

NATIONAL OUTLOOK

(CONSENSUS FORECASTING GROUP)

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Office of State Budget Director

Control Scenario

(Probability – 55%)

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- Growth slows to 2.0% in CY2019
 - ▣ Slowing global growth
 - ▣ Fading fiscal stimulus
 - ▣ Continued uncertainty in tariff policy
- Housing starts and residential fixed investment downgraded
- Federal Reserve will pause increases in Federal Funds rate, hold at 2.38% through end of calendar 2019
- Increases in Brent oil prices, as oil expected to rise to \$69/bbl in calendar 2019 and fall back to \$67/bbl by 2020

Optimistic Scenario

(Probability – 10%)

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- Increases in Real GDP to 2.4% in CY19
 - ▣ Housing market fuels growth due to increased household formation among young adults
 - ▣ Consumer spending growth expands to 2.4% in CY19 due to faster real income growth
 - ▣ Productivity growth averages 2.1% over CY19-22, 0.8% higher than the control forecast
- On the demand side, higher incomes and low inflation support robust consumer spending of 2.4% in CY19 and 3.4% in CY20

Pessimistic Scenario

(Probability – 35%)

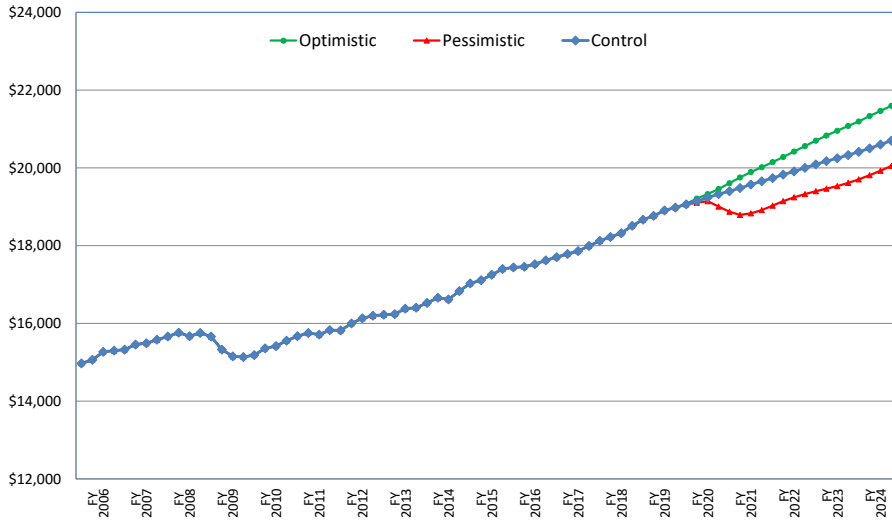
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- Three quarter recession beginning in Q4 of FY20
 - ▣ Broad loss in confidence and growing risk aversion
 - ▣ Declines in wide range of investment and consumer spending categories
 - ▣ Current expansion ends after 131 consecutive months of growth
- Real consumer spending in CY19 manages only 1.5% growth, falls to 0.2% in CY20
- Unemployment rate starts rising, reaching 6.0% by 2021
- Stock market drops 9.8% during CY20

Real GDP

(Billions of Chained 2012 Dollars, Annual Rate, BEA)

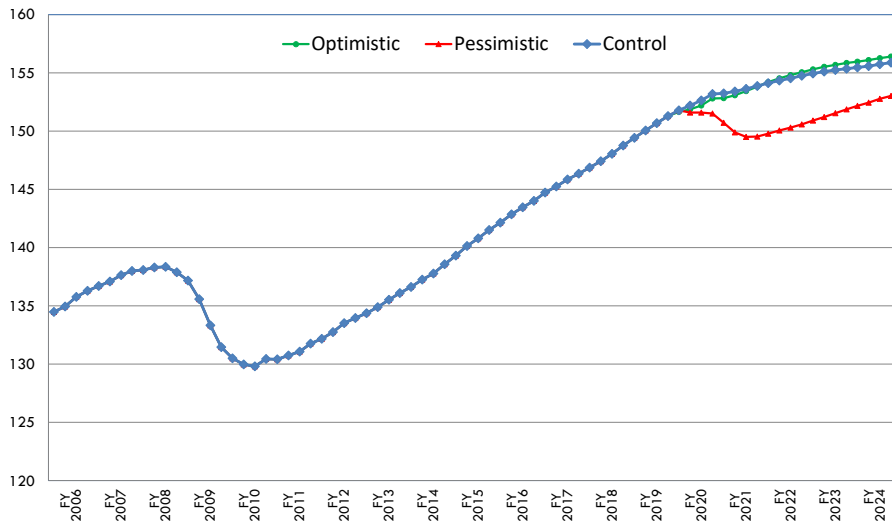
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U.S. Employment – Total Nonfarm Payrolls

(Millions, BLS)

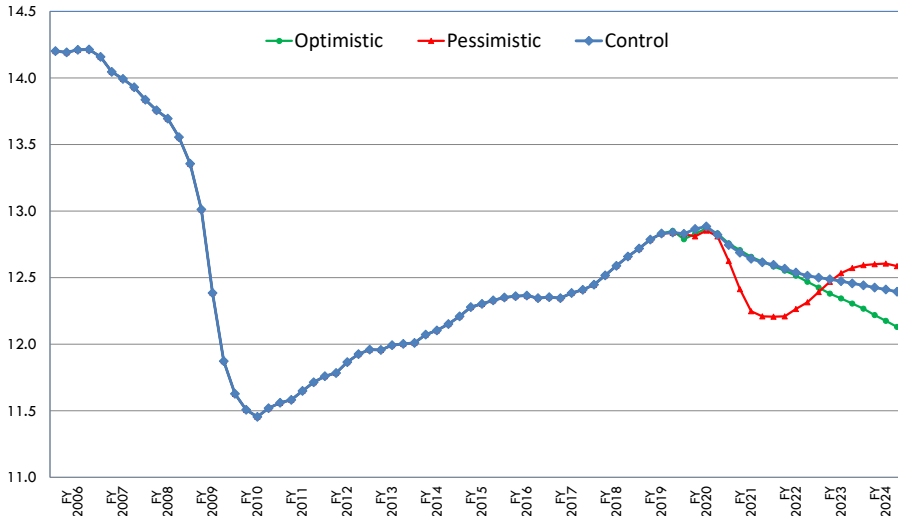
6



U.S. Employment – Manufacturing

(Millions, BLS)

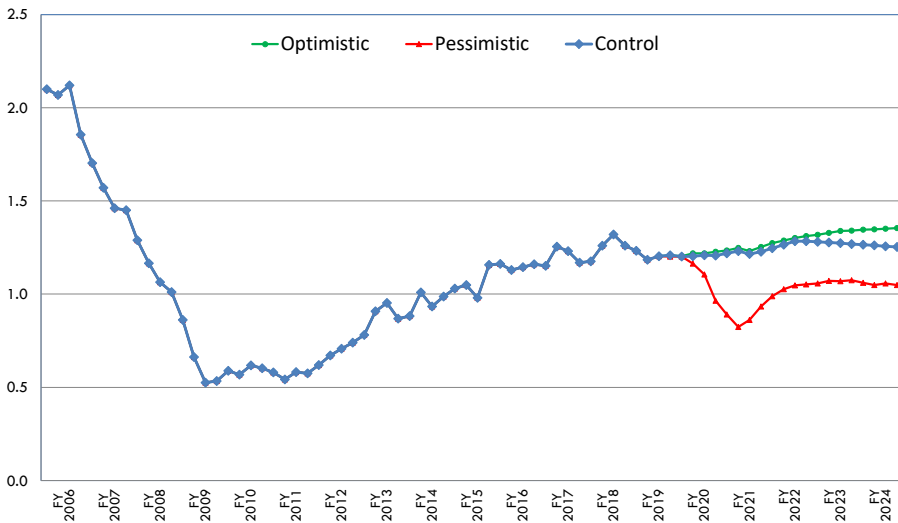
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Housing Starts

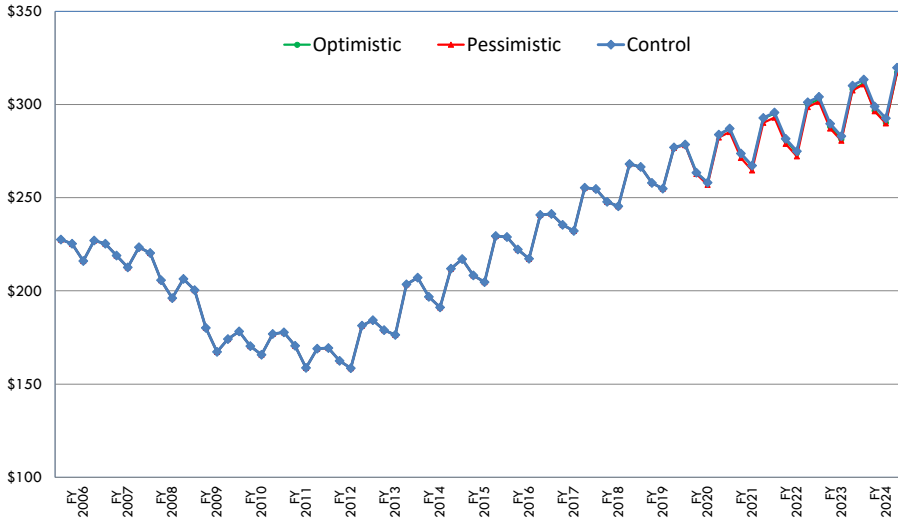
(Millions, Annual Rate, U.S. Bureau of the Census)

8



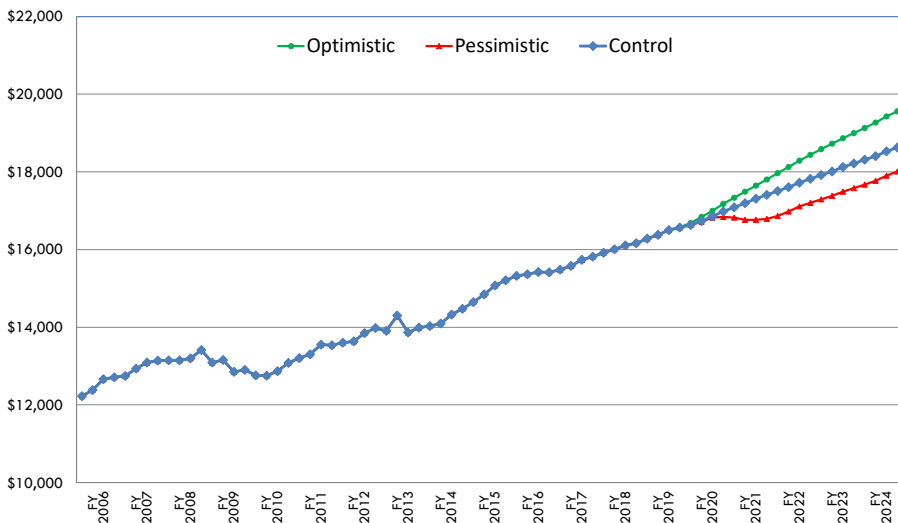
Median Sales Price of Existing Single-Family Homes (Thousands of Dollars, NAR)

9



Real Personal Income (Billions of Chained 2012 Dollars, Annual Rate, BEA)

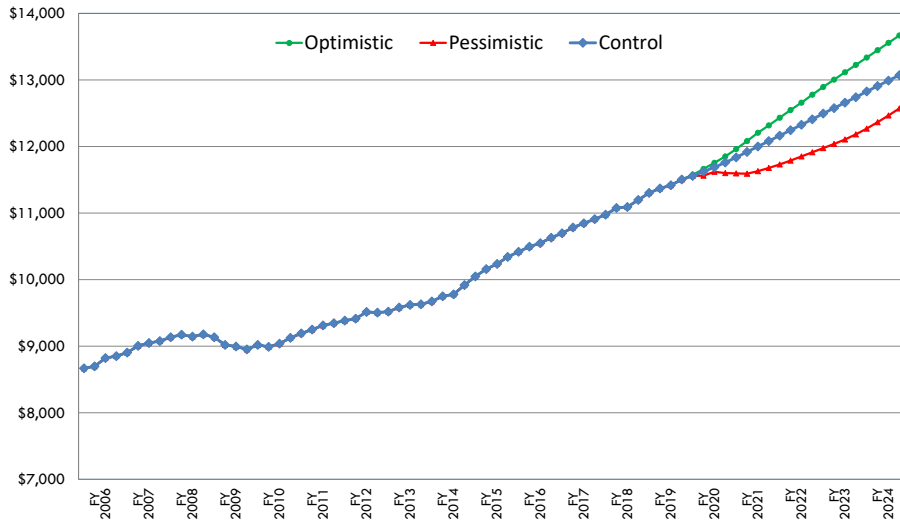
10



Real Consumer Spending (Excluding Food and Energy)

(Billions of 2012 Dollars, Annual Rate, BEA)

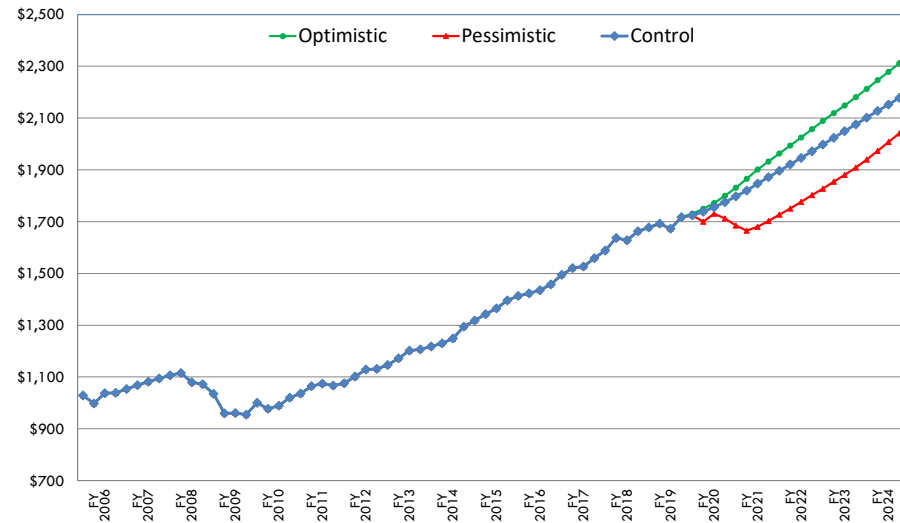
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Real Consumer Spending on Durable Goods

(Billions of 2012 Dollars, Annual Rate, BEA)

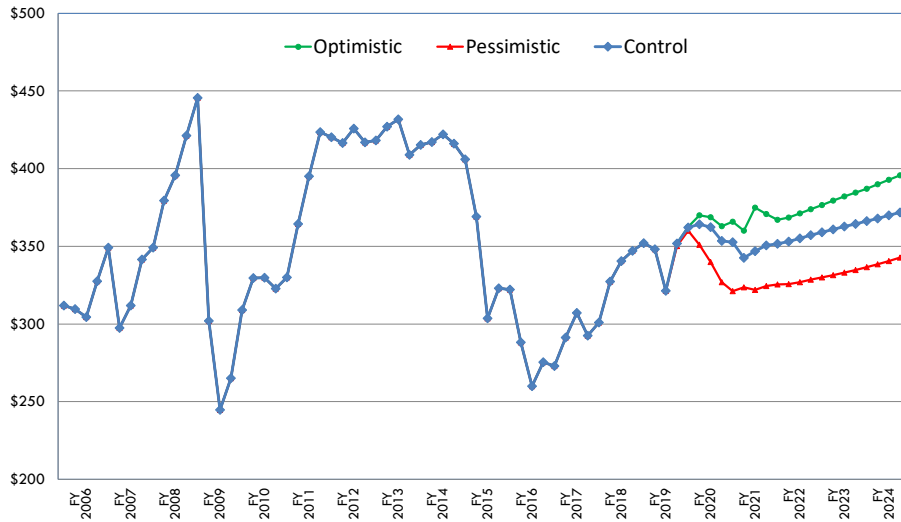
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Nominal Consumption of Gasoline and Oil

(Billions of Dollars, Annual Rate, BEA)

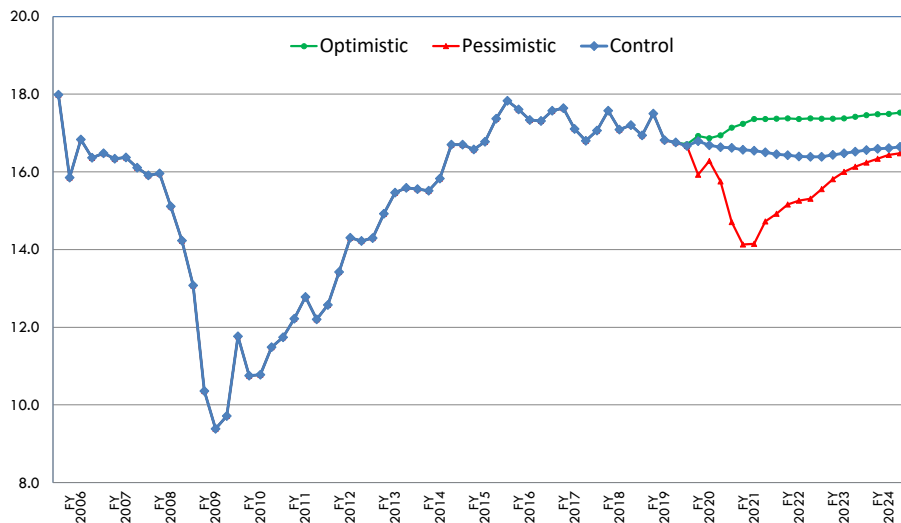
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Unit Sales of New Light Vehicles

(Millions, Annual Rate, BEA)

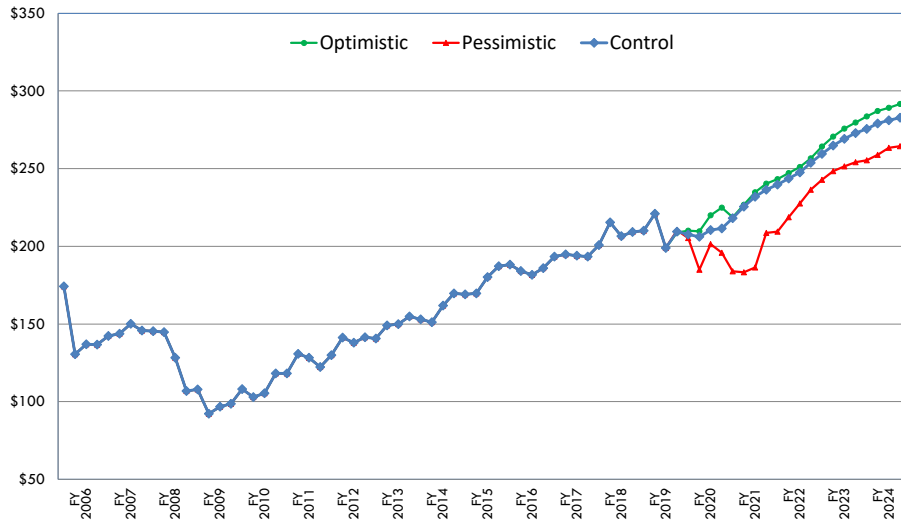
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Real Consumer Spending on New Light Trucks

(Billions of Chained 2012 Dollars, Annual Rate, BEA)

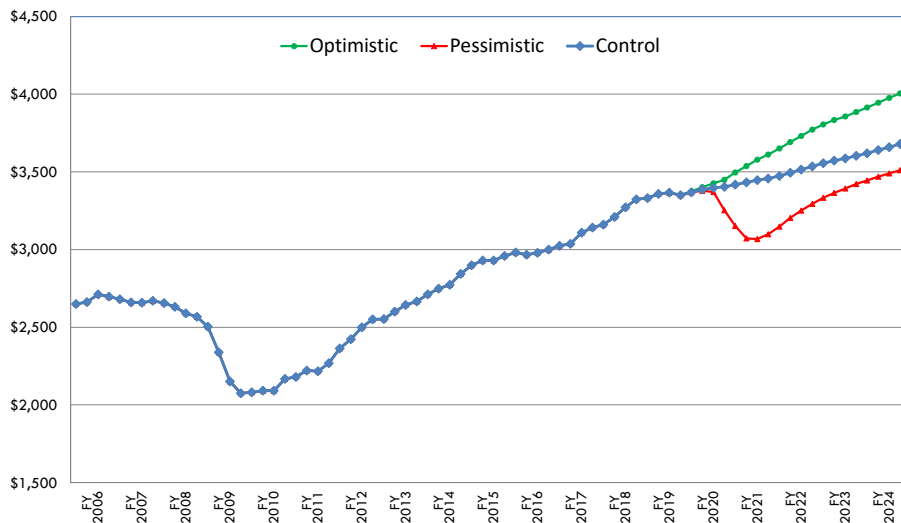
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Real Gross Private Fixed Investment

(Billions of Chained 2012 Dollars, Annual Rate, BEA)

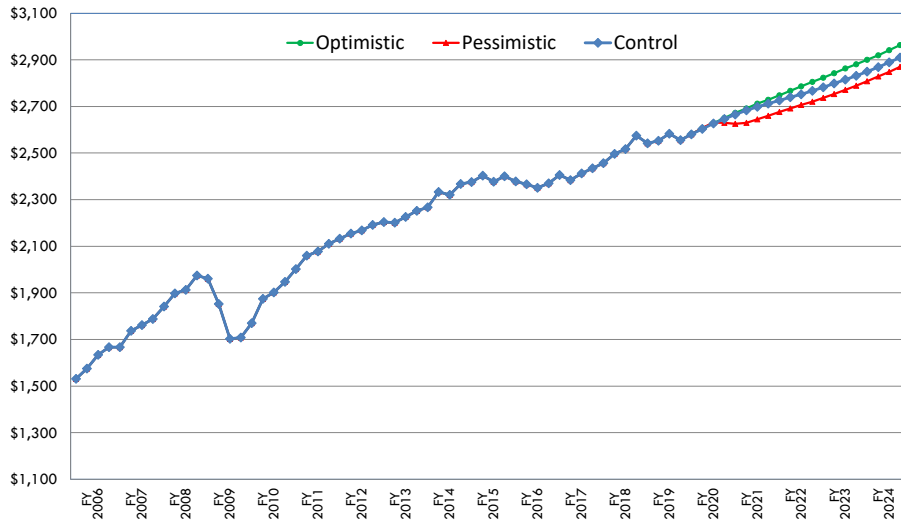
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Real Exports of Goods and Services

(Billions of Chained 2012 Dollars, Annual Rate, BEA)

17



Real Exports of Motor Vehicles and Parts

(Billions of Chained 2012 Dollars, Annual Rate, BEA)

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