

Sales Consumption

Banks Say Fewer Consumer Loans Are Going Bad

[http://www.courier-](http://www.courier-journal.com/article/20110119/BUSINESS/301190128/1003/Banks+say+fewer+consumer+loans+are+going+bad)

[journal.com/article/20110119/BUSINESS/301190128/1003/Banks+say+fewer+consumer+loans+are+going+bad](http://www.courier-journal.com/article/20110119/BUSINESS/301190128/1003/Banks+say+fewer+consumer+loans+are+going+bad)

In an encouraging round of earnings reports, major banks say fewer mortgages are going bad, credit card defaults are down and more people are paying the bills on time. One of the nation's largest consumer lenders, Wells Fargo, said that 29 percent fewer loans went bad in the last three months of 2010 than the year before. And late payments on loans considered likely to default declined for the first time since 2008.

Late payments on credit cards issued by Bank of America, JPMorgan Chase and Citigroup also improved at a record pace at the end of last year.

It was the sixth straight quarter of declining losses, allowing the bank to release \$2.3 billion from the reserves it sets aside for bad loans and helping it to report a profit. JPMorgan and Wells have also reported bigger profits because they could release loan reserves. Fewer customers were late on their monthly mortgage payments. The portion of Citi's home loans that were 90 days overdue fell to 2.1 percent from 2.7 percent. And the bank set aside \$4.8 billion for future losses, the lowest since the spring of 2007 and a sign it is more hopeful about the recovery.

Manufacturing/Output

Economic Indicators Rise

http://www.usatoday.com/money/economy/2011-01-20-unemployment-claims_N.htm

In a separate report, the Conference Board said its index of leading economic indicators rose 1 percent last month after a 1.1 percent increase in November. Those are the biggest increases since March, when the index jumped 1.4 percent. The measure had stalled this summer as Europe's debt crisis and a weak jobs market hit U.S. stocks. It began accelerating at the end of 2010 as the country's economic condition improved. The stock market has rallied, the manufacturing sector continues to grow and consumers and businesses are spending more.

Applications for unemployment benefits are far below their peak during the recession of 651,000, reached in March 2009. They have fallen about 16 percent over the past four months, signaling employers are laying off fewer workers.

Net job gains in December were modest. Employers added only 103,000 jobs, less than half of the total needed to reduce the unemployment rate.

The unemployment rate fell to 9.4 percent from 9.8 percent last month. About half that drop came from unemployed workers giving up on their job searches. The government only counts as unemployed people who are still looking for work.

The number of people continuing to receive unemployment benefits fell to 3.9 million in the week ending Jan. 8, its lowest level since October 2008. But that may just mean many people have exhausted their 26 weeks of state benefits.

The figure doesn't include millions of long-term unemployed who are receiving extended benefits from the federal government under an emergency program set up during the recession.

Employment

Jobless Claims Drop Signals Labor Improvement

http://money.cnn.com/2011/01/20/news/economy/initial_claims/index.htm

The number of Americans filing for initial unemployment benefits tumbled last week resuming a downward trend that could signal an improved job picture. There were 404,000 initial jobless claims filed in the week ended Jan. 15, the Labor Department said. That was down 37,000 from the 441,000 claims filed the week before, and slightly better than the 425,000 claims economists had expected. The elusive 400,000 level has been hard to break, with the weekly figure falling below that mark only once since the recession. It happened three weeks ago, but since then, the number has bounced around above that level.

Economists set their sights on 400,000, saying that level has to be broken before they can point to noteworthy progress in the jobs recovery.

Economists look at the four-week moving average to smooth out the week-to-week choppiness. That figure fell 4,000 to 411,750 from the previous week, showing continued, but slow, improvement in unemployment.

Continuing claims also improved, sliding for the third week in a row to the lowest level since October 2008.

Continuing claims -- which includes people filing for the second week of benefits or more -- fell to 3,861,000 in the week ended Jan. 8, a decrease of 26,000 from the week before.

Housing

Home Building Permits Soar 17 Percent

http://money.cnn.com/2011/01/19/news/economy/housing_starts/index.htm

Permits for housing construction soared in December, while initial construction of homes declined, the government reported. The number of permits for future housing construction surged to a seasonally adjusted annual rate of 635,000 last month, up 16.7 percent from the revised rate of 544,000 in November, the Commerce Department said. That was the biggest monthly rise since June 2008 and leaves the total number of permits at the highest level since last March, said Larson.

Multi-family home construction -- which tends to be volatile month-to-month -- likely gave a boost to the overall number of permits. But single-family permits also remained solid, rising 5.5 percent last month and coming in at the highest level in several months. But the picture wasn't as bright for initial construction. Housing starts, the number of new homes being built, slumped 4.3 percent to a seasonally adjusted annual rate of 529,000 in December from a revised 553,000 in November.

Shadow Inventory Threatens Housing Recovery

http://money.cnn.com/2011/01/20/real_estate/shadow_inventory_rise/index.htm

There is a growing glut of foreclosed homes threatening to hit the market over the next couple of years, potentially delaying any recovery. There were 1.7 million homes either owned by the bank or in some stage of foreclosure at the end of the third quarter of 2010, according to a recent report by Standard & Poor's. It would take 44 months, at the current rate of sales, to sell them off -- a 25 percent increase from the beginning of 2010. (S&P does not count home loans backed by Fannie Mae and Freddie Mac.) This so-called "shadow inventory" may depress home values and delay the housing market recovery.

S&P defines shadow inventory as properties whose borrowers are (or recently were) 90 days or more delinquent on their mortgage payments, ones currently or recently in foreclosure or that are back in the hands of the banks.

Data through Sept. 30 from the Mortgage Bankers Association, which tracks about 80 percent of the market, suggests there are more than 2 million Americans seriously delinquent on their mortgages and another 2 million bank-owned homes. Plus, RealtyTrac reported last week that a million homes were repossessed in 2010

Kentucky

Home Sales Down Again In 2010; December Might Offer Hope

<http://www.kentucky.com/2011/01/20/1603030/regional-home-sales-drop-12-in.html#>

In Central Kentucky, 2010 proved to be an up-and-down year for home sales. Despite tax credits that boosted purchases in the first half of the year, sales continued annual declines that started in 2006, according to data released this week. The year ended with a slight reprieve, as sales grew in Lexington and the drop-off slackened in the region — a possible indicator that a turnaround is imminent. The number of building permits for homes in the city continued to decline, however.

For the full year, single-family residential sales in 16 Central Kentucky counties fell 8.8 percent to 6,719, according to the Lexington-Bluegrass Association of Realtors. The inventory of homes available for sale increased as the year came to a close, as did the average time a home sits available for sale.

There was a bright spot: a 1 percent increase in the median sales price of homes sold. While low, the growth came as many areas of the nation continued to suffer declines in prices throughout the year.

The bulk of sales for the year came during the first half, when federal home buyer tax credits offered \$8,000 to new home buyers and \$6,500 to repeat buyers. As the year progressed, year-over-year sales declines grew as the lack of tax credits stalled purchases and 2010 sales were compared with months in 2009 that saw boosts from tax credits. The percentage drops ranged from 24 percent in August to 40 percent in October.

December marked a major change in that measure as single-family home sales were down just 12 percent across Central Kentucky. Sales also grew from month to month for the first time since May. The time a home spent on the market decreased, while the residential median sales price grew almost 6 percent.

Lexington outpaced the region with 4 percent growth for December: 261 sales closed versus 251 in December 2009. For the year, though, sales were down 9.1 percent in the city to 3,568.

AK Steel Coke-Plant Supplier To Cut 64 Jobs

<http://www.kentucky.com/2011/01/19/1603790/supplier-to-ak-steels-closing.html#>

A supplier to AK Steel's Ashland coke plant operations, which are scheduled to close about April 1, has told the state that it plans to lay off its 64 workers in Boyd County. Fosbel Ceramic Technologies provides maintenance service for the coke plant. The closing of the plant will affect 263 AK Steel employees, although the company said it hopes to find jobs for many at its Ashland Works iron and steel plant, which employs about 900 and will remain open.