



**The Conference Board Economic Forecast for the U.S. Economy
September 9, 2015**

Moderate growth path of U.S. economy in first half of 2015 is likely to continue for remainder of the year

The stock market might have gone on a detour but there is no evidence the economy is much weaker because of it. GDP growth in the second quarter was revised higher at 3.7 percent (annualized), but the trend in the first two quarters is just about 2.2 percent, and we indeed forecast the economy to grow at that rate and at 2.4 percent in the last quarter of the year. An inventory overhang and troubled net trade are weighting down on growth. Sectors sensitive to global and exchange rate conditions are struggling due to global weakness which is leading to stronger dollar and weaker oil prices. Domestic final sales are holding up much better, boosted by decent consumer spending and gradual strengthening of the single-family housing. Consumer's confidence remains reasonable as the labor market holds steady and the housing market gains some momentum. Meanwhile, the outlook for inflation has been dampened by still falling commodity prices and stronger dollar. Core inflation is more steady with rising housing costs. This economic performance neither requires nor rules out a Federal Reserve engineered hike in short term interest rates. Nor will such a hike, if it happens, offer a speed bump on this path of sustained moderate economic growth. In short, the domestic economy is humming along, albeit in a relatively low gear, while the international situation is unsettling (and will be at least for the very near term).

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2015-2016
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	II Q*	2015 III Q	IV Q	2016 I Q	II Q	2014 ANNUAL	2015 ANNUAL	2016 ANNUAL
Real GDP	3.7	2.2	2.4	2.4	2.3	2.4	2.5	2.4
Real Consumer Spending	3.1	2.8	2.6	2.5	2.4	2.7	3.0	2.6
Housing Starts Mil. Units	1.16	1.13	1.19	1.23	1.27	1.00	1.12	1.32
Real Capital Spending	3.2	6.0	4.8	4.6	3.9	6.2	3.5	4.5
Net Exports	-532.7	-538.5	-552.0	-561.4	-568.2	-442.5	-541.1	-572.8
* actual value								