

# Economics Group

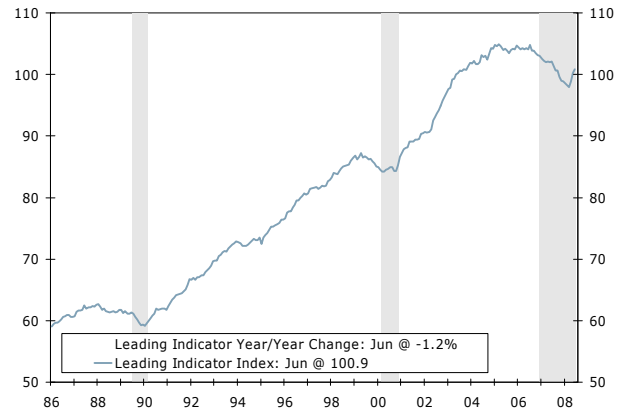
## Weekly Economic & Financial Commentary

### U.S. Review

#### Cost Cutting Our Way Back to Prosperity

- Earnings continue to come in at or above expectations, with cost cutting producing more than enough savings to offset declining revenues. The better than expected earning news helped send the Dow above 9,000 on Thursday.
- More folks are also buying into the notion that the recession is ending. The Leading Economic Index rose 0.7 percent in June, marking the third consecutive increase.
- Existing home sales rose 3.6 percent in June, marking the third consecutive increase. Prices rose slightly and the months' supply of home on the market declined for the second straight month.

Leading Indicator Index

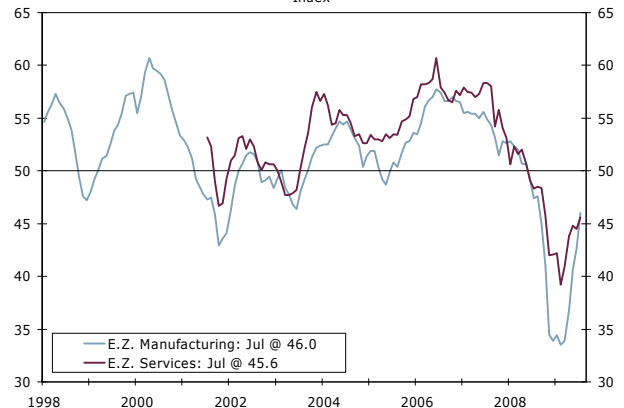


### Global Review

#### The Great Melt-Up?

- Stronger data came out of Asia and North America this week. Large and frontloaded fiscal packages are a major factor here, as is the fact that the severe production cuts we saw in Q4 of last year are just not sustainable longer term. The inevitable bounce eventually ensues.
- European data also surprised on the upside. Eurozone manufacturing and service PMIs for July both came in well above expectations, bolstering the case that the global recession is easing. Adding to the euphoria, U.K. retail sales surged in June and French business confidence strengthened again in July.

Euro-zone Purchasing Manager Indices



Wells Fargo U.S. Economic Forecast

	Actual				Forecast				Actual				Forecast	
	2008				2009				2005	2006	2007	2008	2009	2010
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q						
Real Gross Domestic Product <sup>1</sup>	0.9	2.8	-0.5	-6.3	-5.5	-1.6	2.2	1.6	2.9	2.8	2.0	1.1	-2.4	1.7
Personal Consumption	0.9	1.2	-3.8	-4.3	1.4	-0.6	1.7	1.0	3.0	3.0	2.8	0.2	-0.7	1.3
Inflation Indicators <sup>2</sup>														
"Core" PCE Deflator	2.2	2.3	2.3	1.9	1.8	1.8	1.3	1.2	2.1	2.3	2.2	2.2	1.5	1.0
Consumer Price Index	4.2	4.3	5.2	1.5	-0.2	-1.2	-2.6	-0.2	3.4	3.2	2.9	3.8	-1.0	1.0
Industrial Production <sup>1</sup>	0.2	-4.6	-9.0	-13.0	-19.0	-14.3	3.1	2.9	3.3	2.3	1.5	-2.2	-11.1	1.3
Corporate Profits Before Taxes <sup>2</sup>	-1.5	-8.3	-9.2	-21.5	-17.6	-16.0	-12.0	-8.0	17.6	15.2	-1.6	-10.1	-13.7	5.8
Trade Weighted Dollar Index <sup>3</sup>	70.3	71.0	76.1	79.4	83.2	77.2	82.6	85.0	86.0	81.5	73.3	79.4	85.0	85.0
Unemployment Rate	4.9	5.4	6.1	6.9	8.1	9.3	9.8	10.2	5.1	4.6	4.6	5.8	9.3	10.3
Housing Starts <sup>4</sup>	1.06	1.02	0.87	0.66	0.53	0.49	0.52	0.55	2.07	1.81	1.34	0.90	0.52	0.70
Quarter-End Interest Rates														
Federal Funds Target Rate	2.25	2.00	2.00	0.25	0.25	0.25	0.25	0.25	4.25	5.25	4.25	0.25	0.25	0.50
Conventional Mortgage Rate	5.97	6.32	6.04	5.33	5.00	5.42	5.10	5.20	6.27	6.14	6.10	5.33	5.20	5.60
10 Year Note	3.45	3.99	3.85	2.25	2.71	3.53	3.50	3.60	4.39	4.71	4.04	2.25	3.60	4.00

Forecast as of: July 8, 2009

<sup>1</sup> Compound Annual Growth Rate Quarter-over-Quarter

<sup>2</sup> Year-over-Year Percentage Change

<sup>3</sup> Federal Reserve Major Currency Index, 1973=100 - Quarter End

<sup>4</sup> Millions of Units

### Inside

U.S. Review	2
U.S. Outlook	3
Global Review	4
Global Outlook	5
Point of View	6
Market Data	8

Together we'll go far



## U.S. Review

### Slow But Steady Progress Is a Good Thing

Second quarter earnings announcements overshadowed this past week's relatively light schedule of economic reports. Earnings have generally beaten expectations, with cost cutting more than offsetting disappointing news on revenues. The emphasis on cost cutting is evident in the economic data but may be easing a bit. Layoffs have clearly slowed, as evidenced by the declines in both weekly first-time unemployment claims and continuing claims for unemployment insurance. In addition, mass layoff announcements tracked by the Bureau of Labor Statistics also show some tentative signs of topping out. While layoffs may have peaked, hiring shows no sign of picking up. We do not expect businesses to boost hiring until they see some evidence sales are growing again and order backlogs are rising.

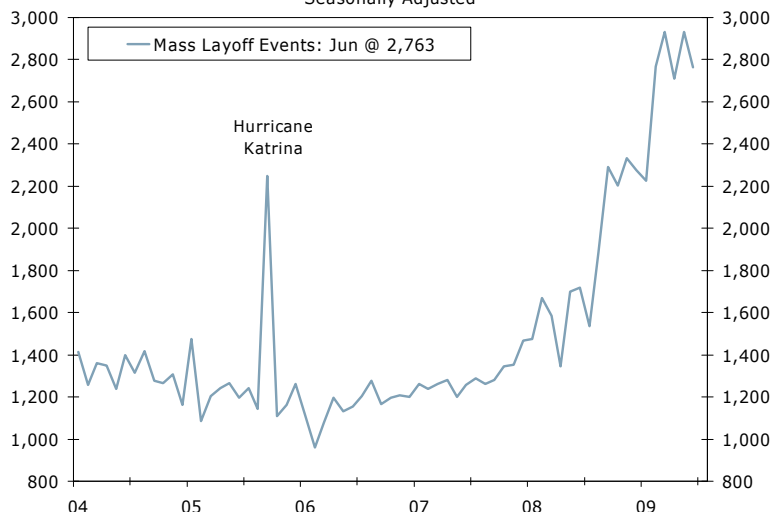
One unambiguously positive bit of economic news this week was the 0.7 percent rise in the Leading Economic Index. The increase marks the third consecutive significant gain for LEI, which in the past has tended to signal a turn in the business cycle. The ratio of the coincident to lagging indicators, which is an alternative measure of business cycle turning points, also rose solidly in June, climbing 0.4 percent. The coincident to lagging index has risen 1.3 percentage points since bottoming in March. The breadth of the increase in the LEI adds credence to the notion that we are at a turning point in the business cycle. Seven of the ten leading economic indicators improved during each of the past three months.

Another clear, positive sign the economy is on the mend is the continued flow of better news on the housing sector. Sales of existing homes rose 3.6 percent in June to a 4.89 million unit pace, marking the third consecutive monthly increase. The National Association of Realtors reported that the foreclosures and short sales accounted for only 31 percent of sales in June, which may explain the improvement in average and median home prices. The supply of homes on the market declined slightly, falling to 9.4 months. While good news on the housing market is clearly welcome, there are concerns that a considerable backlog of foreclosed properties and homes likely headed for foreclosure will hit the market later this year and in 2010.

The federal minimum wage rose to \$7.25 per hour today, marking the third installment of a 70 cents per hour increase enacted back in 2007. The increase in the minimum wage comes at a difficult time for many businesses, which have seen sales slump and orders decline. Businesses are much more focused on cost cutting right now rather than expanding operations or adding staff. This is particularly true of restaurants and retailers, where the vast majority of minimum wage workers are employed. The Bureau of Labor Statistics notes that roughly 2.5 percent of workers paid hourly earn the minimum wage or less. Among those earning the minimum wage, most tend to be young, with about half the workers below age 25 and about one-quarter being teenagers. Coincidentally, the teenage unemployment rate has skyrocketed since the first phase of the most recent hike in the minimum wage took effect two years ago.

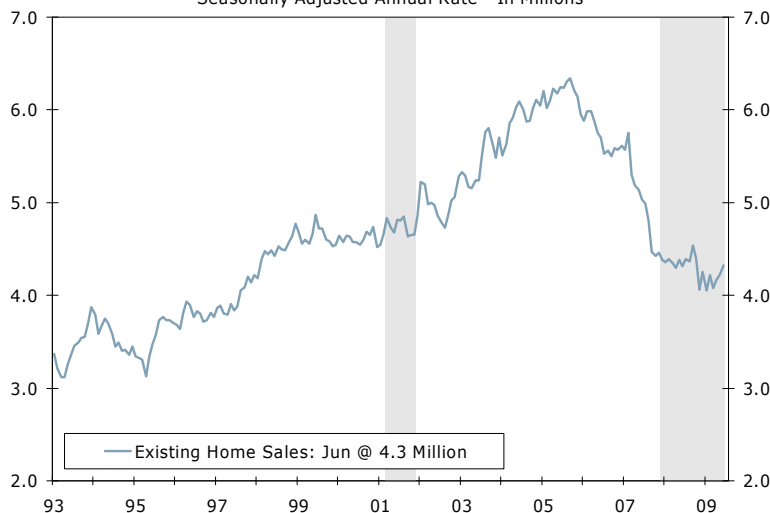
### Mass Layoff Events

Seasonally Adjusted



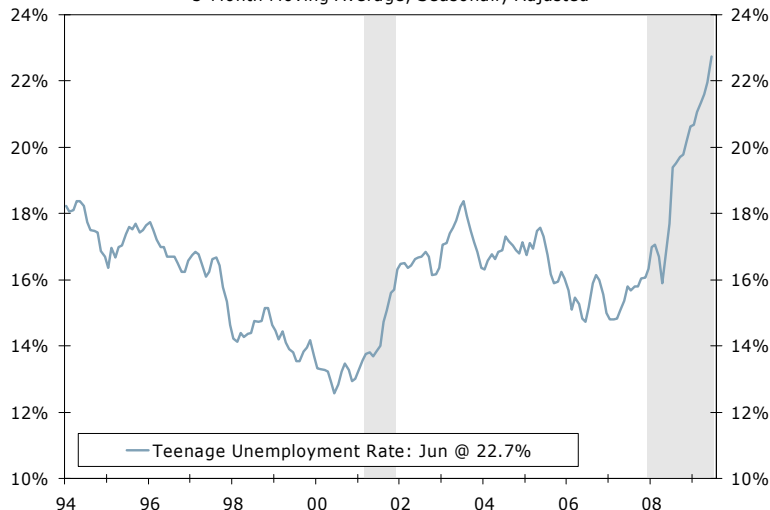
### Existing Single-Family Home Resales

Seasonally Adjusted Annual Rate - In Millions



### Teenage Unemployment Rate

3-Month Moving Average, Seasonally Adjusted

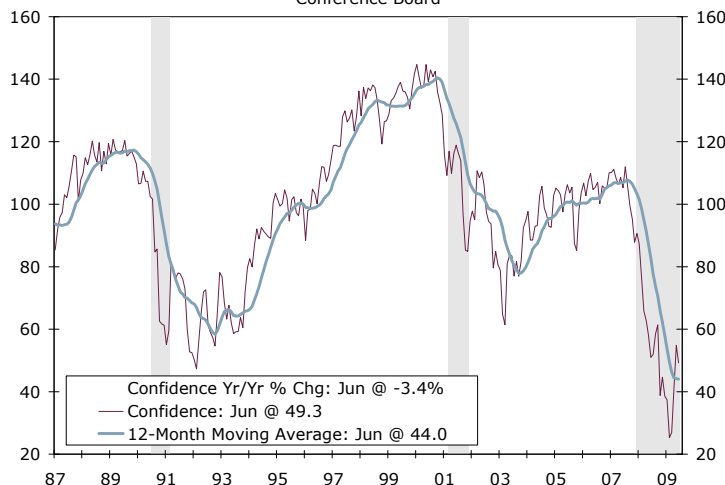


**Consumer Confidence • Tuesday**

The Consumer Confidence Index fell 5.5 points to 49.3 in June after jumping nearly 14 points in both April and May. April and May's gains were due in large part to the expectations series which rose around 40 points in the two month period and was likely bolstered by "green shoot" sightings. Consumers likely removed their rose-colored glasses in June, with the labor market still under considerable stress and the unemployment rate reaching 9.5 percent. We expect the consumer confidence index fell for the second consecutive month in July to 47.8. The labor market has shed roughly 6.4 million jobs since the recession began and while layoffs have subsided, hiring has not picked up. We expect the unemployment rate will likely rise upwards of 10 percent in early to mid 2010.

**Previous: 49.3****Wells Fargo: 47.8****Consensus: 48.7****Consumer Confidence Index**

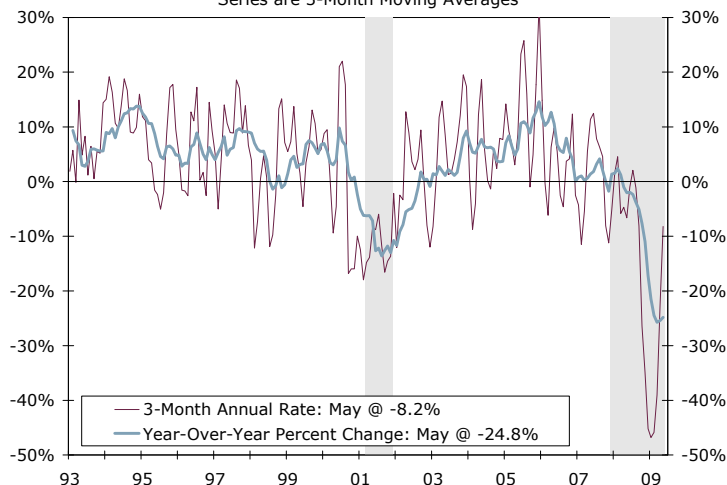
Conference Board

**Durable Goods • Wednesday**

New orders for durable goods posted two consecutive increases of 1.8 percent in April and May with transportation and defense responsible for most of the gain. Recent declines in industrial production, the new orders component of the ISM manufacturing survey and manufacturing capacity utilization suggest the gains will be reversed in June. Driven by slowing business and consumer demand, orders for durable goods will likely fall 1.3 percent in June. Domestic demand in particular is being restrained by continued job losses, sluggish wage and salary growth and a massive loss of wealth. Nondefense capital goods shipments did not fall anywhere near as much as they did during the first quarter, which means business fixed investment fell at a less dramatic pace during the second quarter. It still dropped, however, and probably at a hefty double-digit pace.

**Previous: 1.8%****Wells Fargo: -1.3%****Consensus: 0.5%****Durable Goods New Orders**

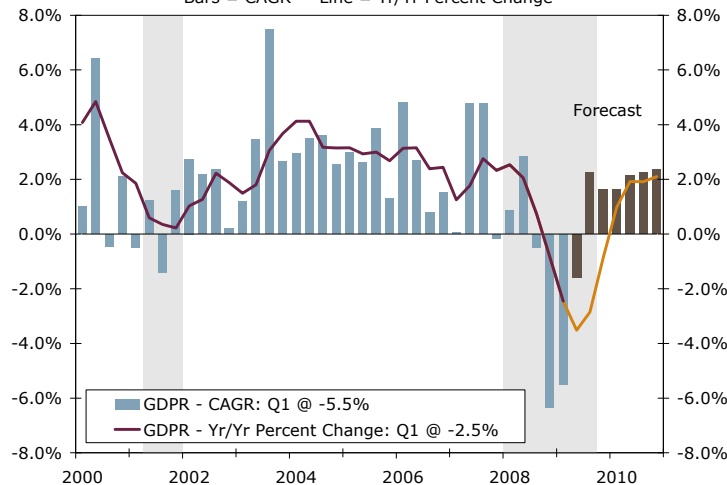
Series are 3-Month Moving Averages

**GDP • Friday**

Real GDP in the second quarter likely posted its fourth consecutive decline, but the pace of the decline is slowing. We expect real GDP likely fell at a 1.6 percent annual rate in the second quarter with the bulk of declines due to a continued drawdown in real inventories. Our forecast for the second quarter calls for inventories to drop by around \$100 billion, which would subtract around 0.4 percentage points from second quarter real GDP. While personal consumption, business fixed investment and residential construction will likely also post declines, the pace of declines has slowed significantly suggesting the worst of the recession is behind us. With inventories at historic lows, production is now set to ramp up in the third quarter which should help to push GDP into positive territory. The economy may expand during the third quarter, but consumer demand is not improving.

**Previous: -5.5%****Wells Fargo: -1.6%****Consensus: -1.5%****Real GDP**

Bars = CAGR Line = Yr/Yr Percent Change



## Global Review

### The Great Melt-Up?

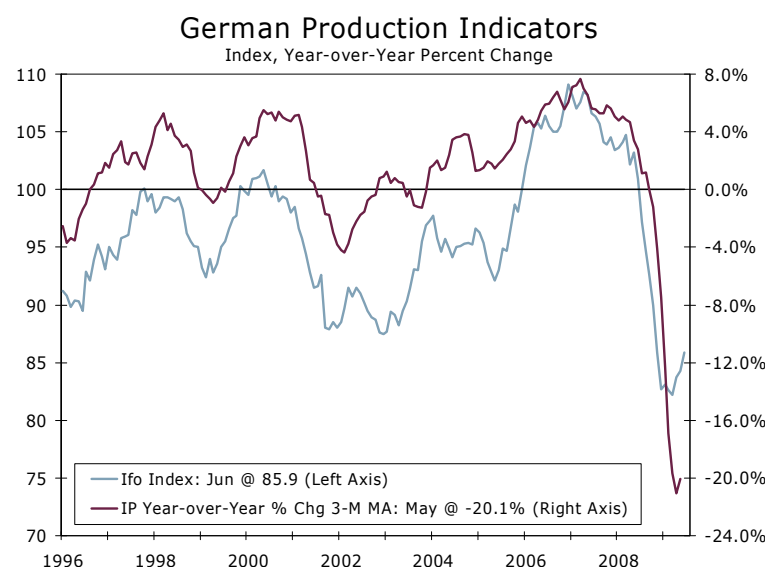
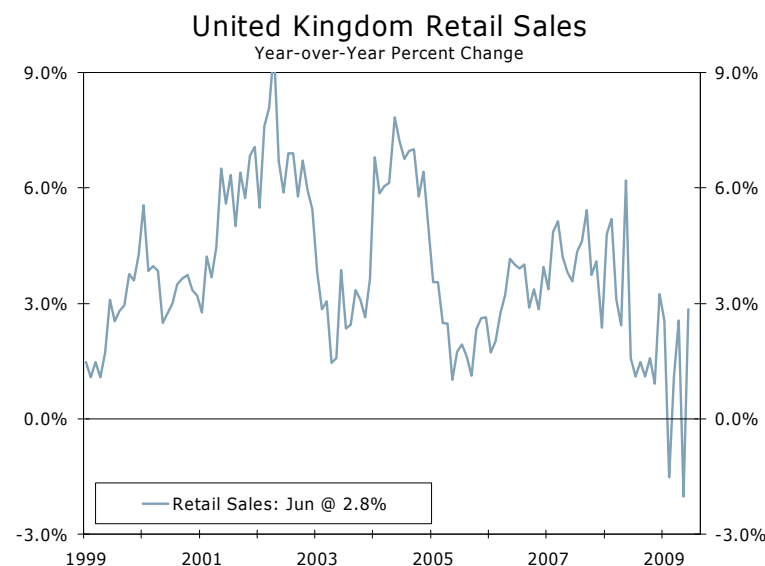
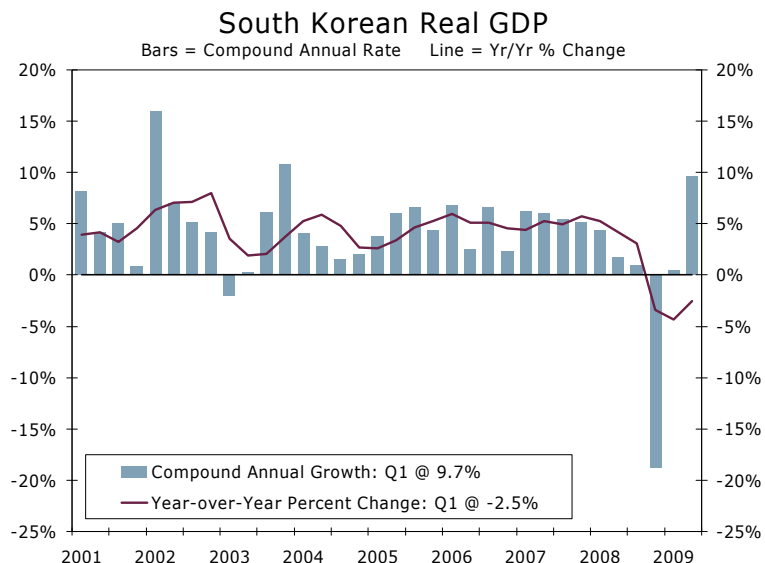
The firmer tone in economic activity continued to build across the globe. We saw notably stronger economic data in Asia, North America and Europe this week. South Korea reported GDP in the second quarter jumped 2.3 percent. At a seasonally-adjusted annual rate, as GDP is often reported in the U.S., the increase becomes 9.7 percent, in line with the Bank of Korea's estimate at the beginning of the month. The GDP increase was broadbased, with private consumption clearly responding to stimulus measures, rising 3.3 percent quarter-over-quarter. Gross fixed investment jumped 2.9 percent and exports of goods and services expanded at an 11.2 percent pace.

In North America, Canadian retail sales for May surged 1.2 percent on the month, twice the consensus estimate prior to the release. This followed an upwardly revised decline in April of 0.6 percent. Auto sales paved the way with a healthy 2.4 percent gain, but seven of eight retail categories also registered sales increases on the month. Building and outdoor home supply store sales rose 1.0 percent on the month and have risen now for two consecutive months.

Even the United Kingdom reported stronger retail sales. June retail sales jumped 1.2 percent month-over-month compared to consensus expectations of a modest 0.4 percent gain. Retail sales in the United Kingdom have hardly lost a step in this recession so far. Year-on-year retail sales are up 2.9 percent. Analysts attributed the gain to a bout of warm weather and the impact of the temporary 2.5 percent cut in the VAT from 17.5 percent to 15.0 percent for stoking consumers' animal spirits and getting them to part with their cash. The VAT tax reduction has been in effect since December of last year and will remain in place until December of this year. The drop in energy prices is helping to boost real incomes and consumer discretionary spending power.

U.K. vehicle sales were strong, with a government car-scraping scheme effectively propping up new car sales. Prime Minister Brown recently credited the car-scraping scheme for boosting car sales by over 120K vehicles. However, the market has its doubts about the reliability of these data. U.K. consumer spending and retail sales data have been moving in opposite directions since Q4 2008. There have been changes to the methodology that are supposed to reduce the growth rate of the retail sales data. So far, this does not appear evident in the releases.

Eurozone PMIs for July confirmed the improving global economic outlook. The July manufacturing PMI jumped to 46.0 from 43.6. Consensus was looking for 44.1. This is the fifth increase in a row with gains seen in Germany and France. The service PMI increased to 45.6 from 44.7. Both indexes are still below the 50 level that would signal outright expansion, but at this point, we will take what we can get. In addition, Germany's Ifo index for July jumped to 87.3 in July from 85.9.



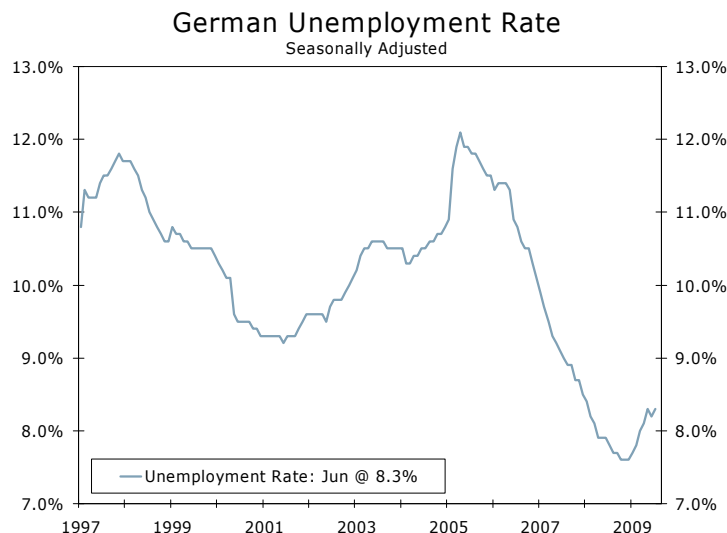
## Japan Total Retail Sales • Tuesday

The Japanese consumer appears to be slowly returning to the stores. Consumer confidence rose to an 18 month high in June to 37.6 from a record low 26.2 in December. Encouragingly, new vehicle sales are undergoing a broad-based recovery. Newly registered vehicle sales (ex-minis) improved to -13.5 percent year-over-year in June, boosted by government incentives. May total retail sales were roughly flat at -2.5 percent year-over-year. We expect further improvement in total retail sales in June.

Japan's real PCE in May jumped 2.2 percent on the month. Real Japanese PCE growth is now a positive 0.3 percent year-over-year. For working households, real PCE growth is even stronger, up 1.8 percent year-over-year.

**Previous: -2.7% (Year-over-Year)**

**Consensus: -2.5%**



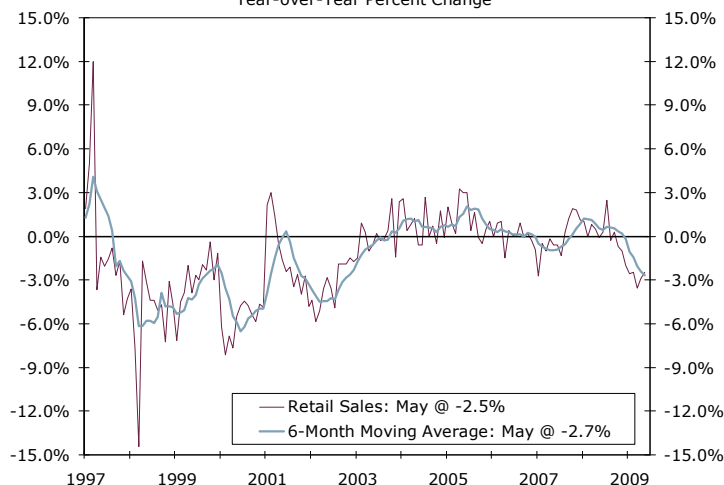
## S. Korean Industrial Production • Friday

South Korea, along with China, Japan and Taiwan are experiencing a healthy bounce off the January lows in exports and manufacturing production. We expect to get more encouraging news on this front on Friday when South Korea reports June industrial production. South Korea's industrial production rose 1.6 percent in May. It was the fifth straight monthly increase and the highest reading on industrial production since October. Industrial production was down 7.7 percent year over year in May, a marked improvement from the -25.5 percent record low in January.

June export orders for South Korea foreshadow another respectable gain in industrial production in June. June exports jumped 17.4 percent for the month. Export and manufacturing gains are now clearly visible in key South Korean sectors such as electronics and vehicle production.

**Previous: 1.6% (Month-over-Month)**

**Japanese Retail Sales**  
Year-over-Year Percent Change



## German Unemployment • Thursday

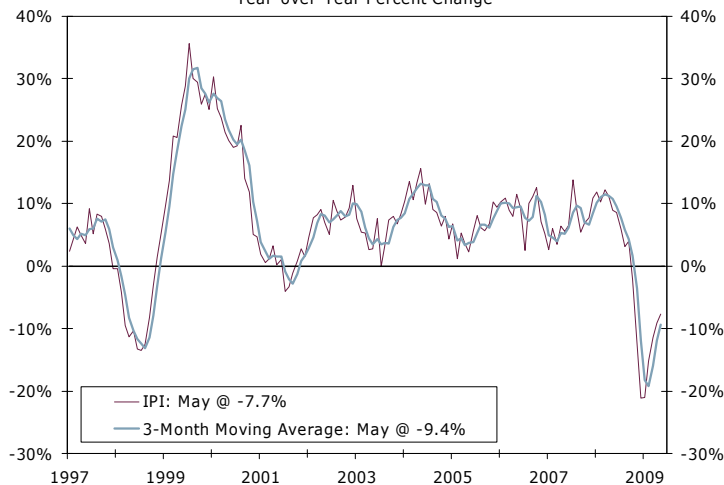
Germany has begun to see some stabilization of employment losses from the steep declines seen in the first quarter of this year. The May data looked much better than expected partly due to changes to the official statistics, though the government's decision to extend the possibility for companies to shorten working hours has had a large positive effect as well. The risk is that when these policies expire, if demand has not materially improved, German job losses and unemployment could spike far higher. German June jobless numbers rose 31K with the unemployment rate rising one-tenth of one percent to 8.3 percent. We expect job losses to continue at a moderate pace in July, with the unemployment rate ticking higher.

Germany also reports July CPI and consumer confidence earlier in the week. CPI will be volatile month-over-month due to changing energy prices, but the risk of prolonged deflation is ebbing.

**Previous: 8.3%**

**Consensus: 8.4%**

**South Korean Industrial Production Index**  
Year-over-Year Percent Change





## Interest Rate Watch

### Fed's Exit Strategy and Its Implications for Spreads

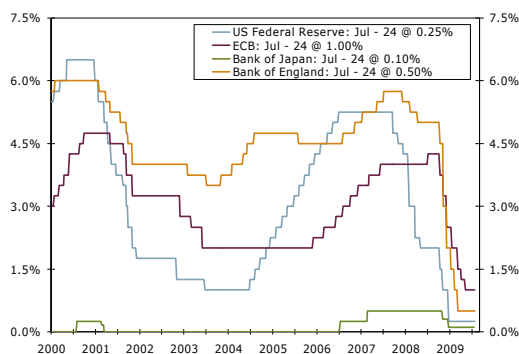
With his opinion piece in the Wall Street Journal prior to Tuesday's testimony Chairman Bernanke outlined an approach to the Fed's exit strategy from the "highly accommodative monetary policy" of the Fed that began two years ago. For some time we have spoken about this exit strategy with the explicit focus on the change in relative spreads such a strategy implies. In an earlier speech (June 15, 2009) Governor Duke presented some interesting views on the mortgage market and its "average" spread over Treasuries. There are three essential points about this exit strategy for fixed income markets.

First, Chairman Bernanke mentions several times that "these policies would help to raise short-term interest rates." This is the traditional approach to a monetary policy aimed at limiting liquidity. This policy aim clearly means a higher average level for all interest rates and a flatter yield curve. The spread between long and short rates will narrow and thereby impact bank profitability and the profitability of lending along the curve. Markets anticipate change and as the economy recovers the markets will anticipate a flatter yield curve.

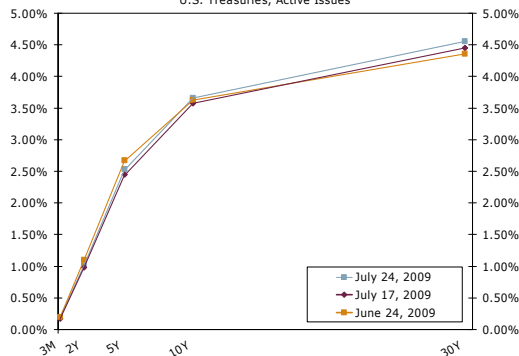
Second, the Fed's attempts to reduce liquidity will impact the relative returns for all instruments it attempts to sell. Over the last several months Fed holdings of Treasury and especially Agency MBS have risen sharply. When the Fed attempts to sell these assets, relative asset prices will change sharply.

The final issue is not if there is a plan, but if it will be implemented in a timely manner. During the American Civil War General McClellan had the Army, yet refused to wield it, to Lincoln's consternation. Moreover, even when McClellan won at Antietam he failed to follow through and pursue Lee. We now know the Fed has a plan—but that's not the issue. Will they implement and follow-through?

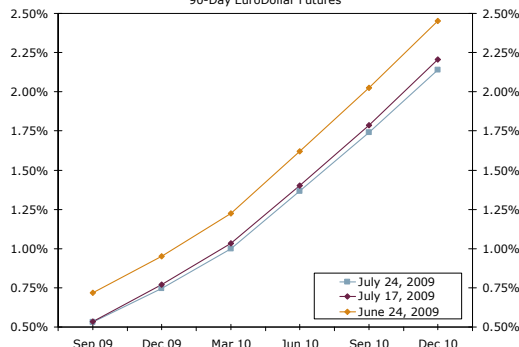
Central Bank Policy Rates



Yield Curve  
U.S. Treasuries, Active Issues



Forward Rates  
90-Day EuroDollar Futures



## Consumer Credit Insights

### The Fundamentals

Consumer credit, in all its forms, reflects the fundamentals of both supply and demand. On the demand side we have witnessed changes in consumer incomes, their confidence level and their expectations of prices for goods/services that are often financed by credit. The decline in the use of credit is not an irrational reaction generated by panic but rather the rational response of consumers who see changing fundamentals.

Expectations drive behavior and household expectations for future income gains have downshifted to reflect the reality of a weakened labor market and future tax burdens. In our July outlook we estimated that real disposable income growth in 2009-2010 will average 1.7 percent compared to the pre-recession average of 3.2 percent in 2006-2007. This is accompanied by slower wage growth as well as significant downshifts in expected lifetime earnings in the manufacturing and finance sectors. Further, our expectations are for persistently high unemployment rates. Therefore, consumer optimism is down and household saving rates will be higher at any given income level. A more cautious, higher-saving consumer will give rise to more limited demand for credit over time. Finally, the expected future appreciation of assets that are frequently financed by credit has also diminished. This is certainly true of housing. Therefore, for any given interest rate, less financing of such assets is likely to occur.

## Mortgage Data

	Current	Week Ago	4 Weeks Ago	Year Ago
<b>Mortgage Rates</b>				
30-Yr Fixed	5.20%	5.14%	5.42%	6.63%
15-Yr Fixed	4.68%	4.63%	4.87%	6.18%
5/1 ARM	4.74%	4.83%	4.99%	6.16%
1-Yr ARM	4.77%	4.76%	4.93%	5.49%
<b>MBA Applications</b>				
Composite	528.9	514.4	548.2	489.6
Purchase	262.1	258.8	280.3	335.6
Refinance	2,089.7	2,009.4	2,116.3	1,392.7

Source: Freddie Mac, Mortgage Bankers Association and Wells Fargo Securities, LLC

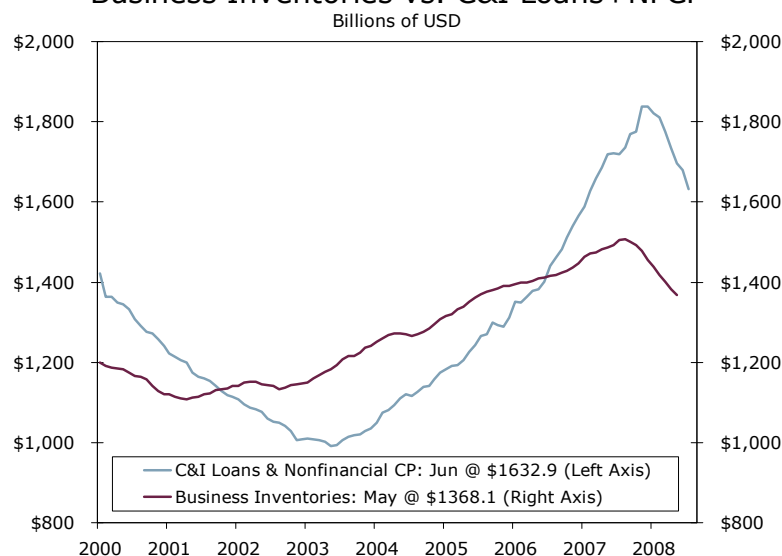
## Topic of the Week

### Inventory Investment

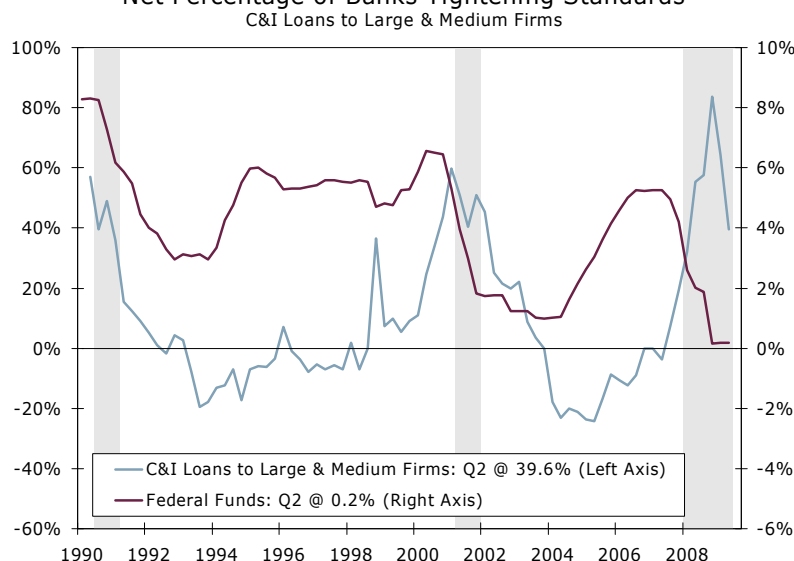
Fluctuations in inventory investment are often responsible for a disproportionate share of GDP variability, and the change in inventories is likely to be the swing factor in the second quarter reading. The BEA assumption and subsequent revisions of the inventory change also account for much of the revision to GDP in the second and third releases because more complete source data lags considerably. We look at several variables to explain changes in business inventories, but the indicator with the most explanatory power is short-term credit. Growth rates in these credit instruments can help explain the direction and magnitude of growth rates in business' stocks. Many firms use commercial and industrial loans and nonfinancial commercial paper to finance inventory investment. Inventories and this measure of credit track extremely closely, peaking close to each other on a level basis as well as a percentage basis. Beyond their predictive power, these data are also available much closer to real time, making it helpful in forecasting.

Like the huge declines in C&I loans and nonfinancial commercial paper, inventories have been shrinking rapidly. On the demand side, businesses continue their effort to align inventories with dismal sales and expectations for the future, where the sales outlook is grim. This establishes inventory divestment as the goal of most businesses, and is echoed in the lack of demand for C&I loans from commercial banks, as confirmed in the quarterly Senior Loan Officer Survey. The supply side of the inventory equation includes interest rates and credit standards, which have been severely tightened, thus restraining credit, during the cycle. Near 40 percent of banks continued to tighten lending standards in the second quarter, which tend to be tightened sharply and quickly, but are relaxed only gradually over time. Especially meaningful at turning points in the economy, data on C&I loans and nonfinancial CP give us the most current read of the pulse of inventory investment. There has not been a notable uptick yet, and we expect another massive inventory drawdown in the second quarter.

Business Inventories vs. C&I Loans+NFCP



Net Percentage of Banks Tightening Standards



## Subscription Info

Wells Fargo's *Weekly Economic & Financial Commentary* is distributed to subscribers each Friday afternoon by e-mail.

To subscribe please visit: [www.wachovia.com/economicsemail](http://www.wachovia.com/economicsemail)

The *Weekly Economic & Financial Commentary* is available via the Internet at [www.wachovia.com/economics](http://www.wachovia.com/economics)

Via The Bloomberg Professional Service at WFEC.

And for those with permission at [www.wellsfargo.com/research](http://www.wellsfargo.com/research)

## Market Data ♦ Mid-Day Friday

## U.S. Interest Rates

	Friday 7/24/2009	1 Week Ago	1 Year Ago
3-Month T-Bill	0.18	0.16	1.64
3-Month LIBOR	0.50	0.50	2.80
1-Year Treasury	0.41	0.40	2.45
2-Year Treasury	1.02	0.99	2.60
5-Year Treasury	2.55	2.50	3.32
10-Year Treasury	3.66	3.64	4.00
30-Year Treasury	4.54	4.54	4.60
Bond Buyer Index	4.69	4.68	4.77

## Foreign Exchange Rates

	Friday 7/24/2009	1 Week Ago	1 Year Ago
Euro (\$/€)	1.422	1.410	1.568
British Pound (\$/£)	1.641	1.634	1.987
British Pound (£/€)	0.866	0.863	0.789
Japanese Yen (¥/\$)	94.861	94.195	107.330
Canadian Dollar (C\$/ \$)	1.083	1.113	1.015
Swiss Franc (CHF/\$)	1.070	1.077	1.037
Australian Dollar (US\$/A\$)	0.816	0.802	0.958
Mexican Peso (MXN/\$)	13.188	13.338	10.034
Chinese Yuan (CNY/\$)	6.832	6.832	6.829
Indian Rupee (INR/\$)	48.227	48.735	42.130
Brazilian Real (BRL/\$)	1.896	1.926	1.578
U.S. Dollar Index	78.712	79.347	72.933

## Foreign Interest Rates

	Friday 7/24/2009	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	0.90	0.94	4.96
3-Month Sterling LIBOR	0.92	0.96	5.80
3-Month Canadian LIBOR	0.60	0.60	3.35
3-Month Yen LIBOR	0.42	0.42	0.91
2-Year German	1.31	1.25	4.43
2-Year U.K.	1.33	1.17	4.97
2-Year Canadian	1.35	1.21	3.14
2-Year Japanese	0.28	0.27	0.81
10-Year German	3.46	3.40	4.57
10-Year U.K.	3.97	3.81	4.98
10-Year Canadian	3.54	3.49	3.79
10-Year Japanese	1.38	1.34	1.66

## Commodity Prices

	Friday 7/24/2009	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	67.00	63.56	125.49
Gold (\$/Ounce)	952.37	937.50	928.05
Hot-Rolled Steel (\$/S.Ton)	405.00	405.00	1125.00
Copper (¢/Pound)	252.20	241.40	367.70
Soybeans (\$/Bushel)	10.43	10.11	13.98
Natural Gas (\$/MMBTU)	3.58	3.67	9.32
Nickel (\$/Metric Ton)	16,326	16,021	19,790
CRB Spot Inds.	423.88	414.61	490.48

## Next Week's Economic Calendar

	Monday 27	Tuesday 28	Wednesday 29	Thursday 30	Friday 31
U.S. Data	New Home Sales May 342K June 345K (W)	Consumer Confidence June 49.3 July 47.8 (W)	Durable Goods Orders May 1.8% June -1.3% (W) Durables Ex Transp. May 1.1% June -1.0% (W)		GDP (QoQ) 2009:1Q -5.5% 2009:2Q -1.6% (W) Employment Cost Index 2009:1Q 0.3% 2009:2Q 0.3% (W)
Global Data			Italy Business Confidence Previous (Jun) 69.3	Japan Indus. Production (YoY) Previous (May) -29.5%	Canada GDP (MoM) Previous (Apr) -0.1% Euro-zone Unemployment Rate Previous (May) 9.5%

Note: (W) = Wells Fargo Estimate (c) = Consensus Estimate



## Wells Fargo Securities, LLC Economics Group

---

Diane Schumaker-Krieg	Global Head of Research & Economics	(704) 715-8437 (212) 214-5070	diane.schumaker@wachovia.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wachovia.com
Mark Vitner	Senior Economist	(704) 383-56355	mark.vitner@wachovia.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wachovia.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(612) 667-0479	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Economist	(704) 383-7372	sam.bullard@wachovia.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wachovia.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wachovia.com
Adam G. York	Economist	(704) 715-9660	adam.york@wachovia.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economic Analyst	(704) 374-4407	tim.quinlan@wachovia.com
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@wachovia.com
Yasmine Kamaruddin	Economic Analyst	(704) 374-2992	yasmine.kamaruddin@wachovia.com

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wachovia Bank N.A., Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wachovia Securities International Limited. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly-owned subsidiary of Wells Fargo & Company © 2009 Wells Fargo Securities, LLC.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE