



# SURVEY OF PROFESSIONAL FORECASTERS

Release Date: November 17, 2008

*FOURTH QUARTER 2008*

## ***Forecasters State Views on Recession and a New Fiscal Stimulus Package***

In a special question in this survey, the Federal Reserve Bank of Philadelphia asked its panelists to provide their views on the possibility of a recession. Forecasters were asked to state if they think the U.S. economy has entered or will soon enter a period of recession, and if so, the month the recession started or will start, and the number of months the recession will last. They were also asked whether their forecasts reflect the influence of a new fiscal stimulus package, and if so, the size of the total package and the distribution of the package among these following categories: higher government consumption and gross investment, higher transfer payments, tax cuts, and other. We asked the forecasters to tell us the effect of the package on their projections for annual-average over annual-average growth in real GDP in 2008, 2009, and 2010. Finally, we asked the forecasters to estimate the year and quarter when the package will begin to affect real GDP growth.

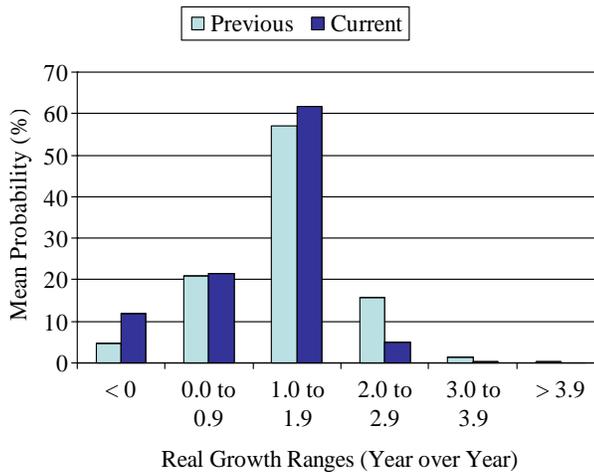
Fifty-one panelists participated in this survey. The survey participants were unanimous in saying that the U.S. economy has entered or will soon enter a period of recession. The forecasters think the recession started in April 2008 and will last 14 months. Thirty-five panelists say their forecasts reflect the influence of a new fiscal stimulus package. The size of the stimulus package is estimated at \$211 billion. Out of this amount, the forecasters predict that \$69 billion will go toward government consumption and gross investment, \$54 billion will go toward transfer payments, and \$71 billion will be used for tax cuts. According to the forecasters, the stimulus package will begin to affect real GDP growth in the first quarter of 2009. The panelists think the stimulus package will add 0.6 percentage point to the annual-average over annual-average growth in real GDP in 2009 and 0.4 percentage point in 2010.

## ***Forecasters Project Negative Output Growth in the Next Two Quarters and a Weaker Labor Market***

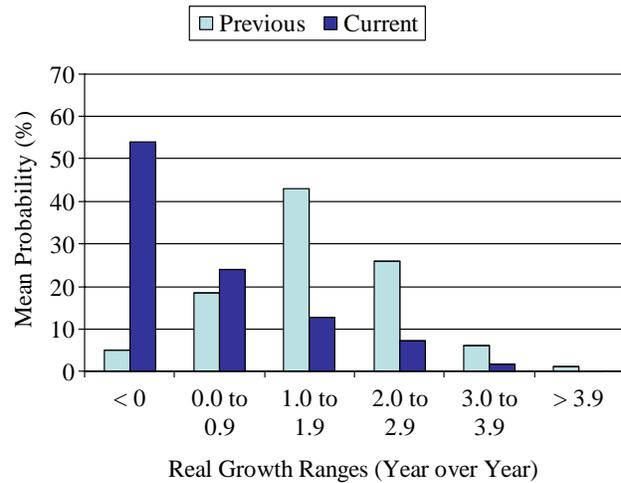
The forecasters predict that the U.S. economy is headed for a couple of rough quarters. They project real GDP declining at an annual rate of 2.9 percent in the fourth quarter and 1.1 percent in the first quarter of 2009. These forecasts represent sharp downward revisions from the forecasts of three months ago, when the forecasters anticipated growth at an annual rate of 0.7 percent in the fourth quarter and 1.6 percent in the first quarter of 2009. The survey participants expect growth to resume by the second quarter of 2009, rising 0.8 percent, and to 0.9 percent in the third quarter and 2.3 percent in the fourth quarter. On a year-over-year basis, growth is expected to average 1.4 percent in 2008 and -0.2 percent in 2009, down from 1.7 percent and 1.5 percent, respectively, in the survey of three months ago.

The charts below provide some information on the degree of uncertainty the forecasters have about year-over-year growth. Each chart presents the forecasters' estimates of the probability that growth will fall into each of six ranges. For 2008, the forecasters have increased their estimates that growth will be 1.9 percent or lower, compared with their estimates of three months ago. They see a lower chance that growth will be 2.0 percent or more. For 2009, the forecasters have raised their estimates that growth will be 0.9 percent or lower, compared with their estimates of three months ago. They see a lower chance that growth will be 1.0 percent or more. The forecasters see a 54 percent chance that year-over-year growth in 2009 will be negative.

Mean Probabilities for Real GDP Growth in 2008



Mean Probabilities for Real GDP Growth in 2009



Increased pessimism about the labor market accompanies the outlook for weaker output growth. The forecasters predict that unemployment will rise from 6.6 percent this quarter to 7.6 percent in the third quarter of 2009. Previously, they forecasted that unemployment would rise from 5.8 percent to 6.0 percent over the same period. Unemployment is expected to average 5.7 percent this year and 7.4 percent in 2009. On the jobs front, the forecasters project job losses in the current quarter at a rate of 222,400 per month. They also see a reduction in jobs of 218,800 per month in the first quarter of 2009 and 108,400 in the second quarter of 2009. They previously projected job losses of 45,400 and 29,800 in the current quarter and the first quarter of 2009 but job gains of 57,900 in the second quarter of 2009. On an annual average basis, jobs are expected to decline 15,200 per month in 2008 and 130,100 per month in 2009.

The table below summarizes the forecasts for real GDP and the labor market and compares the current projections with those of three months ago.

	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2008:Q4	0.7	-2.9	5.8	6.6	-45.4	-222.4
2009:Q1	1.6	-1.1	6.0	7.0	-29.8	-218.8
Q2	2.1	0.8	6.0	7.4	57.9	-108.4
Q3	2.5	0.9	6.0	7.6	63.1	-7.2
Q4	N.A.	2.3	N.A.	7.7	N.A.	19.8
<i>Annual average data:</i>						
2008	1.7	1.4	5.4	5.7	0.0	-15.2
2009	1.5	-0.2	6.0	7.4	1.8	-130.1

### Forecasters Reduce Projections for Core Inflation in 2009 and 2010

The outlook for core inflation in 2009 and 2010 is expected to remain steady, but at a level slightly below that forecast in the last survey. Core CPI inflation (fourth-quarter over fourth-quarter) will average 2.0 percent in 2009 and 2010, down from the previous estimate of 2.2 percent over the same period (not shown in the table below). The forecasters also see lower core PCE inflation for 2009 and 2010—from 2.0 percent in both years (not shown) in the last survey to about 1.8 percent in this survey.

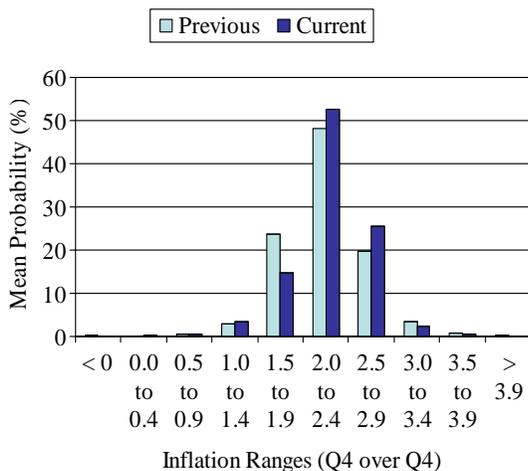
Turning to the long run, as the table below shows, headline CPI inflation will average 2.5 percent over the next five years, slightly below the forecasters' previous estimate of 2.6 percent (not shown). The forecasters have not changed the estimate for headline CPI inflation over the next 10 years, 2008-2017. That estimate remains at 2.5 percent. The forecasters predict headline PCE inflation will average 2.2 percent over the next five years, slightly below the forecasters' previous estimate of 2.3 percent (not shown). The forecasters' estimate for headline PCE inflation over the next 10 years remains at 2.2 percent.

#### Short-Run and Long-Run Projections for Inflation

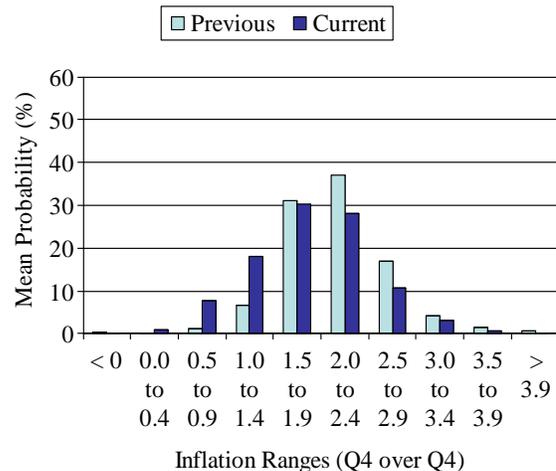
	CPI (%)		PCE Price Index (%)	
	Headline	Core	Headline	Core
<i>Quarterly data:</i>				
2008: Q4	-2.6	2.1	-1.5	2.0
2009: Q1	0.8	2.0	1.0	1.6
Q2	1.8	2.0	1.7	1.8
Q3	2.2	2.0	2.0	1.7
Q4	2.2	2.0	2.0	1.8
<i>Fourth-quarter over fourth-quarter data:</i>				
2008	3.4	2.4	2.8	2.3
2009	1.7	2.0	1.8	1.7
2010	2.3	2.0	2.2	1.8
<i>Long-run projections:</i>				
2008-2012	2.5	N.A.	2.2	N.A.
2008-2017	2.5	N.A.	2.2	N.A.

The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2008 and 2009 will fall into each of 10 ranges. The figures show the estimates for the current survey and the survey of three months ago. For 2008, the forecasters have raised the probability that inflation will be in the range of 2.0 to 2.9 percent. For 2009, the forecasters have reduced their estimates that core PCE inflation will be 1.5 percent or higher compared with their estimates of three months ago.

Mean Probabilities for Core PCE Inflation in 2008



Mean Probabilities for Core PCE Inflation in 2009



### ***Increased Chance of a Downturn***

The risk for a quarter of negative growth in real GDP has risen substantially. As the table below shows, the forecasters have revised upward the likelihood of a quarter of negative growth over the next four quarters. For the current quarter, the forecasters predict a 90 percent chance of negative growth, up from 47 percent in the survey of three months ago. The forecasters see a 75 percent chance of negative growth in the first quarter of 2009, up from 33 percent in the last survey.

#### *Risk of a Negative Quarter (%)*

<i>Quarterly data:</i>	<i>Previous</i>	<i>New</i>
2008:Q4	46.6	90.1
2009:Q1	32.9	74.8
Q2	22.4	49.4
Q3	17.4	32.8
Q4	N.A.	23.6

The Federal Reserve Bank of Philadelphia thanks the following forecasters for their participation in our surveys:

**Scott Anderson**, Wells Fargo and Company; **Robert J. Barbera**, ITG Inc.; **Jay Brinkmann**, Mortgage Bankers Association; **Joseph Carson**, Alliance Capital Management; **Christine Chmura, Ph.D.** and **Xiaobing Shuai, Ph.D.**, Chmura Economics & Analytics; **Gary Ciminero, CFA**, Rhode Island House Policy Office; **Joan Crary**, **Stanley Sedo**, and **Janet Wolfe**, RSQE, University of Michigan; **Richard DeKaser**, National City Corporation; **Rajeev Dhawan**, Georgia State University; **Shawn Dubravac**, Consumer Electronics Association; **Michael R. Englund**, Action Economics, LLC; **Fannie Mae**; **Gerard F. Fuda**, Independent Economist; **Stephen Gallagher**, Societe Generale; **James Glassman**, JP Morgan Chase & Co.; **Global Insight**; **Jeoff Hall**, Thomson Financial, IFR; **Ethan Harris** and **Dean Maki**, Barclays Capital; **Keith Hembre**, First American Funds; **Peter Hooper**, Deutsche Bank Securities, Inc.; **William B. Hummer**, Wayne Hummer Investments; **Peter Jaquette**, PIRA Energy Group; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **Kurt Karl**, Swiss Re; **Nathaniel Karp**, Compass Bank; **Dr. Irwin Kellner**, Hofstra University/MarketWatch/North Fork Bank; **Walter Kemmsies** and **Daniel Solomon**, Moffatt & Nichol; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Thomas Lam**, UOB Group; **L. Douglas Lee**, Economics from Washington; **Allan R. Leslie**, Economic Consultant; **Mickey D. Levy**, Bank of America; **Joseph Liro**, Stone & McCarthy Research Associates; **John Lonski**, Moody's Investors Service; **Macroeconomic Advisers, LLC**; **Edward F. McKelvey**, Goldman Sachs; **Jim Meil**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasheri**, American International Group; **Michael Moran**, Daiwa Securities America; **Joel L. Naroff**, Naroff Economic Advisors; **Mark Nielson, Ph.D.**, MacroEcon Global Advisors; **Michael P. Niemira**, International Council of Shopping Centers; **Luca Noto**, Monte Paschi Asset Management; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **David Rosenberg**, Merrill Lynch; **David F. Seiders**, National Association of Home Builders; **Julian Silk**, University of Maryland; **John Silvia**, Wachovia Corporation; **Allen Sinai**, Decision Economics, Inc; **Tara M. Sinclair**, Research Program on Forecasting, George Washington University; **Sean M. Snaith, Ph.D.**, University of Central Florida; **Constantine G. Soras, Ph.D.**, Verizon Communications; **Neal Soss**, Credit Suisse; **Stephen Stanley**, RBS Greenwich Capital; **Susan M. Sterne**, Economic Analysis Associates, Inc.; **Edward Sullivan**, Portland Cement Association; **Thomas Kevin Swift**, American Chemistry Council; **Lea Tyler**, Oxford Economics USA, Inc.; **Albert M. Wojnilower**; **Jay N. Woodworth**, Woodworth Holdings, Ltd.; **Richard Yamarone**, Argus Research Group; **Mark Zandi**, Economy.com; **Ellen Beeson Zentner**, Bank of Tokyo-Mitsubishi UFJ, Ltd.

This is a partial list of participants. We also thank those who wish to remain anonymous.

SUMMARY TABLE  
 SURVEY OF PROFESSIONAL FORECASTERS  
 MAJOR MACROECONOMIC INDICATORS, 2008-2010

	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2008 (YEAR-OVER-YEAR)	2009	
PERCENT GROWTH AT ANNUAL RATES								
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	-2.9	-1.1	0.8	0.9	2.3	1.4	-0.2	
2. GDP PRICE INDEX (PERCENT CHANGE)	2.6	2.0	1.9	1.9	1.9	2.4	2.3	
3. NOMINAL GDP (\$ BILLIONS)	-0.4	0.9	2.0	3.3	4.2	3.7	1.9	
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	-1.9	-1.9	-1.0	-0.1	0.2	-0.1	-1.1	
(AVG MONTHLY CHANGE)	-222.4	-218.8	-108.4	-7.2	19.8	-15.2	-130.1	
VARIABLES IN LEVELS								
5. UNEMPLOYMENT RATE (PERCENT)	6.6	7.0	7.4	7.6	7.7	5.7	7.4	
6. 3-MONTH TREASURY BILL (PERCENT)	0.7	0.7	0.8	1.0	1.2	1.5	0.9	
7. 10-YEAR TREASURY BOND (PERCENT)	3.8	3.8	3.9	4.0	4.0	3.8	3.9	
	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2008 (Q4-OVER-Q4)	2009	2010
INFLATION INDICATORS								
8. CPI (ANNUAL RATE)	-2.6	0.8	1.8	2.2	2.2	3.4	1.7	2.3
9. CORE CPI (ANNUAL RATE)	2.1	2.0	2.0	2.0	2.0	2.4	2.0	2.0
10. PCE (ANNUAL RATE)	-1.5	1.0	1.7	2.0	2.0	2.8	1.8	2.2
11. CORE PCE (ANNUAL RATE)	2.0	1.6	1.8	1.7	1.8	2.3	1.7	1.8

THE FIGURES ON EACH LINE ARE MEDIANS OF 51 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

# **SURVEY OF PROFESSIONAL FORECASTERS**

**Fourth Quarter 2008**

**Tables**

Note: Data in these tables listed as "actual" are the data that were available to the forecasters when they were sent the survey questionnaire on October 30; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before November 10, 2008.

TABLE ONE  
MAJOR MACROECONOMIC INDICATORS, 2008-2009  
MEDIAN OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST				ACTUAL	FORECAST		
		2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2007 ANNUAL	2008 ANNUAL	2009 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	48	14429.2	14415.0	14448.4	14518.8	14637.4	14787.4	13807.6	14319.5	14585.1
2. GDP PRICE INDEX (2000=100)	47	123.20	123.99	124.62	125.20	125.80	126.40	119.82	122.70	125.48
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	27	N.A.	1105.4	1099.8	1090.0	1131.9	1148.8	1192.1	1135.0	1128.2
4. UNEMPLOYMENT RATE (PERCENT)	51	6.0	6.6	7.0	7.4	7.6	7.7	4.6	5.7	7.4
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	42	137448	136781	136124	135799	135778	135837	137618	137436	135875
6. INDUSTRIAL PRODUCTION (2002=100)	46	109.7	108.4	107.4	107.2	107.5	108.0	111.4	110.4	107.5
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	45	0.88	0.81	0.80	0.82	0.85	0.90	1.34	0.94	0.84
8. 3-MONTH TREASURY BILL RATE (PERCENT)	47	1.49	0.65	0.70	0.80	1.00	1.18	4.35	1.46	0.93
9. AAA CORPORATE BOND YIELD (PERCENT)	39	5.65	6.14	6.00	5.90	5.84	5.82	5.56	5.71	5.89
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	47	3.86	3.79	3.80	3.87	3.95	4.00	4.63	3.80	3.90
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	51	11720.0	11633.0	11601.0	11625.2	11650.2	11715.8	11523.9	11680.6	11655.7
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	50	8275.2	8210.7	8210.4	8230.9	8266.8	8290.9	8252.8	8286.5	8255.3
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	48	1428.3	1398.3	1363.9	1338.4	1330.0	1329.0	1383.0	1420.4	1339.4
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	48	350.5	331.5	322.0	316.3	318.8	322.2	453.8	358.8	321.0
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	47	810.8	810.8	815.9	819.6	824.5	829.0	752.9	794.5	821.5
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	46	1278.9	1281.3	1285.0	1288.3	1292.9	1297.5	1259.0	1275.3	1291.2
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	48	-38.5	-27.7	-38.8	-28.4	-8.5	1.2	-2.5	-32.1	-19.0
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	48	-350.0	-338.4	-332.8	-325.0	-324.6	-335.1	-546.5	-382.9	-325.6

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

TABLE TWO  
MAJOR MACROECONOMIC INDICATORS, 2008-2009  
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q3 2008 TO Q4 2008	Q4 2008 TO Q1 2009	Q1 2009 TO Q2 2009	Q2 2009 TO Q3 2009	Q3 2009 TO Q4 2009	2007 TO 2008	2008 TO 2009
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	48	-0.4	0.9	2.0	3.3	4.2	3.7	1.9
2. GDP PRICE INDEX (2000=100)	47	2.6	2.0	1.9	1.9	1.9	2.4	2.3
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	27	-5.9	-2.0	-3.5	16.3	6.1	-4.8	-0.6
4. UNEMPLOYMENT RATE (PERCENT)	51	0.6	0.4	0.4	0.2	0.1	1.1	1.7
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	42	-1.9	-1.9	-1.0	-0.1	0.2	-0.1	-1.1
(AVG MONTHLY CHANGE)	42	-222.4	-218.8	-108.4	-7.2	19.8	-15.2	-130.1
6. INDUSTRIAL PRODUCTION (2002=100)	46	-4.7	-3.5	-0.8	0.9	2.1	-0.9	-2.6
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	45	-27.9	-2.6	7.8	15.5	25.7	-29.8	-10.7
8. 3-MONTH TREASURY BILL RATE (PERCENT)	47	-0.84	0.05	0.10	0.20	0.18	-2.89	-0.53
9. AAA CORPORATE BOND YIELD (PERCENT)	39	0.49	-0.14	-0.10	-0.06	-0.02	0.15	0.18
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	47	-0.07	0.01	0.07	0.08	0.05	-0.83	0.10
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	51	-2.9	-1.1	0.8	0.9	2.3	1.4	-0.2
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	50	-3.1	-0.0	1.0	1.8	1.2	0.4	-0.4
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	48	-8.2	-9.5	-7.3	-2.5	-0.3	2.7	-5.7
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	48	-20.0	-11.0	-6.9	3.1	4.4	-20.9	-10.6
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	47	0.0	2.5	1.8	2.4	2.2	5.5	3.4
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	46	0.8	1.1	1.0	1.4	1.4	1.3	1.2
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	48	10.8	-11.1	10.4	19.9	9.7	-29.6	13.1
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	48	11.6	5.5	7.8	0.4	-10.5	163.6	57.3

NOTE: FIGURES FOR UNEMPLOYMENT RATE, TREASURY BILL RATE, AAA CORPORATE BOND YIELD,  
AND 10-YEAR TREASURY BOND YIELD ARE CHANGES IN THESE RATES, IN PERCENTAGE POINTS.  
FIGURES FOR CHANGE IN PRIVATE INVENTORIES AND NET EXPORTS ARE CHANGES IN BILLIONS OF CHAIN-WEIGHTED DOLLARS.  
ALL OTHERS ARE PERCENTAGE CHANGES AT ANNUAL RATES.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

TABLE THREE  
 MAJOR PRICE INDICATORS, 2008-2010  
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST(Q/Q)					ACTUAL	FORECAST(Q4/Q4)		
		2008 Q3	2008 Q4	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2007 ANNUAL	2008 ANNUAL	2009 ANNUAL	2010 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	49	6.7	-2.6	0.8	1.8	2.2	2.2	4.0	3.4	1.7	2.3
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	44	3.2	2.1	2.0	2.0	2.0	2.0	2.3	2.4	2.0	2.0
3. PCE PRICE INDEX (ANNUAL RATE)	37	5.4	-1.5	1.0	1.7	2.0	2.0	3.5	2.8	1.8	2.2
4. CORE PCE PRICE INDEX (ANNUAL RATE)	39	2.9	2.0	1.6	1.8	1.7	1.8	2.2	2.3	1.7	1.8

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

TABLE FOUR  
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANGES IN 100)	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009
	TO Q4 2008	TO Q1 2009	TO Q2 2009	TO Q3 2009	TO Q4 2009
NUMBER OF FORECASTERS					
10 OR LESS	0	0	1	4	15
11 TO 20	0	0	0	10	8
21 TO 30	0	0	10	15	16
31 TO 40	0	2	9	9	5
41 TO 50	2	5	9	7	4
51 TO 60	0	6	11	2	0
61 TO 70	2	8	3	0	1
71 TO 80	7	11	3	1	0
81 TO 90	11	10	2	1	0
91 AND OVER	27	7	1	0	0
NOT REPORTING	2	2	2	2	2
MEAN AND MEDIAN					
MEDIAN PROBABILITY	95.00	75.00	50.00	30.00	25.00
MEAN PROBABILITY	90.14	74.78	49.35	32.76	23.61

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 49.  
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

TABLE FIVE  
 MEAN PROBABILITY OF CHANGES IN GDP AND PRICES  
 2007-2008 AND 2008-2009

MEAN PROBABILITY ATTACHED TO POSSIBLE  
 PERCENT CHANGES IN REAL GDP:

	2007-2008	2008-2009
6.0 OR MORE	0.01	0.01
5.0 TO 5.9	0.01	0.02
4.0 TO 4.9	0.05	0.06
3.0 TO 3.9	0.28	1.85
2.0 TO 2.9	4.83	7.18
1.0 TO 1.9	61.62	12.89
0.0 TO 0.9	21.41	24.00
-1.0 TO -0.1	9.78	34.51
-2.0 TO -1.1	1.93	16.36
LESS THAN -2.0	0.07	3.12

MEAN PROBABILITY ATTACHED TO POSSIBLE  
 PERCENT CHANGES IN GDP PRICE INDEX:

	2007-2008	2008-2009
8.0 OR MORE	0.01	0.03
7.0 TO 7.9	0.02	0.08
6.0 TO 6.9	0.05	0.36
5.0 TO 5.9	0.34	0.54
4.0 TO 4.9	1.64	2.49
3.0 TO 3.9	9.45	14.02
2.0 TO 2.9	72.13	43.31
1.0 TO 1.9	14.02	29.36
0.0 TO 0.9	1.96	6.93
WILL DECLINE	0.37	2.88

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 47.  
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

TABLE SIX  
 MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)  
 2007Q4 TO 2008Q4 AND 2008Q4 TO 2009Q4

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	07Q4 TO 08Q4	08Q4 TO 09Q4
4 PERCENT OR MORE	1.13	0.19
3.5 TO 3.9 PERCENT	2.24	0.49
3.0 TO 3.4 PERCENT	4.69	2.99
2.5 TO 2.9 PERCENT	29.26	12.01
2.0 TO 2.4 PERCENT	50.51	30.49
1.5 TO 1.9 PERCENT	10.24	27.28
1.0 TO 1.4 PERCENT	1.44	16.88
0.5 TO 0.9 PERCENT	0.27	7.03
0.0 TO 0.4 PERCENT	0.18	1.98
WILL DECLINE	0.04	0.66

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	07Q4 TO 08Q4	08Q4 TO 09Q4
4 PERCENT OR MORE	0.07	0.16
3.5 TO 3.9 PERCENT	0.40	0.75
3.0 TO 3.4 PERCENT	2.45	3.00
2.5 TO 2.9 PERCENT	25.58	10.79
2.0 TO 2.4 PERCENT	52.76	28.16
1.5 TO 1.9 PERCENT	14.66	30.39
1.0 TO 1.4 PERCENT	3.32	17.95
0.5 TO 0.9 PERCENT	0.51	7.74
0.0 TO 0.4 PERCENT	0.23	0.85
WILL DECLINE	0.02	0.22

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 43.  
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.

TABLE SEVEN  
LONG-TERM (5-YEAR AND 10-YEAR) FORECASTS

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2008-2012

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	1.60	MINIMUM	1.45
LOWER QUARTILE	2.25	LOWER QUARTILE	1.90
MEDIAN	2.50	MEDIAN	2.20
UPPER QUARTILE	2.75	UPPER QUARTILE	2.50
MAXIMUM	4.00	MAXIMUM	3.70
MEAN	2.57	MEAN	2.28
STD. DEVIATION	0.56	STD. DEVIATION	0.52
N	47	N	43
MISSING	4	MISSING	8

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2008-2017

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	1.44	MINIMUM	1.23
LOWER QUARTILE	2.30	LOWER QUARTILE	2.00
MEDIAN	2.50	MEDIAN	2.20
UPPER QUARTILE	2.80	UPPER QUARTILE	2.60
MAXIMUM	4.10	MAXIMUM	3.90
MEAN	2.60	MEAN	2.31
STD. DEVIATION	0.54	STD. DEVIATION	0.57
N	47	N	43
MISSING	4	MISSING	8

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2008.