

Leading economic indicators deteriorated in the latest week, but consumer confidence improved and the downward trend in home sales flattened.

The Weekly Leading Index compiled by the Economic Cycle Research Institute fell sharply in the week of September 19 to its lowest level since early 1993. The smoothed 6-month percent change decreased to a new low for this cycle of -12.3%, compared with the previous low of -11.9% on August 22.

The index in part reflects the recent rise in initial jobless claims due to refilling by previously laid-off workers since benefits were extended on June 30 and the effects of recent hurricanes. Even so, the steep decline in the index since its peak in mid-2007 points unequivocally to recession.

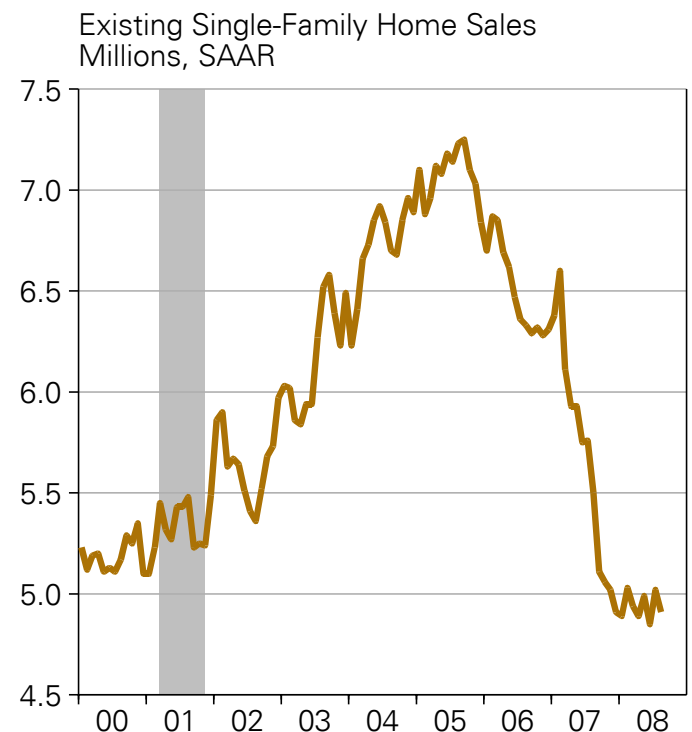
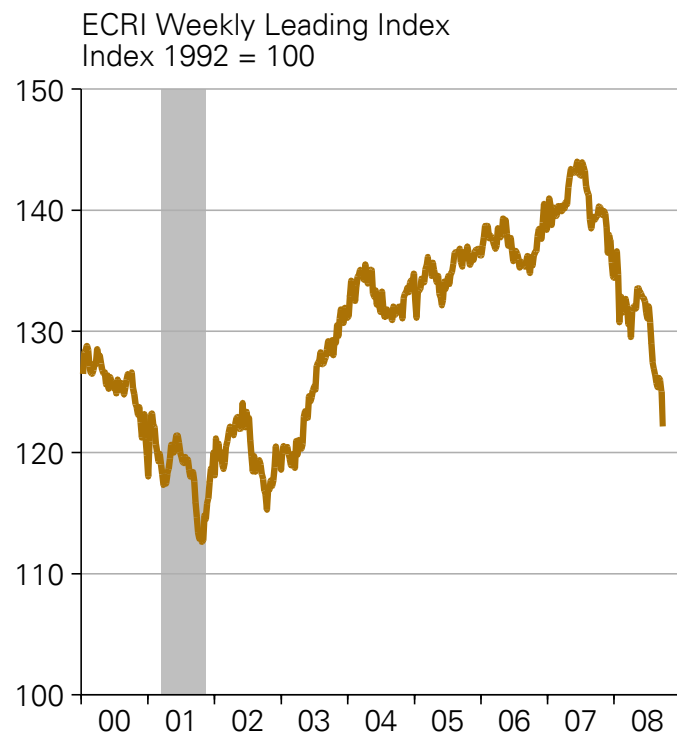
Meanwhile, both the Conference Board and Reuters/University of Michigan measures of consumer confidence have improved from the low readings of June. Readings from the Michigan survey were revised down a bit for

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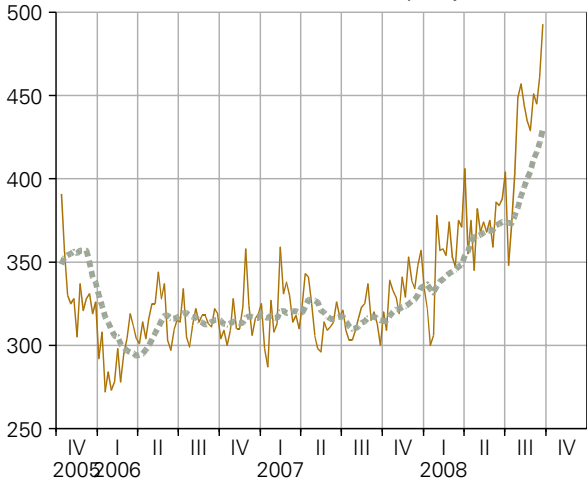
September, but the measure of consumer expectations has posted the second largest 3-month percent changes in history. The largest occurred in March 1991 – the final month of the 1990-91 recession.

Finally, sales of both new and existing homes fell in August, but existing home sales have been essentially flat all year and the downtrend in new home sales has tapered off. In addition, the inventory of unsold existing homes declined and the inventory of unsold new homes fell for the sixteenth straight month.

Jim Coons



Initial Claims for Unemployment Insurance  
Thousands Per Week, Seasonally Adjusted



U. S. Dollar Exchange Rate  
FRB Major Currency Index, 1973 = 100



Price of Oil  
West Texas Int, \$/bbl



Price of Gold  
London PM Fixing, \$/oz



S&P 500 Stock Prices  
Daily Close, Index 1941-43 = 10



Mortgage Loan Originations  
MBA Purchase Index 3/16/90=100 SA

