



PRESS RELEASE

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NABE FORECAST AGGREGATION EXPERIMENT GENERATES PREDICTION OF APRIL EMPLOYMENT DATA

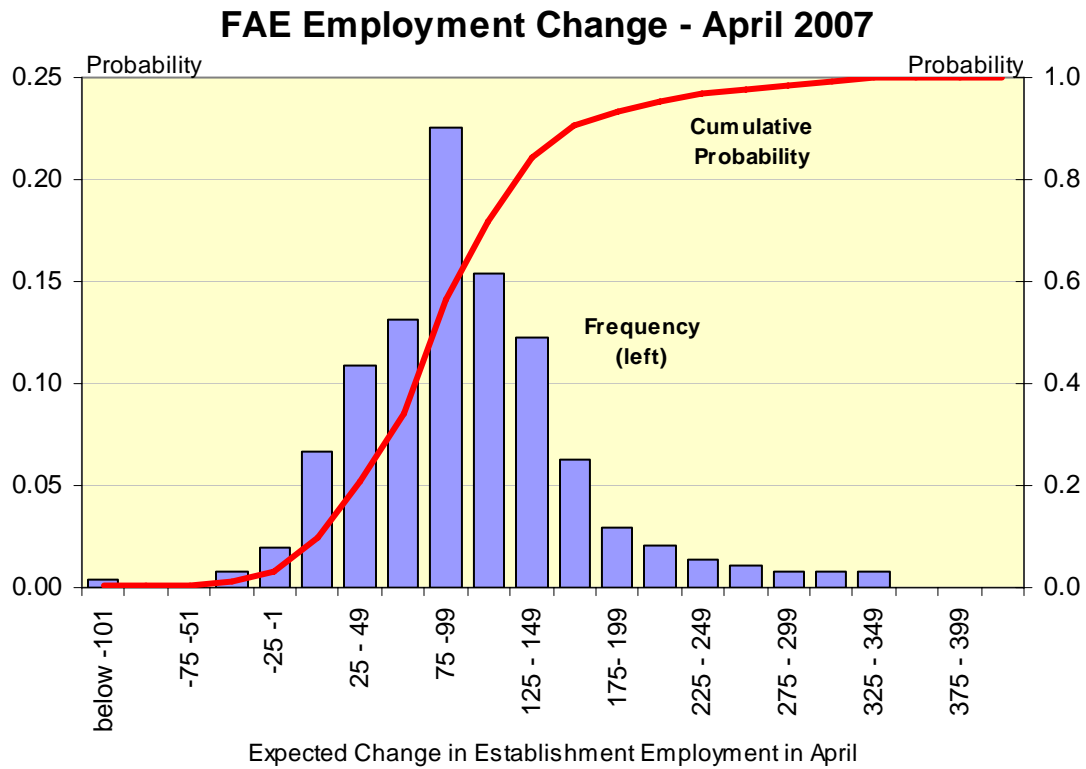
At 11:15AM EDT yesterday, a group of 15 NABE Outlook Survey panelists participated in an innovative forecast aggregation experiment. The exercise predicts one-month increase in non-farm payroll data for April 2007 to be reported in the BLS Employment Report at 8:30AM EDT on Friday, May 4 of between 75 thousand and 99 thousand, with a mean estimate of 98 thousand. Using a website designed by Professor Charles Plott's experimental economics laboratory at the California Institute of Technology, the panelists provided their forecasts of the number of non-farm payroll jobs added in September.

The experiment involved a type of "pari-mutuel" betting process in which participants spend a limited budget of "house money" to purchase and place tickets on a range of possible outcomes—in this case, job gains in April 2007. In describing the experiment, former NABE board member and president of Macroeconomic Advisers Chris Varvares said that the "overall objective is to get a consensus view from the NABE Outlook panel of the entire probability distribution of possible outcomes rather than just an average of forecast modes." The chart on the next page shows that distribution as generated by today's exercise.

"We believe that this experimental approach to forecasting is potentially a useful and valuable addition to the NABE Outlook Survey, a quarterly consensus macroeconomic forecast of 50 NABE members." said Ellen Hughes Cromwick, NABE vice president and chief economist at Ford Motor Company.

Participants in today's experiment revealed that they believe that a payroll gain in April of 75 thousand to 99 thousand is the most likely outcome. The mean forecast is for a rise of 98 thousand. This compared with an average gain so far this year of 152 thousand. The distribution of expected outcomes implies that the participants believe there is roughly a 34% chance that the employment change in April will be below 75 thousand and roughly a 44% probability the employment change will be 100 thousand or higher. The panel sees roughly a 63% probability that the reported payroll gain will fall between 50 thousand and 150 thousand. The figures calculated today in this forecast aggregation experiment compare to a Bloomberg

Consensus estimate of a 100 thousand in total employment, and the ADP National Employment Report estimate of an increase of 64 thousand private jobs.



This was the fifth such forecast aggregation experiment that NABE has conducted with the Laboratory for Experimental Economics and Political Science at CalTech under the direction of Professor Charles Plott. The NABE would like to expand the frequency and range of indicators covered by these experiments, with the eventual goal of moving this “out of the laboratory” and into the mainstream of forecast collection. That will require a regular source of funding since each forecast aggregation procedure requires a sum of money that will be distributed to the participants in accordance with the percentage of tickets they hold in the range corresponding to the actual outcome. Interested parties are encouraged to contact the NABE office,

ABOUT NABE: NABE® is an association of professionals who have an interest in business economics and who want to use the latest economic data and trends to enhance their ability to make sound business decisions. There are approximately 2,400 members representing more than 1,500 businesses and other organizations from around the world. Since its founding in 1959, NABE® has continued to attract the attention of the most influential and prestigious economic leaders in business. Past presidents have included several former Federal Reserve governors, the former chairman of the Board of Governors for the Federal Reserve System, Alan Greenspan, and other senior business leaders. NABE's mission is to provide leadership in the use and understanding of economics.

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