



**The Conference Board Economic Forecast for the U.S. Economy  
November 12, 2015**

**US economy running faster than trend now and through at least first half 2016**

The long-term trend rate of growth for the US economy is about 2 percent. The economy is growing faster than that that right now, perhaps 2.5 percent annualized and this faster pace could well continue through the first half of 2016. Two opposing forces continue to pull the economy: solid domestic momentum but cautious investment in a weak global environment. Strong job growth, a little pick up in wage growth, some momentum in the housing market, and even sustained low gasoline prices are all boosting consumer optimism and driving above average growth in consumer spending. However, business, unable to see a strong return on investment, continues to be very conservative on new elective investment. And meanwhile, the strong dollar and weak economic growth are limiting export opportunities. The result of these opposing forces is an increase in final sales of about 2.8 percent this quarter. This implies the holiday spending is shaping up favorably. Post-holiday spending may even hold up favorably. But, the economy might return to trend at some point in 2016 because low investment and productivity continue to be a weak spot. And labor shortages might add to upward pressure on wages and start to pinch corporate profits. Net trade will remain a drag, even if less so than over the past year. When the Federal Reserve raises short-term interest rates it will unlikely change the direction of producing and spending. In fact, if investment or trade turn out to be more positive than anticipated, above average growth may even extend longer.

**The U.S. Economic Forecast**

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

	2015		2016			2014	2015	2016
	III Q*	IV Q	I Q	II Q	III Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	1.5	2.8	2.4	2.5	2.2	2.4	2.5	2.4
Real Consumer Spending	3.2	3.0	2.5	2.4	2.3	2.7	3.2	2.7
Housing Starts Mil. Units	1.16	1.19	1.23	1.27	1.30	1.00	1.13	1.32
Real Capital Spending	2.1	4.4	4.6	4.0	3.7	6.2	3.2	3.9
Net Exports	-536.2	-552.3	-563.9	-570.5	-581.5	-442.5	-541.1	-577.3
* actual value								