



# WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

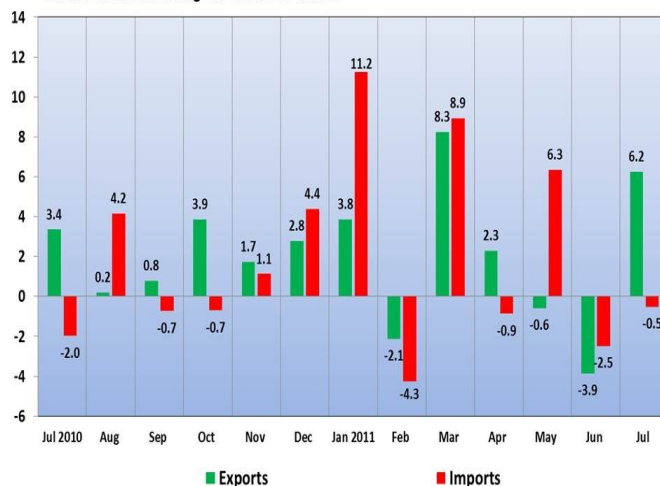
SENATOR ROBERT P. CASEY, JR., CHAIRMAN

September 13, 2011

## Some Strength Seen in Lagging July Indicators

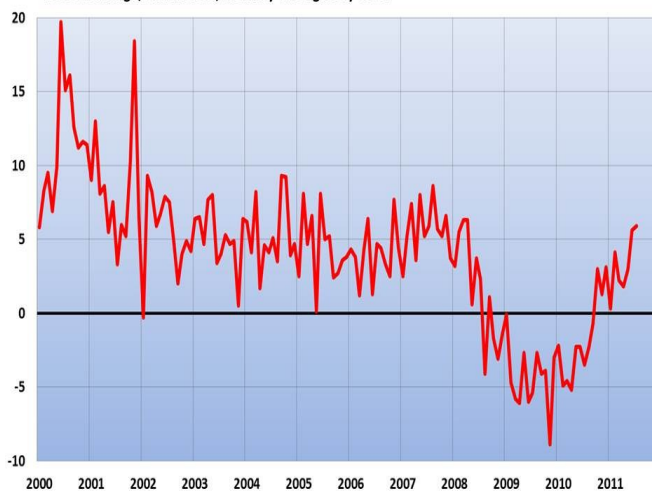
- Accelerating exports narrowed the U.S. trade gap in July. Exports of goods and services increased by \$6.2 billion in July while imports declined by \$0.5 billion (see chart). As a result, the U.S. trade deficit for goods and services (imports minus exports) decreased by \$6.8 billion in to \$44.8 billion. The July trade balance came in well below market expectations, and put this sector's performance in the current quarter on a better-than-expected footing. In the second quarter, the U.S. trade deficit increased and sliced 0.9 percentage point off of growth of gross domestic product (GDP, in current dollars). While monthly trade flows are volatile and difficult to predict, if the trade data for August and September turn out to mirror the July numbers on average, the resulting decline in the trade deficit in the third quarter will have added 1.1 percentage points to third-quarter growth in current-dollar GDP.
- Consumer credit accelerated in July. Consumer debt outstanding (including most short- and intermediate-term credit to individuals, except loan secured by real estate) increased for the tenth consecutive month, rising at a 5.9 percent annual rate in July. The July increase was a bit stronger than the June increase of 5.6 percent and the largest monthly increase in consumer credit since April 2008 (see chart). Revolving credit declined at a 5.2 percent annual rate on a seasonally adjusted basis, while nonrevolving credit rose by 11.2 percent, the largest monthly gain since February 2005. The increases in consumer credit over the past year suggest some recovery in both household demand for and access to credit.

U.S. Exports and Imports of Goods and Services  
Month-to-month change in billions of dollars



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

Consumer Credit Outstanding  
Percent change, annual rate, monthly through July 2011



Source: Board of Governors, Federal Reserve.

Note: Consumer credit includes most short- and intermediate-term credit extended to individuals (secured and unsecured) excluding loans secured by real estate.

# WEEKLY ECONOMIC DIGEST

## THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Wednesday, Sep 14	Advance Monthly Sales for Retail and Food Services (August) Manufacturing and Trade Inventories and Sales (July)
Thursday, Sep 15	Consumer Price Index (August) Industrial Production and Capacity Utilization (August) U.S. International Transactions (Q2)
Friday, Sep 16	Flow of Funds Accounts of the United States (Q2)

## THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Aug	Jul	Jun	2011 Q2	2011 Q1	2010 Q4	2010	2009
<u>Economic Activity</u>								
Real gross domestic product	—	—	—	1.0	0.4	2.3	3.0	-3.5
Manufacturing production	n.a.	0.6	0.2	1.0	7.1	3.4	5.4	-13.5
Factory utilization rate (percent of capacity)	n.a.	75.0	74.6	74.5	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	n.a.	0.5	0.3	4.8	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
<u>Inflation &amp; Productivity</u>								
CPI-U inflation	n.a.	0.5	-0.2	4.1	5.2	2.6	1.6	-0.3
Core CPI-U inflation	n.a.	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.