



WEEKLY ECONOMIC DIGEST

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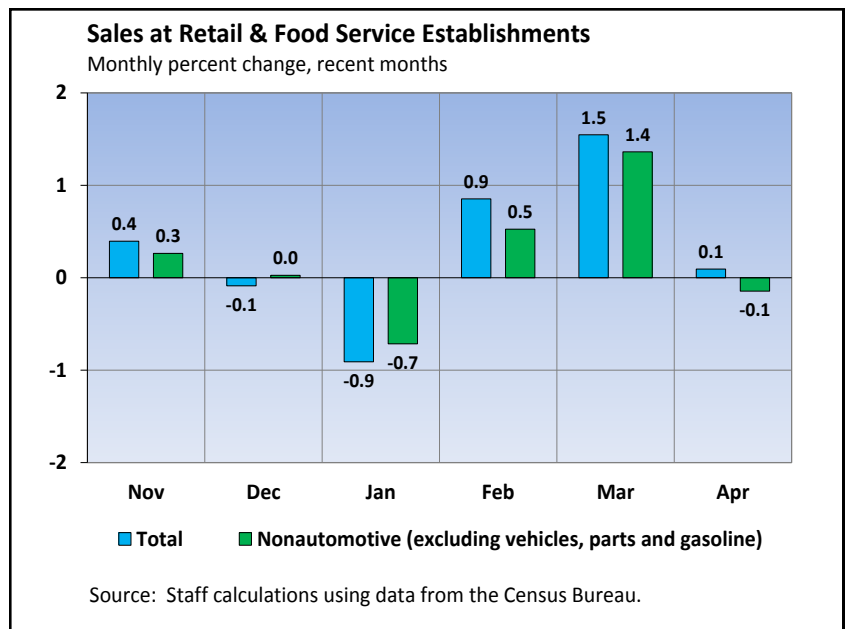
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May 20, 2014

Retail Sales Edged Up While Production Decreased in April

Sales increased slightly last month, following solid gains during the previous two months

- Sales at retail and food service establishments increased 0.1 percent in April, following a robust 2.4 percent rise over the course of February and March, according to preliminary estimates from the Census Bureau (see chart).
- Sales of motor vehicles, parts and gasoline rose 0.6 percent last month.
- Nonautomotive sales edged down by 0.1 percent in April, after recording the highest monthly growth rate in more than 7 years during March.
- The trend for retail sales remains relatively solid: total sales have increased by 4.0 percent over the 12 months through April.



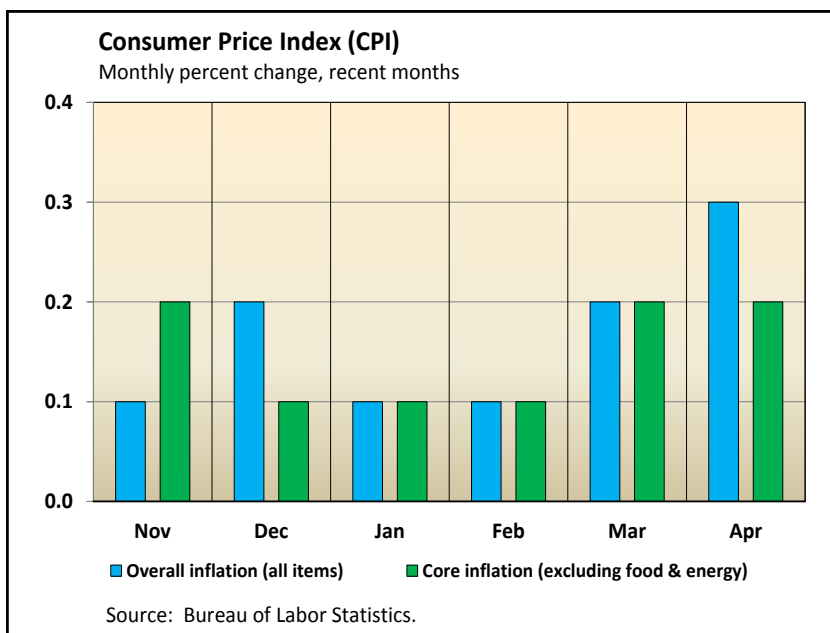
Industrial production retreated somewhat in April

- Output at the nation's factories, utilities and mines decreased 0.6 percent in April, according to the Federal Reserve Board, following a strong two-month gain of 2.0 percent during February and March.
- Production at utilities declined sharply last month, largely reflecting a return to more normal seasonal weather.
- Manufacturing output declined 0.4 percent in April, after rising 2.3 percent in February and March, the strongest two-month gain in factory output since 2010.
- Factory production has risen 1.9 percent over the past three months, with gains recorded in nearly all industries.
- Capacity utilization at U.S. factories averaged 76.4 percent in April, increasing nearly a full percentage point since the start of the year.

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Inflation remains below the Federal Reserve's longer-term goal

- One measure of inflation, the change in the consumer price index for all urban consumers (CPI), increased 0.3 percent last month (see chart).
- Core inflation (which excludes changes in the often volatile prices of food and energy) was 0.2 percent last month, the same as in March.
- CPI inflation has averaged 2.0 percent over the past 12 months, while core CPI inflation has averaged 1.8 percent.
- Average weekly earnings declined in April, after adjusting for inflation, and have risen only 0.2 percent over the last 12 months, suggesting that labor costs are not fueling inflationary pressures.



- The Federal Reserve aims to keep inflation, as measured by the change in the price index for consumer spending in the national income accounts, from exceeding 2 percent.
- The Federal Reserve's preferred inflation measure (which is different from the CPI) averaged 1.4 percent (annual rate) in the first quarter, well below the central bank's target.

THE ECONOMY AT A GLANCE

Key Indicators	Months			Quarters			Years	
	Apr.	Mar.	Feb.	2014-Q1	2013-Q4	2013-Q3	2013	2012
Real GDP growth (%)	—	—	—	0.1	2.6	4.1	2.6	2.0
Unemployment (% of labor force)	6.3	6.7	6.7	6.7	7.0	7.3	7.0	7.8
Long-term unemployment (% of labor force)	2.2	2.4	2.5	2.4	2.6	2.7	2.6	3.1
Inflation (%)	0.3	0.2	0.1	1.9	1.1	2.2	1.2	1.9
Core inflation (% excludes food & energy)	0.2	0.2	0.1	1.6	1.6	1.8	1.7	1.9

Sources: Staff estimates based on data from the Bureau of Economic Analysis and the Bureau of Labor Statistics.

Notes: (—) Real GDP data are not released on a monthly basis. (n.a.) Data are not yet available.

Real GDP growth is the change in gross domestic product after adjusting for inflation. Long-term unemployment refers to those workers who have been unemployed for 27 weeks or longer. Inflation and core inflation refer to changes in the relevant consumer price indexes for all urban consumers. Quarterly estimates of GDP growth and inflation are reported at annual rates. Yearly estimates of GDP growth and inflation are Q4-to-Q4. Yearly unemployment rate estimates are Q4 averages.