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Infrastructure Advocacy
& Education Organization

PSA - IAEO August 2015 Infrastructure Update

Transportation Bill Funding Extended Again

Once again Congress has "kicked the can down the road" by extending the highway bill on a short term basis for the 35th time, through October 29, 2015, rather than reaching a solution to the nation's long term transportation funding needs. Here's a summary of what the current extension provides:

- The bill extends the authorizations of the federal surface transportation programs as well as the hazardous materials transportation through October 29, 2015.

- The bill funds the surface transportation programs at the level authorized for fiscal year 2014, providing a proportional amount of authorized contract and budget authority to allow the states to continue to fund programs and projects.

- The bill extends the general expenditure authority for the Highway Trust Fund (HTF), transfers $6.068 billion from the General Fund to the HTF's Highway Account, and transfers $2 billion from the General Fund to the HTF's Mass Transit Account.

The State of Our Water Infrastructure Again Cited as Top Industry Concern

For the past eleven years, the American Water Works Association (AWWA) has conducted its annual State of the Water Industry (SOTWI) survey among AWWA members and industry contacts. The chief concerns for the 2015 survey include:

Infrastructure renewal and replacement – repairing, replacing, and expanding the U.S.'s aging drinking water and wastewater infrastructure and systems.

Financing for capital improvements - There is a gap between the financial needs of water and wastewater systems and the means to pay for these services through rates and fees.

Long-term water supply availability - 11 percent of utility personnel indicated their utility will be challenged to meet anticipated long-term water supply needs, up from 10 percent in 2014.

Public understanding of the value of water systems and services; and public understanding of the value of water resources - 66 percent of respondents felt residential customers have a poor or very poor understanding of water systems and services up (up from 65 percent in 2014), while 59 percent felt the general public has a poor or very poor understanding of water resources (up from 56 percent in 2014).

The top three current regulatory concerns were identified as (1) chemical spills, (2) point source pollution, and (3) combined sewer overflows.

The full report can be downloaded for free from the AWWA's website, *awwa.org*, In the *Tools and Resources* section.

2014 Wind Technologies Market Report

According to the U.S. Department of Energy's 2014 Wind Technologies Market Report, total installed wind power capacity in the United States grew at a rate of eight percent in 2014, bringing the United States total installed capacity to nearly 66 gigawatts (GW), which ranks second in the world and meets 4.9 percent of U.S. end-use electricity demand in an average year. In total, 4,854 MW of new wind energy capacity were installed in the United States in 2014. The 2014 Wind Technologies Market Report also finds that wind energy prices are at an all-time low and are competitive with wholesale power prices and traditional power sources across many areas of the United States.

Additionally, a new trend identified by the 2014 Wind Technologies Market Report shows utility-scale turbines with larger rotors designed for lower wind speeds have been increasingly deployed across the country in 2014. The findings also suggest that the success of the U.S. wind industry has had a ripple effect on the American economy, supporting 73,000 jobs related to development, siting, manufacturing, transportation, and other industries.

You can read the full report at
http://www.energy.gov/sites/prod/files/2015/08/f25/2014-Wind-Technologies-Market-Report-8.7.pdf

The Next Generation Wireless

In a new survey, the Telecommunications Industry Association (TIA), the leading association representing the manufacturers and suppliers of high-tech communications networks, offers a close look at mobile operators' expectations for future 5G networks and services. The results of the survey provide valuable insight on where and how development is expected to occur, and more.

Growing mobile data demands from devices such as the smart phone, autonomous car, and smart home have required fundamental change from wireless networks and are spurring the development of 5G networks. 5G promises to extend the global success of 4G LTE to underpin new use cases, such as the "industrial Internet" and extreme mobile broadband.

TIA's 5G survey is particularly important as the industry works to understand how 5G will be used, and develops performance requirements and business models. The survey looks at the following key questions:

- What do the operators believe is driving 5G?
- When are 5G commercial services expected to launch?
- What frequency bands do operators expect to be using to support 5G?
- Do the operators think the network architecture will be substantially different from that of today?
- Will all 5G systems be interoperable and compatible?

Among the key findings:

- Operators believe mobile broadband capacity (76 percent selecting this option) and the Internet of Things (74 percent) are the two primary drivers for 5G development.
- Operators strongly believe Asia will lead 5G development (71 percent selecting this option), followed by North America (52 percent) and Europe (45 percent).
- One-third of respondents expect their company to launch commercial service before 2021 and the majority do not expect full commercial service until after 2022.

The 5G survey results are included in TIA's new 5G White Paper, which was conducted as part of TIA's effort to provide essential industry intelligence, in conjunction with Heavy Reading, and sponsored by InterDigital.

The 5G White Paper is available for download by clicking here.

States' Proposed & Enacted Budgets: What's In Store for Your State?

As of August 3, 45 states have enacted budgets for fiscal 2016, while an additional 2 states have enacted temporary spending bills for fiscal 2016 (New Hampshire and North Carolina). Additionally, one of the remaining state's fiscal year does not begin until October 1 (Alabama). Illinois and Pennsylvania have yet to finalize their budget or enact a temporary spending bill.

In discussing their fiscal 2016 budget proposals, many governors noted improvements in their state since the end of the economic downturn including business expansions, lower unemployment, and increased consumer spending. The overall improvement in most state economies has led to more stable fiscal conditions. Consequently, the majority of governors' budget recommendations for the upcoming fiscal year include projections of modest revenue growth, moderate increases in state spending, and rainy day fund levels at or near historical averages. However, governors' budget proposals for fiscal 2016 remain mostly cautious with limited spending growth and an emphasis on ensuring that budgets are structurally balanced and sustainable in the future. Additionally, in some instances recommended budgets have been constrained by such factors as the decline in the price of oil, lower than anticipated revenue growth, federal uncertainty, and continued pressures from long term obligations.

Select here for summaries detailing individual governors' budget proposals. Also included are links to proposed budgets, supporting documents, and State of the State speeches.

Source: The National Association of State Budget Officers

After Years of Cuts, Cities and States Are Hiring Again

Public employment, long seen as a secure job with good benefits, took a series of hits during the recession, with state and local governments implementing hiring freezes and layoffs. But job-seekers can take solace: Many states and localities are now hiring, buoyed by an improving economy and better-than-expected revenue.

Nearly three-quarters of states and localities reported making new hires in the past year, according to a recent report, the second year in a row the jurisdictions put new people on the payroll. "I'm cautiously optimistic," said Elizabeth Kellar, CEO of the Center for State & Local Government Excellence, a nonprofit that helps government attract workers and one of three groups that conducted the survey. "It's generally good news that they are able to hire again and are seeing salary gains, [although] they are still lagging behind the private sector."

Much of the hiring is driven by “pent-up demand” from the recession years, along with a burst of retirements by people who feel more confident about leaving their jobs now that the economy is recovering, she said. More than half of respondents reported higher levels of retirement in 2013 than in 2012, and 13 percent said their employees had accelerated their retirements.

Meanwhile, the growth in state revenue has also loosened the grip on public purses, said Brian Sigritz, director of state fiscal studies for the membership organization National Association of State Budget Officers (NASBO).

At least 10 states collected more tax revenue than expected in April, Sigritz found, and 42 states expect their budgets to grow in fiscal 2016. State tax revenue overall was up 5.1 percent in the first quarter of 2015 compared to the same period in 2014, according to the U.S. Census Bureau.

But Sigritz said increased hiring may not lead to permanently larger state and local workforces, which still are not back to pre-recession levels. “It’s likely that we’re going to continue to see an uptick in hiring. But we’re not expecting a surge in hiring,” Sigritz said. “It’s definitely not back to where it was, and I wouldn’t be surprised if it never got back.”

Some states, particularly those with governors advocating trimmer budgets and smaller government payrolls, are continuing to cut their workforces. Louisiana, for example, went from a high of 117,300 state workers in February 2009 to 84,300 this June, according to the U.S. Bureau of Labor Statistics (BLS). “We view the reduction of state government as a smart policy decision. Our goal in Louisiana is to ensure the prosperity of our private sector, not to increase government,” state Division of Administration spokesman Greg Dupuis said in a statement.

But overall, state and local payrolls have expanded slightly in the last two years, going from 5,049,000 in May 2013 to 5,081,000 this May for states, according to the BLS, and from 14,032,000 to 14,094,000 for localities. The increased slots do not include new employees replacing those who have quit or retired. In December 2008, state government employment was at a pre-downturn high of 5,191,000 nationwide, while local government employment that month was at 14,590,000.

Select here to read the full Center’ article.

Economic Conditions in Cities Are Improving, But Benefits of Growth Are Unequal

Even as economic conditions in cities have improved in the years since the Great Recession, a new study from the National League of Cities (NLC) found that many factors — including lack of affordable housing, poverty, and skill and achievement gaps — are impeding the long-term economic sustainability of cities. Cities and Unequal Recovery, an analysis based on a survey of more than 250 city officials from cities of all sizes, uncovers dual realities in cities, where even as conditions improve, persistent challenges prevent the benefits of this growth from reaching many.

"Our nation's cities are on the front lines of economic recovery, and the widespread improvement we've seen is a testament to local policies and initiatives that support businesses and create new jobs in our communities," said National League of Cities President Ralph Becker, mayor, Salt Lake City, Utah. "But unfortunately that growth doesn't extend to everyone in our communities, and wealth and skills gaps are widening. As we look toward the future, cities can help close those gaps with policies that promote greater equity and inclusion for our residents."

The survey found that nearly all cities saw economic improvement in the past year, with 28 percent of city officials reporting vast improvement and 64 percent reporting slight improvement.

Drivers of growth — including new business startups, business expansions, property values and retail sector health — starkly contrast with the reality of many residents on the lower rungs of the economic ladder. Skills gaps, lack of affordable housing and the rising demand for basic needs, like food and shelter, reveal that while economic conditions are improving for some, they are worsening for others.

"Our survey shows that the dynamics between growth and stagnation are acutely apparent in cities, where the reality of these trends result in severe extremes," said Christiana McFarland, director of research at the National League of Cities and an author of the report. "This is troubling both socially and economically, which is why inclusive growth strategies are incredibly important for the economic health of our cities."

Select here to read the full report, “Cities and Unequal Recovery”.

Home Prices Rise in Nearly All Metro Areas in Second Quarter

A promising climb in home sales throughout the country amidst insufficient supply caused home prices to steadily rise in most metro areas during the second quarter, according to the National Association of Realtors

The number of rising markets in the second quarter increased compared to the first quarter, when price gains were recorded in 85 percent of metro areas. Thirty-four metro areas in the second quarter (19 percent) experienced double-digit increases, a decline from the 51 metro areas in the first quarter. Nineteen metro areas (11 percent) experienced double-digit increases in the second quarter of 2014.

Lawrence Yun, NAR chief economist, says the housing market has shifted into a higher gear in recent months. "Steady rent increases, the slow rise in mortgage rates and stronger local job markets fueled demand throughout most of the country this spring," he said. "While this led to a boost in sales paces not seen since before the downturn, overall supply failed to keep up and pushed prices higher in a majority of metro areas."

Adds Yun, "With home prices and rents continuing to rise and wages showing only modest growth, declining affordability remains a hurdle for renters considering homeownership — especially in higher-priced markets."

The national median existing single-family home price in the second quarter was $229,400, up 8.2 percent from the second quarter of 2014 ($212,000). The median price during the first quarter of this year increased 7.1 percent from a year earlier.

Source: National Association of Realtors. Select here for the full report.

Latest Economic Indicators at a Glance

Annual Employment Report

Total nonfarm payroll employment increased by 215,000 in July, and the unemployment rate was unchanged at 5.3 percent, the U.S. Bureau of Labor Statistics reported today. Job gains occurred in retail trade, health care, professional and technical services, and financial activities.

Construction Employment

U.S. construction industry employment was effectively unchanged in June, according to the Bureau of Labor Statistics preliminary estimate released July 2, 2015. May's estimate was revised downward from 17,000 to 15,000 net new jobs. Nonresidential construction lost 1,100 jobs in June, with nonresidential specialty trade contractors losing 5,600 jobs and the nonresidential building segment gaining 4,500 jobs. Residential construction shed 2,400 jobs for the months. The heavy and civil engineering segment added 3,800 net new jobs in June.

"At first glance, this jobs report looks like a clunker," said Associated Builders and Contractors Chief Economist Anirban Basu. "The construction industry appeared to be full steam ahead coming into June. Prior to June, construction employment had registered two consecutive months of meaningful gains and construction spending has been meaningfully edging higher. During the past year, construction has averaged 21,000 net new jobs per month, so June represents a somewhat surprising pause in momentum.

“One possible reason for this performance may be that construction firms simply can’t find additional workers,” said Basu. “The construction unemployment rate fell four-tenths of a percentage point to 6.3 percent in June. Part of this is attributable to the fact that the U.S. labor force participation rate hasn’t been this low since Jimmy Carter occupied the White House. Moreover, there are skills mismatches between the construction labor that is available and the demands of expanding construction firms operating in infrastructure, commercial and other segments. The implication is that construction wage growth could be significant going forward and that today’s weak construction jobs report does not necessarily signal falling demand for human capital.”

Consumer Confidence

Consumer confidence, which had improved in June, declined in July. The Index now stands at 90.9 (1985=100), down from 99.8 in June. The Present Situation Index decreased moderately from 110.3 last month to 107.4 in July, while the Expectations Index declined sharply to 79.9 from 92.8 in June.

Says Lynn Franco, Director of Economic Indicators at The Conference Board: “Consumer confidence declined sharply in July, following a gain in June. Consumers continue to assess current conditions favorably, but their short-term expectations deteriorated this month. A less optimistic outlook for the labor market, and perhaps the uncertainty and volatility in financial markets prompted by the situation in Greece and China, appears to have shaken consumers’ confidence. Overall, the Index remains at levels associated with an expanding economy and a relatively confident consumer.”

Gross Domestic Product (GDP)

Real gross domestic product -- the value of the production of goods and services in the United States, adjusted for price changes -- increased at an annual rate of 2.3 percent in the second quarter of 2015, according to the "advance" estimate released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 0.6 percent.

Consumer Price Index

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in June on a seasonally adjusted basis. Over the last 12 months, the all items index rose 0.1 percent before seasonal adjustment.

The seasonally adjusted all items increase was broad-based, with advances in the indexes for gasoline, shelter, and food all contributing. The energy index rose for the second straight month as the indexes for gasoline, electricity, and natural gas all increased. The food index posted its largest increase since September 2014, partly due to a sharp increase in the eggs index.

The index for all items less food and energy rose 0.2 percent in June. In addition to the rise in the shelter index, the indexes for recreation, airline fares, personal care, tobacco, and new vehicles were among the indexes that increased in June. These advances more than offset declines in the indexes for medical care, household furnishings and operations, used cars and trucks, and apparel.

The all items index showed a 12-month increase for the first time since December, rising 0.1 percent for the 12 months ending June. Despite rising in May and June, the energy index has still declined 15.0 percent over the past year. However, the indexes for food and for all items less food and energy have both risen 1.8 percent over the past 12 months.

Producer Price Index

The Producer Price Index for final demand advanced 0.2 percent in July, seasonally adjusted. Final demand prices rose 0.4 percent in June and 0.5 percent in May. On an unadjusted basis, the final demand index moved down 0.8 percent for the 12 months ended in July, the sixth straight 12-month decline.

Productivity and Costs

Nonfarm business sector labor productivity increased at a 1.3 percent annual rate during the second quarter of 2015, as output increased 2.8 percent and hours worked increased 1.5 percent. (All quarterly percent changes in this release are seasonally adjusted annual rates.) From the second quarter of 2014 to the second quarter of 2015, productivity increased 0.3 percent, reflecting increases in output and hours worked of 2.8 percent and 2.6 percent, respectively.

Labor productivity, or output per hour, is calculated by dividing an index of real output by an index of hours worked of all persons, including employees, proprietors, and unpaid family workers.

Unit labor costs in the nonfarm business sector increased 0.5 percent in the second quarter of 2015, reflecting a 1.8 percent increase in hourly compensation and a 1.3 percent increase in productivity. Unit labor costs increased 2.1 percent over the last four quarters.

Factory Orders

New orders for manufactured durable goods in June increased $7.7 billion or 3.4 percent to $235.3 billion. This increase, up following two consecutive monthly decreases, followed a 2.1 percent May decrease. Excluding transportation, new orders increased 0.8 percent. Excluding defense, new orders increased 3.8 percent.

Transportation equipment, also up following two consecutive monthly decreases, led the increase, $6.4 billion or 8.9 percent to $78.4 billion.

Employment Cost Index

Compensation costs for civilian workers was little changed at 0.2 percent, seasonally adjusted, for the 3-month period ending June 2015. Wages and salaries (which make up about 70 percent of compensation costs) was also little changed at 0.2 percent, and benefits (which make up the remaining 30 percent of compensation) was little changed at 0.1 percent.

Civilian Workers

Compensation costs for civilian workers increased 2.0 percent for the 12-month period ending June 2015, unchanged from the 12-month period ending June 2014. Wages and salaries increased 2.1 percent for the current 12-month period. In June 2014 the change was 1.8 percent. Benefit costs increased 1.8 percent for the 12-month period ending June 2015. In June 2014 the increase was 2.5 percent.

Private Industry Workers

Compensation costs for private industry workers increased 1.9 percent over the year, about unchanged from the previous year when the increase was 2.0 percent. Wages and salaries increased 2.2 percent for the current 12-month period. The increase for the period ending June 2014 was 1.9 percent. The increase in the cost of benefits was 1.4 percent for the 12-month period ending June 2015. This was lower than a year earlier when the increase was 2.4 percent. Employer costs for health benefits increased 2.8 percent over the year. In June 2014 the increase was 2.7 percent.

Among occupational groups, compensation cost increases for private industry workers for the 12-month period ending June 2015 ranged from 1.7 percent for natural resources, construction, and maintenance occupations to 2.5 percent for production, transportation, and material moving occupations.

Among industry super sectors, compensation cost changes for private industry workers for the current 12-month period ranged from -1.6 percent for information to 2.5 percent for manufacturing.

State and Local Government Workers

Compensation costs for state and local government workers increased 2.2 percent for the 12-month period ending June 2015. In June 2014 the increase was 2.0 percent. Wages and salaries increased 1.9 percent for the 12-month period ending June 2015, higher than a year earlier when the increase was 1.3 percent. Benefit costs increased 2.7 percent in June 2015. In June 2014 the increase was 3.2 percent.

Real Earnings

Real average hourly earnings for all employees decreased 0.4 percent from May to June, seasonally adjusted. This result stems from no change in average hourly earnings being combined with a 0.3-percent increase in the Consumer Price Index for All Urban Consumers (CPI-U).

Real average weekly earnings decreased 0.3 percent over the month due to the decrease in real average hourly earnings and no change in the average workweek.

Real average hourly earnings increased 1.7 percent, seasonally adjusted, from June 2014 to June 2015. This increase in real average hourly earnings, combined with no change in the average workweek, resulted in a 1.8-percent increase in real average weekly earnings over this period.

Construction Spending

Construction spending during June 2015 was estimated at a seasonally adjusted annual rate of $1,064.6 billion, 0.1 percent above the revised May estimate of $1,063.5 billion. The June figure is 12.0 percent above the June 2014 estimate of $950.3 billion.

During the first 6 months of this year, construction spending amounted to $482.7 billion, 8.0 percent above the $446.8 billion for the same period in 2014.

Spending on private construction was at a seasonally adjusted annual rate of $766.4 billion, 0.5 percent below the revised May estimate of $770.0 billion. Residential construction was at a seasonally adjusted annual rate of $371.6 billion in June, 0.4 percent above the revised May estimate of $370.0 billion. Nonresidential construction was at a seasonally adjusted annual rate of $394.8 billion in June, 1.3 percent below the revised May estimate of $400.0 billion.

In June, the estimated seasonally adjusted annual rate of public construction spending was $298.2 billion, 1.6 percent above the revised May estimate of $293.5 billion. Educational construction was at a seasonally adjusted annual rate of $67.2 billion, 0.2 percent above the revised May estimate of $67.1 billion. Highway construction was at a seasonally adjusted annual rate of $90.9 billion, 1.2 percent above the revised May estimate of $89.8 billion.

Nonresidential Construction Spending

Nonresidential construction spending was unchanged on a month-over-month basis in June, but is up 11.5 percent on a year-over-year basis, according to a report released Aug. 3 by the U.S. Census Bureau. Nonresidential construction spending totaled $686.9 billion on a seasonally adjusted, annualized basis for the month and increased 9.8 percent during the year's first half.

"Today's release represents the largest year-over-year growth during a calendar year's first six months since the Census Bureau began tracking construction spending in 2002 and serves as further proof of the recovery for nonresidential construction," said Associated Builders and Contractors Chief Economist Anirban Basu. "Despite the lack of growth on a monthly basis in June, along with the overall economy's lukewarm growth, most contractors are markedly busier than they were a year ago. May's nonresidential construction figure was revised upward by 2.6 percent and April's by 1.4 percent; therefore, it is conceivable that June's estimate will eventually be revised higher as well.

"Exactly half of the 16 nonresidential construction sectors experienced growth in June," said Basu. "On a yearly basis, 15 of those 16 sectors have expanded. However, the one sector that failed to grow during the past year, power, happens to be the largest. Had power simply remained unchanged during that time period—it's down 16.5 percent largely because of the fall in oil prices—nonresidential construction spending would currently stand at its highest level ever."

Eight of 16 nonresidential construction sectors experienced spending increases in June on a monthly basis:

- Lodging-related construction spending was up 3.9 percent on a monthly basis and 42.2 percent on a year-over-year basis.
- Spending in the water supply category expanded 12.2 percent from May and is up 12 percent on an annual basis.
- Highway and street-related construction spending expanded 1.3 percent in June and is up 14.8 percent compared to the same time last year.
- Amusement and recreation-related construction spending was up 10.2 percent on a monthly basis and is up 39.2 percent from the same time last year.
- Communication-related construction spending fell 6.8 percent for the month, but is up 13.4 percent compared to June 2014.
- Construction spending in the transportation category grew 2.3 percent on a monthly basis and has expanded 9.6 percent on an annual basis.
- Sewage and waste disposal-related construction spending increased 1.6 percent for the month and has expanded 5.3 percent on a 12-month basis.
- Public safety-related construction spending grew 2.5 percent on a monthly basis, but is down 3.1 percent on a year-over-year basis.

Spending in eight nonresidential construction subsectors fell in June on a monthly basis:

- Education-related construction spending fell 0.2 percent for the month, but is up 2.1 percent on a year-over-year basis.
- Power-related construction spending fell 0.9 percent for the month and has declined 16.5 percent from June 2014, the steepest decline for any nonresidential category.
- Commercial construction spending fell 4.3 percent in June, but is up 7.6 percent on a year-over-year basis.
- Health care-related construction spending fell 0.9 percent for the month, but is up 6.3 percent on a year-over-year basis.
- Manufacturing-related construction spending fell 0.8 percent in June, but is up 62.1 percent compared to June 2014.
- Office-related construction spending fell 1.1 percent in June, but is up 24.4 percent from the same time one year ago.
- Conservation and development-related construction spending fell 5.8 percent for the month, but is up 6.5 percent on a yearly basis.
- Religious spending fell 6.2 percent for the month, but is up 5 percent from the same time last year.

Construction Materials Prices

Prices for inputs to construction industries declined 0.1 percent in July after increasing 0.2 percent in June, according to the Aug. 14 producer price index release by the Bureau of Labor Statistics. Year-over-year prices were down 3 percent in July and have been down on an annual basis for each of the past eight months. Prices of inputs to nonresidential construction industries declined 0.3 percent on a monthly basis and are down 3.9 percent on a yearly basis.

"Key input prices fell or were flat in all but one category in July and it is important to note that further downward pressure on input costs is likely to be reflected in next month's report, as well," said Associated Builders and Contractors Chief Economist Anirban Basu.

“The state of affairs today is unprecedented,” said Basu. “Nonresidential construction spending has been recovering robustly in the U.S. in recent months—up more than 11 percent on a year-over-year basis. On top of that, the multifamily building boom continues in most major U.S. metropolitan areas.

“All things being equal, these circumstances should correspond with rising construction materials prices," said Basu. "But as a reflection of how global the economy has become, America's nonresidential construction recovery is taking place in the context of collapsing commodity prices. The latest round of commodity price decreases has been spawned by softening growth in China and ongoing increases in production of key inputs worldwide, including oil. However, this form of deflation should not be troubling to contractors. If anything, it will tend to boost profit margins for the average contractor, though falling commodity prices do not represent good news for construction firms heavily invested in oil and natural gas segments. These falling prices also imply slower increases in interest rates going forward, which will help extend the ongoing nonresidential construction recovery."

Below are the key input prices for the month and the year.

- Softwood lumber prices expanded 6.2 percent in July, but are 3.7 percent lower than a year ago.
- Prices for plumbing fixtures remained flat on a monthly basis and are up 1.2 percent on a year-over-year basis.
- Concrete product prices fell 0.1 percent in July, but are up 3.8 percent on a yearly basis.
- Crude energy materials prices declined 6.2 percent in July and are down 37.8 percent on a year-over-year basis.
- Fabricated structural metal product prices fell 0.7 percent for the month and have declined 0.4 percent on a year-over-year basis.
- Natural gas prices declined 1.9 percent in July and are 38.4 percent lower than the same time one year ago.
- Iron and steel prices were down 1.1 percent in July and are down 15 percent from the same time last year.
- Prices for prepared asphalt, tar roofing, and siding fell 0.1 percent for the month and are down 0.4 percent on a year-ago basis.
- Steel mill products prices fell 1 percent for the month and are 13.2 percent lower than one year ago.
- Crude petroleum prices fell 12.3 percent in July and are down 48.8 percent from the same time one year ago.
- Nonferrous wire and cable prices fell 1.3 percent on a monthly basis and are down 5.2 percent on a yearly basis.

Retail Sales

U.S. retail and food services sales for July, adjusted for seasonal variation and holiday and trading-day differences, but not for price changes, were $446.5 billion, an increase of 0.6 percent from the previous month, and up 2.4 percent above July 2014. Total sales for the May 2015 through July 2015 period were up 2.3 percent from the same period a year ago. The May 2015 to June 2015 percent change was revised from -0.3 percent to virtually unchanged.

Retail trade sales were up 0.6 percent from June 2015, and up 1.6 percent above last year. Food services and drinking places were up 9.0 percent from July 2014 and motor vehicle and parts dealers were up 6.9 percent from last year.

New Residential Sales

Sales of new single-family houses in June 2015 were at a seasonally adjusted annual rate of 482,000. This is 6.8 percent below the revised May rate of 517,000, but is 18.1 percent above the June 2014 estimate of 408,000.

The median sales price of new houses sold in June 2015 was $281,800; the average sales price was $328,700. The seasonally adjusted estimate of new houses for sale at the end of June was 215,000. This represents a supply of 5.4 months at the current sales rate.

<u>New Residential Construction</u>

Privately-owned housing units authorized by building permits in January were at a seasonally adjusted annual rate of 1,053,000. This is 0.7 percent below the revised December rate of 1,060,000, but is 8.1 percent above the January 2014 estimate of 974,000.

Single-family authorizations in January were at a rate of 654,000; this is 3.1 percent below the revised December figure of 675,000. Authorizations of units in buildings with five units or more were at a rate of 372,000 in January.

Privately-owned housing starts in January were at a seasonally adjusted annual rate of 1,065,000. This is 2.0 percent below the revised December estimate of 1,087,000, but is 18.7 percent above the January 2014 rate of 897,000.

Single-family housing starts in January were at a rate of 678,000; this is 6.7 percent below the revised December figure of 727,000. The January rate for units in buildings with five units or more was 381,000.

Privately-owned housing completions in January were at a seasonally adjusted annual rate of 930,000. This is 1.3 percent above the revised December estimate of 918,000 and is 9.4 percent above the January 2014 rate of 850,000.

Single-family housing completions in January were at a rate of 649,000; this is 2.3 percent below the revised December rate of 664,000. The January rate for units in buildings with five units or more was 274,000.

<u>U.S. Trade Balance</u>

The goods and services deficit was $43.8 billion in June, up $2.9 billion from $40.9 billion in May, revised. June exports were $188.6 billion, $0.1 billion less than May exports. June imports were $232.4 billion, $2.8 billion more than May imports.

The June increase in the goods and services deficit reflected an increase in the goods deficit of $2.9 billion to $63.5 billion and a decrease in the services surplus of less than $0.1 billion to $19.7 billion.

Year-to-date, the goods and services deficit increased $1.6 billion, or 0.6 percent, from the same period in 2014. Exports decreased $33.4 billion or 2.9 percent. Imports decreased $31.8 billion or 2.2 percent.