

2019 Year Ahead Outlook

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What are your expectations for growth in 2019 once U.S. fiscal stimulus fades?

As we look ahead to 2019, we're going to see an economy that starts off pretty strong but likely ends the year a bit softer. The two big stories for 2019 will be around stimulus. On the one hand, fiscal stimulus will continue to support the economy in the beginning of the year, but into the end of the year, it is naturally set to fade. At the same time monetary policy is tighter. The Fed has been hiking interest rates and the economy will be feeling the potential strain from higher interest rates and tighter monetary policy.

So we think, generally speaking, we will see continued consumer spending. The consumer is well-positioned with a tight labor market, rising wage growth, low oil prices, and in general, higher confidence. Business investments should slow somewhat, but remain positive. Housing is likely to be a bit of a negative. And, on balance, we end up seeing an economy that probably ends 2019 in a low 2% pace which, of course, is a slowdown from the 3% growth pace we enjoyed in 2018.

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