

Economics Group

Weekly Economic & Financial Commentary

U.S. Review

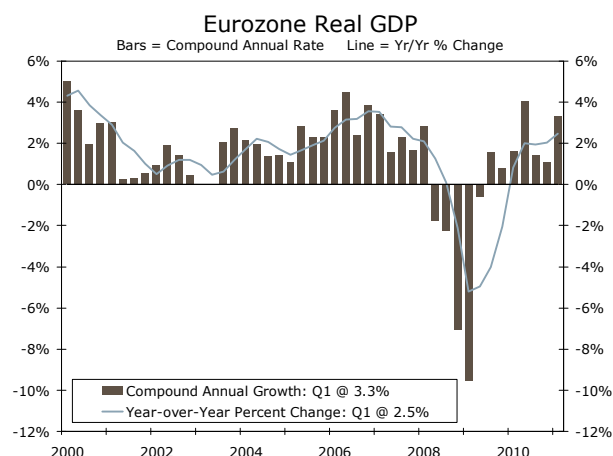
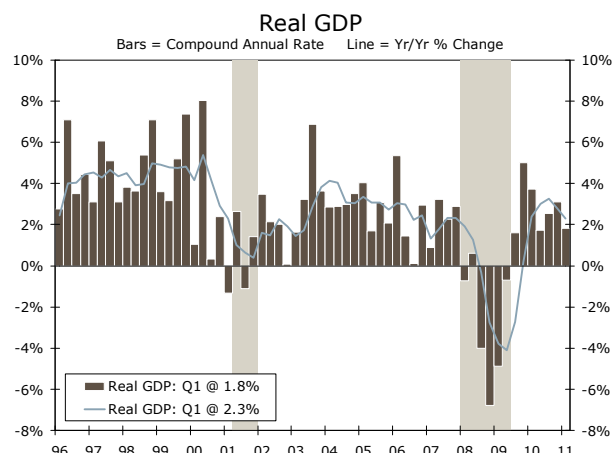
Another Week of Soft Economic Data

- The second release of first-quarter GDP growth reaffirmed that the economy grew at a 1.8 percent pace. There was a somewhat stronger-than-expected boost to GDP from inventory building, which was offset by a smaller-than-expected contribution from consumer spending.
- Personal income grew 0.4 percent in April, but purchasing power has been eroding due to higher food and energy prices. Real disposable income remained flat for the second month in a row.

Global Review

After Strong Q1, Growth in the Eurozone Has Slowed

- Recent monthly indicators from the Eurozone suggest that economic growth has slowed somewhat in the second quarter. Indicators of business and consumer confidence have slipped somewhat, but they generally remain at levels that are consistent with continued expansion.
- The European sovereign debt crisis continues to fester. In our view, European countries will eventually cough up more money for Greece to buy more time for other countries with debt issues to get their acts together.



Wells Fargo U.S. Economic Forecast											
	Actual				Forecast				Actual		
	2010				2011				2008	2009	2010
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2008	2009	2010
Real Gross Domestic Product ¹	3.7	1.7	2.6	3.1	1.8	1.6	2.5	2.7	0.0	-2.6	2.9
Personal Consumption	1.9	2.2	2.4	4.0	2.2	2.3	1.9	2.7	-0.3	-1.2	1.7
Inflation Indicators ²											
"Core" PCE Deflator	1.8	1.5	1.2	0.8	0.9	1.1	1.4	1.8	2.3	1.5	1.3
Consumer Price Index	2.4	1.8	1.2	1.2	2.2	3.5	3.8	4.0	3.8	-0.3	1.6
Industrial Production ¹	8.1	7.1	6.7	3.1	4.6	2.5	4.6	4.0	-3.3	-11.1	5.3
Corporate Profits Before Taxes ²	37.6	37.0	26.4	18.3	8.5	6.2	6.2	6.7	-16.4	-0.4	29.2
Trade Weighted Dollar Index ³	76.1	78.8	73.6	73.2	70.6	71.0	72.0	73.0	74.3	77.7	75.6
Unemployment Rate	9.7	9.6	9.6	9.6	8.9	8.8	8.5	8.2	5.8	9.3	9.6
Housing Starts ⁴	0.61	0.60	0.58	0.54	0.58	0.55	0.59	0.64	0.90	0.55	0.58
Quarter-End Interest Rates ⁵											
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1.88	0.25	0.25
Conventional Mortgage Rate	4.97	4.74	4.35	4.71	4.84	4.50	4.70	4.90	6.04	5.04	4.69
10 Year Note	3.84	2.97	2.53	3.30	3.47	3.00	3.20	3.40	3.66	3.26	3.22

Forecast as of: May 27, 2011

¹ Compound Annual Growth Rate Quarter-over-Quarter² Year-over-Year Percentage Change³ Federal Reserve Major Currency Index, 1973=100 - Quarter End⁴ Millions of Units⁵ Annual Numbers Represent Averages

Inside

U.S. Review	2
U.S. Outlook	3
Global Review	4
Global Outlook	5
Point of View	6
Topic of the Week	7
Market Data	8

Together we'll go far



U.S. Review

Another Week of Soft Economic Data

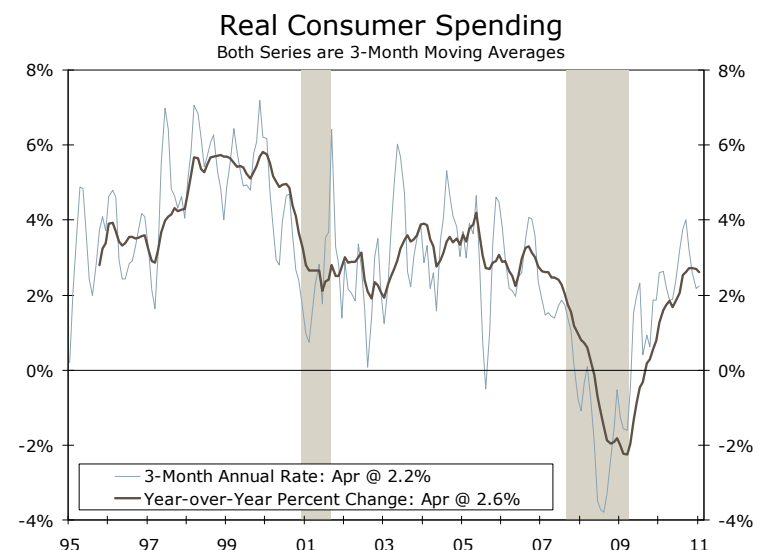
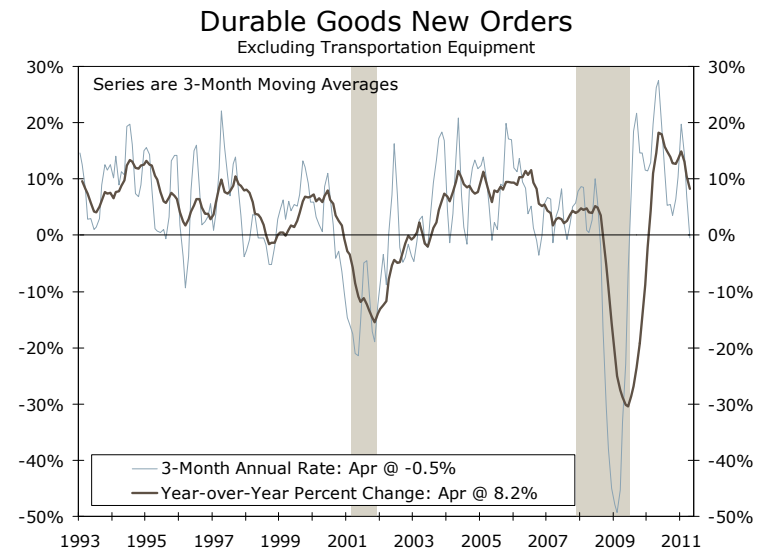
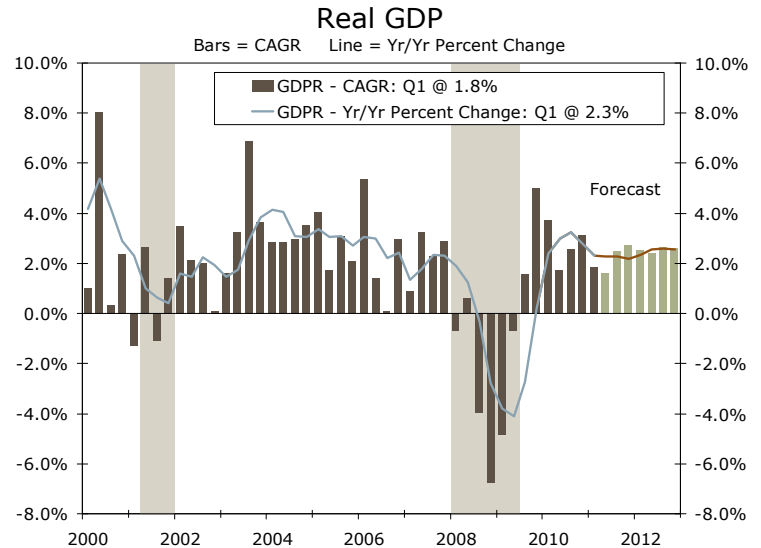
The economic data this week continued to provide signals of a slower pace of growth that is taking place in the second quarter of the year. Indications from the manufacturing sector pointed toward a pullback in production and a signal that future demand is beginning to slow. The housing market remains depressed even though sales of new homes are beginning to show modest improvement. The oversupply of existing homes and the absence of price stability nationwide remain the strongest headwinds to a solid housing market recovery. The release of the second estimate of first-quarter GDP closely matched the first release, with the exception of slightly weaker consumer expenditures and a larger build up in inventories. The Friday release of personal income and expenditures provided some insight into the consumer picture for the second quarter. The data indicated that incomes continued to rise in April, while higher food and energy prices ate into consumers' purchasing power.

Evidence pointing toward a downshift in the pace of manufacturing output continued to mount again this week. The release of the May Richmond Fed index signaled that the slower pace of manufacturing output observed in April has likely continued through May. We will need to wait and see how the other regional Fed surveys turn out. The disappointing news from Richmond in the earlier part of the week gave way to yet another signal of manufacturing production slowing with the release of durable goods orders for April. The somewhat surprising 3.6 percent drop in durable orders provides further evidence that production will need to slow over the next month as firms work to scale back their production to match the pace of slower demand. Excluding the volatile transportation component, durable goods orders still fell 1.5 percent, missing the positive 0.5 percent consensus estimate.

The housing market remains depressed with a backlog of foreclosures and the continual fall in home prices. At first glance, this week's new home sales numbers appear to be good news; however, the overall level of new home sales remains far below historical levels. The inventory of new homes continues to fall to record lows as builders find little incentive to construct new homes. The excess existing home inventory and the resulting lower prices are making it difficult for new home builders to compete.

The second release of first-quarter GDP growth reaffirmed that the economy grew at a 1.8 percent pace. There was a somewhat stronger-than-expected boost to GDP from inventory building, which was offset by a smaller-than-expected contribution from consumer spending. Corporate profit growth pulled back a bit in the first quarter, but the pace of corporate profit growth remains consistent with the current phase of the business cycle.

Personal income grew 0.4 percent in April, but purchasing power eroded due to higher food and energy prices. Real disposable income remained flat for the second month in a row. Real personal spending also remained tame, rising only 0.1 percent for the month.



Consumer Confidence • Tuesday

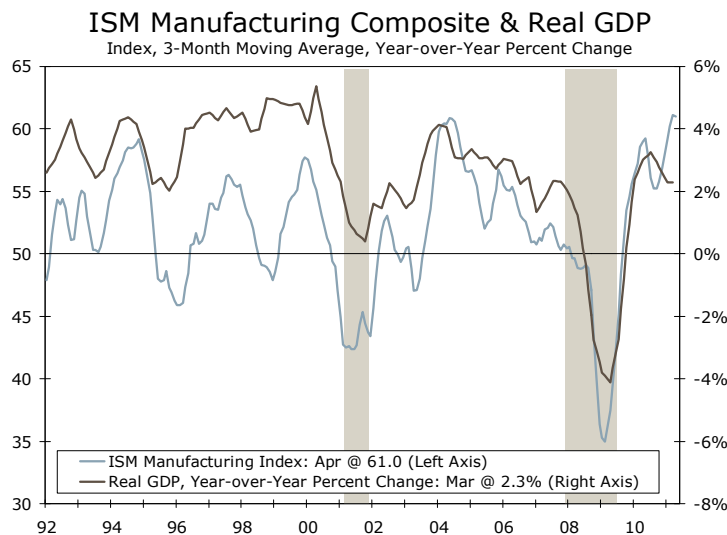
Since the dark days in the early months of 2009, consumers have regained some lost confidence. That said, the present level of confidence at 65.4 is well below the 20-year average of 93.3 and is only incrementally higher than the lowest levels of consumer confidence reached in the wake of the previous recession in 2003.

In addition to major developments in the overall economy, some of the biggest factors driving confidence are gas prices, the job market and the stock market. Gas prices have come down somewhat, but remain high. The job market has posted some decent gains, but the downward trend in jobless claims seems to have reversed direction. Finally, equity markets have trended downward for most of the month, with the S&P 500 off 2.8 percent so far in May. None of these factors seem to warrant a robust recovery in confidence any time soon.

Previous: 65.4

Wells Fargo: 66.1

Consensus: 66.5



Jobless Claims • Thursday

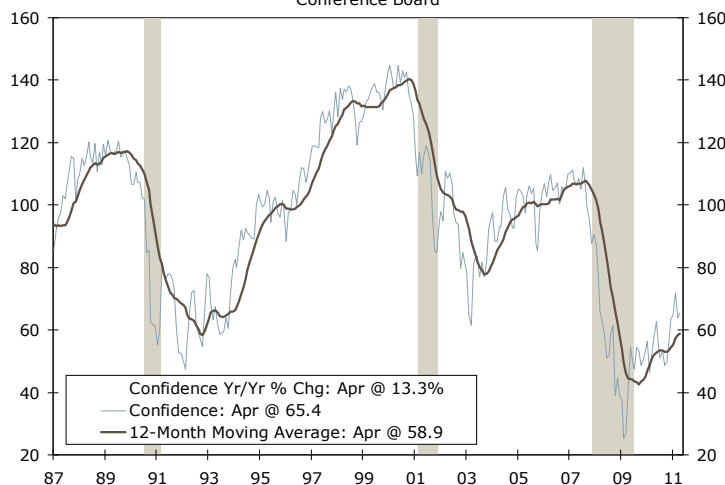
The economy has come a long way since the week of March 27, 2009, when jobless claims topped out at 659K and media outlets around the country ran photos of lines at the employment office that evoked memories of the Great Depression. Since then, claims have come down, even breaking through the critical 400K level that serves as an unofficial line of demarcation below which job growth flourishes. More recently, however, we seem to have reversed course. Claims jumped back up above 400 the second week of April and have yet to return to the promised land south of 400K.

The Labor Department has issued plenty of statements offering reasonable explanations and one-off factors that are driving claims higher, and economists are never short of theories: late snowstorms in the Northeast, tornadoes in the South and flooding in the Midwest. At some point, it may simply suggest a softening in the labor market.

Previous: 424K

Consensus: 420K

Consumer Confidence Index
Conference Board



ISM Index • Wednesday

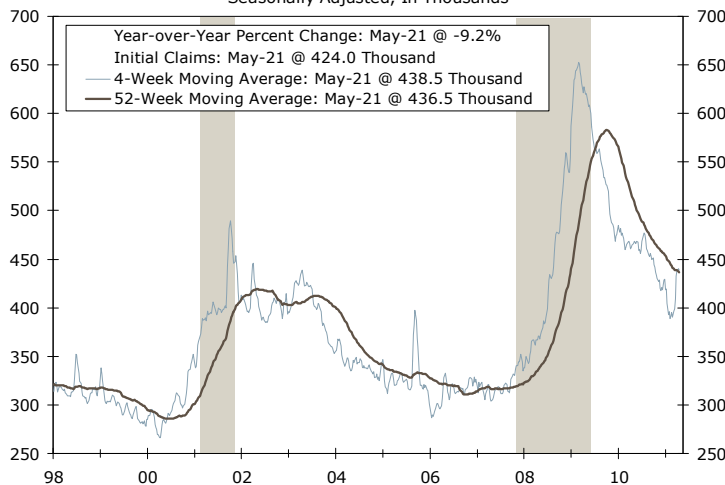
The ISM manufacturing index lived up to its reputation as a harbinger of headline economic growth during the recovery and continues to so far in the ensuing expansion. The most widely followed purchasing manager index went from a trough of 33.3 in December 2008 to a recent high of 61.4 in February. Whether February will mark the peak of the current cycle remains to be seen, but recent regional PMI data are not encouraging. The May reading of the N.Y. Fed's empire index disappointed the consensus, as did the Philadelphia Fed Index and the Chicago Fed's National Activity Index. These all present downside risk to the ISM index, which will print on Wednesday, June 1. A drop back down into the 50s would not come as a complete surprise, and it is worth noting that a number in the high 50s would still be consistent with our outlook for 2.5 percent to 3.0 percent growth in the second half of the year.

Previous: 60.4

Wells Fargo: 58.5

Consensus: 57.5

Initial Claims for Unemployment
Seasonally Adjusted, In Thousands



Global Review

After Strong Q1, Growth in the Eurozone Has Slowed

After a strong first quarter, in which real GDP grew at an annualized rate of 3.3 percent (see graph on front page), economic activity in the Eurozone appears to have slowed in Q2. For example, both the manufacturing and service sector PMIs for the euro area edged down noticeably in May (top chart). Business confidence indicators in most individual countries in the Eurozone have slipped a bit recently (middle chart). Although the indicators remain in a territory that is consistent with continued expansion, their decline indicates that the rate of economic growth probably has slowed somewhat in Q2.

There may be a number of reasons to explain the apparent slowdown in the euro area. First, the Japanese natural disasters in March may have caused some minor supply-chain disruptions in the European auto industry over the past two months. In addition, the spike in energy prices in March and April may have had a negative effect on consumer spending. Although retail sales data for April are not yet available, indices of consumer confidence edged lower in most countries in April, suggesting that growth in consumer spending may have weakened. The ongoing European sovereign debt crisis likely has not had a positive effect on consumer confidence either, especially in countries that are enduring significant fiscal consolidation.

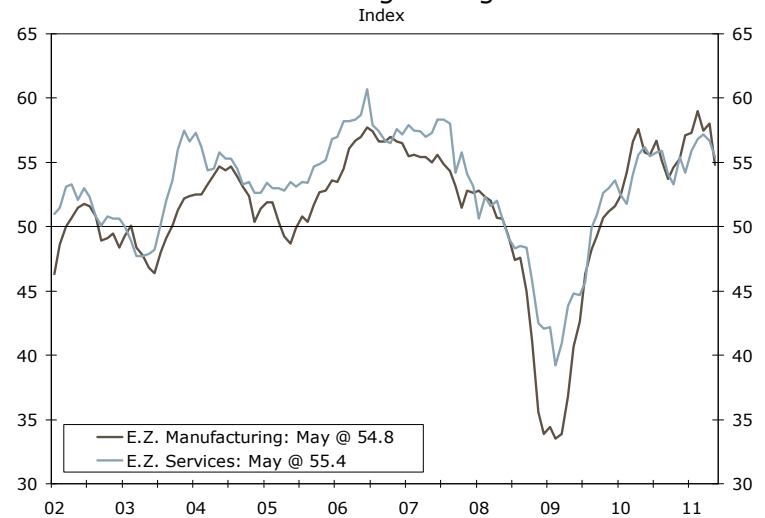
Sovereign Debt Crisis: Kick the Can Down the Road

The sovereign debt crisis continues to fester, and it likely will be with us for the foreseeable future. Yields on Greek government bonds have spiked higher in recent weeks, and yields on Portuguese and Irish bonds remain elevated (bottom chart). In our view, Greece will eventually need to restructure its debt, and the probability that both Portugal and Ireland will need to follow suit is not insignificant.

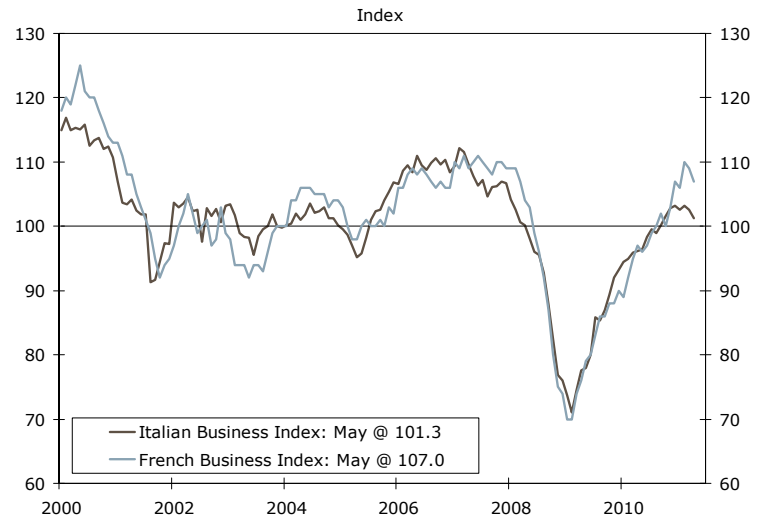
However, a restructuring of Greek government debt probably will not happen anytime soon, because there are some powerful voices within Europe, including the ECB, which does not favor a restructuring. The ECB's reluctance likely reflects its fear that a restructuring of Greece's government debt, which totals close to €400 billion, would soon lead to similar outcomes for Portugal (€180 billion) and Ireland (€120 billion). The writedowns that European banks would need to undertake would be painful, but probably not catastrophic.

However, investors could begin to look askance at Spain (€830 billion) and Italy (€2.1 trillion). Restructuring of these two governments could bring the European financial system to its knees. Therefore, we think that European countries will eventually give Greece more money in return for further austerity measures and privatization of publicly owned enterprises. The idea is to kick the can farther down the road. The hope is that growth in Spain and Italy will pick up sufficiently, thereby giving investors confidence that the debt dynamics in those countries will become sustainable. We'll keep our fingers crossed. (For further reading, see *German Trip Notes: Prosperity Amid Uncertainty*, which is posted on our website.)

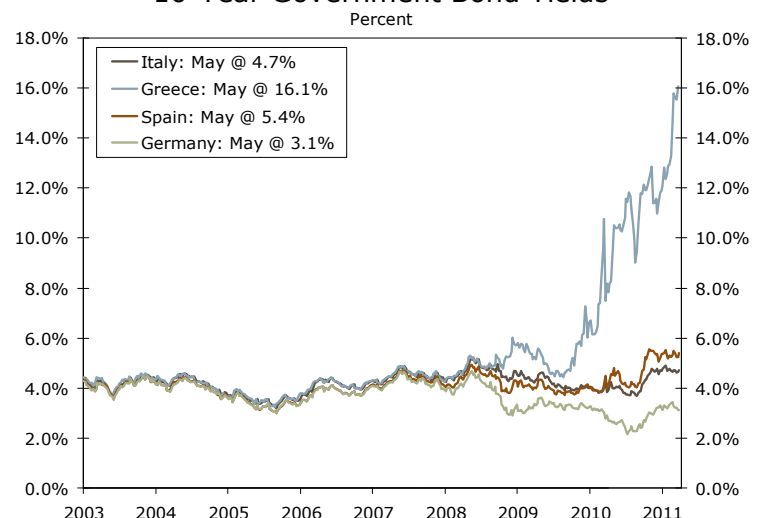
Eurozone Purchasing Managers' Indices



Italian and French Business Confidence



10-Year Government Bond Yields



Japan Industrial Production • Monday

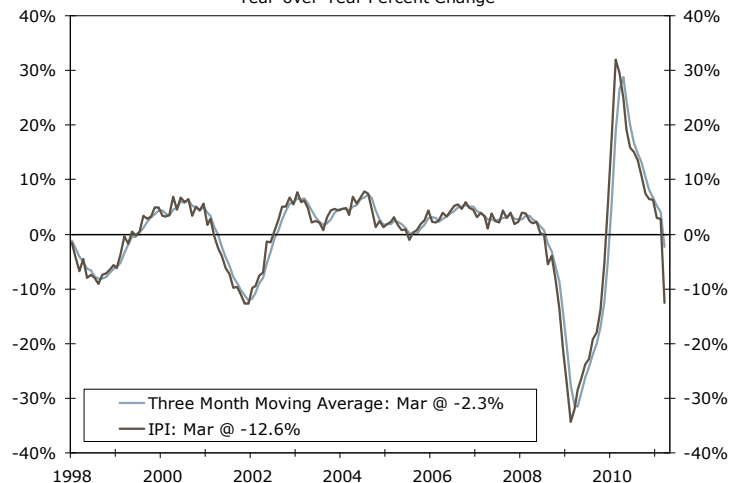
As the U.S. market is closed on Monday for Memorial Day, Japan has a plethora of data releases, all of which should give us a clearer picture of the lasting effects of the earthquake and tsunami that hit the country on March 11, 2011. Having dropped by 15.5 percent in March on a month-on-month basis and by 13.1 percent versus March of last year, the April industrial production number will probably enable analysts to gauge the lasting effects of the earthquake, tsunami and ensuing nuclear crisis. However, industrial production is not the only number coming out on Monday. Construction orders, housing starts, overall household spending, the jobless rate and labor cash earnings, all for April, are also going to be released on Monday and should give us a good picture of the current post-earthquake environment in Japan.

Watch the Markit/JMMA manufacturing PMI for May to be released on Monday also and we should expect a weak number.

Previous: -13.1%

Consensus: -12.4% (Year-over-Year)

Japanese Industrial Production Index
Year-over-Year Percent Change



U.K. Manufacturing PMI • Wednesday

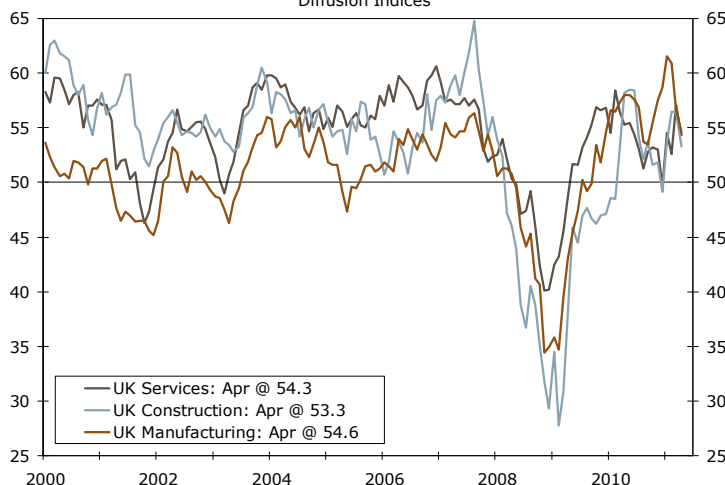
The U.K. manufacturing PMI, which is on the docket on Wednesday, should give analysts some insights into the current state of the British factory sector. The PMI has been slowly receding from its peak in January, which was its highest level in at least a decade, and the consensus forecast anticipates another notch down in May. That said, the index remains at levels that are consistent with further expansion in the manufacturing sector. Manufacturing production rose at a solid pace of 1.1 percent (not annualized) on a sequential basis in the first quarter, so the recent softening in the PMI suggests that growth in production in the second quarter likely will come in below the first quarter's pace.

The PMIs for the construction and service sectors have also edged down a bit in recent months, and many analysts look for some softening in these numbers when they print on Thursday and Friday, respectively.

Previous: 54.6

Consensus: 54.0

U.K. Purchasing Managers' Indices
Diffusion Indices



Brazil Q1 GDP • Friday

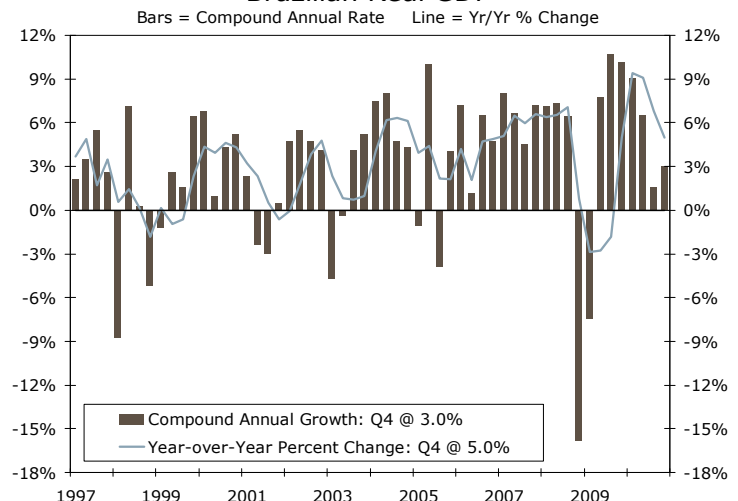
On Friday, Brazil will release its GDP numbers for the first quarter of 2011, and markets are expecting a 4.3 percent growth rate compared to the first quarter of last year. Our expectation is for growth to come in a bit higher at 4.5 percent during the period, but forecasts for first-quarter GDP in Brazil are, normally, very tricky due to the seasonality and noise created by the Brazilian Carnival and the Easter season. What is not in discussion is the Brazilian central bank's attempts to slow down economic growth during the first quarter of the year by increasing interest rates as inflation has pushed ahead of the institution's target of 4.5 percent plus/minus two percentage points. Inflation today stands at 6.5 percent and we expect it to peak at 7.5 percent by the end of the third quarter and then start going down slowly. However, the bank has to be on edge, because the economy is still going strong as reminded by the 6.4 percent unemployment rate, the lowest on record for April.

Previous: 5.0%

Wells Fargo: 4.5%

Consensus: 4.3% (Year-over-Year)

Brazilian Real GDP



Interest Rate Watch

The Fundamentals—and Then There Is Europe

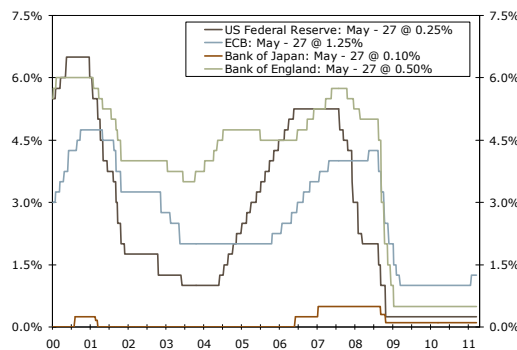
As much as we love the fundamental drivers of interest rates—growth, inflation, Treasury finance and that obscure element some call monetary policy—over the past six months, the event risk associated with Europe's sovereign debt appears to be the overarching force acting in long-term rates. Our expectations of the benchmark 10-year rate remain for a modest rise in the rate to 3.5 percent by the fourth quarter of this year.

This week's Gross Domestic Product (GDP) report re-emphasized the modest pace of overall growth and the upward bias on inflation. Both hint at a limited range for interest rates ahead. Real GDP growth came in at 1.8 percent in the first quarter, and we expect 2.4 percent growth for all of 2011. There is not much here to move the interest rate needle. Meanwhile, inflation pressures are rising, with the core personal consumption deflator rising at 1.4 percent pace. Yet, this pace of inflation, although rising, is not enough to send off danger signals that would trigger any Fed action this year to raise the federal funds rate.

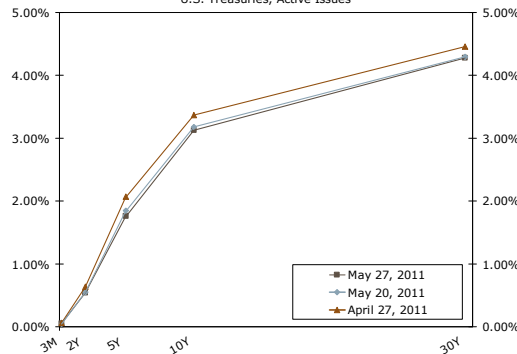
While we do not expect the Fed to raise the funds rate this year, we do expect a number of actions to reduce the easing posture of current monetary policy. We expect the Fed will complete its large-scale asset purchase program and not pursue a third stage. We also expect the Fed to terminate its mortgage-backed and agency purchases in the third quarter and discontinue Treasury reinvestments. At this point, we do not expect any asset sales before year-end. These actions would put modest upward pressure on interest rates in the face of continued large federal budget deficits.

Yet, the biggest uncertainty, and thereby the biggest marginal influence on rates, remains the outlook for sovereign debt in Europe. To reinforce the premise that capital markets are global, uncertainty in Europe has certainly helped both the dollar and longer-term U.S. Treasury rates during the first half of 2011. This pattern of uncertainty is expected to persist and is, along with the fundamentals, our case for only a modest movement in rates this year.

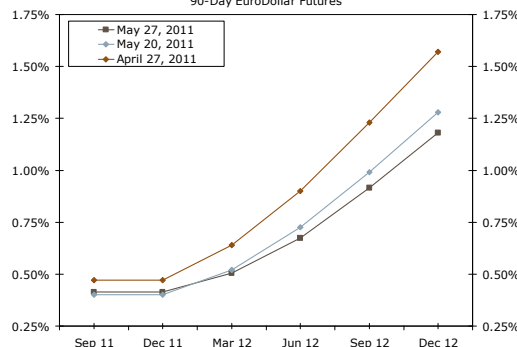
Central Bank Policy Rates



Yield Curve
U.S. Treasuries, Active Issues



Forward Rates
90-Day EuroDollar Futures



Credit Market Insights

Waiting for the Caboose

Even with mortgage rates down nearly 50 bps from the recent highs in February, the price-to-rent ratio is below its average over the past 25 years, and the price-to-income ratio is the lowest since 1985. Moreover, the NAHB/Wells Fargo Housing Market Index for May still did not budge. While the present sales and buyer traffic indices edged up, the future sales index fell to the lowest since September. Last week also brought news from a survey by Trulia and RealtyTrac showing 54 percent of Americans believe the housing market will not recover until 2014 or later, up significantly from the 34 percent who said so in the November survey. In addition, the Federal Reserve's Senior Loan Officer Survey showed earlier this month that demand for mortgages weakened further in the first quarter. Add it all together and it is quite clear that demand for mortgages could remain subdued for a long time. On the supply side, banks have not yet begun to ease standards for mortgages. Thanks to increased capital requirements and heavy regulations that are rewriting the rules of banking, even with historically low mortgage rates, it is difficult for many homebuyers to obtain financing. We have been sitting at the tracks now for quite a while waiting for the caboose, but the housing bust train keeps rolling by. The rebound in delinquency rates in the first quarter suggests the caboose is still far off in the distance...too far away to even see yet.

Mortgage Data

	Current	Week Ago	4 Weeks Ago	Year Ago
Mortgage Rates				
30-Yr Fixed	4.60%	4.61%	4.78%	5.08%
15-Yr Fixed	3.78%	3.80%	3.97%	4.39%
5/1 ARM	3.41%	3.48%	3.51%	4.10%
1-Yr ARM	3.11%	3.15%	3.15%	4.05%
MBA Applications				
Composite	540.8	534.8	441.2	633.5
Purchase	191.4	188.6	182.1	185.7
Refinance	2,591.7	2,568.2	1,964.0	3,257.4

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

Topic of the Week

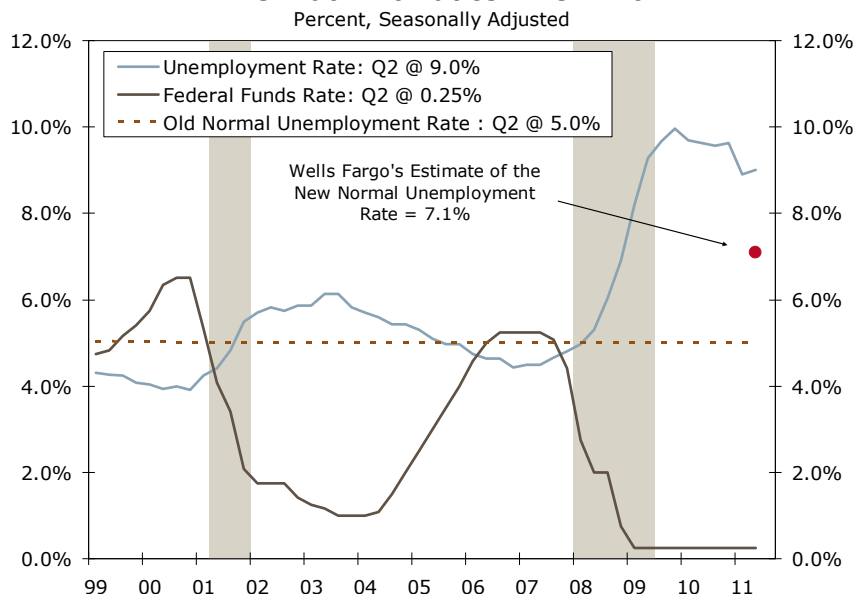
A Higher “Normal” Unemployment Rate

It is common knowledge that today's unemployment rate, currently at 9.0 percent, is unacceptably high. This is because most Americans are used to a “normal” unemployment rate of around 5.0 percent, when the economy is firmly anchored in expansionary territory. But, as we noted in a recent special report, *Cyclical vs. Structural Unemployment: The Debate Rages On* (found on our website), American workers will unfortunately have to get used to a higher “normal” unemployment rate in the post-Great Recession era. By our calculations, the “normal” unemployment rate in the U.S. labor market is currently around 7.0 percent.

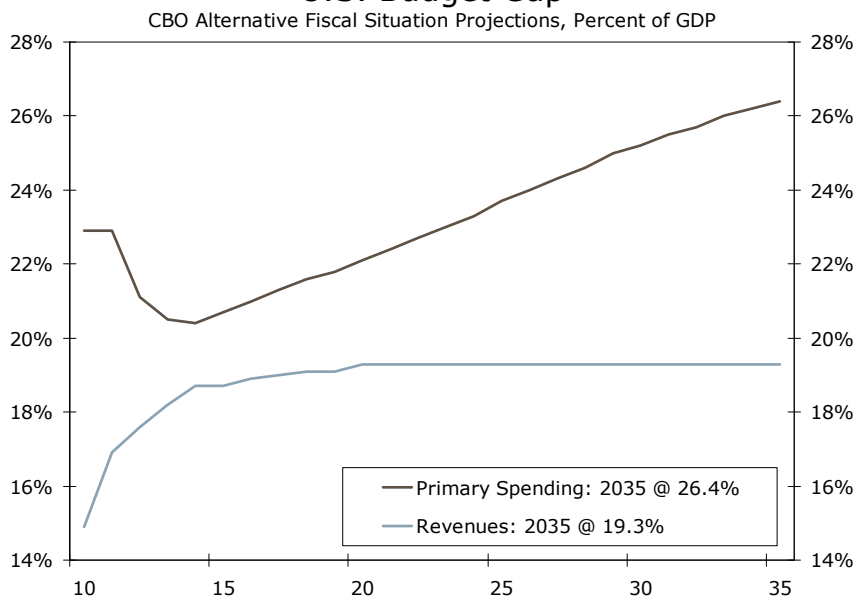
A higher “normal” unemployment rate has several implications for monetary and fiscal policy. On the monetary policy front, if structural issues in the labor market persist much longer than policymakers anticipate, and excessive monetary policy actions aimed at reducing the unemployment rate continue, the unintended outcome will be higher-than-expected inflation in the medium term. The Fed's dilemma is further complicated by today's unusually low federal funds rate. The Fed has a long way to go to bring the federal funds rate back up to a historically neutral level, and it does not have the luxury of waiting until the unemployment rate falls to a more historically comfortable, lower level because of the long and variable lag between changes in monetary policy and its effects on economic activity and inflation.

On the fiscal policy front, a higher “normal” unemployment rate has consequences for the federal budget. The federal budget is largely based on the notion that the unemployment rate will fall back down to its pre-recession level, which forms the basis for long-term revenue projections. If structural unemployment has increased along the lines that we believe, then potential GDP and potential federal revenue growth are lower than currently projected, which means reducing the federal budget deficit will be even more difficult.

The Dual Mandate Dilemma



U.S. Budget Gap



Subscription Info

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

To subscribe please visit: www.wellsfargo.com/economicsemail

The *Weekly Economic & Financial Commentary* is available via the Internet at www.wellsfargo.com/economics

Via The Bloomberg Professional Service at WFEC.

And for those with permission at www.wellsfargoresearch.com

Market Data ♦ Mid-Day Friday

U.S. Interest Rates

	Friday 5/27/2011	1 Week Ago	1 Year Ago
3-Month T-Bill	0.05	0.04	0.16
3-Month LIBOR	0.25	0.26	0.54
1-Year Treasury	0.11	0.15	0.17
2-Year Treasury	0.49	0.51	0.88
5-Year Treasury	1.73	1.79	2.19
10-Year Treasury	3.08	3.15	3.36
30-Year Treasury	4.26	4.30	4.26
Bond Buyer Index	4.52	4.55	4.28

Foreign Exchange Rates

	Friday 5/27/2011	1 Week Ago	1 Year Ago
Euro (\$/€)	1.425	1.416	1.236
British Pound (\$/£)	1.643	1.623	1.458
British Pound (£/€)	0.868	0.872	0.848
Japanese Yen (¥/\$)	81.290	81.700	91.040
Canadian Dollar (C\$/¥)	0.977	0.974	1.048
Swiss Franc (CHF/\$)	0.858	0.877	1.151
Australian Dollar (US\$/A\$)	1.070	1.066	0.851
Mexican Peso (MXN/\$)	11.630	11.647	12.814
Chinese Yuan (CNY/\$)	6.492	6.492	6.831
Indian Rupee (INR/\$)	45.168	45.016	47.310
Brazilian Real (BRL/\$)	1.606	1.623	1.815
U.S. Dollar Index	75.129	75.435	86.185

Foreign Interest Rates

	Friday 5/27/2011	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	1.38	1.39	0.64
3-Month Sterling LIBOR	0.83	0.82	0.71
3-Month Canadian LIBOR	1.20	1.20	0.58
3-Month Yen LIBOR	0.20	0.20	0.25
2-Year German	1.59	1.77	0.54
2-Year U.K.	0.92	0.98	0.90
2-Year Canadian	1.53	1.69	1.79
2-Year Japanese	0.18	0.18	0.17
10-Year German	2.99	3.06	2.70
10-Year U.K.	3.30	3.35	3.61
10-Year Canadian	3.06	3.21	3.38
10-Year Japanese	1.13	1.13	1.26

Commodity Prices

	Friday 5/27/2011	1 Week Ago	1 Year Ago
WTI Crude (\$/Barrel)	100.91	99.49	74.55
Gold (\$/Ounce)	1534.48	1512.30	1212.65
Hot-Rolled Steel (\$/S.Ton)	762.50	800.00	665.00
Copper (¢/Pound)	417.80	411.90	315.15
Soybeans (\$/Bushel)	13.87	13.82	9.28
Natural Gas (\$/MMBTU)	4.48	4.23	4.29
Nickel (\$/Metric Ton)	22,821	23,545	21,038
CRB Spot Inds.	606.37	604.48	480.35

Next Week's Economic Calendar

	Monday 30	Tuesday 31	Wednesday 1	Thursday 2	Friday 3
U.S. Data		Consumer Confid. April 65.4 May 66.1 (W)	ISM Manufacturing April 60.4 May 58.5 (W)	Productivity Q1 1.6% Q1 (F) 1.9% (W)	Nonfarm Payrolls April 244K May 180K (W)
			Construction Spend. March 1.4% April 0.3% (W)	Unit Labor Cost Q1 1.0% Q1 (F) 0.6% (W)	Unemployment Rate April 9.0% April 8.9% (W)
			Total Vehicle Sales April 13.14M May 12.80M (W)	Factory Orders March 3.4% April -1.4% (W)	ISM Non-Mfg April 52.8 May 53.0 (W)
Global Data	Canada GDP (CAGR) Previous (Q4) 3.3%	Germany Retail Sales (MoM) Previous (Mar) -2.7%	U.K. PMI Manufacturing Previous (Apr) 54.6		Brazil GDP (CAGR) Previous (Q4) 5.0%
	Japan IP (YoY) Previous (Mar) -13.1%	Brazil IP (YoY) Previous (Mar) -2.1%			U.K. PMI Services Previous (Apr) 54.3

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@wellsfargo.com
Paul Jeanne	Associate Director of Research & Economics	(443) 263-6534	paul.jeanne@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 374-7034	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 383-5635	mark.vitner@wellsfargo.com
Jay Bryson, Ph.D.	Global Economist	(704) 383-3518	jay.bryson@wellsfargo.com
Scott Anderson, Ph.D.	Senior Economist	(612) 667-9281	scott.a.anderson@wellsfargo.com
Eugenio Aleman, Ph.D.	Senior Economist	(704) 715-0314	eugenio.j.aleman@wellsfargo.com
Sam Bullard	Senior Economist	(704) 383-7372	sam.bullard@wellsfargo.com
Anika Khan	Economist	(704) 715-0575	anika.khan@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 383-6805	azhar.iqbal@wellsfargo.com
Ed Kashmarek	Economist	(612) 667-0479	ed.kashmarek@wellsfargo.com
Tim Quinlan	Economist	(704) 374-4407	tim.quinlan@wellsfargo.com
Michael A. Brown	Economist	(704) 715-0569	michael.a.brown@wellsfargo.com
Tyler B. Kruse	Economic Analyst	(704) 715-1030	tyler.kruse@wellsfargo.com
Joe Seydl	Economic Analyst	(704) 715-1488	joseph.seydl@wellsfargo.com
Sarah Watt	Economic Analyst	(704) 374-7142	sarah.watt@wellsfargo.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, Wells Fargo Bank N.A, Wells Fargo Advisors, LLC, and Wells Fargo 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 © 2011 Wells Fargo Securities, LLC.

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

