Shoppers spending a little more



RICHARD VOGEL / The Associated Press

A couple arrives for an open house at a home in Los Angeles. Sales of previously owned homes slipped slightly in October as the housing market struggled.

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Slow economic growth forecast

High unemployment likely to stay around a couple years

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WASHINGTON — The economy grew a little faster over the summer than the government first thought. That modest pickup wasn't nearly enough to significantly lower the nation's high unemployment rate, and the Federal Reserve doesn't expect the economy to improve much over the next couple of years.

The economy expanded at 2.5 percent in the July-September quarter, the Commerce Department reported Tuesday. That was up from the 2 percent pace initially estimated.

Stronger spending by U.S. shoppers and better overseas sales of U.S. goods were the main forces behind an upward revision.

Still, the hiring picture hasn't improved much.

The nation's unemployment rate has been stuck at 9.6 percent for the past three months. The Fed's latest projections suggest that won't change much for a few years.

The Fed predicts roughly 2.5 percent growth and between 9.5 percent and 9.7 percent unemployment for the rest of this year.

Growth will strengthen over the next three years, but not enough to bring unemployment back down to more normal levels of around 5.5 percent to 6 percent, according to the Fed.

The housing market hasn't fared much better. The latest reading showed sales of previously owned homes slipped in October.

The National Association of Realtors said existing-home sales dipped 2.2 percent last month to a seasonally adjusted annual rate of 4.43 million units. That's 38.9 percent below their peak of 7.25 million units set in September 2005.