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## Why the U.S. Economy Isn't as Weak as It Looks

By [Megan Leonhardt](#) and [Matt Peterson](#)

The U.S. economy shrank in the first quarter, but the underlying data show trends under the hood that should dampen recession fears.

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An enormous surge in imports was the big outlier in this GDP report. Normally, big increases in imports rarely coincide with outright declines in headline GDP because stronger imports usually mean more spending, not less, wrote Oliver Allen, senior U.S. economist with Pantheon Macroeconomics. That raises the question of what happened to the goods imported during the surge.

“The surge in goods imports is being overestimated, or that other GDP components—most likely goods consumption and inventories—are being understated. This might be addressed later by revisions, but we can't be sure,” Allen said.