



# WEEKLY ECONOMIC DIGEST

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UNITED STATES CONGRESS

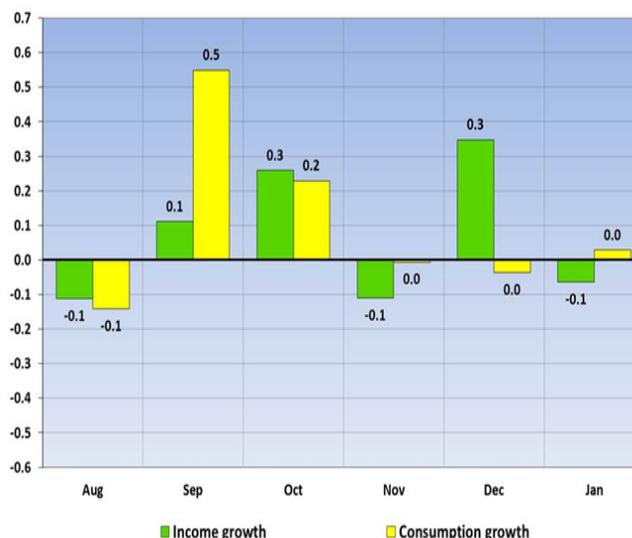
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

March 6, 2012

## Consumer Spending Was Flat in January After Inflation

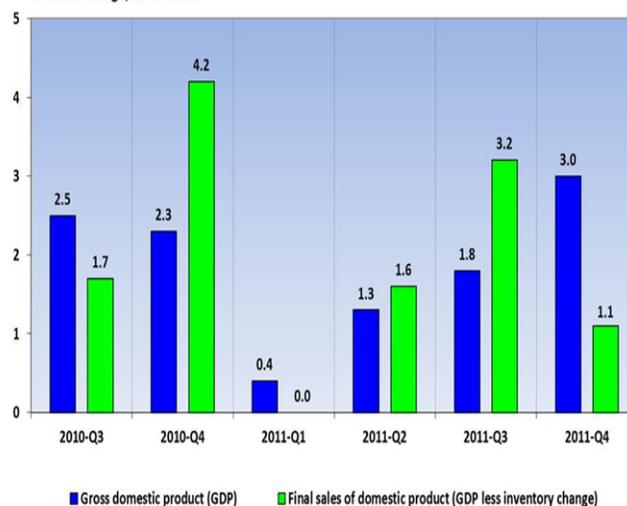
- Personal consumption was flat in January after adjusting for inflation. Personal income increased by 0.3 percent in January in nominal terms while disposable personal income (which subtracts personal tax payments from personal income) rose by only 0.1 percent. Personal consumption expenditures rose by 0.2 percent in January in nominal terms. After adjusting for the effects of inflation, however, disposable personal income declined by 0.1 percent in January while personal consumption expenditures were flat (see top chart). Personal saving averaged 4.6 percent of disposable personal income in January, down slightly from 4.7 percent in December.
- Unit vehicle sales picked up in February. Total sales of light vehicles (autos and light trucks) increased by 923,000 units (seasonally adjusted, annual rate) last month, according to data from Autodata Corporation. That February gain followed a 621,000 unit increase in January. Sales of vehicles assembled in the United States, Canada, or Mexico rose by 625,000 units in February, after increasing by 479,000 units a month earlier.
- U.S. economic growth was slightly stronger in the fourth quarter than previously believed. Real (inflation-adjusted) gross domestic product (GDP) grew at a 3.0 percent annual rate in the fourth quarter, according to revised estimates released by the Department of Commerce (see bottom chart). Previously, the Department had estimated that the economy grew at a 2.8 percent rate in the final months of last year. Most economists now estimate that the economy has been decelerating in the current quarter, with expectations of U.S. growth centered on about 2 percent.

Real Disposable Personal Income and Consumption Expenditures, Recent Months  
Percent change



SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce.

Growth of Alternative Measures of Real Aggregate Demand  
Percent change, annual rate



SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce.

# WEEKLY ECONOMIC DIGEST

## THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Wednesday, Mar. 7	Productivity and Costs (fourth quarter and 2011, revised estimates) Consumer Credit (January)
Friday, Mar. 9	The Employment Situation (February) U.S. International Trade in Goods and Services (January) Monthly Wholesale Trade: Sales and Inventories (January)

## THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Jan	Dec	Nov	2011 Q4	2011 Q3	2011 Q2	2011	2010
<b><u>Economic Activity</u></b>								
Real gross domestic product	—	—	—	3.0	1.8	1.3	1.7	3.0
Manufacturing production	0.7	1.5	-0.2	5.1	4.9	0.1	4.5	5.4
Factory utilization rate (percent of capacity)	77.0	76.5	75.4	75.8	75.1	74.4	75.0	71.7
Civilian unemployment rate (percent of labor force)	8.3	8.5	8.7	8.7	9.1	9.1	8.9	9.6
Housing starts (thousands of units, annual rates)	699	689	702	673	615	572	611	585
Light vehicle sales, domestic (millions of units, annual rates)	11.055	10.505	10.658	10.511	9.789	9.406	9.903	8.812
Retail & food service sales	0.4	0	0.3	7.4	4.7	4.7	7.7	6.4
Real disposable personal income	-0.1	0.3	-0.1	1.4	0.7	-0.5	1.3	1.8
Personal saving rate (percent of disposable income)	4.6	4.7	4.3	4.5	4.6	4.8	4.7	5.3
<b><u>Inflation &amp; Productivity</u></b>								
CPI-U inflation	0.2	0	0.1	1.3	3.1	4.4	3.1	1.6
Core CPI-U inflation	0.2	0.1	0.2	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.