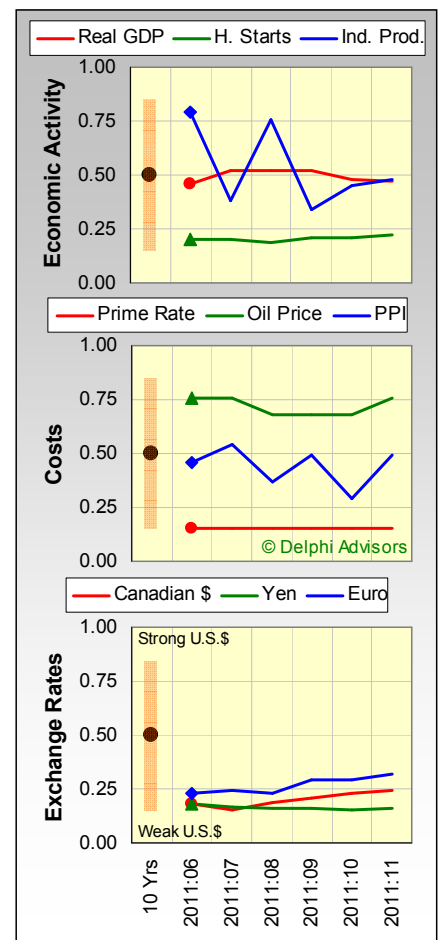


## Economy of Christmas Past, Present or Yet to Come?

In Charles Dickens' *A Christmas Carol*, Ebenezer Scrooge is visited in turn by the Ghosts of Christmas Past, Present and Yet to Come. The first spirit takes Scrooge to scenes of his boyhood and youth. The second takes him to the markets, where people are buying gifts and the makings of Christmas dinner. The last takes him to scenes of desolation, misery and death. From watching news coverage of Black Friday, one could have been forgiven for concluding the Ghost of Christmas Present had enticed consumers to spend as they did before the recession. "Sales rose...to a record \$11.4 billion on Black Friday," Ed Marcheselli, chief marketing officer at ShopperTrak, told CNBC. Such stories raised expectations for a blow-out November retail sales report. The Census Bureau played the Ghost of Christmas Yet to Come, however, in reporting that retail sales in November (including Thanksgiving) came in at 0.2 percent, on expectations of 0.6 percent, and down from a revised 0.6 percent in October. Retail sales less autos were 0.2 percent, half of the expected 0.4 percent, while sales without autos and gasoline also "missed big" at just 0.2 percent. Other recent developments include:

- The Bureau of Labor Statistics' employment report for November was "bittersweet." The sweetness consisted of headlines highlighting the creation of 120,000 jobs in November, upward revisions in the data for September and October, and a drop in the unemployment rate to 8.6 percent. The report's underlying details provided the bitterness, however. For example, the improvement in the unemployment rate resulted more from the people who gave up looking for work (and thus were no longer considered unemployed) than those who found jobs.
- Manufacturing presented a "Christmas stocking" of goodies and coal as well: New orders for manufactured goods fell 0.4 percent in October, but much of that decline originated in the transportation sector; excluding transportation, new orders rose 0.2 percent. The Institute for Supply Management said its manufacturing gauge picked up speed in November increasing to 52.7 from October's 50.8. Moreover, U.S. factories and the service sector received more orders in November – including export orders – even though many economies around the globe are experiencing contraction. That, coupled with seemingly intractable sovereign debt problems across the Eurozone, could dampen the holiday mood while looking forward to the coming year..
- Overall construction spending in the United States increased by 0.8 percent during October, to a seasonally adjusted and annualized rate (SAAR) of \$798.5 billion. All categories except public construction posted increases; the private residential category exhibited the largest advance in both absolute and percentage terms. Despite the rise in residential construction spending, total housing starts fell by 0.3 percent, to 628,000 units SAAR. That retreat originated in multi-family units, as single-family starts rose by 3.9 percent, to 430,000 units. Permits for new homes and the National Association of Realtors' Pending Home Sales Index both increased.

This report is a compilation of articles posted on our website (<http://delphiadvisorsmacropulse.blogspot.com/>); those articles relate recent economic developments to the U.S. forest products sector in much greater detail. They also provide context for our complete, 24-month forecast, which is contained in the *Economic Outlook* newsletter available through Forest2Market (<http://www.forest2market.com/f2m/us/products/outlook>). ■



Previous six month's behavior of macroeconomic variables indexed relative to their historical 10-year min, max and average (lower and upper ends of the orange bars, and black dots, respectively)