

## News Release

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Contact: Laura LaBarbera  
Media Relations  
312-322-2387

Federal Reserve Bank of Chicago  
230 South LaSalle Street  
Chicago, IL 60604  
www.chicagofed.org

# Solid and Improving Economic Growth Expected in 2014 and 2015, Chicago Fed Automotive Outlook Symposium Participants Say

The 21st annual Automotive Outlook Symposium was held in Detroit on Friday, May 30, and drew more than 80 participants from the manufacturing and banking industries, as well as consulting and service firms and academia. This year, 26 individuals provided a consensus outlook—forecasts for major components of real gross domestic product (GDP), as well as several key statistics for the U.S. economy. The median forecast results are presented in the table. According to the median forecast of symposium participants, the nation's economic growth rate in 2014 is expected to be slightly lower than in 2013, the rate of inflation is predicted to increase, and the unemployment rate is anticipated to move lower. The pace of economic growth in 2015 is expected to move higher, with inflation remaining steady and the unemployment rate continuing to head lower. At 2.6% in 2013, the growth rate of real GDP is forecasted to be 2.3% in 2014 and 2.8% in 2015. At 1.2% last year, inflation, as measured by the Consumer Price Index, is expected to move up to 2.0% this year and remain at this rate in 2015. The unemployment rate, after having averaged 7.0% in the fourth quarter of 2013, is predicted to fall to 6.3% in the final quarter of 2014 and then move further down to 5.9% in the last quarter of 2015.

Real residential investment is anticipated to grow at a strong pace in 2014, and most of the other major components of real GDP are expected to expand at a solid pace this year. The pace of economic growth is forecasted to move higher in 2015, with activity improving across many sectors of the economy. Industrial production is expected to increase at a solid pace in 2014 and 2015. Car and light truck sales are projected to rise in 2014, to 16.0 million units; and they are expected to improve further in 2015, to 16.4 million units. The one-year Treasury rate is anticipated to remain largely unchanged this year, while the ten-year Treasury rate is forecasted to rise slightly. Both rates are predicted to increase in 2015. Oil prices are forecasted to average \$99 per barrel by the end of 2014 and then edge lower through the end of 2015. The

trade-weighted U.S. dollar is predicted to rise this year and stay steady in 2015.

A summary of the 21st annual Automotive Outlook Symposium will be published in an upcoming special issue of the *Chicago Fed Letter*.

—William A. Strauss • Senior Economist and  
Economic Advisor • 312-322-8151

### Forecasts from the 21st Annual Automotive Outlook Symposium

	2013 (Actual)	2014 (Forecast)	2015 (Forecast)
Real gross domestic product <sup>a</sup>	2.6	2.3	2.8
Real personal consumption expenditures <sup>a</sup>	2.3	2.8	2.7
Real business fixed investment <sup>a</sup>	2.6	3.4	4.8
Real residential investment <sup>a</sup>	6.9	5.4	7.5
Change in private inventories <sup>b</sup>	111.7	70.5	58.6
Net exports of goods and services <sup>b</sup>	-382.8	-409.5	-431.5
Real government consumption expenditures and gross investment <sup>a</sup>	-2.4	0.5	0.4
Industrial production <sup>a</sup>	3.3	3.6	3.2
Car and light truck sales (millions of units)	15.5	16.0	16.4
Housing starts (millions of units)	0.93	1.02	1.19
Unemployment rate <sup>c</sup>	7.0	6.3	5.9
Consumer Price Index <sup>a</sup>	1.2	2.0	2.0
One-year Treasury rate (constant maturity) <sup>c</sup>	0.12	0.15	0.45
Ten-year Treasury rate (constant maturity) <sup>c</sup>	2.75	2.96	3.50
J. P. Morgan trade-weighted dollar index <sup>a</sup>	3.5	2.8	0.1
Oil price (dollars per barrel of West Texas Intermediate) <sup>c</sup>	97.39	99.00	97.08

<sup>a</sup>Percent change, fourth quarter over fourth quarter.

<sup>b</sup>Billions of chained (2009) dollars in the fourth quarter at a seasonally adjusted annual rate.

<sup>c</sup>Fourth quarter average.

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