

The Conference Board Economic Forecast for the U.S. Economy February 8, 2017

Base scenario continues to suggest a modest upside on the US growth outlook

There is still considerable optimism among the business community that a combination of tax cuts, regulatory relief, and infrastructure spending will quicken the pace of economic activity. Businesses, large and small, have regained some confidence, even as consumer sentiment edged higher. A bit more growth could ignite a bit more inflation, which might help relieve the stress on profit margins. Hard economic data however have so far seen only modest positive impact on growth. A positive factor is the continuation of a solid pace of hiring trend. Consumer spending is likely to remain solid, on the back of job and income growth. However enthusiastic business may be, there is little evidence of any major change in investment plans. Our forecast for first half of this year consequently remains unrevised and close to the GDP growth trend of around 2 percent for the last 6 years. Corporate tax cuts and regulatory relief could be followed by plans to upgrade and expand physical capital during the second half of the year, which could therefore see more growth at 2.5 percent with a bit more inflation, higher short-term interest rates, but a still stronger dollar.

The U.S. Economic Forecast

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

	2016		2017		2017		2015	2016	2017
	IV	Q*	I	Q	II	Q	first	second	ANNUAL
							half	half	ANNUAL
Real GDP	1.9		2.2		2.2		2.2	2.5	2.6
Real Consumer Spending	2.5		2.3		2.4		2.4	2.5	3.2
Residential Investment	10.2		5.0		5.0		5.0	4.1	11.7
Real Capital Spending	2.4		3.2		3.3		3.2	4.0	2.1
Exports	-4.3		2.1		1.8		2.0	1.8	0.1

* Actual data