

The Commerce Department reported that home construction grew at an annual rate of 20 percent, even better than estimated a month ago. MATT ROURKE/AP

US economy grew at modest 1.9 percent

Unemployment rate remains steady at 8.2 percent

By Martin Crutsinger
Associated Press

WASHINGTON — The U.S. economy expanded at a 1.9 percent annual rate in the first three months of the year.

The Commerce Department on Thursday made no change in its third and final estimate for growth in the January-March quarter. Slower growth in consumer spending was offset by faster growth in businesses investment in buildings, leaving the overall pace the same.

Growth of around 1.9 percent typically generates roughly 90,000 jobs a month. That's too weak to lower the unemployment rate, which was 8.2 percent last month.

Separately, the Labor Department said the number of people seeking weekly unemployment benefits fell but not enough to signal stronger hiring in June.

Applications declined by 6,000 to a seasonally adjusted 386,000. When applications rise above 375,000, it generally means that hiring isn't strong enough to rapidly lower the unemployment rate.

The government offers three estimates for gross domestic product, or GDP, which is the output of all goods and services. It includes everything from a cup of coffee to production of military jets.

Consumer spending accounts for roughly 70 percent of economic activity. It grew at a 2.5 percent annual rate in the first quarter, slightly below the previous 2.7 percent estimate.

Jennifer Lee, senior economist at BMO Capital Markets, said the faster growth in business investment was largely due to more spending on buildings and factories. That could be a sign that businesses are expanding.

And home construction grew at an annual rate of 20 percent, even better than estimated a month ago.