

The Conference Board Economic Forecast for the U.S. Economy February 8, 2011

Better Mix of Drivers for Growth, But Major Headwinds Persist

The recent economic data continue to paint an improved U.S. macro economic landscape, highlighted by a healthier mix of growth drivers, in particular stronger domestic demand. Due to the combination of the stronger economic momentum and the payroll tax cut that was instituted last month, we now envisage real GDP growth of 2.6% in 2011, which is up just 0.1 of a percentage point from last month's forecast, and up by almost a full percentage point from the 1.7% we forecast in December. However, even with our upwardly revised growth estimate, we remain more concerned about the sustainability of the momentum then the consensus (which is currently 3.2%). In our view the main headwinds restraining economic activity are the still anemic labor market, which remains unable to catch the recovery momentum of the broader economy, and the struggling housing market, which may be in the midst of a double-dip.

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2010-2012
Percentage Change, Seasonally Adjusted Annual Rates
(except where noted)

	2010		2011			2012	2010	2011	2012
	IV Q*	I Q	II Q	III Q	IV Q	I Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	3.2	2.9	2.1	2.4	2.4	2.6	2.9	2.6	2.6
Real Consumer Spending	4.4	2.6	2.3	2.7	2.6	1.9	1.8	2.8	2.2
Housing Starts Mil. Units	0.55	0.61	0.65	0.69	0.73	0.78	0.59	0.67	0.96
Real Capital Spending	4.4	7.0	4.6	8.6	7.4	13.5	5.5	7.2	8.6
Net Exports Bil. '00\$ * actual value	-392.2	-397.8	-410.2	-417.2	-410.9	-405.1	-421.2	-409.0	-411.5