Economic engines revving



Chevrolet 2012 Cruze sedans are on sale in Englewood, Colo. Americans' incomes rose in the last quarter; that should make it easier to handle rising gas prices. AP

Faster 4Q growth boosts 2012 hopes

The Associated Press

WASHINGTON — Stronger hiring and higher pay and savings should support solid growth for the economy in coming months.

That was a key message that emerged Wednesday from a report on economic growth in the final three months of 2011. The economy grew at a 3 percent annual rate in the October-December quarter, up from a previous estimate of 2.8 percent, the Commerce Department said.

Most of last quarter's growth stemmed from a jump in restocking. That happened because businesses rebuilt inventories that had been depleted last summer. Stockpiling is expected to slow sharply this quarter. And as it slows, economic growth could, too.

But economists also stressed that the fundamental drivers of the economy — incomes, consumer spending and business investment — are rising. They will likely sustain modest growth this year.

Expectations for growth this quarter are slightly better than they were a month ago. Economists expect the economy to expand at a roughly 2 percent annual pace in the current quarter and about 2.5 percent for the full year, according to the National Association for Business Economics, compared to last year's 1.7 percent growth.

In its first report in January on fourth-quarter growth, the government had estimated that incomes rose only slightly. That was revised Wednesday to show incomes grew much more than previously thought. After taxes, inflation-adjusted incomes rose 1.4 percent in the fourth quarter — nearly double the first estimate.