

Table 9-1 Economic Indicators

Indicator	Measurement	Market Impact	Explanation
Consumer Price Index (CPI) (Monthly)	The CPI measures the change in the price of a fixed basket of products used by the average consumer, in order to determine the level of price inflation.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	A strong CPI points toward higher prices and rising inflation, which may induce the Fed to raise interest rates.
Housing Starts (Monthly)	New home construction.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	New home construction is generally a by-product of economic strength. Excessive building could indicate the Fed might act to slow growth.
Index of Leading Indicators (Monthly)	Eleven economic indicators grouped together, created to forecast broader movement within the economy.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	The basket of Leading Indicators that is on the rise points toward growth in the economy, which may induce the Fed to raise interest rates to stem inflation.
Industrial Production and Capacity Utilization (Monthly)	Gauges the production of the manufacturing, mining, and utility industries.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	Surging production in manufacturing, mining, and utility sectors suggests that the economy is strong and that the Fed may act to slow growth by increasing rates.

Table 9-1 (Continued)

Indicator	Measurement	Market Impact	Explanation
Initial Unemployment Claims (Weekly)	This figure examines how many workers have filed initial claims for unemployment benefits.	<i>Exceeds Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker <i>Misses Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger	If unemployment on the rise, that indicates that the economy may be weaker because there are fewer jobs available due to less growth. In this case, the Fed may act to stimulate growth by lowering interest rates.
Nonfarm Payroll Employment (Monthly)	A key economic indicator. This monthly measure takes into account production across sectors to determine the overall strength of the economy.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	Strong employment growth suggests a growing economy, which is conducive to stronger demand and higher prices, causing inflation. The Fed may be inclined to raise interest rates because of a strong number.
Producer Price Index (PPI) (Monthly)	Measures wholesale inflation on a monthly basis. This number examines the change in wholesale prices of goods shipped from manufacturers.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	If producer prices are on the rise, the increase will be passed on to the consumer and can mean the beginning of inflation. The Fed would act to hike interest rates in order to keep inflation in check.

Table 9-1 (Continued)

Indicator	Measurement	Market Impact	Explanation
Real Gross Domestic Product (GDP) (Quarterly)	Measures the aggregate value of goods and services produced.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	If production in the U.S. is growing too fast, it could cause inflationary pressures, which in turn may cause the Fed to raise interest rates.
Retail Sales (Monthly)	Looks at consumer spending by measuring retail sales to consumers. Includes both durable and nondurable items.	<i>Exceeds Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger <i>Misses Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker	If consumers are spending more on retail items, it indicates that demand is high, which could create higher prices. The Fed may move to raise interest rates to stem inflationary pressures caused by high retail sales.
Unemployment Rate (Monthly)	Polls 60,000 families to see how many within those homes are looking for work.	<i>Exceeds Estimate:</i> Stocks Rise Bonds Rise Yields Fall U.S. Dollar Weaker <i>Misses Estimate:</i> Stocks Fall Bonds Fall Yields Rise U.S. Dollar Stronger	If unemployment is on the rise, the economy could be slowing down. The Fed may act to raise interest rates in order to stimulate growth and create new jobs for the unemployed.