Growth faster than thought

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WASHINGTON — The economy grew slightly faster last summer than first thought, benefiting from stronger spending by U.S. shoppers and improved overseas sales of U.S. goods.

The Commerce Department reported Tuesday that the economy expanded at a 2.5 percent annual rate in the July-September quarter. That was better than the 2 percent pace initially estimated last month.

The pickup in growth comes after the economy slowed sharply in the spring, advancing at an anemic rate of just 1.7 percent. Still, the economy would need to grow at least twice as fast as it did in the third quarter to make a dent in the 9.6 percent unemployment rate.

That's why the Fed recently jumped in with a second round of stimulus. The Fed announced Nov. 3 that it will buy $600 billion worth of government bonds.

The effort is aimed at getting Americans to spend more by making loans cheaper and by boosting stock prices. But no one — including Fed Chairman Ben Bernanke — thinks the program would create the robust growth needed to ratchet down the unemployment rate.

"Growth is not where we want it to be or where it should be," said economist Ken Mayland of ClearView Economics, after the new reading on economic activity.

In another report, sales of previously owned homes slipped slightly in October. High unemployment and hard-to-get credit kept buyers away.

The National Association of Realtors said existing-home sales dipped 2.2 percent last month to a seasonally adjusted rate of 4.43 million units.

Sales in October were 38.9 percent below their peak of 7.25 million units set in September 2005.