

Retail sales increased 0.5% in January and changes in the two previous months were revised higher. The increase was broad-based across store types, affirming previously released reports that revealed stronger-than-expected consumer spending.

Industrial production increased 0.9% in January – the seventh consecutive rise. December growth was revised slightly higher. Production in manufacturing increased 1.0% after a 0.1% decline in December. Total industrial production increased at an annual rate of 9.7% from the low in June, but remains 12.2% below the pre-recession peak.

The Weekly Leading Index (WLI) published by the Economic Cycle Research Institute decreased on a 4-week moving average basis for the third straight week during the week ending February 12. The smoothed six-month rate of change was 17.1%, down for the ninth straight week, but still on par with the two highest peaks early in previous recoveries. The WLI remains consistent with continued economic recovery.

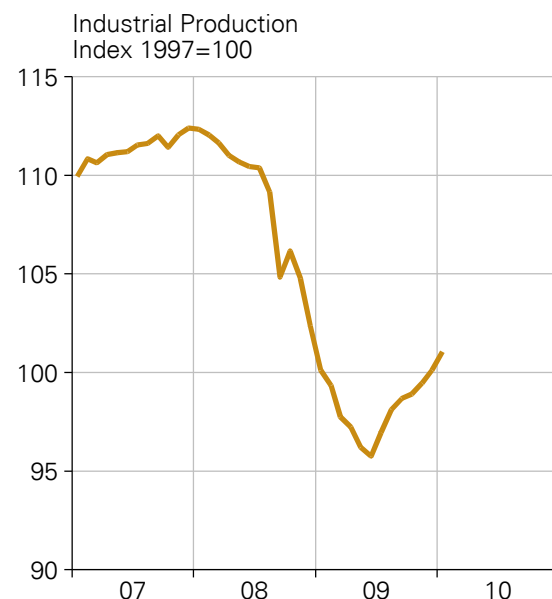
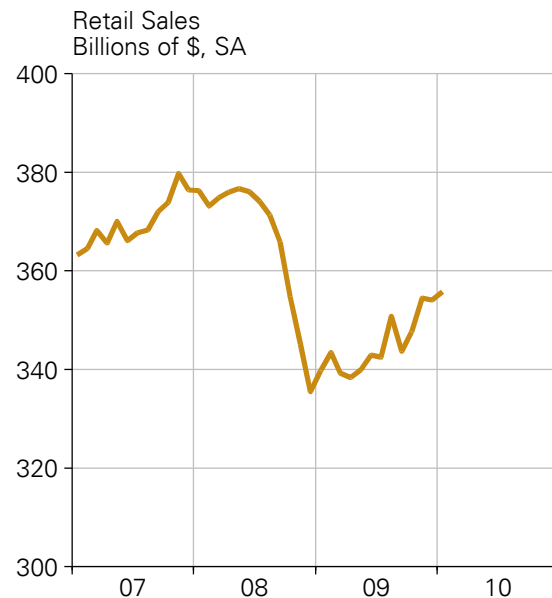
The peak growth rate in the WLI has been highly correlated with the peak 4-quarter growth rate in real GDP during the first two years of previous economic recoveries. The current growth rate of the WLI is consistent with a much stronger rate of growth in real GDP than has been widely anticipated.

The Leading Economic Index published by the Conference Board increased 0.3% in January – the tenth consecutive monthly rise. The recent trajectory of the index was revised higher, putting the smoothed six-month rate of change at 10.0% – down a bit from December but still the best pace since late 1983-early 1984.

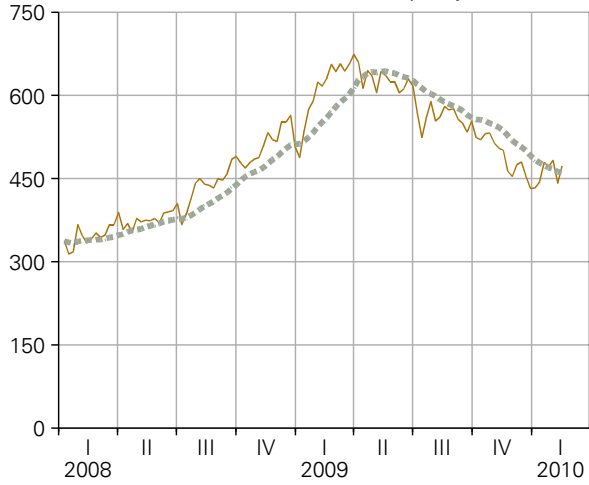
The Ratio of the Coincident to Lagging Economic Index also increased for the tenth straight month and has been higher than the year earlier level for four straight months. The ratio has reached its cyclical trough at approximately the same time that recessions have ended on many occasions in the past. The most recent low was reached in March 2009.

Jim Coons

Retail sales and industrial production moved higher in January, while leading indicators point to continued growth.



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



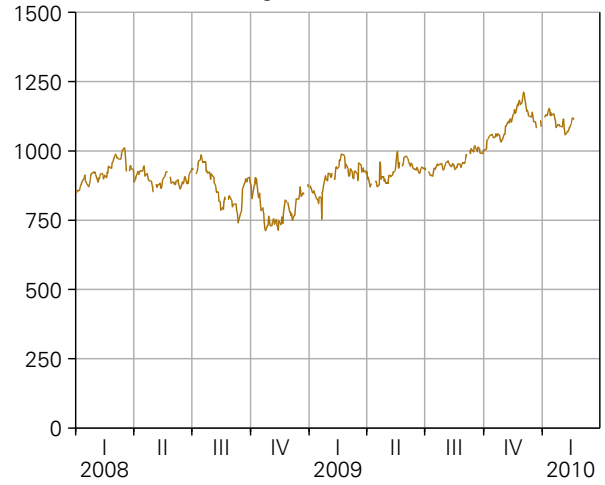
U. S. Dollar Exchange Rate
FRB Major Currency Index, 1973 = 100



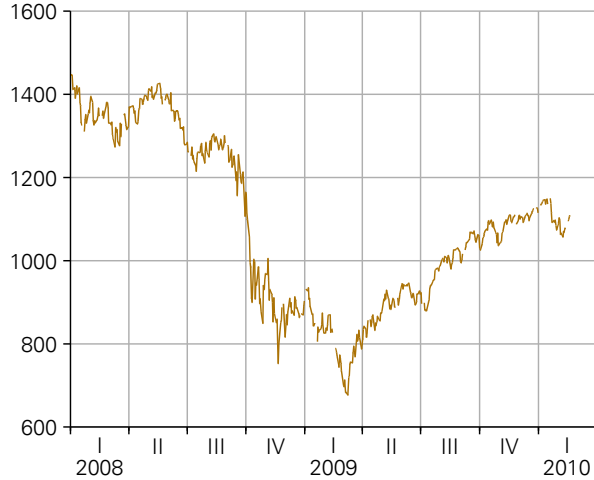
Price of Oil
West Texas Int, \$/bbl



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

