

News Release

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Solid U.S. Economic Growth Forecasted for 2011, Chicago Fed Economic Outlook Symposium Participants Say

The twenty-fourth annual Economic Outlook Symposium, held in Chicago on December 3, 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 median forecast of symposium participants, the nation's economic growth is expected to increase at a solid pace in 2011, inflation is predicted to edge higher next year, and the unemployment rate is forecasted to decrease slightly in 2011. The consensus outlook shows that rate of real GDP growth is forecasted to be 2.4% this year but then 3.0% in 2011. Inflation, as measured by the Consumer Price Index, is expected to average 0.9% this year and then 1.6% in 2011. The unemployment rate is forecasted to edge down to a still quite high 9.2% by the end of next year.

Consumer spending is predicted to rise at a moderate pace next year, according to the consensus economic outlook. Business spending is expected to increase in 2011. The housing sector is forecasted to improve after experiencing five years of decline. In particular, the consensus outlook shows residential investment is expected to decrease, at a rate of -4.7%, this year but then rise, at a 9.6% pace, in 2011. Car and light truck sales are expected to increase to 12.7 million units in 2011—above this year's anticipated sales of 11.5 million units. Oil prices are expected to rise to \$82.67 per barrel in the final quarter of this year and then edge higher to around \$85 per barrel by the end of 2011. The rate of industrial production growth is forecasted to be 5.4% in 2010 and then 4.3% next year. The short-term interest rate (one-year Treasury rate) is expected to go up by 35 basis points from 2010 to 2011, and the long-term rate (ten-year Treasury

rate) is predicted to increase 46 basis points over the same time period. The trade-weighted U.S. dollar is expected to remain unchanged in 2011.

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

—William A. Strauss • Senior Economist and
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Forecasts from Twenty-Fourth Annual Economic Outlook Symposium

	2009 (Actual)	2010 (Forecast)	2011 (Forecast)
Real gross domestic product ^a	0.2	2.4	3.0
Real personal consumption expenditures ^a	0.2	2.3	2.5
Real business fixed investment ^a	-12.7	10.6	7.4
Real residential investment ^a	-13.4	-4.7	9.6
Change in private inventories ^b	-36.7	97.2	60.3
Net exports of goods and services ^b	-330.1	-518.2	-500.1
Real government consumption expenditures and gross investment ^a	0.8	1.5	0.5
Industrial production ^a	-3.8	5.4	4.3
Car and light truck sales (millions of units)	10.4	11.5	12.7
Housing starts (millions of units)	0.55	0.60	0.69
Unemployment rate ^c	10.0	9.6	9.2
Consumer Price Index ^a	1.5	0.9	1.6
One-year Treasury rate (constant maturity) ^c	0.35	0.27	0.62
Ten-year Treasury rate (constant maturity) ^c	3.46	2.61	3.07
J. P. Morgan Trade-Weighted Dollar Index ^a	-7.5	1.1	0.0
Oil price (dollars per barrel of West Texas Intermediate) ^c	76.07	82.67	85.30

^aPercent change, fourth quarter over fourth quarter.

^bBillions of chained (2005) dollars in the fourth quarter at a seasonally adjusted annual rate.

^cFourth quarter average.