

DAILY GLOBAL COMMENTARY

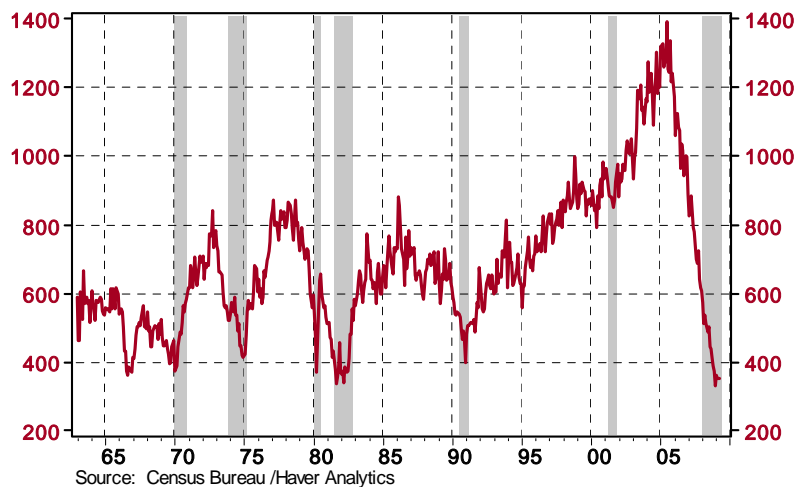
Northern Trust
Global Economic Research
50 South LaSalle
Chicago, Illinois 60603
northerntrust.com

Asha G. Bangalore
agb3@ntrs.com

New Home Sales Flat in April, Inventories are Shrinking Slowly
May 28, 2009

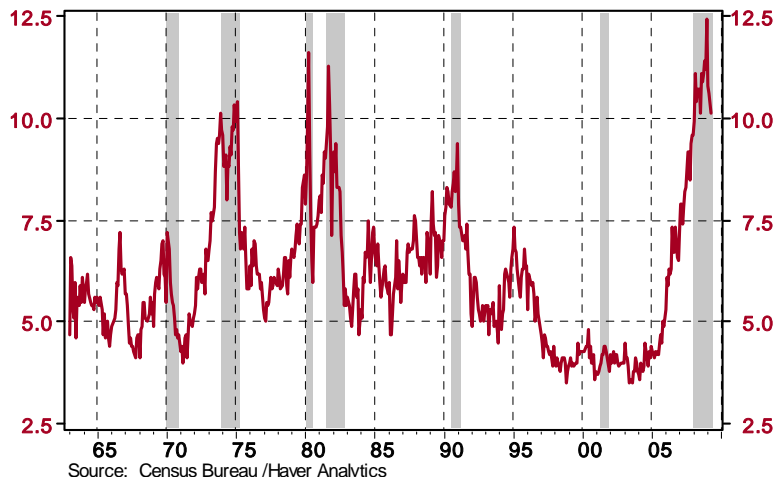
Sales of new single-family homes were virtually flat at an annual rate of 352,000 in April. Sales of new single-family homes are down 74.7% from the peak in July 2005, the 76.3% drop in January 2009 from the cycle high is probably the bottom for sales of new homes. Sales fell in the West (-3.8%), but held steady in the Midwest and Northeast and rose 1.9% in the South. The recent hike in mortgage rates is a big negative factor for home sales.

Chart 1
New 1-Family Houses Sold: United States
SAAR, Thous



Inventories of unsold new single-family homes moved down to a 10.1-month supply from a cycle high of a 12.4-month supply in January 2009.

Chart 2
New 1-Family Houses For Sale: Months Supply
SA, Ratio



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The median price of a new single-family home rose 3.7% in April to \$209,700 but dipped 14.9% from a year ago. The elevated level of inventories is not favorable for prices.

Chart 3
New 1-Family Houses: Median Sales Price

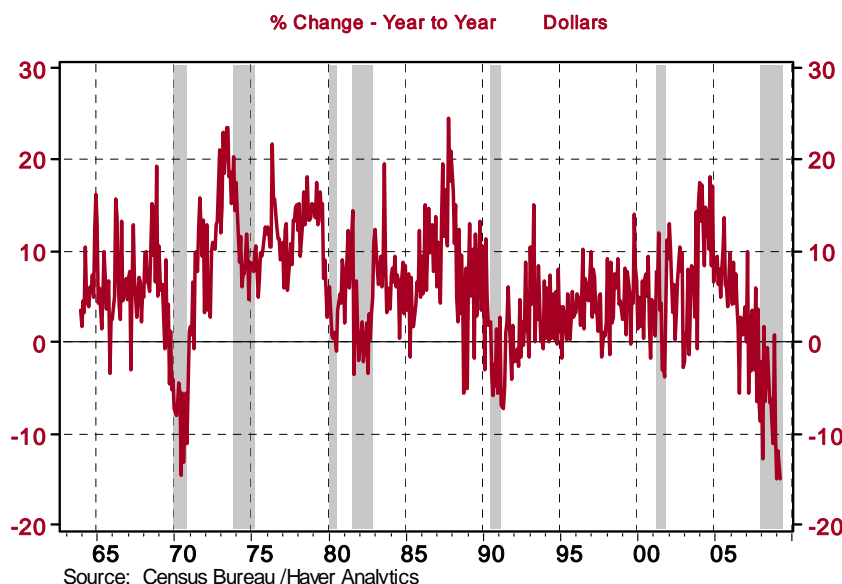


Table 1 Sales of New Homes across Business Cycles

Recession - Economy	Peak of Sales New Single-Family Homes		Trough of Sales New Single-Family Homes		Peak-to- trough change (percent)
	Date	000s units	Date	000s units	
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	Jan-09	329	-76.31%
			Apr-09	352	-74.66%

Table 2 Median Price of New Single-Family Home

Recession - Economy	Peak of Median Price Single-Family New Home		Trough of Median Price Single-Family New Home		Peak-to- trough change (percent)
	Date	\$	Date	\$	
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-09	202,200	-23.00%
			Apr-09	209,700	-20.14%

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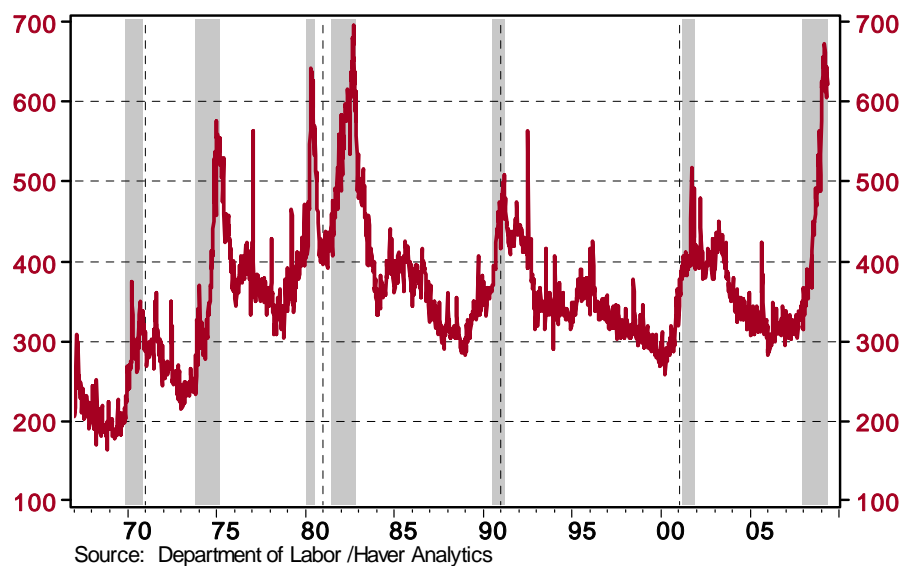
Jobless Claims Fall but Continuing Claims Continue to Advance

Initial jobless claims fell 13,000 to 623,000 during the week ended May 23. Continuing claims, which lag initial claims by one week, rose 110,000 to 6.788 million and the insured unemployment rate hit the 5.1% mark. The number of folks collecting unemployment insurance is troubling but the downward trend of initial jobless claims is the big positive aspect of the report.

Chart 4

Unemployment Insurance: Initial Claims, State Programs

SA, Thous



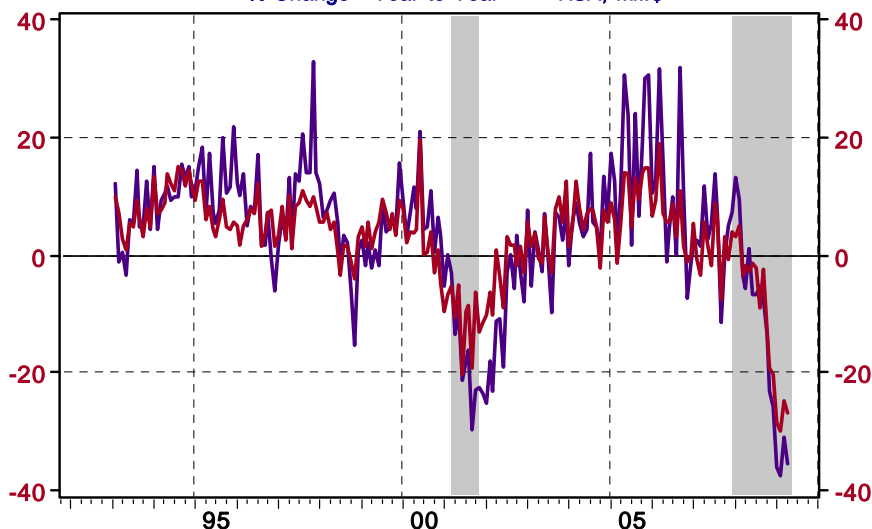
Durable Goods Orders were Weak in April, Defense Orders Lifted Total Bookings

Orders of durable goods increased 1.9% in April, after a 2.1% drop in the prior month. The 23.2% jump in orders of defense goods lifted the overall total. Bookings of non-defense capital goods declined 2.0% and that of non-defense capital goods excluding aircraft also dropped 1.5%. On a year-to-year basis, orders of durables fell 26.6% in April compared with a 24.7% drop in March.

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Chart 5
Manufacturers' New Orders: Durable Goods
 % Change - Year to Year NSA, Mil.\$

Manufacturers' New Orders: Nondefense Capital Goods
 % Change - Year to Year NSA, Mil.\$



Sources: Census Bureau /Haver Analytics

Shipments of durable goods fell 0.2% in April, while shipments of non-defense capital goods excluding aircraft were down 2.1%. On a year-to-year basis, shipments of non-defense capital goods excluding aircraft were weaker in April (17.6%) compared with the 13.1% drop in March. The overall tone of the report does not match the moderation of new orders seen in the ISM factory sector survey.

<u>DATE</u>	<u>TOTAL</u>	<u>DEFENSE</u>	<u>NON-DEFENSE CAPITAL GOODS</u>	<u>NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT</u>	<u>COMPUTERS AND ELECTRONIC PRODUCTS</u>
Nov-08	-4.0	8.6	-5.3	1.1	4.0
Dec-08	-4.6	45.6	-10.3	-5.9	-6.8
Jan-09	-7.8	-40.5	-9.9	-12.3	-7.3
Feb-09	1.6	33.1	4.7	4.1	7.3
Mar-09	-2.1	-11.1	-0.9	-1.4	1.4
Apr-09	1.9	23.2	-2.0	-1.5	-2.7

<u>DATE</u>	<u>TOTAL</u>	<u>NON-DEFENSE CAPITAL CAPITAL GOODS</u>	<u>NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT</u>	<u>COMPUTERS AND ELECTRONIC PRODUCTS</u>
Nov-08	-4.2	-2.0	-1.3	-5.0
Dec-08	-1.5	2.6	0.1	0.7
Jan-09	-5.5	-6.6	-9.4	-4.6
Feb-09	-0.9	-3.3	-0.2	-2.2
Mar-09	-1.9	-0.9	-1.7	-1.0
Apr-09	-0.2	-2.0	-2.1	2.5

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