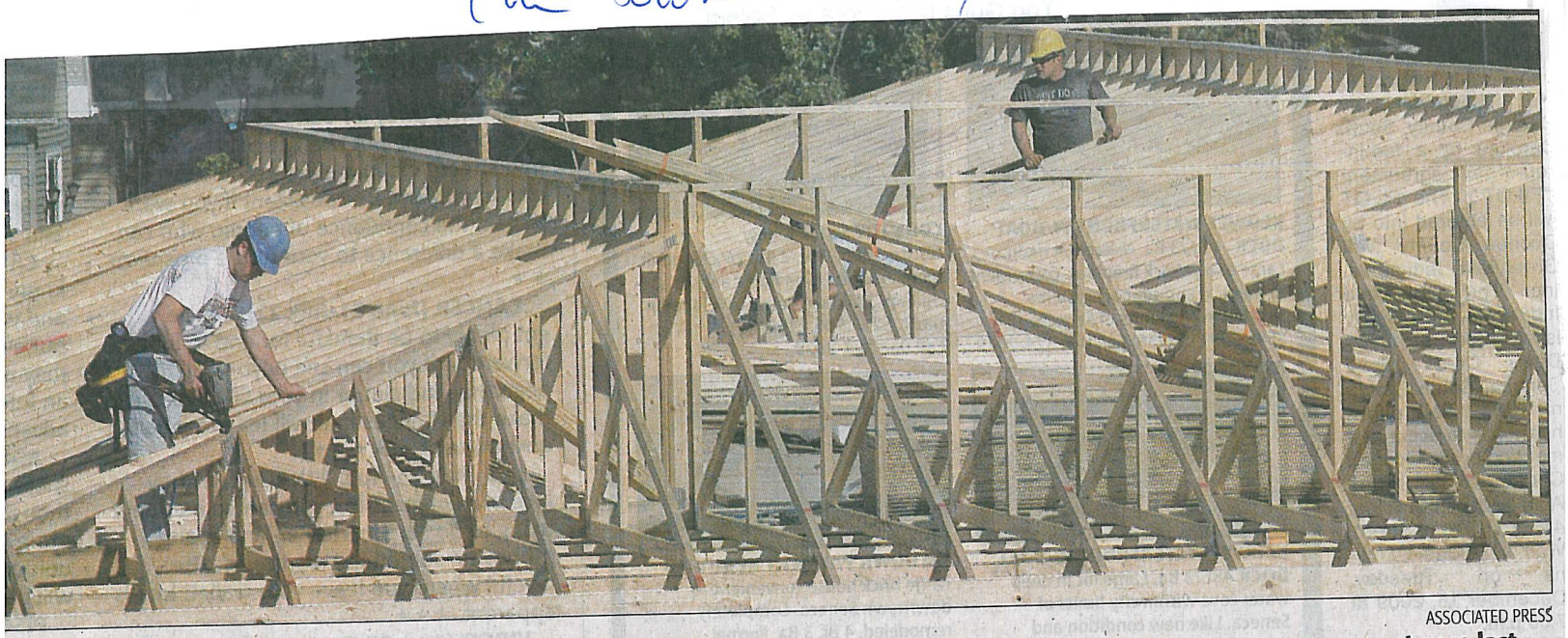
The Journal 11/25/09



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this September photo workers build a new commercial building in Warrensville Heights, Ohio. The economy grew at a 2.8 percent pace last arter, as the recovery got off to a slower start than first thought.

Recovery likely but lethargic

VASHINGTON
P)— Remember the
nomy's return to
owth last quarter?
ell, it probably wasn't
energetic as first
ought.
A government report
t Tuesday morning
owed that the economy
panded at a pace of
percent from July
rough September, ac-
rding to Wall Street
onomists surveyed by
homson Reuters. If they
e right, it would mark
slower expansion than
e 3.5 percent pace re-
orted a month ago. Most
that rebound reflected
deral support for spend-
g on homes and cars.
The main forces be-
ind the expected third-
uarter downgrade:
ommercial construc-
on was weaker, the
ation's trade gap was
ore of a drag, busi-
esses trimmed more of their stockpiles and consumers didn't spend as much.

So, the good news is the economy finally started to grow again, after a record four straight losing quarters. The bad news: The rebound, now and in the months ahead, probably will be lethargic.

Federal Reserve officials and other economists say growth won't be strong enough to quickly drive down the nation's unemployment rate. The nation's current 10.2 percent jobless rate marks only the second time in the post-World War II period that unemployment has topped 10 percent.

"It's a half-speed recovery," said Stuart Hoffman, chief economist at PNC Financial Services Group. "We're in the slow lane."

Some economists think growth will slow to around a 2.5 percent pace in the current quarter, although a few say it could clock in at about 3 percent if holiday sales come in better than expected.

Most say they think the economy will weaken again next year, with growth at a pace of around 1 percent as the impact of the $787 billion stimulus package fades and consumers keep tightening their belts under the strain of high unemployment and hard-to-get credit.

What's not clear is whether the recovery can continue after government supports are gone.

If consumers clam up, the economy could tip back into recession. President Barack Obama recently cautioned that the economy could suffer

GDP signals modest rebound

WASHINGTON (AP) — The economy is growing modestly, with consumers too wary about spending to invigorate the recovery.

That's the picture that emerged from reports Tuesday on the confidence of consumers, who power 70 percent of the economy.

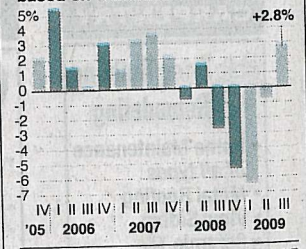
Unemployment and tight credit have sapped shoppers' willingness and ability to spend freely as retailers enter their crucial holiday season. And Americans are expected to grow more cautious about spending next year. That would make for a plodding recovery.

"It's hardly a rip-roaring recovery," said Stuart Hoffman, chief economist at PNC Financial Services. "Usually coming out of a recession you get growth more like a rodeo bull — at a pace of 6 or 7 percent in the early quarters of recovery. That isn't happening. It is coming out of the stalls more like a fat cow."

Slower start for GDP

The gross domestic product measures the value of all goods and services produced within the United States.

Annualized quarterly change based on chained 2005 dollars



SOURCE: Department of Commerce AP