



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

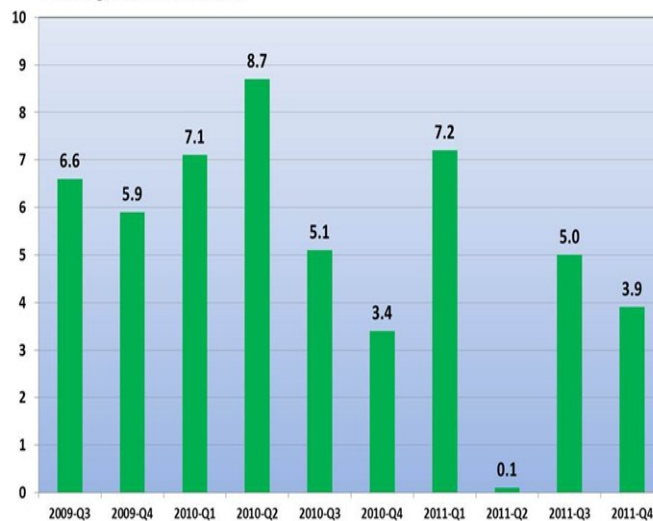
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

January 24, 2012

Industrial Production Rebounded While Prices Were Flat in December

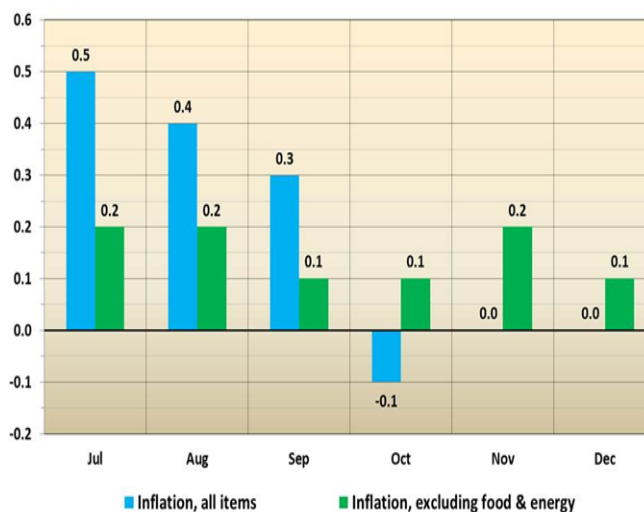
- Industrial production rebounded in December. Output at the nation's factories, utilities, and mines increased by 0.4 percent last month, following a 0.3 percent decline in November. Manufacturing output increased by 0.9 percent in December, following a decrease of 0.4 percent in November. The December gain in manufacturing is the largest monthly increase since last December; over the past 12 months, manufacturing output has risen by 3.7 percent. Increased factory output was distributed across a variety of sectors with durable goods manufacturing increasing by 0.9 percent last month and nondurable goods increasing by 0.8 percent. On average over the fourth quarter, manufacturing output increased at a 3.9 percent annual rate, down slightly from a 5.0 percent advance in Q3 (see top chart).
- On average, consumer prices were flat again in December. The consumer price index for all urban consumers (CPI-U) was unchanged last month, following no change in November and a decline of 0.1 percent in October (see bottom chart). The price index for consumer purchases of food rose by 0.2 percent in December, up from 0.1 percent in November. The average price paid by consumers for energy goods and services declined by 1.3 percent in December after falling by 1.6 percent in November. Retail gasoline prices (averaged over all grades and formulations) declined by 2.0 percent in December, following declines of 2.4 percent in November and 3.1 percent in October. The less volatile core CPI-U (which excludes prices for food and energy goods and services) increased by 0.1 percent last month, down from 0.2 percent in November.

Manufacturing Output Over the Recovery
Percent growth at annual rates



SOURCE: Federal Reserve Board.

Inflation in the Consumer Price Index (CPI-U), Recent Months
Percent



SOURCE: Bureau of Labor Statistics, U.S. Department of Labor.

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THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Wednesday, Jan 25	Federal Open Market Committee monetary policy announcement
Thursday, Jan 26	Advance Report on Durable Manufacturers' Shipments, Inventories and Orders (December) New Residential Sales (December)
Friday, Jan 27	Gross Domestic Product (Fourth Quarter and Annual 2011, advance estimate)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Dec	Nov	Oct	2011 Q4	2011 Q3	2011 Q2	2011	2010
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	n.a.	1.8	1.3	n.a.	3.0
Manufacturing production	0.9	-0.4	0.5	3.9	5.0	0.1	4.5	5.4
Factory utilization rate (percent of capacity)	75.9	75.3	75.6	75.6	75.1	74.4	74.9	71.7
Civilian unemployment rate (percent of labor force)	8.5	8.7	8.9	8.7	9.1	9.1	8.9	9.6
Housing starts (thousands of units, annual rates)	657	685	628	657	615	572	607	585
Light vehicle sales, domestic (millions of units, annual rates)	10.506	10.658	10.371	10.512	9.789	9.406	9.904	8.812
Retail & food service sales	0.1	0.4	0.7	7.9	4.7	4.7	7.7	6.4
Real disposable personal income	n.a.	0	0.3	n.a.	-1.9	-0.5	n.a.	1.8
Personal saving rate (percent of disposable income)	n.a.	3.5	3.6	n.a.	3.9	4.8	n.a.	5.3
<u>Inflation & Productivity</u>								
CPI-U inflation	0	0	-0.1	0.9	3.1	4.1	3.1	1.6
Core CPI-U inflation	0.1	0.2	0.1	1.7	2.7	2.5	1.7	1.0
Output per hour, nonfarm bus.	—	—	—	n.a.	2.3	-0.1	n.a.	4.1
Unit labor costs, nonfarm bus.	—	—	—	n.a.	-2.5	-0.1	n.a.	-2.0
Employment Cost Index	—	—	—	n.a.	1.2	2.8	n.a.	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.