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Personal Income & Spending Retreated in March

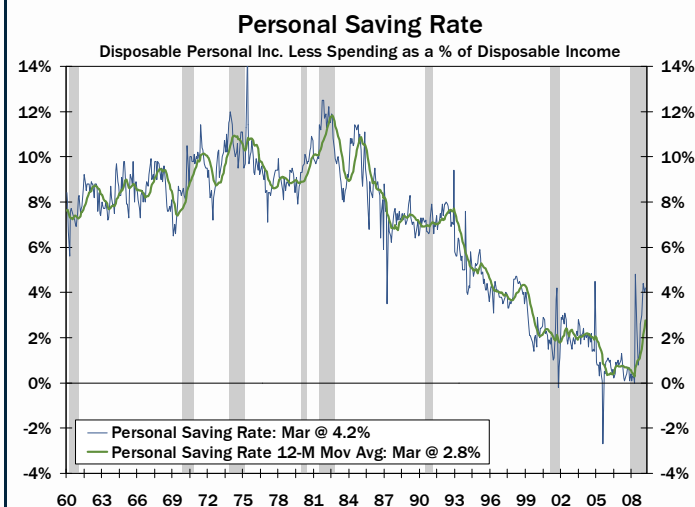
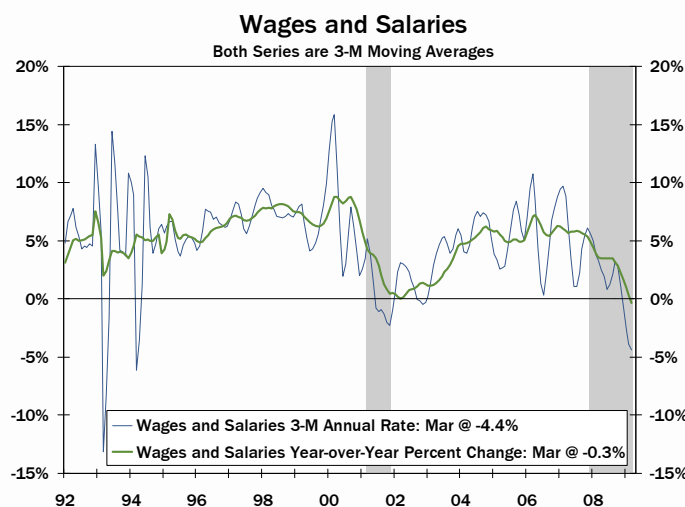
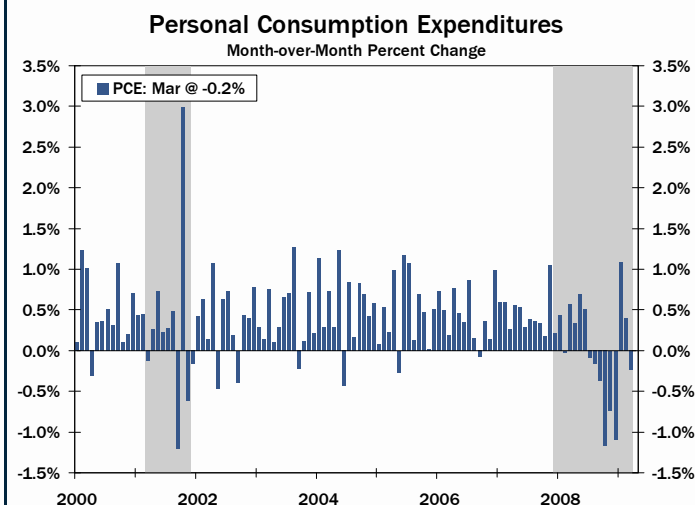
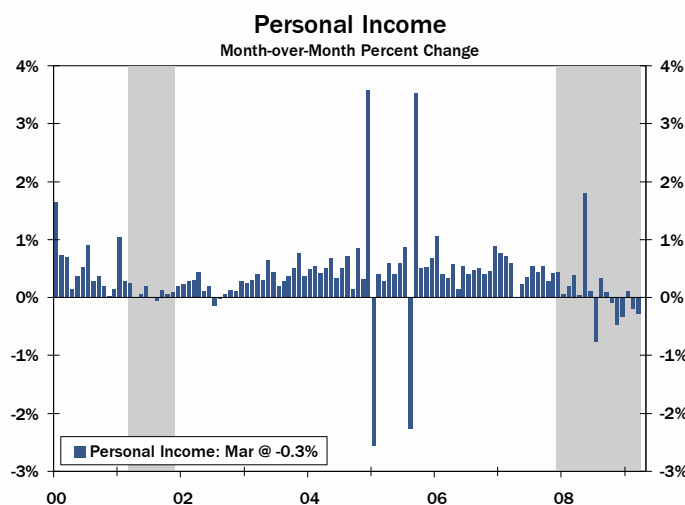
Personal income fell 0.3 percent while spending fell 0.2 percent on the month. After adjusting for inflation and accounting for tax payments, real disposable income was flat on the month. Income may rise in April and May as tax changes from the last stimulus bill filter through. Spending may climb from here, but growth will be weak.

Weak Labor Market Kept Pressure on Income

- Personal income fell 0.3 percent, led lower by the continued decline in wage & salary income which fell for the fifth straight month. With the labor market remaining extremely weak we do not expect wage & salary growth to pick up for quite sometime. Personal income and more notably disposable income will likely rise significantly in April or May as withholding tables are changed for the new tax provisions.

Spending Fell for First Time in 2009

- Spending fell for the first time since December as consumers tentatively stepped back into the marketplace early in the year. Spending declined six straight months to end last year. While we think gains are possible in coming months, we do not expect consumption to return to trend growth this year.
- Personal saving remained relatively elevated as consumers still view the economy with a cautious eye.



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