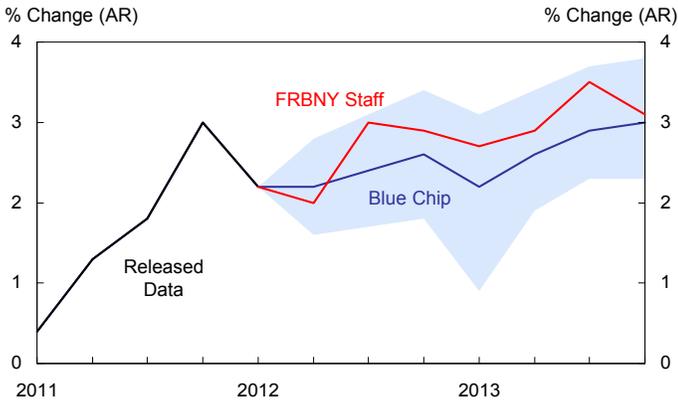


Comparison of FRBNY Staff and Blue Chip Forecasts

GDP Forecasts

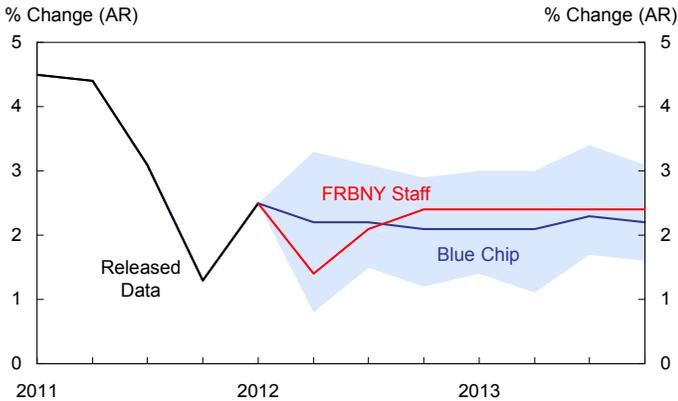


Note: The blue band represents the top 10 and bottom 10 averages of the Blue Chip survey.
Source: FRBNY Staff and Blue Chip Economic Indicators

Staff GDP Forecast Summary

- Moderate real GDP growth through 2013
 - somewhat above Blue Chip consensus
- Near-term influences:
 - Extent activity was pulled forward by warm winter
 - Motor vehicle production
- Medium term factors:
 - Lessening of headwinds associated with labor market and financial conditions
 - Accommodative monetary policy
 - Significant fiscal drag in 2013

Total CPI Inflation Forecasts

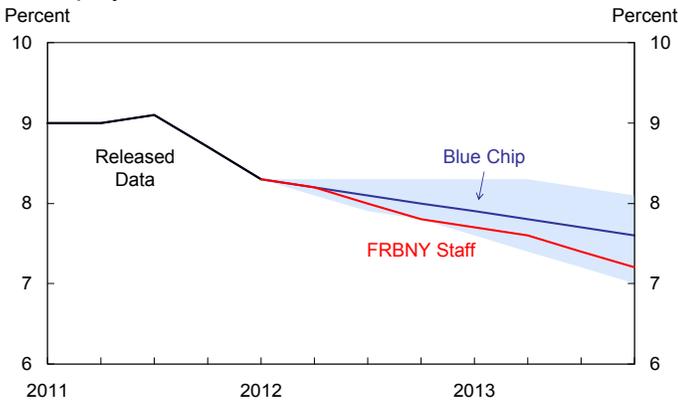


Note: The blue band represents the difference between the top 10 and bottom 10 average of the Blue Chip survey.
Source: FRBNY Staff and Blue Chip Economic Indicators

Staff Inflation Forecast Summary

- Overall inflation expected to be low in near term because of declines in oil and gasoline prices
 - Below Blue Chip consensus
- Medium-term inflation near FOMC's longer-run goal
 - Staff analysis: 2.5% CPI inflation \approx 2% PCE inflation
 - Slightly above Blue Chip consensus
- Underlying assumptions
 - Anchored inflation expectations
 - Expectations larger influence than slack relative to many private forecasters

Unemployment Rate Forecasts



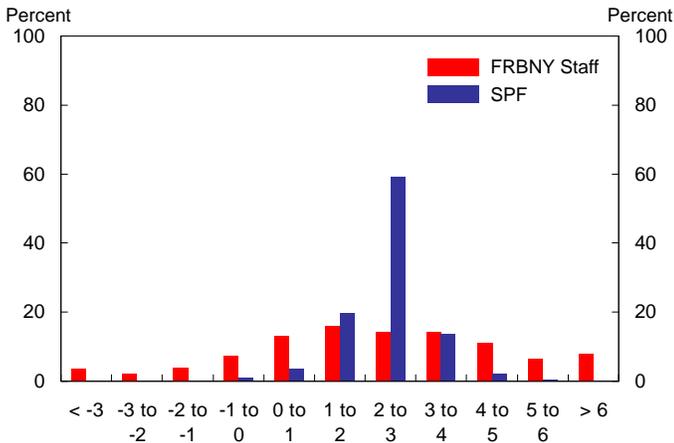
Note: The blue band represents the difference between the top 10 and bottom 10 average of the Blue Chip survey.
Source: FRBNY Staff and Blue Chip Economic Indicators

Staff Unemployment Forecast Summary

- Project gradual decline in unemployment rate to an average of about 7¼% in 2013Q4.
 - Faster decline than Blue Chip consensus
- Factors in this forecast
 - GDP, productivity growth
 - Participation margin
 - Significant slack in resource utilization
 - Less reliant on Okun's Law
- Unemployment rate can be misleading about health of labor market

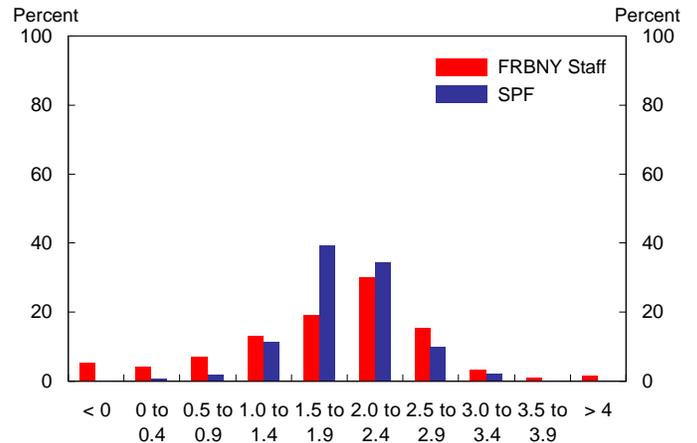
Forecast Distributions: FRBNY Staff and SPF

Probability of Growth of Real GDP: 2011-2012



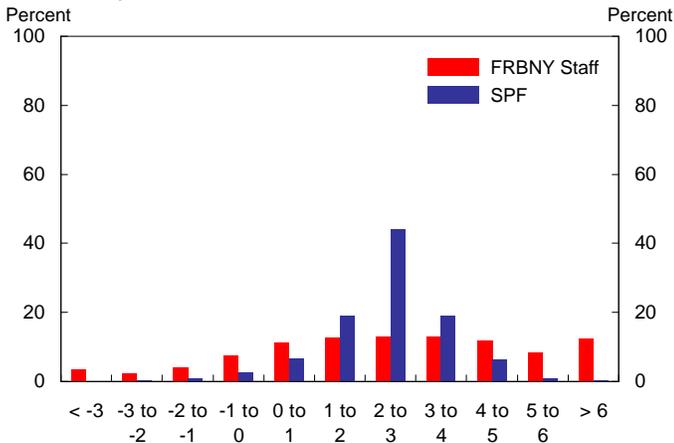
Source: Survey of Professional Forecasters and FRBNY Staff

Probability of Core PCE Inflation: 2012Q4/2011Q4



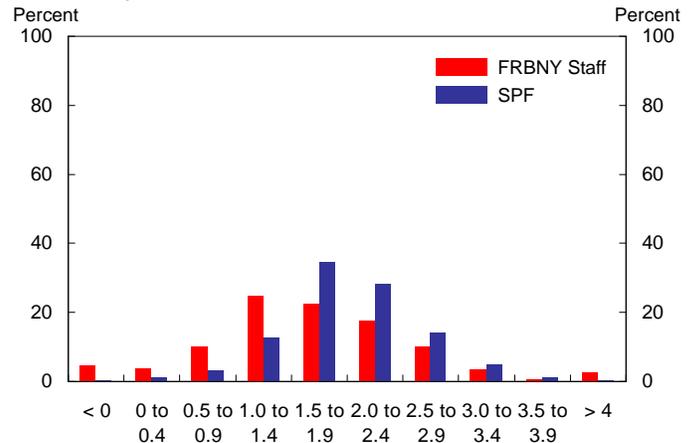
Source: Survey of Professional Forecasters and FRBNY Staff

Probability of Growth of Real GDP: 2012-2013



Source: Survey of Professional Forecasters and FRBNY Staff

Probability of Core PCE Inflation: 2013Q4/2012Q4



Source: Survey of Professional Forecasters and FRBNY Staff

Risks to FRBNY Staff Real Activity Outlook

- Considerable uncertainty around staff GDP growth forecast; much more than in the SPF
- Balance of risks is to the downside
- Major risks
 - Spillovers from an intensification of European sovereign debt crisis
 - Impact from additional actions to address fiscal sustainability
 - Fiscal policy uncertainty leads to deferred spending
 - Geopolitical-related surge in oil prices

Risks to FRBNY Staff Inflation Outlook

- Considerable uncertainty around staff inflation forecast; more than in the SPF
 - More probability in tails of staff forecast distribution than in SPF distribution
- Near-term inflation risks are roughly balanced
 - Upside oil price surge risk offsets other downside risks
- Medium-term balance of inflation risks is modestly to the downside
 - Downside real risks would induce more slack that pushes down inflation and inflation expectations

FRBNY Staff Forecast

	2012 Q1		2012 Q2		2012 Q3		2011 Q4/Q4	2012 Q4/Q4		2013 Q4/Q4	
	<i>Advance</i>							<i>Final</i>			
Summary	4/13	<i>Release</i>	4/13	5/9	4/13	5/9	<i>Release</i>	4/13	5/9	4/13	5/9
Real GDP	2.7	<i>2.2</i>	2.2	2.0	3.2	3.0	<i>1.6</i>	2.8	2.5	2.9	3.0
Total PCE Deflator	2.3	<i>2.4</i>	1.9	1.3	1.8	1.5	<i>2.7</i>	1.9	1.7	1.8	2.0
Core PCE Deflator	2.2	<i>2.1</i>	1.7	1.8	1.7	1.8	<i>1.8</i>	1.8	1.9	1.8	1.9
Nonfarm Business Sector											
Output	3.2	<i>2.7</i>	3.2	2.4	4.0	3.8	<i>2.3</i>	3.5	3.1	3.6	3.8
Hours	3.0	<i>3.2</i>	2.2	1.4	2.5	2.3	<i>1.9</i>	2.4	2.2	1.9	2.0
Productivity Growth	0.2	<i>-0.5</i>	1.0	1.0	1.5	1.5	<i>0.4</i>	1.1	0.9	1.7	1.7
Compensation	2.5	<i>1.5</i>	2.5	1.8	2.5	2.0	<i>3.5</i>	2.5	1.9	2.7	2.7
Unit Labor Costs	2.3	<i>2.0</i>	1.5	0.8	1.0	0.5	<i>3.1</i>	1.4	0.9	1.0	0.9
Real GDP Growth Contributions*											
Final Sales to Domestic Purchasers	2.3	<i>1.6</i>	2.4	2.7	2.6	2.4	<i>1.5</i>	2.5	2.4	2.5	2.6
Consumption	1.7	<i>2.0</i>	1.6	1.8	1.7	1.7	<i>1.2</i>	1.7	1.8	1.5	1.5
BFI: Equipment and Software	0.4	<i>0.1</i>	0.6	0.4	0.7	0.6	<i>0.7</i>	0.6	0.5	0.8	0.8
BFI: Nonresidential Structures	0.0	<i>-0.4</i>	0.1	0.1	0.2	0.1	<i>0.1</i>	0.1	0.0	0.2	0.3
Residential Investment	0.2	<i>0.4</i>	0.5	0.5	0.3	0.3	<i>0.1</i>	0.3	0.4	0.3	0.3
Government: Federal	0.2	<i>-0.5</i>	-0.3	0.1	-0.3	-0.3	<i>-0.3</i>	-0.2	-0.2	-0.3	-0.2
Government: State and Local	-0.2	<i>-0.1</i>	-0.2	-0.1	-0.1	-0.1	<i>-0.3</i>	-0.1	-0.1	0.0	0.0
Inventory Investment	0.0	<i>0.6</i>	-0.4	-1.0	0.1	0.2	<i>0.1</i>	0.0	0.0	0.1	0.1
Net Exports	0.3	<i>0.0</i>	0.3	0.3	0.5	0.4	<i>0.0</i>	0.3	0.2	0.3	0.3
Real GDP Components' Growth Rates											
Final Sales to Domestic Purchasers	2.3	<i>1.6</i>	2.3	2.6	2.5	2.4	<i>1.4</i>	2.4	2.3	2.4	2.5
Consumption	2.4	<i>2.9</i>	2.2	2.5	2.4	2.5	<i>1.6</i>	2.3	2.6	2.1	2.1
BFI: Equipment and Software	6.0	<i>1.7</i>	8.0	5.0	10.0	8.0	<i>9.6</i>	8.5	6.1	10.0	10.0
BFI: Nonresidential Structures	0.0	<i>-12.0</i>	5.0	2.5	8.0	5.0	<i>4.4</i>	5.2	0.5	8.0	10.0
Residential Investment	10.0	<i>19.0</i>	25.0	25.0	15.0	15.0	<i>3.5</i>	15.4	17.7	10.0	10.0
Government: Federal	2.0	<i>-5.6</i>	-3.3	1.0	-3.3	-3.3	<i>-3.2</i>	-2.0	-2.8	-3.3	-2.6
Government: State and Local	-1.3	<i>-1.2</i>	-1.4	-1.2	-1.2	-1.0	<i>-2.5</i>	-1.2	-1.0	-0.3	0.1
Inventory Investment	n/a	<i>n/a</i>	n/a	n/a	n/a	n/a	<i>n/a</i>	n/a	n/a	n/a	n/a
Net Exports	n/a	<i>n/a</i>	n/a	n/a	n/a	n/a	<i>n/a</i>	n/a	n/a	n/a	n/a
Exports	7.1	<i>5.4</i>	7.2	7.2	8.4	8.2	<i>4.7</i>	7.9	7.4	8.1	7.5
Imports	3.8	<i>4.3</i>	4.2	4.1	3.9	4.3	<i>3.6</i>	4.4	4.7	4.6	4.2
Labor Market											
Nonfarm Payroll Employment (Average per Month, Thousands)**	212	<i>233</i>	237	194	280	249	<i>147</i>	238	222	214	228
Unemployment Rate***	8.3	<i>8.3</i>	8.0	8.2	7.7	8.0	<i>8.7</i>	7.5	7.8	6.7	7.2
Income											
Real Disposable Personal Income	0.4	<i>0.4</i>	1.1	1.3	2.6	2.4	<i>0.8</i>	1.6	1.4	1.3	1.3
Personal Saving Rate***	4.1	<i>3.9</i>	3.9	3.7	3.9	3.7	<i>4.5</i>	3.8	3.5	3.1	2.7

*Growth contributions may not sum to total due to rounding.

**Change in quarterly average, converted into monthly changes.

***Quarterly values are the average rate for the quarter. Yearly values are the average rate for Q4 of the listed year.

Blue and *italic* text indicate released data; gray font indicates Staff prior forecasts, and black indicates the most recent Staff forecast.