



**The Conference Board Economic Forecast for the U.S. Economy
January 12, 2010**

Struggling to climb out of recession

Recovery from this recession is even more painful than it appears. The employment numbers for December, an unexpected reduction of 85,000 jobs, is a clear sign that this recovery will not be a smooth ride. Less noticed was the unusually large downward adjustment the U.S. Government made to its advance estimate of Q3 output, from 3.5 percent to 2.2 percent. This indicates that the recovery did not really get going until Q4 of 2009; we have accordingly raised our GDP growth forecast for that quarter to 4.9 percent. In Q1 2010, we forecast significantly slower growth due to the waning effect inventory depletion and a lack of significant acceleration in consumption, capital spending or exports. We expect further slowing in growth (“a double dip”) in the second half of 2010. This does not portend another recession, but rather the start of a lengthy period of slow- to moderate growth with significant volatility on a quarter-to-quarter basis.

The U.S. Economic Forecast

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	2.2	4.9	1.9	2.7	0.8	1.3	-2.5	2.3	1.8
Real Consumer Spending	2.8	1.7	1.2	1.7	1.4	0.9	-0.6	1.5	1.6
Housing Starts Mil. Units	0.59	0.55	0.61	0.63	0.65	0.72	0.55	0.65	0.99
Real Capital Spending	-5.9	-0.7	1.3	3.6	-2.7	-1.5	-18.0	-1.0	2.9
Net Exports Bil. '00\$	-357.4	-361.7	-376.0	-378.7	-375.9	-372.5	-359.0	-375.8	-385.2
* actual value									

Source: The Conference Board