# U.S. Economy Grows at Sluggish Rate Amid High Interest Rates and Import Issues



The U.S. economy expanded at an annual rate of 1.4% from January through March, according to revised figures released by the Commerce Department on Thursday. This slight upgrade from the previous estimate of 1.3% indicates the slowest quarterly growth since spring 2022. Consumer spending also grew by 1.5%, down from an initial estimate of 2%, suggesting that high interest rates might be affecting the economy.

Imports and reductions in business inventories were significant factors in the slower growth, with imports alone reducing first-quarter growth by 0.82 percentage points and lower inventories subtracting 0.42 percentage points. Despite this, many economists believe that growth has likely picked up in the current quarter, with some forecasts suggesting rates of up to 3% for April through June.

The Federal Reserve's multiple interest rate hikes in 2022 and 2023 have resulted in elevated borrowing costs, yet the economy has continued to grow and add jobs. In May, the unemployment rate rose slightly to 4% despite the addition of 272,000 jobs. Inflation has decreased from a peak of 9.1% in 2022 to 3.3%, although it remains above the Fed’s target of 2%.

President Joe Biden and former President Donald Trump are expected to discuss the state of the economy during a debate on Thursday night. The Commerce Department will release its first estimate of the second quarter’s economic performance on July 25.

In related news, a report by Bloomberg New Energy Finance (BNEF) indicates that nuclear power in Australia could be much more expensive than renewable energy. The report argues that building nuclear power stations would be a lengthy and costly process, requiring significant regulatory changes. If these efforts divert attention from renewable energy investments, they could hinder Australia's decarbonisation goals. The Australian government is set to implement household energy rebates starting next month, which are expected to reduce electricity prices significantly in the short term.