1	2.9	3.8	4.6	5.4	4.7	4.7	81.5	3.1	2.0	2.0
Stone Harbor Investment Partners	0.5	3.5	0.6	0.5	0.5	0.6	0.8	1.4	2.4	3.2	3.9	4.7	5.4	na	4.6	80.0	3.4	1.8	2.2
Cycledata Corp.	0.5	3.6	0.8	0.5	0.6	0.7	0.9	1.2	2.3	3.0	3.9	4.8	5.5	4.6	4.7	81.0	2.7	2.0	2.2
RidgeWorth Investments	0.5	3.5	0.8	0.6	0.4	0.6	0.7	0.9	2.0	3.1	3.6	4.4	5.0	4.6	4.5	80.0	3.0	2.2	2.4
Comerica Bank	0.5	3.5	0.6	na	0.4	0.4	0.4	0.8	1.9	2.7	3.4	na	na	na	na	na	2.8	1.8	1.9
ClearView Economics	0.5	3.5	0.8	0.5	0.4	0.6	0.7	1.0	2.0	2.7	3.3	4.2	4.9	4.1	4.3	83.5	2.9	1.8	2.7
BMO Capital Markets	0.5	3.6	0.9	na	0.4	0.4	0.9	1.6	2.3	2.8	3.4	na	na	na	4.4	na	2.8	1.9	2.1
Oxford Economics	0.4	3.5	0.6	na	0.1 L	0.2	0.6	1.0	2.0	3.0	3.5	na	na	na	4.5	83.0	3.1	1.9	2.1
PNC Financial Services Corp.	0.4	3.4	0.8	na	0.5	0.7	0.9	1.3	2.3	2.9	3.6	na	5.5	4.5	4.7	77.9	2.6	2.1	2.3
Chimura Economics & Analytics	0.4	3.4	0.6	0.4	0.3	0.3	0.4	0.7	1.9	2.9	3.7	4.6	na	na	4.5	77.9 L	3.4	2.3	2.3
Fannie Mae	0.4	3.5	0.8	na	0.5	0.6	0.7	1.5	2.4	2.8	3.4	na	na	na	4.6	na	2.4	1.9	1.9
AIG	0.4	3.4	0.8	na	0.5	0.9	1.4	1.9	2.7	3.3	3.9	na	5.3	na	4.9	na	2.8	2.1	1.9
Mesirow Financial	0.3	3.3 L	0.6	0.4	0.1 L	0.5	0.8	1.4	2.4	3.4	4.3	4.8	5.6	5.1	5.0	82.9	2.7	1.9	1.8
SunTrust Banks	0.3	3.3 L	0.5	0.2 L	0.3	0.4	0.6	1.0	2.0	2.5	3.2 L	4.4	5.7	4.1	4.2	84.1	3.7	2.0	2.3
Woodworth Holdings	0.3	3.5	0.4	0.3	0.2	0.3	0.3	0.7	1.8	2.6	3.3	4.2	5.0	4.2	4.3	79.0	2.5	1.4 L	1.0 L
Moody's Analytics	0.3	3.3 L	0.5	0.2 L	0.2	0.2	0.4	0.6	2.3	3.6	4.2	5.7 H	6.6 H	4.6	5.3	89.3 H	4.0 H	2.7	2.1
RBS Securities	0.3	3.3 L	0.9	0.3	0.3	0.5	0.7	1.4	2.4	3.0	3.7	4.7	5.5	4.4	4.6	83.0	3.0	2.2	3.0
The Northern Trust Company	0.2	3.3 L	0.6	0.2 L	0.4	0.4	0.5	1.1	2.5	3.4	4.4	4.9	5.5	4.8	5.0	na	3.1	1.7	2.0
GLC Financial Economics	0.2	3.3 L	0.4	0.2 L	0.1 L	0.1 L	0.1 L	0.5 L	1.5 L	2.3 L	3.2 L	4.1 L	4.8	3.9	3.9 L	79.0	3.8	2.1	2.6
Moody's Capital Markets Group	0.2	3.3 L	0.3 L	0.3	0.1 L	0.2	0.3	0.8	2.0	3.0	3.5	4.4	5.1	4.1	4.7	82.0	2.3	2.0	1.5
Loomis, Sayles & Company	0.2	3.3 L	0.5	0.4	0.3	0.5	0.7	1.4	2.4	3.0	3.6	4.6	5.3	4.4	4.7	82.3	2.8	2.0	1.8
Economist Intelligence Unit	0.2	3.4	0.4	0.2 L	0.1 L	0.2	0.3	0.7	1.9	3.0	3.7	na	na	na	4.6	na	3.2	na	2.3
Goldman Sachs	0.1 L	na	0.4	na	0.2	na	na	1.3	2.1	2.8	3.4	na	na	na	4.9	na	3.0	na	na
Georgia State University	0.1 L	3.3 L	na	na	0.1 L	0.1 L	0.1 L	0.6	1.8	2.9	3.8	4.5	5.0	na	5.0	na	2.6	1.4 L	2.1
Kellner Economic Advisers	0.1 L	3.3 L	0.5	0.4	0.2	0.4	0.6	1.1	2.2	2.9	3.8	4.6	5.4	5.0	4.8	82.0	2.8	2.2	2.2
<b>November Consensus</b>	<b>0.5</b>	<b>3.5</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>1.4</b>	<b>2.3</b>	<b>3.1</b>	<b>3.8</b>	<b>4.7</b>	<b>5.4</b>	<b>4.6</b>	<b>4.7</b>	<b>81.8</b>	<b>3.0</b>	<b>2.1</b>	<b>2.2</b>
Top 10 Avg.	0.8	3.8	1.0	0.9	0.9	1.0	1.4	2.1	3.0	3.7	4.4	5.2	6.0	5.1	5.2	84.4	3.5	2.5	2.9
Bottom 10 Avg.	0.2	3.3	0.4	0.3	0.1	0.2	0.3	0.7	1.9	2.6	3.3	4.3	5.0	4.0	4.3	79.3	2.5	1.7	1.6
October Consensus	0.6	3.6	0.8	0.6	0.6	0.7	0.9	1.5	2.5	3.3	4.0	4.9	5.6	4.7	4.9	80.6	3.0	2.1	2.2
<b>Number of Forecasts Changed From A Month Ago:</b>																			
Down	18	10	14	12	19	21	22	24	28	29	30	21	19	14	23	2	8	10	14
Same	26	29	26	18	25	16	15	18	14	15	13	8	8	7	12	12	32	29	28
Up	4	2	3	0	1	3	3	6	6	4	4	1	4	6	4	13	8	6	5
Diffusion Index	35%	40%	37%	30%	30%	28%	26%	31%	27%	24%	22%	17%	26%	35%	26%	70%	50%	46%	40%

## Fourth Quarter 2015 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
RDQ Economics	1.6 H	4.6 H	1.9 H	1.7 H	1.8 H	2.1 H	2.5 H	2.9	3.3	3.7	4.3	4.8	5.5	5.4	5.2	86.4	3.7	2.2	2.4	
Naroff Economic Advisors	1.5	4.5	1.7	1.7 H	1.8 H	1.8	2.0	2.4	3.2	3.9	4.9	6.2 H	6.9 H	5.6	5.7	78.5	2.9	2.6	3.1	
Action Economics	1.3	4.3	1.6	1.3	1.3	1.8	2.1	2.4	2.8	3.2	3.8	4.2 L	4.7 L	4.0	4.3	81.3	2.8	2.1	2.4	
Standard & Poor's Corp.	1.2	4.2	1.5	1.4	1.2	1.4	1.6	1.9	2.4	3.7	na	5.2	6.2	5.3	5.4	na	2.8	1.6	0.8 L	
High Frequency Economics	1.1	4.1	na	na	1.3	1.4	2.2	3.2 H	3.4 H	3.8	4.3	na	na	na	na	na	2.9	2.6	2.6	
UBS	1.1	na	1.5	na	1.3	na	na	2.3	3.1	3.5	4.1	na	na	na	na	na	2.8	2.2	2.8	
Pierpont Securities	1.1	4.2	1.7	1.2	1.2	1.5	1.9	2.2	3.4	4.2 H	5.1	5.8	6.7	5.9	5.9 H	87.0	2.8	2.2	2.9	
MacroFin Analytics	1.1	4.3	1.2	1.1	1.0	1.1	1.2	1.5	2.2	3.3	4.3	5.0	5.6	4.8	4.8	82.6	3.3	1.8	1.7	
RBC Capital Markets	1.0	4.0	na	na	1.1	na	na	2.4	3.4 H	3.9	4.5	na	na	na	na	na	2.2 L	1.5	1.8	
Chase Wealth Management	1.0	4.0	1.3	1.1	1.1	1.1	1.1	1.5	2.6	3.4	4.3	5.1	5.8	5.2	5.2	81.5	3.1	2.0	2.1	
Scotiabank Group	1.0	4.0	na	na	1.2	na	na	2.4	3.2	3.9	4.2	na	na	na	na	na	3.3	2.0	2.1	
MUFG Union Bank	1.0	4.0	1.0	1.0	0.9	1.0	1.1	2.1	3.1	3.6	4.1	4.9	5.8	4.9	5.2	77.0	2.9	2.2	2.4	
Chmura Economics & Analytics	1.0	4.0	1.2	1.0	0.8	0.9	1.0	1.3	2.7	3.6	4.3	5.2	na	na	5.2	76.9 L	3.7	2.2	2.4	
Swiss Re	1.0	4.0	1.2	1.4	1.4	1.5	1.6	1.8	2.6	3.4	4.0	4.8	5.4	na	5.4	na	3.1	2.6	2.8	
Nat'l Assn. of Realtors	1.0	4.0	1.0	0.9	1.0	1.0	1.5	2.6	3.4 H	4.1	5.1 H	5.8	6.7	6.1 H	5.6	na	3.0	3.0 H	3.4	
Comerica Bank	1.0	4.0	1.1	na	0.9	0.9	1.0	1.3	2.3	3.1	3.9	na	na	na	na	na	2.6	1.9	1.8	
Oxford Economics	0.9	3.9	1.1	na	0.6	0.7	0.9	1.2	2.2	3.2	3.6	na	na	na	4.8	83.3	2.9	1.6	2.0	
Wells Fargo	0.9	3.9	1.0	1.0	0.9	1.0	1.1	1.4	2.0	2.8	3.5	4.4	5.1	4.4	4.5	83.8	3.0	2.0	2.1	
Daiwa Capital Markets America	0.9	4.0	1.0	0.8	0.8	0.9	0.9	2.0	2.5	3.2	3.7	4.6	5.3	4.2	4.9	84.0	3.0	2.3	2.2	
Cycledata Corp.	0.9	4.0	1.1	0.9	0.9	1.0	1.2	1.5	2.5	3.2	4.1	5.0	5.7	4.8	4.9	81.0	2.7	2.1	2.3	
Nomura Securities, Inc.	0.9	3.9	1.0	0.9	0.7	0.8	0.9	1.5	2.3	2.9	3.3	4.5	5.3	na	4.6	na	2.7	1.6	2.1	
Societe Generale	0.9	na	1.2	na	na	na	na	2.1	3.0	3.6	4.2	na	na	na	na	na	3.3	2.3	4.0	
BNP Paribas Americas	0.9	na	0.8	na	0.2	0.2 L	0.2 L	1.8	2.7	3.3	4.0	4.6	5.8	3.3 L	5.0	na	2.8	na	4.3 H	
PNC Financial Services Corp.	0.8	3.8	1.2	na	0.9	1.0	1.2	1.6	2.4	3.0	3.6	na	5.6	4.5	4.8	78.1	2.6	2.1	2.3	
Wells Capital Management	0.8	4.0	1.1	1.1	1.0	1.1	1.2	1.6	2.4	2.8	3.4	na	na	na	4.4	81.3	2.8	2.2	2.5	
Bank of America Merrill Lynch	0.8	na	0.9	na	0.6	na	na	1.5	2.3	3.2	3.9	na	na	na	na	na	3.1	1.9	2.0	
Stone Harbor Investment Partners	0.8	3.8	0.9	0.8	0.7	0.8	1.0	1.7	2.6	3.4	4.1	4.9	5.6	na	4.8	79.0	3.6	1.8	2.3	
RidgeWorth Investments	0.8	3.8	1.0	0.8	0.7	0.9	1.0	1.2	2.3	3.4	3.9	4.7	5.3	4.7	4.8	79.0	3.0	2.2	2.4	
DePrince & Assoc.	0.8	3.8	1.1	0.9	0.8	0.9	1.2	1.5	2.3	3.3	4.0	4.9	5.9	4.6	5.1	80.8	3.0	2.1	2.6	
BMO Capital Markets	0.7	3.8	1.1	na	0.6	0.6	1.2	2.0	2.6	3.2	3.8	na	na	na	4.7	na	2.7	1.8	1.8	
Moody's Analytics	0.7	3.7	0.9	0.7	0.6	0.6	0.7	0.8	2.4	3.7	4.3	5.8	6.7	4.6	5.5	89.9 H	3.6	2.6	2.2	
RBS Securities	0.7	3.8	1.3	0.8	0.8	1.1	1.3	1.6	2.5	3.2	3.8	4.9	5.8	4.5	4.8	84.0	3.2	2.0	2.6	
ClearView Economics	0.7	3.7	1.0	0.7	0.6	0.8	1.0	1.4	2.3	2.9	3.5	4.3	5.0	4.2	4.5	84.0	2.9	1.8	3.0	
AIG	0.7	3.7	1.1	na	0.8	1.2	1.6	2.1	2.8	3.3	3.9	na	5.3	na	4.9	na	2.2 L	2.1	2.0	
Fannie Mae	0.6	3.7	1.1	na	0.8	0.8	0.9	1.7	2.5	2.9	3.4	na	na	na	4.7	na	2.5	2.1	2.0	
SunTrust Banks	0.6	3.6	0.9	0.7	0.5	0.6	0.8	1.2	2.1	2.6	3.2 L	4.5	5.7	4.1	4.2	85.7	3.5	2.0	2.4	
Mesirow Financial	0.6	3.6	1.0	0.7	0.1 L	0.9	1.4	2.0	2.8	3.6	4.4	4.8	5.7	5.3	5.2	83.3	2.8	2.1	2.0	
Loomis, Sayles & Company	0.5	3.5	1.0	0.8	0.7	0.9	1.1	1.6	2.5	3.2	3.7	4.7	5.4	4.6	4.8	82.5	2.8	2.1	1.9	
The Northern Trust Company	0.5	3.5	1.0	0.6	0.8	0.8	0.9	1.5	2.9	3.8	4.8	5.3	5.9	5.2	5.4	na	3.2	1.8	2.1	
Economist Intelligence Unit	0.5	3.5	0.7	0.5	0.3	0.5	0.6	0.9	2.1	3.2	3.9	na	na	na	4.8	na	2.5	na	2.2	
GLC Financial Economics	0.5	3.5	0.7	0.5	0.2	0.2 L	0.3	0.6 L	1.7 L	2.5 L	3.4	4.4	5.1	4.1	4.0 L	78.5	4.9 H	2.2	2.8	
Woodworth Holdings	0.4	3.6	0.5 L	0.4 L	0.3	0.4	0.4	0.8	1.9	2.7	3.4	4.3	5.1	4.3	4.4	79.5	3.0	1.4	1.2	
Goldman Sachs & Co.	0.4	na	0.7	na	0.6	na	na	1.6	2.2	2.9	3.5	na	na	na	5.1	na	3.0	na	na	
Moody's Capital Markets Group	0.4	3.4	0.5 L	0.4 L	0.4	0.5	0.6	0.9	2.1	2.9	3.4	4.3	5.0	4.0	4.6	82.5	3.1	1.9	2.1	
Georgia State University	0.2 L	3.3 L	na	na	0.3	0.5	0.6	0.9	2.0	3.0	4.0	4.8	5.5	na	5.3	na	2.6	1.3 L	1.9	
Kellner Economic Advisers	0.2 L	3.3 L	0.6	0.5	0.3	0.6	0.8	1.2	2.3	3.0	3.9	4.7	5.5	5.2	4.9	83.0	2.9	2.5	2.4	
<b>November Consensus</b>	<b>0.8</b>	<b>3.9</b>	<b>1.1</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>	<b>1.7</b>	<b>2.6</b>	<b>3.3</b>	<b>4.0</b>	<b>4.9</b>	<b>5.6</b>	<b>4.7</b>	<b>4.9</b>	<b>82.0</b>	<b>3.0</b>	<b>2.1</b>	<b>2.3</b>	
Top 10 Avg.	1.2	4.2	1.5	1.3	1.4	1.5	1.9	2.5	3.2	3.9	4.6	5.4	6.2	5.4	5.5	85.1	3.6	2.5	3.2	
Bottom 10 Avg.	0.4	3.5	0.7	0.5	0.3	0.5	0.6	1.0	2.0	2.8	3.4	4.4	5.1	4.1	4.4	78.8	2.5	1.6	1.7	
October Consensus	0.9	3.9	1.1	1.0	0.9	1.0	1.3	1.8	2.7	3.5	4.2	5.1	5.8	4.8	5.1	80.9	2.9	2.1	2.3	
<b>Number of Forecasts Changed From A Month Ago:</b>																				
Down	16	11	13	11	18	18	19	24	27	29	30	19	16	15	24	3	6	11	13	
Same	27	28	22	20	26	19	16	15	14	15	13	8	12	10	13	12	33	28	26	
Up	3	1	6	0	1	3	5	7	5	2	2	4	4	3	2	12	7	4	6	
Diffusion Index	36 %	38 %	41 %	32 %	31 %	31 %	33 %	32 %	26 %	21 %	19 %	26 %	31 %	29 %	22 %	67 %	51 %	42 %	42 %	

# First Quarter 2016

## Interest Rate Forecasts

## Key Assumptions

Blue Chip Financial Forecasts Panel Members	-----Percent Per Annum -- Average For Quarter-----															Avg. For --Qtr.-- A.	------(Q-Q % Change)-----		
	-----Short-Term-----					-----Intermediate-Term-----					-----Long-Term-----						Fed's Major Currency \$ Index	------(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
Naroff Economic Advisors	2.0 H	5.0 H	2.2 H	2.2 H	2.3 H	2.4 H	2.4	2.9	3.7 H	4.3	5.4	6.5 H	7.3 H	6.1	6.2	77.0	2.6	2.5	2.8
High Frequency Economics	1.6	4.6	na	na	1.8	1.8	2.6 H	3.3 H	3.5	3.9	4.3	na	na	na	na	na	2.8	2.6	2.6
Pierpont Securities	1.6	4.7	2.2 H	1.7	1.8	2.0	2.5	2.7	3.7 H	4.4	5.3	6.0	6.9	6.0	6.3 H	87.0	2.8	2.5	3.0
MacroFin Analytics	1.6	4.8	1.6	1.6	1.4	1.6	1.7	2.0	2.6	3.5	4.5	5.2	5.8	5.0	5.0	83.4	3.0	1.9	1.8
Swiss Re	1.5	4.5	1.7	1.9	1.9	2.0	2.1	2.2	2.9	3.6	4.3	5.1	5.6	na	5.7	na	3.3	1.9	1.9
Standard & Poor's Corp.	1.5	4.5	1.8	1.7	1.5	1.7	1.9	2.2	2.6	3.7	na	5.2	6.3	5.2	5.5	na	2.9	2.1	2.2
Daiwa Capital Markets America	1.5	4.5	1.6	1.4	1.4	1.5	1.5	2.4	2.8	3.3	3.8	4.8	5.4	4.1	5.0	85.0	3.0	2.3	2.2
Chmura Economics & Analytics	1.5	4.5	1.7	1.5	1.2	1.4	1.6	1.8	3.3	4.1	4.7	5.6	na	na	5.7	76.2	3.5	1.9	2.4
Action Economics	1.5	4.5	1.9	1.5	1.6	2.2	2.5	2.7	3.0	3.3	4.0	4.3 L	4.8 L	4.0	4.4	81.4	2.8	2.3	2.4
Nat'l Assn. of Realtors	1.3	4.3	1.4	1.3	1.4	1.5	1.8	3.0	3.7 H	4.5 H	5.5 H	6.2	7.1	6.4 H	6.0	na	3.0	2.9 H	3.2 H
Comerica Bank	1.3	4.3	1.5	na	1.2	1.3	1.3	1.6	2.6	3.4	4.2	na	na	na	na	na	2.5	1.9	2.0
Wells Capital Management	1.3	4.4	1.4	1.5	1.4	1.4	1.6	1.9	2.6	3.0	3.5	na	na	na	4.4	81.5	2.5	2.3	2.6
Chase Wealth Management	1.3	4.3	1.5	1.3	1.3	1.4	1.4	1.7	2.8	3.6	4.5	5.3	6.1	5.4	5.4	81.7	3.2	2.1	2.1
Moody's Analytics	1.3	4.3	1.5	1.1	1.0	1.1	1.2	1.4	2.8	4.1	4.7	5.8	6.8	4.9	5.8	90.3 H	3.5	2.4	2.4
MUFG Union Bank	1.3	4.3	1.3	1.3	1.3	1.4	1.5	2.3	3.3	3.7	4.1	5.0	5.9	5.0	5.3	75.0 L	2.9	2.2	2.7
Cycledata Corp.	1.2	4.3	1.4	1.2	1.2	1.3	1.5	1.8	2.7	3.4	4.3	5.2	5.9	5.0	5.2	81.0	2.6	2.1	2.3
Oxford Economics	1.2	4.1	1.4	na	0.8	0.9	1.2	1.4	2.3	3.3	3.8	na	na	na	4.9	83.4	3.0	1.7	2.1
PNC Financial Services Corp.	1.2	4.2	1.6	na	1.3	1.4	1.6	1.9	2.6	3.1	3.6	na	5.7	4.5	4.9	78.3	2.6	1.9	2.3
Nomura Securities, Inc.	1.1	4.1	1.2	1.1	0.9	1.0	1.2	1.6	2.4	3.0	3.5	4.6	5.4	na	4.8	na	2.5	1.6	2.1
Societe Generale	1.1	na	1.5	na	na	na	na	2.3	3.1	3.7	4.2	na	na	na	na	na	3.3	2.2	2.8
BNP Paribas Americas	1.1	na	1.0	na	0.2	0.2 L	0.3 L	1.9	2.8	3.4	4.0	4.7	5.9	3.4 L	5.1	na	2.2 L	na	1.6
Wells Fargo	1.1	4.1	1.2	1.2	1.1	1.2	1.3	1.5	2.1	2.9	3.6	4.5	5.2	4.5	4.6	84.5	3.1	2.1	2.2
Mesirow Financial	1.0	4.0	1.5	1.1	0.1 L	1.3	1.8	2.3	3.0	3.7	4.4	5.0	5.8	5.4	5.3	83.4	3.0	2.4	2.1
The Northern Trust Company	1.0	4.0	1.5	1.1	1.3	1.3	1.4	2.0	3.2	4.0	5.0	5.4	6.0	5.3	5.6	na	2.6	2.1	2.2
Stone Harbor Investment Partners	1.0	4.0	1.1	1.0	1.0	1.1	1.4	1.9	2.8	3.5	4.3	5.1	5.8	na	5.0	79.0	3.8 H	1.8	2.3
RidgeWorth Investments	1.0	4.0	1.3	1.1	0.9	1.1	1.2	1.4	2.5	3.6	4.1	4.9	5.5	5.0	5.0	78.0	3.0	2.2	2.4
Economist Intelligence Unit	1.0	4.0	1.1	1.0	0.8	0.9	1.0	1.2	2.3	3.4	4.1	na	na	na	5.0	na	3.0	na	2.4
DePrince & Assoc.	1.0	4.0	1.4	1.2	1.0	1.2	1.6	1.9	2.7	3.7	4.3	5.3	6.3	5.0	5.5	81.1	2.7	2.1	2.7
BMO Capital Markets	1.0	4.1	1.4	na	0.8	0.9	1.4	2.2	2.9	3.4	4.0	na	na	na	5.0	na	2.7	2.0	2.2
RBS Securities	1.0	4.1	1.6	1.0	1.1	1.4	1.6	1.8	2.6	3.2	3.8	4.9	5.8	4.4	4.8	84.0	2.9	2.0	2.2
ClearView Economics	0.9	3.9	1.3	0.9	0.9	1.1	1.4	1.7	2.6	3.1	3.6	4.5	5.1	4.3	4.7	84.5	3.0	1.8	3.0
AIG	0.9	3.9	1.4	na	1.0	1.5	1.9	2.4	3.0	3.4	4.0	na	5.4	na	5.0	na	2.4	2.3	2.0
Loomis, Sayles & Company	0.9	3.9	1.3	1.2	1.1	1.3	1.4	1.9	2.7	3.3	3.8	4.8	5.5	4.6	4.9	82.7	2.8	2.4	1.9
GLC Financial Economics	0.8	3.8	1.1	0.9	0.3	0.3	0.4	0.6 L	1.7 L	2.7	3.6	4.7	5.4	4.3	4.3 L	78.0	3.6	2.2	2.7
Fannie Mae	0.8	3.9	1.4	na	1.1	1.1	1.2	1.9	2.7	3.0	3.5	na	na	na	4.8	na	2.4	2.2	2.2
SunTrust Banks	0.7	3.7	1.5	1.1	0.7	0.8	1.0	1.4	2.2	2.6 L	3.2 L	4.5	5.7	4.2	4.3 L	75.6	2.3	2.3	1.6
Goldman Sachs & Co.	0.7	na	1.0	na	0.8	na	na	1.9	2.3	3.1	3.6	na	na	na	5.2	na	3.0	na	na
Moody's Capital Markets Group	0.6	3.6	0.8	0.6 L	0.7	0.8	0.9	1.0	2.2	3.0	3.4	4.3 L	5.0	4.0	4.7	82.9	3.0	1.9	1.7
Woodworth Holdings	0.5	3.8	0.6 L	0.6 L	0.4	0.5	0.5	0.9	2.0	2.8	3.5	4.4	5.2	4.4	4.5	80.0	3.0	1.4 L	1.4 L
Georgia State University	0.5	3.7	na	na	0.6	0.7	0.9	1.5	2.3	3.2	4.1	5.0	5.8	na	5.4	na	2.7	1.7	2.0
Kellner Economic Advisers	0.4 L	3.5 L	0.8	0.7	0.5	0.8	0.9	1.3	2.5	3.1	4.0	4.8	5.5	5.5	5.0	84.0	3.0	2.5	2.5
<b>November Consensus</b>	<b>1.1</b>	<b>4.2</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.9</b>	<b>2.7</b>	<b>3.4</b>	<b>4.1</b>	<b>5.0</b>	<b>5.8</b>	<b>4.8</b>	<b>5.1</b>	<b>81.5</b>	<b>2.9</b>	<b>2.1</b>	<b>2.3</b>
Top 10 Avg.	1.6	4.6	1.8	1.6	1.6	1.8	2.1	2.6	3.3	4.0	4.8	5.6	6.4	5.5	5.8	84.9	3.3	2.5	2.8
Bottom 10 Avg.	0.7	3.8	1.0	0.9	0.5	0.7	0.8	1.2	2.2	2.9	3.5	4.5	5.2	4.1	4.5	77.8	2.5	1.8	1.8
October Consensus	1.2	4.3	1.5	1.3	1.2	1.3	1.5	2.0	2.9	3.7	4.3	5.2	5.9	4.9	5.3	80.9	2.9	2.1	2.3
Number of Forecasts Changed From A Month Ago:																			
Down	16	13	14	7	18	14	17	19	26	23	27	19	16	13	20	3	6	11	14
Same	23	22	20	22	21	19	17	16	12	15	10	9	9	7	14	10	26	23	22
Up	2	2	4	1	1	6	5	6	3	3	3	2	6	5	4	12	8	3	3
Diffusion Index	33%	35%	37%	40%	29%	40%	35%	34%	22%	26%	20%	22%	34%	34%	29%	68%	53%	39%	36%

International Interest Rate And Foreign Exchange Rate Forecasts

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	na	na	na
BNP Paribas Americas	na	na	na
ING Financial Markets	0.20	0.30	0.50
Mizuho Research Institute	0.24	0.24	0.30
Moody's Analytics	0.29	0.36	0.53
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>0.24</b>	<b>0.30</b>	<b>0.44</b>
High	0.29	0.36	0.53
Low	0.20	0.24	0.30
Last Months Avg.	0.27	0.27	0.55

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	na	na	na
BNP Paribas Americas	na	na	na
ING Financial Markets	0.15	0.15	0.15
Mizuho Research Institute	0.21	0.21	0.21
Moody's Analytics	na	na	na
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>0.18</b>	<b>0.18</b>	<b>0.18</b>
High	0.21	0.21	0.21
Low	0.15	0.15	0.15
Last Months Avg.	0.17	0.17	0.17

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	0.50	0.70	1.25
BNP Paribas Americas	na	na	na
ING Financial Markets	0.70	0.95	1.50
Mizuho Research Institute	0.65	0.85	1.10
Moody's Analytics	na	na	na
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>0.62</b>	<b>0.83</b>	<b>1.28</b>
High	0.70	0.95	1.50
Low	0.50	0.70	1.10
Last Months Avg.	0.67	0.93	1.28

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	na	na	na
BNP Paribas Americas	na	na	na
ING Financial Markets	0.00	0.00	0.00
Mizuho Research Institute	na	na	na
Moody's Analytics	na	na	na
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>na</b>	<b>na</b>	<b>na</b>
High	na	na	na
Low	na	na	na
Last Months Avg.	na	na	na

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	na	na	na
BNP Paribas Americas	na	na	na
ING Financial Markets	1.30	1.30	1.40
Mizuho Research Institute	na	na	na
Moody's Analytics	na	na	na
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>1.30</b>	<b>1.30</b>	<b>1.40</b>
High	1.30	1.30	1.40
Low	1.30	1.30	1.40
Last Months Avg.	1.30	1.30	1.50

United States			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
2.72	2.82	3.10	
2.80	2.95	3.25	
2.30	2.40	3.00	
3.00	3.10	3.15	
2.10	2.10	2.60	
2.80	2.85	3.30	
3.03	3.32	3.59	
2.55	2.62	2.93	
2.60	2.75	2.90	
2.68	2.81	3.19	
3.15	3.60	3.90	
2.80	3.10	3.50	
2.17	2.51	2.66	
<b>2.67</b>	<b>2.84</b>	<b>3.16</b>	
3.15	3.60	3.90	
2.10	2.10	2.60	
2.79	2.92	3.25	

Japan			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
0.65	0.76	0.88	
0.55	0.65	1.05	
0.55	0.60	0.75	
0.85	1.00	1.50	
0.50	0.50	0.60	
0.60	0.65	0.80	
0.56	0.57	0.58	
0.50	0.52	0.70	
0.65	0.70	0.80	
0.52	0.54	0.56	
na	na	na	
0.70	0.75	0.95	
0.55	0.60	0.70	
<b>0.60</b>	<b>0.65</b>	<b>0.82</b>	
0.85	1.00	1.50	
0.50	0.50	0.56	
0.61	0.66	0.83	

United Kingdom			
10 Yr. Gilt Yields %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
2.80	2.92	3.03	
2.90	3.00	3.20	
2.40	2.65	3.15	
2.90	3.00	3.10	
2.20	2.50	3.10	
2.60	2.80	3.10	
3.03	3.34	3.57	
2.50	2.57	2.88	
3.00	3.10	3.30	
2.50	2.58	2.78	
na	na	na	
3.25	3.40	3.80	
2.40	2.50	2.70	
<b>2.71</b>	<b>2.86</b>	<b>3.14</b>	
3.25	3.40	3.80	
2.20	2.50	2.70	
2.81	2.99	3.30	

Switzerland			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.06	1.22	1.34	
na	na	na	
0.55	0.65	0.75	
0.45	0.60	0.80	
na	na	na	
1.11	1.10	1.09	
0.50	0.60	0.70	
na	na	na	
0.67	0.78	1.02	
na	na	na	
0.50	0.50	0.60	
na	na	na	
<b>0.69</b>	<b>0.78</b>	<b>0.90</b>	
1.11	1.22	1.34	
0.45	0.50	0.60	
0.55	0.58	0.67	

Canada			
10 Yr. Gov't Bond Yield %			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
2.56	2.77	2.95	
na	na	na	
2.00	2.10	2.65	
2.90	3.15	3.35	
2.15	2.30	2.70	
na	na	na	
2.73	3.03	3.33	
2.24	2.30	2.57	
2.30	2.40	2.80	
2.40	2.66	3.12	
2.70	3.10	3.40	
na	na	na	
2.25	2.30	2.50	
<b>2.42</b>	<b>2.61</b>	<b>2.94</b>	
2.90	3.15	3.40	
2.00	2.10	2.50	
2.50	2.70	3.07	

Fed's Major Currency \$ Index			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
na	na	na	
na	na	na	
81.1	82.1	84.0	
na	na	na	
80.0	81.9	84.3	
81.0	81.5	83.0	
na	na	na	
81.0	81.3	82.2	
na	na	na	
81.1	81.8	83.0	
<b>80.8</b>	<b>81.7</b>	<b>83.3</b>	
81.1	82.1	84.3	
80.0	81.3	82.2	
80.2	80.8	82.2	

Yen/USD			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
102.0	105.0	108.0	
111.0	112.0	112.0	
110.0	112.0	114.0	
115.0	118.0	121.0	
107.0	110.0	113.0	
109.0	110.0	112.0	
104.6	104.9	105.3	
108.0	109.0	110.0	
114.0	116.0	na	
110.0	111.0	112.2	
110.0	11.0	113.0	
108.0	na	na	
106.0	107.0	109.0	
<b>108.8</b>	<b>102.2</b>	<b>111.8</b>	
115.0	118.0	121.0	
102.0	11.0	105.3	
107.9	109.4	111.3	

USD/Pound Sterling			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.72	1.75	1.72	
1.63	1.61	1.57	
1.62	1.61	1.58	
1.64	1.65	1.64	
1.66	1.67	1.62	
na	na	na	
1.63	1.61	1.60	
1.60	1.59	1.56	
1.62	1.60	1.60	
1.59	1.58	1.58	
1.67	1.68	1.66	
1.65	na	na	
1.62	1.65	1.66	
<b>1.64</b>	<b>1.64</b>	<b>1.62</b>	
1.72	1.75	1.72	
1.59	1.58	1.56	
1.65	1.65	1.64	

CHF/USD			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
0.90	0.91	0.92	
0.95	0.99	1.10	
0.96	0.98	1.01	
na	na	na	
0.94	0.96	1.00	
na	na	na	
0.98	1.01	1.05	
0.96	0.96	0.97	
1.00	1.03	1.05	
0.97	0.98	1.01	
0.98	0.99	1.02	
0.94	na	na	
0.95	0.97	1.00	
<b>0.96</b>	<b>0.98</b>	<b>1.01</b>	
1.00	1.03	1.10	
0.90	0.91	0.92	
0.94	0.96	0.98	

CAD/USD			
In 3 Mo.	In 6 Mo.	In 12 Mo.	
1.17	1.16	1.16	
1.10	1.13	1.16	
1.13	1.14	1.18	
1.10	1.10	1.10	
1.10	1.13	1.15	
na	na	na	
1.12	1.12	1.15	
1.13	1.14	1.15	
1.15	1.15	na	
1.14	1.14	1.14	
1.12	1.12	1.11	
1.11	na	na	
1.09	1.08	1.09	
<b>1.12</b>	<b>1.13</b>	<b>1.14</b>	
1.17	1.16	1.18	
1.09	1.08	1.09	
1.11	1.12	1.12	

## International Interest Rate And Foreign Exchange Rate Forecasts

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	na	na	na
BNP Paribas Americas	na	na	na
ING Financial Markets	2.70	2.80	3.20
Mizuho Research Institute	na	na	na
Moody's Analytics	na	na	na
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>2.70</b>	<b>2.80</b>	<b>3.20</b>
High	2.70	2.80	3.20
Low	2.70	2.80	3.20
Last Months Avg.	2.80	2.90	3.40

Australia		
10 Yr. Gov't Bond Yield %		
In 3 Mo.	In 6 Mo.	In 12 Mo.
4.32	4.53	5.01
na	na	na
na	na	na
4.55	4.65	4.75
3.50	3.70	4.30
na	na	na
3.77	3.86	3.96
3.25	3.28	3.25
3.65	3.75	4.10
3.83	3.79	4.24
na	na	na
4.00	4.10	4.30
na	na	na
<b>3.86</b>	<b>3.96</b>	<b>4.24</b>
4.55	4.65	5.01
3.25	3.28	3.25
3.96	4.08	4.37

USD/AUD		
In 3 Mo.	In 6 Mo.	In 12 Mo.
0.89	0.89	0.89
0.89	0.87	0.85
0.86	0.84	0.81
0.88	0.87	0.86
0.90	0.87	0.85
na	na	na
0.88	0.88	0.87
0.88	0.88	0.88
0.88	0.89	na
0.87	0.88	0.90
0.86	0.86	0.88
0.93	na	na
0.92	0.93	0.95
<b>0.89</b>	<b>0.88</b>	<b>0.87</b>
0.93	0.93	0.95
0.86	0.84	0.81
0.91	0.90	0.90

Blue Chip Forecasters	3 Mo. Interest Rate %		
	In 3 Mo.	In 6 Mo.	In 12 Mo.
AIG	na	na	na
Barclays	na	na	na
BMO Capital Markets	0.05	0.05	0.10
BNP Paribas Americas	na	na	na
ING Financial Markets	0.07	0.06	0.07
Mizuho Research Institute	0.10	0.10	0.10
Moody's Analytics	na	na	na
Moody's Capital Markets	na	na	na
Nomura Securities	na	na	na
Oxford Economics	na	na	na
Scotiabank Group	na	na	na
UBS	na	na	na
Wells Fargo	na	na	na
<b>November Consensus</b>	<b>0.07</b>	<b>0.07</b>	<b>0.09</b>
High	0.10	0.10	0.10
Low	0.05	0.05	0.07
Last Months Avg.	0.08	0.08	0.08

## Eurozone

USD/EUR		
In 3 Mo.	In 6 Mo.	In 12 Mo.
na	na	na
1.22	1.17	1.10
1.27	1.26	1.24
1.23	1.22	1.20
1.28	1.25	1.20
1.27	1.26	1.24
1.24	1.21	1.16
1.26	1.25	1.24
1.23	1.20	1.20
1.25	1.24	1.22
1.24	1.23	1.21
1.27	na	na
1.27	1.25	1.22
<b>1.25</b>	<b>1.23</b>	<b>1.20</b>
1.28	1.26	1.24
1.22	1.17	1.10
1.28	1.26	1.24

Blue Chip Forecasters	10 Yr. Gov't Bond Yields %											
	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.
AIG	1.72	1.88	2.11	1.99	2.13	2.27	3.34	3.68	3.93	3.16	3.26	3.48
Barclays	1.10	1.20	1.40	na								
BMO Capital Markets	0.95	1.05	1.25	na								
BNP Paribas Americas	1.20	1.30	1.40	1.55	1.65	1.75	2.50	2.50	2.50	2.20	2.25	2.30
ING Financial Markets	0.75	0.90	1.10	1.45	1.60	1.80	2.75	2.75	2.70	2.55	2.60	2.60
Mizuho Research Institute	1.10	1.10	1.20	na								
Moody's Analytics	1.11	1.10	1.10	2.02	2.09	2.11	2.90	2.90	2.90	2.43	2.43	2.43
Moody's Capital Markets	1.00	1.05	1.10	1.42	1.45	1.53	2.62	2.67	2.70	2.30	2.34	2.38
Nomura Securities	1.10	1.15	1.25	na								
Oxford Economics	1.10	1.18	1.28	1.51	1.62	1.78	2.51	2.60	2.71	2.28	2.36	2.47
UBS	1.30	1.40	1.60	1.70	1.80	2.00	2.90	3.00	3.20	na	na	na
Wells Fargo	0.85	0.80	0.90	na								
<b>November Consensus</b>	<b>1.11</b>	<b>1.18</b>	<b>1.31</b>	<b>1.66</b>	<b>1.76</b>	<b>1.89</b>	<b>2.79</b>	<b>2.87</b>	<b>2.95</b>	<b>2.49</b>	<b>2.54</b>	<b>2.61</b>
High	1.72	1.88	2.11	2.02	2.13	2.27	3.34	3.68	3.93	3.16	3.26	3.48
Low	0.75	0.80	0.90	1.42	1.45	1.53	2.50	2.50	2.50	2.20	2.25	2.30
Last Months Avg.	1.13	1.21	1.40	1.55	1.64	1.81	2.49	2.59	2.75	2.43	2.50	2.66

	Consensus Forecasts			
	10-year Bond Yields vs U.S. Yield			
	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-1.78	-2.07	-2.19	-2.34
United Kingdom	-0.02	0.04	0.02	-0.02
Switzerland	-1.80	-1.98	-2.06	-2.26
Canada	-0.28	-0.25	-0.23	-0.22
Australia	1.06	1.19	1.12	1.08
Germany	-1.36	-1.56	-1.66	-1.85
France	-0.97	-1.01	-1.08	-1.27
Italy	0.23	0.12	0.03	-0.21
Spain	-0.08	-0.18	-0.30	-0.55

	Consensus Forecasts			
	3 Mo. Deposit Rates vs U.S. Rate			
	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-0.22	-0.06	-0.48	-0.26
United Kingdom	0.43	0.37	0.53	0.84
Switzerland	-0.27	na	na	na
Canada	0.95	1.06	1.00	0.96
Australia	2.46	2.46	2.50	2.76
Eurozone	-0.23	-0.17	-0.23	-0.35

**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****Keep Calm And Carry On**

October's FOMC meeting promises to be lively. The market will focus on possible shifts in forward guidance and on how the Fed balances the recent strong labor market data with global growth risks. We see the hawks pushing for the option to raise rates early in 2015 by removing the "considerable time" language, but we expect the doves to resist, and for the statement to evolve by identifying further progress towards the Fed's goals, but with no shift in its basic stance. And no shift forward in the timing of the first rate hike, either.

The 17 September FOMC meeting saw Richard Fisher join Charles Plosser as a dissenter. Since then, the labor market has improved and Q3 GDP growth looks to have been around 3%, which should keep the hawks pushing for an earlier exit than the FOMC as a whole has been ready to approve. The doves' chief challenge is the fall in the unemployment rate to 5.9% in September, with a good prospect that by the spring the rate will be within the FOMC's estimated range for the NAIRU (Non-Accelerating Rate of Inflation), 5.2-5.5%.

As is clear from the 17 September minutes, the doves do not buy the unemployment rate as judge, jury and executioner, when it comes to deciding when to terminate its zero rate policy. NY Fed President Dudley recently characterized labor market slack as significant, and cited low wage growth as supporting evidence. While he should know better – wages are not supposed to accelerate until after the NAIRU is reached – the argument alone shows that the doves are not going to be pushed around.

In October, there is bound to be a battle about how to characterize the labor market, with the current formulation being that "there remains significant underutilization of labor resources". September's minutes noted that "the characterization of labor market underutilization might have to be changed if progress in the labor market continued." The stronger-than-expected September employment report, which featured a 69,000 upward revision to prior months' payrolls and left the unemployment rate 0.2pp lower at just 5.9%, makes this a pressing matter.

Getting hooked on the unemployment rate could be dangerous, since it has declined by 1.3pp over the past year and could lead the Fed into a too-rapid tightening cycle. If it continues to decline at this pace, the unemployment rate would be within the central tendency of participants' estimates of the longer-run normal rate of unemployment by early spring. We expect the doves will seek to neutralize the effects of a tighter labor market on future inflation by mentioning factors such as softer demand in Europe and China, weak commodity prices, the stronger dollar, and subdued wages. The doves are not sufficiently confident in the economic outlook to signal that rate hikes are imminent. Given the flattening of the yield curve and the drop in break evens, the market is telling the doves they are right to be cautious.

Thus, the doves' tactic is about muddying the waters, making room for discretion and judgment by looking at 19 indicators of labor market slack. These indicators suggest that a lot of the slack created during the recession has still not been used up. But this is a misleading argument, since the peak of the last labor market cycle was hardly equilibrium.

While we don't find the doves' arguments totally convincing, we wholeheartedly support what we suspect are their instincts: take more risks with inflation than growth, and set policy for the risk scenarios as well as the central case, where the downside risk scenario has much more serious consequences. The risks of hiking too soon or too fast are that the economic recovery aborts and we go back to the zero lower bound. Just look at the 2011 ECB hikes if you need more warning about premature tightening. The risk of delaying three months or so might be a tenth or two more inflation, which is rather easy to deal with.

The challenge will be modifying the language without signaling a big shift in the Fed's policy intentions. One option would be to say "there remains significant, though diminishing, underutilization of labor resources".

In addition to the characterization of labor markets, another contentious issue at October's meeting will likely be forward guidance. The hawks will likely demand that any reference to holding rates at zero for a "considerable time" should be dropped, to maintain flexibility to adjust rates if the data so demand (echoes of 2003). The doves will likely remind their peers that dropping "considerable period" in January 2004 was a precursor to the June 2004 rate hike, and will be eager to avoid the market pricing in a March 2015 hike. They will argue that "considerable time" is based on the committee's assessment of the data and future trends, and so is not time dependent, but data dependent. A compromise would be to say rates will remain at current levels until there is considerably more progress in meeting the Fed's dual mandate. Either way, we would read keeping "considerable", or something similar, as saying "forget March".

Based on labor market data (particularly the fall in the unemployment rate to 5.9%), there is some reason for the markets to be wary of language changes in October. However, we doubt that the majority of the FOMC will see that the recent data changes much on the economic view. September payrolls were 248,000 compared with a six-month average of 245,000. Previous stronger-than-expected data had already been reflected in the shift in the dots in September.

We would be surprised if we saw a change in forward guidance, which would signal March was a real possibility for the first hike. In January 2004, the FOMC dropped "considerable period" and replaced it with a pledge to be "patient" before raising rates. We would put a low probability on this, about 15%, but if it materializes, watch out. A tactical reason for not wanting to change guidance or the characterization of the labor market, very much in October is that there is no press conference. Since so much of monetary policy today is about guidance, the Chair might want to elaborate on and clarify any important shifts in guidance. Overall then, we expect the message to be: Keep Calm and Carry On.

*Paul Mortimer-Lee and Laura Rosner, BNP Paribas, New York, NY*

**Yield Curve Becomes Bumpy**

Over the past few months, the yield curve has broken down all along the maturity spectrum. As an administered rate, the funds rate is whatever the Fed wishes it to be, but as we move along the yield curve, the Fed exerts less and less influence.

Prior to market turmoil over the past two weeks, at the very short end of the curve, the 2-year rate had been rising relative to the administered funds rate. We expect that the two-year rate will rise again in the first quarter in anticipation of the Fed beginning to raise the fed funds target rate around mid-2015.

There is a clear shift upward in the short end of the yield curve from October 2013 to September 2014 from the 3-month to the 5-year yield. However, over the past month, yields have shifted back in over the same maturity spectrum. This is especially true for the 5- and 2-year yields.

At the longer end of the curve, yields have steadily shifted down over the past year. There was no backup in yield from last October to September this year, unlike the short end of the curve where yields shifted up and now have come back in up to the 5-year yield.

Investors pick up more incremental yield between the 2-year to 5-year points on the curve. But note that extending the maturity beyond the 5-year yields significantly less return at the (*continued on next page*)

## 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

7- and 10-year maturities. The problem comes with the question of balance. Does the marginal return for the 7- and 10-year maturities compensate for the risk of a greater rise in long rates or inflation than is currently discounted in the marketplace?

Since 1982, the tendency of inflation, as measured by the PCE deflator, has been to average 2.54 percent—which is currently above the majority of forecasts. This raises the possibility that extensions along the yield curve will not generate real returns as inflation resumes its long-run path since 1982.

*Wells Fargo Economics Group, Charlotte, NC*

#### FOMC Preview

We expect the FOMC to adopt a final round of tapering at its upcoming meeting, ending its asset purchase program. James Bullard of the St. Louis Fed raised the possibility of extending QE because of volatility in financial markets, but some other Fed officials were cool to the idea. In addition, markets have settled in the past week, and thus quantitative easing will most likely be drawing to a close.

Aside from the fate of QE, market participants will be focused on the wording of the policy statement. The forward guidance provided by the Committee is most important in this regard, with officials possibly changing their intentions to hold short-term interest rates close to zero for a “considerable time”. The FOMC also could alter its characterization of the labor market by backing away from the view that slack remains “significant”.

The Committee should move away from the considerable time phrasing because it suggests that policy decisions will be driven by calendar time rather than economic developments. Public comments of Fed officials have emphasized that policy decisions will be data-dependent, but the policy statement includes the inconvenient (even contradictory) time dimension. It is probably best to drop the phrase, but a shift might lead market participants to suspect that the Committee is beginning to consider a rate hike more seriously, and we doubt that policymakers wish to send such a signal at this time. In addition, and more important, recent developments on inflation and inflation expectations provide the Fed with the flexibility to maintain its current stance for several more months. Thus, despite the compelling argument for a change, we look for the FOMC to indicate again that it intends to remain accommodative for a considerable time.

*Michael Moran, Daiwa Capital Markets America, New York, NY*

#### No “October Surprise” From the Fed

The FOMC should announce the end of QE3 on October 29<sup>th</sup>, but is unlikely to alter its forward guidance. The Fed has tapered its asset purchases by \$10 billion for the past seven consecutive meetings and stated in September it would end QE3 “next meeting” with a final \$15 billion move. Recent musings by St. Louis Fed President Bullard (a non-voter) about not ending QE owing to declining inflation expectations should garner little support (but the Minutes will probably reveal that he has an ally or two).

Next month will mark the first time after 37 consecutive months that the Fed will not be buying longer-term securities, either outright or selling shorter-term securities in return. The Fed’s large-scale asset purchases began in January 2009, 5 years and 10 months ago. Ending 2008, the Fed’s balance sheet stood at \$2.2 trillion, already pumped up by an alphabet soup of programs designed to boost banking system liquidity and credit creation. It currently stands at \$4.5 trillion.

September’s Minutes showed that “it was generally agreed that when changes to the forward guidance become appropriate, they will likely

present communication challenges, and that caution will be needed to avoid sending unintended signals about the Committee’s policy outlook.” This indicates the Fed has little appetite for minor tweaking of language (too much risk of being misinterpreted at this point) and, with no presser scheduled after this Wednesday’s meeting, we doubt there will be any changes to the FOMC’s forward guidance. The phrase “...it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time...” should remain untouched, although the qualifying “after the asset purchase program ends” will probably be dropped.

Elsewhere, the Statement will likely acknowledge the continued moderate expansion in the economy and decline in the jobless rate. The internally controversial conclusion that “there remains significant underutilization of labor resources” should remain. The statement is, technically, still justified. However, we look for a couple risks to be played up. First, there’s the near-term, net downside risk to U.S. inflation performance posed by the trifecta of slowing global economic growth, an appreciating U.S. dollar and lower oil prices. Second, there’s the near-term, net upside risk to U.S. economic momentum posed by the consumer-friendly combination of lower oil prices and mortgage costs (these offset the downside risks posed by recent global developments and financial market volatility). We suspect the subsequent Minutes will reveal that the FOMC is focusing more on the former risk than the latter one. There is only so much inflation underperformance the Fed is ultimately prepared to tolerate.

*Michael Gregory, BMO Capital Markets, Toronto, Canada*

#### Little Change In Outlook

Recent economic reports did not change expectations of US economic performance, and J.P. Morgan continues to forecast real GDP growth of 3.0% (saar) and an increase in the CPI of only about 0.5% this quarter and next. However, there is little hard information on 4Q14 growth as yet. The recent news suggests that there is a small downside risk to our current-quarter forecast. Weak September retail sales leave real consumer spending on a weak trajectory coming into the fourth quarter. And very early industry guidance on October unit auto sales points to a sales pace below its 3Q average. The declines in the latest Homebuilders and Realtors housing industry surveys suggest that there may be downside risks to the forecast for housing activity as well. Of course, recent declines in fuel prices and mortgage rates could well give a near-term lift to both consumer spending and housing.

At any rate, there does not seem to have been any major deterioration in growth judging by recent readings on initial jobless claims, our favorite high-frequency indicator. The 4-week average of claims declined to 281,000 in the week of October 18 from 299,000 just four weeks earlier. And recent volatility in equity prices does not seem to have affected consumer confidence—or, if it has, the impact appears to have been more than offset by lower fuel prices. The Rasmussen daily confidence survey and the Bloomberg weekly survey have both drifted higher since the end of September.

Both the headline and core CPI increased 0.1% in September, matching J.P. Morgan expectations. We think the much lower price of oil should keep inflation close to zero this quarter and next. And we expect the effects of a stronger dollar and lower commodity prices to give a slight downward tilt to core inflation, now running 1.5% (y/y) as measured by the core PCE price index.

We expect the FOMC to taper asset purchases down to zero while retaining the “considerable time” language regarding rate hikes.

*Robert E. Mellman, JPMorgan Chase Bank, New York, NY*

## Special Questions:

1. Please provide your forecasts of the Q3 2014 change (saar) in real GDP and the GDP Price Index.

	Q3 2014 (saar)	
	<u>Real GDP</u>	<u>GDP Price Index</u>
<b>Consensus</b>	<b>3.1%</b>	<b>1.6%</b>
Top 10 Average	3.5%	2.2%
Bottom 10 Average	2.7%	1.0%

2. Will the FOMC end or extend its current asset purchase program at the October 28<sup>th</sup>-29<sup>th</sup> meeting?

(Percent of those responding)

<u>End</u>	<u>Extend</u>
93.8%	6.3%

3. The policy statement released in conjunction with the FOMC's latest meeting retained language stating that interest rates would be kept low for a "considerable time" after the Fed's monthly asset purchase program was concluded.

A. Will the "considerable time" language be dropped from the policy statement at the FOMC's October 28<sup>th</sup>-29<sup>th</sup> meeting?

(Percent of those responding)

<u>Yes</u>	<u>No</u>
10.4%	89.6%

B. If not dropped at the October meeting, will the "considerable time" language be dropped from the policy statement at the FOMC's December 16<sup>th</sup>-17<sup>th</sup> meeting?

(Percent of those responding)

<u>Yes</u>	<u>No</u>
65.2%	34.8%

4. Fed funds futures markets indicate that expectations of Fed tightening were dialed back over the past month. Have you PUSHED FURTHER INTO THE FUTURE the date at which you think the FOMC will begin to raise interest rates?

(Percent of those responding)

<u>Yes</u>	<u>No</u>
21.3%	78.7%

5. At which upcoming meeting do you think the FOMC will FIRST HIKE its target for the federal funds rate?

(Percent of those responding)

Jan.28-29	Mar.17-18	Apr.28-29	Jun.16-17	Jul.28-29	Sep.16-17
<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>	<u>2015</u>
0.0%	12.5%	6.3%	45.8%	4.2%	27.1%
Oct.27-28	Dec.15-16	Jan.	Mar.	Apr.	Jun.
<u>2015</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016 or later</u>
2.1%	2.1%	0.0%	0.0%	0.0%	0.0%

6. A. Over the past month did you REDUCE your forecast of real GDP growth in 2015?

(Percent of those responding)

<u>Yes</u>	<u>No</u>
18.8%	81.2%

B. If you said "yes", please select from the list below where you have PRIMARILY trimmed your expectations of growth in 2015?

(Percent of those responding)

<u>Personal consumption</u>	<u>Business investment</u>	<u>Residential investment</u>	<u>International trade</u>	<u>Government</u>
33.3%	0.0%	11.1%	55.6%	00.0%

7. What will be the unemployment rate in December 2014 and December 2015?

Unemployment rate in December:

	<u>2014</u>	<u>2015</u>
<b>Consensus</b>	<b>5.8%</b>	<b>5.4%</b>
Top 10 Average	6.0%	5.7%
Bottom 10 Average	5.7%	5.0%

Databank:

**2014 Historical Data**

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	-0.9	0.9	1.5	0.6	0.4	0.4	0.3	0.6	-0.3			
Auto & Light Truck Sales (b)	15.20	15.33	16.43	15.97	16.67	16.85	16.40	17.45	16.34			
Personal Income (a, current \$)	0.5	0.6	0.6	0.4	0.5	0.5	0.2	0.3				
Personal Consumption (a, current \$)	-0.2	0.4	0.8	0.2	0.3	0.5	0.0	0.5				
Consumer Credit (e)	5.2	5.9	7.5	9.5	7.3	7.1	8.1	5.0				
Consumer Sentiment (U. of Mich.)	81.2	81.6	80.0	84.1	81.9	82.5	81.8	82.5	84.6			
Household Employment (c)	638	42	476	-73	145	407	131	16	232			
Non-farm Payroll Employment (c)	144	222	203	304	229	267	243	180	248			
Unemployment Rate (%)	6.6	6.7	6.7	6.3	6.3	6.1	6.2	6.1	5.9			
Average Hourly Earnings (All, cur. \$)	24.22	24.29	24.32	24.33	24.38	24.45	24.46	24.54	24.53			
Average Workweek (All, hrs.)	34.4	34.3	34.5	34.5	34.5	34.5	34.5	34.5	34.6			
Industrial Production (d)	3.0	3.3	3.6	3.9	4.3	4.4	4.8	4.0	4.4			
Capacity Utilization (%)	78.1	78.6	79.1	79.0	79.1	79.1	79.1	78.7	79.3			
ISM Manufacturing Index (g)	51.3	53.2	53.7	54.9	55.4	55.3	57.1	59.0	56.6			
ISM Non-Manufacturing Index (g)	54.0	51.6	53.1	55.2	56.3	56.0	58.7	59.6	58.6			
Housing Starts (b)	0.897	0.928	0.950	1.063	0.984	0.909	1.098	0.957	1.017			
Housing Permits (b)	0.939	1.011	1.000	1.059	1.005	0.973	1.057	1.003	1.018			
New Home Sales (1-family, c)	457	432	403	413	458	409	404	466	467			
Construction Expenditures (a)	-0.4	0.4	0.0	1.4	1.3	-1.6	1.2	-0.8				
Consumer Price Index (nsa., d)	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7			
CPI ex. Food and Energy (nsa., d)	1.6	1.6	1.7	1.8	2.0	1.9	1.9	1.7	1.7			
Producer Price Index (n.s.a., d)	1.3	1.2	1.6	1.8	2.1	1.9	1.7	1.8	1.6			
Durable Goods Orders (a)	-1.4	2.6	3.7	0.9	-0.9	2.7	22.5	-18.2				
Leading Economic Indicators (g)	-0.2	0.6	1.0	0.3	0.6	0.7	1.1	0.0	0.8			
Balance of Trade & Services (f)	-39.2	-42.2	-43.1	-46.0	-43.5	-40.8	-40.3	-40.1				
Federal Funds Rate (%)	0.07	0.07	0.08	0.09	0.09	0.10	0.09	0.09	0.09			
3-Mo. Treasury Bill Rate (%)	0.04	0.05	0.05	0.03	0.03	0.04	0.03	0.03	0.02			
10-Year Treasury Note Yield (%)	2.86	2.71	2.72	2.71	2.56	2.60	2.54	2.42	2.53			

**2013 Historical Data**

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.7	1.0	-0.9	0.2	0.6	0.5	0.4	0.0	0.0	0.6	0.4	-0.1
Auto & Light Truck Sales (b)	15.29	15.39	15.35	15.22	15.42	15.78	15.69	15.87	15.34	15.28	16.19	15.44
Personal Income (a, current \$)	-5.1	0.9	0.3	0.2	0.4	0.4	0.0	0.4	0.4	-0.1	0.3	0.0
Personal Consumption (a, current \$)	0.4	0.3	0.1	0.1	0.2	0.2	0.1	0.2	0.3	0.3	0.5	0.0
Consumer Credit (e)	5.5	8.3	3.6	4.2	6.8	5.8	4.4	6.2	6.3	7.0	3.4	7.0
Consumer Sentiment (U. of Mich.)	73.8	77.6	78.6	76.4	84.5	84.1	85.1	82.1	77.5	73.2	75.1	82.5
Household Employment (c)	172	80	-71	283	243	156	210	-106	91	-785	958	143
Non-Farm Payroll Employment (c)	197	280	141	203	199	201	149	202	164	237	274	84
Unemployment Rate (%)	7.9	7.7	7.5	7.5	7.5	7.5	7.3	7.2	7.2	7.2	7.0	6.7
Average Hourly Earnings (All, cur. \$)	23.75	23.79	23.81	23.86	23.89	23.98	23.97	24.03	24.06	24.09	24.15	24.17
Average Workweek (All, hrs.)	34.4	34.5	34.6	34.5	34.5	34.5	34.4	34.5	34.4	34.4	34.5	34.3
Industrial Production (d)	2.5	2.7	3.6	2.6	2.4	2.5	1.7	3.0	3.4	3.6	3.2	3.3
Capacity Utilization (%)	77.4	77.8	78.0	77.8	77.8	77.8	77.5	77.8	78.3	78.2	78.5	78.5
ISM Manufacturing Index (g)	52.3	53.1	51.5	50.0	50.0	52.5	54.9	56.3	56.0	56.6	57.0	56.5
ISM Non-Manufacturing Index (g)	54.9	54.8	54.5	53.8	54.0	53.4	55.9	57.9	54.5	55.1	54.1	53.0
Housing Starts (b)	0.896	0.951	0.994	0.848	0.915	0.831	0.898	0.885	0.863	0.963	1.105	1.034
Housing Permits (b)	0.947	0.976	0.926	1.040	1.010	0.938	0.977	0.948	0.993	1.067	1.037	1.022
New Home Sales (1-family, c)	458	445	443	446	431	459	367	379	399	450	445	442
Construction Expenditures (a)	-4.0	0.8	-0.1	1.1	2.0	0.1	0.6	0.1	1.4	0.7	0.6	2.0
Consumer Price Index (s.a., d)	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5
CPI ex. Food and Energy (s.a., d)	1.6	1.6	1.3	0.9	0.9	1.7	2.0	1.7	1.1	1.2	1.0	1.1
Producer Price Index (n.s.a., d)	1.2	1.6	1.3	0.9	0.9	1.7	2.0	1.7	1.1	1.3	1.1	1.2
Durable Goods Orders (a)	-3.7	6.4	-5.9	3.6	5.5	3.9	-8.1	0.5	4.2	-0.7	2.7	-5.3
Leading Economic Indicators (g)	0.5	0.5	-0.2	0.7	0.2	0.1	0.4	0.7	1.0	0.3	0.9	0.0
Balance of Trade & Services (f)	-42.2	-41.8	-37.0	-40.4	-44.8	-36.6	-39.4	-39.5	-42.3	-39.1	-36.0	-37.4
Federal Funds Rate (%)	0.14	0.15	0.14	0.15	0.11	0.09	0.09	0.08	0.08	0.09	0.08	0.09
3-Mo. Treasury Bill Rate (%)	0.07	0.10	0.09	0.06	0.04	0.05	0.04	0.04	0.02	0.05	0.07	0.07
10-Year Treasury Note Yield (%)	1.91	1.98	1.96	1.76	1.93	2.30	2.58	2.74	2.81	2.62	2.72	2.90

(a) month-over-month % change; (b) millions, saar; (c) month-over-month change, thousands; (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**

<b>Monday</b>	<b>Tuesday</b>	<b>Wednesday</b>	<b>Thursday</b>	<b>Friday</b>
<b>October 27</b> Markit Services PMI (Oct, flash) Pending Home Sales (Sep) Dallas Fed Survey (Oct)	<b>28</b> <b>FOMC Meeting</b> S&P-Case-Shiller Home Price Index (Aug) Consumer Confidence (Oct, Conference Board) Richmond Fed Survey (Oct) Housing Vacancies (Q3) ABC Consumer Comfort Index Weekly Store Sales	<b>29</b> <b>FOMC Meeting Statement (2:00 p.m.)</b> EIA Crude Oil Stocks Mortgage Applications	<b>30</b> Real GDP (Q3, Advance) Weekly Jobless Claims Weekly Money Supply	<b>31</b> Personal Income (Sep) Employment Cost Index (Q3) Chicago PMI (Oct) Consumer Sentiment (Oct, Final, University of Michigan)
<b>November 3</b> Markit Manufacturing PMI (Oct, Final) ISM Manufacturing (Oct) Light Vehicle Sales (Oct) Construction Spending (Sep) Senior Loan Officer Survey (Q4, Tentative)	<b>4</b> International Trade (Sep) Factory Orders (Sep) Weekly Store Sales ABC Consumer Comfort Index	<b>5</b> ADP Employment (Oct) Markit Services PMI (Oct, Final) ISM Non-Manufacturing (Oct, Final) EIA Crude Oil Stocks Mortgage Applications	<b>6</b> Chain Store Sales (Oct) Productivity and Costs (Q3, Preliminary) Weekly Jobless Claims Weekly Money Supply	<b>7</b> Employment (Oct) Consumer Credit (Sep)
<b>10</b>	<b>11</b> <b>Veterans Day</b> <b>U.S. Bond Market Closed</b> NFIB Survey (Oct) ABC Consumer Comfort Index Weekly Store Sales	<b>12</b> Wholesale Trade (Sep) EIA Crude Oil Stocks Mortgage Applications	<b>13</b> JOLTS (Sep) Federal Budget (Oct) Weekly Jobless Claims Weekly Money Supply	<b>14</b> Retail Sales (Oct) Import Prices (Oct) Consumer Sentiment (Nov, Preliminary, University of Michigan)
<b>17</b> Industrial Production (Oct) Empire State Survey (Nov)	<b>18</b> Producer Price Index (Oct) TIC Data (Sep) NAHB Survey (Nov) ABC Consumer Comfort Index Weekly Store Sales	<b>19</b> <b>FOMC Minutes</b> Housing Starts (Oct) EIA Crude Oil Stocks Mortgage Applications	<b>20</b> Consumer Price Index (Oct) Markit Manufacturing PMI (Nov, Flash) Existing Home Sales (Oct) Philadelphia Fed Survey (Nov) Leading Indicators (Oct) Weekly Jobless Claims Weekly Money Supply	<b>21</b> Kansas City Fed Survey (Nov)
<b>24</b> Markit Services PMI (Nov, flash) Dallas Fed Survey (Nov)	<b>25</b> Real GDP (Q3, Second estimate) S&P-Case-Shiller Home Price Index (Sep, Q3) Consumer Confidence (Nov, Conference Board) Richmond Fed Survey (Nov) ABC Consumer Comfort Index Weekly Store Sales	<b>26</b> Durable Goods (Oct) Personal Income and Consumption (Oct) Consumer Sentiment (Nov, Final, University of Michigan) Chicago PMI New Home Sales (Oct) Pending Home Sales (Oct) EIA Crude Oil Stocks Mortgage Applications	<b>27</b> <b>Thanksgiving Day</b> <b>U.S. Markets Closed</b>	<b>28</b>
<b>December 1</b> Markit Manufacturing PMI (Nov, Final) ISM Manufacturing (Nov)	<b>2</b> Light Vehicle Sales (Nov) Construction Spending (Oct) Weekly Store Sales ABC Consumer Comfort Index	<b>3</b> ADP Employment (Nov) Markit Services PMI (Nov, Final) ISM Non-Manufacturing (Nov, Final) Beige Book Productivity and Costs (Q3, revised) EIA Crude Oil Stocks Mortgage Applications	<b>4</b> Chain Store Sales (Nov) Weekly Jobless Claims Weekly Money Supply	<b>5</b> Employment (Nov) International Trade (Oct) Factory Orders (Oct) Consumer Credit (Oct)

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