



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

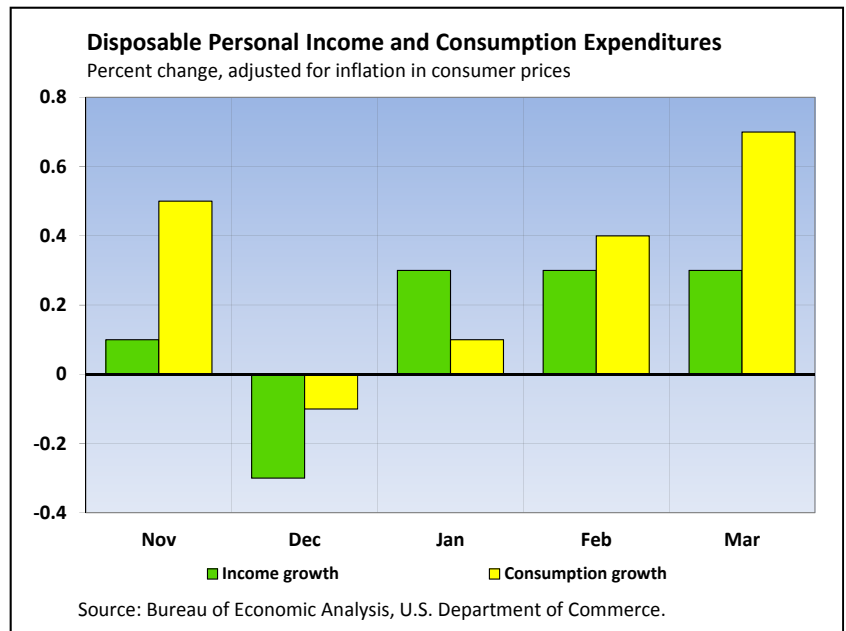
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May 13, 2014

Household Spending and Borrowing Grew in March

Consumer spending accelerated again in March

- Real (inflation-adjusted) consumer spending grew 0.7 percent in March, following increases of 0.4 percent in February and 0.1 percent in January (see chart).
- Nearly half of the March gain reflected increased spending by consumers on durable goods, such as new vehicles, home appliances and furniture.
- Real after-tax income grew 0.3 percent in March, matching gains in January and February.
- National surveys conducted over the first four months of the year suggest that consumers are more optimistic about near-term economic prospects than they were at the start of the year.



Consumer credit continued to increase in March

- Consumer credit outstanding (which includes most short- and medium-term credit extended to individuals, except for mortgages) rose at a 6.7 percent annual rate in March, the largest monthly increase in over a year.
- So far this year, banks have generally eased lending standards on loans to consumers (other than real estate) and they report increased demand for consumer credit and auto loans.
- Average interest rates on automobile and personal loans declined over the first three months of the year and are at the lowest levels in decades.
- Over the course of 2013, debt outstanding on student loans increased by 11.8 percent, accounting for nearly 70 percent of the rise in non-mortgage household debt last year.

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The job vacancy rate edged down in March

- Unfilled jobs in the private sector amounted to 3.0 percent of all private-sector jobs (filled or unfilled) on the last business day of March, down from 3.1 percent at the end of February but close to the longer-term average prior to the recession, according to the latest available survey data from the Labor Department.
- On average, there were 2.6 unemployed workers and 5.0 underemployed workers for every job opening in March, slightly higher than in February.
- Those rates have improved considerably since the depths of the downturn, when there were 6.7 unemployed workers and 11.9 underemployed workers per job opening, but remain above the levels prior to the recession.

Increased energy efficiency will save consumers money and create jobs

- Energy efficiency has improved over the last three decades: energy consumption per capita in 2011 was down almost 9 percent from 1980. The increase in energy efficiency has helped supply the energy that our growing economy needs.
- Research indicates that, in order to power a more robust economy in coming decades, the United States needs to vastly increase energy efficiency.
- The Energy Savings & Industrial Competitiveness Act could reduce Americans' energy costs by \$16 billion a year and create over 190,000 jobs by 2030, according to the American Council for an Energy-Efficient Economy.

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 (%)	n.a.	0.2	0.1	1.9	1.1	2.2	1.2	1.9
Core inflation (% , excludes food & energy)	n.a.	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.