

DAILY GLOBAL
COMMENTARY

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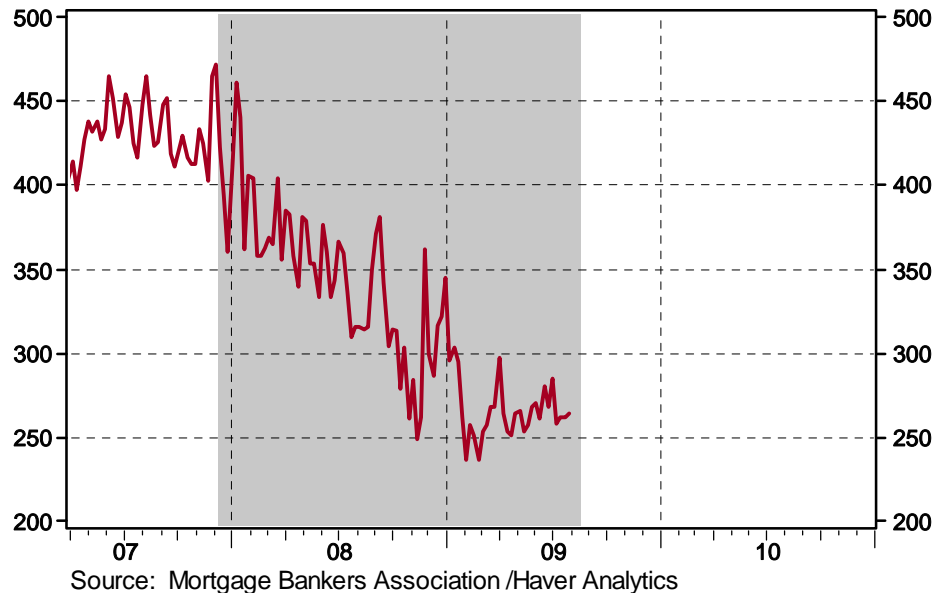
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Mixed News from Second-Tier Reports

August 5, 2009

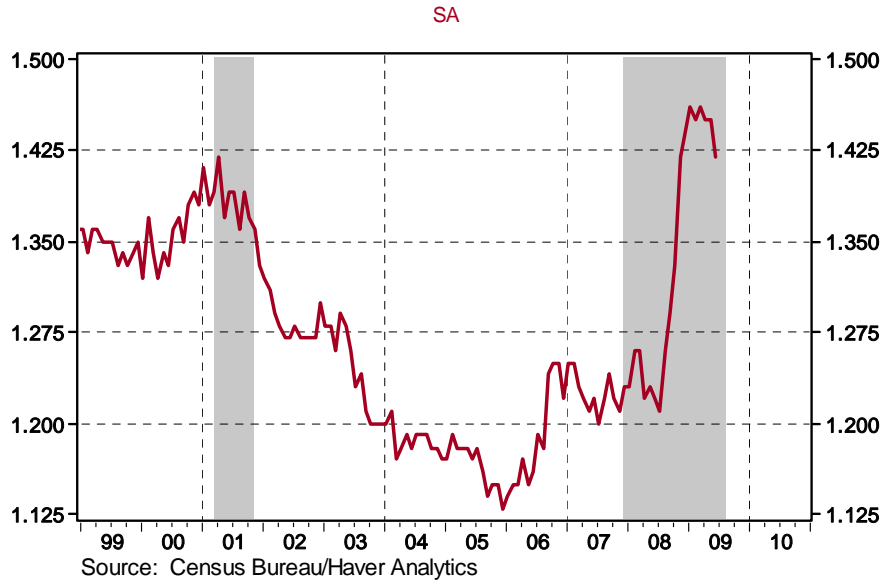
The big report of the week is the July employment report on Friday, August 5. The second-tier reports of today – Mortgage Purchase Index, factory orders of June, and the ISM non-manufacturing survey results for July – present a mixed picture. The **Mortgage Purchase Index** of the Mortgage Bankers Association rose slightly to 264.4 during the week ended July 24 from 262 in the prior week. The monthly average of the Mortgage Purchase Index has held in a very close range of 261.6 and 270 in the five months ended July.

Chart 1
MBA: Volume Index: Mortgage Loan Applications for Purchase
SA, Mar-16-90=100



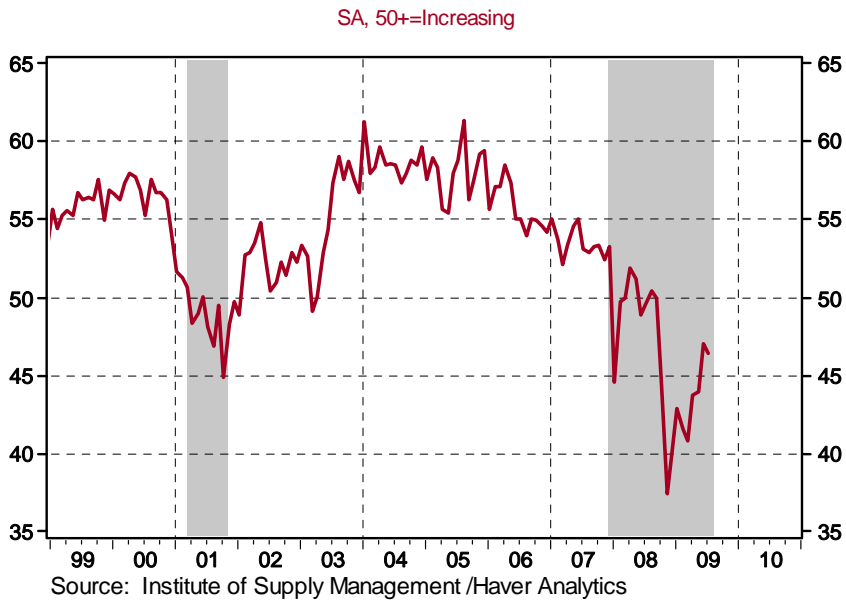
Factory orders rose 0.4% in June compared with a 1.1% gain in the prior month. The June increase in factory orders reflects a revised 2.2% drop in bookings of durables and a 2.7% jump in orders/shipments of non-durables. The inventories-shipment ratio fell to 1.42 in June from 1.45 in the prior month. The cycle peak for the inventories-shipments ratio appears to have occurred in January 2009 (1.46). Factory inventories have declined for ten consecutive months ended June. Therefore, as the economy gathers steam a large increase in inventories should not be surprising.

Chart 2
Mfrs' Inventory/Sales Ratio: All Manufacturing Industries



The **ISM Non-Manufacturing Survey** results of July show a mild decline in the pace of activity. The composite index fell to 48.1 from 48.6 in the prior month. The index tracking new orders declined to 46.4 in July from 47 in the prior month. The responses of survey participants stressed “uncertainty” and “caution” about business conditions.

Chart 3
ISM Nonmanufacturing: NMI Composite Index



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