

News

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MOODY'S ANALYTICS US MACRO OUTLOOK: THE RESILIENT RECOVERY

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NEW YORK, May 8, 2013— Moody's Analytics, a leading independent provider of economic forecasting, today released Chief Economist Mark Zandi's U.S. economic outlook for May. According to "[U.S. Macro Outlook: The Resilient Recovery](#)," fiscal headwinds will intensify in the summer but growth will accelerate into next year as fiscal pressures moderate.

According to the report, Moody's Analytics expects real U.S. GDP to advance close to 2% in 2013, with some two million jobs created on net, about the same as in 2012 and 2011.

"Fiscal headwinds will intensify in the summer and, assuming nothing goes badly awry and there are no additional major changes to near-term fiscal policy, the recovery will regain momentum going into 2014," Zandi said. "Those headwinds will lessen by more than half and all but fade away by 2015."

The report notes that job growth is steady at around 175,000 per month, with most industries and regions experiencing gains. Nominal wages are growing near the inflation rate, keeping real compensation steady.

However, demographic and structural issues have lowered prospects for employment growth in the medium term. In industries hard hit during the recession, such as manufacturing or construction, many workers unemployed for long stretches have seen their skills erode or live in areas where these industries have yet to make a comeback. In addition, millions of workers are unable to move because their mortgages are underwater.

"The housing market revival will also kick into high gear," Zandi said. "Housing has traditionally powered the economy early in recoveries, but could not this time, since it was the principal cause of the recession."

He notes that housing is currently highly affordable, reasonably priced, and there soon will be an undersupply as most of the problem loans have been worked out. In contrast, at the height of the housing bubble, housing was unaffordable, vastly overvalued, overbuilt, and fueled by careless mortgage lending.

"If everything sticks roughly to script, it will have taken the economy almost a decade to fully recover from the Great Recession," Zandi said. "The process has been long and frustrating, but given the downturn's magnitude, it has testified to the resilience of the U.S. economy."

For more information, visit [Moody's Analytics Dismal Scientist](#).

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