

News Release

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Economy to Grow at Pace Slightly Above Average in 2015, Say Chicago Fed Economic Outlook Symposium Participants

The 28th annual Economic Outlook Symposium, held in Chicago on December 5, 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, 28 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 symposium participants' median forecast for 2015, the nation's economic growth rate is expected to be slightly above its historical long-run average, the rate of inflation is predicted to tick lower, and the unemployment rate is forecasted to decrease slightly. The consensus outlook shows that the rate of real GDP growth is expected to be 2.1% this year and then 2.7% in 2015. Inflation, as measured by the Consumer Price Index, is predicted to average 1.8% this year and then 1.7% in 2015. The unemployment rate is forecasted to edge down to 5.6% by the end of next year.

Consumer spending is predicted to rise at a moderate pace next year, according to the consensus economic outlook. The pace of business spending is expected to slow somewhat in 2015. The housing sector is forecasted to improve at a faster pace next year. In particular, the consensus outlook shows housing starts are expected to increase to 1.00 million units this year and then rise further to 1.14 million units in 2015. Car and light truck sales are predicted to increase to 16.8 million units in 2015—above this year's anticipated sales of 16.4 million units. Oil prices are expected to fall to \$80.00 per barrel in the final quarter of this year and then move higher to \$83.84 per barrel by the end of 2015. The rate of industrial production growth is forecasted to be 4.1% in 2014 and then 3.0% next year—close to its historical long-run average. The short-term interest rate (one-year Treasury rate) is expected to increase 36 basis points during 2015, and

the long-term interest rate (ten-year Treasury rate) is predicted to rise 64 basis points over the same period. The trade-weighted U.S. dollar is expected to increase 0.5% in 2015.

A summary of the 28th annual Economic 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 28th Annual Economic Outlook Symposium

	2013 (Actual)	2014 (Forecast)	2015 (Forecast)
Real gross domestic product ^a	3.1	2.1	2.7
Real personal consumption expenditures ^a	2.8	2.0	2.6
Real business fixed investment ^a	4.7	5.2	4.2
Real residential investment ^a	6.9	2.4	7.5
Change in private inventories ^b	81.8	65.0	50.0
Net exports of goods and services ^b	-384.0	-415.0	-432.9
Real government consumption expenditures and gross investment ^a	-1.9	1.2	0.9
Industrial production ^a	3.3	4.1	3.0
Car and light truck sales (millions of units)	15.5	16.4	16.8
Housing starts (millions of units)	0.93	1.00	1.14
Unemployment rate ^c	7.0	5.8	5.6
Consumer Price Index ^a	1.2	1.8	1.7
One-year Treasury rate (constant maturity) ^c	0.12	0.11	0.47
Ten-year Treasury rate (constant maturity) ^c	2.75	2.36	3.00
J. P. Morgan trade-weighted dollar index ^a	3.5	2.3	0.5
Oil price (dollars per barrel of West Texas Intermediate) ^c	97.39	80.00	83.84

^aPercent change, fourth quarter over fourth quarter.

^bBillions of chained (2009) dollars in the fourth quarter at a seasonally adjusted annual rate.

^cFourth quarter average.