



Press Release

Release Date: December 11, 2019

For release at 2:00 p.m. EDT

Information received since the Federal Open Market Committee met in October indicates that the **labor market remains strong and that economic activity has been rising at a moderate rate**. Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. **Although household spending has been rising at a strong pace, business fixed investment and exports remain weak**. On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. **Market-based measures of inflation compensation remain low**; survey-based measures of longer-term inflation expectations are little changed.

...” The Committee decided to maintain the target range for the federal funds rate at 1- 1/2 to 1- 3/4 percent.”

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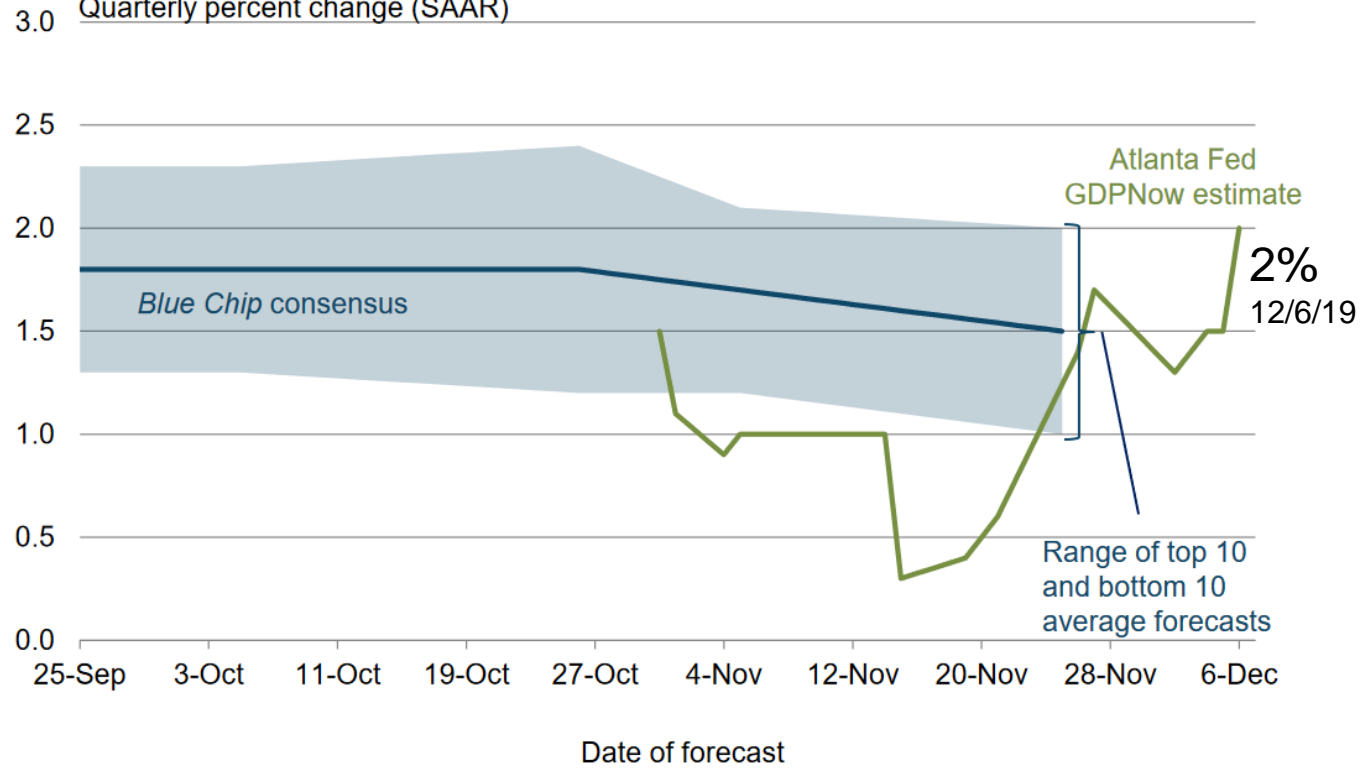
Table 1. Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents, under their individual assumptions of projected appropriate monetary policy, December 2019

Advance release of table 1 of the Summary of Economic Projections to be released with the FOMC minutes

Percent															
Variable	Median ¹					Central Tendency ²					Range ³				
	2019	2020	2021	2022	Longer run	2019	2020	2021	2022	Longer run	2019	2020	2021	2022	Longer run
Change in real GDP	2.2	2.0	1.9	1.8	1.9	2.1-2.2	2.0-2.2	1.8-2.0	1.8-2.0	1.8-2.0	2.1-2.3	1.8-2.3	1.7-2.2	1.5-2.2	1.7-2.2
September projection	2.2	2.0	1.9	1.8	1.9	2.1-2.3	1.8-2.1	1.8-2.0	1.7-2.0	1.8-2.0	2.1-2.4	1.7-2.3	1.7-2.1	1.6-2.1	1.7-2.1
Unemployment rate	3.6	3.5	3.6	3.7	4.1	3.5-3.6	3.5-3.7	3.5-3.9	3.5-4.0	3.9-4.3	3.5-3.6	3.3-3.8	3.3-4.0	3.3-4.1	3.5-4.5
September projection	3.7	3.7	3.8	3.9	4.2	3.6-3.7	3.6-3.8	3.6-3.9	3.7-4.0	4.0-4.3	3.5-3.8	3.3-4.0	3.3-4.1	3.3-4.2	3.6-4.5
PCE inflation	1.5	1.9	2.0	2.0	2.0	1.4-1.5	1.8-1.9	2.0-2.1	2.0-2.2	2.0	1.4-1.7	1.7-2.1	1.8-2.3	1.8-2.2	2.0
September projection	1.5	1.9	2.0	2.0	2.0	1.5-1.6	1.8-2.0	2.0	2.0-2.2	2.0	1.4-1.7	1.7-2.1	1.8-2.3	1.8-2.2	2.0
Core PCE inflation ⁴	1.6	1.9	2.0	2.0		1.6-1.7	1.9-2.0	2.0-2.1	2.0-2.2		1.6-1.8	1.7-2.1	1.8-2.3	1.8-2.2	
September projection	1.8	1.9	2.0	2.0		1.7-1.8	1.9-2.0	2.0	2.0-2.2		1.6-1.8	1.7-2.1	1.8-2.3	1.8-2.2	
Memo: Projected appropriate policy path															
Federal funds rate	1.6	1.6	1.9	2.1	2.5	1.6	1.6-1.9	1.6-2.1	1.9-2.6	2.4-2.8	1.6	1.6-1.9	1.6-2.4	1.6-2.9	2.0-3.3
September projection	1.9	1.9	2.1	2.4	2.5	1.6-2.1	1.6-2.1	1.6-2.4	1.9-2.6	2.5-2.8	1.6-2.1	1.6-2.4	1.6-2.6	1.6-2.9	2.0-3.3

Evolution of Atlanta Fed GDPNow real GDP estimate for 2019: Q4

Quarterly percent change (SAAR)



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.



Contribution to GDP by Component: 2019 (III) vs. 2019 (II)

	Contribution to 2.1% growth 3Q19*	Contribution to 2.0% growth 2Q19*
Consumer	1.97	3.03
<p>The increase in consumer spending slowed to 2.9% from 4.6% in the 2Q of 2019.</p>		
Investment	-0.01	-1.16
<p>The 3rd qtr saw an increase in residential fixed investments of 5.1%. This was the first quarterly increase in 6 quarters. However, nonresidential declined by 2.7%. The change in inventories added 17 bps to overall GDP growth.</p>		
Government	0.28	0.82
<p>Both state and federal spending increased in the 3Q by 0.5% and 3.4%, respectively.</p>		
Export - Import	-0.11	-0.68
<p>A slight increase in exports softened the impact of the growth in imports.</p>		

Source: U.S. Department of Commerce Bureau of Economic Analysis

* 2nd Estimate

FRED — 5-Year, 5-Year Forward Inflation Expectation Rate




Source: Federal Reserve Bank of St. Louis

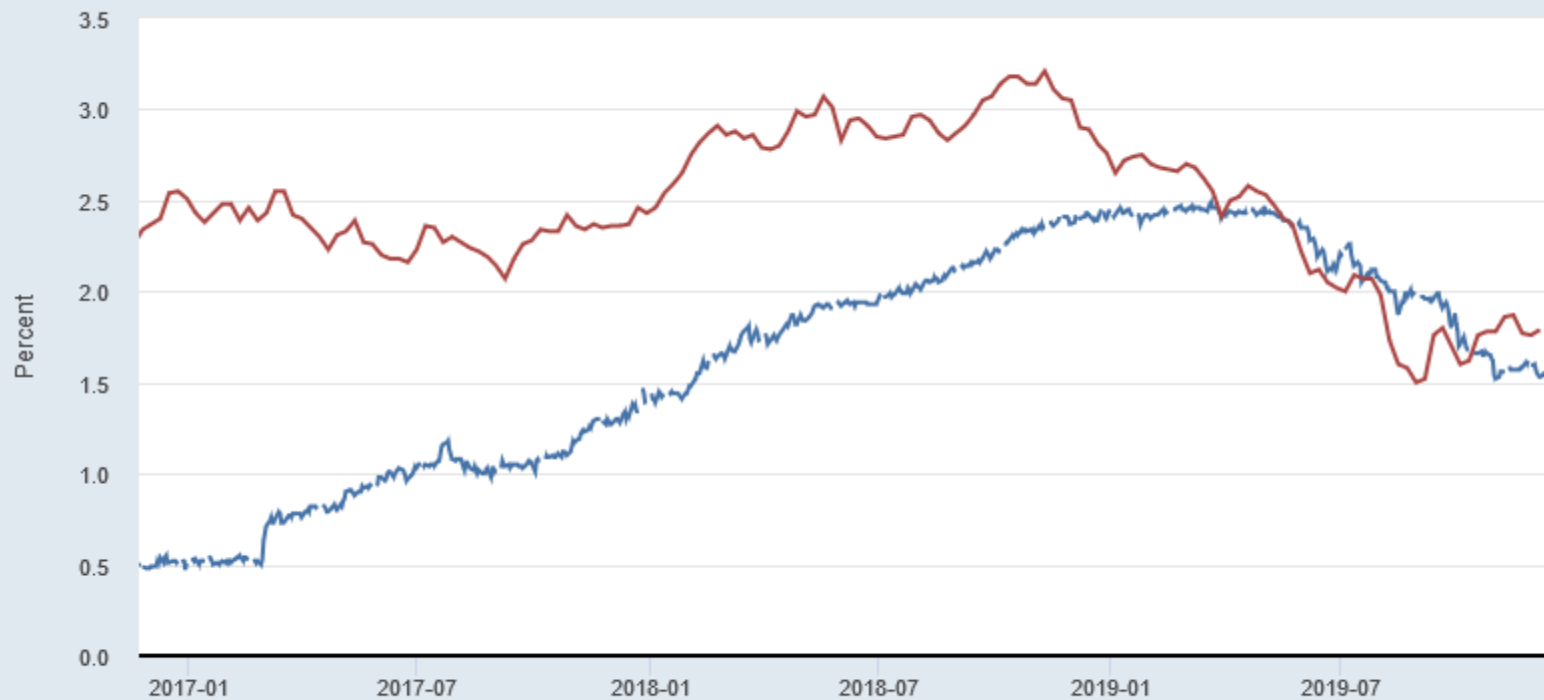
fred.stlouisfed.org

FRED — 10-Year Treasury Constant Maturity Rate



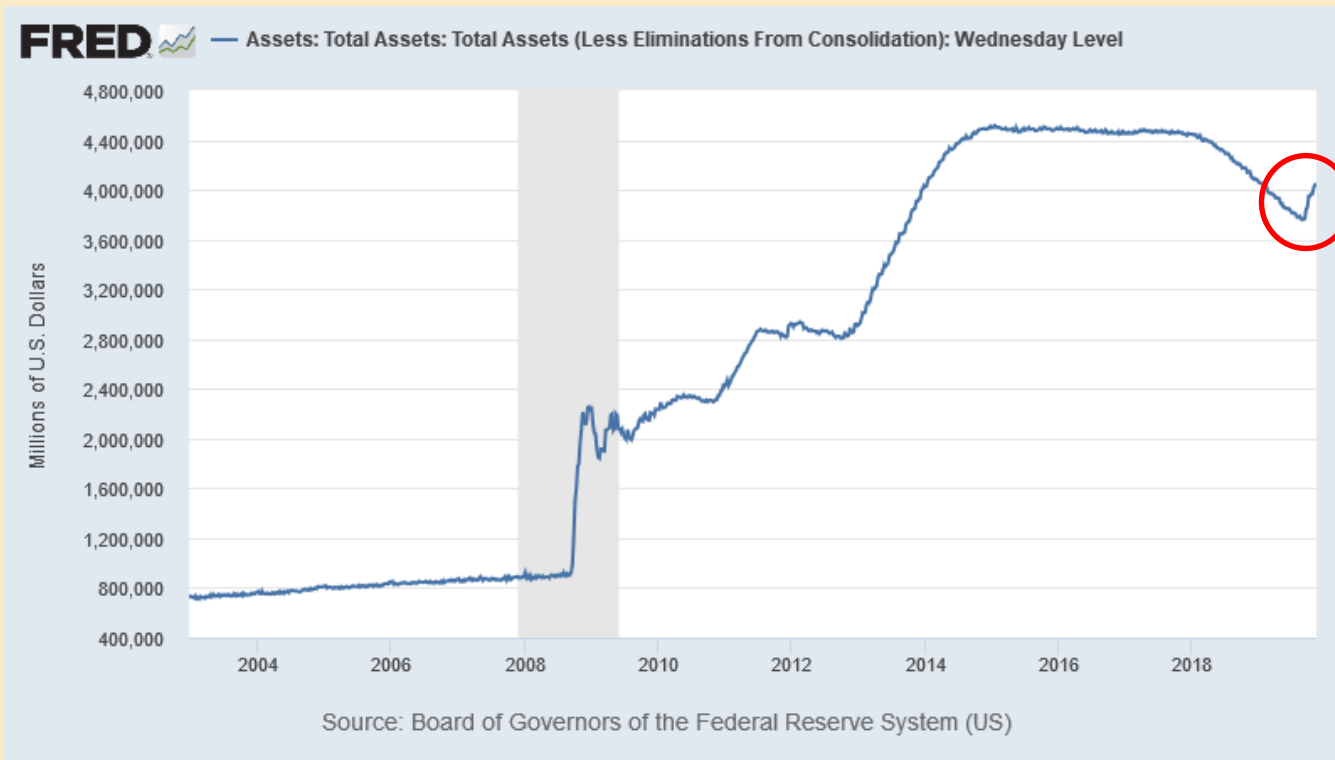
Source: Board of Governors of the Federal Reserve System (US)

FRED  — 3-Month Treasury Constant Maturity Rate
— 10-Year Treasury Constant Maturity Rate

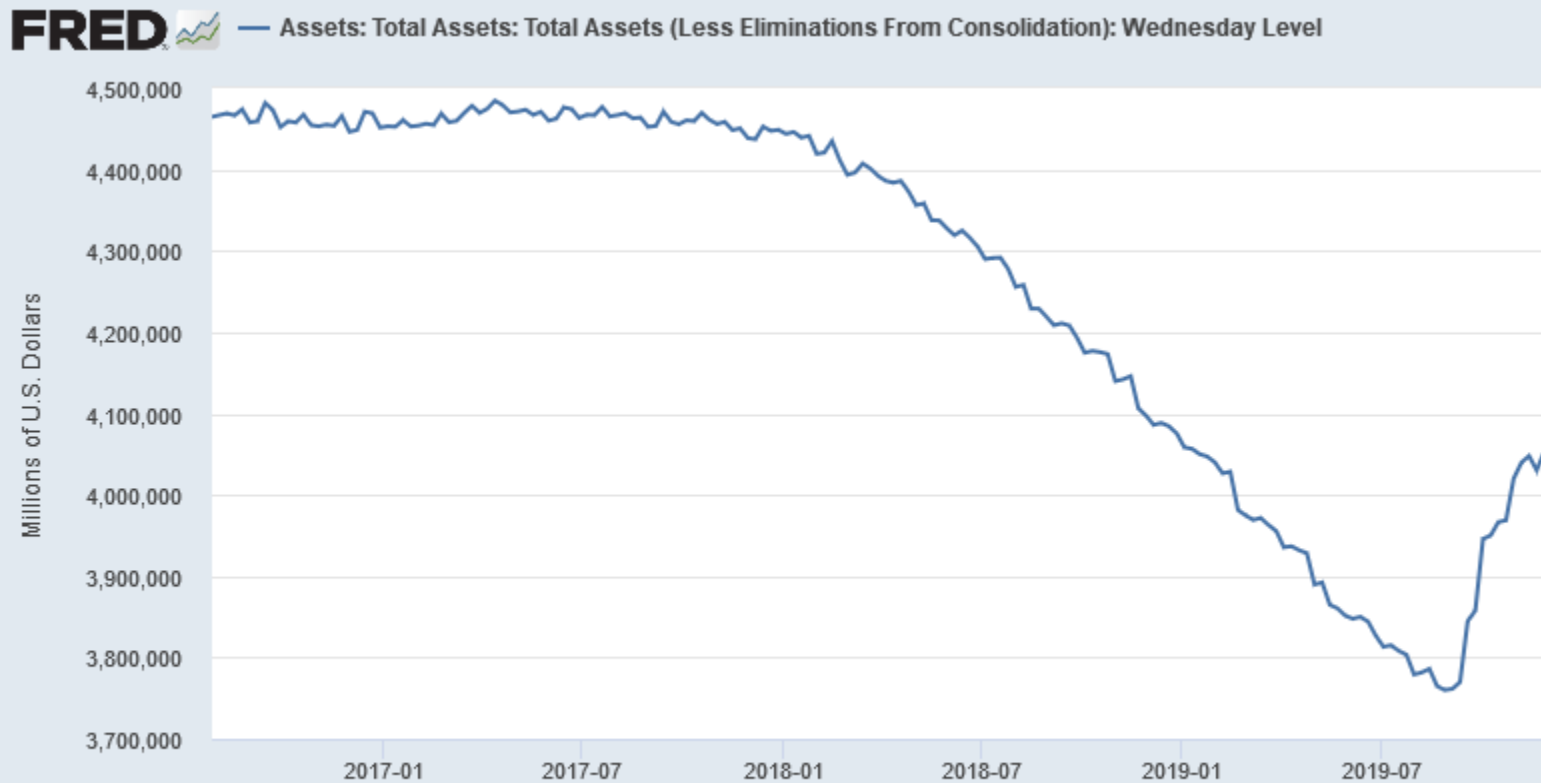


Source: Board of Governors of the Federal Reserve System (US)

Fed's Balance Sheet Begins to Grow Again



Change in Fed's Balance Sheet YTD 2019



Source: Board of Governors of the Federal Reserve System (US)

