



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: August 10, 2012

THIRD QUARTER 2012

Forecasters Revise Downward Their Estimates for Growth

The outlook for growth in the U.S. economy looks weaker now than it did three months ago, according to 48 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters expect real GDP to grow at an annual rate of 1.6 percent this quarter, down from the previous estimate of 2.5 percent. Over the next three quarters, they expect GDP growth to average 2.1 percent, down from the previous average of 2.6 percent. On an annual-average over annual-average basis, the forecasters also predict slower real output growth over the next four years. The forecasters see real GDP growing 2.2 percent in 2012, down from their prediction of 2.3 percent in the survey of three months ago. The forecasters predict real GDP will grow 2.1 percent in 2013, 2.7 percent in 2014, and 3.1 percent in 2015, each somewhat lower than their respective predictions in the last survey.

Projections for weaker conditions in the labor market accompany the outlook for real output. Unemployment is projected to be an annual average of 8.2 percent in 2012, before falling to 7.9 percent in 2013, 7.3 percent in 2014, and 7.0 percent in 2015. The estimates for unemployment are slightly higher than the projections in the last survey.

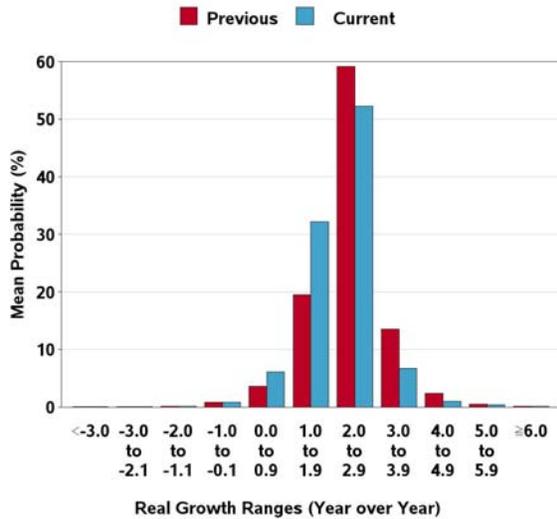
On the employment front, the forecasters have revised downward their estimates of the growth in jobs over the next four quarters. The forecasters see nonfarm payroll employment growing at a rate of 125,000 jobs per month this quarter and 135,300 jobs per month next quarter. The forecasters' projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 154,600 in 2012 and 143,200 in 2013, as the table below shows. (These annual-average estimates are computed as the year-to-year change in the annual-average level of nonfarm payroll employment, converted to a monthly rate.)

Median Forecasts for Selected Variables in the Current and Previous Surveys

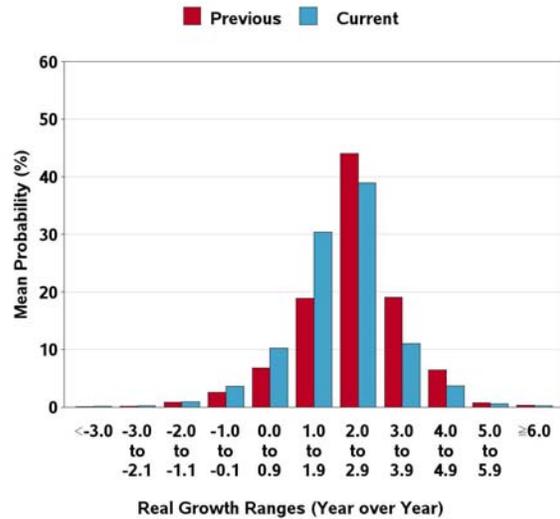
	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2012:Q3	2.5	1.6	8.0	8.2	170.0	125.0
2012:Q4	2.6	2.2	7.9	8.1	172.6	135.3
2013:Q1	2.6	1.8	7.9	8.0	170.3	151.7
2013:Q2	2.7	2.3	7.7	7.9	185.8	139.7
2013:Q3	N.A.	2.5	N.A.	7.8	N.A.	149.0
<i>Annual data (projections are based on annual-average levels):</i>						
2012	2.3	2.2	8.1	8.2	171.9	154.6
2013	2.7	2.1	7.7	7.9	175.7	143.2
2014	3.1	2.7	7.2	7.3	N.A.	N.A.
2015	3.4	3.1	6.6	7.0	N.A.	N.A.

The charts below provide some insight into the degree of uncertainty the forecasters have about their projections for the rate of growth in the annual-average level of real GDP. Each chart presents the forecasters' previous and current estimates of the probability that growth will fall into each of 11 ranges. The forecasters have shifted the distributions of density to the left for 2012, 2013, 2014, and 2015, indicating their expectations of lower real GDP growth compared with their previous estimates.

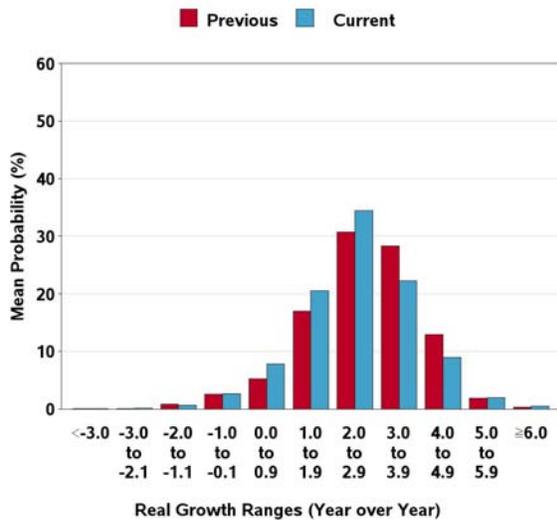
Mean Probabilities for Real GDP Growth in 2012



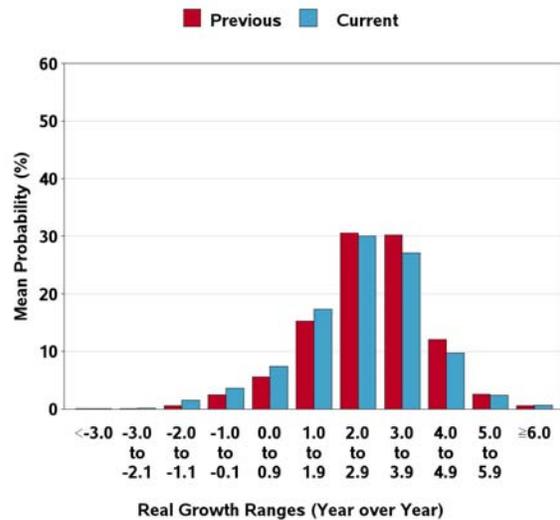
Mean Probabilities for Real GDP Growth in 2013



Mean Probabilities for Real GDP Growth in 2014

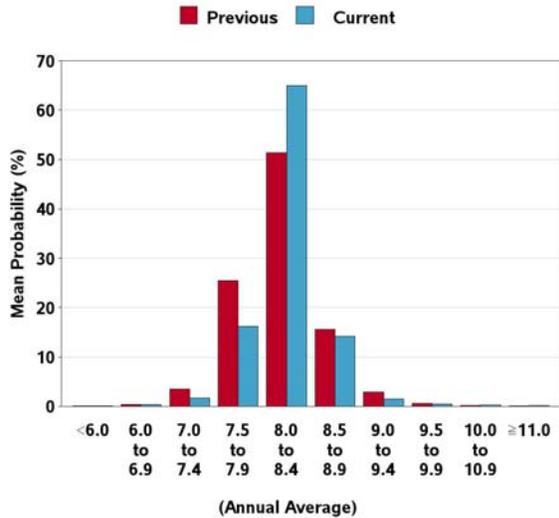


Mean Probabilities for Real GDP Growth in 2015

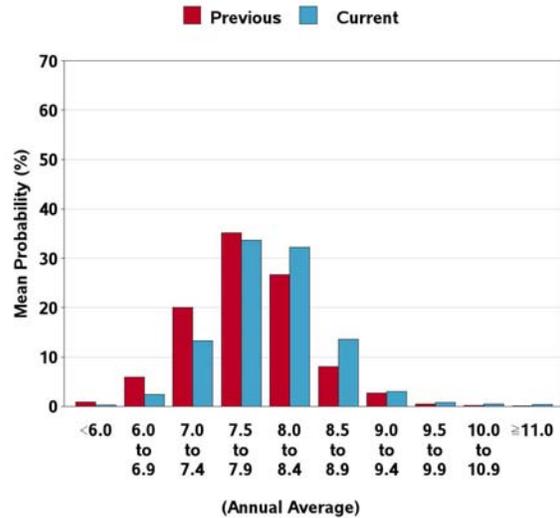


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters have shifted the distributions of density to the right for 2013, 2014, and 2015, indicating their expectations of higher unemployment rates over the next three years compared with their previous estimates.

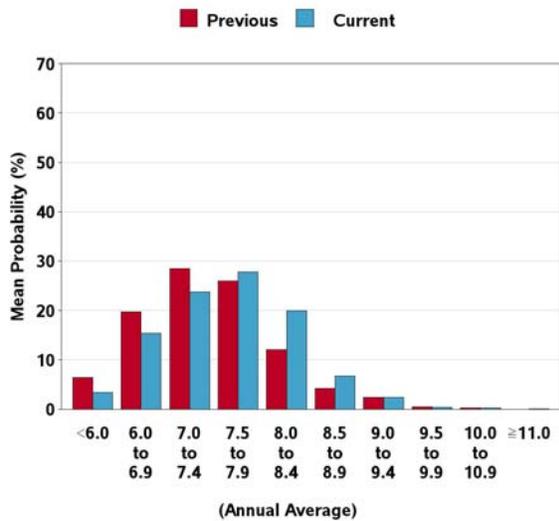
Mean Probabilities for Unemployment Rate in 2012



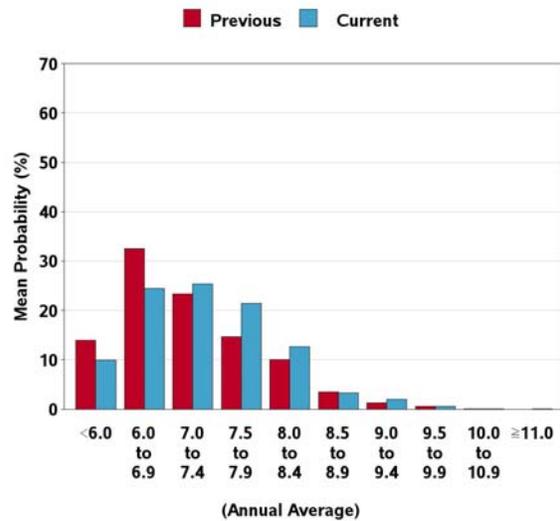
Mean Probabilities for Unemployment Rate in 2013



Mean Probabilities for Unemployment Rate in 2014



Mean Probabilities for Unemployment Rate in 2015



Mixed Results on Expectations for Long-Term Inflation

The forecasters expect current-quarter headline CPI inflation to average 1.5 percent, down from the last survey's estimate of 2.3 percent. They predict current-quarter headline PCE inflation of 1.5 percent, 0.4 percentage point lower than their previous estimate.

Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 1.8 percent in 2012, down from 2.3 percent in the last survey; 2.2 percent in 2013, up from 2.1 percent; and 2.3 percent in 2014, down from 2.5 percent. Forecasters expect fourth-quarter over fourth-quarter headline PCE inflation to average 1.7 percent in 2012, down from 2.1 percent in the last survey; 2.0 percent in 2013, unchanged from the previous estimate; and 2.2 percent in 2014, also unchanged from the previous estimate.

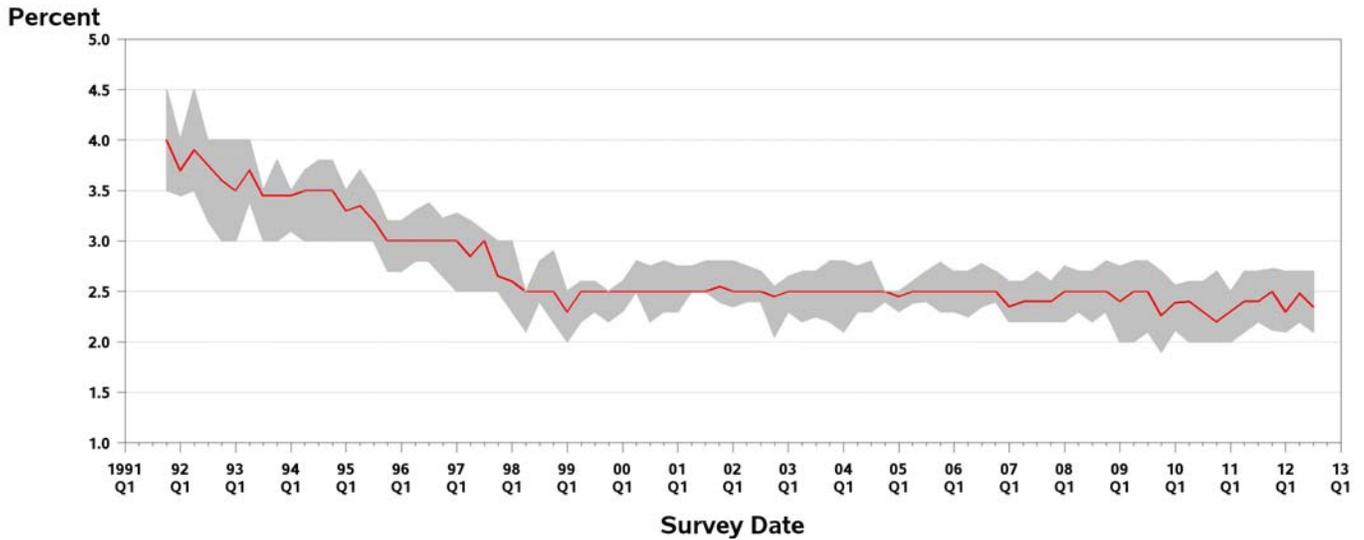
Revisions to the projections for long-term inflation depend on the measure. Over the next 10 years, 2012 to 2021, the forecasters expect headline CPI inflation to average 2.35 percent at an annual rate, *lower* than the estimate of 2.48 percent from the survey of three months ago. The corresponding estimate for 10-year annual-average headline PCE inflation remained *unchanged* at 2.20 percent.

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

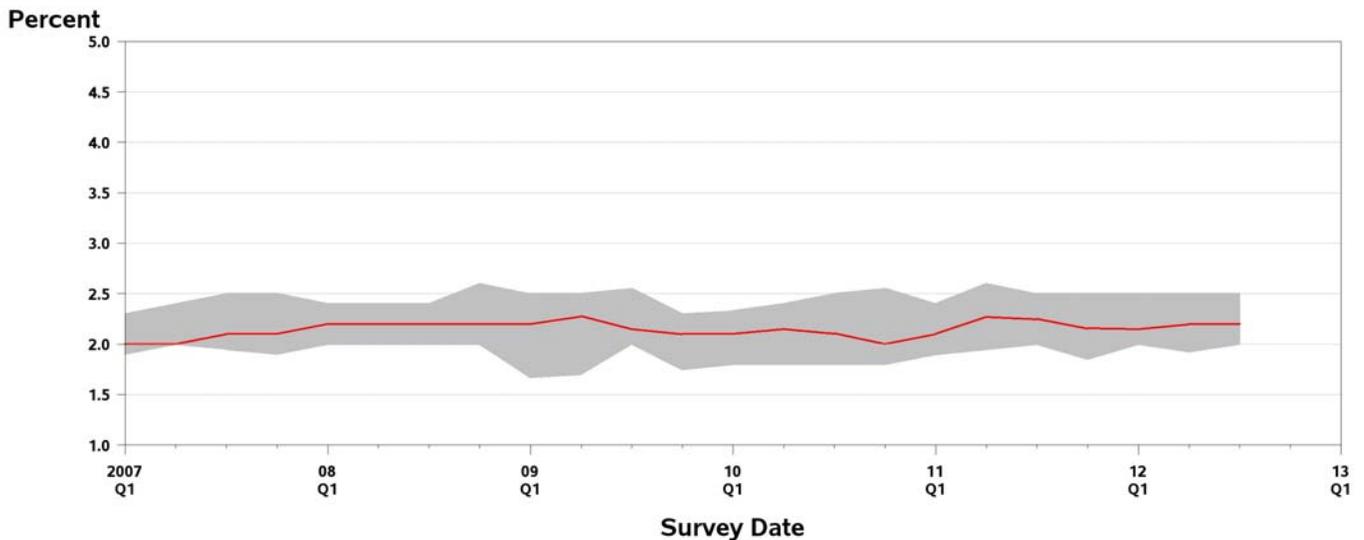
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2012:Q3	2.3	1.5	2.0	2.2	1.9	1.5	1.7	1.9
2012:Q4	2.1	2.0	2.0	2.0	2.0	2.0	1.7	1.8
2013:Q1	2.2	2.1	2.0	2.0	2.2	2.0	1.9	1.9
2013:Q2	2.2	2.1	2.1	2.0	2.0	2.0	1.9	2.0
2013:Q3	N.A.	2.2	N.A.	2.1	N.A.	2.1	N.A.	2.0
<i>Q4/Q4 Annual Averages</i>								
2012	2.3	1.8	2.0	2.2	2.1	1.7	1.8	1.9
2013	2.1	2.2	2.0	2.0	2.0	2.0	1.9	2.0
2014	2.5	2.3	2.2	2.2	2.2	2.2	2.0	2.0
<i>Long-Term Annual Averages</i>								
2012-2016	2.35	2.20	N.A.	N.A.	2.04	2.00	N.A.	N.A.
2012-2021	2.48	2.35	N.A.	N.A.	2.20	2.20	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. The top panel shows the downward revision for CPI inflation, from 2.48 percent to 2.35 percent. The bottom panel highlights the unchanged 10-year forecast for PCE inflation.

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

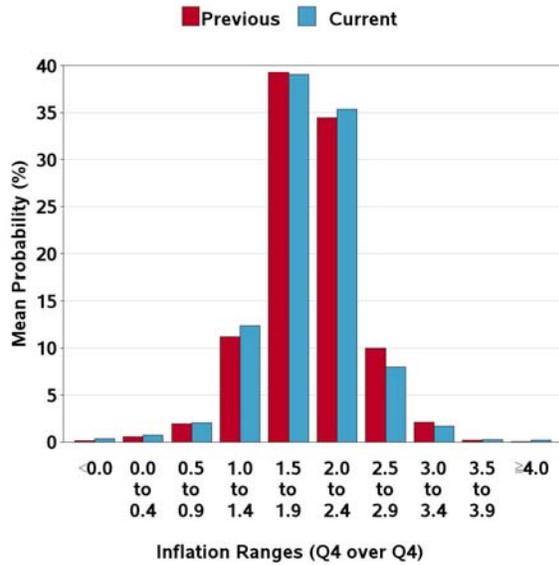


Projections for the 10-Year Annual-Average Rate of PCE Inflation
(Median and Interquartile Range)

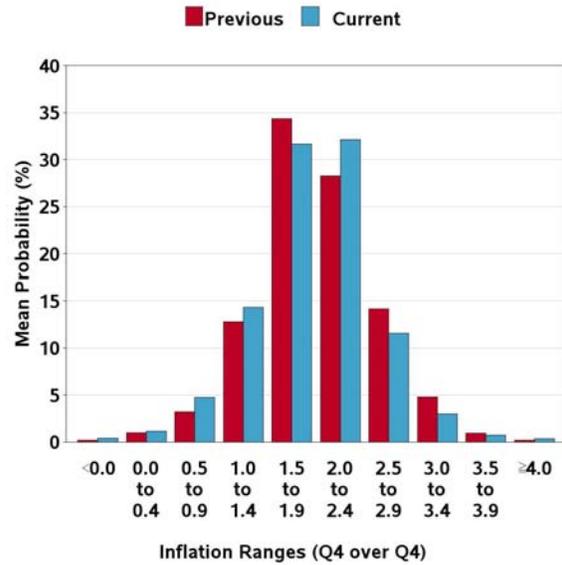


The figures below show the probabilities the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2012 and 2013 will fall into each of 10 ranges. The charts show that the estimates of uncertainty about core PCE inflation in 2012 and 2013 remained mostly unchanged from the previous survey.

Mean Probabilities for Core PCE Inflation in 2012



Mean Probabilities for Core PCE Inflation in 2013



Higher Risk of a Negative Quarter

The forecasters have revised upward the chance of a contraction in real GDP in any of the next four quarters. For the current quarter, they predict a 13.8 percent chance of negative growth, up from 12.2 percent in the survey of three months ago. As the table below shows, the panelists have also made upward revisions to their forecasts for the following three quarters.

*Risk of a Negative Quarter (%)
Survey Means*

<i>Quarterly data:</i>	<i>Previous</i>	<i>New</i>
2012: Q3	12.2	13.8
2012: Q4	14.5	17.0
2013: Q1	17.3	21.2
2013: Q2	17.8	21.0
2013: Q3	N.A.	19.1

Natural Rate of Unemployment Estimated at 6.0 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 6.0 percent. The table below shows, for each third-quarter survey since 1996, the percentage of respondents who use the natural rate in their forecasts, and for those who use it, the median estimate and the lowest and highest estimates. Sixty-three percent of the 35 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 7.0 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
2012:Q3	63	6.00	4.75	7.00

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

Scott Anderson, Bank of the West (BNP Paribas Group); **Robert J. Barbera**, Mount Lucas Management; **Christine Chmura, Ph.D.** and **Xiaobing Shuai, Ph.D.**, Chmura Economics & Analytics; **Gary Ciminero, CFA**, GLC Financial Economics; **Julia Coronado**, BNP Paribas; **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** and **Arun Raha**, Eaton Corporation; **Anthony Metz**, Pareto Optimal Economics; **Ardavan Mobasher**, 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**, Anima Sgr; **Brendon Ogmundson**, BC Real Estate Association; **Martin A. Regalia**, U.S. Chamber of Commerce; **David Resler**, Nomura Securities International, Inc.; **Philip Rothman**, East Carolina University; **Chris Rupkey**, Bank of Tokyo-Mitsubishi UFJ; **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**, Goldman Sachs; **Lea Tyler**, Oxford Economics USA, Inc.; **Jay N. Woodworth**, Woodworth Holdings, Ltd.; **Richard Yamarone**, Bloomberg, LP; **Mark Zandi**, Moody's Analytics

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

	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2012	2013	2014	2015
						(YEAR-OVER-YEAR)			
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	1.6	2.2	1.8	2.3	2.5	2.2	2.1	2.7	3.1
2. GDP PRICE INDEX (PERCENT CHANGE)	1.7	1.9	1.8	1.7	2.0	1.7	1.8	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	3.5	3.9	4.1	4.3	4.7	4.0	4.1	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	1.1	1.2	1.4	1.3	1.3	1.4	1.3	N.A.	N.A.
(AVG MONTHLY CHANGE)	125.0	135.3	151.7	139.7	149.0	154.6	143.2	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	8.2	8.1	8.0	7.9	7.8	8.2	7.9	7.3	7.0
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	1.5
7. 10-YEAR TREASURY BOND (PERCENT)	1.6	1.7	1.8	2.0	2.2	1.8	2.1	2.7	3.3
	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2012	2013	2014	
						(Q4-OVER-Q4)			
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	1.5	2.0	2.1	2.1	2.2	1.8	2.2	2.3	
9. CORE CPI (ANNUAL RATE)	2.2	2.0	2.0	2.0	2.1	2.2	2.0	2.2	
10. PCE (ANNUAL RATE)	1.5	2.0	2.0	2.0	2.1	1.7	2.0	2.2	
11. CORE PCE (ANNUAL RATE)	1.9	1.8	1.9	2.0	2.0	1.9	2.0	2.0	

THE FIGURES ON EACH LINE ARE MEDIANS OF 48 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.

SURVEY OF PROFESSIONAL FORECASTERS

Third Quarter 2012

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 27; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before August 7, 2012.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST		
		2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	46	15596	15732	15886	16046	16217	16403	15076	15673	16320	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	46	115.05	115.54	116.09	116.60	117.10	117.68	113.37	115.30	117.41	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	32	N.A.	1498.6	1526.0	1542.0	1569.0	1594.1	1447.9	1489.3	1592.0	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	47	8.2	8.2	8.1	8.0	7.9	7.8	9.0	8.2	7.9	7.3	7.0
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	43	133009	133384	133790	134245	134664	135111	131359	133214	134932	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	42	97.2	97.9	98.5	99.2	99.9	100.7	93.7	97.6	100.4	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	43	0.74	0.76	0.78	0.81	0.83	0.85	0.61	0.75	0.84	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	45	0.09	0.10	0.10	0.10	0.11	0.14	0.05	0.09	0.15	0.30	1.50
9. AAA CORPORATE BOND YIELD (PERCENT)	37	3.80	3.50	3.58	3.70	3.80	4.00	4.64	3.71	3.95	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	35	5.09	4.90	4.93	5.00	5.11	5.30	5.66	5.02	5.24	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	45	1.82	1.58	1.70	1.80	2.00	2.20	2.79	1.79	2.10	2.74	3.30
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	45	13558	13612	13686	13749	13828	13915	13299	13592	13884	14259	14701
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	45	9582.0	9626.4	9672.6	9725.4	9781.4	9840.3	9428.8	9606.8	9814.7	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	43	1489.3	1510.1	1530.1	1553.7	1577.9	1599.4	1378.2	1500.0	1586.9	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	42	360.4	368.4	377.1	385.7	394.0	404.0	327.6	364.2	399.0	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	42	1022.2	1021.9	1021.0	1017.7	1015.4	1013.0	1047.0	1021.9	1014.3	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	42	1457.4	1453.6	1450.7	1449.8	1447.4	1447.5	1482.0	1456.9	1449.0	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	43	66.3	56.7	51.0	48.4	47.4	43.9	31.0	57.7	45.3	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	43	-424.3	-425.8	-427.0	-428.3	-428.9	-429.5	-408.0	-422.1	-427.3	N.A.	N.A.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	2011	2012	2013	2014
		TO Q3 2012	TO Q4 2012	TO Q1 2013	TO Q2 2013	TO Q3 2013	TO 2012	TO 2013	TO 2014	TO 2015
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	46	3.5	3.9	4.1	4.3	4.7	4.0	4.1	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	46	1.7	1.9	1.8	1.7	2.0	1.7	1.8	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	32	4.0	7.5	4.2	7.2	6.6	2.9	6.9	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	47	0.0	-0.1	-0.1	-0.1	-0.1	-0.8	-0.3	-0.6	-0.4
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	43	1.1	1.2	1.4	1.3	1.3	1.4	1.3	N.A.	N.A.
(AVG MONTHLY CHANGE)	43	125.0	135.3	151.7	139.7	149.0	154.6	143.2	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	42	2.9	2.7	2.9	2.7	3.3	4.2	2.8	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	43	10.1	11.6	14.6	13.0	10.5	22.0	12.2	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	45	0.01	0.00	0.00	0.01	0.03	0.04	0.06	0.16	1.20
9. AAA CORPORATE BOND YIELD (PERCENT)	37	-0.30	0.08	0.12	0.10	0.20	-0.93	0.24	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	35	-0.19	0.03	0.07	0.11	0.20	-0.64	0.21	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	45	-0.24	0.12	0.10	0.20	0.20	-1.00	0.31	0.64	0.56
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	45	1.6	2.2	1.8	2.3	2.5	2.2	2.1	2.7	3.1
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	45	1.9	1.9	2.2	2.3	2.4	1.9	2.2	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	43	5.7	5.4	6.3	6.4	5.6	8.8	5.8	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	42	9.1	9.8	9.5	8.9	10.6	11.2	9.6	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	42	-0.1	-0.4	-1.3	-0.9	-0.9	-2.4	-0.7	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	42	-1.0	-0.8	-0.2	-0.7	0.0	-1.7	-0.5	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	43	-9.6	-5.7	-2.6	-1.0	-3.5	26.7	-12.3	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	43	-1.5	-1.2	-1.3	-0.6	-0.6	-14.1	-5.3	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 2012.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST(Q/Q)			ACTUAL		FORECAST(Q4/Q4)		
		2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	45	0.8	1.5	2.0	2.1	2.1	2.2	3.3	1.8	2.2	2.3
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	43	2.6	2.2	2.0	2.0	2.0	2.1	2.2	2.2	2.0	2.2
3. PCE PRICE INDEX (ANNUAL RATE)	40	0.7	1.5	2.0	2.0	2.0	2.1	2.5	1.7	2.0	2.2
4. CORE PCE PRICE INDEX (ANNUAL RATE)	41	1.8	1.9	1.8	1.9	2.0	2.0	1.7	1.9	2.0	2.0

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
	TO	TO	TO	TO	TO
	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
NUMBER OF FORECASTERS					
10 OR LESS	25	17	12	8	10
11 TO 20	8	16	13	20	20
21 TO 30	7	7	14	11	9
31 TO 40	2	2	3	3	2
41 TO 50	1	1	0	0	1
51 TO 60	0	1	1	2	1
61 TO 70	0	0	1	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	4	4	4	5
MEAN AND MEDIAN					
MEDIAN PROBABILITY	10.00	15.00	20.00	20.00	20.00
MEAN PROBABILITY	13.83	16.99	21.22	20.97	19.10

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 43.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.

TABLE FIVE
MEAN PROBABILITIES

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

	2012	2013	2014	2015
11.0 PERCENT OR MORE	0.21	0.34	0.04	0.06
10.0 TO 10.9 PERCENT	0.27	0.49	0.23	0.12
9.5 TO 9.9 PERCENT	0.44	0.76	0.42	0.54
9.0 TO 9.4 PERCENT	1.47	2.99	2.35	1.97
8.5 TO 8.9 PERCENT	14.23	13.54	6.69	3.33
8.0 TO 8.4 PERCENT	65.01	32.24	19.95	12.67
7.5 TO 7.9 PERCENT	16.21	33.66	27.74	21.42
7.0 TO 7.4 PERCENT	1.72	13.28	23.79	25.40
6.0 TO 6.9 PERCENT	0.33	2.41	15.39	24.50
LESS THAN 6.0 PERCENT	0.11	0.30	3.39	9.98

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

	2011-2012	2012-2013	2013-2014	2014-2015
6.0 OR MORE	0.17	0.22	0.46	0.66
5.0 TO 5.9	0.40	0.56	1.95	2.39
4.0 TO 4.9	1.03	3.67	8.97	9.77
3.0 TO 3.9	6.70	11.05	22.30	27.11
2.0 TO 2.9	52.21	38.89	34.40	30.02
1.0 TO 1.9	32.22	30.39	20.52	17.30
0.0 TO 0.9	6.12	10.29	7.86	7.37
-1.0 TO -0.1	0.81	3.62	2.67	3.61
-2.0 TO -1.1	0.19	0.96	0.65	1.54
-3.0 TO -2.1	0.10	0.21	0.15	0.16
LESS THAN -3.0	0.06	0.15	0.07	0.08

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

	2011-2012	2012-2013
8.0 OR MORE	0.06	0.06
7.0 TO 7.9	0.11	0.09
6.0 TO 6.9	0.18	0.22
5.0 TO 5.9	0.33	0.36
4.0 TO 4.9	0.96	1.66
3.0 TO 3.9	4.55	7.50
2.0 TO 2.9	27.95	35.85
1.0 TO 1.9	58.22	41.94
0.0 TO 0.9	6.70	10.08
WILL DECLINE	0.95	2.23

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.

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

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	11Q4 TO 12Q4	12Q4 TO 13Q4
4 PERCENT OR MORE	0.17	0.73
3.5 TO 3.9 PERCENT	0.38	1.60
3.0 TO 3.4 PERCENT	2.51	4.82
2.5 TO 2.9 PERCENT	13.45	15.63
2.0 TO 2.4 PERCENT	41.68	32.44
1.5 TO 1.9 PERCENT	32.08	28.22
1.0 TO 1.4 PERCENT	6.81	11.28
0.5 TO 0.9 PERCENT	1.95	2.64
0.0 TO 0.4 PERCENT	0.68	2.36
WILL DECLINE	0.30	0.27

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	11Q4 TO 12Q4	12Q4 TO 13Q4
4 PERCENT OR MORE	0.17	0.37
3.5 TO 3.9 PERCENT	0.25	0.72
3.0 TO 3.4 PERCENT	1.68	2.98
2.5 TO 2.9 PERCENT	7.96	11.58
2.0 TO 2.4 PERCENT	35.36	32.11
1.5 TO 1.9 PERCENT	39.07	31.66
1.0 TO 1.4 PERCENT	12.39	14.34
0.5 TO 0.9 PERCENT	2.06	4.74
0.0 TO 0.4 PERCENT	0.72	1.13
WILL DECLINE	0.33	0.38

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2012-2016

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	0.87	MINIMUM	0.72
LOWER QUARTILE	2.00	LOWER QUARTILE	1.80
MEDIAN	2.20	MEDIAN	2.00
UPPER QUARTILE	2.60	UPPER QUARTILE	2.25
MAXIMUM	4.00	MAXIMUM	3.90
MEAN	2.28	MEAN	2.04
STD. DEVIATION	0.57	STD. DEVIATION	0.51
N	43	N	42
MISSING	5	MISSING	6

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2012-2021

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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.21	MINIMUM	1.17
LOWER QUARTILE	2.10	LOWER QUARTILE	2.00
MEDIAN	2.35	MEDIAN	2.20
UPPER QUARTILE	2.70	UPPER QUARTILE	2.50
MAXIMUM	4.30	MAXIMUM	4.10
MEAN	2.45	MEAN	2.21
STD. DEVIATION	0.57	STD. DEVIATION	0.48
N	40	N	39
MISSING	8	MISSING	9

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD QUARTER 2012.