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Issue of the Week: Economic Soft Landing* August 11, 2023

What is the issue?

Many economic analysts are increasingly optimistic about the economy because some inflation data has improved and key economic data points like GDP growth, consumer spending, and job creation have been [stronger than expected](#).

Why is it important to business?

These analysts predict the economy will have a soft landing and avoid a recession in the wake of high inflation and higher interest rates used to combat it.

How does it affect business?

The Federal Reserve has never raised rates as much and as fast as it has since March 2022 without a recession occurring.

Business's Role: Be smart: The chance of a soft landing has increased, but by no means is it assured. Inflation is still high, especially the data point the Fed watches—core personal consumption expenditures (PCE) inflation. The Fed may have to [raise rates again](#) in September, which would slow the economy more than anticipated. Further, there are substantial lags when it comes to the impact of higher interest rates on the economy.

Big picture: We have been in a unique period since COVID began, so it is possible the Fed's actions will not cause a recession. But to be banking on it is premature. *We still see a potential slowdown later this year that could drag into 2024 and meet the definition of a recession.*

Learn More: <https://www.uschamber.com/economy/economic-viewpoints>

* This material provided courtesy of the U.S. Chamber of Commerce