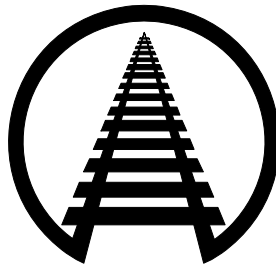


Rail Time Indicators

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



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

May 19, 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 near the middle of each month by the Policy & Economics Department of the Association of American Railroads.

To get on the e-mail distribution list for Rail Time Indicators or to suggest ways to improve it, please contact Dan Keen (dkeen@aar.org, 202-639-2326) or Shannon Stare ([sstare@aar.org](mailto:ssstare@aar.org), 202-639-2322).

SUMMARY FOR APRIL 2009

Economic Indicator	Most Recent Data
U.S. Freight Rail Traffic (p. 1)	Down 23.0% (carloads), down 17.9% (intermodal) in April 2009 from April 2008.
Canadian Freight Rail Traffic (p. 1)	Down 26.4% (carloads), down 18.2% (intermodal) in April 2009 from April 2008.
Gross Domestic Product (p. 6)	Down 6.1% in Q1 2009 (preliminary figure).
Purchasing Managers Index (p. 7)	40.1% in April, up from 36.3% in March.
Index of Industrial Production (p. 8)	Down 0.5% in April from March.
Capacity Utilization (p. 8)	69.1% in April, down from 69.4% in March.
Non-Farm Employment (p. 9)	Down 539,000 in April from March.
Unemployment Rate (p. 9)	8.9% in April, up from 8.5% in 2009.
Class I Railroad Employment (p. 10)	154,960 in March, down from 156,997 in February.
Index of Consumer Confidence (p. 11)	Up to 39.2 in April from 26.9 in March.
Retail Sales (p. 11)	Down 0.4% in April from March.
Light Vehicle Sales (p. 12)	Down 5.1% in April from March.
Housing Starts (p. 13)	Down 12.8% in April from March.
Consumer Price Index (p. 13)	Virtually flat in April from March.
Railroad Cost Index (p. 14)	From Q3 2008 to Q4 2008, wages up 0.2%; wage supplements up 0.2%; fuel down 33.6%; materials and supplies, up 10.5%.
Value of the U.S. Dollar (p. 15)	Down 2.5% in April from March.
Dow Jones Economic Sentiment Indicator (p. 15)	Up to 27.6 in April from 26.3 in March.

FREIGHT RAIL TRAFFIC

Who releases it and when?

- The Association of American Railroads (AAR), every Thursday morning (except holidays).

What is it and why is it important?

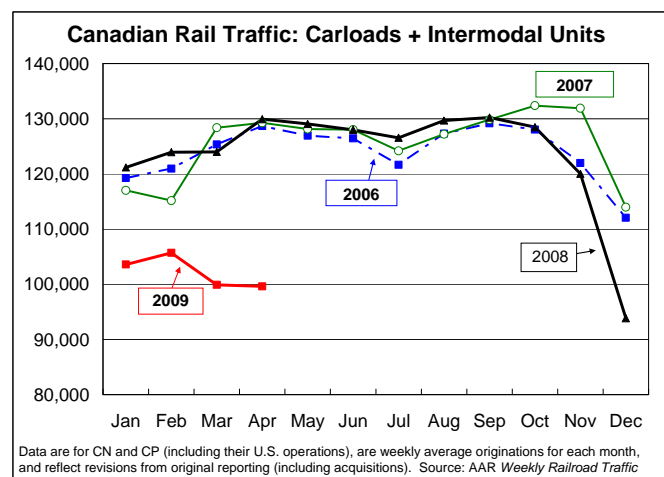
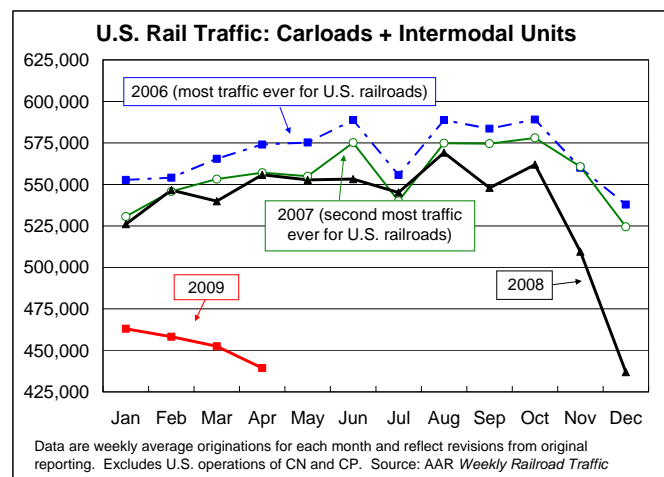
- Rail traffic data (carloads, trailers, and containers) for the previous week from each of the Class I U.S. and Canadian railroads, as well as from several non-Class I U.S. railroads. Carload data are classified in one of 19 major commodity categories.

What are the latest numbers?

- Carloads** originated on U.S. railroads in **April 2009 were down 23.0%** (382,612 carloads) from April 2008 to 1,278,794 carloads. This marks the **sixth straight double-digit monthly carload decline**. Average weekly rail carloads in April 2009 on U.S. railroads (255,759) were the lowest of any month since at least 1988 (which is as far back as comparable AAR monthly data go).
- Intermodal traffic** (which is not included in carloads) **was down 17.9%** (199,530 trailers and containers) in April 2009 to 917,981 units. (See table next page.)
- U.S. rail carload traffic was down in 19 of the 19 commodity categories in April 2009 compared to April 2008.
- Commodities showing the largest carload declines in April 2009 on U.S. railroads included coal (down 96,494 carloads, or 13.4 percent); metals and metal products, primarily steel (down 41,322 carloads, or 62.1 percent); motor vehicles and equipment (down 40,820 carloads, or 46.7 percent); and grain (down 35,407 carloads, or 28.3 percent).
- For the first four months of 2009, U.S. rail carloadings were down 18.2%** (1,010,958 carloads); **year-to-date intermodal traffic was down 16.2%** (611,332 trailers and containers).
- Canadian carload traffic** (which includes both the Canadian and U.S. operations of CN and Canadian Pacific) **fell 26.4%** (106,705 carloads) **in April 2009** to 296,721 carloads, while **Canadian intermodal traffic fell 18.2%** (44,846 units) to 201,418 trailers and containers.
- For the first four months of 2009, Canadian rail carloads were **down 22.2%** (297,603 carloads) and Canadian intermodal traffic was **down 14.0%** (112,651 units).

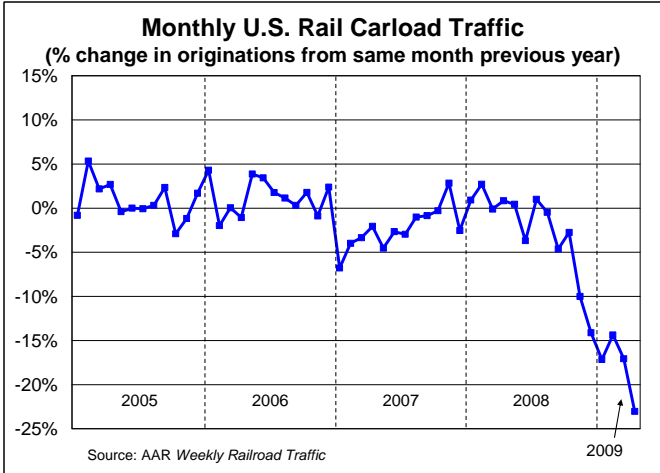
Where to go for more information:

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



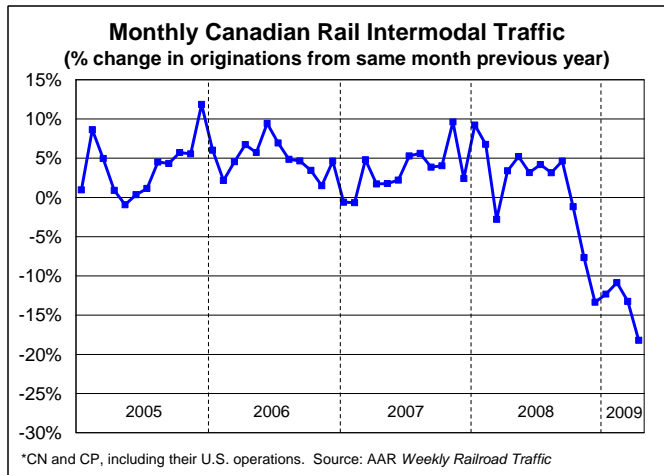
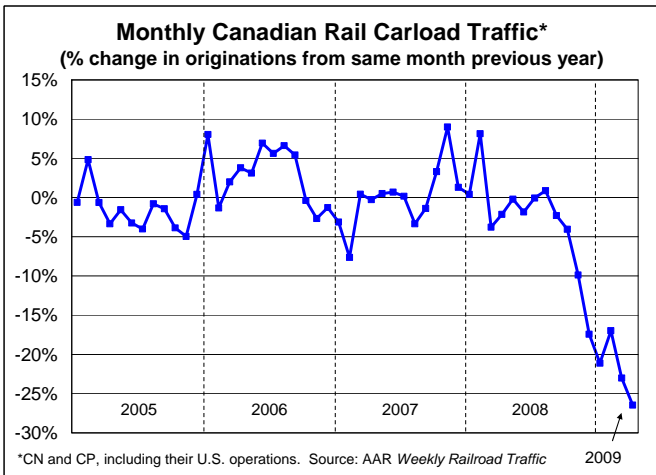
U.S. Rail Traffic*								
Commodity	Apr 09	Apr 08	Differ.	% Chng	YTD 2009	YTD 2008	Differ.	% Chng
Agricultural Products	170,111	221,446	-51,335	-23.2%	606,546	753,544	-146,998	-19.5%
Grain	89,782	125,189	-35,407	-28.3%	326,395	429,990	-103,595	-24.1%
Farm Products Excl. Grain	3,449	4,641	-1,192	-25.7%	12,573	19,707	-7,134	-36.2%
Grain Mill Products	39,261	44,631	-5,370	-12.0%	135,416	149,791	-14,375	-9.6%
Food Products	37,619	46,985	-9,366	-19.9%	132,162	154,056	-21,894	-14.2%
Chemicals	155,977	188,582	-32,605	-17.3%	524,488	634,024	-109,536	-17.3%
Chemicals	130,177	156,360	-26,183	-16.7%	433,122	527,359	-94,237	-17.9%
Petroleum Products	25,800	32,222	-6,422	-19.9%	91,366	106,665	-15,299	-14.3%
Coal	625,371	721,865	-96,494	-13.4%	2,274,726	2,444,374	-169,648	-6.9%
Forest Products	46,928	66,306	-19,378	-29.2%	161,491	223,688	-62,197	-27.8%
Primary Forest Products	6,526	10,616	-4,090	-38.5%	24,268	37,141	-12,873	-34.7%
Lumber & Wood Products	12,418	20,302	-7,884	-38.8%	40,414	64,741	-24,327	-37.6%
Pulp & Paper Products	27,984	35,388	-7,404	-20.9%	96,809	121,806	-24,997	-20.5%
Metallic Ores & Metals	50,509	116,528	-66,019	-56.7%	185,727	365,026	-179,299	-49.1%
Metallic Ores	12,239	31,058	-18,819	-60.6%	39,474	86,057	-46,583	-54.1%
Coke	13,098	18,976	-5,878	-31.0%	47,566	63,568	-16,002	-25.2%
Metals & Products	25,172	66,494	-41,322	-62.1%	98,687	215,401	-116,714	-54.2%
Motor Vehicles & Equipment	46,499	87,319	-40,820	-46.7%	155,128	312,835	-157,707	-50.4%
Nonmetallic Minerals & Prod.	130,209	180,407	-50,198	-27.8%	426,848	551,013	-124,165	-22.5%
Crushed Stone, Gravel, Sand	78,288	106,239	-27,951	-26.3%	253,076	317,919	-64,843	-20.4%
Nonmetallic Minerals	22,265	30,289	-8,024	-26.5%	67,714	98,363	-30,649	-31.2%
Stone, Clay & Glass Prod.	29,656	43,879	-14,223	-32.4%	106,058	134,731	-28,673	-21.3%
Other	53,190	78,953	-25,763	-32.6%	195,055	256,463	-61,408	-23.9%
Waste & Scrap Material	28,360	52,694	-24,334	-46.2%	107,369	172,388	-65,019	-37.7%
All Other Carloads	24,830	26,259	-1,429	-5.4%	87,686	84,075	3,611	4.3%
TOTAL ALL CARLOADS	1,278,794	1,661,406	-382,612	-23.0%	4,530,009	5,540,967	-1,010,958	-18.2%
Trailers	155,870	243,554	-87,684	-36.0%	560,030	827,486	-267,456	-32.3%
Containers	762,111	873,957	-111,846	-12.8%	2,601,442	2,945,318	-343,876	-11.7%
TOTAL ALL INTERMODAL	917,981	1,117,511	-199,530	-17.9%	3,161,472	3,772,804	-611,332	-16.2%

*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

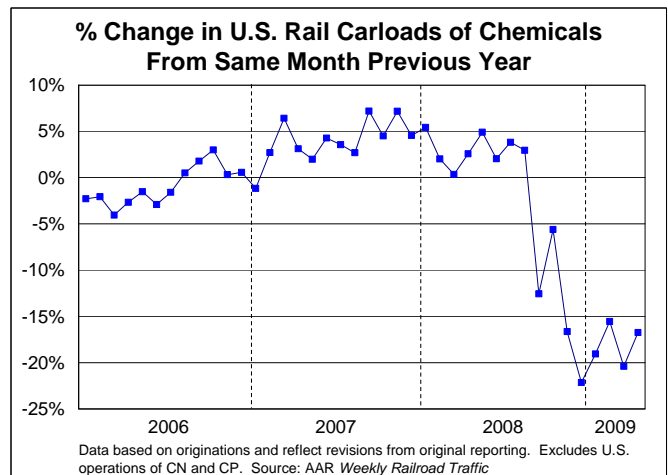
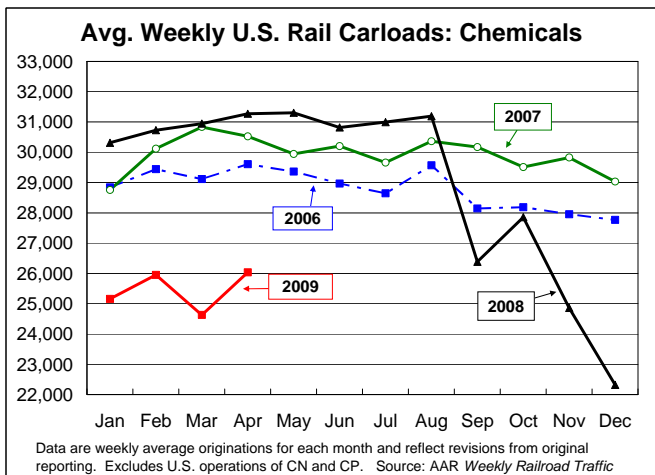
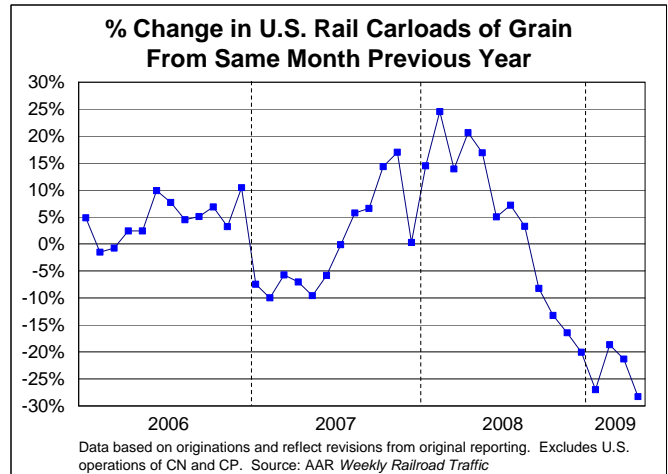
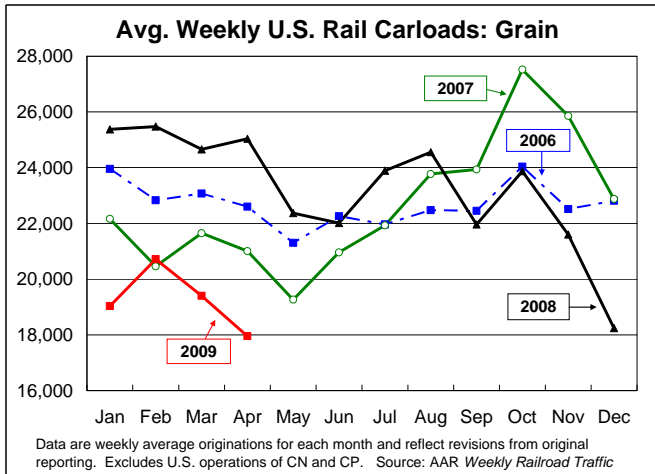
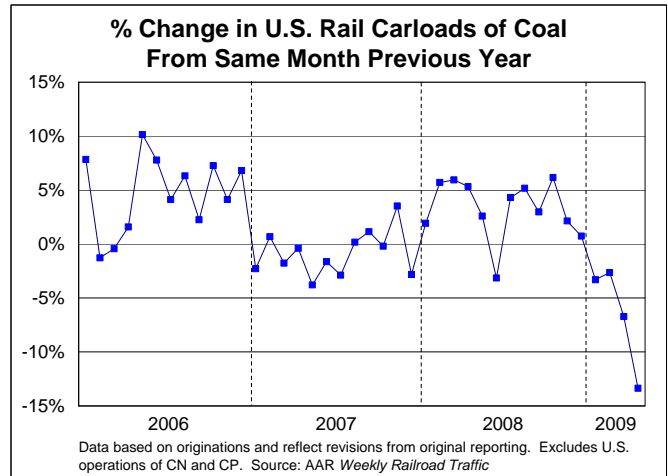
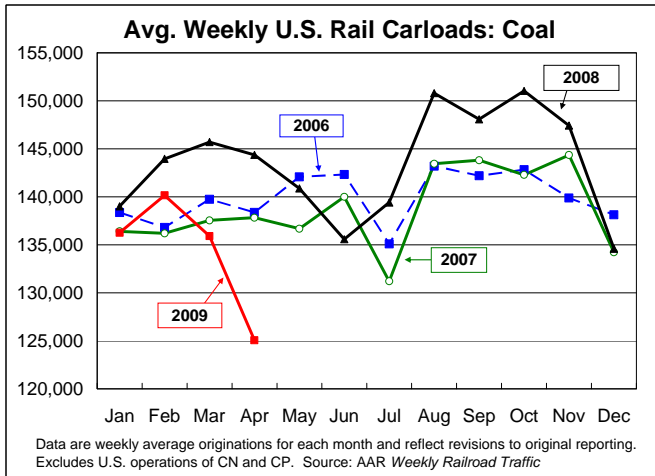


Canadian Rail Traffic*								
Commodity	Apr 09	Apr 08	Differ.	% Chng	YTD 2009	YTD 2008	Differ.	% Chng
Agricultural Products	83,099	81,588	1,511	1.9%	276,619	273,554	3,065	1.1%
Grain	46,749	50,755	-4,006	-7.9%	162,710	167,098	-4,388	-2.6%
Farm Products Excl. Grain	18,632	11,520	7,112	61.7%	54,563	40,894	13,669	33.4%
Grain Mill Products	6,936	8,453	-1,517	-17.9%	23,000	28,247	-5,247	-18.6%
Food Products	10,782	10,860	-78	-0.7%	36,346	37,315	-969	-2.6%
Chemicals	55,550	81,080	-25,530	-31.5%	207,295	279,305	-72,010	-25.8%
Chemicals	52,507	77,971	-25,464	-32.7%	196,665	268,398	-71,733	-26.7%
Petroleum Products	3,043	3,109	-66	-2.1%	10,630	10,907	-277	-2.5%
Coal	26,827	42,640	-15,813	-37.1%	99,637	136,007	-36,370	-26.7%
Forest Products	34,212	46,397	-12,185	-26.3%	118,270	150,838	-32,568	-21.6%
Primary Forest Products	7,241	9,040	-1,799	-19.9%	24,414	27,718	-3,304	-11.9%
Lumber & Wood Products	10,287	15,168	-4,881	-32.2%	33,652	46,627	-12,975	-27.8%
Pulp & Paper Products	16,684	22,189	-5,505	-24.8%	60,204	76,493	-16,289	-21.3%
Metallic Ores & Metals	53,318	85,922	-32,604	-37.9%	195,353	284,777	-89,424	-31.4%
Metallic Ores	43,694	64,901	-21,207	-32.7%	157,073	218,023	-60,950	-28.0%
Coke	1,753	2,047	-294	-14.4%	6,620	6,240	380	6.1%
Metals & Products	7,871	18,974	-11,103	-58.5%	31,660	60,514	-28,854	-47.7%
Motor Vehicles & Equipment	18,484	27,624	-9,140	-33.1%	57,740	99,063	-41,323	-41.7%
Nonmetallic Minerals & Prod.	16,926	24,876	-7,950	-32.0%	56,661	74,216	-17,555	-23.7%
Crushed Stone, Gravel, Sand	5,446	7,770	-2,324	-29.9%	17,716	24,520	-6,804	-27.7%
Nonmetallic Minerals	6,230	9,537	-3,307	-34.7%	21,391	25,602	-4,211	-16.4%
Stone, Clay & Glass Prod.	5,250	7,569	-2,319	-30.6%	17,554	24,094	-6,540	-27.1%
Other	8,305	13,299	-4,994	-37.6%	31,504	42,922	-11,418	-26.6%
Waste & Scrap Material	4,339	8,640	-4,301	-49.8%	17,701	28,162	-10,461	-37.1%
All Other Carloads	3,966	4,659	-693	-14.9%	13,803	14,760	-957	-6.5%
TOTAL ALL CARLOADS	296,721	403,426	-106,705	-26.4%	1,043,079	1,340,682	-297,603	-22.2%
Trailers	8,350	10,628	-2,278	-21.4%	27,160	32,502	-5,342	-16.4%
Containers	193,068	235,636	-42,568	-18.1%	664,668	771,977	-107,309	-13.9%
TOTAL ALL INTERMODAL	201,418	246,264	-44,846	-18.2%	691,828	804,479	-112,651	-14.0%

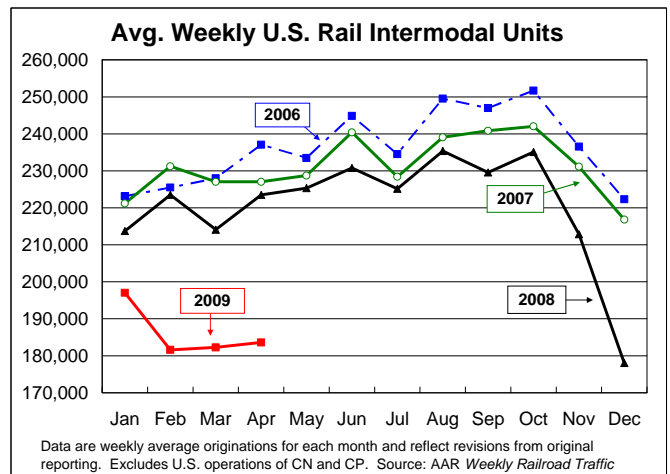
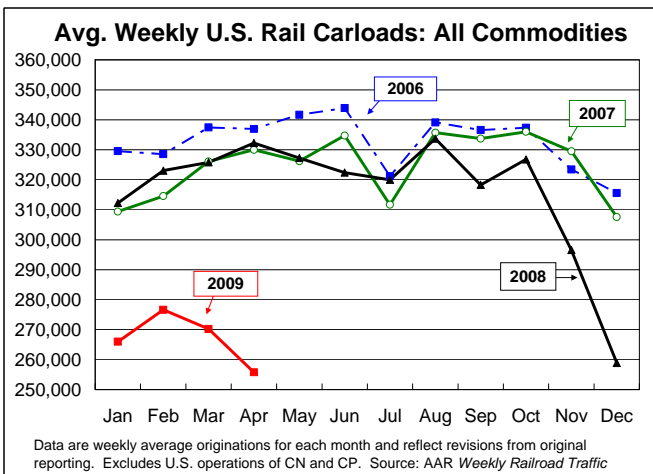
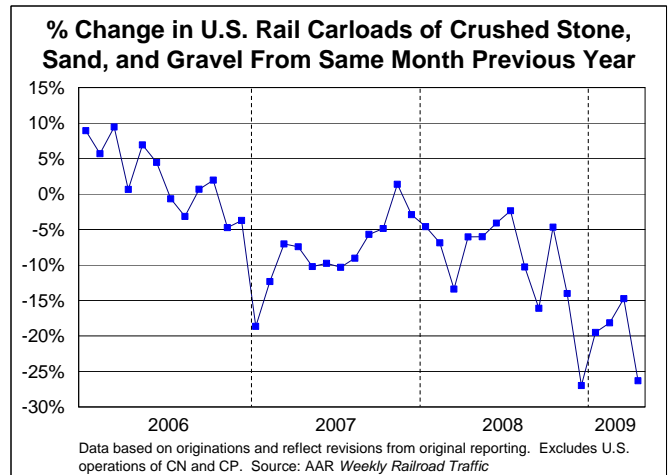
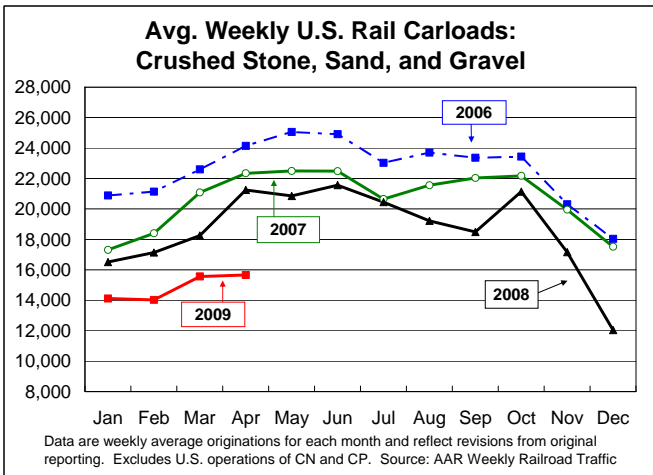
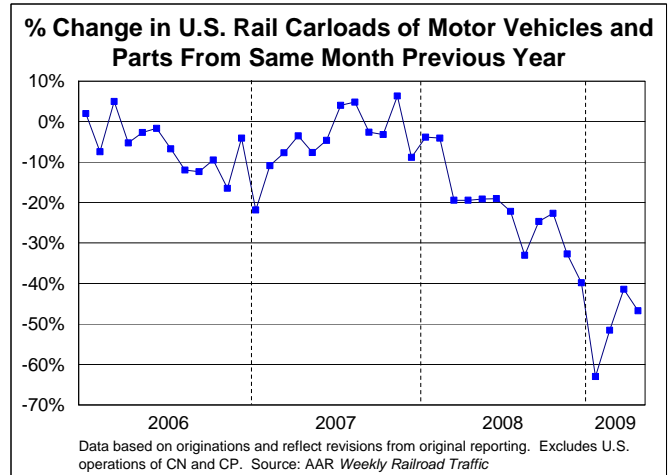
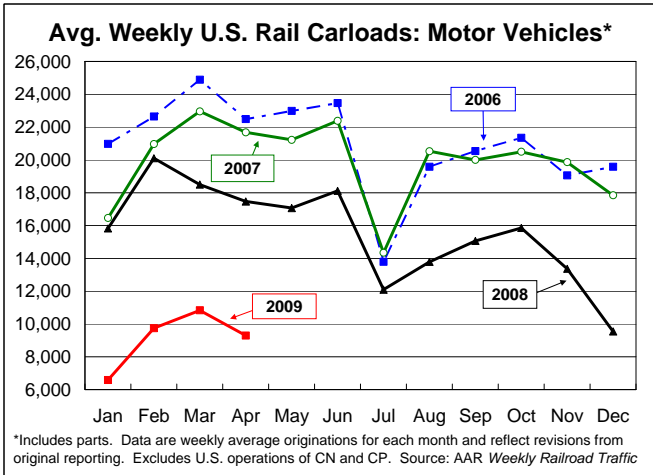
*CN and CP, including their U.S. operations. Source: AAR Weekly Railroad Traffic



U.S. Rail Carload Traffic — Select Commodities



U.S. Rail Carload Traffic — Select Commodities, cont.



GROSS DOMESTIC PRODUCT (GDP)

Who releases it and when?

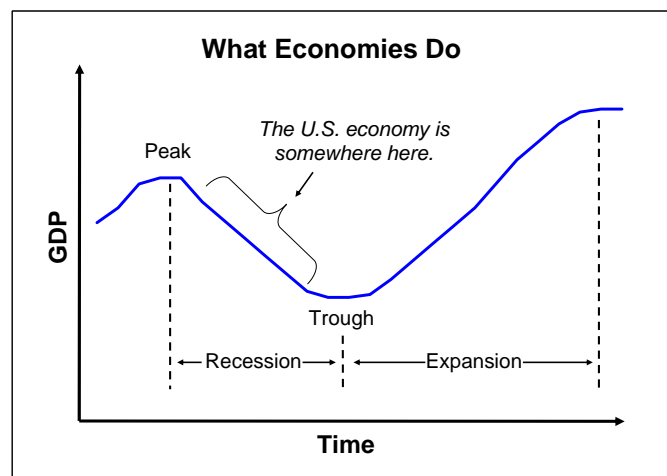
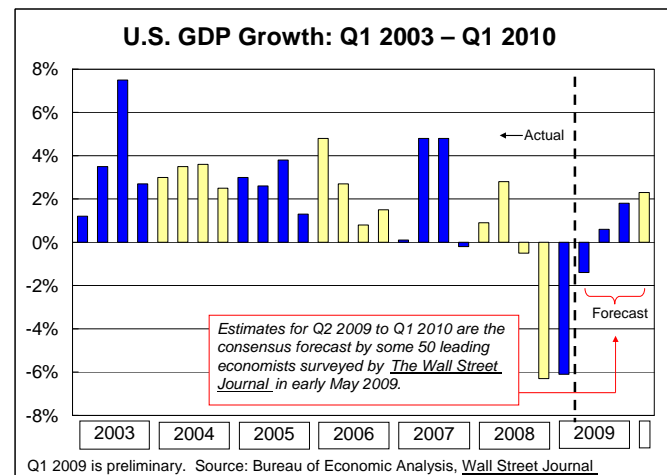
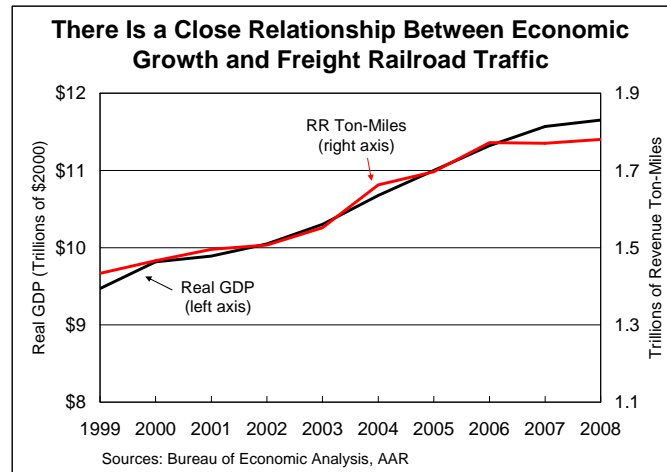
- U.S. Bureau of Economic Analysis, measured quarterly and updated frequently as better data become available. Revisions can be significant.

What is it and why is it important?

- GDP measures the size of the economy and how fast it's growing — or shrinking. It is the single most conclusive piece of information on the health of the economy.
- On a broad level, GDP growth and freight rail traffic are closely related.

What are the latest numbers?

- The BEA announced on April 29 that preliminary estimates show that **U.S. GDP fell 6.1% in Q1 2009**. GDP fell 6.3 percent in Q4 2008. BEA emphasized that the Q1 2009 data released on April 29 are “advance” estimates that are based on incomplete source data that are subject to further revision.
- What the BEA said April 29: “The decrease in real GDP in the first quarter primarily reflected negative contributions from exports, private inventory investment, equipment and software, nonresidential structures, and residential fixed investment that were partly offset by a positive contribution from personal consumption expenditures (PCE). Imports, which are a subtraction in the calculation of GDP, decreased.”
- Each month, *The Wall Street Journal* surveys approximately 50 leading economists. In the most recent survey, released May 14, the consensus was that U.S. GDP would fall 1.4% in Q2 2009, before turning positive again in Q3 2009 (0.6%), Q4 2009 (1.8%), and Q1 2010 (2.3%). These forecasts were **slightly more positive** than the ones from April.
- What the *WSJ* said: “On average, the 52 economists who participated in the survey project that the **recession will end in August**. ... Slow growth is expected to return by the third quarter,



with the economy expanding more than 2% in the first half of 2010. ... The depth of the downturn means it will take years to eat up the slack created by the recession. Nearly half of the economists said it will take three to four years to close the output gap, while more than a quarter say it will take five to six years.”

The consensus in May was that that the unemployment rate would hit 9.7% by December 2009 (up from 8.9% in April 2009 – see page 9), even as growth returns to the economy.

Click [here](#) for more on the May *Wall Street Journal* survey.

Where to go for more information:

- The most recent BEA news release on GDP, including links to detailed data tables, is [here](#). Updated Q1 2009 GDP figures will be released on May 29, 2009.

PURCHASING MANAGERS INDEX (PMI)

Who releases it and when?

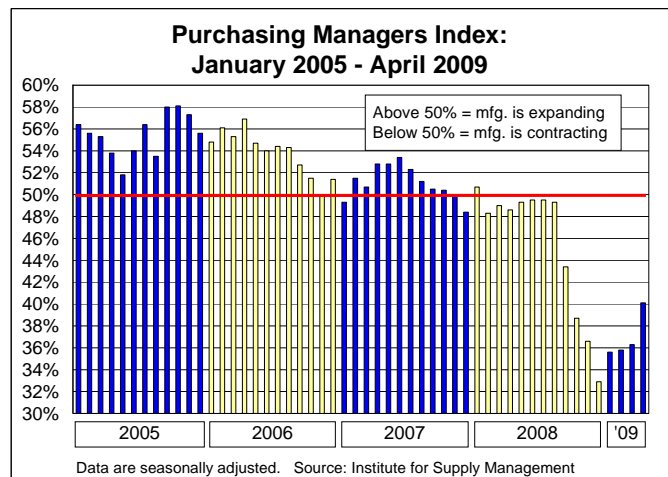
- Institute for Supply Management (ISM – formerly the National Association of Purchasing Managers), near the beginning of each month.

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. It 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 be the eighth largest economy in the world.
- A PMI greater than 50% is thought to indicate that overall manufacturing is expanding; a PMI less than 50% is thought to indicate that manufacturing is contracting.

What are the latest numbers?

- The **PMI in April 2009 was 40.1%**, up from 36.3 % in March and the 15th straight month that it was below 50% (the level at which manufacturing is considered to be growing). However, the PMI has now **risen for four straight months** (from a low of 32.9% in December).
- What the ISM said: “The decline in the manufacturing sector continues to moderate. After six consecutive months below the 40-percent mark, the PMI, driven by the New Orders Index at 47.2 percent, shows a significant improvement. While this is a big step forward, there is still a large gap that must be closed before manufacturing begins to grow once again.”



- On May 5, ISM released results of a member survey that forecast continued economic decline for the rest of 2009. ISM wrote, “While 15 percent of respondents predict revenues to be 13.7 percent greater in 2009 than in 2008, an overall revenue decrease of 14.7 percent is expected for manufacturing as 67 percent expect a 25.2 percent decline, and 18 percent expect no change.

This represents a significant decline in expectations from December 2008 when the panel of supply management executives predicted a 1.1 percent decrease in 2009 revenues compared to 2008.” More on the ISM economic forecast is [here](#).

Where to go for more information:

- The ISM home page is [here](#). The most recent press release for the PMI is [here](#). The next release of the PMI is June 1, 2009.

INDEX OF INDUSTRIAL PRODUCTION

Who releases it and when?

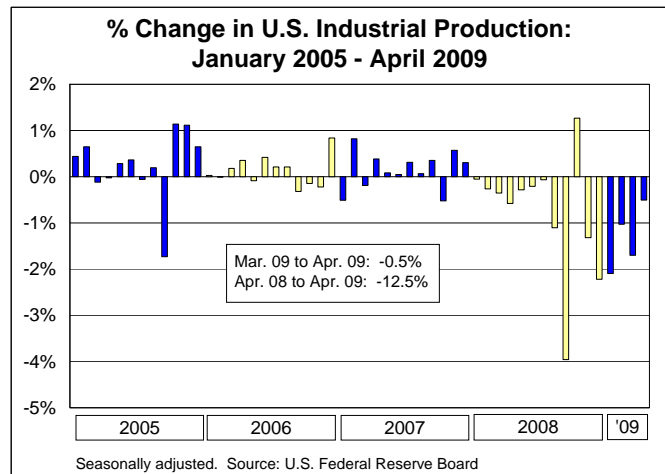
- The U.S. Federal Reserve Board, around the middle of each month.

What is it and why is it important?

- Industrial production figures are based on the monthly raw volume of goods produced by industrial firms such as factories, mines, and electric utilities in the United States. 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?

- **Industrial production fell 0.5% in April 2009** from March 2009, the lowest decline since October 2008 (when industrial production rose 1.3%, largely because of a return to service of facilities affected by earlier hurricanes).
- What the Federal Reserve said: “Industrial production decreased 0.5 percent in April after having fallen 1.7 percent in March. Production in manufacturing declined 0.3 percent in April and was 16.0 percent below its recent peak in December 2007. The decreases in manufacturing in April remained broadly based across industries. Outside of manufacturing, the output of mines fell 3.2 percent, as oil and gas field drilling and support activities continued to drop. The output of utilities moved up 0.4 percent.”



Where to go for more information:

- The most recent Federal Reserve release on industrial production is [here](#). The next release is June 16, 2009.

CAPACITY UTILIZATION

Who releases it and when?

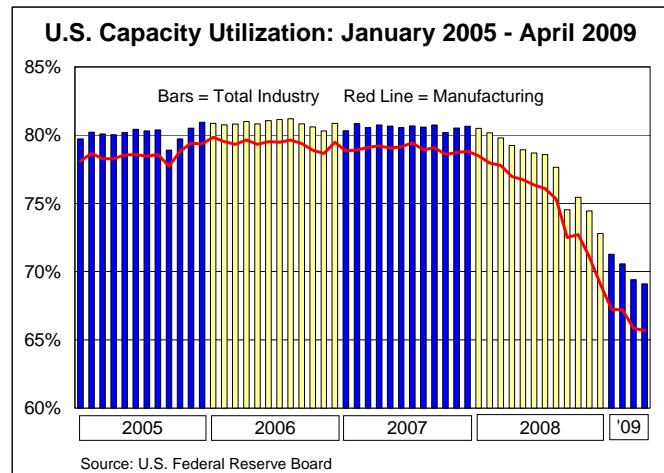
- The U.S. Federal Reserve Board, around the middle of each month.

What is it and why is it important?

- Capacity utilization captures the concept of sustainable maximum output — *i.e.*, the highest level of output a plant can maintain using a realistic work schedule, normal downtime, and assuming sufficient availability of inputs to operate the capital in place. Capacity indexes are constructed for 87 detailed 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 a 100% level without having to build new plants or add equipment. In practice, though, capacity utilization rates (at least on an economy-wide basis) never come close to 100%. Utilization levels above 82-85% are 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) was 69.1% in April 2009 — down from 69.4% in March 2009 and another **record low** (breaking the one set in March 2009) for a data series that began in 1967.
- Capacity utilization for **manufacturing** was 65.7% in April 2009, down from 65.8% in March 2009 and also the lowest since this series began (in 1948).



Where to go for more information:

- The most recent Federal Reserve release on capacity utilization is [here](#). The next release is June 16, 2009.

NUMBER OF EMPLOYED PERSONS AND UNEMPLOYMENT RATE

Who releases it and when?

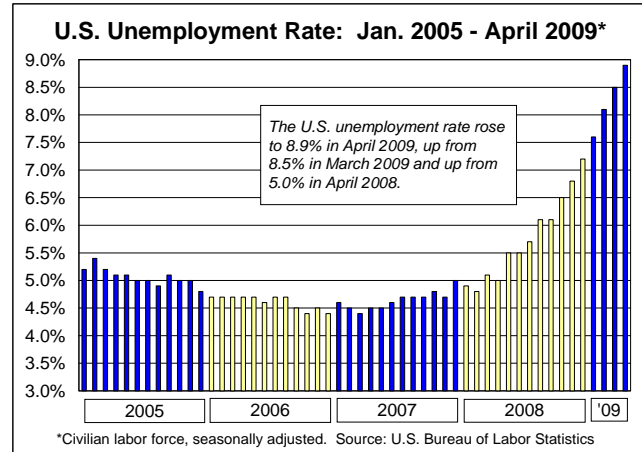
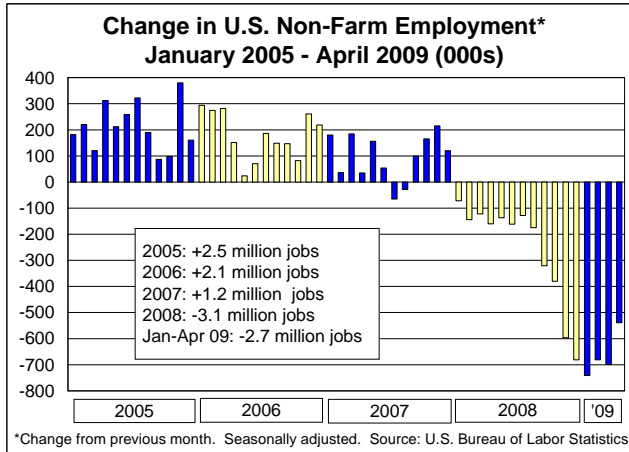
- U.S. Bureau of Labor Statistics (BLS) near the beginning of each month.

What is it and why is it important?

- The figures provide a snapshot of the strength of the U.S. labor market. They are based on two separate surveys: 1) an "establishment survey" of more than 400,000 businesses, and 2) a "household survey" of 60,000 households.
- 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 **non-farm employment fell by 539,000 in April 2009** from March 2009 — the sixth straight month in which the U.S. economy has lost 500,000 or more jobs, but the lowest monthly job loss since October 2008.
- The U.S. **unemployment rate in April 2009 was 8.9%**, up from 8.5% in March 2009 and 8.1% in February 2009. The unemployment rate has trended steadily upward since falling to 4.4% in March 2007.



- Employment has fallen each month since January 2008. In the 16 months from January 2008 through April 2009, the U.S. economy has **lost 5.7 million** net jobs.
- What the BLS said: “In April, job losses continued in most major private-sector industries. Employment rose in the federal government mainly due to hiring of temporary workers for Census 2010. ... Employment in manufacturing fell by 149,000 over the month. ... Construction employment declined by 110,000 in April. ... Employment in transportation and warehousing declined by 38,000 in April, with losses concentrated in truck transportation (-16,000) and warehousing and storage (-8,000).”

Where to go for more information:

- The BLS home page is [here](#). The press release on the employment situation in April 2009 is [here](#). The next release is June 5, 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?

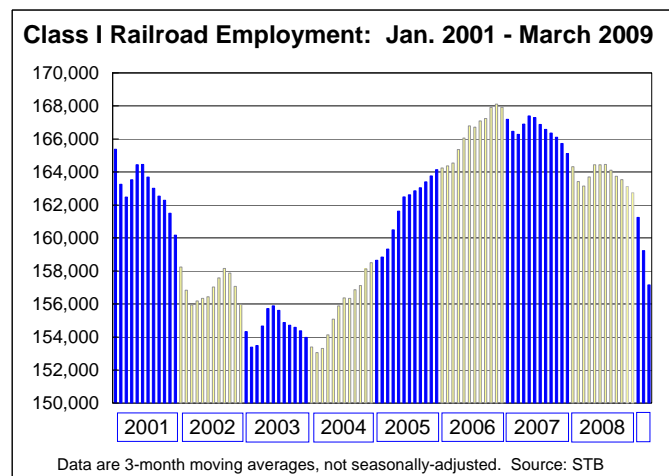
- Report showing the average number of employees at mid-month in six job classification groups (executive, professional, maintenance-of-way, equipment and transportation/train and engine and transportation/other than train and engine) for Class I railroads.

What are the latest numbers?

- Class I railroad employment **fell to 154,960 in March 2009, down 2,037 from February 2009** and the lowest level since March 2004.

Where to go for more information:

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



INDEX OF CONSUMER CONFIDENCE

Who releases it and when?

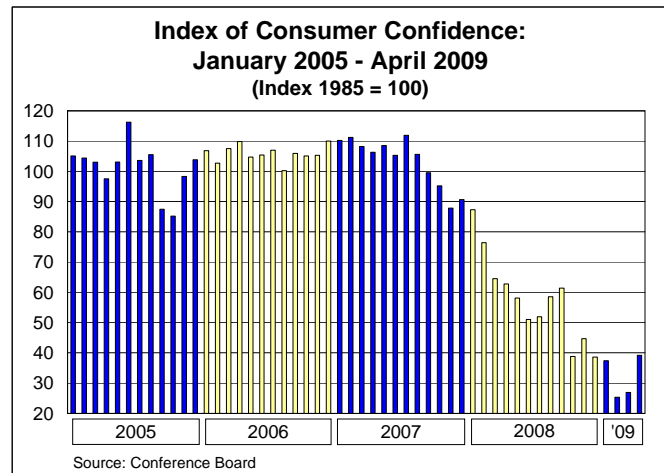
- The Conference Board, last Tuesday of the month.

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?

- The **consumer confidence index rose considerably in April 2009 to 39.2 from 26.9 in March and February's all-time record low of 25.3**. The index is down more than 60% since mid-2007.
- What the Conference Board says: "Consumer Confidence rose in April to its highest reading in 2009, driven primarily by a significant improvement in the short-term outlook. The Present Situation Index posted a moderate gain, a sign that conditions have not deteriorated further, and may even moderately improve, in the second quarter. The sharp increase in the Expectations Index suggests that consumers believe the economy is nearing a bottom, however, this Index still remains well below levels associated with strong economic growth."



Where to go for more information:

- The press release for April 2009 is [here](#). The next release is May 26, 2009.

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?

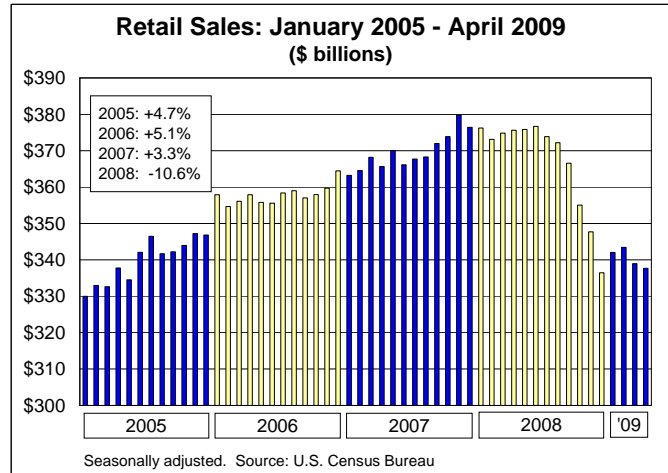
- Uses a monthly survey of 5,000 retailers of all types to track the dollar value of physical merchandise sold. The data are adjusted for holiday differences and seasonal variations, but are subject to sometimes-large revisions and are not adjusted for inflation.
- Personal consumption accounts for approximately 70% of U.S. GDP. Thus, the health of the economy is largely dependent on how much "stuff" people are buying. 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, while a decrease in spending today may confirm an ongoing or worsening recession.

What are the latest numbers?

- Total retail sales in April 2009 were down 0.4% from March 2009, down 10.1% from April 2008. March and April's decline followed increases in January and February.
- April marked the second straight month in which the consensus among economists called for a slight increase in retail sales, but actual retail sales declined instead.

Where to go for more information:

- The most recent Census Bureau press release is [here](#). The next release is June 11, 2009.



LIGHT VEHICLE SALES

Who releases it and when?

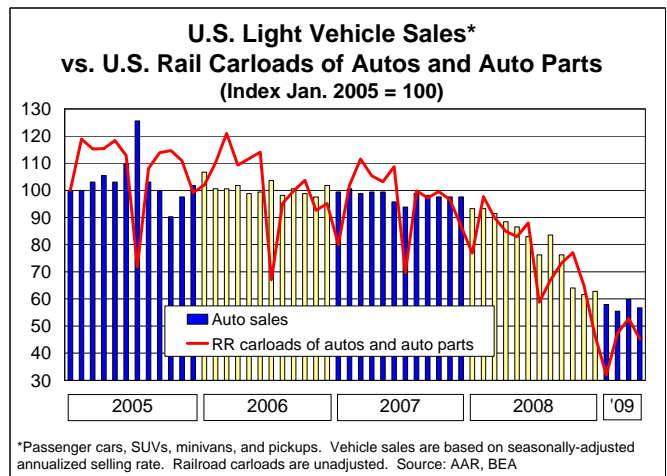
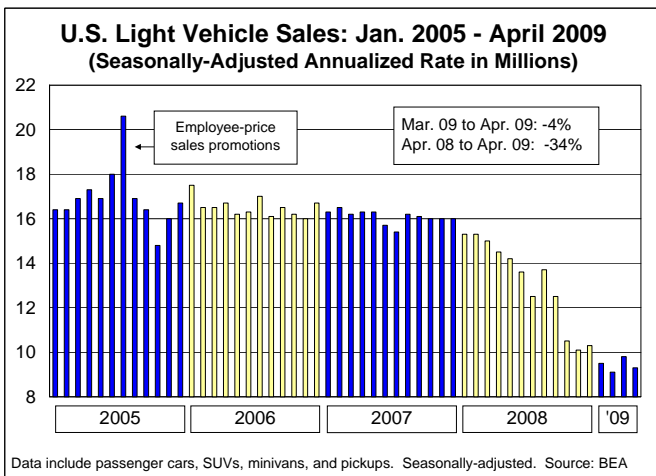
- The U.S. Bureau of Economic Analysis.

What is it and why is it important?

- 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 2007, 7% of Class I rail revenue came from hauling autos and auto parts.

What are the latest numbers?

- **U.S. light vehicle sales in April 2009 were down 5% from March 2009 to a seasonally-adjusted annualized selling rate (SAAR) of 9.3 million.** This is down 34% from April 2008.
- Rail carloads of autos and auto parts are closely correlated with light vehicle sales.



Where to go for more information:

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

HOUSING STARTS

Who releases it and when?

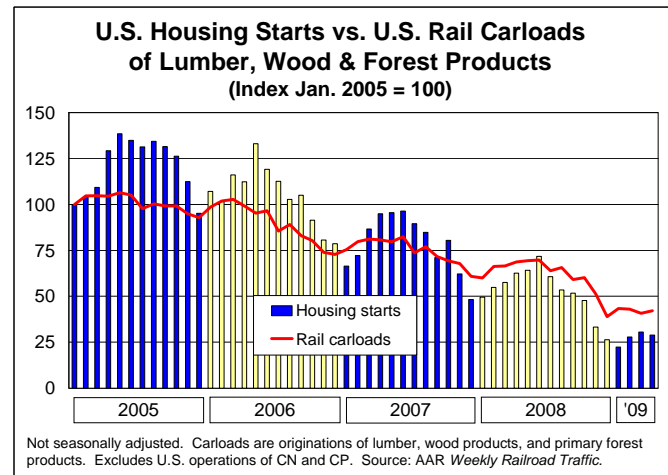
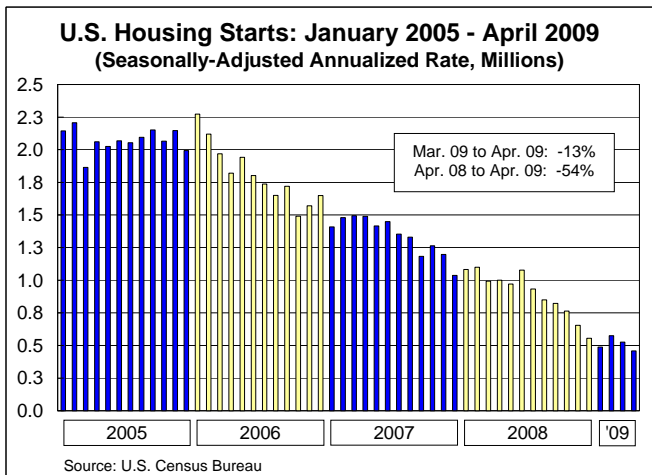
- Census Bureau, around the middle of each month.

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 April 2009 **were down 13% to 458,000** on an annualized basis, the **lowest level since recordkeeping began in 1959**.
- April 2009’s housing starts were down 54% from April 2008 and down 80% from the most recent peak in January 2006, when they were 2.3 million.
- Rail carloads of lumber, wood, and forest products closely track housing starts. From January 2005 to April 2009, housing starts (not seasonally adjusted) fell 71%, while U.S. rail carloads of lumber and wood fell 58% (see chart below right).



Where to go for more information:

- The most recent Census Bureau press release is [here](#). The next release is June 16, 2009.

CONSUMER PRICE INDEX (CPI)

Who releases it and when?

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

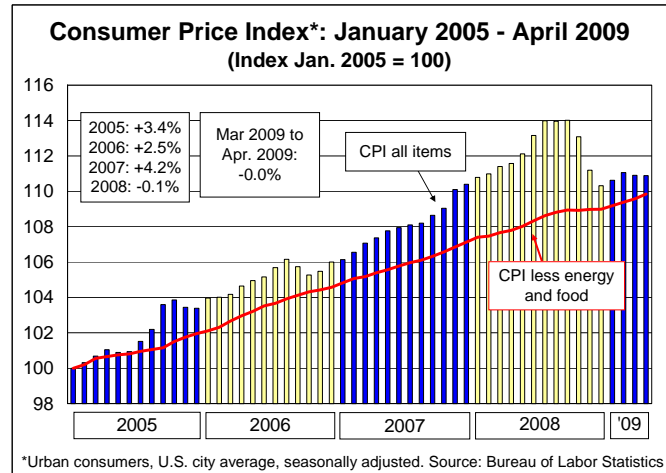
What is it and why is it important?

- 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 — defined as 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., OPEC actions, crop shortages, etc.).
- Among other uses, the CPI is the basis for cost-of-living adjustments for things like Social Security, federal retirement payments, pensions, and food stamps.

What are the latest numbers?

- **In April 2009, CPI-U was virtually flat on a seasonally-adjusted basis compared with March 2009, but down 0.6% on year-over-year basis.** CPI-U rose 3.4% in 2005, 2.5% in 2006, and 4.2% in 2007, but fell 0.1% in 2008 — the first year-over-year decline since 1955. Much of the year-over-year decline was due to lower energy costs.
- What BLS said: “On a seasonally adjusted basis, the CPI-U was unchanged in April after declining 0.1 percent in March. The energy index declined for the second straight month, falling 2.4 percent after declining 3.0 percent in March. The indexes for motor fuel, fuel oil, natural gas, and electricity all declined in April. The food index declined as well, falling 0.2 percent in April....”



Where to go for more information:

- The most recent BLS press release on the CPI is [here](#). The next release is June 17, 2009.

RAILROAD COST INDEXES

Who releases it and when?

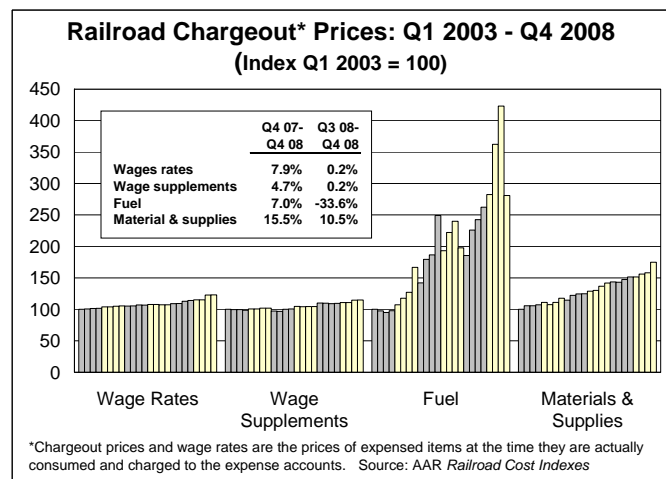
- The Association of American Railroads (AAR), quarterly.

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 Q4 2007 to Q4 2008, railroad wage prices rose 7.9%; wage supplements (i.e., fringe benefits) rose 4.7%; fuel rose 7.0%; and the price of materials and supplies in aggregate rose 15.5%. From Q3 2008 to Q4 2008, railroad wage prices rose 0.2%; wage supplements rose 0.2%; fuel fell 33.6%; and the price of materials and supplies in aggregate rose 10.5%.



Where to go for more information:

- See the AAR web site [here](#) or contact Clyde Crimmel at 202-639-2309. Next quarterly release is near the end of June 2009.

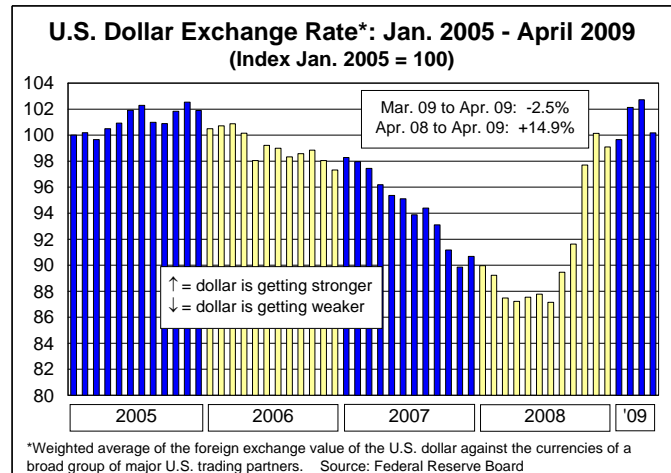
U.S. DOLLAR EXCHANGE RATE

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.
- A weaker U.S. dollar means that U.S. imports become relatively more expensive and U.S. exports become relatively less expensive abroad. All else equal, that means fewer U.S. imports and more U.S. exports. Conversely, a stronger dollar means U.S. imports become relatively cheaper and U.S. exports become more expensive.



What are the latest numbers?

- The U.S. dollar has been strengthening since mid-2008. However, it **weakened 2.5%** from March 2009 to April 2009. As of April, it was 15% higher than its recent low in July 2008.

Where to go for more information:

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

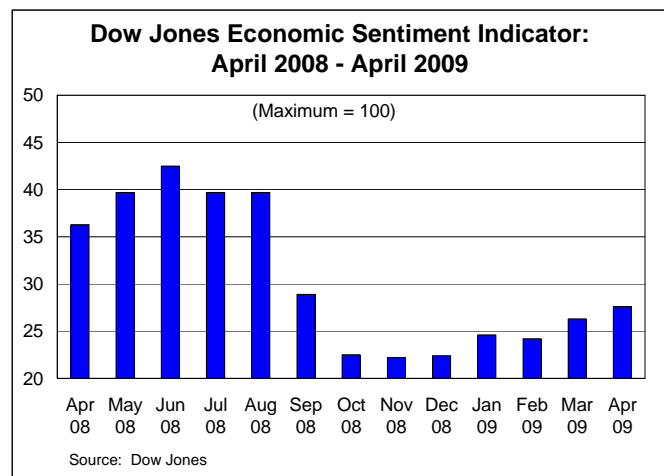
DOW JONES ECONOMIC SENTIMENT INDICATOR (ESI)

Who releases it and when?

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

What is it and why is it important?

- It's a new indicator — it was first unveiled on April 30, 2009. 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.”
- According to Dow Jones, “historical analysis of the series shows that the ESI clearly highlighted the risk that the U.S. economy was sliding into recession in 2001 and 2008 and 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 April was 27.6, continuing a several-month upward trend.

Where to go for more information:

- Information on the Dow Jones ESI is [here](#). The next release is May 29, 2009.