

THE ECONOMY IS GAINING, BUT NOT ENOUGH TO CUT OUT UNEMPLOYMENT



The economy is once again showing signs of modest improvement, but not enough to reduce the high unemployment rates, though it is enough to ease the fears that another recession may be near. Last week, fewer people applied for unemployment benefits, though some of that may have been due to technical factors. The economy also grew slightly more in the April-June quarter than was previously estimate. Growth is expected to pick up sometime during the coming months. Investors drew some hope from the latest data, as well as from news that Germany's government approved the plan to bolster Europe's response to its debt crisis. The Dow Jones industrial average that finished up with 143 points, or 1.3 percent, after a day of very volatile trading. Some of the news that came in on Thursday was not very encouraging. The chief executives of the nation's largest companies are more pessimistic than they were just a mere three months ago, according to the survey by the trading group, the Business Roundtable. There were only about one-third of the CEOs said that they plan to hire or boost the spending in the next six months. That number is down from about half who said so back in June. In August, fewer Americans signed contracts to buy homes, the second straight month of new declines. The Commerce Department has said that the economy expanded at an annual rate of 1.3 percent in the April-June quarter, up from an estimate of 1 percent a month ago. The improvement reflected a modestly higher consumer spending and a bigger boost from the trading. Even with that, the economy grew at an annual rate of just 0.9 percent in the first six months of the year. That is the weakest from a six-month performance since the recession ended more than two year ago. Many of the Americans are spending less and less because they are trying to pay off their debt. That trend is more likely to hold back the economy in the next few months ahead. Michelle Fregoso, age 32, and her husband recently put off buying themselves a new car, and they cancelled a gym membership, because they were so focused on trying to pay off their credit cards. All of the talk of slow growth and a possible recession has made Fregoso, who lives and works outside of Chicago, more cautious with money. "Obviously the economy stinks," she said. "We just want to be careful about how we're spending our money." Weak consumer spending, financial market turmoil, and high unemployment could slow down the growth for the rest of this year. Most of the economists don't expect another recession, but also they didn't see growth accelerating very much. Many of them foresee a rebound to between 2 percent and 2.5 percent growth in the current quarter.

<https://blog.granted.com/>