



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

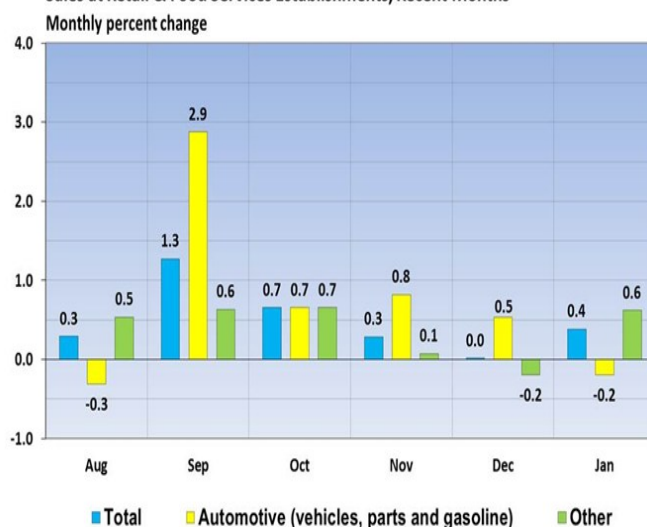
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

February 21, 2012

Retail Sales and Factory Production Rose in January

- Retail sales rose in January. Sales at retail establishments and food services rose by 0.4 percent last month, following no change in December and a 0.3 percent gain in November, according to the Census Bureau's advance estimates. Sales levels in November and December were revised down. January sales growth was only about half the pace that market forecasters had anticipated, mostly because forecasters had expected greater motor vehicle sales. Motor vehicle and parts retailers reported a decrease in sales of 1.1 percent last month while gasoline stations reported an increase in sales of 1.4 percent following a 2.6 percent decline in December. Excluding vehicles, parts and gasoline dealers, retail establishments reported that sales were up by 0.6 percent in January, a significant acceleration in nonautomotive sales (see top chart).
- Industrial production was flat in January though factory output rose. Output at the nation's factories, utilities, and mines was unchanged last month, following a strong 1.0 percent gain in December. Unseasonably warm winter temperatures reduced heating demands and utility production declined by 2.5 percent in January, following a 2.4 percent drop in December. Mining output was down 1.8 percent last month. However, manufacturing output rose solidly, gaining 0.7 percent in January after surging by 1.5 percent in December. Output of durable goods increased by 1.8 percent in January, while production of nondurable goods declined by 0.2 percent last month (after increasing by 1.5 percent in December). Manufacturing output rose by 4.5 percent over the 12 months ending in January, with most industries enjoying gains (see bottom chart).

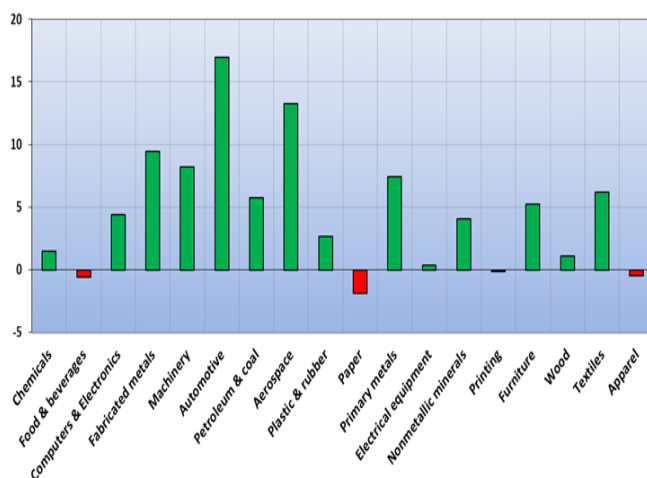
Sales at Retail & Food Services Establishments, Recent Months



SOURCE: Staff calculations using data from the Census Bureau, U.S. Department of Commerce.

Manufacturing Production by Industry, January 2012

Twelve-month percent change



SOURCE: Federal Reserve Board.

NOTE: Industries are listed in order of their shares of total factory output in 2011, in descending order from the left.

WEEKLY ECONOMIC DIGEST

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Wednesday, Feb. 22	Existing-Home Sales (January)
Thursday, Feb. 23	FHFA National Home Price Index (December)
Friday, Feb. 24	New Residential Sales (January)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Jan	Dec	Nov	2011 Q4	2011 Q3	2011 Q2	2011	2010
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	2.8	1.8	1.3	1.7	3.0
Manufacturing production	0.7	1.5	-0.2	5.1	4.9	0.1	4.5	5.4
Factory utilization rate (percent of capacity)	77.0	76.5	75.4	75.8	75.1	74.4	75.0	71.7
Civilian unemployment rate (percent of labor force)	8.3	8.5	8.7	8.7	9.1	9.1	8.9	9.6
Housing starts (thousands of units, annual rates)	699	689	702	673	615	572	611	585
Light vehicle sales, domestic (millions of units, annual rates)	11.055	10.505	10.658	10.511	9.789	9.406	9.903	8.812
Retail & food service sales	0.4	0	0.3	7.4	4.7	4.7	7.7	6.4
Real disposable personal income	n.a	0.3	0	0.8	-1.9	-0.5	0.9	1.8
Personal saving rate (percent of disposable income)	n.a	4.0	3.5	3.7	3.9	4.8	4.4	5.3
<u>Inflation & Productivity</u>								
CPI-U inflation	0.2	0	0.1	1.3	3.1	4.4	3.1	1.6
Core CPI-U inflation	0.2	0.1	0.2	1.9	2.5	2.4	1.7	1.0
Output per hour, nonfarm bus.	—	—	—	0.7	1.9	-0.1	0.7	4.1
Unit labor costs, nonfarm bus.	—	—	—	1.2	-2.1	-0.1	1.2	-2.0
Employment Cost Index	—	—	—	1.6	1.2	2.8	2.1	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.