When describing the recent U.S. economy, “Goldilocks and the Three Little Bears” serves as a fitting analogy. The term “Goldilocks economy” refers to a period that is neither too hot nor too cold. But when describing the underlying economic issues affecting the U.S. population as a whole, this description sounds, well, like a fairytale. That’s because sharp claws have been flying during increasingly rancorous debates, presidential and otherwise, about how fiery or frigid the economy really has been.

There exists a widening and puzzling gap between the status of indicators used to assess the country’s economic health and the severity of issues that Americans cite when describing the country’s—and their own—prosperity. This gulf is important to address by rethinking how we create, construct and disseminate economic narratives.

Indicators vs. Issues

Measures used to assess and forecast economic health include GDP, several employment measures, business spending, consumer spending, interest rates, inflation, energy prices, housing indicators and more. By many, but not all, of these measures, the U.S. economy looked relatively healthy as the summer began. Considering the impact of the 2008 global financial crisis and the U.S. economy’s unchallenged status as the world’s primary engine of economic growth, our position seems even rosier.

Unemployment has dropped significantly since 2009. Housing prices, sales and starts (which reflects new construction) have increased over the same period. Business spending is poised to increase this year, and our GDP growth rate remains positive but relatively small (around 2 percent). Despite increasing volatility, U.S. equity markets reached historical highs in July. This marks an extremely condensed economic assessment, and clouds always loom. Continuing household income declines, a deteriorating Chinese economy, a spike in U.S. inflation, geopolitical tensions and/or an ill-considered interest rate decision could rain a swift reversal down on our partly-sunny economy. Or not. July’s Dow Jones Industrial Average record quickly followed on the heels of Britain’s stunning vote to leave the European Union (EU).

While the actual Brexit may take up to two years to negotiate, the results of the vote sent U.S. equity markets plunging, briefly, before they rebounded strongly. Over the longer term, the negative impacts of Britain’s EU exit on the U.S. economy appear likely to be relatively low-key, but that could change depending on how the negotiations play out.
For more on economic indicators like GDP, visit the Bureau of Economic Analysis (bea.gov).