THE CONFERENCE BOARD
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The Conference Board Economic Forecast for the U.S. Economy
September 14, 2016

Good news is hard to find

Economic growth at only 1.0 percent annualized growth in the first half of 2016 was weaker than the current potential GDP growth rate estimated at 1.5 – 2 percent. The second half of 2016 is estimated slightly above that trend at 2.2 percent. On average, the economy is on track to grow at only 1.4 percent this year, the slowest pace for this expansion since 2010. Yet, the US labor market has remained strong and continues to tighten driving up modest wage pressures. Strong employment growth, accelerating wages, low food and energy prices and faster household formation have been supporting solid household spending. But, the drop in corporate profits since 2014 has translated to deeper investment cuts undercutting productivity and potential GDP. Companies are also too uncertain about future economic conditions as is evident from the latest drop in both services and manufacturing business confidence surveys. Overall GDP growth will likely remain below two percent next year, and corporate profits will continue to decline. While we see no imminent signs of recession, in an environment of low growth rate and declining profits, recession risk is higher than normal.

The U.S. Economic Forecast

THE CONFERENCE BOARD ECONOMIC OUTLOOK, 2016-2017
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	2016			2017		2015	2016	2017
	II Q*	III Q	IV Q	I Q	II Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	1.1	2.5	1.9	1.9	1.7	2.6	1.4	1.9
Real Consumer Spending	4.4	3.2	2.0	2.2	2.1	3.2	2.7	2.4
Housing Starts Mil. Units	1.16	1.20	1.22	1.23	1.25	1.11	1.18	1.25
Real Capital Spending	-0.9	1.4	0.8	1.5	2.0	2.1	-0.9	1.4
Net Exports	-561.9	-578.6	-598.7	-620.5	-641.9	-539.9	-576.3	-647.7

* actual value