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Here Are the Big Economic Predictions for 2017 You Have to Know

Grab some paper and write these down. Or, you know, print them out at work.

Brian O'Connell Jan 7, 2017 1:20 PM EST

TheStreet Video

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As we officially step into 2017 and try to make sense of what's to come, we inevitably have to take stock of the lay of the land that 2016 left in its wake.

Last year brought massive unrest in Libya, Syria, Iraq and other hot spots in the Middle East. We saw a free fall in global oil prices and a shocking decision by British "Brexit" voters to leave the Eurozone. That's to say nothing of major terrorist attacks in Belgium, France, Germany and Turkey. And of course, there was the grand-daddy of them all: the most contentious, hostile and divisive U.S. presidential election in the last century, if not in the entire history of the U.S.

Of all the above issues that dominated the headlines and social media in 2016, few of them if any (with the possible exception of Brexit), show signs of cooling off in 2017.

In fact, all of those hot-stove issues carry over into the economic world, and by extension, into the kitchen table finances world for Main Street Americans.

To make better sense of the possible pocketbook game changers that could transpire in '17, *TheStreet* asked several money experts what they consider to be the biggest stories, economically, steamrolling down the pike this year. They didn't disappoint with these predictions for 2017 - all of which should impact the way you save, spend and manage your money.

Faster U.S. GDP growth -- "Renewed optimism for faster growth in 2017 has been driven by expectations for increased government spending, decreased regulation, and greater fiscal stimulus," state Omar Aguilar, chief investment officer for equities at Charles Schwab Investment Management. "In addition, positive inflation trends and a stable labor market support the case for additional Fed rate hikes next year, which could add momentum to the recent rotation out of global bonds and into stocks."

The housing market will still likely be on solid footing this year

Janet Yellen: "Still a dove" -- Brett Wander, chief investment officer for fixed-income at Schwab says predictions of another spate of interest rate hikes by the Federal Reserve next year may be off the mark. "Today's landscape isn't all that different than it was in December 2015," Wander states. "Like then, the Fed just hiked rates and is forecasting several more to come. However, until actual inflation materializes, the Fed isn't likely to move quickly. (Federal Reserve Chairwoman) Yellen has been dovish for years and we don't see that changing in 2017, even if President-elect Trump doesn't like it."

A big upgrade in well-paying jobs -- Shahzeb Shahzeb, president and CEO at United Arab Emirates-based Startup Investments, says "infrastructure" will be among the top economic buzzwords in the U.S. in 2017. "Creating jobs was one of the key aspects of Donald Trump's campaigns, so it inevitably will have most of the President-elect's attention," Shahzeb says. "Investments in infrastructure is expected to create over 20 million jobs over the next decade but a lot of that would depend on how well the local contractors work on the president-elect's infrastructure. But all in all, the president-elect's vision is a favorable one for jobs creation both in short and long term." With the revelations about the Russian intervention at the DNC and loopholes in law firm's system popping up everyday, Shahzeb expects the Trump administration to invest substantially in the field of cyber security to make sure that American cyber models keep setting the global standards for IT security, thus creating more jobs. "But with the investment in infrastructure, contractors will benefit probably more than anybody else since the government will have a more direct contact with them and with increasingly new projects, there will be jobs created," he notes.

A "balanced" U.S. real estate market, with lower costs -- Joanne Cleaver, communications manager at USRealty.com, says her company is expecting the "Holy Grail" of residential real estate in 2017 - a balanced market. "Rising interest rates are the tip factor, because they'll force fence-sitting Millennials into the housing market," she explains. "The market has been stuck, because first-time buyers have hesitated to make a move. But rental rates are steadily increasing and aren't likely to edge down even with thousands of new units coming onto the market." These new units are high-end, center-city units that don't accommodate Millennials' transitions to family living, Cleaver adds. "The kids are realizing they have to grow up and that means getting into the housing market while values are still relatively affordable," she says. Sellers, meanwhile, will find that they can only offset eroded equity by taking advantage of unbundled transaction services that enable them to minimize selling costs. "We'll look back on 2017 as the year that the traditional real estate commission died," Cleaver says.

Wages should trek higher this year

More predictions -- Daryl Montgomery, a New York City-based author of four investing books and the author of the recent tome *Donald Trump: Presidential Impolitics: Donald Trump and the 2016 Election*, offers multiple economic predictions for 2017:

-- Global interest rates made a 30-year bottom in 2016 and will be heading up further next year, as more bond investors sell off.

-- Oil will continue to rally higher in 2017, with a current target range of $70 to $80. Montgomery says "energy is a good investment, in general."

-- Commodities in general will rally and offer better returns than stocks, "despite a strong U.S. dollar," he adds.

-- The euro will remain weak and will become much weaker if "Euroskeptic" parties win elections in the spring. "Meanwhile, the U.S. dollar will remain strong," Montgomery states.

Unfortunately, there's no entirely gentle outcome for the U.S. economy as we begin this new year. While there are slivers of sunshine on the economic horizon, especially on jobs, GDP and energy - plenty of storm clouds still hover over the nation for much of 2017.

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