

Professor Rock addresses the economy!

I received a very serious message from Professor Rock about our nation's economy. And now I'm concerned. The professor is my mentor in economics. If he believes darker financial days are ahead, I'm listening. Anyway, here's what he had to say.

Wayne, David, Gavin -

Ah my three friends who actually will listen to me and the movement of a "key" economic indicator. **This is serious!**

Remember Wayne from the M&A class at University of Saint Mary, I always said that the "Consumer Confidence Indicator" is the one key indicator I watch for major movements in the U.S. economy. If I remember correctly, I told you that November 2007 we were going to see the stock market (DJIA) make a major downward thrust from the 14,000 level we were experiencing? It went down to 6662 and then started this slow climb to where it is today (10,200). Well the Consumer Confidence Indicator (in the below chart) has just dropped severely during the past month (-9.8%) to 52.9. This is really a major concern and I now feel confident that we are truly headed down! How far? My guess is the DJIA could fall below 7,000 once again.

CEO Economic Dashboard				
Pulse Item	Latest Date	Latest Data	Preceding Period	Change
Economic indicators				
Industrial Production Index	May-2010	103.5 (p)	102.3	1.2
GDP Growth (%)	Q1 2010	2.7%	5.9%	-3.2%
Retail sales (\$ Mil)	Apr-2010	\$326,950 (p)	\$325,440 (p)	0.46%
Trade				
Balance of Payments (Including service \$ Mil)	Apr-2010	-\$40,300	-\$40,000 (r)	± 0.75%
Exports (Including service \$ Mil)	Apr-2010	\$148,807	\$149,829	± 0.68%
Imports (Including service \$ Mil)	Apr-2010	\$189,092	\$189,876	± 0.41%
Inflation				
Consumer price Index	Apr-2010	218.01	217.63	0.17
Producer price Index (Finished Goods)	May-2010	-0.3	-0.1	-0.20
Rate of Inflation	May-2010	2.00%	2.20%	-0.20%
Employment				
Rate of Unemployment	Jun-2010	9.5%	9.7%	-0.2
Employment (Thousands)	Jun-2010	139,119	139,420	-301
Unemployment (Thousands)	Jun-2010	14,623	14,973	-370
Other Inventories				
Consumer Confidence Index	Jun-2010	52.9	62.7	-9.8
CEO Confidence Index	Jun-2010	106.3	109.9	-3.6

Source: US Census, BEA, BLS, Conference Board

Note: a: advance estimate p: preliminary estimate
r: revised estimate