June 10, 2011

Economics Group

Weekly Economic & Financial Commentary

U.S. Review

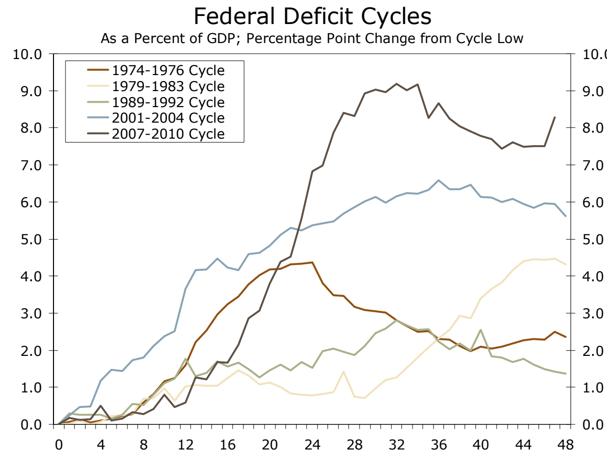
Coming to Grips With Core Issues

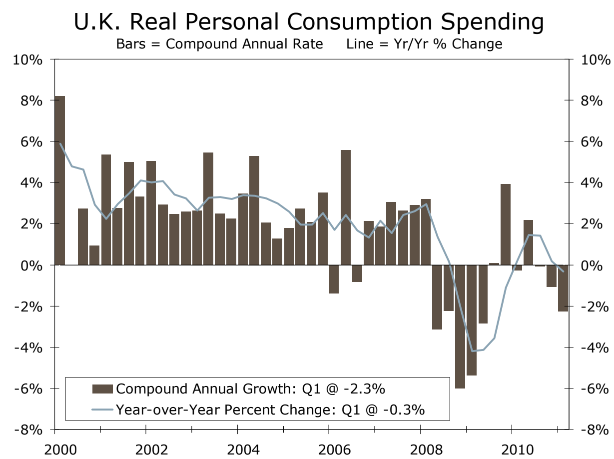
- Now that the era of stimulus is coming to an end, decision makers must come to grips with the economy that we have—not the one some commentators dream up. First, the housing sector continues to work through its issues, which means sustained subpar housing starts for several years in several metropolitan areas.
- Second, the pattern of fiscal deficits (top graph) remains higher than in earlier economic recoveries. Forty years of promises for entitlements now face the reality of limited revenue growth at the federal and state level. The time of smoke and mirrors has passed.

Global Review

Central Banks Hold Their Fire

- In a nod to slowing global growth, both the Bank of England (BoE) and the European Central Bank (ECB) refrained from hiking rates this week, although the ECB sounded a hawkish tone that it would go ahead with another rate hike in July. They join the Reserve Bank of Australia, the Bank of Canada and other Asian central banks in holding rates steady after earlier tightening.
- More weak data out of Europe. Retail sales plunged in the United Kingdom in May as government budget cutting and inflation undermined consumer spending. German industrial production unexpectedly fell in April.





Wells Fargo U.S. Economic Forecast

	Actual 2010				Forecast 2011				Actual			Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2008	2009	2010	2011	2012
Real Gross Domestic Product [1]	3.7	1.7	2.6	3.1	1.8	2.0	3.0	2.8	0.0	-2.6	2.9	2.4	2.6
Personal Consumption	1.9	2.2	2.4	4.0	2.2	2.1	2.0	2.8	-0.3	-1.2	1.7	2.5	2.1
Inflation Indicators [2]													
"Core" PCE Deflator	1.8	1.5	1.2	0.8	0.9	1.1	1.5	1.9	2.3	1.5	1.3	1.3	2.0
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	3.4	3.1
Industrial Production [1]	8.1	7.1	6.7	3.1	4.6	2.5	6.9	3.0	-3.3	-11.1	5.3	4.5	3.9
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	6.9	7.3
Trade Weighted Dollar Index [3]	76.1	78.8	73.6	73.2	70.6	69.0	69.5	71.0	74.3	77.7	75.6	70.0	75.3
Unemployment Rate	9.7	9.6	9.6	9.6	8.9	9.1	8.9	8.8	5.8	9.3	9.6	8.9	8.5
Housing Starts [4]	0.61	0.60	0.58	0.54	0.58	0.55	0.61	0.66	0.90	0.55	0.58	0.60	0.76
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	0.25	0.69
Conventional Mortgage Rate	4.97	4.74	4.35	4.71	4.84	4.50	4.80	5.00	6.04	5.04	4.69	4.79	5.43
10 Year Note	3.84	2.97	2.53	3.30	3.47	2.90	3.20	3.40	3.66	3.26	3.22	3.24	3.83

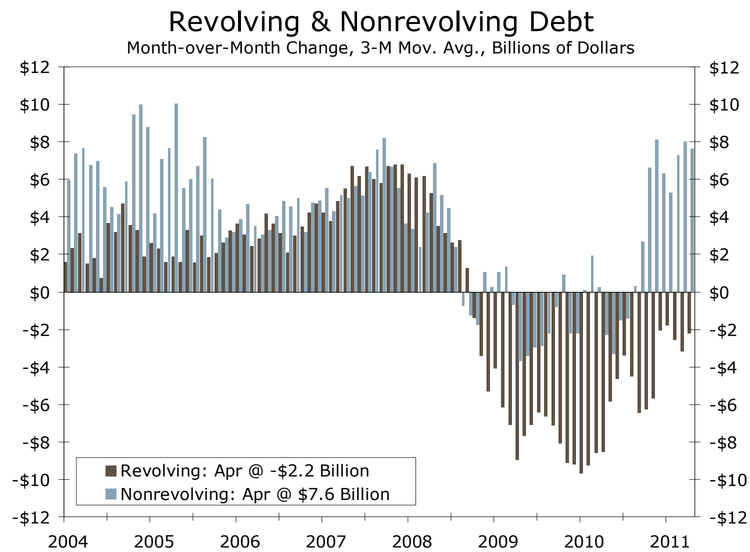
Forecast as of: June 8, 2011
[1] Compound Annual Growth Rate Quarter-over-Quarter
[2] Year-over-Year Percentage Change
[3] Federal Reserve Major Currency Index, 1973=100 - Quarter End
[4] Millions of Units
[5] Annual Numbers Represent Averages

Inside

U.S. Review

Playing With the Hand You Are Dealt

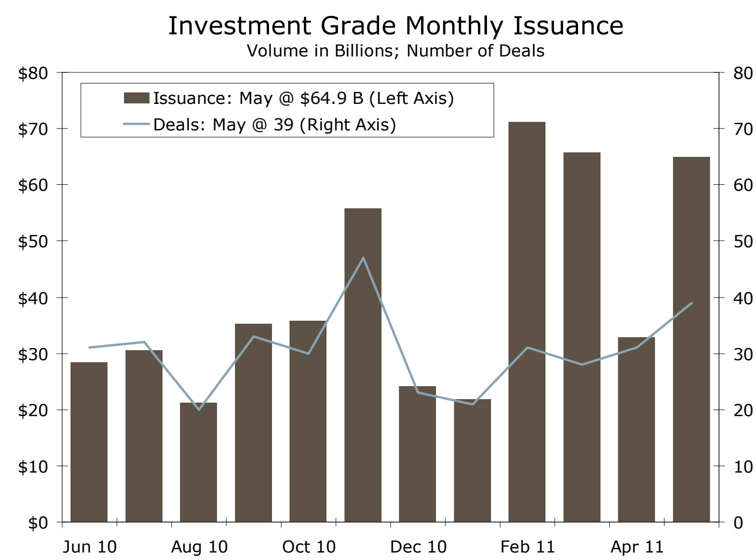
Economic growth is just not as fast as many had hoped or had forecasted—so let's deal with it. Our outlook for 2.4 percent growth in 2011 for the United States reflects a weak first half and a pickup in the second half of this year. Meanwhile, our expectation is for global growth at 3.9 percent with solid gains in Canada, Korea and each of the BRIC countries.



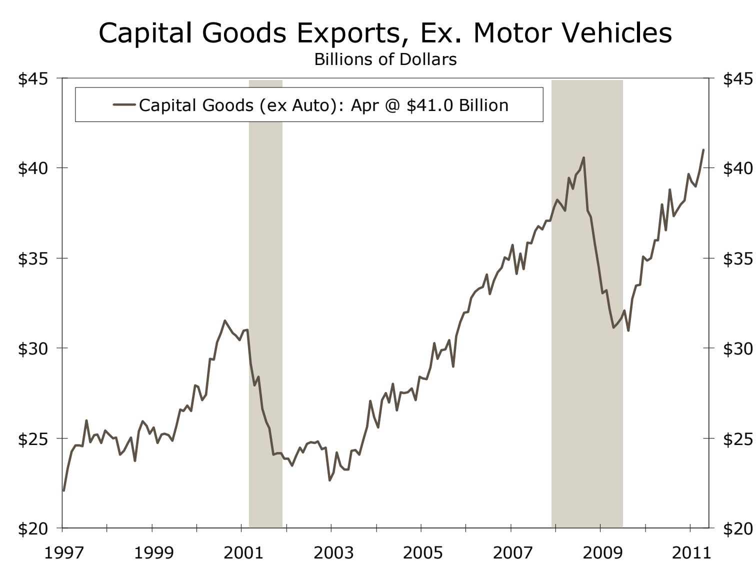
"U.S. Economic Growth Somewhat Slower Than Expected"

With this introduction Chairman Bernanke summed up the challenge before us. This week's consumer credit release provided further color on the character of this recovery. Consumer credit has risen for the past seven months but the pace of recovery remains modest compared to prior recoveries (top graph). This is particularly true of revolving credit. Revolving credit numbers are sensitive to charge-offs. As the number of charge-offs decline with an improving economy this would put less of a downward bias to the revolving credit totals.

The pattern for consumer credit is also reflected in the ongoing deleveraging of the American consumer. Over the past year the ratio of revolving credit to personal income has come down fairly steadily and is now at a level similar to that of 1994. We suspect that consumer credit, and therefore consumer spending as well, will steadily improve and yet, consistent with Chairman Bernanke's theme, the extent of the improvement will be disappointing to some who want a replay of the consumer booms of the past.



Meanwhile, the twin economic fundamentals of moderate inflation and perceived low interest rates have certainly prompted many firms to seek credit through the capital markets. So far this year there has been very strong investment-grade (middle graph) and high-yield issuance. Moreover, recent months have also witnessed a gain in equity offerings as well as bank loan syndications. These developments reflect two patterns. First, many firms perceive that current financing rates and conditions are favorable relative to those expected in the future and that now is the time to strengthen the balance sheet, issue longer-term debt, and thereby reduce the exposure to higher interest rates in the future. Second, many firms recognize economic opportunities within the United States and abroad and thereby are gathering funds today for expansion both today and sometime in the future.



Export growth was again evident in the monthly trade data released this week. Exports of capital goods and industrial supplies and materials were up $2 billion plus and have been on a solid upturn throughout the recovery (bottom graph). Solid global growth has been a boost to American producers of capital goods and supplies. This export strength also links back into the willingness of larger, globally-focused, firms to seek additional financial capital to expand their export opportunities.

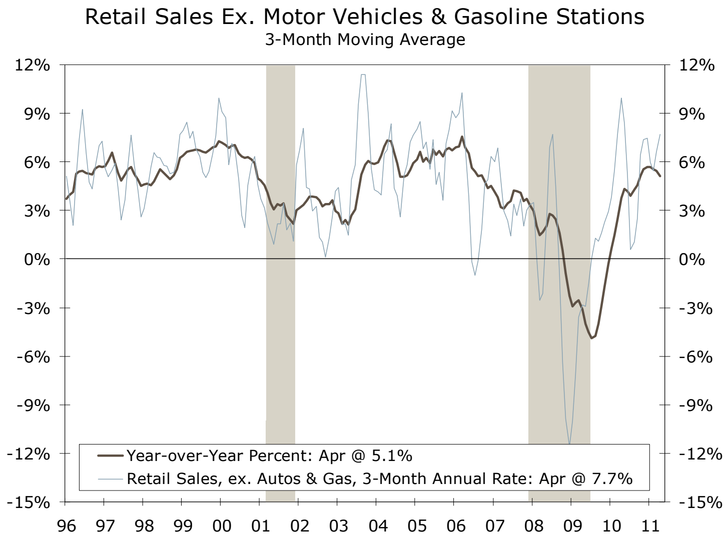
In our Annual Outlook we argued that the economy had turned the corner but that there was no V-shaped recovery. We have sustained growth, at a modest pace, and that is what we deal with.

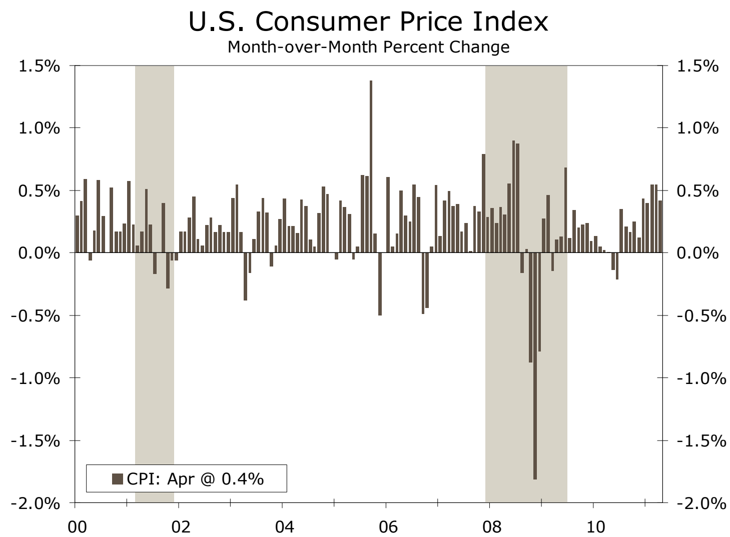
Advance Retail Sales • Tuesday

Retail sales continued to increase in April and are now up 7.8 percent on a year-ago basis. While the headline reflects solid growth, much of the increase has been concentrated in motor vehicle and gasoline station sales. Excluding gasoline station and vehicle sales, the pace of growth is slowing. Due to higher gasoline prices and a rise in other commodity prices many consumers continue to reallocate spending dollars away from discretionary items. Supply chain disruptions due to the devastating earthquake in Japan will likely slow the pace of growth in motor vehicle and parts sales. In fact, vehicle sales from manufactures to dealers fell 10.5 percent in May to an 11.8-million unit pace, the lowest level in eight months. Consequently, we expect retail sales to decline 0.6 percent in May. Excluding autos, retail sales will likely eke out a modest 0.1 percent.

Previous: 0.6% **Wells Fargo: 0.1%**

Consensus: 0.3% (Month-over-Month)





Consumer Price Index • Wednesday

Led by the higher energy and food prices, consumer prices rose 0.4 percent in April. On a year-ago basis, consumer prices are now up 3.2 percent in April from 2.7 percent in March. Producers have been grappling with higher raw material costs for some time and due to sluggish demand have been unable to pass on much of the increased costs. Real final sales are expected to grow at a modest 2.6 percent annual pace in 2011, which is a pickup from the sluggish 1.4 percent annual pace in 2010. Producers are likely trying to recover some of the expenses and the projected slight increase in demand provides a glimmer of hope. Moreover, housing which makes up 40 percent of consumer prices remains subdued. Core prices should remain muted at 1.4 percent in May on a year-ago basis, which should give the Fed continued flexibility.

Previous: 0.4% **Wells Fargo: 0.2%**

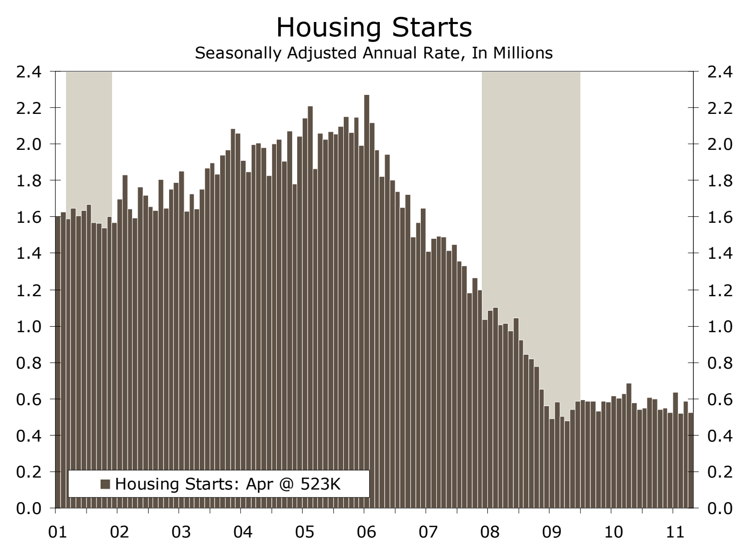
Consensus: 0.1% (Month-over-Month)

Housing Starts • Thursday

Housing starts fell 10.6 percent to a 523,000-unit pace in April, which was well below expectations. Single-family starts fell 5.1 percent on the month to a 394,000-unit pace as builders continue to have little incentive to ramp up construction activity. Most of the decline, however, was in the volatile multifamily component, which dropped 24.1 percent on the month. The sharp retracement in multifamily starts could be payback from the increase in the previous month, which saw a sizeable increase of 30.8 percent in March. Moreover, seasonal adjustments could also be at play, which likely exacerbated the decline in April. We expect housing starts to rebound 9.0 percent in May to a 570,000-unit pace. While the increase is welcome, much of the increase will likely be due to payback and seasonal factors once again. Due to foreclosures and other distressed transactions, which put downward pressure on existing home prices, any recovery will be slow.

Previous: 523K **Wells Fargo: 570K**

Consensus: 540K



Global Review

The Pause That Refreshes?

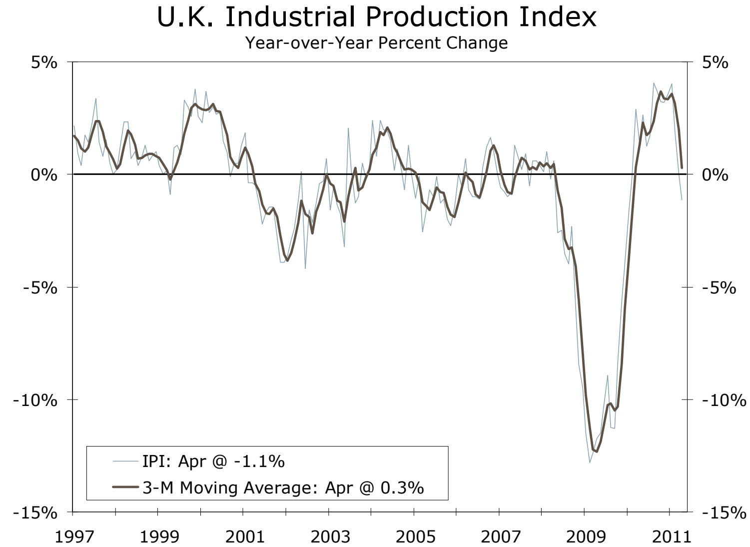
The Bank of England (BoE) left its policy rate, the repo rate, at 0.5 percent at this week's monetary policy meeting where it has been since March 2009, while the quantitative easing program was left unchanged at the £200 billion level. The United Kingdom's economy has been showing increasing signs of slowing in the second quarter, so the BoE's decision was not a surprise for the markets even though inflation remains well above the MPC's stated target of 2 percent. Underlining the fragile state of the United Kingdom's recovery, the BRC retail sales report for May was released this week and came in far weaker than expected, dropping 2.1 percent from a year ago after being 5.2 percent higher than a year ago in April. April's strength was largely due to the timing of the Easter holiday and festivities around the royal wedding. But in May it appears that rising inflation and government budget cuts are once again cutting deeply into consumer confidence and spending. U.K. industrial production also fell 1.7 percent in the month of April much worse than the flat reading that was expected by the consensus.

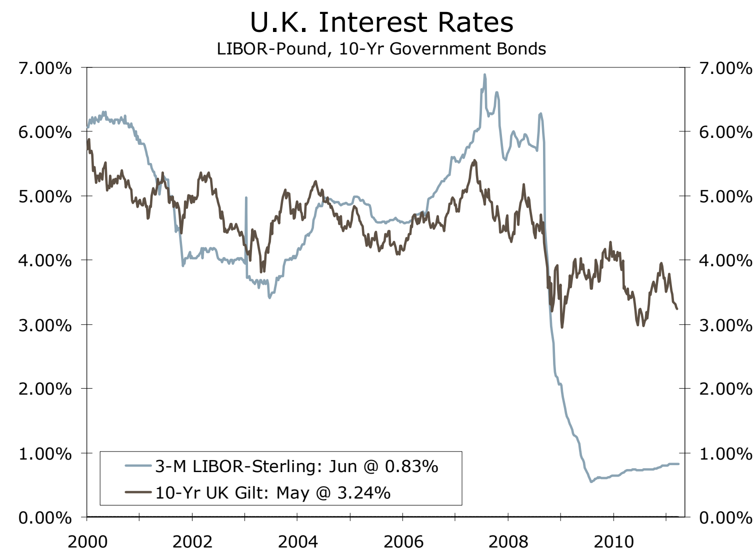
The ECB Holds, but Threatens to Hike in July

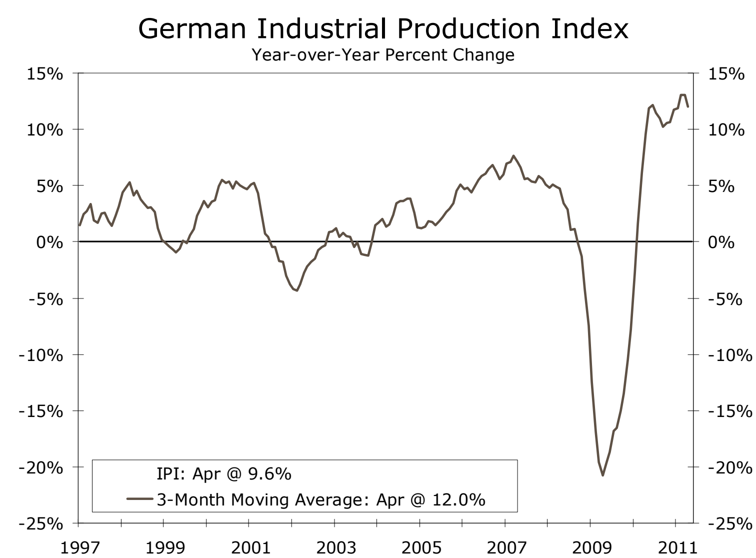
The ECB's Trichet held off on hiking rates in June, but his statement made clear the ECB's intent to resume hiking rates again in July despite concerns about global growth and the European debt crisis percolating in the background. His opening statement noted that economic data since the last meeting "confirms continued upward pressure on overall inflation" and that "the risks to the outlook of price stability remain to the upside." He also uttered the key phrase "Accordingly, strong vigilance is warranted." This is the code phrase the ECB has used to signal that a rate hike is imminent. German factory orders for April increased more than expected, up 2.8 percent on the month, although April industrial production for Germany unexpectedly fell 0.6 percent. The decline in industrial production in April was better than it looks on the surface as March industrial production was revised higher and the timing of Easter was problematic for the April data. Compared to a year ago, Germany's manufacturing expansion still appears robust.

Still No Answers on Europe's Sovereign Debt Problem

There is no sign yet of a breakthrough on a second Greek loan package which will need to happen soon to secure the next aid tranche at the end of July. Trichet's comments on Greece echoed the ECB's stance against a restructuring or any other involuntary move that could cause a credit event. He explicitly rejected any ECB involvement in a second Greek bailout, putting the burden on European governments and in turn, European taxpayers. Greece's funding needs through 2014 could be as high as €130 billion. The nervousness in the sovereign debt market is palpable in the European periphery these days. The Greek two-year yield jumped to 25.9 percent just 60 bps below its record high level on Thursday and CDS spreads for Greece, Portugal, and Ireland all hit new record highs. The ECB feels it has already reached the limits of its ability to forestall financial crisis in Europe.





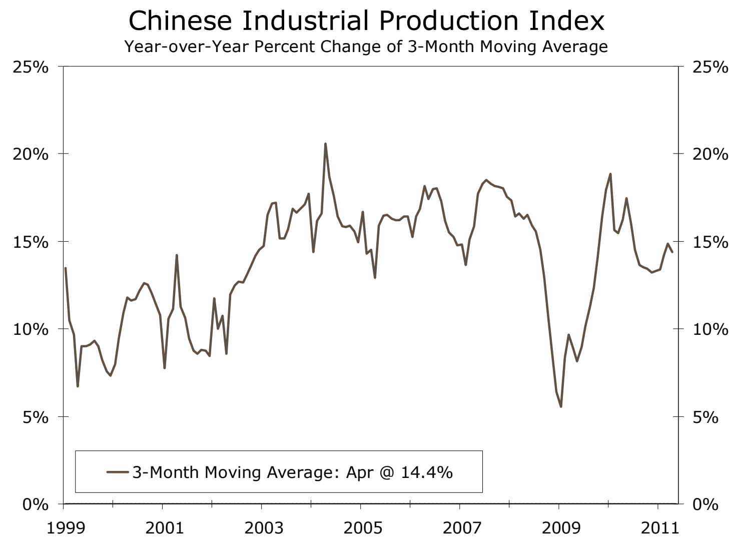


China Industrial Production • Monday

The Chinese government and markets will be able to gauge the effectiveness of recent monetary and fiscal policy geared to slow down economic activity as the country releases its industrial production number on Monday. Markets are expecting a further slowdown in industrial production, to 13.1 percent growth in April from 13.4 percent in May, year over year. Thus, markets are expecting just a marginal slowdown in growth in May for industrial production and this may not be enough to keep the Chinese government from devising more measures to slowdown the economy even further. Meanwhile, the consumer price index is also scheduled to be released on Monday with markets expecting inflation to rise to 5.5 percent in April from 5.3 percent in May, year over year. Since rising inflation has been a major issue for Chinese policymakers, the May data could give a hint on how much further authorities will need to tighten policies.

Previous: 13.4%

Consensus: 13.1% (Year-over-Year)



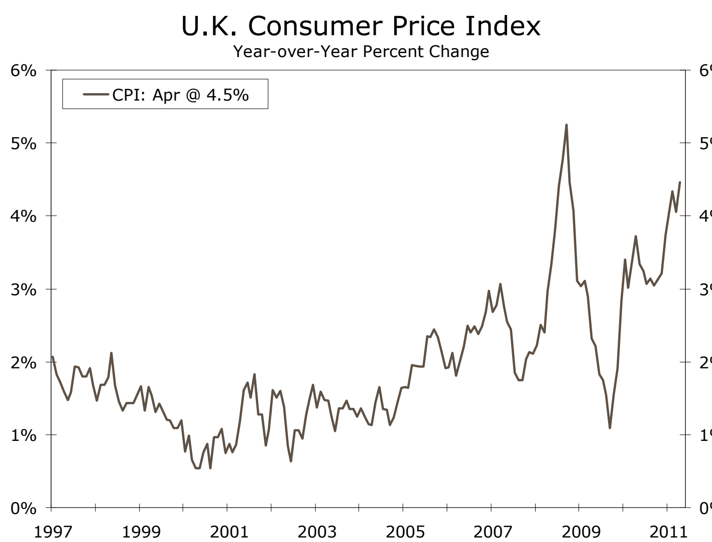
U.K. CPI • Tuesday

The United Kingdom will release its consumer price index for May and that release may determine whether the BoE will keep rates on hold. The BoE expectation is for inflation to start to decline from its April 30-month peak of 4.5 percent as economic slack persists on the back of the government's efforts to reign in its fiscal situation. But the most important inflation number will be that of the core CPI, which stood at 3.7 percent in April, an all-time year-over-year high since the start of that series in 1997. If this number continues to rise the central bank risks a change in inflationary expectations that could derail its plans.

Wednesday will also see the release of the U.K.'s labor market numbers and the expectation is for these numbers to confirm the weakness in economic activity.

Previous: 4.5% **Wells Fargo: 4.7%**

Consensus: 4.4% (Year-over-Year)



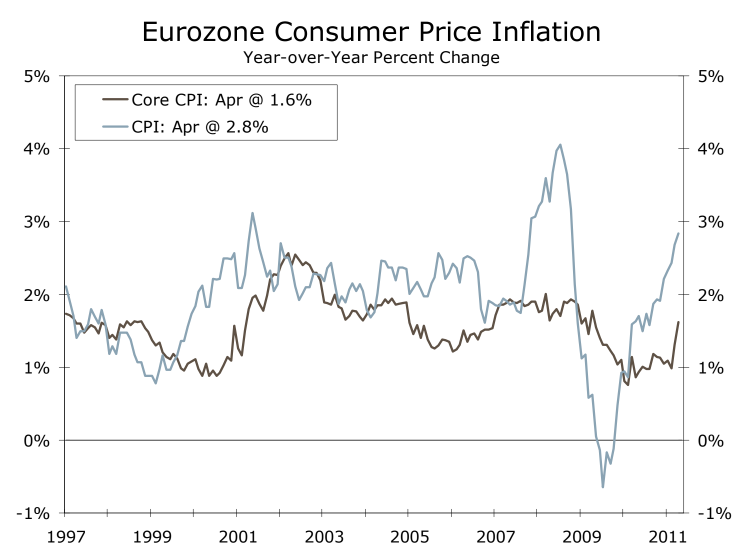
Eurozone CPI & Core CPI• Thursday

The Eurozone released the "flash" consumer price index more than a week ago and is expected to release the actual price index this coming Thursday with the expectation that it remains up by 2.7 percent as the original "flash" reading. However, the most important number is probably going to be the release of the core consumer price index, which is estimated to have slowed down to 0.2 percent on an month-over-month basis from an April reading of 0.6 percent. This increase will put the year-earlier core CPI at 1.7 percent, up from a 1.6 percent reading.

While the year-over-year number will to be higher in May than what it was in April, the growth rate in core prices is expected to show a decelerating trend, or at least that is what the ECB is hoping so that it can keep the pace of tightening modest rather than aggressive.

Previous: 2.7% **Wells Fargo: 2.7%**

Consensus: 2.8% (Headline, Year-over-Year)



Interest Rate Watch

Financing Opportunities in a Subpar Economy

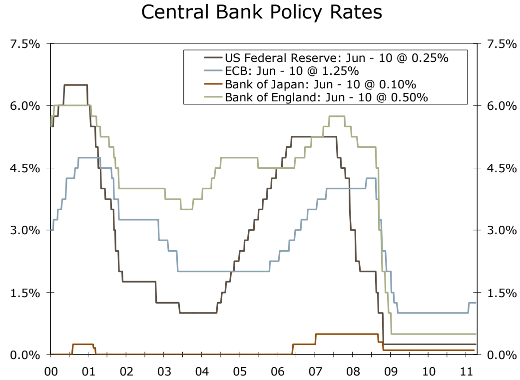
While the U.S. economy is on a path for subpar growth for 2011, the interest rate outlook provides an attractive background for firms to restructure their interest rate profile and provide the funds for participation in the global growth picture. One unique aspect of the current environment is the combination of low domestic financing costs (interest rates) and sustained, solid gains in global economic growth (opportunities).

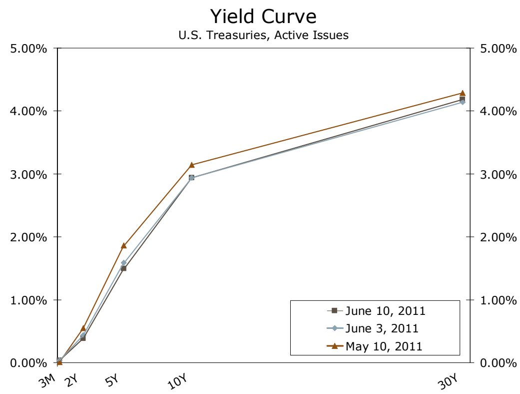
In our Monthly Outlook released this week, we projected that the Federal Reserve will not raise short rates this year and that longer-term rates will rise only modestly by year-end. Two fundamentals drive this outlook. First, economic growth is expected to improve in the second half of this year at a modest pace of just below three percent with help from consumer spending and business equipment. Meanwhile, inflation is expected to continue its upward tilt. This combination of fundamentals allows the Federal Reserve to maintain its current policy ease and leave the federal funds rate at its current low rate. Meanwhile, this combination also provides the backdrop for a slight rise in long-term rates as federal financing continues to move apace in an environment where a major buyer, the Federal Reserve, drops out of the market.

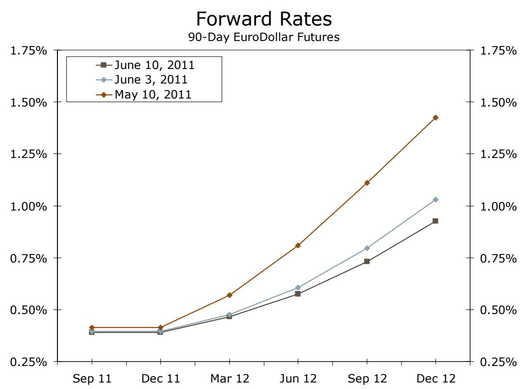
Opportunities: Global Outlook and Restructuring the Balance Sheet

Over the past six months there has been a solid pace of equity and debt (high yield and high grade) financing. Domestically, the slower pace of growth has prompted some firms to diversify along product and geographical lines where they may see opportunities. With perceived low financing costs many firms are willing to pursue profitable opportunities. Meanwhile, due to the strength of the global economy, many of these opportunities are found abroad.

So far much of this financing appears to be disciplined by concern on the pace of growth (no blue sky here) as well as a more cautious credit culture on the part of lenders. In the end, the opportunities are there for those with a strong credit history.







Credit Market Insights

Auto and Student Loans Drive Credit

Consumer credit outstanding rose $6.3 billion in April following a downwardly revised $4.8 billion increase in March. Once again, all of the increase came from non-revolving debt, which rose $7.2 billion. N0n-seasonally adjusted data shows that non-revolving debt expanded at commercial banks and credit unions, while federal government debt for student loans also increased. Strong auto sales in April suggest that auto loans were at least partly responsible for the increase in non-revolving debt at commercial banks and credit unions. The increase in student loan debt continues the trend seen over the past couple years. During this time, federal student loan debt has nearly tripled as the government has taken over all federal student lending. In addition, state budget cuts have pushed up tuitions while the tough labor market has bolstered demand for higher education. High unemployment has also fueled an increase in student loan delinquency rates, further contributing to the rise in outstanding federal student loans. Meanwhile, revolving debt fell $0.9 billion in April as Easter spending was not enough to overcome continued household deleveraging. In addition, the $1.9 billion increase previously reported for March was revised down to just a $37 million increase. Thus, the name of the game right now is auto and student loans. While student loan growth will likely continue for the foreseeable future, auto loan growth could slow if the current soft patch persists.

Mortgage Data

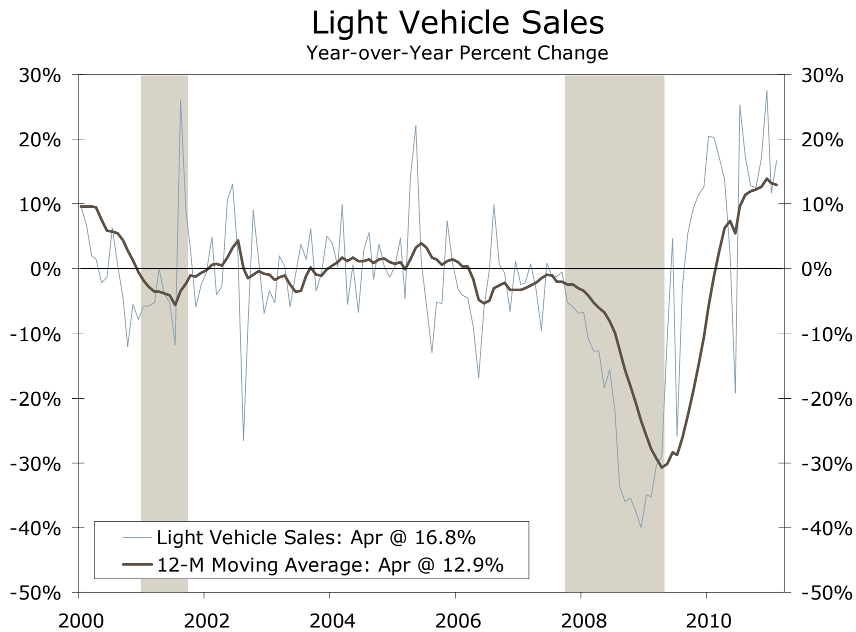
	Current	Week Ago	4 Weeks Ago	Year Ago
Mortgage Rates				
30-Yr Fixed	4.49%	4.55%	4.63%	5.08%
15-Yr Fixed	3.68%	3.74%	3.82%	4.39%
5/1 ARM	3.28%	3.41%	3.41%	4.10%
1-Yr ARM	2.95%	3.13%	3.11%	4.05%
MBA Applications				
Composite	517.5	519.4	496.3	560.9
Purchase	182.9	191.4	194.9	167.8
Refinance	2,475.7	2,442.9	2,269.1	2,859.5

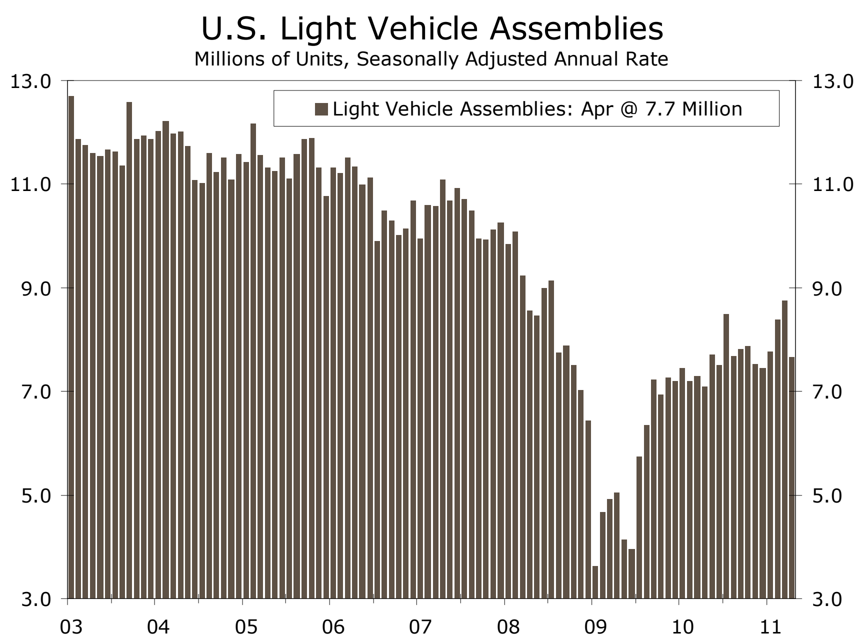
Source: Freddie Mac, Mortgage Bankers Association and Wells Fargo Securities, LLC

Topic of the Week

The Future of the U.S. Automobile Industry

Last week, the Federal Reserve Bank of Chicago held its annual Automotive Outlook Symposium, which highlighted some future trends in automotive production along with trends domestic car makers are beginning to observe in the market. With regard to the future of U.S. automobile production, there was a clear indication of further automation in the production process. This would continue to reduce the number of assembly line workers while increasing the job skill requirements for those workers involved in the assembly process. Another somewhat concerning observation was the shortage of engineers. The two major automakers that were present both noted the difficulty in locating highly skilled engineers to design the next generation of American automobiles. On the supply chain front, the trend is moving towards more “flattening” of the supply chain where the automakers are dealing directly with technology companies and parts manufacturers as opposed to going through existing suppliers in order to create partnerships with vendors. It was also noted by several analysts at the symposium that the impact from the Japanese auto supply chain disruptions have largely subsided for the major U.S. automakers. Turning to some of the future trends on the consumer side of the industry, the continual evolution of the car as a mobile computer was a key theme of the discussions. Consumers are now demanding cars with more technology in the vehicle to make information, typically through the Internet, more easily accessible within the car. With the rapid advances in technologies such as GPS and voice controls, the need for interchangeability of such technologies is also becoming a primary focus of automakers. In addition to changing consumer demands, the need to produce cleaner vehicles is also a major hurdle for the industry. In 2016, the next round of CAFÉ standards go into effect which establishes new fuel efficiency standards for cars sold in the United States. The new standards will increase the average fuel economy for cars to 37.8 miles per gallon from 27.5 miles per gallon. In order to meet these new standards, automakers must utilize new technologies such as hybrid and alternative fuel vehicles in order to adapt to changing regulations and consumer trends.





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 6/10/2011	1 Week Ago	1 Year Ago
3-Month T-Bill	0.04	0.03	0.08
3-Month LIBOR	0.25	0.25	0.54
1-Year Treasury	0.16	0.16	0.17
2-Year Treasury	0.40	0.42	0.78
5-Year Treasury	1.55	1.60	2.11
10-Year Treasury	2.96	2.99	3.32
30-Year Treasury	4.19	4.22	4.23
Bond Buyer Index	4.49	4.51	4.37

Foreign Exchange Rates

	Friday 6/10/2011	1 Week Ago	1 Year Ago
Euro ($/€)	1.447	1.464	1.212
British Pound ($/₤)	1.630	1.643	1.472
British Pound (₤/€)	0.888	0.891	0.824
Japanese Yen (¥/$)	80.090	80.340	91.340
Canadian Dollar (C$/$)	0.973	0.978	1.030
Swiss Franc (CHF/$)	0.842	0.834	1.142
Australian Dollar (US$/A$)	1.061	1.072	0.850
Mexican Peso (MXN/$)	11.791	11.664	12.693
Chinese Yuan (CNY/$)	6.480	6.480	6.831
Indian Rupee (INR/$)	44.721	44.819	46.970
Brazilian Real (BRL/$)	1.583	1.575	1.850
U.S. Dollar Index	74.334	73.783	87.169

Foreign Interest Rates

	Friday 6/10/2011	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	1.41	1.38	0.65
3-Month Sterling LIBOR	0.82	0.83	0.73
3-Month Canadian LIBOR	1.20	1.20	0.79
3-Month Yen LIBOR	0.20	0.20	0.24
2-Year German	1.59	1.69	0.51
2-Year U.K.	0.83	0.90	0.87
2-Year Canadian	1.45	1.43	1.81
2-Year Japanese	0.17	0.16	0.16
10-Year German	3.01	3.06	2.61
10-Year U.K.	3.25	3.29	3.56
10-Year Canadian	3.02	2.99	3.43
10-Year Japanese	1.14	1.14	1.21

Commodity Prices

	Friday 6/10/2011	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	100.98	100.22	75.48
Gold ($/Ounce)	1539.85	1541.95	1216.55
Hot-Rolled Steel ($/S.Ton)	760.00	755.00	665.00
Copper (¢/Pound)	410.35	408.05	284.25
Soybeans ($/Bushel)	13.96	14.10	9.39
Natural Gas ($/MMBTU)	4.72	4.71	4.65
Nickel ($/Metric Ton)	23,175	22,563	19,217
CRB Spot Inds.	604.67	611.88	466.53

Next Week's Economic Calendar

	Monday 13	Tuesday 14	Wednesday 15	Thursday 16	Friday 17
U.S. Data		**PPI** April 0.8% May 0.3% (W)	**CPI** April 0.4% May 0.2% (W)	**Housing Starts** April 523K May 570K (W)	**LEI** April -0.3% May 0.3% (W)
		Retail Sales April 0.5% May -0.6% (W)	**Industrial Prod.** April 0.0% May 0.2% (W)	**Current Acc. Balance** Q4 -$113.3B Q1 -$135.0B (W)	
		Business Inventories March 1.1% April 0.9% (W)	**Capacity Utilization** April 76.9% May 77.0% (W)		
Global Data	**Japan** **Machine Orders (MoM)** Previous (Mar) 1.0%	**UK** **CPI (YoY)** Previous (Apr) 4.5%	**Canada** **Manufacturing Sales** Previous (Mar)1.9%	**Eurozone** **CPI (YoY)** Previous (Apr) 2.7%	**U.K.** **IP (MoM)** Previous (Mar) 0.3%
	China **IP (YoY)** Previous (Apr) 13.4%			**Eurozone** **IP (MoM)** Previous (Mar) -0.1%	

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