

APPENDIX
B

CBO's Economic Projections for 2016 Through 2026

The tables in this appendix expand on the information in Chapter 2 by showing the Congressional Budget Office's economic projections for each year from 2016 through 2026 (by calendar year in Table B-1 and by fiscal year in Table B-2). For years after 2020, CBO did not attempt to forecast the frequency or size of fluctuations in the business cycle. Instead, the values shown in these

tables for 2021 through 2026 mainly reflect CBO's projections of underlying trends in key variables, such as the size of the labor force, the number of hours worked, capital investment, and productivity. CBO also considers the effects on those variables of the federal tax and spending policies specified in current law.

Table B-1.

CBO's Economic Projections, by Calendar Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Percentage Change From Year to Year										
Gross Domestic Product											
Real ^a	1.9	2.4	2.2	1.7	1.6	1.9	2.0	2.0	2.0	2.0	1.9
Nominal	3.2	4.2	4.0	3.7	3.6	3.9	4.0	4.0	4.0	4.0	4.0
Inflation											
PCE price index	1.2	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Core PCE price index ^b	1.7	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer price index ^c	1.4	2.4	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Core consumer price index ^b	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4
GDP price index	1.3	1.8	1.8	1.9	1.9	2.0	2.0	2.0	2.0	2.1	2.1
Employment Cost Index ^d	2.6	3.0	3.3	3.3	3.1	3.1	3.1	3.1	3.1	3.1	3.1
	Annual Average										
Unemployment Rate (Percent)	4.8	4.5	4.6	4.8	5.0	5.0	5.0	5.0	4.9	4.9	4.9
Payroll Employment (Monthly change, in thousands) ^e	175	123	24	14	37	61	64	66	65	65	65
Interest Rates (Percent)											
Three-month Treasury bills	0.3	0.7	1.4	2.2	2.7	2.8	2.8	2.8	2.8	2.8	2.8
Ten-year Treasury notes	1.8	2.3	2.8	3.1	3.3	3.5	3.6	3.6	3.6	3.6	3.6
Tax Bases (Percentage of GDP)											
Wages and salaries	44.3	44.4	44.4	44.4	44.4	44.3	44.3	44.3	44.3	44.2	44.2
Domestic economic profits	8.7	8.4	8.2	7.9	7.6	7.4	7.3	7.3	7.3	7.4	7.4
Tax Bases (Billions of dollars)											
Wages and salaries	8,204	8,562	8,911	9,235	9,569	9,938	10,329	10,737	11,160	11,599	12,056
Domestic economic profits	1,610	1,621	1,644	1,654	1,642	1,658	1,696	1,760	1,838	1,929	2,031
Nominal GDP (Billions of dollars)	18,528	19,302	20,083	20,819	21,567	22,410	23,302	24,239	25,215	26,236	27,295

Source: Congressional Budget Office.

GDP = gross domestic product; PCE = personal consumption expenditures.

- a. Nominal GDP adjusted to remove the effects of inflation.
- b. Excludes prices for food and energy.
- c. The consumer price index for all urban consumers.
- d. The employment cost index for wages and salaries of workers in private industries.
- e. Calculated as the monthly average of the fourth-quarter-to-fourth-quarter change in payroll employment.

Table B-2.

CBO's Economic Projections, by Fiscal Year

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
	Percentage Change From Year to Year										
Gross Domestic Product											
Real ^a	1.9	2.3	2.3	1.9	1.6	1.8	2.0	2.0	2.0	2.0	1.9
Nominal	3.1	4.0	4.1	3.7	3.6	3.8	4.0	4.0	4.0	4.0	4.0
Inflation											
PCE price index	0.9	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Core PCE price index ^b	1.6	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Consumer price index ^c	1.0	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Core consumer price index ^b	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4
GDP price index	1.2	1.7	1.8	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.1
Employment Cost Index ^d	2.4	2.9	3.2	3.3	3.1	3.1	3.1	3.1	3.1	3.1	3.1
					Annual Average						
Unemployment Rate (Percent)	4.9	4.5	4.5	4.8	5.0	5.0	5.0	5.0	4.9	4.9	4.9
Payroll Employment (Monthly change, in thousands) ^e	192	144	44	11	29	58	63	66	66	65	65
Interest Rates (Percent)											
Three-month Treasury bills	*	0.6	1.2	2.0	2.6	2.8	2.8	2.8	2.8	2.8	2.8
Ten-year Treasury notes	1.9	2.2	2.7	3.0	3.3	3.5	3.6	3.6	3.6	3.6	3.6
Tax Bases (Percentage of GDP)											
Wages and salaries	44.2	44.3	44.4	44.4	44.4	44.4	44.3	44.3	44.3	44.2	44.2
Domestic economic profits	8.6	8.5	8.2	8.0	7.7	7.4	7.3	7.3	7.3	7.3	7.4
Tax Bases (Billions of dollars)											
Wages and salaries	8,121	8,470	8,828	9,154	9,482	9,843	10,230	10,634	11,053	11,488	11,940
Domestic economic profits	1,586	1,617	1,638	1,653	1,645	1,652	1,684	1,743	1,819	1,904	2,005
Nominal GDP (Billions of dollars)	18,367	19,102	19,895	20,637	21,372	22,193	23,075	24,001	24,967	25,977	27,027

Source: Congressional Budget Office.

GDP = gross domestic product; PCE = personal consumption expenditures; * = between zero and 0.05 percent.

- a. Nominal GDP adjusted to remove the effects of inflation.
- b. Excludes prices for food and energy.
- c. The consumer price index for all urban consumers.
- d. The employment cost index for wages and salaries of workers in private industries.
- e. Calculated as the monthly average of the fourth-quarter-to-fourth-quarter change in payroll employment.