WEEK IN REVIEW

May 27-May 30, 2008

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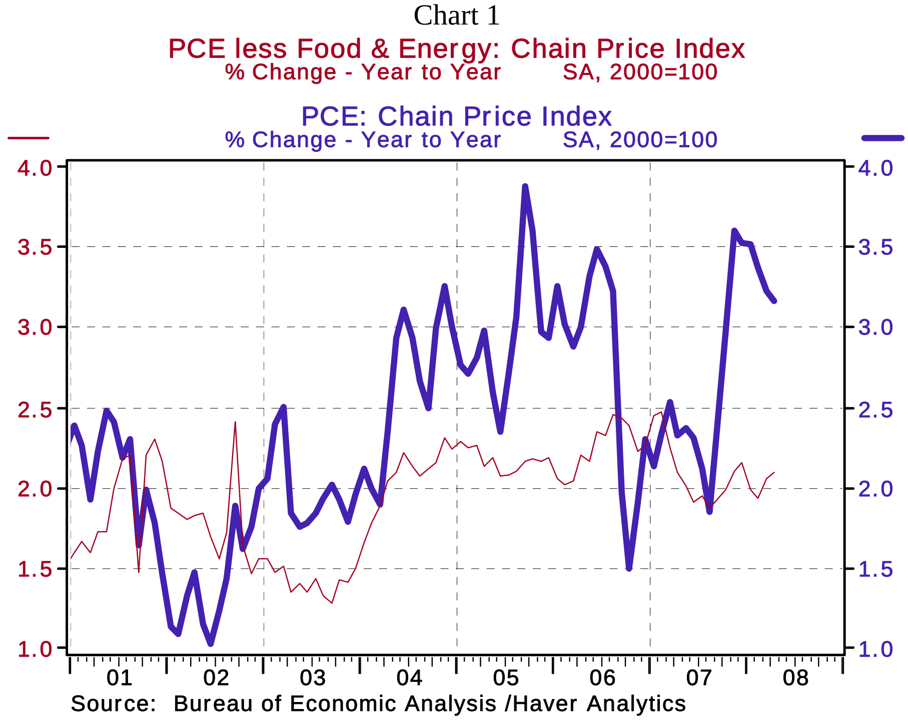
Fed Policy

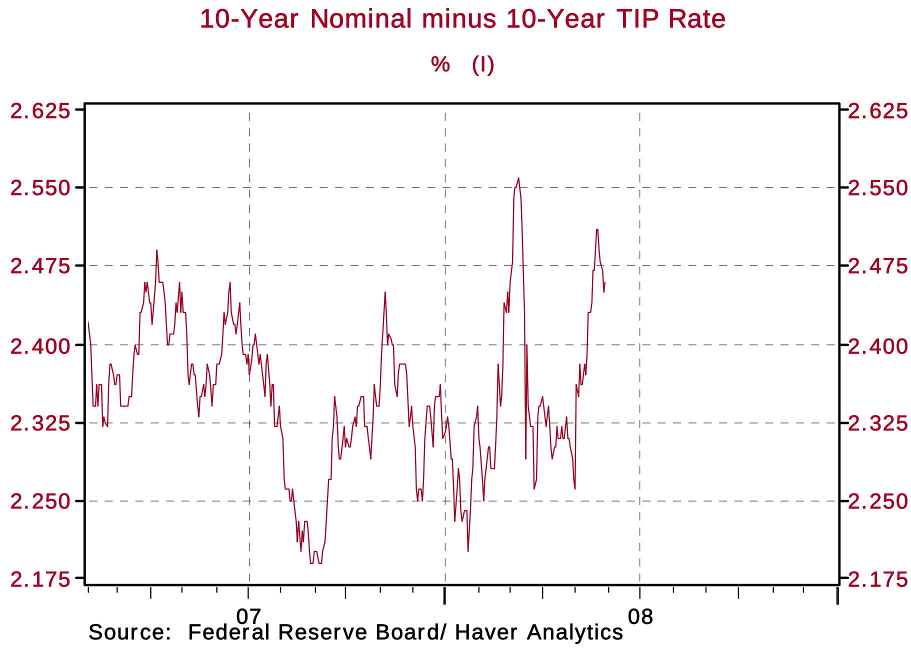
Dallas Fed President Fisher voiced his strongly hawkish comments during the week. President Fisher noted that "if inflationary developments and, more important, inflation expectations, continue to worsen, I would expect a change of course in monetary policy to occur sooner rather than later, even in the face of an anemic economic scenario." So would we *if inflationary conditions continue to worsen*. But the latest inflation data suggest that there is some degree of moderation in inflation underway (see chart 1 and discussion under personal income and consumption expenditures).

Chart 1



Inflation expectations, as measured by the spread between the yield on the 10-year U.S. Treasury note and 10-year TIP dropped to 2.46% as of May 29, down from a recent high of 2.51% on May 22 (see chart 2). Given projections of weak economic growth in the rest of 2008, we expect to see additional moderation in inflation and inflation expectations later in the year after the recent spike in energy prices temporarily pushes up headline inflation in the near term.

Chart 2



The details of reports to be published during June hold the key to whether the Fed will take any action in June. For the most part, currently available economic data suggest a Fed on hold at the June 24-25 meeting.

New Home Sales – April 2008

Housing Market Correction is Incomplete

Sales of New Homes Show a Small Improvement, but Stock of Unsold Homes Suggests Caution

Sales of new single-family homes rose to an annual rate of 526,000 in April, up 3.3% from the revised March tally of 509,000 homes (previously estimated as 526,000). This is the first monthly gain in sales since October 2007, and the April sales gain follows an 11.1% drop in sales in March. On a regional basis, sales of new single-family homes rose in the Northeast (+41.7%), Midwest (+5.8%), West (+8.3%) but fell in the South (-2.4%).

Sales of new single-family homes are down 62.1% from the peak in July 2005 (1.389 million units). The level of new single-family home sales reported for April was last seen nearly seventeen years ago (see chart 3).

Chart 3

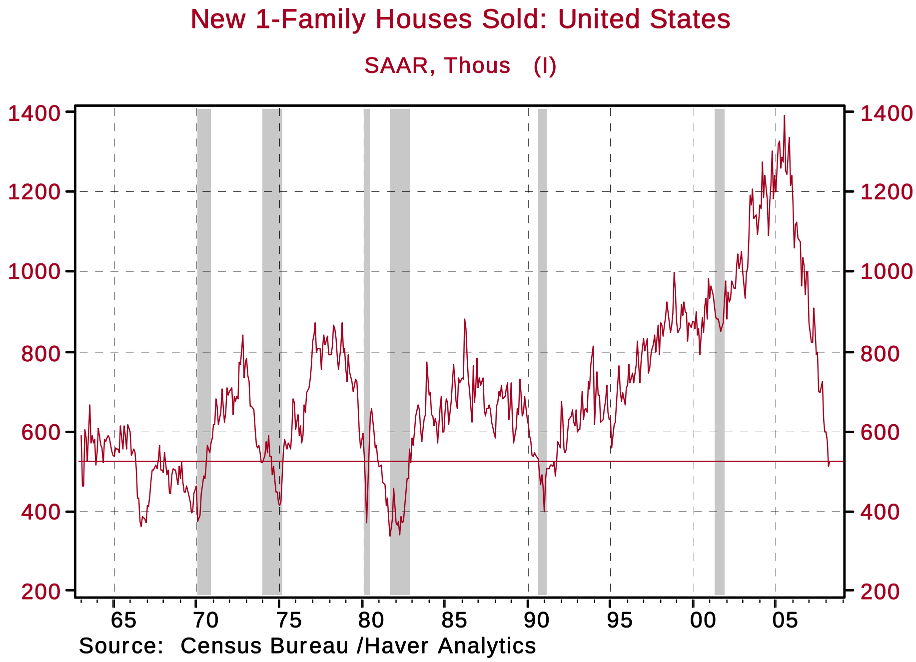
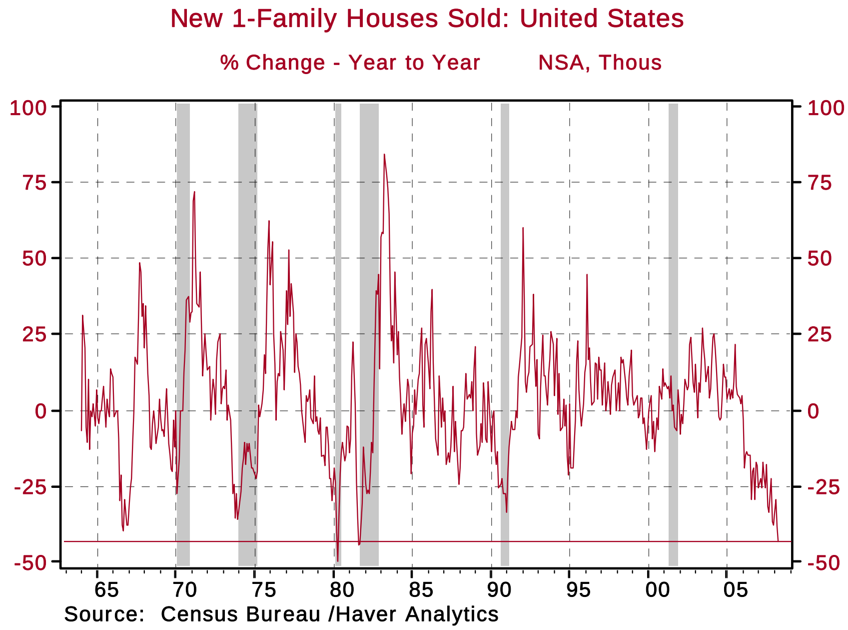


Table 1 Peaks and Troughs of Sales of New Single-Family Homes

Recession - Economy	Peak of Sales New Single-Family Homes Date	Peak of Sales New Single-Family Homes 000s units	Trough of Sales New Single-Family Homes Date	Trough of Sales New Single-Family Homes 000s units	Peak-to-trough change (percent)
Dec. 69-Nov.70	Feb-69	524	Feb-70	373	-28.82%
Nov. 73-Mar.75	Oct-72	843	Jan-75	416	-50.65%
Jan.80-Jul. 80	Oct-78	872	Apr-80	370	-57.57%
Jul.81-Nov. 82	Aug-80	659	Apr-82	339	-48.56%
Jul. 90-Mar.91	Jul-89	731	Jan-91	401	-45.14%
Mar. 01-Nov. 01	Dec-00	983	Sep-01	853	-13.22%
Current cycle	Jul-05	1389	Mar-08	509	-63.35%
			Apr-08	526	-62.13%

On a year-to-year basis, sales of new single-family homes fell 43.4% in April, which is the largest drop since September 1981 (see chart 4).

Chart 4



The median price of a new single-family home rose to $246,100 vs. $225,500 in March. The median new home price appears to have bottomed in March 2008, putting the peak-to-trough decline at 14.1%. The median decline in prices of new single-family homes from the peak to the trough is 8.6% in the 1969-2001 period.

Chart 5

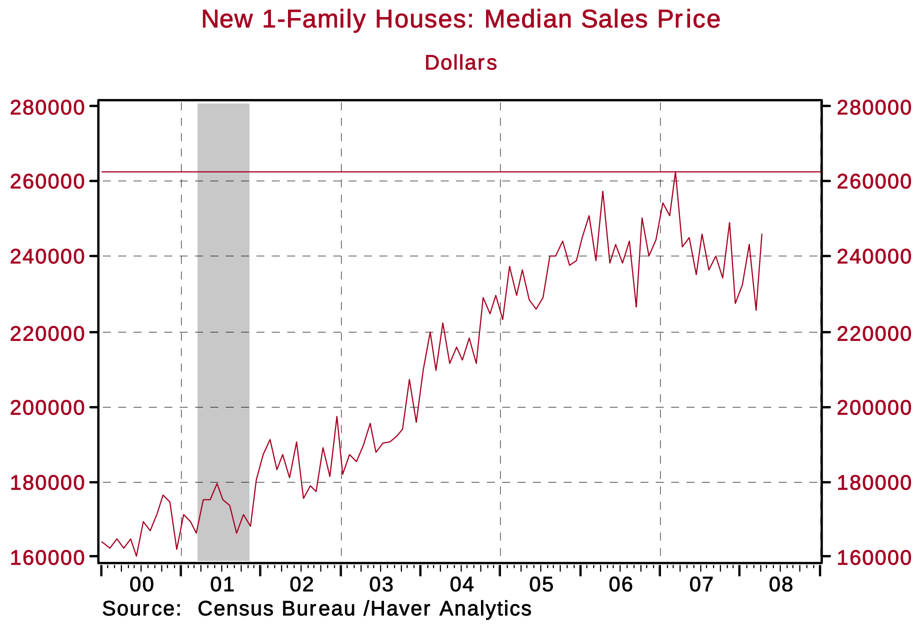


Table 2 Peaks and Troughs of Median Price of New Single-Family Homes

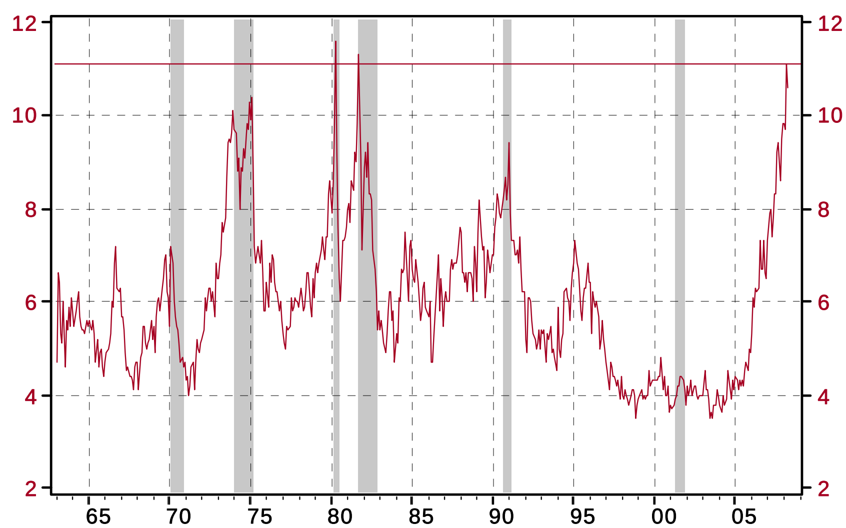
Recession - Economy	Peak of Median Price Single-Family New Home Date	$	Trough of Median Price Single-Family New Home Date	$	Peak-to-trough change (percent)
Dec. 69-Nov.70	May-69	26,900	Oct-70	22,100	-17.84%
Nov. 73-Mar.75	Dec-73	35,700	Jan-74	34,200	-4.20%
Jan.80-Jul. 80	Sep-79	66,000	Dec-79	61,500	-6.82%
Jul.81-Nov. 82	Aug-81	72,600	Feb-82	65,700	-9.50%
Jul. 90-Mar.91	Apr-90	130,000	May-92	113,000	-13.08%
Mar. 01-Nov. 01	Dec-01	180,200	Sep-01	166,400	-7.66%
Current cycle	Mar-07	262,600	Mar-08	225,500	-14.13%
			Apr-08	246,100	-6.28%

The mild improvement in sales of new single-family homes seen during April raises expectations of a quick turnaround in the housing market. However, the stock of unsold homes, the pace of home foreclosures, weak employment conditions and tightening of mortgage underwriting standards leaves us wary of an optimistic outlook. There was a 10.6-month supply of unsold new single-family homes in April and the length of time taking to sell a completed home -- 8 months -- leaves us no choice but to view these numbers with caution (see charts 6 and 7).

Chart 6

New 1-Family Houses For Sale: Months Supply

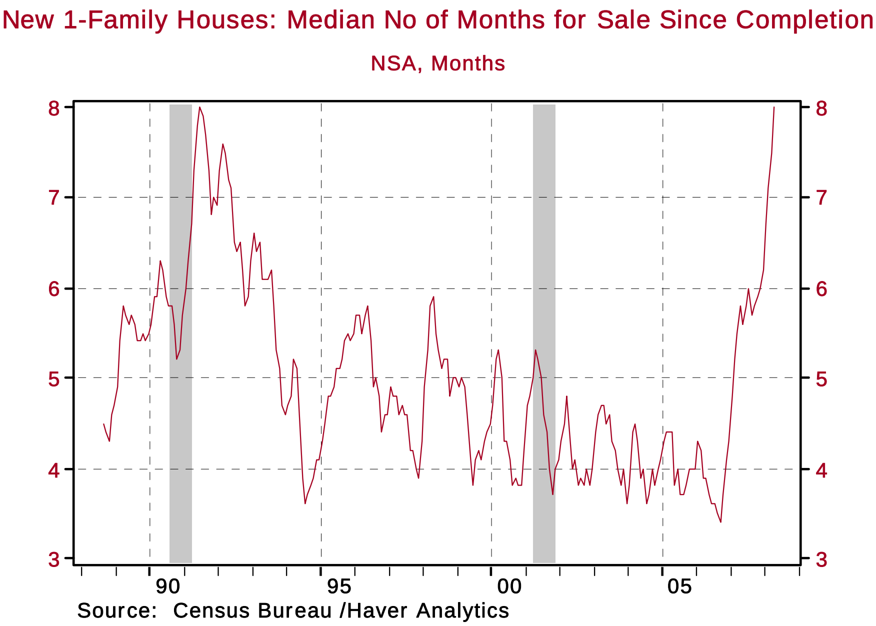
SA, Ratio



Source: Census Bureau /Haver Analytics

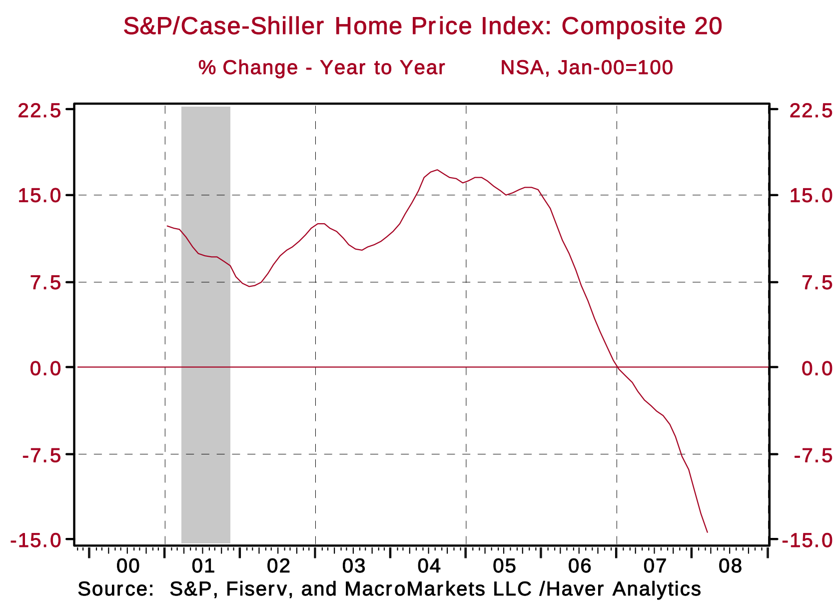
Stability in the market for new homes will emerge only after the large inventory of unsold homes is reduced significantly.

Chart 7



In other related housing market news, the Case-Shiller Home Price Index for 20 metro areas, which is more representative of home prices than either the median sales price of new or existing homes, fell 14.4% from a year ago in March. This price index for existing homes has posted 15 consecutive declines (see chart 8).

Chart 8

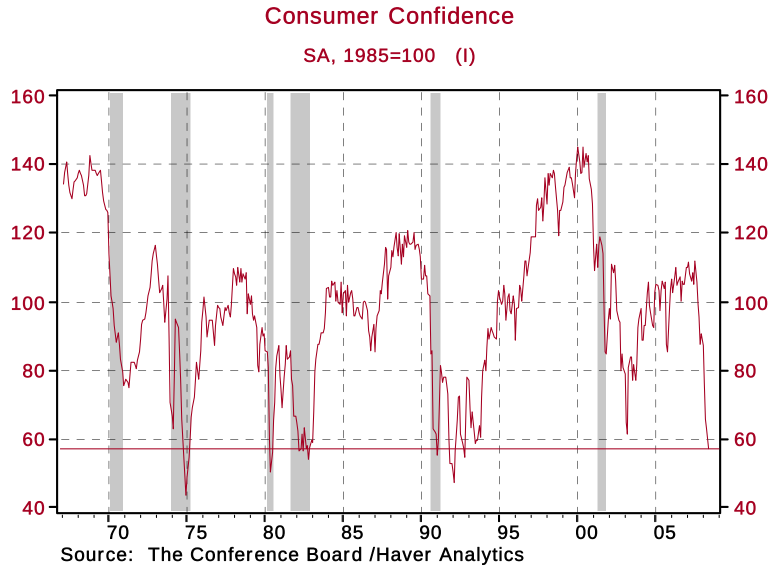


Consumer Confidence – May 2008

Consumer Confidence Sinks to Lowest Level Since Late-1992

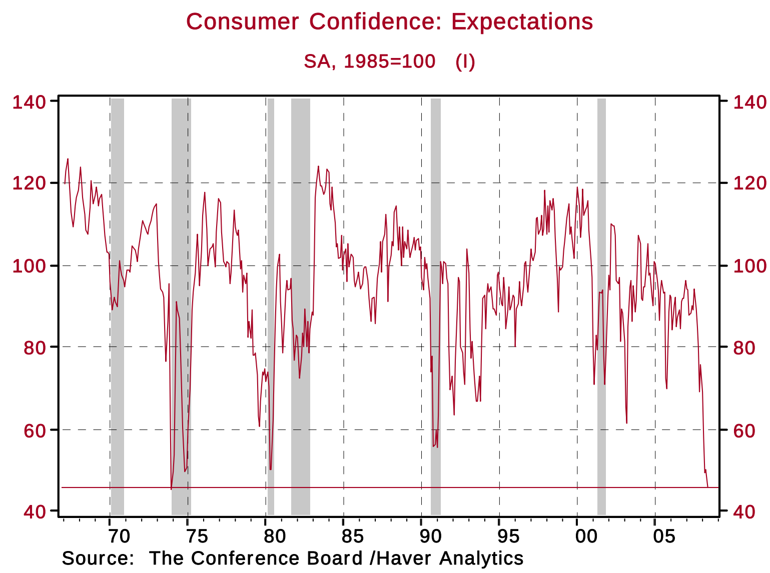
The Conference Board's Consumer Confidence Index fell to 57.2 in May, the lowest since October 1992. The Present Situation Index dropped to 74.4 in May from 81.9 in the prior month.

Chart 9



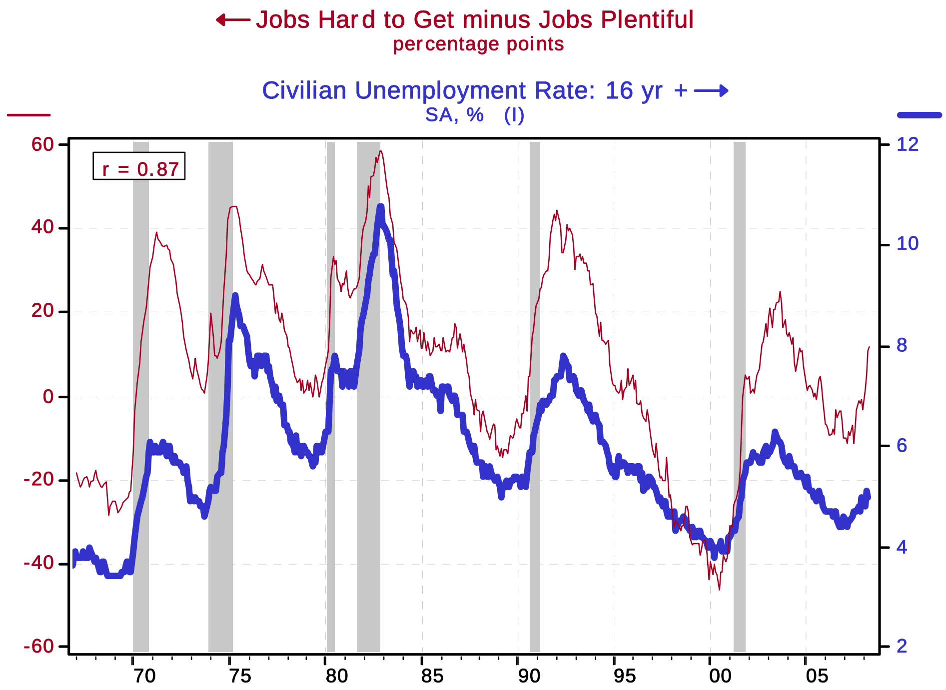
The Expectations Index declined to 45.7 in May, a record low (see chart 10), from 50.0 in April.

Chart 10



The number of respondents holding that "jobs are plentiful" declined to 16.3% from 17.1% in April. At the same time, the number of respondents indicating that "jobs are hard to get" rose to 28.0% in May from 27.9% in the prior month. The net of these two indexes was +11.7, more positive than the +10.8 reading of April. Historically, as the net of these two indexes becomes more positive, it is associated with a rising unemployment rate (see chart 11). Based on this information, it should not be surprising to a see an increase in the unemployment rate in May, when it is published on June 6.

Chart 11

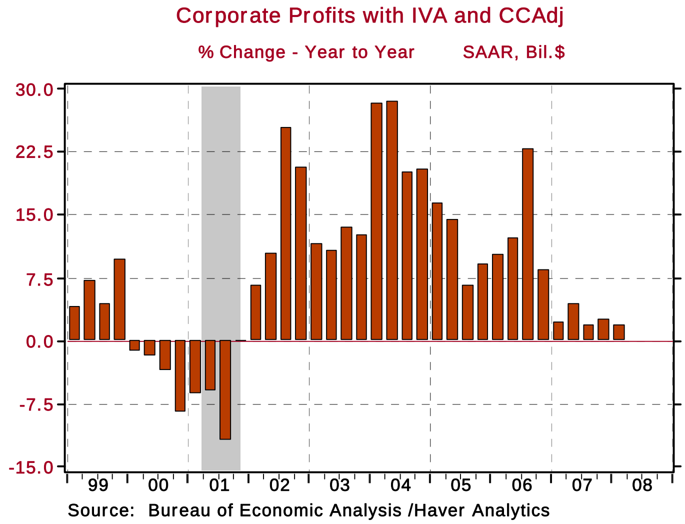


Real GDP 2008:Q1 Preliminary Estimate, Personal Income and Consumer Spending April 2008

Will Corporate Profits Deliver in 2008?

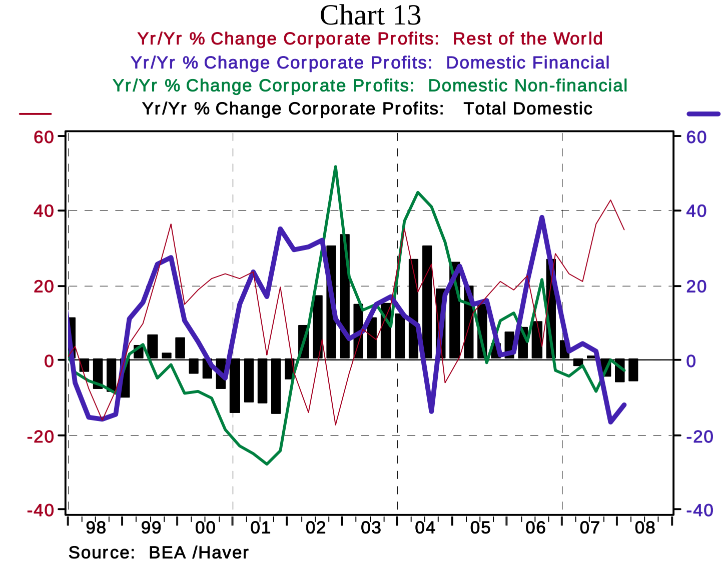
Real gross domestic product of the U.S. economy grew at an annual rate of 0.9% in the first quarter of 2008, revised from the advance estimate of a 0.6% gain. In addition to revisions of several components, the main story is about corporate profits. Corporate profits increased 1.3% in the first quarter following substantial declines in the third and fourth quarters of 2007. On a year-to-year basis, corporate profits moved up 1.7%, the fifth consecutive gain that is below 5.0% (see chart 12). On an annual average basis, corporate profits increased 2.7% in 2007, following five consecutive annual gains ranging between 11.5% and 15.5%.

Chart 12



Of greater interest is the source of these profits. Corporate profits have advanced entirely due to earnings from abroad resulting from the weakness of the dollar (see chart 13). On a year-to-year basis, corporate profits from the rest of the world grew 34.9%, the sixth consecutive increase in double digits. At the same time, corporate profits from domestic industries fell 6.2%, marking the fourth decline in the past five quarters. Moreover, within the domestic sector, corporate profits of the financial sector declined 12.2% from a year ago and corporate profits from the non-financial sector fell 2.6%. The bottoms up First Call S&P 500 earnings forecast for 2008 is a 10.5% gain. In light of these details, is it not legitimate to question the validity of the strong corporate earnings forecasts for 2008? Will earnings from abroad continue to support growth of corporate profits? When will profits from domestic operations post gains? Given projections of a weak economy, might it be appropriate to say that profits from domestic industries are most likely to stay on the weak-side in the near term?

Chart 13



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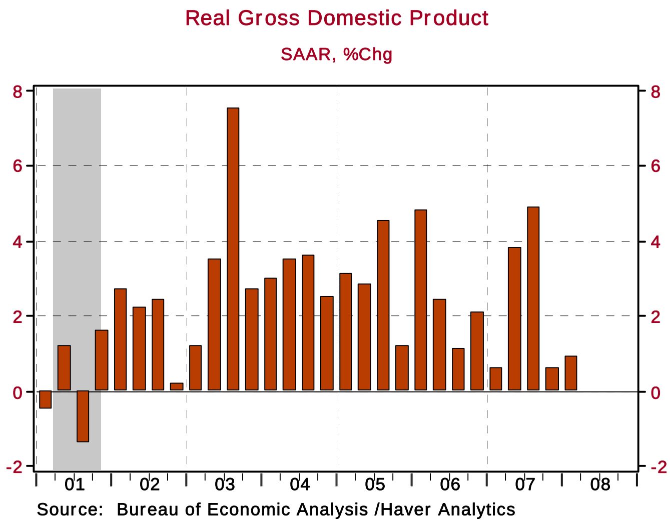
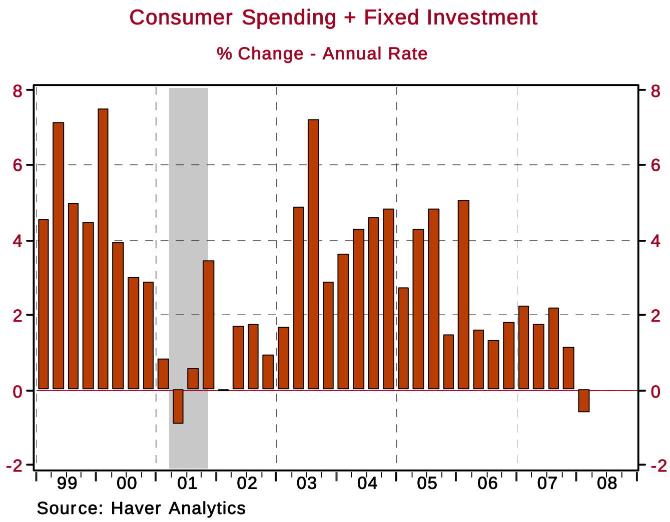
Moving on to the details of revisions, they paint a slightly different picture of the economy than estimated a month ago. Inventories subtracted from real GDP for the second quarter in a row (-$14.4 billion vs. +$1.8 billion in the advance estimate). The trade gap (-$480.2 billion vs. -$495.9 billion in the advance estimate) is narrower than the advance estimate not because exports were stronger but due to a drop in imports (-2.6% vs. +2.5% in the advance estimate). Business capital spending is weaker (-0.9% vs. -0.7% in the advance estimate), but outlays on structures rose (+1.1% vs. -6.2% in the advance report) compared with the first estimate. Consumer spending was left unchanged at a 1.0% annualized increase.

Chart 14



Private sector demand -- the sum of consumer spending and fixed investment (structures, equipment and software spending, and residential investment expenditures) declined at an annual rate of 0.6% in the first quarter (see chart 15). Essentially, after revisions, demand still remains significantly weak.

Chart 15



The FOMC is most likely to stay hold for the rest of the year assuming financial markets remain relatively calm. The odds for a lower federal funds rate are greater than the odds for a higher federal funds rate given the risk of weaker economic conditions and/or financial market disruptions.

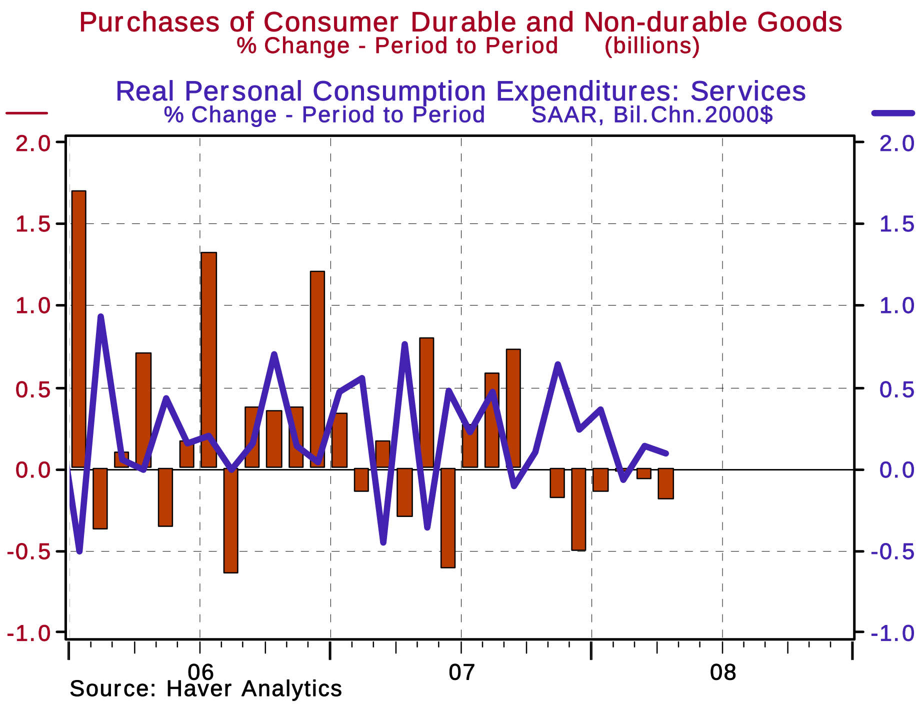
Real Gross Domestic Product – 2008:Q1 Preliminary Estimate

	(2000 chained dollars)				Percent Change (SAAR) from prior quarter			
	07:3 Final	07:4 Final	08:1 Advance	08:1 Preliminary	07:3 Fin	07:4 Fin	08:1 Adv	08:1 Prel.
GDP	11658.9	11675.7	11693.1	11701.9	4.9	0.6	0.6	0.9
CONSUMPTION	8302.2	8349.1	8369.1	8369.7	2.8	2.3	1.0	1.0
DURABLE GOODS	1241.9	1248.1	1228.7	1228.2	4.5	2.0	-6.1	-6.2
NONDURABLE GOODS	2396.8	2404.2	2396.3	2402.2	2.2	1.2	-1.3	-0.3
SERVICES	4689.5	4722.4	4762.2	4757.4	2.8	2.8	3.4	3.0
INVESTMENT	1859.9	1787.7	1766.6	1757.9	5.0	-14.6	-4.7	-6.5
FIXED INVESTMENT	1826.0	1807.5	1761.9	1771.2	-0.7	-4.0	-9.7	-7.8
NONRESIDENTIAL	1387.3	1407.8	1398.8	1406.9	9.3	6.0	-2.5	-0.2
STRUCTURES	311.1	320.3	315.2	321.2	16.4	12.4	-6.2	1.1
EQUIPM. & SOFTWARE	1073.5	1081.7	1079.8	1079.3	6.2	3.1	-0.7	-0.9
RESIDENTIAL	463.3	430.9	398.8	400.3	-20.5	-25.2	-26.7	-25.5
CHG. BUS. INVENT.	30.6	-18.3	1.8	-14.4				
NET EXPORTS	-533.1	-503.2	-495.9	-480.2				
EXPORTS	1441.2	1464.1	1483.8	1474.1	19.1	6.5	5.5	2.8
IMPORTS	1974.3	1967.3	1979.7	1954.3	4.4	-1.4	2.5	-2.6
GOVERNMENT (C & I)	2033.6	2043.4	2053.5	2053.3	3.8	2.0	2.0	2.0
FEDERAL	764.0	765.0	773.7	773.2	7.1	0.5	4.6	4.4
DEFENSE	513.9	513.2	520.7	520.3	10.1	-0.5	6.0	5.6
OTHER	249.6	251.4	252.5	252.5	1.1	2.8	1.8	1.8
STATE AND LOCAL	1269.6	1278.3	1280.1	1280.2	1.9	2.8	0.5	0.6
DISP. PERS. INC.	8702.6	8695.2	8726.4	8749.7	4.5	0.1	1.4	1.8
FINAL SALES	11626.4	11695.2	11689.1	11715.3	4.0	2.4	-0.2	0.7
GROSS DOMESTIC PURCHASES	12155.6	12194.6	12182.0	12191.3	2.5	1.3	-0.4	-0.1
PRICE DEFLATORS:								
GDP CHAIN TYPE	119.8	120.6	121.3	121.3	1.0	2.4	2.6	2.6
GDP EX. FOOD & ENERGY					1.7	2.1	2.0	2.0
PCE CHAIN TYPE	117.9	119.0	120.1	120.0	1.8	3.9	3.5	3.5
PCE EX. FOOD & ENERGY	114.7	115.4	116.0	116.0	2.0	2.5	2.2	2.1

Downward Trend of Consumer Spending Stands Out, Moderation in Inflation Underway

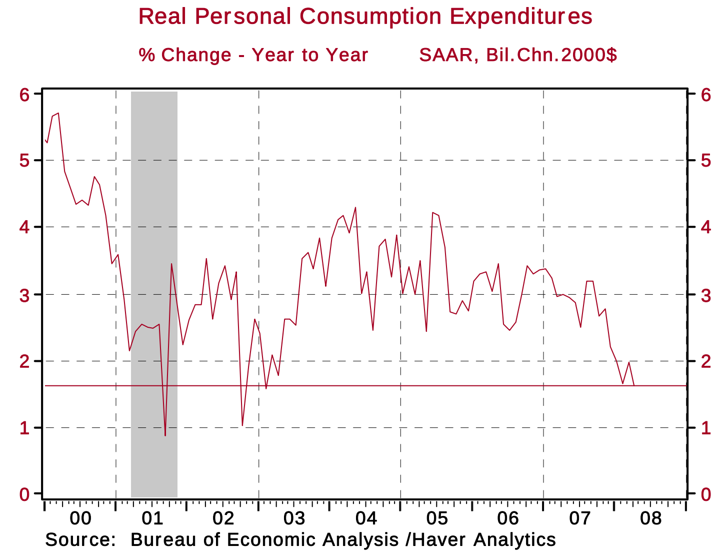
Nominal consumer spending rose 0.2% in April, following a 0.4% increase in the prior month. After adjusting for inflation consumer spending held steady in April, after only a 0.1% increase in March. In April, consumer outlays on durable and non-durable goods dropped 0.2% and purchases of service moved up 0.1%. In the past eight months, consumer outlays on durable and non-durable goods held steady in October 2007 and February 2008 and declined in the remaining five months. Expenditures on services fell in February 2008 and have been barely positive in March and April (see chart 16).

Chart 16



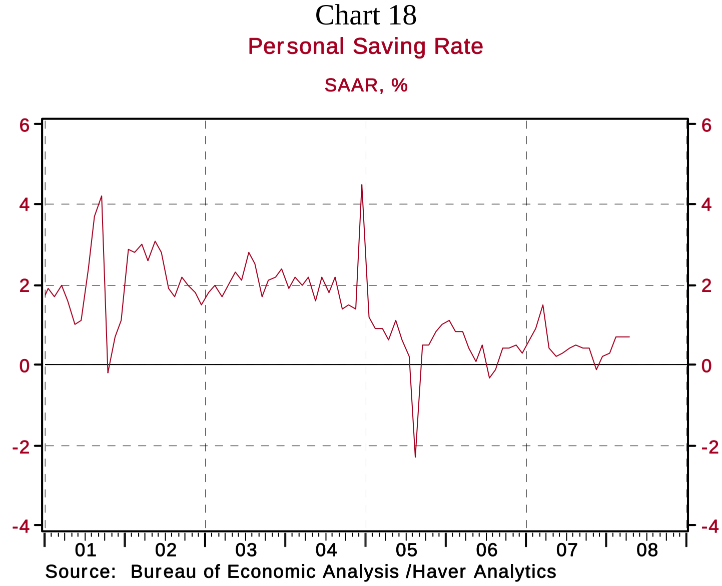
On a year-to-year basis, inflation adjusted consumer spending rose 1.63% in April, the smallest increase in around five years (see chart 17). This is the impact of the housing market slump and overall weakening of business activity. In the first quarter, real consumer spending rose at an annual rate of only 1.0%. We expect consumer spending to show a marginal *contraction* in the second quarter.

Chart 17



The good news is that personal saving as a percent of disposable income has held at 0.7% for three straight months. Personal saving as a percent of disposable income was 0.5% in 2007 and 0.4% in 2006.

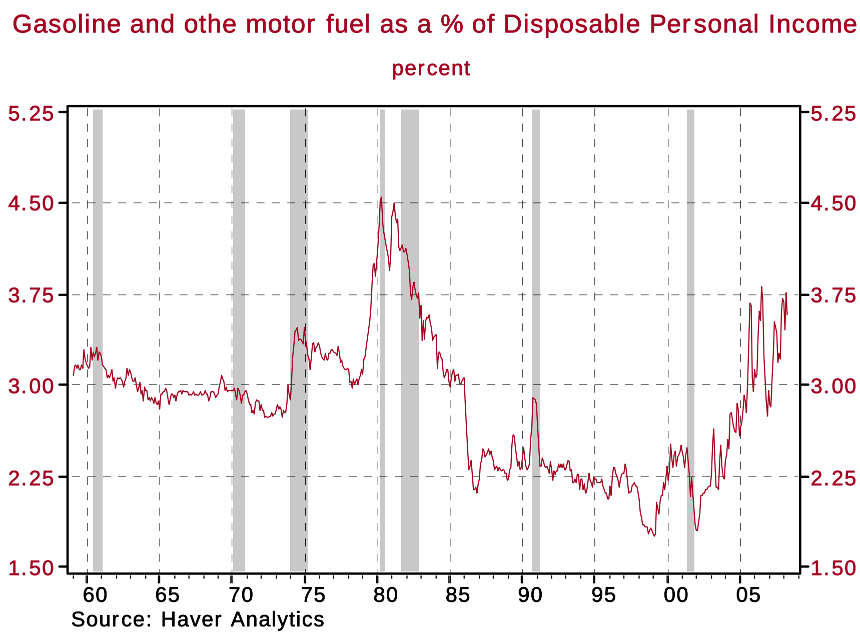
Chart 18



The personal consumption expenditure price index rose 0.2% in April compared with a 0.3% gain in March. On a year-to-year basis, the personal consumption expenditure price index increased 3.16%, down from a recent high of 3.6% in November 2007. On this front, the FOMC should be relieved about the moderation in inflation. The core personal consumption expenditure price index, which excludes food and energy, rose 2.09% in April, higher than the recent low of 1.88% in August. A further acceleration of core prices will be troubling.

Gasoline prices are the subject of headlines and water fountain conversations. Out of curiosity, we looked into this issue in terms of national data. The Bureau of Economic Analysis has a component in the personal consumption expenditure report called "gasoline and other motor fuel." This component of consumption expenditures as a percent of disposable personal income (personal income less personal current taxes) has hovered between 3.3% and 3.8% in the past year (see chart 19), with the April reading at 3.6%. Looking across historical data from 1959, this is the highest percentage of personal income devoted to gasoline and other motor fuel since the early 1980s. On average, about 2.3% of disposable income was spent on gasoline and other motor fuel during 1985-2000. The nearly 52% jump in the share of gasoline in household budget in recent months is taking a toll on non-gasoline consumer expenditures. A more complete analysis would examine the share of gasoline expenditures across different income groups. Such an analysis should indicate that gasoline expenditures makes up a larger percentage of disposable income at the lower-end compared with the higher income groups.

Chart 19



There were questions raised if the April personal income data reflect the impact of rebate checks. A major part of the impact from rebate checks will be seen in the personal income report for May. A large part of the impact will be seen in disposable income figures because the rebate checks are a reduction of income tax. Only a small percentage of households who receive the rebate do not pay taxes or pay amounts smaller than the rebate checks. The income of these tax payers will show a gain larger than their earned income, while for the majority of the recipients there will be an increase is disposable personal income.

We can look at the experience of a similar event in 2001 to understand how it may work this time around. Rebate checks ranging between $300 and $600 were mailed out in 2001. The impact of these rebate checks in 2001 was visible in the sharp gains in disposable personal income in July and August 2001 (see chart 20), which resulted in a noticeable increase in consumer spending during October 2001 (see chart 21). A similar one-off occurrence of a jump in consumer expenditures is likely in the third quarter of 2008.

Chart 20

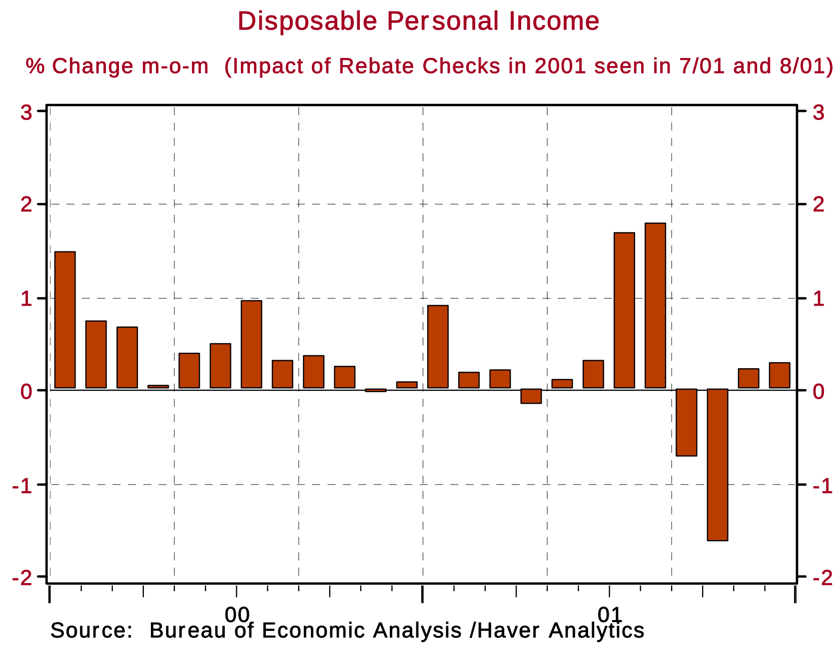
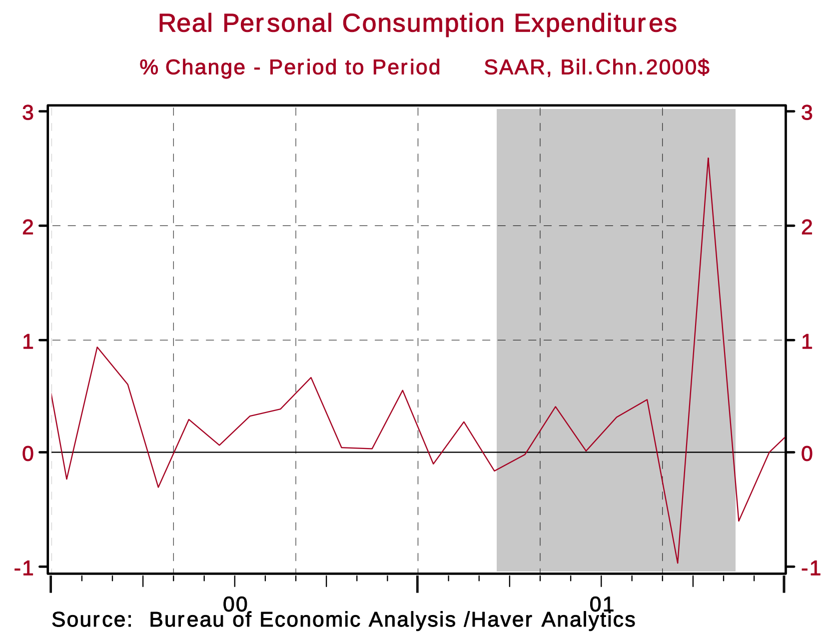


Chart 21

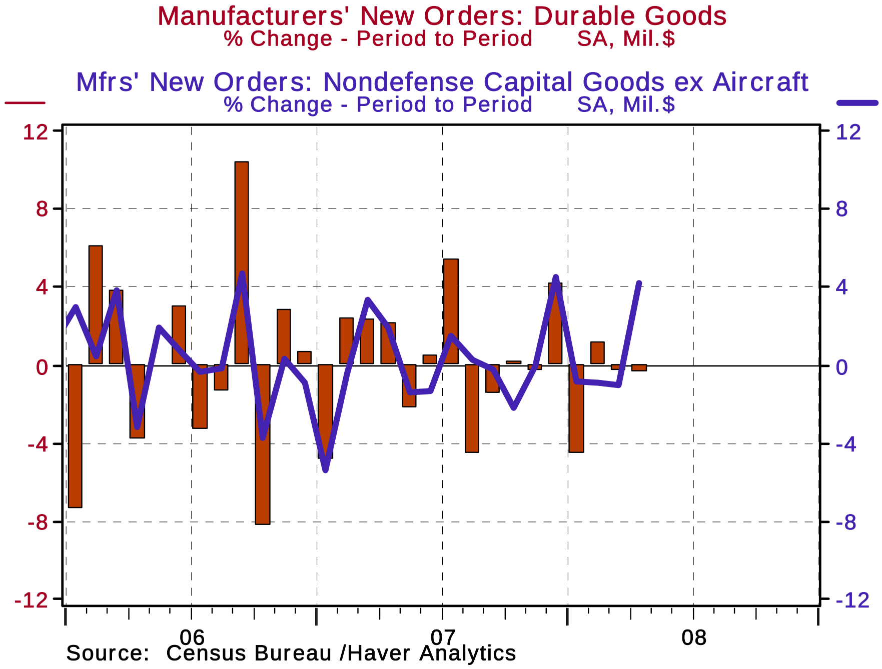


Durable Goods Orders – May 2008

April Durable Goods Orders – Beware of One-off Events

Orders for durable goods declined 0.5% in April, following a 0.3% drop in the prior month. Excluding transportation, orders of durable goods rose 2.5%. A 3.3% drop in orders of autos and a 20.0% decline in orders of aircraft accounted for the weakness in orders of the transportation component.

Chart 22



Orders of non-defense capital goods excluding aircraft increased 4.4% after three consecutive monthly declines. Among the components posting gains in April, the 27.8% increase in bookings of electrical equipment, appliances, and components after an 18.9% decline in March appears to a one-off event such that we cannot attribute the strength in this component as a sign of overall increase in bookings of durables in April. The 2.8% and 4.2% increase in orders of primary metals and general machinery are worth noting, but there is also an inflationary component in orders of primary metals reflecting the upward trend of commodity prices. All in all, the strength in orders of durables excluding transportation appears to be the result of higher commodity prices, a random sharp increase in one component, and the impact of exports. Exports of factory goods have made a significant positive contribution to GDP for several quarters and they could possibly continue to maintain this trend in the months ahead.

DURABLE GOODS ORDERS - % CHANGE M-M

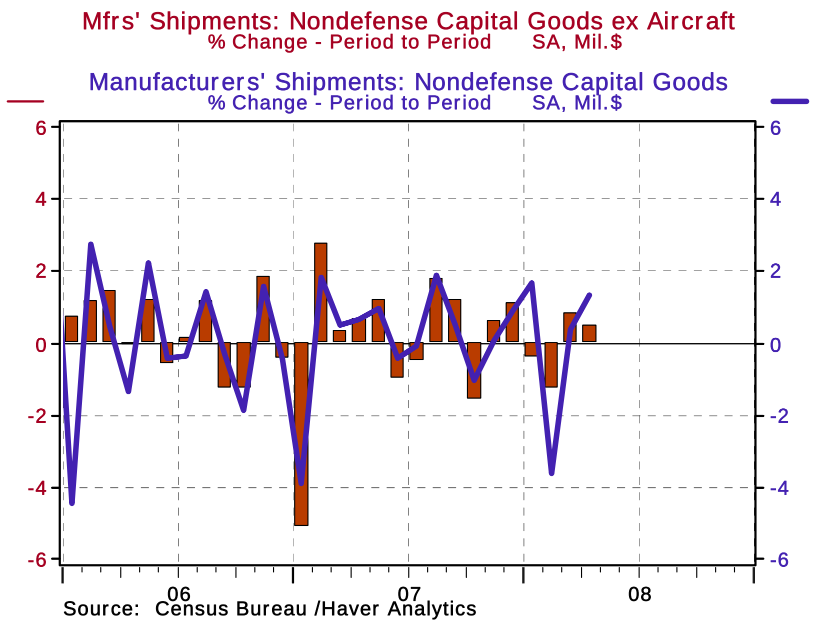
DATE	TOTAL	DEFENSE	NON-DEFENSE CAPITAL GOODS	NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT	COMPUTERS AND ELECTRONIC PRODUCTS
Oct-07	0.1	20.5	-2.9	-2.2	-4.8
Nov-07	-0.3	-30.5	4.3	0.0	-1.5
Dec-07	4.1	89.5	3.5	4.5	2.1
Jan-08	-4.7	-23.0	-6.3	-0.8	-1.4
Feb-08	1.1	9.2	1.6	-0.9	1.5
Mar-08	-0.3	-12.5	1.4	-1.0	1.0
Apr-08	-0.5	4.8	-1.4	4.2	-1.5

Shipments of durable goods increased 1.2% after two consecutive monthly declines. Shipments of non-defense capital goods excluding aircraft advanced 0.5% during April following a 0.8% increase in March.

DURABLE GOODS SHIPMENTS- % CHANGE M-M

DATE	TOTAL	NON-DEFENSE CAPITAL CAPITAL GOODS	NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT	COMPUTERS AND ELECTRONIC PRODUCTS
Oct-07	0.4	-1.1	-1.6	1.7
Nov-07	-0.1	0.1	0.6	0.4
Dec-07	-0.8	0.9	1.1	-1.7
Jan-08	2.2	1.7	-0.4	9.4
Feb-08	-1.9	-3.6	-1.3	-8.8
Mar-08	-0.9	0.4	0.8	-0.9
Apr-08	1.2	1.3	0.5	4.3

Chart 23



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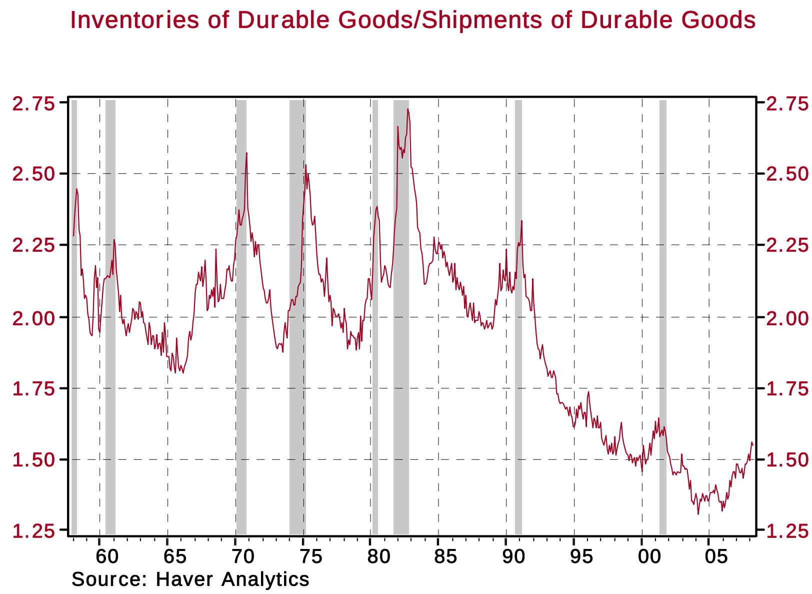
Inventories of durable goods increased 0.5% in April, marking the tenth monthly gain in the past year. The level of inventories is at the highest mark since the series was restated in NAICS terms in 1992. (Data prior to 1992 in charts 24 and 25 are reconstructed by Haver Analytics).

Chart 24

The inventories-shipments ratio (1.55 in April and 1.56 in March) has maintained an upward trend suggesting that the strength implied by orders of durable goods excluding transportation may be a temporary event. As shown in chart 25, an upward trend of the inventories-shipment ratio is associated with recessions.

Chart 25



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Initial Jobless Claims

Jobless Claims – Severely Weak Labor Market Conditions Persist

Initial jobless claims rose 4,000 to 372,000 during the week ended May 24. Continuing claims, which lag initial claims by one week, rose 36,000 to 3.104 million, the largest number since February 2004 (see chart 26). The sharp upward trend of continuing claims in 2008 is supportive of the position the doves in the FOMC are holding. On a year-to-year basis, continuing claims rose 25.6%, the highest since May 2002 (see chart 27). The insured unemployment rate held steady at 2.3%.

Chart 26

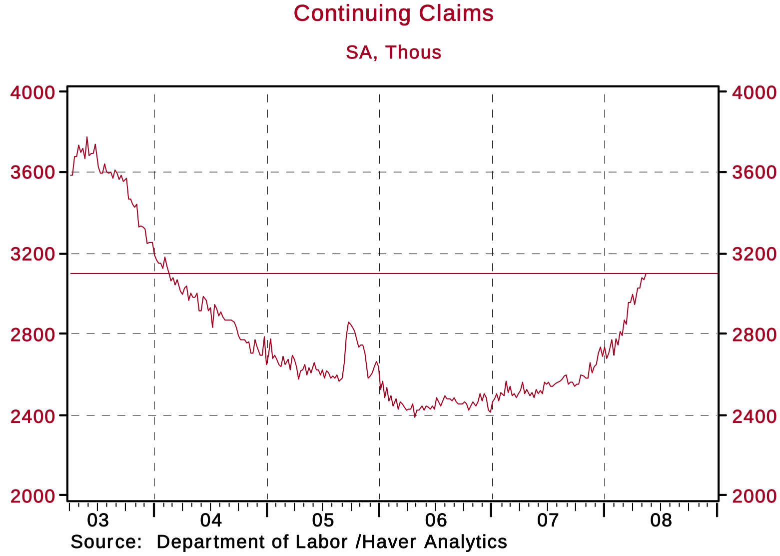
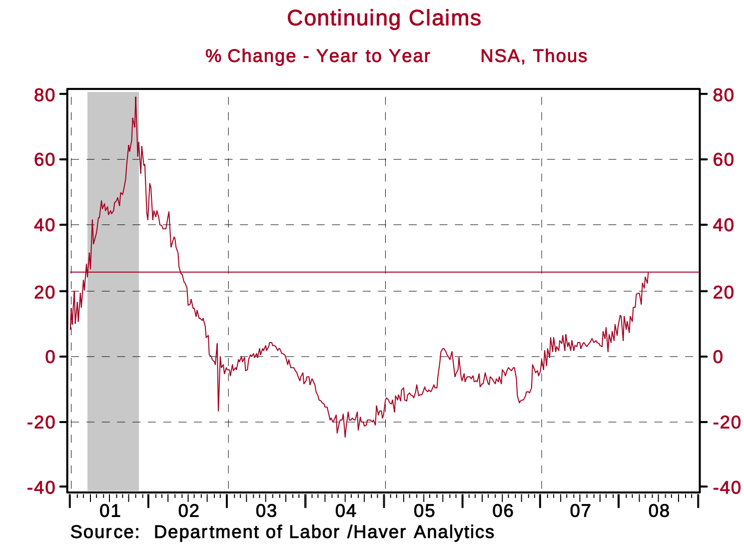


Chart 27



Highlights for Next Week

1. **ISM Manufacturing Survey** [June 2] **–** The consensus for the manufacturing ISM composite index is 48.5 vs. 48.6 in April. If the consensus forecast is accurate, it would be the fourth monthly reading below 50.0. **Consensus:** 48.5 vs. 48.6 in April.

2. **Employment Situation** [June 6] **–** Payroll employment in May is predicted to have dropped 75,000 following a loss of 20,000 jobs in April. The jobless rate is predicted to have risen to 5.1% from 5.0% in April. . **Consensus: Payrolls - -60,000 vs. -20,000 in April, unemployment rate – 5.1% vs. 5.0% in April**

Other reports – Construction spending (June 2), auto sales and factory orders (June 3), ISM non-manufacturing and productivity report (June 4).

Key Interest Rates

	5/30/2008	1-wk. change, bps	4-wk. change, bps	1-yr. change, bps
3-month Libor	2.68	3	-9	-268
2-year U.S. Treasury note yield	2.61	15	14	-236
10-year U.S. Treasury note yield	4.04	19	15	-91

Global Economic Data

	Real GDP		CPI		Unemployment Rate			Central Bank Rate		
	SAAR, yoy %		NSA, yoy%		%		year-ago	%		year-ago
United States	2.5	Q4-07	3.9	Mar-08	5.0	Apr-08	4.5	2.00	Mar-08	5.25
Euro-Area	2.2	Q4-07	3.3	Mar-08	7.1	Apr-08	7.5	4.00	Apr-08	3.75
Japan	1.1	Q4-07	0.8	Mar-08	4.0	Apr-08	3.9	0.50	Apr-08	0.50
UK	2.5	Q4-07	3.0	Mar-08	2.5	Apr-08	2.8	5.00	Apr-08	5.25
Australia	3.9	Q4-07	4.2	Q4-07	4.2	Apr-08	4.4	7.25	Apr-08	6.25
Canada	1.7	Q4-07	1.7	Mar-08	6.1	Apr-08	6.2	3.00	Apr-08	4.25
China	10.6	Q1-08	8.5	Mar-08	4.0	Q1-08	4.1	2.31	Apr-08	2.43
India	8.8	Q4-07	7.8	Mar-08	--	--	--	6.00	Apr-08	6.00
New Zealand	2.8	Q4-07	3.4	Q4-07	3.6	Q1-08	3.7	8.25	Apr-08	7.75
Norway	3.7	Q4-07	3.1	Mar-08	2.4	Q1-08	2.7	5.50	Apr-08	4.00
Singapore	6.8	Q4-07	7.5	Mar-08	2.0	Q1-08	2.8	0.99	Apr-08	2.31
South Korea	5.6	Q4-07	4.1	Apr-08	3.2	Apr-08	3.4	5.00	Apr-08	4.50
Sweden	2.3	Q4-07	3.4	Mar-08	5.6	Apr-08	6.1	4.25	Apr-08	3.25
Switzerland	3.6	Q4-07	2.3	Mar-08	2.6	Apr-08	2.9	2.81	Apr-08	2.35
Taiwan	6.3	Q4-07		Apr-08	3.9	Apr-08	4.0	3.50	Apr-08	2.88
Thailand	6.1	Q4-07	6.2	Apr-08	1.3	Mar-08	1.4	3.50	Apr-08	4.50

* UK - Claimant Count Unemployment Rate

* Thailand - GDP Non-Seasonally Adjusted

* EA-13, UK, Sweden - Harmonized Unemployment

Historical US Economic Data

	Apr-08	Mar-08	Feb-08	Jan-08	Dec-07	Nov-07	Oct-07	Sep-07	Aug-07	Jul-07	Jun-07	May-07
Payroll Employment (000)	-20	-81	-83	-76	41	60	140	81	74	57	107	162
% Change, Year Ago *	0.3	0.4	0.6	0.7	0.8	0.9	1.0	1.0	1.0	1.1	1.3	1.3
Unemployment Rate (%)	5.0	5.1	4.8	4.9	5.0	4.7	4.8	4.7	4.7	4.7	4.6	4.5
Avg. Hourly Earnings (% Chg.)	0.1	0.3	0.3	0.3	0.3	0.3	0.1	0.3	0.2	0.3	0.4	0.3
% Change, Year Ago	3.4	3.7	3.7	3.7	3.7	3.8	3.8	4.1	4.0	4.1	4.1	4.1
PPI (% Chg.)	0.2	1.1	0.3	1.1	-0.5	2.6	0.5	0.5	-0.8	0.5	0.1	0.6
% Change, Year Ago *	6.5	6.9	6.4	7.4	6.2	7.3	6.1	4.4	2.3	4.2	3.3	3.9
CPI (% Chg.)	0.2	0.3	0.0	0.4	0.4	0.9	0.3	0.4	0.0	0.2	0.3	0.5
% Change, Year Ago *	3.9	4.0	4.0	4.3	4.1	4.3	3.5	2.8	2.0	2.4	2.7	2.7
ISM Diffusion Index (%)	48.6	48.6	48.3	50.7	48.4	50.0	50.4	50.5	51.2	52.3	53.4	52.8
Industrial Production (% Chg.)	-0.7	0.2	-0.7	0.1	0.1	0.4	-0.4	0.3	0.0	0.6	0.3	0.0
% Change, Year Ago	0.2	1.4	1.1	2.6	2.1	2.5	1.9	2.2	1.6	1.7	1.4	1.5
Capacity Utilization (%)	79.7	80.4	80.3	81.0	81.0	81.1	80.8	81.3	81.2	81.4	81.0	80.9
Nondefense Cap. Goods ex Aircraft												
- Orders (% Chg.)	4.2	-1.0	-0.9	-0.8	4.5	0.0	-2.2	-0.2	0.3	1.5	-1.3	-1.4
% Change, Year Ago *	3.6	-1.2	8.8	5.3	0.3	-4.8	-3.5	-7.0	-1.8	-2.5	-4.2	-2.8
- Shipments (% Chg.)	0.5	0.8	-1.3	-0.4	1.1	0.6	-1.6	1.2	1.8	-0.5	-1.0	1.2
% Change, Year Ago *	2.8	1.0	6.1	6.2	1.2	0.0	1.7	-0.4	-1.1	-2.3	-1.7	-1.8
Retail Sales (% Chg.)	-0.2	0.2	-0.5	0.6	-0.9	1.2	0.0	0.7	0.2	0.4	-1.1	1.6
% Change, Year Ago	2.6	0.3	7.0	4.7	2.5	6.4	6.3	2.8	4.0	3.5	3.4	5.5
Real Personal Consumption (% Chg.)	0.0	0.1	-0.1	0.2	-0.1	0.3	0.1	0.2	0.4	0.3	0.1	0.1
% Change, Year Ago	1.6	2.0	1.6	2.0	2.2	2.8	2.7	3.2	3.2	2.5	2.9	2.9
Personal Income (% Chg.)	0.2	0.4	0.5	0.2	0.5	0.4	0.4	0.4	0.4	0.5	0.4	0.4
% Change, Year Ago	4.8	4.4	4.8	5.2	5.9	6.2	6.2	6.4	6.4	6.3	5.9	6.3
New Home Sales (SAAR, mn)	0.53	0.51	0.57	0.60	0.60	0.63	0.72	0.69	0.70	0.80	0.79	0.86
% Change, Year Ago *	-43.4	-38.8	-29.4	-33.3	-38.0	-36.6	-23.0	-33.8	-31.8	-18.1	-25.5	-22.5
Existing Home Sales (SAAR, mn)	4.89	4.94	5.03	4.89	4.91	5.02	5.06	5.11	5.50	5.76	5.75	5.93
% Change, Year Ago *	-15.7	-22.5	-19.4	-23.2	-23.2	-17.8	-18.7	-22.5	-12.1	-6.1	-13.4	-10.1
Housing Starts (SAAR, mn)	1.03	0.95	1.11	1.06	1.00	1.18	1.28	1.19	1.34	1.37	1.46	1.44
% Change, Year Ago *	-31.9	-35.9	-24.0	-25.5	-38.7	-22.9	-11.9	-32.4	-17.4	-20.5	-19.0	-28.2
International Trade (Bils $)		-58.2	-61.7	-59.0	-57.9	-62.4	-57.6	-56.9	-56.7	-58.9	-60.0	-60.3

	Q1-08	Q4-07	Q3-07	Q2-07	Q1-07	Q4-06	Q3-06	Q2-06	Q1-06	Q4-05	Q3-05	Q2-05
Real GDP, Chain Weighted, SAAR	0.9	0.6	4.9	3.8	0.6	2.1	1.1	2.4	4.8	1.2	4.5	2.8
% Change, Year Ago	2.5	2.5	2.8	1.9	1.5	2.6	2.4	3.2	3.3	2.9	3.2	3.0
Chain-Weighted Price Index, SAAR	2.6	2.4	1.0	2.6	4.2	1.7	2.4	3.5	3.4	3.5	3.5	2.6
% Change, Year Ago	2.2	2.6	2.4	2.7	2.9	2.7	3.2	3.5	3.2	3.4	3.3	3.0
Nominal GDP, SAAR	3.5	3.0	6.0	6.6	4.9	3.8	3.4	6.0	8.4	4.8	8.1	5.5
% Change, Year Ago	4.7	5.1	5.3	4.7	4.5	5.4	5.6	6.8	6.7	6.3	6.6	6.1
Employment Cost Index (%)	0.7	0.8	0.8	0.9	0.8	0.8	1.0	0.9	0.6	0.8	0.7	0.6
% Change, Year Ago	3.3	3.3	3.3	3.3	3.5	3.3	3.3	3.0	2.8	3.1	3.0	3.2
Productivity Nonfarm, SAAR	2.2	1.8	6.0	2.7	1.3	1.4	-1.6	1.3	2.2	-1.5	4.5	0.5
% Change, Year Ago	3.2	2.9	2.8	1.0	0.6	0.8	0.1	1.6	1.4	1.7	2.2	1.4
Unit Labor Costs, Nonfarm, SAAR	2.2	2.8	-2.5	-1.3	5.0	10.7	3.1	-1.3	4.5	4.3	1.3	1.0
% Change, Year Ago	0.2	0.9	2.8	4.3	4.3	4.2	2.6	2.2	2.8	1.6	1.7	2.5

Source: Haver Analytics

* NSA