

DAILY GLOBAL COMMENTARY

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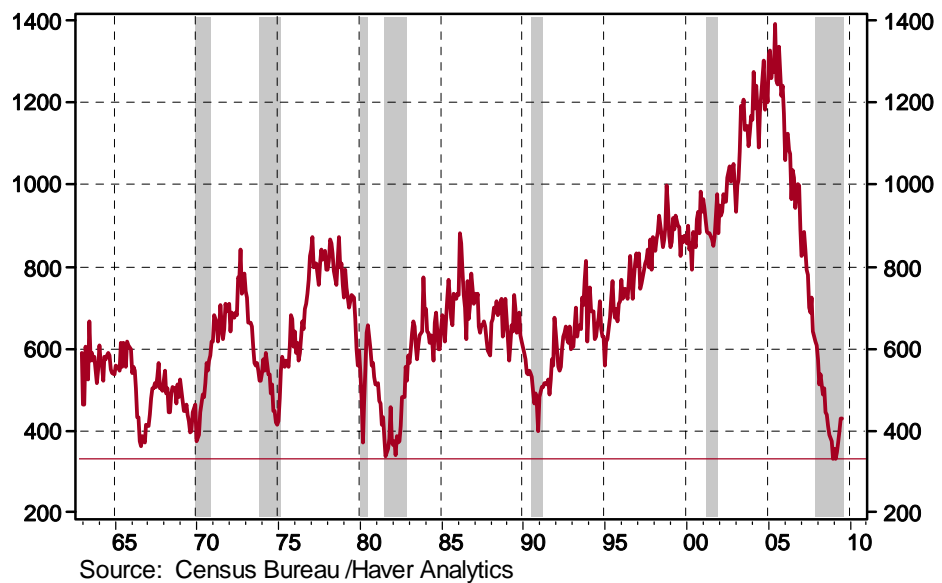
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New Homes Sales – Many Encouraging Details to Report
September 25, 2009

Sales of new single-family homes increased slightly in August to an annual rate of 429,000 from 426,000 in July. On a regional basis, sales of new single family homes rose 12.2% in the West, fell in the Northeast (-16.3%) and Midwest (-5.8%), and was unchanged in the South. Sales of new single-family homes have risen 30.4% from the record low of 329,000 units in January 2009.

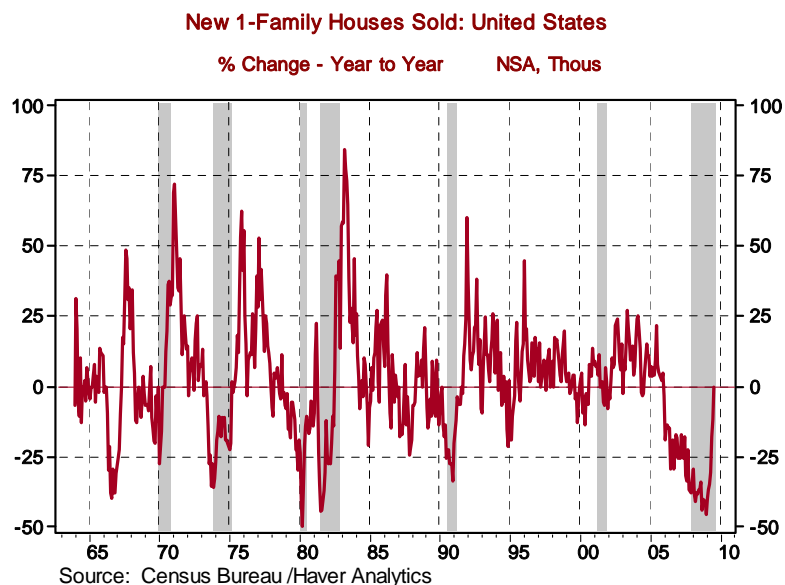
Chart 1

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



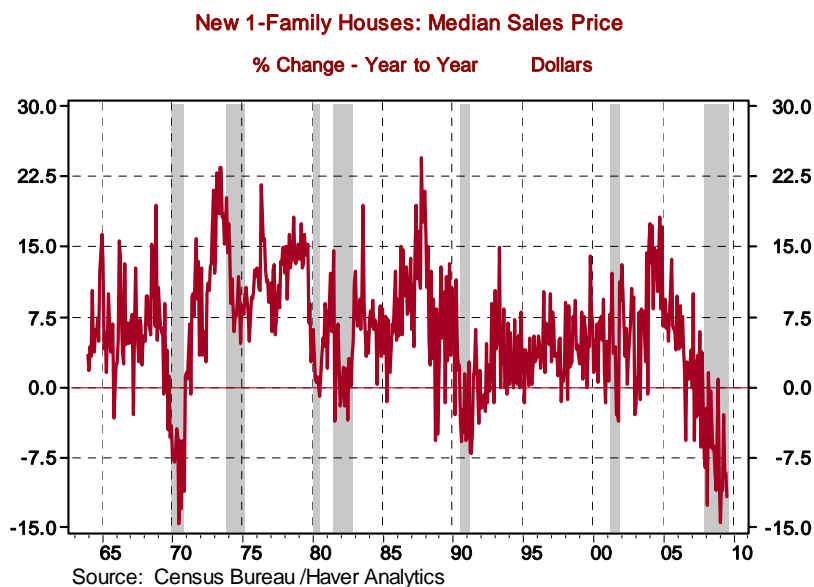
The most noteworthy aspect of the report is that sales of new homes held steady in August compared with the sales tally a year ago (see chart 2).

Chart 2



The median price of a new single-family home stood at \$195,700 in August, down 11.7% from a year ago. The largest drop in the median price occurred in February 2009 (-14.5%).

Chart 3



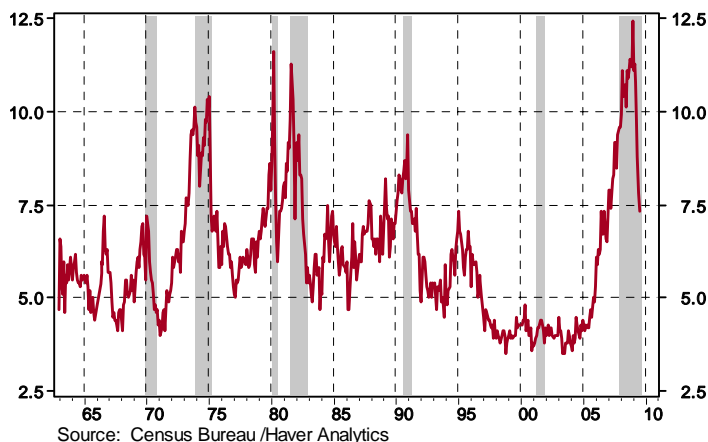
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The inventory of unsold new homes fell to 7.3-month supply in August vs. 7.6-month supply in July. The median inventory of unsold homes during 1963-2001 is 6-month supply. The \$8000 first-time home buyer tax credit and low mortgage rates have helped to stabilize sales of homes.

Chart 4

New 1-Family Houses For Sale: Months Supply

SA, Ratio



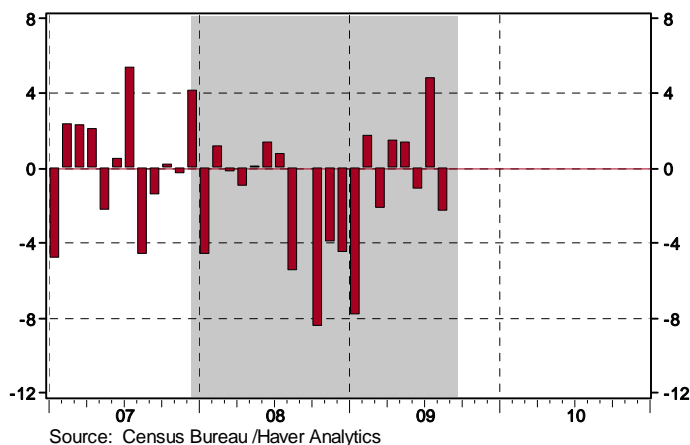
Aircraft Orders Bring Down Orders of Durables in August

The 42.2% drop in orders of new civilian aircraft in August after a robust 92.2% increase in the prior month led to the 2.4% drop in orders of durable goods in August vs. a 2.8% jump in July. Primary metals, machinery, and autos recorded gains in orders during August. Bookings of non-defense capital goods excluding aircraft fell 0.4% in August after a 1.3% decline in July.

Chart 5

Manufacturers' New Orders: Durable Goods

% Change - Period to Period SA, Mil.\$



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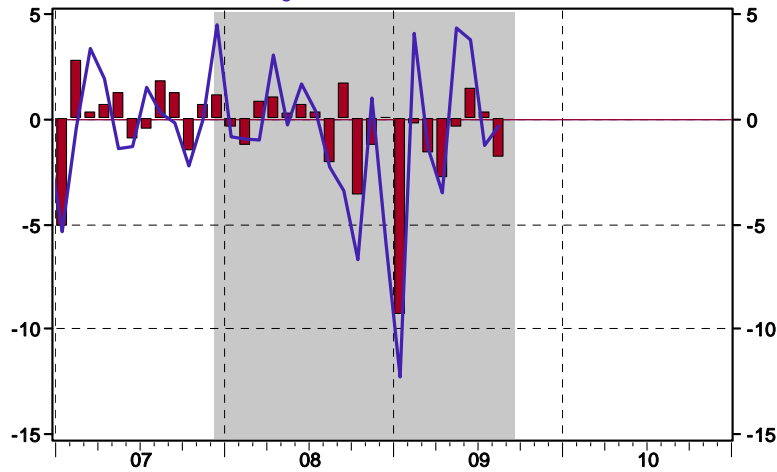
DURABLE GOODS ORDERS - % CHANGE M-M					
<u>DATE</u>	<u>TOTAL</u>	<u>DEFENSE</u>	<u>NON-DEFENSE CAPITAL GOODS</u>	<u>NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT</u>	<u>COMPUTERS AND ELECTRONIC PRODUCTS</u>
Mar-09	-2.2	-11.1	-1.0	-1.4	1.5
Apr-09	1.4	28.8	-3.5	-3.5	-3.5
May-09	1.3	7.1	9.1	4.3	2.4
Jun-09	-1.1	-29.5	-0.2	3.8	1.5
Jul-09	4.8	15.9	7.0	-1.3	1.7
Aug-09	-2.4	1.1	-7.1	-0.4	-0.7

Shipments of non-defense capital goods excluding aircraft, a proxy for equipment and software spending in the GDP report, dropped 1.9% in August after a 0.3% gain in the prior month. Inflation adjusted shipments of non-defense capital goods excluding aircraft in the July-August months fell 0.1% compared with the 14.5% drop in the second quarter. Real equipment and software spending in the GDP report dropped 8.4% in the second following double digit declines in the fourth quarter of 2008 and first quarter of 2009. The main take away is that equipment and software spending in the third quarter is mostly to post a small drop in the third quarter GDP report.

Chart 6

Mfrs' Shipments: Nondefense Capital Goods ex Aircraft
 % Change - Period to Period SA, Mil.\$

Mfrs' New Orders: Nondefense Capital Goods ex Aircraft
 % Change - Period to Period SA, Mil.\$



Sources: Census Bureau /Haver Analytics

DURABLE GOODS SHIPMENTS- % CHANGE M-M				
<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>
Mar-09	-1.9	-0.9	-1.7	-1.0
Apr-09	-0.7	-2.8	-2.9	3.0
May-09	-2.7	-1.0	-0.4	-2.6
Jun-09	0.8	1.1	1.4	0.6
Jul-09	2.2	0.6	0.3	7.8
Aug-09	-1.4	-2.4	-1.9	-2.6

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Key Interest Rates

	9/25/2009	1-wk. change, bps	4-wk. change, bps	1-yr. change, bps
3-month Libor	0.28	-1	-7	-348
2-year U.S. Treasury note yield	0.97	-6	-4	-114
10-year U.S. Treasury note yield	3.44	-5	-2	-41

Global Economic Data

	Real GDP		CPI		Unemployment Rate			Central Bank Rate		
	SAAR, yoy %		NSA, yoy%		% year-ago			% year-ago		
United States	-3.9	Q2-09	-1.5	Jul-09	9.7	Aug-09	6.2	0.13	Aug-09	2.00
Euro-Area	-4.7	Q2-09	-0.2	Jul-09	9.5	Jul-09	7.5	1.00	Aug-09	4.25
Japan	-7.2	Q2-09	-2.2	Jul-09	5.7	Jul-09	4.0	0.10	Aug-09	0.50
UK	-5.5	Q2-09	1.5	Jul-09	5.0	Aug-09	2.8	0.50	Aug-09	5.00
Australia	0.6	Q1-09	1.5	Q1-09	5.8	Aug-09	4.1	3.00	Aug-09	7.25
Canada	-3.2	Q1-09	-0.8	Jul-09	8.7	Aug-09	6.2	0.25	Aug-09	3.00
China	7.9	Q2-09	-1.6	Jul-09	4.3	Q2-09	4	0.87	Jun-09	2.85
India	6.2	Q1-09	11.9	Jul-09	--	--	--	3.25	Aug-09	6.00
New Zealand	-1.1	Q1-09	1.9	Q1-09	6.0	Q2-09	4	2.50	Aug-09	8.00
Norway	-2.5	Q2-09	1.9	Jul-09	3.1	Q2-09	2.5	1.25	Aug-09	5.75
Singapore	-3.5	Q2-09	-0.3	Jul-09	3.3	Q2-09	2.2	0.22	Aug-09	0.73
South Korea	-2.2	Q2-09	2.2	Aug-09	3.8	Aug-09	3.2	2.00	Aug-09	5.25
Sweden	-6.1	Q2-09	-0.8	Jul-09	8.9	Aug-09	5.7	0.25	Aug-09	4.50
Switzerland	-2.1	Q2-09	-0.8	Jul-09	4.0	Aug-09	2.5	0.32	Aug-09	2.75
Taiwan	-7.0	Q2-09	0.0	Aug-09	6.1	Aug-09	4.0	1.25	Aug-09	3.63
Thailand	-5.0	Q2-09	-1.0	Aug-09	1.4	Jul-09	1.5	1.75	Aug-09	4.25

* UK - Claimant Count Unemployment Rate
 * Thailand - GDP Non-Seasonally Adjusted
 * EA-13, UK, Sweden - Harmonized Unemployment

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Historical US Economic Data

	Aug-09	Jul-09	Jun-09	May-09	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08	Nov-08	Oct-08	Sep-08
Payroll Employment (000)	-216	-276	-463	-303	-519	-652	-681	-741	-681	-597	-380	-321
% Change, Year Ago *	-4.3	-4.2	-4.1	-3.9	-3.8	-3.5	-3.1	-2.7	-2.2	-1.6	-1.1	-0.7
Unemployment Rate (%)	9.7	9.4	9.5	9.4	8.9	8.5	8.1	7.6	7.2	6.8	6.6	6.2
Avg. Hourly Earnings (% Chg.)	0.3	0.3	0.1	0.2	0.0	0.2	0.2	0.2	0.3	0.3	0.4	0.2
% Change, Year Ago	2.6	2.7	2.8	3.0	3.1	3.4	3.5	3.7	3.9	3.9	3.9	3.6
PPI (% Chg.)	1.7	-0.9	1.8	0.0	0.4	-0.9	-0.1	0.9	-1.8	-2.7	-2.6	-0.1
% Change, Year Ago *	-4.3	-6.8	-4.6	-5.0	-3.5	-3.4	-1.4	-0.9	-0.9	0.4	5.2	8.8
CPI (% Chg.)	0.4	0.0	0.7	0.1	0.0	-0.1	0.4	0.3	-0.8	-1.7	-0.8	0.0
% Change, Year Ago *	-1.5	-2.1	-1.4	-1.3	-0.7	-0.4	0.2	0.0	0.1	1.1	3.7	4.9
ISM Diffusion Index (%)	52.9	48.9	44.8	42.8	40.1	36.3	35.8	35.6	32.9	36.6	38.7	43.4
Industrial Production (% Chg.)	0.8	1.0	-0.4	-1.1	-0.6	-1.6	-0.8	-2.2	-2.3	-1.3	1.3	-4.0
% Change, Year Ago	-10.7	-12.4	-13.3	-13.2	-12.5	-12.5	-11.3	-10.9	-8.9	-6.5	-4.7	-6.4
Capacity Utilization (%)	69.6	69.0	68.3	68.5	69.2	69.5	70.6	71.1	72.7	74.4	75.4	74.5
Nondefense Cap. Goods ex Aircraft												
- Orders (% Chg.)	-0.4	-1.3	3.8	4.3	-3.5	-1.4	4.1	-12.3	-5.9	1.1	-6.7	-3.4
% Change, Year Ago *	-20.0	-20.5	-19.1	-24.4	-27.3	-20.0	-25.0	-25.4	-14.7	-7.9	-7.2	0.1
- Shipments (% Chg.)	-1.9	0.3	1.4	-0.4	-2.9	-1.7	-0.2	-9.4	0.1	-1.3	-3.7	1.7
% Change, Year Ago *	-16.4	-15.6	-16.2	-19.6	-18.3	-14.3	-15.6	-13.4	-4.7	-5.2	-2.2	2.7
Retail Sales (% Chg.)	2.7	-0.2	0.9	0.5	-0.3	-1.2	0.4	1.7	-3.2	-2.1	-3.1	-1.2
% Change, Year Ago	-5.9	-8.2	-7.6	-11.3	-9.2	-10.6	-11.6	-8.4	-8.8	-10.1	-4.2	-0.2
Real Personal Consumption (% Chg.)		0.2	0.1	0.1	-0.2	-0.2	0.1	0.6	-0.7	0.1	-0.3	-0.5
% Change, Year Ago		-0.8	-1.6	-1.7	-1.9	-1.7	-1.3	-1.6	-2.2	-1.7	-1.5	-1.2
Personal Income (% Chg.)		0.0	-1.1	1.4	0.3	-0.5	-0.8	-1.3	-0.3	-0.3	-0.3	0.1
% Change, Year Ago		-2.4	-3.2	-2.2	-2.0	-2.2	-1.6	-0.8	0.4	1.1	1.8	2.5
New Home Sales (SAAR, mn)	0.43	0.43	0.40	0.37	0.35	0.33	0.35	0.33	0.37	0.39	0.41	0.44
% Change, Year Ago *	0.0	-11.6	-17.8	-30.6	-34.7	-36.7	-39.6	-45.5	-40.9	-40.0	-43.9	-34.0
Existing Home Sales (SAAR, mn)	5.10	5.24	4.89	4.72	4.66	4.55	4.71	4.49	4.74	4.54	4.94	5.10
% Change, Year Ago *	2.0	5.6	3.4	-7.5	-4.8	-4.8	-10.3	-7.6	0.3	-17.0	-1.9	6.8
Housing Starts (SAAR, mn)	0.60	0.59	0.59	0.55	0.48	0.52	0.57	0.49	0.56	0.66	0.76	0.82
% Change, Year Ago *	-27.9	-34.8	-42.3	-43.1	-52.5	-48.1	-49.2	-54.9	-45.3	-46.5	-40.7	-27.2
International Trade (Bils \$)		-32.0	-27.5	-26.4	-29.1	-28.9	-26.6	-37.0	-41.9	-43.2	-59.4	-60.1
	Q2-09	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08	Q4-07	Q3-07	Q2-07	Q1-07	Q4-06	Q3-06
Real GDP, Chain Weighted, SAAR	-1.0	-6.4	-5.4	-2.7	1.5	-0.7	2.1	3.6	3.2	1.2	3.0	0.1
% Change, Year Ago	-3.9	-3.3	-1.9	0.0	1.6	2.0	2.5	2.7	1.9	1.4	2.4	2.2
Chain-Weighted Price Index, SAAR	0.0	1.9	0.1	4.0	1.8	1.9	2.3	1.6	2.7	4.2	1.8	3.1
% Change, Year Ago	1.5	1.9	1.9	2.5	1.9	2.1	2.7	2.6	3.0	3.2	2.9	3.3
Nominal GDP, SAAR	-1.0	-4.6	-5.4	1.4	3.5	1.0	4.5	5.3	6.0	5.5	4.8	3.2
% Change, Year Ago	-2.4	-1.4	0.1	2.6	3.6	4.2	5.3	5.4	4.9	4.6	5.4	5.6
Employment Cost Index (%)	0.4	0.3	0.6	0.6	0.7	0.7	0.8	0.8	0.9	0.8	0.9	0.9
% Change, Year Ago	1.8	2.1	2.6	2.9	3.1	3.3	3.3	3.3	3.3	3.5	3.3	3.3
Productivity Nonfarm, SAAR	6.6	0.3	0.8	-0.1	3.1	-0.1	2.0	5.5	2.8	1.2	2.4	-1.9
% Change, Year Ago	1.9	1.0	0.9	1.2	2.6	2.5	2.8	2.9	1.1	0.5	0.9	0.2
Unit Labor Costs, Nonfarm, SAAR	-5.9	-5.0	2.0	4.6	-1.8	1.7	3.0	-2.7	-0.7	3.5	6.5	3.4
% Change, Year Ago	-1.2	-0.1	1.6	1.9	0.1	0.3	0.7	1.6	3.1	3.7	3.5	2.5

Source: Haver Analytics

* NSA

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