

Table 2-1.**CBO's Economic Projections for Calendar Years 2010 to 2020**

| | Forecast | | Projected Annual Average | |
|-------------------------------------------------------------|----------|--------|--------------------------|---------------------|
| | 2010 | 2011 | 2012-2014 | 2015-2020 |
| Year to Year (Percentage Change) | | | | |
| Nominal GDP | 3.8 | 3.1 | 5.6 | 4.5 |
| Real GDP | 3.0 | 2.1 | 4.1 | 2.4 |
| GDP Price Index | 0.8 | 1.0 | 1.5 | 2.0 |
| PCE Price Index | 1.5 | 1.0 | 1.5 | 2.0 |
| Core PCE Price Index ^a | 1.1 | 1.0 | 1.4 | 2.0 |
| Consumer Price Index ^b | 1.6 | 1.0 | 1.7 | 2.3 |
| Core Consumer Price Index ^a | 0.9 | 0.7 | 1.6 | 2.3 |
| Employment Cost Index ^c | 1.5 | 2.1 | 3.2 | 3.5 |
| Calendar Year Average | | | | |
| Unemployment Rate (Percent) | 9.5 | 9.0 | 6.7 | 5.0 |
| Three-Month Treasury Bill Rate (Percent) | 0.2 | 0.2 | 2.8 | 4.9 |
| Ten-Year Treasury Note Rate (Percent) | 3.4 | 3.5 | 4.7 | 5.9 |
| Tax Bases (Billions of dollars) | | | | |
| Domestic economic profits | 1,326 | 1,342 | 1,554 ^d | 1,572 ^e |
| Wages and salaries | 6,415 | 6,629 | 8,066 ^d | 10,644 ^e |
| Tax Bases (Percentage of GDP) | | | | |
| Domestic economic profits | 9.0 | 8.8 | 8.8 | 7.2 |
| Wages and salaries | 43.3 | 43.4 | 44.6 | 45.4 |
| Fourth Quarter to Fourth Quarter (Percentage Change) | | | | |
| Nominal GDP | 3.8 | 3.0 | 5.8 | 4.4 |
| Real GDP | 2.8 | 2.0 | 4.1 | 2.4 |
| GDP Price Index | 1.0 | 1.0 | 1.6 | 2.0 |
| PCE Price Index | 0.9 | 1.1 | 1.6 | 2.0 |
| Core PCE Price Index ^a | 0.9 | 1.1 | 1.5 | 2.0 |
| Consumer Price Index ^b | 0.8 | 1.2 | 1.8 | 2.3 |
| Core Consumer Price Index ^a | 0.5 | 0.9 | 1.7 | 2.3 |
| Employment Cost Index ^c | 1.7 | 2.1 | 3.4 | 3.4 |
| Memorandum: | | | | |
| Nominal GDP (Billions of dollars) | 14,804 | 15,262 | 17,987 ^d | 23,398 ^e |

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

Notes: The dollar values for nominal GDP and the tax bases do not incorporate the July 2010 revisions of the national income and product accounts.

Economic projections for each year from 2010 to 2020 are in Appendix C of this report.

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.
- d. Value for 2014.
- e. Value for 2020.

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

(By calendar year, in percentage points)

| | Average Annual Growth | | | | | Total, 1950- 2009 | Projected Average Annual Growth | | |
|---------------------------------------------------------------------------------------|------------------------|---------------|---------------|---------------|---------------|-------------------------|------------------------------------|---------------|-------------------------|
| | 1950- 1973 | 1974- 1981 | 1982- 1990 | 1991- 2001 | 2002- 2009 | | 2010- 2014 | 2015- 2020 | Total, 2010- 2020 |
| | Overall Economy | | | | | | | | |
| Potential Output | 3.9 | 3.2 | 3.1 | 3.1 | 2.7 | 3.4 | 2.1 | 2.4 | 2.3 |
| Potential Labor Force | 1.6 | 2.5 | 1.6 | 1.2 | 0.9 | 1.5 | 0.7 | 0.5 | 0.6 |
| Potential Labor Force Productivity ^a | 2.3 | 0.7 | 1.5 | 1.9 | 1.7 | 1.8 | 1.4 | 1.8 | 1.6 |
| Nonfarm Business Sector | | | | | | | | | |
| Potential Output | 4.0 | 3.5 | 3.3 | 3.5 | 3.0 | 3.6 | 2.4 | 2.8 | 2.6 |
| Potential Hours Worked | 1.4 | 2.2 | 1.7 | 1.2 | 0.6 | 1.4 | 0.5 | 0.5 | 0.5 |
| Capital Services | 3.8 | 4.3 | 4.1 | 4.7 | 2.9 | 4.0 | 2.4 | 3.6 | 3.0 |
| Potential TFP | 1.9 | 0.7 | 0.9 | 1.2 | 1.7 | 1.4 | 1.3 | 1.4 | 1.3 |
| Potential TFP excluding adjustments | 1.9 | 0.7 | 0.9 | 1.2 | 1.4 | 1.4 | 1.4 | 1.4 | 1.4 |
| Total adjustments | 0 | 0 | 0 | 0.1 | 0.3 | 0.1 | -0.1 | * | * |
| Effects of the recession ^b | 0 | 0 | 0 | 0 | 0 | 0 | -0.1 | * | * |
| 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 | | | | | | | | | |
| Potential Hours Worked | 0.9 | 1.6 | 1.2 | 0.8 | 0.4 | 1.0 | 0.4 | 0.4 | 0.4 |
| Capital Services | 1.2 | 1.3 | 1.2 | 1.4 | 0.9 | 1.2 | 0.7 | 1.1 | 0.9 |
| Potential TFP | 1.9 | 0.7 | 0.9 | 1.2 | 1.7 | 1.4 | 1.3 | 1.4 | 1.3 |
| Total Contributions | 4.0 | 3.5 | 3.3 | 3.5 | 3.0 | 3.6 | 2.4 | 2.8 | 2.6 |
| Memorandum: | | | | | | | | | |
| Potential Labor Productivity in the Nonfarm Business Sector ^d | 2.6 | 1.2 | 1.6 | 2.3 | 2.3 | 2.2 | 1.9 | 2.3 | 2.1 |

Source: Congressional Budget Office.

Note: TFP = total factor productivity; * = 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 estimated trend in 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**

| | Forecast | | Projected Annual Average | |
|-------------------------------------------------------|----------|--------|--------------------------|---------------------|
| | 2010 | 2011 | 2012-2014 | 2015-2020 |
| Nominal GDP (Billions of dollars) | | | | |
| August 2010 | 14,804 | 15,262 | 17,987 ^a | 23,398 ^b |
| January 2010 | 14,706 | 15,116 | 17,816 ^a | 22,770 ^b |
| Nominal GDP (Percentage change) | | | | |
| August 2010 | 3.8 | 3.1 | 5.6 | 4.5 |
| January 2010 | 3.2 | 2.8 | 5.6 | 4.2 |
| Real GDP (Percentage change) | | | | |
| August 2010 | 3.0 | 2.1 | 4.1 | 2.4 |
| January 2010 | 2.2 | 1.9 | 4.4 | 2.4 |
| GDP Price Index (Percentage change) | | | | |
| August 2010 | 0.8 | 1.0 | 1.5 | 2.0 |
| January 2010 | 0.9 | 0.9 | 1.1 | 1.7 |
| PCE Price Index (Percentage change) | | | | |
| August 2010 | 1.5 | 1.0 | 1.5 | 2.0 |
| January 2010 | 1.9 | 1.1 | 1.2 | 1.7 |
| Employment Cost Index (Percentage change) | | | | |
| August 2010 | 1.5 | 2.1 | 3.2 | 3.5 |
| January 2010 | 1.6 | 1.4 | 2.5 | 3.0 |
| Consumer Price Index ^c (Percentage change) | | | | |
| August 2010 | 1.6 | 1.0 | 1.7 | 2.3 |
| January 2010 | 2.4 | 1.3 | 1.2 | 1.9 |
| Unemployment Rate (Percent) | | | | |
| August 2010 | 9.5 | 9.0 | 6.7 | 5.0 |
| January 2010 | 10.1 | 9.5 | 6.5 | 5.0 |
| Three-Month Treasury Bill Rate (Percent) | | | | |
| August 2010 | 0.2 | 0.2 | 2.8 | 4.9 |
| January 2010 | 0.2 | 0.7 | 2.9 | 4.6 |
| Ten-Year Treasury Note Rate (Percent) | | | | |
| August 2010 | 3.4 | 3.5 | 4.7 | 5.9 |
| January 2010 | 3.6 | 3.9 | 4.5 | 5.5 |

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Table 2-3.

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CBO's Current and Previous Economic Projections for Calendar Years 2010 to 2020

| | Forecast | | Projected Annual Average | |
|----------------------------------------|----------|-------|--------------------------|---------------------|
| | 2010 | 2011 | 2012-2014 | 2015-2020 |
| Tax Bases (Billions of dollars) | | | | |
| Domestic economic profits | | | | |
| August 2010 | 1,326 | 1,342 | 1,554 ^a | 1,572 ^b |
| January 2010 | 1,263 | 1,307 | 1,487 ^a | 1,588 ^b |
| Wages and salaries | | | | |
| August 2010 | 6,415 | 6,629 | 8,066 ^a | 10,644 ^b |
| January 2010 | 6,517 | 6,671 | 8,061 ^a | 10,365 ^b |
| Tax Bases (Percentage of GDP) | | | | |
| Domestic economic profits | | | | |
| August 2010 | 9.0 | 8.8 | 8.8 | 7.2 |
| January 2010 | 8.6 | 8.6 | 8.6 | 7.3 |
| Wages and salaries | | | | |
| August 2010 | 43.3 | 43.4 | 44.6 | 45.4 |
| January 2010 | 44.3 | 44.1 | 45.0 | 45.4 |
| Memorandum: | | | | |
| Real Potential GDP (Percentage change) | | | | |
| August 2010 | 1.6 | 1.8 | 2.4 | 2.4 |
| January 2010 | 1.7 | 1.6 | 2.3 | 2.4 |

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

Notes: The dollar values for nominal GDP and the tax bases do not incorporate the July 2010 revisions of the national income and product accounts.

Percentage changes are measured from one year to the next.

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

- a. Value in 2014.
- b. Value in 2020.
- c. The consumer price index for all urban consumers.
- d. The employment cost index of wages and salaries of workers in private industry.

Table 2-4.

Comparison of Economic Projections by CBO, the Administration, and the *Blue Chip* Consensus for Calendar Years 2010 to 2015

| | Forecast | | Projected Annual Average, 2012–2015 |
|-------------------------------------------------------------|----------|------|----------------------------------------|
| | 2010 | 2011 | |
| Fourth Quarter to Fourth Quarter (Percentage Change) | | | |
| Nominal GDP | | | |
| CBO | 3.8 | 3.0 | 5.5 |
| Administration | 4.0 | 5.3 | 5.7 |
| <i>Blue Chip</i> | 4.1 | 4.6 | n.a. |
| Real GDP | | | |
| CBO | 2.8 | 2.0 | 3.7 |
| Administration | 3.1 | 4.0 | 4.0 |
| <i>Blue Chip</i> | 2.8 | 3.0 | n.a. |
| GDP Price Index | | | |
| CBO | 1.0 | 1.0 | 1.7 |
| Administration | 0.8 | 1.3 | 1.7 |
| <i>Blue Chip</i> | 1.3 | 1.5 | n.a. |
| Consumer Price Index ^a | | | |
| CBO | 0.8 | 1.2 | 1.9 |
| Administration | 1.0 | 1.6 | 2.0 |
| <i>Blue Chip</i> | 0.9 | 1.7 | n.a. |
| Calendar Year Average (Percent) | | | |
| Unemployment Rate | | | |
| CBO | 9.5 | 9.0 | 6.3 |
| Administration | 9.7 | 9.0 | 6.8 |
| <i>Blue Chip</i> | 9.6 | 9.1 | n.a. |
| Three-Month Treasury Bill Rate | | | |
| CBO | 0.2 | 0.2 | 3.3 |
| Administration | 0.2 | 0.7 | 3.4 |
| <i>Blue Chip</i> | 0.2 | 0.7 | n.a. |
| Ten-Year Treasury Note Rate | | | |
| CBO | 3.4 | 3.5 | 5.0 |
| Administration | 3.5 | 4.0 | 5.1 |
| <i>Blue Chip</i> | 3.4 | 3.8 | n.a. |

Sources: Congressional Budget Office; Office of Management and Budget (July 2010); and Aspen Publishers, Inc., *Blue Chip Economic Indicators* (August 10, 2010).

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

GDP = gross domestic product; n.a. = not available.

a. The consumer price index for all urban consumers.

Table 2-5.**Comparison of Forecasts by CBO and the Federal Reserve for Calendar Years 2010 to 2012**

| | 2010 | 2011 | 2012 |
|-----------------------------------|-----------------------------------------------------------------|------------|------------|
| | Fourth Quarter to Fourth Quarter (Percentage change) | | |
| Real GDP | | | |
| CBO | 2.8 | 2.0 | 4.0 |
| Federal Reserve | | | |
| Range | 2.9 to 3.8 | 2.9 to 4.5 | 2.8 to 5.0 |
| Central tendency | 3.0 to 3.5 | 3.5 to 4.2 | 3.5 to 4.5 |
| PCE Price Index | | | |
| CBO | 0.9 | 1.1 | 1.4 |
| Federal Reserve | | | |
| Range | 0.9 to 1.8 | 0.8 to 2.4 | 0.5 to 2.2 |
| Central tendency | 1.0 to 1.1 | 1.1 to 1.6 | 1.0 to 1.7 |
| Core PCE Price Index ^a | | | |
| CBO | 0.9 | 1.1 | 1.3 |
| Federal Reserve | | | |
| Range | 0.7 to 1.5 | 0.6 to 2.4 | 0.4 to 2.2 |
| Central tendency | 0.8 to 1.0 | 0.9 to 1.3 | 1.0 to 1.5 |
| | Average Level, Fourth Quarter (Percent) | | |
| Unemployment Rate | | | |
| CBO | 9.3 | 8.8 | 7.6 |
| Federal Reserve | | | |
| Range | 9.0 to 9.9 | 7.6 to 8.9 | 6.8 to 7.9 |
| Central tendency | 9.2 to 9.5 | 8.3 to 8.7 | 7.1 to 7.5 |

Sources: Congressional Budget Office; Board of Governors of the Federal Reserve System, *Monetary Report to the Congress* (July 21, 2010), www.federalreserve.gov/monetarypolicy/mpr_20100721_part4.htm.

Notes: The range of estimates from the Federal Reserve reflects the views of the members of the Board of Governors and the presidents of the Federal Reserve Banks. The central tendency reflects their most common views.

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

a. Excludes prices for food and energy.

Table C-1.**CBO's Year-by-Year Projections for Calendar Years 2010 to 2020**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nominal GDP (Billions of dollars) | 14,804 | 15,262 | 15,974 | 16,977 | 17,987 | 18,848 | 19,730 | 20,621 | 21,519 | 22,439 | 23,398 |
| Nominal GDP (Percentage change) | 3.8 | 3.1 | 4.7 | 6.3 | 6.0 | 4.8 | 4.7 | 4.5 | 4.4 | 4.3 | 4.3 |
| Real GDP (Percentage change) | 3.0 | 2.1 | 3.4 | 4.7 | 4.2 | 2.7 | 2.5 | 2.4 | 2.3 | 2.2 | 2.2 |
| GDP Price Index (Percentage change) | 0.8 | 1.0 | 1.2 | 1.5 | 1.7 | 2.0 | 2.1 | 2.1 | 2.0 | 2.0 | 2.0 |
| PCE Price Index (Percentage change) | 1.5 | 1.0 | 1.3 | 1.5 | 1.7 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Core PCE Price Index ^a (Percentage change) | 1.1 | 1.0 | 1.2 | 1.4 | 1.6 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Consumer Price Index ^b (Percentage change) | 1.6 | 1.0 | 1.4 | 1.7 | 1.9 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Core Consumer Price Index ^a (Percentage change) | 0.9 | 0.7 | 1.1 | 1.6 | 1.9 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Employment Cost Index ^c (Percentage change) | 1.5 | 2.1 | 2.6 | 3.3 | 3.6 | 4.0 | 3.9 | 3.4 | 3.4 | 3.1 | 3.1 |
| Unemployment Rate (Percent) | 9.5 | 9.0 | 8.1 | 6.6 | 5.3 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Three-Month Treasury Bill Rate (Percent) | 0.2 | 0.2 | 1.1 | 3.1 | 4.2 | 4.8 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Ten-Year Treasury Note Rate (Percent) | 3.4 | 3.5 | 4.1 | 4.8 | 5.4 | 5.8 | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 |
| Tax Bases (Billions of dollars) | | | | | | | | | | | |
| Domestic economic profits | 1,326 | 1,342 | 1,406 | 1,539 | 1,554 | 1,473 | 1,493 | 1,496 | 1,511 | 1,540 | 1,572 |
| Wages and salaries | 6,415 | 6,629 | 7,076 | 7,568 | 8,066 | 8,514 | 8,946 | 9,363 | 9,786 | 10,207 | 10,644 |
| Tax Bases (Percentage of GDP) | | | | | | | | | | | |
| Domestic economic profits | 9.0 | 8.8 | 8.8 | 9.1 | 8.6 | 7.8 | 7.6 | 7.3 | 7.0 | 6.9 | 6.7 |
| Wages and salaries | 43.3 | 43.4 | 44.3 | 44.6 | 44.8 | 45.2 | 45.3 | 45.4 | 45.5 | 45.5 | 45.5 |

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

Notes: The dollar values for nominal GDP and the tax bases do not incorporate the July 2010 revisions of the national income and product accounts.

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 C-2.**CBO's Year-by-Year Projections for Fiscal Years 2010 to 2020**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Nominal GDP (Billions of dollars) | 14,666 | 15,148 | 15,764 | 16,705 | 17,760 | 18,630 | 19,508 | 20,398 | 21,293 | 22,205 | 23,154 |
| Nominal GDP (Percentage change) | 3.1 | 3.3 | 4.1 | 6.0 | 6.3 | 4.9 | 4.7 | 4.6 | 4.4 | 4.3 | 4.3 |
| Real GDP (Percentage change) | 2.4 | 2.3 | 2.9 | 4.4 | 4.6 | 2.9 | 2.6 | 2.4 | 2.3 | 2.2 | 2.2 |
| GDP Price Index (Percentage change) | 0.7 | 1.0 | 1.1 | 1.5 | 1.7 | 1.9 | 2.1 | 2.1 | 2.0 | 2.0 | 2.0 |
| PCE Price Index (Percentage change) | 1.6 | 0.9 | 1.2 | 1.4 | 1.6 | 1.9 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Core PCE Price Index ^a (Percentage change) | 1.3 | 0.9 | 1.1 | 1.4 | 1.5 | 1.8 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| Consumer Price Index ^b (Percentage change) | 1.7 | 0.9 | 1.3 | 1.7 | 1.8 | 2.2 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Core Consumer Price Index ^a (Percentage change) | 1.2 | 0.6 | 1.0 | 1.5 | 1.9 | 2.2 | 2.3 | 2.3 | 2.3 | 2.3 | 2.3 |
| Employment Cost Index ^c (Percentage change) | 1.4 | 1.9 | 2.4 | 3.2 | 3.6 | 3.9 | 4.0 | 3.5 | 3.4 | 3.2 | 3.1 |
| Unemployment Rate (Percent) | 9.7 | 9.1 | 8.4 | 7.0 | 5.6 | 5.1 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Three-Month Treasury Bill Rate (Percent) | 0.1 | 0.2 | 0.7 | 2.6 | 4.1 | 4.7 | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |
| Ten-Year Treasury Note Rate (Percent) | 3.5 | 3.4 | 3.9 | 4.6 | 5.2 | 5.7 | 5.9 | 5.9 | 5.9 | 5.9 | 5.9 |
| Tax Bases (Billions of dollars) | | | | | | | | | | | |
| Domestic economic profits | 1,274 | 1,352 | 1,375 | 1,513 | 1,566 | 1,483 | 1,487 | 1,494 | 1,506 | 1,533 | 1,565 |
| Wages and salaries | 6,322 | 6,583 | 6,964 | 7,436 | 7,950 | 8,403 | 8,841 | 9,258 | 9,681 | 10,100 | 10,533 |
| Tax Bases (Percentage of GDP) | | | | | | | | | | | |
| Domestic economic profits | 8.7 | 8.9 | 8.7 | 9.1 | 8.8 | 8.0 | 7.6 | 7.3 | 7.1 | 6.9 | 6.8 |
| Wages and salaries | 43.1 | 43.5 | 44.2 | 44.5 | 44.8 | 45.1 | 45.3 | 45.4 | 45.5 | 45.5 | 45.5 |

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

Notes: The dollar values for nominal GDP and the tax bases do not incorporate the July 2010 revisions of the national income and product accounts.

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.