

Blue Chip Economic Indicators®

Top Analysts' Forecasts of the U.S. Economic Outlook for the Year Ahead
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BLUE CHIP ECONOMIC INDICATORS®

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Minimal Changes This Month In Consensus Outlook For GDP Growth And Inflation

Domestic Commentary There were minimal changes this month in the consensus outlook for the U.S. economy's performance over the next year and a half, according to our September 1st-2nd survey. Consensus forecasts of economic growth in the second half of this year inched up again on expectations that consumer spending will remain solid that both business and residential investment will rebound following contractions last quarter and that inventories are poised to begin adding to GDP after subtracting from it for five consecutive quarters. Net exports, however, are expected to be a small drag on second half growth and for all of next year after making small contributions to GDP during the first half of this year. Consensus forecasts of inflation this quarter slipped a little lower, mostly due to weaker energy prices, but it is expected to creep higher over the remainder of the forecast horizon. The consensus continues to predict that economic growth and inflation in 2017 will exceed the increases registered in 2016. Monthly job creation through the end of next year is forecast to be sufficient enough to lower the unemployment rate by a few additional tenths of a percentage point, lifting the pace of wage and salary increases as a consequence. Given the forecast of continued improvement in labor market conditions and a gradual firming of inflation toward the Federal Reserve's target, a significant majority of our panelists believe the Fed will raise interest rates by the end of this year. Most, however, look for policymakers to wait until December of this year to act. Additional rate hikes from the Fed are expected in 2017.

According to this month's survey, the consensus still predicts real GDP will increase 1.5% in 2016 on a year-over-year (y/y) basis and to expand by 1.8% measured on a fourth quarter-over-fourth quarter basis (q4/q4). Nominal (current dollar) GDP still is forecast to increase 2.9% (y/y) this year. The consensus now predicts real GDP will grow 2.9% (saar) in the current quarter and 2.4% (saar) in Q4 of this year, both 0.1 of a percentage point more than forecast a month earlier. For a third month, the consensus forecast that real GDP will increase 2.2% on both a y/y and q4/q4 basis in 2017. Nominal GDP still is forecast to register a y/y increase of 4.3% next year. For a sixth consecutive month the unemployment rate was forecast to average 4.8% in 2016. The forecast of its 2017 average remained at 4.6% for a third consecutive month. The Consumer Price Index (CPI) is forecast to increase 1.2% (y/y) in 2016, 0.1 of a percentage point less than a month ago. However, it still is predicted to register a q4/q4 increase of 1.8% this year. For a ninth consecutive month the CPI was forecast to increase 2.3% (y/y) in 2017, but the estimate of its q4/q4 change slipped by 0.1 of a percentage point to 2.3%. The GDP price index was forecast for a fourth consecutive month to increase 1.3% on a y/y basis in 2016, but to be up by 1.6% measured q4/q4. For a ninth straight month, the GDP price index was forecast to increase 2.0% (y/y) in 2017 and to register a q4/q4 change of 2.1%.

Real GDP grew a downwardly-revised 1.1% (saar) in Q2, according to the second estimate from the Bureau of Economic Analysis (BEA). That was 0.1 of a percentage point less than BEA's initial estimate. Nominal GDP growth in Q2 also was revised down by 0.1 of a percentage point to 3.4% (saar). The downward revision in real GDP by BEA was accounted for by larger-than-originally estimated contractions in real residential investment and government spending and investment, a wider trade deficit, and less inventory building. On the other hand, real growth in personal consumption expenditures was revised up by a couple of tenths, while business investment fell by less than originally estimated.

The consensus forecasts that real GDP growth this quarter will be supported by 2.9% (saar) growth in real personal consumption expenditures (PCE). Real PCE ended Q2 with considerable momentum and increased a further 0.3% in July, already leaving them approaching the projected Q3 growth rate. However, while core retail sales may bounce a bit in August, total retail sales may again show little if any growth for a second month given that car and light truck sales fell

sharply to an annual rate of 16.9 million units from 17.8 million units in July and sales at gasoline stations likely slipped again due to a continued pull-back in petrol prices. It looks as if real nonresidential fixed investment in Q3 will register its first quarterly increase in exactly a year, lifted by gains in equipment, structures and intellectual property products. Limited data in hand for Q3 currently suggests real residential investment might contract for a second consecutive quarter, but many analysts still are forecasting that it will ultimately make a contribution to GDP this quarter. Most also are assuming that government spending and investment will contribute a couple of tenths to GDP's growth rate this quarter after subtracting almost 0.3 of a percentage point from its growth rate in Q2. The consensus predicts that real net exports will subtract from GDP this quarter, despite a narrower than expected deficit in July that resulted from a record amount of soybean exports. Perhaps the biggest wild card for Q3 is inventories. Shrinking inventories have subtracted from GDP for five consecutive quarters and are now more closely aligned with underlying sales according to most of our panelists. As a result, the consensus predicts sizable rebounds this quarter and next that could contribute 0.5 of a percentage point to real GDP's growth rate. Lastly, inflation will slow this quarter compared to last, lifting the pace of real GDP growth.

In Q4, real PCE growth is expected to remain buoyant, but somewhat slower than in Q3, growing 2.5% (saar). Real nonresidential fixed investment and residential investment should continue to post modest growth. Government spending and investment will likely contribute slightly to GDP. Inventory rebuilding should continue, but net exports are expected to remain a drag on GDP for a second quarter.

For all of 2016, real PCE is forecast to increase 2.7% y/y, 0.1 of a percentage point more than last month. Real disposable personal income (DPI) is projected to increase 2.6%, 0.2 of a percentage point more than a month earlier. Real nonresidential fixed investment is forecast to contract 0.8% y/y in 2016; a 0.2 of a percentage point improvement over last month's forecast. For a third straight month, total car and light truck sales were forecast to total 17.2 million units this year, while for a second consecutive month total housing starts were predicted to total 1.19 million units. Total industrial production this year is projected to contract 0.8% y/y, but register a 0.4% increase on a q4/q4 basis, 0.1 and 0.3 of a percentage point better, respectively, than a month ago. Pre-tax corporate profits are projected to fall 2.1% y/y this year, versus last month's forecast of a 0.9% decline.

In 2017, real PCE and real DPI are forecast to increase 2.4% and 2.6% y/y, respectively, both 0.1 of a percentage point more than predicted last month. Real nonresidential fixed investment next year is forecast to increase 2.8% y/y, also up 0.1 of a point from last month. Total industrial production is forecast to increase 2.0% y/y, the same as last month and increase 2.3% q4/q4, 0.1 of a percentage point less than a month earlier. The forecast of total housing starts put in place next year slipped for a fifth consecutive month to 1.30 million units, while the forecast of total car and light truck sales ticked down to 17.1 million units, a tad less than the expected sales total in 2016. Pre-tax corporate profits are forecast to increase 2.7% y/y in 2017, down 0.4 of a percentage point from last month.

International Commentary Consensus forecast of 2016 and 2017 real GDP growth in the U.K. ticked up this month, but growth still is expected to slow sharply over the next several quarters as a result of the Brexit vote. Real GDP growth in the Eurozone next year still is projected to fall slightly short of that in 2016. China's economy also is expected to grow slower next year than this year (*see pages 6-7*).

Special Questions The consensus continues to put the odds of a U.S. recession next year at a little less than one-in-four. About 80% of the panelists think real business equipment investment will rebound in the second half of this year after contracting in each of the past three quarters (*see page 14*).

GREEN indicates the Blue Chip consensus forecast of real GDP growth over the next four quarters is 3.0 percent or more.

YELLOW cautions that the consensus forecast of real GDP growth over the next four quarters is between 1.5 percent and 2.9 percent.

RED warns that the consensus forecast of real GDP growth over the next four quarters is less than 1.5 percent.

2016 Real GDP Forecast Unchanged At 1.5%

SEPTEMBER 2016 Forecast For 2016 SOURCE:	----- Percent Change 2016 From 2015 (Full Year-Over-Prior Year) -----									- Average For 2016 ----			- Total Units-2016 ----		--2016--
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Real GDP (Chained (2009\$)	GDP Price Index	Nominal GDP (Cur.\$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income (2009\$)	Personal Cons. Exp. (2009\$)	Non-Res. Fix. Inv. (2009\$)	Corp. Profits (Cur.\$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto&Light Truck Sales (Mil.)	Net Exports (2009\$)
Amherst Pierpont Securities	1.7 H	1.3	3.0 H	1.3	-0.7	2.7	2.7	-0.8	-3.0	0.3	1.8	4.9 H	1.19	17.1	-569.0
Daiwa Capital Markets America	1.6	1.2 L	2.8	1.1 L	-0.6	2.8	2.7	-1.0	-3.6	0.3	1.7	4.9 H	1.17	17.2	-567.0
Economist Intelligence Unit	1.6	1.4	3.0 H	1.3	-0.2	2.2	2.7	-1.7	na	0.3	1.7	4.8 L	1.20	17.2	-580.0
FedEx Corporation	1.6	1.3	2.9	1.2	-0.7	2.6	2.7	-0.8	-2.0	0.3	1.7	4.9 H	1.20	17.3	-573.2
Ford Motor Company*	1.6	1.2 L	2.8	1.3	-0.8	2.6	2.7	-0.7	na	na	1.7	4.8 L	1.18	na	-565.1
Inforum - Univ. of Maryland	1.6	1.4	3.0 H	1.3	-1.0	2.6	2.7	-0.7	-2.2	0.3	1.8	4.8 L	1.19	17.2	-570.4
Moody's Analytics	1.6	1.2 L	2.9	1.2	-1.0	2.1	2.7	-0.6	-1.7	0.2 L	1.8	4.9 H	1.24 H	17.3	-566.4
Naroff Economic Advisors*	1.6	1.4	3.0 H	1.3	-0.7	2.9 H	2.7	-0.7	3.6 H	0.3	1.7	4.8 L	1.21	17.4	-572.0
Oxford Economics	1.6	1.4	3.0 H	1.2	-0.8	2.5	2.8 H	-0.5	-2.9	0.4	1.8	4.8 L	1.19	17.4	-569.1
RBC Capital Markets	1.6	1.3	2.9	1.1 L	na	na	na	-0.6	na	0.2 L	1.6	4.8 L	1.17	17.2	-564.0
RBS Securities	1.6	1.3	2.9	1.2	-0.6	2.5	2.7	-0.5	-3.0	0.3	1.7	4.9 H	1.20	17.2	-572.0
Societe Generale	1.6	1.4	3.0 H	1.2	na	2.5	2.6	-0.6	-1.2	0.4	1.7	4.8 L	1.18	17.1	-580.0
Standard & Poors Corp.*	1.6	1.3	3.0 H	1.4 H	-0.5	2.9 H	2.8 H	-1.0	-4.1	0.4	1.7	4.8 L	1.20	17.2	-555.4 H
Swiss Re	1.6	1.3	2.9	1.4 H	-0.6	2.7	2.8 H	-0.8	1.3	0.3	1.7	4.8 L	1.17	16.9 L	-571.2
ACT Research	1.5	1.3	2.9	1.2	-0.6	2.6	2.6	-0.8	na	0.3	1.7	4.9 H	1.20	17.2	-579.1
Action Economics	1.5	1.3	2.8	1.2	-0.9	2.7	2.7	-0.6	-2.3	0.3	1.7	4.9 H	1.17	17.2	-567.4
AIG	1.5	1.4	2.9	1.4 H	-0.4	2.0 L	2.8 H	-1.1	-3.7	0.3	1.9 H	4.9 H	1.19	17.2	-571.5
Bank of America Merrill Lynch	1.5	1.4	2.8	1.3	-0.5	na	2.6	-1.1	na	0.3	1.6	4.9 H	1.18	17.2	-568.1
BMO Capital Markets*	1.5	1.4	2.9	1.2	-0.5	2.6	2.7	-1.0	-2.6	0.3	1.7	4.8 L	1.20	17.3	-570.0
BNP Paribas North America	1.5	1.6 H	3.0 H	1.2	-0.4	na	2.6	-0.7	na	0.7 H	1.6	4.9 H	na	na	-580.0
Credit Suisse	1.5	1.4	2.8	1.2	-0.6	na	2.6	-0.5	-1.0	na	1.5 L	4.8 L	1.20	17.3	-568.8
DS Economics	1.5	1.2 L	2.8	1.2	-1.0	2.6	2.7	-0.8	-3.4	0.3	1.7	4.8 L	1.18	17.1	-568.9
Eaton Corporation	1.5	1.2 L	2.7 L	1.3	-1.0	2.7	2.7	-0.7	na	0.3	1.7	4.8 L	1.20	17.4	-565.3
Fannie Mae	1.5	1.3	2.8	1.3	-0.8	2.6	2.7	-0.7	-2.4	0.4	1.7	4.9 H	1.19	17.3	-567.9
General Motors	1.5	1.3	2.8	1.2	-1.1	2.4	2.7	-1.0	0.6	0.3	1.7	4.8 L	1.19	na	-570.8
Georgia State University*	1.5	1.2	2.8	1.2	-1.1	2.5	2.8 H	-0.8	-2.4	0.3	1.7	4.9 H	1.15 L	17.0	-577.6
Goldman Sachs & Co.**	1.5	1.3	2.8	1.1 L	-0.8	2.8	2.6	-0.5	na	0.4	1.7	4.9 H	1.18	na	-571.9
IHS Markit	1.5	1.4	3.0 H	1.2	-1.2	2.7	2.8 H	-0.3	0.0	0.3	1.7	4.9 H	1.18	17.5 H	-579.4
Macroeconomic Advisers, LLC**	1.5	1.2 L	2.8	1.3	-0.9	2.6	2.8 H	-0.7	-3.3	0.3	1.7	4.8 L	1.18	17.2	-570.0
MacroFin Analytics	1.5	1.4	2.9	1.2	-0.8	2.6	2.7	-0.6	-2.7	0.3	1.7	4.8 L	1.17	17.2	-565.8
Moody's Capital Markets*	1.5	1.3	2.8	1.1 L	-0.4	2.5	2.7	-0.9	-0.5	0.3	1.7	4.8 L	1.20	17.2	-572.0
Morgan Stanley*	1.5	1.3	2.8	1.2	-1.4	na	2.7	-0.6	na	0.3	1.6	4.9 H	1.17	na	-584.0 L
MUFG Union Bank	1.5	1.2 L	2.7 L	1.2	-0.6	na	2.7	-1.2	-2.8	0.4	1.8	4.8 L	1.20	17.2	-560.0
National Assn. of Home Builders	1.5	1.3	2.7 L	1.1 L	-1.0	2.5	2.5 L	-0.7	na	0.3	1.8	4.8 L	1.18	17.0	-569.0
National Assn. of Realtors	1.5	1.4	2.9	1.2	-0.7	2.7	2.8 H	-0.5	-2.0	0.3	1.7	4.8 L	1.20	17.2	-570.0
Northern Trust Company*	1.5	1.2 L	2.8	1.1 L	na	na	2.6	-0.4	na	0.4	1.7	4.9 H	1.19	17.3	-572.9
PNC Financial Services Group	1.5	1.3	2.8	1.2	-0.8	2.5	2.6	-1.1	na	0.3	1.8	4.8 L	1.17	17.3	-570.6
Point72 Asset Management	1.5	1.4	2.9	1.2	-0.4	2.7	2.7	-0.4	-2.3	0.3	1.7	4.8 L	1.20	17.3	-571.1
RDQ Economics	1.5	1.4	3.0 H	1.2	-0.6	2.7	2.7	-0.9	-5.3 L	0.4	1.8	4.8 L	1.15 L	17.5 H	-565.4
Regions Financial Corporation	1.5	1.2 L	2.8	1.2	-0.8	2.6	2.7	-0.9	-2.9	0.3	1.7	4.8 L	1.16	17.1	-572.3
Turning Points (Micrometrics)	1.5	1.4	2.9	1.3	-2.1 L	2.4	2.6	-0.2 H	-3.4	0.3	1.8	4.9 H	1.17	17.1	-562.5
UCLA Business Forecasting Proj.*	1.5	1.5	3.0 H	1.3	-1.2	2.5	2.7	-0.4	0.7	0.3	1.8	4.9 H	1.19	17.4	-577.0
Wells Capital Management	1.5	1.3	2.8	1.1 L	-0.7	2.7	2.8 H	-1.1	-1.3	0.3	1.8	4.8 L	1.17	17.2	-565.9
Wells Fargo	1.5	1.3	2.8	1.2	-0.5	2.8	2.8 H	-0.5	-2.7	0.3	1.6	4.8 L	1.21	17.2	-572.5
Barclays*	1.4 L	1.3	2.7 L	1.3	na	na	2.6	-0.8	na	na	1.5 L	4.8 L	1.19	na	-580.7
Comerica*	1.4 L	1.4	2.8	1.1 L	-0.9	2.7	2.5 L	-1.4	na	0.3	1.7	4.9 H	1.17	17.3	-563.8
Conference Board*	1.4 L	1.4	2.9	1.2	-0.6	2.6	2.7	-1.1	-4.2	0.3	1.7	4.9 H	1.19	17.2	-574.1
Econoclast	1.4 L	1.4	2.8	1.2	-0.7	2.2	2.5 L	-1.7	-1.3	0.4	1.6	4.8 L	1.20	17.2	-570.0
High Frequency Economics	1.4 L	1.5	2.9	1.3	-1.0	2.7	2.6	-0.7	-2.5	0.2 L	1.8	4.8 L	1.20	17.3	-568.9
J P MorganChase	1.4 L	1.4	2.8	1.2	0.4 H	2.6	2.7	-2.3 L	-2.9	na	1.8	4.8 L	1.18	17.3	-577.5
Nomura Securities	1.4 L	1.3	2.7 L	1.2	-0.5	2.8	2.7	-0.6	na	na	1.7	4.9 H	1.19	17.2	-572.1
U.S. Chamber of Commerce	1.4 L	1.3	2.8	1.2	-1.2	2.4	2.7	-1.2	-1.0	0.3	1.7	4.8 L	1.17	na	-568.5
UBS	1.4 L	1.4	2.9	1.3	-0.8	2.4	2.6	-1.1	na	0.7 H	1.5 L	4.8 L	1.15 L	na	-577.0
2016 Consensus: September Avg.	1.5	1.3	2.9	1.2	-0.8	2.6	2.7	-0.8	-2.1	0.3	1.7	4.8	1.19	17.2	-570.9
Top 10 Avg.	1.6	1.4	3.0	1.2	-0.3	2.8	2.8	-0.4	0.1	0.5	1.8	4.9	1.21	17.4	-563.3
Bottom 10 Avg.	1.4	1.2	2.8	1.2	-1.2	2.3	2.6	-1.4	-3.7	0.3	1.6	4.8	1.16	17.1	-579.5
August Avg.	1.5	1.3	2.9	1.3	-0.9	2.4	2.6	-1.0	-0.9	0.3	1.7	4.8	1.19	17.2	-569.4
Historical data	2012	2.2	1.8	4.1	2.1	2.8	3.2	1.5	9.0	0.1	1.8	8.1	0.78	14.4	-447.1
	2013	1.7	1.6	3.3	1.5	1.9	-1.4	1.5	3.5	0.1	2.4	7.4	0.92	15.5	-404.9
	2014	2.4	1.6	4.2	1.6	3.7	3.5	2.9	6.0	0.0	2.5	6.2	1.00	16.4	-425.7
	2015	2.6	1.0	3.7	0.1	1.3	3.5	3.2	2.1	0.1	2.2	5.3	1.11	17.4	-540.0
Number Of Forecasts Changed From A Month Ago:															
Down	8	13	11	22	3	3	3	4	20	4	9	4	13	8	26
Same	36	33	28	26	12	9	22	13	8	35	32	36	33	30	12
Up	8	6	13	4	33	32	26	35	6	8	11	12	5	5	14
September Median	1.5	1.3	2.8	1.2	-0.7	2.6	2.7	-0.7	-2.4	0.3	1.7	4.8	1.19	17.2	-570.4
September Diffusion Index	50 %	43 %	52 %	33 %	81 %	83 %	73 %	80 %	29 %	54 %	52 %	58 %	42 %	47 %	38 %

*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy. **Denotes two-time winner. ***Denotes three-time winner.

2017 Real GDP Forecast Unchanged At 2.2%

SEPTEMBER 2016 Forecast For 2017 SOURCE:	----- Percent Change 2017 From 2016 (Full Year-Over-Prior Year) -----										- Average For 2017 ----			- Total Units-2017 ----		-2017---
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
	Real GDP (Chained) (2009\$)	GDP Price Index	Nominal GDP (Cur.\$)	Consumer Price Index	Indust. Prod. (Total)	Dis. Pers. Income (2009\$)	Personal Cons. Exp. (2009\$)	Non-Res. Fix. Inv. (2009\$)	Corp. Profits (Cur.\$)	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto&Light Truck Sales (Mil.)	Net Exports (2009\$)	
Moody's Analytics	2.9 H	1.7	4.9	2.3	1.8	2.3	3.2 H	3.5	2.1	0.4	2.9 H	4.7	1.66 H	17.2	-628.6	
RBC Capital Markets	2.7	1.7	4.4	1.7	na	na	na	3.4	na	0.5	2.0	4.1 L	1.20	17.2	-572.0	
Amherst Pierpont Securities	2.6	2.2	4.9	3.0 H	1.8	2.5	2.8	2.4	3.0	1.1	2.8	4.6	1.31	17.0	-597.0	
Turning Points (Micrometrics)	2.6	1.9	4.5	2.5	1.5	2.0	2.5	3.3	0.9	0.7	1.9	5.0 H	1.20 L	17.4	-560.7 H	
Naroff Economic Advisors*	2.5	2.5	5.0 H	2.7	3.1	2.4	2.6	4.6 H	7.0 H	1.3	2.8	4.5	1.40	17.2	-632.0	
ACT Research	2.4	2.0	4.4	2.0	2.0	2.2	2.4	3.1	na	0.8	1.8	4.6	1.33	17.1	-632.2	
Comerica*	2.4	2.0	4.4	1.9	2.0	3.1	2.1	2.0	na	0.6	1.9	4.7	1.23	16.8	-580.1	
Daiwa Capital Markets America	2.4	1.8	4.2	2.1	2.6	2.8	2.7	2.0	-0.6	0.8	2.0	4.6	1.20	17.1	-612.0	
Economist Intelligence Unit	2.4	2.0	4.4	2.2	2.5	2.4	2.8	2.0	na	1.0	2.1	4.6	1.35	17.3	-615.0	
IHS Markit	2.4	2.2	4.6	2.5	1.3	2.6	2.6	4.1	4.5	0.9	2.3	4.7	1.37	17.8	-647.3	
Inforum - Univ. of Maryland	2.4	2.0	4.5	2.3	2.0	2.4	2.6	2.9	4.0	0.9	2.2	4.6	1.31	17.4	-614.8	
MUFG Union Bank	2.4	1.4 L	3.8	2.7	2.4	na	2.7	4.5	7.0 H	1.2	2.4	4.5	1.40	17.4	-570.0	
National Assn. of Home Builders	2.4	1.7	4.1	1.9	1.2	2.0	2.5	2.7	na	1.1	2.4	4.7	1.28	16.6	-601.0	
Point72 Asset Management	2.4	2.0	4.5	2.2	3.3	2.4	2.6	4.3	2.7	1.1	2.3	4.2	1.40	17.6	-619.8	
RBS Securities	2.4	1.9	4.3	2.4	2.1	2.3	2.5	3.3	2.0	0.4	1.6	4.8	1.30	16.8	-605.0	
Standard & Poors Corp.*	2.4	2.1	4.6	2.5	2.5	2.4	2.6	3.7	-1.8	1.0	2.3	4.5	1.30	17.3	-568.2	
UBS	2.4	2.3	4.7	2.2	1.1	3.4 H	2.7	3.5	na	1.5 H	1.5 H	4.6	1.35	na	-674.0 L	
UCLA Business Forecasting Proj.*	2.4	2.4	4.8	2.9	1.2	2.5	2.4	4.0	3.8	0.9	2.7	4.8	1.38	17.6	-641.0	
DS Economics	2.3	2.0	4.3	2.3	1.7	2.3	2.6	2.8	2.5	0.7	2.2	4.4	1.29	16.8	-620.9	
FedEx Corporation	2.3	1.9	4.6	2.2	2.2	2.4	2.6	2.3	4.3	0.8	2.1	4.6	1.33	17.3	-625.2	
General Motors	2.3	2.1	4.4	2.2	1.9	2.5	2.6	3.7	4.6	0.8	2.5	4.5	1.33	na	-633.3	
Georgia State University*	2.3	1.7	4.0	2.4	2.1	2.6	2.9	3.5	0.9	0.6	2.4	5.0 H	1.24	16.6	-670.2	
High Frequency Economics	2.3	2.6 H	4.9	2.6	1.7	2.4	2.4	2.9	3.0	1.1	2.4	4.6	1.33	17.6	-594.5	
Macroeconomic Advisers, LLC**	2.3	2.0	4.4	2.5	1.9	2.3	2.5	3.1	2.5	0.8	2.2	4.4	1.31	16.8	-616.1	
MacroFin Analytics	2.3	1.9	4.2	2.0	2.2	2.4	2.6	3.1	3.6	1.2	2.5	4.6	1.35	17.0	-582.3	
PNC Financial Services Group	2.3	1.8	4.1	2.1	1.9	2.6	2.5	2.3	na	0.9	2.1	4.6	1.21	17.2	-609.9	
Societe Generale	2.3	2.1	4.4	2.1	na	2.0	2.5	4.2	6.9	0.8	2.0	4.4	1.25	16.9	-670.0	
Swiss Re	2.3	1.7	4.1	2.4	2.8	3.0	2.9	3.4	5.8	0.7	2.1	4.6	1.25	16.2 L	-658.0	
Wells Capital Management	2.3	2.1	4.5	1.9	2.6	2.8	2.9	1.6	3.6	0.9	2.1	4.6	1.21	16.9	-584.9	
Action Economics	2.2	2.0	4.3	2.2	1.6	2.4	2.6	2.4	4.2	0.8	1.9	4.7	1.27	17.2	-617.2	
Barclays*	2.2	2.1	4.4	2.6	na	na	2.6	3.7	na	na	na	4.2	1.26	na	-641.1	
BMO Capital Markets*	2.2	2.1	4.4	2.3	2.3	1.9	2.5	1.8	3.9	0.7	1.9	4.6	1.37	16.8	-590.0	
Credit Suisse	2.2	2.1	4.4	2.2	na	na	2.7	2.3	3.4	na	na	4.5	1.30	16.9	-614.5	
Ford Motor Company*	2.2	2.0	4.3	2.4	1.7	2.2	2.5	2.8	na	na	2.2	4.4	1.31	na	-605.5	
Northern Trust Company*	2.2	1.8	4.0	1.6 L	na	na	2.3	2.6	na	0.8	2.4	4.6	1.28	17.2	-603.0	
Oxford Economics	2.2	1.9	4.3	2.2	1.8	1.9	2.7	2.2	-1.0	0.9	2.2	4.6	1.35	17.9	-604.2	
Regions Financial Corporation	2.2	1.7	3.9	2.0	1.6	1.8 L	2.6	1.9	2.8	0.7	1.8	4.7	1.20	16.3	-615.5	
Wells Fargo	2.2	2.0	4.2	2.2	2.6	2.4	2.7	2.9	1.9	0.8	1.7	4.6	1.26	16.5	-659.4	
Bank of America Merrill Lynch	2.1	1.9	4.0	2.3	2.1	na	2.5	1.7	na	na	na	4.8	1.33	17.7	-626.4	
Eaton Corporation	2.1	2.1	4.2	2.2	2.1	2.2	2.7	3.1	na	0.8	2.2	4.6	1.29	17.4	-628.5	
Econoclast	2.1	2.0	4.1	2.2	2.2	2.0	1.8 L	2.1	2.2	0.7	1.8	4.7	1.25	16.9	-585.0	
Fannie Mae	2.1	1.9	4.0	2.5	2.0	2.3	2.4	1.3	2.7	0.8	1.7	4.6	1.34	17.2	-597.0	
Goldman Sachs & Co.**	2.1	1.9	4.0	2.2	1.8	2.5	2.5	3.0	na	0.9	2.3	4.5	1.28	na	-629.8	
Moody's Capital Markets*	2.1	1.8	3.9	1.8	2.8	1.9	2.4	0.9	1.8	0.8	1.8	4.7	1.30	16.9	-611.0	
National Assn. of Realtors	2.1	2.0	4.1	2.2	2.3	2.5	3.2 H	3.1	2.2	0.9	2.2	4.6	1.28	16.9	-580.0	
U.S. Chamber of Commerce	2.1	1.9	4.0	1.9	1.1	2.4	2.6	0.8 L	2.0	0.9	2.1	4.7	1.26	na	-600.8	
AIG	2.0	2.1	4.1	2.1	2.5	2.2	2.4	3.1	3.3	0.8	2.9 H	4.8	1.30	16.8	-663.5	
RDQ Economics	2.0	2.2	4.2	2.5	2.2	2.3	2.3	2.8	2.1	1.1	2.5	4.3	1.20 L	18.0 H	-605.0	
Conference Board*	1.9	2.0	4.0	2.3	2.0	2.1	2.4	1.4	-4.1 L	1.0	2.1	4.6	1.28	16.8	-645.5	
Nomura Securities	1.9	1.6	3.5	2.4	2.2	2.7	2.4	2.7	na	na	2.0	4.6	1.36	17.4	-624.4	
J P Morgan Chase	1.8	2.1	4.0	2.4	1.8	2.1	2.3	2.3	1.7	na	na	4.4	1.27	17.3	-639.8	
BNP Paribas North America	1.6 L	2.3	3.9	2.2	3.6 H	na	2.1	1.8	na	0.9	1.6	5.0 H	na	na	-650.0	
Morgan Stanley*	1.6 L	1.6	3.2 L	1.9	0.5 L	na	2.1	1.7	na	0.3 L	na	4.8	1.20 L	na	-654.2	
2017 Consensus: September Avg.	2.2	2.0	4.3	2.3	2.0	2.4	2.6	2.8	2.7	0.9	2.2	4.6	1.30	17.1	-617.5	
Top 10 Avg.	2.5	2.3	4.8	2.7	2.8	2.8	2.9	4.0	5.2	1.2	2.6	4.8	1.40	17.6	-577.3	
Bottom 10 Avg.	1.9	1.7	3.8	1.9	1.3	2.0	2.2	1.5	0.2	0.6	1.7	4.3	1.21	16.6	-659.2	
August Avg.	2.2	2.0	4.3	2.3	2.0	2.3	2.5	2.7	3.1	0.9	2.1	4.6	1.31	17.2	-615.5	
Number Of Forecasts Changed From A Month Ago:																
Down	9	15	13	22	13	8	8	13	15	5	11	5	16	12	24	
Same	32	34	30	21	13	17	25	16	9	35	31	34	27	27	14	
Up	12	4	10	10	22	20	19	24	11	7	6	14	8	6	15	
September Median	2.3	2.0	4.3	2.2	2.0	2.4	2.6	2.8	2.7	0.8	2.1	4.6	1.30	17.2	-615.5	
September Diffusion Index	53 %	40 %	47 %	39 %	59 %	63 %	61 %	60 %	44 %	52 %	45 %	58 %	42 %	43 %	42 %	

*Former winner of annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy. **Denotes two-time winner. ***Denotes three-time winner.

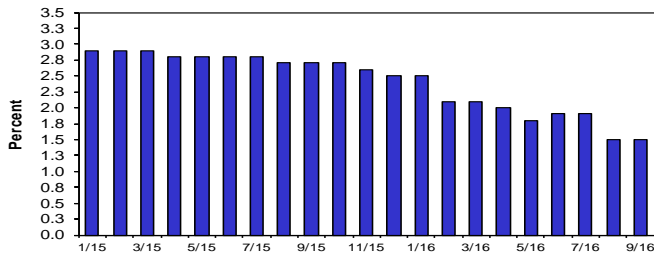
BASIC DATA SOURCES: ¹Gross Domestic Product (GDP), chained 2009\$, National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA); ²GDP Chained Price Index, NIPA, BEA; ³GDP, current dollars, NIPA, BEA; ⁴Consumer Price Index-All Urban Consumers, Bureau of Labor Statistics (BLS); ⁵Total Industrial Production, Federal Reserve Board (FRB); ⁶Disposable Personal Income, 2009\$, NIPA, BEA; ⁷Personal Consumption Expenditures, 2009\$, NIPA, BEA; ⁸Nonresidential Fixed Investment, 2009\$, NIPA, BEA; ⁹Corporate Profits Before Taxes, current dollars, with inventory valuation and capital consumption adjustments, NIPA, BEA; ¹⁰Treasury Bill Rate, 3-month, secondary market, bank discount basis, FRB; ¹¹Treasury note yield, 10-year, constant maturity basis, FRB; ¹²Unemployment Rate, civilian work force, BLS; ¹³Housing Starts, Bureau of Census; ¹⁴Total U.S. Auto and Light Truck Sales (includes imports), BEA; ¹⁵Net Exports of Goods and Services, 2009\$, NIPA, BEA.

Previous Consensus Forecasts

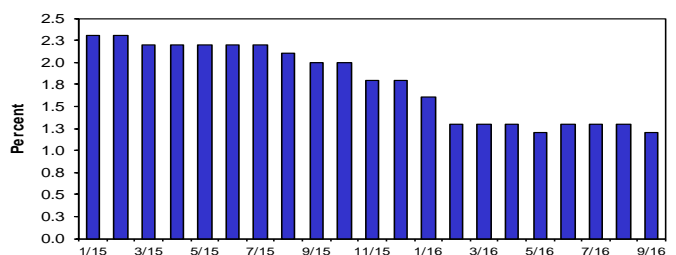
Consensus Forecasts For 2016	Real GDP	GDP	Nominal	Consumer	Indust.	Dis. Pers.	Personal	Non-Res.	Corp.	Treas.	Treas.	Unempl.	Housing	Auto/Truck	Net
	Chained ('2009\$)	Price Index	GDP (Cur. \$)	Price Index	Prod. (Total)	Income ('2009\$)	Cons. Exp. ('2009\$)	Fix. Inv. ('2009\$)	Profits (Cur. \$)	Bills 3-mo.	Notes 10-Year	Rate (Civ.)	Starts (Mil.)	Sales (Mil.)	Exports ('2009\$)
January 2015 Consensus	2.9	2.0	4.9	2.3	3.3	2.8	2.7	5.4	4.1	1.7	3.5	5.1	1.30	17.0	-480.4
February 2015 Consensus	2.9	2.0	4.9	2.3	3.3	2.8	2.8	5.2	4.1	1.6	3.2	5.0	1.30	17.1	-499.5
March 2015 Consensus	2.9	1.9	4.8	2.2	3.2	2.7	2.8	5.2	4.1	1.6	3.2	5.0	1.30	17.0	-523.7
April 2015 Consensus	2.8	1.9	4.8	2.2	3.1	2.6	2.8	5.2	4.0	1.4	3.1	5.0	1.28	17.0	-530.0
May 2015 Consensus	2.8	1.9	4.8	2.2	3.1	2.5	2.8	5.0	3.9	1.3	3.0	5.0	1.26	17.1	-544.4
June 2015 Consensus	2.8	1.9	4.8	2.2	3.0	2.5	2.8	5.0	4.4	1.2	3.0	4.9	1.26	17.1	-573.8
July 2015 Consensus	2.8	1.9	4.8	2.2	2.9	2.5	2.8	4.9	4.1	1.2	3.0	4.9	1.27	17.1	-578.5
August 2015 Consensus	2.7	1.9	4.7	2.1	2.7	2.6	2.9	4.7	4.0	1.1	2.9	4.9	1.27	17.1	-573.7
September 2015 Consensus	2.7	1.9	4.6	2.0	2.6	2.6	2.9	4.8	4.1	1.0	2.9	4.8	1.28	17.2	-569.1
October 2015 Consensus	2.7	1.8	4.5	2.0	2.3	2.6	2.9	4.8	4.2	0.8	2.7	4.8	1.28	17.3	-591.4
November 2015 Consensus	2.6	1.8	4.4	1.8	2.1	2.7	2.9	4.2	4.0	0.7	2.7	4.8	1.28	17.4	-588.2
December 2015 Consensus	2.5	1.7	4.3	1.8	1.9	2.9	2.8	4.3	4.0	0.8	2.7	4.8	1.25	17.6	-590.5
January 2016 Consensus	2.5	1.7	4.2	1.6	1.6	2.9	2.8	3.9	2.8	0.7	2.6	4.8	1.25	17.7	-593.6
February 2016 Consensus	2.1	1.5	3.7	1.3	0.8	2.9	2.7	2.6	1.5	0.6	2.4	4.8	1.25	17.6	-601.1
March 2016 Consensus	2.1	1.5	3.6	1.3	0.9	2.9	2.7	2.2	0.8	0.6	2.2	4.7	1.23	17.6	-549.9
April 2016 Consensus	2.0	1.5	3.5	1.3	0.3	2.8	2.6	1.6	-0.7	0.5	2.1	4.8	1.23	17.5	-611.0
May 2016 Consensus	1.8	1.4	3.2	1.2	-0.4	2.6	2.5	0.2	-1.2	0.4	2.0	4.8	1.21	17.3	-584.0
June 2016 Consensus	1.9	1.3	3.2	1.3	-0.5	2.9	2.6	-0.4	-2.5	0.4	2.0	4.8	1.20	17.3	-573.5
July 2016 Consensus	1.9	1.3	3.2	1.3	-0.8	2.9	2.6	-0.4	-1.8	0.3	1.8	4.8	1.20	17.2	-561.7
August 2016 Consensus	1.5	1.3	2.9	1.3	-0.9	2.4	2.6	-1.0	-0.9	0.3	1.7	4.8	1.19	17.2	-569.4
September 2016 Consensus	1.5	1.3	2.9	1.2	-0.8	2.6	2.7	-0.8	-2.1	0.3	1.7	4.8	1.19	17.2	-570.9
Difference From Jan. 2015 Forecast	-1.4	-0.7	-2.0	-1.1	-4.1	-0.2	0.0	-6.2	-6.2	-1.4	-1.8	-0.3	-0.11	0.2	-90.5
Forecast High	2.9	2.0	4.9	2.3	3.3	2.9	2.9	5.4	4.4	1.7	3.5	5.1	1.30	17.7	-480.4
Forecast Low	1.5	1.3	2.9	1.2	-0.9	2.4	2.5	-1.0	-2.5	0.3	1.7	4.7	1.19	17.0	-611.0

Consensus Forecasts For 2017	Real GDP	GDP	Nominal	Consumer	Indust.	Dis. Pers.	Personal	Non-Res.	Corp.	Treas.	Treas.	Unempl.	Housing	Auto/Truck	Net
	Chained ('2009\$)	Price Index	GDP (Cur. \$)	Price Index	Prod. (Total)	Income ('2009\$)	Cons. Exp. ('2009\$)	Fix. Inv. ('2009\$)	Profits (Cur. \$)	Bills 3-mo.	Notes 10-Year	Rate (Civ.)	Starts (Mil.)	Sales (Mil.)	Exports ('2009\$)
January 2016 Consensus	2.5	2.0	4.5	2.3	2.5	2.6	2.5	4.2	3.5	1.7	3.2	4.6	1.37	17.5	-643.8
February 2016 Consensus	2.4	2.0	4.5	2.3	2.4	2.5	2.5	3.9	3.3	1.6	3.0	4.5	1.37	17.4	-652.8
March 2016 Consensus	2.4	2.0	4.4	2.3	2.4	2.5	2.5	3.8	3.1	1.5	2.9	4.5	1.35	17.4	-647.9
April 2016 Consensus	2.3	2.0	4.4	2.3	2.3	2.5	2.5	3.6	2.8	1.3	2.8	4.6	1.35	17.3	-643.4
May 2016 Consensus	2.3	2.0	4.3	2.3	2.3	2.5	2.5	3.7	3.0	1.2	2.7	4.6	1.34	17.2	-635.4
June 2016 Consensus	2.3	2.0	4.4	2.3	2.3	2.4	2.5	3.4	3.2	1.2	2.6	4.5	1.33	17.2	-621.9
July 2016 Consensus	2.2	2.0	4.3	2.3	2.1	2.4	2.5	3.1	3.1	1.0	2.3	4.6	1.32	17.2	-607.4
August 2016 Consensus	2.2	2.0	4.3	2.3	2.0	2.3	2.5	2.7	3.1	0.9	2.1	4.6	1.31	17.2	-615.5
September 2016 Consensus	2.2	2.0	4.3	2.3	2.0	2.4	2.6	2.8	2.7	0.9	2.2	4.6	1.30	17.1	-617.5
Difference From Jan. 2016 Forecast	-0.3	0.0	-0.2	0.0	-0.5	-0.2	0.1	-1.4	-0.8	-0.8	-1.0	0.0	-0.07	-0.4	26.3
Forecast High	2.5	2.0	4.5	2.3	2.5	2.6	2.6	4.2	3.5	1.7	3.2	4.6	1.37	17.5	-607.4
Forecast Low	2.2	2.0	4.3	2.3	2.0	2.3	2.5	2.7	2.7	0.9	2.1	4.5	1.30	17.1	-652.8

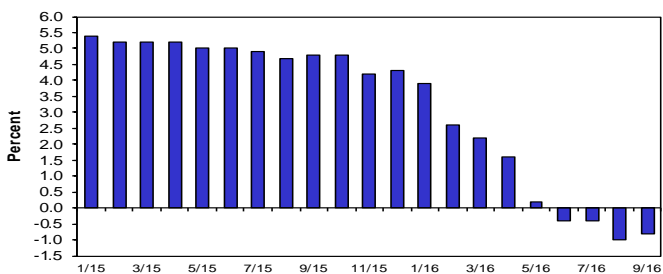
Consensus Forecasts Of Y/Y % Change In Real GDP In 2016



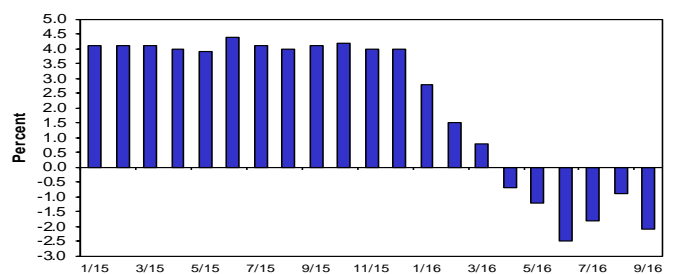
Consensus Forecasts Of Y/Y % Change In Consumer Price Index In 2016



Consensus Forecasts Of Y/Y % Change In Real Nonresidential Fixed Investment In 2016



Consensus Forecasts Of Y/Y % Change In Corporate Profits In 2016



3. Blue Chip Consensus: Percent Change From Prior Quarter At Annual Rate And Averages For Quarter.*

Actuals ¹	% Change From Prior Quarter At Annual Rate							Average For Quarter				
	Real GDP	Price Index	CPI	Producer Price Index	Total Industrial Production	Disposable Personal Income	Personal Consump. Expend.	Unemployment Rate	3-Mo. Treas. Bills	10-Yr. Treas. Notes	Change in Business Inventories	Real Net Exports
2015												
1Q	2.0	-0.1	-2.9	-4.8	-1.9	2.0	2.4	5.6	0.0	2.0	114.4	-521.2
2Q	2.6	2.3	2.4	1.0	-2.7	3.9	2.9	5.4	0.0	2.2	93.8	-524.9
3Q	2.0	1.3	1.4	0.6	1.5	3.3	2.7	5.2	0.0	2.2	70.9	-547.1
4Q	0.9	0.8	0.8	-2.0	-3.3	3.0	2.3	5.0	0.1	2.2	56.9	-566.6
2016												
1Q	0.8	0.5	-0.3	0.4	-1.7	2.1	1.6	4.9	0.3	1.9	40.7	-566.3
2Q	1.1	2.3	2.5	1.6	-0.8	2.3	4.4	4.9	0.3	1.8	-12.4	-562.0
Blue Chip Forecasts	% Change From Prior Quarter At Annual Rate							Average For Quarter				
3Q Consensus	2.9	1.6	1.6	1.7	2.6	2.6	2.9	4.8	0.3	1.6	18.9	-573.2
Top 10 Avg.	3.6	2.2	2.4	2.7	4.7	3.5	3.5	4.9	0.4	1.7	49.2	-560.3
Bot. 10 Avg.	2.2	0.9	1.1	0.6	0.2	1.4	2.3	4.8	0.3	1.5	-5.8	-592.0
4Q Consensus	2.4	1.9	2.4	2.4	1.6	2.3	2.5	4.8	0.4	1.7	29.6	-584.9
Top 10 Avg.	2.8	2.5	3.2	4.0	3.5	3.2	3.0	4.9	0.7	2.0	51.0	-567.6
Bot. 10 Avg.	1.9	1.3	1.7	1.1	-0.7	1.4	2.0	4.7	0.3	1.5	6.2	-603.6
2017 1Q Consensus	2.2	2.0	2.2	2.1	2.2	2.5	2.3	4.7	0.6	1.9	32.8	-598.9
Top 10 Avg.	2.7	2.4	2.7	3.0	3.2	3.1	2.9	4.9	0.8	2.2	53.9	-572.4
Bot. 10 Avg.	1.6	1.5	1.7	1.1	1.3	1.9	1.9	4.5	0.4	1.5	11.8	-627.4
2Q Consensus	2.3	2.0	2.3	2.3	2.4	2.5	2.4	4.6	0.8	2.0	36.7	-613.4
Top 10 Avg.	2.7	2.4	3.1	3.0	3.2	3.2	2.8	4.8	1.1	2.5	58.1	-577.8
Bot. 10 Avg.	1.8	1.7	1.7	1.5	1.7	2.0	2.0	4.4	0.5	1.6	14.7	-650.5
3Q Consensus	2.2	2.1	2.3	2.4	2.3	2.4	2.3	4.6	0.9	2.2	37.5	-626.4
Top 10 Avg.	2.6	2.5	2.9	3.1	3.0	3.1	2.8	4.8	1.3	2.8	57.6	-584.2
Bot. 10 Avg.	1.6	1.8	1.8	1.7	1.6	2.0	1.7	4.3	0.6	1.7	15.6	-670.0
4Q Consensus	2.1	2.1	2.4	2.4	2.3	2.4	2.3	4.5	1.1	2.4	37.6	-639.0
Top 10 Avg.	2.6	2.6	3.2	3.5	3.0	3.2	2.8	4.9	1.6	3.1	57.3	-588.2
Bot. 10 Avg.	1.6	1.6	1.9	1.5	1.6	1.7	1.8	4.2	0.7	1.7	17.0	-693.3

4. Blue Chip Consensus: Quarterly Annualized Values And Percent Change From Same Quarter In Prior Year.*
Real Gross Domestic Product

Actual	Billions Of Chained 2009\$ (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2015	2016	2017	2015	2016	2017
1Q	16269.0	16525.0	16879.0	3.3	1.6	2.1
2Q	16374.2	16570.2	16973.4	3.0	1.2	2.4
3Q	16454.9	16689.7	17064.0	2.2	1.4	2.2
4Q	16490.7	16787.8	17152.1	1.9	1.8	2.2

GDP Chained Price Index

Actual	Index 2009 = 100 (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2015	2016	2017	2015	2016	2017
1Q	109.3	110.6	112.8	1.1	1.2	1.9
2Q	109.9	111.3	113.4	1.1	1.2	1.9
3Q	110.3	111.7	113.9	1.0	1.3	2.0
4Q	110.5	112.2	114.5	1.1	1.6	2.1

Total Industrial Production

Actual	Index 2012 = 100 (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2015	2016	2017	2015	2016	2017
1Q	105.8	104.1	105.6	2.4	-1.6	1.4
2Q	105.1	103.9	106.2	0.4	-1.1	2.2
3Q	105.5	104.6	106.8	0.2	-0.9	2.1
4Q	104.6	105.0	107.4	-1.6	0.4	2.3

Consumer Price Index

Actual	Index 1982-1984 = 100 (SAAR)		% Change From Same Quarter In Prior Year ²	
	Forecast ¹	Actual	Forecast	Actual

Quarter	2015	2016	2017	2015	2016	2017
1Q	235.4	237.9	243.7	-0.1	1.1	2.4
2Q	236.8	239.9	245.1	0.0	1.3	2.1
3Q	237.6	240.9	246.5	0.1	1.4	2.3
4Q	238.1	242.3	247.9	0.4	1.8	2.3

*See explanatory notes on inside of back cover for details of how this data is compiled.

BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

	ANNUAL DATA						END OF YEAR			
	Real Economic Growth % Change GDP		Inflation % Change Consumer Prices		Current Account In Billions Of U.S. Dollars		Exchange Rate ¹ Against U.S. \$		Interest Rates 3-Month	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
CANADA										
September Consensus	1.3	2.0	1.7	2.1	-50.9	-43.8	1.32	1.30	0.68	1.08
Top 3 Avg.	1.5	2.7	1.8	2.4	-42.2	-28.3	1.35	1.35	0.87	1.32
Bottom 3 Avg.	1.1	1.6	1.5	1.7	-55.2	-48.8	1.29	1.24	0.55	0.89
Last Month Avg.	1.3	2.0	1.7	2.0	-45.6	-38.7	1.32	1.30	0.65	0.88
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	2.5	1.1	1.9	1.1	-37.5	-52.4	1.31	1.33	0.82	0.68
MEXICO										
September Consensus	2.2	2.5	2.9	3.3	-30.1	-26.7	18.55	18.16	4.19	4.75
Top 3 Avg.	2.5	2.9	3.2	3.7	-22.4	-17.0	19.20	18.82	4.40	5.16
Bottom 3 Avg.	1.9	2.1	2.7	3.0	-34.0	-34.9	17.91	17.46	3.95	4.41
Last Month Avg.	2.3	2.5	2.9	3.3	-30.1	-30.3	18.55	18.13	4.24	4.60
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	2.2	2.5	4.0	2.7	-25.0	-30.9	18.90	17.00	4.60	3.34
JAPAN										
September Consensus	0.5	0.8	-0.3	0.5	161.8	138.4	102.8	108.2	-0.04	-0.04
Top 3 Avg.	0.6	1.2	-0.1	1.0	174.9	161.7	108.0	111.6	0.10	0.10
Bottom 3 Avg.	0.3	0.2	-1.2	0.1	147.9	113.0	94.7	102.0	-0.20	-0.21
Last Month Avg.	0.5	0.7	-0.2	0.6	158.2	131.1	102.8	108.7	-0.04	0.01
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	-0.1	0.6	2.7	0.7	24.4	120.0	103.0	119.0	-0.03	0.09
UNITED KINGDOM										
September Consensus	1.6	0.4	0.7	2.2	-151.9	-109.3	1.28	1.29	0.31	0.33
Top 3 Avg.	1.8	1.4	0.8	3.0	-135.2	-85.7	1.35	1.35	0.47	0.47
Bottom 3 Avg.	1.3	-0.8	0.5	1.6	-170.4	-132.8	1.23	1.23	0.20	0.22
Last Month Avg.	1.5	0.3	0.7	2.2	-148.7	-100.8	1.28	1.29	0.32	0.38
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	3.1	2.2	1.5	0.0	-173.9	-134.2	1.32	1.54	0.46	0.57
SOUTH KOREA										
September Consensus	2.6	2.6	1.0	1.6	101.5	93.4	1189	1216	1.29	1.29
Top 3 Avg.	2.9	3.1	1.2	2.0	111.9	107.9	1250	1260	1.46	1.68
Bottom 3 Avg.	2.4	2.2	0.8	1.0	93.9	80.8	1145	1170	1.12	0.90
Last Month Avg.	2.6	2.6	1.0	1.6	96.1	91.9	1205	1213	1.39	1.55
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	3.3	2.6	1.3	0.7	84.3	103.9	1115	1180	1.29	1.57
GERMANY										
September Consensus	1.6	1.3	0.4	1.4	286.1	272.6	1.09	1.08	-0.22	-0.07
Top 3 Avg.	1.8	1.7	0.5	1.9	303.5	289.1	1.16	1.13	-0.08	0.21
Bottom 3 Avg.	1.5	1.0	0.2	0.6	268.7	256.1	1.03	1.03	-0.32	-0.28
Last Month Avg.	1.5	1.3	0.4	1.5	277.8	262.2	1.08	1.06	-0.19	0.00
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	1.6	1.5	0.8	0.1	286.4	271.0	1.11	1.14	-0.03	-0.03
TAIWAN										
September Consensus	1.0	1.8	1.1	1.2	73.9	70.1	32.97	33.09	0.81	0.84
Top 3 Avg.	1.7	2.2	1.4	1.8	78.4	75.7	34.37	34.37	1.30	1.35
Bottom 3 Avg.	0.4	1.3	0.8	0.8	69.7	62.8	32.08	32.00	0.39	0.40
Last Month Avg.	1.0	1.7	1.1	1.2	71.9	68.7	33.18	32.96	0.69	0.79
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	3.9	0.8	1.2	-0.3	62.0	71.4	31.70	32.40	0.66	0.94
NETHERLANDS										
September Consensus	1.5	1.5	0.4	1.4	68.9	73.2	1.09	1.08	-0.22	-0.07
Top 3 Avg.	1.6	2.0	0.7	1.9	73.0	81.2	1.16	1.13	-0.08	0.21
Bottom 3 Avg.	1.2	0.8	0.1	0.9	64.8	65.2	1.03	1.03	-0.32	-0.28
Last Month Avg.	1.4	1.4	0.4	1.3	74.4	80.1	1.08	1.06	-0.19	0.00
	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
Actual	1.0	2.0	0.4	0.1	88.9	75.1	1.11	1.14	-0.03	-0.03

*Best estimates available. **In most cases, actual data for 2015 GDP, consumer prices and current account are not yet available. Where it is unavailable, figures are consensus forecasts from December 10, 2015 Blue Chip Economic Indicators. Figures are currency units per U.S. dollar except for U.K., Australia and the Euro.

BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

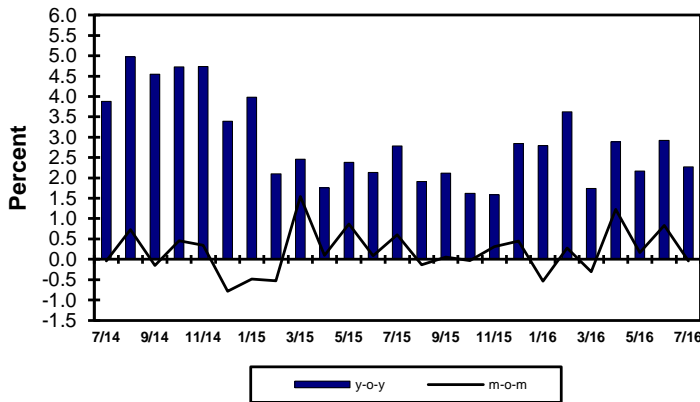
	ANNUAL DATA						END OF YEAR			
	Real Economic Growth % Change GDP		Inflation % Change Consumer Prices		Current Account In Billions Of U.S. Dollars		Exchange Rate ¹ Against U.S. \$		Interest Rates 3-Month	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
RUSSIA										
September Consensus	-0.7	1.1	7.2	5.3	42.7	55.2	66.4	63.7	10.24	7.94
Top 3 Avg.	-0.2	1.8	7.9	6.4	58.1	76.0	70.1	68.1	10.56	8.50
Bottom 3 Avg.	-1.2	0.2	6.5	3.9	30.8	39.3	62.8	58.7	9.85	7.40
Last Month Avg.	-0.7	1.2	7.3	5.5	37.0	45.0	66.4	62.5	9.81	8.08
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	0.7	-3.7	7.8	15.5	59.5	60.7	65.3	66.6	11.10	12.60
FRANCE										
September Consensus	1.3	1.1	0.3	1.1	-16.4	-15.9	1.09	1.08	-0.22	-0.07
Top 3 Avg.	1.4	1.5	0.4	1.5	-10.3	-11.6	1.16	1.13	-0.08	0.21
Bottom 3 Avg.	1.2	0.7	0.2	0.7	-22.4	-20.1	1.03	1.03	-0.32	-0.28
Last Month Avg.	1.3	1.1	0.3	1.1	-12.8	-14.2	1.08	1.06	-0.19	0.00
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	0.7	1.2	0.6	0.1	-26.2	-11.5	1.11	1.14	-0.30	-0.03
BRAZIL										
September Consensus	-3.4	0.6	8.5	5.6	-19.4	-20.1	3.45	3.51	13.65	11.22
Top 3 Avg.	-3.0	1.6	9.0	6.0	-13.2	-11.6	3.62	3.72	14.08	12.06
Bottom 3 Avg.	-3.8	-0.5	7.3	5.0	-26.1	-26.6	3.25	3.28	13.33	10.47
Last Month Avg.	-3.5	0.5	8.5	5.7	-20.8	-22.2	3.51	3.66	13.48	11.09
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	0.1	-3.8	6.3	9.0	-103.6	-65.5	3.23	3.70	14.10	14.30
HONG KONG										
September Consensus	1.3	1.6	2.5	1.9	6.9	6.0	7.78	7.79	0.85	1.33
Top 3 Avg.	1.8	2.1	2.9	2.8	10.3	9.9	7.82	7.82	1.08	1.64
Bottom 3 Avg.	0.9	0.8	2.1	0.3	2.1	1.2	7.74	7.76	0.58	1.00
Last Month Avg.	1.1	1.6	2.4	2.0	8.7	7.5	7.78	7.79	0.99	1.37
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	2.7	2.4	4.4	3.0	6.0	8.5	7.76	7.75	0.57	0.41
INDIA										
September Consensus	7.6	7.6	5.4	5.2	-22.5	-29.5	69.3	70.3	6.80	6.66
Top 3 Avg.	7.9	8.2	5.9	5.9	-9.6	-12.7	71.5	73.3	7.13	7.01
Bottom 3 Avg.	7.3	7.2	5.0	4.5	-32.9	-43.1	67.7	67.9	6.49	6.33
Last Month Avg.	7.5	7.6	5.3	5.2	-23.7	-31.3	69.2	70.1	6.81	6.77
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	7.3	7.6	6.0	4.9	-27.5	-24.1	67.0	66.4	6.56	7.42
CHINA										
September Consensus	6.5	6.2	2.0	2.0	288.7	292.3	6.36	6.41	2.89	2.99
Top 3 Avg.	6.6	6.5	2.2	2.3	366.9	392.7	7.00	7.17	3.55	3.80
Bottom 3 Avg.	6.4	5.8	1.8	1.5	209.3	200.1	4.71	4.77	2.23	2.17
Last Month Avg.	6.5	6.2	2.1	2.1	313.5	321.0	6.82	6.95	3.11	3.11
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	7.3	6.9	2.0	1.4	219.7	339.6	6.68	6.36	2.79	3.10
AUSTRALIA										
September Consensus	2.8	2.6	1.3	2.2	-54.5	-50.1	0.72	0.71	1.77	1.70
Top 3 Avg.	3.0	3.1	1.6	2.6	-50.5	-45.5	0.74	0.74	1.91	2.02
Bottom 3 Avg.	2.5	2.1	1.2	1.8	-58.4	-54.7	0.68	0.69	1.63	1.38
Last Month Avg.	2.8	2.5	1.4	2.2	-53.7	-51.3	0.72	0.72	1.83	1.91
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	2.7	2.5	2.5	1.5	-51.3	-59.3				
EUROZONE										
September Consensus	1.5	1.3	0.2	1.2	384.8	369.8	1.09	1.08	-0.22	-0.07
Top 3 Avg.	1.7	1.6	0.3	1.5	411.0	389.1	1.16	1.13	-0.08	0.21
Bottom 3 Avg.	1.4	0.9	0.1	0.7	358.6	348.6	1.03	1.03	-0.32	-0.28
Last Month Avg.	1.6	1.3	0.2	1.2	381.0	364.9	1.08	1.06	-0.19	0.00
Actual	2014*	2015**	2014*	2015**	2014*	2015**	Latest	Year Ago	Latest	Year Ago
	0.9	1.6	0.4	0.0	274.8	335.5	1.11	1.14	-0.30	-0.03

Contributors to Blue Chip International Survey: IHS Markit, US; Barclays, US; Federal Express Corporation, USA; Credit Suisse, US; JP Morgan, US; Economist Intelligence Unit, UK; BMO Capital Markets, Canada; UBS, US; AIG, New York, NY; Oxford Economics, US; Societe Generale, New York, NY; Bank of America-Merrill Lynch, US; Nomura Capital Markets America, US; Morgan Stanley, US; Moody's Capital Markets, US; Eaton, US; Wells Fargo, US; Moody's Analytics, US; Swisse Re, U.S.; BNP Paribas, US; General Motors Corp., US; and Grupo de Economistas y Asociados, Mexico.

Recent Developments:

Total Retail Sales Softer Than Expected In July

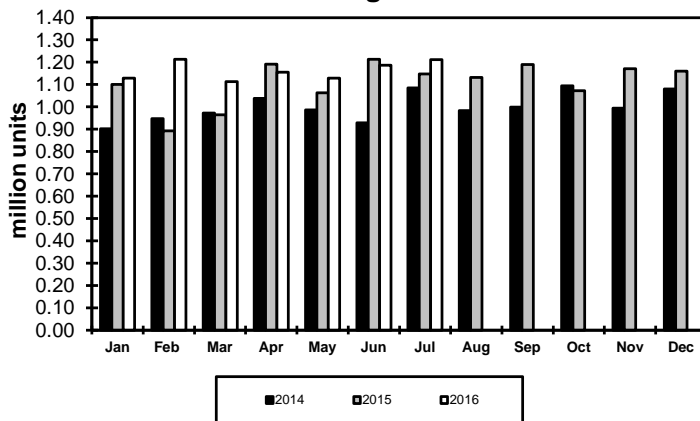
Total Retail and Food Service Sales



Retail sales were softer than expected in July. Total retail sales were unchanged, following an upwardly-revised increase of 0.8% in June. Core retail sales that exclude autos, building materials and gasoline – the component that goes into the calculation of non-auto consumer goods spending within GDP – also were unchanged in July. Total retail sales were up 2.3% y/y in July, while core retail sales were up 3.3% y/y. Auto sales rose 1.1% in July, lifted by a 6.5% jump in unit sales of cars and light trucks to their highest annualized rate since last November. Excluding auto sales, retail sales in July actually fell 0.3%. Furniture store sales also registered an increase in July, rising 0.2%. Also up were sales at non-store retailers jumped 1.3%. However, sales elsewhere looked decidedly weak. Sales at building material outlets fell 0.5%, sales at food stores slipped 0.6%, sales at apparel stores dropped 0.5%, sales at eating and drinking establishments sank 0.2%, sales at general merchandise stores fell 0.1%, and sales at gasoline stations plunged 2.7% due to a decline in petrol prices. Total retail sales in August also look to have been soft given a sharp drop in vehicle sales, coupled with another likely decline in sales at gasoline stations.

Housing Sector Data For July Was Mixed

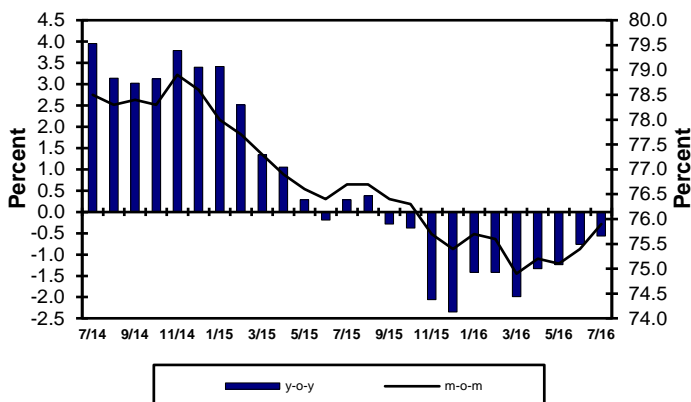
Housing Starts



Total housing starts increased 2.1% in July to an annual rate of 1.211 million units, 5.6% above the year ago level. Single-family starts rose only 0.5% in July and were up 1.3% y/y, while multi-family starts rose 5.0% in July and were up 14.0% y/y. Total building permits fell a slight 0.1% in July to an annual rate of 1.152 million units as single-family permits fell 3.7%, but permits for multi-family units jumped 6.3%. Sales of new homes surged 12.4% in July to an annual rate of 581,000 units, the highest level since October 2007. New single-family homes sales soared 40.0% in the Northeast after 20%-plus declines in the prior two months, but increased only 1.2% in the Midwest. Sales in the South jumped 18.1% while sales were flat in the West, which has seen a sharp increase in home prices amid tight inventories. The inventory of new homes for sale fell 2.9% to 233,000 units, the lowest level since November last year. Existing home sales fell 3.2% in July to an annual rate of 5.39 million units, 1.6% below the year-ago level. Sales of existing single-family homes dropped 2.0%, while sales of condos/co-ops plunged 12.3%. The median sales price of a single-family home sold in July was up 4.6% from a year ago.

Industrial Production Stronger Than Expected In July

Industrial Production & Capacity Utilization

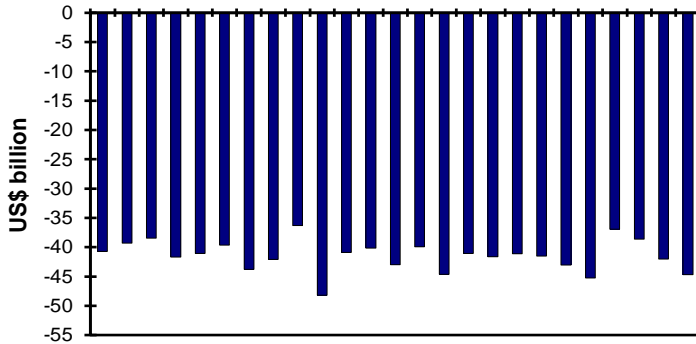


Total industrial production jumped a larger-than-expected 0.7% in July, cutting its y/y contraction to -0.5%. Manufacturing output rose 0.5% in July, leaving it up 0.2% y/y. The July increase in manufacturing output was especially propelled by a 1.9% surge in motor vehicle and parts production. Output of business equipment and consumer goods increased 0.6%, while the production of construction supplies rose 0.4%. Mining output rose 0.7% in July cutting its y/y contraction to 10.2%. Utility output surged 2.1% in July, duplicating its June increase and leaving it up 3.5% y/y. The Institute of Supply Management's August index of activity in the manufacturing sector tumbled to 49.4 from 52.6 in July. That marked its first contractionary reading since January. The new orders index plunged to 49.1 from 56.9 in July, while the production index fell to 49.6 in August from 55.4 the month before. The production index dropped to 49.0 from 55.4. The employment index remained in contraction territory for a second month, sliding to 48.3 from 49.4 in July. The August ISM data does not bode well for the upcoming industrial production report for the same month.

Recent Developments:

Trade Deficit Narrowed In July On Record Soybean Exports

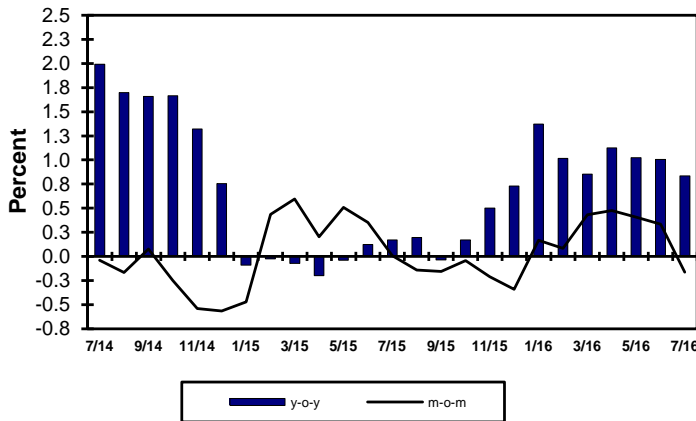
Goods & Services Trade Balance



Record-setting exports of soybeans narrowed the total nominal (current dollar) goods and services deficit in July to \$39.5 billion from \$44.7 billion in June. Nominal exports rose 1.9%, while nominal imports fell 0.8%. The real (inflation-adjusted) deficit narrowed to \$58.3 billion from \$64.5 billion as real exports rose 2.9% and real imports fell 1.5%. That left real exports up by a paltry 0.3 on a y/y basis in July, while real imports were up by 1.1% y/y. Exports of industrial supplies rose 1.5% in August and exports of autos by 2.9%, while exports of capital goods and consumer goods fell 0.4% and 0.8%, respectively. As mentioned, the big mover was exports of soybeans that jumped \$3.6 billion or 220% from June. Real imports of consumer goods fell 3.0% in July, while imports of industrial supplies and capital goods dropped 0.3% and 1.3%, respectively. Imports of autos were unchanged. Other than the European Union, exports to every other major country/region were below year ago levels in July. The trade data suggest net exports will contribute to GDP growth in Q3, but not by as much as this report suggests because the surge in soybean exports was a one-off event.

Consumer Price Index Was Unchanged In July

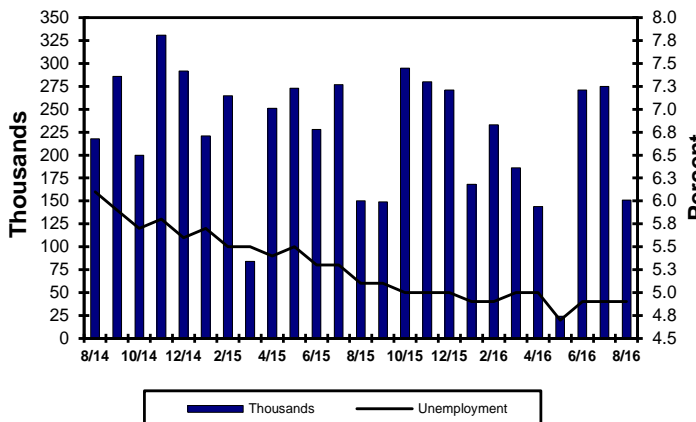
Consumer Price Index



The Consumer Price Index was unchanged in July, cutting its y/y change to 0.8%, the lowest level since last December. Holding down the change was a 1.6% decline in energy prices and unchanged food prices. Energy prices were down 10.9% y/y in July, while food prices were up only 0.2% y/y. Within energy, gasoline prices fell 4.7% in July and fuel oil prices dropped 1.3%. Food prices were unchanged in July as a 0.2% increase in the prices for food away from home was offset by a 0.2% decline in the prices for food at home. The core CPI that excludes food and energy prices rose a less-than-expected 0.1 in July, the smallest increase since March. That cut its y/y change to 2.2% from 2.3% the month before. Elsewhere, new vehicle prices rose 0.2% in July, but were unchanged y/y, while used vehicle prices tumbled 1.0% and were down 3.7% y/y. Apparel prices were unchanged in July and up 0.3% y/y, while medical care prices rose 0.5% and were up 4.0% y/y. Shelter costs rose 0.2% in July and up 3.3% y/y. Rent of primary residence and owners' equivalent rent both increased 0.3% in July, the former up 3.8% y/y and the latter up 3.3% y/y.

August Employment Report Was Disappointing

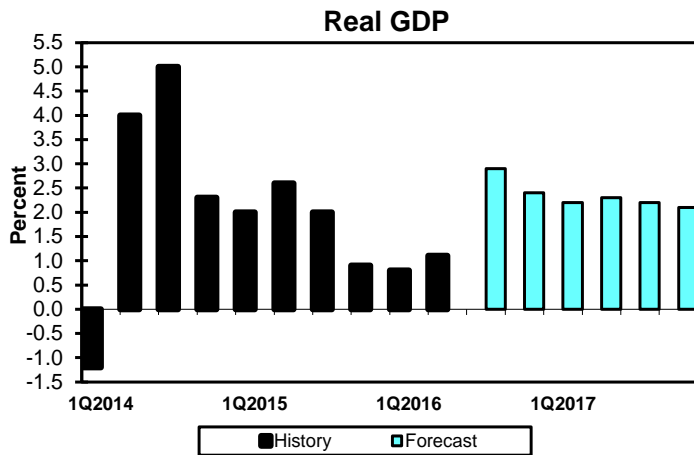
Unemployment Rate & Nonfarm Payrolls



The August Employment data were disappointing as job growth, hourly earnings, the average workweek, and unemployment all fell short of expectations. Nonfarm payrolls increased by 151,000 versus consensus expectations of an increase of 180,000. Revisions to the prior two months were negligible. Private payrolls grew by 126,000, well short of their average monthly increase of 196,000 over the past three months. Manufacturing payrolls fell by 14,000, underscoring the already reported softness of Augusts ISM report. Professional and business service job growth during August was about half its 3- and 12-month average pace. The household survey showed an August increase in jobs of only 97,000 following the prior months' increase of 420,000. That and an unchanged participation rate left the unemployment rate unchanged at 4.9% versus expectations of a 0.1 of a percentage point decline. Average hourly earnings rose a meager 0.1%, dropping the y/y change back to 2.4% from 2.7% in July. The average workweek fell 0.1 of an hour to 34.3 hours, while the manufacturing workweek dropped 0.2 of an hour to 40.6 hours. The report is assumed to have reduced the odds of a September interest rate hike by the Federal Reserve.

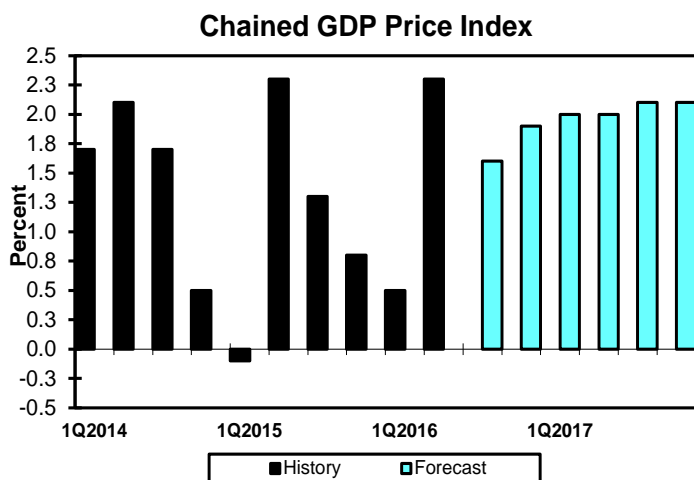
Quarterly U.S. Forecasts:

Real GDP



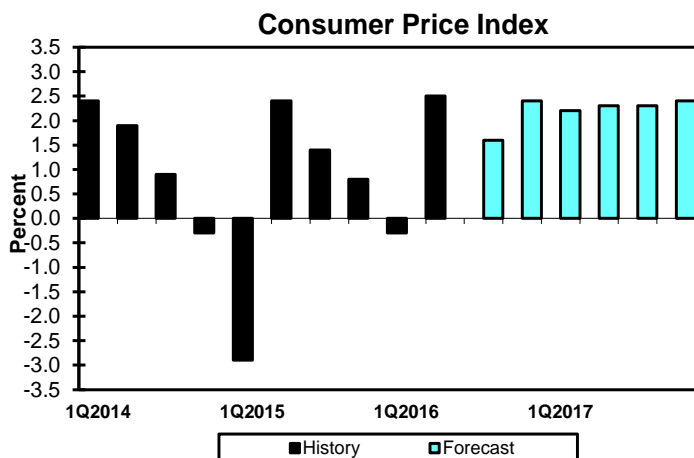
Real GDP grew a downwardly-revised 1.1% (saar) in Q2, according to BEA's second estimate. That was 0.1 of a percentage point less than BEA's initial estimate. Nominal GDP growth in Q2 also was revised down by 0.1 of a percentage point to 3.4% (saar). The downward revision in real GDP by BEA was accounted for larger-than-originally estimated contractions in real residential investment and government spending and investment, a wider trade deficit, and less inventory building. On the other hand, real growth in personal consumption expenditures was revised up by a couple of tenths, while business investment fell by less than originally estimated. The consensus now looks for real GDP to grow 2.9% this quarter and 2.4% in Q4, both 0.1 of a percentage point greater than last month's forecast. While BEA cut its estimate of Q2 growth, the slightly higher consensus forecasts of growth in Q3 and Q4 left consensus forecasts of annual and q4/q4 real GDP growth in 2016 at 1.5% and 1.8%, respectively. For a third consecutive month consensus forecasts of annual and q4/q4 real GDP growth in 2017 remained at 2.2%.

Chained GDP Price Index



The GDP price index rose an upwardly-revised 2.3% (saar) in Q2, 0.1 of a percentage point more than initially estimated by BEA. The price index for personal consumption expenditures increased an upwardly-revised 2.0% (saar), the speediest quarterly pace since Q1 2014. The price index for consumer goods increased a downwardly-revised 0.8% (saar) in Q2, marking the first increase in four quarters. The price index for consumer durable goods fell 2.5% (saar). However, the decline was offset by a 2.5% (saar) increase in the price index for consumer nondurable goods as energy prices rebounded, coupled with a 2.6% (saar) increase in the price index for consumer services. The price index for nonresidential investment increased an upwardly-revised 1.2% (saar), the largest increase since Q3 2014. The price index for residential investment rose an upwardly-revised 5.8% (saar), the biggest rise since Q3 2014. The price index for exports rose 4.0% (saar) in Q2, the first positive reading since Q1 2014, while the price index for imports increased 2.1%, also the first positive reading since Q1 2014. The consensus still forecasts respective annual and q4/q4 changes in the GDP price index of 1.3% and 1.6% in 2016 and 2.0% and 2.1% in 2017.

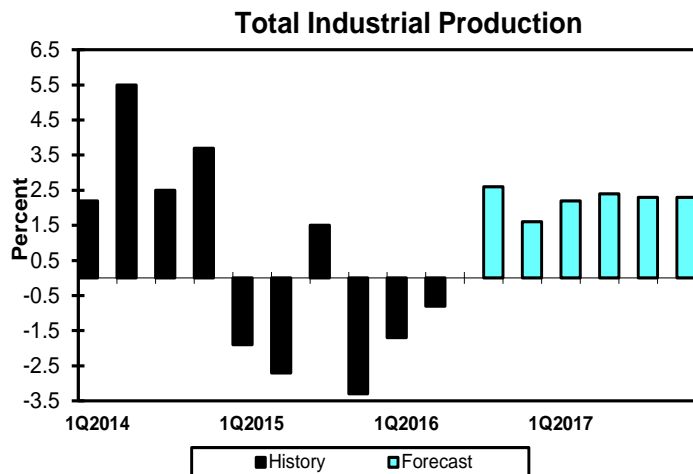
Consumer Price Index



The Consumer Price Index (CPI) increased 2.5% (saar) in Q2, the fastest pace in more than three years. That was significantly greater than the -0.3% (saar) contraction in Q1 and respective increases of only 1.4% (saar) and 0.8% (saar) in Q3 and Q4 of 2015. Much of the Q2 jump resulted from a surge in energy prices that increased at a compounded annual rate of 26.8% in the three months ending in June. Gasoline prices alone increased at a compounded annual rate of 69.8% over the same period of time. Food prices, on the other hand, fell at a compound annual rate of -0.4% during the same period. The core CPI that excludes food and energy prices rose 2.1% (saar) in Q2. Considerably slower growth in the CPI, and quite possibly the core CPI, is expected in Q3 and Q4 of this year, the former in large part due to a partial unwinding of the earlier run-up in energy prices. As a result, the consensus forecast of the annual change in the CPI this year slipped by 0.1 of a percentage point this month to 1.2%, but the forecast of its q4/q4 change stayed at 1.8%. The consensus still forecasts 2017 annual and q4/q4 increases in the CPI of 2.3% in 2017.

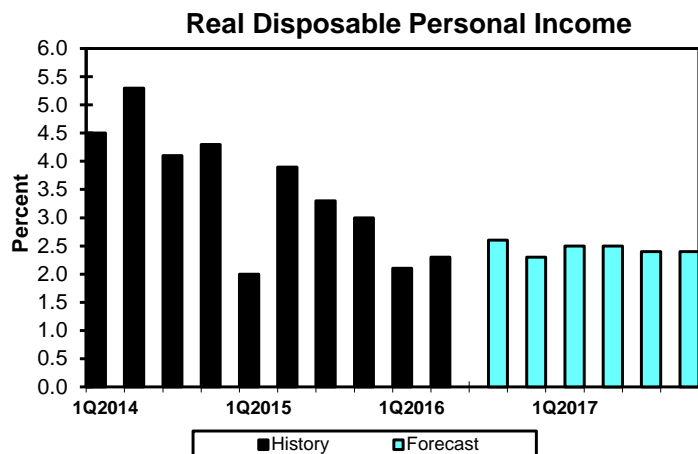
Quarterly U.S. Forecasts:

Industrial Production



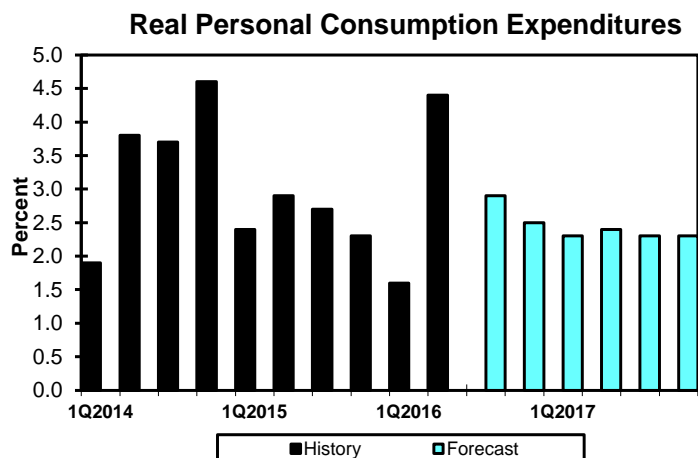
Total industrial production (IP) contracted an upwardly-revised 0.8% (saar) in Q2. That marked its third consecutive quarterly decline and the fifth drop out of the last six. Manufacturing output contracted 1.0% (saar) in Q2, marking its third decline out of the last six quarters. Mining output fell an upwardly-revised 14.9% (saar) in Q2, extending its long run of declines due to carnage in the energy sector inflicted by the plunge in oil and gas prices. Utility output rebounded by an upwardly-revised 13.9% (saar) as a return of more reasonable temperatures lifted electricity demand. The weakness in manufacturing activity over the past several quarters results from relatively subdued domestic demand, coupled with softness in exports. Economic uncertainty also has prompted firms to sharply curtail inventory investment over the past year and a half. Indeed, the consensus predicts the current low level of inventories will underpin a pickup in manufacturing activity in the second half of this year. The consensus now forecasts an annual contraction in total industrial production of 0.8% in 2016, but a 0.4% increase on a q4/q4 basis. Total industrial production still is forecast to increase 2.0% y/y in 2017, but register a q4/q4 gain of 2.3%.

Real Disposable Personal Income



Real disposable personal income (DPI) grew at upwardly-revised rates of 2.1% (saar) in Q1 and 2.3% (saar) in Q2, according to BEA's latest estimate. While nominal (current dollar) DPI increased a solid 4.3% (saar) in Q2, the gain in real DPI was cut as the personal consumption expenditures deflator increased 2.0% (saar), the fastest pace since Q1 2014. Nominal personal income increased 4.1% (saar) in Q2, more than double its 1.3% (saar) pace in Q1. Compensation of employees grew 4.6% (saar) in Q2 following an unchanged reading in Q1. Rental income grew 5.6% (saar) compared to the 9.5% (saar) gain in Q1. Lower inflation in the second half of this year, in large part resulting from a renewed downturn in energy prices, coupled with the continuation of moderate wage and salary growth, is expected by the consensus to produce somewhat faster growth in real DPI. The consensus now forecasts that real DPI will register an annual increase of 2.6% this year, 0.2 of a percentage point more than last month. An annual increase in real DPI of 2.4% is forecast for 2017, 0.1 of a percentage point more than forecast a month earlier.

Real Personal Consumption Expenditures

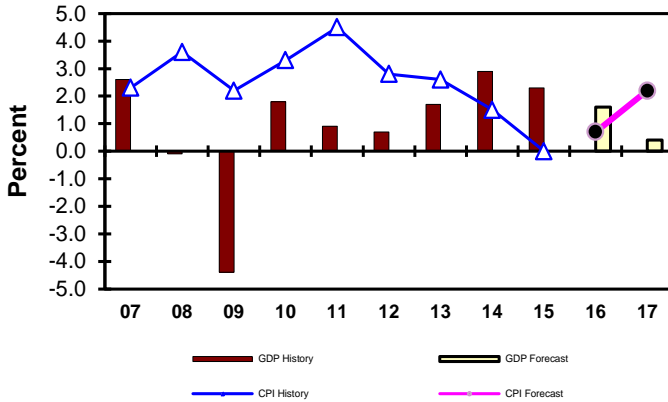


Real personal consumption expenditures (PCE) grew an upwardly-revised 4.4% (saar) in Q2, according to BEA's second estimate. That is 0.2 of a percentage point faster than BEA's first estimate and marks the fastest quarterly pace of growth since Q4 2014. Real PCE grew only 1.6% (saar) in Q1. Real spending on consumer goods increased 7.1% (saar) in Q2 compared to 1.2% (saar) in Q1. Spending on consumer durable goods increased 9.9% (saar) in Q2, lifted especially by strong vehicle sales. That compares with a contraction of 0.6% in Q1. Spending on consumer nondurable goods increased 5.7% (saar) in Q2 versus 2.1% in the prior quarter. Real spending on consumer services grew 3.1% (saar) in Q2 versus 1.9% (saar) in Q1. The consensus forecasts that consumer spending will grow at a somewhat softer, but still solid pace of 2.9% (saar) in Q3 and 2.5% (saar) in Q4 of this year. The consensus forecast of annual growth in real PCE during 2016 rose by 0.1 of a percentage point this month to 2.7%. The forecast of its change in 2017 also rose by 0.1 of a percentage point to 2.6%. That compares with revised annual increases of 2.9% in 2014 and 3.2% in 2015.

International Forecasts:

United Kingdom

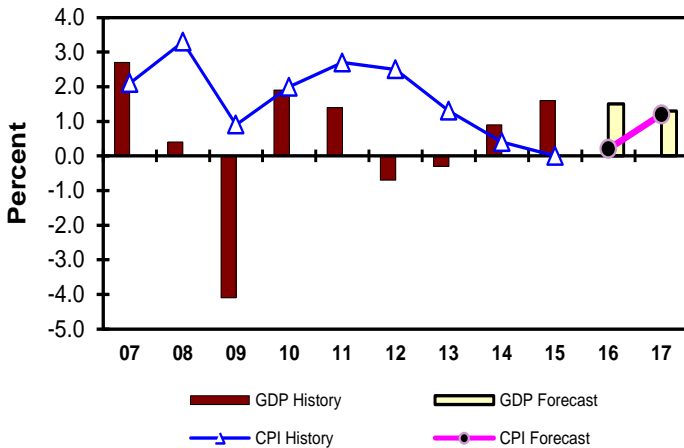
United Kingdom: Growth & Inflation



So far, data has been mixed on the blow to the outlook resulting from the Brexit vote. Consumer spending remained strong in July and labor market conditions remain healthy. The manufacturing PMI rebounded strongly in August, with the index jumping to 53.3 from 48.3. Moreover, the output reading soared to 57.0 from 48.3, marking the second largest monthly increase in the survey's history back to 1992. Additionally, export orders have picked up due to the weaker pound. Nonetheless, most analysts still believe real GDP growth will slow sharply in the second half of this year as growth in business investment, consumer spending, construction slow, weakening job growth in the process. As the hit to the economy evolves, most analysts think that the Bank of England's Monetary Policy Committee will be forced into a further easing of policy by the end of this year. Prime Minister Theresa May has announced that the U.K. will forgo a vote in Parliament on leaving the European Union (EU) and is leaning toward beginning negotiations with EU leaders on the nation's departure from the currency union by April of next year. This month's consensus forecast of annual real GDP growth in 2016 rose to 1.6% and the forecast for 2017 to 0.4%.

Eurozone

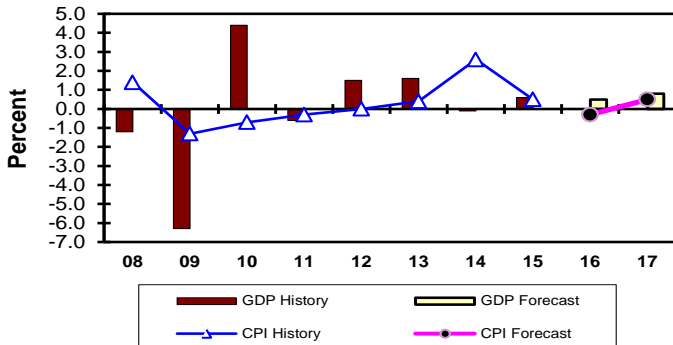
Eurozone: Growth & Inflation



It now seems more likely that the European Central Bank (ECB) will leave policy unchanged at its September 8th meeting. Earlier fears that the U.K. Brexit vote would produce immediate problems for the Eurozone's economy have dissipated, but that is not to say that all is rosy. Eurozone real GDP growth in Q2 grew only 1.1% (saar), half its Q1 pace. Growth in Germany slowed to 1.7% (saar) from 2.9% in Q1, while France's economy contracted 0.2% (saar) after growing 2.7% in the prior quarter. Real GDP in Italy showed no growth in Q2 after eking out a 1.1% (saar) advance in Q1. August PMI data for the Eurozone hints that real GDP growth in the currency zone will remain positive but subdued. However, a sharp fall in Germany's IFO business survey suggests growth in that nation – the Eurozone's largest – may soften more than expected. Harmonized consumer price inflation was up only 0.2% (y/y) in July). If ECB policy were to be ease policy further at the September 8th meeting it would most likely take the form of an extension in the current QE program beyond the scheduled March 2017 end date. The biggest short-term risk to the economy/markets would be failed passage of constitutional reforms in Italy. The consensus forecast of 2016 annual real GDP growth in the Eurozone slipped to 1.5% this month, while the forecast for 2017 held at 1.3%.

Japan

Japan: Growth & Inflation



Real GDP in Japan grew only 0.2% (saar) in Q2, hurt by a second straight contraction in business investment and unexpected softness in exports due to a surge in the Yen during the quarter. The weakness followed upwardly revised real GDP growth of 2.0% in Q1. Real GDP growth of about 1.0% (saar) is expected by many during the second half of this year. Deflationary pressures intensified over the summer as the core consumer price index fell 0.5% (y/y) in July, marking the steepest y/y fall since March 2013. This will increase pressure on the Bank of Japan to announce additional easing steps at its September 20th-21st meeting. Those steps could include larger and more varied asset purchases and/or pushing its policy rate further into negative territory. While the former seems more likely than the latter, BoJ head Kuroda recently argued that additional rate cuts remain an option. The consensus still sees real GDP growing 0.5% this year, but the forecast of growth in 2017 rose to 0.8%.

2016 Historical Data

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	-0.5	0.3	-0.3	1.2	0.2	0.8	0.0					
Auto & Light Truck Sales (b)	17.40	17.54	16.73	17.46	17.22	16.69	17.77					
Personal Income (a, current \$)	0.0	-0.1	0.3	0.4	0.3	0.3	0.4					
Personal Consumption (a, current \$)	0.1	0.2	0.0	1.0	0.3	0.5	0.3					
Consumer Credit (e)	4.4	4.4	9.9	5.7	6.0	4.1						
Consumer Sentiment (U. of Mich.)	92.0	91.7	91.0	89.0	94.7	93.5	90.0	89.8				
Household Employment (c)	615	530	246	-316	26	67	420	97				
Non-farm Payroll Employment (c)	168	233	186	144	24	271	275	151				
Unemployment Rate (%)	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9				
Average Hourly Earnings (All, cur. \$)	25.38	25.39	25.45	25.53	25.59	25.62	25.70	25.73				
Average Workweek (All, hrs.)	34.6	34.4	34.4	34.4	34.4	34.4	34.4	34.3				
Industrial Production (d)	-1.4	-1.4	-2.0	-1.3	-1.2	-0.8	-0.6					
Capacity Utilization (%)	75.7	75.6	74.9	75.2	75.1	75.4	75.9					
ISM Manufacturing Index (g)	48.2	49.5	51.8	50.8	51.3	53.2	52.6	49.4				
ISM Non-Manufacturing Index (g)	53.5	53.4	54.5	55.7	52.9	56.5	55.5					
Housing Starts (b)	1.128	1.213	1.113	1.155	1.128	1.186	1.211					
Housing Permits (b)	1.188	1.162	1.077	1.130	1.136	1.153	1.152					
New Home Sales (1-family, c)	526	525	537	572	572	582	654					
Construction Expenditures (a)	-0.3	1.4	1.6	-2.9	-0.1	-0.6						
Consumer Price Index (sa, d)	1.4	1.0	0.9	1.1	1.0	1.0	0.8					
CPI ex. Food and Energy (sa, d)	2.2	2.3	2.2	2.1	2.2	2.3	2.2					
Producer Price Index (nsa, d)	0.0	0.1	-0.1	0.0	-0.1	0.3	-0.2					
Durable Goods Orders (a)	4.3	-3.3	2.0	3.2	-2.9	-4.2	4.4					
Leading Economic Indicators (g)	-0.2	0.1	0.1	0.5	-0.2	0.3	0.4					
Balance of Trade & Services (f)	-42.3	-44.0	-35.5	-37.4	-41.0	-44.5						
Federal Funds Rate (%)	0.34	0.38	0.36	0.37	0.37	0.38	0.39					
3-Mo. Treasury Bill Rate (%)	0.26	0.31	0.29	0.23	0.27	0.27	0.30					
10-Year Treasury Note Yield (%)	2.09	1.78	1.89	1.81	1.81	1.64	1.50					

2015 Historical Data

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	-0.5	-0.5	1.5	0.1	0.9	0.1	0.6	-0.1	0.1	0.0	0.3	0.4
Auto & Light Truck Sales (b)	16.63	16.32	17.06	16.70	17.63	16.95	17.47	17.73	18.07	18.13	18.06	17.22
Personal Income (a, current \$)	0.2	0.3	0.0	0.6	0.6	0.5	0.3	0.3	0.1	0.3	0.2	0.3
Personal Consumption (a, current \$)	-0.4	0.2	0.5	0.3	0.9	0.3	0.3	0.3	0.2	0.2	0.3	0.2
Consumer Credit (e)	3.6	5.5	7.6	7.6	7.0	9.6	6.8	5.1	9.9	5.2	4.8	7.3
Consumer Sentiment (U. of Mich.)	98.1	95.4	93.0	95.9	90.7	96.1	93.1	91.9	87.2	90.0	91.3	92.6
Household Employment (c)	665	127	102	176	239	-26	144	177	-101	255	247	485
Non-Farm Payroll Employment (c)	221	265	84	251	273	228	277	150	149	295	280	271
Unemployment Rate (%)	5.7	5.5	5.5	5.4	5.5	5.3	5.3	5.1	5.1	5.0	5.0	5.0
Average Hourly Earnings (All, cur. \$)	24.76	24.80	24.87	24.91	24.97	24.96	25.03	25.12	25.14	25.21	25.27	25.26
Average Workweek (All, hrs.)	34.6	34.6	34.5	34.5	34.5	34.5	34.6	34.6	34.5	34.5	34.5	34.5
Industrial Production (d)	3.4	2.5	1.3	1.1	0.3	-0.2	0.4	0.4	-0.3	-0.4	-2.1	-2.3
Capacity Utilization (%)	78.0	77.7	77.3	76.9	76.6	76.4	76.7	76.7	76.4	76.3	75.7	75.4
ISM Manufacturing Index (g)	53.5	53.3	52.3	51.6	53.1	53.1	51.9	51.0	50.0	49.4	48.4	48.0
ISM Non-Manufacturing Index (g)	56.7	57.1	56.9	57.5	55.9	56.2	59.6	58.3	56.7	58.3	56.6	55.8
Housing Starts (b)	1.101	0.893	0.964	1.192	1.063	1.213	1.147	1.132	1.189	1.073	1.171	1.160
Housing Permits (b)	1.073	1.114	1.071	1.178	1.266	1.334	1.142	1.166	1.129	1.175	1.286	1.201
New Home Sales (1-family, c)	521	545	485	508	507	472	498	505	457	478	508	538
Construction Expenditures (a)	1.5	0.4	1.5	3.1	2.1	0.5	0.0	0.6	0.2	-0.1	-0.5	0.8
Consumer Price Index (sa, d)	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7
CPI ex. Food and Energy (sa, d)	1.6	1.7	1.8	1.8	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.1
Producer Price Index (nsa, d)	0.0	-0.5	-0.9	-1.1	-0.8	0.5	-0.7	-1.0	-1.1	-1.4	-1.3	-1.1
Durable Goods Orders (a)	1.9	-3.5	5.1	-1.7	-2.3	4.1	1.9	-2.9	-0.8	2.8	-0.5	-4.6
Leading Economic Indicators (g)	0.2	-0.2	0.4	0.6	0.6	0.6	0.0	-0.1	0.0	0.6	0.5	-0.3
Balance of Trade & Services (f)	-42.1	-36.3	-48.2	-40.9	-40.2	-43.0	-39.9	-44.6	-41.1	-41.6	-41.1	-41.5
Federal Funds Rate (%)	0.11	0.11	0.11	0.12	0.12	0.13	0.13	0.14	0.14	0.12	0.12	0.24
3-Mo. Treasury Bill Rate (%)	0.03	0.02	0.03	0.02	0.02	0.02	0.03	0.07	0.02	0.02	0.12	0.23
10-Year Treasury Note Yield (%)	1.88	1.98	2.04	1.94	2.20	2.36	2.32	2.17	2.17	2.07	2.26	2.24

(a) month-over-month % change; (b) millions of units, saar; (c) thousands of units, saar; (d) year-over-year % change; (e) annualized % change; (f) \$ billions; (g) level. Most series are subject to frequent government revisions. Use with care.

Special Questions:

1. What will be the Federal Open Market Committee's NEXT policy move?

(Percentage of those responding)			
An interest <u>rate hike</u>	An interest <u>rate cut</u>	Negative <u>interest rates</u>	A new <u>QE program</u>
100%	0%	0%	0%

2. If you believe the NEXT policy move by the FOMC will be an interest rate INCREASE at what meeting will it be announced?

(Percentage of those responding)			
<u>Sep. 20-21, 2016</u>	<u>Nov. 1-2, 2016</u>	<u>Dec. 13-14, 2016</u>	
7.8%	0.0%	78.4%	
<u>Jan 31-Feb. 1, 2017</u>	<u>Mar. 14-15, 2017</u>	<u>May 2-3, 2017</u>	<u>Jun. 13-14, 2017 or later</u>
2.0%	2.0%	2.0%	7.8%

3. A. How many basis points will the FOMC raise interest rates in 2016?

(Percentage of those responding)				
<u>0 basis points</u>	<u>25 basis points</u>	<u>50 basis points</u>	<u>75 basis points</u>	<u>100 basis points</u>
15.4%	82.7%	1.9%	0.0%	0.0%

B. How many basis points will the FOMC raise interest rates in 2017?

(Percentage of those responding)				
<u>0 basis points</u>	<u>25 basis points</u>	<u>50 basis points</u>	<u>75 basis points</u>	<u>100 basis points or more</u>
1.9%	9.6%	51.9%	19.2%	17.3%

4. West Texas Intermediate crude oil is currently trading around \$47 per barrel. What do you assume will be its average per barrel price in 2017?

(Percentage of those responding)					
<u>\$30-\$39</u>	<u>\$40-\$49</u>	<u>\$50-\$59</u>	<u>\$60-\$69</u>	<u>\$70-\$79</u>	<u>\$80 or more</u>
0.0%	26.5%	73.5%	0.0%	0.0%	0.0%

5. What are the odds that a U.S. recession will begin during 2016? If not in 2016, what are the odds that a recession will begin in 2017?

	(Between 0% and 100%)	
	Odds that a U.S. <u>recession begins in 2016</u>	Odds that a U.S. <u>recession begins in 2017</u>
Consensus	13.0%	23.7%
Top 10 Average	20.7%	37.3%
Bottom 10 Average	6.7%	13.6%

6. Real residential investment increased an upwardly revised 11.9% in 2013, 3.5% in 2014, and 11.7% in 2015. What is your forecast of the y/y percent change in real residential investment in 2016 and 2017?

	Y/Y percent change in real residential investment:	
	<u>in 2016</u>	<u>in 2017</u>
Consensus	5.9%	5.1%
Top 10 Average	7.5%	8.4%
Bottom 10 Average	4.7%	2.3%

7. Real business equipment investment has contracted in each of the past three quarters. Will it contribute to real GDP growth in the second half of this year?

(Percentage of those responding)	
<u>Yes</u>	<u>No</u>
80.4%	19.6%

A Sampling of Views On The Economy Excerpted From Recent Reports Issued By Our Blue Chip Panel Members Or Others

Viewpoints:

U.S. Review

Data released over the past week covered a broad spectrum of the U.S. economy and generally told a familiar story, the consumer sits comfortably in the driver's seat while challenges continue to plague the factory sector. The week began on an encouraging note with personal income increasing 0.4% in July and spending rising by 0.3%, two solid monthly prints to start Q3. June's data was also upwardly revised, confirming the upward revision to real PCE in Q2 GDP to 4.4%. Even with the strong start, we expect PCE in Q3 to come in slightly weaker than the robust pace in Q2.

According to the consumer confidence release on Tuesday, consumers were more confident about the present situation and more optimistic about future conditions. Of those surveyed, more consumers reported that jobs were plentiful and more expected income growth in the next six months. More consumers were confident that now is a good time to purchase a home or major household items, providing further evidence that our confidence in the consumer to support economic growth is well placed.

Data released support our view of continued strength in the housing market. The S&P CoreLogic Case-Shiller home price index rose modestly in the nation and appreciation in some cities showed signs of cooling in June. Pending home sales, a leading indicator for existing home sales by one or two months, rose 1.3% in July following two months of deceleration. Historically low mortgage rates and continued job creation appears to have sustained a moderate pace of home sales into the late summer season, though demand is unlikely to accelerate significantly for the remainder of the year.

The ISM manufacturing index unexpectedly dipped below 50 in August, signaling U.S. manufacturing contracted after six months of positive readings. The headline dropped from 52.6 to 49.4 in the month, and the sub-indices were largely disappointing. The employment report confirmed downsizing at U.S. factories, with durable goods producers cutting 14,000 jobs in August, highlighting that manufacturers are still challenged by the soft global economic outlook, headwinds from the stronger dollar and weak commodity prices. Factory orders were up 1.9% in July following back-to-back declines in prior months. We expect some improvement in industrial production in Q3 after declining for the first half of the year, and reports from the factory sector this week were largely in line with our below-consensus outlook for Q3 GDP.

The U.S. economy added 151,000 jobs in August, while the unemployment rate held steady at 4.9%. The solid July print was also revised lower, bringing the average monthly gain over the past three months to a still-respectable 232,000 jobs. Our report earlier this week, estimated that fewer jobs are needed to hold the unemployment rate steady. We are therefore satisfied with the August print and believe the door is still open for the Fed to move in September, although it certainly did not turn up the pressure to move. We expect they will still wait until December.

Economics Group, Wells Fargo Securities, Charlotte, NC

Regions' View

After last week's deluge of data, including a disappointing August employment report, there is a dearth of data in this holiday shortened week. On the one hand, that's a good thing, as with only one top-tier release on tap we won't be subject to the "will they or won't they" debate multiple times during the week. On the other hand, now there will be even more discussion of what the August employment report means for the FOMC. In short, our take is that anyone who had depended on the August employment report to settle anything for a data dependent FOMC will have been disappointed by what they saw.

To be sure, we and other analysts have repeatedly pointed to the many quirks in the August employment data in any given year that make the initial estimate of job growth prone to significant revision. And, if we know this, then surely the FOMC knows it as well. To some extent, then, the August employment report can be discounted. Which is not to say it can be dismissed out of hand, at least in our view, as we see a number of red flags in the data. These have nothing to do with a decelerating pace of job growth, which no one should be surprised by. Instead, we point to a broad based decline in hours worked, a pullback in the breadth of hiring across private sector industries, particularly manufacturing, and a paltry gain in hourly earnings. More significantly, what we see as the best measure of labor market slack, i.e., the combined number of people either unemployed, underemployed, or marginally attached to the labor force, has barely budged to date in 2016 and remains well above a level consistent with a fully healthy labor market. To us, this makes the argument the economy is at or near full employment a very hard sell.

Along with the looming uncertainty from the August employment report – is it primarily a reflection of noise in the data, or is there genuine cause for concern – the ISM Manufacturing Index dipping into contractionary territory and motor vehicle sales falling sharply in August don't exactly make a very compelling case for a September rate hike. This is especially true with inflation still low and not looking poised to break to the upside any time soon. It would have taken a far stronger August employment report than we ever thought likely in order to move us off of our call that the next funds rate hike would come this December. We see it as highly unlikely that the August employment report we actually got will compel many, if any, FOMC members to think "sooner rather than later" is the way to go.

Richard F. Moody, Regions Financial Corporation, Birmingham, AL

US Payrolls: Good Enough

In August, 151,000 jobs were added, below consensus expectations for 180,000. The three-month average gain (232,000) far exceeds the range of estimates the FOMC sees as sufficient to keep the unemployment rate stable. There is nothing in this report that flashes a warning signal about where the economy is going; very different from the May report that caused a scare. We see this as a solid employment report that is good enough for the FOMC to deliver a rate hike in September. The tendency for August payrolls to disappoint is no secret. Downside surprises are usually followed by large upward revisions in the Bureau of Labor Statistics' (BLS) second and third estimates (an average revision of 62,000 in the past five years). For the Fed, the current three-month, six-month, and twelve-month average rates of job gains (232k, 175k, 204k, respectively) are well above the 50,000-150,000 breakeven pace necessary to hold the unemployment rate steady. Since the December FOMC meeting, core PCE inflation has taken a step higher with the y/y pace moving from just under 1.4% in December to July's 1.6%. More recently, indicators of third-quarter growth, excluding manufacturing, have been more positive than expected. Tracking estimates of Q3 GDP growth are at or above 3.0% (saar). In addition, financial conditions have become easier with US equities up nearly 5% since lift-off, the real effective exchange rate virtually unchanged and the 10yr US Treasury yield dropping nearly 64bps. Moreover, international developments are more benign after a series of events that has dampened expectations for rate hikes. With the full employment objective already met, the FOMC's strategy calls for gradual adjustments in the policy stance before its second objective of 2% inflation is met and not after. We think that the current state of the labor market will give the Fed the confirmation needed to deliver a rate hike in September.

U.S. Economics Team, BNP Paribas, New York, NY

Calendar Of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
September 5 Labor Day U.S. Markets Closed	6 Markit Services PMI (Aug, Final) ISM Non-Manufacturing PMI (Aug)	7 JOLTS (Jul) Beige Book EIA Crude Oil Stocks Mortgage Applications	8 Quarterly Services Survey (Q2) Consumer Credit (Jul) Weekly Jobless Claims Weekly Money Supply	9 Wholesale Trade (Jul)
12	13 NFIB Survey (Aug) Federal Budget (Aug)	14 Import Prices (Aug) EIA Crude Oil Stocks Mortgage Applications	15 Retail Sales (Aug) Industrial Production (Aug) Producer Price Index (Aug) Business Inventories (Jul) Empire State Survey (Sep) Philadelphia Fed Survey (Sep) Current Account ((Q2) Weekly Jobless Claims Weekly Money Supply	16 Consumer Price Index (Aug) Consumer Sentiment (Sep, Preliminary, University of Michigan) TIC Data (Jul)
19 NAHB Survey (Sep)	20 FOMC Meeting Housing Starts (Aug)	21 FOMC Meeting Statement and projections 2:00 pm Press Conference 2:30 EIA Crude Oil Stocks Mortgage Applications	22 FHFA Home Price survey (Jul) Existing Home Sales (Aug) Kansas City Fed Survey (Sep) Weekly Jobless Claims Weekly Money Supply	23 Markit Manufacturing PMI (Sep, Flash)
26 New Home Sales (Aug) Dallas Fed Survey (Sep)	27 S&P/Case-Shiller Home Price Index (Jul) Markit Services PMI (Sep, Flash) Consumer Confidence (Sep, Conference Board) Richmond Fed Survey (Sep)	28 Durable Goods (Aug) EIA Crude Oil Stocks Mortgage Applications	29 Real GDP (Q2, Third Estimate) International Trade (Aug, Advance) Pending Home Sales (Aug) Weekly Jobless Claims Weekly Money Supply	30 Personal Income and Consumption (Aug) Chicago PMI (Sep) Consumer Sentiment (Sep, Final, University of Michigan)
October 3 Markit Manufacturing PMI (Sep, Final) ISM Manufacturing (Sep) Markit Manufacturing PMI (Sep, Final) Vehicle Sales (Sep) Construction Spending (Aug)	4	5 ADP Employment (Sep) International Trade (Aug) Markit Services PMI (Sep, Final) ISM Non-Manufacturing (Sep) Factory Orders (Aug) EIA Crude Oil Stocks Mortgage Applications	6 Weekly Jobless Claims Weekly Money Supply	7 Employment (Sep) Wholesale Trade (Aug) Consumer Credit (Aug)
10 Columbus Day U.S. Bond Market Closed	11 NFIB Survey (Sep)	12 JOLTS (Aug) FOMC Minutes	13 Federal Budget Import Prices (Sep) Weekly Jobless Claims Weekly Money Supply	14 Retail Sales (Sep) Producer Price Index (Sep) Business Inventories (Aug) Consumer Sentiment (Oct, Preliminary, University of Michigan)

EXPLANATORY NOTES

For 41 years, *Blue Chip Economic Indicators*[®] monthly survey of leading business economists has provided private and public sector decision-makers timely forecasts of U.S. economic growth, inflation and a host of other critical indicators of business activity. The newsletter utilizes a standardized format that provides a fast read on the prevailing economic outlook. The survey is conducted over two days, typically beginning on the first or second business day of each month. Forecasts of U.S. economic activity are collected from more than 50 leading business economists each month. The newsletter is generally finished on the third day following completion of the survey and delivered to subscribers via e-mail or first class mail.

The hallmark of *Blue Chip Economic Indicator*[®] is its *consensus forecasts*. Numerous studies have shown that by averaging the opinions of many experts, the resulting consensus forecasts tend to be more accurate over time than those of any single forecaster.

Annual Forecasts On pages 2 and 3 of the newsletter are individual and consensus forecasts of U.S. economic performance for this year and next. The names of the institutions that contribute forecasts to these pages are listed on the left of the page. They are ranked from top to bottom based on how fast they expect the U.S. economy to expand in the current year. Some of these institutions have one or more asterisks (*) after their names, denoting how many times they have won the annual *Lawrence R. Klein Award for Blue Chip Forecast Accuracy*.

Across the top of pages 2 and 3 is a list of the variables for which the individual cooperators have provided forecasts. Definitions and organizations that issue estimates for these variables are found at the bottom of page 3. For columns 1-9, the forecasts are for the year-over-year percent change in each variable. Columns 10-12 represent average percentage levels of the year in question. Column 15 is an inflation-adjusted dollar level, measured in billions of chained 2009 dollars. High and low forecasts from the panel members for each variable are denoted with an "H" or "L".

Immediately below the forecasts of the individual contributors are this month's consensus forecasts. The consensus is derived by averaging our panel members' forecasts for each variable. Below the consensus forecasts are averages of this month's ten highest and ten lowest forecasts for each variable. Below them are last month's consensus forecasts. To put the forecasts in context, we include four years of historical data for each variable at the bottom of page 2. Please note that these figures can change due to government revisions of previously released estimates. Below the historical data are the number of forecasts changed from a month ago for each variable, the median forecast for each variable and a diffusion index. The diffusion index serves as a leading indicator of future changes in the consensus forecast. A reading above 50% hints of future increases in the consensus; a reading below 50% hints of future declines. The diffusion index is calculated by adding to the number of forecasters who raised their forecasts for a particular variable this month, half the number of those who left their forecasts unchanged, then dividing the sum by the total number of those contributing forecasts.

Historical Annual Consensus Forecasts Page 4 contains the forecasts from previous issues for the current and subsequent year so that subscribers can see how the outlook has changed over time. Each issue also includes graphs and analysis focusing on noteworthy changes and trends in the consensus outlook.

Quarterly Forecasts Page 5 contains quarterly historical data and consensus forecasts of the U.S. economy's performance. For columns 1-7, the forecasts are for the quarter-over-quarter, seasonally-adjusted, annualized percent change in each variable. Columns 8-10 represent average percentage levels for the quarter in question. Columns 11 and 12 represent seasonally-adjusted, annualized levels for the quarter, measured in billions of inflation-adjusted dollars. As is the case on pages 2-3, the consensus quarterly forecasts on the top half of page 5 are simple averages of our contributors' forecasts. The high-10 and low-10 forecasts are averages of the 10 highest and 10 lowest forecasts for each variable. At the bottom of page 5 are additional quarterly consensus forecasts for Real GDP, GDP Price Index, Industrial Production and Consumer Price Index. These figures are derived by taking the annualized quarterly consensus forecasts found on the top of page 5 and computing a quarterly dollar value for Real GDP, and average quarterly index levels for the GDP Price Index, Industrial Production and the Consumer Price Index. We then compute a year-over-year percent change between the relevant quarter and the corresponding quarter of the previous year.

International Forecasts Pages 6-7 contain historical data and consensus forecasts of five key economic variables for 15 of the U.S.'s largest trading partners. A list of the institutions contributing forecasts to these pages can be found at the bottom of page 7. Columns 1 and 2 are forecasts of the year-over-year percent change in inflation-adjusted economic growth and consumer price inflation for this year and next. Column 3 is each nation's estimated current account surplus or deficit, reported in billions of current U.S. dollars. Column 4 is the estimated value of each nation's currency versus the U.S. dollar at the end of this year and next. Column 5 is the estimated level of interest rates on 3-month interest rates in each nation at the end of this year and next. Immediately below this month's consensus and the highest and lowest estimates for each variable are last month's forecasts and a limited amount of historical data. The historical data may change from month-to-month due to government revisions.

Special Questions On page 14, we report on panel members' answers to our special questions. Individuals' responses to the special questions are never displayed, only consensus, top-10 and bottom-10 results. *In March and October, we publish our twice-a-year, long-range survey results.* In addition to our usual forecasts for this year and next, the long-range survey results provide subscribers with consensus forecasts of all the variables found on pages 2 and 3 for the each of the following five years, plus an average for the five-year period after that.

Blue Chip Econometric Detail[®] With the March, June, September and December issues, subscribers also receive a four-page quarterly supplement entitled *Blue Chip Econometric Detail*[®]. The supplement contains forecasts of an expanded list of economic and financial variables that are derived from the consensus forecasts found in *Blue Chip Economic Indicators*[®]. Macroeconomic Advisers, LLC of St. Louis, Missouri produces this forecast detail based on a simulation of its econometric model of the U.S. economy.

*Should you have questions about the contents, or methods used to produce **Blue Chip Economic Indicators**[®] please contact Randell Moore at randy.moore@wolterskluwer.com or call him at (816) 931-0131.*