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U.S. Economy

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Business Forecasting Roundtable
Ball State University

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2005 Forecasts vs. Actuals

VARIABLE	MODEL	CONSENSUS	BLUE CHIP	ACTUAL
Real GDP	3.2	3.5	3.5	3.1
Inflation	2.4	2.5	1.9	3.0
Unemployment	5.3	5.3	5.3	5.1
10-Year T-Bond	4.1	4.7	4.8	4.3
RMSE*	0.34	0.38	0.64	

$$\text{RMSE} = \sqrt{\textstyle\sum_i (F_i - A_i)^2 / N}$$

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U.S. Economy in 2006

VARIABLE	AVG. 2005	TIME SERIES FORECAST 2006 Qtr 1	2006 Qtr 2	2006 Qtr 3	2006 Qtr 4	Avg. 2006	CONSENSUS Round-table	Blue Chip
Real GDP Growth	3.1	3.1 (2.4)	3.9 (3.2)	5.0 (4.9)	3.9 (3.8)	3.9 (3.6)	3.6	3.3
Inflation	3.0	3.2 (3.0)	3.2 (3.1)	3.4 (3.3)	3.4 (3.2)	3.3 (3.2)	3.0	2.5
Unempl. Rate	5.1	5.0 (4.9)	5.0 (4.9)	5.1 (4.9)	5.1 (4.9)	5.1 (4.9)	5.2	5.0
10-Year T-Bond	4.3	4.3 (4.5)	4.3 (4.5)	4.4 (4.5)	4.3 (4.5)	4.3 (4.5)	4.6	5.0