

Americans bring home more 'bacon' lately

By Paul Davidson
USA TODAY

After falling steadily since the recession began four years ago, household income seemed to turn the corner, rising sharply the last four months of 2011.

Inflation-adjusted median household income rose 4 percent, from \$49,434 to \$51,413, from August to December, according to a study released

Thursday by Sentier Research.

It's the largest jump since the recession began in December 2007, according to analysis of Labor Department data by the economic research firm.

The rise coincides with stronger job growth, modest wage increases, a longer workweek and easing inflation. "We seem to have had a turning point," says Gordon Green, co-au-

thor of the report and a former economist at the U.S. Census Bureau.

The study is consistent with other government reports that show rising national income in recent months. But those reports reflect aggregate or average U.S. income, which may be skewed by wealthier Americans.

The Sentier study is more indicative of typical households, says Dean Ma-

ki, chief U.S. economist for Barclays Capital.

Real median household income is still 7 percent lower than it was in December 2007 and 3.9 percent lower than in June 2009, when the recession officially ended, the study says.

Americans' income continued to fall in the recovery, Sentier data show, as more workers sought fewer jobs and many of the

unemployed took lower-level positions to get by.

Maki expects 2.5 percent inflation this year, down from 3.3 percent in 2011, leaving Americans more disposable income.

As a result, he estimates inflation-adjusted consumer spending will increase 2.7 percent, up from 1.6 percent last year.

Consumer spending makes up about 70 percent of the economy.