

# Economic Indicators

Week of October 11– October 15, 2010

Produced by NAR Research



NATIONAL  
ASSOCIATION *of*  
REALTORS®

# Weekly Economic Forecast

Indicator	Updated Forecast	Past Week's Forecast	Directional Shift
GDP 2010 Q3:	1.5%	1.6%	↓
GDP 2010 Q4:	2.7%	2.7%	↔
GDP 2011 Q1:	2.6%	2.6%	↔
Unemployment rate by the year-end 2010:	9.9%	9.8%	↑
Average 30-year fixed mortgage rate by the year-end 2010:	4.5%	4.5%	↔

- NAR's monthly official forecast as of October 4

Produced by NAR Research



NATIONAL  
ASSOCIATION *of*  
REALTORS®

# Economic Updates

Monday, 10/11/10

- No data was released today.

Produced by NAR Research

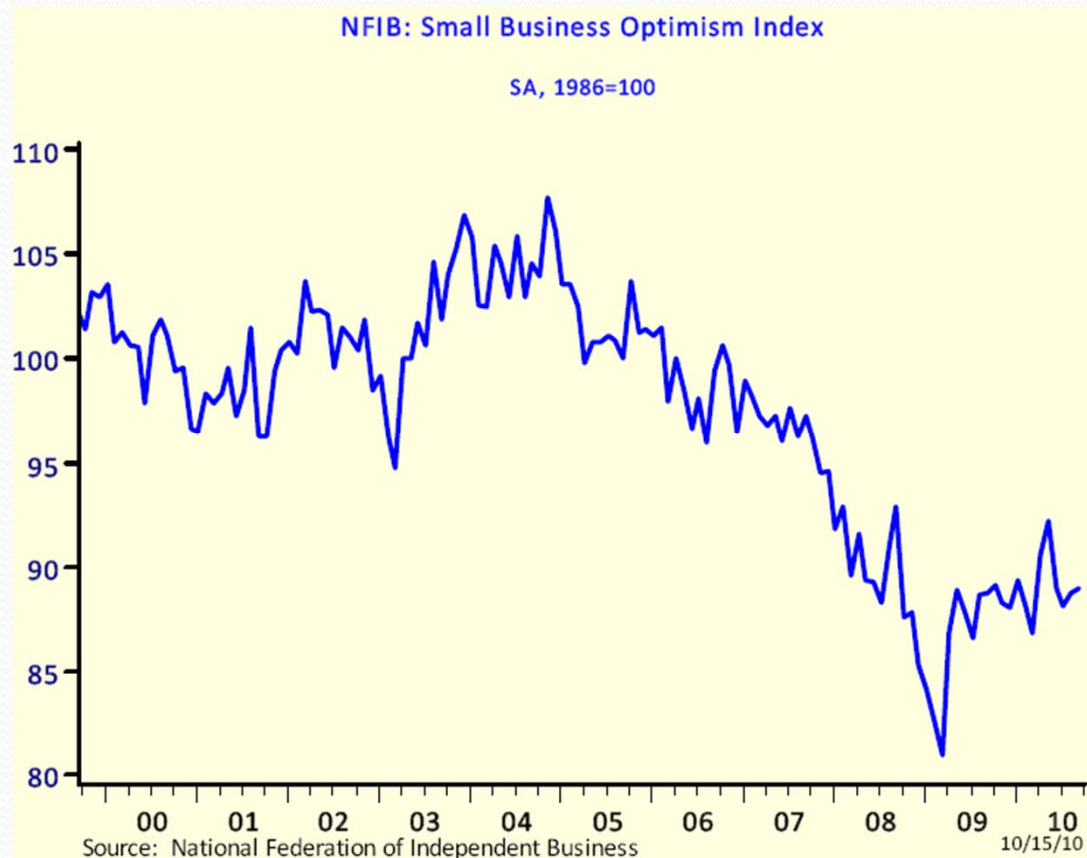


NATIONAL  
ASSOCIATION *of*  
REALTORS®

# Economic Updates

Tuesday, 10/12/10

- For small businesses, economic conditions continue to provide challenges, marked by weak employment, low capital layouts, slow sales, and tight lending.
- The NFIB Research Foundation Index of Small Business Optimism increased 0.2 points in September, to 89.0. An index value of 100.0 indicates a market in balance. Last month's figure points to continuing recessionary conditions for small businesses.
- The index comprises several components—labor markets, capital spending, inventories and sales, inflation, credit markets, and profit and wages. Most of the components posted low values.



Produced by NAR Research

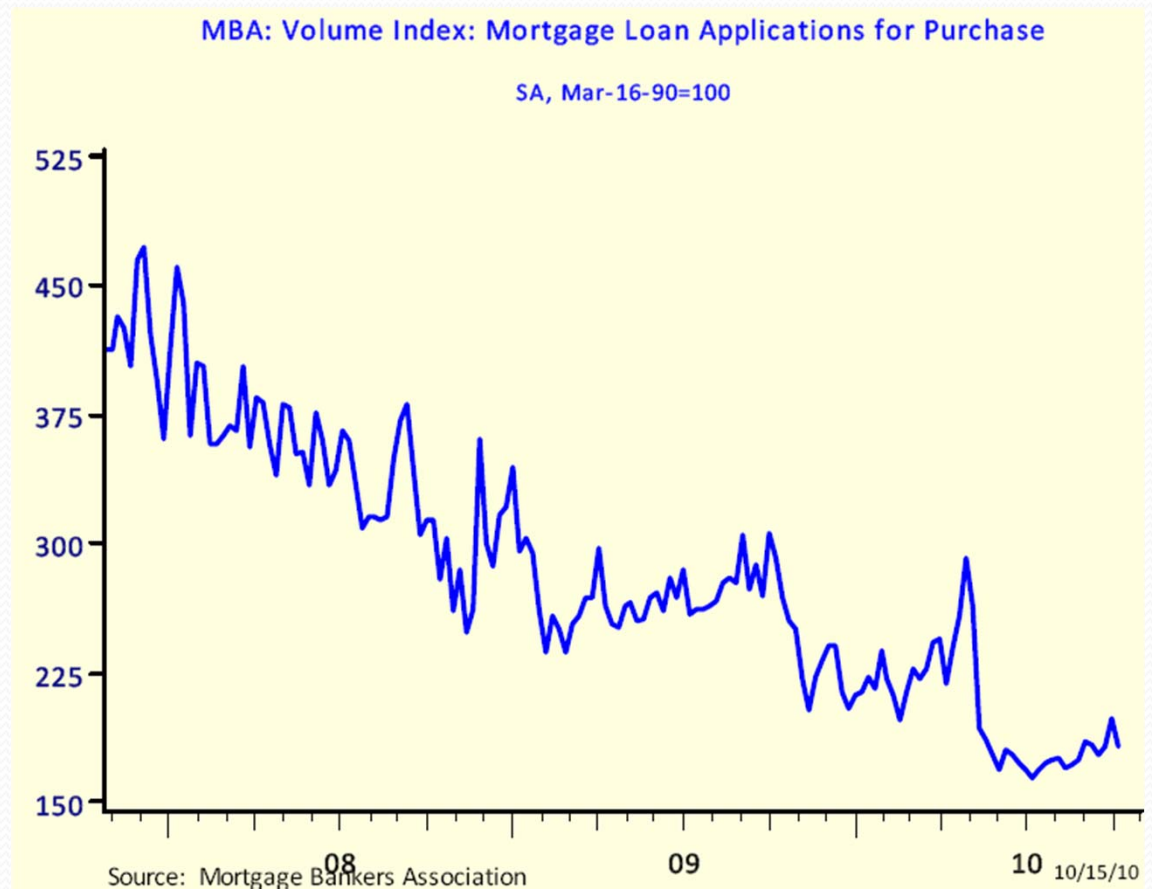


NATIONAL  
ASSOCIATION *of*  
REALTORS®

# Economic Updates

Wednesday, 10/13/10

- Mortgage purchase applications fell 8.5 percent for the week ending October 8<sup>th</sup>. Purchase applications do not take into consideration all-cash purchases which according to the August [REALTORS® Confidence Index](#) could be as much as 28 percent of transactions.
- Mortgage purchase applications were down 37.5 percent from the same week a year ago.
- The government (FHA) portion of the index fell sharply 22 percent week-over-week, while conventional purchase applications were up 2.5 percent. Last week's rise and this week's steep drop in the government portion of the index is largely due to new FHA restrictions on credit score and down payment that went into place on October 4<sup>th</sup>.
- Refinances, which made up 83.1 percent of mortgage activity, rose 21 percent as mortgage rates fell to a new survey low of 4.21 percent for a 30-year fixed mortgage.



Produced by NAR Research

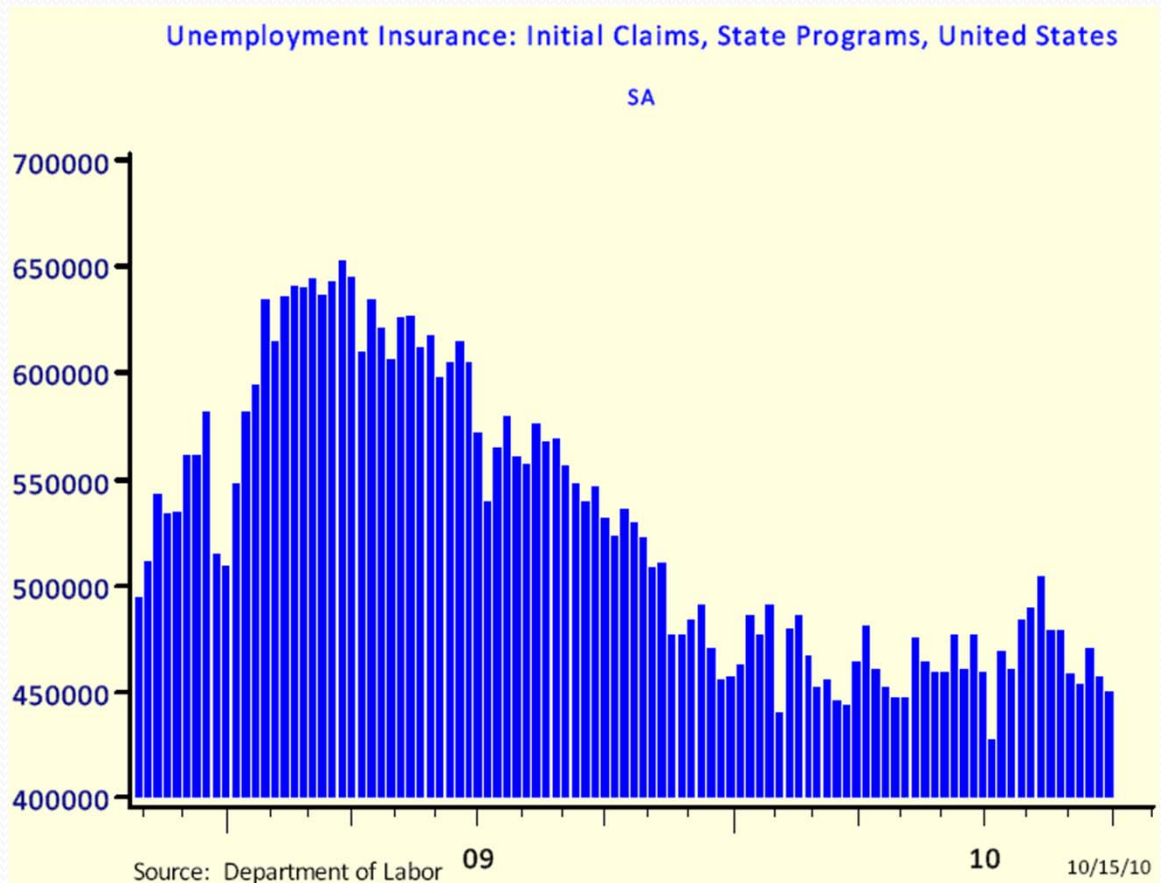


NATIONAL  
ASSOCIATION *of*  
REALTORS®

# Economic Updates

Thursday, 10/14/10

- The uncertainty in the job market continues with this week's initial jobless claims raising 13,000 to 462,000. The four-week average was also up 2,250 to 459,000, ending six straight weeks of improvement. Columbus Day may have impacted this week's numbers so it is important to see what the next week brings.
- The overall U.S. trade deficit increased in August to \$46.3 billion from \$42.3 billion in July. Increase in deficit came from larger spending on imports than sale of exports. Larger spending on imports was seen in all major expenditure groups. A widening of the trade deficit is both good and bad.
- Increase in imports suggests more optimism among businesses who would not be adding to the inventories if demand wasn't picking up. Exports, however, were relatively low, but this may change due to weakening of the dollar.



Produced by NAR Research

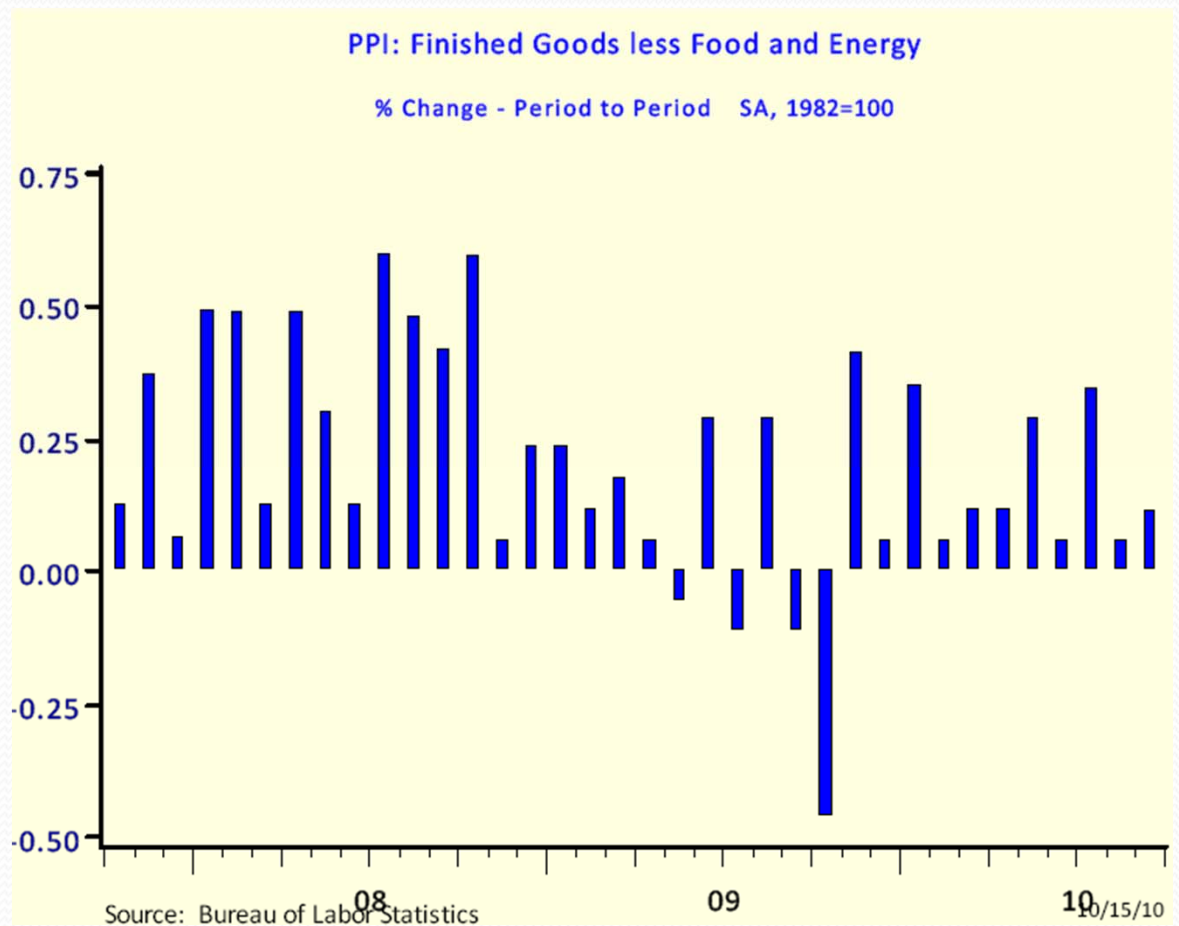


NATIONAL  
ASSOCIATION of  
REALTORS®

# Economic Updates

Thursday, 10/14/10 (cont'd)

- September data for PPI also show some mixed signs. While the producer prices increased largely due to food and energy, the core level PPI – that excluding food and energy – remained tame.
- The year-over-year PPI increased to 4.0 percent from 3.0 in August (seasonally adjusted). These numbers imply that inflation is creeping up at the producer level; however producers have not passed on the price increases because of sluggish demand. This also suggests that inflationary pressures are awaiting stronger consumer demand.



Produced by NAR Research

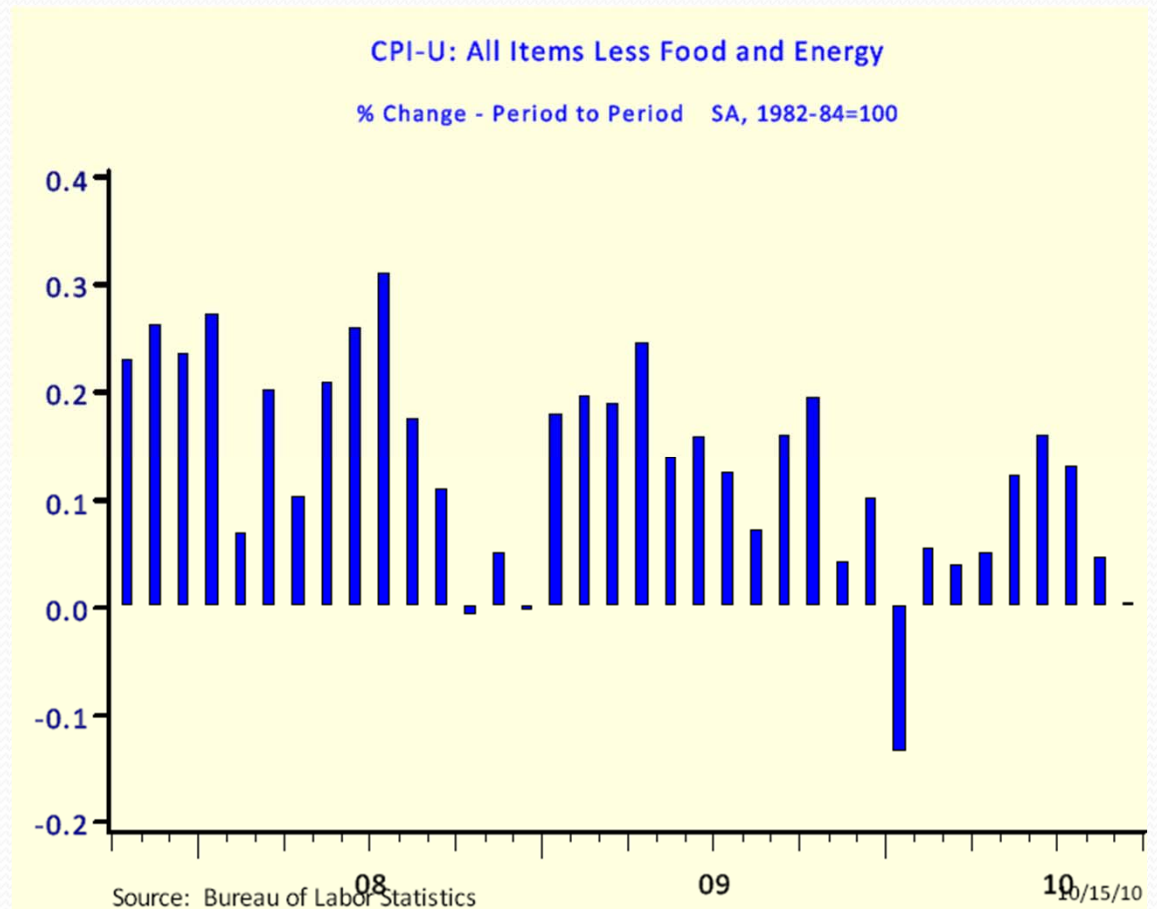


NATIONAL  
ASSOCIATION of  
REALTORS®

# Economic Updates

Friday, 10/15/10

- The consumer price index increased in September by 1.2% on a seasonally adjusted annualized basis. However, the index excluding food and energy remained flat from August.
- The overall index increased by 1.1% from the previous September, while the index excluding food and energy increased by 0.8% from last September.
- Retail sales increased in September by 0.6%, in part due to strong automobile sales. This increase follows a 0.7% increase in August.
- The University of Michigan consumer sentiment index declined by 1.6% to a level of 67.9 in October. The decrease was attributable to a decline in sentiment related to current conditions, and was partly offset by an increase confidence in future conditions.
- The dual data releases on consumer behavior seem to offer contradictory assessments. The retail sales data suggests increasing consumer demand at least through September, while the consumer sentiment survey suggests reduced demand in October. Inflation still remains around 1%, which is still well below the Fed's official inflation target. This gives added credence to long term interest rates remaining low in the near future.



Produced by NAR Research



NATIONAL  
ASSOCIATION of  
REALTORS®