

Survey of

# PROFESSIONAL

F O R E C A S T E R S

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Federal Reserve Bank  
of Philadelphia

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## *FIRST QUARTER 2001*

### *Forecasts Show Short-Run Turbulence Amid an Improved Long-Run Outlook*

On the heels of decelerating growth in last year's fourth quarter, the economy will experience below average growth in real GDP over the first two quarters of 2001 followed by a rebound over the second half of the year, according to 35 forecasters surveyed by the Federal Reserve Bank of Philadelphia. While the forecasters expect growth to remain positive over the next five quarters, they expect the economy to grow at a meager rate of 0.8 percent in the current quarter. The forecasters see somewhat stronger—though still below average—growth at an annual rate of 2.2 percent in the second quarter. In contrast, the economy will grow at much higher annualized rates over the second half of the year: 3.3 percent in the third quarter and 3.7 percent in the fourth quarter. On a year-over-year basis, the forecasters expect real GDP to grow at an annual rate of 2.2 percent in 2001, down from their expectation of 3.3 percent in last year's fourth-quarter survey, and 3.6 percent in 2002. Thus, the forecasters see some turbulence in the waters over the next two quarters, but smooth sailing thereafter.

Underscoring their expectation that the slowdown is temporary—and does not represent a structural shift in long-run fundamentals—the forecasters have *raised* their expectations for average annualized growth in real GDP over the next 10 years. Currently, that expectation stands at 3.30 percent, up from 3.05 percent in 2000's first-quarter survey, the last survey in which the forecasters were polled about their long-run growth forecasts. Likewise, the forecasters now expect labor productivity growth—a variable that economists believe is a prime determinant of the long-run growth of inflation-adjusted wages and, thus, the standard of living—to average 2.50 percent over the next 10 years, marking an increase of 0.1 percentage point from their previous estimate of 2.40 percent. (For more information on these long-run forecasts, see the section below.)

The current forecast for the unemployment rate largely reflects last year's weak fourth quarter, the expectation for continued weakness over the first half of 2001, and the projected growth rebound to follow. The forecasters expect the rate to average 4.2 percent in the current quarter, up from their previous expectation of 4.1 percent, and to rise gradually to 4.5 percent over the second half of 2001, up from 4.2 percent previously. These forecasts indicate that the unemployment rate is likely to be a bit higher than previously expected. However, the forecasters see the rate reaching its peak of 4.5 percent in the third quarter of 2001 and holding steady at that level, on average, throughout 2002, indicating that the forecasters do not expect continuous upward movement in unemployment over the next two years.

To the extent that there is unqualified good news in the very short-run outlook, such news is found on the inflation front. The forecasters have cut their projections for inflation in 2001, measured by either the consumer price index or the GDP chain-weighted price index. Measured by the fourth-quarter-over-fourth-quarter rate of change in the consumer price index, inflation is expected to average 2.4 percent in 2001, down from 2.7 percent in the previous survey. In similar fashion, the year-over-year growth in the GDP price index is projected to average 2.1 percent in 2001, also down from the previous survey's estimate of 2.3 percent. Importantly, little or no acceleration in inflation is expected in 2002. According to the CPI measure, inflation will average 2.4 percent in 2002, marking no acceleration

from the current forecast for 2001. The GDP measure will average 2.2 percent in 2002, up just 0.1 percentage point from the current forecast for 2001.

The following table compares forecasts for selected variables from the current survey with those from three months ago.

	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>GDP Inflation (%)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2001: Q1	3.3	0.8	4.1	4.2	2.2	2.4
Q2	3.2	2.2	4.2	4.4	2.4	1.9
Q3	3.3	3.3	4.2	4.5	2.4	2.4
Q4	3.2	3.7	4.2	4.5	2.0	2.0
2002: Q1	N.A.	3.7	N.A.	4.5	N.A.	2.2
<i>Annual average data:</i>						
2001	3.3	2.2	4.2	4.4	2.3	2.1
2002	N.A.	3.6	N.A.	4.5	N.A.	2.2

### ***Chance of a Negative Quarter Jumps***

A jump in the probability that forecasters are assigning to a negative quarter of growth in the first half of 2001 accompanies the downward revision to projected growth in real GDP over the first half. For the current quarter, that probability stands at 37 percent, up rather substantially from the 11 percent assigned in last quarter's survey. Likewise, the chance that growth will be negative in the second quarter stands at 32 percent, up from 17 percent previously. However, for the quarters beyond the first two, the current probabilities are little changed from those of the previous survey, providing additional evidence that any slowdown is expected to be short-lived, as the following table shows.

	<i>Risk of a Negative Quarter (%)</i>	
	<i>Previous Survey</i>	<i>New Survey</i>
<i>Quarterly data:</i>		
2001: Q1	11	37
Q2	17	32
Q3	19	23
Q4	19	18
2002: Q1	N.A.	13

### ***Interest Rates Seen Hovering at Levels Lower Than Previously Expected***

Although the current forecasts for short- and long-term interest rates are lower than previously expected, the forecasters see little movement in those rates over the next two years. The forecasters expect the rate on three-month Treasury bills to average 4.8 percent in 2001, down from 6.0 percent previously, and holding steady at that level in 2002. The rate on 10-year Treasury bonds will average 5.1 percent in 2001, down from 5.9 percent in the last survey, and rise to 5.3 percent in 2002. These annual forecasts and the accompanying quarterly details are shown in the table below.

	<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>				
2001: Q1	6.1	5.1	5.8	5.1
Q2	6.1	4.8	5.8	5.1
Q3	6.0	4.7	5.9	5.2
Q4	6.0	4.7	5.8	5.2
2002: Q1	N.A.	4.8	N.A.	5.3
<i>Annual average data:</i>				
2001	6.0	4.8	5.9	5.1
2002	N.A.	4.8	N.A.	5.3

### ***Long-Term Expectations for Inflation Are Steady***

The forecasters are holding steady their expectations for long-term inflation. Measured by the annual average rate of change in the consumer price index over the next 10 years, long-term expectations for inflation are 2.50 percent, the same rate expected in last quarter's survey. With the exception of the survey taken in the first quarter of 1999, in which the measure dropped to 2.30 percent, the Philadelphia Fed's measure of long-term expectations for inflation has held steady at 2.50 percent since 1998's second-quarter survey.

### ***Additional Long-Term Forecasts Show Higher Output Growth and Lower Investment Returns***

In first-quarter surveys, we ask the forecasters to provide long-term forecasts for an expanded set of economic variables, including growth in real GDP and productivity and returns on financial assets. As mentioned above, the forecasters are raising their projections for long-term growth in real GDP and labor productivity, defined as the amount of output produced per hour of labor input. As the table below shows, the forecasters' current projection for annual average growth in real GDP over the next 10 years stands at 3.30 percent, marking an increase from 3.05 percent in last year's first-quarter survey. Some of that upward revision reflects an increase in the rate of growth of labor productivity, as the forecasters now expect that rate to average 2.50 percent, up from 2.40 percent previously. On the financial assets front, the forecasters expect stock returns on the S&P 500 index to average 7.5 percent per year over the next 10 years, 10-year Treasury bonds to average 5.5 percent, and three-month Treasury bills to average 4.50 percent. These forecasts represent downward revisions of 0.5 percentage point from the forecasts of last year.

#### *Long-Term (10-year) Forecasts (%)*

	<i>First-Quarter 2000 Survey</i>	<i>Current Survey</i>
<i>Real GDP Growth</i>	3.05	3.30
<i>Productivity Growth</i>	2.40	2.50
<i>Stock Returns (S&amp;P 500)</i>	8.00	7.50
<i>Bond Returns (10-Year)</i>	6.00	5.50
<i>Bill Returns (3-Month)</i>	5.00	4.50

### ***Budget Surpluses Seen at Levels Lower Than Those Predicted by the CBO***

In answer to a special question about future federal government budget surpluses, the forecasters are predicting surpluses at levels lower than those predicted by the Congressional Budget Office (CBO). The following table shows the latest CBO baseline forecast released on January 31. This baseline forecast, in billions of dollars and on a fiscal year basis, was constructed under the assumption that discretionary spending grows at the rate of inflation. Both CBO and survey forecasts show rising surpluses over the next six years, but the survey panelists see the surpluses rising at a much slower rate. (In formulating their forecasts, the survey panelists were permitted to make their own assumptions about spending, taxes, and economic growth.)

*Federal Government Budget Surplus Projections  
Fiscal Years, Billions of Dollars*

	2001	2002	2003	2004	2005	2006
CBO Baseline	281	313	359	397	433	505
Survey of Professional Forecasters	266	255	268	271	275	299

Differences between the CBO forecasts and those of the survey's panelists reflect differences in assumptions about federal government spending, taxation, and economic growth. We asked the panelists about their assumptions for taxes and spending in fiscal years 2001 and 2002. For 2001, the panelists expect \$6 billion in spending and \$41 billion in tax cuts that are not part of the CBO's forecast. In 2002, the forecasters see \$14 billion in spending and \$75 billion in tax cuts relative to the amounts assumed in the CBO's forecast. According to the forecasters, these new tax and spending initiatives will raise year-over-year growth of real GDP by 0.3 percentage point in calendar year 2001 and 0.5 percentage point in 2002.

The Philadelphia Fed's Survey of Professional Forecasters was formerly conducted by the American Statistical Association (ASA) and the National Bureau of Economic Research (NBER) and was known as the ASA/NBER survey. The survey, which began in 1968, is conducted each quarter. The Federal Reserve Bank of Philadelphia, in cooperation with the NBER, assumed responsibility for the survey in June 1990.

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To subscribe to the survey, contact the Research Department's Publications Desk at (215) 574-6428. This three-page writeup contains partial results of the survey. More detailed tables are available. These tables can be accessed on the Internet at:  
<http://www.phil.frb.org/econ/spf/index.html>.

SURVEY OF PROFESSIONAL FORECASTERS  
MAJOR MACROECONOMIC INDICATORS, 2001-2002

	2001				2002		ANNUAL AVERAGE
	q1	q2	q3	q4	q1	2001	
	FORECAST						2002
PERCENT GROWTH AT ANNUAL RATES							
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	0.8	2.2	3.3	3.7	3.7	3.7	3.6
2. GDP PRICE INDEX (1996=100)	2.4	1.9	2.4	2.0	2.2	2.2	2.2
3. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	3.3	4.4	5.1	5.5	5.9	4.3	5.5
4. CONSUMER PRICE INDEX (CPI-U) (ANNUAL RATE)	2.7	2.5	2.5	2.4	2.5	2.4	2.4
VARIABLES IN LEVELS							
5. UNEMPLOYMENT RATE (PERCENT)	4.2	4.4	4.5	4.5	4.5	4.4	4.5
6. 3-MONTH TREASURY BILL RATE (PERCENT)	5.1	4.8	4.7	4.7	4.8	4.8	4.8
7. 10-YEAR TREASURY BOND YIELD (PERCENT)	5.1	5.1	5.2	5.2	5.3	5.1	5.3

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.

NOTES: THE FIGURES ON EACH LINE ARE MEDIANS OF 35 INDIVIDUAL FORECASTS. NA = NOT APPLICABLE.

## **SURVEY OF PROFESSIONAL FORECASTERS**

**First Quarter 2001**

### **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 January 31; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before February 14.

TABLE ONE

MAJOR MACROECONOMIC INDICATORS, 2001-2002  
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORE- CASTERS	ACTUAL 2000 Q4	FORECASTS 2001				2002 Q1	ACTUAL 2000	FORECAST 2001	FORECAST 2002
			Q1	Q2	Q3	Q4				
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	34	10125.0	10207.0	10316.8	10444.9	10585.4	10738.3	9965.7	10395.2	10962.6
2. GDP PRICE INDEX (1996=100)	30	107.77	108.40	108.91	109.55	110.10	110.70	106.99	109.28	111.66
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	28	N.A.	637.5	638.5	643.6	655.5	670.0	N.A.	644.0	688.0
4. UNEMPLOYMENT RATE (PERCENT)	35	4.0	4.2	4.4	4.5	4.5	4.5	4.0	4.4	4.5
5. INDUSTRIAL PRODUCTION (1992=100)	31	148.0	147.4	148.2	149.4	150.5	151.6	147.0	149.0	154.1
6. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	35	1.56	1.53	1.53	1.55	1.55	1.56	1.59	1.54	1.57
7. CONSUMER PRICE INDEX (CPI-U) (ANNUAL RATE)	33	2.7	2.7	2.5	2.5	2.4	2.5	3.4	2.4	2.4
8. 3-MONTH TREASURY BILL RATE (PERCENT)	33	6.02	5.10	4.75	4.69	4.70	4.77	5.82	4.79	4.85
9. AAA CORPORATE BOND YIELD (PERCENT)	29	7.40	7.05	6.90	6.95	6.96	6.99	7.62	7.00	7.10
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	31	5.57	5.10	5.08	5.15	5.20	5.31	6.03	5.11	5.32

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.

TABLE ONE CONTINUED

MAJOR MACROECONOMIC INDICATORS, 2001-2002  
MEDIAN OF FORECASTER PREDICTIONS

	NUMBER OF FORE- CASTERS	ACTUAL 2000 Q4	FORECASTS 2001				ACTUAL 2000	FORECAST 2001	FORECAST 2002	
			Q1	Q2	Q3	Q4				
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	35	9401.5	9421.3	9471.7	9550.0	9636.0	9723.3	9320.4	9524.1	9865.7
12. TOTAL CONSUMPTION EXPENDITURES (BILLIONS, CHAIN WEIGHTED)	34	6374.6	6409.7	6436.9	6476.8	6527.9	6586.5	6294.6	6461.1	6664.3
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	1433.6	1442.3	1450.1	1462.4	1492.8	1521.4	1412.5	1460.3	1565.8
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	360.0	359.4	359.3	361.9	365.0	368.7	366.6	361.4	372.2
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	32	551.9	553.1	557.0	558.5	561.3	564.0	548.4	557.0	568.4
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	32	1037.1	1044.0	1051.5	1058.3	1065.6	1073.0	1030.3	1055.0	1082.3
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	33	67.1	40.0	30.5	34.0	38.0	40.0	63.7	33.3	40.0
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	-442.2	-440.8	-442.7	-440.0	-440.0	-434.4	-412.5	-440.2	-446.2

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.

TABLE TWO

MAJOR MACROECONOMIC INDICATORS, 2001-2002  
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORE- CASTERS	Q4 2000		Q1 2001		Q2 2001		Q3 2001		Q4 2001		2000		2001	
		TO	Q1 2001	TO	Q2 2001	TO	Q3 2001	TO	Q4 2001	TO	Q1 2002	TO	Q4 2001	TO	Q1 2002
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	34	3.3	4.4	4.4	5.1	5.1	5.5	5.5	5.5	5.9	5.9	4.3	4.3	5.5	5.5
2. GDP PRICE INDEX (1996=100)	30	2.4	1.9	1.9	2.4	2.4	2.0	2.0	2.2	2.2	2.1	2.1	2.1	2.2	2.2
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	28	-2.0	0.6	0.6	3.2	3.2	7.6	7.6	9.2	9.2	-0.2	-0.2	-0.2	6.8	6.8
4. UNEMPLOYMENT RATE (PERCENT)	35	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.4	0.4	0.4	0.1	0.1
5. INDUSTRIAL PRODUCTION (1992=100)	31	-1.6	2.2	2.2	3.3	3.3	3.0	3.0	3.0	3.0	1.4	1.4	1.4	3.4	3.4
6. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	35	-7.5	0.0	0.0	5.9	5.9	0.0	0.0	1.7	1.7	-3.4	-3.4	-3.4	2.2	2.2
7. CONSUMER PRICE INDEX (CPI-U) (ANNUAL RATE)	33	0.0	-0.2	-0.2	0.0	0.0	-0.1	-0.1	0.1	0.1	-1.0	-1.0	-1.0	0.0	0.0
8. 3-MONTH TREASURY BILL RATE (PERCENT)	33	-0.92	-0.35	-0.35	-0.06	-0.06	0.01	0.01	0.07	0.07	-1.03	-1.03	-1.03	0.06	0.06
9. AAA CORPORATE BOND YIELD (PERCENT)	29	-0.35	-0.15	-0.15	0.05	0.05	0.01	0.01	0.03	0.03	-0.62	-0.62	-0.62	0.10	0.10
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	31	-0.47	-0.02	-0.02	0.07	0.07	0.05	0.05	0.11	0.11	-0.92	-0.92	-0.92	0.21	0.21

NOTE: FIGURES FOR UNEMPLOYMENT RATE, PERCENT CHANGE IN CONSUMER PRICE INDEX, TREASURY BILL RATE, AAA CORPORATE BOND YIELD, AND 10-YEAR TREASURY BOND YIELD ARE CHANGES IN THESE RATES, IN PERCENTAGE POINTS. ALL OTHERS ARE PERCENTAGE CHANGES AT ANNUAL RATES.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.

TABLE TWO CONTINUED

MAJOR MACROECONOMIC INDICATORS, 2001-2002  
PERCENTAGE CHANGES AT ANNUAL RATES

NUMBER OF FORE- CASTERS	Q4 2000		Q1 2001		Q2 2001		Q3 2001		Q4 2001		2000 TO 2001		2001 TO 2002	
	TO Q1 2001	TO Q2 2001	TO Q2 2001	TO Q3 2001	TO Q4 2001	TO Q4 2001	TO Q1 2002	TO Q1 2002	TO Q1 2002	TO Q1 2002	TO 2001	TO 2001	TO 2002	TO 2002
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	35	0.8	2.2	3.3	3.7	3.7	3.7	3.7	3.7	3.7	2.2	2.2	3.6	3.6
12. TOTAL CONSUMPTION EXPENDITURES (BILLIONS, CHAIN WEIGHTED)	34	2.2	1.7	2.5	3.2	3.2	3.6	3.6	3.6	3.6	2.6	2.6	3.1	3.1
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	2.4	2.2	3.5	8.6	8.6	7.9	7.9	7.9	7.9	3.4	3.4	7.2	7.2
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	-0.7	-0.1	2.9	3.5	3.5	4.1	4.1	4.1	4.1	-1.4	-1.4	3.0	3.0
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	32	0.9	2.8	1.1	2.0	2.0	1.9	1.9	1.9	1.9	1.6	1.6	2.0	2.0
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	32	2.7	2.9	2.6	2.8	2.8	2.8	2.8	2.8	2.8	2.4	2.4	2.6	2.6
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	33	-27.1	-9.5	3.5	4.0	4.0	2.0	2.0	2.0	2.0	-30.4	-30.4	6.7	6.7
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	1.4	-1.9	2.7	0.0	0.0	5.6	5.6	5.6	5.6	-27.7	-27.7	-6.0	-6.0

NOTE: FIGURES FOR 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, FIRST QUARTER 2001.

TABLE THREE

## ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q4 2000 TO		Q1 2001 TO		Q2 2001 TO		Q3 2001 TO		Q4 2001 TO		Q4 2001 TO	
	Q1 2001	Q2 2001	Q2 2001	Q3 2001	Q3 2001	Q4 2001	Q4 2001	Q4 2001	Q4 2001	Q1 2002	Q1 2002	Q1 2002
	NUMBER OF FORECASTERS											
10 OR LESS	3	3	3	9	9	11	11	17				
11 TO 20	0	7	7	8	8	11	11	7				
21 TO 30	10	7	7	7	7	5	5	5				
31 TO 40	7	7	7	6	6	2	2	0				
41 TO 50	7	4	4	1	1	1	1	0				
51 TO 60	2	1	1	0	0	0	0	0				
61 TO 70	1	2	2	0	0	0	0	0				
71 TO 80	1	0	0	0	0	0	0	0				
81 TO 90	0	0	0	0	0	0	0	0				
91 AND OVER	0	0	0	0	0	0	0	0				
NOT REPORTING	4	4	4	4	4	5	5	6				
MEDIAN PROBABILITY	35	30	30	20	20	20	20	10				
MEAN PROBABILITY	37	32	32	23	23	18	18	13				

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 31.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.

TABLE FOUR

MEAN PROBABILITY OF CHANGES IN GDP AND PRICES  
2000-2001 AND 2001-2002

MEAN PROBABILITY ATTACHED TO POSSIBLE  
PERCENT CHANGES IN REAL GDP:

	2000-2001 -----	2001-2002 -----
6.0 OR MORE	0.07	0.86
5.0 TO 5.9	0.47	5.03
4.0 TO 4.9	2.87	16.52
3.0 TO 3.9	11.53	34.83
2.0 TO 2.9	41.30	23.52
1.0 TO 1.9	26.57	11.14
0.0 TO 0.9	10.90	4.24
-1.0 TO -0.1	4.87	2.24
-2.0 TO -1.1	1.10	1.07
LESS THAN -2.0	0.33	0.55

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

	2000-2001 -----	2001-2002 -----
8.0 OR MORE	0.17	0.18
7.0 TO 7.9	0.20	0.25
6.0 TO 6.9	0.40	0.57
5.0 TO 5.9	1.17	1.71
4.0 TO 4.9	3.63	3.71
3.0 TO 3.9	10.47	14.07
2.0 TO 2.9	46.05	44.43
1.0 TO 1.9	32.53	27.32
0.0 TO 0.9	5.05	6.14
WILL DECLINE	0.33	1.61

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 30.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.

TABLE FIVE  
LONG-TERM (10 YEAR) FORECASTS

SERIES: CPI INFLATION RATE		SERIES: REAL GDP GROWTH RATE		SERIES: PRODUCTIVITY GROWTH	
STATISTIC		STATISTIC		STATISTIC	
MINIMUM	1.500	MINIMUM	2.250	MINIMUM	1.400
LOWER QUARTILE	2.275	LOWER QUARTILE	3.000	LOWER QUARTILE	2.100
MEDIAN	2.500	MEDIAN	3.300	MEDIAN	2.500
UPPER QUARTILE	2.763	UPPER QUARTILE	3.500	UPPER QUARTILE	2.750
MAXIMUM	3.500	MAXIMUM	4.250	MAXIMUM	3.500
MEAN	2.525	MEAN	3.300	MEAN	2.476
STD. DEV.	0.410	STD. DEV.	0.424	STD. DEV.	0.479
N	34	N	33	N	33
MISSING	1	MISSING	2	MISSING	2

  

SERIES: STOCK RETURNS (S&P 500)		SERIES: BOND RETURNS (10-YEAR)		SERIES: BILL RETURNS (3-MONTH)	
STATISTIC		STATISTIC		STATISTIC	
MINIMUM	2.200	MINIMUM	2.500	MINIMUM	2.000
LOWER QUARTILE	6.000	LOWER QUARTILE	5.000	LOWER QUARTILE	4.000
MEDIAN	7.500	MEDIAN	5.500	MEDIAN	4.500
UPPER QUARTILE	9.000	UPPER QUARTILE	5.750	UPPER QUARTILE	5.150
MAXIMUM	12.000	MAXIMUM	7.820	MAXIMUM	6.110
MEAN	7.607	MEAN	5.434	MEAN	4.554
STD. DEV.	2.094	STD. DEV.	0.883	STD. DEV.	0.853
N	27	N	32	N	33
MISSING	8	MISSING	3	MISSING	2

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA, SURVEY OF PROFESSIONAL FORECASTERS, FIRST QUARTER 2001.