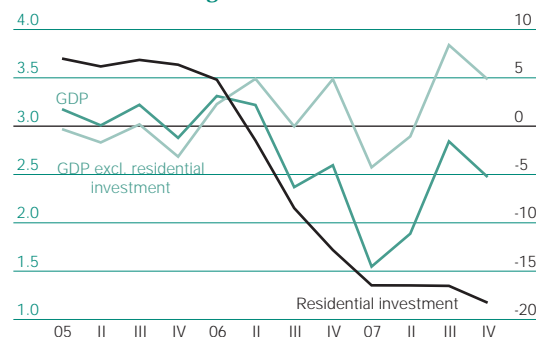


U.S.: Gross Domestic Product Real annual % change



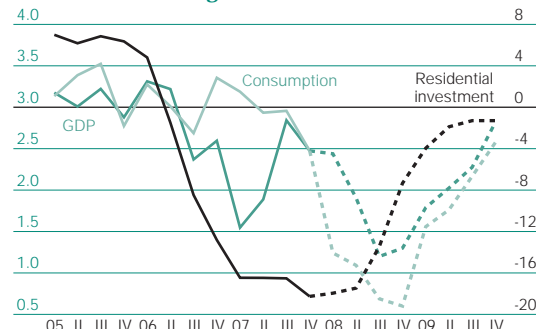
Source: BBVA with Bureau of Economic Analysis data

The slowdown in the U.S. is generalized; there are downward risks

In the last four quarters, the growth rate of economic activity in the U.S. has decreased noticeably. After an annual GDP growth rate of 2.9% in 2006, expansion was a more moderate 2.2% in 2007. In the same period, moderation in the growth rate of consumption was only 0.2 pp (from 3.1% to 2.9%). The slowdown in the economic growth rate continues to be explained mainly by the adjustment in residential investment, in view of the end of the real-estate boom. Between 4Q05 and 4Q07, residential investment has contracted 28.7%. Nevertheless, GDP data for 4Q07 and timely indicators for 1Q08 point not only to a deepening of the recession in the housing sector, but also to the generalization of the slowdown in other sectors.

Undoubtedly, the crisis in confidence and financial liquidity unleashed in August by the growing non-payment of high-risk (subprime) mortgages and the deepening of the slowdown in the housing sector, are sufficient arguments to expect a considerable slowdown in economic growth in 2008. In fact, timely data have been mostly negative surprises and indicate a marked slowdown in employment, retail sales and in industrial and corporate activity. In this sense, a strong concentrated slowdown in 1H08, with signs of stabilization in the second half of the year, is a highly probable scenario. However, the risks downward have intensified, so that there is also a great probability of a less benign scenario—a credit crunch, with an intense and long-lasting contraction of credit, with real costs for the economy, extending into 2009. In this context, we revised our previsions for economic growth downward. We anticipate that GDP will grow at a lower than the potential rate during 2007-09, and expect that, after 2.2% growth in 2007, activity will slow down in our scenario of a moderate rationing of credit, toward 1.7% in 2008 before recovering softly to reach 2.2% growth in 2009. It should be noted that these forecasts are subject to important and growing risks of downward activity.

U.S.: Outlook Scenario of a Moderate Rationing of Credit Real annual % change



Note: Forecasts as of the first quarter of 2008
Source: BBVA with Bureau of Economic Analysis data

The revision downward responds mainly to a slightly more pronounced slowdown in private consumption, as a result of a deeper and longer-lasting adjustment in the real-estate sector, with effects on other components of demand. On the one hand, we anticipate that, in view of the lower demand expected, the corporate sector will restrict capital spending and job creation more than previously foreseen. Consequently, consumption will be affected due to lower growth in the labor market and more moderate increases in real income. Also, the adjustment of the real-estate sector will have second-round effects on families' wealth, (with the gradual drop in housing prices) and confidence. In contrast, we anticipate a favorable performance in external demand. We continue to expect a significant contribution to growth from net exports, derived from the dynamism of the world economy and the weakness of the dollar. To summarize, due to the components of aggregate demand, residential investment will continue to show reduced growth during 2008; consumption will moderate in a more pronounced manner during 2008-09, a period in which it will grow below total economic growth, and non-residential investment will grow only moderately.

Residential Investment has not touched bottom; it will continue to drop

The recent events in the mortgage market—detonated by problems on the subprime mortgage market (see chart)— indicate that the adjustment in the housing sector will be deeper and longer lasting. The excess supply in the real-estate market has begun to be reflected in housing price drops, which, for now, are insufficient to stop the imbalance between supply and demand. Low real interest rates will have a favorable effect on accessibility and, consequently, on demand. Nevertheless, two risks linked to the subprime market seem to be materializing. On one hand, the greater credit restriction is affecting, to a greater extent, the demand for housing, thus extending the adjustment of supply; and, on the other, the rise in foreclosures of homes and the drop in home prices will delay eliminating the excess supply on the market. Therefore, we foresee that residential investment will continue to significantly reduce growth during 2008.

Consumption: more pronounced moderation

Recently the pillars of consumption have been affected, confirming the signals that forewarned the drop in consumer confidence. Employment continues its adjustment and disposable income is beginning to feel the effects. In an environment of loss of confidence and lower expected demand, companies will restrict their investment plans and the employment rate in a greater way, affecting families' consumption even more. The reduction of housing prices will affect families' wealth and confidence and will cause them to gradually increase their savings. In addition, more restrictive credit conditions will affect family spending in view of more limited financing.

Non-residential Investment: modest growth

Although the fundamentals continue solid—1) profits as a percentage of GDP are at historic highs, 2) favorable financial conditions, and 3) strong external demand—, the higher costs and lower growth rate in productivity have reduced the profit margins. Modest growth in capital spending seems to be the most probable option in a context of greater uncertainty and lower expected demand. The downward risks regarding economic growth will affect the confidence of companies, leading to greater caution and a more discreet investment rate. Also, high costs could continue to cause a moderation in the margins. Finally, financial conditions could become less favorable (credit restriction is increasing).

The External Sector: it will contribute but does not compensate

Exports will grow at a higher rate than imports. Both the moderation in imports (due to the lower growth rate in consumption and investment) and a strong expansion in exports (due to strong global demand and favored by the weakness of the dollar) will contribute positively to the growth of net exports.

This scenario of moderate rationing presents important downward risks. The main ones are a credit crunch and a more pronounced

Constructor Confidence

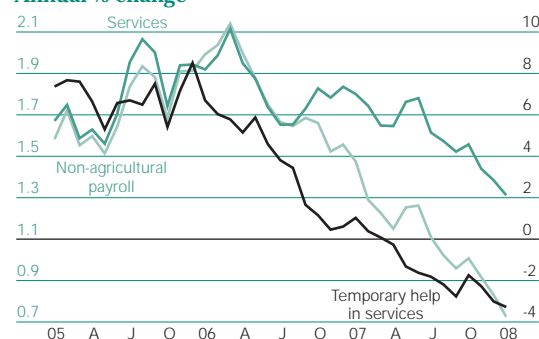
Index



* Historic minimum
Source: Bloomberg with National Association of Home Builders data

Employment Moderating

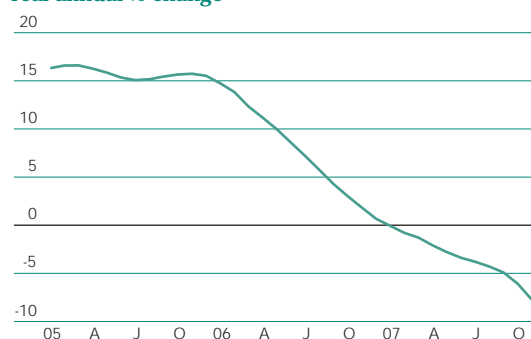
Annual % change



Source: BBVA with Bureau of Labor Statistics data

Housing Prices

S&P Case-Schiller Index for 20 cities,
real annual % change



Source: Bloomberg with Standard & Poor's data

Comparison of the Recent Drop in Confidence with Periods Prior to Recessions

Survey	Conference Board	University of Michigan
Change, six months prior to recession		
Average*	-14.7	-9.4
Current (Dec. 2007)	-16.7	-12.1
Level, month prior to recession		
Average*	100.8	80.0
Current (Dec. 2007)	88.6	76.1

* Average of recessions of 1980, 1990-91 and 2001

Source: BBVA with Univ. of Michigan and The Conference Board data

impact from the correction in the real estate market: a) credit standards could be sharply restricted, and b) housing prices could drop significantly. In this context, the adjustment in employment and in companies' investments could lead to a greater slowdown in consumption, while the greater credit restriction would demand a greater adjustment in savings and, therefore, in consumption. Finally, the economic slowdown in the U.S. could have a more negative impact on world growth, and, consequently, on the demand for exports in that country.

More interest rate reductions

In a context of lower economic growth and the risk of recession, the relaxing of monetary policy is foreseeable. After reevaluating the risks—between higher inflation and lower economic growth—the Fed abandoned its restrictive bias during August and, in view of the confidence and financial liquidity crisis, decided to reduce the reference interest rate by 50bp on September 18th, placing it at 4.75%. At each of the meetings in October and December, the Fed cut the rate an additional 25 bp, leaving it at 4.25% at the close of the year. In January, in view of greater concern over the risk of recession, the federal funds rate was reduced 75 bp on the 21st and 50 bp more on the 30th, placing it at 3%. Going forward, the Fed will continue to lower the federal funds rate. It will continue to focus its action on avoiding recession and curbing financial instability.

The most benign scenario for inflation (slowdown) accentuates the process of moderation of core prices. Several factors point to this dynamic. In the first place, inflationary expectations remain anchored and wage growth continues delimited (the recent weakness of the labor market supports the continuation of moderate growth in wages). In the second place, the economic slowdown will significantly reduce pressure now existing in the evolution of unitary labor costs. Finally, rental prices—which explain the acceleration of core inflation during 2006—will stop pressuring upward, due to lower employment generation (which will curb the increase in rents) and within a context in which part of the excess supply in the real estate market will be earmarked for the rental market—leading to a greater moderation in rental increases.

Thus, although our expectation for the course of core prices has not changed, the downward revision in our forecasts for economic growth leads us to anticipate that the moderation of core inflation will accelerate. The possible inflationary pressure derived from the narrowness of the labor and production markets will dissipate to the extent that economic growth, lower than the potential, generates a more negative production gap. In addition, the greater depth now foreseen in the adjustment of the real-estate sector will cause a sharper drop in rental prices, mainly due to excess supply in the market. Although energy prices continue to be high, the lower economic growth rate could cause a gradual decrease in these, which would benefit headline inflation and would allow inflation expectations to remain contained—and even decrease.

As a result, should it consider it necessary, the Federal Reserve, in a context of lower core inflation pressure, would have an additional

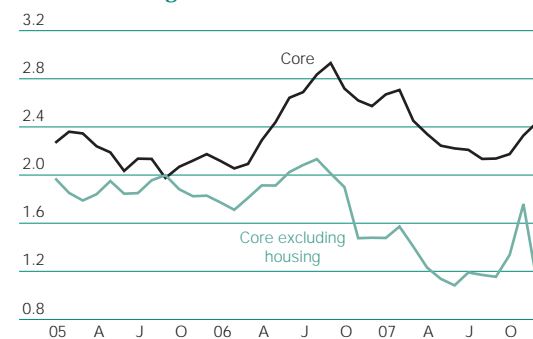
margin to relax its monetary policy. In its communication, it has made it clear that its main concern is the risk associated with a possible recession. The adjustment in the mortgage market and the current credit restrictions, together with the disorder in the financial markets are important risks for growth going forward. Considering that it is unlikely that the economy will show signs of recovery in the near future and that credit conditions will improve in the short term, the probability of greater monetary relaxation in the U.S. is quite high. In this sense, in a scenario of a moderate slowdown, the Federal Reserve would lower the federal funds rate to 2.5%; while, at the other extreme, in a credit-crunch scenario, the reduction could be greater.

In conclusion, although there is a clear bias downward regarding the risks in economic growth, and the uncertainty surrounding our forecasts is great—mainly due to uncertainty in the evolution of the credit markets and its impact on the real sector—the most probable scenario is one that is not so unfavorable, where the slowdown that has been going on since 2H06 will continue, prior to a soft and gradual recovery in 2009. The main risk is that a greater depth and longer duration of the real estate adjustment will turn the current confidence and financial liquidity crisis into a credit crisis, with more severe consequences in the real sector. This scenario anticipates second-round effects, deeper and longer lasting, stemming from the adjustment of the housing sector on consumption and corporate investment. Should the scenario of lower growth materialize, it would bring with it stronger downward pressures, both in headline and core inflation. The Federal Reserve would reduce the rates more aggressively, as it has done in the last cycles of a strong slowdown.

With regard to the dollar, in the current context of uncertainty, depreciation risks continue. Several factors continue to point to the weakness of the dollar. A greater moderation in U.S. growth compared to Europe, more aggressive drops in the U.S. prior to those in Europe, and a deterioration in the quality of currency flows toward the U.S. will continue to affect the value of the dollar. As of the end of 2008, once the economy begins to show signs of a recovery (although mild), the dollar could revert to slightly less depreciated levels.

Core Inflation

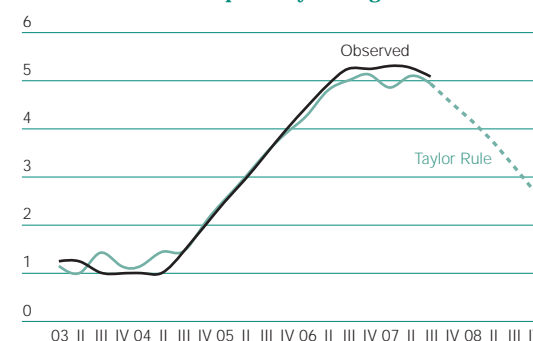
Annual % change



Source: BBVA with Bureau of Labor Statistics data

Taylor Rule

Federal Funds Rate, quarterly average, %



Source: BBVA with Federal Reserve data

The Subprime Market in the U.S. and the Confidence Crisis: Liquidity Crisis Caused by Assymetric Information

Stable Economic Cycles and Excessive Risk Taking

How did the real estate boom in the U.S. and growing nonpayment of high-risk mortgages (subprime) end up unleashing a confidence and financial liquidity crisis? What is the magnitude of the problem for the Federal Reserve to have decided to abandon its restrictive bias and reduce the federal fund rate 50 basis points at its September meeting (and 50 bp more overall at the October and December meetings) in view of growing probabilities of a recession?

In order to understand why risks of a sharp slowdown have increased, it is necessary to look back in time. The current cycle of economic expansion has been characterized by very low interest rates. As a result of the greater stability in the economic cycles—longer-lasting expansions and milder recessions—and the growing credibility of the central banks—price stability and the anchoring of inflation expectations—interest rates remained very low for a long time, at a time when excess global liquidity increased due to a great extent to the greater resources of the Asian countries and of oil producers.

The greater confidence led investors to demand lower compensation for risk. The excess liquidity and low volatility translated into a reduction of the risk premiums, that is, lower spreads. In the search for greater yields, there was excessive risk-taking by investors, which has led to a “financial accident” due to the interrelation of new financial products and the new agents that emerged.

Low Interest Rates and the Subprime Market

The low real interest rates had effects on the real sector of the economy and on the financial sector. The expansive monetary policy unleashed an abundant demand for mortgage loans, which spurred the demand for housing and translated into unprecedented increases in housing prices. According to the Case-Schiller housing resale price index—the most widely accepted price measurement index in the U.S.—prices rose 91.6% between 4Q99 and 4Q06, that is, average annual increases of 13.1%.

The dynamism of prices was leading, on one hand, to a significant increase in the wealth of families who owned their homes, and on the other, making it difficult for people with lower income to have access to housing, even though interest rates remained low. Nonetheless, several factors combined so that a growing number of families were now able to purchase their homes.

On one hand, families borrowed beyond their possibilities, motivated by “easy” loans with very low introductory interest rates—that allowed for abnormally low monthly payments—which would later be adjusted toward much higher rates, usually after two years. Furthermore, credit standards for people to have access to a mortgage loan were relaxed even more. In the beginning, second loans were granted for the down payment—lending 100% of the value of the property. Later, the standards were relaxed even more and loans were granted to people without income, employment or proven assets.

As a result, the universe of high-risk mortgages grew exponentially. Subprime mortgages grew from representing slightly more than 5% in 2001 to 15% in 2006, mortgages with limited documentation shot up from 6% to more than 25% in the same period, and mortgages on more than 90% of the property value rose to almost 15% of the total after having previously accounted for less than 5%. But we should ask; how was the growing lack of risk control on these mortgage loans possible? How were these excesses possible that generated such a high risk?

The Transfer of Risk, the Search for Yields and the Financial Innovation

The answers to these questions have two edges: the financial innovation—which allowed for the transfer of risk, disregarding the matter of the risk balance of the banking institutions—and excess liquidity—which generated the search for higher yields.

The excesses and lack of risk control were possible due to the development of complicated financial products that greatly weakened the relation between the origination of the mortgage and the risk assumed by the originators. The loans derived were developed rapidly. The most notable were collateralized debt obligations (CDOs) with assets from the mortgage sector that packaged or structured risk assets (subprime loans) together with other loans with lower probabilities of non-payment to later sell them to investors seeking higher yields in an environment of low returns on other long-term assets. The CDOs divide the expositions of the collateral loans into different “tranches”, each one with different risk and yield levels. By adding lower-risk “tranches” it was possible to create structured bonds to which the rating agencies assigned a low risk.

Problems: Moral Risk and Adverse Selection

This securitization of the chain of the mortgage portfolio with multiple intermediaries generated perverse incentives that were not limited by the regulators. In the securitization of mortgages, the lender is replaced by the originator of the loan, (who provides the service of collecting the mortgage payments), the investor and the rating agencies. This chain generated problems of asymmetrical information.

On one hand, the originators entered into a situation of moral risk. They knew they would have high returns if the high-risk loans were paid and would suffer only a fraction of the losses if the opposite occurred—by packaging and selling the loans they retained only the risk of non-payment of the first “tranche”. Therefore, there was little incentive to choose carefully who would be granted a mortgage, since they knew they would not be assuming the greater part of the risk, although the earnings from issuing the loans would be theirs.

On the other hand, the investors (who assumed the risk) did have the proper incentives to be careful, but the complexity of the CDOs, added to the search for excess earnings, limited the monitoring of the risks and relaxed de facto the credit standards. In the chain, the rating agencies have also been criticized and questioned for having assigned AAA ratings to structured products (CDOs) so easily. A possible explanation is that their services were paid for (at least the more active rating agencies) by the investment banks (the buyers) and not by the investors.

This chain also generated another problem of asymmetrical information: adverse selection. Since the originators of the loans incurred high overhead costs (due to the great number of employees), the business depended more on the number of loans issued than on the quality of these (since they did not retain the risk). Thus, in the more recent harvests of subprime mortgages, a greater concentration was attracted of persons or families with a higher risk of non-payment (either due to their having lower income or to the granting of a high number of second-home mortgages). Those with a higher probability of not being able to pay mortgage loans (unless the price of the home continued to increase as in previous years) were those that had more incentives to demand this type of subprime loans with such lax standards.

Adjustable Interest Rates. Non-payment Rises

A fundamental factor to explain the strong increase of non-payment of subprime mortgages and the increase in foreclosures were adjustable interest rates. The subprime loans were granted with abnormally low introductory interest rates (teasers) that allowed for very low payments in the initial years of the loan—generally the first two. These introductory interest rates generated two problems that increased the risk of non-payment. On one hand, many families were motivated to borrow beyond their possibilities (the initial payments were low and they could cover them), and on the other hand, in most cases, the initial payments—before the interest rates were adjusted upward—did not even cover the interest on the loan, thereby increasing the principal (the debt). At the end of the first period the payments were adjusted based on the higher interest rates and because the amount owed had grown during the first two years this could imply a monthly payment between two and three times greater than the initial payments.

When the real estate boom ended in the U.S., housing prices stopped rising and even began to drop. This, in addition to the fact that, in most cases, debtors of subprime loans owe more than 90% of the value of the property, practically eliminates any possibility of refinancing—which would allow reducing the monthly payments in order to cover them—especially given the current perception of risk and greater credit restriction. Thus, non-payment of subprime loans abruptly began to grow. Going forward, it is highly probable that the situation will get worse before it gets better. On one hand, the loans with more lax standards (that is, those with greater risk) were granted during 2006, at the end of the real estate boom, and the interest rates on these will be adjusted in 2008, so that the non-payment rate will surely rise significantly.

On the other hand, with the falling demand for housing and excess supply in the market—at its highest level since the recession of 1991—housing prices could drop even more. Moreover, the risk is that the restriction of credit standards could lead to a greater weakness of demand—and a greater excess of supply—which would lead to a further reduction in prices.

Assymmetric Information, Loss of Confidence

With the rise in non-payment of subprime loans, concerns increased over the value of the CDOs leading to an abrupt rise in risk aversion. This lack of confidence was severely aggravated because many of these novel financial instruments are not listed on the secondary market. Their price is determined using complex mathematical models, giving rise to significant doubts regarding their valuation. This lack of confidence was transferred to other credit segments, such as collateralized loan obligations (CLO), which caused a strong reduction of demand for leveraged loans, which was transferred to the wholesale credit market.

Why was it transferred to the interbank market? In recent years, various institutions, especially in the developed countries, had popularized some financial vehicles that issued short-term commercial paper and acquired financial risk instruments (CDOs, CLOs, LBOs, etc.). The crisis reduced the demand for this commercial paper and made financing of these vehicles difficult. The intensification of these problems was passed on to some commercial banks either because they anticipated that they would have to finance these vehicles with credit lines granted before August or because loans or large commercial operations that they had intended to sell in the market had to remain in the balance, or because they had doubts when lending to other banks whose risks they could not evaluate. The banks began to value liquidity more.

In sum, all this phenomenon has led to less certainty among investors in the valuation of a broad group of complex financial instruments, not only those collateralized by subprime mortgages. The problem goes beyond a liquidity crisis. In fact, the central banks have contributed to the situation. The Federal Reserve has used a series of instruments to try to alleviate the tensions in the credit markets. It has injected liquidity by expanding the spectrum of collateral to those that approach the discount window (that is, for those financial institutions that borrow from the central bank) and extending the terms for such loans—up to 30 days and allowing for immediate renewal. Also, in the beginning, they lowered the dis-

count window interest rate 50 bp and later reduced the federal funds rate 50 bp in September and 25 bp more at consecutive meetings (October and December).

Although these measures have alleviated tensions, this has been marginal for now. The level of commercial paper and corporate bond issues is still low. Maturities remain at very short terms. Interbank interest rates continue abnormally high in intermediate tranches and the high spread between the yield on Treasury Notes continues to indicate a clear lack of confidence in the credit markets. The actions of the Fed have not been efficient because they do not solve the problems of assymmetric information. The buyers of CDOs (the investors) believe that the sellers (those who package the subprime loans) know more about the value of those assets (value associated with the probability of non-payment). When the rating agencies began to lower their grading levels—by recognizing a greater risk due to the increase in the non-payment rate of packaged loans—investors' mistrust grew regarding the value of all structured loans (CDOs) until they stopped buying them at any price, regardless of how low.

The current crisis of assymmetric information is explained by the George Akerlof¹ theory. If we consider the used-car market and assume that buyers don't know the difference between good and bad cars, they will offer an average price for all of them. The sellers will withdraw the good cars from the market (because they are worth more than the average). This process could continue until the market disappears completely. Something similar is happening in the credit markets: liquidity has disappeared completely for CDOs. It will be difficult for mistrust to disappear. The participants with liquidity in the market will not be willing to lend until those who have CDOs and derivative products clarify as to what they have or a price is reached that compensates the greater risk. Investors need to know who has what and what its real value is. Lower interest rates will alleviate but will not eliminate the restriction in the credit markets.

Javier Amador javier.amador@bbva.bancomer.com

¹ The Market for "Lemons": Quality Uncertainty and the Market Mechanism. George A. Akerlof. The Quarterly Journal of Economics, Vol. 84, No. 3 (Aug., 1970), pp. 488-500

United States Indicators and Forecasts

	2006	2007	2008	I'07	II'07	III'07	IV'07	I'08	II'08	III'08	IV'08
Economic Activity											
GDP (real annual % change)	2.9	2.2	1.7*	1.5	1.9	2.8	2.5	2.3	1.8	1.1	1.5
Personal consumption expenditures	3.1	2.9	1.2	3.2	2.9	3.0	2.5	1.5	1.3	1.0	0.9
Gross fixed investment	2.4	-2.9	-0.1	-4.5	-3.3	-2.3	-1.2	0.8	-0.5	-0.6	-0.2
Non-residential	6.6	4.8	3.2	2.5	4.1	5.1	7.4	7.0	4.3	1.9	-0.3
Structures	8.4	13.2	4.3	10.2	12.4	13.8	16.0	15.6	7.7	1.4	-5.9
Equipment and software	5.9	1.4	2.9	-0.5	0.7	1.5	3.7	4.1	3.3	2.3	2.0
Residential	-4.6	-16.9	-14.3	-16.5	-16.5	-16.5	-18.3	-18.0	-17.5	-13.5	-7.3
Total exports	8.4	7.9	5.1	6.6	7.1	10.3	7.7	8.1	6.9	3.0	2.8
Total imports	5.9	2.0	-0.1	2.9	2.0	1.7	1.4	0.2	0.6	-0.7	-0.4
Government consumption	1.8	2.1	2.5	1.2	1.9	2.7	2.5	2.5	2.5	2.5	2.5
Contribution to Growth (pp)											
Personal consumption expenditures	2.2	2.1	0.8	2.3	2.1	2.1	1.8	1.1	1.0	0.7	0.6
Private investment	0.5	-0.8	0.1	-1.1	-1.0	-0.6	-0.4	0.2	0.0	-0.2	0.3
Net exports	-0.1	0.6	0.6	0.2	0.5	0.9	0.7	0.9	0.7	0.5	0.4
Government consumption	0.3	0.4	0.4	0.2	0.3	0.5	0.4	0.4	0.4	0.4	0.4
Prices and Costs (annual % change, average)											
CPI	3.2	2.9	3.3	2.4	2.7	2.4	4.0	4.4	2.6	3.1	3.2
Core	2.5	2.3	2.3	2.6	2.3	2.2	2.3	2.5	1.8	2.2	2.5
PCE	2.8	2.5	2.9	2.3	2.3	2.1	3.4	3.5	3.1	2.9	2.2
Core	2.2	2.1	2.1	2.4	2.0	1.9	2.1	2.3	2.2	2.0	1.8
GDP deflator	3.2	2.7	3.1	2.9	2.7	2.4	2.6	3.5	3.2	3.1	2.5
Productivity	1.0	1.6	1.0	0.4	0.7	2.7	2.7	2.1	1.3	0.2	0.4
Real compensation per hour	0.7	1.9	0.8	2.2	2.2	3.3	-0.2	1.7	1.0	0.1	0.3
Unit labor cost	2.9	3.1	1.8	4.2	4.2	3.1	1.0	1.8	1.9	1.9	1.7
Other Indicators											
Industrial production (real annual % change)	4.0	1.9	1.5	2.5	1.8	1.6	1.8	2.4	1.6	0.9	0.9
Capacity utilization (%)	81.7	81.6	81.0	81.4	81.7	82.0	81.5	81.1	81.0	80.9	80.8
Light weight vehicle sales (millions, annualized)	16.6	16.2	15.8	16.5	16.1	15.9	16.2	15.7	15.8	15.8	15.8
Housing starts (thousands, annualized)	1,812	1,344	1,042	1,460	1,464	1,300	1,151	1,087	1,080	1,011	990
Nonfarm payrolls (thousands of new jobs, average)	175	95	13	109	105	71	94	-10	11	16	35
Unemployment rate (average, %)	4.6	4.6	5.1	4.5	4.5	4.7	4.8	4.9	5.0	5.1	5.3
Personal savings rate	-1.3	-0.2	0.0	-0.6	-0.4	-0.1	0.2	-0.3	-0.2	0.1	0.4
Trade balance (US\$ billions)	-759	-711	-635	-177	-179	-174	-182	-156	-164	-168	-147
Current account balance (US\$ billions)	-811	-749	-668	-193	-187	-177	-193	-166	-173	-171	-159
% of GDP	-6.2	-5.4	-4.6	-771.8	-746.4	-706.3	-772.9	-663.8	-691.8	-682.5	-634.6
Fiscal balance (US\$ billions, fiscal year)	-248	-163	-399	—	—	—	—	—	—	—	—
% of GDP	-1.9	-1.2	-2.8	—	—	—	—	—	—	—	—
Brent (dollars per barrel, average)	69.1	77.0	69.3	64.9	72.1	78.9	92.1	79.1	69.3	66.6	62.3
Financial Markets (eop)											
Fed Funds (%)	5.25	4.25	2.00	5.25	5.25	4.75	4.25	2.50	2.00	2.00	2.00

eop end of period
CPI Consumer price index
PCE Personal consumption expenditures index