

Economics

US Recession Becomes Closer Call as Economists Rethink Forecasts

- Bloomberg survey shows firmer growth through third quarter
- Fed's preferred inflation gauge seen ending 2024 near 2% goal

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Some of the forecasters who were first out of the box to predict a US recession are starting to hedge their bets as inflation ebbs and the economy remains resilient.



Paradoxically, Hooper credits the Federal Reserve's steep rate hiking campaign for the reduced risk of a recession. That's helped re-anchor inflation expectations, increasing the chances price pressures can ease without a meaningful decline in the economy.

Economists surveyed by Bloomberg are growing more optimistic as inflation cools. The personal consumption expenditures price index – the Fed's preferred inflation metric – is seen rising 2.2% in the final quarter of 2024, according to the July survey. Last month, economists expected 2.3%.