Consensus Forecast for 2011

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Review of past performance
The growth in real GDP came in initially at a faster pace than was anticipated.

This lead to a slight over-prediction of the unemployment rate.
Business investment growth came in at a more significant pace than predicted.

Inventory restocking was even larger than forecast.
The industrial sector was also stronger than expected

Consumer spending predictions were in-line with actual expenditures
Light vehicle sales were also accurately predicted

Housing starts were anticipated to rise, but housing starts showed no improvement
Residential investment has experienced extreme volatility due to government stimulus programs.

Long-term interest rates were also expected to rise, but fell quite sharply.
The balance of trade was predicted to edge lower, but it fell at a more rapid pace.

The dollar was predicted to decline 2.8% and it fell by 1.3%.
Inflation was much lower than forecast

...even though oil prices were in-line with expectations
Short-term interest rates were expected to increase slightly, but actually fell to an even lower level.

Forecast for 2011
Median forecast of GDP and related items (page 1 in the Consensus Forecast book)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP, current dollars*</td>
<td>0.6%</td>
<td>4.0%</td>
<td>4.0%</td>
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<tr>
<td>GDP price index, chain-type*</td>
<td>0.5%</td>
<td>1.6%</td>
<td>1.3%</td>
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<tr>
<td>Real GDP, chained dollars*</td>
<td>0.2%</td>
<td>2.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Personal consumption expenditures*</td>
<td>0.2%</td>
<td>2.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Business fixed investment*</td>
<td>-12.7%</td>
<td>10.6%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Residential investment*</td>
<td>-13.4%</td>
<td>4.7%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Change in private inventories (billions of constant dollars)**</td>
<td>-$367</td>
<td>$972</td>
<td>$603</td>
</tr>
<tr>
<td>Net exports of goods and services (billions of constant dollars)**</td>
<td>-$330.1</td>
<td>$518.2</td>
<td>$500.1</td>
</tr>
<tr>
<td>Government consumption expenditures and gross investment*</td>
<td>0.8%</td>
<td>1.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

*Q4 over Q4
**Q4 value
Real GDP growth is expected to increase by 3.0% next year

The unemployment rate is projected to edge lower, reaching 9.2% in the final quarter of next year
Business fixed investment growth is forecast to remain solid, averaging 7.4% over the coming year.

Inventories are anticipated to increase at a slower pace over the course of 2011.
Industrial output is forecast to increase 4.3% next year with the growth rate increasing throughout the year.

Consumer spending growth is expected to remain flat at a moderate rate during 2011.
Vehicle sales are forecast to improve each quarter with sales of 12.7 million units next year.

Housing starts are, once again, forecast to increase.
After falling by a forecasted 4.7% in 2010, residential investment is expected to bounce back rising 9.6%.

Ten-year interest rates are expected to increase modestly, rising 46 basis points.
The trade balance is forecast to edge higher

The dollar is forecast to remain unchanged
Oil prices are predicted to rise moderately
Averaging $85.30 per barrel by the end of 2011

Prices are forecast to rise 1.6% next year
Short-term interest rates are predicted to edge higher, rising by 35 basis points next year

Summary

• The economy is forecast to rise at a solid pace in 2011
• With economic growth just slightly above potential, the unemployment rate does not show much improvement
• Inflation is anticipated to rise to remain quite low
• Manufacturing is expected to continue doing well
• Light vehicle sales are forecast to rise to 12.7 million units
• Housing starts are predicted to increase to 690,000 units
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