

Economists Lower Recession Forecasts to 40% on US Job Growth Expectations

- Economy is seen expanding 2.1% this year in Bloomberg survey
- Forecasters mark down recession odds to 40%, lowest since 2022

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Economists again marked down their US recession forecasts on expectations that a firm job market and sturdy consumer spending will support stronger economic growth in the near term.

The economy is seen expanding at a 2.1% annualized rate this year – up from the 1.5% expected last month – amid stronger household demand and government spending, according to the latest Bloomberg monthly survey of economists.

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The continuous momentum in the economy helps explain why economists now see a 40% chance of recession in the next year – the lowest reading since mid-2022. Those projections peaked at 65% in the first half of 2023 as the Federal Reserve neared the end of its most aggressive hiking cycle in 40 years.

“The US economy remains the envy of the world,” said James Smith of EconForecaster LLC. “Both real economic growth and employment growth remain strong while inflation rates and interest rates are falling.”