

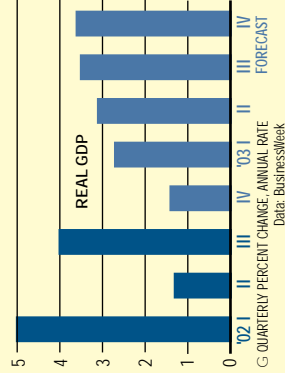
What the Seers See for 2003

The BusinessWeek Economic Survey

NAME/FIRM	QUARTERLY PERCENT CHANGE REAL GDP ANNUAL RATE				YEARLY PERCENT CHANGE 2002 Q4 TO 2003 Q4		2003 Q4 LEVELS		
	REAL GDP				OPERATING PROFITS*	CPI INFLATION	FEDERAL FUNDS RATE	10-YR TREASURY YIELDS	JOBLESS RATE
	I	II	III	IV					
IAN SHEPHERDSON High Frequency Economics	4.0	4.5	5.0	5.0	30.0	1.8	2.50	5.25	6.5
JAMES SMITH Society of Industrial and Office Realtors	3.8	4.3	6.0	5.5	22.2	1.2	2.65	3.82	4.8
GAIL FOSLER The Conference Board	4.2	3.1	4.1	5.2	2.0	2.3	2.16	5.10	5.2
MICHAEL ENGLUND MMS International	4.0	4.0	4.0	3.5	12.2	2.4	3.00	5.65	5.4
JAMES COOPER & KATHLEEN MADIGAN BusinessWeek	3.5	3.5	4.0	4.0	9.0	2.0	1.75	5.00	5.4
RICHARD DEKASER National City	3.0	3.2	4.6	4.6	3.5	2.8	1.97	4.89	5.5
KURT KARL Swiss Re	3.2	3.6	4.2	3.9	12.0	2.0	2.25	5.30	5.5
RICHARD RIPPE Prudential Securities	3.2	3.5	3.9	4.3	14.6	2.5	2.60	4.90	5.5
NARIMAN BEHAVESH Global Insight	3.1	3.2	3.7	4.4	8.5	2.3	2.31	5.90	5.6
HENRY WILLMORE Barclays Capital	3.5	4.5	4.5	2.0	6.0	2.6	1.85	4.75	5.6
ROBERT BRUSCA Native American Securities	3.1	3.6	3.8	3.5	9.0	1.8	1.25	4.35	5.7
STEPHEN GALLAGHER Société Générale	4.1	3.1	3.6	3.6	12.0	2.3	2.00	4.85	5.4
MAURY HARRIS UBS Warburg	2.5	4.5	3.5	3.5	6.9	2.3	2.10	4.90	5.5
PETER HOOPER Deutsche Bank Securities	2.0	4.0	4.0	4.0	8.0	1.3	2.15	4.90	5.6
DANIEL LAUFENBERG American Express	3.2	3.0	3.5	3.9	7.5	3.1	2.60	5.00	5.4
CONSTANTINE SORAS Andrew Alexander Wise & Co.	3.2	3.1	3.8	4.4	5.2	2.4	2.05	4.60	5.5
RICHARD BERNER Morgan Stanley	2.5	3.8	3.9	3.5	12.0	2.2	2.13	4.80	5.5
BRUCE KASMAN / ROBERT MELLIMAN J.P. MorganChase	3.0	3.0	4.0	3.5	7.0	1.4	1.40	4.78	5.7
MARK LIEBERMAN Washington Mutual	2.7	3.1	3.7	3.8	15.0	2.6	1.93	4.72	5.7
JOEL NAROFF Naroff Economic Advisors	3.4	3.6	2.8	3.4	12.5	2.2	2.75	5.80	4.3
LYNN REASER Banc of America Capital Management	2.6	3.5	3.8	3.7	7.7	2.3	2.50	5.00	5.6
SUNG WON SOHN Wells Fargo	2.0	3.7	3.8	3.8	10.0	2.0	2.25	5.25	5.6
GARY THAYER A.G. Edwards	2.5	3.5	3.0	4.5	9.0	2.3	2.10	5.00	5.2
DAVID BERSON Fannie Mae	2.8	3.3	3.5	3.6	4.5	1.8	2.18	4.45	5.5
WILLIAM DUNKELBERG Nat. Fed. of Ind. Business	3.0	3.0	3.5	3.5	13.0	2.3	1.75	4.90	5.5

We asked 66 thinkers on the front lines of business—including BW's Business Outlook editors Jim Cooper and Kathleen Madigan—to divine the economic future. Here are some color-coded highlights from the survey, compiled by James Mehning:

AS NEXT YEAR UNFOLDS, GROWTH WILL IMPROVE



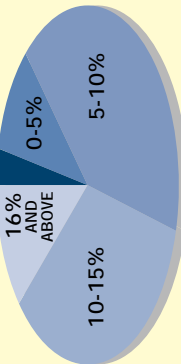
A JOBLESS RECOVERY

Ian Shepherdson is at the top of the list with his GDP forecast but has the unemployment rate at a curiously high 6.5% for the end of 2003. Says Shepherdson: "The strength of productivity means unemployment might keep rising."

HOW MUCH WILL THE PROFITS PIE EXPAND?

NUMBER OF RESPONDENTS

■ 2 ■ 6 ■ 25 ■ 21 ■ 7



Data: BusinessWeek

INFLATION LOOKS TAME

Any war-induced jump in oil prices will be short-lived. Inflation forecasts for the first half of 2003, when any conflict in Iraq would occur, call for subdued price pressures. But as Neal Soss puts it, economists "have no special insight into Saddam Hussein's thought process."

WAIT FOR NEXT SUMMER FOR THE FED'S FIRST HIKE

PROJECTED MONTH OF FIRST INTEREST-RATE INCREASE

PROJECTED MONTH OF FIRST INTEREST-RATE INCREASE	% OF RESPONDENTS
MAY, 2003, OR EARLIER	16
JUNE	21
JULY	10
AUGUST	21
SEPTEMBER	13
OCTOBER OR LATER	11
NONE	8

The consensus sees the Fed hiking interest rates in the summer of 2003, but eight see rates going lower. Of them, Ken Logan and Ian Morris don't see any hikes following early 2003 cuts. Reasons: Logan believes companies will continue to pare spending, while consumers become more frugal.

Charts by Laurel Daumis-Allen/BW

LAWRENCE GOODMAN	Globalecon	2.6	2.9	4.0	3.8	3.3	7.2	2.3	2.25	4.75	5.5
GENE HUANG	Federal Express	2.7	3.0	3.7	3.8	3.3	9.0	2.7	2.00	5.50	5.5
JOSEPH LIRO	Stone & McCarthy Research	2.0	3.0	4.0	4.2	3.3	11.0	2.7	1.75	4.75	5.4
JOHN LONSKI	Moody's Investors Service	3.5	2.9	3.4	3.5	3.3	10.0	2.7	3.80	5.50	5.5
KEN MAYLAND	ClearView Economics	3.1	3.5	3.1	3.4	3.3	10.5	2.5	2.18	4.78	5.4
JOEL PRAKKEV / CHRIS VARVARES	Macroeconomic Advisers	2.6	3.4	3.7	3.7	3.3	6.7	1.7	2.23	4.64	5.6
DAVID RESLER	Nomura Securities International	2.6	3.1	3.7	3.8	3.3	10.5	1.8	1.73	4.56	5.7
ROBERT MCGEE / THOMAS SYNNOTT	U.S. Trust	2.8	2.9	3.5	3.8	3.3	10.0	1.8	1.67	4.50	5.6
BILL CHENEY	John Hancock Financial Services	2.4	2.8	3.2	3.9	3.2	10.0	2.0	2.25	4.75	5.6
ROBERT SCHNORBUS	J.D. Power and Associates	2.6	3.1	3.6	3.8	3.2	12.0	2.2	2.20	4.60	5.6
DIANE SWONK	Bank One	3.3	2.9	3.4	3.4	3.2	20.8	2.0	1.80	4.10	6.1
STEVEN WOOD	FinancialOxygen	3.0	2.5	3.5	3.8	3.2	7.5	2.1	2.50	4.90	5.6
WAYNE ANGELL	Angell Economics	2.0	3.0	3.5	4.0	3.1	15.0	1.8	1.25	3.75	5.8
MICHAEL CAREY	Credit Lyonnais	2.3	2.8	3.6	3.6	3.1	8.9	2.0	1.83	5.10	5.6
STUART HOFFMAN	PNC Financial Services Group	2.8	3.0	3.2	3.5	3.1	10.5	2.8	1.90	4.50	5.5
JOHN SILVIA	Wachovia	2.8	3.1	3.1	3.4	3.1	18.4	1.8	1.75	5.25	5.7
DAVID WYSS	Standard & Poor's	2.5	3.7	3.4	3.0	3.1	9.8	2.4	1.30	4.60	5.7
ANTHONY CHAN	Banc One Investment Advisors	2.6	2.9	3.0	3.4	3.0	10.5	2.3	1.50	4.35	5.5
ETHAN HARRIS	Lehman Brothers	1.5	3.0	3.5	4.0	3.0	NA	2.2	2.00	4.50	6.1
KEITH HEMBRE	US Bancorp Asset Management	3.5	2.5	3.0	3.0	3.0	7.5	1.5	1.50	4.50	5.9
MICHAEL MORAN	Daiwa Securities America	2.4	2.9	3.1	3.4	3.0	8.0	1.9	1.75	4.60	6.1
STEVEN RICCHIUTO	ABN AMRO	2.1	2.4	3.4	4.2	3.0	5.2	2.2	1.50	5.20	5.8
ROBERT SHROUDS	DuPont	2.5	3.0	3.0	3.5	3.0	14.0	2.1	1.50	4.75	5.8
VINCENT BOBERSKI	RBC Dain Rauscher	2.3	2.6	3.2	3.5	2.9	5.5	2.0	2.75	4.90	6.2
MARK ZANDI	Economy.com	2.4	2.6	3.0	3.4	2.9	-3.5	2.0	2.72	4.76	6.2
NICHOLAS PERNA	Perma Associates	2.1	3.0	2.9	3.1	2.8	9.8	2.6	2.33	4.94	5.4
NEAL SOSS	CSFB	3.0	2.6	2.8	2.6	2.8	7.9	3.2	1.25	3.55	5.8
DONALD STRASZHEIM	Straszheim Global Advisors	1.0	2.0	4.0	4.0	2.8	13.0	2.0	2.50	4.80	5.6
BILL DUDLEY	Goldman Sachs	1.5	2.5	3.0	3.5	2.6	12.9	1.4	1.50	4.70	6.1
MICHAEL NIEWIRA	Bank of Tokyo-Mitsubishi	2.0	2.7	2.8	3.1	2.6	4.1	2.8	1.75	5.00	5.4
JOHN POPE	Investment Economics	1.6	2.5	2.8	3.1	2.6	3.5	2.3	2.00	5.00	6.0
RICHARD YAMARONE	Argus Research	1.5	3.3	3.2	3.3	2.6	20.0	3.5	2.50	5.75	5.5
JOSHUA SHAPIRO	Maria Fiorini Ramirez	2.6	2.0	2.5	2.7	2.5	10.0	1.7	1.75	4.75	6.2
JIM COONS	Huntington National Bank	1.6	2.1	3.3	2.8	2.4	7.7	2.4	2.62	4.89	5.3
ALLEN SINAI	Decision Economics	2.3	2.1	2.5	3.1	2.4	4.6	2.2	1.87	4.40	6.2
KEVIN LOGAN	Dresdner Kleinwort Wasserstein	1.2	1.5	1.8	3.1	1.9	6.0	1.4	0.75	3.80	6.6
IAN MORRIS	HSBC	1.5	1.5	1.5	1.5	1.5	-4.0	1.5	0.75	3.60	6.5
CONSENSUS		2.7%	3.1%	3.5%	3.6%	3.2%	9.7%	2.2%	2.0%	4.8%	5.7%

* Before-tax corporate profits with IVA and CCA (NIPA BASIS)