



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

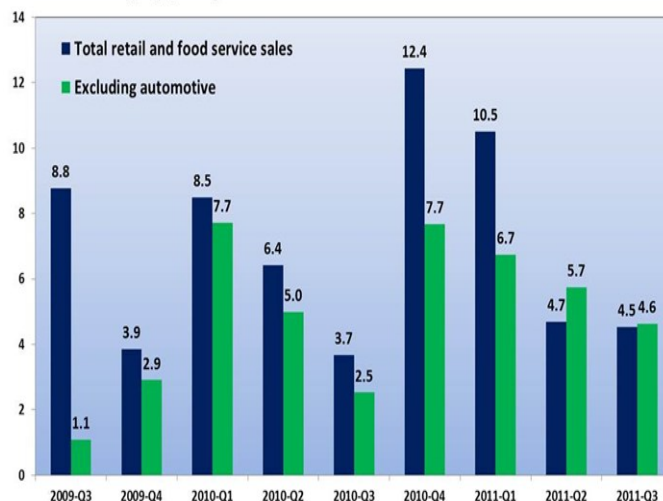
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

October 18, 2011

September Retail Sales Proved Surprisingly Strong

- Retail sales rose sharply in September. Sales at retail establishments and food services rose by 1.1 percent last month, following a 0.3 percent gain in August (revised up from no change), according to the Census Bureau's advance estimates. September sales were well above the 0.6 percent increase that analysts had expected. The dollar volume of sales reported by motor vehicle and parts producers increased by 3.6 percent in September, following a 0.8 percent decline in August. Gasoline stations reported a 1.2 percent increase in sales volumes last month, following a 0.8 percent rise in August. Apart from the automotive establishments, retailers reported a gain of 0.5 percent in September, the same as in August. In the third quarter, total retail and food service sales grew at a 4.5 percent annual rate (see chart).

Retail Sales During the Recovery
Percent change by quarter, annual rates



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

- Industrial production edged up last month. Output at the nation's factories, utilities, and mines rose by 0.2 percent in September, following revised estimates of no gain in August and a 1.1 percent (weather-related) jump in July. Manufacturing output grew by 0.4 percent in September, following a 0.3 percent increase in August. On average in the third quarter, total manufacturing output grew at a 4.3 percent annual rate (see chart) and capacity utilization was 74.9 percent.
- The U.S. trade gap changed little in August. Exports of goods and services declined by \$0.1 billion in August and imports also declined by \$0.1 billion. As a result, the U.S. trade deficit for goods and services (imports minus exports) was unchanged from July at \$45.6 billion, only \$0.1 billion higher than it was a year earlier. Following an increase of \$5.9 billion in July, exports remain 3.4 percent above June levels.

Manufacturing Output Over the Recovery
Percent growth at annual rates



SOURCE: Federal Reserve Board.

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THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Oct 18	Producer Price Indexes (September)
Wednesday, Oct 19	Consumer Price Index (September) Real Earnings (September) New Residential Construction (September)
Thursday, Oct 20	Existing-Home Sales (September)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Sep	Aug	Jul	2011 Q3	2011 Q2	2011 Q1	2010	2009
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	n.a.	1.3	0.4	3.0	-3.5
Manufacturing production	0.4	0.3	0.7	4.3	-0.1	7.2	5.4	-13.5
Factory utilization rate (percent of capacity)	75.1	74.9	74.7	74.9	74.3	74.5	71.7	66.2
Civilian unemployment rate (percent of labor force)	9.1	9.1	9.1	9.1	9.1	8.9	9.6	9.3
Housing starts (thousands of units, annual rates)	n.a.	571	601	n.a.	572	582	585	554
Light vehicle sales, domestic (millions of units, annual rates)	10.174	9.522	9.629	9.775	9.406	9.907	8.812	7.680
Retail & food service sales	1.1	0.3	0.4	4.5	4.7	10.5	6.4	-7.0
Real disposable personal income	n.a.	-0.3	-0.2	n.a.	0.6	1.2	1.8	-2.3
Personal saving rate (percent of disposable income)	n.a.	4.5	4.7	n.a.	5.1	5.0	5.3	5.1
<u>Inflation & Productivity</u>								
CPI-U inflation	n.a.	0.4	0.5	n.a.	4.1	5.2	1.6	-0.3
Core CPI-U inflation	n.a.	0.2	0.2	n.a.	2.5	1.7	1.0	1.7
Output per hour, nonfarm bus.	—	—	—	n.a.	-0.7	-0.6	4.1	2.3
Unit labor costs, nonfarm bus.	—	—	—	n.a.	3.3	6.2	-2.0	-0.7
Employment Cost Index	—	—	—	n.a.	2.8	2.4	1.9	1.7

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.