JOINT ECONOMIC COMMITTEE
Congresswoman Carolyn B. Maloney, Chair
WEEKLY ECONOMIC DIGEST

UNITED STATES CONGRESS
Senator Charles E. Schumer, Vice Chairman
WEEK OF JUNE 14, 2010

FURTHER EVIDENCE THAT ECONOMIC GROWTH MAY BE TOO MODEST TO BOOST EMPLOYMENT

KEY ECONOMIC STATISTICS

ADVANCE RETAIL SALES
↓1.2%
May 2010

U.S. TRADE BALANCE
- $40.3 billion
April 2010

CONSUMER SENTIMENT
75.5 ↑1.9 pts
June 2010

INITIAL JOBLESS CLAIMS 4-WEEK AVG
463,000 ↑2,500
Week Ending June 5, 2010

CONTINUED CLAIMS 4-WEEK AVG
4,617,500 ↓49,250
Week Ending May 29, 2010

THIS WEEK

Tuesday, June 15
Import/ Export Prices
May 2010

Wednesday, June 16
New Residential Construction
May 2010

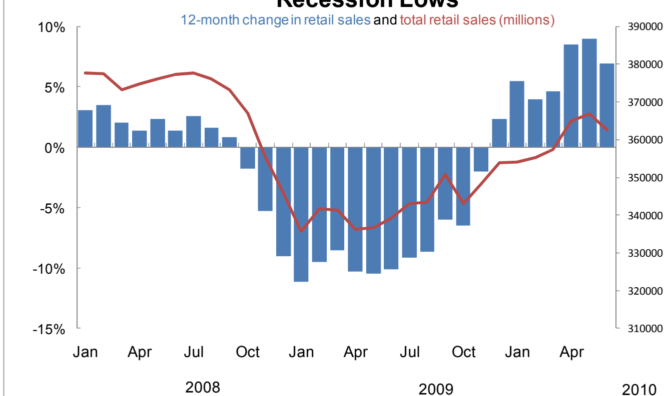
Industrial Production & Capacity Utilization
May 2010

Thursday, June 17
Consumer Price Index
May 2010

ECONOMIC GROWTH IS WIDESPREAD, ALTHOUGH MODEST, ACCORDING TO BEIGE BOOK. The Federal Reserve released its June 2010 Beige Book showing that economic activity throughout the country continued to expand in April and May. According to anecdotal evidence collected from the Fed's twelve regional Districts, consumer spending, tourism, and net business spending all increased in April and May. Manufacturing and transportation business improved throughout the country; however firms reported more modest expansion than earlier in the year. By way of contrast, in last year's June Beige Book, all twelve Districts reported weak or deteriorating economic conditions, including stagnant or falling wages and low levels of consumer spending.

RETAIL SALES SLOW WITH DROP IN SALES OF BUILDING MATERIALS. Retail and food service sales fell in May from the upwardly revised April numbers by 1.2 percent to $362.5 billion, according to advance estimates released by the Census Bureau. Despite the drop, total sales remained 6.9 percent higher than their level one year ago. (See chart) Forecasters had predicted that recent sales growth would continue. Prior to May, retail sales had been climbing steadily since bottoming out in December 2008, increasing in thirteen of the last sixteen months. The decline in retail sales was attributable to declines in sales at building material and garden equipment and supplies dealers (- 9.3 percent), gasoline stations (-3.3 percent), and auto dealers (-1.7 percent). Retail sales excluding these sectors increased by 0.1 percent in May although sales continued to drop in department stores (-1.8 percent) and declined in May in clothing stores (-1.3 percent). Sales at furniture and home furnishings retailers (+1.0 percent), electronics and appliance stores (+0.6) and nonstore retailers (+2.0 percent) offset some of those declines. Although sales of building materials, gasoline, automobiles and auto parts can vary widely month -to-month, the drop in sales of building materials may be related to the expiration of the first time homebuyers' tax credit and could signal continued weakness in the housing market.

Retail Sales Dip in May, But Remain Above Recession Lows



Source: Joint Economic Committee Majority Staff Calculations based on data from the Census Bureau.

CLAIMS FOR UNEMPLOYMENT INSURANCE REMAIN HIGH. The Department of Labor reported that 456,000 unemployed workers filed new unemployment insurance claims through state programs during the week ending June 5, 3,000 fewer than during the preceding week. Despite the small decline in initial claims, the four-week moving average, a less volatile series, rose slightly (+2,500). The four-week moving average for initial unemployment claims fell for about a year after reaching its peak in March 2009 of 643,000 new claims. However, since March 2010, weekly initial unemployment claims have hovered around 460,000 new claims each week. Although initial unemployment insurance claims never reach zero even during expansions, they are still substantially elevated above pre-recession levels which ranged between 300,000 and 350,000 new claims. The total number of unemployed workers receiving jobless benefits through state programs (continued claims) fell by 255,000 during the week ending May 29, and the four-week average of total claims fell by 49,250. The four-week moving average of continued claims peaked in mid-2009. The recent decline in continued unemployment insurance claims may be due to recipients dropping of the unemployment insurance rolls, rather than a positive signal of increased hiring in the labor market.