



# BRAZOS RIVER AUTHORITY

Long Range Market Outlook

January 25, 2016

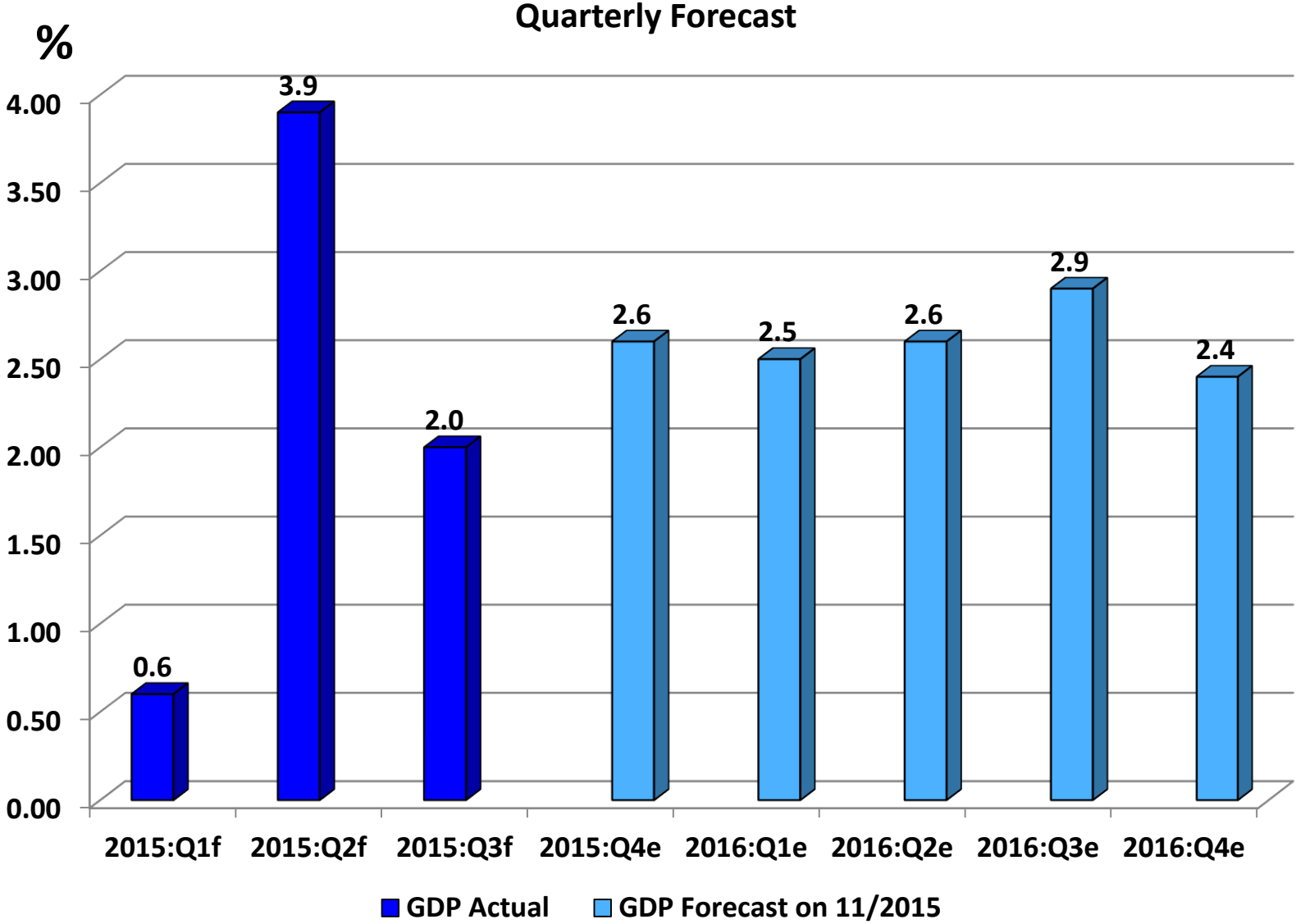


Valley View Consulting, L.L.C.

# Economic Recovery?

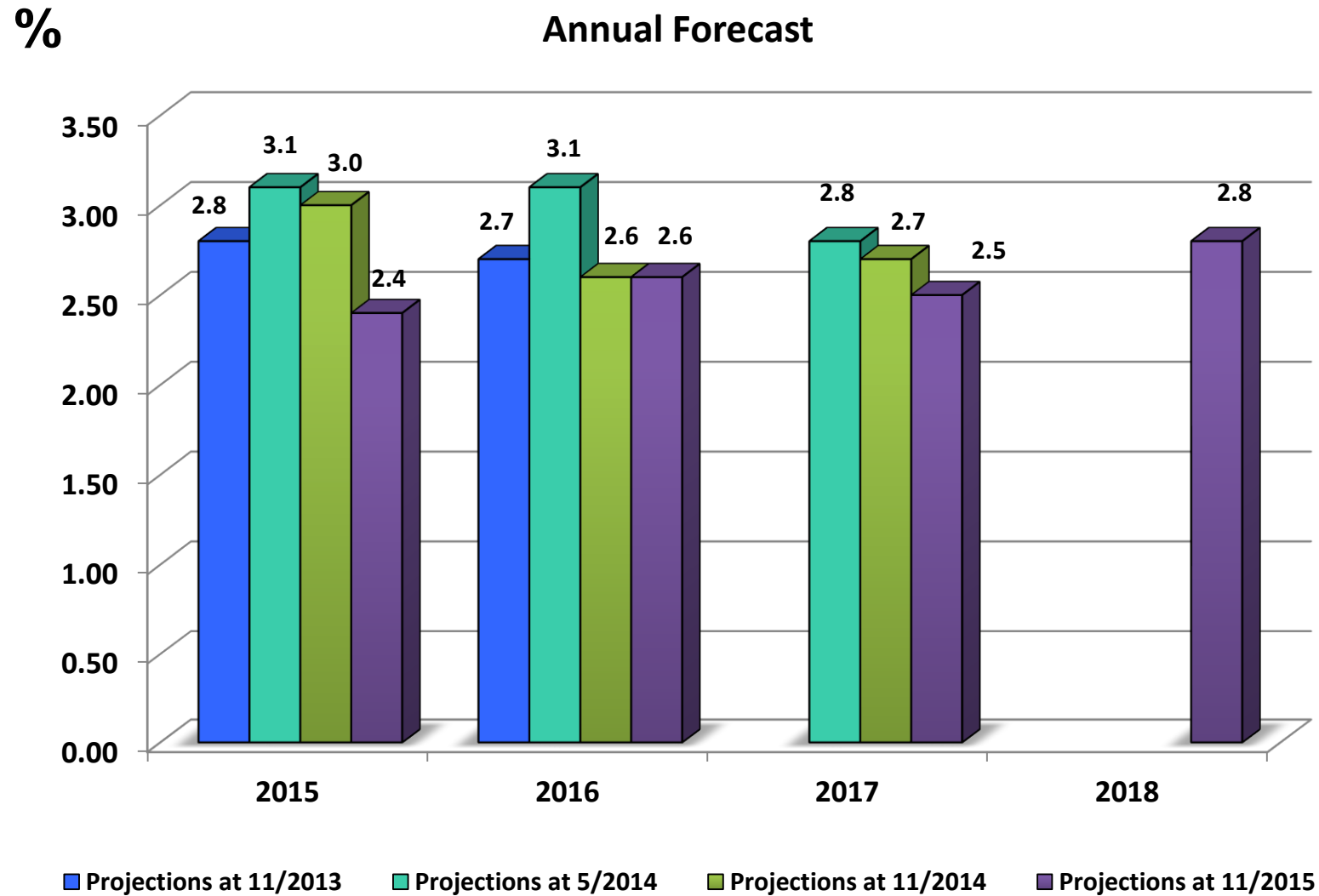
- US Economy Improving
- Housing, Employment and Production
  - Fed Employment Targets Met
  - Inflation Targets Still Allusive
- Fed Raised the Fed Funds Rate Range
- Long range strength is perhaps threatened
  - China Economic Situation
  - Oil Prices
- Fed Outlook in December was for continued improvements

# GDP – Forecast Improving



Source: Federal Reserve Bank of Philadelphia November 2015

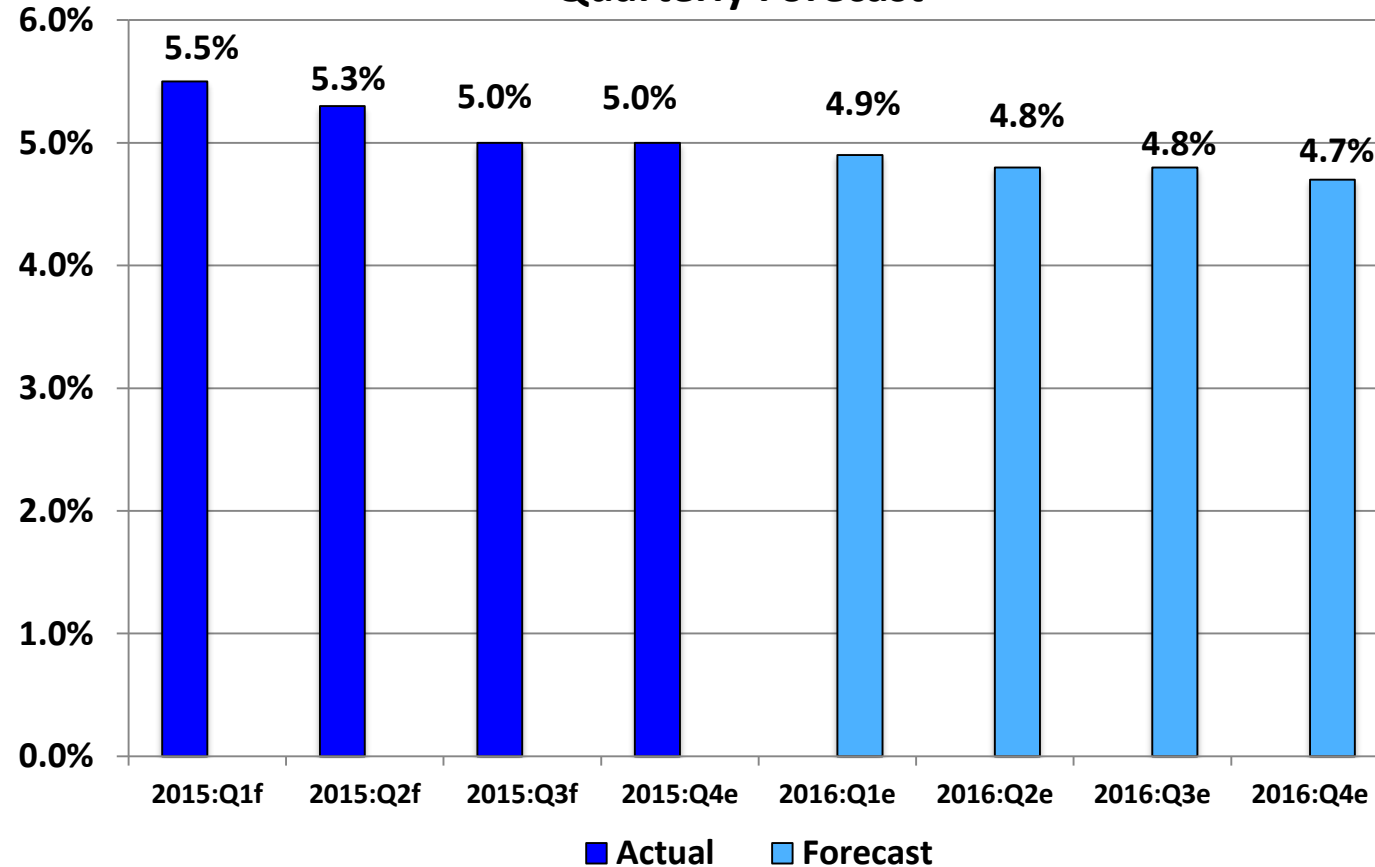
# GDP – Modest Growth Expected



Source: Federal Reserve Bank of Philadelphia November 2015

# Employment Improving

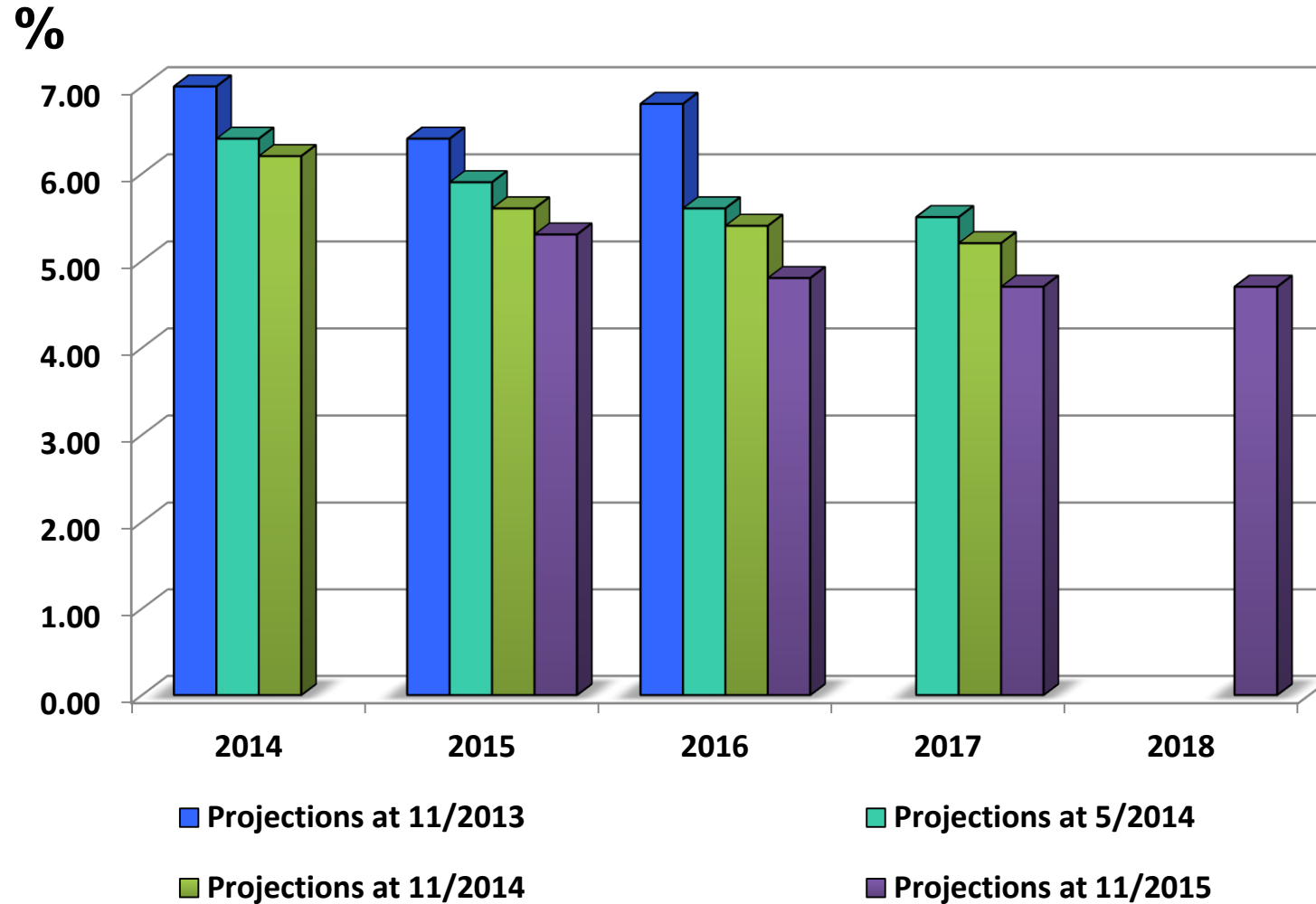
## Unemployment Rate Quarterly Forecast



Source: Federal Reserve Bank of Philadelphia (November 2015)

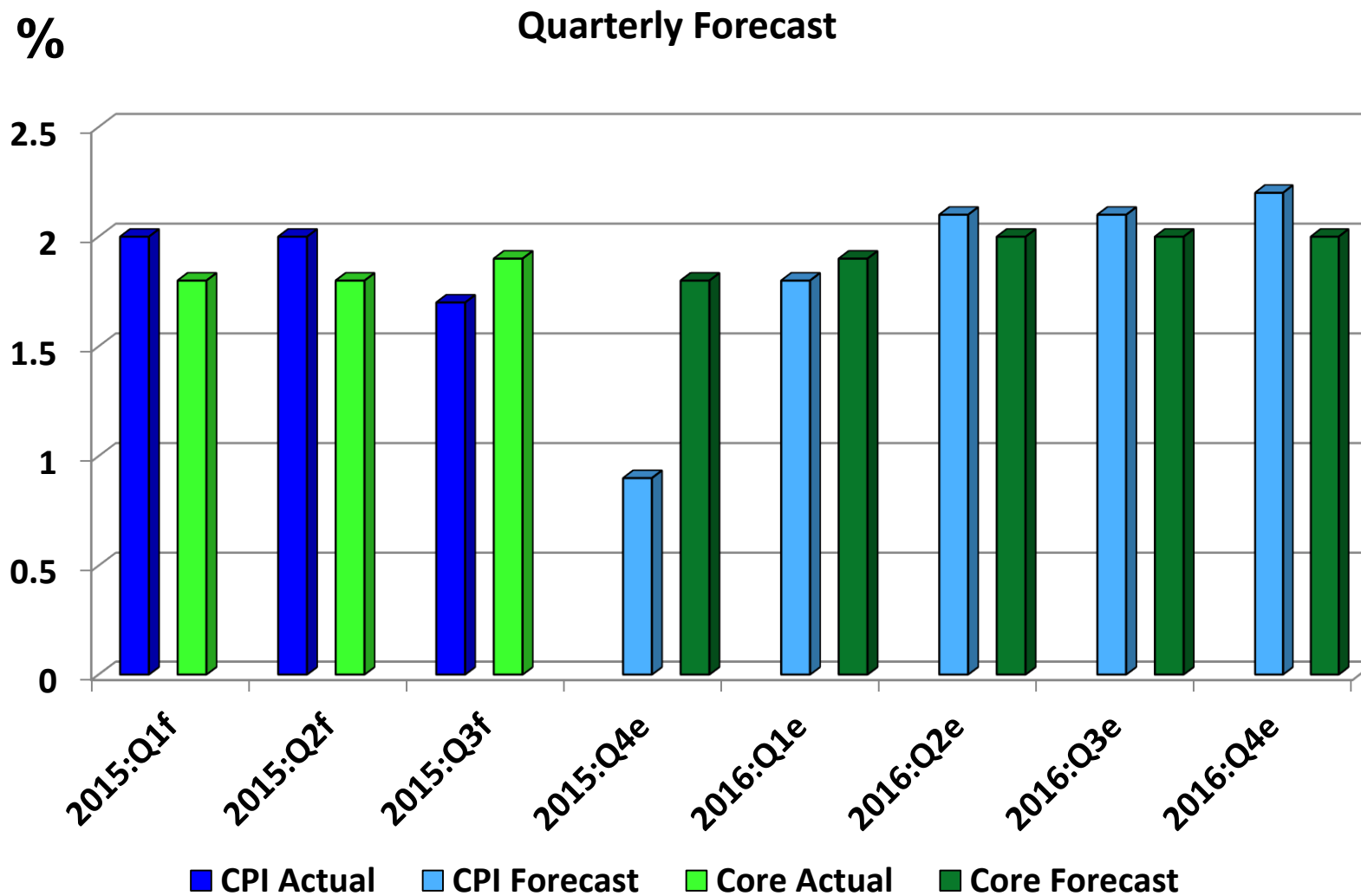
# Unemployment Forecasts Lower

Annual Forecast



Source: Federal Reserve Bank of Philadelphia (November 2015)

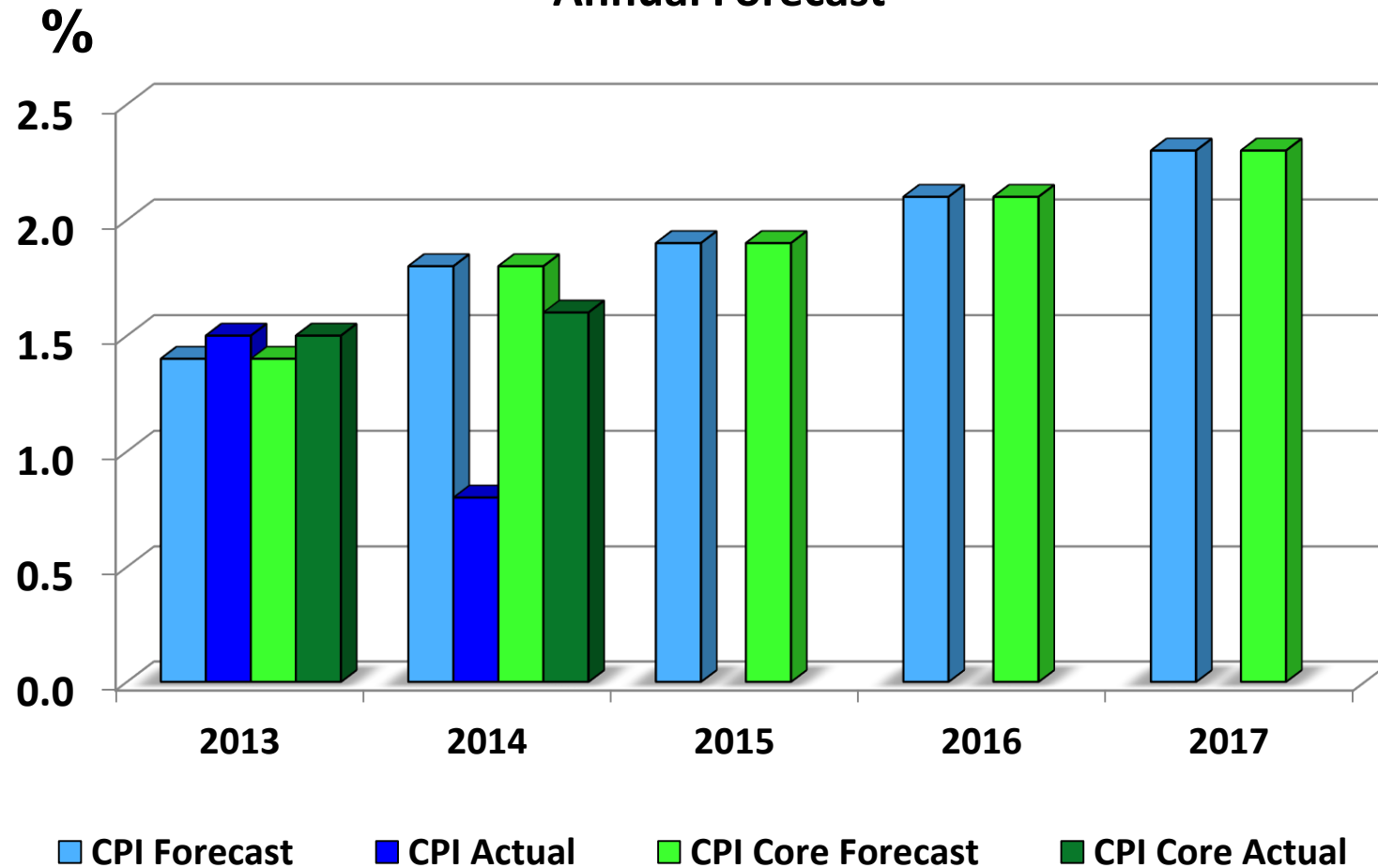
# Inflation Forecast Still Optimistic



Source: Federal Reserve Bank of Philadelphia (November 2015)

# Inflation Moderately Increasing

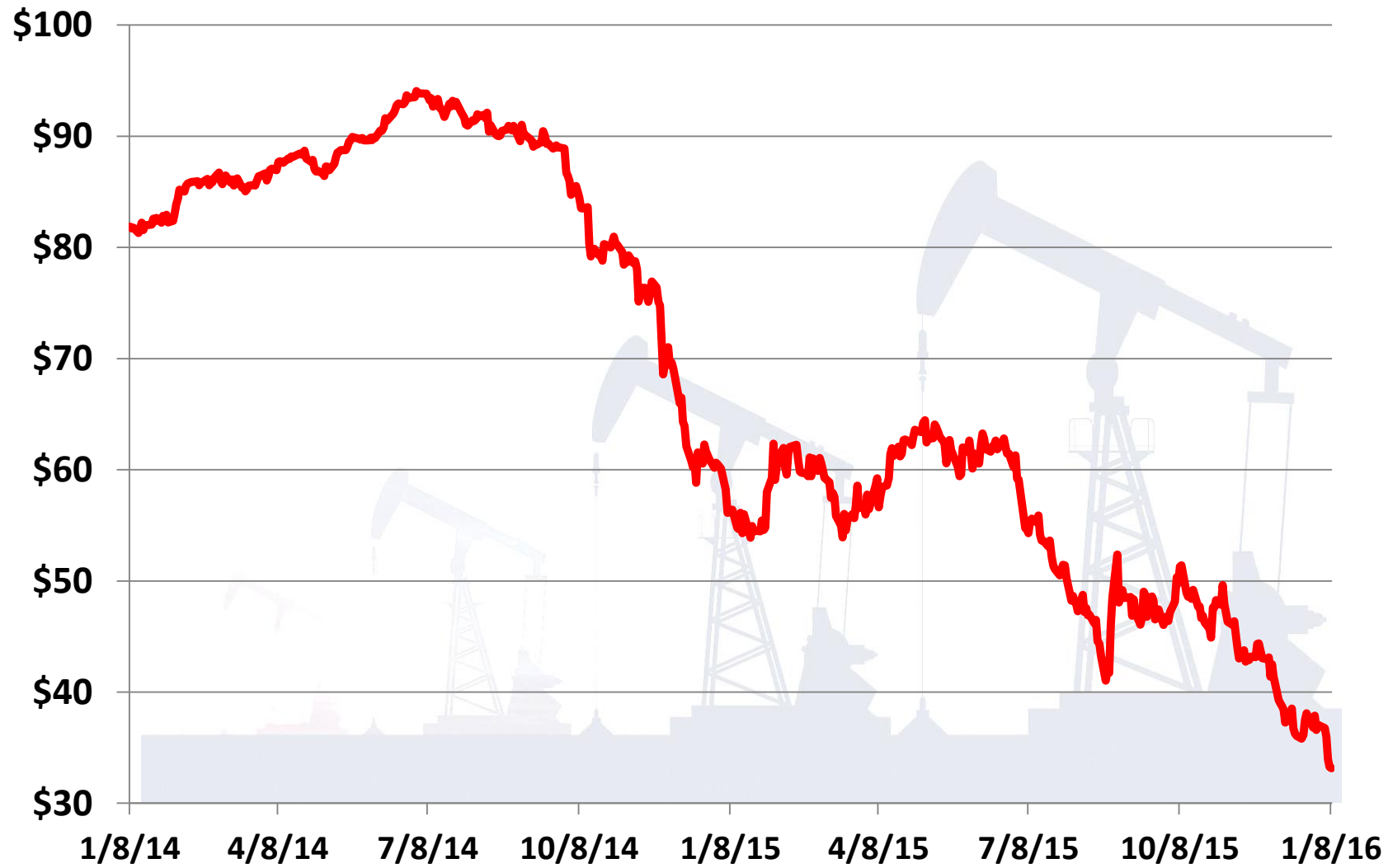
## Annual Forecast



Source: Federal Reserve Bank of Philadelphia (November 2015)



# WTI Crude Oil Price (Barrel)

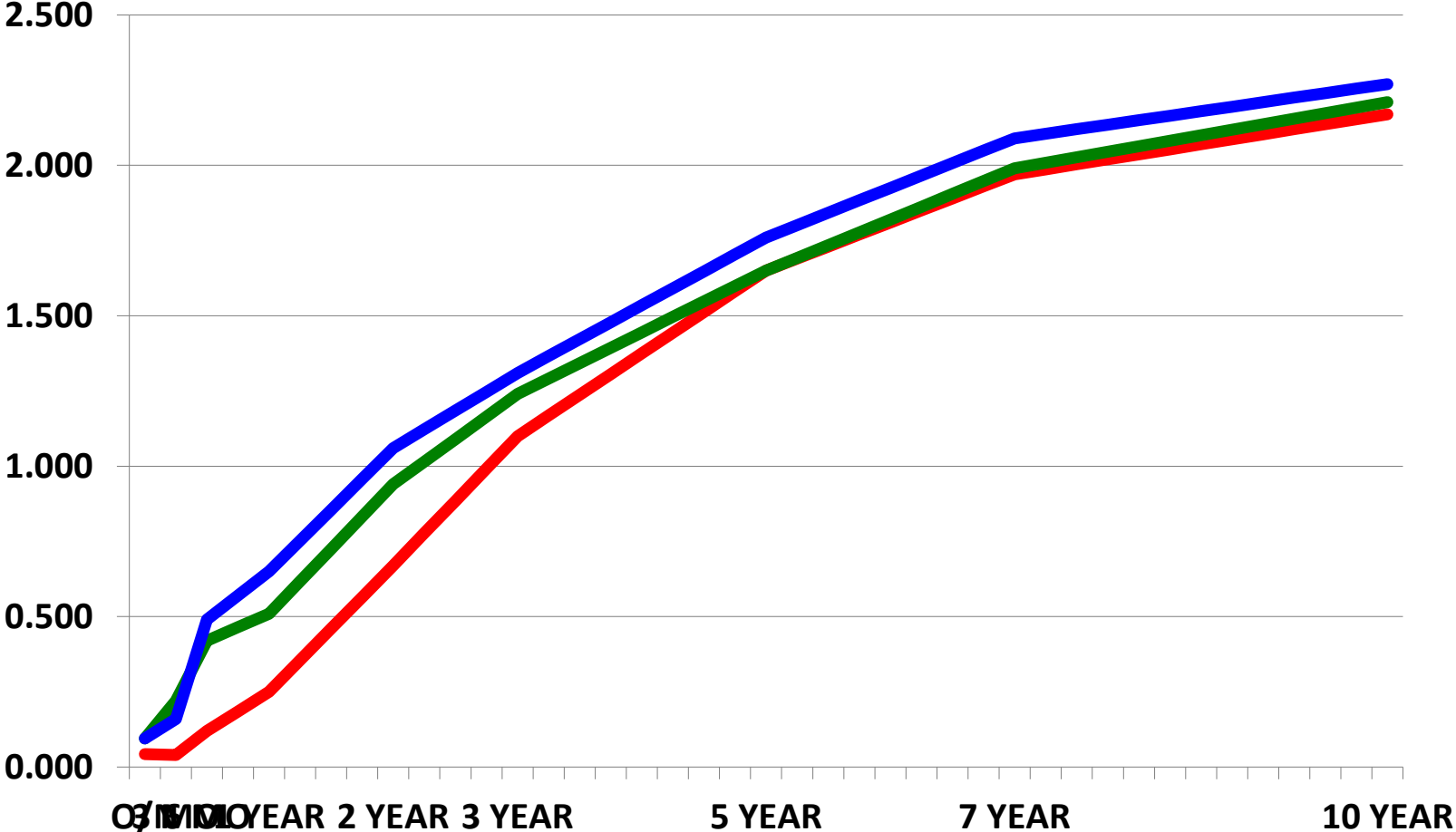


Source: Bloomberg

# Considerations

- Global Economic Environment
  - China Wild Card
- Domestic Job Creation
- Inflation Prospects
  - Gas Prices
- Domestic Housing Market

# U.S. Treasury Yield Curves



12/31/14

11/30/15

12/31/15

# DISCLAIMER

- This document is intended for discussion purposes only and is intended for the exclusive use of the BRA.
- All numbers discussed herein are forecast and indicative of market conditions on the date prepared, and you should determine the economic risks and merits as well as the legal and tax consequences of relying on this data, keeping in mind that potential future events may or may not occur.
- Primary Source: The Federal Reserve Bank of Philadelphia – November 2015 Survey of Professional Forecasters and Bloomberg.