



WEEKLY ECONOMIC DIGEST

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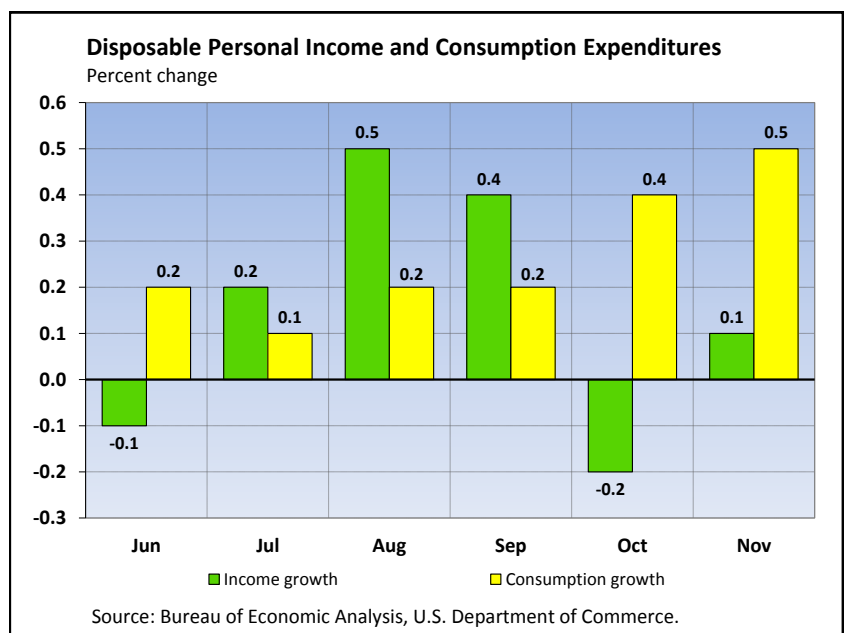
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January 7, 2014

Recent Indicators Show a Growing Economy

Consumer spending growth during November was the strongest in nearly two years

- Real (inflation-adjusted) consumer spending increased by 0.5 percent in November while real after-tax personal income rose 0.1 percent (see chart).
- The November increase in consumption is the strongest in 21 months, and it followed a healthy 0.4 percent rise in October.
- More than half of the November gain reflected increased spending on durable goods (principally motor vehicles/parts and household furnishings).
- Unit sales of light vehicles declined in December, following a strong gain in November. On average in 2013, vehicle sales were 7.3 percent higher than in 2012.
- Over the past six months, real after-tax personal income has risen at an average rate of 0.2 percent a month, just below the 0.3 percent average monthly increase in real consumer spending.



Business orders for capital goods picked up in November

- Manufacturers reported that the value of new orders for nondefense capital goods (e.g., machinery, equipment, vehicles) increased by 9.1 percent in November, after declining 0.8 percent in October.
- The November rise in new orders reflects a surge in aircraft orders (which can fluctuate considerably from month to month), as well as a solid gain in orders for other capital equipment.
- Overall activity in manufacturing appears to have expanded again in December, according to a survey of manufacturers by the Institute for Supply Management. The survey suggests that, in December, new orders for all types of manufactured goods expanded at the fastest rate since early 2010.

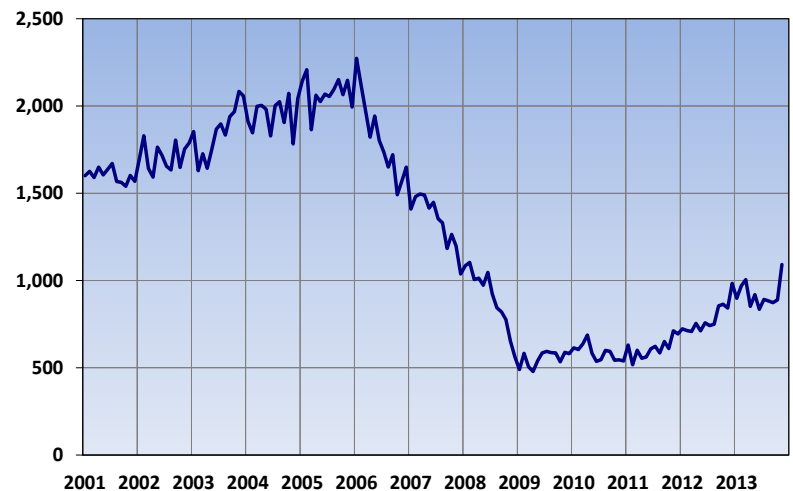
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Recent housing indicators have been mostly upbeat

- The number of privately-owned housing units started in November was 22.7 percent higher than in October (see chart). Housing starts are nearly 30 percent higher than in November 2012.
- Total spending on private residential construction increased by 1.9 percent in November and has risen by 16.6 percent over the last 12 months.
- Sales of new single-family homes decreased 2.1 percent in November, after rising by 27.1 percent over the preceding three months.
- Inventories of unsold new homes have moderated following increases in the spring and summer as long-term interest rates rose.
- Home prices in 20 major cities have risen by 13.6 percent over the 12 months through October according to the 20-city S&P/Case-Shiller index. That is nearly twice the 7.0 percent increase in home prices recorded over the course of 2012. Relatively low inventories and recovering housing demand have continued to put upward pressure on home prices.

New Privately-Owned Housing Units Started

Thousands of units, seasonally adjusted at annual rates, monthly through November 2013



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

Economic growth was especially strong in the third quarter

- Real gross domestic product (GDP) grew at a 4.1 percent annual rate in the third quarter, after growing 2.5 percent in the second quarter.
- The third-quarter acceleration largely reflects a sharp uptick in private inventory accumulation and growth in personal consumption expenditures. Indicators of consumer spending through November bode well for overall growth in the fourth quarter.

THE WEEK AHEAD

DAY

SELECTED UPCOMING DATA RELEASES & EVENTS

Tuesday, Jan. 7

U.S. International Trade in Goods and Services (November)

Friday, Jan. 10

The Employment Situation (December)

Monthly Wholesale Trade: Sales and Inventories (November)

JEC Hearing: "The Employment Situation: December 2013" with BLS Commissioner Erica Groshen, Dirksen Senate Office Building, Room G-50, 9:30 a.m.