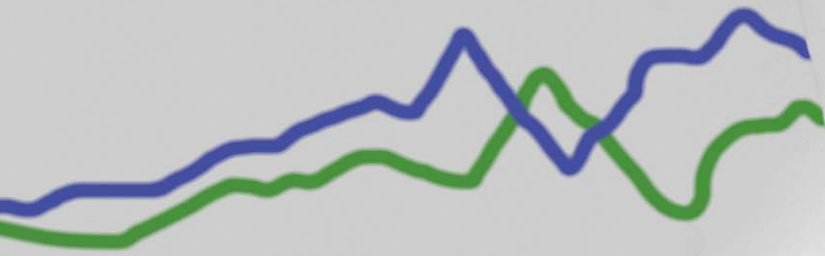


December 17, 2010



Hudson Institute Economic Report

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December, a holiday month, is bringing us a gift of better economic data. First, with the increase in retail sales by 0.8 percent in November, 1.2 percent excluding auto sales, data show that the American consumer is ready to go shopping.

Second, there was positive movement on the new housing starts front. Privately-owned housing starts in November were at a seasonally adjusted annual rate of 555,000, which is 3.9 percent above the revised October estimate of 534,000. Even though this is 5.8 percent lower than last year's rate of 589,000, it's still a movement in the right direction. Single family housing starts in November were at a rate of 465,000, which is 6.9 percent above the revised figure of 435,000 in October. The November rate for units in buildings with five units or more was 72,000.

Third, consumer and producer price indices released by the US Department of Labor indicate that inflation remains moderate and has not descended into deflation. The CPI for all urban consumers increased 0.1 percent in November on a seasonally adjusted basis. After being unchanged last three consecutive months, the core CPI (the index for all items less food and energy) rose in November by 0.1 percent. Over the last 12 months the core CPI has risen 0.8 percent. And the seasonally adjusted PPI for finished goods rose 0.8 percent in November, the third consecutive positive advance.

Finally, the job market continues to improve, albeit slightly. In the week ending December 11 seasonally adjusted initial claims were 420,000, a decrease of 3,000 from the previous week's revised figure of 423,000. More important, the 4-week moving average was 422,750, a decrease of 5,250 from the previous week's revised average of 428,000.

All in all, 2010 is ending better than it began.

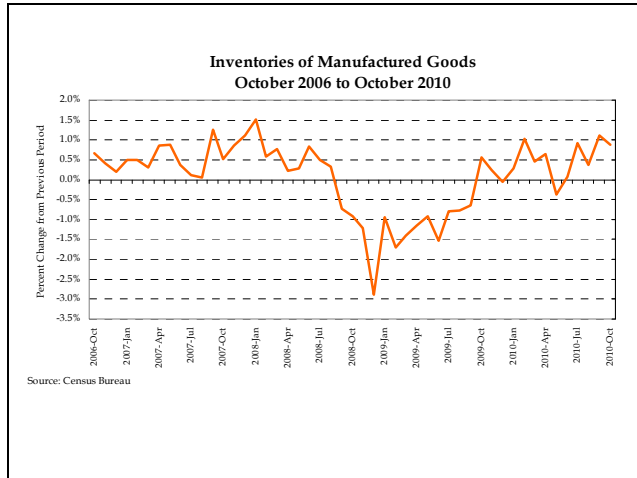
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Hudson's Center for Employment Policy is grateful to the Ewing Marion Kauffman Foundation for the support of this program.

I. Output Data

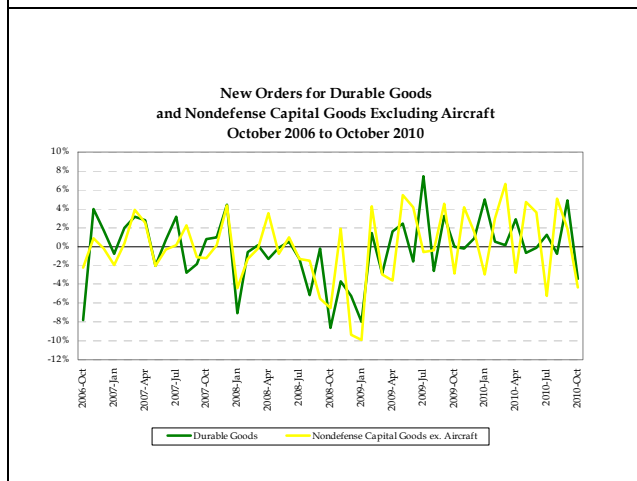
<p style="text-align: center;">Real Gross Domestic Product (seasonally adjusted at an annual rate)</p> <p>Source: Bureau of Economic Analysis</p>	<ul style="list-style-type: none"> • Third quarter real GDP increased at an annual rate of 2.5 percent. Second quarter real GDP growth was 1.7 percent. • From the 3rd quarter of 2009 to the 3rd quarter of 2010, real GDP grew at 4.50 percent. • Real GDP declined 2.6 percent in 2009. <p style="text-align: right;">1.</p> <p style="text-align: center;">(Next update: December 22)</p>
<p style="text-align: center;">Personal Earned Income vs. Disposable Income October 2006 to October 2010 (seasonally adjusted at an annual rate)</p> <p>Source: Bureau of Economic Analysis</p>	<ul style="list-style-type: none"> • Personal earned income increased 0.5 percent in October, and was 4.1 percent higher than a year ago. • Real personal disposable income, at an annual rate of \$10,298 billion, increased 0.3 percent in October, and was 2.5 percent higher than a year ago. <p style="text-align: right;">2.</p> <p style="text-align: center;">(Next update: December 23)</p>
<p style="text-align: center;">Nonfarm Business Sector Productivity (seasonally adjusted at an annual rate)</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • Third quarter nonfarm business productivity increased at an annual rate of 2.3 percent. • The year-on-year growth rate was 2.5 percent. <p style="text-align: right;">3.</p> <p style="text-align: center;">(Next update: February 3, 2011)</p>



- Inventories of manufactured goods increased 0.88 percent to \$538.2 billion in October. Shipments increased 0.35 percent.
- New orders for manufactured goods decreased 0.86 percent in October.

4.

(Next update: January 4, 2011)

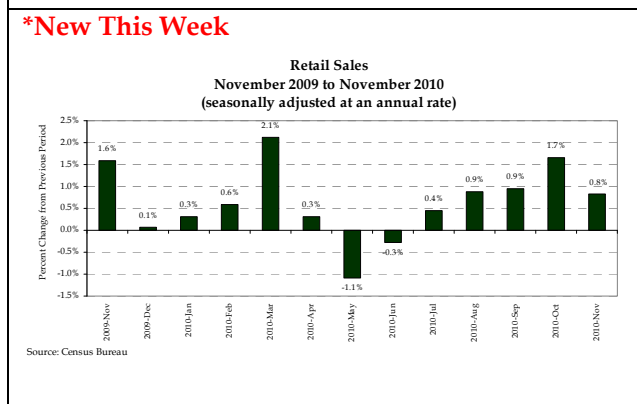


- New orders for manufactured durable goods decreased 3.4 percent in October. Shipments decreased 0.9 percent.
- New orders of core capital goods, which exclude aircraft and defense capital goods, decreased 4.3 percent in October. Shipments decreased 1.4 percent.

5.

(Next update: January 4, 2011)

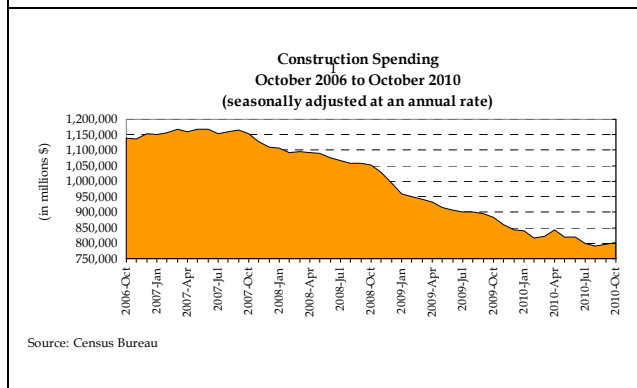
***New This Week**



- Retail sales in November increased 0.8 percent, and were 7 percent higher than a year ago.
- Excluding the auto sector, retail sales increased by 1.2 percent in November, and were 6.2 percent higher than a year ago.

6.

(Next update: January 14, 2011)



- Construction spending rose 0.66 percent to an annual rate of \$802.3 billion in October.
- This figure was 9.3 percent lower than a year ago.

7.

(Next update: January 3, 2011)

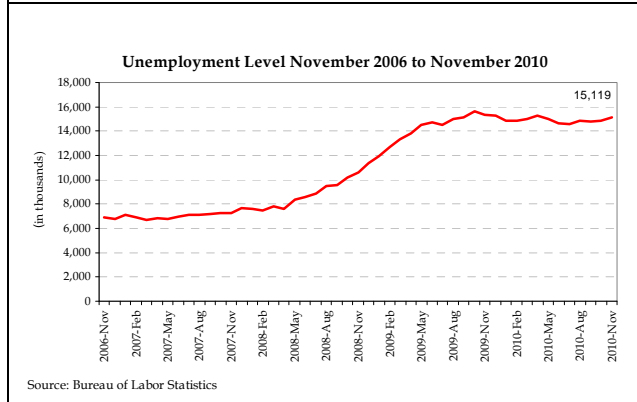
II. Labor Market Data

<p style="text-align: center;">Total Nonfarm Employment Change</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • In November, the payroll survey recorded a gain of 39,000 jobs. • Over the past year, total payroll employment has increased by 842,000 jobs and the private sector added 1,088,000 jobs. <p style="text-align: right;">8.</p> <p style="text-align: center;">(Next update: January 7, 2011)</p>
<p style="text-align: center;">Unemployment Rate since 2001</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • The unemployment rate in November 2010 was 9.8 percent, 0.2 percentage points lower than a year ago. • The unemployment rate for adult men was 10 percent and for adult women was 8.4 percent, a difference of 1.6 percentage points. <p style="text-align: right;">9.</p> <p style="text-align: center;">(Next update: January 7, 2011)</p>
<p style="text-align: center;">Payroll Employment since 2007</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • From December 2007, the start of the recession, to November 2010, payroll employment has decreased by 7.4 million jobs. • From June 2009, the end of recession, to the present, payroll employment has declined by 101,000 jobs. <p style="text-align: right;">10.</p> <p style="text-align: center;">(Next update: January 7, 2011)</p>

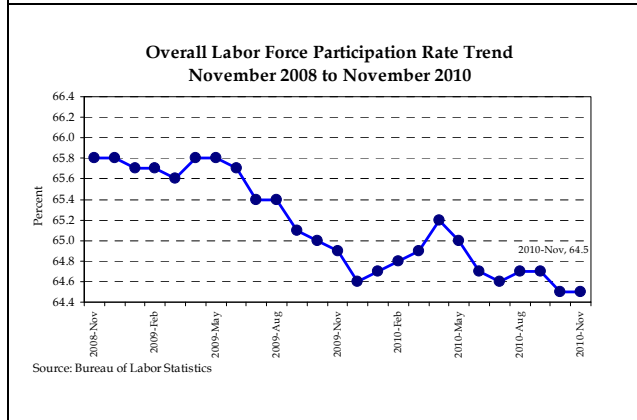
<p style="text-align: center;">Private Sector Temporary Help Services Payroll Employment Since 2007</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • From December 2007, the start of the recession, to November 2010, employment in temporary help services has decreased by 339,000 jobs. • Employment in temporary help services increased 1.8% in November. <p style="text-align: right;">11.</p> <p style="text-align: center;">(Next update: January 7, 2011)</p>
<p style="text-align: center;">Total Household Employment Change</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • The household survey showed a loss of 173,000 employed workers in November 2010 and a gain of 507,000 workers over the past year. • The household survey has shown a decline of over 7.2 million employed workers since December 2007 and a decline of 1.2 million workers since June 2009. <p style="text-align: right;">12.</p> <p style="text-align: center;">(Next update: January 7, 2011)</p>
<p style="text-align: center;">Employment Change in Service-Providing Industries November 2006 to November 2010</p> <p>Source: Bureau of Labor Statistics</p>	<ul style="list-style-type: none"> • Employment in services increased 54,000 in November. • Employment in services has declined by 3.5 million jobs since December 2007 and has increased by 376,000 since June, 2009. <p style="text-align: right;">13.</p> <p style="text-align: center;">(Next update: January 7, 2011)</p>



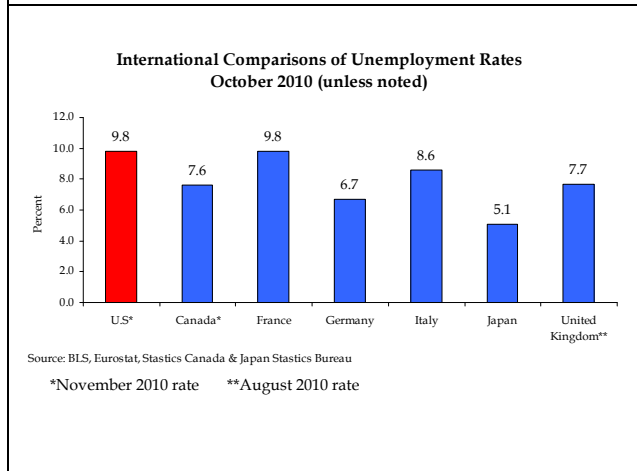
- Manufacturing employment decreased 13,000 in November.
 - Manufacturing jobs were 134,000 below the level of July 2009.
 - Manufacturing has lost 2.1 million jobs since December 2007.
- 14.
- (Next update: January 7, 2011)



- The number of unemployed was 15.12 million in November, compared with 15.34 million a year ago.
- 15.
- (Next update: January 7, 2011)

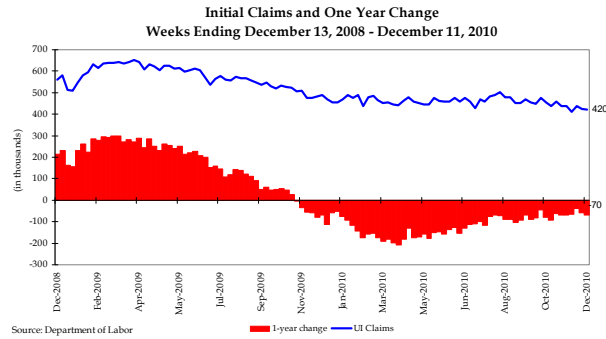


- In November 2010, the labor force participation rate was 64.5 percent, unchanged from October 2010.
- 16.
- (Next update: January 7, 2011)



- The U.S. unemployment rate for November is higher than most other industrialized countries, except France. November unemployment data for other countries will be available later.
- 17.
- (Next update: January 7, 2011)

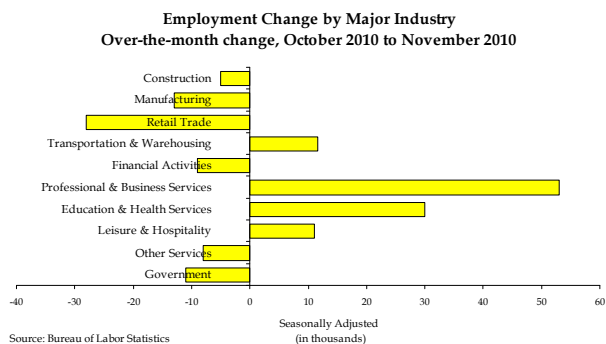
***New This Week**



- During the week ending December 11, initial jobless claims decreased 3,000 from the 423,000 the week before. The level was 14 percent lower than a year ago.
- The four-week moving average of initial jobless claims was 422,750 down from 428,000 the week before. It was 12 percent lower than a year ago.

18.

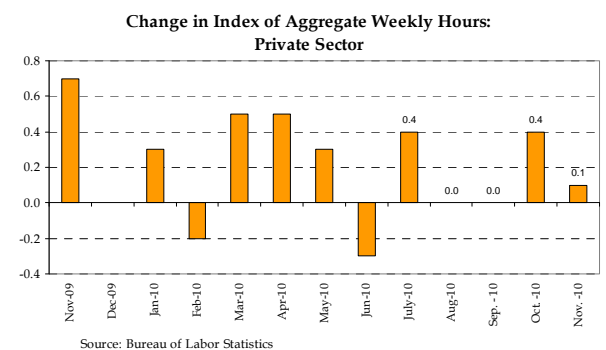
(Updates Weekly)



- The major sectors that gained jobs in October were Professional & Business Services (+53,000) and Education & Health services (+30,000)
- The Government sector lost 11,000 jobs and the Retail Trade sector lost 28,100 jobs.

19.

(Next update: January 7, 2011)



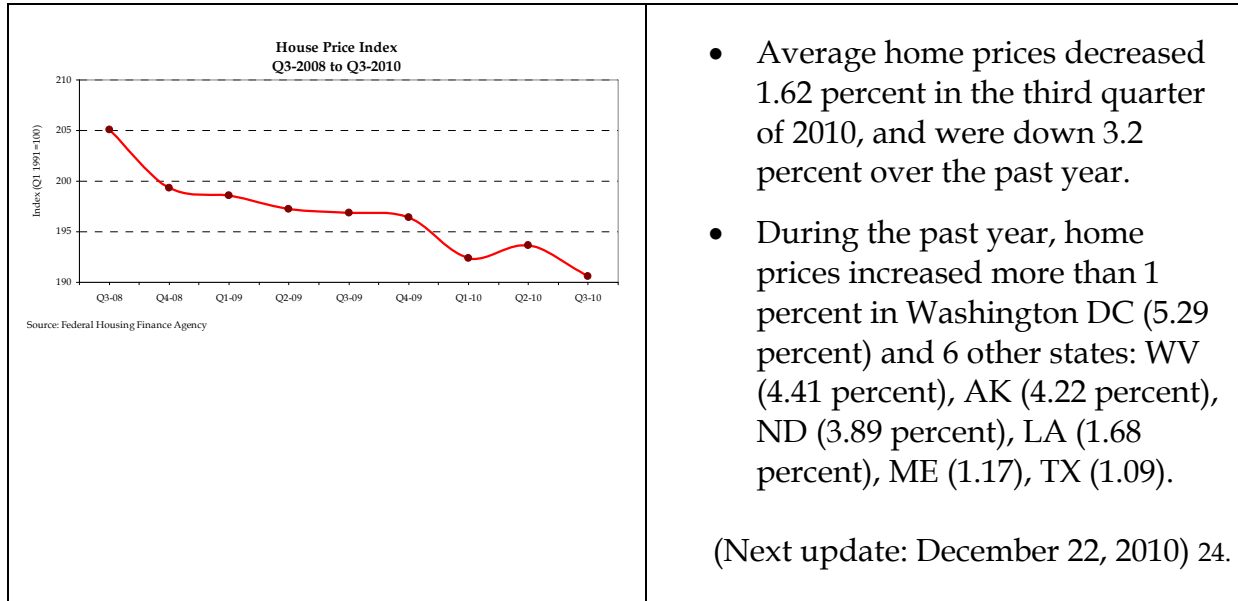
- In November 2010, the index of aggregate weekly hours for production and nonsupervisory employees in the private sector increased by 0.1 percent.

20.

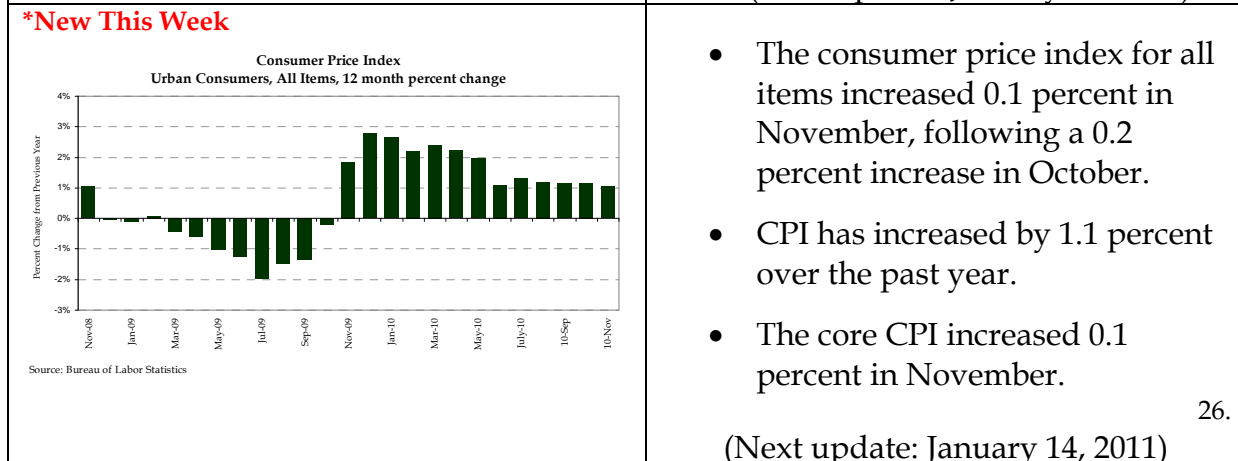
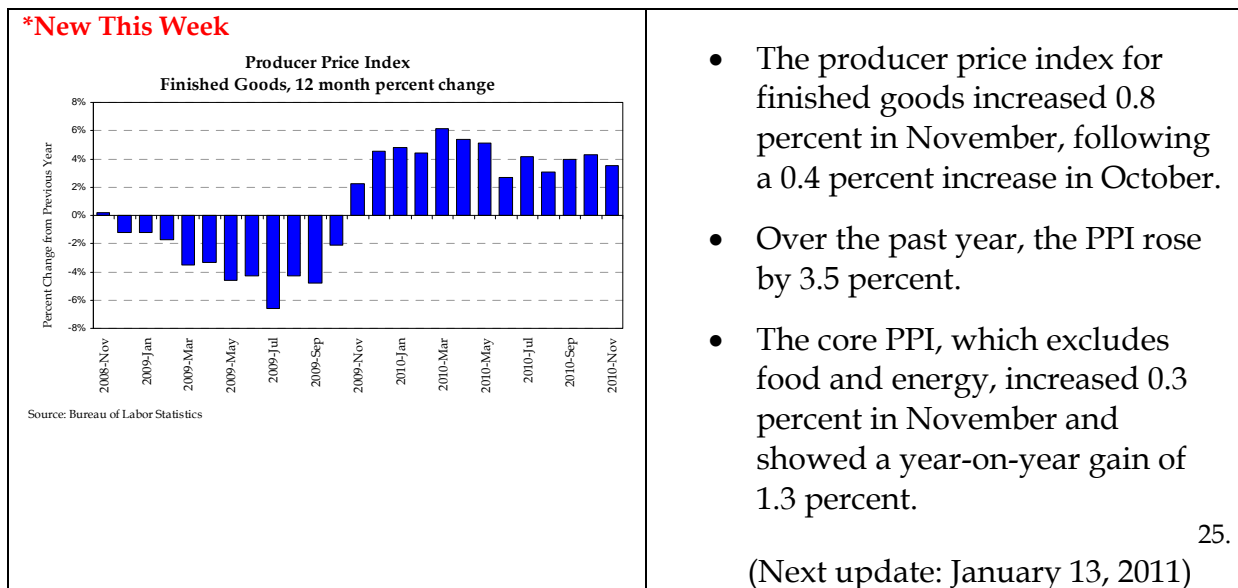
(Next update: January 7, 2011)

III. Housing Data

<p>*New This Week</p> <p style="text-align: center;">Housing Starts November 2008 to November 2010 (seasonally adjusted at an annual rate)</p> <p>Source: Census Bureau</p> <p>— Single-family — Multifamily (5 units or more)</p>	<ul style="list-style-type: none"> Housing starts increased 3.9 percent to an annual rate of 555,000 units in November from 534,000 in October. They were 5.8 percent lower than a year ago. <p style="text-align: right;">21.</p> <p style="text-align: right;">(Next update: January 19)</p>
<p>*New This Week</p> <p style="text-align: center;">Building Permits November 2008 to November 2010 (seasonally adjusted at an annual rate)</p> <p>Source: Census Bureau</p> <p>— Single-family — Multifamily (5 units or more)</p>	<ul style="list-style-type: none"> Building permits dropped 4.0 percent to 530,000 units in November from 552,000 in October. They were 14.7 percent lower than November 2009. <p style="text-align: right;">22.</p> <p style="text-align: right;">(Next update: January 19)</p>
<p style="text-align: center;">Home Sales October 2008 to October 2010 (seasonally adjusted at an annual rate)</p> <p>Source: Census Bureau/National Association of Realtors</p> <p>■ New Home Sale ■ Existing Home Sale</p>	<ul style="list-style-type: none"> In October, existing home sales decreased by 2 percent to an annual rate of 4,430,000 units, 26 percent lower than a year ago. Sales of new single-family homes in October decreased to 283,000 from 308,000 in September. October sales were down 29% since last year. <p>(Next update: New home sales – December 23 Existing home sales- December 22)</p>



IV. Price Data



V. Trade Data

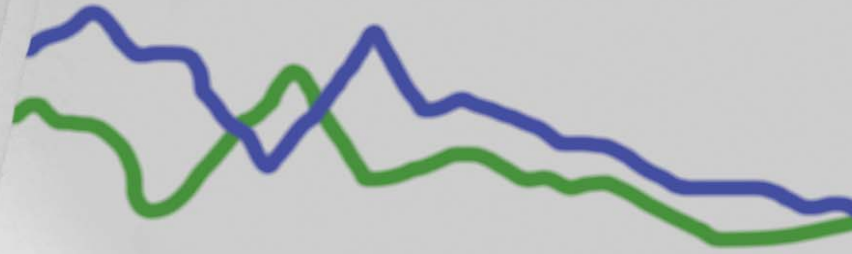
<p>*New This Week</p> <p style="text-align: center;">Trade Deficit October 2008 to October 2010</p> <p>Source: Census Bureau</p>	<ul style="list-style-type: none"> • The trade deficit decreased 13.2 percent in October to \$38.7 billion from \$44.6 billion in September. • Compared to September, exports increased by 3.2 percent and imports decreased by 0.5 percent. • October's exports of \$158.7 billion were 15 percent higher than a year earlier. <p style="text-align: right;">27.</p> <p style="text-align: center;">(Next update: January 13, 2011)</p>
<p>*New This Week</p> <p style="text-align: center;">U.S. Dollar Value vs. Euro and Yen November 2007 to November 2010</p> <p>Source: Federal Reserve Board</p>	<ul style="list-style-type: none"> • On December 14, the dollar traded at 0.75 euros, unchanged from last week. • On December 14, the dollar traded at 83.91 yen, up from last week. <p style="text-align: right;">28.</p> <p style="text-align: center;">(Updated weekly)</p>
<p>*New This Week</p> <p style="text-align: center;">Real Trade Weighted Exchange Value of U.S. Dollars vs. Major Currencies</p> <p>Source: Federal Reserve Board</p>	<ul style="list-style-type: none"> • The Federal Reserve's Broad Dollar index of real trade-weighted exchange value of the dollar relative to major currencies increased slightly to 84.16 in November from 84.05 in October. <p style="text-align: right;">29.</p> <p style="text-align: center;">(Next update: January)</p>

VI. Survey Data

<p style="text-align: center;">Measures of Consumer Attitudes</p> <p>Source: University of Michigan/The Conference Board</p>	<ul style="list-style-type: none"> • The University of Michigan’s final index of consumer sentiment gained 3.9 points in November to 71.6 after a 0.5 point drop in October. • The Conference Board’s index of consumer confidence gained 4.2 points to 54.1 in November from 49.9 in October. <p style="text-align: right;">30.</p> <p style="text-align: center;">(Next update: Michigan Sentiment – January Consumer Confidence – December 28)</p>
<p style="text-align: center;">Institute for Supply Management Manufacturing Indices</p> <p>Source: Institute for Supply Management</p>	<ul style="list-style-type: none"> • The Institute for Supply Management’s Index of Manufacturing Activity decreased 0.3 percentage points to 56.6 percent in November from 56.9 percent in October. • The ISM Manufacturing Employment Index decreased 0.2 percentage points to 57.5 percent in November from 57.7 percent in October. <p style="text-align: right;">31.</p> <p style="text-align: center;">(Next update: January 5, 2011)</p>
<p style="text-align: center;">Institute for Supply Management Nonmanufacturing Indices</p> <p>Source: Institute for Supply Management</p>	<ul style="list-style-type: none"> • The Institute for Supply Management’s Index of Non-Manufacturing Business Activity decreased 1.4 percentage points to 57 percent in November. • The Employment Index rose 1.8 percentage points to 52.7 percent in November. <p style="text-align: right;">32.</p> <p style="text-align: center;">(Next update: January 5, 2011)</p>

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