

MARCH 2, 2012

The *Weekly Economic & Business Update* is a summary report of key economic and business data releases and reports that are issued each week. Prepared and issued by the SABÉR Research Institute, this report aims to provide current information on current economic and business indicators and market events that affect the local and regional economies.

The SABÉR Research Institute is an economic development think tank dedicated to researching regional economies and their development. A strategic alliance between *St. Mary's University* and the *San Antonio Hispanic Chamber of Commerce*, the Institute is committed to providing expert counsel and research to organizations such as businesses and government.

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WEEKLY UPDATES

PERSONAL INCOME

According to the *Bureau of Economic Analysis*, personal income increased \$37.4 billion, or 0.3%, and disposable personal income (DPI) increased \$14.1 billion, or 0.1%, in January. Personal consumption expenditures (PCE) increased by \$23.2 billion, or 0.2%. Read more >>

<http://www.bea.gov/newsreleases/national/pi/pinewsrelease.htm>

ECONOMIC RECOVERY

For the U.S. recovery to last, savings are just as important as spending. Even with faster income growth and increased confidence in the labor markets, U.S. consumers are not increasing their spending. The latest numbers show after accounting for prices, consumer spending has been flat for three consecutive months. Read more >>

<http://blogs.wsj.com/economics/2012/03/01/for-lasting-recovery-savings-as-important-as-spending/?mod=marketbeat>

U.S. MANUFACTURING

U.S. manufacturers added workers in February, but at a slower pace than in previous months. The *Institute for Supply Management's* employment index fell 1.1 points from the previous month to 53.2. Readings above 50 indicate expansion. Read more >>

<http://blogs.wsj.com/economics/2012/03/02/vital-signs-u-s-manufacturers-hiring/?mod=marketbeat>



CONSUMER CONFIDENCE

A strengthening jobs market helped lift consumer confidence to a one-year high this month. Economic confidence, which rose more than expected to 70.8, could mean consumers will spend more readily in coming months, analysts said. Read more >>
http://www.nytimes.com/2012/02/29/business/economy/steep-drop-in-orders-for-durable-goods.html?_r=2&ref=economy

Consumer Confidence

Index measuring attitudes toward the economy, 1985=100.



Source: The Conference Board

GROSS DOMESTIC PRODUCT

The *Bureau of Economic Analysis* announced that real gross domestic product increased at an annual rate of 3.0% in the fourth quarter of 2011. In the third quarter, real GDP increased 1.8%. Read more >>
<http://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

GAS PRICES

Gas prices have risen in recent weeks as tensions with Iran have sparked fears of a supply disruption, driving up the cost of crude oil. Prices of crude oil hit a nearly 10-month high on Friday, rising \$1.94 a barrel to close at

\$109.77 on the New York Mercantile Exchange. Nationally, the average price of a gallon of regular gasoline hit \$3.65 on Friday. Read more >>
http://online.wsj.com/article/SB10001424052970204778604577243594229235190.html?mod=WSJ_economy_MIDDLESecondHighlight

HOME PRICES

According to *Standard & Poor's Case-Shiller* home-price indexes, U.S. home prices ended 2011 at the lowest levels since the housing crisis began. During the fourth quarter, home prices reached new lows, falling 3.8% from the pre and 4% year-to-year. Prices are down 33.8% from their peak in the second quarter of 2006. Read more >>
http://online.wsj.com/article/SB10001424052970204520204577251090065551210.html?mod=WSJ_hp_LEFTWhatsNewsCollection

NEW-HOME SALES

The *Department of Commerce* announced that new-home sales dropped by 0.9% to a seasonally adjusted annual rate of 321,000 from December. Economists surveyed by *Dow Jones Newswires* forecast sales last month would climb 2.6% to an annual rate of 315,000. Read more >>
http://online.wsj.com/article/SB10001424052970203918304577243130104018266.html?mod=WSJ_economy_LeftTopHighlights

YOUNG ADULTS AND TODAY'S ECONOMY

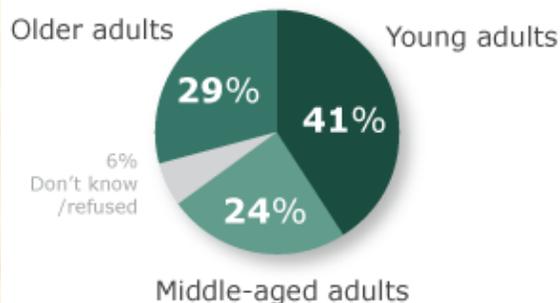
A new *Pew Research Center* survey finds that a majority of the American public believe that young adults are having the toughest time of any age group in today's economy. It also finds that young adults say that the sluggish economy has had an impact on a wide array of coming-of-age decisions about career, marriage, parenthood and schooling. Read

more >>

<http://pewresearch.org/pubs/2191/young-adults-workers-labor-market-pay-careers-advancement-recession>

Young Adults Hardest Hit

All things considered, which age group is having a tougher time in today's economy...?



PEW RESEARCH CENTER

TEXAS SERVICE SECTOR

According to the *Texas Service Sector Outlook Survey*, Texas service sector activity increased in February. The revenue index, a key measure of state service sector conditions, rose sharply from 13.7 to 22.8. Read more >> <http://dallasfed.org/research/surveys/tssos/2012/1202/tssos1202.cfm>

TEXAS RETAIL SECTOR

Retail sales increased in February, according to business executives responding to the *Texas Retail Outlook Survey*. The sales index rose from 12.1 to 17.5, marking nine consecutive months of sales increases. Read more >> <http://dallasfed.org/research/surveys/tssos/2012/1202/tssos1202.cfm>

TEXAS MANUFACTURING SECTOR

Texas factory activity continued to increase in February, according to business executives responding to the *Texas Manufacturing Outlook Survey*. The production index, a key

measure of state manufacturing conditions, increased from 5.8 to 11.2, suggesting a pickup in the pace of growth. Read more >> <http://dallasfed.org/data/outlook/2012/1202/tmos1202.cfm>

E.U. FISCAL PACT

All but two European Union (E.U.) countries signed a treaty on tighter budget discipline for the euro zone economy on Friday. Only Great Britain and the Czech Republic did not sign the fiscal pact, under which countries in the euro zone are "bound to write a *golden rule* on balanced budgets into their national constitutions or equivalent laws, with automatic correction mechanisms if the rule is breached." Read more >> <http://www.nytimes.com/reuters/2012/03/02/business/02reuters-eu-fiscal.html?ref=economy>

OIL MARKET

The *Energy Information Administration* (EIA) estimates that the world oil market has become increasingly tight over the first two months of 2012. Oil prices have risen significantly since the beginning of the year and are currently at a high level. Global liquid fuels consumption is at historically high levels. Read more >> <http://www.eia.gov/todayinenergy/detail.cfm?id=5210>