

CONSENSUS FORECASTS - USA

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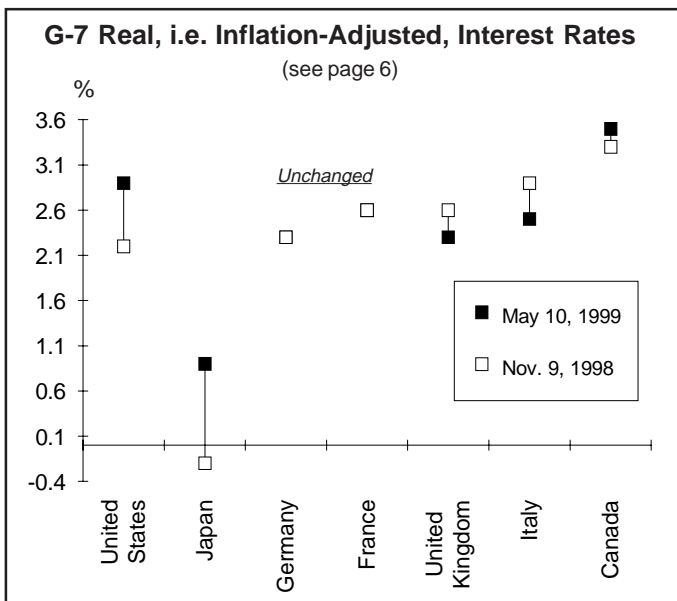
Survey Date
May 10, 1999

Every month, Consensus Economics surveys a panel of prominent United States economic and financial forecasters for their predictions for a range of variables including future growth, inflation, current account and budget balances, and interest rates. The reference data, together with polls on topical issues and surveys of international economic forecasts is rushed to subscribers by express mail.

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Survey Highlights

- ❖ A strong first quarter, fuelled by personal consumption, and little sign of a break in the current expansion since then, have prompted even more optimistic expectations for this year. Forecasts for growth in **GDP** and **personal consumption** have been **sharply upgraded**, although our panel's projections for next year have been largely unaffected, suggesting that the expansion will moderate before long. However, this is unlikely to prevent the **current account deficit** from **widening sharply**, with the consensus predicting for the first time that it will exceed US\$300bn next year.
- ❖ Also included this month is our periodic analysis of **Real Interest Rates** (page 6), comparing inflation-adjusted yields on ten year government bonds in the US with those in the other G-7 industrialized countries.



Ongoing Expansion Lifts Growth Forecasts Sharply

Strong domestic demand has been a recurring theme in the steady flow of positive data released for the first quarter of this year, a feature which was further confirmed by the latest GDP report. Although strong import growth and a downturn in export demand subtracted from the first quarter expansion, real GDP increased by 4.5% (on an annualized basis), following 6.0% growth during the fourth quarter of last year and 3.7% in the third. A rapid expansion in personal consumption provided the driving force, accelerating from 5.0% in the fourth quarter to 6.7% in the first, as buoyant financial and labor markets, combined with stable prices and interest rates, contributed to strong income and spending growth. Consumer confidence has remained strong and existing home sales scaled a new all-time high in March. Mortgage applications and new home sales have tailed off recently but, on the whole, indicators of consumption have shown few signs of moderating and consensus forecasts for growth in this year's personal consumption

continued on page 2

ANNUAL FORECASTS

MAY 1999

Economic Forecasters <i>(listed in descending order of their 1999 real GDP growth forecasts)</i>	Average % Change on Previous Calendar Year										Annual Total		Industrial Production								
	Real Gross Domestic Product		Nominal Gross Domestic Product		Real Disposable Personal Income		Real Personal Consumption		Real Govt Consumption and Investment		Real Business Investment				Nominal Pre-Tax Profits		Change in Business Inventories (\$bn)		Real Net Exports (\$bn)		
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000			
Goldman Sachs	4.2	2.5	5.5	4.3	3.6	2.9	4.8	2.6	3.3	3.2	6.7	1.5	3.2	-2.2	49.4	35.1	-317	-320	2.0	2.2	
The Conference Board	4.1	2.6	5.5	4.2	3.7	4.2	4.9	3.1	3.2	3.3	7.1	4.9	na	-5.5	59.1	18.8	-329	-352	2.5	2.4	
WEFA Group	4.1	2.0	5.5	3.3	4.1	3.9	4.7	2.5	2.1	2.2	6.7	2.5	0.5	-4.0	na	na	-323	-354	2.1	1.2	
First Union Corp	4.0	2.2	5.3	4.0	3.6	2.4	4.5	2.7	2.9	2.7	6.9	0.2	5.0	-2.0	56.0	33.0	-295	-276	2.3	2.0	
Mortgage Bankers Assoc	4.0	2.8	5.4	5.2	3.5	2.5	5.0	3.5	2.1	0.5	9.4	9.5	2.1	-1.3	44.0	41.2	-328	-371	1.8	2.7	
Prudential Insurance	4.0	3.1	5.4	5.1	3.6	2.7	4.6	2.8	2.9	2.2	9.0	9.3	5.5	4.0	67.0	52.0	-310	-280	2.4	3.0	
Univ of Michigan - RSQE	4.0	2.3	5.2	4.2	3.3	1.9	4.8	3.1	2.8	0.9	8.3	5.4	0.2	-3.6	58.7	52.5	-343	-385	na	na	
Standard & Poor's	3.9	2.0	5.0	3.4	3.5	3.2	4.4	2.4	2.3	0.8	8.9	5.0	1.0	-1.4	64.1	26.5	-331	-333	2.0	2.6	
Daimler Chrysler	3.8	2.4	5.3	4.7	3.6	2.4	4.6	2.4	2.9	2.0	8.1	4.2	2.3	4.9	39.3	28.0	-313	-319	1.7	2.4	
Eaton Corporation	3.8	3.5	4.6	4.9	2.9	1.8	4.0	2.6	1.5	1.0	7.5	8.2	2.9	6.1	38.3	43.7	-256	-224	2.5	4.7	
Fannie Mae	3.8	2.3	4.7	4.1	3.6	2.4	4.7	2.7	1.7	0.8	7.3	7.7	2.4	-4.1	51.6	37.0	-325	-351	2.0	2.0	
Ford Motor Corp	3.8	2.5	5.6	4.5	3.8	2.5	4.9	3.1	1.6	0.7	8.9	6.4	na	na	50.0	48.0	-350	-415	1.0	1.3	
Oxford Economics	3.8	1.3	5.1	3.3	3.5	2.8	4.6	1.8	2.6	0.5	7.4	3.6	-0.8	-6.4	42.7	29.2	-319	-356	1.6	0.9	
Inforum - Univ of Maryland	3.7	2.7	5.2	4.9	3.5	2.6	4.6	2.5	na	na	8.2	7.4	3.6	1.0	44.7	37.4	-294	-282	2.0	2.4	
Nat Assn of Home Builders	3.7	2.2	5.1	4.4	3.2	2.5	4.6	2.3	2.7	0.9	8.1	6.3	-2.8	-2.6	38.6	29.2	-314	-320	1.7	2.0	
Regional Financial Assocs	3.7	1.7	4.8	3.1	3.7	3.2	4.4	2.0	na	na	8.0	7.2	0.7	1.8	57.1	41.9	-322	-321	1.4	1.7	
United States Trust	3.7	na	4.9	na	4.3	na	4.5	na	2.8	na	6.7	na	3.0	na	61.3	na	-323	na	1.9	na	
General Motors	3.6	2.3	5.1	4.0	3.3	2.5	3.3	2.5	2.5	1.5	8.0	6.0	4.0	2.0	22.0	30.0	-290	-280	2.8	2.6	
Wells Fargo Bank	3.6	2.5	4.6	4.1	3.3	2.0	4.8	3.8	2.1	1.2	9.0	6.8	4.1	4.0	59.8	37.2	-334	-382	1.5	1.6	
DuPont	3.5	2.0	4.9	4.1	3.7	3.6	4.6	2.4	2.9	2.2	6.5	1.2	1.0	0.0	42.0	26.0	-315	-306	2.0	2.2	
Griggs & Santow	3.2	2.8	5.8	na	2.8	na	3.1	na	1.5	na	9.1	na	3.1	na	45.0	na	-280	na	3.3	na	
Consensus (Mean)	3.8	2.4	5.2	4.2	3.5	2.7	4.5	2.7	2.4	1.6	7.9	5.4	2.2	-0.5	49.5	35.9	-315	-328	2.0	2.2	
Last Month's Mean	3.4	2.3	4.8	4.1	3.4	2.7	3.9	2.6	1.9	1.3	7.8	5.3	1.7	-0.1	46.4	35.6	-296	-308	2.1	2.2	
3 Months Ago	3.1	2.2	4.5	4.1	3.0	2.5	3.4	2.4	1.8	1.4	7.9	5.4	1.2	0.2	49.5	35.5	-297	-304	2.3	2.2	
High	4.2	3.5	5.8	5.2	4.3	4.2	5.0	3.8	3.3	3.3	9.4	9.5	5.5	6.1	67.0	52.5	-256	-224	3.3	4.7	
Low	3.2	1.3	4.6	3.1	2.8	1.8	3.1	1.8	1.5	0.5	6.5	0.2	-2.8	-6.4	22.0	18.8	-350	-415	1.0	0.9	
Standard Deviation	0.2	0.5	0.3	0.6	0.3	0.6	0.5	0.5	0.6	0.9	0.9	2.7	2.1	3.7	11.1	9.3	22	47	0.5	0.8	
Comparison Forecasts																					
CBO (Jan. '99)	1.8	1.9																			
OMB (Jan. '99)	2.0	2.0	4.0	4.2																	
IMF (Apr. '99)	3.3	2.2																			
OECD (Nov. '98)	1.5	2.2					2.9	2.4			1.1	1.5								1.1	2.6

For sources and definitions see page 11 of the April 1999 issue.

Historical Data				
	1995	1996	1997	1998
Real GDP*	2.3	3.4	3.9	3.9
Nominal GDP*	4.6	5.4	5.9	4.9
Real Disp. Personal Income*	2.8	2.8	2.8	3.2
Real Personal Consumption*	2.7	3.2	3.4	4.9
Real Government Consumption and Investment*	0.2	1.1	1.3	0.9
Real Business Investment*	9.6	9.3	10.7	11.8
Nominal Pre-Tax Profits*	17.9	11.6	9.0	0.8
Chge in Bus. Inventories (\$bn)	27.7	30.0	63.2	57.4
Real Net Exports (\$bn)	-96.5	-111	-136	-238
Industrial Production*	4.9	4.5	6.0	3.6

* average % change on previous calendar year

tion have risen particularly sharply this month. Latest payroll data merely confirm this rosy outlook. The unemployment rate edged upwards in April, to 4.3%, a rate which is still indicative of a very tight labor market experiencing strong employment growth. Our panel's growth and unemployment rate projections have therefore improved again and, although consensus growth forecasts suggest that a slowdown will inevitably occur over the coming year (see also our panel's quarterly projections on page 5), there are few signs of it developing yet.

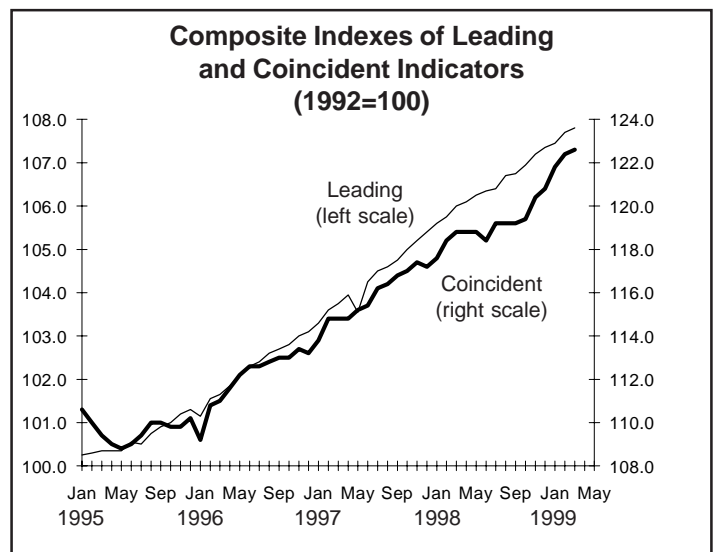
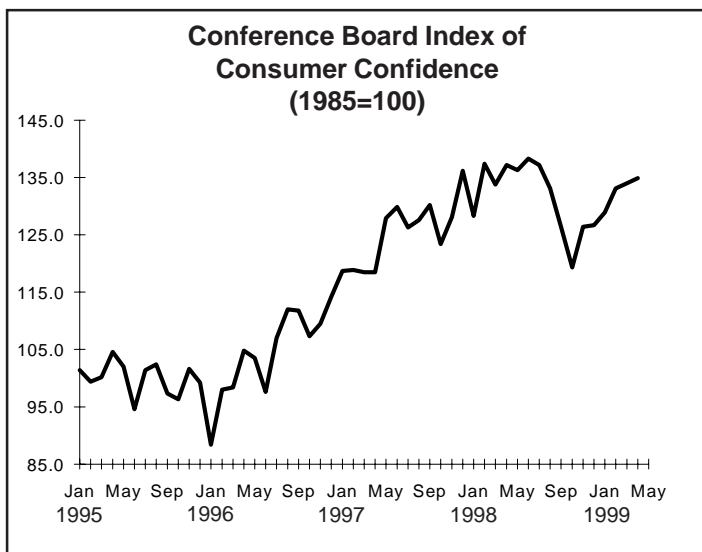
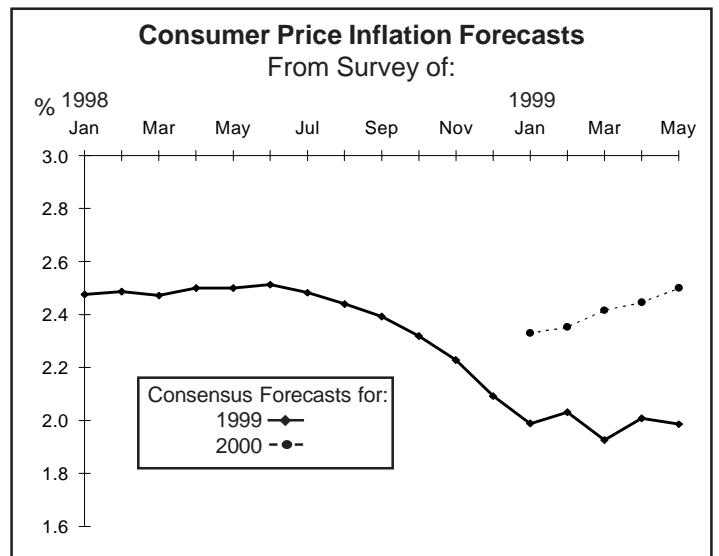
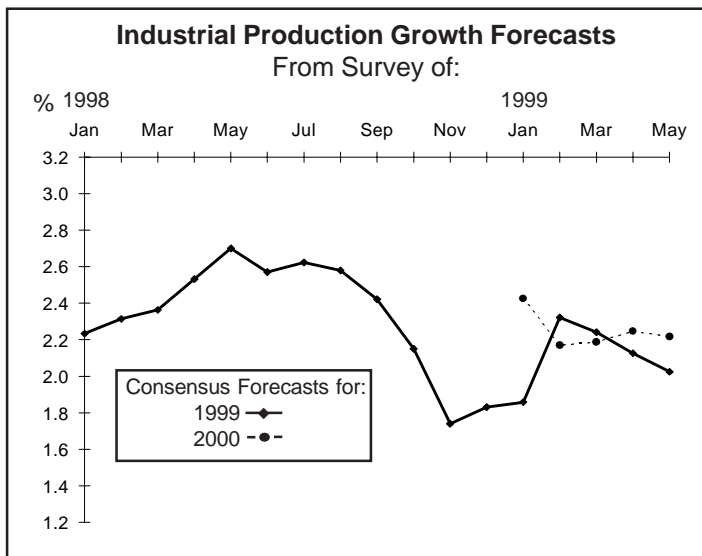
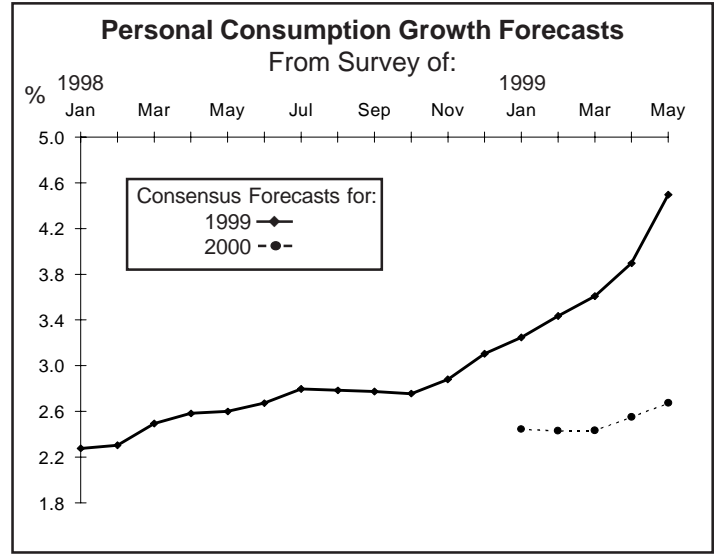
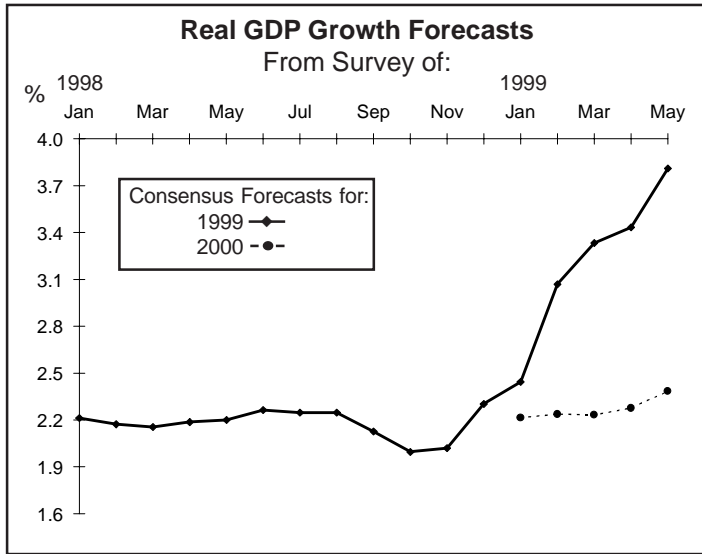
The strong start to the year has, however, added to the debate over how long the expansion can continue and whether the economy might be heading for an abrupt downturn. There is little evidence to suggest that the strong rise in asset prices,

Average % Change on Previous Calendar Year						Annual Total		Year Average		Annual Total		Fiscal Yrs (Oct-Sep)		Rates on Survey Date				Economic Forecasters (listed in descending order of their 1999 real GDP growth forecasts)			
Consumer Prices		Producer Prices		Employment Costs		Auto and Light Truck Sales (mn units)		Housing Starts (mn units)		Unemployment Rate (%)		Current Account (\$bn)		Federal Budget Balance (\$bn)		3 Month Treasury Bill Rate (%)			10 Year Treas. Bond Yield (%)		
1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	1999 2000	FY 98-99	FY 99-00	End Aug. 1999	End May 2000	End Aug. 1999	End May 2000				
2.1	2.5	2.4	2.1	3.1	4.1	15.5	14.4	1.72	1.51	4.1	3.9	-315	-331	120	125	4.5	4.4		5.4	5.5	Goldman Sachs
2.0	2.5	na	na	3.9	4.1	15.6	15.2	1.66	1.40	4.1	4.3	-240	-218	134	110	4.9	5.3	5.7	5.9	The Conference Board	
1.7	2.2	na	0.5	3.6	4.1	15.6	15.0	1.67	1.43	4.2	5.1	-268	-270	123	100	4.4	4.4	5.2	5.1	WEFA Group	
2.2	2.5	na	1.5	3.2	3.2	15.7	14.5	1.60	1.40	4.3	4.7	-310	-300	95	90	4.6	4.2	5.3	4.8	First Union Corp	
2.1	3.1	2.4	2.2	na	na	16.0	15.9	1.66	1.46	4.1	4.0	-307	-358	na	na	4.6	4.9	5.3	5.6	Mortgage Bankers Assoc	
2.0	3.0	1.3	1.5	na	na	na	na	1.52	1.44	4.1	4.2	-300	-320	115	70	4.8	4.8	5.7	5.7	Prudential Insurance	
2.0	2.2	1.7	2.0	na	na	16.1	15.8	1.74	1.65	4.3	4.5	-331	-374	na	na	4.6	4.6	5.5	5.4	Univ of Michigan - RSQE	
2.0	2.3	1.7	1.6	2.8	3.3	15.7	15.4	1.66	1.51	4.2	4.3	-321	-336	120	113	4.4	4.5	5.6	5.7	Standard & Poor's	
2.0	2.6	1.9	1.8	3.5	4.0	15.6	14.9	1.59	1.40	4.4	4.9	na	na	na	na	4.6	4.8	5.4	5.5	Daimler Chrysler	
2.0	2.8	1.9	3.2	3.3	3.3	15.3	15.5	1.75	1.62	4.2	4.0	-295	-280	100	100	4.4	4.5	5.3	5.4	Eaton Corporation	
2.0	2.3	1.4	1.7	na	na	na	na	1.60	1.52	4.4	4.8	na	na	120	170	na	na	na	na	Fannie Mae	
1.8	2.4	1.4	2.0	na	na	na	na	1.59	na	4.6	5.3	na	na	na	na	4.5	5.0	5.3	5.8	Ford Motor Corp	
1.9	2.2	1.4	2.0	3.2	4.4	15.9	15.5	1.58	1.43	4.4	4.8	-292	-316	105	127	4.4	4.0	5.3	5.4	Oxford Economics	
1.7	2.2	na	na	na	na	15.5	15.2	1.64	1.51	4.4	4.6	na	na	na	na	4.5	5.0	5.1	5.5	Inforum - Univ of Maryland	
2.0	2.5	1.5	2.1	na	na	15.4	15.3	1.63	1.51	4.3	4.5	na	na	na	na	4.5	4.5	5.1	5.1	Nat Assn of Home Builders	
1.9	2.3	1.3	2.3	3.0	3.4	15.5	14.9	1.62	1.32	4.3	4.7	-309	-314	106	61	4.5	4.7	5.1	5.4	Regional Financial Assocs	
1.9	na	na	na	na	na	15.6	na	1.69	na	4.4	na	-295	na	130	na	4.6	4.5	5.5	5.5	United States Trust	
2.1	2.6	0.6	1.5	3.8	3.8	na	na	1.55	1.45	4.4	4.6	-290	-280	80	75	4.5	4.9	5.3	5.5	General Motors	
1.8	3.0	1.2	0.2	2.7	2.5	15.7	14.7	1.67	1.47	4.3	4.5	-225	na	105	80	4.4	3.8	5.2	5.0	Wells Fargo Bank	
2.0	2.0	1.1	1.5	3.3	3.4	15.6	15.1	1.69	1.48	4.4	4.5	-275	-275	100	90	4.6	4.5	5.3	5.6	DuPont	
2.5	2.8	1.7	na	3.6	3.8	15.9	na	1.60	na	4.4	4.5	-275	na	110	na	4.4	4.6	5.4	5.5	Griggs & Santow	
2.0	2.5	1.6	1.7	3.3	3.6	15.7	15.2	1.64	1.47	4.3	4.5	-291	-306	111	101	4.5	4.6	5.4	5.4	Consensus (Mean)	
2.0	2.4	1.3	1.5	3.6	3.7	15.5	15.1	1.59	1.47	4.4	4.6	-285	-298	106	96					Last Month's Mean	
2.0	2.4	1.0	1.6	3.6	3.6	15.1	14.8	1.54	1.46	4.5	4.9	-279	-295	88	76					3 Months Ago	
2.5	3.1	2.4	3.2	3.9	4.4	16.1	15.9	1.75	1.65	4.6	5.3	-225	-218	134	170	4.9	5.3	5.7	5.9	High	
1.7	2.0	0.6	0.2	2.7	2.5	15.3	14.4	1.52	1.32	4.1	3.9	-331	-374	80	61	4.4	3.8	5.1	4.8	Low	
0.2	0.3	0.5	0.7	0.4	0.5	0.2	0.4	0.06	0.08	0.1	0.4	28	41	14	29	0.1	0.4	0.2	0.3	Standard Deviation	
2.7	2.6									4.6	5.1									Comparison Forecasts	
2.3	2.3									4.8	5.0			79	117					CBO (Jan. '99)	
2.1	2.4									4.5	4.7	-310	-308							OMB (Jan. '99)	
										5.0	5.4	-272	-281							IMF (Apr. '99)	
																					OECD (Nov. '98)

which has boosted household wealth and supported strong personal consumption, is likely to reverse, or that the Fed will inevitably raise interest rates to ward off the threat of inflation. Consumer prices rose by just 0.2% in March compared with February (1.7% year-on-year), while employment costs increased by 0.4% during the first quarter of this year (3.0% year-on-year), following 0.7% growth in the fourth quarter of 1998 (3.4%). Stronger growth in wages and salaries evident from the GDP report, and a recent surge in oil prices, have prompted a slight uptick in inflation expectations, but strong productivity growth is likely to prevent inflation from escalating rapidly. However, it remains to be seen how long the US can continue to run such a large current account deficit, forecasts for which have increased to over US\$300bn for 2000.

Historical Data				
	1995	1996	1997	1998
Consumer Prices*	2.8	2.9	2.3	1.6
Producer Prices*	1.9	2.7	0.4	-0.9
Employment Costs*	3.0	2.8	3.0	3.4
Auto and Light Truck Sales, mn units	14.7	15.1	15.1	15.5
Housing Starts, mn units	1.35	1.48	1.47	1.62
Unemployment Rate, %	5.6	5.4	4.9	4.5
Current Account, \$bn	-115	-135	-155	-233
Federal Budget Balance, fiscal years, \$bn	-164	-108	-21.9	69.2
3 Mth Treasury Bill, %, end yr	5.1	5.2	5.4	4.5
10 Yr Treasury Bond, %, end yr	5.6	6.3	5.7	4.7

The charts below show the recent changes in our panel's 1999 and 2000 consensus forecasts for four measures of the economy. The bottom two charts trace developments in other widely followed confidence or leading indicators.

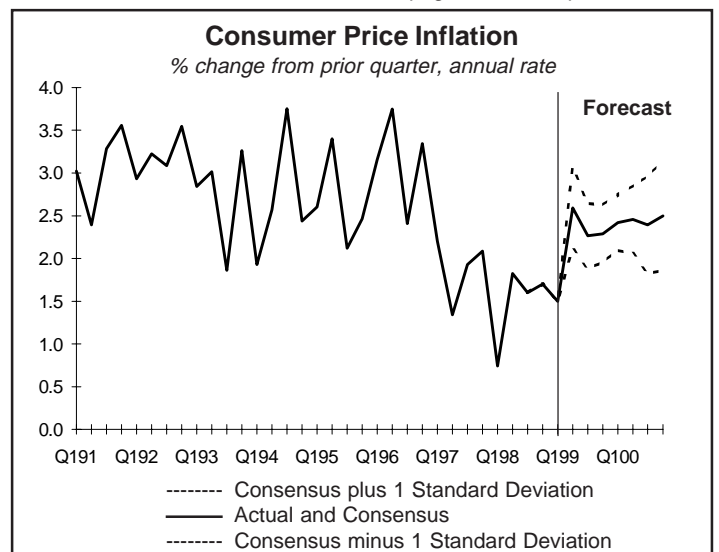
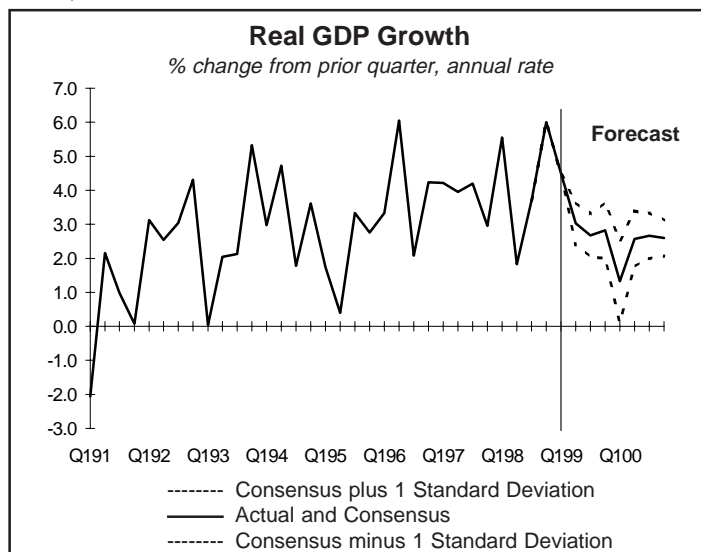


The table below shows quarterly consensus forecasts for a range of economic indicators. Figures shown in large type are annualized percentage changes from the prior quarter, with consensus forecasts shown in bold italics. Implied percentage changes from the same quarter of the previous year are shown in smaller type.

* % change from prior quarter, seasonally adjusted annual rate	1998				1999				2000			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Real Gross Domestic Product* (% change, year-on-year)	5.5 4.2	1.8 3.6	3.7 3.5	6.0 4.3	4.5 4.0	3.0 4.3	2.7 4.0	2.8 3.3	1.3 2.5	2.6 2.3	2.7 2.3	2.6 2.3
Nominal Gross Domestic Product* (% change, year-on-year)	6.4 5.4	2.7 4.7	4.7 4.5	6.9 5.2	6.0 5.1	4.4 5.5	4.3 5.4	4.6 4.8	3.2 4.2	4.4 4.1	4.6 4.2	4.7 4.2
Real Disposable Personal Income* (% change, year-on-year)	4.0 3.0	2.6 3.0	3.2 3.2	4.3 3.5	4.6 3.7	2.7 3.7	2.9 3.6	2.9 3.3	3.0 2.9	2.5 2.8	2.5 2.7	2.6 2.6
Real Personal Consumption* (% change, year-on-year)	6.1 4.2	6.1 5.3	4.1 4.7	5.0 5.3	6.7 5.5	3.5 4.8	2.8 4.5	2.8 3.9	2.4 2.9	2.6 2.7	2.5 2.6	2.4 2.5
Real Business Investment* (% change, year-on-year)	22.3 13.5	12.8 13.2	-0.7 8.7	14.6 11.9	7.6 8.4	8.0 7.2	6.6 9.2	5.1 6.8	5.0 6.2	4.8 5.4	4.7 4.9	5.0 4.9
Change in Business Inventories, \$bn, chained 1992 prices (ann. rate)	91.4	38.2	55.7	44.2	45.2	44.8	50.9	58.2	36.1	35.4	34.7	34.4
Net Exports, \$ bn, chained 1992 prices (annual rate)	-199	-245	-259	-250	-306	-313	-320	-325	-328	-328	-328	-328
Industrial Production* (% change, year-on-year)	1.6 5.4	2.8 4.5	0.9 3.0	2.2 1.9	0.7 1.6	2.6 1.6	2.7 2.0	2.7 2.2	1.1 2.3	2.4 2.2	2.8 2.2	2.8 2.3
Consumer Prices* (% change, year-on-year)	0.7 1.5	1.8 1.6	1.6 1.6	1.7 1.5	1.5 1.7	2.6 1.9	2.3 2.0	2.3 2.2	2.4 2.4	2.5 2.4	2.4 2.4	2.5 2.4
Producer Prices* (% change, year-on-year)	-3.2 -1.6	0.1 -0.8	-0.1 -0.7	1.2 -0.5	1.9 0.8	2.4 1.4	1.9 1.9	1.7 2.0	1.5 1.9	1.5 1.7	1.7 1.6	2.0 1.7
Unemployment Rate, %	4.6	4.4	4.5	4.4	4.3	4.3	4.3	4.3	4.4	4.5	4.6	4.6
3 month Treasury Bill Rate, %¹	5.2	5.1	4.9	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.7
10 Year Treasury Bond Yield, %¹	5.7	5.6	4.9	4.7	5.3	5.3	5.3	5.4	5.4	5.4	5.5	5.5

¹End quarter

For sources and definitions see page 11 of the April 1999 issue.



As in our previous analyses of this subject, we have conducted two separate formulations¹ of real long term interest rates. The first calculates real yields by deflating nominal yields on benchmark 10 year government bonds using predictions for inflation in 1999 alone. The second, more correctly, uses our panel's forecasts for average inflation over the next ten years (drawn partly from our April survey of long term forecasts and partly from our latest survey), roughly equivalent to the remaining life of the debt instrument in question.

10 Year Real Interest Rates						
<i>All yields as of May 10, 1999*</i>		Nominal 10 Year Bond Yield, % (i)	1999 Consensus Forecast for Inflation, %	"Real" Interest Rate, % (yield less inflation)	10 Year Consensus Forecast for Inflation, % (p)	10 Year Real Interest Rate, % (formula below) ¹ (r)
United States	Treasury 4.75%, November 2008	5.5	2.0	3.4	2.5	2.9
Japan	Govt (No.182) 1.80%, June 2008	1.2	-0.3	1.5	0.3	0.9
Germany	Bundesrepublik 3.75%, Jan. 2009	4.0	0.7	3.3	1.7	2.3
France	O.A.T., 4.00%, April 2009	4.1	0.6	3.5	1.5	2.6
United Kingdom	Treasury, 5.75%, December 2009	4.8	2.3	2.4	2.4	2.3
Italy	B.T.P., 4.50%, May 2009	4.2	1.4	2.8	1.7	2.5
Canada	Govt, 6.00%, June 2008	5.4	1.2	4.2	1.8	3.5

*Yields are on the basis of local market usage:- French and German bonds pay interest annually whilst the rest pay semi-annually. Adjusting to an annualized basis would add some 15-30 basis points to the latter category.

The US nominal ten year yield had been relatively stable since we last conducted this analysis in November last year, but began to rise particularly sharply in the run-up to this month's survey date. Slack demand for the government's latest debt auction, combined with growing fears that unsustainably strong economic growth and a tight labor market would result in stronger inflation pressures caused the price to fall (and consequently the yield to increase). However, the long term inflation outlook has remained unaltered and as a result real yields have increased quite significantly. The nominal 10 year yield in Japan has also increased, rising particularly sharply towards the end of last year in response to the economic

slump, which encouraged the government to raise more debt to finance expansionary fiscal packages. Long term inflation expectations have fallen, however, in response to the growing risk of a prolonged deflationary spiral and, although nominal yields having fallen recently, real interest rates are higher.

Most European countries have experienced lower bond yields in both nominal and real terms since November. However, of the four surveyed, German and French long term real interest rates have stabilised (see chart on page 1). Differences in nominal rates for these euro-members are largely explained by their liquidity given rather than interest and exchange rate risks.

¹ The calculation of real interest rates is derived from the formula $(1+i)=(1+r)(1+p)$, where "i" is the nominal interest rate, "r" is the real rate and "p" is the expected inflation rate. Simply subtracting current inflation from nominal yields, as is often done, is only an approximation which overstates real interest rates and becomes progressively more unreliable for higher nominal interest and inflation rates.

OIL PRICE FORECASTS

MAY 1999

West Texas Intermediate, US\$ per barrel		
Range 1985-99 Spot Rate (May 10)	40.1 - 10.4 18.2	
May Survey	Forecast for	
	End Aug. 1999	End May 2000
Mean Forecast	16.4	16.5
High	20.0	20.5
Low	11.5	13.0
Standard Deviation	1.7	1.7
No. of Forecasts	59	59

Source: Consensus Forecasts, May 1999.

Price Surge Could Lose Momentum

OPEC's latest attempt to rescue oil prices by cutting production has proved successful, at least in its early stages, with the price of WTI rising above US\$18 per barrel in recent weeks. The willingness of both OPEC and non-OPEC member countries to comply with their newly-agreed targets has bolstered market sentiment more significantly than many commentators were anticipating. However, quota cheating proved to be a substantial obstacle in previous attempts and, although oil inventories have fallen sharply, this latest price surge may have run its course. If US domestic demand eventually begins to cool, as our panellists are predicting for 2000, and the weakness in global industrial production continues, demand is unlikely to be strong enough to propel prices higher.

The following foreign exchange forecasts are taken from our latest international survey of over 250 of the world's leading economic and financial forecasters, which is conducted on the same survey date as our United States poll. The figures below therefore include the predictions of a large number of forecasters in other countries in addition to the views of our United States panel. Consensus Forecasts represent the arithmetic averages of our individual panelists' estimates.

Foreign Exchange Rates against the US Dollar							
All rates are amount of foreign currency per US Dollar, except the UK pound, the euro and the Australian dollar which are the reciprocals.	Latest Spot Rate (May 10)	Consensus Forecasts					
		Forecast End Aug. 1999	per cent change	Forecast End May 2000	per cent change	Forecast End May 2001	per cent change
Australian Dollar (US\$/A\$)	0.669	0.664	-0.8	0.687	+2.6	0.715	+6.9
Canadian Dollar	1.460	1.460	0.0	1.435	+1.7	1.414	+3.2
Chinese Renminbi	8.279	8.294	-0.2	8.325	-0.6	8.432	-1.8
European Euro	1.080	1.087	+0.6	1.143	+5.8	1.182	+9.4
Hong Kong Dollar	7.751	7.758	-0.1	7.786	-0.4	7.824	-0.9
Japanese Yen	120.7	122.6	-1.6	122.8	-1.7	117.5	+2.7
Mexican Peso	9.31	9.73	-4.3	10.88	-14.5	11.95	-22.1
Russian Rouble	24.27	27.88	-12.9	37.32	-35.0	45.37	-46.5
South Korean Won	1201	1197	+0.3	1205	-0.3	1119	+7.3
Swedish Krona	9.65	9.59	+0.6	9.87	-2.2	10.13	-4.7
Swiss Franc	1.737	1.752	-0.9	1.847	-6.0	1.909	-9.0
Taiwan Dollar	32.78	32.79	0.0	32.74	+0.1	32.08	+2.2
United Kingdom Pound (US\$/£)	1.631	1.605	-1.6	1.601	-1.9	1.598	-2.0

Note: A positive (+) sign for the percent change implies an appreciation of the relevant currency against the US Dollar and vice versa.

Japanese Yen per US Dollar

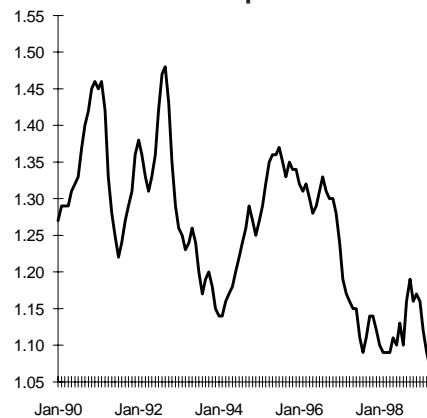


Fixed Euro Conversion Rates²

Currency	Euros
Austrian schilling	13.7603
Belgian/Lux. franc	40.3399
Dutch guilder	2.20371
Finnish markka	5.94573
French franc	6.55957
German mark	1.95583
Irish punt	0.787564
Italian lira	1936.27
Portuguese escudo	200.482
Spanish peseta	166.386

² irrevocable rates announced by the European Central Bank on December 31, 1998.

US Dollars per Euro¹



¹ historical rates up to January 1, 1999, are calculated as "synthetic" euro exchange rates based on a GDP weighted average of eleven component currencies.

In addition to its United States survey, Consensus Economics Inc. also polls more than 400 leading international forecasters for their estimates regarding 70 other countries. A portion of these forecasts, which appear in detail in the publications "Consensus Forecasts", "Asia Pacific Consensus Forecasts", "Latin American Consensus Forecasts" and "Eastern Europe Consensus Forecasts", are reproduced below. Unless otherwise noted, the survey date is the same as that appearing on page one of this publication. The individual country panels include approximately:

23 forecasters for Japan
20 forecasters for France
17 forecasters for Australia

30 forecasters for Germany
15 forecasters for Canada
8-15 forecasters for most other countries

36 forecasters for the United Kingdom
18 forecasters for Mexico

e = consensus estimate based on latest survey

AUSTRALIA Population - 18.5mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$393.9bn (1997)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	3.7	3.9	3.8	4.9		3.4	3.2
Consumer Prices (% change on previous year)	4.7	2.6	0.3	0.9		1.4	3.0
Current Account (A\$ bn)	-26.4	-20.1	-17.4	-28.6		-34.3	-30.5
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Australian Dollar / US Dollar (end period)	0.745	0.797	0.653	0.613	0.669	0.664	0.687
90 day Bank Bill Interest Rate, % (end period)	7.5	6.0	5.0	4.8	4.9	4.7	4.8

CANADA Population - 30.3mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$600.3bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	2.6	1.2	3.8	3.0		2.9	2.4
Consumer Prices (% change on previous year)	2.2	1.6	1.6	1.0		1.2	1.6
Current Account (C\$ bn)	-6.4	4.5	-12.8	-18.4		-13.9	-10.8
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Canadian Dollar / US Dollar (end period)	1.365	1.370	1.429	1.536	1.460	1.460	1.435
3 mth Treasury Bill Interest Rate, % (end period)	5.6	2.8	4.0	4.6	4.4	4.4	4.4

CHINA Population - 1.2bn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$917.8bn (1997)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	10.5	9.7	8.8	7.8		7.3	7.3
Consumer Prices (nationwide, % change on previous year)	17.1	8.3	2.8	-0.8		0.0	1.9
Current Account (US Dollar bn)	1.6	7.2	29.7	26.7 ^e		15.8	14.9
Exchange Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Chinese Renminbi / US Dollar (end period)	8.317	8.298	8.278	8.278	8.279	8.294	8.325

FRANCE Population - 58.6mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$1432bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	2.1	1.5	2.3	3.2		2.3	2.7
Consumer Prices (% change on previous year)	1.8	2.1	1.1	0.6		0.6	1.1
Current Account (Ffr bn)	54.5	105	230	235		211	205
Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
3 mth Euro Interest Rate, % (end period)	5.0	3.4	3.6	3.5	2.5	2.5	2.8
<i>1995-1997 = 3 mth Euro-Ffr</i>							

GERMANY Population - 82.1mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$2157bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	1.8	0.8	1.8	2.0		1.6	2.6
Consumer Prices (% change on previous year)	1.7	1.4	1.9	0.9		0.7	1.5
Current Account (Dm bn)	-27.2	-8.4	-2.4	-6.2		-10.5	-4.9
Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
3 mth Euro Interest Rate, % (end period)	3.8	3.1	3.6	3.5	2.5	2.6	2.9
<i>1995-1997 = 3 mth Euro-Dm</i>							

HONG KONG Population - 6.5mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$166.4bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	3.9	4.5	5.3	-5.1		-0.6	2.0
Consumer Prices (% change on previous year)	8.7	3.6	5.7	2.5		-1.5	0.7
Goods and Services Balance (US Dollar bn)	-6.1	-2.2	-6.0	1.6 _e		2.3	0.6
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Hong Kong Dollar / US Dollar (end period)	7.732	7.736	7.746	7.747	7.751	7.758	7.786
3 mth Interbank Interest Rate, % (end period)	5.9	5.5	9.3	5.6	5.2	5.2	5.2

ITALY Population - 57.5mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$1166bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	2.8	0.9	1.5	1.4		1.4	2.3
Consumer Prices (% change on previous year)	5.4	3.8	1.8	1.7		1.4	1.5
Current Account (Lire tn)	43.7	63.4	63.0	45.1		46.5	47.2
Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
3 mth Euro Interest Rate, % (end period)	10.3	7.1	5.8	3.5	2.5	2.6	2.9
<i>1995-1997 = 3 mth Treasury Bill</i>							

JAPAN Population - 125.6mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$3783bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	1.5	5.0	1.4	-2.8		-1.3	0.2
Consumer Prices (% change on previous year)	-0.1	0.1	1.8	0.6		-0.3	-0.2
Current Account (Yen tn)	10.4	7.2	11.4	15.9		15.6	16.1
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Japanese Yen / US Dollar (end period)	102.8	116.0	130.0	112.8	120.7	122.6	122.8
3 mth Certificate of Deposit Interest Rate, % (end period)	0.5	0.4	0.3	0.7	0.2	0.2	0.3

MEXICO Population - 96.4mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$402.8bn (1997)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	-6.2	5.1	6.8	4.8		2.9	3.7
Consumer Prices (Dec / Dec)	52.0	27.7	15.7	18.6		15.0	13.1
Current Account (US Dollar bn)	-1.6	-2.3	-7.4	-15.8		-14.1	-16.0
<i>Source: Latin American Consensus Forecasts, April 1999</i>							
Exchange Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Mexican New Peso / US Dollar (end period)	7.643	7.851	8.136	9.890	9.305	9.726	10.88
<i>Source: Foreign Exchange Consensus Forecasts, May 1999</i>							

NETHERLANDS Popn - 15.6mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$379.0bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	2.3	3.1	3.6	3.8		2.3	2.2
Consumer Prices (% change on previous year)	1.9	2.0	2.2	2.0		2.0	2.0
Current Account (transactions basis, Guilders bn)	38.4	39.0	43.4	41.7 _e		40.1	41.7
Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
3 mth Euro Interest Rate, % (end period)	3.5	3.1	3.8	3.5	2.5	2.5	2.6
<i>1995-1997 = 3 mth Euro-Guilder</i>							

RUSSIA Population - 147.1mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$276.6bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	-4.1	-3.5	0.8	-4.6		-4.8	-1.1
Consumer Prices (Dec/Dec)	131.5	21.8	11.0	84.4		72.8	40.0
Current Account (US Dollar bn)	7.9	12.0	3.6	2.4 _e		7.5	6.5
<i>Source: Eastern Europe Consensus Forecasts, March 1999</i>							
Exchange Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Russian Rouble / US Dollar (end period)	4.640	5.560	5.960	21.55	24.27	27.88	37.32
<i>Source: Foreign Exchange Consensus Forecasts, May 1999</i>							

INTERNATIONAL SURVEY

MAY 1999

SOUTH KOREA Popn - 46.0mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$442.4bn (1997)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	8.9	6.8	5.0	-5.8		3.7	4.1
Consumer Prices (% change on previous year)	4.5	4.9	4.5	7.5		1.7	3.2
Current Account (US Dollar bn)	-8.5	-23.0	-8.2	40.0		20.8	11.9
Exchange Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
South Korean Won / US Dollar (end period)	774.7	844.2	1696	1203	1201	1197	1205
SPAIN Population - 39.3mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$553.2bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	2.7	2.4	3.5	3.8		3.3	3.1
Consumer Prices (% change on previous year)	4.6	3.6	2.0	1.8		2.2	2.3
Current Account (Peseta bn)	59	64	359	-153		-832	-1062
Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
3 mth Euro Interest Rate, % (end period)	9.1	6.3	4.8	3.5	2.5	2.6	2.9
<i>1995-1997 = 3 mth Euro-Peseta</i>							
SWEDEN Population - 8.9mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$226.9bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	3.9	1.3	1.8	2.9		2.3	2.7
Consumer Prices (% change on previous year)	2.5	0.5	0.5	-0.1		0.4	1.2
Current Account (Krone bn)	35.2	43.5	50.7	38.2		29.3	30.8
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Swedish Krona / US Dollar (end period)	6.658	6.871	7.877	8.087	10.44	10.92	10.70
3 mth Euro Kronor Interest Rate, % (end period)	8.5	4.0	4.3	3.4	3.0	3.0	3.3
SWITZERLAND Popn - 7.1mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$263.6bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	0.7	0.0	1.7	2.1		1.2	1.8
Consumer Prices (% change on previous year)	1.8	0.8	0.5	0.0		0.6	1.1
Current Account (Swfr bn)	25.2	27.2	33.1	31.1		30.4	31.8
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
Swiss Franc / US Dollar (end period)	1.151	1.346	1.455	1.363	1.492	1.502	1.456
3 mth Euro Swiss Franc Interest Rate, % (end period)	1.8	1.8	1.4	1.4	0.9	1.1	1.5
TAIWAN Population - 21.3mn (1995)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$283.1bn (1997)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	6.0	5.7	6.8	4.8		4.5	5.1
Consumer Prices (% change on previous year)	3.7	3.1	0.9	1.7		1.5	1.9
Current Account (US Dollar bn)	5.5	11.0	7.7	3.5		5.6	5.6
Exchange Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
New Taiwan Dollar / US Dollar (end period)	27.29	27.50	32.67	32.22	32.78	32.79	32.74
UNITED KINGDOM Popn - 58.2mn (1997, mid-year)	Historical Data					Consensus Forecasts	
Economy Nominal GDP - US\$1390bn (1998)	1995	1996	1997	1998		1999	2000
Gross Domestic Product (% change on previous year)	2.8	2.6	3.5	2.1		0.8	2.1
Retail Prices (% change on previous year, underlying rate)	2.9	3.0	2.8	2.6		2.3	2.3
Current Account (£ bn)	-3.7	-0.6	6.3	1.5		-6.7	-9.1
Exchange and Interest Rates	1995	1996	1997	1998	Latest	Aug. '99	May '00
US Dollar / UK Pound (end period)	1.550	1.698	1.654	1.664	1.631	1.605	1.601
3 mth Interbank Interest Rate, % (end period)	6.5	6.5	7.6	6.2	5.3	5.1	5.1

Date	The Americas	Europe	Asia/Pacific
June 1999	FOMC - Meeting (29th-30th)	G-7 - Summit (Cologne) EU - Summit; Presidential and Parliamentary Elections	Pakistan - 1999/00 Budget Indonesia - General Election (7th)
July 1999	Peru - President's State of the Nation Address USA - Humphrey Hawkins Testimony (17th)	EU - Finnish Presidency (1st) Armenia - Elections	Thailand - National Elections
August 1999	Mexico - President's State of the Nation Address FOMC - Meeting (24th)	Denmark - 2000 Budget Proposals	Japan - 2000/01 Budget Proposals Indonesia - Presidential Election (29th)
September 1999	IMF/World Bank - Meeting (Washington DC, 28th - 30th)	France, Spain and the Netherlands - 2000 Budget Proposals Croatia - Parliamentary Elections (Latest Date) Macedonia - Presidential Election	APEC - Ministerial Meeting (Auckland)
October 1999	Argentina - Presidential Elections Mexico - Annual Renewal of Pacto (Likely Date) FOMC - Meeting (5th)	Switzerland - General Elections Sweden - Draft 2000 Budget Ukraine - Presidential Election	New Zealand - Parliamentary Elections (Latest Date)
November 1999	Mexico - 2000 Budget Uruguay and Guatemala - Parliamentary Elections FOMC - Meeting (16th)	Tajikistan - Presidential Election	
December 1999	Venezuela - Banco Central de Venezuela's End Year Report Chile - Presidential Elections FOMC - Meeting (21st)	Germany and Ireland - 2000 Budgets Russia and Uzbekistan - Parliamentary Elections (Latest Date) EU - Helsinki Summit	Philippines - 2000 Budget Singapore - Presidential Elections (Latest Date)
January 2000	USA - President's State of the Union Address		
February 2000	Canada - 2000/01 Budget Proposals USA - Budget Proposals Presented to Congress	Germany - Cabinet's Annual Economic Report	India and Singapore - 2000/01 Budgets
March 2000		UK - 2000/01 Budget Proposals	Taiwan - Presidential Elections
April 2000		Sweden - Spring Budget Turkey - Parliamentary Elections (18th)	Malaysia - Parliamentary Elections (Latest Date)
May 2000			

CONSENSUS FORECASTS: WORLD ECONOMIC ACTIVITY

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May Survey	Real GDP % increase			Consumer Prices % increase			Current Account Balance, US\$bn		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
Australia	4.9	3.4	3.2	0.9	1.4	3.0	-18.0	-22.5	-21.0
Canada	3.0	2.9	2.4	1.0	1.2	1.6	-12.4	-9.4	-7.5
China	7.8	7.3	7.3	-0.8	0.0	1.9	26.7	15.8	14.9
France	3.2	2.3	2.7	0.6	0.6	1.1	39.8	35.3	35.8
Germany	2.0	1.6	2.6	0.9	0.7	1.5	-3.5	-5.9	-2.9
Italy	1.4	1.4	2.3	1.7	1.4	1.5	26.0	26.3	27.9
Japan	-2.8	-1.3	0.2	0.6	-0.3	-0.2	121	129	132
Mexico	4.8	2.9	3.7	18.6	15.0	13.1	-15.8	-14.1	-16.0
Russia	-4.6	-4.8	-1.1	84.4	72.8	40.0	2.4	7.5	6.5
South Korea	-5.8	3.7	4.1	7.5	1.7	3.2	40.0	20.8	11.9
Taiwan	4.8	4.5	5.1	1.7	1.5	1.9	3.5	5.6	5.6
United Kingdom	2.1	0.8	2.1	2.6	2.3	2.3	2.5	-10.8	-14.6
United States	3.9	3.8	2.4	1.6	2.0	2.5	-233	-291	-306
North America ¹	3.8	3.7	2.4	1.6	1.9	2.4	-246	-300	-313
Western Europe ²	2.6	1.8	2.5	1.3	1.3	1.7	129	103	113
- European Union-15 ²	2.6	1.9	2.5	1.4	1.3	1.7	99.9	70.9	74.7
- Euro-11 ²	2.7	2.0	2.6	1.1	1.1	1.6	98.2	83.6	90.6
Asia Pacific ³	-1.8	0.3	1.6	2.7	0.7	1.0	218	185	174
Sub Total	1.6	2.0	2.2	1.8	1.3	1.7			
Eastern Europe ⁴	-0.3	-0.9	1.4	55.0	46.3	29.9	-25.3	-18.4	-20.8
Latin America ⁵	1.9	-1.0	3.6	6.0	10.6	8.4	-84.7	-62.3	-63.9
Other Countries ⁶	1.5	1.5	3.3	5.0	7.8	7.0	-21.2	-20.7	-17.7
Total	1.6	1.7	2.3	4.0	3.5	3.2			

¹USA and Canada. ²The Euro-11 aggregate comprises those countries adopting European economic and monetary union in January 1999, i.e. Germany, France and Italy plus Austria, Belgium, Finland, Ireland, the Netherlands, Portugal and Spain. Luxembourg, representing a minor weight, is not included separately in our surveys. The European Union-15 includes the Euro-11 countries mentioned plus Denmark, Greece, Sweden and the United Kingdom. Western Europe comprises the EU-15 along with Norway and Switzerland. ³Preliminary survey results for the Asia Pacific countries shown above plus nine others. ⁴Russia and Turkey plus seventeen other Eastern European countries. ⁵Mexico plus thirteen other Latin American countries. Inflation figures are on a December/December basis. ⁶Egypt, Israel, Nigeria, Saudi Arabia and South Africa.

Sources: Consensus Forecasts, May 1999; Asia Pacific Consensus Forecasts, May 1999; Eastern Europe Consensus Forecasts, March 1999; Latin American Consensus Forecasts, April 1999.

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