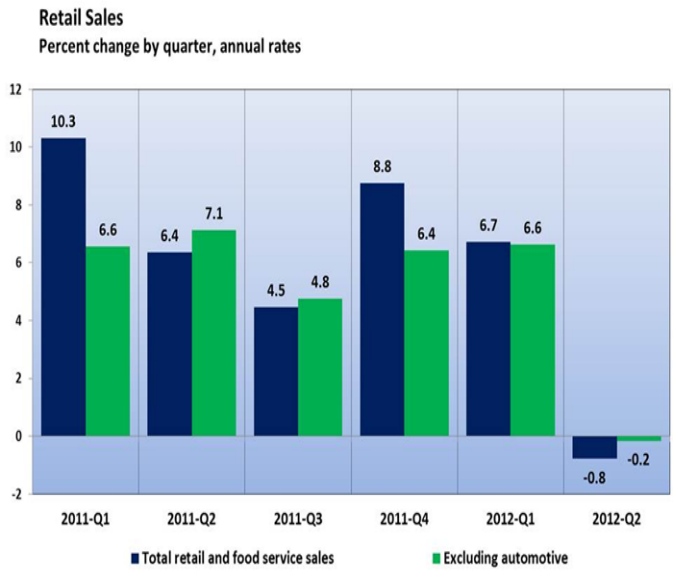
WEEKLY ECONOMIC DIGEST
JOINT ECONOMIC COMMITTEE UNITED STATES CONGRESS
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

July 24, 2012

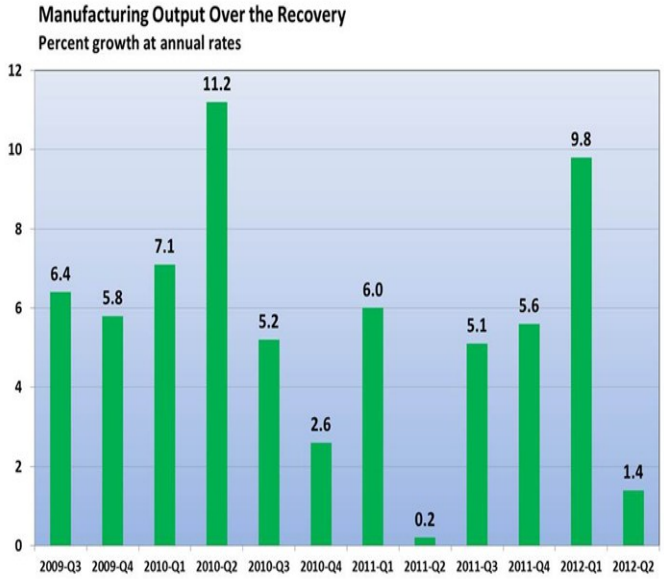
Retail Sales Fell But Industrial Production Rose in June

- Retail sales declined again in June. Sales at retail establishments and food services declined by 0.5 percent last month, following declines of 0.2 percent in May and 0.5 percent in April, according to the Census Bureau's advance estimates. The June sales results came in below the expectations of market forecasters. Motor vehicle and parts retailers reported a decrease in sales of 0.6 percent last month (following a 0.8 percent increase in May) while gasoline stations reported a 1.8 percent decrease in sales in June (following a 2.0 percent decline in May). Excluding vehicles, parts and gasoline dealers, retail establishments reported that sales were down by 0.2 percent in June, following a 0.1 percent decline in May. On average in the second quarter, sales at retail establishments and food services declined at an annual rate of 0.8 percent while sales excluding motor vehicles, parts, and gasoline declined at a 0.2 percent annual rate (see top chart).



SOURCE: Staff estimates using data from the Census Bureau, U.S. Department of Commerce.

- Industrial production rose in June. Output at the nation's factories, utilities, and mines increased 0.4 percent last month, following a (revised) 0.2 percent decrease in May. Production at utilities was down 1.9 percent in June while mining production rose 0.7 percent. Manufacturing output increased 0.7 percent in June after declining 0.7 percent in May. Output of durable goods rose 0.8 percent last month, led by increases in the production of machinery (up 2.3 percent), motor vehicles and parts (up 1.9 percent), and computers and electronics (up 1.1 percent). Production of nondurable goods increased 0.5 percent in June. On average during the second quarter, manufacturing output increased 1.4 percent at an annual rate following a 9.8 percent gain in the first quarter (see bottom chart).



SOURCE: Federal Reserve Board.

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Wednesday, Jul. 25	New Residential Sales (June)
Thursday, Jul. 26	Advance Report on Durable Goods Manufacturers' Shipments, Inventories and Orders (June)
Friday, Jul. 27	Gross Domestic Product (Advance estimate for 2012-Q2) Annual Revision of the National Income and Product Accounts (2009-Q1 through 2012-Q1)

THE ECONOMY AT A GLANCE

	MONTH			QUARTER			YEAR	
KEY INDICATORS	Jun.	May	Apr.	2012Q2	2012Q1	2011Q4	2011	2010
Economic Activity								
Real gross domestic product	—	—	—	n.a.	1.9	3.0	1.7	3.0
Manufacturing production	0.7	-0.7	0.7	1.4	9.8	5.6	4.3	5.7
Factory utilization rate (percent of capacity)	77.7	77.3	77.9	77.6	77.6	76.1	75.0	71.2
Civilian unemployment rate (percent of labor force)	8.2	8.2	8.1	8.2	8.2	8.7	8.9	9.6
Housing starts (thousands of units, annual rates)	760	711	747	739	715	678	612	586
Light vehicle sales, domestic (millions of units, annual rates)	11.047	10.738	11.113	10.966	11.223	10.433	9.824	8.808
Retail & food service sales	-0.5	-0.2	-0.5	-0.8	6.7	8.8	8.0	5.5
Real disposable personal income	n.a.	0.3	0.1	n.a.	3.7	4.2	1.2	1.8
Personal saving rate (percent of disposable income)	n.a.	3.9	3.7	n.a.	3.7	4.2	4.6	5.3
Inflation & Productivity								
CPI-U inflation	0	-0.3	0	0.8	2.5	1.3	3.1	1.6
Core CPI-U inflation	0.2	0.2	0.2	2.6	2.1	1.9	1.7	1.0
Output per hour, nonfarm bus.	—	—	—	n.a.	-0.9	1.2	0.4	4.0
Unit labor costs, nonfarm bus.	—	—	—	n.a	1.3	-1.5	1.8	-2.0
Employment Cost Index	—	—	—	n.a.	1.7	2.1	2.0	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.