

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

DIVISION OF RESEARCH AND STATISTICS

**Date:** December 9, 2016  
**To:** Federal Open Market Committee  
**From:** David Lebow  
**Subject:** Tealbook forecast update

Since the December Tealbook forecast was closed, we have received the Quarterly Services Survey (QSS) for the third quarter as well as data on wholesale inventories for October. We estimate that the new QSS data point to more consumer spending last quarter; in addition, we saw an upward revision to wholesale inventories in September (relative to the Census' advance indicators release). We therefore raised our estimate of real GDP growth in the third quarter 0.2 percentage point, to 3.5 percent. We have not revised our projection for GDP growth in the fourth quarter. In all, as shown in the table, our projection for real GDP growth in the second half of this year rounds up a tenth to 2.5 percent, while growth for 2016 as a whole is unrevised at 1.8 percent.

<b>Real GDP Growth (annual rate)</b>						
	16:Q3	16:Q4	17:Q1	16:H1	16:H2	2016
<b>Current</b>	<b>3.5</b>	<b>1.6</b>	<b>2.4</b>	<b>1.1</b>	<b>2.5</b>	<b>1.8</b>
<i>December Tealbook</i>	<i>3.3</i>	<i>1.6</i>	<i>2.4</i>	<i>1.1</i>	<i>2.4</i>	<i>1.8</i>