



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

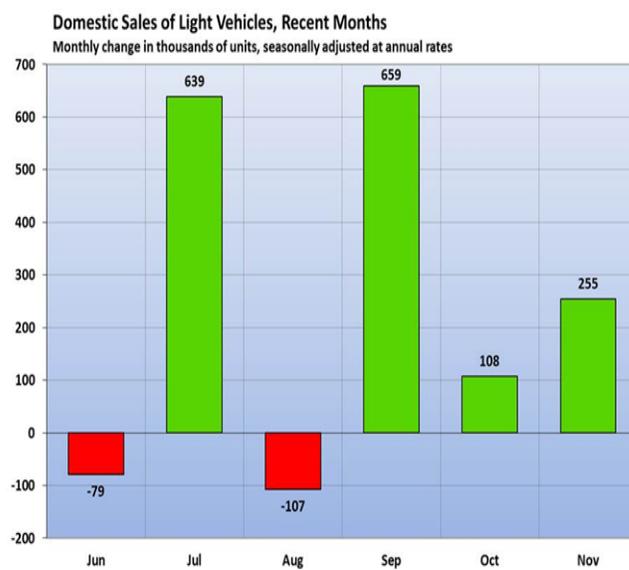
UNITED STATES CONGRESS

SENATOR ROBERT P. CASEY, JR., CHAIRMAN

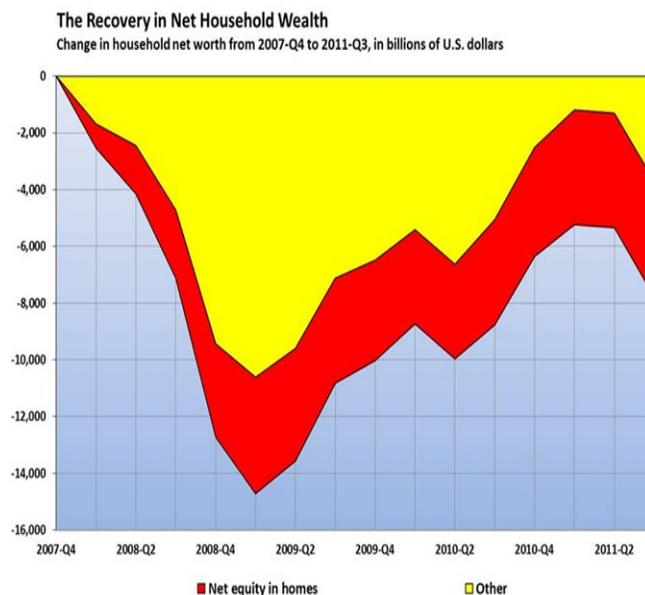
December 13, 2011

Vehicle Sales Are Rising But At a More Moderate Pace than in Q3

- Unit vehicle sales rose again in November. Total sales of light vehicles (autos and light trucks) increased by 384,000 units (seasonally adjusted, annual rate) last month, following a 166,000 gain in October. Domestic light vehicle sales (i.e., vehicles assembled in the United States, Canada, or Mexico) rose by 255,000 units in November, after increasing by 108,000 units a month earlier (see chart). Domestic sales of autos rose by 108,000 units last month, while sales of light trucks declined by 147,000 units.
- The U.S. trade gap edged down in October. Exports of goods and services decreased by \$1.5 billion in October but imports decreased by \$2.2 billion (see chart). As a result, the U.S. trade deficit for goods and services (imports minus exports) declined by \$0.7 billion to \$43.5 billion, the fourth consecutive monthly decline. A drop in oil imports accounted for most of the October decline in merchandise imports.
- Household wealth declined sharply in the third quarter. The net worth of the household and non-profit sector declined at a 15.4 percent annual rate in the third quarter, following a 0.7 percent decline in the second quarter. While household-sector debt was little changed in the third quarter, the value of assets declined by 12.9 percent, largely the result of sharply weaker stock prices. Net home equity declined by 2.8 percent for the household sector while the value of directly-held corporate equities dropped by 53.1 percent. Household wealth has improved considerably since 2008, it still has quite a ways to go before fully recovering: in the third quarter, net worth was \$7.8 trillion (or 12.0 percent) below its level at the end of 2007 (see chart).



SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce.



SOURCE: Federal Reserve Board, Flow of Funds Accounts of the United States.

WEEKLY ECONOMIC DIGEST

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Dec 13	Advance Monthly Sales for Retail and Food Services (November) Job Openings and Labor Turnover (October) Manufacturing and Trade Inventories and Sales (October) Federal Open Market Committee monetary policy announcement
Wednesday, Dec 14	U.S. Export and Import Price Indexes (November)
Thursday, Dec 15	Producer Price Indexes (November) U.S. International Transactions (Third quarter 2011) Industrial Production and Capacity Utilization (November)
Friday, Dec 16	Consumer Price Index (November)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Nov	Oct	Sep	2011 Q3	2011 Q2	2011 Q1	2010	2009
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	2.0	1.3	0.4	3.0	-3.5
Manufacturing production	n.a.	0.5	0.3	4.3	0	7.2	5.4	-13.5
Factory utilization rate (percent of capacity)	n.a.	75.4	75.1	74.9	74.4	74.5	71.7	66.2
Civilian unemployment rate (percent of labor force)	8.6	9.0	9.1	9.1	9.1	8.9	9.6	9.3
Housing starts (thousands of units, annual rates)	n.a.	628	630	610	572	582	585	554
Light vehicle sales, domestic (millions of units, annual rates)	10.544	10.289	10.181	9.777	9.406	9.907	8.812	7.680
Retail & food service sales	n.a.	0.5	1.1	4.6	4.7	10.7	6.4	-7.0
Real disposable personal income	n.a.	0.3	-0.1	-2.1	-0.5	1.2	1.8	-2.3
Personal saving rate (percent of disposable income)	n.a.	3.5	3.3	3.8	4.8	5.0	5.3	5.1
<u>Inflation & Productivity</u>								
CPI-U inflation	n.a.	-0.1	0.3	3.1	4.1	5.2	1.6	-0.3
Core CPI-U inflation	n.a.	0.1	0.1	2.7	2.5	1.7	1.0	1.7
Output per hour, nonfarm bus.	—	—	—	2.3	-0.1	-0.6	4.1	2.3
Unit labor costs, nonfarm bus.	—	—	—	-2.5	-0.1	6.2	-2.0	-0.7
Employment Cost Index	—	—	—	1.2	2.8	2.4	1.9	1.7

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.