



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: May 16, 2014

SECOND QUARTER 2014

Forecasters See Stronger Quarterly Growth This Year Accompanied by Lower Unemployment

The outlook for growth over the next three quarters looks stronger now than it did three months ago, according to 42 forecasters surveyed by the Federal Reserve Bank of Philadelphia. Growth this quarter will be 3.3 percent at an annual rate, up from the previous estimate of 3.0 percent. Third-quarter growth will be 2.9 percent, an upward revision from the previous projection of 2.8 percent, while fourth-quarter growth will be 3.2 percent, up from 2.7 percent in the last survey. At the same time, surprisingly weak historical first-quarter growth is pulling down the survey's current projection for growth in the annual-average level of real GDP in 2014, from 2.8 percent in the last survey to 2.4 percent in this survey.

The forecasters see an improved outlook for the unemployment rate over the next three years. The forecasters predict that the unemployment rate will be an annual average of 6.4 percent in 2014, before falling to 5.9 percent in 2015, 5.6 percent in 2016, and 5.5 percent in 2017. The projections for 2014, 2015, and 2016 are below those of the last survey.

On the jobs front, the forecasters have revised upward their estimates for job gains in 2014. The forecasters' projections for the annual-average level of nonfarm payroll employment suggest job gains at a monthly rate of 196,500 in 2014, up from the previous estimate of 187,700, and 202,700 in 2015, 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>						
2014:Q2	3.0	3.3	6.6	6.4	193.5	232.0
2014:Q3	2.8	2.9	6.4	6.3	195.2	204.7
2014:Q4	2.7	3.2	6.3	6.2	215.0	197.9
2015:Q1	3.2	3.1	6.2	6.1	201.0	199.3
2015:Q2	N.A.	3.1	N.A.	6.0	N.A.	204.8
<i>Annual Data (projections are based on annual-average levels):</i>						
2014	2.8	2.4	6.5	6.4	187.7	196.5
2015	3.1	3.1	6.1	5.9	206.9	202.7
2016	3.1	3.1	5.7	5.6	N.A.	N.A.
2017	2.4	2.8	5.5	5.5	N.A.	N.A.

A Note to Users of the Data for Density Projections for Unemployment and GDP Inflation

This survey is the second one to incorporate new ranges for the density projections for unemployment and GDP inflation. We first incorporated the new ranges into the 2014 first-quarter survey. Because the new ranges are the same in this survey and the first-quarter survey, users may compare results across the 2014 first-quarter and second-quarter surveys.

At the same time, users should exercise caution in comparing the results of this survey and the first-quarter 2014 survey with the results of surveys that we conducted prior to the first-quarter 2014 survey.

For additional information, please contact:

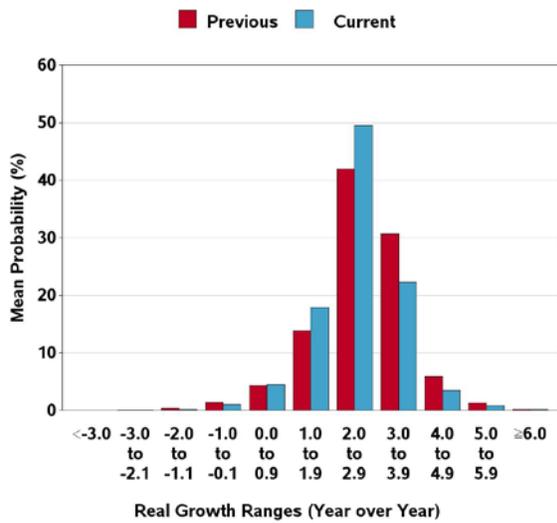
Tom Stark
Assistant Director and Manager
Real-Time Data Research Center
Research Department
Federal Reserve Bank of Philadelphia

Phone: 215-574-6436

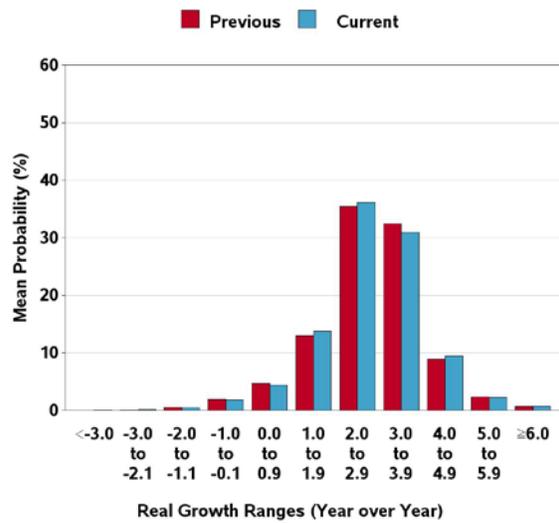
E-mail: Tom.Stark@phil.frb.org

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 2014, indicating their expectations for lower growth in the annual-average level of real GDP, compared with their previous estimates. The distributions of density for 2015, 2016, and 2017 remain mostly unchanged compared with the previous estimates.

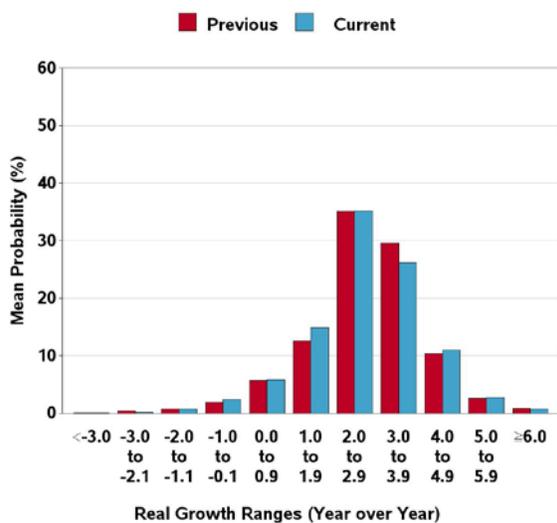
Mean Probabilities for Real GDP Growth in 2014



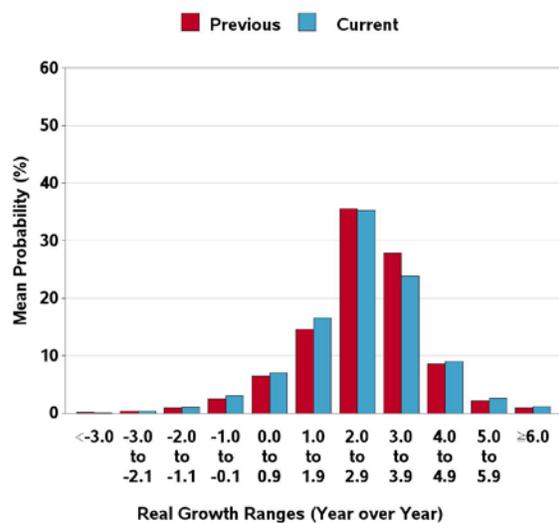
Mean Probabilities for Real GDP Growth in 2015



Mean Probabilities for Real GDP Growth in 2016

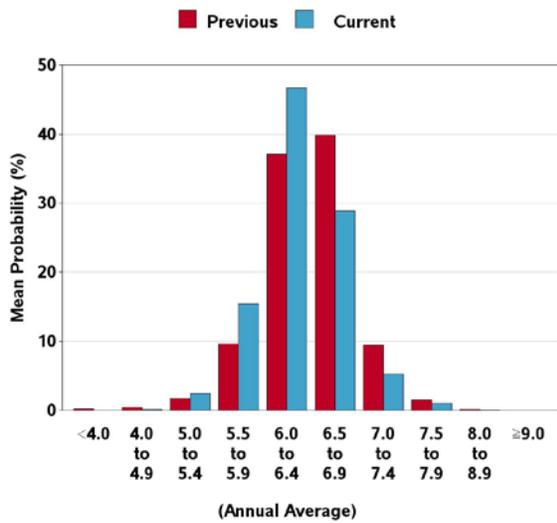


Mean Probabilities for Real GDP Growth in 2017

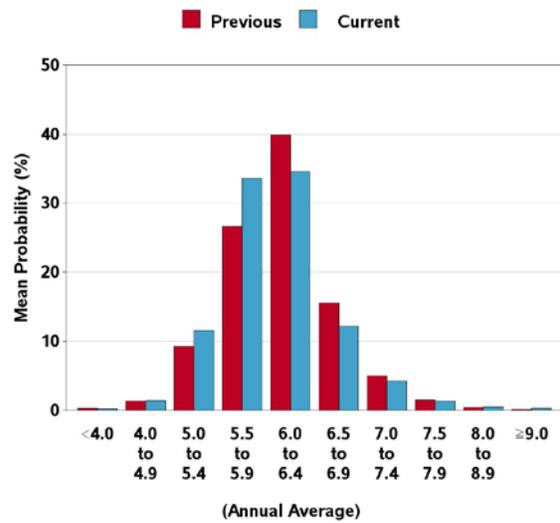


The forecasters' density projections for unemployment, shown below, shed light on uncertainty about the labor market over the next four years. Each chart for unemployment presents the forecasters' current estimates of the probability that unemployment will fall into each of 10 ranges. The charts show the forecasters are raising their density estimates over the next three years at the lower levels of unemployment outcomes, suggesting the forecasters are more confident about lower unemployment than they were in the last survey.

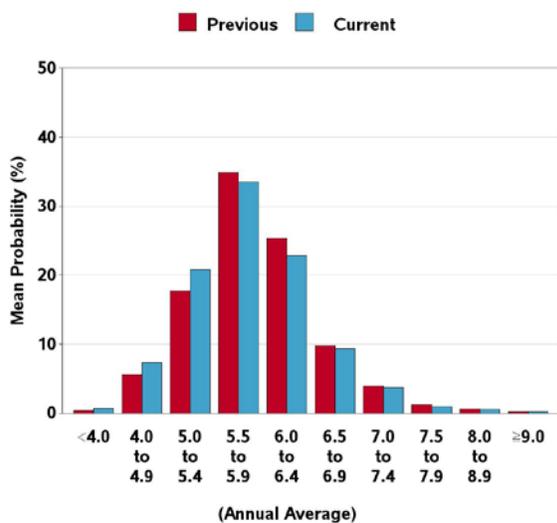
Mean Probabilities for Unemployment Rate in 2014



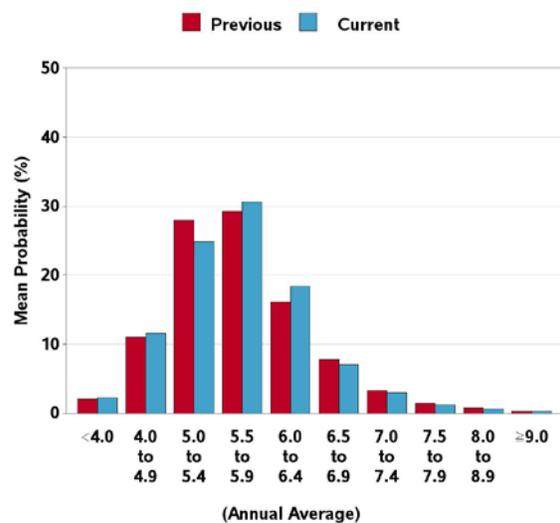
Mean Probabilities for Unemployment Rate in 2015



Mean Probabilities for Unemployment Rate in 2016



Mean Probabilities for Unemployment Rate in 2017



Forecasters See Higher Current-Quarter Headline Inflation but Leave Their Broad Contour Unchanged

The forecasters predict that current-quarter headline CPI inflation will average 1.9 percent, higher than the last survey's estimate of 1.7 percent. The forecasters expect current-quarter headline PCE inflation of 1.7 percent, higher than the prediction of 1.5 percent from the survey of three months ago.

The forecasters see little change in headline and core measures of CPI and PCE inflation during the next three years. Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 1.9 percent in 2014, 2.1 percent in 2015, and 2.2 percent in 2016. Forecasters expect fourth-quarter over fourth-quarter headline PCE inflation to average 1.6 percent in 2014, 1.9 percent in 2015, and 1.9 percent in 2016.

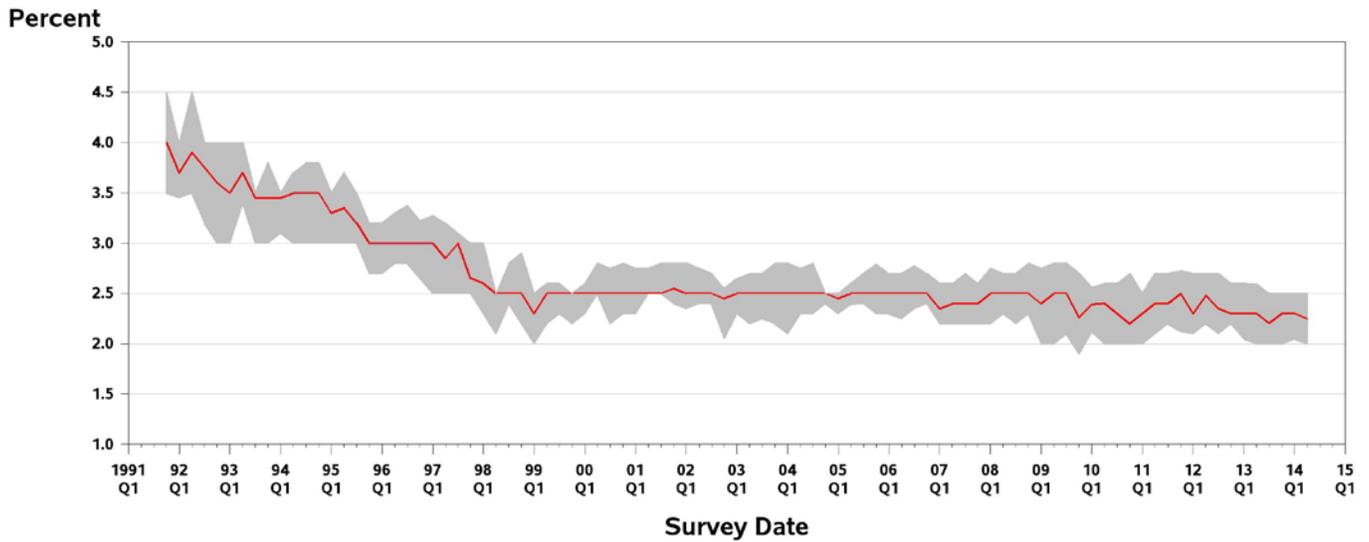
Over the next 10 years, from 2014 to 2023, the forecasters expect headline CPI inflation to average 2.25 percent at an annual rate. The corresponding estimate for 10-year annual-average PCE inflation is 2.00 percent. The 10-year CPI estimate is down a bit from the previous estimate, but the 10-year PCE estimate is unchanged.

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

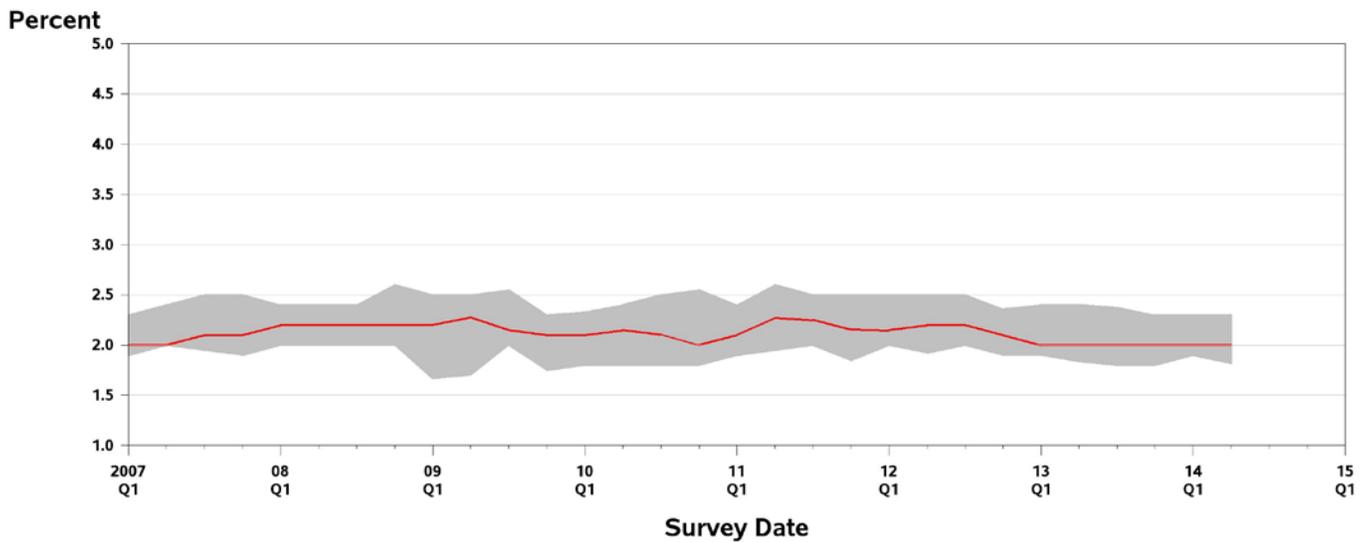
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2014:Q2	1.7	1.9	1.8	1.8	1.5	1.7	1.5	1.5
2014:Q3	1.9	1.9	1.9	1.8	1.7	1.7	1.6	1.7
2014:Q4	2.0	1.9	1.9	1.9	1.7	1.7	1.7	1.7
2015:Q1	2.0	2.0	2.1	2.0	1.8	1.8	1.8	1.8
2015:Q2	N.A.	2.0	N.A.	2.1	N.A.	1.8	N.A.	1.8
<i>Q4/Q4 Annual Averages</i>								
2014	1.8	1.9	1.9	1.8	1.6	1.6	1.6	1.5
2015	2.0	2.1	2.0	2.1	1.8	1.9	1.8	1.8
2016	2.1	2.2	2.1	2.1	2.0	1.9	1.9	1.9
<i>Long-Term Annual Averages</i>								
2014–2018	2.10	2.11	N.A.	N.A.	1.90	1.90	N.A.	N.A.
2014–2023	2.30	2.25	N.A.	N.A.	2.00	2.00	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 little change in the long-term projection for CPI inflation. 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)

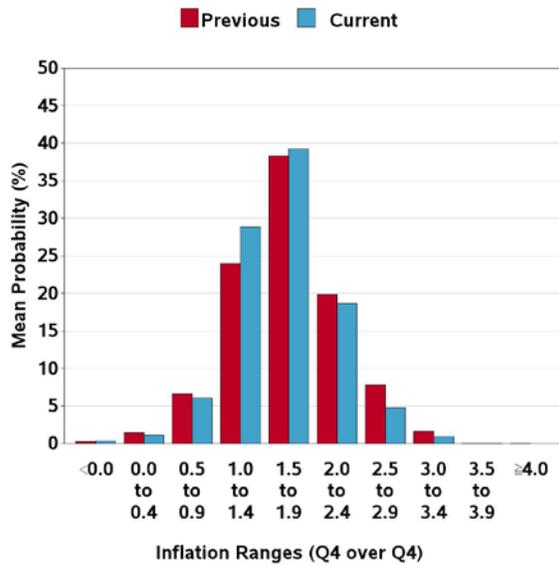


Projections for the 10-Year Annual-Average Rate of PCE Inflation (Median and Interquartile Range)

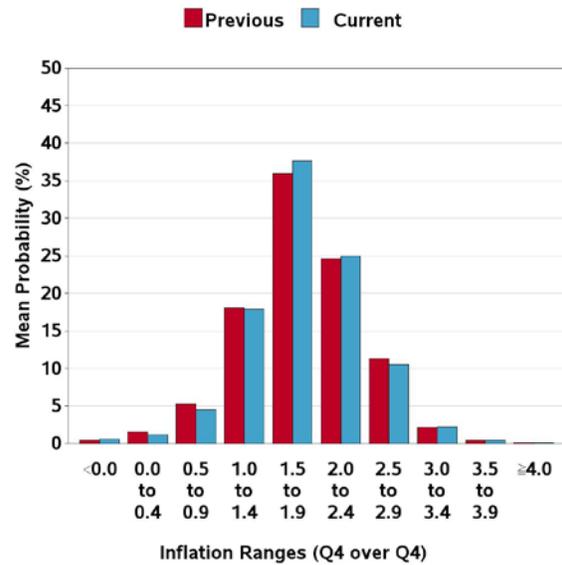


The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2014 and 2015 will fall into each of 10 ranges. The probabilities are about the same now, particularly for 2015 inflation outcomes, as they were in the last survey.

Mean Probabilities for Core PCE Inflation in 2014



Mean Probabilities for Core PCE Inflation in 2015



Low Risk of a Negative Quarter

For the current quarter, the forecasters predict an 8.3 percent chance of a contraction in real GDP. As the table below shows, the forecasters have kept their risk estimates for a downturn in the following quarters nearly unchanged, compared with their previous estimates.

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

<i>Quarterly Data:</i>	<i>Previous</i>	<i>New</i>
2014: Q2	9.3	8.3
2014: Q3	10.6	10.1
2014: Q4	11.4	10.8
2015: Q1	11.7	12.2
2015: Q2	N.A.	12.8

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

Lewis Alexander, Nomura Securities; **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; **David Crowe**, National Association of Home Builders; **Nathaniel Curtis**, Navigant; **Rajeev Dhawan**, Georgia State University; **Gregory Daco**, Oxford Economics USA, Inc.; **Michael R. Englund**, Action Economics, LLC; **Matthew Hall** and **Daniil Manaenkov**, RSQE, University of Michigan; **James Glassman**, JPMorgan Chase & Co.; **Jan Hatzius**, Goldman Sachs; **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; **Sam Kahan**, Kahan Consulting Ltd. (ACT Research LLC); **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; **Anthony Metz**, Pareto Optimal Economics; **Michael Moran**, Daiwa Capital Markets America; **Joel L. Naroff**, Naroff Economic Advisors; **Michael P. Niemira**, International Council of Shopping Centers; **Luca Noto**, Anima Sgr; **Brendon Ogmundson**, BC Real Estate Association; **Arun Raha**, Eaton Corporation; **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. Snaith, 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; **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

	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2014	2015 (YEAR-OVER-YEAR)	2016	2017
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	3.3	2.9	3.2	3.1	3.1	2.4	3.1	3.1	2.8
2. GDP PRICE INDEX (PERCENT CHANGE)	1.6	1.7	1.8	2.1	1.9	1.5	2.0	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	4.7	4.7	4.9	4.9	5.2	3.9	5.0	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) (AVG MONTHLY CHANGE)	2.0 232.0	1.8 204.7	1.7 197.9	1.7 199.3	1.8 204.8	1.7 196.5	1.8 202.7	N.A. N.A.	N.A. N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	6.4	6.3	6.2	6.1	6.0	6.4	5.9	5.6	5.5
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.1	0.1	0.2	0.1	0.3	1.6	2.8
7. 10-YEAR TREASURY BOND (PERCENT)	2.8	2.9	3.1	3.2	3.4	2.9	3.5	4.0	4.5
	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2014	2015 (Q4-OVER-Q4)	2016	
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	1.9	1.9	1.9	2.0	2.0	1.9	2.1	2.2	
9. CORE CPI (ANNUAL RATE)	1.8	1.8	1.9	2.0	2.1	1.8	2.1	2.1	
10. PCE (ANNUAL RATE)	1.7	1.7	1.7	1.8	1.8	1.6	1.9	1.9	
11. CORE PCE (ANNUAL RATE)	1.5	1.7	1.7	1.8	1.8	1.5	1.8	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 2014.

SURVEY OF PROFESSIONAL FORECASTERS

Second Quarter 2014

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 30; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before May 11, 2014.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIAN OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST		
		2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL	2017 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	39	17150	17349	17551	17764	17977	18204	16800	17450	18318	N.A.	N.A.
2. GDP PRICE INDEX (2009=100)	39	107.45	107.88	108.35	108.82	109.39	109.90	106.49	108.13	110.29	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	22	N.A.	1775.7	1801.9	1821.7	1842.3	1866.2	1683.2	1781.8	1872.0	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	40	6.7	6.4	6.3	6.2	6.1	6.0	7.4	6.4	5.9	5.6	5.5
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	36	137734	138430	139044	139638	140236	140851	136363	138721	141154	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	35	102.3	103.4	104.1	105.0	105.9	107.1	99.9	103.7	107.4	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	39	0.92	1.00	1.07	1.13	1.17	1.22	0.93	1.03	1.23	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	41	0.05	0.05	0.05	0.07	0.10	0.15	0.06	0.05	0.28	1.55	2.75
9. AAA CORPORATE BOND YIELD (PERCENT)	33	4.44	4.35	4.46	4.57	4.67	4.82	4.24	4.48	4.94	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	30	5.12	5.08	5.20	5.43	5.54	5.65	5.10	5.19	5.76	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	40	2.76	2.75	2.93	3.05	3.19	3.38	2.35	2.86	3.47	4.01	4.49
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	41	15947	16077	16192	16321	16447	16575	15761	16133	16627	17139	17612
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	39	10912.3	10988.7	11061.3	11134.2	11214.8	11295.3	10727.9	11024.4	11337.9	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	37	2012.1	2042.8	2074.6	2105.2	2130.5	2158.8	1984.4	2058.9	2176.3	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	37	481.8	495.3	509.0	521.0	534.0	548.1	486.6	501.6	555.7	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	35	1126.9	1127.7	1128.0	1130.0	1130.7	1128.7	1157.4	1127.9	1129.0	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	35	1737.7	1742.9	1746.4	1749.9	1754.4	1761.3	1739.2	1744.3	1767.5	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	37	87.4	74.3	69.4	60.0	57.0	55.4	81.5	74.8	56.4	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	37	-414.4	-406.5	-402.1	-407.5	-407.9	-410.5	-412.3	-408.1	-413.6	N.A.	N.A.

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2014.

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	2013	2014	2015	2016
		TO Q2 2014	TO Q3 2014	TO Q4 2014	TO Q1 2015	TO Q2 2015	TO 2014	TO 2015	TO 2016	TO 2017
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	39	4.7	4.7	4.9	4.9	5.2	3.9	5.0	N.A.	N.A.
2. GDP PRICE INDEX (2009=100)	39	1.6	1.7	1.8	2.1	1.9	1.5	2.0	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	22	8.9	6.0	4.5	4.6	5.3	5.9	5.1	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	40	-0.3	-0.1	-0.1	-0.1	-0.1	-1.0	-0.5	-0.3	-0.1
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) (AVG MONTHLY CHANGE)	36 36	2.0 232.0	1.8 204.7	1.7 197.9	1.7 199.3	1.8 204.8	1.7 196.5	1.8 202.7	N.A. N.A.	N.A. N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	35	4.4	2.7	3.5	3.8	4.4	3.8	3.6	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	39	40.0	30.9	22.1	16.2	15.5	11.1	19.0	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	41	0.00	0.00	0.02	0.03	0.05	-0.01	0.23	1.27	1.20
9. AAA CORPORATE BOND YIELD (PERCENT)	33	-0.09	0.11	0.11	0.10	0.15	0.24	0.46	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	30	-0.04	0.13	0.23	0.11	0.11	0.09	0.57	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	40	-0.01	0.17	0.13	0.14	0.19	0.51	0.61	0.54	0.48
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	41	3.3	2.9	3.2	3.1	3.1	2.4	3.1	3.1	2.8
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	39	2.8	2.7	2.7	2.9	2.9	2.8	2.8	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	37	6.2	6.4	6.0	4.9	5.4	3.8	5.7	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	37	11.7	11.5	9.7	10.4	11.0	3.1	10.8	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	35	0.3	0.1	0.7	0.3	-0.7	-2.5	0.1	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	35	1.2	0.8	0.8	1.0	1.6	0.3	1.3	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	37	-13.1	-4.9	-9.4	-3.0	-1.6	-6.7	-18.4	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	37	7.9	4.4	-5.4	-0.4	-2.6	4.2	-5.5	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 2014.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST(Q/Q)				ACTUAL	FORECAST(Q4/Q4)			
		2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	40	1.9	1.9	1.9	1.9	2.0	2.0	1.2	1.9	2.1	2.2
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	39	1.6	1.8	1.8	1.9	2.0	2.1	1.7	1.8	2.1	2.1
3. PCE PRICE INDEX (ANNUAL RATE)	36	1.4	1.7	1.7	1.7	1.8	1.8	1.0	1.6	1.9	1.9
4. CORE PCE PRICE INDEX (ANNUAL RATE)	34	1.3	1.5	1.7	1.7	1.8	1.8	1.2	1.5	1.8	1.9

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA. SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2014.

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
	TO Q2 2014	TO Q3 2014	TO Q4 2014	TO Q1 2015	TO Q2 2015
NUMBER OF FORECASTERS					
10 OR LESS	28	23	20	17	17
11 TO 20	7	12	15	17	15
21 TO 30	1	1	1	1	3
31 TO 40	0	0	0	1	1
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	6	6	6	6	6
MEAN AND MEDIAN					
MEDIAN PROBABILITY	5.00	10.00	10.00	11.50	12.00
MEAN PROBABILITY	8.32	10.06	10.84	12.21	12.81

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 36.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2014.

TABLE FIVE
MEAN PROBABILITIES

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

	2014	2015	2016	2017
9.0 PERCENT OR MORE	0.00	0.27	0.20	0.30
8.0 TO 8.9 PERCENT	0.05	0.47	0.55	0.66
7.5 TO 7.9 PERCENT	1.04	1.38	0.92	1.19
7.0 TO 7.4 PERCENT	5.24	4.24	3.75	3.05
6.5 TO 6.9 PERCENT	28.90	12.19	9.36	7.09
6.0 TO 6.4 PERCENT	46.72	34.57	22.87	18.36
5.5 TO 5.9 PERCENT	15.42	33.65	33.48	30.63
5.0 TO 5.4 PERCENT	2.48	11.59	20.85	24.89
4.0 TO 4.9 PERCENT	0.13	1.41	7.34	11.57
LESS THAN 4.0 PERCENT	0.01	0.23	0.68	2.25

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

	2013-2014	2014-2015	2015-2016	2016-2017
6.0 OR MORE	0.14	0.65	0.80	1.08
5.0 TO 5.9	0.86	2.28	2.75	2.57
4.0 TO 4.9	3.49	9.43	11.00	9.02
3.0 TO 3.9	22.32	30.96	26.18	23.86
2.0 TO 2.9	49.57	36.18	35.17	35.32
1.0 TO 1.9	17.88	13.73	14.91	16.61
0.0 TO 0.9	4.45	4.39	5.77	7.06
-1.0 TO -0.1	1.05	1.77	2.44	3.02
-2.0 TO -1.1	0.20	0.41	0.74	1.07
-3.0 TO -2.1	0.04	0.14	0.18	0.30
LESS THAN -3.0	0.00	0.06	0.07	0.08

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

	2013-2014	2014-2015
4.0 OR MORE	0.17	0.23
3.5 TO 3.9	0.24	0.75
3.0 TO 3.4	1.09	3.41
2.5 TO 2.9	4.60	8.78
2.0 TO 2.4	16.05	25.34
1.5 TO 1.9	40.70	36.41
1.0 TO 1.4	27.60	15.22
0.5 TO 0.9	6.25	6.94
0.0 TO 0.4	2.61	2.20
WILL DECLINE	0.69	0.72

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2014.

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

MEAN PROBABILITY ATTACHED TO CORE CPI INFLATION:

	13Q4 TO 14Q4	14Q4 TO 15Q4
4 PERCENT OR MORE	0.09	0.43
3.5 TO 3.9 PERCENT	0.27	0.79
3.0 TO 3.4 PERCENT	1.46	2.93
2.5 TO 2.9 PERCENT	6.97	11.86
2.0 TO 2.4 PERCENT	27.27	31.95
1.5 TO 1.9 PERCENT	44.11	32.73
1.0 TO 1.4 PERCENT	15.81	13.83
0.5 TO 0.9 PERCENT	2.80	4.09
0.0 TO 0.4 PERCENT	0.79	0.92
WILL DECLINE	0.42	0.48

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	13Q4 TO 14Q4	14Q4 TO 15Q4
4 PERCENT OR MORE	0.00	0.10
3.5 TO 3.9 PERCENT	0.04	0.42
3.0 TO 3.4 PERCENT	0.94	2.23
2.5 TO 2.9 PERCENT	4.75	10.54
2.0 TO 2.4 PERCENT	18.67	24.98
1.5 TO 1.9 PERCENT	39.26	37.63
1.0 TO 1.4 PERCENT	28.85	17.88
0.5 TO 0.9 PERCENT	6.10	4.47
0.0 TO 0.4 PERCENT	1.11	1.17
WILL DECLINE	0.29	0.58

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2014.

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2014-2018

=====

CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.00	MINIMUM	0.96
LOWER QUARTILE	2.00	LOWER QUARTILE	1.70
MEDIAN	2.11	MEDIAN	1.90
UPPER QUARTILE	2.40	UPPER QUARTILE	2.20
MAXIMUM	2.90	MAXIMUM	2.80
MEAN	2.16	MEAN	1.92
STD. DEVIATION	0.34	STD. DEVIATION	0.34
N	38	N	37
MISSING	4	MISSING	5

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2014-2023

=====

CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	1.35	MINIMUM	1.33
LOWER QUARTILE	2.00	LOWER QUARTILE	1.82
MEDIAN	2.25	MEDIAN	2.00
UPPER QUARTILE	2.50	UPPER QUARTILE	2.30
MAXIMUM	3.30	MAXIMUM	2.70
MEAN	2.28	MEAN	2.05
STD. DEVIATION	0.34	STD. DEVIATION	0.32
N	38	N	37
MISSING	4	MISSING	5

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, SECOND QUARTER 2014.