The State Of The U.S. Economy

Optimistic Signs?

It's difficult to be optimistic when the economy is in shambles. The good news is, though, that the U.S. economy continues its sluggish recovery as things seem to be getting better compared to how they were just last year.

When it comes to U.S. economic growth, the recent cuts in government spending were probably the biggest drag responsible for the slow recovery.

On the bright side, in the first quarter of 2013 businesses spent more than normal on equipment and software, which boosted the economic growth considerably. This might be a temporary factor, but it is encouraging to see companies restocking their shelves and investing more in their inventories than usual.

According to the data released by the Commerce Department, consumer spending rose by 3.4% in the first quarter, making it the fastest increase in consumer activity since 2010. Consumer spending accounts for two thirds of the American GDP, so seeing it grow is a sign to rejoice.

For example, the amount spent on household appliances and cars, which are classified as durable goods, rose by 8.1%.

Americans are also more willing to spend more on health care, auto sales, and various financial services that promote the growth of the economy.

Even though U.S. citizens seem to be spending more than ever on various services and goods, job growth continued at the same pace compared to how it was in the last quarter of 2012.

Should we be optimistic about the growth of the GDP during the months to come? Since the sequester is taking effect as we speak, we may see a slower growth in the U.S. economy during the third quarter of 2013, mostly due to the fact that government spending promotes economic boost.

Let's just hope that companies, as well as individuals, continue to have confidence in the economic growth as we saw during the first quarter of 2013.

If you have any questions about this article, or about how we can help you with your current performance, leadership, strategy, and/or hiring needs, contact us today! ♦

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