

## Economics Group

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### Leading Index up Again in Latest Sign Recession has Ended

*The Leading Economic Index (LEI) gained 0.7 percent in July—the 4<sup>th</sup> straight monthly gain. This is consistent with our forecast for a recovery beginning in the second half of this year.*

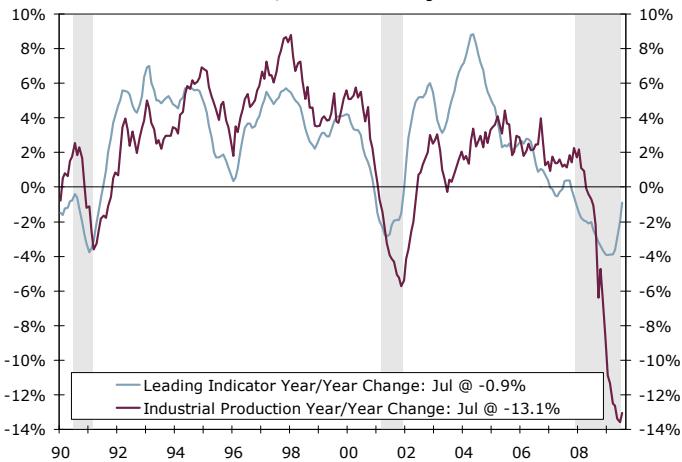
#### Looks Like the Recession Ended in June

- In the last two recessions, the NBER (the official arbiters of dating recessions) declared the recession over after the LEI turned positive for several consecutive months and at the trough in year-over-year change of Industrial Production. It appears we are now at that point in the economic cycle again.
- The Fed's efforts to keep interest rates low at the short end of the curve are helping to stimulate the economy.

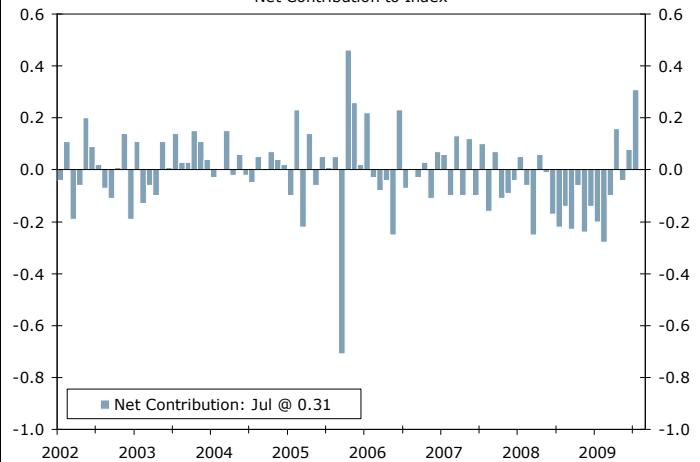
#### Relative Improvement, but Job Market Still a Problem

- While the economy is still losing jobs, the number of people filing claims for unemployment decreased somewhat in July. But jobs will actually need to increase, not merely decrease at a slower rate, before the consumer can resume spending in a substantive way. Consumer sentiment tends to reflect the labor market. In July, the biggest drag on LEI came from the consumer expectations index.

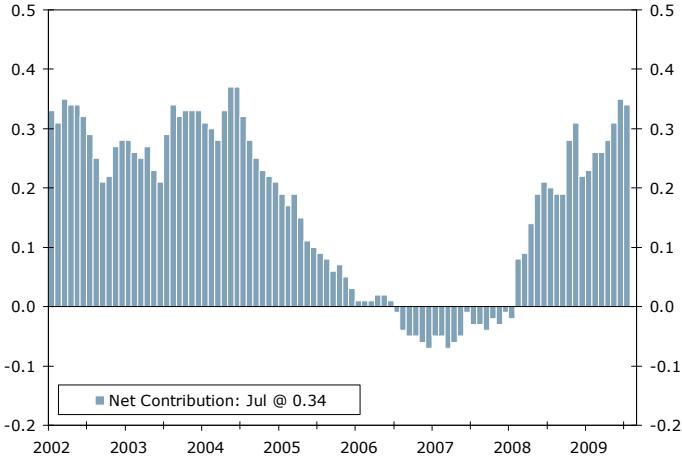
Industrial Production and Leading Indicators  
 Year/Year Percent Change



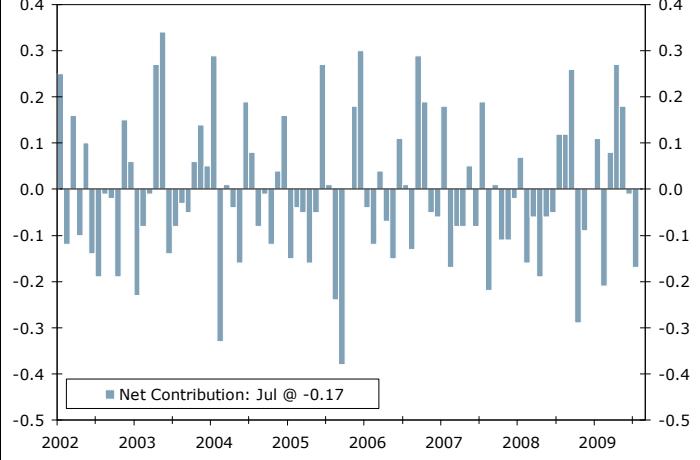
Unemployment Claims  
 Net Contribution to Index



10-Year Treasury less Federal Funds Rate  
 Net Contribution to Index



Index of Consumer Expectations  
 Net Contribution to Index



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