US sees growth at 1.7% in Q2

Consumer spending, more exports credited

By Martin Crutsinger
Associated Press

WASHINGTON — The U.S. economy grew at 1.7 percent annual rate in the April-June quarter, suggesting growth will stay weak in the second half of the year.

Slightly stronger consumer spending and greater exports were the main reasons the Commerce Department reported Wednesday that growth was better than its initial estimate of 1.5 percent. Still, growth has slowed from the 2 percent annual rate in the January-March quarter and the 4.1 percent rate in the fourth quarter of 2011.

Economists expect only modest improvement in the second half of the year. Most believe the economy will keep growing, but at a subpar rate of around 2 percent.

"The economy was sluggish in the second quarter and the slight upward revision ... does nothing to change that picture," John Ryding, an economist at RDQ Economics, wrote in a note to clients.

The report was the government's second look at gross domestic product for the second quarter. GDP measures the country's total output of goods and services, from the purchase of restaurant meals to construction of highways and bridges. A third and final estimate of second-quarter growth will be released next month.

Growth at or below 2 percent is not enough to lower the unemployment rate, which was 8.3 percent in July.