

## Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

	Annual % Change					2004					E2005					E2006	
	2003	E2004	E2005	2003	E2004	E2005	20	P30	E40	10	20	30	40	10	20		
<b>Gross Domestic Product</b>																	
GDP (current dollars)	\$11,004.0	\$11,735.7	\$12,412.0	4.9	6.6	5.8	\$11,657.5	\$11,810.0	\$12,002.7	\$12,187.3	\$12,340.5	\$12,486.5	\$12,633.5	\$12,800.0			
Annual rate of increase (%)	4.9	6.6	5.8	-	-	-	6.6	5.3	6.7	6.3	5.1	4.8	4.8	5.4			
Annual rate of increase—real GDP (%)	3.0	4.5	3.6	-	-	-	3.3	3.9	4.4	3.5	3.4	3.1	2.9	3.2			
Annual rate of increase—GDP deflator (%)	1.8	2.1	2.0	-	-	-	3.2	1.3	2.0	2.7	1.6	1.7	1.9	2.1			
<b>*Components of Real GDP</b>																	
Personal consumption expenditures	\$7,356.0	\$7,629.4	\$7,866.7	3.3	3.7	3.1	\$7,572.4	\$7,666.8	\$7,735.5	\$7,785.0	\$7,843.9	\$7,894.6	\$7,943.5	\$8,000.9			
% change	3.3	3.7	3.1	-	-	-	1.6	5.1	3.6	2.6	3.1	2.6	2.5	2.9			
Durable goods	1,030.6	1,097.2	1,130.9	7.4	6.5	3.1	1,074.7	1,118.2	1,120.3	1,122.0	1,130.6	1,131.9	1,139.1	1,152.2			
Nondurable goods	2,112.3	2,205.8	2,276.7	3.7	4.4	3.2	2,188.0	2,213.7	2,234.1	2,251.5	2,269.4	2,285.9	2,299.9	2,316.2			
Services	4,220.3	4,339.6	4,472.5	2.2	2.8	3.1	4,320.0	4,351.0	4,395.8	4,425.3	4,457.8	4,489.6	4,517.4	4,546.6			
Nonresidential fixed investment	1,110.8	1,228.9	1,351.3	3.3	10.6	10.0	1,207.9	1,245.3	1,289.6	1,308.4	1,339.1	1,366.2	1,391.5	1,411.8			
% change	3.3	10.6	10.0	-	-	-	12.4	13.0	15.0	6.0	9.7	8.3	7.6	6.0			
Producers durable equipment	879.2	996.9	1,104.8	6.4	13.4	10.8	975.5	1,015.0	1,053.6	1,067.4	1,094.7	1,119.2	1,138.0	1,154.1			
Residential fixed investment	503.0	552.3	546.2	8.8	9.8	(1.1)	554.6	556.8	594.1	562.7	554.2	539.3	528.7	519.9			
% change	8.8	9.8	(1.1)	-	-	-	16.7	1.6	5.3	(1.0)	(6.0)	(10.3)	(7.6)	(6.5)			
Net change in business inventories	(0.7)	46.4	49.8	(0.7)	-	-	61.1	35.9	48.7	53.1	51.7	51.1	43.3	36.7			
Gov't purchases of goods & services	1,909.4	1,949.6	1,993.9	2.8	2.1	2.3	1,946.5	1,952.4	1,963.7	1,976.2	1,988.3	2,000.1	2,010.8	2,020.9			
Federal	689.6	722.7	745.8	6.6	4.8	3.2	718.1	726.4	733.2	738.7	744.1	748.3	752.4	756.1			
State & local	1,219.8	1,226.8	1,247.9	0.7	0.6	1.7	1,228.3	1,225.9	1,230.4	1,237.5	1,244.1	1,251.8	1,258.4	1,264.7			
Net exports	(518.5)	(583.1)	(583.8)	-	-	-	(580.3)	(588.0)	(613.8)	(600.6)	(594.4)	(578.9)	(561.3)	(539.2)			
Exports	1,031.8	1,123.3	1,232.8	1.9	8.9	9.7	1,114.8	1,132.1	1,150.9	1,179.3	1,214.4	1,250.9	1,286.5	1,323.7			
Imports	1,550.2	1,706.3	1,816.6	4.4	10.1	6.5	1,695.1	1,720.1	1,764.7	1,779.9	1,808.9	1,829.8	1,847.7	1,862.9			
<b>**Income &amp; Profits</b>																	
Personal income	\$9,162.0	\$9,650.8	\$10,159.9	3.2	5.3	5.3	\$9,592.7	\$9,671.7	\$9,894.0	\$9,950.3	\$10,093.0	\$10,233.6	\$10,362.9	\$10,525.0			
Disposable personal income	8,160.0	8,620.3	9,035.3	4.2	5.6	4.8	8,562.1	8,627.4	8,853.2	8,875.4	8,993.5	9,089.7	9,182.5	9,318.9			
Savings rate (%)	1.4	1.1	0.8	-	-	-	1.3	0.5	1.7	0.7	0.8	0.8	0.7	1.0			
Corporate profits before taxes	874.5	1,005.0	1,366.7	15.4	14.9	36.0	988.3	964.3	1,105.0	1,405.0	1,365.6	1,353.1	1,343.0	1,338.9			
Corporate profits after taxes	639.6	731.2	986.8	11.4	14.3	35.0	717.1	703.0	798.8	1,017.1	986.0	976.1	968.2	964.0			
†Earnings per share (S&P 500)	48.80	58.49	65.00	77.0	20.0	11.1	56.23	57.67	58.49	60.44	61.91	64.34	65.00	65.31			
<b>†Prices &amp; Interest Rates</b>																	
Consumer price index	2.3	2.7	2.3	-	-	-	4.7	1.9	3.0	2.2	1.8	1.7	1.5	1.5			
Treasury bills	1.0	1.4	3.1	-	-	-	1.1	1.5	2.0	2.5	2.9	3.3	3.7	3.8			
10-yr notes	4.0	4.3	4.9	-	-	-	4.6	4.3	4.3	4.5	4.7	5.0	5.2	5.4			
30-yr bonds	5.1	5.1	5.4	-	-	-	5.4	5.1	5.0	5.1	5.3	5.5	5.7	5.8			
New issue rate—corporate bonds	5.7	5.6	6.2	-	-	-	5.9	5.6	5.5	5.8	6.0	6.3	6.5	6.6			
<b>Other Key Indicators</b>																	
Housing starts (1,000 units SAAR)	1,850.0	1,958.7	1,815.1	8.3	5.7	(7.3)	1,919.7	1,969.3	2,002.7	1,895.2	1,840.9	1,793.6	1,730.5	1,698.5			
Auto & truck sales (1,000,000 units)	16.6	16.8	17.0	(0.9)	0.8	1.1	16.5	17.1	16.9	16.8	17.1	17.0	16.9	16.9			
Unemployment rate (%)	6.0	5.5	5.2	-	-	-	5.6	5.4	5.4	5.3	5.2	5.2	5.3	5.3			
\$U.S. dollar	(12.2)	(8.3)	(9.3)	-	-	-	13.4	(6.8)	(20.6)	(13.7)	(3.9)	(4.6)	(5.0)	(4.4)			

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.

## Value Line Forecast for the U.S. Economy

	ACTUAL		ESTIMATED					
	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4	2006:1
<b>GROSS DOMESTIC PRODUCT AND ITS COMPONENTS</b> (2000 CHAIN WEIGHTED \$) BILLIONS OF DOLLARS								
Final Sales	10722	10834	10941	11022	11109	11191	11274	11358
Total Consumption	7572	7659	7716	7773	7831	7879	7928	7977
Nonresidential Fixed Investment	1208	1242	1278	1299	1331	1357	1380	1400
Structures	242	242	250	256	259	262	265	268
Equipment & Software	976	1010	1039	1049	1075	1098	1117	1133
Residential Fixed Investment	564	568	572	568	562	555	548	541
Exports	1115	1129	1147	1172	1202	1232	1259	1288
Imports	1695	1727	1752	1767	1794	1816	1832	1848
Federal Government	718	726	733	739	746	750	754	757
State & Local Governments	1228	1227	1236	1242	1249	1256	1262	1267
Gross Domestic Product	11658	11804	11969	12133	12295	12450	12607	12766
Real GDP (2000 Chain Weighted \$)	10785	10883	10977	11064	11157	11251	11342	11432
<b>PRICES AND WAGES-ANNUAL RATES OF CHANGE</b>								
GDP Deflator	3.2	1.3	2.0	2.0	1.8	1.8	1.8	1.8
CPI-All Urban Consumers	4.7	1.9	3.3	2.3	2.2	2.2	2.3	2.3
PPI-Finished Goods	6.1	0.6	5.0	3.0	2.0	1.5	1.3	1.3
Employment Cost Index—Total Comp.	4.0	3.5	3.5	3.7	3.5	3.5	3.6	3.7
Productivity	4.0	1.8	2.5	2.2	2.0	2.0	1.8	1.8
<b>PRODUCTION AND OTHER KEY MEASURES</b>								
Industrial Prod. (% Change, Annualized)	4.9	2.9	4.0	5.0	3.0	2.5	2.5	2.5
Factory Operating Rate (%)	76.1	76.5	77.0	77.0	77.2	77.3	77.4	77.7
Nonfarm Inven. Chg. (2000 Chain Weighted \$)	58.8	47.8	48.0	48.0	44.0	44.0	38.0	30.0
Housing Starts (Mill. Units)	1.92	1.97	1.98	1.92	1.88	1.83	1.80	1.75
Existing House Sales (Mill. Units)	6.79	6.67	6.80	6.50	6.35	6.25	6.20	6.10
Total Light Vehicle Sales (Mill. Units)	16.5	17.1	17.0	16.8	17.0	17.0	17.0	17.0
National Unemployment Rate (%)	5.6	5.4	5.4	5.3	5.3	5.4	5.4	5.4
Federal Budget Surplus (Unified, FY, \$Bill)	-25.7	-85.9	-90.0	-95.0	-55.0	-75.0	-70.0	-70.0
Price of Oil (\$Bbl., U.S. Refiners' Cost)	34.81	39.70	45.25	45.35	44.25	39.90	36.50	34.00
<b>MONEY AND INTEREST RATES</b>								
3-Month Treasury Bill Rate (%)	1.1	1.5	1.9	2.2	2.5	2.8	3.0	3.0
Federal Funds Rate (%)	1.0	1.4	1.9	2.2	2.5	2.7	2.9	3.0
10-Year Treasury Note Rate (%)	4.6	4.3	4.3	4.4	4.6	4.8	5.0	5.0
Long-Term Treasury Bond Rate (%)	5.4	5.2	5.0	5.1	5.3	5.5	5.7	5.7
AAA Corporate Bond Rate (%)	5.9	5.6	5.2	5.4	5.6	5.8	5.9	6.0
Prime Rate (%)	4.0	4.4	4.9	5.1	5.3	5.5	5.5	5.6