

Sales/Consumption

Shoppers Picky As They Head Back To Stores

http://money.cnn.com/2010/07/08/news/companies/retail_sales/index.htm

Sales at major retailers rose for a 10th straight month in June, but mixed results signaled that consumers are still cautious. According to sales tracker Thomson Reuters, which looks at monthly sales for 28 leading chains such as Macy's, Target, Costco and J.C. Penney, June same-store sales rose 3.1 percent. That was slightly below the firm's initial estimate for an increase of 3.2 percent.

While consumers may still be hesitant to open up their wallets, June's gain was stronger than May's 2.5 percent increase and a significant jump from the 4.9 percent drop in same-store sales reported in June of last year.

Credit Crunch Alive And Well

http://money.cnn.com/2010/07/08/news/economy/consumer_credit/index.htm

Two years after the credit squeeze began, Americans are still pulling back. A government report showed that consumer credit fell at an annual rate of 4.5 percent in May, making it the fourth consecutive month of declining credit. Total consumer credit fell a seasonally adjusted \$9.1 billion to \$2.4 trillion, the Federal Reserve reported. The decline was led by a 10.5 percent drop in revolving credit, which includes credit card debt. Non-revolving credit -- car, personal and student loans, among other things -- also decreased. It declined by \$1.82 billion, or 1.5 percent.

The Fed on Thursday also revised its April figures. After originally reporting that credit had gone up by \$1 billion, it now says credit decreased by \$14.9 billion.

Credit Card Delinquencies Fall To 8-Year Low

http://money.cnn.com/2010/07/07/news/economy/credit_delinquencies/index.htm

Americans are not as far behind on their bills as a year ago. The number of consumers behind on their credit card payments fell to an eight-year low in the first quarter of 2010, the American Bankers Association said. Overall, delinquencies across a wide-range of consumer debt categories have also fallen.

High unemployment and plummeting home values during the financial meltdown appear to have spurred consumers to shore up their finances and banks to limit their lending, resulting in fewer Americans being late with payments. About 3.88 percent of bank credit card accounts were past due by 30 days or more in the first quarter of the year -- the first time since 2002 that the rate has fallen below 4 percent.

ABC News Consumer Comfort Index Edges Down

<http://www.rtnews.com/Content/USEconomicNews.aspx?Id=1352455&SM=1>

ABC News said that its consumer comfort index averaged -42 in the week ended July 3, down from -41 a week ago. The index is now just 12 points from its all-time low and is well away from its long-term average of -13 in 25 years of weekly polls. ABC News said only 12 percent of survey respondents rated the economy positively, while just 28 percent think it is a good time to spend money. Some 47 percent of respondents rate their personal finances positively.

The sentiment indicator stood at -34 among adults aged under 35, suggesting that younger people were less pessimistic about economic conditions. In contrast, the indicator stood at -47 among people aged between 55 and 64.

Manufacturing/Output

Wholesale Inventories Rise 0.5 Percent In May, But Sales Fall

http://www.usatoday.com/money/economy/2010-07-09-wholesale-inventories_N.htm

Inventories held by U.S. wholesalers rose for a fifth consecutive month in May, but sales fell for the first time in more than a year. Wholesale inventories increased 0.5 percent while sales dropped 0.3 percent. It was the first decline for sales since March of 2009. The May sales decline is the latest sign that the economic recovery could be losing momentum as it enters the second half of this year. Weakness in sales could discourage businesses from boosting their orders. That would translate into a slowdown in factory production.

Economists had hoped that a steady rise in demand would prompt businesses to step up orders and restock depleted shelves. That would lift factories and prompt them to boost hiring to support increased production. Manufacturing has been among the strongest industries coming out of the recession, but there have been signs recently that the recovery could be faltering. Both consumer spending and business hiring have slowed, and the housing market has struggled since government incentives for homebuyers ended in April.

The May increase in wholesale inventories was the largest rise since a 0.7 percent increase in March. But even with the gain, wholesale inventories are 2.1 percent below where they were a year ago. Inventories at the wholesale level had fallen for 13 consecutive months through September of last year. Businesses went through a massive liquidation of their stocks in a struggle to contain costs during the deepest recession in decades.

ISM Says Service Sector Growth Slowed In June

http://www.usatoday.com/money/economy/2010-07-06-ism-services_N.htm

The U.S. service sector grew more slowly in June, offering the latest sign that growth could weaken in the second half of the year. The Institute for Supply Management, a trade group of purchasing executives, said its index tracking service-oriented companies slid to 53.8 last month from 55.4 in May — the highest point since the recovery began. A reading above 50 indicates expansion. June's reading is well above the 37.2 low in November 2008. But it's still below the pre-recession high of 67.7 in 2004.

The index was broadened in January 2008 to consider four areas of information: business activity, employment, supplier deliveries and new orders. Before that, it only looked at business activity.

A robust service sector, which accounts for about 80 percent of U.S. employment, is crucial to keeping the economy expanding and adding jobs. Service-oriented jobs include those in hospitals, shops, restaurants, airlines, schools, banks and consulting firms, among others.

These businesses mainly depend on shoppers' spending for revenue. Consumers have increased purchases only moderately, about 2 to 3 percent in the second quarter. High unemployment, a still-rocky housing sector and volatile stock markets are weighing on people's desire to spend.

ISM also says hiring plans dipped in June after growing in May for the first time in 28 months.

The employment index dropped 49.7 last month from 50.4 in May. The sluggish rebound in hiring plans of service companies mirrors the slow pace of private-sector hiring seen in the government's jobs report. Companies added only 83,000 jobs in June, much fewer than the 200,000 new jobs needed each month to bring down the unemployment rate.

Of the 18 industries surveyed, 15 said they were growing. They were led by real estate and arts and entertainment. The finance and insurance sector and "other services," a collection of smaller industries, said they were shrinking; educational services grew at the same pace in June.

Housing

Mortgage Refinancing Continues As Rates Fall

http://www.usatoday.com/money/economy/housing/2010-07-07-mortgage-applications_N.htm

Applications for home loans rose last week as consumers raced to refinance at the lowest rates in decades. The Mortgage Bankers Associations said that overall applications increased nearly 7 percent from a week earlier. While they have been increasing in recent weeks, they remain below early 2009 levels.

Applications to refinance home loans were up 9 percent to the highest level since May 2009. But mortgages taken out to purchase homes fell 2 percent. Those applications have fallen in eight out of the last nine weeks, after

government tax credits that spurred home sales ended on April 30. Applications were 35 percent below last year's levels.

The average rate for a 30-year fixed loan sank to 4.58 percent last week, according to Freddie Mac. That was the lowest since the mortgage company began keeping records in 1971.

Mortgage Rates Drop To Record Low Of 4.57 Percent

http://www.usatoday.com/money/economy/housing/2010-07-08-mortgage-rates-record-low_N.htm

Mortgage rates fell for the second straight week to the lowest point in five decades. But many people either don't qualify for new mortgages or have already taken advantage of the low rates this year. As a result, the housing market and the broader economy may not benefit much from the lower rates. The average rate on a 30-year fixed mortgage dropped to 4.57 percent this week. That's down from the previous record low of 4.58 percent set last week. It's the lowest since Freddie Mac began tracking rates in 1971. The last time rates were lower was in the 1950s, when most long-term home loans lasted just 20 or 25 years.

Rates on 15-year fixed-rate mortgages increased to an average of 4.07 percent, up from 4.04 percent last week. That was the lowest on records dating to September 1991.

Gas/Oil

Gas Prices Head Down Again After Holiday Weekend As Oil Drops

http://www.usatoday.com/money/industries/energy/2010-07-06-gas-prices_N.htm

Drivers are finding lower gas pump prices now that the July 4th weekend is over and prices are likely to keep sliding. The national average for retail gasoline prices was \$2.724 a gallon, 2.6 cents less than it was on Friday as the holiday weekend began, according to AAA, Wright Express and Oil Price Information Service. The pump price is 11.3 cents more than a year ago but about the same as a month ago.

Employment

Jobless Claims Slide In Latest Week

http://money.cnn.com/2010/07/08/news/economy/jobless_claims/index.htm

The number of Americans filing first-time claims for unemployment insurance fell last week, according to a government report. There were 454,000 initial jobless claims filed in the week ended July 3, down 21,000 from an upwardly revised 475,000 in the previous week. The number of claims was lower than expected. The 4-week moving average of initial claims, which levels out volatility, was 466,000, the highest level since March. The figure was up 1,250 from the previous week's upwardly revised average of 467,250.

The number of people filing continuing claims decreased to 4,413,000 in the week ended June 26, the most recent data available. That was down 224,000 from the preceding week's upwardly revised 4,637,000 claims. The 4-week moving average for ongoing claims fell by 18,750 to 4,554,000 from the previous week's downwardly revised 4,572,750.

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