



**The Conference Board Economic Forecast for the U.S. Economy
January 14, 2015**

2014 growth ends just above trend, but 2015 should finally see stronger recovery

The Conference Board Leading Economic Index® (LEI) for the U.S. was signaling all through the second half of 2014 that the economy was gaining momentum. The growth in the fourth quarter of 2014 was probably around 3 percent (annualized), boosted by strong holiday spending. Much lower oil prices (national average price now is down to about \$2.20/gallon, with 16 states showing below \$2.00, compared with \$3.50/gallon in 2013), add to discretionary consumer spending power. More jobs and soon higher wages are making consumers more optimistic and more willing to spend. At the same time, business investment has turned more negative as lower oil prices lead to cutbacks in new investment in the energy industries. The combination of lower gasoline prices, more jobs, and soon more wages, as well as a strengthening dollar provides the means and incentive to sustained strong spending, but also lower exports and temporarily lower investment. The good news is that stronger domestic demand now should power more non-energy related investment later. In this environment, the Federal Reserve will finally start to increase short-term interest rates, perhaps this spring. Long-term interest rates however are low with fears of slow global growth and disinflation. Beyond, the next 12 months, the aging of population and slow productivity weigh on the domestic and global economy's long-term potential.

The U.S. Economic Forecast

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

	2014		2015			2014	2015	2016
	III Q	IV Q	I Q	II Q	III Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	5.0	2.9	2.2	2.5	2.6	2.4	2.9	2.5
Real Consumer Spending	3.2	4.5	2.3	2.8	2.7	2.5	3.0	2.5
Housing Starts Mil. Units	1.03	1.04	1.12	1.16	1.22	0.99	1.19	1.32
Real Capital Spending	8.9	1.9	5.4	5.9	5.4	6.1	5.4	4.8
Net Exports	-431.4	-428.6	-438.0	-448.4	-452.4	-441.9	-450.3	-461.9
* actual value								