



**The Conference Board Economic Forecast for the U.S. Economy
October 15, 2014**

U.S. growth continues at reasonable pace through year end

Economic growth bounced back strongly in the second quarter, after the weather-weakened first-quarter subpar performance. Growth in the third quarter continued at reasonable pace, estimated at about 2.8 percent annualized increase supported by strong net exports, steady growth in equipment and moderate consumer spending. The increases, however, appear partially attributable to lower inflation which could boost consumer purchasing power in the coming months. Dollar strengthening will reinforce low inflation and provide further cushion to the Federal Reserve's dovish forward guidance even with unemployment rate moving down to 5.5 percent or even less much earlier than many thought achievable and job growth remaining relatively strong and steady. Wages (the most lagging indicator in the always lagging labor market) have yet to respond to overall improvement in employment, exacerbated by relatively slow productivity growth. More wage growth and/or more productivity growth could boost the economy's performance going forward. The most likely path is growth around 2.5 percent over the next few quarters. That's above the economy's long-term potential and therefore, the economy could moderate to something closer to 2 percent GDP growth in the longer term.

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	4.6	2.8	2.4	2.5	2.5	2.2	2.1	2.6
Real Consumer Spending	2.5	2.1	2.4	2.6	2.4	2.4	2.3	2.4
Housing Starts Mil. Units	0.99	1.04	1.09	1.16	1.22	0.93	1.01	1.25
Real Capital Spending	9.7	6.3	5.4	4.8	4.8	3.0	6.0	5.3
Net Exports	-460.4	-425.7	-429.7	-431.3	-431.1	-420.5	-440.8	-428.8
* actual value								