



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

Economic risks remain firmly tilted downward

We continue to believe the U.S. economy will avoid a double-dip recession. However, sizeable downside risks cloud the horizon due to uncertainty with regard to policy direction. The weak September payroll report, downtick in our September Consumer Confidence Index[®], and an unwanted buildup in inventories signal that economic growth is likely to slow further in the next several quarters. In addition, gridlock in Washington may prevent the extension of the Bush era tax cuts, which adds further downside risk to the start of 2011. Further monetary easing, in the form of more quantitative easing (QE2) is already largely factored into the markets and is not likely to stimulate the economy very much. Calls for exchange rate realignments are characteristic of the current phase of a multi-speed recovery from a structural crisis, but they also carry additional risks in the form of increased protectionism.

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2010-2011
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	2010				2011		2009	2010	2011
	II Q*	III Q	IV Q	I Q	II Q	III Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	1.7	1.5	1.3	0.4	1.2	2.0	-2.6	2.6	1.2
Real Consumer Spending	2.2	2.0	2.4	0.5	1.3	2.1	-1.2	1.6	1.6
Housing Starts Mil. Units	0.60	0.59	0.62	0.68	0.69	0.70	0.55	0.61	0.70
Real Capital Spending	17.2	4.9	2.5	1.6	1.9	4.9	-17.1	4.8	3.6
Net Exports Bil. '00\$	-449.1	-475.9	-465.5	-467.0	-473.3	-488.1	-363.0	-432.3	-480.4

* actual value