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Office of the Chief Economist Economic and Housing Market Outlook September 2008

Revised 9/12/2008

Major Economic Indicators

Indicator	2007				2008				2009				Annual Totals						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004	2005	2006	2007	2008	2009	2010
Real GDP (%)	0.1	4.8	4.8	-0.2	0.9	3.3	1.2	0.7	2.0	2.2	2.8	3.0	3.1	2.7	2.4	2.3	1.5	2.5	3.5
Consumer Prices (%) a.	3.7	4.6	2.8	5.0	4.3	5.0	4.0	2.5	2.5	2.5	2.5	2.5	3.4	3.7	1.9	4.0	4.0	2.5	2.5
Unemployment Rate (%) b.	4.5	4.5	4.7	4.8	4.9	5.3	5.9	6.2	6.3	6.3	6.3	6.3	5.5	5.1	4.6	4.6	5.6	6.3	6.0
30-Year Fixed Mtg. Rate (%) b.	6.2	6.4	6.6	6.2	5.9	6.1	6.3	5.9	5.9	5.9	5.9	6.0	5.8	5.9	6.4	6.3	6.0	5.9	6.2
1-Year Treas. Indexed ARM Rate (%) b.	5.5	5.6	5.7	5.6	5.1	5.2	5.3	5.4	5.6	5.7	5.8	5.9	3.9	4.5	5.5	5.6	5.3	5.8	6.3
10-Year Const. Mat. Treas. Rate (%) b.	4.7	4.8	4.7	4.3	3.7	3.9	3.9	3.6	3.7	3.8	3.9	4.0	4.3	4.3	4.9	4.6	3.8	3.9	4.4
1-Year Const. Mat. Treas. Rate (%) b.	5.0	4.9	4.5	3.6	2.1	2.1	2.2	2.2	2.3	2.5	2.6	2.7	1.9	3.6	4.9	4.5	2.1	2.5	3.1

Housing and Mortgage Markets

Indicator	2007				2008				2009				Annual Totals						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2004	2005	2006	2007	2008	2009	2010
Housing Starts c.	1.45	1.46	1.30	1.15	1.05	1.02	0.92	0.88	0.97	1.03	1.07	1.11	1.96	2.07	1.80	1.36	0.97	1.05	1.17
Total Home Sales d.	6.41	5.97	5.49	5.04	4.95	4.86	4.88	4.99	5.10	5.25	5.30	5.40	7.16	7.46	6.73	5.73	4.92	5.26	5.60
Conventional Mtg. Home Price Index (%) e.	2.4	0.7	-2.0	0.6	-2.6	-7.3	-5.4	-5.0	-5.0	-4.8	-4.4	-3.6	11.6	12.6	5.9	0.4	-5.1	-4.5	-1.1
S&P/Case-Shiller® Home Price Index (%) f.	-4.0	-3.9	-7.0	-19.9	-24.4	-9.0	-10.0	-8.0	-7.0	-5.0	-3.0	-2.0	14.6	14.7	0.2	-8.9	-12.9	-4.3	-2.0
1-4 Family Mortgage Originations g.																			
Conventional	\$690	\$740	\$550	\$430	\$440	\$500	\$325	\$325	\$400	\$480	\$495	\$410	\$2,776	\$3,167	\$2,858	\$2,410	\$1,590	\$1,785	\$1,745
FHA & VA	\$24	\$29	\$31	\$36	\$46	\$74	\$85	\$75	\$70	\$80	\$80	\$70	\$135	\$90	\$80	\$120	\$280	\$300	\$300
Total	\$714	\$769	\$581	\$466	\$486	\$574	\$410	\$400	\$470	\$560	\$575	\$480	\$2,911	\$3,257	\$2,938	\$2,530	\$1,870	\$2,085	\$2,045
ARM Share (%) h.	11	11	12	8	8	8	8	9	10	10	10	10	34	31	21	10	8	10	11
Refinancing Share - Applications (%) i.	46	42	38	40	49	47	30	30	37	40	40	40	46	44	43	42	40	39	33
Refinancing Share - Originations (%) j.	52	48	45	46	55	53	35	38	40	45	45	45	52	50	47	48	45	44	38
Residential Mortgage Debt (%) k.	8.0	8.4	6.2	6.0	3.2	2.0	2.0	2.0	3.0	4.0	5.0	6.0	14.1	13.2	11.2	7.2	2.3	4.5	7.4

Note: Quarterly and annual forecasts (or estimates) are shown in shaded areas; totals may not add due to rounding; quarterly data expressed as annual rates.

Annual forecast data are averages of quarterly values; annual historical data are reported as Q4 over Q4.

- a. Calculations based on quarterly average of monthly index levels; index levels based on the seasonally-adjusted, all-urban consumer price index.
- b. Quarterly average of monthly unemployment rates (seasonally-adjusted); Quarterly average of monthly interest rates (not seasonally-adjusted).
- c. Millions of housing units; quarterly averages of monthly, seasonally-adjusted levels (reported at an annual rate).
- d. Millions of housing units; total sales are the sum of new and existing detached single-family homes; quarterly averages of monthly, seasonally-adjusted levels (reported at an annual rate).
- e. Annualized growth rate of Freddie Mac's Conventional Mortgage Home Price Index (CMHPI); not seasonally-adjusted
- f. National composite index (annualized growth rate), not seasonally-adjusted
- g. Billions of dollars (not seasonally-adjusted).
- h. Federal Housing Finance Board (FHFB); quarterly averages of monthly shares of conventional, home-purchase mortgage closings (not seasonally-adjusted).
- i. Primary Mortgage Market Survey®; quarterly averages of monthly shares of all single-family mortgage (not seasonally-adjusted).
- j. Home Mortgage Disclosure Act for all single-family mortgages (not seasonally-adjusted); Annual share is dollar-weighted average of quarterly shares.
- k. Federal Reserve Board; growth rate of residential mortgage debt, the sum of single-family and multifamily mortgages(not seasonally-adjusted, annual rate)

Prepared by Office of the Chief Economist and reflects views as of 9/12/2008 (PT); Send comments and questions to chief_economist@freddiemac.com.

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