

Economic Briefs

Week of June 18, 2010

Sales/Consumption

Consumer Prices Up 2 Percent For The Year

http://money.cnn.com/2010/06/17/news/economy/consumer_price_index/index.htm

A key index of consumer prices fell in May, but it was up 2 percent over the past 12 months. The Consumer Price Index, the Labor Department's key measure of inflation, fell by 0.2 percent in May on a monthly basis. The government report attributed most of the month-to-month decline to the energy index, which fell by 2.9 percent in May. The gasoline index fell by 5.2 percent in May, and was down 27 percent over the year.

The closely watched core CPI, which excludes volatile food and energy prices, ticked up by 0.1 percent in May after being unchanged in April. That matched economists' expectations. It was only the second monthly increase in core CPI so far this year. The rate is down by 0.9 percent over the previous 12 months.

Manufacturing/Output

May Leading Indicators Rise; Slower Growth Seen

<http://www.marketwatch.com/story/may-leading-indicators-rise-slower-growth-seen-2010-06-17-104400>

Slower economic growth is expected for the rest of the year, with the index of leading economic indicators rising 0.4 percent in May, following no growth in April, the Conference Board reported. Economists had expected the index to gain 0.7 percent. While strength among the indicators has remained widespread in recent months, the six-month change in the index has slowed down to 3.9 percent through May, less than 5.2 percent for the prior six months.

Five of the 10 indicators that make up the leading index rose in May, with the largest positive contribution from the interest rate spread. The other positive indicators were the real money supply, average weekly manufacturing hours, the index of consumer expectations, and manufacturers' new orders for consumer goods and materials.

The largest negative contribution came from stock prices. The other negative indicators were building permits, manufacturers' new orders for nondefense capital goods, the index of supplier deliveries and average weekly jobless claims.

U.S. Industrial Production Rises 1.2 Percent

http://www.marketwatch.com/story/us-industrial-production-rises-12-2010-06-16?reflink=MW_news_stmp

The recovery in the U.S. industrial sector accelerated in May, led by strong output of durable-goods manufacturing and utilities, the Federal Reserve reported Wednesday. Output of the nation's factories, mines and utilities rose 1.2 percent in May after a 0.7 percent gain in April. It was the largest increase since August. Output in manufacturing increased 0.9 percent for the second straight month in May. Capacity utilization rates climbed from 73.7 percent to 74.7 percent overall, and from 70.8 percent to 71.5 percent in manufacturing. The report was slightly stronger than the expectations of economists surveyed by MarketWatch, who were forecasting a 1 percent increase in output.

Housing

Homebuilders Less Confident In Housing Market

http://www.usatoday.com/money/economy/housing/2010-06-15-homebuilders-index_N.htm

Homebuilders are losing confidence in the U.S. housing market now that government incentives that spurred home sales have ended. The National Association of Home Builders said its housing market index fell to 17 in June, sinking five points after two straight months of increases. It was the lowest level since March. Builders had been more optimistic earlier in the year when buyers could take advantage of tax credits up to \$8,000. Those incentives expired on April 30, although buyers with signed contracts have until June 30 to complete their purchases.

Thanks to the credits, sales of new homes rose nearly 15 percent in April. That followed a nearly 30 percent surge in March, the biggest monthly increase in 47 years. Experts anticipate home sales will slow in the second half of this year. In addition, high unemployment and tight mortgage lending continue to keep many buyers on the sidelines.

New Home Construction Sinks 10 Percent

http://money.cnn.com/2010/06/16/real_estate/housing_starts/index.htm

The government reported that new home construction fell sharply in May -- the first month after a homebuyer tax credit expired. Housing starts fell 10 percent from April to a seasonally-adjusted annual rate of 593,000 last month. Economists were expecting housing starts to fall to only 655,000. On a year-over-year basis, starts rose 7.8 percent from May 2009.

New construction of single-family homes, the key sector of the housing market, plummeted 17.2 percent over the month to an annual rate of 468,000. The annual rate for new construction of multi-family homes -- buildings with 5 or more units -- was 112,000.

Gas/Oil

Oil Rises On Forecasts Of Supply Draw

<http://money.cnn.com/2010/06/15/markets/oil/index.htm>

Oil prices rose Tuesday on forecasts of falling U.S. crude supply. Crude oil for July delivery rose 85 cents to \$75.97 a barrel early Tuesday. On Monday, crude oil rose \$1.34 to settle above \$75 on the back of stronger stocks and foreign exchange. The national average price for a gallon of regular unleaded gasoline fell to \$2.696 from the previous day's price of \$2.698, according to motorist group AAA. That's the ninth straight day of declines.

Employment

Jobless Claims Higher Than Expected

http://money.cnn.com/2010/06/17/news/economy/jobless_claims/index.htm

Initial claims for unemployment insurance climbed last week. The Labor Department's report showed that jobless claims jumped 12,000 in the week ended June 12, compared to the prior week's revised total of 460,000 claims.

Kentucky

Kentucky Jobs Increase In May With Government Hiring

<http://www.courier-journal.com/article/20100617/BUSINESS/6170347/1003/BUSINESS/Kentucky+jobs+increase+in+May+with+government+hiring>

Temporary government hiring in May helped Kentucky break a two-year string of job losses. The state added 6,500 jobs last month. For the first time since February 2008, there were more jobs in Kentucky than a year earlier. The state's unemployment rate fell to 10.4 percent in May from 10.6 percent the month before. The rate was also down from 10.6 percent in May 2009.

Most of the jobs gained in Kentucky last month -- 3,400 -- were government employment. In apparent references to the Census and Fort Knox realignment, the state said the hiring was a result of "a ramp up at a federal agency in preparation for data collection efforts" and "a base realignment." Because of confidentiality rules, the state does not name specific employers that add or shed jobs each month.

Two Companies May Create 167 Louisville Jobs

<http://www.courier-journal.com/article/20100616/BUSINESS/6160390/Two+companies+may+create+167+Louisville+jobs>

Two companies could create a total of 167 new jobs in Louisville paying an average salary of about \$58,000. Dometic Corp. and National Processing Co. were approved for state and local tax incentives worth up to \$3 million and \$1 million, respectively, if they follow through on their plans. The approvals came in a special video conference meeting of the Kentucky Economic Development Finance Authority.

Dometic, a subsidiary of Sweden-based Dometic Group, makes air conditioners, refrigerators, toilets and other products for boats, RVs, trucks and hotel rooms. The company is considering moving its North and South American headquarters from Elkhart, Ind., to Louisville, which would bring 98 jobs to the area with an average salary of about \$60,000. Dometic would invest more than \$4.1 million to secure a 25,000-square-foot corporate office in Louisville.

National Processing, which already employs 218 at its facility, is considering expanding. The company, which processes payments made with debit, credit, gift and loyalty cards, would add 69 jobs paying about \$56,000 annually. NPC would invest more than \$2.7 million to add 17,858 square feet to its 42,142 square-foot facility, according to KEDFA documents.

Realtors Sell 46 Percent More Homes In Louisville As Tax Credit Winds Down

<http://www.courier-journal.com/article/20100614/BUSINESS/6140356/Realtors+sell+46+percent+more+homes+in+Louisville+as+tax+credit+winds+down>

Members of the Greater Louisville Association of Realtors sold 1,345 houses and condos in May -- a 46 percent increase from a year earlier -- as buyers closed deals in time to claim the federal housing tax credit.

The credit -- worth up to \$8,000 for first-time purchasers and up to \$6,500 for others -- expires June 30, though properties had to be under contract by April 30. May's sales jump comes on the heels of a 40 percent increase in April, and the credit is expected to boost June's sales figures, too, as the last qualifying deals are closed. May marks Louisville Realtors' 11th consecutive month of sales improvement over the previous year.

Louisville Realtors have logged 4,792 transactions so far this year, a 30 percent increase from last year's pace. The median sales price during that time has been \$134,900, up from \$126,900 last year. There were 878 pending house sales in May, down from 1,752 in April and 1,068 a year ago. Those figures do not include condos.

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