

NIBCO REGIONAL ECONOMIC FORECASTS

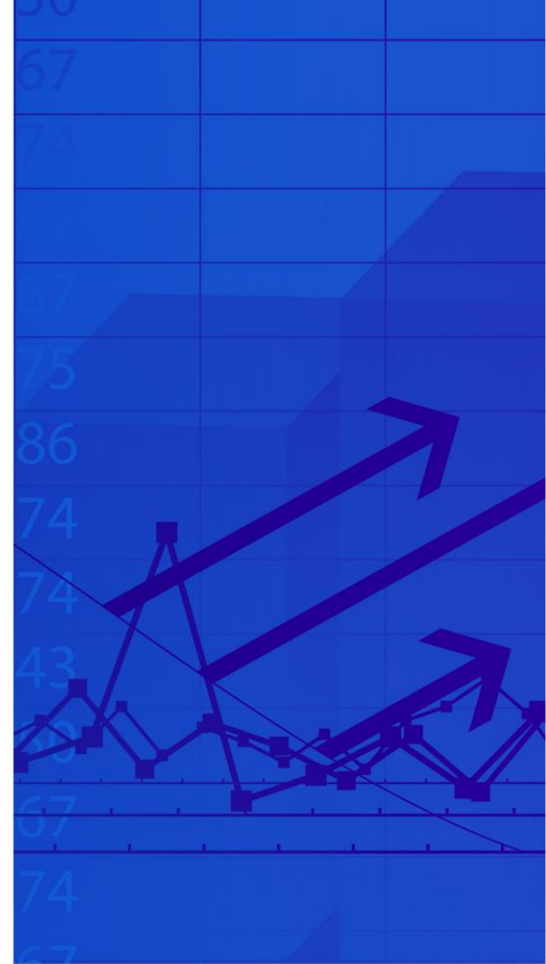
For Professional Contractors



US OUTLOOK – 2018

The US economy closed 2017 on a high note with the stock market, consumer spending and sentiment at above-average levels; that momentum is expected to carry forward to 2018. Indicators suggest **solid growth in the US economy in the first half of the year** with potential for milder-but-ongoing growth in GDP and Retail in the back-half. Expect acceleration in year-over-year growth for both residential and non-residential markets to kick off the building season this spring.

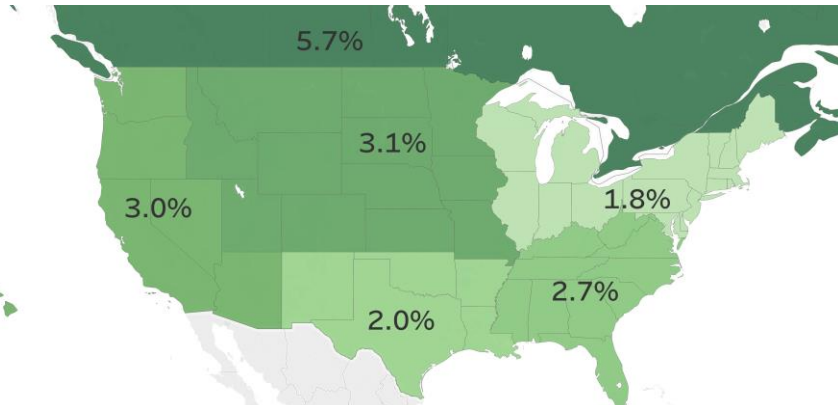
Wage inflation will be one of the key challenges in 2018. Contractors and distributors already know the difficulty in finding skilled labor, and **broader wage inflation** is likely to take hold across the US labor force. Start looking for additional labor fast and early, as we **expect Housing Starts to grow faster** than the moderate 2-3% annual growth seen in 2017. Rising employment and low housing inventories should be more than enough to counter the negative impact of rising mortgage rates in 2018. Home renovation was one of the stronger areas of construction in 2017, and should continue to be a focus area in 2018 for growth. Overall, the US outlook is positive; prepare for gains.



PLAINS & ROCKIES REGIONAL OUTLOOK

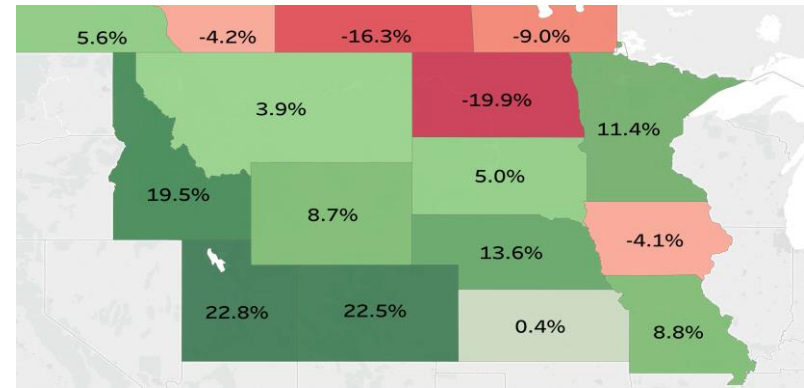
The lack of any real upward momentum for over two years in corn and other agricultural prices is weighing on capital investment across bread-basket states and provinces. But growth in tech and services should carry other states higher, as seen by the above-average activity in Colorado, Idaho and Utah right now.

Consumer Spending



We are seeing a healthy level of consumer activity in the Plains & Rockies Region. Similar to the housing market, the retail market is being buoyed by strong growth in Colorado, Minnesota, Utah and Idaho; all growing above 3.5%.

New Housing Permits



Colorado, Utah and Idaho are clocking in their fastest year-over-year housing growth rates in over four years. Look to capitalize on the strong market in these areas in 2018.