



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

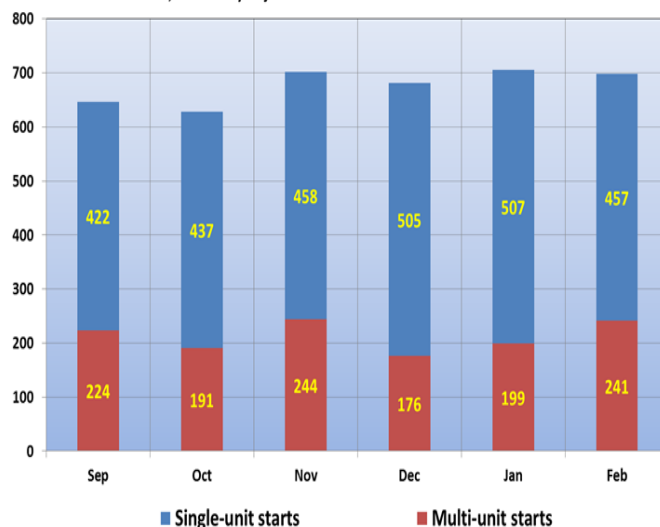
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

March 27, 2012

Housing Weakened in February

- New residential building declined in February. The number of privately-owned housing units started last month decreased by 8,000 units (down 1.1 percent) to 698,000 units at an annual rate. Multi-unit housing starts rose by 42,000 units (up 21.1 percent) to 241,000 units last month (see top chart). However, single-unit starts decreased by 50,000 units (down 9.9 percent) to 457,000 units in February. Despite that drop, the number of permits issued for new single-unit construction increased by 22,000 (up 4.9 percent) to 472,000 authorizations last month.
- New homes sales declined again in February. Sales of new single-family homes decreased 1.6 percent last month to a seasonally adjusted annual rate of 313,000 units (see bottom chart). The February decline followed a (revised) 5.4 percent decline in January. Declining sales in the South (down 7.2 percent) and the Midwest (down 2.4 percent) offset the effects of increasing sales in the West (up 8.0 percent) and the Northeast (up 14.3 percent). The stock of unsold new homes amounted to 5.8 months of current sales in February.
- Sales of existing homes decreased in February. Completed sales of existing single-family homes, townhomes, condominiums and co-ops decreased by 0.9 percent last month to 4.590 million units at an annual rate, following a (revised) 5.7 percent rise in January. Sales of existing single-family homes amounted to 4.060 million units in February, down 1.0 percent from January. The stock of existing single-family homes available for sale amounted to 6.2 months of current sales in February.

Privately-Owned Housing Units Started, Recent Months
Thousands of units, seasonally adjusted at annual rates



SOURCE: Census Bureau, U.S. Department of Commerce.

Sales of New Single-Family Homes
Monthly data through February 2012, thousands of units, annual rate



SOURCE: Census Bureau, U.S. Department of Commerce.

NOTE: Shaded regions denote periods of recession as determined by the National Bureau of Economic Research.

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THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Mar. 27	S&P/Case-Shiller Home Price Indexes (January)
Wednesday, Mar. 28	Advance Report on Durable Goods Manufacturers' Shipments, Inventories and Orders (February)
Thursday, Mar. 29	Gross Domestic Product (Fourth quarter and annual 2011, third estimates) Corporate Profits (Fourth quarter and annual 2011)
Friday, Mar. 30	Personal Income and Outlays (February)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Feb	Jan	Dec	2011 Q4	2011 Q3	2011 Q2	2011	2010
Economic Activity								
Real gross domestic product	—	—	—	3.0	1.8	1.3	1.7	3.0
Manufacturing production	0.3	1.1	1.5	5.2	4.8	0.1	4.5	5.4
Factory utilization rate (percent of capacity)	77.4	77.3	76.5	75.8	75.1	74.4	75.0	71.7
Civilian unemployment rate (percent of labor force)	8.3	8.3	8.5	8.7	9.1	9.1	8.9	9.6
Housing starts (thousands of units, annual rates)	698	706	681	670	615	572	610	585
Light vehicle sales, domestic (millions of units, annual rates)	11.700	11.055	10.505	10.511	9.789	9.406	9.903	8.812
Retail & food service sales	1.1	0.6	0.3	7.8	4.7	4.9	7.7	6.4
Real disposable personal income	n.a.	-0.1	0.3	1.4	0.7	-0.5	1.3	1.8
Personal saving rate (percent of disposable income)	n.a.	4.6	4.7	4.5	4.6	4.8	4.7	5.3
Inflation & Productivity								
CPI-U inflation	0.4	0.2	0	1.3	3.1	4.4	3.1	1.6
Core CPI-U inflation	0.1	0.2	0.1	1.9	2.5	2.4	1.7	1.0
Output per hour, nonfarm bus.	—	—	—	0.7	1.9	-0.1	0.7	4.1
Unit labor costs, nonfarm bus.	—	—	—	1.2	-2.1	-0.1	1.2	-2.0
Employment Cost Index	—	—	—	1.6	1.2	2.8	2.1	1.9

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Bureau of the Census, U.S. Department of Commerce; and Bureau of Labor Statistics, U.S. Department of Labor.

Notes: Except where otherwise noted, values in the table represent simple percent changes for monthly data and percent changes at annual rates for quarterly data. Core CPI-U inflation is the percentage change in the CPI-U excluding food and energy prices as reported by the Bureau of Labor Statistics. The Employment Cost Index covers all civilian workers and the quarterly change is measured from the last month of the previous quarter to the last month of the indicated quarter. 'n.a.' denotes that data are not yet available. '—' denotes that data are not available monthly.