

Economic Recap

November 2011 – Week 4

As of November 25, 2011
By DoubleLine Research



Week 4 Recap

Existing Home Sales increased in October by 1.4% to an annual rate of 4.97 million homes. In addition, the median home price fell 4.7% versus a year ago to \$162,500. Existing Home Inventory fell to 3.33 million in October. This amount of homes represents an eight month supply at the current sales pace.

Revised Gross Domestic Product (GDP) data came out on November 22 at 2.0% for the third quarter. Growth was revised down 50 basis points (bps) mainly due to more inventory reduction versus what the preliminary data showed. Other third quarter revisions announced on November 22 included a 10 bps downward revision to real Personal Consumption to 2.3%, and a 10 bps downward revision of the Core Price Index to 2.0%.

The seasonally adjusted Mortgage Bankers Association (MBA) Mortgage Applications Index fell 1.2% for the week ending November 18. Refinancings, which represented 75.9% of the applications, fell 4.0% while purchases grew by 8.2%. The average 30-year fixed mortgage rate held steady versus the previous week at 4.23%, and the average 15-year mortgage rate increased 4 bps to 3.58%.

October saw Durable Goods Orders fall for the second consecutive month posting a month-over-month (MoM) decline of 0.7%. This decline was heavily influenced by a 16.4% drop-off in Nondefense Aircraft/Parts New Orders. Durable Goods Less Transportation showed growth of 0.7%. Focusing on the capital goods category only, Nondefense Less Aircraft Orders fell 1.8%, and Nondefense Less Aircraft Shipments fell 1.1%.

Nominal Personal Income grew by 0.4% in October, Real Spending increased by 0.1%, and the Savings Rate increased by 20 bps to 3.5%.

Personal Consumption Expenditures (PCE) for October showed inflation continues to be contained with the PCE Deflator falling by 0.2% to a year-over-year (YoY) rate of 2.7%. The PCE Core Deflator ticked up 10 bps to 1.7%.

Initial Jobless Claims came in at 393k for the week ending November 19. Continuing Claims grew by 68k for the week ending November 12, revised from 3.62 million to 3.69 million. The year-to-date (YTD) weekly average of continuing claims stands at 3.76 million. Combined Extended and Emergency Claims fell by 7.4k to 3.45 million for the week ending November 4. Ignoring the differing reporting periods, the total number of individuals receiving some form of unemployment benefit now stands at 7.14 million.

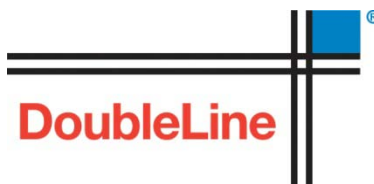
The Economic Cycle Research Institute (ECRI) Weekly Leading Index Growth Rate was -7.30% for the week ending November 18 – an improvement versus the week prior. This is the fourteenth consecutive week in negative territory for the ECRI.

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Statistic	Value	Change
Real GDP	\$13,337.8	+0.5%
Real GDP QoQ % Change	2.0%	Last = 1.3%
Real GDP YoY % Change	1.5%	Last = 1.6%
Personal Savings as % of DPI	3.5%	Last = 3.3%
Personal Income Less Transfers YoY % Chg	1.9%	Last = 1.7%
Durable Goods	\$1,977 Bn	-0.7%
Durable Goods YoY % Change	6.9%	Last = 4.2%
Existing Home Sales	4.97 mm	+1.4%
Existing Home Sales YoY % Change	13.5%	Last = 11.1%
Existing Home Sales Months Supply	8 mos	-3.6%
Existing Home Inventory	3.33 mm	-2.2%
MBA Applications Index	652.5	-1.2%
MBA Purchase Applications Index	193.6	+8.2%
MBA Refinance Applications Index	3,344.7	-4.0%
MBA 15-Year FRM Contract Rate	3.58%	Last = 3.54%
MBA 30-Year FRM Contract Rate	4.23%	Last = 4.23%
Initial Jobless Claims	393k	+2k
Continuing Jobless Claims	3,691.0k	+68k
Extended Jobless Claims	555.3k	+31.5k
Emergency Unemployment Compensation	2,896.6k	-38.9k

Important Information Regarding This Report

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Certain data discussed in this report is publicly available only on a time delayed basis. DoubleLine strives to analyze data as it becomes available, but makes no representation that all data is reviewed contemporaneously to its release.

Sources: Bloomberg Financial Services, Bloomberg News, Bureau of Labor Statistics, Conference Board, Department of Labor, Department of Commerce, Economic Cycle Research Institute, Federal Reserve Bank of St. Louis, Mortgage Bankers Association, National Association of Realtors, Redbook Research, U.S. Census Bureau, Bureau of Economic Analysis, Institute of Supply Management, Federal Reserve.

Terms:

ECRI = Economic Cycle Research Institute

FRM = fixed-rate mortgage

DPI = Disposable Personal Income

GDP = Gross Domestic Product

MBA = Mortgage Bankers Association

MoM = month-over-month

PCE = Personal Consumption Expenditures

QoQ = quarter-over-quarter

YoY = year-over-year