

Trends & Projections

Exhibit No. (SCH-8)
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Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

	2003			2004			2005			2006			2007			2008			
	E2003	E2004	E2005	E2003	E2004	E2005	E2003	E2004	E2005	E2003	E2004	E2005	E2003	E2004	E2005	E2003	E2004	E2005	
Gross Domestic Product	\$10,387.9	\$11,751.7	\$12,453.1	4.8	7.0	6.0	\$11,262.0	\$11,451.2	\$11,648.9	\$11,853.3	\$12,053.5	\$12,233.6	\$12,397.3	\$12,527.9	\$12,657.3	\$12,797.1	\$7,790.5	\$7,851.3	\$7,907.7
Annual rate of increase (%)	4.8	7.0	6.0	-	-	-	5.7	6.9	7.1	7.2	6.9	6.1	5.5	4.3	2.9	2.8	3.2	2.9	
Annual rate of increase—real GDP (%)	3.1	4.6	3.9	-	-	-	4.1	3.9	4.0	4.7	4.8	4.0	3.6	2.7	2.0	2.1	2.1	1.8	
Annual rate of increase—GDP deflator (%)	1.7	2.2	2.0	-	-	-	1.5	2.8	2.9	2.4	2.0	2.1	1.8	1.5	1.5	1.9	1.9	1.5	
*Components of Real GDP																			
Personal consumption expenditures	\$7,365.2	\$7,638.3	\$7,878.2	3.1	3.7	3.1	\$7,486.2	\$7,555.8	\$7,586.9	\$7,673.3	\$7,737.1	\$7,790.5	\$7,851.3	\$7,907.7	\$7,963.1	\$8,018.9	\$8,074.7	\$8,130.5	
% change	3.1	3.7	3.1	-	-	-	3.2	3.8	3.8	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	
Durable goods	1,027.5	1,084.0	1,126.2	7.4	5.5	3.9	1,070.8	1,060.7	1,064.9	1,098.4	1,111.9	1,110.5	1,122.4	1,131.6	1,140.8	1,149.9	1,159.0	1,168.1	
Nondurable goods	2,121.0	2,214.8	2,284.3	3.8	4.4	3.1	2,162.4	2,198.6	2,200.5	2,221.9	2,238.3	2,256.9	2,274.3	2,293.2	2,312.1	2,331.0	2,349.9	2,368.8	
Services	4,225.7	4,352.3	4,482.5	2.0	3.0	3.0	4,266.4	4,307.2	4,331.8	4,367.6	4,402.4	4,436.8	4,469.3	4,498.1	4,531.0	4,565.2	4,599.4	4,633.6	
Nonresidential fixed investment	1,125.5	1,244.5	1,358.1	3.0	10.6	9.1	1,169.4	1,184.6	1,218.5	1,258.3	1,316.5	1,365.8	1,415.1	1,464.4	1,513.7	1,563.0	1,612.3	1,661.6	
% change	3.0	10.6	9.1	-	-	-	10.9	5.3	11.9	13.7	19.9	(0.0)	12.7	5.3	5.3	5.3	5.3	5.3	
Producers durable equipment	893.5	1,014.5	1,114.9	5.5	13.5	9.9	939.7	960.7	990.9	1,026.2	1,080.3	1,072.6	1,112.9	1,132.0	1,151.1	1,191.2	1,231.3	1,271.4	
Residential fixed investment	497.0	537.4	520.8	7.4	8.1	(3.1)	517.8	523.5	538.9	544.3	542.9	537.1	526.6	513.8	502.3	491.8	481.3	470.8	
% change	7.4	8.1	(3.1)	-	-	-	7.8	4.5	12.3	4.1	(1.0)	(4.2)	(7.6)	(11.0)	(14.4)	(17.8)	(21.2)		
Net change in business inventories	(0.8)	31.3	44.2	-	-	-	9.0	25.5	50.0	25.7	24.1	47.0	51.5	42.9	36.4	29.9	23.4	16.9	
Gov't purchases of goods & services	1,898.4	1,947.5	1,992.1	3.3	2.6	2.3	1,910.7	1,924.7	1,944.5	1,956.0	1,976.1	1,996.2	2,016.3	2,036.4	2,056.5	2,076.6	2,096.7	2,116.8	
Federal	704.3	743.4	755.5	8.7	5.5	1.6	715.5	730.2	742.0	749.0	752.3	754.3	755.2	755.9	756.8	757.7	758.6	759.5	
State & local	1,194.6	1,204.8	1,237.2	0.5	0.9	2.7	1,195.9	1,195.1	1,203.4	1,207.7	1,213.4	1,222.4	1,232.7	1,242.7	1,252.7	1,262.7	1,272.7	1,282.7	
Net exports	(509.1)	(544.9)	(503.4)	-	-	-	(515.2)	(535.6)	(555.3)	(575.6)	(595.9)	(616.2)	(636.5)	(656.8)	(677.1)	(697.4)	(717.7)	(738.0)	
Exports	1,034.7	1,148.0	1,281.3	2.0	11.0	11.6	1,083.1	1,102.8	1,128.3	1,164.6	1,196.4	1,229.6	1,265.1	1,299.8	1,334.5	1,369.2	1,403.9	1,438.6	
Imports	1,543.9	1,693.0	1,784.7	4.0	9.7	5.4	1,598.3	1,638.4	1,683.6	1,712.3	1,737.5	1,742.9	1,780.8	1,799.7	1,834.4	1,869.1	1,903.8	1,938.5	
**Income & Profits																			
Personal income	\$9,208.0	\$9,739.6	\$10,291.6	3.3	5.8	5.7	\$9,381.0	\$9,522.5	\$9,672.1	\$9,813.5	\$9,954.4	\$10,095.7	\$10,228.2	\$10,358.8	\$10,489.3	\$10,619.8	\$10,749.3	\$10,878.8	
Disposable personal income	8,216.5	8,695.6	9,131.2	4.6	5.8	5.0	8,363.3	8,531.2	8,633.4	8,752.3	8,865.4	8,996.8	9,089.1	9,175.1	9,260.2	9,345.3	9,430.4	9,515.5	
Savings rate (%)	21	19	19	-	-	-	18	22	21	18	17	21	19	18	17	17	17	17	
Corporate profits before taxes	856.4	974.9	1,347.2	15.0	13.8	38.2	958.1	932.7	973.1	993.8	1,000.0	1,357.5	1,364.3	1,345.0	1,325.7	1,306.4	1,287.1	1,267.8	
Corporate profits after taxes	631.5	716.7	970.4	14.8	13.5	35.4	714.5	688.5	717.1	729.9	731.1	981.2	982.8	967.3	952.8	937.3	922.8	907.3	
‡Earnings per share (S&P 500)	48.74	58.89	61.35	76.7	20.8	4.2	48.74	52.03	56.04	58.44	58.89	60.43	61.36	61.76	62.21	62.66	63.11	63.56	
†Prices & Interest Rates																			
Consumer price index	2.3	2.7	1.8	-	-	-	0.7	3.6	4.5	2.7	2.0	1.5	1.4	1.1	1.1	1.4	1.4	1.1	
Treasury bills	1.0	1.3	2.8	-	-	-	0.9	0.9	1.1	1.4	1.8	2.2	2.7	2.9	2.9	2.7	2.7	2.9	
10-yr notes	4.0	4.6	5.5	-	-	-	4.3	4.0	4.6	4.7	5.0	5.3	5.4	5.5	5.5	5.4	5.3	5.3	
30-yr bonds	5.0	5.4	6.1	-	-	-	5.2	5.0	5.4	5.5	5.7	6.0	6.1	6.1	6.1	6.0	6.1	6.1	
New issue rate—corporate bonds	5.7	5.9	6.7	-	-	-	5.7	5.5	5.9	5.9	6.2	6.5	6.7	6.8	6.8	6.7	6.7	6.8	
Other Key Indicators																			
Housing starts (1,000 units SAAR)	1,852.5	1,937.0	1,729.8	8.3	4.6	(10.7)	2,034.7	1,943.0	1,984.9	1,939.8	1,880.4	1,809.9	1,745.7	1,702.5	1,659.3	1,615.8	1,572.3	1,528.8	
Auto & truck sales (1,000,000 units)	16.6	16.9	17.0	(0.8)	1.5	0.4	16.8	16.3	16.6	17.3	17.4	16.8	17.1	17.1	17.1	16.8	17.1	17.1	
Unemployment rate (%)	6.0	5.6	5.4	-	-	-	5.9	5.6	5.6	5.6	5.5	5.5	5.4	5.3	5.3	5.4	5.3	5.3	
‡U.S. dollar	(12.2)	(8.3)	(3.8)	-	-	-	(20.8)	(11.2)	(13.4)	(11.7)	(11.1)	(2.3)	(1.0)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	

Note: Annual changes are from prior year and quarterly changes are from prior quarter. Figures may not add to totals because of rounding. A—Advance data. P—Preliminary. E—Estimated. R—Revised. *1996 Chain-weighted dollars. **Current dollars. †Trailing 4 quarters. ‡Average for period. §Quarterly % changes at quarterly rates. This forecast prepared by Standard & Poor's.