Data released since your last Directors’ meeting show the economy is improving, but the labor market needs to see continued growth in order to sustain the recovery.

In November, nonfarm payrolls added only about half the number of jobs anticipated by the market. Despite November’s disappointing job growth, the unemployment rate fell one-tenth of a percentage point. Initial claims continued to fall in November.

Consumer attitudes were somewhat mixed in November. The University of Michigan’s consumer sentiment index rose in November, but has been basically flat over the past several months. The Conference Board’s consumer confidence index continued to fall.

Consumer and Producer prices rose in October, but core inflation remained moderate. Oil prices continued to fall in November and in the first week of December.

In the third quarter real GDP was revised upward, led by an increase in personal consumption expenditures and a slowdown in imports.
Initial claims continued to fall in November.

Consumer attitudes were somewhat mixed in November. Consumer sentiment has been basically flat over the past several months, while confidence continued to fall.
Real disposable income rose in October, while real consumption eased somewhat. October's slowdown in spending was led by a reduction in vehicle sales.

Domestic auto and light truck sales continued to fall in November.

Source: Bureau of Economic Analysis.
The housing market remains strong, despite recent increases in interest rates. New and existing home sales were little changed in October.

Housing starts rose in October, while building permits eased slightly.
According to the ISM index, the manufacturing sector continued to expand in November for its 18th straight month.

Industrial production and capacity utilization also posted gains in October.
New orders for capital goods, nondefense excluding aircraft, fell in October, but from very high levels.

![Durable Goods Orders Chart](chart)

Consumer and Producer prices rose in October, led by an increase in oil prices. But core rates of inflation remain moderate.

![Consumer Price Index Chart](chart)

![Producer Price Index Chart](chart)

Source: U.S. Census Bureau.

Oil prices continued to fall in November and in the first week of December.

Third quarter real GDP was revised upward, led by an increase in personal consumption expenditures and a slowdown in imports.

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<td>Personal Consumption</td>
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<td>Final Sales</td>
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Source: Bureau of Economic Analysis.
Productivity was slower in the third quarter, compared to the second. Compensation and unit labor costs also eased.

Overall, the economy is improving, but the labor market needs to see continued growth in order to sustain the recovery.