
Recession reports - Economists see gradual recovery for US

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Reuters reported that two US government reports and gloomy outlooks from global steel and car companies helped suggest economic recovery will be gradual even if growth returns later this year as many economists expect.

A Federal Reserve survey said that the pace of the US economic recession slowed or stabilized in most areas of the country but the report pointed to protracted job market weakness and a possible threat to consumer spending. US central bank in its Beige Book survey of economic conditions through July 20th 2009 that wages and compensation were steady or falling in most areas.

Earlier, a report showed new orders for US durable goods in June posted their biggest drop in five months. But after stripping out the volatile transportation sector, hit by weak aircraft orders, the data showed a 1.1% increase that economists called encouraging.

Upbeat earnings reports in the past few weeks have driven global stock markets higher and prompted investors to take on more risk in their portfolios as they grow increasingly confident the world economy is on the path to recovery.

But US equity markets fell further following the Beige Book report after opening weaker on the durable goods orders. Falling commodity prices depressed shares in the energy and resources sectors and investors worried that China's banks might be ready to hit the brakes on lending to stem market excesses.

Earlier, data from the US Mortgage Bankers Association showed US mortgage applications fell last week for the first time in four weeks, driven by a drop in demand for home refinancing loans as interest rates climbed.

(Sourced from www.reuters.com)

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