

National Week In Review

Week Ending August 18, 2006

Regional and State Unemployment . . . In July, the South continued to post the lowest regional unemployment rate at 4.6%, followed by the West (4.8%), Northeast (4.9%) and the Midwest (5.1%). The national jobless rate rose 0.2 percentage point to 4.8%. Louisiana posted the lowest state seasonally adjusted unemployment rate at 2.9%. In addition, this was the lowest rate reported in its series (all state series begin in 1976). The low jobless rate may reflect the continuing impact of Hurricane Katrina. Following the storm, some residents relocated out of state, some may have found employment with the state's reconstruction, while others may have left the labor force. Mississippi again recorded the highest unemployment rate at 8.0%, followed by Alaska (7.0%), Michigan (7.0%), Kentucky (6.3%), **South Carolina (6.2%)**, and Tennessee (5.9%).

Foreign-Born Population On The Rise . . . The U.S. foreign-born population living in American households grew by 16% from 2000 to 2005, according to the Census Bureau. The state with the largest rise in foreign-born population was **South Carolina**, up 48% over the same time period followed by New Hampshire (+45%), Tennessee (+43%), Delaware (+40%), Georgia (+39%), and Nebraska (+34%).

Jobless Claims Have Largest Decline In A Month . . . The number of Americans filing new claims for unemployment benefits fell by 10,000 to 312,000 in the week ending August 12th. This week's decline was the largest since a decline of 29,000 in the week ending July 15th.

Wholesale Inflation Up For The 5th Consecutive Month . . . The Producer Price Index (PPI), which measures the cost of a basket of goods and services from the perspective of the seller, rose for the 5th consecutive month, up 0.1% in July to 161.8 (1982 = 100). Energy prices surged 1.3%. Residential electric power climbed 1.8%, the biggest gain in six months. Residential gas prices jumped 0.9% after falling for five consecutive months. Gasoline prices rose 0.7% to a level 33.7% higher than a year ago. Food prices tumbled 0.3%, led by falling prices for eggs (-26.1%), and finfish and shellfish (-9.1%). Pharmaceutical prices fell for the first time in 10 months, down 0.2%. Computer prices fell 1.8% to a level 22.7% lower than a year ago. Automobile prices fell 0.8%. The movements of the PPI tend to forecast movements in the CPI.

Consumer Inflation Up For The 7th Consecutive Month . . . The Consumer Price Index (CPI), which measures the average change in prices of goods and services from the purchaser's perspective, rose for the 7th consecutive month, up 0.4% in July to 203.2 (1982 - 1984 = 100). Transportation prices advanced 1.6%, led by a 5.3% jump in gasoline prices. Food and beverage prices increased 0.2%, led by higher prices for fruits and vegetables (+0.9%), and cereals and bakery products (+0.9%). Medical care costs rose 0.2% to a level 4.0% higher than a year ago. Apparel prices slid 1.2%, led by a 2.1% decline in women's and girls' apparel. The CPI is the government's broadest gauge of costs for goods and services. Almost 60% of the CPI covers prices consumers pay for services, ranging from medical visits to airline fares and movie tickets.

Housing Construction At Slowest Pace In Nearly 2 Years . . . Construction of new homes fell for the fifth time in six months, down 2.5% in July to a seasonally-adjusted annual rate of 1.795 million units, the Commerce Department reported. This represents the slowest pace of construction since November 2004. Construction of single-family homes fell 2.3%, the slowest pace since May 2003. In the Northeast, starts plummeted 7.0%. In the South, the nation's

largest housing market, starts slid 2.5%. Building permits -- a leading indicator of housing construction -- tumbled 6.5%. This is the sixth consecutive monthly decline and the largest drop since September 1999. This report reflects economists forecast of slower growth in the second half of 2006.

Industrial Production Up . . . Production at the nation's factories, mines and utilities rose 0.4% in July. Factory production, which makes up more than four-fifths of overall industrial output, increased 0.1%. Production of autos and parts fell 6.2%, as factories reduced operations to restore profitability. Production of business equipment grew by 1.1%. Electric and gas utility output surged 2.0%, as hot weather led to increased air-conditioned use.

Sources:

- Bloomberg.com
- Bureau of Labor Statistics
- U.S. Department of Labor
- *USA Today*

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