

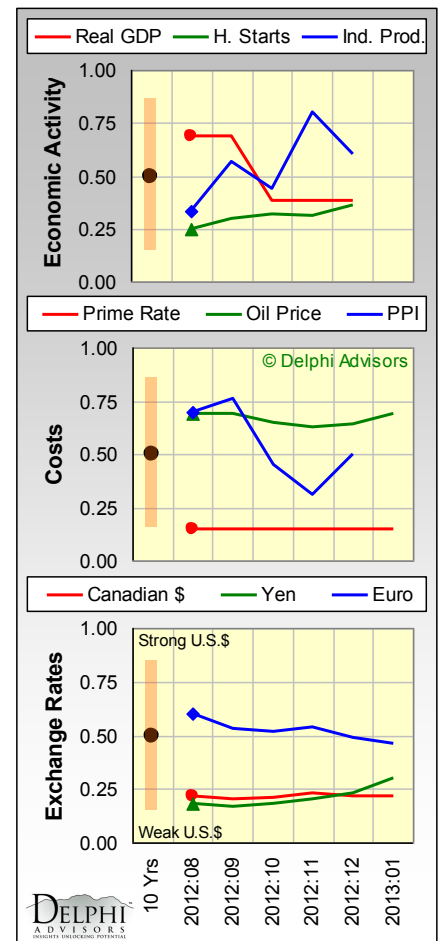
Groundhog Day?

In the movie *Groundhog Day*, Phil Connors (Bill Murray) is a weatherman required to cover a story about Punxsutawney Phil (the weather forecasting “rat” in Connors’ parlance). This is his fourth year on the story, and he is quite vocal in his frustration. The movie takes a twist, however, when upon awakening during subsequent mornings Connors discovers it is Groundhog Day over and over again. At first he finds it entertaining but soon realizes he is doomed to spend the rest of eternity in the same place, seeing the same people do the same thing *every* day unless he changes his ways.

In many respects it seems to us the U.S. economy is experiencing its own version of *Groundhog Day*. For example:

- Employment** – Despite the Bureau of Labor Statistics’ (BLS) annual benchmarking process, which showed 335,000 more jobs than initially estimated for all of 2012, January 2013 non-farm payrolls expanded by [only](#) 157,000 jobs. Moreover, the unemployment rate was 7.9 percent, unchanged from the upwardly revised December estimate. Although the uptick in the unemployment rate is not surprising if the job market is gradually improving (the rate may rise if people returning to the labor pool outnumber workers finding jobs), it and a variety of other indicators suggest employment is going nowhere fast.
- Oil prices** – The price of West Texas Intermediate (WTI) crude oil has been range-bound between roughly \$80 and \$110 per barrel since January 2011. Depending upon how one draws the line, one might argue WTI is in a [gradual downward price trend](#); to the extent that is true, it is a function more of storage issues in Cushing, OK than market fundamentals. Brent crude’s widening premium and strongly positive long-term price trend make us suspect the WTI price could continue higher, too, [over the next several months](#). In any event, refinery curtailments and seasonal blend conversions are driving gasoline prices up earlier than normal this year.
- GDP growth** – The rate of U.S. economic growth [plummeted in 4Q2012](#), the advance estimate just crossing the line into contraction. Many expressed surprise at the drop but [we were not](#). Although a number of analysts are predicting data revisions will turn that retrenchment into a mild expansion, it is likely to remain on par with 1Q2011’s near-stall. Growth estimates for 1Q2013 range all over the board, depending upon one’s view of the impacts of the fiscal, environmental and other policies that went into effect with the new year as well as global economic impacts from Europe, China, and Japan.
- Construction** – One sector of the economy that may be making some progress is residential construction. Total starts came close to hitting the 1 million mark (SAAR) in December. We have to use the caution “may be,” however, because December’s raw (i.e., not seasonally adjusted) data for total starts represented the [second month of retreat](#) to their lowest level since March 2012. As the situation stands now, though, average monthly total starts in 2012 were 28 percent higher than in 2011.

This report is a compilation of articles posted recently on our [website](#); those articles and others relate recent economic developments to the U.S. forest products sector in much greater detail. ■



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)