



News Release

January 24, 2013

2013: Transition to "Normal"?

Continued Modest Economic Growth Forecasted for Near- and Mid-Term

Housing Sector Poised to Contribute More to Overall Growth

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202-752-2034

WASHINGTON, DC – The trend of gradual but below-potential economic growth seen in 2012 is expected to carry over through 2013 and into 2014. This modest growth path combined with the real GDP growth rate during the recovery from 2009 to this point of 2.2 percent annualized give credence to claims that the recovery's slow pace has become the "new normal," according to Fannie Mae's (FNMA/OTC) Economic & Strategic Research Group. The fiscal cliff and ongoing debt ceiling debate, which are likely to suppress consumer spending in the first half of 2013, continue to present potentially strong headwinds to meaningful growth activity. Overall, a 2 percent growth rate is forecasted for 2013, similar to the subdued pace of 2012.

This is despite the fact that the housing sector, which has become a bright spot in the economy since home prices began to rebound in 2012, is expected to provide a rising contribution to GDP in 2013 and in coming years. Recent data indicate that the housing recovery has transitioned to a faster upward track, boosted by an improving labor market and low mortgage rates. Overall, home sales, home prices, and home building activity as well as homebuilder confidence appear to be on the upswing, having risen to multi-year highs.

"What we view as sub-par economic growth may actually continue to be par for the course for the near term," said Fannie Mae Chief Economist Doug Duncan. "We expect the fiscal policy climate to act as a drag on growth this year with possible implications on the direction of the economy in the long term. As fiscal policy debates subside later in the spring, we expect to see some upward trend in economic activity, with growth accelerating moderately in the second half of the year. That momentum will find support in the form of continued, albeit slow, improvement in the housing sector. In the longer term, the gradual return of manufacturing to the U.S. and

increasing domestic energy production will work together to accelerate economic growth. However, we anticipate overall growth in 2013 will remain below its potential, extending what has been a slow recovery.”

For an audio synopsis of the January 2013 Economic Outlook, listen to the podcast on the [Economic & Strategic Research](#) site at www.fanniemae.com. Visit the site to read the full January 2013 Economic Outlook, including the Economic Developments Commentary, Economic Forecast, Housing Forecast, and Multifamily Market Commentary.

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