

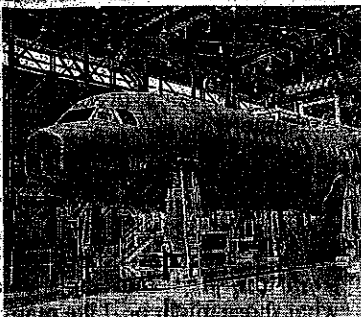
Is economy accelerating or floundering

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Friday's report on economic growth in the first quarter will formally serve as the first real test of President Trump's promise to jolt a sluggish recovery. But it more likely will reflect several temporary and quirky factors, including government officials' tendency to understate the economy's health early in the year, leaving a true verdict on

Trump's performance for later. Overall, economists expect the government to announce the economy grew at a 1% annual rate the first three months of 2017, below the 2.1% average during the recovery from the Great Recession. Economists have been most flummoxed by the sharp divergence between "soft" indicators, such as soaring consumer and business confidence, and "hard" data, such as recently weak consumer spending and industrial production.

Mark Zandi, chief economist at



NICHOLAS KAMM, AP/GETTY IMAGES
Economists expect the government to say the economy grew at a 1% annual rate the first three months of 2017.

Moody's Analytics, believes the outlook gauges have been skewed by whether those taking the surveys are Trump supporters or critics.

The University of Michigan's most recent consumer sentiment poll found 83% of Republicans expect a good economy over the next five years vs. just 24% of Democrats.

The reality, Zandi says, is the economy is "trudging along" at about the same 2% pace that has marked the nearly 8-year-old recovery.

Scott Anderson, chief econo-

under Trump?

mist of Bank of the West, expects the confidence measures to "correct lower" in the months ahead, as opposed to a positive ripple effect from the bullish perceptions to consumer and business spending.

Yet Tom Porcelli, chief economist at RBC Capital Markets, believes the official economic data are already off base. He notes that withheld tax receipts are up "a robust 7.4%" so far this year, reflecting stronger employment or wage gains than what was implied by March's disappointing jobs report.