Table 1: Economic Projections of Federal Reserve Governors and Reserve Bank Presidents, April 2010

Percent

Variable	Central tendency[1]				Range[2]			
	2010	2011	2012	Longer run	2010	2011	2012	Longer run
Change in real GDP.	3.2 to 3.7	3.4 to 4.5	3.5 to 4.5	2.5 to 2.8	2.7 to 4.0	3.0 to 4.6	2.8 to 5.0	2.4 to 3.0
January projection.	2.8 to 3.5	3.4 to 4.5	3.5 to 4.5	2.5 to 2.8	2.3 to 4.0	2.7 to 4.7	3.0 to 5.0	2.4 to 3.0
Unemployment rate.	9.1 to 9.5	8.1 to 8.5	6.6 to 7.5	5.0 to 5.3	8.6 to 9.7	7.2 to 8.7	6.4 to 7.7	5.0 to 6.3
January projection.	9.5 to 9.7	8.2 to 8.5	6.6 to 7.5	5.0 to 5.2	8.6 to 10.0	7.2 to 8.8	6.1 to 7.6	4.9 to 6.3
PCE inflation.	1.2 to 1.5	1.1 to 1.9	1.2 to 2.0	1.7 to 2.0	1.1 to 2.0	0.9 to 2.4	0.7 to 2.2	1.5 to 2.0
January projection.	1.4 to 1.7	1.1 to 2.0	1.3 to 2.0	1.7 to 2.0	1.2 to 2.0	1.0 to 2.4	0.8 to 2.0	1.5 to 2.0
Core PCE inflation[3].	0.9 to 1.2	1.0 to 1.5	1.2 to 1.6		0.7 to 1.6	0.6 to 2.4	0.6 to 2.2	
January projection.	1.1 to 1.7	1.0 to 1.9	1.2 to 1.9		1.0 to 2.0	0.9 to 2.4	0.8 to 2.0	

NOTE: Projections of change in real gross domestic product (GDP) and of inflation are from the fourth quarter of the previous year to the fourth quarter of the year indicated. PCE inflation and core PCE inflation are the percentage rates of change in, respectively, the price index for personal consumption expenditures (PCE) and the price index for PCE excluding food and energy. Projections for the unemployment rate are for the average civilian unemployment rate in the fourth quarter of the year indicated. Each participant's projections are based on his or her assessment of appropriate monetary policy. Longer-run projections represent each participant’s assessment of the rate to which each variable would be expected to converge under appropriate monetary policy and in the absence of further shocks to the economy. The January projections were made in conjunction with the FOMC meeting on January 26-27, 2010.

1. The central tendency excludes the three highest and three lowest projections for each variable in each year.
2. The range for a variable in a given year includes all participants' projections, from lowest to highest, for that variable in that year.
3. Longer-run projections for core PCE inflation are not collected.

Table 1a
Economic Projections for the First Half of 2010*
(in percent)

Central Tendencies and Ranges

	Central Tendency	Range
Change in Real GDP	3.1 to 3.5	2.6 to 4.0
PCE Inflation	1.1 to 1.5	1.0 to 2.0
Core PCE Inflation	0.7 to 1.0	0.5 to 1.2

Participants' Projections

Projection	Change in Real GDP	PCE Inflation	Core PCE Inflation
1	3.1	1.2	1.0
2	3.3	1.6	0.8
3	3.3	1.1	0.7
4	3.5	2.0	1.2
5	2.9	1.0	0.8
6	3.8	1.5	1.0
7	3.5	1.5	1.0
8	3.4	1.1	0.7
9	3.4	1.1	0.7
10	2.9	1.4	0.7
11	3.1	1.5	1.1
12	3.4	1.3	0.6
13	2.6	1.2	0.8
14	3.2	1.1	0.5
15	3.2	1.1	0.7
16	3.4	1.3	0.9
17	4.0	1.4	1.0

* Growth and inflation are reported at annualized rates.

Table 1b
Economic Projections for the Second Half of 2010*
(in percent)

Central Tendencies and Ranges

	Central Tendency	Range
Change in Real GDP	3.3 to 4.0	2.8 to 4.2
PCE Inflation	1.2 to 1.6	1.1 to 2.1
Core PCE Inflation	1.0 to 1.4	0.8 to 2.0

Participants' Projections

Projection	Change in Real GDP	PCE Inflation	Core PCE Inflation
1	3.3	1.4	1.2
2	3.1	1.2	0.8
3	4.1	1.5	1.1
4	3.7	2.0	2.0
5	3.5	1.4	1.4
6	4.2	2.1	2.0
7	3.9	1.7	1.4
8	3.8	1.3	1.1
9	4.0	1.5	1.3
10	3.1	1.4	1.1
11	3.5	1.5	0.9
12	3.4	1.1	1.0
13	2.8	1.2	1.2
14	4.0	1.1	0.9
15	3.8	1.5	1.1
16	3.8	1.3	1.3
17	3.8	1.6	1.4

* Projections for the second half of 2010 implied by participants' April projections for the first half of 2010 and for 2010 as a whole. Growth and inflation are reported at annualized rates.

Table 2: April Economic Projections
(in percent)

Projection	Year	Change in Real GDP	Unemployment Rate	PCE Inflation	Core PCE Inflation
1	2010	3.2	9.5	1.3	1.1
2	2010	3.2	9.1	1.4	0.8
3	2010	3.7	9.3	1.3	0.9
4	2010	3.6	8.6	2.0	1.6
5	2010	3.2	9.3	1.2	1.1
6	2010	4.0	9.2	1.8	1.5
7	2010	3.7	9.1	1.6	1.2
8	2010	3.6	9.2	1.2	0.9
9	2010	3.7	9.4	1.3	1.0
10	2010	3.0	9.7	1.4	0.9
11	2010	3.3	9.5	1.5	1.0
12	2010	3.4	9.3	1.2	0.8
13	2010	2.7	9.3	1.2	1.0
14	2010	3.6	9.1	1.1	0.7
15	2010	3.5	9.3	1.3	0.9
16	2010	3.6	9.3	1.3	1.1
17	2010	3.9	9.5	1.5	1.2
1	2011	4.2	8.5	1.3	1.1
2	2011	3.9	8.3	1.8	1.2
3	2011	4.5	8.4	1.0	0.9
4	2011	3.4	7.2	2.4	2.4
5	2011	3.4	8.2	2.2	2.2
6	2011	4.4	8.2	2.0	2.0
7	2011	4.5	8.2	1.5	1.4
8	2011	4.4	8.0	1.1	1.0
9	2011	4.2	8.2	1.5	1.4
10	2011	4.3	8.0	1.5	1.4
11	2011	4.5	8.5	1.5	1.0
12	2011	4.0	8.5	1.3	1.2
13	2011	3.0	8.5	1.3	1.3
14	2011	4.3	8.2	0.9	0.6
15	2011	4.4	8.2	1.0	0.9
16	2011	4.6	8.1	1.7	1.2
17	2011	3.2	8.7	1.9	1.5

Table 2 (continued): April Economic Projections

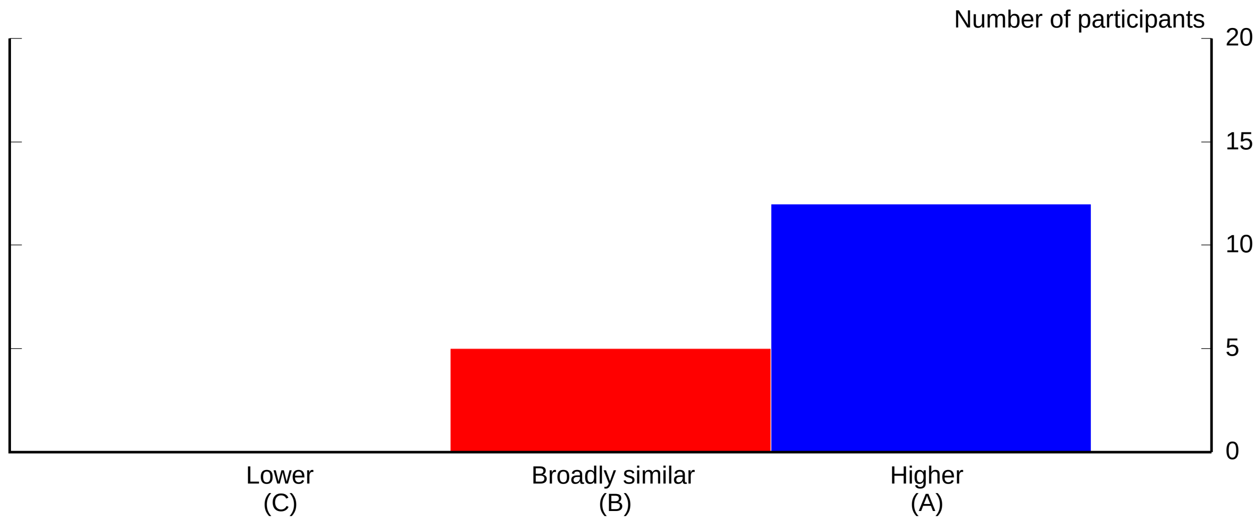
Projection	Year	Change in Real GDP	Unemployment Rate	PCE Inflation	Core PCE Inflation
1	2012	4.2	7.0	1.5	1.2
2	2012	3.5	7.6	2.2	1.5
3	2012	4.5	7.3	1.2	1.2
4	2012	3.0	6.5	2.0	2.0
5	2012	4.0	7.0	2.2	2.2
6	2012	3.5	7.2	1.5	1.5
7	2012	4.5	7.0	1.6	1.6
8	2012	4.4	6.6	1.0	1.0
9	2012	4.0	7.0	1.5	1.4
10	2012	5.0	6.4	2.0	2.0
11	2012	4.5	7.3	1.5	1.3
12	2012	4.0	7.5	1.4	1.4
13	2012	3.2	7.5	1.5	1.5
14	2012	4.5	7.0	0.7	0.6
15	2012	4.7	6.7	1.1	1.1
16	2012	4.8	6.6	1.7	1.2
17	2012	2.8	7.7	1.9	1.6
1	LR	2.5	5.0	2.0	
2	LR	2.6	6.0	2.0	
3	LR	2.8	5.0	2.0	
4	LR	2.8	5.3	1.7	
5	LR	3.0	5.0	2.0	
6	LR	2.8	5.3	1.5	
7	LR	2.5	5.2	2.0	
8	LR	2.5	5.0	2.0	
9	LR	2.7	5.0	1.5	
10	LR	2.4	5.0	2.0	
11	LR	2.8	5.0	1.5	
12	LR	2.5	5.0	1.8	
13	LR	2.5	5.2	2.0	
14	LR	2.5	5.0	2.0	
15	LR	2.8	5.0	2.0	
16	LR	2.6	5.2	2.0	
17	LR	2.5	6.3	2.0	

Figure 1. Central tendencies and ranges of economic projections, 2010–12 and over the longer run

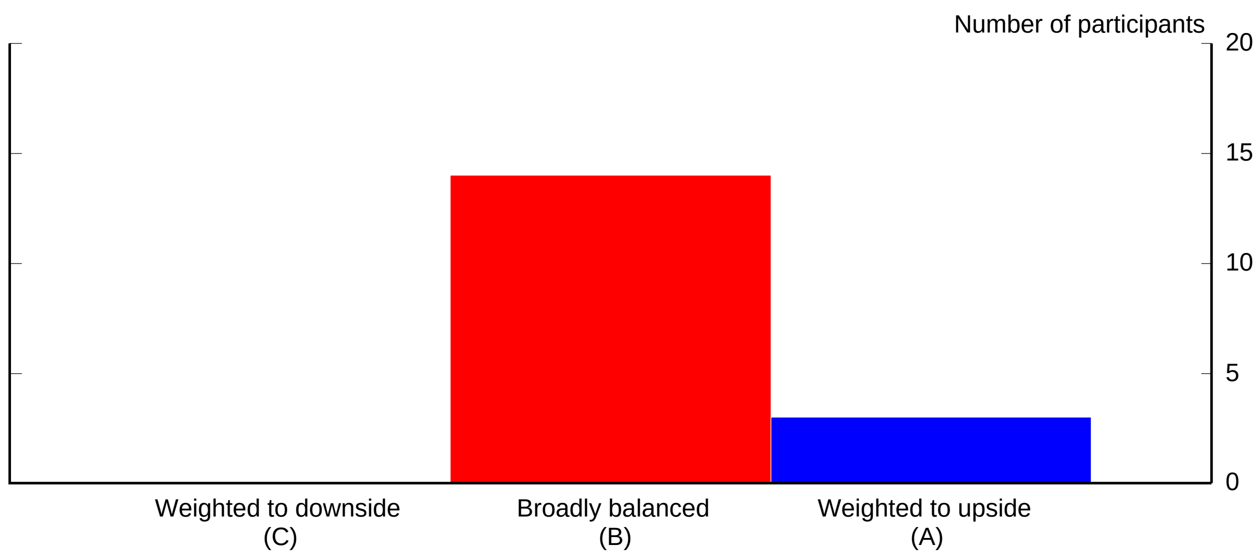
Note: Definitions of variables are in the notes to table 1. The data for the actual values of the variables are annual.

Uncertainty and Risks - GDP Growth

2(a): Please indicate your judgment of the uncertainty attached to your projections relative to levels of uncertainty over the past 20 years.



2(b): Please indicate your judgment of the risk weighting around your projections.

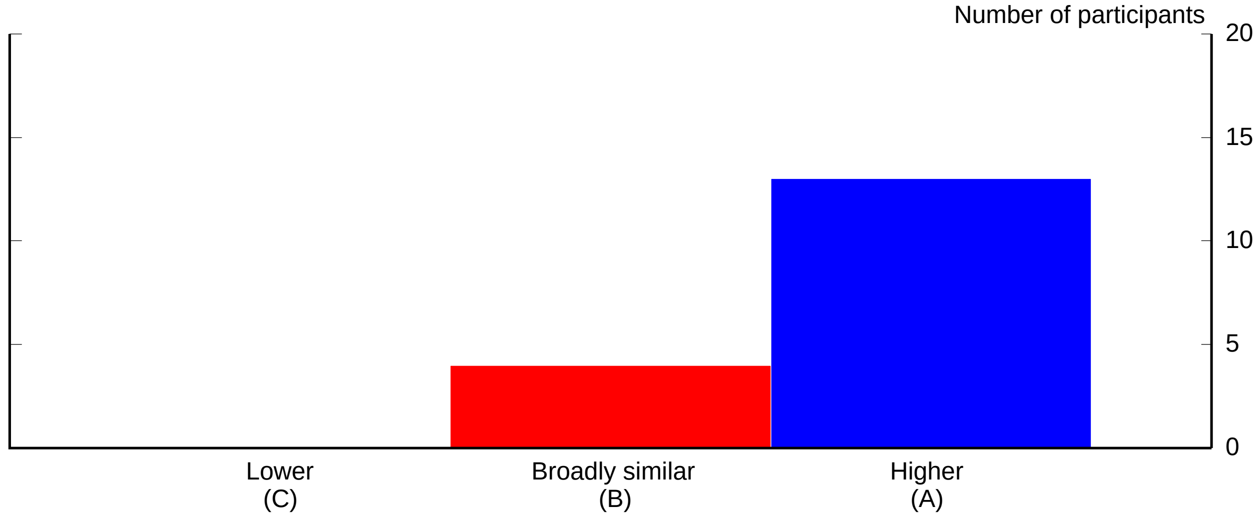


Individual Responses

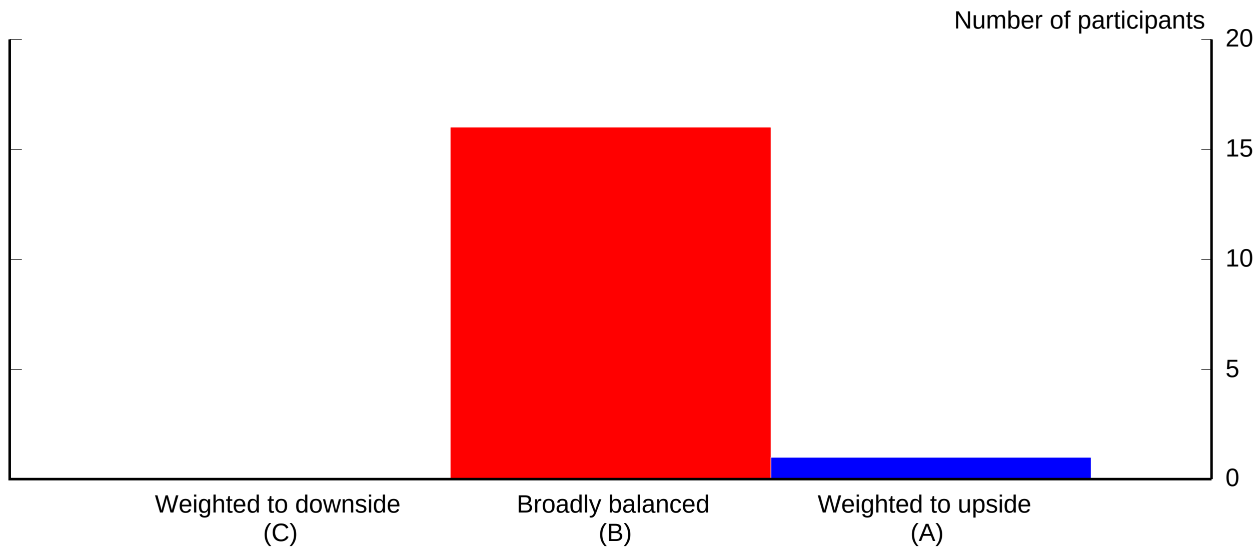
Respondent	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2(a)	B	A	B	A	A	B	A	A	B	A	A	A	A	A	A	B	A
2(b)	A	B	B	A	B	B	B	B	B	B	B	B	A	B	B	B	B

Uncertainty and Risks - Unemployment Rate

2(a): Please indicate your judgment of the uncertainty attached to your projections relative to levels of uncertainty over the past 20 years.



2(b): Please indicate your judgment of the risk weighting around your projections.

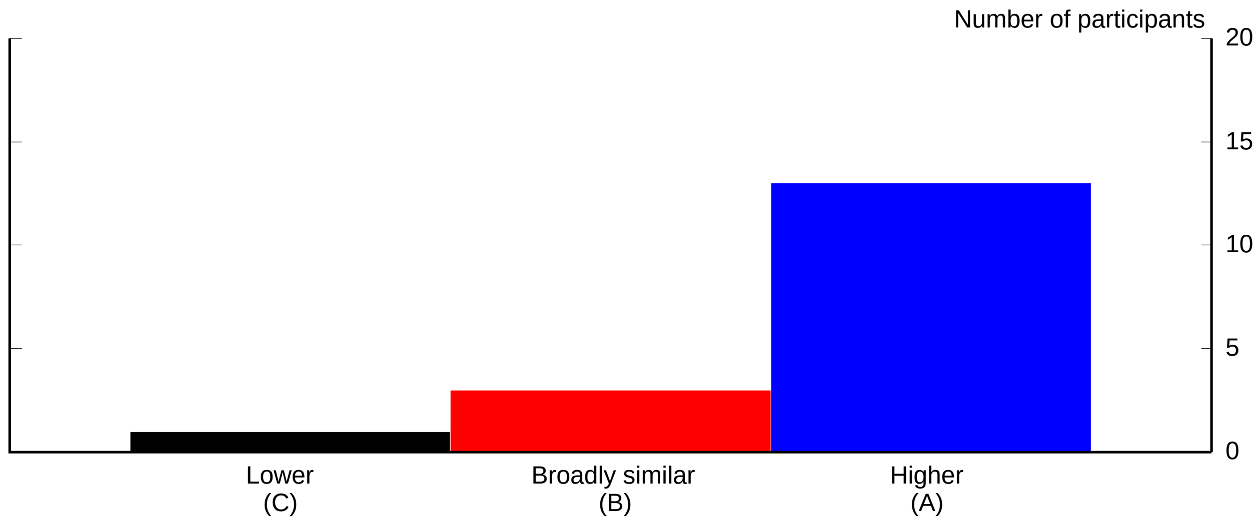


Individual Responses

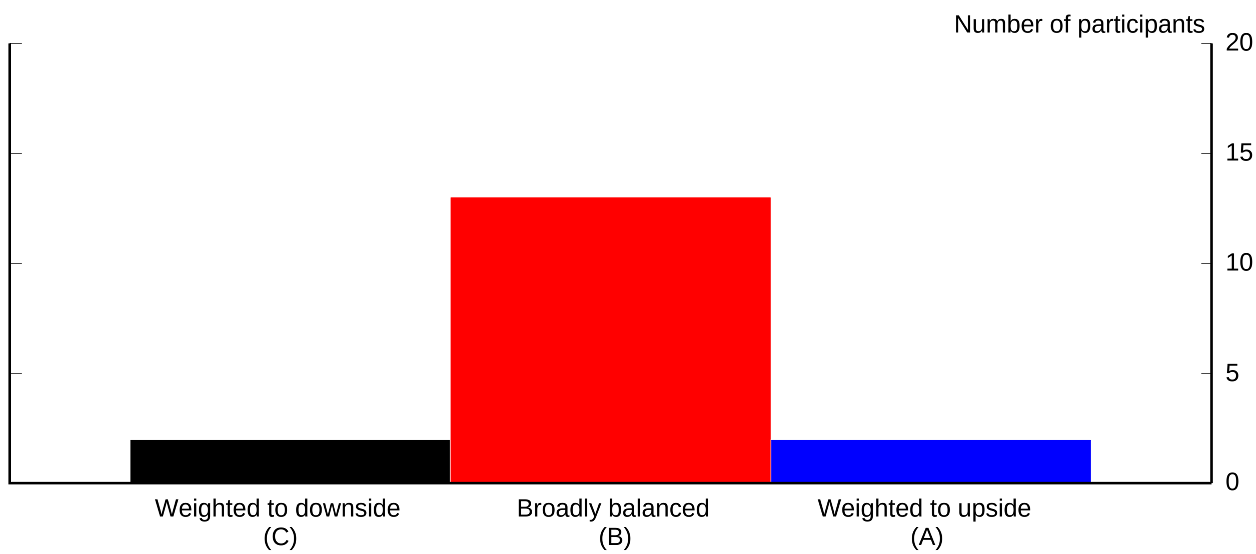
Respondent	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2(a)	B	A	A	B	A	B	A	A	B	A	A	A	A	A	A	A	A
2(b)	B	B	B	B	B	B	B	B	B	B	B	B	B	B	A	B	B

Uncertainty and Risks - PCE Inflation

2(a): Please indicate your judgment of the uncertainty attached to your projections relative to levels of uncertainty over the past 20 years.



2(b): Please indicate your judgment of the risk weighting around your projections.

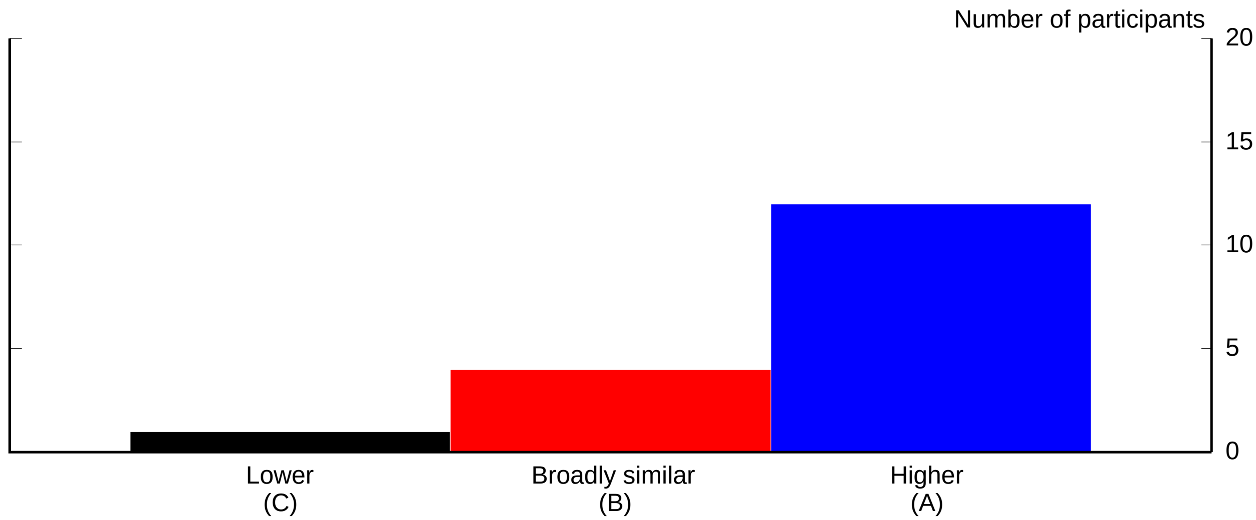


Individual Responses

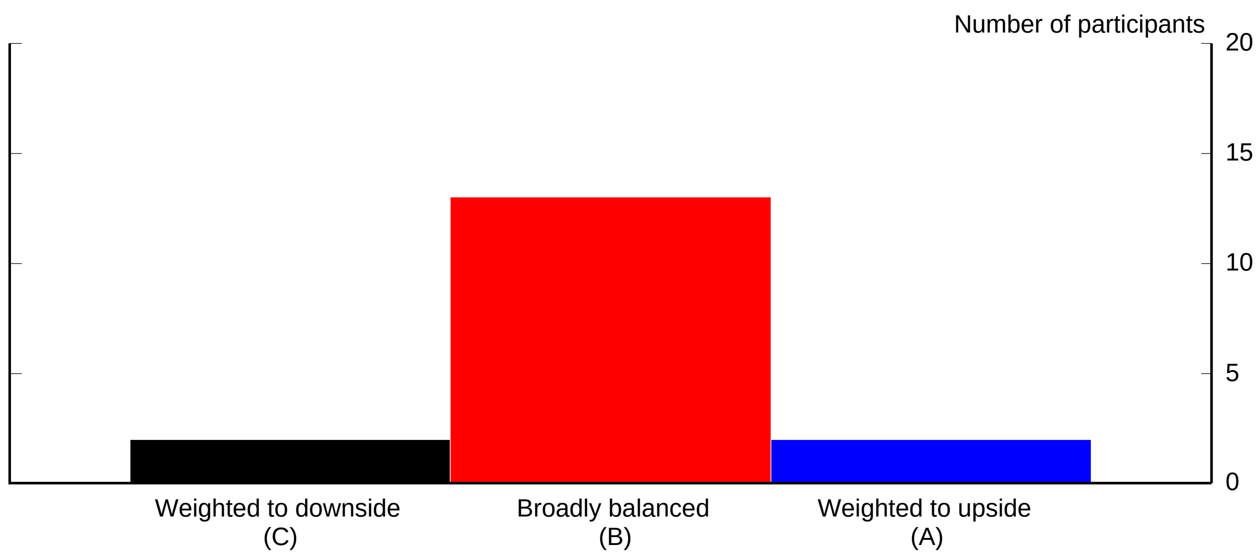
Respondent	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2(a)	B	A	A	A	A	B	A	A	C	A	A	A	A	A	A	B	A
2(b)	B	C	B	A	A	B	B	B	B	B	B	B	B	C	B	B	B

Uncertainty and Risks - Core PCE Inflation

2(a): Please indicate your judgment of the uncertainty attached to your projections relative to levels of uncertainty over the past 20 years.



2(b): Please indicate your judgment of the risk weighting around your projections.



Individual Responses

Respondent	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2(a)	B	A	A	A	A	B	A	A	C	A	B	A	A	A	A	B	A
2(b)	B	C	B	A	A	B	B	B	B	B	B	B	B	C	B	B	B

Longer-run Projections

1(c). If you anticipate that the convergence process will take shorter or longer than about five or six years, please indicate below your best estimate of the duration of the convergence process. You may also include below any other explanatory comments that you think would be helpful.

Respondent 1:
In light of the severity and breadth of shocks to the economy and the consequent significant impacts on government, firm, and household behavior, the convergence process may well extend beyond five or six years to something closer to eight years.

Respondent 2:
In my baseline projection, the economy converges to the long-run trend by the end of 2015.

Respondent 3:
N/A

Respondent 4:
The convergence process may be slightly shorter than 5-6 years.

Respondent 5:
unemployment may be slower

Respondent 6:
I anticipate that the convergence process for real GDP growth and inflation will be substantially shorter than 5-6 years, perhaps on the order of three years for real growth (with a period of overshoot of real growth in the interim during recovery), and an overshoot in the interim in inflation as a consequence of significant past growth in the monetary base supported by longer term asset purchases that cannot be sold off over a very short time period. I anticipate that the decline in the unemployment rate will lag behind the recovery of real growth.

Respondent 7:
N/A

Respondent 8:
I expect the convergence process will be similar to that outlined in the long-run projection reported in the April Greenbook, with the output and unemployment gaps reaching zero in three or four years, and the PCE price inflation rate reaching its long-run value of 2 percent by 2016.

Respondent 9:
N/A

Respondent 10:
By 2015-16 potential growth is 2.4%, down from our current estimate of 2.5-2.7%, as the baby boomers retire. A reasonable estimate for the long-run unemployment rate is 4.5% to 5.5%. We would expect, with appropriate policy and no further adverse shocks, unemployment to be in this range and the output gap to be around zero by 2015-16.

We assume long-term inflation expectations to be anchored around 2.5% on a CPI basis and the FOMC's inflation objective to be around 2% for the PCE deflator and around 2.5% for the CPI. Under these conditions, with the output gap around zero, we would expect PCE inflation of around 2%.

Respondent 11:
Given the depth of the recession, the damage inflicted on the financial sector, and the difficult domestic and global adjustments that are needed, convergence may well require the full five-to-six years.

Respondent 12:
In light of the severity of the recession and historical norms of recoveries following financial crises, the convergence process for unemployment may take longer than five to six years. In addition, I am concerned that delaying the removal of policy accommodation will lead to financial imbalances that could eventually destabilize the economy and further prolong the convergence process. Finally, delay in the removal of policy accommodation and the shrinkage of our balance sheet could cause long-term inflation expectations to become unanchored and affect the duration of the convergence process.

Respondent 13:
N/A

Respondent 14:
Convergence to the real economy's equilibrium and to the inflation objective within five years requires lower long-term interest rates in the near-term than what is assumed in the baseline outlook. As a result, while the economy is anticipated to revert back to maximum employment within a five-year horizon, inflation is likely to remain below the target.

Respondent 15:
N/A

Respondent 16:
N/A

Respondent 17:
Expect convergence process to take somewhat longer

Uncertainty and Risks

2(a). (Optional) If you have any explanatory comments regarding your judgment of the uncertainty attached to your projections relative to levels of uncertainty over the past 20 years, you may enter them below.

Respondent 1:
N/A

Respondent 2:
N/A

Respondent 3:
Recent growth in GDP suggests that the odds on very weak or very strong growth have diminished, leaving uncertainty close to historic experience. However, in light of recent history, the uncertainties about productivity and the relationship of growth to employment still remain unusually high. Unusually high inflation uncertainty reflects the possibility that the extraordinary gap between actual and expected inflation could close surprisingly fast.

Respondent 4:
Financial market conditions continue to improve and the economy is in recovery. However, the impact of fiscal stimulus and its unwinding has raised uncertainty around my projected path for real output growth. In addition, the effect of the extraordinary monetary policy accommodation in place and the uncertainty about the timing of when we will exit from that accommodation have increased the uncertainty around my inflation forecast

Respondent 5:
volatility was low during the past twenty years, and so my uncertainty is higher

Respondent 6:
N/A

Respondent 7:
The recovery has been evolving in line with our expectations for some time now, so we have become more confident in our assessment of the underlying conditions shaping the forecast. However, we still think that the uncertainty over the forecast is modestly higher than usual.

Respondent 8:
The extraordinary financial situation and unusual fiscal and monetary policies all increase uncertainty regarding the outlook for economic growth relative to the past 20 years. In addition, the unexpected jump in the unemployment rate last year raises questions about the evolution of the labor market going forward. The heightened risks to the outlook for economic activity, as well as the elevated variability of commodity prices, raise uncertainty regarding the outlook for inflation.

Respondent 9:
I believe that uncertainty regarding projections for GDP and unemployment are now about average. Inflation projections would be more firmly anchored under an appropriate monetary policy, and therefore uncertainty would be lower than the trailing 20-year average.

Respondent 10:
Quantitative judgment based on the standard deviation of the FRBNY forecast distribution for GDP growth and core PCE inflation relative to the forecast errors over the last 20 years.

Respondent 11:
N/A

Respondent 12:
While forecasts are always subject to considerable uncertainty, the uncertainty surrounding my projections remains even higher than normal. I generally agree with Greenbook's assessment of the sources of uncertainty, but I would add fiscal policy to the list. Various aspects of fiscal policy – such as the expiration of the Bush tax cuts, indexation of the AMT, and the potential for a VAT – create considerable uncertainty about the outlook. Together, the many risks surrounding the recovery and inflation create a level of uncertainty that exceeds the norm of the past 20 years.

Respondent 13:
N/A

Respondent 14:
N/A

Respondent 15:
N/A

Respondent 16:
N/A

Respondent 17:
N/A

Uncertainty and Risks

2(b). (Optional) If you have any explanatory comments regarding your judgment of the risk weighting around your projections, you may enter them below.

Respondent 1:
N/A

Respondent 2:
N/A

Respondent 3:
N/A

Respondent 4:
The incoming data have led me to revise up slightly my near-term path for growth compared to my January forecast. I view the risks to growth and inflation as weighted to the upside. Historical patterns in the data suggest the rebound might be stronger than my baseline forecast. Over the longer term, inflation risk is tilted to the upside reflecting uncertainty about the timing and efficacy of the Fed's withdrawal of accommodation.

Respondent 5:
Inflationary expectations, as embedded in TIPS bonds, have been creeping upwards.

Respondent 6:
Going forward into 2010 as the economy recovers from the recent recession and experiences the fiscal stimulus program as well as a substantial persistent increase in the monetary base, I believe that the risks to real growth and inflation will become weighted to the upside.

Respondent 7:
The incoming data–as summarized by aggregate statistics such as the CFNAI–are consistent with the near-term projection for moderate growth. Moving beyond the data in hand, we see both up and down-side risks. Notably, pent-up demand from both households and businesses could provide a more pronounced cyclical upturn. But continued weakness in labor markets could prove a larger-than-expected restraint on income growth and household expenditures, and strained budgets point to a downside risk to spending from the state and local government sector.

Respondent 8:
N/A

Respondent 9:
N/A

Respondent 10:
Quantitative judgment based on the difference between the projection and the expected value from the FRBNY forecast distribution.

Respondent 11:
N/A

Respondent 12:
N/A

Respondent 13:
The incoming data, and particularly data on consumer spending, suggest the possibility that GDP growth may be stronger than in my baseline forecast. As a result, I judge the risks weighted to the upside for my real GDP growth projection. Regarding unemployment, I believe the risks are broadly balanced, as the potential for stronger aggregate demand is weighed against the possibility that labor productivity growth remains elevated.

Respondent 14:
N/A

Respondent 15:
N/A

Respondent 16:
N/A

Respondent 17:
N/A

Appropriate Monetary Policy

3. Does your view of the appropriate path of interest rates differ materially from the interest rate assumed by the staff in the Greenbook?

YES	NO
11	6

Respondent 1: No
N/A

Respondent 2: Yes
Due to a stronger inflation profile in my outlook, the federal funds rate begins to increase gradually in the first quarter of 2011.

Respondent 3: Yes
the funds rate begins to rise around mid 2011.

Respondent 4: Yes
My forecast continues to assume a less accommodative policy than in the Greenbook baseline. I view the appropriate monetary policy as one that raises the funds rate to about 1.5 percent by the end of 2010 and 3.5 percent by the end of 2011. By the end of 2012, I see the funds rate at about 4.5 percent.

Respondent 5: No
N/A

Respondent 6: Yes
While the pattern of recovery from the recent recession is uncertain, I believe that under appropriate monetary policy to maintain price stability we will have to move away from the current target range for the funds rate sooner than assumed in the Greenbook forecast.

Respondent 7: Yes
We assume the funds rate to be close to the path currently embedded in futures markets and a somewhat larger reduction than the Greenbook in the size of the Federal Reserve's balance sheet.

Respondent 8: No
N/A

Respondent 9: Yes
I believe that under an appropriate monetary policy the committee would announce a numerical inflation objective. In order to achieve that objective, I believe that policy rates may well need to increase by the end of this year.

Respondent 10: Yes
For 2010 identical. We assume the normalization of interest rates starts in March/April 2011 and continues at a faster rate in 2012. Because of differences in our inflation forecasts, the difference in real rates is less substantial. Our views on the size of the balance sheet are the same as the Greenbook.

Respondent 11: No
First, we need to normalize the spread between the discount rate and the base policy rate by restoring it to the full 100 basis points. I anticipate normalization some time this year. As regards the base rate, the uncertainty attached to the economic outlook is such that we must be careful not to lock ourselves in to a particular rate or rate path.

Respondent 12: Yes
I believe the appropriate path for monetary policy will require raising the target federal funds rate in 2010, in contrast to the Greenbook assumption that the current target rate is maintained until early 2012. Keeping rates so extraordinarily low for so long would invite future financial imbalances and risk economic instability. I also believe that appropriate policy will involve taking steps – some this year – to gradually reduce the size of our balance sheet and normalize its composition. The more passive approach assumed in Greenbook could eventually cause inflation expectations to come unanchored and would pose longer-term challenges to the independence of monetary policy.

Respondent 13: No
N/A

Respondent 14: Yes
In 2012, the forecast is conditioned on a somewhat lower path for the Federal funds rate.

Respondent 15: No
N/A

Respondent 16: Yes
Anticipate a modest move toward normalization late in 2010, further slow rate increases in 2011

Respondent 17: Yes
Policy rates should move sooner and with greater force than Greenbook forecast.

Forecast Narratives

4(a). Please describe the key factors shaping your central economic outlook and the uncertainty around that outlook.

Respondent 1:
Key factors include increasingly strong expectation that recovery has taken hold and solid increases in manufacturing output, but continuing drag from commercial real estate and uneven nature of housing market recovery. Key uncertainties are (1) whether upturn in personal consumption expenditures can be sustained without much faster net employment growth and (2) timing of turnaround in credit availability for consumers and small businesses.

Respondent 2:
The unexpected strength in first quarter consumption expenditures notwithstanding, households continue to be weighed down by a weak labor market and tight credit conditions. Uncertainty over the strength and viability of the nascent recovery also restrains consumer spending and makes businesses reluctant to hire and undertake large-scale investment projects. Business spending on structures continues to contract in 2010 hampered by high vacancy rates and ongoing credit problems in commercial real estate.

Currently elevated productivity growth will not be sustained. My forecast assumes lower-than-average productivity growth–due primarily to enormous worker dislocation in the labor market–which stabilizes unit labor costs. It also assumes that inflation expectations will remain “anchored” near current levels of roughly 2%. Considerable uncertainty surrounds this assumption. In my view, the incoming data indicating substantial and further core price deceleration (though not deflation) outweighs inflationary risks posed by the Federal Reserve’s balance sheet actions.

Respondent 3:
The growth rate of final demand strengthens gradually, supported by accommodative monetary policy, further improvement in financial conditions (including for bank credit), and a rebound on spending on houses, consumer durables, and business capital equipment form unsustainably low levels. Expansion is held back, especially in the next few quarters, by still-tight credit for some borrowers, and by caution and uncertainty resulting from the recent events and the still-uncertain regulatory response to the crisis and the broader governmental response to an unsustainable fiscal path. Upside risks include a faster rebound in household and business spending on durables and capital; downside risks include slower recovery of credit availability, especially from banks partly resulting from much tighter expected and actual capital, tax, and other requirements on them; forced fiscal consolidation and deepening troubles in Europe are downside risks both to economic activity abroad and to the capital of globally active banks,

Respondent 4:
The recent data on the economy has been broadly in line with what I anticipated in my January forecast. It is a forecast that combines the “strong recovery” and “lower potential” scenarios in the latest Greenbook.

In my view, the economy is now is in recovery and I expect an above-trend pace of 3.6 percent growth in 2010, up slightly from my previous forecast. In 2011, I expect growth of about 3.4 percent and slightly above-trend growth in 2012. The labor market recovery is gradual — I expect the unemployment rate edges down to about 6.5 percent by the end of the forecast horizon, at which time it remains above the natural rate of unemployment by about 1 percentage point. I anticipate that inflation will rise into 2011 then pull back in 2012 in response to tighter monetary policy than anticipated in the Greenbook.

In my view, the substantial liquidity that is now in the financial system raises the risk that inflation will rapidly accelerate to unacceptable levels and that inflation expectations may become unanchored. To ward off these developments, the FOMC will need to commence a steady tightening of monetary policy that begins some time in 2010.

Respondent 5:
Financial markets have normalized.. However, unemployment remains high. At the same, at least as of February 2010, hiring rates and job openings remain at historical lows. I see little chance for significant job growth in 2010. Large fiscal imbalances and large holdings of excess reserves create the possibility of a low-probability high inflation scenario.

Respondent 6:
The path of economic activity in 2009 was consistent with my earlier expectation of a slowing contraction in the first half of the year, with output bottoming out in the middle of the year and recovery in the second half. Hence I have not revised my previous forecast for real growth in 2010. In 2010 and 2011 I anticipate that real growth will occur at greater than steady-state rates, reflecting normal cyclical patterns reinforced by a modest impact of the fiscal stimulus package and the impact of the substantial monetary stimulus that has been in train since late 2008. I expect that subsequently growth will slow and approach steady-state rates. Headline PCE inflation from the fourth quarter of 2008 through the fourth quarter of 2009 is 1.2 percent at annual rates and core PCE inflation over the same period is 1.5 percent. I expect core PCE inflation over all of 2010 to be close to that of 2009, but recent increases in energy prices lead me to expect that the headline rate will exceed the core rate as 2010 progresses. Subsequently, under appropriate monetary policy, inflation should approach my preferred long-run rate of 1.5 percent, though I believe that it will rise above that rate in an interim period. I do not believe that future energy shocks can be forecasted, so with available information I expect that core and headline inflation will be roughly equal in the out years of the projection period.

Respondent 7:
The economic recovery currently in train reflects the gradual improvement of financial conditions with the support of accommodative monetary policy and some continued, albeit diminishing, fiscal stimulus. Over time, the downside scenarios should become less probable, bolstering household and business confidence and adding momentum to the recovery. Nonetheless, relative to the depth of the recession, the recovery will be moderate by historical standards, reflecting the degree of repair still needed on financial and nonfinancial balance sheets and the persistent effects on labor markets of depreciated worker skills.

Respondent 8:
Although labor markets remain very weak, a moderate recovery in economic activity is in train. Financial conditions have improved significantly; however, financial intermediation remains impaired, which will hold back the pace of recovery. In addition, households are repairing balance sheets that have been weakened by equity and housing losses and debt accumulation. Fiscal and monetary stimulus provide key drivers for recovery this year. Significant slack in labor and goods markets will keep inflation low, but well-anchored inflation expectations should help avoid sustained deflation.

Respondent 9:
I believe that the pace of expansion will be reasonably robust, led by consumer spending and business equipment investment; residential construction and state and local spending are likely to remain very weak for some time; and nonresidential construction is likely to decline further this year. The stock of federal debt will grow much more rapidly than GDP under current legislation, leading to uncertainty on the nature and timing of fiscal policy actions that will put the stock of debt on a more sustainable path. That uncertainty could make firms and households more cautious in their spending plans.

Respondent 10:
Aided by aggressive fiscal and monetary stimulus, economic growth resumed over the second half of 2009

following a post WWII record decline of real GDP of nearly 4% over the preceding four quarters. This growth was led by an unusually strong inventory cycle, which contributed 2.2 percentage points of the overall 3.9% (annualized) growth rate of 2009H2. In contrast, final sales contributed a more modest 1.7 percentage points. Growth of real personal consumption expenditures contributed nearly all of that increase in final sales. Along with the automatic stabilizers, the American Recovery and Reinvestment Act of 2009, enacted in February 2009, significantly lowered tax burdens and increased transfer payments. In addition, a steep decline of energy prices over the first half of 2009 provided an additional boost to real disposable income. Finally, the "cash for clunkers" program led to a significant increase in light-weight vehicle sales in 2009Q3. Similarly, single-family housing starts rose by nearly 40% from 2009Q1 to 2009Q3, reflecting a larger-than-anticipated response to the first time-home buyer tax credit as well as the success of the Fed's purchases of agency MBS in lowering mortgage interest rates. And despite a very low capacity utilization rate, business investment in equipment and software rose a robust 19% (annual rate) in 2009Q4, likely reflecting the pending expiration of the bonus depreciation provision included in the stimulus bill. Exports grew rapidly over the second half of 2009 after plunging over the preceding four quarters, but this growth contribution was more than offset by an equally large rebound of imports.

Despite the stronger-than-expected growth of real GDP, labor market conditions continued to deteriorate over the second half of 2009. Nonfarm payroll employment fell 261,000 per month in 2009Q3 and 90,000 per month in 2009Q4. The unemployment rate increased to an average of 10% in the fourth quarter from 9.3% in 2009Q2, and would have increased further had not the labor force participation rate declined. Offsetting this weakness in labor demand, productivity growth surged, rising at a 7.4% annual rate over the second half of the year.

The PCE deflator increased at a 2.6% annual rate in the second half of 2009 after being essentially unchanged over the first half of the year reflecting energy price fluctuations. The core PCE deflator rose at a 1.5% annual rate in the second half of 2009, essentially the same as the first half of the year. Nonenergy services price inflation slowed dramatically over the course of 2009, led by the two rent components. This is consistent with our view that the high degree to which resources are underutilized has put downward pressure on core inflation. However, core goods price inflation increased over the second half of 2009 due in part to special factors such as the cash for clunkers program and increased taxes on tobacco.

In the post WWII history of the US, it has been the case that the magnitude of the loss of output during a recession is positively related to the gain in output during the subsequent first year of recovery. Given the steepness of the decline in output from mid-2008 through mid-2009, this relationship suggests that real GDP should grow 8% to 10% over the first year of recovery. However, our modal forecast for 2010 and 2011 has been based on the assessment that the current cycle is qualitatively different from the typical post-WWII cycle such that we are unlikely to experience the robust growth that we otherwise might expect. Most post WWII recessions were preceded by high rates of resource utilization and rising trend inflation, prompting a tightening of monetary policy which in turn dampened interest-sensitive spending, particularly on housing and consumer durable goods. Then, as underlying inflation pressures subsided, monetary policy was eased and interest-sensitive spending rebounded, often quite sharply. In addition to its severity, the current downturn is unique in that it was preceded by a global financial crisis which was due in large part to excessive leverage and excessive investment in real estate assets, both of which will take time to unwind. Therefore, even though we have moved our point forecast for growth of real GDP in 2010 upward once again, to 3% from 2 1/4% in January, it is still the case that growth in 2010 is likely to be only roughly equal to the economy's potential growth rate. This implies that the unemployment rate is likely to remain stubbornly high and the excessive slack in overall resource utilization will be absorbed only gradually.

A key reason for expecting a relatively muted recovery in the near term is that consumer spending still faces substantial headwinds. The household sector has suffered very large negative shocks to both income and wealth and has a substantial debt overhang. The stimulus bill increased transfer payments and lowered taxes in an attempt to offset these negative impulses, but that stimulus is now waning. Energy prices have increased from their recent lows, sapping real disposable income growth. While equity and home prices have recovered somewhat, as of 2009Q4 the ratio of household net worth to disposable income remained nearly 25 percent below its peak. And even though financial conditions appear to be gradually easing, we expect credit availability to remain tight relative to the standards of the recent past.

In addition to relatively sluggish growth of consumer spending, a second key feature of our modal forecast is that while it appears that the correction in housing production is over, it is unlikely that we will experience the surge of residential investment typical of the early stages of post-WWII recoveries. By our estimates there are currently nearly 3 million excess vacant housing units, with more coming onto the market over the forecast horizon due to the unusually high volume of homes in the foreclosure process. At the same time, mortgage underwriting standards have been significantly tightened, with even high credit quality borrowers being required to make substantial down payments. Finally, the housing sector has been given a significant boost by the first-time home buyer tax credit combined with the large scale purchases of mortgage backed securities by the Federal Reserve. Both of these effects are expected to wane over the next few months.

With the two main drivers of final demand–consumption and residential investment–on a relatively muted growth trajectory, recovery of business fixed investment is likely to be delayed. This is particularly true given that manufacturing capacity utilization rates remain low while retail and office vacancy rates continue to rise. Also contributing to the relatively tepid growth expected during this recovery is the ongoing structural adjustment taking place in state and local governments which is expected to result in significant declines in employment and outlays in this sector. Finally, while growth prospects for our trading partners have generally improved, suggesting a continued rebound of exports, the modest upgrade in final demand as the US recovers will be associated with rising imports. Thus, while net exports will not be a major drag on growth, they are unlikely to be a major positive contributor to growth over the forecast horizon.

Going into 2011 we expect the underlying fundamentals of the recovery to improve such that growth rises to the 4% to 4 $\frac{1}{2}$% range with the unemployment rate steadily declining. Further forward momentum is likely to be established in 2012, with 5% growth in GDP and a fall in the unemployment rate to below 7%. Underlying this projection is the expectation that financial market functioning remains normal and that consumer and business confidence and the general appetite for risk continue to recover. With household income and balance sheets improving and credit flowing more normally, the substantial pent-up demand for consumer durables, housing, and business equipment and software will start to be satisfied. Moreover, the structural adjustments of state and local governments and of the commercial real estate sector will likely have run their course by that time.

Barring a significant decline in the level of the economy's potential output or its potential growth rate, this point forecast implies that a large output gap will persist over most of the forecast horizon. Accordingly, we expect core inflation to slow to around 1% (Q4/Q4) in 2010. But by late 2011 and into 2012, as final demand firms within the context of anchored inflation expectations, we expect core inflation to move up to within the "mandate consistent" range.

The risks to our central projection for real activity are now regarded as being roughly balanced for the first time since the SEP started in October 2007. A key downside risk is that the loss of wealth suffered by the household sector induces a steeper-than-expected increase of the personal saving rate, keeping consumer spending weaker for longer. The sharp decrease in the prime age employment to population ratio during the current cycle, combined with the large share of workers nearing retirement age and the possibility of future fiscal consolidation makes this risk particularly acute. That being said, recent data on real consumer spending have been stronger than expected, and there is an unusually large gap between employment gains as measured by the household survey versus the establishment survey. Accurate measurement of economic activity is always difficult, but is especially so at turning points. It is entirely possible that economic activity is rebounding much faster than we expect.

An important risk over the medium term is the uncertainty surrounding our assumption of the economy's potential growth rate. On the one hand, given the weakness of business investment and the necessary reallocation of labor and capital, the economy's potential growth rate may have slowed significantly. On the other hand, current estimates of labor productivity continue to surprise to the upside. Another source of risk to the forecast is fiscal policy. Under current law many of the tax provisions enacted in 2001 and 2003 are scheduled to expire at the end of 2010. The outcome of the debate over these provisions could potentially have a significant impact on both growth prospects and inflation expectations. Finally, relatively modest changes in variables such as productivity growth, the participation rate, and the average work week could have a significant impact on the path of the unemployment rate.

The risks around the central scenario for inflation are also relatively balanced. Clearly, the remaining downside risks to the growth projection combined with the possibility of no meaningful decline in potential implies downside risks to the inflation projection. In contrast, with the aggressive global monetary and fiscal policy response to the financial crisis and the possibility of a stronger-than-expected rebound, there is a risk of higher inflation.

The heightened uncertainty associated with the shape of recoveries from periods of banking and financial crisis as well as the uncertainty associated with the timing and synchronization of the removal of global policy accommodation result in greater uncertainty around our central projection compared to typical levels over the last twenty years.

Respondent 11:
We've seen breakdowns in both Okun's Law and the Beveridge Curve during this recession. The pessimist's interpretation is that the natural rate of unemployment has increased and will remain high for some time as a result of an unusually large mismatch between the skills possessed by laid-off workers and the skills sought by firms with job vacancies. The unemployment rate, under this interpretation, overstates the amount of slack in the labor market and the downward inflation pressure we are likely to see, going forward. (A variant of this story is that the weak housing market is slowing labor flows across the country. The recession, however, has been fairly uniform, geographically, in its effects on unemployment.) The pessimist's story is consistent with anecdotal reports that firms are laying off workers with no intention/expectation of hiring them back as the economy improves.

The optimist's interpretation of the breakdowns in Okun's Law and the Beveridge Curve is that restrictions on credit forced firms to slash payrolls to an unusual degree as they attempted to maintain positive cash flow. This story is consistent with the coincidence between the intensification of the financial crisis in September 2008 and the breakdown in the Beveridge Curve. If true, then as credit-market conditions normalize we can expect to see unusually rapid employment gains, relative to output growth. Also, the high unemployment rate is an accurate reflection of labor-market slack and downward inflation pressures.

My forecast splits the difference between these two interpretations.

Respondent 12:
Helped by considerable monetary and fiscal stimulus, the economy is recovering at a solid pace. In the early stages of the recovery, GDP growth has been boosted by fiscal stimulus and inventory adjustments. Recent news indicate the transition to self-sustaining growth driven by consumer, business spending, and exports is underway. Both consumer spending and business spending on equipment and software have been stronger than expected. Exports remain robust. The most recent labor market indicators also point to a recovery that is solidly underway and could even be poised to gather steam. Nonresidential construction remains the

weakest sector of the economy.

With the economy recovering only gradually from a severe recession, I expect core inflation to remain at low levels, but eventually drift higher. At this point, the disinflationary pressure on consumer prices from the weakness of the economy is mitigated by stable long-term inflation expectations. Over time, inflation will naturally gravitate toward long-term expectations, helped along by an improving economy, declining dollar, and rising commodity prices – which reflect, to varying degrees, current and past monetary accommodation.

Important risks include: the pace of consumer spending, business spending on plant equipment, and hiring; fiscal policy; and credit availability. The risks are perhaps most severe, and tilted to the downside, for commercial real estate. The risks are also considerable, and more balanced, for other sectors. For example, pent-up demand and recent gains in financial wealth could cause consumer spending to grow strongly. On the other hand, forces such as ongoing concerns about the job market and the need to increase saving could cause the pace of household spending to slow. Finally, decisions on many different aspects of fiscal policy, such as the expiration of the Bush tax cuts and indexation of the AMT, could cause the economy to be stronger or weaker than expected.

As to inflation, in the near term, the weakness of the economy and recent price trends pose some downside risks to core and overall inflation. However, in the medium or long term, the expansion of our balance sheet and increased public nervousness about the size of our balance sheet and federal borrowing create a risk to the stability of long-term inflation expectations and, in turn, inflation. In addition, there is a risk that monetary policy will remain too accommodative for too long, putting upward pressure on inflation.

Respondent 13:
The forces of recovery are in place and I expect a gradual strengthening in economic activity over the forecast horizon. But I expect the pace of recovery to be relatively subdued. Ongoing structural adjustments in the economy, and cautious business attitudes will tend to keep jobs growth modest and the rate of unemployment elevated. Persistent unemployment, limited access to credit, and a weakened household balance sheet will work against sustained robust growth in consumer spending. Business investment has been positive and will likely continue to gain strength, but uncertainty over the business environment is likely to act as a restraint on investment on new plant and inventories.

Respondent 14:
Incoming data on real activity continue to be broadly in line with expectations. The recent positive news on payroll employment suggests that the labor market has bottomed out. Nevertheless, the amount of slack in the economy remains very large. Some of the recent good news on private spending should be placed in a context in which private sources of income growth have yet to show appreciable and sustained improvements. While banks have largely stopped tightening lending standards, standards remain substantially tighter than normal. As a result, limited credit availability for households and some businesses is likely to place constraints on spending over the forecast horizon. Disposable income last year was supported importantly by the fiscal stimulus, but the fiscal support is now winding down. In addition, the possibility that taxes will increase for some households in 2011 could dampen spending. Taken together, these factors should restrain the pace of the recovery over the earlier part of the forecast horizon. As a result, the ongoing recovery should make only a small dent to the unemployment rate gap by the end of 2011. Improvements in the unemployment rate could be slowed further if many of the people who have left the labor force during the downturn decide to look actively again for a job as economic conditions improve. Given the projected sizable slack in labor markets over the forecast horizon, the rate of core inflation remains well below target in 2011 and 2012.

The risks to activity have become more balanced, but the downside risks continue to be much more costly than the potential upside, given that monetary policy is constrained by the zero-lower bound and there is limited room for additional fiscal stimulus. Moreover, a faster-than-expected recovery is unlikely to generate meaningful inflationary pressures.

The risks to inflation continue to be on the downside. Core measures of inflation have remained roughly flat over the past five months, and the possibility of uncomfortably low inflation over the forecast horizon is, at this point, more than a tail event.

Respondent 15:
N/A

Respondent 16:
The critical question has been whether private final demand would take the baton from inventory effects in supporting continued expansion. The evidence suggests that it is; in particular, consumption has recently been stronger than expected. It seems likely that the increase in consumption seen recently will not be sustained, however, given a range of factors including the slow pace of income growth, the decline in the saving rate, the weak labor market, some constraints on credit, and still-low sentiment. However, even if consumption growth slows, a moderate recovery in economic activity seems likely, as final demand will also be supported by rising equipment investment, federal fiscal policy, and some modest improvements in residential investment.

Financial conditions have improved further and are close to normal outside of banking. Banks are financially stronger but thus far economic and policy uncertainties, lack of credit demand, and a desire to conserve capital in the face of losses still to come and uncertainty about future capital regulations, have limited bank lending. A priori reasoning suggests that tight bank credit would particularly hurt small businesses, but there is only limited evidence suggesting that small business hiring and investment are lagging behind that of larger firms. I expect further financial improvement, including rises in bank credit later this year. As of now, I see no evidence of financial imbalances or asset price bubbles.

The labor market remains quite weak, notwithstanding modest hiring recently. Uncertainty about the future path of unemployment is relatively high — besides the pace of recovery, unemployment will be affected by the rate of productivity growth, employer decisions about the margin on which to add labor hours, and possible hysteresis or other effects that cause at least a temporary change in the natural rate. Robust job creation would greatly increase confidence in the sustainability of the recovery.

Slack, falling unit labor costs, and perhaps (on the margin) a stronger dollar are holding down core inflation, but overall inflation is unlikely to fall too far given the stability of inflation expectations and the likelihood of rising commodity prices associated with growth in emerging markets.

Respondent 17:
Cyclical recovery likely has greater force than Greenbook forecasts. Financial market healing is important contributor; shocks could undermine recovery. Medium-term forecasts dependent on strength of labor markets and avoidance of non-linear shocks.

Forecast Narratives (continued)

4(c). Please describe any important differences between your current economic forecast and the Greenbook.

Respondent 1:
I continue to be somewhat more pessimistic on job creation, with concomitant effects on some other variables, and somewhat less confident in projected path of energy prices

Respondent 2:
My forecast calls for slower growth in the second half of 2010 and beyond, due to more concern over the fundamental weaknesses that I have identified above: spending restraint in the face of heightened uncertainty and extraordinary worker dislocation. Despite weaker growth, my outlook entails more core PCE inflation in 2011 and 2012 stemming from weaker labor productivity growth. My assumption of stable inflation expectations (at roughly 2%) accentuates the productivity effect and helps draw the inflation rate upward as the economy recovers; core PCE inflation reaches 1.5% by the end of 2012.

Respondent 3:
A little stronger growth in the near-term, based on incoming data suggesting more pent-up demand; a little less in the out years owing to assumed flat dollar and slower rise in stock prices. About the same inflation because the effects of that growth on utilization are offset by faster productivity growth.

Respondent 4:
My inflation forecast is less influenced by the degree of resource utilization in the economy and so I project a higher pace of inflation over 2010-2012 than does the Greenbook. Given the strength of economic growth in my forecast and the higher inflation path, the policy path is less accommodative over the forecast horizon.

Respondent 5:
N/A

Respondent 6:
Compared to the 70% confidence intervals indicated for the Greenbook forecasts, the differences between the point estimates in the Greenbook baseline forecasts and my forecasts are not different in any meaningful statistical sense. However the time path of my projections does differ from the Greenbook baseline, in that I see stronger near-term growth than that in the Greenbook baseline in 2010, about the same real growth than the Greenbook in 2011 and real growth subsequently tapering off in 2012. I see inflation higher in the intermediate period before returning to the rate that I believe is consistent with appropriate monetary policy. In contrast, the Greenbook forecast sees inflation declining and persisting at very low rates for “an extended period”.

Respondent 7:
Our inflation forecast is a bit higher than the Greenbook as we are putting more weight on inflation expectations retarding further disinflation. Here, we have been somewhat surprised at the stability of inflation expectations in light of the slack-induced declines in actual inflation we have experienced.

Respondent 8:
My forecast is similar to the Greenbook forecast.

Respondent 9:
I believe that under an appropriate monetary policy the public’s inflation expectations would be well an-

chored, and the inflation path would be higher than in the Greenbook. An appropriate monetary policy might place policy rates on an upward trajectory by year-end.

Respondent 10:
We assume lower inflation persistence than does the GB. Thus, for our medium-term inflation outlook we project inflation within the "mandate-consistent" range in late 2011 under the assumption of well-anchored inflation expectations.

Respondent 11:
The Greenbook baseline forecast underestimates the drag on the labor market arising from the uncertainty created by new economic and regulatory initiatives. It does not take into account inducements deriving from regulatory and taxation initiatives for corporations and investors to invest in more promising markets abroad at the expense of job creation and CAPEX at home. It may also underestimate future upward pressure on commodity prices and headline inflation due to a strengthening world economy.

Respondent 12:
The key difference is the monetary policy path, which leads to some differences in the medium-term outlook. In my view, holding the federal funds target so low and so long as assumed in Greenbook risks future financial imbalances that could destabilize the economy. It would be more appropriate to modestly raise the funds rate target considerably sooner than in Greenbook, to reduce these longer-term risks. My view of appropriate policy leads to slightly-to-modestly lower GDP growth from 2010 through 2012.

My outlook for inflation is also somewhat different from Greenbook's. I expect core inflation to move toward long-term expectations faster than it does in the Greenbook projection, reflecting differences in our views of the relative importance of inflation expectations and economic slack for forecasting inflation.

Respondent 13:
My forecast for real GDP growth is below the Greenbook baseline, in part because of a more modest pace of business investment.

Respondent 14:
The forecast for real activity is very close to the Greenbook forecast. Core inflation is projected to be lower than in the Greenbook, as a result of a more meaningful tradeoff between inflation and unemployment.

Respondent 15:
N/A

Respondent 16:
Similar to the Greenbook.

Respondent 17:
N/A

Forecast Narratives (continued)

4(d). Please describe the key factors causing your forecast to change since the previous quarter's projections.

Respondent 1:
In light of stronger than expected personal consumption, I have modestly adjusted my 2010 growth projection up and unemployment projection down

Respondent 2:
GDP growth in 2010 is stronger mainly in response to unanticipated strength in the incoming data on industrial production, retail sales, and employment. The unemployment rate is correspondingly lower in the near term. My inflation forecast has been marked down in response to weaker-than-expected inflation data and a downward revision to growth in fourth-quarter 2009 unit labor costs.

Respondent 3:
forecast broadly similar. Slightly faster growth and slightly lower inflation in reaction to incoming data.

Respondent 4:
N/A

Respondent 5:
The March numbers make me more optimistic about unemployment. Also, the low inflation numbers from Q1 have lowered by near-term inflation outlook.

Respondent 6:
Recent measures of economic activity appear to be evolving as I had expected in my projections from last quarter, hence I have not revised my projected path of real output for 2010 . My forecasts for the unemployment rate are unchanged, as are my inflation forecasts (headline and Core PCE) for 2011 and beyond. I have lowered my inflation forecasts for 2010 somewhat to reflect the inflation in the first months of 2010 that is lower than my previous forecast.

Respondent 7:
The incoming data have caused us to revise down our unemployment forecast for 2010 and to lower our inflation forecast throughout the projection period.

Respondent 8:
Since January, economic news and overall financial conditions have been somewhat better than I anticipated on net, causing me to raise my near-term forecast for real GDP. Recent inflation data have come in a little softer than I expected and I lowered my near-term inflation forecast accordingly. I did not change my medium-term forecasts for real GDP growth or inflation. The unemployment rate came in lower than I had expected. In response, I lowered my projection for the unemployment rate over this year and the next two years by two tenths on average.

Respondent 9:
Real growth is slightly stronger in the current forecast, reflecting information for the first quarter on consumer spending, business investment, manufacturing activity, and employment. Inflation this year is lower in the current forecast, reflecting data on inflation in the first quarter.

Respondent 10:
We have increased our forecast for growth of real GDP in 2010 to 3% (Q4/Q4) from 2 1/4% based on the recent strength of consumer spending and industrial production. While we expect the personal saving rate to rise over the forecast horizon, the path is now lower due to somewhat stronger growth of real PCE and a

downward revision to labor compensation.

Core inflation has surprised to the downside since January, with total inflation coming in a little above our January projection. We view these developments as transitory so our full year projections are little changed.

The major change in our outlook is the reduction in downside risks to real activity and the increased weight we are placing on upside risks. The main factors driving these changes are the recent strength of consumption and continued improvement in financial conditions.

Respondent 11:
Recent reports confirm growth in household incomes and consumer purchases, the stabilization of residential investment, the beginnings of an upturn in business equipment and software investment, and a reversal of negative growth contributions from inventory investment. Job cuts and the tightening of bank lending standards have ended. Consequently, the near-term outlook for real activity has improved.

Respondent 12:
My forecast is little changed from January. Based on recent data that have been better than expected, I now anticipate a slightly stronger pace of recovery in 2010, evident in slightly stronger GDP growth and lower unemployment. Similarly, based on recent inflation data that show a slower-than-anticipated trend in prices, I have modestly lowered my near-term forecasts of core inflation.

Respondent 13:
My projection for real GDP has been revised slightly higher over the forecast horizon in response to a stronger pace of spending in the first quarter than I expected. I made no substantive revisions to my estimate of unemployment or inflation.

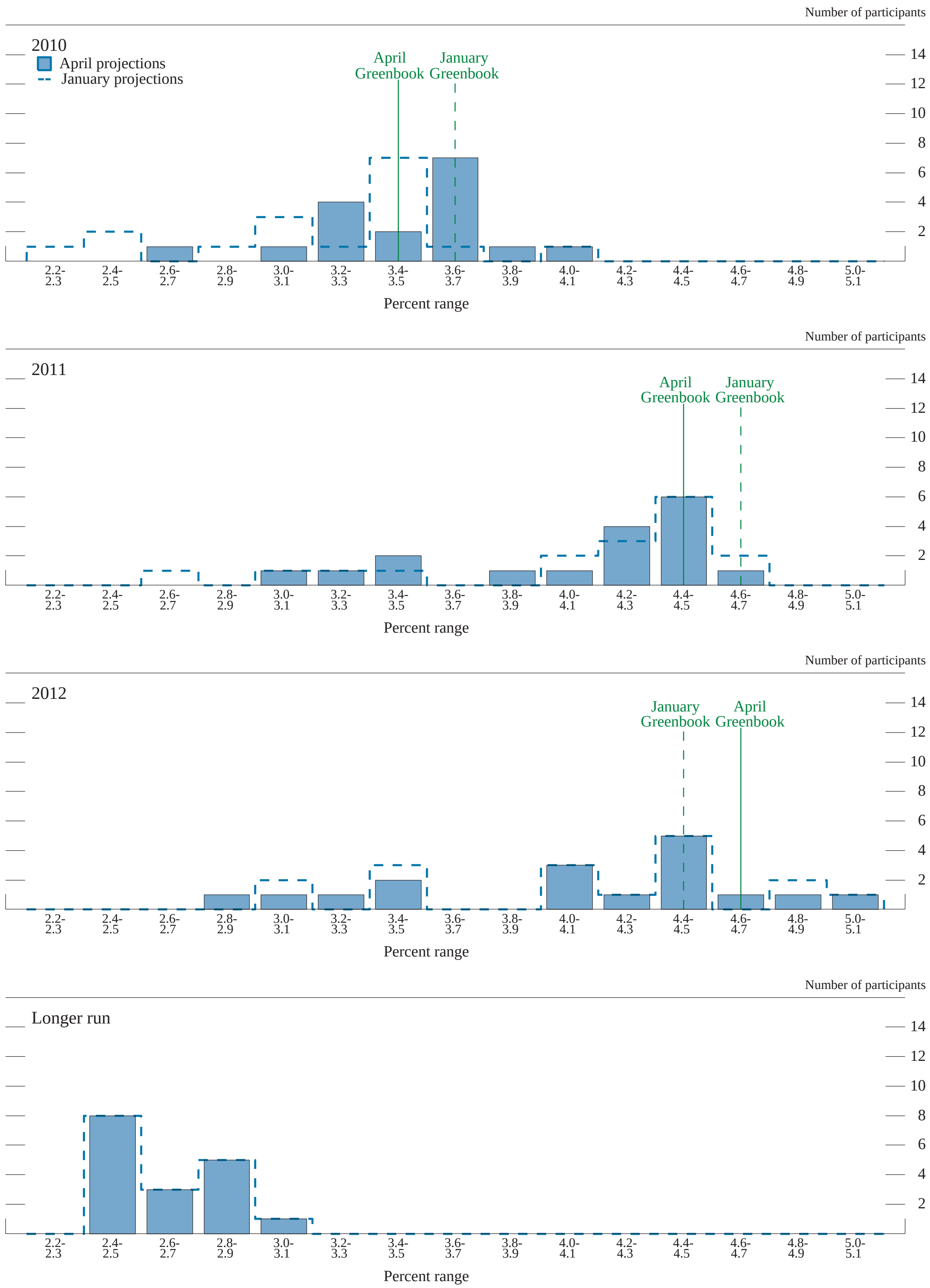
Respondent 14:
Changes to both the real and the inflation outlook were small.

Respondent 15:
N/A

Respondent 16:
Have responded to data, including consumption growth stronger than expected and core inflation somewhat lower than expected. Housing has also been surprisingly weak. The broad contours of the forecast and the associated risks have not changed materially.

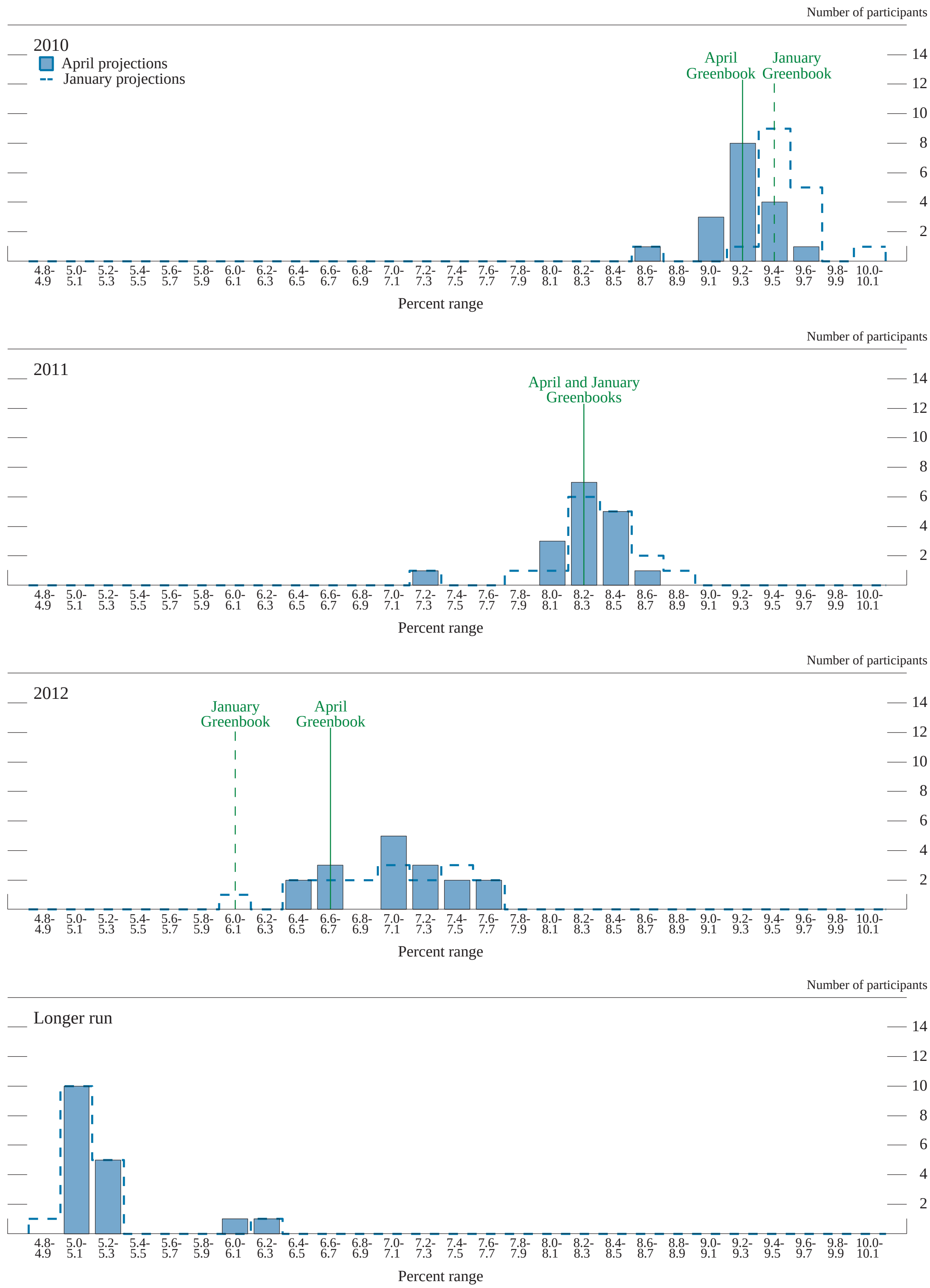
Respondent 17:
N/A

Figure 2.A. Distribution of participants' projections for the change in real GDP, 2010–12 and over the longer run



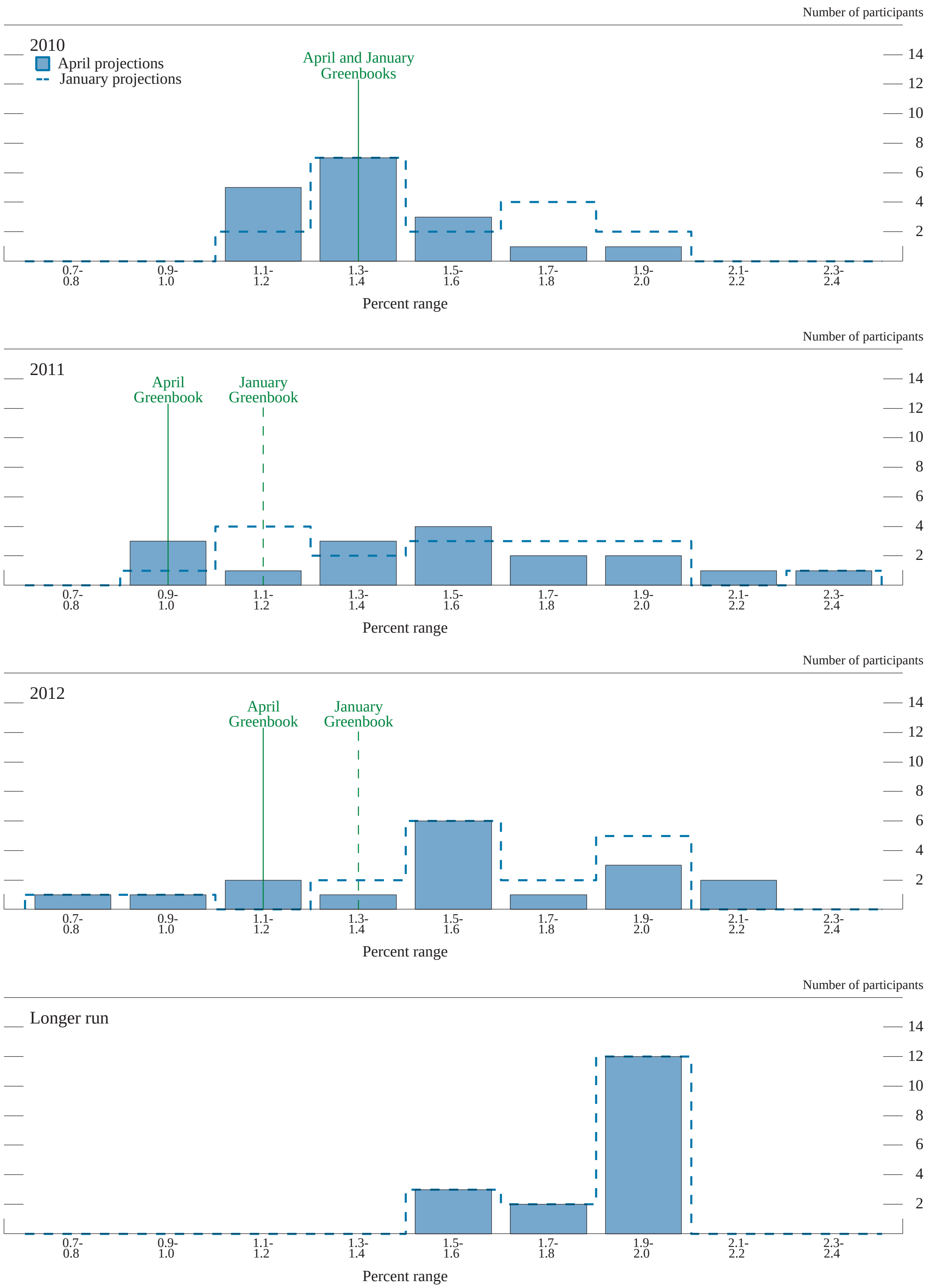
NOTE: Definitions of variables are in the general note to table 1.

Figure 2.B. Distribution of participants' projections for the unemployment rate, 2010–12 and over the longer run



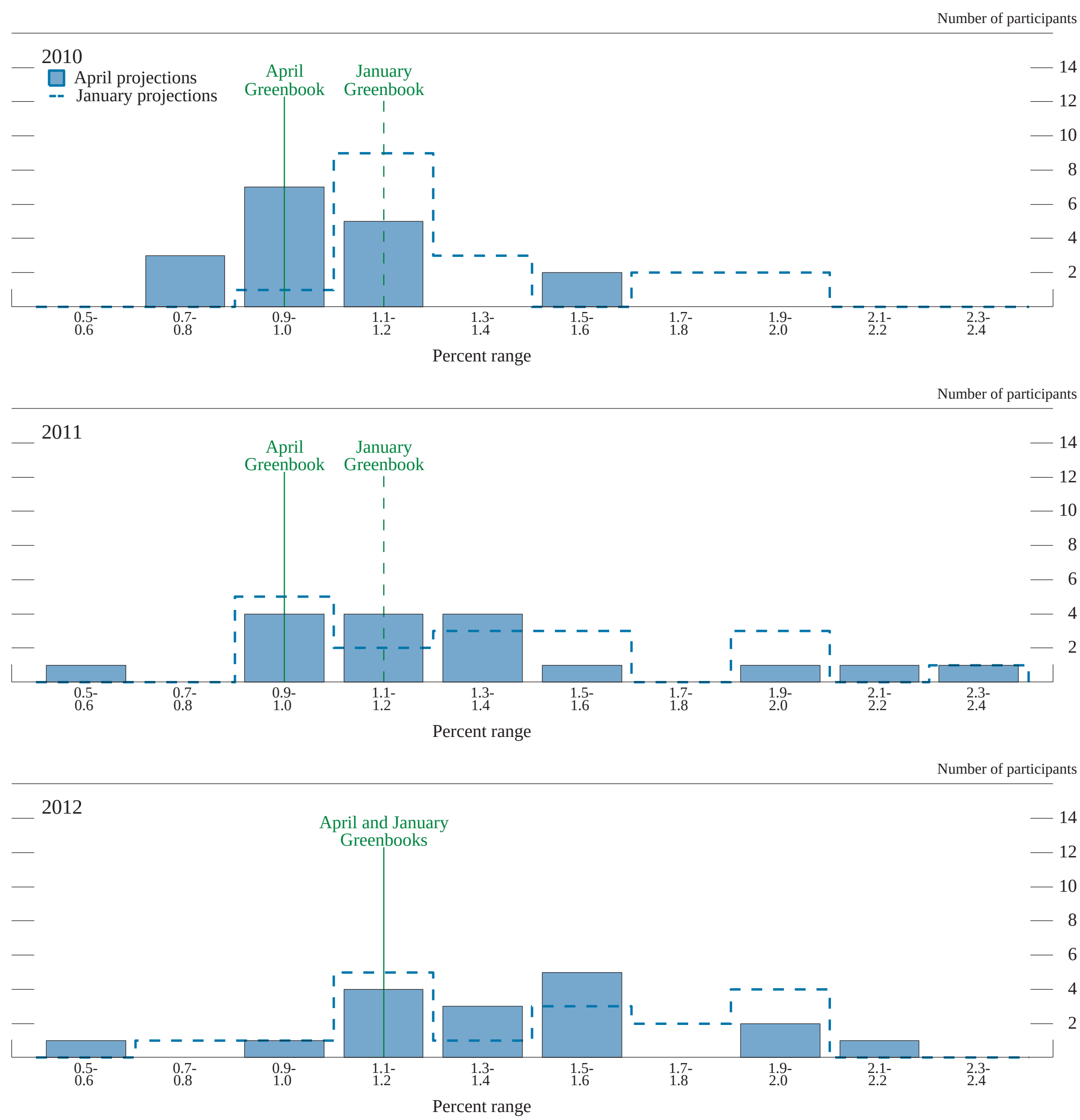
NOTE: Definitions of variables are in the general note to table 1.

Figure 2.C. Distribution of participants' projections for PCE inflation, 2010–12 and over the longer run



NOTE: Definitions of variables are in the general note to table 1.

Figure 2.D. Distribution of participants' projections for core PCE inflation, 2010–12



NOTE: Definitions of variables are in the general note to table 1.