

T.C.
TİCARET BAKANLIĞI
İhracat Genel Müdürlüğü

Sayı : 79463301-724.01.01

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 yanı sıra 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



Section 232 Tariffs - Aluminum and Steel

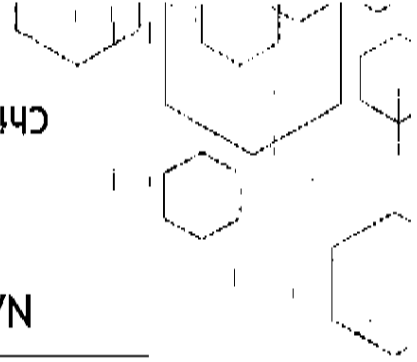
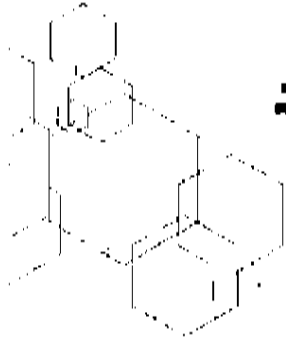
- US global tariffs on steel (25%) and aluminum (10%) announced and imposed in March with trade partner retaliation
- Benefits concentrated but higher prices foster demand destruction so gain in shipments is modest at best (perhaps 1.2 million tons)
- ...but costs dispersed across economy with Trade 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.



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

NABE Diplomatic Roundtable
December 2018 Meeting

SECTORAL EFFECTS OF TARIFFS

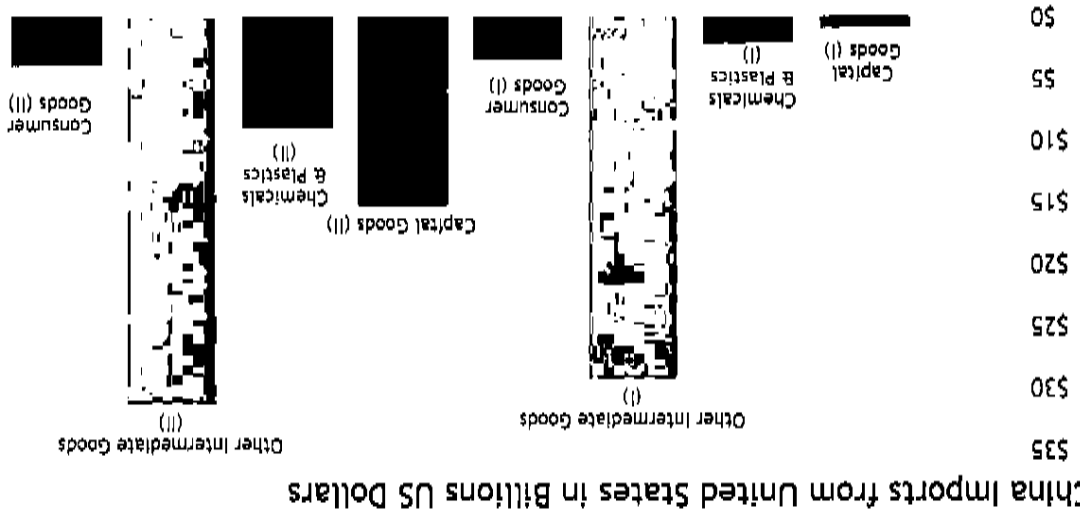


Potential Section 232 Auto and Auto Parts Tariffs

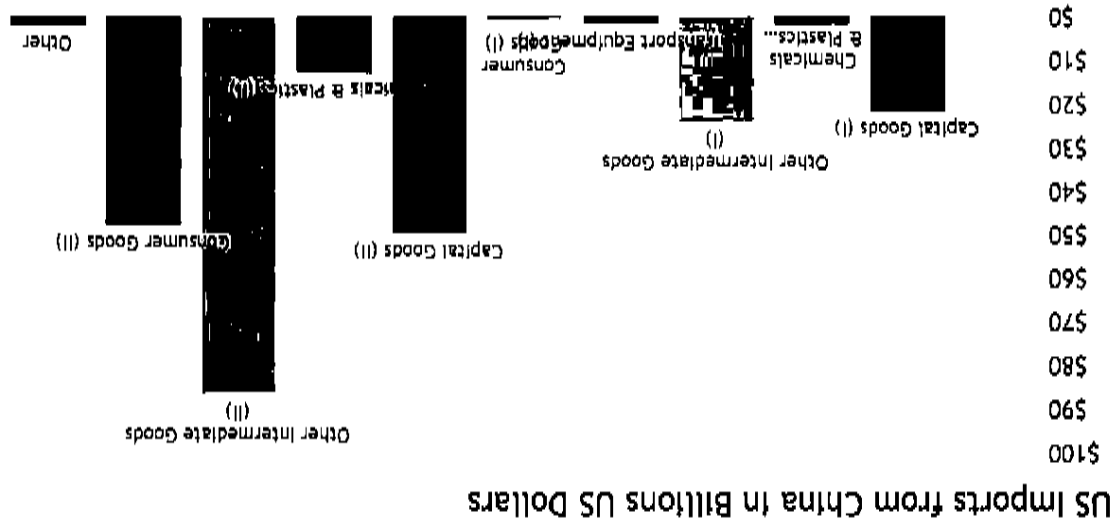
- North American light vehicle industry is highly integrated: 98% of US auto imports and 72% of exports are Intra-company and 55-59% of US auto parts imports, 35-48% of exports are Intra-company
- Administration has considered 20% or 25% tariffs...and could have adverse effects:
 - Tariffs on NA Imports: 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 Retaliatory Tariffs on China Imports from the United States



Incidence of Section 301 Tariffs on US Imports from China

Evrağın elektronik imzalı suretine <http://e-belge.gib.gov.tr> adresinden 59646808-6817-4f6848676e256a6d4018 kodu ile erişebilirsiniz.

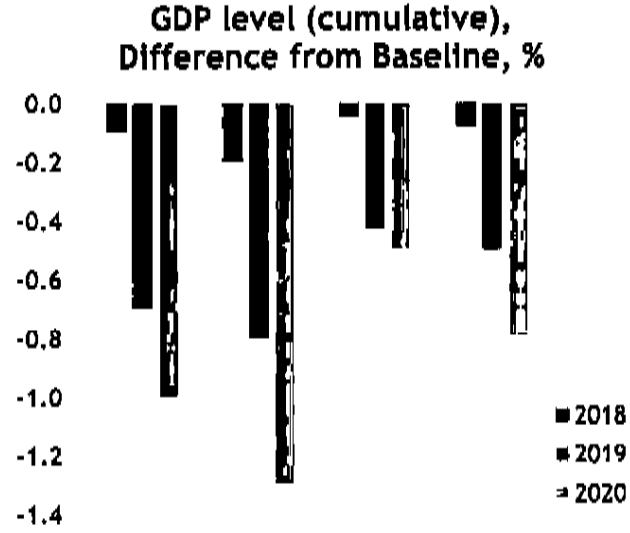
BELGENİN ASLI ELEKTRONİK İMZALIDIR.

Economic Effects of US-China Trade War

Oxford Economics
assumptions:

25% tariffs on US\$50 billion
+
10% tariffs on US\$400 billion
+
Response from China that
causes equivalent impact

Source: Oxford Economics



Positive US Industrial Outlook Depends On...

Access to Abundant and Affordable Energy

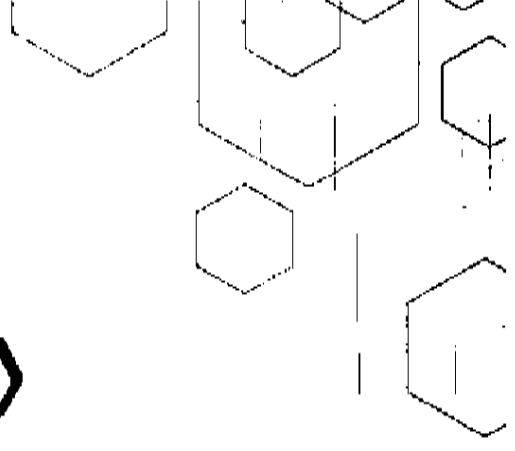
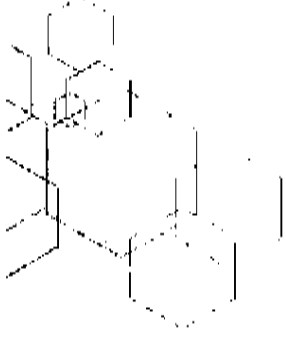
Strong U.S. Manufacturing Base

Regulatory Environment

State of the U.S. and Global Economy

Access to Global Supply Chains

Access to Export Markets



Please feel free to address questions to:

Dr. Thomas Kevin Swift, CBE

Chief Economist & Managing Director

American Chemistry Council

Email: kevin_swift@americanchemistry.com

Follow me on Twitter @DRTKSwift



For Further Information



Evrakin elektronik imzalı suretine <http://e-belge.gib.gov.tr> adresinden 59e46808-6817-4f68-89f7a-e25a6a6d4018 kodu ile erişebilirsiniz.

BELGENİN ASLİ ELEKTRONİK İMZALIDIR.

5070 sayılı Kanun gereğince güvenli elektronik imza ile mızalanmıştır. D: 60f05a8fa-ef9d-4c3e-6c0a-72a4-e0ff6922-6-285677. B:1 kod ile <https://evrak.ilm.gov.tr> evrak dokümanına adresinden doğrulanabilir.

Evrakın elektronik imzalı suretine <http://e-belge.gib.gov.tr> adresinden 79e46808-6317-4f69-8070-e25a8a6d4048 kodu ile erişebilirsiniz.

BELGENİN ASLİ ELEKTRONİK İMZALIDIR.

5070 sayılı Kanun gereğince güvenli elektronik imza ile mizalanmıştır. D: 60b5a8fa-ef90-4c3e-b0ca-72a4-e0ff6922-67285677. B:1 kod ile <https://evrak.tilm.org.tr> evrak dokümanlarına adresinden doğrulayabilirsiniz.

NABE Outlook

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

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

For further information, contact:

Economists **Kevin Swift, CBE** | NABE President | 202-249-6180 / 703-939-0814 | Kevin_Swift@americanchemistry.com
Gregory Daco | Survey Chair | 646-503-3055 | gregorydaco@oxfordeconomics.com
Ken Simonson | Survey Analyst | 703-837-5313 / 202-329-9671 | simonsonk@agc.org
Media **Melissa Golding** | NABE Press Officer | 571-236-2820 | mellisagolding@cox.net

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 1955 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 Moutay, CBE, National Association of Manufacturers; Yelena Shulyayeva, 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."

NABE
NATIONAL ASSOCIATION FOR BUSINESS ECONOMICS

Published by the National Association for Business Economics | 1920 L Street NW, Suite 300, Washington DC 20036
202-463-6223 | 202-463-6239 fax | nabe@nabe.com | www.nabe.com
May be reprinted in whole or in part with credit given to NABE. NABE is the registered trademark of the National Association for Business Economics.

• 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.

Continued on next page

Continued from previous page

- 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 4.5% 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.

Continued from previous page

Quarterly Forecasts (Median)

| | a = actual | | | | a = actual | | | |
|--|------------|--------|--------|-------|------------|-------|-------|-------|
| | Q1-18 | Q2-18 | Q3-18 | Q4-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 |
| Real Gross Domestic Product % change, annual rate | 2.2a | 4.2a | 3.5a | 2.8 | 2.5 | 2.5 | 2.3 | 2.2 |
| Civilian Unemployment Rate %, quarterly average | 4.1a | 3.9a | 3.8a | 3.7 | 3.6 | 3.6 | 3.6 | 3.6 |
| Nonfarm Employment average monthly change, thousands | 218a | 217a | 190a | 200 | 170 | 165 | 150 | 151 |
| Survey: | 10/18 | 12/18 | 10/18 | 12/18 | 10/18 | 12/18 | 10/18 | 12/18 |
| Personal Consumption Expenditures Price Index (PCE) less food & energy % change, annual rate | 2.2a | 2.1a | 1.6a | 2.0 | 2.1 | 2.2 | 2.1 | 2.2 |
| Federal Funds Target % quarter-end | 1.625a | 1.875a | 2.125a | 2.375 | 2.625 | 2.700 | 2.875 | 3.125 |
| 10-Year Treasury Note Yield % quarter-end | 2.74a | 2.85a | 3.05a | 3.10 | 3.20 | 3.30 | 3.40 | 3.50 |
| Survey: | 10/18 | 12/18 | 10/18 | 12/18 | 10/18 | 12/18 | 10/18 | 12/18 |

Evra n elektronik imzalı suretine <http://e-belge.gib.gov.tr> adresinden 59646808-6317-4f6948f76e256a6cd40187 kodu ile erişebilirsiniz.

BELGENİN ASLI ELEKTRONİK İMZALIDIR.

5070 sayılı kanun gereğince güvenli elektronik imza ile mızalanmıştır. D: 6015a8fa-ef9d-4c3e-b0ca-72a4e0ff6922-6-285677. B:1 kod ile <https://evrak.digi.gov.tr/evrakdogulama> adresinden doğrulayabilirsiniz.

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?

| Change in GDP Forecast | Percent of Responses | |
|---------------------------|----------------------|------|
| | 2018 | 2019 |
| 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 | 2.2 |
| More than -1.00% | 0.0 | 0.0 |

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

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

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

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

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

| Upside Risk | Percent of Responses |
|---------------------------------|----------------------|
| Stronger wage growth | 29.8% |
| Corporate tax reform | 23.4 |
| Infrastructure spending program | 17.0 |
| Stronger global growth | 8.5 |
| Trade policy | 6.4 |
| Other | 6.4 |
| Individual income tax cuts | 4.9 |
| Stronger equity markets | 4.3 |

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

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

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?

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

With their permission, NABE panelists who responded to the December 2018 NABE Outlook Survey are:

Mike Englund, Action Economics, LLC; Thomas Kevin Swift, CBE, American Chemistry Council;
Scott Anderson, Bank of the West; Nathaniel Karp, BBVA; Kathleen Stephansen, CBE, BCG Henderson
Institute's Center for Macroeconomics; Robert Kleinhenz, Beacon Economics; Sean Carranco, Carranco
Lunettes; Dan Hamilton / Mathew Floupp, Center for Economic Research & Forecasting; Constantine Soras,
CGS Economic Consulting, Inc.; Jan Reid, Coast Economic Consulting; Frank Nothhaft, CBE, CoreLogic;
Kevin Thorpe, Cushman & Wakefield; Daniel Bachman, Deloitte Services L.P.; Susan Sterne, EAA, Inc.;
James Kleckley, East Carolina University; Arun Raha, CBE / Maira Trimble, Eaton Corporation; Richard Rippe,
CBE, Evercore ISI; Douglas Duncan, CBE, Fannie Mae; Robert Stein, First Trust Advisors, LP; Bryan Bezold,
Ford Motor Company; Rajeev Dhawan, Georgia State University; Gary Cimlino, GLC Financial Economics;
Jan Hatzius, Goldman Sachs & Co.; Diane Swonk, CBE, GT Economics; Paul Horne, Independent International
Market Economist; Jim Glassman, JPMorgan Chase & Co.; Jack Kleinhenz, CBE, Kleinhenz & Associates;
Brian Horrigan, Loomis Sayles & Co. LP; Lawrence Nelson / Chris Varares, CBE, Macroeconomic Advisers by
IHS Markit; Parul Jain, Macrofin Analytics; Mark Zandi, CBE, Moody's Analytics; Chris Rupkey, MUFJG Union
Bank; Joel Naroff, Naroff Economic Advisors; Chad Moutray, CBE, National Association of Manufacturers;
David Berson, CBE, Nationwide Insurance; William Dunkelberg, CBE, NFIB; Carl Tannenbaum, CBE,
Northern Trust; Stephen Latin-Kasper, NTEA; Gregory Daco, Oxford Economics; James Smith, CBE,
Parsec Financial; Stuart Hoffman, CBE, PNC Financial Services Group; Lynn Reaser, CBE, Point Loma Nazarene
University; Charles Steindal, CBE, Ramapo College New Jersey; Robert Fry, CBE, Robert Fry Economics LLC;
Danil Manankov, RSQE (University of Michigan); Stephen Gallagher, CBE, Societe Generale;
Stephen Taddle, CBE, Stellar Capital Management; Sean Smith, University of Central Florida;
Richard Wobekind, CBE, University of Colorado; Ronald Horts, University of Maryland; JD Foster,
US Chamber of Commerce; Jay Bryson, Wells Fargo; and Jack Korn, Yardi.

Certified Business Economist® (CBE) is the certification in business economics and data analytics developed by the National Association for Business Economics. It documents a professional's accomplishment, experience, abilities, and demonstrates mastery of the body of knowledge critical for a successful career in the field of economics and data analytics.

NABE
NATIONAL ASSOCIATION FOR BUSINESS ECONOMICS

Published by the National Association for Business Economics | 1920 L Street NW, Suite 300, Washington DC 20036
202-463-6223 | 202-463-6239 fax | nabe@nabe.com | www.nabe.com
May be reprinted in whole or in part with credit given to NABE. NABE® is the registered trademark of the National Association for Business Economics.