



Consumers scramble for deals at a Target store in Bowling Green, Ky., in November. Americans increased their spending more slowly in March, suggesting some could be worried about the economy. But consumer spending, which accounts for 70 percent of economic growth, rose 2.9 percent in the January-March quarter — the fastest pace in more than a year. The increase was a bright spot in an otherwise weak first quarter for economic growth. AP

Consumers ease up on spending in March

Trend suggests some could be worried about U.S. economy, paychecks experts say

By Martin Crutsinger
The Associated Press

WASHINGTON — Americans increased their spending more slowly in March, suggesting some are worried their paychecks aren't growing fast enough.

The Commerce Department said Monday that consumer spending increased just 0.3 percent in March after a 0.9 percent gain in February.

Income grew 0.4 percent after a 0.3 percent gain in February. But after-tax income when adjusted for inflation increased just 0.2 percent in March. The gain followed two months of declines.

Consumer spending, which accounts for 70 percent of economic growth, rose 2.9 percent in the January-March

quarter — the fastest pace in more than a year. The increase was a bright spot in an otherwise weak first quarter for economic growth.

But Paul Dales, senior U.S. economist at Capital Economics, noted that stronger spending in January and February drove the quarterly increase. And consumers spent more while saving less, which suggests they cannot sustain their spending pace without better pay.

"Real incomes will need to grow at a faster rate to prevent consumption growth from slowing," Dales said. He noted that Friday's report on April hiring is a crucial sign of where the economy is headed.

The government reported Friday that the overall economy grew at an annual rate of

2.2 percent in the January-to-March quarter. That's down from 3 percent annual growth in the October-December period.

The weakness mainly reflected government budget-cutting and weaker business investment.

In March, consumers spent 0.9 percent more on nondurable goods such as clothing. Spending on durable goods, such as cars and appliances, fell 0.3 percent. Spending on services such as utilities and rent was mostly flat.

An inflation gauge tied to consumer spending rose a modest 0.2 percent in March. Over the past 12 months, the index is up 2.1 percent, just above the Federal Reserve's 2 percent inflation target.

Some economists worry consumers can't keep spending as freely as they did in the first three months of this year without bigger pay raises.