



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: May 11, 2012

SECOND QUARTER 2012

Nearly Three-Quarters of Panelists Forecast Inflation According to FOMC's Longer-Run Goal

On January 25, 2012, the Board of Governors of the Federal Reserve System issued a press release stating that the Federal Open Market Committee (FOMC) had reached broad agreement on some principles regarding its longer-run goals and monetary policy strategy. Among other things, the press release noted: "The Committee judges that inflation at the rate of 2 percent, as measured by the annual change in the price index for personal consumption expenditures, is most consistent over the longer run with the Federal Reserve's statutory mandate."

In this survey, we asked the panelists whether their long-run forecasts for inflation in the price index for personal consumption expenditures (PCE) are consistent with the FOMC's longer run goal of 2 percent. Nearly three-quarters of the 31 panelists who answered the question indicated that their long forecasts for PCE inflation do not differ in an *economically meaningful way* from the FOMC's goal. Notably, eight of 31 panelists said they do not believe the FOMC will achieve its goal. These panelists, on average, think inflation in the long run will exceed 2 percent. (One panelist misinterpreted the question. Accordingly, we excluded his answers from our tabulations.)

The table below summarizes the survey's long-run PCE inflation forecasts of the 31 panelists (who answered the special questions), sorted according to those whose projections are consistent with the FOMC's inflation goal and those whose projections are not.*

Responses to the Special Questions on the FOMC's Longer-Run Inflation Goal

	All Responses to the Special Question			Responses of Those Whose Projections Are <i>Consistent</i> with the FOMC's Longer-Run PCE Inflation Goal			Responses of Those Whose Projections Are <i>Inconsistent</i> with the FOMC's Longer-Run PCE Inflation Goal		
	<i>2012 to 2016</i>	<i>2017 to 2021</i>	<i>2012 to 2021</i>	<i>2012 to 2016</i>	<i>2017 to 2021</i>	<i>2012 to 2021</i>	<i>2012 to 2016</i>	<i>2017 to 2021</i>	<i>2012 to 2021</i>
25th	1.96	1.97	1.92	1.80	1.90	1.90	2.18	2.40	2.48
Median	2.08	2.15	2.20	2.00	2.00	2.00	2.55	2.60	2.50
Mean	2.12	2.23	2.17	1.97	2.05	2.00	2.55	2.75	2.65
75th	2.40	2.50	2.50	2.10	2.25	2.20	2.85	3.05	2.85
N	31	31	31	23	23	23	8	8	8

* Note that the table shows the survey's projections for annual-average inflation (expressed in percentage points) over the years 2012-2016, 2017-2021, and 2012-2021. The survey's five- and 10-year annual average horizons do not necessarily correspond to the horizon that the FOMC had in mind when it issued its January 25 press release.

Among those 23 panelists (N) who say their long-run inflation projections do not differ in an economically meaningful way from the FOMC's goal of 2 percent, the mean and median estimates over the years 2012 to 2016 and 2017 to 2021 are near 2 percent. Moreover, the range of estimates (given by the 25th and 75th percentiles) is narrow, from 1.80 percent to 2.10 percent over the five-year period from 2012 to 2016 and 1.90 percent to 2.25 percent over 2017 to 2021.

In contrast, the eight panelists who say their projections diverge in an economically meaningful way from the FOMC's longer-run goal predict inflation in excess of 2 percent. The median estimates are nearly 0.5 percentage point higher than the FOMC's goal. These forecasters project five-year annual-average inflation of 2.55 percent over 2012 to 2016 and 2.60 percent over 2017 to 2021. The upper bound of the interquartile range (denoted 75th) is 2.85 percent over the next five years and 3.05 percent over 2017 to 2021.

The eight panelists whose long-run projections are in excess of the FOMC's goal gave several reasons for their views. Some thought the FOMC would be too slow to tighten monetary policy at the appropriate time. They worried about the political pressure the FOMC would face as the time approaches for tighter monetary policy. Others worried that some members of the FOMC have a bias toward higher inflation or asymmetric preferences for inflation above and below target and would thus be reluctant to vote for tighter monetary policy in the face of future adverse supply shocks. One panelist questioned the credibility of the FOMC's inflation target and pointed to the U.S. inflation experience of the 1970s as a source for concern.

Outlook for Growth Holds Steady

The outlook for growth in the U.S. economy is little changed from that of three months ago, according to 39 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters expect real GDP to grow at an annual rate of 2.4 percent this quarter, up slightly from the previous estimate of 2.3 percent. Over the next three quarters, they expect GDP growth to average 2.6 percent, down from the previous average of 2.8 percent. On an annual-average over annual-average basis, the forecasters see real GDP growth for 2012 and 2013, at 2.3 percent and 2.7 percent, respectively. These estimates are the same as those in the previous survey. The forecasters predict real GDP will grow 3.1 percent in 2014 and 3.4 percent in 2015.

Projections for stronger conditions in the labor market accompany the outlook for real output. Unemployment is projected to be an annual average of 8.1 percent in 2012, before falling to 7.7 percent in 2013, 7.2 percent in 2014, and 6.6 percent in 2015. The estimates for 2012, 2013, and 2014 are 0.2 percentage point lower than the projections in the last survey.

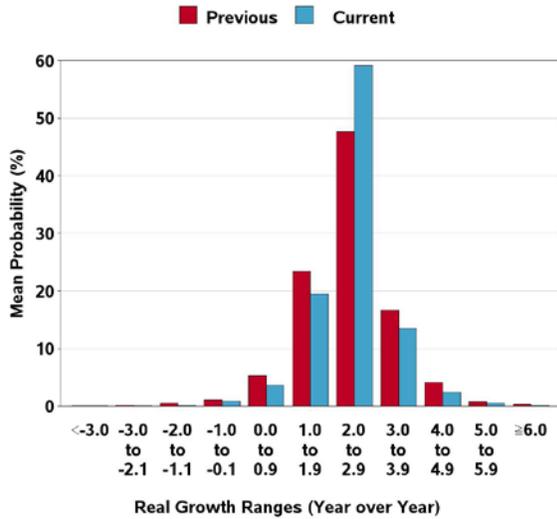
On the employment front, the forecasters have revised upward their estimates of the growth in jobs in the next four quarters. The forecasters see nonfarm payroll employment growing at a rate of 164,900 jobs per month this quarter and 170,000 jobs per month next quarter. The forecasters' projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 171,900 in 2012 and 175,700 in 2013, 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.)

Forecasts for Selected Variables in the Current and Previous Surveys

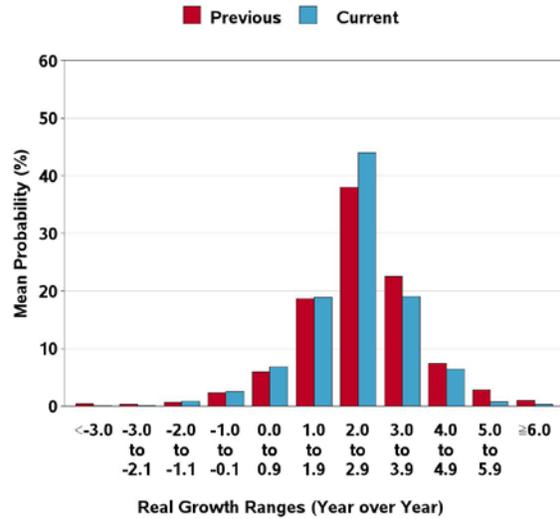
	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2012:Q2	2.3	2.4	8.3	8.1	141.9	164.9
2012:Q3	2.6	2.5	8.2	8.0	145.2	170.0
2012:Q4	3.0	2.6	8.1	7.9	161.7	172.6
2013:Q1	2.8	2.6	8.0	7.9	155.9	170.3
2013:Q2	N.A.	2.7	N.A.	7.7	N.A.	185.8
<i>Annual data (projections are based on annual-average levels):</i>						
2012	2.3	2.3	8.3	8.1	144.1	171.9
2013	2.7	2.7	7.9	7.7	162.9	175.7
2014	3.0	3.1	7.4	7.2	N.A.	N.A.
2015	3.1	3.4	6.7	6.6	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 upward their estimate of the probability that growth will fall into the range of 2.0 to 2.9 percent in 2012 and 2013. The charts show that the estimates of uncertainty about growth in 2014 and 2015 are nearly the same as those in the previous survey.

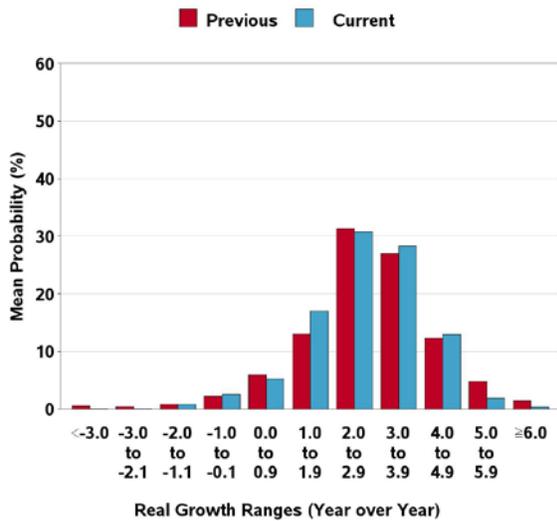
Mean Probabilities for Real GDP Growth in 2012



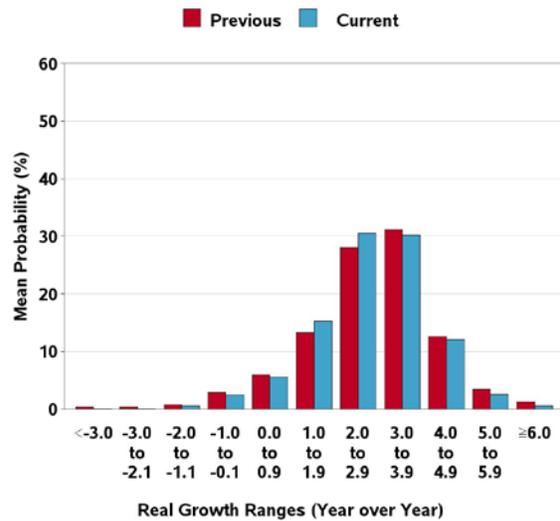
Mean Probabilities for Real GDP Growth in 2013



Mean Probabilities for Real GDP Growth in 2014

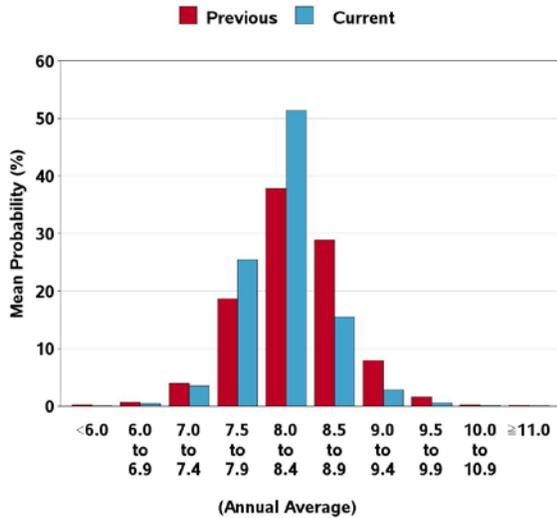


Mean Probabilities for Real GDP Growth in 2015

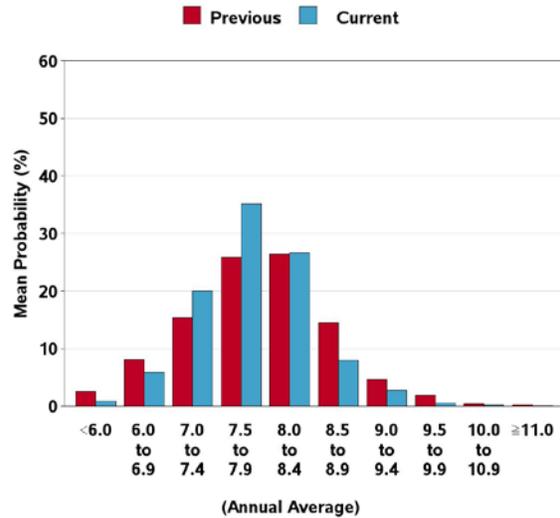


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters have shifted the distributions of density to the left for 2012, 2013, and 2014, indicating their expectations of lower unemployment rates compared with their previous estimates.

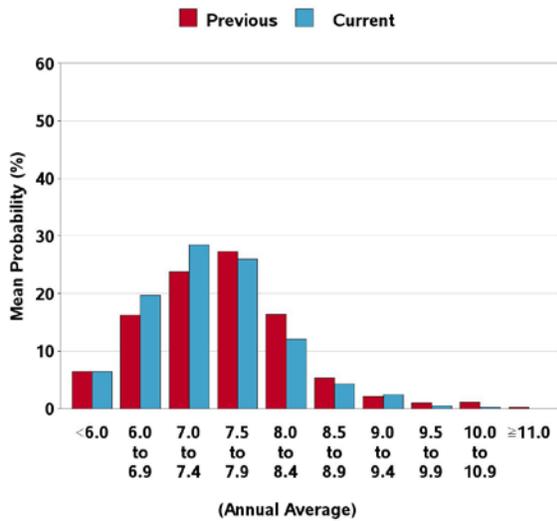
Mean Probabilities for Unemployment Rate in 2012



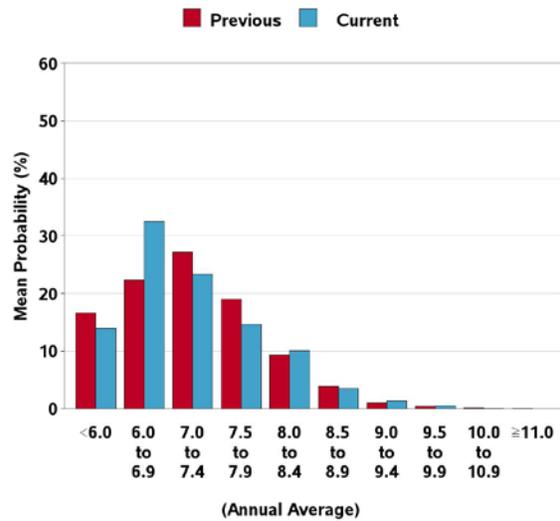
Mean Probabilities for Unemployment Rate in 2013



Mean Probabilities for Unemployment Rate in 2014



Mean Probabilities for Unemployment Rate in 2015



Forecasters See Small Increase in Near-Term Inflation

The forecasters expect current-quarter headline CPI inflation to average 2.1 percent, up slightly from the last survey's estimate. They predict current-quarter headline PCE inflation of 2.0 percent, 0.3 percentage point higher than their previous estimate.

Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 2.3 percent in 2012, up from 2.0 percent in the last survey; 2.1 percent in 2013, down from 2.2 percent; and 2.5 percent in 2014, up from 2.3 percent. Forecasters expect fourth-quarter over fourth-quarter headline PCE inflation to average 2.1 percent in 2012, up from 1.9 percent in the last survey; 2.0 percent in 2013, unchanged from the previous estimate; and 2.2 percent in 2014, up from 2.1 percent.

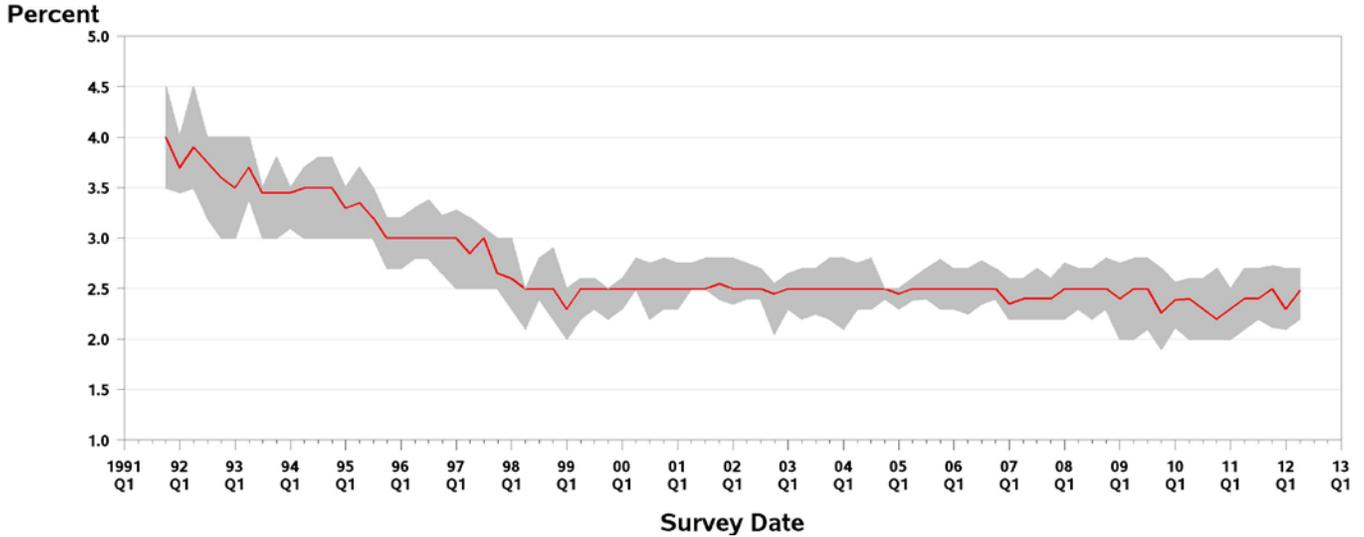
Over the next 10 years, 2012 to 2021, the forecasters expect headline CPI inflation to average 2.48 percent at an annual rate, higher than the estimate of 2.30 percent from the survey of three months ago. There is also a small increase in the corresponding estimates for 10-year annual-average headline PCE inflation. Currently, that 10-year estimate stands at 2.20 percent.

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

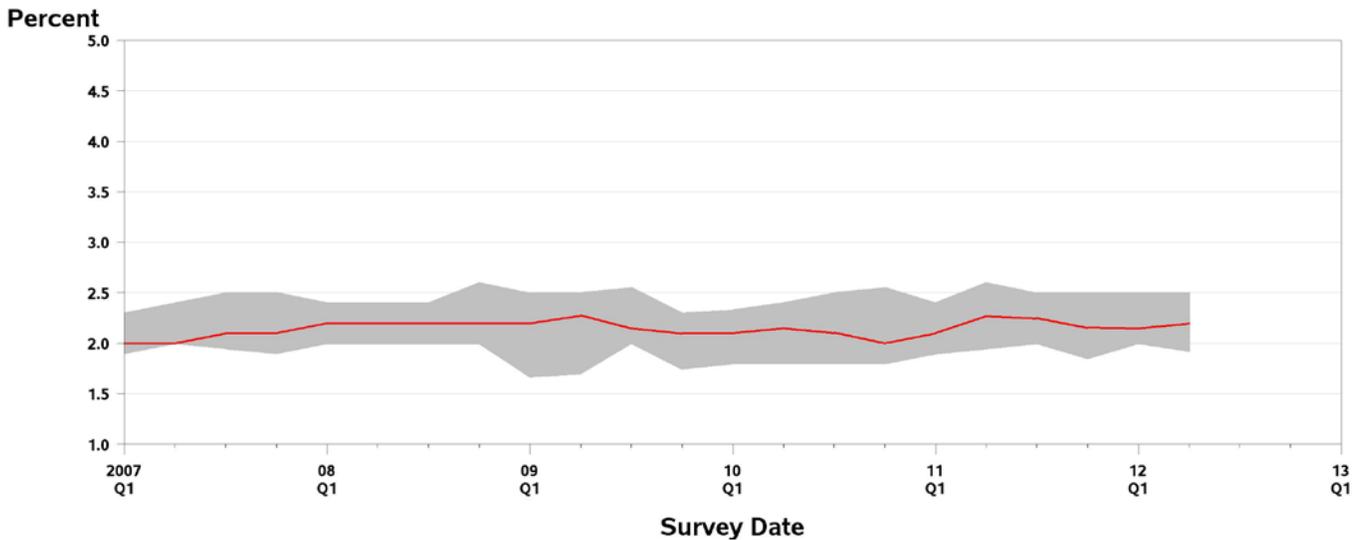
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2012:Q2	2.0	2.1	1.8	2.1	1.7	2.0	1.7	1.8
2012:Q3	2.1	2.3	1.9	2.0	1.8	1.9	1.7	1.7
2012:Q4	2.1	2.1	2.0	2.0	2.0	2.0	1.7	1.7
2013:Q1	2.1	2.2	2.0	2.0	2.0	2.2	1.7	1.9
2013:Q2	N.A.	2.2	N.A.	2.1	N.A.	2.0	N.A.	1.9
<i>Q4/Q4 Annual Averages</i>								
2012	2.0	2.3	1.9	2.0	1.9	2.1	1.6	1.8
2013	2.2	2.1	2.1	2.0	2.0	2.0	1.8	1.9
2014	2.3	2.5	2.2	2.2	2.1	2.2	2.0	2.0
<i>Long-Term Annual Averages</i>								
2012-2016	2.30	2.35	N.A.	N.A.	2.10	2.04	N.A.	N.A.
2012-2021	2.30	2.48	N.A.	N.A.	2.15	2.20	N.A.	N.A.

The charts below show the median projections (the red line) and the associated interquartile ranges (the gray area around the red line) for 10-year annual-average CPI and PCE inflation. The top panel shows the upward revision for CPI inflation, from 2.30 percent to 2.48 percent. The bottom panel highlights a small increase in the 10-year forecast for PCE inflation.

**Projections for the 10-Year Annual-Average Rate of CPI Inflation
(Median and Interquartile Range)**

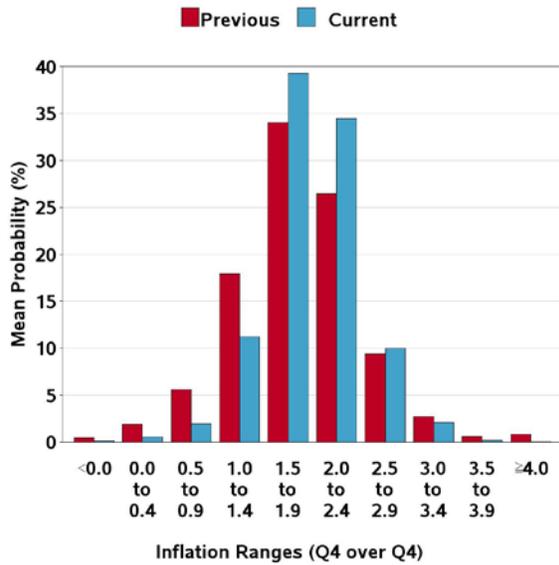


**Projections for the 10-Year Annual-Average Rate of PCE Inflation
(Median and Interquartile Range)**

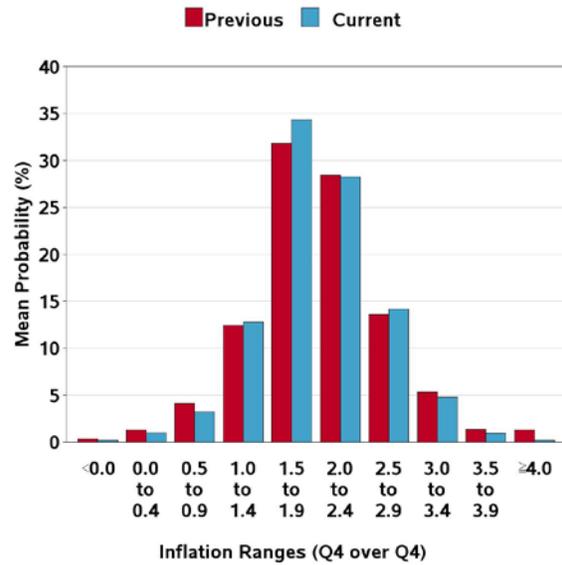


The figures below show the probabilities the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2012 and 2013 will fall into each of 10 ranges. The forecasters have shifted the distribution of density to the right for 2012, indicating their expectations of higher core PCE inflation in 2012 compared with their previous estimates.

Mean Probabilities for Core PCE Inflation in 2012



Mean Probabilities for Core PCE Inflation in 2013



Lower Risk of a Negative Quarter in 2012

The forecasters have revised downward the chance of a contraction in real GDP in any of the next quarters in 2012. For the current quarter, they predict a 9.8 percent chance of negative growth, down from 13.4 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 two quarters. For the first quarter in 2013, the forecasters predict a 17.3 percent chance of negative growth, up from 15.8 percent in the previous survey.

Risk of a Negative Quarter (%)

<i>Quarterly data:</i>	<i>Previous</i>	<i>New</i>
2012: Q2	13.4	9.8
2012: Q3	14.7	12.2
2012: Q4	14.8	14.5
2013: Q1	15.8	17.3
2013: Q2	N.A.	17.8

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

Robert J. Barbera, Mount Lucas 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; **Stephen Gallagher**, Societe Generale; **Timothy Gill**, NEMA; **James Glassman**, JPMorgan Chase & Co.; **Ethan Harris**, Bank of America-Merrill Lynch; **Keith Hembre**, Nuveen Asset Management; **Peter Hooper**, Deutsche Bank Securities, Inc.; **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**, 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; **Jim Meil** and **Arun Raha**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasher**, 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**, Anima Sgr; **Brendon Ogmundson**, BC Real Estate Association; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **Philip Rothman**, East Carolina University; **Chris Rupkey**, Bank of Tokyo-Mitsubishi UFJ; **John Silvia**, Wells Fargo; **Allen Sinai**, Decision Economics, Inc; **Tara M. Sinclair**, Research Program on Forecasting, George Washington University; **David Sloan**, Thomson Reuters; **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; **Charles Steindel**, New Jersey Department of the Treasury; **Susan M. Sterne**, Economic Analysis Associates, Inc.; **Thomas Kevin Swift**, American Chemistry Council; **Andrew Tilton**, Goldman Sachs; **Lea Tyler**, Oxford Economics USA, Inc.; **Jay N. Woodworth**, Woodworth Holdings, Ltd.; **Richard Yamarone**, Bloomberg, LP; **Mark Zandi**, Moody's Analytics

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

	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2012	2013	2014	2015
						(YEAR-OVER-YEAR)			
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.4	2.5	2.6	2.6	2.7	2.3	2.7	3.1	3.4
2. GDP PRICE INDEX (PERCENT CHANGE)	1.8	2.0	1.7	2.1	1.9	1.7	2.0	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	4.1	4.4	4.8	4.2	4.2	4.1	4.4	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	1.5	1.5	1.6	1.5	1.7	1.6	1.6	N.A.	N.A.
(AVG MONTHLY CHANGE)	164.9	170.0	172.6	170.3	185.8	171.9	175.7	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	8.1	8.0	7.9	7.9	7.7	8.1	7.7	7.2	6.6
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.8	1.6
7. 10-YEAR TREASURY BOND (PERCENT)	2.1	2.3	2.3	2.4	2.6	2.2	2.6	3.2	3.9
	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2012	2013	2014	
						(Q4-OVER-Q4)			
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	2.1	2.3	2.1	2.2	2.2	2.3	2.1	2.5	
9. CORE CPI (ANNUAL RATE)	2.1	2.0	2.0	2.0	2.1	2.0	2.0	2.2	
10. PCE (ANNUAL RATE)	2.0	1.9	2.0	2.2	2.0	2.1	2.0	2.2	
11. CORE PCE (ANNUAL RATE)	1.8	1.7	1.7	1.9	1.9	1.8	1.9	2.0	

THE FIGURES ON EACH LINE ARE MEDIANS OF 39 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.

SURVEY OF PROFESSIONAL FORECASTERS

Second Quarter 2012

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 April 27; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before May 8, 2012.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST		
		2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	37	15462	15619	15787	15975	16139	16307	15094	15708	16398	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	37	114.49	115.00	115.59	116.06	116.68	117.23	113.34	115.30	117.60	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	23	N.A.	1608.1	1630.0	1638.1	1651.1	1677.6	1526.5	1612.0	1696.0	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	38	8.3	8.1	8.0	7.9	7.9	7.7	9.0	8.1	7.7	7.2	6.6
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	35	132661	133156	133666	134184	134694	135252	131359	133421	135529	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	35	96.6	97.3	98.2	99.0	99.7	100.4	93.7	97.7	100.7	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	35	0.69	0.70	0.72	0.74	0.77	0.80	0.61	0.71	0.82	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	35	0.07	0.08	0.09	0.09	0.10	0.10	0.05	0.08	0.15	0.79	1.60
9. AAA CORPORATE BOND YIELD (PERCENT)	29	3.90	3.95	4.02	4.10	4.20	4.33	4.64	4.00	4.39	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	27	5.20	5.20	5.28	5.35	5.44	5.53	5.66	5.23	5.52	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	37	2.04	2.10	2.25	2.35	2.45	2.58	2.79	2.18	2.62	3.15	3.89
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	38	13502	13582	13666	13755	13843	13937	13315	13625	13989	14416	14902
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	37	9550.2	9604.5	9659.9	9715.9	9771.0	9829.2	9421.3	9632.6	9856.3	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	1476.2	1503.7	1530.8	1551.1	1573.9	1601.0	1435.5	1514.5	1616.6	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	349.4	355.1	361.6	367.9	374.9	379.4	326.4	358.5	386.7	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	33	1029.7	1034.8	1036.9	1037.2	1036.1	1033.5	1055.0	1035.1	1031.1	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	34	1438.0	1435.1	1433.0	1432.7	1432.3	1433.5	1453.8	1434.8	1434.0	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	35	69.5	55.0	55.2	57.3	55.1	50.1	34.6	59.4	48.0	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	-410.1	-409.3	-410.7	-412.9	-410.1	-414.4	-413.6	-410.3	-418.4	N.A.	N.A.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	2011	2012	2013	2014
		TO Q2 2012	TO Q3 2012	TO Q4 2012	TO Q1 2013	TO Q2 2013	TO 2012	TO 2013	TO 2014	TO 2015
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	37	4.1	4.4	4.8	4.2	4.2	4.1	4.4	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	37	1.8	2.0	1.7	2.1	1.9	1.7	2.0	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	23	7.8	5.6	2.0	3.2	6.6	5.6	5.2	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	38	-0.2	-0.1	-0.1	-0.1	-0.1	-0.9	-0.4	-0.5	-0.6
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	35	1.5	1.5	1.6	1.5	1.7	1.6	1.6	N.A.	N.A.
(AVG MONTHLY CHANGE)	35	164.9	170.0	172.6	170.3	185.8	171.9	175.7	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	35	3.1	3.4	3.3	3.0	2.7	4.3	3.1	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	35	5.3	11.4	12.3	18.6	18.3	16.1	16.2	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	35	0.01	0.01	0.00	0.01	0.00	0.03	0.07	0.64	0.81
9. AAA CORPORATE BOND YIELD (PERCENT)	29	0.05	0.07	0.08	0.10	0.13	-0.64	0.39	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	27	0.00	0.08	0.07	0.09	0.08	-0.43	0.29	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	37	0.06	0.15	0.10	0.10	0.14	-0.62	0.45	0.53	0.74
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	38	2.4	2.5	2.6	2.6	2.7	2.3	2.7	3.1	3.4
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	37	2.3	2.3	2.3	2.3	2.4	2.2	2.3	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	7.7	7.4	5.4	6.0	7.1	5.5	6.7	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	6.7	7.6	7.2	7.8	4.9	9.8	7.9	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	33	2.0	0.8	0.1	-0.4	-1.0	-1.9	-0.4	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	34	-0.8	-0.6	-0.1	-0.1	0.3	-1.3	-0.1	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	35	-14.5	0.2	2.1	-2.2	-5.0	24.8	-11.4	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	0.8	-1.4	-2.2	2.8	-4.4	3.3	-8.1	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, SECOND QUARTER 2012.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST (Q/Q)				ACTUAL		FORECAST (Q4/Q4)	
		2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	37	2.5	2.1	2.3	2.1	2.2	2.2	3.3	2.3	2.1	2.5
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	36	2.1	2.1	2.0	2.0	2.0	2.1	2.2	2.0	2.0	2.2
3. PCE PRICE INDEX (ANNUAL RATE)	33	2.4	2.0	1.9	2.0	2.2	2.0	2.7	2.1	2.0	2.2
4. CORE PCE PRICE INDEX (ANNUAL RATE)	33	2.1	1.8	1.7	1.7	1.9	1.9	1.8	1.8	1.9	2.0

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q1 2012 TO Q2 2012	Q2 2012 TO Q3 2012	Q3 2012 TO Q4 2012	Q4 2012 TO Q1 2013	Q1 2013 TO Q2 2013
NUMBER OF FORECASTERS					
10 OR LESS	28	21	18	14	11
11 TO 20	4	11	12	12	14
21 TO 30	2	2	3	6	6
31 TO 40	0	1	2	1	2
41 TO 50	1	0	0	1	0
51 TO 60	0	0	0	1	1
61 TO 70	0	0	0	0	0
71 TO 80	0	0	0	0	0
81 TO 90	0	0	0	0	0
91 AND OVER	0	0	0	0	0
NOT REPORTING	4	4	4	4	5
MEAN AND MEDIAN					
MEDIAN PROBABILITY	10.00	10.00	10.00	15.00	15.00
MEAN PROBABILITY	9.80	12.16	14.45	17.30	17.77

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 35.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.

TABLE FIVE
MEAN PROBABILITIES

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

	2012	2013	2014	2015
11.0 PERCENT OR MORE	0.09	0.07	0.01	0.01
10.0 TO 10.9 PERCENT	0.15	0.22	0.26	0.05
9.5 TO 9.9 PERCENT	0.59	0.48	0.48	0.53
9.0 TO 9.4 PERCENT	2.85	2.71	2.37	1.32
8.5 TO 8.9 PERCENT	15.55	8.00	4.25	3.50
8.0 TO 8.4 PERCENT	51.35	26.66	12.09	10.05
7.5 TO 7.9 PERCENT	25.44	35.11	25.93	14.64
7.0 TO 7.4 PERCENT	3.53	19.99	28.51	23.38
6.0 TO 6.9 PERCENT	0.41	5.89	19.68	32.56
LESS THAN 6.0 PERCENT	0.04	0.88	6.42	13.97

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

	2011-2012	2012-2013	2013-2014	2014-2015
6.0 OR MORE	0.18	0.35	0.32	0.56
5.0 TO 5.9	0.46	0.76	1.90	2.55
4.0 TO 4.9	2.40	6.43	12.91	12.09
3.0 TO 3.9	13.50	19.08	28.30	30.19
2.0 TO 2.9	59.17	44.06	30.70	30.55
1.0 TO 1.9	19.52	18.90	17.00	15.24
0.0 TO 0.9	3.64	6.78	5.28	5.56
-1.0 TO -0.1	0.82	2.60	2.60	2.51
-2.0 TO -1.1	0.16	0.84	0.84	0.59
-3.0 TO -2.1	0.09	0.15	0.10	0.10
LESS THAN -3.0	0.06	0.06	0.05	0.06

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

	2011-2012	2012-2013
8.0 OR MORE	0.00	0.00
7.0 TO 7.9	0.03	0.03
6.0 TO 6.9	0.03	0.13
5.0 TO 5.9	0.13	0.42
4.0 TO 4.9	0.86	1.65
3.0 TO 3.9	5.97	10.36
2.0 TO 2.9	34.94	40.77
1.0 TO 1.9	51.23	36.69
0.0 TO 0.9	5.74	8.10
WILL DECLINE	1.06	1.84

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.

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

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	11Q4 TO 12Q4	12Q4 TO 13Q4
4 PERCENT OR MORE	0.10	1.49
3.5 TO 3.9 PERCENT	0.38	1.16
3.0 TO 3.4 PERCENT	3.22	6.30
2.5 TO 2.9 PERCENT	13.59	17.18
2.0 TO 2.4 PERCENT	41.25	31.10
1.5 TO 1.9 PERCENT	28.72	27.22
1.0 TO 1.4 PERCENT	8.29	9.97
0.5 TO 0.9 PERCENT	3.80	2.61
0.0 TO 0.4 PERCENT	0.48	2.11
WILL DECLINE	0.18	0.87

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	11Q4 TO 12Q4	12Q4 TO 13Q4
4 PERCENT OR MORE	0.05	0.21
3.5 TO 3.9 PERCENT	0.19	0.94
3.0 TO 3.4 PERCENT	2.09	4.80
2.5 TO 2.9 PERCENT	10.01	14.17
2.0 TO 2.4 PERCENT	34.47	28.27
1.5 TO 1.9 PERCENT	39.29	34.36
1.0 TO 1.4 PERCENT	11.22	12.82
0.5 TO 0.9 PERCENT	1.96	3.21
0.0 TO 0.4 PERCENT	0.55	1.01
WILL DECLINE	0.16	0.20

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2012-2016
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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	0.95	MINIMUM	0.74
LOWER QUARTILE	2.10	LOWER QUARTILE	1.80
MEDIAN	2.35	MEDIAN	2.04
UPPER QUARTILE	2.60	UPPER QUARTILE	2.50
MAXIMUM	3.40	MAXIMUM	3.20
MEAN	2.32	MEAN	2.09
STD. DEVIATION	0.55	STD. DEVIATION	0.51
N	35	N	34
MISSING	4	MISSING	5

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2012-2021
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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.05	MINIMUM	0.99
LOWER QUARTILE	2.20	LOWER QUARTILE	1.92
MEDIAN	2.48	MEDIAN	2.20
UPPER QUARTILE	2.70	UPPER QUARTILE	2.50
MAXIMUM	3.60	MAXIMUM	3.20
MEAN	2.44	MEAN	2.20
STD. DEVIATION	0.53	STD. DEVIATION	0.47
N	33	N	32
MISSING	6	MISSING	7

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2012.