Survey: U.S. Economy Recovering Despite Global Unrest

WASHINGTON (AP) — Economists say the U.S. economy is gaining strength despite political unrest in North Africa and the Middle East and last month's devastating earthquake and tsunami in Japan.

A survey from the National Association for Business Economics finds that economists are hopeful that the broader economy is substantially improving, with rising employment reported for the fifth quarter in a row. The survey found that "companies appear to be positioning themselves for a firming economic environment," said Shawn DuBravac, an economist with the Consumer Electronics Association, who analyzed the findings.

The outlook for employment rose slightly, reaching a 12-year high. No firms reported significant layoffs, with the only reductions coming from already planned cuts.

Sales increased for the third consecutive quarter, profit margins continued to improve and the number of economists whose firms increased spending over the previous quarter held steady. Nearly all of the 72 economists surveyed, about 94 percent, now expect the economy to grow at least 2 percent in 2011.

The quarterly survey includes the views of economists for private companies and trade groups who are NABE members. The data are reported by broad industry groupings. Many results in the survey are expressed through the Net Rising Index, or NRI — the percentage of panelists reporting better outlooks minus the percentage whose outlook is bleaker.

The survey looked at two new questions for its April survey, gauging the financial impact of anti-government unrest in the Arab world and the deadly Japanese earthquake and tsunami.

Nearly 60 percent of those polled said they expected higher costs because of political turmoil in Bahrain, Egypt, Tunisia, Libya and Syria and about 52 percent said they expected economic growth to be weaker in 2011 because of the protests and fighting.

The March 11 earthquake and tsunami, which left nearly 28,000 people dead or missing and sparked a crisis at a nuclear plant, had less of an impact on the economic forecasts. About 31 percent said costs would be higher and 40 percent said it would weaken the broader economic recovery.

In the first quarter of this year, 63 percent of economists said sales rose from the

previous quarter — the highest percentage since 1994. The NRI rating for sales rose 11 points from the previous quarter to 54, and the improvement was across all industry sectors: goods, utilities, information and communications, finance, insurance and real estate, and services.

Profit margins rose to an NRI figure of 31 — the highest rating since 1983. The number of economists reporting rising profits has almost doubled over the past year, to 45 percent from 25 percent.

Prices rose, with about one third of those surveyed saying their firms had made increases over the past three months. Two-thirds of the goods-producing industry, which includes farming, mining, construction and manufacturing, reported their firms had raised prices. Similarly, the costs paid for materials rose for the third quarter in a row and wages and salaries jumped to the highest reading since a survey in October 2007.

The survey was conducted between March 16 and 31.

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