Retail sales rise for third month

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WASHINGTON — Americans spent more money on cars, furniture and at hardware stores to boost retail sales to a third monthly increase in September.

The string of gains since July followed declines in May and June. Those had raised worries that the country could be in danger of toppling back into recession. Economists caution that while the economy is growing, the expansion is not strong enough to lower face high unemployment and offset weak income growth.

Federal Reserve Chairman Ben Bernanke said during a speech Friday in Boston that the Fed is prepared to take further steps to rejuvenate the economy by buying Treasury bonds. But he said Fed policymakers are wrestling with how big the program should be.

The Fed is widely expected to announce a Treasury buying program at their next meeting Nov. 2-3. The Fed's bond purchases would be intended to lower long-term interest rates to stimulate buying and spending and help lower unemployment.

Bernanke also indicated that policymakers are trying to craft a plan to strengthen the economy and lift inflation from super-low levels.

His comments were delivered as the Labor Department reported inflation outside volatile food and energy costs was flat for the second straight month. And in the past 12 months, core prices rose only 0.8 percent, the smallest yearly gain in more than 49 years.

The sluggish economy is keeping a lid on prices. Consumers are holding back on spending, with unemployment high and wages stagnant. That makes it difficult for retailers to pass on any price increases.

Consumer spending is closely watched because it accounts for 70 percent of economic activity.