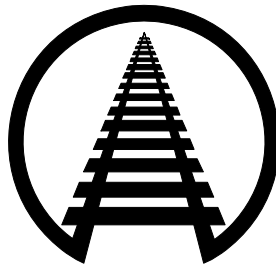


Rail Time Indicators

*A Review of Key Economic Trends
Shaping the Demand for Rail Transportation*



**Policy & Economics Department
Association of American Railroads
Washington, DC**

September 10, 2009

Rail Time Indicators is a non-technical summary of many of the key economic indicators potentially of interest to U.S. freight railroads. It is issued by the Policy & Economics Department of the Association of American Railroads.

To get on the e-mail distribution list for Rail Time Indicators, please contact Dan Keen (dkeen@aar.org, 202-639-2326) or Shannon Stare (sstare@aar.org, 202-639-2322).

SUMMARY FOR SEPTEMBER 2009

Economic Indicator	Most Recent Data
U.S. Freight Rail Traffic (p. 2)	↓ 16.4% (carloads), ↓ 16.7% (intermodal) in August 2009 from August 2008.
Canadian Freight Rail Traffic (p. 3)	↓ 20.5% (carloads), ↓ 18.3% (intermodal) in August 2009 from August 2008.
Gross Domestic Product (p. 13)	↓ 1.0% in Q2 2009 (preliminary estimate).
Purchasing Managers Index (p. 14)	↑ to 52.9 in August 2009 from 48.9 in July 2009.
Manufacturing Inventories and Sales (p. 15)	From June 2009 to July 2009, manufacturing sales were flat , inventories ↓ 0.7% , and inventory-to-sales ratio ↓ 0.7% .
Index of Industrial Production (p. 17)	↑ 0.5% in July 2009 from June 2009.
Capacity Utilization (p. 18)	↑ to 68.5% in July 2009 from 68.1% in June 2009.
Non-Farm Employment (p. 19)	↓ 216,000 in August 2009 from July 2009.
Unemployment Rate (p. 19)	↑ to 9.7% in August 2009 from 9.4% in July 2009.
Class I Railroad Employment (p. 20)	↑ to 150,400 in July 2009 from 149,614 in June 2009.
Index of Consumer Confidence (p. 21)	↑ to 54.1 in August 2009 from 47.4 in July 2009.
Retail Sales (p. 21)	↓ 0.1% in July 2009 from June 2009.
Light Vehicle Sales (p. 22)	↑ 26% on annualized basis in August 2009 from July 2009.
Housing Starts (p. 23)	↓ 1.0% in July 2009 from June 2009.
Consumer Price Index (p. 24)	Virtually unchanged in July 2009 from June 2009.
Railroad Cost Index (p. 25)	From Q1 '09 to Q2 '09, wages ↑ 0.2% ; wage supplements ↑ 0.1% ; fuel ↓ 0.4% ; materials & supplies, ↓ 3.8% .
Value of the U.S. Dollar (p. 25)	↓ 1.3% in August 2009 from July 2009.
Dow Jones Economic Sentiment Indicator (p. 26)	↑ to 35.5 in August 2009 from 33.6 in July 2009.
Rail Freight Cars in Storage (p. 27)	↓ to 478,046 on September 1, 2009 from 489,469 on August 1, 2009.

U.S. AND CANADIAN FREIGHT RAILROAD TRAFFIC

Who releases it and when?

- The Association of American Railroads (AAR), every Thursday morning, in the AAR's *Weekly Railroad Traffic* report.

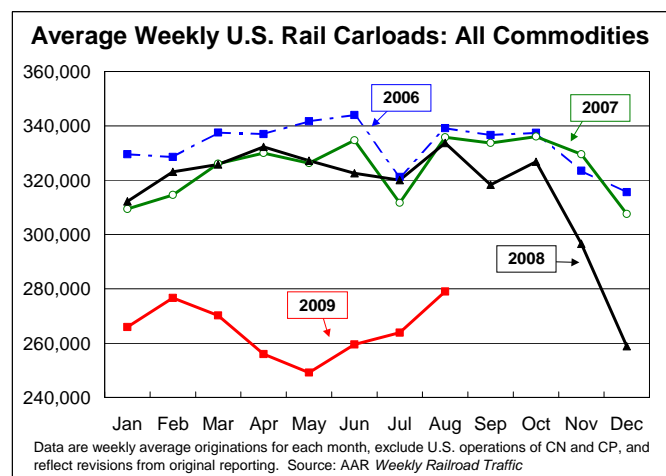
What is it and why is it important?

- The weekly AAR data detail rail carloadings for 19 different major commodity categories, as well as intermodal units (trailers and containers), for the previous week. Railroads that report their data to the AAR collectively account for the vast majority of total U.S. and Canadian freight rail traffic. Rail Time Indicators aggregates these data into monthly figures.
- Freight railroading is a "derived demand" industry — *i.e.*, demand for rail service occurs as a result of demand elsewhere in the economy for the products that railroads haul. Thus, freight rail traffic is a useful economic indicator, both for the overall economy and for specific sub-sectors.

What are the latest numbers for U.S. railroads?

- U.S. freight railroads **originated** 1,116,182 carloads in August 2009, **down 16.4%** (218,593 carloads) **from August 2008** and the 10th straight double-digit monthly carload decline. However, the percentage decline in August was the **lowest since February 2009**.

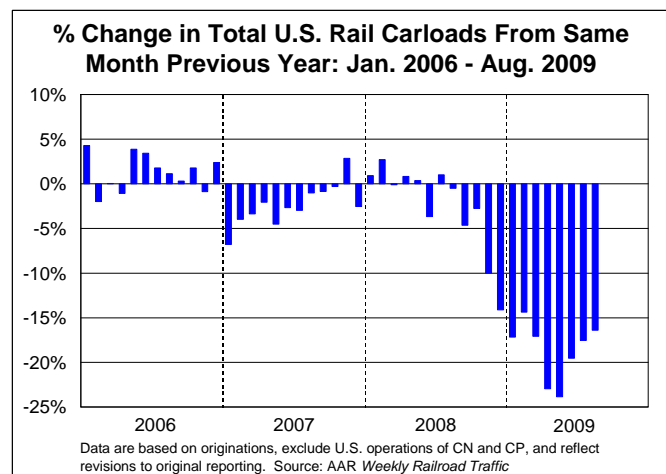
- Average weekly carloads on U.S. railroads in August 2009 (279,046) were more than **15,000 carloads higher** than in July 2009 and **higher than any previous month in 2009**, though seasonal factors account for some of that increase — note the increase in August each year in the chart at right. (Coal mines, for example, often undergo maintenance during July and ramp back up in August.) The last two weeks of August saw higher U.S. carload traffic **than any previous two-week period in 2009**.

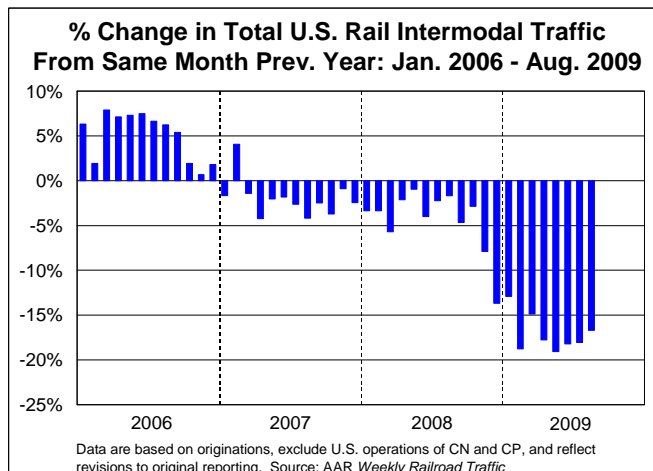
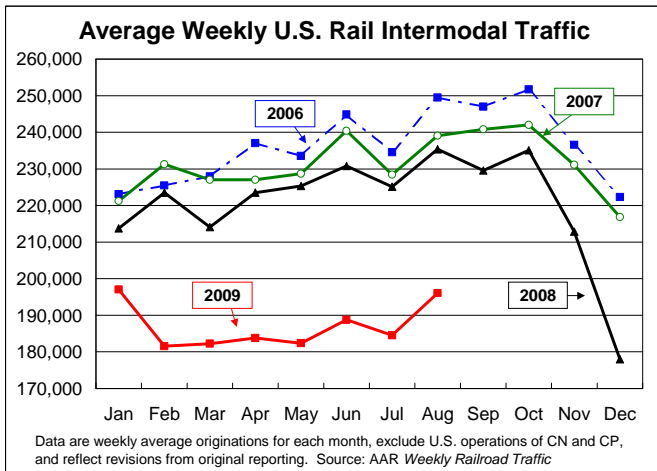


- In August 2009, U.S. **intermodal traffic** (which is not included in the carload figures discussed above) totaled 784,262 trailers and containers, **down 16.7%** (157,238 units) from August 2008 (see charts at top of next page).

- However, the **average weekly intermodal count** on U.S. railroads in August 2009 was 196,066 trailers and containers, **up 11,500 units from July 2009** and the **highest since January 2009**. Intermodal traffic has perhaps begun seeing the incremental improvement that carload traffic may be beginning to see.

- For the first eight months of 2009, U.S. rail carloadings were **down 18.7%** (2,073,250 carloads), while intermodal traffic was **down 17.1%** (1,310,446 trailers and containers).



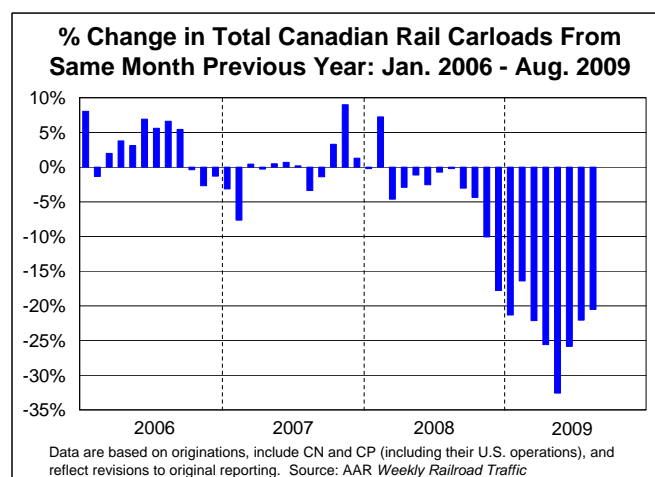
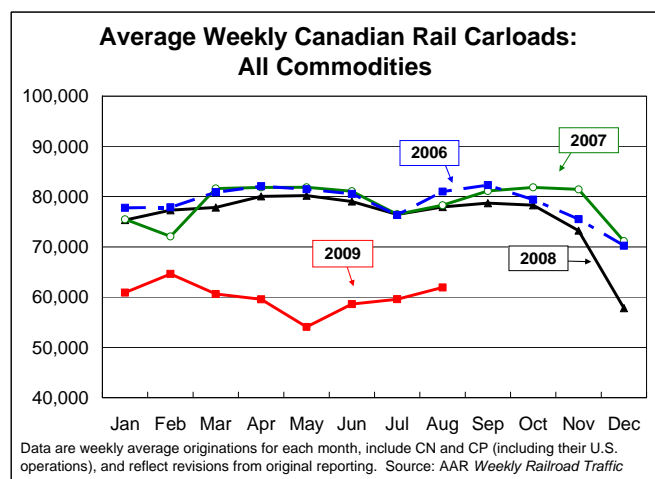


What are the latest numbers for Canadian railroads?

- Canadian carload traffic**, which includes the combined Canadian and U.S. operations of CN and Canadian Pacific, **fell 20.5%** (63,963 carloads) in **August 2009** to 247,723 carloads, while **Canadian intermodal traffic fell 18.3%** (37,123 units) to 166,208 trailers and containers in August (see charts on this page for carloads and at the top of page 10 for intermodal).
- Average weekly carloads on Canadian railroads in August 2009 (61,931 carloads) rose for the third straight month — a good sign, to be sure, but, as is the case with U.S. railroads, there's still a long way to go.
- Average weekly intermodal units on Canadian railroads in August 2009 (41,552 trailers and containers) were the highest since January 2009 and **up approximately 1,500 units** from July 2009.
- For the first eight months of 2009, Canadian rail carloadings were down 23.4% (622,336 carloads), while intermodal traffic was down 16.5% (270,182 trailers and containers).

Where to go for more information:

- Weekly AAR press releases on railroad traffic are available on the AAR web site [here](#).

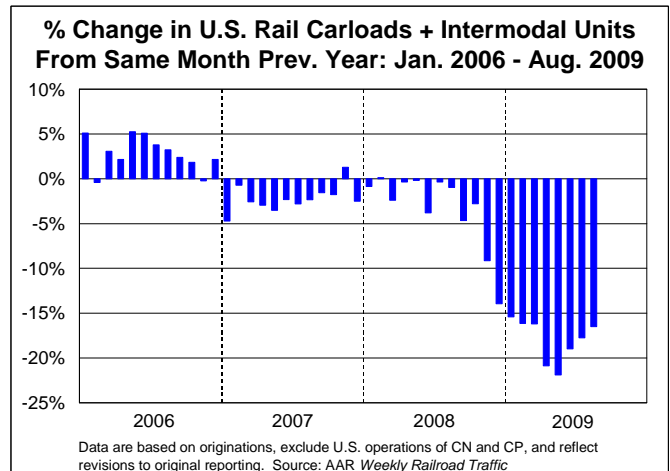
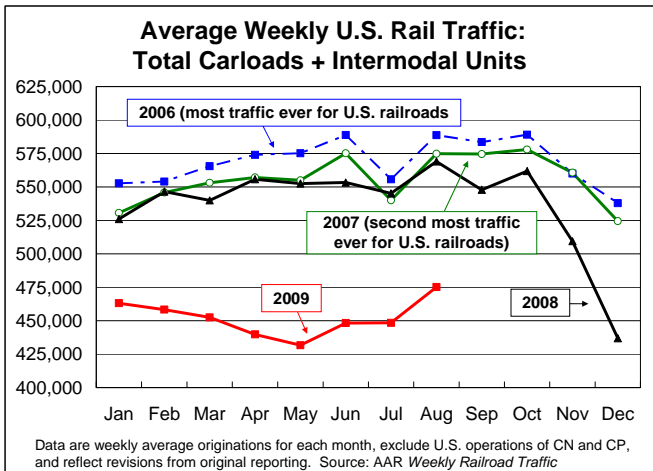


U.S. RAIL TRAFFIC*
(4 weeks ending August 29, 2009)

Commodity	Aug. 09	Aug. 08	Differ.	% Chng	YTD 2009	YTD 2008	Differ.	% Chng
Agricultural & food products	143,836	169,502	-25,666	-15.1%	1,202,425	1,461,539	-259,114	-17.7%
Grain	79,384	97,968	-18,584	-19.0%	639,659	824,899	-185,240	-22.5%
Farm products excl. grain	2,866	3,178	-312	-9.8%	25,882	34,504	-8,622	-25.0%
Grain mill products (1)	30,974	33,687	-2,713	-8.1%	274,251	299,065	-24,814	-8.3%
Food products	30,612	34,669	-4,057	-11.7%	262,633	303,071	-40,438	-13.3%
Chemicals	134,601	150,085	-15,484	-10.3%	1,070,997	1,270,587	-199,590	-15.7%
Chemicals	111,893	124,726	-12,833	-10.3%	886,501	1,055,544	-169,043	-16.0%
Petroleum products	22,708	25,359	-2,651	-10.5%	184,496	215,043	-30,547	-14.2%
Coal	530,940	603,599	-72,659	-12.0%	4,407,897	4,850,923	-443,026	-9.1%
Forest products	38,966	52,963	-13,997	-26.4%	326,109	450,785	-124,676	-27.7%
Primary forest products (2)	6,746	8,919	-2,173	-24.4%	50,973	74,308	-23,335	-31.4%
Lumber & wood products	9,715	14,705	-4,990	-33.9%	80,918	129,994	-49,076	-37.8%
Pulp & paper products	22,505	29,339	-6,834	-23.3%	194,218	246,483	-52,265	-21.2%
Metallic ores and metals	57,623	99,484	-41,861	-42.1%	395,688	791,859	-396,171	-50.0%
Metallic ores (3)	19,228	33,173	-13,945	-42.0%	102,470	231,980	-129,510	-55.8%
Coke	11,515	15,757	-4,242	-26.9%	92,885	129,430	-36,545	-28.2%
Primary metal products (4)	26,880	50,554	-23,674	-46.8%	200,333	430,449	-230,116	-53.5%
Motor vehicles & parts	44,272	55,132	-10,860	-19.7%	306,099	569,127	-263,028	-46.2%
Nonmetallic minerals & prod.	114,720	137,648	-22,928	-16.7%	896,540	1,154,205	-257,665	-22.3%
Crushed stone, gravel, sand	63,804	76,923	-13,119	-17.1%	519,022	666,668	-147,646	-22.1%
Nonmetallic minerals (5)	22,139	24,138	-1,999	-8.3%	154,426	200,689	-46,263	-23.1%
Stone, clay & glass prod. (6)	28,777	36,587	-7,810	-21.3%	223,092	286,848	-63,756	-22.2%
Other	51,224	66,362	-15,138	-22.8%	395,466	525,446	-129,980	-24.7%
Waste & scrap materials (7)	32,669	43,654	-10,985	-25.2%	228,458	353,469	-125,011	-35.4%
All other carloads	18,555	22,708	-4,153	-18.3%	167,008	171,977	-4,969	-2.9%
TOTAL ALL CARLOADS	1,116,182	1,334,775	-218,593	-16.4%	9,001,221	11,074,471	-2,073,250	-18.7%
Trailers	122,484	198,822	-76,338	-38.4%	1,074,343	1,658,722	-584,379	-35.2%
Containers	661,778	742,678	-80,900	-10.9%	5,279,721	6,005,788	-726,067	-12.1%
TOTAL ALL INTERMODAL	784,262	941,500	-157,238	-16.7%	6,354,064	7,664,510	-1,310,446	-17.1%

- (1) - flour, animal feed, corn syrup, corn starch, soybean meal, etc. (5) - phosphate rock, rock salt, crude sulphur, clay, etc.
 (2) - wood raw materials such as pulpwood and wood chips (6) - cement, ground earths or minerals, gypsum products, etc.
 (3) - overwhelmingly iron ore, but some aluminum ore, copper ore, etc. (7) - scrap metal and paper, construction debris, ashes, etc.
 (4) - primarily iron & steel products; some aluminum, copper, etc.

*Data are originations. Includes BNSF, CSX, KCS, NS, UP, Birmingham Southern, Florida East Coast, Lake Superior & Ishpeming, and Paducah & Louisville. Does not include CN's and CP's U.S. operations. Source: AAR *Weekly Railroad Traffic*

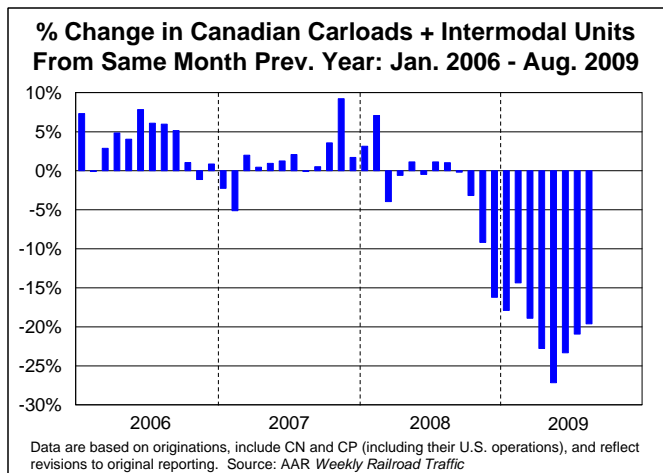
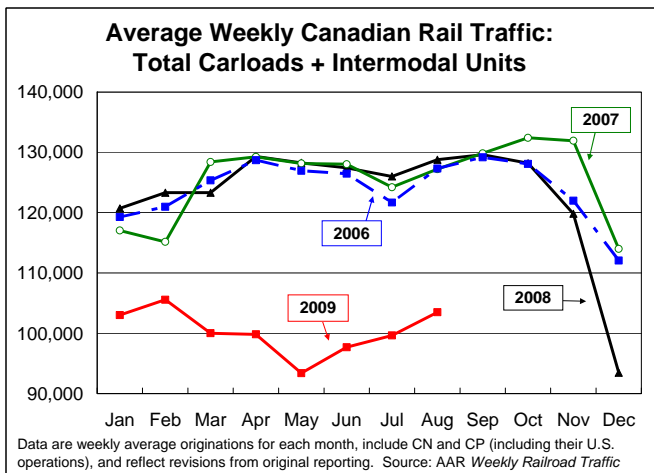


CANADIAN RAIL TRAFFIC*
(4 weeks ending August 29, 2009)

Commodity	Aug. 09	Aug. 08	Differ.	% Chng	YTD 2009	YTD 2008	Differ.	% Chng
Agricultural & food products	56,950	55,387	1,563	2.8%	532,838	517,516	15,322	3.0%
Grain	36,385	32,070	4,315	13.5%	317,196	315,903	1,293	0.4%
Farm products excl. grain	6,471	8,718	-2,247	-25.8%	96,268	72,643	23,625	32.5%
Grain mill products (1)	5,727	6,309	-582	-9.2%	47,390	56,419	-9,029	-16.0%
Food products	8,367	8,290	77	0.9%	71,984	72,551	-567	-0.8%
Chemicals	51,742	58,328	-6,586	-11.3%	413,737	536,891	-123,154	-22.9%
Chemicals	48,937	55,400	-6,463	-11.7%	392,587	514,269	-121,682	-23.7%
Petroleum products	2,805	2,928	-123	-4.2%	21,150	22,622	-1,472	-6.5%
Coal	28,522	35,128	-6,606	-18.8%	221,926	275,468	-53,542	-19.4%
Forest products	28,089	35,533	-7,444	-20.9%	235,180	304,300	-69,120	-22.7%
Primary forest products (2)	5,900	7,200	-1,300	-18.1%	48,668	59,849	-11,181	-18.7%
Lumber & wood products	8,156	10,273	-2,117	-20.6%	68,240	92,689	-24,449	-26.4%
Pulp & paper products	14,033	18,060	-4,027	-22.3%	118,272	151,762	-33,490	-22.1%
Metallic ores and metals	41,264	69,230	-27,966	-40.4%	321,551	568,343	-246,792	-43.4%
Metallic ores (3)	33,696	56,239	-22,543	-40.1%	254,886	457,095	-202,209	-44.2%
Coke	2,023	1,922	101	5.3%	12,840	14,256	-1,416	-9.9%
Primary metal products (4)	5,545	11,069	-5,524	-49.9%	53,825	96,992	-43,167	-44.5%
Motor vehicles & parts	15,483	22,640	-7,157	-31.6%	117,429	189,205	-71,776	-37.9%
Nonmetallic minerals & prod.	18,205	25,190	-6,985	-27.7%	128,655	180,646	-51,991	-28.8%
Crushed stone, gravel, sand	8,380	11,830	-3,450	-29.2%	47,615	74,183	-26,568	-35.8%
Nonmetallic minerals (5)	4,111	6,262	-2,151	-34.4%	41,070	53,286	-12,216	-22.9%
Stone, clay & glass prod. (6)	5,714	7,098	-1,384	-19.5%	39,970	53,177	-13,207	-24.8%
Other	7,468	10,250	-2,782	-27.1%	67,413	88,696	-21,283	-24.0%
Waste & scrap materials (7)	4,576	6,906	-2,330	-33.7%	35,096	57,798	-22,702	-39.3%
All other carloads	2,892	3,344	-452	-13.5%	32,317	30,898	1,419	4.6%
TOTAL ALL CARLOADS	247,723	311,686	-63,963	-20.5%	2,038,729	2,661,065	-622,336	-23.4%
Trailers	6,592	8,395	-1,803	-21.5%	54,117	67,861	-13,744	-20.3%
Containers	159,616	194,936	-35,320	-18.1%	1,317,245	1,573,683	-256,438	-16.3%
TOTAL ALL INTERMODAL	166,208	203,331	-37,123	-18.3%	1,371,362	1,641,544	-270,182	-16.5%

- (1) - flour, animal feed, corn syrup, corn starch, soybean meal, etc. (5) - phosphate rock, rock salt, crude sulphur, clay, etc.
 (2) - wood raw materials such as pulpwood and wood chips (6) - cement, ground earths or minerals, gypsum products, etc.
 (3) - overwhelmingly iron ore, but some aluminum ore, copper ore, etc. (7) - scrap metal and paper, construction debris, ashes, etc.
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*CN and CP, including their U.S. operations. Data are originations. Source: AAR Weekly Railroad Traffic

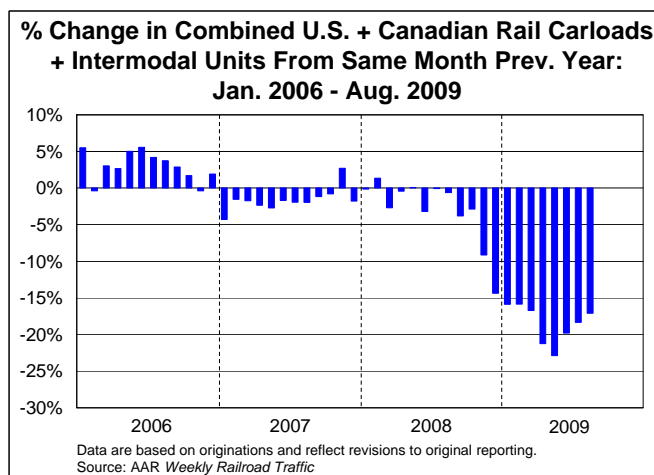
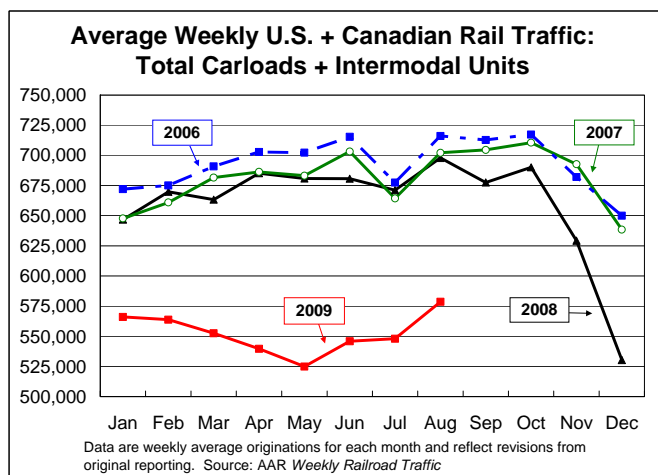


COMBINED U.S. AND CANADIAN RAIL TRAFFIC
(4 weeks ending August 29, 2009)

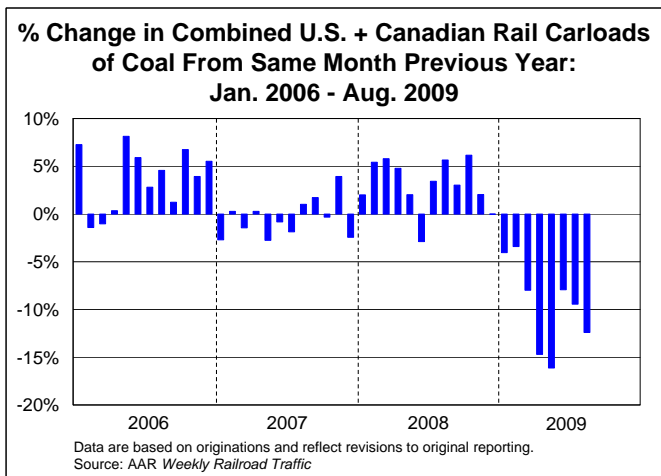
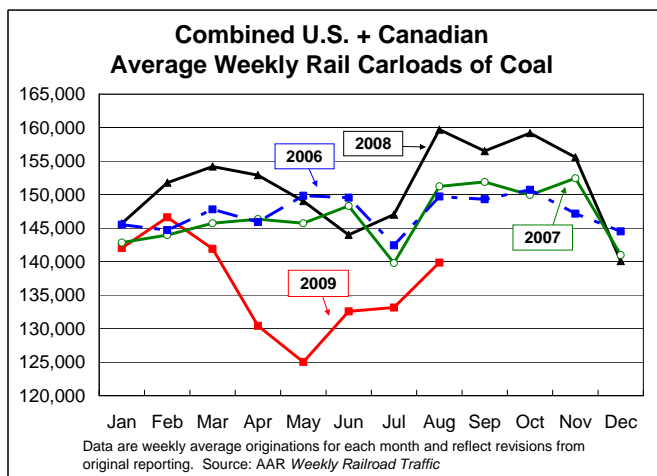
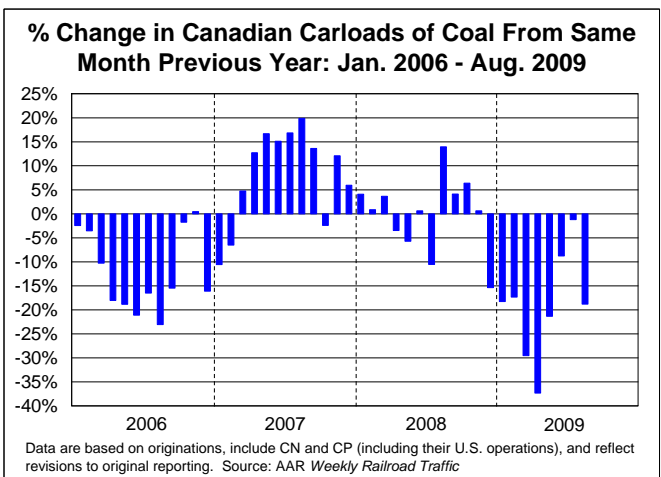
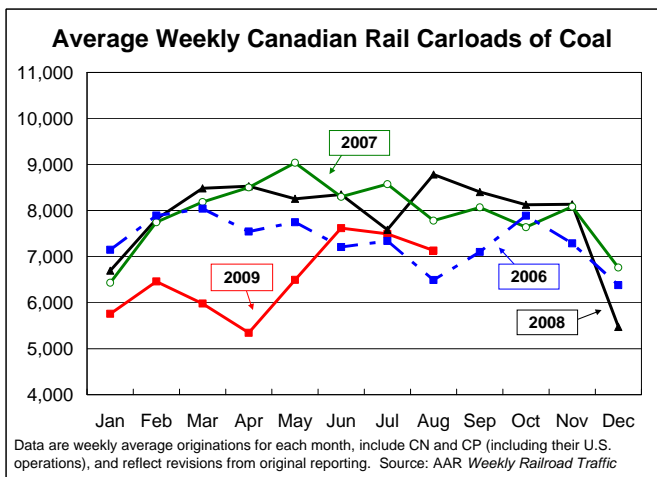
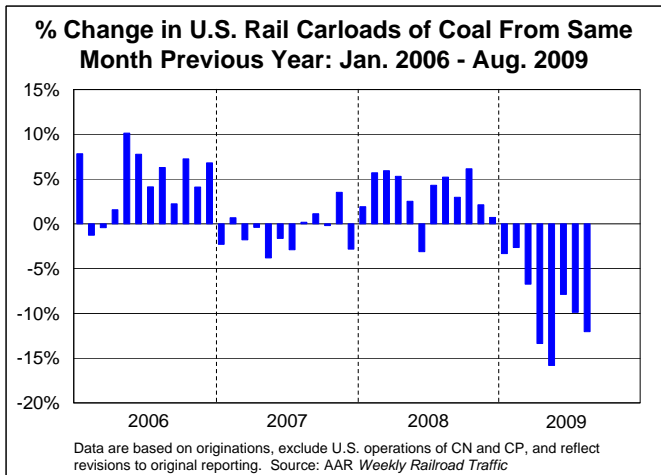
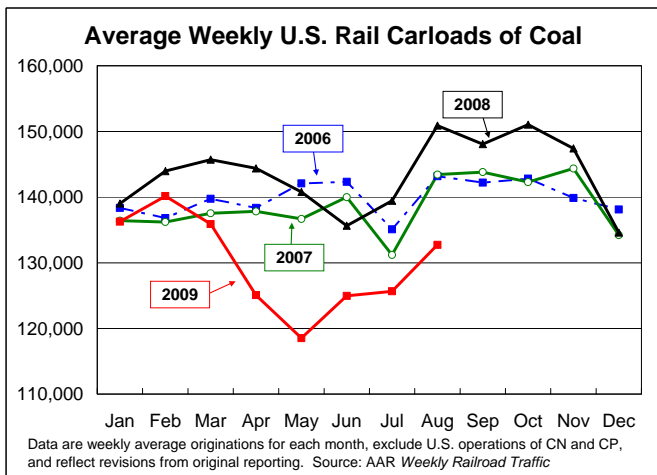
Commodity	Aug. 09	Aug. 08	Differ.	% Chng	YTD 2009	YTD 2008	Differ.	% Chng
Agricultural & food products	200,786	224,889	-24,103	-10.7%	1,735,263	1,979,055	-243,792	-12.3%
Grain	115,769	130,038	-14,269	-11.0%	956,855	1,140,802	-183,947	-16.1%
Farm products excl. grain	9,337	11,896	-2,559	-21.5%	122,150	107,147	15,003	14.0%
Grain mill products (1)	36,701	39,996	-3,295	-8.2%	321,641	355,484	-33,843	-9.5%
Food products	38,979	42,959	-3,980	-9.3%	334,617	375,622	-41,005	-10.9%
Chemicals	186,343	208,413	-22,070	-10.6%	1,484,734	1,807,478	-322,744	-17.9%
Chemicals	160,830	180,126	-19,296	-10.7%	1,279,088	1,569,813	-290,725	-18.5%
Petroleum products	25,513	28,287	-2,774	-9.8%	205,646	237,665	-32,019	-13.5%
Coal	559,462	638,727	-79,265	-12.4%	4,629,823	5,126,391	-496,568	-9.7%
Forest products	67,055	88,496	-21,441	-24.2%	561,289	755,085	-193,796	-25.7%
Primary forest products (2)	12,646	16,119	-3,473	-21.5%	99,641	134,157	-34,516	-25.7%
Lumber & wood products	17,871	24,978	-7,107	-28.5%	149,158	222,683	-73,525	-33.0%
Pulp & paper products	36,538	47,399	-10,861	-22.9%	312,490	398,245	-85,755	-21.5%
Metallic ores and metals	98,887	168,714	-69,827	-41.4%	717,239	1,360,202	-642,963	-47.3%
Metallic ores (3)	52,924	89,412	-36,488	-40.8%	357,356	689,075	-331,719	-48.1%
Coke	13,538	17,679	-4,141	-23.4%	105,725	143,686	-37,961	-26.4%
Primary metal products (4)	32,425	61,623	-29,198	-47.4%	254,158	527,441	-273,283	-51.8%
Motor vehicles & parts	59,755	77,772	-18,017	-23.2%	423,528	758,332	-334,804	-44.2%
Nonmetallic minerals & prod.	132,925	162,838	-29,913	-18.4%	1,025,195	1,334,851	-309,656	-23.2%
Crushed stone, gravel, sand	72,184	88,753	-16,569	-18.7%	566,637	740,851	-174,214	-23.5%
Nonmetallic minerals (5)	26,250	30,400	-4,150	-13.7%	195,496	253,975	-58,479	-23.0%
Stone, clay & glass prod. (6)	34,491	43,685	-9,194	-21.0%	263,062	340,025	-76,963	-22.6%
Other	58,692	76,612	-17,920	-23.4%	462,879	614,142	-151,263	-24.6%
Waste & scrap materials (7)	37,245	50,560	-13,315	-26.3%	263,554	411,267	-147,713	-35.9%
All other carloads	21,447	26,052	-4,605	-17.7%	199,325	202,875	-3,550	-1.7%
TOTAL ALL CARLOADS	1,363,905	1,646,461	-282,556	-17.2%	11,039,950	13,735,536	-2,695,586	-19.6%
Trailers	129,076	207,217	-78,141	-37.7%	1,128,460	1,726,583	-598,123	-34.6%
Containers	821,394	937,614	-116,220	-12.4%	6,596,966	7,579,471	-982,505	-13.0%
TOTAL ALL INTERMODAL	950,470	1,144,831	-194,361	-17.0%	7,725,426	9,306,054	-1,580,628	-17.0%

- (1) - flour, animal feed, corn syrup, corn starch, soybean meal, etc. (5) - phosphate rock, rock salt, crude sulphur, clay, etc.
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 (4) - primarily iron & steel products; some aluminum, copper, etc.

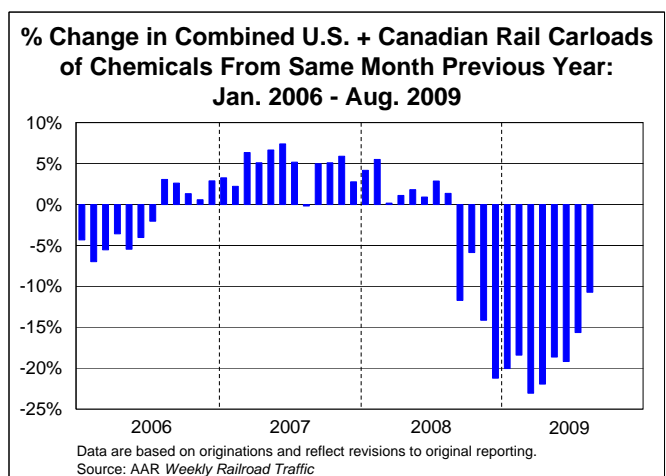
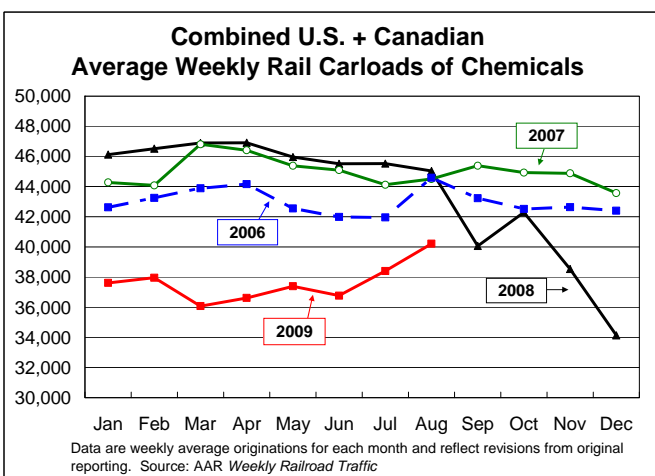
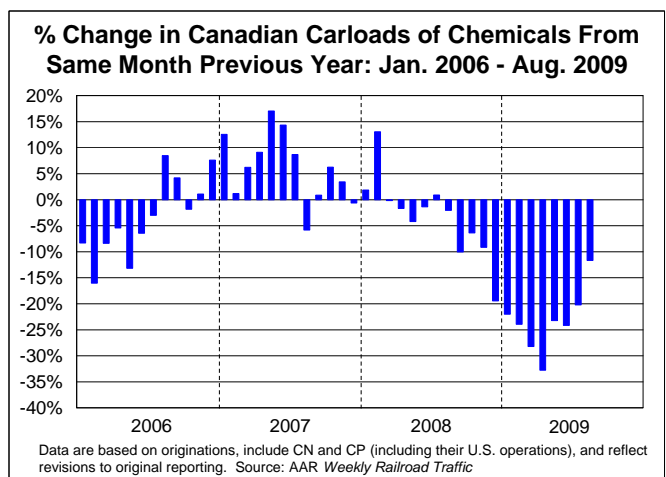
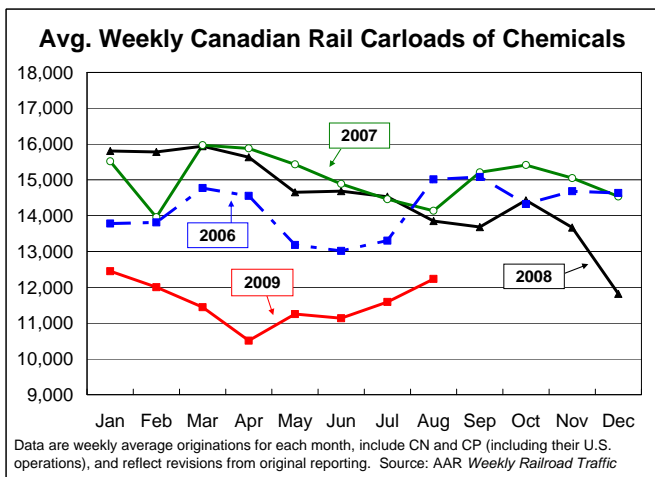
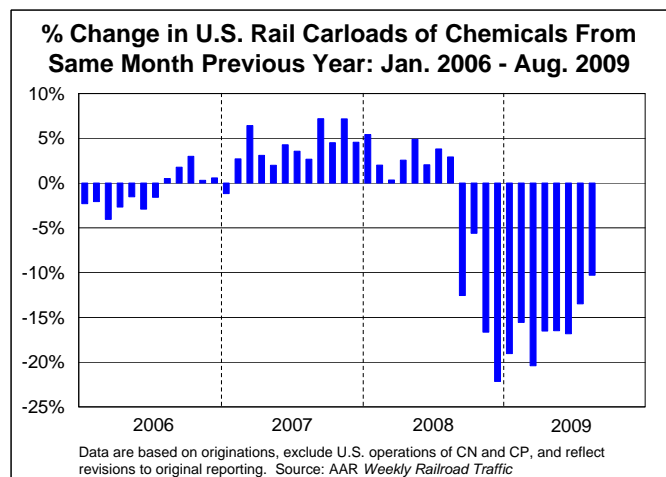
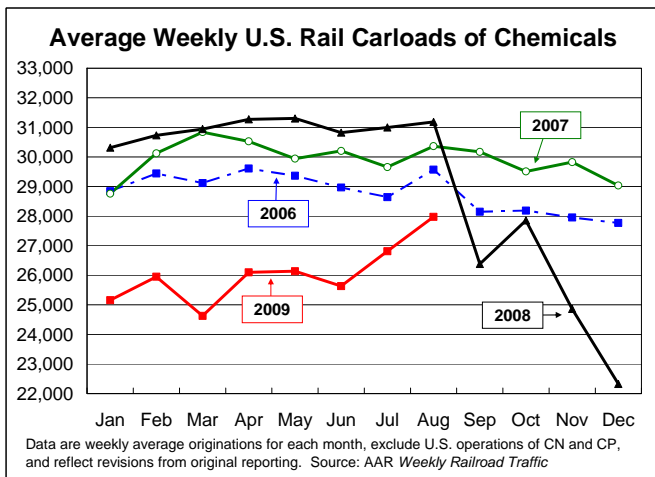
Data are originations. Source: AAR Weekly Railroad Traffic



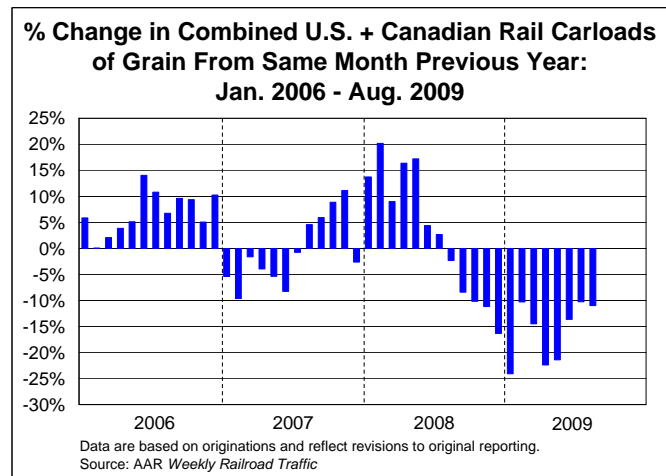
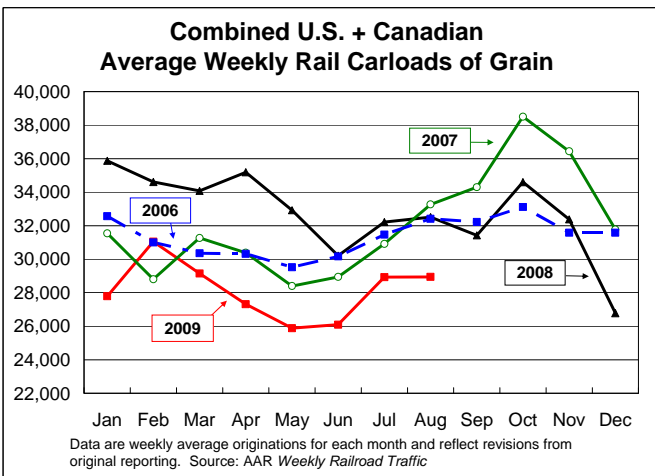
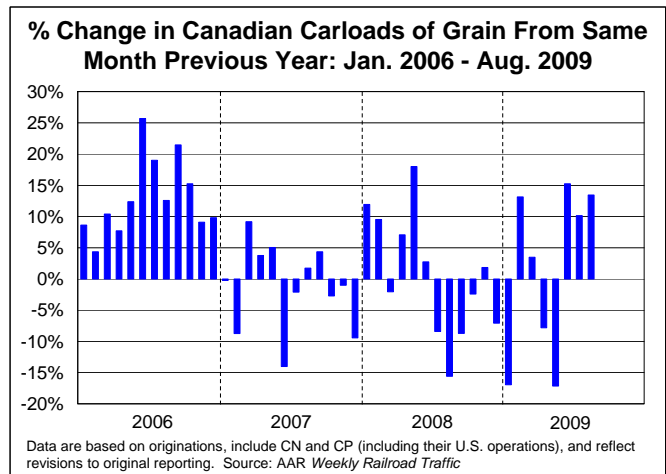
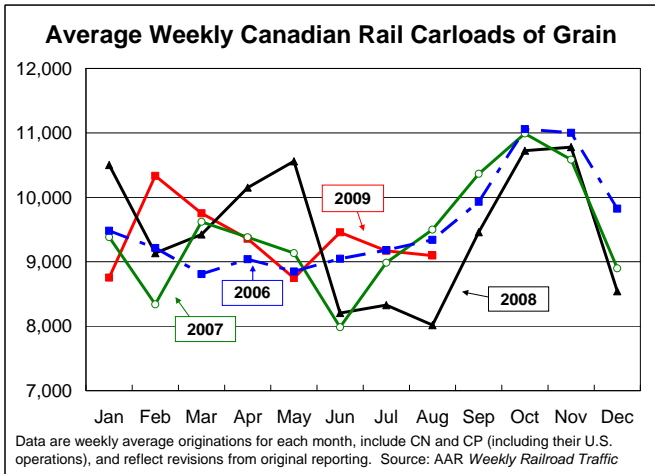
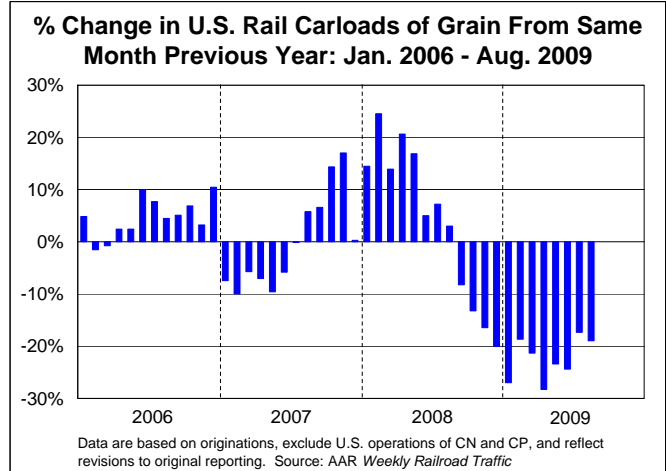
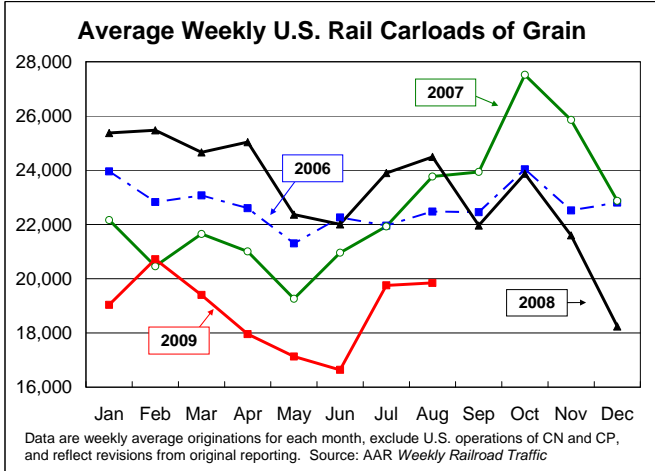
Coal, which accounts for around half of U.S. electricity generation, is the single most important commodity carried by U.S. railroads. In 2008, it accounted for 45% of rail tonnage, 25% of carloads, and 23% of gross revenue. Rail coal traffic in 2009 had been holding up well until April, when it dropped sharply. Three reasons for the decline: reduced electricity demand (for example, due to factory shut downs and mild summers in many areas; lower coal exports, in part due to lower demand abroad and in part due to a higher-valued dollar (see page 25); and lower natural gas prices, which make electricity generated by natural gas more competitive compared to electricity generated from coal.

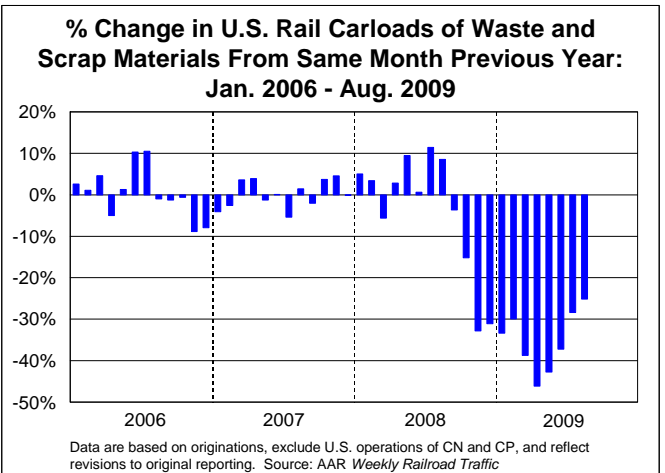
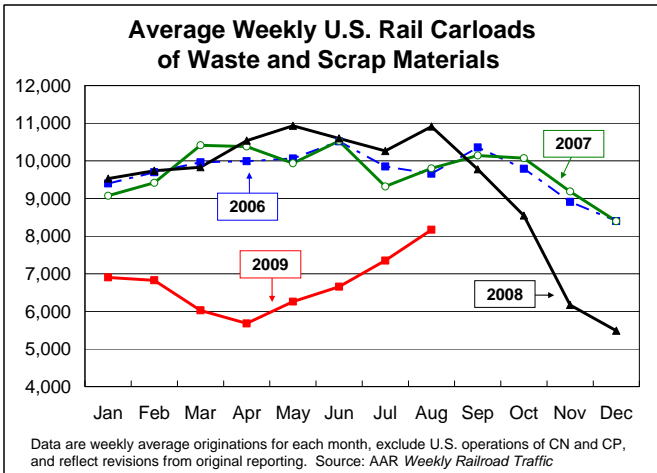
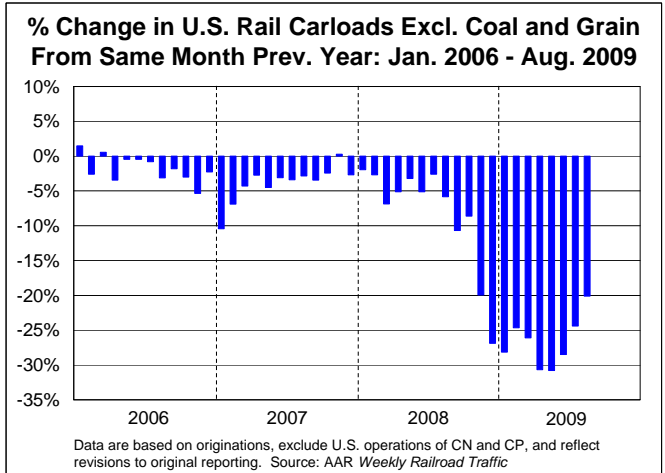
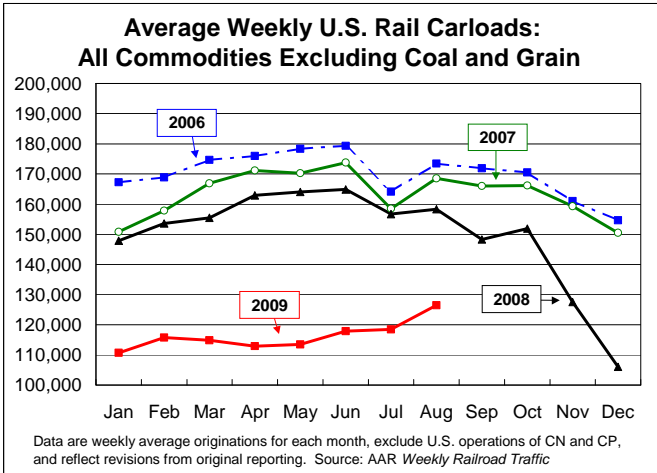
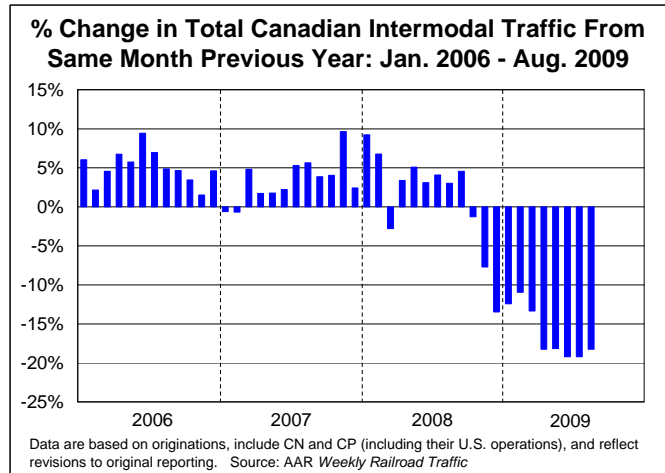
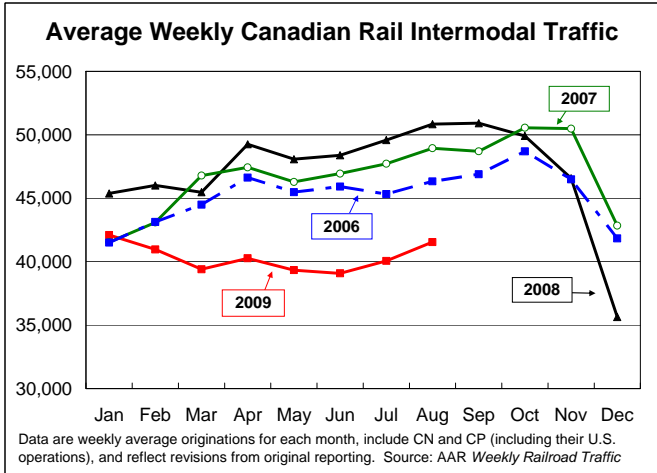


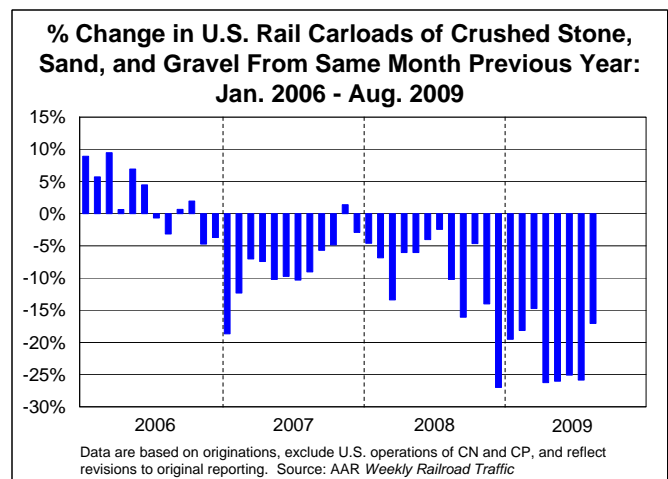
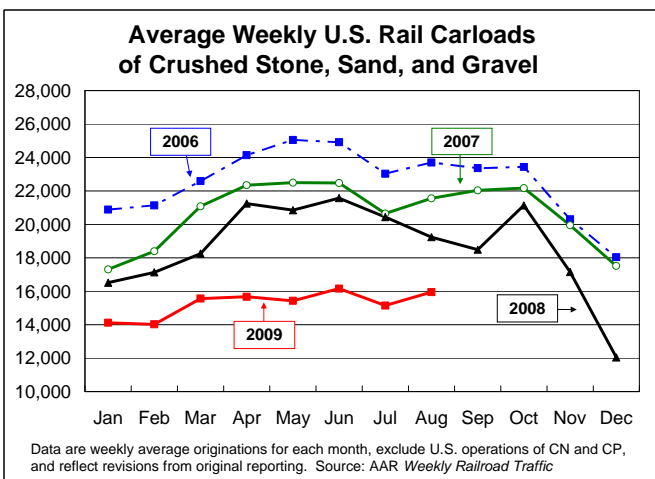
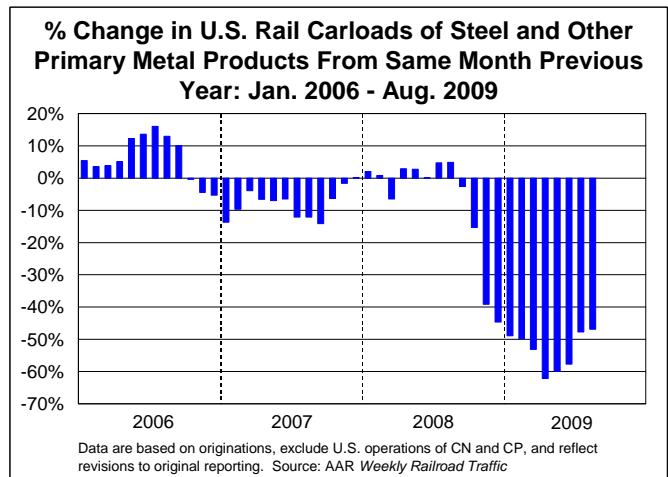
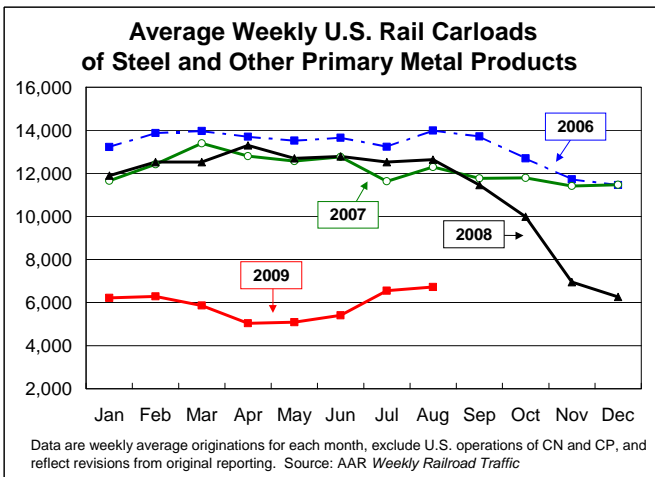
Chemicals accounted for 9% of rail tonnage, 7% of rail carloads, and 13% of gross rail revenue in 2008, ranking chemicals second or third among all commodity categories. More than half of rail chemical tonnage consists of various industrial chemicals, including potassium chloride, sodium carbonate (soda ash), sodium hydroxide (caustic soda), sulfuric acid, urea, and anhydrous ammonia. Plastic materials and synthetic resins — including large quantities of polyethylene, polypropylene, polyvinyl chloride, and similar products — account for more than one-fourth of rail chemical tonnage. Most of the rest consist of various types of fertilizers and other agricultural chemicals.



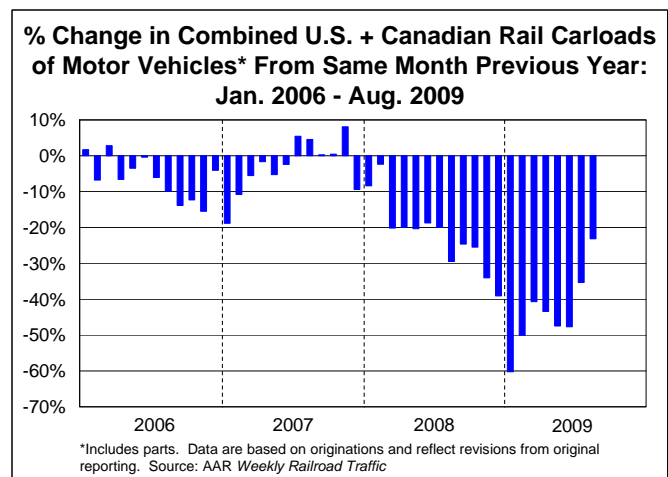
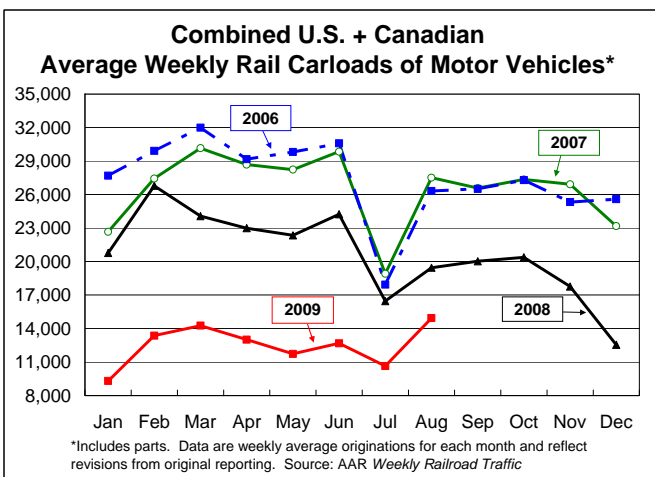
In 2008, **grain** accounted for 8% of rail tonnage, 5% of carloads, and 8% of revenue. Corn accounted for 51% of rail grain tonnage in 2008, followed by wheat (27%), soybeans (15%), and much smaller amounts of sorghum, barley, oats, and other grains. The United States is the world's top grain producer, but from year to year U.S. grain production — and rail grain movements — can fluctuate widely in response to weather, government policies, fertilizer use and prices, the financial condition of the farm sector, trends in markets overseas (the U.S. is the world's top grain exporter), and many other factors.



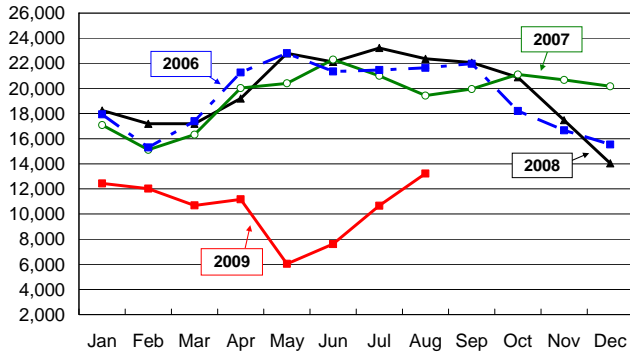




For some commodities, including those in the next four sets of charts, it makes most sense to combine U.S. and Canadian carloads into a single aggregate. The U.S. and Canadian auto industries, for example, are fully integrated. Likewise, much of the paper and lumber consumed in the United States is carried by Canadian railroads, either in Canada or in the United States.

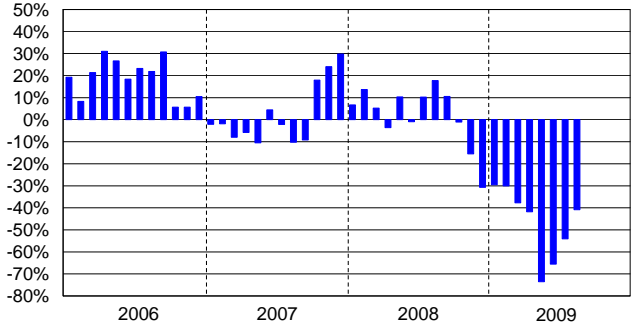


**Combined U.S. + Canadian
Average Weekly Rail Carloads of Metallic Ores**



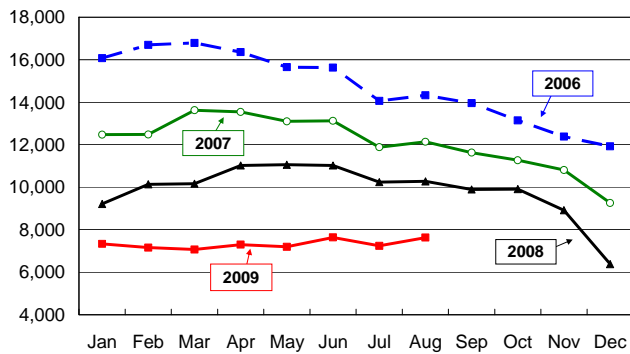
Data are weekly average originations for each month and reflect revisions from original reporting. Source: AAR Weekly Railroad Traffic

**% Change in Combined U.S. + Canadian Rail Carloads
of Metallic Ores From Same Month Previous Year:
Jan. 2006 - Aug. 2009**



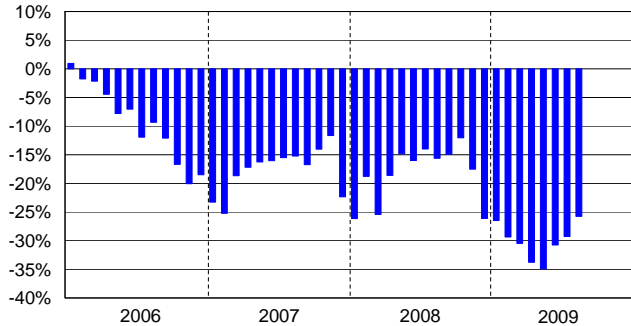
Data are based on originations and reflect revisions to original reporting. Source: AAR Weekly Railroad Traffic

**Combined U.S. + Canadian Average Weekly Rail
Carloads of Lumber and Primary Forest Products**



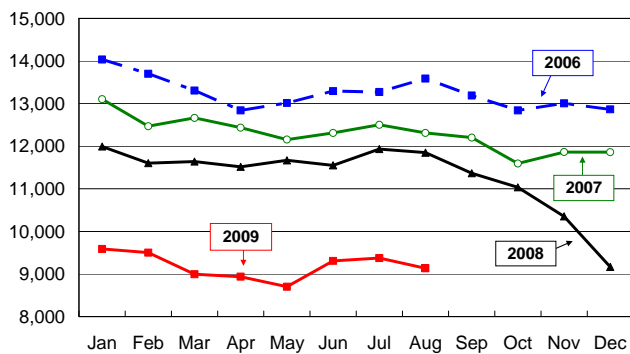
Data are weekly average originations for each month and reflect revisions from original reporting. Source: AAR Weekly Railroad Traffic

**% Change in Combined U.S. + Canadian Rail Carloads
of Lumber and Primary Forest Products From Same
Month Previous Year: Jan. 2006 - Aug. 2009**



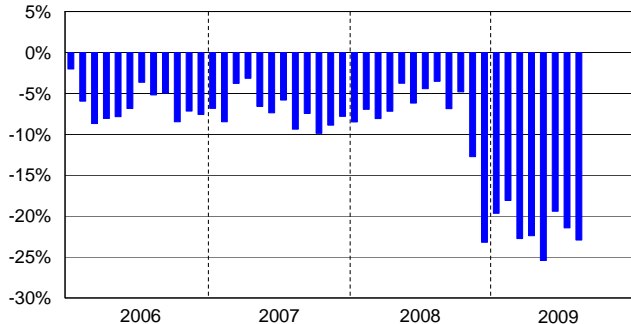
Data are based on originations and reflect revisions to original reporting. Source: AAR Weekly Railroad Traffic

**Combined U.S. + Canadian Average Weekly
Rail Carloads of Pulp and Paper Products**



Data are weekly average originations for each month and reflect revisions from original reporting. Source: AAR Weekly Railroad Traffic

**% Change in Combined U.S. + Canadian Rail Carloads
of Pulp and Paper Products From Same Month
Previous Year: Jan. 2006 - Aug. 2009**



Data are based on originations and reflect revisions to original reporting. Source: AAR Weekly Railroad Traffic

GROSS DOMESTIC PRODUCT (GDP)

Who releases it and when?

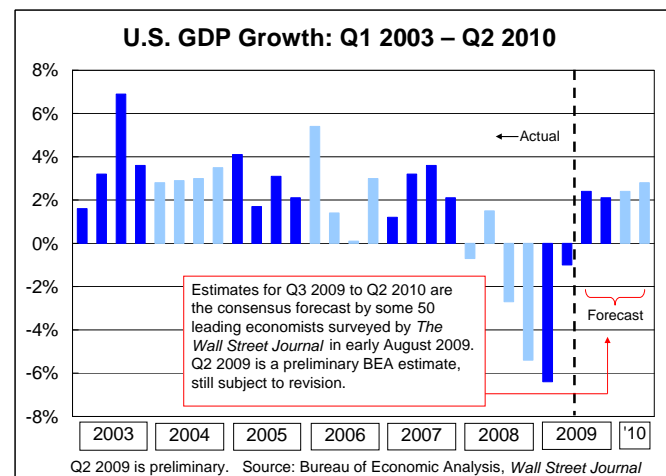
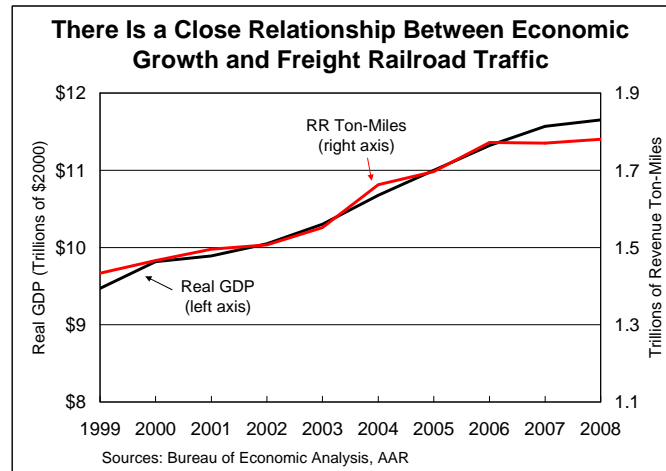
- U.S. Bureau of Economic Analysis (BEA), measured quarterly and revised as better data become available.

What is it and why is it important?

- GDP measures the size of the economy and how fast it's growing. It's the single most conclusive piece of information on the health of an economy.
- On a broad level, GDP growth and freight rail traffic are closely related (see chart at right).

What are the latest numbers?

- **U.S. GDP fell 1.0% in Q2 2009**, according to a revised but still preliminary BEA estimate released on August 27. In the first quarter, real GDP fell 6.4%.
- What the BEA said August 27: "The decrease in real GDP in the second quarter primarily reflected negative contributions from private inventory investment, nonresidential fixed investment, personal consumption expenditures (PCE), residential fixed investment, and exports that were partly offset by positive contributions from federal government spending and state and local government spending."



- Each month, *The Wall Street Journal* surveys some 50 leading economists. In the most recent survey, released August 14, **the consensus was that "the recession that began in December 2007 is now over."**
- What the WSJ said: "After months of uncertainty, economists are finally seeing a break in the clouds ... with **27 economists saying the recession had ended** and 11 seeing a trough this month or next. [GDP] in the third quarter is now expected to show 2.4% growth ...amid signs of life in the manufacturing sector, partly spurred by inventory adjustments and strong demand for the "cash for clunkers" car-rebate program. ...The unemployment rate is still expected to rise to 9.9% by December, but economists forecast that the economy will shed far fewer jobs over the next 12 months than they had forecast last month."
- The consensus of the WSJ economists in the August survey called for **2.4% GDP growth in Q3 2009** (up from a consensus of 0.9% growth in the July survey), **2.1% in Q4 2009**, **2.4% in Q1 2010**, and **2.8% in Q2 2010**. According to the WSJ, "...the economists...put the chances at just 20% of a 'double-dip' second downturn before 2010."

Where to go for more information:

- The most recent BEA news release on GDP, including links to detailed data tables, is [here](#). The BEA will release a third estimate of Q2 GDP on September 30, 2009. Click [here](#) for more on the August *Wall Street Journal* economic survey.

PURCHASING MANAGERS INDEX (PMI)

Who releases it and when?

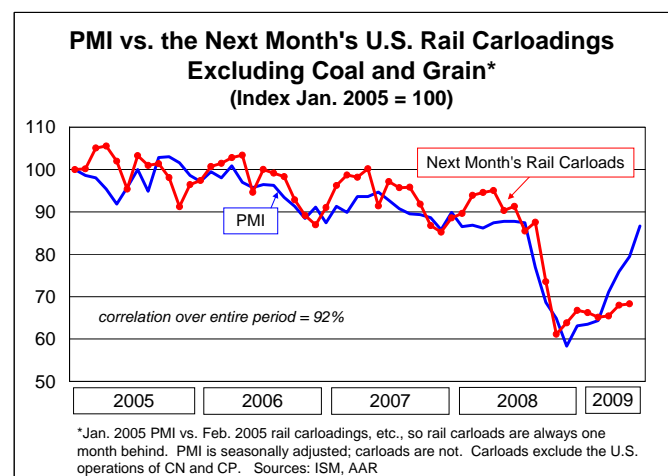
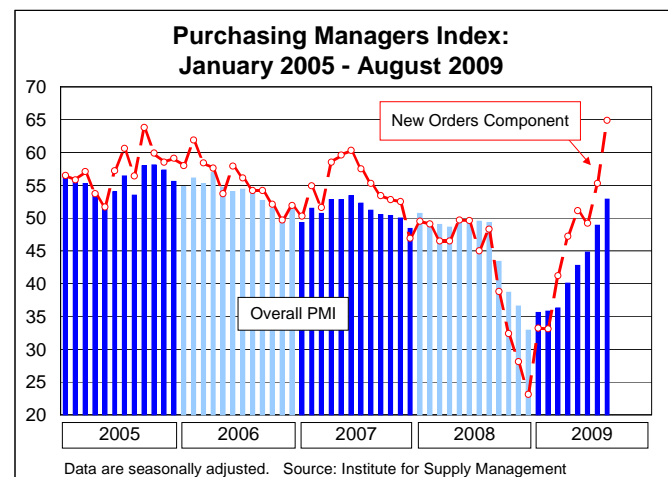
- Institute for Supply Management (ISM – formerly the National Association of Purchasing Managers), near the beginning of each month.

What is it and why is it important?

- The PMI is a compilation of data on new orders, inventory, production, supplier deliveries, and employment, based on a survey of several hundred supply managers at manufacturers throughout the United States. (Supply managers are typically in charge of purchasing/procurement, inventory control and management, physical distribution and warehousing, and other key functions.) The PMI is considered a key indicator both of actual “on-the-ground” conditions as well as sentiment for what the near- to medium-term will hold.
- Manufacturing accounts for approximately 12% of U.S. GDP — not as much as it used to be, but the United States is still the world’s top manufacturer. In fact, by itself, U.S. manufacturing would still be around the eighth largest economy in the world.
- According to ISM, a **PMI > 50** indicates that overall **manufacturing is expanding**; a **PMI < 50** indicates that **manufacturing is contracting**. Also according to ISM, a PMI greater than 41.2, over a period of time, generally indicates an expansion of the overall economy.

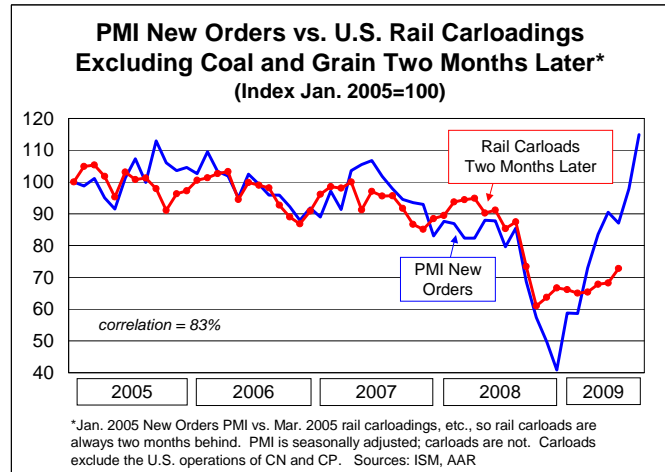
What are the latest numbers?

- The PMI in August 2009 was up to **52.9** from 48.9 in July 2009, the eighth straight monthly increase and the **highest level since June 2007**.
- The “new orders” component of the PMI **rose to 64.9 in August 2009** from 55.3 in July 2009. That’s the **highest** it’s been **since December 2004**.
- What the ISM said regarding the August data: “The year-and-a-half decline in manufacturing output has come to an end, as 11 of 18 manufacturing industries are reporting growth when comparing August to July. While this is certainly a positive occurrence, we have to keep in mind that it is the beginning of a new cycle and that all industries are not yet participating in the growth. The August index of 52.9 percent is the highest since June 2007 [and was] driven by significant strength in the New Orders Index, which is up 9.6 points to 64.9 percent... The growth appears sustainable in the short term, as inventories have been reduced for 40 consecutive months and supply chains will have to re-stock to meet this new demand.”
- Of all the economic indicators tracked in Rail Time Indicators, the PMI continues to be the most optimistic. The gain in the PMI, and especially its new orders component, has



been huge since bottoming out in December 2007. If something seems too good to be true, it usually is. Is this one of those situations? At this point, it's still much too early to tell.

- In statistics, “correlation coefficient” measures how closely two variables co-vary, from -100% (perfect negative correlation) to zero (no correlation, i.e. completely random) to +100% (perfect positive correlation). Since January 2005, **PMI has corresponded very closely with the following month’s U.S. rail carloads** excluding coal and grain¹ — though that relationship has become less robust since late 2008, when PMI first fell much farther and has now risen much more rapidly than rail carloads. (See chart on previous page.)
- Likewise, over the past few years, the **new orders** component of PMI has been **closely correlated with U.S. rail carloadings** excluding coal and grain two months in the future, but that relationship too has cooled since new orders have surged rapidly. As most readers of [Rail Time Indicators](#) surely know, past performance is no guarantee of future performance.



Where to go for more information:

- The press release for the August PMI is [here](#) – it includes much more detail than the summary above. The September PMI will be released on October 1, 2009.

MANUFACTURING INVENTORIES AND SALES

Who releases it and when?

- The U.S. Census Bureau, near the beginning of each month, covering the month two months prior. (E.g., the report released in early September has data covering July.)

What is it and why is it important?

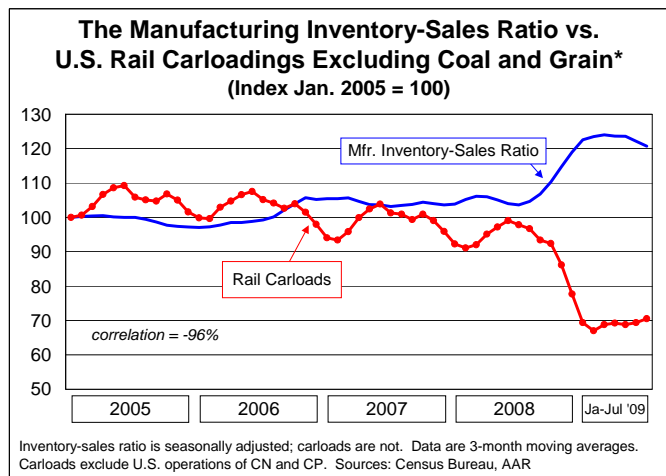
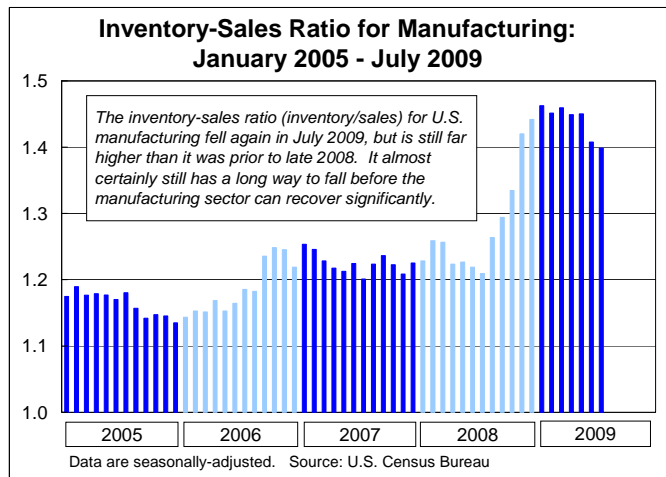
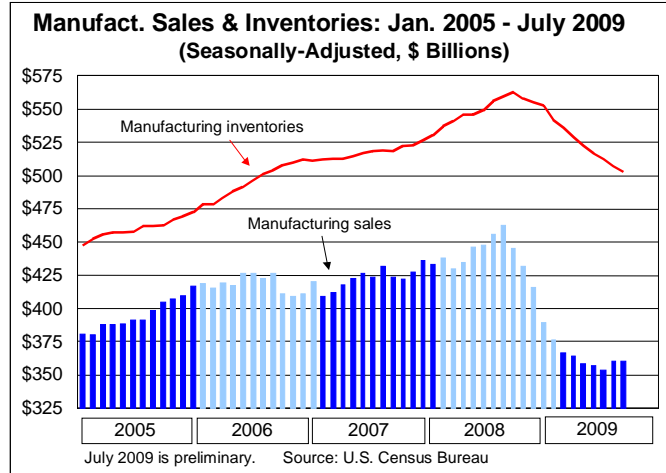
- The report is based on data reported from manufacturing establishments with \$500 million or more in annual shipments. Units may be divisions of diversified large companies, large homogenous companies, or single-unit manufacturers in 89 industry categories. Figures are adjusted for seasonal and trading-day differences but not for price changes.
- Manufacturers **don’t want to hold too much inventory** because it costs money to store it and it can become obsolete or spoil. Moreover, inventory earns no return on investment. But manufacturers **don’t want too little inventory either**, or they could lose sales. Like Goldilocks, they want an inventory level that’s “just right.”
- When sales fall, inventories must rise if production is kept at the same pace. Eventually, when inventories are too high, “de-stocking” occurs via production cuts. This leads to job losses, fewer raw material purchases, and other negative economy-wide effects.
- Conversely, when sales rise, either inventories must fall, production must increase, or both. Eventually, inventories becomes too low and “re-stocking” occurs via production increases. This

¹ Due to seasonality issues such as harvests, the role of exports, and other factors, rail carloads of coal and grain are more volatile and less closely tied to manufacturing than other commodity categories. And since PMI focuses on manufacturing, it makes sense to exclude coal and grain when comparing rail traffic to the PMI.

means more employment, more raw material purchases, and other positive economy-wide effects.

What are the latest numbers?

- Seasonally-adjusted **manufacturing sales were flat** in July 2009 from June 2009 and down 22% from July 2008, failing to build on a slight increase in June 2009.
- Seasonally-adjusted **manufacturers' inventories fell 0.7%** in July 2009 from June 2009, marking the 11th straight monthly decrease. In July 2009, inventories were 10% below their year-earlier level.
- The **inventory-to-sales ratio fell 0.7%** in July 2009 from June 2009 to 1.40. That's down from 1.46 in January 2009 and March 2009, but still a long way from recent norms (average of 1.22 in 2007, 1.19 in 2006, and 1.16 in 2005).
- The inventory-to-sales ratio lends itself to a much less optimistic outlook for U.S. manufacturing than the purchasing managers index does (PMI — see page 14). Given how much higher the manufacturing inventory-to-sales ratio is relative to its recent norms, it seems unlikely that inventory "re-stocking" will provide a significant boost to U.S. manufacturing in the near term. (Some industries will fare better or worse than others, of course.)
- Since January 2005, there has been a very close negative correlation (*i.e.*, when one goes up, the other goes down) between the inventory-sales ratio for manufacturing and rail carloads excluding coal and grain (see chart at right). This inverse relationship has not always been as close as it is now and might not be as close in the future, but current data continue to provide a great illustration of the "derived-demand" nature of freight railroading.



Where to go for more information:

- The Census Bureau's full report on manufacturing sales and inventories in July is [here](#). Figures for August will be released on October 2.

INDEX OF INDUSTRIAL PRODUCTION

Who releases it and when?

- The U.S. Federal Reserve Board, around the middle of each month.

What is it and why is it important?

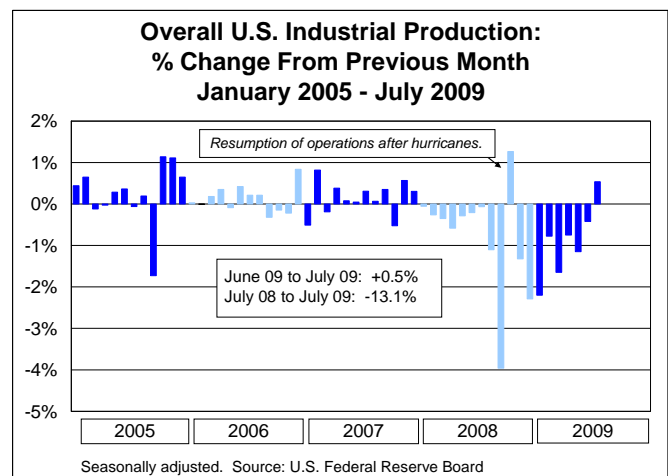
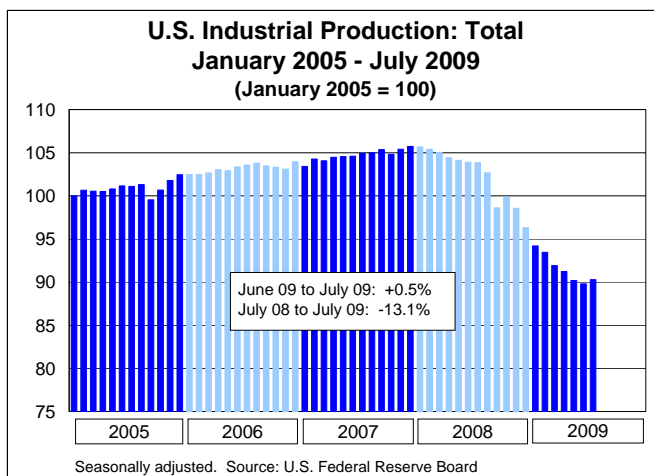
- Industrial production figures are based on the monthly raw volume of goods produced by U.S. industrial firms such as factories, mines, and electric utilities. Sector breakdowns are available.
- The industrial sector generally exhibits the most volatility in terms of output during a business cycle. Large changes in industrial output can mean that a business cycle has reached an inflection point.

What are the latest numbers?

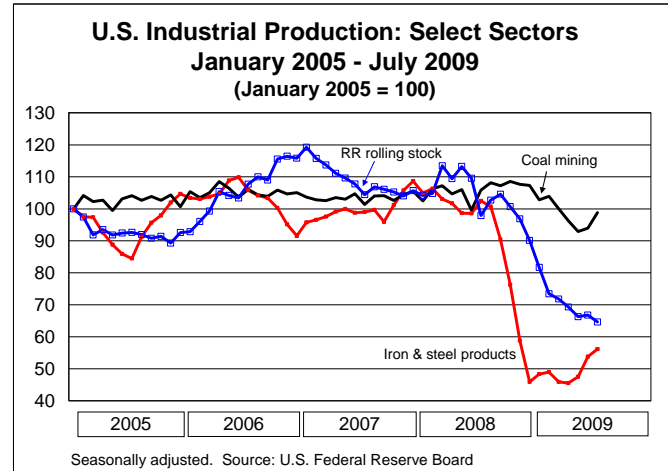
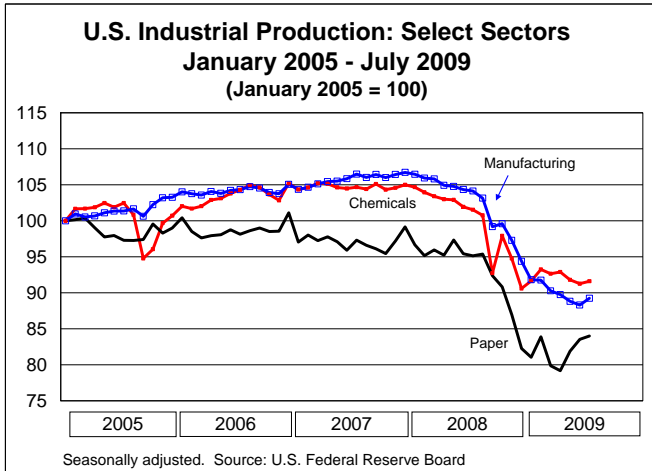
- Seasonally-adjusted **total industrial production rose 0.5% in July 2009** from June 2009, the first increase since December 2007.²
- Unfortunately, industrial production has fallen so much since the recession started that if industrial production grew the same 0.5% each month going forward, it would take about 2½ years just to get back to the level it was at in late 2007/early 2008.
- What the Federal Reserve said: “Manufacturing output advanced 1.0 percent in July; most of the increase was due to a jump in motor vehicle assemblies from an annual rate of 4.1 million units in June to 5.9 million units in July. Excluding motor vehicles and parts, manufacturing production edged up 0.2 percent. The output of utilities fell 2.4 percent, reflecting unseasonably mild temperatures in July, and the output of mines increased 0.8 percent.”

Where to go for more information:

- The Federal Reserve release on industrial production in July is [here](#). August data will be released on September 16, 2009.



² An increase in October 2008 doesn't really count because it was due largely to the resumption of industrial activity on the Gulf Coast following a couple of hurricanes.



CAPACITY UTILIZATION

Who releases it and when?

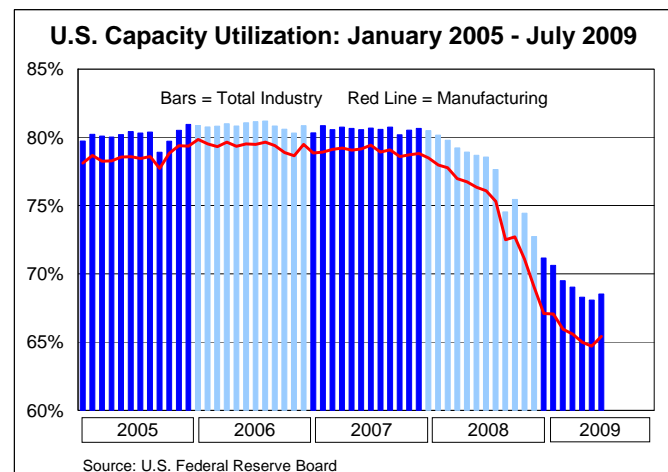
- The U.S. Federal Reserve Board, around the middle of each month.

What is it and why is it important?

- Capacity utilization attempts to capture the concept of sustainable maximum output — *i.e.*, the highest output a plant can maintain assuming a realistic work schedule, normal downtime, and sufficient availability of inputs to operate the capital in place. The Fed provides capacity indexes for 87 industries (69 in manufacturing, 16 in mining, and 2 in utilities).
- In theory, a capacity utilization rate of, say, 70% means there is room to increase production up to 100% without having to build new plants or add equipment. In practice, capacity utilization rates (at least on an economy-wide basis) never come close to 100%. Utilization levels above 82%-85% are generally considered "tight" and forecast price increases or supply shortages in the near future. The farther below this level, the more slack there is in the economy.

What are the latest numbers?

- **Capacity utilization for total industry** (mining, manufacturing, and gas and electric utilities) **rose to 68.5% in July 2009, up 0.4% from the 68.1% in June 2009.** This was essentially the first increase since the recession began in December 2007.³
- Capacity utilization in June 2009 was the lowest ever recorded (the series began in 1967); July 2009, though an improvement from June, was still the third-lowest ever recorded.
- Capacity utilization for **manufacturing** was 65.4% in July 2009, up from 64.7% in June 2009 and also essentially the first increase since the recession began.



³ Like industrial production, capacity utilization officially rose in October 2008, but that too was due largely to the resumption of industrial activity after hurricanes and thus doesn't really count either.

- The (slight) upturn in capacity utilization is another good economic sign — but it's fallen so far that even if it does mark a turnaround, it means that investments by firms in new capacity (the "I" in GDP, see page 13) could remain depressed for a long time to come. If total capacity utilization increased at the same rate in the future as it did in July (0.44%), it would take about three years for it to reach 80%, where it was in 2006 and 2007.

Where to go for more information:

- The Federal Reserve release on capacity utilization in July is [here](#). August data will be released on September 16, 2009.

NUMBER OF EMPLOYED PERSONS AND UNEMPLOYMENT RATE

Who releases it and when?

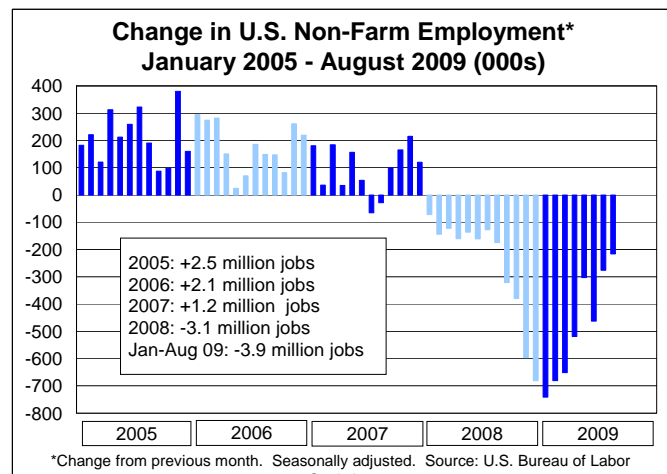
- U.S. Bureau of Labor Statistics (BLS) near the beginning of each month.

What is it and why is it important?

- The figures provide a snapshot of the strength of the U.S. labor market and are based on surveys of tens of thousands of households and businesses. In the United States, a gain of at least **150,000 or more jobs from one month to the next is generally considered solid job growth**. (Average monthly U.S. job growth from September 2003 through December 2007 was 159,000 jobs.) Anything less constitutes a weak job market.
- Weak job numbers cause even the still-employed to become less confident of the future, and, therefore, less prone to spend money (see "Consumer Confidence" and "Retail Sales" below).

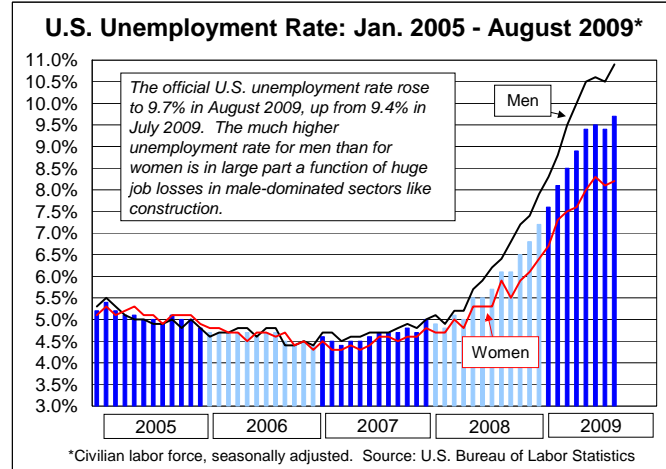
What are the latest numbers?

- Net U.S. **non-farm employment fell by 216,000 in August 2009**. While surely of little comfort to those in that 216,000, there were 60,000 fewer jobs lost in August 2009 than in July 2009, and August 2009's job losses were the **fewest in any month since August 2008**.
- However, the U.S. **unemployment rate in August 2009 rose to 9.7%**, up from 9.4% in July and the highest rate since 1983.⁴ In the 20 months from January 2008, the U.S. economy has **lost 6.9 million** net jobs.
- Vice President Biden recently said that "Less bad is not good," referring to how economic numbers should be viewed. In the context of current employment data, his point is that the data can't be considered good until it shows **growing** employment, rather than just a **smaller-than-previous reduction** in employment. No argument there, but it's clear that the trend toward fewer job losses (evident since January 2009) is pointing to an eventual turn into actual job growth — even if that turn could still be months away.



⁴ The official unemployment rate is based on persons who are without jobs and are actively seeking and available to work — i.e., it excludes people who have stopped looking for work. The number of so-called "discouraged workers" — those who have stopped looking because they believe no jobs are available — has nearly doubled over the last year to 758,000 in August. According to BLS, the unemployment and "underemployment" rate (including the officially unemployed, part-time workers who'd prefer a full-time job, and "discouraged" workers) was 16.8% in August 2009.

- It is widely expected that the unemployment rate will stay at historically high levels for the rest of 2009 and most of 2010, as many employers decide to wait until they're sure an economic recovery is here to stay before making new hires. In addition, they're likely to first extend the hours of employees they already have before making new hires. (In August 2009, the average workweek for production and non-supervisory workers on private non-farm payrolls was 33.1 hours, down from 33.7 hours in August 2008 and 33.8 hours in August 2007.)



- Some jobs might not come back even in a strong recovery if employers decide that, thanks to productivity gains, they can return to or even exceed previous levels of output with fewer employees than they had before.

Where to go for more information:

- The BLS press release on the employment situation in August 2009 is [here](#). Data for September 2009 will be released on October 2, 2009.

CLASS I RAILROAD EMPLOYMENT

Who releases it and when?

- Surface Transportation Board (STB), around the middle of the month.

What is it and why is it important?

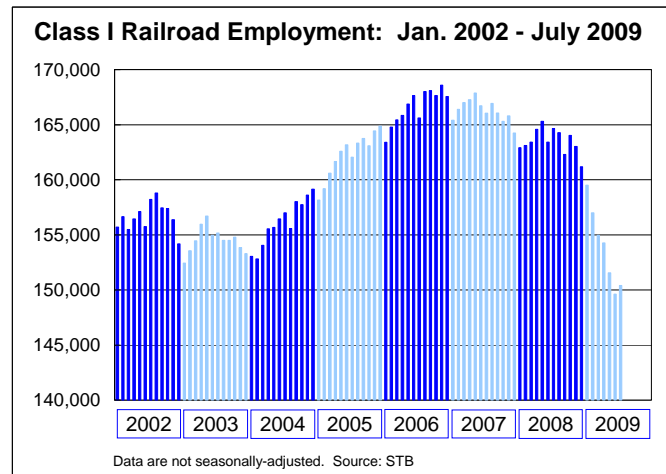
- Report showing the average number of Class I employees at mid-month. As in other industries, employment in the rail industry is in large part a function of the level of business — *i.e.*, how much freight is being hauled.

What are the latest numbers?

- Class I railroad employment **rose to 150,400 in July 2009, up 786** from June's 149,614 but still down more than 18,000 employees from the recent peak of 168,582 in November 2006. The gain in July was small, and it's impossible to determine how much was due to a sustained increase in rail traffic and how much is a function of covering employees on vacations, seasonal traffic variations, etc.

Where to go for more information:

- The STB web site for employment data is [here](#).



INDEX OF CONSUMER CONFIDENCE

Who releases it and when?

- The Conference Board, last Tuesday of the month.

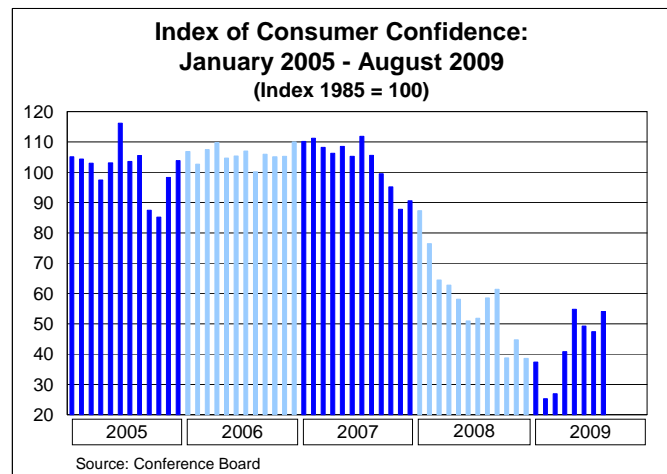
What is it and why is it important?

- An index based on a monthly survey of 5,000 U.S. households designed to gauge the financial health, spending power, and confidence of the average consumer. Respondents are asked about current conditions and their expectations for the next six months.
- The index is used mainly to predict future consumer spending, on the theory that **consumers who are confident** about their job prospects, income, etc. **are more likely to make purchases** (especially big-ticket purchases) **than pessimistic consumers**.

What are the latest numbers?

- On August 25, the Conference Board reported that the consumer confidence index **rebounded in August 2009 to 54.1**, up from a revised 47.4 in July.

- What the Conference Board said on August 25: "Consumer confidence, which had posted back-to-back monthly declines, appears to be back on the mend. The Present Situation Index increased slightly, mainly the result of an improvement in consumers' assessment of the job market. The Expectations Index improved considerably and is now at its highest level since December 2007 (Index, 75.8). Consumers were more upbeat in their short-term outlook for both the economy and the job market in August, but only slightly more upbeat in their income expectations. And, as long as earnings continue to weigh heavily on consumers' minds, spending is likely to remain constrained."



Where to go for more information:

- The Conference Board's press release on the consumer confidence index in August 2009 is [here](#).

RETAIL SALES

Who releases it and when?

- The U.S. Census Bureau, around the ninth business day of each month.

What is it and why is it important?

- Uses a monthly survey of 5,000 retailers of all types to track the dollar value of physical merchandise sold. The data are adjusted for holiday differences and seasonal variations, but are subject to sometimes-large revisions and are not adjusted for inflation.
- Personal consumption accounts for approximately 70% of U.S. GDP. Thus, the health of the economy depends largely on how much "stuff" people buy.

- It often takes time for consumers to recover from and respond to economic events. Thus, an increase in spending today may reflect the results of an economy that began to recover a few months earlier. A decrease in spending today may confirm an ongoing or worsening recession.

What are the latest numbers?

- Total retail sales were down 0.1% in July 2009 from June 2009. The decline caught many analysts by surprise, but is consistent with falling consumer confidence in July (see previous section) and better-but-still-poor employment numbers (see page 19).
- It's worth highlighting again that personal consumption contributes about 70% of GDP. That's why continued weakness in retail sales highlights one of the major threats to economic recovery. Without vibrant consumer spending, it will be difficult for the economy to consistently improve.

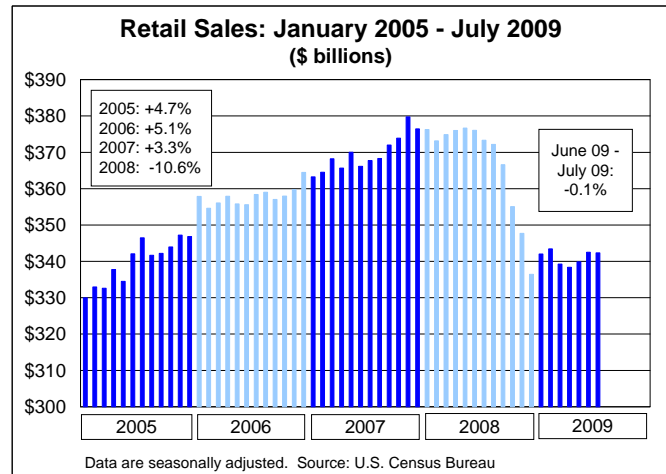
% Change in U.S. Retail Sales by Type Jan.-July 2009 vs. Jan.-July 2008	
Type of Business	% change
Total	-9.5%
Health & personal care	3.3%
Food service & drinking places	1.6%
Food & beverages	0.2%
General merchandise	-1.2%
Sporting goods, books, music	-2.8%
Nonstore retailers	-5.0%
Clothing	-6.9%
Electronics & appliances	-9.7%
Building materials, gardening	-11.8%
Furniture & home stores	-13.6%
Motor vehicles & parts	-18.9%
Gasoline stations	-33.2%

Source: Census Bureau

- Retail sales in July 2009 were 8.3% lower than July 2008. The table at right details the decline in retail sales year-to-date in 2009 vs. year-to-date in 2008 by type of retail business. Note the huge fall off in sales of housing- and auto-related products.

- The federal "cash for clunkers" program launched on July 24. Sales at auto dealers rose by \$3.2 billion (5.9%) in July 2009 from June 2009, no doubt aided by the program.

- Higher personal savings rates continue to affect retail sales. According to the Bureau of Economic Analysis, U.S. **personal saving** as a percentage of personal disposable income **was 5.2% in Q2 2009**, up from **less than 1%** for most of the past few years. Americans have long been criticized by policymakers and others for saving too little. Now, when they are actually saving, they're criticized by some for not spending enough.



Where to go for more information:

- The Census Bureau's press release on July retail sales is [here](#). August retail sales will be released September 15, 2009.

LIGHT VEHICLE SALES

Who releases it and when?

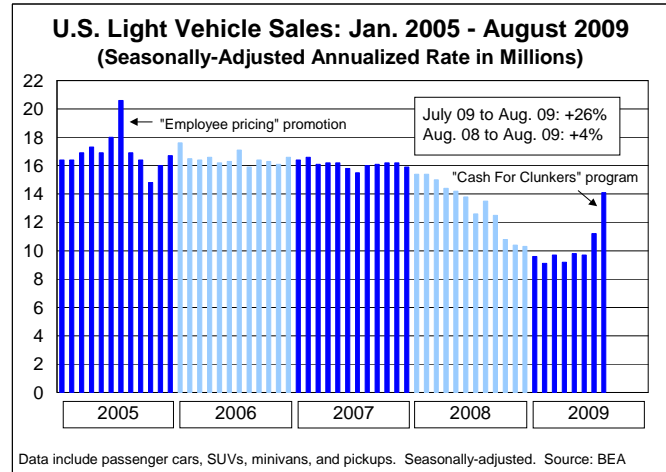
- The U.S. Bureau of Economic Analysis.

What is it and why is it important?

- Covers U.S. sales of cars and light trucks, including pickups and SUVs. Over the past 50 years, spending on motor vehicles has accounted, on average, for about 3.7% of U.S. GDP.
- In 2008, 6% of U.S. Class I railroad revenue came from hauling autos and auto parts.

What are the latest numbers?

- Thanks largely to the federal “cash for clunkers” subsidy program that proved conclusively that consumers like it when the government gives them free money, **U.S. light vehicle sales in August 2009 rose 26%** from July 2009 to a seasonally-adjusted annualized selling rate (SAAR) of 14.1 million.
- No one expects motor vehicle sales to remain at August’s high rate in the months ahead. The big question is to what extent cash-for-clunkers simply **brought forward sales that would have occurred anyway**. If many of the added sales fit in this category, motor vehicle sales in the months ahead could actually be lower than they otherwise would have been.
- Rail carloads of motor vehicles and parts are closely correlated with motor vehicle sales. There was an uptick in rail carloads of autos and auto parts in August 2009, just as there was an increase in auto sales (see charts on the bottom of page 11).



Where to go for more information:

- BEA data on auto sales are [here](#).

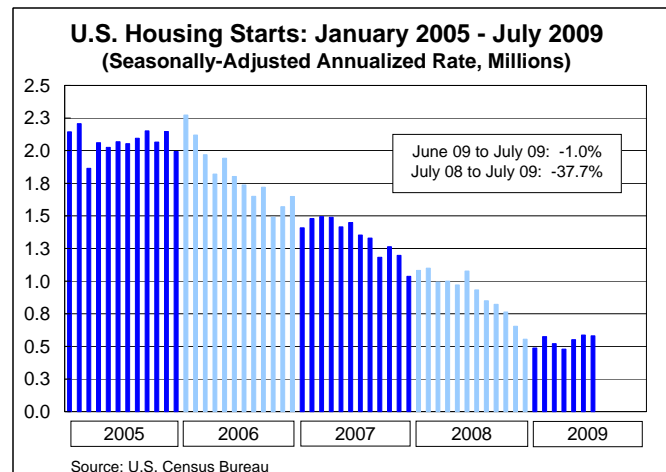
HOUSING STARTS

Who releases it and when?

- Census Bureau, around the middle of each month.

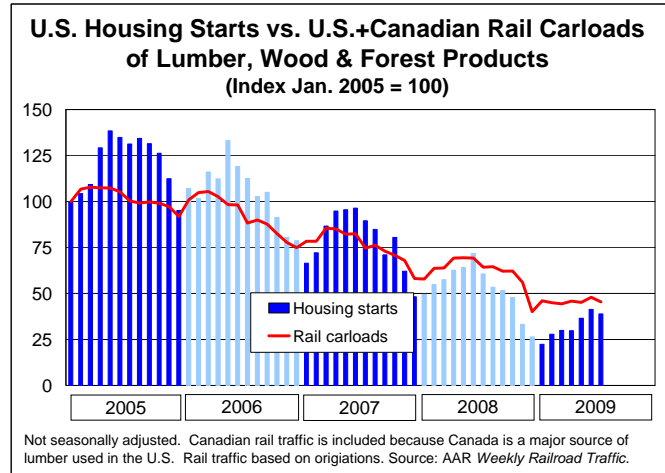
What is it and why is it important?

- A housing start is **beginning the foundation** of a **residential** home.
- Housing directly accounts for around 5% of the overall economy and has large spillover effects on other sectors, such as retail sales and manufacturing, since people buying new homes tend to spend on other goods such as furniture, lawn and garden supplies, and appliances.
- Housing starts are a “leading indicator” — construction growth usually picks up at the beginning of a business cycle.



What are the latest numbers?

- Seasonally-adjusted housing starts in July 2009 were down 1.0% to 581,000 from June on an annualized basis. July 2009's housing starts were down 38% from July 2008. July's decrease follows two months of slight increases.
- Rail carloads of lumber, wood, and forest products closely track housing starts. From January 2005 to July 2009, housing starts (not seasonally adjusted) fell 61%, while U.S. and Canadian rail carloads of lumber and wood fell 55%. (Canada is the source of much of the lumber used in the United States.)



Where to go for more information:

- The Census Bureau's press release on housings starts in July is [here](#). August's housing starts will be released on September 17, 2009.

CONSUMER PRICE INDEX (CPI)

Who releases it and when?

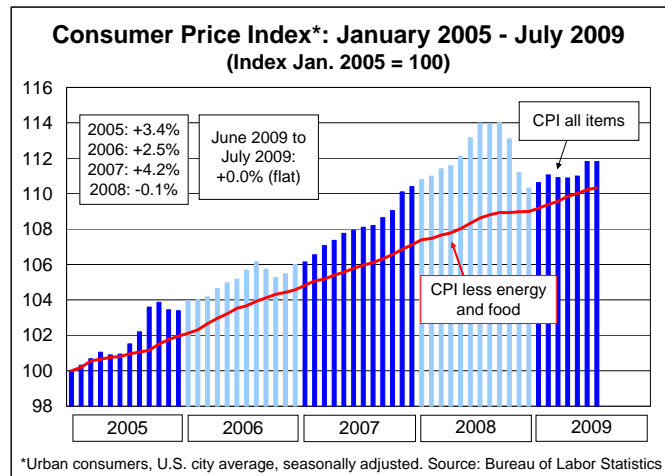
- U.S. Bureau of Labor Statistics (BLS), mid-month.

What is it and why is it important?

- The CPI is the benchmark inflation guide for the U.S. economy, measuring the changes in the cost of a representative basket of consumer goods and services. Prices are collected in 87 urban areas throughout the country and from about 23,000 retail and service establishments.
- The "CPI for All Urban Consumers" (CPI-U) is the inflation index most often reported by the media, although BLS publishes hundreds of CPI indexes each month. The "core" CPI — CPI less food and energy — is also commonly used. Food and energy prices are typically more volatile than other prices due to their susceptibility to external shocks (e.g., oil price fluctuations).
- Among other uses, the CPI is the basis for cost-of-living adjustments for Social Security, federal retirement payments, many private pensions, and food stamps.

What are the latest numbers?

- In July 2009, CPI-U was basically unchanged on a seasonally-adjusted basis compared with June 2009, but down 1.9% on a year-over-year basis, due in part to sharply lower energy costs.
- On an unadjusted basis, CPI-U was up 0.2% in July 2009 compared with June 2009 and down 2.1% from July 2008.



- What BLS said: “On a seasonally adjusted basis, the CPI-U was unchanged in July following a 0.7 percent increase in June. Small declines in the food and energy indexes offset a small increase in the index for all items less food and energy. ... The food index declined 0.3 percent in July. The energy index, which rose 7.4 percent in June, fell 0.4 percent in July. Decreases in the indexes for gasoline, fuel oil, and electricity more than offset an increase in the index for natural gas.”

Where to go for more information:

- The BLS press release on the July CPI is [here](#). August’s CPI will be released on September 16.

RAILROAD COST INDEXES

Who releases it and when?

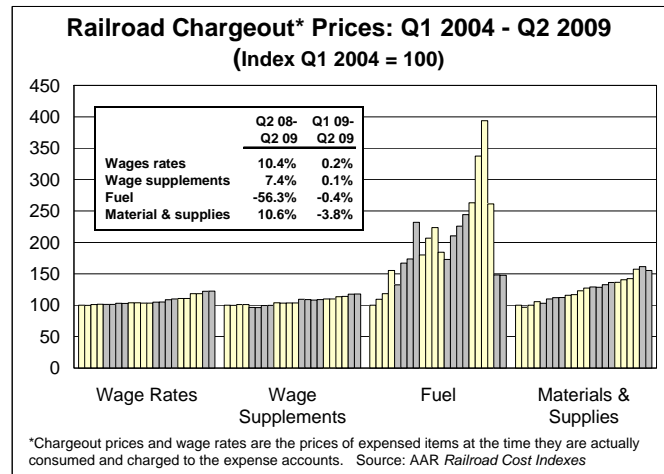
- The Association of American Railroads (AAR), quarterly.

What is it and why is it important?

- It details changes in the price level of inputs to freight railroad operations.

What are the latest numbers?

- From Q2 2008 to Q2 2009, railroad wage prices rose 10.4%; wage supplements (*i.e.*, fringe benefits) rose 7.4%; fuel fell 56.3%; and the price of materials and supplies in aggregate rose 10.6%. From Q1 2009 to Q2 2009, railroad wage prices rose 0.2%; wage supplements rose 0.1%; fuel fell 0.4%; and the price of materials and supplies in aggregate fell 3.8%.



Where to go for more information:

- See the AAR web site [here](#) or contact Clyde Crimmel at 202-639-2309 or ccrimmel@aar.org. The next quarterly release will be near the end of September 2009.

U.S. DOLLAR EXCHANGE RATE

Who releases it and when?

- The Federal Reserve Board, daily.

What is it and why is it important?

- An index comprised of a weighted average of the value of the U.S. dollar against the currencies of a group of major U.S. trading partners.
- An exchange rate is the **price of one currency against another**. A weaker U.S. dollar (“depreciation”) means that U.S. imports become relatively more expensive and U.S. exports become relatively less expensive abroad.⁵ All else equal, that means fewer U.S. imports and more U.S. exports. U.S. exports of coal and grain rose substantially in 2007 and 2008, due in part to a lower-valued dollar that made these exports less expensive in global markets.

⁵ For example, suppose a U.S. coal mine wants to export a \$50 ton of coal to Germany. At \$1.50 per euro, the coal costs 33 euros (\$50/1.5) in Germany. If the dollar gets stronger so that one euro falls to \$1.20, the cost of the coal rises to 42 euros (\$50/1.2). If the dollar gets weaker so that one euro is, say, \$1.80, the coal falls to 28 euros (\$50/1.8).

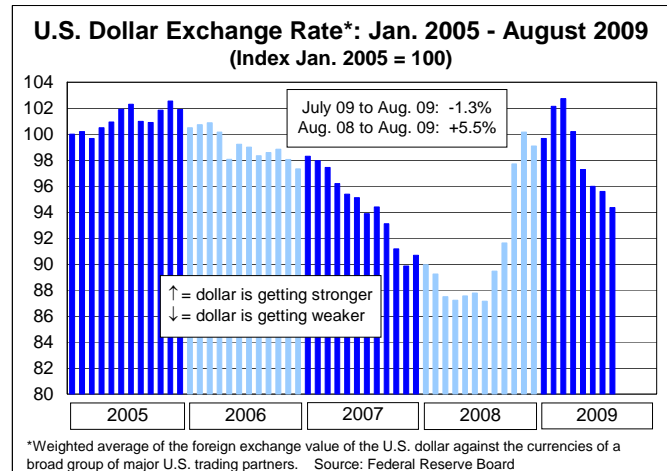
- Conversely, a **stronger dollar** (“appreciation”) means **U.S. imports become relatively cheaper and U.S. exports become more expensive**. All else equal, that means more U.S. imports and fewer U.S. exports.

What are the latest numbers?

- The U.S. dollar had been strengthening from mid-2008 through March 2009 but has been weakening since. It **fell another 1.3%** in August 2009 from July 2009.

Where to go for more information:

- Information from the Federal Reserve on exchange rates is [here](#).



DOW JONES ECONOMIC SENTIMENT INDICATOR (ESI)

Who releases it and when?

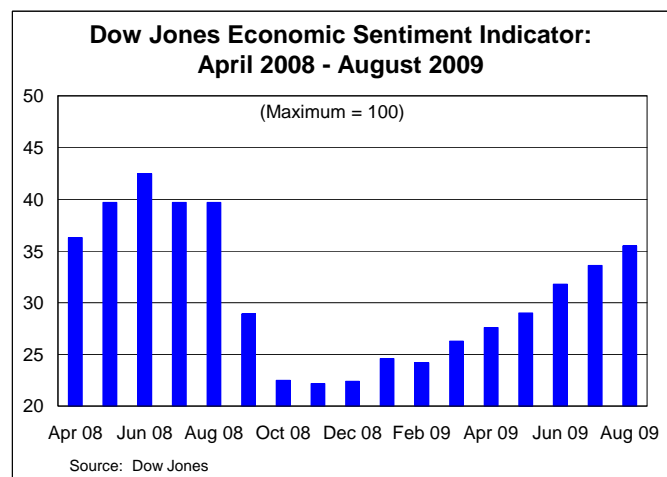
- Dow Jones, on the last business day of the month.

What is it and why is it important?

- The ESI was unveiled on April 30, 2009, so its long-term usefulness is not yet known. According to Dow Jones, the ESI “aims to predict the health of the U.S. economy by analyzing the coverage of 15 major daily newspapers in the U.S. It uses a numerical scale from 0 to 100 to express the balance of sentiment in articles about the economy. ...The ESI’s back-testing to 1990 ...suggests the indicator can help predict economic turning points as much as seven months in advance of other indicators.”

What are the latest numbers?

- The ESI for August 2009 was **35.5**, up from 33.6 in July and the **sixth straight monthly increase**.
- According to Dow Jones, “The ESI’s continued improvement lends guarded support to the growing view that the U.S. economy may be moving out of recession and into a period of recovery. ... We continue to wait for the ESI to reach the upper 30s before anticipating an end to recession and thereafter for it to reach the upper 40s before sentiment suggests the recovery is sustainable.”



Where to go for more information:

- Information on the Dow Jones ESI is [here](#). The September ESI will be released at the end of September.

RAIL FREIGHT CARS IN STORAGE

Who releases it and when?

- The Association of American Railroads, each month in Rail Time Indicators.

What is it and why is it important?

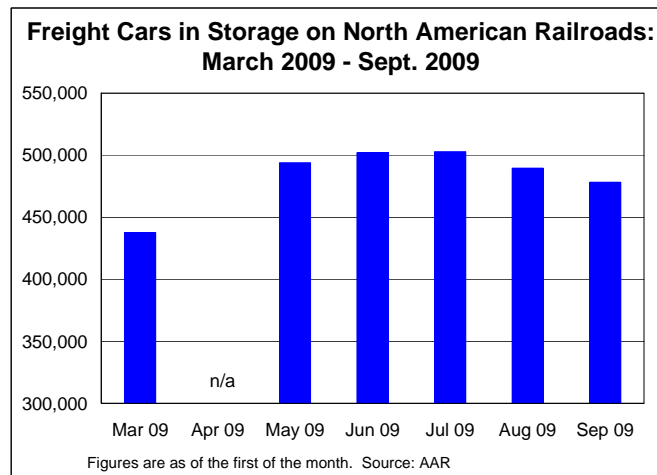
- The AAR began measuring this in March 2009. (Data for previous periods are not available.) A freight car is deemed to be “in storage” if it has not had a loaded revenue move in more than 60 days. Rail cars are stored when they are not needed; they come out of storage when they are. Figures are for the entire North American rail freight car fleet.

What are the latest numbers?

- As of September 1, 2009, freight cars in storage fell to 478,046, or 30.4% of the North American fleet, down from 489,469 (31.1%) on August 1 and 502,853 (31.9%) on July 1. Approximately 25,000 cars came out of storage between July 1 and September 1.

Where to go for more information:

- Contact Frank Hardesty of the AAR’s Policy and Economics Department at 202-639-2321 or fhardesty@aar.org.



**To get on the e-mail distribution list for Rail Time Indicators,
please contact Dan Keen (dkeen@aar.org, 202-639-2326)
or Shannon Stare (sstare@aar.org, 202-639-2322).**

Previous editions of Rail Time Indicators are available on the AAR web site [here](#).

**Visit www.aar.org and www.freightrailworks.org
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