

Economy grew better-than

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The economy grew a bit more rapidly than believed in the fourth quarter, as stronger consumer spending more than offset weaker business investment and trade, setting the stage for a better performance in 2017.

The nation's gross domestic product increased at a seasonally adjusted annual rate of 2.1%, up

from the previous 1.9% estimate, the Commerce Department said. Economists expected an upward revision to 2% growth. This was the final estimate of economic growth in the fourth quarter.

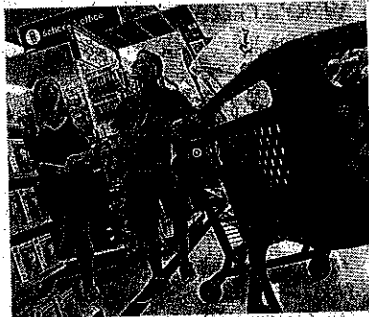
The economy expanded by just 1.6% in 2016, below the 7½-year-old recovery's modest 2.2% pace. Many economists expect similar 1.5% growth in the first quarter because of slower business stockpiling and sluggish spending on utilities due to mild winter weather.

But a pickup to a 2.3% pace is

anticipated for all of 2017, stoked largely by a healthy consumer. President Trump's plans for tax cuts and increased spending are also expected to provide a modest boost to the economy this year.

In the fourth quarter, consumer spending grew a robust 3.5%, above the 3% previously estimated. Solid job growth, cheap gasoline and the stock market rally prodded many Americans to step up their purchases. Consumer confidence hit a 16-year high in February, boding well for consumption in the months ahead.

expected 2.1% in Q4



MICHAEL DWYER, AP

Consumer spending helped drive economic growth in the fourth quarter.

Household spending makes up about 70% of economic activity.

"The consumer is firmly in the driver's seat and has their foot down hard on the gas pedal ensuring that real growth continues to run faster than potential," economist Chris Rupkey of Bank of Tokyo-Mitsubishi wrote in a note to clients.

And business stockpiling contributed about 1.01 percentage points to growth, more than previously thought. But business investment increased 0.9%, below the previous 1.3% estimate.