NABE Outlook

NABE Panel Expects Moderate GDP Growth through 2018, with Small Boost From Tax Reform; Few Anticipate Infrastructure Plan to Pass Next Year

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The December 2017 NABE Outlook presents the consensus of macroeconomic forecasts from a panel of 51 professional forecasters (see last page for listing). The survey, covering the outlook for 2017 and 2018, was conducted November 6-15, 2017. The NABE Outlook Survey originated in 1965 and is one of three surveys conducted by the National Association for Business Economics (NABE); the others are the NABE Business Conditions Survey and the NABE Economic Policy Survey. Founded in 1959, the National Association for Business Economics is the professional association for those who use economics in their work. NABE has over 2,600 members and 40 chapters nationwide. ***David Altig,*** *Federal Reserve Bank of Atlanta;* ***Chris Christopher, CBE,*** *IHS Markit;* ***Steve Cochrane, CBE,*** *Moody's Analytics;* ***Jack Kleinhenz, CBE,*** *National Retail Federation;* ***Chad Moutray, CBE,*** *National Association of Manufacturers;* ***Yelena Shulyatyeva,*** *Bloomberg LP; and* ***Richard Wobbekind, CBE,*** *Leeds School of Business, University of Colorado/Boulder, conducted the analysis of survey responses for this report. The views expressed in this report are those of the panelists and do not necessarily represent the views of their affiliated companies or institutions. This report may be reproduced in whole or in part with appropriate citation to NABE.*

SUMMARY: "Results from the NABE December 2017 Outlook Survey show that panelists' expectations are only slightly revised from those in the September 2017 Outlook Survey," said NABE Vice President, **Kevin Swift, CBE,** chief economist, American Chemistry Council. "The panel's median forecast for average annual real gross domestic product (GDP) growth in 2017 is 2.2%, unchanged from the September survey, and is 2.5% for 2018, slightly higher than the previous forecast.

"Most of the panelists expect both individual tax cuts and corporate tax reform will be enacted by the end of 2018," continued Swift. "However, only one-third of panelists expects an infrastructure spending plan will be enacted by then. The median estimate of the impact on real GDP growth from fiscal policy changes is an increase of 0.2 percentage point in 2018.

"The outlook for inflation has softened somewhat," added Swift. "Panelists expect that inflation, as measured by the personal consumption expenditures (PCE) price index, will increase by 1.6% from the fourth quarter of 2016 to the fourth quarter of 2017 (Q4/Q4), just below the September forecast. The Q4/Q4 median inflation forecast for 2018 has also edged downward slightly, from 1.9% in September to 1.8%.

"Panelists continue to believe that a recession is unlikely in 2018," noted Swift. "Only 7% of respondents believe the peak of the current business cycle will occur by the end of next year. The survey panel is more optimistic about the risks to the economy than it was in September. Sixty percent of panelists believe the balance of risks to the economy through 2018 is weighted to the upside, while 33% believe the risks are weighted to the downside. In the September survey, the downside risks outweighed the upside risks by a margin of 48% to 43%."

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Highlights:

- **The median forecasts for average annual inflation-adjusted gross domestic product growth (real GDP growth) are 2.2% for 2017 and 2.5% for 2018—compared with 2.2% and 2.4% in the September survey.** On a fourth-quarter-to-fourth-quarter basis, real GDP growth is expected to be 2.5% in 2017 and 2.4% in 2018. The median forecast for fourth-quarter 2017 real GDP growth is 2.7%, higher than the September forecast of 2.5%.
- **The median forecast for the year-end 2017 midpoint of the federal funds target range of 1.375% is unchanged from the September forecast, implying one more 25-basis-point rate hike at the Federal Open Market Committee's December meeting.** The forecast for 2018 implies a flatter anticipated interest rate trajectory than in the previous survey, with a year-end rate of 1.983%, compared to the 2.125% projected in September. The quarterly path for the median federal funds rate projections for 2018 anticipates no rate hike in March and three increases in June, September, and December.
- **On balance, panelists continue to expect action by Congress and the Trump administration on tax reform before the end of 2018, but a much smaller share expects any action on infrastructure spending by the end of next year.** Eighty-four percent of panelists now anticipate individual tax cuts will be enacted before the end of 2018—compared to the 73% who held this view in the September survey—and 76% expect such action in the first quarter of next year. A nearly equal 82% anticipate corporate tax reform will be enacted before the end of 2018 versus the 73% in the September survey; again, 76% expect this to occur in the first quarter of next year. Only 35% of the panelists, however, expect an infrastructure spending plan will be enacted by the end of 2018, well below the 61% in the September survey. Moreover, more than one-third of the panelists—37%—do not expect to see an infrastructure spending plan enacted during the current presidential term.
- **The median estimate of the impact of potential changes to federal fiscal policy on real GDP growth is a positive 0.2 percentage point in 2018—down slightly from the estimate in September of a 0.25-percentage-point gain.** Panelists now expect a similar 0.2-percentage-point positive impact from fiscal policy changes in 2019.
- **Forty-six percent of panelists believe that the renegotiation of NAFTA will have at least a marginal negative net impact on the U.S. economy, compared with 33% who feel it will have at least a marginally net positive impact.** This is a reversal of sentiment expressed in September, when 34% expected a positive net benefit and 27% anticipated a negative net impact. Only 19% expect no impact from NAFTA renegotiations, compared to 30% who held this view in the September survey.
- **The median estimate of the impact of a sustained 10% correction in stock prices, as measured by the S&P 500 Index, is a decline of 0.22 percentage points on real GDP growth over the course of a year.** This is nearly equal to the 0.23-percentage point decline expressed in the September survey.
- **Sixty percent of panelists believe the balance of risks to the economy through 2018 is weighted to the upside, while 33% believe the balance of risks is weighted to the downside.** This is a reversal of the risk assessment presented in the September survey, in which the downside risks outweighed the upside risks by a margin of 48% to 43%. Current sentiment has returned to that expressed in June, when upside risks outweighed the downside risks by a margin of 60% to 36%. The panel ranks the top three downside risks to the economy as trade protectionism, a substantial stock market decline, and higher interest rates. A number of panelists also mention immigration restrictions as a secondary risk. The top three upside risks are stronger global growth, corporate tax reform, and individual income tax cuts, with stronger wage growth frequently cited as a secondary upside risk.
- **Panelists continue to believe that a recession is unlikely in 2018.** Only 7% of panelists believe the current expansion will end before 2019.
- **The median forecast for monthly payroll growth in 2017 has fallen slightly—to 167,000, down from 178,000 in the September survey.** The current forecast is lower the actual gains of 187,000 per month in 2016. The panel's forecast for 2018 of 158,000 new nonfarm payrolls per month is also down slightly from the 160,000 per-month job gain projections for 2018 in the September survey.

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- **Despite the slower job growth projection, the December outlook calls for the unemployment rate to average 4.4% in 2017, unchanged from that projected in the September survey.** The forecast for 2018 reflects further improvement to 4.1%, revised from the 4.2% rate projected in the September survey. The unemployment rate is expected to average 4.1% in the first half of 2018, and 4.0% through the second half of next year.
- **Growth in real consumer spending is expected to decelerate slightly over the next two years.** In 2017, the panel's median forecast calls for growth in real personal consumer expenditures (PCE) of 2.8%, followed by 2.5% growth in 2018.
- **The median outlook for new light vehicle sales in 2017 has been revised upward to 17.1 million units—200,000 more than the September forecast, but still slightly below the June 2017 forecast of 17.2 million units.** The current projection implies a slowdown from the 17.5 million units sold in 2016. Vehicle sales are expected to remain at about the same pace, with the panel forecasting 17.0 million units in 2018.
- **Survey results suggest that growth in real nonresidential fixed investment in 2017 is likely to improve relative to the poor pace (-0.6%) seen in 2016.** The median forecast of 4.5% is slightly higher than the 4.4% forecast in the September survey. The median forecast for real nonresidential fixed investment in 2018 is 4.2%.
- **The 2017 and 2018 median forecasts for real residential fixed investment have weakened substantially since the September survey.** Real residential fixed investment growth is now expected to be 1.7% in 2017, down from the 2.4% forecast in September. In 2018, real residential fixed investment is projected to be 2.7%, down from the 3.2% rate in the September survey.
- **The median forecasts for the 2017 and 2018 change in real business inventories suggest a somewhat larger contribution to GDP growth than projected in September.** The 2017 forecast calls for a $25 billion increase, up from $17 billion in the September survey. The median forecast for 2018 is a $40 billion increase, up from $35 billion anticipated in the September survey.
- **The outlook for homebuilding in both 2017 and 2018 is largely unchanged from the September 2017 outlook.** The panel expects total housing starts of 1.20 million units in 2017, an increase of 30,000 units over 2016, but substantially lower than was forecasted as the year began. A further increase to 1.30 million units is expected in 2018.
- **Existing-home prices, as measured by the Federal Housing Finance Agency (FHFA) house price index, are expected to increase 5.8% in 2017.** This is a slight upward revision from the 5.7% increase projected in the September survey, and matches the 5.8% home price appreciation registered in 2016. Home price increases are expected to slow modestly in 2018 to 5.0%.
- **Real federal, state, and local government consumption expenditures and gross investment are expected to increase by a combined 0.1% in calendar year 2017, the same pace forecasted in the September survey.** The panel's median estimate for 2018 has slipped to 0.8%, slower than the pace predicted in both the June and September surveys.
- **The projected fiscal year 2018 federal deficit is $675 billion—greater than the $655 billion forecasted in the September survey.** This would be a deterioration from the *actual* deficit of $666 billion in fiscal year 2017.
- **Panelists expect the real U.S. trade deficit will widen to $608 billion in 2017 and to $634 billion in 2018, both slightly lower than the respective deficits of $620 billion and $652 billion forecasted in September.** The panel's median forecast calls for growth in real imports of 3.4% in 2017, lower than the forecast in the September survey, but higher than the *actual* 1.3% growth rate in 2016. Panelists continue to be optimistic about the outlook for U.S. real exports, anticipating growth of 3.1% in 2017 and 3.7% in 2018.
- **The panel anticipates the U.S. dollar will be stable against the euro over the next year.** The exchange rate is projected to be $1.16 to the euro in both December 2017 and December 2018.

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- **Panelists expect productivity growth, as measured by real nonfarm business output per hour, to accelerate to 1.3% in 2017 and 1.5% in 2018.** Both figures are up from the actual -0.1% in 2016.
- **The panel continues to predict very modest inflationary pressures in 2017 and 2018.** The median forecast for average annual inflation—as measured by the GDP price index, the broadest gauge of inflation in the economy—is 1.8% in 2017, up marginally from 1.7% in the September survey. The median prediction for 2018 is 1.9%, unchanged from the September survey. The median forecasts for average annualized growth in the consumer price index (CPI) are 2.1% and 2.0% growth in 2017 and 2018, respectively, up from 2.0% and 1.9% in the prior estimates.
- **Panelists continue to predict 1.6% growth in the PCE price index from the fourth quarter (Q4) of 2016 to Q4 of 2017, unchanged from the September survey.** The Q4/Q4 median PCE forecast for 2018 has edged downward, to 1.8% from 1.9% in the previous survey. The core PCE price index, which excludes food and energy prices, is expected to increase by 1.4% on a Q4/Q4 basis in 2017, down from the estimates of 1.9% in the June survey and 1.5% in September. This suggests a weakening of pricing pressures as the year has progressed. Panelists predict 1.8% growth in year-over-year core PCE inflation through Q4 of 2018, down slightly from the estimated 1.9% in the previous survey.
- **The panel's median forecast for growth in hourly compensation in 2017 is 2.0%, down from 2.3% in the September survey.** Hourly compensation growth in 2018 is expected to accelerate to 3.0%. Panelists foresee wage growth outpacing inflation (PCE) in both years.
- **Panelists have revised upward their expectations for December 2017 crude oil prices compared to projections in September, with their forecast for oil prices for December 2018 also higher.** The panel's median forecast is for the price of West Texas Intermediate (WTI) to average $54 per barrel in December 2017, slightly higher than the $50 per barrel projected in the September survey. Oil prices are expected to average $54 per barrel in December 2018. The December 2016 average was $52 per barrel.
- **The panel has revised downward—but only modestly—its outlook for the yield on 10-year Treasury notes for year-end 2017, to 2.45%, compared to the September outlook of 2.49%.** An increase to 3.00% is now projected for year-end 2018, unchanged from the September projection.
- **The panel's projection for industrial production of 1.6% average growth in 2017 is down from the 1.9% forecasted in the September survey, likely reflecting the impact of the late-summer hurricanes.** The outlook for 2018 is unchanged from the September survey, with a projected acceleration to 2.3% on average in 2018.
- **The panel's median outlook for growth in corporate profits in 2017 has been revised upward, to 6.2% this year from 5.0% in the September survey.** The range of respondents' forecasts is rather wide. For 2017, the median expectation for the five lowest estimates is 3.1%, while the median for the five highest is 9.2%. Corporate profits are expected to rise by 4.8% in 2018.

Table 1 Comparative Surveys *(Median Forecast Reported)*

	ACTUAL	FORECASTS				
	2016	2017			2018	
		June 2017	Sept 2017	Dec 2017	Sept 2017	Dec 2017
Real Gross Domestic Product, % change, Q4/Q4	1.8	2.2	2.3	2.5	2.3	2.4
Real Gross Domestic Product, % change, annual average	1.5	2.2	2.2	2.2	2.4	2.5
Personal Consumption Expenditures, % change, annual average	2.7	2.5	2.7	2.8	2.6	2.5
Nonresidential Fixed Investment, % change, annual average	-0.6	4.3	4.4	4.5	4.0	4.2
Residential Fixed Investment, % change, annual average	5.5	5.7	2.4	1.7	3.2	2.7
Change in Business Inventories, billions of chained 2009$	33	32	17	25	35	40
Net Exports, billions of chained 2009$	-586	-621	-620	-608	-652	-634
Exports, % change, annual average	-0.3	2.8	3.3	3.1	3.7	3.7
Imports, % change, annual average	1.3	4.3	3.9	3.4	4.3	3.5
Government Consumption Expenditures & Gross Investment, % change, annual average	0.8	0.2	0.1	0.1	0.9	0.8
GDP Price Index, % change, annual average	1.3	1.9	1.7	1.8	1.9	1.9
Foreign Exchange Rate, US$ per Euro, December average	1.06	1.09	1.17	1.16	1.18	1.16
Consumer Price Index, % change, annual average	1.3	2.4	2.0	2.1	1.9	2.0
Consumer Price Index, % change, Q4/Q4	1.8	2.3	1.7	1.9	2.1	2.1
Personal Consumption Expenditures (PCE) Price Index, % change, Q4/Q4	1.6	1.9	1.6	1.6	1.9	1.8
Personal Consumption Expenditures (PCE) Price Index less food & energy, % change, Q4/Q4	1.9	1.9	1.5	1.4	1.9	1.8
Nonfarm Employment, average monthly change, thousands	187	178	178	167	160	158
Nonfarm Business Compensation Per Hour, % change, annual average	1.0	3.1	2.1	2.0	3.0	3.0
Nonfarm Business Output Per Hour, % change, annual average	-0.1	1.0	1.1	1.3	1.2	1.5
Federal Funds Target, % year-end	0.625	1.375	1.375	1.375	2.125	1.983
10-Year Treasury Note Yield, % year-end	2.45	2.75	2.49	2.45	3.00	3.00
Federal Deficit, FY, unified, $ billions	-585	-600	-627	-666a	-655	-675
Corporate Profits After Tax, without IVA and CCAdj., % change, annual average	2.2	4.9	5.0	6.2	4.5	4.8
Civilian Unemployment Rate, % annual average	4.9	4.5	4.4	4.4	4.2	4.1
Industrial Production, % change, annual average	-1.2	1.5	1.9	1.6	2.3	2.3
Light Vehicle Sales, millions of units	17.5	17.2	16.9	17.1	16.9	17.0
Housing Starts, millions of units	1.17	1.27	1.21	1.20	1.30	1.30
Home Prices, FHFA, % change, Q4/Q4	5.8	5.4	5.7	5.8	4.8	5.0
Oil Price (WTI spot), $ per barrel, December average	52	53	50	54	51	54

a=actual

Historical data from Haver Analytics (11/30/17)

Quarterly Forecasts (Median)

	Real Gross Domestic Product % change, annual rate		Civilian Unemployment Rate %, quarterly average		Nonfarm Employment average monthly change, thousands	
Survey:	**9/17**	**12/17**	**9/17**	**12/17**	**9/17**	**12/17**
Q1-17	1.2a	1.2a	4.7a	4.7a	166a	166a
Q2-17	3.1a	3.1a	4.4a	4.4a	187a	187a
Q3-17	3.3a	3.3a	4.3a	4.3a	121a	121a
Q4-17	2.5	2.7	4.3	4.2	168	196
Q1-18	2.2	2.3	4.2	4.1	165	167
Q2-18	2.4	2.3	4.2	4.1	160	165
Q3-18	2.3	2.3	4.2	4.0	157	154
Q4-18	2.3	2.4	4.1	4.0	153	151

	Personal Consumption Expenditures Price Index (PCE) less food & energy % change, annual rate		Fed Funds Target % quarter-end		10-Year Treasury Note Yield % quarter-end	
Survey:	**9/17**	**12/17**	**9/17**	**12/17**	**9/17**	**12/17**
Q1-17	1.8a	1.8a	0.875a	0.875a	2.40a	2.40a
Q2-17	0.9a	0.9a	1.125a	1.125a	2.31a	2.31a
Q3-17	1.4a	1.4a	1.125a	1.125a	2.33a	2.33a
Q4-17	1.7	1.5	1.375	1.375	2.49	2.45
Q1-18	1.8	1.6	1.447	1.375	2.65	2.58
Q2-18	1.8	1.7	1.625	1.625	2.80	2.72
Q3-18	1.9	1.8	1.875	1.875	2.90	2.85
Q4-18	2.0	1.9	2.125	1.983	3.00	3.00

a=actual

Table 2 Distribution of Selected Responses

Medians of Annual Forecasts

	2017 Forecast			2018 Forecast		
	Median	Five Lowest	Five Highest	Median	Five Lowest	Five Highest
Real Gross Domestic Product, % change, Q4/Q4	2.5	2.2	2.8	2.4	1.7	3.4
Consumer Price Index, % change, Q4/Q4	1.9	1.5	2.6	2.1	1.5	3.0
Personal Consumption Expenditures (PCE) Price Index less food & energy, % change, Q4/Q4	1.6	1.4	2.2	1.8	1.5	2.8
Civilian Unemployment Rate, % annual average	4.4	4.4	4.4	4.1	3.8	4.6
Federal Funds Target, % year-end	1.375	1.125	1.500	1.983	1.625	2.380
10-Year Treasury Note Yield, % year-end	2.45	2.21	2.60	3.00	2.40	3.75
Foreign Exchange Rate, US$ per Euro, December average	1.16	1.11	1.20	1.16	1.10	1.25
Housing Starts, millions of units	1.2	1.2	1.3	1.3	1.2	1.5
Home Prices, FHFA, % change, Q4/Q4	5.8	4.9	6.7	5.0	3.0	6.5
Oil Prices, $ per barrel, December average	54	48	58	54	48	68
Corporate Profits After Tax, without IVA and CCAdj., % change, annual average	6.2	3.1	9.2	4.8	2.2	12.0

Medians of Quarterly Forecasts

	Real Gross Domestic Product % change, annual rate			Civilian Unemployment Rate %, quarterly average			Nonfarm Employment average monthly change, thousands		
	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest
Q1-17	1.2a	-	-	4.7a	-	-	166a	-	-
Q2-17	3.1a	-	-	4.4a	-	-	187a	-	-
Q3-17	3.3a	-	-	4.3a	-	-	121a	-	-
Q4-17	2.7	2.1	3.8	4.2	4.0	4.4	196	150	253
Q1-18	2.3	1.2	3.5	4.1	3.9	4.3	167	113	207
Q2-18	2.3	1.7	3.5	4.1	3.8	4.5	165	90	215
Q3-18	2.3	1.8	3.6	4.0	3.7	4.6	154	107	215
Q4-18	2.4	1.7	3.3	4.0	3.7	4.7	151	94	200

	Personal Consumption Expenditures Price Index (PCE) less food & energy % change, annual rate			Fed Funds Target % quarter-end			10-Year T-Note Yield % quarter-end		
	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest	Full Sample Median	Five Lowest	Five Highest
Q1-17	1.8a	-	-	0.875a	-	-	2.40a	-	-
Q2-17	0.9a	-	-	1.125a	-	-	2.31a	-	-
Q3-17	1.4a	-	-	1.125a	-	-	2.33a	-	-
Q4-17	1.5	1.3	2.5	1.375	1.125	1.500	2.45	2.21	2.60
Q1-18	1.6	1.2	2.6	1.375	1.375	1.630	2.58	2.25	2.90
Q2-18	1.7	0.7	2.5	1.625	1.375	1.880	2.72	2.40	3.22
Q3-18	1.8	1.3	2.7	1.875	1.375	2.130	2.85	2.45	3.47
Q4-18	1.9	1.4	2.8	1.983	1.625	2.380	3.00	2.40	3.75

Five highest and five lowest are the response medians
a=actual

Appendix

Results from December 2017 NABE Outlook Survey Special Questions

1. In your baseline forecast, when do you assume each of the following policies will be enacted?

A) Infrastructure spending program

Percent of Respondents	Timeframe
12.2%	1H 2018
22.4%	2H 2018
18.4%	2019-2020
36.7%	Won't be enacted in current presidential term
10.2%	Don't know / no opinion / NA

B) Corporate tax reform

Percent of Respondents	Timeframe
76.0%	1H 2018
6.0%	2H 2018
6.0%	2019-2020
6.0%	Won't be enacted in current presidential term
6.0%	Don't know / no opinion / NA

C) Individual income tax cuts

Percent of Respondents	Timeframe
76.0%	1H 2018
8.0%	2H 2018
2.0%	2019-2020
10.0%	Won't be enacted in current presidential term
4.0%	Don't know / no opinion / NA

2. How much do you forecast federal fiscal policy changes will add to or subtract from real GDP growth?

2018		2019	
Percentage Points	**Percent of Respondents**	**Percentage Points**	**Percent of Respondents**
< 0	2.4%	< 0	0.0%
0	19.5%	0	20.5%
.01 - .19	4.9%	.01 - .19	20.5%
.2 < .39	51.2%	.2 - .39	43.6%
>= .4	22.0%	.4 - .59	10.3%
Median	0.20	.6 - .79	0.0%
		>= .8	5.1%
		Median	0.20

3. Is the balance of risks to the economy through 2018 weighted to the upside or downside?

Percent of Respondents	Balance of Risks
60.4%	Upside
33.3%	Downside
6.3%	Don't know / no opinion / NA

4. **Rank the following downside risks to the U.S. economy through 2018, considering both probability of occurrence and potential impact:**

- Strong dollar
- Higher interest rates
- Substantial stock market decline
- Trade protectionism
- Immigration restrictions
- Weak wage growth
- Other

Top Catalysts Ranked 1, 2, or 3

Percent of Respondents	Downside Risk
9.6%	Strong dollar
16.9%	Higher interest rates
19.1%	Substantial stock market decline
25.0%	Trade protectionism
11.0%	Immigration restrictions
12.5%	Weak wage growth
5.9%	Other

5. **Rank the following upside risks to the U.S. economy through 2018 considering both probability of occurrence and potential impact:**

- Infrastructure spending program
- Individual income tax cuts
- Corporate tax reform
- Stronger global growth
- Firmer wage growth
- Other

Top Catalysts Ranked 1, 2, or 3

Percent of Respondents	Upside Risk
11.9%	Infrastructure spending program
18.5%	Individual income tax cuts
24.4%	Corporate tax reform
27.4%	Stronger global growth
16.3%	Stronger wage growth
1.5%	Other

6. What is your expectation of the net benefit to the U.S. economy of the renegotiation of NAFTA?

Percent of Respondents	Expectation
0.0%	Strongly positive
8.3%	Moderately positive
25.0%	Marginally positive
18.8%	No net benefit
25.0%	Marginally negative
14.6%	Moderately negative
6.3%	Strongly negative
2.1%	Don't know / no opinion / NA

7. Rank from most to least important, the reasons U.S. wage growth has remained weak even as the labor market has tightened:

- Slack remains in the labor market
- Aging population
- Low inflation
- Poor productivity growth
- Other

Top Catalysts Ranked 1, 2, or 3

Percent of Respondents	Reason
14.7%	Slack remains in the labor market
19.4%	Aging population
27.1%	Low inflation
30.2%	Poor productivity growth
8.5%	Other

8. Rank from most important to least, the reasons global inflation has remained weak even as economic growth has strengthened:

- Slack remains in the labor market
- Persistent transitory factors
- Low inflation expectations
- Structural factors
- Other

Top Catalysts Ranked 1, 2, or 3

Percent of Respondents	Reason
22.7%	Slack remains in the labor market
17.4%	Aging population
23.5%	Low inflation
29.5%	Poor productivity growth
6.8%	Other (please describe)

9. How much do you forecast a sustained 10% correction in stock prices as measured by the S&P 500 Index would reduce real GDP growth over the course of a year?

Amount	Percent of Responses
0	2.4%
.01 - .19	24.4%
.2 < .39	46.3%
> = .4	26.8%
Median	0.22

10. Recession Outlook

Please estimate on a scale of 0 to 100 the probability of a recession in the U.S. in 2018:

Probability	Percent of Responses
0%	0.0%
1 - 25%	87.8%
26 - 50%	10.2%
51 - 75%	2.0%
76 - 99%	0.0%
100%	0.0%

11. When do you believe the next business cycle peak will occur?

Percent of Respondents	Timeframe
0.0%	2H 2017
4.3%	1H 2018
2.2%	2H 2018
6.5%	1H 2019
39.1%	2H 2019
47.8%	2020 or later

With their permission, NABE panelists who responded to the December 2017 NABE Outlook Survey are:

Mike Englund, Action Economics, LLC; **Kevin Swift, CBE,** American Chemistry Council; **Scott Anderson**, Bank of the West; **Nathaniel Karp,** BBVA Research USA; **Dan Hamilton / Bill Watkins,** CERF - Cal Lutheran; **Constantine Soras,** CGS Economic Consulting, Inc.; **Shuai Xiaobing** Chmura Economics & Analytics; **Jan Reid,** Coast Economic Consulting; **Frank Nothaft,** CBE, CoreLogic; **Kevin Thorpe,** Cushman & Wakefield; **Daniel Bachman,** Deloitte; **Susan Sterne,** EAA, Inc.; **James Kleckley,** East Carolina University; **Dick Rippe, CBE,** Evercore ISI; **Doug Duncan, CBE,** Fannie Mae; **Robert Stein,** First Trust Advisors, LP; **Bryan Bezold,** Ford Motor Company; **Rajeev Dhawan,** Georgia State University; **Gary Ciminero,** GLC Financial Economic; **Kathleen Stephansen, CBE,** Huawei Technologies USA, Inc.; **J. Paul Horne,** Independent International Market Economist; **Ronald Horst,** Inforum - University of Maryland; **James Glassman,** JPMorgan Chase & Co.; **Jack Kleinhenz, CBE,** Kleinhenz & Associates; **Constance Hunter, CBE,** KPMG; **Richard L. Wobbekind, CBE,** Leeds School of Business – University of Colorado; **Brian Horrigan,** Loomis, Sayles & Company, LP; **Lawrence Nelson,** Macroeconomic Advisers LLC; **Parul Jain,** MacroFin Analytics; **Mark Zandi, CBE,** Moody's; **Ellen Zentner,** Morgan Stanley; **Chris Rupkey,** MUFG Union Bank; **Joel Naroff,** Naroff Economic Advisors; **David Berson, CBE,** Nationwide Insurance; **William Dunkelberg, CBE,** NFIB; **Carl Tannenbaum, CBE,** Northern Trust; **Stephen Latin-Kasper,** NTEA; **Oren Klachkin,** Oxford Economics; **James Smith, CBE,** Parsec Financial; **Gus Faucher,** PNC Financial Service Group; **Lynn Reaser, CBE,** Point Loma Nazarene University; **Charles Steindel, CBE,** Ramapo College New Jersey; **Robert Fry, CBE,** Robert Fry Economics LLC; **Manaenkov Daniil,** RSQE, U. of Michigan; **Stephen Gallagher,** Societe Generale; **Stephen Taddie,** Stellar Capital Management, LLC; **Leslie Preston,** TD Bank; **Robert Kleinhenz,** UC Riverside Center for Economic and Business Forecasting; **Sean Snaith,** University of Central Florida; **JD Foster,** US Chamber of Commerce; **John Silvia, CBE,** Wells Fargo.

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