

Shoppers at Dadeland Mall in Miami contributed to increased spending last month on clothing and other items. LYNNE SLADKY/AP

Retail sales are helping economy grow consistently

By Christopher S. Rugaber
The Associated Press

WASHINGTON — Economic growth is picking up in the final three months of the year, fueled by higher consumer spending, rising business stockpiles and modest increases in hiring.

The start of the holiday shopping season in November helped produce the sixth straight monthly increase in retail sales. Gift-buying Americans spent more on clothing and electronics, and sales of autos and furniture also rose.

Job openings declined slightly in October. But they were still at the second-highest level in three years.

Businesses also built up their inventories in October, after holding them steady in September. That means extra factory production was likely needed to increase companies' stockpiles.

Overall, most analysts expect the economy to grow at an annual rate of at least 3 percent in the October-December quarter, up from 2 percent in the July-September period.

Still, the improvement might not last. Unemployment remains high, and incomes are stagnant. That's likely to restrain growth early next year. So could any worsening of Europe's financial crisis.

Because pay raises have been slight, consumers have dipped into savings to finance much of the additional spending. That trend may not be sustainable.

"Looking ahead to early next year, we expect consumer spending to slow markedly amid sluggish income growth, shrinking household wealth, low savings and tight credit conditions," Michelle Meyer, an economist at Bank of America Merrill Lynch, said in a note to clients.

Retail sales rose 0.2 percent in November, the government said Tuesday.

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MICHELLE MEYER, Bank of America Merrill Lynch economist