



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: August 15, 2014

THIRD QUARTER 2014

Forecasters Hold the Line on Projections for Growth While Cutting Their Projections for Unemployment

The outlook for growth in the U.S. economy over the next four years looks mostly unchanged from that of three months ago, according to 43 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The panel expects real GDP to grow at an annual rate of 3.0 percent this quarter and 3.1 percent next quarter. On an annual-average over annual-average basis, the forecasters see real GDP growing 2.1 percent in 2014, down from the previous estimate of 2.4 percent. The forecasters predict real GDP will grow 3.1 percent in 2015, 2.9 percent in 2016, and 2.8 percent in 2017.

Healthier conditions in the labor market accompany the nearly stable outlook for output growth. The forecasters predict the unemployment rate will be an annual average of 6.3 percent in 2014, before falling to 5.7 percent in 2015, 5.4 percent in 2016, and 5.3 percent in 2017. These projections are below those of the last survey.

The forecasters are also more optimistic about the employment outlook. They have revised upward their estimates of the growth in jobs in the next four quarters. The forecasters see nonfarm payroll employment growing at a rate of 228,600 jobs per month this quarter and 211,200 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 204,800 in 2014 and 214,000 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>
Quarterly data:						
2014:Q3	2.9	3.0	6.3	6.1	204.7	228.6
2014:Q4	3.2	3.1	6.2	6.0	197.9	211.2
2015:Q1	3.1	3.1	6.1	5.8	199.3	208.3
2015:Q2	3.1	3.1	6.0	5.8	204.8	209.2
2015:Q3	N.A.	3.0	N.A.	5.6	N.A.	200.7
Annual data (projections are based on annual-average levels):						
2014	2.4	2.1	6.4	6.3	196.5	204.8
2015	3.1	3.1	5.9	5.7	202.7	214.0
2016	3.1	2.9	5.6	5.4	N.A.	N.A.
2017	2.8	2.8	5.5	5.3	N.A.	N.A.

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

This survey is the third 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 as they were in the two previous surveys of 2014, users may compare results across the surveys that we conducted this year.

At the same time, users should exercise caution in comparing the results of the surveys in 2014 with those of prior years.

A Note to Users of the Data for Percentage of Respondents Who Use the Natural Rate

In our write-up for the third-quarter survey of 2013 (the last survey in which we polled panelists on their use of the natural rate of unemployment), we incorrectly reported the percentage of respondents who use the natural rate in their forecasts. We reported incorrect values for the third-quarter observations beginning with the one for 2009Q3. This survey shows the correct values.

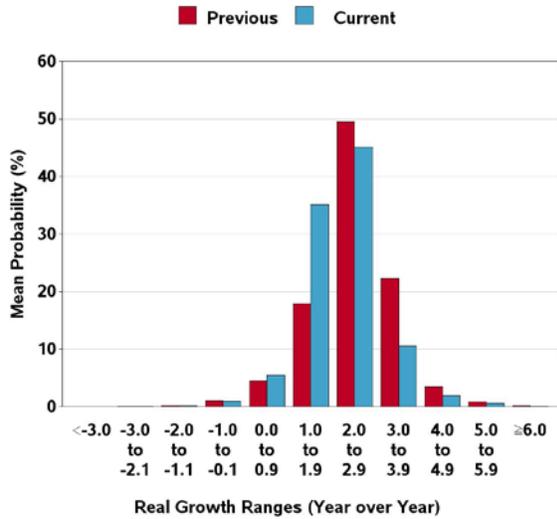
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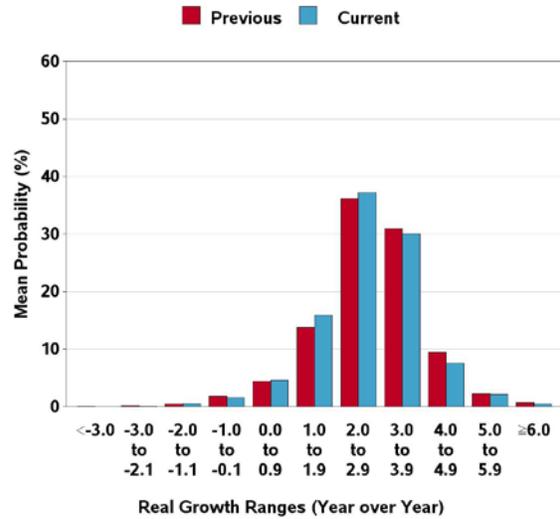
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The charts below provide some insight into the degree of uncertainty the forecasters have about their projections for the rate of growth in the annual-average level of real GDP. Each chart presents the forecasters' previous and current estimates of the probability that growth will fall into each of 11 ranges. The forecasters see lower probability of growth in the upper ranges in 2014. The probability estimates for growth in 2015, 2016, and 2017 are about the same now as they were in the previous survey.

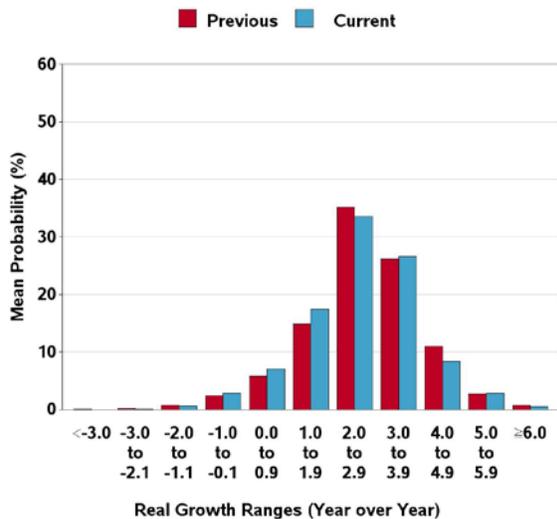
Mean Probabilities for Real GDP Growth in 2014



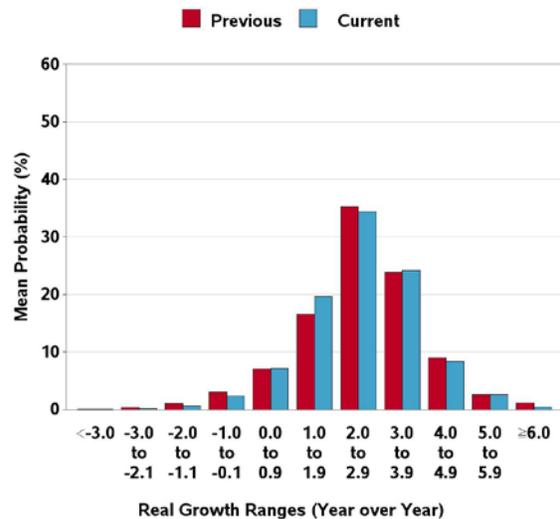
Mean Probabilities for Real GDP Growth in 2015



Mean Probabilities for Real GDP Growth in 2016

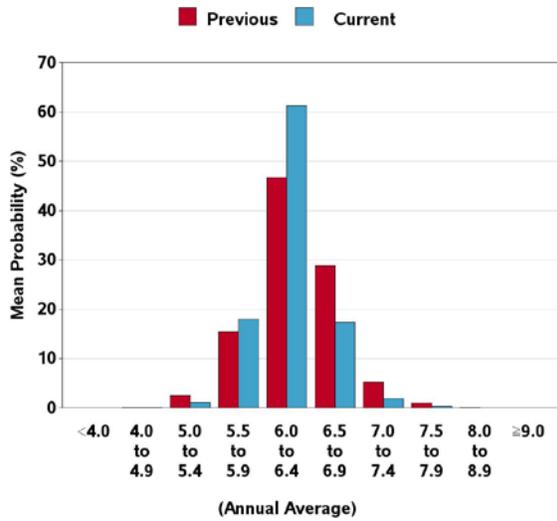


Mean Probabilities for Real GDP Growth in 2017

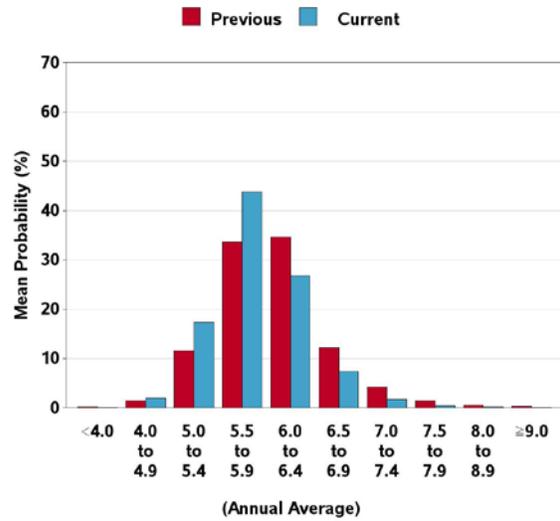


The forecasters' density projections for unemployment, shown below, shed light on uncertainty about the labor market over the next four years. Each chart for unemployment presents the forecasters' current estimates of the probability that unemployment will fall into each of the 10 ranges. The charts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

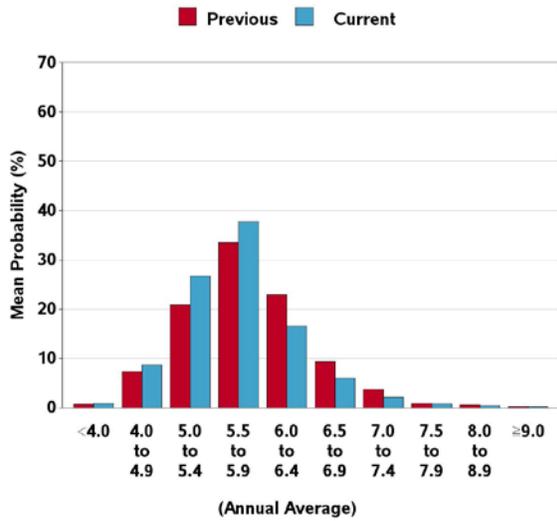
Mean Probabilities for Unemployment Rate in 2014



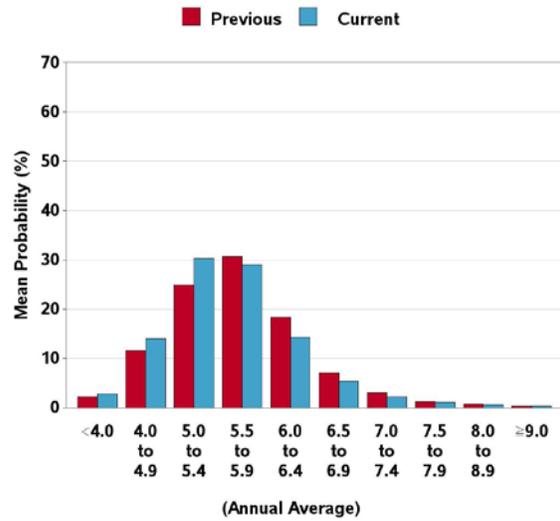
Mean Probabilities for Unemployment Rate in 2015



Mean Probabilities for Unemployment Rate in 2016



Mean Probabilities for Unemployment Rate in 2017



Forecasters See Higher Near-Term Inflation Even as They Leave Their Long-Term Projections (Nearly) Unchanged

The forecasters expect current-quarter headline CPI inflation to average 2.2 percent, higher than the last survey's estimate of 1.9 percent. The forecasters predict current-quarter headline PCE inflation of 1.9 percent, higher than the prediction of 1.7 percent from the survey of three months ago.

The forecasters also see higher headline and core measures of CPI and PCE inflation during the next two years. Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 2.3 percent in 2014, up from 1.9 percent in the last survey, and 2.2 percent in 2015, up 0.1 percentage point from the previous estimate. Forecasters expect fourth-quarter over fourth-quarter headline PCE inflation to average 1.8 percent in 2014, up from 1.6 percent in the last survey, and 2.0 percent in 2015, up 0.1 percentage point from the previous estimate.

Core PCE inflation will average 1.7 percent this year (up from 1.5 percent in the last survey) and 1.9 percent in 2015 (up from 1.8 percent). The forecasters continue to see core PCE inflation averaging 1.9 percent in 2016.

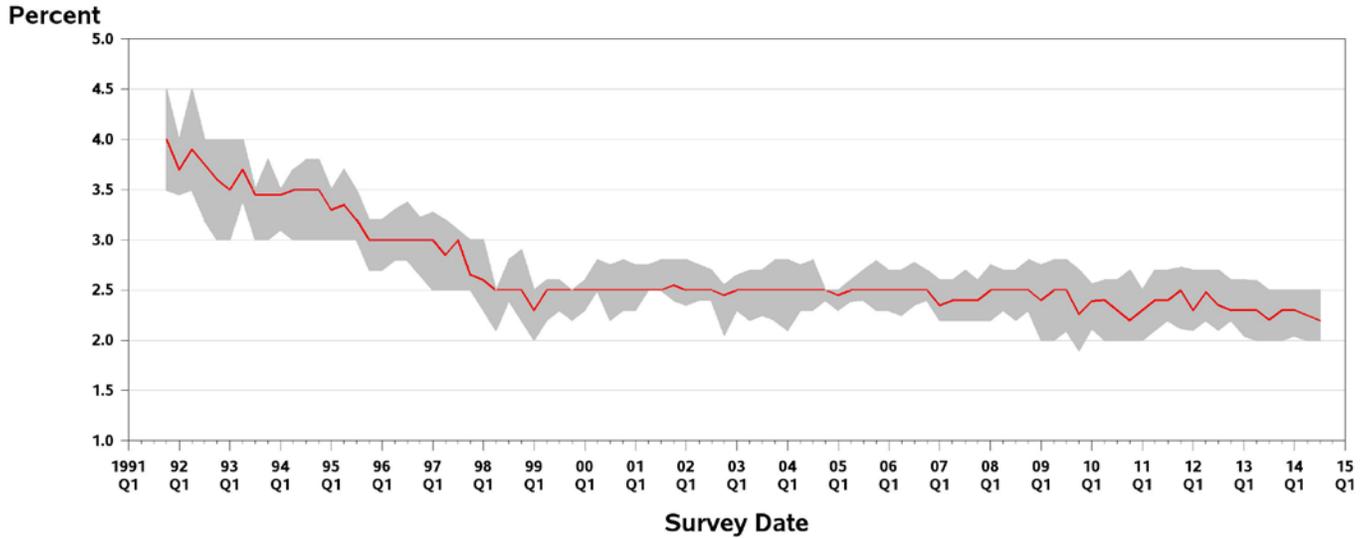
Ten-year annual-average CPI and PCE inflation are projected to be 2.2 and 2.0 percent, respectively; nearly the same rates the forecasters predicted in the last survey.

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

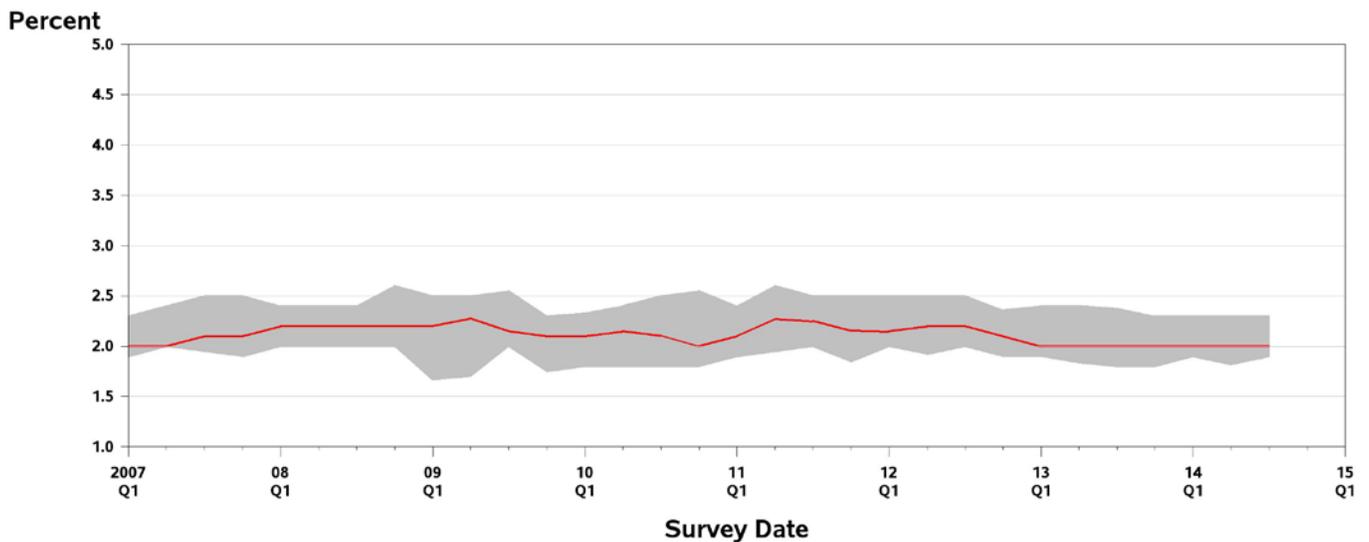
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2014:Q3	1.9	2.2	1.8	2.1	1.7	1.9	1.7	1.8
2014:Q4	1.9	2.0	1.9	2.1	1.7	1.9	1.7	1.9
2015:Q1	2.0	2.1	2.0	2.1	1.8	2.0	1.8	1.9
2015:Q2	2.0	2.2	2.1	2.2	1.8	2.0	1.8	2.0
2015:Q3	N.A.	2.1	N.A.	2.1	N.A.	2.0	N.A.	1.9
<i>Q4/Q4 Annual Averages</i>								
2014	1.9	2.3	1.8	2.1	1.6	1.8	1.5	1.7
2015	2.1	2.2	2.1	2.1	1.9	2.0	1.8	1.9
2016	2.2	2.3	2.1	2.2	1.9	2.0	1.9	1.9
<i>Long-Term Annual Averages</i>								
2014-2018	2.11	2.20	N.A.	N.A.	1.90	2.00	N.A.	N.A.
2014-2023	2.25	2.20	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 the projections for 10-year annual-average CPI and PCE inflation. The top panel shows a slightly lower estimate for 10-year CPI inflation. The bottom panel highlights the unchanged 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)

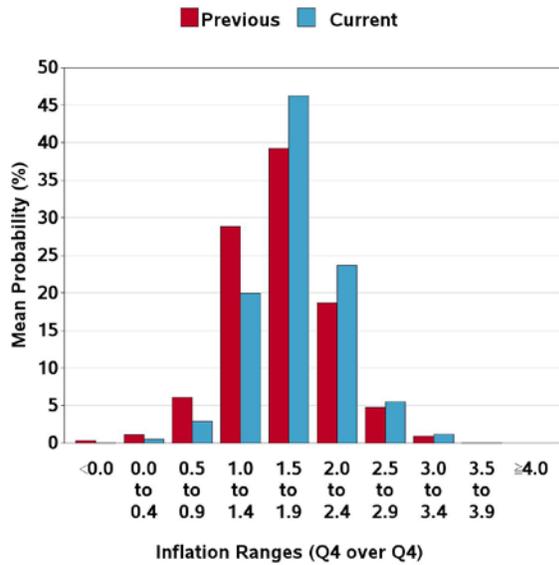


Projections for the 10-Year Annual-Average Rate of PCE Inflation (Median and Interquartile Range)

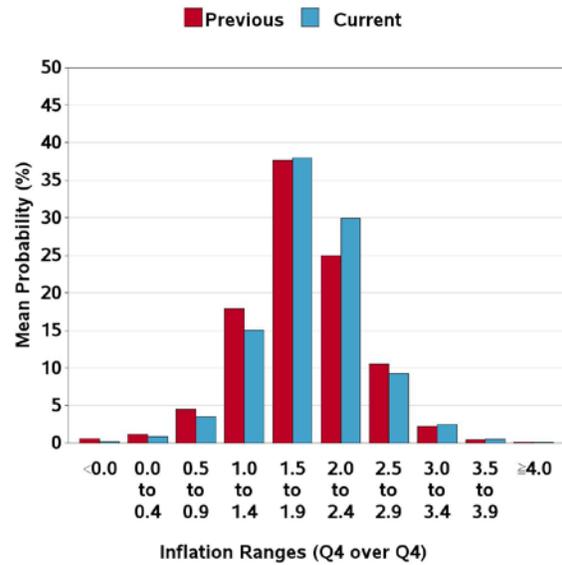


The figures below show the probabilities that the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2014 and 2015 will fall into each of 10 ranges. For 2014, the forecasters assign a higher chance than previously that core PCE inflation will fall in the range of 1.5 to 2.4 percent.

Mean Probabilities for Core PCE Inflation in 2014



Mean Probabilities for Core PCE Inflation in 2015



Lower 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 7.6 percent chance of negative growth, down from 10.1 percent in the survey of three months ago.

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

Quarterly data:	Previous	New
2014: Q3	10.1	7.6
2014: Q4	10.8	9.7
2015: Q1	12.2	11.3
2015: Q2	12.8	11.9
2015: Q3	N.A.	13.5

Natural Rate of Unemployment Estimated at 5.5 Percent

In third-quarter surveys, we ask the forecasters to provide their estimates of the natural rate of unemployment — the rate of unemployment that occurs when the economy reaches equilibrium. The forecasters peg this rate at 5.5 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-five percent of the 34 forecasters who answered the question report that they use the natural rate in their forecasts. The lowest estimate is 4.50 percent, and the highest estimate is 6.7 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	45	5.00	4.00	6.00
2010:Q3	50	5.78	4.50	6.80
2011:Q3	44	6.00	4.75	7.00
2012:Q3	49	6.00	4.75	7.00
2013:Q3	63	6.00	4.75	7.00
2014:Q3	65	5.50	4.50	6.70

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; **Gregory Daco**, Oxford Economics USA, Inc.; **Rajeev Dhawan**, Georgia State University; **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; **Vincent Reinhart**, Morgan Stanley; **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 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2014	2015	2016	2017
						(YEAR-OVER-YEAR)			
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	3.0	3.1	3.1	3.1	3.0	2.1	3.1	2.9	2.8
2. GDP PRICE INDEX (PERCENT CHANGE)	1.8	1.9	2.0	2.0	2.0	1.6	1.9	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	4.7	4.9	4.9	4.4	5.0	3.7	4.9	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	2.0	1.8	1.8	1.8	1.7	1.8	1.9	N.A.	N.A.
(AVG MONTHLY CHANGE)	228.6	211.2	208.3	209.2	200.7	204.8	214.0	N.A.	N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	6.1	6.0	5.8	5.8	5.6	6.3	5.7	5.4	5.3
6. 3-MONTH TREASURY BILL (PERCENT)	0.0	0.1	0.1	0.2	0.4	0.0	0.4	1.8	2.9
7. 10-YEAR TREASURY BOND (PERCENT)	2.7	2.8	3.0	3.2	3.5	2.7	3.3	3.9	4.4
	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2014	2015	2016	
						(Q4-OVER-Q4)			
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	2.2	2.0	2.1	2.2	2.1	2.3	2.2	2.3	
9. CORE CPI (ANNUAL RATE)	2.1	2.1	2.1	2.2	2.1	2.1	2.1	2.2	
10. PCE (ANNUAL RATE)	1.9	1.9	2.0	2.0	2.0	1.8	2.0	2.0	
11. CORE PCE (ANNUAL RATE)	1.8	1.9	1.9	2.0	1.9	1.7	1.9	1.9	

THE FIGURES ON EACH LINE ARE MEDIANS OF 43 INDIVIDUAL FORECASTERS.

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

SURVEY OF PROFESSIONAL FORECASTERS

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

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST			ACTUAL		FORECAST			
		2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL	2017 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	39	17295	17494	17705	17920	18113	18336	16768	17388	18234	N.A.	N.A.
2. GDP PRICE INDEX (2009=100)	40	108.22	108.70	109.21	109.74	110.29	110.84	106.74	108.47	110.59	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	15	N.A.	1585.5	1596.7	1630.4	1677.6	1711.7	1632.6	1543.4	1694.6	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	41	6.2	6.1	6.0	5.8	5.8	5.6	7.4	6.3	5.7	5.4	5.3
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	38	138513	139199	139832	140458	141085	141687	136363	138821	141389	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	36	103.6	104.5	105.4	106.4	107.2	108.1	99.9	103.9	107.6	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	38	0.98	1.01	1.07	1.10	1.15	1.19	0.93	0.99	1.17	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	39	0.03	0.04	0.05	0.08	0.20	0.41	0.06	0.04	0.36	1.79	2.86
9. AAA CORPORATE BOND YIELD (PERCENT)	35	4.22	4.28	4.46	4.52	4.75	5.00	4.24	4.34	4.90	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	35	4.82	4.89	5.09	5.26	5.53	5.70	5.10	4.97	5.64	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	40	2.62	2.65	2.82	3.04	3.21	3.46	2.35	2.71	3.33	3.93	4.36
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	41	15986	16104	16226	16352	16477	16598	15710	16039	16536	17017	17493
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	39	10910.5	10980.9	11064.0	11143.7	11223.6	11301.9	10699.7	10949.9	11252.3	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	38	2079.1	2109.1	2138.2	2168.9	2199.3	2230.5	1990.6	2094.9	2213.7	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	37	494.2	506.1	514.8	528.1	539.2	555.4	488.4	499.7	547.5	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	37	1115.3	1116.7	1116.6	1115.9	1116.7	1117.1	1145.3	1116.6	1117.8	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	37	1763.7	1767.6	1771.6	1775.1	1779.6	1783.8	1748.5	1763.4	1781.9	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	36	93.4	74.6	66.5	64.8	59.2	60.9	63.6	68.6	58.7	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	38	-470.3	-459.3	-459.0	-460.0	-465.9	-474.0	-420.5	-458.3	-467.5	N.A.	N.A.

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

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	2013	2014	2015	2016
		TO Q3 2014	TO Q4 2014	TO Q1 2015	TO Q2 2015	TO Q3 2015	TO 2014	TO 2015	TO 2016	TO 2017
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	39	4.7	4.9	4.9	4.4	5.0	3.7	4.9	N.A.	N.A.
2. GDP PRICE INDEX (2009=100)	40	1.8	1.9	2.0	2.0	2.0	1.6	1.9	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	15	16.7	2.9	8.7	12.1	8.4	-5.5	9.8	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	41	-0.1	-0.1	-0.2	-0.1	-0.1	-1.2	-0.5	-0.3	-0.1
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) (AVG MONTHLY CHANGE)	38 38	2.0 228.6	1.8 211.2	1.8 208.3	1.8 209.2	1.7 200.7	1.8 204.8	1.9 214.0	N.A. N.A.	N.A. N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	36	3.5	3.4	3.7	3.3	3.3	4.0	3.5	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	38	14.6	21.7	15.1	17.8	15.0	6.9	18.0	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	39	0.01	0.01	0.03	0.12	0.21	-0.02	0.32	1.43	1.07
9. AAA CORPORATE BOND YIELD (PERCENT)	35	0.06	0.18	0.06	0.23	0.25	0.10	0.56	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	35	0.07	0.20	0.17	0.27	0.18	-0.13	0.67	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	40	0.03	0.17	0.22	0.17	0.25	0.36	0.62	0.60	0.43
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	41	3.0	3.1	3.1	3.1	3.0	2.1	3.1	2.9	2.8
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	39	2.6	3.1	2.9	2.9	2.8	2.3	2.8	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	38	5.9	5.6	5.9	5.7	5.8	5.2	5.7	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	37	10.0	7.0	10.7	8.7	12.6	2.3	9.6	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	37	0.5	-0.0	-0.3	0.3	0.2	-2.5	0.1	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	37	0.9	0.9	0.8	1.0	0.9	0.9	1.0	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	36	-18.8	-8.1	-1.7	-5.6	1.7	5.0	-10.0	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	38	11.0	0.3	-1.0	-5.9	-8.1	-37.8	-9.2	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 2014.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL	FORECAST (Q/Q)					ACTUAL	FORECAST (Q4/Q4)		
		2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	41	3.0	2.2	2.0	2.1	2.2	2.1	1.2	2.3	2.2	2.3
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	39	2.5	2.1	2.1	2.1	2.2	2.1	1.7	2.1	2.1	2.2
3. PCE PRICE INDEX (ANNUAL RATE)	38	2.3	1.9	1.9	2.0	2.0	2.0	1.0	1.8	2.0	2.0
4. CORE PCE PRICE INDEX (ANNUAL RATE)	36	2.0	1.8	1.9	1.9	2.0	1.9	1.3	1.7	1.9	1.9

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

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q2 2014 TO Q3 2014	Q3 2014 TO Q4 2014	Q4 2014 TO Q1 2015	Q1 2015 TO Q2 2015	Q2 2015 TO Q3 2015
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NUMBER OF FORECASTERS

10 OR LESS	32	30	23	21	18
11 TO 20	6	8	15	14	17
21 TO 30	2	2	2	4	4
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	3	3	3	3	3

MEAN AND MEDIAN

MEDIAN PROBABILITY	5.00	9.50	10.00	10.00	14.00
MEAN PROBABILITY	7.63	9.74	11.29	11.87	13.47

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 40.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.13	0.19	0.29
8.0 TO 8.9 PERCENT	0.00	0.18	0.39	0.58
7.5 TO 7.9 PERCENT	0.33	0.43	0.78	1.10
7.0 TO 7.4 PERCENT	1.90	1.76	2.12	2.23
6.5 TO 6.9 PERCENT	17.37	7.37	5.96	5.35
6.0 TO 6.4 PERCENT	61.27	26.81	16.55	14.30
5.5 TO 5.9 PERCENT	17.95	43.79	37.76	29.09
5.0 TO 5.4 PERCENT	1.12	17.36	26.69	30.28
4.0 TO 4.9 PERCENT	0.05	2.05	8.70	14.00
LESS THAN 4.0 PERCENT	0.01	0.14	0.86	2.77

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	0.07	0.39	0.49	0.42
5.0 TO 5.9	0.60	2.18	2.82	2.55
4.0 TO 4.9	1.90	7.56	8.42	8.42
3.0 TO 3.9	10.59	30.06	26.61	24.17
2.0 TO 2.9	45.11	37.15	33.56	34.44
1.0 TO 1.9	35.08	15.91	17.46	19.62
0.0 TO 0.9	5.48	4.58	7.07	7.20
-1.0 TO -0.1	0.93	1.56	2.85	2.32
-2.0 TO -1.1	0.15	0.53	0.64	0.63
-3.0 TO -2.1	0.06	0.07	0.07	0.17
LESS THAN -3.0	0.02	0.01	0.01	0.06

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

	2013-2014	2014-2015
4.0 OR MORE	0.15	0.23
3.5 TO 3.9	0.21	0.71
3.0 TO 3.4	0.75	2.18
2.5 TO 2.9	4.24	11.70
2.0 TO 2.4	23.46	29.84
1.5 TO 1.9	47.92	37.89
1.0 TO 1.4	17.20	12.26
0.5 TO 0.9	4.20	3.73
0.0 TO 0.4	1.70	1.22
WILL DECLINE	0.17	0.24

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, THIRD 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	0.23	0.68
3.5 TO 3.9 PERCENT	0.39	0.86
3.0 TO 3.4 PERCENT	1.84	4.26
2.5 TO 2.9 PERCENT	11.12	15.15
2.0 TO 2.4 PERCENT	39.79	35.49
1.5 TO 1.9 PERCENT	35.24	30.19
1.0 TO 1.4 PERCENT	9.37	9.77
0.5 TO 0.9 PERCENT	1.59	2.36
0.0 TO 0.4 PERCENT	0.29	0.76
WILL DECLINE	0.16	0.47

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	13Q4 TO 14Q4	14Q4 TO 15Q4
4 PERCENT OR MORE	0.00	0.11
3.5 TO 3.9 PERCENT	0.02	0.53
3.0 TO 3.4 PERCENT	1.21	2.52
2.5 TO 2.9 PERCENT	5.52	9.24
2.0 TO 2.4 PERCENT	23.62	29.98
1.5 TO 1.9 PERCENT	46.26	38.00
1.0 TO 1.4 PERCENT	19.91	15.03
0.5 TO 0.9 PERCENT	2.93	3.52
0.0 TO 0.4 PERCENT	0.49	0.86
WILL DECLINE	0.05	0.21

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

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

ANNUAL AVERAGE OVER THE NEXT 5 YEARS: 2014-2018

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CPI INFLATION RATE		PCE INFLATION RATE	
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MINIMUM	0.97	MINIMUM	0.69
LOWER QUARTILE	2.10	LOWER QUARTILE	1.80
MEDIAN	2.20	MEDIAN	2.00
UPPER QUARTILE	2.47	UPPER QUARTILE	2.15
MAXIMUM	3.20	MAXIMUM	2.60
MEAN	2.23	MEAN	1.97
STD. DEVIATION	0.37	STD. DEVIATION	0.36
N	39	N	36
MISSING	4	MISSING	7

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2014-2023

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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	0.97	MINIMUM	0.76
LOWER QUARTILE	2.00	LOWER QUARTILE	1.90
MEDIAN	2.20	MEDIAN	2.00
UPPER QUARTILE	2.50	UPPER QUARTILE	2.30
MAXIMUM	3.50	MAXIMUM	2.90
MEAN	2.27	MEAN	2.05
STD. DEVIATION	0.39	STD. DEVIATION	0.35
N	39	N	36
MISSING	4	MISSING	7

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