



The Economy Drags Housing Upward

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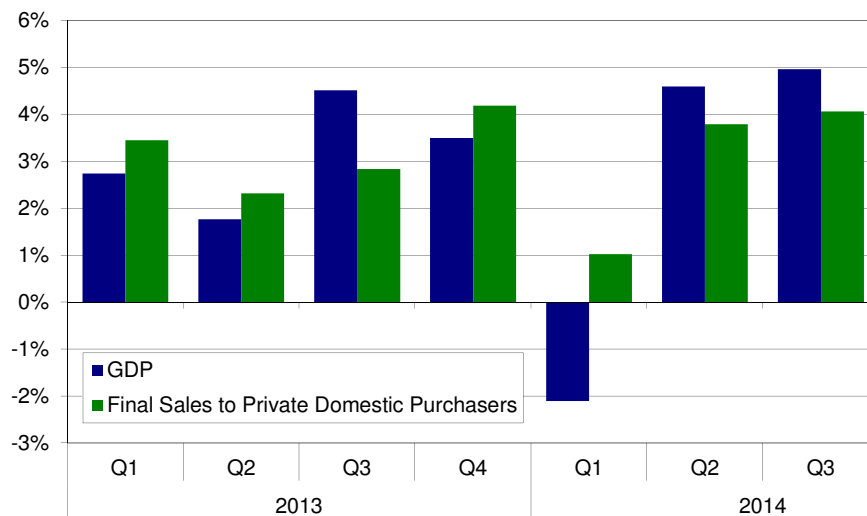
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Macroeconomic Developments

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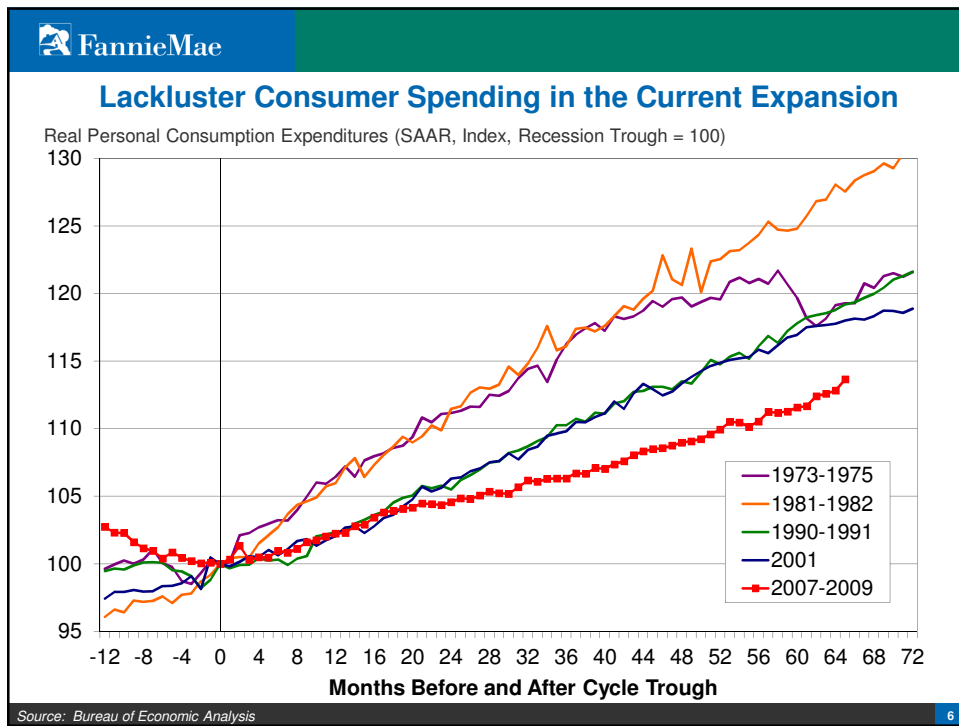
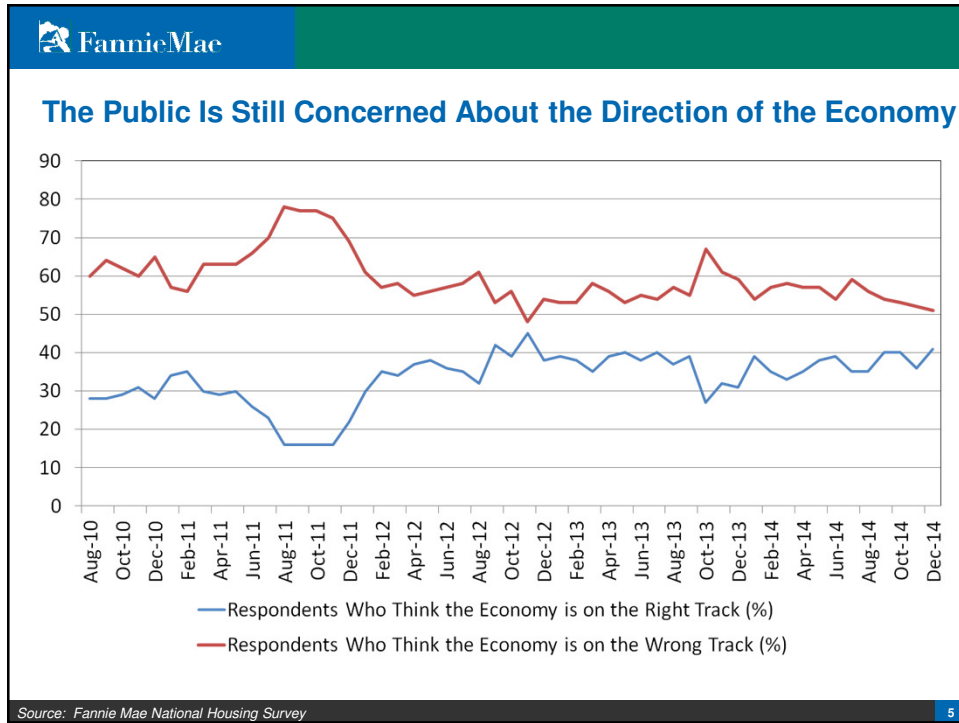
Private Forces Moved to the Fore, Rebounding Solidly After the Severe Weather Impact

SAAR, Quarterly Annualized % Change



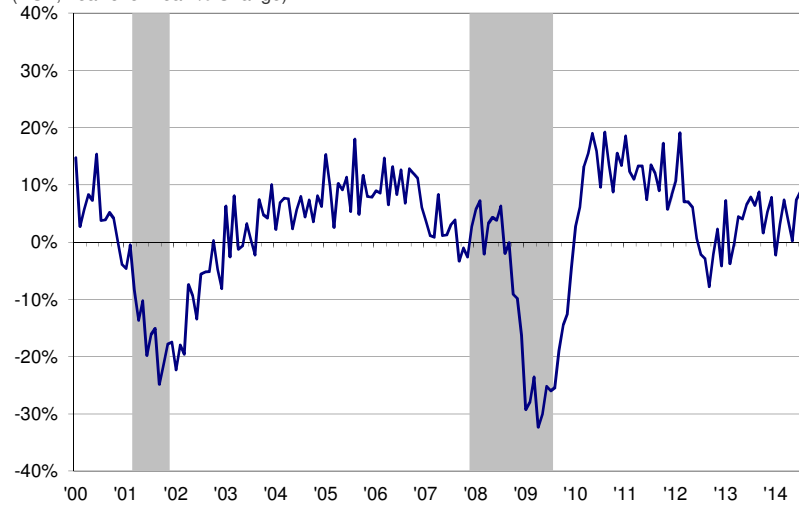
Source: Bureau of Economic Analysis

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Core Capital Goods Orders Suggest Slow but Steady Rebound in Business Capital Investment

Manufacturers New Orders of Nondefense Capital Goods ex. Aircraft
(NSA, Year-over-Year % Change)

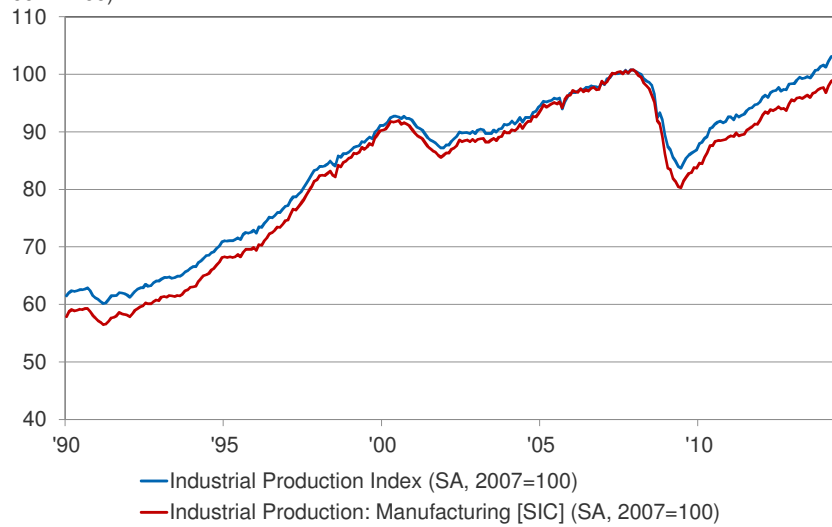


Source: Census Bureau

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Industrial Output Has Recovered

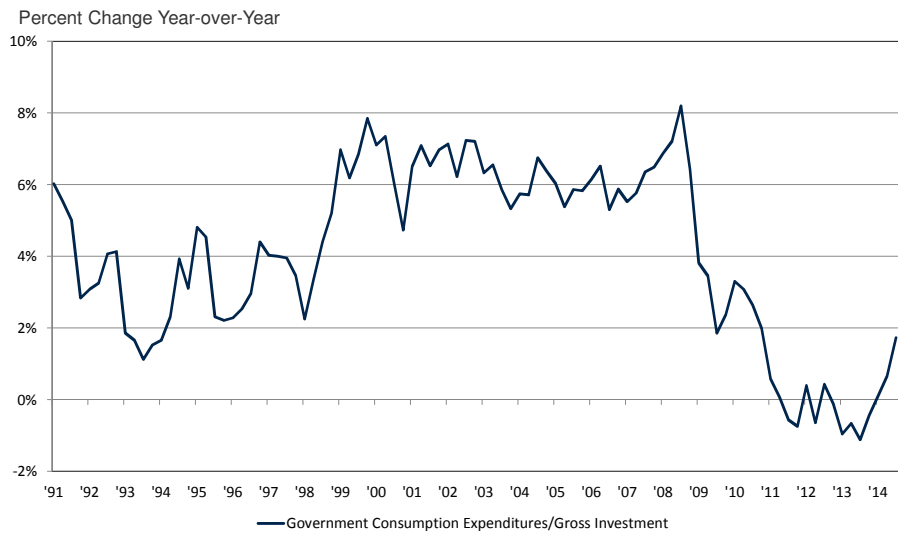
(2007 = 100)



Source: Federal Reserve Board

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Government Spending Has Been Increasing



Source: Bureau of Economic Analysis

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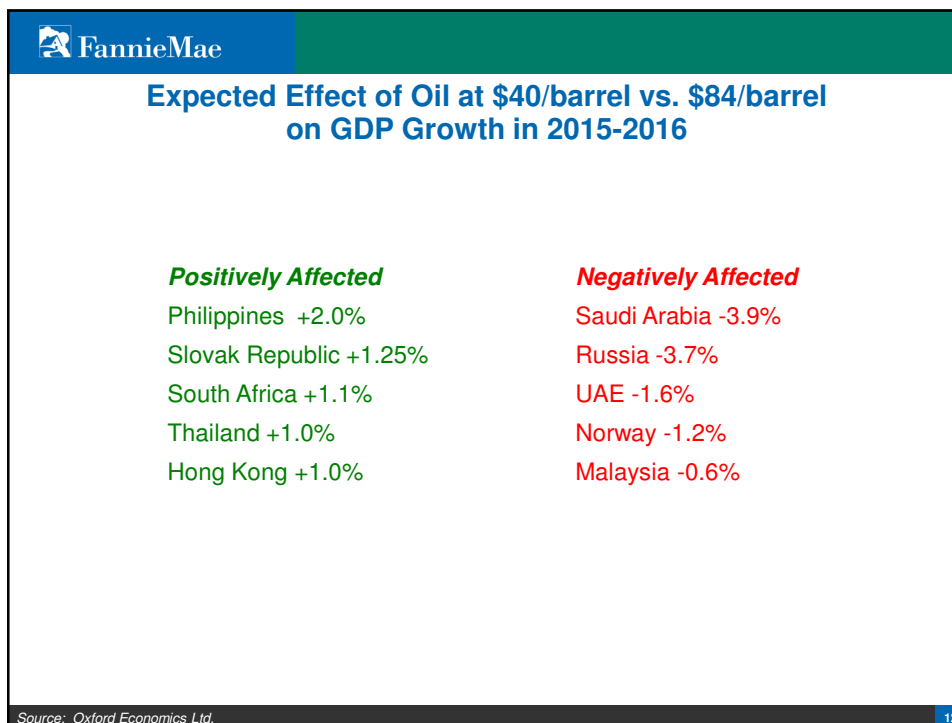
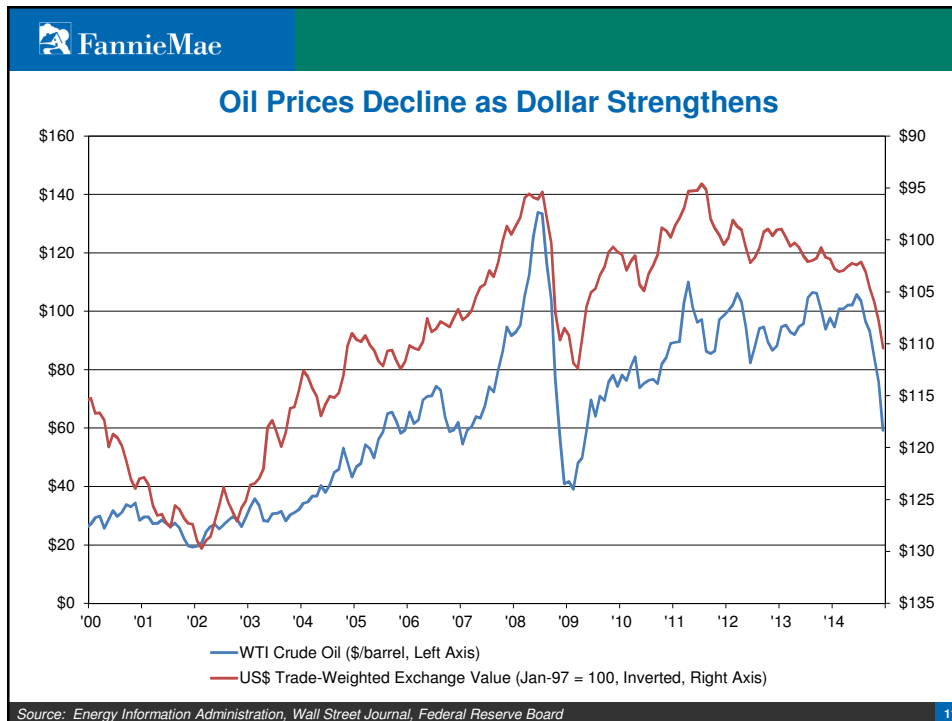
Petroleum and Other Fuels Falling as a Share of Total U.S. Imports

Mineral Fuels, Lubricants & Related Materials as a Share of Total Nominal U.S. Imports (NSA, %)

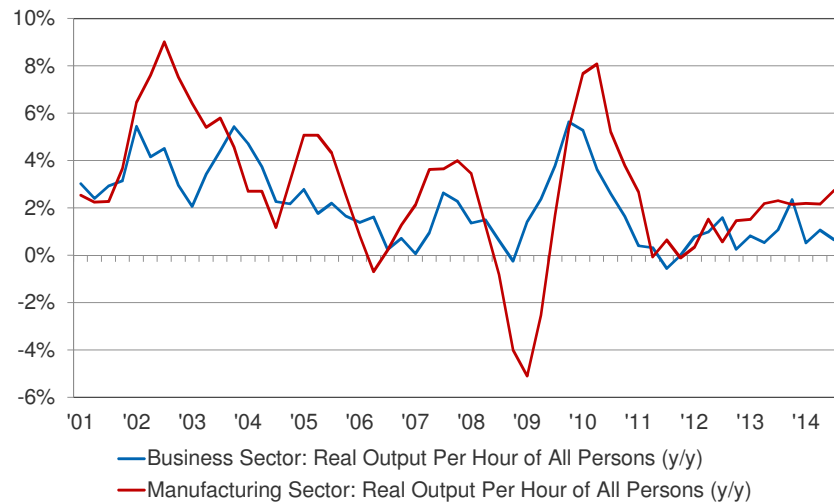


Source: Census Bureau

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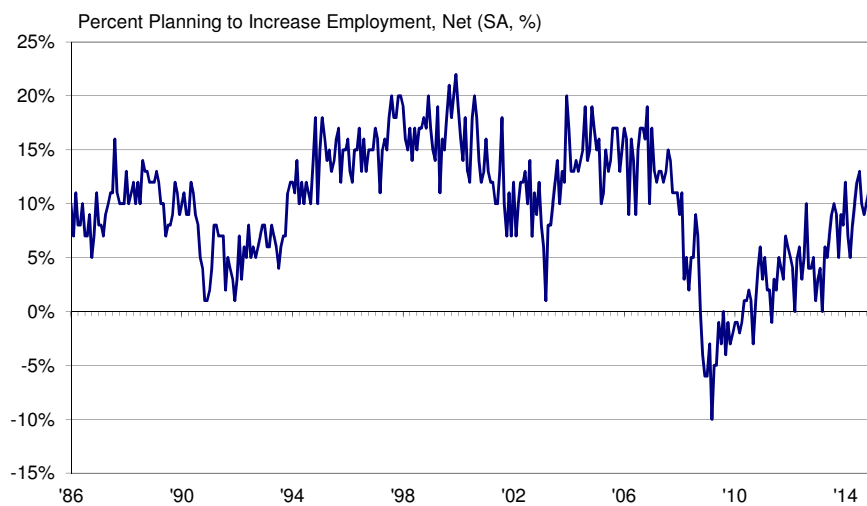
Year-Over-Year Productivity Growth Slower in Current Recovery than Previous Recoveries



Source: Bureau of Economic Analysis

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Hiring Plans of Small Businesses Reached Its Highest Point Post-Recession



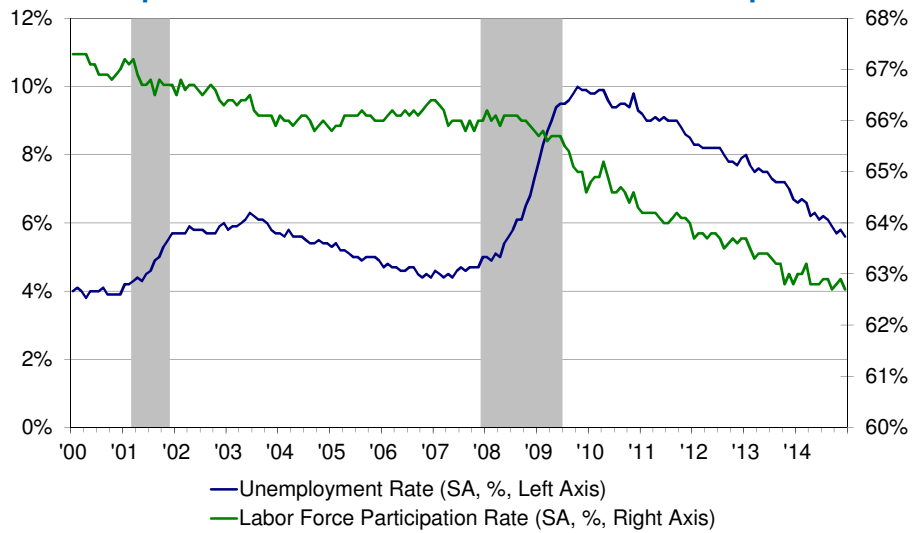
Source: The National Federation of Independent Business

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Employment Situation

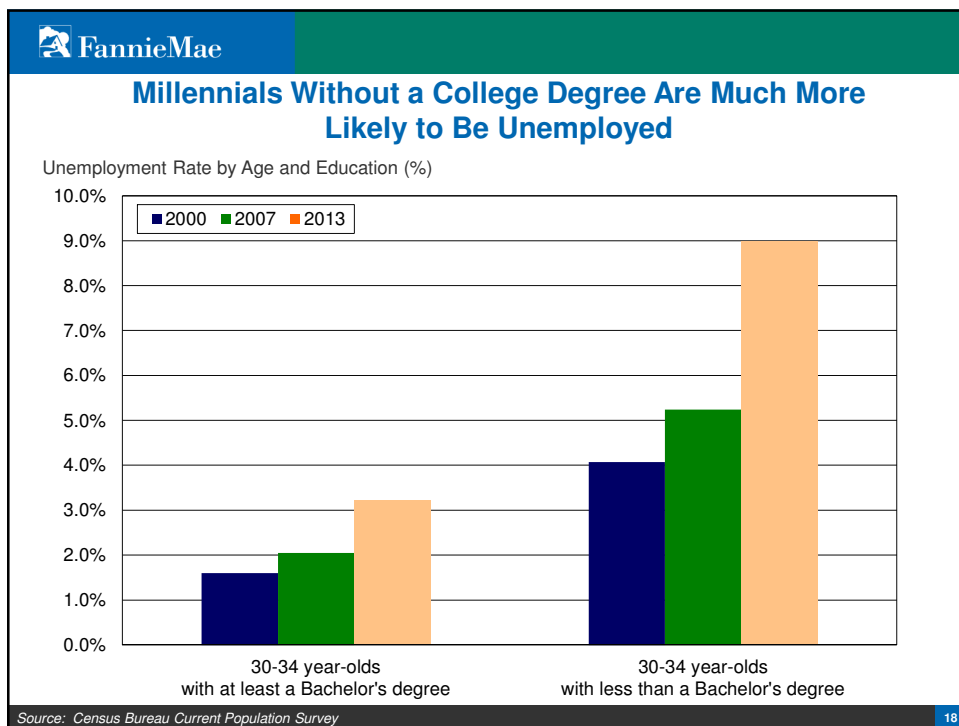
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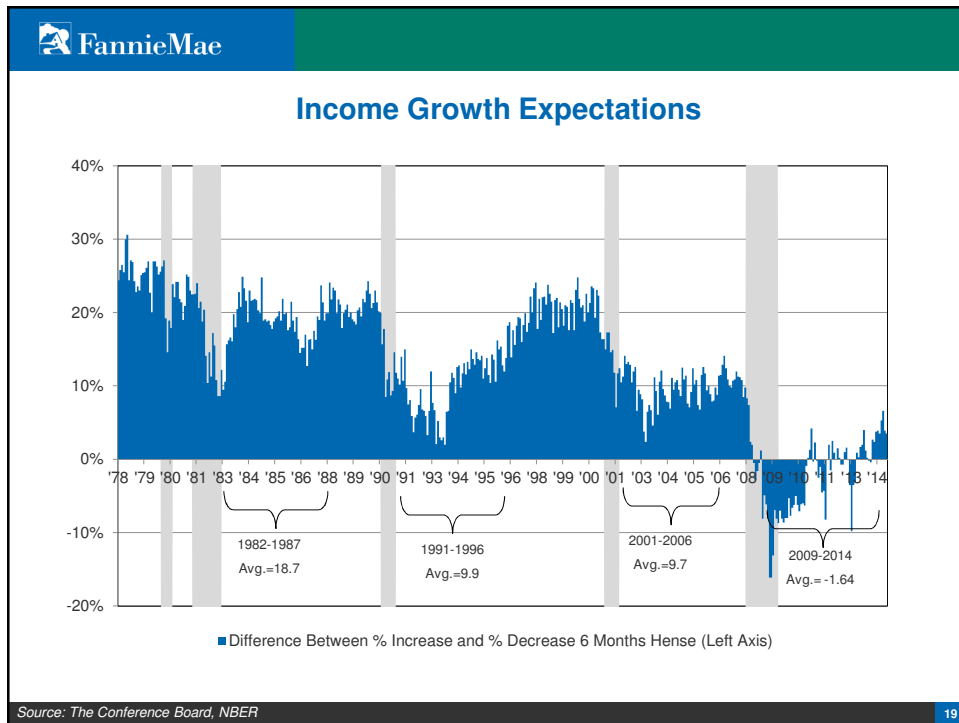
The Drop in the Unemployment Rate Amid a Near 40-Year Low Participation Rate Overstates the Labor Market Improvement



Source: Bureau of Labor Statistics

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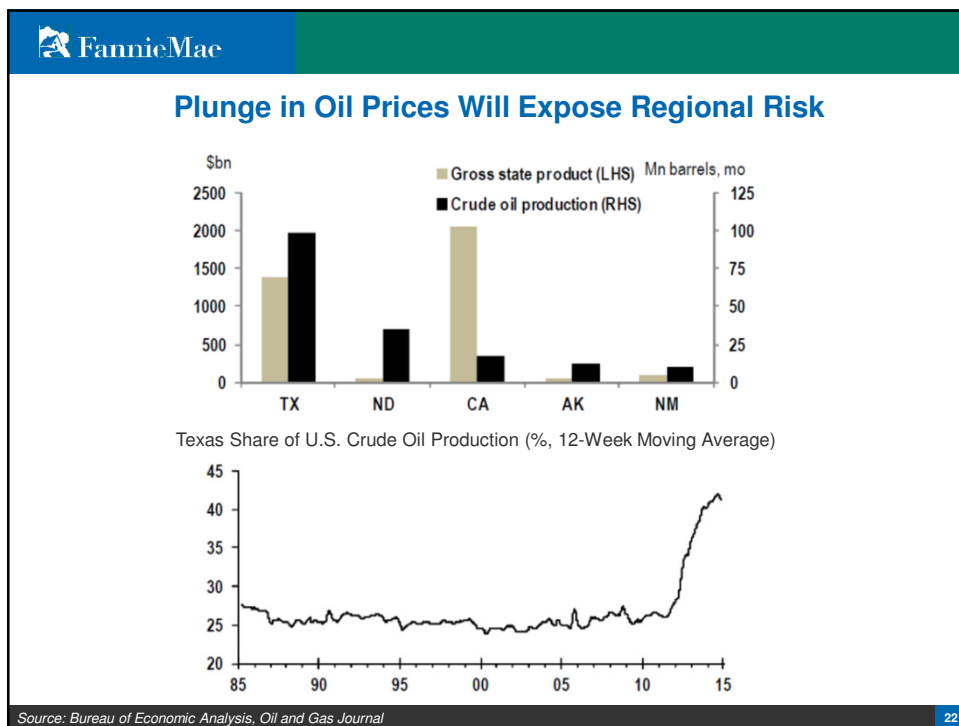
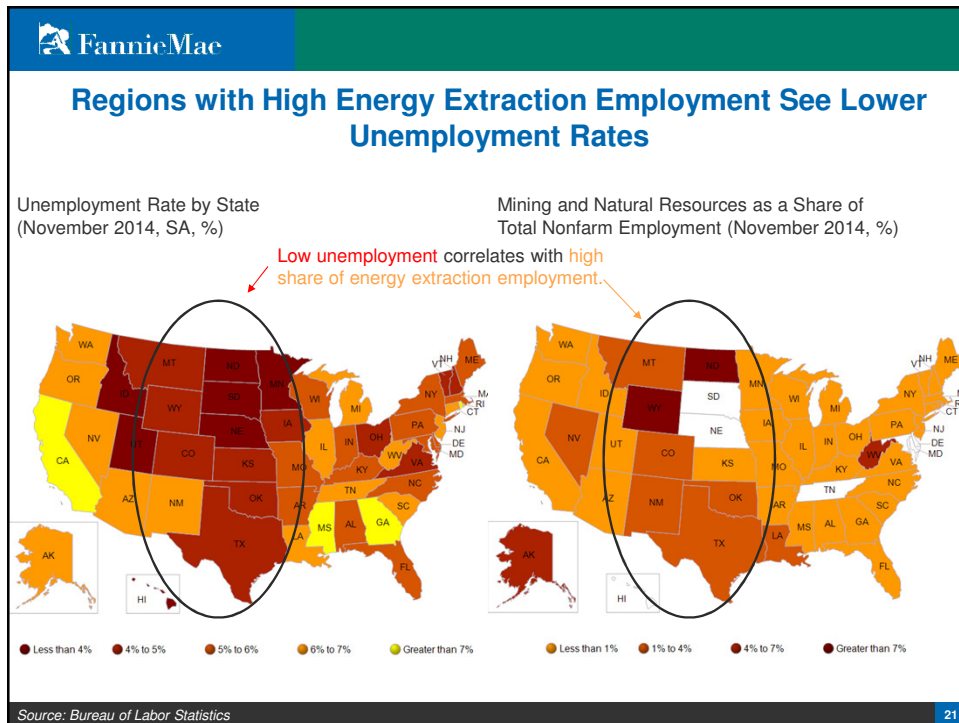




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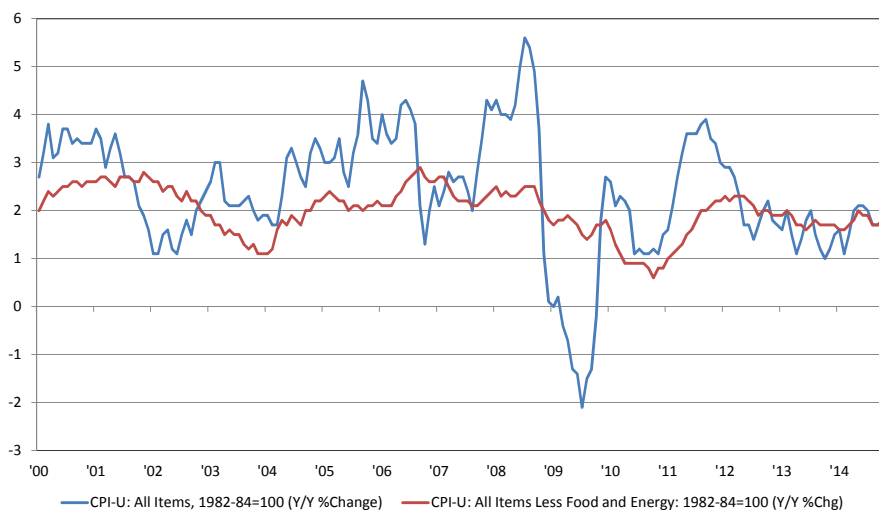
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The FED

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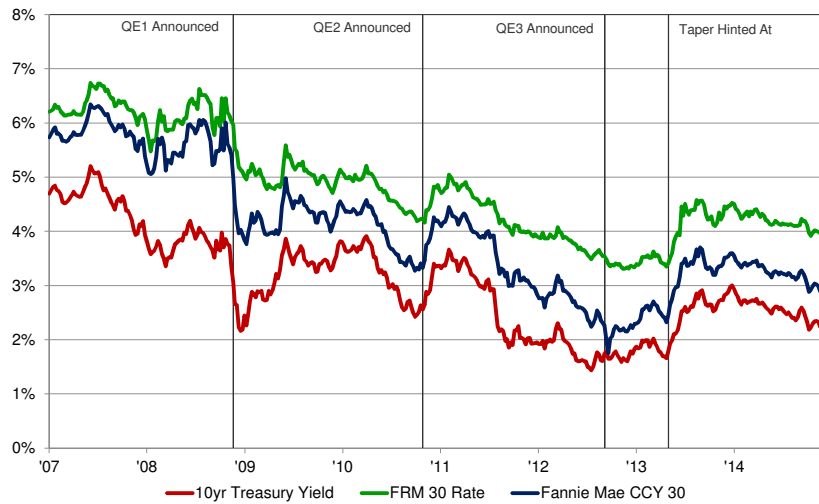
Oil-Related Fall in Headline Inflation Filters Through into a Drop in Core Inflation to a Little Below the Fed's 2% Target



Source: Bureau of Labor Statistics

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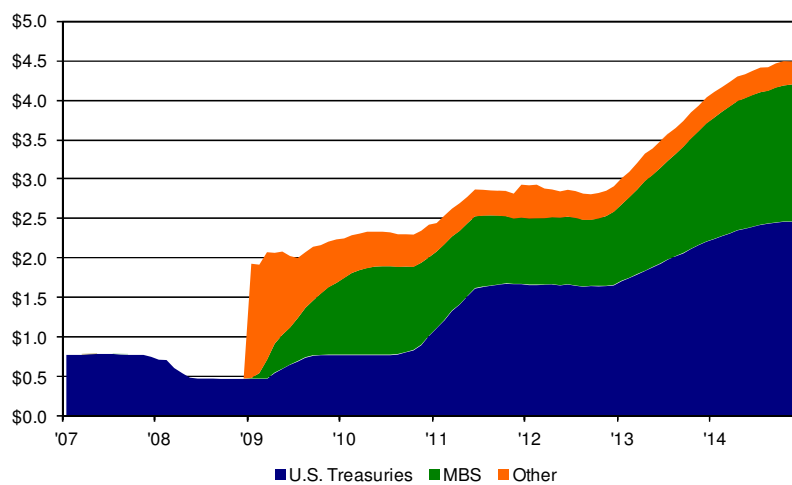
The Sharp Rise in Interest Rates in 2013 Sparked by Fed "Tapering" has Reversed



Source: Federal Reserve Board, Freddie Mac, Bloomberg

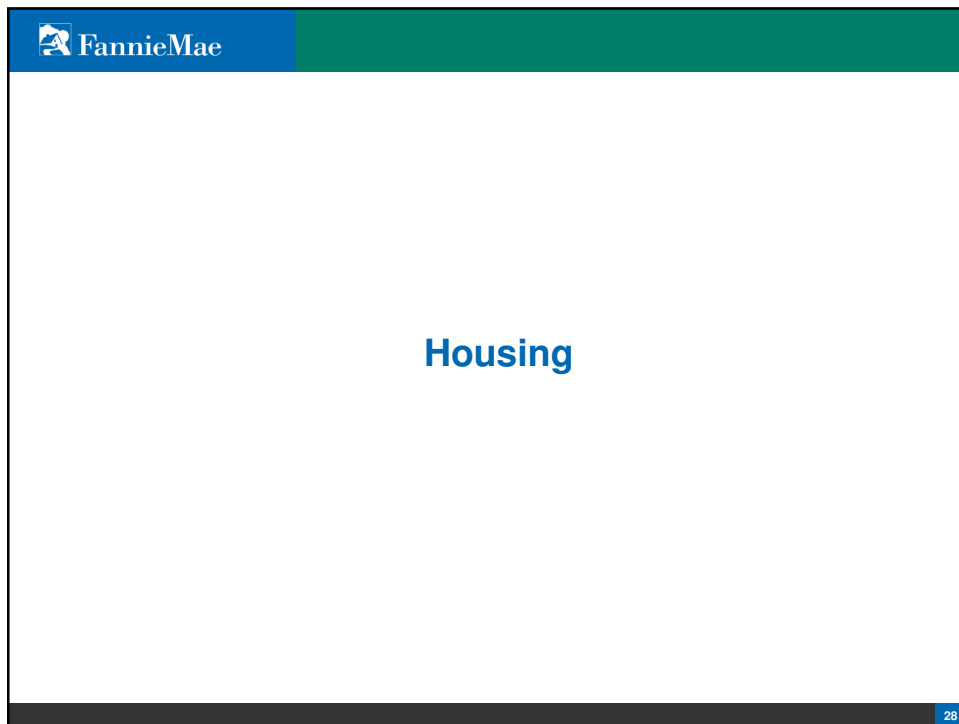
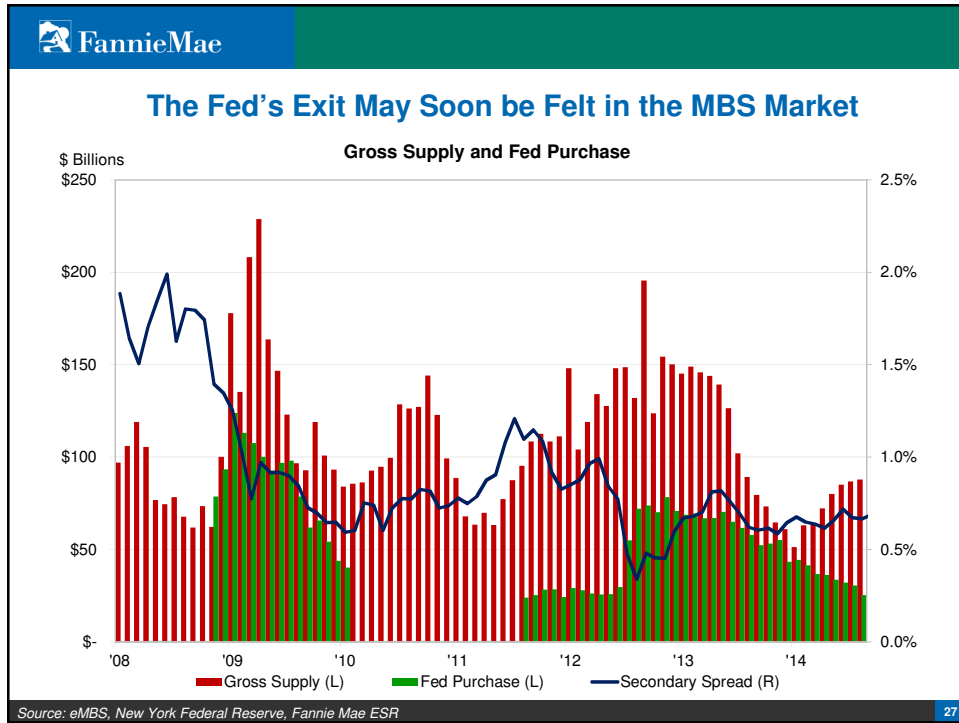
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The Fed Ended the QE Program With Its Balance Sheet Near a Landmark \$4.5 Trillion

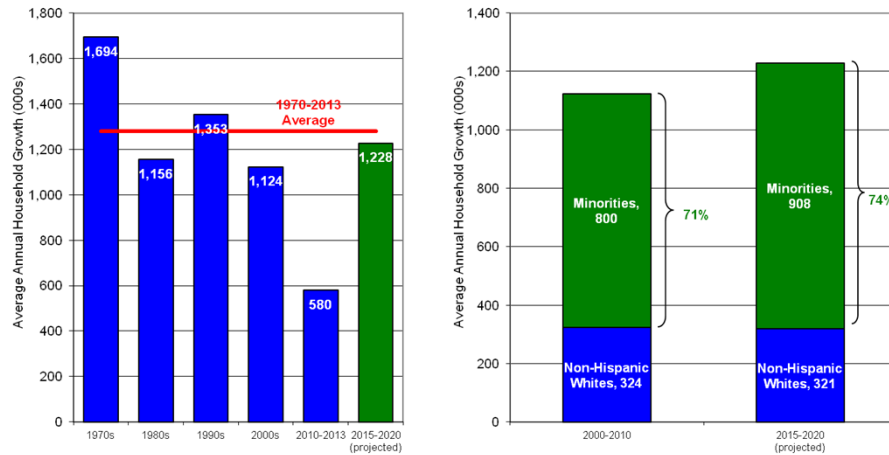


Source: Federal Reserve Board

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Household Growth Has Been Severely Depressed, However, Racial and Ethnic Minorities Will Account for the Bulk of Net Household Growth in the Second Half of the Decade

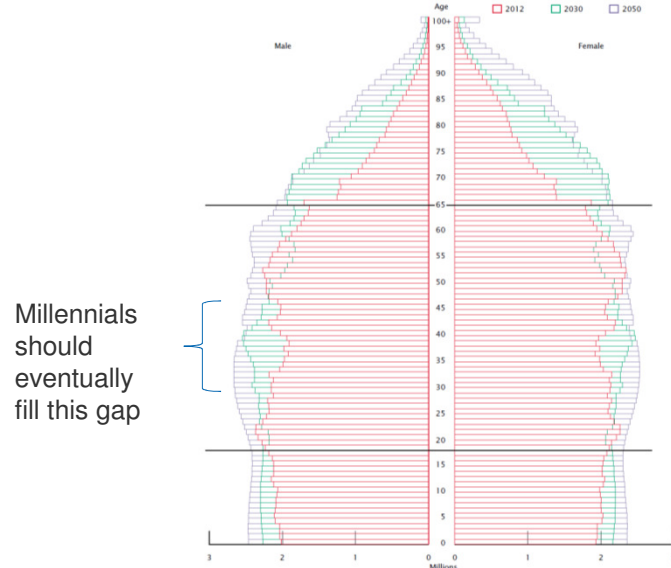


Source: Census Bureau, Decennial Census; Fannie Mae, Economic & Strategic Research projections

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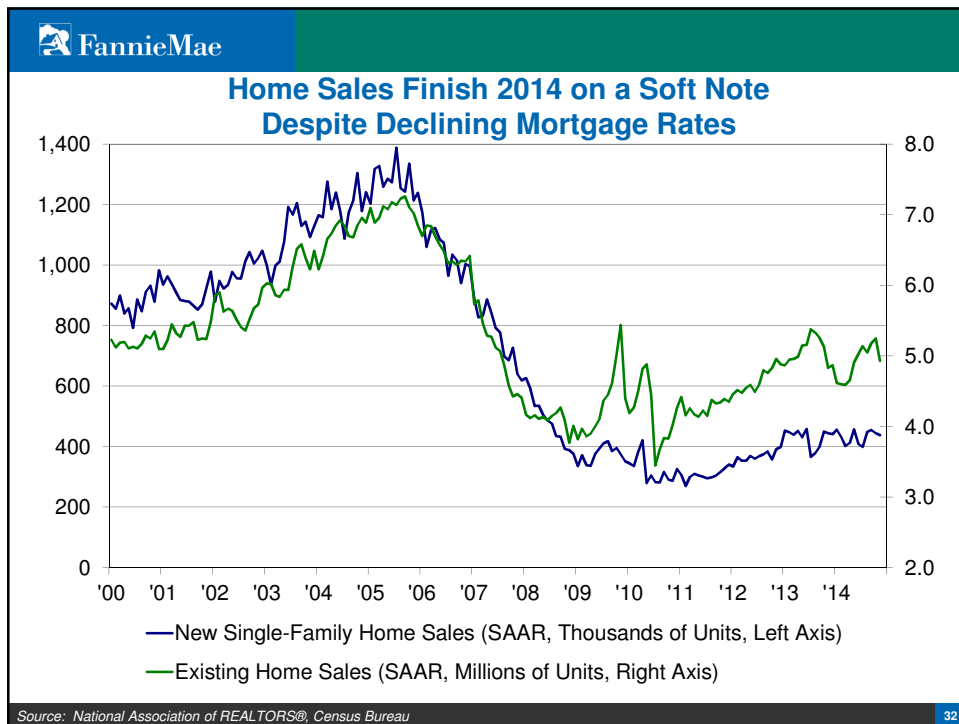
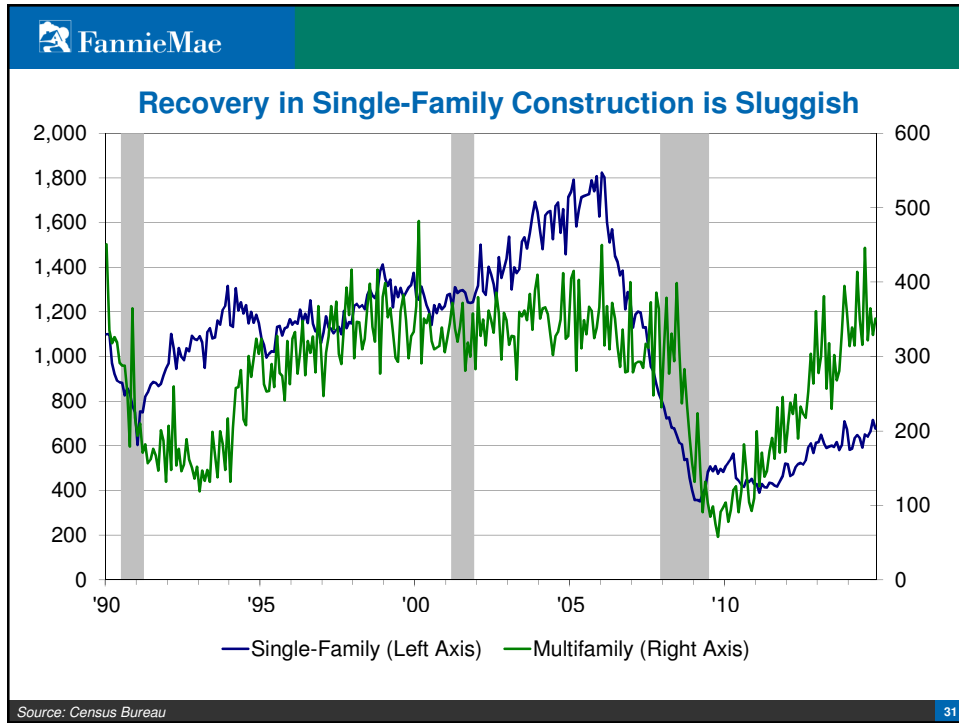
There is Lull in the Population of Prime First-Time Homebuyers

Age and Sex Structure of the Population for the United States: 2012, 2030, and 2050

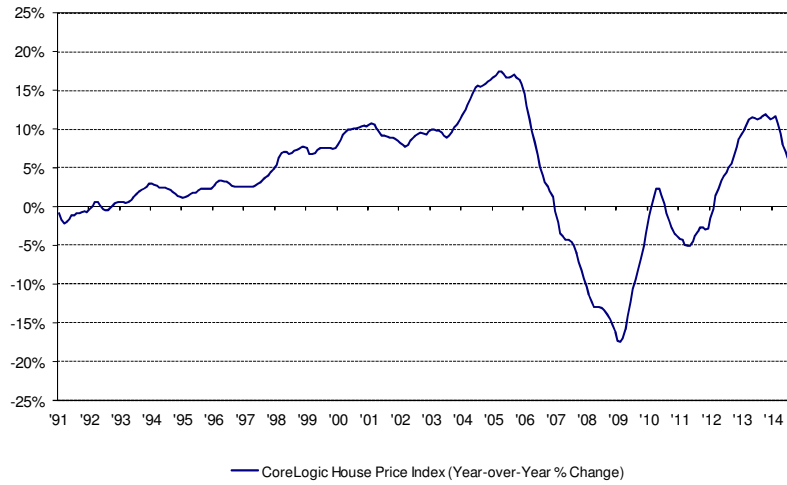


Source: Census Bureau

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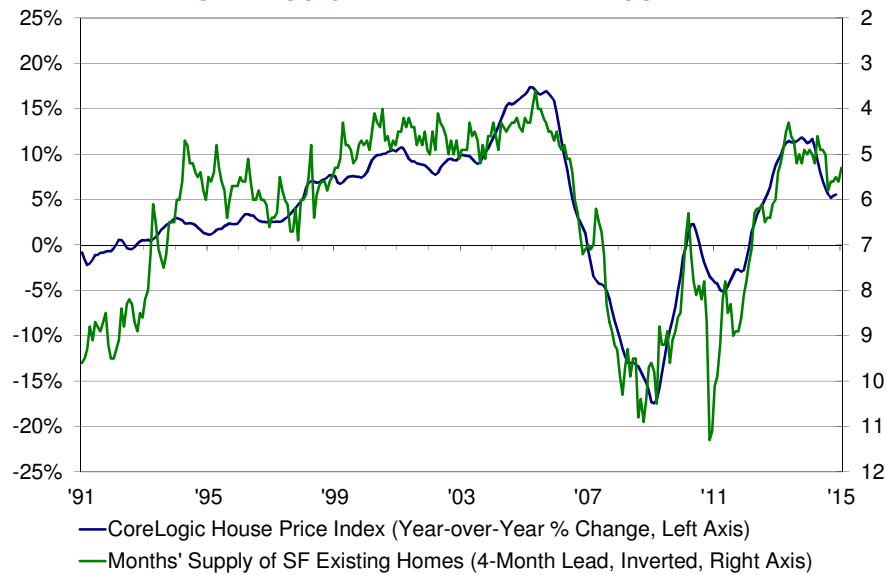
Home Price Growth Should Moderate only Modestly...



Source: CoreLogic

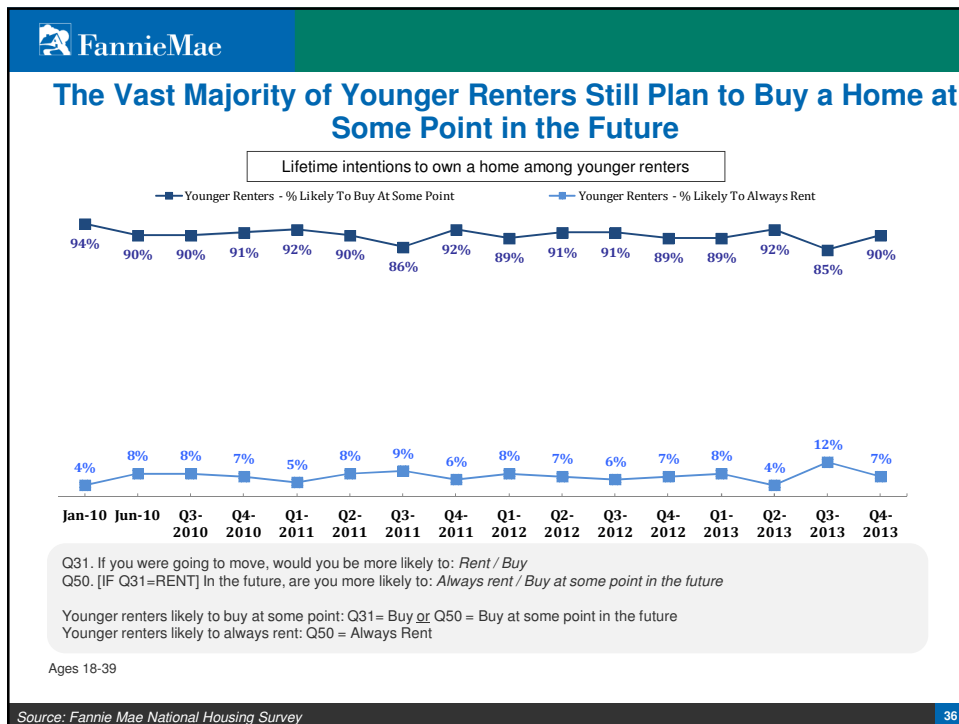
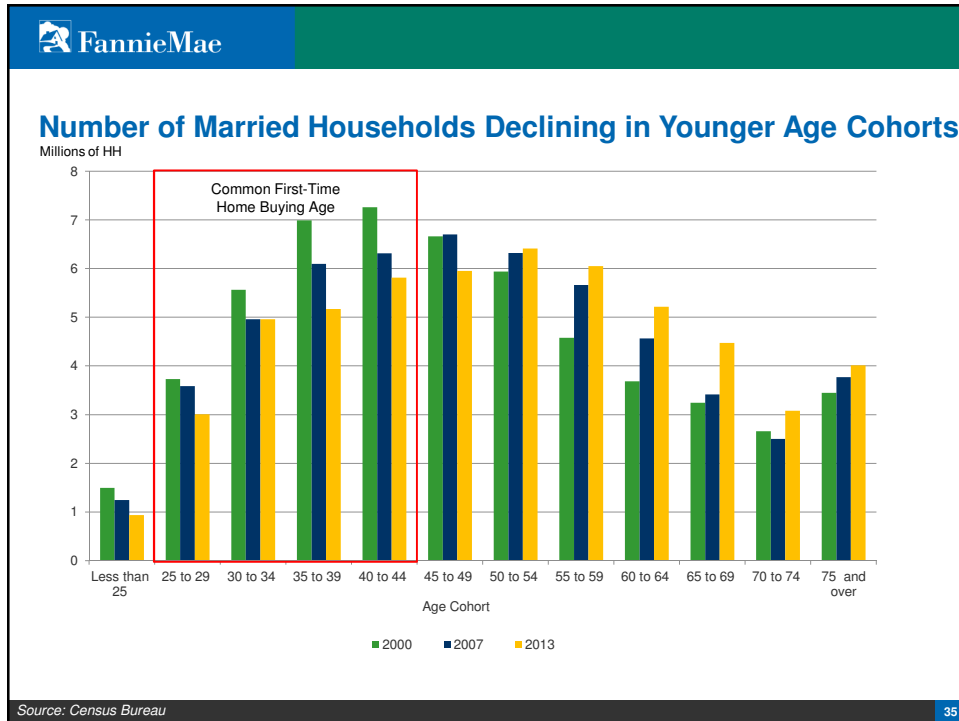
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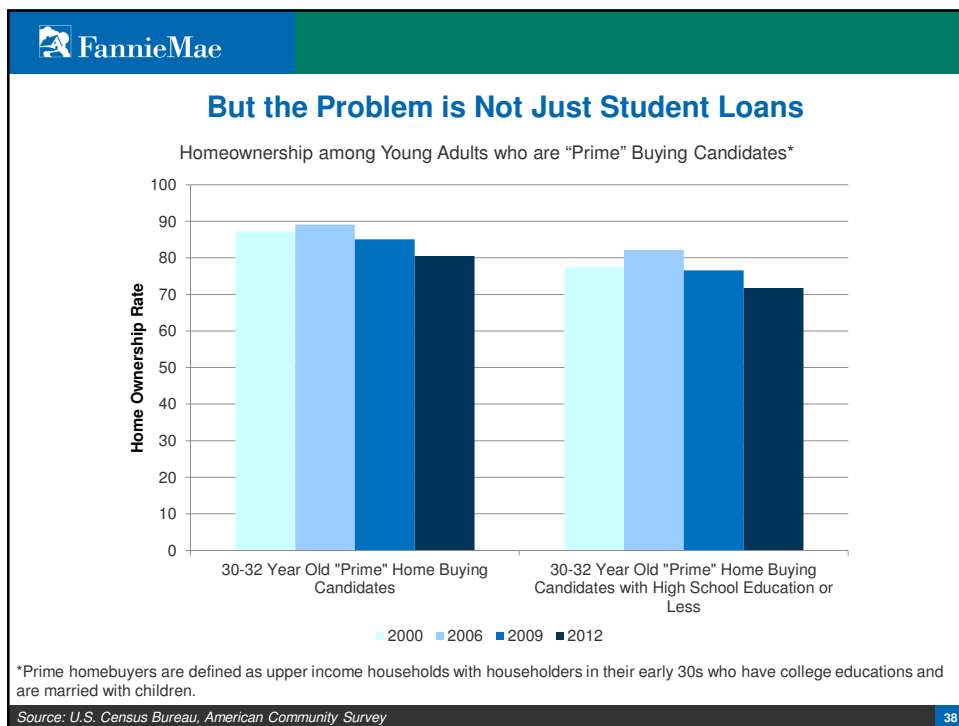
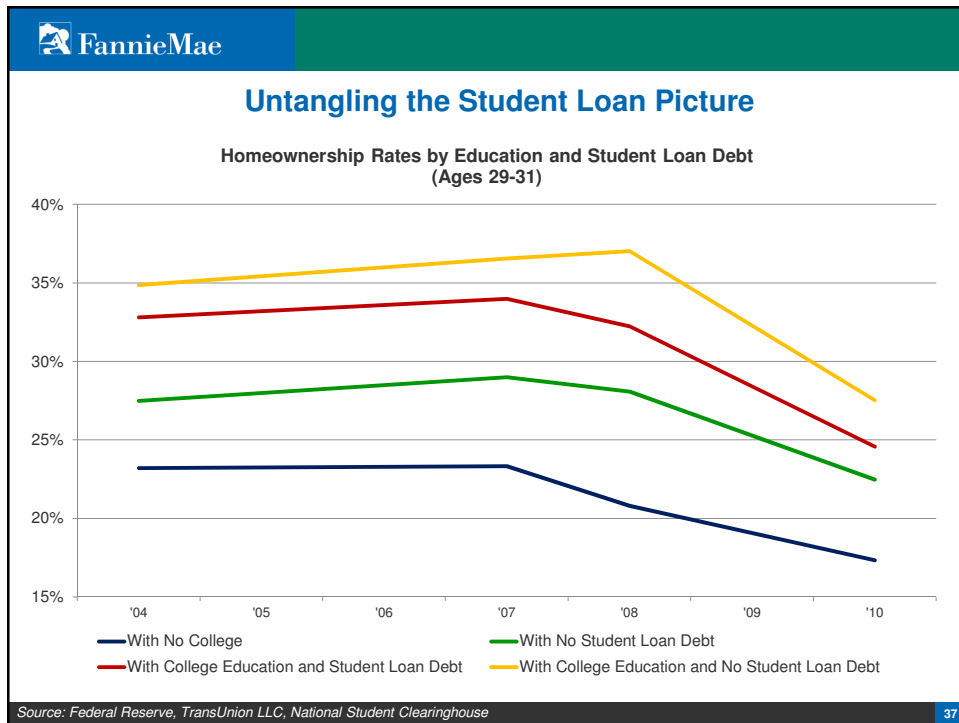
...as Tight Supply Will Continue to Support Growth



Source: CoreLogic, National Association of REALTORS®

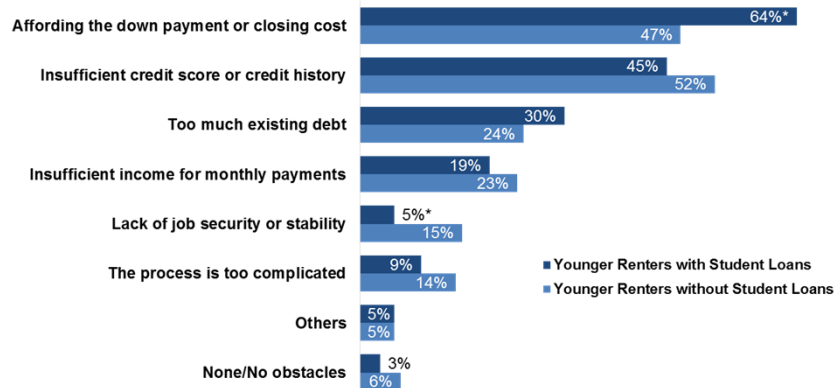
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Younger Renters With Student Loans Cite Affording the Down Payment as Their Biggest Obstacle to Getting a Mortgage, While Those Without Student Loans Cite Insufficient Credit

What would be your biggest obstacle to getting a mortgage to purchase or refinance a home today?
SELECT UP TO 3 – Q3 – 2014



Ages 25-39

Younger Renters with Student Loans – n=109; MOE +/- 9.39%

Younger Renters without Student Loans – n=217; MOE +/- 6.65%

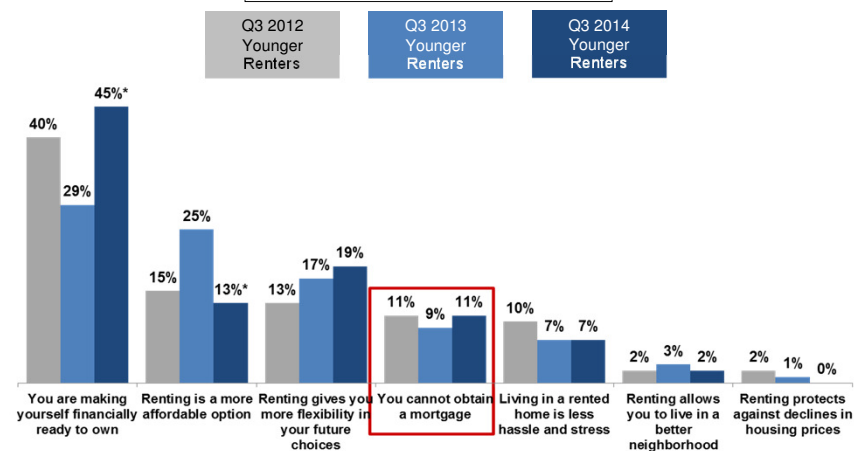
* Denotes a statistically significant difference between younger renters with and without student loans at the 95% confidence level

Source: Fannie Mae National Housing Survey

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Trouble Accessing Credit is Not the Primary Consideration in the Decision to Continue Renting

What is your primary reason for renting now?



Ages 25-39

Younger Renters Q3 2012 – n=328; MOE +/- 5.41%

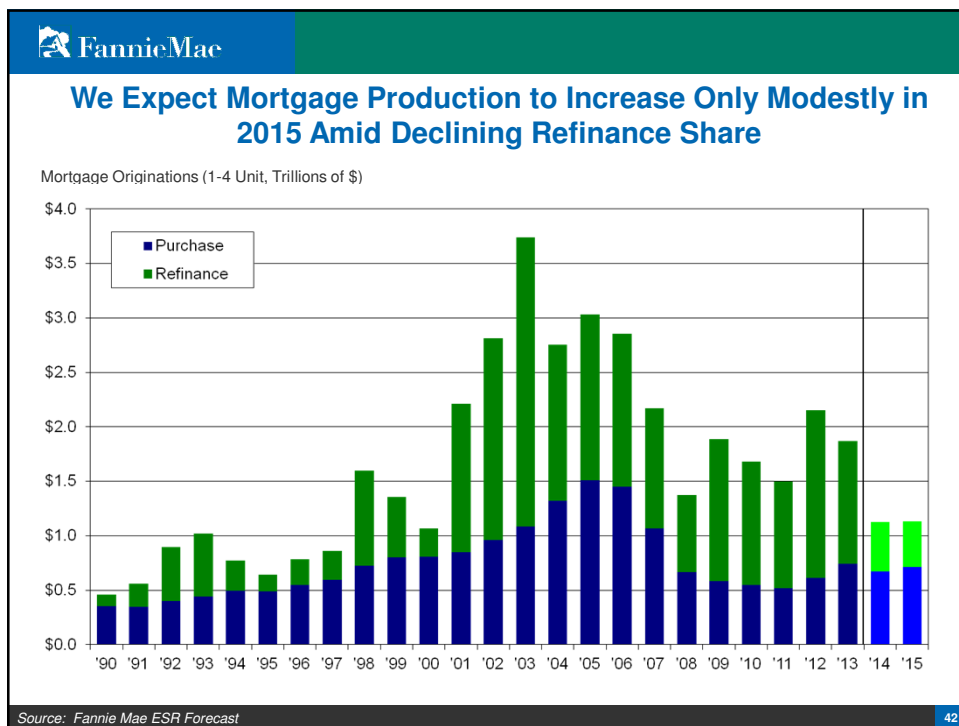
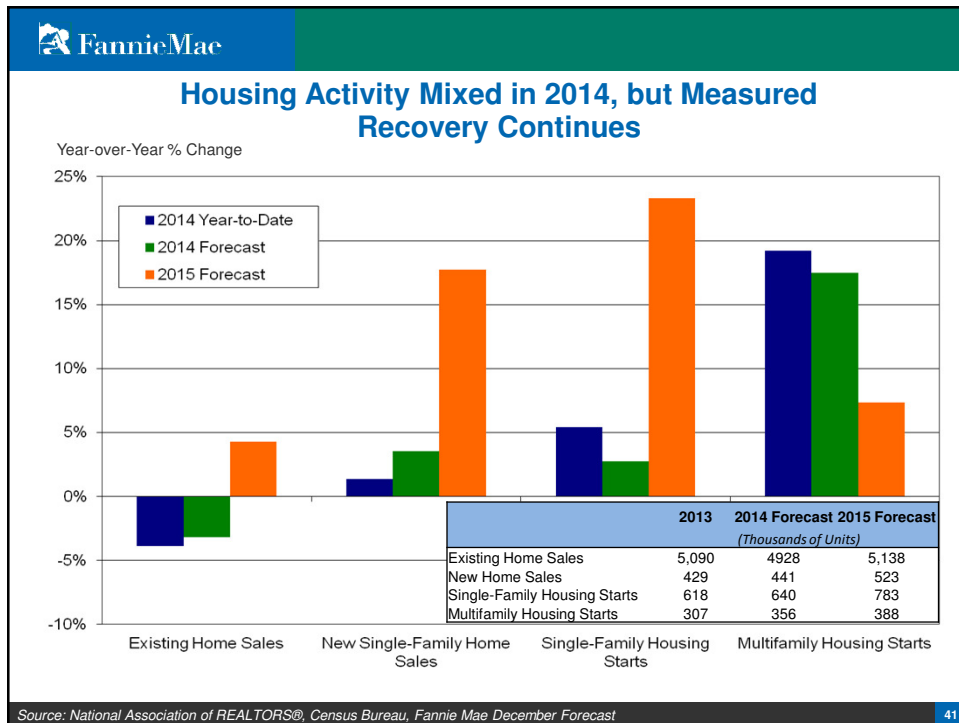
Younger Renters Q3 2013 – n=346; MOE +/- 5.27%

Younger Renters Q3 2014 – n=325; MOE +/- 5.44%

* Denotes a statistically significant difference between younger renters in Q3 2013 and Q3 2014 at the 95% confidence level

Source: Fannie Mae National Housing Survey

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Speaker Biography

Douglas G. Duncan is Fannie Mae's Senior Vice President and Chief Economist. He is responsible for managing Fannie Mae's Economic & Strategic Research Group and oversees corporate strategy. In this leadership role, Duncan provides all economic, housing, and mortgage market forecasts and analyses, and serves as the company's thought leader and spokesperson on economic and mortgage market issues.

Prior to joining Fannie Mae, Duncan was Senior Vice President and Chief Economist at the Mortgage Bankers Association. His experience also includes service as a LEGIS Fellow and staff member with the Committee on Banking, Finance, and Urban Affairs for Congressman Bill McCollum in the U.S. House of Representatives, and work on the Financial Institutions Project at the U.S. Department of Agriculture. He has been elected to the Board of Directors for the National Association of Business Economists, is a member of the American Economics Association and the American Real Estate and Urban Economics Association, and is past president of the Housing Statistics Users Group.

Named one of Bloomberg / BusinessWeek's 50 Most Powerful People in Real Estate and one of Inman News' 100 Most Influential Real Estate Leaders for 2013, Duncan is a frequent speaker on national and state economic, housing, and mortgage market conditions.

Duncan received his Ph. D. in Agricultural Economics from Texas A&M University and his B.S. and M.S. in Agricultural Economics from North Dakota State University.



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