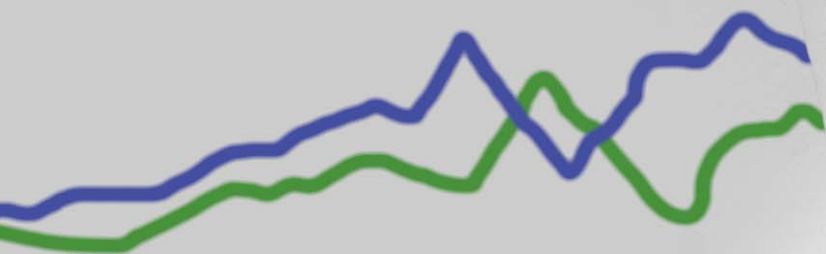


MARCH 5, 2010



# Hudson Institute Economic Report

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**March 5, 2010**

Although the jobs report by the Department of Labor is being hailed as good news, the lack of job creation continues to be troubling, especially following the fourth quarter 2009 gross domestic product. The 36,000 decline in jobs cannot be attributed to the weather, because even workers who were not at work due to the storm were considered employed in both the household and payroll surveys. Even the government sector lost jobs (18,000) in February. Education and health services continued to create jobs(+32,000). It is the only sector of the economy that has continued to create jobs month after month during the recession. Professional and business services added 51,000, with most jobs being in temporary help services, an interim step that employers take before hiring permanent workers.

The unemployment rate stayed the same, at 9.7%, with 14.9 million Americans unemployed. The percent of Americans unemployed for 27 weeks and longer remains at 41%, and the percent of Americans who have been out of a job for more than 15 weeks now stands at 60%. In a positive sign, the civilian labor force participation rate increased to 64.8% from 64.7%, its second monthly increase in a row. The Labor Department's broadest measure of unemployment, which includes people who want to work full-time but who only have a part-time work, discouraged workers who have dropped out of the labor force, and those who are marginally attached to the labor force, rose to 16.8% from 16.5%.

In other news, personal income increased 0.1% in January, while real after-tax personal income decreased 0.6%. Personal consumption expenditures increased 0.5%, and the real personal consumption expenditure increased 0.3%. In 2009, personal income declined 1.7%, while real personal disposable income increased 0.9%, mostly due to government transfer payments. Real personal spending decreased 0.6% in 2009.

For more information, contact Senior Fellow Diana Furchtgott-Roth, 202.974.6450 ([DFR@hudson.org](mailto:DFR@hudson.org)), Irwin Stelzer, 202.777.3000 ([Stelzer@aol.com](mailto:Stelzer@aol.com)), and John Weicher, 202.974.2420 ([John@Hudson.org](mailto:John@Hudson.org)).

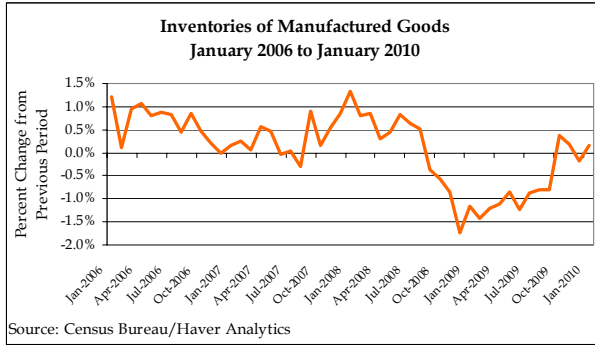
**To request Hudson Institute's Economic Report, contact Astha Shrestha, 202.974.6451, or email at [Astha@hudson.org](mailto:Astha@hudson.org).**

*Hudson's Center for Employment Policy is grateful to the Ewing Marion Kauffman Foundation for the support of this program.*

## I. Output Data

<p>Real Gross Domestic Product (seasonally adjusted at an annual rate)</p> <p>Source: Bureau of Economic Analysis/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• Fourth quarter real GDP increased at an annual rate of 5.9%. It increased by 2.2% in the third quarter.</li> <li>• From the 4<sup>th</sup> quarter of 2008 to the 4<sup>th</sup> quarter of 2009, real GDP grew at 0.1%.</li> <li>• Real GDP declined 2.4% in 2009.</li> </ul> <p style="text-align: right;">1.</p> <p style="text-align: center;">(Next update: March 26)</p>
<p><b>*New this week</b></p> <p>Real After Tax Personal Income January 2006 to January 2010 (seasonally adjusted at an annual rate)</p> <p>— Monthly change — Year-over-year change</p> <p>Source: Bureau of Economic Analysis/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• Personal income increased 0.1% in January, and was 1.1% higher than a year ago.</li> <li>• Real after-tax personal income, at an annual rate of \$9,996 billion, was down 0.6% from December, and remained unchanged from a year ago.</li> </ul> <p style="text-align: right;">2.</p> <p style="text-align: center;">(Next update: March 29)</p>
<p><b>*New this week</b></p> <p>Nonfarm Business Sector Productivity (seasonally adjusted at an annual rate)</p> <p>Source: Bureau of Labor Statistics/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• Fourth quarter nonfarm business productivity growth was 6.9%.</li> <li>• The year-on-year growth rate was 5.8%.</li> </ul> <p style="text-align: right;">3.</p> <p style="text-align: center;">(Next update: May 6)</p>

**\*New this week**

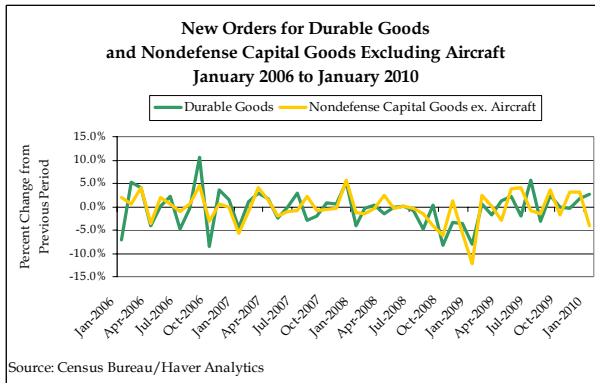


- Inventories of manufactured goods increased 0.2% to \$495.2 billion in January. Shipments increased 0.3%.
- New orders for manufactured goods in January increased by 1.7%.

4.

(Next update: March 31)

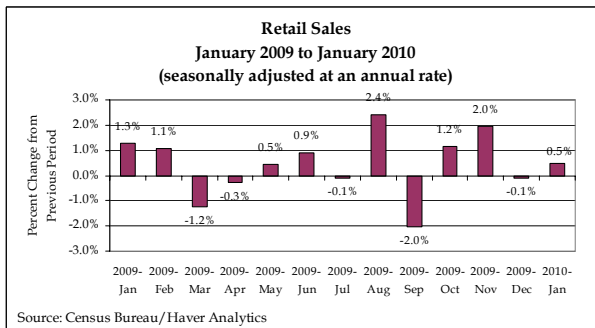
**\*New this week**



- New orders for manufactured durable goods increased 2.6% in January, following a 1.8% increase in December. Shipments decreased 0.4%, following a 2.4% increase in December.
- More important, new orders of core capital goods decreased 4.1% in January, following a 3.1% increase in December. Shipments decreased 1.7%.

5.

(Next update: March 24)

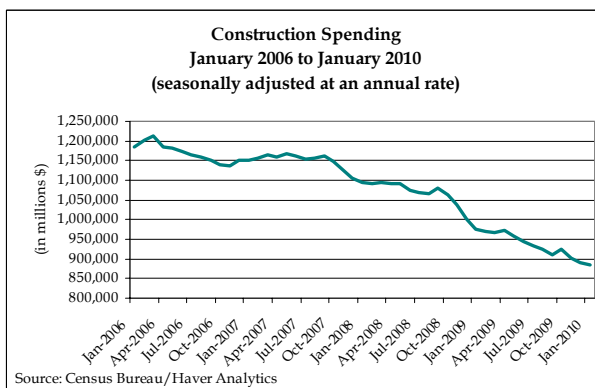


- Retail sales in January increased 0.5%, and were 4.7% higher than a year ago.
- Excluding the volatile auto sector, retail sales increased by 0.6% in January, and were 4.6% higher than a year ago.

6.

(Next update: March 12)

**\*New this week**



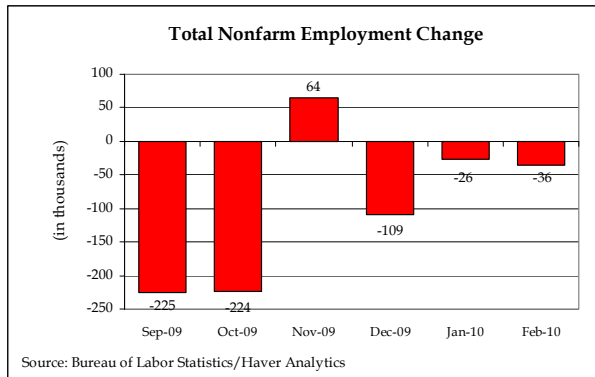
- Following a 1.2% decrease in December, construction spending declined 0.6% at an annual rate of \$884.1 billion in January.
- The January figure was 9.3% lower than a year ago.

7.

(Next update: April 1)

## II. Labor Market Data

**\*New this week**

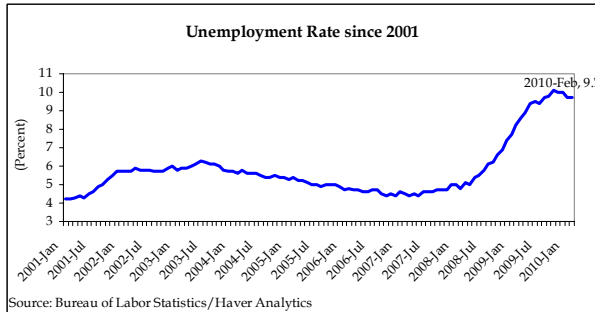


- In February, the payroll survey recorded a decrease of 36,000 jobs.
- Over the past year, total payroll employment has decreased by 3,297 million jobs. Employment in the private sector has decreased by 3.198 million jobs.

8.

(Next update: April 2)

**\*New this week**

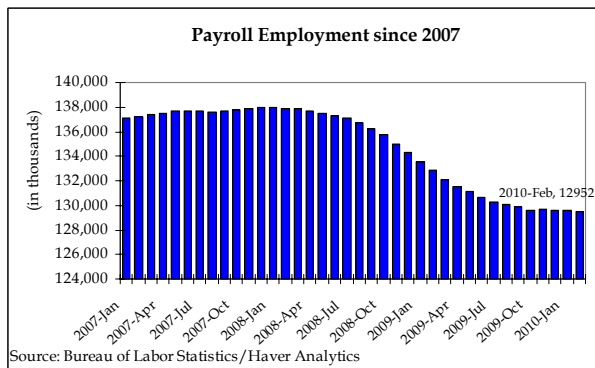


- The unemployment rate in February 2010 was 9.7%, up from 8.2% a year ago.
- The unemployment rate for adult men was 10.0% and for adult women was 8.0%, a difference of 2.0 percentage points.

9.

(Next update: April 2)

**\*New this week**

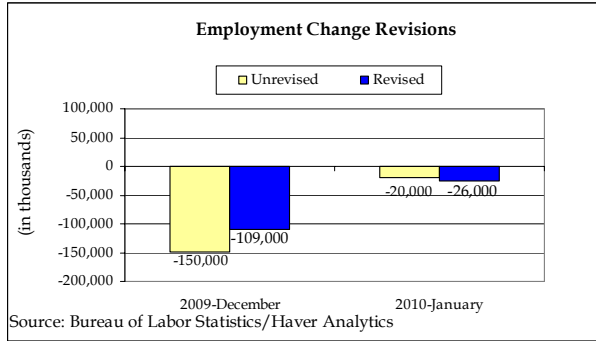


- From December 2007, the start of the recession, to February 2010, payroll employment has decreased by 8.425 million jobs.

10.

(Next update: April 2)

**\*New this week**

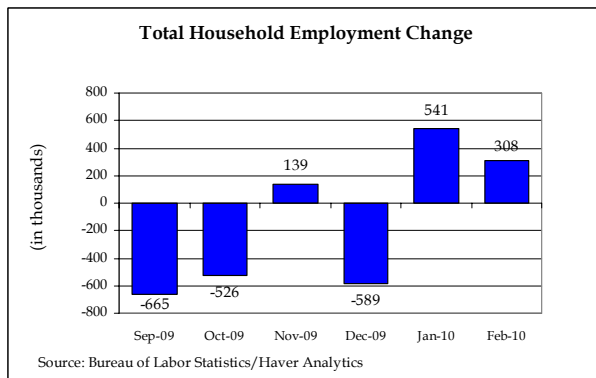


- In February, the change in December's nonfarm payroll employment was revised from -150,000 to -109,000. It was first estimated at -85,000.
- January's number was -26,000, revised from -20,000.
- Backward revisions for December and January showed a gain of 35,000 more jobs than was previously estimated.

11.

(Next update: April 2)

**\*New this week**

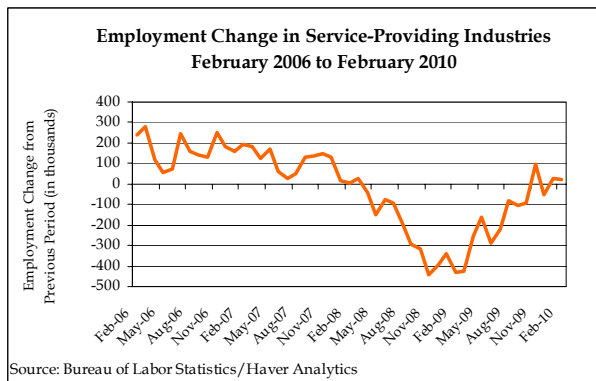


- The household survey showed an increase of 308,000 employed workers in February 2010 and a loss of 3,046,000 workers over the past year.
- The household survey has shown a decline of over 7.532 million employed workers since December 2007.

12.

(Next update: April 2)

**\*New this week**

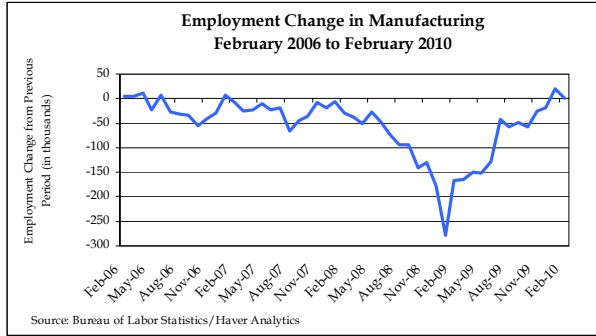


- Employment in services increased by 24,000 in February 2010.
- Employment in services has declined by 4.262 million jobs since December 2007.

13.

(Next update: April 2)

**\*New this week**

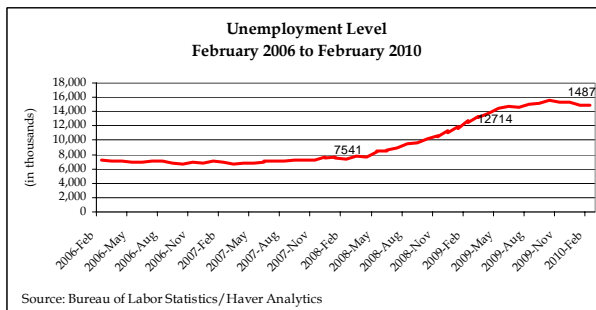


- Manufacturing employment increased by 1,000 in February 2010.
- Manufacturing jobs were 822,000 below the level of February 2009.
- Manufacturing has lost 2.171 million jobs since December 2007.

14.

(Next update: April 2)

**\*New this week**

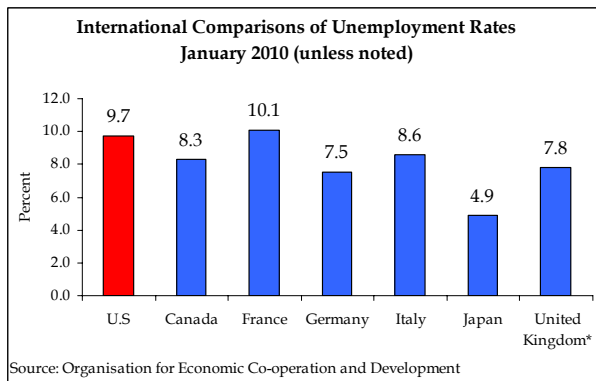


- The number of unemployed was 14.9 million in February 2010, compared with 12.7 million in February 2009.

15.

(Next update: April 2)

**\*New this week**



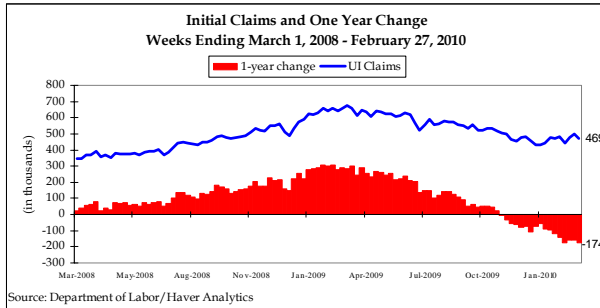
\*November 2009 rate

- The U.S. unemployment rate for January is higher than other industrialized countries.

16.

(Next update: March 12)

**\*New this week**

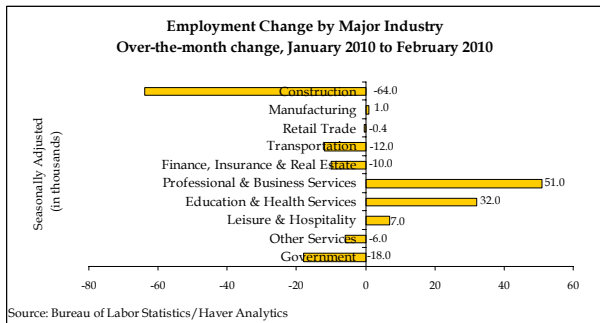


- During the week ending February 27, initial jobless claims decreased 29,000 to 469,000 from 498,000 the week before. It was 27% lower than a year ago.
- The four-week moving average of initial jobless claims was 470,750, down from 474,250 the week before. It was 26% lower than a year ago.

17.

(Next update: March 11)

**\*New this week**

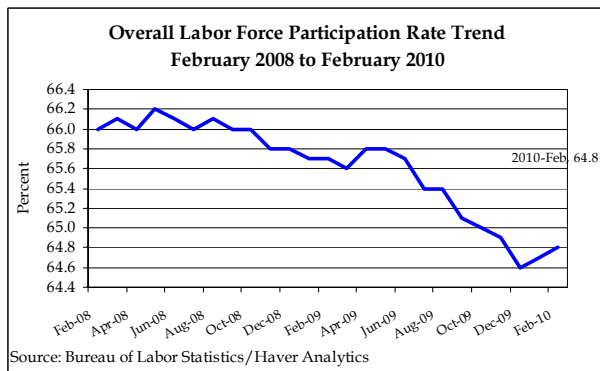


- The only major sectors that gained jobs in February were education and health services (+32,000), professional and business services (+51,000), leisure and hospitality (+7,100), and manufacturing (+1,000).

18.

(Next update: April 2)

**\*New this week**

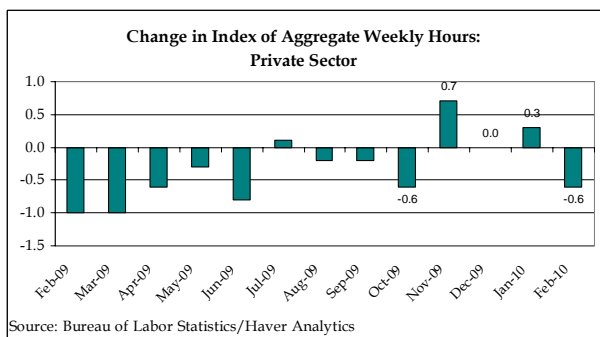


- In February 2010, the labor force participation rate was 64.8%, up from 64.7% in January 2010.

19

(Next update: April 2)

**\*New this week**



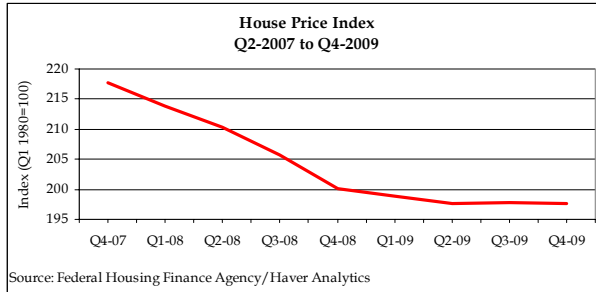
- In February 2010, the index of aggregate weekly hours for production and nonsupervisory employees in the private sector decreased six tenths of a percent.

20.

Next update: April 2)

### III. Housing Data

<p><b>Housing Starts</b> January 2008 to January 2010 (seasonally adjusted at an annual rate)</p> <p>Legend: Single-family (blue line), Multifamily (5 units or more) (pink line)</p> <p>Source: Census Bureau/Haver Analytics</p>	<ul style="list-style-type: none"> <li>Following a 0.7% decrease in December, housing starts increased 2.8% to an annual rate of 591,000 units in January from December's 575,000, but were 21% higher than a year ago.</li> </ul> <p style="text-align: right;">23.</p> <p style="text-align: center;">(Next update: March 16)</p>
<p><b>Building Permits</b> January 2008 to January 2010 (seasonally adjusted at an annual rate)</p> <p>Legend: Single-family (green line), Multifamily (5 units or more) (orange line)</p> <p>Source: Census Bureau/Haver Analytics</p>	<ul style="list-style-type: none"> <li>Following a 10.9% increase in December, building permits decreased 4.8% to 621,000 units in January from December's 653,000, and were 17% higher than a year ago.</li> </ul> <p style="text-align: right;">24.</p> <p style="text-align: center;">(Next update: March 16)</p>
<p><b>Home Sales</b> January 2008 to January 2010 (seasonally adjusted at an annual rate)</p> <p>Legend: New Home Sale (green line), Existing Home Sale (blue line)</p> <p>Source: Census Bureau/National Association of Realtors/Haver Analytics</p>	<ul style="list-style-type: none"> <li>In January, existing home sales decreased by 7.2% to an annual rate of 5,050,000 units, 11.5% higher than a year ago.</li> <li>Following a 3.9% decrease in December, sales of new single-family homes decreased 11.2% to an annual rate of 309,000 units in January, 6.1% lower than a year ago.</li> </ul> <p style="text-align: right;">25.</p> <p style="text-align: center;">(Next update: New home sales - March 24 Existing home sales- March 23)</p>

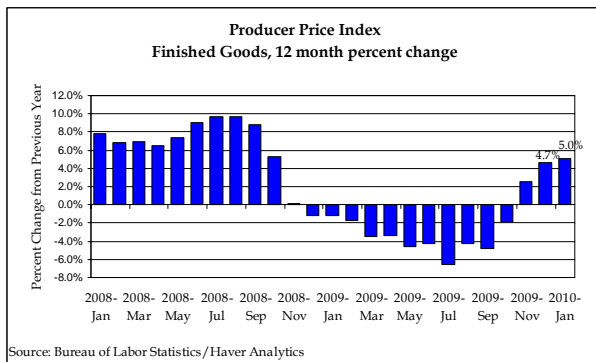


- Average home prices decreased 0.1% in the fourth quarter of 2009, and were down 1.2% over the past year.
- During the past year, home prices increased in 19 states, including Oklahoma (3.53%), Virginia (3.07%), Colorado (2.76%), Alabama (2.14%), Nebraska (2.09%), Indiana (1.71%), Kentucky (1.62%), and South Dakota (1.56%).

26.

(Next update: May 25)

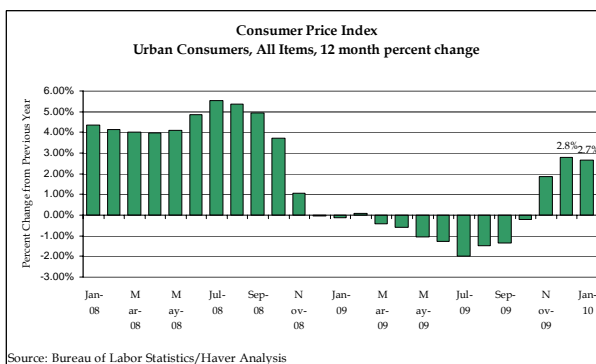
#### IV. Price and Interest Rate Data



- The producer price index for finished goods increased 1.4% in January, following a 0.4% increase in December.
- Over the past year, the PPI rose by 5.0%.
- The core PPI increased 0.3% in January and showed a year-on-year gain of 1.0%.

27.

(Next update: March 17)

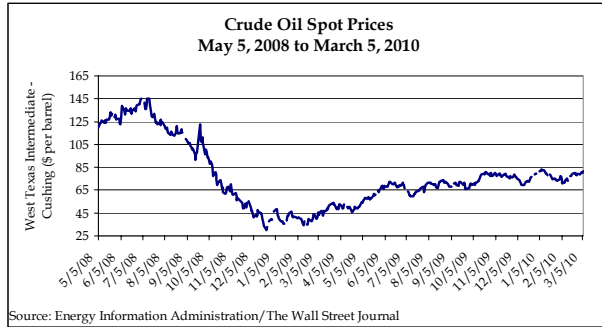


- The consumer price index for all items increased 0.2% in January, following a 0.2% increase in December.
- The 12-month change of the CPI was 2.7% in January 2010.
- Excluding food and energy, the core CPI decreased 0.1% in January, but was up 1.5% over the past year.

28.

(Next update: March 18)

**\*New This Week**

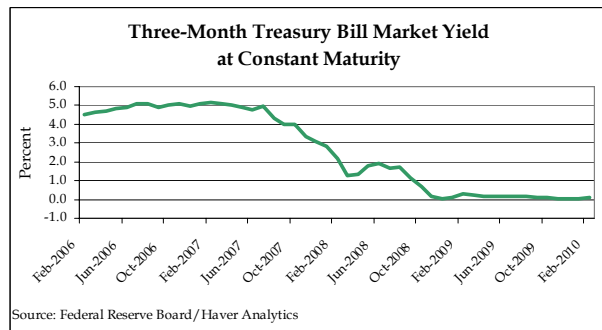


- Crude oil prices averaged about \$80.22 a barrel this week, compared to \$43.18 a barrel a year earlier.
- On March 5, oil traded around \$81.71 a barrel, up from Thursday's close of \$80.21 a barrel.

29.

(Updated daily)

**\*New This Week**

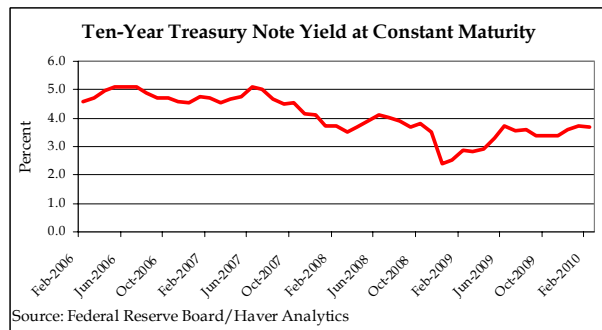


- For the week ending February 26, the latest three-month Treasury bill market bid yielded 0.12%, up from 0.10% a week ago, and down from 0.29% a year ago.

30.

(Updated Weekly)

**\*New This Week**



- For the week ending February 26, the latest ten-year Treasury note yielded 3.69%, down from 3.74% a week ago, and up from 2.91% a year ago.

31.

(Updated Weekly)

V. Trade Data

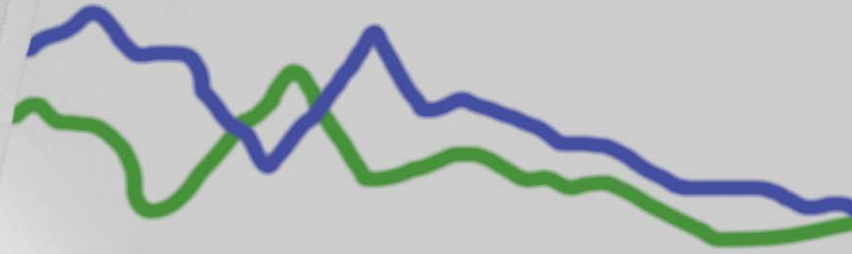
<p style="text-align: center;"><b>Trade Deficit</b> December 2007 to December 2009</p> <p>Source: Census Bureau/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• The trade deficit increased 10.4% in December to \$40.2 billion from November's \$36.4 billion.</li> <li>• Compared to November, exports rose by 3.3% and imports increased by 4.8%.</li> <li>• December's exports of \$142.7 billion were 7.4% higher than one year earlier.</li> </ul> <p style="text-align: right;">32.</p> <p style="text-align: center;">(Next update: March 11)</p>
<p><b>*New this week</b></p> <p style="text-align: center;"><b>U.S. Dollar Value vs. Euro and Yen</b> February 2007 to February 2010</p> <p>Source: Federal Reserve Board/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• The dollar fell against the euro, and the yen.</li> <li>• On March 5, the dollar traded at 0.7349 euros, down from Thursday's close of 0.7358 euros.</li> <li>• On March 5, the dollar traded at 90.35 yen, up from Thursday's close of 89.12 yen.</li> </ul> <p style="text-align: right;">33.</p> <p style="text-align: center;">(Updated daily)</p>
<p><b>*New this week</b></p> <p style="text-align: center;"><b>Real Trade Weighted Exchange Value of U.S. Dollars vs. Major Currencies</b></p> <p>Source: Federal Reserve Board/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• The index of real trade-weighted exchange value of the dollar relative to major currencies increased to 84.43 in February from 82.42 in January.</li> </ul> <p style="text-align: right;">34.</p> <p style="text-align: center;">(Next update: April 2)</p>

## VI. Survey Data

<p style="text-align: center;"><b>Measures of Consumer Attitudes</b></p> <p>Source: University of Michigan/ The Conference Board/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• The University of Michigan’s consumer sentiment index decreased 0.8 points to 73.6 in February from 74.4 in January.</li> <li>• The Conference Board’s index of consumer confidence decreased 10.5 points to 46.0 in February from 56.5 in January.</li> </ul> <p style="text-align: right;">35.</p> <p style="text-align: center;">(Next update: Mich Sentiment – March 12 Consumer Confidence – March 30)</p>
<p><b>*New this week</b></p> <p style="text-align: center;"><b>Institute for Supply Management Manufacturing Indices</b></p> <p>Source: Institute for Supply Management/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• The Institute for Supply Management’s Index of Manufacturing Activity decreased 1.9 points to 56.5 in February from 58.4 in January.</li> <li>• The ISM Manufacturing Employment Index increased 2.8 points to 56.1 in February from 53.3 in January.</li> </ul> <p style="text-align: right;">36.</p> <p style="text-align: center;">(Next update: April 1)</p>
<p><b>*New this week</b></p> <p style="text-align: center;"><b>Institute for Supply Management Nonmanufacturing Indices</b></p> <p>Source: Institute for Supply Management/Haver Analytics</p>	<ul style="list-style-type: none"> <li>• The Institute for Supply Management’s Index of Non-Manufacturing Business Activity increased 2.6 points to 54.8 in February from 52.2 in January.</li> <li>• The Employment Index rose 4.0 points to 48.6 in February from 44.6 in January.</li> </ul> <p style="text-align: right;">37.</p> <p style="text-align: center;">(Next update: April 5)</p>

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