Growth healthy over holidays

Fed survey sees moderate gains, helped by consumer spending and factory output

By Christopher S. Rugaber
Associated Press

WASHINGTON — A Federal Reserve survey shows economic growth remained healthy in most parts of the country in late November and December, helped by gains in consumer spending and factory output.

Nine of the Fed's 12 banking districts described growth as moderate, according to the Beige Book survey released Wednesday. That's up from seven districts in October through early November. And two of those districts said growth had accelerated since the previous report.

Only two districts — Boston and Philadelphia — said growth was modest, while Kansas City said it "held steady."

Three-quarters of the districts said shoppers spent more over the winter holidays. And all but Kansas City said manufacturing production grew.

The Beige Book survey is based on anecdotal reports from businesses and will be considered along with other data when the Fed meets Jan. 28-29.

The report showed little signs of the slowdown in hiring that the government reported last week. The Labor Department said Friday that employers added only 74,000 jobs last month, down from an average of 214,000 in the preceding four months.

The Fed survey, however, said two-thirds of the districts reported increases in hiring. That may bolster the view among many economists that December's hiring slowdown was temporary and partly the result of bad weather.

Still, weaker December job gains could lead the Fed to rethink its recent decision to pull back on some of its stimulus.

There have been other signs that the economy is growing at a solid pace. Americans increased their spending at retailers in November and December at a faster pace than the previous year, according to the National Retail Federation.

Greater consumer spending is a key reason that most economists expect growth will top 3 percent at an annual rate in the October-December quarter. That would mark a second straight quarter of healthy growth after a 4.1 percent expansion from July through September.