

MDM News Digest

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production remained at positive levels, and the prices index fell 10 points, indicating less inflationary pressure on manufacturers' costs.

New orders for manufactured durable goods in October decreased \$1 billion or 0.6 percent to \$166.2 billion, the U.S. Census Bureau announced. This was the second monthly decrease in the last three months. This followed a 2 percent September increase. Excluding transportation, new orders decreased 1.3 percent. Excluding defense, new orders increased 0.4 percent. Machinery, down following two consecutive monthly increases, had the largest decrease, \$1.9 billion or 8 percent to \$21.8 billion.

Construction spending in October was estimated at a seasonally adjusted annual rate of \$910.8 billion, nearly the same as September. October is 14.4 percent below October 2008, according to the U.S. Census Bureau of the Department of Commerce. During the first 10 months of this year, construction spending was \$794 billion, 12.6 percent below the same period in 2008.

Real gross domestic product - the output of goods and services produced by labor and property in the U.S. - increased at an annual rate of 2.8 percent in the third quarter of 2009, (from the second quarter to the third quarter), according to the "second" estimate released by the Bureau of

Economic Analysis.

Construction employment declined by 27,000 over the month. In November, construction job losses were concentrated among nonresidential specialty trade contractors (-29,000). **Manufacturing employment** fell by 41,000 in November. About 2.1 million manufacturing jobs have been lost since December 2007; the majority of this decline has occurred in durable goods manufacturing (-1.6 million).

Manufacturing sector productivity grew 13.4 percent in the third quarter of 2009, as output rose 8.4 percent and hours worked fell 4.4 percent. The third quarter gain in manufacturing productivity was the largest in the series, which begins in the second quarter of 1987.

Privately-owned housing starts in October were at a seasonally adjusted annual rate of 529,000, 10.6 percent below September and 30.7 percent below October 2008, according to the U.S. Census Bureau and the Department of Housing and Urban Development. Single-family housing starts were at a rate of 476,000, 6.8 percent below September.

The **Conference Board composite indexes** for

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Calculation of MDM Industrial Inflation Index for August 2009

| | BLS Price Indices Aug. '09 | BLS Price Indices Jul. '09 | BLS Price Indices Aug. '08 | % Sales Weight | Weighted Indices Aug. '09 (1)X(4) | % Change Aug. '09 Jul. '09 | % Change Aug. '09 Aug. '08 |
|----------------------|----------------------------|-----------------------------|----------------------------|----------------|-----------------------------------|----------------------------|----------------------------|
| 1136 Abr. Prod. | 511.8 | 527.8 | 496.9 | 19.1 | 97.75 | -3.04 | 2.99 |
| 1135 Cutting Tools | 452.0 | 452.3 | 443.1 | 18.9 | 85.43 | -0.06 | 2.02 |
| 1145 Power Trans. | 719.8 | 723.5 | 697.3 | 15.4 | 110.85 | -0.52 | 3.23 |
| 1081 Fasteners | 470.7 | 476.4 | 493.1 | 9.0 | 42.36 | -1.19 | -4.55 |
| 1149.01 Valves, etc. | 859.4 | 859.5 | 836.6 | 7.6 | 65.31 | -0.02 | 2.73 |
| 1132 Power Tools | 337.4 | 331.7 | 337.6 | 6.5 | 21.93 | 1.74 | -0.07 |
| 1144 Mat. Handling | 520.9 | 521.2 | 515.2 | 6.2 | 32.30 | -0.06 | 1.11 |
| 0713.03 Belting | 622.5 | 616.4 | 584.2 | 6.1 | 37.97 | 0.99 | 6.56 |
| 1042 Hand Tools | 739.6 | 740.3 | 719.5 | 8.1 | 59.91 | -0.09 | 2.79 |
| 108 Misc. Metal | 452.0 | 452.9 | 456.6 | 3.1 | 14.01 | -0.19 | -0.99 |
| <hr/> | | | | | | | |
| "New" August Index | 296.7 | August Inflation Index | | | 567.83 | -0.62 | 2.14 |
| "New" July Index | 298.5 | July Inflation Index | | | 571.40 | | |
| | | August 2008 Inflation Index | | | 555.96 | | |

New index reflects 1977=100 base other #: 1967 To convert multiply by .52247