

Economic Briefs

Week of January 22, 2010

Sales/Consumption

Consumer Confidence In Retreat, With Worsened Expectations As Well

<http://abcnews.go.com/PollingUnit/abc-news-poll-consumer-confidence/story?id=9605519>

Current ratings of consumer confidence are in full retreat this month after moving ahead in December and a separate measure finds expectations for the future worsening. The ABC News Consumer Comfort Index, measuring current economic sentiment, stands at -49 on its scale of +100 to -100, 8 points lower than the start of the month and its lowest since Nov. 1. With its 6-point tumble last week, one of the sharpest one-week drops in 24 years of weekly polls, it's within striking distance of its worst on record, -54 a year ago.

Expectations for the economy's future, measured separately, are waning as well. This month significantly more say the economy is getting worse, 36 percent, than say it's getting better, 24 percent. Last month, by contrast, economic optimists equaled pessimists at 30 percent each.

Manufacturing/Output

Leading Indicators Point To Pick Up In Spring

http://www.marketwatch.com/story/leading-indicators-point-to-pick-up-in-spring-2010-01-21?reflink=MW_news_stmp

Leading U.S. economic indicators increased 1.1 percent in December and have risen for nine straight months, suggesting "that the pace of improvement could pick up this spring," according to a report released by the Conference Board. The rise in the index was stronger than the 0.7 percent increase expected by economists.

Eight of the 10 leading indicators improved in December, a broad-based gain that points to "an economy in early recovery," said Ken Goldstein, an economist for the Conference Board. The coincident index increased 0.1 percent in December, the fifth increase in the past six months. Three of the four coincident indicators improved in December, with only payrolls declining.

Those four coincident indicators -- industrial production, payrolls, business sales, and income -- are the same ones used by an academic committee of economic historians who rule on when recessions end and expansions begin. The committee has not made a judgment yet, but most economists believe that ultimately it will say the recession ended sometime last summer.

In the past six months, the leading indicators have risen 5.2 percent, with eight of 10 indicators rising over that period. The coincident index is up 0.6 percent in the past six months, with three of four indicators rising.

Builder Sentiment Index Dips To Summer Lows In January

http://www.usatoday.com/money/economy/housing/2010-01-19-homebuilder-sentiment_N.htm

The National Association of Home Builders says its housing market index fell this month to the lowest level since summer, reflecting fears that demand for new homes will be weak despite the extension of a federal tax credit for buyers. The reading of 15 is the second-straight monthly decline and the lowest since June. It shows that builders are grim about their prospects even though Congress extended the deadline for a tax credit of up to \$8,000 for first-time homebuyers and expanded it to include \$6,500 for existing homeowners who move.

Housing

Housing Starts Fall, But Permits Soar

http://money.cnn.com/2010/01/20/real_estate/housing_starts_building_permits/index.htm

Home construction fell in December while the number of building permits issued in the month rose.

Construction of new homes fell to an annual rate of 557,000 during the month, down 4 percent from the revised November rate of 580,000. But starts were up 0.2 percent versus the 556,000 rate in December 2008. It was the first year-over-year increase since March 2006, when starts rose 5.6 percent. The decline in new home construction was led by a 6.9 percent drop in single-family activity, which offset gains in the multi-family sector.

Meanwhile, the number of building permits issued during December, considered an indicator of future construction activity, rose 10.9 percent to a seasonally adjusted annual rate of 653,000, from 589,000 in November. It was the

biggest increase since June 2008 and surprised economists who had forecast a 0.7 percent decline in building permits.

Employment

Jobless Claims Surge To 2-Month High

http://money.cnn.com/2010/01/20/news/economy/initial_claims/index.htm

The number of Americans filing first-time claims for unemployment insurance surged to a 2-month high last week. There were 482,000 initial job claims filed in the week ended Jan. 16, up 36,000 from a revised 446,000 the previous week. The 4-week moving average of initial claims was 448,250, up 7,000 from the previous week's revised average of 441,250.

The government said 4,599,000 people filed continuing claims in the week ended Jan. 9, the most recent data available. That's down 18,000 from the preceding week's revised 4,617,000 claims. The 4-week moving average for ongoing claims fell by 109,750 to 4,750,500 from the previous week's revised 4,860,250.

But the drop may just mean that more filers are dropping off those rolls into extended benefits. Continuing claims reflect people filing each week after their initial claim until the end of their standard benefits, which usually last 26 weeks. The figures do not include those people who have moved to state or federal extensions, or people whose benefits have expired.

In November, Congress passed a record-long extension of federally paid benefits to up to 99 weeks. But the law only helps those who have used up their first 26 weeks of benefits by the end of 2009, so depending on the state, not everyone will receive benefits for the entire 99-week span.

Kentucky

Kentucky Jobless Rate Up Slightly To 10.7 Percent

<http://www.courier-journal.com/article/20100121/BUSINESS/1210324/Kentucky+jobless+rate+up+slightly+to+10.7+percent>

Kentucky's unemployment rate inched up to 10.7 percent in December from 10.6 percent the month before. The national unemployment rate was 10 percent in December. Kentucky has lost about 59,300 non-farm jobs since December 2008, according to the Office of Employment and Training.

The state's professional and business services sector added 4,900 positions in the month, while there were 4,700 fewer leisure and hospitality jobs.

The state estimates that 221,052 Kentuckians were unemployed in December, up from 218,506 in November and from 156,790 in December 2008. The unemployment rate in December 2008 was 7.6 percent.

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