

“Green Shoots” in the Economy

Some examples to consider.

Provided by Ron Richards

Investors looking for "green shoots" to confirm that the economy is on the mend have seen plenty of examples in recent weeks.

Retail sales rose 9.8% in March, the largest monthly gain since May 2020. It's important to remember that purchases at stores, restaurants, and online are among the biggest drivers of overall economic activity. The gain coincides with the government distributing hundreds of billions of dollars in stimulus funds to households.¹

New jobless claims came in at 576,000 for the week ended April 10—the lowest level since March 14, 2020, and continuing unemployment claims were at their lowest four-week moving average since March 28, 2020.²

Housing starts rose 19.4% to 1.7 million units in March, the highest level since June 2006.³

Green shoots is a term used to indicate signs of economic recovery after a downturn. It's a reference to when plants start to show signs of life again. Most recently, former Fed Chair Ben Bernanke used the metaphor to describe the economic recovery following the 2007-2008 financial crisis.⁴

There is no doubt the economy may face several challenges in the months ahead. Interest rates, taxes, and inflation are three issues that may take over the headlines at any time.⁵

But please know that we're keeping a close eye on the economic trends. This watchfulness is in an attempt to determine "what's the signal and what's the noise" as events unfold. In the meantime, reach out if you anticipate any green shoots in your personal finances. We'd welcome the chance to hear your story.

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Citations

1. The Wall Street Journal, April 15, 2021
2. Department of Labor News Release, April 15, 2021
3. Reuters, April 16, 2021
4. Investopedia.com, 2021
5. CNBC.com, April 14, 2021