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## **Little Book of Economic Indicators**

What follows is a description of the most popular economic indicators. The report also attempts to inform you of the release time of the indicator, the level of importance and a brief analysis of the indicator. Use this report as a reference point when researching an indicator you are monitoring.

1. ISM manufacturing Index. - First business day of the month.
2. Factory orders. - First business day of the month.
3. Personal income. - First business day of the month.
4. Construction spending. - First business day of the month.
5. Domestic vehicle sales. - From first to third business day of the month.
6. ISM non-manufacturing Index. – 3<sup>rd</sup> business day.
7. Wholesale inventories- 5<sup>th</sup> business day
8. Consumer credit- 5<sup>th</sup> business day
9. Initial jobless claims. – Every Thursday.
10. Non-farm payrolls. – First Friday of the month.
11. PPI / Core PPI. - Around the 11<sup>th</sup>.
12. CPI / Core CPI. - Around the 13<sup>th</sup>
13. Retail sales. – Around the 13<sup>th</sup>
14. University of Michigan Consumer sentiment Index. – On the second Friday.
15. Industrial Production. - Around the 15<sup>th</sup>
16. NY Empire state index. – Around the 15<sup>th</sup>
17. Export/import prices. - Second week of the month.
18. Housing starts. – Around the 16<sup>th</sup>
19. International Trade. - Around the 20<sup>th</sup>
20. Philadelphia Fed survey. – 3<sup>rd</sup> Thursday.
21. Leading indicators- third week of the month.
22. GDP. – Third or fourth week of the month.
23. Existing home sales. – Around the 25<sup>th</sup>
24. Durable goods. – Around the 26<sup>th</sup>
25. Treasury International Capital. - on the 26<sup>th</sup>
26. Consumer confidence. – Last Tuesday of the month.
27. Chicago PMI. - On the last business day.
28. Employment Cost Index (ECI) - On the last business day.
29. New home sales. - On the last business day.
30. Beige book. – 2 weeks before FOMC.
31. FOMC meeting – statement.
32. EIA crude oil inventories.

## ISM Manufacturing Index

The Institute of Supply Management (ISM) Manufacturing Index measures growth in the manufacturing sector. To produce the index, the ISM surveys 400 manufacturing firms in 20 industries throughout the 50 states, on employment, production, new orders, supplier deliveries, and inventories. The ISM report covers such indicators as new orders, production, employment, inventories, delivery times, prices, export orders, and import orders.

The total index is calculated based on a weighted average of the following five sub-indexes, with weights in parentheses: new orders (30%), production (25%), employment (20%), deliveries (15%), and inventories (10%).

The ISM is one of the first detailed economic releases of the month, preceding the employment report. Though it covers only the manufacturing sector, it often provides accurate hints regarding the tone of subsequent releases.

This is because each of these sub indices contains useful information about the manufacturing activity, and hence gives vital clues about the other indicators.

For example, the employment component is related to factory payrolls, and would give useful clues about the payrolls situation. Similarly the new orders component is related to durable goods orders, production to industrial production, export orders to trade export and prices to producer prices.

A reading above 50 indicates an expanding manufacturing and a healthy economy, and a reading below 50 indicates contraction.

Release Time: 1000 EST on the first business day of the month.

Note: Data is for one month prior.

Importance (on a scale of 1 to 10): **8**

### **Analysis:**

This is probably the most widely watched economic indicator produced by the private sector. It has a lot of prominence, as the ISM has been one of the better predictors of the business cycle over the years.

Since it can often provide accurate hints regarding the tone of subsequent releases, the prices and employment sub-indices assume importance.

## **Factory Orders**

Factory Orders measure the monthly change in the value of manufacturer's new orders for goods. This report consists of the earlier announced durable goods report plus non-durable goods orders, and gives more in-depth information than the durable goods report.

The report is very predictable with non-durables the only new component. Non-durables consist of such items as tobacco products and food which grow at a consistent monthly rate, so that market forecasts for this report are far more accurate than for the durable orders report.

In addition to seeing non-durables for the first time, the market also watches for revisions to the durable orders data, which can be significant.

Another addition in this report is factory inventories -- the first indication of the inventory picture each month. Though this inventory figure is not a market-mover, economists use this number to help forecast inventories in the quarterly GDP report.

Release Time: 1000 EST around the first business day of the month.

Note: Data for two months prior.

Importance (on a scale of 1 to 10): **4**

### **Analysis:**

A rising trend indicates a growing economy.

## **Personal Income and Consumption**

Personal income measures the monthly change in average personal income received from all sources.

The largest component of the personal income is wages and salaries, a figure which can be estimated using payrolls and earnings data from the employment report.

The income report also includes a section covering personal consumption which is comprised of three categories: durables, non-durables, and services.

Release Time: 0830 EST on the first business day of the month.

Note: Data for 2 months prior.

Importance (on a scale of 1 to 10): **6**

**Analysis:**

Income is a deciding factor for spending, and consumer spending accounts for two-thirds of the economy.

A rising trend would strengthen the currency, as greater spending spur corporate profits, and benefit the economy.

Hence the personal income, though not perfect, is a decent indicator of future consumer demand.

## **Construction Spending**

Construction Spending measures the value of new construction projects. The reading reflects the monthly change in value of all activity.

The construction spending report is broken down between residential, non-residential, and public expenditures on new construction.

The spending figures are in both nominal and real (inflation adjusted) dollars. Only the real figures can be considered important, as they are used by economists to forecast the investment component of quarterly GDP.

Release Time: 1000 EST on the first business day of the month.

Note: Data for 2 months prior.

Importance (on a scale of 1 to 10): **3**

**Analysis:**

This report rarely has any market impact, since the monthly changes are both volatile and subject to large revisions.

## **Domestic Vehicle Sales**

This report measures the number of cars, light trucks, sport utility vehicles, and vans sold in the previous month.

Motor vehicle sales are a good indicator of trends in consumer spending.

Since auto and Truck Sales measure the monthly sales of all domestically produced vehicles, they are considered an important indicator of consumer demand accounting for roughly 25% of total retail sales.

Demand for big ticket items such as autos and trucks tend to be interest rate sensitive, making the motor vehicle sector a leading indicator of business cycles.

Release Time: From the first business day to the third business day of the month.

Note: Data for previous month.

Importance (on a scale of 1 to 10): **4**

### **Analysis:**

Vehicle sales figures do not impact the market for two reasons.

First, though the specifics of the data are not difficult to understand, their implications are a little hard to trace.

Second, unlike many economic releases, vehicle sales are not released all at once and at the same time every month.

## **ISM non-manufacturing Index**

The Institute of Supply Management (ISM) Non-Manufacturing Index, also known as the ISM Services Index, measures growth in various industries, including agriculture, mining, construction, finance, insurance, transportation and communications, wholesale and retail trade.

It reports business activity in the service sector, and is based on a survey of roughly 400 purchasing executives in the above mentioned industries, on employment, production, new orders, supplier deliveries, and inventories.

A reading above 50 indicates an expanding services sector, and a reading below 50 would indicate contraction.

Release Time: 1000 EST on the third business day of the month.

Note: Data is for one month prior.

Importance (on a scale of 1 to 10): **6**

### **Analysis:**

This Non-Manufacturing ISM Report is not yet closely followed by the private sector as compared to the well-respected manufacturing ISM index. This is due to a lack of historical data and more importantly, a lack of a tight correlation to the non-manufacturing economy.

## **Wholesale Inventories**

Wholesale Inventories measure the monthly change in value of inventories held by wholesalers. The report includes sales and inventory statistics from the second stage of the manufacturing process.

Only sometimes the figures can swing enough to change the aggregate inventory profile, which may affect the GDP outlook. In that event they can elicit a small market reaction.

Release Time: 1000 EST on the fifth business day of the month.

Note: Data for 2 months prior.

Importance (on a scale of 1 to 10): **2**

### **Analysis:**

More often than not, this release goes unnoticed except by market economists.

## Consumer Credit

Consumer Credit measures the monthly growth in outstanding consumer installment credit.

It gives insight into the state of consumer finances and can act as a leading indicator of consumer spending.

Consumer credit is broken down into three categories: auto, revolving (i.e., credit card), and other.

Release Time: 1500 EST on the fifth business day of the month.

Note: Data is for 2 months prior.

Importance (on a scale of 1 to 10): **2**

### **Analysis:**

This monthly measure of consumer debt is volatile and subject to massive revisions.

It is also released well after every other consumer spending indicator, including consumer confidence, retail sales, and personal consumption. Hence, the market usually does not react to the consumer credit report.

## Initial Jobless Claims

The Initial Jobless Claims or the Unemployment Claims is a Government Index which tracks the number of individuals who filed for unemployment insurance for the first time over the past week.

This report provides a timely, but often misleading, indicator of the direction of the economy. Since claims are quite volatile on a week-to-week basis, many analysts track a four week moving average to get a better sense of the underlying trend.

It typically takes a sustained move of at least 30K in claims to signal a meaningful change in job growth.

The report also consists of two other numbers - the number of people receiving state benefits and the insured unemployment rate, neither of which is followed closely by the market.



Release Time: 0830 EST each Thursday.

Note: Data for week ended prior Saturday.

Importance (on a scale of 1 to 10): **5**

**Analysis:**

A rising trend indicates a deteriorating labor market, which can weigh on the economy.

## **Employment Report (Non-farm payrolls)**

This report lists the number of payroll jobs at all non-farm business establishments and government agencies.

The employment report is actually two separate reports which are the results of two separate surveys. The first is a household survey of roughly 60,000 households, which produces the unemployment rate.

The more important second one is establishment survey of app. 375,000 businesses, which produces the non-farm payrolls, average workweek, and average hourly earnings figures. The data also include breakdowns of hours worked, overtime, and average hourly earnings.

The average workweek (also known as hours worked) is important as it is considered a useful indicator of labor market conditions. The average earnings are also closely followed as an indicator of potential inflation.

Release Time: First Friday of the month at 0830 EST.

Note: Data is for one month prior.

Importance (on a scale of 1 to 10): **9**

**Analysis:**

This is the most watched economic report, because of its accuracy and its importance as an indicator of economic activity.

The benchmark for a full employment in an economy is when the unemployment is between 5.5% and 6%. The greater the increase in employment, the faster the economic growth. On the other hand, rising unemployment rates indicate a slowing economy, which would indicate declining interest rates. It is perceived that wages will rise, if unemployment is on the rise and workers are hard to find. This can contribute to a weakening currency. Hence it plays a big role in influencing financial market psychology.

**Producer Price Index**

The Producer Price Index (PPI) measures the rate of inflation experienced by manufacturers. The reading represents the monthly change in the average price of a fixed basket of goods and services purchased by manufacturers.

There are three broad subcategories within PPI: crude, intermediate, and finished. The market gives more importance to the finished goods index, as it represents prices for goods that are ready for sale to the end user.

Goods prices at the crude and intermediate stages of production provide an indication of coming inflationary pressures, but the closer you get to crude goods, the more that these prices track commodity prices.

The index is not revised on a monthly basis, but annual revisions can produce small adjustments to past releases.

Thus the year-on-year changes are also noted by analysts, even though the market reaction is determined by the month-on-month changes.

**Core PPI** - This indicator is a derivative of the PPI that excludes the volatile Food and Energy items. Since the food and energy prices tend to be quite volatile, they obscure trends in the underlying inflation rate. The market places more emphasis on the index excluding food and energy, since indication of consumer price inflation are derived from the changes in this core PPI.

Release Time: 0830 EST around the eleventh of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **6**

**Analysis:**

Higher inflation generally leads to higher interest rates, which tend to strengthen the country's currency.

# Consumer Price Index

The Consumer Price Index (CPI) measures the rate of inflation experienced by consumers. The reading represents the monthly change in the average price of a fixed basket of goods and services purchased by consumers.

CPI is the most widely cited inflation indicator, and it is used to calculate cost of living adjustments for government programs as well as private labor agreements.

It is also known as the Cost-of-Living Index, and is considered as a benchmark inflation index.

## Core CPI

The CPI can be greatly influenced in any given month by a movement in volatile food and energy prices. Therefore, it is important to look at CPI excluding food and energy, commonly called the "core rate" of inflation. This core CPI is seen by most economists as the best measure of the underlying inflation rate.

Release Time: 0830 EST around the thirteenth of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **7**

## Analysis:

The rate of change of the Core CPI is one of the key measures of inflation.

Higher inflation generally leads to higher interest rates, which tend to strengthen the country's currency.

## Retail Sales

Retail Sales measures the monthly change in total value of sales at the retail level. These figures are in current Dollars, which means that they are not adjusted for inflation. The changes in retail sales are widely followed as they are a timely indicator of consumer spending patterns.

These reports can be quite volatile and the advance reports are subject to large revisions. The retail sales do not include spending on services, which makes up over half of total consumption.

Release Time: 0830 EST around the thirteenth of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **7**

### **Analysis:**

The market follows this report closely, as it is considered an effective indicator of broad consumer spending patterns.

It gives a broad picture of the trends among different types of retailers, which can help spot specific investment opportunities.

A rising trend indicates higher consumer spending, which is an important driver of the economy.

## University of Michigan Consumer Sentiment Index

Consumer Sentiment measures consumer attitudes concerning both the present situation and future expectations. It's derived from a monthly 500-person survey conducted by the University of Michigan.

The Michigan index is almost identical to the Conference Board Consumer Confidence index, though there are two monthly releases, a preliminary and final reading. It has two sub indexes - expectations and current conditions.

Release Time:

Preliminary: 1000 EST on the second Friday of the month.

Final: 1000 EST on the fourth Friday of the month

Note: Data for current month.

Importance (on a scale of 1 to 10): **6**

### **Analysis:**

Higher sentiment levels are a leading indicator of rising consumer spending, which accounts for a third of the economy.

## Industrial Production

This report measures the percentage of available resources being utilized among factories, mines and utilities.

One of the largest components of this report, the manufacturing production, can be accurately predicted using total manufacturing hours worked from the employment report.

This monthly report provides a measure of capacity utilization, which measures the proportion of plant and machinery capacity used in production.

This capacity utilization is seen as a critical gauge of the slack available in the economy.

Release Time: 0915 EST around the fifteenth of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **6**

**Analysis:**

A rising rate signals that resources are being utilized to their fullest capacity, which is a leading indicator of inflationary pressures.

The 85% mark is seen as a key barrier over which inflationary pressures are generated.

## **NY Empire State Index**

This Index measures the mood of manufacturers in New York State. The New York Fed conducts this monthly survey on app 175 manufacturing executives to rate their business on an assortment of indicators, concerning both the present situation and future expectations.

Release Time: 0830 EST around the fifteenth of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **5**

**Analysis:**

This report does not largely affect the markets, as compared to the other manufacturing indices.

## **Export/Import Prices**

Import Prices measures the rate of inflation for imported goods. The reading represents the monthly change in the average price of a fixed basket of imported goods and services.

These export/import prices are a useful indication of inflation pressures created by changes in foreign exchange rates.

For example, when the dollar is strong, import prices tend to be under downward pressure. Since US exports must compete with foreign goods, there is also downward pressure on export prices when the dollar is strong.

Release Time: 0830 EST in the second week of the month.

Note: Data for previous month.

Importance (on a scale of 1 to 10): **4**

### **Analysis:**

Though not a market-moving release, it gives a fair indication of inflation pressures.

Economists typically look at import prices excluding oil and export prices excluding agricultural.

## Housing Starts

Housing Starts are the number of new single-family homes or buildings constructed throughout the previous month.

The monthly national report is broken down by region: Northeast, Midwest, South, and West. But this regional data has to be analyzed properly, as they are subject to a high degree of volatility, which can be attributed to weather changes and/or natural disasters.

Release Time: 0830 EST around the sixteenth of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **6**

### **Analysis:**

The market uses this to predict the changes of the Gross National Product.

Even though the residential investment represents only 4% of the GDP level, it represents a higher portion of change in the GDP due to its volatility.



## International Trade

The Trade Balance report gives the difference in value between total imports and total exports of goods. A positive reading means that more goods were exported than imported over the previous month. It is widely watched for trends in the overall trade balance.

The export data is important to watch for indications that a strengthening position at home and/or strengthening economies overseas are boosting U.S. growth.

Imports provide an indication of domestic demand, but it is not particularly valuable for this purpose since this report is lagging compared to other consumption indicators.

On the other hand, net exports are a relatively volatile component of GDP, and the trade report provides the only early clues to the net export performance each quarter.

Changes in trade balance with a particular country can have foreign exchange and policy implications with that trading partner.

Release Time: 0830 EST around the twentieth of the month.

Note: Data is for 2 months prior.

Importance (on a scale of 1 to 10): **6**

### **Analysis:**

Imports and exports are important components of the economic activity and represent 14% and 12% of the GDP.

This report thus has a sizable impact on GDP and at extremes can directly influence the country's currency value.

## **Philadelphia Fed Survey**

The Philadelphia Fed Index surveys manufacturers in the Philadelphia Federal Reserve District.

It is a regional manufacturing Index, which covers Pennsylvania, New Jersey and Delaware, as these regions represent a majority cross section of national manufacturing activities.

The Philadelphia Fed conducts a monthly survey that asks respondents to rate their business on an assortment of indicators, concerning both the present situation and future expectations.

The survey results are converted into a general index of business and manufacturing conditions within the Philadelphia Federal Reserve district.

Release Time: 1200 EST on the third Thursday of the month.

Note: Data for current month.

Importance (on a scale of 1 to 10): **6**

### **Analysis:**

This survey along with the Chicago survey can help in forecasting the results of the widely watched ISM Index.

Readings above 50 indicate an expanding manufacturing, while a reading below 50 indicate contraction.

## Leading Indicators

Leading Indicators is a composite index that measures overall economic activity.

The purpose of the leading index is to signal turning points in the business cycle.

It's developed by combining ten indicators including factory workweek, new orders for consumer goods, new orders for non-defense capital goods, stock prices, initial jobless claims, vendor performance, building permits, money supply, consumer expectations and the spread between the 10-year note and the federal funds rate.

Release Time: 1000 EST in the third week of the month.

Note: Data for the prior month.

Importance (on a scale of 1 to 10): **3**

### **Analysis:**

Many of the components, which form part of this index, are previously reported which minimizes the indicator's market impact.

Therefore, the report is extremely predictable and of very little interest to the market.

# Gross Domestic Product (GDP)

Gross Domestic Product (GDP) measures the value of all goods and services produced by the economy. The reading represents the quarterly change in value.

The broad components of GDP are: consumption, investment, net exports, government purchases, and inventories. Consumption is the largest component, constituting roughly 2/3rds of GDP.

Quarterly GDP reports are broken down into three announcements: advance, preliminary, and final. The Commerce Department releases an "advance report" on the last day of each quarter. Within a month it follows up with the "preliminary report" and then the "final report" is released another month later.

A healthy GDP growth is between 2.0% to 2.5%, which would indicate strong corporate earnings.

In addition to the GDP figures, there are GDP deflators, which measure the change in prices in total GDP and for each component. This GDP deflator is another key indicator inflation measure, much like the consumer price index, but more closely watched.

Release Time: 0830 EST in the third or fourth week of the month.

Note: Data for previous quarter.

Importance (on a scale of 1 to 10): **8**

## **Analysis:**

GDP is the broadest measure of economic activity and the primary gauge of an economy's health. It therefore can have a significant impact on the value of a country's currency.

A higher GDP would lead to accelerating inflation, while a lower GDP would indicate a weakening economy.

Analysts pay close attention to increasing inventories as it can indicate that growth is slowing, or consumer demand is changing.

## **Existing Home Sales**

Existing Home Sales measures the number of previously constructed homes that were sold last month.

They make up a larger portion of the housing market than New Home Sales, and therefore are an important indicator of trends in the housing market.

This indicator is published monthly by the National Association of Realtors.

Housing starts precede this report each month, but starts are a supply rather than demand-side indicator.

Existing home sales precede the other key demand-side indicator of housing - new home sales - thus boosting the visibility of this report.

Release Time: 1000 EST on the 25<sup>th</sup> of the month.

Note: Data for the prior month.

Importance (on a scale of 1 to 10): **5**

### **Analysis:**

It is considered to be a decent indicator of the activity in the housing sector, since this provides a gauge of not only the housing sector but also of the economic momentum.

Aside from total sales, two other indicators are worth watching in this report -- the inventory of homes for sale and the median price.

Also the survey sample for existing home sales is larger than that of new home sales, making it somewhat less susceptible to large revisions.

## **Durable Goods**

Durable Goods Orders measures the value of new purchase orders placed with manufacturers for hard goods.

It is a Government Index – which is officially known as the “Advance Report on Durable Goods Manufacturers Shipments and Orders” – that measures the Dollar volume of orders, shipments and unfilled orders of durable goods.

The reading represents the monthly change in total value of new purchase orders, and points to how busy manufacturers will be in the months to come as they work to fill the orders.

The report gives information on the strength of demand for US manufactured durable goods, both from domestic and foreign sources.

Release Time: 0830 EST around the 26<sup>th</sup> of the month.

Note: Data for the prior month.

Importance (on a scale of 1 to 10): **7**

### **Analysis:**

Orders are considered a leading indicator of manufacturing activity, and the market often moves on this report despite its volatility and large revisions.

A high reading of the Index value suggests a strengthening of demand, which would mean rising production and employment.

# Treasury International Capital

The Treasury International Capital (TIC) Report measures foreign demand for US debt and assets.

These Treasury data track the flows of financial instruments into and out of the United States. Instruments tracked include Treasury securities, agency securities, corporate bonds, and corporate equities.

Release Time: 0900 EST on the twentieth of the month.

Note: Data is for 1 month prior.

Importance (on a scale of 1 to 10): **6**

## **Analysis:**

Strong inflows (demand for U.S. securities) are needed to keep downward pressure on interest rates.

Strong inflows also underpin the value of the dollar since foreigners must purchase dollars in order to buy our securities.

Thus the strong demand tends to strengthen the dollar as foreigners convert their money in order to purchase US securities.

## Consumer Confidence

The Conference Board conducts a monthly survey of 5000 households to ascertain the level of consumer confidence.

The report can occasionally be helpful in predicting sudden shifts in consumption patterns, though most small changes in the index are just noise.

This Consumer Confidence Survey is considered one of the most accurate indicators of confidence.

To look for trend changes, many analysts use a moving average (3-6 months). Should the index move above or below the moving average it is a good indication that consumer confidence is significant.

Release Time: 1000 EST on the last Tuesday of the month.

Note: Data for current month.

Importance (on a scale of 1 to 10): **6**

### **Analysis:**

Higher readings point to higher consumer optimism. When consumers are optimistic they tend to purchase more goods and services, which stimulates the economy and strengthens the country's currency.

Confidence is looked at closely by the Federal Reserve when determining interest rates, which affect the currencies.

Lowering interest rates make it easier to borrow which ultimately supports consumer spending and higher confidence



## **Chicago Purchasing Managers Index (PMI)**

The National Association of Purchasing Managers (NAPM) - Chicago compiles this index to measure business conditions in the Chicago area.

It surveys more than 200 purchasing managers regarding the manufacturing industry in the Chicago area.

This is because the overall distribution of the manufacturing firms in Chicago, closely mirror the national distribution.

It is usually used to forecast the results of the more closely watched ISM Index, which is released on the following business day.

Release Time: 1000 EST on the last business day of the month.

Note: Data for current month.

Importance (on a scale of 1 to 10): **7**

### **Analysis:**

Readings above 50 percent indicate an expanding business sector. The index is considered a leading indicator of the ISM manufacturing index.

## **The Employment Cost index**

The Employment Cost Index is a quarterly survey of employer payrolls in the final month of the quarter. The ECI measures the change in cost of labor which includes wages, fringe benefits, and bonuses for employees at all levels of involvement in the companies.

The wages and salaries make up approximately 75% of the indexes value. It is prepared by the Bureau of Labor which surveys over 3,000 private sector firms and over 500 local governments, schools and other public sector organizations.

The ECI is particularly useful when it's compared to inflation and productivity growth rates. Ideally the wages should increase at a similar rate as inflation and productivity.

If employee costs are rising but productivity is not then it could spell trouble for companies.

Release Time: 0830 EST on the last business day of January, April, July and October.

Note: Data for previous quarter.

Importance (on a scale of 1 to 10): **5**

### **Analysis:**

If the report indicates wage inflation, then it is likely that interest rates would rise. It is watched closely by The Fed because it is considered an early warning sign of inflation.

## **New Home Sales**

New Home Sales measures the number of newly constructed homes sold in the previous month.

This report is based on interviews of about 10,000 builders or owners of about 15,000 building projects.

In addition to the home sales, the market also monitors the number of homes for sale, relative to the current sales pace.

It is interpreted as a gauge of spending for housing related items, and for consumer spending in general.

Release Time: 1000 EST on the last business day of the month.

Note: Data for the prior month.

Importance (on a scale of 1 to 10): **5**

### **Analysis:**

The median home price provides an indication of inflation in the housing sector, though only year/year changes provide any meaningful information.

The report rarely prompts a market reaction, since this report is quite volatile and subject to huge revisions, making any one month's reading very unreliable.

## **Beige Book**

Beige book is the commonly used term for the Fed report entitled: "Summary of Commentary on Current Economic Conditions by Federal Reserve District".

It is published two weeks before the FOMC meeting on interest rates and is used to inform the members on changes in the economy since the last meeting.

The Beige Book provides a look at how regional Federal Reserve branches view the economy in their locales.

This report is published eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from bank and branch directors and interviews with key business contacts, economists, market experts, and other sources.

The Beige Book summarizes this information by district and sector.

Release Time: 1400 EST on the Wednesday two weeks prior to the FOMC meeting.

Importance (on a scale of 1 to 10): **4**

### **Analysis:**

The findings of the Beige book are considered very timely as the data used is usually a couple weeks old.

The Beige book is what the FOMC members read before interest rate meetings and so is a good predictor of what direction (if any) rates will move

If the Beige book indicates inflationary conditions, then the market would expect the Feds to increase interest rates.

On the other hand, if the report indicates recessionary conditions, the Feds would be expected to lower interest rates.

## **FOMC Interest Rate Statement**

The Federal Open Market Committee (FOMC) Interest Rate Statement is released shortly after a meeting in which the FOMC makes a decision on where to set the federal funds target rate.

The statement is released eight times per year and contains the latest rate decision, along with commentary on the state of the economy and how the FOMC intends to shift monetary policy in the future.

The FOMC focuses heavily on inflation, as their stated mission is to achieve price stability.

They generally raise rates to fight rising inflation, and lower rates in the face of deflation or economic slowdown.

Release Time: Eight times a year.

Importance (on a scale of 1 to 10): **8**

### **Analysis:**

This is a market moving report, as the market interprets the increase /decrease in the interest rates, and the accompanying statements for further clues.

## **EIA Crude Oil Inventories**

The Energy Information Administration's (EIA) Crude Oil Inventories measures the weekly increase in barrels of commercial crude oil held in inventory by US firms.

The level of inventories influences the price of petroleum products, which can have an impact on inflation and other economic forces.



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