

Economic Forecast: 2017 and Beyond

With a new year and a new presidential administration arriving shortly, ITR Economics' Senior Analyst Alex Chausovsky was the featured speaker for MCAA's November webinar, "Economic Forecast 2017 and Beyond." Members and guests were anxious to learn what 2017 might have in store for them and their budgets.

The American economy is expected to rise throughout 2017 and 2018 before experiencing a mild, macroeconomic recession in 2019. The US economy has been expanding for the past seven years and is currently 10% larger than its lowest point during the recession of 2008.

Economists view Gross Domestic Product (GDP) as the barometer of the US economy at the macroeconomic level. GDP is expected to finish 2016 up 1.9% over last year and is predicted to increase 3.5% in 2017.

While industrial production is still in recession for the final quarter of 2016, it is expected to increase steadily throughout 2017. Anticipation of increased infrastructure spending and a lowering of regulations under the Trump administration are fueling optimism for industrial machinery, oil & gas production, and steel production.

The outlook is also positive regarding business investment, which has lagged behind personal consumption and government spending as a percentage of GDP. A weaker US dollar and increasing commodity prices, combined with economic growth in Europe, Asia, and South America, should prove beneficial to business investment in 2017.

Interest rates are expected to rise over the next two years. Inflation is also projected to increase through 2019 based on expectations of policies for the incoming administration.

So what are the action items for business owners and executives going forward? Decision makers should take advantage of the increasing growth and consider opportunistic business and capital acquisitions. Hiring managers should focus on hiring salespeople and leaders now as well as investing in top-notch training and retention programs.

Finally, managers should budget for increased labor costs, higher wages, rising inflation and increasing commodity prices. By factoring in these items now, MCAA members can best position themselves to take advantage of the upcoming economic climate.

MCAA is pleased to work with the professionals at ITR to provide our members with accurate and industry specific economic reports. To learn more about how MCAA membership can benefit your business and your bottom line, please contact MCAA.

