

KENTUCKY ECONOMIC INDICATORS

November 2009 as of February 3, 2010

KY Composite Index of Leading Indicators increased by 11.6 percent in November.

- The Leading Index increased for the sixth consecutive month.
- The month-over-same-month-last-year growth rate declined for the thirtieth consecutive month with -0.9 percent growth.
- Component indicators leaned positive; 4:1.
 - + KY Labor Intensity Index increased by 8.7 percent.
 - + KY Index of Initial UI Claims increased by 14.9 percent.
 - + US Retail Sales increased by 24.1 percent.
 - US Manufacturer's New Orders Index decreased by 3.0 percent.
 - + The Louisville Help Wanted Index increased by one point to 5.

Component weights for November are 67.8, 14.0, 11.7, 5.3 and 1.2 respectively.

KY Composite Index of Coincident Indicators increased by 2.6 percent in November.

- The Coincident Index growth is positive for the fourth time in 2009.
- The month-over-same-month-last-year growth rate is negative for the twenty-first consecutive month with -3.7 percent growth.
- All component indicators were positive, 3:0.
 - + KY Non-farm Employment increased 0.5 percent.
 - + US Industrial Production Index increased 7.2 percent.
 - + US Personal Income Less Transfers increased 3.1 percent.

Component weights for November are 37.5, 28.7 and 21.3 respectively. Component weights do not sum to one because the two US components were discounted to give the Kentucky component more weight.

*** Leading Index positive for sixth consecutive month**

The Kentucky Leading Index increased by an extraordinary 11.6 percent in November. This is the largest single-month increase in the Kentucky Leading Index in over twenty years. The biggest weight-adjusted mover was the Labor Intensity Index, which rose by 8.7 percent. Other notable increases were in US Retail Sales, which rose by 24.1 percent and the Kentucky Index of Initial Claims, which rose by 14.9 percent.

*** Extraordinarily strong Labor Intensity Index**

The Kentucky Labor Intensity Index has risen in three of the last four months. This is a promising sign for the Kentucky economy because the index makes up 68 percent of the Leading Index and because the underlying five employment sectors make 99,000 of the 209,000 manufacturing jobs in the state. The changes in employment levels in all five sectors were small, ranging from -1.6 percent to +0.2 percent. The improvements all occurred in the average weekly hours components. Average weekly hours in wood (lumber) products increased by 9.8 percent in a single month. Average weekly hours in petroleum, coal, plastics and rubber products and fabricated metals increased by 3.7 percent and 3.3 percent respectively. Employment in transportation equipment, the largest of the five index's employment sectors, declined by 0.6 percent and average weekly hours remained unchanged.

*** KY non-farm employment increases for second consecutive month**

Kentucky non-farm employment rose modestly in November, gaining 0.5 percent. The modest gain in November is the third gain in fourth months. This follows twelve consecutive declines. Assuming that September 2009 was the trough for the series, then Kentucky lost a net 112,400 seasonally adjusted jobs during the 2007 contraction. This is a 6.0 percent decline. The November gains occurred mostly in the goods-producing sectors, while private services employment fell by 0.6 percent.

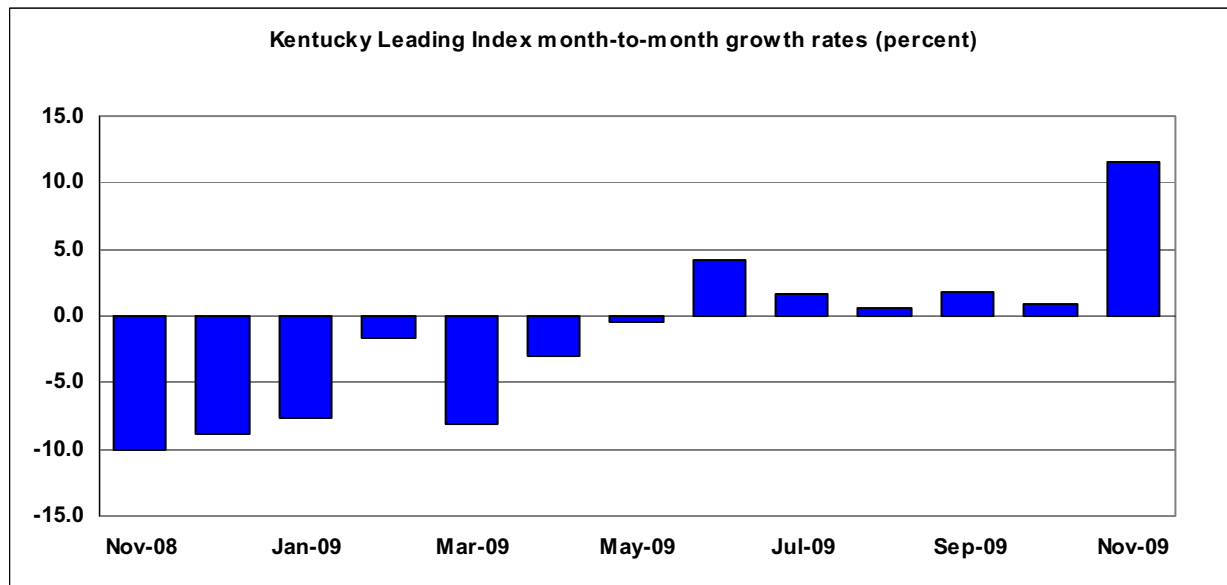
*** November breaks string of seven declines in tax receipts**

General Fund tax receipts increased by 1.3 percent in November. This ends seven consecutive months of growth-over-same-month-last-year decreases. The tax receipts presented in the attached Tables are not seasonally adjusted, and are therefore only compared to their levels from the previous year. There is a strong seasonal component to tax receipts.

*** KY Index of initial claims up sharply**

The initial claims index is up 14.9 percent in November, which is the sixth increase in eight months. Assuming that March 2009 was the trough for the initial claims index, then the net losses since the official start of the recession were 9.4 points off the index, a net 9.2 percent decline. The previous peak dates back a bit further, March of 2007. The initial claims index (both US and Kentucky measures) started to decline eight months before the official recession start date, so the peak to trough losses were 11.5 points off the index, a reduction of 11.0 percent. Since the index bottom in March of 2009, the index has made up 4.9 index points, or 42.3 percent of the total losses.

Our indices are compiled and published on a monthly basis, roughly two weeks following the Conference Board release of the U.S. Leading Index. A complete description of the Index of Leading Indicators and methodology was published in the University of Kentucky Center for Business and Economic Research *Kentucky Annual Economic Report, 2000*.



About the Indicators

Kentucky Reference Series

Inflation-adjusted personal income less transfer payments and policy-adjusted General Fund tax receipts are combined to form the GOEA composite reference series.

Kentucky Leading Indicators

- **GOEA Labor Intensity Index:** Composed of seasonally adjusted weekly hours multiplied by employment for the following manufacturing industries: lumber products; chemical and allied products; petroleum, coal, rubber and plastic products; fabricated metals; and transportation equipment.
- **GOEA Initial Unemployment Insurance (UI) Claims Index:** This index has two components: Kentucky claims in their first month of payment and total U.S. initial claims. Additional claims for UI are the subset of initial claims filed by workers who have previously filed UI claims but are currently filing new claims with intermittent workforce attachment since their original claim. The claims in their first month of payment without intermittent qualified experience performed better in the testing process and were chosen accordingly.
- **U.S. Retail Sales:** Inflection points used to determine turning points.
- **U.S. Manufacturer's New Orders Index:** This index has two components: U.S. Manufacturer's New Orders for Nondefense Capital Goods and U.S. Manufacturer's New Orders for Consumer Goods and Materials. Separately these two series slightly missed one or two turning points in the official reference series. But together they preceded each turning point.
- **Louisville Help-Wanted Index:** The Conference Board computes an index of help-wanted advertisements for major regions across the United States; Louisville is the only city in Kentucky covered by the Conference Board.

Notes:

- Growth rates are computed with precise numbers. Due to rounding, two observations may have the same reported value but still exhibit growth at a more precise level.
- More information is available on our website, <http://www.osbd.ky.gov/>.

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**SELECTED KENTUCKY ECONOMIC INDICATORS
SEASONALLY ADJUSTED**

2008

2009

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
KY Leading Index (1992=100)	105.9	105.1	104.4	104.2	103.5	103.2	103.2	103.6	103.7	103.7	103.9	104.0	104.9
% Chg Previous Month SAAR	-10.1	-8.8	-7.7	-1.6	-8.1	-3.0	-0.4	4.2	1.6	0.6	1.8	0.9	11.6
% Chg Same Month Last Year	-4.5	-5.1	-5.6	-5.5	-6.1	-5.9	-5.9	-5.3	-4.8	-4.1	-3.4	-2.7	-0.9
KY Leading Index Diffusion Index	3.3	3.3	6.7	13.3	13.3	20.0	26.7	36.7	40.0	40.0	50.0	56.7	63.3
KY Coincident Index (1992=100)	133.9	132.8	131.2	130.1	129.3	129.0	128.4	127.9	128.3	128.6	128.4	128.6	128.9
% Chg Previous Month SAAR	-2.6	-9.2	-13.8	-9.3	-7.7	-2.6	-5.1	-4.3	3.4	3.2	-1.7	1.7	2.6
% Chg Same Month Last Year	-2.6	-3.4	-4.4	-5.0	-5.4	-5.4	-5.7	-5.7	-5.4	-5.0	-4.0	-4.1	-3.7
KY Non-farm Employment (000s)	1,838.1	1,823.8	1,812.4	1,800.9	1,796.4	1,790.3	1,780.0	1,774.4	1,773.1	1,773.2	1,760.0	1,763.7	1,764.4
% Chg Previous Month SAAR	-4.3	-8.9	-7.2	-7.4	-3.0	-4.0	-6.7	-3.7	-0.9	0.1	-8.6	2.6	0.5
% Chg Same Month Last Year	-1.8	-2.6	-3.0	-3.6	-3.5	-3.8	-4.5	-4.4	-4.6	-4.6	-4.6	-4.4	-4.0
KY Private Services Employment (000s)	1,171.3	1,166.5	1,169.1	1,166.5	1,164.9	1,165.2	1,151.9	1,151.5	1,150.5	1,149.5	1,146.1	1,147.0	1,146.5
% Chg Previous Month SAAR	-5.1	-4.8	2.7	-2.7	-1.7	0.3	-12.8	-0.5	-1.0	-1.1	-3.4	0.9	-0.6
% Chg Same Month Last Year	-1.1	-1.6	-1.2	-1.4	-1.2	-1.4	-2.5	-2.4	-2.8	-2.8	-2.7	-2.5	-2.1
KY Mfg Employment (000s)	237.7	230.6	220.5	217.3	215.1	211.6	210.1	208.1	211.4	210.0	209.0	208.2	209.1
% Chg Previous Month SAAR	-10.5	-30.5	-41.6	-16.1	-11.5	-17.9	-8.2	-10.8	20.8	-7.7	-5.6	-4.5	5.3
% Chg Same Month Last Year	-6.6	-8.8	-12.6	-13.9	-14.5	-15.1	-16.0	-15.6	-14.0	-13.8	-13.1	-13.2	-12.0
KY Unemployment Rate (%)	7.2	7.6	8.8	9.3	9.8	9.9	10.7	10.9	11.1	11.2	10.9	11.3	10.6
KY Index of Initial UI Claims (1992=100)	96.1	94.8	94.6	93.0	92.7	93.5	93.4	93.7	96.0	95.1	95.9	96.4	97.5
% Chg Previous Month SAAR	-7.7	-14.9	-3.6	-18.0	-4.2	11.1	-1.6	4.0	34.5	-11.0	10.7	6.5	14.9
% Chg Same Month Last Year	-6.5	-7.1	-8.0	-9.4	-8.7	-7.5	-7.8	-6.5	-3.8	-3.9	-1.9	-0.4	1.5
KY Labor Intensity Index (1992=100)	102.2	101.8	101.3	101.2	100.7	100.5	100.4	100.4	100.3	100.4	100.4	100.5	101.2
% Chg Previous Month SAAR	-3.8	-5.2	-5.6	-0.5	-5.9	-2.3	-1.6	-0.4	-0.4	0.6	-0.2	1.8	8.7
% Chg Same Month Last Year	-2.1	-2.5	-2.9	-2.9	-3.2	-3.2	-3.3	-3.0	-2.9	-2.6	-2.3	-2.0	-1.0
Louisville HWI (1992=100)	8.0	9.0	6.0	6.0	5.0	4.0	4.0	5.0	4.0	4.0	5.0	4.0	5.0
% Chg Previous Month SAAR	-93.1	311.0	-99.2	0.0	-88.8	-93.1	0.0	1,355.2	-93.1	0.0	1,355.2	-93.1	1,355.2
% Chg Same Month Last Year	-57.9	-55.0	-68.4	-66.7	-75.0	-73.3	-73.3	-66.7	-69.2	-63.6	-54.5	-60.0	-37.5
GF Total Tax Receipts (\$ mill)	674.7	822.2	693.7	503.5	613.1	804.5	592.2	729.9	595.0	599.0	705.1	623.2	683.3
% Chg Same Month Last Year	8.0	0.0	-4.2	-10.8	0.4	-12.8	-3.0	-10.3	-4.0	-2.5	-10.3	-5.3	1.3
GF Sales & Use Receipts (\$ mill)	216.9	246.9	284.3	193.2	213.9	234.9	228.3	235.3	244.4	231.2	218.3	241.6	222.7
% Chg Same Month Last Year	-8.1	5.0	-4.2	-6.0	2.1	1.1	-4.2	-5.5	-8.2	-8.1	-6.6	-4.3	2.7
GF Income Tax Receipts (\$ mill)	269.3	303.4	236.0	212.1	167.4	415.3	245.4	302.9	245.3	259.4	309.7	259.7	259.9
% Chg Same Month Last Year	13.7	2.7	-13.5	-9.7	-13.5	-23.7	-6.2	-14.7	-6.5	-4.2	-9.9	-9.5	-3.5

**SELECTED U.S. ECONOMIC INDICATORS
SEASONALLY ADJUSTED**

	2009												
	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
US Leading Index (2004=100)	99.0	98.8	98.5	98.1	97.8	98.9	100.2	101.1	102.1	102.7	103.9	104.2	105.2
% Chg Previous Month SAAR	-7.0	-2.4	-3.6	-4.8	-3.6	14.4	17.0	11.3	12.5	7.3	15.0	3.5	12.1
% Chg Same Month Last Year	-4.3	-4.3	-4.1	-4.2	-4.4	-3.2	-1.8	-1.2	0.5	2.0	3.2	4.6	6.3
US Coincident Index (1996=100)	103.8	103.1	101.9	101.2	100.4	100.0	99.7	99.3	99.5	99.6	99.6	99.7	99.8
% Chg Previous Month SAAR	-4.5	-7.8	-13.1	-7.9	-9.1	-4.7	-3.5	-4.7	2.4	1.2	0.0	1.2	1.2
% Chg Same Month Last Year	-3.1	-3.7	-4.8	-5.1	-5.7	-6.0	-6.0	-6.2	-5.8	-5.4	-4.5	-4.3	-3.9
US Non-farm Employment (Mil.)	135.8	135.1	134.3	133.7	133.0	132.5	132.2	131.7	131.4	131.3	131.1	131.0	131.0
% Chg Previous Month SAAR	-5.1	-5.9	-6.4	-5.9	-5.7	-4.6	-2.7	-4.1	-2.7	-1.4	-1.3	-1.2	0.0
% Chg Same Month Last Year	-1.6	-2.2	-2.7	-3.1	-3.5	-3.8	-3.9	-4.1	-4.2	-4.2	-4.1	-3.9	-3.5
US Service-Providing Employment (Mil.)	114.9	114.5	114.2	113.8	113.5	113.2	113.1	112.9	112.7	112.7	112.6	112.6	112.7
% Chg Previous Month SAAR	-3.6	-4.1	-3.5	-4.0	-3.5	-2.6	-1.0	-2.6	-2.0	-0.3	-0.5	-0.2	0.7
% Chg Same Month Last Year	-0.9	-1.3	-1.6	-1.9	-2.2	-2.4	-2.4	-2.6	-2.7	-2.6	-2.5	-2.3	-2.0
US Manufacturing Employment (000s)	13,082.0	12,902.0	12,640.0	12,468.0	12,296.0	12,146.0	12,000.0	11,877.0	11,836.0	11,781.0	11,740.0	11,692.0	11,657.0
% Chg Previous Month SAAR	-10.5	-15.3	-21.8	-15.2	-15.4	-13.7	-13.5	-11.6	-4.1	-5.4	-4.1	-4.8	-3.5
% Chg Same Month Last Year	-5.1	-6.4	-8.0	-8.9	-9.9	-10.6	-11.5	-12.1	-12.0	-12.0	-11.9	-11.4	-10.9
US Unemployment Rate (%)	6.8	7.2	7.7	8.2	8.6	8.9	9.4	9.5	9.4	9.7	9.8	10.1	10.0
US Manufacturer's New Orders Index (1992=100)	108.2	103.7	99.9	100.8	99.1	99.1	99.4	99.9	102.1	99.8	100.6	101.6	101.3
% Chg Previous Month SAAR	-31.0	-39.6	-36.4	12.1	-18.6	0.2	3.7	5.8	29.4	-23.7	10.2	12.0	-3.0
% Chg Same Month Last Year	-16.4	-20.4	-21.2	-19.8	-20.9	-19.7	-18.4	-18.3	-16.5	-14.4	-12.4	-9.0	-6.3
US Initial Claims for UI (000s)	519.7	544.0	580.9	636.8	658.0	624.4	632.5	616.1	556.5	573.0	540.3	524.4	480.5
% Chg Previous Month SAAR	158.9	73.0	119.8	201.2	48.1	-46.7	16.7	-27.0	-70.5	42.0	-50.6	-30.1	-65.0
% Chg Same Month Last Year	54.7	59.3	72.6	85.7	78.9	69.7	69.0	56.5	31.6	30.1	14.9	9.2	-7.5
US Industrial Production Index (1992=100)	104.8	102.4	100.1	99.3	97.7	97.2	96.2	95.8	96.9	98.3	98.9	99.1	99.7
% Chg Previous Month SAAR	-14.7	-24.2	-23.4	-8.9	-17.6	-6.1	-12.0	-5.5	16.1	17.4	7.9	2.6	7.2
% Chg Same Month Last Year	-6.5	-8.9	-10.9	-11.3	-12.5	-12.4	-13.1	-13.3	-12.2	-10.0	-5.7	-6.7	-4.9
US Personal Income Less Trans. (Bil. 2000 chnd)	9,500.4	9,495.6	9,321.2	9,188.0	9,113.2	9,119.8	9,122.3	9,075.6	9,087.8	9,079.7	9,080.3	9,086.6	9,109.7
% Chg Previous Month SAAR	8.8	-0.6	-19.9	-15.9	-9.3	0.9	0.3	-6.0	1.6	-1.1	0.1	0.8	3.1
% Chg Same Month Last Year	-1.7	-1.6	-3.0	-4.1	-4.6	-4.3	-4.1	-4.0	-3.7	-4.0	-3.8	-3.7	-4.1
CPI, All Urban (1982-84=100)	213.3	211.6	212.2	213.0	212.7	212.7	212.9	214.5	214.5	215.4	215.8	216.4	217.3
% Chg Previous Month SAAR	-18.3	-9.1	3.4	4.8	-1.6	-0.2	1.2	9.3	0.1	5.5	2.0	3.4	4.9
% Chg Same Month Last Year	1.0	-0.1	-0.2	0.1	-0.4	-0.6	-1.0	-1.2	-1.9	-1.4	-1.3	-0.2	1.9
US Retail Sales (\$Billions)	345.2	335.0	342.0	343.4	339.2	338.3	339.9	342.9	342.5	350.8	343.7	347.6	354.0
% Chg Previous Month SAAR	-28.0	-30.1	28.2	5.1	-13.8	-3.1	5.6	11.3	-1.5	33.3	-21.8	14.7	24.1
% Chg Same Month Last Year	-9.1	-11.0	-9.1	-8.0	-9.5	-10.0	-9.8	-8.8	-8.5	-5.5	-6.1	-2.0	2.5
US Consumer Expectations (1966=100)	53.9	54.0	57.8	50.5	53.5	63.1	69.4	69.2	63.2	65.0	73.5	68.6	66.5
% Chg Previous Month AR	-48.9	2.2	126.2	-80.2	99.9	624.6	213.3	-3.4	-66.3	40.1	337.0	-56.3	-31.1
% Chg Same Month Last Year	-18.6	-17.7	-15.1	-19.1	-11.0	18.4	35.8	40.7	18.1	12.3	9.4	20.4	23.4
Ave. Prime Interest Rate (% , NSA)	4.00	3.61	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25