



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

Crosswinds won't push economy off moderate growth path

The consumer is the key to where the economy is headed in the second half of 2015. Solid job growth, although slower than in 2014, and less labor market slack are leading to signs of wage acceleration which should power consumer confidence and spending. But as the drop-off in retail sales for June show, the path of consumer spending remains uneven. Meanwhile, business investment and productivity continue to be weak. And exports are growing very slowly, a result of soft foreign growth and a stronger dollar. In addition, an inventory adjustment continues to weigh on growth. Still with this moderate and bumpy growth path as the most likely scenario, the Federal Reserve may pull the trigger on a rate hike this autumn – as this is probably the best time to somewhat normalize the monetary policy regime. In this world of volatility (Greece, China, Puerto Rico, Iran, Ukraine, Syria) the signal from the Fed not only would be one of relative U.S. economic strength but also stability, a beacon sorely needed in a troubled environment.

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	-0.2	2.5	2.6	2.6	2.3	2.4	2.2	2.3
Real Consumer Spending	2.1	2.9	2.8	2.6	2.4	2.5	3.0	2.5
Housing Starts Mil. Units	0.98	1.11	1.13	1.19	1.23	1.00	1.11	1.32
Real Capital Spending	-2.0	2.9	4.5	4.8	3.9	6.3	3.4	4.1
Net Exports, Bil.Chn.2009\$	-548.0	-545.5	-556.1	-565.3	-574.6	-452.6	-553.7	-590.5
* actual value								