



# WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

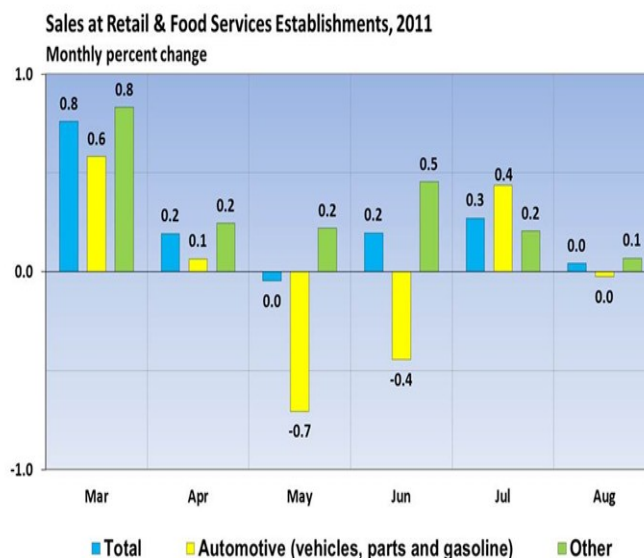
UNITED STATES CONGRESS

SENATOR ROBERT P. CASEY, JR., CHAIRMAN

September 20, 2011

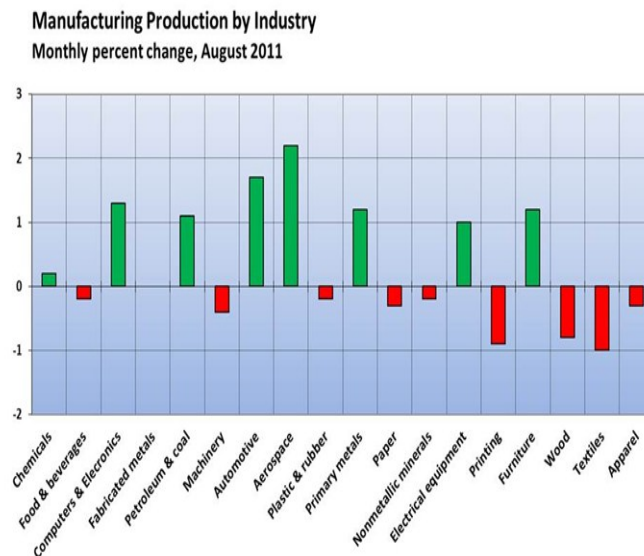
## Retail Sales Flattened in August But Factory Production Stayed Brisk

- Retail sales were flat in August. Sales at retail establishments and food services were unchanged last month, following a 0.3 percent gain in July (revised down), according to the Census Bureau's advance estimates (see chart). The August sales numbers were slightly below the small 0.2 percent increase that analysts had expected. The dollar volume of sales reported by motor vehicle and parts producers declined by 0.3 percent in August, following a 0.2 percent rise in July. On the other hand, gasoline stations reported a 0.3 percent increase in sales volumes last month, following a 0.9 percent rise in July. Apart from the automotive establishments, retailers reported a meager gain of 0.1 percent last month.



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

- Industrial production gained modestly in August following a weather-related jump in July. Output at the nation's factories, utilities, and mines rose by 0.2 percent in August, following (revised) increases of 0.9 percent in July and 0.1 percent in June. Production by utilities declined by 3.0 percent last month, accounting for most of the overall deceleration; the output of utilities had surged by 2.8 percent in July as temperatures across much of the nation were unseasonably high. Manufacturing output grew by 0.5 percent in August, the second consecutive month of elevated growth (factory output grew 0.6 percent in July). Gains in computers and electronics production (up 1.3 percent), automotive production (up 1.7 percent), and the production of other transportation equipment (up 2.2 percent) contributed to the pace of factory output in August (see chart). On average, factory operating rates rose last month to an overall capacity utilization rate of 75.0 percent.



SOURCE: Federal Reserve Board.

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

# WEEKLY ECONOMIC DIGEST

## THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Sep 20	New Residential Construction (August)
Wednesday, Sep 21	Existing-Home Sales (August) Federal Open Market Committee Policy Announcement
Thursday, Sep 22	Federal Housing Finance Agency, U.S. House Price Index (July)

## THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Aug	Jul	Jun	2011 Q2	2011 Q1	2010 Q4	2010	2009
<b><u>Economic Activity</u></b>								
Real gross domestic product	—	—	—	1.0	0.4	2.3	3.0	-3.5
Manufacturing production	0.5	0.6	0.0	0.2	7.2	3.4	5.4	-13.5
Factory utilization rate (percent of capacity)	75.0	74.7	74.4	74.4	74.5	73.3	71.7	66.2
Civilian unemployment rate (percent of labor force)	9.1	9.1	9.2	9.1	8.9	9.6	9.6	9.3
Housing starts (thousands of units, annual rates)	n.a.	604	613	572	582	539	585	554
Light vehicle sales, domestic (millions of units, annual rates)	9.525	9.629	8.990	9.406	9.907	9.292	8.812	7.680
Retail & food service sales	0.0	0.3	0.2	4.7	10.5	12.4	6.4	-7.0
Real disposable personal income	n.a.	-0.1	0.3	1.0	1.2	1.5	1.8	-2.3
Personal saving rate (percent of disposable income)	n.a.	5.0	5.5	5.2	5.0	5.2	5.3	5.1
<b><u>Inflation &amp; Productivity</u></b>								
CPI-U inflation	0.4	0.5	-0.2	4.1	5.2	2.6	1.6	-0.3
Core CPI-U inflation	0.2	0.2	0.3	2.5	1.7	0.6	1.0	1.7
Output per hour, nonfarm bus.	—	—	—	-0.7	-0.6	2.2	4.1	2.3
Unit labor costs, nonfarm bus.	—	—	—	3.3	6.2	-1.6	-2.0	-0.7
Employment Cost Index	—	—	—	2.8	2.5	1.8	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.