



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

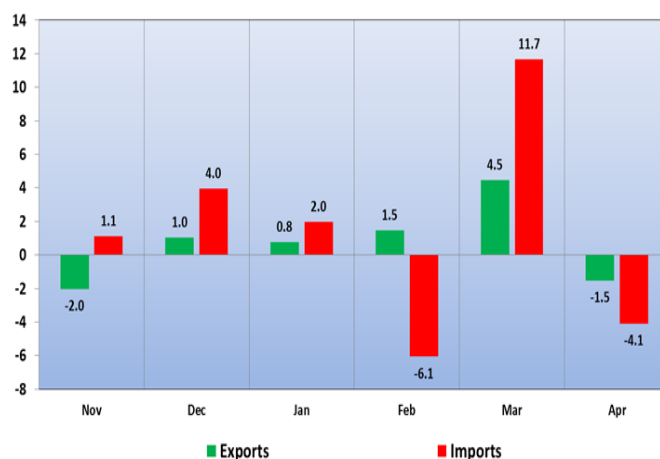
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

June 12, 2012

U.S. Trade Gap Declined as Volumes Dropped in April

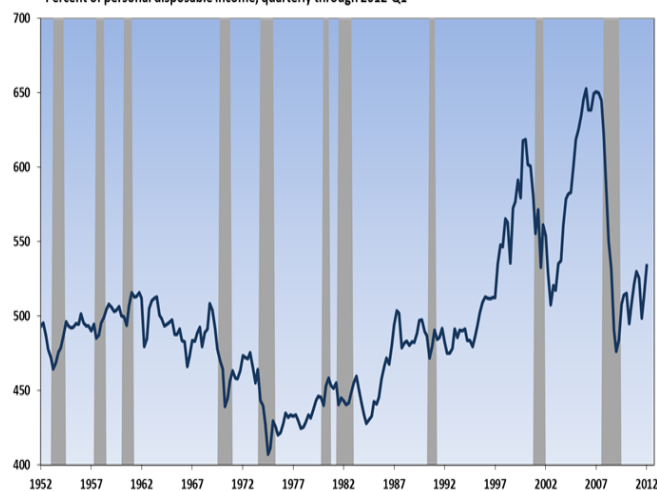
- The U.S. trade deficit narrowed in April. Exports of goods and services decreased by \$1.5 billion in April but imports decreased by even more, falling \$4.1, according to data released by the Census Bureau (see top chart). As a result, the U.S. trade deficit for goods and services (imports minus exports) decreased by \$2.5 billion to \$50.1 billion.
- Productivity declined by more than was previously thought in the first quarter. Output per hour worked in the nonfarm business sector decreased at a 0.9 percent annual rate in the first quarter, according to revised estimates released by the Department of Labor. The first-quarter decline in productivity (previously estimated at 0.5 percent) follows a 1.2 percent increase in the fourth quarter. Output of the nonfarm business sector grew 2.4 percent in the first quarter while hours worked in that sector grew 3.3 percent. Hourly compensation increased by 0.4 percent in the first quarter, however, compensation declined by 2.0 percent after accounting for inflation in consumer prices.
- Household balance sheets continued to recover in first quarter. The net worth of the household and nonprofit sector increased \$2.828 trillion (20.2 percent at an annual rate) in the first quarter following a \$1.949 trillion gain in the fourth quarter, according to flow of funds data released by the Federal Reserve. The first-quarter gain in wealth reflected a small increase in the net equity on owner occupied housing (up \$457 billion) coupled with a larger increase in other net wealth (up \$2.371 trillion). Even with the first-quarter gain, household wealth remains \$3.300 trillion below the level that prevailed at the end of 2007 (see bottom chart).

Exports and Imports of Goods and Services, Recent Months
Month-to-month change in billions of dollars



SOURCE: Census Bureau, U.S. Department of Commerce.

Household Net Worth
Percent of personal disposable income, quarterly through 2012-Q1



SOURCE: Federal Reserve Board, *Flow of Funds Accounts of the United States*, and Bureau of Economic Analysis, U.S. Department of Commerce.

NOTE: Shaded areas denote periods of recession as determined by the National Bureau of Economic Research.

WEEKLY ECONOMIC DIGEST

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Jun. 12	U.S. Import and Export Price Indexes (May)
Wednesday, Jun. 13	Advance Monthly Sales for Retail and Food Services (May) Producer Price Indexes (May) Manufacturing and Trade Inventories and Sales (April)
Thursday, Jun. 14	Consumer Price Index (May) U.S. International Transactions (First quarter)
Friday, Jun. 15	Industrial Production and Capacity Utilization (May)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	May	Apr.	Mar.	2012Q1	2011Q4	2011Q3	2011	2010
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	1.9	3.0	1.8	1.7	3.0
Manufacturing production	n.a.	0.6	-0.5	9.8	5.6	5.1	4.3	5.7
Factory utilization rate (percent of capacity)	n.a.	77.9	77.6	77.7	76.1	75.2	75.0	71.2
Civilian unemployment rate (percent of labor force)	8.2	8.1	8.2	8.2	8.7	9.1	8.9	9.6
Housing starts (thousands of units, annual rates)	n.a.	717	699	712	678	614	612	586
Light vehicle sales, domestic (millions of units, annual rates)	10.738	11.113	11.088	11.223	10.433	9.719	9.824	8.808
Retail & food service sales	n.a.	0.1	0.7	7.2	8.8	5.2	7.9	5.5
Real disposable personal income	n.a.	0.2	0.2	0.4	0.2	0.7	1.2	1.8
Personal saving rate (percent of disposable income)	n.a.	3.4	3.5	3.6	4.2	4.6	4.6	5.3
<u>Inflation & Productivity</u>								
CPI-U inflation	n.a.	0	0.3	2.5	1.3	3.1	3.1	1.6
Core CPI-U inflation	n.a.	0.2	0.2	2.1	1.9	2.5	1.7	1.0
Output per hour, nonfarm bus.	—	—	—	-0.9	1.2	1.8	0.4	4.0
Unit labor costs, nonfarm bus.	—	—	—	1.3	-1.5	3.9	1.8	-2.0
Employment Cost Index	—	—	—	1.7	2.1	1.4	2.0	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.