



2017's turbulent politics, natural disasters and more should play out in the housing market in 2018, said Ralph McLaughlin, chief economist for housing website Trulia. MATT ROURKE/AP

What to expect for your personal finances in 2018

Experts weigh in with forecasts on key economic issues

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No one wants to be caught off-guard when it comes to their finances. So The Associated Press asked several experts to share their opinions on what will happen with some key issues in 2018 that will directly affect your personal financial well-being. Here's a look at their forecasts:

Q. What should I expect from gas prices?

A. Gas prices are still quite low, historically speaking, and were fairly steady in 2017. But 2018 may be a bit more rocky, according to Tom Kloza, global head of energy analysis at the Oil Price Information Service.

Kloza estimates the average price for regular gasoline will end 2017 around \$2.39 a gallon. A typical family might consume 90 gallons of regular gas each month, so their cost in 2017 has been around \$215 a month.

Overall, Kloza expects the average price nationwide to rise to around \$2.45 for 2018. That's still well below the more than \$3 a gallon that Americans faced



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from 2011 to 2014. Like every year, prices will vary greatly by region and season.

A word of warning though — hurricanes or recessions could disrupt even the best estimates.

Q. What will the job market look like in 2018?

A. The current strength in the job market should carry into 2018. This is particularly true if you are in a high-demand field like health care, technology

or e-commerce, said Andrew Chamberlain, chief economist at jobsite Glassdoor.

"Today's labor market is probably the tightest in a generation so that puts workers in a strong bargaining position with employers," Chamberlain said.

Companies in high-demand fields should offer pay raises and other incentives to help attract and retain workers. Those not in high-demand fields may see some improvements in workplace conditions, too.

Experts like Chamberlain are warning job-holders not to get lulled into complacency by the unusually long U.S. economic expansion. As economists say: Times are good until they aren't. Chamberlain said this is a good time to prepare for an inevitable downturn by socking away money in savings, polishing your resume and keeping your list of work accomplishments handy.

Q. What about tax changes?

A. This is the big question mark for many. The tax overhaul bill, which passed Congress on Wednesday, would

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take effect in 2018.

You may see changes almost immediately in your withholdings from your paycheck. The IRS said earlier this month that it is closely monitoring the bill and expects to issue initial withholding guidance in January, which would allow taxpayers to begin seeing the benefits of the change as early as February.

However, other big changes from the overhaul, such as a lower tax rate or elimination of some deductions, won't be fully evident until you complete your taxes in the spring of 2019.

Generally speaking, the legislation reduces levies on the wealthiest Americans, while making more modest tax

reductions for most others. The tax cuts for individuals are temporary, expiring in 2026. And while it doubles the standard deduction used by most Americans, that will also end in eight years.

Q. Will wages go up next year?

A. In short: most likely.

Ian Shepherdson, chief economist at Pantheon Macroeconomics, said that the tight labor market is expected to remain tight. That means companies will be hard pressed to find and retain workers, and in turn, will likely raise pay.

Unemployment in the U.S. is already at a 17-year low of 4.1 percent and the economy is growing at a good clip, over 3 percent at last measure. But Shepherdson and other economists think this growth period is near its end, which is typically when the best gains come for workers.

He describes next year as the "sweet spot" for individuals to get raises that

leave them feeling better off.

The only thing that could throw off this lower unemployment trend — which drives the wage growth — is if significant numbers of workers who have been on the sidelines try to rejoin the workforce.

"That is possible, but it's very low (risk)," he said. "If we were going to see a big surge we would have seen it by now."

Q. How is the housing market shaping up for 2018?

A. This year's turbulent politics, natural disasters and more should play out in the housing market in 2018, said Ralph McLaughlin, chief economist for housing website Trulia.

There will be less enthusiasm for home buying and more enthusiasm for selling, he said. That will help ease two major headwinds in the current market: low inventory and high prices.