Spring National Forecast Update
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L. Wm. Seidman Research Institute
The “Jobs report numbers come out the first Friday of each month.
Household Sector Debt Outstanding to GDP
Percentage point change from previous peak, Seasonally Adjusted
GDP Arithmetic

- $Y = C + I + G + X - M$ Simple math and to grow GDP you have to grow the components

- $Y = C + I + G + X - M$ Keynesian:: increase G and the rest will take care of itself

- $Y = C + I + G + X - M$ Supply Side; neo-conservative:: cut G and get Govt out of the way
### Baseline Forecast

#### Consensus

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<tbody>
<tr>
<td><strong>Real GDP (Percent change)</strong></td>
<td>0.9</td>
<td>2.7</td>
<td>2.6</td>
<td>3.2</td>
<td>2.4</td>
<td>3</td>
<td>3.4</td>
<td>3.2</td>
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<tr>
<td><strong>inflation (pct)</strong></td>
<td>1.4</td>
<td>1.8</td>
<td>2</td>
<td>2</td>
<td>1.8</td>
<td>1.6</td>
<td>1.5</td>
<td>1.9</td>
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<td><strong>unemployment</strong></td>
<td>6.6</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
<td>6.5</td>
<td>6.1</td>
<td>5.6</td>
<td>5.3</td>
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<td><strong>10-yr note</strong></td>
<td>2.76</td>
<td>2.79</td>
<td>3.03</td>
<td>3.1</td>
<td>2.92</td>
<td>3.31</td>
<td>3.89</td>
<td>4.49</td>
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</tbody>
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*Source: numbers consistent with Global Insight Baseline*

**ODDS around 50-50**
The 3%+ “bounce” gang

1. Less fiscal drag
2. Inflation remains low.
4. Lagged impacts of Fed stimulus are helping.
5. Consumer deleveraging is behind us.
6. Trade is in an improving trend.
7. The Eurozone recovery is on increasingly solid footing.
8. Corporate bond spreads continue to decline.
9. House prices are rising.
10. The impacts of both the Mfg and Energy Renaissances are broadening.
11. The severe weather is over.
Could be Slower

A 20% Chance

The Slog/fear Crowd

- Taxes and Regulation
- Dysfunctional Congress
  - No immigration reform
  - No tax/reg reform
- Ukraine/Putin
- Housing stall
- Wall Street correction
- Geo-pol or natural shock
For Arizona

• Forecasts from Lee and on our website.
• US Risk and Opportunities
• Fed Spending a big deal in AZ
  – 65b+ in total spend
  – 12-15b in direct procurement
• Confidence required to make people move and the belief that AZ will get our share
And should we be worried??

State Residents’ Desire to Move to a Different State

- Highest desire to move
- Above average
- Average
- Below average
- Lowest desire to move

Gallup 50-state poll, June-December 2013
Note: No data available for the District of Columbia