

## DAILY GLOBAL COMMENTARY

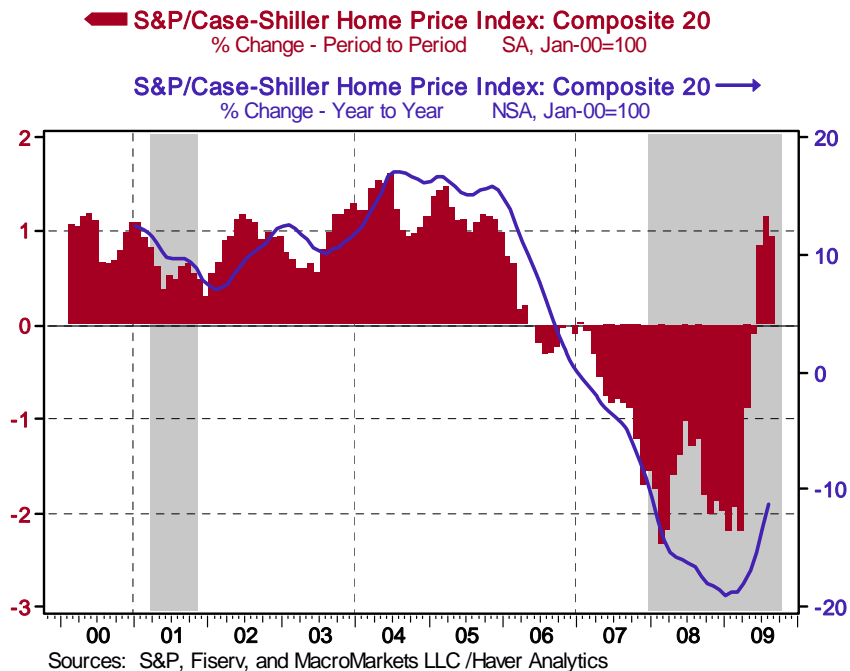
Northern Trust  
Global Economic Research  
50 South LaSalle  
Chicago, Illinois 60603  
northerntrust.com

Asha G. Bangalore  
[agb3@ntrs.com](mailto:agb3@ntrs.com)

### Case-Shiller Home Price Index – Further Improvement in Home Prices October 27, 2009

The Case-Shiller Home Price Index of 20-metro areas increased 1.0% in August, the third consecutive monthly gain. This favorable price picture and the improvement in home sales are supported by the \$8000 first-time home buyer tax credit program and the low mortgage rate environment. At the same time, mortgage modification programs have also contributed to the stability of the housing market. The Case-Shiller Home Price Index on a year-to-year basis is showing a noticeable decelerating trend. The important question is if the home sales can flourish without these temporary favorable forces of supportive programs. As mentioned in earlier comments on the housing market, hiring trends will determine if the recent improvement in the housing trend will be durable. It appears that they could be setbacks in a few months but the net impact will be positive during 2010.

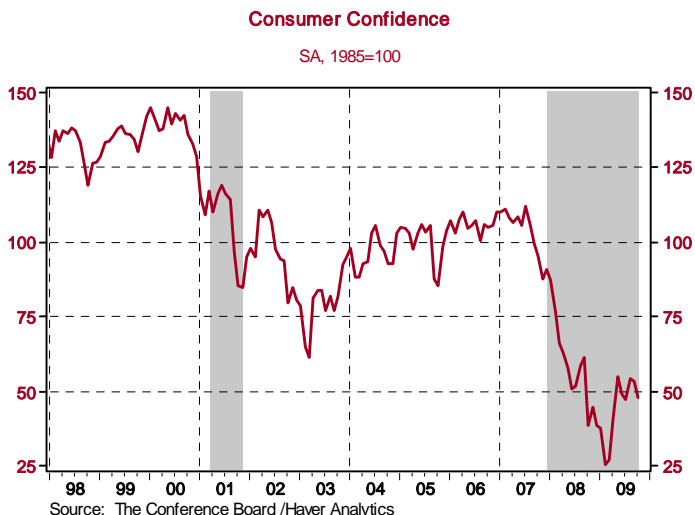
Chart 1



### Consumer Confidence Slips in October, Job Situation is Main Driver

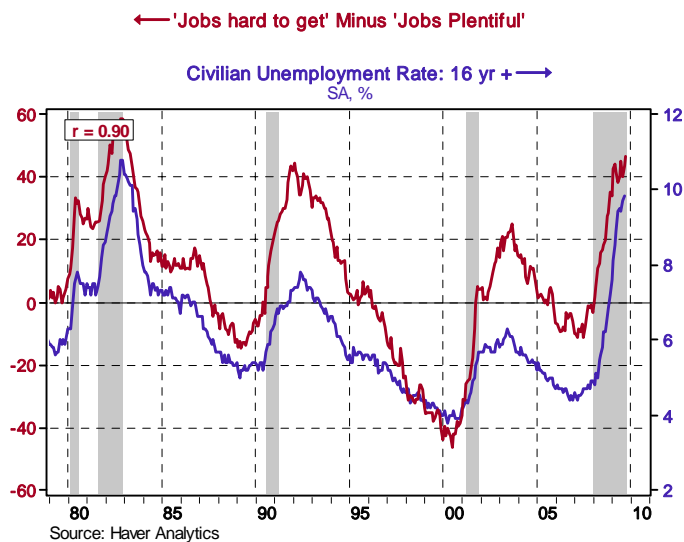
The Conference Board's Consumer Confidence Index dropped to 47.7 in October from 53.4 in the prior month. The two sub-indexes, Present Situation Index (20.7 vs. 23.7 in September) and the Expectations Index (65.7 vs. 73.7) fell in October. The early University of Michigan survey results for the Consumer Sentiment Index also showed a decline.

Chart 2



Consumers continue to view the labor market in unfavorable light. The number of respondents indicating that “jobs are hard to get” rose (47.6 vs. 47.0 in September) while those responding “jobs are plentiful” declined (3.4 vs. 3.6 in September). The net of these two indices moved up in October to 46.2 from 43.4 in September. Historically, there is a strong positive relationship between then net of the indexes about the job market and the unemployment rate (see chart 3). The latest information about a pessimistic perception of the labor market implies that a higher unemployment rate is likely in October. This confirms widely projected information.

Chart 3



The opinions expressed herein are those of the author and do not necessarily represent the views of The Northern Trust Company. The Northern Trust Company does not warrant the accuracy or completeness of information contained herein, such information is subject to change and is not intended to influence your investment decisions.