U.S. data point to lackluster economic growth ahead of Bernanke speech

WASHINGTON, Aug. 29 (Xinhua) -- U.S. economy grew slightly faster in the second quarter than previously estimated, with investors expecting the Federal Reserve Chairman Ben Bernanke to offer more clarity on possible monetary measures to speed up the recovery later this week.

U.S. Commerce Department on Wednesday upwardly revised the nation's economic growth rate to 1.7 percent in the second quarter of the year. The pace was quicker than the department's previous estimate of 1.5 percent last month, but lower than the 2 percent growth in the first quarter this year.

The deceleration of U.S. economic growth primarily reflected a slower pace of consumer spending, residential and nonresidential fixed investments that were partly offset by a smaller decrease in federal government spending, an increase in exports and a smaller decrease in private inventory investment, the department said.

Consumer spending, which accounted for about 70 percent of the U.S. economy, grew by a 1.7 percent annual rate in the second quarter, compared with an increase of 2.4 percent in the previous quarter.

In the April-June period, the change in real private inventories subtracted 0.23 percentage point from the change in real gross domestic product (GDP) for the same period, after subtracting 0.39 percentage point from the change for January- March period, reflecting business owners' cautious attitudes towards managing their stockpiles amid headwinds including high unemployment rate.

U.S. economy continued to "expand gradually" in July and early August across most regions and sectors, but the pictures of recovery in retail and manufacturing sectors were mixed, the U.S. Federal Reserve said Wednesday in its latest national economic performance survey.

Most localities said that retail activity, including auto sales, have increased since the last report, although areas including Cleveland, Chicago, Dallas and San Francisco noted the retail improvements were weak, said the Fed.

A bright spot of the U.S. economy in recent months was the housing sector, as the Fed survey showed that all of the surveyed 12 districts cited increases in home sales, home prices or housing construction on the residential markets, and reports on commercial real estate markets were also generally positive.

A Wednesday report from a leading U.S. housing industry group provided further evidence to the housing sector revival. The number of U.S. households that signed contracts to buy homes rebounded in July to the highest level in more than two years, said the National Association of Realtors (NAR).

Despite a slight uptick of economic growth rate in the second quarter, the sub-par economic growth could not make a significant dent in the nation's high unemployment rate which hovers at 8.3 percent and did not shut the door on additional monetary easing from the Federal Reserve, the U.S. central bank.

Fed Chairman Bernanke has said the central bank still had room to provide more stimulus to spur the economy, according to the Fed chief's letter to a congressman made public last week.

According to the minutes of the Fed's latest policy meeting released last week, many members of the Fed's policy-setting committee judged that additional monetary easing steps would be needed "fairly soon" unless growth substantially strengthens.

Bernanke was poised to address central bankers and economists on Friday at the Federal Reserve Bank of Kansas City Economic Symposium held in Jackson Hole in the U.S. State of Wyoming, and investors expected he would outline plans for further monetary moves to stimulate the U.S. economy.