THE CONFERENCE BOARD

The Conference Board Economic Forecast for the U.S. Economy
December 7, 2011

Somewhat brighter U.S. outlook, but growth to remain sluggish and volatile

The U.S. economic data continue to outperform past months' expectations and paint a brighter picture of U.S. economic growth. We have seen the largest monthly rise in consumer confidence since April 2003 and a record start to the holiday shopping season. Consequently, the odds of recession plummeted to just 9% in November, versus a revised 28% in October. However, while the U.S. looks likely to avoid another recession in the near-term, the economy is not likely to sustain a 2%-plus growth path due to ongoing weakness in the labor and housing markets and the continuing cycle of debt deleveraging at the consumer and government level. And while consumer sentiment is not as gloomy as this past summer, it remains quite low this holiday season. Thus we foresee U.S. economic growth remaining volatile and sluggish until at least the middle of next year and growth likely averages just 1.7% in 2012. Our base case scenario assumes that Europe is in a recession, but there are no disorderly sovereign or bank defaults. A more dramatic outcome such as a breakup of the Euro Area would very likely plunge the U.S. in recession as well.

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2011-2013
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	2011		2012				2011	2012	2013
	III Q*	IV Q	I Q	II Q	III Q	IV Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	2.0	2.9	0.7	1.4	1.7	1.8	1.8	1.7	2.1
Real Consumer Spending	2.3	2.8	1.7	2.2	2.1	2.1	2.3	2.1	2.0
Housing Starts Mil. Units	0.61	0.64	0.67	0.69	0.72	0.75	0.60	0.70	0.94
Real Capital Spending	14.8	6.7	4.1	3.0	0.7	2.7	8.8	5.5	3.6
Net Exports Bil. '00$	-400.7	-396.6	-407.9	-407.4	-400.6	-385.5	-409.5	-400.4	-366.6

* actual value