



WEEKLY ECONOMIC DIGEST

JOINT ECONOMIC COMMITTEE

UNITED STATES CONGRESS

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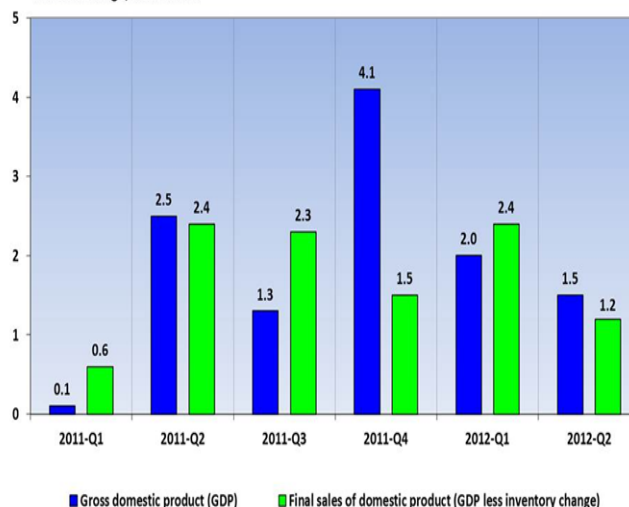
July 31, 2012

The U.S. Economy Grew Modestly in the Second Quarter

- The economy decelerated in the second quarter. Real (inflation-adjusted) gross domestic product (GDP) grew at a 1.5 percent annual rate in the second quarter after growing 2.0 percent in the first quarter, according to the Commerce Department's advance estimates (see top chart). Inventory accumulation contributed about 0.3 percentage point to GDP growth in the second quarter. Final sales of domestic product (i.e., GDP less inventory change) grew by 1.2 percent in the second quarter, down from 2.4 percent in the first quarter. The second-quarter deceleration in GDP largely reflected a slowing in consumer spending, especially spending on motor vehicles.
- Capital goods shipments and orders rose in June. Shipments of nondefense capital goods increased 0.6 percent last month following an increase of 1.0 percent in May. New orders for nondefense capital goods increased 1.2 percent in June following an increase of 2.7 percent in May (see bottom chart). Much of that June increase in nondefense capital goods orders reflected aircraft orders: excluding aircraft, new orders for nondefense capital goods decreased by 1.4 percent in June.
- New home sales fell sharply in June. Sales of new single-family homes decreased 8.4 percent last month to a seasonally adjusted annual rate of 350,000 units. Last month's decline followed (revised) increases of 6.7 percent in May and 1.7 percent in April. Decreased sales in the Northeast (down 60.0 percent) and the South (down 8.6 percent) were partially offset by increased sales in the Midwest (up 14.6 percent) and the West (up 2.1 percent). The stock of unsold new homes rose to 4.9 months of current sales in June

Growth of Alternative Measures of Real Aggregate Demand

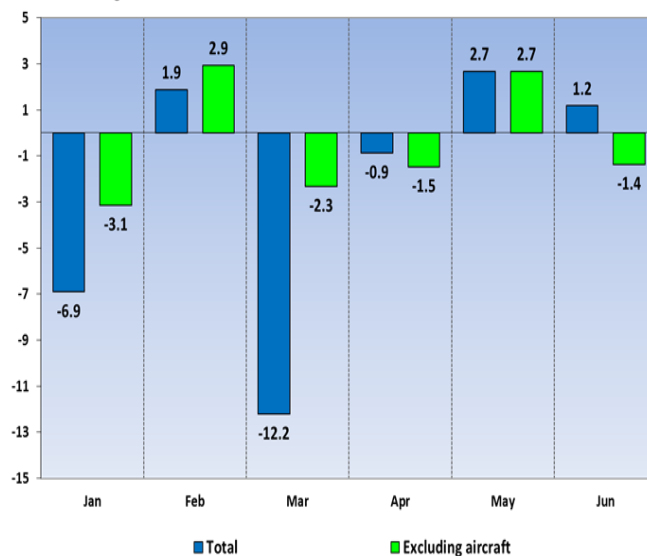
Percent change, annual rate



SOURCE: Bureau of Economic Analysis, U.S. Department of Commerce.

New Orders for Nondefense Capital Goods, Recent Months

Percent change



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

WEEKLY ECONOMIC DIGEST

THE WEEK AHEAD

DAY	SELECTED UPCOMING DATA RELEASES
Tuesday, Jul. 31	Personal Income and Outlays (June) Employment Cost Index (Second Quarter) S&P/Case-Shiller House Price Indexes (May)
Wednesday, Aug. 1	Construction Spending (June) Federal Open Market Committee announcement concerning monetary policy
Thursday, Aug. 2	Full Report on Manufacturers' Shipments, Inventories and Orders (June)
Friday, Aug. 3	The Employment Situation (July)

THE ECONOMY AT A GLANCE

KEY INDICATORS	MONTH			QUARTER			YEAR	
	Jun.	May	Apr.	2012Q2	2012Q1	2011Q4	2011	2010
Economic Activity								
Real gross domestic product	—	—	—	n.a.	1.9	3.0	1.7	3.0
Manufacturing production	0.7	-0.7	0.7	1.4	9.8	5.6	4.3	5.7
Factory utilization rate (percent of capacity)	77.7	77.3	77.9	77.6	77.6	76.1	75.0	71.2
Civilian unemployment rate (percent of labor force)	8.2	8.2	8.1	8.2	8.2	8.7	8.9	9.6
Housing starts (thousands of units, annual rates)	760	711	747	739	715	678	612	586
Light vehicle sales, domestic (millions of units, annual rates)	11.047	10.738	11.113	10.966	11.223	10.433	9.824	8.808
Retail & food service sales	-0.5	-0.2	-0.5	-0.8	6.7	8.8	8.0	5.5
Real disposable personal income	0.3	0.5	0.1	3.3	3.4	-0.2	1.3	1.8
Personal saving rate (percent of disposable income)	4.4	4.0	3.6	4.0	3.6	3.4	4.2	5.1
Inflation & Productivity								
CPI-U inflation	0	-0.3	0	0.8	2.5	1.3	3.1	1.6
Core CPI-U inflation	0.2	0.2	0.2	2.6	2.1	1.9	1.7	1.0
Output per hour, nonfarm bus.	—	—	—	n.a.	-0.9	1.2	0.4	4.0
Unit labor costs, nonfarm bus.	—	—	—	n.a.	1.3	-1.5	1.8	-2.0
Employment Cost Index	—	—	—	2.1	1.7	2.1	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.