

News Release

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Economy to Grow at Pace Slightly Above Average in 2018, Say Chicago Fed Economic Outlook Symposium Participants

The 31st annual Economic Outlook Symposium, held in Chicago on December 1, drew participants from the manufacturing, banking, and auto industries, as well as academia and consulting and service firms. One session of the symposium presented the results from the consensus economic outlook. This year, 30 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 symposium participants' median forecast for 2018, the nation's economic growth rate is expected to be slightly above its long-run average, the rate of inflation is predicted to increase, and the unemployment rate is forecasted to decrease slightly. The consensus outlook shows that the rate of real GDP growth is expected to be 2.5% in 2017 and then 2.3% in 2018. Inflation, as measured by the Consumer Price Index, is predicted to average 1.8% this year and then 2.0% in 2018. The unemployment rate is forecasted to edge down to 4.1% by the end of next year.

Consumer spending is predicted to grow at a moderate pace in 2017 and 2018, according to the consensus economic outlook. The pace of business spending is expected to slow somewhat but remain solid in 2018. The housing sector is forecasted to continue its slow recovery next year. In particular, the consensus outlook shows housing starts are expected to increase to 1.19 million units this year and then rise further to 1.26 million units in 2018. Car and light truck sales are predicted to come in lower at 17.1 million units in 2017 and then edge down to 17.0 million units in 2018. The average price of oil is expected to rise to \$52.31 per barrel in the final quarter of this year and then move up slightly to \$53.18 per barrel by the end of 2018. Industrial production is forecasted to increase by 1.9% (below the long-run average rate) this year and also next year. The short-term interest rate (one-year Treasury rate) is expected to rise 58 basis points during

2018, and the long-term interest rate (ten-year Treasury rate) is predicted to increase 56 basis points over the same period. The trade-weighted U.S. dollar is expected to increase 1.0% in 2018.

A summary of the 31st annual Economic Outlook Symposium will be published in an upcoming issue of *Chicago Fed Letter*.

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

Forecasts from the 31st Annual Economic Outlook Symposium

	2016 (Actual)	2017 (Forecast)	2018 (Forecast)
Real gross domestic product ^a	1.8	2.5	2.3
Real personal consumption expenditures ^a	2.8	2.6	2.3
Real business fixed investment ^a	0.7	5.4	3.5
Real residential investment ^a	2.5	-0.2	3.3
Change in private inventories ^b	63.1	37.9	41.8
Net exports of goods and services ^b	-631.1	-602.7	-627.9
Real government consumption expenditures and gross investment ^a	0.4	-0.1	0.6
Industrial production ^a	-0.1	1.9	1.9
Car and light truck sales (millions of units)	17.5	17.1	17.0
Housing starts (millions of units)	1.18	1.19	1.26
Unemployment rate ^c	4.7	4.2	4.1
Consumer Price Index ^a	1.8	1.8	2.0
One-year Treasury rate (constant maturity) ^c	0.76	1.43	2.01
Ten-year Treasury rate (constant maturity) ^c	2.13	2.45	3.01
J. P. Morgan trade-weighted dollar index ^a	3.7	-4.1	1.0
Oil price (dollars per barrel of West Texas Intermediate) ^c	49.20	52.31	53.18

^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.