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
https://www.chicagofed.org

Solid but Moderating Economic Growth Expected Through 2019, Chicago Fed Automotive Outlook Symposium Participants Say

The 25th annual Automotive Outlook Symposium was held in Detroit on Friday, June 1, and drew more than 40 participants from the manufacturing and banking industries, as well as consulting and service firms and academia. This year, 21 individuals provided a consensus outlook—forecasts for major components of real gross domestic product (GDP), as well as several other 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 2018 is expected to be strong and slightly higher than in 2017, the rate of inflation is predicted to increase, and the unemployment rate is anticipated to decline. The pace of economic growth and the inflation rate are projected to moderate in 2019, and the unemployment rate is expected to edge higher. At 2.6% in 2017, the growth rate of real GDP is forecasted to be 2.8% in 2018 and 2.2% in 2019. At 2.1% last year, inflation, as measured by the Consumer Price Index, is expected to increase to 2.9% this year, largely because of a surge in oil prices. Inflation is predicted to moderate to 2.3% in 2019—in line with the forecast for oil prices to decline next year. The unemployment rate, after having averaged 4.1% in the fourth quarter of 2017, is predicted to decrease to 3.8% in the final quarter of 2018 and then edge up to 3.9% in the last quarter of 2019.

Real business fixed investment, real residential investment, and real government spending are anticipated to grow at strong rates in 2018, and real consumer spending is expected to expand at a pace slightly below its long-run average this year. Flat or slower growth is predicted for most of the components of real GDP (the six indicators appearing right below real GDP in the table) in 2019, so a decrease in overall economic growth is forecasted next year. Industrial production is predicted to grow by a strong 3.3% in 2018 and then by 2.1% in 2019—a pace below its long-run average. Car and light truck sales are projected to decrease from 17.2 million units in 2017 to 17.0 million units in 2018 and then 16.7 million units in 2019. The one-year and ten-year Treasury rates are anticipated to move up this year; both rates are predicted to continue increasing in 2019. Oil prices are forecasted to increase to $69 per barrel by the end of 2018 and then fall to $66 per barrel by the end of 2019. The trade-weighted U.S. dollar is predicted to decrease 0.5% this year and edge up 0.3% next year.

A summary of the 25th annual Automotive 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 25th Annual Automotive Outlook Symposium

	2017 (Actual)	2018 (Forecast)	2019 (Forecast)
Real gross domestic product[a]	2.6	**2.8**	**2.2**
Real personal consumption expenditures[a]	2.8	**2.2**	**2.2**
Real business fixed investment[a]	6.3	**5.6**	**3.7**
Real residential investment[a]	2.6	**2.8**	**3.3**
Change in private inventories[b]	15.6	**48.0**	**49.2**
Net exports of goods and services[b]	–653.9	**–675.6**	**–724.7**
Real government consumption expenditures and gross investment[a]	0.7	**2.3**	**1.8**
Industrial production[a]	3.0	**3.3**	**2.1**
Car and light truck sales (millions of units)	17.2	**17.0**	**16.7**
Housing starts (millions of units)	1.21	**1.33**	**1.35**
Unemployment rate[c]	4.1	**3.8**	**3.9**
Consumer Price Index[a]	2.1	**2.9**	**2.3**
One-year Treasury rate (constant maturity)[c]	1.55	**2.55**	**2.96**
Ten-year Treasury rate (constant maturity)[c]	2.37	**3.25**	**3.50**
J. P. Morgan trade-weighted dollar index[a]	–4.1	**–0.5**	**0.3**
Oil price (dollars per barrel of West Texas Intermediate)[c]	55.39	**69.00**	**65.75**

[a]Percent change, fourth quarter over fourth quarter.
[b]Billions of chained (2009) dollars in the fourth quarter at a seasonally adjusted annual rate.
[c]Fourth quarter average.

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