

Economy

## Economic analysts say 2012 will be like last year

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Economic growth and job creation this year could look a lot like last year, a Federal Reserve system economist told a Denver audience Wednesday morning.

"The recovery is going step by step," said Mark Snead of the Denver Branch of the Federal Reserve Bank of Kansas City. He spoke at the 19th annual Economic Forecast Breakfast hosted by Vectra Bank Colorado.

Call it the deja-vu-all-over-again economy or, as Snead described it, "Groundhog Day." That's the comedy in which Bill Murray's character keeps waking up to the same day.

The U.S. economy should grow 2.5 percent this year with 1.1 percent job growth, Snead said, both rates in line with historical norms.

But growth returned to the trend line without the sharp rebound typical after a downturn, leaving unemployment high.

"You need the surge, and we had no surge," he said.

Patricia Silverstein, president of Development Research Partners in Jefferson County,

echoed Snead's predictions of more of the same for the Denver area.

Metro Denver's unemployment rate — 7.8 percent in November — should fall slightly and retail spending should increase at a snail's pace as consumers remain frugal.

Foreclosures should continue to fall, while construction spending increases a tad with more multifamily units added to accommodate the growing share of renters.

George Feiger, president and chief executive of Contango Capital Advisors, disagreed with the plug-along forecasts, warning that the ride could get bumpy soon.

"Any day now, you may see the collapse of the Greek debt negotiations, and the dominoes will start to fall," he said.

Resolving the euro crisis would require \$5.5 trillion, with Germans agreeing to make major sacrifices to bail out other members of the currency and trade union. A breakup of the European Union would be much more costly.



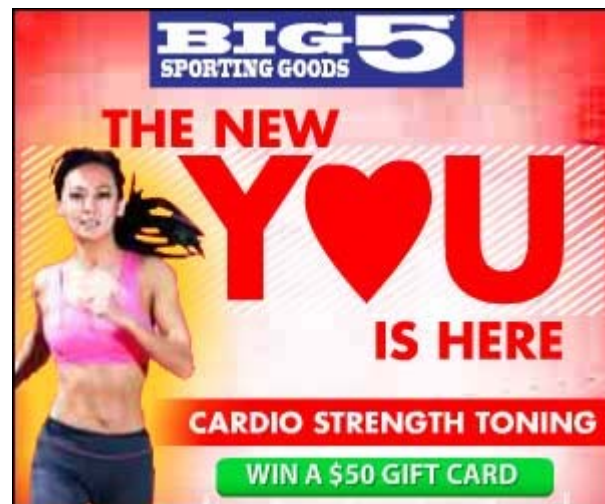
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While the U.S. may have the "least bad" economy, it won't escape the shock waves coming out of Europe, Feiger said, adding that the country's political system isn't equipped to deal with the nation's looming debt problems.

*Aldo Svaldi: 303-954-1410,  
asvaldi@denverpost.com or twitter.  
com/aldosvaldi*



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