



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: August 14, 2009

THIRD QUARTER 2009

Forecasters See Improved Prospects for Growth, But A More Sluggish Labor Market

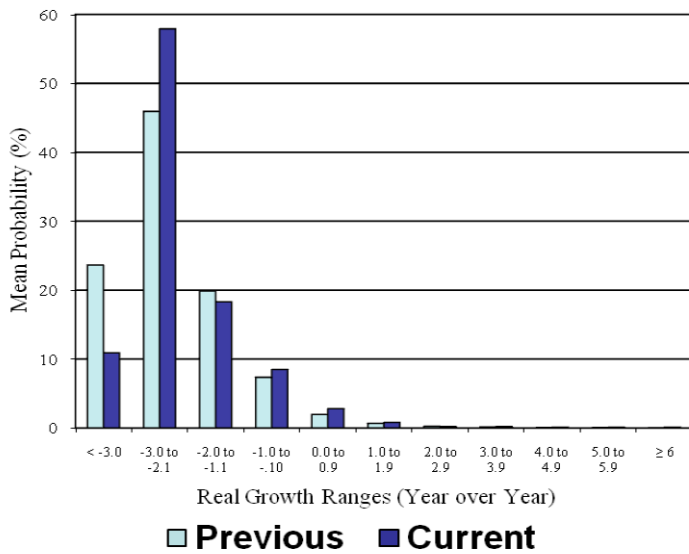
Upward revisions to the rate of growth in real GDP characterize the current outlook for the U.S economy over the next four years, according to 34 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters project growth at an annual rate of 2.4 percent this quarter, up from their previous estimate of 0.4 percent in the last survey. The forecasters expect steady growth to follow over each of the following four quarters. They have also raised their estimates for growth roughly 0.2 percentage point over each of the next four years. Annual-average over annual-average growth is now seen rising from -2.6 percent this year (-2.8 percent previously) to 3.2 percent in 2012 (3.0 percent previously), as shown in the table below.

	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
<i>Quarterly data:</i>						
2009: Q3	0.4	2.4	9.6	9.6	-282.5	-273.1
Q4	1.7	2.2	9.8	9.9	-104.7	-81.0
2010: Q1	2.2	2.5	9.8	9.9	19.9	51.5
Q2	2.9	2.8	9.7	9.8	103.2	61.5
Q3	N.A.	2.6	N.A.	9.6	N.A.	90.8
<i>Annual average data:</i>						
2009	-2.8	-2.6	9.1	9.2	-422.6	-415.7
2010	2.0	2.3	9.6	9.6	-13.9	-24.6
2011	2.7	2.9	8.7	8.9	N.A.	N.A.
2012	3.0	3.2	7.7	8.0	N.A.	N.A.

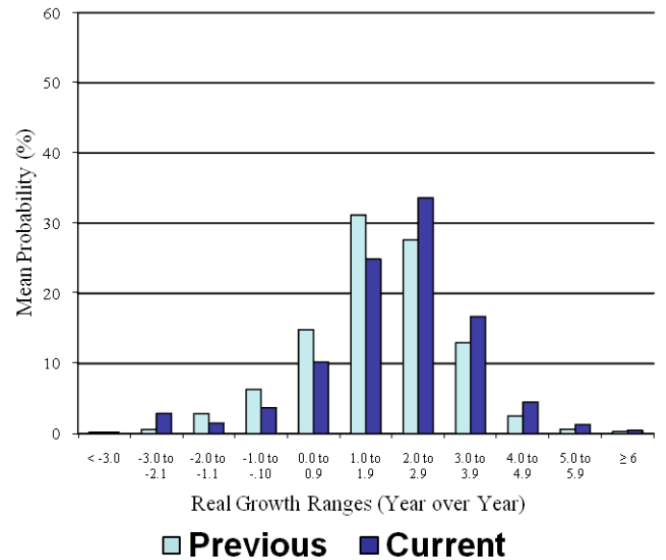
Upward revisions to unemployment and downward revisions to job growth accompany the current outlook for growth. The unemployment rate will average 9.2 percent this year, up from the forecasters' previous projection of 9.1 percent. Unemployment is seen rising to 9.6 percent next year. The forecasters see unemployment falling in 2011 and 2012 – but to levels higher than they predicted previously. Unemployment will average 8.9 percent in 2011, up from 8.7 percent in the last survey, and 8.0 percent in 2012, up from 7.7 percent. Nonfarm payroll employment will fall at a rate of 416,000 jobs per month this year and 25,000 jobs per month in 2010. Previously, the forecasters projected job losses in 2010 at a rate of 14,000 jobs per month.

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 cut the probability that growth in 2009 will be less than -3.0 percent and raised the probability that growth will fall into the range of -3.0 percent to -2.1 percent. Growth in 2010 is more likely to be greater than the 2.0 percent forecasters projected in the last survey. Looking further into the future, the forecasters think that there is a 60 percent or more chance that growth in 2011 and 2012 will fall into the range of 2.0 to 3.9 percent.

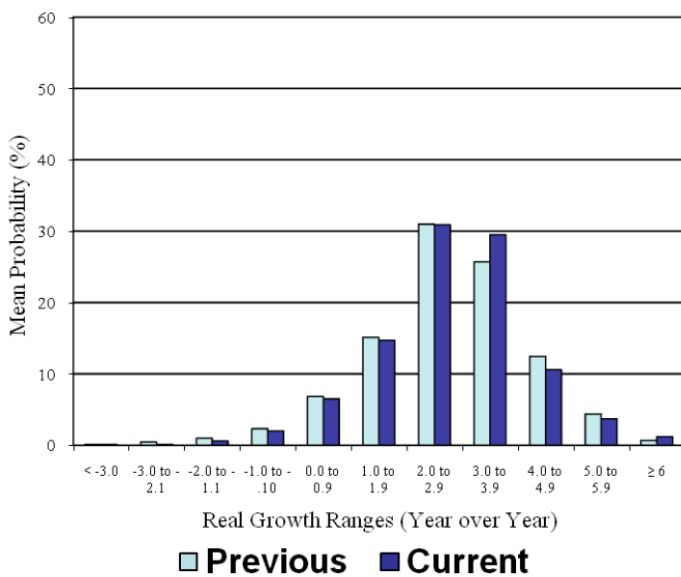
Mean Probabilities for Real GDP Growth in 2009



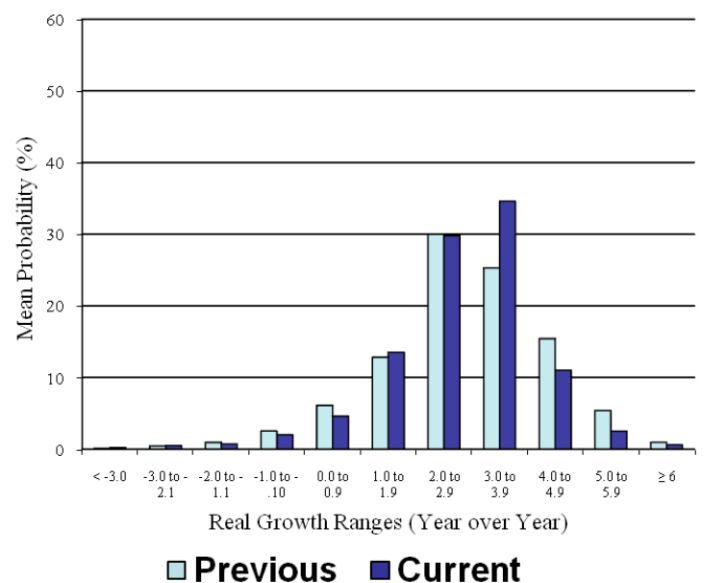
Mean Probabilities for Real GDP Growth in 2010



Mean Probabilities for Real GDP Growth in 2011

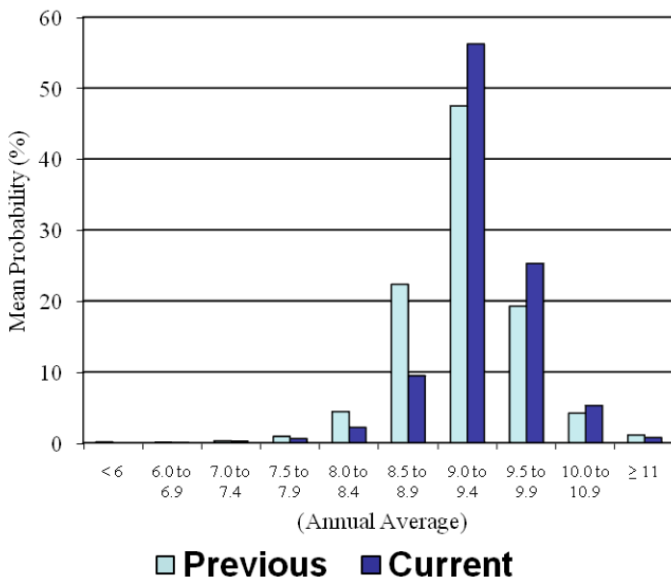


Mean Probabilities for Real GDP Growth in 2012

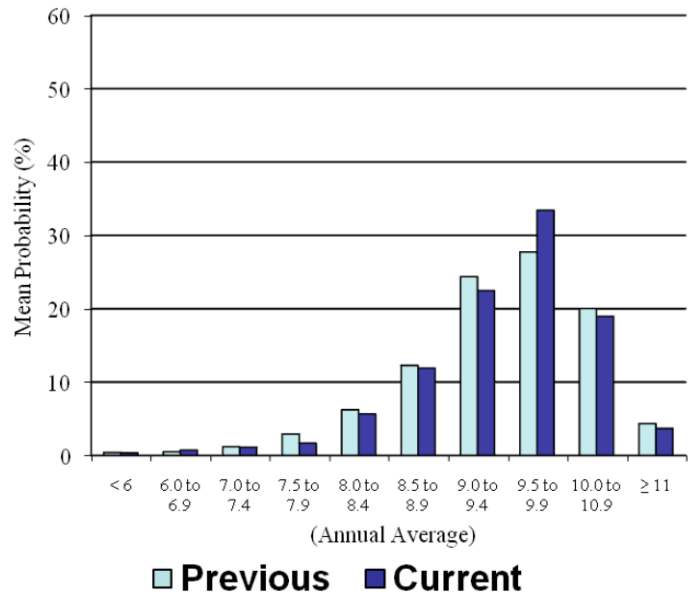


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters have raised the estimate of the probability that the annual average unemployment rate will be 9.0 percent or more in 2009 compared with their previous estimate. In both surveys, the probability attached to lower ranges of annual-average unemployment rises as the forecast horizon increases. In 2011, the probability is nearly 60 percent that unemployment will average 8.9 percent or less. That probability rises to over 80 percent in 2012.

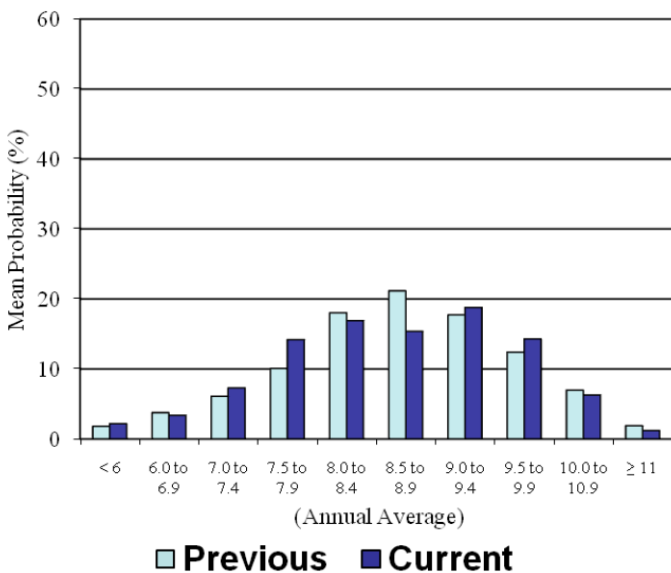
Mean Probabilities for Unemployment Rate in 2009



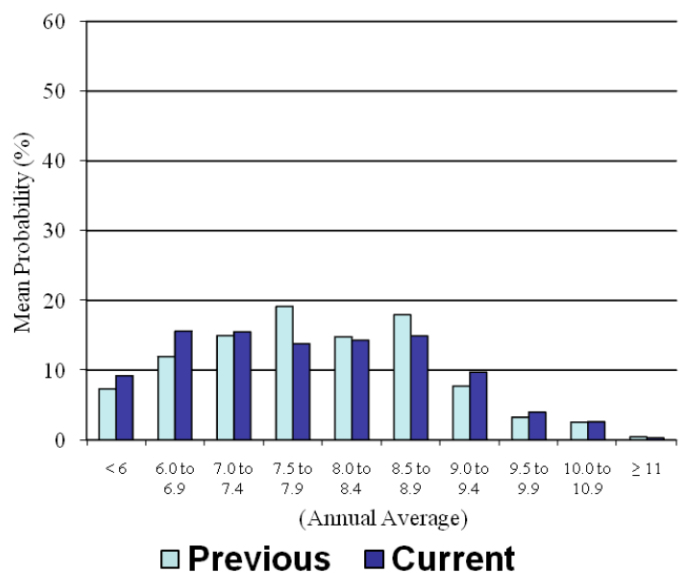
Mean Probabilities for Unemployment Rate in 2010



Mean Probabilities for Unemployment Rate in 2011



Mean Probabilities for Unemployment Rate in 2012



Little Change in the Outlook for Inflation Beyond 2009

The forecasters are raising their estimates for headline and core inflation in 2009. On a fourth-quarter over fourth-quarter basis, headline and core CPI inflation will average 0.7 percent and 1.7 percent, respectively, in 2009. These are up from the previous estimates of 0.4 percent and 1.3 percent in the last survey. Similarly, headline and core inflation in the price index for personal consumption expenditures (PCE) will average 0.9 percent and 1.4 percent, respectively, in 2009, marking upward revisions from 0.6 percent and 1.3 percent previously.

There is little change in the inflation outlook at intermediate horizons. Headline CPI inflation will average 1.8 percent in 2010 and 2.2 percent in 2011, both unchanged from the survey of three months ago. Core CPI inflation will average 1.5 percent in 2010 and 2.0 percent in 2011, both up just 0.1 percentage point from the previous survey. Similarly, the forecasters think that headline PCE inflation will average 1.7 percent in 2010 and 2.0 percent in 2011. These projections are unchanged from those of the previous survey. Core PCE inflation will average 1.3 percent in 2010 and 1.7 percent in 2011. These are nearly the same as the projections of the last survey.

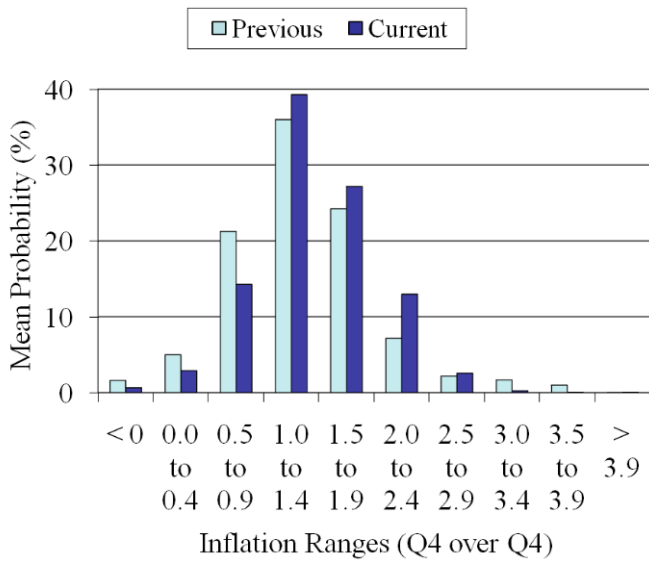
Long-run projections are also nearly unchanged. Over the next five years (2009 – 2013), CPI inflation will average 2.15 percent, down from 2.20 percent previously, and PCE inflation will average 2.00 percent, unchanged from the previous survey. Over the next 10 years, the forecasters see CPI inflation averaging 2.50 percent and PCE inflation averaging 2.15 percent. The 10-year CPI projection is unchanged from the last survey. The 10-year PCE projection is down from 2.28 percent previously. The table below summarizes the survey's current projections at various horizons.

Short-Run and Long-Run Projections for Inflation

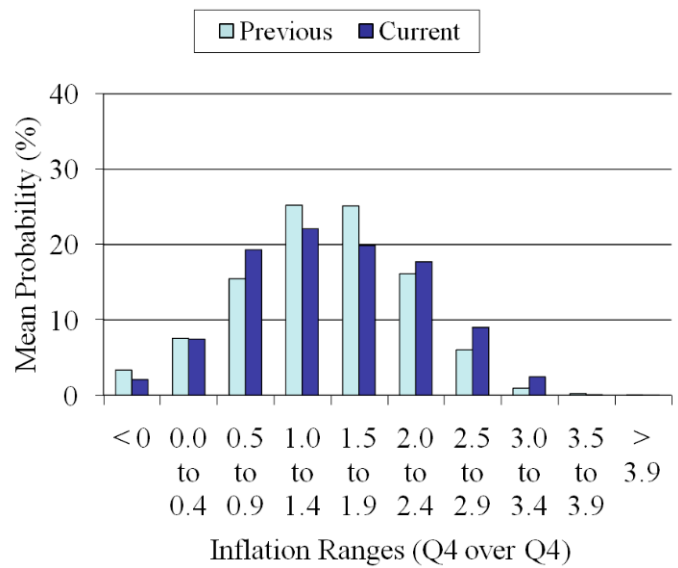
	<i>CPI (%)</i>		<i>PCE Price Index (%)</i>	
	<i>Headline</i>	<i>Core</i>	<i>Headline</i>	<i>Core</i>
<i>Quarterly data:</i>				
2009: Q3	2.4	1.7	2.0	1.5
Q4	1.6	1.1	1.4	1.0
2010: Q1	1.7	1.5	1.4	1.2
Q2	1.9	1.5	1.8	1.3
Q3	2.0	1.6	1.9	1.3
<i>Fourth-quarter over fourth-quarter data:</i>				
2009	0.7	1.7	0.9	1.4
2010	1.8	1.5	1.7	1.3
2011	2.2	2.0	2.0	1.7
<i>Long-run projections:</i>				
2009-2013	2.15	N.A.	2.00	N.A.
2009-2018	2.50	N.A.	2.15	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. The forecasters see a nearly 40 percent chance that core PCE inflation will average between 1.0 and 1.4 percent in 2009. In 2010, there is about a 60 percent chance that inflation will fall in the range of 0.5 to 1.9 percent.

Mean Probabilities for Core PCE Inflation in 2009



Mean Probabilities for Core PCE Inflation in 2010



Lower Risk of a Downturn in the Current Quarter

The forecasters are reducing the chance of a contraction in real GDP in the current quarter. They currently peg that chance at just under 26 percent for the third quarter, down from 46.5 percent in the last survey. The probabilities of a downturn fall gradually over each of the following four quarters, from 23.7 percent in the fourth quarter to 13.5 percent in the third quarter of 2010, as the table below shows.

Risk of a Negative Quarter (%)

Quarterly data:		Previous	New
2009:	Q3	46.5	25.9
	Q4	26.9	23.7
2010:	Q1	17.5	17.8
	Q2	14.4	15.9
	Q3	N.A.	13.5

Equilibrium Unemployment Pegged at 5 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 5.00 percent, the same rate they projected in last year’s third-quarter survey. The table below shows, for each third-quarter survey since 2001, 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-one percent of the 23 forecasters who answered the question report that they use the natural rate in their forecasts. The lowest estimate is 4.00 percent and the highest estimate is 6.00 percent.

Median Estimates of the Natural Rate of Unemployment

Survey Date	Percentage Who Use The Natural Rate	Median Estimate (%)	Low (%)	High (%)
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

Technical Notes

The number of forecasters who participated in this survey (34) is lower than normal. We suspect that the low response rate was caused, in part, by the difficulty many participants experienced in incorporating into their new projections the Bureau of Economic Analysis’ (BEA) benchmark revisions to the national income and product accounts (NIPA). Benchmark revisions to the NIPA normally change the values of all historical observations. The BEA released its revision on July 31, 2009, the same day we e-mailed the survey’s questionnaire to our participants. Our survey questionnaire and an accompanying “historical data sheet” reported the new recent historical values to the panelists. The data listed as actual in this report reflect the benchmark revisions to the NIPA, as those values were reported by the BEA on July 31.

The Federal Reserve Bank of Philadelphia thanks the following forecasters for their participation in our 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; **Joan Crary** and **Stanley Sedo**, RSQE, University of Michigan; **David Crowe**, National Association of Home Builders; **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.; **Jeoff Hall**, Thomson Financial, IFR; **Peter Hooper**, Deutsche Bank Securities, Inc.; **William B. Hummer**, Wayne Hummer Investments; **IHS Global Insight**; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **Kurt Karl**, Swiss Re; **Nathaniel Karp**, BBVA-Compass; **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; **John Lonski**, Moody's Investors Service; **Macroeconomic Advisers, LLC**; **Dean Maki**, Barclays Capital; **Edward F. McKelvey**, Goldman Sachs; **Jim Meil**, Eaton Corporation; **Merrill Lynch**; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasheri** and **Danielle Ferry**, American International Group; **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**, Prima Sgr; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **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**, 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**; **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:Q3-2010:Q3) 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	2009	2010	2010	2010	2009	2010	2011	2012
	Q3	Q4	Q1	Q2	Q3	ANNUAL	ANNUAL	ANNUAL	ANNUAL
REAL GDP (% GROWTH AT ANNUAL RATE)	2.4	2.2	2.5	2.8	2.6	-2.6	2.3	2.9	3.2
REAL GDP (LEVEL)	12970.3	13040.2	13121.8	13213.0	13297.4	12960.6	13254.6	13644.8	14076.4
UNEMPLOYMENT RATE (PERCENT)	9.6	9.9	9.9	9.8	9.6	9.2	9.6	8.9	8.0
T-BILL RATE, 3 MONTH	0.2	0.2	0.3	0.4	0.7	0.2	0.6	2.3	3.3
T-BOND RATE, 10 YEAR	3.6	3.8	3.9	4.0	4.1	3.4	4.1	4.5	5.1

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

	2008-2009	2009-2010	2010-2011	2011-2012
+6 PERCENT OR MORE	0.11	0.49	1.24	0.63
+5.0 to +5.9 PERCENT	0.11	1.27	3.73	2.53
+4.0 to +4.9 PERCENT	0.14	4.47	10.63	11.03
+3.0 to +3.9 PERCENT	0.18	16.74	29.47	34.63
+2.0 to +2.9 PERCENT	0.25	33.62	30.90	29.82
+1.0 to +1.9 PERCENT	0.83	24.85	14.70	13.45
+0.0 to +0.9 PERCENT	2.84	10.17	6.53	4.58
-1.0 to -0.1 PERCENT	8.48	3.73	2.02	1.98
-2.0 to -1.1 PERCENT	18.26	1.50	0.57	0.65
-3.0 to -2.1 PERCENT	57.95	2.94	0.07	0.53
DECLINE MORE THAN 3%	10.85	0.22	0.14	0.15

TABLE S3. MEAN PROBABILITY ATTACHED TO CIVILIAN UNEMPLOYMENT RATES:

	2009	2010	2011	2012
11% OR MORE	0.74	3.68	1.20	0.32
10.0 to 10.9 PERCENT	5.25	18.97	6.27	2.62
9.5 to 9.9 PERCENT	25.27	33.43	14.33	4.05
9.0 to 9.4 PERCENT	56.22	22.47	18.82	9.74
8.5 to 8.9 PERCENT	9.45	11.89	15.43	14.87
8.0 to 8.4 PERCENT	2.17	5.67	16.87	14.26
7.5 to 7.9 PERCENT	0.59	1.68	14.23	13.85
7.0 to 7.4 PERCENT	0.24	1.13	7.31	15.55
6.0 to 6.9 PERCENT	0.06	0.72	3.39	15.57
LESS THAN 6.0%	0.02	0.35	2.16	9.18

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

	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2009 (YEAR-OVER-YEAR)	2010	
PERCENT GROWTH AT ANNUAL RATES								
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.4	2.2	2.5	2.8	2.6	-2.6	2.3	
2. GDP PRICE INDEX (PERCENT CHANGE)	1.6	1.2	1.6	0.7	2.3	1.4	1.4	
3. NOMINAL GDP (\$ BILLIONS)	4.0	3.0	5.3	3.1	4.6	-1.3	3.7	
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	-2.5	-0.7	0.5	0.6	0.8	-3.6	-0.2	
(AVG MONTHLY CHANGE)	-273.1	-81.0	51.5	61.5	90.8	-415.7	-24.6	
VARIABLES IN LEVELS								
5. UNEMPLOYMENT RATE (PERCENT)	9.6	9.9	9.9	9.8	9.6	9.2	9.6	
6. 3-MONTH TREASURY BILL (PERCENT)	0.2	0.2	0.3	0.4	0.7	0.2	0.6	
7. 10-YEAR TREASURY BOND (PERCENT)	3.6	3.8	3.9	4.0	4.1	3.4	4.1	
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2009	2010	2011
						(Q4-OVER-Q4)		
INFLATION INDICATORS								
8. CPI (ANNUAL RATE)	2.4	1.6	1.7	1.9	2.0	0.7	1.8	2.2
9. CORE CPI (ANNUAL RATE)	1.7	1.1	1.5	1.5	1.6	1.7	1.5	2.0
10. PCE (ANNUAL RATE)	2.0	1.4	1.4	1.8	1.9	0.9	1.7	2.0
11. CORE PCE (ANNUAL RATE)	1.5	1.0	1.2	1.3	1.3	1.4	1.3	1.7

THE FIGURES ON EACH LINE ARE MEDIANS OF 34 INDIVIDUAL FORECASTERS.

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

SURVEY OF PROFESSIONAL FORECASTERS

Third 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 July 31, 2009; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before August 11, 2009.

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

	NUMBER OF FORECASTERS	ACTUAL			FORECAST			ACTUAL	FORECAST	
		2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2008 ANNUAL	2009 ANNUAL	2010 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	33	14149.8	14290.3	14395.7	14581.6	14691.7	14859.3	14441.4	14253.7	14780.9
2. GDP PRICE INDEX (2005=100)	33	109.73	110.17	110.49	110.93	111.13	111.77	108.48	110.00	111.55
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	25	N.A.	978.0	975.1	1020.0	1049.1	1108.6	1068.2	957.1	1046.7
4. UNEMPLOYMENT RATE (PERCENT)	34	9.2	9.6	9.9	9.9	9.8	9.6	5.8	9.2	9.6
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	26	132111	131292	131049	131203	131388	131660	137046	132058	131762
6. INDUSTRIAL PRODUCTION (2002=100)	31	96.0	96.6	97.7	98.2	99.0	100.3	108.8	97.4	99.8
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	30	0.54	0.58	0.62	0.69	0.72	0.80	0.90	0.57	0.76
8. 3-MONTH TREASURY BILL RATE (PERCENT)	32	0.17	0.20	0.24	0.28	0.42	0.71	1.37	0.20	0.60
9. AAA CORPORATE BOND YIELD (PERCENT)	24	5.51	5.50	5.50	5.58	5.60	5.59	5.64	5.45	5.60
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	3.31	3.63	3.78	3.90	3.95	4.08	3.67	3.36	4.05
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	34	12892.4	12970.3	13040.2	13121.8	13213.0	13297.4	13312.2	12960.6	13254.6
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	33	9180.5	9220.3	9245.0	9283.6	9329.0	9385.9	9290.9	9213.4	9358.3
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	31	1290.6	1266.3	1245.8	1252.3	1264.0	1274.2	1569.7	1281.4	1270.0
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	31	337.4	331.1	332.6	337.2	348.0	354.3	451.1	342.8	352.5
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	29	1022.4	1038.0	1048.6	1052.5	1057.9	1079.4	975.9	1025.3	1069.9
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	27	1542.6	1544.5	1548.2	1548.7	1552.0	1555.9	1543.7	1540.8	1554.5
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	32	-141.1	-89.9	-32.7	-1.7	9.5	19.9	-25.9	-95.0	9.0
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	32	-339.3	-340.0	-342.1	-353.6	-366.0	-372.5	-494.3	-352.2	-374.0

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

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

	NUMBER OF FORECASTERS	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	2008	2009
		TO Q3 2009	TO Q4 2009	TO Q1 2010	TO Q2 2010	TO Q3 2010	TO 2009	TO 2010
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	33	4.0	3.0	5.3	3.1	4.6	-1.3	3.7
2. GDP PRICE INDEX (2005=100)	33	1.6	1.2	1.6	0.7	2.3	1.4	1.4
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	25	12.3	-1.2	19.7	11.9	24.7	-10.4	9.4
4. UNEMPLOYMENT RATE (PERCENT)	34	0.4	0.3	0.0	-0.1	-0.2	3.4	0.4
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) (AVG MONTHLY CHANGE)	26 26	-2.5 -273.1	-0.7 -81.0	0.5 51.5	0.6 61.5	0.8 90.8	-3.6 -415.7	-0.2 -24.6
6. INDUSTRIAL PRODUCTION (2002=100)	31	2.5	4.6	2.1	3.3	5.3	-10.5	2.4
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	30	34.9	29.1	51.9	20.2	46.6	-37.0	33.8
8. 3-MONTH TREASURY BILL RATE (PERCENT)	32	0.03	0.04	0.04	0.14	0.29	-1.17	0.40
9. AAA CORPORATE BOND YIELD (PERCENT)	24	-0.01	0.00	0.08	0.02	-0.01	-0.19	0.15
10. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	0.32	0.15	0.13	0.05	0.12	-0.31	0.69
11. REAL GDP (BILLIONS, CHAIN WEIGHTED)	34	2.4	2.2	2.5	2.8	2.6	-2.6	2.3
12. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	33	1.7	1.1	1.7	2.0	2.5	-0.8	1.6
13. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	31	-7.3	-6.3	2.1	3.8	3.3	-18.4	-0.9
14. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	31	-7.3	1.8	5.6	13.5	7.5	-24.0	2.8
15. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	29	6.2	4.2	1.5	2.1	8.4	5.1	4.4
16. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	27	0.5	0.9	0.1	0.9	1.0	-0.2	0.9
17. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	32	51.3	57.2	31.0	11.2	10.4	-69.1	104.0
18. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	32	-0.7	-2.0	-11.6	-12.3	-6.6	142.1	-21.8

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, THIRD 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 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2008 ANNUAL	2009 ANNUAL	2010 ANNUAL	2011 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	33	1.3	2.4	1.6	1.7	1.9	2.0	1.5	0.7	1.8	2.2
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	28	2.4	1.7	1.1	1.5	1.5	1.6	2.0	1.7	1.5	2.0
3. PCE PRICE INDEX (ANNUAL RATE)	27	1.3	2.0	1.4	1.4	1.8	1.9	1.7	0.9	1.7	2.0
4. CORE PCE PRICE INDEX (ANNUAL RATE)	26	2.0	1.5	1.0	1.2	1.3	1.3	2.0	1.4	1.3	1.7

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

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANGES IN 100)	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010
	TO Q3 2009	TO Q4 2009	TO Q1 2010	TO Q2 2010	TO Q3 2010
NUMBER OF FORECASTERS					
10 OR LESS	9	9	16	16	19
11 TO 20	6	10	6	9	6
21 TO 30	6	6	6	5	7
31 TO 40	6	4	5	3	1
41 TO 50	5	3	0	0	0
51 TO 60	0	1	0	0	0
61 TO 70	0	0	0	0	0
71 TO 80	1	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	1
MEAN AND MEDIAN					
MEDIAN PROBABILITY	25.00	20.00	12.30	12.30	10.00
MEAN PROBABILITY	25.88	23.73	17.83	15.86	13.49

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 33.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.11	0.49
5.0 TO 5.9	0.11	1.27
4.0 TO 4.9	0.14	4.47
3.0 TO 3.9	0.18	16.74
2.0 TO 2.9	0.25	33.62
1.0 TO 1.9	0.83	24.85
0.0 TO 0.9	2.84	10.17
-1.0 TO -0.1	8.48	3.73
-2.0 TO -1.1	18.26	1.50
LESS THAN -2.0	68.80	3.16

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

	2008-2009	2009-2010
8.0 OR MORE	0.09	0.18
7.0 TO 7.9	0.12	0.24
6.0 TO 6.9	0.16	0.42
5.0 TO 5.9	0.22	0.81
4.0 TO 4.9	0.29	2.34
3.0 TO 3.9	1.54	7.27
2.0 TO 2.9	11.05	23.51
1.0 TO 1.9	62.41	42.37
0.0 TO 0.9	20.02	19.93
WILL DECLINE	4.10	2.94

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 33.
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.02	0.04
3.5 TO 3.9 PERCENT	0.03	0.18
3.0 TO 3.4 PERCENT	0.07	1.75
2.5 TO 2.9 PERCENT	2.79	8.11
2.0 TO 2.4 PERCENT	17.14	20.50
1.5 TO 1.9 PERCENT	35.69	26.32
1.0 TO 1.4 PERCENT	23.90	25.25
0.5 TO 0.9 PERCENT	11.52	13.11
0.0 TO 0.4 PERCENT	7.62	3.57
WILL DECLINE	1.33	1.18

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	08Q4 TO 09Q4	09Q4 TO 10Q4
4 PERCENT OR MORE	0.04	0.02
3.5 TO 3.9 PERCENT	0.04	0.07
3.0 TO 3.4 PERCENT	0.22	2.44
2.5 TO 2.9 PERCENT	2.56	9.00
2.0 TO 2.4 PERCENT	12.96	17.70
1.5 TO 1.9 PERCENT	27.15	19.85
1.0 TO 1.4 PERCENT	39.26	22.07
0.5 TO 0.9 PERCENT	14.26	19.30
0.0 TO 0.4 PERCENT	2.89	7.44
WILL DECLINE	0.63	2.09

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 29.
 SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2009.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2009-2013
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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.02	MINIMUM	0.83
LOWER QUARTILE	1.80	LOWER QUARTILE	1.55
MEDIAN	2.15	MEDIAN	2.00
UPPER QUARTILE	2.75	UPPER QUARTILE	2.50
MAXIMUM	4.39	MAXIMUM	4.16
MEAN	2.28	MEAN	2.06
STD. DEVIATION	0.71	STD. DEVIATION	0.68
N	30	N	28
MISSING	4	MISSING	6

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2009-2018
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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.72	MINIMUM	1.35
LOWER QUARTILE	2.10	LOWER QUARTILE	2.00
MEDIAN	2.50	MEDIAN	2.15
UPPER QUARTILE	2.80	UPPER QUARTILE	2.55
MAXIMUM	4.52	MAXIMUM	4.20
MEAN	2.55	MEAN	2.31
STD. DEVIATION	0.61	STD. DEVIATION	0.63
N	30	N	28
MISSING	4	MISSING	6

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