

RESEARCH BULLETIN

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IC Insights Revises U.S. Economic Outlook

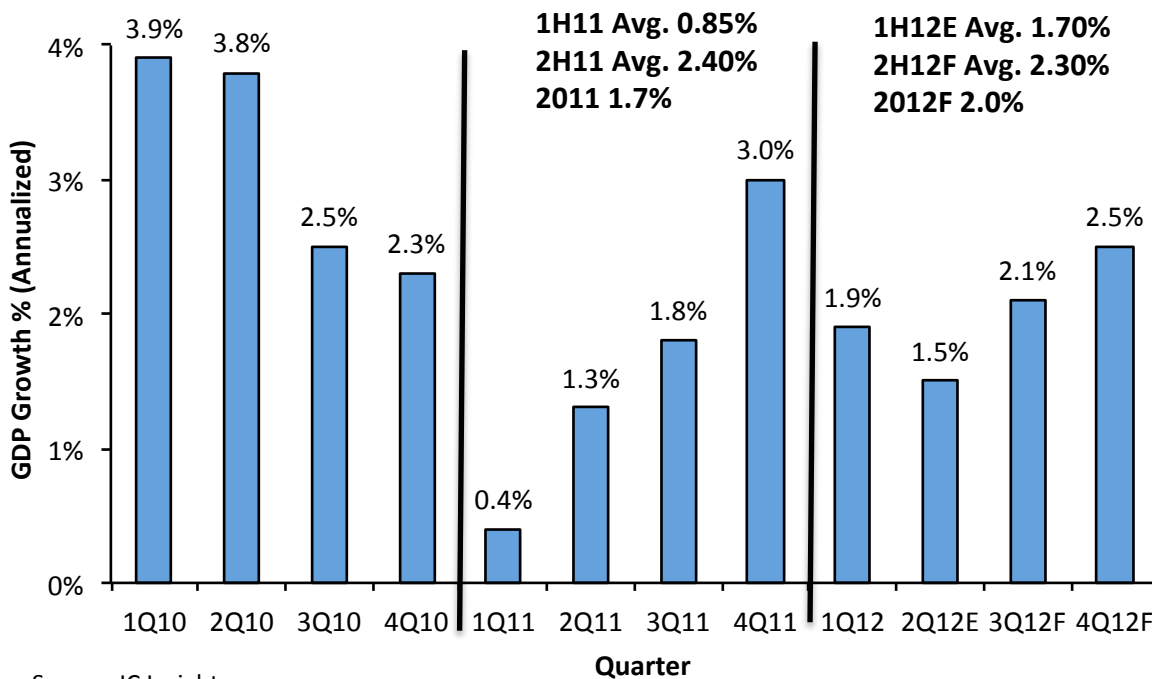
GDP, slow jobs growth, leading economic indicators create caution, add to uncertainty

Although the U.S. economy's importance to worldwide GDP growth has lessened over the past 15 years, it is by far the largest individual country economy in the world and still represents almost one-quarter of global GDP. IC Insights estimates that 1H12 U.S. GDP growth was 1.7%, slightly lower than the 2.0% full-year U.S. GDP growth rate that IC Insights forecasts for 2012 (see Figure). It is generally agreed that the most significant factor that has been holding back the U.S. economy from displaying better GDP growth is the high unemployment level, which remained above 8.0% as of July 2012.

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U.S. Quarterly GDP Trends



Source: IC Insights

Overall, the U.S. employment picture has improved dramatically since the 2008-2009 recession when the U.S. economy *lost* an average of 256,000 jobs per month, but not enough to spur consistent quarterly GDP growth above 3.0%.

Although the monthly change figure for U.S. employment is typically erratic, the downward trend in the number of jobs added in the U.S. since January 2012 has many economists concerned. IC Insights believes that in order for its 2012 2.0% U.S. GDP growth rate forecast to come to fruition, the number of jobs added over the next eight months in the U.S. needs to average at least 150,000 per month, which is the average number of jobs per month that were added from January through July of this year.

Another indicator for the U.S. economy that IC Insights uses is the Index of Leading Economic Indicators (LEI), compiled by The Conference Board. This Index includes factors such as manufacturers' new orders, stock prices, building permits, money supply, average initial weekly claims for unemployment, interest rates, and the index of consumer expectations.

Historical LEI figures are very volatile and one should not read too much into one month's data point. However, the LEI for 1Q12 averaged 0.4% and the LEI averaged 0.0% in 2Q12, adding to the overall uncertainty regarding the worldwide economy at this time. The indicators reflect an economy that's still struggling to gain momentum. Growth is slow, but choppy, and consumers, executives and investors are looking for more progress.

Report Details:

IC Insights' examines and provides additional details on the U.S. and global economies in its 200+ page *Mid-Year Update to The McClean Report*. The *Mid-Year Update* is one of several updates issued from March through November each year, and is included as part of an annual subscription to *The McClean Report*. An individual-user subscription to the 2012 edition of *The McClean Report* is priced at \$3,290 and includes an Internet access password. A multi-user worldwide corporate license is available for \$6,290.

To review additional information about IC Insights' new and existing market research products and services please visit our website: www.icinsights.com

About IC Insights

IC Insights, Inc., based in Scottsdale, Arizona USA, is dedicated to providing high-quality, cost-effective market research for the semiconductor industry. Founded in 1997, IC Insights offers coverage of global economic trends, the semiconductor market forecast, capital spending and fab capacity trends, product market details, and technology trends, as well as complete IC company profiles and evaluations of end-use applications driving demand for ICs.

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