WASHINGTON -- Consumer spending grew faster than income last month, the latest sign yet that the 1999 Christmas season will be among the strongest in years for American business.

Personal income rose 0.4% last month, after an October increase of 1.3%, the Commerce Department said in a report released Thursday. But consumer spending grew 0.5% in November, following a 0.7% rise in October. This continues a strong pattern of increased personal spending in each month since April 1997, when spending fell 0.1%.

Meanwhile, the government reported that orders for durable goods increased 1.2% in November, fueled in part by stronger demand for electronic equipment, a category that jumped at its highest rate since July 1998.

The brisk pace of spending, which accounts for two-thirds of economic activity, is a sign of strong fourth-quarter growth, economists said.

"Growth Is Healthy"

"The economy remains strong, and growth is healthy," said Bruce Steinberg, chief economist at Merrill Lynch in New York. He recently projected fourth-quarter growth at around 4.5%, citing slowed inventory building and capital spending in anticipation of possible problems associated with the year-2000 computer bug.

But he expects growth to pick up again in the first quarter of 2000. "The things that have slowed growth in the fourth quarter are temporary," Mr. Steinberg said.

With spending outpacing income, the personal savings rate fell slightly in November to 2.2% from 2.3% the previous month.

In much of the new economic data, special factors figured into the mix. In the case of personal income, federal agricultural-subsidy payments and union-contract signing bonuses enhanced the October and November figures, the Commerce Department said. Excluding these factors for the last several months, personal income would have increased 0.6% in October rather than 1.3%, and 0.5% in November rather than 0.4%.

Volatile Category

And the electronics category of the durable-goods report, which includes some appliances, computers and telecommunications gear, semiconductors and circuit boards, has proven to be a volatile one. In October, for example, overall durable-goods orders fell a revised 0.9% because of a 7.4% drop in orders for electronic equipment that was likely the result of the Taiwan earthquake.

The noise makes it difficult to chart any trends in the data, Mr. Steinberg said. "The decline and rebound at the end of the day don't mean anything," he said.

Among the other special factors affecting durable goods is the concern surrounding potential effects of Y2K, which might have stifled demand for computers at the end of the year.

Unfilled orders, a measure of future demand, rose 0.2% in November, the fifth consecutive monthly increase. Unfilled electronics orders boosted the figure, rising 4.4%, the 12th month showing an increase.

Separately, the Labor Department reported that initial claims for unemployment benefits rose 14,000 in the week ending Dec. 18 to 281,000. The figure is still below 300,000, the benchmark of a tight labor market. The
four-week moving average, a better indicator of the overall market, still pointed to high demand for workers. It rose 1,500 to 283,750.

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