

THE SECRETS OF ECONOMIC INDICATORS

Hidden Clues to Future Economic Trends and Investment Opportunities

THIRD EDITION

"Bernard Baumohl brilliantly, clearly, and yes, entertainingly, describes what every investor and business partner should know about economic indicators. This is an extraordinary and insightful work."

—Robert Hormats,
Former Vice-Chairman,
Goldman Sachs
(International)



BERNARD BAUMOHL

“Bernie Baumohl has written a must-read educational and reference book that every individual investor will find indispensable for watching, monitoring, and interpreting the markets. The daily flow of high-frequency economic indicators is the stuff that makes financial markets move and that can signal the big trends that make or break investor portfolios. Most important, Bernie’s long experience in reporting economics for *Time Magazine* helps make the ‘dismal science’ lively and interesting.”

—**Allen Sinai**, CEO and Chief Global Economist, Decision Economics, Inc.

“This is the most up-to-date guide to economic indicators and their importance to financial markets in print. The coverage of less-reported indicators, especially those from non-government sources, is hard to find elsewhere. The inclusion of the actual published tables helps the newer student of the markets find the data in the public release. For anyone trying to follow the economic data, this should be next to your computer so that you can understand and find the data on the Internet.”

—**David Wyss**, Former Chief Economist, Standard and Poor’s

“Bernie Baumohl has accomplished something of real value in *The Secrets of Economic Indicators*. He has successfully demystified the world of financial and economic news that bombards us in our daily lives. Both professional investors and casual observers of the world of finance and economics will be grateful for what he has done. The constant stream of heretofore bewildering news from the world of business and finance can now be easily understood. Every businessperson or investor should keep a copy of Baumohl’s book close at hand as he or she catches up on the business, stock market, and economic events of the day. It is great, at long last, to have someone who has eliminated what may have been so perplexing to so many and to have done so with such remarkable clarity.”

—**Hugh Johnson**, Chairman and Chief Investment Officer of Hugh Johnson Advisors

“Economic statistics, employment data, Federal Reserve surveys. Think they are boring? Think again! They can drive markets into a frenzy, causing billions of dollars to be made or lost in an instant. Bernie Baumohl brilliantly, clearly, and, yes, entertainingly describes what every investor and business manager should know about economic indicators: which ones move markets, how to interpret them, and how to use them to spot and capitalize on future economic trends. *The Secrets of Economic Indicators* is an extraordinary and insightful work—an enormously important contribution to the body of financial literature. Read it and then keep it on your desk. Consult it the next time you are deluged with a flurry of economic statistics. Your understanding certainly will be enhanced, and your portfolio will likely be as well.”

—**Robert Hormats**, Former Vice Chairman, Goldman Sachs (International)

Secrets of Economic Indicators, The: Hidden Clues to Future Economic Trends and Investment Opportunities

Table of Contents

Contents

Whats New in the Third Edition?

Preface

CHAPTER 1 The Lock-Up

U.S. Economic Indicators

International Economic Indicators

CHAPTER 2 A Beginners Guide: Understanding the
Lingo

Annual Rates

Business Cycle

Consensus Surveys

Moving Average

Nominal Dollars Versus Real Dollars (Also Known as Current
Dollars Versus Constant Dollars)

Revisions and Benchmarks

Seasonal Adjustments

The Great Recession of 20082009

CHAPTER 3 The Most Influential U.S. Economic
Indicators

Employment

Table of Contents

Employment Situation

Job Openings and Labor Turnover

Weekly Claims for Unemployment Insurance

Help-Wanted Online Advertising

Corporate Layoff and Hiring Announcements

Mass Layoff Statistics (MLS)

ADP National Employment Report

Consumer Spending and Confidence

Personal Income and Spending

Retail Sales

E-Commerce Retail Sales

Weekly Chain Store Sales Reports

Consumer Credit Outstanding

Consumer Confidence Index

Survey of Consumer Sentiment

Bloomberg Consumer Comfort Index

Google Insights

Las Vegas Gaming Revenues

National Output and Inventories

Gross Domestic Product (GDP)

Durable Goods Orders

Factory Orders

Business Inventories

Industrial Production and Capacity Utilization

Institute for Supply Management (ISM) Manufacturing Survey

Institute for Supply Management (ISM) Non-Manufacturing Business
Survey

Chicago Purchasing Managers Index (Business Barometer)

Index of Leading Economic Indicators (LEI)

Table of Contents

Housing and Construction

Housing Starts and Building Permits

Existing Home Sales

New Home Sales

Housing Market Index: National Association of Home Builders (NAHB)

Weekly Mortgage Applications Survey and the National Delinquency Survey

Construction Spending

The Federal Reserve

Regional Federal Reserve Bank Reports

Federal Reserve Bank of New York: Empire State Manufacturing Survey

Federal Reserve Bank of Philadelphia: Business Outlook Survey

Federal Reserve Bank of Kansas City: Manufacturing Survey of the 10th District

Federal Reserve Bank of Richmond: Manufacturing Activity in the Fifth District

Federal Reserve Bank of Chicago: National Activity Index (CFNAI)

The Federal Reserve Boards Beige Book

The Federal Open Market Committee Statement

Foreign Trade

International Trade in Goods and Services

Current Account Balance (U.S. International Transactions)

Assets and Liabilities of Commercial Banks in the United States (Federal Reserve Board)

Treasury International Capital (TIC) System

Prices, Productivity, and Wages

Consumer Price Index (CPI)

Producer Price Index (PPI)

Table of Contents

Employment Cost Index
Import and Export Prices
Productivity and Costs
Employer Costs for Employee Compensation
Real Earnings
Yield Curve

Other Noteworthy U.S. Economic Indicators

Credit Managers Index
Small Business Economic Trends
Cass Freight Index
Weekly Railroad Traffic (freight)
Architecture Billings Index
S&P/Case-Shiller U.S. National Home Price Index

CHAPTER 4 International Economic Indicators: Why Are They So Important?

German Industrial Production
German IFO Business Climate Index
German Consumer Price Index (CPI)
ZEW Indicator of Economic Sentiment
Japan Industrial Production
Japans Tankan Survey
Manufacturing Purchasing Managers Index (PMI) by Country
and Region
OECD Composite Leading Indicators (CLI)
China Industrial Production
India: Industrial Production and Inflation
Brazils Industrial Production and the IBC-Br Economic Activity

Table of Contents

Index

Canada: International Merchandise Trade, Composite Leading Indicators, Ivey Purchasing Managers Index

Australia: Consumer Prices, Retail Trade, International Trade

CHAPTER 5 Best Web Sites for U.S. Economic Indicators

Schedule of Releases

Economic News

Free Mobile Phone Apps on the Economy

The U.S. Economy

Consumer Behavior

Employment Conditions

Home Sales and Construction Activity

International Trade

Inflation Pressures

Federal Reserve Reports

The Federal Budget

Interest Rates

Money and Credit

U.S. Dollar

One-Stop Shopping for Economic Statistics

Other Useful Economic Sources on the Web

Unconventional Economic Indicators

CHAPTER 6 Best Web Sites for International Economic Indicators

Calendar of Releases for Foreign Economic Data

Table of Contents

Sources of Global Economic News

Economic Statistics from Other Countries

Best Megasites for International Economic Statistics

Index