Data reveals hint of consumer merriness

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ASSOCIATED PRESS

11-26-10

WASHINGTON — Americans are earning and spending more, companies are shedding fewer workers and hopes are rising for the economy as the holiday shopping season starts.

Still, with businesses spending less on manufactured goods and new-home sales near their lowest level in 47 years, consumers alone might not be able to invigorate the economy and drive down unemployment.

All told, government data released the day before Thanksgiving suggest an improving economic picture. But it is increasingly dependent on the consumer, even with U.S. companies having reported record profits in the July-September quarter.

"Households are spending more, and that may signal they are starting to feel better about economic conditions," said economist Joel Naroff of Naroff Economic Advisors. "It is the consumer that holds the key to the recovery and it looks like households are starting to turn the lock."

On Wall Street, the mostly encouraging news on the economy buoyed stocks. The Dow Jones industrial average closed up 150 points.

Many retailers depend on the holiday shopping season to make their year. The November-December shopping season can account for up to 40 percent of retailers' revenue and profits.

Consumers boosted spending 0.4 percent in October, up from a 0.3 percent increase in September, the Commerce Department reported Wednesday.

Many are benefiting from thicker paychecks. Americans' incomes rose 0.5 percent in October, pulled up by a 0.6 percent rise in wages and salaries. That was after incomes didn't grow at all in September.

At the same time, the pace of layoffs is slowing. Initial jobless claims dropped by 34,000 to a seasonally adjusted 407,000 in the week ending Nov. 20.