

## DAILY GLOBAL COMMENTARY

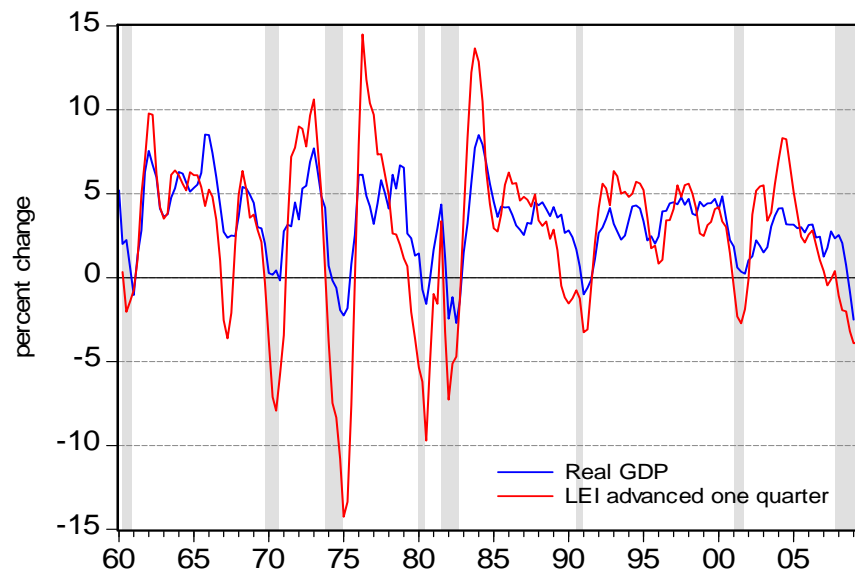
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### Index of Leading Indicators Suggests Worst is Over June 18, 2009

The Conference Board's Index of Leading Economic Indicators (LEI) rose 1.2% in May after a revised 1.1% increase in the prior month. This is the best back-to-back performance of the index since the November–December 2001 period. On a year-to-year basis, the index declined 1.76%, the smallest drop since December 2007. The bottom for the year-to-year change appears to have occurred in March 2009 (-4.0%), which is subject to revision. On a quarterly basis, the trough of the year-to-year change of the LEI is probably the first quarter of 2009 (-3.91%), also subject to revision. The 3-month moving average of the index per se hit a low in March 2009 (98.2), with the latest 3-month moving average at 99.03. The 6-month change of the LEI was positive for the first time in two years. The main message from these numbers is that an economic recovery is not too far away.

Chart 1  
Index of Leading Economic Indicators (LEI) vs. Real GDP  
year-to-year percent change



In May, three components made negative contributions – initial jobless claims, manufacturing workweek, and consumer goods orders. The remaining seven components -- building permits, stock prices, interest rate spread, orders of non-defense capital goods, consumer expectations, supplier deliveries, and real money supply -- made positive contributions.

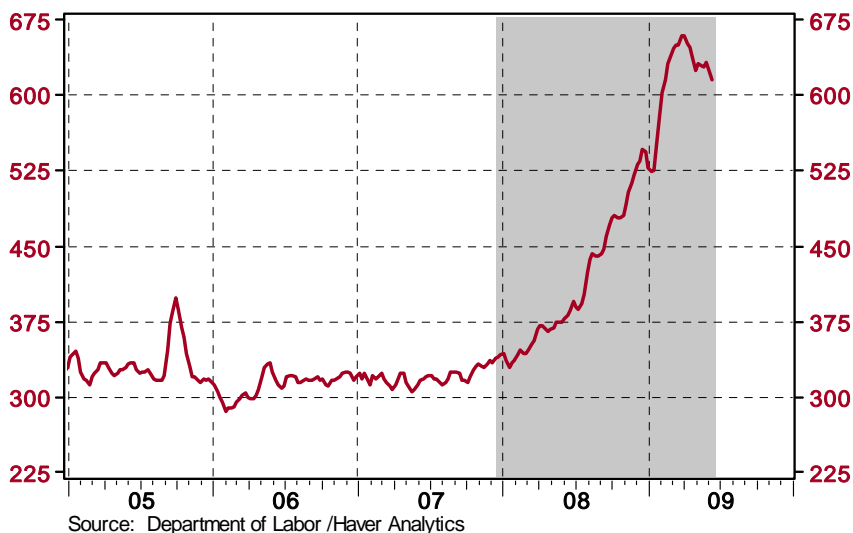
### Continuing Claims Post Large Decline

Initial jobless rose 3,000 to 608,000 during the week ended June 13. The four-week moving average at 615,750 is the lowest since February 7, 2009.

Chart 2

Unemployment Insurance: Initial Claims, 4-Week Moving Average

SA, Thous

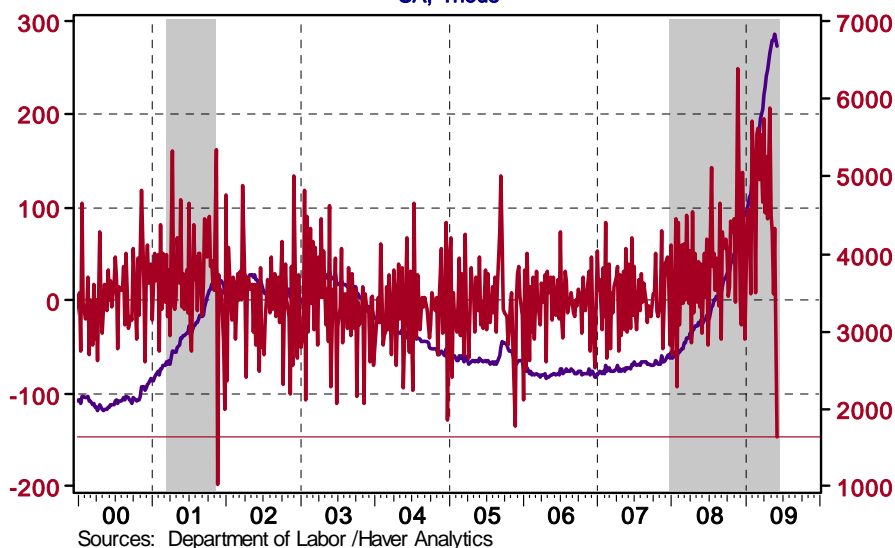


Continuing claims, which lag initial claims by one week, dropped 148,000 to 6.687 million and the insured unemployment rate fell one notch to 5.0%. The magnitude of the drop in continuing claims is the largest since November 2001.

Chart 3

Continuing Claims  
Difference - Period to Period SA, Thous

Continuing Claims  
SA, Thous

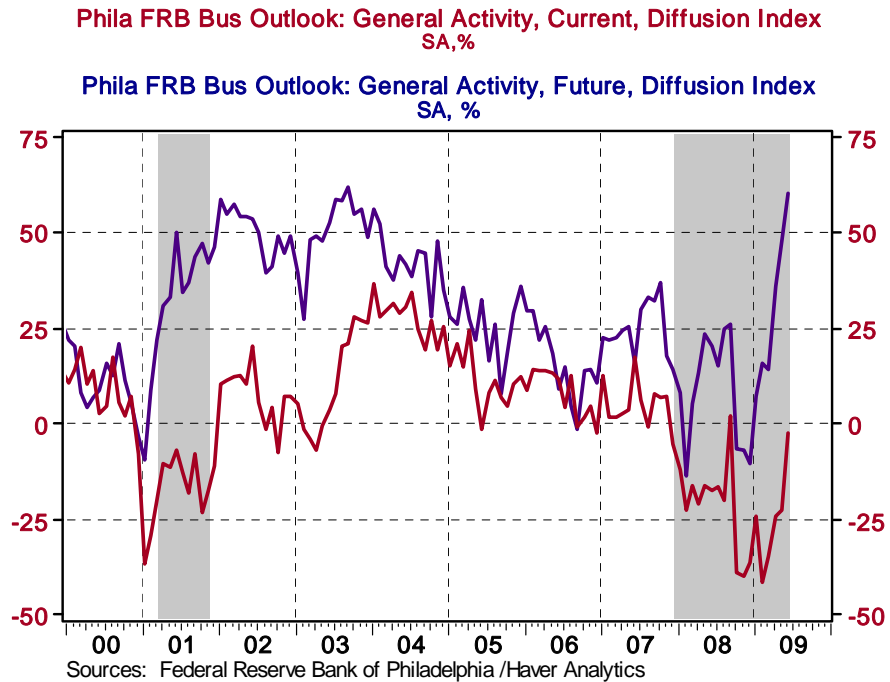


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## Philadelphia Fed Survey Points to Improving Factory Conditions

The factory conditions survey of the Federal Reserve Bank of Philadelphia points to improving factory conditions. The General Business Conditions Index is significantly less negative in June (-2.2) compared with May (-22.6). The index tracking new orders for June (-4.8) showed a smaller decline compared with the prior month (-25.9). The 2.1 reading of the shipments index suggests that there was an increase in the number of respondents indicating a jump in shipments. Meanwhile, the future business conditions index shot up to 60.1 in June from 47.5 in the prior month (see chart 4). The national ISM factory survey results will be published on July 1.

Chart 4



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