



FOR IMMEDIATE RELEASE

Thinking Outside the Boxe Releases 2014 Economic Outlook

Myrtle Beach, SC, Orlando, FL and Washington, D.C. January 6, 2014—Thinking Outside the Boxe has released its 2014 economic outlook based on internal analysis and input from the think tank's various correspondents and attendees who participated in the 2013 annual symposium held in Orlando in late December. The highlights of the economic outlook follow:

Though economic growth showed some signs of modest strength in 2013, we believe the economy is likely to continue at a subdued pace in 2014. We expect continued subpar economic activity in the coming year coupled with persistent high unemployment and lack of job creation in the private sector. Additionally, we believe the risks are weighted towards rising inflationary pressures particularly in food. In all likelihood, upward pressure on long-term interest rates will mount in financial markets, despite continued accommodative monetary policy by the Federal Reserve. We believe there is a small but growing probability that the economy will weaken in 2014, particularly in the latter half of the year.

Our assessment and expectations for the economy include the following:

- We anticipate real GDP growth of 2½%-3% for the full year 2014.
- Unemployment may continue to fall slightly, though this is likely a result of the expiration of benefits as opposed to any significant increase in job creation. Weekly first time unemployment claims are likely to remain at elevated levels, averaging in the 350,000 to 375,000 per week. Private sector job creation is expected to average less than 110,000 per month.
- Inflation is likely to increase in 2014 with the CPI excluding food and energy increasing by roughly 2-2½%. Food prices may experience increases of up to 10% with the

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most likely increase in the 5%-7% range particularly with respect to grain prices and produce given ongoing drought conditions in California.

- The stock market will continue to be a store for money as long as interest rates remain low and other investment returns remain small on a risk adjusted basis. Should there be any extraordinary geopolitical events such as instability in the Middle East, terrorist attacks, oil supply disruptions, or domestic political turmoil, markets may drop as investors seek the perceived security of cash or gold. We believe there is more upside momentum driving the market than any downside potential.
- Real estate activity will continue to show modest gains, particularly in select markets. As a whole, however, we expect continued distressed property sales to be the main driver of real estate activity. Real estate prices are likely to continue to remain at levels that reflect fundamental valuations. We would expect generally flat price appreciation in the coming year.
- Oil prices are likely to remain in the \$90-\$100 per barrel range, possibly rising temporarily above the upper end of this range during the summer driving season. We don't expect any significant, sustained gains in pricing as a result of continued weak demand and increases in domestic production. Oil price declines of up to 20% in the second half of the year are more likely than any sustained upside beyond the \$100 per barrel level assuming there are no supply disruptions from adverse weather events during the hurricane season and the political situation in the Middle East remains unchanged.
- The uncertainty regarding Obamacare's effects on businesses and consumers will continue to be a drag on the economy.
- Political spending leading up to the mid-term elections in November will benefit certain sectors of the economy but will create additional uncertainty for businesses hesitant to make any significant capital expenditures, investments, or hiring until the outcome of the election is known. Expectations of higher spending and higher taxes in the

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aftermath of the election may prompt businesses to retrench.

Based on our assessment of the state of the economy in late 2013, conditions, while seeming to improve, are likely to remain largely uninspiring for economic activity for much of 2014.

About Thinking Outside the Boxe—Thinking Outside the Boxe is a private, nonpartisan think tank that is dedicated to providing a wide variety of perspectives on issues that are of interest to the general public. The views that are expressed in Thinking Outside the Boxe's commentaries and research are often times uncommon, provocative, and controversial. Thinking Outside the Boxe's mission is to formulate and promote positions and to provide research, independently, that would otherwise be deprived of an outlet in the mainstream media. Thinking Outside the Boxe's commentators and researchers seek to broaden the parameters of public knowledge by addressing issues in such a fashion as to provoke thought and debate on some of the most pressing issues of our day.

Thinking Outside the Boxe's Champagne Summit series began as a side event to the annual symposium held in December each year. Increased interest in the Champagne Summits by participants and guests led Thinking Outside the Boxe to expand the Champagne Summits to one event per quarter in addition to the annual symposium. Thinking Outside the Boxe also began offering a limited number of individual tickets to the quarterly Champagne Summits.

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