

Industrial production increased 0.8% in April, as a 1.0% increase in manufacturing offset a 1.3% decline in utility output. High-tech production increased 0.9% to 13.0% above the year earlier level. The increase in industrial production followed a 0.2% increase in March and lifted the index to 5.2% above the year earlier level – the best year-over-year comparison since mid-1997.

Capacity utilization in manufacturing increased to 70.6% from 70.0%, up from the low of 65.1% reached last June, but still below the troughs in all previous post-war recession, except for the 1981-82 downturn.

Production gains were broad-based in April, with only aerospace and motor vehicles posting declines on the month. Production of motor vehicles and parts decreased 2.2%, as assemblies fell from 7.56 million units to 7.19 million units, with almost all of the decline occurring in the light truck category. Compared with a year ago, assemblies were higher by 21.4%.

Of special significance for Ohio, production of primary metals, fabricated metals and machinery increased by 2.4%, 1.7% and 2.6%, respectively in April. Together, these three industries account for just under one-third of manufacturing employment in Ohio.

Other key measures of industrial activity have strengthened significantly in the past year. Truck tonnage is up 7.5%. Container traffic out of Long Beach is up 19%. And railway loadings are up 14%. Much of this growth has been driven by exports, which were up 20% from a year ago in March.

Manufacturing capacity has been trimmed by the largest amount on record, having decreased 1.7% through April from the peak reached in November 2008. The only previous decrease in capacity was a brief and modest decline associated with the technology bust and the 2001 recession. Rebuilding of capacity in response to continued increases in output could support capital spending.

Retail sales increased 0.4% in April and the March increase was revised higher from 1.6% to 2.1%. Excluding the volatile cars and gas categories, sales also rose 0.4% to 5.1% above the year ago level.

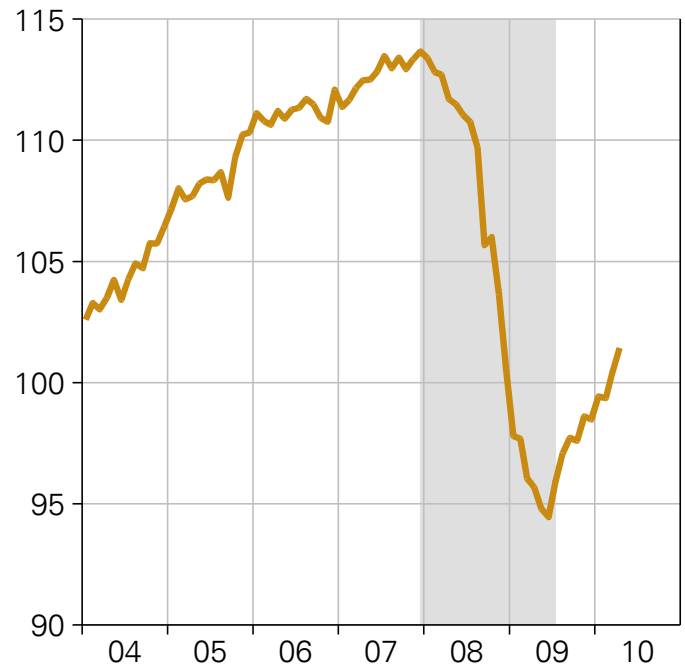
## Industrial production and retail sales advanced in April. Consumer attitudes were little changed.

The April increase was the seventh in a row and lifted the level to 8.8% above the year earlier mark, but was very narrowly based. A 6.9% increase in sales at building materials and garden supply dealers accounted for the entire monthly gain in retail sales. Sales of clothing, sporting goods, electronics and furniture all declined, as did sales at department stores.

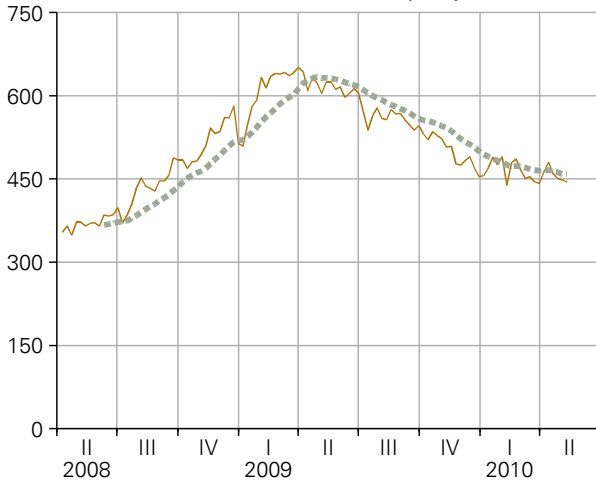
Consumer sentiment improved in early May, according to the Reuters/University of Michigan survey, but was little changed from December and remained not far above average levels observed during recessions in the last three decades.

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



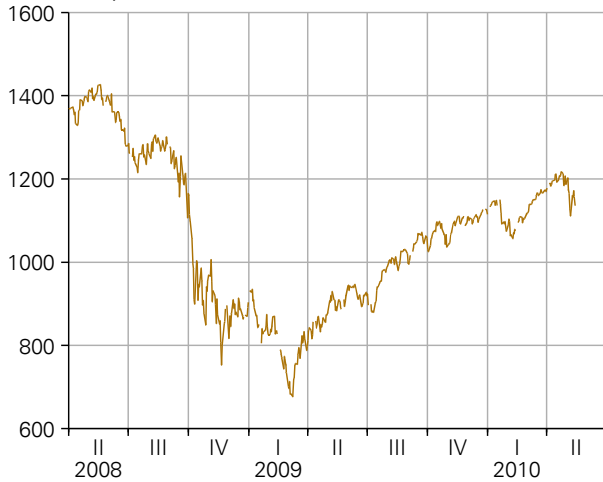
Price of Oil  
West Texas Int, \$/bbl



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

