

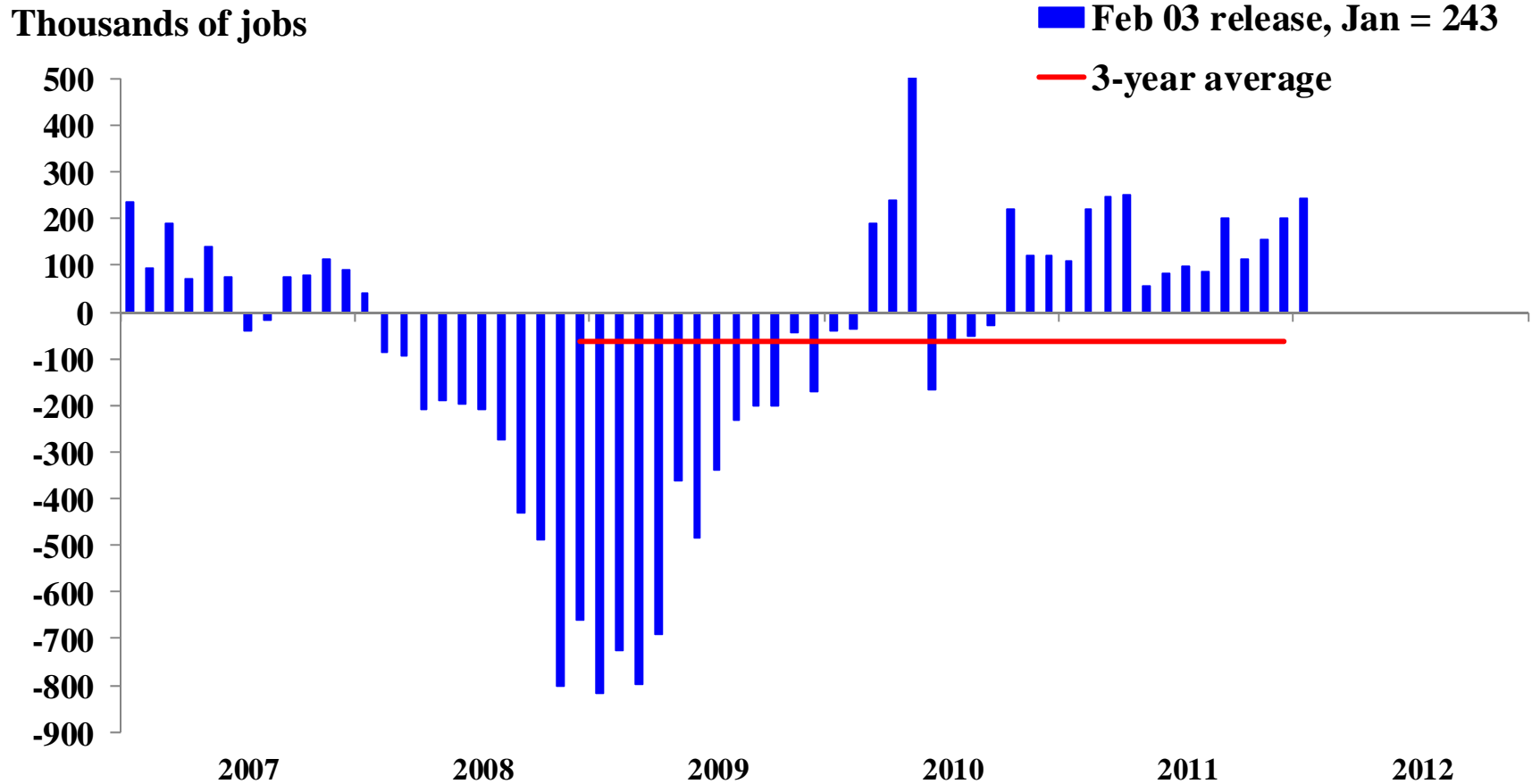


U.S. ECONOMIC ACTIVITY

<http://www.dallasfed.org>



Change in Nonfarm Employment

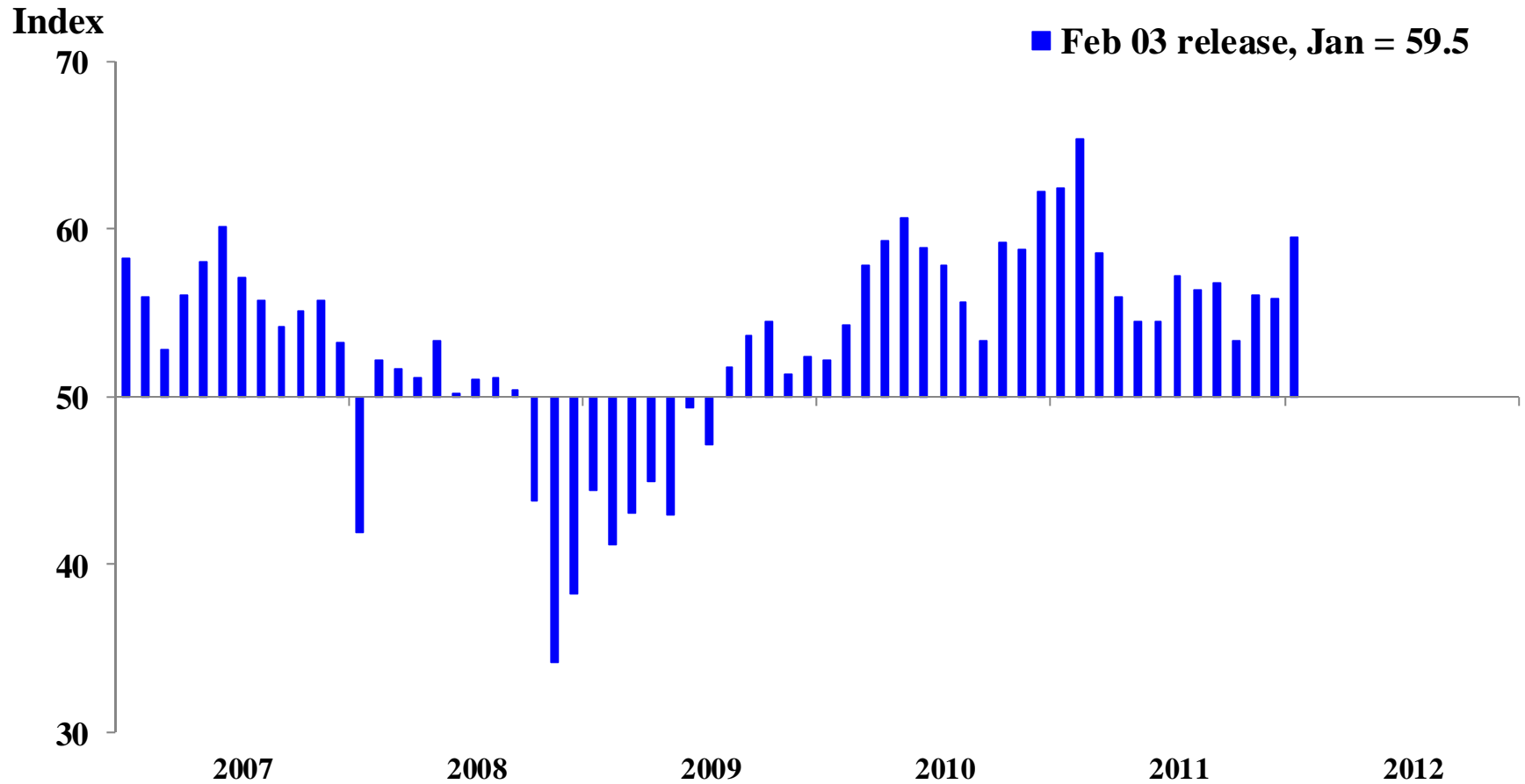


Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



ISM Non-Manufacturing Activity Index

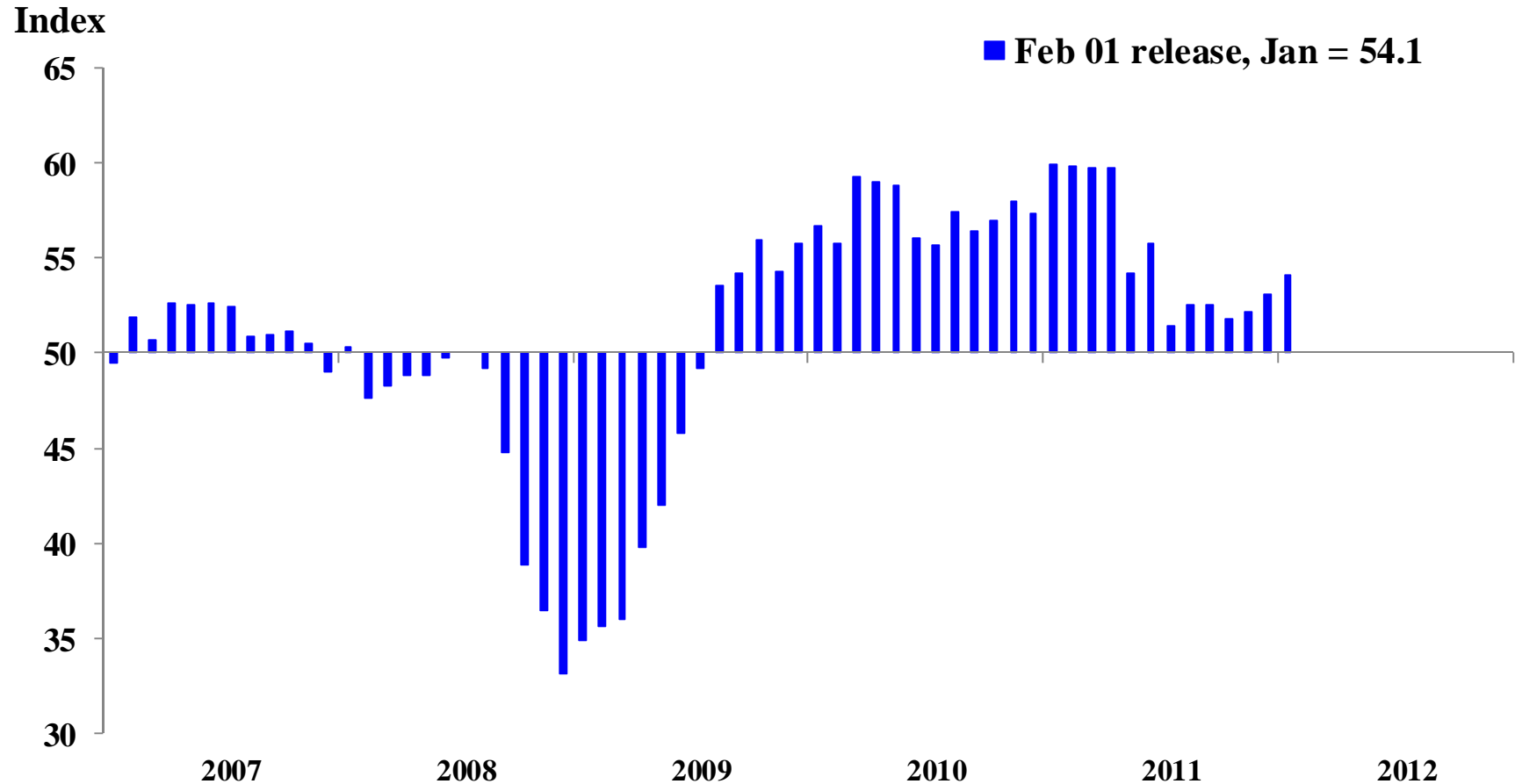


Source : Institute for Supply Management TM

<http://www.dallasfed.org>



Purchasing Managers' Index



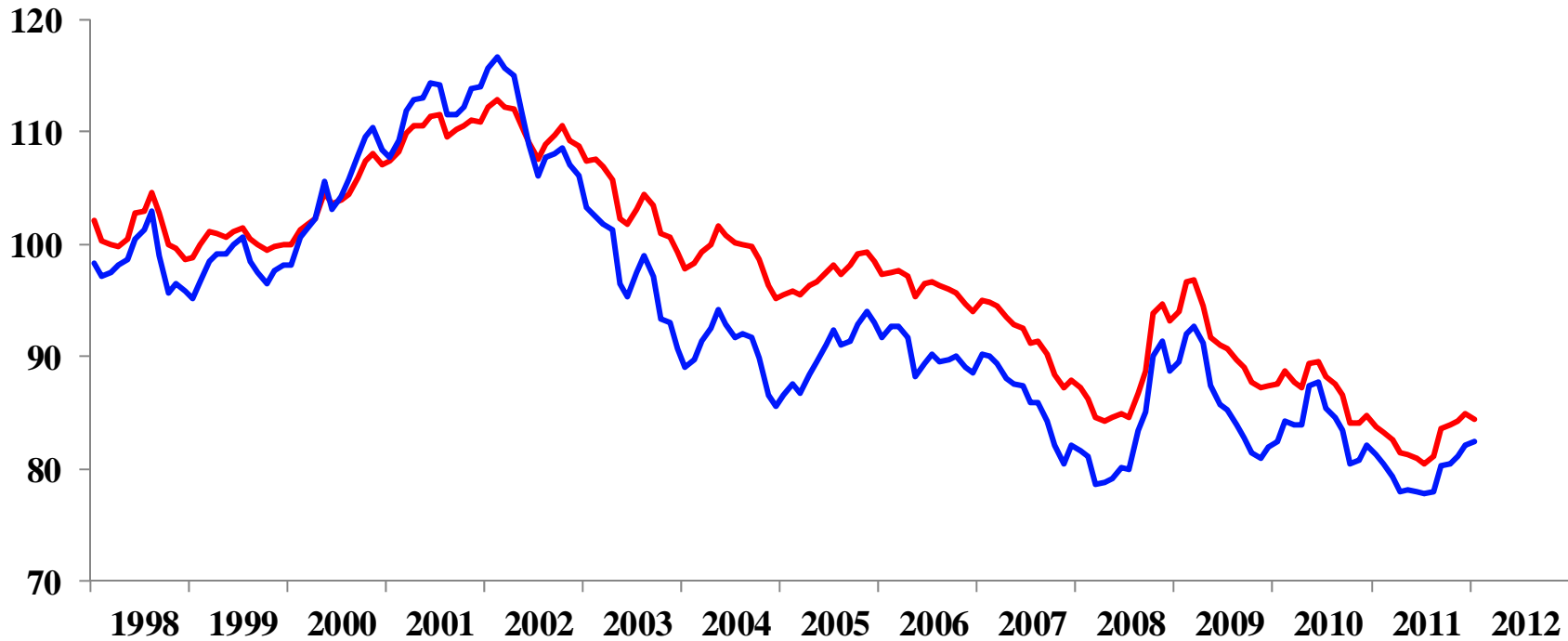
Source: Institute for Supply Management TM

<http://www.dallasfed.org>



Real Value of the Dollar

March 1973 = 100



— Exchange Value of the US\$ (Feb 01 release, Jan=84.4)

— US\$ vs Major Currencies* (Feb 01 release, Jan=82.4)

* Euro Area, Canada, Japan, UK, Switzerland, Australia, and Sweden

Source: Federal Reserve Board

<http://www.dallasfed.org>

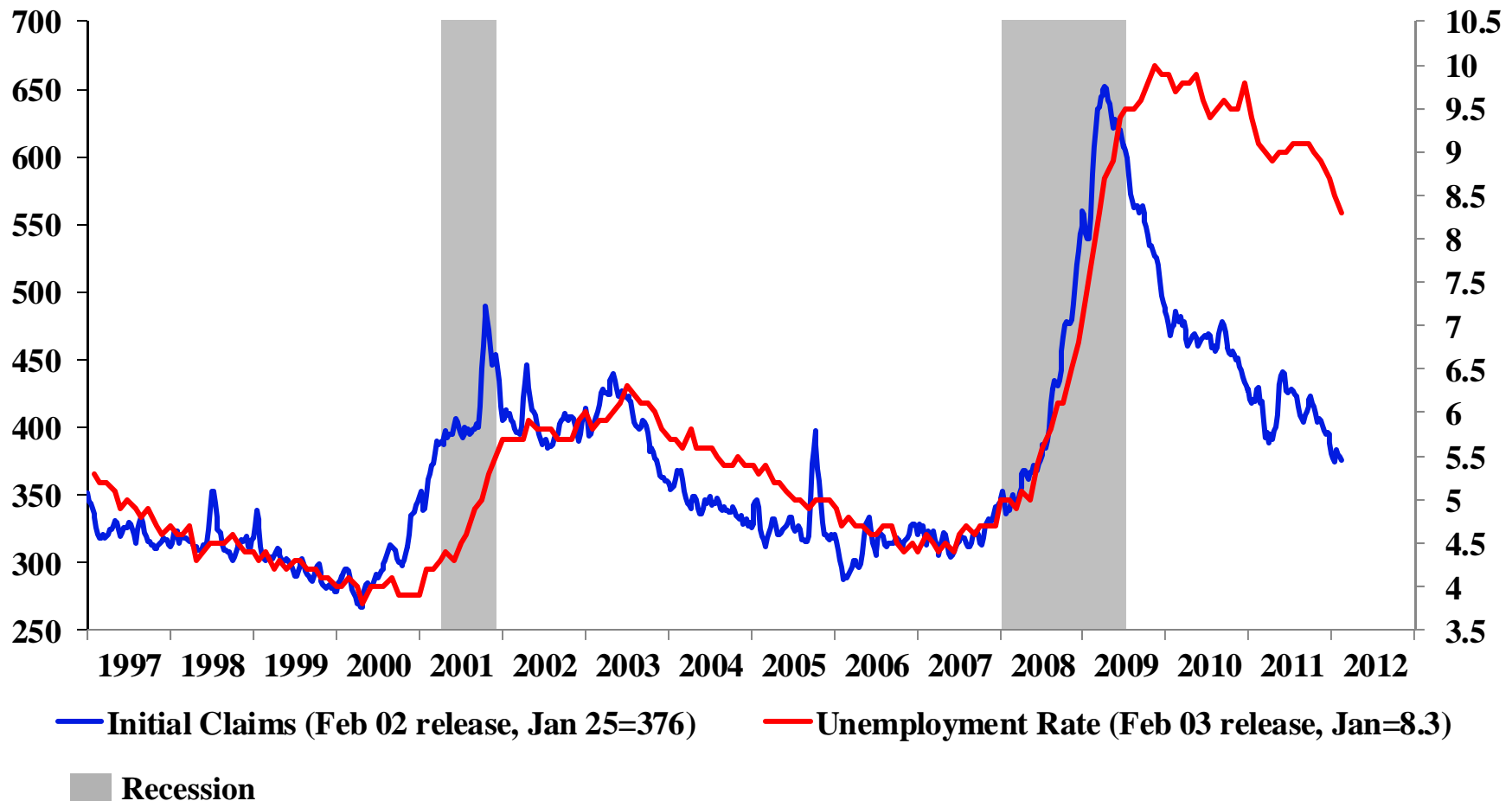


Initial Claims for Unemployment and Unemployment Rate

4-week MA

Thousands of Initial Claims

Percent Unemployment

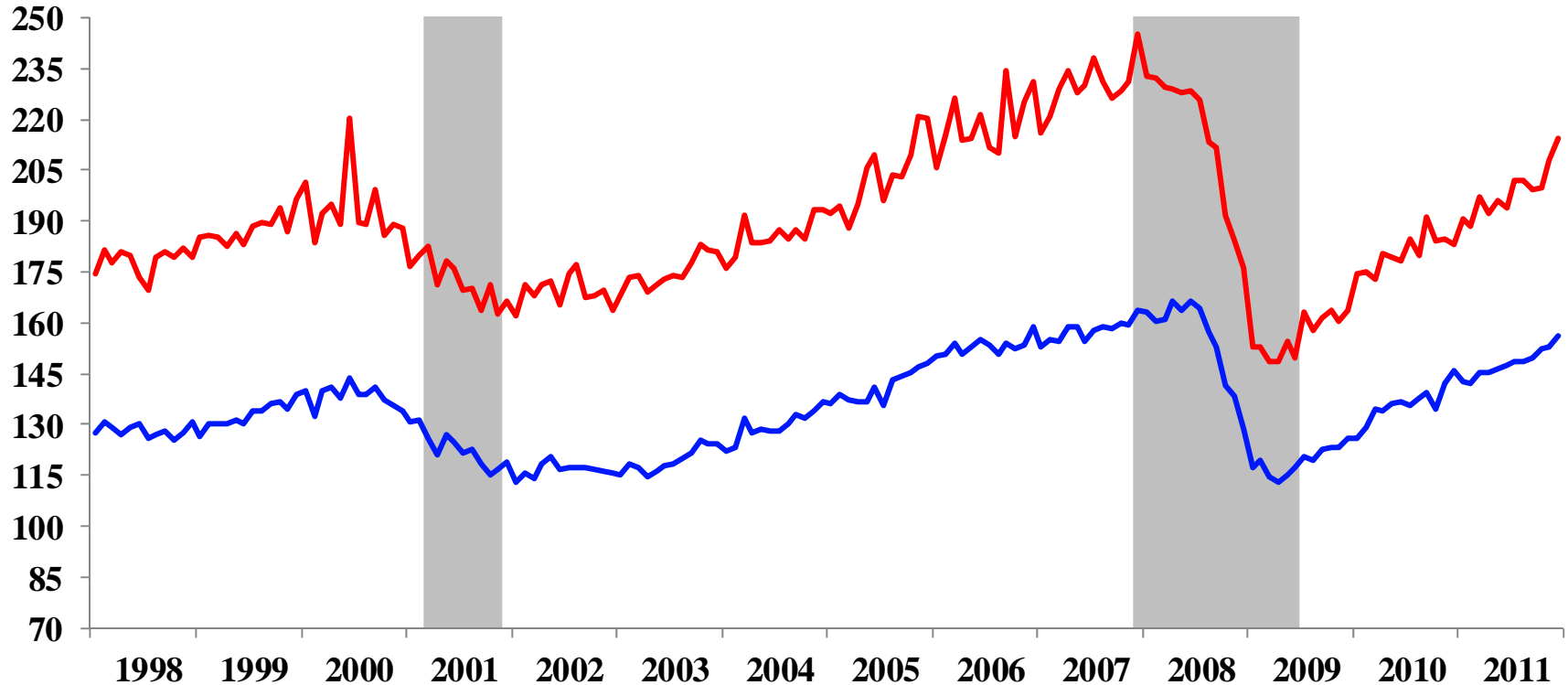


Source: Bureau of Labor Statistics, Department of Labor <http://www.dallasfed.org>



New Orders for Durable Goods

Billions of Dollars



— Durable Goods (Feb 03 release, Dec = 214.3)

— Excl. Transportation (Feb 03 release, Dec = 156)

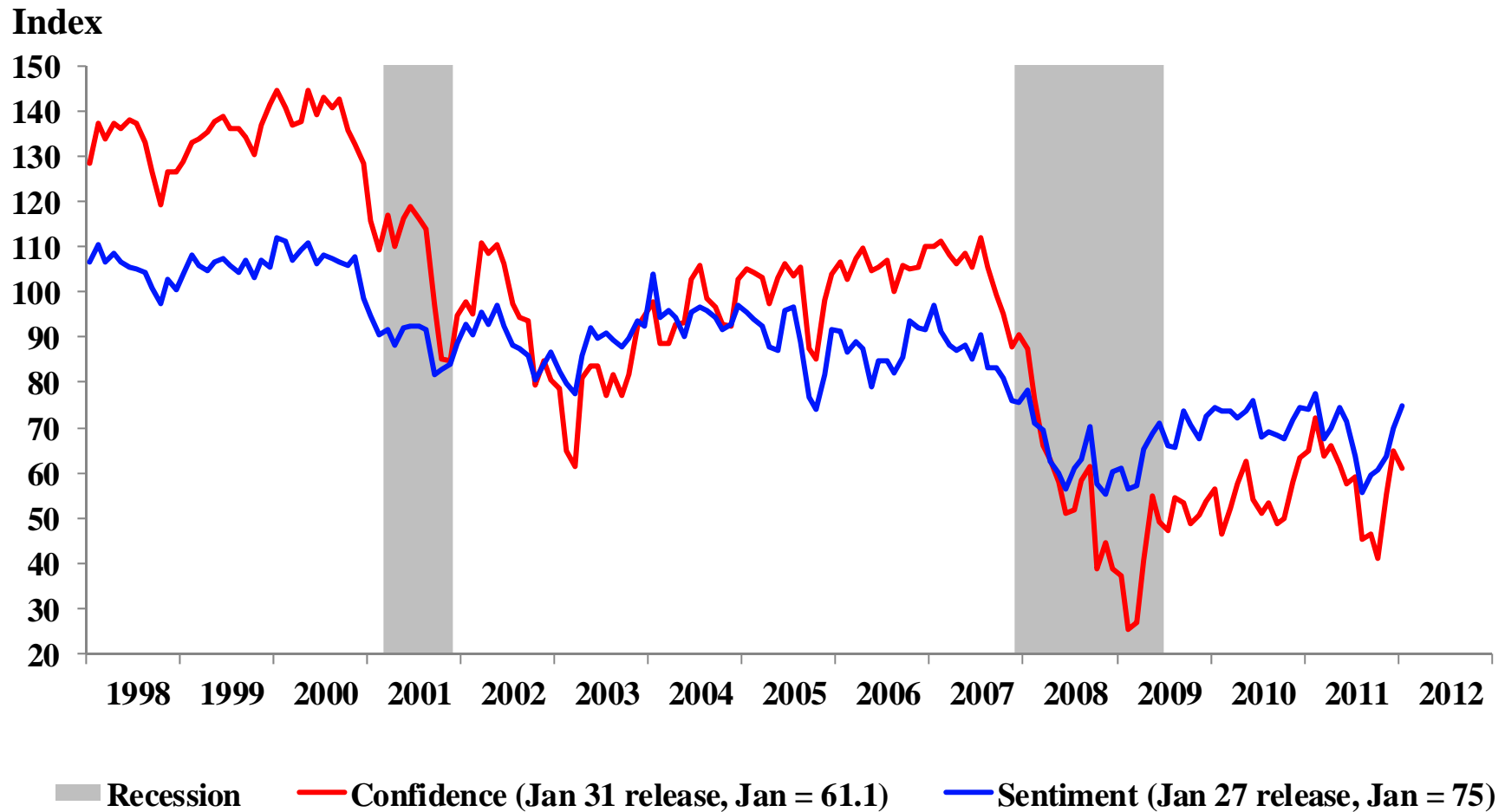
■ Recession

Source: Bureau of the Census

<http://www.dallasfed.org>



Consumer Confidence/Sentiment



Consumer Sentiment: Survey of Consumers, Survey Research Center, U. of Michigan

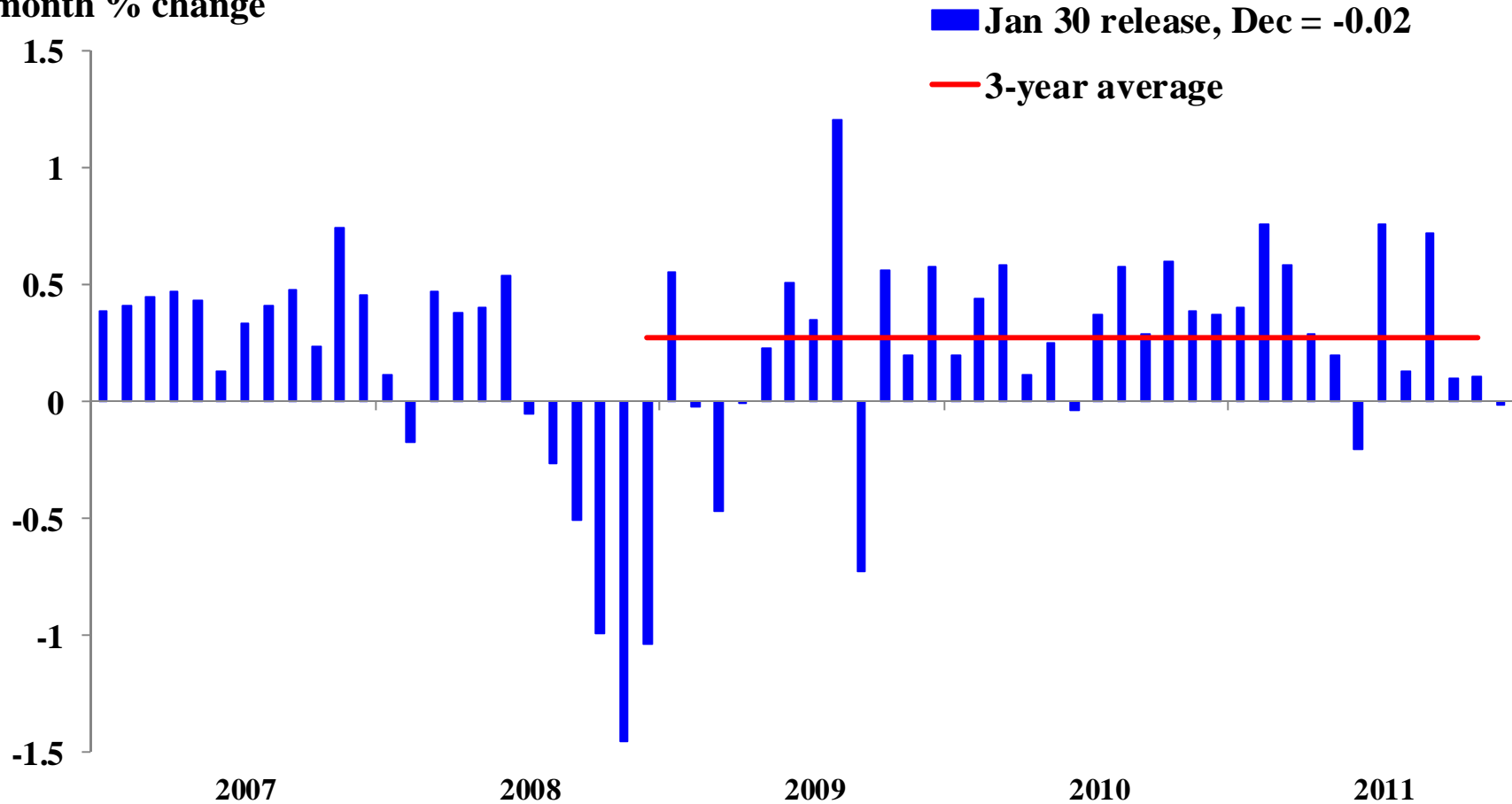
Consumer Confidence: The Conference Board

<http://www.dallasfed.org>



Nominal Personal Consumption Expenditures

1-month % change



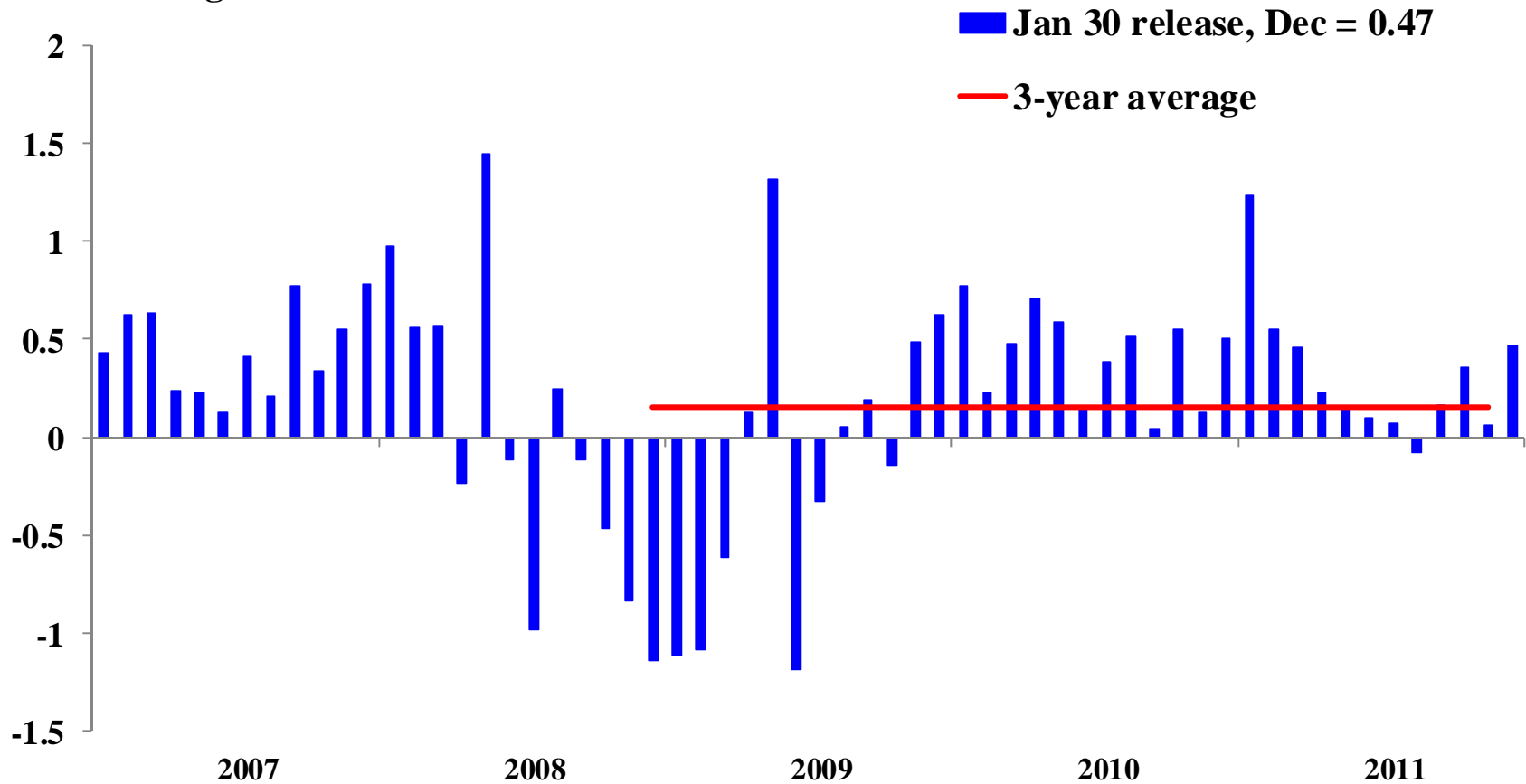
Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



Personal Income

1-month % change



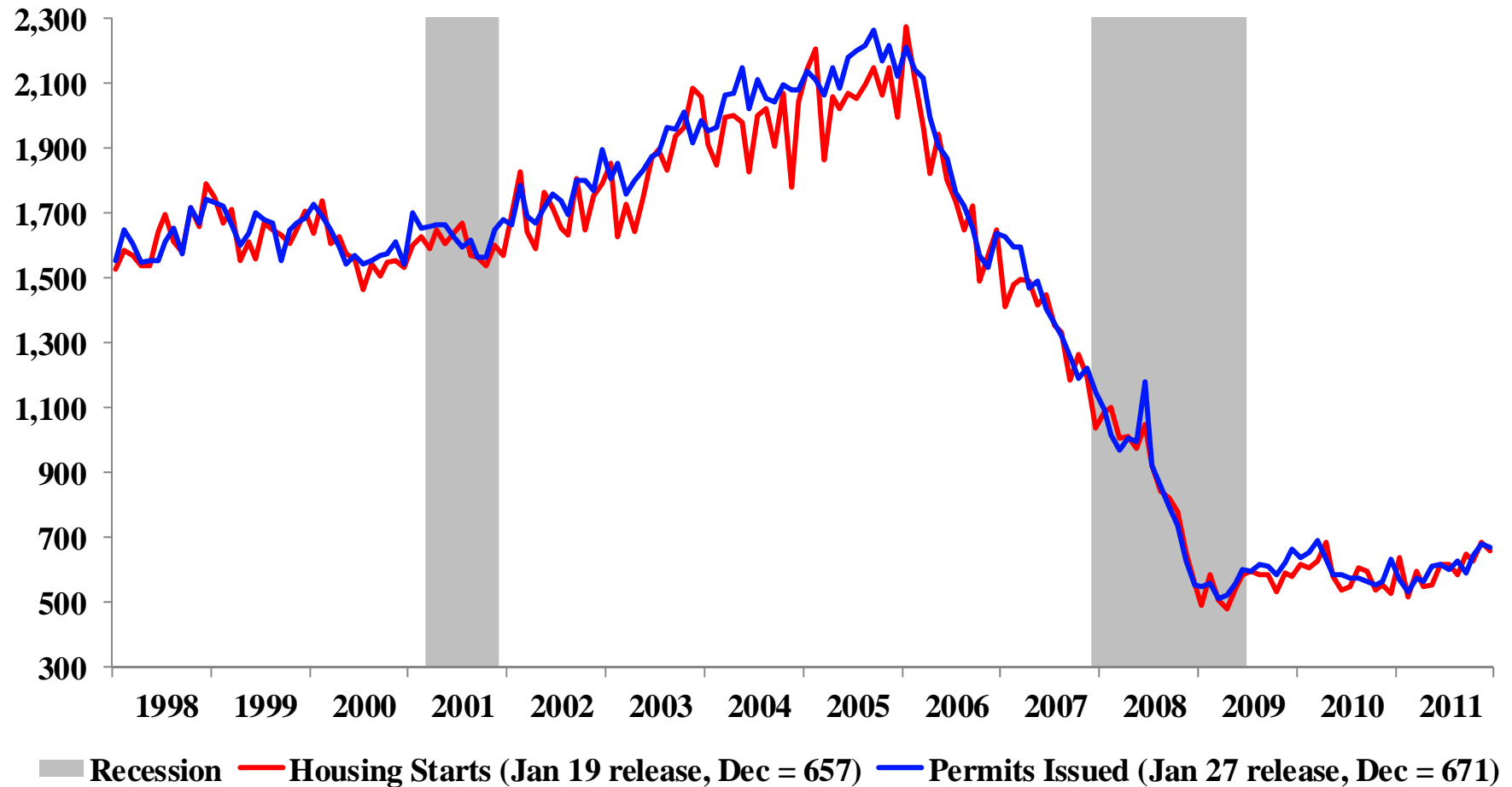
Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



Housing Starts and Permits

Thousands



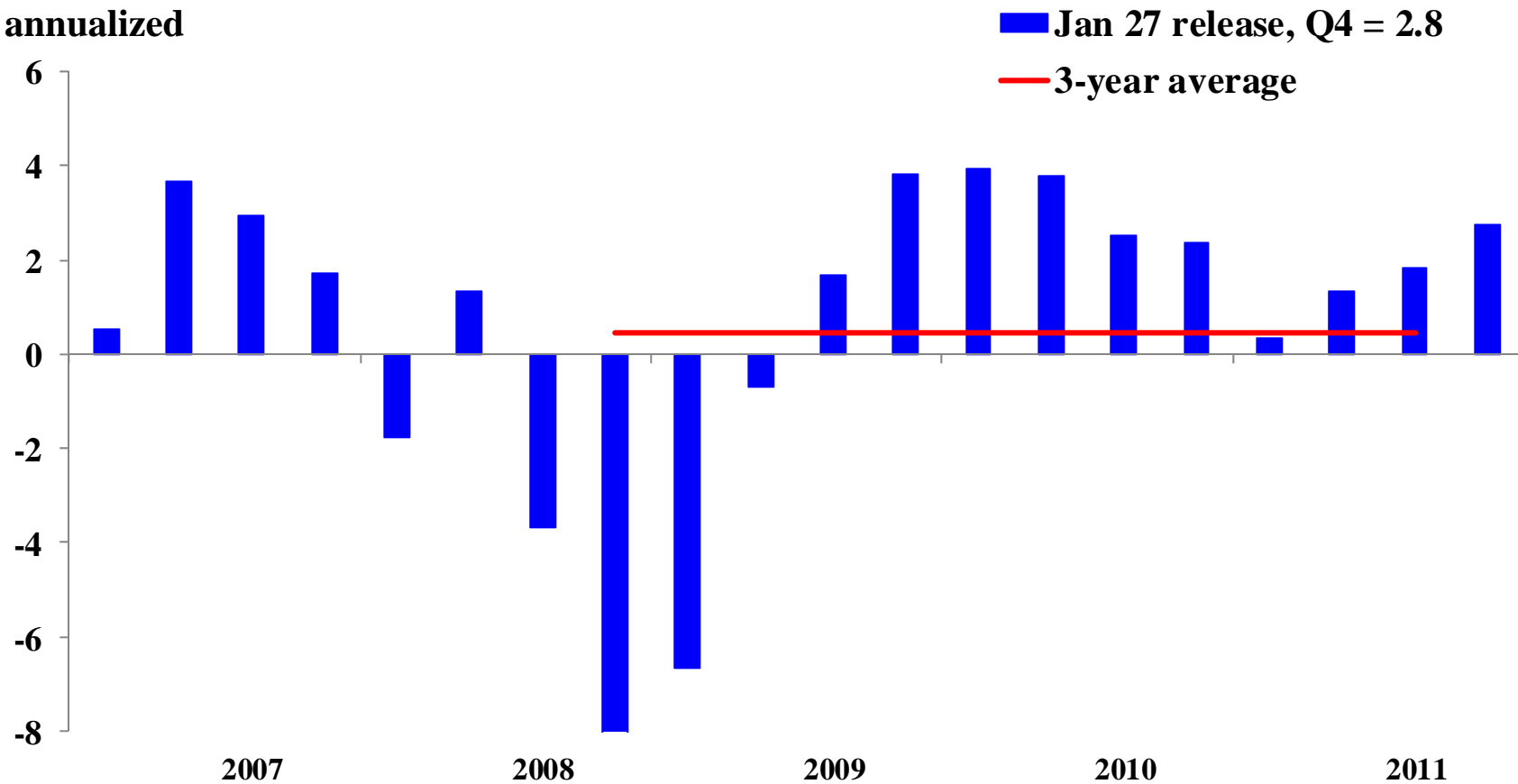
Source: Bureau of the Census

<http://www.dallasfed.org>



Real GDP

1-quarter % change,
annualized

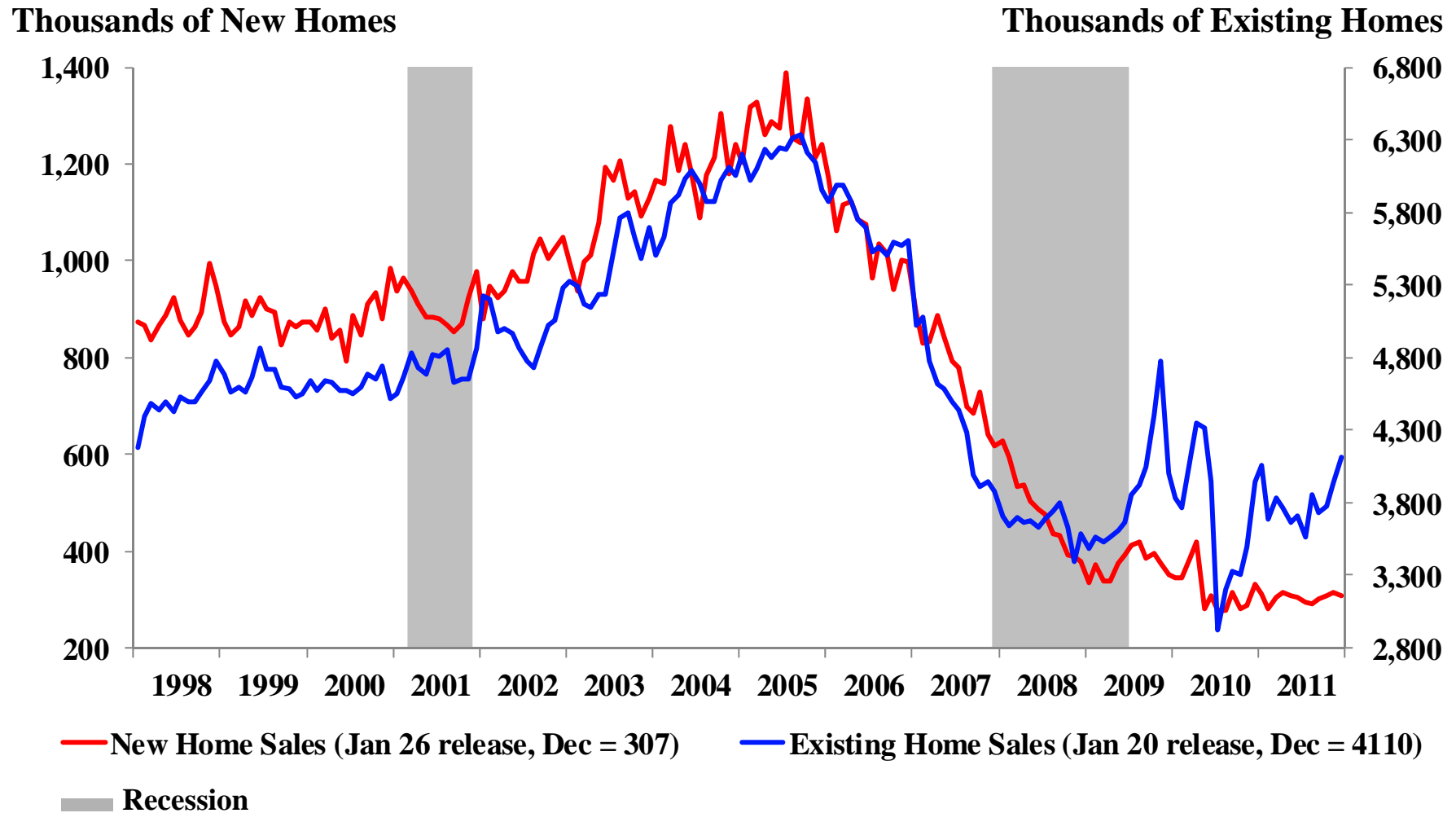


Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



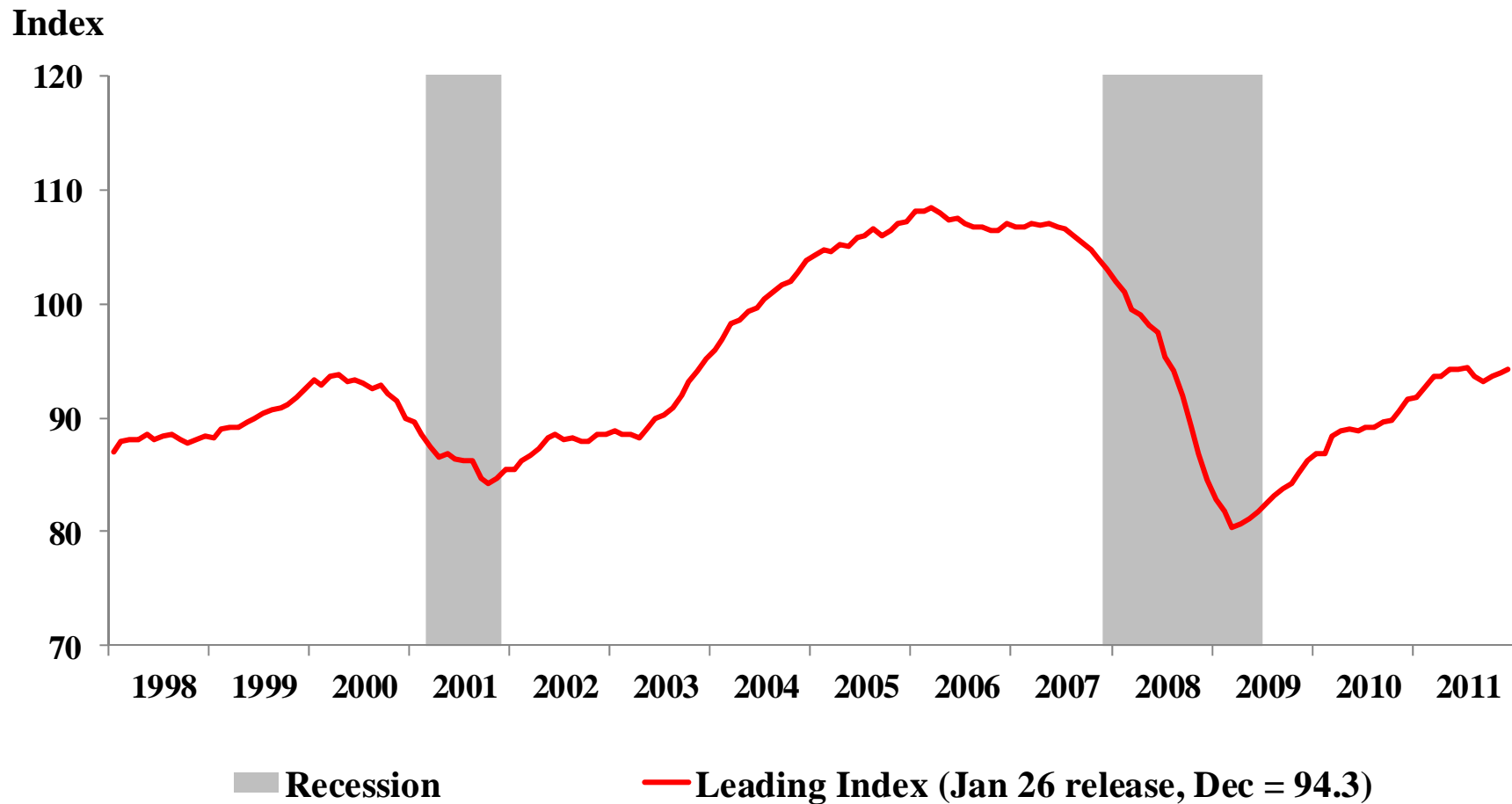
Home Sales



Source: Bureau of the Census, National Association of Realtors <http://www.dallasfed.org>



Index of Leading Economic Indicators



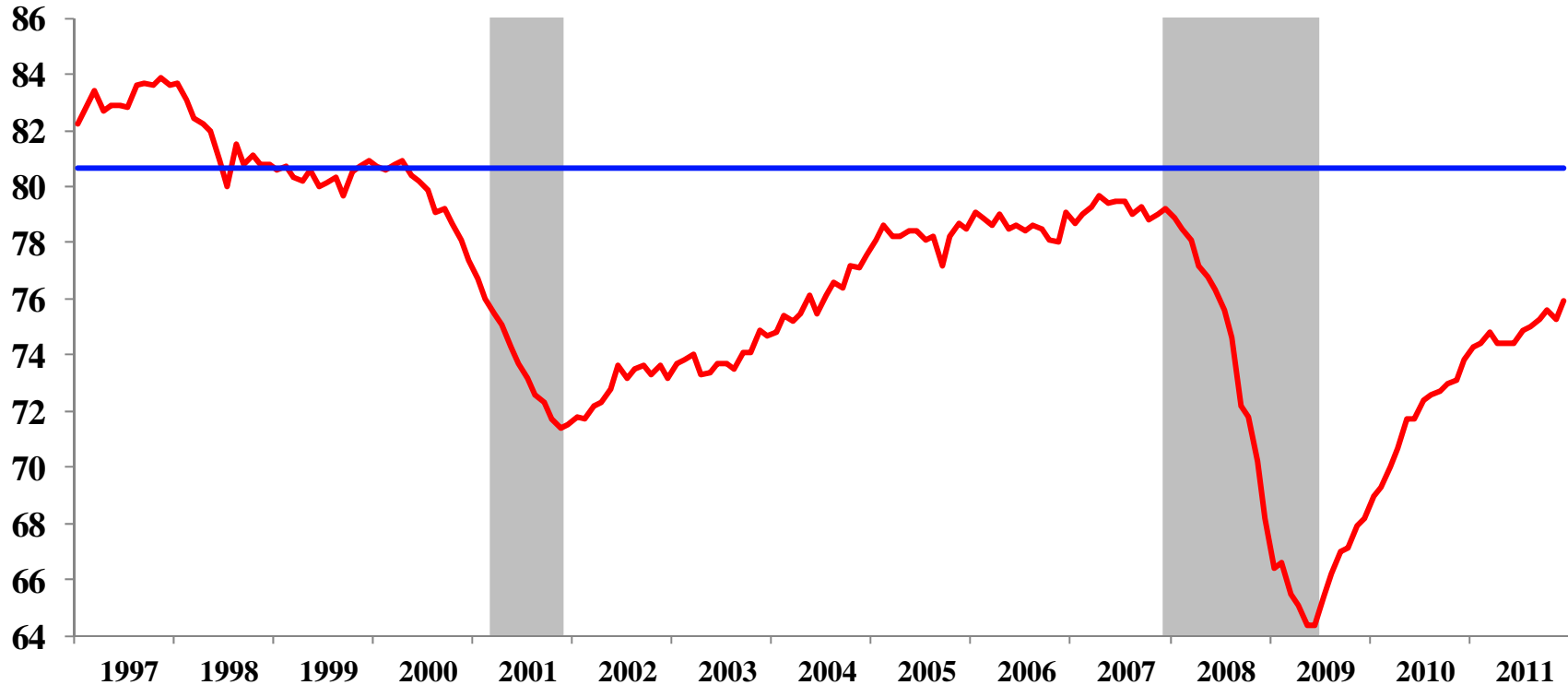
Source: The Conference Board

<http://www.dallasfed.org>



Manufacturing Capacity Utilization Rate

Percent



■ Recession — CU Rate (Jan 18 release, Dec = 75.9) — Historic Average (1948-present)

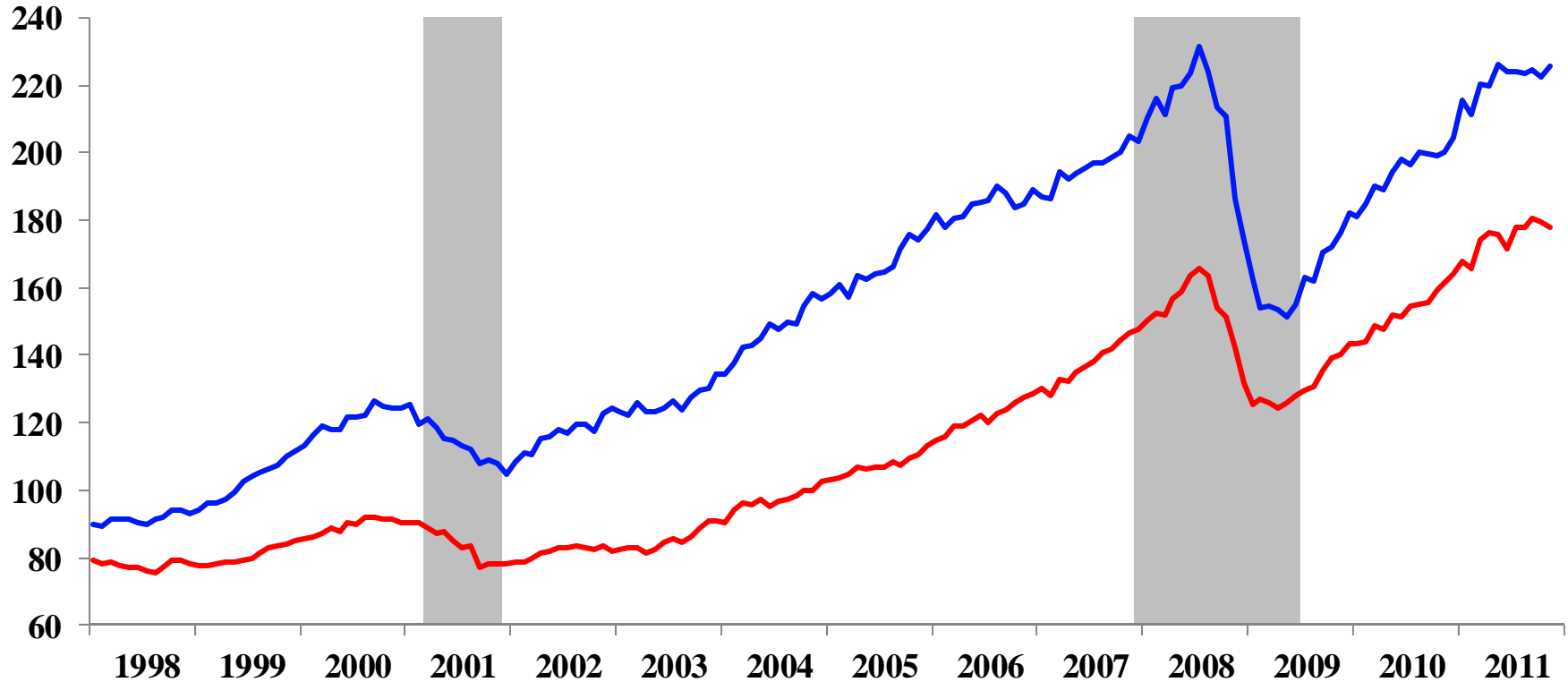
Source: Federal Reserve Board

<http://www.dallasfed.org>



U.S. Imports and Exports

Billions of Dollars



■ Recession

— Exports (Jan 13 release, Nov = 177.8)

— Imports (Jan 13 release, Nov = 225.6)

Source: Bureau of the Census

<http://www.dallasfed.org>



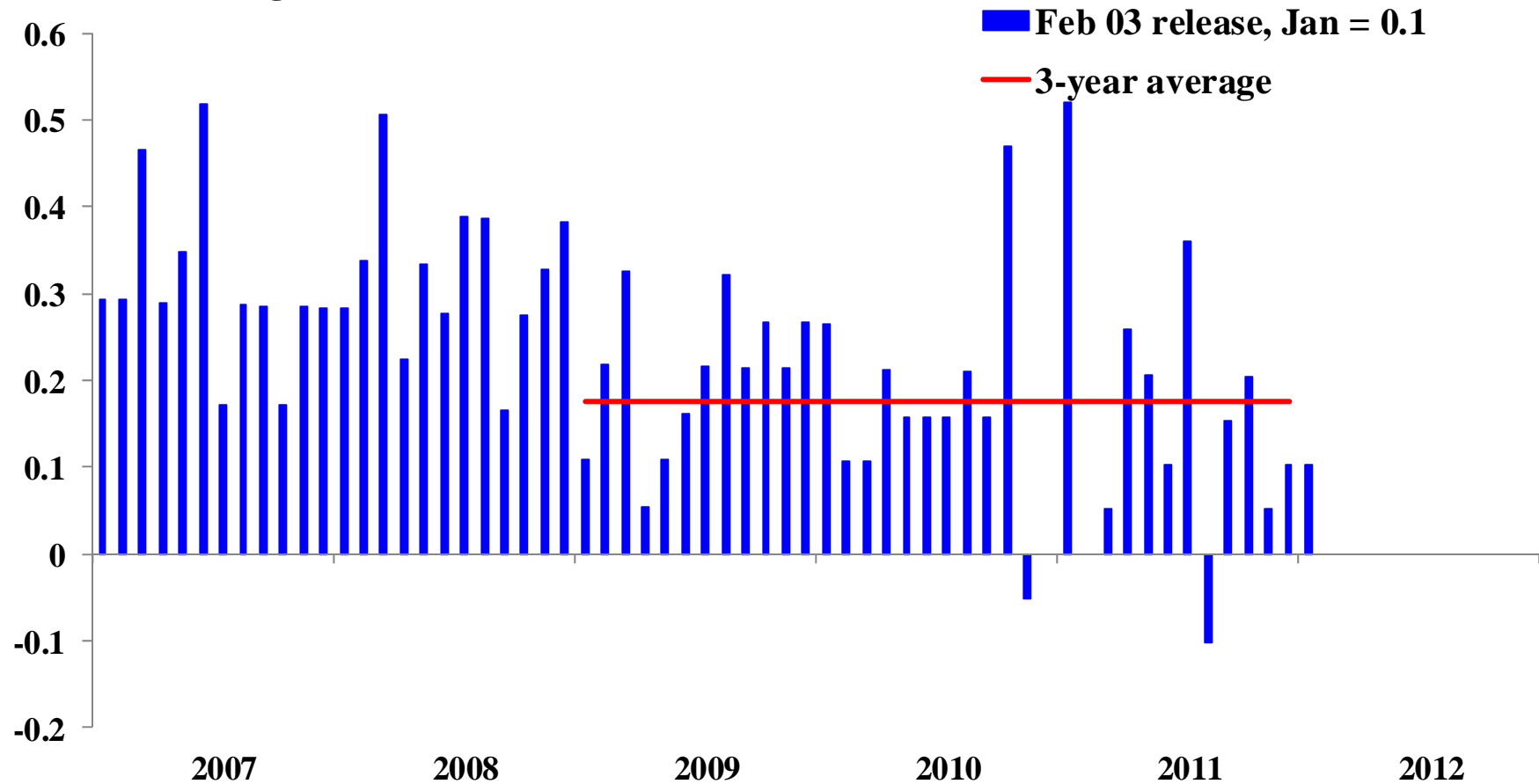
WAGES AND PRICES

<http://www.dallasfed.org>



Average Hourly Earnings

1-month % change



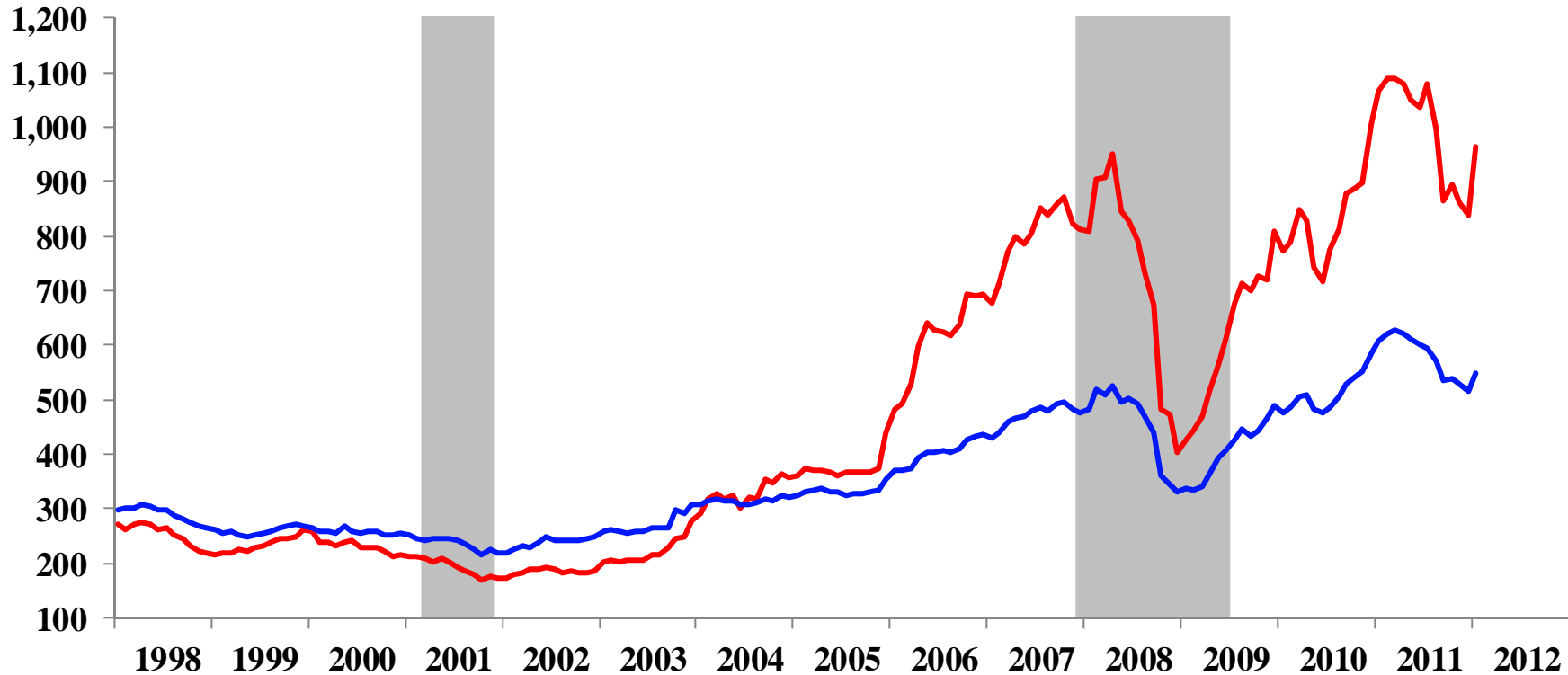
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Commodity Prices

1967=100, EOP



— KR-CRB Spot Commodity Price Index: Metals (Feb 02 release, Jan=964.6)

— KR-CRB Spot Commodity Price Index: Raw Industrials (Feb 02 release, Jan=547)

■ Recession

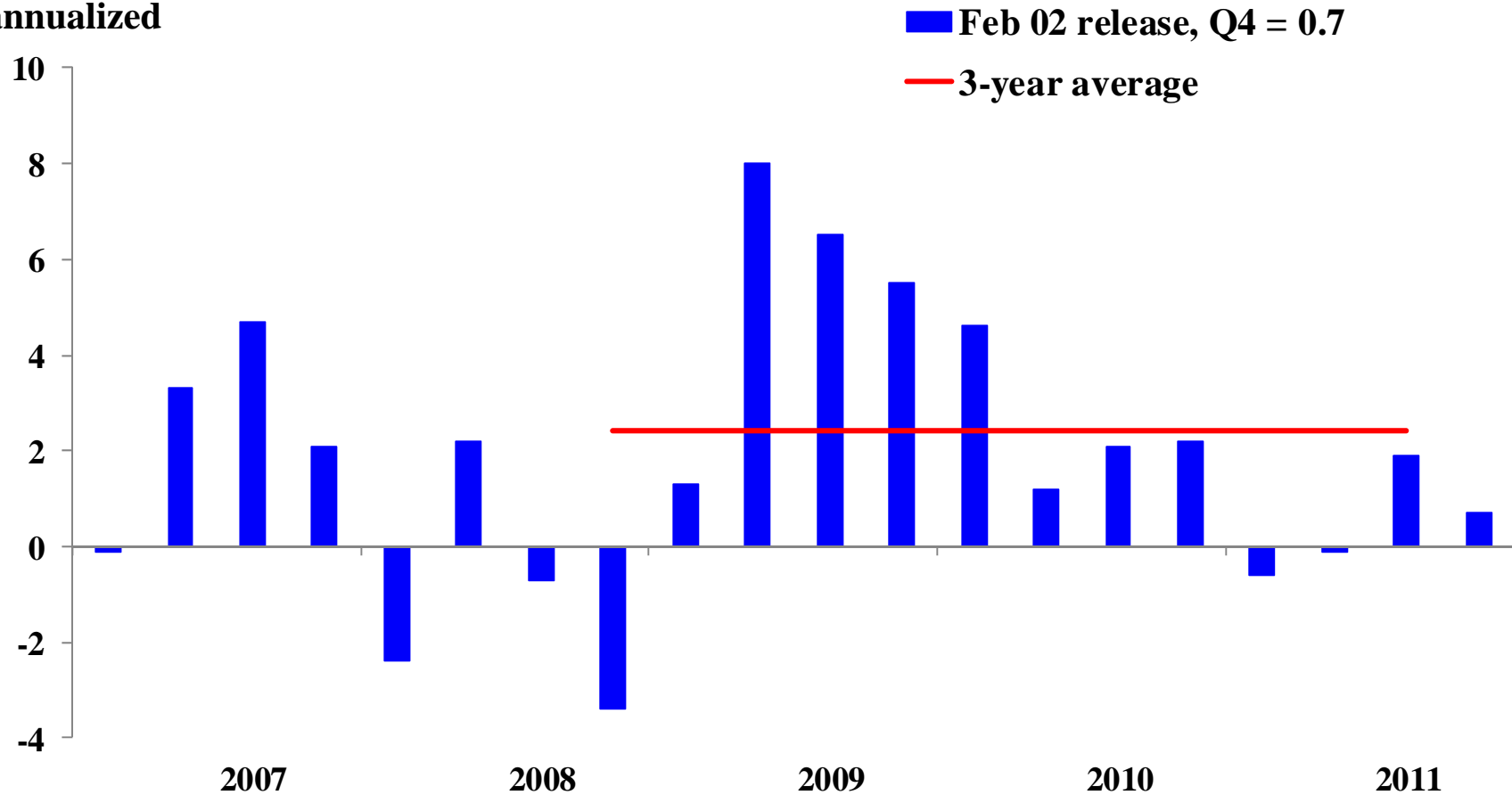
Source: Commodity Research Bureau

<http://www.dallasfed.org>



Nonfarm Business Productivity

1-quarter % change,
annualized



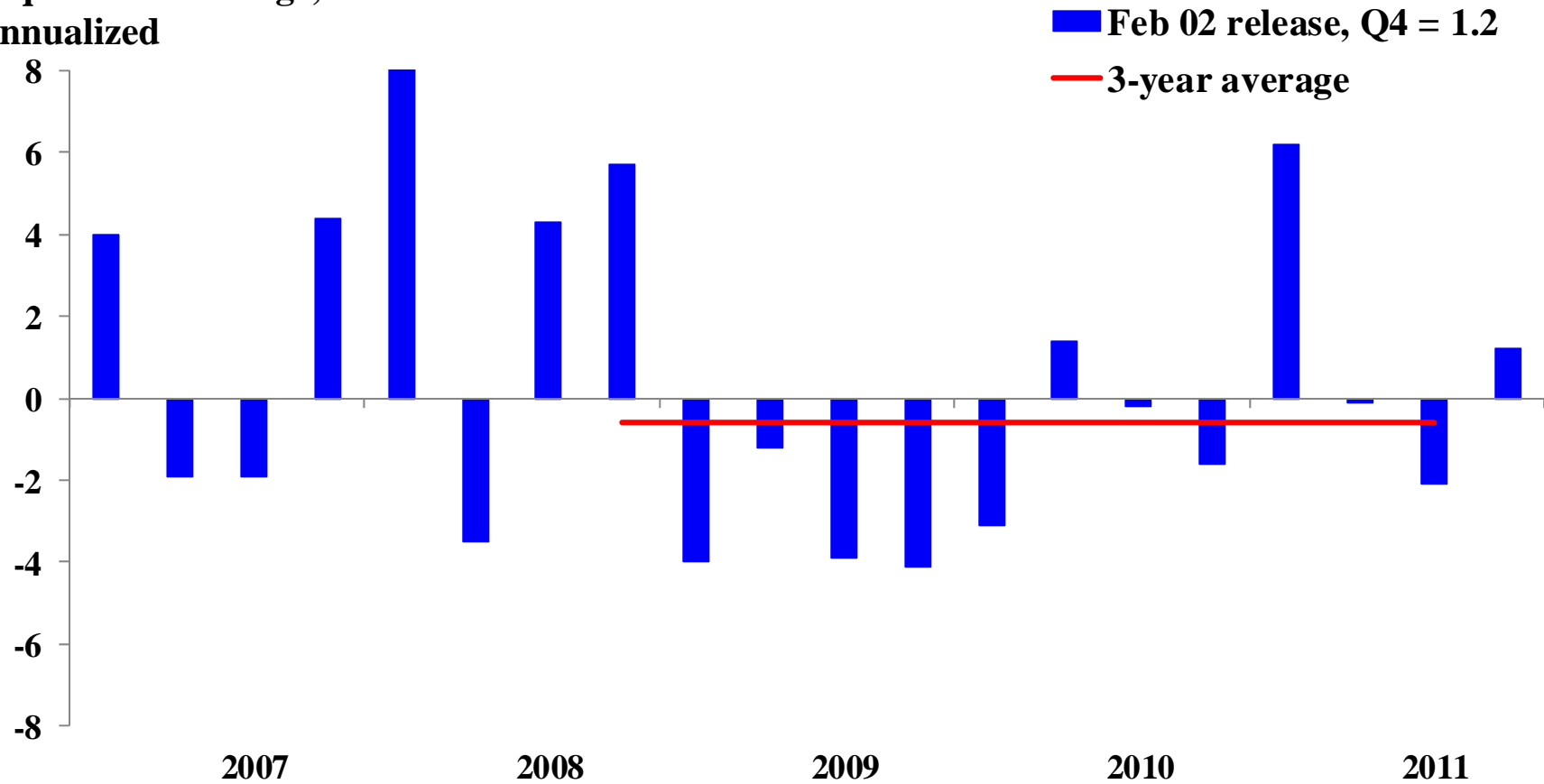
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Nonfarm Business Unit Labor Cost

1-quarter % change,
annualized

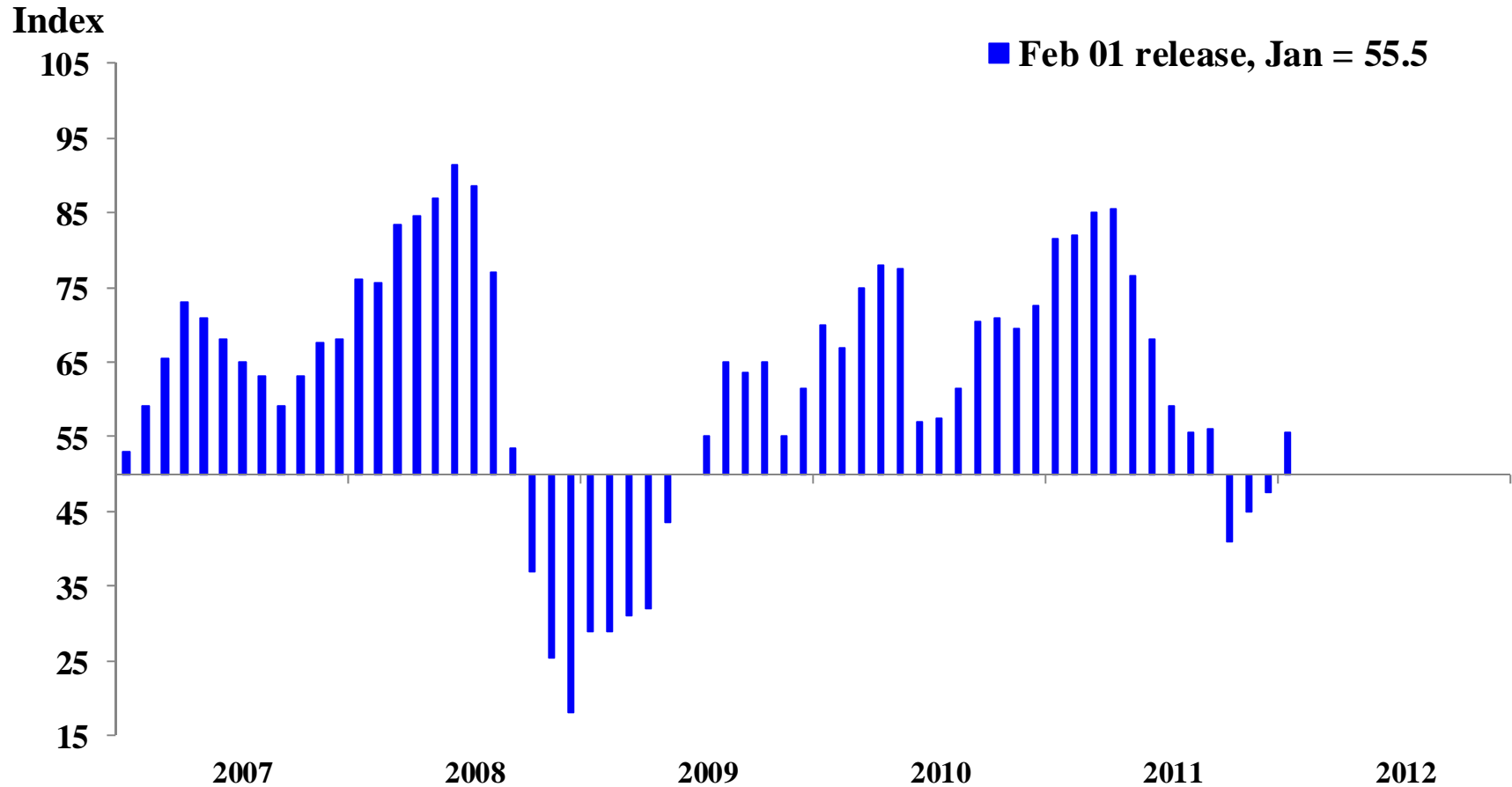


Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



ISM Manufacturing Prices Index



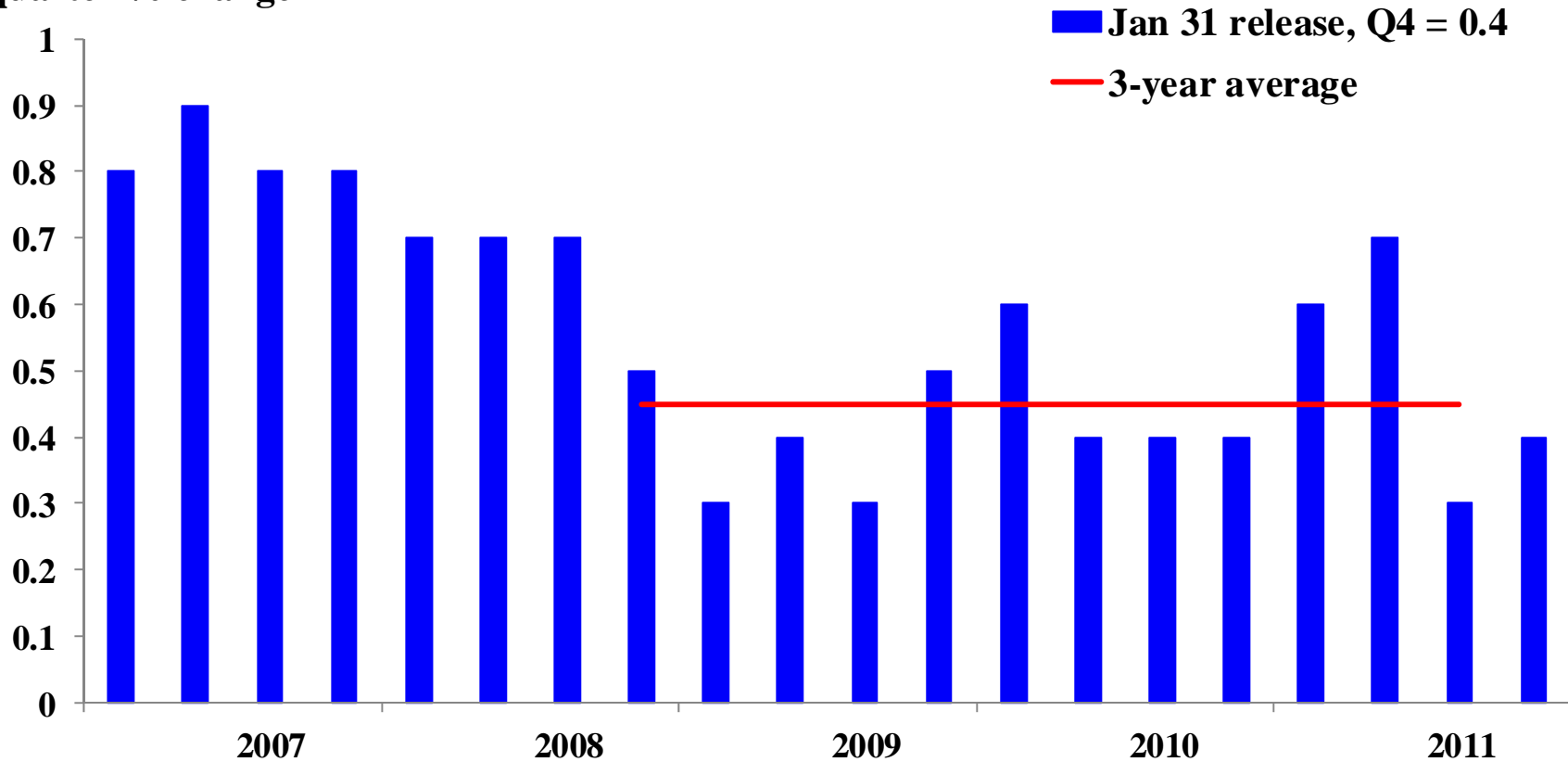
Source : Institute for Supply Management TM

<http://www.dallasfed.org>



Employment Cost Index

1-quarter % change



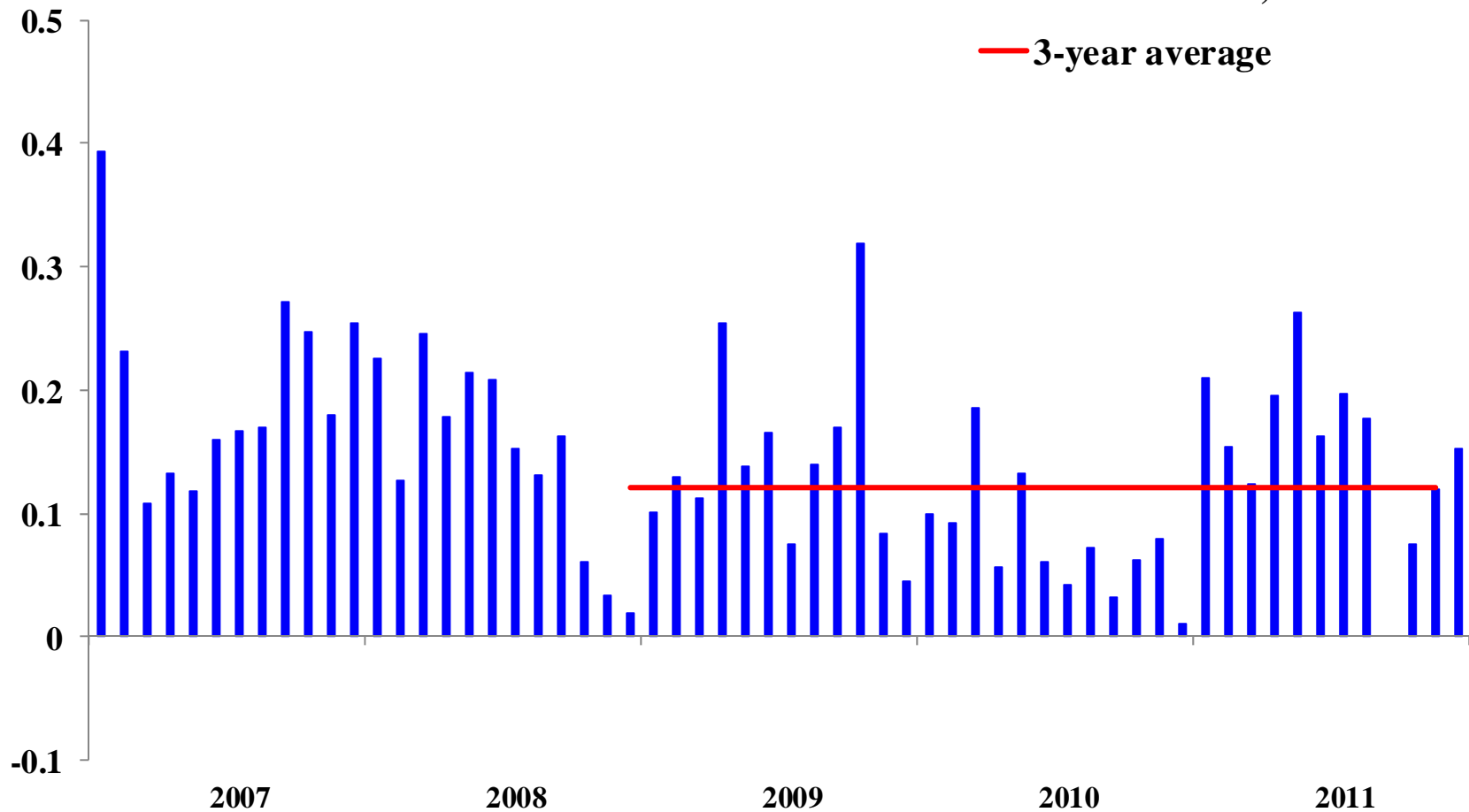
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Core PCE Price Index

1-month % change

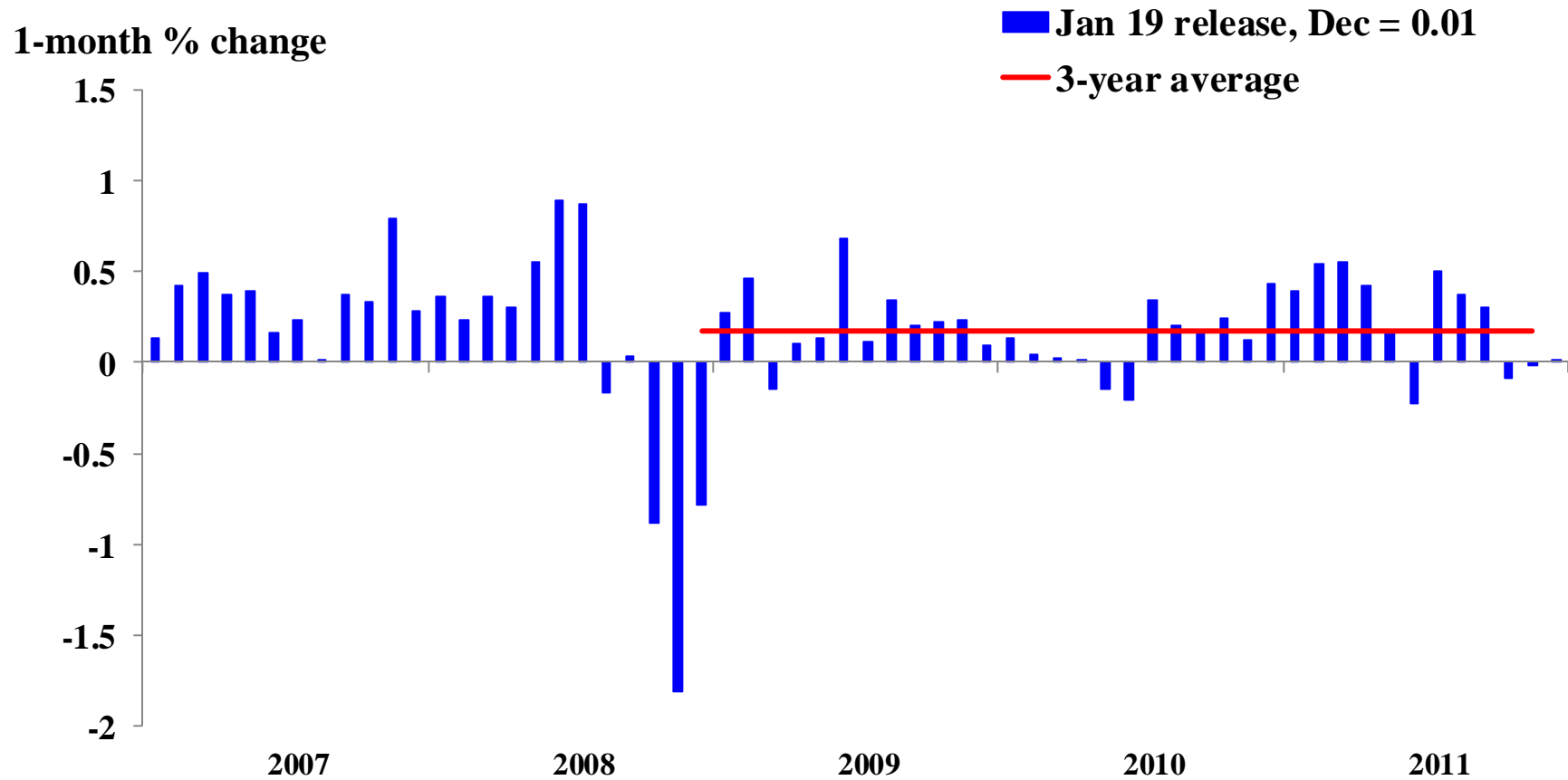


Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



Consumer Price Index



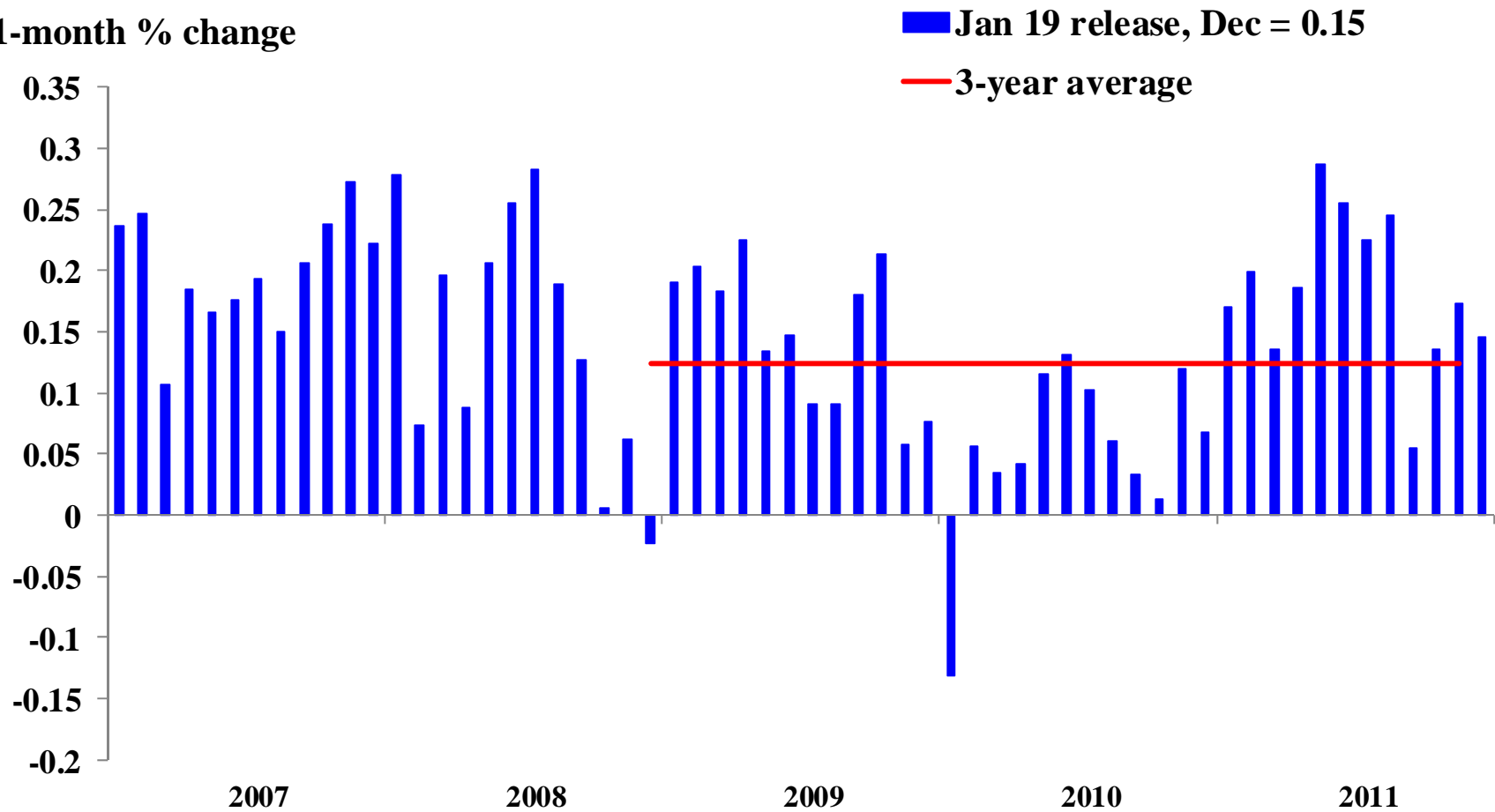
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Core Consumer Price Index

1-month % change



Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



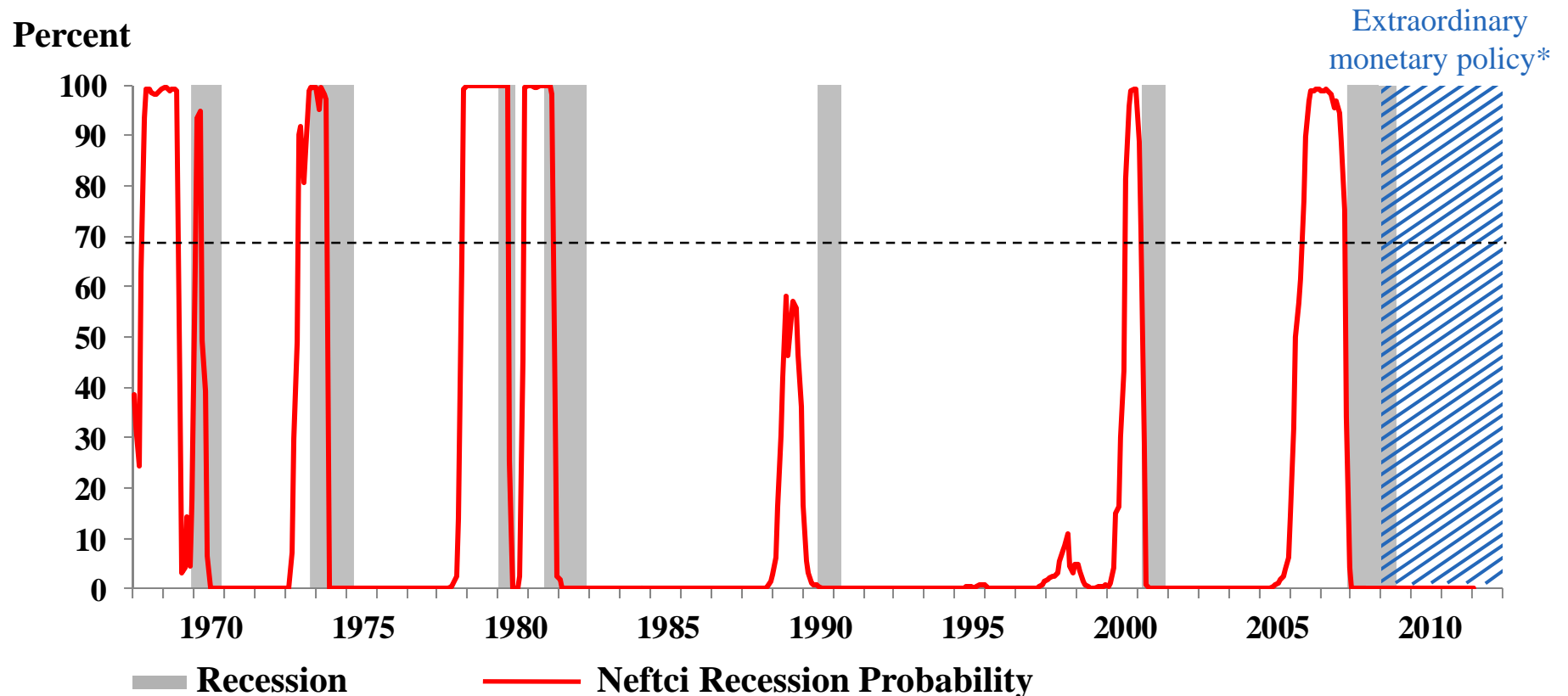
FINANCIAL-SECTOR DEVELOPMENTS

<http://www.dallasfed.org>



Recession Probability

Real-time Neftci probability calculated from 10-yr.--1-yr. Treasury yield spread



Crosses 70% threshold with a lead of between 5 and 18 months, and averaging 11 months.

*Indicator properties of the yield curve may be distorted during this period due to the zero bound on short-term interest rates and Federal Reserve purchases of long-term Treasuries.

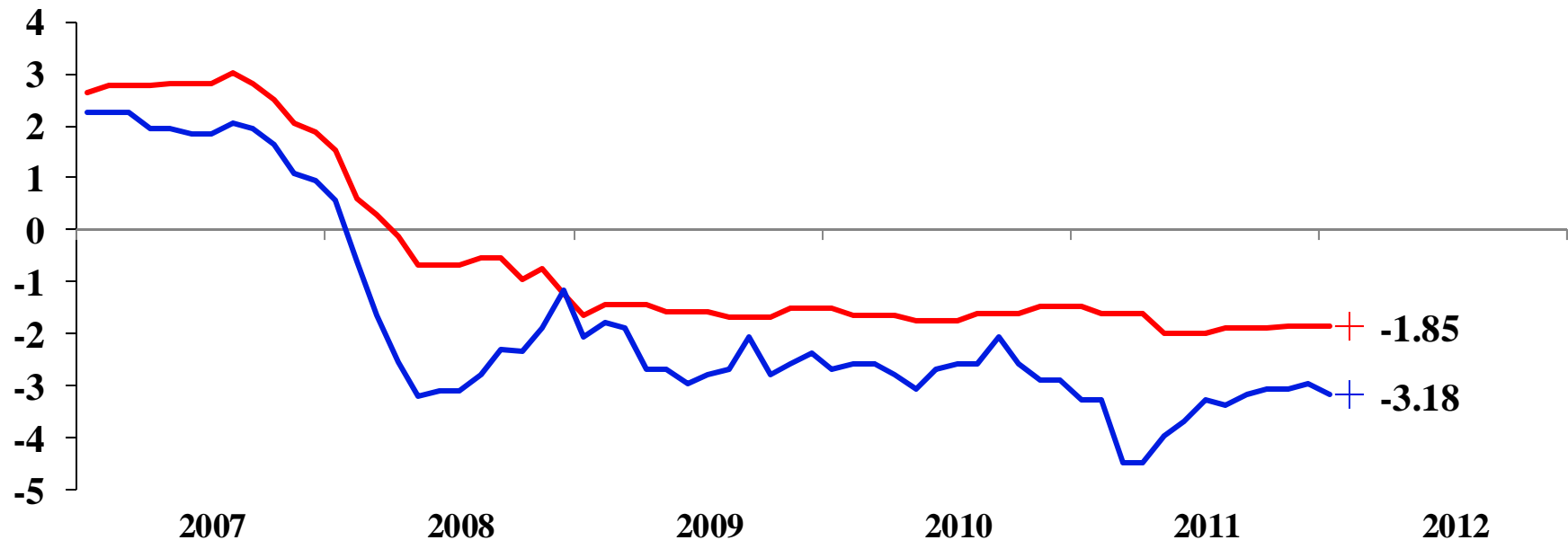
Source: Federal Reserve Board; calculations by FRB Dallas

<http://www.dallasfed.org>



Real Federal Funds Rate

Percent

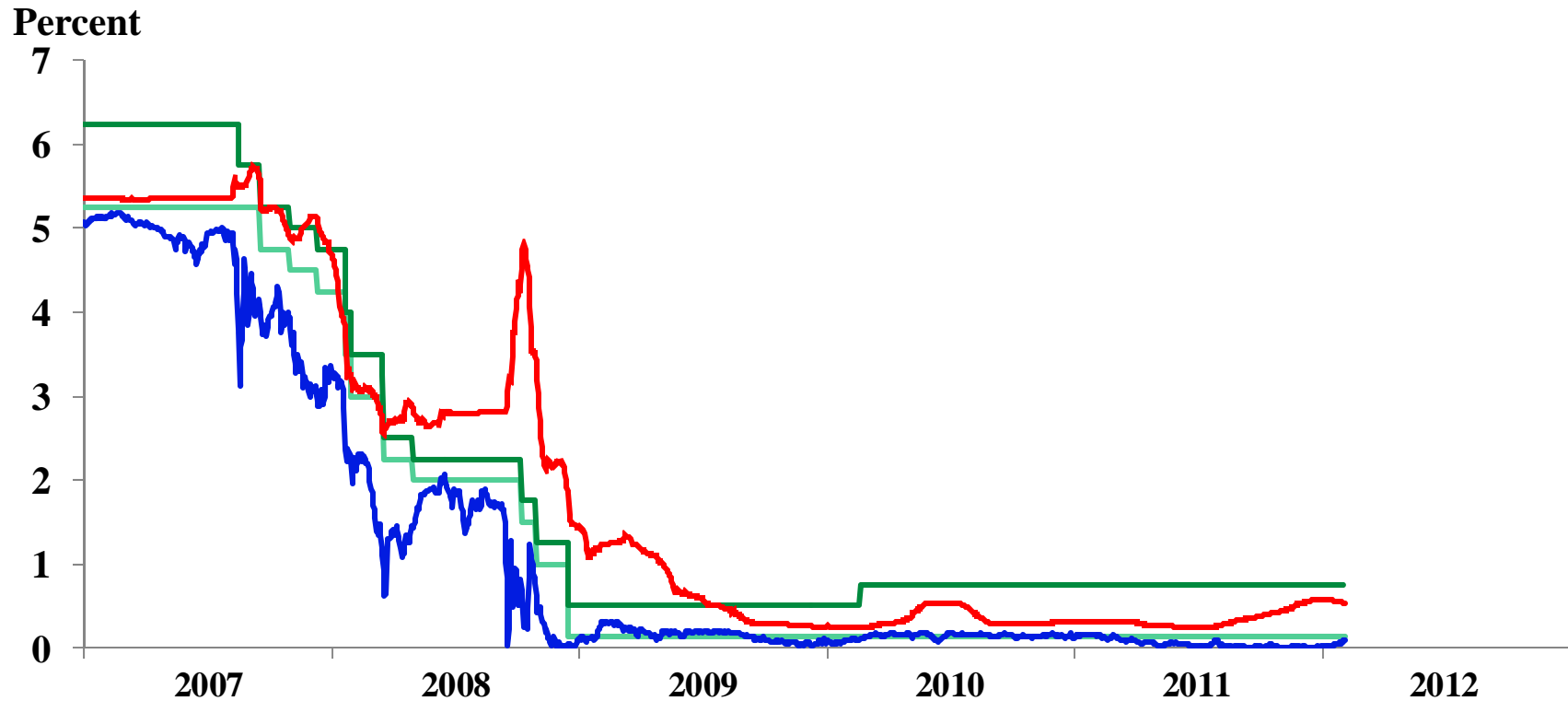


- End-of-Month Target Fed Funds Rate less SPF Expected Inflation
- + Target Fed Funds Rate (Feb 03) less SPF Expected Inflation (Nov 14)
- End-of-Month Target Fed Funds Rate less U. of Michigan Expected Inflation
- + Target Fed Funds Rate (Feb 03) less U. of Michigan Expected Inflation (Jan 27)

Sources: Target Fed Funds Rate: Federal Reserve Board; SPF Expected Inflation: FRB Philadelphia; U. of Michigan Expected Inflation: Survey of Consumers, Survey Research Center, U. of Michigan
<http://www.dallasfed.org>



Short-Term Interest Rates



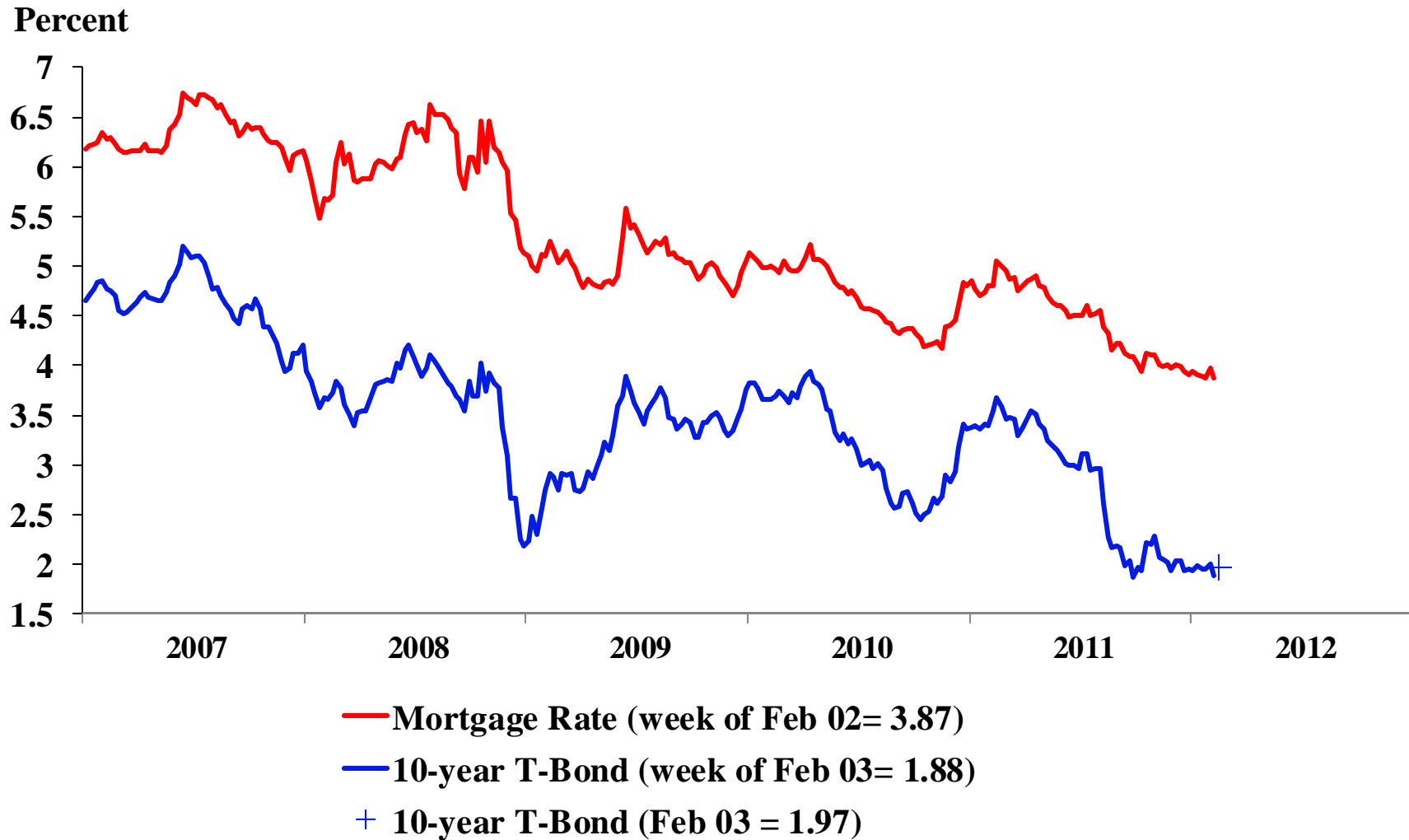
- Target Fed Fund Rate (Feb 03 = 0.125)
- 3-Month T-Bill Rate (Feb 03 = 0.08)
- Discount Window Primary Credit Rate (Feb 02 = 0.75)
- 3-month LIBOR (Feb 03 = 0.527)

Source: Federal Reserve Board

<http://www.dallasfed.org>



Long-Term Interest Rates



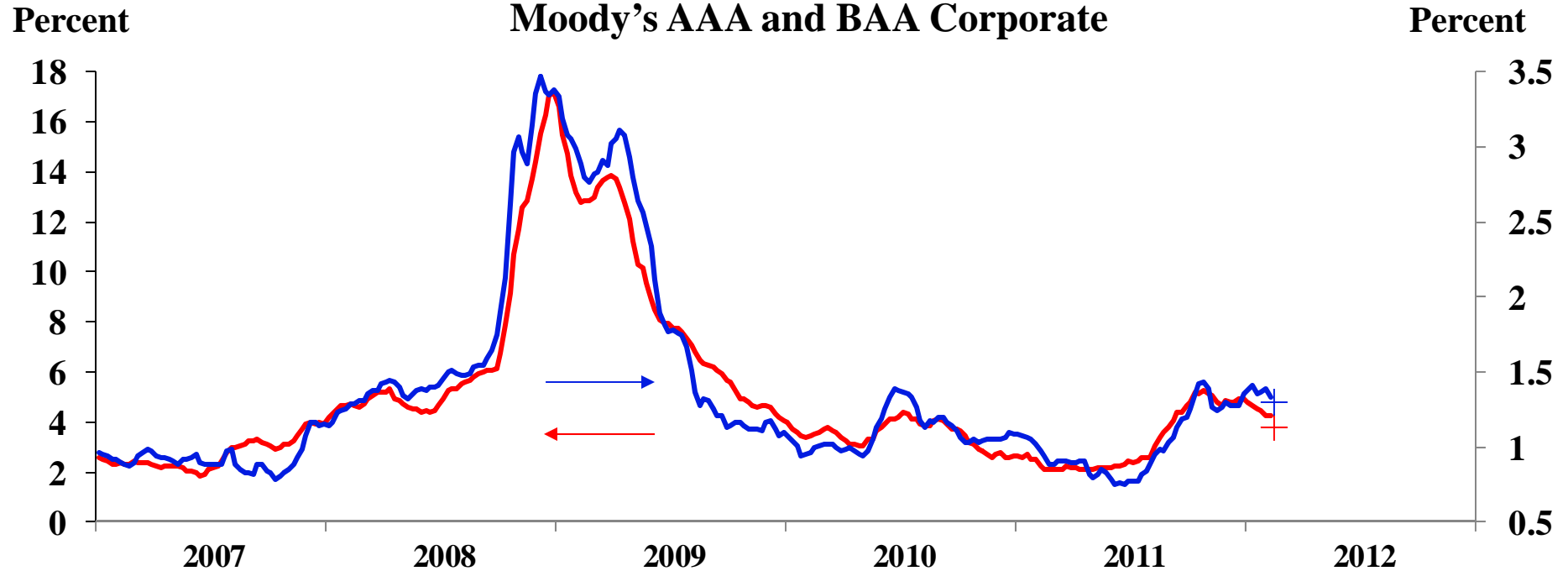
Source: Federal Reserve Board

<http://www.dallasfed.org>



Bond Spreads

Merrill Lynch's Yield on Low-Grade Corporate Bonds,
Moody's AAA and BAA Corporate



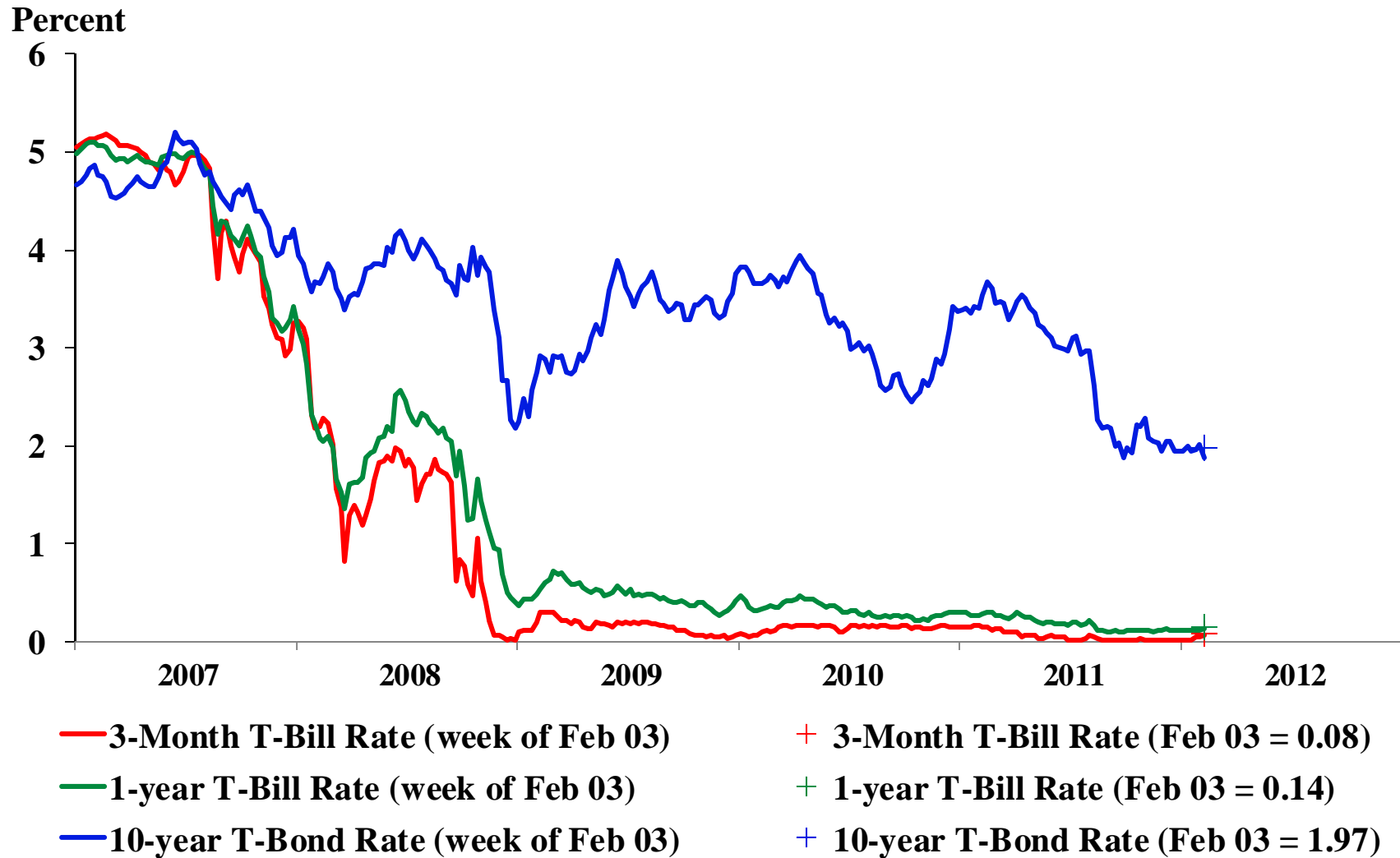
- Low-Grade Corporate less AAA Corporate (week of Feb 03 = 4.25)
- + Daily (Feb 03 = 3.8)
- BAA Corporate less AAA Corporate (week of Feb 03 = 1.33)
- + Daily (Feb 03 = 1.3)

Source: Moody's Investors Service, Merrill Lynch

<http://www.dallasfed.org>



Yield Curve



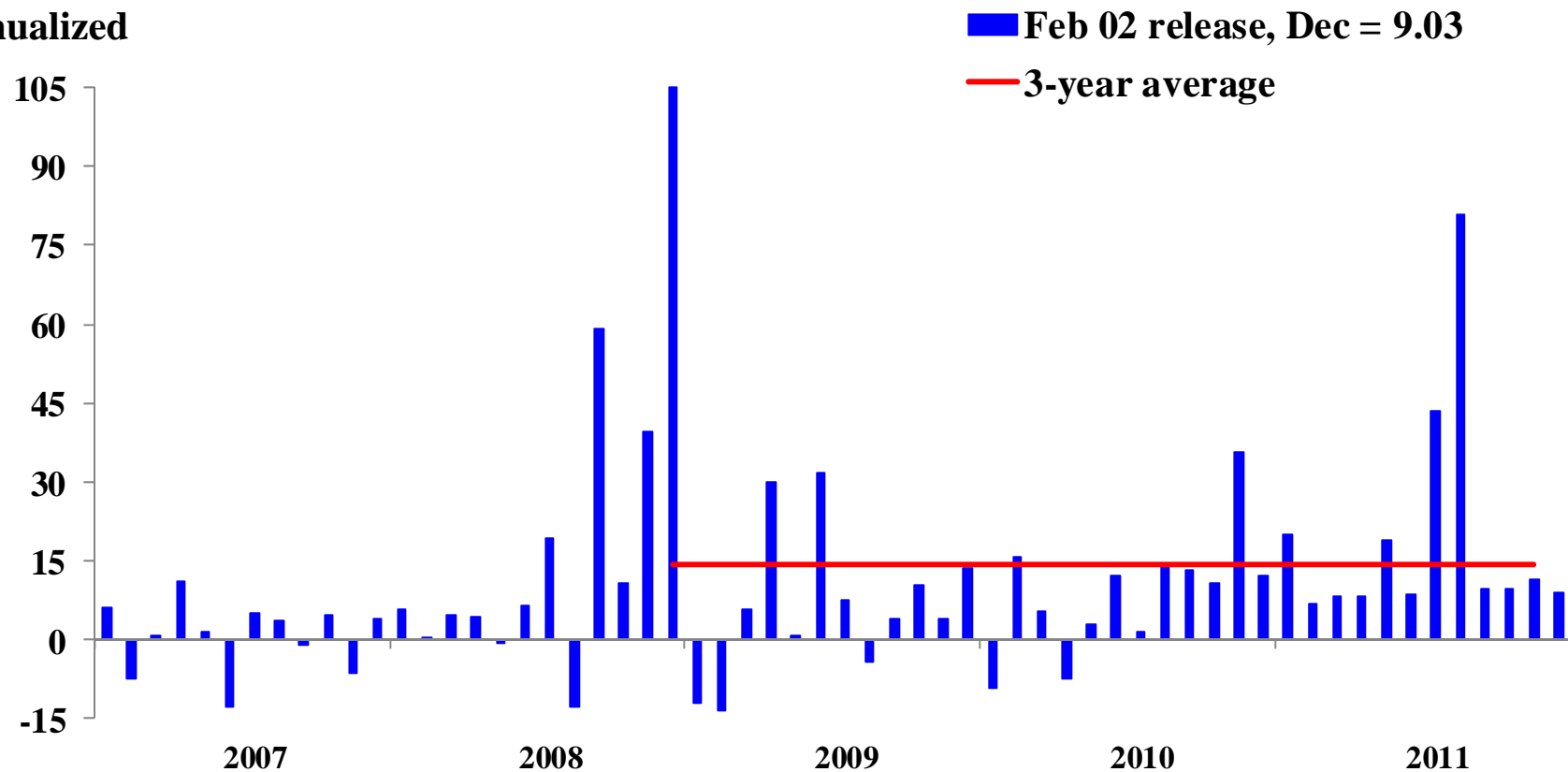
Source: Federal Reserve Board

<http://www.dallasfed.org>



Money Supply: M1

1-month % change,
annualized



Source: Federal Reserve Board

<http://www.dallasfed.org>

