

US economy surpasses pre-pandemic size with 6.5 percent Q2 growth

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WASHINGTON — Fueled by vaccinations and government aid, the U.S. economy grew at a solid 6.5 percent annual rate last quarter in another sign that the nation has achieved a sustained recovery from the pandemic recession. The total size of the economy has now surpassed its pre-pandemic level.

Thursday's report from the Commerce Department estimated that the nation's gross domestic product — its total output of goods and services — accelerated in the April-June quarter from an already robust 6.3 percent annual growth rate in the first quarter of the year.

The latest figure fell well below the 8 percent-plus annual growth rate that many economists had pre-



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A person passes the office of the California Employment Development Department in Sacramento, Calif., December 2020. The recession that broke out with the onset of the coronavirus pandemic officially ended in April 2021, making it the shortest downturn on record, according to the committee of economists that determines when recessions begin and end.

dicted for the second quarter. But the miss was due mainly to clogged supply chains related to the rapid reopening of the economy. Those bottlenecks exerted a larger-than-expected

drag on companies' efforts to restock their shelves. The resulting slowdown in inventory rebuilding, in fact, subtracted 1.1 percentage points from last quarter's annual growth.

By contrast, consumer spending — the main fuel of the U.S. economy — surged for a second straight quarter, advancing at an 11.8 percent annual rate. Spending on goods grew at an 11.6 percent rate, and spending on services, from restaurant meals to airline tickets, expanded at a 12 percent pace as vaccinations encouraged more Americans to shop, travel and eat out.

Companies, too, spent with confidence last quarter. Business investment surged at an 8 percent annual rate in the April-June quarter, adding 1.1 percentage point to GDP.

With consumers and businesses expected to keep spending, many analysts expect the economy to grow at a robust pace of around 6.5 percent for all of 2021.