

**EMBARGOED FOR RELEASE UNTIL 11:00 AM EST ON
NOVEMBER 29, 2007**

**EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, DC 20502**

**Joint Press Release of the Council of Economic Advisers, the Department of
the Treasury, and the Office of Management and Budget**

November 29, 2007

The Administration today released an updated economic forecast that projects continued solid economic growth and labor market performance. It assumes the continuation of the Administration's pro-growth policies, including extension of the President's tax relief. The growth forecast was revised up for this year, reflecting stronger-than-expected mid-year growth, but was lowered for next year due to recent financial market turmoil and continued difficulties in the housing sector.

"We continue to see signs of healthy economic growth, which only underscores the resilience of our economy despite continued challenges in the housing sector," said Edward P. Lazear, Chairman of the Council of Economic Advisers. "We are entering a record fifth year of continuous job growth while the unemployment rate remains low and we believe that these trends will continue."

The Administration releases an economic forecast twice a year. The new economic forecast – which will be used for the President's Fiscal Year 2009 budget – is similar to the consensus of professional economic forecasters and the Administration's past forecasts.

"While the difficulties in housing and credit markets and the effects of high energy prices will extract a penalty from growth, the U.S. economy has many strengths and I expect the expansion to continue," said Secretary Henry M. Paulson, Jr. "The U.S. economy remains broadly healthy—the unemployment rate is low, core inflation is contained, and strong foreign growth is boosting exports."

The forecast projects growth to be 2.7 percent during 2007 and 2008. This revision incorporates the strong growth that occurred in middle of the year plus the continuing effects of the declining housing sector. Real GDP growth is then projected to return to around its historic average before moderating slightly reflecting the retirement of the baby-boom generation. Growth beyond 2007 is projected at a slightly lower pace than in the previous forecasts due to the recent

downward revision to historical data on productivity growth. The updated forecast also shows continuing employment growth and a low unemployment rate.

“The Administration’s forecast reflects a realistic view of future economic performance and provides a solid foundation for estimating revenue and outlay projections in the years ahead,” said Office of Management and Budget Director Jim Nussle. “The President’s 2009 Budget will be based upon this forecast, and by keeping taxes low and restraining spending, we will balance the federal budget by 2012.”

Due to higher food and energy prices, overall inflation as measured by the Consumer Price Index (CPI) has been higher than expected in recent months but the core CPI (excluding volatile energy and food prices) has remained moderate. The forecast shows overall CPI inflation is expected to fall in 2008 and, in the long run, average a 2.3 percent annual rate of increase.

The Administration’s forecast of interest rates reflects recent declines in short-term and long-term rates but, over time, our forecast remains essentially unchanged.

The forecast was developed by a team from the Council of Economic Advisers, the Department of the Treasury, and the Office of Management and Budget, with assistance from other agencies.

Administration Economic Forecast <1>

	Nominal GDP	Real GDP (chain-type)	GDP price index (chain-type)	Consumer price index (CPI-U)	Unemployment rate (percent)	Interest rate, 91-day Treasury bills <2> (percent)	Interest rate, 10-year Treasury notes (percent)	Nonfarm payroll employment (average monthly change, Q4-to-Q4, thousands)
	Percent change, Q4-to-Q4				Level, calendar year			
2006 (actual)	5.4	2.6	2.7	1.9	4.6	4.7	4.8	192
2007	5.1	2.7	2.3	3.9	4.6	4.4	4.7	129
2008	4.8	2.7	2.0	2.1	4.9	3.7	4.6	109
2009	5.1	3.0	2.0	2.2	4.9	3.8	4.9	129
2010	5.0	3.0	2.0	2.3	4.8	4.0	5.1	118
2011	5.0	2.9	2.0	2.3	4.8	4.1	5.2	112
2012	4.9	2.8	2.0	2.3	4.8	4.1	5.3	102
2013	4.9	2.8	2.0	2.3	4.8	4.1	5.3	92

<1> Based on data available as of November 15, 2007.

<2> Secondary market discount basis.

Sources: Council of Economic Advisers, Department of Commerce (Bureau of Economic Analysis and Economics and Statistics Administration), Department of Labor (Bureau of Labor Statistics), Department of the Treasury, and Office of Management and Budget.