



## DESPITE GOOD NEWS ABOUT DURABLE GOODS AND CONSUMPTION, HOUSING A POTENTIAL DRAG ON RECOVERY

### KEY ECONOMIC STATISTICS

#### EXISTING SINGLE-FAMILY HOME SALES

↓1.6%  
May 2010

#### NEW SINGLE-FAMILY HOME SALES

↓32.7%  
May 2010

#### NEW DURABLE GOODS ORDERS

↓1.1%  
May 2010

#### REAL GROSS DOMESTIC PRODUCT

↑2.7%  
Q1 Final Estimate

#### PERSONAL INCOME

↑0.4%  
May 2010

#### INITIAL JOBLESS CLAIMS

4-WEEK AVG  
**462,750** ↓**1,500**  
 Week Ending June 19, 2010

### THIS WEEK

Tuesday, June 29

#### JEC HEARING:

**Fueling Local Economies:  
 Research, Innovation  
 and Jobs**  
 106 Dirksen 10:00 a.m.

Friday, July 2

#### JEC HEARING:

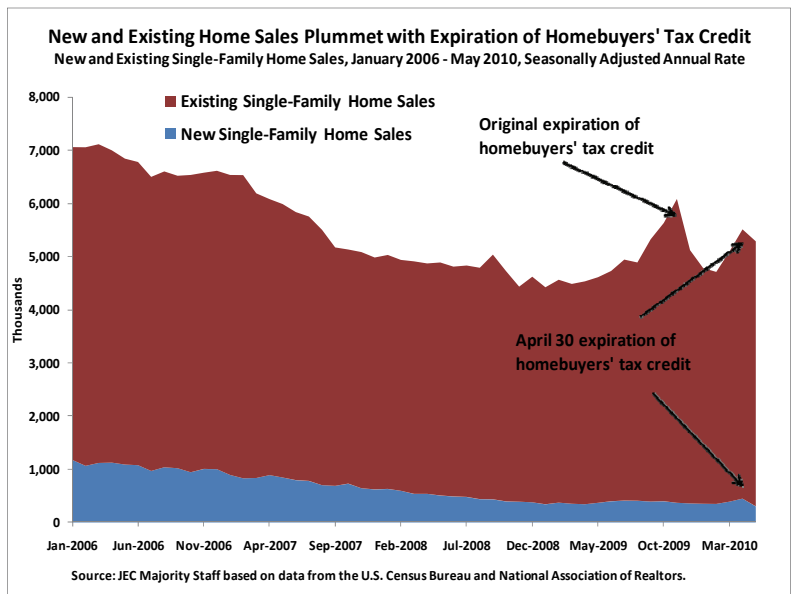
**The Employment Situation:  
 May 2010**  
 106 Dirksen 9:30 a.m.

### New and Existing Home Sales Drop in May, After Expiration of Homebuyers' Tax Credit.

New home sales fell to a record low in May, with sales of new single-family houses dropping 32.7 percent from April to a seasonally adjusted annual rate of 300,000, the lowest annual rate of sales since the Commerce Department started tracking the data in 1963. All regions experienced declines of greater than 23 percent, with the West faring worst (down by 53.2 percent). Sales of new homes had increased in March and April, though both months' gains were revised downward and were erased by the May decline. Nationally, new home sales were down 18.3 percent from May 2009. Sales of existing single-family homes also dropped in May, falling 1.6 percent to a seasonally adjusted annual rate of 4.98 million units, according to the National Association of Realtors. The Northeast declined by 16.5 percent, the Midwest and South were essentially flat, and the West saw sales increase by 5.4 percent. The West was the only region to experience a decline in existing single-family home sales in April. The May decline follows a 7.8 percent increase in March and 7.7 percent gain in April, as homebuyers moved to take advantage of the homebuyers' tax credit, which expired on April 30. Year-over-year, existing single-family sales were up 17.5 percent in May. However, with homeowner vacancy rates still at elevated levels, it is likely that the housing market will remain weak for some time.

### Excluding Transportation, Durable Goods Orders Rise.

Durable goods orders, excluding transportation, rose by 0.9 percent in May to \$145.1 billion, the U.S. Census Bureau reported. Year-over-year, durable goods, excluding transportation, increased 17.6 percent. Transportation orders fell 6.9 percent to \$46.9 billion, driven by a \$3.0 billion decline (29.6 percent) in non-defense aircraft and parts. The narrower measure that excludes transportation is generally viewed as a better indicator of the health of the market for durable goods than the broader measure including the historically volatile transportation sector. Including transportation, durable goods declined 1.1 percent, the first drop since November 2009, to \$192.0 billion. Machinery orders were up 5.6 percent and orders for computer and related products increased 2.5 percent.



### First Quarter GDP Growth Revised Downward.

The economy grew more slowly in the first quarter of 2010 than previously estimated, according to the final real GDP estimate from the Bureau of Economic Analysis. GDP growth was revised to 2.7 percent, down from the second estimate of 3.0 percent, primarily reflecting a downward revision in personal consumption expenditures and net exports. However, consumption appears stronger in the second quarter of 2010. In May, despite a smaller increase in disposable personal income (0.4 percent compared to 0.6 percent in April) consumption rose by 0.2 percent (compared to no change in April).