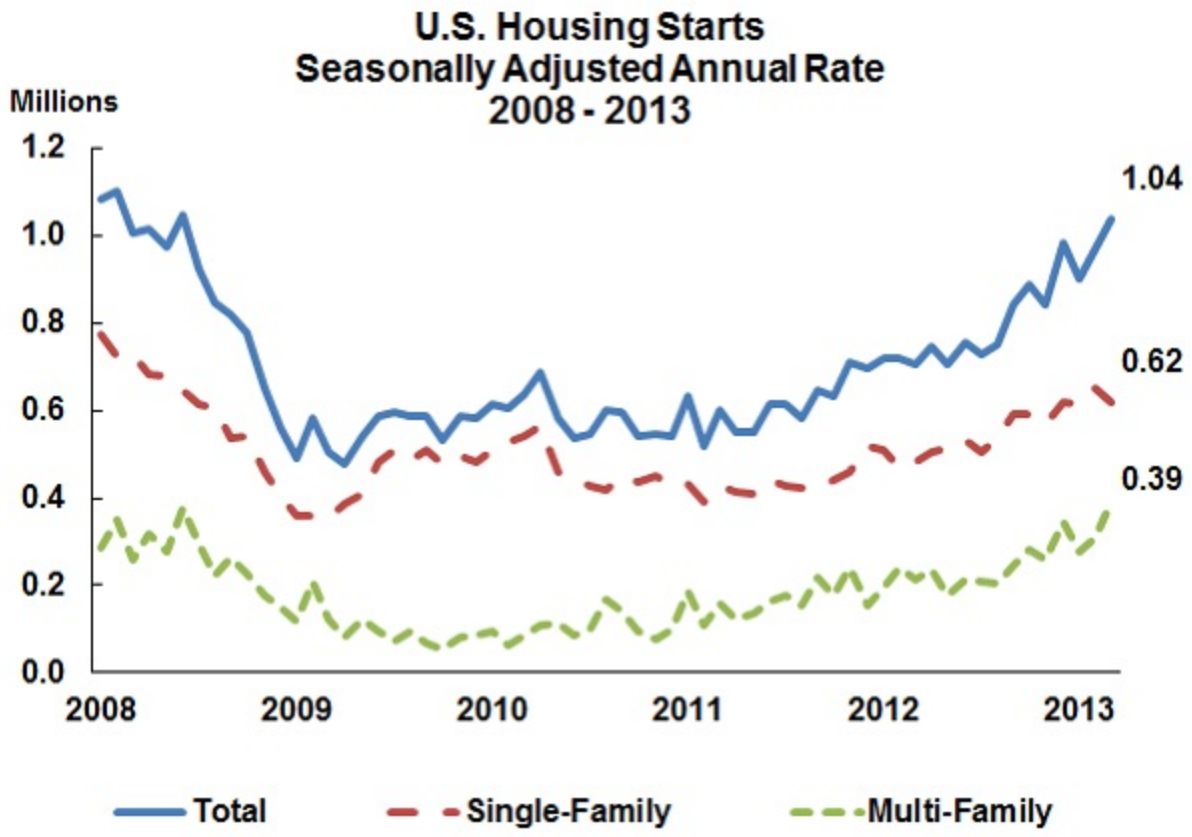
A Publication of the National Association of Manufacturers

MONDAY ECONOMIC REPORT

April 22, 2013



Common themes emerged from several surveys and economic data releases last week: (1) Overall economic activity expanded at a moderate pace in March and early April; (2) the manufacturing sector grew modestly, with the exception of the motor vehicle and parts industry, which experienced robust gains; and (3) residential and commercial real estate activity continued to improve.

The New York Fed's Empire State Manufacturing Survey indicated conditions for manufacturers in the district improved only slightly in April. The headline general business conditions index fell six points to 3.1 (an index above zero indicates expansion as compared to the prior month). Both new orders and shipments sub-indices weakened, offset slightly by a better employment index. The headline for the Philadelphia Fed Manufacturing Survey slipped from 2.0 to 1.3, with new orders down but the shipments index improved. Expectations over the next six months retreated as well.

The Federal Reserve's Beige Book conveyed similar messages: overall economic activity expanded at a moderate pace entering the second quarter. Residential construction and automotive sales and production remained strong, but several districts reported uncertainty or weakness in defense-related sectors. Oil and

natural gas activity has been robust, while coal production continued to decline. Employment conditions remained largely unchanged, and wage pressures were generally modest.

Industrial production in March rose 0.4 percent from the prior month, or 3.5 percent over March of 2012, largely reflecting a 5.3 percent increase in utility output due to unseasonably cold weather. Manufacturing production was down 0.1 percent from the prior month, with durable goods production declining 0.2 percent and nondurable goods essentially unchanged. The auto sector continues to lead the manufacturing sector, rising nearly 3 percent from February, or up 10 percent from a year ago.

Housing starts rose by 7 percent to 1.036 million units in March at seasonally adjusted annual rates, crossing the 1 million unit mark last seen in June 2008. Although the 82 percent jump (over a year ago) in multi-family unit starts was the major source of this increase, single-family unit construction also increased by nearly 29 percent from a year ago to 619,000 units. Looking ahead, a healthy increase in permit issuance during the first quarter suggests a boost in housing construction momentum; however, the rapid increase in home building material costs, such as lumber, plywood and gypsum materials, is a potential drag.

This week is a busy one for economic releases in the United States. The week begins with existing and new home sales for March; April Markit Flash Manufacturing PMI for the United States, China and Eurozone; and three District Fed surveys. Wednesday's advanced durable goods orders, particularly non-defense excluding aircraft orders, could shed light for business investment going forward. The advance release of first-quarter U.S. GDP and University of Michigan's final reading of April consumer sentiment on Friday, no doubt, will be the focus.

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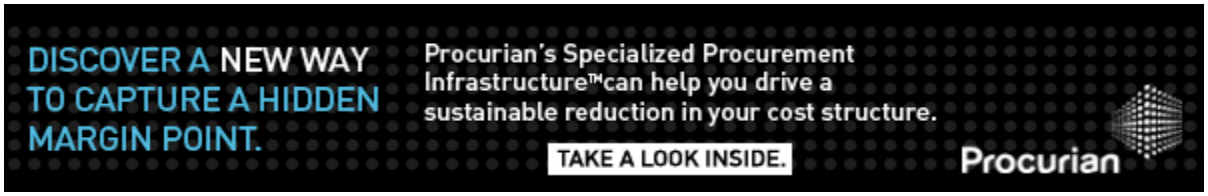

Economic Indicators

Last Week's Indicators:

Monday, April 15
Empire State Manufacturing Survey
NAHB Housing Market Index

Tuesday, April 16
Consumer Price Index
Housing Starts and Permits
Industrial Production

Wednesday, April 17
Federal Reserve Beige Book

Thursday, April 18

This Week's Indicators:

Monday, April 22
Chicago Fed National Activity Index
Existing Home Sales

Tuesday, April 23
Markit Flash Manufacturing PMI for the United States, China and Eurozone
New Home Sales
Richmond Fed Manufacturing Survey

Wednesday, April 24
Durable Goods Orders and Shipments

Conference Board Leading Indicators
Philadelphia Fed Manufacturing Survey

Friday, April 19
State Employment Report

Thursday, April 25
Kansas City Fed Manufacturing Survey

Friday, April 26
Gross Domestic Product
University of Michigan Consumer Sentiment Survey

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Questions or comments? Please contact Chad Moutray at cmoutray@nam.org

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