

How about some good news for a change? Leading economic indicators continue to paint a picture of an imminent trough in the recession. And architects reported very solid improvement in billings and new work inquiries during March.

The Weekly Leading Index from the Economic Cycle Research Institute was stable for the second straight week during the week ending April 17. The index reached its low for this economic cycle – at least so far – during the week of March 6, coincidentally the same week that the S&P 500 registered its lowest close for this cycle.

The smoothed six-month annualized rate of change in the index remained deep in negative territory for the week, but moved higher for the fifth straight week. The rate of change has reached its low point in past cycles approximately around the time that recessions have ended. As a result, the recent pattern in the index is consistent with forecasts of better economic performance in the weeks and months ahead and even with an end to the recession sometime this spring.

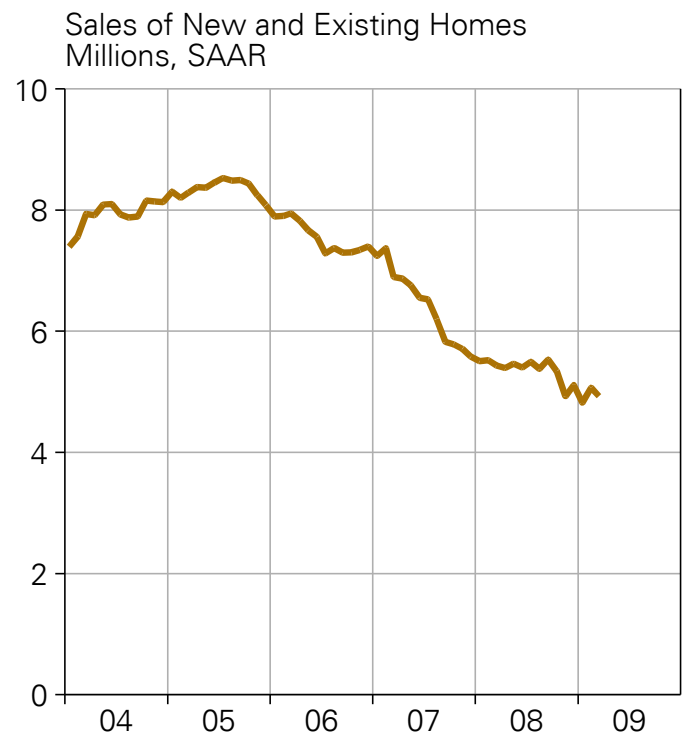
The Leading Economic Index also points toward improving economic conditions, if somewhat more tentatively. The smoothed six-month annualized rate of change stayed at 4.2% in March, but is notably up from its cycle low of -5.1% reached last November. This measure, too, has signaled the timing of economic troughs in the past. Of course, the trick is identifying a turn in the LEI, which can be as difficult as identifying the turn in the economy itself. At a minimum, leading indicators provide a timely context for discerning changes in the trend of the economy.

Additional positive news was reported this week by the American Institute of Architects. The AIA reported that billings were up sharply in March. The index had turned down sharply last fall, reaching a low in January. The decline caused much concern, because the index appears to have signaled changes in direction in nonresidential construction with a nine to twelve month lead time in the past. Billings are roughly back to where they were last August. Perhaps even better, the AIA index of Inquiries for New Work rebounded even more forcefully in March, rising to its highest level since January 2008.

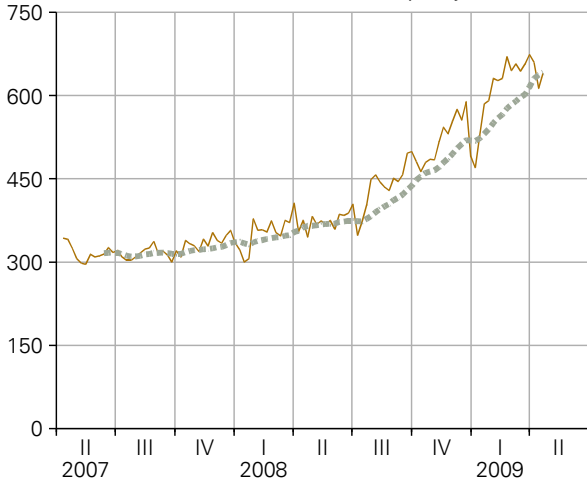
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Finally, at the risk of making too much of a recent bounce in volatile data series, sales of both new and existing houses remained above their January lows in February. Sales fell a bit in March after rebounding in February from a January slide. But the possibility now exists that January will prove to be the low point for the sales cycle.

Jim Coons



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



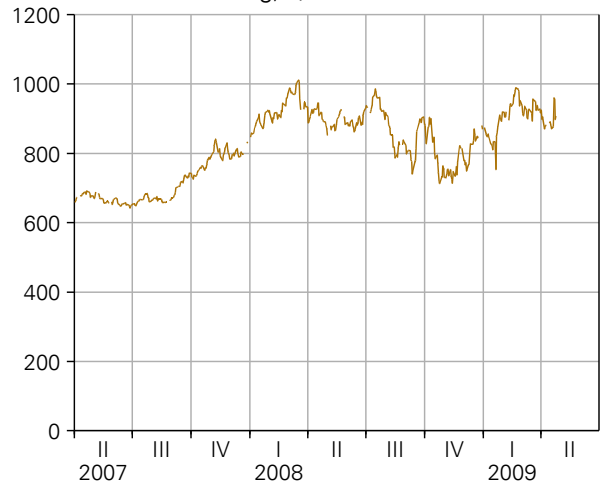
U. S. Dollar Exchange Rate
FRB Major Currency Index, 1973 = 100



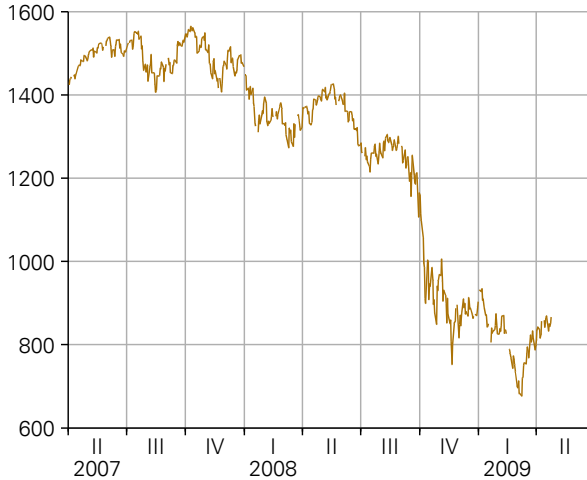
Price of Oil
West Texas Int, \$/bbl



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

