

The first quarter ended on a negative note, with industrial production and retail sales posting large declines. Housing starts and permits also declined after a weather-related bounce in February. Consumer prices fell 0.1%, resulting in the largest year-over-year decline since the mid-1950s.

Industrial production posted a broad-based decline of 1.5% in March – the fifth monthly drop in a row. Manufacturing output fell 1.7% and manufacturing capacity utilization fell to a new all-time low of 65.8%.

The decline in manufacturing production was broad-based outside of the motor vehicle and parts and apparel and leather industries where production increased modestly. Mining production fell 3.2%, and utility output increased 1.8% after an outsized, weather-induced drop of 7.7% in February. Production of primary metals, fabricated metals and machinery, which account for a significant share of Ohio manufacturing jobs, fell 3.9%, 3.9% and 4.2%, respectively.

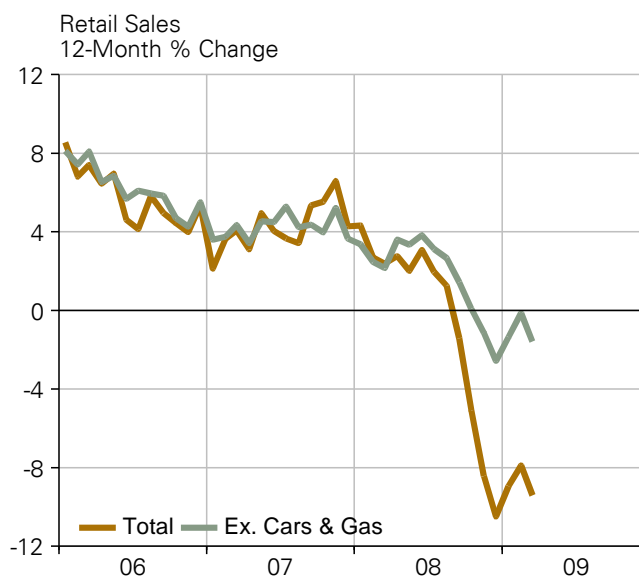
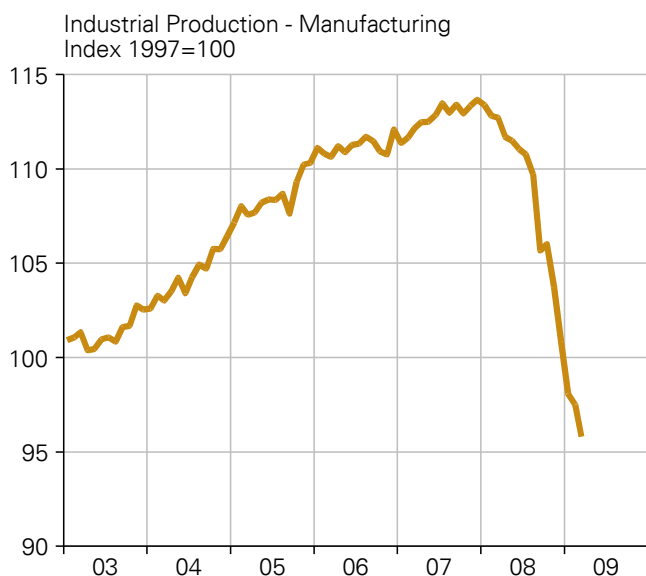
At 15.7%, the decline in manufacturing production since the peak in December 2007 is now the largest in the post-war period, having eclipsed the decline during the long and severe recession of 1973-75 that totaled 15.3%. The peak-to-trough declines in industrial production also have been sharp in Japan (-36.9%), Germany (-20.3%) and the U.K. (-13.4%).

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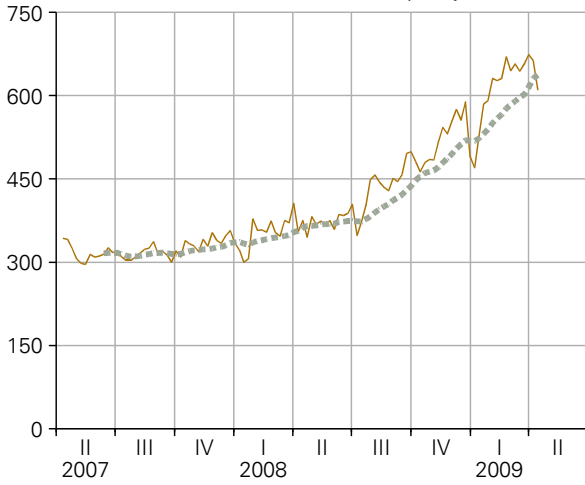
Retail sales retreated 1.1% in March, retracing a portion of the January-February gains. For the quarter, retail sales decreased 2.5% at an annual rate after adjustment for inflation. The pattern in real retail sales during the first quarter indicates that real consumer spending probably managed a small gain after the large back-to-back percent declines in the third and fourth quarters last year.

Consumer prices fell 0.1% in March, pulled down by energy prices (-3.0%) and gasoline prices (-4.0%). The CPI has declined in five of the last eight months, and the year-over-year rate of change has declined to -0.4% – the largest drop since 1955. The recent pattern in oil prices points toward a few more months of negative year-over-year comparisons before inflation returns to the 3% area.

Jim Coons



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



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



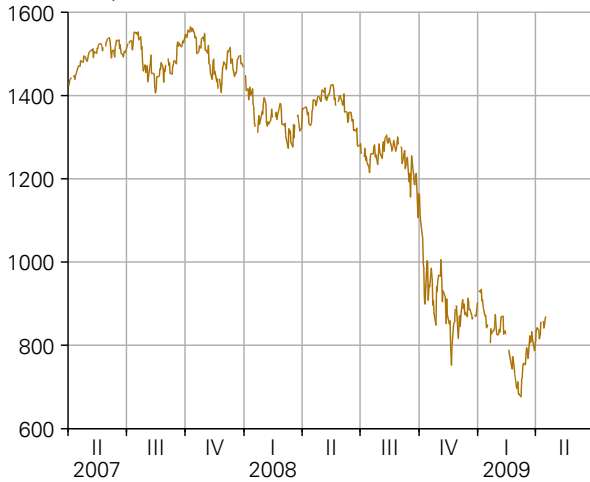
Price of Oil
West Texas Int, \$/bbl



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

