



**The Conference Board Economic Forecast for the U.S. Economy  
September 10, 2014**

**U.S. growth continues at moderate pace with momentum beginning to lose some steam**

GDP is projected to grow by 2.0 percent in 2014 with the second half of this year revised lower from an average of a 2.8 percent pace to about 2.5 percent pace. The continued slow pace of wage growth and consumer reluctance to finance purchasing (despite improved confidence) implies a little less spending than previously estimated. And consequently, both investment and inventory are also likely to expand a little less than earlier predicted. Still, 2.5 percent growth is slightly above-trend growth and likely to continue into 2015. Most indicators especially consumer and business confidence are still improving. This gain in the pace of economic activity is supported by consumer spending, pent-up demand in housing, and business investment. Trade could be particularly favorable this quarter. In the public sector, improved economic conditions are generating more state and local revenue. Federal spending however continues to reflect a constraining fiscal policy stance. This degree of short-term economic strength, in combination with the slowing long-term growth potential, implies the economy is approaching its full capacity, and slack especially in the labor market is quickly disappearing. Several signs (jobs, investment, productivity) are pointing in precisely this direction. Most specifically, the unemployment rate will move closer to a level associated with full economic employment. With working-age population growth slowing to only about a 0.3 percent pace, relatively tight labor markets and slower economic growth are ahead, with wage pressures beginning to appear perhaps as early as the second half of 2015. Monetary policy meanwhile reflects the final months of ‘tapering’ (slowing bond buying, which will end in the fourth quarter), and interest rate increases may become a real possibility in early 2015.

**The U.S. Economic Forecast**

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2013-2015  
Percentage Change, Seasonally Adjusted Annual Rates  
(except where noted)

	II Q*	2014 III Q	IV Q	2015 I Q	II Q	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL
Real GDP	4.2	2.5	2.4	2.5	2.5	2.2	2.0	2.5
Real Consumer Spending	2.5	2.0	2.4	2.6	2.4	2.4	2.2	2.4
Housing Starts Mil. Units	1.00	1.04	1.09	1.16	1.22	0.93	1.01	1.25
Real Capital Spending	8.4	7.0	5.4	4.8	4.8	3.0	5.9	5.3
Net Exports	-463.5	-443.2	-447.4	-449.2	-449.2	-420.5	-450.3	-446.9
* actual value								