



SURVEY OF PROFESSIONAL FORECASTERS

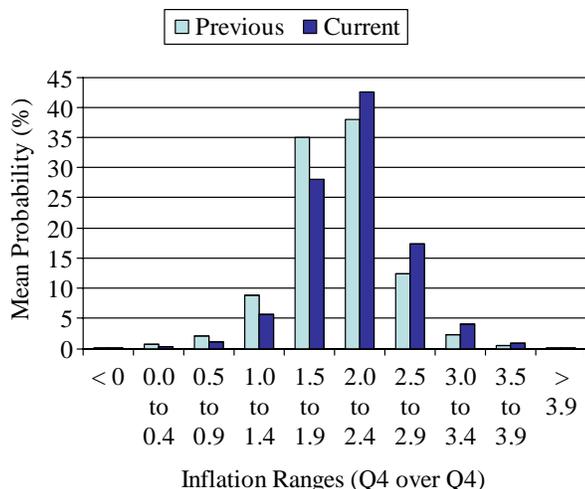
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SECOND QUARTER 2007

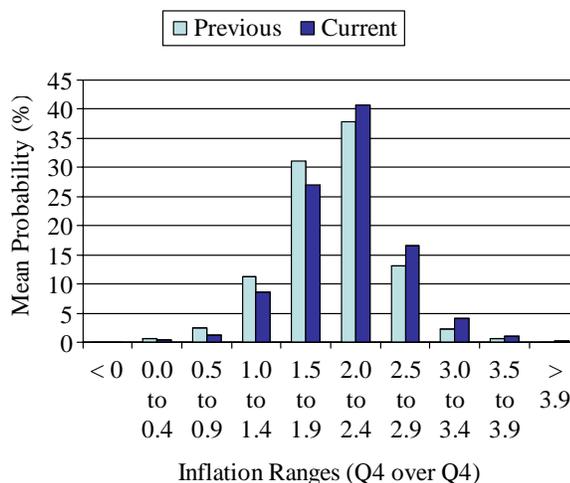
Forecasters See Little Reason to Revise Their Outlook for Core Inflation

The outlook for core inflation, measured by either the price index for personal consumption expenditures (PCE) excluding food and energy or the consumer price index (CPI) excluding food and energy, looks about the same now as it did three months ago, according to 53 forecasters surveyed by the Federal Reserve Bank of Philadelphia. Core PCE inflation will average 2.1 percent on a fourth-quarter over fourth-quarter basis in each of the next three years. These projections are nearly unchanged from those of the previous survey, when the forecasters thought core PCE inflation would average 2.0 percent in 2007 and 2.1 percent in each of the following two years. The charts below show, for core PCE inflation in 2007 and 2008, how the forecasters have changed their estimates of the probability that inflation will fall in each of 10 different ranges.

Mean Probabilities for Core PCE Inflation in 2007



Mean Probabilities for Core PCE Inflation in 2008



Not surprisingly, the mean probabilities in the current survey are highest for the range of inflation, 2.0 percent to 2.4 percent, that includes the forecasters' point estimate of 2.1 percent in each of the next two years. The forecasters see a slightly higher chance that inflation will fall in this range, compared with their previous estimates. A better than one-in-four chance characterizes the probability that core PCE inflation will average between 1.5 percent and 1.9 percent in each of the next two years.

The forecasters expect core CPI inflation to average 2.30 percent (fourth-quarter over fourth-quarter) in each of the next three years. These projections are unchanged from those of the previous survey.

As the table below shows, the short-run projections for CPI and PCE measures of inflation that include food and energy prices (headline) are higher than the projections for core inflation, but the differences moderate as the forecast horizon lengthens.

The forecasters' views on the long-run outlook for inflation remain roughly unchanged from the last survey. Currently, they see headline CPI inflation averaging 2.45 percent over the next five years and 2.40 percent over the next 10 years. Both projections are just five basis points higher than those of the previous survey. At 2.40 percent, the current 10-year CPI projection remains below the level of 2.50 percent that had, until the previous survey, characterized the majority of the surveys since 1998. In fact, this is the first survey since we started asking this question to mark two consecutive surveys in which the projection for 10-year CPI inflation is below 2.50 percent. Headline PCE inflation will average 2.08 percent over the next five years, down from 2.10 percent previously, and 2.00 percent over the next 10 years, unchanged from the previous survey.

Short- and Long-Run Projections for Inflation

	<i>CPI (%)</i>		<i>PCE Price Index (%)</i>	
	<i>Headline</i>	<i>Core</i>	<i>Headline</i>	<i>Core</i>
<i>Quarterly data:</i>				
2007: Q2	4.2	2.2	3.3	2.0
Q3	2.5	2.3	2.1	2.1
Q4	2.3	2.3	2.0	2.1
2008: Q1	2.4	2.3	2.1	2.1
Q2	2.5	2.2	2.2	2.0
<i>Fourth-quarter over fourth-quarter data:</i>				
2007	3.2	2.3	2.7	2.1
2008	2.4	2.3	2.2	2.1
2009	2.4	2.3	2.2	2.1
<i>Long-run projections:</i>				
2007-2011	2.45	N.A.	2.08	N.A.
2007-2016	2.40	N.A.	2.00	N.A.

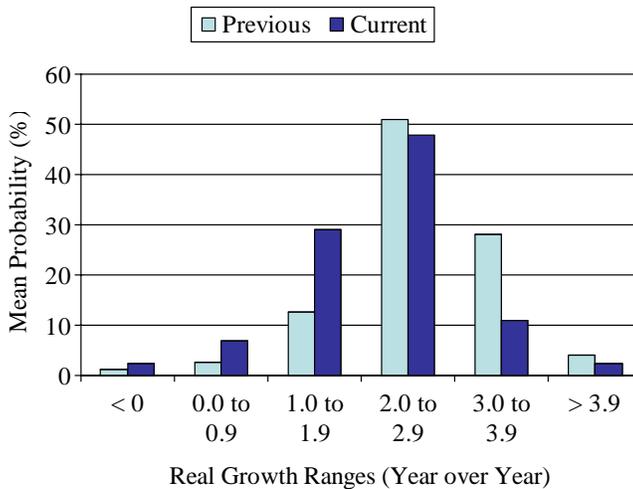
Reduced Estimates for Growth in 2007, Even as the Outlook for the Labor Market Holds Steady

The forecasters have cut their estimates for growth in 2007, even as their outlook for the labor market holds about steady. On a year-over-year basis, real GDP will grow 2.1 percent in 2007, down 0.7 percentage point from the previous estimate of 2.8 percent. This downward revision is temporary, as the forecasters see growth rebounding in 2008, to 2.9 percent, nearly the same rate they expected in the last survey. The outlook for the labor market, in contrast, looks about the same now as it did three months ago. The unemployment rate is expected to average 4.6 percent this year, down from 4.7 percent previously, and 4.8 percent next year, unchanged from the previous survey. On the jobs front, the forecasters see nonfarm payrolls increasing at a rate of 151,000 jobs per month in 2007 and 122,000 per month in 2008. Previously, the forecasters thought nonfarm payroll employment would rise 135,000 per month in 2007 and 131,000 per month in 2008, as the table below shows.

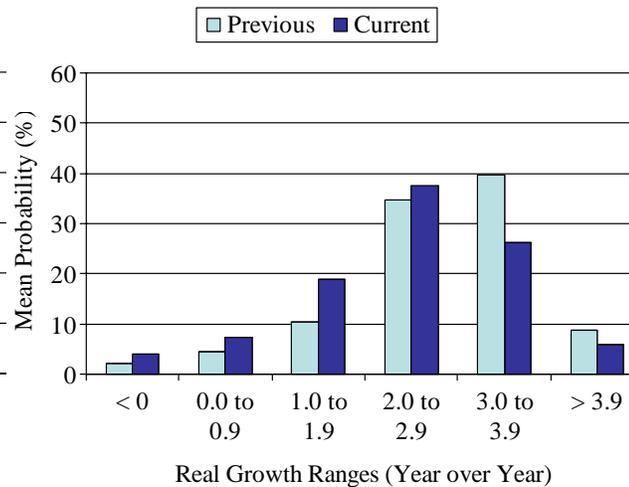
	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2007:Q2	2.7	2.4	4.7	4.6	116.5	114.1
Q3	3.0	2.6	4.7	4.6	115.8	117.9
Q4	3.2	2.9	4.8	4.7	131.1	105.4
2008:Q1	3.1	2.9	4.8	4.8	130.2	128.9
Q2	N.A.	3.0	N.A.	4.8	N.A.	129.3
<i>Annual average data:</i>						
2007	2.8	2.1	4.7	4.6	135.1	150.8
2008	3.0	2.9	4.8	4.8	131.2	122.0

The charts below show how the forecasters have revised their estimates of the probability that year-over-year growth in real GDP will fall into each of six ranges. Growth in 2007 is most likely to fall in the range of 2.0 to 2.9 percent, just as the forecasters estimated in the last survey. However, compared with their estimates three months ago, the forecasters see a much higher chance that growth will fall in the lower range of 1.0 to 1.9 percent. In 2008, the forecasters are assigning the highest probability to growth in the range 2.0 to 2.9 percent. Previously, the highest probability was assigned to growth in the range 3.0 to 3.9 percent.

Mean Probabilities for Real GDP Growth in 2007



Mean Probabilities for Real GDP Growth in 2008



Little Change to Estimates of the Chance for a Negative Quarter

The forecasters have not much altered their assessment of the risk for a quarter of negative growth in real GDP, even though they have cut their estimates for growth in 2007. The forecasters see an 11.75 percent chance of negative growth in the current quarter, down slightly from 13.14 percent in the last survey. As the table below shows, the forecasters have raised their estimates over the next three quarters, but not by much.

Risk of a Negative Quarter (%)

	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>		
2007: Q2	13.14	11.75
Q3	13.82	14.00
Q4	14.93	15.42
2008: Q1	15.00	16.31
Q2	N.A.	16.63

Nearly Flat Path for Three-Month Treasury Bill Rates

A nearly flat path for short-term interest rates accompanies the forecast. The panelists see the rate on three-month Treasury bills holding steady at 5.0 percent in the middle of the year, before falling just 0.10 percentage point, to 4.9 percent, over the next three quarters. This is the same path the forecasters expected in the last survey. On an annual-average basis, the three-month rate will average 5.0 percent this year and 4.9 percent next year. On the long end of the maturity spectrum, the rate on 10-year Treasury bonds will average 4.7 percent in 2007, down from 4.9 percent in the last survey, and 4.9 percent in 2008, down from 5.0 percent previously, as the table below shows.

Outlook for Interest Rates on Treasury Securities

	<i>3-Month Bill (%)</i>		<i>10-Year Bond (%)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>				
2007: Q2	5.0	5.0	4.8	4.7
Q3	5.0	5.0	4.9	4.8
Q4	4.9	4.9	5.0	4.8
2008: Q1	4.9	4.9	5.0	4.9
Q2	N.A.	4.9	N.A.	4.9
<i>Annual average data:</i>				
2007	5.0	5.0	4.9	4.7
2008	4.9	4.9	5.0	4.9

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

Scott Anderson, Wells Fargo and Company; **Robert J. Barbera**, ITG Inc.; **David W. Berson**, Fannie Mae; **Joseph Carson**, Alliance Capital Management; **Gary Ciminero**, CFA, Rhode Island House Policy Office; **Louis Crandall**, Wrightson ICAP LLC; **Richard DeKaser**, National City Corporation; **Rajeev Dhawan**, Georgia State University; **Doug Duncan**, Mortgage Bankers Association; **Michael R. Englund**, Action Economics, LLC; **Gerard F. Fuda**, Independent Economist; **Stephen Gallagher**, Societe Generale; **James Glassman**, JP Morgan Chase & Co.; **Global Insight**; **Keith Hembre**, First American Funds; **William B. Hummer**, Wayne Hummer Investments; **Saul Hymans**, **Joan Crary**, and **Janet Wolfe**, RSQE, University of Michigan; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **Kurt Karl**, Swiss Re; **Dr. Irwin Kellner**, Hofstra University/MarketWatch/North Fork Bank; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Thomas Lam**, UOB Group; **L. Douglas Lee**, Economics from Washington; **Mickey D. Levy**, Bank of America; **Joseph Liro**, Stone & McCarthy Research Associates; **John Lonski**, Moody's Investors Service; **Macroeconomic Advisers, LLC**; **Dean Maki**, Barclays Capital; **Drew Matus**, Lehman Brothers; **Edward F. McKelvey**, Goldman Sachs; **Jim Meil**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **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; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **David Rosenberg**, Merrill Lynch; **John Ryding**, Bear, Stearns, and Company, Inc.; **David F. Seiders**, National Association of Home Builders; **Xiaobing Shuai, Ph.D.**, Chmura Economics & Analytics; **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.; **Thomas Kevin Swift**, American Chemistry Council; **David Teolis**, General Motors Corporation; **Lea Tyler**, Oxford Economics USA, Inc.; **Albert M. Wojnilower**; **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, 2007-2009

	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2007 (YEAR-OVER-YEAR)	2008	
PERCENT GROWTH AT ANNUAL RATES								
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.4	2.6	2.9	2.9	3.0	2.1	2.9	
2. GDP PRICE INDEX (PERCENT CHANGE)	2.5	2.3	2.1	2.4	2.4	2.6	2.3	
3. NOMINAL GDP (\$ BILLIONS)	5.2	4.9	5.1	5.5	5.2	4.8	5.3	
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	1.0	1.0	0.9	1.1	1.1	1.3	1.1	
(AVG MONTHLY CHANGE)	114.1	117.9	105.4	128.9	129.3	150.8	122.0	
VARIABLES IN LEVELS								
5. UNEMPLOYMENT RATE (PERCENT)	4.6	4.6	4.7	4.8	4.8	4.6	4.8	
6. 3-MONTH TREASURY BILL (PERCENT)	5.0	5.0	4.9	4.9	4.9	5.0	4.9	
7. 10-YEAR TREASURY BOND (PERCENT)	4.7	4.8	4.8	4.9	4.9	4.7	4.9	
	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2007	2008	2009
						(Q4-OVER-Q4)		
INFLATION INDICATORS								
8. CPI (ANNUAL RATE)	4.2	2.5	2.3	2.4	2.5	3.2	2.4	2.4
9. CORE CPI (ANNUAL RATE)	2.2	2.3	2.3	2.3	2.2	2.3	2.3	2.3
10. PCE (ANNUAL RATE)	3.3	2.1	2.0	2.1	2.2	2.7	2.2	2.2
11. CORE PCE (ANNUAL RATE)	2.0	2.1	2.1	2.1	2.0	2.1	2.1	2.1

THE FIGURES ON EACH LINE ARE MEDIANS OF 53 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.

SURVEY OF PROFESSIONAL FORECASTERS

Second Quarter 2007

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 9, 2007.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS, 2007-2008
MEDIAN OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST	
		2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2006 ANNUAL	2007 ANNUAL	2008 ANNUAL	
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	51	13632.6	13806.5	13971.4	14147.4	14337.5	14521.1	13246.6	13887.2	14617.2	
2. GDP PRICE INDEX (2000=100)	51	118.07	118.81	119.48	120.12	120.83	121.53	116.06	119.11	121.85	
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	33	N.A.	1215.0	1232.5	1250.0	1268.6	1283.5	1140.7	1221.0	1294.0	
4. UNEMPLOYMENT RATE (PERCENT)	53	4.5	4.6	4.6	4.7	4.8	4.8	4.6	4.6	4.8	
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	46	137464	137806	138160	138476	138863	139251	136175	137985	139449	
6. INDUSTRIAL PRODUCTION (2002=100)	48	112.3	112.9	113.5	114.3	115.1	115.9	111.2	113.3	116.3	
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	47	1.47	1.46	1.47	1.49	1.52	1.53	1.82	1.48	1.55	
8. 3-MONTH TREASURY BILL RATE (PERCENT)	50	4.98	4.99	4.95	4.92	4.90	4.90	4.73	4.96	4.90	
9. AAA CORPORATE BOND YIELD (PERCENT)	44	5.36	5.45	5.53	5.62	5.70	5.75	5.59	5.50	5.74	
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	51	4.68	4.70	4.77	4.80	4.90	4.90	4.79	4.75	4.92	
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	53	11549.1	11617.8	11692.6	11775.4	11860.2	11948.2	11415.3	11658.3	11992.0	
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	51	8273.6	8318.7	8372.3	8428.2	8486.6	8544.2	8091.5	8347.2	8570.9	
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	49	1330.2	1346.1	1361.4	1380.7	1397.8	1412.8	1312.4	1355.0	1420.8	
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	49	515.1	501.7	495.3	493.0	499.3	504.2	582.3	501.2	507.0	
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	47	741.5	746.1	750.7	754.6	759.0	761.9	742.0	748.4	763.8	
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	46	1278.9	1285.6	1293.0	1299.8	1305.9	1311.3	1256.4	1289.4	1314.2	
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	49	14.8	20.7	24.0	28.0	29.0	30.0	43.2	21.1	32.5	
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	50	-597.8	-595.7	-595.8	-588.3	-585.0	-584.1	-618.1	-594.2	-583.5	

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS, 2007-2008
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q1 2007 TO Q2 2007	Q2 2007 TO Q3 2007	Q3 2007 TO Q4 2007	Q4 2007 TO Q1 2008	Q1 2008 TO Q2 2008	2006 TO 2007	2007 TO 2008
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	51	5.2	4.9	5.1	5.5	5.2	4.8	5.3
2. GDP PRICE INDEX (2000=100)	51	2.5	2.3	2.1	2.4	2.4	2.6	2.3
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	33	5.8	5.9	5.8	6.1	4.8	7.0	6.0
4. UNEMPLOYMENT RATE (PERCENT)	53	0.1	0.1	0.1	0.1	0.0	0.0	0.2
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	46	1.0	1.0	0.9	1.1	1.1	1.3	1.1
(AVG MONTHLY CHANGE)	46	114.1	117.9	105.4	128.9	129.3	150.8	122.0
6. INDUSTRIAL PRODUCTION (2002=100)	48	2.1	2.3	2.7	2.9	2.7	1.9	2.7
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	47	-2.6	2.2	6.2	6.5	2.9	-18.8	5.0
8. 3-MONTH TREASURY BILL RATE (PERCENT)	50	0.00	-0.03	-0.03	-0.02	0.00	0.23	-0.06
9. AAA CORPORATE BOND YIELD (PERCENT)	44	0.09	0.08	0.10	0.08	0.05	-0.09	0.23
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	51	0.02	0.07	0.03	0.10	0.00	-0.04	0.17
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	53	2.4	2.6	2.9	2.9	3.0	2.1	2.9
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	51	2.2	2.6	2.7	2.8	2.7	3.2	2.7
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	49	4.9	4.6	5.8	5.0	4.4	3.2	4.9
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	49	-10.0	-5.0	-1.8	5.2	4.0	-13.9	1.2
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	47	2.5	2.5	2.1	2.4	1.5	0.9	2.1
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	46	2.1	2.3	2.1	1.9	1.7	2.6	1.9
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	49	5.9	3.3	4.0	1.0	1.0	-22.1	11.4
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	50	2.1	-0.1	7.5	3.3	0.9	23.9	10.7

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, SECOND QUARTER 2007.

TABLE THREE
 MAJOR PRICE INDICATORS, 2007-2009
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST(Q/Q)					ACTUAL	FORECAST(Q4/Q4)		
		2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2006 ANNUAL	2007 ANNUAL	2008 ANNUAL	2009 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	49	3.8	4.2	2.5	2.3	2.4	2.5	2.0	3.2	2.4	2.4
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	48	2.3	2.2	2.3	2.3	2.3	2.2	2.7	2.3	2.3	2.3
3. PCE PRICE INDEX (ANNUAL RATE)	38	3.4	3.3	2.1	2.0	2.1	2.2	1.9	2.7	2.2	2.2
4. CORE PCE PRICE INDEX (ANNUAL RATE)	41	2.2	2.0	2.1	2.1	2.1	2.0	2.2	2.1	2.1	2.1

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANGES IN 100)	Q1 2007 TO Q2 2007	Q2 2007 TO Q3 2007	Q3 2007 TO Q4 2007	Q4 2007 TO Q1 2008	Q1 2008 TO Q2 2008
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NUMBER OF FORECASTERS

10 OR LESS	29	23	23	20	20
11 TO 20	12	12	14	16	17
21 TO 30	5	11	6	8	5
31 TO 40	2	2	5	4	5
41 TO 50	0	0	0	0	1
51 TO 60	0	0	0	0	0
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	5	5	5	5	5

MEAN AND MEDIAN

MEDIAN PROBABILITY	10.00	12.00	12.00	15.00	15.00
MEAN PROBABILITY	11.75	14.00	15.42	16.31	16.63

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 48.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.

TABLE FIVE
 MEAN PROBABILITY OF CHANGES IN GDP AND PRICES
 2006-2007 AND 2007-2008

MEAN PROBABILITY ATTACHED TO POSSIBLE
 PERCENT CHANGES IN REAL GDP:

	2006-2007	2007-2008
6.0 OR MORE	0.19	0.26
5.0 TO 5.9	0.56	0.87
4.0 TO 4.9	1.81	4.74
3.0 TO 3.9	11.08	26.32
2.0 TO 2.9	47.71	37.57
1.0 TO 1.9	29.04	18.91
0.0 TO 0.9	7.06	7.28
-1.0 TO -0.1	1.83	2.98
-2.0 TO -1.1	0.42	0.74
LESS THAN -2.0	0.30	0.33

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

	2006-2007	2007-2008
8.0 OR MORE	0.23	0.24
7.0 TO 7.9	0.29	0.36
6.0 TO 6.9	0.42	0.62
5.0 TO 5.9	1.00	1.60
4.0 TO 4.9	4.63	4.98
3.0 TO 3.9	23.00	19.18
2.0 TO 2.9	53.00	45.11
1.0 TO 1.9	14.81	22.42
0.0 TO 0.9	2.29	5.07
WILL DECLINE	0.34	0.43

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 48.
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.

TABLE SIX
 MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)
 2006Q4 TO 2007Q4 AND 2007Q4 TO 2008Q4

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	06Q4 TO 07Q4	07Q4 TO 08Q4
4 PERCENT OR MORE	0.17	0.30
3.5 TO 3.9 PERCENT	1.05	1.13
3.0 TO 3.4 PERCENT	7.76	5.66
2.5 TO 2.9 PERCENT	32.26	27.29
2.0 TO 2.4 PERCENT	42.02	39.66
1.5 TO 1.9 PERCENT	13.42	20.23
1.0 TO 1.4 PERCENT	2.65	4.60
0.5 TO 0.9 PERCENT	0.40	0.71
0.0 TO 0.4 PERCENT	0.21	0.40
WILL DECLINE	0.05	0.03

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	06Q4 TO 07Q4	07Q4 TO 08Q4
4 PERCENT OR MORE	0.18	0.28
3.5 TO 3.9 PERCENT	0.98	1.03
3.0 TO 3.4 PERCENT	4.05	4.18
2.5 TO 2.9 PERCENT	17.26	16.59
2.0 TO 2.4 PERCENT	42.60	40.72
1.5 TO 1.9 PERCENT	27.96	26.95
1.0 TO 1.4 PERCENT	5.60	8.56
0.5 TO 0.9 PERCENT	1.08	1.23
0.0 TO 0.4 PERCENT	0.28	0.41
WILL DECLINE	0.03	0.05

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 42.
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2007-2011

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	1.90	MINIMUM	1.50
LOWER QUARTILE	2.20	LOWER QUARTILE	2.00
MEDIAN	2.45	MEDIAN	2.08
UPPER QUARTILE	2.73	UPPER QUARTILE	2.40
MAXIMUM	3.70	MAXIMUM	3.30
MEAN	2.51	MEAN	2.23
STD. DEVIATION	0.42	STD. DEVIATION	0.38
N	48	N	46
MISSING	5	MISSING	7

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2007-2016

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	1.80	MINIMUM	1.50
LOWER QUARTILE	2.20	LOWER QUARTILE	2.00
MEDIAN	2.40	MEDIAN	2.00
UPPER QUARTILE	2.60	UPPER QUARTILE	2.40
MAXIMUM	4.00	MAXIMUM	3.50
MEAN	2.47	MEAN	2.22
STD. DEVIATION	0.45	STD. DEVIATION	0.41
N	49	N	47
MISSING	4	MISSING	6

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2007.