

Blue Chip Economic Indicators®

Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead
Vol. 38, No. 1, January 10, 2013

BLUE CHIP ECONOMIC INDICATORS®

**EXECUTIVE EDITOR:
RANDELL E. MOORE**

3663 Madison Ave.
Kansas City, MO 64111
Phone (816) 931-0131
Fax (816) 931-0430
E-mail: randy.moore@wolterskluwer.com

Robert J. Eggert
Founder and Editor Emeritus

Publisher: Paul Gibson
Marketing Director: Dom Cervi

Blue Chip Economic Indicators® (ISSN: 0193-4600) is published monthly by Aspen Publishers, 76 Ninth Avenue, New York, NY 10011. Printed in the U.S.A.

Subscriptions: \$1109 per year for print or e-mail delivery of 12 monthly issues. \$1325 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 and 786-216-7699. You may also contact her at: terry.watkins@wolterskluwer.com

Permission requests: For information on how to obtain permission to reproduce content, please to the Aspen Publishers website at: www.aspenpublishers.com/permissions.

Purchasing reprints: For customized article reprints, please contact *Wright's Media* at 1-877-652-5295 or go to the *Wright's Media* website at www.wrightsmmedia.com.

Customer Service: 1-800-234-1660

To Order: 1-800-638-8437

Customer Service Fax: 1-800-901-9075

Email: customer.service@aspenpubl.com

Web Sites: www.aspenpublishers.com
www.bluechippubs.com

Blue Chip Economic Indicators® is a general circulation news monthly. No statement in this issue is to be construed as a recommendation to buy or sell securities or to provide investment advice. The editor and Aspen Publishers, while considering the contents to be accurate and reliable, take no responsibility for the information contained herein.

Copyright © 2013 CCH Incorporated. All Rights Reserved. This material may not be used, published, broadcast, rewritten, copied, redistributed or used to create any derivative works without prior written permission from the publisher.

TABLE OF CONTENTS

Summary -- Highlights of latest survey results	p. 1
2013 Blue Chip Forecasts -- Individual and consensus forecasts of annual change in 15 key U.S. economic variables	p. 2
2014 Blue Chip Forecasts -- Individual and consensus forecasts of annual change in 15 key U.S. economic variables	p. 3
History of Annual Consensus Forecasts -- Annual forecasts from January 2012 to present and selected graphs	p. 3
Quarterly Blue Chip Forecasts -- Consensus forecasts of quarterly change in 12 U.S. economic variables through the end of 2014	p. 5
Blue Chip International Forecasts -- 2013 and 2014 consensus forecasts of economic growth, inflation, current account, exchange rate and short-term interest rate for 15 of America's largest trading partners	p. 6-7
Recent Developments -- Graphs and analysis of economic trends	p. 8-9
Quarterly U.S. Forecasts -- Graphs and analysis of latest quarterly consensus forecasts of key U.S. economic variables	p. 10-11
International Forecasts -- Graphs and analysis of selected international consensus forecasts	p. 12
Databank -- Monthly historical data on many key indicators of economic activity	p. 13
Special Questions -- Results of special questions posed to panel members about the economy, financial markets and government policy	p. 14
Viewpoints -- A sampling of views on the economy and government policy excerpted from recent reports issued by our panel members	p. 15
Calendar -- Release dates for important upcoming economic data releases, FOMC meetings, etc.	p. 16

A Little More Optimism About Growth This Year Despite Lingering Fiscal Uncertainty

Domestic Commentary Consensus forecasts of U.S. real GDP growth in the final quarter of last year and in 2013 improved slightly over the past month. Real GDP in Q4 2012 still is believed to have grown at less than half the rate registered in Q3, but a considerable portion of the slowdown resulted from a sizeable correction in business inventories. Indeed, the Q4 rate of growth in final sales of domestic product (GDP minus inventories) was likely little different than that in Q3. Consensus forecasts of year-over-year (y/y) and fourth quarter-over-fourth quarter (q4/q4) real GDP growth in 2013 ticked up by 0.1 of a percentage point this month. Economic growth this year is expected to be stronger in the second half than in the first half. Nonetheless, the consensus continues to predict that real GDP growth in 2013 will hew closely to the relatively modest rates registered in 2010 through 2012, the increase capped by the fiscal drag resulting in large part from higher taxes and spending cuts. In 2014, however, the consensus foresees a stronger performance, with real GDP growth posting its best y/y performance since 2006.

The small improvement in this month's consensus forecast of 2013 real GDP growth appears in part attributable to expectations of slower-than-previously assumed inflation. Consensus forecasts of this year's change in the GDP chained price index and the Consumer Price Index inched lower over the past month. However, the improved outlook also may reflect recent passage of the American Taxpayer Relief Act of 2012 (ATFA) that averted the so-called fiscal cliff. The degree of fiscal drag resulting from the legislation may have been slightly less than a majority of our panelists had earlier assumed. However, the agreement only removed some of the uncertainty regarding tax and spending policies since it did not address the debt ceiling, simply pushed back the scheduled spending sequester until the end of February, and failed to deal with the continuing resolution that funds the federal government but is scheduled to expire at the end of March. The looming Congressional battle over these issues will clearly keep uncertainty high and their resolution may yet result in additional fiscal drag that would weigh on economic growth this year and next.

Based on our January 2nd-3rd survey, the consensus predicts real GDP grew at a seasonally-adjusted annual rate of 1.4% (saar) last quarter. The softer growth in Q4 is believed largely to have resulted from a decline in nonfarm business inventories and federal government spending (mostly on defense) following large Q3 increases. Inventories may subtract upwards of 1.0 percentage points from real GDP's growth rate in Q4; federal spending about 0.5 of a point. However, it appears that Hurricane Sandy failed to depress GDP growth during Q4 by as much as earlier feared. Based on November data, and revisions to October, both consumer spending and business investment likely registered better Q4 growth than earlier assumed by the consensus. Real personal consumption expenditures (PCE) now are estimated by the consensus to have grown 1.9% in Q4, a bit faster than that registered over the prior two quarters. Real nonresidential fixed investment likely registered mid-to-high single-digit growth in Q4 after contracting 1.8% in the prior quarter, aided by a rebound in business spending on equipment and software. Residential investment likely registered a double-digit increase of 15%-20% in Q4 2012. The consensus predicts real net exports did not contribute to GDP growth in Q4, but October data suggests otherwise.

In 2013, the consensus now sees real GDP up 2.0% on a y/y basis and 2.2% measured q4/q4. Growth in the first half of 2013 is expected to be capped by the rebound in worker's payroll taxes and increased taxes on high-income households. Real disposable personal income (DPI) is forecast by the consensus to contract 1.8% (saar) during the current quarter as the tax increases take effect. Real DPI is expected to rebound in Q2 and beyond, but still register a y/y increase of just 1.1% this year, a bit less than in 2011 and 2012. While the sharp decline in gasoline prices over the past several months will soften the blow of higher taxes on consumer spending, the consensus predicts real PCE

growth in Q1 will drop to 1.4% before recovering to 1.9% in Q2. Purchases of consumer durables, especially vehicles and household appliances, is widely expected to accelerate in the second half of the 2013, lifting real PCE growth to a bit less than 2.5% in the final two quarters of this year. For all of 2013, real PCE now is predicted to register y/y growth of 1.9%, 0.1 of a point more than estimated a month ago but basically in line with last year's increase. The consensus continued this month to forecast that car and light truck sales will jump to 15 million units this year.

Growth in capital spending also may remain modest in the first half of 2013, awaiting a more definite pick-up in aggregate demand, lingering certainty about government tax and spending policies, and hoped for action on corporate tax reform. Slower growth in corporate profits may also restrain capital spending. The consensus predicts pre-tax corporate profits will increase 4.7% y/y in 2013. That's an improvement over last month's forecast but still would mark the smallest increase in several years. The consensus estimates real nonresidential investment will grow 4.0% this year. That's 0.6 of a percentage point more than forecast a month ago but would mark the smallest annual increase since 2010. Economic growth in the first half of 2013 should be supported by a rebuilding of farm inventories after the 2012 decline resulting from drought. However, other than a pop in Q1, the consensus suggests nonfarm business inventories are unlikely to contribute much to GDP over the remainder of 2013. The recovery in residential investment is forecast to continue gathering steam, aided by still low mortgage rates, rising home values, and some loosening of lending standards. Housing starts are forecast to total 950,000 units in 2013, about 23% more than in 2012. Net exports are expected by the consensus to contribute very slightly to growth in 2013. Given modest expectations for GDP growth, the unemployment rate is expected to remain elevated, averaging 7.5% in Q4 2013 compared with its Q4 2012 average of 7.8%. Inflation is forecast to remain benign this year with the GDP price index and CPI registering y/y increases of 1.8% and 1.9%, respectively.

As for 2014, the consensus forecasts that real GDP will increase 2.6% on a y/y basis and be up 2.8% measured q4/q4. Real PCE is expected to grow 2.4% y/y, supported by a 2.2% increase in real DPI. Real nonresidential fixed investment is forecast to increase 5.7% y/y in 2014. Pre-tax corporate profits also are forecast to increase 5.7% next year. The housing and automotive sectors continue to provide the punch to growth, with housing starts totaling 1.16 million units and car and light trucks sales totaling 15.6 million units. The unemployment rate is forecast to continue its decline, averaging 7.0% in Q4 2014. The CPI is forecast to increase 2.1% y/y in 2014; the GDP chained price index 1.9%. Industrial production is forecast by the consensus to grow 3.3% in 2014, a percentage point more than the projected 2013 increase.

International Commentary The consensus still predicts global economic growth will improve this year but the improvement will be modest. Following a likely contraction in 2012, real GDP in the Eurozone is expected to be unchanged in 2013 and grow only 0.9% y/y in 2014. Japanese real GDP is forecast by the consensus to increase 0.7% y/y this year and 1.2% next year. The U.K.'s economy is forecast to grow 1.0% in 2013 and 1.7% in 2014 while Chinese real GDP increases 8.0% this year and 8.1% next year (*see pages 6-7*).

Special Questions The consensus predicts total nonfarm payrolls will register average monthly increases of 158,600 this year, only slightly better than in 2012. Growth in average hourly earnings is expected to remain tepid with three-quarter of our panelists forecasting that the y/y change in the CPI this year will exceed the y/y change in average hourly earnings. The consensus predicts real residential investment will grow 14.2% y/y in 2013 and 15.2% in 2014. Real equipment and software investment will increase 4.1% this year and 6.5% next year, according to the consensus (*see page 14*).

GREEN indicates the Blue Chip consensus forecast of real GDP growth in the near-term is 3.0 percent or higher.

YELLOW cautions that the consensus forecast of real GDP growth in the near-term is between 1.0 percent and 3.0 percent.

RED warns that near-term consensus forecast of real GDP growth of real GDP growth in the near-term is below 1.0 percent.

2013 Real GDP Forecast Inches Back Up To 2.0%

JANUARY 2013 Forecast For 2013 SOURCE:	----- Percent Change 2013 From 2012 (Full Year-Over-Prior Year) -----										--- Average For 2013 ---			- Total Units-2013 -		-2013-
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	Real GDP (Chained 2005 \$)	GDP Price Index	Nominal GDP (Cur. \$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income (2005 \$)	Personal Cons. Exp. (2005 \$)	Non-Res. Fix. Inv. (2005 \$)	Corp. Profits (Cur. \$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto&Light Truck Sales (Mil.)	Net Exports (2005 \$)	
Naroff Economic Advisors*	3.0 H	2.4	5.6 H	2.9 H	3.0	1.3	3.3 H	5.9	6.0	0.2	1.9	7.4	0.91	15.4	-493.0 L	
Swiss Re	2.5	1.9	4.5	2.0	2.2	1.1	2.2	4.7	6.3	0.1	2.0	7.4	1.06	15.2	-406.2	
U.S. Chamber of Commerce	2.4	1.9	4.3	2.1	2.6	1.7	2.1	4.1	4.4	0.1	1.8	8.1 H	0.88	na	-401.9	
BMO Capital Markets*	2.4	2.0	4.4	1.9	2.3	1.5	2.1	4.3	4.6	0.1	1.7 L	7.6	0.91	15.1	-374.0	
Societe Generale	2.4	2.0	4.4	1.4	1.7	0.9	1.7	5.1	6.7	na	2.0	7.6	0.96	15.6	-359.9	
Action Economics	2.3	1.7	4.1	2.1	3.6	1.3	1.9	7.3	6.5	0.1	1.8	7.7	0.97	15.5	-384.0	
Turning Points (Micrometrics)	2.3	2.1	4.4	2.1	1.6	1.4	1.9	3.6	7.9 H	0.1	1.9	7.7	1.15	15.1	-425.8	
National Assn. of Realtors	2.3	2.1	4.4	2.5	na	1.0	2.0	5.2	5.0	0.1	2.2	7.8	1.11	14.8	-402.0	
UBS	2.3	2.1	4.4	1.8	3.3	1.9	2.1	4.0	na	0.1	2.1	7.7	0.90	na	-401.0	
National Assn. of Home Builders	2.3	1.8	4.1	1.9	2.0	1.2	2.2	1.2	7.0	0.1	2.0	7.8	0.93	15.0	-387.0	
Inforum - Univ. of Maryland	2.3	2.0	4.3	2.2	2.8	1.3	2.0	2.8	3.1	0.1	2.0	7.7	1.00	15.0	-387.0	
Macroeconomic Advisers, LLC**	2.3	1.5	3.9	1.5	2.7	0.6	1.9	4.3	3.4	0.2	1.9	7.7	1.05	15.9 H	-377.2	
Mesirow Financial	2.3	1.5	3.8	1.5	2.6	0.5	1.9	4.3	3.4	0.2	1.9	7.7	1.07	15.7	-375.6	
General Motors Corporation	2.3	1.5	3.8	2.2	2.0	1.5	1.8	4.2	3.5	0.2	2.2	7.7	1.05	na	-374.4	
RDQ	2.3	2.6 H	5.0	2.3	2.0	1.5	1.9	3.6	6.3	0.1	2.6 H	7.6	1.00	14.5	-371.5	
Bank of Tokyo-Mitsubishi UFJ	2.2	2.0	4.2	1.7	3.5	na	2.2	9.0	7.0	0.1	2.2	7.2 L	0.90	15.5	-440.0	
Standard & Poors Corp.*	2.2	1.6	3.8	1.4	2.4	2.0	2.4	5.0	na	0.1	2.0	7.7	0.99	15.3	-422.6	
Wells Capital Management	2.2	2.0	4.3	2.0	2.3	2.3	2.1	3.0	3.6	0.2	2.2	7.6	0.89	15.1	-408.0	
Morgan Stanley*	2.2	1.9	4.1	2.1	3.6	1.4	1.9	7.2	5.7	0.1	1.8	8.1 H	0.78	14.3	-405.3	
Oxford Economics	2.2	1.8	4.1	2.2	3.6	1.1	1.8	7.3	7.6	0.1	1.8	8.1 H	0.78	14.4	-405.2	
Conference Board*	2.2	1.7	4.0	2.2	3.7	1.3	1.9	7.3	7.3	0.1	1.8	8.1 H	0.78	14.7	-403.0	
Ford Motor Company*	2.2	1.6	3.8	1.6	2.5	0.5	1.8	4.2	na	0.1	2.0	7.7	1.05	na	-373.0	
PNC Financial Services Group	2.1	2.2	4.3	2.3	2.5	1.2	2.1	4.5	na	0.1	1.9	7.7	0.86	14.5	-449.9	
Moody's Analytics	2.1	2.2	4.1	2.1	1.2	0.1	1.9	2.4	2.4	0.2	2.3	7.7	1.17 H	15.4	-415.0	
Russell Investments	2.1	2.1	4.2	1.6	2.9	1.5	1.9	2.6	5.8	0.1	2.0	7.5	0.95	15.1	-397.0	
DuPont***	2.1	1.7	3.8	2.0	1.9	1.0	2.1	2.3	4.0	0.1	2.3	7.6	1.00	14.9	-388.0	
Barclays Capital	2.1	2.1	4.2	1.8	3.8 H	0.5	2.0	5.0	7.0	0.1	1.7 L	7.4	1.00	na	-385.5	
Economist Intelligence Unit	2.1	2.0	4.1	2.3	2.7	1.5	1.7	3.4	na	0.1	1.9	7.6	0.91	15.0	-383.0	
Credit Suisse	2.1	1.8	3.9	1.4	2.5	na	1.7	4.7	4.9	na	2.0	7.6	0.77	na	-379.0	
Eaton Corporation	2.1	1.6	3.7	1.9	1.8	0.3	1.7	3.4	3.4	0.1	1.9	7.7	1.00	15.1	-350.4 H	
FedEx Corporation	2.0	2.0	4.0	2.0	2.6	1.3	1.7	3.2	4.9	0.1	2.0	7.8	0.96	14.9	-406.3	
MacroFin Analytics	2.0	1.6	3.6	1.5	2.1	0.5	1.7	3.0	4.9	0.1	1.8	7.6	0.85	15.0	-402.5	
Fannie Mae	2.0	1.5	3.5	1.7	2.0	0.6	1.8	3.3	4.9	0.3 H	1.8	7.5	0.95	15.1	-379.0	
Goldman Sachs & Co.**	2.0	1.9	4.3	2.2	1.4	0.3	1.6	3.7	na	0.1	2.1	7.7	1.00	na	-371.0	
AIG	1.9	1.3 L	3.2	1.2	3.5	1.3	2.2	10.1 L	5.8	0.1	2.1	7.9	0.81	15.4	-368.5	
J.W. Coons Advisors	1.9	2.0	4.0	2.1	1.6	2.4 H	2.3	3.7	4.8	0.2	1.8	7.5	0.95	15.0	-440.0	
Comerica	1.9	1.6	3.5	1.3 L	3.1	0.2	1.8	4.2	7.2	0.1	1.8	7.3	0.89	15.0	-410.0	
Wintrust Wealth Management*	1.9	1.9	3.9	2.0	1.9	1.2	2.4	7.5	7.4	0.1	2.0	7.6	0.98	15.0	-402.0	
Daiwa Capital Markets America	1.9	2.0	3.9	2.1	1.3	0.5	1.7	2.9	2.6	0.1	1.9	7.8	0.87	15.1	-390.0	
RBS	1.9	2.0	3.9	2.0	1.3	1.4	1.6	3.2	5.0	0.1	1.7 L	7.4	1.00	15.0	-383.0	
Econoclast	1.9	2.0	3.9	2.1	2.1	1.2	2.0	3.0	4.5	0.1	2.0	7.7	0.93	14.9	-378.0	
Moody's Capital Markets	1.8	1.9	3.8	1.6	2.6	1.7	2.0	1.2	3.0	0.1	1.9	7.7	0.89	14.5	-410.0	
Northern Trust Company*	1.8	1.7	3.5	1.7	na	na	1.8	3.8	na	0.1	1.9	7.5	0.81	15.5	-406.2	
Kellner Economic Advisers	1.8	1.8	3.6	2.0	2.0	1.1	1.4	3.9	4.0	0.1	2.0	7.8	0.98	15.2	-400.0	
Pierpont Securities	1.8	2.2	4.1	2.0	1.7	1.5	1.8	2.5	4.8	0.1	1.8	7.7	1.07	15.5	-394.0	
J P MorganChase	1.8	1.9	3.8	1.4	1.5	0.0 L	1.3 L	4.5	5.2	0.1	1.8	7.7	1.04	15.0	-386.3	
UCLA Business Forecasting Proj.*	1.7	1.7	3.4	1.5	1.8	1.9	1.9	4.1	0.0 L	0.1	2.1	7.8	0.99	14.9	-437.3	
IHS Global Insight	1.7	1.5	3.3	1.4	2.0	0.9	1.8	3.9	0.5	0.1	2.0	7.6	0.97	15.0	-392.2	
Bank of America Merrill Lynch	1.6	1.7	3.4	1.8	1.8	na	1.5	1.8	na	0.0 L	2.0	7.6	0.97	14.2	-394.8	
Nomura Securities	1.6	2.0	3.6	1.7	1.9	0.4	1.7	3.1	2.8	0.1	2.0	7.9	0.95	15.2	-414.6	
SOM Economics, Inc.	1.6	1.7	3.3	1.8	2.0	0.6	1.8	3.1	0.5	0.1	1.8	7.7	0.95	15.2	-410.0	
Citigroup U.S. Economics	1.6	1.3 L	2.8 L	2.1	2.4	na	1.6	1.8	na	0.2	2.1	7.8	na	na	-393.0	
Georgia State University*	1.5	1.9	3.4	1.9	1.3	1.6	1.7	2.8	4.5	0.1	2.3	8.0	0.76 L	14.2 L	-412.5	
RBC Capital Markets	1.5	1.6	3.1	1.6	na	na	1.7	4.0	na	0.1	2.2	7.5	0.91	14.7	-393.0	
ClearView Economics*	1.5 L	1.3 L	2.8 L	1.6	0.8 L	1.3	1.8	0.4 L	1.3	0.1	1.8	7.7	0.91	15.1	-392.0	
Wells Fargo	1.5 L	2.0	3.5	1.9	2.0	0.5	1.4	0.5	5.3	0.2	1.8	7.8	0.99	14.7	-383.8	
2013 Consensus: January Avg.	2.0	1.8	3.9	1.9	2.3	1.1	1.9	4.0	4.7	0.1	2.0	7.7	0.95	15.0	-397.8	
Top 10 Avg.	2.4	2.2	4.6	2.3	3.3	1.9	2.3	6.4	7.1	0.2	2.3	7.9	1.08	15.5	-370.5	
Bottom 10 Avg.	1.6	1.5	3.3	1.4	1.4	0.3	1.6	1.8	2.0	0.1	1.8	7.4	0.81	14.5	-435.1	
December Avg.	1.9	1.9	3.9	2.0	2.0	1.2	1.8	3.4	4.4	0.1	2.0	7.8	0.96	15.0	-403.6	
Historical data: 2009	-3.1	0.9	-2.2	-0.4	-11.4	-2.8	-1.9	-18.1	7.5	0.2	3.2	9.3	0.55	10.4	-355.2	
2010	2.4	1.3	3.8	1.6	5.4	1.8	1.8	0.7	26.8	0.1	3.2	9.6	0.59	11.6	-419.7	
2011	1.8	2.1	4.0	3.2	4.1	1.3	2.5	8.6	7.3	0.1	2.8	9.0	0.61	12.7	-408.0	
December 2012 Consensus for 2012	2.2	1.9	4.1	2.1	3.6	1.3	1.8	7.1	6.5	0.1	1.8	8.1	0.77	14.4	-407.6	
<i>The Bureau of Economic Analysis will release its initial estimate of Q4 and full year 2012 GDP on Wednesday, January 30th</i>																
Number Of Forecasts Changed From A Month Ago:																
Down	11	22	14	29	11	18	12	12	17	12	15	27	18	10	12	
Same	17	28	20	21	12	12	22	11	10	36	29	24	23	16	10	
Up	28	6	22	6	30	19	22	33	16	4	10	5	14	22	34	
January Median	2.1	1.9	3.9	1.9	2.1	1.2	1.9	3.9	4.9	0.1	2.0	7.7	0.95	15.0	-394.4	
January Diffusion Index	65 %	36 %	57 %	29 %	68 %	51 %	59 %	69 %	49 %	42 %	45 %	30 %	46 %	63 %	70 %	

*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy. **Denotes two-time winner. ***Denotes three-time winner.

2014 Real GDP Forecast Starts Out At 2.6%

JANUARY 2013 Forecast For 2014 SOURCE:	----- Percent Change 2013 From 2012 (Full Year-Over-Prior Year) -----									--- Average For 2014 ---			- Total Units-2014 -		-2014-
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP (Chained 2005 \$)	GDP Price Index	Nominal GDP (Cur. \$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income (2005 \$)	Personal Cons. Exp. (2005 \$)	Non-Res. Fix. Inv. (2005 \$)	Corp. Profits (Cur. \$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto&Light Truck Sales (Mil.)	Net Exports (2005 \$)
Moody's Analytics	3.9 H	2.2	6.1	2.5	2.1	4.0 H	3.8 H	7.6	9.4	0.3	3.5 H	7.0	1.85 H	16.9 H	-490.9
Naroff Economic Advisors*	3.7	2.6 H	6.3 H	2.7	3.4	3.1	3.7	5.2	8.0	0.5	2.4	6.6	0.95	16.1	-575.0 L
DuPont***	3.4	1.9	5.3	2.5	3.9	2.9	2.9	5.7	8.0	0.2	3.0	6.9	1.40	15.6	-388.0
Swiss Re	3.3	2.0	5.3	2.1	3.0	3.0	2.8	6.4	7.0	0.1	2.4	6.7	1.45	15.6	-444.6
National Assn. of Home Builders	3.2	1.7	5.0	2.0	4.3	2.8	2.8	5.0	11.5 H	0.2	2.7	7.5	1.14	15.3	-363.0
BMO Capital Markets*	3.2	2.1	5.3	2.2	3.9	1.8	3.1	6.8	5.3	0.1	2.5	6.8	1.04	15.8	-362.0
General Motors Corporation	3.2	1.7	5.0	2.4	4.4	2.4	2.5	4.5	6.5	0.4	3.0	7.4	1.40	na	-352.8
Mesirow Financial	3.1	1.7	4.9	1.8	4.9	2.5	2.6	5.5	6.6	0.2	2.6	7.3	1.43	16.4	-365.3
UBS	3.0	2.0	5.1	2.5	5.8	2.4	2.6	9.6	na	0.1	2.7	7.0	1.15	na	-414.0
Ford Motor Company*	3.0	1.8	4.8	1.8	4.5	2.4	2.5	4.8	na	0.1	2.6	7.4	1.40	na	-354.0
Bank of Tokyo-Mitsubishi UFJ	2.9	2.2	4.4	2.4	3.0	na	2.9	12.0 H	7.0	0.6 H	3.1	6.3 L	1.10	16.5	-470.0
Nomura Securities	2.9	1.8	4.7	1.6	4.9	2.3	2.8	5.3	5.5	0.2	2.5	7.5	1.13	15.5	-400.3
Inforum - Univ. of Maryland	2.9	2.2	5.2	2.6	3.9	2.7	2.8	5.6	5.9	0.4	2.8	7.5	1.08	15.1	-400.0
Goldman Sachs & Co.**	2.9	1.4	4.6	1.7	2.6	2.0	2.4	8.5	na	0.1	2.5	7.3	1.10	na	-380.3
Macroeconomic Advisers, LLC**	2.9	1.7	4.7	1.8	4.5	2.4	2.5	4.5	6.2	0.2	2.6	7.4	1.40	16.4	-358.6
Bank of America Merrill Lynch	2.8	1.8	4.6	1.8	3.5	na	2.4	7.5	na	na	na	7.2	1.19	15.6	-428.6
UCLA Business Forecasting Proj.*	2.8	1.6	4.5	2.1	2.8	3.1	2.6	8.3	0.6	0.1	3.2	7.5	1.34	15.6	-468.1
PNC Financial Services Group	2.8	2.1	4.9	2.5	3.9	2.3	2.6	4.5	na	0.1	2.2	7.2	0.94	14.8	-448.0
Moody's Capital Markets	2.8	2.0	4.8	2.1	3.7	2.2	2.6	5.8	2.3	0.2	2.3	7.2	0.98	15.7	-433.0
Comerica	2.8	2.0	4.8	2.2	4.3	1.9	2.2	7.3	6.1	0.1	2.1	7.0	0.96	15.8	-407.0
Northern Trust Company*	2.8	1.6	4.5	1.8	na	na	2.7	4.7	na	0.1	2.6	7.0	0.87 L	16.5	-402.5
Societe Generale	2.8	2.1	4.9	2.0	2.7	1.8	2.1	8.0	7.7	na	2.3	7.1	1.10	16.4	-339.2
Eaton Corporation	2.8	1.5	4.3	2.2	3.5	2.0	2.6	4.7	6.8	0.1	2.1	6.9	1.23	15.9	-336.4 H
Standard & Poors Corp.*	2.7	1.8	4.5	1.9	2.9	3.1	2.7	7.4	na	0.1	2.7	7.3	1.30	15.7	-462.3
IHS Global Insight	2.7	1.7	4.4	1.7	3.0	3.2	2.6	6.9	2.2	0.1	2.6	7.3	1.28	15.7	-418.4
National Assn. of Realtors	2.7	2.5	5.2	3.2 H	na	2.1	2.3	4.7	5.5	0.1	2.8	7.4	1.36	15.2	-417.0
Georgia State University*	2.6	1.9	4.5	2.2	3.2	2.5	2.2	8.7	7.2	0.1	2.9	7.4	0.98	15.0	-417.6
FedEx Corporation	2.6	2.1	4.7	2.3	3.5	2.3	2.7	5.6	5.1	0.1	2.9	7.2	1.20	15.3	-415.0
RBS	2.6	1.9	4.5	2.2	2.6	3.0	2.1	7.0	5.0	0.1	2.1	7.0	1.27	15.7	-383.0
Turning Points (Micrometrics)	2.5	2.0	4.5	2.2	5.9 H	1.5	2.1	5.0	7.4	0.3	2.2	7.0	1.57	15.9	-433.3
ClearView Economics*	2.5	1.9	4.4	2.5	3.2	2.3	2.5	4.4	5.4	0.4	2.0	7.3	1.03	15.8	-418.0
Wells Capital Management	2.5	2.3	4.9	2.5	3.0	2.4	2.4	4.7	4.2	0.4	2.8	7.1	0.92	15.4	-415.0
Barclays Capital	2.5	2.4	5.0	2.5	4.9	na	2.5	7.8	6.8	na	na	6.8	na	na	-385.6
MacroFin Analytics	2.5	1.5	4.1	1.7	3.6	2.0	2.5	4.7	4.5	0.2	2.0	7.3	0.88	15.5	-376.0
AIG	2.4	1.4 L	3.8	1.4	3.5	2.4	2.8	10.1	5.8	0.1	2.3	7.6	1.06	15.5	-368.5
J P MorganChase	2.4	1.4 L	3.9	1.7	2.9	2.4	2.0	7.6	5.9	na	na	7.6	1.31	15.4	-420.3
Fannie Mae	2.4	1.9	4.4	2.0	4.4	1.2	2.5	4.6	8.2	0.3	2.2	7.3	1.20	16.0	-398.0
Pierpont Securities	2.4	2.3	4.8	2.7	2.2	1.8	2.3	4.8	5.0	0.1	2.0	7.3	1.30	16.0	-393.0
Daiwa Capital Markets America	2.4	2.2	4.7	2.3	2.8	2.7	2.2	4.6	1.6	0.2	2.1	7.4	0.89	15.7	-381.6
Wells Fargo	2.4	2.2	4.6	2.1	3.8	1.9	1.6	4.1	6.5	0.3	2.3	7.6	1.17	15.4	-351.9
Economist Intelligence Unit	2.3	2.0	4.3	2.4	3.3	1.7	1.9	6.9	na	0.2	2.1	7.1	1.10	15.4	-388.0
Econoclast	2.3	2.2	4.5	2.3	3.5	1.9	2.3	4.5	4.8	0.2	2.5	7.4	1.09	15.3	-359.0
Oxford Economics	2.3	2.4	4.7	2.4	2.4	0.8	2.3	4.3	10.1	0.1	1.9	7.9	0.94	15.0	-406.5
Kellner Economic Advisers	2.2	2.0	4.2	2.2	2.2	1.5	1.8	3.9	6.0	0.1	1.9	7.2	1.10	16.0	-410.0
Russell Investments	2.2	2.1	4.3	2.1	3.7	2.4	2.3	4.8	6.0	0.2	2.4	7.0	1.01	15.4	-405.0
Wintrust Wealth Management*	2.1	2.0	4.2	2.2	2.8	2.3	2.5	7.7	8.5	0.1	2.5	7.5	1.12	15.5	-409.0
Action Economics	1.8	1.7	3.5	2.1	2.0	0.6 L	1.1	2.8	4.3	0.1	2.2	7.3	1.16	16.6	-379.0
Conference Board*	1.8	1.5	3.2	2.4	1.3	1.3	1.5	3.2	6.0	0.1	1.9	7.6	1.04	15.4	-397.0
Morgan Stanley*	1.4	1.7	3.1	1.3	1.7	0.9	1.4	1.1	-1.4 L	0.1	2.0	8.0	0.99	14.4 L	-370.9
J.W. Coons Advisors	0.7	1.9	2.6	1.1 L	1.2	2.5	1.1	1.8	4.5	0.3	1.9	7.5	0.95	15.0	-458.0
SOM Economics, Inc.	0.3 L	1.6	1.9 L	1.9	-0.5 L	0.7	0.6 L	-1.4 L	-1.0	0.1 L	1.5 L	8.4 H	1.05	14.7	-385.0
2014 Consensus: January Avg.	2.6	1.9	4.5	2.1	3.3	2.2	2.4	5.7	5.7	0.2	2.4	7.3	1.16	15.6	-404.0
Top 10 Avg.	3.3	2.3	5.4	2.6	4.9	3.1	3.0	8.6	8.6	0.4	3.0	7.7	1.46	16.3	-354.2
Bottom 10 Avg.	1.8	1.6	3.6	1.6	1.8	1.3	1.6	3.0	2.2	0.1	1.9	6.8	0.93	15.0	-468.3
December Avg.	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Number Of Forecasts Changed From A Month Ago:															
Down	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Same	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Up	na	na	na	na	na	na	na	na	na	na	na	na	na	na	na
January Median	2.7	1.9	4.6	2.2	3.4	2.3	2.5	5.2	6.0	0.1	2.4	7.3	1.11	15.6	-400.3
January Diffusion Index	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %	na %

*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy. **Denotes two-time winner. ***Denotes three-time winner.

BASIC DATA SOURCES: ¹Gross Domestic Product (GDP), chained 2005\$, National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA); ²GDP Chained Price Index, NIPA, BEA; ³GDP, current dollars, NIPA, BEA; ⁴Consumer Price Index-All Urban Consumers, Bureau of Labor Statistics (BLS); ⁵Total Industrial Production, Federal Reserve Board (FRB); ⁶Disposable Personal Income, 2005\$, NIPA, BEA; ⁷Personal Consumption Expenditures, 2005\$, NIPA, BEA; ⁸Non-residential Fixed Investment, 2005\$, NIPA, BEA; ⁹Corporate Profits Before Taxes, current dollars, with inventory valuation and capital consumption adjustments, NIPA, BEA; ¹⁰Treasury Bill Rate, 3-month, secondary market, bank discount basis, FRB; ¹¹Treasury note yield, 10-year, constant maturity basis, FRB; ¹²Unemployment Rate, civilian work force, BLS; ¹³Housing Starts, Bureau of Census; ¹⁴Total U.S. Auto and Light Truck Sales (includes imports), BEA; ¹⁵Net Exports of Goods and Services, 2005\$, NIPA, BEA.

Previous Consensus Forecasts

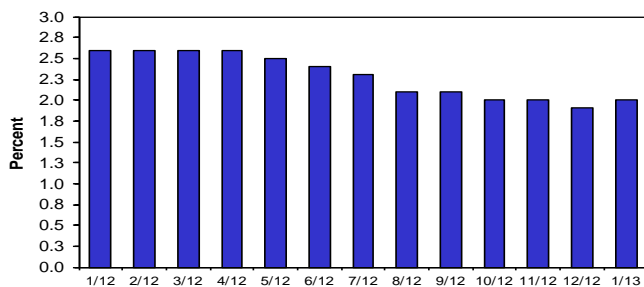
Consensus Forecasts For 2012	Real GDP Chained ('2005\$)	GDP Price Index	Nominal GDP (Cur. \$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income ('2005\$)	Personal Cons. Exp. ('2005\$)	Non-Res. Fix. Inv. ('2005\$)	Corp. Profits (Cur. \$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto/Truck Sales (Mil.)	Net Exports ('2005\$)
January 2012 Consensus	2.2	1.9	4.1	2.1	3.1	1.4	2.1	7.2	6.6	0.1	2.3	8.7	0.71	13.7	-406.7
February 2012 Consensus	2.2	1.7	4.0	2.1	3.4	1.3	2.1	7.1	5.8	0.1	2.2	8.3	0.72	14.0	-408.2
March 2012 Consensus	2.3	1.8	4.1	2.2	3.6	1.5	2.0	7.3	5.8	0.1	2.2	8.2	0.73	14.3	-408.6
April 2012 Consensus	2.3	1.8	4.1	2.4	3.9	1.4	2.1	7.3	5.0	0.1	2.3	8.2	0.74	14.5	-417.1
May 2012 Consensus	2.3	1.8	4.1	2.4	4.2	1.3	2.2	6.0	5.0	0.1	2.2	8.1	0.73	14.5	-413.2
June 2012 Consensus	2.1	1.7	3.9	2.2	4.2	1.1	2.2	5.9	5.4	0.1	2.0	8.1	0.73	14.4	-413.2
July 2012 Consensus	2.1	1.8	3.9	2.0	4.2	1.2	2.1	6.0	5.0	0.1	1.9	8.2	0.74	14.4	-410.4
August 2012 Consensus	2.2	1.7	3.9	2.0	4.0	1.5	1.9	8.1	5.9	0.1	1.8	8.2	0.75	14.3	-419.3
September 2012 Consensus	2.2	1.8	4.0	2.0	4.1	1.6	1.9	8.1	6.2	0.1	1.8	8.2	0.75	14.3	-410.7
October 2012 Consensus	2.1	1.8	3.9	2.1	3.9	1.6	1.9	7.8	6.4	0.1	1.8	8.2	0.76	14.3	-410.5
November 2012 Consensus	2.2	1.8	4.0	2.1	3.8	1.4	1.9	7.2	6.5	0.1	1.8	8.1	0.77	14.4	-412.2
December 2012 Consensus	2.2	1.9	4.1	2.1	3.6	1.3	1.8	7.1	6.5	0.1	1.8	8.1	0.77	14.4	-407.6

The Bureau of Economic Analysis will release its initial estimate of Q4 2012 and full year 2012 GDP on January 30th, 2013

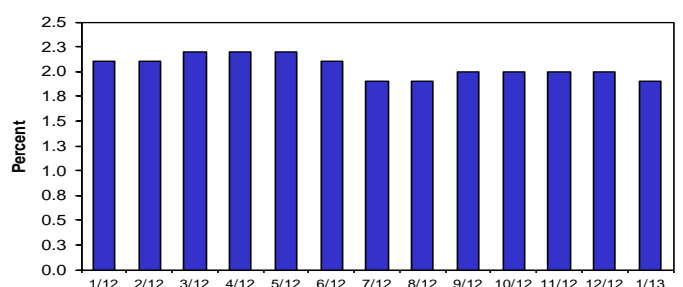
Consensus Forecasts For 2013	Real GDP Chained ('2005\$)	GDP Price Index	Nominal GDP (Cur. \$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income ('2005\$)	Personal Cons. Exp. ('2005\$)	Non-Res. Fix. Inv. ('2005\$)	Corp. Profits (Cur. \$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto/Truck Sales (Mil.)	Net Exports ('2005\$)
January 2012 Consensus	2.6	1.9	4.5	2.1	3.3	2.0	2.3	6.6	6.3	0.4	3.0	8.3	0.87	14.4	-401.7
February 2012 Consensus	2.6	1.9	4.6	2.1	3.2	2.1	2.3	6.7	5.9	0.2	2.9	7.9	0.88	14.6	-400.6
March 2012 Consensus	2.6	1.9	4.6	2.2	3.3	2.0	2.3	6.9	5.5	0.2	2.8	7.8	0.89	14.8	-407.4
April 2012 Consensus	2.6	2.0	4.6	2.2	3.3	1.9	2.3	7.0	5.8	0.2	2.9	7.7	0.90	14.9	-415.0
May 2012 Consensus	2.5	2.0	4.5	2.2	3.3	1.9	2.3	6.8	5.2	0.2	2.8	7.7	0.87	14.9	-411.1
June 2012 Consensus	2.4	1.9	4.3	2.1	3.1	1.8	2.2	6.4	4.2	0.2	2.6	7.8	0.87	14.9	-412.7
July 2012 Consensus	2.3	1.8	4.1	1.9	2.9	1.8	2.2	6.0	4.2	0.2	2.4	7.8	0.88	14.8	-412.6
August 2012 Consensus	2.1	1.8	4.0	1.9	2.8	1.7	2.0	5.9	4.3	0.2	2.2	7.9	0.89	14.7	-420.0
September 2012 Consensus	2.1	1.8	4.0	2.0	2.8	1.6	2.0	5.6	4.6	0.2	2.1	8.0	0.89	14.8	-409.3
October 2012 Consensus	2.0	1.8	3.9	2.0	2.5	1.5	2.0	5.2	4.3	0.1	2.1	7.9	0.90	14.8	-411.0
November 2012 Consensus	2.0	1.9	4.0	2.0	2.3	1.3	2.0	4.0	4.2	0.1	2.1	7.8	0.93	14.9	-412.8
December 2012 Consensus	1.9	1.9	3.9	2.0	2.0	1.2	1.8	3.4	4.4	0.1	2.0	7.8	0.96	15.0	-403.6
January 2013 Consensus	2.0	1.8	3.9	1.9	2.3	1.1	1.9	4.0	4.7	0.1	2.0	7.7	0.95	15.0	-397.8
Difference From Jan. 2012 Forecast	-0.6	-0.1	-0.6	-0.2	-1.0	-0.9	-0.4	-2.6	-1.6	-0.3	-1.0	-0.6	0.08	0.6	3.9
Forecast High	2.6	2.0	4.6	2.2	3.3	2.1	2.3	7.0	6.3	0.4	3.0	8.3	0.96	15.0	-397.8
Forecast Low	1.9	1.8	3.9	1.9	2.0	1.1	1.8	3.4	4.2	0.1	2.0	7.7	0.87	14.4	-420.0

Consensus Forecasts For 2014	Real GDP Chained ('2005\$)	GDP Price Index	Nominal GDP (Cur. \$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income ('2005\$)	Personal Cons. Exp. ('2005\$)	Non-Res. Fix. Inv. ('2005\$)	Corp. Profits (Cur. \$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto/Truck Sales (Mil.)	Net Exports ('2005\$)
January 2013 Consensus	2.6	1.9	4.5	2.1	3.3	2.2	2.4	5.7	5.7	0.2	2.4	7.3	1.16	15.6	-404.0
Difference From Jan. 2013 Forecast	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.0
Forecast High	2.6	1.9	4.5	2.1	3.3	2.2	2.4	5.7	5.7	0.2	2.4	7.3	1.16	15.6	-404.0
Forecast Low	2.6	1.9	4.5	2.1	3.3	2.2	2.4	5.7	5.7	0.2	2.4	7.3	1.16	15.6	-404.0

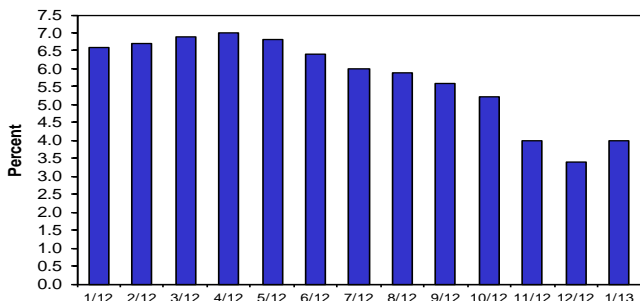
Consensus Forecasts Of Y/Y % Change In Real GDP In 2013



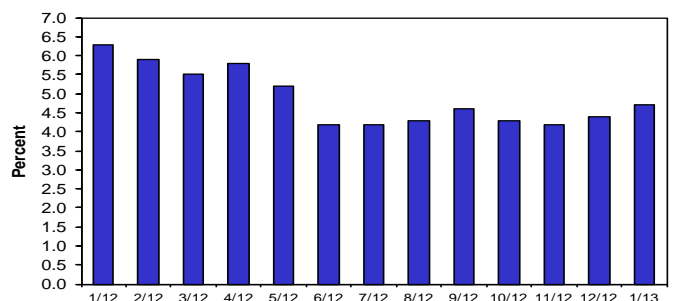
Consensus Forecasts Of Y/Y % Change In Consumer Price Index In 2013



Consensus Forecasts Of Y/Y % Change In Real Nonresidential Fixed Investment In 2013



Consensus Forecasts Of Y/Y % Change In Corporate Profits In 2013



3. Blue Chip Consensus: Percent Change From Prior Quarter At Annual Rate And Averages For Quarter.*

Actuals ¹	% Change From Prior Quarter At Annual Rate							Average For Quarter				
	Real GDP	Price Index	CPI	Producer Price Index	Total Industrial Production	Disposable Personal Income	Personal Consump. Expend.	Unemploy-ment Rate	3-Mo. Treas. Bills	10-Yr. Treas. Notes	Change in Business Inventories	Real Net Exports
2012 1Q	2.0	2.0	2.5	1.9	5.9	3.7	2.4	8.3	0.0	2.1	56.9	-415.5
2Q	1.3	1.6	0.8	-3.4	2.4	2.2	1.5	8.2	0.1	1.8	41.4	-407.4
3Q	3.1	2.7	2.3	6.2	0.3	0.5	1.6	8.0	0.1	1.6	60.3	-395.2
Blue Chip Forecasts	% Change From Prior Quarter At Annual Rate							Average For Quarter				
4Q Consensus	1.4	1.7	2.2	2.8	0.3	1.8	1.9	7.8a	0.1a	1.7a	43.2	-396.2
Top 10 Avg.	2.1	2.4	3.1	5.2	2.0	3.7	2.5	--	--	--	59.1	-383.8
Bot. 10 Avg.	0.7	0.8	1.5	0.6	-0.8	0.1	1.3	--	--	--	28.3	-414.4
2013 1Q Consensus	1.6	1.7	1.4	0.4	2.5	-1.8	1.4	7.8	0.1	1.8	47.2	-393.7
Top 10 Avg.	2.4	2.4	2.4	2.6	4.2	0.9	2.4	7.9	0.1	2.0	65.1	-374.6
Bot. 10 Avg.	0.8	1.0	0.4	-1.7	0.6	-4.1	0.4	7.7	0.1	1.7	30.4	-420.2
2Q Consensus	2.1	1.7	1.9	1.6	3.0	2.0	1.9	7.7	0.1	1.9	47.9	-394.8
Top 10 Avg.	2.9	2.4	2.6	3.2	4.4	3.0	2.6	7.9	0.2	2.1	67.8	-369.7
Bot. 10 Avg.	1.3	1.2	1.0	-0.3	1.4	0.7	1.2	7.5	0.1	1.7	29.6	-428.0
3Q Consensus	2.5	2.0	2.2	2.3	3.4	2.1	2.3	7.6	0.1	2.0	47.1	-396.2
Top 10 Avg.	3.1	2.8	2.9	4.0	4.5	2.8	3.0	7.9	0.2	2.4	67.6	-365.3
Bot. 10 Avg.	1.8	1.4	1.6	1.0	2.0	1.3	1.7	7.4	0.1	1.8	28.8	-435.1
4Q Consensus	2.7	1.9	2.1	2.0	3.6	2.4	2.5	7.5	0.1	2.2	46.7	-399.3
Top 10 Avg.	3.6	2.5	2.7	3.3	5.1	3.2	3.4	7.8	0.3	2.6	68.6	-363.1
Bot. 10 Avg.	1.8	1.2	1.6	0.9	1.9	1.6	1.8	7.2	0.1	1.8	27.5	-447.1
2014 1Q Consensus	2.7	2.0	2.2	1.9	3.4	2.4	2.4	7.4	0.1	2.3	46.1	-402.4
Top 10 Avg.	3.4	2.4	2.8	3.2	5.1	3.6	3.2	7.7	0.3	2.7	69.0	-361.4
Bot. 10 Avg.	1.8	1.4	1.6	0.7	1.6	1.4	1.6	7.1	0.1	1.9	25.1	-458.6
2Q Consensus	2.8	2.0	2.2	1.9	3.4	2.5	2.5	7.3	0.2	2.4	47.2	-403.5
Top 10 Avg.	3.5	2.4	2.9	3.3	5.0	3.4	3.4	7.7	0.3	2.9	71.5	-357.3
Bot. 10 Avg.	2.0	1.5	1.6	0.2	1.7	1.5	1.7	6.9	0.1	1.9	23.2	-464.4
3Q Consensus	2.9	2.0	2.3	2.1	3.7	2.6	2.6	7.2	0.2	2.5	47.4	-404.1
Top 10 Avg.	3.6	2.4	3.1	3.8	5.5	3.6	3.3	7.6	0.5	3.1	71.2	-352.6
Bot. 10 Avg.	2.1	1.5	1.6	0.6	2.2	1.7	1.9	6.7	0.1	2.0	23.7	-470.9
4Q Consensus	3.0	2.0	2.2	2.1	3.8	2.6	2.6	7.0	0.3	2.7	48.3	-404.8
Top 10 Avg.	3.8	2.5	2.9	3.3	5.9	3.4	3.4	7.5	0.7	3.4	71.1	-344.2
Bot. 10 Avg.	2.2	1.5	1.6	1.0	2.4	1.8	2.0	6.5	0.1	2.1	28.2	-477.2

4. Blue Chip Consensus: Quarterly Annualized Values And Percent Change From Same Quarter In Prior Year.*

Real Gross Domestic Product

Actual	Billions Of Chained 2005\$ (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2012	2013	2014	2012	2013	2014
1Q	13506.4	13756.4	14098.5	2.4	1.9	2.5
2Q	13548.5	13827.4	14196.2	2.1	2.1	2.7
3Q	13652.5	13912.1	14298.7	2.6	1.9	2.8
4Q	13700.9	14006.0	14404.4	1.9	2.2	2.8

GDP Chained Price Index

Actual	Index 2005 = 100 (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2012	2013	2014	2012	2013	2014
1Q	114.6	116.8	119.0	2.0	1.9	1.9
2Q	115.1	117.3	119.6	1.7	1.9	1.9
3Q	115.8	117.9	120.2	1.6	1.8	1.9
4Q	116.3	118.4	120.8	2.0	1.8	2.0

Total Industrial Production

Actual	Index 2002 = 100 (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2012	2013	2014	2012	2013	2014
1Q	96.7	98.0	101.3	4.4	1.3	3.3
2Q	97.3	98.7	102.1	4.7	1.5	3.5
3Q	97.3	99.5	103.1	3.3	2.3	3.5
4Q	97.4	100.4	104.0	2.2	3.1	3.6

Consumer Price Index

Actual	Index 1982-1984 = 100 (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2012	2013	2014	2012	2013	2014
1Q	228.3	232.2	237.0	2.8	1.7	2.1
2Q	228.8	233.3	238.3	1.9	2.0	2.2
3Q	230.1	234.5	239.7	1.7	1.9	2.2
4Q	231.3	235.8	241.0	1.9	1.9	2.2

*See explanatory notes on inside of back cover for details of how this data is compiled.

BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

	ANNUAL DATA						END OF YEAR			
	Real Economic		Inflation		Current Account		Exchange Rate ¹		Interest Rates	
	Growth % Change GDP		% Change Consumer Prices		In Billions Of U.S. Dollars		Against U.S. \$		3-Month	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
CANADA										
January Consensus	1.9	2.5	1.8	2.1	-60.2	-56.2	1.00	1.02	1.14	1.73
Top 3 Avg.	2.2	3.1	2.0	2.6	-47.2	-40.4	1.03	1.07	1.37	2.15
Bottom 3 Avg.	1.5	2.2	1.6	1.4	-72.3	-70.0	0.96	0.98	0.97	1.30
Last Month Avg.	2.0	na	1.8	na	-52.5	na	1.01	na	1.26	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	2.5	2.1	2.9	1.7	-47.1	-58.4	0.98	1.01	1.24	0.82
MEXICO										
January Consensus	3.4	4.1	4.0	3.8	-9.3	-11.4	12.69	12.73	4.87	5.49
Top 3 Avg.	3.8	4.9	4.4	4.2	-5.4	-5.5	13.02	13.12	5.32	6.00
Bottom 3 Avg.	2.8	3.5	3.8	3.5	-13.7	-17.7	12.23	12.27	4.47	4.98
Last Month Avg.	3.5	na	3.9	na	-10.4	na	12.75	na	4.72	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	3.9	3.9	3.4	4.1	-11.6	-5.3	12.70	13.70	4.85	4.32
JAPAN										
January Consensus	0.7	1.2	-0.2	0.7	49.9	46.5	84.2	87.0	0.17	0.24
Top 3 Avg.	1.5	1.8	0.1	1.8	79.3	81.8	90.3	93.6	0.27	0.40
Bottom 3 Avg.	0.2	0.7	-0.5	-0.2	23.6	13.8	79.5	80.8	0.08	0.08
Last Month Avg.	0.8	na	-0.3	na	65.1	na	83.6	na	0.15	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	-0.7	1.8	-0.3	0.0	130.3	65.0	87.2	76.7	0.17	0.15
UNITED KINGDOM										
January Consensus	1.0	1.7	2.5	2.1	-76.8	-66.7	1.58	1.58	0.52	0.81
Top 3 Avg.	1.3	2.2	2.9	2.6	-58.9	-48.8	1.62	1.66	0.66	1.07
Bottom 3 Avg.	0.4	1.1	2.1	1.7	-92.9	-86.2	1.53	1.49	0.37	0.51
Last Month Avg.	1.2	na	2.4	na	-61.5	na	1.56	na	0.58	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	0.7	-0.1	4.5	2.8	-19.8	-79.3	1.64	1.56	0.50	1.10
SOUTH KOREA										
January Consensus	3.1	4.0	2.5	2.9	32.7	29.3	1080	1052	3.10	4.28
Top 3 Avg.	3.6	4.9	2.9	3.3	42.6	43.6	1110	1096	3.46	5.12
Bottom 3 Avg.	2.4	3.1	2.0	2.5	24.1	17.7	1043	1011	2.81	3.54
Last Month Avg.	3.1	na	2.6	na	23.7	na	1069	na	3.18	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	3.6	2.3	4.0	2.3	23.2	31.4	1064	1149	2.87	3.56
GERMANY										
January Consensus	0.9	1.4	1.9	1.9	188.3	186.9	1.26	1.24	0.41	0.70
Top 3 Avg.	1.4	2.1	2.2	2.2	210.4	208.1	1.31	1.29	0.76	0.98
Bottom 3 Avg.	0.6	0.5	1.7	1.7	166.3	165.7	1.19	1.20	0.21	0.35
Last Month Avg.	1.0	na	1.8	na	179.6	na	1.24	na	0.46	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	3.1	0.9	2.3	2.1	176.1	196.4	1.32	1.30	0.19	1.32
TAIWAN										
January Consensus	3.1	4.1	1.6	1.9	42.4	42.8	29.29	29.21	1.10	1.37
Top 3 Avg.	3.8	4.9	1.9	2.3	45.2	46.1	30.49	30.34	1.33	1.56
Bottom 3 Avg.	2.2	3.3	1.4	1.5	39.4	39.1	28.40	28.51	0.91	1.20
Last Month Avg.	3.1	na	1.8	na	39.8	na	29.35	na	1.06	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	4.0	1.3	1.4	1.9	37.8	40.2	29.00	30.30	0.94	1.15
NETHERLANDS										
January Consensus	-0.2	0.9	2.4	1.9	53.9	56.1	1.26	1.24	0.41	0.70
Top 3 Avg.	0.7	1.7	2.6	2.4	59.7	61.8	1.31	1.29	0.76	0.98
Bottom 3 Avg.	-0.8	0.1	2.1	1.4	46.9	50.2	1.19	1.20	0.21	0.35
Last Month Avg.	0.1	na	2.3	na	52.1	na	1.24	na	0.46	na
	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
Actual	1.3	-0.8	2.3	2.5	58.3	56.9	1.32	1.30	0.19	1.32

*Best estimates available. **In most all cases, actual data for 2012 GDP, consumer prices and current account are not yet available. Where it is unavailable, figures are consensus forecasts from December 10, 2012 Blue Chip Economic Indicators. Figures are currency units per U.S. dollar except for U.K., Australia and the Euro.

BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

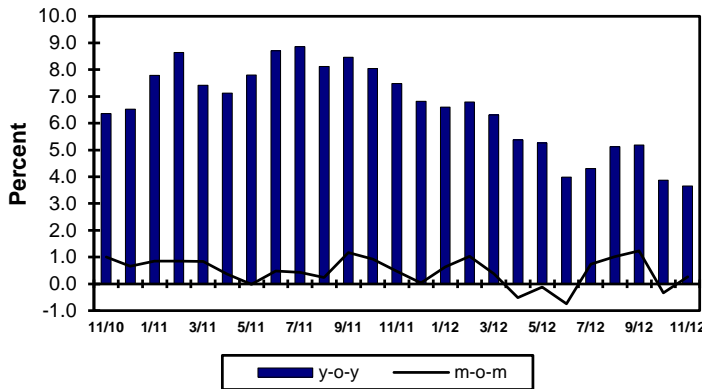
	ANNUAL DATA						END OF YEAR			
	Real Economic Growth % Change GDP		Inflation % Change Consumer Prices		Current Account In Billions Of U.S. Dollars		Exchange Rate ¹ Against U.S. \$		Interest Rates 3-Month	
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
RUSSIA										
January Consensus	3.4	3.9	6.3	5.9	64.5	45.9	31.1	31.5	6.72	6.52
Top 3 Avg.	3.9	4.3	7.0	7.2	84.7	65.7	31.7	32.6	8.25	7.75
Bottom 3 Avg.	3.1	3.5	5.5	5.1	45.1	29.0	30.5	30.3	5.00	5.29
Last Month Avg.	3.6	na	6.4	na	55.2	na	31.4	na	7.22	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	4.3	3.7	8.4	5.3	82.7	83.4	30.10	31.90	7.50	6.87
FRANCE										
January Consensus	0.2	1.0	1.7	1.6	-46.7	-40.6	1.26	1.24	0.41	0.70
Top 3 Avg.	0.6	1.5	2.1	2.0	-42.5	-33.8	1.31	1.29	0.76	0.98
Bottom 3 Avg.	-0.1	0.1	1.3	0.9	-50.9	-47.4	1.19	1.20	0.21	0.35
Last Month Avg.	0.3	na	1.7	na	-44.4	na	1.24	na	0.46	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	1.7	0.1	2.1	2.2	-61.8	-51.1	1.32	1.30	0.19	1.32
BRAZIL										
January Consensus	3.4	4.1	5.7	5.5	-54.8	-54.4	2.02	2.00	7.57	8.74
Top 3 Avg.	4.3	5.1	6.1	6.2	-45.5	-44.1	2.11	2.12	7.86	9.48
Bottom 3 Avg.	2.1	3.4	5.2	5.1	-65.5	-66.2	1.94	1.89	7.29	8.00
Last Month Avg.	3.8	na	5.5	na	-56.4	na	2.01	na	7.93	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	2.9	1.5	6.5	5.4	-47.8	-51.8	2.04	1.82	7.05	10.90
HONG KONG										
January Consensus	3.2	4.1	4.0	3.8	11.0	13.1	7.77	7.77	0.34	0.35
Top 3 Avg.	4.1	5.0	4.8	4.3	14.0	15.9	7.80	7.79	0.49	0.50
Bottom 3 Avg.	2.2	3.3	3.1	3.4	8.0	10.7	7.75	7.76	0.17	0.19
Last Month Avg.	3.5	na	3.9	na	9.7	na	7.76	na	0.40	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	5.0	1.7	5.3	4.0	12.5	8.8	7.75	7.77	0.45	0.38
INDIA										
January Consensus	6.0	7.0	7.6	6.7	-67.2	-63.4	52.8	51.7	8.08	8.04
Top 3 Avg.	6.6	7.8	8.5	8.0	-52.2	-42.7	54.5	53.9	9.24	8.77
Bottom 3 Avg.	5.1	6.1	6.8	5.0	-80.0	-83.1	51.2	49.3	7.23	7.38
Last Month Avg.	6.2	na	7.7	na	-68.3	na	53.0	na	8.10	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	7.0	5.5	8.9	8.7	-56.2	-81.2	54.4	53.0	8.13	8.52
CHINA										
January Consensus	8.0	8.1	3.1	3.6	242.2	224.3	6.22	6.12	4.71	4.98
Top 3 Avg.	8.3	8.6	3.9	4.0	282.3	297.7	6.33	6.22	5.58	5.96
Bottom 3 Avg.	7.8	7.6	2.6	3.1	199.3	140.6	6.12	6.00	3.83	4.00
Last Month Avg.	8.0	na	3.1	na	242.7	na	6.19	na	4.83	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	9.2	7.7	5.4	2.7	280.4	230.4	6.23	6.29	3.90	5.47
AUSTRALIA										
January Consensus	2.7	3.1	2.7	2.7	-87.3	-86.2	1.01	1.00	3.05	3.58
Top 3 Avg.	3.3	3.6	3.1	3.1	-58.7	-60.0	1.06	1.07	3.41	4.05
Bottom 3 Avg.	2.2	2.5	2.1	2.3	-124.2	-117.0	0.93	0.94	2.73	3.13
Last Month Avg.	2.8	na	2.8	na	-70.9	na	1.00	na	3.32	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	2.0	3.5	3.5	1.9	-24.3	-57.8	1.05	0.97	3.25	4.66
EUROZONE										
January Consensus	0.0	0.9	2.0	1.8	127.4	153.8	1.26	1.24	0.41	0.70
Top 3 Avg.	0.4	1.7	2.3	2.0	191.0	225.9	1.31	1.29	0.76	0.98
Bottom 3 Avg.	-0.4	-0.2	1.7	1.6	63.9	80.2	1.19	1.20	0.21	0.35
Last Month Avg.	0.1	na	2.0	na	134.3	na	1.24	na	0.46	na
Actual	2011*	2012**	2011*	2012**	2011*	2012**	Latest	Year Ago	Latest	Year Ago
	1.5	-0.4	2.7	2.5	10.3	108.5	1.32	1.30	0.19	1.32

Contributors to Blue Chip International Survey: IHS Global Insight, US; Federal Express Corporation, USA; Credit Suisse, US; JP Morgan, US; Economist Intelligence Unit, UK; BMO Capital Markets, Canada; UBS, US; AIG, New York, NY; Oxford Economics, US; Citigroup U.S. Economics; Societe Generale, New York, NY; Bank of America-Merrill Lynch, US; Nomura Capital Markets America, US; Morgan Stanley, US; Moody's Capital Markets, US; Wells Fargo & Company, US; Moody's Analytics, US; Swisse Re, U.S.; Barclays Capital, US; General Motors Corp., US; Wintrust Wealth Management, US; and Grupo de Economistas y Asociados, Mexico.

Recent Developments:

Total Retail Sales Rebounded Modestly In November After October Decline

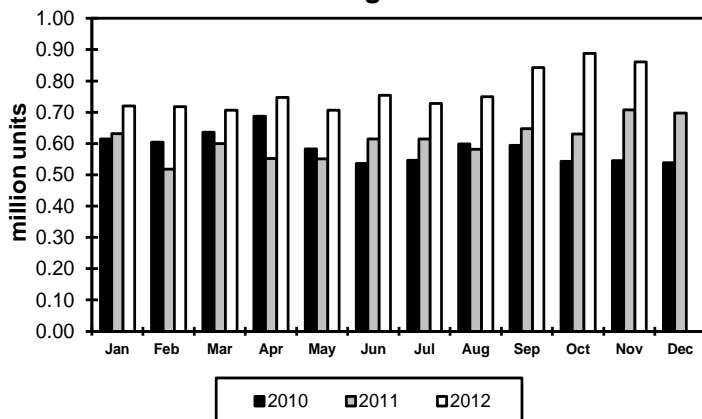
Total Retail and Food Service Sales



Total retail sales increased 0.3% in November reversing the identically-sized decline registered in October. Non-auto sales were unchanged for a second consecutive month. Holding down the November increase was a 4.0% drop in sales at gasoline stations that were attributable to falling gas prices and storm-related effects from Hurricane Sandy. Auto sales rose just 1.4% despite a reported 8.7% jump in unit sales during November that likely reflected replacement of vehicles damaged or lost during Hurricane Sandy. Elsewhere, building material sales rebounded 1.6% in November, furniture store sales jumped 1.0%, while sales at eating and drinking establishments increased 0.8%. Sales at general merchandise stores and department stores fell -0.9% and -0.8%, respectively, in November. Core retail sales (excludes autos, building materials and gasoline) increased a larger-than-expected 0.5% after being unchanged in October. Total retail sales are generally expected to increase slightly in December, the gain held down by a small drop in vehicle sales, a further decline in sales at gasoline stations, and only modest rebounds at general merchandise and department stores.

Housing Starts Unexpectedly Declined In November But Home Sales Increased

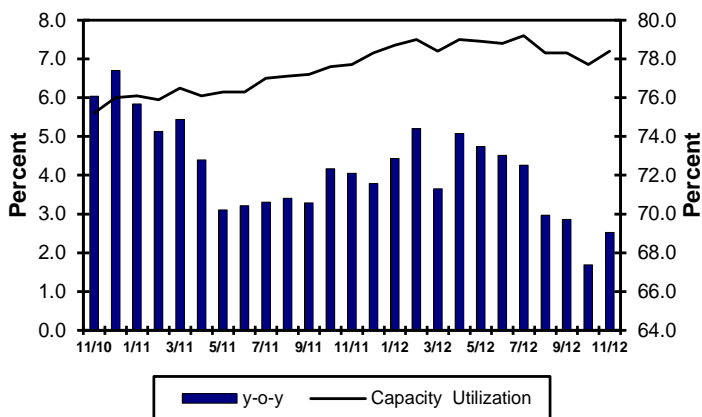
Housing Starts



Total housing starts unexpectedly declined by 3.0% in November to an annualized rate of 861,000. That followed revised increases of 5.3% in October and 12.4% in September. Starts of single-family homes fell 4.1% in November after a 0.2% decline in October and a 9.7% surge in September. Starts of multi-family homes slipped 1.0% in November following huge increases of 18.2% in October and 19.3% in September. In contrast to starts, building permits jumped 3.6% in November to an annualized rate of 899,000. Permits to build single-family homes slipped 0.2% after increasing 29% in October and 7.6% in September, while multi-family permits jumped 10.6% after falling 11.2% in October. New home sales rose 4.4% in November to an annualized rate of 377,000 after declining 3.5% in October and increasing 1.9% in September. The median sales price of a new home sold in November was 14.9% above that of a year earlier. Total existing home sales jumped 5.9% in November after a 1.5% increase the month before. Sales of existing single-family homes rose 5.5% in November while those for condos and co-ops increased 9.1%.

Industrial Production Rebounded by More Than Expected In November As Sandy's Effects Faded

Industrial Production & Capacity Utilization

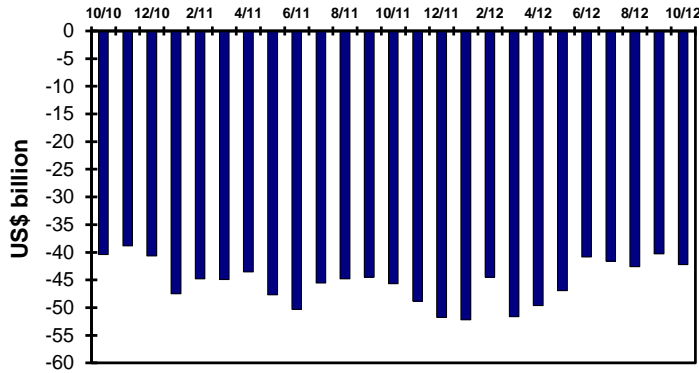


Total industrial production increased a larger-than-expected 1.1% in November, more than reversing the revised 0.7% decline in October. Manufacturing output also jumped 1.1% after declining 1.0% the month before, while mining and utility output in November increased 0.8% and 1.0%, respectively. The volatility in October and November was largely the result of Hurricane Sandy and its impact. Nonetheless, growth in industrial production in the final quarter of 2012 remained about as subdued as in Q3. Overall durable goods production rose 1.6% in November with motor vehicle and parts output up 4.5% after being unchanged in October and falling 1.6% in October. Nondurable good production increased 0.5% in November after falling 1.1% the month before. The December ISM and Employment Reports suggest total industrial production likely increased 0.4% or so last month. The ISM index rebounded to 50.7 from 49.5 in November although the production index slipped to 52.7. The new orders index was unchanged at 50.3 in December while the employment index jumped to 52.7 from 48.4 in October. The December Employment report showed an increase in factory hours worked and a solid increase in manufacturing payrolls.

Recent Developments:

Nominal U.S. Trade Deficit Widened In October but Real Trade Deficit Narrowed

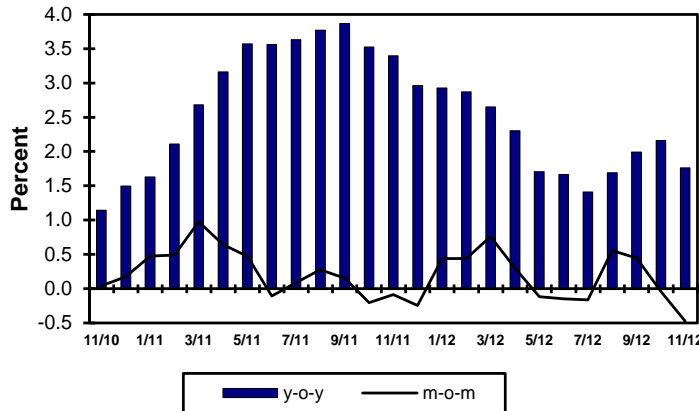
Goods & Services Trade Balance



The U.S. nominal goods and services trade deficit widened in October but the real (inflation-adjusted) deficit narrowed. The current dollar deficit widened by \$1.9 billion in October to \$42.2 billion as imports fell 2.1% and exports declined 3.6%. The real deficit narrowed by \$400 million to \$46.2 billion as real exports dropped 4.8% versus a 3.7% decline in real imports. The drop in real exports and imports in October was broad-based. In nominal terms, total exports are down 6.4% over the past three months while total imports are down 4.2%. Over the past year, total exports are up just 1.0% while total imports are down 0.8%. Exports to Europe where economic growth has been particularly weak, were down 7.3% on a y/y basis in October and exports to Asia, excluding China, also were below year-ago levels. Most analysts appear to believe the nominal trade deficit narrowed in November as both exports and imports slipped once again. While some of the weakness in October trade flows was likely attributable to Hurricane Sandy, suggesting a bounce-back in November, the port strike on the West coast that began in late-November may have capped activity.

Consumer Price Index Fell More Than Anticipated In November

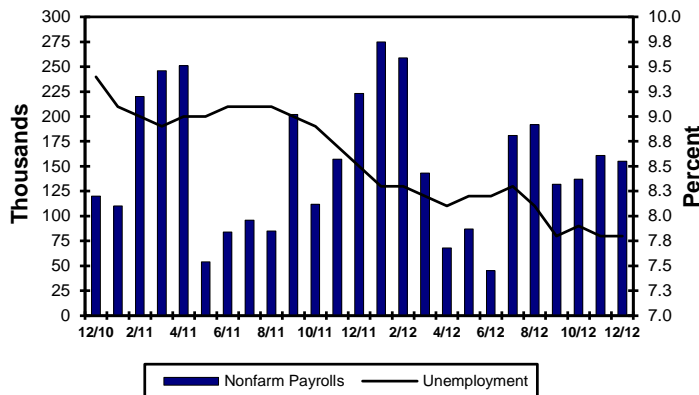
Consumer Price Index



The Consumer Price Index fell 0.3% in November, pulled down by a second straight month of decline in energy prices. The core CPI (excludes food and energy) increased a less than expected 0.1% during the month. The y/y change in the CPI fell to 1.8% in November while the y/y change in the core CPI dropped to 1.9%. Energy prices fell 4.1% in November as a 7.4% plunge in gasoline prices overwhelmed increases of 1.3% in natural gas and 0.7% in electricity. On a y/y basis, energy prices were up just 0.3% in November. Food prices increased 0.2% for a second consecutive month in November and were up 1.8% y/y. Medical care costs rose just 0.1% in November but were up 3.4% y/y. Used car prices fell for a fifth consecutive month and apparel prices were down 0.6% in November. The cost of shelter increased 0.2% in November and was up 2.2% y/y. Rent of primary residence and owners' equivalent rent each also rose 0.2% in November and were, respectively, 2.7% and 2.1% higher on a y/y basis. The CPI was likely unchanged in December, capped by even lower gasoline prices. The core CPI likely increased by 0.1% last month.

Nonfarm Payrolls Grew About As Expected In December

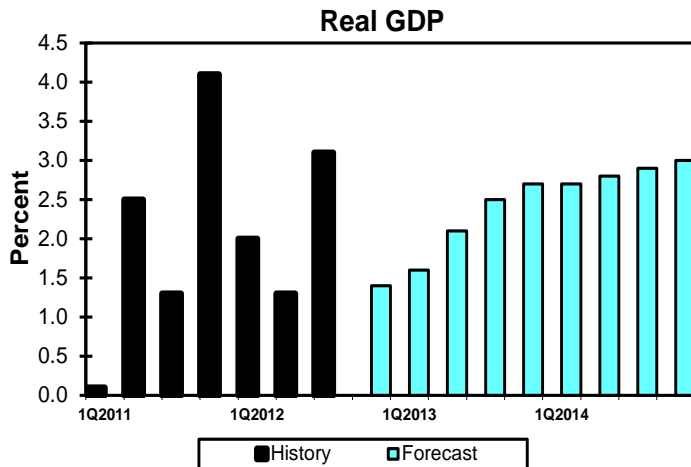
Unemployment Rate & Nonfarm Payrolls



Total nonfarm payrolls grew by 155,000 in December with net upward revisions of 14,000 added to payrolls in October and November. Private sector continued to grow even faster, jumping by 168,000 in December and upward revisions adding 38,000 to payroll growth in the prior two months. Manufacturing and construction payrolls grew by 25,000 and 30,000, respectively in December, but retail payrolls fell by 11,000. Professional and business service payrolls rose by 19,000, the smallest gain in Q4, while temporary help payrolls fell by 1,000. Government employment continued to decline, with job losses of 13,000 in December versus declines of 10,000 in November and 66,000 in October. Health care and social assistance payrolls registered the largest increase last month, jumping by 55,000. The private workweek and manufacturing workweek both increased by 0.1 of a hour to 34.5 hours and 40.7 hours, respectively. Average hourly earnings increased 0.3% for a second consecutive month, lifting the y/y rate of change to 2.1%, thus slightly exceeding the y/y change in the CPI through November. The unemployment rate remained at 7.8% in December.

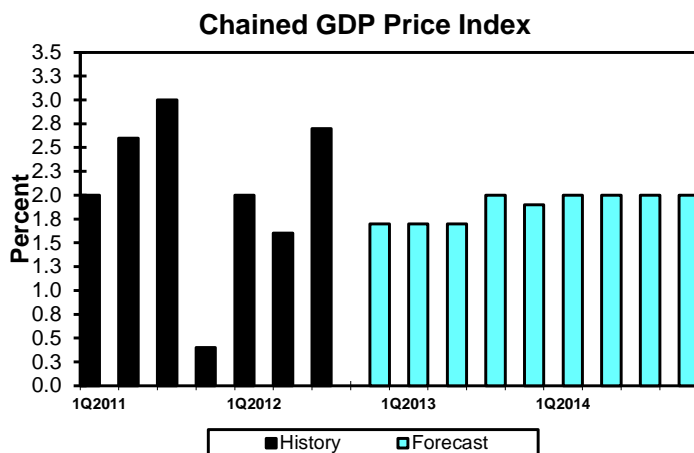
Quarterly U.S. Forecasts:

Real GDP



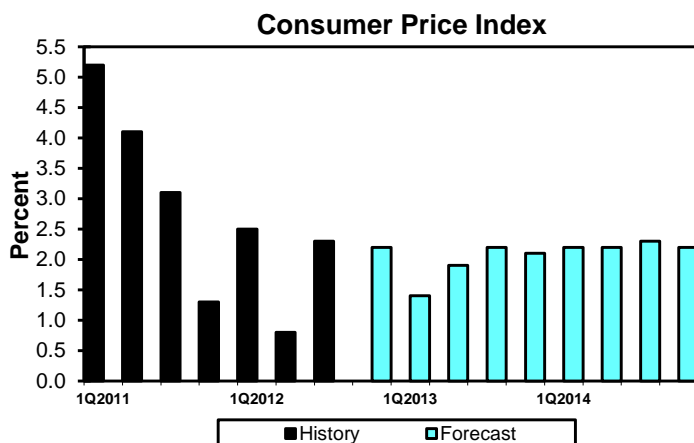
The government's third and final estimate saw real GDP growth in Q3 2012 revised up by 0.4 of a percentage point to 3.1% (saar). Revised up were net exports, personal consumption, state and local government consumption, and gross investment. Final sales to domestic purchasers (GDP minus net exports) grew just 1.9% in Q3. The consensus now predicts real GDP grew 1.4% in Q4 2012, hurt by a sharp retrenchment in total business inventories. Growth in final sales to domestic purchasers in Q4 was likely on par with the 1.9% in Q3. The consensus now presumes that real GDP grew 1.9% on a q4/q4 basis in 2012 versus an increase of 2.0% in 2011. The consensus forecasts y/y and q4/q4 growth in real GDP of 2.0% and 2.2%, respectively, in 2013. Real GDP is seen growing 1.6% in Q1 2013, 2.1% in Q2, 2.5% in Q3 and 2.7% in Q4. In 2014, the consensus forecasts real GDP will grow 2.6% y/y and register q4/q4 growth of 2.8%. While uncertainty about GDP growth this year and next was reduced by the recent Congressional deal on the fiscal cliff, pending battles over the debt ceiling, sequester and continuing resolution will continue to cloud the outlook for a while longer.

Chained GDP Price Index



The government's third and final estimate left the Q3 change in the GDP chained price index at 2.7% (saar) in Q3 of last year, 0.1 of percentage point less than originally estimated by the government. That was 1.1 percentage points faster than in Q2 and the largest quarterly increase in exactly a year. However, volatility in crude oil prices over the past several quarters has pushed the index around. Measured on a y/y basis, it has steadily trended downward from 2.9% in Q3 2011 to 1.4% in Q3 2012. The y/y change in the price index for personal consumption expenditures recently peaked at 3.1% in Q1 2011 and dropped to 1.9% in Q4 of 2011 where it has gyrated between 1.8% and 1.9% ever since. The price index for residential investment increased at an upwardly revised 3.3% (saar) in Q3, the fastest pace since Q4 2009. The consensus now predicts the GDP chained price index increased 2.0% on a q4/q4 basis in 2012. It is forecast to register y/y and q4/q4 increases of 1.8% in 2013. IN 2013, the GDP price index is predicted to be up 1.9% y/y but climb by 2.0% measured q4/q4.

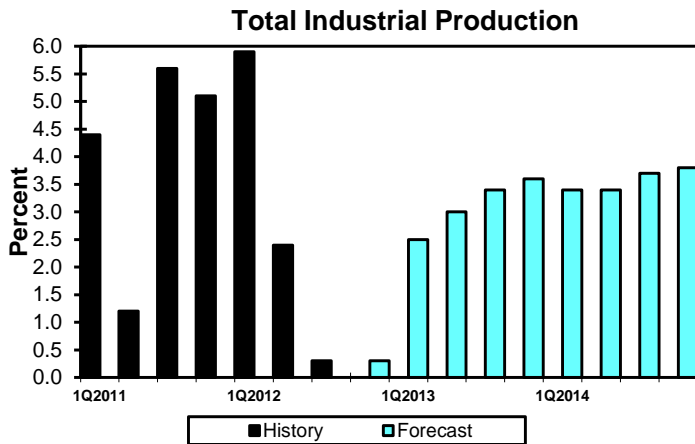
Consumer Price Index



Consumer price inflation undoubtedly slowed in the final quarter of 2012 as gasoline prices retreated from earlier highs. The Consumer Price Index increased 2.3% (saar) in Q3 as sharp gains in energy prices, primarily gasoline and natural gas, drove overall inflation upward. That compared with a CPI growth of only 0.8% in Q2 and 2.5% in Q1. Overall energy prices jumped 5.6% and 4.5%, respectively, in August and September, but fell 0.2% in October and 4.1% in November. A continued decline in gasoline prices during December likely will result in little if any increase in that month's CPI. The CPI excluding food and energy prices (core inflation) rose just 1.5% in Q3, the slowest pace since Q4 2010. Early indications suggest it increased at a somewhat faster clip in the final quarter of last year. The CPI now is believed by the consensus to have registered a q4/q4 increase of 1.9% in 2012. In 2012, the CPI now is forecast to increase 1.9% on both a y/y and q4/q4 basis. The y/y estimate fell 0.1 of a point this month but the q4/q4 forecast was unchanged. In 2014, the CPI is forecast by the consensus to increase 2.1% y/y and 2.2% q4/q4.

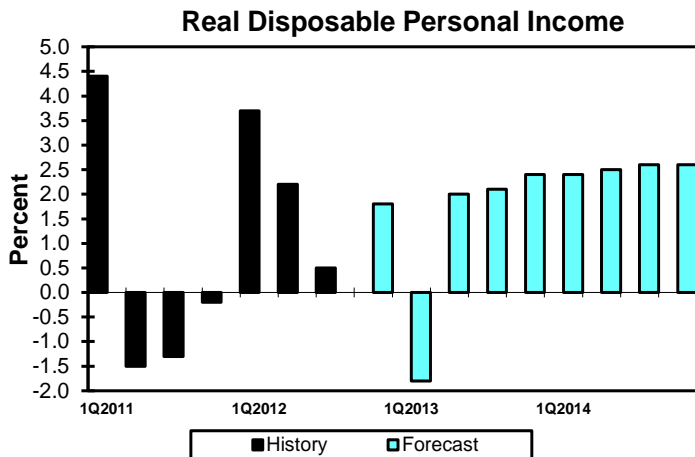
Quarterly U.S. Forecasts:

Industrial Production



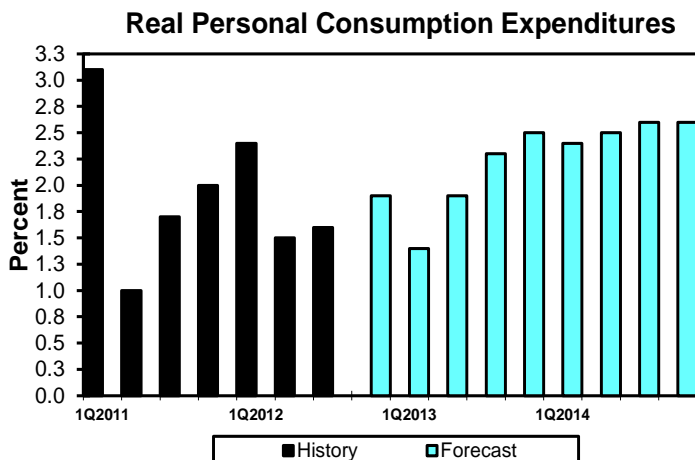
Total industrial production grew an upwardly revised but still sluggish 0.3% (saar) in Q3 of last year. The increase was capped by a 1.1% decline in manufacturing output that offset by solid gains in mining and utility output. Manufacturing output in Q3 was dampened by little growth in the production of automotive products versus double-digit increases in the prior two quarters. However, there also was softness elsewhere, as production of all durable goods contracted while the output of nondurable goods barely eked out growth. Growth in total production in Q4 2012 was little similarly soft. In part, growth was dampened in Q4 by the impact of Hurricane Sandy. However, sluggish capital spending and export demand have also played a role in holding down factory activity. The consensus now believes total production grew 2.2% on a q4/q4 basis in 2012, the same forecast as a month ago. The consensus forecast of y/y growth rebounded to 2.3% this month while growth of 3.1% is expected q4/q4. In 2014, the consensus sees total industrial production up 3.3% y/y and 3.6% q4/q4.

Real Disposable Personal Income



Real disposable personal income (DPI) grew an unrevised 0.5% in Q3 2012, according to the government's third estimate. That compares with growth of 2.2% in Q2 and 3.7% in Q1 of last year. Faster inflation cut into the real gain in DPI during Q3 as the personal consumption expenditures price index increased 1.6% (saar) compared to just 0.7% in Q2. The consensus now predicts real DPI growth improved to 1.8% in the final quarter of last year, lifted by a rebound in nominal growth in DPI and lower inflation. The consensus forecast of 2013 y/y growth in real DPI fell another 0.1 of a percentage point this month to 1.1%. The steady slide in predictions of real DPI growth next year largely stems from the now proven correct assumption that any deal on the fiscal cliff would include an end to the temporary, two-year reduction in workers' payroll taxes expectations, coupled with an increase in income taxes on high-income households. Indeed, real DPI is expected to contract in the current quarter as the changes go into effect. Growth averaging about 2.2% (saar) is expected by the consensus over the remaining three quarters of this year. In 2014, the consensus forecasts that real DPI will grow 2.2% on a y/y basis.

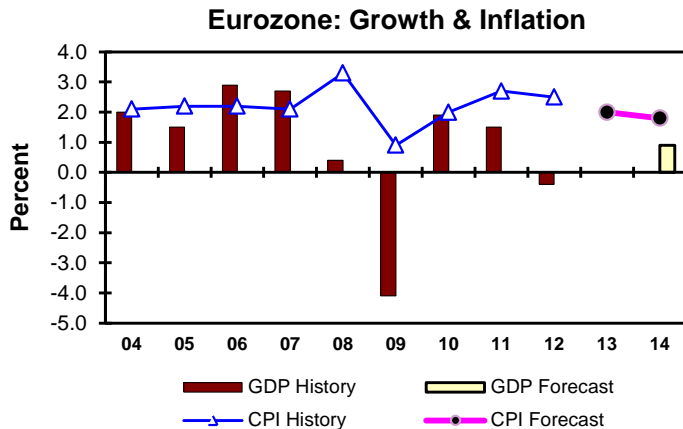
Real Personal Consumption Expenditures



Real personal consumption expenditures (PCE) increased an upwardly revised 1.6% in Q3, according to the government's third estimate. a considerable 0.6 of a percentage point less than originally thought but roughly in line with the 1.5% growth registered in Q2. Spending on durable goods increased an upwardly revised 8.9% in Q3 versus a contraction of 0.2% in Q2 when auto sales fell. Spending on nondurable goods in Q3 now is estimated to have grown 1.2%. Estimated spending on consumer services grew at an upwardly revised 0.6% in Q3. Real PCE growth started Q4 on a weak note, falling 0.2% in October. However, it rebounded with a solid 0.6% gain in November. The consensus thinks for all of Q4, real PCE grew at a 1.9% clip, a bit better than in Q2 and Q3. However, consumer spending is expected to take a hit in the first half of 2013 as payroll taxes rebound and high-income households are hit with higher income tax withholding. Real PCE is expected to grow 1.4% in Q1 and 1.9% in Q2 of this year. On a y/y basis the consensus now sees real PCE up 1.9% in 2013, 0.1 of a point more than forecast a month ago. The consensus predicts real PCE will register y/y growth of 2.4% in 2014.

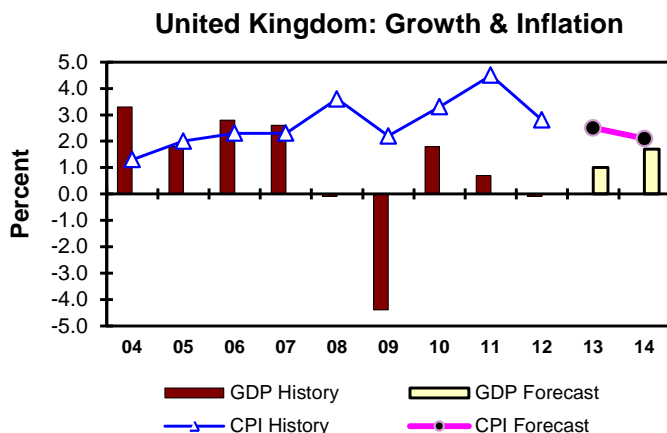
International Forecasts:

Eurozone



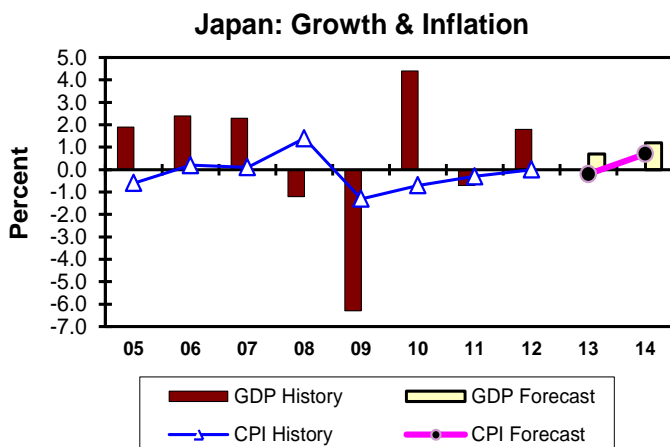
Real GDP in the Eurozone most likely contracted by 1.0%-1.5% (saar) in the final quarter of 2012, marking the third consecutive quarter of decline. Real GDP in the currency zone fell 0.2% in Q3 of last year and 0.7% in Q1. Germany and France almost certainly joined Italy, Spain, Portugal, and the Netherlands in posting a decline in GDP last quarter given the continued run of weak high-frequency indicators of activity out of those two nations. The December manufacturing PMI for the Eurozone fell to 46.1 from 46.2 in November but the services PMI increased to 47.2 from 46.5 in November. That left the composite PMI at 47.2 versus 46.5 in November and 45.7 in October. While an improvement, the reading still reflects an overall contraction of activity. Fiscal drag is scheduled to lessen in the Eurozone during 2013 but will remain a considerable deterrent to growth. The consensus forecasts that despite improvement in the second half of the year, real GDP will be unchanged on a y/y basis in 2013 following an expected contraction of 0.4% in 2012. Real GDP is projected to grow 0.9% in 2014.

United Kingdom



Real GDP in the U.K. likely contracted in the final quarter of last year after registering 3.8% (saar) growth in Q3 that marked the first increase in three quarters. The rebound in Q3, however, was largely a function of low base effects, timing of the Queen's Jubilee, and the Olympics. High-frequency indicators of business activity continue to suggest GDP fell in Q4. The services PMI for December fell below the expansion/contraction level of 50, marking its weakness quarterly performance since the recession of 2009. The manufacturing PMI bounced back above the 50 level in December, rising to 51.4 from 49.2 in November, but remained in contraction territory during Q4. Indeed, the minutes of the most recent Bank of England meeting showed policymakers expecting a Q4 decline in GDP. On a hopeful note, the BoE's latest Credit Conditions Survey indicated banks are planning sizable increases in mortgage and corporate lending, as 2013 begins, partly due to the Funding for Lending program. The consensus now predicts real GDP will increase 1.0% on a y/y basis this year and grow just 1.7% in 2014. That would follow little if any growth in 2012.

Japan



Real GDP fell at a 3.5% (saar) clip in Q3 after growing just 0.3% in Q2. The Q3 decline was attributable to weakening exports, the expiration of government efforts to stimulate purchases of fuel-efficient autos, and a faster than expected unwinding of boost to growth provided by earthquake reconstruction. Although GDP may have declined slightly in Q4, some analysts believe the economy is poised to pick up some steam in early 2013 as business investment accelerates and export growth improves. However, the December manufacturing PMI was weak, especially in regard to new orders. Moreover, small business sentiment about January demand remained quite depressed. Driven by expectations of stepped up easing by the Bank of Japan in the face of demands by newly-elected Prime Minister Shinzo Abe, the yen has weakened and equity markets have strengthened of late. Nonetheless, greater demand for Japanese exports from China and Europe are sorely needed if GDP growth is to accelerate. The consensus now predicts y/y growth in real GDP of 0.7% this year and 1.2% 2014. The 2012 forecast fell 0.1 of a point this month. Growth in 2014 is expected to be restrained by a scheduled increase in the Value Added Tax.

2012 Historical Data

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.6	1.0	0.4	-0.5	-0.1	-0.7	0.7	1.0	1.2	-0.3	0.3	
Auto & Light Truck Sales (b)	13.93	14.43	14.09	14.08	13.90	14.33	14.04	14.46	14.88	14.23	15.48	15.30
Personal Income (a, current \$)	0.8	0.6	0.5	0.2	0.3	0.3	0.1	0.1	0.4	0.1	0.6	
Personal Consumption (a, current \$)	0.5	0.8	0.3	0.2	-0.2	0.0	0.3	0.3	0.8	-0.1	0.4	
Consumer Credit (e)	8.4	4.0	6.1	4.0	8.7	6.0	-1.1	8.4	5.4	6.2		
Consumer Sentiment (U. of Mich.)	75.0	75.3	76.2	76.4	79.3	73.2	72.3	74.3	78.3	82.6	82.7	72.9
Household Employment (c)	712	411	1	-86	368	146	-198	-86	810	354	-51	28
Non-farm Payroll Employment (c)	275	259	143	68	87	45	181	192	132	137	161	155
Unemployment Rate (%)	8.3	8.3	8.2	8.1	8.2	8.2	8.2	8.1	7.8	7.9	7.8	7.8
Average Hourly Earnings (All, cur. \$)	23.28	23.33	23.37	23.40	23.43	23.50	23.52	23.52	23.60	23.59	23.66	23.73
Average Workweek (All, hrs.)	34.5	34.6	34.5	34.5	34.4	34.5	34.4	34.4	34.4	34.3	34.4	34.5
Industrial Production (d)	4.4	5.2	3.7	5.1	4.7	4.5	4.3	3.0	2.9	1.7	2.5	
Capacity Utilization (%)	78.7	79.0	78.4	79.0	78.9	78.8	79.2	78.3	78.3	77.7	78.4	
ISM Manufacturing Index (g)	54.1	52.4	53.4	54.8	53.5	49.7	49.8	49.6	51.5	51.7	49.5	50.7
ISM Non-Manufacturing Index (g)	56.8	57.3	56.0	53.5	53.7	52.1	52.6	53.7	55.1	54.2	54.7	56.1
Housing Starts (b)	0.720	0.718	0.706	0.747	0.706	0.754	0.728	0.750	0.843	0.888	0.861	
Housing Permits (b)	0.684	0.707	0.769	0.723	0.784	0.760	0.811	0.801	0.890	0.868	0.899	
New Home Sales (1-family, c)	339	366	352	358	369	361	373	366	374	361	377	
Construction Expenditures (a)	-0.7	-0.4	-0.3	0.9	1.7	0.8	0.2	1.1	0.7	0.7	-0.3	
Consumer Price Index (nsa., d)	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	
CPI ex. Food and Energy (nsa., d)	2.3	2.2	2.3	2.3	2.3	2.2	2.1	2.0	2.0	2.0	1.9	
Producer Price Index (n.s.a., d)	4.1	3.4	2.8	1.8	0.6	0.7	0.5	2.0	2.1	2.3	1.5	
Durable Goods Orders (a)	-4.9	2.0	-3.7	-0.3	1.5	1.6	3.3	-13.1	9.1	1.1	0.7	
Leading Economic Indicators (g)	0.0	0.7	0.2	-0.1	0.3	-0.5	0.4	-0.4	0.5	0.3	-0.2	
Balance of Trade & Services (f)	-52.2	-44.5	-51.7	-49.7	-46.9	-40.9	-41.6	-42.6	-40.3	-42.2		
Federal Funds Rate (%)	0.08	0.10	0.13	0.14	0.16	0.16	0.16	0.13	0.14	0.16	0.16	
3-Mo. Treasury Bill Rate (%)	0.03	0.09	0.08	0.08	0.09	0.09	0.10	0.10	0.11	0.10	0.09	
10-Year Treasury Note Yield (%)	1.97	1.97	2.17	2.05	1.80	1.62	1.53	1.68	1.72	1.75	1.65	

2011 Historical Data

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.8	0.9	0.8	0.4	0.0	0.5	0.4	0.2	1.2	0.9	0.5	0.0
Auto & Light Truck Sales (b)	12.51	12.83	12.75	12.91	11.87	11.68	12.37	12.42	13.09	13.30	13.51	13.57
Personal Income (a, current \$)	1.9	0.4	0.1	0.3	0.0	0.2	0.1	0.0	0.1	0.3	-0.2	0.3
Personal Consumption (a, current \$)	0.4	0.6	0.8	0.4	0.1	-0.1	0.7	0.2	0.5	0.2	0.1	0.1
Consumer Credit (e)	2.2	3.2	2.2	2.8	3.0	5.6	5.8	-4.7	3.7	3.3	9.8	7.9
Consumer Sentiment (U. of Mich.)	74.2	77.5	67.5	69.8	74.3	71.5	63.7	55.7	59.4	60.9	64.1	69.9
Household Employment (c)	-42	218	172	-37	75	-276	104	361	294	150	457	125
Non-Farm Payroll Employment (c)	110	220	246	251	54	84	96	85	202	112	157	223
Unemployment Rate (%)	9.1	9.0	8.9	9.0	9.0	9.1	9.1	9.1	9.0	8.9	8.7	8.5
Average Hourly Earnings (All, cur. \$)	22.86	22.88	22.92	22.97	23.02	23.05	23.13	23.12	23.16	23.12	23.23	23.25
Average Workweek (All, hrs.)	34.3	34.3	34.3	34.4	34.4	34.4	34.4	34.3	34.4	34.4	34.4	34.5
Industrial Production (d)	5.8	5.1	5.4	4.4	3.1	3.2	3.3	3.4	3.3	4.2	4.0	3.8
Capacity Utilization (%)	76.1	75.9	76.5	76.1	76.3	76.3	77.0	77.1	77.2	77.6	77.7	78.3
ISM Manufacturing Index (g)	59.9	59.8	59.7	59.7	54.2	55.8	51.4	52.5	52.5	51.8	52.6	53.1
ISM Non-Manufacturing Index (g)	58.3	59.0	56.3	54.4	54.5	53.3	53.4	53.8	52.6	52.6	52.6	53.0
Housing Starts (b)	0.632	0.518	0.600	0.552	0.551	0.615	0.614	0.581	0.647	0.630	0.708	0.697
Housing Permits (b)	0.566	0.536	0.590	0.578	0.624	0.633	0.627	0.645	0.616	0.667	0.709	0.701
New Home Sales (1-family, c)	308	273	301	312	308	304	297	292	306	314	327	339
Construction Expenditures (a)	-1.4	-1.0	-0.2	0.7	2.5	1.6	-3.3	2.2	1.1	0.3	1.9	1.1
Consumer Price Index (s.a., d)	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0
CPI ex. Food and Energy (s.a., d)	1.0	1.1	1.2	1.3	1.5	1.6	1.7	2.0	2.0	2.1	2.2	2.2
Producer Price Index (n.s.a., d)	3.6	5.4	5.6	6.6	7.1	6.9	7.1	6.6	7.0	5.8	5.6	4.7
Durable Goods Orders (a)	4.0	-1.1	4.6	-2.5	2.0	-1.2	4.2	0.1	-1.4	0.1	4.2	3.3
Leading Economic Indicators (g)	0.2	0.9	1.1	0.0	0.5	0.0	0.2	-0.7	-0.5	0.6	0.3	0.6
Balance of Trade & Services (f)	-47.5	-44.8	-44.9	-43.6	-47.7	-50.3	-45.6	-44.8	-44.5	-45.7	-48.8	-51.8
Federal Funds Rate (%)	0.17	0.16	0.14	0.10	0.09	0.09	0.07	0.10	0.08	0.07	0.08	0.07
3-Mo. Treasury Bill Rate (%)	0.15	0.13	0.10	0.06	0.04	0.04	0.04	0.02	0.01	0.02	0.01	0.01
10-Year Treasury Note Yield (%)	3.39	3.58	3.41	3.46	3.17	3.00	3.00	2.30	1.98	2.15	2.01	1.98

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

Special Questions:

1. A. What will be the average MONTHLY change in total nonfarm employment during 2013?

	<u>Average monthly change in total nonfarm employment during 2013</u>	
Consensus	158.6 thousand	
Top 10 Avg.	188.6 thousand	
Bottom 10 Avg.	126.9 thousand	

B. Average hourly earnings were up 2.1% on a December-over-December basis in 2012, beating the November-over-November change in the Consumer Price Index by just 0.3%. Do you think the 2013 y/y change in average hourly earnings will exceed the rate of change in the CPI?

(Percentage of those responding)	
<u>Yes</u>	<u>No</u>
34.0%	66.0%

2. Do you think the Federal Reserve will begin to increase its target federal funds rate PRIOR to mid-2015??

(Percentage of those responding)	
<u>Yes</u>	<u>No</u>
28.9%	71.1%

3. What is your forecast of the y/y percent change in real residential investment in 2013 and 2014?

	<u>Y/Y percent change real residential investment</u>	
	<u>2013</u>	<u>2014</u>
Consensus	14.2%	15.2%
Top 10 Avg.	21.2%	24.9%
Bottom 10 Avg.	7.6%	6.7%

4. What is your forecast of the y/y percent change in real equipment and software investment in 2013 and 2014?

	<u>Y/Y percent change real equipment and software investment</u>	
	<u>2013</u>	<u>2014</u>
Consensus	4.1%	6.6%
Top 10 Avg.	6.3%	8.9%
Bottom 10 Avg.	3.4%	3.6%

5. Provide your guesses of the three biggest economic/financial surprises of 2013?

Top answers ranked according to frequency of mention

- I. U.S. housing booms, housing starts and home price appreciation beats current expectations.
- II. U.S. economic growth exceeds expectations.
- III. Economic growth in BRIC's better than currently assumed.
- IV. U.S. job growth accelerates, lowering unemployment rate faster-than-expected.
- V. Eurozone economic situation and financial markets improve more than anticipated
- VI. Economic growth/inflation runs hotter-than-expected pressuring long-term interest rates higher..
- VII. Congress/White House reach "grand bargain" on budget/entitlement reform.
- VIII. U.S. downgraded by credit rating agencies.
- VIII. U.S. economic growth weakens, instead of strengthening, in second half of 2013.
- X. Situation in Europe deteriorates, Greece exits Eurozone by end of 2013.

6. A. Do you believe the U.S. economy's "potential" growth rate has declined?

(Percentage of those responding)	
<u>Yes</u>	<u>No</u>
77.3%	22.9%

B. If you answered "yes", what do you think is the economy's "potential" growth rate?

	<u>U.S. economy's "potential" growth rate</u>
Consensus	2.3%
Top 10 Avg.	2.6%
Bottom 10 Avg.	1.9%

A Sampling of Views On The Economy Excerpted From Recent Reports Issued By Our Blue Chip Panel Members Or Others

Viewpoints:

Between Cliffs

Despite Hurricane Sandy and the approaching fiscal cliff, the US economy held up reasonably well in the fourth quarter. Our GDP tracking estimate for Q4 is 1.7%, and our Current Activity Indicator (CAI) for December stands at 2% after the ISM and payroll data. Although job growth in December fell short of our more-optimistic expectations and the unemployment rate was a bit higher on revision, the report was not too bad overall, with a payroll gain of 155k, upward revisions to prior months, and a healthy advance in both hours and wages. The ISM indexes were also encouraging, especially in the nonmanufacturing sector where the employment index rose to 56.3, a number consistent with strong job growth.

We expect growth in 2013H1 to remain in a sluggish 1½%-2% range. Although the private sector has made a lot of strides in adjusting its balance sheet, the expiration of the payroll tax cut and the increase in upper-income taxes will weigh heavily on disposable income and thus consumer spending in the near term. How large this hit turns out to be is a key question over the next couple of months. Our baseline is that the consumer will bend, not break, but the hit to disposable income of around \$200bn is large enough that worse outcomes are definitely possible.

Beyond midyear, we expect growth to pick up to 2½% in 2013H2 and further to 3%+ in 2014. This assumes, crucially, that the fiscal drag diminishes over time. The obvious risk to this assumption is fiscal cliff 2.0 in late February/early March, when both the debt ceiling and the “sequester” are once again scheduled to bite. Our baseline assumption is that the ultimate effects on the fiscal stance will be limited, as the additional fiscal adjustment that looks likely occurs only gradually, and in a fairly back-loaded fashion. But again it is all too easy to worry about more disruptive scenarios from both an economic and market perspective, potentially involving another downgrade to the US credit rating.

Even under our baseline assumption for growth—i.e., even if we ignore the downside skew in the risks—Fed policy should stay very easy for a long time. Both headline and core PCE inflation have slowed to 1.4% year-on-year as of November, well below the Fed’s 2% target. And there is still a lot of slack in the US labor market. Following the December employment report, we estimate that US employment is about 4½% below its potential level, partly because of the elevated unemployment rate and partly because of the depressed labor force participation rate. So Fed officials are still missing both parts of their dual mandate on the weak side.

So what should we make of the FOMC minutes, which suggest that most Fed officials expect to end QE3 by late 2013? Not too much, in our view. For one thing, it is important to remember that the outlook for monetary policy depends on the outlook for the economy. The midpoint of the committee’s “central tendency” forecast for real GDP growth in 2013 is 2.65%, which probably implies growth of 3-3½% in H2 given the obvious headwinds in H1. If that turns out to be too optimistic, as we suspect it will, QE3 will probably last longer than Fed officials currently expect. More importantly, the minutes have a tendency to mislead when the range of views on the FOMC is large because they paint an overly “democratic” picture of the decision-making process. Even under Ben Bernanke—a much less autocratic chairman than many of his predecessors—it is ultimately the Fed leadership that drives the decisions, and it is their views that we need to identify. This is difficult to do with confidence in the minutes, but we suspect that it was mainly the leadership that “...emphasized the

need for considerable policy accommodation but did not state a specific time frame or total for purchases.” Based on our own expectations for the economy and our understanding of the reaction function, we continue to expect that QE3 will run through 2013 and—at a reduced pace—2014 as well.

From a market perspective, there are plenty of risks, most importantly the upcoming debt ceiling discussion. But if our baseline expectations for the economy—a gradual pickup in growth amidst reduced fiscal drag from 2013H2, low inflation, and a very friendly Fed—are correct, the strategic outlook for risk assets is positive. Longer-term interest rates may rise a bit further, but not to a degree that would undermine further price gains in the equity and credit markets.

Jan Hatzius, Goldman Sachs, New York, NY

Uncertainty Reduced, Not Eliminated

We start out the new year with a little less uncertainty about the direction of federal budget negotiations, but that is not to say that uncertainty has been significantly reduced. On the contrary, the compromise budget agreement passed by the House of Representatives only removes some of the uncertainty regarding near-term tax policy, while kicking the rest of the can down the road. Most families (estimated at 99 percent of households) will see a permanent extension of the Bush-era tax cuts. However, high earners (above \$400,000 for single filers and \$450,000 for married couples) will see their income tax rates go up, as well as capital gains and dividend tax rates. The bill permanently indexes the Alternative Minimum Tax, ending the annual ad-hoc recalibration there. However, most families will feel the bite of higher payroll taxes as the Obama-era payroll tax cut expires. The nonpartisan Tax Policy center estimates that 77 percent of households will pay a higher share of their income to the federal government in 2013. Unemployment benefits will be extended for another year.

What remains to be done? Plenty. The bill does not address the soon-to-be-encountered debt ceiling and it does not resolve the federal spending sequester. As a result, we will endure more rancorous political debate over the next two months. The odds of a downgrade of U.S. debt by rating agencies remain elevated. With only a partial resolution to the entire set of Fiscal Cliff issues in place, we can still only estimate the total fiscal drag that we will feel in 2013. Right now it is reasonable to assume that a significant portion of the \$110 billion sequester will happen. It is reasonable to assume that the total fiscal drag from increased taxes and reduced spending will be in the neighborhood of 2 percent of GDP, primarily felt in the first half of 2013. This is in the ball park of our previous estimates, and consistent with an economy that grows very weakly, in the range of 0 to 1 percent GDP growth for the first half of 2013.

Needless to say, the economy will likely feel stagnant at that very weak growth rate. Job creation will be modest and the unemployment rate will improve little, if at all. It is also important to note that while the likely final fiscal outcome does not guarantee recession in 2013, the odds of recession in 2013 are high. The U.S. economy has many positives going for it. But a 2 percentage point reduction in GDP growth is a gut shot that would stagger even a healthy economy. Add to the still remaining fiscal uncertainty the phasing in of Obamacare in 2013 and the uncertainty meter has to remain stuck at high for the next few months.

Robert A. Dye, Comerica, Dallas, TX

Calendar Of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
January 7	8 Consumer Credit (Nov) NFIB Survey (Dec) ABC Consumer Comfort Index Weekly Store Sales	9 EIA Crude Oil Stocks Mortgage Applications	10 Wholesale Trade (Nov) JOLTS (Nov) Weekly Jobless Claims Weekly Money Supply	11 International Trade (Nov) Import/Export Prices (Dec) Federal budget (Dec)
14	15 Retail Sales (Dec) Producer Price Index (Dec) Empire State Survey (Jan) Business Inventories (Nov) ABC Consumer Comfort Index Weekly Store Sales	16 Consumer Price Index (Dec) Industrial Production (Dec) NAHB Survey (Jan) TIC flows (Nov) Fed's Beige Book EIA Crude Oil Stocks Mortgage Applications	17 Philadelphia FRB Survey (Jan) Housing Starts (Dec) Weekly Jobless Claims Weekly Money Supply	18 Consumer Sentiment (Jan, Preliminary, University of Michigan)
21 Martin Luther King, Jr. Day U.S. Markets Closed	22 Existing Home Sales (Dec) Richmond Fed Survey (Jan) ABC Consumer Comfort Index Weekly Store Sales	23 FHFA Home Price Index (Nov) EIA Crude Oil Stocks Mortgage Applications	24 Leading Indicators (Dec) Kansas City Fed Survey (Jan) Weekly Jobless Claims Weekly Money Supply	25 New Home Sales (Dec)
28 Durable Goods Orders (Dec) Pending Home Sales (Dec) Dallas Fed survey (Jan)	29 FOMC Meeting S&P Chase-Shiller Home Price Index (Nov) Consumer Confidence (Jan, Conference Board) ABC Consumer Comfort Index Weekly Store Sales	30 FOMC Meeting GDP (Q4 2012, Advance) ADP Employment (Jan) EIA Crude Oil Stocks Mortgage Applications	31 Chicago PMI (Jan) Personal Income and Consumption (Dec) Employment Cost Index (Q4) Weekly Jobless Claims Weekly Money Supply	February 1 Employment Report (Jan) ISM Manufacturing (Jan) Construction Spending (Dec) Vehicle Sales (Jan) Construction Spending (Dec) Consumer Sentiment (Jan, University of Michigan)
4 Factory Orders (Dec) Senior Bank Loan Officer Survey (Q1, tentative)	5 ISM Non-Manufacturing (Jan) ABC Consumer Comfort Index Weekly Store Sales	6 EIA Crude Oil Stocks Mortgage Applications	7 Consumer Credit (Dec) Chain Store Sales (Jan) Productivity and Costs (Q4, Preliminary) Weekly Jobless Claims Weekly Money Supply	8 International Trade (Dec) Wholesale Trade (Dec) Federal budget (Dec)
11	12 NFIB Survey (Jan) JOLTS (Dec) Federal Budget (Jan) ABC Consumer Comfort Index Weekly Store Sales	13 Retail Sales (Jan) Import Prices (Jan) Business Inventories (Dec) EIA Crude Oil Stocks Mortgage Applications	14 Weekly Jobless Claims Weekly Money Supply	15 Industrial Production (Jan) TIC Survey (Dec) Empire State Survey (Feb) Consumer Sentiment (Feb, Preliminary, University of Michigan)

EXPLANATORY NOTES

For 37 years, *Blue Chip Economic Indicators*[®] monthly survey of leading business economists has provided private and public sector decision-makers timely forecasts of U.S. economic growth, inflation and a host of other critical indicators of business activity. The newsletter utilizes a standardized format that provides a fast read on the prevailing economic outlook. The survey is conducted over two days, typically beginning on the first or second business day of each month. Forecasts of U.S. economic activity are collected from more than 50 leading business economists each month. The newsletter is generally finished on the third day following completion of the survey and delivered to subscribers via e-mail or first class mail.

The hallmark of *Blue Chip Economic Indicator*[®] is its *consensus forecasts*. Numerous studies have shown that by averaging the opinions of many experts, the resulting consensus forecasts tend to be more accurate over time than those of any single forecaster.

Annual Forecasts On pages 2 and 3 of the newsletter are individual and consensus forecasts of U.S. economic performance for this year and next. The names of the institutions that contribute forecasts to these pages are listed on the left of the page. They are ranked from top to bottom based on how fast they expect the U.S. economy to expand in the current year. Some of these institutions have one or more asterisks (*) after their names, denoting how many times they have won the annual *Lawrence R. Klein Award for Blue Chip Forecast Accuracy*.

Across the top of pages 2 and 3 is a list of the variables for which the individual cooperators have provided forecasts. Definitions and organizations that issue estimates for these variables are found at the bottom of page 3. For columns 1-9, the forecasts are for the year-over-year percent change in each variable. Columns 10-12 represent average percentage levels of the year in question. Column 15 is an inflation-adjusted dollar level, measured in billions of chained 2005 dollars. High and low forecasts from the panel members for each variable are denoted with an "H" or "L".

Immediately below the forecasts of the individual contributors are this month's consensus forecasts. The consensus is derived by averaging our panel members' forecasts for each variable. Below the consensus forecasts are averages of this month's ten highest and ten lowest forecasts for each variable. Below them are last month's consensus forecasts. To put the forecasts in context, we include four years of historical data for each variable at the bottom of page 2. Please note that these figures can change due to government revisions of previously released estimates. Below the historical data are the number of forecasts changed from a month ago for each variable, the median forecast for each variable and a diffusion index. The diffusion index serves as a leading indicator of future changes in the consensus forecast. A reading above 50% hints of future increases in the consensus; a reading below 50% hints of future declines. The diffusion index is calculated by adding to the number of forecasters who raised their forecasts for a particular variable this month, half the number of those who left their forecasts unchanged, then dividing the sum by the total number of those contributing forecasts.

Historical Annual Consensus Forecasts Page 4 contains the forecasts from previous issues for the current and subsequent year so that subscribers can see how the outlook has changed over time. Each issue also includes graphs and analysis focusing on noteworthy changes and trends in the consensus outlook.

Quarterly Forecasts Page 5 contains quarterly historical data and consensus forecasts of the U.S. economy's performance. For columns 1-7, the forecasts are for the quarter-over-quarter, seasonally-adjusted, annualized percent change in each variable. Columns 8-10 represent average percentage levels for the quarter in question. Columns 11 and 12 represent seasonally-adjusted, annualized levels for the quarter, measured in billions of inflation-adjusted dollars. As is the case on pages 2-3, the consensus quarterly forecasts on the top half of page 5 are simple averages of our contributors' forecasts. The high-10 and low-10 forecasts are averages of the 10 highest and 10 lowest forecasts for each variable. At the bottom of page 5 are additional quarterly consensus forecasts for Real GDP, GDP Price Index, Industrial Production and Consumer Price Index. These figures are derived by taking the annualized quarterly consensus forecasts found on the top of page 5 and computing a quarterly dollar value for Real GDP, and average quarterly index levels for the GDP Price Index, Industrial Production and the Consumer Price Index. We then compute a year-over-year percent change between the relevant quarter and the corresponding quarter of the previous year.

International Forecasts Pages 6-7 contain historical data and consensus forecasts of five key economic variables for 15 of the U.S.'s largest trading partners. A list of the institutions contributing forecasts to these pages can be found at the bottom of page 7. Columns 1 and 2 are forecasts of the year-over-year percent change in inflation-adjusted economic growth and consumer price inflation for this year and next. Column 3 is each nation's estimated current account surplus or deficit, reported in billions of current U.S. dollars. Column 4 is the estimated value of each nation's currency versus the U.S. dollar at the end of this year and next. Column 5 is the estimated level of interest rates on 3-month interest rates in each nation at the end of this year and next. Immediately below this month's consensus and the highest and lowest estimates for each variable are last month's forecasts and a limited amount of historical data. The historical data may change from month-to-month due to government revisions.

Special Questions On page 14, we report on panel members' answers to our special questions. Individuals' responses to the special questions are never displayed, only consensus, top-10 and bottom-10 results. *In March and October, we publish our semi-annual, long-range surveys.* In addition to our usual forecasts for this year and next, the semiannual, long-range survey results provide subscribers with consensus forecasts of all the variables found on pages 2 and 3 for each of the following five years, plus an average for the five-year period after that.

Blue Chip Econometric Detail[®] With the March, June, September and December issues, subscribers also receive a four-page quarterly supplement entitled *Blue Chip Econometric Detail*[®]. The supplement contains forecasts of an expanded list of economic and financial variables that are derived from the consensus forecasts found in *Blue Chip Economic Indicators*[®]. Macroeconomic Advisers, LLC of St. Louis, Missouri produces this forecast detail based on a simulation of its econometric model of the U.S. economy.

*Should you have questions about the contents, or methods used to produce **Blue Chip Economic Indicators**[®] please contact Randell Moore at randy.moore@wolterskluwer.com or call him at (816) 931-0131.*