

Economic Forecasts from Federal Reserve Chairman Ben Bernanke 2007 & 2008

May 17, 2007: “The effects of the troubles in the subprime sector on the broader housing market will likely be limited, and we do not expect significant spillovers from the subprime market to the rest of the economy, or to the financial system.”

July 18, 2007: “If energy prices level off as currently anticipated, overall inflation should slow to a pace close to that of core inflation in coming quarters.”

October 15, 2007: “The banking system is healthy... Rather than becoming more crisis-prone, the financial system is likely to emerge from this episode healthier and more stable than before.”

November 8, 2007: “We have not calculated the probability of a recession. Our assessment is for slower growth, but positive growth going into next year. We think that by the spring, early next year, that, as these credit problems resolve and as, we hope, the housing market begins to find a bottom, that the broader resiliency of the economy, which we are seeing in other areas outside of housing, will take control and will help the economy recover to a more reasonable growth pace.”

January 10, 2008: “Thus, notwithstanding the effects of multi-billion dollar write-downs on the earnings and share prices of some large institutions, the banking system remains sound... The Federal Reserve is not currently forecasting a recession.”

February 27, 2008: “The central tendency of the projections is for the real GDP to grow between 1.3 percent and 2.0 percent in 2008.”

April 2, 2008: “Monetary and fiscal politics are in train that should support a return to growth in the second half of this year and next year.”

June 3, 2008: “We may see somewhat better economic conditions during the second half of 2008, reflecting the effects of monetary and fiscal stimulus, reduced drag from residential construction, further progress in the repair of financial and credit markets, and still solid demand from abroad. This baseline forecast is consistent with our recently released projections, which also see growth picking up further in 2009. Futures markets continue to predict that commodity prices will level out.”

July 15, 2008: “Growth is projected to pick up gradually over the next two years as residential construction bottoms out and begins a slow recovery and as credit conditions gradually improve.”

September 24, 2008: “Over time, a number of factors should promote the return of our economy to higher levels of employment and sustainable growth with price stability, including the stimulus being provided by monetary policy, lower oil and commodity prices, increasing stability in the mortgage and housing markets, and the natural recuperative powers of our economy.”