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News

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MOODY'S ANALYTICS US MACRO OUTLOOK: ECONOMY GROWING SLOWLY

NEW YORK, August 9, 2012— Moody's Analytics, a leading independent provider of economic forecasting, today released Chief Economist Mark Zandi's U.S. economic outlook for August. According to "U.S. Macro Outlook: Moving Forward, Slowly," Zandi expects real GDP growth to remain near 2% and unemployment to remain higher than 8%. The risks to the outlook are decidedly to the downside and leave the odds of another recession at an uncomfortably high of 30%.

"It's hard to see how job growth can gain traction or how unemployment can decline in earnest until the fiscal cliff and Euro area's debt crisis are resolved," said Zandi.

The economic outlook depends on a range of issues, including political efforts to lay out a credible tax and spending path to reduce the deficit and stabilize the nation's debt-to-GDP ratio. Zandi believes that once the fiscal cliff has been resolved, consumer confidence will revive and the economy's prospects will brighten quickly.

"The expectation is that when pressured by the threat of another recession, policymakers will adequately respond, and by this time next year the nation will be more or less on a sustainable fiscal path," Zandi added.

The report also notes that risks to the outlook will shift from positive to negative in the next nine months to a year. Zandi notes that the most surprising thing could be a boost from an upswing up in the construction cycle. Housing and commercial real estate have already begun to recover, and given current extraordinarily low levels of construction are expected to pick up significantly by mid-decade. This will generate substantial job growth not only in the construction trades, but also in manufacturing, transportation and distribution, retailing and various consumer services.

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

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