



SURVEY OF PROFESSIONAL FORECASTERS

Release Date: November 9, 2012

FOURTH QUARTER 2012

Forecasters Hold the Line on Their Estimates for Growth

The outlook for the U.S. economy is little changed from the survey of three months ago, according to 39 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The forecasters expect real GDP to grow at an annual rate of 1.8 percent this quarter, down from the previous estimate of 2.2 percent. Over the next three quarters, they expect GDP growth to average 2.1 percent, down from the previous average of 2.2 percent. On an annual-average over annual-average basis, the forecasters see real GDP growing 2.2 percent in 2012, unchanged from their prediction in the survey of three months ago. The forecasters predict real GDP will grow 2.0 percent in 2013, 2.7 percent in 2014, and 2.9 percent in 2015.

The estimates for unemployment also changed little from the projections in the last survey. Unemployment is projected to be an annual average of 8.1 percent in 2012, before falling to 7.8 percent in 2013, 7.4 percent in 2014, and 6.9 percent in 2015. The projections are similar to those of the previous survey.

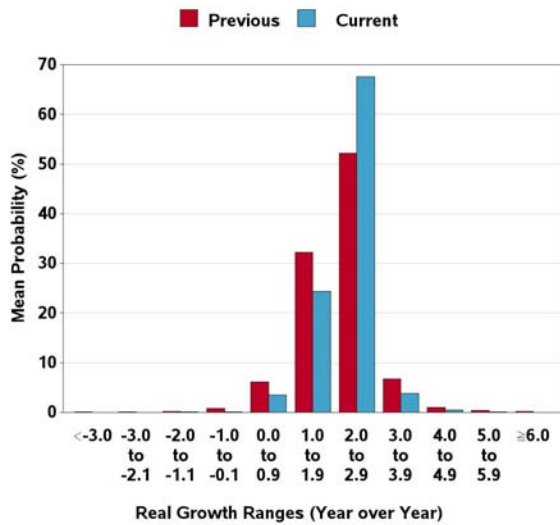
On the employment front, the forecasters have made small revisions to their estimates of the growth in jobs over the next four quarters. The forecasters see nonfarm payroll employment growing at a rate of 148,700 jobs per month this quarter and 127,400 jobs per month next quarter. The forecasters' projections for the annual-average level of nonfarm payroll employment are almost identical to those of three months ago. The projections suggest job gains at a monthly rate of 155,600 in 2012 and 143,300 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

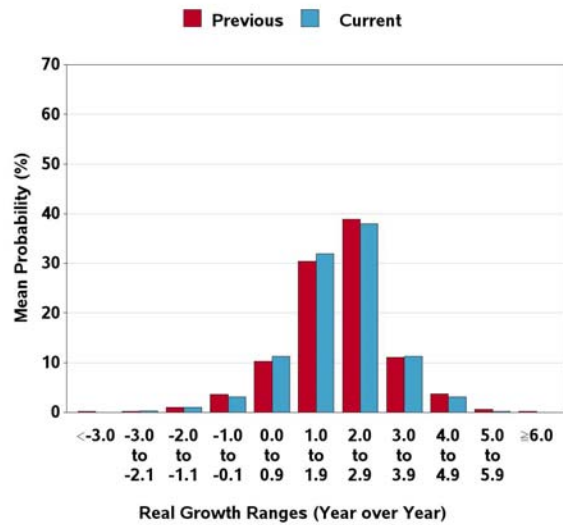
	<i>Real GDP (%)</i>		<i>Unemployment Rate (%)</i>		<i>Payrolls (000s/month)</i>	
	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>	<i>Previous</i>	<i>New</i>
<i>Quarterly data:</i>						
2012:Q4	2.2	1.8	8.1	7.9	135.3	148.7
2013:Q1	1.8	1.7	8.0	7.9	151.7	127.4
2013:Q2	2.3	2.0	7.9	7.8	139.7	146.1
2013:Q3	2.5	2.7	7.8	7.8	149.0	170.2
2013:Q4	N.A.	2.8	N.A.	7.6	N.A.	178.3
<i>Annual data (projections are based on annual average levels):</i>						
2012	2.2	2.2	8.2	8.1	154.6	155.6
2013	2.1	2.0	7.9	7.8	143.2	143.3
2014	2.7	2.7	7.3	7.4	N.A.	N.A.
2015	3.1	2.9	7.0	6.9	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 right for 2014 and 2015, indicating their expectations of higher real GDP growth compared with their previous estimates.

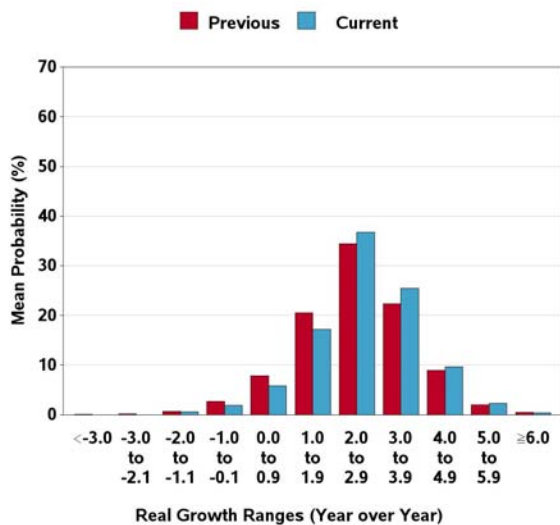
Mean Probabilities for Real GDP Growth in 2012



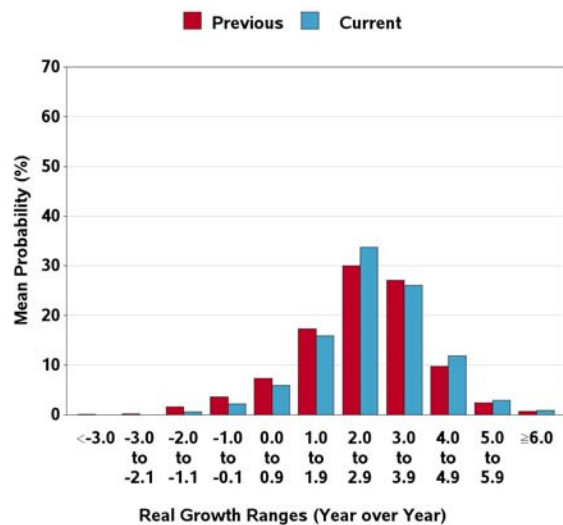
Mean Probabilities for Real GDP Growth in 2013



Mean Probabilities for Real GDP Growth in 2014

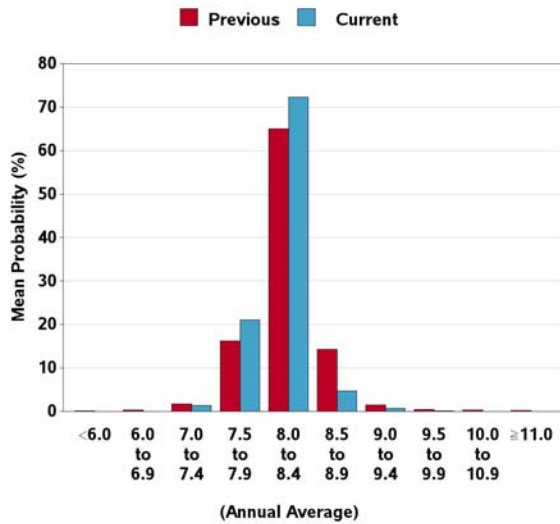


Mean Probabilities for Real GDP Growth in 2015

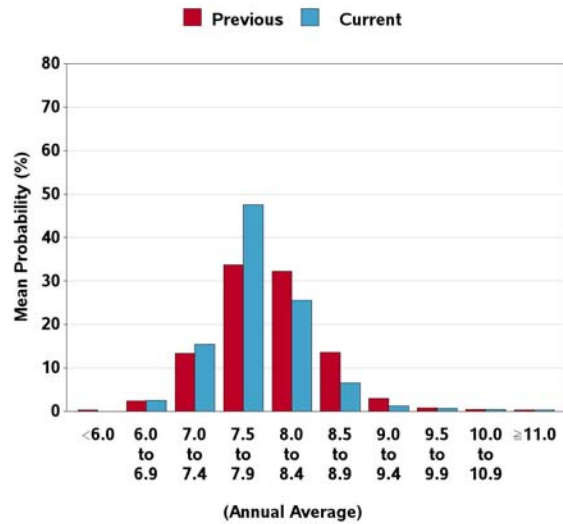


The forecasters' density projections, as shown in the charts below, shed light on the odds of a recovery in the labor market over the next four years. Each chart presents the forecasters' previous and current estimates of the probability that unemployment will fall into each of 10 ranges. The forecasters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

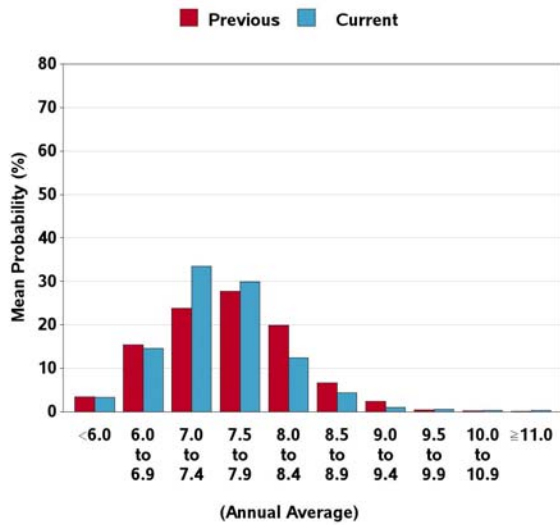
Mean Probabilities for Unemployment Rate in 2012



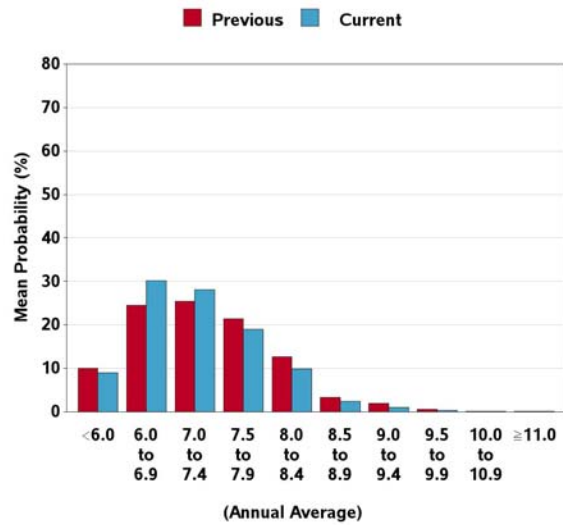
Mean Probabilities for Unemployment Rate in 2013



Mean Probabilities for Unemployment Rate in 2014



Mean Probabilities for Unemployment Rate in 2015



Forecasters See Little Reason to Adjust Their Inflation Projections

The forecasters expect current-quarter headline CPI inflation to average 2.3 percent, up from the last survey's estimate of 2.0 percent. They predict current-quarter headline PCE inflation of 2.0 percent, identical to that in the last survey.

Measured on a fourth-quarter over fourth-quarter basis, headline CPI inflation is expected to average 1.9 percent in 2012, up slightly from 1.8 percent in the last survey. The forecasts for 2.2 percent in 2013 and 2.3 percent in 2014 are the same as they were in the last survey.

Forecasters also expect fourth-quarter over fourth-quarter headline PCE inflation at levels unchanged from the previous survey: 1.7 percent in 2012, 2.0 percent in 2013, and 2.2 percent in 2014.

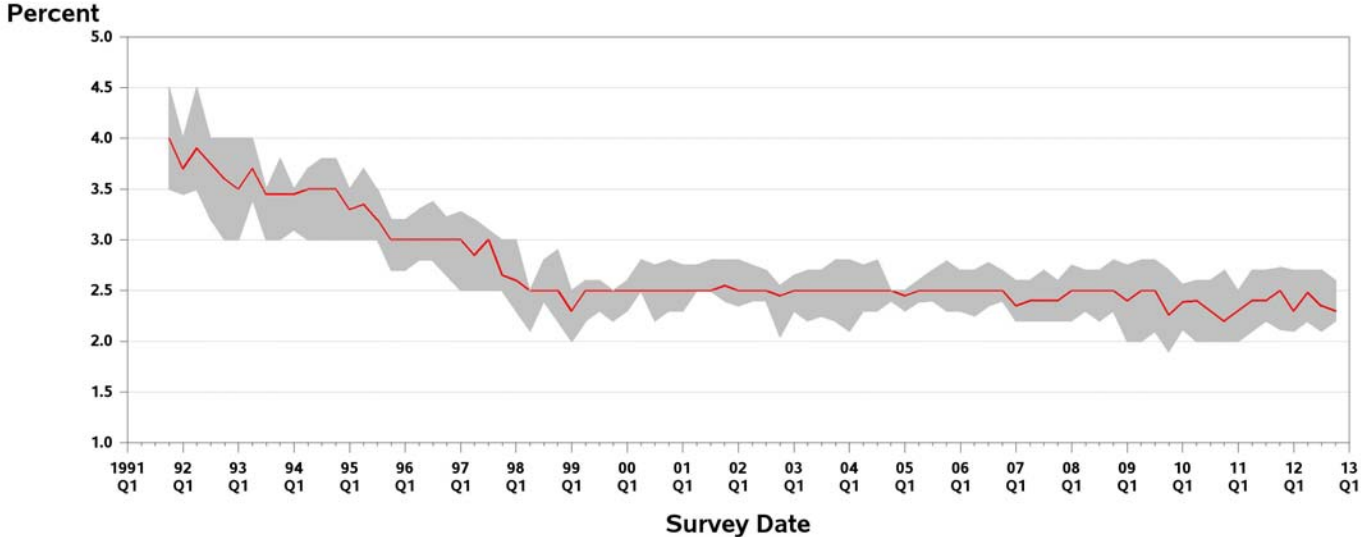
Revisions to the projections for long-term inflation are also small. Over the next 10 years, 2012 to 2021, the forecasters expect headline CPI inflation to average 2.30 percent at an annual rate. The corresponding estimate for 10-year annual-average headline PCE inflation is 2.10 percent.

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

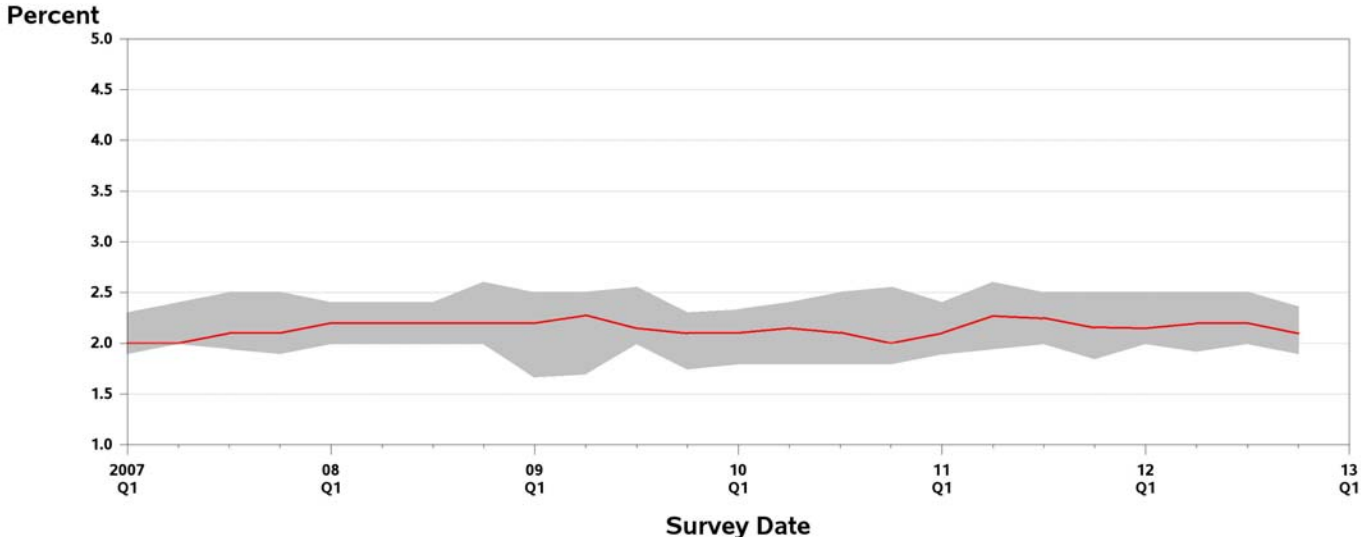
	Headline CPI		Core CPI		Headline PCE		Core PCE	
	Previous	Current	Previous	Current	Previous	Current	Previous	Current
<i>Quarterly</i>								
2012:Q4	2.0	2.3	2.0	1.8	2.0	2.0	1.8	1.6
2013:Q1	2.1	2.1	2.0	1.9	2.0	1.8	1.9	1.8
2013:Q2	2.1	2.2	2.0	2.0	2.0	2.0	2.0	1.9
2013:Q3	2.2	2.2	2.1	2.0	2.1	2.0	2.0	1.9
2013:Q4	N.A.	2.3	N.A.	2.0	N.A.	2.1	N.A.	1.9
<i>Q4/Q4 Annual Averages</i>								
2012	1.8	1.9	2.2	2.0	1.7	1.7	1.9	1.7
2013	2.2	2.2	2.0	2.0	2.0	2.0	2.0	1.9
2014	2.3	2.3	2.2	2.2	2.2	2.2	2.0	2.0
<i>Long-Term Annual Averages</i>								
2012-2016	2.20	2.28	N.A.	N.A.	2.00	2.00	N.A.	N.A.
2012-2021	2.35	2.30	N.A.	N.A.	2.20	2.10	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 small downward revision for CPI inflation, from 2.35 percent to 2.30 percent. The bottom panel highlights the small downward revision for PCE inflation, from 2.2 percent to 2.1 percent.

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

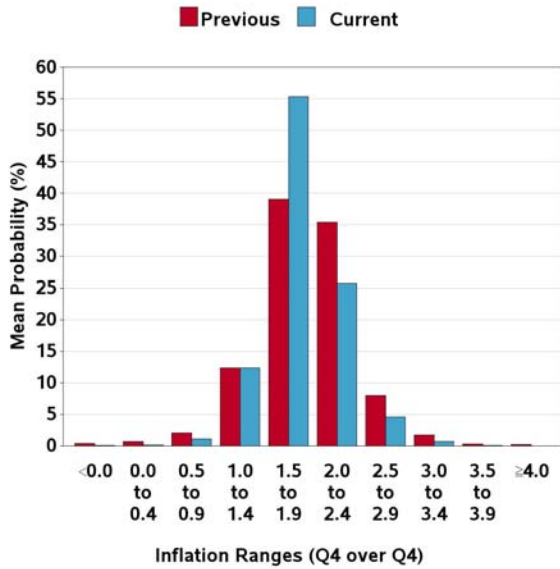


**Projections for the 10-Year Annual-Average Rate of PCE Inflation
(Median and Interquartile Range)**

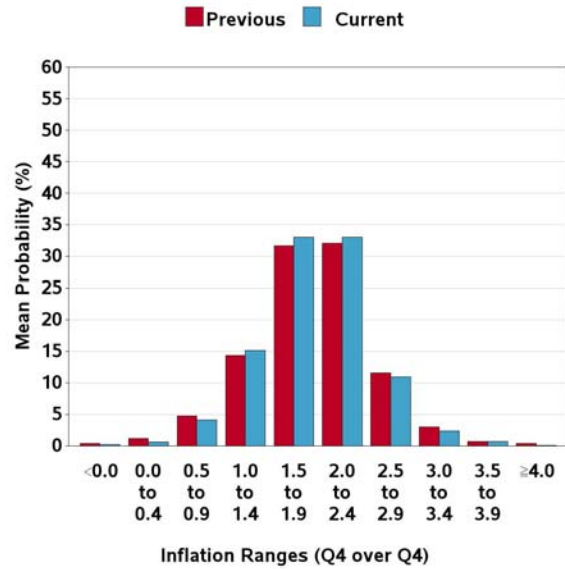


The figures below show the probabilities the forecasters are assigning to the possibility that fourth-quarter over fourth-quarter core PCE inflation in 2012 and 2013 will fall into each of 10 ranges. The chart on the left shows that the spread of density estimates for core PCE inflation in 2012 has tightened with the largest probability assigned to the range of 1.5 percent to 1.9 percent. The estimates of uncertainty about core PCE inflation in 2013 remained mostly unchanged from the previous survey.

Mean Probabilities for Core PCE Inflation in 2012



Mean Probabilities for Core PCE Inflation in 2013



Forecasters Cut the Chance for Negative Fourth-Quarter Growth

For the current quarter, the forecasters predict a 13.5 percent chance of negative growth, down from 17.0 percent in the survey of three months ago. The forecasters have little revised the chance of a contraction in real GDP in any of the next three quarters. As the table below shows, the panelists have made only small 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: Q4	17.0	13.5
2013: Q1	21.2	23.0
2013: Q2	21.0	21.7
2013: Q3	19.1	17.9
2013: Q4	N.A.	16.4

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 Mobasheri**, AIG Global Economic Research; **Michael Moran**, Daiwa Capital Markets America; **Joel L. Naroff**, Naroff Economic Advisors; **Mark Nielson, Ph.D.**, MacroEcon Global Advisors; **Michael P. Niemira**, International Council of Shopping Centers; **Luca Noto**, 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.

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

On November 9, 2012, the Philadelphia Fed released the results of the Survey of Professional Forecasters for the fourth quarter of 2012. At the same time, we also released some changes to the individual responses of the survey's historical data set, available at:

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

All together, we corrected 201 individual observations, spread across all survey variables, forecast horizons, and survey dates. This is a small number of changes compared with the number of responses in the entire data set. We focused our attention on individual responses that were more than five standard deviations from the mean response. In some cases, we were able to change the recorded response to the correct value. In other cases, we changed the observation in question to a missing value.

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

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

A list of the changes made is available at:

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

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

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

SUMMARY TABLE
SURVEY OF PROFESSIONAL FORECASTERS
MAJOR MACROECONOMIC INDICATORS

	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2012	2013	2014	2015
						(YEAR-OVER-YEAR)			
PERCENT GROWTH AT ANNUAL RATES									
1. REAL GDP (BILLIONS, CHAIN WEIGHTED)	1.8	1.7	2.0	2.7	2.8	2.2	2.0	2.7	2.9
2. GDP PRICE INDEX (PERCENT CHANGE)	1.7	1.8	2.0	2.1	2.1	1.8	2.0	N.A.	N.A.
3. NOMINAL GDP (\$ BILLIONS)	3.7	3.6	4.0	5.0	5.0	4.1	4.0	N.A.	N.A.
4. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE) (AVG MONTHLY CHANGE)	1.3 148.7	1.1 127.4	1.3 146.1	1.5 170.2	1.6 178.3	1.4 155.6	1.3 143.3	N.A. N.A.	N.A. N.A.
VARIABLES IN LEVELS									
5. UNEMPLOYMENT RATE (PERCENT)	7.9	7.9	7.8	7.8	7.6	8.1	7.8	7.4	6.9
6. 3-MONTH TREASURY BILL (PERCENT)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.3	1.0
7. 10-YEAR TREASURY BOND (PERCENT)	1.8	1.8	1.9	2.1	2.3	1.8	2.1	2.6	3.0
	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2012	2013	2014	
						(Q4-OVER-Q4)			
INFLATION INDICATORS									
8. CPI (ANNUAL RATE)	2.3	2.1	2.2	2.2	2.3	1.9	2.2	2.3	
9. CORE CPI (ANNUAL RATE)	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.2	
10. PCE (ANNUAL RATE)	2.0	1.8	2.0	2.0	2.1	1.7	2.0	2.2	
11. CORE PCE (ANNUAL RATE)	1.6	1.8	1.9	1.9	1.9	1.7	1.9	2.0	

THE FIGURES ON EACH LINE ARE MEDIANS OF 39 INDIVIDUAL FORECASTERS.

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

SURVEY OF PROFESSIONAL FORECASTERS

Fourth 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 October 26; the tables do not reflect subsequent revisions to the data. All forecasts were received on or before November 6, 2012.

TABLE ONE
MAJOR MACROECONOMIC INDICATORS
MEDIAN OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST				ACTUAL		FORECAST		
		2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	36	15776	15918	16059	16216	16415	16615	15076	15688	16319	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	37	115.86	116.36	116.87	117.44	118.05	118.68	113.37	115.46	117.72	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	25	N.A.	1525.0	1531.8	1554.5	1585.7	1611.7	1447.9	1490.0	1574.3	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	38	8.1	7.9	7.9	7.8	7.8	7.6	9.0	8.1	7.8	7.4	6.9
5. NONFARM PAYROLL EMPLOYMENT (THOUSANDS)	34	133377	133823	134205	134644	135154	135689	131359	133226	134946	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	33	97.2	97.6	98.3	99.1	99.9	100.7	93.7	97.2	99.5	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	34	0.79	0.82	0.84	0.89	0.93	0.95	0.61	0.76	0.91	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	37	0.10	0.10	0.10	0.11	0.11	0.12	0.05	0.09	0.12	0.26	1.01
9. AAA CORPORATE BOND YIELD (PERCENT)	28	3.46	3.51	3.62	3.74	3.90	4.08	4.64	3.67	3.84	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	28	4.87	4.82	4.84	5.00	5.20	5.30	5.66	5.00	5.09	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	36	1.64	1.75	1.80	1.89	2.12	2.25	2.79	1.81	2.08	2.58	3.02
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	38	13616	13677	13735	13804	13896	13993	13299	13587	13862	14234	14647
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	37	9630.3	9682.8	9723.7	9770.0	9830.1	9892.8	9428.8	9610.1	9807.5	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	1478.2	1485.9	1502.5	1529.4	1555.0	1578.5	1378.2	1480.1	1542.0	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	371.6	382.5	393.3	403.6	415.7	427.1	327.6	366.4	409.9	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	35	1046.2	1040.9	1035.7	1031.8	1029.2	1026.0	1047.0	1033.2	1030.6	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	34	1461.2	1459.1	1457.9	1458.1	1459.0	1462.6	1482.0	1461.7	1458.3	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	35	34.1	33.8	40.0	40.0	40.5	42.5	31.0	41.3	41.3	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	-413.7	-415.0	-421.0	-426.3	-429.2	-429.0	-408.0	-413.0	-427.0	N.A.	N.A.

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

TABLE TWO
MAJOR MACROECONOMIC INDICATORS
PERCENTAGE CHANGES AT ANNUAL RATES

	NUMBER OF FORECASTERS	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	2011	2012	2013	2014
		TO Q4 2012	TO Q1 2013	TO Q2 2013	TO Q3 2013	TO Q4 2013	TO 2012	TO 2013	TO 2014	TO 2015
1. GROSS DOMESTIC PRODUCT (GDP) (\$ BILLIONS)	36	3.7	3.6	4.0	5.0	5.0	4.1	4.0	N.A.	N.A.
2. GDP PRICE INDEX (2005=100)	37	1.7	1.8	2.0	2.1	2.1	1.8	2.0	N.A.	N.A.
3. CORPORATE PROFITS AFTER TAXES (\$ BILLIONS)	25	5.1	1.8	6.1	8.3	6.7	2.9	5.7	N.A.	N.A.
4. UNEMPLOYMENT RATE (PERCENT)	38	-0.2	0.0	-0.1	-0.0	-0.1	-0.9	-0.3	-0.4	-0.5
5. NONFARM PAYROLL EMPLOYMENT (PERCENT CHANGE)	34	1.3	1.1	1.3	1.5	1.6	1.4	1.3	N.A.	N.A.
(AVG MONTHLY CHANGE)	34	148.7	127.4	146.1	170.2	178.3	155.6	143.3	N.A.	N.A.
6. INDUSTRIAL PRODUCTION (2007=100)	33	1.7	3.0	3.2	3.5	3.0	3.7	2.4	N.A.	N.A.
7. NEW PRIVATE HOUSING STARTS (ANNUAL RATE, MILLIONS)	34	19.3	10.6	25.2	16.1	11.3	24.8	18.4	N.A.	N.A.
8. 3-MONTH TREASURY BILL RATE (PERCENT)	37	0.00	0.00	0.01	0.00	0.01	0.04	0.03	0.14	0.75
9. AAA CORPORATE BOND YIELD (PERCENT)	28	0.05	0.11	0.11	0.16	0.18	-0.97	0.17	N.A.	N.A.
10. BAA CORPORATE BOND YIELD (PERCENT)	28	-0.06	0.03	0.16	0.20	0.10	-0.66	0.09	N.A.	N.A.
11. 10-YEAR TREASURY BOND YIELD (PERCENT)	36	0.11	0.05	0.09	0.23	0.13	-0.98	0.27	0.51	0.44
12. REAL GDP (BILLIONS, CHAIN WEIGHTED)	38	1.8	1.7	2.0	2.7	2.8	2.2	2.0	2.7	2.9
13. TOTAL CONSUMPTION EXPENDITURE (BILLIONS, CHAIN WEIGHTED)	37	2.2	1.7	1.9	2.5	2.6	1.9	2.1	N.A.	N.A.
14. NONRESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	2.1	4.5	7.3	6.9	6.2	7.4	4.2	N.A.	N.A.
15. RESIDENTIAL FIXED INVESTMENT (BILLIONS, CHAIN WEIGHTED)	35	12.3	11.7	11.0	12.5	11.4	11.8	11.9	N.A.	N.A.
16. FEDERAL GOVERNMENT C & I (BILLIONS, CHAIN WEIGHTED)	35	-2.0	-2.0	-1.5	-1.0	-1.3	-1.3	-0.3	N.A.	N.A.
17. STATE AND LOCAL GOVT C & I (BILLIONS, CHAIN WEIGHTED)	34	-0.6	-0.3	0.0	0.2	1.0	-1.4	-0.2	N.A.	N.A.
18. CHANGE IN PRIVATE INVENTORIES (BILLIONS, CHAIN WEIGHTED)	35	-0.3	6.2	0.0	0.5	2.0	10.3	0.0	N.A.	N.A.
19. NET EXPORTS (BILLIONS, CHAIN WEIGHTED)	35	-1.3	-6.0	-5.3	-2.9	0.2	-5.0	-14.0	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, FOURTH QUARTER 2012.

TABLE THREE
 MAJOR PRICE INDICATORS
 MEDIANS OF FORECASTER PREDICTIONS

	NUMBER OF FORECASTERS	ACTUAL		FORECAST (Q/Q)				ACTUAL		FORECAST (Q4/Q4)	
		2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2011 ANNUAL	2012 ANNUAL	2013 ANNUAL	2014 ANNUAL
1. CONSUMER PRICE INDEX (ANNUAL RATE)	36	2.3	2.3	2.1	2.2	2.2	2.3	3.3	1.9	2.2	2.3
2. CORE CONSUMER PRICE INDEX (ANNUAL RATE)	36	1.5	1.8	1.9	2.0	2.0	2.0	2.2	2.0	2.0	2.2
3. PCE PRICE INDEX (ANNUAL RATE)	32	1.8	2.0	1.8	2.0	2.0	2.1	2.5	1.7	2.0	2.2
4. CORE PCE PRICE INDEX (ANNUAL RATE)	35	1.3	1.6	1.8	1.9	1.9	1.9	1.7	1.7	1.9	2.0

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

TABLE FOUR
ESTIMATED PROBABILITY OF DECLINE IN REAL GDP

ESTIMATED PROBABILITY (CHANCES IN 100)	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
	TO Q4 2012	TO Q1 2013	TO Q2 2013	TO Q3 2013	TO Q4 2013
NUMBER OF FORECASTERS					
10 OR LESS	20	9	7	12	14
11 TO 20	8	12	17	15	12
21 TO 30	6	5	6	5	6
31 TO 40	1	6	3	4	3
41 TO 50	1	4	3	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	4
MEAN AND MEDIAN					
MEDIAN PROBABILITY	10.00	20.00	20.00	17.50	15.00
MEAN PROBABILITY	13.49	23.04	21.67	17.88	16.37

NOTE: TOTAL NUMBER OF FORECASTERS REPORTING IS 36.
SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH 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	0.00	0.26	0.26	0.08
10.0 TO 10.9 PERCENT	0.01	0.40	0.31	0.14
9.5 TO 9.9 PERCENT	0.09	0.65	0.53	0.36
9.0 TO 9.4 PERCENT	0.62	1.20	1.04	1.04
8.5 TO 8.9 PERCENT	4.68	6.49	4.32	2.43
8.0 TO 8.4 PERCENT	72.26	25.53	12.36	9.89
7.5 TO 7.9 PERCENT	21.00	47.50	29.85	18.95
7.0 TO 7.4 PERCENT	1.31	15.42	33.46	28.07
6.0 TO 6.9 PERCENT	0.01	2.54	14.56	30.10
LESS THAN 6.0 PERCENT	0.01	0.03	3.31	8.93

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	0.01	0.02	0.35	0.85
5.0 TO 5.9	0.06	0.22	2.34	2.90
4.0 TO 4.9	0.50	3.05	9.60	11.90
3.0 TO 3.9	3.83	11.29	25.50	26.03
2.0 TO 2.9	67.56	37.95	36.77	33.75
1.0 TO 1.9	24.37	31.94	17.21	15.92
0.0 TO 0.9	3.49	11.22	5.78	5.92
-1.0 TO -0.1	0.13	3.08	1.89	2.17
-2.0 TO -1.1	0.04	1.01	0.55	0.56
-3.0 TO -2.1	0.01	0.23	0.00	0.00
LESS THAN -3.0	0.00	0.00	0.00	0.00

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

	2011-2012	2012-2013
8.0 OR MORE	0.00	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	0.03
4.0 TO 4.9	0.30	1.03
3.0 TO 3.9	2.83	8.14
2.0 TO 2.9	31.65	43.12
1.0 TO 1.9	61.29	40.35
0.0 TO 0.9	3.61	6.12
WILL DECLINE	0.31	1.19

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
SURVEY OF PROFESSIONAL FORECASTERS, FOURTH 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	0.01	0.05
3.5 TO 3.9 PERCENT	0.18	0.72
3.0 TO 3.4 PERCENT	1.44	3.68
2.5 TO 2.9 PERCENT	6.19	14.39
2.0 TO 2.4 PERCENT	46.70	34.29
1.5 TO 1.9 PERCENT	40.41	34.30
1.0 TO 1.4 PERCENT	4.38	9.60
0.5 TO 0.9 PERCENT	0.65	2.14
0.0 TO 0.4 PERCENT	0.04	0.61
WILL DECLINE	0.00	0.21

MEAN PROBABILITY ATTACHED TO CORE PCE INFLATION:

	11Q4 TO 12Q4	12Q4 TO 13Q4
4 PERCENT OR MORE	0.00	0.02
3.5 TO 3.9 PERCENT	0.03	0.67
3.0 TO 3.4 PERCENT	0.65	2.32
2.5 TO 2.9 PERCENT	4.56	10.94
2.0 TO 2.4 PERCENT	25.81	32.99
1.5 TO 1.9 PERCENT	55.31	33.00
1.0 TO 1.4 PERCENT	12.40	15.18
0.5 TO 0.9 PERCENT	1.12	4.08
0.0 TO 0.4 PERCENT	0.09	0.64
WILL DECLINE	0.03	0.17

SOURCE: RESEARCH DEPARTMENT, FEDERAL RESERVE BANK OF PHILADELPHIA.
 SURVEY OF PROFESSIONAL FORECASTERS, FOURTH 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	0.70	MINIMUM	0.64
LOWER QUARTILE	2.10	LOWER QUARTILE	1.82
MEDIAN	2.28	MEDIAN	2.00
UPPER QUARTILE	2.50	UPPER QUARTILE	2.20
MAXIMUM	3.10	MAXIMUM	2.80
MEAN	2.26	MEAN	2.02
STD. DEVIATION	0.42	STD. DEVIATION	0.38
N	34	N	35
MISSING	5	MISSING	4

ANNUAL AVERAGE OVER THE NEXT 10 YEARS: 2012-2021

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CPI INFLATION RATE		PCE INFLATION RATE	
-----		-----	
MINIMUM	0.96	MINIMUM	0.95
LOWER QUARTILE	2.20	LOWER QUARTILE	1.90
MEDIAN	2.30	MEDIAN	2.10
UPPER QUARTILE	2.60	UPPER QUARTILE	2.36
MAXIMUM	3.30	MAXIMUM	3.00
MEAN	2.34	MEAN	2.12
STD. DEVIATION	0.43	STD. DEVIATION	0.37
N	34	N	33
MISSING	5	MISSING	6

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