

The manufacturing sector contracted again in April, but positive signs continued to accumulate. Industrial production decreased 0.5% in April following a 1.7% drop in March and a 1.0% decrease in February. The February loss was previously reported as a larger decline of 1.5%.

The 0.5% decrease in production during April was the best showing since a 1.3% increase last October. Adjusting for the effects of major hurricanes and a strike at Boeing on production during September and October, the change in production during April was the best since last July.

Utility output increased 0.4% in April. Mining output fell 3.2% due significantly to a 10.0% decrease in drilling activity. Manufacturing production decreased 0.3% – its best showing since the first half of last year. At 16.0%, the decrease in manufacturing production since its peak in December 2007 is the largest in the post-war period.

Contributing to the April decline were drops of 1.2%, 2.1% and 0.7% in production of primary metals, fabricated metals and machinery, which account for a largest share of manufacturing employment outside of the motor vehicle industry in Ohio. Production of motor vehicles and parts increased 1.4% as assemblies increased by 2.2%. The annualized pace of motor vehicle assemblies remained at a depressed level of 5.04 million, still well below the level of 10.72 million in 2007 and 7.27 million in the fourth quarter last year.

Capacity utilization in manufacturing decreased to a new record low of 65.7%, weighed down significantly by the 42.0% percent utilization rate in the motor vehicles and parts industry. Utilization rates in primary metals, fabricated metals and machinery were 45.8%, 63.5% and 60.0%, respectively.

The Weekly Leading Index published by the Economic Cycle Research Institute increased for the sixth straight week for the week ending May 8 on a four-week moving average basis. The smoothed six-month rate of change improved to -13.6%, up from a low for the cycle of -29.7% reached on December 5. The indicator indicates that steepest rate of contraction in the economy is behind us, and is consistent with an official end to the recession

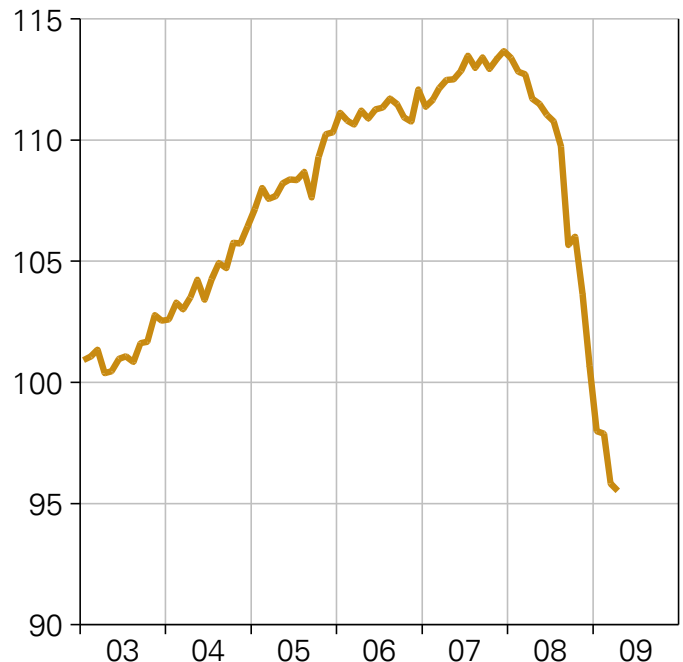
**The manufacturing sector contracted again in April, but positive signs continued to accumulate. The Weekly Leading Index continues to rise.**

no later than September and possibly as soon as May or June.

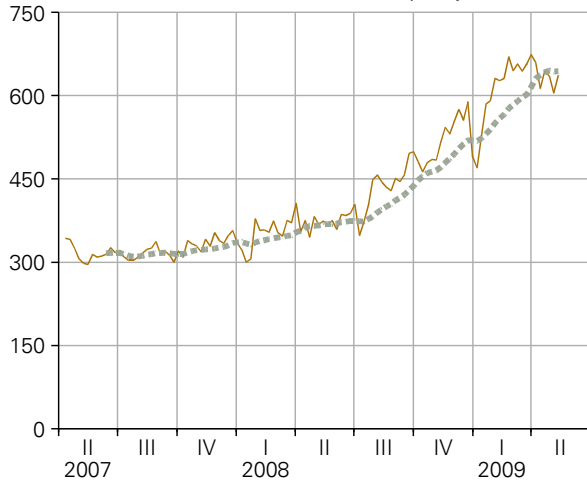
Retail sales fell 0.4% in April following a 1.3% drop in March. Sales at motor vehicle dealers edged up by 0.2% despite a 5.5% drop in unit sales. Excluding sales at motor vehicle dealers and gasoline stations, both of which are volatile and can obscure underlying trends in a particular month, retail sales fell 0.3% – also the second straight monthly decline after two monthly increases. Compared with a year earlier, retail sales were down by 10.1%.

Jim Coons

Industrial Production - Manufacturing Index 1997=100



Initial Claims for Unemployment Insurance  
Thousands Per Week, Seasonally Adjusted



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



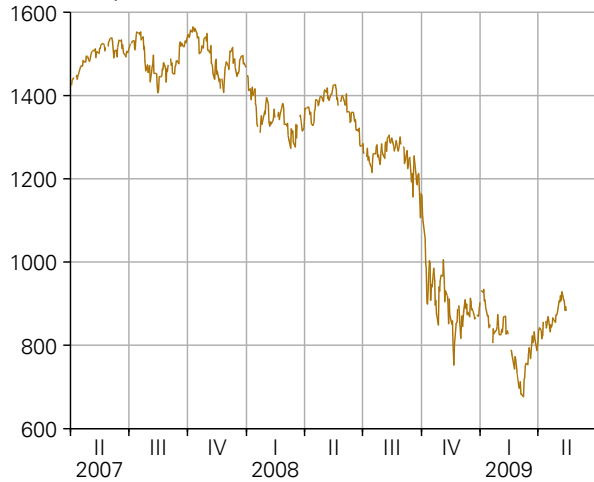
Price of Oil  
West Texas Int, \$/bbl



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

