

DAILY GLOBAL COMMENTARY

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Significant Improvement in Trade Balance a Big Plus for Q1 GDP

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The trade balance narrowed to \$25.97 billion in February from \$36.2 billion in January. The trade deficit has fallen \$32.3 billion in a six-month period, the largest six-month change on record. The trade deficit in February is the smallest since December 2001! (See chart 1.) Exports of goods and services increased 1.6% after a string of six monthly declines. After adjusting for inflation, the 3.1% increase in exports of goods in February is the first monthly increase since August 2008. The 5.1% drop in imports of goods and services in February is a continuation of a declining trend which began in August 2008. Inflation adjusted imports of goods fell 5.3% in February. The sharp improvement in the trade deficit is a big plus for first quarter GDP. We are working on the revision of our forecast of first quarter real GDP.

Chart 1

Trade Balance: Goods and Services, BOP Basis

SA, Mil. \$



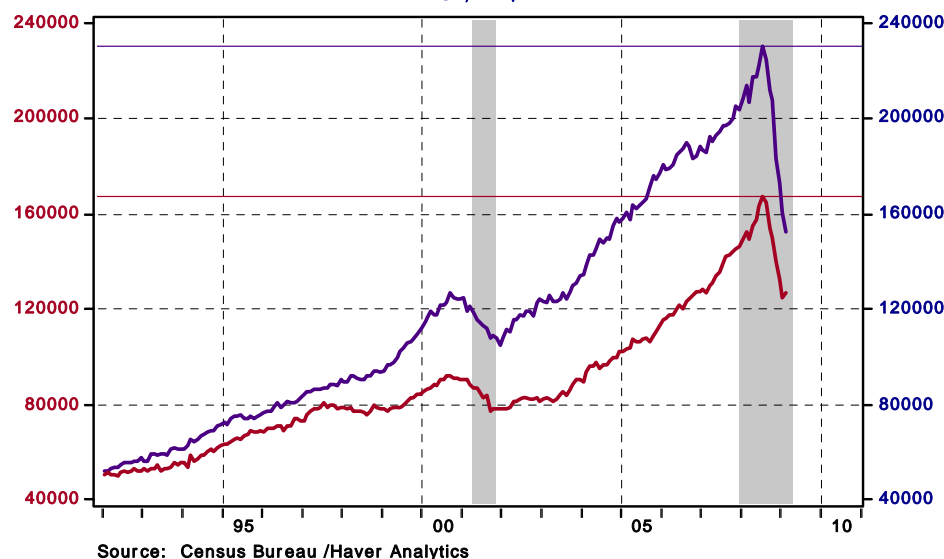
Source: Census Bureau /Haver Analytics

Imports of goods and services have dropped nearly 34% and exports have declined a little over 24% from the peak in July 2008 (see chart 2). Petroleum imports fell 8.7% in February, reflecting lower prices and a smaller quantity of imports. Non-petroleum imports dropped 4.8% in February after a 5.2% decline in the prior month.

Chart 2

Exports: Goods and Services, BOP Basis
SA, Mil. \$

Imports: Goods and Services, BOP Basis
SA, Mil. \$



The trade deficit narrowed vis-à-vis China (\$14.2 billion vs. \$20.1 billion in January), Canada (\$1.82 billion vs. \$2.49 billion in January), Japan (\$2.2 billion vs. \$4.3 billion in January) and the Euro area (\$2.4 billion vs. \$3.4 billion in January) but widened vis-à-vis Mexico (\$3.1 billion vs. \$2.7 billion in January). The improvement of the trade deficit with regard to China appears to be a seasonal aberration – we need additional information to confirm.

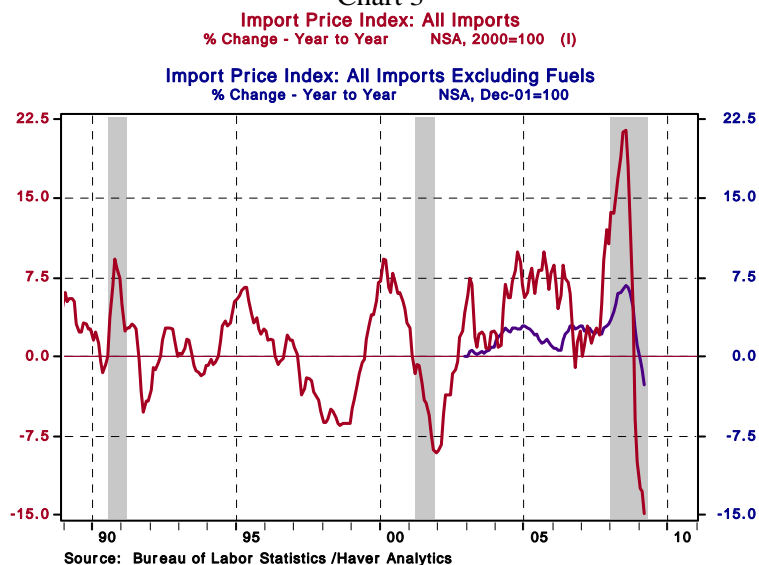
International Trade in Goods and Services

	Trade Balance (billions)			Exports (m-o-m % change)		Imports (m-o-m % change)	
	Goods & Services	Goods	Goods - 2000\$	Goods & Services	Goods - 2000\$	Goods & Services	Goods - 2000\$
Aug-08	-60.2	-71.6	-39.5	-1.7	0.0	-2.2	-1.3
Sep-08	-58.1	-70.1	-42.3	-6.6	-8.2	-5.8	-3.7
Oct-08	-58.0	-69.6	-46.0	-2.6	-0.7	-1.9	2.4
Nov-08	-42.5	-53.3	-40.1	-6.1	-3.3	-11.9	-6.6
Dec-08	-39.9	-51.3	-42.9	-5.8	-6.1	-5.8	-1.8
Jan-09	-36.2	-46.9	-44.0	-5.9	-8.6	-6.7	-4.6
Feb-09	-26.0	-36.9	-35.6	1.6	3.1	-5.1	-5.3

In related news, the import price index moved up 0.5% in March, primarily due to higher prices for imported petroleum. Excluding fuels, the import price index fell 0.5% in February. On a year-to-year basis, both import price indexes maintain a downward trend.

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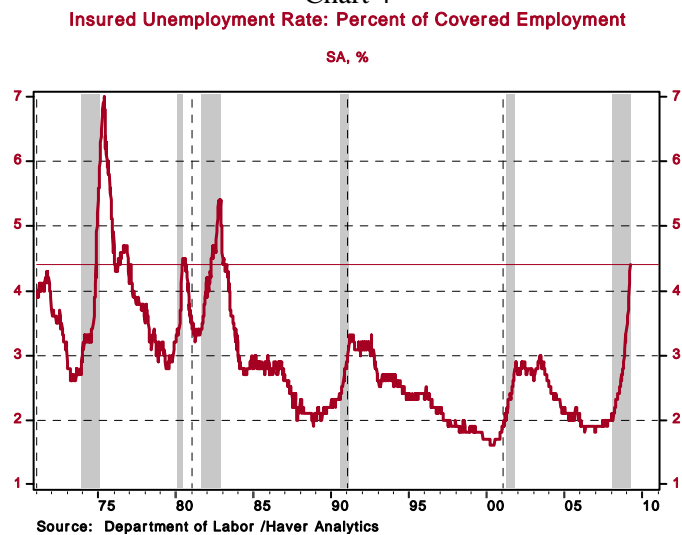
Chart 3



Initial Jobless Claims: Glimmer of Hope?

Initial jobless claims dropped 20,000 to 654,000 during the week ended April 4. On a year-to-year basis, seasonally unadjusted initial jobless claims rose 73.2%, which represents a deceleration in the number of jobless claims being filed compared with the peak year-to-year increase of 91% during the week ended March 7. To this extent, the weekly labor market report is marginally bullish about the economy. However, continuing claims moved up 95,000 to 5.84 million and the insured unemployment rate rose to 4.4% from 4.3% in the prior week. We will be tracking these data closely for an early warning about the economy.

Chart 4



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A Daily Global Commentary will not be published on 4/10/09.

Key Interest Rates

	4/9/2009	1-wk. change, bps	4-wk. change, bps	1-yr. change, bps
3-month Libor	1.13	-3	-19	-158
2-year U.S. Treasury note yield	0.95	7	-8	-89
10-year U.S. Treasury note yield	2.92	15	3	-63

Highlights of Next Week – Chairman Bernanke speaks at 12:00 ET, April 17, 2009

Date	Economic Indicator	TNT	Consensus	Previous
4/14/2009	Retail sales (Mar.)	0.3%	0.4%	-0.1%
	Retail sales ex. autos		0.1%	0.7%
	Producer Price Index (Mar.)	0.1%	0.0%	0.1%
	Core Producer Price Index (Mar.)	0.1%	0.1%	0.2%
	Business Inventories (Feb.)		-1.1%	-1.1%
4/15/2009	Consumer Price Index (Mar.)	0.1%	0.1%	0.4%
	Core Consumer Price Index (Mar.)	0.1%	0.1%	0.2%
	Industrial Production (Mar.)	-1.0%	-1.0%	-1.5%
	Capacity Utilization rate			
	NAHB Survey		10.0	9.0
4/16/2009	Beige Book			
	Initial Jobless Claims		645,000	654,000
4/17/2009	Housing Starts (Mar.)	550,000	550,000	583,00
	Consumer Sentiment Index (Apr.)		58.5	57.3

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Global Economic Data

	Real GDP		CPI		Unemployment Rate			Central Bank Rate		
	SAAR, yoy %		NSA, yoy%		%		year-ago	%		year-ago
United States	-0.8	Q4-08	0.2	Feb-09	8.5	Mar-09	5.1	0.13	Mar-09	2.25
Euro-Area	-1.5	Q4-08	1.2	Feb-09	8.5	Feb-09	7.2	1.50	Mar-09	4.00
Japan	-4.3	Q4-08	-0.1	Feb-09	4.4	Feb-09	3.9	0.10	Mar-09	0.50
UK	-2.0	Q4-08	3.1	Feb-09	4.3	Feb-09	2.5	0.50	Mar-09	5.25
Australia	0.3	Q4-08	3.7	Q4-08	5.7	Mar-09	4	3.25	Mar-09	7.25
Canada	-0.7	Q4-08	1.4	Feb-09	8.0	Mar-09	6.1	0.50	Mar-09	3.50
China	6.8	Q4-08	0.0	Feb-09	4.2	Q4-08	4.1	0.83	Feb-09	2.29
India	5.4	Q4-08	9.6	Feb-09	--	--	--	3.50	Mar-09	6.00
New Zealand	-2.3	Q4-08	3.4	Q4-08	4.6	Q4-08	3.7	3.00	Mar-09	8.25
Norway	0.8	Q4-08	2.5	Feb-09	2.9	Q4-08	2.8	2.00	Mar-09	5.25
Singapore	-4.0	Q4-08	1.8	Feb-09	2.5	Q4-08	2.8	0.43	Mar-09	0.83
South Korea	-3.4	Q4-08	3.9	Mar-09	3.5	Feb-09	3.1	2.00	Mar-09	5.00
Sweden	-4.4	Q4-08	0.9	Feb-09	7.9	Feb-09	6.0	1.00	Mar-09	4.25
Switzerland	-0.1	Q4-08	-0.4	Feb-09	3.3	Mar-09	2.5	0.40	Mar-09	2.89
Taiwan	-7.9	Q4-08	0.0	Mar-09	5.6	Feb-09	3.9	1.25	Mar-09	3.50
Thailand	-4.3	Q4-08	-0.2	Mar-09	1.7	Feb-09	1.4	2.00	Mar-09	3.50
* UK - Claimant Count Unemployment Rate										
* Thailand - GDP Non-Seasonally Adjusted										
* EA-13, UK, Sweden - Harmonized Unemployment										

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Historical US Economic Data

	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08	Oct-08	Sep-08	Aug-08	Jul-08	Jun-08	May-08	Apr-08
Payroll Employment (000)	-663	-651	-741	-681	-597	-380	-321	-175	-128	-161	-137	-160
% Change, Year Ago *	-3.5	-3.1	-2.7	-2.2	-1.6	-1.1	-0.7	-0.4	-0.3	-0.2	-0.1	0.2
Unemployment Rate (%)	8.5	8.1	7.6	7.2	6.8	6.6	6.2	6.2	5.8	5.6	5.5	5.0
Avg. Hourly Earnings (% Chg.)	0.2	0.2	0.2	0.3	0.3	0.4	0.2	0.4	0.3	0.3	0.3	0.2
% Change, Year Ago	3.4	3.6	3.7	3.9	3.9	3.9	3.6	3.8	3.5	3.6	3.7	3.8
PPI (% Chg.)		0.1	0.8	-1.9	-2.6	-2.6	-0.1	-0.5	1.3	1.3	1.5	0.2
% Change, Year Ago *		-1.3	-1.0	-0.9	0.4	5.2	8.8	9.7	9.9	9.1	7.3	6.4
CPI (% Chg.)		0.4	0.3	-0.8	-1.7	-0.8	0.0	0.0	0.7	0.9	0.5	0.2
% Change, Year Ago *		0.2	0.0	0.1	1.1	3.7	4.9	5.4	5.6	5.0	4.2	3.9
ISM Diffusion Index (%)	36.3	35.8	35.6	32.9	36.6	38.7	43.4	49.3	49.5	49.5	49.3	48.6
Industrial Production (% Chg.)		-1.5	-2.0	-2.4	-1.3	1.4	-4.0	-1.1	-0.1	-0.2	-0.3	-0.6
% Change, Year Ago		-11.8	-10.7	-8.9	-6.4	-4.6	-6.4	-2.2	-1.0	-0.7	-0.4	0.0
Capacity Utilization (Goods)		70.2	71.3	72.7	74.6	75.5	74.5	77.6	78.6	78.7	78.9	79.2
Nondefense Cap. Goods ex Aircraft												
- Orders (% Chg.)		7.1	-12.3	-5.9	1.1	-6.7	-3.4	-2.3	0.3	1.6	-0.3	3.1
% Change, Year Ago *		-23.2	-25.4	-14.7	-7.9	-7.2	0.1	-0.2	6.6	3.4	3.4	2.6
- Shipments (% Chg.)		0.6	-9.4	0.1	-1.3	-3.7	1.7	-2.1	0.3	0.6	0.2	1.0
% Change, Year Ago *		-15.3	-13.4	-4.7	-5.2	-2.2	2.7	-1.6	6.1	2.0	2.7	3.7
Retail Sales (% Chg.)		-0.1	1.8	-3.1	-2.4	-3.4	-1.6	-0.7	-0.6	0.1	0.8	0.2
% Change, Year Ago		-12.3	-8.3	-8.6	-10.0	-4.0	0.1	-0.4	4.1	1.4	2.5	3.7
Real Personal Consumption (% Chg.)		-0.2	0.7	-0.6	0.4	-0.8	-0.5	-0.1	-0.6	-0.2	0.2	0.1
% Change, Year Ago		-1.4	-1.4	-1.9	-1.4	-1.3	-0.6	-0.2	0.2	1.1	1.4	1.3
Personal Income (% Chg.)		-0.2	0.2	-0.3	-0.5	-0.1	0.1	0.3	-0.8	0.1	1.8	0.0
% Change, Year Ago		1.0	1.4	1.3	2.1	3.0	3.4	3.9	4.0	5.3	5.6	4.0
New Home Sales (SAAR, mn)		0.34	0.32	0.37	0.39	0.40	0.43	0.45	0.51	0.50	0.52	0.54
% Change, Year Ago *		-43.8	-47.7	-40.9	-40.0	-43.9	-34.0	-36.7	-36.8	-38.4	-38.0	-41.0
Existing Home Sales (SAAR, mn)		4.72	4.49	4.74	4.54	4.94	5.10	4.93	4.99	4.90	4.95	4.85
% Change, Year Ago *		-10.3	-7.6	0.3	-17.0	-1.9	6.8	-15.0	-11.3	-16.7	-16.3	-15.7
Housing Starts (SAAR, mn)		0.58	0.48	0.56	0.66	0.77	0.82	0.85	0.95	1.09	0.98	1.00
% Change, Year Ago *		-48.5	-56.1	-45.3	-46.5	-40.7	-27.2	-37.0	-32.2	-25.6	-32.8	-34.0
International Trade (Bils \$)		-26.0	-36.2	-39.9	-42.5	-58.0	-58.1	-60.2	-62.5	-59.1	-60.5	-61.8
	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08	Q4-07	Q3-07	Q2-07	Q1-07	Q4-06	Q3-06	Q2-06
Real GDP, Chain Weighted, SAAR	-6.3	-0.5	2.8	0.9	-0.2	4.8	4.8	0.0	1.5	0.8	2.7	
% Change, Year Ago	-0.8	0.7	2.1	2.5	2.3	2.8	1.8	1.3	2.4	2.4	3.2	
Chain-Weighted Price Index, SAAR	0.5	3.9	1.1	2.6	2.8	1.5	2.0	4.1	2.2	2.8	2.7	
% Change, Year Ago	2.0	2.6	2.0	2.3	2.6	2.5	2.8	2.9	2.8	3.2	3.5	
Nominal GDP, SAAR	-5.8	3.4	4.1	3.5	2.3	6.4	6.9	4.3	3.7	3.6	5.5	
% Change, Year Ago	1.2	3.3	4.1	4.7	4.9	5.3	4.6	4.3	5.3	5.7	6.8	
Employment Cost Index (%)	0.5	0.7	0.7	0.7	0.8	0.8	0.9	0.8	0.8	1.0	0.9	
% Change, Year Ago	2.6	2.9	3.1	3.3	3.3	3.3	3.3	3.5	3.3	3.3	3.0	
Productivity Nonfarm, SAAR	-0.4	2.2	4.7	2.6	-0.5	7.0	4.8	-0.6	-0.4	-1.6	2.4	
% Change, Year Ago	2.2	2.2	3.4	3.5	2.6	2.6	0.5	-0.1	0.6	0.3	1.7	
Unit Labor Costs, Nonfarm, SAAR	5.7	3.5	-2.8	1.1	5.0	-2.5	-3.3	4.8	9.6	3.9	-1.1	
% Change, Year Ago	1.8	1.6	0.1	0.0	0.9	2.0	3.6	4.2	3.7	2.6	2.2	

Source: Haver Analytics

* NSA

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