

## News Release

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# Solid Economic Growth Expected in 2010 and 2011, According to Chicago Fed Automotive Outlook Symposium Participants

The seventeenth annual Automotive Outlook Symposium was held in Detroit on Thursday and Friday, June 3–4, and drew more than 60 participants from manufacturing, banking, consulting and service firms, and academia. This year, 20 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 is expected to increase at a substantially faster rate in 2010 than in 2009, inflation is predicted to edge higher, and the unemployment rate is forecasted to move lower. In 2011, growth is expected to remain slightly above trend, with inflation moving a bit higher and the unemployment rate continuing to head lower. Real GDP, after having increased 0.1% last year, is forecasted to rise by 3.1% both this year and in 2011. After rising 1.5% last year, inflation, as measured by the Consumer Price Index, is expected to rise 1.7% this year and then rise 1.9% in 2011. The unemployment rate, after having averaged 10.0% in the fourth quarter of 2009, is forecasted to fall to 9.5% in the final quarter of 2010 and down to 8.8% by the end of 2011.

Most of the major components of real GDP—particularly consumer spending and business fixed investment—are expected to contribute to the improved forecast for economic growth in 2010. Economic growth is forecasted to remain solid in 2011, in large part because of an expansion of spending in business fixed investment and residential investment. Industrial production is forecasted to increase at a strong pace in 2010 and then increase at a solid rate in 2011. Net exports are predicted to decline somewhat in 2010 and 2011. Car and light truck sales are projected to improve in 2010, with sales at 11.6 million units—the slowest selling rate since 1983; and they are expected to improve to 13.3 million units in 2011—the slowest rate since 1992. Interest rates (one- and ten-year Treasury rates) are anticipated to rise this year and next year. Oil prices are expected to average \$82 per barrel by the end of 2010 and then rise to just under \$88 per barrel

by the end of 2011. The trade-weighted U.S. dollar is expected to rise both this year and next.

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

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

	2009 (Actual)	2010 (Forecast)	2011 (Forecast)
Real gross domestic product <sup>a</sup>	0.1	3.1	3.1
Real personal consumption expenditures <sup>a</sup>	1.0	3.2	2.6
Real business fixed investment <sup>a</sup>	-14.1	4.6	6.7
Real residential investment <sup>a</sup>	-12.6	2.2	14.3
Change in private inventories <sup>b</sup>	-19.7	45.1	52.5
Net exports of goods and services <sup>b</sup>	-348.0	-389.7	-391.8
Real government consumption expenditures and gross investment <sup>a</sup>	1.3	0.6	0.6
Industrial production <sup>a</sup>	-4.7	5.7	4.2
Car and light truck sales (millions of units)	10.4	11.6	13.3
Housing starts (millions of units)	0.55	0.68	0.94
Unemployment rate <sup>c</sup>	10.0	9.5	8.8
Consumer Price Index <sup>a</sup>	1.5	1.7	1.9
One-year Treasury rate (constant maturity) <sup>c</sup>	0.35	0.63	1.60
Ten-year Treasury rate (constant maturity) <sup>c</sup>	3.46	3.85	4.60
J. P. Morgan Trade-Weighted Dollar Index <sup>a</sup>	-7.5	2.0	0.3
Oil price (dollars per barrel of West Texas Intermediate) <sup>c</sup>	76.07	82.00	87.81

<sup>a</sup>Percentage change, fourth quarter over fourth quarter.

<sup>b</sup>Billions of chained (2005) dollars in the fourth quarter at a seasonally adjusted annual rate.

<sup>c</sup>Fourth quarter average.