

NIBCO REGIONAL ECONOMIC FORECASTS

For Professional Contractors



US OUTLOOK FOR EARLY 2017

Deceleration has been the story for both consumer spending and housing construction so far in 2016. Retail Sales have cooled across the US to a 1.5% annual growth rate. Housing Starts are now growing at 3.0%, compared to a 16.8% growth rate back in March.

Where from here? There are positive signals on the horizon. The *Prevedere Residential Construction Leading Indicator is rising*, signaling improving economic environment for home improvement spending and new construction beginning later this year and early next year. We are seeing a similar *uptick in the Retail Leading Indicator*. Low unemployment and improving inflation-adjusted incomes are carrying the US economy. *Better business conditions can be expected over the next six months*. The improvement is likely to be gradual, so do not be surprised if conditions still appear weak over the next few months.

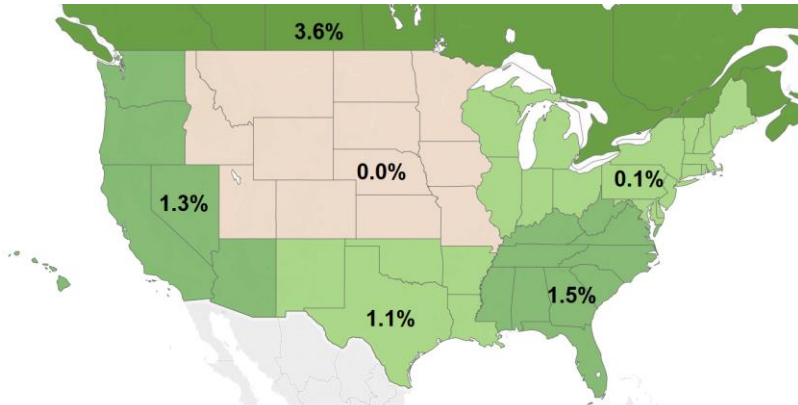
As we move through the second half of the year, many states are experiencing construction trends lower than last year. However, the economic cycle is approaching a low, and better conditions are on the horizon.



PLAINS & ROCKIES REGIONAL OUTLOOK

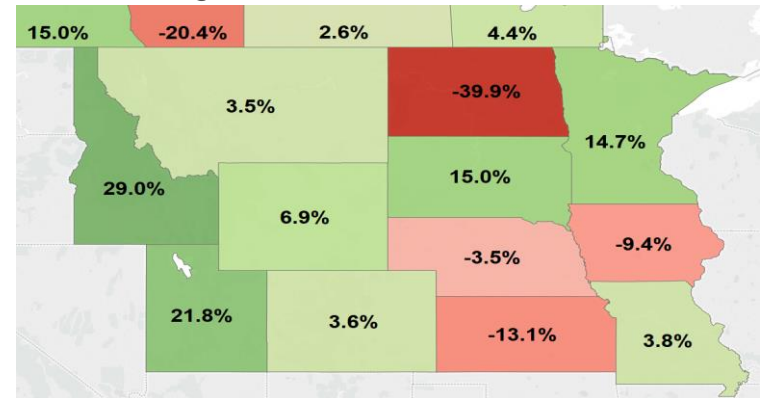
Consumers are spending conservatively across the US, but particularly in the Plains & Rockies where Retail Sales are unchanged from last year. Make sure pricing and product selection meets the modest economic environment your customers are facing.

Consumer Spending



Consumers are not spending more. However, with wages stabilizing, low inflation and low unemployment we expect that spending will not enter recession in this region. Plan on mild growth to close out the year.

New Housing Permits



As seen by the large declines in Alberta and North Dakota, exposure to the reeling oil & gas industry is still the biggest influencer in overall economic health in the region.