

National Week In Review

Week Ending April 28, 2006

Economy Rebounds In 1st Quarter . . . Real gross domestic product (GDP), the most comprehensive measure of economic activity, grew by 4.8% in the 1st quarter of 2006. This represents the strongest growth rate since the 3rd quarter of 2003. A major force in boosting the economy this quarter was business investment. Business spending on equipment and software surged 16.4%, the largest gain in six years. With businesses feeling better about the economy, hiring increased which pushed the unemployment rate down to 4.7%, matching the lowest rate in 4½ years.

Durable Goods Orders On The Rise . . . Factory orders for big-ticket manufactured goods surged 6.1% in March. This represents the biggest gain since May 2005. Demand for all transportation items grew by 14%, led by a 71.1% rise in orders for civilian aircraft. Orders for motor vehicles and parts rose 2.8%.

Consumer Confidence Rose For Second Consecutive Month . . . The Consumer Confidence Index rose 2.1 points to 109.6 (1985 = 100) in April. Consumers claiming conditions are "good" rose to 29.7% from 27.9%. Consumers anticipating more jobs to become available in the coming months increased to 15.7% from 13.7% in March. The Conference Board's Consumer Research Center reports, "Recent improvements in the labor market have been a major driver behind the rise in confidence in early 2006...while prices at the pump have yet to impact confidence, further increases could dampen consumers' mood." The Consumer Confidence Survey is based on a representative sample of 5,000 U.S. households. Consumer confidence is considered a barometer of consumer spending, which accounts for two-thirds of the U.S. economy, and is the broadest measure of U.S. economic output.

New Home Sales Soar . . . Sales of new homes soared 13.8%, the largest gain in 13 years. Home sales were up in all parts of the country, led by a 35.7% increase in the West. Sales in the Midwest rose 10.9%, followed by the South (+6.9%) and the Northeast (+4.7%). The median price of homes sold in March slipped to \$224,200, down 2.2% compared to March 2005. This marks the first time home prices fell over a 12-month period since December 2003.

Sources:

- Conference Board
- *Washington Post*

By Mike Daniels