

**T.C.**  
**TİCARET BAKANLIĞI**  
**İhracat Genel Müdürlüğü**

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Konu : NABE Toplantı

**TÜRKİYE İHRACATÇILAR MECLİSİ GENEL SEKRETERLİĞİNE**

T.C. Vaşington Ticaret Müşavirliğimizden alınan bir yazıda; 4 Aralık 2018 tarihinde İsviçre Büyükelçiliğinde, National Association for Business Economics (NABE) tarafından düzenlenen 10. Diplomatik Yuvarlak Masa toplantısına Ticaret Müşavirliğimizce katılım sağlandığı, söz konusu Toplantıya çeşitli ülkelerin ekonomi ve ticaret temsilcilerinin yanısıra Amerika Üreticiler Birliği, Amerika Kimya Konseyi, Freddi Mac gibi kurumların da katıldığı ve ABD ekonomisi ile ilgili bilgiler verildiği belirtilmiştir.

Toplantıya ilişkin yazı ve paylaşılan raporlar ekte yer almaktadır.

Bilgilerini rica ederim.

e-imzalıdır  
Üstün ALAN  
Bakan a.  
Daire Başkanı

Ek:

- 1- NABE Toplantı Pdf
- 2- Freddi Mac.pdf
- 3- NABE Outlook.pdf
- 4- Tariff Effects.pdf



# SECTORAL EFFECTS OF TARIFFS

NABE Diplomatic Roundtable  
December 2018 Meeting

Dr. Thomas Kevin Swift, CBE  
Chief Economist & Managing Director



## Section 232 Tariffs - Aluminum and Steel

- US global tariffs on steel (25%) and aluminum (10%) announced and imposed in March with trade partner retaliation
- Benefits concentrated but higher prices foster demand destruction so gain in shipments is modest at best (perhaps 1.2 million tons)
- ...but costs dispersed across economy with Trade Partnership Worldwide estimating 16 jobs lost for every job gained in aluminum and steel
  - **Due to U.S. Tariffs on Imports:** Increased cost of essential inputs into steel consuming sectors and downstream products. For chemicals increased costs (\$1.8 billion) to maintain and expand capital (18,500 tons of steel in a typical steam cracker) so investments put on hold and/or cancelled; particularly painful consequences to projects in progress and effects on production, jobs. etc.
  - **Due to Retaliation on U.S. Exports:** Negatively affects exports. For chemicals, \$3.5 billion in chemicals exposed to retaliatory tariffs with decline in production, jobs, investments put on hold and/or cancelled, etc.

## Potential Section 232 Auto and Auto Parts Tariffs

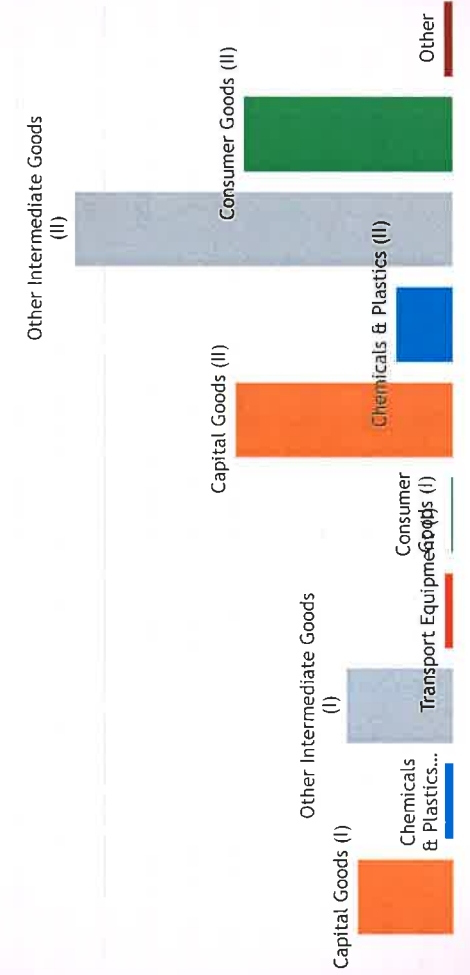
- North American light vehicle industry is highly integrated: 98% of US auto imports and 72% of exports are intra-company and 55-59% of US auto parts imports, 35-48% of exports are intra-company
- Administration has considered 20% or 25% tariffs...and could have adverse effects:
  - Tariffs on NA imports: currently 0% (NAFTA) + 25% (new tariff) => 25% tariff on autos
  - Tariffs on EU imports: 25% (current) + 25% (new tariff) => 50% tariff on light vehicles
  - Retaliation Expected
- Analysis by Peterson Institute for International Economics suggests that tariffs on autos & auto parts will result in 1.5% contraction in industry output and 195,000 U.S. job loss
- Analysis by Council of Automotive Research (CAR) suggests that tariffs on autos could result in as much as 750,000 U.S. job loss and as much as \$6,610 added costs per vehicle

## US-China Section 301 Trade Dispute

- Section 301 applies when US rights under a trade agreement are denied or if other country behavior "...is unjustifiable and burdens or restricts United States commerce".
- US Actions using Section 301
  - Phase I: 25% tariffs on \$50 billion in US imports from China
  - Phase II: 10% tariffs on \$200 billion in US imports from China (boost to 25% has been delayed)
  - Phase III: tariffs on \$255 billion in US imports from China (everything else) has been delayed
- China Retaliations for US Actions
  - Phase I: tariffs on \$50 billion in US exports to China
  - Phase II: tariffs on \$60 billion in US exports to China
  - Remaining US exports to China total only \$20 billion

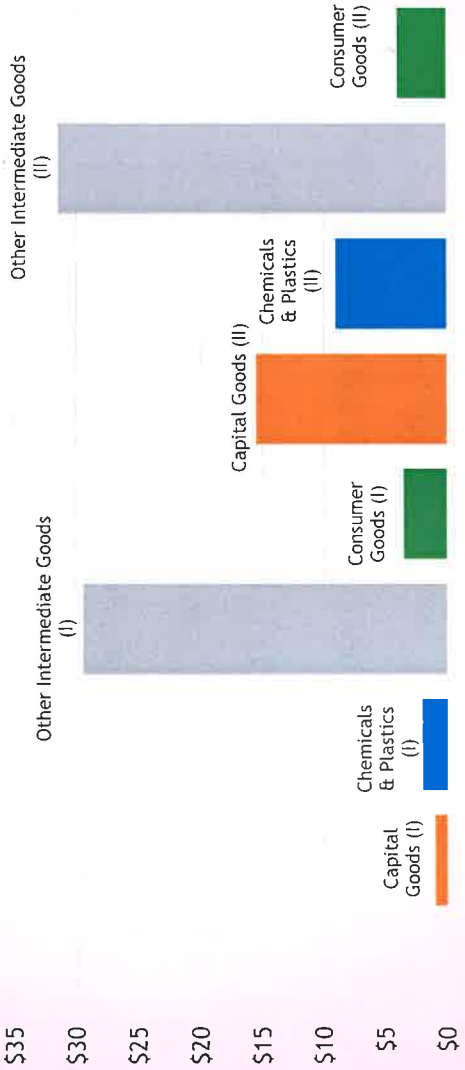
## Incidence of Section 301 Tariffs on US Imports from China

US Imports from China in Billions US Dollars

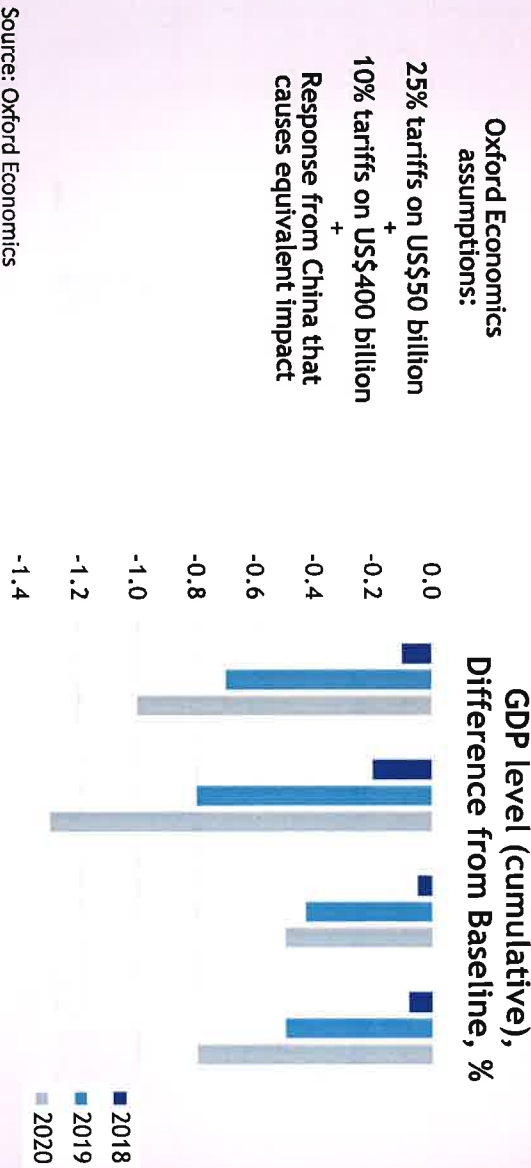


## Incidence of Retaliatory Tariffs on China Imports from the United States

China Imports from United States in Billions US Dollars



## Economic Effects of US-China Trade War



## Positive US Industrial Outlook Depends On...

- Access to Abundant and Affordable Energy
- Strong U.S. Manufacturing Base
- Regulatory Environment
- State of the U.S. and Global Economy
- Access to Global Supply Chains
- Access to Export Markets

## For Further Information



Please feel free to address questions to:

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# NABE Outlook

## Economic Growth Continuing in 2019, But with Trade Tensions Adding to Downside Risk

Embargoed until December 3, 2018, at 12:01am ET

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The December 2018 NABE Outlook presents the consensus macroeconomic forecast of a panel of 53 professional forecasters (see last page for listing). The survey, covering the outlook for the end of 2018 and each quarter of 2019, was conducted October 31-November 15, 2018. The NABE Outlook Survey originated in 1965 and is one of three surveys conducted by the National Association for Business Economics (NABE); the others are the NABE Business Conditions Survey and the NABE Economic Policy Survey. Founded in 1959, the National Association for Business Economics is the professional association for those who use economics in their work. NABE has over 2,800 members and 40 chapters nationwide. **Gregory Daco**, Oxford Economics, Chair; **Julia Coronado**, MacroPolicy Perspectives; **Robert Fry, CBE**, Robert Fry Economics; **Jack Kleinhenz, CBE**, National Retail Federation; **Chad Moutray, CBE**, National Association of Manufacturers; **Yelena Shulyatyeva**, Bloomberg LP; and **Ryan Sweet**, Moody's Analytics, conducted the analysis of survey responses for this report. The views expressed in this report are those of the panelists, and do not necessarily represent the views of their affiliated companies or institutions. This report may be reproduced in whole or in part with appropriate citation to NABE.

**SUMMARY:** "NABE Outlook panelists continue to view the economy as having solid momentum entering 2019, but they foresee GDP growth cooling from 2.9% this year to 2.7% in 2019," said NABE President **Kevin Swift, CBE**, chief economist, American Chemistry Council. "The panel expects the Federal Reserve to continue gradually tightening monetary policy, and anticipates a federal funds rate hike at the upcoming December FOMC meeting, followed by three rate increases in 2019."

"While panelists remain generally optimistic, three-quarters of respondents see risks being tilted to the downside," added Survey Chair **Gregory Daco**, chief U.S. economist, Oxford Economics. "Panelists view increasing trade tensions as the primary downside risk to their outlook, with 80% of respondents reducing their 2019 GDP growth outlook in response to trade policy developments. Even so, recession risks are still perceived to be low in the near term, with the panel expecting a 20% risk of recession by the second half of 2019, and a 30% chance by the end of 2020."



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- **There is little consensus among panelists regarding the highest level the federal funds rate will reach in this business cycle.** A near-majority (49%) foresees the rate reaching 3.5% or higher, with more than one-third (35%) viewing the maximum rate to be 3.50%. About 27% suggest the rate will peak at 3.25%, while 20% predict a top rate of 3.00%.
- **Panelists were asked if they believe the yield curve—defined as the difference between the 10-year and 3-month Treasury bill—is a reliable indicator of an impending recession, and if so, when will it turn negative before the next recession.** Sixty-three percent of the forecasters view the yield curve as a reliable indicator. Of those panelists 17% expect an inversion in the second half of 2019, 13% anticipate an inversion in the second half of 2020, and 24% believe the indicator will turn negative in 2021 or later. Thirty-seven percent of respondents do not believe the yield curve will turn negative before the next recession.
- **The median projection for monthly nonfarm payroll employment growth in 2018 is 207,000, little changed from the 210,000 reported in October.** The panel continues to look for employment growth to moderate in 2019, with the median forecast calling for 166,000 net job gains per month.
- **The median forecast calls for the unemployment rate to average 3.9% in 2018, and then decline to 3.6% in 2019.** For 2019, forecasts for the unemployment rate range from 3.2% to 4.2%. On a quarterly basis, the median forecast is for the unemployment rate to fall to 3.6% in the first quarter of 2019, and remain unchanged until the fourth quarter, when panelists expect the rate to slip to 3.5%.
- **The outlook for consumer spending rose slightly.** The panel's median estimate of the growth rate in personal consumption expenditures is 2.7% in 2018, edging up from the 2.6% in the previous survey. Similarly, consumer spending is anticipated to expand by 2.7% in 2019, up slightly from an estimate of 2.5% in October.
- **The median outlook for new light vehicle sales in 2018 is 17.1 million units, unchanged from the 2017 total.** Vehicle sales are expected to moderate, with the panel forecasting 16.7 million units in 2019.
- **In contrast, the outlook for business spending softened in the most recent analysis.** The panel's median forecast for real nonresidential fixed investment growth in 2018 decreased from 7.1% in October to 6.7% in the current survey—but still above the 5.3% rate in 2017. The median forecast calls for business fixed investment to ease to 4.4% in 2019, off from a forecasted 5.0% growth in the October survey.
- **A large majority (81%) of panelists has not changed their forecasts for personal consumption expenditures as a result of recent tightening in U.S. financial market conditions.** Similarly, two-thirds (68%) of panelists have not changed their forecasts for nonresidential fixed investment, although one-third has moderately decreased their forecasts. Over half (57%) of respondents have moderately decreased forecasts for residential investment, while roughly one-third (36%) has made no change.
- **At the same time, the housing market outlook has slowed materially, with growth in real spending on residential investment now forecasted to inch up by just 0.1% in 2018.** That represents a notable weakening from 3.3% growth in 2017, and an estimated 0.9% growth for 2018 forecasted in the previous survey. The median forecast calls for residential fixed investment to accelerate slightly in 2019, to 1.4%, but that would indicate a steep decrease from the 3.0% growth in housing investment predicted in the October survey.
- **Following a contraction in residential investment for a third consecutive quarter in Q3 2018, panelists were asked to rank the top three headwinds for residential investment.** One-third (32%) of panelists ranks lower affordability due to rising interest rates as the greatest headwind, while another one-third (32%) cites lower affordability due to home price appreciation.
- **The panel forecasts real business inventories to increase by \$31 billion in 2018, beating the actual \$23 billion inventory investment in 2017.** Business inventories are anticipated to increase by \$46 billion in 2019.

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- **The core PCE price index, which excludes food and energy prices, rose by 1.6% year-over-year in Q4 2017.** Panelists expect a 2.0% year-over-year increase in Q4 2018 and a 2.2% increase in Q4 2019. The forecast for 2018 is slightly lower than the forecast in the October survey; the forecast for 2019 is unchanged from October.
- **The panel's median forecast for growth in hourly compensation in 2018 is 3%, unchanged from the October survey, but down from the actual 3.4% increase in 2017.** Compensation is expected to pick up in 2019, rising 3.2%, identical to the October survey projection.
- **Panelists have revised downward their expectations for December 2018 and 2019 crude oil prices compared to projections in October.** The median forecast calls for the price of West Texas Intermediate (WTI) to average \$66 per barrel in December 2018, lower than the \$69 per barrel forecasted in the October survey. Oil prices are expected to average \$67 per barrel in December 2019.
- **Panelists have tempered their expectations for growth in corporate profits just a touch, as the median response is 7.3% growth in 2018, down from 7.5% in the October survey, and then a moderation to 4.6% growth in 2019, down from the previous survey's median of 4.8%.** The range of responses is rather wide, with the median expectation for the five lowest estimates in 2019 at 1.4%, while the median for the five highest is a 13.4% gain.

## Quarterly Forecasts (Median)

	Real Gross Domestic Product % change, annual rate		Civilian Unemployment Rate % quarterly average		Nonfarm Employment average monthly change, thousands	
Survey:	10/18	12/18	10/18	12/18	10/18	12/18
Q1-18	2.2a	2.2a	4.1a	4.1a	218a	218a
Q2-18	4.2a	4.2a	3.9a	3.9a	217a	217a
Q3-18	3.5a	3.5a	3.8a	3.8a	190a	190a
Q4-18	2.9	2.8	3.7	3.7	190	200
Q1-19	2.5	2.4	3.7	3.6	170	185
Q2-19	2.5	2.5	3.6	3.6	165	171
Q3-19	2.3	2.4	3.6	3.6	150	160
Q4-19	2.2	2.3	3.6	3.5	150	151

a = actual

	Personal Consumption Expenditures Price Index (PCE) less food & energy % change, annual rate		Federal Funds Target % quarter-end		10-Year Treasury Note Yield % quarter-end	
Survey:	10/18	12/18	10/18	12/18	10/18	12/18
Q1-18	2.2a	2.2a	1.625a	1.625a	2.74a	2.74a
Q2-18	2.1a	2.1a	1.875a	1.875a	2.85a	2.85a
Q3-18	1.6a	1.6a	2.125a	2.125a	3.05a	3.05a
Q4-18	2.1	2.0	2.375	2.375	3.10	3.20
Q1-19	2.1	2.2	2.625	2.625	3.20	3.30
Q2-19	2.2	2.1	2.700	2.875	3.30	3.40
Q3-19	2.2	2.1	2.875	2.910	3.40	3.50
Q4-19	2.2	2.1	3.125	3.125	3.50	3.50

a = actual

## Appendix

### Results from December 2018 NABE Outlook Survey Special Questions

#### 1. How has recent U.S. trade policy (including other nations' reactions) affected your real GDP forecasts?

Percent of Responses		Change in GDP Forecast
2018	2019	
0.0%	0.0%	More than +0.25%
4.3	8.7	Between 0.01% and +0.25%
52.2	10.9	No change
37.0	63.0	Between -0.01% and -0.25%
4.3	13.0	-0.26% to -0.50%
2.2	2.2	-0.51% to -0.75%
0.0	2.2	-0.76% to -1.00%
0.0	0.0	More than -1.00%

#### 2. How has recent U.S. trade policy (and other nations' reactions) affected your forecasts for each of the following through 2019?

Percent of Responses				Impact on Forecasts
Personal Consumption Expenditures	Nonresidential Fixed Investment	Inflation		
0.0%	0.0%	2.1%		I have significantly increased my forecasts.
6.5	0.0	66.0		I have moderately increased my forecasts.
52.2	36.2	31.9		I have not changed my forecasts.
41.3	63.8	0.0		I have moderately decreased my forecasts.
0.0	0.0	0.0		I have significantly decreased my forecasts.

#### 3. How has recent tightening in U.S. financial market conditions affected your forecasts for each of the following?

Percent of Responses				Impact on Forecasts
Personal Consumption Expenditures	Nonresidential Fixed Investment	Residential Investment		
2.1%	0.0%	0.0%		I have significantly increased my forecasts.
0.0	0.0	4.3		I have moderately increased my forecasts.
80.9	68.1	36.2		I have not changed my forecasts.
17.0	31.9	57.4		I have moderately decreased my forecasts.
0.0	0.0	2.1		I have significantly decreased my forecasts.

7. What is the greatest upside risk to the U.S. economy through 2019, considering both probability of occurrence and potential impact?

Percent of Responses	Upside Risk
29.8%	Stronger wage growth
23.4	Corporate tax reform
17.0	Infrastructure spending program
8.5	Stronger global growth
6.4	Trade policy
6.4	Other
4.3	Individual income tax cuts
4.3	Stronger equity markets

8. What will be the highest level reached by the federal funds rate in this business cycle?

Percent of Responses	Upper Bound of the Federal Funds Target Range
0.0%	2.25%
2.0	2.50%
2.0	2.75%
20.4	3.00%
26.5	3.25%
34.7	3.50%
6.1	3.75%
8.2	4.00% or higher

9. Some forecasters believe a reliable indicator of an impending recession occurs when the yield curve inverts—i.e., when the interest rate on the 10-year Treasury note is less than the 3-month Treasury bill yield. Do you expect the yield spread to turn negative before the next recession? If so, when?

Percent of Responses	Timeframe
37.0%	No
0.0	Q4 2018
2.2	H1 2019
17.4	H2 2019
6.5	H1 2020
13.0	H2 2020
23.9	2021 or later