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Economic indicators perk up

Figures show economy grew in July-September quarter

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NEW YORK — A private forecast of economic activity rose in August for the fifth straight month, the latest sign the recession has ended.

The Conference Board said Monday its index of leading indicators rose 0.6 percent in August.

That follows a 0.9 percent gain in July revised up from 0.6 percent. Economists surveyed by Thomson Reuters had expected an 0.7 percent gain last month.

The indicators are designed to project economic activity in the next three to six months. The August results support many analysts' projections that the economy started growing again in the current July-September quarter and will continue to gain in the fourth quarter.

Federal Reserve Chairman Ben Bernanke last week said the recession was "very likely over."

The recession's end "is no longer a source of heated discussion ... but whether or not the economy can keep grinding forward (and at what speed) is still a big question mark," Jennifer Lee, an economist at BMO Capital Markets, wrote in a note to clients Monday.

A measure of supplier deliveries, rising stock prices, an increase in consumer expectations, a jump in building permits and the "interest rate spread" boosted the index in August.

That spread is the difference between yields on 10-year Treasurys and the federal funds rate, which the Fed is keeping at a record lownear zero. The funds rate is the interest banks charge each other for loans. A big difference between it and the 10-year Treasury is viewed as positive because investors are willing to lend for longer periods.

The leading indicators index jumped 4.4 percent — an 8.9 percent annual rate — in the six months through August. The indices suggest "that the recession is bottoming out," said Conference Board economist Ken Goldstein.

"These numbers are consistent with the view that after a very severe downturn, a recovery is very near," he said.