

# ECONOMIC AND FINANCIAL HIGHLIGHTS

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JULY 18, 2012



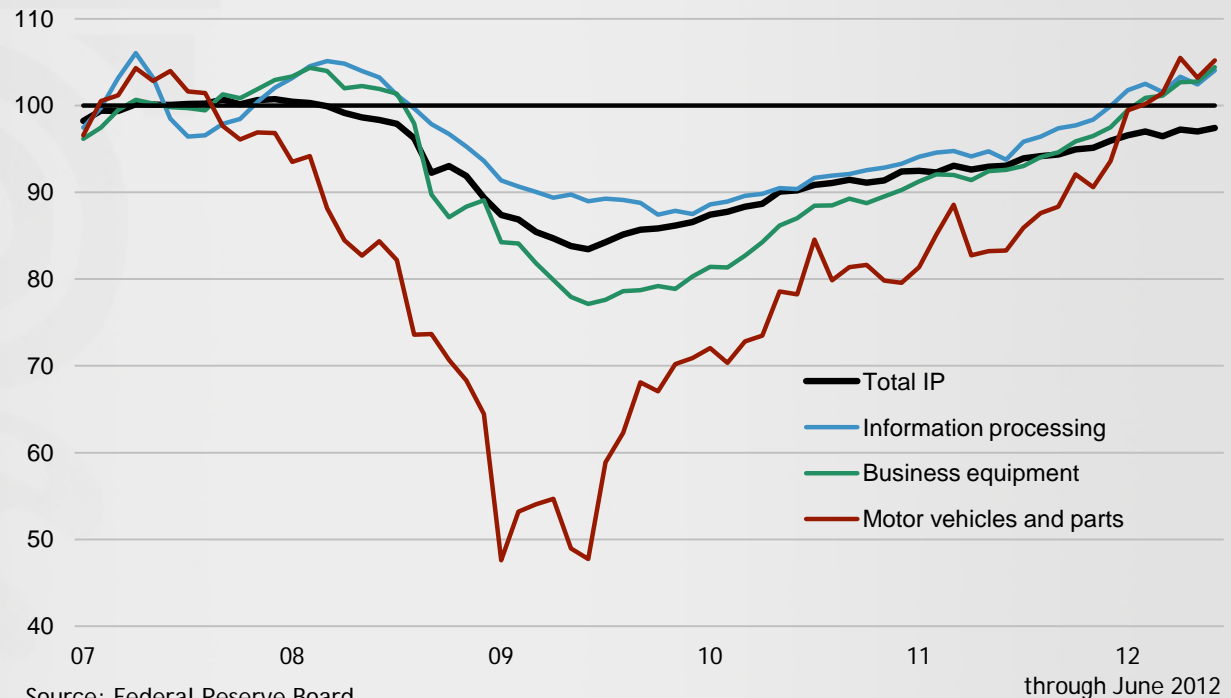
# MANUFACTURING

## SUMMARY

Industrial production increased 0.4 percent in June after having declined 0.2 percent in May. Manufacturing output advanced 0.7 percent in June to reverse the decrease of the same magnitude in May.

In the second quarter, manufacturing output advanced at an annualized rate of 1.4 percent; a marked decline from its 9.8 percent annualized gain in the first quarter. The largest and most notable contribution to second-quarter output came from motor vehicles and parts, which jumped 18.2 percent.

Industrial Production and Indices for Selected Components  
Index: 2007 = 100, SA



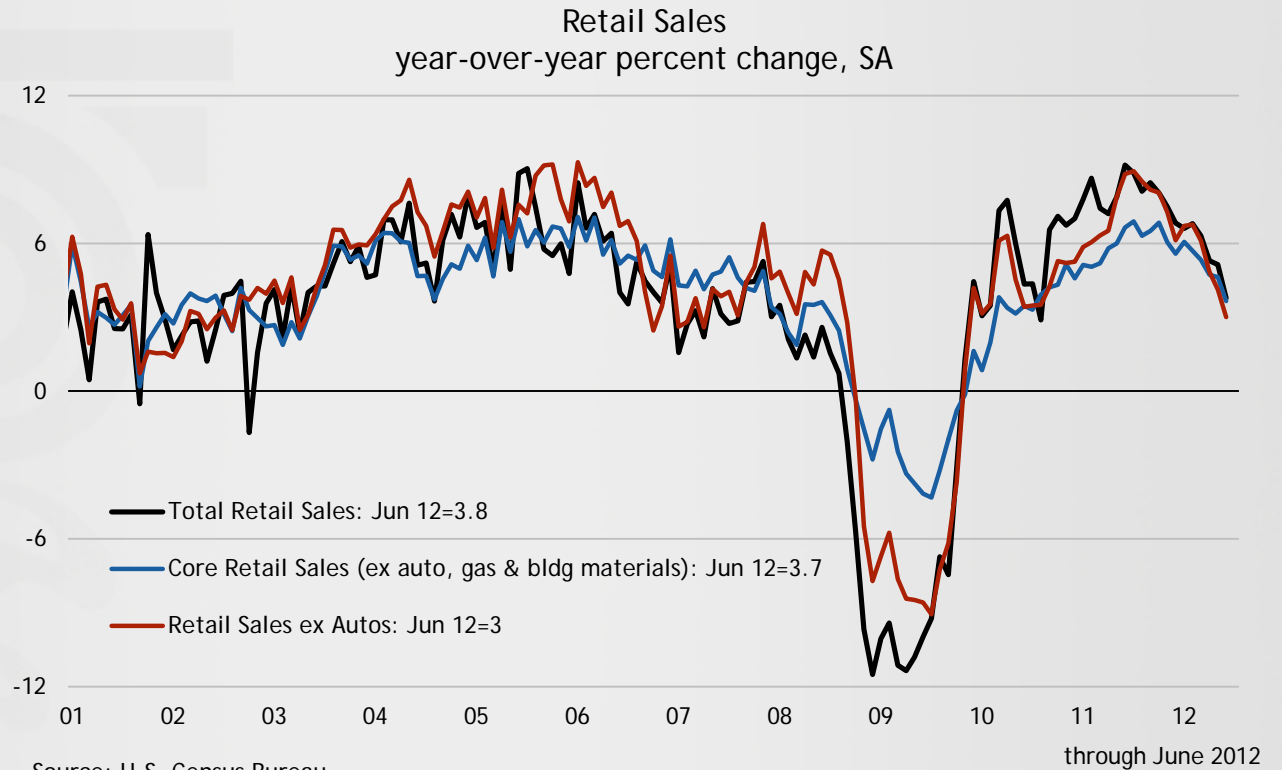
## ADDITIONAL DETAIL

- The production of durable goods rose by 0.8 percent in June. The output of motor vehicles and parts advanced roughly 2 percent from May to June, while the production of information processing and business equipment both grew by roughly 1.6 percent.
- The output of mines advanced 0.7 percent in June, while the output of utilities declined 1.9 percent over the month.
- Capacity utilization for total industry moved up 0.2 percentage point in June to reach 78.9 percent, while the factory utilization rate (for manufacturing firms) advanced 0.4 percentage point to reach 77.7 percent, roughly 1.1 percentage points below the series' long-run (1979-2011) average of 78.8 percent.

# CONSUMERS

## SUMMARY

The rate of growth in retail sales continued to slow in June. Unadjusted for inflation, core retail sales were 3.7 percent higher than June 2012.



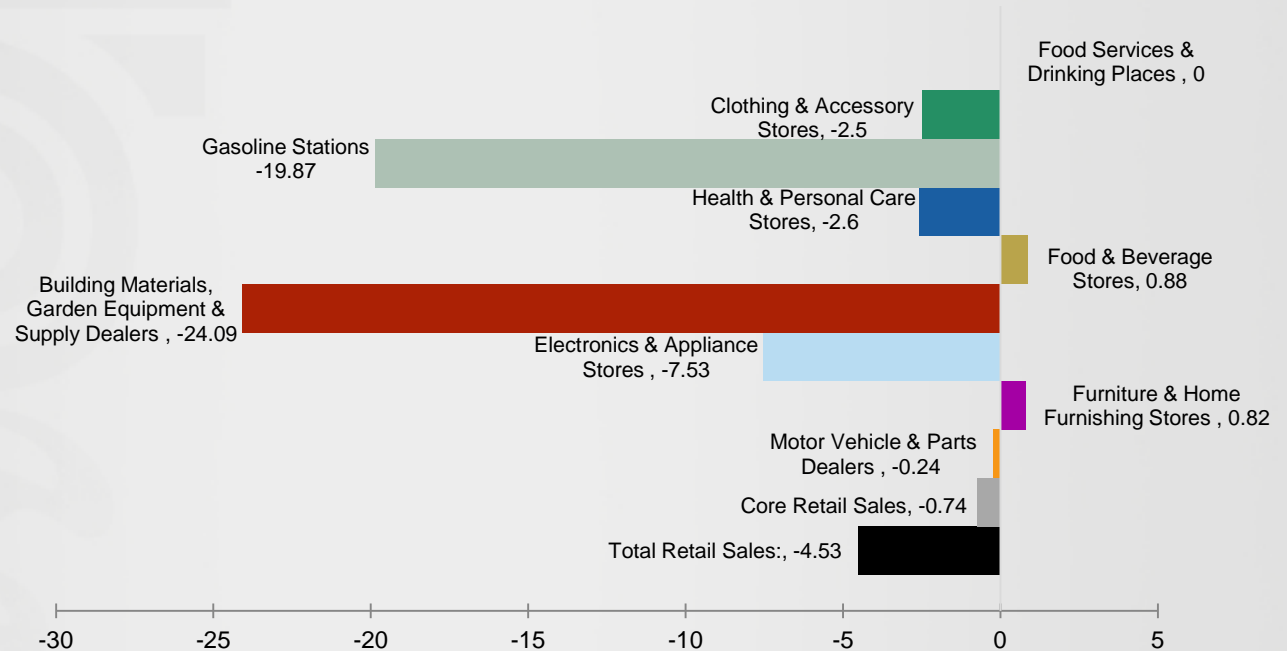
# CONSUMERS

## SUMMARY

Advance estimates indicate that adjusted\* retail sales declined for the third month in a row. From April to June, retail sales declined at an annual rate of 4.5 percent.

Core retail sales, which excludes gasoline stations, motor vehicle parts & dealers and building materials declined slightly over this same time period, decreasing at an annual rate of 0.7 percent.

U.S. Retail Sales Components  
April to June 2012 annualized percent change, SA



Source: U.S. Census Bureau

## ADDITIONAL DETAIL

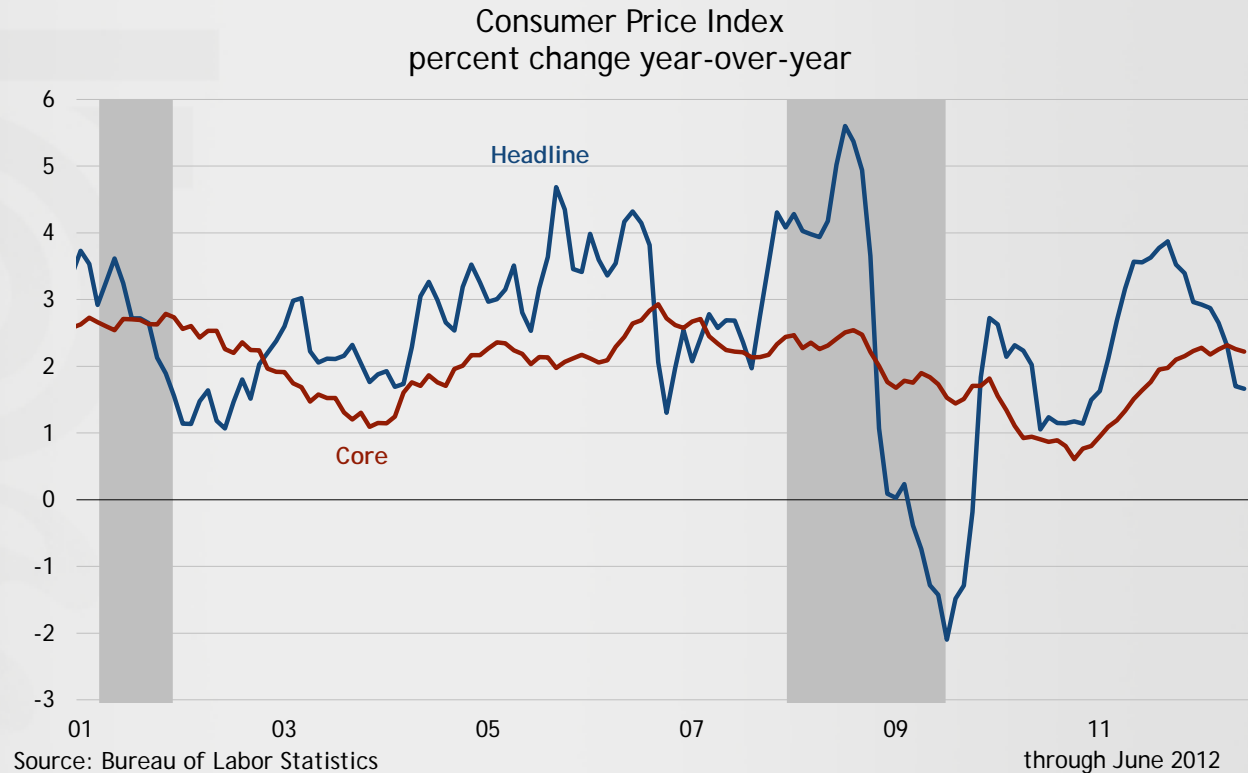
- While adjusted retail sales of building materials, garden equipment, and supply dealers have declined at an annual rate of 24.1 percent over the past three months, there is a large seasonal component to this series. (Adjustments allow for seasonal variation and trading day differences.) Unadjusted, the component rose an annual rate of 36 percent over this same three-month period.
- At least part of the decline in spending at gasoline stations over the past three months has been the result of recent decreases in gasoline prices.

# CONSUMER PRICES

## SUMMARY

The headline consumer price index (CPI) rose at a 0.5 percent annualized rate in June, as a large decline in the energy index was more than offset by increases in prices for food, medical care services, lodging away from home, and footwear. Excluding food and energy, core consumer inflation was unchanged at 2.5 percent (annualized) in June.

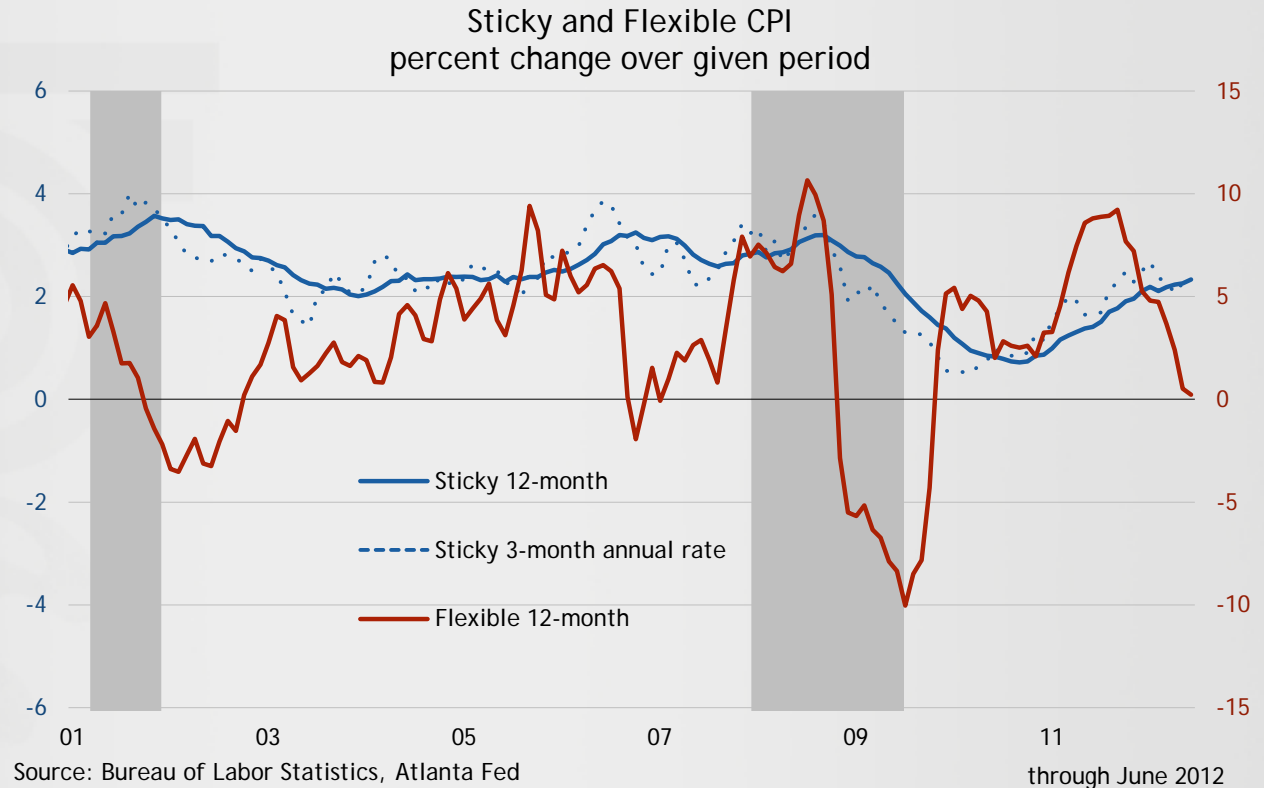
On a 12-month basis, headline CPI was 1.7 percent, while core inflation was 2.2 percent, down a tenth of a percentage point from May.



# CONSUMER PRICES

## SUMMARY

The Atlanta Fed's sticky price CPI measure—the weighted basket of goods consumers purchase that change prices relatively infrequently—rose 2.3 percent (annualized) in June, following 2.1 percent growth in May. The 12-month index rose 2.3 percent, unchanged from the month before.



## ADDITIONAL DETAIL

- The sticky price index increased 2.2 percent (annualized) on a core basis (excluding food and energy) in June, and the 12-month index rose 2.3 percent.
- The flexible cut of the CPI—a weighted basket of goods that change price relatively frequently—declined at a 3.5 percent annual rate in June and was up just 0.2 percent from year-earlier levels.

# HOUSING

## SUMMARY

The U.S. Census Bureau and the Department of Housing and Urban Development jointly reported that total home starts increased 6.9 percent from May to June, reaching their highest level since October of 2008.

Housing starts for single-family homes increased 4.6 percent from May to June.

