BUSINESS

US economy grows 3.6% in Q3

Revision is strongest report in 1½ years

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USA Today

The economy grew at a 3.6 percent annual rate in the third quarter, faster than first reported and its strongest performance in 1½ years.

Behind the improvement: Businesses boosted inventories even more than the government had estimated last month.

The Commerce Department's revised estimate Thursday handily beat the economists' consensus forecast of 3.1 percent, as reported by Econoday. It's also the highest growth rate since 2012's first quarter when the economy expanded at an annual rate of 3.7 percent.

But the revision to estimates of final demand — the value of goods and services people actually use now — fell slightly, to a 1.9 percent annual rate from 2.0 percent in the first estimate. Inventory restocking added 1.68 percentage points to growth, the Commerce Department said, twice as much as first estimated.

The other major components of gross domestic product were a mixed bag. Consumer spending grew 1.4 percent, a little less than first estimated. Federal spending fell less than the government first reported and private investment in equipment, software and building grew faster than its first estimate. Disposable personal income rose at a 2.9 percent annual clip.

The results appear to buttress surveys and other data that show rising confidence in faster growth next year. The Business Roundtable reported that its poll of chief executive officers shows improving prospects for investment, and Thursday's news that investment and inventory building are rising points in the same direction.