Data point to lasting recovery

Analysts say rebound too weak to reverse rising unemployment

By Jeannine Aversa
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WASHINGTON — A flurry of good news this week — including falling jobless claims, stronger consumer spending and higher new-home sales — suggests the economic rebound, modest though it is, might just be here to stay.

While analysts caution that the recovery will be too sluggish to stop the unemployment rate from rising, the reports are at least encouraging enough to calm fears of a dreaded "double-dip" recession.

"This recovery continues to trudge ahead," said economist Ken Mayland, president of ClearView Economics. "It is not a gallop. But it is still forward movement."

Looked at together, the reports the government issued Wednesday signaled that the final quarter of 2009 at least got off to a decent start. And holiday sales should be slightly better than last year's figures, which were the worst since at least 1969.

The number of newly laid-off workers filing applications for unemployment aid fell by 35,000 last week to 466,000, the Labor Department said. It marked the fewest new filings since September of last year.

Jobless claims would still have to drop to near 400,000 for several weeks to signal actual growth in employment. Companies have slowed the pace of layoffs, but most aren't ready to ramp up hiring.

Another report showed Americans stepped up their shopping in October. Consumer spending rose 0.7 percent, after a 0.6 percent drop in September, the Commerce Department said.

It was the best showing since a 1.3 percent jump in August, when the government's since-ended Cash for Clunkers rebate program enticed people to buy cars.

The figures show that consumer spending — which powers 70 percent of the economy's activity — is managing to hold up despite tight credit, high debt levels and an unemployment rate above 10 percent.

Spending on costly manufactured goods, such as cars and appliances, led the way in October. Americans also spent more on gas, food, clothes and services.

Incomes, the fuel for future spending, rose 0.2 percent for the second straight month. But that came from bonuses and other benefits, interest and other kinds of income. Wages and salaries were flat.

With spending rising faster than incomes, Amer-

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in H1N1 cases