Federal Reserve survey says economic recovery gaining momentum

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WASHINGTON — The economic recovery gained traction in late fall as shoppers spent a bit more and factories bumped up production. That assessment Wednesday by the Federal Reserve marked its most upbeat view since the economy tumbled into recession two years ago.

The Fed's new snapshot of business barometers nationwide found that conditions have generally improved since the last report in late October.

Eight of the Fed's 12 regions surveyed reported some pickup in activity or improved conditions, the Fed said. Those regions were: Boston, New York, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

The four other regions — Philadelphia, Cleveland, Richmond and At-

SEE RECOVERY, PAGE 5A

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FROM PAGE 1A

lanta — described conditions as little changed or mixed.

The new report adds to evidence that the economy is rebounding after the worst recession since the 1930s.

The main challenge for Fed Chairman Ben Bernanke, who will be on Capitol Hill on Thursday seeking confirmation for a second term, is to sustain the fledgling rebound, especially after the benefits of government support fade next year.

To that end, the Fed is expected to hold a key bank lending rate at a record low near zero when its meets Dec. 15-16. Economists predict the Fed will keep rates at super-low levels well into next year.

With Wednesday's survey also finding that inflation remains under control, the Fed has leeway to hold rates at record-lows. The central bank hopes that will entice people and businesses to step up spending, which would bolster the economy.

Although the jobs market remains lousy, the Fed survey found some scattered signs of improvement in some markets.

In the Boston region, some businesses were starting to hire and reverse pay cuts or wage freezes implemented earlier in the year. The St. Louis region noted that the service sector recently started to expand.

Still, holiday hiring expectations nationwide were mixed, the Fed report said.

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