



Written by [Bob Adelman](#) on September 1, 2020

U.S. Economy's Rebound Continues to Confound Forecasters

President Trump's Chief Economic Advisor Larry Kudlow [exulted](#) over the U.S. economy's recovery from the virus-inspired shutdown last Friday: "There's a housing boom! There's an auto boom! A manufacturing boom! A V-shaped recovery is pointing to better than 20 percent growth in the second half of this year!"

Data from various sources confirms Kudlow's optimism: American consumers spent more than expected in July, with spending up by 1.9 percent. Forecasters were predicting 1.5 percent.



Personal income grew by 0.4 percent in July, surprising forecasters. U.S. manufacturers grew more than forecasters were expecting in July, with the manufacturing index published by the Institute for Supply Management (ISM) rising to 56 percent in August, with economists surveyed by MarketWatch expecting 54.9 percent. ISM's new orders index jumped to 67.6 percent from July's 61.5 percent, marking the highest level that index has seen since 2004. And also exceeding forecasters' expectations.

Durable goods orders leapt by 11.2 percent in July, according to the Commerce Department, far exceeding forecasters' predictions of just 4.8 percent.

{modulepos inner_text_ad}

Note the words "exceeded expectations," "more than expected," and "exceeding forecasters' expectations" in that summary. There's an index for that, too — Citigroup's [U.S. Economic Surprise Index](#). It measures the degree to which economic data from the real world are beating economists' expectations. The recent data on the remarkable economic rebound of the U.S. economy from the shutdown reflects the degree to which forecasters failed to capture the moment: Citi's Surprise Index is now at levels not seen since it was first developed 17 years ago.

This is not to say that the economy will continue to outperform the forecasters forever. But for now, the forward momentum of the economy as measured not only by the various indexes, but also by how much it is exceeding forecasters' predictions, bodes well for the third quarter at least. And, assuming that the momentum translates into another four years of the Trump administration, the economy should continue to benefit from that administration's promises of further tax cuts and deregulation mandates to keep the economy moving ahead.

Image: honglouwawa/iStock/Getty Images Plus

An Ivy League graduate and former investment advisor, Bob is a regular contributor to The New American, writing primarily on economics and politics. He can be reached at badelman@thenewamerican.com.

Related articles:



Written by [Bob Adelman](#) on September 1, 2020

[Survey: Most U.S. Companies Planning to Give Salary Increases and Bonuses Next Year](#)

[U.S. Economy Continues Recovery; Retail Sales Back to Normal](#)



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.

[Subscribe](#)