



# SURVEY OF PROFESSIONAL FORECASTERS

Release Date: November 16, 2009

## FOURTH QUARTER 2009

### *Forecasters See the Expansion Continuing*

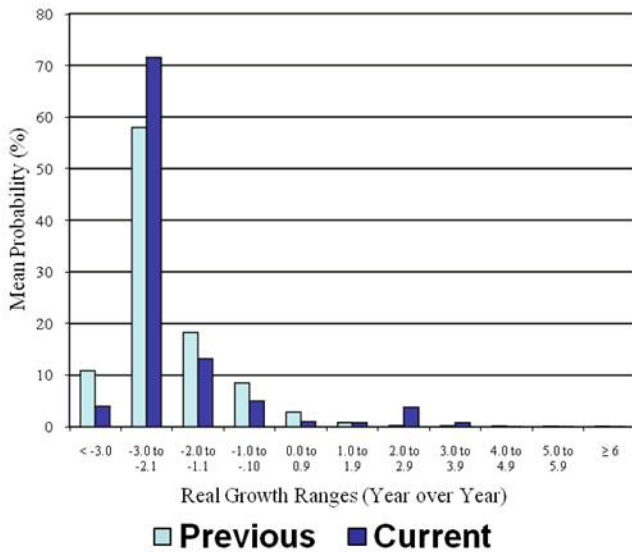
The U.S. economy will grow over each of the next five quarters, according to 41 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters see real GDP growing at an annual rate of 2.7 percent this quarter. On an annual-average over annual-average basis, forecasters see real GDP falling 2.5 percent in 2009 before rebounding in each of the following three years. Real GDP will grow 2.4 percent in 2010, 3.1 percent in 2011, and 3.3 percent in 2012. As the table below shows, these estimates are a bit higher than those the forecasters projected in last quarter's survey.

The labor market looks weaker now than it did three months ago. Unemployment is now seen at an annual average of 9.3 percent in 2009 and 10 percent in 2010, before falling to 9.2 percent in 2011 and 8.3 percent in 2012. These estimates mark upward revisions from the forecasters' previous projection. Likewise, growth in jobs looks weaker. The forecasters see nonfarm payroll employment falling at a rate of 160,000 jobs per month this quarter and 35,000 jobs per month next quarter. Both estimates mark downward revisions from the previous survey. The forecasters see jobs beginning to grow in the second quarter of 2010. Over the second half of the year, jobs will grow at a rate of 150,000 per month. The forecasters' projections for the annual average level of nonfarm payroll employment suggest job losses at a monthly rate of 427,000 in 2009 and a further loss of 70,000 per month in 2010. (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.)

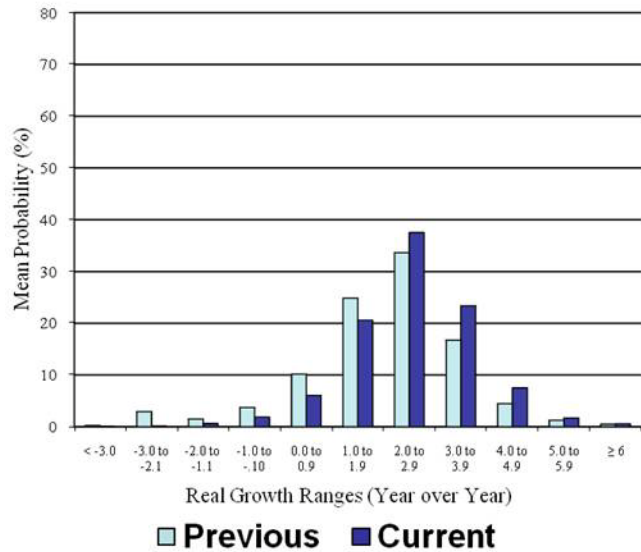
		<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
		<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>							
2009:	Q4	2.2	2.7	9.9	10.2	-81.0	-159.5
2010:	Q1	2.5	2.3	9.9	10.2	51.5	-35.0
	Q2	2.8	2.4	9.8	10.1	61.5	57.6
	Q3	2.6	2.6	9.6	10.0	90.8	158.6
	Q4	N.A.	2.9	N.A.	9.8	N.A.	142.2
<i>Annual average data:</i>							
2009		-2.6	-2.5	9.2	9.3	-415.7	-426.7
2010		2.3	2.4	9.6	10.0	-24.6	-69.8
2011		2.9	3.1	8.9	9.2	N.A.	N.A.
2012		3.2	3.3	8.0	8.3	N.A.	N.A.

The charts below provide some information on the degree of uncertainty the forecasters have about their projections for annual-average over annual-average growth in 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 raised their estimate of the probability that growth will fall into the range of -3.0 percent to -2.1 percent in 2009. In 2010, the forecasters see a higher probability that growth will fall in the higher ranges than they previously predicted. There is little change in the density projections for growth in 2011 and 2012.

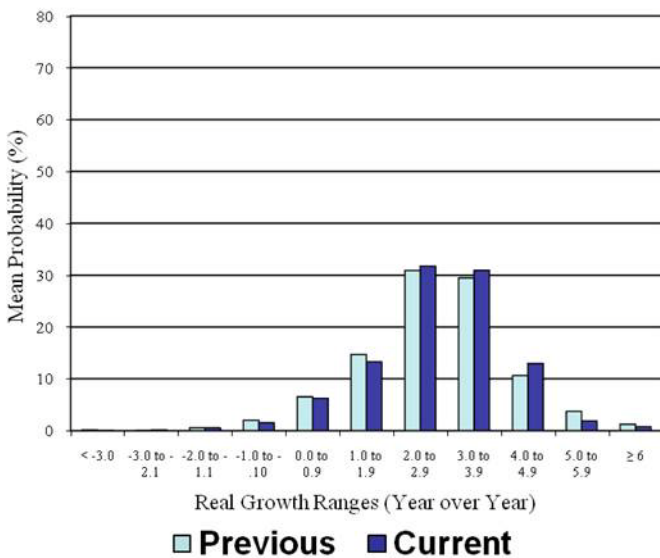
Mean Probabilities for Real GDP Growth in 2009



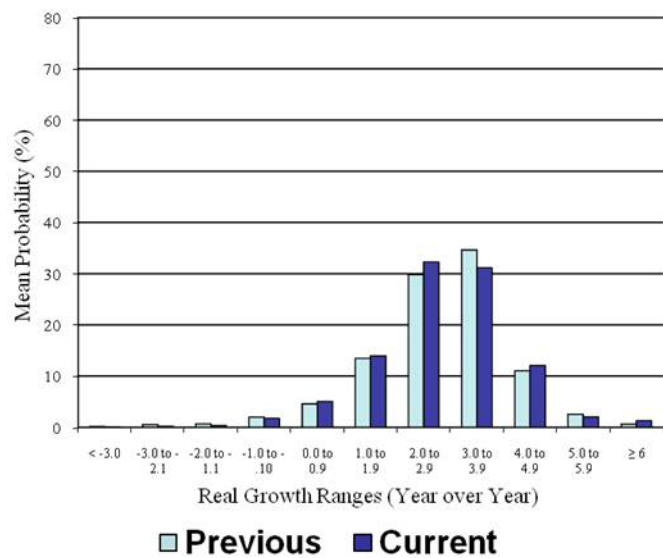
Mean Probabilities for Real GDP Growth in 2010



Mean Probabilities for Real GDP Growth in 2011

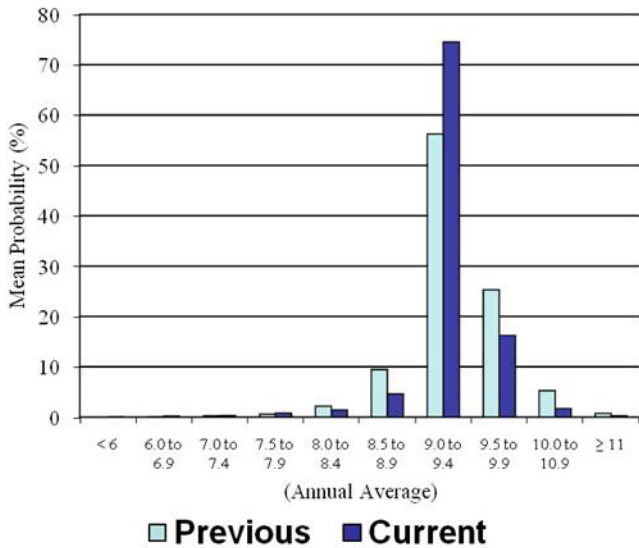


Mean Probabilities for Real GDP Growth in 2012

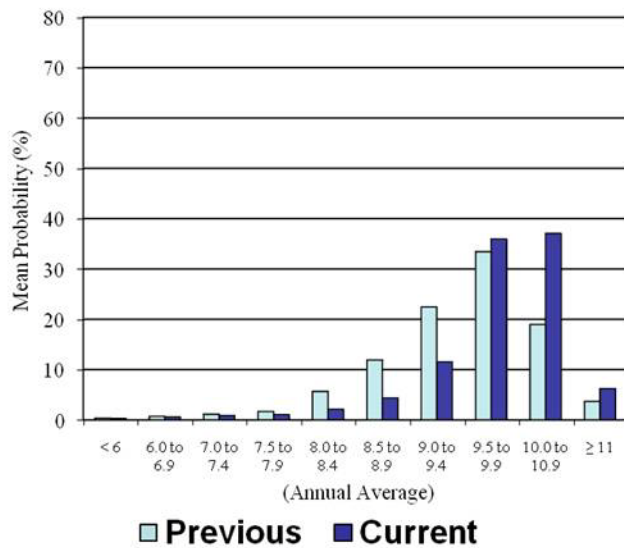


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters have raised the estimate of the probability that the annual average unemployment rate will be in the range of 9.0 percent to 9.4 percent in 2009 compared with their previous estimate. The current estimate stands at nearly 75 percent. Over the remaining three years of the horizon, the panelists have raised their estimates of the probability that unemployment will fall into the higher ranges.

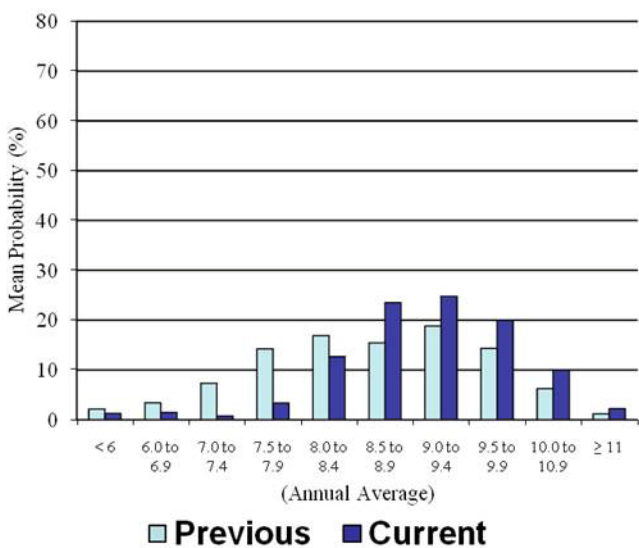
Mean Probabilities for Unemployment Rate in 2009



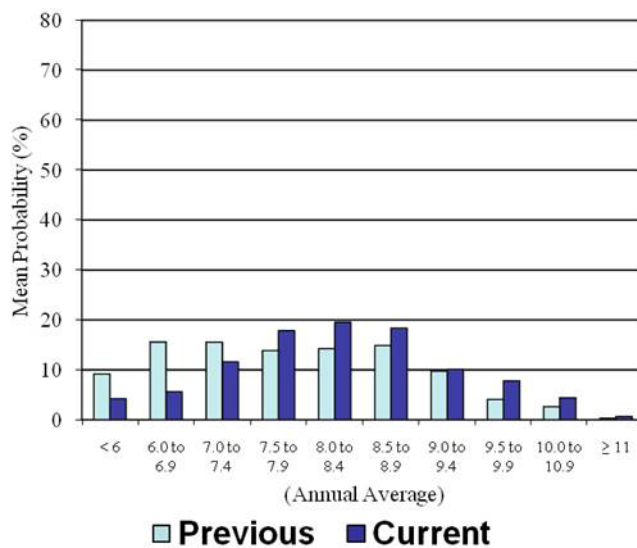
Mean Probabilities for Unemployment Rate in 2010



Mean Probabilities for Unemployment Rate in 2011



Mean Probabilities for Unemployment Rate in 2012



### ***Reduced Expectations for Inflation at (Almost) All Horizons***

The forecasters have cut their expectations for inflation at all but the shortest horizons. This covers the survey's headline and core measures of CPI and PCE inflation. Most notably, the forecasters see lower inflation at the 10-year annual-average horizon than they predicted in last quarter's survey, as shown in the table below.

#### *Short-Run and Long-Run Projections for Inflation (Annualized Percentage Points) Full Sample Results, Medians*

	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2009: Q4	1.6	2.1	1.1	1.4	1.4	1.7	1.0	1.2
2010: Q1	1.7	1.5	1.5	1.2	1.4	1.5	1.2	1.0
Q2	1.9	1.5	1.5	1.4	1.8	1.2	1.3	1.2
Q3	2.0	1.8	1.6	1.5	1.9	1.8	1.3	1.4
Q4	N.A.	1.8	N.A.	1.5	N.A.	1.8	N.A.	1.4
<i>Q4/Q4 Annual Averages</i>								
2009	0.7	1.1	1.7	1.7	0.9	1.1	1.4	1.4
2010	1.8	1.7	1.5	1.4	1.7	1.3*	1.3	1.3
2011	2.2	2.1	2.0	1.8	2.0	1.8	1.7	1.5
<i>Long-Term Annual Averages</i>								
2009-2013	2.15	1.89	N.A.	N.A.	2.00	1.83	N.A.	N.A.
2009-2018	2.50	2.26	N.A.	N.A.	2.15	2.10	N.A.	N.A.

The lower estimates for five- and 10-year annual-average headline CPI and PCE inflation are of particular interest. For CPI inflation, the projections were cut from 2.15 percent in the last survey to 1.89 percent currently (2009-2013) and from 2.50 percent to 2.26 percent (2009-2018). For PCE inflation, the estimates fell from 2.00 percent in the last survey to 1.83 percent currently (2009-2013) and 2.15 percent to 2.10 percent (2009-2018). These downward revisions could reflect differences in the composition of the panel of forecasters in the two surveys as well as downward revisions by forecasters who participated in both surveys.

Additional analysis of the individual projections suggests that at least some part of the downward revisions to long-term expectations for inflation reflects cuts made by a number of forecasters. The table below shows the results of restricting the sample of observations to those who participated in both surveys (2009 Q3 and 2009 Q4). On this restricted sample, we find reductions in median (and mean) estimates of long-term expectations for inflation. The only exception is the *median* projections for five- and 10-year PCE inflation.

---

\* The forecasters' median estimate of headline PCE inflation in 2010 (1.3 percent) seems at odds with the geometric average of their underlying quarterly forecasts. We checked the observations for each forecaster and found no obvious sources for the discrepancy. Users may wish to replace our reported estimate with the underlying geometric average (1.6 percent).

*Special Analysis*  
*Long-Run Projections for Inflation (Annualized Percentage Points)*

*Sample Restricted to Those Who Provided Projections in the Current and Previous Surveys*

Variable	Number of Forecasters	Mean Projections		Median Projections		Standard Deviation	
		Previous	Current	Previous	Current	Previous	Current
2009 – 2013: CPI	23	2.16	1.90	2.00	1.80	0.59	0.54
: PCE	20	1.85	1.74	1.80	1.80	0.53	0.49
2009 – 2018: CPI	22	2.48	2.31	2.47	2.21	0.49	0.44
: PCE	19	2.18	2.08	2.10	2.10	0.51	0.37

Thus far, the special analysis does not address the question of whether one individual's projection could influence the consensus. Further analysis suggests that, among the group of forecasters who participated in both surveys, more forecasters lowered their estimates than raised them. The mean and median amounts by which forecasters raised their estimates were lower (in absolute value) than the amount by which forecasters lowered their estimates, as the following tables show.

*Special Analysis*  
*Long-Run Projections for Inflation (Annualized Percentage Points)*

*Forecasters Who Raised Their Projections*

Variable	Number of Forecasters	Mean Change in Projection	Median Change in Projection	Range of the Change in Projection
2009 – 2013: CPI	3	0.16	0.10	0.10 to 0.28
: PCE	8	0.20	0.20	0.10 to 0.40
2009 – 2018: CPI	5	0.18	0.18	0.05 to 0.40
: PCE	4	0.31	0.25	0.15 to 0.60

*Special Analysis*  
*Long-Run Projections for Inflation (Annualized Percentage Points)*

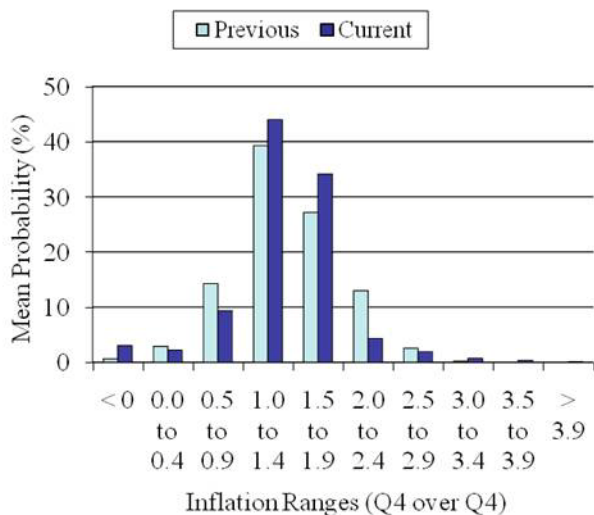
*Forecasters Who Lowered Their Projections*

Variable	Number of Forecasters	Mean Change in Projection	Median Change in Projection	Range of the Change in Projection
2009 – 2013: CPI	15	-0.43	-0.40	-0.90 to -0.04
: PCE	8	-0.47	-0.43	-0.90 to -0.03
2009 – 2018: CPI	13	-0.36	-0.30	-1.0 to -0.10
: PCE	8	-0.38	-0.40	-0.8 to -0.02

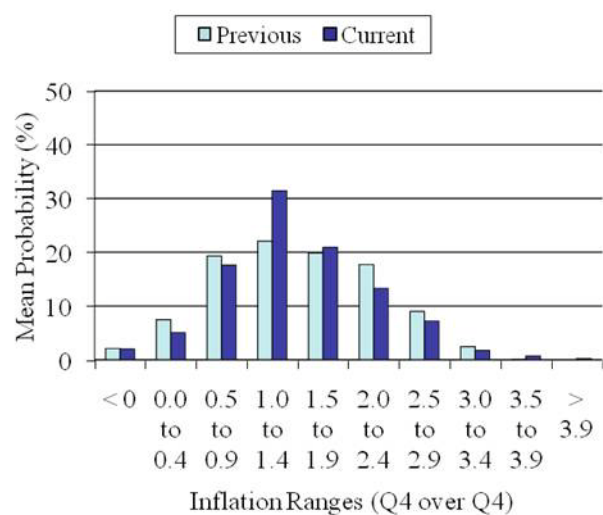
Among the group of forecasters who lowered their projections (see the table above), three different forecasters are responsible for the largest downward revisions across the four variables. However, an inspection of the data shows that the downward revisions were spread fairly uniformly on each of the ranges.

The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2009 and 2010 will fall into each of 10 ranges. The forecasters see a higher chance that inflation will fall into the range of 1.0 percent to 1.9 percent in 2009 than they previously thought. Inflation in 2010 is less likely to fall into the extreme ranges than the forecasters thought last quarter. Forecasters are, in other words, a bit more certain about 2010 inflation prospects than they were in the last survey.

Mean Probabilities for Core PCE Inflation in 2009



Mean Probabilities for Core PCE Inflation in 2010



### ***Forecasters Assign a Lower Risk of a Downturn***

The forecasters are reducing the chance of a contraction in real GDP in any of the next three quarters. They have cut their estimate of the risk of a downturn this quarter to 15.4 percent compared with 23.7 percent previously. As the table below shows, smaller downward revisions have occurred in the following two quarters.

#### *Risk of a Negative Quarter (%)*

	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>		
2009: Q4	23.7	15.4
2010: Q1	17.8	15.9
Q2	15.9	14.0
Q3	13.5	13.8
Q4	N.A.	13.4

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

**Robert J. Barbera**, ITG Inc.; **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; **Gerard F. Fuda**, Independent Economist; **Stephen Gallagher**, Societe Generale; **James Glassman**, JP Morgan Chase & Co.; **Global Insight**; **Ethan Harris**, Bank of America Merrill Lynch; **William B. Hummer**, Wayne Hummer Investments; **Peter Jaquette**, PIRA Energy Group; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **Kurt Karl**, Swiss Re; **N. Karp**, Compass Bank; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Thomas Lam**; **L. Douglas Lee**, Economics from Washington; **Allan R. Leslie**, Economic Consultant; **John Lonski**, Moody's Investors Service; **Macroeconomic Advisers, LLC**; **Dean Maki**, Barclays Capital; **Edward F. McKelvey**, Goldman Sachs; **Jim Meil**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasheri** and **Danielle Ferry**, American International Group; **Michael Moran**, Daiwa Securities 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.; **Merrill Lynch**; **John Silvia**, Wells Fargo; **Allen Sinai**, Decision Economics, Inc; **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; **Lea Tyler**, Oxford Economics USA, Inc.; **Albert M. Wojnilower**; **Jay N. Woodworth**, Woodworth Holdings, Ltd.; **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.

### Special Tables

We asked a number of special questions in this survey. Tables S1-S3 show the responses. Table S1 shows the median projections for real GDP, unemployment, and three-month and 10-year Treasury rates over an extended annual horizon. The table also shows the projections over the usual five-quarter horizon (2009:Q4-2010:Q4) and the usual two-year horizon (2009-2010). Table S2 shows the corresponding mean density forecasts for annual-average over annual-average real GDP growth. Note that the lower ranges differ slightly from the usual ones. Table S3 shows the corresponding mean density forecasts for the annual-average unemployment rate.

TABLE S1. EXTENDED FORECASTS:

	2009	2010	2010	2010	2010	2009	2010	2011	2012
	Q4	Q1	Q2	Q3	Q4	ANNUAL	ANNUAL	ANNUAL	ANNUAL
REAL GDP (% GROWTH AT ANNUAL RATE)	2.7	2.3	2.4	2.6	2.9	-2.5	2.4	3.1	3.3
REAL GDP (LEVEL)	13100.9	13175.6	13255.3	13339.3	13436.1	12984.3	13293.8	13702.8	14156.0
UNEMPLOYMENT RATE (PERCENT)	10.2	10.2	10.1	10.0	9.8	9.3	10.0	9.2	8.3
T-BILL RATE, 3 MONTH	0.1	0.2	0.3	0.5	0.8	0.2	0.4	2.0	3.3
T-BOND RATE, 10 YEAR	3.5	3.6	3.7	3.9	4.0	3.3	3.8	4.3	4.7

TABLE S2. MEAN PROBABILITY ATTACHED TO POSSIBLE PERCENT CHANGES IN REAL GDP:

	2008-2009	2009-2010	2010-2011	2011-2012
+6 PERCENT OR MORE	0.03	0.56	0.74	1.29
+5.0 to +5.9 PERCENT	0.03	1.67	1.88	2.00
+4.0 to +4.9 PERCENT	0.03	7.51	12.94	12.04
+3.0 to +3.9 PERCENT	0.78	23.36	30.91	31.12
+2.0 to +2.9 PERCENT	3.78	37.51	31.73	32.27
+1.0 to +1.9 PERCENT	0.78	20.59	13.30	13.92
+0.0 to +0.9 PERCENT	1.00	6.04	6.24	5.04
-1.0 to -0.1 PERCENT	5.00	1.86	1.52	1.73
-2.0 to -1.1 PERCENT	13.18	0.63	0.55	0.35
-3.0 to -2.1 PERCENT	71.48	0.15	0.15	0.19
DECLINE MORE THAN 3%	3.95	0.10	0.05	0.06

TABLE S3. MEAN PROBABILITY ATTACHED TO CIVILIAN UNEMPLOYMENT RATES:

	2009	2010	2011	2012
11% OR MORE	0.24	6.21	2.23	0.66
10.0 to 10.9 PERCENT	1.70	37.05	9.98	4.38
9.5 to 9.9 PERCENT	16.22	35.92	20.00	7.76
9.0 to 9.4 PERCENT	74.50	11.53	24.78	10.08
8.5 to 8.9 PERCENT	4.58	4.37	23.50	18.34
8.0 to 8.4 PERCENT	1.39	2.12	12.66	19.52
7.5 to 7.9 PERCENT	0.79	1.05	3.34	17.86
7.0 to 7.4 PERCENT	0.29	0.88	0.75	11.60
6.0 to 6.9 PERCENT	0.22	0.59	1.48	5.60
LESS THAN 6.0%	0.07	0.28	1.27	4.20



SUMMARY TABLE  
 SURVEY OF PROFESSIONAL FORECASTERS  
 MAJOR MACROECONOMIC INDICATORS, 2009-2011

	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2009 (YEAR-OVER-YEAR)	2010	
PERCENT GROWTH AT ANNUAL RATES								
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.7	2.3	2.4	2.6	2.9	-2.5	2.4	
2. GDP PRICE INDEX (PERCENT CHANGE)	1.3	1.5	1.2	1.4	1.8	1.3	1.2	
3. NOMINAL GDP (\$ BILLIONS)	4.0	4.1	3.7	5.3	5.0	-1.2	3.9	
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	-1.5	-0.3	0.5	1.5	1.3	-3.7	-0.6	
(AVG MONTHLY CHANGE)	-159.5	-35.0	57.6	158.6	142.2	-426.7	-69.8	
VARIABLES IN LEVELS								
5. UNEMPLOYMENT RATE (PERCENT)	10.2	10.2	10.1	10.0	9.8	9.3	10.0	
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.2	0.3	0.5	0.8	0.2	0.4	
7. 10-YEAR TREASURY BOND (PERCENT)	3.5	3.6	3.7	3.9	4.0	3.3	3.8	
	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2009	2010	2011
						(Q4-OVER-Q4)		
INFLATION INDICATORS								
8. CPI (ANNUAL RATE)	2.1	1.5	1.5	1.8	1.8	1.1	1.7	2.1
9. CORE CPI (ANNUAL RATE)	1.4	1.2	1.4	1.5	1.5	1.7	1.4	1.8
10. PCE (ANNUAL RATE)	1.7	1.5	1.2	1.8	1.8	1.1	1.3	1.8
11. CORE PCE (ANNUAL RATE)	1.2	1.0	1.2	1.4	1.4	1.4	1.3	1.5

THE FIGURES ON EACH LINE ARE MEDIANS OF 41 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.

# **SURVEY OF PROFESSIONAL FORECASTERS**

**Fourth Quarter 2009**

## **Tables**

Note: Data in these tables listed as "actual" are the data that were available to the forecasters when they were sent the survey questionnaire on October 29; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before November 10.

TABLE ONE  
 MAJOR MACROECONOMIC INDICATORS, 2009-2010  
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST	
		2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2008 ANNUAL	2009 ANNUAL	2010 ANNUAL	
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	39	14301.5	14440.8	14587.5	14719.3	14911.3	15094.0	14441.4	14267.6	14824.6	
2. GDP PRICE INDEX (2005=100)	39	109.87	110.22	110.62	110.96	111.35	111.85	108.48	109.88	111.16	
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	23	N.A.	1013.8	1028.1	1064.3	1098.5	1096.0	1068.2	956.5	1061.8	
4. UNEMPLOYMENT RATE (PERCENT)	39	9.6	10.2	10.2	10.1	10.0	9.8	5.8	9.3	10.0	
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	34	131189	130710	130605	130778	131254	131681	137046	131926	131088	
6. INDUSTRIAL PRODUCTION (2002=100)	36	97.6	99.0	100.0	100.8	101.9	103.1	108.8	98.0	101.4	
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	36	0.59	0.63	0.69	0.74	0.80	0.85	0.90	0.57	0.77	
8. 3-MONTH TREASURY BILL RATE (PERCENT)	39	0.16	0.14	0.19	0.26	0.50	0.83	1.37	0.17	0.42	
9. AAA CORPORATE BOND YIELD (PERCENT)	30	5.27	5.22	5.27	5.32	5.37	5.46	5.64	5.32	5.37	
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	40	3.52	3.50	3.60	3.69	3.86	4.00	3.67	3.27	3.78	
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	41	13014.0	13100.9	13175.6	13255.3	13339.3	13436.1	13312.2	12984.3	13293.8	
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	41	9265.1	9284.0	9316.0	9362.1	9415.5	9464.9	9290.9	9236.4	9392.2	
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	38	1280.2	1272.3	1275.1	1282.9	1291.0	1307.7	1569.7	1290.3	1289.0	
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	38	362.9	369.3	375.9	385.6	393.0	406.4	451.1	361.1	388.0	
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	37	1043.1	1052.0	1059.0	1068.8	1073.6	1076.9	975.9	1028.5	1072.2	
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	37	1543.7	1545.6	1546.8	1549.1	1552.0	1558.0	1543.7	1542.7	1551.7	
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	39	-130.8	-65.0	-30.0	-1.7	15.0	24.5	-25.9	-117.5	4.0	
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	39	-348.3	-354.4	-359.9	-364.2	-365.0	-368.1	-494.3	-354.9	-363.1	

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.

TABLE TWO  
MAJOR MACROECONOMIC INDICATORS, 2009-2010  
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q3 2009 TO Q4 2009	Q4 2009 TO Q1 2010	Q1 2010 TO Q2 2010	Q2 2010 TO Q3 2010	Q3 2010 TO Q4 2010	2008 TO 2009	2009 TO 2010
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	39	4.0	4.1	3.7	5.3	5.0	-1.2	3.9
2. GDP PRICE INDEX (2005=100)	39	1.3	1.5	1.2	1.4	1.8	1.3	1.2
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	23	13.2	5.8	14.8	13.5	-0.9	-10.5	11.0
4. UNEMPLOYMENT RATE (PERCENT)	39	0.6	0.0	-0.1	-0.1	-0.2	3.5	0.7
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	34	-1.5	-0.3	0.5	1.5	1.3	-3.7	-0.6
(AVG MONTHLY CHANGE)	34	-159.5	-35.0	57.6	158.6	142.2	-426.7	-69.8
6. INDUSTRIAL PRODUCTION (2002=100)	36	5.8	4.1	3.4	4.1	5.1	-9.9	3.5
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	36	25.9	45.6	31.8	39.9	27.4	-36.6	34.8
8. 3-MONTH TREASURY BILL RATE (PERCENT)	39	-0.02	0.05	0.07	0.24	0.33	-1.20	0.25
9. AAA CORPORATE BOND YIELD (PERCENT)	30	-0.05	0.05	0.05	0.05	0.09	-0.32	0.05
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	40	-0.02	0.10	0.09	0.17	0.14	-0.40	0.51
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	41	2.7	2.3	2.4	2.6	2.9	-2.5	2.4
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	41	0.8	1.4	2.0	2.3	2.1	-0.6	1.7
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	38	-2.4	0.9	2.5	2.5	5.3	-17.8	-0.1
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	38	7.2	7.4	10.7	7.8	14.4	-20.0	7.5
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	37	3.5	2.7	3.8	1.8	1.2	5.4	4.2
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	37	0.5	0.3	0.6	0.7	1.5	-0.1	0.6
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	39	65.8	35.0	28.3	16.7	9.5	-91.6	121.5
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	39	-6.1	-5.5	-4.3	-0.8	-3.1	139.4	-8.2

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, FOURTH QUARTER 2009.

TABLE THREE  
 MAJOR PRICE INDICATORS, 2009-2011  
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST(Q/Q)				ACTUAL		FORECAST(Q4/Q4)	
		2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2008 ANNUAL	2009 ANNUAL	2010 ANNUAL	2011 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	38	3.6	2.1	1.5	1.5	1.8	1.8	1.5	1.1	1.7	2.1
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	35	1.5	1.4	1.2	1.4	1.5	1.5	2.0	1.7	1.4	1.8
3. PCE PRICE INDEX (ANNUAL RATE)	32	2.8	1.7	1.5	1.2	1.8	1.8	1.7	1.1	1.3	1.8
4. CORE PCE PRICE INDEX (ANNUAL RATE)	32	1.4	1.2	1.0	1.2	1.4	1.4	2.0	1.4	1.3	1.5

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.

TABLE FOUR  
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANGES IN 100)	Q3 2009 TO Q4 2009	Q4 2009 TO Q1 2010	Q1 2010 TO Q2 2010	Q2 2010 TO Q3 2010	Q3 2010 TO Q4 2010
NUMBER OF FORECASTERS					
10 OR LESS	21	17	22	20	19
11 TO 20	13	15	9	11	12
21 TO 30	1	5	7	5	6
31 TO 40	4	2	2	4	2
41 TO 50	0	0	0	0	0
51 TO 60	0	0	0	0	0
61 TO 70	1	1	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	1	1	1	1	2
MEAN AND MEDIAN					
MEDIAN PROBABILITY	10.00	15.00	10.00	11.00	15.00
MEAN PROBABILITY	15.35	15.88	13.98	13.83	13.36

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 40.  
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.

TABLE FIVE  
 MEAN PROBABILITY OF CHANGES IN GDP AND PRICES  
 2008-2009 AND 2009-2010

MEAN PROBABILITY ATTACHED TO POSSIBLE  
 PERCENT CHANGES IN REAL GDP:

	2008-2009	2009-2010
6.0 OR MORE	0.03	0.56
5.0 TO 5.9	0.03	1.67
4.0 TO 4.9	0.03	7.51
3.0 TO 3.9	0.78	23.36
2.0 TO 2.9	3.78	37.51
1.0 TO 1.9	0.78	20.59
0.0 TO 0.9	1.00	6.04
-1.0 TO -0.1	5.00	1.86
-2.0 TO -1.1	13.18	0.64
LESS THAN -2.0	75.43	0.26

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

	2008-2009	2009-2010
8.0 OR MORE	0.00	0.03
7.0 TO 7.9	0.00	0.05
6.0 TO 6.9	0.03	0.08
5.0 TO 5.9	0.03	0.11
4.0 TO 4.9	0.16	2.70
3.0 TO 3.9	0.70	7.00
2.0 TO 2.9	7.76	21.43
1.0 TO 1.9	67.22	44.05
0.0 TO 0.9	17.68	19.89
WILL DECLINE	6.43	4.65

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 40.  
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.

TABLE SIX  
 MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)  
 2008Q4 TO 2009Q4 AND 2009Q4 TO 2010Q4

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	08Q4 TO 09Q4	09Q4 TO 10Q4
4 PERCENT OR MORE	0.14	0.20
3.5 TO 3.9 PERCENT	0.20	0.46
3.0 TO 3.4 PERCENT	0.44	1.83
2.5 TO 2.9 PERCENT	1.69	8.51
2.0 TO 2.4 PERCENT	11.94	15.06
1.5 TO 1.9 PERCENT	48.11	26.26
1.0 TO 1.4 PERCENT	26.57	29.26
0.5 TO 0.9 PERCENT	6.29	11.06
0.0 TO 0.4 PERCENT	1.90	3.37
WILL DECLINE	2.71	4.00

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	08Q4 TO 09Q4	09Q4 TO 10Q4
4 PERCENT OR MORE	0.13	0.19
3.5 TO 3.9 PERCENT	0.34	0.69
3.0 TO 3.4 PERCENT	0.72	1.73
2.5 TO 2.9 PERCENT	1.91	7.19
2.0 TO 2.4 PERCENT	4.31	13.28
1.5 TO 1.9 PERCENT	34.09	20.91
1.0 TO 1.4 PERCENT	43.97	31.41
0.5 TO 0.9 PERCENT	9.31	17.59
0.0 TO 0.4 PERCENT	2.19	5.05
WILL DECLINE	3.03	1.97

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 35.  
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.



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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2009-2013

=====

CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.00	MINIMUM	0.80
LOWER QUARTILE	1.45	LOWER QUARTILE	1.32
MEDIAN	1.89	MEDIAN	1.83
UPPER QUARTILE	2.50	UPPER QUARTILE	2.05
MAXIMUM	2.80	MAXIMUM	2.50
MEAN	1.95	MEAN	1.72
STD. DEVIATION	0.53	STD. DEVIATION	0.48
N	35	N	32
MISSING	6	MISSING	9

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2009-2018

=====

CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.60	MINIMUM	1.34
LOWER QUARTILE	1.90	LOWER QUARTILE	1.75
MEDIAN	2.26	MEDIAN	2.10
UPPER QUARTILE	2.70	UPPER QUARTILE	2.30
MAXIMUM	4.00	MAXIMUM	3.30
MEAN	2.35	MEAN	2.11
STD. DEVIATION	0.57	STD. DEVIATION	0.49
N	34	N	31
MISSING	7	MISSING	10

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH QUARTER 2009.