

# 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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## Fed Tightening Likely Complete Despite Resilient US Economy

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**Resilient US economy.** The US economy is proving to be considerably more resilient than Blue Chip Economic Indicators (BCEI) forecasters had anticipated. Real GDP rose a larger-than-expected 2.4% q/q saar in Q2 and was up 2.6% from a year earlier. In last month's survey, the consensus had looked for only a 1.3% quarterly advance and as recently as the April survey had expected a small decline in GDP in Q2. Domestic demand was a key factor behind growth in Q2 with private sales to domestic purchasers contributing 1.95%-points (or 81%) to total GDP growth. Reflecting the unexpected robustness in Q2, the consensus has meaningfully increased its GDP outlook for the current quarter to 1.7% in the current survey from 0.4% last month and a 0.3% quarterly decline in June.

**But slowdown expected.** The BCEI consensus continues to anticipate a period of near recession conditions just ahead, as it has done throughout much of this year. Specifically, it expects GDP to edge up just 0.2% on average in the last quarter of this year and the first quarter of next. However, it no longer sees any quarterly declines in the forecast horizon, which extends out to the end of 2024. For all of 2023, the consensus forecast for GDP growth was raised to 2.0% from 1.6% last month and 1.2% in June. This stands in sharp contrast to the 0.5% consensus expectation at the beginning of the year.

The BCEI panel continues to think that a recession is very likely in the near term. In answering a special question, the consensus places a 50% probability on a recession occurring within the next 12 months, though this is down from 56% last month. It appears that the panelists feel that some of the expected weakness in the US economy will come from anemic economic growth abroad. Sixty-four percent of the panelists thought that the recent weakness exhibited by the European and some Asian economies would slow the pace of global economic activity, while an overwhelming 86% felt that the much weaker-than-expected recent economic news from China would stunt global growth.

Closer to home, repayments of student loan debt in the US will resume in October after a long hiatus generated by the COVID pandemic. The amount of the repayments will total well into the billions of dollars annually and accordingly, could be sufficiently large to dent consumer spending going forward. But, in answering a special question, 62% of panelists said that this would not lower their outlook for the US economy for this year, though 51% said that it would likely adversely impact the economy in 2024. Moreover, recently enacted legislation in the US to promote infrastructure and green-energy investments is expected to offset some of the potential drag from the resumption of student loan repayments. Panelists estimated that this legislation would add 0.3%-point to real GDP growth in both 2023 and 2024. Indeed, some of the boost to GDP was likely already visible in the Q2 figures which showed a 0.8%-point contribution to overall real GDP growth from business spending on structures and equipment after having subtracted 0.1%-point in Q1.

**Good inflation news.** Financial markets have been cheered by the major step down in inflation during the second quarter that has been accompanied by some signs of nascent labor market softening. PCE price inflation (the measure the Fed targets) slowed more than expected from 4.1% q/q saar in Q1 to 2.6% Q2, its lowest quarterly increase since Q4 2020. In the July survey, the BCEI consensus had expected a 3.0% quarterly gain. The slowdown was due to more than just lower energy and food prices. The rise in the core index, which excludes food and energy prices, slowed to 3.8% in Q2, the lowest since Q1 2021, from 4.9% in Q1. The marked slowdown in inflation offered hope to financial markets that the Federal Reserve may be close to the end of the current policy tightening cycle.

**Fed might be done.** However, as widely expected, the Fed raised its federal funds rate (FFR) target by 25bps at its July FOMC meeting after having left the rate unchanged at the previous meeting in June. This was the eleventh rate increase since the Fed began raising its FFR target in March 2022, bringing the total increase to 525 basis points. The FFR futures market thinks that this was the last rate hike in this cycle with only a small probability of another 25bp rate hike priced in before year end. The views of the BCEI panelists are more divided. To be sure, the panel thinks the end of rate hikes is near. Of the 43 respondents to the August special questions, 25 (58%) think the current target of 5.375% is the peak but another 17 (40%) think there will be one more 25bp increase before the end of 2023, as does the FOMC. Only one respondent thinks there will be another two hikes in this cycle.

**Reining in inflation.** How much more work the Fed needs to do to rein in inflation depends importantly on what were the primary factors behind the earlier acceleration in inflation. Inflation is the product of demand exceeding supply. The Fed can only influence demand; so, it fights inflation by trying to reduce demand by raising interest rates. However, the recent bout of inflation, while having some demand origins, was heavily influenced by supply factors—broken supply chains and a sharp rise in energy and food prices owing to global supply disruptions following the Russian invasion of Ukraine. Indeed, at the peak of PCE price inflation in mid-2022, the Federal Reserve Bank of San Francisco estimates that supply factors explained more than 50% more of inflation than did demand factors.

In that regard, BCEI panelists were asked in this month's survey what was the major factor behind the recent decline in inflation. Of the respondents, 82% chose supply-related factors (mending supply chains and falling energy prices) while only 18% chose tighter monetary policy. With supply chains now in normal territory, energy prices relatively stable and given the lags between changes in monetary policy and their ultimate impact on the economy, the Fed may not have too much more to do to lower inflation to more acceptable levels—and that's what the financial markets and BCEI panelists are expecting.

*Sandy Batten (Haver Analytics, New York, NY)*

## 2023 Real GDP Forecast Increases to 2.0% from 1.6% Last Month

<b>August 2023</b> <b>Forecast for 2023</b> <b>SOURCE:</b>	----- Percent Change 2023 from 2022 (Full Year-Over-Prior Year) -----										---- Average for 2023 ----			-- Total Units-2023 --		2023	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Real GDP (Chained 2012\$)	GDP Price Index	Nominal GDP (Cur.\$) Index	Consumer Price Index	Indust. Prod. (Total)	Dis. Income (2012\$)	Pers. Cons. (2012\$)	Personal Exp. Fix. Inv. (2012\$)	Non-Res. Corp. Profits (Cur.\$) Index	PCE Price Index	Treas. Bills 3-mo.	Treas. Notes 10-Year	Unempl. Rate (Civ.)	Housing Starts (Mil.)	Auto&Light Truck Sales (Mil.)	Net Exports (2012\$)		
ACT Research*	2.3 H	3.7	6.0	4.1	0.3	3.8	2.3	3.8	-6.2	3.7	4.8 L	3.7	3.7	1.44	15.4	-1209.0	
Numerator	2.3 H	3.9	6.2 H	4.2	0.8	3.5	2.2	2.4	na	3.8	5.3	3.9	3.7	1.50 H	15.8	-1260.0 L	
Santander Capital Markets	2.3 H	3.9	6.2 H	4.2	0.3	3.6	2.1	2.0	-7.3	3.8	5.3	3.9	3.5 L	1.41	15.6	-1209.0	
JP MorganChase, US	2.2	3.8	6.0	4.1	-0.1	3.5	2.3	3.0	-1.3	3.7	na	3.9	3.6	1.41	15.7	-1207.0	
KPMG	2.2	3.7	5.9	4.1	-0.1	3.7	2.3	3.5	0.9	3.7	5.3	3.8	3.6	1.41	15.5	-1198.0	
Point72 Asset Management*	2.2	3.8	6.0	4.1	0.3	3.8	2.3	3.4	-3.8	3.7	5.3	3.8	3.5 L	1.45	15.4	-1217.4	
S&P Global Market Intelligence***	2.2	3.7	6.0	4.1	-0.1	3.7	2.3	3.3	0.9	3.7	5.3	3.8	3.5 L	1.42	15.4	-1209.0	
Societe Generale	2.2	3.7	6.0	4.0	0.5	3.6	2.2	3.7	na	3.7	5.2	3.6	3.6	1.41	15.2	-1235.1	
Bank of America-Merrill Lynch, US**	2.1	3.9	6.2 H	4.1	0.6	na	2.3	4.0	na	na	na	4.0 H	3.6	1.40	15.7	-1215.3	
Bank of the West	2.1	3.7	5.8	4.0	-0.5	3.7	2.1	3.6	-6.3	3.7	5.3	3.8	3.6	1.39	15.2	-1204.6	
BMO Capital Markets*	2.1	3.7	5.9	4.1	0.0	3.5	2.3	3.7	-4.4	3.7	5.3	3.7	3.6	1.42	na	-1225.2	
Comerica**	2.1	3.7	5.8	4.1	0.2	3.5	2.2	3.4	-4.9	3.8	5.3	3.9	3.7	1.43	15.8	-1209.7	
Fannie Mae*	2.1	3.7	5.9	4.1	na	na	2.2	3.2	na	3.8	5.2	3.8	3.5 L	1.41	15.4	-1198.2	
General Motors Corporation, US	2.1	3.7	5.8	3.9	-0.2	3.7	2.1	3.1	na	3.7	5.3	3.8	3.6	1.41	na	-1201.2	
Goldman Sachs & Co.**	2.1	3.7	5.8	3.9	0.4	3.8	2.2	3.1	na	3.6	5.1	3.8	3.5 L	1.42	na	-1205.2	
MacroFin Analytics & Rutgers Bus School	2.1	3.8	5.9	3.9	0.1	3.6	2.2	3.3	-2.4	3.7	5.3	3.8	3.7	1.40	15.4	-1219.2	
National Assn. of Home Builders	2.1	3.7	5.9	4.1	na	3.7	2.2	3.2	na	3.7	na	3.8	3.5 L	1.39	na	-1207.0	
Wells Fargo, US	2.1	3.8	5.9	4.0	-0.8 L	3.4	2.2	2.8	-3.5	3.7	5.2	3.7	3.6	1.30	15.3	-1197.6	
AC Cutts & Associates	2.0	3.7	5.7	3.8	0.8	5.7 H	2.6 H	2.3	-2.0	3.7	5.2	3.8	4.3 H	1.43	15.5	-1196.0	
Bloomberg LP	2.0	3.3	5.2	3.1	na	na	2.1	3.6	na	3.3	na	na	3.9	na	na	-1214.2	
Daiwa Capital Markets America	2.0	3.8	5.9	4.1	0.2	3.7	2.1	3.0	-1.2	3.8	5.3	3.8	3.6	1.30	15.0	-1195.6	
Econoclast	2.0	3.4	5.4	3.8	0.2	2.7	2.0	3.1	-4.0	3.4	5.3	3.8	3.6	1.40	15.3	-1218.0	
Ford Motor Company*	2.0	3.8	5.8	4.2	-0.2	3.6	2.1	3.1	na	3.8	5.4 H	3.8	3.6	1.42	na	-1206.7	
Georgia State University*	2.0	3.8	5.9	4.1	-0.1	3.8	2.1	3.2	1.1 H	3.8	5.2	3.9	3.6	1.40	15.4	-1199.5	
MacroPolicy Perspectives	2.0	3.2	5.2	2.7 L	2.0 H	3.7	2.2	3.4	-2.0	2.8 L	5.0	3.6	3.6	1.36	14.5 L	-1211.5	
Moody's Analytics, US	2.0	3.8	5.9	4.1	0.0	3.8	2.2	3.1	-3.5	3.7	5.1	3.8	3.6	1.38	15.6	-1218.1	
Naroff Economic Advisors*	2.0	4.0	6.0	3.3	0.2	3.3	2.2	4.5 H	na	4.1 H	5.2	3.8	3.6	1.38	15.4	-1210.8	
NatWest Markets	2.0	4.0	5.9	4.0	1.2	na	2.1	3.5	na	3.7	5.1	3.5	3.7	1.35	na	-1231.5	
Nomura Securities, US	2.0	3.7	5.7	4.1	-0.4	na	2.2	2.5	na	3.7	na	3.4	3.8	1.46	na	-1202.1	
Oxford Economics, US	2.0	3.5	5.5	4.1	-0.2	3.4	2.0	2.6	-4.5	3.7	5.2	3.7	3.7	1.40	15.4	-1126.3 H	
RDQ Economics	2.0	3.9	6.1	4.2	0.3	3.6	2.2	3.1	-7.4 L	3.8	5.3	3.8	3.6	1.45	16.0	-1202.1	
Regions Financial Corporation	2.0	3.8	5.9	4.3	-0.1	3.6	2.1	3.4	-3.5	3.8	5.2	3.8	3.6	1.41	15.5	-1211.7	
SOM Economics, Inc.	2.0	3.6	5.7	4.0	-0.4	3.6	2.1	3.0	-5.0	3.6	5.3	3.9	3.6	1.35	15.3	-1194.0	
The Lonski Group*	2.0	3.8	5.7	4.0	0.2	3.6	2.1	3.1	-1.3	3.7	5.2	3.7	3.6	1.44	15.6	-1217.5	
Visa	2.0	3.6	5.6	4.2	na	3.3	2.0	2.9	-3.4	3.6	5.1	3.8	3.8	1.39	15.4	-1203.5	
EY-Parthenon	1.9	3.5	5.4	4.0	-0.3	3.5	2.1	na	na	3.7	5.2	3.2 L	3.6	1.43	15.6	-1203.0	
Morgan Stanley, US***	1.9	3.8	5.7	3.9	-0.1	1.7 L	2.0	2.9	na	3.6	5.3	3.5	3.7	1.20 L	16.5 H	-1257.0	
Northern Trust Company**	1.9	4.0	5.8	4.2	0.2	3.3	2.0	1.6	-2.7	4.0	5.2	3.7	3.7	1.38	15.7	-1205.0	
The Conference Board, US*	1.9	na	na	na	na	3.4	2.0	2.9	na	3.7	na	na	3.6	na	na	-1182.0	
UBS	1.9	3.9	5.8	4.0	0.0	3.4	2.1	2.8	na	3.7	5.0	3.5	3.7	1.38	na	-1197.4	
Action Economics	1.8	3.9	5.7	3.0	0.3	3.7	2.0	2.4	-1.1	2.8 L	5.2	3.9	3.7	1.49	15.7	-1205.0	
Eaton Corporation	1.8	4.0	5.8	4.2	-0.2	3.5	1.7 L	2.9	na	3.9	5.3	3.7	3.6	1.38	15.5	-1213.1	
Economist Intelligence Unit, UK	1.8	4.1 H	na	3.9	-0.1	2.7	2.0	2.3	na	na	5.1	4.0 H	3.9	1.26	14.5 L	-1203.7	
Inform	1.8	3.8	5.7	4.1	0.0	3.5	2.0	3.1	-3.8	3.7	5.1	3.7	3.7	1.38	15.6	-1212.8	
National Retail Federation	1.7	3.8	5.5	4.0	-0.5	3.4	1.8	2.3	na	3.6	4.9	3.7	3.7	1.35	15.3	-1235.0	
PNC Financial Services Group	1.7	4.1 H	5.9	4.3	-0.4	3.4	2.1	0.8 L	na	3.7	5.1	3.8	3.7	1.25	15.4	-1199.8	
UCLA Anderson Forecast*	1.5	3.5	na	4.5 H	0.7	3.8	1.9	1.7	na	4.0	5.4 H	3.6	3.8	1.43	15.5	na	
Barclays, US*	1.3 L	3.0 L	4.4 L	3.0	-0.6	na	1.8	2.1	na	3.0	na	3.9	3.7	na	na	-1203.0	
<b>2023 Consensus: August Avg.</b>	<b>2.0</b>	<b>3.7</b>	<b>5.8</b>	<b>4.0</b>	<b>0.1</b>	<b>3.5</b>	<b>2.1</b>	<b>3.0</b>	<b>-3.2</b>	<b>3.7</b>	<b>5.2</b>	<b>3.8</b>	<b>3.7</b>	<b>1.39</b>	<b>15.5</b>	<b>-1208.6</b>	
Top 10 Avg.	2.2	4.0	6.1	4.3	0.8	4.0	2.3	3.7	-0.8	3.9	5.3	3.9	3.8	1.45	15.8	-1188.5	
Bottom 10 Avg.	1.7	3.4	5.4	3.4	-0.4	3.1	1.9	2.0	-5.4	3.3	5.0	3.5	3.5	1.31	15.1	-1231.7	
Previous Avg.	1.6	3.9	5.5	4.0	0.0	3.5	1.9	2.1	-3.6	3.7	5.1	3.7	3.7	1.37	15.2	-1239.3	
Historical data	2019	2.3	1.8	4.1	1.8	-0.7	3.5	2.0	3.6	3.9	1.5	2.1	2.1	3.7	1.29	17.0	-892.6
	2020	-2.8	1.3	-1.5	1.2	-7.2	6.2	-3.0	-4.9	-5.9	1.1	0.4	0.9	8.1	1.38	14.5	-922.6
	2021	5.9	4.5	10.7	4.7	4.4	1.9	8.3	6.4	22.6	4.0	0.0	1.4	5.4	1.60	14.9	-1233.4
	2022	2.1	7.0	9.2	8.0	3.4	-6.2	2.7	3.9	6.5	6.3	2.0	3.0	3.6	1.55	13.8	-1356.7
<b>Number of Forecasts Changed From a Month Ago:</b>																	
Down	1	32	7	18	18	7	3	4	6	19	3	1	28	9	3	3	
Same	3	8	6	19	8	8	10	4	6	20	21	17	16	15	10	2	
Up	44	7	32	10	17	27	35	39	14	7	17	27	4	21	24	41	
August Median	2.0	3.8	5.8	4.1	0.0	3.6	2.1	3.1	-3.5	3.7	5.2	3.8	3.6	1.40	15.4	-1207.0	
August Diffusion Index	95%	23%	78%	41%	49%	74%	83%	87%	65%	37%	67%	79%	25%	63%	78%	91%	

\*Denotes the number of times an organization or individual has won the annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy.

## 2024 Real GDP Forecast Increases to 0.8% from 0.7% Last Month

August 2023 Forecast for 2024 SOURCE:	----- Percent Change 2024 from 2023 (Full Year-Over-Prior Year) -----										--- Average for 2024 ---			-- Total Units-2024 --		--- 2024 ---
	1 Real GDP (Chained 2012\$)	2 GDP Price Index	3 Nominal GDP (Cur.\$)	4 Consumer Price Index	5 Indust. Prod. (Total)	6 Dis. Pers. Income (2012\$)	7 Personal Cons. Exp. (2012\$)	8 Non-Res. Fix. Inv. (2012\$)	9 Corp. Profits (Cur.\$)	10 PCE Price Index	11 Treas. Bills 3-mo.	12 Treas. Notes 10-Year	13 Unempl. Rate (Civ.)	14 Housing Starts (Mil.)	15 Auto&Light Truck Sales (Mil.)	16 Net Exports (2012\$)
ACT Research*	2.2 H	2.3	4.5	2.8	1.3	2.4	1.7	3.0	3.0	2.3	3.7	3.4	3.8	1.52	15.7	-1232.0
Point72 Asset Management*	2.1	2.8	5.0 H	3.1	2.0	2.5	2.1 H	4.1	2.0	2.8	5.5 H	4.4 H	3.2 L	1.55	15.1	-1265.3
Goldman Sachs & Co.**	1.7	2.7	4.5	2.8	2.4 H	3.6	1.8	2.4	na	2.4	4.7	3.8	3.6	1.54	na	-1246.7
MacroPolicy Perspectives	1.5	2.2	3.7	2.1	2.0	2.7	1.5	2.2	4.0	1.8	3.5	3.5	4.0	1.40	14.0	-1265.5
Santander Capital Markets	1.5	3.0	4.5	3.2	0.7	1.1	1.0	0.8	-2.7	2.8	5.3	3.9	3.9	1.43	15.7	-1204.0
KPMG	1.4	2.4	3.8	2.5	-1.0	2.8	1.5	1.3	3.7	2.4	4.6	3.5	4.0	1.36	15.6	-1252.0
MacroFin Analytics & Rutgers Bus School	1.4	2.7	4.1	2.6	1.4	2.1	1.4	1.7	2.2	2.7	4.4	3.9	4.3	1.35	15.8	-1255.0
S&P Global Market Intelligence***	1.4	2.5	4.0	2.5	-1.0	2.9	1.5	1.3	3.5	2.4	5.0	3.7	3.9	1.39	15.6	-1262.5
Moody's Analytics, US	1.3	2.4	3.7	2.7	0.7	2.6	1.6	1.6	1.7	2.5	4.8	3.9	4.0	1.36	16.6	-1264.2
National Assn. of Home Builders	1.3	2.5	3.8	2.4	na	2.9	1.3	1.1	na	2.4	na	3.7	3.9	1.36	na	-1253.3
Numerator	1.3	2.8	4.1	2.8	0.2	2.2	1.4	1.8	na	2.5	4.3	3.8	4.1	1.48	15.5	-1220.0
Action Economics	1.2	2.1	3.4	2.4	1.0	2.0	1.1	1.9	8.6 H	2.0	4.8	4.0	4.2	1.57 H	16.8 H	-1224.0
Northern Trust Company**	1.2	2.6	3.7	2.7	1.2	1.8	1.3	0.8	5.1	2.6	5.1	3.3	4.0	1.41	16.8 H	-1201.5
Bank of America-Merrill Lynch, US**	1.1	3.5 H	4.7	3.0	1.6	na	1.1	3.6	na	na	na	3.5	4.0	1.43	16.6	-1264.1
JP MorganChase, US	1.1	2.3	3.5	2.4	0.8	1.2	1.1	1.8	4.3	2.1	na	na	4.2	1.44	16.6	-1280.3
Morgan Stanley, US***	1.1	2.2	3.3	2.1	-0.8	0.7	0.5	1.4	na	4.1 H	4.3	3.3	4.3	1.21	na	-1251.0
National Retail Federation	1.1	2.4	3.5	2.2	-0.1	2.3	0.8	0.5	na	2.2	4.0	3.5	4.3	1.34	15.4	-1222.0
Visa	1.1	1.8	2.9	2.6	na	-0.5 L	0.7	-0.6	0.5	1.8	3.8	3.7	4.6	1.29	15.2	-1140.2
Bank of the West	1.0	2.4	3.3	2.4	-0.7	2.4	0.9	0.9	2.3	2.3	5.0	4.0	4.3	1.37	14.1	-1214.0
BMO Capital Markets*	1.0	2.4	3.4	2.7	0.2	1.4	0.9	1.8	2.1	2.6	5.4	3.4	4.4	1.41	na	-1258.0
Comerica**	1.0	2.2	3.2	2.3	0.3	1.4	1.0	1.9	2.9	2.2	5.2	3.7	4.2	1.43	16.6	-1234.9
General Motors Corporation, US	1.0	2.5	3.5	2.4	-1.4	2.6	1.0	0.5	na	2.4	4.5	3.5	4.1	1.37	na	-1222.8
Economist Intelligence Unit, UK	0.9	1.9	na	2.2	1.5	1.4	0.9	0.2	na	na	5.1	4.2	4.5	1.35	15.3	-1164.9
EY-Parthenon	0.9	1.8	2.7	2.3	-0.2	1.2	0.9	na	na	2.0	4.0	2.9	4.4	1.51	16.1	-1224.0
Regions Financial Corporation	0.9	2.7	3.5	3.1	-0.6	1.9	0.8	1.8	1.9	2.8	4.9	4.0	4.2	1.34	15.6	-1241.0
Naroff Economic Advisors*	0.7	3.2	3.9	3.0	0.4	0.8	1.1	5.2 H	na	3.1	4.7	3.6	4.1	1.46	16.2	-1246.0
The Lonski Group*	0.7	2.3	3.0	2.2	-0.3	1.1	0.7	0.4	0.4	2.5	4.4	3.4	4.2	1.44	15.8	-1232.7
Bloomberg LP	0.6	2.8	3.4	2.7	na	na	0.6	1.5	na	2.8	na	na	4.8	na	na	-1258.2
Daiwa Capital Markets America	0.6	2.7	3.3	2.7	0.4	2.0	0.7	-0.3	0.8	2.7	4.6	3.7	4.3	1.40	16.3	-1214.1
Georgia State University*	0.6	2.5	3.1	2.7	-1.4	2.3	0.5	-0.2	3.2	2.5	4.2	3.3	4.2	1.36	15.1	-1172.6
Inforum	0.6	2.6	3.2	2.6	-0.1	1.8	0.7	0.5	1.8	2.5	4.2	3.6	4.5	1.38	16.0	-1232.0
Societe Generale	0.6	2.0	2.6	2.5	-1.2	1.7	0.8	0.3	na	2.4	4.1	3.2	4.2	1.45	11.9 L	-1239.2
AC Cutts & Associates	0.5	2.1	2.6	2.6	-0.9	5.0 H	1.8	0.2	3.3	2.6	3.1	3.3	4.0	1.50	15.8	-1061.3 H
The Conference Board, US*	0.5	na	na	na	na	2.4	0.1	-0.6	na	2.3	na	na	4.0	na	na	-1134.0
UCLA Anderson Forecast*	0.5	2.5	na	2.9	-2.0	2.4	1.6	0.2	na	2.5	4.9	3.9	4.3	1.49	16.2	na
Fannie Mae*	0.4	2.6	3.0	2.9	na	na	0.5	-1.5	na	2.6	4.7	3.8	4.3	1.33	15.0	-1190.5
Wells Fargo, US	0.4	2.2	2.6	2.4	-2.8 L	1.0	0.3	-1.3	-0.1	2.2	3.7	3.2	4.4	1.32	14.8	-1114.9
Ford Motor Company*	0.3	2.5	2.7	2.4	-2.3	2.1	-0.1	-0.6	na	2.4	5.3	3.9	4.5	1.27	na	-1166.4
Eaton Corporation	0.2	2.9	3.1	2.5	-1.0	1.7	-0.2 L	0.5	na	2.6	5.3	3.4	4.3	1.39	15.8	-1214.3
NatWest Markets	0.2	1.9	2.2	1.9	2.0	na	0.3	1.9	na	1.9	3.2	3.0	5.0	1.33	na	-1309.4 L
UBS	0.2	1.8	2.0	2.0	-0.9	1.0	0.4	-0.4	na	1.8	2.3 L	2.5 L	5.0	1.21	na	-1195.0
Econoclast	0.1	2.1	2.2	2.2	0.1	0.8	0.1	0.2	1.5	2.3	5.4	3.5	4.4	1.38	15.3	-1238.0
Oxford Economics, US	0.1	2.3	2.4	2.7	-1.1	2.1	0.3	-0.7	4.4	2.4	4.5	3.1	5.1 H	1.39	15.9	-1088.1
RDQ Economics	0.1	3.3	3.4	3.5 H	-0.1	0.5	0.5	-1.6	-9.0 L	3.2	4.4	3.9	4.4	1.40	15.0	-1131.8
Nomura Securities, US	0.0	1.6 L	1.6	2.5	-2.4	na	0.5	-2.3	na	2.3	na	2.8	5.0	1.39	na	-1151.2
Barclays, US*	-0.1	2.6	2.6	2.4	-2.0	na	2.1 H	-0.9	na	2.5	na	3.7	4.4	na	na	-1209.0
SOM Economics, Inc.	-0.2	2.5	2.2	2.5	-1.2	0.4	-0.1	-1.1	-1.5	2.4	4.6	3.6	4.7	1.27	14.6	-1178.0
PNC Financial Services Group	-0.3 L	1.7	1.5 L	1.7 L	-2.5	0.8	0.0	-3.2 L	na	1.4 L	4.0	3.7	4.7	1.05 L	14.1	-1080.0
<b>2024 Consensus: August Avg.</b>	<b>0.8</b>	<b>2.4</b>	<b>3.3</b>	<b>2.5</b>	<b>-0.2</b>	<b>1.8</b>	<b>0.9</b>	<b>0.7</b>	<b>1.9</b>	<b>2.4</b>	<b>4.5</b>	<b>3.6</b>	<b>4.3</b>	<b>1.39</b>	<b>15.5</b>	<b>-1211.1</b>
Top 10 Avg.	1.6	3.0	4.3	3.0	1.6	3.0	1.7	2.8	4.3	3.0	5.3	4.0	4.8	1.51	16.5	-1123.3
Bottom 10 Avg.	0.0	1.9	2.2	2.1	-1.9	0.7	0.1	-1.4	-0.7	1.9	3.5	3.1	3.8	1.26	14.4	-1268.3
Previous Avg.	0.7	2.5	3.2	2.6	-0.2	1.8	0.8	0.4	1.6	2.4	4.2	3.4	4.4	1.38	15.4	-1242.3
<b>Number of Forecasts Changed From a Month Ago:</b>																
Down	5	26	16	18	23	14	11	11	8	21	3	6	25	10	7	9
Same	12	15	7	19	5	7	14	11	8	16	18	19	18	21	18	3
Up	31	6	22	10	15	21	23	25	10	9	20	19	5	14	11	34
August Median	0.9	2.4	3.3	2.5	-0.1	2.0	0.9	0.5	2.2	2.4	4.6	3.6	4.3	1.39	15.7	-1224.0
August Diffusion Index	77%	29%	57%	41%	41%	58%	63%	65%	54%	37%	71%	65%	29%	54%	56%	77%

\*Denotes the number of times an organization or individual has won the annual Lawrence R. Klein Award for Blue Chip Forecast Accuracy.

BASIC DATA SOURCES: <sup>1</sup>Gross Domestic Product (GDP), chained 2012\$, National Income and Product Accounts (NIPA), Bureau of Economic Analysis (BEA); <sup>2</sup>GDP Chained Price Index, NIPA, BEA; <sup>3</sup>GDP, current dollars, NIPA, BEA; <sup>4</sup>Consumer Price Index-All Urban Consumers, Bureau of Labor Statistics (BLS); <sup>5</sup>Total Industrial Production, Federal Reserve Board (FRB); <sup>6</sup>Disposable Personal Income, 2012\$, NIPA, BEA; <sup>7</sup>Personal Consumption Expenditures, 2012\$, NIPA, BEA; <sup>8</sup>Non-residential Fixed Investment, 2012\$, NIPA, BEA; <sup>9</sup>Corporate Profits Before Taxes, current dollars, with inventory valuation and capital consumption adjustments, NIPA, BEA; <sup>10</sup>PCE Price Index, NIPA, BEA; <sup>11</sup>Treasury Bill Rate, 3-month, secondary market, bank discount basis, FRB; <sup>12</sup>Treasury note yield, 10-year, constant maturity basis, FRB; <sup>13</sup>Unemployment Rate, civilian work force, BLS; <sup>14</sup>Housing Starts, Bureau of Census; <sup>15</sup>Total U.S. Auto and Light Truck Sales (includes imports), BEA; <sup>16</sup>Net Exports of Goods and Services, 2012\$, NIPA, BEA.

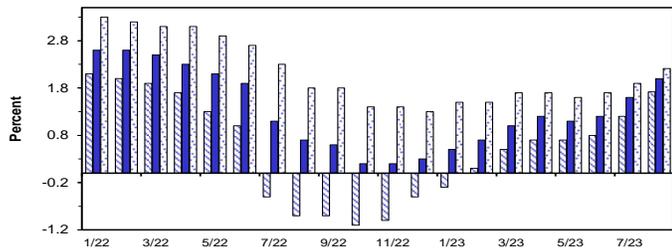
## Previous Consensus Forecasts

Consensus Forecast For 2023	Real GDP	GDP Price	Nominal GDP	Consumer Price	Indust. Prod.	Real Dis. Pers. Income	Real Personal Cons. Exp.	Real Non-Res. Fix. Inv.	Corp. Profits	PCE Price	Treas. Bills	Treas. Notes	Unempl. Rate	Housing Starts	Auto/Truck Sales	Real Net Exports
	Chained	Index	(Cur. \$)	Index	(Total)				(Cur. \$)	Index	3-mo.	10-Year	(Civ.)	(Mil.)	(Mil.)	
January 2022 Consensus	2.6	2.5	5.2	2.4	2.6	2.4	2.4	4.4	3.2	2.3	1.1	2.3	3.5	1.56	16.8	-1356.3
February 2022 Consensus	2.6	2.5	5.1	2.5	2.5	2.6	2.5	4.4	2.8	2.3	1.6	2.5	3.4	1.56	16.9	-1353.5
March 2022 Consensus	2.5	2.7	5.2	2.6	2.4	2.5	2.3	4.3	2.7	2.5	1.7	2.6	3.4	1.58	16.7	-1375.0
April 2022 Consensus	2.3	2.9	5.3	3.0	2.2	2.5	2.2	4.1	2.4	2.8	2.4	2.9	3.5	1.59	16.6	-1405.0
May 2022 Consensus	2.1	3.1	5.3	3.2	2.2	2.2	2.0	3.9	2.1	2.9	2.7	3.1	3.6	1.57	16.4	-1467.4
June 2022 Consensus	1.9	3.2	5.1	3.3	2.1	2.1	1.9	3.4	1.6	3.0	2.8	3.2	3.7	1.55	16.0	-1476.7
July 2022 Consensus	1.1	3.5	4.7	3.6	1.5	1.7	1.3	2.3	0.6	3.2	3.3	3.4	4.0	1.49	15.5	-1461.2
August 2022 Consensus	0.7	3.8	4.5	3.8	1.0	1.8	1.1	1.5	0.1	3.3	3.3	3.1	4.0	1.47	15.2	-1441.4
September 2022 Consensus	0.6	3.8	4.4	3.7	0.9	1.7	1.0	1.2	-0.1	3.2	3.5	3.2	4.1	1.43	14.9	-1400.4
October 2022 Consensus	0.2	3.9	4.1	3.9	0.1	1.2	0.7	0.5	-1.1	3.3	4.1	3.6	4.3	1.40	14.6	-1342.4
November 2022 Consensus	0.2	3.8	4.1	4.2	0.2	1.3	0.6	0.5	-0.5	3.5	4.5	3.8	4.4	1.36	14.7	-1282.7
December 2022 Consensus	0.3	3.7	4.0	4.0	-0.1	1.4	0.9	0.7	-1.4	3.4	4.6	3.8	4.4	1.34	14.8	-1303.5
January 2023 Consensus	0.5	3.5	4.0	3.8	-0.4	1.3	1.0	0.7	-1.7	3.2	4.6	3.7	4.4	1.29	14.5	-1284.5
February 2023 Consensus	0.7	3.4	4.1	3.6	-0.7	1.7	1.0	0.7	-1.5	3.2	4.7	3.6	4.0	1.29	14.6	-1228.5
March 2023 Consensus	1.0	3.6	4.7	3.9	-0.8	2.4	1.3	1.2	-0.7	3.6	4.9	3.7	3.9	1.27	14.7	-1226.6
April 2023 Consensus	1.2	3.7	4.8	4.0	-0.9	2.7	1.4	1.4	-1.4	3.6	4.8	3.6	3.9	1.28	14.7	-1235.4
May 2023 Consensus	1.1	3.7	4.9	4.0	-0.6	3.3	1.5	1.4	-1.4	3.7	4.9	3.6	3.8	1.31	14.9	-1227.9
June 2023 Consensus	1.2	3.9	5.1	4.0	-0.3	3.3	1.7	1.7	-4.5	3.7	5.0	3.6	3.8	1.34	15.1	-1251.8
July 2023 Consensus	1.6	3.9	5.5	4.0	0.0	3.5	1.9	2.1	-3.6	3.7	5.1	3.7	3.7	1.37	15.2	-1239.3
<b>August 2023 Consensus</b>	2.0	3.7	5.8	4.0	0.1	3.5	2.1	3.0	-3.2	3.7	5.2	3.8	3.7	1.39	15.5	-1208.6
Difference from Jan 2022 Forecast	-0.6	1.2	0.6	1.6	-2.5	1.1	-0.3	-1.4	-6.4	1.4	4.1	1.5	0.2	-0.17	-1.3	147.7
Forecast High	2.6	3.9	5.8	4.2	2.6	3.5	2.5	4.4	3.2	3.7	5.2	3.8	4.4	1.59	16.9	-1208.6
Forecast Low	0.2	2.5	4.0	2.4	-0.9	1.2	0.6	0.5	-4.5	2.3	1.1	2.3	3.4	1.27	14.5	-1476.7

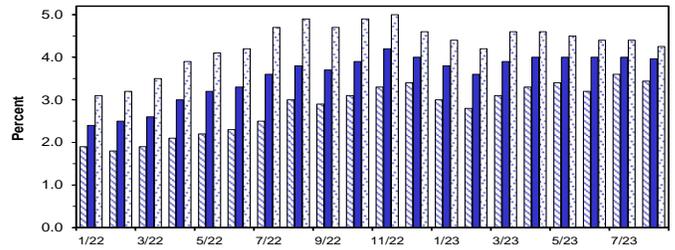
  

Consensus Forecast For 2024	Real GDP	GDP Price	Nominal GDP	Consumer Price	Indust. Prod.	Real Dis. Pers. Income	Real Personal Cons. Exp.	Real Non-Res. Fix. Inv.	Corp. Profits	PCE Price	Treas. Bills	Treas. Notes	Unempl. Rate	Housing Starts	Auto/Truck Sales	Real Net Exports
	Chained	Index	(Cur. \$)	Index	(Total)				(Cur. \$)	Index	3-mo.	10-Year	(Civ.)	(Mil.)	(Mil.)	
January 2023 Consensus	1.2	2.3	3.6	2.3	0.4	2.2	1.1	1.0	2.7	2.2	3.5	3.3	4.8	1.36	15.3	-1274.1
February 2023 Consensus	1.2	2.4	3.5	2.4	0.5	2.1	1.1	1.3	2.3	2.2	3.7	3.3	4.6	1.35	15.2	-1227.3
March 2023 Consensus	1.1	2.5	3.5	2.5	0.4	1.9	1.0	1.1	2.3	2.3	3.9	3.4	4.5	1.33	15.2	-1221.9
April 2023 Consensus	0.9	2.5	3.4	2.5	0.1	1.8	0.9	0.8	1.6	2.4	3.8	3.3	4.5	1.34	15.2	-1229.7
May 2023 Consensus	0.7	2.5	3.3	2.5	-0.1	1.6	0.7	0.2	1.2	2.4	3.8	3.3	4.6	1.34	15.3	-1210.9
June 2023 Consensus	0.7	2.5	3.2	2.6	0.1	1.7	0.8	0.3	2.3	2.5	4.0	3.4	4.5	1.35	15.3	-1253.1
July 2023 Consensus	0.7	2.5	3.2	2.6	-0.2	1.8	0.8	0.4	1.6	2.4	4.2	3.4	4.4	1.38	15.4	-1242.3
<b>August 2023 Consensus</b>	0.8	2.4	3.3	2.5	-0.2	1.8	0.9	0.7	1.9	2.4	4.5	3.6	4.3	1.39	15.5	-1211.1
Difference from Jan 2023 Forecast	-0.4	0.1	-0.3	0.2	-0.6	-0.4	-0.2	-0.3	-0.8	0.2	1.0	0.3	-0.5	0.03	0.2	63.0
Forecast High	1.2	2.5	3.6	2.6	0.5	2.2	1.1	1.3	2.7	2.5	4.5	3.6	4.8	1.39	15.5	-1210.9
Forecast Low	0.7	2.3	3.2	2.3	-0.2	1.6	0.7	0.2	1.2	2.2	3.5	3.3	4.3	1.33	15.2	-1274.1

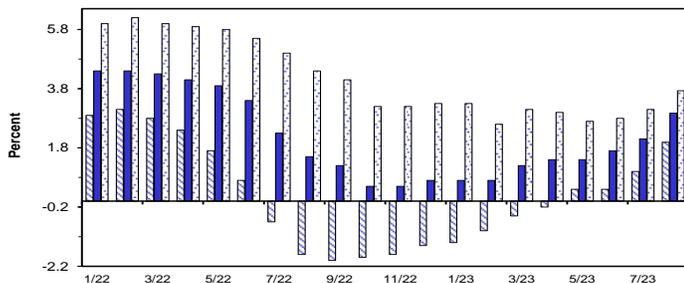
Bottom 10, Consensus, and Top 10 Forecasts of Y/Y % Change in Real GDP in 2023



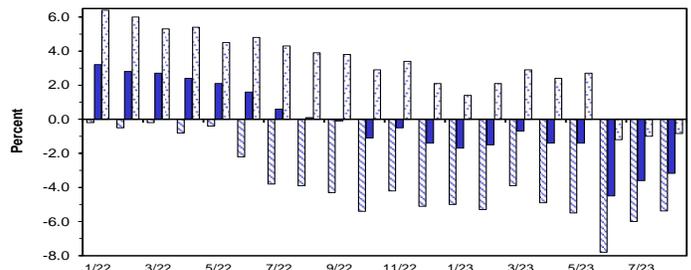
Bottom 10, Consensus, and Top 10 Forecasts of Y/Y % Change in Consumer Price Index in 2023



Bottom 10, Consensus, and Top 10 Forecasts of Y/Y %Chg in Real Nonresidential Fixed Investment in 2023



Bottom 10, Consensus, and Top 10 Forecasts of Y/Y % Change in Corporate Profits in 2023



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

Actuals		-----% Change From Prior Quarter At Annual Rate -----							-----Average For Quarter -----							
		Real GDP	GDP Price Index	CPI	PPI	IP	Disp Personal Income	PCE Price Index	Core PCE Price Index	Nonres Fixed Inv	Unem- ployment Rate	3-Mo. Treas. Bills	10-Yr Treas. Notes	Chg in Bus Inv	Real Net Exports	
<b>2022</b>	1Q	-1.6	8.3	9.2	12.6	3.7	-10.6	1.3	7.5	5.6	7.9	3.8	0.3	1.9	214.5	-1488.7
	2Q	-0.6	9.0	9.7	11.7	4.1	-2.3	2.0	7.3	4.7	0.1	3.6	1.1	2.9	110.2	-1430.5
	3Q	3.2	4.4	5.5	2.7	2.1	3.2	2.3	4.3	4.7	6.2	3.6	2.7	3.1	38.7	-1268.8
	4Q	2.6	3.9	4.2	2.7	-2.5	2.5	1.0	3.7	4.4	4.0	3.6	4.0	3.8	136.5	-1238.6
<b>2023</b>	1Q	2.0	4.1	3.8	0.8	-0.2	8.5	4.2	4.1	4.9	0.6	3.5	4.6	3.6	3.5	-1208.4
	2Q	2.4	2.2	2.7	-1.6	0.7	2.5	1.6	2.6	3.8	7.7	3.6	5.1	3.6	9.3	-1205.5
<b>Blue Chip Forecasts</b>		-----% Change From Prior Quarter At Annual -----							-----Average For Quarter -----							
<b>2023</b>	<b>3Q Consensus</b>	<b>1.7</b>	<b>2.7</b>	<b>3.1</b>	<b>1.4</b>	<b>0.0</b>	<b>2.0</b>	<b>1.5</b>	<b>2.8</b>	<b>3.1</b>	<b>0.9</b>	<b>3.6</b>	<b>5.4</b>	<b>3.9</b>	<b>14.7</b>	<b>-1206.5</b>
	Top 10 Avg.	2.6	3.5	3.8	2.5	2.2	3.5	2.3	3.4	3.9	4.0	3.8	5.6	4.1	36.8	-1170.3
	Bot. 10 Avg.	0.8	1.9	2.3	0.2	-2.0	0.9	0.6	2.2	2.4	-1.6	3.5	5.3	3.7	-10.8	-1237.5
	<b>4Q Consensus</b>	<b>0.3</b>	<b>2.6</b>	<b>2.8</b>	<b>1.8</b>	<b>-0.9</b>	<b>1.6</b>	<b>0.5</b>	<b>2.6</b>	<b>2.9</b>	<b>0.1</b>	<b>3.8</b>	<b>5.4</b>	<b>3.9</b>	<b>12.3</b>	<b>-1210.1</b>
	Top 10 Avg.	1.7	3.3	3.6	2.8	1.3	3.1	1.6	3.3	3.6	3.1	4.1	5.7	4.2	46.1	-1158.8
	Bot. 10 Avg.	-1.3	1.9	1.9	0.8	-3.5	0.1	-0.8	1.9	2.2	-3.9	3.6	5.2	3.4	-32.7	-1248.3
<b>2024</b>	<b>1Q Consensus</b>	<b>0.0</b>	<b>2.5</b>	<b>2.5</b>	<b>1.5</b>	<b>-1.2</b>	<b>1.8</b>	<b>0.3</b>	<b>2.4</b>	<b>2.6</b>	<b>-0.5</b>	<b>4.1</b>	<b>5.2</b>	<b>3.7</b>	<b>7.7</b>	<b>-1206.6</b>
	Top 10 Avg.	1.4	3.3	3.3	2.5	1.4	3.9	1.6	3.1	3.3	2.4	4.5	5.6	4.1	48.9	-1130.9
	Bot. 10 Avg.	-1.7	1.7	1.8	0.3	-4.2	-0.3	-1.1	1.7	1.9	-4.2	3.7	4.6	3.2	-58.2	-1254.8
	<b>2Q Consensus</b>	<b>0.7</b>	<b>2.3</b>	<b>2.3</b>	<b>1.7</b>	<b>-0.3</b>	<b>1.9</b>	<b>0.8</b>	<b>2.2</b>	<b>2.5</b>	<b>0.4</b>	<b>4.3</b>	<b>4.8</b>	<b>3.6</b>	<b>8.8</b>	<b>-1207.5</b>
	Top 10 Avg.	1.9	3.0	3.0	2.3	1.9	3.6	1.9	2.8	3.1	2.9	4.8	5.5	4.1	57.9	-1118.1
	Bot. 10 Avg.	-0.9	1.5	1.5	0.9	-3.3	0.1	-0.6	1.3	1.9	-3.2	3.8	3.9	3.1	-62.6	-1262.9
	<b>3Q Consensus</b>	<b>1.4</b>	<b>2.3</b>	<b>2.3</b>	<b>1.8</b>	<b>0.9</b>	<b>2.1</b>	<b>1.4</b>	<b>2.1</b>	<b>2.3</b>	<b>1.4</b>	<b>4.3</b>	<b>4.4</b>	<b>3.6</b>	<b>13.5</b>	<b>-1215.4</b>
	Top 10 Avg.	2.4	2.9	2.8	2.5	2.4	3.3	2.3	2.7	3.0	3.8	4.9	5.2	4.1	55.9	-1117.8
	Bot. 10 Avg.	0.4	1.6	1.6	1.2	-1.1	0.9	0.3	1.5	1.8	-1.4	3.8	3.3	3.0	-51.3	-1275.6
	<b>4Q Consensus</b>	<b>1.8</b>	<b>2.2</b>	<b>2.2</b>	<b>1.6</b>	<b>1.7</b>	<b>2.3</b>	<b>1.6</b>	<b>2.1</b>	<b>2.3</b>	<b>2.3</b>	<b>4.4</b>	<b>4.0</b>	<b>3.5</b>	<b>21.5</b>	<b>-1220.1</b>
	Top 10 Avg.	2.7	2.8	3.0	2.5	3.3	3.4	2.5	2.7	2.9	4.7	5.1	4.9	4.0	61.9	-1113.4
	Bot. 10 Avg.	0.9	1.6	1.7	0.7	-0.2	1.4	0.7	1.5	1.8	0.0	3.8	2.9	2.9	-34.8	-1289.0

**4. Blue Chip Consensus: Quarterly Annualized Values And Percent Change From Same Quarter In Prior Year.\***

Real Gross Domestic Product							GDP Chained Price Index						
Billions of Chained 2012\$ (SAAR)			% Change From Same Quarter In Prior Year				Index 2012 = 100 (SAAR)			% Change From Same Quarter In Prior Year			
Actual	Forecast		Actual	Forecast		Actual	Forecast		Actual	Forecast			
Quarter	2022	2023	2024	2022	2023	2024	Quarter	2022	2023	2024	2022	2023	2024
1Q	19924.1	20282.8	<b>20506.4</b>	3.7	1.8	<b>1.1</b>	1Q	124.2	130.8	<b>134.1</b>	6.9	5.3	<b>2.5</b>
2Q	19895.3	20404.1	<b>20544.2</b>	1.8	2.6	<b>0.7</b>	2Q	126.9	131.5	<b>134.8</b>	7.6	3.6	<b>2.5</b>
3Q	20054.7	<b>20489.4</b>	<b>20617.5</b>	1.9	<b>2.2</b>	<b>0.6</b>	3Q	128.3	<b>132.4</b>	<b>135.6</b>	7.1	<b>3.2</b>	<b>2.4</b>
4Q	20182.5	<b>20504.8</b>	<b>20708.1</b>	0.9	<b>1.6</b>	<b>1.0</b>	4Q	129.5	<b>133.2</b>	<b>136.3</b>	6.4	<b>2.9</b>	<b>2.3</b>
Total Industrial Production							Consumer Price Index						
Index 2017 = 100 (SAAR)			% Change From Same Quarter In Prior Year				Index 1982-1984 = 100 (SAAR)			% Change From Same Quarter In Prior Year			
Actual	Forecast		Actual	Forecast		Actual	Forecast		Actual	Forecast			
Quarter	2022	2023	2024	2022	2023	2024	Quarter	2022	2023	2024	2022	2023	2024
1Q	101.7	102.6	<b>102.2</b>	4.4	0.9	<b>-0.4</b>	1Q	284.9	301.3	<b>309.7</b>	8.0	5.8	<b>2.8</b>
2Q	102.8	102.8	<b>102.2</b>	3.8	0.0	<b>-0.6</b>	2Q	291.5	303.4	<b>311.5</b>	8.6	4.1	<b>2.7</b>
3Q	103.3	<b>102.8</b>	<b>102.4</b>	3.5	<b>-0.5</b>	<b>-0.4</b>	3Q	295.5	<b>305.6</b>	<b>313.2</b>	8.3	<b>3.4</b>	<b>2.5</b>
4Q	102.7	<b>102.5</b>	<b>102.8</b>	1.8	<b>-0.1</b>	<b>0.3</b>	4Q	298.5	<b>307.8</b>	<b>315.0</b>	7.1	<b>3.1</b>	<b>2.3</b>

\*See explanatory notes on inside of back cover for details of how these data are 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 Against U.S. \$*		Interest Rates 3-Month	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
<b>CANADA</b>										
<b>August 2023 Consensus</b>	1.5	1.1	3.6	2.3	-22.3	-23.9	1.33	1.28	5.00	4.08
Top 3 Avg.	1.7	1.7	3.8	2.5	-11.1	-3.4	1.37	1.31	5.26	4.40
Bottom 3 Avg.	1.2	0.2	3.4	2.0	-35.8	-44.4	1.31	1.25	4.73	3.75
Last Month Avg.	1.2	1.2	3.7	2.3	-22.9	-38.5	1.33	1.29	4.81	3.64
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	5.0	3.4	3.4	6.8	-5.5	-6.7	1.34	1.29	5.34	3.29
<b>MEXICO</b>										
<b>August 2023 Consensus</b>	2.6	1.6	5.4	4.0	-21.5	-23.4	17.87	19.11	10.63	7.49
Top 3 Avg.	3.1	2.1	5.7	4.4	-15.8	-15.6	18.50	20.02	10.67	7.74
Bottom 3 Avg.	2.2	1.1	4.7	3.5	-28.1	-33.2	17.29	17.90	10.58	7.32
Last Month Avg.	2.2	1.5	5.6	4.1	-22.0	-21.5	18.52	19.73	10.51	7.36
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	4.7	3.0	5.7	7.9	-8.1	-17.8	17.04	20.36	12.61	9.76
<b>JAPAN</b>										
<b>August 2023 Consensus</b>	1.3	1.0	3.0	1.9	89.6	116.4	138.5	125.0	0.05	0.07
Top 3 Avg.	1.5	1.3	3.2	2.9	111.3	134.4	147.4	133.4	0.08	0.11
Bottom 3 Avg.	1.1	0.7	2.8	1.1	66.1	98.4	130.1	116.7	0.03	0.04
Last Month Avg.	1.2	1.1	2.9	1.7	83.9	124.9	136.2	123.7	0.06	0.07
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	2.2	1.0	-0.2	2.5	196.8	90.6	141.8	135.3	0.00	-0.02
<b>UNITED KINGDOM</b>										
<b>August 2023 Consensus</b>	0.3	0.4	7.4	3.0	-82.6	-100.2	1.28	1.35	5.74	4.94
Top 3 Avg.	0.4	0.8	7.7	3.8	-65.5	-89.6	1.36	1.45	5.90	5.25
Bottom 3 Avg.	0.2	0.1	7.1	2.6	-98.7	-110.8	1.22	1.28	5.57	4.63
Last Month Avg.	0.3	0.7	7.4	3.0	-90.6	-99.8	1.27	1.35	5.40	4.51
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	7.6	4.1	2.6	9.1	-47.1	-121.4	1.28	1.21	5.45	2.08
<b>SOUTH KOREA</b>										
<b>August 2023 Consensus</b>	1.1	2.1	3.2	1.9	24.7	38.4	1289	1215	3.53	2.70
Top 3 Avg.	1.4	2.5	3.3	2.3	33.6	46.9	1333	1266	3.53	2.70
Bottom 3 Avg.	0.7	1.5	3.0	1.4	13.5	29.2	1249	1176	3.53	2.70
Last Month Avg.	1.1	2.1	3.2	1.8	19.4	34.1	1282	1209	3.56	2.79
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	4.3	2.6	2.5	5.1	85.2	29.8	1310	1298	3.69	2.66
<b>GERMANY</b>										
<b>August 2023 Consensus</b>	-0.2	0.8	6.1	2.5	227.7	234.3	1.09	1.15	3.82	2.82
Top 3 Avg.	0.2	1.2	6.5	4.0	253.6	254.3	1.12	1.17	3.94	3.19
Bottom 3 Avg.	-0.5	0.5	5.7	1.0	201.7	214.3	1.05	1.12	3.69	2.44
Last Month Avg.	-0.2	1.1	6.1	2.5	224.1	228.1	1.10	1.15	3.76	2.61
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	3.1	1.9	3.2	8.7	329.6	173.1	1.10	1.02	3.74	0.28
<b>TAIWAN</b>										
<b>August 2023 Consensus</b>	1.1	3.0	2.1	1.7	90.9	94.9	30.96	29.84	1.49	1.02
Top 3 Avg.	2.3	3.4	2.3	1.9	98.8	103.0	31.58	30.41	1.49	1.02
Bottom 3 Avg.	0.4	2.5	2.0	1.5	81.8	85.6	30.27	29.13	1.49	1.02
Last Month Avg.	0.7	3.1	2.1	1.6	87.0	94.1	30.70	29.50	1.44	0.99
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	6.5	2.4	2.0	2.9	118.0	100.9	31.70	29.96	1.49	0.87
<b>NETHERLANDS</b>										
<b>August 2023 Consensus</b>	1.0	1.1	4.5	2.9	81.7	85.1	1.09	1.15	3.82	2.82
Top 3 Avg.	1.1	1.3	4.9	3.7	97.7	106.2	1.12	1.17	3.94	3.19
Bottom 3 Avg.	0.8	1.0	4.2	2.1	65.6	64.1	1.05	1.12	3.69	2.44
Last Month Avg.	0.8	1.3	4.4	2.8	66.6	80.4	1.10	1.15	3.76	2.61
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	6.2	4.4	2.8	11.6	124.9	93.3	1.10	1.02	3.74	0.28

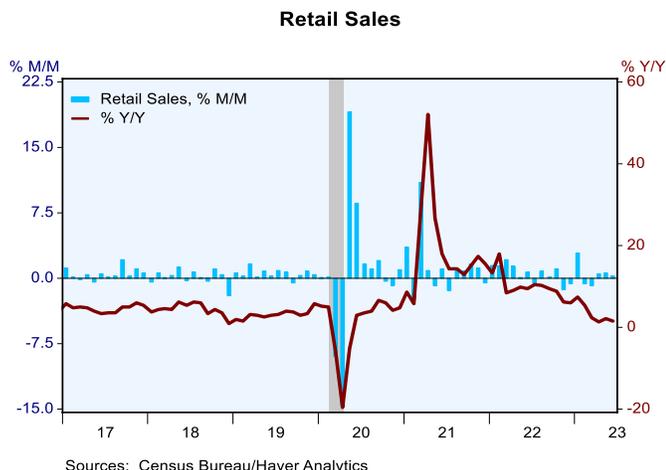
## BLUE CHIP INTERNATIONAL CONSENSUS FORECASTS

	ANNUAL DATA						END OF YEAR			
	Real Economic Growth % Change GDP		Inflation % Change Consumer Prices		Current Account In Billions Of U.S. Dollars		Exchange Rate Against U.S. \$		Interest Rates 3-Month	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
<b>RUSSIA</b>										
<b>August 2023 Consensus</b>	0.4	1.5	5.1	4.6	61.5	67.5	81.46	85.06	8.25	7.26
Top 3 Avg.	2.0	2.2	5.6	5.2	84.4	114.4	91.00	90.50	8.73	7.74
Bottom 3 Avg.	-1.1	1.2	4.4	3.9	40.0	23.3	71.50	79.17	7.71	6.77
Last Month Avg.	0.0	1.6	5.1	4.7	81.8	74.2	76.01	83.04	7.84	7.05
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	5.6	-2.1	6.7	13.7	122.1	236.1	96.43	60.85	45.49	45.49
<b>FRANCE</b>										
<b>August 2023 Consensus</b>	0.7	0.8	5.4	2.2	-38.1	-39.7	1.09	1.15	3.82	2.82
Top 3 Avg.	0.9	1.2	5.7	2.4	-28.1	-30.7	1.12	1.17	3.94	3.19
Bottom 3 Avg.	0.5	0.5	5.0	2.0	-48.0	-48.7	1.05	1.12	3.69	2.44
Last Month Avg.	0.6	1.0	5.5	2.4	-36.9	-39.6	1.10	1.15	3.76	2.61
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	6.4	2.5	2.1	5.9	9.7	-56.5	1.10	1.02	3.74	0.28
<b>BRAZIL</b>										
<b>August 2023 Consensus</b>	2.1	1.4	4.8	4.0	-37.4	-66.9	4.92	4.96	11.86	9.13
Top 3 Avg.	2.5	2.1	5.0	4.3	-26.4	-55.4	5.00	5.11	12.09	9.53
Bottom 3 Avg.	1.4	0.6	4.6	3.6	-47.0	-79.4	4.81	4.82	11.73	8.85
Last Month Avg.	2.1	1.4	4.9	4.2	-33.5	-62.6	4.97	5.01	12.32	9.30
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	5.0	2.9	8.3	9.3	-46.4	-57.0	4.85	5.19	13.06	13.72
<b>HONG KONG</b>										
<b>August 2023 Consensus</b>	4.1	3.0	2.1	2.2	26.5	27.5	7.81	7.79	4.96	4.02
Top 3 Avg.	4.8	3.6	2.4	2.6	34.5	37.9	7.83	7.80	5.05	4.14
Bottom 3 Avg.	3.3	2.4	1.9	1.8	18.5	17.2	7.78	7.77	4.86	3.80
Last Month Avg.	4.7	2.9	2.3	2.4	22.0	24.8	7.81	7.79	4.88	3.71
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	6.5	-3.5	1.6	1.9	43.7	37.9	7.81	7.85	5.34	2.23
<b>INDIA</b>										
<b>August 2023 Consensus</b>	5.9	6.0	5.3	4.8	-64.2	-92.0	82.28	81.21	6.78	5.86
Top 3 Avg.	6.2	6.5	5.5	5.1	-50.2	-52.8	83.53	82.97	6.88	5.93
Bottom 3 Avg.	5.6	5.3	5.0	4.3	-81.6	-134.4	80.97	79.33	6.64	5.81
Last Month Avg.	5.7	6.0	5.3	4.8	-56.7	-84.0	82.42	81.11	6.81	5.91
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	8.9	6.7	5.1	6.7	-33.4	-79.1	82.83	79.28	6.73	5.58
<b>CHINA</b>										
<b>August 2023 Consensus</b>	5.1	4.7	0.7	2.0	333.1	282.7	7.04	6.75	2.29	2.34
Top 3 Avg.	5.4	5.0	1.2	2.4	397.0	381.8	7.20	6.90	2.29	2.34
Bottom 3 Avg.	4.9	4.1	0.4	1.7	269.0	183.2	6.91	6.61	2.29	2.34
Last Month Avg.	5.4	4.8	1.1	2.2	317.0	192.7	7.01	6.67	2.45	2.44
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	8.5	3.0	0.8	1.9	352.9	401.9	7.18	6.75	2.09	1.70
<b>AUSTRALIA</b>										
<b>August 2023 Consensus</b>	1.5	1.6	5.6	3.1	32.1	11.1	0.68	0.71	4.37	3.59
Top 3 Avg.	1.7	1.9	5.8	3.4	41.8	19.6	0.69	0.73	4.45	3.67
Bottom 3 Avg.	1.2	1.2	5.5	2.8	22.5	2.5	0.67	0.70	4.29	3.50
Last Month Avg.	1.5	1.7	5.6	3.0	36.1	10.0	0.69	0.72	4.46	3.57
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	5.2	3.7	2.9	6.6	50.4	18.3	0.66	0.69	4.19	2.12
<b>EURO AREA</b>										
<b>August 2023 Consensus</b>	0.6	1.0	5.4	2.4	304.4	375.4	1.09	1.15	3.82	2.82
Top 3 Avg.	0.8	1.4	5.7	3.3	356.5	404.7	1.12	1.17	3.94	3.19
Bottom 3 Avg.	0.3	0.6	5.3	1.5	252.4	344.0	1.05	1.12	3.69	2.44
Last Month Avg.	0.6	1.2	5.4	2.4	288.0	354.0	1.10	1.15	3.76	2.61
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>Latest</b>	<b>Year Ago</b>	<b>Latest</b>	<b>Year Ago</b>
Actual	5.4	3.4	2.6	8.4	416.4	-102.0	1.10	1.02	3.74	0.28

**Contributors to Blue Chip International Survey:** Bank of America-Merrill Lynch, US; Barclays, US; BMO Capital Markets, Canada; Eaton Corporation, US; Economist Intelligence Unit, UK; FedEx Corporation, US; General Motors Corporation, US; Grupo de Economistas y Asociados, Mexico; US; JP Morgan Chase, US; Moody's Analytics, US; Morgan Stanley, US; Nomura Securities, US; Northern Trust, US; Oxford Economics, US; Wells Fargo, US.

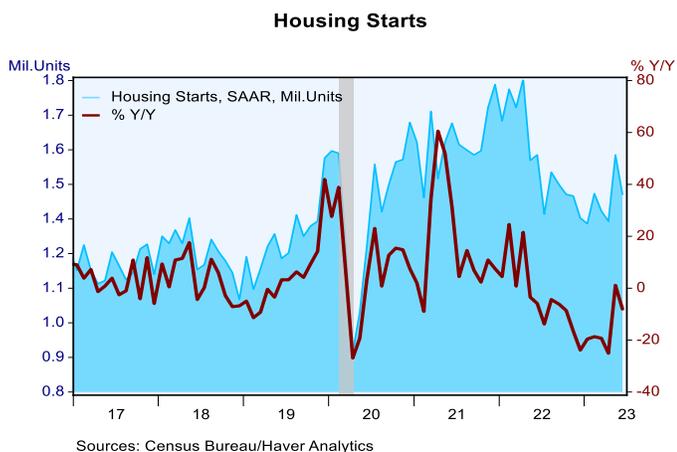
## Recent Developments:

### June Retail Sales Increased 0.2%, the Third Straight M/M Gain



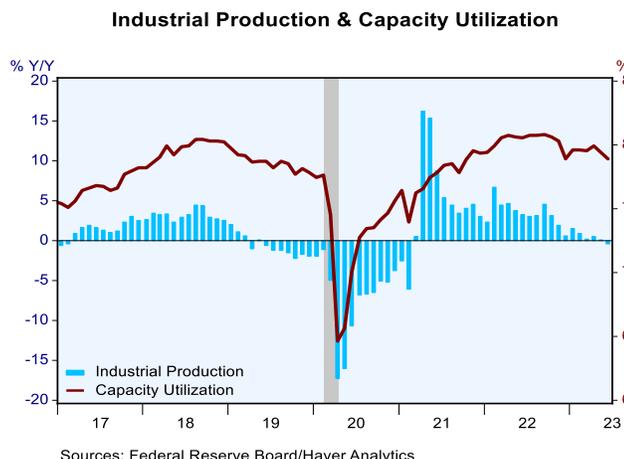
Total retail sales rose a less-than-expected 0.2% m/m (1.5% y/y) in June after rises of 0.5% in May and 0.4% in April. Excluding motor vehicles & parts, retail sales grew 0.2% (0.6% y/y) after a 0.3% increase. Sales of motor vehicles & parts rose 0.3% (5.3% y/y) on top of a 1.5% gain. Nonauto sales excl. gasoline & building materials advanced 0.6% (3.8% y/y) after rising 0.3%. Nonstore retail sales rose 1.9% (9.4% y/y), the fourth m/m rise in five months. Furniture & home furnishing store sales grew 1.4% (-4.6% y/y), the first m/m gain since January. Electronics & appliance store sales rose 1.1% (0.9% y/y) after a 2.1% rebound. Clothing & accessory store sales rose 0.6% (0.7% y/y), the third consecutive m/m rise. Gasoline station sales, however, slid 1.4% (-22.7% y/y), the eighth straight m/m slide. Building materials & garden equipt. store sales fell 1.2% (-3.2% y/y), the third m/m fall in four months. General merchandise store sales dipped 0.1% (+0.5% y/y) vs. two successive m/m rises. Health & personal care store sales slipped 0.1% (+6.3% y/y), the first m/m fall since December. Food & bev. store sales fell 0.7% (+1.3% y/y). Restaurant & drinking place sales edged up 0.1% (8.4% y/y), the fifth m/m rise in six months.

### June Housing Starts Dropped 8.0% to a Lower-Than-Expected 1.434 Million AR



Total housing starts fell 8.0% m/m (-8.1% y/y) to 1.434 mil. saar in June after a 15.7% jump to 1.559 mil. in May and a 2.3% drop to 1.348 mil. in April. Single-family starts declined 7.0% (-7.4% y/y) to 935,000 vs. an 18.7% jump to 1.005 mil. Multi-family starts fell 9.9% (-9.4% y/y) to 499,000, the lowest level since December, after a 10.6% rebound to 554,000. Starts in the Midwest slumped 33.1% (-21.0% y/y) to a three-month-low 162,000 vs. a 38.3% surge. Starts in the South dropped 4.4% (-3.2% y/y) to 838,000 after having recovered 17.7%. Starts in the Northeast slid 2.1% (-25.2% y/y) to 95,000, the lowest level since November, on top of a 21.8% slide. Starts in the West fell 1.2% (-6.6% y/y) to 339,000, the first m/m fall since March, after a 12.8% gain. Building permits fell 3.7% (-15.3% y/y) to 1.441 mil., the third m/m fall in four months, after a 5.6% rise to 1.496 mil. Single-family permits rose 2.4% (-2.5% y/y) to 924,000, the highest level since June '22, after a 5.4% rise to 902,000. Multi-family permits fell 13.0% (-31.3% y/y) to 517,000, the lowest level since Oct. '20, after a 5.9% rise to 594,000.

### June Industrial Production Unexpectedly Fell 0.5%, the Second Consecutive M/M Fall

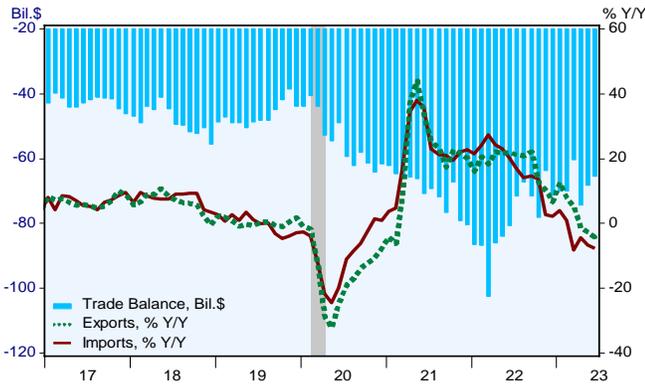


Total industrial production fell 0.5% m/m (-0.4% y/y) in June after a 0.5% May drop (-0.2% initially) and a 0.6% April rise (+0.5% previously). Utilities output slid 2.6% (-6.2% y/y), the fifth m/m slide in six months. Mfg. production fell 0.3% (-0.3% y/y), the third m/m fall in four months, on top of a 0.2% decline, w/ durable goods down 0.1% (+0.8% y/y) and nondurable goods down 0.6% (-1.4% y/y). Motor vehicles fell 3.0% (+9.5% y/y), the first m/m fall since March, while output of selected high-tech products rose 1.2% (3.4% y/y), the fifth straight m/m gain and aircraft production rose 2.3% (5.5% y/y), the third consecutive m/m rise. Mining activity declined 0.2% (+2.8% y/y) after falling 1.4%. Consumer goods output dropped 1.3% (-0.7% y/y), w/ durable consumer goods down 2.7% (-0.5% y/y) and nondurable consumer goods down 0.9% (-0.7% y/y). Materials production fell 0.4% (+0.03% y/y), the second successive m/m decline. Business equipt. was unchanged (-0.2% y/y) after a 0.4% drop, while construction supplies rose 0.3% (-1.1% y/y), the third straight m/m rise. Capacity utilization fell to a six-month-low 78.9% from 79.4%. Mfg. capacity utilization fell to a three-month-low 78.0% from 78.3%.

# Recent Developments:

## Trade Deficit Narrowed to \$65.50 Billion in June, the Smallest Shortfall Since March

Goods & Services Trade Balance

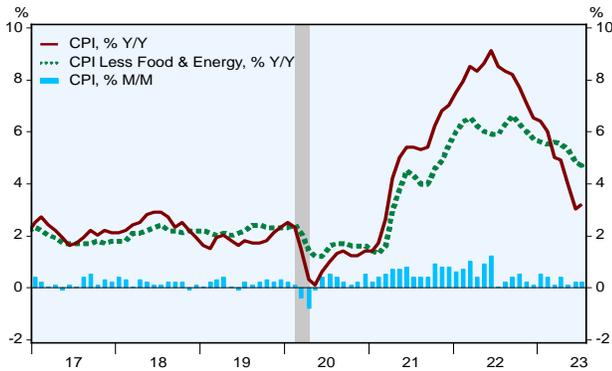


Sources: Census Bureau/Haver Analytics

The U.S. trade deficit in goods & services narrowed to \$65.50 billion in June from \$68.29 billion in May. Exports dipped 0.1% m/m (-4.3% y/y), the third straight monthly decline, after a 0.5% drop. Imports fell 1.0% (-7.8% y/y), the fourth m/m fall in five months, on top of a 2.3% decrease. The deficit in goods trade fell to a three-month-low \$88.19 bil. from \$90.99 bil. Goods exports slipped 0.1% (-9.3% y/y) after a 0.6% decline, led by drops of 1.8% (+2.1% y/y) in nonauto consumer goods and 1.2% (-26.3% y/y) in industrial supplies. Capital goods were up 1.5% (6.7% y/y). Imports of goods slid 1.1% (-9.6% y/y) after a 2.6% decrease, led by drops of 4.4% (+7.5% y/y) in other goods, 3.9% (-25.6% y/y) in industrial supplies, and 3.2% (-3.4% y/y) in capital goods. Auto imports rose 3.5% (22.7% y/y). Petroleum imports fell 2.7% (-35.0% y/y). Nonpetroleum imports declined 1.0% (-6.8% y/y). The surplus on services trade was essentially unchanged at \$22.69 bil. Services exports fell 0.2% (+6.5% y/y), the first m/m fall since Jan. '22. Services imports slid 0.3% (+1.2% y/y), the fourth straight m/m decline. The real goods trade deficit fell to a three-month-low \$86.24 bil. The goods trade deficit w/ China fell to \$22.77 bil. from \$24.87 bil.

## Consumer Price Inflation Rose to 3.2% Y/Y in July; Core CPI Dipped to a Still-Elevated 4.7% Y/Y

Consumer Prices

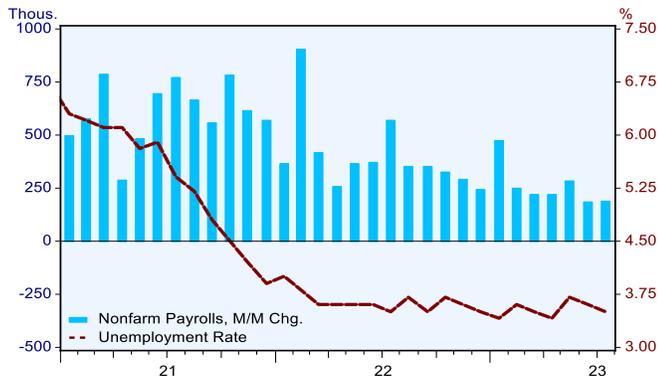


Sources: Bureau of Labor Statistics/Haver Analytics

Consumer prices increased an expected 0.2% m/m in July after rises of 0.2% in June and 0.1% in May. The y/y rate rose to 3.2% after falling to 3.0%. The CPI less food & energy rose 0.2% for the second straight month. The core y/y rate eased to 4.7%, the lowest since Oct. '21, from 4.8%. Goods prices less food & energy fell 0.3% (+0.8% y/y) after a 0.1% easing, led by a 1.3% decline (-5.6% y/y) in used vehicle prices, while apparel prices were unchanged (+3.2% y/y). Food prices rose 0.2%, the third straight m/m rise; the y/y rate fell to 4.9%, the lowest since Sept. '21, from 5.7%. Energy prices edged up 0.1% (-12.5% y/y) after a 0.6% gain, reflecting rises of 3.0% (-26.5% y/y) in fuel oil prices, 2.0% (-13.7% y/y) in natural gas prices, and 0.2% (-19.9% y/y) in gasoline prices, but electricity costs fell 0.7% (+3.0% y/y). Nonenergy svcs. prices rose 0.4% (6.1% y/y). A 0.4% gain (7.7% y/y) in shelter prices reflected rises of 0.4% in rents and 0.5% in owners' equivalent rent partly offset by a 0.3% drop in lodging away from home. Transportation prices rose 0.3% (9.0% y/y) with an 8.1% m/m fall in fares. Medical care svcs. costs fell 0.4% (-1.5% y/y).

## July Job Gains of 187K Below Estimates; Jobless Rate Fell to a Three-Month-Low 3.5%

Nonfarm Payrolls & Unemployment Rate

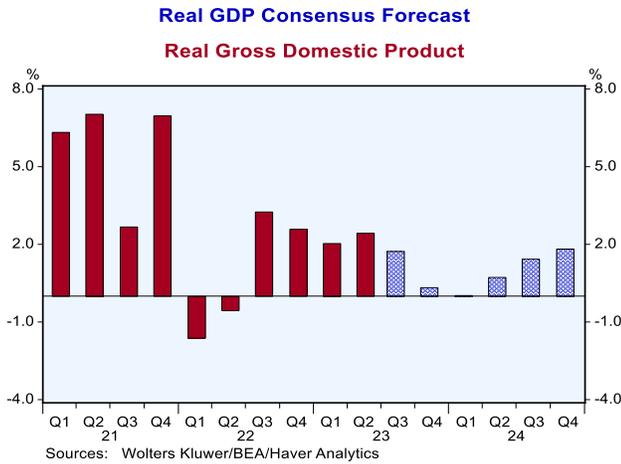


Sources: Bureau of Labor Statistics/Haver Analytics

Nonfarm payrolls rose 187K (2.2% y/y) in July after rises of 185K in June (+209K initially) and 281K in May (+306K previously); they were below a 200K gain for the second straight month and less than the avg. m/m rise of 312K over the prior 12 months. The jobless rate fell to 3.5% from 3.6%. The total jobless rate, incl. those marginally attached & working part-time for econ. reasons, fell to 6.7% from 6.9%. Total priv. payrolls rose 172K (2.2% y/y), w/ priv. svcs. jobs up 154K (2.3% y/y) and goods-producing jobs up 18K (1.7% y/y). Jobs rose in health care (+63K), social assistance (+24.1K), financial activities (+19K), and wholesale trade (+17.9K). Construction jobs grew 19K (2.5% y/y), the 17<sup>th</sup> m/m gain in 18 months. Mfg. jobs slipped 2K (+1.0% y/y), w/ an 8K rise in durable goods and a 10K drop in nondurable goods. Gov't. jobs rose 15K (2.3% y/y), the 13<sup>th</sup> consecutive m/m rise. Avg. hourly earnings growth held steady at 0.4% m/m and 4.4% y/y. The avg. workweek fell to 34.3 hrs. from 34.4 hrs. The 0.1%-pt. decline in the jobless rate to 3.5% reflected a 116K drop in unemployed, a 152K rise in the labor force, and a 268K gain in civilian employment. The participation rate held at 62.6% for five straight months.

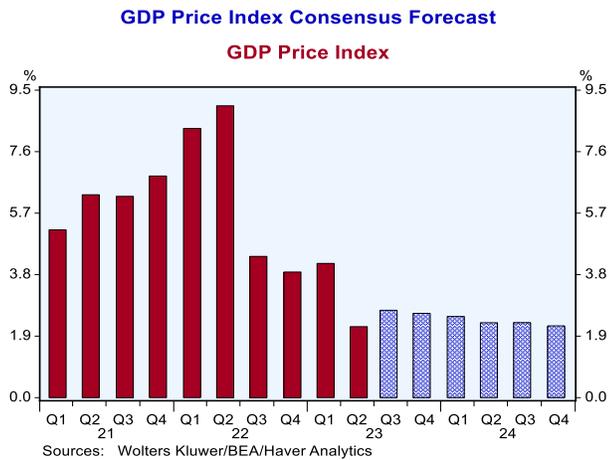
# Quarterly U.S. Forecasts:

## Real GDP



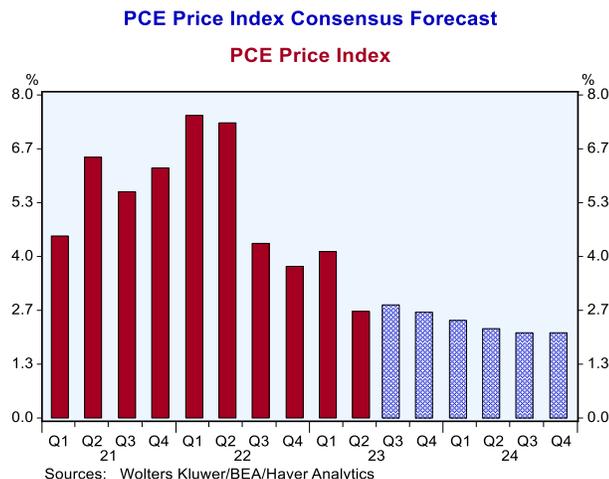
Real GDP grew 2.4% at a seasonally adjusted annual rate in Q2, following 2.0% in Q1 and 2.6% in Q4 2022. In last month's Blue Chip Economic Indicators forecast, the panel looked for less growth in Q2, just 1.3%. Several spending items were stronger than forecast. The actual result included 1.6% in personal consumption expenditures versus a forecast of 1.3% and 7.7% growth in nonresidential fixed investment versus a forecast of 2.9%. Also contributing to growth in Q2, net exports were less negative than expected, -\$1,205.5 billion versus a forecast of -\$1,250.3 billion. On the other hand, inventories added less than expected to Q2 GDP, which at \$9.3 billion is notably smaller than the early-July forecast of \$32.1 billion. For Q3, the Blue Chip panel projects GDP will grow at a 1.7% annual rate, somewhat less than the 2.4% in Q2, but up markedly from the 0.4% gain expected last month, and will be followed by a marginal 0.3% growth rate in Q4. They expect Q1 2024 to be flat, but, importantly, there would be no quarters in which GDP declines in the current forecast period, through Q4 2024. Thus, while GDP would move quite sluggishly, no recession is envisaged, but rather a rare soft landing.

## Chained GDP Price Index



GDP price inflation slowed much more sharply in Q2 than expected, falling to 2.2% q/q saar from 4.1% in Q1. This was the slowest quarterly pace of inflation since Q2 2020. The BCEI consensus had looked for a slowdown to 3.1%. The decline in overall inflation was led by a significant slowdown in PCE inflation—to 2.6% from 4.1% in Q1. While falling energy prices (-13.9%) and stabilizing food prices (-0.2%) continued to play a key role in the overall slowdown, the core inflation rate (which excludes food and energy prices) also fell markedly from 4.8% in Q1 to 2.9% in Q2, the lowest rate since Q4 2020. The increase in prices paid for nonresidential fixed investment slowed to 1.2% from 7.2% while prices of residential investment fell 0.7% in Q2, their second consecutive quarterly decline. Export and import prices each fell while prices paid for government purchases edged up just 0.4%, reflecting a 0.9% decline in prices paid by state and local governments. After the significant inflation gains already realized, the BCEI consensus expects GDP inflation to rebound to 2.6% over the rest of 2023 but then to slow to 2.2% by the end of 2024.

## Chained PCE Price Index



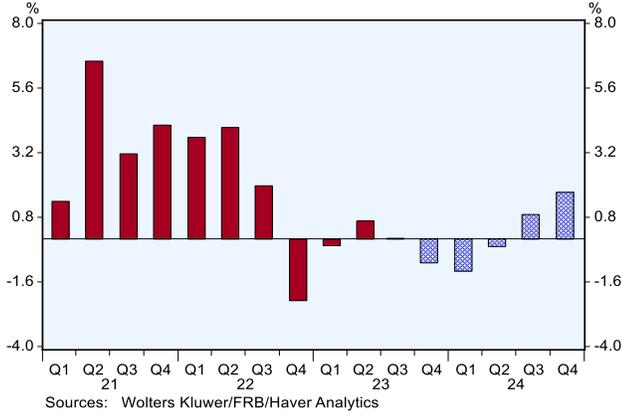
PCE price inflation also slowed more than expected in Q2 to 2.6% q/q saar from 4.1% in Q1. Energy prices continued to decline, falling 16.1% q/q saar for their fourth consecutive quarterly drop. Food prices slipped 0.1% for their first quarterly decline since Q4 2020. Other price gains also eased significantly with the increase in the core PCE price index (which excludes food and energy prices) slowing to 3.8% down from 4.9% in Q1. While both the headline and the core rates remain well above the Fed's 2% target, they have fallen significantly from their highs of early last year. Goods prices remained well behaved in Q2, edging up only 0.4%. They are up just 0.2% annualized over the past three quarters. Services prices continue to be the major driving force behind the overall increase. They rose 3.8% in Q2, but this was down meaningfully from the 5.9% increase in Q1. The monthly PCE price index rose a modest 0.2% m/m in June and ended Q2 just 0.1% above the Q2 average, offering a good start to Q3. The BCEI consensus looks for PCE inflation to rebound to 2.8% in Q3 and 2.6% in Q4, then to slow to 2.1% by the end of 2024.

# Quarterly U.S. Forecasts:

## Industrial Production

Industrial Production Consensus Forecast

Industrial Production

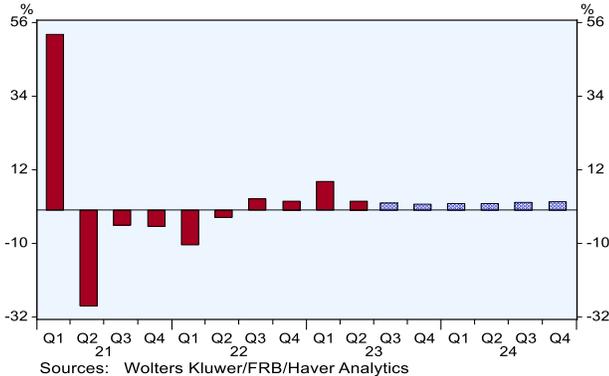


Industrial production (IP) rose an annualized 0.7% q/q in Q2 2023, reversing the 0.2% q/q decline during Q1. The July Blue Chip BCEI consensus had projected a 1.0% q/q advance. Manufacturing output rose an annualized 1.9% q/q in Q2, up from a 0.3% q/q decline in Q1. Most of the quarterly advance reflected an annualized 36.7% q/q jump in motor vehicle production, the majority of which occurred in April. Excluding autos, Q2 IP output contracted by 1.0% and manufacturing output by 0.9% q/q. The outlook for Q3 is not encouraging. The manufacturing ISM report shows economic activity in the manufacturing sector contracting in July for the ninth consecutive month. It registered 46.4, up from 46.0 in June, the silver lining being a slightly slower pace of contraction in activity than in June. Demand eased again in July, with new orders at 47.3 and exports contracting to 46.2. The production index was 48.3, while the employment index was 44.4, suggesting firms continued to manage headcount down. The August BCEI consensus forecasts no growth in IP in Q3, and respective declines of 0.9% and 1.2% in Q4 and Q1 2024. IP is projected to show a 0.1% rise in 2023 and a 0.2% decline in 2024.

## Real Disposable Personal Income

Real Disposable Income Consensus Forecast

Real Disposable Personal Income

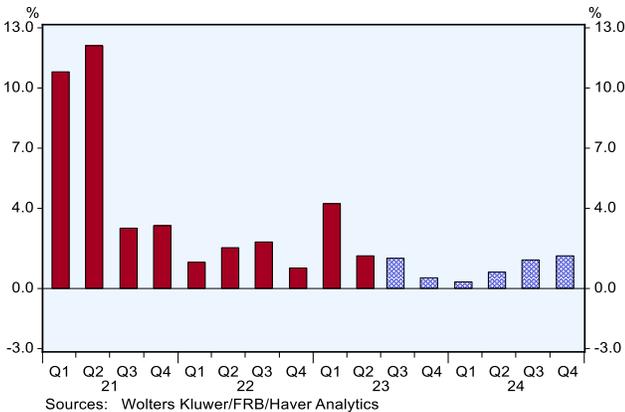


Personal income rose an annualized 4.3% q/q in Q2 2023, following a 5.1% advance in Q1. With hiring persisting, growth in wages and salaries continued unabated in Q2, rising at an annualized rate of 5.5% q/q, up from 4.7% in Q1. Other drivers were rental income, up a strong 9.3% over the quarter, and receipts on assets, up 4.9% q/q. Disposable personal income (DPI) rose an annualized 5.2% q/q in Q2, down from the 13.0% gain in Q1 that reflected a one-time sharp decline in taxes during January. When adjusted for inflation, personal income rose an annualized 1.6% q/q in Q2, up from a 0.9% gain in Q1. Real DPI posted a quarterly gain of 2.5%, down from the 8.5% rise in Q1, again reflecting the January tax decline. Near-term, the combination of slower price increases and solid gains in wages and salaries should continue to support real DPI growth. The BCEI consensus forecasts real DPI to grow 2.0% in Q3. Medium term, the Blue Chip panelists project a slackening in labor market conditions and growth in real DPI to slow to 1.6% in Q4 and 1.8% in Q1 2024, yielding rises of 3.5% in 2023 and 1.8% in 2024.

## Real Personal Consumption Expenditures

Real PCE Consensus Forecast

Real Personal Consumption Expenditure

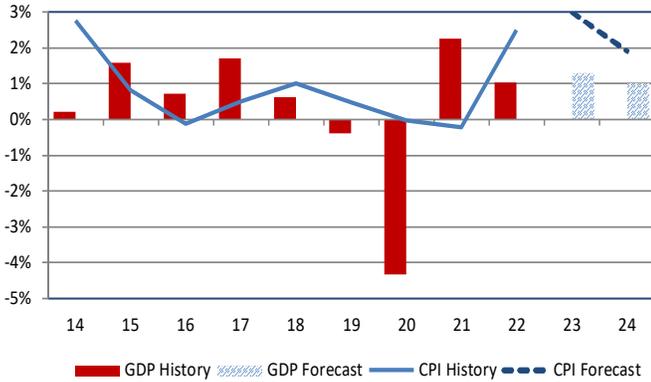


As noted in the GDP discussion, personal consumption expenditures grew at a 1.6% seasonally adjusted annual rate in Q2. This was notably less than the 4.2% growth in Q1, although slightly higher than the Blue Chip panel's estimate last month of 1.3%. A major contributor to the slowdown in spending growth was outlays for motor vehicles; they had surged at a 45.2% annual rate in Q1, so it's hardly surprising that they fell outright in Q2, dropping at a 7.5% rate. In the first seven months of 2023, unit car and truck sales ran at a 15.5 million annual rate, and the Blue Chip panel expects this will be the total for the entire year and for 2024 as well. While these are sizable sales amounts, they would not be growing, thus slowing the growth in durable goods outlays and overall consumer spending. Nondurable goods outlays in Q2 increased 0.9% after 0.5% in Q1 and spending on services rose at a 2.1% pace in Q2 after 3.2% in Q1. Following the 1.6% growth in PCE in Q2, the Blue Chip panel projects 1.5% in Q3 and 0.5% in Q4. These yield Q4/Q4 growth of PCE 2.2%, and for 2024, it would be 1.0%.

# International Forecasts:

## Japan

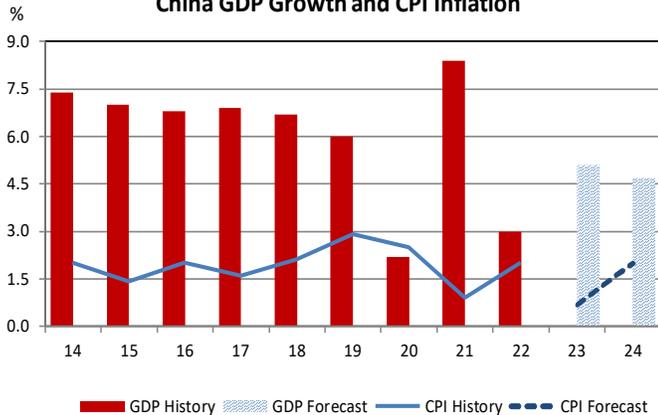
Japan GDP Growth and CPI Inflation



The Japanese economy appears to be becoming two-tiered. Solid consumer spending, mostly on services, is providing much of the boost to overall growth. By contrast, industrial production has been relatively flat throughout 2023 with the manufacturing PMI below the boom-bust 50 level for most of this year. Moreover, the recent buildup of inventories and weakness in exports augur even further slowing ahead. However, inflation remains elevated. The headline CPI has come off its recent highs but is still well above the BoJ's 2% target. More worrisome is the acceleration in CPI inflation apart from fresh food and energy prices, which was 4.2% y/y in June, its second highest rate since June 1981. The Bank of Japan continues to maintain its ultra-easy monetary policy. At its July meeting, the Bank unexpectedly widened its band for the 10-year JGB yield. With inflation remaining well above both the BoJ's forecast and target, the move may be a hint of tighter policy ahead, though the BCEI consensus is divided on this. It looks for tepid real GDP growth over the coming two years and has raised its 2023 inflation outlook by more than a percentage point since December (now expecting 3.0%).

## China

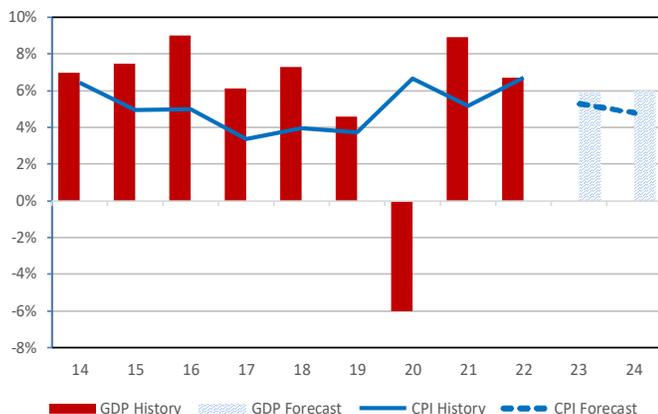
China GDP Growth and CPI Inflation



Latest data from China show that the recovery has remained subdued with most tier-one activity data surprising to the downside. GDP grew by just 0.8% q/q in Q2, much weaker than the 2.2% pace recorded in Q1. That weakness can be traced, in part, to flagging consumer spending growth—retail sales rose by just 3.1% y/y in June. But excess capacity in the property market is also derailing the economy—real estate investment fell by 6.7% y/y in June. It's been noteworthy too, against this backdrop, that the youth unemployment rate has been steadily climbing in recent months to stand at 21.3% in June, a new historic high. High-frequency data in the meantime, a sub-50 official manufacturing PMI in particular, suggest momentum remained very weak in July. Disinflationary pressures have additionally remained highly entrenched of late—the CPI fell by -0.3% y/y in July with the PPI dropping by -4.4% y/y. Fiscal policy support initiatives have been announced to shore up the economy in recent weeks, including for the ailing property sector. Even so, the weakness of the dataflow has led Blue Chip panelists to revise down their GDP growth and inflation outlook for both 2023 and for 2024 in our survey this month.

## India

India GDP Growth and CPI Inflation



India's GDP growth surprised positively in Q1, rising 6.1% y/y from 4.5% in Q4. Higher fixed investment growth, firmer software exports and weaker import growth were key drivers, more than offsetting lackluster private consumption. High frequency indicators, moreover, suggest that positive momentum was sustained in Q2 and the start of Q3 with July's composite PMI, for example, rising to 61.9 in July, after 60.9 in Q2 and 58.3 in Q1. As for price pressures, headline CPI inflation climbed to 4.8% y/y in June from 4.3% in May, largely because of firming food prices. And the latter could climb much further in the period ahead. Rice prices, for example, are currently hovering at decade highs thanks to the impact of unusual weather patterns (spawned by El Nino) and their impact on global rice production. Not only, however, could this impact inflation, it could squeeze growth as well following the government's announcement that it will ban rice exports in the period ahead. Against this backdrop the RBI has paused its tightening cycle and retained its cautious take on inflation. Blue Chip panelists currently expect GDP growth of 5.9% in 2023 (revised up from 5.7% last month) and 6.0% in 2024 (unchanged from last month).

**2023 Historical Data**

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	2.8	-0.7	-0.9	0.4	0.5	0.2	....	....	....	....	....	....
Auto & Light Truck Sales (b)	15.95	14.92	14.92	16.05	15.05	15.66	15.74	....	....	....	....	....
Personal Income (a, current \$)	0.7	0.4	0.4	0.3	0.5	0.3	....	....	....	....	....	....
Personal Consumption (a, current \$)	1.9	0.3	0.1	0.6	0.2	0.5	....	....	....	....	....	....
Consumer Credit (e)	5.2	2.8	4.8	5.4	2.3	4.3	....	....	....	....	....	....
Consumer Sentiment (U. of Mich.)	64.9	67.0	62.0	63.5	59.2	64.4	71.6	....	....	....	....	....
Household Employment (c)	894	177	577	139	-310	273	268	....	....	....	....	....
Nonfarm Payroll Employment (c)	472	248	217	217	281	185	187	....	....	....	....	....
Unemployment Rate (%)	3.4	3.6	3.5	3.4	3.7	3.6	3.5	....	....	....	....	....
Average Hourly Earnings (All, cur. \$)	33.02	33.11	33.20	33.34	33.45	33.60	33.74	....	....	....	....	....
Average Workweek (All, hrs.)	34.6	34.5	34.4	34.4	34.3	34.4	34.3	....	....	....	....	....
Industrial Production (d)	1.5	0.9	0.2	0.5	0.0	-0.4	....	....	....	....	....	....
Capacity Utilization (%)	79.6	79.6	79.5	79.9	79.4	78.9	....	....	....	....	....	....
ISM Manufacturing Index (g)	47.4	47.7	46.3	47.1	46.9	46.0	46.4	....	....	....	....	....
ISM Nonmanufacturing Index (g)	55.2	55.1	51.2	51.9	50.3	53.9	52.7	....	....	....	....	....
Housing Starts (b)	1.340	1.436	1.380	1.348	1.559	1.434	....	....	....	....	....	....
Housing Permits (b)	1.354	1.482	1.437	1.417	1.496	1.441	....	....	....	....	....	....
New Home Sales (1-family, c)	649	625	640	671	715	697	....	....	....	....	....	....
Construction Expenditures (a)	2.2	0.4	0.6	0.3	1.1	0.5	....	....	....	....	....	....
Consumer Price Index (nsa, d)	6.4	6.0	5.0	4.9	4.0	3.0	3.2	....	....	....	....	....
CPI ex. Food and Energy (nsa, d)	5.6	5.5	5.6	5.5	5.3	4.8	4.7	....	....	....	....	....
PCE Chain Price Index (d)	5.4	5.0	4.2	4.3	3.8	3.0	....	....	....	....	....	....
Core PCE Chain Price Index (d)	4.7	4.7	4.6	4.6	4.6	4.1	....	....	....	....	....	....
Producer Price Index (nsa, d)	5.7	4.7	2.7	2.1	0.9	0.1	....	....	....	....	....	....
Durable Goods Orders (a)	-1.3	-2.7	3.3	1.2	2.0	4.6	....	....	....	....	....	....
Leading Economic Indicators (a)	-0.5	-0.5	-1.2	-0.7	-0.6	-0.7	....	....	....	....	....	....
Balance of Trade & Services (f)	-70.2	-70.2	-60.6	-74.4	-68.3	-65.5	....	....	....	....	....	....
Federal Funds Rate (%)	4.33	4.57	4.65	4.83	5.06	5.08	5.12	....	....	....	....	....
3-Mo. Treasury Bill Rate (%)	4.54	4.65	4.69	4.92	5.14	5.16	5.25	....	....	....	....	....
10-Year Treasury Note Yield (%)	3.53	3.75	3.66	3.46	3.57	3.75	3.90	....	....	....	....	....

**2022 Historical Data**

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	1.4	1.4	2.1	1.3	-0.1	0.7	-0.5	0.7	0.0	1.0	-1.3	-0.7
Auto & Light Truck Sales (b)	15.11	13.71	13.56	14.28	12.58	13.05	13.31	13.23	13.64	15.28	14.34	13.37
Personal Income (a, current \$)	-0.1	0.5	0.5	0.2	0.5	0.5	0.8	0.6	0.5	0.6	0.2	0.2
Personal Consumption (a, current \$)	1.2	0.7	1.2	0.4	0.7	1.2	-0.1	0.7	0.6	0.7	-0.2	0.0
Consumer Credit (e)	4.7	8.4	10.1	7.4	6.9	8.6	6.8	7.0	6.9	8.8	8.1	4.8
Consumer Sentiment (U. of Mich.)	67.2	62.8	59.4	65.2	58.4	50.0	51.5	58.2	58.6	59.9	56.8	59.7
Household Employment (c)	1041	468	738	-346	317	-242	215	422	156	-257	-66	717
Nonfarm Payroll Employment (c)	364	904	414	254	364	370	568	352	350	324	290	239
Unemployment Rate (%)	4.0	3.8	3.6	3.6	3.6	3.6	3.5	3.7	3.5	3.7	3.6	3.5
Average Hourly Earnings (All, cur. \$)	31.63	31.63	31.83	31.94	32.06	32.18	32.33	32.43	32.53	32.66	32.80	32.92
Average Workweek (All, hrs.)	34.6	34.7	34.7	34.6	34.6	34.6	34.6	34.5	34.6	34.6	34.5	34.4
Industrial Production (d)	2.3	6.6	4.4	4.6	3.7	3.2	3.0	3.1	4.5	3.1	1.9	0.6
Capacity Utilization (%)	79.4	79.9	80.5	80.7	80.6	80.5	80.7	80.7	80.8	80.6	80.3	78.9
ISM Manufacturing Index (g)	57.6	58.4	57.0	55.9	56.1	53.1	52.7	52.9	51.0	50.0	49.0	48.4
ISM Nonmanufacturing Index (g)	60.4	57.2	58.4	57.5	56.4	56.0	56.4	56.1	55.9	54.5	55.5	49.2
Housing Starts (b)	1.669	1.771	1.713	1.803	1.543	1.561	1.371	1.505	1.463	1.432	1.427	1.357
Housing Permits (b)	1.898	1.817	1.877	1.795	1.708	1.701	1.658	1.586	1.588	1.555	1.402	1.409
New Home Sales (1-family, c)	810	773	707	611	636	563	543	638	567	577	582	636
Construction Expenditures (a)	2.4	1.5	1.4	1.8	-0.1	-0.4	-0.2	-1.2	-0.6	-0.4	0.6	-0.1
Consumer Price Index (nsa, d)	7.5	7.9	8.5	8.3	8.6	9.1	8.5	8.3	8.2	7.7	7.1	6.5
CPI ex. Food and Energy (nsa, d)	6.0	6.4	6.5	6.2	6.0	5.9	5.9	6.3	6.6	6.3	6.0	5.7
PCE Chain Price Index (d)	6.1	6.4	6.8	6.4	6.5	7.0	6.4	6.3	6.3	6.1	5.7	5.3
Core PCE Chain Price Index (d)	5.2	5.4	5.4	5.0	4.9	5.0	4.7	4.9	5.2	5.1	4.8	4.6
Producer Price Index (nsa, d)	10.1	10.4	11.7	11.2	11.1	11.2	9.7	8.7	8.5	8.2	7.4	6.4
Durable Goods Orders (a)	2.0	-1.4	-0.1	1.0	0.7	1.6	-0.8	-0.1	0.3	1.0	-3.1	4.5
Leading Economic Indicators (a)	-0.5	0.3	0.0	-0.6	-0.9	-0.7	-0.6	-0.3	-0.5	-0.9	-0.9	-0.7
Balance of Trade & Services (f)	-86.5	-87.0	-102.5	-86.0	-84.1	-80.9	-71.7	-67.3	-71.7	-78.3	-63.8	-71.4
Federal Funds Rate (%)	0.08	0.08	0.20	0.33	0.77	1.21	1.68	2.33	2.56	3.08	3.78	4.10
3-Mo. Treasury Bill Rate (%)	0.15	0.33	0.44	0.76	0.98	1.49	2.23	2.63	3.13	3.72	4.15	4.25
10-Year Treasury Note Yield (%)	1.76	1.93	2.13	2.75	2.90	3.14	2.90	2.90	3.52	3.98	3.89	3.62

(a) month-over-month % change; (b) mil, saar; (c) month-over-month change, thousands; (d) year-over-year % change; (e) annualized % change; (f) \$ bil

**Special Questions:**

1. What do you think will be the peak federal funds rate target (midpoint of range) in the current tightening cycle? 5.48%

2. What do you think the fed funds rate target (midpoint of range) will be at the end of: 2023 5.45% 2024 4.12%

3. When will the first fed funds rate cut occur?

<u>Q3 2023</u>	<u>Q4 2023</u>	<u>Q1 2024</u>	<u>Q2 2024</u>	<u>Later</u>
0%	5%	43%	30%	23%

4. What probability do you attach to a recession beginning over the next 12 months in the:

	Consensus	Top 10	Bottom 10
<u>US</u>	50%	71%	28%
<u>euro area</u>	52%	65%	40%
<u>UK</u>	58%	70%	45%

5 a. Repayments of US student loan debt will resume in October. Will this lower your outlook for the US economy in:

	<u>Yes</u>	<u>No</u>
2023	38%	62%
2024	51%	49%

b. How much does the fiscal impulse from the infrastructure, IRA and CHIP bills influence your US GDP growth outlook for:

<u>2023</u>	0.3%	<u>2024</u>	0.3%
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6 a. Have your forecasts for global growth been adversely impacted by recent data releases, notably in Asia and Europe?

<u>Yes</u>	64%	<u>No</u>	36%
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b. Does China's recent disappointing data threaten to weaken the global outlook for economic growth in 2023?

<u>Yes</u>	86%	<u>No</u>	14%
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c. Do you think the Bank of Japan's recent decision to loosen its yield curve control policy paves the way for a broader tightening of monetary policy over the next few months?

<u>Yes</u>	48%	<u>No</u>	52%
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d. If yes, do you think this could pose risks for global financial stability? Yes 16% No 84%

7. The US Fed has recently promoted core PCE services excluding housing as a key measure of inflation to guide monetary policy. In June 2023, this index was up 4.1% y/y. What do you expect this inflation rate to be for December/December in:

<u>2023</u>	3.5%	<u>2024</u>	2.6%
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8. What do you think has been the major factor behind the decline in US inflation over the past year?

<u>Mending supply chains</u>	46%
<u>Falling energy prices</u>	36%
<u>Tighter monetary policy</u>	18%

## Viewpoints:

### A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by Our Blue Chip Panel Members and Others

#### Faster wage growth may enliven inflation ...

Complacency on labor costs is unwarranted. Earlier optimism regarding disinflationary wage growth stemmed from a deceleration by the average monthly increase for the private-sector's average hourly wage from the 0.4% of 2022's second half to the 0.3% of 2023's first quarter. However, the average hourly wage subsequently grew by 0.4% per month, on average, during April-July 2023.

Moreover, July's 4.4% year-to-year increase by the average hourly wage of private-sector workers was well above 2017-2019's 3.0% average that overlapped a 1.8% average annual rate of core PCE price index inflation.

#### Small businesses still face wage pressures ...

The NFIB's net percent of surveyed small businesses increasing employee compensation edged up from June 2023's +36 percentage points to July's +38 points. When the average hourly wage of all private-sector employees grew by 3.0% annually, on average, during 2017-2019, the small-business wage hike index averaged +30 points.

This index of wage pressures facing small businesses set a record high at the +50 points of January 2022.

#### Rate cuts may strengthen the case for impending recession ...

Thus far in August, the 10-year Treasury yield has remained above 4%. August's month-long average for the benchmark Treasury yield might yet be the highest since the 4.10% of December 2007. Coincidentally, the latter was the first month of the Great Recession.

Nevertheless, the start of each of the four recessions since 1982 occurred amid a declining trend for the federal funds rate.

In other words, the Fed had already started a series of rate cuts before recession arrived.

The duration of rate cuts prior to recession's arrival ranged from a low of two months prior to the March 2001 start of 2001's recession to a high of 13 months prior to the July 1990 start to 1990-1991's downturn. The median span between the peaking of fed funds and the start of a recession was 5.5 months.

Thus, if the Fed begins to cut rates during early 2024, a recession might arrive by mid-year. Here, an election year recession would reduce the incumbent party's chances of staying in power.

In turn, the fate of existing subsidy and regulatory programs will become more uncertain. Business spending plans may suffer.

Plunge by homebuyer mortgage applications doesn't jibe with housing strength ...

Some say higher Treasury bond yields don't matter. But then why were July's mortgage applications from potential homebuyers down by -24% year-on-year? One obvious culprit is the dearth of existing homes for sale.

Existing homes for sale are in short-supply for a number of reasons. They include (i) the above-average risk of home price deflation that is implicit to a historically high ratio of home prices to income, (ii) the unwillingness to give up the 3.8% average mortgage rate of the 10 years ended 2021 for a now nearly 7% mortgage rate, and (iii) the lack of attractive job opportunities that might otherwise prompt housing turnover via relocation or substantially higher salaries. Seldom has a 3.5% unemployment rate looked so limp.

#### How to tell when the job market is knocking on recession's door ...

July's jobs report supplied little, if any, evidence of an impending recession. Often, recessions are preceded by a notable shrinkage of jobs growth and a rising unemployment rate.

The labor market would signal either an impending or ongoing recession if (i) the moving three-month average change of payrolls is no greater than 100,000 new jobs per month, (ii) the unemployment rate's moving three-month average rises from July 2023's 3.65% to 4%, and (iii) the annualized quarterly contraction for private-sector hours of work is deeper than -0.2%. During the three-months-ended July, payrolls grew by 218,000 jobs per month, on average, while private-sector hours rose by 0.6% annualized from the three-months-ended April 2023.

#### International trade data implies world economy is in sad shape ...

Shrinkages of world trade often are the product of global economic downturns. China's export-dependent economy has been hit hard by deep year-on-year declines by exports. The yearly plunge by China's exports deepened from June's -12.4% to July's -14.5%. The latter included a -23.1% year-on-year plunge by China's exports to the US.

Meanwhile, the yearly percent drop by China's imports worsened from June's -6.8% to July's -12.4%. Import contraction brings attention to China's lackluster domestic spending. Currently, there is no such thing as a middle-class consumer spending boom in China.

As inferred from China's shallower year-over-year setbacks of -5.0% for exports and -7.6% for imports for 2023's first seven months, China's trade performance has deteriorated from what held earlier in 2023.

#### US exports and imports contracted together in only 6 of last 73 years ...

US trade data also are weak. The year-on-year percent change for US exports sank from Q1-2023's 8.4% advance to Q2-2023's -2.9% contraction.

Moreover, US imports year-on-year shrinkage deepened from Q1-2023's -1.6% to Q2-2023's -6.4%. The worsened performance by US imports suggests US domestic spending slowed from the first to the second quarter.

Calendar-year 2023 may show the first simultaneous declines by US exports and imports since 2020's COVID recession year. Previous calendar year declines by the US' exports and imports occurred in 2016, 2015, 2009, 1982, and 1949. The latter three years overlapped recessions.

#### Surveyed small businesses report recessionary sales trend ...

According to a NFIB survey, the net percent of polled small businesses reporting an increase in sales comparing the three-months-ended July 2023 with the contiguous three-months-ended April 2023 sank to -13 percentage points. So deep of a negative reading ordinarily occurs during recessions.

Around the start of the COVID recession, the index sank from March 2020's +8 points to April's -11 points. Amid 2017-2019's relative economic calm, the small business sales index averaged +5 points.

*John Lonski (The Lonski Group)*

## Calendar of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
<b>August 14</b>	<b>15</b> Advance Retail Sales (Jul) Import & Export Prices (Jul) MTIS (Jun) Empire State Mfg Survey (Aug) Home Builders (Aug) TIC Data (Jun)	<b>16</b> New Residential Construction (Jul) IP & Capacity Utilization (Jul) Business Leaders Survey (Aug) EIA Crude Oil Stocks Mortgage Application	<b>17</b> Retail E-Commerce Sales (Q2) Philadelphia Fed Mfg Business Outlook Survey (Aug) Composite Indexes (Jul) Weekly Jobless Claims	<b>18</b> Advance Quarterly Services(Q2)
<b>21</b> Dallas Fed Banking Conditions Survey (Jul)	<b>22</b> Existing Home Sales (Jul) H.6 Money Stock (Jul) Treas Auction Allotments (Aug) Philadelphia Fed Nonmfg Business Outlook Survey (Aug) Richmond Fed Mfg & Service Sector Surveys (Aug)	<b>23</b> New Residential Sales (Jul) CEW (Q1) S&P Global Flash PMIs (Aug) FRB Philadelphia Coincident Economic Activity Index (Jul) Final Building Permits (Jul) EIA Crude Oil Stocks Mortgage Application	<b>24</b> Advance Durable Goods (Jul) Chicago Fed National Activity Index (Jul) Kansas City Fed Manufacturing Survey (Aug) Weekly Jobless Claims	<b>25</b> Consumer Sentiment (Aug, Final) Strike Report (Aug) Steel Imports for Consumption (Jul, Preliminary)
<b>28</b> Texas Manufacturing Outlook Survey (Aug)	<b>29</b> Case-Shiller HPI (Jun) FHFA HPI (Jun & Q2) Consumer Confidence (Aug) JOLTS (Jul) Texas Service Sector Outlook Survey (Aug)	<b>30</b> ADP Employment Report (Aug) GDP (Q2, 2nd Estimate) Adv Trade & Inventories (Jul) Pending Home Sales (Jul) EIA Crude Oil Stocks Mortgage Application	<b>31</b> Dallas Fed Trimmed Mean PCE (Jul) Personal Income (Jul) Agricultural Prices (Jul) Underlying NIPA Tables (Q2, 2 <sup>nd</sup> Estimate) Challenger Employment Report (Aug) Chicago PMI (Aug) Weekly Jobless Claims	<b>September 1</b> Employment Situation (Aug) ISM Manufacturing (Aug) S&P Global Mfg PMI (Aug) Construction (Jul)
<b>4</b>  <b>LABOR DAY</b>  <b>ALL MARKETS CLOSED</b>	<b>5</b> Manufacturers' Shipments, Inventories & Orders (Jul) BEA Auto & Truck Sales (Aug)	<b>6</b> International Trade (Jul) ISM Services PMI (Aug) S&P Global Services PMI (Aug) QFR (Q2) Kansas City Fed Labor Market Conditions Indicators (Aug) Mortgage Application	<b>7</b> Productivity & Costs (Q2) QSS (Q2) Public Debt (Aug) Interest Expense on the Public Debt (Aug) Weekly Jobless Claims EIA Crude Oil Stocks	<b>8</b> Wholesale Trade (Jul) Treasury Auction Allotments (Aug) Consumer Credit (Jul)
<b>11</b>	<b>12</b> ECEC (Q2) Manpower Survey (Q4) NFIB (Aug) Kansas City Financial Stress Index (Aug) OPEC Crude Oil Spot Prices (Aug)	<b>13</b> CPI & Real Earnings (Aug) Cleveland Fed Median CPI (Aug) Monthly Treasury Statement (Aug) EIA Crude Oil Stocks Mortgage Application	<b>14</b> Advance Retail Sales (Aug) Producer Prices (Aug) MTIS (Jul) Transportation Services Index (Jul) Weekly Jobless Claims	<b>15</b> Import & Export Prices (Aug) IP & Capacity Utilization (Aug) Consumer Sentiment (Sep, Preliminary) Empire State Mfg Survey (Sep)
<b>18</b> Business Leaders Survey (Sep) Home Builders (Sep) TIC Data (Jul)	<b>19</b> New Residential Construction (Aug) FOMC Meeting	<b>20</b> EIA Crude Oil Stocks Mortgage Application FOMC Meeting	<b>21</b> International Transactions (Q2) Existing Home Sales (Aug) Philadelphia Fed Mfg Business Outlook Survey (Sep) Composite Indexes (Aug) Weekly Jobless Claims	<b>22</b> Treasury Auction Allotments FRB Philadelphia Coincident Economic Activity Index (Aug) S&P Global Flash PMIs (Sep)

## EXPLANATORY NOTES

For 47 years, *Blue Chip Economic Indicators'* monthly survey of leading business economists has provided private and public sector decision-makers timely and accurate 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, generally during the first week 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 Indicators* 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*. The award winner is determined by W.P. Carey School of Business at Arizona State University.

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 1-10, the forecasts are for the year-over-year percent change in each variable. Columns 11-13 represent average percentage levels of the year in question. Column 16 is an inflation-adjusted dollar level, measured in billions of chained 2012 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 1-10, the forecasts are for the quarter-over-quarter, seasonally-adjusted, annualized percent change in each variable. Columns 11-13 represent average percentage levels for the quarter in question. Columns 14 and 15 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 produced 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 percentage 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 top 3 and bottom 3 averages 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 semi-annual, long-range surveys.* In addition to our usual forecasts for this year and next, the semiannual, 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*. The US macro team within S&P Global Market Intelligence 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 Joseph Aguinaldo at (212) 986-9300 or email him at: [bluechip@haver.com](mailto:bluechip@haver.com).*