



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: November 15, 2010

FOURTH QUARTER 2010

Forecasters Predict Further Slowdown in Economic Recovery

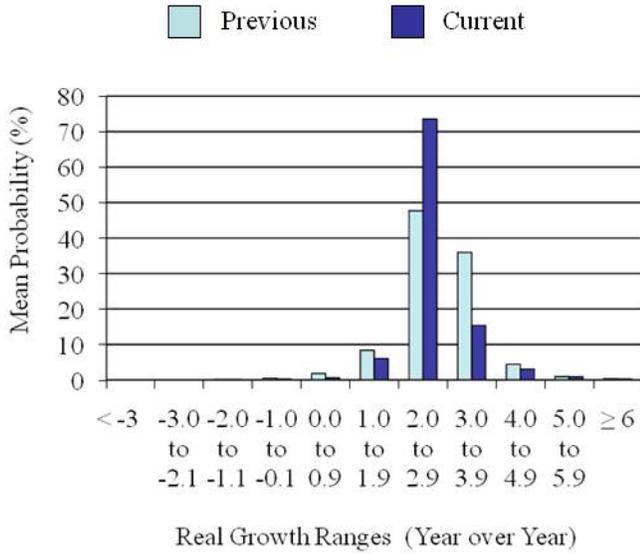
The pace of recovery in output and employment in the U.S. economy looks a little slower now than it did three months ago, according to 43 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The panel expects real GDP to grow at an annual rate of 2.2 percent this quarter, down from the previous estimate of 2.8 percent. On an annual-average over annual-average basis, the forecasters predict slower real GDP growth in 2010, 2011, and 2012. However, some of that downward revision will be compensated with stronger real GDP growth in 2013. The forecasters see real GDP growing 2.7 percent in 2010, down from their prediction of 2.9 percent in the last survey. The forecasters predict real GDP will grow 2.5 percent in 2011, 2.9 percent in 2012, and 3.0 percent in 2013.

The forecasters also predict weaker recovery in the labor market. Unemployment is projected to be an annual average of 9.7 percent in 2010, before falling to 9.3 percent in 2011, 8.7 percent in 2012, and 7.9 percent in 2013. These estimates are higher than the projections in the last survey. On the employment front, the forecasters have revised downward the growth in jobs over the next four quarters. The forecasters see nonfarm payroll employment growing at a rate of 86,600 jobs per month this quarter and 104,200 jobs per month next quarter. The forecasters' projections for the annual average level of nonfarm payroll employment suggest job losses at a monthly rate of 56,100 in 2010. Job gains in 2011 are seen averaging 105,500 per month, as the table below shows. (These annual-average estimates are computed as the year-to-year change in the annual-average level of nonfarm payroll employment, converted to a monthly rate.)

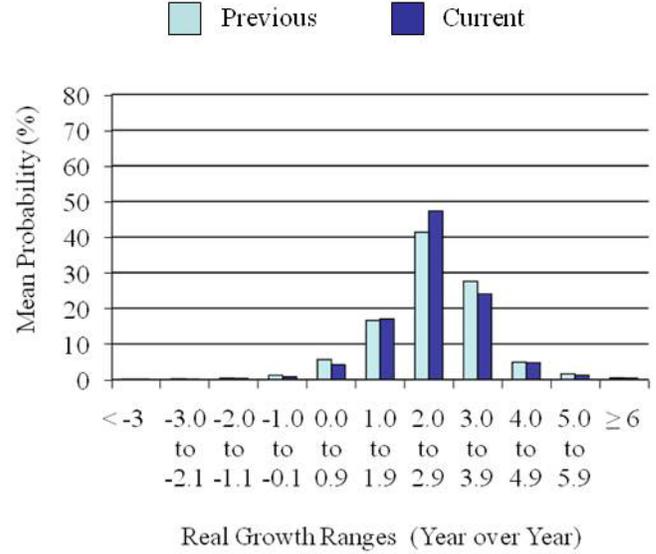
	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
<i>Quarterly data:</i>						
2010: Q4	2.8	2.2	9.6	9.6	114.1	86.6
2011: Q1	2.3	2.4	9.4	9.5	159.3	104.2
2011: Q2	3.1	2.7	9.3	9.4	190.7	144.3
2011: Q3	3.0	3.3	9.0	9.2	189.9	139.8
2011: Q4	N.A.	2.9	N.A.	9.0	N.A.	170.6
<i>Annual data (projections are based on annual average levels):</i>						
2010	2.9	2.7	9.6	9.7	-45.2	-56.1
2011	2.7	2.5	9.2	9.3	143.8	105.5
2012	3.6	2.9	8.2	8.7	N.A.	N.A.
2013	2.6	3.0	7.3	7.9	N.A.	N.A.

The charts below provide some insight into the degree of uncertainty the forecasters have about their projections for the rate of growth in the annual-average level of real GDP. Each chart presents the forecasters' previous and current estimates of the probability that growth will fall into each of 11 ranges. The forecasters have revised downward their estimate of the probability that growth will fall into the range of 3.0 to 4.9 percent in 2010, 2011, and 2012.

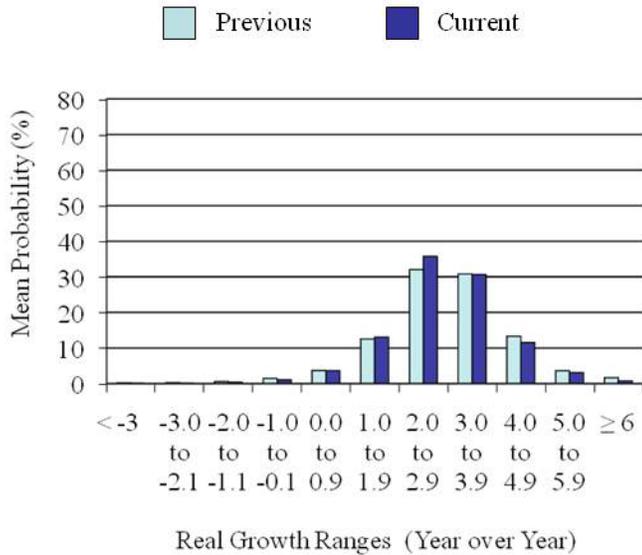
Mean Probabilities for Real GDP Growth in 2010



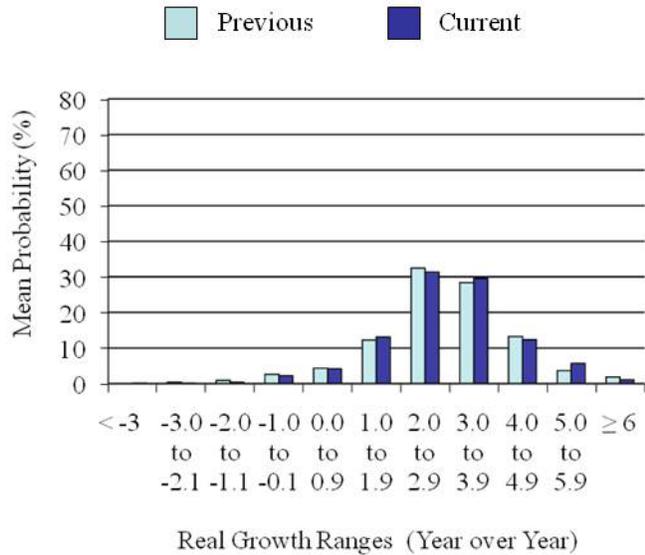
Mean Probabilities for Real GDP Growth in 2011



Mean Probabilities for Real GDP Growth in 2012

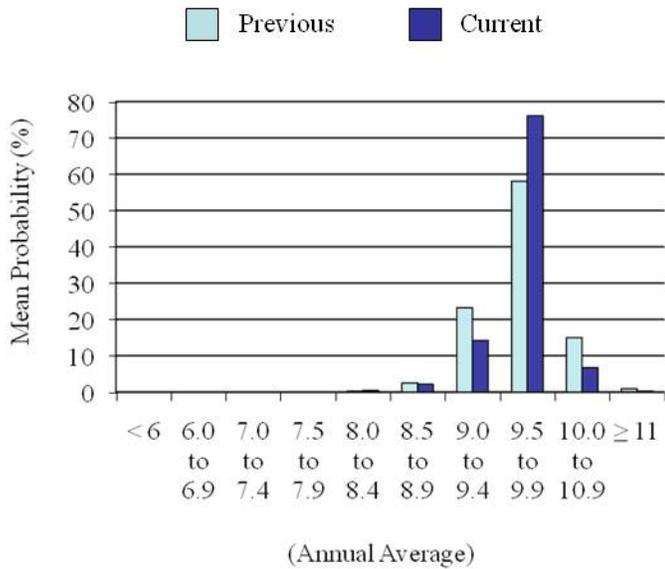


Mean Probabilities for Real GDP Growth in 2013

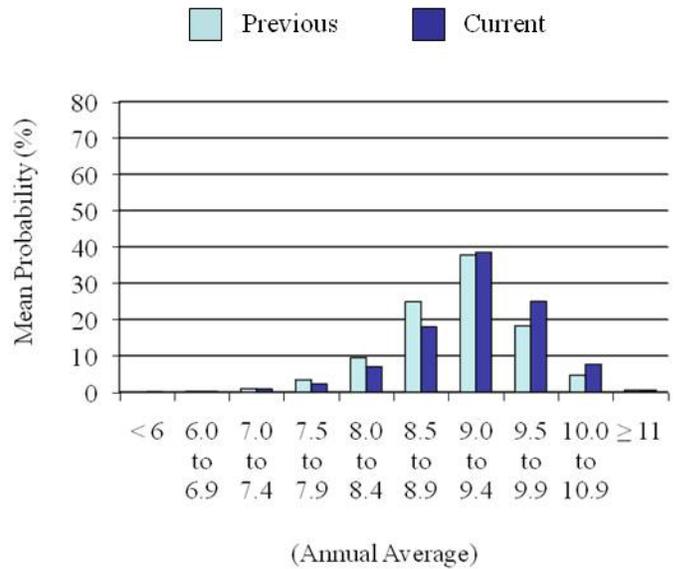


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters have raised the estimate of the probability that the annual average unemployment rate will be in the range of 9.5 to 9.9 percent in 2010, 2011, 2012, and 2013 compared with their previous estimate.

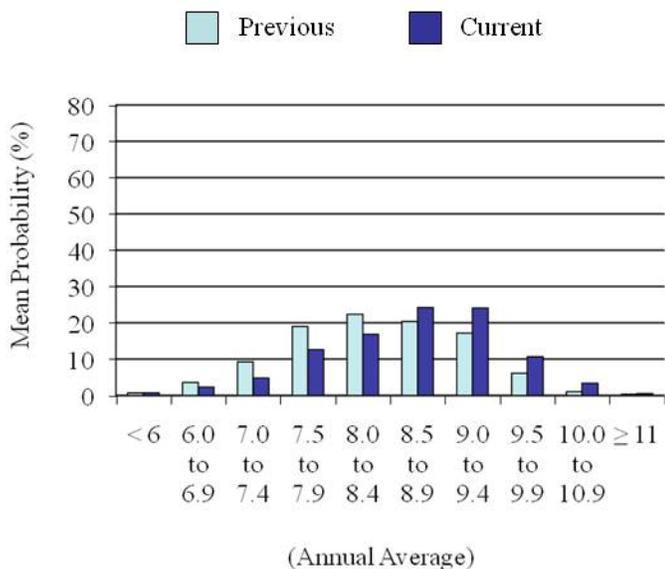
Mean Probabilities for Unemployment Rate in 2010



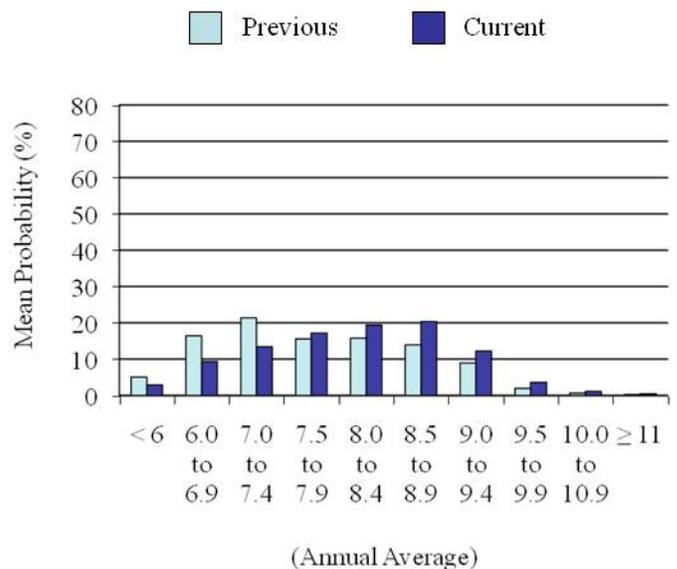
Mean Probabilities for Unemployment Rate in 2011



Mean Probabilities for Unemployment Rate in 2012



Mean Probabilities for Unemployment Rate in 2013



Forecasters Cut Projections for Inflation Estimates but Continue to See Little Risk of Deflation

The current outlook for the headline and core measures of CPI and PCE inflation in 2011 and 2012 is lower than it was in the last survey. Over the next 10 years, 2010 to 2019, the forecasters expect headline CPI inflation to average 2.2 percent at an annual rate, down from 2.3 percent in the last survey. The 10-year outlook for PCE inflation of 2.0 percent is lower than the 2.11 percent in the last survey.

Short-Run and Long-Run Projections for Inflation (Annualized Percentage Points)

	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2010: Q4	1.6	1.9	1.2	1.0	1.5	1.7	1.1	1.0
2011: Q1	1.8	1.6	1.2	1.1	1.7	1.5	1.4	1.1
2011: Q2	1.6	1.3	1.4	1.3	1.5	1.2	1.4	1.1
2011: Q3	1.9	1.8	1.6	1.3	1.7	1.4	1.5	1.2
2011: Q4	N.A.	1.8	N.A.	1.5	N.A.	1.6	N.A.	1.3
<i>Q4/Q4 Annual Averages</i>								
2010	0.9	1.0	0.9	0.8	1.2	1.2	1.1	1.0
2011	1.8	1.6	1.5	1.3	1.7	1.4	1.5	1.2
2012	2.1	1.9	1.9	1.7	1.8	1.8	1.7	1.6
<i>Long-Term Annual Averages</i>								
2010-2014	2.00	2.00	N.A.	N.A.	1.82	1.80	N.A.	N.A.
2010-2019	2.30	2.20	N.A.	N.A.	2.11	2.00	N.A.	N.A.

The downward revision to long-term expectations for inflation (noted above) reflects, in part, a changing panel of forecasters from the previous survey to the current survey. As the table below shows, when we restrict the panel to include only those who participated in both surveys, expectations for 10-year annual-average CPI inflation are unchanged. In both surveys, the median forecast is 2.30 percent. On the restricted panel, expectations for 10-year annual-average PCE inflation decline (from 2.11 percent to 2.05 percent). However, the decline is less than the one estimated on the full panels of each survey (2.11 percent to 2.00 percent).

The table below contrasts the median long-term inflation projections from the full panel (see “Full Panel Medians”) of the 2010 Q3 and 2010 Q4 surveys with the projections from the restricted panels (see “Restricted Panel Medians”). We also show the common number of forecasters in the restricted panel (N).

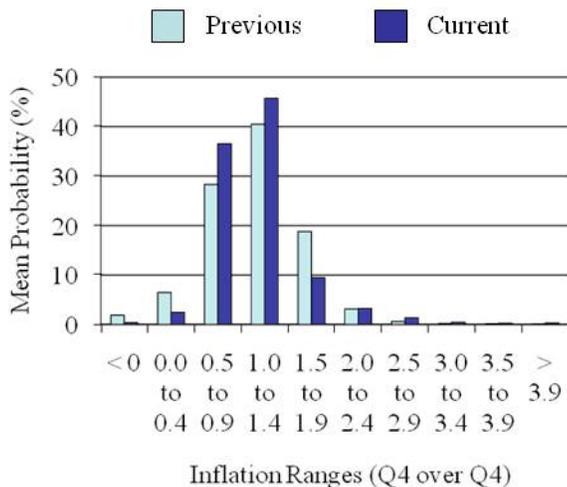
A breakdown of the restricted panel into those who raised their estimates and those who lowered them shows that the forecasters are nearly equally divided on whether to raise or lower their 10-year projections. At the 10-year horizon, 10 forecasters raised their estimates for CPI and PCE inflation. The median forecast revision is 0.20 percentage point for both CPI inflation and PCE inflation. Only slightly fewer forecasters lowered their estimates than raised them. This group lowered their estimates by a median amount of 0.10 percentage point for CPI inflation and 0.11 percentage point for PCE inflation.

Special Analysis of Long-Term Expectations for Inflation

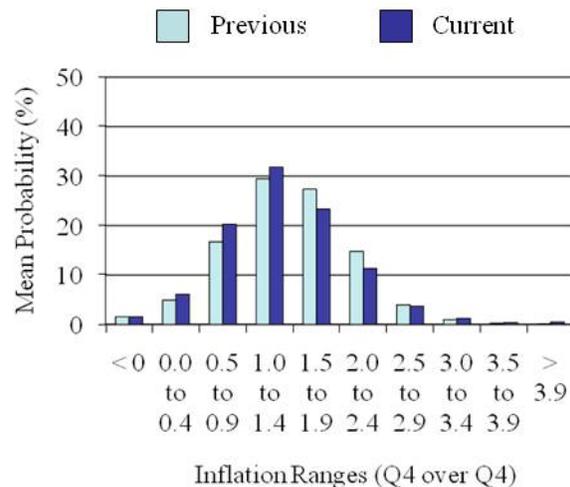
Inflation Measure	Full Panel Medians (%)		Restricted Panel Medians (%)			Statistics for Those Who Raised Their Estimates			Statistics for Those Who Lowered Their Estimates		
	10Q3	10Q4	10Q3	10Q4	N	N	Mean Forecast Revision (%)	Median Forecast Revision (%)	N	Mean Forecast Revision (%)	Median Forecast Revision (%)
5-Year CPI	2.00	2.00	2.00	2.00	28	12	0.25	0.15	7	-0.19	-0.16
5-Year PCE	1.82	1.80	1.83	1.90	27	8	0.23	0.20	10	-0.15	-0.10
10-Year CPI	2.30	2.20	2.30	2.30	27	10	0.27	0.20	9	-0.20	-0.10
10-Year PCE	2.11	2.00	2.11	2.05	26	10	0.33	0.20	8	-0.20	-0.11

The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2010 and 2011 will fall into each of 10 ranges. For 2010 and 2011, the forecasters assign a higher chance than previously that core PCE inflation will fall in the range of 0.5 to 1.4 percent. The probability that inflation in 2011 will be less than zero is small and nearly unchanged from the last survey.

Mean Probabilities for Core PCE Inflation in 2010



Mean Probabilities for Core PCE Inflation in 2011



Lower Risk of a Negative Quarter

Despite their prediction for a slower economic recovery, the forecasters see a lower chance of a downturn over the next few quarters. The forecasters have revised downward the chance of a contraction in real GDP in any of the next four quarters. For the current quarter, they predict an 11 percent chance of negative growth, down from 16.8 percent in the survey of three months ago. As the table below shows, the panelists have also made downward revisions to their forecasts for the following three quarters.

Risk of a Negative Quarter (%)

<i>Quarterly data:</i>	<i>Previous</i>	<i>New</i>
2010: Q4	16.8	11.0
2011: Q1	16.5	12.9
2011: Q2	15.0	13.6
2011: Q3	14.9	13.2
2011: Q4	N.A.	13.8

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

Robert J. Barbera, Mount Lucas Management; **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**, GLC Financial Economics; **David Crowe**, National Association of Home Builders; **Rajeev Dhawan**, Georgia State University; **Shawn Dubravac**, Consumer Electronics Association; **Michael R. Englund**, Action Economics, LLC; **Robert C. Fry, Jr.**, DuPont; **Stephen Gallagher**, Societe Generale; **Timothy Gill**, NEMA; **James Glassman**, JPMorgan Chase & Co.; **Ethan Harris**, Bank of America-Merrill Lynch; **Peter Hooper**, Deutsche Bank Securities, Inc.; **William B. Hummer**, Wayne Hummer Investments; **IHS Global Insight**; **Peter Jaquette**, PIRA Energy Group; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **Kurt Karl**, Swiss Re; **N. Karp**, BBVA Compass; **Walter Kemmsies** and **Daniel Solomon**, Moffatt & Nichol; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Thomas Lam**, OSK Group/DMG & Partners; **L. Douglas Lee**, Economics from Washington; **Allan R. Leslie**, Economic Consultant; **John Lonski**, Moody's Capital Markets Group; **Macroeconomic Advisers, LLC**; **Dean Maki**, Barclays Capital; **Edward F. McKelvey**, Goldman Sachs; **Jim Meil**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasheri** and **Danielle Ferry**, AIG Global Economic Research; **Michael Moran**, Daiwa Capital Markets America; **Joel L. Naroff**, Naroff Economic Advisors; **Mark Nielson, Ph.D.**, MacroEcon Global Advisors; **Michael P. Niemira**, International Council of Shopping Centers; **Luca Noto**, Prima Sgr; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **Philip Rothman**, East Carolina University; **John Silvia**, Wells Fargo; **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.**, CGS Economic Consulting; **Neal Soss**, Credit Suisse; **Stephen Stanley**, Pierpont Securities; **Susan M. Sterne**, Economic Analysis Associates, Inc.; **Thomas Kevin Swift**, American Chemistry Council; **Lea Tyler**, Oxford Economics USA, Inc.; **Jay N. Woodworth**, Woodworth Holdings, Ltd.; **Mark Zandi**, Moody's Analytics; **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

	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2010	2011	2012	2013
						(YEAR-OVER-YEAR)			
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.2	2.4	2.7	3.3	2.9	2.7	2.5	2.9	3.0
2. GDP PRICE INDEX (PERCENT CHANGE)	1.4	1.3	1.6	1.7	1.5	1.0	1.6	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	3.5	3.9	3.8	4.0	4.6	3.8	3.9	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	0.8	1.0	1.3	1.3	1.6	-0.5	1.0	N.A.	N.A.
(AVG MONTHLY CHANGE)	86.6	104.2	144.3	139.8	170.6	-56.1	105.5	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	9.6	9.5	9.4	9.2	9.0	9.7	9.3	8.7	7.9
6. 3-MONTH TREASURY BILL (PERCENT)	0.2	0.2	0.2	0.3	0.4	0.1	0.3	1.3	2.5
7. 10-YEAR TREASURY BOND (PERCENT)	2.5	2.6	2.8	3.0	3.3	3.1	2.9	3.9	4.5
	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2010	2011	2012	
						(Q4-OVER-Q4)			
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	1.9	1.6	1.3	1.8	1.8	1.0	1.6	1.9	
9. CORE CPI (ANNUAL RATE)	1.0	1.1	1.3	1.3	1.5	0.8	1.3	1.7	
10. PCE (ANNUAL RATE)	1.7	1.5	1.2	1.4	1.6	1.2	1.4	1.8	
11. CORE PCE (ANNUAL RATE)	1.0	1.1	1.1	1.2	1.3	1.0	1.2	1.6	

THE FIGURES ON EACH LINE ARE MEDIANS OF 43 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.

SURVEY OF PROFESSIONAL FORECASTERS

Fourth Quarter 2010

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 29; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before November 9, 2010.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIAN OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST		
		2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2009 ANNUAL	2010 ANNUAL	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	41	14730	14856	14999	15139	15288	15459	14119	14654	15230	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	41	111.11	111.50	111.86	112.30	112.78	113.20	109.62	110.77	112.54	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	27	N.A.	1263.7	1287.5	1299.0	1323.0	1329.1	1003.1	1219.2	1314.4	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	42	9.6	9.6	9.5	9.4	9.2	9.0	9.3	9.7	9.3	8.7	7.9
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	38	130283	130543	130856	131289	131708	132220	130911	130237	131504	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	39	93.3	94.0	94.9	95.7	96.7	97.9	87.7	92.5	96.2	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	38	0.59	0.61	0.64	0.69	0.71	0.76	0.55	0.60	0.70	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	40	0.16	0.15	0.18	0.20	0.25	0.43	0.15	0.14	0.27	1.27	2.51
9. AAA CORPORATE BOND YIELD (PERCENT)	33	4.58	4.53	4.50	4.59	4.70	4.90	5.31	4.86	4.64	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	29	5.78	5.70	5.68	5.70	5.80	6.04	7.30	5.98	5.78	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	41	2.79	2.54	2.60	2.78	3.00	3.25	3.26	3.14	2.88	3.93	4.50
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	43	13261	13334	13413	13503	13612	13709	12881	13232	13562	13960	14374
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	43	9334.6	9390.1	9440.6	9497.5	9562.0	9631.9	9153.9	9306.3	9532.8	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	40	1387.2	1415.1	1443.0	1466.1	1493.8	1513.6	1290.8	1365.0	1478.2	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	40	321.3	322.1	326.1	333.7	343.1	347.8	342.7	331.3	337.3	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	38	1094.4	1099.5	1104.6	1108.3	1112.1	1116.3	1027.6	1078.4	1108.2	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	38	1498.2	1498.3	1499.7	1500.8	1501.6	1501.9	1518.8	1498.1	1501.9	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	41	115.5	80.0	65.0	60.0	56.0	59.2	-113.1	77.1	58.8	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	40	-514.9	-499.3	-498.5	-501.9	-501.0	-499.9	-363.0	-450.8	-504.0	N.A.	N.A.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	2009	2010	2011	2012
		TO Q4 2010	TO Q1 2011	TO Q2 2011	TO Q3 2011	TO Q4 2011	TO 2010	TO 2011	TO 2012	TO 2013
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	41	3.5	3.9	3.8	4.0	4.6	3.8	3.9	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	41	1.4	1.3	1.6	1.7	1.5	1.0	1.6	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	27	5.5	7.8	3.6	7.6	1.9	21.5	7.8	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	42	0.0	-0.1	-0.1	-0.2	-0.2	0.3	-0.3	-0.6	-0.8
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	38	0.8	1.0	1.3	1.3	1.6	-0.5	1.0	N.A.	N.A.
(AVG MONTHLY CHANGE)	38	86.6	104.2	144.3	139.8	170.6	-56.1	105.5	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	39	3.1	3.8	3.5	4.2	4.9	5.5	4.0	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	38	15.0	21.2	33.5	16.0	27.5	8.8	16.1	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	40	-0.01	0.03	0.02	0.05	0.18	-0.01	0.13	1.00	1.24
9. AAA CORPORATE BOND YIELD (PERCENT)	33	-0.05	-0.03	0.09	0.11	0.20	-0.45	-0.22	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	29	-0.08	-0.02	0.02	0.10	0.24	-1.32	-0.20	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	41	-0.25	0.06	0.18	0.22	0.25	-0.12	-0.26	1.06	0.57
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	43	2.2	2.4	2.7	3.3	2.9	2.7	2.5	2.9	3.0
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	43	2.4	2.2	2.4	2.7	3.0	1.7	2.4	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	40	8.3	8.1	6.6	7.8	5.4	5.7	8.3	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	40	1.0	5.1	9.7	11.7	5.6	-3.3	1.8	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	38	1.9	1.9	1.4	1.4	1.5	4.9	2.8	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	38	0.0	0.4	0.3	0.2	0.1	-1.4	0.3	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	41	-35.5	-15.0	-5.0	-4.0	3.2	190.2	-18.3	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	40	15.6	0.9	-3.5	0.9	1.0	-87.8	-53.2	N.A.	N.A.

NOTE: FIGURES FOR UNEMPLOYMENT RATE, TREASURY BILL RATE, AAA CORPORATE BOND YIELD, BAA 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 2010.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST (Q/Q)				ACTUAL		FORECAST (Q4/Q4)	
		2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2009 ANNUAL	2010 ANNUAL	2011 ANNUAL	2012 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	42	1.5	1.9	1.6	1.3	1.8	1.8	1.5	1.0	1.6	1.9
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	41	1.2	1.0	1.1	1.3	1.3	1.5	1.7	0.8	1.3	1.7
3. PCE PRICE INDEX (ANNUAL RATE)	35	1.0	1.7	1.5	1.2	1.4	1.6	1.5	1.2	1.4	1.8
4. CORE PCE PRICE INDEX (ANNUAL RATE)	38	0.8	1.0	1.1	1.1	1.2	1.3	1.7	1.0	1.2	1.6

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q3 2010 TO Q4 2010	Q4 2010 TO Q1 2011	Q1 2011 TO Q2 2011	Q2 2011 TO Q3 2011	Q3 2011 TO Q4 2011
NUMBER OF FORECASTERS					
10 OR LESS	30	24	23	27	26
11 TO 20	8	14	12	8	6
21 TO 30	3	2	5	5	7
31 TO 40	0	2	1	1	2
41 TO 50	0	0	1	1	1
51 TO 60	0	0	0	0	0
61 TO 70	0	0	0	0	0
71 TO 80	1	0	0	0	0
81 TO 90	0	0	0	0	0
91 AND OVER	0	0	0	0	0
NOT REPORTING	1	1	1	1	1
MEAN AND MEDIAN					
MEDIAN PROBABILITY	8.50	10.00	10.00	10.00	10.00
MEAN PROBABILITY	10.97	12.88	13.62	13.18	13.76

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 42.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.

TABLE FIVE
MEAN PROBABILITIES

MEAN PROBABILITY ATTACHED TO POSSIBLE
CIVILIAN UNEMPLOYMENT RATES:
(ANNUAL AVERAGE)

	2010	2011	2012	2013
11.0 PERCENT OR MORE	0.29	0.53	0.52	0.44
10.0 TO 10.9 PERCENT	6.71	7.65	3.35	1.12
9.5 TO 9.9 PERCENT	76.13	25.02	10.62	3.64
9.0 TO 9.4 PERCENT	14.19	38.51	24.04	12.21
8.5 TO 8.9 PERCENT	2.17	17.96	24.22	20.35
8.0 TO 8.4 PERCENT	0.45	6.95	16.82	19.38
7.5 TO 7.9 PERCENT	0.04	2.25	12.60	17.15
7.0 TO 7.4 PERCENT	0.02	0.86	4.79	13.43
6.0 TO 6.9 PERCENT	0.00	0.18	2.29	9.36
LESS THAN 6.0 PERCENT	0.00	0.10	0.75	2.91

MEAN PROBABILITY ATTACHED TO POSSIBLE
PERCENT CHANGES IN REAL GDP:
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2009-2010	2010-2011	2011-2012	2012-2013
6.0 OR MORE	0.26	0.36	0.74	1.07
5.0 TO 5.9	0.85	1.18	3.05	5.66
4.0 TO 4.9	2.99	4.70	11.55	12.34
3.0 TO 3.9	15.32	24.01	30.62	29.55
2.0 TO 2.9	73.55	47.28	35.73	31.35
1.0 TO 1.9	6.00	17.00	13.03	13.08
0.0 TO 0.9	0.57	4.16	3.62	4.12
-1.0 TO -0.1	0.24	0.76	1.03	2.17
-2.0 TO -1.1	0.13	0.32	0.40	0.41
-3.0 TO -2.1	0.07	0.14	0.14	0.14
LESS THAN -3.0	0.04	0.09	0.09	0.11

MEAN PROBABILITY ATTACHED TO POSSIBLE
PERCENT CHANGES IN GDP PRICE INDEX:
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2009-2010	2010-2011
8.0 OR MORE	0.00	0.04
7.0 TO 7.9	0.00	0.05
6.0 TO 6.9	0.04	0.19
5.0 TO 5.9	0.19	0.53
4.0 TO 4.9	0.46	1.05
3.0 TO 3.9	1.69	5.16
2.0 TO 2.9	10.20	21.49
1.0 TO 1.9	54.19	47.17
0.0 TO 0.9	32.35	19.92
WILL DECLINE	0.88	4.40

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.

TABLE SIX
 MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	09Q4 TO 10Q4	10Q4 TO 11Q4
4 PERCENT OR MORE	0.05	0.58
3.5 TO 3.9 PERCENT	0.08	0.60
3.0 TO 3.4 PERCENT	0.14	2.79
2.5 TO 2.9 PERCENT	0.67	5.43
2.0 TO 2.4 PERCENT	4.46	11.69
1.5 TO 1.9 PERCENT	8.60	20.58
1.0 TO 1.4 PERCENT	31.43	32.13
0.5 TO 0.9 PERCENT	47.36	17.84
0.0 TO 0.4 PERCENT	6.48	6.30
WILL DECLINE	0.75	2.06

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	09Q4 TO 10Q4	10Q4 TO 11Q4
4 PERCENT OR MORE	0.27	0.48
3.5 TO 3.9 PERCENT	0.22	0.40
3.0 TO 3.4 PERCENT	0.42	1.18
2.5 TO 2.9 PERCENT	1.33	3.66
2.0 TO 2.4 PERCENT	3.25	11.29
1.5 TO 1.9 PERCENT	9.45	23.33
1.0 TO 1.4 PERCENT	45.70	31.80
0.5 TO 0.9 PERCENT	36.52	20.26
0.0 TO 0.4 PERCENT	2.45	6.07
WILL DECLINE	0.36	1.53

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2010-2014

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	0.20	MINIMUM	-0.30
LOWER QUARTILE	1.60	LOWER QUARTILE	1.50
MEDIAN	2.00	MEDIAN	1.80
UPPER QUARTILE	2.20	UPPER QUARTILE	2.00
MAXIMUM	4.30	MAXIMUM	3.80
MEAN	1.93	MEAN	1.74
STD. DEVIATION	0.72	STD. DEVIATION	0.69
N	41	N	38
MISSING	2	MISSING	5

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2010-2019

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	0.70	MINIMUM	0.60
LOWER QUARTILE	2.00	LOWER QUARTILE	1.80
MEDIAN	2.20	MEDIAN	2.00
UPPER QUARTILE	2.70	UPPER QUARTILE	2.55
MAXIMUM	5.30	MAXIMUM	4.90
MEAN	2.35	MEAN	2.19
STD. DEVIATION	0.72	STD. DEVIATION	0.72
N	40	N	36
MISSING	3	MISSING	7

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2010.