

Table 1. Major assumptions affecting aggregate projections, 1986, 1996, 2006, and projected 2016

Exogenous variables	Billions of chained 2000 dollars (unless noted)				Average annual rate of change		
	1986	1996	2006	2016	1986-96	1996-2006	2006-16
Monetary policy-related:							
Federal funds rate (percent)	6.81	5.30	4.96	5.15	-2.5	-0.7	0.4
Excess reserves (billions of current dollars)	0.89	1.09	1.62	2.49	2.1	4.0	4.4
Ninety-day Treasury bill rate (percent)	5.98	5.01	4.73	4.79	-1.8	-0.6	0.1
Yields on ten-year Treasury notes (percent)	7.68	6.44	4.79	5.63	-1.8	-2.9	1.6
Fiscal policy, tax-related:							
Effective Federal marginal tax rate on wages and salaries (percent)	25.9	22.5	21.4	21.4	-1.4	-0.5	0.0
Effective Federal marginal tax rate on interest income (percent)	25.7	24.3	23.0	23.0	-0.6	-0.6	0.0
Effective Federal marginal tax rate on dividend income (percent)	34.3	27.8	22.5	22.5	-2.1	-2.1	0.0
Effective Federal marginal tax rate on capital gains (percent)	40.0	25.7	15.0	15.0	-4.3	-5.2	0.0
Maximum Federal corporate rate (percent)	46.0	35.0	35.0	35.0	-2.7	0.0	0.0
Fiscal policy, Government outlays-related:							
Defense intermediate goods and services purchased	147.0	120.3	209.7	239.9	-2.0	5.7	1.4
Defense gross investment	69.5	51.3	76.6	94.2	-3.0	4.1	2.1
Nondefense intermediate goods and services purchased	53.1	61.0	96.5	104.7	1.4	4.7	0.8
Nondefense gross investment	19.3	28.6	38.5	37.9	4.0	3.0	-0.2
Federal grants-in-aid, Medicaid and other (billions of current dollars)	87.6	191.1	358.5	588.5	8.1	6.5	5.1
Federal transfer payments, Medicare (billions of current dollars)	75.3	195.7	393.8	900.0	10.0	7.2	8.6
Energy-related:							
Refiners' acquisition cost of imported oil (nominal dollars per barrel)	14.3	20.6	58.9	55.2	3.7	11.1	-0.6
Domestic share of U.S. crude oil acquisitions (as percentage of total acquisitions)	67.5	46.3	33.6	35.8	-3.7	-3.2	0.7
Domestic oil product	37.8	32.1	29.1	26.3	-1.6	-1.0	-1.0
Demographic-related:							
Total population including overseas Armed Forces (in millions)	240.4	269.8	300.5	327.0	1.2	1.1	0.9
Population aged 16 and over (in millions)	180.6	200.6	228.8	250.6	1.1	1.3	0.9

SOURCE: Historical data, Federal Reserve Board, Bureau of Economic Analysis, Energy Information Administration, and U.S. Census Bureau; projected data, Bureau of Labor Statistics, Energy Information Administration, and U.S. Census Bureau.