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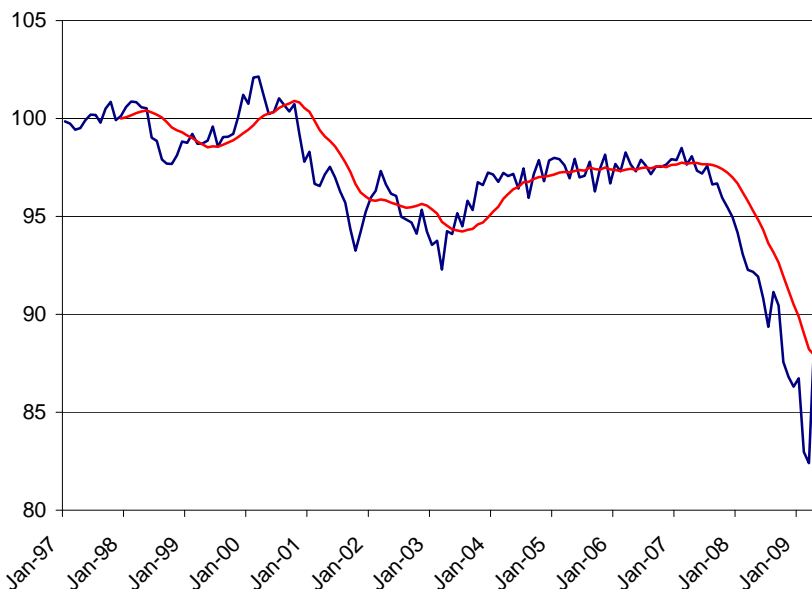
Leading Economic Index Sees Slight Reprieve as All Four Indicators Improve; Current Index Drops as Room Nights and Employment Sag

The **Gwinnett County Index of Leading Economic Indicators** experienced a slight rebound in April as it rose to 88.52, an increase of 7.4 percent, as all four of the indicators improved (Figure 1). For the twelve months ending in April, the Leading Index is down 4.0 percent.

After spending twenty-three consecutive months below, the Leading Index, which is designed to forecast the county's economic performance 3 to 6 months in advance, is above the 12-month moving average. This is significant because if the index is consistently above or below this average, it is a signal that the economy is headed in one direction or the other 3 to 6 months down the road. It is too soon to tell whether the increase in the Leading Index is actually the beginning of an upward trend, or if it is simply an anomaly.

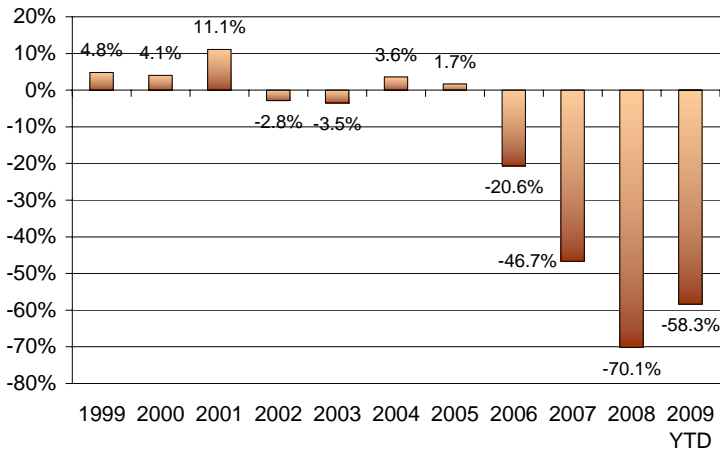
Of the four indicators used to measure the Leading Index, the single largest contributor to the increase in the index was Single-Family Building Permits, which increased an astounding 673.2 percent during the month. This is quite ironic considering that single family building permits was also the main driver in the precipitous decline in the index over the past year and a half. While the rise in permits is certainly applauded, the scope of the increase can be a bit misleading unless it is considered that the number of single family permits had been running only in the high teens the past couple of months. Furthermore, preliminary information suggests that May data will once again post at levels in the high teens or low twenties. For the year, single-family building permits have dropped 58.3 percent, adjusted for seasonality (Figure 2).

Figure 1: Gwinnett County Leading Economic Index (1997 = 100)



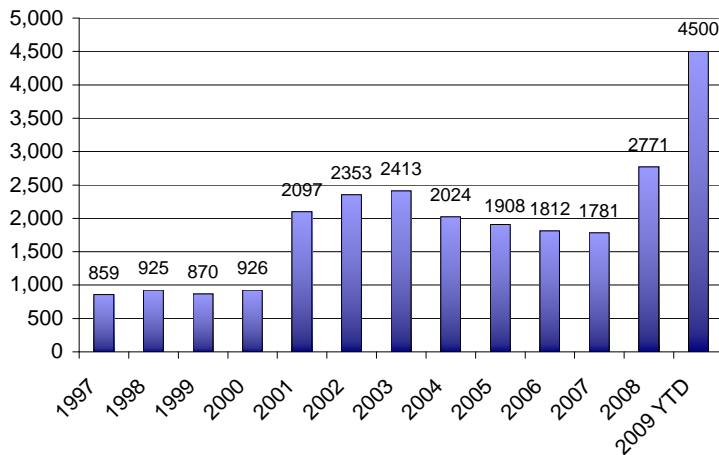
Leading Index Components:		Apr-09
Initial Unemployment Claims	Down ↓	-30.1%
Gwinnett Stock Index	Up ↑	13.0%
Consumer Expectations	Up ↑	72.2%
Single Family Building Permits	Up ↑	673.2%
Leading Economic Index		Up ↑ 7.4%
12-Month Change		Down ↓ -4.0%

Figure 2: Single-Family Building Permits (Growth; Seasonally Adjusted Annual Rate)



While the year-over-year figures are up about 87 percent, initial unemployment claims, which help to provide insight into the county's labor situation, experienced a slight reprieve as it fell 30 percent in the last month (seasonally adjusted). As can be seen in Figure 3, however, the 2009 year-to-date monthly averages of initial claims have grossly outpaced levels from any previous recessionary period since 1997.

Figure 3: Initial Unemployment Claims (Monthly Average)

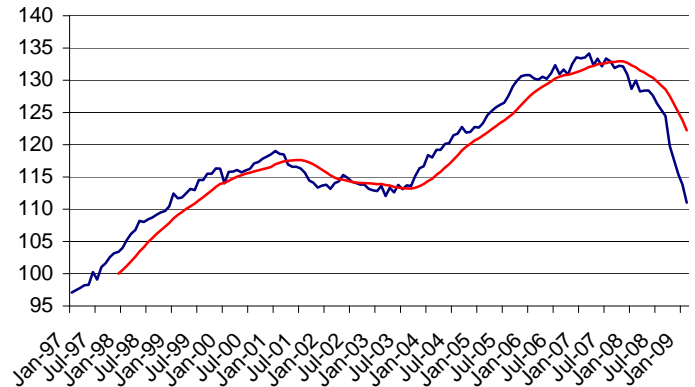


Current Economic Indicators

The **Gwinnett County Index of Current Economic Indicators** dropped a mere 0.7 percent in March to 110.16 as two of the four indicators weakened. For the twelve months ending in March 2009, the Current Index is down 14.1 percent. The Current Index, which is designed to track the current state of the Gwinnett County economy, has

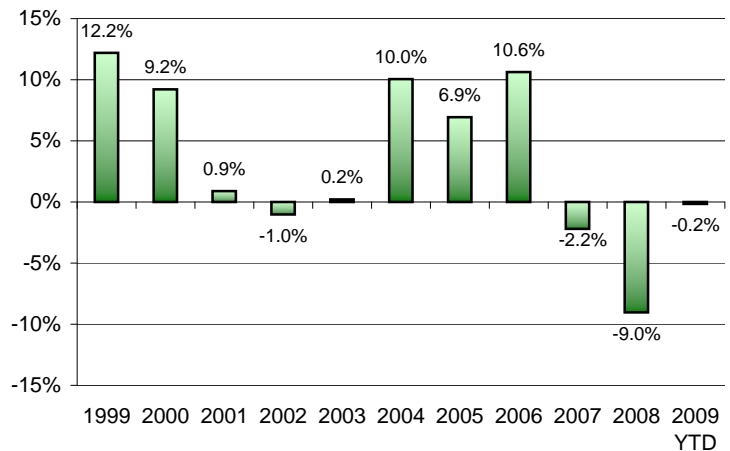
been below the 12-month moving average for 19 consecutive months. As with the Leading Index, this is significant because if the index is consistently above or below this average, it is a signal that the economy is currently headed in one direction or the other (Figure 4).

Figure 4: Gwinnett Current Economic Index (1997 = 100)



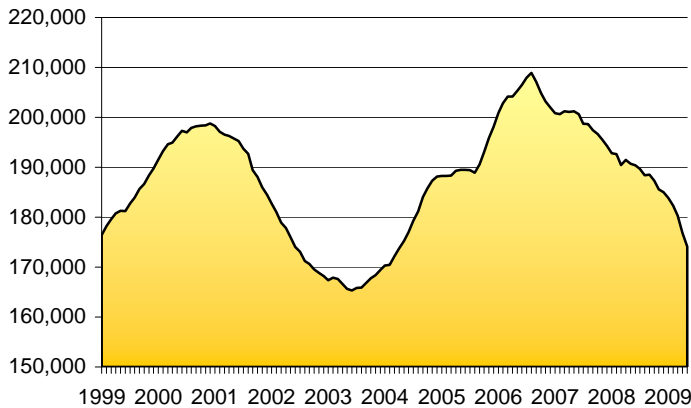
Consumer Confidence in the present situation actually posted positive results in March 2009, increasing almost 26 percent over February. However, Consumer Confidence is still down significantly from previous levels; seasonally adjusted it is down 78.8 percent from the same month a year ago. Since the confidence consumers have in the current economy is correlated with the amount of money they spend, it is of no surprise that sales tax revenues are also down over the same period last year. This represents the third consecutive year that sales tax revenues have posted negative numbers (Figure 5).

Figure 5: Gwinnett County SPLOST (Y-Y Change in Monthly Collections)



Two of the variables that contributed to the decline in the index were household employment, which has continued to deteriorate, and hotel/motel room nights. On a seasonally adjusted basis, hotel/motel occupancy decreased 10 percent from February to March and is 12.8 percent less than the same month a year ago. As evidenced by this decrease, people are choosing to travel less and/or find entertainment closer to home (Figure 6).

Figure 6: Hotel/Motel Occupancy (12-Month Moving Average # of Room Nights)



What Green Shoots?

Economic policy makers and media outlets have a new term they use to identify economic data that portend better things to come. We are told that these data – or “green shoots” – show that the economy is poised for a turn around. Never mind that the data are often still at historic lows or that the following month the data fell back to previous lows, these “green shoots” are evidence of the long awaited turn around.

Not to carry the horticulture analogy too far, but as one economist recently put it, the only green shoots we see are weeds. Here are the “growing” economic indicators that we believe will dominate the economy for the next 6 to 12 months.

- 1) **Unemployment.** New data from the Georgia Department of Labor puts Gwinnett County’s unemployment rate at 8.9 percent in May. (On a seasonally adjusted basis, it is 9.1 percent.) While

still lower than the state rate of 9.5 and the national rate of 9.1, it is still more than twice as high as any rate Gwinnett has experienced in the 14 years of data we have. And it will be going higher, easily exceeding 10 percent this year. Further, not only is the unemployment rate rising, but so is the average length of time a Gwinnett resident is unemployed...now in excess of 15 weeks.

- 2) **Job losses.** According to the Georgia Department of Labor, the four quarters ending in December 2008 saw a net loss of nearly 17,000 private sector jobs in Gwinnett. That represents almost 6 percent of total private employment in the county. There is evidence that job loss will continue to mount in 2009.
- 3) **Foreclosures.** Since 2004, advertised foreclosures are up more than 400 percent in Gwinnett County. Last year saw an increase of 64 percent, and so far, 2009 is up another 55 percent! With unemployment and interest rates on the rise, this number will continue to grow.
- 4) **Interest rates and inflation.** Speaking of interest rates, they will continue to rise as the dollar weakens and inflation increases. Rising interest rates will snuff out what little economic growth may be out there. The ten-year treasury reached yields of nearly 4 percent in mid-June, largely due to the concern that the massive debt being created by the U.S. will be inflated away. That debt can only be paid out of taxes or inflation – and inflation is a really nothing more than a vicious form of taxation.

We have often said in this and other presentations that recessions are a way to correct imbalances in the economy. While some of the pain is behind us, there is still more pain to undergo as we continue to work through those imbalances. The May Leading Index reported here shows an uptick, but preliminary June data is already moving the index back down. Even *if* the leading index turned today, that would mean we are still 6 to 9 months away from positive growth – 6 to 9 months away from *real* green shoots.

~ Alfie Meek, Ph.D.
 Director
 Economic Analysis Division

Candice C. McKie
 Program Analyst
 Economic Analysis Division

	4th Quarter 2007	3rd Quarter 2008	4th Quarter 2008	Quarterly Growth	Y-Y Growth	Y-Y Jobs
Goods Producing	50,464	47,255	45,270	-4.2%	-10.3%	(5,194)
Agriculture, Forestry, & Fishing (11)	232	191	176	-7.9%	-24.1%	(56)
Mining (21)	124	*	*	*	*	*
Construction (23)	23,936	21,955	20,324	-7.4%	-15.1%	(3,612)
Manufacturing (31-33)	26,172	24,988	24,652	-1.3%	-5.8%	(1,520)
Food Manufacturing (311)	1,722	1,731	1,668	-3.6%	-3.1%	(54)
Beverage & Tobacco Manufacturing (312)	13	*	13	*	*	*
Textile Mills (313)	113	112	68	-39.3%	-39.8%	(45)
Textile Product Mills (314)	512	485	483	-0.4%	-5.7%	(29)
Apparel Manufacturing (315)	141	108	94	-13.0%	-33.3%	(47)
Leather & Allied Product Manufacturing (316)	*	*	*	*	*	*
Wood Product Manufacturing (321)	855	621	550	-11.4%	-35.7%	(305)
Paper Manufacturing (322)	921	964	976	1.2%	6.0%	55
Printing and Related Activities (323)	2,539	2,521	2,594	2.9%	2.2%	55
Petroleum and Coal Products Manufacturing (324)	95	94	95	1.1%	0.0%	-
Chemical Manufacturing (325)	1,634	1,554	1,593	2.5%	-2.5%	(41)
Plastics & Rubber Products Manufacturing (326)	1,478	1,452	1,348	-7.2%	-8.8%	(130)
Nonmetallic Mineral Product Manufacturing (327)	1,247	1,200	1,106	-7.8%	-11.3%	(141)
Primary Metal Manufacturing (331)	173	176	163	*	*	*
Fabricated Metal Manufacturing (332)	2,170	2,244	2,192	-2.3%	1.0%	22
Machinery Manufacturing (333)	1,918	1,715	1,663	-3.0%	-13.3%	(255)
Computer & Electronic Product Manufacturing (334)	5,496	5,408	5,357	-0.9%	-2.5%	(139)
Electrical Equipment/Appliance (335)	1,408	1,492	1,531	2.6%	8.7%	123
Transportation Equipment (336)	881	539	493	*	*	*
Furniture and Related Products Manufacturing (337)	1,195	1,063	1,237	16.4%	3.5%	42
Miscellaneous Manufacturing Industries (339)	1,610	1,441	1,369	-5.0%	-15.0%	(241)
Service Producing	241,787	234,807	229,653	-2.2%	-5.0%	(12,134)
Wholesale Trade (42)	32,717	32,186	31,525	-2.1%	-3.6%	(1,192)
Retail Trade (44-45)	50,702	46,826	46,999	0.4%	-7.3%	(3,703)
Transportation and Warehousing (48-49)	5,713	5,858	5,517	-5.8%	-3.4%	(196)
Utilities	537	517	517	0.0%	-3.7%	(20)
Information (51)	10,019	9,637	9,320	-3.3%	-7.0%	(699)
Finance and Insurance (52)	15,767	15,331	14,877	-3.0%	-5.6%	(890)
Real Estate and Rental and Leasing (53)	5,799	5,562	5,356	-3.7%	-7.6%	(443)
Professional, Scientific/Technical Services (54)	23,551	24,321	24,318	0.0%	3.3%	767
Management: Companies/Enterprises (55)	5,689	6,177	6,276	1.6%	10.3%	587
Administrative, Support, and Waste Mgt. Services (56)	28,520	26,870	24,229	-9.8%	-15.0%	(4,291)
Educational Services (61)	3,142	2,931	3,062	4.5%	-2.5%	(80)
Health Care and Social Services (62)	22,107	21,697	21,881	0.8%	-1.0%	(226)
Arts, Entertainment, and Recreation (71)	2,330	2,543	2,356	-7.4%	1.1%	26
Accommodation and Food Services (72)	27,498	26,557	25,828	-2.7%	-6.1%	(1,670)
Other Services (81)	7,695	7,794	7,594	-2.6%	-1.3%	(101)
Unclassified (industry not assigned)	406	254	869	242.1%	114.0%	463
Total Private Employment	292,657	282,316	275,792	-2.3%	-5.8%	(16,865)
Federal	3,007	2,978	3,063	2.9%	1.9%	56
State	2,330	2,444	2,525	3.3%	8.4%	195
Local	29,259	29,167	31,185	6.9%	6.6%	1,926
Total Government Employment	34,596	34,589	36,773	6.3%	6.3%	2,177
TOTAL GWINNETT EMPLOYMENT (JOBS)	327,252	316,904	312,565	-1.4%	-4.5%	(14,687)

* Denotes confidential data relating to individual employers which cannot be released.

Totals may not add due to rounding.

Source: Georgia Department of Labor. Data represent jobs in Gwinnett covered by unemployment insurance legislation.

Gwinnett County, Georgia Business Cycle Indicators May, 2009

Gwinnett County Economic Indices:	Apr-09	Mar-09	Feb-09	Jan-09	Dec-08
Leading Economic Index (1997 = 100)	88.52	82.41	82.98	86.73	86.30
Current Economic Index (1997 = 100)	-	110.16	110.94	113.80	115.39
Lagging Economic Index (1997 = 100)	73.78	73.84	74.92	75.74	77.91

Gwinnett County Leading Economic Index	Apr-09	Mar-09	Apr-08	Mar-09 to Apr-09	Apr-08 to Apr-09
Leading Economic Index (1997=100)	88.52	82.41	92.17	7.4%	-4.0%
Components:					
Initial Unemployment Claims (Seasonally Adjusted)	3,773	5,400	2,013	-30.1%	87.4%
<i>Initial Unemployment Claims (Unadjusted)</i>	<i>4,034</i>	<i>4,644</i>	<i>2,189</i>	<i>-13.1%</i>	<i>84.3%</i>
Bloomberg Gwinnett Stock Index (12/31/97 = 100)	83.48	73.89	116.28	13.0%	-28.2%
South Atlantic Consumer Expectations (Seasonally Adjusted)	51.6	30.0	52.8	72.2%	-2.1%
New Single Family Building Permits (Seasonally Adjusted)	104	13	105	673.2%	-1.6%
<i>New Single Family Building Permits (Unadjusted)</i>	<i>104</i>	<i>15</i>	<i>104</i>	<i>593.3%</i>	<i>0.0%</i>

Gwinnett County Current Economic Index *	Mar-09	Feb-09	Mar-08	Feb-09 to Mar-09	Mar-08 to Mar-09
Current Economic Index (1997=100)	110.16	110.94	128.23	-0.7%	-14.1%
Components:					
Sales Tax Receipts (Constant 1982-84 \$'s; Ths., Seasonally Adj.)	\$12,044.0	\$11,562.7	\$12,205.1	4.2%	-1.3%
<i>Sales Tax Receipts (Current \$'s, Ths., Unadjusted)</i>	<i>\$11,965.9</i>	<i>\$10,551.9</i>	<i>\$12,683.7</i>	<i>13.4%</i>	<i>-5.7%</i>
Household Employment (Seasonally Adjusted)	377,567	381,390	404,677	-1.0%	-6.7%
<i>Household Employment (Unadjusted)</i>	<i>377,138</i>	<i>379,367</i>	<i>404,217</i>	<i>-0.6%</i>	<i>-6.7%</i>
South Atlantic Consumer Confidence (Present Situation; Seasonally Adj.)	18.5	14.7	87.1	25.7%	-78.8%
Hotel/Motel Occupancy - Room Nights (Ths., Seasonally Adj.)	162.5	180.6	186.3	-10.0%	-12.8%
<i>Hotel/Motel Occupancy - Room Nights (Ths., Unadjusted)</i>	<i>164.3</i>	<i>164.9</i>	<i>188.8</i>	<i>-0.4%</i>	<i>-13.0%</i>

* (Data for the Current Index is one month behind due to the lag in sales tax receipts)

Gwinnett County Lagging Economic Index **	Apr-09	Mar-09	Apr-08	Mar-09 to Apr-09	Apr-08 to Apr-09
Lagging Economic Index (1997=100)	73.78	73.84	83.55	-0.1%	-11.7%
Components:					
Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted)	15.06	14.95	14.07	0.7%	7.1%
<i>Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i>	<i>15.10</i>	<i>15.00</i>	<i>14.10</i>	<i>0.7%</i>	<i>7.1%</i>
Prime Rate Charged by Banks	3.25	3.25	5.66	0.0%	-42.6%
Unemployment Rate (Seasonally Adjusted)	8.8%	8.6%	4.8%	0.2%	4.0%
<i>Unemployment Rate (Unadjusted)</i>	<i>8.2%</i>	<i>8.4%</i>	<i>4.5%</i>	<i>-0.1%</i>	<i>3.8%</i>
Advertised Foreclosures	1,974	2,093	1,180	-5.7%	67.3%

** (Bankruptcies (12-month ending) has been replaced with Advertised Foreclosures as an indicator in the Lagging Index)

Top Employers in 2009

1 Gwinnett County Public Schools	20,750
2 Gwinnett County Government	4,991
3 Gwinnett Health Care System	4,198
4 Wal-Mart	3,593
5 Publix *	2,897
6 United States Postal Service	2,301
7 State of Georgia	2,167
8 Kroger *	1,904
9 Scientific-Atlanta, a Cisco Company	1,863
10 Primerica	1,700
11 Home Depot **	1,518
12 Fiserv (previously Check Free)	1,447
13 Waffle House	1,035
14 Emory Eastside Medical Center *	966
15 Atlanta Journal Constitution	749

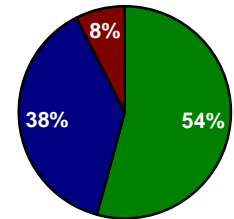


GWINNETT COUNTY, GEORGIA

2008 POPULATION:	789,499
2000-2008 U.S. COUNTY	
- NUMERICAL GROWTH RANKING	6
- RATE OF GROWTH RANKING	76
- TOTAL POPULATION RANKING	66
1 = fastest/largest 3,141 = slowest/smallest	

NET TAXABLE DIGEST: \$29.0 B

- Residential
- Commercial
- Motor Vehicle



Source: Gwinnett County Tax Assessor.
2008 Final Tax Digest

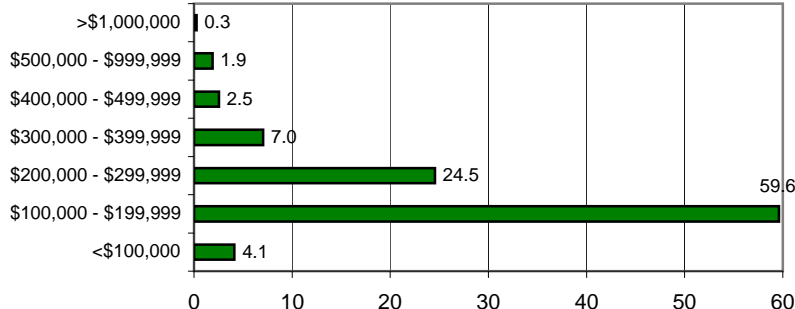
Source: Calls to individual companies in March. '09.
* Full-time equivalents (FTEs)
** Based on business license data.

Indicators	2001	2002	2003	2004	2005	2006	2007	2008
Total Employment (Jobs)	289,596	288,970	291,859	304,087	315,229	325,070	325,542	317,234
% change	2.6	(0.2)	1.0	4.2	3.7	3.1	0.1	(2.6)
Unemployment Rate	3.3	4.5	4.4	4.2	4.6	4.0	3.8	5.5
Total Personal Income (\$Bil)	19.5	19.5	20.1	21.0	22.8	24.3	25.6	
% change	2.6	0.1	2.8	4.7	8.4	6.6	5.4	
Sales Tax Revenue (\$Mil)	120.8	119.6	119.8	131.8	141.0	155.9	152.5	138.8
Population	621,901	644,872	666,978	692,302	716,818	746,169	771,466	789,499
Single-Family Permits	8,440	8,201	7,915	8,199	8,337	6,616	3,526	1,054
Median Existing Home Price (\$Ths)	158.5	166.9	171.2	173.3	182.3	187.1	187.8	162.3
Mortgage Originations (\$Mil)	7,870	8,582	12,894	8,015	8,660	8,477	7,037	4,806
Net Migration (000)	17.4	14.5	13.2	16.1	14.6	19.0	14.8	7.6
Personal Bankruptcies	3,313	4,044	4,553	4,513	5,655	2,533	3,293	4,382
Foreclosures	2,306	3,594	4,810	5,255	5,242	6,274	8,394	13,758

Source: Gwinnett County; GA Dept. of Labor; U.S. District Courts; Bureau of Economic Analysis; U.S. Census Bureau; and Economy.com
Source for foreclosure data is Equity Depot.net (www.equitydepot.net) and Gwinnett Daily Post

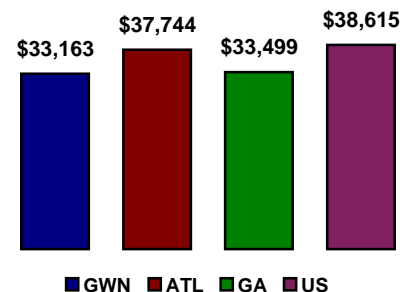
HOUSING DISTRIBUTION

(Number of Single Family including Townhomes and Condos)



Source: Gwinnett County Tax Assessor; Data for 2007.

2007 PER CAPITA INCOME



Source: Bureau of Economic Analysis, 2009.