Beige book: Economy grew moderately

Could provide clues to Fed's next rate hike

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The economy expanded at a modest to moderate pace from late August to early October, the Federal Reserve said Wednesday, as a pickup in retail sales and housing offset a mixed picture for manufacturing. But job growth was tempered.

The Fed's beige book, which provides an anecdotal account of the economy, was largely similar to recent editions, but its subdued description of payroll and wage growth seemed to match the official pullback reported by the Labor Department.

The report could provide more clues to what Federal Reserve officials will do about interest rates. The U.S. central bank is widely expected to raise interest rates by the end of the year.

While the housing market continued a solid recovery, limited inventories continued to constrain sales. And a strong dollar is still curtailing manufacturers' exports.



JOHN BAZEMORE, AP

The housing market has continued its solid recovery.

The overall outlook was "mostly positive, with growth expected to continue at a slight to moderate pace" in several regions, the beige book said.

Hiring was strongest in the Richmond, Chicago, St. Louis and San Francisco regions. And while manufacturers laid off workers in New York, Philadelphia and Cleveland, energy-related job cuts eased and factory payrolls were stable in Dallas following recent reductions tied to the oil industry downturn.

Meanwhile, labor shortages again were spotted across the country.

Employers struggled to hire workers in construction, manufacturing, hospitality, health care, trucking and sales. Although wage growth was tepid, the shortages put upward pressure on pay for skilled workers in the Philadelphia area and entry-level positions in the St. Louis and San Francisco districts.

New York employers were "increasingly willing to negotiate compensation." And some small-business owners in San Francisco reinstated health care benefits to attract applicants.

Although retail sales advanced in most regions, unseasonably warm weather dampened clothing purchases in New York and Cleveland.

in past 6 weeks