



**The Conference Board Economic Forecast for the U.S. Economy  
December 8, 2009**

**Rough road back to solid growth**

Growth has returned to the U.S. economy. With our forecast of 3.4 percent growth in Q4, up from 2.8 percent in Q3, the year will end on significantly better footing than how it began. However, the underlying drivers still very much reflect an economy rebounding from a deep contraction, which can be seen in particular from the slowdown in the depletion of inventories (likely to be the biggest contributor to Q4 growth). **The Conference Board Consumer Confidence Index**<sup>®</sup> has been moving sideways for several months, and in October we also saw **The Conference Board Leading Economic Index**<sup>™</sup> (LEI) for the United States level off following six months of sharp increases. The question now is how rapidly can the more sustainable sources of growth take over. Consumption is weak and is forecast to drop off somewhat after the holidays. Investment remains badly affected by the commercial real estate market, and opportunities for new investment in equipment and software remain subdued. Exports show some positive growth, with the low dollar providing some help. But the United States' biggest export markets — other advanced economies — are not growing rapidly either. Growth in 2010 is likely to be disappointing, with rates hovering around 1.5-2 percent, not enough to push down unemployment, which will likely peak at 10.5 percent by spring.

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THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2009-2011  
Percentage Change, Seasonally Adjusted Annual Rates  
(except where note)

	2009		2010				2009	2010	2011
	III Q*	IV Q	I Q	II Q	III Q	IV Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	2.8	3.4	1.4	1.5	1.9	2.2	-2.5	2.0	2.1
Real Consumer Spending	2.9	1.5	0.1	0.8	1.2	1.0	-0.6	1.0	1.5
Housing Starts Mil. Units	0.59	0.57	0.66	0.73	0.83	0.91	0.56	0.78	1.20
Real Capital Spending	-4.1	-0.5	1.3	3.4	4.4	4.7	-17.8	0.5	5.4
Net Exports Bil. '00\$	-358.0	-401.3	-414.2	-417.4	-415.7	-406.3	-369.1	-413.4	-418.7
* actual value									

Source: The Conference Board