ON October 29th the government reported that gross domestic product rose at an annualised rate of 3.5% in the third quarter compared to the second. This was the first increase since the second quarter of 2008. It backs up other evidence that the recession ended in the third quarter or just before, though the official decision, by the National Bureau of Economic Research, a group of academic economists, is still some way off. Robert Gordon, a member of this group, is confident that the recession, which began in December 2007, ended in June. But at 18 months that would still make it the longest since 1933.

Consumers are sceptical. Their confidence fell in October, according to the Conference Board, a research group. A poll for The Economist by YouGov found that 35% of respondents think the economy is getting worse; just 28% think it is getting better. Unemployment is still rising, and even a White House adviser, Christina Romer, predicts it will remain "severely elevated" throughout next year. A lot of third-quarter growth was the result of temporary government stimulus. Consumer spending grew by 3.4%, the best since early 2007, largely because people were buying new cars in July and August with federal "cash for clunkers". Sales have since fallen back. Residential construction leapt 23.4%, the first advance since the end of 2005, helped by an $8,000 tax credit for buyers of new homes. But new home sales dipped 3.6% in September, as the time to qualify for the credit expired.

Voters are more worried about the economy than anything else, YouGov found, and they disapprove of Barack Obama’s handling of it by a margin of 47% to 43%. That has spurred Mr Obama and Democratic leaders in Congress to explore new stimulus measures. One would extend unemployment insurance benefits by 14-20 weeks for some workers. Another would extend a subsidy for health insurance for those who lose it along with their jobs. These measures make sense; the recipients badly need the money and will probably spend every penny.

A more dubious proposal would extend the new-home tax credit until next April and,
reportedly, offer a smaller $6,500 credit to people who already own a home. Also, Mr Obama wants to send an additional $250 each to Social Security beneficiaries because they will get no cost-of-living increase next year. This is daft: benefits are flat because inflation is negative, so real benefits have actually risen.

Calls for a new round of stimulus look premature. Temporary effects aside, growth in the third quarter reflects the dynamics of a genuine recovery. Exports and equipment investment both rose. Companies ran down inventories at a slower pace, a contributor to growth that should continue for at least two more quarters. Construction is so low that, even with sales so depressed, the inventory of unsold new homes has hit a 27-year low. This suggests that construction should expand further. And Mr Gordon notes that employment is still falling because, following the pattern of recent recessions, firms have aggressively slashed costs so that productivity has grown even as sales have fallen. Profits seem to have already turned around, and Mr Gordon predicts employment will follow by the first quarter of 2010.

More stimulus now would add to an already dangerously high deficit. There may be greater need for it in a year’s time, when the inventory boost will be waning, and this year’s $787 billion stimulus plan is about to expire. Even then, more stimulus should be considered only if a deficit-reduction plan is in place. In the meantime, monetary policy can assume the burden of safeguarding growth. The markets expect the Federal Reserve to start raising interest rates by May, and there is speculation that at its policy meeting on November 3rd and 4th it will water down its current commitment to near-zero rates for “an extended period”. Given downward pressure on inflation, the Fed could instead stay on hold all next year, providing a safety cushion for the economy and taking some pressure off the battered federal budget.