



The Conference Board Economic Forecast for the U.S. Economy
April 9, 2014

Economy is thawing out

We view the winter slowdown in economic activity as a temporary pause, resulting from inclement weather experienced in many parts of the country. Thus, after an estimated slow 1 percent annualized growth rate in Q1, we expect the economy to spring forward when warmer temperatures arrive over the coming months. Nonetheless, the slowing in inventory accumulation, after it had surged in the second half of 2013, will continue to restrain headline GDP growth.

Underlying economic fundamentals remain healthy and point to stronger growth in the coming quarters. In particular, we look for a spring thaw to underpin a rebound in housing activity and employment growth. And if final demand picks up, that would be the signal for businesses to “green light” some long-delayed capital improvements that follow on the heels of their investment in inventories late last year.

The latest reading of **The Conference Board Leading Economic Index®** (LEI) rose a solid 0.5 percent in February. Over the last six months the annualized growth rate stands at 5.4 percent. These readings suggest that the economy should improve over the course of the next three to nine months. Over the medium-term, key fundamentals, including a long-awaited recovery in household formation, should drive a continued and steady recovery in the U.S. housing market for the next several years.

The U.S. Economic Forecast

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

	2013 IV Q*	I Q	2014 II Q	III Q	IV Q	2013 ANNUAL	2014 ANNUAL	2015 ANNUAL
Real GDP	2.6	1.0	2.5	2.7	3.0	1.9	2.4	2.7
Real Consumer Spending	3.3	1.9	2.5	2.6	2.4	2.0	2.4	2.5
Housing Starts Mil. Units	1.01	0.92	1.08	1.14	1.20	0.93	1.08	1.36
Real Capital Spending	5.7	3.7	7.1	7.3	6.3	2.7	5.5	5.8
Net Exports	-382.8	-410.4	-410.8	-414.4	-413.2	-412.3	-412.2	-415.7
* actual value								