



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

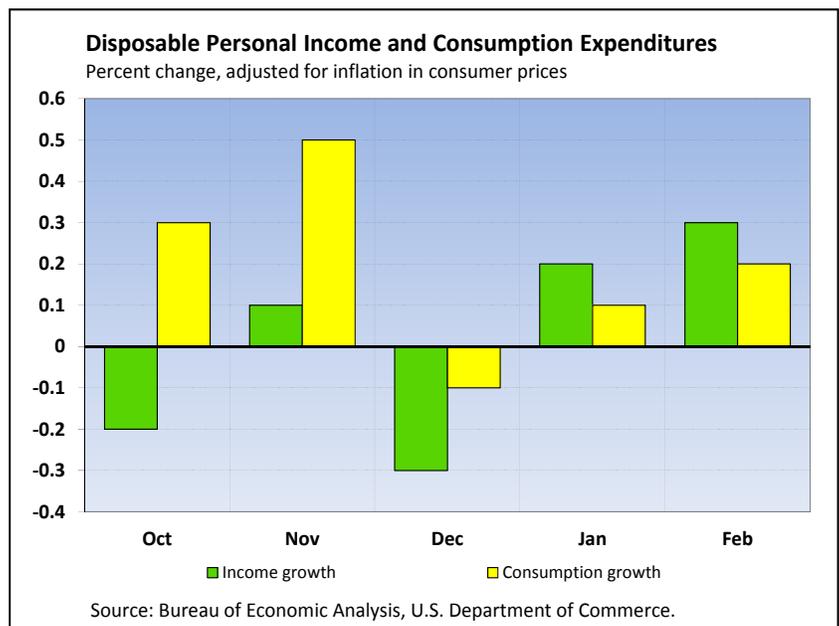
Sen. Amy Klobuchar, Vice Chair
Rep. Carolyn Maloney, Senior Democratic House Member

April 1, 2014

Consumer Spending and Incomes Rise as Winter Subsides

Consumer spending and income increased again in February

- Real (inflation-adjusted) consumer spending grew 0.2 percent in February, while real after-tax income grew 0.3 percent (see chart).
- Both real income and spending grew more rapidly in February than they did in January.
- The rise in income was dampened by the expiration of the federal Emergency Unemployment Compensation program in December which directly lowered personal income by \$16.7 billion in January and by \$2.5 billion in February.
- Real disposable income and spending have each grown 2.1 percent over the last 12 months.



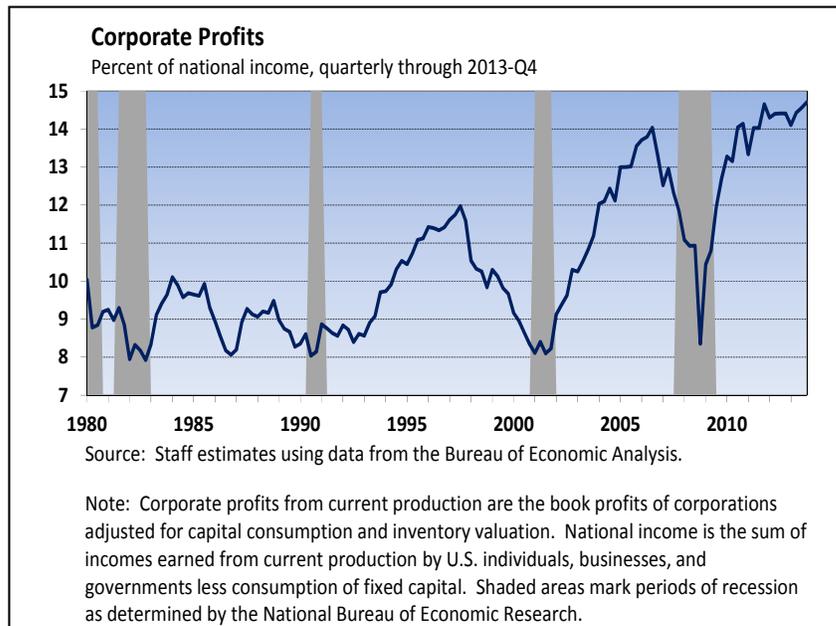
Housing starts were stable in February while sales edged down

- The number of privately-owned single-family housing units started in February rose 0.3 percent, following an 18.5 percent drop over the previous two months.
- Regional patterns in new homebuilding were mixed in February as single-family housing starts rose in the Midwest and South but fell in the West and Northeast.
- Sales of new single-family homes decreased 3.3 percent in February, after rising 3.2 percent in January.
- Sales of existing single-family homes decreased 0.2 percent in February, after dropping 5.8 percent in January.

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Total U.S. income accelerated in the fourth quarter

- Gross domestic income (the sum of all income earned in the production of goods and services) increased at a 2.7 percent annual rate in the fourth quarter, after adjusting for inflation, according to data released by the Bureau of Economic Analysis.
- That fourth-quarter gain in income exceeds the third-quarter increase and leaves total income 2.5 percent above its level a year earlier.
- The fourth-quarter gain owed much to an acceleration in corporate profits: in dollar terms, profits rose at a 9.2 percent annual rate in the fourth quarter and 6.2 percent over the four quarters of 2013.



- Corporate profits have grown significantly during the economic recovery, with profits rising to 14.7 percent of national income at the end of 2013, the highest share on record (see chart).

Household wealth continued to grow in the fourth quarter

- The net worth of households and nonprofit organizations rose at a 16.1 percent annual rate in the fourth quarter, the ninth consecutive quarter of growth.
- Since the recovery began in mid-2009, net worth has increased at an average 8.2 percent annual rate, with owners' net equity in household real estate rising at an average 11.5 percent rate over that period.

THE WEEK AHEAD

DAY

SELECTED UPCOMING DATA RELEASES & EVENTS

Tuesday, Apr. 1

Construction Spending (February)
ISM, Manufacturing Report on Business (March)

Thursday, Apr. 3

U.S. International Trade in Goods and Services (February)
ISM, Non-Manufacturing Report on Business (March)

Friday, Apr. 4

The Employment Situation (March)
JEC hearing on "The Employment Situation: March 2014" with the Honorable Erica L. Groshen, Commissioner, Bureau of Labor Statistics in Room 216 of the Hart Senate Office Building at 9:30 am.