WEEKLY ECONOMIC DIGEST
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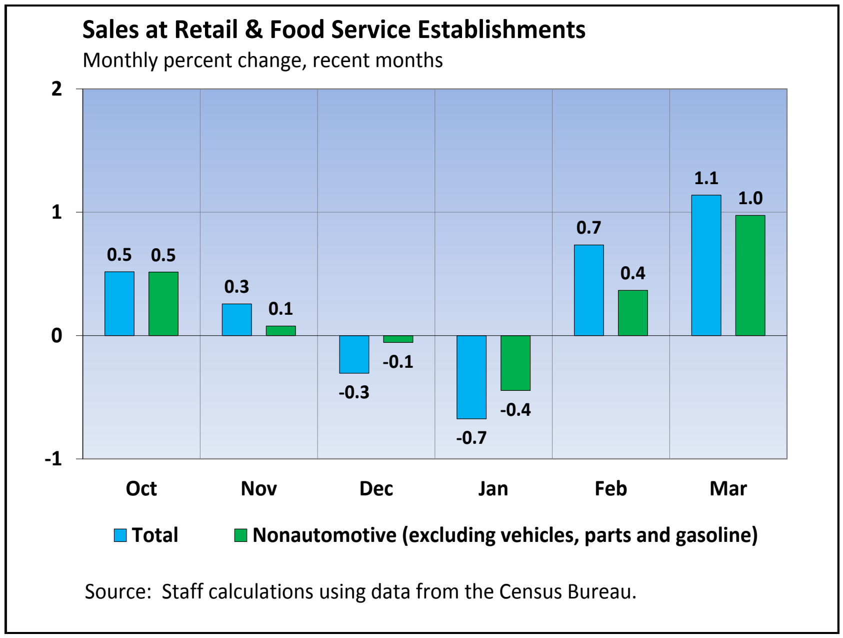
April 29, 2014

Retail Sales and Factory Production Grew Again in March

Retail sales accelerated last month

- Sales at retail and food service establishments increased 1.1 percent in March, after increasing 0.7 percent in February, according to advance estimates by the Census Bureau (see chart).
- Sales of motor vehicles, parts and gasoline grew 1.5 percent last month, following a 1.6 percent increase in February.
- Nonautomotive sales increased 1.0 percent in March, the strongest gain in more than a year.



- In the first quarter of 2014, overall retail sales were 2.5 percent higher than a year earlier; nonautomotive sales increased at the same rate over the past year.

Manufacturing output continued to grow in March

- Manufacturing output rose 0.5 percent in March and has now risen in seven of the last eight months, according to the Federal Reserve Board.
- Manufacturing output rose 2.8 percent over the 12 months through March. Production of electronics and computers and motor vehicles have recorded the strongest growth over the past year.
- Factories operated at an average 76.7 percent of capacity in March, just below the long-term average of 78.7 percent and substantially higher than at the bottom of the recession when capacity utilization reached a low of 63.9 percent.

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Inflation was moderate and real weekly earnings rose in March

- The consumer price index for all urban consumers increased 0.2 percent last month.
- Energy prices declined 0.1 percent last month, while food prices rose 0.4 percent.
- Core inflation (which excludes the often volatile changes in the prices of food and energy) was 0.2 percent last month, up from 0.1 percent in each of the previous three months.
- The real (inflation-adjusted) average weekly earnings of employees on private nonfarm payrolls rose 0.3 percent in March, largely reflecting a longer average workweek.
- The typical weekly earnings of full-time wage and salary earners amounted to $791 in the first quarter; however, real earnings have declined 2.3 percent since first quarter of 2010, when the employment recovery began.

Raising the minimum wage

- The real value of the minimum wage has fallen by a third since it reached a peak in 1968.
- Raising the minimum wage to $10.10 per hour could help approximately 28 million workers, with almost half of the benefits going to household with incomes below $35,000 per year, according to the President's Council of Economic Advisers.
- Fifty-five percent of those who would benefit are women. More than half of those who would benefit are at least 30 years old.
- Most economists agree that raising the minimum wage would have little to no effect on employment.

The Economy at a Glance

Key Indicators	Months			Quarters			Years	
	Mar	Feb	Jan	2014-Q1	2013-Q4	2013-Q3	2013	2012
Real GDP growth (%)	—	—	—	n.a.	2.6	4.1	2.6	2.0
Unemployment (% of labor force)	6.7	6.7	6.6	6.7	7.0	7.3	7.0	7.8
Long-term unemployment (% of labor force)	2.4	2.5	2.3	2.4	2.6	2.7	2.6	3.1
Inflation (%)	0.2	0.1	0.1	1.9	1.1	2.2	1.2	1.9
Core inflation (%, excludes food & energy)	0.2	0.1	0.1	1.6	1.6	1.8	1.7	1.9

Sources: Staff estimates based on data from the Bureau of Economic Analysis and the Bureau of Labor Statistics.
Notes: (—) Real GDP data are not released on a monthly basis. (n.a.) Data are not yet available.
Real GDP growth is the change in gross domestic product after adjusting for inflation. Long-term unemployment refers to those workers who have been unemployed for 27 weeks or longer. Inflation and core inflation refer to changes in the relevant consumer price indexes for all urban consumers. Quarterly estimates of GDP growth and inflation are reported at annual rates. Yearly estimates of GDP growth and inflation are Q4-to-Q4. Yearly unemployment rate estimates are Q4 averages.