

News Release

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Solid and Steady Economic Growth Expected in 2017 and 2018, Chicago Fed Automotive Outlook Symposium Participants Say

The 24th annual Automotive Outlook Symposium was held in Detroit on Thursday and Friday, June 1–2, and drew more than 60 participants from the manufacturing and banking industries, as well as consulting and service firms and academia. This year, 28 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 2017 is expected to be slightly higher than in 2016, the rate of inflation is predicted to increase, and the unemployment rate is anticipated to edge lower. The pace of economic growth in 2018 is projected to increase, while inflation and unemployment are expected to remain at their rates from 2017. At 2.0% in 2016, the growth rate of real GDP is forecasted to be 2.1% in 2017 and 2.3% in 2018. At 1.8% last year, inflation, as measured by the Consumer Price Index, is expected to increase to 2.3% this year and stay at that rate in 2018. The unemployment rate, after having averaged 4.7% in the fourth quarter of 2016, is predicted to decrease to 4.4% in the final quarter of 2017 and then remain there through the last quarter of 2018.

Real residential investment and real business fixed investment are anticipated to grow at a strong pace in 2017, 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 increase in 2018, with activity improving for consumer spending. Industrial production is predicted to grow by 1.6% in 2017 and 1.7% in 2018—a pace well below its long-run average. After setting a record of 17.5 million units in 2016, car and light truck sales are projected to decrease in 2017—to 17.1 million units—and in 2018—to 16.9 million units. The one-year and ten-year Treasury rates are anticipated to move up this year; both rates are predicted to continue increasing in 2018. Oil prices are forecasted to increase to \$52 per barrel by the end of 2017 and then move

up to \$54 per barrel by the end of 2018. The trade-weighted U.S. dollar is predicted to increase 3.3% this year and 3.5% next year.

A summary of the 24th annual Automotive Outlook Symposium will be published in an upcoming issue of *Chicago Fed Letter*.

—William A. Strauss • Senior Economist and
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Forecasts from the 24th Annual Automotive Outlook Symposium

	2016 (Actual)	2017 (Forecast)	2018 (Forecast)
Real gross domestic product ^a	2.0	2.1	2.3
Real personal consumption expenditures ^a	3.1	2.1	2.3
Real business fixed investment ^a	-0.1	5.2	4.0
Real residential investment ^a	1.1	6.3	3.4
Change in private inventories ^b	49.6	42.5	40.0
Net exports of goods and services ^b	-605.0	-635.0	-682.7
Real government consumption expenditures and gross investment ^a	0.2	0.2	0.9
Industrial production ^a	-0.1	1.6	1.7
Car and light truck sales (millions of units)	17.5	17.1	16.9
Housing starts (millions of units)	1.18	1.26	1.32
Unemployment rate ^c	4.7	4.4	4.4
Consumer Price Index ^a	1.8	2.3	2.3
One-year Treasury rate (constant maturity) ^c	0.76	1.42	1.89
Ten-year Treasury rate (constant maturity) ^c	2.13	2.70	3.11
J. P. Morgan trade-weighted dollar index ^a	3.7	3.3	3.5
Oil price (dollars per barrel of West Texas Intermediate) ^c	49.20	51.59	54.00

^aPercent change, fourth quarter over fourth quarter.

^bBillions of chained (2009) dollars in the fourth quarter at a seasonally adjusted annual rate.

^cFourth quarter average.

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