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Local expert sees positive signs for U.S. economy

But Clemson University's Bruce Yandle says recovery won't start until next year

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CLEMSON — A Clemson University economist sees positive signs the deep recession gripping the nation is reaching bottom, but does not share Fed Chairman Ben Bernanke's upbeat prediction that the U.S. economy should start growing again by the end of the year.

Bruce Yandle, director of the Strom Thurmond Institute Economic Outlook Project, predicts that it might take up to the third quarter of 2010 before Gross Domestic Product (GDP) growth becomes positive.

Yandle, who is Dean Emeritus at Clemson University's College of Business and Behavioral Science, says in his most recent "Economic Situation" report that recessions end "when a low point is reached and recovery begins." Although he doesn't see the economy in recovery mode by the end of 2009, he does sees signs that point to a bottoming out.



Bruce Yandle

"While the recession end is not in sight, there are signs that a trough is forming," Yandle said.

He specifically points at economic reports showing positive movement in the services economy indicator, some relaxation in bank lending standards, and "what looks like a bottoming in the decline of home prices."

Key economic indicators further show that the manufacturing index nudged up in January after falling precipitously during the previous four months, and the nonmanufacturing index put back-to-back months of growth in December and January, Yandle said.

"In both cases, the positive movement is from a very low level of activity," Yandle said. "But, let's not look a gift horse in the mouth. At least the indicators are pointing north."

It is those types of economic indicators that prompted Bernanke to offer his most optimistic assessment of the economy while testifying before Congress this week.

However, Bernanke warned that even after a recovery gets under way, unemployment would remain high and businesses will be cautious about hiring.

Yandle's next report comes out in June and covers economic indicators during the second quarter of 2009.