
Consensus Outlook - 2020

Thirty-third Annual Economic Outlook Symposium

December 13, 2019

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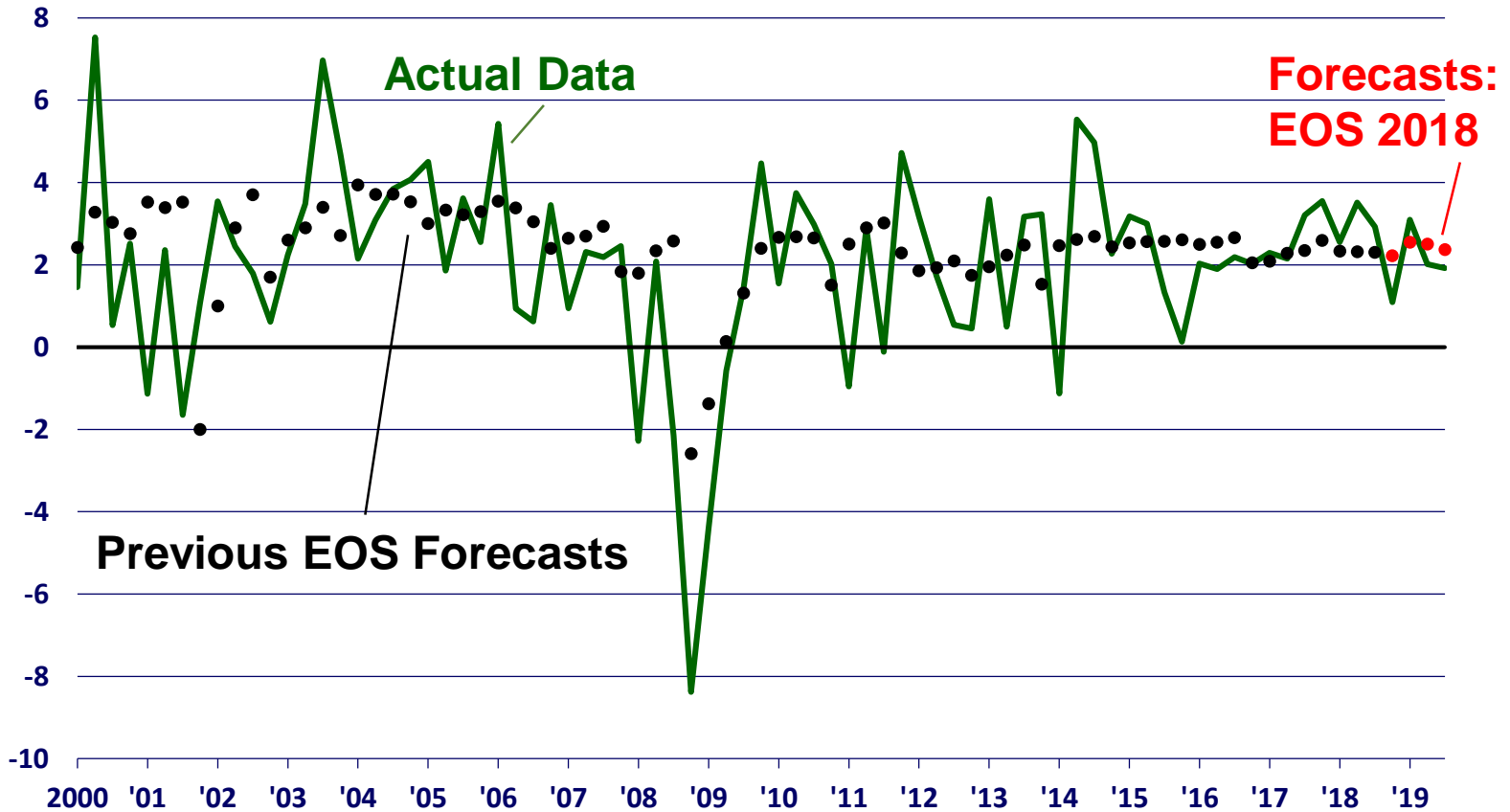
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Review of Past Performance

The growth in real GDP was close to last year's forecast

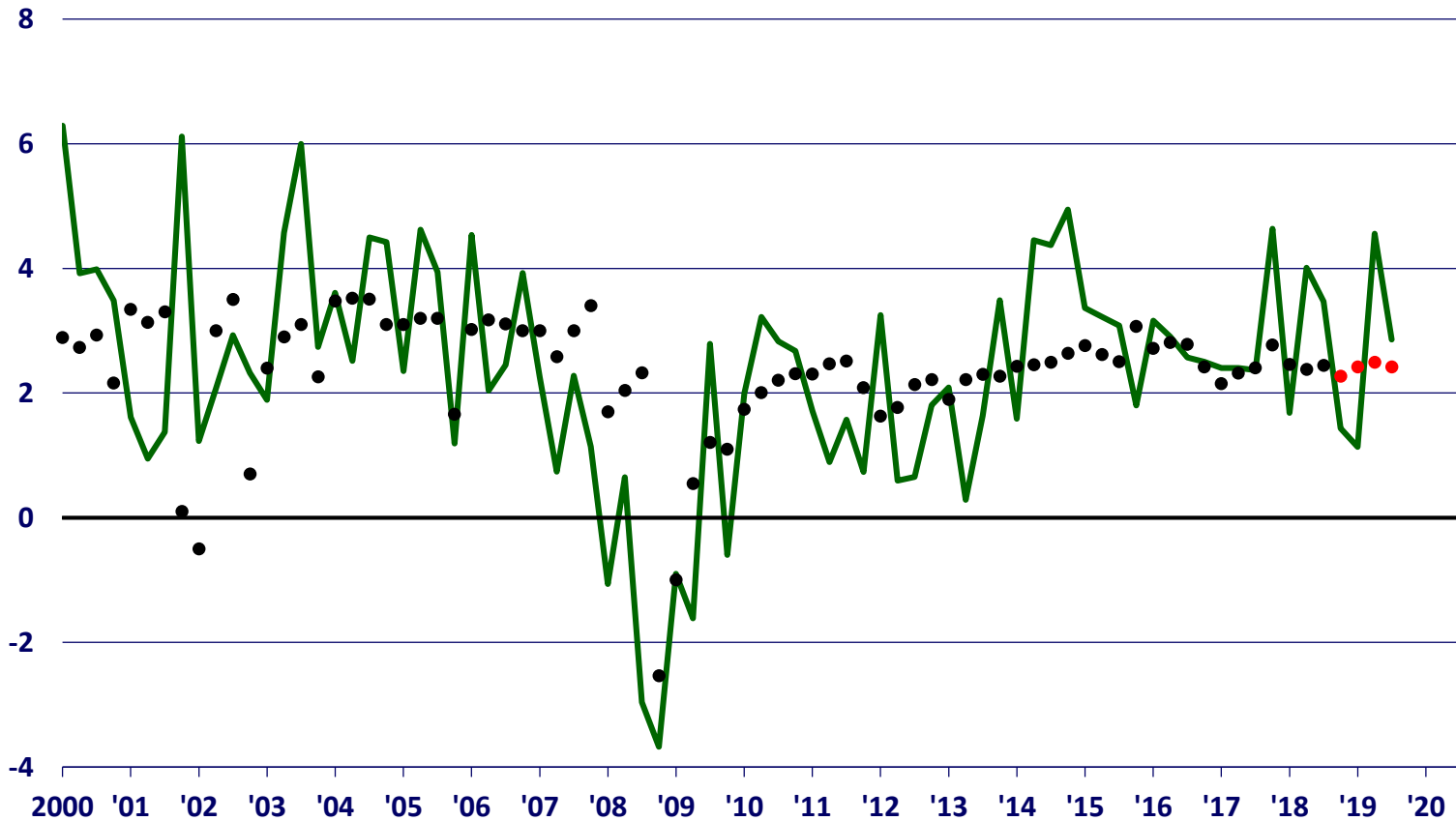
Real GDP

(percent change, annualized)



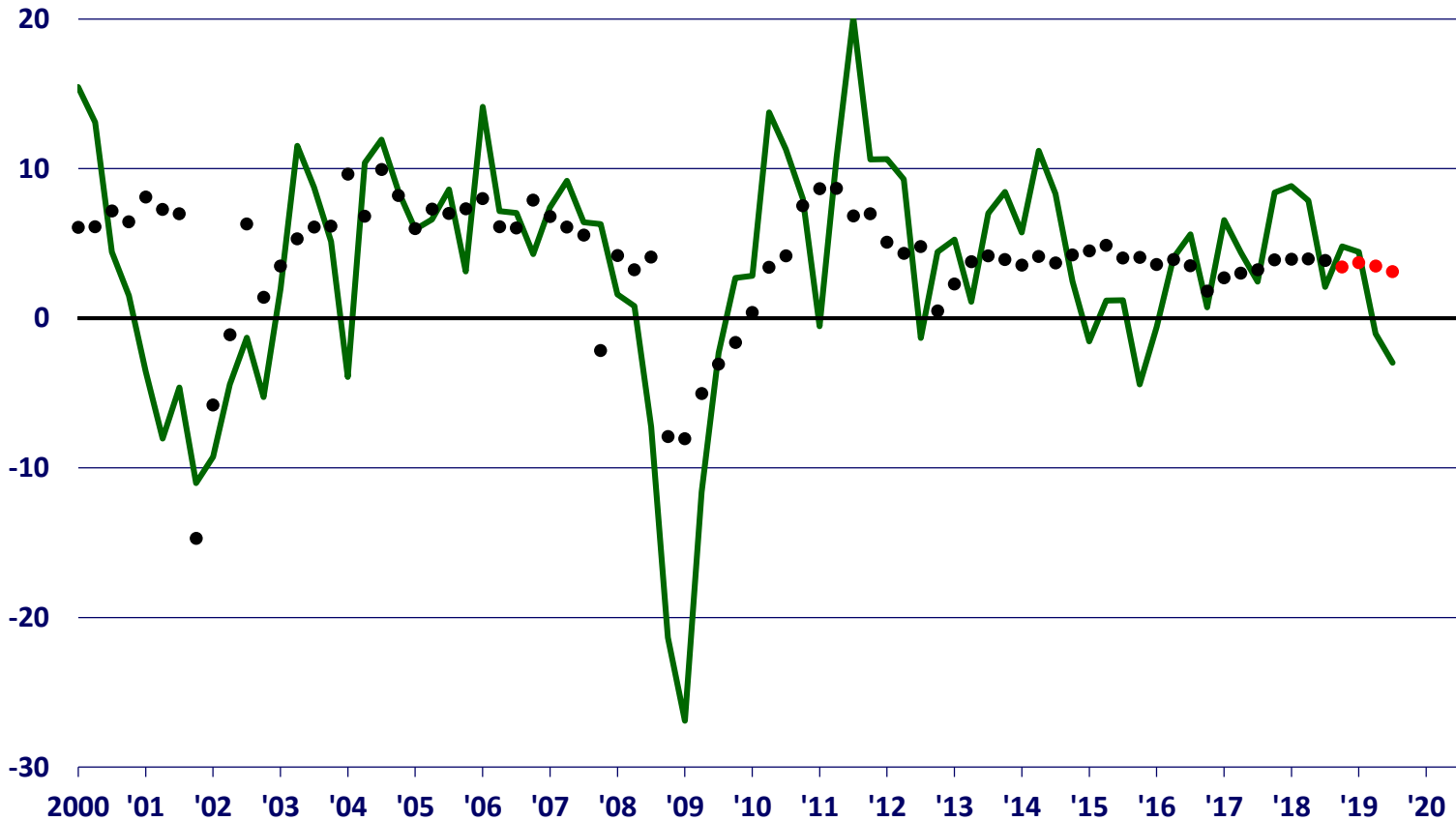
While quite a bit volatile, consumer spending was also close to what was forecast

Personal Consumption Expenditures
(percent change, annualized)



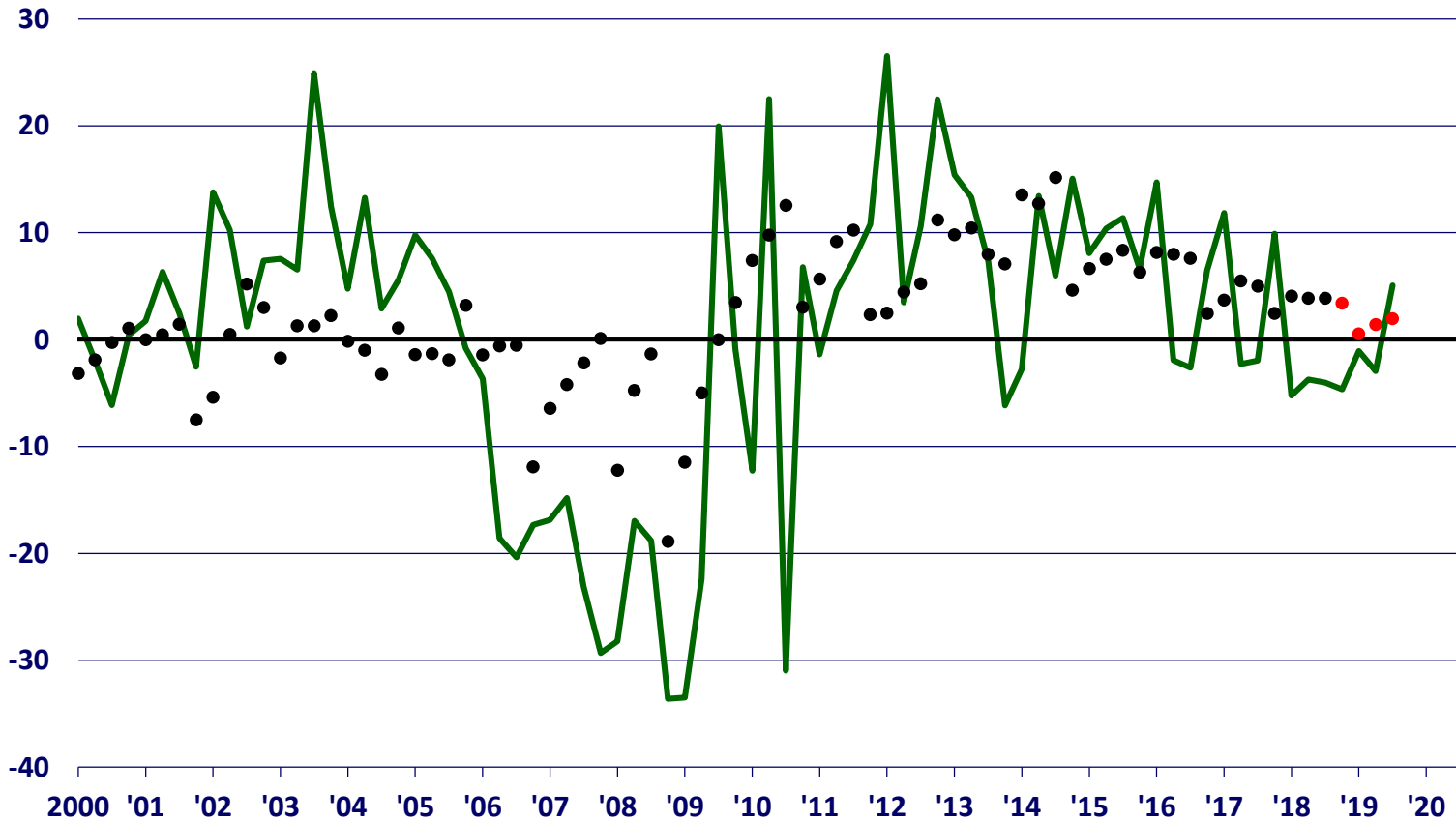
Investment was initially close to forecast but was much weaker over the last two quarters

Business Fixed Investment
(percent change, annualized)



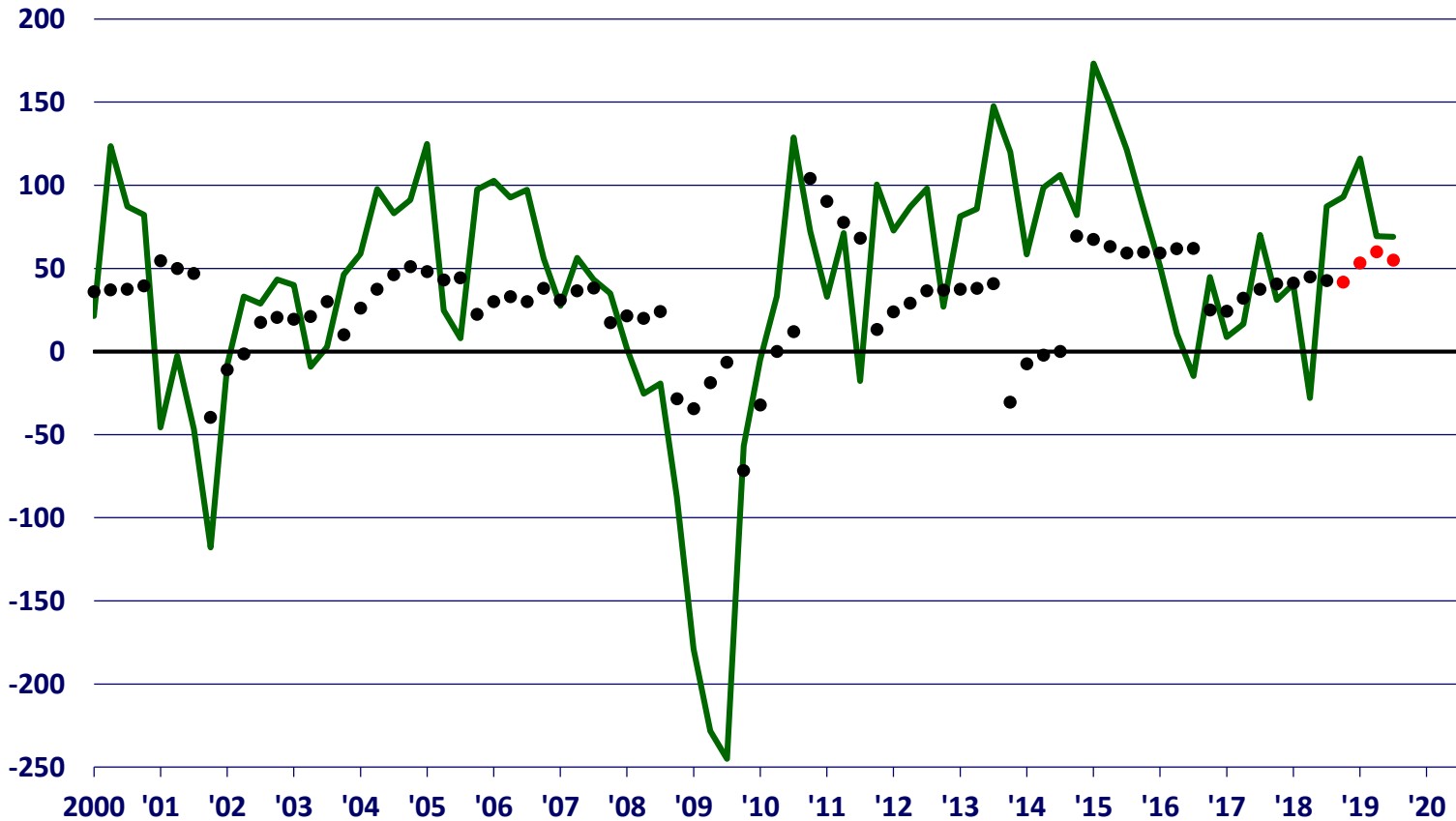
Residential investment was weaker than what was predicted last year

Residential Investment
(percent change, annualized)



Inventories were added at a pace above what was anticipated

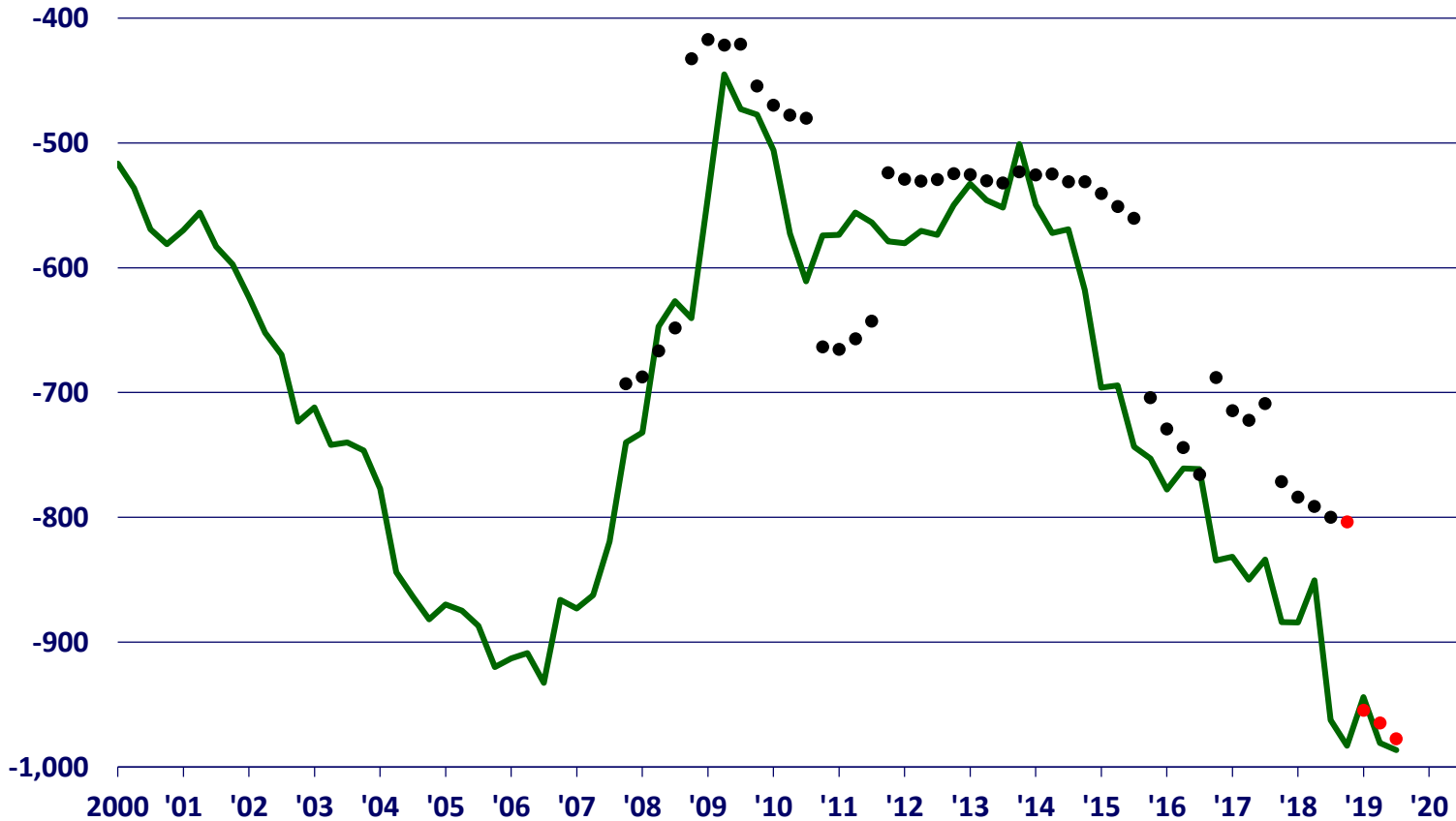
Change in Private Inventories
(billions of constant dollars)



The deterioration of the trade balance was close to what was predicted

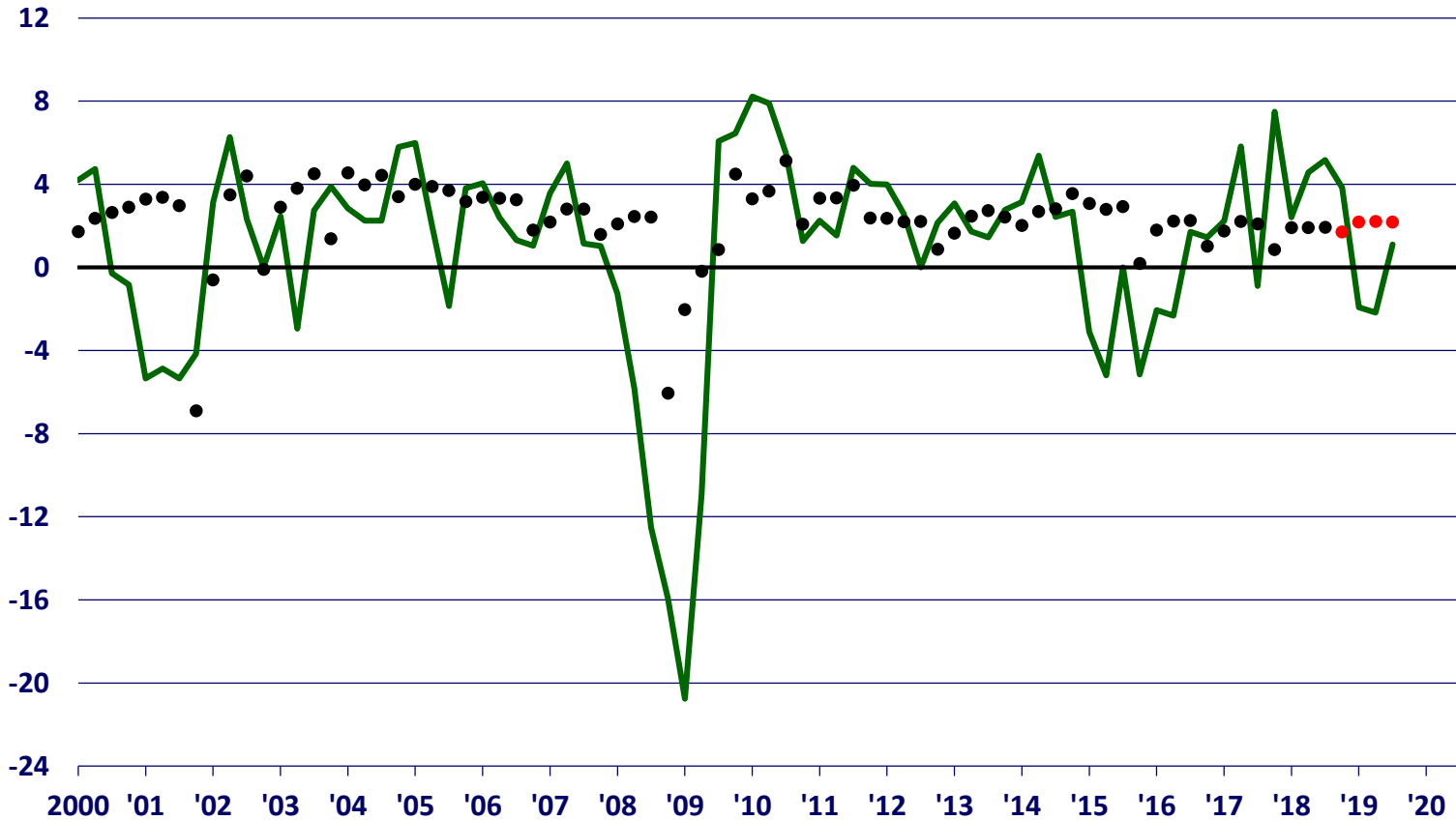
Net Exports of Goods and Services

(billions of constant dollars)



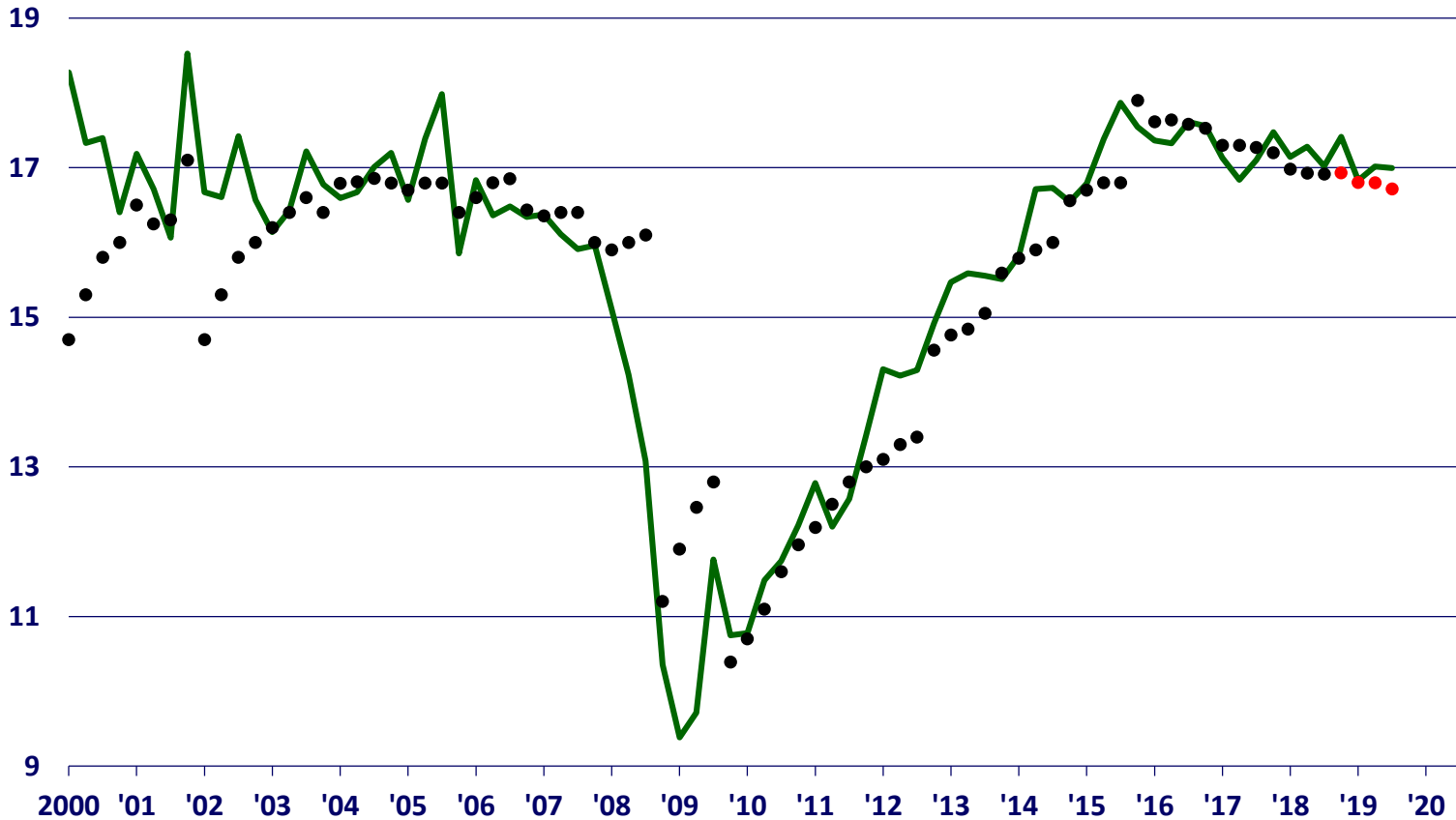
Industrial production growth was much weaker than forecast

Industrial Production
(percent change, annualized)



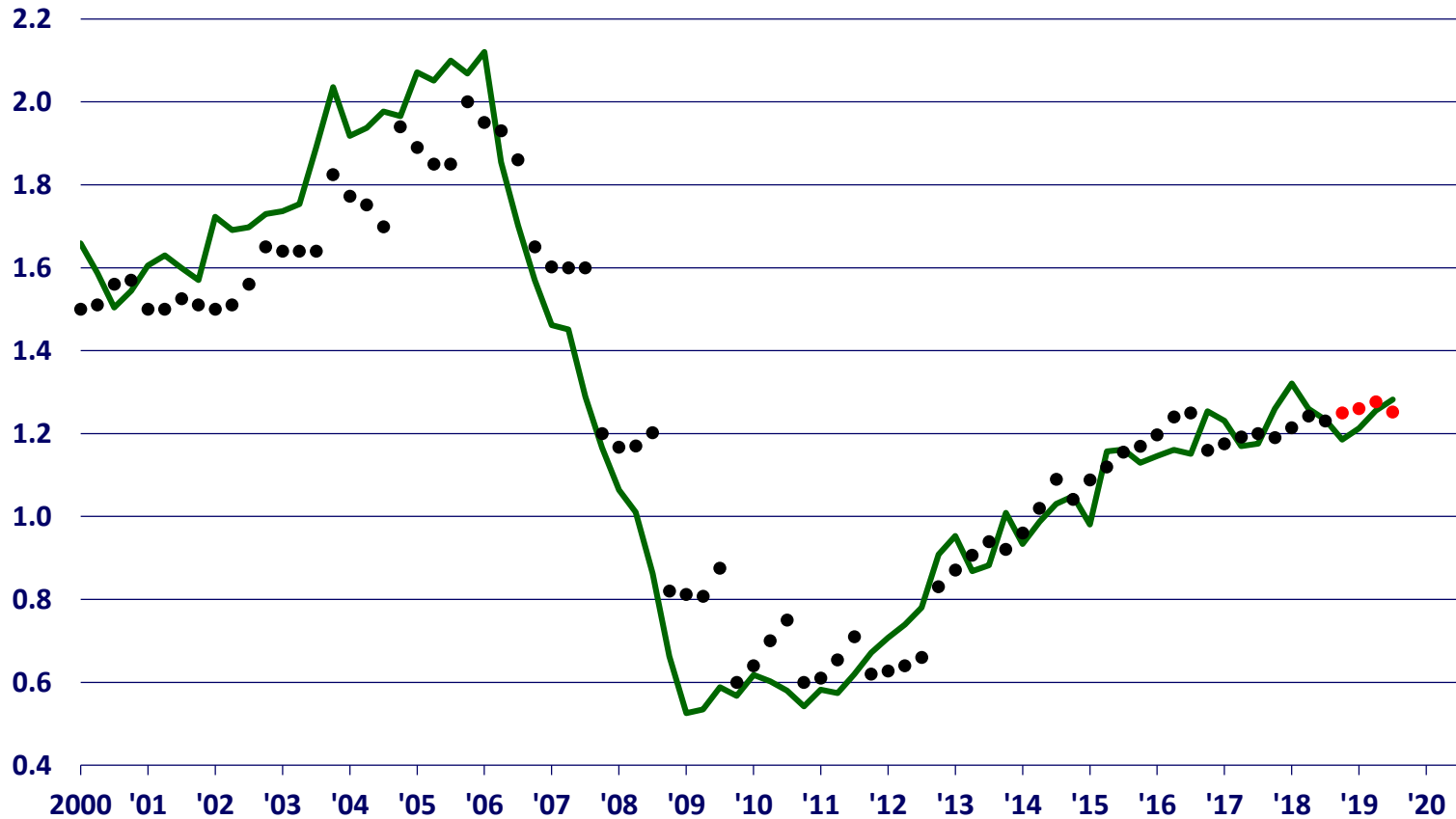
Yet, light vehicle sales came in a bit above what was predicted

Car and Light Truck Sales
(millions of units)



Housing starts were initially weaker than expected, but were close to what was predicted in the last two quarters

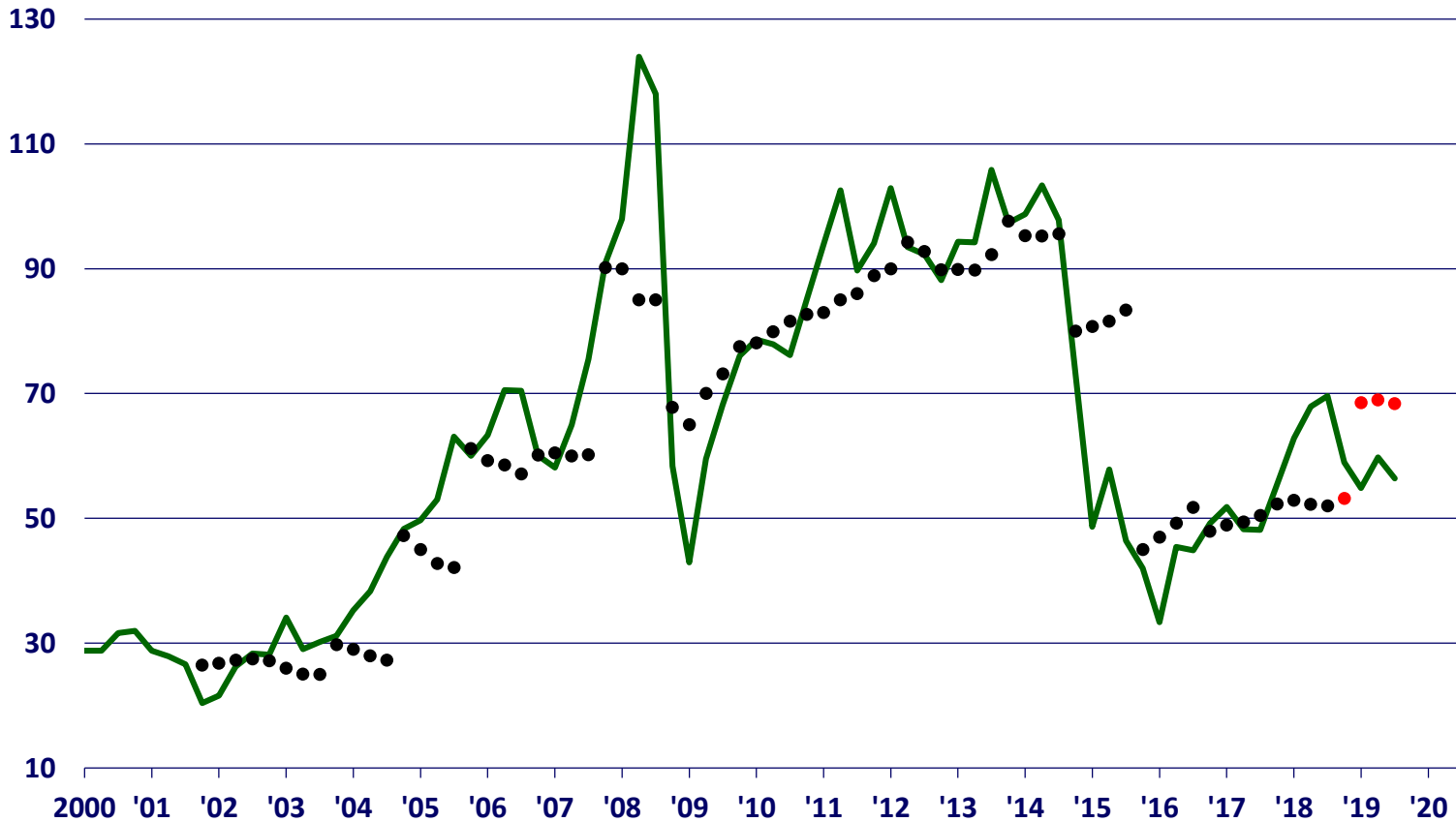
Housing Starts
(millions of units)



Oil prices were much lower than forecast

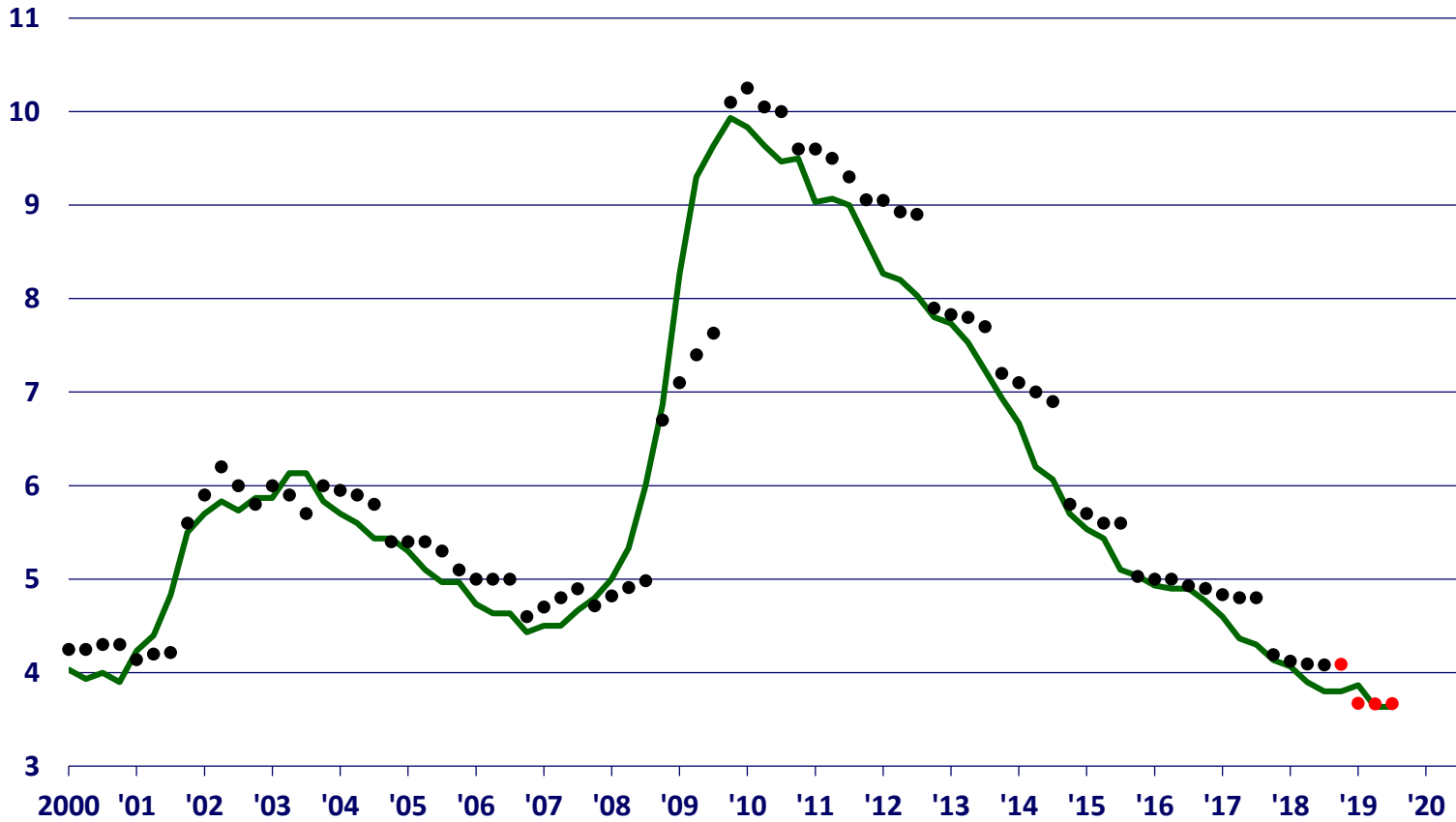
Oil Prices - West Texas Intermediate

(dollars per barrel)



The unemployment rate was close to what was predicted

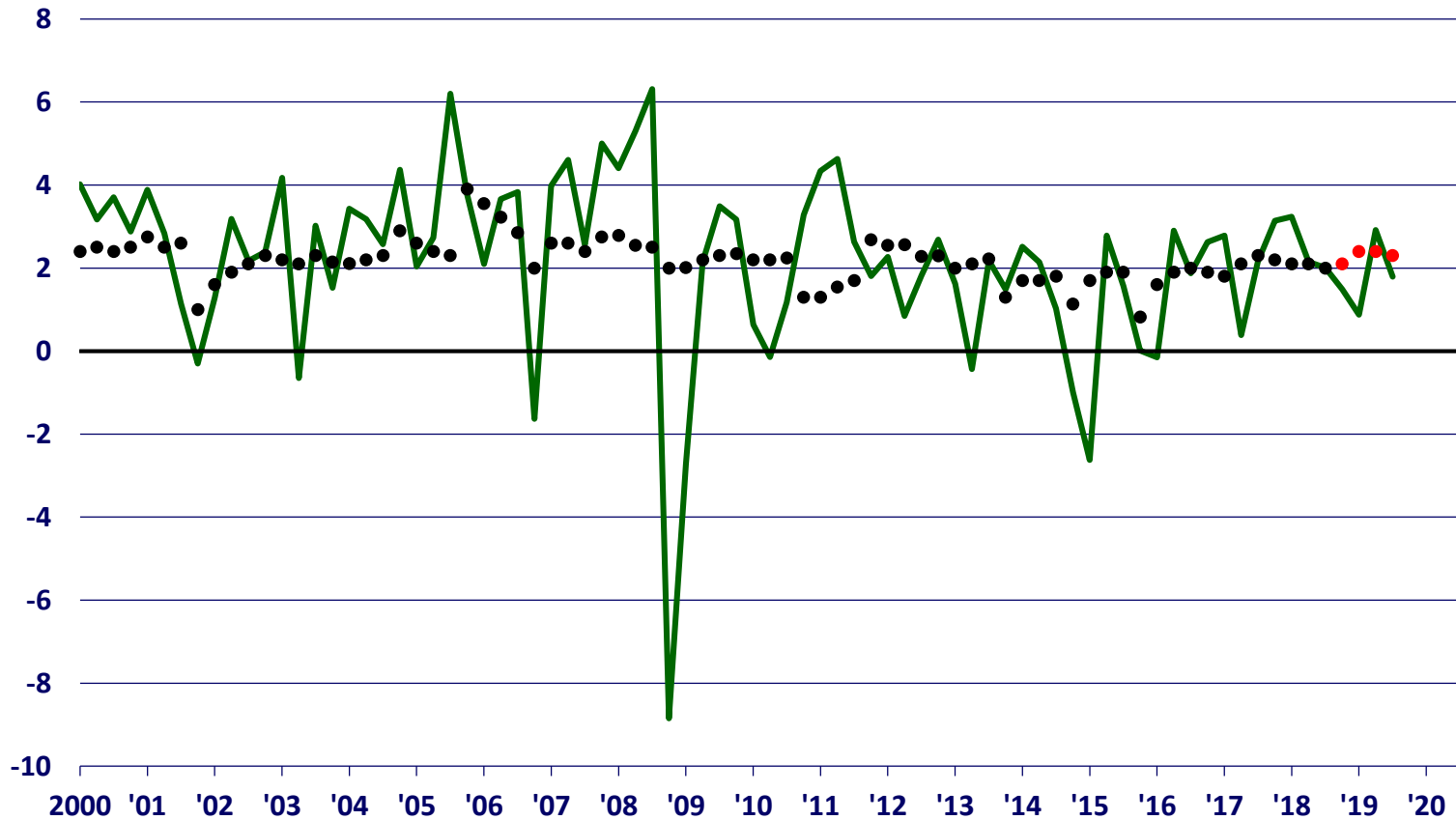
Unemployment Rate
(percent)



Inflation came-in just a bit lower than anticipated

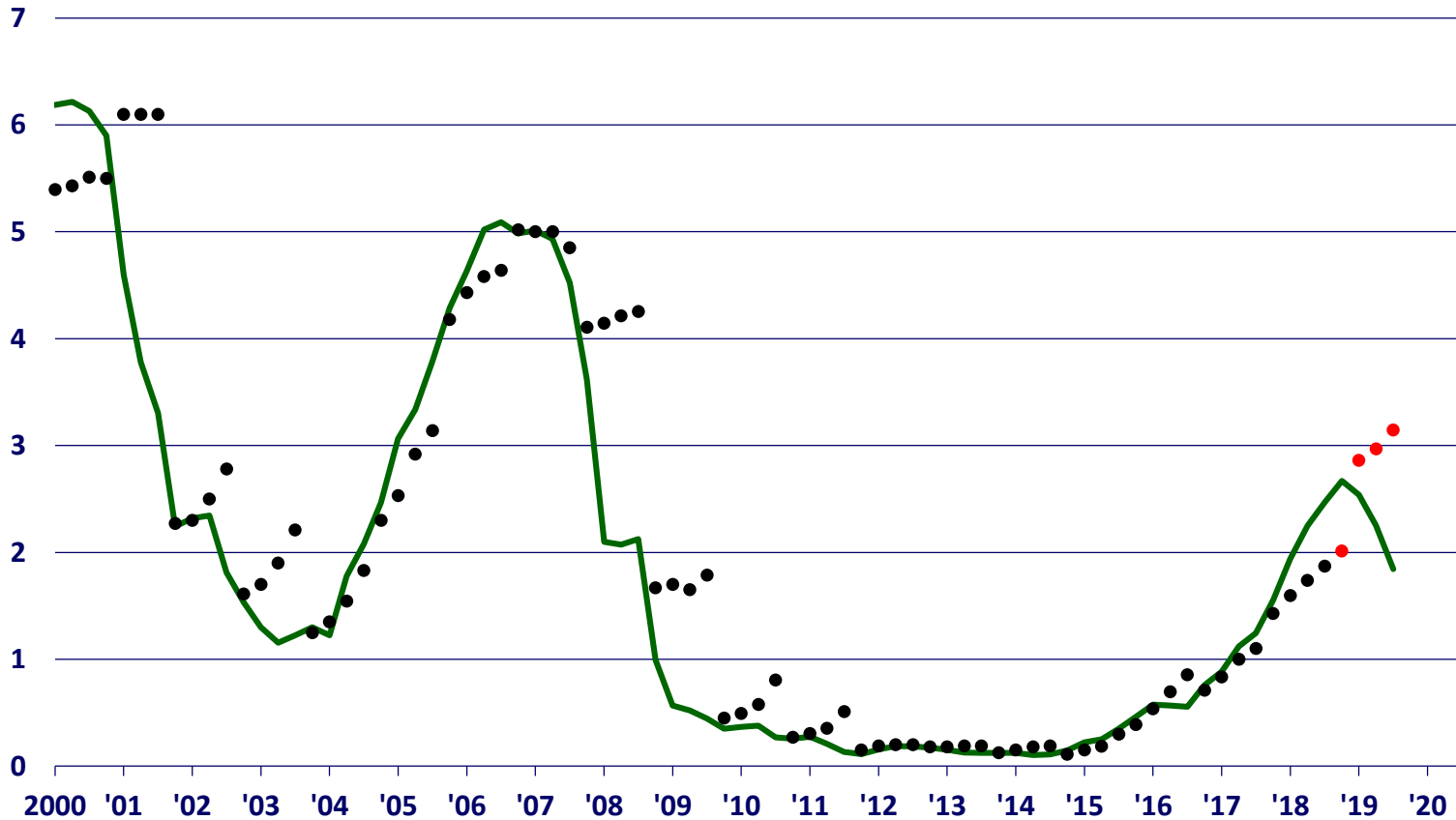
CPI Inflation Rate

(percent change, annualized)



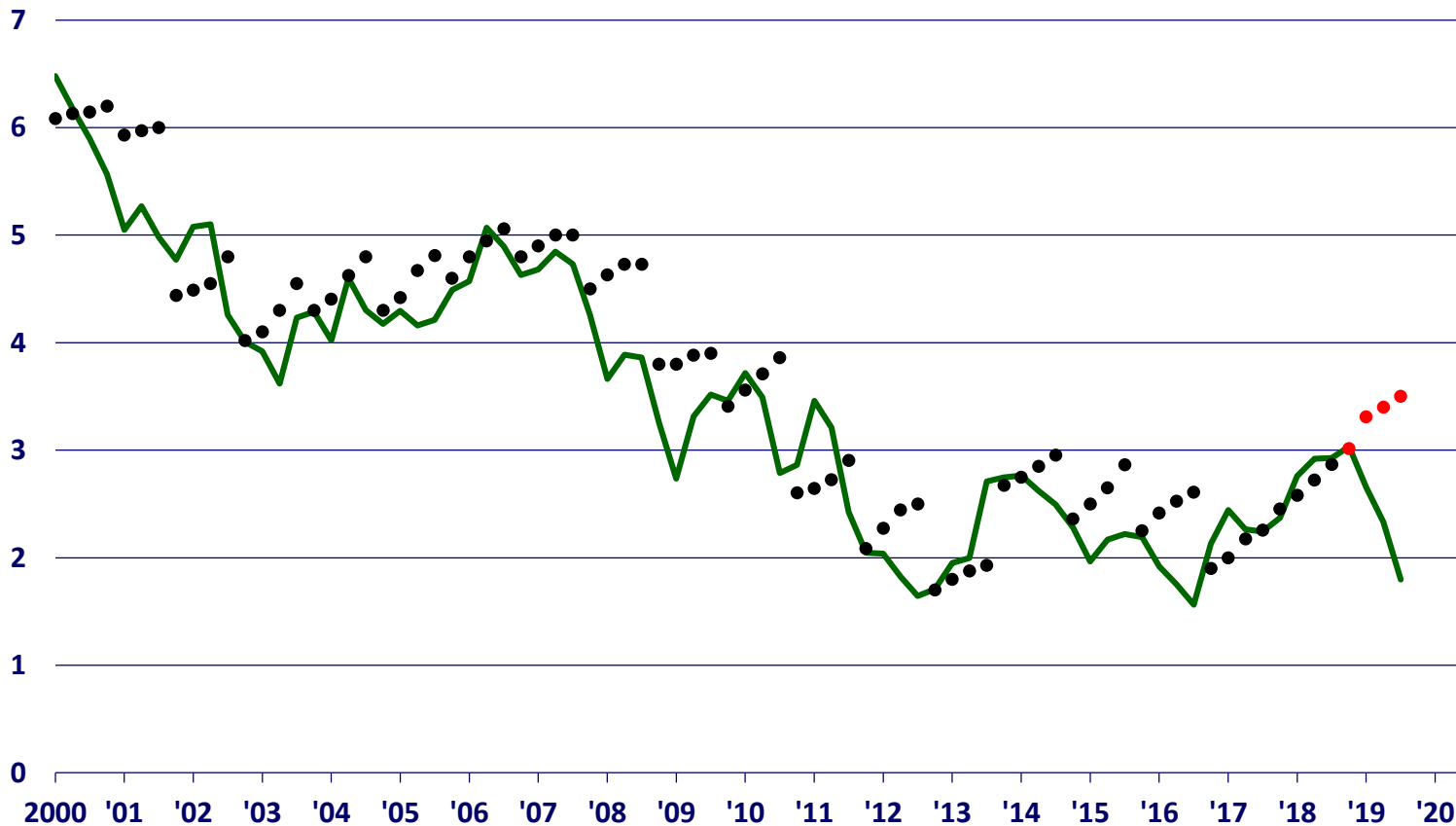
The increase in longer-term rates that was predicted did not materialize

Treasury One-year Rate
(percent)



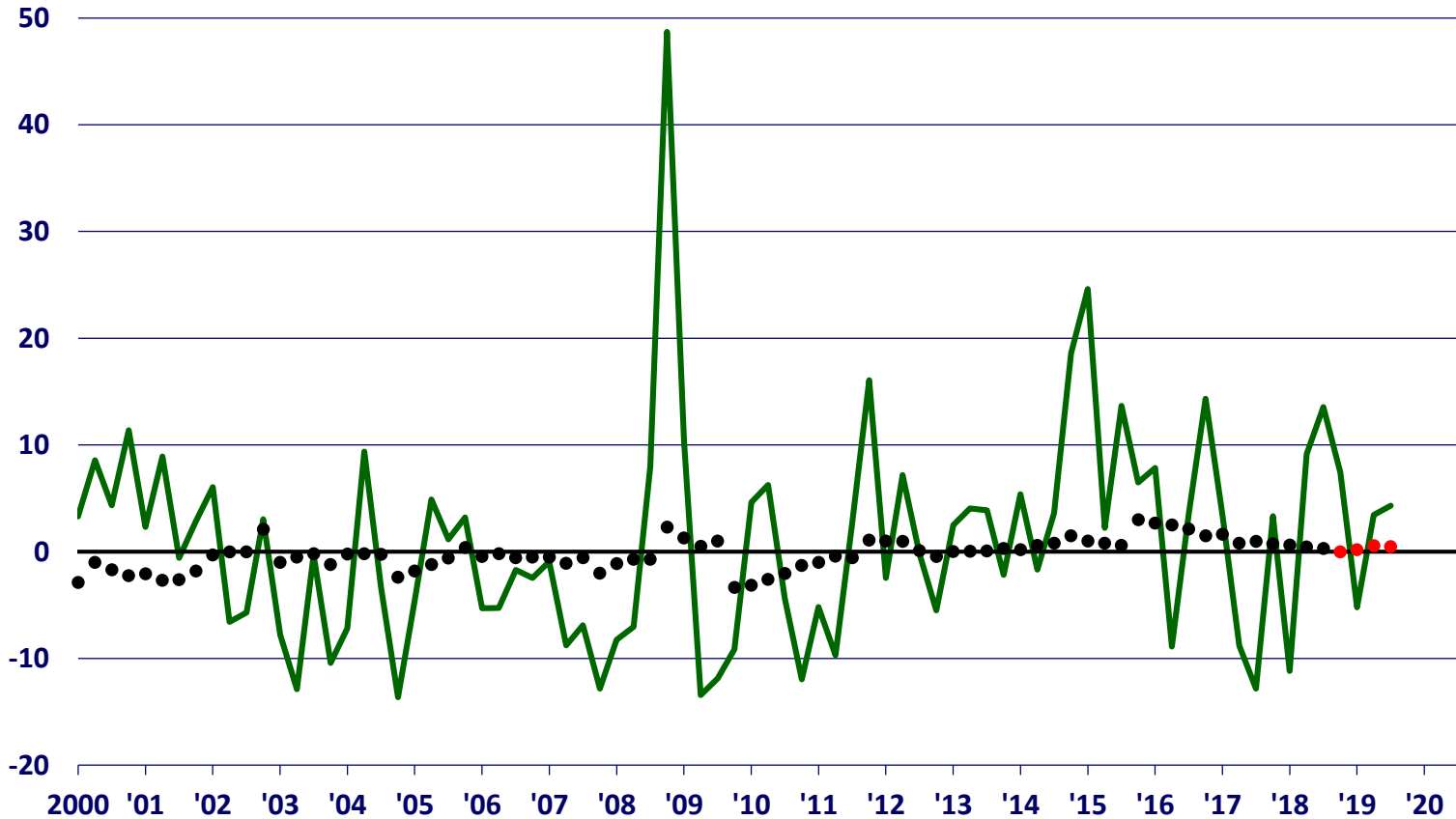
The forecast increase in short term interest rates also did not take place

Treasury Ten-year Rate
(percent)



While quite volatile, the trade weighted value of the dollar was close to the forecast

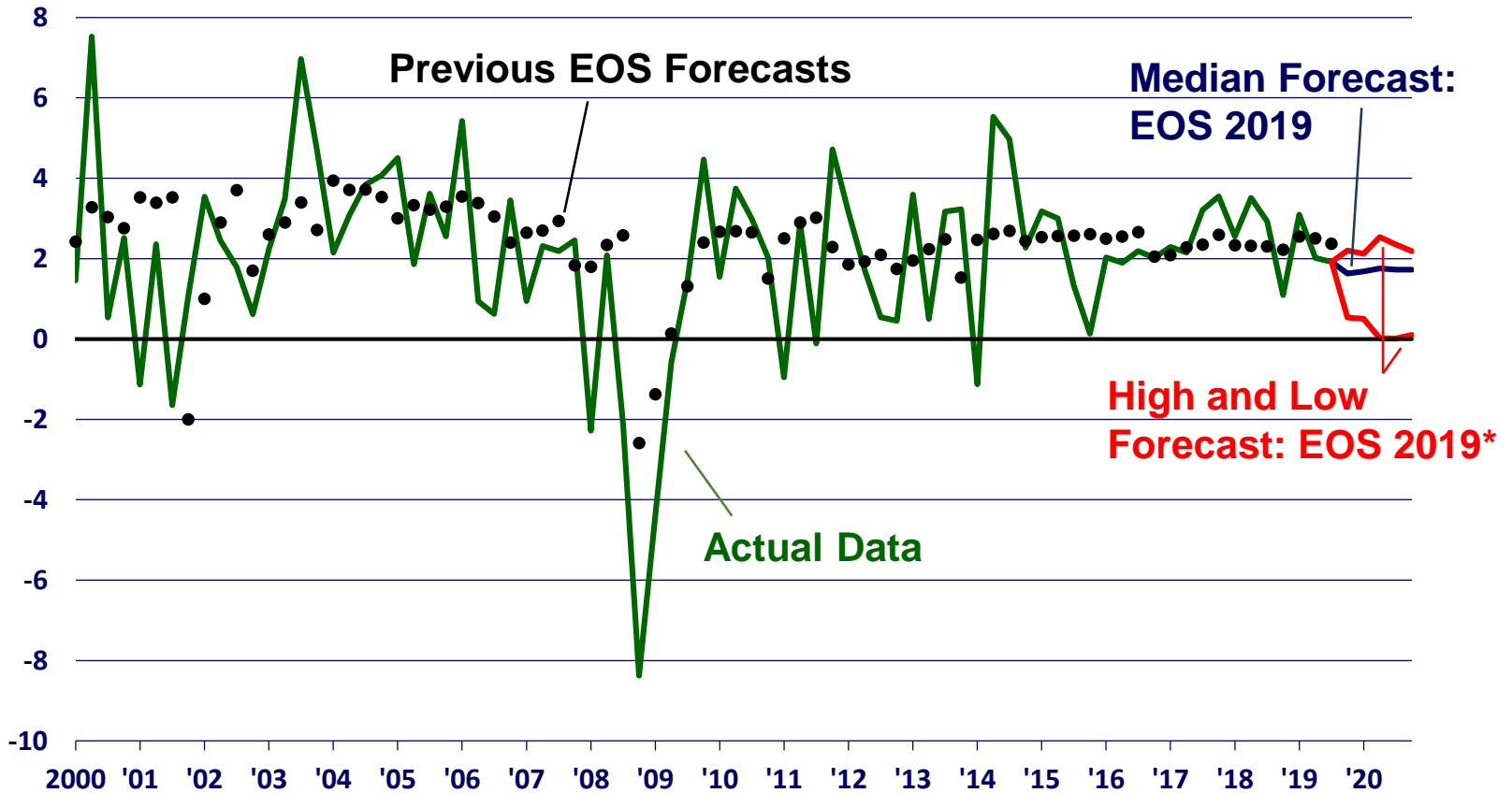
J.P. Morgan Trade Weighted Dollar
(percent change, annualized)



Forecast for 2020

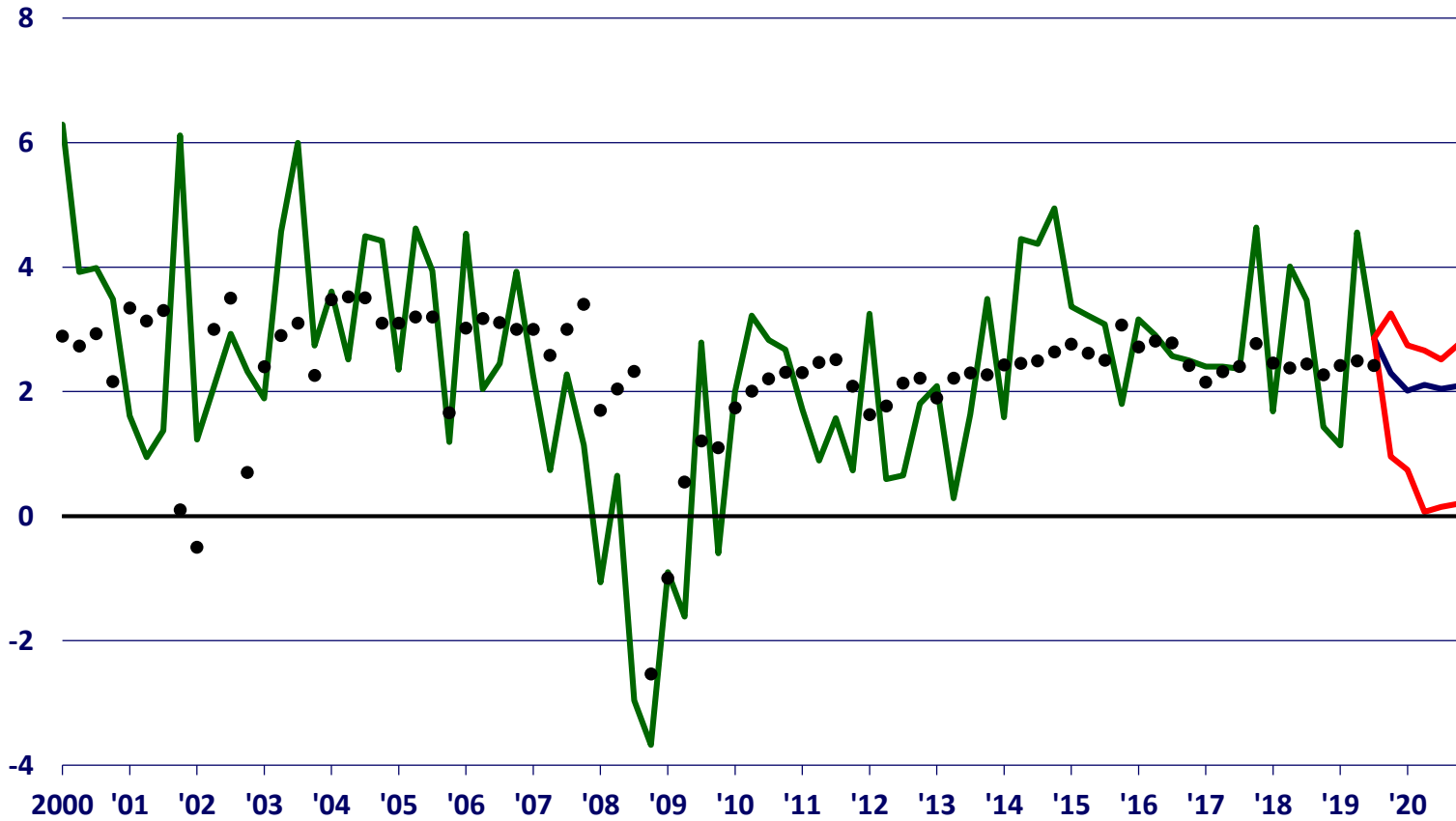
Real GDP growth is expected to remain steady throughout 2020 with an increase of 1.7% for the year

Real GDP
(percent change, annualized)



Personal consumption spending moderates to 2.0% in 2020

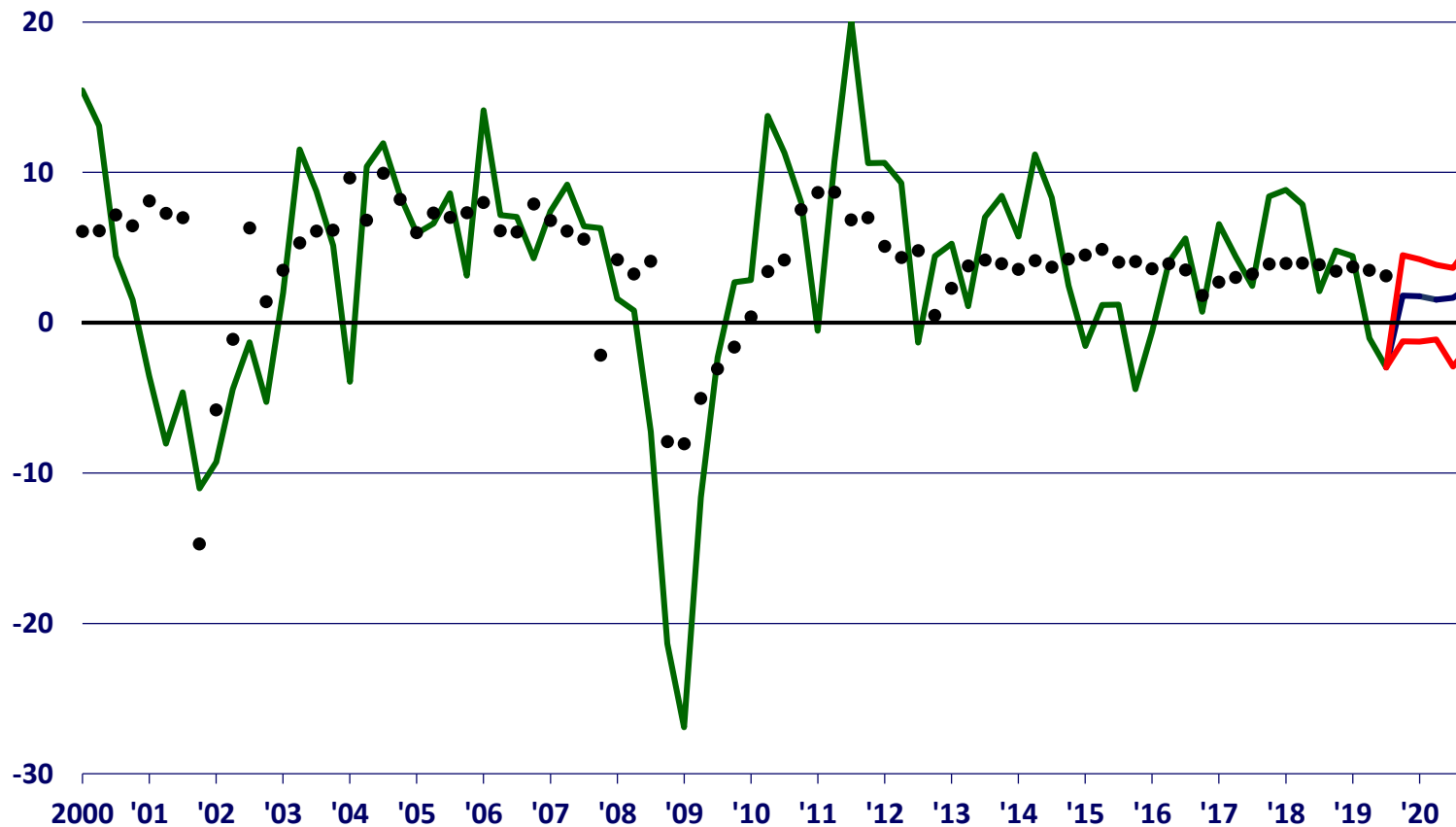
Personal Consumption Expenditures
(percent change, annualized)



Business fixed investment is predicted to increase at a slow pace of 1.8% over the coming year

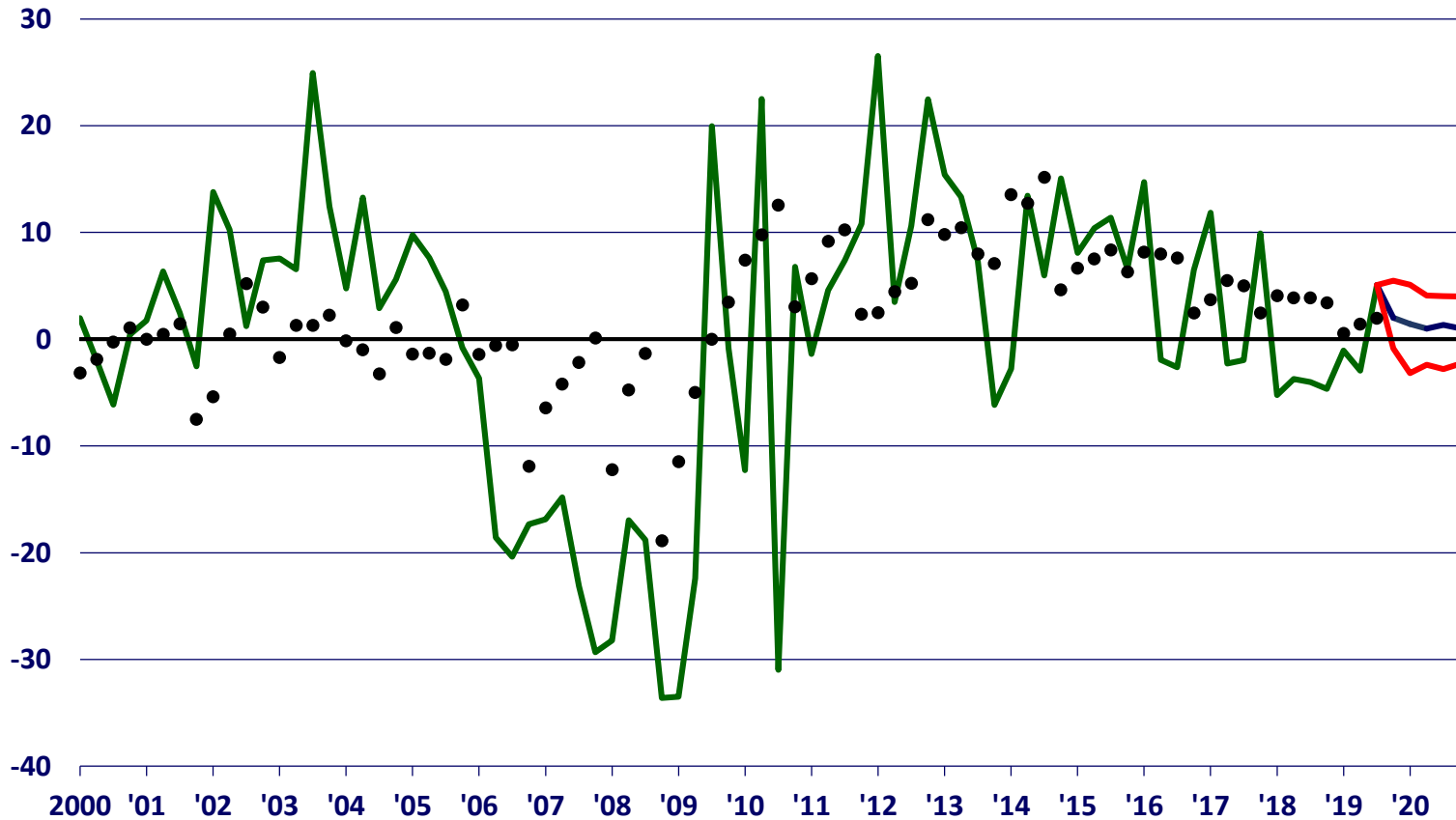
Business Fixed Investment

(percent change, annualized)



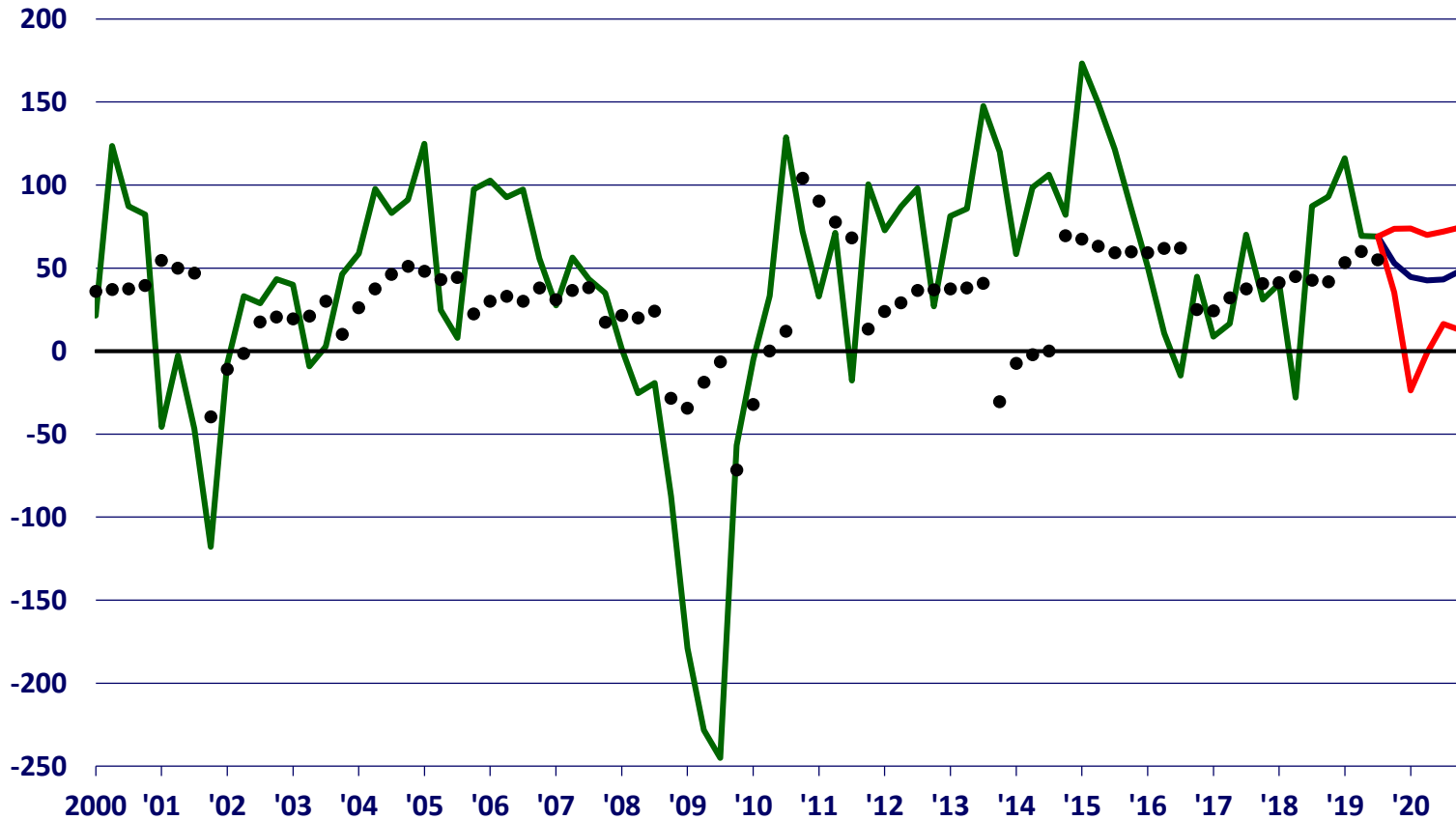
Residential investment growth is forecast to tick up in 2020, gaining 1.0%

Residential Investment
(percent change, annualized)



Business inventories are anticipated to grow at a slightly slower pace in 2020

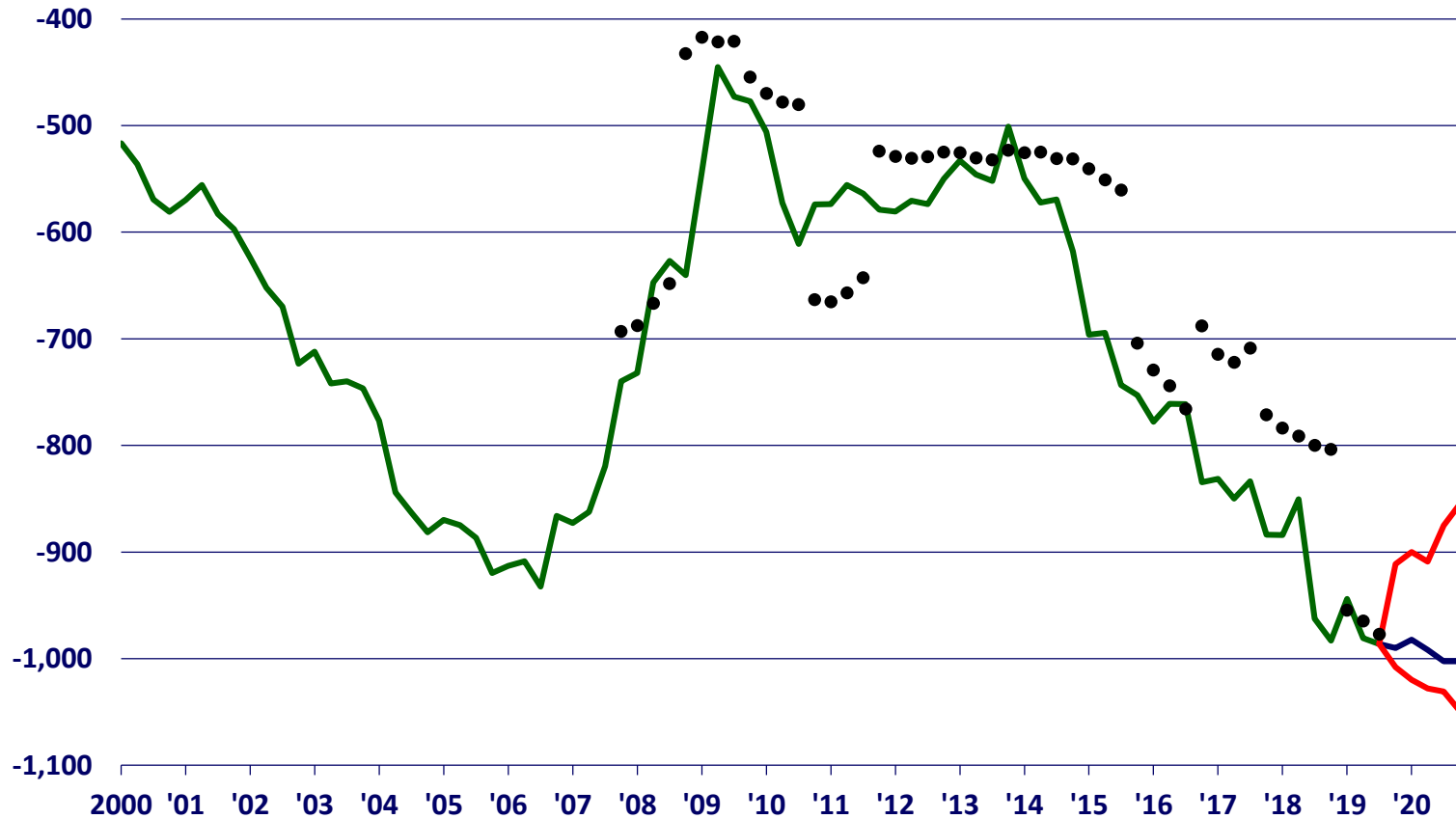
Change in Business Inventories
(billions of constant dollars)



The trade balance is expected to deteriorate further in 2020

Net Exports of Goods and Services

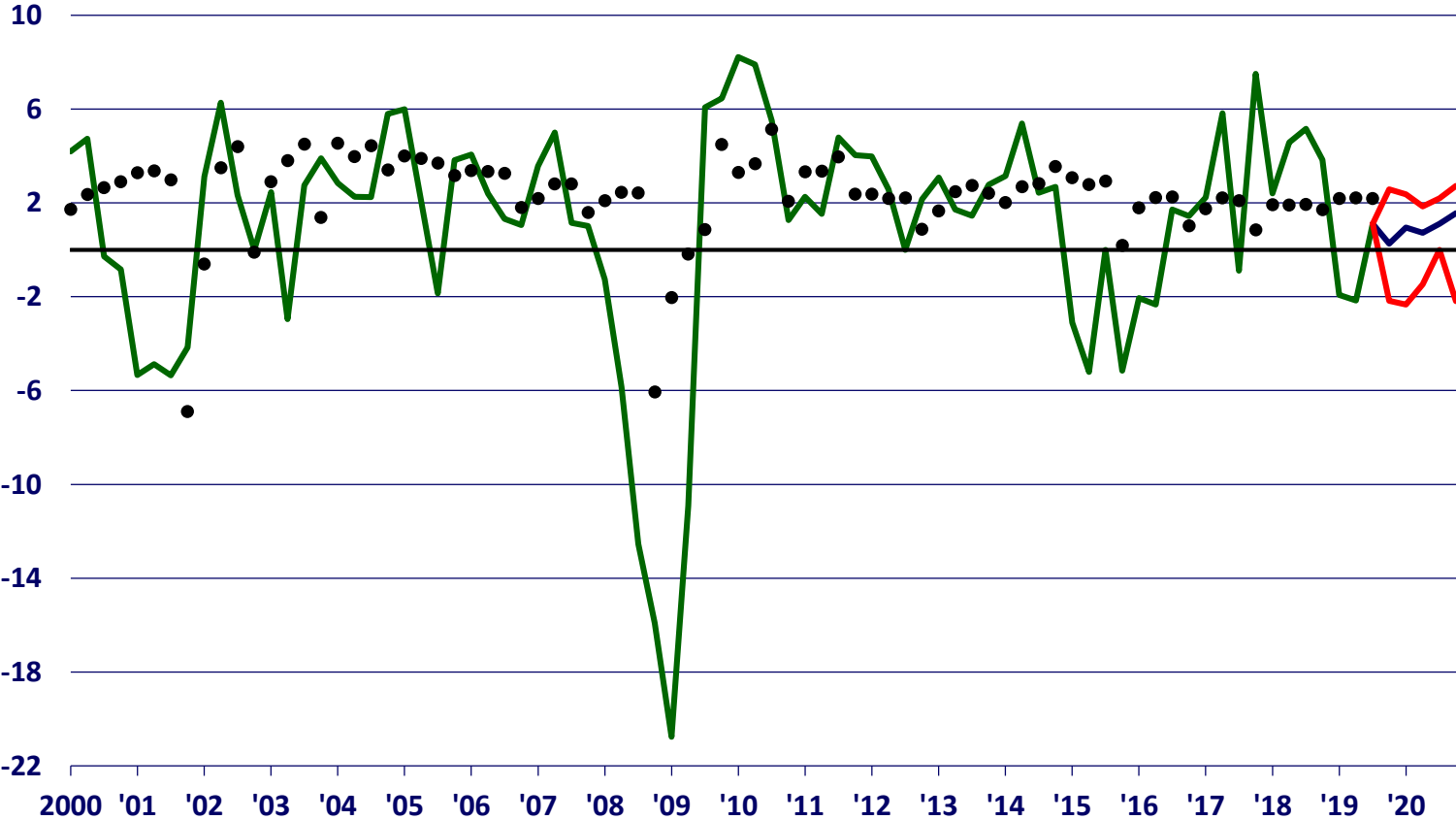
(billions of constant dollars)



Industrial output is forecast to increase at a slow 0.9% pace next year

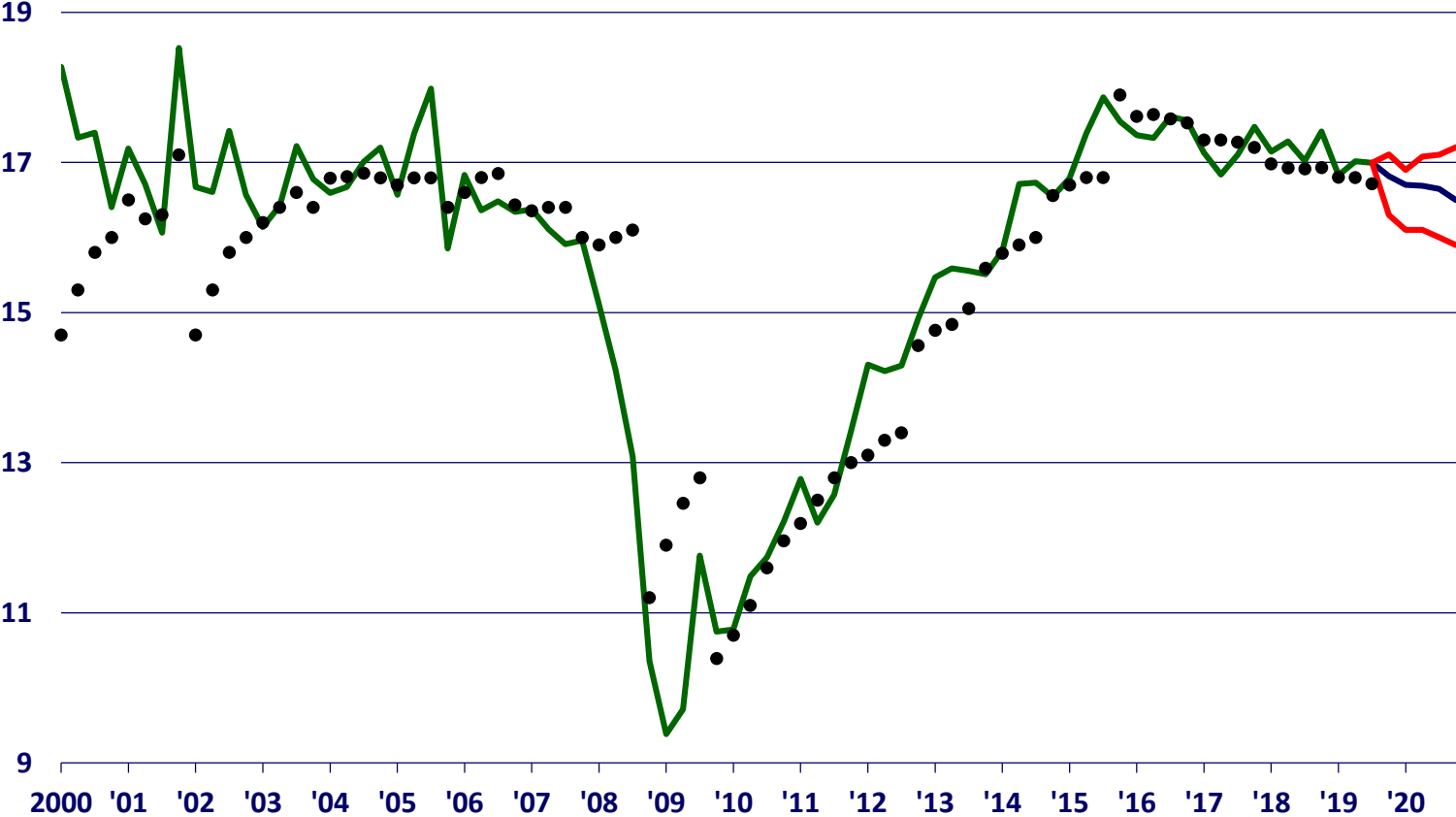
Industrial Production

(percent change, annualized)



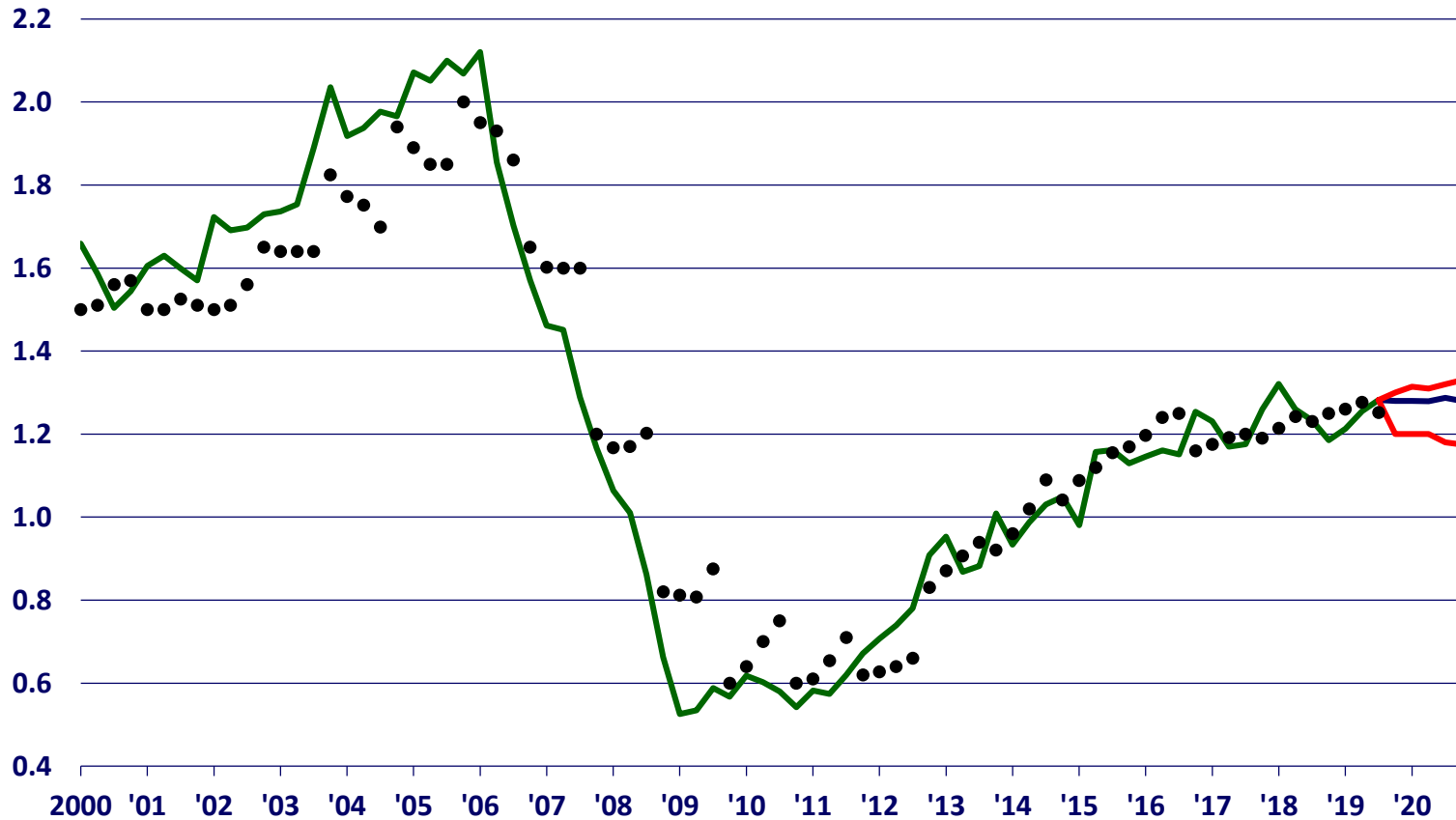
Light vehicles sales are forecast to continue moving lower, falling to 16.6 million units in 2020

Car and Light Truck Sales
(millions of units)



Housing starts are forecast to edge higher to 1.28 million next year

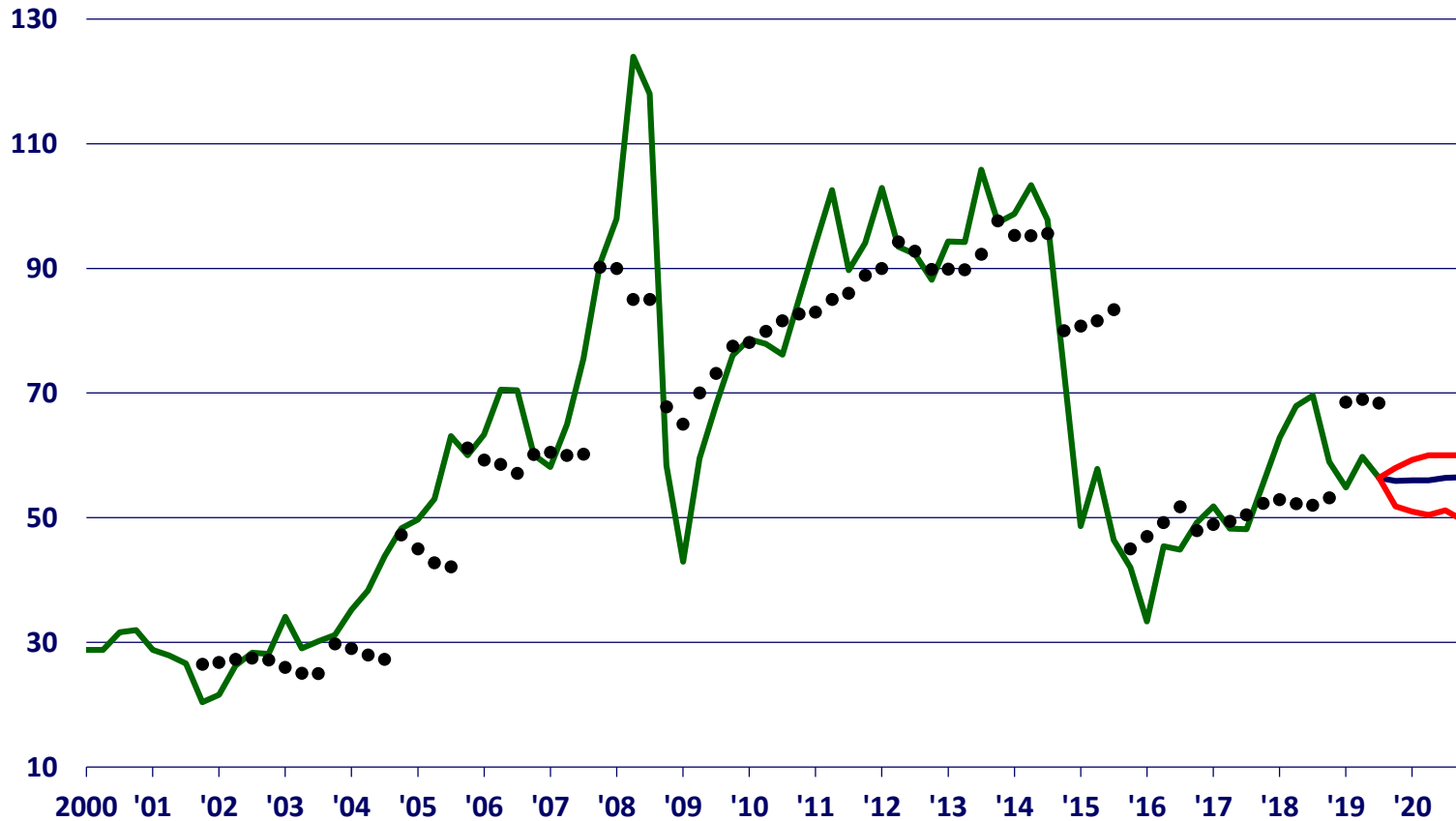
Housing Starts
(millions of units)



Oil prices are predicted to remain flat

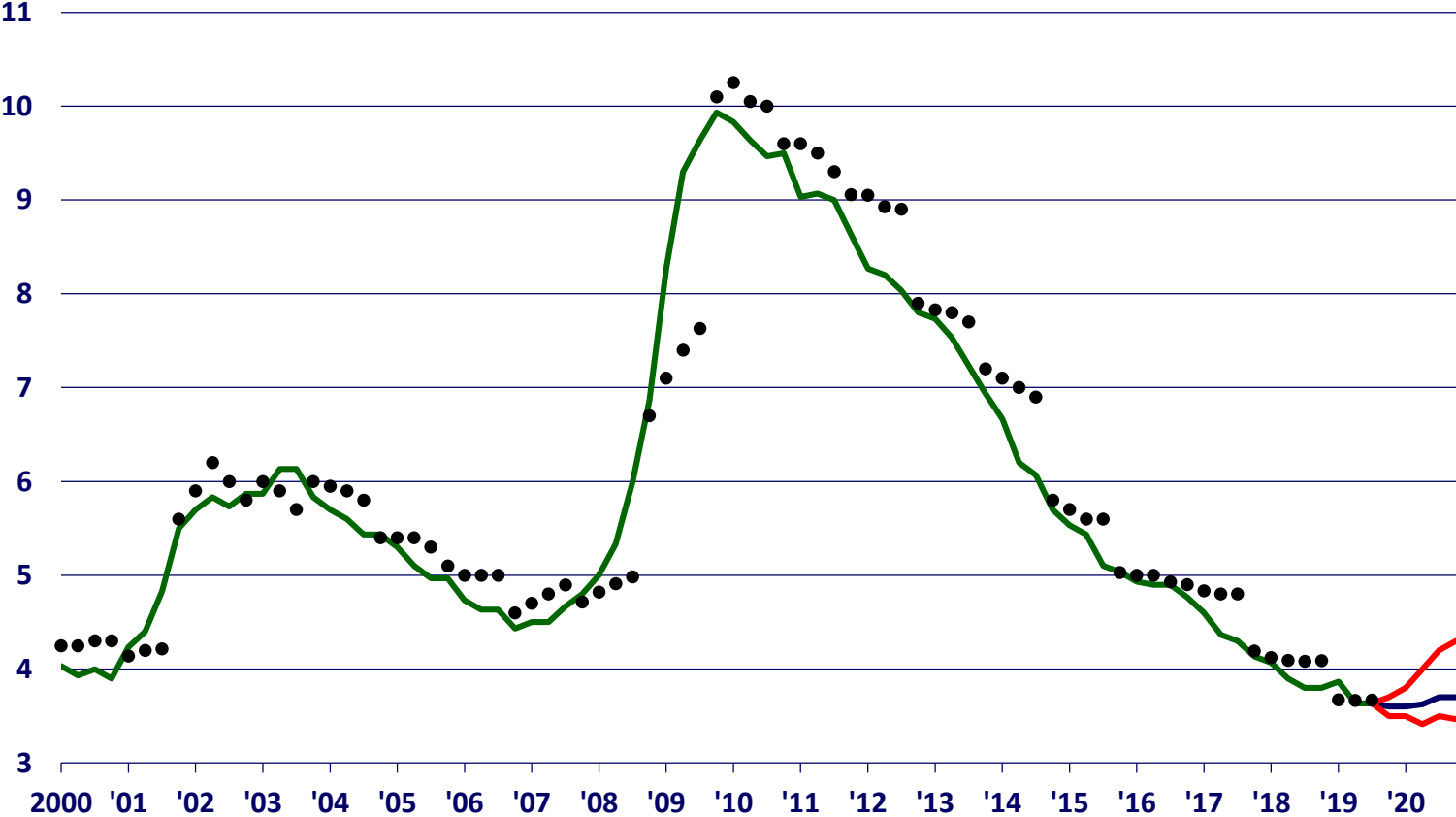
Oil Prices - West Texas Intermediate

(dollars per barrel)



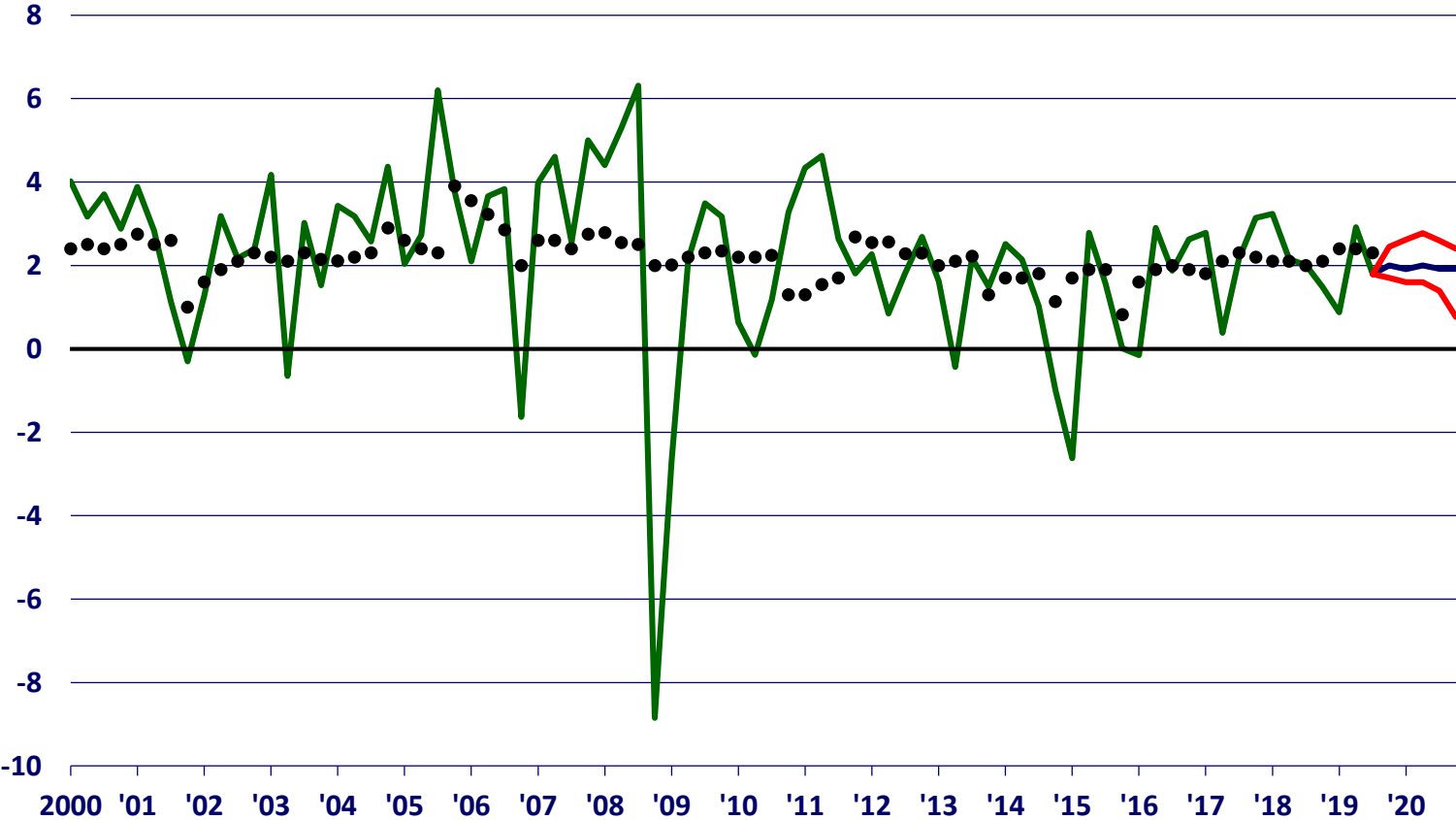
The unemployment rate is projected to edge higher to 3.7% in the final quarter of next year

Unemployment Rate
(percent)



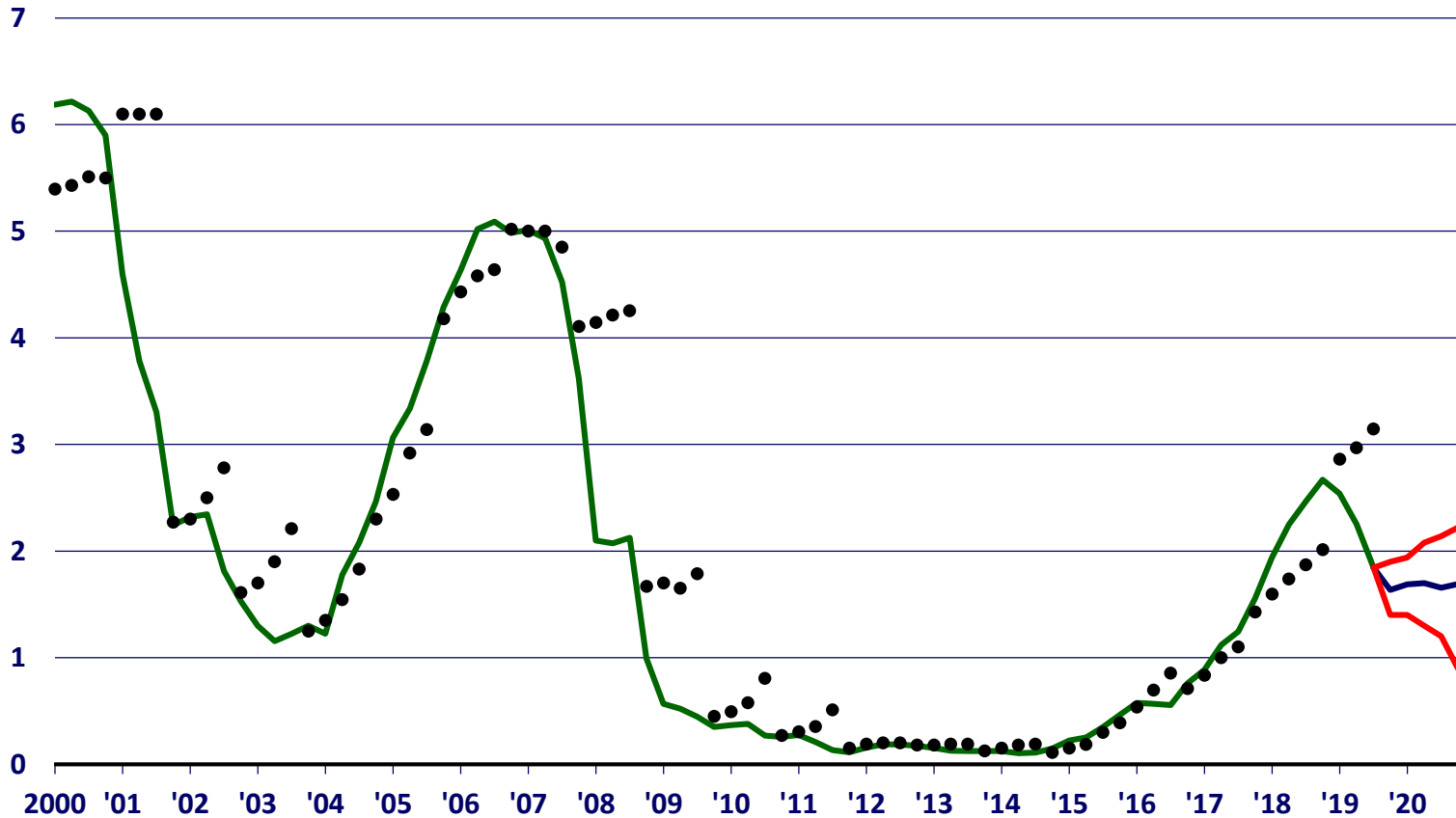
Inflation is forecast to remain flat at 2.0% in 2020

CPI Inflation Rate
(percent change, annualized)



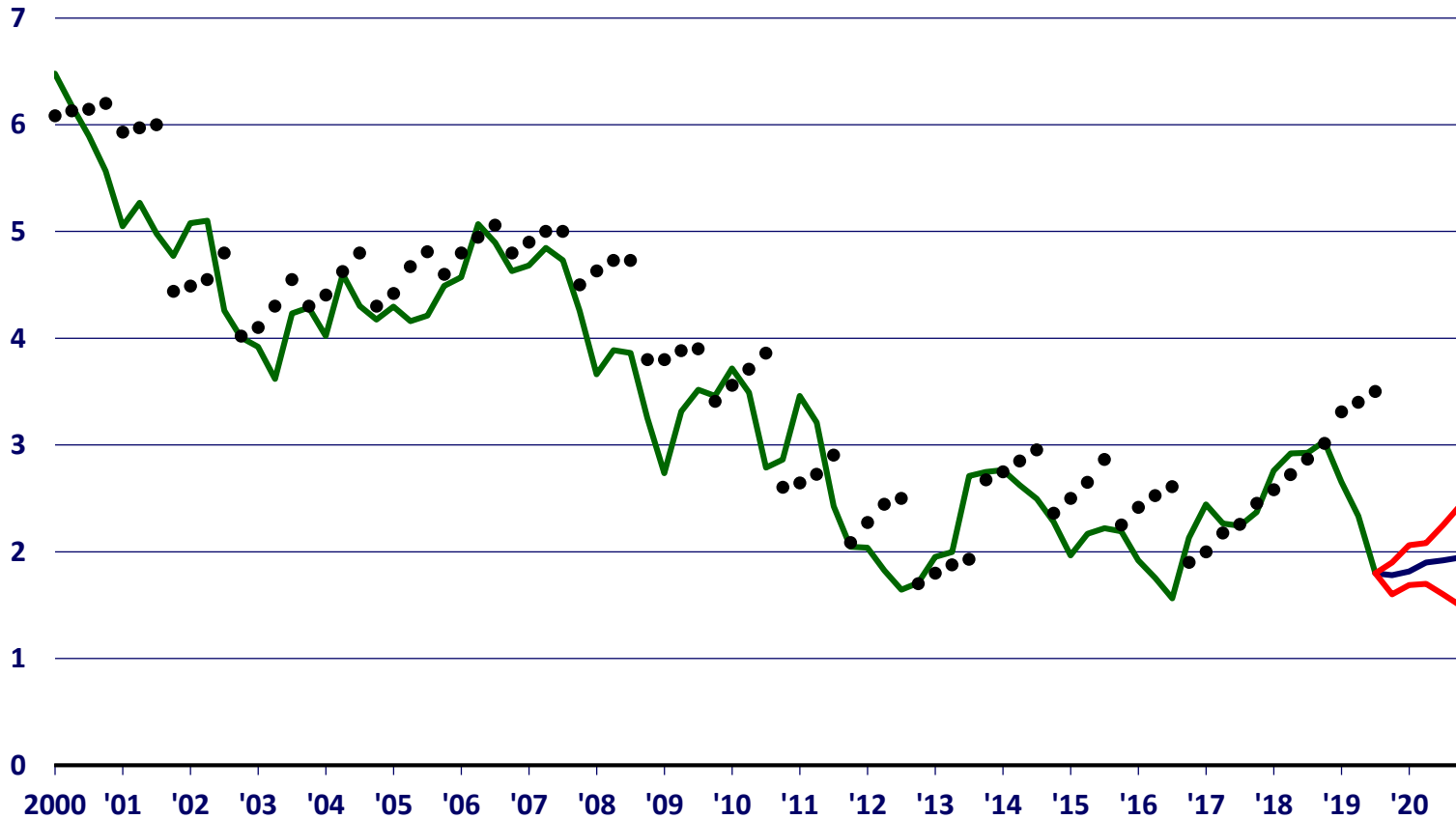
Short-term interest rates are predicted to edge up by 6 basis points in 2020

Treasury One-year Rate
(percent)



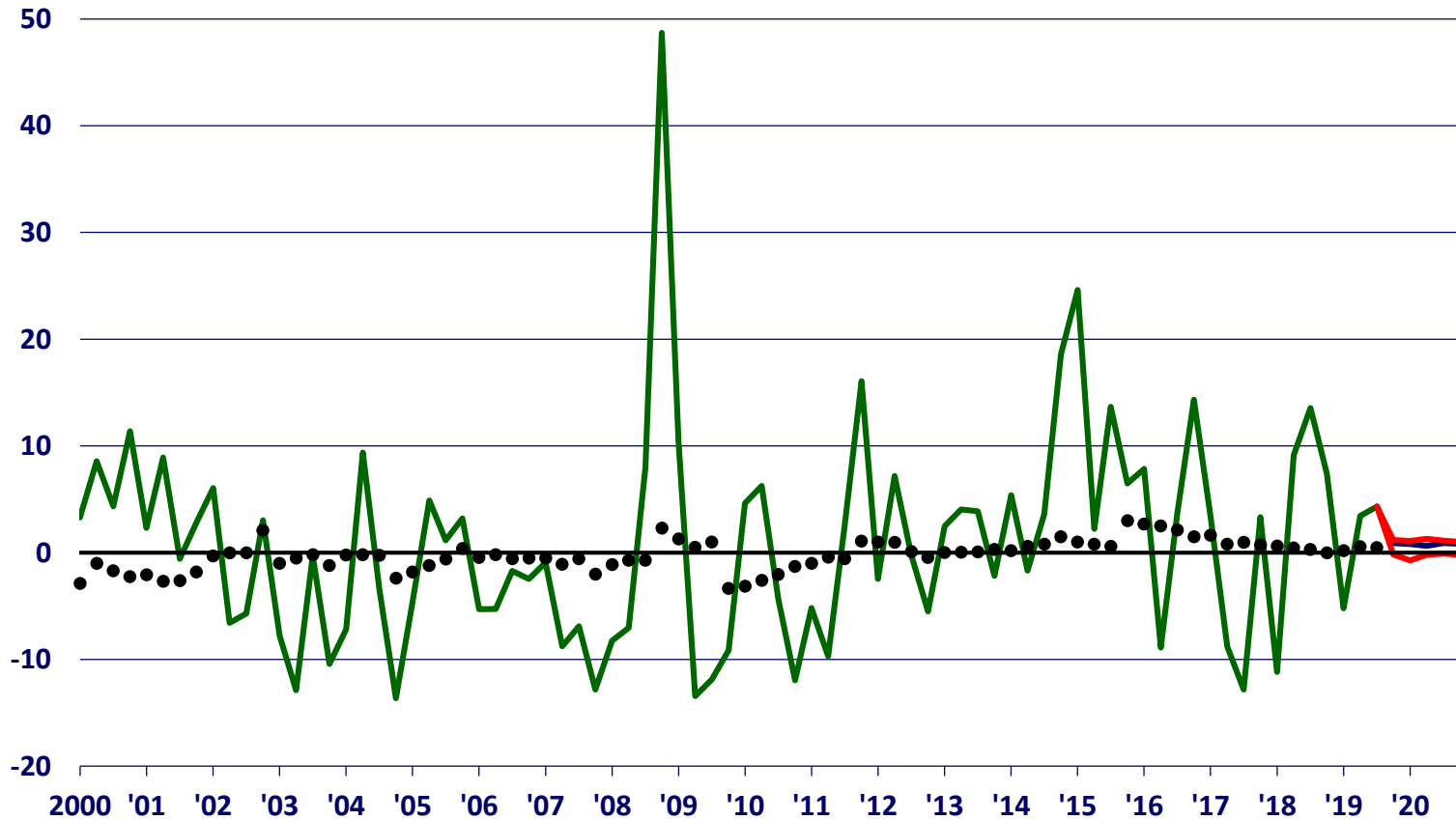
Ten-year interest rates are expected to increase by 17 basis points next year to 1.95%

Treasury Ten-year Rate
(percent)



The dollar is forecast to rise 2.7% next year

J.P. Morgan Trade Weighted Dollar
(percent change, annualized)



Median Forecasts: Consensus Book Page 1

	2018	2019	2020
GDP, current dollars*	4.9%	3.9%	3.5%
GDP Price Index, chain-type*	2.3%	1.7%	1.7%
Real GDP, chained dollars*	2.5%	2.2%	1.7%
Real Personal Consumption Expenditures*	2.6%	2.7%	2.0%
Real Business Fixed Investment*	5.9%	0.5%	1.8%
Real Residential Investment*	-4.4%	0.7%	1.0%
Change in Private Inventories **	\$93.0	\$53.0	\$48.1
Net Exports of Goods and Services (billions of constant dollars)**	-\$983.0	-\$990.0	-1,002.6
Real Government Consumption Expenditures and Gross Investment*	1.5%	2.8%	1.7%

* Q4 over Q4

** Q4 value

Median Forecasts: Consensus Book Page 1

	2018	2019	2020
Industrial Production*	4.0%	-0.7%	0.9%
Car & Light Truck Sales (millions - calendar year including imports)	17.2	16.9	16.6
Housing Starts (millions of units)	1.25	1.26	1.28
Oil Price (dollars per barrel of West Texas Intermediate)**	\$58.97	\$55.90	\$56.52
Unemployment Rate**	3.8%	3.6%	3.7%
Consumer Price Index*	2.2%	1.9%	2.0%
Treasury Constant Maturity One-year Rate**	2.67%	1.63%	1.69%
Treasury Constant Maturity Ten-year Rate**	3.03%	1.78%	1.95%
J.P. Morgan Trade Weighted OECD Dollar*	4.3%	1.5%	2.7%

* Q4 over Q4

** Q4 value

Summary

- **The economy is forecast to rise at a pace near trend in 2020**
- **The unemployment rate is forecast to edge up to a still very low rate by the end of next year**
- **Inflation is anticipated to remain unchanged in 2020**
- **Manufacturing growth is expected to increase at a pace that is below its historical average**
- **Light vehicles sales are forecast to ease to 16.6 million units in 2020**
- **Housing starts are predicted to tick up to 1.28 million units next year**
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