

# Jefferies Interest Rate Forecast

## Jefferies Economic & Interest Rate Forecast

	Q1, 2009	Q2, 2009	Q3, 2009	Q4, 2009	Q1, 2010	Q2, 2010	Q3, 2010	Q4, 2010	Q1, 2011	Q2, 2011	Q3, 2011	Q4, 2011	Q1, 2012	Q2, 2012	Q3, 2012	Q4, 2012
<b>Economic Forecasts</b>																
Real GDP (qoq % saar)	-6.4%	-0.7%	2.2%	5.9%	2.5%	2.0%	3.0%	4.0%	3.5%	3.5%	4.0%	4.0%	3.5%	4.0%	3.5%	4.0%
Unemployment Rate	8.2%	9.3%	9.6%	10.0%	9.7%	9.6%	9.4%	8.9%	8.5%	8.0%	7.5%	7.0%	6.8%	6.5%	6.3%	6.0%
CPI (yoy %)	-0.1%	-1.1%	-1.3%	2.7%	2.6%	2.2%	2.2%	2.5%	2.5%	2.8%	2.9%	3.0%	3.1%	3.3%	3.3%	3.3%
PCE Inflation (yoy %)	0.2%	-0.4%	-0.6%	2.1%	2.1%	2.2%	2.2%	2.2%	2.3%	2.4%	2.7%	2.9%	3.0%	3.2%	3.2%	3.3%
Core PCE (yoy %)	1.7%	1.5%	1.3%	1.5%	1.5%	1.5%	1.6%	1.6%	1.8%	2.0%	2.3%	2.4%	2.4%	2.5%	2.4%	2.5%

<b>Interest Rates (Quarterly Average)</b>																
Fed Funds	0.19%	0.18%	0.16%	0.05%	0.15%	0.15%	0.15%	0.15%	0.50%	0.75%	1.00%	1.25%	1.75%	2.00%	2.25%	3.00%
3-month LIBOR	1.24%	0.84%	0.41%	0.27%	0.25%	0.25%	0.55%	0.70%	0.95%	1.20%	1.45%	1.70%	2.20%	2.45%	2.70%	3.45%
3-month bill	0.20%	0.16%	0.15%	0.05%	0.12%	0.30%	0.50%	0.60%	0.85%	1.10%	1.35%	1.60%	2.10%	2.35%	2.60%	3.35%
2-year note	0.89%	1.00%	1.01%	0.86%	0.88%	1.00%	1.10%	1.25%	1.40%	1.80%	2.05%	2.30%	2.80%	3.05%	3.30%	4.30%
10-year note	2.66%	3.53%	3.31%	3.84%	3.75%	4.15%	4.35%	4.75%	5.00%	4.65%	4.70%	4.75%	4.75%	4.75%	4.85%	4.95%
30-year bond	3.5%	4.33%	4.05%	4.64%	4.65%	5.13%	5.34%	5.73%	5.85%	5.50%	5.50%	5.55%	5.55%	5.55%	5.65%	5.75%

<b>Spreads</b>																
FF v 3-mo LIBOR	1.05%	0.66%	0.25%	0.22%	0.10%	0.10%	0.40%	0.55%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%	0.45%
FF v 3-mo bill	0.01%	-0.02%	-0.01%	0.00%	-0.03%	0.15%	0.35%	0.45%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%
FF v 2-year	0.70%	0.82%	0.85%	0.81%	0.73%	0.85%	0.95%	1.10%	0.90%	1.05%	1.05%	1.05%	1.05%	1.05%	1.05%	1.30%
2yr v 10yr	1.77%	2.53%	2.30%	2.98%	2.87%	3.15%	3.25%	3.50%	3.60%	2.85%	2.65%	2.45%	1.95%	1.70%	1.55%	0.65%
10yr vs 30yr	0.88%	0.80%	0.74%	0.80%	0.90%	0.98%	0.99%	0.98%	0.85%	0.85%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
2yr vs 30yr	2.65%	3.33%	3.04%	3.78%	3.77%	4.13%	4.24%	4.48%	4.45%	3.70%	3.45%	3.25%	2.75%	2.50%	2.35%	1.45%