

## ECONOMY ON THE UPSWING BUT STILL VULNERABLE



Reports from leading economists are showing that the American economy will grow more quickly in 2012 if it is not waylaid by economic commotion in Europe. However, economists predict the current unemployment rate of 8.6 percent will hold steady through the 2012 presidential election. While the economy grew less than 2 percent in 2011, economists predict that percentage to increase slightly to 2.4 percent during the next year. For the last five months, nearly 100,000 new jobs have been created each month, representing the longest such streak in more than five years. In addition, the number of people seeking unemployment benefits is the lowest it has been since 2008, suggesting that employers could begin hiring again soon. President Obama attempted to avert an economic delay by signing legislation on Friday to grant a 2-month extension of the Social Security payroll tax break that was due to expire December 31. Economists predict that 177,000 new jobs will be created each month leading up to the presidential election, which would be an increase from 132,000 jobs monthly in 2011. Dean Maki is a chief economist for Barclays Capital. He feels the United States continues to be vulnerable to outside economic influences. The greatest fear is that Europe's current debt difficulties will cause a credit freeze around the world similar to the one experienced by Wall Street in 2008. If our own economy was growing at a more rapid annual rate, such an event would not be as devastating. However, given that our country's economic growth continues at a low rate, such a significant crisis on a global level could halt creation of new jobs and cause a rise in unemployment. Economists worry that difficulties in economies other than Europe could also negatively affect the U.S. economy over the next 12 months. A legislative impasse in congress prior to the 2012 presidential election, in addition to unexpected happenings around the globe, could further hamper the American economy. Some economists are even concerned that increasing nuclear tensions in Iran could be problematic. Aside from outside influences, economists argue that barely enough new jobs are created to compensate for simple population increases. Economists predict that the unemployment rate will remain at current levels when voters show up at the polls to vote in November 2012. Many economists feel the economy will get a boost from the Federal Reserve which plans to maintain short-term interest rates at or near zero percent well into 2013, as well as lower long-term interest rates in an effort to help strengthen the economy. The likelihood of a brighter future for the American economy would certainly increase if the European economy would stabilize. Most economists feel the U.S. stock market would be able to react in a quick fashion.

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