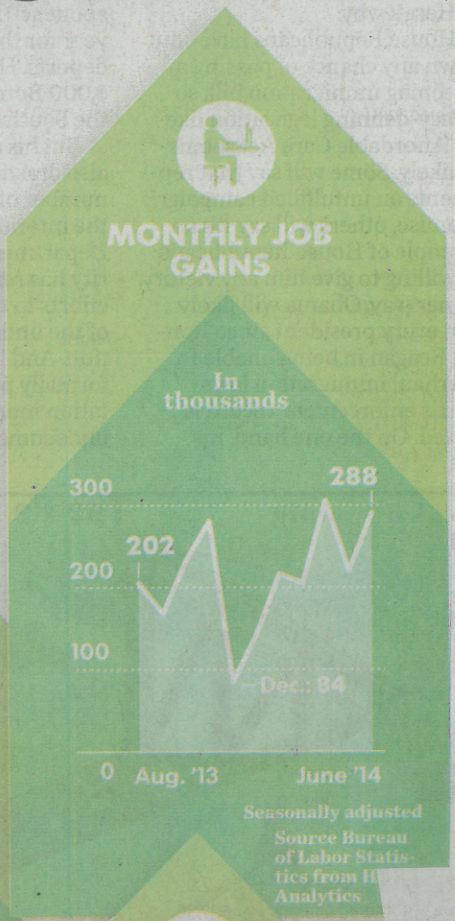
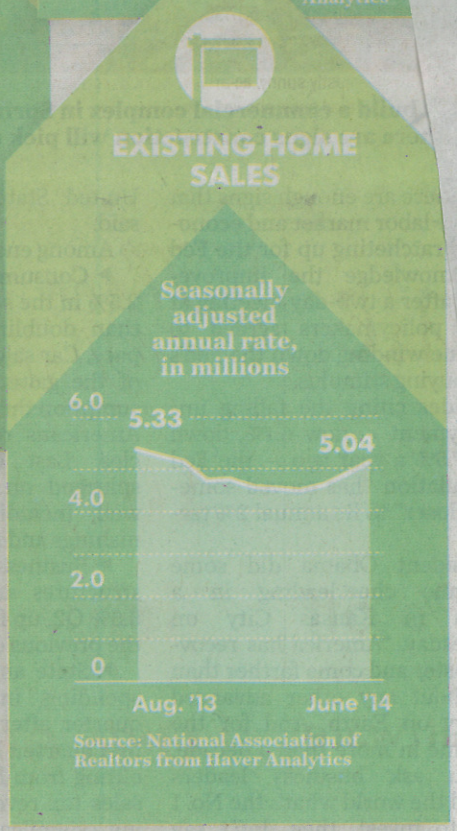
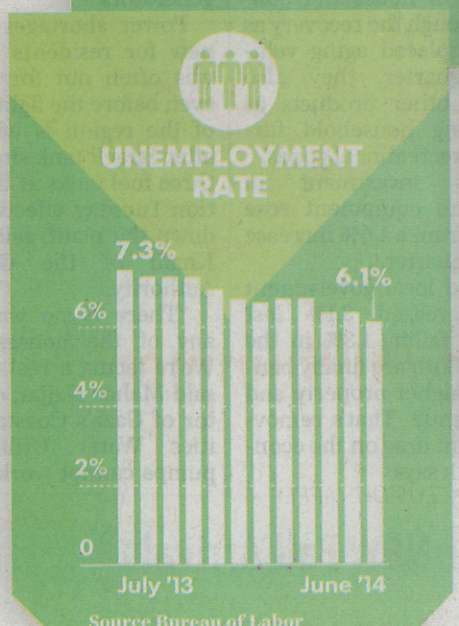
U.S. ECONOMY GAINS STEAM

Five years after the Great Recession, the U.S. economy and its job market are both showing signs of a long-awaited pickup, but the housing market remains sluggish:









"I think the economy is starting to hum. The pace of growth is accelerating."

Consumer confidence catches up to a job market starting to click

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After five years of false starts and hard landings, the U.S. economy is finally reaching takeoff speed.

A batch of economic data this week underscores how economic growth and consumer confidence are finally catching up to a job market that has shifted emphatically into a higher gear this year.

The nation's economy grew at a 4% annual rate in the second quarter, much better than the 3% pace expected, the Commerce Department said Wednesday. It also turns out that the economy's dismal first quarter, battered by harsh winter weather, was less of a disaster than first believed as the government revised down the size of a first-quarter contraction from 2.9% to 2.1%.

Consumer confidence reached a seven-year high this month.

And the private sector added more than 200,000 jobs for the fourth-straight month in June, according to payroll processor ADP. If economists' forecasts prove to be accurate, the government's July employment report on Friday will confirm that the U.S. has added nearly 1.5 million jobs the past six months.

"I think the economy is starting to hum," says Mark Zandi, chief economist of Moody's Analytics. "The pace of growth is accelerating."

He expects the economy to grow about 3.2% the rest of this year and 3.7% in 2015, up from a 2.2% annual pace so far in the 5-year-old recovery. Bigger wage gains, he says, should drive stronger consumer spending. And businesses flush with cash are signaling they're finally ready to spend it, no longer paralyzed by fears of political and regulatory turmoil.

The Federal Reserve raised its outlook Wednesday, saying "economic activity rebounded in the second quarter" and "labor market conditions improved, with the unemployment rate declining further."

Some economists remain cautious. Much of the second-quarter bounce was the result of one-time blips, such as catch-up effects from the extreme weather and aggressive inventory stockpiling by businesses after a first-quarter slowdown.

"We do not view the outperformance in this report as a signal the outlook for growth has improved," economist Michael

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