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News

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MOODY'S ANALYTICS US MACRO OUTLOOK: ECONOMIC GROWTH DEPENDS ON POLICYMAKERS

NEW YORK, July 18, 2012— Moody's Analytics, a leading independent provider of economic forecasting, today released Chief Economist Mark Zandi's latest U.S. monthly economic outlook. According to "U.S. Macro Outlook: Policymakers Must Get It Right," Zandi expects the U.S. economy to gain traction going into 2014 and to return to full employment, meaning a jobless rate lower than 6%, by late 2015. However, such optimism depends heavily on the decisions of policymakers in the U.S. and abroad.

 "The U.S. economy is growing, but uncomfortably slowly. Real GDP is expanding at an annual rate of only 2%, and recent payroll job gains have averaged 75,000 per month. At this pace, unemployment will remain stuck above 8% for some time," said Zandi.

Action will be needed after the November election to address the fiscal cliff to avoid a new recession in the U.S. The tax increases and spending cuts slated for next year constitute more than 4.5% of GDP, which an economy growing at 2% cannot withstand. Zandi notes that while the current consensus view holds that Washington is likely to take the path of least resistance, extending the Bush-era tax cuts and canceling most of the scheduled spending cuts, doing so will delay progress toward making the government's finances sustainable. By early 2013, the next president and Congress may have to behave differently than their predecessors to avoid this.

The U.S. outlook also depends on the actions of policymakers globally. U.S. businesses are reluctant to hire because of the threat of a potential break-up of the euro area and a hard landing in the emerging world.

"Still, despite the difficulties, the U.S. economy can indeed rebound," Zandi concludes.

For more information, visit Moody's Analytics Dismal Scientist.

About Moody's Analytics
Moody's Analytics helps capital markets and risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By providing leading-edge software, advisory services and research, including proprietary analyses from Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges. Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO), which reported revenue of $2.3 billion in 2011, employs

approximately 6,400 people worldwide and has a presence in 28 countries. Further information is available at www.moodysanalytics.com.

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