



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

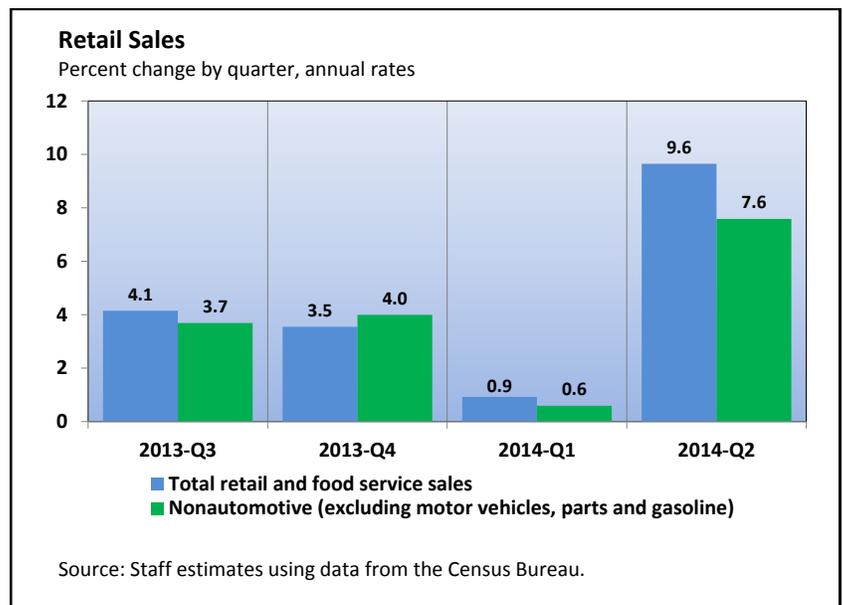
Sen. Amy Klobuchar, Vice Chair
Rep. Carolyn Maloney, Senior Democratic House Member

July 22, 2014

Retail Sales and Factory Output Rose Significantly During the Second Quarter

Retail sales rose for a fifth consecutive month in June

- Sales at retail and food service establishments increased 0.2 percent in June, after growing at an average 0.9 percent monthly rate over the three preceding months, according to preliminary estimates from the Census Bureau.
- While sales of motor vehicles, parts and gasoline declined slightly last month, other sales accelerated.
- Retail sales rose at a 9.6 percent annual rate in the second quarter, following a gain of only 0.9 percent in the first quarter (see chart).



- Over the first half of the year, retail sales grew robustly, averaging 5.7 percent at an annual rate.

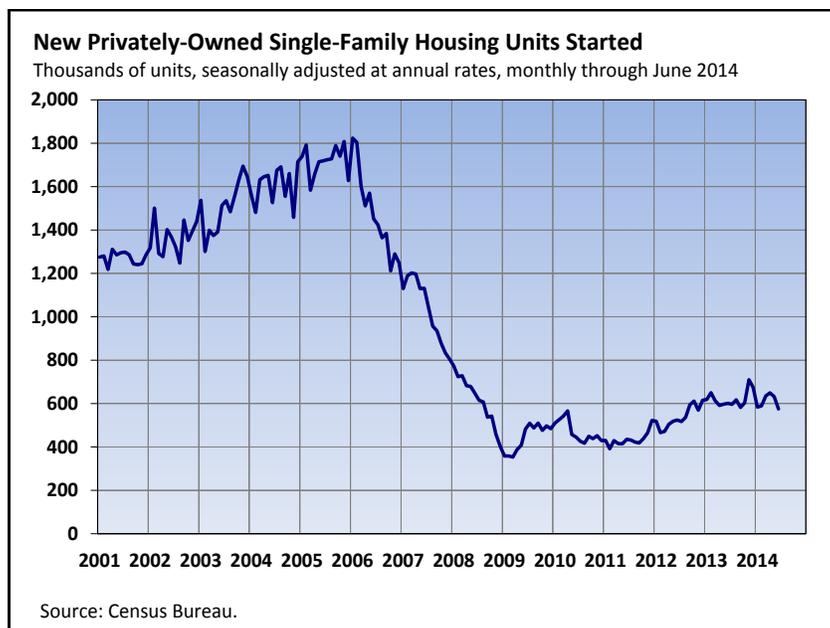
Manufacturing production increased again last month

- Manufacturing output increased 0.1 percent in June, following an increase of 0.4 percent in May, according to the Federal Reserve Board.
- Factory production rose at an annual rate of 6.7 percent in the second quarter, up from 1.4 percent in the first quarter. Production of durable goods surged by 8.8 percent in the second quarter, while output of nondurable goods rose 5.0 percent, the largest quarterly gain in nearly a decade.
- Over the first half of the year, factory production rose at a 4.1 percent average annual rate.
- Capacity utilization at all U.S. factories averaged 77.1 percent in June, only 1.6 percentage points below the long-term average.

WEEKLY ECONOMIC DIGEST

New home building declined in June but was up in the second quarter

- Housing starts for single-family homes decreased by 9.0 percent in June, after rising 8.4 percent over the previous four months (see chart).
- The number of permits issued for new single-family housing rose 2.6 percent in June, suggesting that home building may pick up over the near term.
- Moreover, home builders were notably more optimistic about the near-term housing outlook in July than they were a month earlier, according to a recent survey by the National Association of Home Builders and Wells Fargo.
- The June decline in single-family starts was concentrated in the South (down 20.1 percent), which experienced an unusually large amount of rain last month.
- Outside the South, single-family housing starts rose 4.6 percent in June.
- Even with the ups and downs of recent months, single-family housing starts rose at an 11.3 percent annual rate in the second quarter, after plunging by 31.7 percent in the first quarter.



THE ECONOMY AT A GLANCE

Key Indicators	Months			Quarters			Years	
	Jun.	May	Apr.	2014-Q2	2014-Q1	2013-Q4	2013	2012
Real GDP growth (%)	—	—	—	N/A	-2.9	2.6	2.6	2.0
Unemployment (% of labor force)	6.1	6.3	6.3	6.2	6.7	7.0	7.0	7.8
Long-term unemployment (% of labor force)	2.0	2.2	2.2	2.1	2.4	2.6	2.6	3.1
Inflation (%)	N/A	0.4	0.3	N/A	1.9	1.1	1.2	1.9
Core inflation (% excludes food & energy)	N/A	0.3	0.2	N/A	1.6	1.6	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.