



## ECONOMICS GROUP

Tim Quinlan, Economic Analyst  
[tim.quinlan@wachovia.com](mailto:tim.quinlan@wachovia.com) • 704-374-4407

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### Leading Indicators Still Down, Recession Continues

*The Leading Economic Index (LEI) slipped 0.3 percent in March—the third consecutive monthly drop. The move suggests that we are still not out of the woods as the longest recession in the post WWII era continues. We do not expect positive economic growth to return until the fourth quarter.*

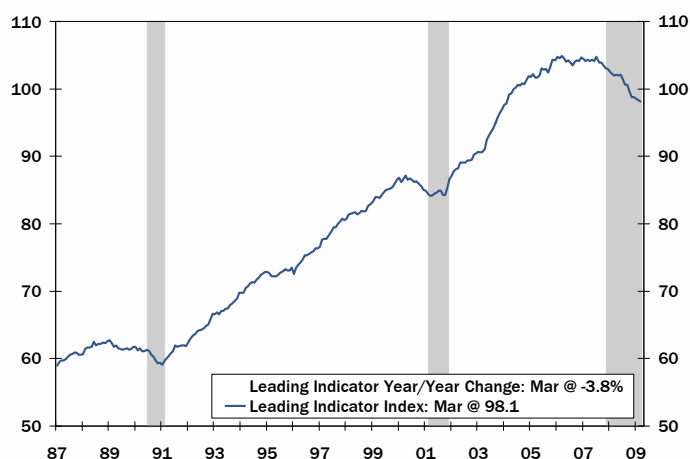
#### Trouble Ahead, Trouble Behind

- The LEI has not been positive in nine months and this month's decline may dampen the mood of market-watchers who had hoped to see some light at the end of the tunnel. We expect modestly positive economic growth by the end of this year.
- The index of lagging indicators also fell in March, weighed down by the increasing length of the average duration of unemployment.

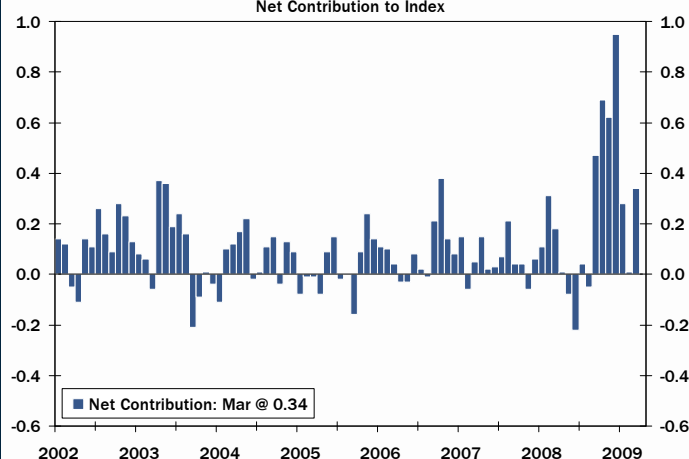
#### If All Else Fails, Throw Money at the Problem

- In recent months, the change in the money supply has been the largest positive contributor to the LEI. This increase in cash is the manifestation of the government's various efforts to provide relief to the beleaguered financial system.
- The largest negative in March was the contribution from stock prices as the S&P 500 stumbled. But after six weeks of gains for equities markets, we may see a turnaround in April.

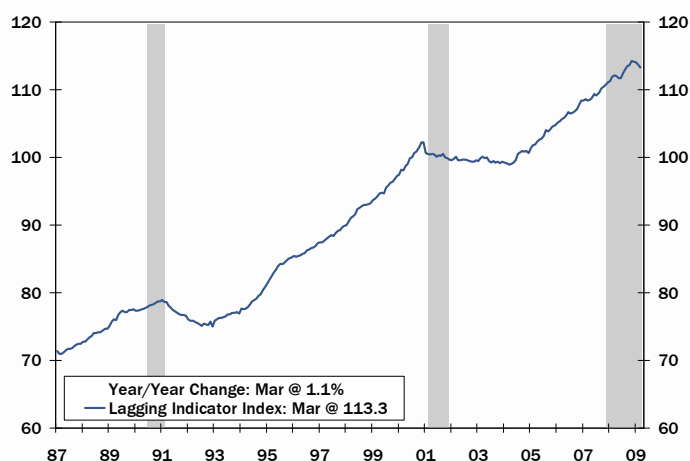
Leading Indicator Index



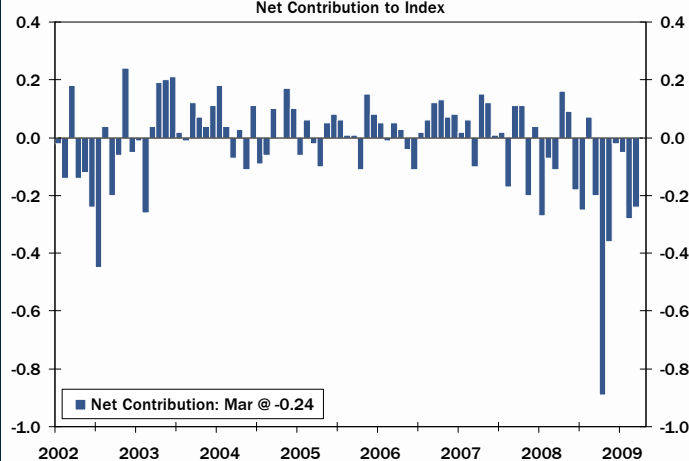
Money Supply, M2  
Net Contribution to Index



Lagging Indicator Index



Stock Prices  
Net Contribution to Index



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