

Consumer spending and industrial production continued along their rising trends in December. Retail sales were weaker than had been expected. Production increased and extended its winning streak to six months.

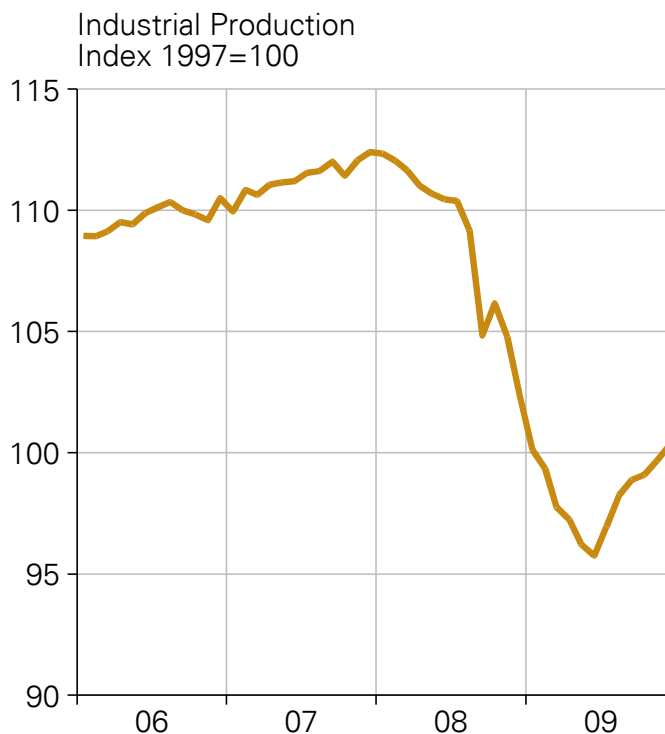
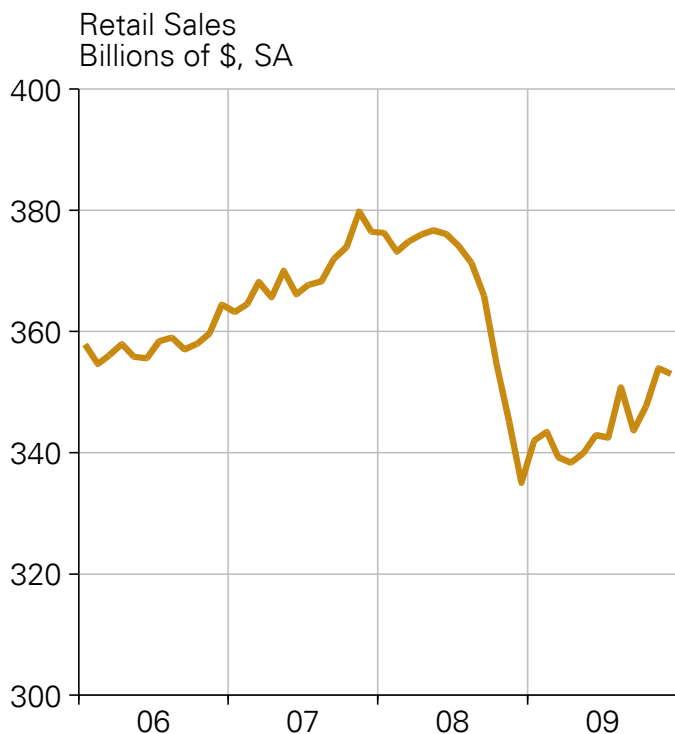
Retail sales decreased 0.3% in December after a 1.8% rise in November. The November gain was originally reported as 1.3%. Excluding cars and gas, sales fell by 0.3%. Compared with December 2008, total sales and sales excluding cars and gas were up 5.4% and 2.3%, respectively.

Industrial production increased 0.6% in December – the sixth consecutive rise. November was revised down to a smaller increase but October was revised up from unchanged to +0.2%. Production in manufacturing slipped 0.1% following a 0.9% gain in November and a 0.1% decrease in October. Since the low point reached in June, industrial production has increased at an annual rate of 9.7%.

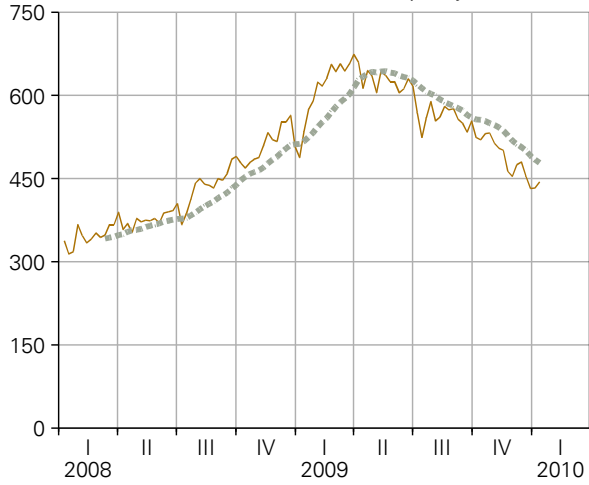
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The Weekly Leading Index increased for the eighth straight week on a 4-week moving average during the week ending January 8, lifting the smoothed 6-month growth rate to 23.5%. The growth rate is down from its peak in early October, but remains above all monthly levels prior to this recovery. Taken together, the upward trend in retail sales, production and leading indicators are strong evidence that the economy has begun to turn up.

Jim Coons



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



U. S. Dollar Exchange Rate
FRB Major Currency Index, 1973 = 100



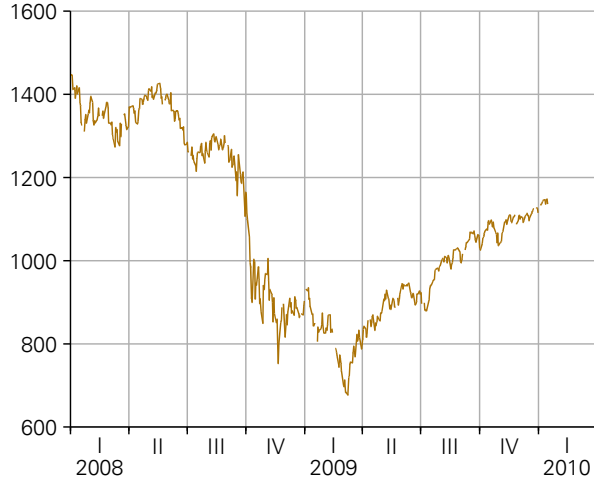
Price of Oil
West Texas Int, \$/bbl



Price of Gold
London PM Fixing, \$/oz



S&P 500 Stock Prices
Daily Close, Index 1941-43 = 10



Mortgage Loan Originations
MBA Purchase Index 3/16/90=100 SA

