

Economic Forecasts and Projections: Fact Sheet

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Ben Leubsdorf
Research Librarian

Economic projections (also called forecasts) are predictions about the future behavior of economic and financial indicators. They can help lawmakers in assessing the likelihood of key events such as recessions, addressing budget and economic challenges, and estimating the effects of policy changes. Many government agencies and private organizations produce forecasts for the U.S. economy. This fact sheet describes 10 selected sources that are available online: the Congressional Budget Office (CBO), the Federal Open Market Committee (FOMC), the Federal Reserve Bank of Atlanta, the Federal Reserve Bank of Philadelphia, the International Monetary Fund (IMF), the Office of Management and Budget (OMB), the Organization for Economic Co-operation and Development (OECD), the Social Security Administration (SSA), *The Wall Street Journal*, and the World Bank.

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Background

Economic projections (also called forecasts) are predictions about the future behavior of economic and financial indicators, such as gross domestic product (GDP), the unemployment rate, inflation indexes, commodity prices, and interest rates.¹

Policymakers and financial-market participants use near-term forecasts to assess the likelihood of events such as rising inflation or an economic downturn. Long-range projections can help lawmakers assess broad economic or budget challenges. The Congressional Budget Office (CBO), the Joint Committee on Taxation (JCT), and other experts use projections to estimate the likely effects of policy proposals relative to a *baseline* forecast of “how the economy will develop if existing trends and policies continue unchanged.”² A baseline forecast might assume the effects of current law, including scheduled expirations for tax and other provisions, or it might assume that policies now in effect will continue into the future.

Many institutions—including the Federal Reserve, Wall Street banks, international organizations such as the International Monetary Fund (IMF), and federal agencies such as the Office of Management and Budget (OMB)—produce forecasts.³ Forecasters often use *models*, simplified “representation[s] of an economic system,” such as the U.S. economy, that predict the “behavior of variables ... based on past observations.”⁴ Some organizations operate surveys that collect predictions from multiple forecasters and calculate a consensus economic outlook.

Predictions about the future, including economic predictions, are often imperfect. However, observers have argued that “economic forecasts deserve to be taken seriously, not necessarily because they promise to be accurate but because they are so much more useful than having no forecasts at all.”⁵ While caution is warranted and not all projections are suitable for use in all situations, economic forecasts may be helpful when making policy decisions that are intended to influence future economic activity. The Congressional Research Service is available to discuss questions regarding the details of particular forecasts.

Selected Sources

This fact sheet describes 10 sources for publicly available U.S. economic forecasts. Many organizations not listed below also produce economic forecasts, mostly for paying clients.

¹ For more information on indicators, see CRS Report R43295, *Resources for Key Economic Indicators*, by Ben Leubsdorf and Jennifer Teefy, and the “Introduction to U.S. Economy” series of CRS In Focus publications.

² “Baseline” in *A Dictionary of Economics*, 5th ed., by John Black, Nigar Hashimzade, and Gareth Myles (Oxford, UK: Oxford University Press, 2017), p. 38.

³ Many private-sector economists produce proprietary forecasts that are not included in this fact sheet, though some participate in the Federal Reserve Bank of Philadelphia and *Wall Street Journal* surveys described in the “Selected Sources” section.

⁴ “Model” in *The Penguin Dictionary of Economics*, 8th ed., by Graham Bannock and R.E. Baxter (London: Penguin Books, 2011), p. 257.

⁵ Peter L. Bernstein and Theodore H. Silbert, “Are Economic Forecasters Worth Listening To?” *Harvard Business Review* 62, no. 5 (September/October 1984), pp. 32-40.

Congressional Budget Office

CBO usually publishes *Budget and Economic Outlook* reports, which contain budget and economic projections for the next decade, twice a year.⁶ These include GDP growth, unemployment, inflation, interest rates, federal government revenue and outlays, and the national debt.⁷ The office also produces long-term budget and economic projections that extend out 30 years into the future.⁸ CBO produces its baseline in consultation with JCT; CBO and JCT cost estimates typically use the *Budget and Economic Outlook* projections as a benchmark.⁹

Federal Open Market Committee

The Federal Open Market Committee (FOMC) is the Federal Reserve's policy-setting body. At four of the eight regularly scheduled FOMC meetings each year, the seven members of the Board of Governors of the Federal Reserve System¹⁰ and the 12 regional Federal Reserve bank presidents submit forecasts for annual GDP growth, unemployment, inflation, and the "appropriate" level of the federal funds rate.¹¹ These forecasts, compiled in the *Summary of Economic Projections*, extend out several years and include estimated "longer-run" levels.¹²

Federal Reserve Bank of Atlanta

The Federal Reserve Bank of Atlanta's GDPNow model predicts the GDP growth rate for the current or just-completed quarter, updated as federal statistical agencies and private organizations release economic indicators. Known as a "nowcast" model, it provides a real-time forecast for the current state of the U.S. economy. However, it is not an official Federal Reserve forecast, and unlike traditional forecasts does not extend beyond one quarter.¹³

Federal Reserve Bank of Philadelphia

The long-running *Survey of Professional Forecasters*, currently run by the Federal Reserve Bank of Philadelphia, is a quarterly poll of economic forecasters working at banks, industry groups, and other institutions. The report averages out dozens of forecasts for GDP growth, unemployment,

⁶ 2 U.S.C. §602(e) requires an annual report to the House and Senate Budget Committees on or before February 15, plus "such further reports... as may be necessary or appropriate."

⁷ For methodology information, see Robert W. Arnold, "How CBO Produces Its 10-Year Economic Forecast," Working Paper 2018-02, Congressional Budget Office (CBO), February 2018, at <https://www.cbo.gov/system/files/115th-congress-2017-2018/workingpaper/53537-workingpaper.pdf>.

⁸ CBO forecasts and other data are available at <https://www.cbo.gov/data/budget-economic-data>. For the latest set of projections, see CBO, *The Budget and Economic Outlook: 2022 to 2032*, May 2022, at <https://www.cbo.gov/publication/57950>. For additional information on the CBO's May 2022 projections, see CRS Video WVB00490, *Budget and Economic Outlook*, by Grant A. Driessen (available to congressional clients).

⁹ Joint Committee on Taxation, *Overview of Revenue Estimating Procedures and Methodologies Used by the Staff of the Joint Committee on Taxation*, JCX-1-05, February 2, 2005, at <https://www.jct.gov/publications/2005/jcx-1-05>, p. 9.

¹⁰ Assuming no vacancies.

¹¹ For more information, see CRS In Focus IF11751, *Introduction to U.S. Economy: Monetary Policy*, by Marc Labonte.

¹² Federal Open Market Committee projection materials are available at <https://www.federalreserve.gov/monetarypolicy/fomccalendars.htm>.

¹³ GDPNow estimates and related materials are available at <https://www.atlantafed.org/cqer/research/gdpnow>.

inflation, and other indicators over the next few years. Individual projections are available, but they do not identify the associated forecaster or their institutional affiliation.¹⁴

International Monetary Fund

The IMF updates its *World Economic Outlook* report twice a year. It predicts economic growth at the global level for the current year and next year. It also includes GDP growth forecasts for individual nations, including the United States, and multinational groups such as the Eurozone.¹⁵

Office of Management and Budget

OMB includes 10-year economic projections (*Economic Assumptions*) in the President's annual budget submission to Congress. OMB has recently provided 25-year budget projections (*Long-Term Budget Outlook*) as well.¹⁶ Projected variables include GDP, income, unemployment, inflation, government revenue and spending, and interest rates.¹⁷

Organization for Economic Co-operation and Development

The Organization for Economic Co-operation of Development (OECD) forecasts GDP growth for its member nations, including the United States, and selected other countries. The *OECD Economic Outlook* report comes out twice a year, plus two interim assessments. Its forecasts cover the current year and next year.¹⁸

Social Security Administration

The Social Security Administration releases long-range economic assumptions with the annual Old Age, Survivors, and Disability Insurance Trustees Report.¹⁹ The Office of the Chief Actuary produces three sets of projections for productivity, inflation, unemployment, and other variables: low cost (Alternative I), intermediate cost (Alternative II), and high cost (Alternative III). These forecasts extend out 75 years.²⁰

The Wall Street Journal

The Wall Street Journal's quarterly (formerly monthly) survey of professional economic forecasters collects predictions for the next few years on GDP growth, unemployment, inflation,

¹⁴ The *Survey of Professional Forecasters* is available at <https://www.philadelphiafed.org/surveys-and-data/real-time-data-research/survey-of-professional-forecasters>.

¹⁵ International Monetary Fund forecasts are available at <https://www.imf.org/en/Publications/WEO>.

¹⁶ For more information, see CRS Report R43163, *The President's Budget: Overview of Structure and Timing of Submission to Congress*, by Michelle D. Christensen.

¹⁷ The President's budget, including the *Analytical Perspectives* section containing economic and budget projections, is available from the Government Publishing Office at <https://www.govinfo.gov/app/collection/budget>.

¹⁸ Organization for Economic Co-operation and Development forecasts are available at <https://www.oecd.org/economic-outlook>.

¹⁹ Formally titled the *Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, available at <https://www.ssa.gov/OACT/TR>.

²⁰ For the latest set of projections, see Social Security Administration, Office of the Chief Actuary, *The Long-Range Economic Assumptions for the 2022 Trustees Report*, June 2, 2022, at https://www.ssa.gov/OACT/TR/2022/2022_Long-Range_Economic_Assumptions.pdf.

and interest rates. It also assesses the probability of a recession in the next 12 months. Downloadable Excel spreadsheets contain individual forecasts identified by name and affiliation as well as average values, with data available back to March 2003.²¹

World Bank

The World Bank releases its *Global Economic Prospects* report twice a year. It contains GDP forecasts for the current year and the next two years at the global, regional, and national levels, including the United States, as well as for groupings such as high-income countries.²²

Author Information

Ben Leubsdorf
Research Librarian

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²¹ See Anthony DeBarros, "About The Wall Street Journal Economic Forecasting Survey," *The Wall Street Journal*, October 16, 2022, at <https://www.wsj.com/articles/economic-forecasting-survey-archive-11617814998> for data files.

²² World Bank forecasts are available at <https://www.worldbank.org/en/publication/global-economic-prospects>.