

The Conference Board Economic Forecast for the U.S. Economy
December 14, 2016

Moderate improvement of US growth outlook for 2017 but with heightened uncertainty and volatility

We revised our 2017 GDP growth forecast from 2.0 to 2.3 percent. Trump’s proposed policies could encourage more consumption and investment. Somewhat greater business confidence follows expectations of tax cuts on corporate tax rate, more generous tax repatriations arrangements, and deregulation. As a result, we revised up our business spending estimate for 2017 by 0.5 percent to a still very moderate 2.3 percent. The biggest confidence boost so far comes from consumers as full employment bodes well for incomes and inflation remains moderate. Overall we are slightly more optimistic about 2017, but uncertainty has risen, with higher possibility of extreme outcomes, both positive and negative. And the stronger dollar will act as a break on growth with a widening trade deficit. However, even a temporarily stronger GDP growth is unlikely to alter the medium term outlook which would require some combination of expanding the workforce and boosting productivity growth—both remain daunting tasks.

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 |
|------------------------|--------|------|------------|-------------|--------|--------|--------|
| | III Q* | IV Q | first half | second half | ANNUAL | ANNUAL | ANNUAL |
| Real GDP | 3.2 | 1.9 | 2.2 | 2.5 | 2.6 | 1.6 | 2.3 |
| Real Consumer Spending | 2.8 | 2.3 | 2.4 | 2.5 | 3.2 | 2.6 | 2.6 |
| Residential Investment | -4.4 | 8.9 | 5.0 | 4.1 | 11.7 | 4.8 | 3.5 |
| Real Capital Spending | 0.1 | 0.7 | 3.2 | 3.6 | 2.1 | -0.7 | 2.3 |
| Exports | 10.1 | -2.0 | 2.1 | 2.2 | 0.1 | 0.5 | 2.3 |

* Actual data