

## News Release

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# Solid Economic Growth Expected in 2012 and 2013, According to Chicago Fed Automotive Outlook Symposium Participants

The nineteenth annual Automotive Outlook Symposium was held in Detroit on Thursday and Friday, May 31 and June 1, and drew more than 70 participants from manufacturing, banking, 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 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 2012 is expected to be higher than in 2011, inflation is predicted to moderate, and the unemployment rate is anticipated to move lower. The pace of economic growth in 2013 is expected to edge higher, with inflation remaining unchanged and the unemployment rate continuing to head lower. At 1.6% in 2011, the growth rate of real GDP is forecasted to be 2.3% in 2012 and 2.6% in 2013. At 3.3% last year, inflation, as measured by the Consumer Price Index, is expected to fall to 2.1% this year and remain at that rate in 2013. The unemployment rate, after having averaged 8.7% in the fourth quarter of 2011, is predicted to fall to 7.9% in the final quarter of 2012 and then move further down to 7.6% in the last quarter of 2013.

Real residential investment is anticipated to grow at a strong pace in 2012, 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 edge higher in 2013, with activity improving across many sectors of the economy. Industrial production is expected to increase at a strong pace in 2012 and then increase at a more moderate pace in 2013. Car and light truck sales are projected to rise in 2012, to 14.5 million units; and they are expected to improve further in 2013, to 15.0 million units. Interest rates (one- and ten-year Treasury rates) are anticipated to rise this year and next year. Oil prices are forecasted to average almost \$104 per barrel by the end of 2012 and then remain near

that level through the end of 2013. The trade-weighted U.S. dollar is predicted to remain virtually unchanged both this year and next.

A summary of the nineteenth annual Automotive Outlook Symposium will be published in an upcoming issue of the *Chicago Fed Letter*.

—William A. Strauss • Senior Economist and  
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### Forecasts from the Nineteenth Annual Automotive Outlook Symposium

	2011 (Actual)	2012 (Forecast)	2013 (Forecast)
Real gross domestic product <sup>a</sup>	1.6	2.3	2.6
Real personal consumption expenditures <sup>a</sup>	1.6	2.5	2.5
Real business fixed investment <sup>a</sup>	8.2	4.0	5.3
Real residential investment <sup>a</sup>	3.5	12.2	13.0
Change in private inventories <sup>b</sup>	52.2	60.6	55.5
Net exports of goods and services <sup>b</sup>	-410.8	-412.0	-395.0
Real government consumption expenditures and gross investment <sup>a</sup>	-2.8	-1.3	-0.7
Industrial production <sup>a</sup>	4.0	3.2	2.4
Car and light truck sales (millions of units)	12.7	14.5	15.0
Housing starts (millions of units)	0.61	0.71	0.85
Unemployment rate <sup>c</sup>	8.7	7.9	7.6
Consumer Price Index <sup>a</sup>	3.3	2.1	2.1
One-year Treasury rate (constant maturity) <sup>c</sup>	0.11	0.20	0.25
Ten-year Treasury rate (constant maturity) <sup>c</sup>	2.05	2.21	2.52
J. P. Morgan Trade-Weighted Dollar Index <sup>a</sup>	0.0	-0.4	0.2
Oil price (dollars per barrel of West Texas Intermediate) <sup>c</sup>	94.06	103.57	104.25

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

<sup>b</sup>Billions of chained (2005) dollars in the fourth quarter at a seasonally adjusted annual rate.

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

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