

## Forecasters See Little U.S. Growth In 2012-13

Kathy Barks Hoffman, Associated Press

LANSING, Mich. (AP) — The U.S. economy should grow only moderately over the next two years, generating just enough jobs to slowly reduce unemployment, University of Michigan economists said Thursday.

The reserved assessment comes with the nation grappling with a sluggish job market and still-moribund housing market. Motor vehicle sales provide a bright spot, as the economists expect foreign and domestic automakers to sell nearly a million more cars and trucks next year.

"Job gains have picked up a notch, consumer sentiment has recouped about half the ground lost this summer and the chances of another downturn have diminished," economist Joan Crary said in a statement. "History shows, however, that it is much more difficult to recover after a financial crisis like the Great Recession than it is after a more typical recession, and policymakers are still struggling with ways to restore balance to the economy."

The annual economic forecast said that economic output growth should be about 2.5 percent in both 2012 and 2013, up from this year's projected rate of 1.8 percent. The national jobless rate should drop from 9 percent now to 8.8 percent in late 2012 and to 8.5 percent in late 2013, forecasters said.

"It seems likely that the path of this recovery will continue to be a marathon, not a sprint," Crary said.

The economists will release their forecast for Michigan's economy on Friday.

The forecast expects light vehicle sales to hit 12.7 million this year, compared to 11.6 million last year. It expects sales to pick up to 13.5 million units in 2012 and 14.3 million in 2013.

Domestic automakers already are announcing new hiring as they ramp up to meet increased demand. On Wednesday, Chrysler Group LLC announced it planned to add 1,100 jobs by late 2013 in Toledo as part of a \$1.7 billion investment to build a new Jeep sports utility vehicle. General Motors Co. said last month it planned to add jobs at a Warren transmission plant.

The economic forecasts says the troubled housing market isn't expected to come out of its slump anytime soon, as still-falling prices are discouraging buyers from getting into the market. The forecast expects any growth in existing home sales over the next two years to be "extremely weak."

It also said both inflation and interest rates will remain fairly low over the next two years. Despite a rise in oil prices, consumer price inflation is projected to drop from

## **Forecasters See Little U.S. Growth In 2012-13**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

3.2 percent this year to about 2 percent.

Economist Daniil Manaenkov said it's tough to judge what will happen economically when the political situation is so volatile in Washington, D.C. Congress is considering deep cuts in federal spending as well as possible tax increases, but Democrats and Republicans remain at odds over a solution, even as a debt supercommittee heads into its last week to forge an agreement.

"The course of the economy over the next two years will be influenced by how Congress chooses to deal with the budget both in the near and longer term, what new tools, if any, the Federal Reserve chooses to employ to support additional growth, and how the economics of Europe and other trading partners fare," Manaenkov said.

The forecast was compiled by the university's Research Seminar in Quantitative Economics.

**Source URL (retrieved on 04/28/2015 - 7:57am):**

<http://www.impomag.com/news/2011/11/forecasters-see-little-us-growth-2012-13>