WEEKLY ECONOMIC DIGEST
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January 28, 2014

Retail Sales and Factory Production Rose in December, Capping a Strong Quarter

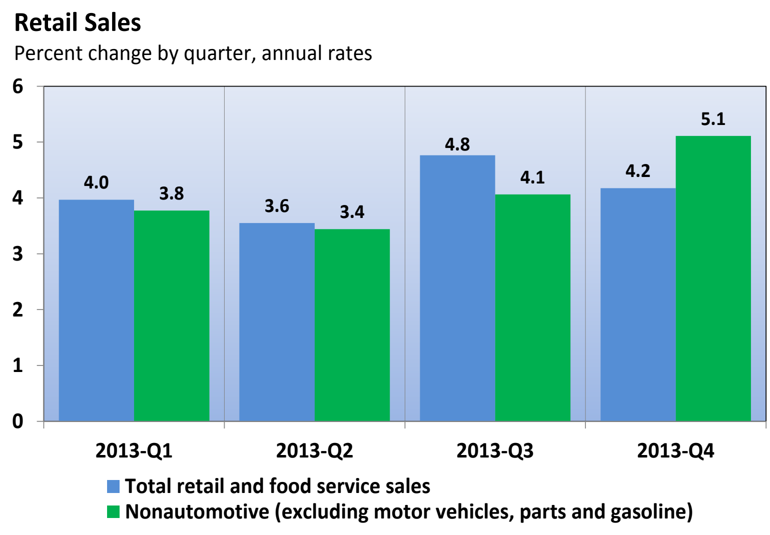
Retail sales were surprisingly strong in December

- Sales at retail and food service establishments increased 0.2 percent in December, following a 0.4 percent gain a month earlier, according to the Census Bureau's advance estimates.

- Last month's increase in sales exceeded forecasts. December's gains followed relatively strong sales growth in November.

- Nonautomotive sales were key to the December gain, rising 0.6 percent (about twice as much as forecasters had expected).

- Late-year sales trends are encouraging: nonautomotive sales rose at an annual rate of 5.1 percent in the fourth quarter of 2013 (see chart), the strongest quarterly advance in nearly two years.



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

Manufacturing production gained solidly again in December

- Manufacturing output rose 0.4 percent in December, following strong gains in November and October, according to the Federal Reserve Board.

- Manufacturing output rose at an annual rate of 6.2 percent in the fourth quarter, the strongest quarterly gain in nearly two years.

- Over the course of 2013, factories increased their operating rates to an average 77.2 percent of capacity, just below the long-term average of 78.7 percent.

Latest data on home sales are mixed

- New home sales declined 7.0 percent in December to 414,000 units at an annual rate. Even so, sales grew 4.5 percent over the course of 2013.

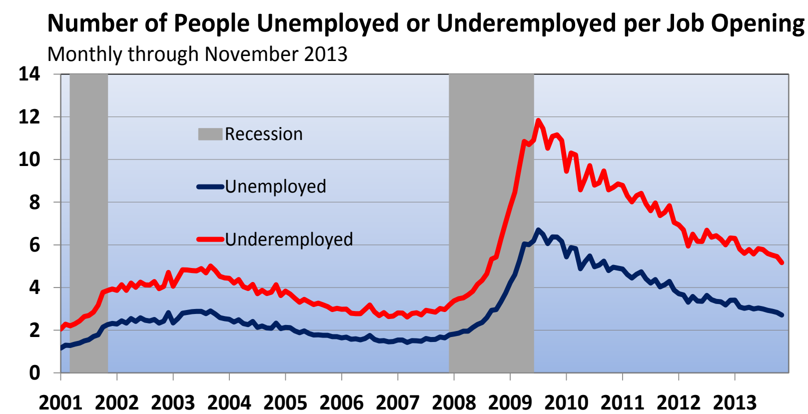
- Sales of existing single-family homes increased 1.9 percent in December, following four months of declines. At the end of 2013, sales were 0.7 percent below the pace of sales in December 2012.

Job openings rose in November

- Employers reported an additional 70,000 job openings in November, an increase of 1.8 percent from the end of October, according to the latest available survey data from the Labor Department.

- The November increase in job openings means that, on average, there were 2.7 unemployed workers and 5.2 underemployed workers for every job opening in November (see chart).

- 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.



Note: Underemployed includes individuals who are either officially unemployed; are working part-time jobs for economic reasons (slack conditions or could not find full-time work); or are marginally attached to the labor force (are not in the labor force, but are able and willing to take a job and have searched for work in the past year).

Source: Staff estimates using data from the U.S. Department of Labor and the National Bureau of Economic Research.

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES & EVENTS
Tuesday, Jan. 28	Advance Report on Durable Manufacturers' Shipments, Inventories and Orders (December) Case-Shiller 20-City Composite Home Price Index (November)
Wednesday, Jan. 29	Federal Open Market Committee announcement on monetary policy
Thursday, Jan. 30	Gross Domestic Product (Fourth quarter, advance estimate)
Friday, Jan. 31	Personal Income and Outlays (December) Employment Cost Index (Fourth quarter)
Monday, Feb. 3	Construction Spending (December)