Economy grew at 1.3 percent rate in second quarter

By Martin Crutsinger
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WASHINGTON — The U.S. economy grew at a sluggish 1.3 percent annual rate in the April-June quarter, held back by the severe drought that reduced farm production in the Midwest.

The growth rate was lowered from a previous estimate of 1.7 percent, the Commerce Department said Thursday.

About half of the downward revision to growth came from a decline in farm production. The estimate for crop production was slashed by $12 billion. But economic growth was also weaker because of slower growth in consumer spending and exports.

Economists said that the U.S. Midwest drought would likely be a drag on growth in the July-September quarter.

But Paul Ashworth, chief economist at Capital Economics, said once the drought eases and crop yields rebound to normal levels, the farm sector will provide a boost to growth.

Growth slowed from the 2 percent rate in the January-March and isn't expected to exceed that level for the rest of the year. Growth at or below 2 percent is typically too slow to lower unemployment (8.1 percent).