News Release

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Solid but Moderating Economic Growth Expected in 2019 and 2020, Chicago Fed Automotive Outlook Symposium Participants Say

The 26th annual Automotive Outlook Symposium was held in Detroit on Friday, May 31, and drew more than 60 participants from the manufacturing and banking industries, as well as consulting and service firms and academia. This year, 25 individuals provided a consensus outlook—forecasts for major components of real gross domestic product (GDP), as well as several other 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 2019 is expected to be solid but lower than in 2018, the rate of inflation is predicted to decline, and the unemployment rate is anticipated to decrease. The pace of economic growth is projected to moderate further in 2020, and the inflation rate and the unemployment rate are expected to edge up. At 3.0% in 2018, the growth rate of real GDP is forecasted to be 2.3% in 2019 and 1.9% in 2020. At 2.2% last year, inflation, as measured by the Consumer Price Index, is expected to decline to 1.6% this year. Inflation is predicted to increase a little, to 1.8%, in 2020. The unemployment rate, after having averaged 3.8% in the fourth quarter of 2018, is predicted to decrease to 3.6% in the final quarter of 2019 and then tick up to 3.7% in the last quarter of 2020.

Real personal consumption expenditures, business fixed investment, and private inventories are all anticipated to grow at a slower pace in 2019 compared with 2018. Real residential investment, net exports of goods and services, and government spending and total investment are all expected to expand at a faster pace this year than last year. Slower growth is predicted for all but one of the components of real GDP (the first six indicators appearing below real GDP in the table) in 2020 versus 2019. So, a decrease in overall economic growth is forecasted for next year. Industrial production is anticipated to expand by 0.6% in 2019 and 0.7% in 2020—much slower than its long-run average. Car and light truck sales are projected to decrease from 17.2 million units in 2018 to 16.8 million units in 2019 and then 16.6 million units in 2020. The one-year and ten-year Treasury rates are predicted to move lower in 2019; while the one-year rate is expected to continue edging down in 2020, the ten-year rate is forecasted to move up a bit next year. The average price of oil is forecasted to increase to $63.50 per barrel by the end of 2019 and then decrease to $60.00 per barrel by the end of 2020. The trade-weighted U.S. dollar is predicted to rise 1.5% this year and 2.3% next year.

A summary of the 26th 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 26th Annual Automotive Outlook Symposium

	2018 (Actual)	2019 (Forecast)	2020 (Forecast)
Real gross domestic product[a]	3.0	**2.3**	**1.9**
Real personal consumption expenditures[a]	2.6	**2.0**	**1.8**
Real business fixed investment[a]	7.0	**3.0**	**2.5**
Real residential investment[a]	–3.3	**0.5**	**1.9**
Change in private inventories[b]	96.8	**76.9**	**63.7**
Net exports of goods and services[b]	–955.7	**–907.5**	**–953.7**
Real government consumption expenditures and gross investment[a]	1.5	**2.1**	**1.2**
Industrial production[a]	4.0	**0.6**	**0.7**
Car and light truck sales (millions of units)	17.2	**16.8**	**16.6**
Housing starts (millions of units)	1.25	**1.21**	**1.24**
Unemployment rate[c]	3.8	**3.6**	**3.7**
Consumer Price Index[a]	2.2	**1.6**	**1.8**
One-year Treasury rate (constant maturity)[c]	2.67	**2.60**	**2.55**
Ten-year Treasury rate (constant maturity)[c]	3.03	**2.75**	**2.85**
J. P. Morgan trade-weighted dollar index[a]	4.2	**1.5**	**2.3**
Oil price (dollars per barrel of West Texas Intermediate)[c]	58.97	**63.50**	**60.00**

[a]Percent change, fourth quarter over fourth quarter.
[b]Billions of chained (2012) dollars in the fourth quarter at a seasonally adjusted annual rate.
[c]Fourth quarter average.