

Market Commentary

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ZACKS INVESTMENT MANAGEMENT

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ECONOMIC OUTLOOK

The Outlook in Brief

Firming U.S. Growth, But Europe Makes Waves

We again revised upward our forecast of GDP growth over the second half, to 2.7%.¹ This suggests reduced near-term recession risks. However, wild gyrations in policy prospects in Europe have rattled financial markets and kept recession risks elevated.

- Recent signs of firming growth confirm the story that temporary factors accounted for some of the first-half weakness. A further increase in anticipated motor-vehicle production helped raise our forecast of fourth-quarter GDP growth to near 3%, following the trend-like 2.5% growth in the third quarter.
- From an agreement aimed at resolving the Euro-area crisis, to calls for a Greek referendum, to no referendum, policy prospect gyrations have buffeted global equity and bond markets.
- These recent developments are broadly consistent with our previous assumption that the uncertainty in Europe would continue to cast a pall over financial markets and restrain growth. We continue to assume that a full-on Euro implosion will be averted.

Projections for growth, inflation, and the unemployment rate for 2012 and 2013 are little changed, reflecting lower foreign growth and higher energy prices, offset by stronger equities and narrower risk spreads.

- GDP growth is just one-tenth weaker at 2.4% and two-tenths weaker at 3.7% in 2012 and 2013, respectively. The unemployment rate ends 2012 and 2013 at 8.8% and 8.4%, respectively, very close to last month's forecast.
- Stock markets recovered much more quickly than we had expected following the sharp declines over the summer. As a result, equities are now expected to end 2011 about 8% higher than in last month's forecast. Baa spreads also narrowed roughly 20 basis points.
- Stronger near-term growth of domestic demand — final sales to domestic purchasers is expected to rise at just over a 3% pace in the second half — improves our confidence that a recession can be avoided and that growth near trend or better can be maintained.
- Increasing signs that a recession will be avoided have encouraged a recovery in commodity prices broadly and raised energy prices, with oil now expected to be about \$5-\$7 per barrel higher than in last month's forecast. This does result in a slightly weaker path of real incomes.
- Fiscal contraction at all levels of government is expected to continue to restrain growth. We assume that neither the payroll tax holiday nor emergency unemployment benefits will be extended through 2012, and that the Joint Select Committee recommends another \$1.5 trillion in deficit reduction, including a \$50 billion increase in annual revenues.
- We expect core personal consumption expenditure (PCE) inflation to decline from 1.8% in 2011 to near 1½% over 2012 and 2013, nearly the same as in our previous forecast.

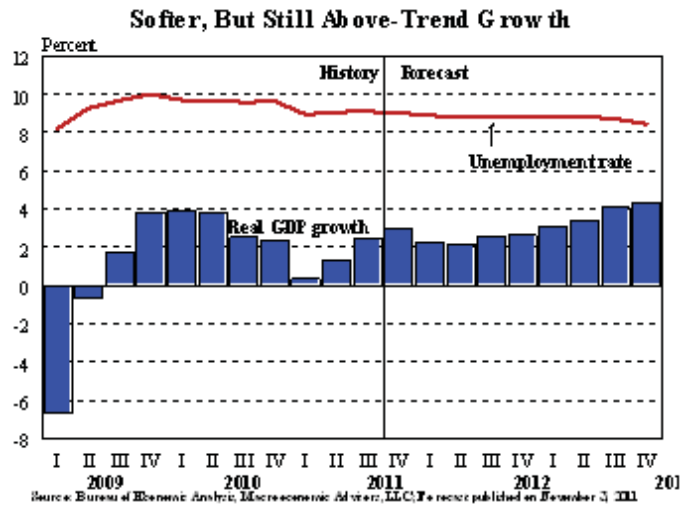
Fed reaffirms its commitment to low rates for an extended period and proceeds with its duration extension program, while reviewing communication options.

- We continue to expect that the Fed will not raise its funds rate target until mid-2014.
- We have marked down slightly our yield forecasts for the current quarter and beyond, reflecting both persistent flight-to-quality effects and the impact of Operation Twist.

The Outlook in Full

Amid signs of firming U.S. growth, shockwaves from an intensification of the European sovereign debt crisis continue to buffet global financial markets. We again revised upward our forecast of GDP growth over the second half, to 2.7%. While growth this strong suggests significantly diminished near-term recession risks, uncertainty over the outcome of the crisis in Europe keeps such risks elevated. The contrast between the incoming hard data that point to firming growth on the one hand, and the continued weakness and volatility in financial markets on the other, is somewhat paradoxical. However, the paradox is easily resolved: the “real economy” is now rebounding in the second half as temporary factors that held down growth earlier this year diminish or reverse, while financial markets are responding to developments that potentially could derail an improving but still fragile recovery in the not-too-distant future.

Of course the key downside risk for the U.S. is not a mild recession in Europe resulting from fiscal contraction, but rather a failure of European authorities to contain the crisis and the resulting collapse of a number of large financial institutions and financial contagion to the U.S. and elsewhere. Such a financial implosion would intensify a recession in Europe than might otherwise result from austerity measures alone. This forecast assumes the absence of multiple large bank failures in Europe and the financial contagion that would ensue. However, we do assume that failure to solve the crisis definitively, that involves a solution that leaves sufficiently large numbers of investors doubting its ultimate success, would result in a legacy of heightened uncertainty that would continue to damp the recovery in prices of risk assets and restrain growth.



It is in this sense that the strength of the U.S. economy over the next year or so is held hostage to the outcome of the EU crisis. Moreover, we may have little remaining macro policy flexibility to address the adverse spillovers from a full blown financial crisis and recession in Europe. To be sure, there are high hurdles to QE3 or more fiscal stimulus. However, we believe that if the threat were sufficiently grave, both fiscal and monetary policy could be re-activated to counter a weakening economy. In this forecast we assume monetary policy is “on hold” through mid-2014, at least with respect to the fed funds rate being held near zero, and fiscal policy continues to tighten with implementation of the Budget Control Act. See our sections on both fiscal and monetary policy below for more details.

Despite the continuing uncertainty stemming from the EU crisis, financial conditions did manage to improve somewhat between forecasts rounds. Equities recovered a good part of their losses over the third quarter, and risk spreads narrowed. The firming in growth itself seemed to buoy markets, giving us a brief glimpse of that virtuous cycle that we hope lies ahead. Those positive developments were offset, however, by a stronger-than-expected recovery in energy and commodity prices, as well as a downward revision to our assumptions of foreign growth, both of which restrain growth relative to our prior assumptions.

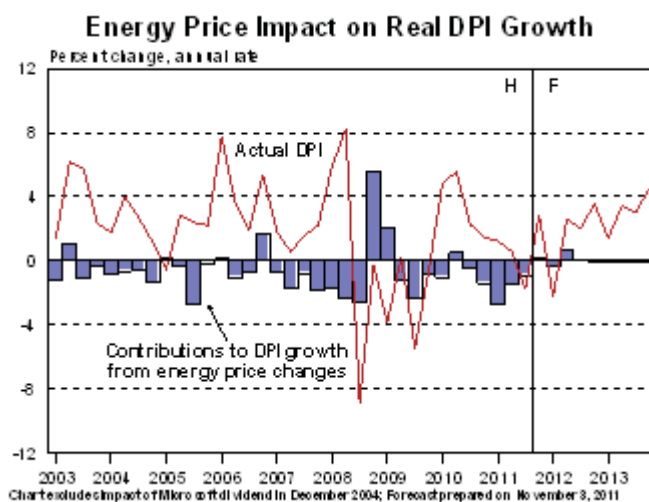
On balance, we did revise down slightly our forecast for growth next year to 2.4%, and in 2013 to 3.7%. The unemployment rate is expected to end 2012 and 2013 at 8.8% and 8.4%, respectively, close to last month's forecast. Our inflation forecast is also little changed; we anticipate the recent run-up in core inflation to gradually dissipate as some special factors that contributed to the rise reverse. As a result we see core PCE inflation falling from 1.8% this year to 1.5% over the next two years.

A CLOSER LOOK AT THE SECOND HALF REBOUND

As we have noted previously, a series of factors—especially the supply chain disruptions resulting from the earthquake in Japan and the sharp rise in energy prices that began at the end of last year—accounted for much, but not all of the slowing in growth that began late last year and intensified in the first half of this year. The reversal or dissipation of these factors was and still is expected to help account for an acceleration in GDP over the second half of the year. We continue to project growth in the fourth quarter of 2.9% and our past-quarter tracking suggests the BEA will revise its third-quarter growth estimate to 2.2%, leaving growth in the second half near a trend-like 2.6%.

Of course, it has been difficult, if not impossible, to identify precisely the role of these temporary factors versus the role more fundamental forces may have played in slowing growth, including the heightened uncertainty related to the situation in Europe. We can do a pretty good job of parsing the motor-vehicle production impacts of the earthquake, but beyond that it is much more difficult. Moreover, some analysts also identify some significant weather effects.

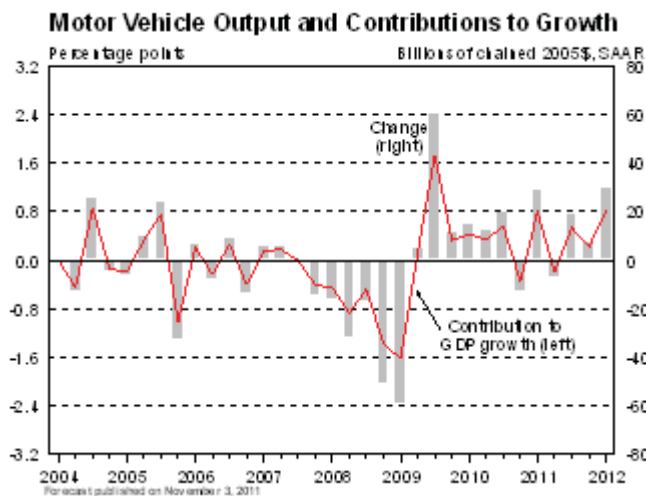
In the year through the second quarter of 2011, consumer energy prices, as measured by the personal consumption expenditure (PCE) energy goods and services index, rose 21%. The drag from that run-up on the growth of real disposable personal income (DPI) averaged roughly 1.2 percentage points, with the greatest impact occurring in the first quarter of this year, when it reached 2.4 percentage points. The nearby chart shows the growth of real DPI and the restraint on the growth of real DPI from changes in relative consumer energy prices. The sharp drag from this recent energy price surge offset much of the beneficial effect of the implementation of the two-percentage-point payroll tax holiday and contributed to the progressive slowing in the growth of consumer spending from mid-2010 through the middle of this year. We expect that drag to dissipate going forward, although not as quickly in this month's forecast as in last month's. Still, the lessening drag is a positive for growth over the next several quarters.



The second major temporary factor restraining first-half growth was the supply chain disruptions following the March 11 earthquake and ensuing nuclear crisis in Japan. Based on the difference between announced motor vehicle production plans prior to the earthquake and actual production during the second quarter, we estimate the earthquake-related supply-chain disruptions reduced annualized domestic motor vehicle production nearly \$40 billion (relative to what it otherwise would have been) and thereby trimmed roughly 1 percentage point from second-quarter GDP growth. The recovery in Japan and in domestic motor vehicle production (MVP) is quite impressive. As shown in the nearby chart, MVP jumped roughly \$19 billion in the third quarter, contributing ½ percentage point to third-quarter GDP growth.

Rebounding auto production was also expected to contribute significantly to fourth-quarter GDP growth until flooding in Thailand washed out these plans. Heading into this forecast round, published fourth-quarter production schedules indicated enough of an increase in assemblies to boost fourth-quarter GDP growth by six-tenths. This, in fact, is what's included in our base forecast. However, flooding in Thailand has shut down operations at several parts manufacturers and has led a few U.S. based, Japanese-nameplate manufacturers to cut fourth-quarter plans. Production schedules issued after we completed our forecast showed a 7% cut relative to previous schedules, with virtually all of that cut accounted for by Honda and Toyota. We expect some of this lost production to be made up within the quarter, so we are now projecting 2½% more assemblies in the fourth-quarter than indicated in the early November schedules. Still, the cut in production that we assume shaved fourth-tenths from our estimate of the contribution to GDP growth from motor vehicle output (we now look for a two-tenths contribution). This is reflected in our current-quarter GDP tracking, which, as of November 11, is projecting GDP growth of 2.9% in the fourth quarter.

It is significant that, while the second-half rebound in GDP growth is solid, the growth of domestic final sales — our favorite measure of underlying demand — is even better. Growth of domestic final sales in the third quarter was 3.2% and is projected at 2.9% in the fourth. (These are essentially unchanged in our tracking estimates.) This is about ½ percentage point better than the expected GDP growth and reasonably robust. It certainly stands in sharp contrast to the notion that the economy is about to roll over into recession. Nevertheless, it is still possible that a further sharp deterioration in Europe could drag us into recession. The import of this data is that the economy appears to be less vulnerable to a downturn and it will take more down force than thought just a couple of months ago to tip it into recession.



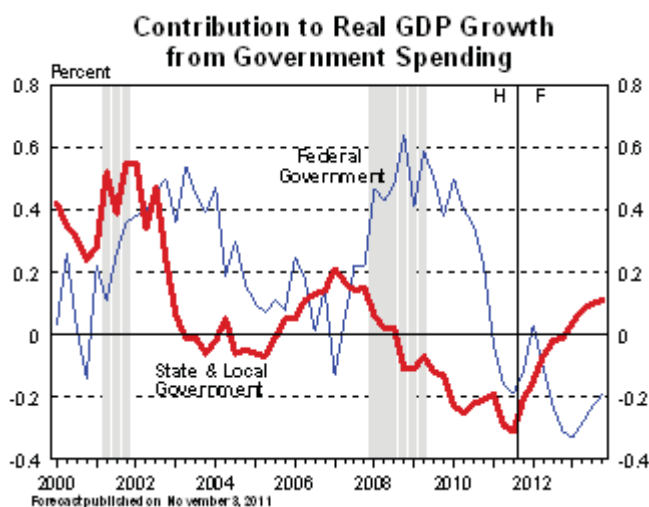
Before leaving the discussion of second-half growth, it is worth noting that, while we have good data and announced production plans for the motor vehicle sector, supply-chain disruptions impacted more than just the auto industry. Therefore it is likely that second-quarter growth was held down by reduced production in other industries and that growth is being boosted over the second half by rebounds in those industries. Unfortunately we do not have an accounting of those effects, but they likely help to explain some of the weakness in GDP in the second quarter, as well as the acceleration in the third quarter.

FISCAL POLICY ASSUMPTIONS

As the Joint Select committee (JSC) grinded towards its November 23 deadline, speculation was swirling about the potential for a deadlock. However, even as the Joint Select committee failed to come to an agreement, there is still much uncertainty as to whether the automatic stabilization cuts (sequestration) will proceed in full, as set in place by congress just a few months ago, or if congress will try and block at least part of these cuts from occurring. Our current assumptions imply considerable drag on growth, both from the direct restraint on that part of federal spending that directly enters the calculation of GDP (see chart below) and from reductions in transfer income (e.g. unemployment benefits) and increases in taxes. Of course, the backside of the American Recovery and Reinvestment Act (ARRA) stimulus, including the end of subsidies to states, implies downstream drag in the state and local sector as well.

We assume that the payroll-tax holiday will not be extended into 2012. Given the response on the Hill to the President's proposed American Jobs Act, it seems that there is little middle ground on which to compromise on any short-term stimulus.

We continue to assume a path for federal spending that incorporates the spending caps of the recently passed Budget Control Act (BCA). We further assume an additional \$1.5 trillion of spending cuts. The cuts we assume through 2013 are not inconsistent with the "go big" approach promoted by many since presumably much of the additional cuts would be relatively back-loaded.



In addition, some components of federal spending are still declining after being elevated as a result of the ARRA, the original Obama stimulus bill passed in February of 2009. As a result, we show a decline in nominal current expenditures, and a corresponding decline of roughly 3½% in real consumption and gross investment next year. This subtracts about 0.3 percentage point from GDP growth, compared to drag of just 0.1 percentage point in 2011. We expect another 0.2 percentage point of drag from real declines in federal spending in 2013 as well. It should be noted that these are absolute figures, and are not computed relative to some counterfactual baseline. The nearby chart shows the four-quarter moving average of the direct contributions to GDP growth of federal consumption and gross investment, as well as the equivalent measure for state and local governments.

We do not assume a further extension of emergency unemployment insurance benefits.

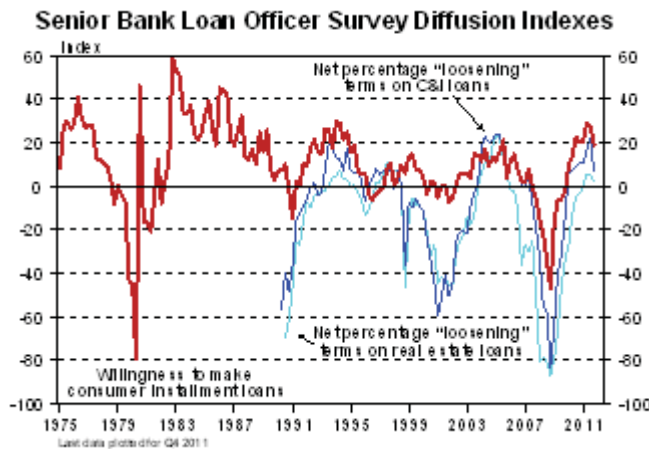
We do assume that federal income tax revenue will rise presumably through some sort of tax reform to include base broadening and perhaps rate cuts. The net outcome is assumed to be roughly an additional \$50 billion in revenue beginning in calendar 2013.

Some of the "payback" from ARRA is in the form of declining federal government transfers to state and local governments. This decline is fairly sharp in 2011 and 2012, with these transfers assumed to fall \$33 billion and \$25 billion, respectively.

This keeps state and local budgets under pressure, but tax revenues are expected to rise roughly \$60 billion this year (calendar year) and continue to increase over the next two years, continuing a trend that began in 2010.

ACHIEVING (BARELY) TREND GROWTH IN 2012 AND ABOVE-TREND IN 2013

The economy is expected to carry decent momentum from the second half of 2011 into early 2012. As noted above, GDP is expected to grow a little better than 2½% over the second half of this year, and grow at nearly a 3% rate in the fourth quarter. In one respect, growth at that pace is disappointing because it includes the positive boost from the reversal of temporary factors that held down growth earlier in the year. Thus the underlying momentum must be something closer to 2% or lower. This is one reason why growth early next year slows in this forecast to just about a 2¼% rate.



Also, as described above, the end to the payroll tax holiday and expiration of extended unemployment benefits both exert some drag on growth early in the year. Together they result in a decline in real DPI in the first quarter of about 2¼% (annual rate).

Growth does pick up to average 2.6% over the second half of next year, but this is still just muddling through. The overhang of uncertainty from the European crisis in this forecast is assumed to prevent what would otherwise be a much faster improvement in financial conditions that is needed to foster sustained above-trend growth. Still, financial conditions are expected to improve. The spread of the Baa yield over the 10-year Treasury note yield is expected to narrow roughly another 100 basis points from the end of this year to the end of 2013. In addition, equity prices are expected to rise roughly another 30% over the same period. Bank lending conditions which have been loosening for over a year in the case of consumer loans are expected to continue to gradually improve, albeit at a somewhat slower pace in the case of consumer loans.

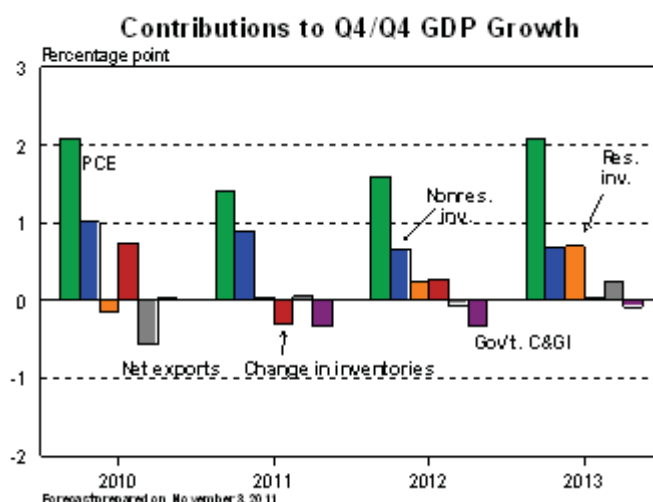
Nevertheless, GDP growth does strengthen significantly in 2012 relative to growth this year, aided by stronger growth of consumer expenditures, residential investment, and an upturn in inventory investment.² The upturn in inventory investment contributes 0.3 percentage points to GDP growth and reverses a mild down-cycle in 2011, when declining inventory investment subtracted 0.3 percentage points from growth. The inventory “cycle” was reflected in the dip in the ISM manufacturing numbers, but itself was partly the result of the supply-chain disruptions. In any case, we will end 2011 with an exceptionally low level of inventory accumulation, leaving plenty of room to the upside. Growth of nonresidential investment is expected to slow modestly in response to the slower growth of output experienced this year, with growth of 6½% still contributing about ¾ percentage point to GDP growth in 2012.

While consumer spending growth does improve in 2012, it is not until 2013 that growth moves to an above-trend pace of 3%. It is in that year that solid gains in household balance sheets—from rising equities and a modest gain in home prices—as well as an acceleration in employment and labor income, together fuel the move to above-trend growth. In addition, home construction is expected to begin its recovery in earnest in 2013, with housing starts rising

sharply to average just over 1 million units, and residential construction rising nearly 30%. That may sound like a lot but remember it is starting from a very low base.

Net exports over the next several quarters are expected to move more or less sideways, as the recent strengthening of the dollar and dip in foreign growth temporarily end the recent rise in net exports. However, a renewed decline in the dollar as the European crisis ebbs, and an eventual upturn in foreign growth relative to domestic growth are expected, by 2013, to lead to a renewed rise in net exports.

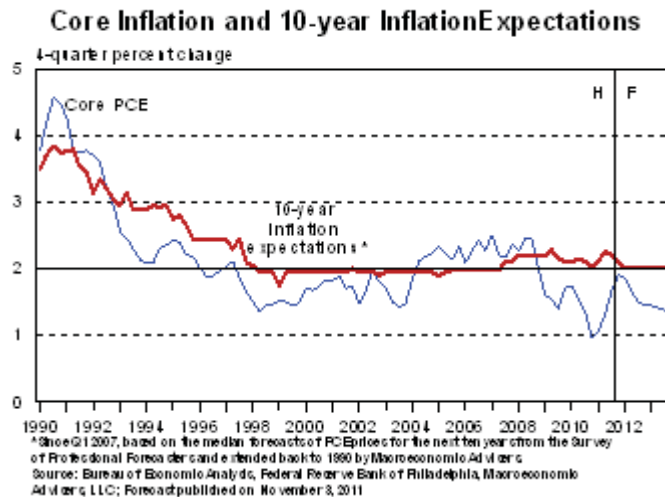
Of course, as noted above, fiscal contraction holds back GDP growth directly in both 2012 and 2013. The lesser drag (on growth) in 2013 compared to 2012 does contribute to the pickup in GDP growth in 2013.



CORE INFLATION: DIP FOLLOWED BY GRADUAL RISE

Core personal consumption expenditure (PCE) inflation is on track to slow sharply in the fourth quarter following elevated readings in the middle two quarters of 2011. Looking beyond 2011, we expect the trend in core inflation to stabilize for a few years near 1½% in response to elevated slack and stable inflation expectations.

Core PCE inflation averaged about 2.2% during the middle two quarters of the year, but we expect it to ease to just 1.2% in the fourth quarter (percentage change at an annualized rate). This reflects a flat reading for the core PCE price index in September, the first time since last December that the index did not rise. Our forecast for inflation in the fourth quarter is consistent with assumed monthly increases from October to December averaging between 0.1% and 0.2%. We expect core PCE inflation to moderate from 1.8% this year to 1.5% in both 2012 and 2013.



There were no major changes to the inflation story in this forecast relative to last month. This month we did lower our forecast for inflation in the fourth quarter by four-tenths (and the third-quarter inflation rate came in two-tenths lower than we had previously anticipated), but we revised up slightly our forecasts for core inflation in 2012 and 2013. (The revision to our 2012 inflation forecast was absorbed in rounding.) The downward revision to the fourth quarter reflects the softer-than-expected reading for core PCE in September. The modest upward revision to our forecast for core inflation after 2011 reflects slightly less slack in this forecast in 2012 (a slightly lower path for the unemployment rate) and slightly higher import-price inflation in 2013.

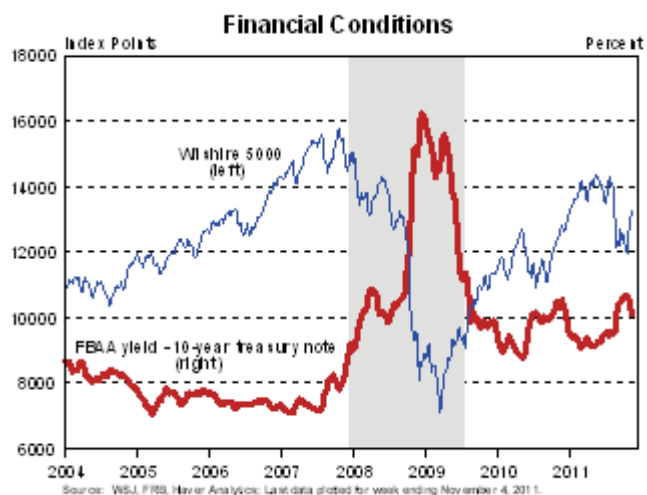
The recent easing in core inflation reflects the dissipation or reversal of temporary factors that we believe boosted inflation earlier in the year, including supply-chain disruptions that were reflected in higher vehicle prices, residual seasonality, some pass-through of increases in commodity prices, and an uptick in rents. To varying degrees, each of these factors has dissipated or reversed and they are expected to continue to do so in the near future, thereby accounting for the notable reduction in core inflation of late and in the early part of the forecast.

Looking beyond 2011, we expect the trend in core inflation to remain in the vicinity of 1½% over the next two years in response to elevated slack (high unemployment) and stable inflation expectations. The unemployment rate falls very slowly in the forecast, with very little improvement through the first half of 2013. We assume that long-term inflation expectations, as represented by the Survey of Professional Forecasters' long-term PCE inflation forecast, will decline to 2.0% from 2.3% over the next few quarters. Combined with high levels of slack, this underpins our forecast that the trend in core inflation will remain well contained. Finally, we assume that a small decline in the broad, nominal, trade-weighted value of the dollar will contribute to a modest firming of non-energy import prices in 2013.

FINANCIAL CONDITIONS: IMPROVED BUT VOLATILE

Market conditions improved in general since the time of our last forecast, but market turmoil continues. Stock prices rose more than 11% in October, according to the Wilshire 5000 index, reversing more than half of the decline that occurred over the preceding five months. Investors were encouraged by stronger-than-expected economic data for the U.S. News that European officials had agreed to a plan that, it was hoped, would resolve the debt crisis and lead to a recapitalization of European banks most heavily exposed to sovereign debt contributed to a rebound in global equities. However, markets remain in a state of turmoil as the outcome of the European debt crisis remains murky, to say the least. As we were preparing the forecast, it first appeared that Greece might put to the voters the decision whether to accept terms of the bailout, and implicitly whether to remain in the Eurozone. Subsequently, a political deal squelched the referendum. It is impossible to know exactly what will happen, but we can be fairly sure that the situation will

remain unsettled and financial markets will be buffered by news reports that affect expectations for what we can only hope will be a constructive resolution of the crisis.



In the meantime, financial conditions that feed into our U.S. macro forecast were on balance a little more favorable than one month earlier. In addition to the rebound in equities, risk spreads narrowed, while yields on term Treasury securities, such as the 10-year note, rose on balance over the month broadly in line with our previous forecast assumptions.

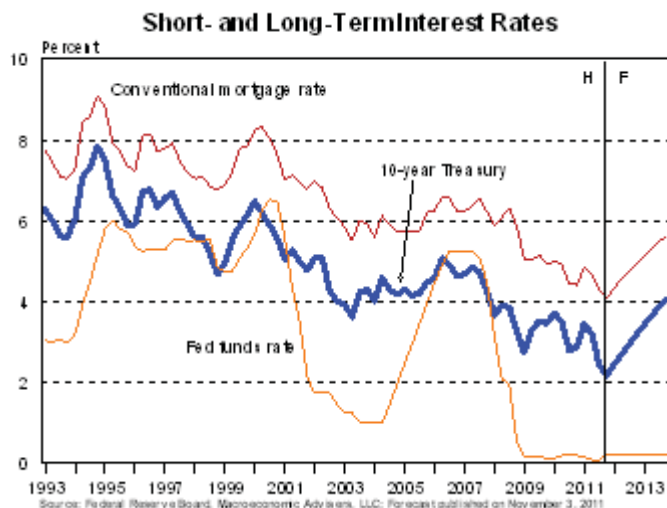
Relative to last month, we made only a slight adjustment to our forecast for the 10-year Treasury yield, which we expect will rise from a little over 2% currently, to about 2.30% by the end of the year, and continue to trend up over the next two years to roughly 4% in the fourth quarter of 2013. The spread between yields on Baa corporate bonds and the 10-year Treasury declined about 30 basis points from the time of our last forecast, to about 300 basis points, a more rapid decline than we had previously expected. In response, we lowered the path of the Baa spread going forward by approximately 17 basis points on average. (We assume that the BAA spread will trend down, reaching 214 basis points in the fourth quarter of 2013.) The conventional (30-year) mortgage rate also drifted down over the past three weeks to 4.00% in the latest reading, close to a record low. Relative to last month, we lowered our forecast for the mortgage rate by an average of 9 basis points. We now anticipate that it will rise (in quarterly averages) from 4.08% in the fourth quarter to 5.62% in the fourth quarter of 2013.

The dollar's value on foreign-exchange markets has been buffered by developments in Europe. The dollar weakened when it appeared that a plan had been worked out to resolve the Greek debt crisis and recapitalize banks, but as the initial euphoria was tempered by the realization that the plan might unravel, the dollar rebounded against the euro. Relative to last month, we lowered our assumption for the value of the broad, nominal, dollar in the fourth quarter of this year by about 1% (to 98.0). We continue to assume that the broad, nominal dollar will hold steady at 99.0 next year, then edge down slightly in 2013 as the global growth outlook improves, especially in Europe.

MONETARY POLICY: NO CHANGE

With the projected paths of GDP growth, inflation, and the unemployment rate little changed relative to last month's forecast, we see no reason to alter our monetary policy assumptions. We continue to see no prospect for the removal of policy accommodation within our forecast horizon (end of 2013). Indeed, with the unemployment rate running at close to 8½% at the end of 2013, and core inflation still well below its mandate-consistent rate, we expect the Federal Open Market Committee (FOMC)² to maintain its current target for the fed funds rate until mid-2014, a year later than the earliest date indicated in the FOMC's current funds rate guidance.

We continue to anticipate that Operation Twist will be fully implemented as announced at the September FOMC meeting. As the Fed sells shorter-dated Treasuries and uses the proceeds to buy longer-dated Treasuries, it removes duration from the market and, as a result, puts downward pressure on longer-dated yields.



¹ Unless otherwise noted, all quarterly growth rates are expressed as compound annual rates, all expenditure components of GDP are chained 2005 dollars, and all annual growth rates are stated as fourth-quarter over fourth-quarter.

² The FOMC is the Fed's main policy-making body comprised of the seven governors of the Federal Reserve and presidents of 8 of the 12 Federal District banks on a rotating basis.

	History			2011	2012	2012	2012	2012	2013	2010	2011	2012	2013
	2011	2011	2011										
Real GDP & Components				% change annual rate					q4/q4				
Gross domestic product	0.4	1.3	2.5	2.9	2.3	2.2	2.6	2.6	3.1	3.1	1.8	2.4	3.7
Personal consumption expenditures	2.1	0.7	2.4	2.8	1.9	1.6	2.8	2.8	2.5	3	2	2.3	3
Business Fixed investment	2.1	9.2	13.7	7.7	8	6.1	7.2	7.8	9.3	7.4	7.8	7.3	10.6
Real Activity				quarterly averages, unless noted					annual avg.				
Private housing starts (thous. units)	582	572	615	631	642	673	716	778	864	585	600	702	1014
Light vehicle sales (mil. units)	13	12.1	12.4	13.5	14.1	14.2	14.5	14.8	15	11.6	12.8	14.4	15.3
Industrial production (% change a.r.)	4.8	0.5	5.1	3.1	3.5	2.8	1.9	1.2	1.7	6.2	3.4	2.3	2.3
Capacity utilization (mfg)	74.5	74.3	74.9	75.6	75.8	75.8	75.6	75.3	75.5	71.7	74.8	75.6	75.9
Unemployment rate (civilian, percent)	8.9	9.1	9.1	9	8.9	8.8	8.8	8.8	8.8	9.6	9	8.8	8.7
Prices, Productivity, & Costs				% change annual rate, unless noted					a4/q4				
CPI (all urban)	5.2	4.1	3.1	1.8	2.2	1.8	1.7	1.7	1.6	1.2	3.5	1.8	1.6
Core CPI (all urban)	1.7	2.5	2.7	1.9	2.2	1.9	1.8	1.8	1.9	0.6	2.2	1.9	1.8
PPI (finished goods)	12.4	7.3	1.8	1.3	-0.8	1.3	-0.1	0	-0.1	3.8	5.6	0.1	0
Compensation per hour	5.6	2.7	1	1.2	3	3.1	3	2.9	3.3	1.6	2.6	3	3.4
Output per hour	-0.6	-0.7	4.2	2.9	0.9	1	1.7	1.7	2.1	2.5	1.4	1.3	2.3
Price of Imported oil (\$/barrel)	94.1	108.8	100.6	99.7	99.3	98.6	97.7	96.6	95.7	75.9	100.8	98	94.1
Selected Interest Rates				quarterly average (%)					annual avg.				
Federal funds rate	0.16	0.09	0.08	0.2	0.2	0.2	0.2	0.2	0.2	0.17	0.13	0.2	0.2
10-year Treasury note yield	3.46	3.21	2.43	2.17	2.44	2.69	2.95	3.19	3.43	3.21	2.82	2.82	3.74
Aaa corporate bond yield	5.13	5.04	4.46	4.23	4.45	4.64	4.85	5.05	5.25	4.94	4.72	4.75	5.47
Incomes & Related Measures				% change annual rate, unless noted					q4/q4				
Corporate profits w/iva & ccadj	4.2	13.7	23.4	16.1	-0.1	-1.7	0.6	-1.2	3.1	18.2	14.1	-0.6	3.7
HH equity net worth (eop)**	5.5	-0.8	-15.6	10	5.1	2.2	1.9	2.3	3.5	14.5	-2.8	12.1	18.7
Federal surplus (unified, FY. bil \$)	-1842	-564	-1312	-1330	-1277	-713	-895	-1006	-1072	-1294	-1299	-1054	-842
*Billions of chained (2005) dollars													
**Percent change quarterly rate													

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