



**The Conference Board Economic Forecast for the U.S. Economy
April 15, 2015**

U.S. economy at tipping point on growth prospects: faster wage growth and more consumption, or stagnation in investment and exports?

The economy registered sluggish growth in the first quarter for the second straight year. Temporary factors certainly played some role. Inclement weather (also impacting on some southern metro areas) limited mobility and activity. Further, labor problems at some West Coast ports limited production and shipping. Consumer spending slowed, despite strong real incomes. The money not spent this winter showed up as savings, leading to the possibility of spending it this spring and summer. Business investment, already low by historical standards, slowed further, in part related to the oil and gas drilling and exploration. And the dollar continued to exert a sizable drag on trade and overall GDP growth. The disappointing news about consumption and investment has also caught up with employment, increasing the likelihood of slower job growth but still around a trend of 200,000 jobs per month. GDP should rebound moderately in the spring, as some of the weakness is temporary. But gains are expected to be mostly driven by the consumer, not business investment. Expectations for growth prospects, according to The Conference Board and PwC *Measure of CEO Confidence™*, remained positive, but less so than in the prior quarter. And with all these headwinds, core inflation (which excludes food and energy) remains below a 2 percent annual rate, further complicating the stance of monetary policy.

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2014-2016
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	2014 IV Q*	I Q	II Q	2015 III Q	IV Q	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL
Real GDP	2.2	0.8	2.7	2.5	2.5	2.4	2.5	2.5
Real Consumer Spending	4.4	2.0	3.0	2.7	2.6	2.5	3.0	2.5
Housing Starts Mil. Units	1.06	1.00	1.07	1.13	1.19	1.00	1.10	1.32
Real Capital Spending	4.7	-0.2	4.1	4.5	4.8	6.3	4.1	4.5
Net Exports	-471.4	-490.9	-498.5	-509.6	-518.5	-452.6	-504.4	-519.6
* actual value								