



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

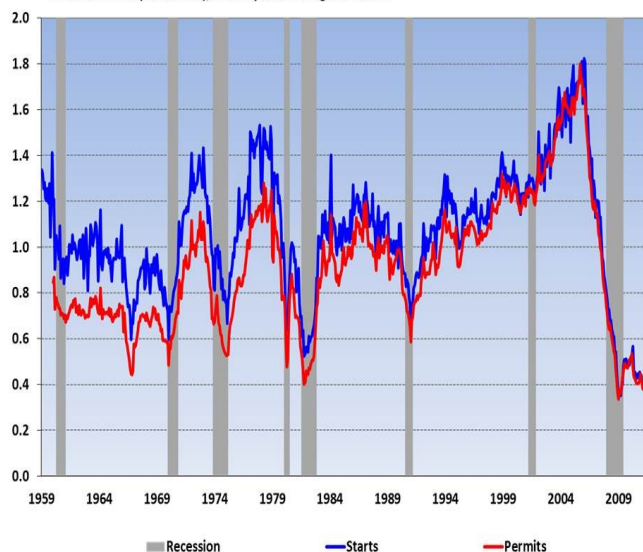
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

July 25, 2011

Housing Indicators were Mixed in June—Recovery is Not Yet in Sight

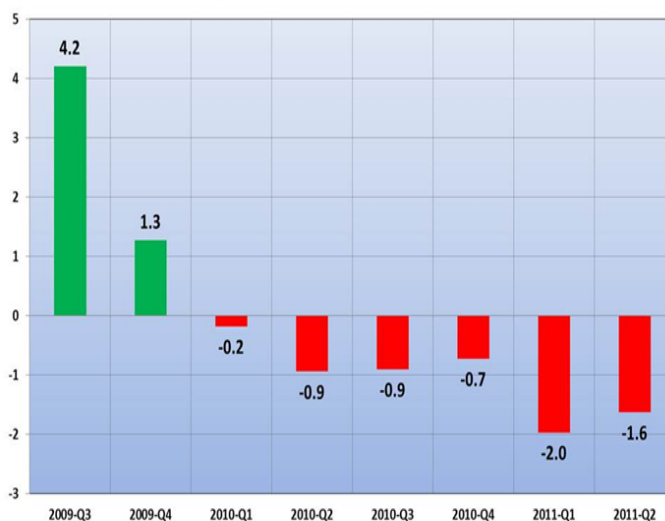
- New residential construction picked up in June. The number of privately-owned housing units started in June rose by 14.6 percent to 629,000 units at an annual rate, following no change in May. Single-unit starts rose 9.4 percent to 453,000 units, the highest mark since last November. Multi-unit housing starts have been trending up since October 2009, and increased 30.4 percent in June to 176,000 units. Permits issued for new single-unit construction rose for the fourth consecutive month, increasing 0.2 percent in June to 407,000. Even with the recent improvements, however, permits authorized and starts for single-unit housing remain extraordinarily low by historical standards (see top chart).
- Sales of existing homes slipped last month. Completed sales of existing single-family homes, townhomes, condominiums and co-ops declined by 0.8 percent in June to 4.77 million units at an annual rate, according to data published by the National Association of Realtors (NAR). Distressed homes—foreclosures and short sales—accounted for 30 percent of June sales. Sales of existing single-family homes amounted to 4.24 million units in June, unchanged from May and down from April's 4.38 million units.
- Growth of labor earnings continues to lag inflation. The typical earnings of the nation's 100.6 million full-time wage and salary workers were \$753 per week in the second quarter (not seasonally adjusted). Over the last four quarters, earnings rose 1.8 percent, short of the 3.4 percent increase in the consumer price index. After adjustment for inflation, earnings declined by 1.6 percent over the last four quarters (see bottom chart).

New Home Building: Single Units Started and New Permits Authorized
Millions of units (annualized), monthly data through June 2011



SOURCE: Census Bureau, U.S. Department of Commerce and National Bureau of Economic Research.

Median Weekly Earnings of Full-Time Wage and Salary Workers After Inflation
Four-quarter percent change



SOURCE: Staff calculations using data from the Bureau of Labor Statistics, U.S. Department of Labor.

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THE WEEK AHEAD

DAY

UPCOMING DATA RELEASES & JEC EVENTS

Tuesday, Jul 26

New Residential Sales (June 2011)

Wednesday, Jul 27

JEC Hearing (GOP): "Maximizing America's Prosperity: How Fiscal Rules can Restrain Federal Over-spending" 10am, Senate Hart Office Building, Room 216

Durable Goods Manufacturers' Shipments, Inventories and Orders (June 2011, advance estimate)

Friday, Jul 29

Gross Domestic Product (second quarter, advance estimate)

Employment Cost Index (second quarter)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Jun	May	Apr	2011 Q2	2011 Q1	2010 Q4	2010	2009
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	n.a.	1.9	3.1	2.9	-2.6
Manufacturing production	0.0	0.1	-0.5	0.2	7.2	3.4	5.4	-13.5
Factory utilization rate (percent of capacity)	74.4	74.4	74.4	74.4	74.5	73.3	71.7	66.2
Civilian unemployment rate (percent of labor force)	9.2	9.1	9.0	9.1	8.9	9.6	9.6	9.3
Housing starts (thousands of units)	629	549	549	576	582	539	585	554
Light vehicle sales, domestic (thousands of units)	8,945	9,217	10,198	9,453	9,931	9,275	8,794	7,680
Retail & food service sales	0.1	-0.1	0.2	4.4	10.5	12.5	6.4	-7.0
Real disposable personal income	n.a.	0.1	-0.1	n.a.	0.9	1.1	1.4	0.6
Personal saving rate (percent of disposable income)	n.a.	5.0	4.9	n.a.	5.1	5.4	5.7	5.9
<u>Inflation & Productivity</u>								
CPI-U inflation	-0.2	0.2	0.4	4.1	5.2	2.6	1.6	-0.3
Core CPI-U inflation	0.3	0.3	0.2	2.5	1.7	0.6	1.0	1.7
Output per hour, nonfarm bus.	—	—	—	n.a.	1.8	2.9	3.9	3.7
Unit labor costs, nonfarm bus.	—	—	—	n.a.	0.7	-2.8	-1.6	-1.6
Employment Cost Index	—	—	—	n.a.	2.4	1.6	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 percentage growth measured as simple percent changes for monthly data and 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.