



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: August 13, 2010

THIRD QUARTER 2010

Forecasters See Slower Pace of Economic Recovery

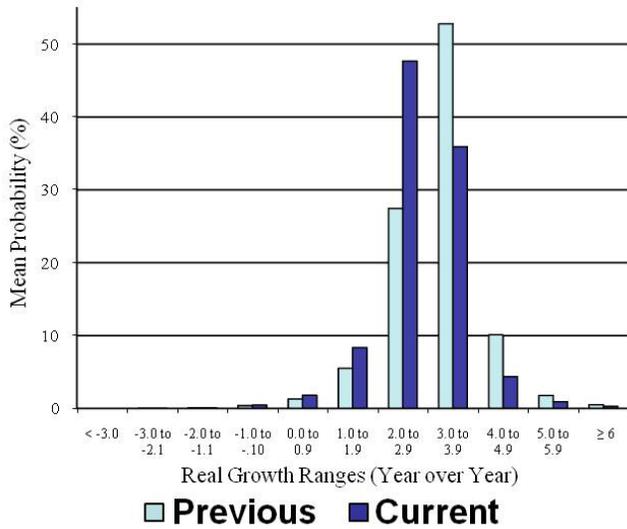
The outlook for growth in the U.S. economy looks weaker now than it did just three months ago, according to 36 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters see real GDP growing at an annual rate of 2.3 percent this quarter, down from the previous estimate of 3.3 percent. On an annual-average over annual-average basis, the forecasters expect slower real GDP growth in 2010, 2011, and 2013. The forecasters see real GDP growing 2.9 percent in 2010, down from their prediction of 3.3 percent in the last survey. The forecasters predict real GDP will grow 2.7 percent in 2011, 3.6 percent in 2012, and 2.6 percent in 2013.

The downward revision to growth is accompanied by weaker conditions in the labor market. Unemployment is now projected to be an annual average of 9.6 percent in 2010, before falling to 9.2 percent in 2011, 8.2 percent in 2012, and 7.3 percent in 2013. These estimates are higher than the projections in the last survey. On the jobs 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 8,000 jobs per month this quarter and 114,100 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 45,200 in 2010. Job gains in 2011 are seen averaging 143,800 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.)

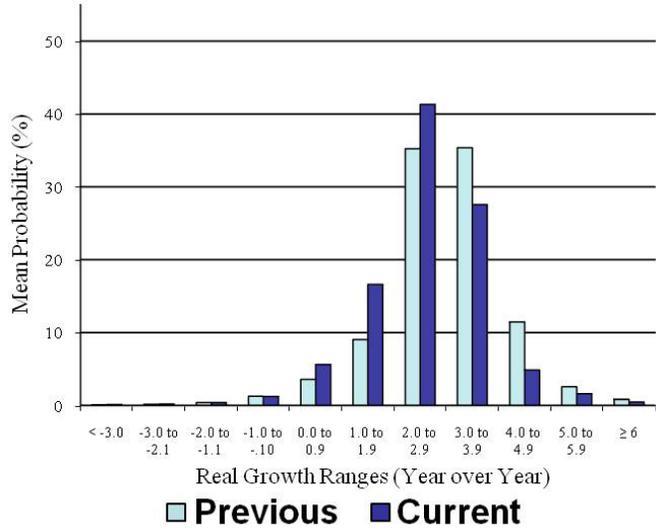
	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2010: Q3	3.3	2.3	9.6	9.6	120.5	8.0
Q4	2.8	2.8	9.5	9.6	153.3	114.1
2011: Q1	2.7	2.3	9.3	9.4	213.8	159.3
Q2	3.2	3.1	9.1	9.3	217.3	190.7
Q3	N.A.	3.0	N.A.	9.0	N.A.	189.9
<i>Annual average data:</i>						
2010	3.3	2.9	9.6	9.6	-37.5	-45.2
2011	3.1	2.7	8.9	9.2	184.0	143.8
2012	3.2	3.6	8.0	8.2	N.A.	N.A.
2013	2.9	2.6	7.1	7.3	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, 2012, and 2013.

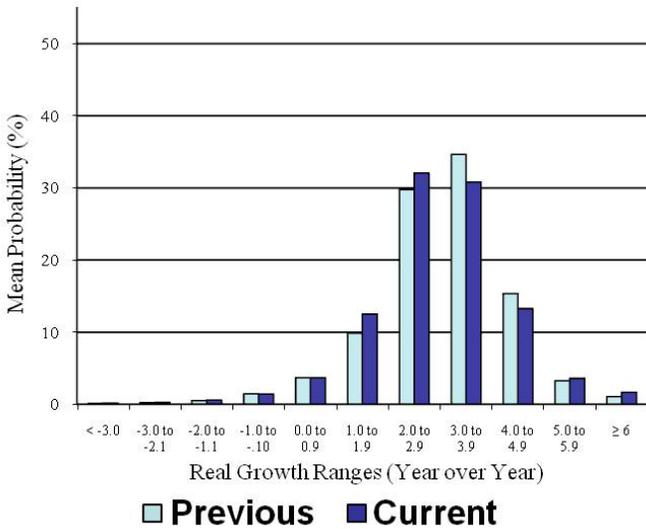
Mean Probabilities for Real GDP Growth in 2010



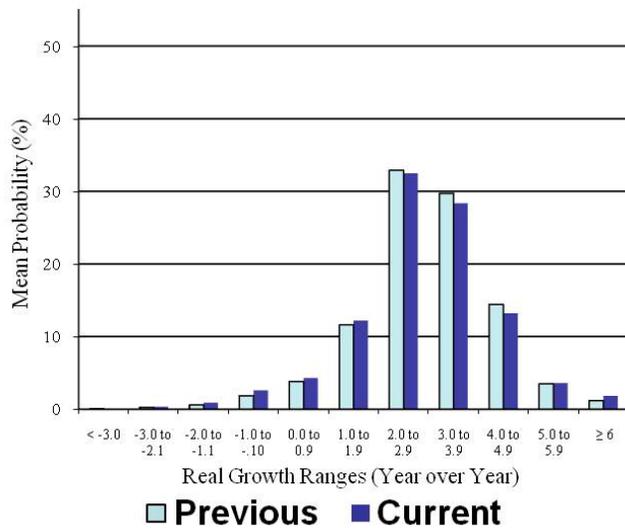
Mean Probabilities for Real GDP Growth in 2011



Mean Probabilities for Real GDP Growth in 2012

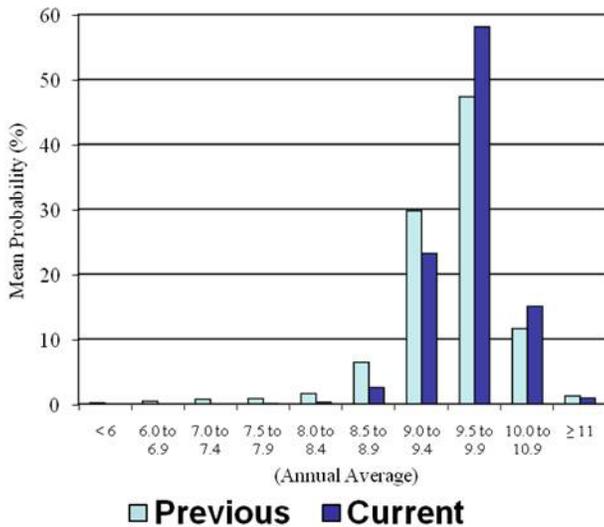


Mean Probabilities for Real GDP Growth in 2013

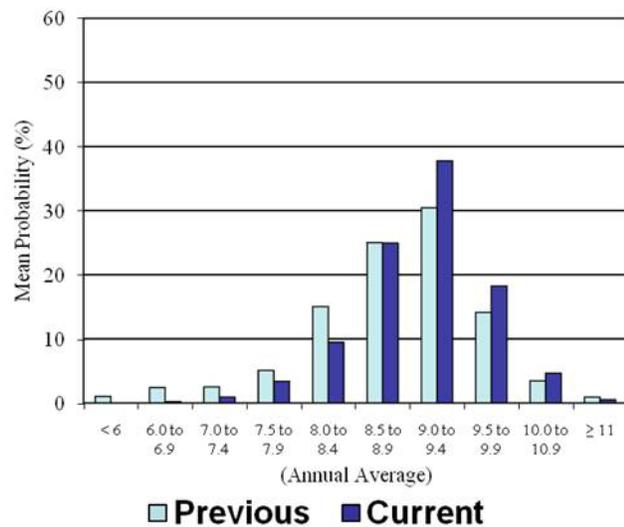


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters have raised the estimate of the probability that the annual average unemployment rate will be in the range of 9.5 to 10.9 percent in 2010 and 2011 compared with their previous estimate.

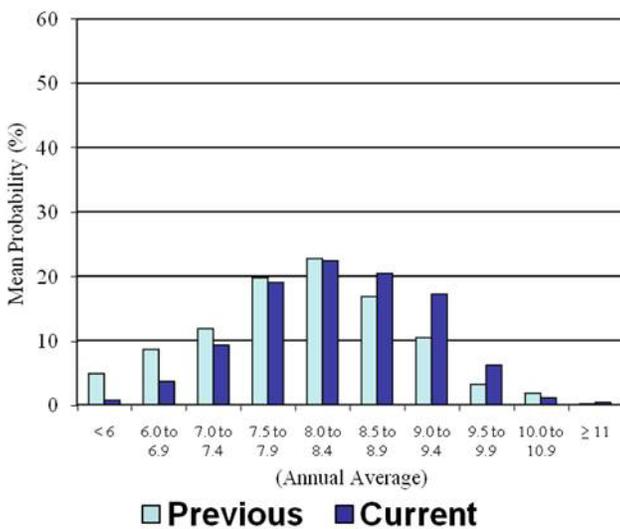
Mean Probabilities for Unemployment Rate in 2010



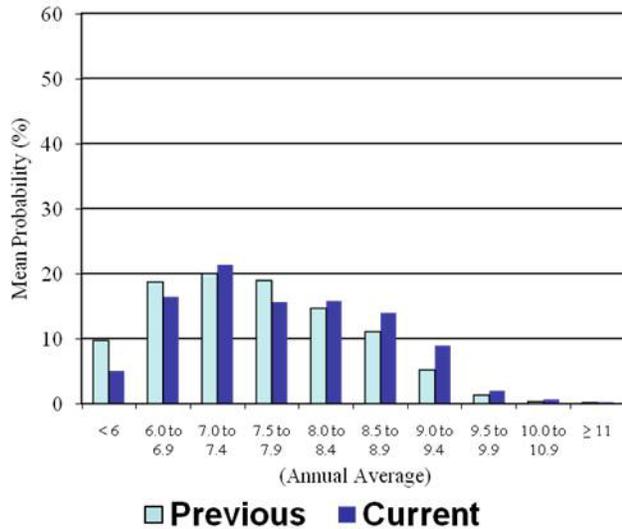
Mean Probabilities for Unemployment Rate in 2011



Mean Probabilities for Unemployment Rate in 2012



Mean Probabilities for Unemployment Rate in 2013



Forecasters Reduce Projections for Inflation, but See Little Risk of Deflation

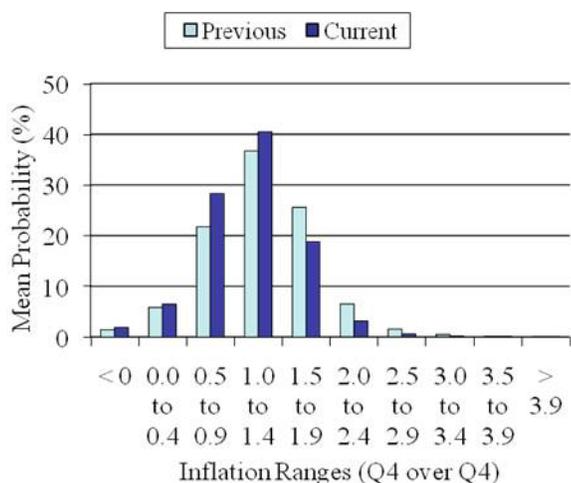
The current outlook for the headline and core measures of CPI and PCE inflation during the next two years is lower than it was in the last survey. Over the next 10 years, 2010 to 2019, the forecasters expect headline CPI inflation to average 2.3 percent at an annual rate, down from 2.4 percent in the last survey. The 10-year outlook for PCE inflation of 2.11 percent is slightly lower than that of the last survey.

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

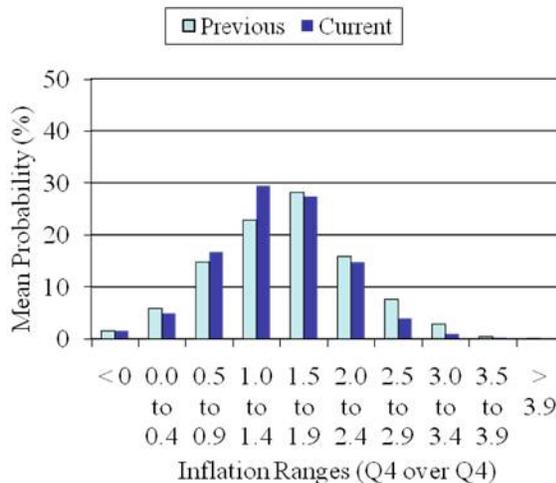
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2010: Q3	1.8	1.4	1.4	1.4	1.7	1.3	1.2	1.1
Q4	1.8	1.6	1.5	1.2	1.6	1.5	1.3	1.1
2011: Q1	1.9	1.8	1.5	1.2	1.8	1.7	1.4	1.4
Q2	2.0	1.6	1.6	1.4	1.7	1.5	1.5	1.4
Q3	N.A.	1.9	N.A.	1.6	N.A.	1.7	N.A.	1.5
<i>Q4/Q4 Annual Averages</i>								
2010	1.6	0.9	1.0	0.9	1.4	1.2	1.2	1.1
2011	2.0	1.8	1.6	1.5	1.8	1.7	1.6	1.5
2012	2.4	2.1	2.0	1.9	2.0	1.8	1.8	1.7
<i>Long-Term Annual Averages</i>								
2010-2014	2.19	2.00	N.A.	N.A.	1.80	1.82	N.A.	N.A.
2010-2019	2.40	2.30	N.A.	N.A.	2.15	2.11	N.A.	N.A.

The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 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 below 1.5 percent. Notably, the probability that inflation 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



Increased Chance of a Negative Quarter

A slightly higher chance of a downturn accompanies the forecast. The forecasters have revised upward the chance of a contraction in real GDP in any of the next four quarters. For the current quarter, they predict a 14 percent chance of negative growth, up from 9.8 percent in the survey of three months ago. As the table below shows, the panelists have also made upward revisions to their forecasts for the following three quarters.

Risk of a Negative Quarter (%)

	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>		
2010: Q3	9.8	14.0
Q4	12.3	16.8
2011: Q1	14.1	16.5
Q2	14.8	15.0
Q3	N.A	14.9

Equilibrium Unemployment Pegged at 5.78 Percent

In third-quarter surveys, we ask the forecasters to provide their estimates of the natural rate of unemployment — the rate of unemployment that occurs when the economy reaches equilibrium. The forecasters peg this rate at 5.78 percent, the highest rate over the last 15 years. The table below shows, for each third-quarter survey since 1996, the percentage of respondents who use the natural rate in their forecasts, and for those who use it, the median estimate and the lowest and highest estimates. Sixty-four percent of the 25 forecasters who answered the question report that they use the natural rate in their forecasts. The lowest estimate is 4.50 percent and the highest estimate is 6.80 percent.

Median Estimates of the Natural Rate of Unemployment

Survey Date	Percentage Who Use The Natural Rate	Median Estimate (%)	Low (%)	High (%)
1996:Q3	62	5.65	5.00	6.00
1997:Q3	59	5.25	4.50	5.88
1998:Q3	47	5.30	4.50	5.80
1999:Q3	43	5.00	4.13	5.60
2000:Q3	48	4.50	4.00	5.00
2001:Q3	34	4.88	3.50	5.50
2002:Q3	50	5.10	3.80	5.50
2003:Q3	41	5.00	4.31	5.40
2004:Q3	46	5.00	4.00	5.50
2005:Q3	51	5.00	4.25	5.50
2006:Q3	53	4.95	4.00	5.50
2007:Q3	52	4.65	4.20	5.50
2008:Q3	48	5.00	4.00	5.50
2009:Q3	61	5.00	4.00	6.00
2010:Q3	64	5.78	4.50	6.80

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**, JP Morgan 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 Mobasher** and **Danielle Ferry**, AIG Global Economic Research; **Michael Moran**, Daiwa Capital Markets America; **Joel L. Naroff**, Naroff Economic Advisors; **Herbert E. Neil**, Financial and Economic Strategies Corp.; **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 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

	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2010	2011 (YEAR-OVER-YEAR)	2012	2013
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.3	2.8	2.3	3.1	3.0	2.9	2.7	3.6	2.6
2. GDP PRICE INDEX (PERCENT CHANGE)	1.4	1.1	1.6	1.7	1.6	0.9	1.5	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	3.5	4.2	4.5	3.9	5.0	3.8	4.3	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	0.1	1.1	1.5	1.8	1.7	-0.4	1.3	N.A.	N.A.
(AVG MONTHLY CHANGE)	8.0	114.1	159.3	190.7	189.9	-45.2	143.8	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	9.6	9.6	9.4	9.3	9.0	9.6	9.2	8.2	7.3
6. 3-MONTH TREASURY BILL (PERCENT)	0.2	0.2	0.2	0.4	0.6	0.2	0.5	2.4	2.9
7. 10-YEAR TREASURY BOND (PERCENT)	3.1	3.3	3.5	3.7	3.8	3.4	3.7	4.4	4.7
	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2010	2011 (Q4-OVER-Q4)	2012	
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	1.4	1.6	1.8	1.6	1.9	0.9	1.8	2.1	
9. CORE CPI (ANNUAL RATE)	1.4	1.2	1.2	1.4	1.6	0.9	1.5	1.9	
10. PCE (ANNUAL RATE)	1.3	1.5	1.7	1.5	1.7	1.2	1.7	1.8	
11. CORE PCE (ANNUAL RATE)	1.1	1.1	1.4	1.4	1.5	1.1	1.5	1.7	

THE FIGURES ON EACH LINE ARE MEDIANS OF 36 INDIVIDUAL FORECASTERS.

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

SURVEY OF PROFESSIONAL FORECASTERS

Third 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 July 30; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before August 10, 2010.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST			ACTUAL		FORECAST			
		2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2009 ANNUAL	2010 ANNUAL	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	33	14598	14725	14878	15042	15185	15372	14119	14662	15286	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	33	110.46	110.83	111.15	111.59	112.05	112.50	109.62	110.61	112.21	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	21	N.A.	1217.8	1250.5	1249.6	1263.3	1288.2	1003.1	1211.6	1313.8	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	35	9.7	9.6	9.6	9.4	9.3	9.0	9.3	9.6	9.2	8.2	7.3
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	29	130409	130433	130775	131253	131825	132395	130911	130369	132094	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	32	92.1	93.3	94.2	95.2	96.1	97.0	87.7	92.5	96.5	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	30	0.60	0.62	0.65	0.68	0.73	0.76	0.55	0.62	0.76	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	33	0.15	0.16	0.19	0.23	0.35	0.60	0.15	0.15	0.54	2.35	2.89
9. AAA CORPORATE BOND YIELD (PERCENT)	28	5.04	4.76	4.87	4.98	5.20	5.31	5.31	4.98	5.25	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	21	6.18	6.00	6.09	6.20	6.42	6.48	7.30	6.11	6.42	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	3.49	3.09	3.28	3.50	3.66	3.78	3.26	3.38	3.69	4.40	4.73
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	36	13217	13293	13386	13461	13564	13664	12881	13256	13616	14102	14468
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	34	9262.7	9310.2	9361.1	9417.6	9472.7	9537.2	9153.9	9291.2	9509.4	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	33	1354.7	1382.1	1411.6	1441.7	1462.2	1489.7	1290.8	1362.6	1477.5	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	33	351.6	349.0	356.0	359.7	372.0	376.9	342.7	346.2	374.1	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	32	1071.6	1077.3	1082.8	1086.7	1093.8	1100.1	1027.6	1069.7	1096.5	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	32	1501.5	1501.0	1500.6	1503.5	1506.6	1509.4	1518.8	1499.2	1508.8	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	33	75.7	66.8	60.0	60.8	60.0	60.0	-113.1	62.4	59.2	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	32	-425.9	-424.4	-409.7	-414.0	-419.4	-428.3	-363.0	-400.8	-421.2	N.A.	N.A.

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

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	2009	2010	2011	2012
		TO Q3 2010	TO Q4 2010	TO Q1 2011	TO Q2 2011	TO Q3 2011	TO 2010	TO 2011	TO 2012	TO 2013
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	33	3.5	4.2	4.5	3.9	5.0	3.8	4.3	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	33	1.4	1.1	1.6	1.7	1.6	0.9	1.5	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	21	8.2	11.2	-0.3	4.4	8.1	20.8	8.4	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	35	-0.1	0.0	-0.2	-0.1	-0.3	0.3	-0.4	-1.0	-0.9
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) (AVG MONTHLY CHANGE)	29 29	0.1 8.0	1.1 114.1	1.5 159.3	1.8 190.7	1.7 189.9	-0.4 -45.2	1.3 143.8	N.A. N.A.	N.A. N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	32	5.1	4.3	4.3	3.9	3.8	5.5	4.3	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	30	14.0	19.2	21.6	30.9	19.0	12.6	21.8	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	33	0.01	0.03	0.04	0.12	0.25	0.00	0.39	1.82	0.53
9. AAA CORPORATE BOND YIELD (PERCENT)	28	-0.28	0.11	0.11	0.21	0.11	-0.33	0.27	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	21	-0.18	0.09	0.11	0.22	0.06	-1.19	0.31	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	-0.40	0.20	0.22	0.16	0.11	0.12	0.31	0.71	0.32
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	36	2.3	2.8	2.3	3.1	3.0	2.9	2.7	3.6	2.6
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	34	2.1	2.2	2.4	2.4	2.8	1.5	2.3	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	33	8.3	8.8	8.8	5.8	7.7	5.6	8.4	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	33	-3.0	8.3	4.3	14.4	5.3	1.0	8.1	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	32	2.1	2.1	1.4	2.7	2.3	4.1	2.5	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	32	-0.1	-0.1	0.8	0.8	0.7	-1.3	0.6	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	33	-8.9	-6.8	0.8	-0.8	0.0	175.5	-3.2	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	32	1.5	14.6	-4.3	-5.4	-8.9	-37.8	-20.4	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, THIRD QUARTER 2010.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST(Q/Q)				ACTUAL		FORECAST(Q4/Q4)	
		2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2009 ANNUAL	2010 ANNUAL	2011 ANNUAL	2012 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	35	-0.7	1.4	1.6	1.8	1.6	1.9	1.5	0.9	1.8	2.1
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	34	0.9	1.4	1.2	1.2	1.4	1.6	1.7	0.9	1.5	1.9
3. PCE PRICE INDEX (ANNUAL RATE)	28	0.1	1.3	1.5	1.7	1.5	1.7	1.5	1.2	1.7	1.8
4. CORE PCE PRICE INDEX (ANNUAL RATE)	30	1.1	1.1	1.1	1.4	1.4	1.5	1.7	1.1	1.5	1.7

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

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011
	TO	TO	TO	TO	TO
	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
NUMBER OF FORECASTERS					
10 OR LESS	18	11	13	16	18
11 TO 20	9	13	11	8	8
21 TO 30	1	5	4	7	4
31 TO 40	2	2	3	1	1
41 TO 50	1	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	4	4
MEAN AND MEDIAN					
MEDIAN PROBABILITY	10.00	15.00	15.00	12.50	10.00
MEAN PROBABILITY	13.99	16.81	16.52	15.04	14.93

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 31.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.90	0.52	0.34	0.24
10.0 TO 10.9 PERCENT	15.01	4.64	1.05	0.68
9.5 TO 9.9 PERCENT	58.08	18.23	6.13	1.98
9.0 TO 9.4 PERCENT	23.19	37.74	17.19	8.94
8.5 TO 8.9 PERCENT	2.52	24.94	20.39	13.95
8.0 TO 8.4 PERCENT	0.26	9.46	22.38	15.81
7.5 TO 7.9 PERCENT	0.03	3.37	18.99	15.61
7.0 TO 7.4 PERCENT	0.00	0.90	9.25	21.35
6.0 TO 6.9 PERCENT	0.00	0.19	3.60	16.42
LESS THAN 6.0 PERCENT	0.00	0.00	0.70	5.03

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	0.30	0.46	1.67	1.84
5.0 TO 5.9	0.91	1.62	3.60	3.64
4.0 TO 4.9	4.38	4.86	13.27	13.23
3.0 TO 3.9	35.92	27.55	30.81	28.35
2.0 TO 2.9	47.67	41.33	32.06	32.47
1.0 TO 1.9	8.34	16.60	12.51	12.22
0.0 TO 0.9	1.81	5.63	3.68	4.30
-1.0 TO -0.1	0.48	1.22	1.43	2.61
-2.0 TO -1.1	0.09	0.40	0.58	0.93
-3.0 TO -2.1	0.06	0.20	0.25	0.37
LESS THAN -3.0	0.03	0.13	0.15	0.05

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	0.03
7.0 TO 7.9	0.00	0.03
6.0 TO 6.9	0.03	0.10
5.0 TO 5.9	0.03	0.13
4.0 TO 4.9	0.20	0.31
3.0 TO 3.9	1.17	4.53
2.0 TO 2.9	10.33	18.97
1.0 TO 1.9	43.67	47.39
0.0 TO 0.9	42.16	23.86
WILL DECLINE	2.40	4.64

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.07	0.18
3.5 TO 3.9 PERCENT	0.10	0.37
3.0 TO 3.4 PERCENT	0.23	2.03
2.5 TO 2.9 PERCENT	0.47	6.54
2.0 TO 2.4 PERCENT	2.82	15.21
1.5 TO 1.9 PERCENT	13.10	25.38
1.0 TO 1.4 PERCENT	31.87	28.27
0.5 TO 0.9 PERCENT	36.53	15.03
0.0 TO 0.4 PERCENT	10.50	5.00
WILL DECLINE	4.31	2.01

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	09Q4 TO 10Q4	10Q4 TO 11Q4
4 PERCENT OR MORE	0.08	0.08
3.5 TO 3.9 PERCENT	0.12	0.21
3.0 TO 3.4 PERCENT	0.19	0.98
2.5 TO 2.9 PERCENT	0.62	3.95
2.0 TO 2.4 PERCENT	3.13	14.78
1.5 TO 1.9 PERCENT	18.78	27.37
1.0 TO 1.4 PERCENT	40.47	29.45
0.5 TO 0.9 PERCENT	28.29	16.71
0.0 TO 0.4 PERCENT	6.46	4.91
WILL DECLINE	1.87	1.55

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.19	MINIMUM	-0.29
LOWER QUARTILE	1.70	LOWER QUARTILE	1.53
MEDIAN	2.00	MEDIAN	1.82
UPPER QUARTILE	2.25	UPPER QUARTILE	2.04
MAXIMUM	3.00	MAXIMUM	2.70
MEAN	1.92	MEAN	1.75
STD. DEVIATION	0.58	STD. DEVIATION	0.57
N	32	N	32
MISSING	4	MISSING	4

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2010-2019

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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.50	MINIMUM	1.40
LOWER QUARTILE	2.00	LOWER QUARTILE	1.80
MEDIAN	2.30	MEDIAN	2.11
UPPER QUARTILE	2.60	UPPER QUARTILE	2.50
MAXIMUM	3.20	MAXIMUM	3.20
MEAN	2.33	MEAN	2.10
STD. DEVIATION	0.45	STD. DEVIATION	0.44
N	30	N	30
MISSING	6	MISSING	6

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