



**The Conference Board Economic Forecast for the U.S. Economy  
June 10, 2015**

**Weak rebound from the first quarter puts growth momentum in the U.S. under pressure**

For the second year in a row, the U.S. economy wilted this winter. GDP growth shrank 0.7 percent (annualized) in the first quarter, mostly due to a number of one-time circumstances. However, mixed incoming key-source data are pointing to a muted bounce back of 2.3 percent in the second quarter - much less than last year. Consumer confidence and spending remained soft in April providing little momentum. May was a better month and both the labor and housing market should boost attitudes and spending this summer. Vehicle sales surged in May and job growth accelerated at 280,000 new jobs. However, job creation will not sustain these levels but could well spur more positive attitudes and lead to less saving and more spending. Business investment also showed some positive signs but downward revisions to core new orders along with cuts to spending in the oil sector limit the path forward. Weak investment and slow productivity growth are the weak spots in the U.S. economy. Together with the tightening labor market, and slow global growth, weak productivity exert downward pressure on corporate profits. The outlook for second half shows somewhat stronger GDP growth especially when accounting for some residual seasonality which BEA is trying to resolve by July 30<sup>th</sup>. This is the kind of path forward, especially with little inflation threat, likely to result in the Federal Reserve waiting longer (perhaps into early 2016) before raising short term interest rates.

**The U.S. Economic Forecast**

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

	I Q*	2015 II Q	III Q	IV Q	2016 I Q	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL
Real GDP	-0.7	2.3	2.7	2.7	2.3	2.4	2.1	2.2
Real Consumer Spending	1.8	2.6	3.0	2.6	2.4	2.5	2.9	2.4
Housing Starts, Mil. Units	0.97	1.07	1.13	1.19	1.23	1.00	1.10	1.32
Real Capital Spending	-2.8	2.2	4.6	4.8	3.9	6.3	3.1	3.9
Net Exports, Bil.Chn.2009\$	-548.4	-548.3	-559.1	-568.5	-578.1	-452.6	-556.1	-589.5

\* actual value