

Economic Briefs

Week of March 26, 2010

Sales/Consumption

US Consumer Confidence Slips From 11-Wk High

<http://www.reuters.com/article/idUSN2310207220100323?type=marketsNews>

ABC News reported that its weekly index of U.S. consumer confidence fell slightly, following last week's spike to early January levels. The ABC Consumer Comfort Index slipped to -44 for the week ended March 21, from -43 the prior week. Weaker views on the national economic climate brought the gauge down from its uncharacteristic 6-point climb in the previous report. The index has reached -43 or higher only five times since October 2008.

Manufacturing/Output

U.S. GDP Revised Slightly Lower In Fourth Quarter

<http://www.marketwatch.com/story/us-gdp-revised-slightly-lower-in-fourth-quarter-2010-03-26>

The U.S. economy grew at the fastest pace in six years during the final three months of 2009, fueled by a huge inventory adjustment, strong business investments and modest consumer spending. U.S. real gross domestic product increased at a 5.6 percent annualized pace in the fourth quarter, revised down from the 5.9 percent pace reported a month ago. The government provides three estimates of economic growth, each reflecting more complete information than the last. In the past year, real GDP has risen 0.1 percent. For all of 2009, GDP fell 2.4 percent.

Compared with the previous estimate, the government estimated smaller investments in business structures, spending on services, and inventory investments. Read the full release on the Bureau of Economic Analysis Web site.

Durable Goods Orders Up 0.5 Percent In February

http://www.usatoday.com/money/economy/2010-03-24-durable-goods-orders_N.htm

Orders for big-ticket manufactured goods rose for a third month in February, bolstered by strong demand for commercial aircraft and machinery. The hope is that continued strength in manufacturing will help sustain the economic recovery. The Commerce Department said that orders for durable goods advanced 0.5 percent last month, slightly lower than the 0.7 percent gain economists had expected.

The increase was led by the second huge jump in demand for commercial aircraft, an increase of 32.7 percent which followed a 134.9 percent rise in this volatile category in January. Excluding transportation, orders posted a 0.9 percent increase, much better than the 0.6 percent decline in January.

The big jump in demand for commercial aircraft was offset by a 1.9 percent drop in demand for motor vehicles, which followed an even bigger 2.3 percent fall in the category in January. Automakers are still struggling to emerge from a steep recession, which has depressed sales and forced General Motors and Chrysler briefly into bankruptcy last year. They emerged with the help of billions of dollars in government support.

The 0.5 percent rise in orders in February followed a 3.9 percent increase in January and a gain of 1.8 percent in December. The three straight monthly gains pushed total orders to a seasonally adjusted \$178.1 billion in February.

Housing

New-Home Sales Fall To Record Low

http://money.cnn.com/2010/03/23/news/economy/new_home_sales/index.htm

Sales of new homes fell to a record low in February as the glut of foreclosed homes and a weak economy dampened the housing market. New-home sales fell 2.2 percent to a seasonally adjusted rate of 308,000 last month, compared to a upwardly revised annual rate of 315,000 in January. It was the lowest rate since the government began keeping records in 1963 and marked the fourth straight month of declines. New-home sales were down 13 percent from February 2009.

Existing Home Sales Slip In February

http://money.cnn.com/2010/03/23/news/economy/existing_homesales_february/index.htm

Sales of existing homes fell slightly in February, according to an industry report, a sign that the housing market's recovery remains fragile. The National Association of Realtors reported that home resales fell 0.6 percent last month to a seasonally adjusted annual rate of 5.02 million units. That's down from a rate of 5.05 million in January. Still,

sales are 7 percent higher than in February 2009, when homes were going into contract at an annual rate of 4.69 million units.

A separate NAR survey found that first-time homebuyers purchased 42 percent of homes in February, compared to 40 percent in January. Investors made up 19 percent of transactions, compared to 17 percent in January. Overall buyer traffic improved by 12 percent in February, NAR said. Sales of distressed properties, including foreclosures and short sales, made up 35 percent of sales last month, compared to 38 percent in January.

NAR's report showed that the median price of homes sold in February was \$165,100, down 1.8 percent from February 2009. Total existing homes on the market jumped 9.5 percent in February to 3.59 million units, representing an 8.6-month supply of homes unsold, up from a 7.8 month supply in January. NAR's Yun attributed some of the increase in inventory to the number of distressed homes coming to market.

Employment

Summer Job Outlook Is Cloudy

http://money.cnn.com/2010/03/24/news/economy/summer_jobs/index.htm

The search for a summer job won't be any easier this year, despite nascent signs of a recovery. Almost half of hiring managers -- 47 percent -- don't plan to hire any seasonal workers this summer, said a survey from hourly job site SnagAJob.com. That's about the same as last summer's 46 percent. The majority of respondents, 54 percent, said they think it will be "difficult" for teens to find a summer job this year. The survey did not ask that question last year.

Teens were likely hoping for a sunnier outlook this year, since 2009's summer job openings were slim amid a churning economy. But even as the recession has begun to abate this year, the unemployment rate remains at 9.7 percent. Anyone who does score a summer job shouldn't expect to make much more than last year. According to the survey, the average summer job will still pay \$10.20 an hour -- the same as last summer.

Jobless Claims Slide

http://money.cnn.com/2010/03/25/news/economy/initial_claims/index.htm

The number of Americans filing first-time claims for unemployment insurance fell last week to the lowest level in six weeks. There were 442,000 initial jobless claims filed in the week ended March 20, down 14,000 from a revised 456,000 the previous week. Economists were expecting new claims to have fallen to 450,000 in the week. The number of claims was the lowest since the 439,000 claims reported in the week ended Feb. 6.

The 4-week moving average of initial claims, which smoothes out volatility in the measure, was 453,750. That's down 11,000 from the previous week's revised average of 464,750.

The report also said 4,648,000 people filed continuing claims in the week ended March 13, the most recent data available. That's down 54,000 from the preceding week's revised 4,725,500 claims. The 4-week moving average of continuing claims was 4,689,000, a decrease of 36,500 from the preceding week's revised average of 4,725,500.

Kentucky

Kentucky's Jobless Rate Increases To 10.9 Percent In February

<http://www.workforce.ky.gov/newspub.htm>

Kentucky's seasonally adjusted preliminary unemployment rate rose to 10.9 percent in February 2010 from a revised 10.7 percent in January 2010, according to the Office of Employment and Training. February 2010's jobless rate is 1.3 percentage points higher than the 9.6 percent rate recorded in February 2009 for Kentucky. The 10.9 percent rate recorded in February 2010 matches the 10.9 percent rate in Kentucky in August 1982, and is the highest since September 1983 when the rate reached 11.1 percent.

"Kentucky's economy continued to show signs of economic hardship in February 2010. The unemployment rate increased to 10.9 percent, and nonfarm employment dropped to its lowest level since April 1998. However, discouraged workers are starting to return to the labor force. This contributed to a surge in the civilian labor force, which compounded the rise in the unemployment rate," said Dr. Justine Detzel, OET chief labor market analyst.

Three of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in February 2010, while seven decreased and one remained the same. A decrease of 7,500 jobs in February 2010 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,747,900. Since February 2009, Kentucky's nonfarm employment has plummeted by 38,400.

Lexington Tech Company Expanding

<http://www.kentucky.com/2010/03/26/1197475/lexington-tech-company-expanding.html>

Lexington-based technology firm SIS is planning to expand in the coming months and hire 15 new employees. On Thursday, the company was approved for more than \$500,000 in state tax incentives under two programs to offset the costs of the \$5.5 million expansion. Steve Sigg, CEO of SIS, said the company is planning to expand because the marketplace is changing as customers rely more on what's called cloud computing. That's the ability to provide common applications and access to information online rather than running programs off individual hard drives on computers.

Raytheon To Hire 40 At Strawberry Lane Plant

[http://www.courier-](http://www.courier-journal.com/article/20100324/BUSINESS/3240396/1003/BUSINESS/Raytheon+to+hire+40+at+Strawberry+Lane+plant)

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Anticipating a contract to build more Phalanx missile systems, Raytheon announced a \$3 million expansion Wednesday and plans to add 40 employees at its plant near the Louisville International Airport. The U.S. Navy now stockpiles 200 of the automatic Gatling guns in Louisville where the 14,500-pound defense systems are remanufactured and shipped to military installations around the world. The plant currently employs 403 workers to service the guns owned by Japan, Saudi Arabia, Israel and 21 other nations.

Kentucky has offered Raytheon \$50,000 a year in state tax breaks for 10 years if the company follows through and creates 30 jobs for local workers. Raytheon will hire 25 hourly workers and 5 salary staff with experience as electrical technicians, electrical engineering and mechanical engineering. Ten others are expected to be added from outside the area.

Area Home Sales Up In February

<http://www.kentucky.com/2010/03/22/1193127/area-home-sales-up-in-february.html>

Residential home sales in 14 Central Kentucky counties rose 19.5 percent in February compared to a year earlier, the Lexington-Bluegrass Association of Realtors said. Home sales have improved dramatically year-over-year beginning in the latter months of last year as buyers began to take advantage of the federal tax credit for new home buyers. The program has been expanded to include a credit for purchases by existing homeowners.

The group said there were 429 residential sales closed in February, up from 359 in February 2009. The median single-family residential sales price in February was \$130,500, down 1.1 percent from \$132,000 a year ago. The average days on the market for a residential home rose to 130 in February from 95 in February 2009.

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