

Recession fears are growing

Thu Jan 10, 2008 1:47am EST

[Email](#) | [Print](#) | [Share](#) | [Reprints](#) | [Single Page](#) | [Recommend](#)

[\[-\]](#) [Text](#) [\[+\]](#)

(1)



By Joanne Morrison

WASHINGTON (Reuters) - Expectations for the weakest consumer spending performance in 17 years during 2008 kept the odds of a recession at nearly 40 percent, a survey of top forecasters showed on Thursday.

Panelists surveyed by the Blue Chip Economic Indicators newsletter have the odds of a recession in the next year at 38 percent, a little weaker than the 39 percent odds forecast a month ago.

1 of 1 [Full Size](#)

Related News

[White House cuts 2008 economic forecast](#)

But the most recent survey was taken ahead of December's grim unemployment report and the newsletter stated that growth forecasts would have been weaker if taken after release of that data.

powered by Sphere

Featured Broker sponsored link



[Learn to Trade with a FREE Guide.](#)

"The January 4th news of the first decline in private sector nonfarm payrolls since July 2003 and whopping 0.3 of a percentage point jump in the unemployment rate during December no doubt caused some of our panelists to further trim their forecasts of economic growth this year and heightened speculation about the possibility of a recession," the newsletter stated.

"Whether or not the economy is already in a recession, about to enter one, or manages to muddle through without one, will only be known in the fullness of time," the newsletter wrote.

Based on the Jan 2-3 survey of economists -- taken a day ahead of the government's weak employment report that showed a huge uptick in the December unemployment rate and the weakest job growth in more than four years -- consumer spending this year is expected to grow at the weakest annual pace since 1991.

"Expected to weigh on consumer spending in 2008 are slower job and income growth, high energy costs, declining home values and if the first week of January is any indication, a weaker stock market," the newsletter wrote.

Prospects for the housing sector remain grim, with new housing construction activity expected to fall by 17 percent this year compared with 2007 levels. That's almost half the amount of housing start totals seen in 2004 and 2005. [Continued...](#)

[View article on single page](#)

Previous Page [1](#) | [2](#) [Next Page](#)

Share: [Del.icio.us](#) [Digg](#) [Mixx](#) [My Web](#) [Facebook](#) [Newsvine](#)