

# Economy exhibits signs

## Big test may come today with release of monthly US unemployment report

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The Associated Press

WASHINGTON — August began with rising fears of another recession. That was then.

A month later, the economy and the stock market

appear more resilient, suggesting consumers, businesses and investors remain confident enough to keep spending.

A more authoritative test will come today, when the government issues the August jobs report. Em-

ployers are expected to have added 93,000 jobs, which would not be enough to significantly lower the jobless rate of 9.1 percent.

But it would solidify evidence that the economy, though still weak, is growing steadily. Many analysts now expect it to strengthen in the months ahead.

A stream of data released Thursday bolstered

the case for an economy that's healthier than it seemed just weeks ago:

» Americans kept shopping in August despite higher prices and a hurricane that battered the East Coast during the back-to-school shopping season.

» Car buyers lifted U.S. sales last month for most automakers. Analysts had expected a weaker August

## of growth

because of anxiety about the economy and Irene, which forced many dealers to close during the month's final weekend.

» Fewer people sought unemployment benefits last week, a sign the job market may be improving slightly.

» Manufacturing managed to expand in August for the 25th straight month.

Last month's growth, though modest, defied fears that manufacturing, one of the economy's few sources of strength, had contracted last month.

All that delivered a sense of relief that the economy is still expanding — even if it's not enough to reduce unemployment,

See GROW, Page 4A

## GROW

Continued from Page 1A

raise wages and drive the housing market out of its depression.

"Today's releases add to the evidence that underlying economic conditions aren't half as bad as feared a few weeks ago," said Paul Ashworth, an economist at Capital Economics.

Early last month, some economists had warned the economy might be sliding into a recession — that is, if it were not already in one. The economy had managed to plod ahead at an annual growth rate of just 0.7 percent for the first six months of the year. Growth that scant leaves an economy vulnerable to shocks.

And the shocks arrived. The European debt crisis threatened U.S. banks. Politicians fought to the final hours over raising the debt ceiling. Standard & Poor's downgraded long-term U.S. debt. A regional manufacturing index plunged.

Stocks tumbled in response. The Dow Jones industrial average shed 16 percent of its value from July 21 to Aug. 10. (The Dow has since regained about half that loss.)

While all that was happening, consumer confidence fell to its lowest point since April 2009, when the economy was in the midst of the worst recession in 70 years.

Yet Thursday's economic news, coming on top of other encouraging data over the past two weeks on retail sales and consumer spending, helped ease many fears.

Target Corp., Macy's Inc., teen retailer Wet Seal Inc. and warehouse club operator Costco Wholesale Corp. all posted sales gains that beat Wall Street expectations. Luxury chains such as Nordstrom Inc. and Saks also fared well.

Some smaller retailers appear to be holding up well, too.

Lawrence Bock, owner of Dallas-area jewelry retailer Bachendorf's, said he had worried that his customers would pull back after the stock market dive.

They didn't. Sales for the four-store chain surged 18 percent from January through August.

"For a few weeks, we were concerned. But we realized it wasn't 2008," Bock said, referring to the financial crisis and recession. "I'm feeling better."

Last week, the chain decided to hire four to six more people. That would bring the total to 92, about eight fewer than in 2007.

Many analysts now expect the economy to grow by about 2 percent in the current quarter, a tepid pace but far better than in the first half of this year.

The economy's weakness was underscored Thursday by the Obama administration, which estimated unemployment will average about 9 percent next year, when President Barack Obama will run for re-election. It was 7.8 percent when he took office.

The White House Office of Management and Budget projects overall growth of only 1.7 percent this year.