

## The Conference Board Economic Forecast for the U.S. Economy March 11, 2020

### The US economy ended 2019 on strong footing, but a large wrench will be caught in the gears over the next few months

The US economy started 2020 on strong footing: US manufacturing was expected to improve, consumer strength was likely to hold up, job growth was strong, and business investment was starting to trend upward. Then, in February, COVID-19 infections started to increase in the United States, raising anxieties and rattling markets. While it is difficult to know with any certainty how this outbreak will take shape over the coming months, The Conference Board's current economic forecast assumes that the number of cases will peak in April and then begin to diminish. Under this assumption, we expect a sizeable disruption to certain areas of the economy over the coming two to three months – most notably travel, tourism, and entertainment activities which account for about 7% of GDP. Other sectors, such as restaurants and industries which are heavily dependent on global supply chains are likely to suffer as well. In particular, we forecast consumer spending to contract by 1.7 percent in Q2. Combined with other impacts, real GDP growth is expected to contract by 1.0 percent that quarter. The economy should begin to return to its long term trajectory in the second half of 2020 as consumer spending rebounds. For the year as a whole, some significant economic damage is done as we expect real GDP growth to fall to 1.4 percent from 2.3 percent in 2019. But currently we see a full-fledged recession as the less likely outcome for 2020.

### The U.S. Economic Forecast

#### THE CONFERENCE BOARD ECONOMIC OUTLOOK, 2018-2019-2020

Percentage Change, Seasonally Adjusted Annual Rates

	2019			2020				2018	2019	2020
	first half*	III Q*	IV Q	I Q	II Q	III Q	IV Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	2.6	2.1	2.1	1.7	-1.0	1.9	2.2	2.9	2.3	1.4
Real Consumer Spending	2.8	3.1	1.7	1.2	-1.7	1.9	1.9	3.0	2.6	1.3
Residential Investment	-2.0	4.6	6.1	6.5	4.0	6.0	6.1	-1.5	-1.5	5.0
Real Capital Spending	1.7	-2.3	-2.3	-0.4	-0.2	4.0	4.7	6.4	2.1	-0.2
Exports	-0.7	0.9	2.1	-3.0	-2.0	3.0	2.0	3.0	0.0	-0.5

\* Actual data