



# **Revenue Forecasting Committee** **March 2014 Forecast**

## **Appendix E**

### **Economic Background Information**

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**Report of the  
CONSENSUS ECONOMIC FORECASTING COMMISSION  
February 1, 2014**

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## Summary

The Maine Consensus Economic Forecasting Commission (CEFC) convened on January 30, 2014, to review and revise the November 2013 forecast. This report provides a summary of the Commission's findings.

The Maine and U.S. economies continued along the path of gradual improvement since the CEFC met in October 2013, with Maine's economy continuing to grow more slowly than the nation as a whole.

Personal income in Maine grew 2.5% year-over-year in the first three quarters of 2013, while wage and salary income, which makes up around half of total personal income, grew 2.7% over the same period. The debt-to-income level for Maine businesses and households jumped to pre-recession levels in the second quarter of 2013. The Consumer Price Index was 1.5% higher in December 2013 than it was in December 2012.

Nationwide, consumer sentiment increased 9.9% month-over-month in December while small business optimism increased 1.5% over the month and was up 6.7% over the previous year's level. The price of crude oil decreased 0.3% in the fourth quarter of 2013 to around \$109 per barrel. Heating oil prices increased slightly through the current heating season while gasoline prices remained relatively steady.

Existing single-family home sales in Maine were up 11.5% in December 2013 compared to December 2012 and housing permits for the December 2012-November 2013 year were 14.4% higher than the previous 12-month period. The median home price in the Portland Metropolitan Statistical Area (York, Cumberland, and Sagadahoc Counties) increased 5.3% year-over-year in the third quarter of 2013. Mortgage delinquency rates remain above pre-recession levels but below peak crisis levels. The foreclosure rate in Maine declined in the third quarter of 2013 although it remained above the national rate for a fifth straight quarter.

With only one or two new data points, much of the forecast was left unchanged from the December 2013 forecast. Wage and salary employment, inflation, and several components of personal income were left unchanged. The major revisions to the forecast were to corporate profits and dividends, interest, and rent. Transfer payments were adjusted for 2013 and 2014. Non-farm proprietors' income was adjusted for 2013 only. In each of these cases, the forecast was adjusted to accept the IHS Economics baseline forecast.

The forecasts for wage and salary employment, wage and salary income, and supplements to wages and salaries remain below the Moody's Analytics and IHS Economics forecasts in most years. This is a result of the consensus that these forecasts are based on overly optimistic population projections for the state of Maine, causing employment forecasts, among other things, to grow at an unattainable rate. For this reason, employment and the components of income most closely correlated with employment levels were left unchanged from the previous downward revision.

Total personal income was left unchanged for 2013 and revised downwards by a tenth of a percentage point for each year of 2014-2017. The Commission accepted the baseline forecast from IHS Economics for corporate profits for all years.

The table below provides the forecast's major indicators.

| Calendar Years   | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|------|------|------|------|------|------|
| <b>Wage &amp; Salary Employment (Annual Percentage Change)</b> |      |      |      |      |      |      |
| CEFC Forecast 11/2013  | 0.5  | 0.5  | 0.7  | 0.7  | 0.7  | 0.5  |
| CEFC Forecast 02/2014  | 0.5  | 0.5  | 0.7  | 0.7  | 0.7  | 0.5  |
| <b>Personal Income (Annual Percentage Change)</b>              |      |      |      |      |      |      |
| CEFC Forecast 11/2013  | 3.2  | 2.3  | 4.4  | 3.8  | 4.1  | 4.3  |
| CEFC Forecast 02/2014  | 3.2  | 2.3  | 4.3  | 3.7  | 4.0  | 4.2  |
| <b>Wage and Salary Income (Annual Percentage Change)</b>       |      |      |      |      |      |      |
| CEFC Forecast 11/2013  | 2.3  | 2.4  | 3.4  | 3.4  | 3.4  | 3.4  |
| CEFC Forecast 02/2014  | 2.3  | 2.4  | 3.4  | 3.4  | 3.4  | 3.4  |
| <b>CPI (Annual Percentage Change)</b>                          |      |      |      |      |      |      |
| CEFC Forecast 11/2013  | 2.1  | 1.5  | 1.6  | 1.7  | 1.9  | 1.9  |
| CEFC Forecast 02/2014  | 2.1  | 1.5  | 1.6  | 1.7  | 1.9  | 1.9  |

In deliberations leading to consensus, the CEFC considered information presented by several state agencies, including the Maine Department of Labor, Maine Revenue Services, and the Office of Policy and Management. The following sections summarize these reports.

### Office of Policy and Management

Very little new data was available since the CEFC last met in October 2013. In many cases, only one or two new data points were available.

According to preliminary estimates from the U.S. Bureau of Economic Analysis, total personal income grew 2.5% year-over-year and wage and salary income grew 2.7% year-over-year in the first three quarters of 2013. Total personal income for the final quarter of 2013 would need to be 0.7% lower than the first three quarters of 2013 to hit the CEFC's annual forecast for 2013. Wage and salary disbursements would also need to be 0.7% lower. Wage and salary disbursements, which are the largest component of personal income, averaged around \$25 billion in the first three quarters of 2013 (seasonally adjusted at annual rates). Total personal income averaged around \$54 billion. Maine's debt to income ratio was 23.7% in the third quarter of 2013. The debt to income ratio jumped dramatically in the second quarter of 2013, returning to pre-recession levels.

The Consumer Price Index (CPI) rose 1.5% from December 2012 to December 2013. Core inflation, which excludes food and energy prices, rose 1.7% over the same period. The Chained Consumer Price Index (Chained CPI) rose 1.3% from December 2012 to December 2013. Core inflation rose 1.5% over the same period. Chained CPI allows for substitutions in the basket of goods and services being measured.

In December 2013, the survey-based University of Michigan Consumer Sentiment Index increased 9.9% month-over-month and was up 13.2% from a year ago. The survey-based National Federation of Independent Business (NFIB) Small Business Optimism Index increased 1.5% from the previous month and was up 6.7% from December 2012.

The price of Brent crude oil was \$109.35 per barrel in the fourth quarter of 2013, a decrease of 0.3% from the third quarter of 2013 and a 0.7% decrease from the fourth quarter of 2012. The

price of heating oil in Maine has risen slightly through the 2013-2014 heating season, to \$3.83 the week of January 20, 2014. The price of heating oil in Maine has been fairly steady over the past three heating seasons, averaging around \$3.73/gallon. The price of gasoline in New England on January 20, 2014 averaged \$3.58, a decrease of \$0.03 per gallon over the previous week and unchanged from a year ago. The price of gasoline has ranged between approximately \$3.50 and \$4.00 per gallon since March of 2011.

Single family existing-home sales in Maine were up 11.5% in December 2013 compared to December 2012. Average monthly single unit housing permits in Maine in the 12-month period from December 2012 through November 2013 were 14.4% higher than in the previous 12-month period. The median home price in the Portland – South Portland – Biddeford metropolitan area increased 5.3% year-over-year in the third quarter of 2013. The median home price in the third quarter of 2013 was \$236,000. The share of mortgages in Maine that are delinquent 30 days or more was 6.6% in the third quarter of 2013, continuing the recent downward trend. The rate is below the recent peak of 9% in the first quarter of 2010 but remains above pre-recession levels. Maine's foreclosure rate declined to 0.71% in the third quarter of 2013, coming back down from two quarters of higher foreclosure starts, although remaining above the national rate for a fifth straight quarter.

## **Maine Department of Labor**

Workforce conditions continue to gradually improve. Maine's unemployment rate trended down one full percentage point over the year to 6.2 percent in December. The improvement continues to be driven by rising employment to population ratios, which increased 0.7 points to 61.2 percent. Annual revisions to those preliminary estimates are in process and will be published in March. Revisions are likely to eliminate some the directional turns that occurred in 2013, demonstrating a steadier trend from month to month.

Improvement in Maine's unemployment rate continues to be driven by a rising share of employed population. This stands in significant contrast to the nation, which has had no improvement in the share of employed population in four years. U.S. unemployment rate declines have been due to millions leaving the labor force.

Payroll job growth in Maine continues to lag the nation during the recovery, though this reflects our lack of working age population growth. Private sector payroll job growth continues to be partially offset by declines in government. During the recovery, a large share of growth has been concentrated in human capital intensive sectors, including professional services, education, and health care. Job losses during and after the downturn were concentrated in labor-intensive sectors, including manufacturing, construction, and retail. A large share of workers displaced from those sectors lack the education or experience to become employed in the sectors that are growing.

Labor force participation rates differ significantly among age groups. Over 80 percent of those age 25 to 54 are in the labor force. Participation rates decline at an accelerating rate with age thereafter. Through the CEFC forecast horizon to 2017 Maine will have an unusually large share of population advancing into their upper 50s, 60s, and 70s, thousands of whom will leave the workforce. The population of young people who will enter the workforce is much smaller.

In the near-term, a continuation on the path to more sound economic conditions will provide a counterbalance to the demographic tide. Given the size of the labor force today, a reduction in the unemployment rate to the 4.5 to 5 percent range that prevailed before the recession would produce employment growth of 9,000 to 12,000. Longer-term, especially after 2015, Maine will need to entice more working-age people into the state.

The presentation is available at

[www.maine.gov/labor/cwri/publications/pdf/CEFC\\_January\\_30\\_2014.pdf](http://www.maine.gov/labor/cwri/publications/pdf/CEFC_January_30_2014.pdf)

## **Maine Revenue Services**

Total general fund revenues for the month of December 2013 were over budget by \$5.1 million and over budget for the first half of FY14 by \$1.2 million (0.1%). The positive variance for the month came mostly from sales & use and individual income tax receipts, which were a combined \$7.6 million over budget for the month and fiscal year-to-date. Of the individual income tax variance for the month, three-quarters was from final payments being over budget and refunds being under budget.

The sales and use tax line was over budget by 2.6% (\$2.1 million) for December. December receipts represent November sales and the early stages of the holiday shopping season. Year-over-year taxable sales growth in November was 3.1%, approximately half the growth in taxable sales experienced over the previous six month period. The slowdown in taxable growth came from a moderation in the building supply and auto/transportation sales. The general sales tax rate was increased October 1, 2013, from 5% to 5.5% and the tax on meals and lodging was increased from 7% to 8%.

The highway fund was \$3.5 million over budget fiscal year-to-date, with a 3.8% variance in fuel tax collections driving the fiscal year surplus. However, even with the current increase, the fuel tax was only up 1.4% compared to the same six month period last fiscal year.

## **Macroeconomic Assumptions**

Two different baseline economic forecasts were examined at the meeting: the Moody's Analytics baseline scenario and the IHS Economics baseline scenario, both for January 2014. Each forecast was based on a different set of national macroeconomic assumptions. These forecasts were then compared to the CEFC's November 2013 forecast. Overall, the CEFC felt the IHS Economics assumptions and forecast better reflected their current views of the economy. The key national macroeconomic assumptions from IHS are outlined below.

- The discretionary spending limits from the Bipartisan Budget Act have been incorporated into the forecast along with fourth-quarter assumptions from the October shutdown. The forecast assumes that extended unemployment benefits are not extended into 2014.
- The Fed continues tapering through most of 2014 in increments averaging around \$10 billion per Fed meeting. Tapering should wrap up by the fourth quarter of 2014.

- The dollar is expected to fall against the currencies of the U.S.'s major trading partners. Real GDP growth in the U.S.'s major-currency trading partners is projected to increase 2.0% annually.
- Brent crude oil prices are expected to remain in the \$99-\$108 range through 2019. Overall energy demand is expected to grow at a slower pace in 2014 than in 2013 and at an average rate of about 0.8% annually from 2014-2023 as energy conservation efforts take hold.

### **Consensus Forecast**

The CEFC members continued to believe that the national forecasts are likely overly optimistic in their population and employment projections for the state. The previous forecast lowered employment growth to reach a level more in line with current population trends and historical employment to population ratios. The new forecast left those growth rates unchanged. This results in employment around 616,000 in 2017; this remains below the pre-recession employment peak.

The CEFC also left unchanged its forecasts of wage and salary income growth and other labor income in order to keep in line with its previous employment forecast. Non-farm proprietors' income was left largely unchanged, with a 0.2 percentage point increase in 2013 to match new data reflected in the IHS baseline. The other components of personal income were adopted from the IHS baseline. The overall result for total personal income was no change to the growth rate in 2013 and a 0.1 percentage point reduction in each of the years from 2014-2017.

The CEFC left its forecast for inflation, as measured by the Consumer Price Index, unchanged for all years. The inflation forecast calls for relatively steady growth between 1.6% this year and 1.9% in 2016-2017. The CEFC again agreed with the IHS forecast for corporate profits.

In general, the CEFC felt that Maine is experiencing growth, albeit at a slower rate than the U.S., and there continue to be some sources of concern, primarily the demographic situation with an aging population and little to no population growth.

The following page provides the full forecast.

| Maine Consensus Economic Forecasting Commission                               |         |          |        |        |        |        |
|---|---------|----------|--------|--------|--------|--------|
| February 2014 Forecast  | History | Forecast |        |        |        |        |
|   | 2012    | 2013     | 2014   | 2015   | 2016   | 2017   |
| CPI-U* (Annual Change)  | 2.1%    | 1.5%     | 1.6%   | 1.7%   | 1.9%   | 1.9%   |
| CPI for Energy Prices** (Annual Change)                                       | 0.9%    | -0.7%    | -2.0%  | -0.4%  | 0.9%   | 1.2%   |
| Average Price of a New Vehicle** (Annual Change)                              | 0.5%    | 0.9%     | 3.3%   | 3.2%   | 3.2%   | 3.2%   |
| New Vehicle Registrations** (Annual Change)                                   | 11.2%   | 7.4%     | 8.0%   | 0.0%   | 0.0%   | -0.6%  |
| Personal Savings Rate**   | 5.6%    | 4.5%     | 4.9%   | 5.2%   | 5.6%   | 6.0%   |
| Maine Unemployment Rate**   | 7.3%    | 6.9%     | 5.9%   | 5.3%   | 4.9%   | 4.6%   |
| 3-Month Treasury Bill Rate**  | 0.09%   | 0.06%    | 0.07%  | 0.40%  | 2.18%  | 3.62%  |
| 10-Year Treasury Note Rate**  | 1.80%   | 2.35%    | 3.02%  | 3.31%  | 3.89%  | 4.49%  |
| Before-Tax Corporate Profits* (Annual Change)                                 | 18.5%   | 3.7%     | 14.2%  | 0.8%   | 0.1%   | -1.0%  |
|   |         |          |        |        |        |        |
| Maine Wage & Salary Employment* (thousands)                                   | 597.6   | 600.6    | 604.8  | 609.0  | 613.3  | 616.4  |
| Natural Resources   | 2.5     | 2.5      | 2.5    | 2.5    | 2.5    | 2.5    |
| Construction  | 25.6    | 26.1     | 26.5   | 26.5   | 26.5   | 26.5   |
| Manufacturing   | 50.8    | 50.8     | 50.9   | 50.9   | 50.9   | 50.6   |
| Trade/Trans./Public Utils.  | 117.5   | 118.7    | 119.9  | 120.5  | 121.3  | 122.0  |
| Information   | 7.9     | 8.0      | 7.9    | 7.9    | 8.0    | 8.0    |
| Financial Activities  | 31.4    | 31.3     | 31.5   | 31.5   | 31.2   | 30.9   |
| Prof. & Business Services   | 57.9    | 59.4     | 61.7   | 64.1   | 65.9   | 66.9   |
| Education & Health Services   | 121.1   | 121.1    | 122.4  | 123.6  | 125.1  | 126.6  |
| Leisure & Hospitality Services  | 61.7    | 63.3     | 64.2   | 64.7   | 65.1   | 65.4   |
| Other Services  | 20.0    | 20.0     | 19.8   | 19.6   | 19.5   | 19.4   |
| Government  | 101.3   | 99.5     | 97.3   | 97.3   | 97.4   | 97.5   |
| Agricultural Employment   | 14.0    | 14.0     | 14.0   | 14.0   | 14.0   | 14.0   |
|   |         |          |        |        |        |        |
| Maine Wage & Salary Employment* (Annual Change)                               | 0.5%    | 0.5%     | 0.7%   | 0.7%   | 0.7%   | 0.5%   |
| Natural Resources   | -0.6%   | 1.0%     | -0.1%  | 0.4%   | 0.5%   | 0.0%   |
| Construction  | 1.2%    | 1.8%     | 1.6%   | 0.0%   | 0.1%   | 0.1%   |
| Manufacturing   | 0.1%    | 0.1%     | 0.1%   | 0.0%   | 0.0%   | -0.5%  |
| Trade/Trans./Public Utils.  | 0.4%    | 1.1%     | 1.0%   | 0.5%   | 0.6%   | 0.6%   |
| Information   | -4.5%   | 1.0%     | -0.9%  | -0.1%  | 1.0%   | 1.0%   |
| Financial Activities  | -0.6%   | -0.3%    | 0.7%   | -0.3%  | -0.7%  | -1.1%  |
| Prof. & Business Services   | 0.7%    | 2.5%     | 3.9%   | 3.9%   | 2.8%   | 1.5%   |
| Education & Health Services   | 1.2%    | 0.0%     | 1.0%   | 1.0%   | 1.2%   | 1.2%   |
| Leisure & Hospitality Services  | 2.8%    | 2.6%     | 1.4%   | 0.7%   | 0.7%   | 0.4%   |
| Other Services  | 0.4%    | 0.1%     | -1.1%  | -0.9%  | -0.8%  | -0.3%  |
| Government  | -0.8%   | -1.8%    | -2.2%  | 0.0%   | 0.1%   | 0.1%   |
| Agricultural Employment   | 0.0%    | 0.0%     | 0.0%   | 0.0%   | 0.0%   | 0.0%   |
|   |         |          |        |        |        |        |
|   | 2012    | 2013     | 2014   | 2015   | 2016   | 2017   |
| Personal Income* (\$ million)   | 53,283  | 54,485   | 56,830 | 58,961 | 61,305 | 63,905 |
| Wage & Salary Disbursements*  | 24,359  | 24,943   | 25,792 | 26,668 | 27,575 | 28,513 |
| Supplements to Wages & Salaries*  | 6,296   | 6,441    | 6,667  | 6,907  | 7,162  | 7,441  |
| Non-Farm Proprietors' Income*   | 3,932   | 4,191    | 4,413  | 4,630  | 4,838  | 5,000  |
| Farm Proprietors' Income**  | 88      | 129      | 100    | 97     | 98     | 98     |
| Dividends, Interest, & Rent*  | 9,249   | 9,605    | 10,279 | 10,811 | 11,414 | 12,328 |
| Dividends   | 2,662   | 2,860    | 3,224  | 3,383  | 3,519  | 3,631  |
| Interest  | 4,297   | 4,552    | 4,764  | 5,158  | 5,676  | 6,498  |
| Rent  | 2,289   | 2,193    | 2,292  | 2,270  | 2,219  | 2,199  |
| Transfer Payments*  | 11,828  | 12,241   | 12,832 | 13,339 | 13,956 | 14,481 |
| Less: Contributions to Social Ins.**  | 3,602   | 4,216    | 4,438  | 4,705  | 4,982  | 5,230  |
| Residence Adjustment**  | 1,133   | 1,150    | 1,186  | 1,214  | 1,244  | 1,274  |
|   |         |          |        |        |        |        |
| Personal Income* (Annual Change)  | 3.2%    | 2.3%     | 4.3%   | 3.7%   | 4.0%   | 4.2%   |
| Wage & Salary Disbursements*  | 2.3%    | 2.4%     | 3.4%   | 3.4%   | 3.4%   | 3.4%   |
| Supplements to Wages & Salaries*  | 3.3%    | 2.3%     | 3.5%   | 3.6%   | 3.7%   | 3.9%   |
| Non-Farm Proprietors' Income*   | 7.6%    | 6.6%     | 5.3%   | 4.9%   | 4.5%   | 3.3%   |
| Farm Proprietors' Income**  | -13.5%  | 46.4%    | -22.6% | -2.5%  | 0.3%   | 0.0%   |
| Dividends, Interest, & Rent*  | 5.6%    | 3.9%     | 7.0%   | 5.2%   | 5.6%   | 8.0%   |
| Dividends   | 9.6%    | 7.4%     | 12.7%  | 4.9%   | 4.0%   | 3.2%   |
| Interest  | 0.2%    | 5.9%     | 4.6%   | 8.3%   | 10.0%  | 14.5%  |
| Rent  | 12.1%   | -4.2%    | 4.5%   | -0.9%  | -2.2%  | -0.9%  |
| Transfer Payments*  | 1.6%    | 3.5%     | 4.8%   | 4.0%   | 4.6%   | 3.8%   |
| Less: Contributions to Social Ins.**  | 2.6%    | 17.1%    | 5.3%   | 6.0%   | 5.9%   | 5.0%   |
| Residence Adjustment**  | 2.8%    | 1.5%     | 3.1%   | 2.4%   | 2.5%   | 2.4%   |
| *CEFC Forecast  |         |          |        |        |        |        |
| **From IHS Economics - January 2014   |         |          |        |        |        |        |
| Remaining lines derived from CEFC forecast by CEFC staff and reviewed by CEFC |         |          |        |        |        |        |



## Consensus Economic Forecasting Commission

### Comparison of November 2013 and February 2014 Economic Forecasts

| <u>Calendar Years</u>  | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>• Wage &amp; Salary Employment (Annual Percentage Change)</b> |             |             |             |             |             |
| > Consensus 11/2013  | 0.5%        | 0.7%        | 0.7%        | 0.7%        | 0.5%        |
| > Consensus 2/2014   | 0.5%        | 0.7%        | 0.7%        | 0.7%        | 0.5%        |
| Difference   | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| <b>• Personal Income (Annual Percentage Change)</b>              |             |             |             |             |             |
| > Consensus 11/2013  | 2.3%        | 4.4%        | 3.8%        | 4.1%        | 4.3%        |
| > Consensus 2/2014   | 2.3%        | 4.3%        | 3.7%        | 4.0%        | 4.2%        |
| Difference   | 0.0%        | -0.1%       | -0.1%       | -0.1%       | -0.1%       |
| <b>Major Components of Personal Income</b>                       |             |             |             |             |             |
| Wage and Salary Disbursements                                    |             |             |             |             |             |
| > Consensus 11/2013  | 2.4%        | 3.4%        | 3.4%        | 3.4%        | 3.4%        |
| > Consensus 2/2014   | 2.4%        | 3.4%        | 3.4%        | 3.4%        | 3.4%        |
| Difference   | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| Supplements to Wages and Salaries                                |             |             |             |             |             |
| > Consensus 11/2013  | 2.3%        | 3.5%        | 3.6%        | 3.7%        | 3.9%        |
| > Consensus 2/2014   | 2.3%        | 3.5%        | 3.6%        | 3.7%        | 3.9%        |
| Difference   | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| Non-Farm Proprietors' Income                                     |             |             |             |             |             |
| > Consensus 11/2013  | 6.4%        | 5.3%        | 4.9%        | 4.5%        | 3.3%        |
| > Consensus 2/2014   | 6.6%        | 5.3%        | 4.9%        | 4.5%        | 3.3%        |
| Difference   | 0.2%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| Dividends, Interest and Rent                                     |             |             |             |             |             |
| > Consensus 11/2013  | 4.7%        | 6.8%        | 5.0%        | 5.9%        | 8.4%        |
| > Consensus 2/2014   | 3.9%        | 7.0%        | 5.2%        | 5.6%        | 8.0%        |
| Difference   | -0.8%       | 0.2%        | 0.2%        | -0.3%       | -0.4%       |
| Transfer Payments  |             |             |             |             |             |
| > Consensus 11/2013  | 3.2%        | 5.3%        | 4.0%        | 4.6%        | 3.8%        |
| > Consensus 2/2014   | 3.5%        | 4.8%        | 4.0%        | 4.6%        | 3.8%        |
| Difference   | 0.3%        | -0.5%       | 0.0%        | 0.0%        | 0.0%        |
| <b>• Consumer Price Index (Annual Percentage Change)</b>         |             |             |             |             |             |
| > Consensus 11/2013  | 1.5%        | 1.6%        | 1.7%        | 1.9%        | 1.9%        |
| > Consensus 2/2014   | 1.5%        | 1.6%        | 1.7%        | 1.9%        | 1.9%        |
| Difference   | 0.0%        | 0.0%        | 0.0%        | 0.0%        | 0.0%        |
| <b>• Before Tax Corporate Profits (Annual Percentage Change)</b> |             |             |             |             |             |
| > Consensus 11/2013  | 1.3%        | 12.3%       | 0.8%        | 0.2%        | -1.3%       |
| > Consensus 2/2014   | 3.7%        | 14.2%       | 0.8%        | 0.1%        | -1.0%       |
| Difference   | 2.4%        | 1.9%        | 0.0%        | -0.1%       | 0.3%        |