BUSINESS

Consumer spending up 0.5%

Pace fastest in 4 months; income growth slows

By Martin Crutsinger
Associated Press

WASHINGTON — Consumers increased their spending in June at the fastest pace in four months even though their income growth slowed.

Consumer spending rose 0.5 percent in June compared with May, when spending was up 0.2 percent, the Commerce Department reported Friday. It was the best gain since a 0.7 percent rise in February.

Income growth slowed to a 0.3 percent rise in June, weaker than May's 0.4 percent gain.

The hope is that strong consumer spending will help boost a lackluster economy to faster growth in the second half of this year. But for that to happen, economists say income growth needs to accelerate.

Spending on non-durable goods was up 1.3 percent, reflecting in part rising gas prices, while demand for durable goods rose 0.8 percent, reflecting strength in auto sales.

The combination of faster spending and slower income growth pushed the savings rate down slightly in June to 4.4 percent of after-tax income. It had been at 4.6 percent in May. The savings rate stood at 5.6 percent for all of 2012, indicating consumers are trimming savings to

See SPENDING, Page 6B



People shop at Pyro City in Winslow, Maine. Consumers increased their spending in June at the fastest pace in four months even though their income growth slowed. AP