

Sales/Consumption

Retail Sales Drop Is First In 8 Months

http://money.cnn.com/2010/06/11/news/economy/retail_sales/index.htm

Retail sales fell for the first time in eight months in May, widely missing analyst expectations. Total retail sales fell 1.2 percent to \$362.5 billion last month, compared with April's upwardly revised 0.6 percent increase. It was first decline since last September, when retail sales fell 2.3 percent. Economists surveyed expected sales would increase by 0.2 percent in May.

Sales excluding autos and auto parts dropped 1.1 percent last month. Economists had projected sales excluding autos to edge up 0.1 percent in May.

Americans' Wealth Rises For 4th Straight Quarter

http://www.usatoday.com/money/perfi/2010-06-10-americans-wealth_N.htm

Americans saw their wealth increase at the start of this year as the economic recovery boosted stock portfolios. The Federal Reserve reported that household net worth rose by 2.1 percent in the first three months of this year to \$54.6 trillion. It marked the fourth consecutive quarter that Americans' wealth grew.

Stock portfolios were the biggest force lifting net worth in the first quarter. However, since then, Wall Street has slumped — the Standard & Poor's 500, which measures the 500 biggest stocks, has lost nearly a tenth of its value. Net worth is the value of assets such as home, checking accounts and investments minus debts like mortgages and credit cards.

Even with the first-quarter gain, Americans' net worth would have to rise an additional 21 percent to get back to its pre-recession peak of \$65.9 trillion.

US Consumer Confidence Up Slightly In Latest Week

<http://www.reuters.com/article/idUSN088540020100608>

ABC News reported on Tuesday that its weekly index of U.S. consumer confidence rose slightly in the latest week, although it remains deep in negative territory and far below the index's long-term average of -13. The ABC Consumer Comfort Index rose to -43 for the week ended June 6, from -44 the previous week. ABC said its CCI has been below -40 for two years. The index hit its all-time low of -54 in the week to Dec. 1, 2008, and then again in the week to Jan. 25, 2009, and has not seen positive territory since March 2007.

Consumer Borrowing Up Slightly In April

http://www.usatoday.com/money/economy/2010-06-07-consumer-credit_N.htm

Consumer borrowing rose \$954.8 million in April, the Federal Reserve said, but the government revised away a gain it had originally reported for March. Instead, it reported that credit fell a sharp \$5.44 billion during that month. The April increase, if it stands, would be only the second gain in the past 15 months. Economists are hoping that households will soon feel confident enough to borrow more and help sustain the recovery.

Consumer credit also rose in January. Beyond the January and April gains, consumer credit has posted a string of declines that started in February 2009. Households have cut back on their spending to repair their battered balance sheets. The April gain represented a 0.5 percent increase.

The strength in April reflected a 7.1 percent rise in non-revolving credit, the category that includes auto loans. Auto spending has been boosted in recent months by incentives offered by automakers.

Revolving debt, which includes credit card borrowing, plunged 12 percent. That was the 19th consecutive decline in this category.

Manufacturing/Output

Wholesale Inventories And Sales Both Up In April

http://www.usatoday.com/money/economy/2010-06-09-wholesale-inventory_N.htm

Inventories held by wholesalers rose for a fourth straight month in April while sales rose for the 13th consecutive time. Both gains were encouraging signs pointing to a sustained U.S. economic recovery. The Commerce Department says wholesale inventories increased 0.4 percent last month after a 0.7 percent gain in March. Sales increased 0.7 percent in April, helped by higher demand for autos, lumber, computers and electrical equipment.

Employment

Job Openings Rise To Highest Level In 16 Months

http://www.usatoday.com/money/economy/2010-06-08-jobopenings_N.htm

Job openings jumped in April to the highest level in 16 months, a sign that private employers may boost hiring in coming months. The number of jobs advertised at the end of April rose to 3.1 million from 2.8 million in March, the Labor Department said. That's the most openings since December 2008. Private employers accounted for the entire net gain. The government's advertising for jobs decreased, despite the hiring of hundreds of thousands of census workers in May.

Job openings have risen by about 740,000 since bottoming out at 2.3 million in July. But they remain far below pre-recession levels of about 4.5 million openings per month. There were 5 unemployed people, on average, for each job opening in April. That's down from 5.4 in the previous month, but well above pre-recession levels of 1.8 jobless workers per opening.

The biggest increases in available jobs were in professional and business services, leisure and hospitality and education and health services. Government job openings fell by 36,000.

Ongoing Jobless Claims Plummet To 17-Month Low

http://money.cnn.com/2010/06/10/news/economy/jobless_claims/index.htm

The number of people filing for ongoing unemployment insurance plummeted by 255,000 to the lowest level since December 2008. According to a Labor Department report, 4,462,000 people filed continuing claims in the week ended May 29, the latest week available. That's down more than a quarter-million from the previous week.

The 4-week moving average for ongoing claims was 4,617,500, a decrease of 49,250 from the previous week. Moving averages aim to smooth out week-by-week volatility. Meanwhile, the number of first-time filers for unemployment insurance fell slightly last week. There were 456,000 initial jobless claims filed in the week ended June 5, down 3,000 from an upwardly revised 459,000 the previous week.

Housing

Foreclosure Rate Steadies In May

http://www.usatoday.com/money/economy/housing/2010-06-10-foreclosures-may_N.htm

The foreclosure crisis leveled off in May as the number of people facing foreclosure was nearly flat from a year ago, according to RealtyTrac. A third fewer people are receiving legal warnings that they could lose their homes. And foreclosures are receding in some of the hardest-hit cities. Still, the number of foreclosures remains extraordinarily high. Experts caution that a big reason for the stabilization is that banks are letting delinquent borrowers stay longer in their homes rather than adding to the glut of foreclosed properties on the market. New consumer protection laws, which vary by state, have also meant borrowers can spend more time in their homes.

A new wave of foreclosures could be coming in the second half of the year, especially if the unemployment rate remains high, mortgage-assistance programs fail, and the economy doesn't improve fast enough to lift home sales.

RealtyTrac reported that nearly 323,000 households, or one in every 400 homes, received a foreclosure-related notice in May. That was up 0.5 percent from a year earlier and down 3 percent from April. The report tracks notices for defaults, scheduled home auctions and home repossessions.

Mortgage Rates Near All-Time Low

http://www.usatoday.com/money/economy/housing/2010-06-10-mortgage-rates_N.htm

Rates on 30-year fixed mortgages fell this week to the lowest level of the year and were barely shy of the all-time low. Mortgage finance company Freddie Mac says the average rate sank to 4.72 percent, down from 4.79 percent last week. It was just above the record of 4.71 set last December.

The average rate on a 15-year fixed-rate mortgage hit 4.17 percent, down from 4.2 percent last week and the lowest on records dating back to August 1991.

A campaign by the Federal Reserve to reduce borrowing costs for consumers pushed rates down to extraordinarily low levels last year. Rates were expected to rise after the program ended this spring but have instead fallen over the past two months.

Federal Reserve Beige Book Reports

Fourth District--Cleveland

<http://www.federalreserve.gov/fomc/beigebook/2010/20100609/4.htm>

The economy in the Fourth District showed further signs of strengthening during the past eight weeks. Manufacturers reported that the rise in production which began late last year continued, although orders remain below pre-recession levels. Contacts in non-residential construction noted some signs of renewed growth, while residential builders cited only a modest uptick in activity. Sales figures from auto dealers showed a moderate improvement, whereas District retailers saw their rate of sales growth slow. Energy production was mixed, and reports indicate a better-than-expected rise in freight transport volume. Demand by businesses and consumers for new loans remains weak, while some bankers commented that the lending environment is starting to grow more competitive.

There was a broad-based pickup in employment in the manufacturing sector, where businesses are recalling workers and increasing production hours. Staffing-firm representatives had mixed reports on the number of new job openings, with opportunities concentrated in the healthcare field. Wage pressures continue to be contained. Apart from rising prices for steel and lumber, raw materials and product pricing was generally stable.

Eighth District--St. Louis

<http://www.federalreserve.gov/fomc/beigebook/2010/20100609/8.htm>

Economic activity in the Eighth District has increased modestly since our previous report. Manufacturing activity increased on balance, while activity in the services sector was mixed. Retail and auto sales in April and early May increased over a year ago. Residential real estate market conditions improved throughout the District, while commercial and industrial market conditions continued to lag behind. Overall lending activity at a sample of large District banks increased modestly in the first quarter of 2010 compared with the fourth quarter of 2009.

Kentucky Notes:

Real Estate and Construction

Home sales increased in many areas of the Eighth District. Compared with the same period in 2009, April 2010 year-to-date home sales were up 25 percent in Louisville. April 2010 year-to-date single-family housing permits increased in nearly all District metro areas compared with the same period in 2009. Permits increased 38 percent in Louisville.

Commercial and industrial real estate market activity continued to be slow throughout the District. Compared with the fourth quarter of 2009, first-quarter 2010 industrial vacancy rates increased in Louisville. During the same period, the suburban office vacancy rate increased in Louisville.

Kentucky

Tax Credit Spurs May Home Sales

<http://www.kentucky.com/2010/06/09/1299178/tax-credit-spurs-may-home-sales.html>

Fueled by the federal home buyer tax credit, residential home sales in 14 Central Kentucky counties rose 36 percent in May compared with a year earlier. Home sales have improved dramatically year over year, beginning late last year, when buyers began to take advantage of the federal tax credit for new homebuyers, which expired at the end of April with sales to be closed at the end of June. The program had been expanded to include a credit for purchases by those who already own homes.

There were closings on 839 residential sales in May, up from 615 in May 2009. The median residential sales price in May was \$146,000, up 5 percent from \$139,000.

Kentucky Economic Indicators

March 2010 as of June 2, 2010

<http://www.osbd.ky.gov/NR/rdonlyres/138E237A-951B-4F46-9A8B-86E5D2376721/0/1003EconInd.pdf>

Kentucky Leading Index Up for Second Consecutive Month. The March 2010 Kentucky Leading Index increased for the second consecutive month, growing 4.7 percent. Three of the five index components increased in March, including the Labor Intensity Index, which carries the most weight in the leading index. Despite two consecutive months of growth in the leading index, several of the components are still struggling. Three of the five components changed signs over February and one (the Louisville Help Wanted Index) remained unchanged. Many of the components are still weak or fluctuating monthly.

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