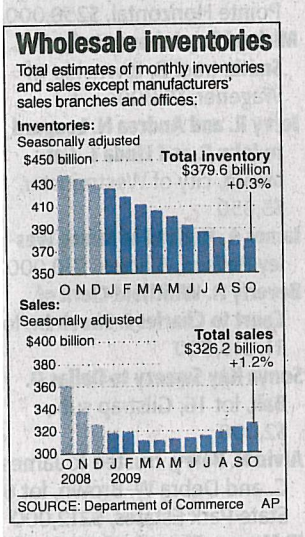
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Economic news raises hopes for global recovery

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WASHINGTON — Signs of a strengthening global recovery emerged Friday, with consumers boosting retail sales, companies restoring stockpiles and Chinese exports mounting a comeback.





The reports heightened hopes that consumers are starting to feel more comfortable about opening their wallets after months of building savings and reducing debt. Consumer spending, which drives most U.S. economic activity, is vital to a sustained rebound.

The encouraging retail sales report for November was a surprise. U.S. retailers have been reporting generally lackluster results for the start of the holiday shopping season. But sales rose 1.3 percent last month, after a 1.1 percent October gain, the Commerce Department said. It was the healthiest advance since August. And it was more than double the increase economists had expected.

Excluding autos, retail sales rose 1.2 percent — triple the expected gain. A 6 percent surge in sales at service stations, partly reflecting higher gasoline prices, led the overall gain. But even excluding that jump, retail sales posted a solid 0.8 percent rise in November.

Most economists have worried that high unemployment would depress spending and drag on the economy as it struggles to emerge from the worst recession since the 1930s.

"The labor market is showing signs of stabilization, and this is giving consumers greater confidence to spend a little more than they were earlier this year," said Chris Rupkey, chief financial economist at Bank of Tokyo-Mitsubishi in New York.

But other analysts cautioned that the economy still faces so many obstacles that consumer spending is likely to be sluggish in the months ahead.

"High unemployment, poor income growth, tight credit and the need to pay down debt mean that consumption growth is likely to slow," said Paul Dales, an economist at Capital Economics.

Also sparking optimism was a report Friday that U.S. businesses unexpectedly increased their inventories in October, halting a slide of 13 consecutive declines. The small gain raised hopes that businesses will begin restocking their depleted shelves, helping support the economic recovery.

Businesses boosted inventories 0.2 percent in October — better than the 0.3 percent drop economists had expected. Total business sales rose 1.1 percent, the fifth straight gain.



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In this file photo, Richard Stupansky carries his purchases to the checkout at a Sears store in North Olmste Ohio. Retail sales rose more than expected in Novembe boosting hopes that the all-important consumer sector will support the fragile recovery.

Steadily rising sales could encourage businesses to restock shelves and boost factory production, bolstering a broader recovery.

China's trade figures for November were the best in a year, with exports falling just 1.2 percent from the same month of 2008. Retail sales, factory output and investment also saw robust growth last month. The figures did show a return to inflation, though only at the modest level of 0.6 percent, after nine months of falling prices.

Asian markets rallied as investors were heartened by the signs of rising global demand that could lift other trade-reliant economies in the region, consumers in the U.S. ar elsewhere begin spendin more after months of hol ing back.

The November U.S. retail sales report showe auto sales rose 1.6 percent, a solid performanc after a 7.1 percent surge October.

Sales at department stores rose 0.7 percent. And the broader categor that includes big retailers posted a 0.8 percent increase.

Sales also jumped 2.8 percent at electronics ar appliance stores.