

## News Release

Embargoed for release:  
Monday, June 1, 2015—  
10:00 a.m. (ET)  
9:00 a.m. (CT)

Contact: Laura LaBarbera  
Media Relations  
312-322-2387

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

# Solid and Improving Economic Growth Forecasted for 2015 and 2016, Chicago Fed Automotive Outlook Symposium Participants Say

The 22nd annual Automotive Outlook Symposium was held in Detroit on Friday, May 29, and drew more than 75 participants from the manufacturing and banking industries, as well as consulting and service firms and academia. This year, 21 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 rate in 2015 is expected to be slightly lower than in 2014, the rate of inflation is predicted to decrease, and the unemployment rate is anticipated to move lower. The pace of economic growth in 2016 is expected to increase, with inflation moving up and the unemployment rate edging down. At 2.4% in 2014, the growth rate of real GDP is forecasted to be 2.1% in 2015 and 2.7% in 2016. At 1.2% last year, inflation, as measured by the Consumer Price Index, is expected to fall to 0.7% this year but then rise to 2.2% in 2016. The unemployment rate, after having averaged 5.7% in the fourth quarter of 2014, is predicted to fall to 5.2% in the final quarter of 2015 and then move further down to 5.0% in the last quarter of 2016.

Real residential investment is anticipated to grow at a strong pace in 2015, and most of the other major components of real GDP are expected to expand at a solid pace this year. The pace of economic growth is forecasted to increase in 2016, with activity improving across many sectors of the economy. Industrial production is expected to see its pace of growth slow down considerably in 2015 but then pick back up, close to its long-term trend, in 2016. Car and light truck sales are projected to rise in 2015, to 16.8 million units; and they are expected to improve further in 2016, to 17.1 million units. The one-year and ten-year Treasury rates are anticipated to begin rising this year; both rates are predicted to continue increasing in 2016. Oil prices are forecasted to fall to \$62 per barrel by the end of 2015 and then rise to \$69 per

barrel by the end of 2016. The trade-weighted U.S. dollar is predicted to rise strongly this year and then stay steady in 2016.

A summary of the 22nd annual Automotive 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 22nd Annual Automotive Outlook Symposium

	2014 (Actual)	2015 (Forecast)	2016 (Forecast)
Real gross domestic product <sup>a</sup>	2.4	2.1	2.7
Real personal consumption expenditures <sup>a</sup>	2.9	2.6	2.7
Real business fixed investment <sup>a</sup>	6.2	2.5	4.1
Real residential investment <sup>a</sup>	2.5	6.1	8.5
Change in private inventories <sup>b</sup>	80.0	71.7	53.3
Net exports of goods and services <sup>b</sup>	-471.4	-546.4	-569.7
Real government consumption expenditures and gross investment <sup>a</sup>	0.8	0.8	1.3
Industrial production <sup>a</sup>	4.5	1.5	2.9
Car and light truck sales (millions of units)	16.4	16.8	17.1
Housing starts (millions of units)	1.00	1.09	1.23
Unemployment rate <sup>c</sup>	5.7	5.2	5.0
Consumer Price Index <sup>a</sup>	1.2	0.7	2.2
One-year Treasury rate (constant maturity) <sup>c</sup>	0.15	0.65	1.60
Ten-year Treasury rate (constant maturity) <sup>c</sup>	2.28	2.46	3.10
J. P. Morgan trade-weighted dollar index <sup>a</sup>	7.4	7.0	0.0
Oil price (dollars per barrel of West Texas Intermediate) <sup>c</sup>	73.16	62.32	68.55

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

<sup>b</sup>Billions of chained (2009) dollars in the fourth quarter at a seasonally adjusted annual rate.

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

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