



**The Conference Board Economic Forecast for the U.S. Economy
December 12, 2012**

If the Full Fiscal Cliff is Avoided, U.S. Economy poised to accelerate in second half 2013

Improving underlying cyclical fundamentals in the U.S. economy, led by a revival in the housing market and gradual strengthening in the labor market, indicate a likely acceleration in economic growth in the second half of 2013. We look for real GDP growth to rise to over 2.5% in the second half of next year, which would mark an inflection point as the U.S. economy finally moves from recovery to a sustainable expansionary phase. Embedded in our forecast is the assumption that the U.S. economy does not fully fall off the “fiscal cliff”. We might not get final resolution of the spending and tax issues related to the “fiscal cliff” by year-end, but we assume that sometime early in 2013 a fiscal agreement will be adopted that avoids sending the U.S. back into recession. However, we do anticipate some tightening of fiscal policy related to the fiscal cliff in the first half of 2013 – we assume the payroll tax cut and the extended unemployment benefits are not extended – which will restrain economic growth to about 1.5% on average in the first half of next year.

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2012-2013
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	2012		2013				2012	2013	2014
	III Q*	IV Q	I Q	II Q	III Q	IV Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	2.7	0.7	1.4	1.5	2.4	2.7	2.2	1.6	2.4
Real Consumer Spending	1.4	2.0	0.8	1.0	2.4	2.4	1.8	1.5	2.3
Housing Starts Mil. Units	0.78	0.87	0.95	1.02	1.09	1.12	0.78	1.04	1.25
Real Capital Spending	-2.2	-1.7	2.5	4.1	5.7	8.2	6.9	2.2	6.6
Net Exports Bil. '00\$	-403.0	-392.2	-384.3	-376.5	-375.4	-381.9	-404.5	-379.5	-395.6

* actual value