

## Last Week in the News

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The first-quarter growth rate of the nation's gross domestic product was downgraded from a preliminary estimate of 1.3% to just 0.6%, the worst showing in more than four years, the Commerce Department said May 31. The foreign trade deficit was largely blamed for stunting growth.

Employers, however, did their part for the economy, adding 157,000 jobs to their payrolls in May, the Labor Department reported June 1. Economists had forecast growth of 135,000 jobs.

Personal income slipped 0.1% in April from March, the first drop in two years, the Commerce Department said June 1. The decline follows the pay-out of unusually large Wall Street bonuses and corporate stock options in the first quarter of 2007. Analysts expected personal income to rise 0.3%.

Although personal income dipped, consumer spending -- a key ingredient to a healthy economy -- rose a strong 0.5% in April, ahead of analysts' forecast of 0.4%, the Commerce Department reported June 1.

Manufacturing output also rose, as the Institute for Supply Management said its manufacturing index in May climbed to 55, above April's 54.7 reading and higher than the market expectation of 54. A reading above 50 indicates growth.

Consumer confidence increased as well, with The Conference Board, a private research group, reporting that its index of consumer confidence for May moved to 108 from 106.3 in April. Economists had expected a reading of 105.

For the week, mortgage rates on fixed-rate products rose again, Freddie Mac said May 31.

This week look for updates on factory orders on June 4 and the trade balance on June 8.