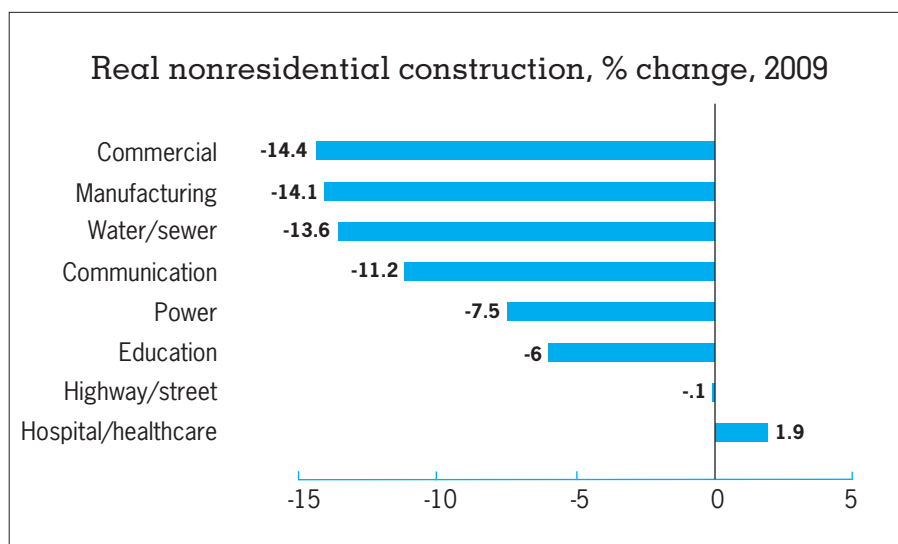


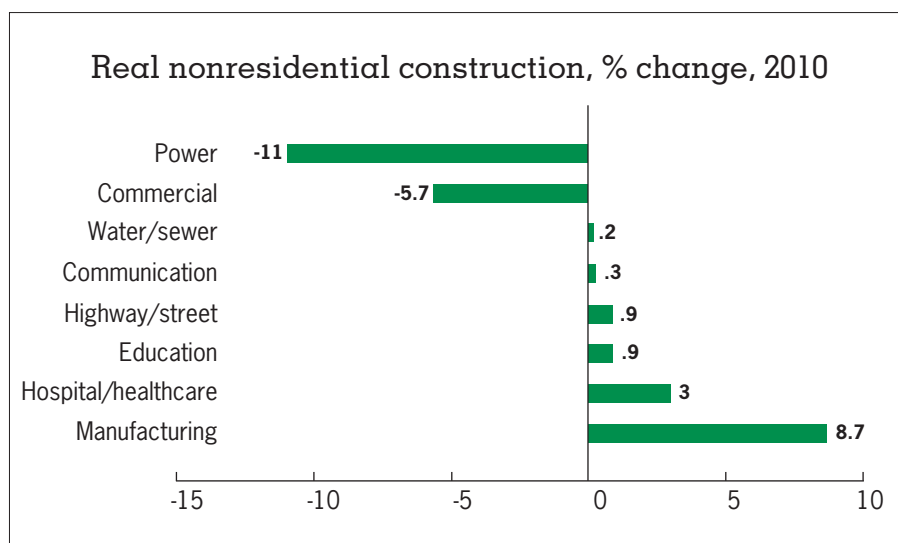
Let's go straight to 2010

NEMA economists say 2010 will be a lot better than 2009. **by Joe Salimando**

Donald Leavens, NEMA vice president and chief economist, recently issued a preliminary 2009-2010 economic forecast—right in the midst of September's credit-crunch turmoil. His outlook: We're going to like 2010 a lot better than 2009. In fact, NEMA's economists saw only one segment of the nonresidential sector increasing next year (and that by a tiny bit). After that, though, things will start looking a whole lot better.



Most types of nonresidential construction are expected to contract in 2009, with commercial leading the way. Source: BEA, Global Insight, FRB, NEMA/BIS simulation of Global insight macro model; ©2008 NEMA Business Information Services



Construction of manufacturing facilities is seen leading the rebound in 2010. Source: BEA, Global Insight, FRB, NEMA/BIS simulation of Global Insight macro model; ©2008 NEMA Business Information Services

Before delivering his Sept. 16 presentation at the IDEA E-Biz Forum in Washington, D.C., Leavens noted that events unfolding that week and, as it turned out, the following week were likely to dictate changes in NEMA's forecast. With that caveat in mind, here are highlights of what was prepared:

- The U.S. won't "officially" enter a recession, as the GDP will continue to grow. But next year's growth—while perhaps a bit higher than that of 2008—will remain below trend, with a recovery coming in 2010.

- NEMA's forecast shows a decline in "core electrical equipment production" from the second quarter of 2009 to the second quarter of 2010, before a relatively lackluster beginning of a recovery in the second half of 2010.

- In the near term, "the expected downturn in nonresidential construction will leave exports as the sole strong growth driver."

Leavens also provided a look at U.S. manufacture of lighting equipment. There was a blip upward in the second quarter of 2008, he noted, but "output remains on a downward near-term trajectory, thanks to the ever-growing penetration of imports, as well as weak domestic construction activity."

What about the housing market? Speaking, as he did, in the midst of a housing-induced shrinkage of liquidity and a reshuffling among very large global financial institutions, Leavens may have been influenced by his environment. "The housing market remains deeply troubled," he said. "It could deteriorate far more sharply in the near future—although that's not the most likely scenario." ■

Salimando is an Oakton, Virginia-based writer. See his weekly column on tedmag.com and his electrical construction industry blog at eleblog.com.