

NIBCO REGIONAL ECONOMIC FORECASTS

For Professional Contractors



US OUTLOOK – EARLY 2019

As we look ahead to next year, think about if your business is positioned to be sustainable in the face of changing economic conditions. **2018, by most measures, has been a strong year for the US economy:** unemployment below 4%, GDP growth above 4%, and expansion in construction spending for most sectors. 2019 will likely get off to a quick start, as some of that 2018 momentum carries forward. Realistically, the pace of growth is expected to cool down as normal business cycle conditions set in. **Most leading indicators for GDP signal slower growth in 2019.** Be sure to not overleverage on the current pace of growth as in every cyclical peak there are those who over-commit based on straight line projections of a near-term positive trend.

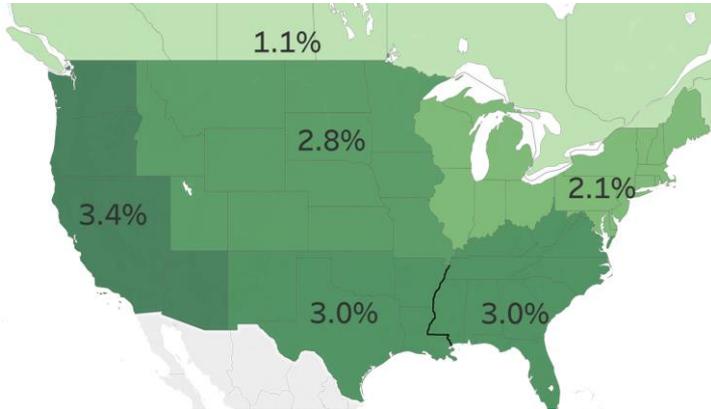
Leading indicators for non-residential construction are positive, as tax reform continues to boost corporate profits and businesses look to reinvest some of those gains in infrastructure. For residential construction, demand will be strong, but labor shortages and maintaining margins with high input and labor costs will continue to challenge contractors.



PLAINS & ROCKIES REGIONAL OUTLOOK

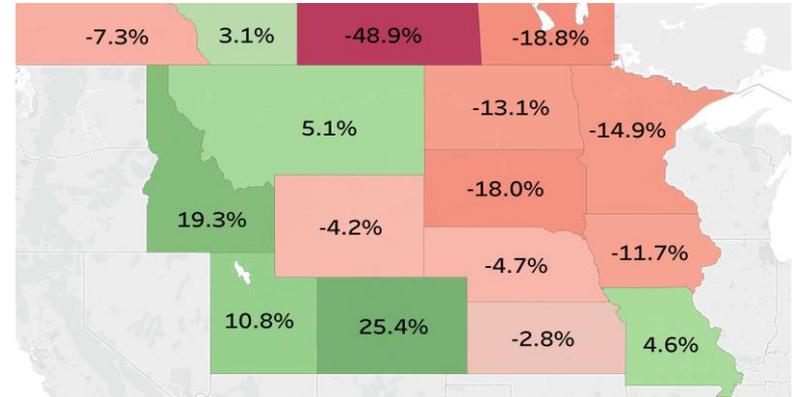
With the exception of a few states, construction activity is contracting in the Plains & Rockies Region. A mix of weak agricultural prices and trade disruption is impacting some local economies. Also, many states are seeing a natural retreat from faster-than-average growth a year ago. Look for moderate recovery in 2019.

Consumer Spending



While the consumer is spending at a healthy level, at 2.8%, this is not translating into new construction spending in many areas. Look for renovations and maintenance to fill gaps where new building is not expanding.

New Housing Permits



Canada is finally seeing the broad cooling of construction activity that many expected several years ago. Rising interest rates are letting the air out of an expansionary phase in many areas in Canada as well as some in the US.