National Association for Business Economics
June 2015 | NABE Outlook

NABE Outlook

NABE Panel Tempers Forecasts for 2015 Growth in GDP, Interest Rates, and Employment

Embargoed until Monday, June 8, 2015,12:01am ET

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The June 2015 NABE Outlook presents the consensus of macroeconomic forecasts from a panel of 48 professional forecasters (see last page for listing). The survey, covering the outlook for 2015 and 2016, was conducted May 8-20, 2015. The NABE Outlook Survey originated in 1965 and is one of three surveys conducted by NABE; the others are the NABE Business Conditions Survey and the NABE Economic Policy Survey. Founded in 1959, the National Association for Business Economics is the professional association for those who use economics in their work. NABE has over 2,600 members and 42 chapters nationwide. ***Timothy Gill****, National Electrical Manufacturers Association (chair);* ***Robert Kleinhenz****, Los Angeles County Economic Development Corporation;* ***Tim Mullaly****, FedEx Corporation;* ***Arun Raha****, Eaton Corporation;* ***Ken Simonson****, Associated General Contractors of America; and* ***Richard Wobbekind****, Leeds School of Business, University of Colorado at Boulder, conducted the analysis of survey responses for this report. The views expressed in this report are those of the panelists and do not necessarily represent the views of their affiliated companies or institutions. This report may be reproduced in whole or in part with appropriate citation to NABE.*

SUMMARY: “NABE’s June Outlook Survey panelists look for the U.S. economy to expand at a slower rate in 2015 compared to their expectations in March,” according to **NABE President John Silvia,** chief economist of Wells Fargo. “Their views on economic growth have been tempered by sluggish conditions during the first three months of the year that have persisted into the second quarter. The panel’s median forecast calls for real GDP growth to accelerate to approximately 3% at an annualized rate in the third and fourth quarters of 2015, slightly stronger than in the previous survey. But the annual average growth rate for the year is expected to reach only 2.4%, in line with the pace recorded in 2014. Real GDP is forecasted to grow at a stronger 2.9% clip in 2016, unchanged from the March survey."

“This latest soft patch, coupled with a benign inflation outlook, has led to a shift in expectations regarding monetary policy,” according to **NABE Outlook Survey Chair Timothy Gill,** deputy chief economist of the National Electrical Manufacturers Association. “Seventy-four percent of panelists believe the Federal Reserve will begin raising short-term interest rates in the third quarter of 2015, with an additional 21% expecting a hike in the fourth quarter of 2015 or later. Only 4% expect a second-quarter 2015 rate increase. In March, one-third of the panel predicted a second-quarter increase, 55% expected a third-quarter increase, and only 12% believed an initial rate hike would come in the fourth quarter of 2015 or later. The federal funds rate is forecasted to reach 0.5% by the end of 2015 and 1.625% at the end of 2016, lower than the estimates of 0.75% and 2.0%, respectively, reported in March. Similarly, the yield on 10-Year Treasury notes is projected to be 3.1% by year-end 2016, lower than the 3.25% projected in March.”

“Despite the disappointing start to 2015, the NABE panel foresees a number of positives in the economic picture,” adds Silvia. “Consumer outlays, residential investment, and government expenditures are all expected to increase at a faster pace in both 2015 and 2016 compared to last year. Payrolls are expected to expand by more than 200,000 per month through the end of next year, and inflation is expected to remain tame.”

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Published by the National Association for Business Economics | 1920 L Street NW, Suite 300, Washington DC 20036
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Highlights:

- **The NABE Outlook Survey panel's median forecast for real GDP growth from the fourth quarter of 2014 to the fourth quarter of 2015 is 2.3%—sharply lower than that reported in the March survey.** The median forecast for 2016 is unchanged at 2.9%. The forecast for the annualized growth rate for 2015 is also lower—down to 2.4% from 3.1% in March. The annualized forecast for 2016 is unchanged at 2.9%. These downward revisions to the forecast for 2015 have been influenced by weakness in first-quarter GDP and lower expectations for the second quarter compared to those reported in the March Outlook Survey.

- **The median forecast for real GDP growth for the second quarter of 2015 fell to 2.5% at a seasonally adjusted annual rate, down from 3.0% in March.** Lowered expectations for second-quarter economic activity are consistent with currently available data. Quarterly growth is expected to rebound to 3.2% in the third quarter of 2015 before decelerating to 2.8% throughout 2016. These forecasts are in line with those reported in March.

- **The survey results reflect a slowing—but still robust—pace of improvement in the labor market.** The median forecast for nonfarm payroll growth in 2015 declined from 251,000 in March to 217,000 in June, while the median forecast for 2016 slipped from 216,000 in March to 207,000. Payrolls expanded at a 260,000 monthly clip in 2014. Expectations for unemployment are similar to those expressed in March, with the unemployment rate anticipated to decline to 5.2% on average during the fourth quarter of 2015 and to 4.9% on average during the fourth quarter of 2016.

- **On balance, panelists view the stronger U.S. dollar and the economic slowdown in China as having a negative impact on U.S. economic growth in 2015.** At the same time, lower oil prices and monetary policy easing in Japan and the Eurozone are seen as having a positive effect.

- **Expectations for a Federal Reserve "lift off," the start of a cycle of short-term interest rate increases, have shifted to a later time frame.** Seventy-four percent of panelists believe the Fed will begin raising short-term interest rates in the third quarter of 2015, with an additional 21% looking for a rate hike in the fourth quarter of 2015 or later. Only 4% expect a second-quarter 2015 increase. In the March survey, one-third of panelists predicted a second-quarter increase, 55% expected a third-quarter increase, and only 12% believed an initial rate hike would occur in the fourth quarter of 2015 or later.

- **The median forecast for the year-end 2015 federal funds rate target is 0.5%, 25 basis points lower than the March survey forecast.** The panel's forecast for the fed funds rate at the end of 2016 is 1.625%, down from the 2.0% forecasted in March. Expectations for the 10-year Treasury note yield have also slipped since March. The 10-year Treasury yield averaged 2.17% in 2014. In March, the 10-year yield was expected to end 2015 at 2.6%. The June Survey report reflects a slight decrease in expectations to 2.5%. A slightly larger decline is seen in the forecast for 2016, with the yield expected at 3.11%, down from 3.25% reported in March.

- **The panel's views regarding the primary factor that could drive the Fed to raise rates in 2015 remain divided.** Thirty-nine percent of survey participants indicate that unemployment falling below a rate consistent with full employment would be the primary factor, identical to the March survey's findings. However, significant shares of the panel continue to cite trend-like economic growth (22%) and a gradual rise in inflation (22%) as potential precipitating factors. Smaller shares identify poor risk pricing by markets, a turnaround in global economic expectations, or other factors.

- **In contrast, a large majority (71%) of the panel now feels that weaker-than-expected economic growth is the primary factor that would keep the Fed from raising rates in 2015.** Much smaller shares believe a strong U.S. dollar (11%), some other factor (11%), or deflationary pressures in Europe (7%) have the potential to keep the Fed on the sidelines in 2015. Responses to a similar question asked in the March survey were much more divided.

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- **Panelists' inflation projections for 2015 are slightly lower than those reported in the March survey, while their expectations for 2016 are broadly similar.** The GDP price index, the broadest inflation indicator, is expected to climb 1.0% this year on an annual average basis. Panelists expect a much smaller increase in consumer prices in 2015, with the consumer price index (CPI) expected to rise just 0.3% on an annual average basis. In 2016, inflation as measured by these two indices is expected to be approximately 2%, with the GDP price index at 1.8% in 2016 and the CPI at 2.2%. On a Q4/Q4 basis, both the CPI and the personal consumption expenditures (PCE) price index are expected to advance by 1.0% this year and at 2.2% and 1.9%, respectively, in 2016. The Q4/Q4 core PCE index (which excludes food and energy prices) is expected to advance at a 1.3% rate in 2015 before rising to a 1.8% pace in 2016.

- **Compared with recent historical standards, the December average price of West Texas Intermediate (WTI) crude oil is expected to remain low both this year and next.** The panel's consensus forecast for oil prices is $62/barrel for 2015 followed by a modest increase to $70/barrel in 2016. Forecasts for both years are one dollar per barrel higher than those reported in the March survey. The average December price of WTI fell sharply last year from $98/barrel in 2013 to $59/barrel in 2014.

- **Panelists tempered their expectations for consumer spending in 2015.** The median forecast is for personal consumption expenditures to grow 3.1% in 2015, down from the 3.3% forecast in the previous survey. Still, the current forecast represents a marked acceleration from the actual 2.5% increase recorded in 2014. Growth is forecasted to downshift to 2.9% in 2016. Despite these lowered expectations, consumption growth remains a positive for the overall forecast and continues to be supported by the psychological impact of lower gasoline prices and solid employment growth. The panelists do not expect these factors to materially impact vehicle sales; forecasts for vehicle sales remain steady for 2015 and 2016 despite the slower GDP and personal consumption expenditure rate forecasts. The NABE Outlook Survey panel expects vehicle sales will total 16.8 million units in 2015 and 17 million units in 2016.

- **The median forecast for real investment in nonresidential equipment for 2015 is 4.3%, down from 5.6% in March.** The median forecast for 2016 calls for a slightly higher 5.7% gain, similar to that reported in the March survey. Growth for both years, though, is forecasted to be lower than the 6.4% gain posted in 2014.

- **Growth in real investment in nonresidential intellectual property products is expected to accelerate to 6.9% in 2015.** That estimate is up from both the 5.8% reported in the March survey and the actual 4.8% increase recorded in 2014. Panelists forecast growth in 2016 to slow to 4.8%, itself an upgrade from the 4.4% gain that was forecasted in the March survey.

- **Projections for inventory investment have again been raised from those reported in earlier NABE Outlook Surveys.** Real business inventory accumulation is seen growing by $80.1 billion in 2015, up from the $70.8 billion projected in March and the $57.8 billion projected in December 2014. Inventories increased by $70.6 billion last year. Inventory accumulation is projected to decline to $68 billion in 2016, slightly above the $65 billion figure called for in March.

- **Spending on nonresidential structures is expected to decline 1.8% this year, a sharp about-face from the projected 4.6% gain reported in the March survey.** A rebound is anticipated next year with a 4.6% increase, but this will still fall short of the 8.2% gain realized in 2014.

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- **Residential investment is expected to increase by 5.1% in 2015, up from a gain of only 1.6% in 2014.** The outlook for this year was again scaled back from previous surveys. Panelists had expected a 6.6% gain in March and a 7% gain in December 2014. The current survey reflects an anticipated 8.4% increase for next year, slightly higher than the March estimate of 8.2%. Housing starts are expected to increase from 1.0 million units in 2014 to 1.1 million units this year and 1.28 million in 2016. These projections are slightly lower than those in March, when panelists expected starts to reach 1.2 million units this year and 1.3 million units in 2016. Expectations for home price appreciation are consistent with recent survey results. The FHFA Home Price Index is anticipated to rise by 4.5% on a Q4/Q4 basis this year and 4.1% next year. Both figures are virtually unchanged from the March survey results.

- **Forty-one percent of panelists downgraded their forecasts for housing starts in the June survey while 11% upgraded theirs.** Forecasts from the balance of the panelists—48%—were unchanged. When asked to identify the biggest "wild card" in determining the performance of the housing market in 2015, nearly half of the panel—48%—cited household formation. Another 23% identified mortgage underwriting standards and 16% named mortgage interest rates. Nine percent believe some other factor is the most important unknown clouding this year's housing market outlook.

- **Panelists significantly lowered their expectations from the March forecast for industrial production in 2015 from 3.7% to 2.3%.** Panelists forecast a 3% increase in the industrial production growth rate from 2015 to 2016, consistent with expectations for improved GDP growth next year.

- **The federal deficit is expected to total $471 billion in fiscal year 2015 and $454 billion in fiscal year 2016.** The panelists raised their FY2015 deficit projection slightly from that reported in the March survey, but it remains below the $485 billion deficit recorded in fiscal year 2014. Real government consumption expenditures and gross investment are expected to increase by 0.5% in 2015, down from the 0.7% pace forecasted in March and only half the pace forecasted in December 2014. Panelists expect real government consumption growth to be twice as rapid next year—at 1%. This projected growth would reverse the trend in recent years of declining government expenditures.

- **Expectations for productivity growth declined. Productivity growth, as measured by the growth of nonfarm business output per hour, is expected to be 0.5% in 2015.** This contrasts with the expected 1.0% growth reported in the March survey. Expected growth for 2016 declined slightly to 1.4% in June compared to 1.5% in March. Productivity actually increased by 0.7% in 2014.

- **Hourly compensation is expected to outpace the anticipated rate of inflation both this year and next.** The panel's median forecast calls for a 2.5% increase in 2015—identical to the actual pace of growth reported in 2014—and a 2.7% increase in 2016. The 2016 forecast represents a slight downgrade from the March forecast of 2.9%.

- **The median forecast for corporate profits declined again in June.** The median forecast for 2015 profit growth fell to 3.4%, a significant decline compared to expectations for 4.7% growth reported in the March survey and 6.7% growth reported in the December 2014 survey. The median forecast calls for 4.7% profit growth in 2016, down from the 4.9% forecasted in March. Corporate profits grew at a 3.8% rate in 2014.

- **Equity prices are expected to post modest gains in 2015 and 2016.** The panel's median forecast has the S&P 500 Index closing 2015 at 2160, a slight increase from the 2150 forecasted in March and the 2117 forecasted in December 2014. The S&P 500 is expected to increase a further 4.2% in 2016, bringing the index to 2250.

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- **A further deterioration in the U.S. trade deficit is expected in 2015, with export growth projected to slow and import growth to strengthen.** The 2015 outlook for U.S. exports deteriorated in the June survey—to a 2.1% growth rate compared to 3.5% in the March survey. Exports rose 3.2% in 2014. Slower import growth of 4.4% is also expected, lower than the March forecast of 5.0%. Imports rose 4% last year. On net, the U.S. trade deficit is expected to widen in 2015 to -$517 billion from -$453 billion in 2014. The panel also expects the trade deficit to widen further in 2016 on stronger anticipated import growth. Imports are now forecasted to grow 5.6% in 2016, compared to a forecast of 5.0% in March. The export forecast for 2016 is unchanged at 4.2%.
- **The June survey panel anticipates milder appreciation in the U.S. dollar compared to the views expressed in March.** The trade-weighted value of the dollar is expected to rise from 110.4 in December 2014 to 115.0 in December 2015, with the trajectory flattening between December 2015 and December 2016. The forecast for December 2015 represents a 4.2% increase in the trade-weighted value of the dollar relative to December 2014. This is down from an expected 5% increase in the March survey. The dollar is expected to strengthen at a slightly milder pace against the euro—from $1.23 per euro in December 2014 to $1.10 in December 2015, compared to $1.06 anticipated in the March survey. The dollar is forecasted to weaken modestly against the euro to $1.11 in December 2016.

Table 1 Comparative Surveys **Median Forecast Reported**

	ACTUAL	FORECASTS				
	2014	2015			2016	
		Dec 2014	March 2015	June 2015	March 2015	June 2015
Real Gross Domestic Product, % change, Q4/Q4	2.4	2.9	3.0	2.3	2.9	2.9
Real Gross Domestic Product, % change, annual average	2.4	3.1	3.1	2.4	2.9	2.9
Personal Consumption Expenditures, % change, annual average	2.5	2.7	3.3	3.1	3.0	2.9
Nonresidential Structures, % change, annual average	8.2	5.5	4.6	-1.8	4.4	4.6
Nonresidential Equipment and Software, % change, annual average	6.4	4.3	5.6	4.3	5.8	5.7
Nonresidential Intellectual Property Products, % change, annual average	4.8	6.4	5.8	6.9	4.4	4.8
Residential Investment, % change, annual average	1.6	7.0	6.6	5.1	8.2	8.4
Change in Business Inventories, billions of chained 2009$	70.6	57.8	70.8	80.1	65.0	68.0
Net Exports, billions of chained 2009$	-453	-438	-493	-517	-523	-538
Exports, % change, annual average	3.2	5.4	3.5	2.1	4.2	4.2
Imports, % change, annual average	4.0	4.4	5.0	4.4	5.0	5.6
Government Consumption Expenditures & Gross Investment, % change, annual average	-0.2	1.0	0.7	0.5	0.9	1.0
GDP Price Index, % change, annual average	1.5	1.7	1.2	1.0	1.8	1.8
Trade Balance Goods & Services, BoP basis, $ billions	-505	-485	-505	-522	-534	-555
Foreign Exchange Rate, US$ per Euro, December average	1.23	1.23	1.06	1.10	1.09	1.11
Trade-Weighted Value of the US$, FRB Broad Index, December average	110.4	106.9	116.0	115.0	116.2	115.0
Consumer Price Index, % change, annual average	1.6	1.7	0.6	0.3	2.1	2.2
Consumer Price Index, % change, Q4/Q4	1.2	1.9	1.2	1.0	2.3	2.2
Personal Consumption Expenditures (PCE) Price Index, % change, Q4/Q4	1.1	N/A	1.0	1.0	1.9	1.9
Personal Consumption Expenditures (PCE) Price Index less food & energy, % change, Q4/Q4	1.4	1.8	1.4	1.3	1.8	1.8
Nonfarm Employment, average monthly change, thousands	260	217	251	217	216	207
Nonfarm Business Compensation Per Hour, % change, annual average	2.5	2.6	2.5	2.5	2.9	2.7
Nonfarm Business Output Per Hour, % change, annual average	0.7	1.5	1.0	0.5	1.5	1.4
Federal Funds Target, % year-end	0.125	0.750	0.750	0.500	2.000	1.625
10-Year Treasury Note Yield, % year-end	2.17	3.20	2.60	2.50	3.25	3.11
Federal Deficit, FY, unified, $ billions	-485	-460	-460	-471	-453	-454
Corporate Profits After Tax, without IVA and CCAdj., % change, annual average	3.8	6.7	4.7	3.4	4.9	4.7
Civilian Unemployment Rate, % annual average	6.2	5.6	5.4	5.4	5.1	5.1
Industrial Production, % change, annual average	4.2	3.5	3.7	2.3	3.2	3.0
Light Vehicle Sales, millions of units	16.4	16.8	16.8	16.8	17.0	17.0
Housing Starts, millions of units	1.00	1.15	1.20	1.10	1.30	1.28
Home Prices, FHFA, % change, Q4/Q4	5.6	4.0	4.5	4.5	4.0	4.1
Oil Prices, $ per barrel, December average	59	85	61	62	69	70
S&P 500 Index, December 31	2059	2117	2150	2160	2150	2250

Historical data from Haver Analytics (6/1/15); forecasts from NABE

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Quarterly Forecasts (Median)

	Real Gross Domestic Product % change, annual rate		Civilian Unemployment Rate %, quarterly average		Nonfarm Employment average monthly change, thousands	
Survey:	**3/15**	**6/15**	**3/15**	**6/15**	**3/15**	**6/15**
Q1-15	-0.7a	-0.7a	5.6a	5.6a	184a	184a
Q2-15	3.0	2.5	5.4	5.4	248	220
Q3-15	3.1	3.2	5.3	5.3	242	226
Q4-15	3.0	3.0	5.2	5.2	235	225
Q1-16	2.8	2.8	5.2	5.1	227	220
Q2-16	2.9	2.8	5.1	5.0	218	208
Q3-16	2.9	2.8	5.0	5.0	217	201
Q4-16	2.9	2.8	5.0	4.9	214	208

	Personal Consumption Expenditures Price Index (PCE) less food & energy % change, annual rate		Fed Funds Target % quarter-end		10-Year Treasury Note Yield % quarter-end	
Survey:	**3/15**	**6/15**	**3/15**	**6/15**	**3/15**	**6/15**
Q1-15	0.8a	0.8a	0.125a	0.125a	1.94a	1.94a
Q2-15	1.5	1.5	0.125	0.125	2.26	2.15
Q3-15	1.5	1.5	0.500	0.250	2.45	2.31
Q4-15	1.6	1.5	0.750	0.500	2.62	2.50
Q1-16	1.7	1.7	1.000	0.750	2.81	2.69
Q2-16	1.8	1.8	1.250	1.050	3.01	2.88
Q3-16	1.9	1.8	1.600	1.375	3.19	3.08
Q4-16	2.0	1.9	2.000	1.625	3.25	3.11

a=actual (as of 6/1/15)

Table 2 Distribution of Selected Responses

Medians of Annual Forecasts

	2015 Forecast			2016 Forecast		
	Median	Five Lowest	Five Highest	Median	Five Lowest	Five Highest
Real Gross Domestic Product, % change, Q4/Q4	2.3	1.4	3.3	2.9	1.7	3.6
Consumer Price Index, % change, Q4/Q4	1.0	0.0	1.8	2.2	1.5	3.0
Personal Consumption Expenditures (PCE) Price Index less food & energy, % change, Q4/Q4	1.3	0.9	1.7	1.8	1.0	2.6
Civilian Unemployment Rate, % annual average	5.4	5.2	5.5	5.1	4.6	5.5
Federal Funds Target, % year-end	0.500	0.125	0.880	1.625	0.125	2.375
10-Year Treasury Note Yield, % year-end	2.50	2.18	3.10	3.11	2.29	4.19
Foreign Exchange Rate, US$ per Euro, December average	1.10	1.00	1.26	1.11	0.96	1.30
Housing Starts, millions of units	1.10	0.95	1.28	1.28	1.01	1.53
Home Prices, FHFA, % change, Q4/Q4	4.5	2.8	6.4	4.1	2.2	8.0
Oil Prices, $ per barrel, December average	62	50	75	70	52	85
S&P 500 Index, December 31	2160	2010	2300	2250	2056	2419

Medians of Quarterly Forecasts

	Real Gross Domestic Product % change, annual rate			Civilian Unemployment Rate %, quarterly average			Nonfarm Employment average monthly change, thousands		
	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest
Q1-15	-0.7a	-	-	5.6a	-	-	184a	-	-
Q2-15	2.5	1.0	4.4	5.4	5.3	5.5	220	168	250
Q3-15	3.2	1.8	4.5	5.3	5.1	5.5	226	152	275
Q4-15	3.0	2.2	4.0	5.2	4.8	5.4	225	163	307
Q1-16	2.8	0.9	3.6	5.1	4.8	5.5	220	121	296
Q2-16	2.8	1.0	4.3	5.0	4.6	5.5	208	125	315
Q3-16	2.8	1.9	4.3	5.0	4.5	5.4	201	127	287
Q4-16	2.8	1.5	3.7	4.9	4.4	5.4	208	108	277

	Personal Consumption Expenditures Price Index (PCE) less food & energy % change, annual rate			Fed Funds Target % quarter-end			10-Year T-Note Yield % quarter-end		
	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest
Q1-15	0.8a	-	-	0.125a	-	-	1.94a	-	-
Q2-15	1.5	0.2	2.0	0.125	0.125	0.130	2.15	1.80	2.40
Q3-15	1.5	0.7	2.0	0.250	0.125	0.625	2.31	2.10	2.80
Q4-15	1.5	1.0	2.0	0.500	0.125	0.880	2.50	2.18	3.10
Q1-16	1.7	1.0	2.3	0.750	0.125	1.375	2.69	2.24	3.30
Q2-16	1.8	1.2	2.6	1.050	0.125	1.630	2.88	2.22	3.50
Q3-16	1.8	1.0	2.7	1.375	0.125	2.000	3.08	2.30	3.75
Q4-16	1.9	1.0	2.7	1.625	0.125	2.375	3.11	2.29	4.19

Five highest and five lowest are the response medians

a=actual (as of 6/1/15)

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Appendix

Responses to Survey Special Questions

1. When do you forecast the Federal Reserve will begin to raise the federal funds rate?

Answer Choice	Percent of respondents	Response
a.	**4%**	Second quarter of 2015
b.	**74%**	Third quarter of 2015
c.	**15%**	Fourth quarter of 2015
d.	**0%**	First quarter of 2016
e.	**0%**	Second quarter of 2016
f.	**2%**	Third quarter of 2016
g.	**0%**	Fourth quarter of 2016
h.	**4%**	2017 or later
i.	**0%**	Don't know

2. Should the Fed raise the funds rate in 2015, what, in your view, will be the primary factor driving the decision?

Answer Choice	Percent of respondents	Response
a.	**39%**	Unemployment rate falls below a level you consider to represent full employment
b.	**22%**	Gradual rise in inflation
c.	**22%**	Continued trend-like pace of economic growth
d.	**7%**	Financial markets signals of poor risk pricing, as in the 2004-2006 period
e.	**4%**	Turnaround in global economic expectations
f.	**7%**	Other
g.	**0%**	Don't know

3. In your view, what is the primary factor that would keep the Fed on the sidelines in 2015?

Answer Choice	Percent of respondents	Response
a.	**7%**	Deflation in Europe
b.	**0%**	Recent oil price decline
c.	**11%**	Strong U.S. dollar
d.	**71%**	Weaker than expected U.S. economic growth
e.	**11%**	Other
f.	**0%**	Don't know

4. Which of the following best describes your latest forecast for housing starts?

Answer Choice	Percent of respondents	Response
a.	**11%**	An upward revision from your March forecast
b.	**41%**	A downward revision from your March forecast
c.	**48%**	Unchanged from your March forecast

5. In your view, what is the biggest wild card in determining this year's housing construction performance?

Answer Choice	Percent of respondents	Response
a.	**16%**	Mortgage interest rates
b.	**23%**	Mortgage underwriting standards
c.	**48%**	Household formation
d.	**9%**	Other
e.	**5%**	Don't know

6. What effect will each of the following have on U.S. economic growth on average in 2015?

Stronger U.S. dollar compared to 2014 average

Answer Choice	Percent of respondents	Response
a.	**4%**	Positive
b.	**80%**	Negative
c.	**15%**	Neutral
d.	**0%**	I don't expect the trade-weighted value of the dollar to exceed its 2014 average in 2015

Lower oil prices compared to 2014 average

Answer Choice	Percent of respondents	Response
a.	**65%**	Positive
b.	**9%**	Negative
c.	**26%**	Neutral
d.	**0%**	I don't expect the WTI crude oil price to be lower than its 2014 average in 2015

Monetary policy easing in Japan and the Eurozone

Answer Choice	Percent of respondents	Response
a.	**59%**	Positive
b.	**11%**	Negative
c.	**30%**	Neutral

Economic slowdown in China

Answer Choice	Percent of respondents	Response
a.	**0%**	Positive
b.	**72%**	Negative
c.	**28%**	Neutral

Continued on next page

With their permission, NABE panelists who responded to the June 2015 NABE Outlook Survey are:

Benjamin Engen, Action Economics; **Mike Englund**, Action Economics; **Kathleen Stephansen**, AIG; **Kevin Swift**, American Chemistry Council; **Charles Steindel**, Anisfield School of Business, Ramapo College; **Scott Anderson**, Bank of the West; **Richard Yamarone**, Bloomberg Intelligence Economics; **Jim Kleckley**, Bureau of Business Research, ECU College of Business; **Dan Hamilton**, Center for Economic Research and Forecasting (CERF); **Esmael Adibi**, Chapman University; **James Glassman**, Chase Bank; **Lynn Reaser**, Point Loma Nazarene University; **Jan Reid**, Coast Economic Consulting; **Frank E. Nothaft**, CoreLogic; **Rebecca Rockey**, DTZ; **William Dunkleberg**, Dunk Inc.; **Robert Fry**; **Susan Sterne**, EAA Inc.; **Thomas Young**, Econometric Studios; **Gary Rosenberger**, EconoPlay, Inc.; **Richard Rippe**, Evercore ISI; **Doug Duncan**, Fannie Mae; **Michael R. Paslawskyj**, FDIC; **Brian Wesbury / Robert Stein**, First Trust Advisors; **Joesph Zaciek**, Ford; **Rajeev Dhawan**, Georgia State University; **Gary Ciminero**, GLC Financial Economics; **John Pope**, Investment Economics; **Richard L. Wobbekind**, Leeds School of Business, University of Colorado, Boulder; **Brian Horrigan**, Loomis, Sayles & Company; **Jacob Baumbach**, Macroeconomic Advisers, LLC; **Parul Jain**, MacroFin Analytics LLC; **Diane Swonk**, Mesirow Financial; **Mark Zandi**, Moody's Analytics; **Chris Rupkey**, MUFG Union Bank; **Chad Moutray**, NAM; **Joel L. Naroff**, Naroff Economic Advisors; **Timothy Gill**, NEMA; **Carl Tannenbaum**, Northern Trust; **Stephen Latin-Kasper**, NTEA | The Association for the Work Truck Industry; **James F. Smith**, Parsec Financial; **Stephen Gallagher**, Societe Generale; **Stuart Hoffman**, PNC Financial Services Group; **James Marple**, TD Bank Group; **Jeff Werling / Ron Horst**, University of Maryland; **Matthew Hall**, University of Michigan; **Martin A. Regalia**, US Chamber of Commerce; and **John Silvia**, Wells Fargo.

STAFF 000160
FPL RC-16

NABE National Association for Business Economics
Published by the National Association for Business Economics | 1920 L Street NW, Suite 300, Washington DC 20036
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