BUSINESS

Consumer spending rose in November

By Martin Crutsinger
Associated Press

WASHINGTON — Americans increased their spending in November by the most in five months, and their income edged up modestly.

Consumer spending rose 0.5 percent from October, when spending had risen 0.4 percent, the Commerce Department said Monday. It was the best showing since June. The gain was driven by a jump in spending on long-lasting durable goods such as autos.

Consumers' income rose 0.2 percent, an improvement from a 0.1 percent decline in October. Wages and salaries rose a solid 0.4 percent. That gain reflected strength in the private sector and a modest gain in government pay.

Consumer spending accounts for about 70 percent of economic activity. The strong November showing suggests solid economic growth this quarter.

Steady hiring and modest wage gains have boosted consumer confidence and given Americans more money to spend. At the same time, higher stock and home prices have driven up household wealth and made some people more comfortable about spending.

The big rise in spending and smaller income gain meant that the saving rate slipped a bit to 4.2 percent of after-tax income in November. That was down from 4.5 percent in October.

An inflation gauge tied to consumer spending that is closely followed by the Federal Reserve showed that inflation is still running well below the Fed's target. Prices were unchanged in November and have risen just 0.9 percent in the past 12 months. The Fed's target for annual inflation is 2 percent.



Retail sales were solid in October and November, along with other signs that the economy is gaining momentum heading into 2014, analysts say. Above, local shoppers take advantage of Black Friday deals the day after Thanksgiving. FILE/STAFF