

DAILY GLOBAL COMMENTARY

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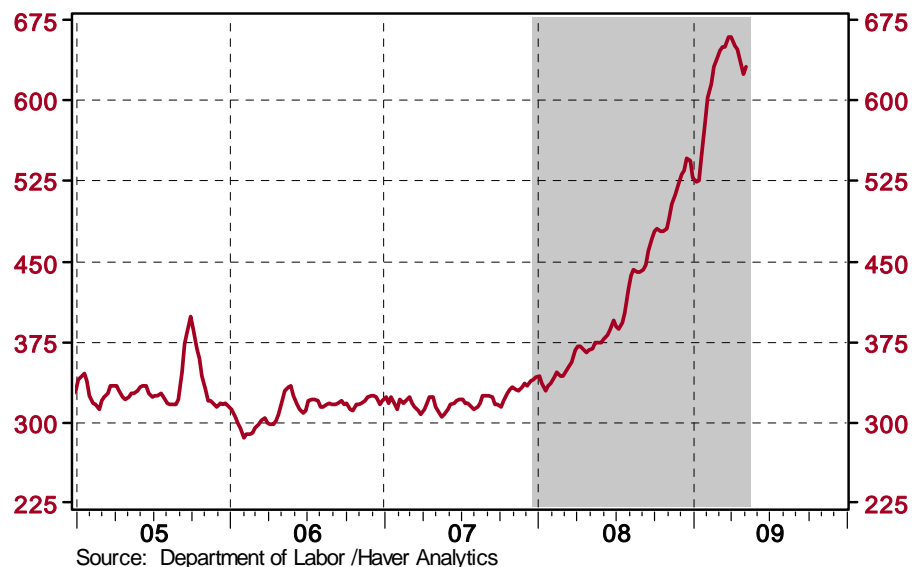
Auto Industry Shutdowns Lead to Jump in Initial Jobless Claims May 14, 2009

Initial jobless claims increased 32,000 to 637,000 during the week ended May 9. The Labor Department indicated that a large part of this increase reflects auto plant shutdowns following Chrysler's bankruptcy. In addition, some of the layoffs could have come from suppliers of auto parts. GM has announced shutdowns in July which should lead to another spike in initial jobless claims. The latest jump in initial jobless claims and those expected in July due to the auto industry woes should be excluded from the assessment of the underlying status of the overall labor market. Auto industry layoffs are important but they overstate the big picture story. The four-week moving average of initial jobless claims was down 5.2% in the four weeks ended May 2, which is a significant drop suggesting that hiring conditions are changing for the better. The latest weekly jump has raised the four-week moving average once again.

Chart 1

Unemployment Insurance: Initial Claims, 4-Week Moving Average

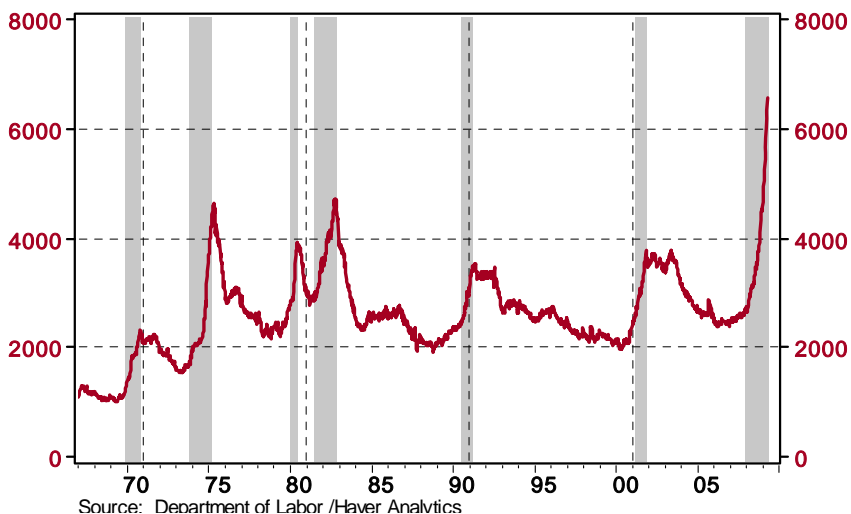
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Continuing claims, which lag initial claims by one week, rose 202,000 to 6.560 million, a new record high, and the insured unemployment rate rose to 4.9%, the highest since December of 1982.

Chart 2
Continuing Claims

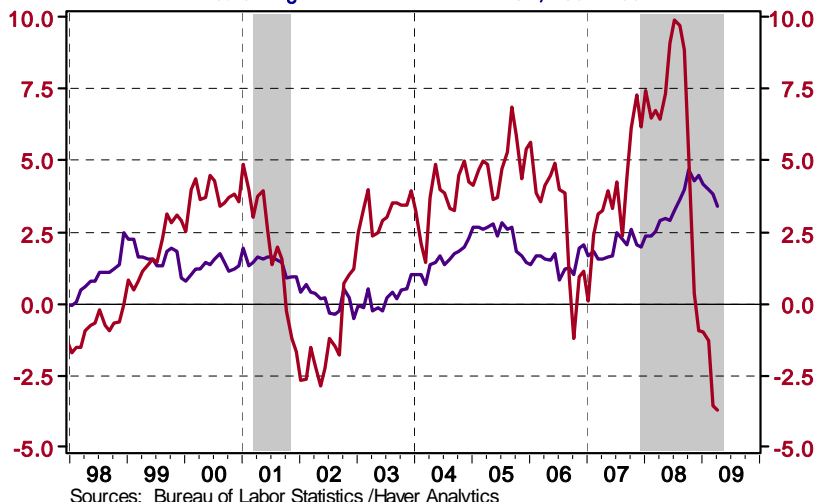
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Food Prices Raise Wholesale Price Index

The Producer Price Index (PPI) of Finished Goods increased 0.3% in April, following a 1.2% drop in the prior month. Food prices advanced 1.5% in April compared with declines in February and March. The energy price index edged down 0.1% in April after a 5.5% drop in March.

Chart 3
PPI: Finished Goods [Including Foods & Fuel]
% Change - Year to Year NSA, 1982=100
PPI: Finished Goods Less Food and Energy
% Change - Year to Year NSA, 1982=100

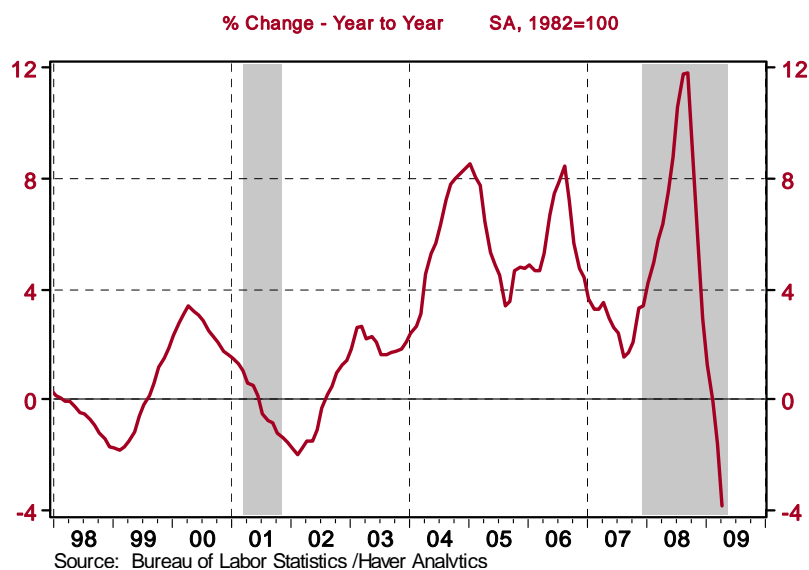


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The core PPI, which excludes food and energy, moved up 0.1% in April, putting the year-to-year increase at 3.4%, down from a peak year-to-year gain of 4.7% in October 2008. In April, higher prices for light trucks (+0.4%) and pharmaceutical preparations more than offset lower prices for computers, civilian aircraft, and commercial furniture to result in a higher core PPI.

At the earlier stages of production, the 3.8% year-to-year decline of the core intermediate goods price index puts to rest the fear about near term inflation but raises concern about deflation. Given the positive readings of core inflation of finished goods, the threat of deflation is not severe.

Chart 4
PPI: Intermediate Materials less Foods and Energy



Wholesale Price Index – April 2009

	% change prior month	annualized % change		% change		
		3 mo. ago	6 mo. ago	Apr-09 yoy	Apr-08 yoy	Dec-08 yoy
PPI - FINISHED GOODS						
ALL ITEMS	0.3	-3.0	-8.6	-3.7	6.4	-0.9
CORE - ALL ITEMS LESS FOOD & ENERGY	0.1	1.2	1.7	3.4	2.9	4.5
FOOD	1.5	-3.1	-4.8	0.2	5.2	3.2
ENERGY	-0.1	-16.1	-37.6	-25.6	17.4	-20.3
CAPITAL EQUIPMENT	-0.1	-0.8	0.8	2.8	2.2	4.3
PPI - INTERMEDIATE GOODS						
ALL ITEMS	-0.5	-11.1	-21.4	-10.5	10.8	-2.3
CORE	-0.9	-6.9	-13.9	-3.8	6.3	3.3
PPI - CRUDE GOODS						
ALL ITEMS	3.0	-7.6	-39.7	-40.0	34.5	-24.6
CORE	-0.6	-3.0	-37.3	-39.9	27.1	-24.1

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