

News Release

Embargoed for release:
Monday, December 3, 2018—
10:00 a.m. (ET)
9:00 a.m. (CT)

Contact: Graham Justice
Media Relations
312-322-5768

Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, IL 60604
<https://www.chicagofed.org>

Economy to Grow at Pace Somewhat Above Average in 2019, Say Chicago Fed Economic Outlook Symposium Participants

The 32nd annual Economic Outlook Symposium, held in Chicago on November 30, 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, 34 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 2019, the nation's economic growth rate is expected to be somewhat above its long-run average, the rate of inflation is predicted to tick down, and the unemployment rate is forecasted to be steady at a very low reading. The consensus outlook shows that the rate of real GDP growth is expected to be 3.1% in 2018 and then 2.4% in 2019. Inflation, as measured by the Consumer Price Index, is predicted to average 2.4% this year and then 2.3% in 2019. The unemployment rate is projected to remain at 3.7% through the end of 2019.

Real consumer spending is anticipated to continue to grow at a moderate pace in 2019, according to the consensus economic outlook. The pace of real business spending is expected to slow but remain solid next year. The housing sector is forecasted to grow in 2019 following a setback in 2018. In particular, real residential investment is expected to increase 1.8% next year after decreasing 2.2% this year. Car and light truck sales are projected to remain at 17.1 million units in 2018 and then decrease to 16.8 million units in 2019. The average price of oil is predicted to rise to \$69.26 per barrel in the final quarter of this year and then fall slightly to \$68.75 per barrel by the last quarter of 2019. Industrial production is forecasted to increase by 3.4% this year and 2.1% next year. The short-term interest rate (one-year Treasury rate) is expected to rise 56 basis points during 2019, and the long-term

interest rate (ten-year Treasury rate) is predicted to increase 35 basis points over the same period. The trade-weighted U.S. dollar is projected to increase 1.8% in 2019.

A summary of the 32nd 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 32nd Annual Economic Outlook Symposium

	2017 (Actual)	2018 (Forecast)	2019 (Forecast)
Real gross domestic product ^a	2.5	3.1	2.4
Real personal consumption expenditures ^a	2.7	2.7	2.4
Real business fixed investment ^a	6.3	6.4	3.4
Real residential investment ^a	3.8	-2.2	1.8
Change in private inventories ^b	16.1	57.1	45.0
Net exports of goods and services ^b	-899.2	-952.2	-999.0
Real government consumption expenditures and gross investment ^a	0.1	2.3	1.9
Industrial production ^a	3.0	3.4	2.1
Car and light truck sales (millions of units)	17.1	17.1	16.8
Housing starts (millions of units)	1.21	1.26	1.28
Unemployment rate ^c	4.1	3.7	3.7
Consumer Price Index ^a	2.1	2.4	2.3
One-year Treasury rate (constant maturity) ^c	1.55	2.70	3.26
Ten-year Treasury rate (constant maturity) ^c	2.37	3.20	3.55
J. P. Morgan trade-weighted dollar index ^a	-4.1	3.0	1.8
Oil price (dollars per barrel of West Texas Intermediate) ^c	55.39	69.26	68.75

^aPercent change, fourth quarter over fourth quarter.

^bBillions of chained (2012) dollars in the fourth quarter at a seasonally adjusted annual rate.

^cFourth quarter average.