

# Economics Group

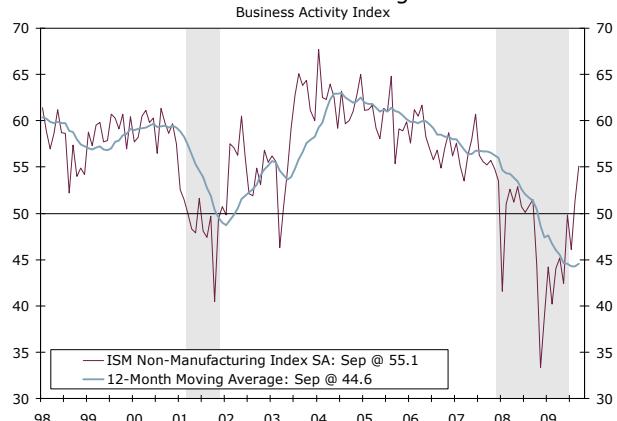
## Weekly Economic & Financial Commentary

### U.S. Review

#### Labor Market Concerns Cloud the Economic Outlook

- Last week's larger than expected decline in nonfarm payrolls and today's weak JOLTS numbers for the month of August suggest that it will take a very long time to recover all the jobs lost during this cycle.
- Chain store sales for September came in slightly better than expected, climbing 0.9 percent from August and rising 0.1 percent year-over-year.
- The ISM non-manufacturing index rose slightly more than expected, climbing 2.5 points to 50.9.

#### ISM Non-Manufacturing Index

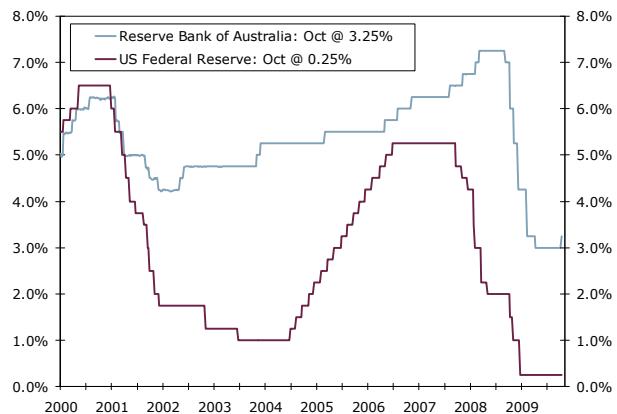


### Global Review

#### Very Low Rates No Longer Appropriate Down-Under

- The Reserve Bank of Australia surprised investors with a sooner-than-expected rate hike, reflecting an economy that no longer needs the extremely accommodative policy put in place in the midst of the financial crisis.
- Australia did not experience as much turmoil in the financial sector as other nations, and the country's extensive trade ties with Asia, where bona fide recoveries appear to be taking hold, have helped to boost Australia's exports.

#### Central Bank Policy Rates



### Inside

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| Wells Fargo U.S. Economic Forecast          |        |       |      |       |          |       |       |      |        |      |          |       |      |      |
|---|--------|-------|------|-------|----------|-------|-------|------|--------|------|----------|-------|------|------|
|   | Actual |       |      |       | Forecast |       |       |      | Actual |      | Forecast |       |      |      |
|   | 2008   | 2009  | 2010 | 2011  | 2006     | 2007  | 2008  | 2009 | 2010   | 2011 | 2009     | 2010  | 2011 |      |
| 1Q  | 2Q     | 3Q    | 4Q   | 1Q    | 2Q       | 3Q    | 4Q    | 1Q   | 2Q     | 3Q   | 2009     | 2010  | 2011 |      |
| Real Gross Domestic Product <sup>1</sup>    | -0.7   | 1.5   | -2.7 | -5.4  | -6.4     | -0.7  | 3.7   | 2.8  | 2.7    | 2.1  | 0.4      | -2.4  | 2.4  | 2.2  |
| Personal Consumption                        | -0.6   | 0.1   | -3.5 | -3.1  | 0.6      | -0.9  | 2.3   | 0.0  | 2.9    | 2.6  | -0.2     | -0.8  | 1.0  | 1.4  |
| Inflation Indicators <sup>2</sup>           |        |       |      |       |          |       |       |      |        |      |          |       |      |      |
| "Core" PCE Deflator                         | 2.4    | 2.5   | 2.6  | 2.0   | 1.7      | 1.6   | 1.3   | 1.4  | 2.3    | 2.4  | 2.4      | 1.5   | 1.2  | 1.6  |
| Consumer Price Index                        | 4.2    | 4.3   | 5.2  | 1.5   | -0.2     | -0.9  | -1.5  | 0.9  | 3.2    | 2.9  | 3.8      | -0.4  | 1.6  | 2.0  |
| Industrial Production <sup>1</sup>          | 0.2    | -4.6  | -9.0 | -13.0 | -19.0    | -10.5 | 3.2   | 1.7  | 2.3    | 1.5  | -2.2     | -10.4 | 1.6  | 3.9  |
| Corporate Profits Before Taxes <sup>2</sup> | -4.9   | -12.0 | -5.4 | -25.1 | -19.0    | -12.6 | -11.0 | 3.5  | 10.5   | -4.1 | -11.8    | -10.6 | 7.8  | 9.8  |
| Trade Weighted Dollar Index <sup>3</sup>    | 70.3   | 71.0  | 76.1 | 79.4  | 83.2     | 77.7  | 74.7  | 76.0 | 81.5   | 73.3 | 79.4     | 76.0  | 81.8 | 85.3 |
| Unemployment Rate                           | 4.9    | 5.4   | 6.1  | 6.9   | 8.1      | 9.3   | 9.6   | 10.0 | 4.6    | 4.6  | 5.8      | 9.2   | 10.4 | 9.9  |
| Housing Starts <sup>4</sup>                 | 1.06   | 1.02  | 0.87 | 0.66  | 0.53     | 0.54  | 0.60  | 0.60 | 1.81   | 1.34 | 0.90     | 0.57  | 0.66 | 0.80 |
| Quarter-End Interest Rates                  |        |       |      |       |          |       |       |      |        |      |          |       |      |      |
| Federal Funds Target Rate                   | 2.25   | 2.00  | 2.00 | 0.25  | 0.25     | 0.25  | 0.25  | 0.25 | 5.25   | 4.25 | 0.25     | 0.25  | 1.25 | 3.25 |
| Conventional Mortgage Rate                  | 5.97   | 6.32  | 6.04 | 5.33  | 5.00     | 5.42  | 5.19  | 5.00 | 6.14   | 6.10 | 5.33     | 5.00  | 5.50 | 6.00 |
| 10 Year Note                                | 3.45   | 3.99  | 3.85 | 2.25  | 2.71     | 3.53  | 3.31  | 3.40 | 4.71   | 4.04 | 2.25     | 3.40  | 3.80 | 4.40 |

Forecast as of: October 7, 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

Together we'll go far



## U.S. Review

### Still Firmly on the Road to Recovery

Last week's larger-than-expected decline in nonfarm employment, combined with news that subsequent revisions to the employment data will show a much larger employment loss for previous months, has raised additional concerns about how long it will take to replace the jobs lost during this recession and how high the unemployment rate will ultimately rise. The latest data and benchmark revision estimate put the current job loss since the start of the recession at 8.0 million jobs, or a 5.8 percent loss. We expect nonfarm employment to continue to post declines until late spring at the earliest, bringing the ultimate job loss to 9.0 million jobs, or just over a 6.5 percent decline. Both rank as the largest declines since World War II.

Whether or not the unemployment rate rises to a new postwar high will be determined by how quickly job growth returns and how rapidly the labor force expands. Our September forecast has the jobless rate topping out at 10.5 percent around the middle of next year, and then gradually edging lower over the next several quarters. Right now that forecast is based more on the expectation that hiring plans will improve rather than any hard evidence that hiring is set to pick up.

Three reliable leading indicators of future employment growth are the length of the workweek, temporary employment, and the number of job openings relative to the size of the employment base. All three have been declining, although decreases in the workweek and temporary employment have clearly slowed. The third measure, job openings as a share of the workforce, has steadily declined since it first turned down in June 2007, six months before the recession began. The job openings rate is currently at a record low 1.8 percent and the number of job openings has fallen 50 percent since the series peaked in June 2007. The lack of improvement in the job openings series is consistent with anecdotal reports from businesses that suggest hiring will be exceptionally sluggish through at least the end of this year and probably well into 2010.

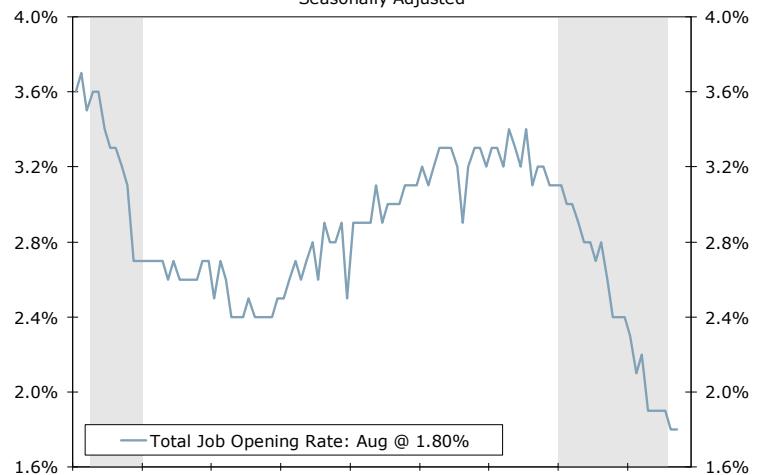
Fortunately, layoffs appear to be decelerating. Weekly first-time unemployment claims fell by 33,000 to 521,000, marking the fourth decline in the past five weeks. These figures mesh well with what we are hearing from businesses we visit with regularly. Most firms report that major layoffs are behind them and few plan any additional major cuts. Most are in no hurry to hire, however, and many continue to reduce staff through attrition.

The September ISM non-manufacturing survey rose roughly in line with expectations, with the overall index rising 2.5 points to 50.9. The new orders index rose solidly during the month and the business activity index increased 3.8 points to 55.1. The lone weak spot was employment, which rose 0.8 points to 44.3.

September chain store sales rose slightly more than expected, with sales rising 0.9 percent from August and climbing 0.1 percent over the past year. Cooler than usual weather helped drive demand for clothing and sales at discount stores and warehouse clubs remain quite strong.

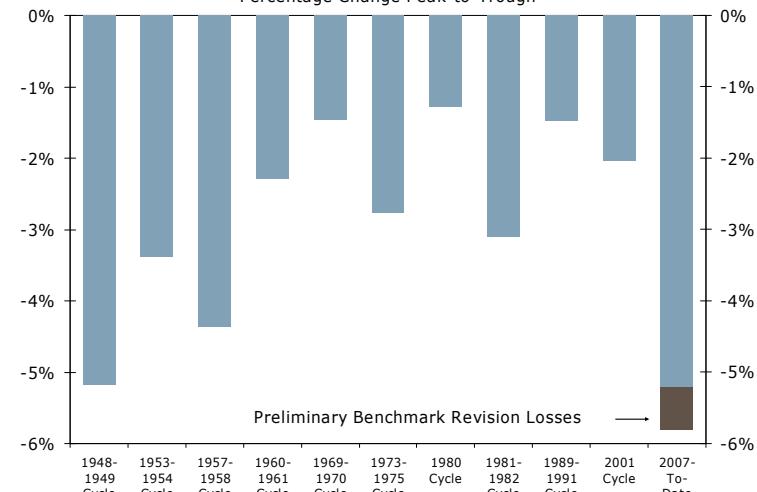
### Job Openings Rate

Seasonally Adjusted



### Employment Change in Recessions

Percentage Change Peak-to-Trough



### Initial Claims for Unemployment

Seasonally Adjusted, In Thousands



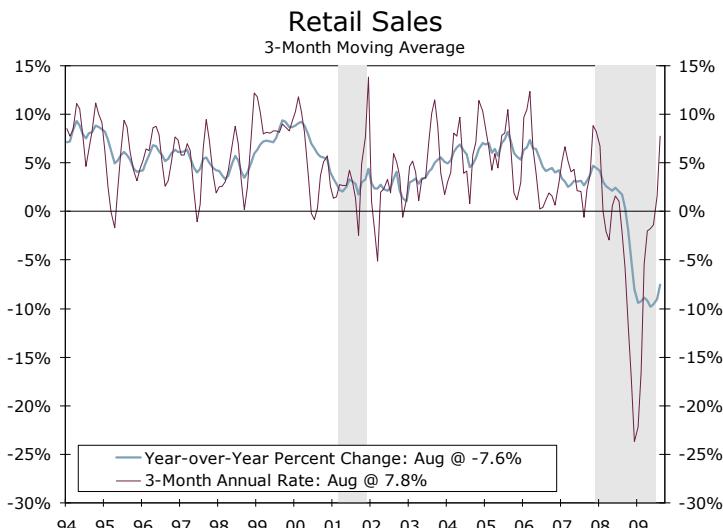
## Retail Sales • Wednesday

Advanced retail sales spiked 2.7 percent in August, the largest monthly gain since January 2006. While much of the increase could be attributed to a surge in motor vehicle sales, "core" retail sales which exclude gasoline, building materials and autos posted their largest gain since February 2009. The nearly broad based increase in August retail sales suggests consumer demand outside of the auto industry might pick up. Manufacturer motor vehicle sales fell to a 9.2 million unit annual pace in September due to the ending of the cash-for-clunkers program. The collapse in motor vehicle sales and decline in gasoline prices in September will likely put considerable downward pressure on overall retail sales. September back-to-school sales should help to offset some of the decline as consumers continued to seek bargains, but will not be enough to help retail sales post a second consecutive monthly gain.

**Previous: 2.7%**

**Wells Fargo: -2.7%**

**Consensus: -2.1%**



## Consumer Price Index • Thursday

The "headline" consumer price index (CPI) rose 0.4 percent in August due to a spike in gasoline prices. On a month-over-month basis, "headline" CPI has only declined once in 2009 with energy prices responsible for much of the positive gains. CPI excluding food and energy remained tame only increasing 0.1 percent, constraining fears of inflation. New vehicle prices fell 1.3 percent in August, the biggest drop since 1972, likely reflecting total dealer discounts including cash-for-clunker incentives. Because the U.S. Department of Labor estimates the average discount for new vehicle sales over the previous 30 days, the monthly trend in new vehicle prices should decline for the second consecutive month. Crude oil prices dropped 1.5 percent in September and gasoline prices fell 4.2 percent. The declines in transportation-related prices will likely help keep "headline" consumer prices down.

**Previous: 0.4%**

**Wells Fargo: 0.0%**

**Consensus: 0.2%**

## Industrial Production • Thursday

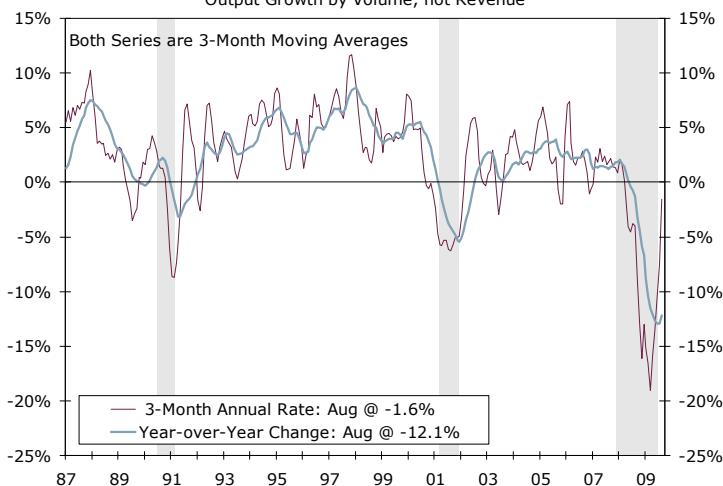
Industrial production likely rose 0.3 percent in September, the third consecutive monthly increase. While the ISM manufacturing index fell modestly in September, the index remained above the demarcation line that separates expansion from contraction and continued to suggest manufacturing expansion. The headline ISM manufacturing index came in at 52.6 with new orders and production remaining in expansion territory. New orders are typically a leading indicator for industrial production and support expectations for a gain. Motor vehicle production, however, will likely decline in September giving back some of the gains from the previous two months. Capacity utilization, which peaked in 2006 at 81.2 percent, will likely increase for the third consecutive month to 69.7 percent, but will remain near historic lows. The abundance of production capacity means pricing power will remain minimal.

**Previous: 0.8%**

**Wells Fargo: 0.3%**

**Consensus: 0.1%**

## Total Industrial Production Growth



## Global Review

### Reserve Bank of Australia Hikes Rates

The Reserve Bank Australia (RBA) surprised investors this week by hiking its main policy rate by 25 basis points. Although the direction of the move was not a surprise—most market participants had expected the RBA to hike rates at some point over the next few months—the timing of the move was earlier than generally expected. Why did the RBA hike rates now? Does its tightening move have any implications for other major central banks?

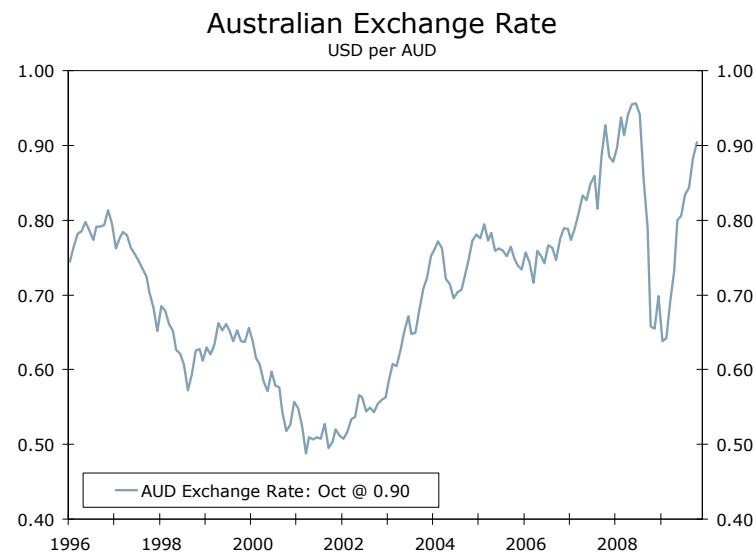
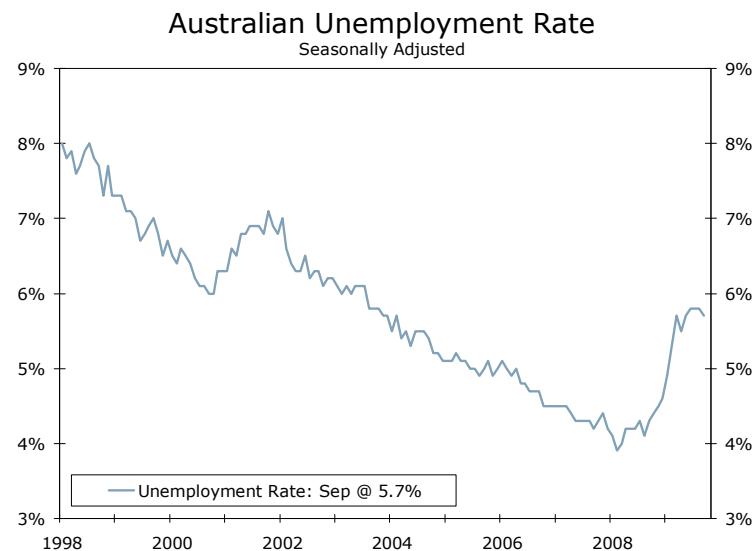
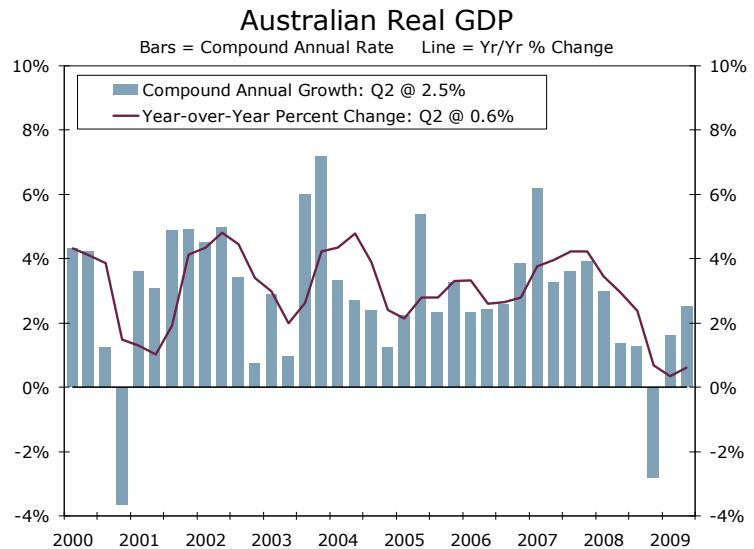
Like most central banks, the RBA slashed its policy rate in the aftermath of last autumn's financial crisis. With most analysts expecting a severe global recession, policymakers took steps to cushion the blow to the Australian economy. Not only did the RBA ease significantly, but the government also enacted a significant fiscal stimulus package. In the event, the downturn down-under turned out to be less severe than many had feared. The contraction in real GDP lasted only one quarter (the fourth quarter of last year), and the economy appears to be bouncing back on a sustained basis (top chart). Indeed, the country created 48,000 jobs during the third quarter—roughly a 0.4 percent increase—the first quarterly rise since the end of last year. The unemployment rate, which rose by only two percentage points between early 2008 and this summer, edged down to 5.7 percent in September (middle chart).

Australia's relative out-performance generally reflects two factors. First, the Australian financial system was not ravaged as badly as the financial systems of many other major economies over the past two years. Second, Australia has extensive trade ties with most Asian countries, and the recoveries that are underway in those economies have helped to spur Australian exports this year.

In short, the Australian economy no longer needs the stimulation of very low rates that were put in place as an emergency measure. Therefore, the RBA is in the process of "normalizing" rates again, and further tightening is likely in the months ahead. That said, the RBA probably won't slam on the brakes either via an aggressive campaign of rate hikes. The overall rate of CPI inflation is benign at only 1.5 percent presently. Although the core rate of inflation is higher at 2.5 percent, it has trended lower over the past year and currently is in the middle of the RBA's target range of 2 to 3 percent. In addition, the global economy still faces some significant downside risks, and the RBA probably wants to proceed at a cautious pace until it is sure that a self-sustaining recovery is indeed underway.

Does the RBA's rate hike have implications for other major central banks? No. Other advanced economies are significantly weaker than the Australian economy. The Federal Reserve, the ECB and other major central banks won't tighten just because the RBA hiked rates this week. In our view, other major central banks will be on hold well into next year.

However, the RBA's decision has implications for the value of the Australian dollar. In the wake of the rate hike announcement this week, the Aussie dollar strengthened versus most other major currencies, especially vis-à-vis the U.S. dollar (bottom chart). With the market expecting further tightening from the RBA and with most other major central banks likely on hold for the foreseeable future, the Aussie dollar could continue to ply higher, at least in the near term.



## Chinese Trade Balance • Tuesday

Like other economies, trade in China tanked last year in the wake of the global financial crisis. However, both exports and imports (especially the latter) have bounced back, although both remain significantly below their respective levels of a year ago. Data that are slated for release on Tuesday will show if the upward trend in both variables continued in September. The Chinese economy is clipping along at a decent pace right now, and stronger exports would help to underpin growth further.

Data on the money supply and bank loans will also print next week. Loan growth rose sharply earlier this year as the government "encouraged" banks to make more loans. However, anecdotal evidence suggests that the government is no longer encouraging banks to be so aggressive in their lending practices, and the hard data will help to clarify whether lending growth has indeed slowed.

**Previous: \$15.7 billion**

**Consensus: \$16.9 billion**



## U.K. Unemployment Rate • Wednesday

The unemployment rate in the United Kingdom has shot up significantly over the past year to stand at 7.9 percent presently, the highest rate in 13 years. Unfortunately, it appears that the jobless rate will continue to drift higher, at least in the foreseeable future. Indeed, the consensus forecast anticipates that the ranks of the unemployed increased even further last month, causing the jobless rate to rise to eight percent.

Data on CPI inflation will print on Tuesday. The overall inflation rate has declined from more than 5 percent to 1.6 percent over the course of the past year, and the year-over-year rate is expected to decline further in September. However, the drop is not as large as many had expected earlier this year, and further stickiness could reduce the odds that the Bank of England employs further quantitative easing in order to stimulate the economy.

**Previous: 7.9%**

**Consensus: 8.0%**

## Euro-zone Industrial Production • Wed

Industrial production (IP) in the Euro-zone tanked late last year and earlier this year. IP has stabilized over the past few months, but it remains very depressed relative to the level of a year ago. The purchasing managers' index points in the direction of stronger production. Will "hard" data on Euro-zone IP in August, which is slated for release on Wednesday, corroborate the story told by the PMI? The consensus thinks it will.

The ZEW index, which measures economic sentiment among German institutional investors, has risen very sharply since the end of last year, suggesting that better times are ahead. The consensus forecast anticipates that the index held steady in October. That said, the high level of the index is consistent with an eventual acceleration in economic activity.

**Previous: -0.3% (month-on-month change)**

**Consensus: 1.0%**

## Euro-zone Industrial Production Index



## Interest Rate Watch

### Normalizing the Credit Markets?

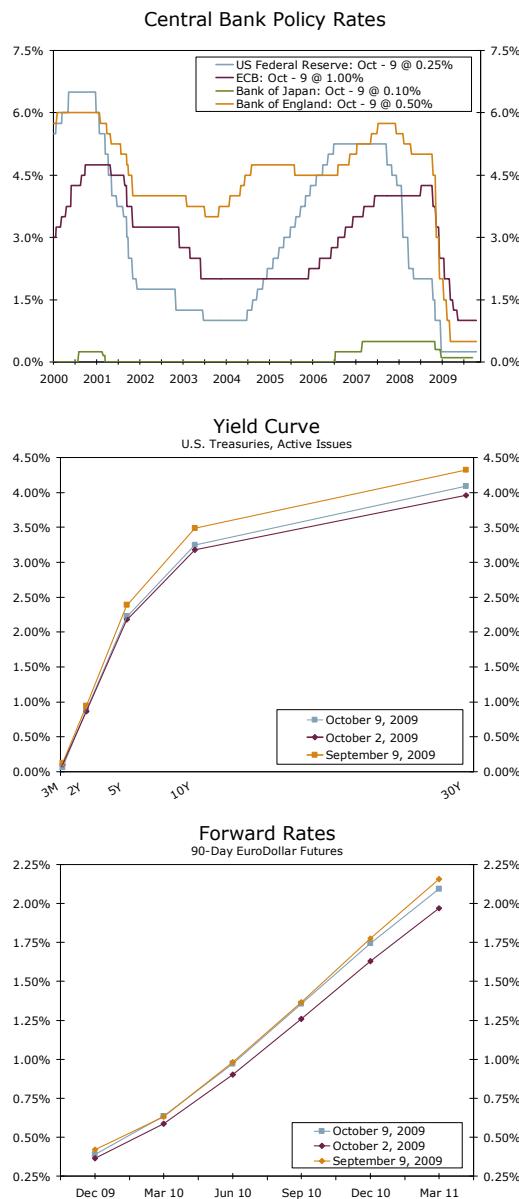
In recent months we have witnessed credit spread benchmarks such as the Ted spread and Libor rates dip below levels that existed prior to the Lehman collapse. In other areas we have seen both the Fed and the Bank of England purchase financial instruments such as Treasury bonds, corporate bonds and mortgage-backed and asset-backed securities.

What raises our caution is the realization that the market activity and pricing that we see is not a result of solely private market activity but that it is being heavily influenced (especially for MBS and ABS) by the central banks. What happens when/if these central banks remove their influence? Our expectation is that interest rates will rise, growth will slow and market activity will become more volatile until a new private market equilibrium is established.

### A New Public/ Private Balance?

We should also recognize that the political powers may not want a return to primarily private market-setting of prices and issuance. This is particularly an issue for housing and consumer credit. Consumers (voters) seek to use the political process to achieve results that cannot be achieved in the economic system. If the private market were left to itself the cost and availability of consumer credit would likely return to a much more cautious period prior to the prior cycle boom. However, we have many houses and cars and their interest groups who are not likely to accept that outcome. Therefore, these groups will likely use the political process to promote a sustained, significant government influence on the pricing and availability of credit.

Therefore, for investors and lenders in the private sector, the result will be a new mix of public/private influences on credit such that a true market price is unlikely to appear. Instead, we will see a significant role of the federal government in allocating credit at non-market clearing prices that will not likely be at pure profit-maximizing levels. This will create a "phony" pricing structure that will alter the long-run allocation of resources in our society away from the optimal economic allocation.



## Consumer Credit Insights

### Consumer Credit Decline Highlights the Recovery Issue

Underlying every outlook for consumer recovery is the debate about access to credit at what price and what quality. This week's consumer credit report indicated that consumer credit fell \$12B in August with declines in revolving and non-revolving components. Revolving credit is primarily unpaid credit card balances; it is to be expected that suppliers and demanders for this type of credit have reduced their interest. Revolving credit has declined each month since last November. Meanwhile, non-revolving credit declined for the third straight month and is down 2.4 percent, year over year. Such credit includes auto and education loans.

### Secular Change: Slower Rebound?

For decision-makers, the decline in consumer credit is greater than the decline associated with the 1990 recession (there were no year-over-year declines associated with the 2001 recession). Given the importance of credit to the pace of consumer spending in prior economic expansions, the recent credit contraction suggests that the pace of consumer spending will be slower in the early years of this expansion. Spending associated with credit (autos, housing) will see a more modest rebound in growth. Retail sales for consumer durables will be weak, especially for home improvement durables. The slower pace of home appreciation leads to a general reassessment of the advisability of home improvements where the financial return is increasingly questioned.

## Mortgage Data

|                         | Current | Week    | 4 Weeks | Year    |
|-------------------------|---------|---------|---------|---------|
|                         |         | Ago     | Ago     | Ago     |
| <b>Mortgage Rates</b>   |         |         |         |         |
| 30-Yr Fixed             | 4.87%   | 4.94%   | 5.07%   | 5.94%   |
| 15-Yr Fixed             | 4.33%   | 4.36%   | 4.50%   | 5.63%   |
| 5/1 ARM                 | 4.35%   | 4.42%   | 4.51%   | 5.90%   |
| 1-Yr ARM                | 4.53%   | 4.49%   | 4.64%   | 5.15%   |
| <b>MBA Applications</b> |         |         |         |         |
| Composite               | 756.3   | 649.6   | 648.3   | 465.5   |
| Purchase                | 306.1   | 270.4   | 304.1   | 314.5   |
| Refinance               | 3,377.1 | 2,857.3 | 2,651.2 | 1,345.8 |

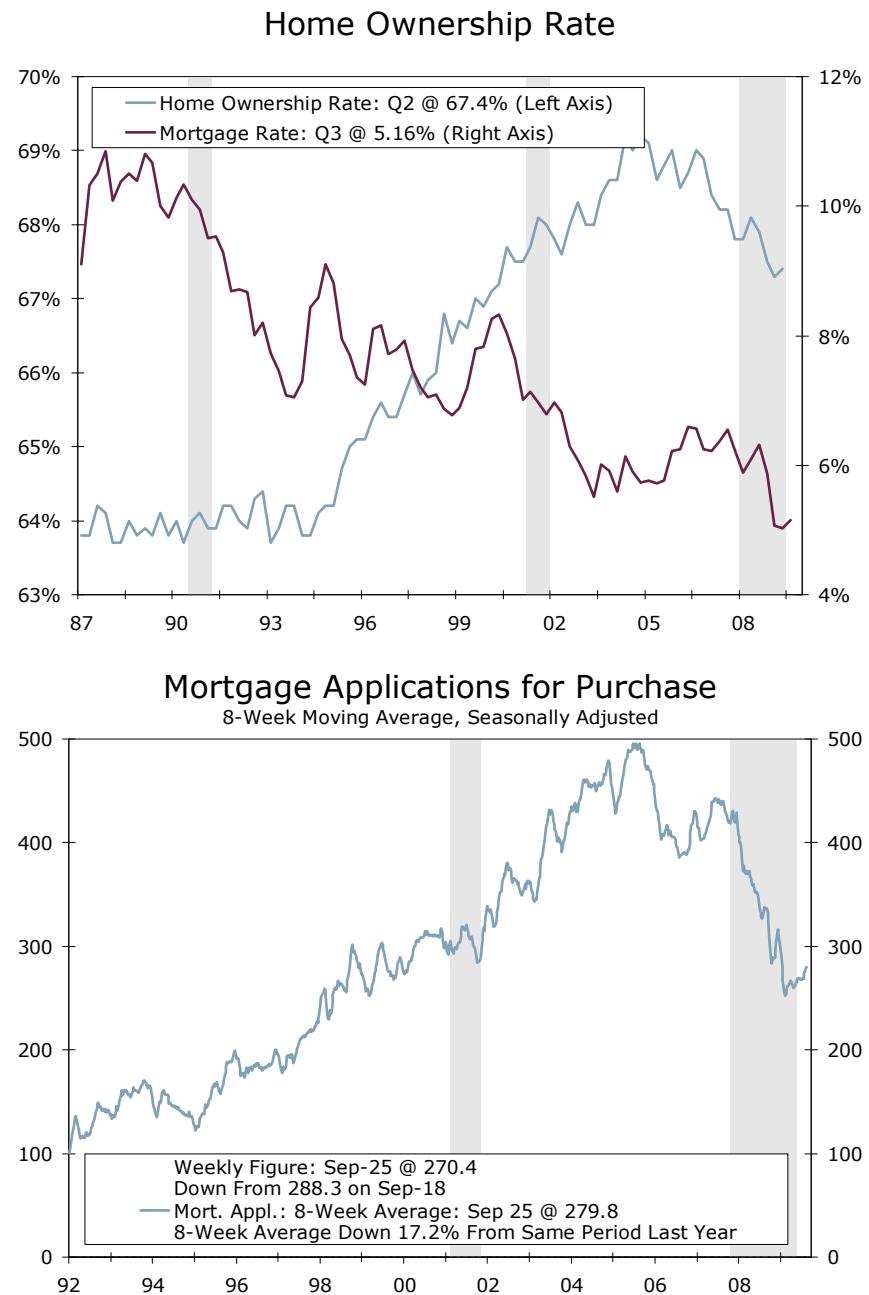
Source: Freddie Mac, Mortgage Bankers Association and Wells Fargo Securities, LLC

## Topic of the Week

### Selected Comments from 12<sup>th</sup> Annual International Banking Conference, Chicago

In the wake of the financial crisis, some of the rules have changed. But even more so, and with great disappointment, the underlying economic and political forces have not changed. The challenge we face in our society is not "too big to fail" but the inability politically to close the "too big to fail." These institutions have already demonstrated their failure, yet they have not been buried. Instead, such institutions persist to reallocate resources in our society and to allocate capital to politically favored constituencies.

One factor in the economy that has not changed is the underlying social/political bias in public policy towards housing that has been part of our society for most of the post-WWII era. America's overinvestment in housing has been a chronic complaint with this overinvestment being assisted by federal and state tax laws, bank regulatory policy and credit/interest rate subsidies. This has not changed in recent years and, in fact, has continued this year with the increase in Federal Housing Authority (FHA) loans in recent months at below market rates with very low down payment requirements, even as delinquency rates rise on these same FHA loans. Massive intervention and support for the housing market has brought into question whether public policy has really moved away from the over-allocation of capital to housing. As outlined by other writers, there appears to be little change in the policy environment that gave rise to the subprime crisis as outlined in an earlier paper at this conference. "The risk-taking mistakes of financial managers were not the result of random mass insanity; rather, they reflected a policy environment that strongly encouraged financial managers to underestimate risk in the subprime mortgage market." Lending subsidies and policies that promote risky mortgages are cited as issues, and yet such policies continue today. The lack of change in response to the crisis suggests future crises in the same places.



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## Market Data ♦ Mid-Day Friday

## U.S. Interest Rates

|                  | Friday<br>10/9/2009 | 1 Week<br>Ago | 1 Year<br>Ago |
|------------------|---------------------|---------------|---------------|
| 3-Month T-Bill   | 0.06                | 0.09          | 0.52          |
| 3-Month LIBOR    | 0.28                | 0.28          | 4.75          |
| 1-Year Treasury  | 0.40                | 0.36          | 1.16          |
| 2-Year Treasury  | 0.96                | 0.86          | 1.53          |
| 5-Year Treasury  | 2.33                | 2.21          | 2.67          |
| 10-Year Treasury | 3.34                | 3.22          | 3.79          |
| 30-Year Treasury | 4.16                | 4.00          | 4.10          |
| Bond Buyer Index | 4.06                | 3.94          | 5.47          |

## Foreign Interest Rates

|                        | Friday<br>10/9/2009 | 1 Week<br>Ago | 1 Year<br>Ago |
|------------------------|---------------------|---------------|---------------|
| 3-Month Euro LIBOR     | 0.70                | 0.70          | 5.39          |
| 3-Month Sterling LIBOR | 0.56                | 0.54          | 6.28          |
| 3-Month Canadian LIBOR | 0.50                | 0.50          | 3.77          |
| 3-Month Yen LIBOR      | 0.34                | 0.35          | 1.09          |
| 2-Year German          | 1.37                | 1.20          | 3.08          |
| 2-Year U.K.            | 0.81                | 0.76          | 3.62          |
| 2-Year Canadian        | 1.66                | 1.19          | 2.13          |
| 2-Year Japanese        | 0.26                | 0.24          | 0.80          |
| 10-Year German         | 3.20                | 3.12          | 3.88          |
| 10-Year U.K.           | 3.45                | 3.44          | 4.37          |
| 10-Year Canadian       | 3.46                | 3.26          | 3.63          |
| 10-Year Japanese       | 1.29                | 1.26          | 1.47          |

## Foreign Exchange Rates

|                              | Friday<br>10/9/2009 | 1 Week<br>Ago | 1 Year<br>Ago |
|------------------------------|---------------------|---------------|---------------|
| Euro (\$/€)                  | 1.475               | 1.458         | 1.360         |
| British Pound (\$/£)         | 1.592               | 1.595         | 1.710         |
| British Pound (£/€)          | 0.926               | 0.914         | 0.796         |
| Japanese Yen (¥/\$)          | 89.456              | 89.805        | 99.820        |
| Canadian Dollar (C\$/ \$)    | 1.042               | 1.080         | 1.150         |
| Swiss Franc (CHF/\$)         | 1.029               | 1.035         | 1.129         |
| Australian Dollar (US\$/A\$) | 0.905               | 0.865         | 0.684         |
| Mexican Peso (MXN/\$)        | 13.249              | 13.640        | 13.219        |
| Chinese Yuan (CNY/\$)        | 6.826               | 6.826         | 6.820         |
| Indian Rupee (INR/\$)        | 46.417              | 47.755        | 48.000        |
| Brazilian Real (BRL/\$)      | 1.737               | 1.782         | 2.283         |
| U.S. Dollar Index            | 76.165              | 77.003        | 81.163        |

## Commodity Prices

|                             | Friday<br>10/9/2009 | 1 Week<br>Ago | 1 Year<br>Ago |
|-----------------------------|---------------------|---------------|---------------|
| WTI Crude (\$/Barrel)       | 72.08               | 69.95         | 86.59         |
| Gold (\$/Ounce)             | 1050.20             | 1002.80       | 913.25        |
| Hot-Rolled Steel (\$/S.Ton) | 555.00              | 555.00        | 940.00        |
| Copper (¢/Pound)            | 284.60              | 267.15        | 242.40        |
| Soybeans (\$/Bushel)        | 9.31                | 9.11          | 9.07          |
| Natural Gas (\$/MMBTU)      | 4.93                | 4.72          | 6.82          |
| Nickel (\$/Metric Ton)      | 19,423              | 17,348        | 12,985        |
| CRB Spot Inds.              | 429.00              | 426.12        | 418.89        |

## Next Week's Economic Calendar

|             | Monday | Tuesday                                    | Wednesday  | Thursday  | Friday  |
|-------------|--------|--|--|---|---|
|             | 12     | 13   | 14   | 15  | 16  |
| U.S. Data   |        |  | <b>Retail Sales</b><br>August 2.7%<br>September -2.7% (W)<br><b>Import Price Index</b><br>August 2.0%<br>September 0.4% (W)<br><b>Business Inventories</b><br>July -1.0%<br>August -1.0% (W) | <b>CPI</b><br>August 0.4%<br>September 0.0% (W)<br><b>Core CPI</b><br>August 0.1%<br>September 0.2% (W) | <b>Industrial Production</b><br>August 0.8%<br>September 0.3% (W)<br><b>Capacity Utilization</b><br>August 69.6%<br>September 69.7% (W) |
| Global Data |        | <b>UK CPI (YoY)</b><br>Previous (Aug) 1.6% | <b>Euro-zone Industrial Prod. (MoM)</b><br>Previous (Jul) -0.3%  | <b>China Trade Balance (USD)</b><br>Previous (Aug) \$15.7B  |   |

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

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