



SURVEY OF PROFESSIONAL FORECASTERS

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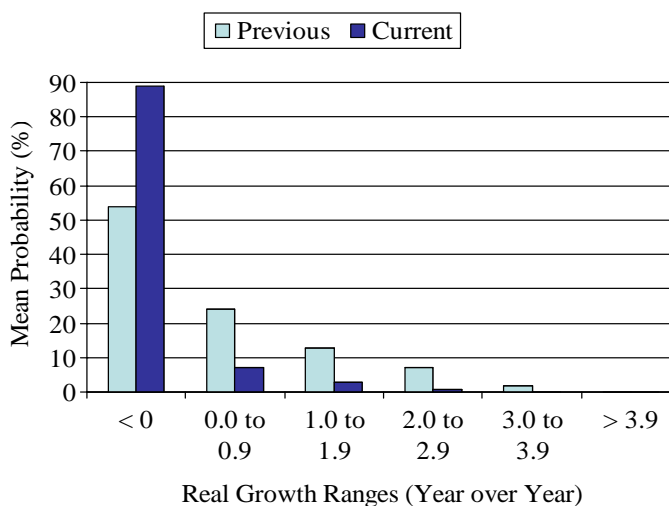
FIRST QUARTER 2009

Pessimism About Near-Term Growth Amid Deteriorating Conditions in the Labor Market

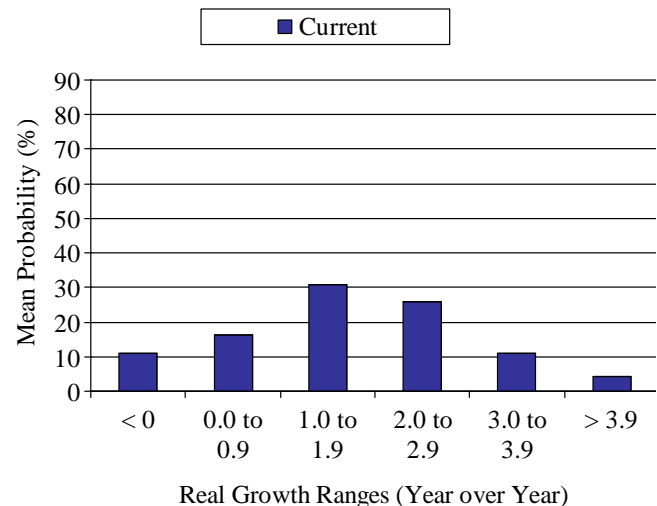
The U.S. economy is headed for two quarters of negative growth in the first half of 2009, according to 43 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters project that real GDP will contract at an annual rate of 5.2 percent in the first quarter and 1.8 percent in the second quarter of 2009. These forecasts represent yet another downward revision from the forecasts of three months ago, when forecasters anticipated contraction at an annual rate of 1.1 percent in the first quarter and growth of 0.8 percent in the second quarter of 2009. The survey participants expect economic recovery to begin in the third quarter of 2009. On a year-over-year basis, growth is expected to be -2.0 percent in 2009 and 2.2 percent in 2010.

The charts below provide some information on the degree of uncertainty the forecasters have about year-over-year growth. Each chart presents the forecasters' estimates of the probability that growth will fall into each of six ranges. For 2009, the forecasters have substantially increased their estimates that growth will be negative, compared with their estimates of three months ago. The forecasters see an 89 percent chance that year-over-year growth in 2009 will fall in the negative range. For 2010, the forecasters predict only an 11 percent chance that year-over-year growth will be negative.

Mean Probabilities for Real GDP Growth in 2009



Mean Probabilities for Real GDP Growth in 2010



An upward revision to the forecast for the unemployment rate accompanies the outlook for economic growth. The forecasters predict that unemployment will rise from 7.8 percent this quarter to 8.9 percent in the fourth quarter of 2009. Previously, unemployment was forecast to rise from 7.0 percent to 7.7 percent over the same period. Unemployment is expected to average 8.4 percent this year and 8.8 percent in 2010. On the jobs front, the forecasters project job losses in the current quarter at a rate of 548,400 per month. They also see a reduction in jobs of 311,200 per month in the second quarter and 202,100 in the third quarter of 2009. They previously projected monthly job losses of 218,800, 108,400, and 7,200 in the first quarter, the second quarter, and the third quarter of 2009, respectively. On an annual average basis, jobs are expected to decline 328,400 per month in 2009. The forecasters expect a recovery in the labor market to begin in the first quarter of 2010 with job gains of 38,700 per month.

The table below summarizes the forecasts for real GDP and the labor market and compares the current projections with those of three months ago.

| | <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:Q1 | -1.1 | -5.2 | 7.0 | 7.8 | -218.8 | -548.4 |
| Q2 | 0.8 | -1.8 | 7.4 | 8.3 | -108.4 | -311.2 |
| Q3 | 0.9 | 1.0 | 7.6 | 8.7 | -7.2 | -202.1 |
| Q4 | 2.3 | 1.8 | 7.7 | 8.9 | 19.8 | -43.0 |
| 2010:Q1 | N.A. | 2.4 | N.A. | 9.0 | N.A. | 38.7 |
| <i>Annual average data:</i> | | | | | | |
| 2009 | -0.2 | -2.0 | 7.4 | 8.4 | -130.1 | -328.4 |
| 2010 | N.A. | 2.2 | N.A. | 8.8 | N.A. | 6.2 |

Forecasters Revise Views on the New Fiscal Stimulus Package

In a special section in this survey, the Federal Reserve Bank of Philadelphia asked its panelists whether their forecasts reflect the influence of a new fiscal stimulus package, and, if so, they were asked to give the estimated size of the total package and the distribution of the package among the following categories: government consumption and gross investment, transfer payments, tax cuts, and other. We also asked the forecasters to tell us the effect of the package on their projections for annual-average over annual-average growth in real GDP in 2009, 2010, and 2011. And finally, we asked the forecasters to estimate the year and quarter when the package will begin to affect real GDP growth.

Thirty-nine of the 43 of panelists who participated in this survey say that their forecasts reflect the influence of a new fiscal stimulus package. The size of the stimulus package is estimated at \$806 billion. The forecasters predict that \$266 billion will go toward government consumption and gross investment, \$197 billion will go toward transfer payments, and \$273 billion will be used for tax cuts. According to the forecasters, the stimulus package will begin to affect real GDP growth in the second quarter of 2009. The panelists think the stimulus package will add 0.9 percentage point to the annual-average over annual-average growth in real GDP in 2009, 1.1 percentage points in 2010, and 0.4 percentage point in 2011. These are the mean estimates. The median estimates are, in general, similar.

In the last survey, the size of the stimulus package was estimated at \$211 billion. The forecasters thought the stimulus package would begin to affect real GDP growth in the first quarter of 2009. The panelists also predicted that the stimulus package will add 0.6 percentage point to the growth in real GDP in 2009 and 0.4 percentage point in 2010.

Forecasters Reduce Projections for Inflation in 2009 and 2010

The outlook for core inflation in 2009 and 2010 is at a level below that forecast in the last survey. Core CPI inflation (fourth-quarter over fourth-quarter) is expected to increase from 1.2 percent in 2009 to 1.6 percent in 2010, down from the previous estimates of 2.0 percent over the same periods (not shown in the table below). The forecasters also see lower core PCE inflation for 2009 and 2010—from about 1.8 percent in both years (not shown) in the last survey to 1.1 percent in 2009 and 1.5 percent in 2010.

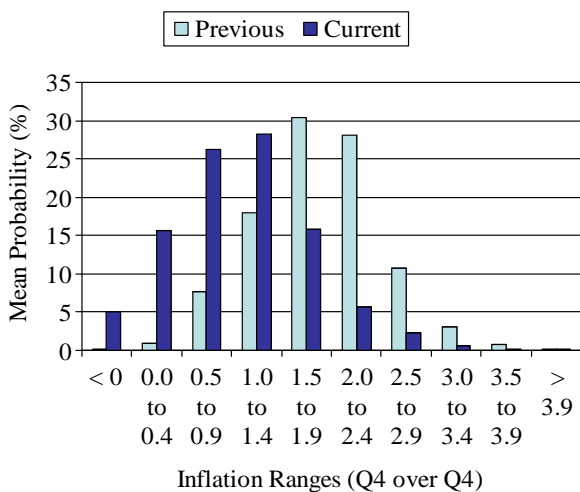
Over the next 10 years, 2009 to 2018, the forecasters expect headline CPI inflation to average 2.4 percent at an annual rate, while headline PCE inflation will average 2.2 percent. These estimates are almost identical to those from the last survey, when the forecasters predicted inflation over the 10-year period from 2008 to 2017 would average 2.5 percent in the CPI and 2.2 percent in the PCE price index (not shown).

Short-Run and Long-Run Projections for Inflation

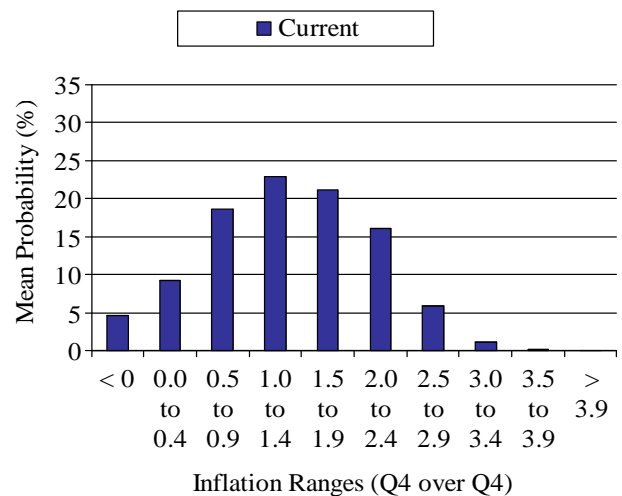
| | CPI (%) | | PCE Price Index (%) | |
|---|----------|------|---------------------|------|
| | Headline | Core | Headline | Core |
| <i>Quarterly data:</i> | | | | |
| 2009: Q1 | -2.7 | 0.6 | -1.9 | 0.7 |
| Q2 | 0.8 | 1.2 | 0.7 | 1.1 |
| Q3 | 1.7 | 1.3 | 1.5 | 1.3 |
| Q4 | 1.8 | 1.3 | 1.5 | 1.2 |
| 2010: Q1 | 2.0 | 1.5 | 1.8 | 1.4 |
| <i>Fourth-quarter over fourth-quarter data:</i> | | | | |
| 2009 | 0.2 | 1.2 | 0.2 | 1.1 |
| 2010 | 1.9 | 1.6 | 1.8 | 1.5 |
| 2011 | 2.3 | 2.0 | 2.0 | 1.7 |
| <i>Long-run projections:</i> | | | | |
| 2009-2013 | 2.2 | N.A. | 2.0 | N.A. |
| 2009-2018 | 2.4 | N.A. | 2.2 | 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 2009 and 2010 will fall into each of 10 ranges. For 2009, the forecasters have raised the probability that inflation will be below 1.5 percent. For 2010, the forecasters are assigning a 44 percent probability that inflation will fall into the range of 1.0 percent to 1.9 percent.

Mean Probabilities for Core PCE Inflation in 2009



Mean Probabilities for Core PCE Inflation in 2010



Forecasters Reduce Estimates for Long-Term Output and Productivity Growth

In first-quarter surveys, the forecasters provide their long-run projections for an expanded set of variables, including growth in output and productivity, as well as returns on financial assets. As the table below shows, the forecasters have trimmed their long-run estimates for the annual average rate of growth in real GDP and productivity. Currently, the forecasters expect real GDP to grow 2.56 percent per year over the next 10 years, down from 2.75 percent in the survey of 2008 Q1. Similarly, productivity growth is now expected to average 1.9 percent, down from 2.0 percent. Downward revisions to the return on Treasury securities accompany the current outlook. The forecasters see 10-year Treasuries returning 4.85 percent per year, down from 5.0 percent, and three-month Treasury bills returning 3.00 percent, down from 4.0 percent. The forecasters continue to expect that the S&P 500 will return 6.5 percent per year over the next 10 years.

| | <i>Long-Term (10-year) Forecasts (%)</i> | |
|------------------------------------|--|-----------------------|
| | <i>First Quarter 2008</i> | <i>Current Survey</i> |
| <i>Real GDP Growth</i> | 2.75 | 2.56 |
| <i>Productivity Growth</i> | 2.00 | 1.90 |
| <i>Stock Returns (S&P 500)</i> | 6.50 | 6.50 |
| <i>Bond Returns (10-year)</i> | 5.00 | 4.85 |
| <i>Bill Returns (3-month)</i> | 4.00 | 3.00 |

Increased Risk of a Negative Quarter

The risk of a contraction continues to rise. As the table below shows, the forecasters have revised upward the likelihood of a quarter of negative growth over the next four quarters. For the current quarter, the forecasters predict a 94 percent chance of negative growth, up from 75 percent in the survey of three months ago. The forecasters see a 74 percent chance of negative growth in the second quarter of 2009, up from 49 percent in the last survey.

| | <i>Risk of a Negative Quarter (%)</i> | |
|------------------------|---------------------------------------|------------|
| | <i>Previous</i> | <i>New</i> |
| <i>Quarterly data:</i> | | |
| 2009:Q1 | 74.8 | 94.4 |
| Q2 | 49.4 | 74.0 |
| Q3 | 32.8 | 44.7 |
| Q4 | 23.6 | 29.9 |
| 2010:Q1 | N.A. | 21.6 |

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

Scott Anderson, Wells Fargo and Company; **Robert J. Barbera**, ITG Inc.; **Jack L. Bishop Jr., Ph.D.**, Kingsbury International Ltd.; **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; **Joan Crary**, and **Stanley Sedo**, RSQE, University of Michigan; **David Crowe**, National Association of Home Builders; **Richard DeKaser**, National City Corporation; **Rajeev Dhawan**, Georgia State University; **Shawn Dubravac**, Consumer Electronics Association; **Michael R. Englund**, Action Economics, LLC; **Fannie Mae**; **Gerard F. Fuda**, Independent Economist; **Stephen Gallagher**, Societe Generale; **James Glassman**, JP Morgan Chase & Co.; **Global Insight**; **Jeoff Hall**, Thomson Financial, IFR; **Ethan Harris** and **Dean Maki**, Barclays Capital; **Keith Hembre**, First American Funds; **Peter Hooper**, Deutsche Bank Securities, Inc.; **William B. Hummer**, Wayne Hummer Investments; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **Kurt Karl**, Swiss Re; **Nathaniel Karp**, Compass Bank; **Walter Kemmsies** and **Daniel Solomon**, Moffatt & Nichol; **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**; **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; **Luca Noto**, Monte Paschi Asset Management; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **John Silvia**, Wachovia Corporation; **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.; **Edward Sullivan**, Portland Cement Association; **Thomas Kevin Swift**, American Chemistry Council; **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, 2009-2011

| | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2009 (YEAR-OVER-YEAR) | 2010 | |
|---|------------|------------|------------|------------|------------|--------------------------|------|------|
| PERCENT GROWTH AT ANNUAL RATES | | | | | | | | |
| 1. REAL GDP (BILLIONS, CHAIN WEIGHTED) | -5.2 | -1.8 | 1.0 | 1.8 | 2.4 | -2.0 | 2.2 | |
| 2. GDP PRICE INDEX (PERCENT CHANGE) | 0.6 | 1.1 | 1.4 | 1.0 | 1.6 | 1.2 | 1.3 | |
| 3. NOMINAL GDP (\$ BILLIONS) | -4.2 | -0.6 | 1.9 | 3.3 | 3.5 | -0.9 | 3.4 | |
| 4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) | -4.8 | -2.8 | -1.8 | -0.4 | 0.4 | -2.9 | 0.1 | |
| (AVG MONTHLY CHANGE) | -548.4 | -311.2 | -202.1 | -43.0 | 38.7 | -328.4 | 6.2 | |
| VARIABLES IN LEVELS | | | | | | | | |
| 5. UNEMPLOYMENT RATE (PERCENT) | 7.8 | 8.3 | 8.7 | 8.9 | 9.0 | 8.4 | 8.8 | |
| 6. 3-MONTH TREASURY BILL (PERCENT) | 0.2 | 0.3 | 0.3 | 0.4 | 0.6 | 0.3 | 1.0 | |
| 7. 10-YEAR TREASURY BOND (PERCENT) | 2.7 | 2.9 | 3.1 | 3.2 | 3.5 | 3.0 | 3.6 | |
| | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2009 (Q4-OVER-Q4) | 2010 | 2011 |
| INFLATION INDICATORS | | | | | | | | |
| 8. CPI (ANNUAL RATE) | -2.7 | 0.8 | 1.7 | 1.8 | 2.0 | 0.2 | 1.9 | 2.3 |
| 9. CORE CPI (ANNUAL RATE) | 0.6 | 1.2 | 1.3 | 1.3 | 1.5 | 1.2 | 1.6 | 2.0 |
| 10. PCE (ANNUAL RATE) | -1.9 | 0.7 | 1.5 | 1.5 | 1.8 | 0.2 | 1.8 | 2.0 |
| 11. CORE PCE (ANNUAL RATE) | 0.7 | 1.1 | 1.3 | 1.2 | 1.4 | 1.1 | 1.5 | 1.7 |

THE FIGURES ON EACH LINE ARE MEDIANS OF 43 INDIVIDUAL FORECASTERS.

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

SURVEY OF PROFESSIONAL FORECASTERS

First 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 January 30; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before February 10, 2009.

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

| | NUMBER OF FORECASTERS | ACTUAL | | FORECAST | | | | ACTUAL | | FORECAST | |
|---|-----------------------------|------------|------------|------------|------------|------------|------------|----------------|----------------|----------------|--|
| | | 2008 Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2008 ANNUAL | 2009 ANNUAL | 2010 ANNUAL | |
| 1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS) | 40 | 14264.6 | 14112.5 | 14091.6 | 14158.2 | 14275.1 | 14398.4 | 14280.7 | 14158.8 | 14638.6 | |
| 2. GDP PRICE INDEX (2000=100) | 41 | 123.11 | 123.30 | 123.63 | 124.06 | 124.36 | 124.84 | 122.45 | 123.92 | 125.56 | |
| 3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS) | 16 | N.A. | 1065.4 | 1043.7 | 1074.5 | 1072.9 | 1102.2 | N.A. | 1070.4 | 1121.3 | |
| 4. UNEMPLOYMENT RATE (PERCENT) | 43 | 6.9 | 7.8 | 8.3 | 8.7 | 8.9 | 9.0 | 5.8 | 8.4 | 8.8 | |
| 5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS) | 33 | 136033 | 134388 | 133454 | 132848 | 132719 | 132835 | 137245 | 133305 | 133379 | |
| 6. INDUSTRIAL PRODUCTION (2002=100) | 37 | 105.5 | 102.7 | 101.9 | 101.9 | 102.6 | 103.2 | 109.5 | 102.2 | 104.7 | |
| 7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS) | 35 | 0.66 | 0.56 | 0.56 | 0.61 | 0.66 | 0.72 | 0.90 | 0.61 | 0.84 | |
| 8. 3-MONTH TREASURY BILL RATE (PERCENT) | 37 | 0.30 | 0.20 | 0.28 | 0.30 | 0.40 | 0.58 | 1.37 | 0.30 | 1.02 | |
| 9. AAA CORPORATE BOND YIELD (PERCENT) | 33 | 5.84 | 5.13 | 5.25 | 5.28 | 5.29 | 5.44 | 5.64 | 5.28 | 5.52 | |
| 10. 10-YEAR TREASURY BOND YIELD (PERCENT) | 40 | 3.25 | 2.71 | 2.90 | 3.05 | 3.18 | 3.50 | 3.67 | 2.96 | 3.58 | |
| 11. REAL GDP (BILLIONS, CHAIN WEIGHTED) | 43 | 11599.4 | 11445.9 | 11395.5 | 11423.1 | 11473.4 | 11542.8 | 11671.3 | 11437.9 | 11689.5 | |
| 12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED) | 42 | 8186.9 | 8134.7 | 8125.0 | 8149.4 | 8185.6 | 8234.9 | 8276.2 | 8151.1 | 8316.0 | |
| 13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 41 | 1352.2 | 1307.8 | 1272.7 | 1250.0 | 1234.2 | 1238.3 | 1408.2 | 1267.6 | 1253.2 | |
| 14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 41 | 330.7 | 307.8 | 296.7 | 292.1 | 295.0 | 301.7 | 359.3 | 297.2 | 316.7 | |
| 15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED) | 39 | 822.3 | 827.7 | 834.5 | 843.4 | 852.1 | 860.9 | 797.7 | 840.6 | 865.9 | |
| 16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED) | 39 | 1277.2 | 1277.2 | 1282.0 | 1288.3 | 1293.2 | 1295.8 | 1274.3 | 1285.8 | 1300.4 | |
| 17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED) | 41 | 6.2 | -40.0 | -35.0 | -20.0 | -5.0 | 4.5 | -21.1 | -22.0 | 16.3 | |
| 18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED) | 41 | -356.4 | -351.5 | -348.0 | -350.0 | -361.3 | -366.7 | -388.2 | -347.8 | -370.5 | |

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

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

| | NUMBER OF FORECASTERS | Q4 2008 TO Q1 2009 | Q1 2009 TO Q2 2009 | Q2 2009 TO Q3 2009 | Q3 2009 TO Q4 2009 | Q4 2009 TO Q1 2010 | 2008 TO 2009 | 2009 TO 2010 |
|---|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------|--------------------|
| 1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS) | 40 | -4.2 | -0.6 | 1.9 | 3.3 | 3.5 | -0.9 | 3.4 |
| 2. GDP PRICE INDEX (2000=100) | 41 | 0.6 | 1.1 | 1.4 | 1.0 | 1.6 | 1.2 | 1.3 |
| 3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS) | 16 | -7.3 | -7.9 | 12.3 | -0.6 | 11.4 | -5.3 | 4.8 |
| 4. UNEMPLOYMENT RATE (PERCENT) | 43 | 0.9 | 0.5 | 0.4 | 0.2 | 0.0 | 2.6 | 0.4 |
| 5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) | 33 | -4.8 | -2.8 | -1.8 | -0.4 | 0.4 | -2.9 | 0.1 |
| (AVG MONTHLY CHANGE) | 33 | -548.4 | -311.2 | -202.1 | -43.0 | 38.7 | -328.4 | 6.2 |
| 6. INDUSTRIAL PRODUCTION (2002=100) | 37 | -10.2 | -3.1 | 0.0 | 2.8 | 2.5 | -6.6 | 2.4 |
| 7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS) | 35 | -46.9 | 1.2 | 39.1 | 39.6 | 39.1 | -32.2 | 37.2 |
| 8. 3-MONTH TREASURY BILL RATE (PERCENT) | 37 | -0.10 | 0.08 | 0.02 | 0.10 | 0.17 | -1.07 | 0.72 |
| 9. AAA CORPORATE BOND YIELD (PERCENT) | 33 | -0.71 | 0.12 | 0.03 | 0.01 | 0.15 | -0.36 | 0.25 |
| 10. 10-YEAR TREASURY BOND YIELD (PERCENT) | 40 | -0.54 | 0.19 | 0.15 | 0.13 | 0.33 | -0.71 | 0.62 |
| 11. REAL GDP (BILLIONS, CHAIN WEIGHTED) | 43 | -5.2 | -1.8 | 1.0 | 1.8 | 2.4 | -2.0 | 2.2 |
| 12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED) | 42 | -2.5 | -0.5 | 1.2 | 1.8 | 2.4 | -1.5 | 2.0 |
| 13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 41 | -12.5 | -10.3 | -7.0 | -5.0 | 1.3 | -10.0 | -1.1 |
| 14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 41 | -25.0 | -13.6 | -6.1 | 4.1 | 9.4 | -17.3 | 6.5 |
| 15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED) | 39 | 2.6 | 3.3 | 4.3 | 4.2 | 4.2 | 5.4 | 3.0 |
| 16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED) | 39 | 0.0 | 1.5 | 2.0 | 1.5 | 0.8 | 0.9 | 1.1 |
| 17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED) | 41 | -46.2 | 5.0 | 15.0 | 15.0 | 9.5 | -0.9 | 38.3 |
| 18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED) | 41 | 4.9 | 3.5 | -2.0 | -11.3 | -5.3 | 40.4 | -22.7 |

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, FIRST QUARTER 2009.

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

| | NUMBER OF FORECASTERS | ACTUAL | FORECAST(Q/Q) | | | | | ACTUAL | FORECAST(Q4/Q4) | | |
|---|-----------------------------|------------|---------------|------------|------------|------------|------------|----------------|-----------------|----------------|----------------|
| | | 2008 Q4 | 2009 Q1 | 2009 Q2 | 2009 Q3 | 2009 Q4 | 2010 Q1 | 2008 ANNUAL | 2009 ANNUAL | 2010 ANNUAL | 2011 ANNUAL |
| 1. CONSUMER PRICE INDEX (ANNUAL RATE) | 42 | -9.2 | -2.7 | 0.8 | 1.7 | 1.8 | 2.0 | 1.5 | 0.2 | 1.9 | 2.3 |
| 2. CORE CONSUMER PRICE INDEX (ANNUAL RATE) | 39 | 0.4 | 0.6 | 1.2 | 1.3 | 1.3 | 1.5 | 2.0 | 1.2 | 1.6 | 2.0 |
| 3. PCE PRICE INDEX (ANNUAL RATE) | 33 | -5.5 | -1.9 | 0.7 | 1.5 | 1.5 | 1.8 | 1.7 | 0.2 | 1.8 | 2.0 |
| 4. CORE PCE PRICE INDEX (ANNUAL RATE) | 36 | 0.6 | 0.7 | 1.1 | 1.3 | 1.2 | 1.4 | 1.8 | 1.1 | 1.5 | 1.7 |

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

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

| ESTIMATED PROBABILITY (CHANGES IN 100) | Q4 2008 | Q1 2009 | Q2 2009 | Q3 2009 | Q4 2009 |
|--|---------------|---------------|---------------|---------------|---------------|
| | TO Q1 2009 | TO Q2 2009 | TO Q3 2009 | TO Q4 2009 | TO Q1 2010 |
| NUMBER OF FORECASTERS | | | | | |
| 10 OR LESS | 0 | 0 | 0 | 7 | 16 |
| 11 TO 20 | 0 | 1 | 5 | 8 | 11 |
| 21 TO 30 | 0 | 1 | 6 | 12 | 5 |
| 31 TO 40 | 1 | 1 | 6 | 7 | 4 |
| 41 TO 50 | 0 | 0 | 15 | 3 | 2 |
| 51 TO 60 | 0 | 6 | 5 | 2 | 0 |
| 61 TO 70 | 0 | 6 | 1 | 0 | 1 |
| 71 TO 80 | 3 | 14 | 1 | 1 | 1 |
| 81 TO 90 | 8 | 7 | 1 | 1 | 0 |
| 91 AND OVER | 29 | 5 | 1 | 0 | 0 |
| NOT REPORTING | 2 | 2 | 2 | 2 | 3 |
| MEAN AND MEDIAN | | | | | |
| MEDIAN PROBABILITY | 99.00 | 75.00 | 45.00 | 25.00 | 20.00 |
| MEAN PROBABILITY | 94.41 | 73.98 | 44.66 | 29.90 | 21.55 |

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 41.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FIRST 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 | 0.28 |
| 5.0 TO 5.9 | 0.04 | 0.61 |
| 4.0 TO 4.9 | 0.06 | 3.55 |
| 3.0 TO 3.9 | 0.08 | 11.19 |
| 2.0 TO 2.9 | 0.67 | 25.85 |
| 1.0 TO 1.9 | 2.99 | 30.88 |
| 0.0 TO 0.9 | 7.23 | 16.55 |
| -1.0 TO -0.1 | 19.18 | 7.55 |
| -2.0 TO -1.1 | 35.97 | 2.63 |
| LESS THAN -2.0 | 33.76 | 0.93 |

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

| | 2008-2009 | 2009-2010 |
|--------------|-----------|-----------|
| 8.0 OR MORE | 0.05 | 0.05 |
| 7.0 TO 7.9 | 0.08 | 0.08 |
| 6.0 TO 6.9 | 0.10 | 0.39 |
| 5.0 TO 5.9 | 0.15 | 1.18 |
| 4.0 TO 4.9 | 0.36 | 2.24 |
| 3.0 TO 3.9 | 2.21 | 7.26 |
| 2.0 TO 2.9 | 12.41 | 22.55 |
| 1.0 TO 1.9 | 38.54 | 35.74 |
| 0.0 TO 0.9 | 34.59 | 22.05 |
| WILL DECLINE | 11.51 | 8.45 |

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 39.
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, FIRST 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 | 0.24 | 0.17 |
| 3.5 TO 3.9 PERCENT | 0.34 | 0.44 |
| 3.0 TO 3.4 PERCENT | 0.66 | 1.64 |
| 2.5 TO 2.9 PERCENT | 2.39 | 6.69 |
| 2.0 TO 2.4 PERCENT | 6.47 | 17.47 |
| 1.5 TO 1.9 PERCENT | 14.97 | 21.86 |
| 1.0 TO 1.4 PERCENT | 24.55 | 20.67 |
| 0.5 TO 0.9 PERCENT | 21.97 | 14.39 |
| 0.0 TO 0.4 PERCENT | 16.74 | 10.67 |
| WILL DECLINE | 11.66 | 6.00 |

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

| | 08Q4 TO 09Q4 | 09Q4 TO 10Q4 |
|--------------------|--------------|--------------|
| 4 PERCENT OR MORE | 0.15 | 0.12 |
| 3.5 TO 3.9 PERCENT | 0.21 | 0.21 |
| 3.0 TO 3.4 PERCENT | 0.65 | 1.18 |
| 2.5 TO 2.9 PERCENT | 2.32 | 5.94 |
| 2.0 TO 2.4 PERCENT | 5.62 | 16.06 |
| 1.5 TO 1.9 PERCENT | 15.85 | 21.12 |
| 1.0 TO 1.4 PERCENT | 28.24 | 22.88 |
| 0.5 TO 0.9 PERCENT | 26.24 | 18.59 |
| 0.0 TO 0.4 PERCENT | 15.65 | 9.26 |
| WILL DECLINE | 5.09 | 4.65 |

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 38.
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, FIRST 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 | 0.70 | MINIMUM | 0.70 |
| LOWER QUARTILE | 1.70 | LOWER QUARTILE | 1.50 |
| MEDIAN | 2.17 | MEDIAN | 2.00 |
| UPPER QUARTILE | 2.50 | UPPER QUARTILE | 2.30 |
| MAXIMUM | 3.50 | MAXIMUM | 3.00 |
| MEAN | 2.10 | MEAN | 1.88 |
| STD. DEVIATION | 0.67 | STD. DEVIATION | 0.64 |
| N | 40 | N | 37 |
| MISSING | 3 | MISSING | 6 |

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2009-2018

=====

| CPI INFLATION RATE | | PCE INFLATION RATE | |
|--------------------|------|--------------------|------|
| ----- | | ----- | |
| MINIMUM | 1.13 | MINIMUM | 0.99 |
| LOWER QUARTILE | 2.00 | LOWER QUARTILE | 1.67 |
| MEDIAN | 2.40 | MEDIAN | 2.20 |
| UPPER QUARTILE | 2.75 | UPPER QUARTILE | 2.50 |
| MAXIMUM | 3.80 | MAXIMUM | 3.30 |
| MEAN | 2.41 | MEAN | 2.17 |
| STD. DEVIATION | 0.60 | STD. DEVIATION | 0.60 |
| N | 39 | N | 36 |
| MISSING | 4 | MISSING | 7 |

| REAL GDP GROWTH RATE | | PRODUCTIVITY GROWTH RATE | |
|----------------------|------|--------------------------|------|
| ----- | | ----- | |
| MINIMUM | 2.00 | MINIMUM | 1.20 |
| LOWER QUARTILE | 2.30 | LOWER QUARTILE | 1.70 |
| MEDIAN | 2.56 | MEDIAN | 1.90 |
| UPPER QUARTILE | 2.80 | UPPER QUARTILE | 2.00 |
| MAXIMUM | 3.75 | MAXIMUM | 3.00 |
| MEAN | 2.58 | MEAN | 1.90 |
| STD. DEVIATION | 0.38 | STD. DEVIATION | 0.38 |
| N | 37 | N | 34 |
| MISSING | 6 | MISSING | 9 |

| STOCK RETURNS (S&P 500) | | BOND RETURNS (10-YEAR) | | BILL RETURNS (3-MONTH) | |
|-------------------------|-------|------------------------|------|------------------------|------|
| ----- | | ----- | | ----- | |
| MINIMUM | 2.40 | MINIMUM | 2.00 | MINIMUM | 1.10 |
| LOWER QUARTILE | 5.00 | LOWER QUARTILE | 4.25 | LOWER QUARTILE | 2.50 |
| MEDIAN | 6.50 | MEDIAN | 4.85 | MEDIAN | 3.00 |
| UPPER QUARTILE | 8.00 | UPPER QUARTILE | 5.10 | UPPER QUARTILE | 4.00 |
| MAXIMUM | 11.40 | MAXIMUM | 6.00 | MAXIMUM | 5.10 |
| MEAN | 6.62 | MEAN | 4.68 | MEAN | 3.19 |
| STD. DEVIATION | 2.03 | STD. DEVIATION | 0.82 | STD. DEVIATION | 0.94 |
| N | 29 | N | 32 | N | 32 |
| MISSING | 14 | MISSING | 11 | MISSING | 11 |

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