WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

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November 19, 2013

Manufacturing Production Continued to Grow in October

Factory output increased for the third consecutive month

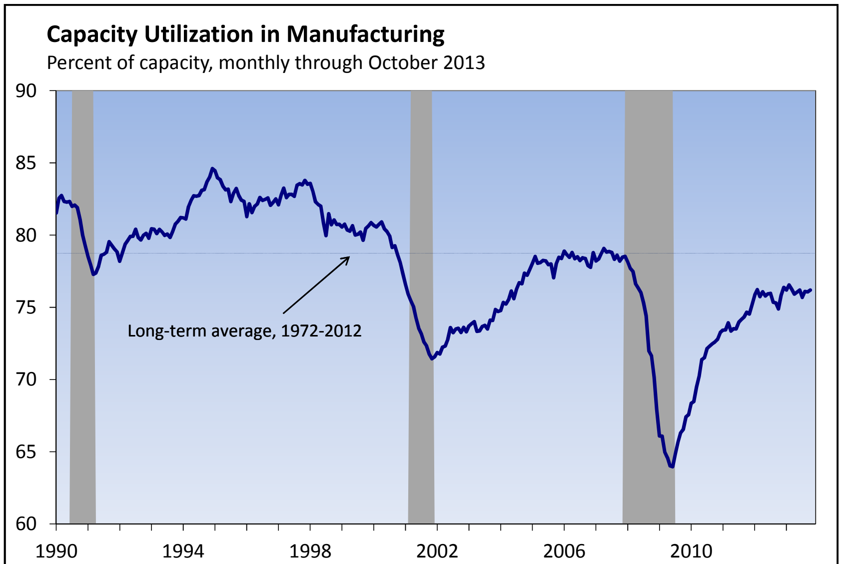
- Manufacturing production increased 0.3 percent in October, its third consecutive monthly gain.

- Since July, factory output has increased by 1.0 percent, with gains in most major industries. Production growth over the last three months has been the strongest since the three months ending in February.

- Factory operating rates averaged 76.2 percent of capacity last month, just below the long-term average of 78 percent.

- During the recession, capacity utilization plunged by 14.5 percentage points. Since then, factories have regained more than four-fifths of that loss (see chart).

- Mining production declined in October, following six consecutive monthly increases, owing to temporary shutdowns of oil and gas rigs in the Gulf of Mexico as Tropical Storm Karen approached.



Note: Shaded areas mark periods of recession.
Sources: Federal Reserve Board and National Bureau of Economic Research.

- On balance, the increase in factory output and the declines in production at mines and utilities netted out to a slight decline in total industrial production of 0.1 percent in October. That decrease followed increases of 0.7 percent in September and 0.5 percent in August.

Real personal income and spending rose again in September

- Real disposable personal income (personal income adjusted for taxes and inflation) rose 0.4 percent in September, the same gain as in August. Real consumption spending rose 0.1 percent in September, after increasing 0.2 percent in August.

- Wages and salaries, the largest component of personal income, have grown for 10 of the last 12 months.

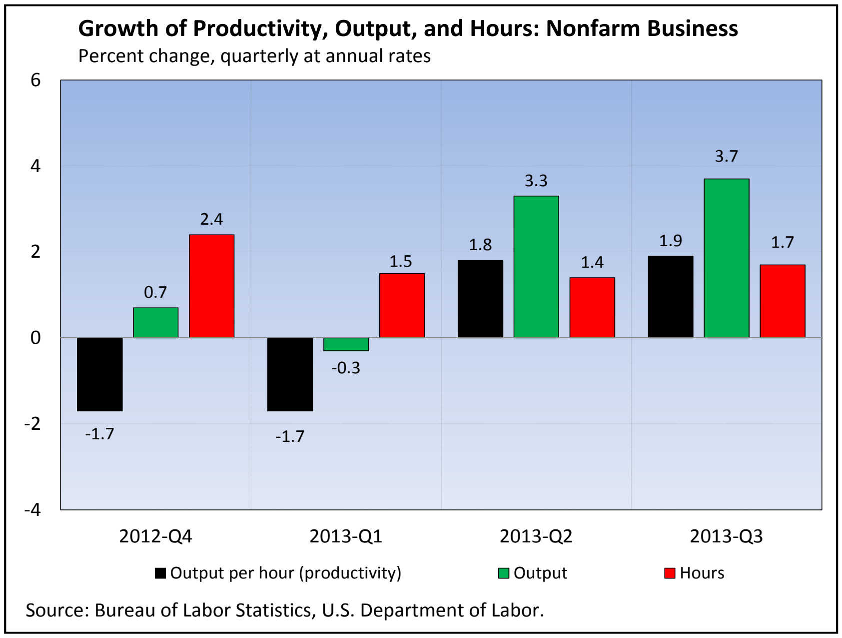
Labor productivity continued to grow in the third quarter

- Average output per hour worked in nonfarm businesses rose at a 1.9 percent annual rate in the third quarter, according to advance estimates by the Department of Labor (see chart).

- By contrast, real hourly compensation (which includes benefits as well as wages and salaries) declined by 1.3 percent in the third quarter, following a 2.3 percent increase in the second quarter.

- Last quarter's increase in productivity largely reflected an acceleration in the output of nonfarm businesses that was partly offset by a smaller acceleration in hours worked.

- Since the economic recovery began in mid-2009, nonfarm business productivity has increased at an average annual rate of 1.5 percent.



- Recent increases in productivity have been a boon to U.S. businesses, but those increases have not translated into gains for most workers. Since mid-2009, hourly compensation (wages, salaries and benefits adjusted for inflation) has edged down at an annual rate of 0.1 percent.

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES & EVENTS
Tuesday, Nov. 19	Employment Cost Index (third quarter)
Wednesday, Nov. 20	Consumer Price Index (October) Real Earnings (October) Advance Monthly Sales for Retail and Food Services (October) Manufacturing and Trade: Inventories and Sales (September) Sales of Existing Homes (October)
Thursday, Nov. 21	Producer Price Index (October)
Friday, Nov. 22	Job Openings and Labor Turnover (September)