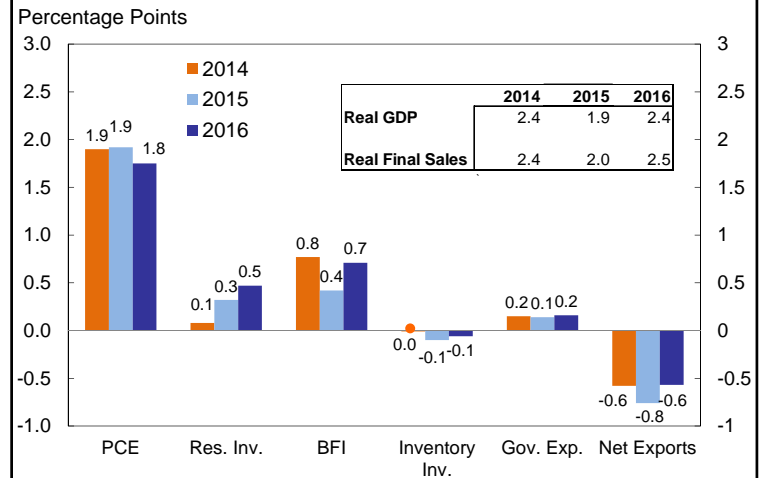


### Staff GDP Forecast Summary

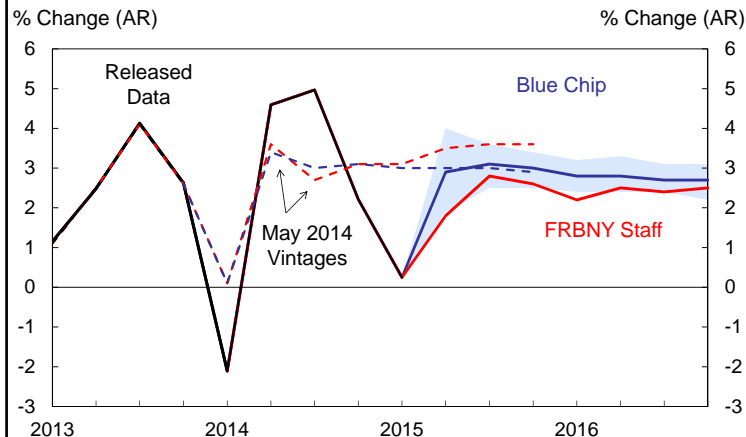
- Real GDP growth to average just under 2½% over the remainder of 2015 and 2016.
  - Below FRBNY forecast at May 2014 EAP.
  - Below Blue Chip consensus.
- Outlook reflects countervailing factors.
  - Positive:
    - Private sector balance sheets and income solid.
    - Fiscal policy providing a bit of stimulus.
    - Monetary policy still accommodative.
  - Negative:
    - Dollar appreciation.
    - Continued restraint on private spending.
    - Pullback in energy sector investment.

### GDP Growth Contributions: 2014-16



Source: FRBNY Staff and Bureau of Economic Analysis

### Real GDP Growth Forecasts

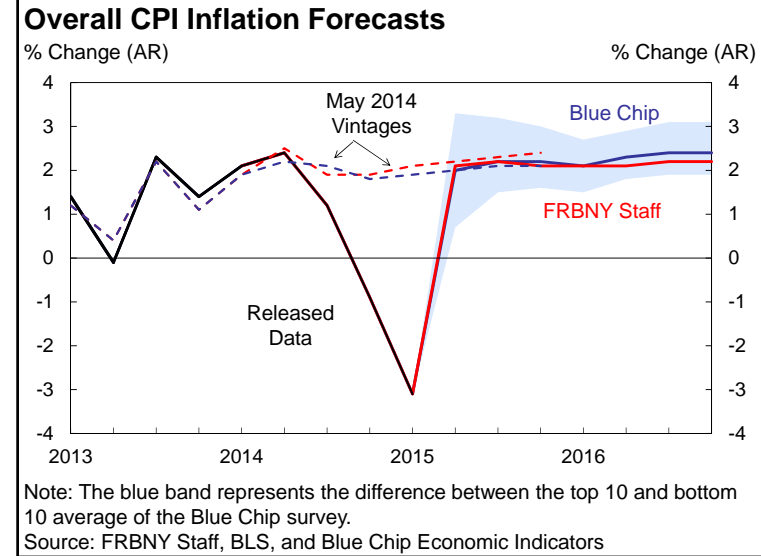
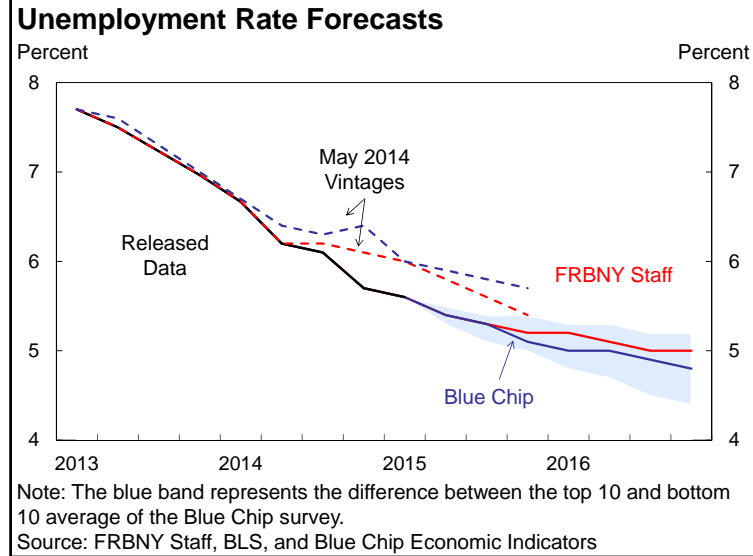


Note: The blue band represents the top 10 and bottom 10 averages of the Blue Chip survey.

Source: FRBNY Staff, BEA, and Blue Chip Economic Indicators

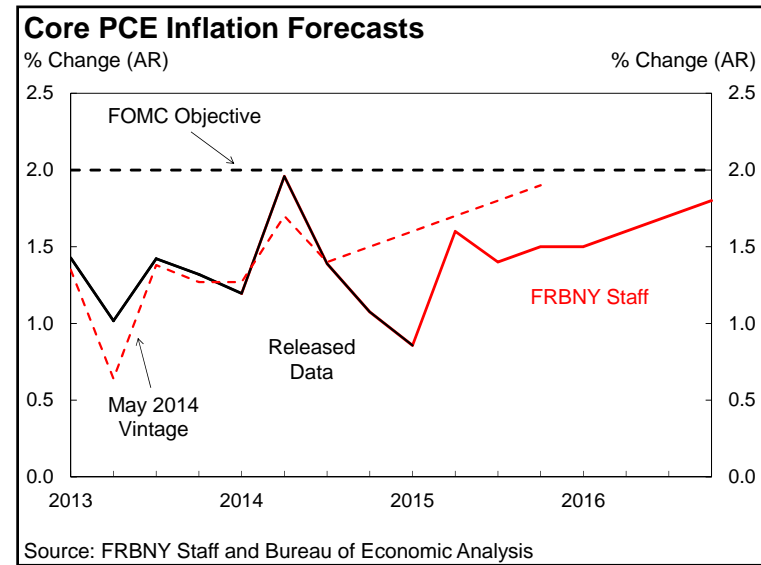
### Staff Unemployment Forecast Summary

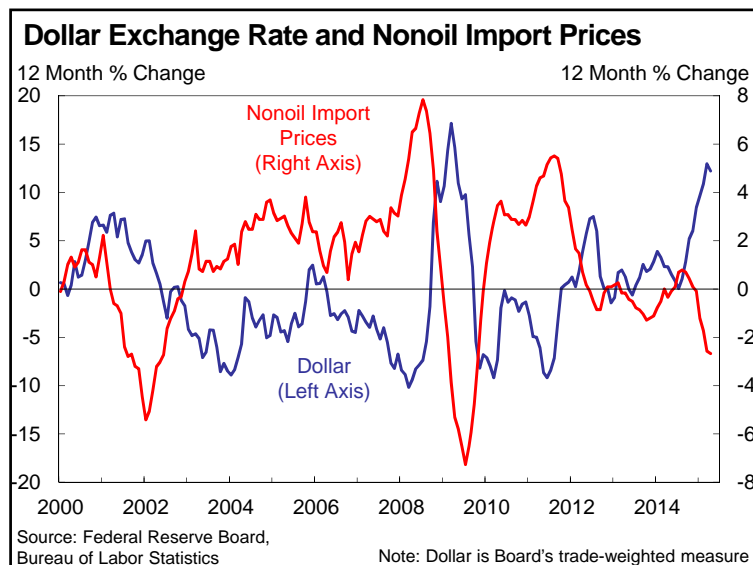
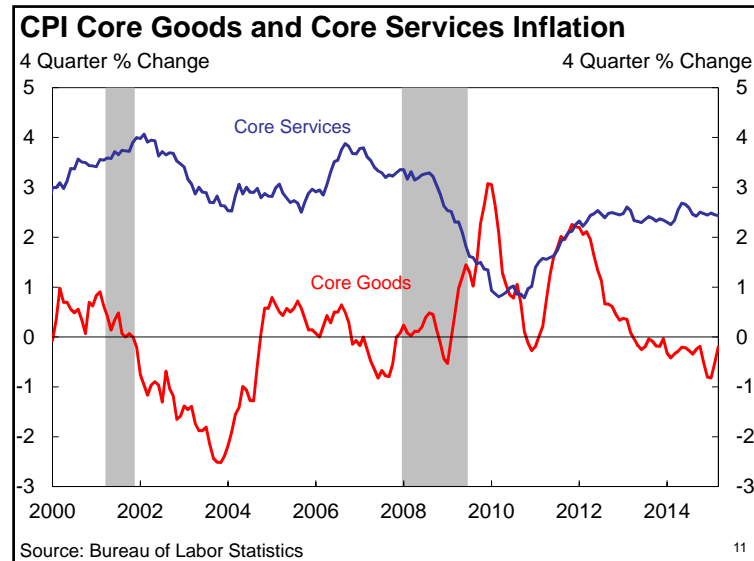
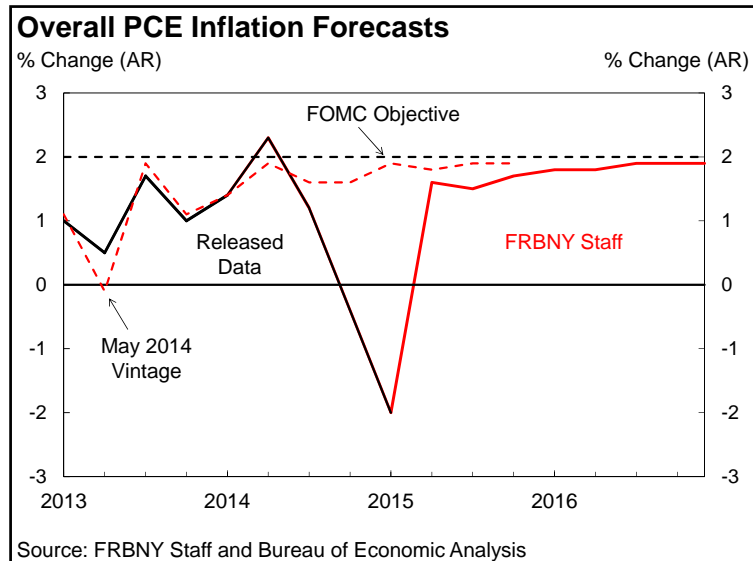
- Modestly above-potential growth and later-stage expansion dynamics lead to slow decline in unemployment rate to about 5% by 2016Q4.
  - Less rapid decline than Blue Chip consensus.
- Factors underlying this forecast.
  - Population growth around 1%.
  - Productivity growth rising back to its assumed trend rate of 1½% NFBS (1¼% GDP) in 2016.
  - Little change in participation rate through 2016.
  - No change in average weekly hours.



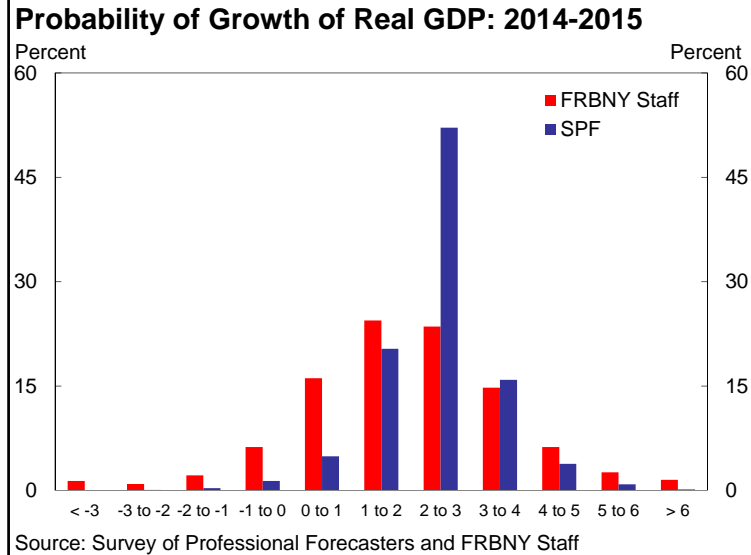
### Staff Inflation Forecast Summary

- Outside of short-run oil price effects, inflation anticipated to rise gradually toward FOMC's longer-run goal.
  - PCE inflation projected to reach 2% in 2017.
  - Roughly similar to Blue Chip consensus forecast.
- Underlying assumptions.
  - Anchored longer-run inflation expectations.
  - Slow dissipation of remaining slack.
  - Firming of global demand.
  - Stronger dollar holding down inflation over near term.

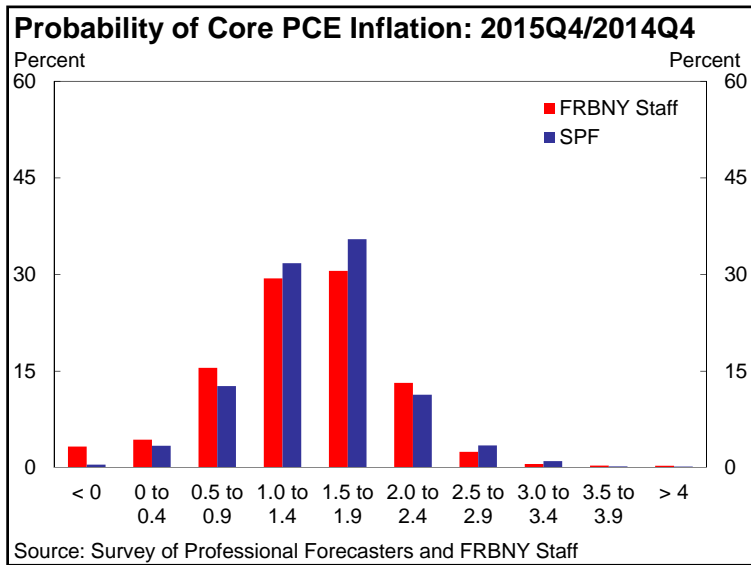
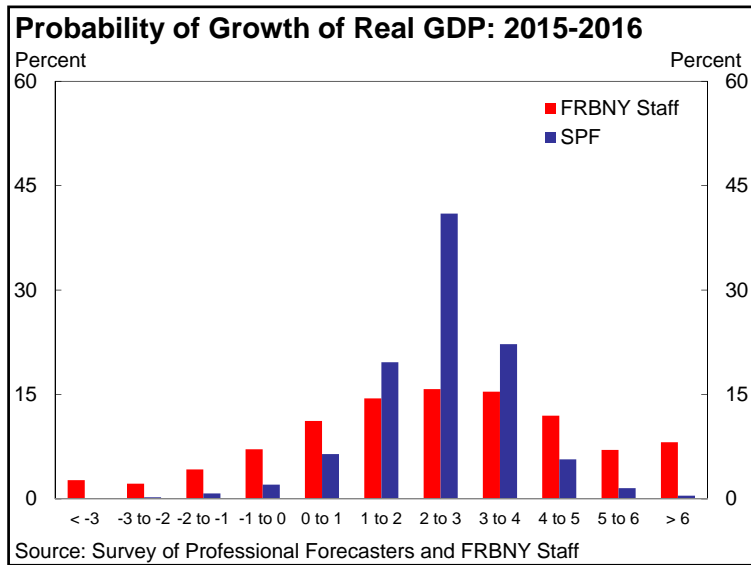


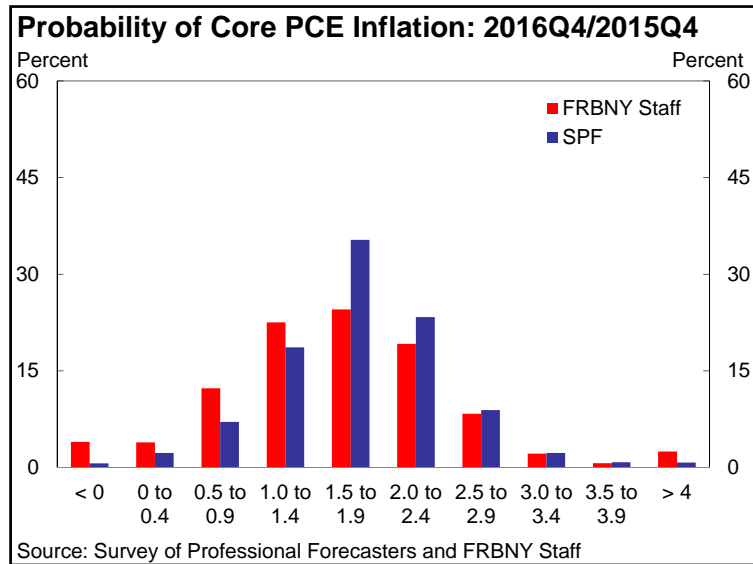


- ### Risks to FRBNY Staff Real Activity Outlook
- More uncertainty around staff GDP growth forecast than the SPF for both 2015 and 2016.
  - Risks roughly balanced in 2015 and 2016.
  - Major risks
    - Upside:
      - More confident businesses and consumers lead to dynamics similar to earlier stages of typical expansion.
      - Dollar depreciates more than expected.
    - Downside:
      - Global economy disappoints.
      - Unexpected tightening of financial conditions.



- ### Risks to FRBNY Staff Inflation Outlook
- As with growth forecast, more uncertainty around staff inflation forecast than SPF.
  - Inflation risks roughly balanced in 2015 and 2016.
    - Upside:
      - Level and growth rate of potential GDP lower than currently estimated.
      - Inflation expectations becoming unanchored on upside because overly accommodative policy.
    - Downside:
      - Downside real risks induce more slack.
      - Stronger global disinflationary pressures push down longer-run inflation expectations.
      - Impact of further dollar appreciation.





## FRBNY Forecast Details

	2015 Q1	2015 Q2			2015 Q3			2014 Q4/Q4	2015 Q4/Q4			2016 Q4/Q4		
Summary	<i>Advanced</i>	3/10	4/22	5/13	3/10	4/22	5/13	<i>Final</i>	3/10	4/22	5/13	3/10	4/22	5/13
Real GDP	<i>0.2</i>	2.7	2.4	1.8	2.6	2.8	2.8	<i>2.4</i>	2.5	2.1	1.9	2.3	2.3	2.4
Total PCE Deflator	<i>-2.0</i>	1.2	1.8	1.6	1.5	1.5	1.5	<i>1.1</i>	0.7	0.8	0.7	1.6	1.8	1.8
Core PCE Deflator	<i>0.9</i>	1.2	1.7	1.6	1.3	1.4	1.4	<i>1.4</i>	1.2	1.4	1.3	1.3	1.5	1.5
<b>Nonfarm Business Sector</b>														
Output	<i>-0.2</i>	3.3	3.0	2.2	3.2	3.4	3.5	<i>2.9</i>	3.1	2.6	2.2	2.9	2.8	2.9
Hours	<i>1.7</i>	1.8	1.7	0.6	1.7	1.7	1.8	<i>3.0</i>	1.8	1.7	1.3	1.4	1.3	1.6
Productivity Growth	<i>-1.9</i>	1.6	1.3	1.6	1.5	1.8	1.8	<i>-0.1</i>	1.3	0.9	0.8	1.5	1.5	1.4
Compensation	<i>3.1</i>	2.6	2.5	2.1	2.5	2.3	2.1	<i>2.5</i>	2.6	2.5	2.4	2.8	2.6	2.2
Unit Labor Costs	<i>5.0</i>	1.0	1.2	0.5	1.0	0.6	0.3	<i>2.6</i>	1.3	1.6	1.5	1.3	1.1	0.9
<b>Real GDP Growth Contributions**</b>														
Final Sales to Domestic Purchasers	<i>0.8</i>	3.7	3.8	3.1	3.5	3.9	3.8	<i>2.3</i>	3.4	3.0	2.8	2.7	2.9	3.1
Private	<i>0.9</i>	3.5	3.7	2.8	3.4	3.8	3.6	<i>2.7</i>	3.3	2.9	2.7	2.6	2.8	2.9
Consumption	<i>1.3</i>	2.2	2.4	2.0	2.1	2.2	2.2	<i>1.9</i>	2.1	2.0	1.9	1.6	1.7	1.8
BFI: Equipment	<i>0.0</i>	0.5	0.2	0.2	0.5	0.5	0.5	<i>0.3</i>	0.4	0.2	0.3	0.4	0.4	0.4
BFI: Nonresidential Structures	<i>-0.8</i>	0.2	0.3	-0.1	0.1	0.1	0.1	<i>0.1</i>	0.1	0.1	-0.2	0.1	0.1	0.1
BFI: Intellectual Property Products	<i>0.3</i>	0.3	0.3	0.3	0.3	0.3	0.3	<i>0.1</i>	0.3	0.3	0.3	0.2	0.3	0.3
Residential Investment	<i>0.0</i>	0.4	0.5	0.4	0.4	0.6	0.5	<i>0.2</i>	0.3	0.3	0.3	0.4	0.4	0.5
Government	<i>-0.2</i>	0.2	0.2	0.3	0.2	0.2	0.2	<i>-0.4</i>	0.1	0.1	0.1	0.1	0.1	0.2
Federal	<i>0.0</i>	0.0	0.0	0.0	0.0	0.0	0.0	<i>-0.5</i>	0.0	-0.1	0.0	-0.1	-0.1	0.0
State and Local	<i>-0.2</i>	0.2	0.2	0.3	0.2	0.2	0.2	<i>0.1</i>	0.1	0.1	0.1	0.2	0.2	0.2
Inventory Investment	<i>0.7</i>	-0.4	-0.9	-1.1	-0.1	-0.1	-0.1	<i>0.5</i>	-0.2	-0.1	-0.1	0.0	-0.1	-0.1
Net Exports	<i>-1.3</i>	-0.6	-0.5	-0.2	-0.8	-1.0	-0.9	<i>0.3</i>	-0.7	-0.8	-0.8	-0.3	-0.6	-0.6
Exports	<i>-1.0</i>	0.3	0.1	0.1	0.3	0.0	0.0	<i>0.7</i>	0.3	0.0	-0.2	0.4	0.3	0.3
Imports	<i>-0.3</i>	-0.9	-0.6	-0.3	-1.0	-1.0	-0.8	<i>-0.4</i>	-1.0	-0.7	-0.7	-0.7	-0.8	-0.9
<b>Real GDP Components' Growth Rates</b>														
Final Sales to Domestic Purchasers	<i>0.7</i>	3.7	3.8	3.1	3.5	3.9	3.7	<i>2.9</i>	3.3	2.9	2.7	2.6	2.8	3.0
Consumption	<i>1.9</i>	3.3	3.5	3.0	3.1	3.3	3.3	<i>2.9</i>	3.2	2.9	2.8	2.4	2.5	2.5
BFI: Equipment	<i>0.1</i>	8.0	4.0	4.0	8.0	8.0	8.0	<i>5.3</i>	7.0	4.2	4.7	5.7	6.0	6.0
BFI: Nonresidential Structures	<i>-23.0</i>	7.0	10.0	-5.0	5.0	5.0	2.5	<i>6.5</i>	3.2	2.0	-6.0	3.0	3.2	3.2
BFI: Intellectual Property Products	<i>7.8</i>	7.0	8.0	8.0	7.0	8.0	8.0	<i>7.3</i>	7.2	8.0	7.9	5.0	6.0	6.0
Residential Investment	<i>1.3</i>	12.0	16.5	12.0	12.0	20.4	16.0	<i>2.5</i>	9.4	9.6	10.2	10.0	12.0	14.5
Government: Federal	<i>0.3</i>	-0.4	-0.4	0.4	-0.4	-0.4	0.1	<i>0.2</i>	-0.5	-1.0	0.3	-1.4	-1.4	-0.1
Government: State and Local	<i>-1.5</i>	1.6	1.6	2.5	1.6	1.6	1.8	<i>1.2</i>	1.3	1.1	1.1	1.5	1.5	1.5
Inventory Investment	<i>n/a</i>	n/a	n/a	n/a	n/a	n/a	n/a	<i>n/a</i>	n/a	n/a	n/a	n/a	n/a	n/a
Net Exports	<i>n/a</i>	n/a	n/a	n/a	n/a	n/a	n/a	<i>n/a</i>	n/a	n/a	n/a	n/a	n/a	n/a
Exports	<i>-7.2</i>	2.2	0.4	0.4	2.1	-0.4	-0.1	<i>2.4</i>	2.1	-0.4	-1.4	3.2	2.3	2.5
Imports	<i>1.8</i>	5.7	3.7	1.9	6.9	6.7	5.6	<i>5.6</i>	6.1	4.6	4.1	4.7	5.6	6.1
<b>Labor Market</b>														
Nonfarm Payroll Employment (Average per Month, Thousands)	<i>256</i>	206	158	162	205	195	172	<i>245</i>	207	197	191	164	155	154
Unemployment Rate***	<i>5.6</i>	5.4	5.5	5.4	5.2	5.4	5.3	<i>5.7</i>	5.1	5.3	5.2	5.0	5.1	5.0
<b>Income</b>														
Real Disposable Personal Income	<i>6.2</i>	3.3	3.0	1.8	2.6	1.9	1.8	<i>3.1</i>	2.5	2.7	2.4	1.5	1.6	1.3
Personal Saving Rate***	<i>5.5</i>	5.4	5.4	5.3	5.2	5.0	4.9	<i>4.6</i>	5.1	4.9	4.7	4.8	4.7	4.3

\*End-of-period value

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

\*\*\*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; darker colors indicate the most recent forecast.