



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

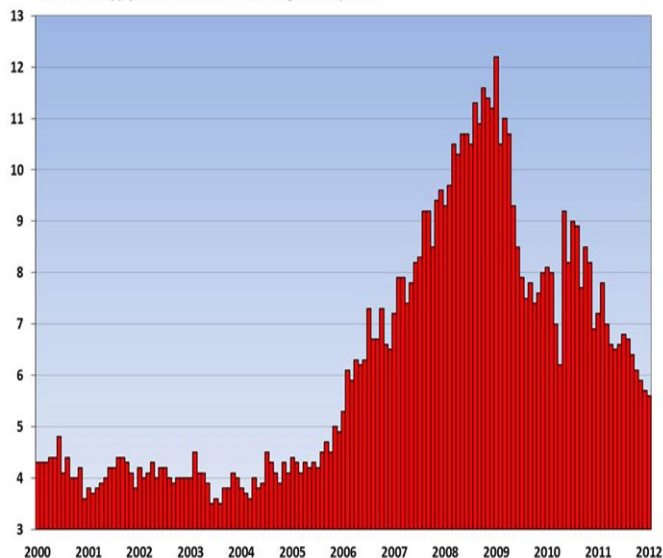
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

February 28, 2012

Home Sales Were Mixed in January

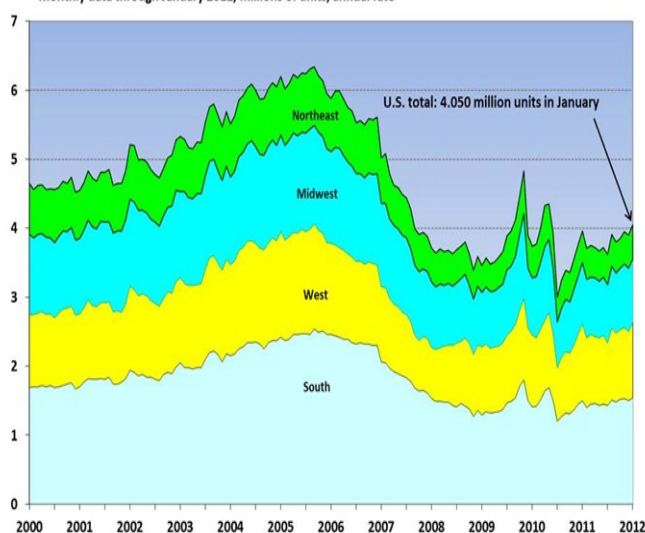
- New homes sales dipped in January. Sales of new single-family homes decreased 0.9 percent last month to a seasonally adjusted annual rate of 321,000 units. The January decline followed a (revised) 1.9 percent increase in December. Declining sales in the West (down 10.6 percent) and the Midwest (down 24.5 percent) offset the effects of increasing sales in the South (up 9.3 percent) and the Northeast (up 11.1 percent). The stock of unsold new homes amounted to 5.6 months of current sales in January (see top chart). That's considerably below the inventory levels during the worst part of the recession, but still above pre-recessionary levels.
- Sales of existing homes increased in January. Completed sales of existing single-family homes, townhomes, condominiums and co-ops increased by 4.3 percent last month to 4.570 million units at an annual rate, following a (revised) 0.5 percent decrease in December. Sales of existing single-family homes amounted to 4.050 million units in January, up 3.8 percent from December. First-time buyers accounted for 33 percent of existing-home sales last month (up from 31 percent in December) while investors accounted for 23 percent of sales in January (up from 21 percent in December). The stock of existing single-family homes available for sale amounted to 6.1 months of current sales in January. All major regions of the country except for the Midwest posted sales gains in January: sales of single-family homes grew by 2.7 percent in the South, by 9.0 percent in the West, and by 4.2 percent in the Northeast (see chart). Sales of existing single-family homes were flat in the Midwest last month.

Inventories of Unsold New Single-Family Homes
Months of supply at current sales rates, through January 2012



SOURCE: Census Bureau, U.S. Department of Commerce.

Sales of Existing Single-Family Homes by Region
Monthly data through January 2012, millions of units, annual rate



SOURCE: National Association of Realtors.

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THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Feb. 28	Advance Report on Durable Goods Manufacturers' Shipments, Inventories and Orders (January) S&P/Case-Shiller Home Price Index (December and fourth quarter)
Wednesday, Feb. 29	Gross Domestic Product (fourth quarter and 2011, second estimate)
Thursday, Mar. 1	Personal Income and Outlays (January) Construction Spending (January) ISM Report on Manufacturing Business (February)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Jan	Dec	Nov	2011 Q4	2011 Q3	2011 Q2	2011	2010
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	2.8	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	n.a	0.3	0	0.8	-1.9	-0.5	0.9	1.8
Personal saving rate (percent of disposable income)	n.a	4.0	3.5	3.7	3.9	4.8	4.4	5.3
<u>Inflation & Productivity</u>								
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.