

North American Economic Outlook

Tom Fullerton & Adam Walke

Border Region Modeling Project

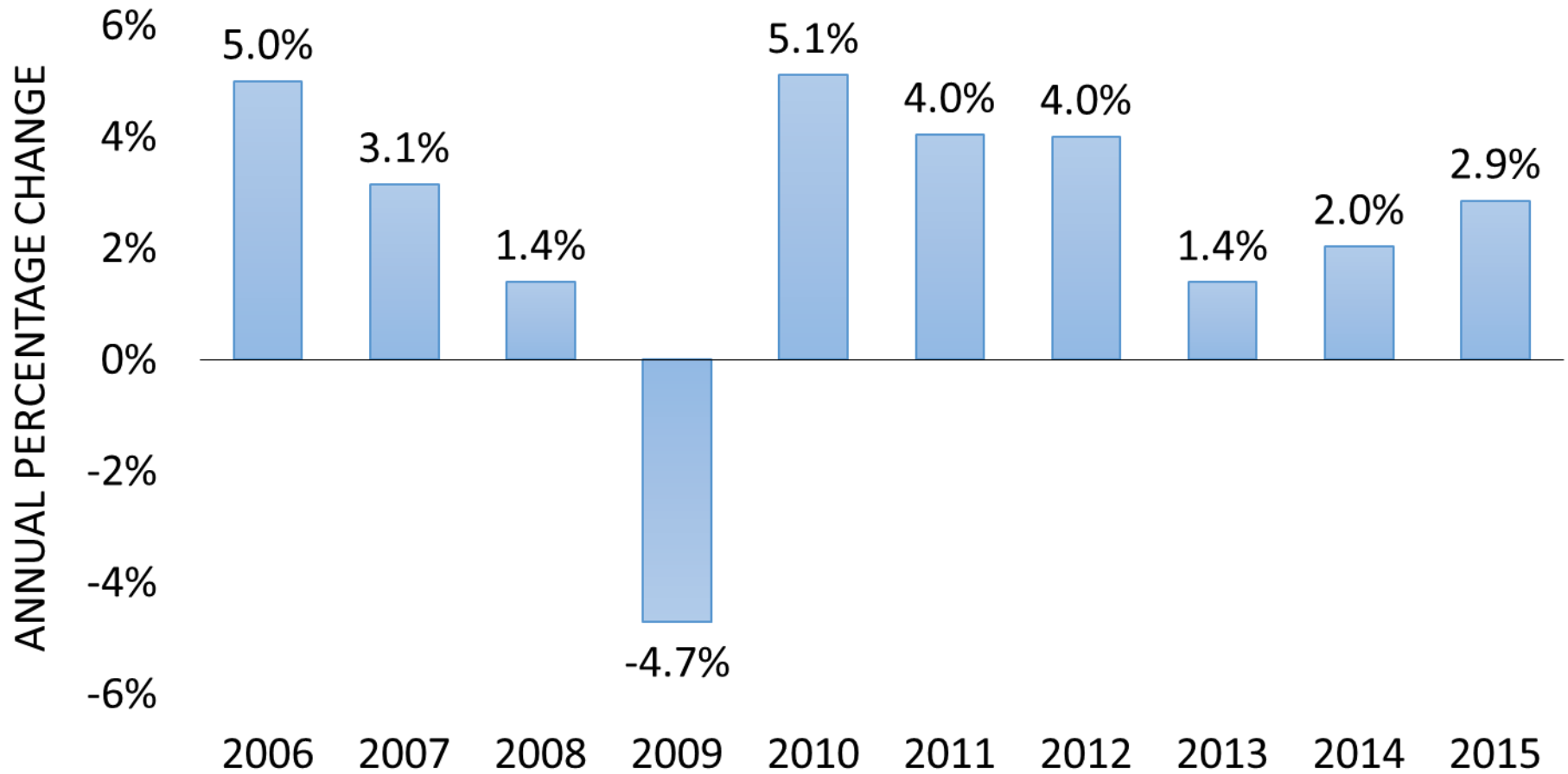
Department of Economics & Finance

University of Texas at El Paso

19 February 2015

MEXICO

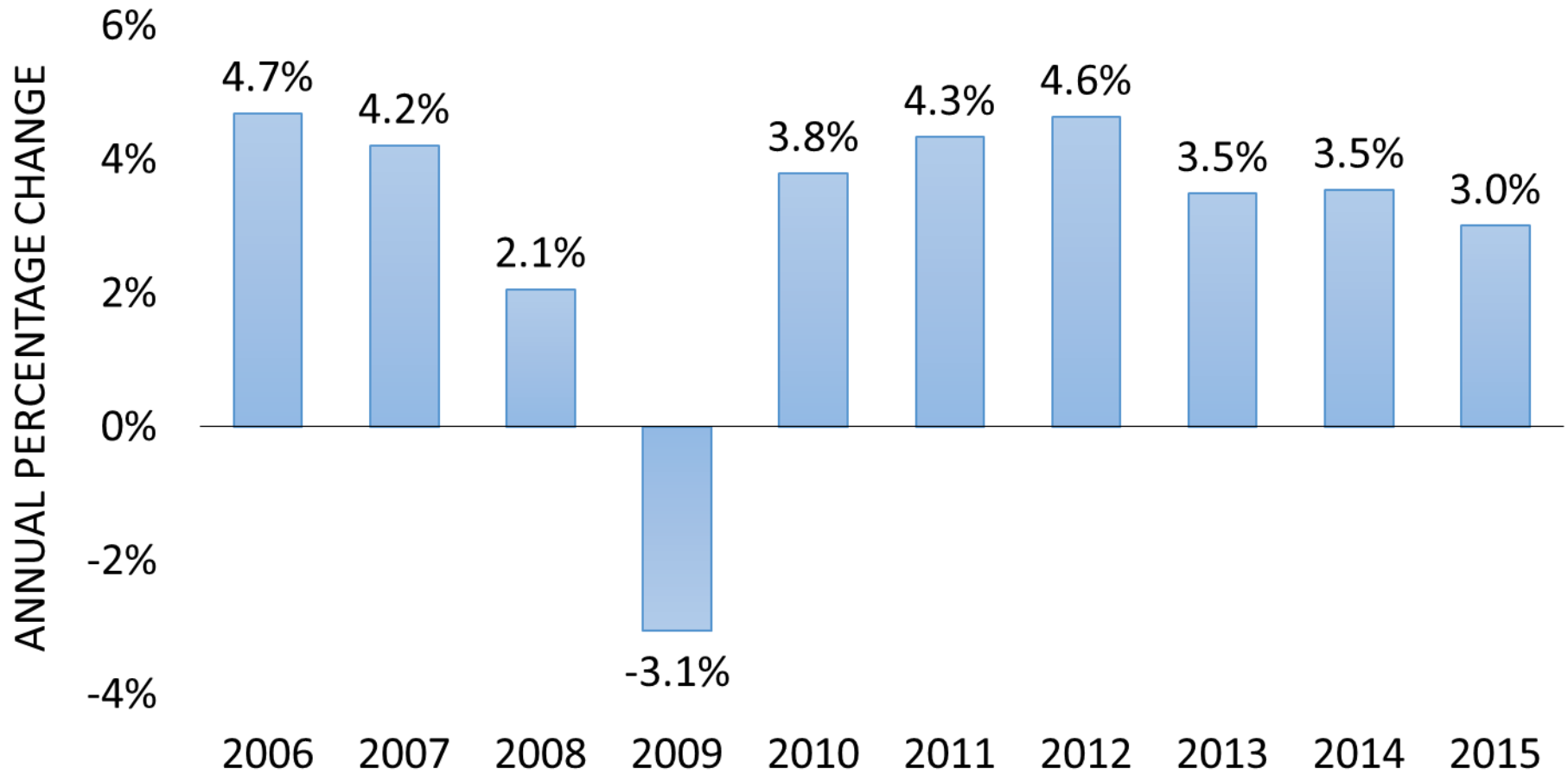
MEXICO REAL GROSS DOMESTIC PRODUCT



Historical Data: Instituto Nacional de Estadística y Geografía

Forecast: *Mexico Consensus Economic Forecast*

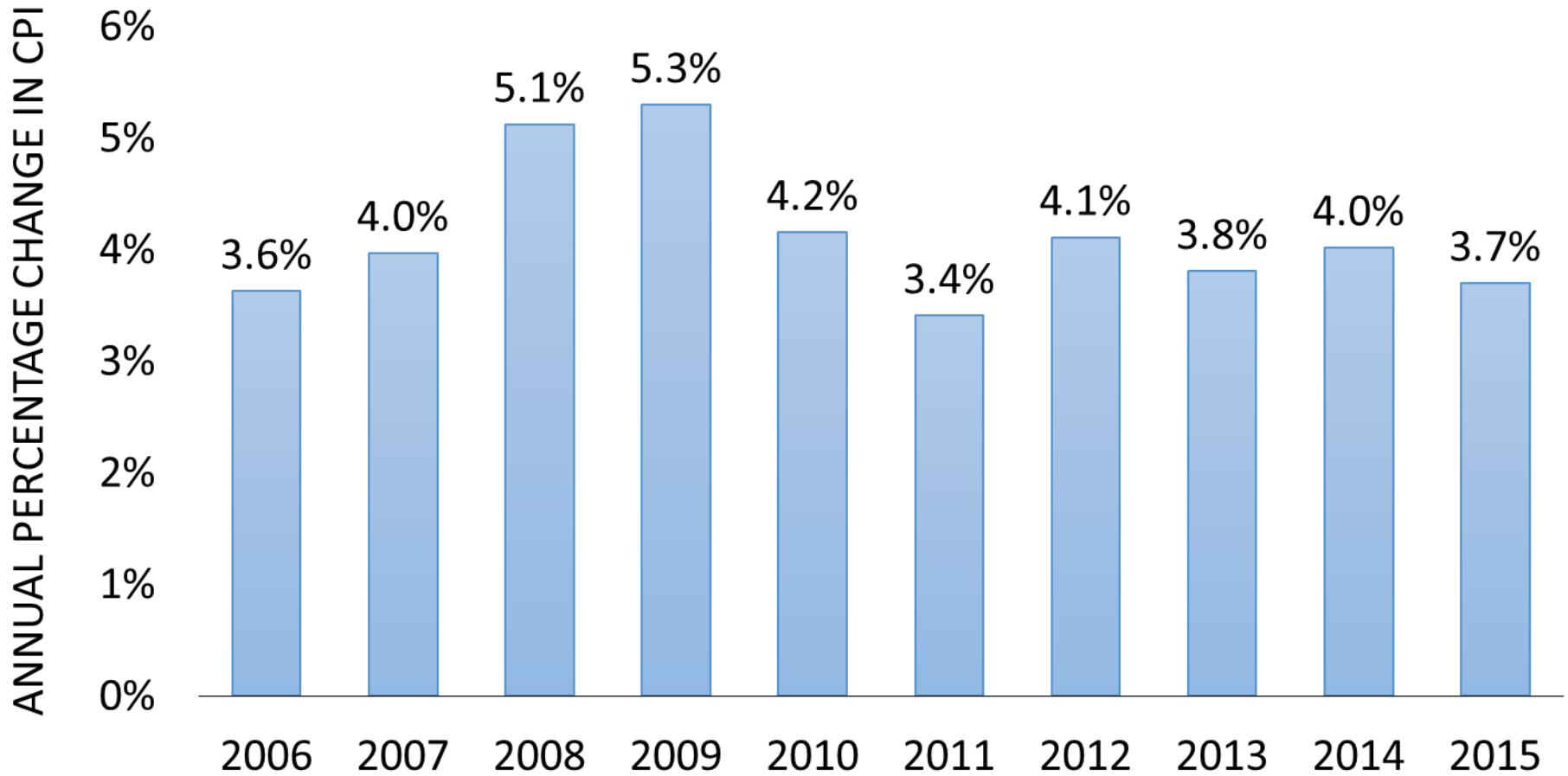
MEXICO TOTAL FORMAL-SECTOR EMPLOYMENT



Historical Data: Instituto Nacional de Estadística y Geografía / Instituto Mexicano del Seguro Social

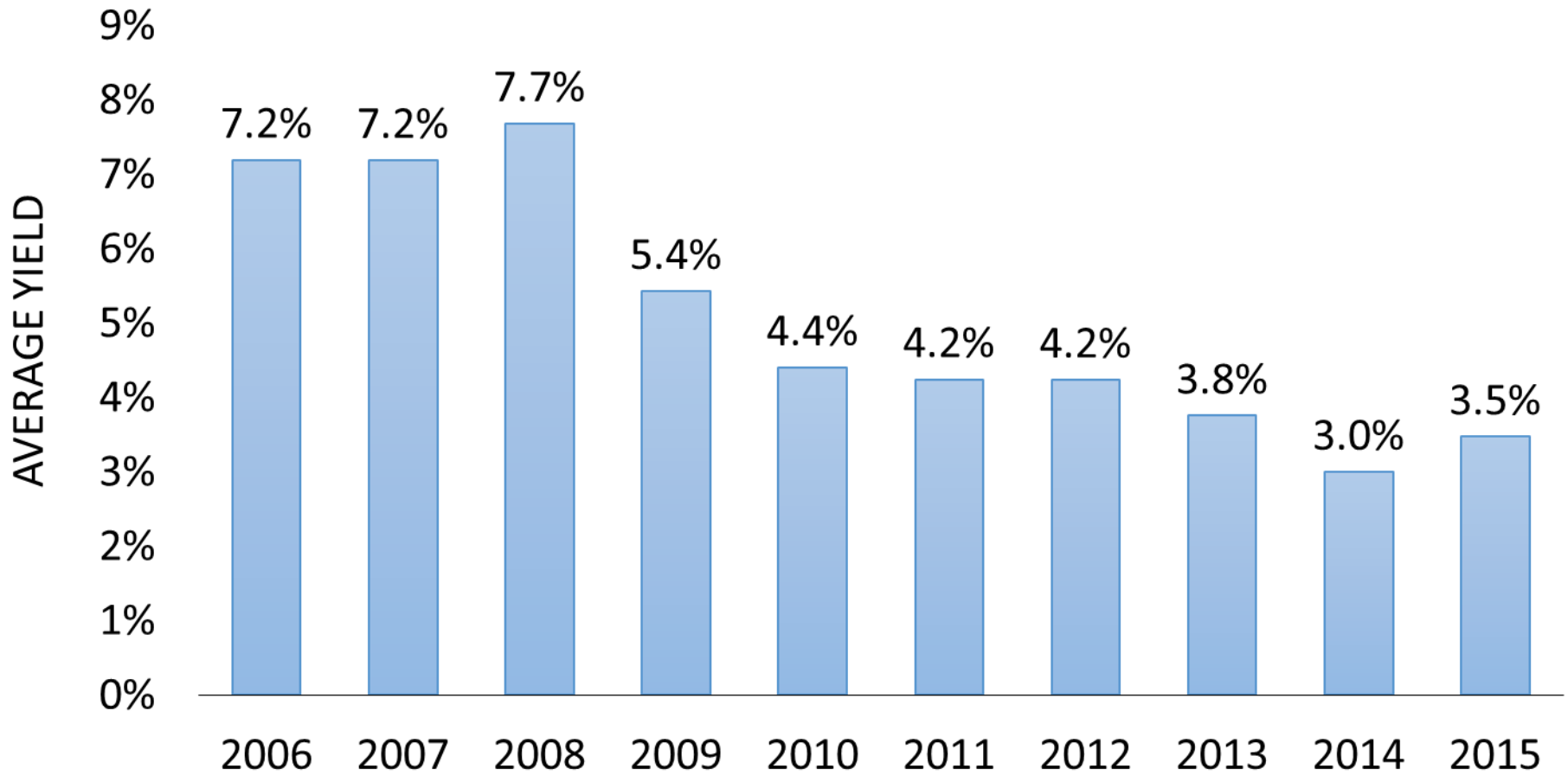
Forecast: UTEP Border Region Modeling Project

MEXICO INFLATION RATE



Historical Data: Instituto Nacional de Estadística y Geografía
Forecast: *Mexico Consensus Economic Forecast*

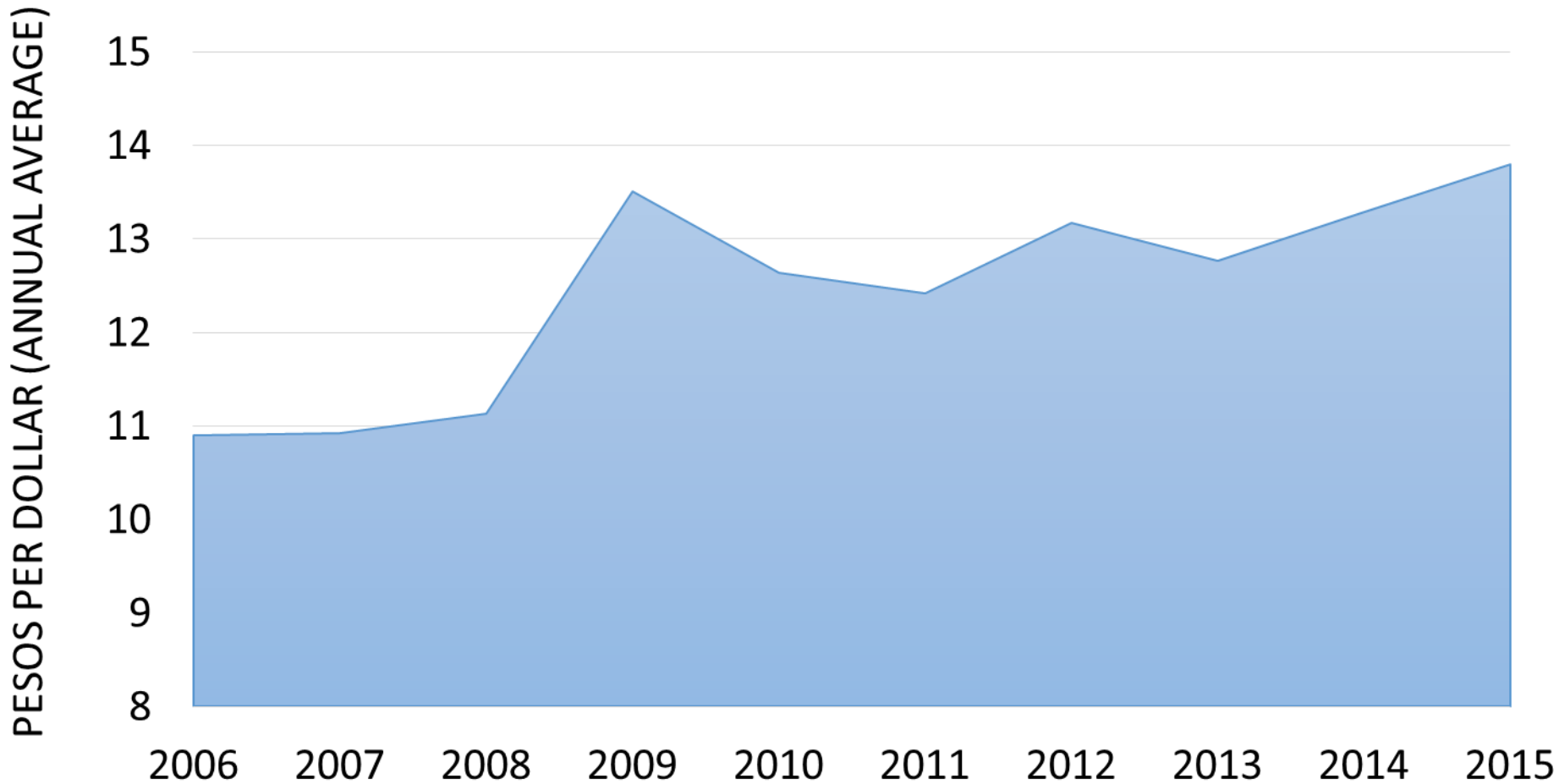
YIELD ON 28-DAY CETES (MEXICAN TREASURY CERTIFICATES)



Historical Data: Banco de México

Forecast: *Mexico Consensus Economic Forecast*

PESO / DOLLAR EXCHANGE RATE

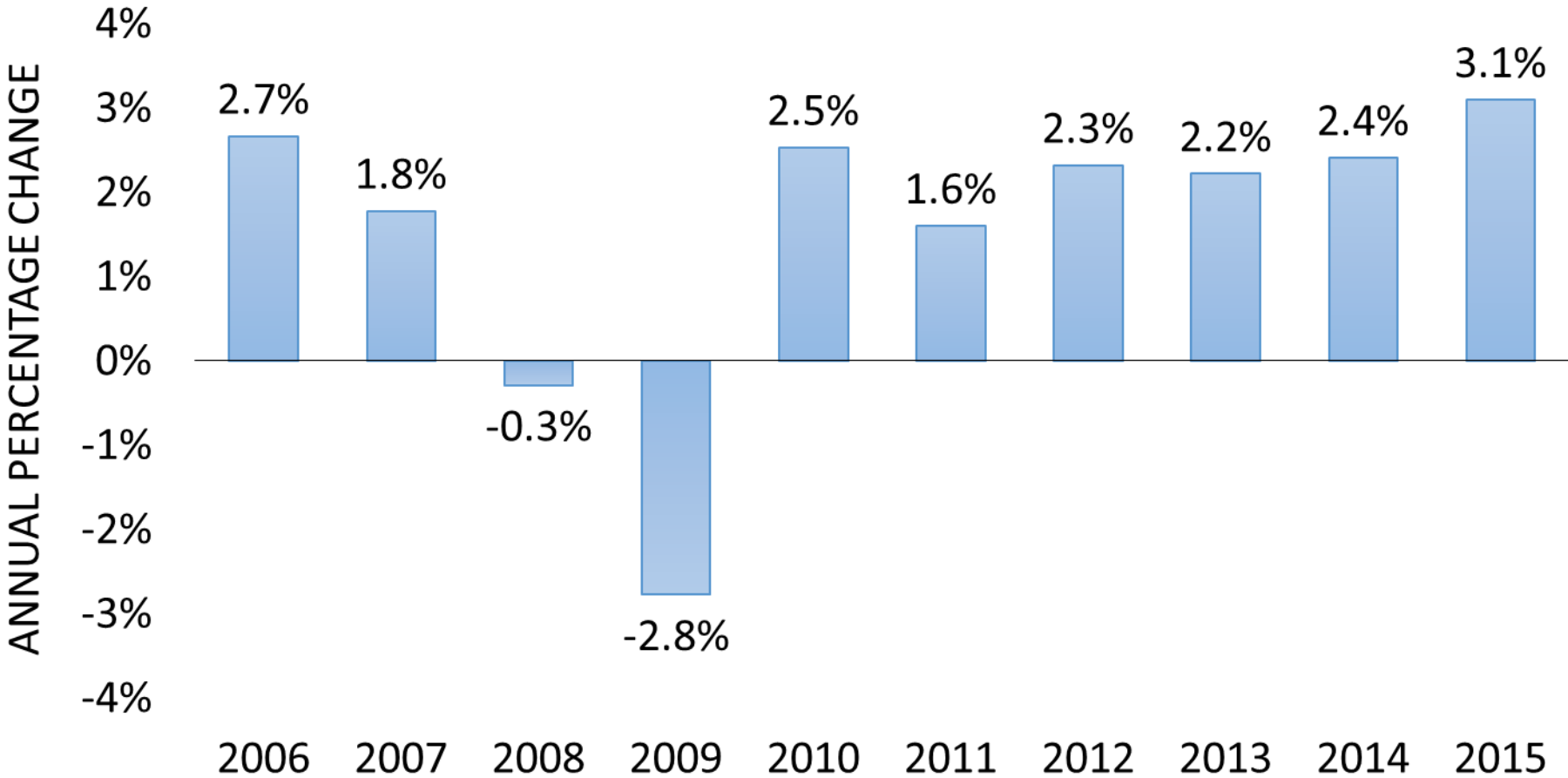


Historical Data: Banco de México

Forecast: *Mexico Consensus Economic Forecast*

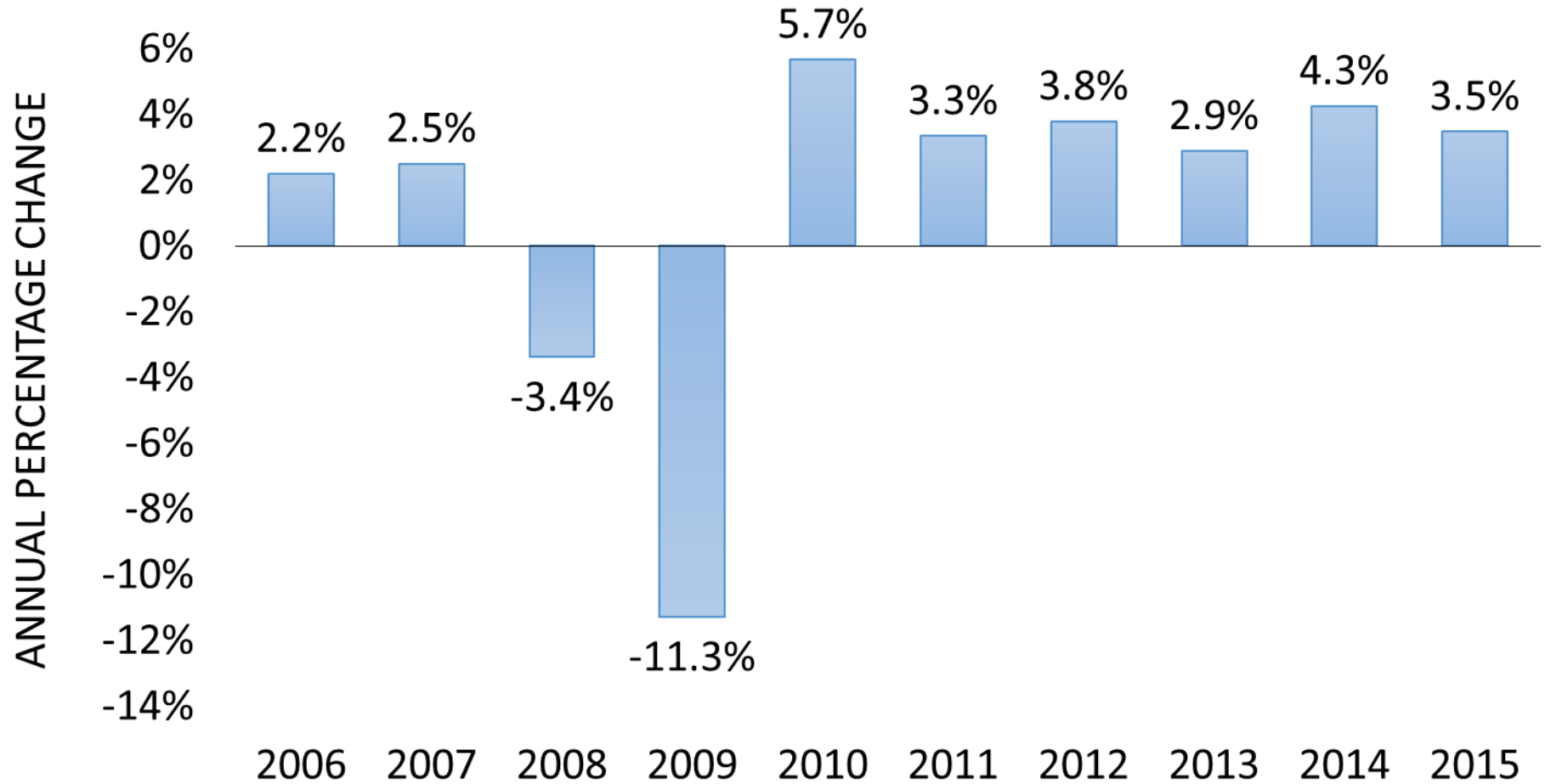
UNITED STATES

US REAL GROSS DOMESTIC PRODUCT



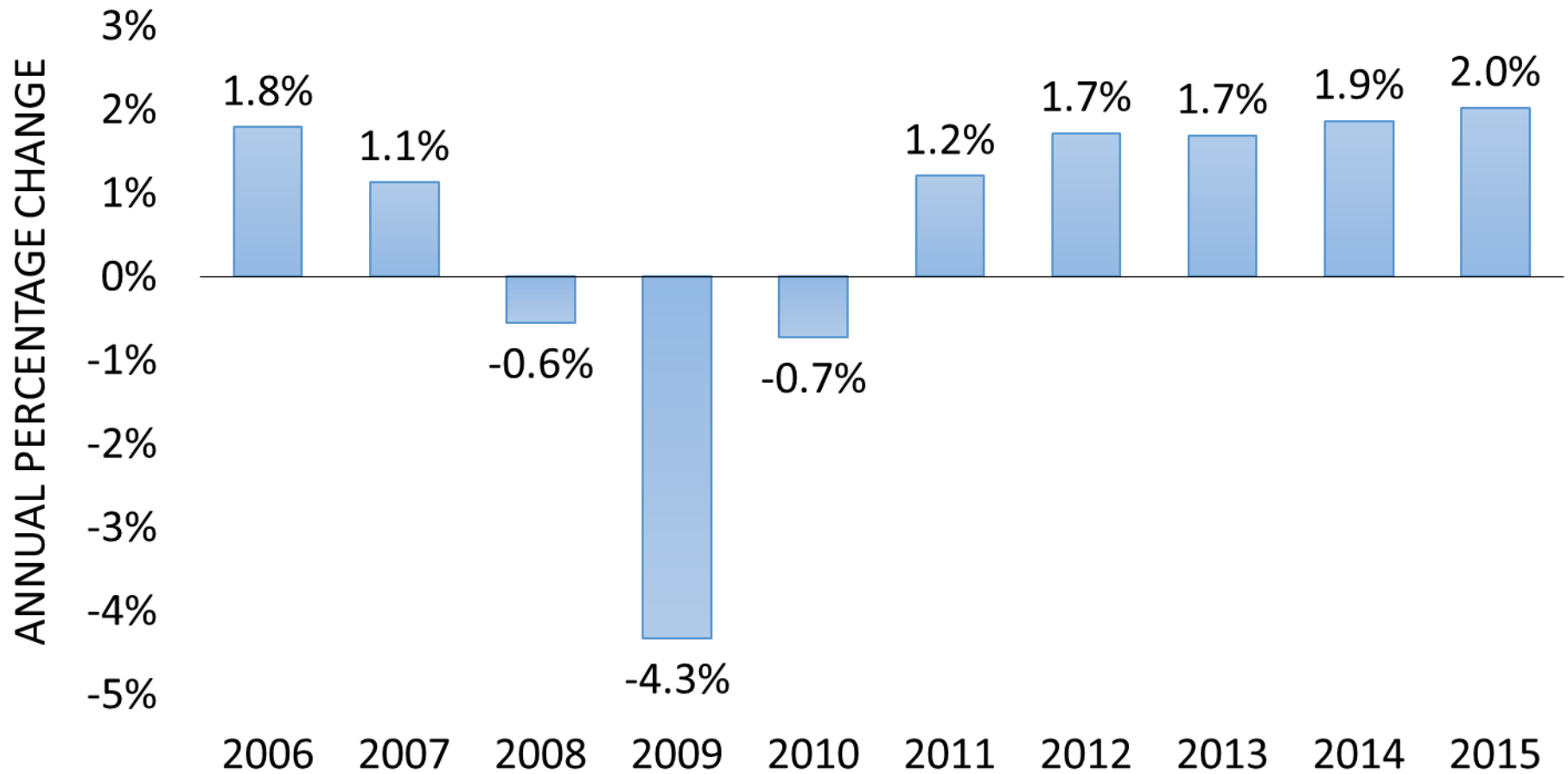
Historical Data: Bureau of Economic Analysis
Forecast: IHS Global Insight

US INDUSTRIAL PRODUCTION INDEX



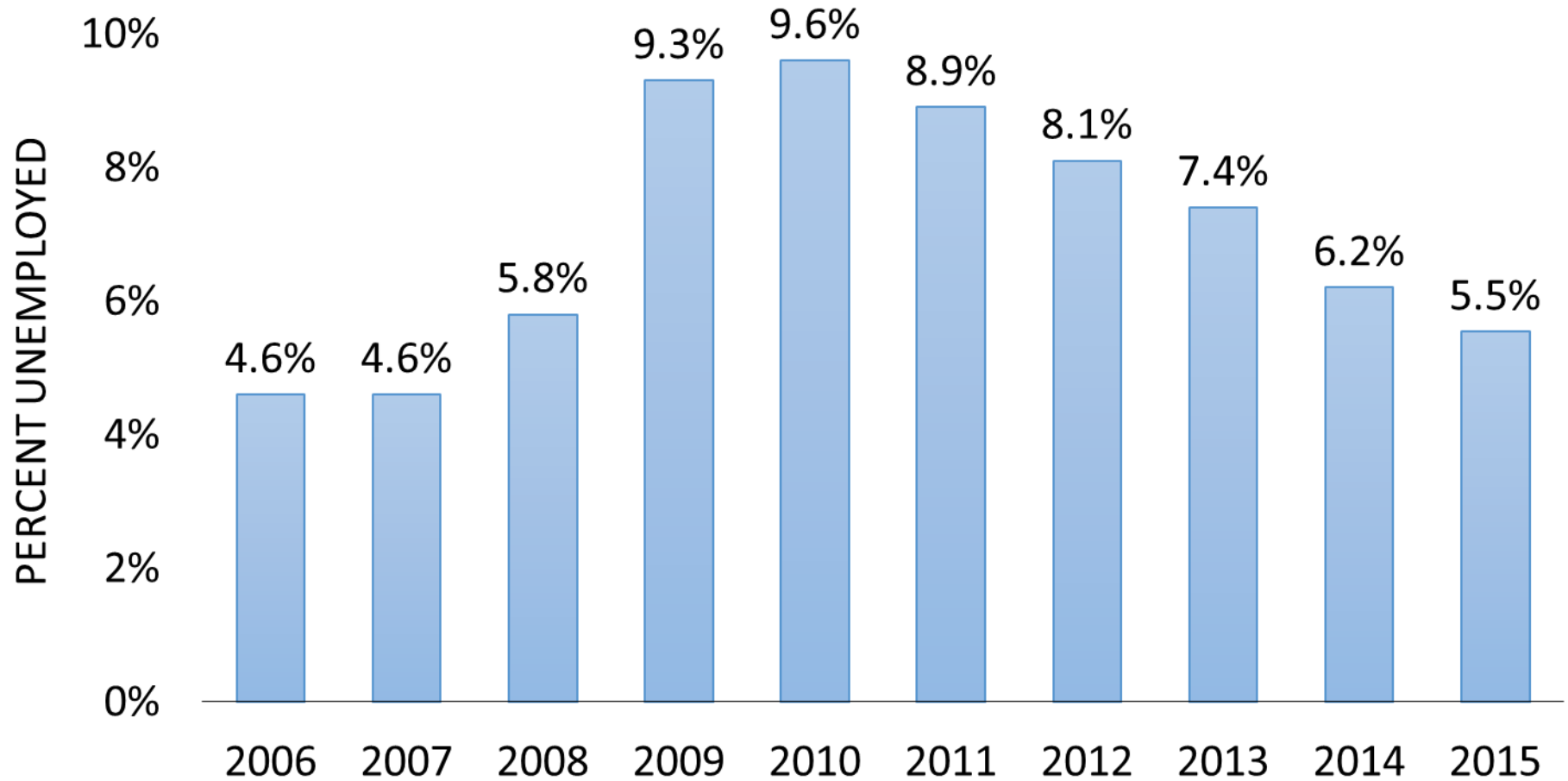
Historical Data: Board of Governors of the Federal Reserve System
Forecast: IHS Global Insight

TOTAL NONFARM EMPLOYMENT



Historical Data: Bureau of Labor Statistics
Forecast: IHS Global Insight

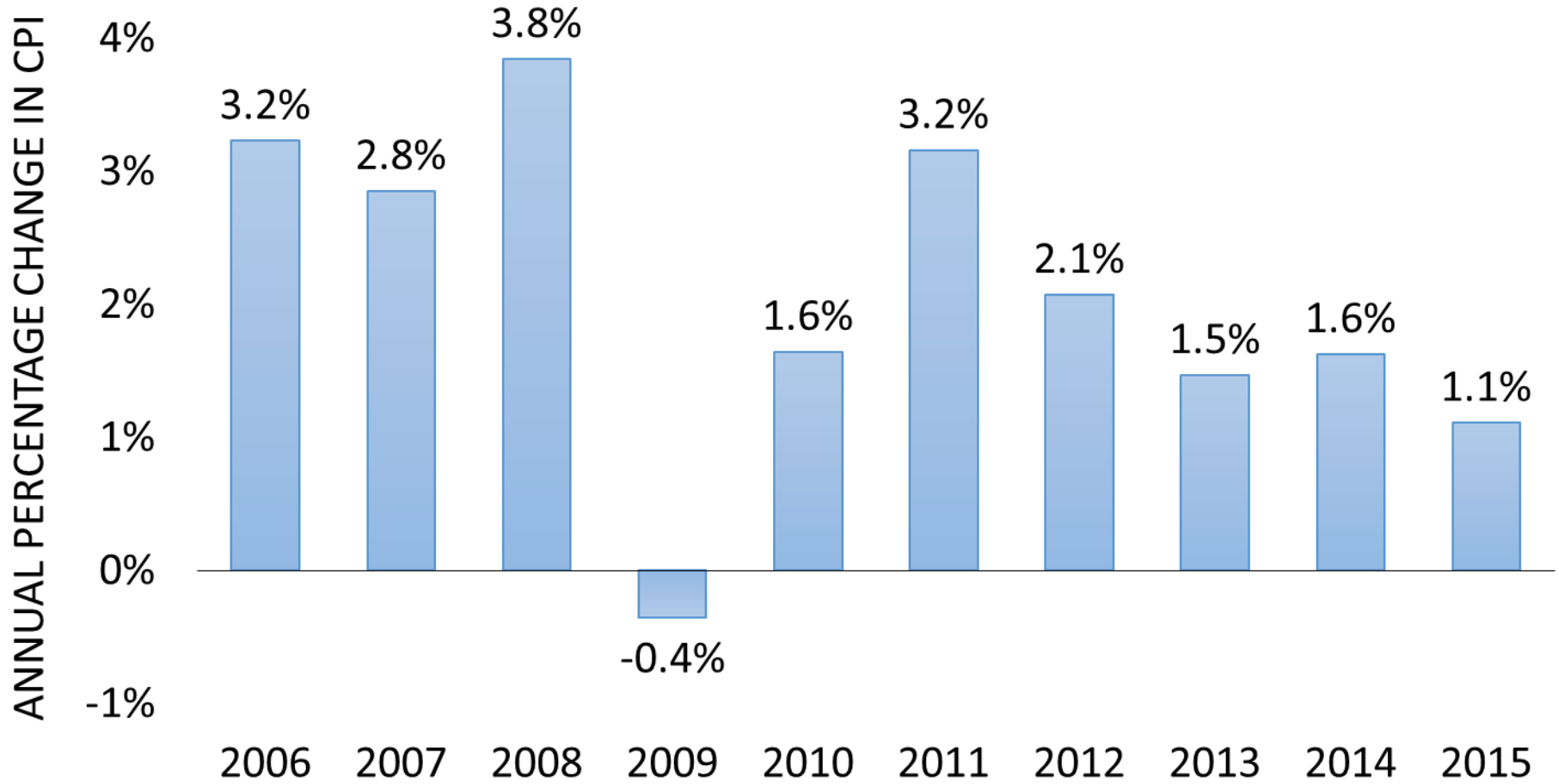
UNEMPLOYMENT RATE



Historical Data: Bureau of Labor Statistics

Forecast: IHS Global Insight

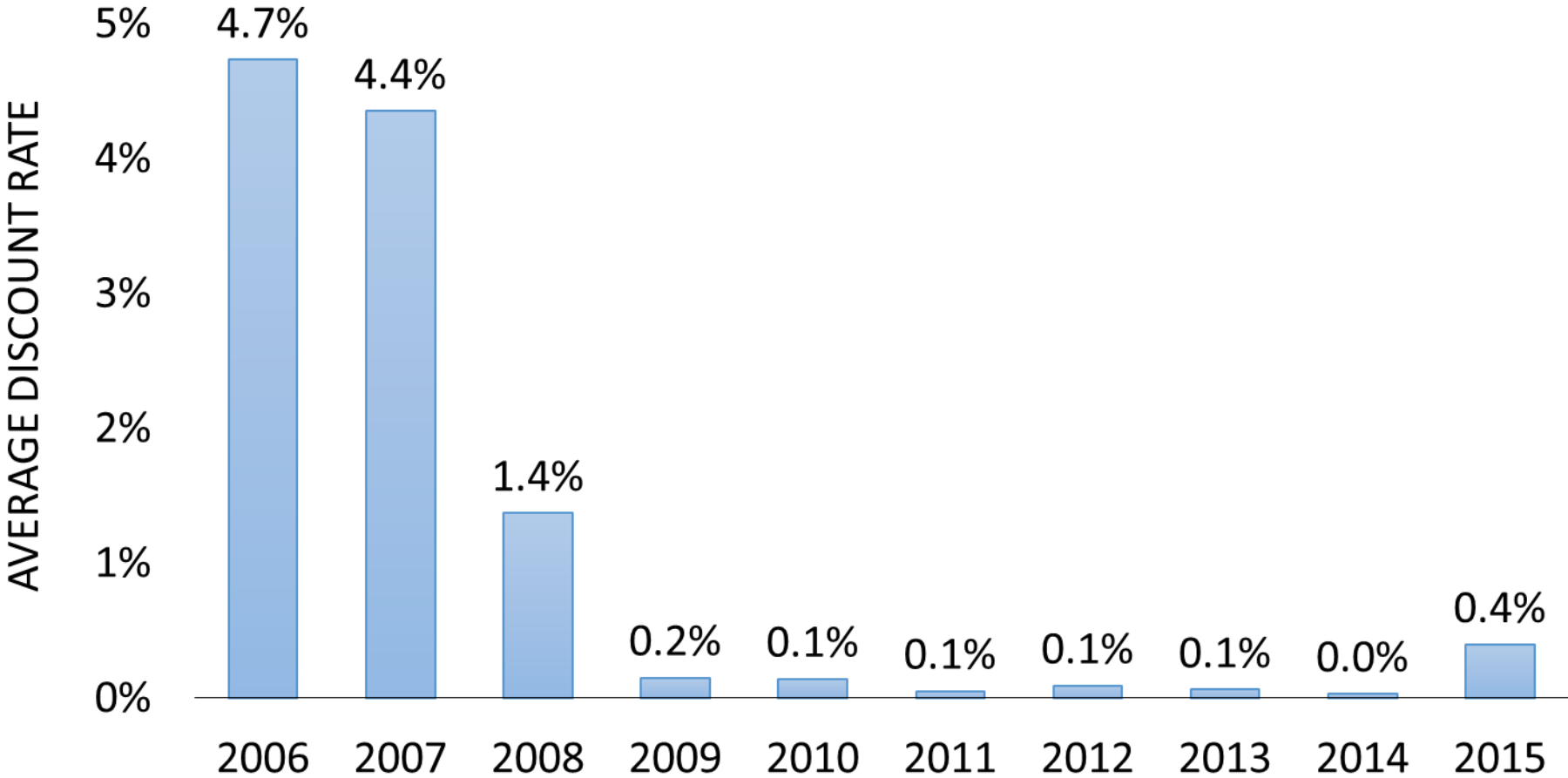
US INFLATION RATE



Historical Data: Bureau of Labor Statistics

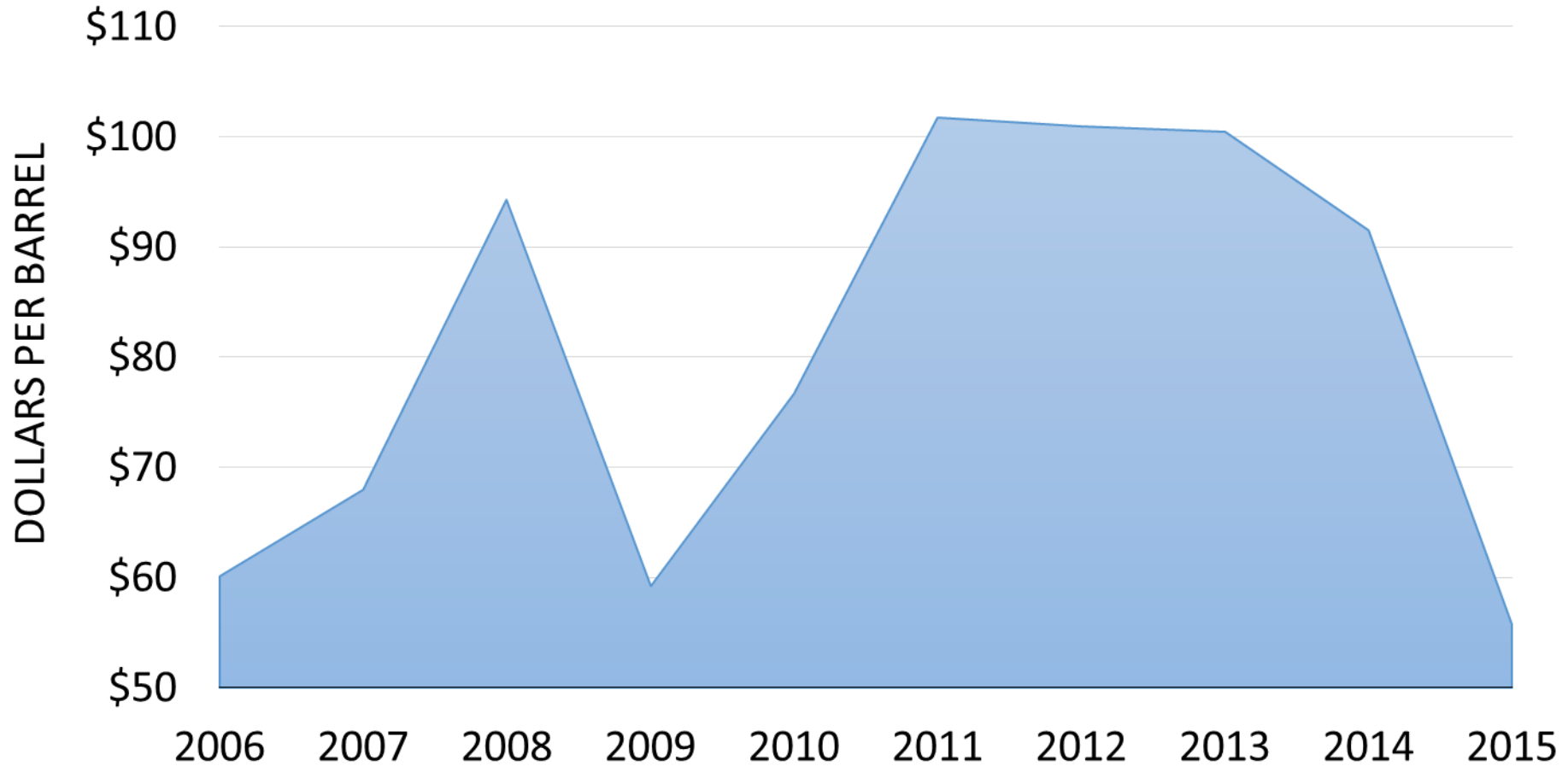
Forecast: Moody's Analytics

DISCOUNT RATE ON 3-MONTH TREASURY BILLS



Historical Data: Board of Governors of the Federal Reserve System
Forecast: IHS Global Insight

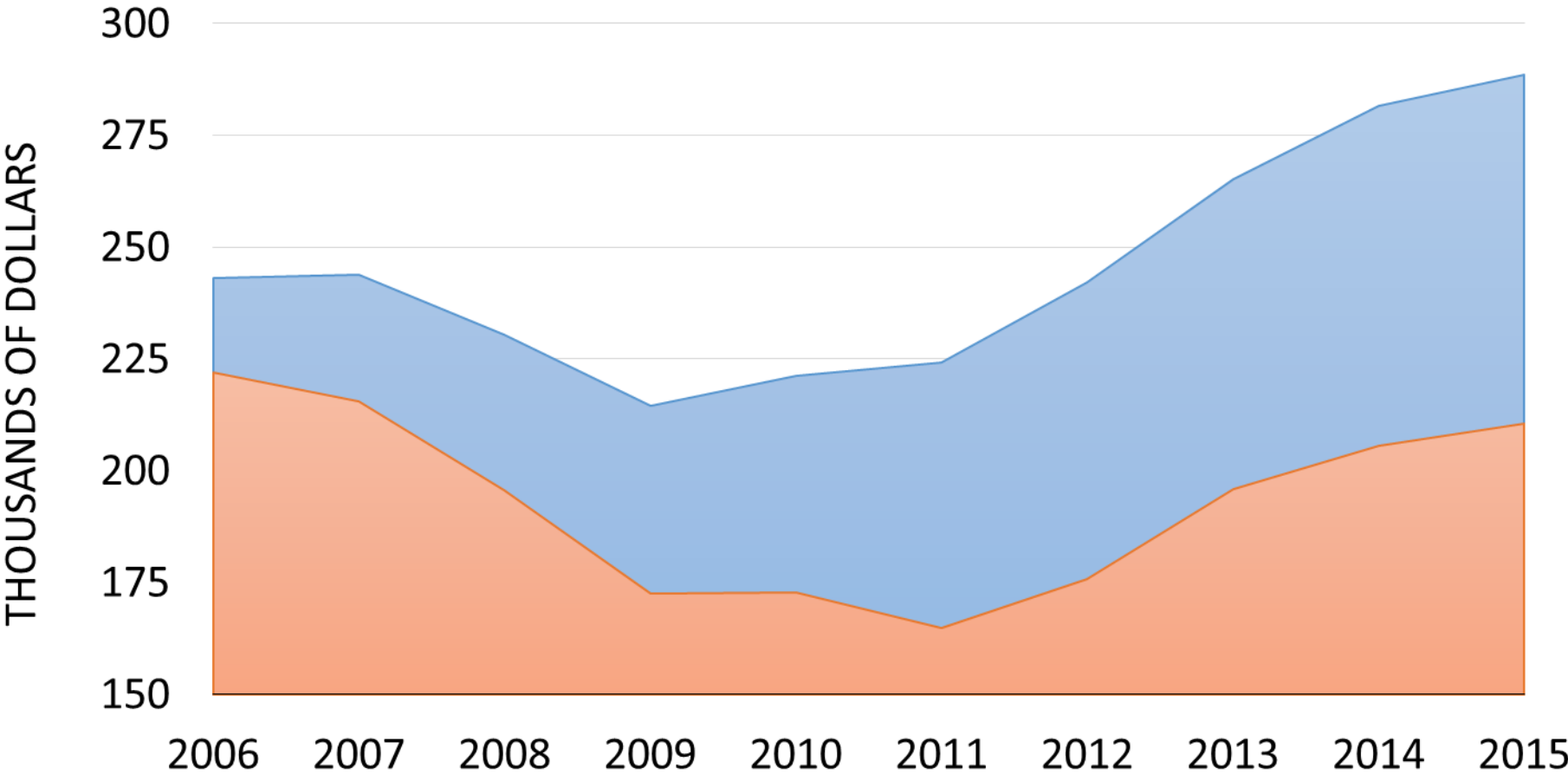
PRICE OF CRUDE OIL RECEIVED IN US REFINERY INVENTORIES



Historical Data: Energy Information Administration
Forecast: IHS Global Insight

MEDIAN SINGLE FAMILY HOME PRICES

■ New Homes ■ Existing Homes



Historical Data: Census Bureau/National Association of Realtors/IHS Global Insight
Forecast: IHS Global Insight

Important Predictions for 2015

U.S. Economy still Strong: Solidifies Global Prospects

Eurozone & Japan may Grow: Modest Improvements

Russia & Other Countries will Slide: Weak
Commodity Prices plus Bad Policies

Federal Funds Rate Hikes: Should start in June

Important Economic Risks in 2015

China: Asset Bubbles; Excess Capacity; Debt

Eurozone Uncertainties: Greece; Deflation; Policy Rigidity

Commodity Prices: Substantial Downside Risks

Geopolitical Turmoil: Commodities; Investments

Important Economic Risks in 2015

Global Deflation: Negative Real Interest Rates =>
Few Means for Combat

Natural Disasters: Global Supply Chain Risks

Accounting Fraud: 2001 & 2007 => Massive
Problems still Possible; Business Sector Rumors

Mexico Labor Code Reform: Not yet Implemented