



# **Pioneer Bank & Trust**

## **Trust & Investments**

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### **Ask a trust officer: Economic growth**

DEAR TRUST OFFICER:

Is the economy finally doing better? Will interest rates be going up soon?

—IMPATIENT FOR GROWTH

DEAR IMPATIENT:

There is good news and bad news in recent economic reports. On the upside, the economy didn't contract in the first quarter of the year after all, as reported earlier. The negative 0.2% growth has been revised to a positive 0.6% growth, still anemic but at least not pointing toward recession. In the second quarter the economy grew by 2.3%.

The bad news is that when the Bureau of Economic Analysis took another detailed look at overall economic performance since 2011, nearly all the numbers had to be revised downward. Americans have instinctively been telling pollsters for years that the economy has not been as good as the economic indicators were suggesting. Turns out that they were right. For example, the big tax hike at the beginning of 2013 (the so-called "fiscal cliff") resulted in growth for all of 2013 of a scant 1.5%. This has been by far the weakest economic recovery since World War II.

Most observers still expect the Federal Reserve to begin nudging interest rates upward in September, but the latest revised data could give them pause, pushing off the rise to later in the year.

I'm afraid you will need still more patience.

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