

ECONOMIC DATA DEFINITIONS

ISM MANUFACTURING PMI

The manufacturing composite index from the Institute For Supply Management is a diffusion index calculated from five of the eleven sub-components of a monthly survey of purchasing managers at roughly 300 manufacturing firms nationwide. The survey queries purchasing managers about the general direction of production, new orders, order backlogs, their own inventories, customer inventories, employment, supplier deliveries, exports, imports, and prices. The five components of the composite index are new orders, production, employment, supplier deliveries, and inventories (their own, not customer inventories). The five components are equally weighted. The questions are qualitative rather than quantitative; that is, they ask about the general direction rather than the specific level of activity. Each question is adjusted into a diffusion index which is calculated by adding the percentage of positive responses to one-half of the unchanged responses.

CONSTRUCTION SPENDING

The dollar value of new construction activity on residential, non-residential, and public projects. Data are available in nominal and real (inflation-adjusted) dollars.

PERSONAL CONSUMPTION / CONSUMPTION (CONSUMER SPENDING) PCE PRICE INDEX / CORE PCE PRICE INDEX

Personal income represents the income that households receive from all sources including wages and salaries, fringe benefits such as employer contributions to private pension plans, proprietors' income, and income from rent, dividends and interest and transfer payments such as Social Security and unemployment compensation. Personal contributions for social insurance are subtracted from personal income.

Personal consumption expenditures are the major portion of personal outlays, which also include personal interest payments and transfer payments. Personal consumption expenditures are divided into durable goods, nondurable goods and services. These figures are the monthly analogues to the quarterly consumption expenditures in the GDP report, available in nominal and real (inflation-adjusted) dollars. Economic performance is more appropriately measured after the effects of inflation are removed.

Each month, the Bureau of Economic Analysis also compiles the personal consumption expenditure price index, also known as the PCE price index. This inflation index measures a basket of goods and services that is updated annually in contrast to the CPI, which measures a fixed basket.

ADP NATIONAL EMPLOYMENT

The ADP national employment report is computed from a subset of ADP records that represent approximately 400,000 U.S. business clients and approximately 23 million U.S. employees working in all private industrial sectors. ADP contracted with Moody's Analytics to compute a monthly report that would ultimately help to predict monthly nonfarm payrolls from the Bureau of Labor Statistic's employment situation. The ADP report only covers private (excluding government) payrolls.

EIA PETROLEUM STATUS REPORT

The Energy Information Administration (EIA) provides weekly information on petroleum inventories in the U.S., whether produced here or abroad. The level of inventories helps determine prices for petroleum products.

INITIAL JOBLESS CLAIMS

New unemployment claims are compiled weekly to show the number of individuals who filed for unemployment insurance for the first time. An increasing (decreasing) trend suggests a deteriorating (improving) labor market. The four-week moving average of new claims smooths out weekly volatility.

FACTORY ORDERS

Factory orders represent the dollar level of new orders for both durable and nondurable goods. This report gives more complete information than the advance durable goods report which is released one or two weeks earlier in the month.

NON-FARM PAYROLLS

Employees on Nonagricultural Payrolls measures the number people employed in all activities except agriculture. Employment data, except those for the Federal Government, refer to persons on establishment payrolls who received pay for any part of the pay period which includes the 12th of the month. For Federal Government establishments, employment figures represent the number of persons who occupied positions on the last day of the calendar month. Intermittent workers are counted if they performed any service during the month. The data exclude proprietors, the self-employed, unpaid volunteer or family workers, farm workers, and domestic workers. Salaried officers of corporations are included. Government employment covers only civilian employees; military personnel are excluded. Employees of the Central Intelligence Agency and the National Security Agency also are excluded. Persons on establishment payrolls who are on paid sick leave (when pay is received directly from the firm), on paid holiday, on paid vacation, or work during a part of the pay period even though they are unemployed or on strike during the rest of the period are counted as employed.

PRIVATE PAYROLLS

Employment is the total number of persons above a specified age, who in a short reference period (e.g. a week or a day), were in paid employment or self-employment. Paid employment includes persons who worked in the reference period or who had a job but were temporarily absent from work. Self-employment includes persons who either worked in the reference period or were temporarily absent from work.

UNEMPLOYMENT RATE

The unemployment rate represents the number of unemployed persons expressed as a percentage of the labor force. The unemployment rate for a particular age/sex group is the number of unemployed in that group expressed as a percentage of the labor force for that group. Unemployment as a percent of the civilian labor force. The definition for an unemployed person is: Persons (16-65 years) who were available for work (except for temporary illness) but did not work during the survey week, and who made specific efforts to find a job within the previous 4 weeks by going to an employment agency, by applying directly to an employer, by answering a job ad, or being on a union or professional register. The percentage number is calculated $\text{unemployed} / (\text{employed} + \text{unemployed})$.

INTERNATIONAL TRADE

International trade is composed of merchandise (tangible goods) and services. It is available nationally by export, import and trade balance. Merchandise trade is available by export, import and trade balance for six principal end-use commodity categories and for more than one hundred principal Standard International Trade Classification (SITC) system commodity groupings. Data are also available for 36 countries and geographic regions. Detailed information is reported on oil and motor vehicle imports. Services trade is available by export, import and trade balance for seven principal end-use categories.

AVERAGE WORKWEEK HOURS

The workweek information relates to average hours for which pay was received and is different from standard or scheduled hours. Such factors as unpaid absenteeism, labor turnover, part-time work, and stoppages cause average weekly hours to be lower than scheduled hours of work for an establishment.

IMPORT AND EXPORT PRICES

Import price indexes are compiled for the prices of goods that are bought in the United States but produced abroad and export price indexes are compiled for the prices of goods sold abroad but produced domestically. These prices indicate inflationary trends in internationally traded products.

RETAIL SALES

Retail sales measure the total receipts at stores that sell merchandise and related services to final consumers. Sales are by retail and food services stores. Data are collected from the Monthly Retail Trade Survey conducted by the U.S. Bureau of the Census. Essentially, retail sales cover the durables and nondurables portions of consumer spending. Consumer spending typically accounts for about two-thirds of GDP and is therefore a key element in economic growth.

PRODUCER PRICE INDEX

The Producer Price Index (PPI) of the Bureau of Labor Statistics (BLS) is a family of indexes that measures the average change over time in the prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller. Effective with the January 2014 PPI data release in February 2014, BLS transitioned from the Stage of Processing (SOP) to the Final Demand-Intermediate Demand (FD-ID) aggregation system. The headline PPI (for Final Demand) measures price changes for goods, services, and construction sold to final demand: personal consumption, capital investment, government purchases, and exports.

CONSUMER SENTIMENT

The University of Michigan's Consumer Survey Center questions 500 households each month on their financial conditions and attitudes about the economy. Consumer sentiment is directly related to the strength of consumer spending. Consumer confidence and consumer sentiment are two ways of talking about consumer attitudes. Among economic reports, consumer sentiment refers to the Michigan survey while consumer confidence refers to The Conference Board's survey. Preliminary estimates for a month are released at mid-month. Final estimates for a month are released near the end of the month.

HOUSING MARKET INDEX

The National Association of Home Builders produces a housing market index based on a survey in which respondents from this organization are asked to rate the general economy and housing market conditions. The housing market index is a weighted average of separate diffusion indexes: present sales of new homes, sales of new homes expected in the next six months, and traffic of prospective buyers in new homes.

HOUSING STARTS

A housing start is registered at the start of construction of a new building intended primarily as a residential building. The start of construction is defined as the beginning of excavation of the foundation for the building.

FOMC MINUTES

The Federal Open Market Committee issues minutes of its meetings with a lag. The minutes of the previous meeting are reported three weeks after the meeting.

CONSUMER PRICE INDEX

The Consumer Price Index is a measure of the change in the average price level of a fixed basket of goods and services purchased by consumers. That is the index shows the change in price levels since the index base period, currently 1982-84 = 100. Monthly changes in the CPI represent the rate of inflation.

The consumer price index is available nationally by expenditure category and by commodity and service group for all urban consumers (CPI-U) and wage earners (CPI-W). All urban consumers are a more inclusive group, representing about 87 percent of the population. The CPI-U is the more widely quoted of the two, although cost-of-living contracts for unions and Social Security benefits are usually tied to the CPI-W, because it has a longer history. Monthly variations between the two are slight.

INDUSTRIAL PRODUCTION

The Federal Reserve's monthly index of industrial production and the related capacity indexes and capacity utilization rates cover manufacturing, mining, and electric and gas utilities. The industrial sector, together with construction, accounts for the bulk of the variation in national output over the course of the business cycle. The production index measures real output and is expressed as a percentage of real output in a base year, currently 2012. The capacity index, which is an estimate of sustainable potential output, is also expressed as a percentage of actual output in 2012. The rate of capacity utilization equals the seasonally adjusted output index expressed as a percentage of the related capacity index.

The index of industrial production is available nationally by market and industry groupings. The major groupings are comprised of final products (such as consumer goods, business equipment and construction supplies), intermediate products and materials. The industry groupings are manufacturing (further subdivided into durable and nondurable goods), mining and utilities. The capacity utilization rate -- reflecting the resource utilization of the nation's output facilities -- is available for the same market and industry groupings.

Industrial production was also revised to NAICS (North American Industry Classification System) in the early 2000s. Unlike other economic series that lost much historical data prior to 1992, the Federal Reserve Board was able to reconstruction historical data that go back more than 30 years.

PHILADELPHIA FED BUSINESS INDEX

The general conditions index from this business outlook survey is a diffusion index of manufacturing conditions within the Philadelphia Federal Reserve district. This survey, widely followed as an indicator of manufacturing sector trends, is correlated with the ISM manufacturing index and the index of industrial production.

NEW HOMES SALES

New home sales measure the number of newly constructed homes with a committed sale during the month. The level of new home sales indicates housing market trends and, in turn, economic momentum and consumer purchases of furniture and appliances.

PMI MANUFACTURING INDEX

Based on monthly questionnaire surveys of selected companies, the Purchasing Managers' Manufacturing Index (PMI) offers an advance indication on month-to-month activity in the private sector economy by tracking changes in variables such as output, new orders, stock levels, employment and prices across manufacturing industries. The flash index, usually released about a week before the final, gives a preliminary reading of conditions for the current month.

EXISTING HOME SALES

Existing home sales tally the number of previously constructed homes, condominiums and co-ops in which a sale closed during the month. Existing homes (also known as home resales) account for a larger share of the market than new homes and indicate housing market trends. (National Association of Realtors).

DURABLE GOODS

Durable goods orders reflect the new orders placed with domestic manufacturers for immediate and future delivery of factory hard goods. The first release, the advance, provides an early estimate of durable goods orders. About two weeks later, more complete and revised data are available in the factory orders report. The data for the previous month are usually revised a second time upon the release of the new month's data.

Durable goods orders are available nationally by both industry and market categories. A new order is accompanied by a legally binding agreement to purchase for immediate or future delivery. Advance durable goods orders no longer include data on semiconductors since semiconductor manufacturers stopped releasing this information to the Census Bureau.

The advance durable goods report also contains information on shipments, unfilled orders and inventories. Shipments represent deliveries made, valued at net selling price after discounts and allowances, excluding freight charges and excise taxes. Unfilled orders are those received but not yet delivered.

GDP

Gross Domestic Product represents the total value of the country's production during the period and consists of the purchases of domestically-produced goods and services by individuals, businesses, foreigners and government entities. Data are available in nominal and real (inflation-adjusted) dollars, as well as in index form. Economists and market players always monitor the real growth rates generated by the GDP quantity index or the real dollar value. The quantity index measures inflation-adjusted activity, but we are more accustomed to looking at dollar values.

Household purchases are counted in personal consumption expenditures -- durable goods (such as furniture and cars), nondurable goods (such as clothing and food) and services (such as banking, education and transportation).

Private housing purchases are classified as residential investment. Businesses invest in nonresidential structures, durable equipment and computer software. Inventories at all stages of production are counted as investment. Only inventory changes, not levels, are added to GDP.

Net exports equal the sum of exports less imports. Exports are the purchases by foreigners of goods and services produced in the United States. Imports represent domestic purchases of foreign-produced goods and services and must be deducted from the calculation of GDP.

Government purchases of goods and services are the compensation of government employees and purchases from businesses and abroad. Data show the portion attributed to consumption and investment. Government outlays for transfer payments or interest payments are not included in GDP.

The GDP price index is a comprehensive indicator of inflation. It is typically lower than the consumer price index because investment goods (which are in the GDP price index but not the CPI) tend to have lower rates of inflation than consumer goods and services.

S&P CASE-SHILLER HPI

The S&P/Case-Shiller home price index tracks monthly changes in the value of residential real estate in 20 metropolitan regions across the U.S. Composite indexes and regional indexes measure changes in existing home prices and are based on single-family home re-sales. The expanded 20-city measure is the key series. The original series (still available) covered 10 cities. A national index is published quarterly. The indexes are based on single-family dwellings with two or more sales transactions. Condominiums and co-ops are excluded as is new construction. The S&P/Case-Shiller Home Price Indices are published monthly on the last Tuesday of each month at 9:00 AM ET. The latest data are reported with a two-month lag. For example data released in January are for November.

CHICAGO PMI

The Institute For Supply Management - Chicago compiles a survey and a composite diffusion index of business conditions in the Chicago area. Since October 2011, the survey has been conducted by Market News International. Manufacturing and non-manufacturing firms both are surveyed. Hence, it is not directly comparable to pure manufacturing surveys. Readings above 50 percent indicate an expanding business sector.

PENDING HOME SALES

The National Association of Realtors developed the pending home sales index as a leading indicator of housing activity. Specifically, it is a leading indicator of existing home sales, not new home sales. A pending sale is one in which a contract was signed, but not yet closed. It usually takes four to six weeks to close a contracted sale.