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Economic Update



The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

The Goal: Foster Maximum Employment and Stable Prices

Economic Projections of Federal Open Market Committee Members, Central Tendency, April 2011

	Longer Run	2011	2012
Real GDP Growth	2.5 to 2.8	3.1 to 3.3	3.5 to 4.2
<i>Jan. 2011 projection</i>		<i>3.4 to 3.9</i>	<i>3.5 to 4.4</i>
Unemployment Rate	5.2 to 5.6	8.4 to 8.7	7.6 to 7.9
<i>Jan. 2011 projection</i>		<i>8.8 to 9.0</i>	<i>7.6 to 8.1</i>
PCE Inflation	1.7 to 2.0	2.1 to 2.8	1.2 to 2.0
<i>Jan. 2011 projection</i>		<i>1.3 to 1.7</i>	<i>1.0 to 1.9</i>

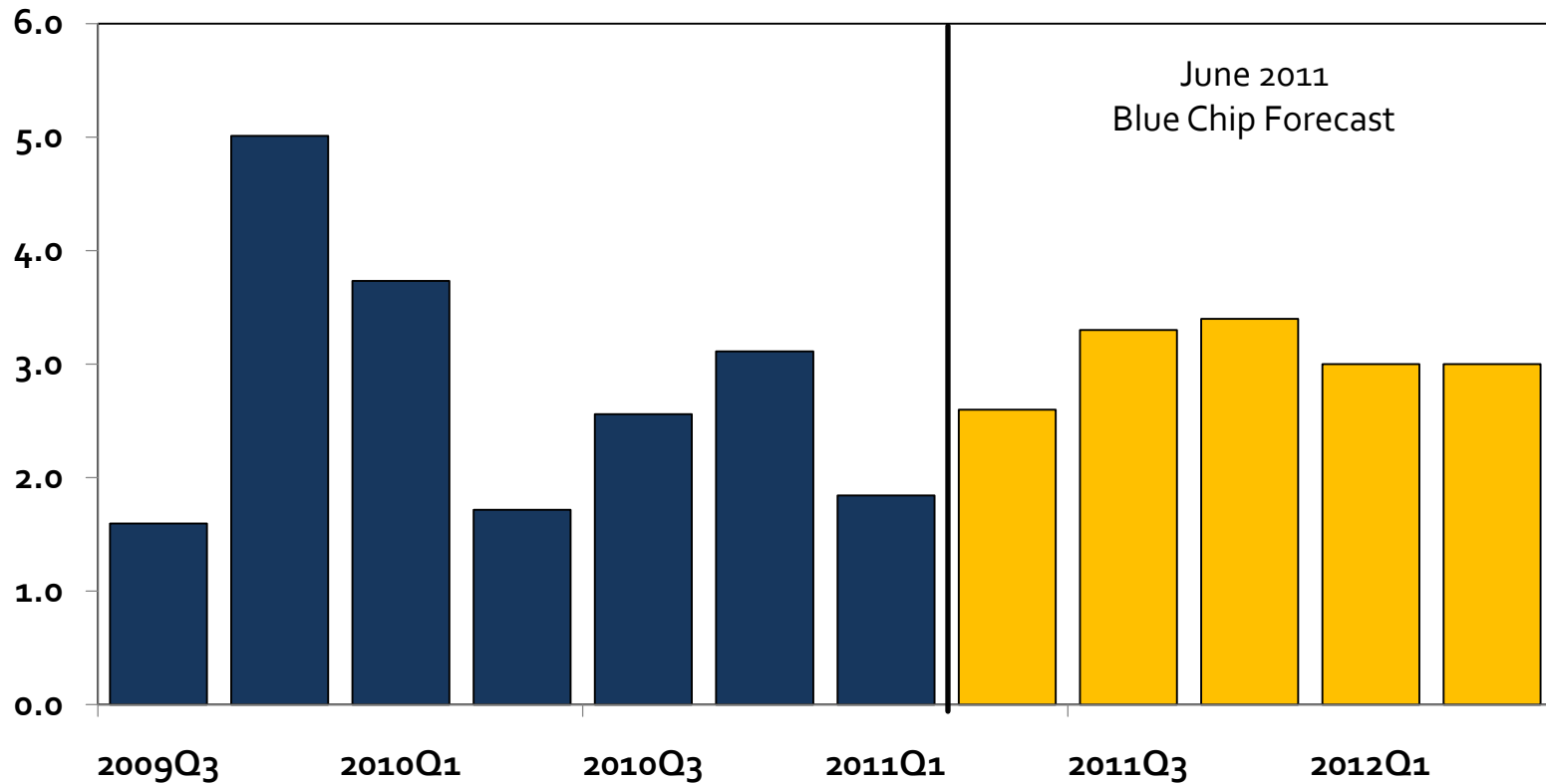
Source: Federal Reserve Board of Governors



Another summer soft patch in 2011?

U.S. Real GDP Growth

Annualized percent change (2005 constant dollars)



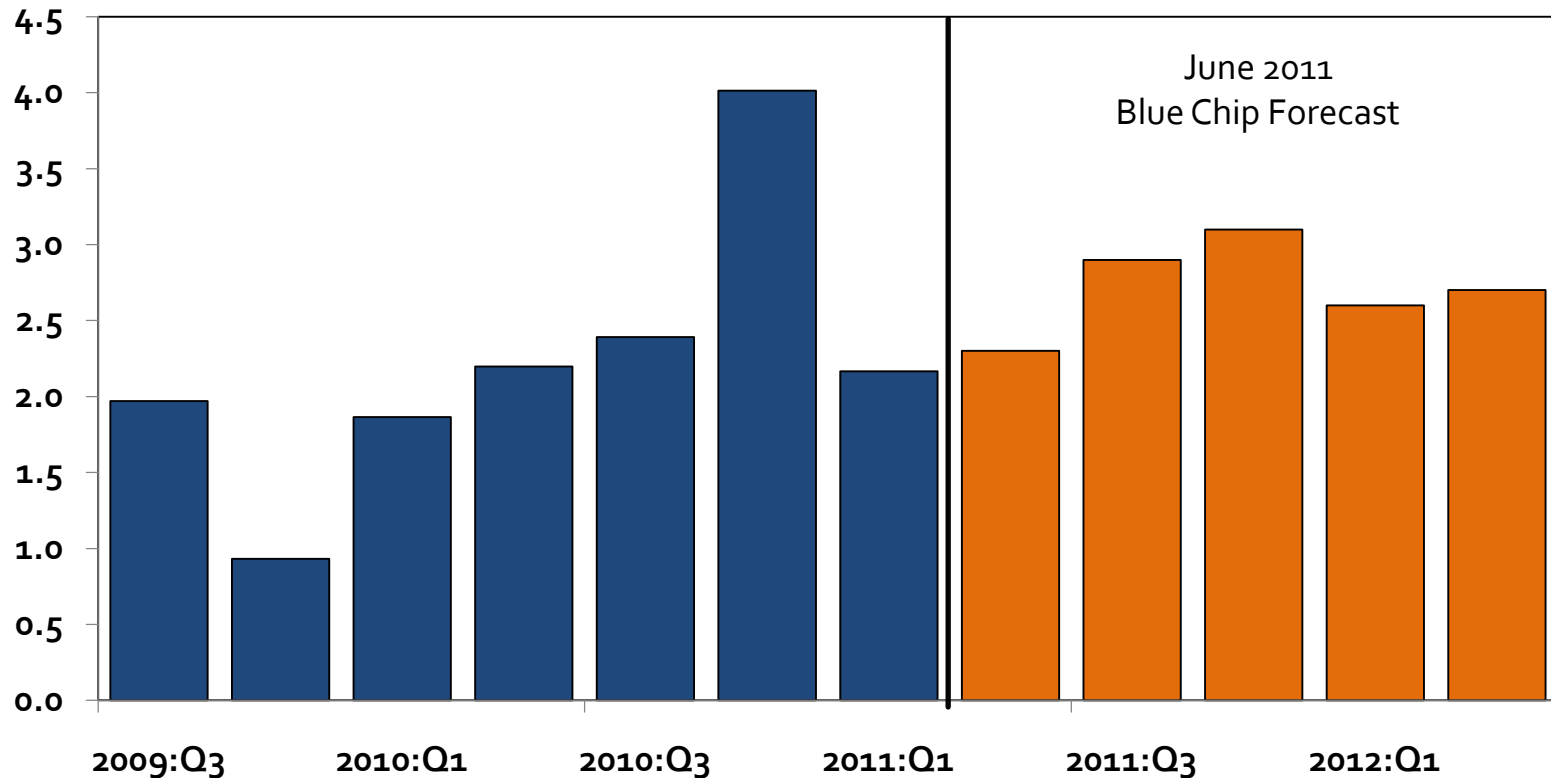
Source: Bureau of Economic Analysis and Blue Chip Forecast



Will consumer spending rebound?

U.S. Personal Consumption Expenditures Growth

Annualized percent change (2005 constant dollars)

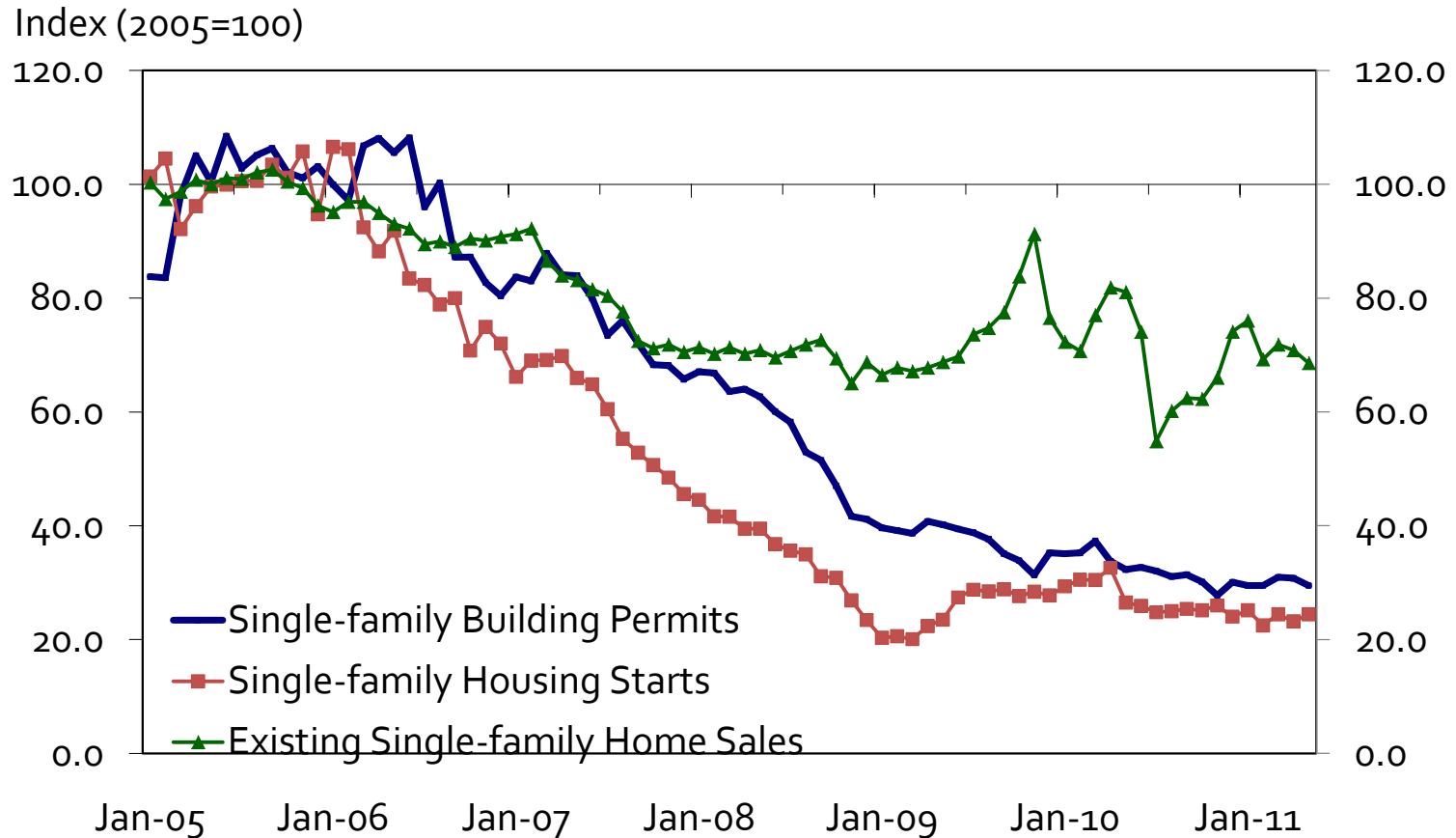


Source: Bureau of Economic Analysis and Blue Chip Forecast



Residential activity remains sluggish.

Single-family Housing Activity

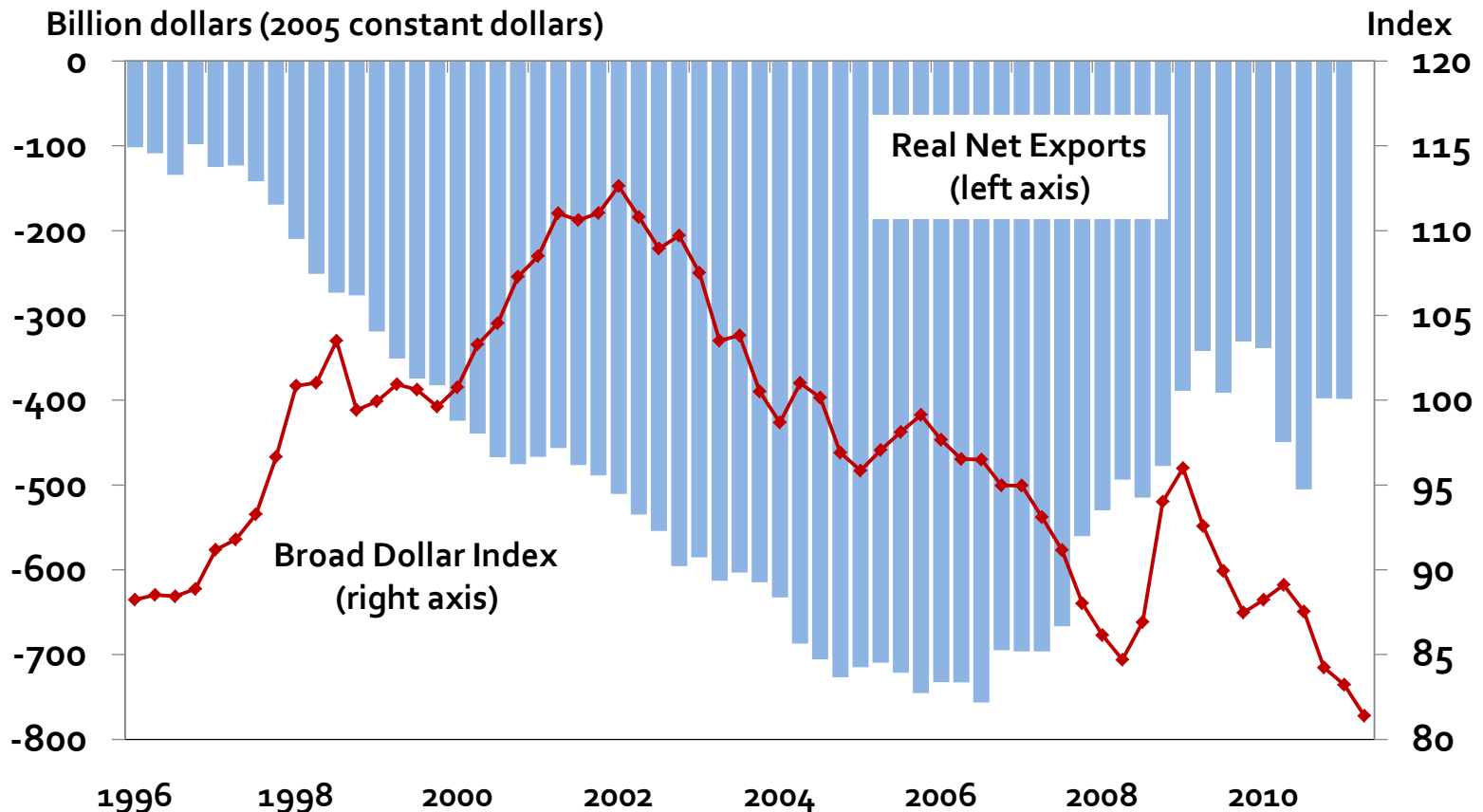


Source: Census Bureau



Net exports strengthen with a weaker dollar.

U.S. Real Net Exports of Goods and Services and Value of the Dollar

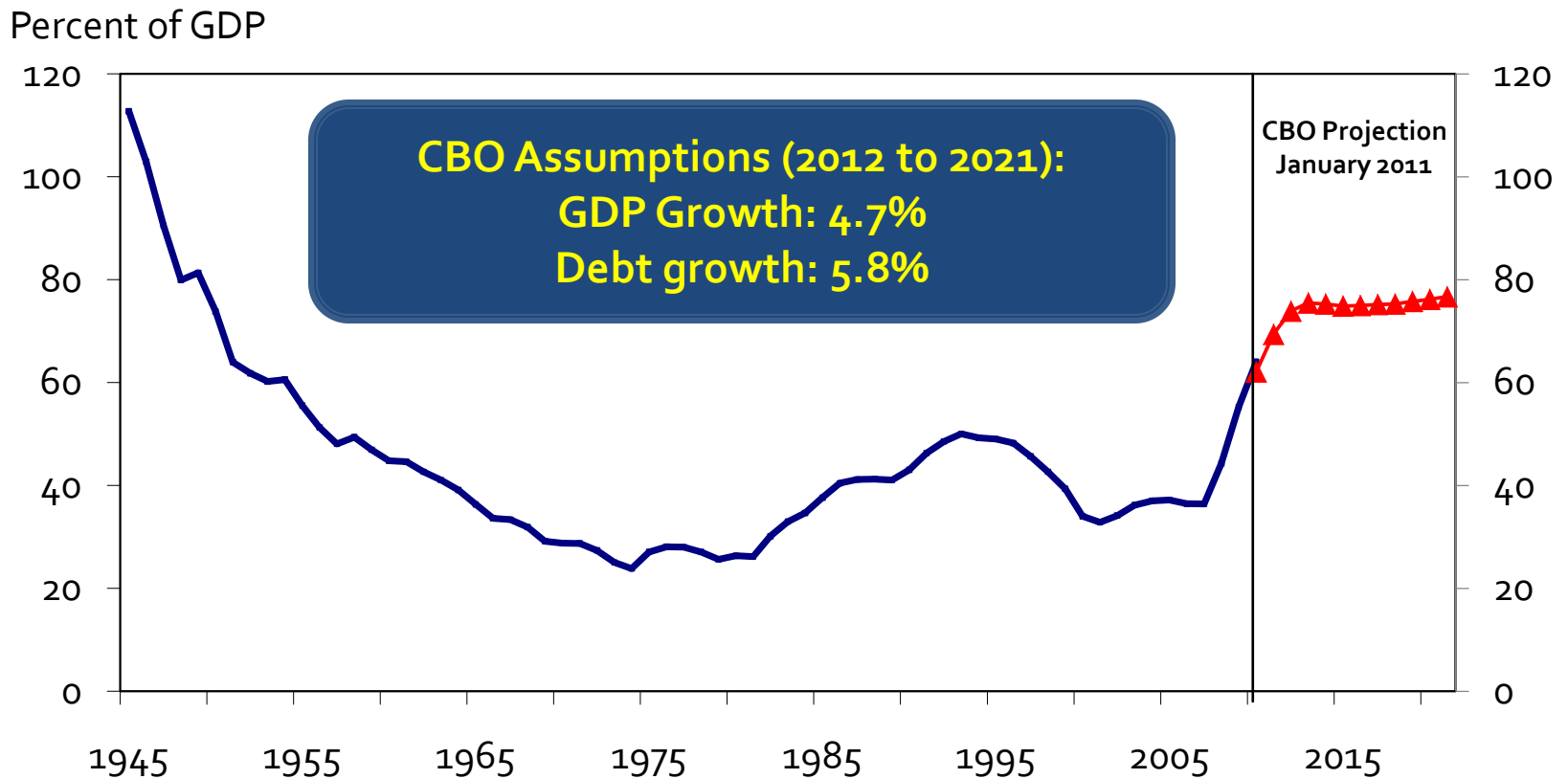


Source: Bureau of Economic Analysis and Federal Reserve Board of Governors



Will the federal government be able to control U.S. debt accumulation?

Federal Government Debt as a Percent of GDP

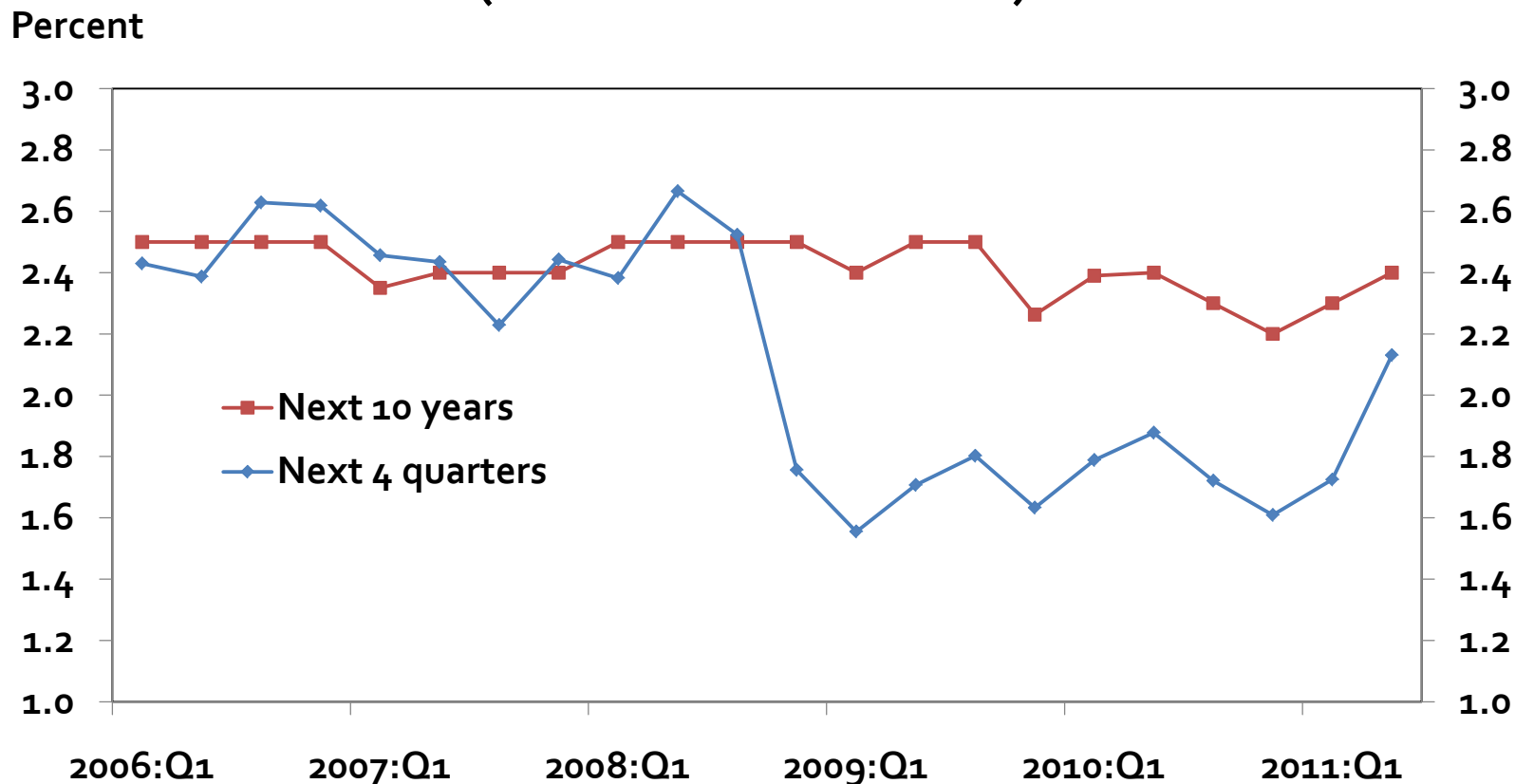


Source: Federal Reserve Board of Governors and Congressional Budget Office



Long-term inflation expectations remain well anchored.

Average Annual Expected Inflation (Consumer Price Index)



Source: Federal Reserve Bank of Philadelphia

