

# New survey reveals hope

More experts think economy will grow faster even in 2012

By Tim Mullaney and Barbara Hansen  
USA TODAY

The U.S. economy will grow faster than expected this year, despite the headwinds of higher gas prices and Europe's financial crisis, according to USA TODAY's quarterly survey of economists.

Their median estimates are higher than in January for everything from this year's business investment to hiring.

Economists think job growth for the rest of the year will be about 20 percent stronger than they did after Christmas.

The economy is strengthening enough that two-thirds expect the Federal Reserve to raise interest rates sooner than its late-2014 target, although none expects it to happen at this week's Fed meeting Tuesday and Wednesday.

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The biggest reason: Consumers have bought more vehicles and gone out to eat more often, even though gas prices had been expected to make them spend less, says Jeff Rosen, an economist at Briefing Research in Chicago.

"Things are getting better," Rosen says. "The economy is picking up and hiring is going to be on the rise."

Median estimates — the point where half are below and half above — of the 50 economists surveyed forecast:

» The economy will grow 2.5 percent this year vs. their 2.3 percent forecast three months ago.

» Employment gains averaging 185,000 new jobs a month through December, 29,000 more than economists forecast in January.  
» Unemployment averaging 8 percent in the fourth quarter vs. 8.2 percent now.  
» Regular gasoline at an average of \$4 a gallon on July 4 and \$3.80 on Election Day. Sunday's average was \$3.86, according to AAA.  
How much the economy improves in coming months could influence whether President Obama gets re-elected.  
The question now is whether the recent lull in job markets means the warm winter simply de-

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laid the growth hiccup economists expected during the first quarter, says Diane Swonk, the chief economist at Mesirow Financial.

The March hiring slowdown implies that strong job gains early in the year were exaggerated, she says.

"The reality is some-

where between the employment numbers of March and the relatively rosy numbers from January and February," Swonk says.

The economists' optimism also colors a new survey by the National Association for Business Economists.

That one shows three times as many economists think the economy will grow 3 percent or more this year, compared with January.

One of the biggest eco-

nomie threats is the uncertainty about what Congress might do after the November election, when tax cuts are set to expire and spending cuts are supposed to take effect.

Without action, the "fiscal cliff" could shrink next year's economy by 3.5 percent, or about \$575 billion, says Mark Zandi, chief economist at Moody's Analytics.

"If policymakers do nothing, early 2013 will be recession-like," he says.