Things will get better in 2013

Robust job gains expected later in year

By Paul Davidson and Barbara Hansen
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The nation's economy and job-creating engine will start to purr later this year as business activity picks up — more than offsetting federal government cutbacks, predict economists surveyed by USA Today.

After starting the year slowly, the economy will shift into a higher gear this summer and then grow for the next nine months at the fastest pace in three years, according to the median estimates of 46 economists.

"I think we're really on the verge of this becoming a self-sustaining recovery," said Richard Moody, chief economist at Regions Bank.

The economists expect average monthly job gains of 171,000, with the pace quickening late this year. They expect unemployment to fall from 7.9 percent to 7.5 percent by year's end. In October, economists surveyed predicted average monthly gains of 155,000 jobs.

Several said they raised their forecasts in part after the government this month revised up its estimate of average monthly job growth from 153,000 each of the past two years to 175,000 in 2011 and 181,000 in 2012.

The revisions reflect a job market that's expanding more rapidly than previously believed, Moody said.

The first half of 2013 is expected to be sluggish as government spending cuts dampen growth and a payroll tax increase crimps consumer spending. Those surveyed expect the economy to grow at less than a 2 percent annual rate the first six months of 2013.