Shoppers opening wallets



MARK LENNIHAN / The Associated Press

Marwa Kissba shops for a watch at Century 21 department store in New York. Consumers spent modestly last month, a sign that the recovery is proceeding.

Consumer spending up for fifth month

Incomes are holding steady

By Jeannine Aversa
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WASHINGTON — Confidence is growing that the economic recovery won't fizzle out. Consumers kept cash registers humming last month at a decent pace, pointing to modest and steady economic gains ahead.

The Commerce Department reported Monday that consumers boosted their spending by 0.3 percent in February, marking the fifth straight monthly gain.

Nigel Gault, chief U.S. economist at IHS Global Insight, called it "an encouraging sign of consumer revival."

The pickup in spending was a tad slower than the 0.4 percent increase registered in January and marked the smallest increase since September. Nonetheless, the spending gain was considered decent, especially given the snowstorms that slammed the East Coast and kept some people away from the malls.

"Households are starting to ease up on their tight grip on their wallets, though it would be nice if they had more money to spend," observed Joel Naroff, president of Naroff Economic Advisors.

Americans' incomes didn't budge.

Incomes were stagnant in February, as the bad weather forced employers to trim workers' hours. That followed a solid 0.3 percent gain in January and marked the weakest showing since July, when incomes actually shrank.

Spending growth in February matched economists' expectations. The reading on income was a bit weaker than forecast.

Both the spending and income figures in Monday's report point to a modest recovery.

The economy will expand at a 2.5 percent to 3 percent pace in the January-to-March quarter, analysts predict. That's roughly half the 5.6 percent pace seen in the final quarter of last year.

In normal times, growth in the 3 percent range would be considered respectable.