

The Conference Board Economic Forecast for the U.S. Economy November 13, 2019

Economic growth holding up well, but will not reaccelerate in 2020

US Real Gross Domestic Product performed better than consensus forecasts in Q3 and was in-line with The Conference Board's projection of 1.9 percent. Looking forward, we anticipate growth to tick up to 2 percent in Q4, but then to moderate slightly into 2020.

In Q3 consumer spending was again the primary driver of growth and we expect robust demand over the holiday season in Q4. This trend is underpinned by solid job growth and wage increases. However, as employment growth will likely slow into 2020, which is our expectation, there's likely to be a cooling in consumer spending growth as well. This will serve as a headwind to overall GDP growth.

Business sentiment and investment have been a drag on growth recently, but we expect some improvement over the coming quarters. As a result, we expect to see improved business spending on equipment and structures next year. This should partially offset softer consumer spending.

We also expect residential investment to continue to help maintain US economic growth. US mortgage rates have dropped, and the housing starts are up substantially. This trend should continue in the short-term and help buoy any lapse in other parts of the economy.

Finally, the US Federal Reserve recently cut rates by 25 basis points for the third time this year. Chairman Powell signaled that the Fed would not continue to ease policy in the near-term. We do not anticipate additional cuts in the coming quarter unless downside risks to US growth arise.

The U.S. Economic Forecast

THE CONFERENCE BOARD ECONOMIC OUTLOOK, 2018-2019-2020

Percentage Change, Seasonally Adjusted Annual Rates

	2018		2019				2018	2019	2020
	first half	second half	I Q*	II Q*	III Q*	IV Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	3.0	2.0	3.1	2.0	1.9	2.0	2.9	2.3	2.0
Real Consumer Spending	2.8	2.5	1.1	4.6	2.9	3.0	3.0	2.6	2.6
Residential Investment	-4.5	-4.3	-1.1	-2.9	5.1	5.1	-1.5	-1.5	4.6
Real Capital Spending	8.3	3.5	4.4	-1.0	-3.0	-0.2	6.4	2.1	0.8
Exports	3.3	-2.4	4.2	-5.7	0.7	0.0	3.0	-0.2	0.1

* Actual data