

NIBCO REGIONAL ECONOMIC FORECASTS

For Professional Contractors



US OUTLOOK – 2ND HALF 2017

Halfway through the year, a growing economy has hopefully presented many opportunities to expand and profit. A tight job market and increasing consumer spending is expected to **lift the US economy** through the remainder of the year.

From a momentum standpoint, some sectors are peaking. The **pace of growth in new single-family permits has noticeably slowed** across most states on a year/year basis. Some states are down versus last year. Our indicators suggest further deceleration is in store.

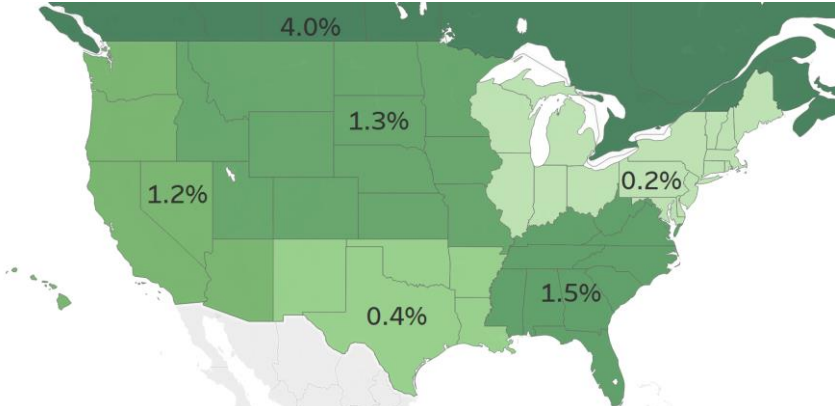
Two trends we are watching are Real Disposable Personal Income and Job Openings. **Inflation-adjusted incomes are not growing as fast this year**, primarily because inflation has picked up a bit. Job Openings are at high levels, but have stopped growing year-over-year (-2.5%). If these trends continue, momentum may cool in the broader economy leading into 2018. It is still early, and for now, the **shortage of skilled labor** is challenging contractors all over the US. An extra focus on retaining quality employees will be crucial to capturing as much of the 2017 economic growth as possible.



PLAINS & ROCKIES REGIONAL OUTLOOK

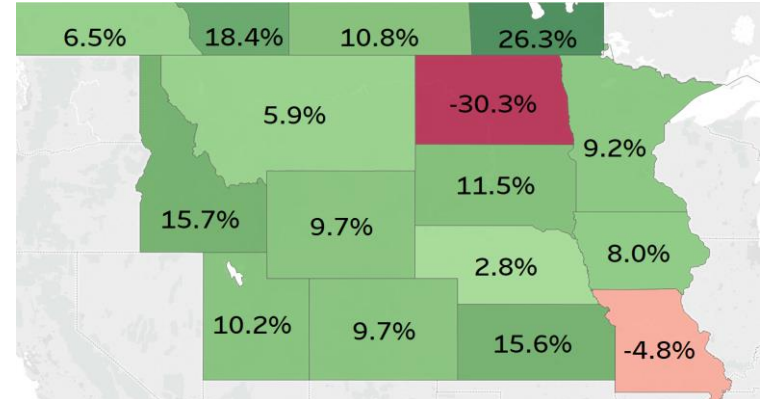
Construction in the Plains and Rockies has come a long way; 99k single family building permits were issued in 2016, nearly double the 51k permits issued just 5 years ago in 2011. Most states are still expanding, and should present additional opportunities for contractors.

Consumer Spending



Low levels of unemployment is helping consumers spend in the Plains & Rockies Region. Expect additional mild growth in the second half of the year.

New Housing Permits



Rising interest rates and falling affordability measures may calm some markets in the second half of the year, but for now the pipeline of new activity is strong in most states.