



# SURVEY OF PROFESSIONAL FORECASTERS

Release Date: August 12, 2011

## THIRD QUARTER 2011

### Forecasters Predict Slower Growth

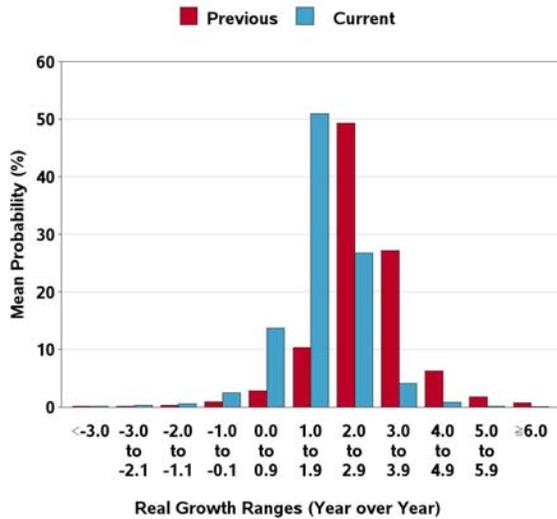
Growth in the U.S. economy is predicted to be slower in the short run compared to the forecast of three months ago, according to 37 panelists surveyed by the Federal Reserve Bank of Philadelphia. Our panelists expect real GDP to grow at an annual rate of 2.2 percent this quarter, down from the previous estimate of 3.4 percent. On an annual-average over annual-average basis, the forecasters have also revised downward their forecasts of real GDP growth. The forecasters see real GDP growing 1.7 percent in 2011, down from their prediction of 2.7 percent in the last survey. The forecasters predict real GDP will grow 2.6 percent in 2012, 2.9 percent in 2013, and 3.1 percent in 2014.

The outlook for the labor market has deteriorated. Unemployment is projected to stand at an annual average rate of 9.0 percent in 2011, 8.6 percent in 2012, 8.1 percent in 2013, and 7.6 percent in 2014; each is higher than the forecasts from the last survey. On the jobs front, the forecasters see slower growth in jobs in 2011 and 2012 than they predicted in the last survey. The forecasters see nonfarm payroll employment growing at a rate of 105,300 jobs per month this quarter and 148,700 jobs per month next quarter. The forecasters' projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 111,500 in 2011 and 150,100 in 2012, as shown in the table below. (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.)

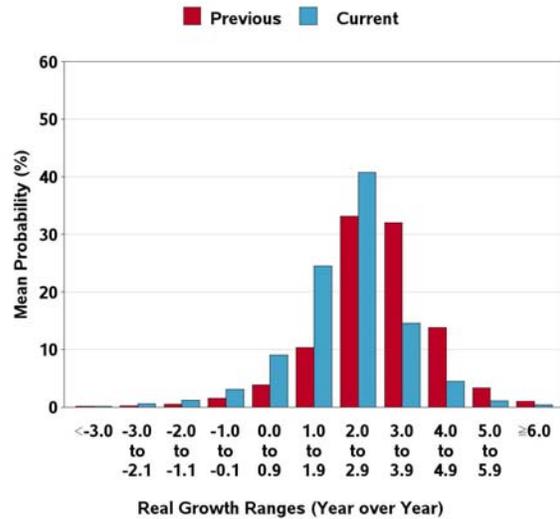
	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
<i>Quarterly data:</i>						
2011:Q3	3.4	2.2	8.7	9.1	194.5	105.3
2011:Q4	3.5	2.6	8.5	9.0	173.9	148.7
2012:Q1	2.9	2.2	8.4	8.8	219.4	180.3
2012:Q2	2.5	2.9	8.2	8.7	182.0	138.0
2012:Q3	N.A.	3.2	N.A.	8.6	N.A.	187.0
<i>Annual data (projections are based on annual average levels):</i>						
2011	2.7	1.7	8.7	9.0	130.4	111.5
2012	3.0	2.6	8.1	8.6	194.8	150.1
2013	2.8	2.9	7.5	8.1	N.A.	N.A.
2014	3.3	3.1	7.0	7.6	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. In general the forecasters see an increased probability of lower real GDP growth.

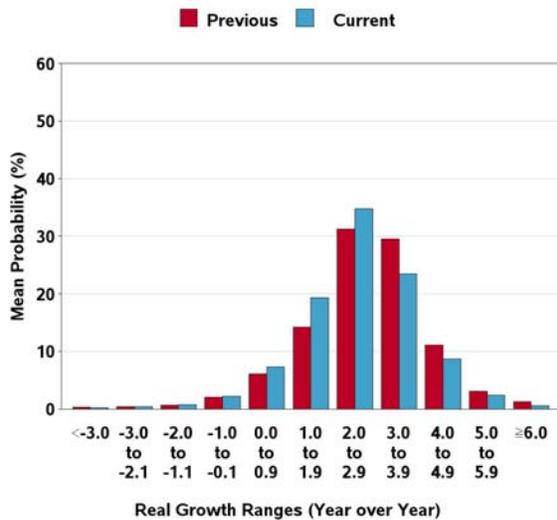
Mean Probabilities for Real GDP Growth in 2011



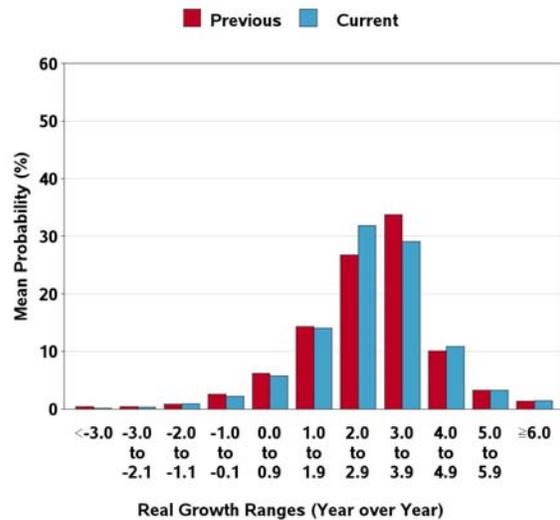
Mean Probabilities for Real GDP Growth in 2012



Mean Probabilities for Real GDP Growth in 2013

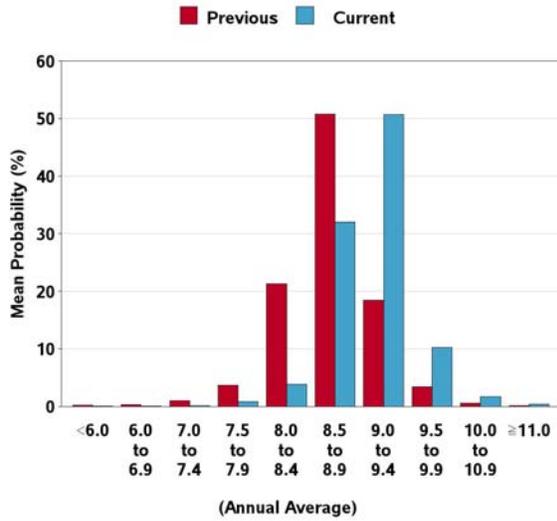


Mean Probabilities for Real GDP Growth in 2014

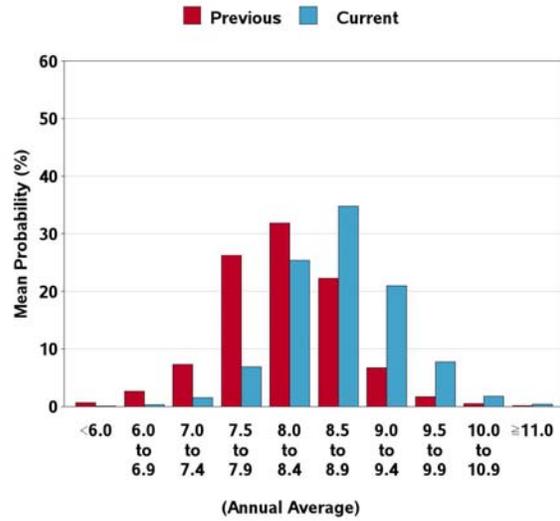


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. Overall, the forecasters see an increase in the probability of higher unemployment rates.

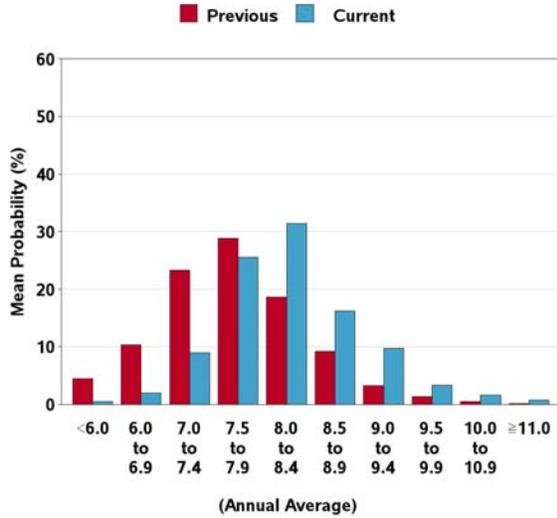
Mean Probabilities for Unemployment Rate in 2011



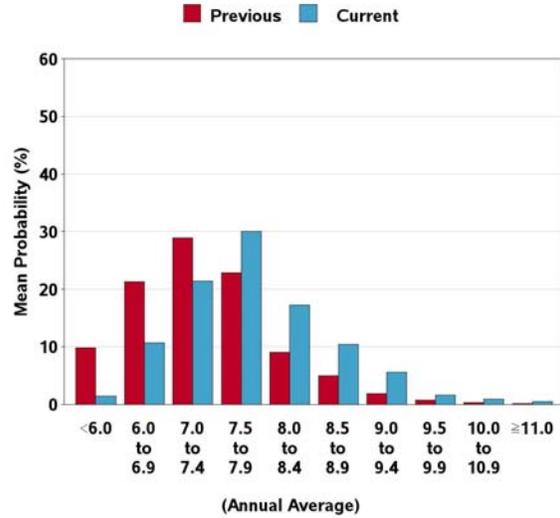
Mean Probabilities for Unemployment Rate in 2012



Mean Probabilities for Unemployment Rate in 2013



Mean Probabilities for Unemployment Rate in 2014



### *Downward Revisions to the Outlook for Headline Inflation*

The forecasters predict lower headline inflation in the current quarter and slightly lower headline inflation over the next five years. The forecasters expect current-quarter headline CPI inflation to average 1.5 percent, down from the last survey's estimate of 2.2 percent. The forecasters predict a lower current-quarter headline PCE inflation of 1.5 percent, down from the last survey's estimate of 2.2 percent.

Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 3.2 percent in 2011, 2.0 percent in 2012, and 2.1 percent in 2013, compared to the forecasts of 3.1 percent, 2.2 percent, and 2.3 percent, respectively, in the last survey.

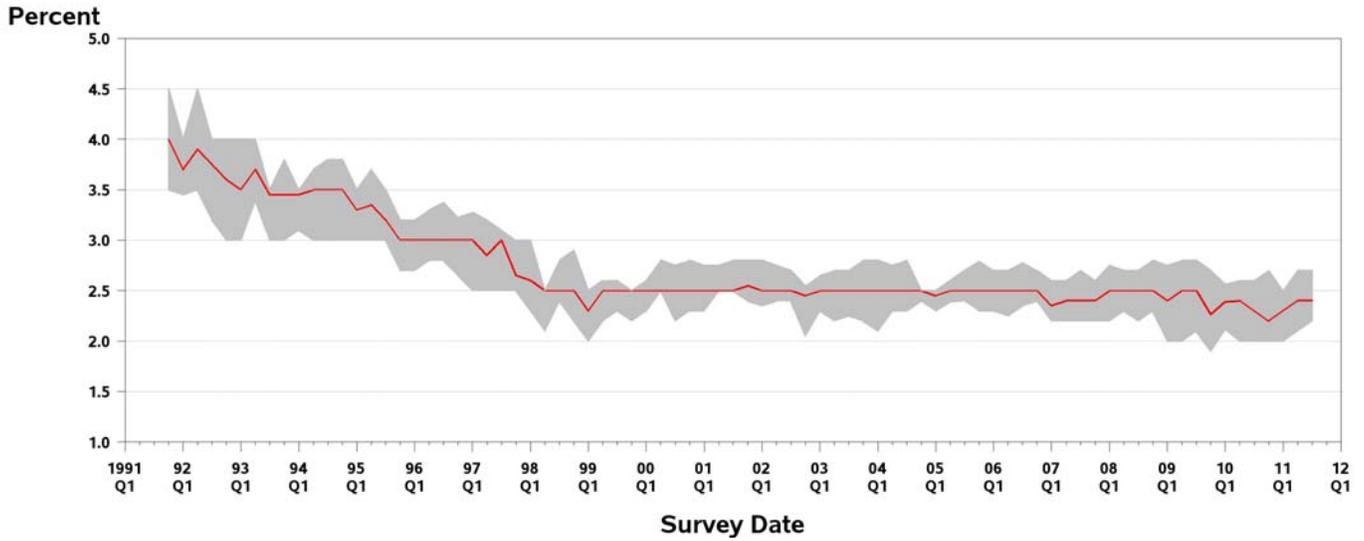
Over the next 10 years, 2011 to 2020, the forecasters expect headline CPI inflation to average 2.4 percent at an annual rate. This estimate is the same as in the last survey.

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

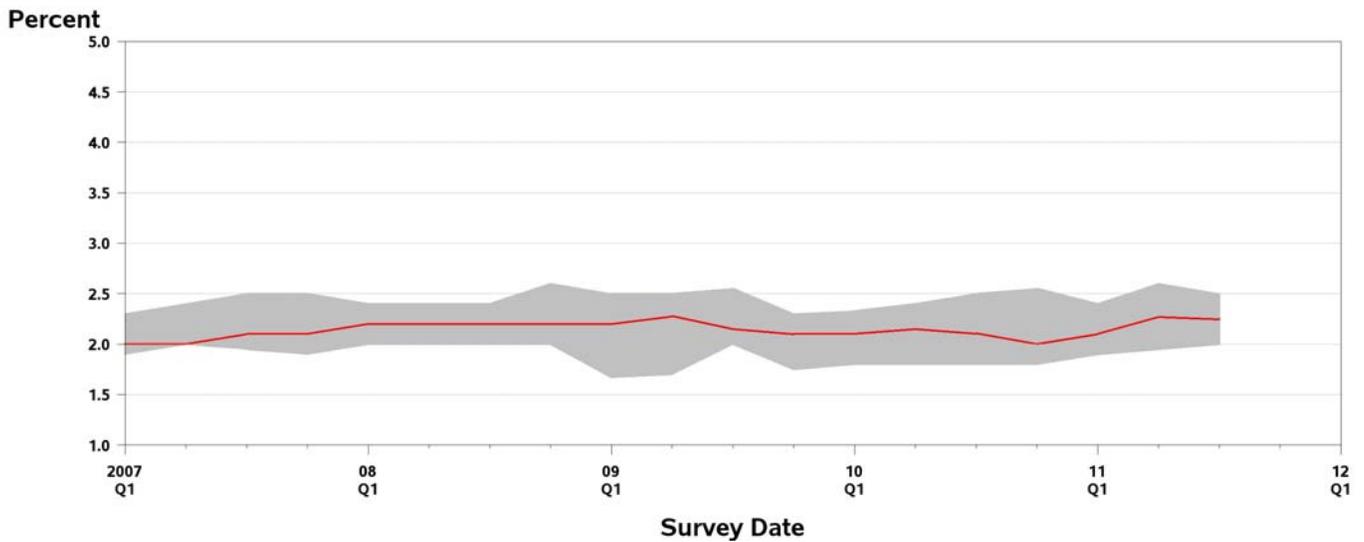
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2011:Q3	2.2	1.5	1.6	2.1	2.2	1.5	1.4	1.7
2011:Q4	2.0	2.0	1.6	1.7	1.8	1.7	1.5	1.5
2012:Q1	2.3	2.0	1.9	1.6	1.7	1.8	1.6	1.5
2012:Q2	2.1	2.1	1.9	1.9	1.8	1.6	1.6	1.7
2012:Q3	N.A.	2.0	N.A.	2.0	N.A.	1.8	N.A.	1.7
<i>Q4/Q4 Annual Averages</i>								
2011	3.1	3.2	1.6	2.0	2.6	2.5	1.5	1.7
2012	2.2	2.0	1.9	1.8	1.9	1.8	1.6	1.6
2013	2.3	2.1	2.0	1.8	2.1	2.0	1.8	1.7
<i>Long-Term Annual Averages</i>								
2011-2015	2.35	2.30	N.A.	N.A.	2.20	2.10	N.A.	N.A.
2011-2020	2.40	2.40	N.A.	N.A.	2.27	2.25	N.A.	N.A.

The charts below show the median projections (the red line) and the associated interquartile ranges (the gray area around the red line) for 10-year annual-average CPI and PCE inflation. Both median projections have held steady in the current survey.

### Projections for the 10-Year Annual-Average Rate of CPI Inflation (Median and Interquartile Range)

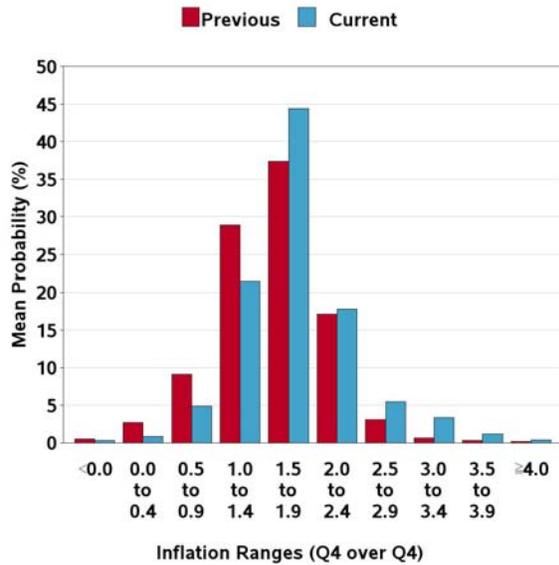


### Projections for the 10-Year Annual-Average Rate of PCE Inflation (Median and Interquartile Range)

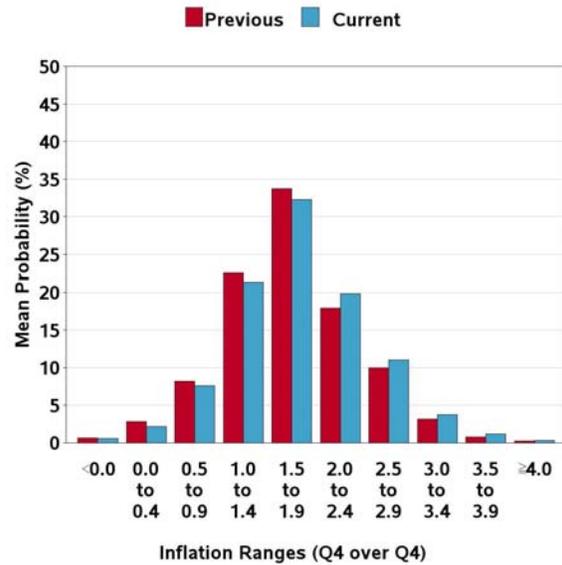


The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2011 and 2012 will fall into each of 10 ranges. The forecasters have assigned a slightly greater probability to higher inflation for both years.

**Mean Probabilities for Core PCE Inflation in 2011**



**Mean Probabilities for Core PCE Inflation in 2012**



***Increased Risk of Negative Growth***

The forecasters see an increased probability of a contraction in real GDP over the next four quarters. For the current quarter, they predict a 17.2 percent chance of negative growth, which is higher than the estimate in the survey of three months ago.

*Risk of a Negative Quarter (%)*

<i>Quarterly data:</i>	<i>Previous</i>	<i>New</i>
2011: Q3	8.5	17.2
2011: Q4	10.2	20.9
2012: Q1	12.2	20.8
2012: Q2	12.1	19.4
2012: Q3	N.A.	19.0

***Natural Rate of Unemployment Estimated at 6.00 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 6.00 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. Forty-one percent of the 37 forecasters who answered the question report that they use the natural rate in their forecasts. The lowest estimate is 4.75 percent and the highest estimate is 7.00 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
2011:Q3	41	6.00	4.75	7.00

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

**Robert J. Barbera**, Mount Lucas 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; **Stephen Gallagher**, Societe Generale; **Timothy Gill**, NEMA; **James Glassman**, JPMorgan Chase & Co.; **Ethan Harris**, Bank of America-Merrill Lynch; **Keith Hembre**, Nuveen Asset Management; **Peter Hooper**, Deutsche Bank Securities, Inc.; **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**, 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; **Jim Meil**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasheri**, AIG Global Economic Research; **Michael Moran**, Daiwa Capital Markets 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.; **Philip Rothman**, East Carolina University; **John Silvia**, Wells Fargo; **Allen Sinai**, Decision Economics, Inc; **Tara M. Sinclair**, Research Program on Forecasting, George Washington University; **David Sloan**, Thomson Reuters; **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; **Charles Steindel**, New Jersey Department of the Treasury; **Susan M. Sterne**, Economic Analysis Associates, Inc.; **Thomas Kevin Swift**, American Chemistry Council; **Andrew Tilton** and **Edward F. McKelvey**, Goldman Sachs; **Lea Tyler**, Oxford Economics USA, Inc.; **Jay N. Woodworth**, Woodworth Holdings, Ltd.; **Mark Zandi**, Moody's Analytics

This is a partial list of participants. We also thank those who wish to remain anonymous.

## Special Notice to Users of the Data from the Survey of Professional Forecasters

On August 12, 2011, the Philadelphia Fed released the results of the Survey of Professional Forecasters for the third quarter of 2011. At the same time, we also released some changes to the individual responses of the survey's historical data set, available at:

<http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/>.

All together, we corrected 182 individual observations, spread across all survey variables, forecast horizons, and survey dates. This is a small number of changes compared with the number of responses in the entire data set. We focused our attention on individual responses that were more than five standard deviations from the mean response. In some cases, we were able to change the recorded response to the correct value. In other cases, we changed the observation in question to a missing value.

We exercise great caution in changing observations. In particular, we never change an observation unless we are certain that it is incorrect. In some cases, we maintained the value of an extreme observation because we were unable to determine that it was, in fact, a mistake. Additional work along these lines is planned for the future.

All mean and median survey responses, as well as measures of cross-section dispersion, have been recomputed to reflect the adjustments made to the individual survey responses. In all cases, there was little change to the median responses.

A list of the changes made is available at:

<http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/spf-errata.pdf>.

Special thanks go to the Real-Time Data Research Center's John Chew for his assistance on this project. All inquiries should be directed to:

*Tom Stark*  
*Assistant Director and Manager*  
*Real-Time Data Research Center*  
*Research Department*  
*Federal Reserve Bank of Philadelphia*  
*215-574-6436*  
*Tom.Stark@phil.frb.org*

SUMMARY TABLE  
SURVEY OF PROFESSIONAL FORECASTERS  
MAJOR MACROECONOMIC INDICATORS

	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2011	2012	2013	2014
						(YEAR-OVER-YEAR)			
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	2.2	2.6	2.2	2.9	3.2	1.7	2.6	2.9	3.1
2. GDP PRICE INDEX (PERCENT CHANGE)	1.9	1.6	1.8	1.9	2.1	2.0	2.1	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	4.0	4.5	4.3	4.8	4.6	3.9	4.4	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	1.0	1.4	1.7	1.3	1.7	1.0	1.4	N.A.	N.A.
(AVG MONTHLY CHANGE)	105.3	148.7	180.3	138.0	187.0	111.5	150.1	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	9.1	9.0	8.8	8.7	8.6	9.0	8.6	8.1	7.6
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.2	0.2	0.4	0.1	0.4	1.6	2.3
7. 10-YEAR TREASURY BOND (PERCENT)	2.9	3.1	3.3	3.5	3.6	3.1	3.5	4.2	4.5
	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2011	2012	2013	
						(Q4-OVER-Q4)			
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	1.5	2.0	2.0	2.1	2.0	3.2	2.0	2.1	
9. CORE CPI (ANNUAL RATE)	2.1	1.7	1.6	1.9	2.0	2.0	1.8	1.8	
10. PCE (ANNUAL RATE)	1.5	1.7	1.8	1.6	1.8	2.5	1.8	2.0	
11. CORE PCE (ANNUAL RATE)	1.7	1.5	1.5	1.7	1.7	1.7	1.6	1.7	

THE FIGURES ON EACH LINE ARE MEDIANS OF 37 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.

# **SURVEY OF PROFESSIONAL FORECASTERS**

**Third Quarter 2011**

**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 29; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before August 8, 2011.

TABLE ONE  
MAJOR MACROECONOMIC INDICATORS  
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST					ACTUAL	FORECAST				
		2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2010 ANNUAL	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL	
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	34	15004	15150	15316	15479	15661	15840	14527	15086	15757	N.A.	N.A.	
2. GDP PRICE INDEX (2005=100)	34	113.04	113.57	114.03	114.56	115.11	115.71	111.00	113.27	115.66	N.A.	N.A.	
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	20	N.A.	1480.0	1490.7	1512.3	1512.3	1534.3	1389.1	1471.3	1522.8	N.A.	N.A.	
4. UNEMPLOYMENT RATE (PERCENT)	35	9.1	9.1	9.0	8.8	8.7	8.6	9.6	9.0	8.6	8.1	7.6	
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	31	130997	131313	131759	132300	132714	133275	129822	131160	132962	N.A.	N.A.	
6. INDUSTRIAL PRODUCTION (2007=100)	32	93.0	93.7	94.6	95.3	96.1	96.8	90.1	93.5	96.5	N.A.	N.A.	
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	33	0.58	0.59	0.61	0.63	0.68	0.72	0.58	0.59	0.70	N.A.	N.A.	
8. 3-MONTH TREASURY BILL RATE (PERCENT)	34	0.05	0.09	0.10	0.15	0.20	0.41	0.14	0.10	0.41	1.59	2.33	
9. AAA CORPORATE BOND YIELD (PERCENT)	29	5.04	4.80	4.96	5.05	5.24	5.40	4.94	5.00	5.35	N.A.	N.A.	
10. BAA CORPORATE BOND YIELD (PERCENT)	24	5.85	5.76	5.83	5.95	6.08	6.23	6.04	5.87	6.16	N.A.	N.A.	
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	3.21	2.93	3.12	3.31	3.45	3.60	3.21	3.15	3.47	4.19	4.50	
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	37	13270	13344	13428	13502	13598	13704	13088	13316	13657	14053	14488	
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	36	9378.9	9427.3	9478.0	9531.2	9590.0	9651.0	9220.9	9414.5	9622.8	N.A.	N.A.	
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	1400.2	1419.9	1443.9	1464.5	1486.3	1516.3	1319.2	1410.5	1502.9	N.A.	N.A.	
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	324.1	325.8	327.3	332.5	336.4	342.8	330.8	324.4	340.0	N.A.	N.A.	
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	32	1059.0	1060.8	1057.2	1055.5	1051.1	1050.0	1075.9	1058.0	1047.9	N.A.	N.A.	
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	32	1453.9	1448.2	1443.4	1440.6	1440.7	1444.0	1487.0	1453.4	1440.7	N.A.	N.A.	
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	34	49.6	51.8	51.1	50.3	49.5	48.2	58.8	51.2	48.5	N.A.	N.A.	
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	34	-405.7	-399.0	-396.5	-394.6	-390.2	-391.5	-421.8	-406.7	-391.5	N.A.	N.A.	

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.

TABLE TWO  
MAJOR MACROECONOMIC INDICATORS  
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	2010	2011	2012	2013
		TO Q3 2011	TO Q4 2011	TO Q1 2012	TO Q2 2012	TO Q3 2012	TO 2011	TO 2012	TO 2013	TO 2014
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	34	4.0	4.5	4.3	4.8	4.6	3.9	4.4	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	34	1.9	1.6	1.8	1.9	2.1	2.0	2.1	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	20	4.1	2.9	5.9	0.0	5.9	5.9	3.5	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	35	0.0	-0.1	-0.2	-0.1	-0.1	-0.6	-0.4	-0.5	-0.5
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	31	1.0	1.4	1.7	1.3	1.7	1.0	1.4	N.A.	N.A.
(AVG MONTHLY CHANGE)	31	105.3	148.7	180.3	138.0	187.0	111.5	150.1	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	32	3.0	3.9	3.1	3.3	3.2	3.8	3.2	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	33	10.1	14.3	13.8	31.8	28.0	1.0	18.1	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	34	0.04	0.02	0.05	0.05	0.21	-0.04	0.31	1.19	0.73
9. AAA CORPORATE BOND YIELD (PERCENT)	29	-0.24	0.16	0.09	0.19	0.16	0.06	0.35	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	24	-0.09	0.08	0.11	0.13	0.15	-0.17	0.30	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	34	-0.28	0.19	0.19	0.14	0.15	-0.06	0.32	0.72	0.31
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	37	2.2	2.6	2.2	2.9	3.2	1.7	2.6	2.9	3.1
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	36	2.1	2.2	2.3	2.5	2.6	2.1	2.2	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	5.7	7.0	5.8	6.1	8.3	6.9	6.5	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	34	2.1	2.0	6.5	4.7	7.8	-1.9	4.8	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	32	0.7	-1.4	-0.6	-1.7	-0.4	-1.7	-1.0	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	32	-1.5	-1.3	-0.8	0.0	0.9	-2.3	-0.9	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	34	2.2	-0.7	-0.8	-0.8	-1.3	-7.6	-2.7	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	34	6.7	2.6	1.8	4.5	-1.4	15.1	15.2	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 2011.

TABLE THREE  
 MAJOR PRICE INDICATORS  
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST(Q/Q)			ACTUAL		FORECAST(Q4/Q4)		
		2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2010 ANNUAL	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	36	4.1	1.5	2.0	2.0	2.1	2.0	1.2	3.2	2.0	2.1
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	35	2.5	2.1	1.7	1.6	1.9	2.0	0.6	2.0	1.8	1.8
3. PCE PRICE INDEX (ANNUAL RATE)	32	3.1	1.5	1.7	1.8	1.6	1.8	1.3	2.5	1.8	2.0
4. CORE PCE PRICE INDEX (ANNUAL RATE)	34	2.1	1.7	1.5	1.5	1.7	1.7	1.0	1.7	1.6	1.7

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.

TABLE FOUR  
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
	TO	TO	TO	TO	TO
	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012

NUMBER OF FORECASTERS

10 OR LESS	10	7	8	9	10
11 TO 20	13	14	12	10	11
21 TO 30	7	7	8	11	8
31 TO 40	1	2	2	2	3
41 TO 50	1	2	2	0	0
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	5	5

MEAN AND MEDIAN

MEDIAN PROBABILITY	15.00	20.00	20.00	19.00	18.50
MEAN PROBABILITY	17.20	20.92	20.77	19.36	18.97

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 32.  
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.

TABLE FIVE  
MEAN PROBABILITIES

MEAN PROBABILITY ATTACHED TO POSSIBLE  
CIVILIAN UNEMPLOYMENT RATES:  
(ANNUAL AVERAGE)

	2011	2012	2013	2014
11.0 PERCENT OR MORE	0.39	0.44	0.78	0.52
10.0 TO 10.9 PERCENT	1.72	1.79	1.61	0.94
9.5 TO 9.9 PERCENT	10.23	7.77	3.38	1.63
9.0 TO 9.4 PERCENT	50.65	21.01	9.69	5.62
8.5 TO 8.9 PERCENT	32.02	34.76	16.24	10.42
8.0 TO 8.4 PERCENT	3.91	25.38	31.37	17.28
7.5 TO 7.9 PERCENT	0.83	6.92	25.51	30.07
7.0 TO 7.4 PERCENT	0.15	1.55	8.92	21.36
6.0 TO 6.9 PERCENT	0.07	0.32	2.00	10.73
LESS THAN 6.0 PERCENT	0.04	0.07	0.50	1.42

MEAN PROBABILITY ATTACHED TO POSSIBLE  
PERCENT CHANGES IN REAL GDP:  
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2010-2011	2011-2012	2012-2013	2013-2014
6.0 OR MORE	0.06	0.45	0.54	1.47
5.0 TO 5.9	0.19	1.13	2.35	3.29
4.0 TO 4.9	0.85	4.48	8.71	10.88
3.0 TO 3.9	4.08	14.59	23.50	29.09
2.0 TO 2.9	26.74	40.77	34.74	31.83
1.0 TO 1.9	50.90	24.47	19.28	14.01
0.0 TO 0.9	13.68	9.04	7.34	5.73
-1.0 TO -0.1	2.50	3.13	2.20	2.22
-2.0 TO -1.1	0.55	1.22	0.76	0.94
-3.0 TO -2.1	0.30	0.54	0.37	0.36
LESS THAN -3.0	0.15	0.18	0.20	0.18

MEAN PROBABILITY ATTACHED TO POSSIBLE  
PERCENT CHANGES IN GDP PRICE INDEX:  
(ANNUAL-AVERAGE OVER ANNUAL-AVERAGE)

	2010-2011	2011-2012
8.0 OR MORE	0.13	0.10
7.0 TO 7.9	0.16	0.17
6.0 TO 6.9	0.23	0.32
5.0 TO 5.9	0.69	0.80
4.0 TO 4.9	1.49	1.92
3.0 TO 3.9	7.71	10.87
2.0 TO 2.9	47.91	34.32
1.0 TO 1.9	35.56	37.58
0.0 TO 0.9	5.16	10.15
WILL DECLINE	0.97	3.77

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.

TABLE SIX  
 MEAN PROBABILITY OF CORE CPI AND CORE PCE INFLATION (Q4/Q4)

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	10Q4 TO 11Q4	11Q4 TO 12Q4
4 PERCENT OR MORE	1.25	1.01
3.5 TO 3.9 PERCENT	1.67	1.89
3.0 TO 3.4 PERCENT	3.43	4.76
2.5 TO 2.9 PERCENT	7.22	12.72
2.0 TO 2.4 PERCENT	31.69	22.70
1.5 TO 1.9 PERCENT	38.24	29.56
1.0 TO 1.4 PERCENT	12.24	16.56
0.5 TO 0.9 PERCENT	3.13	7.65
0.0 TO 0.4 PERCENT	0.71	1.81
WILL DECLINE	0.42	1.35

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	10Q4 TO 11Q4	11Q4 TO 12Q4
4 PERCENT OR MORE	0.40	0.32
3.5 TO 3.9 PERCENT	1.19	1.14
3.0 TO 3.4 PERCENT	3.37	3.73
2.5 TO 2.9 PERCENT	5.44	11.06
2.0 TO 2.4 PERCENT	17.79	19.83
1.5 TO 1.9 PERCENT	44.37	32.26
1.0 TO 1.4 PERCENT	21.47	21.38
0.5 TO 0.9 PERCENT	4.85	7.61
0.0 TO 0.4 PERCENT	0.82	2.13
WILL DECLINE	0.29	0.56

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
 SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2011-2015  
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CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	0.80	MINIMUM	0.40
LOWER QUARTILE	2.00	LOWER QUARTILE	1.80
MEDIAN	2.30	MEDIAN	2.10
UPPER QUARTILE	2.70	UPPER QUARTILE	2.55
MAXIMUM	5.50	MAXIMUM	4.70
MEAN	2.41	MEAN	2.16
STD. DEVIATION	0.80	STD. DEVIATION	0.77
N	31	N	28
MISSING	6	MISSING	9

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2011-2020  
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CPI INFLATION RATE		PCE INFLATION RATE	
MINIMUM	0.77	MINIMUM	0.72
LOWER QUARTILE	2.20	LOWER QUARTILE	2.00
MEDIAN	2.40	MEDIAN	2.25
UPPER QUARTILE	2.70	UPPER QUARTILE	2.50
MAXIMUM	6.00	MAXIMUM	5.20
MEAN	2.53	MEAN	2.34
STD. DEVIATION	0.86	STD. DEVIATION	0.80
N	29	N	26
MISSING	8	MISSING	11

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.  
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2011.