



Written by [Bob Adelman](#) on October 27, 2017

U.S. Economy Powers Through Hurricanes, Beats Forecasts With Three-percent Growth in Third Quarter

Putting in its best six-month performance in three years, [the U.S. economy barely skipped a beat](#) in the third quarter, growing at a three-percent annual rate. That was just slightly behind the second quarter, which grew at 3.1 percent, but way ahead of economists who had forecast growth for the third quarter at just 2.5 percent.

The Commerce Department said that the growth was across all sectors: consumer and business and capital investment by businesses in new equipment and upgrades and new construction (both residential and commercial). The economy even managed to shake off a shrinkage in government spending, primarily at the state and local levels.

Hurricanes Harvey and Irma destroyed an estimated \$130 billion worth of property and put hundreds of thousands of people out of work temporarily. But the economy elsewhere picked up the slack. Houston's metropolitan area is the country's fifth largest, but the economy scarcely noticed as Harvey shut down its economy in late August and early September.

What bodes well for the fourth quarter is not only the momentum shown during the third, but the growth in inventory as businesses are preparing for a booming holiday season. With consumer and business-owner sentiment near all-time highs, expectations are turning into reality.

Any slowdown in the energy sector owing to the hurricanes was hardly noticeable. And activity there will be boosted in the fourth quarter and beyond by higher prices for crude oil that are far above the breakeven points for many, if not most, American producers. Spending on mining, exploration, and wells grew at a 21.7 percent rate in the third quarter, despite Harvey and Irma.

Mark Zandi, chief economist at Moody's Analytics, sees clear sailing ahead: "There are no real headwinds to growth for the first time since the expansion began. We are at full employment and we are in full swing. Let the good times roll!"

The economy is growing twice as fast as it did in 2016, the final year of the previous administration. And it's on target to reach President Trump's goal of a steady three-percent growth in the economy during his administration.

It's not just affecting the United States, either. With less than five percent of the world's population the United States generates one-quarter of the entire world's output of goods and services. Taking the United States' lead, global economies are enjoying a renaissance as well. Said Zandi: "This is happening globally — there isn't a single major economy that is in recession."





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Looking out even farther, a booming economy could put to rest at least two concerns: First, the current expansion, both in the economy and on Wall Street, is among the longest on record yet is likely to continue, despite its duration. Second, the other concern — that midterm elections generally treat the party that controls the White House badly — could be a historic exception in 2018. If tax reform and tax cuts become reality, they could provide additional impetus to an economy already enjoying its freedom from fewer regulations. With the departure of RINOs such as Republican Senators Flake and Corker and the arrival of those with backbone such as Judge Roy Moore, the whole tone of the conversation in Washington could change for the better in 2019. After all, wasn't it Bill Clinton who, mouthing the slogan created by his campaign manager James Carville in 1992, said, "It's the economy, stupid!"

Image: [Clipart.com](#)

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