More optimism on jobs, economy

Survey: Forecasters more upbeat about 2012 outlook

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The Associated Press

WASHINGTON — The U.S. economy is improving faster than economists had expected. They now foresee slightly stronger growth and hiring than they did two months earlier — trends that would help President Barack Obama's re-election hopes.

That's among the findings of an Associated Press survey late last month of leading economists. The economists think the unemployment rate will fall from its current 8.3 percent to 8 percent by Election Day. That's better than their 8.4 percent estimate when surveyed in late December.

By the end of 2013, they predict unemployment will drop to 7.4 percent, down from their earlier estimate of 7.8 percent, according to the AP Economy Survey.

The brighter outlook for jobs follows five straight months of falling unemployment. One reason the rate has fallen so fast is that fewer out-of-work Americans are seeking jobs. People out of work aren't counted by the Labor Department as unemployed unless they're actively seeking jobs. Many economists have been surprised that the stronger economy hasn't led more jobless people to start looking for work.

Friday, the government will issue the jobs report for February. Economists expect it to show that employers added a net 210,000 jobs and that the unemployment rate stayed at 8.3 percent. The AP survey collected the views of two dozen private, corporate and academic economists on a range of indicators. Among their forecasts:

» Americans will gradually save less and borrow more, reversing a shift toward frugality that followed the financial crisis and the start of the recession.

» The economy has begun a self-sustaining period in which job growth is fueling more consumer spending, which should lead to further hiring.

» European leaders will manage to defuse their debt crisis and prevent a global recession. But economists think Europe's economy will shrink for all of 2012.

» The economy will grow 2.5 percent in 2012, up from early forecasts of 2.4 percent.