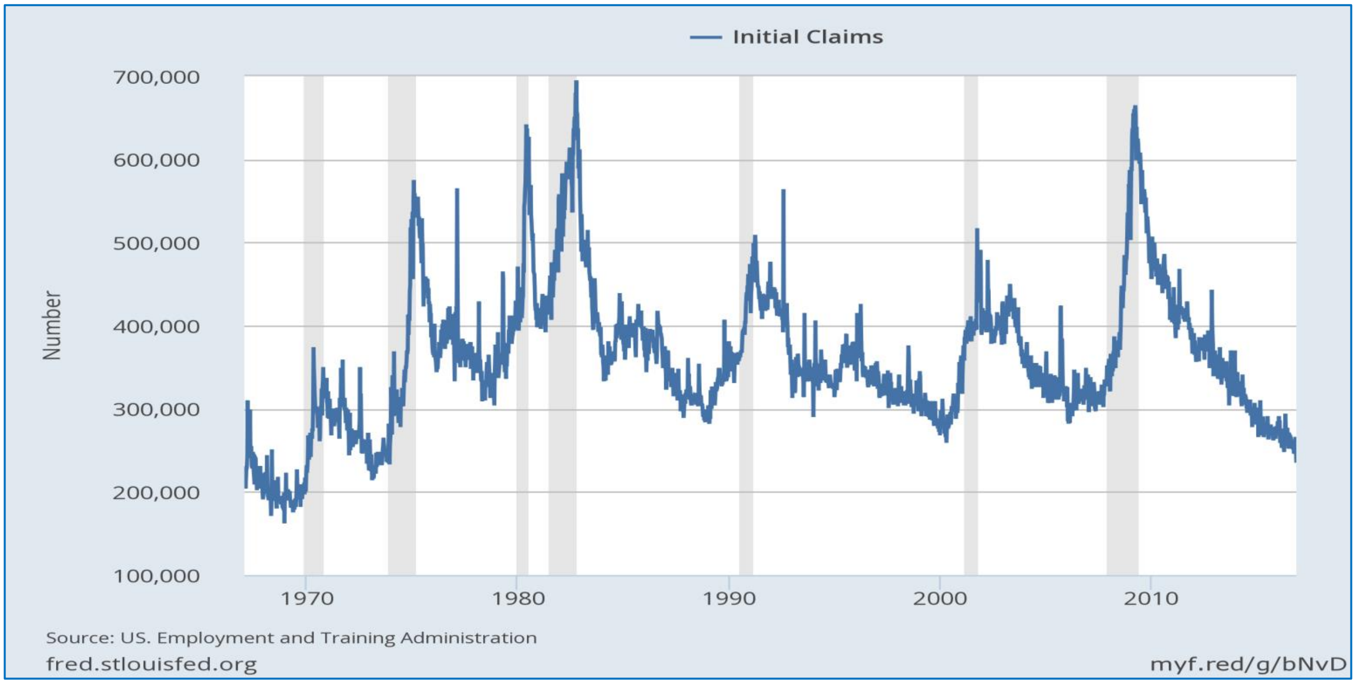
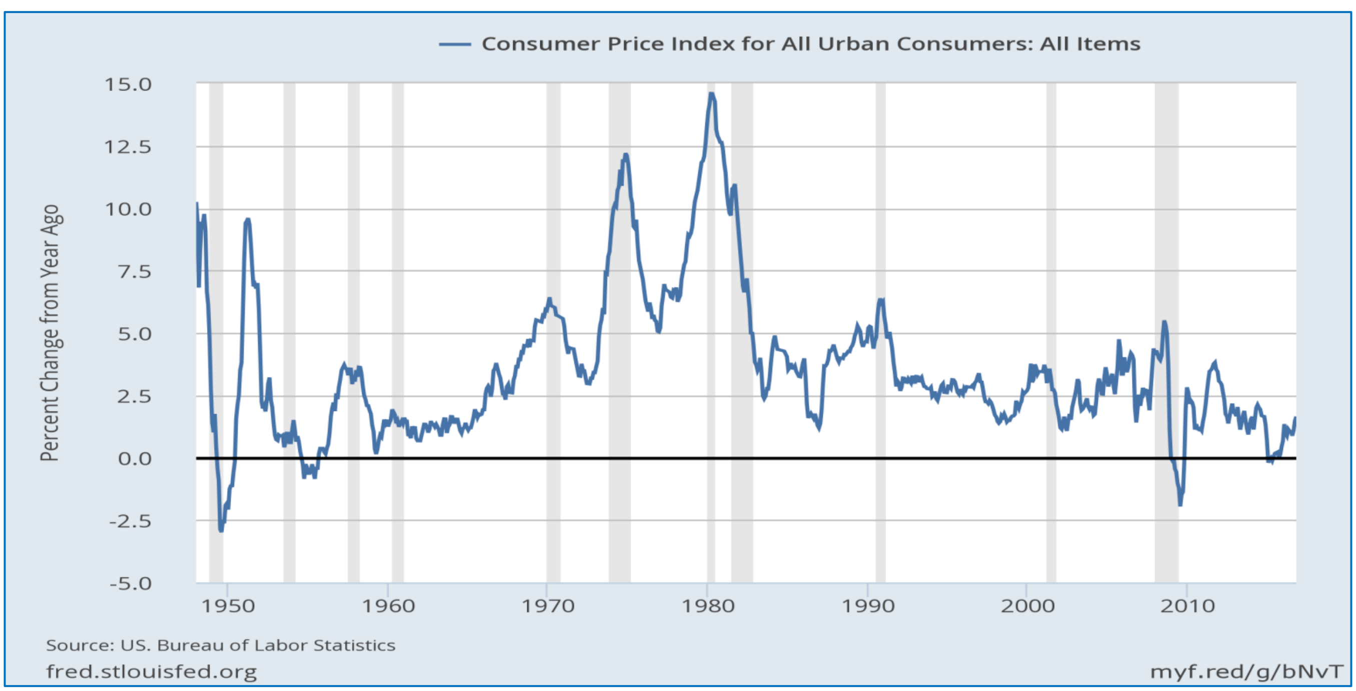
Economic Extravaganza

Today's bevy of U.S. economic reports detail three important areas of interest: unemployment claims, consumer prices (inflation) and new residential construction. Independently, each of these indicators is closely monitored to gauge directional insight into the economy at large; collectively, the figures move markets. Initial unemployment claims measure the number of workers that lost their jobs weekly. This week's report shows initial claims for unemployment insurance benefits fell to 235,000, the lowest in 43 years.



Inflation, measured by the Consumer Price Index (CPI), rose at a modest 1.6% annual rate. The CPI increased .40% in October. In the past few weeks, bond prices have been falling, sending interest rates higher in anticipation of future inflation. Today's data shows that we still have a way to go before sounding the alarm.



The housing market (new residential construction) is responsible for over 15% of our nation's gross domestic product (GDP). New housing brings with it a multiplier effect. As a rule-of- thumb, there are 4 jobs created for every single-family home under construction. Last month, housing starts jumped to 1,323 million, a figure last seen 9 years ago. Permits for future housing construction hit 1,229 million, its best mark of the year. Each one of these reports is rather impressive on their own accord; collectively, this economic expansion may have a long way to go if this trend continues.