



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

No more bumps in the road to stronger economic growth

The economy is expected to have grown at about 3 percent annualized pace in the second quarter after a very unusual and disappointing -2.9 percent contraction in the first quarter reflecting downward revisions to health care and exports, in addition to the impact of the bad winter weather. The bounce back this spring reflected stronger domestic demand, which stimulated business investment spending. More importantly employment growth remains resiliently strong providing more income, lifting sentiment and boding well for consumer spending this summer – especially with respect to the back-to-school sales in August. The labor market added a surprising 288,000 jobs in June with revisions pushing up April and May. A more robust job market is likely to bolster improving consumer sentiment and provide more spending power. Moreover, some of these newly employed might be looking to move into a new apartment or even buy a home thus further stimulating the housing market. Under these conditions, we expect growth to continue at around 3 percent for the remainder of the year. In this environment the Federal Reserve is likely to continue to taper its stimulative bond buying. The major remaining question is for how long this pace of expansion can continue: the underlying medium-term growth rate of the economy is closer to 2 percent and once the economy is at full capacity which, as the rapid drop in the unemployment rate suggests, could be sooner rather than later, growth is likely to moderate significantly. But at this point in the expansion we do not expect that slowdown to kick in before 2015.

The U.S. Economic Forecast

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

	2013		2014				2015							
	I	Q*	II	Q	III	Q	IV	Q	I	Q	ANNUAL	ANNUAL	ANNUAL	
Real GDP		-2.9		3.0		2.9		3.0		3.0		1.9	1.5	2.9
Real Consumer Spending		1.0		1.7		2.8		2.9		2.8		2.0	2.1	2.7
Housing Starts Mil. Units		0.93		1.04		1.09		1.16		1.22		0.93	1.05	1.30
Real Capital Spending		-1.2		6.7		7.3		6.0		5.1		2.7	4.2	5.7
Net Exports		-441.1		-452.6		-456.8		-456.3		-454.6		-412.3	-451.7	-451.5

* actual value