



Economic Recovery - and Worries

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After a mild setback (0.5% economic growth) in the first quarter of this year, the business world now shows signs of humming along. In the second quarter, the U.S. economy grew by an annualized 3.3%, bolstered by a 1.6% increase in consumer spending and a 5.7% rise in business investment.

So why are economists worried? A recent report by Moody's has noted that the economic growth captured by aggregate data is not shared by everybody. Fully a third of U.S. states (primarily in the south) are showing signs of being in a recession, and another third are experiencing essentially zero economic growth. Meanwhile, core inflation grew 3.1 percent, and job growth has been described as anemic.

Meanwhile, consumer sentiment has recently dropped by ten percent, which might suggest that consumer spending is not as stable as the statistics suggest. Economists also worry about the inflationary impact of tariffs, which could cause a slowdown in durable goods purchases. Businesses would naturally respond to lower consumer demand and higher costs with layoffs that could drive up unemployment. If this manifests, it could lead to the dreaded stagflation that appears to be economists' worst nightmare.

It's important to note that economists' fears are not something to act on—they have, after all, been predicting a recession at least as far back as the aftermath of the Covid pandemic. But sometimes when we're riding a roller coaster, it helps to see the next dip in advance.

Sources:

<https://edition.cnn.com/2025/08/28/business/the-us-economys-rebound-in-the-second-quarter-was-stronger-than-previously-reported>

<https://www.firstpost.com/world/a-third-of-us-is-already-in-a-recession-another-third-is-stagnating-warns-moodys-chief-economist-13928194.html>

<https://www.vox.com/economy/408873/us-recession-trump-tariffs-economist-projection#>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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