



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: May 10, 2013

SECOND QUARTER 2013

Outlook for Growth Holds Steady as Unemployment Outlook Improves

The outlook for growth in the U.S. economy over the next three years is little changed from that of three months ago, according to 42 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The panel expects real GDP to grow at an annual rate of 1.8 percent this quarter and 2.3 percent next quarter and to rise to 3.2 percent in the second quarter of 2014. On an annual-average over annual-average basis, the forecasters see real GDP growing 2.0 percent in 2013, up slightly from the previous estimate of 1.9 percent. The forecasters predict real GDP will grow 2.8 percent in 2014, 3.0 percent in 2015, and 2.9 percent in 2016. These projections are nearly the same as those of three months ago.

Healthier conditions in the labor market accompany the nearly unchanged outlook for real output growth. The forecasters predict that the unemployment rate will be an annual average of 7.6 percent in 2013, before falling to 7.1 percent in 2014, 6.6 percent in 2015, and 6.1 percent in 2016. These projections are below those of the last survey.

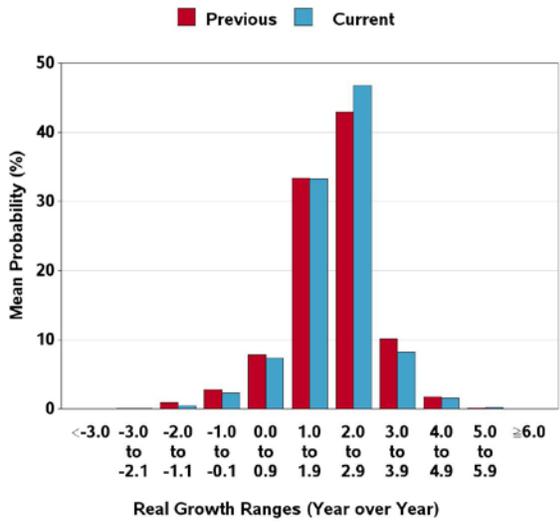
The panelists also see improvements on the employment front over the next two years. The forecasters' projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 169,800 in 2013 and 180,400 in 2014, as the table below shows. (These annual-average estimates 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

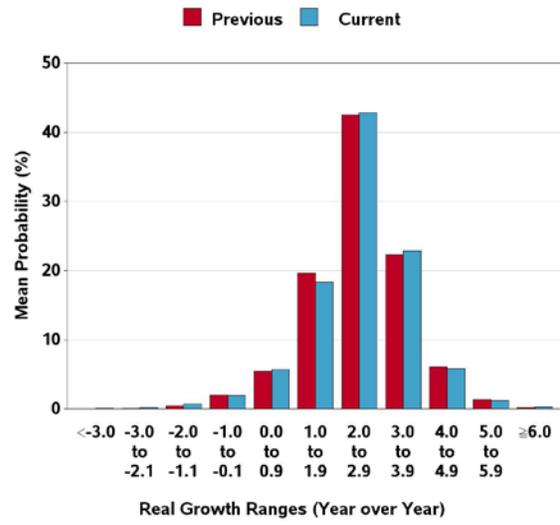
| | <i>Real GDP (%)</i> | | <i>Unemployment Rate (%)</i> | | <i>Payrolls (000s/month)</i> | |
|---|---------------------|------------|------------------------------|------------|------------------------------|------------|
| | <i>Previous</i> | <i>New</i> | <i>Previous</i> | <i>New</i> | <i>Previous</i> | <i>New</i> |
| Quarterly data: | | | | | | |
| 2013:Q2 | 2.3 | 1.8 | 7.7 | 7.6 | 154.2 | 179.0 |
| 2013:Q3 | 2.6 | 2.3 | 7.6 | 7.5 | 172.0 | 142.7 |
| 2013:Q4 | 2.5 | 2.7 | 7.5 | 7.4 | 180.4 | 173.3 |
| 2014:Q1 | 2.7 | 2.5 | 7.4 | 7.3 | 171.5 | 179.0 |
| 2014:Q2 | N.A. | 3.2 | N.A. | 7.2 | N.A. | 184.9 |
| Annual data (projections are based on annual average levels): | | | | | | |
| 2013 | 1.9 | 2.0 | 7.7 | 7.6 | 164.1 | 169.8 |
| 2014 | 2.8 | 2.8 | 7.2 | 7.1 | 176.8 | 180.4 |
| 2015 | 2.9 | 3.0 | 6.7 | 6.6 | N.A. | N.A. |
| 2016 | 3.0 | 2.9 | 6.3 | 6.1 | 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 charts show that the estimates of probabilities in 2013, 2014, 2015, and 2016 are little changed from those of the previous survey.

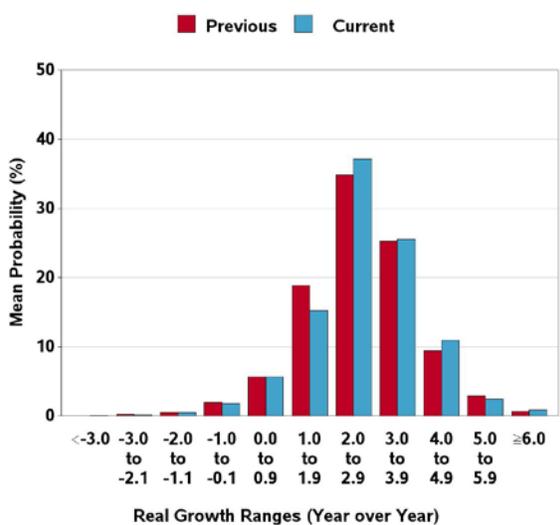
Mean Probabilities for Real GDP Growth in 2013



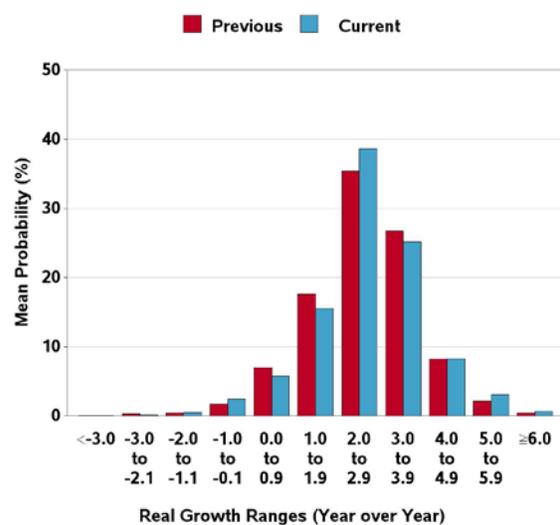
Mean Probabilities for Real GDP Growth in 2014



Mean Probabilities for Real GDP Growth in 2015

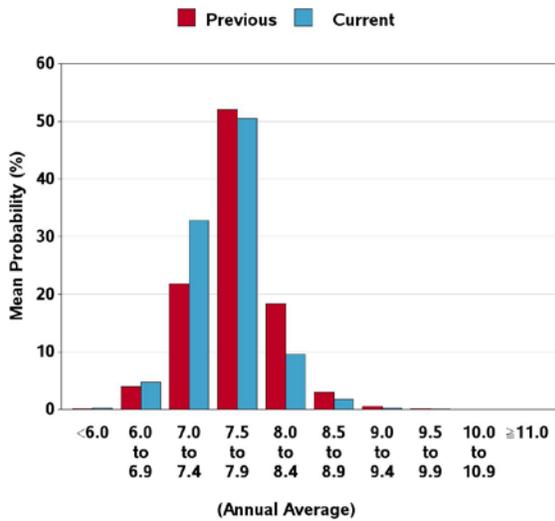


Mean Probabilities for Real GDP Growth in 2016

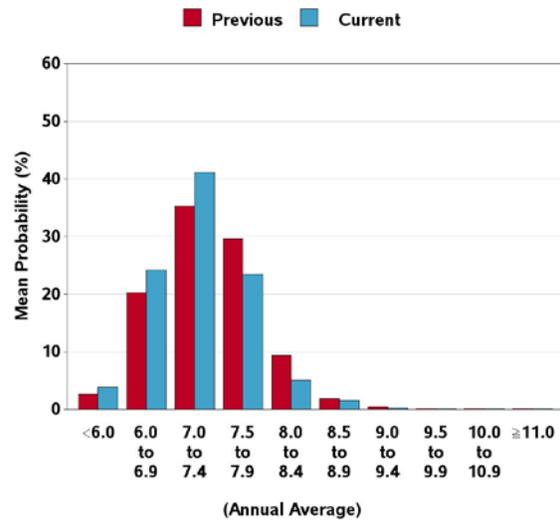


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart for unemployment presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. Consistent with their more optimistic point forecasts on unemployment, the forecasters have revised upward their estimate of the probability that unemployment will fall below 7.5 percent in 2013 and 2014.

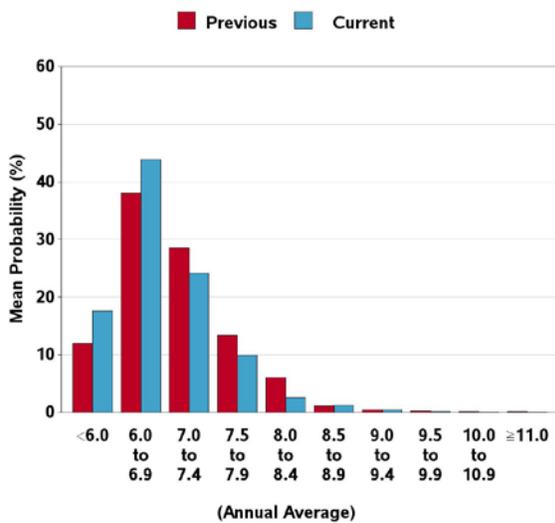
Mean Probabilities for Unemployment Rate in 2013



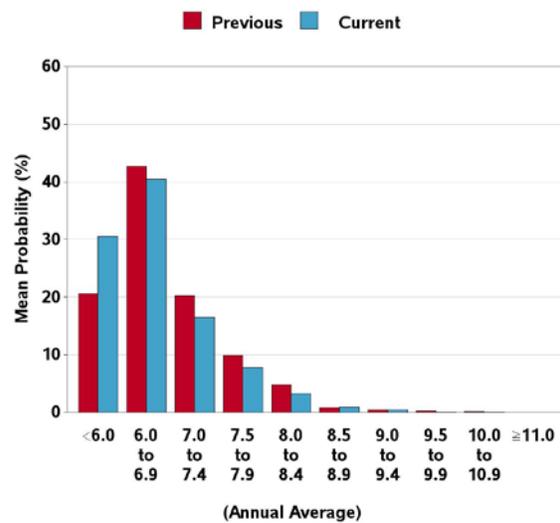
Mean Probabilities for Unemployment Rate in 2014



Mean Probabilities for Unemployment Rate in 2015



Mean Probabilities for Unemployment Rate in 2016



Forecasters Cut Estimates for Headline Inflation in 2013; Hold the Line at Longer Horizons

The forecasters expect current-quarter headline CPI inflation to average 1.6 percent, lower than the last survey's estimate of 2.1 percent. The forecasters predict current-quarter headline PCE inflation of 1.4 percent, lower than the prediction of 1.9 percent from the survey of three months ago. Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 1.7 percent in 2013, down from 2.0 percent in the last survey. Forecasters expect fourth-quarter over fourth-quarter headline PCE inflation to average 1.4 percent in 2013, down from 1.8 percent in the last survey. At all horizons beyond the current year, the inflation projections are unchanged from those of the previous survey.

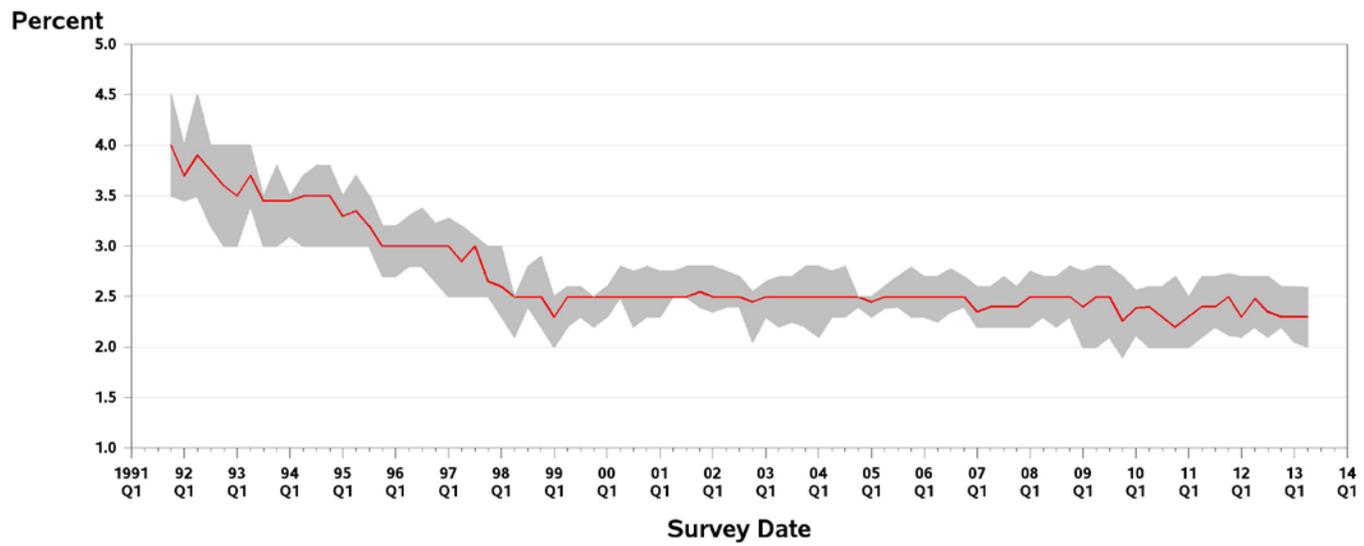
Over the next 10 years, 2013 to 2022, the forecasters expect headline CPI inflation to average 2.3 percent at an annual rate. The corresponding estimate for 10-year annual-average PCE inflation is 2.0 percent.

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

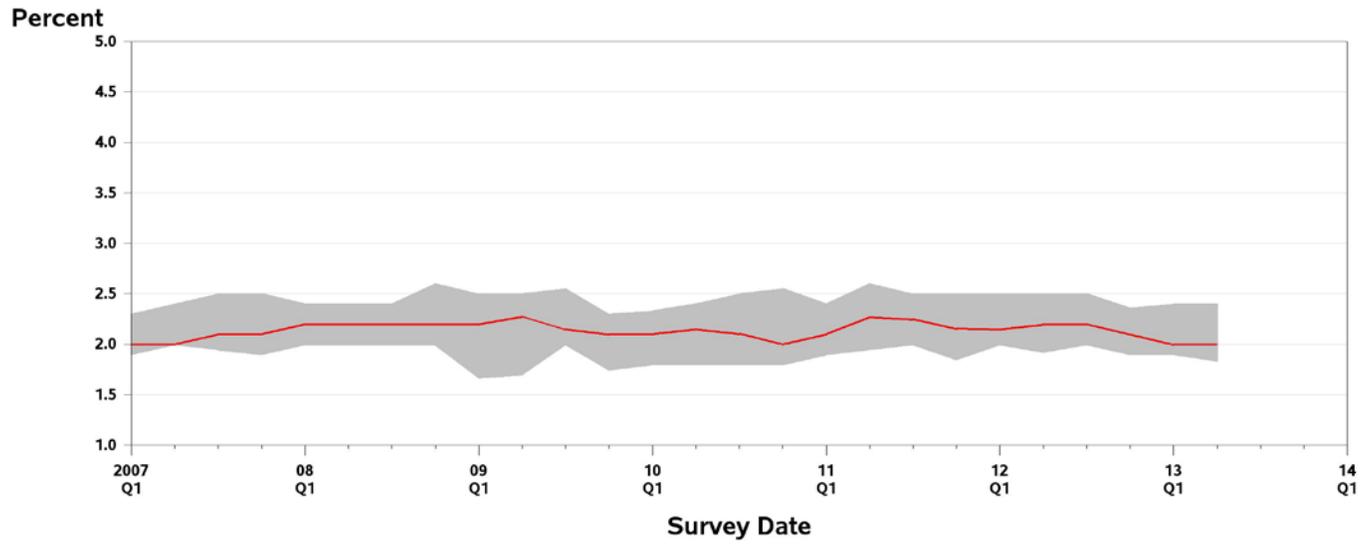
| | Headline CPI | | Core CPI | | Headline PCE | | Core PCE | |
|----------------------------------|--------------|---------|----------|---------|--------------|---------|----------|---------|
| | Previous | Current | Previous | Current | Previous | Current | Previous | Current |
| <i>Quarterly</i> | | | | | | | | |
| 2013:Q2 | 2.1 | 1.6 | 2.0 | 1.9 | 1.9 | 1.4 | 1.7 | 1.4 |
| 2013:Q3 | 2.1 | 2.0 | 2.0 | 2.0 | 1.9 | 1.8 | 1.8 | 1.6 |
| 2013:Q4 | 2.1 | 2.0 | 2.0 | 2.0 | 1.9 | 1.9 | 1.7 | 1.8 |
| 2014:Q1 | 2.1 | 2.0 | 2.0 | 2.0 | 2.0 | 1.9 | 1.8 | 1.9 |
| 2014:Q2 | N.A. | 2.2 | N.A. | 2.1 | N.A. | 2.0 | N.A. | 1.9 |
| <i>Q4/Q4 Annual Averages</i> | | | | | | | | |
| 2013 | 2.0 | 1.7 | 1.9 | 2.0 | 1.8 | 1.4 | 1.6 | 1.5 |
| 2014 | 2.2 | 2.2 | 2.1 | 2.1 | 2.0 | 2.0 | 1.9 | 1.9 |
| 2015 | 2.3 | 2.3 | 2.2 | 2.1 | 2.0 | 2.0 | 1.9 | 1.9 |
| <i>Long-Term Annual Averages</i> | | | | | | | | |
| 2013-2017 | 2.3 | 2.2 | N.A. | N.A. | 2.0 | 2.0 | N.A. | N.A. |
| 2013-2022 | 2.3 | 2.3 | N.A. | N.A. | 2.0 | 2.0 | 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 the projections for 10-year annual-average CPI and PCE inflation. The top panel shows the unchanged long-term projection for CPI inflation, at 2.3 percent. The bottom panel highlights the 10-year forecast for PCE inflation at 2.0 percent.

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

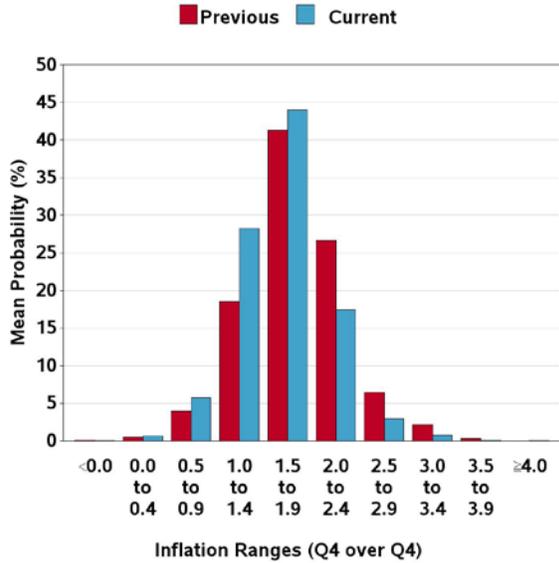


**Projections for the 10-Year Annual-Average Rate of PCE Inflation
(Median and Interquartile Range)**

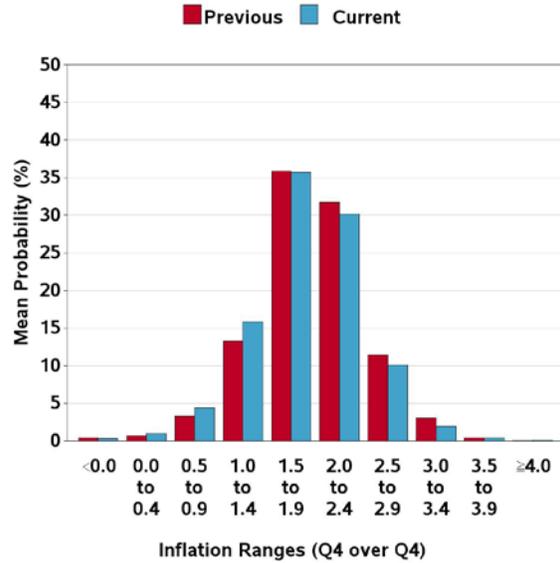


The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2013 and 2014 will fall into each of 10 ranges. For 2013, the forecasters assign a higher chance than previously that core PCE inflation will fall below 2.0 percent.

Mean Probabilities for Core PCE Inflation in 2013



Mean Probabilities for Core PCE Inflation in 2014



Low Risk of a Negative Quarter

The forecasters see only a small chance of a contraction in real GDP in any of the next five quarters. For the current quarter, they predict a 14.6 percent chance of negative growth, down from 18.0 percent in the survey of three months ago.

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

| <i>Quarterly data:</i> | <i>Previous</i> | <i>New</i> |
|------------------------|-----------------|------------|
| 2013: Q2 | 18.0 | 14.6 |
| 2013: Q3 | 15.2 | 14.3 |
| 2013: Q4 | 13.6 | 13.1 |
| 2014: Q1 | 13.2 | 13.4 |
| 2014: Q2 | N.A. | 12.5 |

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**, Johns Hopkins University Center for Financial Economics; **Peter Bernstein**, RCF Economic and Financial Consulting, Inc.; **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; **Nathaniel Curtis**, EconLit LLC; **Rajeev Dhawan**, Georgia State University; **Michael R. Englund**, Action Economics, LLC; **Timothy Gill**, NEMA; **James Glassman**, JPMorgan Chase & Co.; **Keith Hembre**, Nuveen Asset Management; **Peter Hooper**, Deutsche Bank Securities, Inc.; **IHS Global Insight**; **Fred Joutz**, Benchmark Forecasts and Research Program on Forecasting, George Washington University; **N. Karp**, BBVA Compass; **Walter Kemmsies**, Moffatt & Nichol; **Jack Kleinhenz**, Kleinhenz & Associates, Inc.; **Thomas Lam**, OSK-DMG/RHB; **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; **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; **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; **Sean M. Snaithe, Ph.D.**, University of Central Florida; **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.; **Richard Yamarone**, Bloomberg, LP; **Mark Zandi**, Moody's Analytics; **Ellen Zentner**, Nomura Securities.

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

| | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2014 Q2 | 2013 | 2014 | 2015 | 2016 |
|---|------------|------------|------------|------------|------------|------------------|-------|------|------|
| | | | | | | (YEAR-OVER-YEAR) | | | |
| PERCENT GROWTH AT ANNUAL RATES | | | | | | | | | |
| 1. REAL GDP (BILLIONS, CHAIN WEIGHTED) | 1.8 | 2.3 | 2.7 | 2.5 | 3.2 | 2.0 | 2.8 | 3.0 | 2.9 |
| 2. GDP PRICE INDEX (PERCENT CHANGE) | 1.7 | 1.7 | 1.9 | 2.0 | 1.8 | 1.6 | 1.9 | N.A. | N.A. |
| 3. NOMINAL GDP (\$ BILLIONS) | 3.5 | 4.0 | 4.5 | 4.8 | 4.8 | 3.5 | 4.5 | N.A. | N.A. |
| 4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) | 1.6 | 1.3 | 1.5 | 1.6 | 1.6 | 1.5 | 1.6 | N.A. | N.A. |
| (AVG MONTHLY CHANGE) | 179.0 | 142.7 | 173.3 | 179.0 | 184.9 | 169.8 | 180.4 | N.A. | N.A. |
| VARIABLES IN LEVELS | | | | | | | | | |
| 5. UNEMPLOYMENT RATE (PERCENT) | 7.6 | 7.5 | 7.4 | 7.3 | 7.2 | 7.6 | 7.1 | 6.6 | 6.1 |
| 6. 3-MONTH TREASURY BILL (PERCENT) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 1.6 |
| 7. 10-YEAR TREASURY BOND (PERCENT) | 1.8 | 2.0 | 2.1 | 2.3 | 2.5 | 2.0 | 2.5 | 3.0 | 3.6 |
| | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2014 Q2 | 2013 | 2014 | 2015 | |
| | | | | | | (Q4-OVER-Q4) | | | |
| INFLATION INDICATORS | | | | | | | | | |
| 8. CPI (ANNUAL RATE) | 1.6 | 2.0 | 2.0 | 2.0 | 2.2 | 1.7 | 2.2 | 2.3 | |
| 9. CORE CPI (ANNUAL RATE) | 1.9 | 2.0 | 2.0 | 2.0 | 2.1 | 2.0 | 2.1 | 2.1 | |
| 10. PCE (ANNUAL RATE) | 1.4 | 1.8 | 1.9 | 1.9 | 2.0 | 1.4 | 2.0 | 2.0 | |
| 11. CORE PCE (ANNUAL RATE) | 1.4 | 1.6 | 1.8 | 1.9 | 1.9 | 1.5 | 1.9 | 1.9 | |

THE FIGURES ON EACH LINE ARE MEDIANS OF 42 INDIVIDUAL FORECASTERS.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.

SURVEY OF PROFESSIONAL FORECASTERS

Second Quarter 2013

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 April 26; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before May 7, 2013.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIAN OF FORECASTER PREDICTIONS

| | NUMBER OF FORECASTERS | ACTUAL | | FORECAST | | | | ACTUAL | | FORECAST | | | |
|---|-----------------------------|------------|------------|------------|------------|------------|------------|----------------|----------------|----------------|----------------|----------------|--|
| | | 2013 Q1 | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2014 Q2 | 2012 ANNUAL | 2013 ANNUAL | 2014 ANNUAL | 2015 ANNUAL | 2016 ANNUAL | |
| 1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS) | 37 | 16010 | 16150 | 16311 | 16491 | 16687 | 16885 | 15685 | 16241 | 16973 | N.A. | N.A. | |
| 2. GDP PRICE INDEX (2005=100) | 38 | 116.42 | 116.91 | 117.41 | 117.97 | 118.56 | 119.10 | 115.39 | 117.19 | 119.44 | N.A. | N.A. | |
| 3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS) | 21 | N.A. | 1569.0 | 1591.4 | 1610.0 | 1645.0 | 1662.9 | 1501.3 | 1583.9 | 1693.7 | N.A. | N.A. | |
| 4. UNEMPLOYMENT RATE (PERCENT) | 40 | 7.7 | 7.6 | 7.5 | 7.4 | 7.3 | 7.2 | 8.1 | 7.6 | 7.1 | 6.6 | 6.1 | |
| 5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS) | 37 | 135047 | 135584 | 136012 | 136532 | 137069 | 137624 | 133737 | 135774 | 137939 | N.A. | N.A. | |
| 6. INDUSTRIAL PRODUCTION (2007=100) | 35 | 98.9 | 99.6 | 100.4 | 101.3 | 102.2 | 103.0 | 97.0 | 100.1 | 103.4 | N.A. | N.A. | |
| 7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS) | 38 | 0.97 | 0.98 | 1.02 | 1.06 | 1.11 | 1.17 | 0.78 | 1.00 | 1.20 | N.A. | N.A. | |
| 8. 3-MONTH TREASURY BILL RATE (PERCENT) | 39 | 0.09 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.09 | 0.10 | 0.13 | 0.41 | 1.64 | |
| 9. AAA CORPORATE BOND YIELD (PERCENT) | 32 | 3.88 | 3.73 | 3.83 | 3.99 | 4.11 | 4.21 | 3.67 | 3.85 | 4.30 | N.A. | N.A. | |
| 10. BAA CORPORATE BOND YIELD (PERCENT) | 31 | 4.81 | 4.70 | 4.80 | 5.00 | 5.10 | 5.26 | 4.94 | 4.81 | 5.38 | N.A. | N.A. | |
| 11. 10-YEAR TREASURY BOND YIELD (PERCENT) | 39 | 1.95 | 1.84 | 2.00 | 2.10 | 2.27 | 2.46 | 1.80 | 1.97 | 2.50 | 3.02 | 3.59 | |
| 12. REAL GDP (BILLIONS, CHAIN WEIGHTED) | 40 | 13750 | 13812 | 13892 | 13985 | 14070 | 14181 | 13593 | 13859 | 14250 | 14676 | 15101 | |
| 13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED) | 39 | 9740.0 | 9787.4 | 9842.1 | 9902.0 | 9964.1 | 10028.2 | 9603.3 | 9818.3 | 10059.7 | N.A. | N.A. | |
| 14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 37 | 1530.3 | 1548.0 | 1569.5 | 1595.5 | 1622.1 | 1651.2 | 1487.9 | 1562.2 | 1661.0 | N.A. | N.A. | |
| 15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 37 | 397.8 | 411.0 | 423.8 | 436.4 | 448.6 | 459.1 | 367.1 | 417.4 | 467.0 | N.A. | N.A. | |
| 16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED) | 36 | 983.2 | 972.3 | 965.8 | 962.8 | 961.5 | 959.9 | 1024.1 | 970.6 | 961.6 | N.A. | N.A. | |
| 17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED) | 36 | 1452.7 | 1450.5 | 1449.5 | 1450.4 | 1452.2 | 1454.7 | 1461.7 | 1450.6 | 1458.1 | N.A. | N.A. | |
| 18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED) | 36 | 50.3 | 45.0 | 46.2 | 46.5 | 44.7 | 44.9 | 43.0 | 47.2 | 44.0 | N.A. | N.A. | |
| 19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED) | 36 | -400.8 | -402.7 | -409.3 | -412.7 | -413.4 | -410.0 | -400.7 | -405.6 | -408.8 | N.A. | N.A. | |

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

| | NUMBER OF FORECASTERS | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 | 2012 | 2013 | 2014 | 2015 |
|---|-----------------------------|---------------|---------------|---------------|---------------|---------------|------------|------------|------------|------------|
| | | TO Q2 2013 | TO Q3 2013 | TO Q4 2013 | TO Q1 2014 | TO Q2 2014 | TO 2013 | TO 2014 | TO 2015 | TO 2016 |
| 1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS) | 37 | 3.5 | 4.0 | 4.5 | 4.8 | 4.8 | 3.5 | 4.5 | N.A. | N.A. |
| 2. GDP PRICE INDEX (2005=100) | 38 | 1.7 | 1.7 | 1.9 | 2.0 | 1.8 | 1.6 | 1.9 | N.A. | N.A. |
| 3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS) | 21 | 5.6 | 5.8 | 4.8 | 9.0 | 4.4 | 5.5 | 6.9 | N.A. | N.A. |
| 4. UNEMPLOYMENT RATE (PERCENT) | 40 | -0.1 | -0.1 | -0.1 | -0.1 | -0.1 | -0.5 | -0.5 | -0.5 | -0.5 |
| 5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) | 37 | 1.6 | 1.3 | 1.5 | 1.6 | 1.6 | 1.5 | 1.6 | N.A. | N.A. |
| (AVG MONTHLY CHANGE) | 37 | 179.0 | 142.7 | 173.3 | 179.0 | 184.9 | 169.8 | 180.4 | N.A. | N.A. |
| 6. INDUSTRIAL PRODUCTION (2007=100) | 35 | 2.9 | 3.4 | 3.6 | 3.5 | 3.0 | 3.2 | 3.3 | N.A. | N.A. |
| 7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS) | 38 | 5.9 | 15.1 | 17.4 | 22.5 | 22.5 | 28.1 | 19.8 | N.A. | N.A. |
| 8. 3-MONTH TREASURY BILL RATE (PERCENT) | 39 | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 | 0.01 | 0.03 | 0.28 | 1.22 |
| 9. AAA CORPORATE BOND YIELD (PERCENT) | 32 | -0.15 | 0.10 | 0.16 | 0.13 | 0.10 | 0.18 | 0.45 | N.A. | N.A. |
| 10. BAA CORPORATE BOND YIELD (PERCENT) | 31 | -0.11 | 0.10 | 0.20 | 0.10 | 0.16 | -0.13 | 0.57 | N.A. | N.A. |
| 11. 10-YEAR TREASURY BOND YIELD (PERCENT) | 39 | -0.11 | 0.16 | 0.10 | 0.17 | 0.19 | 0.17 | 0.53 | 0.52 | 0.57 |
| 12. REAL GDP (BILLIONS, CHAIN WEIGHTED) | 40 | 1.8 | 2.3 | 2.7 | 2.5 | 3.2 | 2.0 | 2.8 | 3.0 | 2.9 |
| 13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED) | 39 | 2.0 | 2.3 | 2.5 | 2.5 | 2.6 | 2.2 | 2.5 | N.A. | N.A. |
| 14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 37 | 4.7 | 5.7 | 6.8 | 6.8 | 7.4 | 5.0 | 6.3 | N.A. | N.A. |
| 15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED) | 37 | 13.9 | 13.0 | 12.5 | 11.6 | 9.7 | 13.7 | 11.9 | N.A. | N.A. |
| 16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED) | 36 | -4.4 | -2.7 | -1.2 | -0.5 | -0.7 | -5.2 | -0.9 | N.A. | N.A. |
| 17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED) | 36 | -0.6 | -0.3 | 0.2 | 0.5 | 0.7 | -0.8 | 0.5 | N.A. | N.A. |
| 18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED) | 36 | -5.3 | 1.2 | 0.3 | -1.8 | 0.2 | 4.2 | -3.2 | N.A. | N.A. |
| 19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED) | 36 | -1.8 | -6.7 | -3.4 | -0.7 | 3.4 | -4.9 | -3.1 | 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, SECOND QUARTER 2013.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

| | NUMBER OF FORECASTERS | ACTUAL | FORECAST(Q/Q) | | | | | ACTUAL | FORECAST(Q4/Q4) | | |
|---|-----------------------------|------------|---------------|------------|------------|------------|------------|----------------|-----------------|----------------|----------------|
| | | 2013 Q1 | 2013 Q2 | 2013 Q3 | 2013 Q4 | 2014 Q1 | 2014 Q2 | 2012 ANNUAL | 2013 ANNUAL | 2014 ANNUAL | 2015 ANNUAL |
| 1. CONSUMER PRICE INDEX (ANNUAL RATE) | 41 | 1.4 | 1.6 | 2.0 | 2.0 | 2.0 | 2.2 | 1.9 | 1.7 | 2.2 | 2.3 |
| 2. CORE CONSUMER PRICE INDEX (ANNUAL RATE) | 39 | 2.1 | 1.9 | 2.0 | 2.0 | 2.0 | 2.1 | 1.9 | 2.0 | 2.1 | 2.1 |
| 3. PCE PRICE INDEX (ANNUAL RATE) | 36 | 0.9 | 1.4 | 1.8 | 1.9 | 1.9 | 2.0 | 1.6 | 1.4 | 2.0 | 2.0 |
| 4. CORE PCE PRICE INDEX (ANNUAL RATE) | 37 | 1.2 | 1.4 | 1.6 | 1.8 | 1.9 | 1.9 | 1.5 | 1.5 | 1.9 | 1.9 |

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

| ESTIMATED PROBABILITY (CHANCES IN 100) | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | Q1 2014 |
|--|---------------|---------------|---------------|---------------|---------------|
| | TO Q2 2013 | TO Q3 2013 | TO Q4 2013 | TO Q1 2014 | TO Q2 2014 |
| NUMBER OF FORECASTERS | | | | | |
| 10 OR LESS | 16 | 18 | 18 | 20 | 22 |
| 11 TO 20 | 16 | 15 | 17 | 13 | 10 |
| 21 TO 30 | 5 | 4 | 2 | 3 | 2 |
| 31 TO 40 | 1 | 1 | 1 | 1 | 2 |
| 41 TO 50 | 0 | 0 | 0 | 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 | 4 | 4 | 4 | 5 | 6 |
| MEAN AND MEDIAN | | | | | |
| MEDIAN PROBABILITY | 15.00 | 13.50 | 14.82 | 10.00 | 10.00 |
| MEAN PROBABILITY | 14.59 | 14.32 | 13.10 | 13.40 | 12.46 |

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 38.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.

TABLE FIVE
MEAN PROBABILITIES

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

| | 2013 | 2014 | 2015 | 2016 |
|-----------------------|-------|-------|-------|-------|
| 11.0 PERCENT OR MORE | 0.00 | 0.14 | 0.07 | 0.00 |
| 10.0 TO 10.9 PERCENT | 0.00 | 0.14 | 0.08 | 0.09 |
| 9.5 TO 9.9 PERCENT | 0.03 | 0.15 | 0.18 | 0.10 |
| 9.0 TO 9.4 PERCENT | 0.25 | 0.24 | 0.40 | 0.41 |
| 8.5 TO 8.9 PERCENT | 1.83 | 1.52 | 1.23 | 0.89 |
| 8.0 TO 8.4 PERCENT | 9.58 | 5.10 | 2.53 | 3.30 |
| 7.5 TO 7.9 PERCENT | 50.54 | 23.50 | 9.88 | 7.74 |
| 7.0 TO 7.4 PERCENT | 32.81 | 41.17 | 24.16 | 16.46 |
| 6.0 TO 6.9 PERCENT | 4.69 | 24.20 | 43.88 | 40.50 |
| LESS THAN 6.0 PERCENT | 0.28 | 3.83 | 17.58 | 30.51 |

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

| | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 |
|----------------|-----------|-----------|-----------|-----------|
| 6.0 OR MORE | 0.01 | 0.27 | 0.81 | 0.61 |
| 5.0 TO 5.9 | 0.16 | 1.24 | 2.44 | 3.06 |
| 4.0 TO 4.9 | 1.56 | 5.81 | 10.94 | 8.25 |
| 3.0 TO 3.9 | 8.19 | 22.87 | 25.52 | 25.18 |
| 2.0 TO 2.9 | 46.76 | 42.89 | 37.10 | 38.60 |
| 1.0 TO 1.9 | 33.20 | 18.32 | 15.22 | 15.53 |
| 0.0 TO 0.9 | 7.34 | 5.66 | 5.57 | 5.76 |
| -1.0 TO -0.1 | 2.30 | 1.90 | 1.78 | 2.45 |
| -2.0 TO -1.1 | 0.39 | 0.69 | 0.47 | 0.45 |
| -3.0 TO -2.1 | 0.09 | 0.21 | 0.11 | 0.10 |
| LESS THAN -3.0 | 0.01 | 0.14 | 0.05 | 0.02 |

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

| | 2012-2013 | 2013-2014 |
|--------------|-----------|-----------|
| 8.0 OR MORE | 0.00 | 0.00 |
| 7.0 TO 7.9 | 0.00 | 0.00 |
| 6.0 TO 6.9 | 0.00 | 0.03 |
| 5.0 TO 5.9 | 0.00 | 0.08 |
| 4.0 TO 4.9 | 0.75 | 1.57 |
| 3.0 TO 3.9 | 4.00 | 6.78 |
| 2.0 TO 2.9 | 24.26 | 37.04 |
| 1.0 TO 1.9 | 60.21 | 45.16 |
| 0.0 TO 0.9 | 10.03 | 8.42 |
| WILL DECLINE | 0.75 | 0.93 |

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.

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

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

| | 12Q4 TO 13Q4 | 13Q4 TO 14Q4 |
|--------------------|--------------|--------------|
| 4 PERCENT OR MORE | 0.06 | 0.42 |
| 3.5 TO 3.9 PERCENT | 0.35 | 0.61 |
| 3.0 TO 3.4 PERCENT | 1.29 | 2.95 |
| 2.5 TO 2.9 PERCENT | 5.71 | 13.36 |
| 2.0 TO 2.4 PERCENT | 34.56 | 42.50 |
| 1.5 TO 1.9 PERCENT | 43.27 | 28.72 |
| 1.0 TO 1.4 PERCENT | 11.59 | 8.33 |
| 0.5 TO 0.9 PERCENT | 2.33 | 2.24 |
| 0.0 TO 0.4 PERCENT | 0.65 | 0.68 |
| WILL DECLINE | 0.17 | 0.20 |

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

| | 12Q4 TO 13Q4 | 13Q4 TO 14Q4 |
|--------------------|--------------|--------------|
| 4 PERCENT OR MORE | 0.03 | 0.13 |
| 3.5 TO 3.9 PERCENT | 0.12 | 0.35 |
| 3.0 TO 3.4 PERCENT | 0.79 | 1.93 |
| 2.5 TO 2.9 PERCENT | 2.95 | 10.09 |
| 2.0 TO 2.4 PERCENT | 17.47 | 30.15 |
| 1.5 TO 1.9 PERCENT | 44.02 | 35.75 |
| 1.0 TO 1.4 PERCENT | 28.23 | 15.88 |
| 0.5 TO 0.9 PERCENT | 5.74 | 4.44 |
| 0.0 TO 0.4 PERCENT | 0.62 | 0.94 |
| WILL DECLINE | 0.04 | 0.33 |

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2013-2017
=====

| CPI INFLATION RATE | | PCE INFLATION RATE | |
|--------------------|------|--------------------|------|
| ----- | | ----- | |
| MINIMUM | 0.72 | MINIMUM | 0.69 |
| LOWER QUARTILE | 2.00 | LOWER QUARTILE | 1.80 |
| MEDIAN | 2.20 | MEDIAN | 2.00 |
| UPPER QUARTILE | 2.40 | UPPER QUARTILE | 2.20 |
| MAXIMUM | 2.90 | MAXIMUM | 2.60 |
| MEAN | 2.16 | MEAN | 1.95 |
| STD. DEVIATION | 0.41 | STD. DEVIATION | 0.38 |
| N | 38 | N | 36 |
| MISSING | 4 | MISSING | 6 |

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2013-2022
=====

| CPI INFLATION RATE | | PCE INFLATION RATE | |
|--------------------|------|--------------------|------|
| ----- | | ----- | |
| MINIMUM | 1.08 | MINIMUM | 1.06 |
| LOWER QUARTILE | 2.00 | LOWER QUARTILE | 1.84 |
| MEDIAN | 2.30 | MEDIAN | 2.00 |
| UPPER QUARTILE | 2.59 | UPPER QUARTILE | 2.40 |
| MAXIMUM | 3.30 | MAXIMUM | 2.90 |
| MEAN | 2.28 | MEAN | 2.09 |
| STD. DEVIATION | 0.43 | STD. DEVIATION | 0.39 |
| N | 38 | N | 36 |
| MISSING | 4 | MISSING | 6 |

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2013.