



Economics Group

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LEI Inches Up: Slogging Along in the Slow Motion Recovery

For the 16th time in 17 months, the Leading Economic Index nudged higher, while the Coincident Index was unchanged and the Lagging Index added a modest 0.2 percent.

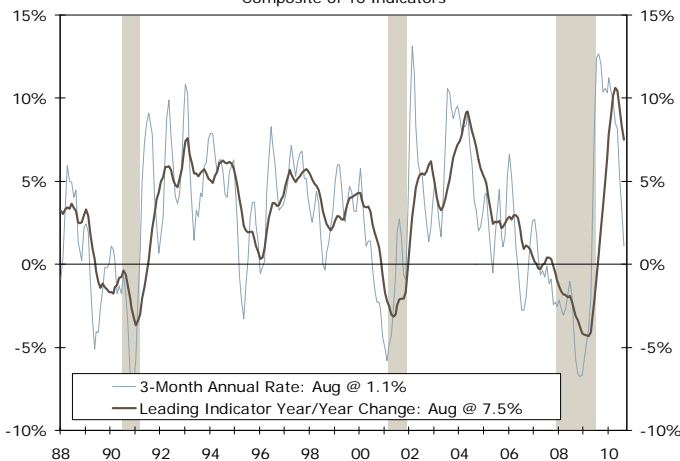
Weak Recovery Still Supported by Low Rates

- The LEI continued its upward trend in August, though the trajectory of the recovery has lost momentum, consistent with our call for a painfully slow recovery.
- The Federal Open Market Committee recently announced its intention to keep short term rates at historically low levels. The spread between the 10-year Treasury and the Fed Funds rate has been boosting the index since February 2008.

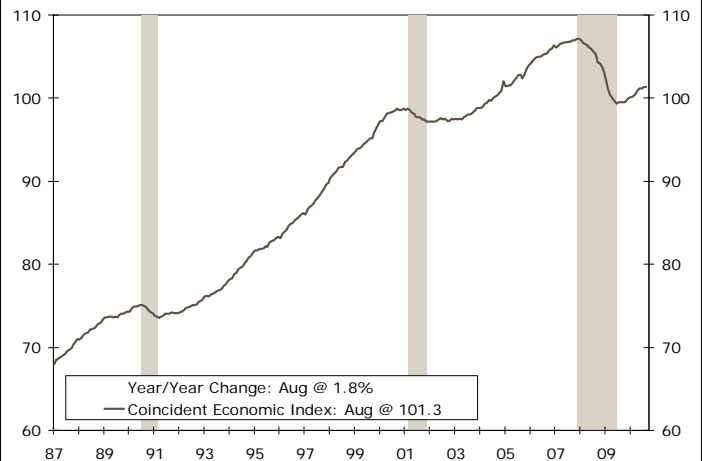
Coincident Index Consistent With NBER Recession Call

- Earlier this week, the NBER made the official call that the recession ended in June 2009. As it turns out, the Coincident Index bottomed in precisely the same month.
- Meanwhile, the job market continues to weigh on the economy. The upswing in claims for unemployment insurance was the largest negative drag on the LEI and the drop in nonfarm payrolls weighed on the Coincident Index.

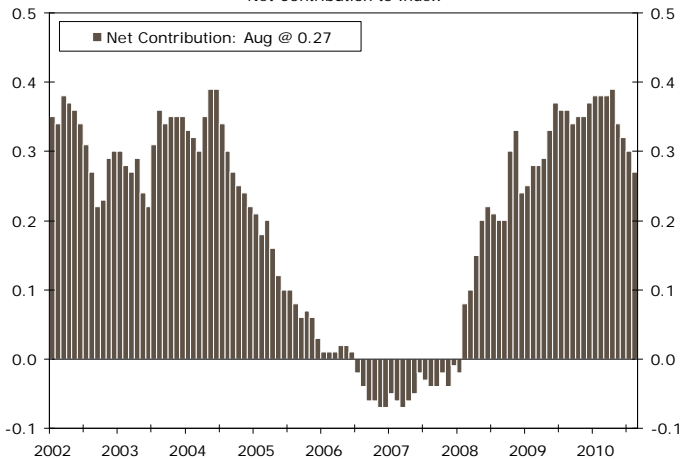
Leading Indicators
Composite of 10 Indicators



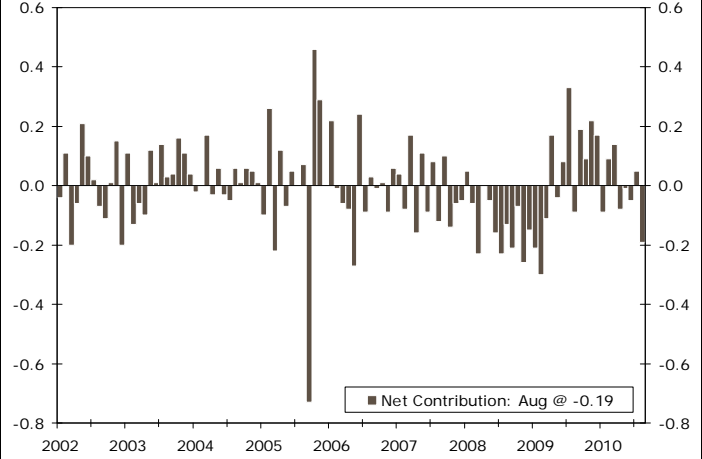
Coincident Economic Index



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



Unemployment Claims
Net Contribution to Index



Source: Conference Board and Wells Fargo Securities, LLC

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