

# *National Week In Review*

## *Week Ending October 20, 2006*

**Social Security Checks To Rise 3.3% In 2007 . . .** Social Security checks for nearly 49 million retirees are rising by 3.3% in 2007 compared to a 4.1% increase in 2006. Next year's increase represents an average increase of \$33 per month.

**Regional and State Unemployment . . .** In September, the South continued to post the lowest regional unemployment rate at 4.4%, followed by the Northeast (4.6%), West (4.6%) and the Midwest (4.9%). Hawaii posted the lowest state seasonally adjusted unemployment rate at 2.5%. Utah posted the lowest jobless rate in its series at 2.8%. Mississippi recorded the highest unemployment rate at 7.2%, followed by Michigan (7.1%), Alaska (6.6%), and **South Carolina (6.4%)**.

**Wholesale Inflation Plunges 1.3% . . .** The Producer Price Index (PPI), which measures the cost of a basket of goods and services from the perspective of the seller, plunged 1.3% in September to 159.8 (1982 = 100). This represents the biggest drop in more than three years. Over half of this month's decline was attributed to gasoline prices, which fell a record 22.2%. Since peaking above \$3.00 per gallon in early August, gasoline prices have fallen by more than 70 cents. Home heating oil prices tumbled 18.5%. Overall, energy costs plummeted 8.4%, the largest decline since July 1986. Food prices climbed 0.7%, as pork prices soared 8.1%, the biggest gain since September 1999. Turkey prices fell 7.1%, the biggest drop in 15 years. Automobile prices jumped 2.8%, the largest gain in 16 years. Prices for light truck -- including sport utility vehicles and vans -- climbed 3.5%, the biggest gain in 21 years. The movements of the PPI tend to forecast movements in the CPI.

**Consumer Inflation Drops 0.5% . . .** The Consumer Price Index (CPI), which measures the average change in prices of goods and services from the purchaser's perspective, fell for the first time in 9 months, down 0.5% in September to 202.9 (1982 - 1984 = 100). Gasoline prices dropped 13.5%. Apparel prices rose 0.6%, as higher prices for men's and boys' apparel (+1.0%) and women's and girls' apparel (+1.0%) overwhelmed lower prices for infants' and toddlers' apparel (-1.9%). Food and beverage prices increased 0.4%, led by higher prices for fruits and vegetables (+3.0%). 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 On The Rise . . .** Construction of new homes rose 5.9% in September to a seasonally adjusted annual rate of 1.772 million units, the Commerce Department reported. 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 soared 14.0%. Building permits -- a leading indicator of housing construction -- tumbled 6.3%, the lowest level since October 2001. This report reflects economists forecast of slower growth in the second half of 2006.

**Industrial Production Down . . .** Production at the nation's factories, mines and utilities fell 0.6% in September, as cooler weather decreased the use of electricity. This month's decline was the largest since September 2005, which was the result of widespread shutdowns following Hurricane Katrina.

**Sources:**

- ❑ Bureau of Labor Statistics
- ❑ *The State*
- ❑ US Department of Labor
- ❑ *Washington Post*

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