

Interest Rate Forecast

April 2017

D.J.'s ECONOMIX

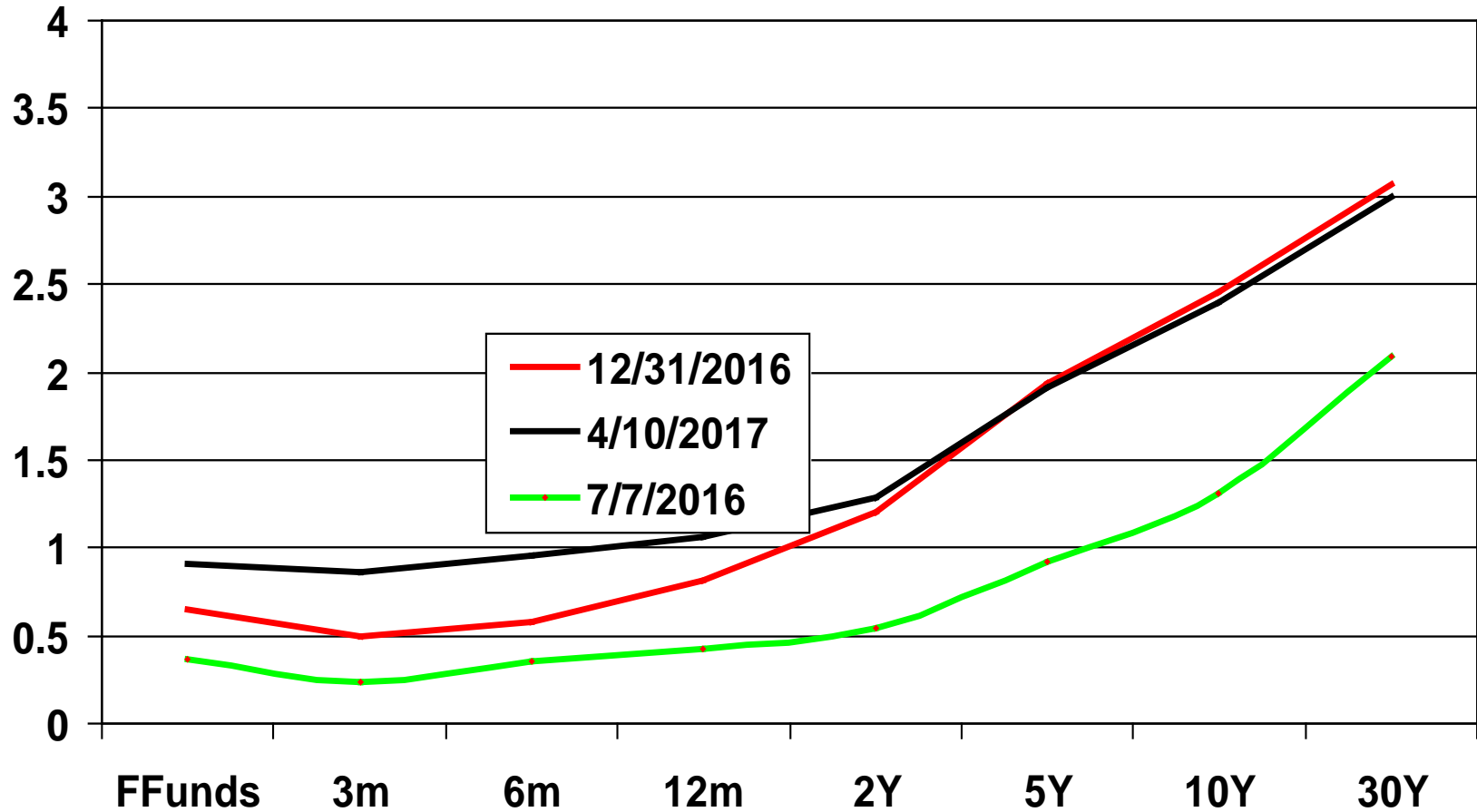
California CREDIT UNION LEAGUE NEVADA CREDIT UNION LEAGUE



Highlights

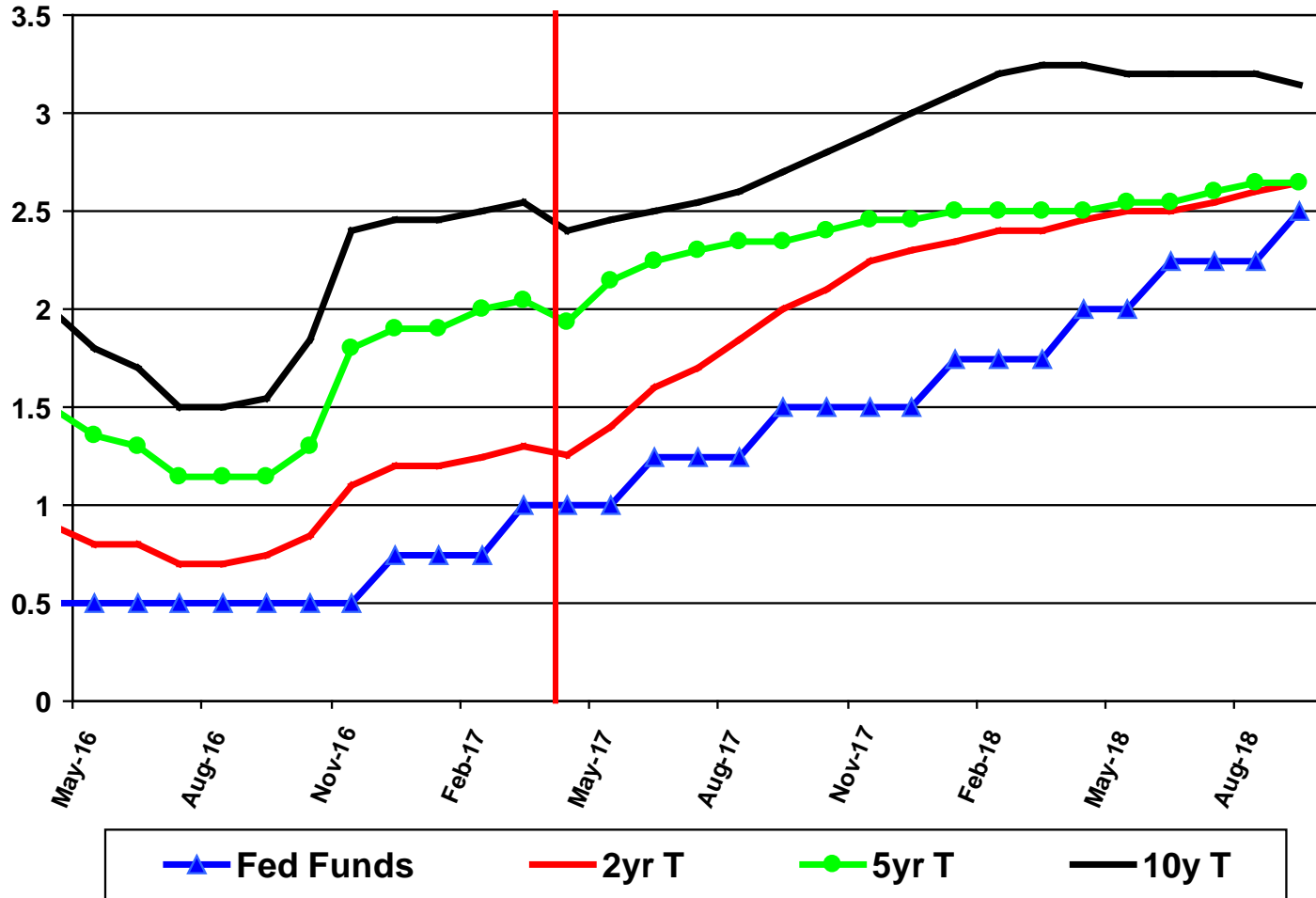
- Rates hit lows for the year in April but little changed since November and down since the Fed tightened
- Fed says two or three more tightenings this year, but Fed credibility is not high
- Trump's erratic performance helping to keep rates capped despite upbeat economic news
- Attention on French election not far off—also something that could keep a lid on rates

Yield curve flattens as Fed tightens



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Range of Expectations for 6/30/2018

(April 2017 Bloomberg poll — 82 economists)

	Median
GDP	2.60%
UR	4.50%
Core PCE	2.00%
Fed Funds	1.50-1.75%
2-Year	2.19%
10-Year	3.10%

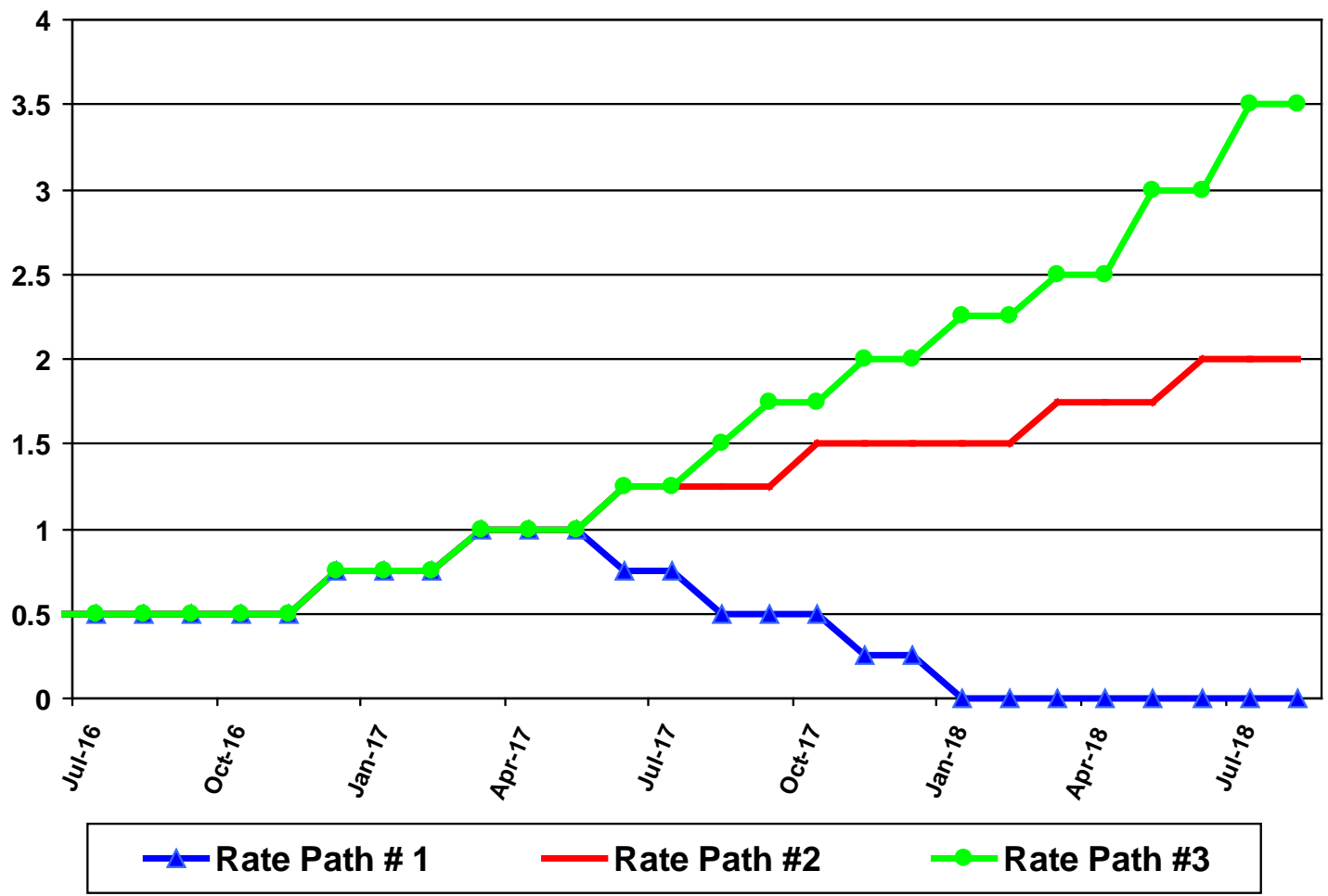
Prior format showing ranges no longer published

Three Scenarios

- **Low rate view** — Trump optimism fades; China threatens backlash; series of negative outcomes in European votes
- **Consensus** — Optimism drives business growth; wages higher but contained; EU crisis avoided; moderate rise in rates; no global slowdown
- **Inflation Case** — Monetarist case; wages rise more than expected; inflation expectations turn sharply higher; series of liquidations of major bond positions roil bond market

Fed Funds Scenarios

(Rate is high end of Fed range)



Ten-year Note Scenarios

