

Table 2-1.**CBO's Economic Projections for Calendar Years 2010 to 2021**

	Estimated, 2010	Forecast		Projected Annual Average	
		2011	2012	2013–2016	2017–2021
Fourth Quarter to Fourth Quarter (Percentage change)					
Real GDP	2.5	3.1	2.8	3.4	2.4
PCE Price Index	1.4	1.2	1.3	1.7	2.0
Core PCE Price Index ^a	1.0	1.0	1.2	1.6	2.0
Consumer Price Index ^b	1.2 ^c	1.3	1.3	2.0	2.3
Core Consumer Price Index ^a	0.6 ^c	0.9	1.2	1.9	2.2
GDP Price Index	1.3	0.9	1.4	1.8	2.0
Nominal GDP	3.8	4.1	4.3	5.2	4.4
Fourth-Quarter Level (Percent)					
Unemployment Rate	9.6 ^c	9.2	8.2	5.3 ^d	5.2 ^e
Year to Year (Percentage change)					
Real GDP	2.8	2.7	3.1	3.4	2.4
PCE Price Index	1.8	1.3	1.2	1.7	2.0
Core PCE Price Index ^a	1.4	1.0	1.1	1.6	2.0
Consumer Price Index ^b	1.6 ^c	1.6	1.3	1.9	2.3
Core Consumer Price Index ^a	1.0 ^c	0.9	1.0	1.8	2.2
GDP Price Index	0.9	0.9	1.3	1.7	2.0
Nominal GDP	3.8	3.7	4.4	5.1	4.4
Calendar Year Average					
Interest Rates (Percent)					
Three-month Treasury bill	0.1 ^c	0.3	1.1	3.6	4.4
Ten-year Treasury note	3.2 ^c	3.4	3.8	4.7	5.4
Unemployment Rate (Percent)	9.6 ^c	9.4	8.4	6.4	5.2
Nominal GDP (Billions of dollars)	14,649	15,184	15,858	19,362 ^d	24,064 ^e
Tax Bases (Billions of dollars)					
Domestic economic profits	1,234	1,308	1,355	1,515 ^d	1,658 ^e
Wages and salaries	6,403	6,702	7,070	8,710 ^d	10,865 ^e
Tax Bases (Percentage of GDP)					
Domestic economic profits	8.4	8.6	8.5	8.1	7.1
Wages and salaries	43.7	44.1	44.6	44.8	45.1

Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve.

Notes: Economic projections for each year from 2010 to 2021 appear in Appendix D.

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

a. Excludes prices for food and energy.

b. The consumer price index for all urban consumers.

c. Actual value for 2010.

d. Value for 2016.

e. Value for 2021.

Table 2-2.**Key Assumptions in CBO's Projection of Potential Output**

(By calendar year, in percent)

	Average Annual Growth						Projected Average Annual Growth			
	1950-1973	1974-1981	1982-1990	1991-2001	2002-2010	Total, 1950-2010	2011-2016	2017-2021	Total, 2011-2021	
Overall Economy										
Potential Output	3.9	3.2	3.1	3.1	2.4	3.3	2.2	2.4	2.3	
Potential Labor Force	1.6	2.5	1.6	1.2	0.9	1.5	0.7	0.7	0.7	
Potential Labor Productivity ^a	2.3	0.7	1.5	1.9	1.5	1.8	1.5	1.7	1.6	
Nonfarm Business Sector										
Potential Output	4.0	3.5	3.3	3.5	2.7	3.6	2.6	2.8	2.7	
Potential Hours Worked	1.4	2.3	1.6	1.2	0.6	1.4	0.6	0.7	0.7	
Capital Services	3.8	4.3	4.1	4.7	2.6	3.9	3.6	3.5	3.6	
Potential TFP	1.9	0.7	0.9	1.3	1.5	1.4	1.1	1.2	1.2	
Potential TFP excluding adjustments	1.9	0.7	0.9	1.2	1.2	1.3	1.2	1.2	1.2	
Total adjustments	0	0	0	0.1	0.3	*	-0.1	0	**	
Effects of the recession ^b	0	0	0	0	*	*	-0.1	0	**	
Temporary adjustment ^c	0	0	0	0.1	0.3	0.1	0	0	0	
Contributions to the Growth of Potential Output in the Nonfarm Business Sector (Percentage points)										
Potential Hours Worked	0.9	1.6	1.1	0.8	0.4	1.0	0.4	0.5	0.5	
Capital Input	1.2	1.3	1.2	1.4	0.8	1.2	1.1	1.0	1.1	
Potential TFP	1.9	0.7	0.9	1.3	1.5	1.4	1.1	1.2	1.2	
Total Contributions	4.0	3.5	3.3	3.5	2.7	3.5	2.6	2.8	2.7	
Memorandum:										
Potential Labor Productivity in the Nonfarm Business Sector ^d	2.6	1.3	1.6	2.3	2.1	2.2	2.0	2.0	2.0	

Source: Congressional Budget Office.

Note: TFP = total factor productivity; * = between zero and 0.05 percent; ** = between -0.05 percent and zero.

- a. The ratio of potential output to the potential labor force.
- b. An adjustment to reflect the effects of the recession on potential output, beyond its impact on capital accumulation and labor supply.
- c. An adjustment for the unusually rapid growth of TFP between 2001 and 2003.
- d. The ratio of potential output to potential hours worked in the nonfarm business sector.

Table 2-3.
**CBO's Current and Previous Economic Projections for
Calendar Years 2010 to 2020**

	Estimated, 2010	Forecast		Projected Annual Average	
		2011	2012	2013–2016	2017–2020
Year to Year (Percentage change)					
Real GDP					
January 2011	2.8	2.7	3.1	3.4	2.4
August 2010	3.0	2.1	3.4	3.5	2.3
Real Potential GDP					
January 2011	1.7	1.9	2.0	2.4	2.4
August 2010	1.6	1.8	2.2	2.5	2.3
PCE Price Index					
January 2011	1.8	1.3	1.2	1.7	2.0
August 2010	1.5	1.0	1.3	1.8	2.0
Consumer Price Index ^a					
January 2011	1.6 ^b	1.6	1.3	1.9	2.3
August 2010	1.6	1.0	1.4	2.1	2.3
GDP Price Index					
January 2011	0.9	0.9	1.3	1.7	2.0
August 2010	0.8	1.0	1.2	1.8	2.0
Nominal GDP					
January 2011	3.8	3.7	4.4	5.1	4.5
August 2010	3.8	3.1	4.7	5.4	4.4
Employment Cost Index ^c					
January 2011	1.8	2.1	2.3	2.9	3.5
August 2010	1.5	2.1	2.6	3.7	3.3
Calendar Year Average					
Interest Rates (Percent)					
Three-month Treasury bill					
January 2011	0.1 ^b	0.3	1.1	3.6	4.4
August 2010	0.2	0.2	1.1	4.3	5.0
Ten-year Treasury note					
January 2011	3.2 ^b	3.4	3.8	4.7	5.4
August 2010	3.4	3.5	4.1	5.4	5.9
Unemployment Rate (Percent)					
January 2011	9.6 ^b	9.4	8.4	6.4	5.2
August 2010	9.5	9.0	8.1	5.5	5.0
Nominal GDP (Billions of dollars)					
January 2011	14,649	15,184	15,858	19,362 ^d	23,062 ^e
August 2010	14,804	15,262	15,974	19,730 ^d	23,398 ^e

Continued

Table 2-3.**Continued****CBO's Current and Previous Economic Projections for Calendar Years 2010 to 2020**

	Estimated, 2010	Forecast		Projected Annual Average		
		2011	2012	2013–2016	2017–2020	
Calendar Year Average (Continued)						
Tax Bases (Billions of dollars)						
Domestic economic profits						
January 2011	1,234	1,308	1,355	1,515 ^d	1,601 ^e	
August 2010	1,326	1,342	1,406	1,493 ^d	1,572 ^e	
Wages and salaries						
January 2011	6,403	6,702	7,070	8,710 ^d	10,417 ^e	
August 2010	6,415	6,629	7,076	8,946 ^d	10,644 ^e	
Tax Bases (Percentage of GDP)						
Domestic economic profits						
January 2011	8.4	8.6	8.5	8.1	7.2	
August 2010	9.0	8.8	8.8	8.3	7.0	
Wages and salaries						
January 2011	43.7	44.1	44.6	44.8	45.1	
August 2010	43.3	43.4	44.3	45.0	45.5	

Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve.

Notes: Percentage changes are measured from one year to the next.

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

- a. The consumer price index for all urban consumers.
- b. Actual value for 2010.
- c. The employment cost index for wages and salaries of workers in private industry.
- d. Value for 2016.
- e. Value for 2020.

Table 2-4.

Comparison of Economic Projections by CBO and the *Blue Chip* Consensus for Calendar Years 2010 to 2012

	Estimated, 2010	2011	2012
	Fourth Quarter to Fourth Quarter (Percentage change)		
Real GDP			
CBO	2.5	3.1	2.8
<i>Blue Chip</i>	2.8	3.3	3.2
Consumer Price Index^a			
CBO	1.2 ^b	1.3	1.3
<i>Blue Chip</i>	1.1	1.8	2.0
GDP Price Index			
CBO	1.3	0.9	1.4
<i>Blue Chip</i>	1.6	1.5	1.7
Nominal GDP			
CBO	3.8	4.1	4.3
<i>Blue Chip</i>	4.4	4.8	5.0
Calendar Year Average (Percent)			
Interest Rates (Percent)			
Three-month Treasury bill			
CBO	0.1 ^b	0.3	1.1
<i>Blue Chip</i>	0.1 ^b	0.3	1.2
Ten-year Treasury note			
CBO	3.2 ^b	3.4	3.8
<i>Blue Chip</i>	3.2 ^b	3.5	4.2
Unemployment Rate (Percent)			
CBO	9.6 ^b	9.4	8.4
<i>Blue Chip</i>	9.6 ^b	9.4	8.7

Sources: Congressional Budget Office; Aspen Publishers, Inc., *Blue Chip Economic Indicators* (January 10, 2011).

Notes: The *Blue Chip* consensus is the average of about 50 forecasts by private-sector economists.

GDP = gross domestic product.

- a. The consumer price index for all urban consumers.
- b. Actual value for 2010.

Table 2-5.

Comparison of Forecasts by CBO and the Federal Reserve for Calendar Years 2010 to 2013

	Estimated, 2010	2011	2012	2013
Fourth Quarter to Fourth Quarter (Percentage change)				
Real GDP				
CBO	2.5	3.1	2.8	3.5
Federal Reserve				
Range	2.3 to 2.5	2.5 to 4.0	2.6 to 4.7	3.0 to 5.0
Central tendency	2.4 to 2.5	3.0 to 3.6	3.6 to 4.5	3.5 to 4.6
PCE Price Index				
CBO	1.4	1.2	1.3	1.5
Federal Reserve				
Range	1.1 to 1.5	0.9 to 2.2	0.6 to 2.2	0.4 to 2.0
Central tendency	1.2 to 1.4	1.1 to 1.7	1.1 to 1.8	1.2 to 2.0
Core PCE Price Index ^a				
CBO	1.0	1.0	1.2	1.5
Federal Reserve				
Range	0.9 to 1.4	0.7 to 2.0	0.6 to 2.0	0.5 to 2.0
Central tendency	1.0 to 1.1	0.9 to 1.6	1.0 to 1.6	1.1 to 2.0
Average Level, Fourth Quarter (Percent)				
Unemployment Rate				
CBO	9.6 ^b	9.2	8.2	7.4
Federal Reserve				
Range	9.4 to 9.8	8.2 to 9.3	7.0 to 8.7	5.9 to 7.9
Central tendency	9.5 to 9.7	8.9 to 9.1	7.7 to 8.2	6.9 to 7.4

Sources: Congressional Budget Office; Board of Governors of the Federal Reserve System, "Summary of Economic Projections for the Meeting of November 2–3, 2010" (November 23, 2010), www.federalreserve.gov/monetarypolicy/files/fomcminutes20101103.pdf.

Notes: The range of estimates from the Federal Reserve reflects the forecasts of the members of the Board of Governors and the presidents of the Federal Reserve Banks. The central tendency is the range omitting the three highest and three lowest projections.

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

a. Excludes prices for food and energy.

b. Actual value for 2010.

Table D-1.**CBO's Year-by-Year Projections for Calendar Years 2010 to 2021**

	Estimated, 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021											
	Year to Year (Percentage change)											
Real GDP	2.8	2.7	3.1	3.1	3.5	3.8	3.0	2.5	2.4	2.4	2.4	2.3
PCE Price Index	1.8	1.3	1.2	1.4	1.6	1.7	1.9	2.0	2.0	2.0	2.0	2.0
Core PCE Price Index ^a	1.4	1.0	1.1	1.4	1.5	1.6	1.8	2.0	2.0	2.0	2.0	2.0
Consumer Price Index ^b	1.7	1.6	1.3	1.6	1.8	2.0	2.2	2.4	2.3	2.3	2.3	2.3
Core Consumer Price Index ^a	1.0	0.9	1.0	1.4	1.7	1.9	2.1	2.3	2.2	2.2	2.2	2.2
GDP Price Index	0.9	0.9	1.3	1.6	1.7	1.7	1.9	2.1	2.0	2.0	2.0	2.0
Nominal GDP	3.8	3.7	4.4	4.7	5.3	5.5	5.0	4.6	4.5	4.4	4.4	4.3
Employment Cost Index ^c	1.8	2.1	2.3	2.6	2.8	3.0	3.3	3.6	3.7	3.6	3.3	3.2
Calendar Year Average												
Interest Rates (Percent)												
Three-month Treasury bill	0.1	0.3	1.1	2.5	3.5	4.0	4.3	4.4	4.4	4.4	4.4	4.4
Ten-year Treasury note	3.2	3.4	3.8	4.2	4.6	5.0	5.3	5.4	5.4	5.4	5.4	5.4
Unemployment Rate (Percent)	9.6	9.4	8.4	7.6	6.8	5.9	5.3	5.3	5.2	5.2	5.2	5.2
Nominal GDP (Billions of dollars)	14,649	15,184	15,858	16,609	17,483	18,441	19,362	20,258	21,162	22,093	23,062	24,064
Tax Bases (Billions of dollars)												
Domestic economic profits	1,234	1,308	1,355	1,422	1,433	1,469	1,515	1,521	1,541	1,554	1,601	1,658
Wages and salaries	6,403	6,702	7,070	7,377	7,832	8,281	8,710	9,109	9,543	9,982	10,417	10,865
Tax Bases (Percentage of GDP)												
Domestic economic profits	8.4	8.6	8.5	8.6	8.2	8.0	7.8	7.5	7.3	7.0	6.9	6.9
Wages and salaries	43.7	44.1	44.6	44.4	44.8	44.9	45.0	45.0	45.1	45.2	45.2	45.2

Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve.

Notes: Percentage changes are measured from one year to the next.

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

- a. Excludes prices for food and energy.
- b. The consumer price index for all urban consumers.
- c. The employment cost index for wages and salaries of workers in private industry.

Table D-2.**CBO's Year-by-Year Projections for Fiscal Years 2010 to 2021**

	Actual, 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021											
	Year to Year (Percentage change)											
Real GDP	2.2	2.5	3.2	2.9	3.5	3.7	3.3	2.6	2.4	2.4	2.4	2.3
PCE Price Index	1.8	1.4	1.2	1.4	1.6	1.7	1.8	2.0	2.0	2.0	2.0	2.0
Core PCE Price Index ^a	1.6	1.0	1.0	1.3	1.5	1.6	1.7	1.9	2.0	2.0	2.0	2.0
Consumer Price Index ^b	1.7	1.6	1.3	1.5	1.8	2.0	2.2	2.4	2.4	2.3	2.3	2.3
Core Consumer Price Index ^a	1.2	0.9	1.0	1.3	1.7	1.8	2.0	2.3	2.3	2.2	2.2	2.2
GDP Price Index	0.8	1.0	1.1	1.5	1.7	1.6	1.8	2.0	2.0	2.0	2.0	2.0
Nominal GDP	2.9	3.6	4.4	4.5	5.2	5.4	5.2	4.7	4.5	4.4	4.4	4.4
Employment Cost Index ^c	1.5	2.3	2.1	2.5	2.8	2.9	3.2	3.5	3.6	3.7	3.3	3.2
Fiscal Year Average												
Interest Rates (Percent)												
Three-month Treasury bill	0.1	0.2	0.8	2.2	3.3	3.9	4.2	4.4	4.4	4.4	4.4	4.4
Ten-year Treasury note	3.4	3.2	3.7	4.1	4.5	4.9	5.3	5.4	5.4	5.4	5.4	5.4
Unemployment Rate (Percent)	9.8	9.6	8.7	7.8	7.1	6.1	5.4	5.3	5.2	5.2	5.2	5.2
Nominal GDP (Billions of dollars)	14,513	15,034	15,693	16,400	17,258	18,195	19,141	20,033	20,935	21,856	22,817	23,810
Tax Bases (Billions of dollars)												
Domestic economic profits	1,183	1,294	1,346	1,405	1,429	1,456	1,508	1,518	1,538	1,547	1,589	1,644
Wages and salaries	6,351	6,618	6,957	7,307	7,724	8,166	8,608	9,009	9,430	9,874	10,306	10,752
Tax Bases (Percentage of GDP)												
Domestic economic profits	8.1	8.6	8.6	8.6	8.3	8.0	7.9	7.6	7.3	7.1	7.0	6.9
Wages and salaries	43.8	44.0	44.3	44.6	44.8	44.9	45.0	45.0	45.0	45.2	45.2	45.2

Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis; Department of Labor, Bureau of Labor Statistics; Federal Reserve.

Notes: Percentage changes are measured from one year to the next.

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

a. Excludes prices for food and energy.

b. The consumer price index for all urban consumers.

c. The employment cost index for wages and salaries of workers in private industry.