



**The Conference Board Economic Forecast for the U.S. Economy
March 9, 2010**

Cautious Consumer Keeps U.S. Recovery Dampened

Last month we pointed out how capex would be a bright spot for the economy in the first quarter, suggesting business had regained some confidence. Questions remain, nonetheless, about how durable a capex recovery would prove to be. There is little question about weak consumer demand. While modest job growth could resume as early as March, consumer attitudes remain very weak. In part, this reflects pessimistic expectations, not only about job growth, but perhaps more importantly about a return to more robust income growth. Absent strong gains on jobs and incomes, consumer spending growth will remain low, ensuring the recovery does not gain momentum this spring or summer. This point is underlined by the apparent move on the part of households to redouble efforts to build savings. Having experienced a severe economic downturn and bracing for a sustained modest pace of economic activity, consumer saving, especially among upper-income households, is rising.

The U.S. Economic Forecast

THE CONFERENCE BOARD'S ECONOMIC OUTLOOK, 2009-2011
Percentage Change, Seasonally Adjusted Annual Rates
(except where note)

	2009		2010			2011	2009	2010	2011
	IV Q*	I Q	II Q	III Q	IV Q	I Q	ANNUAL	ANNUAL	ANNUAL
Real GDP	5.9	2.6	2.4	0.7	1.4	2.1	-2.4	2.6	2.0
Real Consumer Spending	1.7	2.5	1.7	1.5	0.9	1.1	-0.6	1.8	1.6
Housing Starts Mil. Units	0.55	0.61	0.63	0.65	0.72	0.81	0.55	0.65	0.99
Real Capital Spending	6.5	4.4	3.6	-3.2	-1.3	1.4	-17.7	1.0	2.2
Net Exports Bil. '00\$	-347.1	-378.1	-381.5	-379.5	-377.8	-377.2	-355.4	-379.2	-389.7
* actual value									

Source: The Conference Board