

NIBCO REGIONAL ECONOMIC FORECASTS

For Professional Contractors



US OUTLOOK FOR EARLY 2017

With 2016 mostly behind us, it is time to look forward into next year. Rising wages, low unemployment and appreciating home values have helped the consumer this year. The strength of these factors will continue to **bring more spending power to the average person in 2017.**

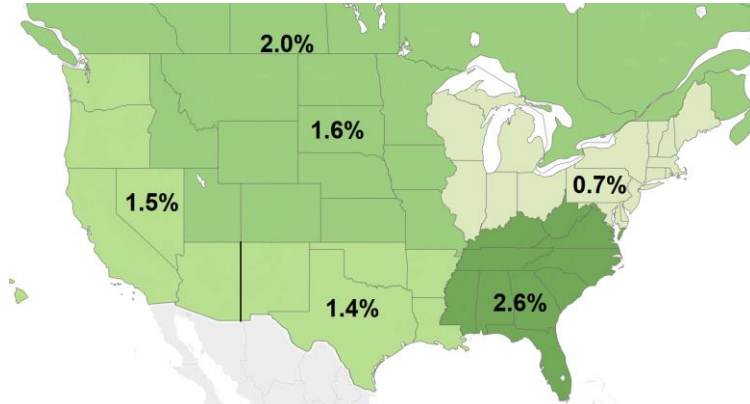
The health of the consumer may not directly translate into strong growth in new construction in 2017. Long-term interest rates are starting to move higher, putting a damper on new home sales. **Builders have been pulling back the reins on new activity;** single-unit building permits have slowed from around 10% growth in the first half of the year to 3-6% in recent months. Our Prevedere Residential Construction Leading Indicator, which looks at multiple factors such as interest rates, permits and wages, is now declining, suggesting the deceleration trend in construction will continue in the first half of 2017. **Expect positive consumer trends to help counterbalance softening growth in new construction** to start the year.



PLAINS & ROCKIES REGIONAL OUTLOOK

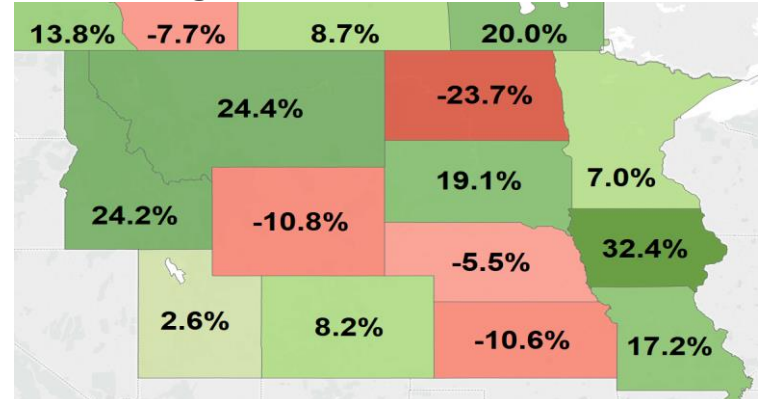
Mildly rising inflation in agricultural and oil prices, along with a tight labor market and rising wages, are helping turn the Plains & Rockies Region around. Expect positive conditions to kick off 2017 as both the industrial and services sides of the economy face better conditions.

Consumer Spending



Consumers are showing more life, just in time for the holiday season. The improving growth rates in retail sales should translate into more home improvement construction projects as well.

New Housing Permits



Stabilizing commodity prices and improving economic conditions have meant a housing recovery in some areas, but others markets are still saturated and will take longer to see positive numbers again.