August 13, 2010

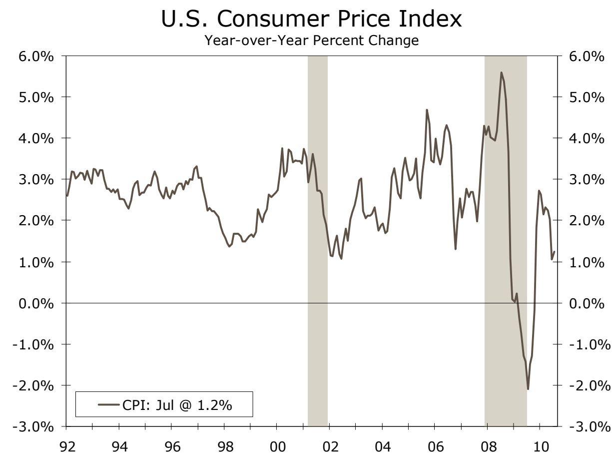
Economics Group

Weekly Economic & Financial Commentary

U.S. Review

Slow Growth, but Growth Nonetheless

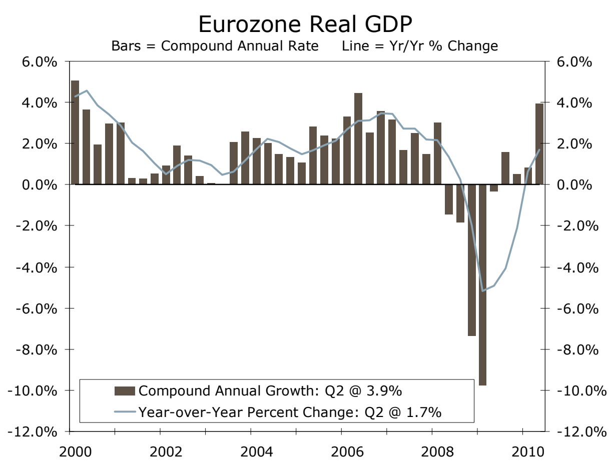
- Economic data released this week came in slightly below expectations, but remain consistent with our forecast of slow economic growth with a low probability of a double-dip recession. Second-quarter real GDP figures, however, may be revised lower based on international trade and wholesale inventory data.
- Consumer prices in July showed inflation remains benign. Contained inflation is good news for two key reasons: It increases consumers' purchasing power and gives the Fed flexibility to keep short-term interest rates low.



Global Review

Eurozone Recovery Takes Hold, at Least for Now

- Recently released data showed that real GDP in the Eurozone rose 1.0 percent (not annualized) in the second quarter, making it the strongest quarter in terms of economic growth in four years. The upturn in the Eurozone economy in the second quarter is welcome news, but we fear that it represents the high-water mark for real GDP growth for the foreseeable future.
- Growth in consumer spending looks to have remained anemic as growth in the value of retail spending (excluding autos) edged down 0.2 percent between the first and the second quarter.



Inside

Wells Fargo U.S. Economic Forecast

	Actual 2009				Forecast 2010				Actual				Forecast	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2006	2007	2008	2009	2010	2011
Real Gross Domestic Product [1]	-4.9	-0.7	1.6	5.0	3.7	2.4	1.8	2.0	2.7	1.9	0.0	-2.6	2.8	2.1
Personal Consumption	-0.5	-1.6	2.0	0.9	1.9	1.6	1.6	1.3	2.9	2.4	-0.3	-1.2	1.4	1.5
Inflation Indicators [2]														
"Core" PCE Deflator	1.6	1.5	1.3	1.7	1.8	1.5	1.2	1.0	2.3	2.4	2.3	1.5	1.4	1.0
Consumer Price Index	-0.2	-1.0	-1.6	1.5	2.4	1.8	0.8	0.3	3.2	2.9	3.8	-0.3	1.3	0.9
Industrial Production [1]	-17.6	-10.3	8.3	7.0	7.0	6.6	3.3	2.2	2.2	2.7	-3.3	-9.3	5.1	3.3
Corporate Profits Before Taxes [2]	-17.3	-11.4	-3.9	42.5	37.6	24.0	17.6	12.8	10.5	-6.1	-16.4	-0.4	22.3	6.8
Trade Weighted Dollar Index [3]	83.2	77.7	74.3	74.8	76.1	78.8	75.4	81.5	81.5	73.3	79.4	74.8	81.5	88.0
Unemployment Rate	8.2	9.3	9.6	10.0	9.7	9.7	9.6	9.8	4.6	4.6	5.8	9.3	9.7	9.6
Housing Starts [4]	0.53	0.54	0.59	0.56	0.62	0.60	0.54	0.60	1.81	1.34	0.90	0.55	0.59	0.81
Quarter-End Interest Rates														
Federal Funds Target Rate	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	5.25	4.25	0.25	0.25	0.25	0.50
Conventional Mortgage Rate	5.00	5.42	5.06	4.93	4.97	4.74	4.56	4.70	6.14	6.10	5.33	4.93	4.70	5.60
10 Year Note	2.71	3.53	3.31	3.85	3.84	2.97	2.86	3.00	4.71	4.04	2.25	3.85	3.00	3.60

Forecast as of: August 11, 2010
[1] Compound Annual Growth Rate Quarter-over-Quarter
[2] Year-over-Year Percentage Change

Together we'll go far

U.S. Review

Slow Growth, with Low Probability of a Double Dip

Economic data released this week came in slightly below expectations, but remain consistent with our forecast of slow economic growth with a low probability of a double-dip recession. Second-quarter real GDP figures, however, may be revised lower based on international trade and wholesale inventory data.

The trade deficit widened sharply from $42.0 billion in May to $49.9 billion in June due to a drop in exports and a large increase in non-oil imports. The Bureau of Economic Analysis (BEA) assumed that the trade deficit would widen modestly in June when it made its initial estimate of second-quarter GDP growth a few weeks ago. However, the actual outturn surpassed the BEA's pessimistic projection. As a result, the second-quarter GDP growth figure, which was originally reported as an annualized rate of 2.4 percent, could be revised down by roughly 0.5 percentage points if all other components of real GDP stay the same.

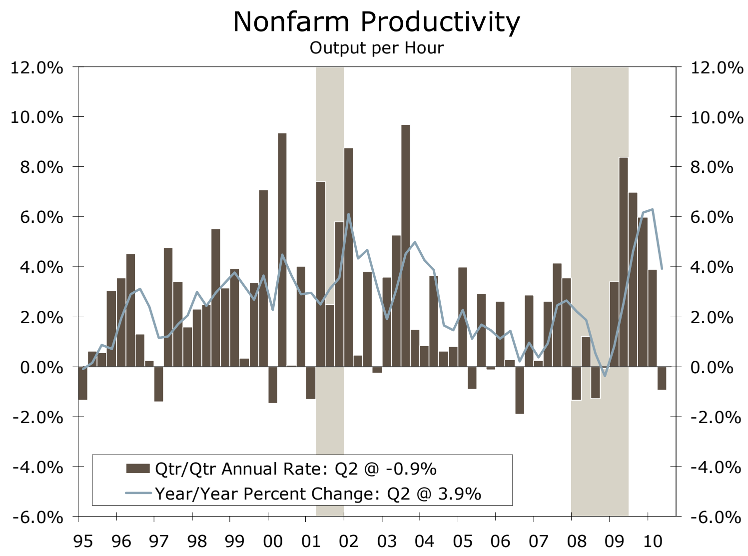
Other data released for the second quarter included nonfarm productivity. Productivity fell at a 0.9 percent annual rate as output slowed and hours worked increased. Hours worked rose at a 3.6 percent pace during the quarter, while nonfarm output rose at just a 2.6 percent pace. The increase in hours worked has raised hopes that businesses may have squeezed out most of the efficiency gains from existing workers and could begin hiring.

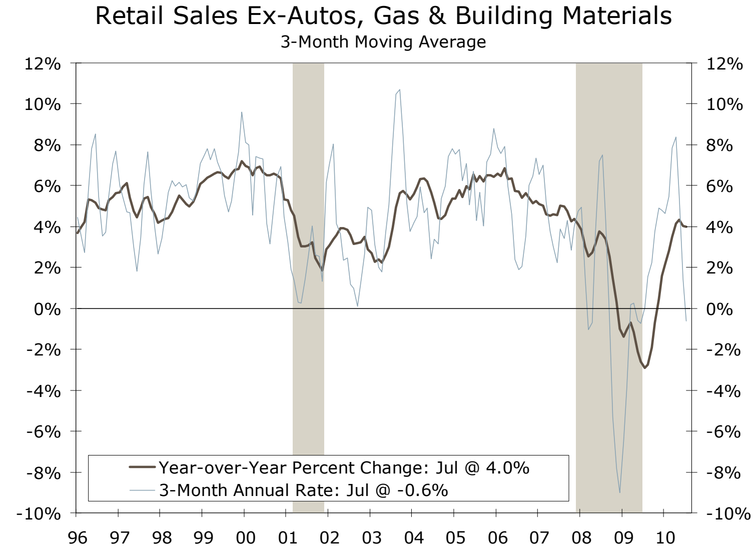
This argument may hold some weight. One data point that is supportive of this claim is the Job Openings and Labor Turnover Survey. The hires rate, which is the rate of hires as a percentage of total nonfarm payrolls, rose to 3.37 percent in the second quarter. Separations, however, also picked up, which is reflective of the weak labor market. Softness in the labor market will continue to weigh down consumer spending.

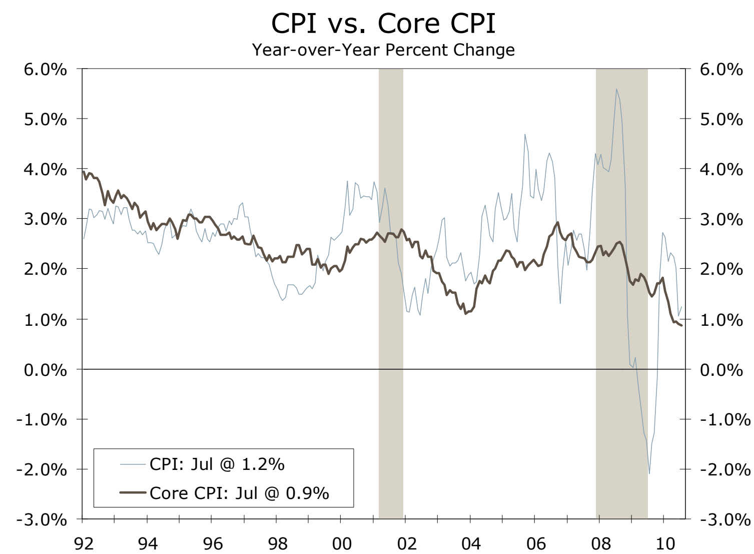
Retail sales rose 0.4 percent in July with motor vehicle and gasoline station sales both increasing. Core retail sales, which exclude autos, gasoline and building materials, is now down 0.5 percent on a three-month annualized basis. The weak showing in core retail sales is reflective of slower consumer demand. We continue to expect sluggish consumer spending in coming quarters.

All is not gloom and doom, however. Consumer prices in July showed inflation remains benign. Consumer prices rose 0.3 percent after three consecutive monthly declines. Contained inflation is good news for two key reasons: It increases consumers' purchasing power and gives the Fed flexibility to keep short-term interest rates low. The Fed still expects inflation to remain "subdued for some time" given the substantial resource slack restraining cost pressures and stable inflation expectations.

As reported in our recently released *Monthly Outlook*, we continue to expect real GDP to grow at a sluggish pace in the second half of the year. While the outlook calls for slow growth, it is growth nonetheless.







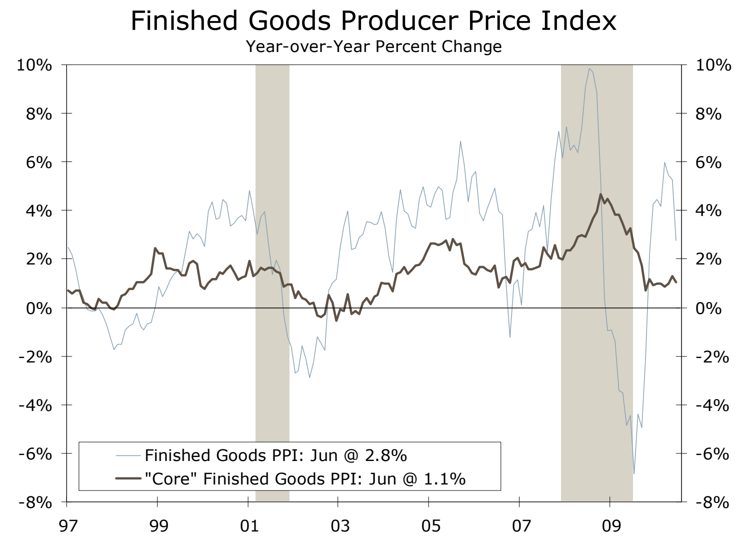
Producer Price Index • Tuesday

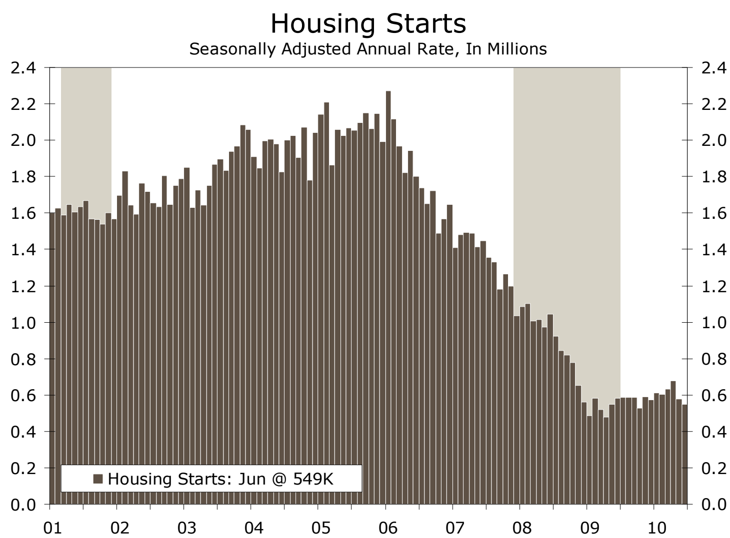
In June, the PPI index fell more than most analysts expected. The drop was primarily due to declines in prices for food and energy. The core measure of PPI, which excludes those volatile components, showed a slight (0.1 percent) increase in prices for the month. As the pace of the global recovery appears to be slowing, inflation forecasts are being revised lower. Still, after the 0.5 percent dip in June, the consensus is looking for a modest pickup in prices when July PPI data are released on Tuesday. We are looking for a flat headline number, though we expect a modest increase in core prices.

Near term, we are not yet concerned about deflation. But having recently dialed back our own global growth forecast, we have to acknowledge the risk of deflation further out. In the meantime, low inflation gives the FOMC cover to keep rates very low.

Previous: -0.5% (Month over month) Wells Fargo: 0.0%

Consensus: 0.2%





Housing Starts • Tuesday

No discussion of housing starts these days is complete without mentioning the homebuyer tax credit. Most residential real estate experts agree that the tax credit helped staunch the precipitous pace of decline in housing starts. So now that the tax credit has expired, will starts resume their slide? Not so fast. The government has granted an extension for home purchases where a binding sales contract was signed by April 30, 2010, so qualified buyers now have until Sept. 30, 2010, to complete the purchase. That means the impact of the expiration will not be manifested all at once in any given month, which helps explain why the consensus expects an increase in housing starts for July. We are looking for a larger increase than most. We suspect that the drop in the 30-year mortgage rate might be just enough to push some fence-sitters into taking the plunge of buying a new house.

Previous: 549K Wells Fargo: 575K

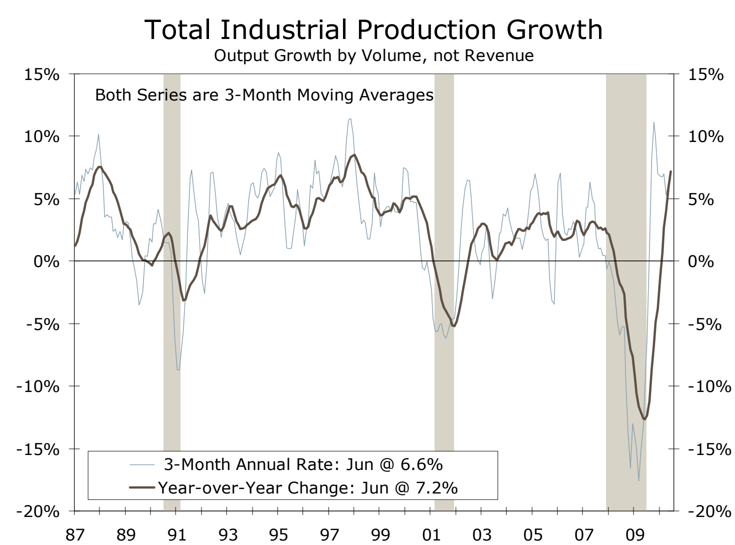
Consensus: 560K

Industrial Production • Tuesday

We have maintained for some time now that the recession ended in June 2009. One of the primary underpinnings for that position is that July 2009 marked the turnaround for many measures of manufacturing activity and Industrial Production (IP) is no exception. This broad measure of output increased 1.4 percent in July 2009 and has not posted a monthly decline since. July 2010 IP data become available on Tuesday, and we look for another monthly gain. That said, much of the strength in the industrial sector thus far has been partly the result of an inventory dynamic that is not sustainable. In other words, most of the stockpile rebuilding has run its course, and we expect growth in the factory sector to be very slow in the second half of the year. One potential bright spot is the ISM index showed an increase in the export orders component suggesting demand growth from overseas.

Previous: 0.1% (Month over month) Wells Fargo: 0.4%

Consensus: 0.5%



Global Review

Eurozone Recovery Takes Hold, at Least for Now

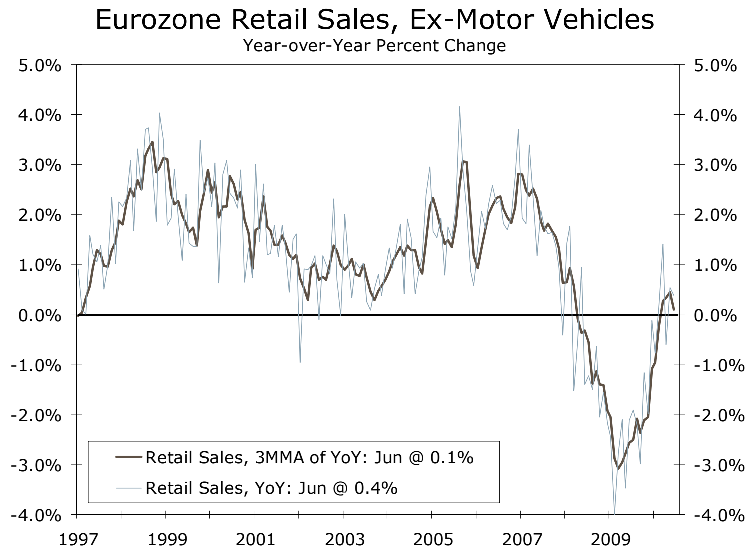
Recently released data showed that real GDP in the Eurozone rose 1.0 percent (not annualized) in the second quarter, making it the strongest quarter in terms of economic growth in four years (see chart on front page). Despite the strong outturn in the second quarter, real GDP remains 3.6 percent below its Q1 2008 peak. Not all of the 16 individual countries that comprise the Eurozone have reported yet, but GDP growth rates ranged from a 1.5 percent contraction in Greece to a 2.2 percent surge in Germany, the strongest rate of growth since the country was re-unified in 1990.

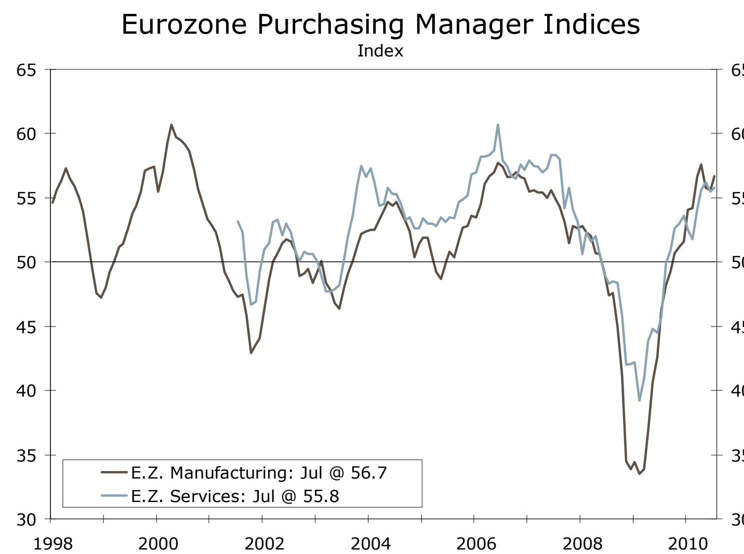
A breakdown of real GDP in the overall euro area into its underlying demand components will not be released for a few more weeks, but monthly data offer some clues about the sources of growth in the second quarter. In that regard, exports, capital spending and perhaps restocking drove Eurozone real GDP growth. The value of exports rose 4 percent in the April/May period relative to the first quarter, and the production of capital goods in the overall euro area rose 3.2 percent during the similar period. Growth in capital spending in Germany appears to have been especially strong.

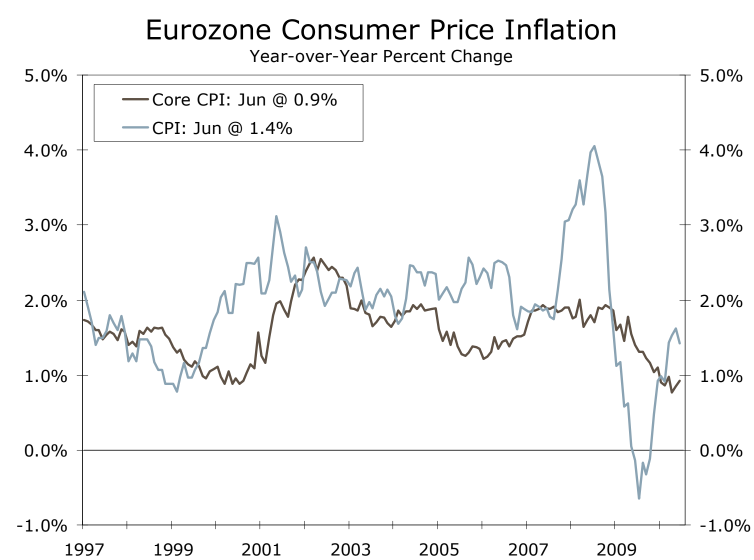
In contrast, growth in consumer spending looks to have remained anemic as growth in the value of retail spending (excluding autos) edged down 0.2 percent between the first and the second quarter (top chart). And the 0.3 percent decline in new car registrations in the second quarter suggests that consumer durable spending was probably rather sluggish as well.

The upturn in the Eurozone economy in the second quarter is welcome news, but we fear that it represents the high-water mark for real GDP growth for the foreseeable future. For starters, it has become apparent that economic growth in the rest of the world has slowed recently, which should weigh on export growth in the quarters ahead. Many governments, notably those in Greece, Ireland, Portugal and Spain, are in the process of paring back spending and raising taxes to reduce their gaping fiscal deficits. In addition, the German government, which few analysts would claim has a fiscal problem, is in the process of tightening the screws as well. Tighter fiscal policy will exert headwinds on Eurozone economic growth over the next year or two.

The European Central Bank made no changes to its monetary stance at its Aug. 5 policy meeting, and the press statement following the meeting characterized “available data for the third quarter” as “better than expected.” Indeed, the PMIs remained well within expansion territory in July (middle chart). The Governing Council’s optimism notwithstanding, we believe that the ECB will keep its policy rate unchanged at 1.00 percent well into 2011. Not only do prospects for strong economic growth in the euro area appear to us to be not very encouraging, but benign inflation and slow money supply growth give the ECB little urgency to hike rates. Indeed, the M3 money supply, which is one of the ECB’s primary indicators, is flat on a year-over-year basis, and the core rate of CPI inflation is less than 1 percent at present.







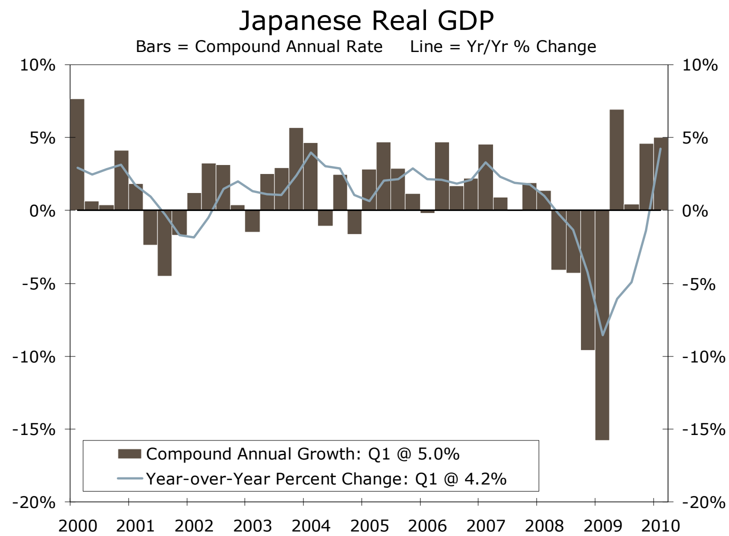
Japanese GDP • Monday

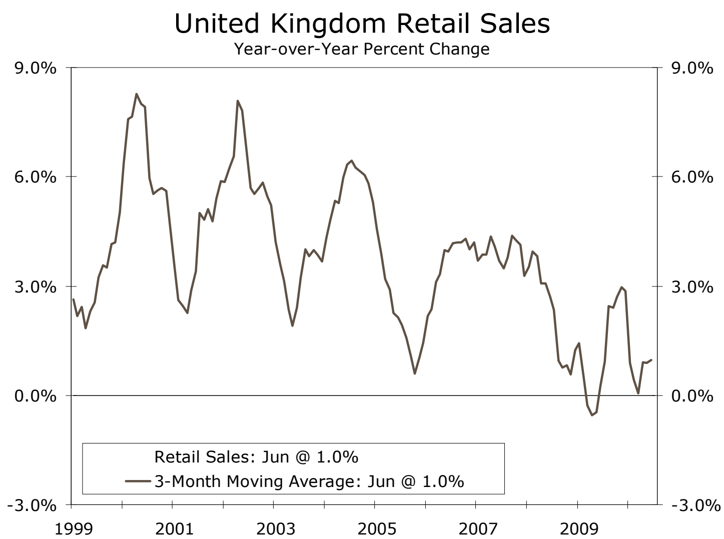
The Japanese economy has expanded for four consecutive quarters, and the streak should continue when real GDP data for the second quarter are reported on Monday. Even if the consensus forecast of 2.3 percent annualized growth is realized, the level of GDP will remain about 4 percent below its prerecession peak.

In its early phase, the recovery was driven in large part by strength in net exports. However, the expansion has broadened in recent quarters to include most components of domestic demand. Notably, real personal consumption expenditures have risen for four consecutive quarters, and private nonresidential investment spending is up over the past three quarters. Although we look for some deceleration in the Japanese economy over the next few quarters as export growth slows, we forecast that Japan will avoid a double-dip recession.

Previous: 5.0% (annualized rate) Wells Fargo: 2.4%

Consensus: 2.3%





U.K. Retail Sales • Thursday

The volume of retail sales rose at a solid pace of 1.7 percent in the second quarter relative to the first quarter. June's increase of 0.7 percent may have been pushed higher by revelers following the World Cup. However, survey data suggest some weakening in the pace of retail spending in July, and the market consensus forecast is looking for a less rapid increase.

Prior to the retail sales data, market participants will be watching CPI inflation data for July, which print on Tuesday, and the minutes of the Bank of England's policy meeting that was held on Aug. 5, which will be released on Wednesday. With the dovish sounding Inflation Report on investors' minds, they will be keen to learn whether the Monetary Policy Committee discussed further quantitative easing steps at the previous meeting.

Previous: 0.7% (month-on-month change)

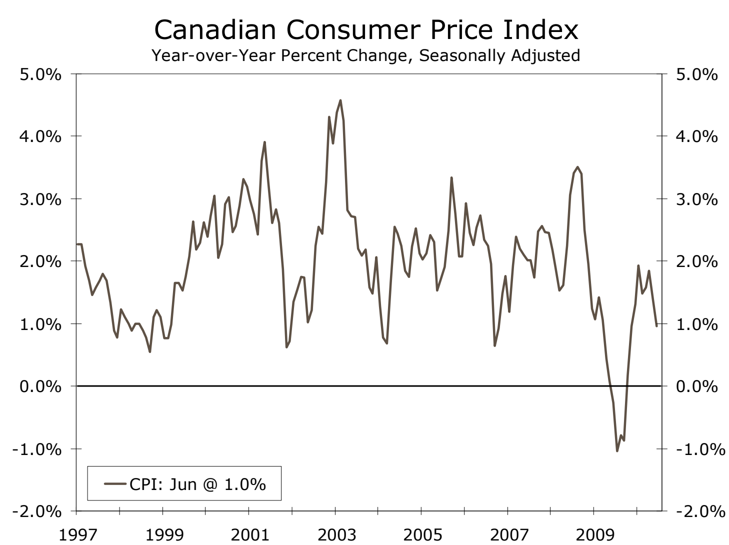
Consensus: 0.3%

Canadian CPI • Friday

The most significant economic news in Canada next week will be the release of July CPI inflation data on Friday. The details in that report may influence the Bank of Canada's (BoC) decision on whether to raise the overnight rate from the present level 0f 0.75 percent. It will be the last inflation report before the next scheduled BoC meeting on Sept. 8. The Canadian central bank's primary objective is maintaining a target inflation rate of 2 percent within an acceptable range of 1 percent to 3 percent. At the moment, the year-over-year rate of inflation is at the bottom of the target range at 1.0 percent, but it will likely rise due to a big drop in CPI in July, 2009, which establishes a low base for the year-over-year calculation. With inflation up off the bottom of the target range, the BoC has cover to raise rates to 1.00 percent.

Previous: 1.0% (Year over year) Wells Fargo: 1.4%

Consensus: N/A



Interest Rate Watch

New Fed Bias: Lower Long Rates

With the FOMC's statement on Tuesday, the Fed laid down its marker that the bias on policy is further easing and that the Fed will invest the cash flow from MBS and maturing direct Agency securities into longer-term (2–10 year) Treasury debt. Effectively, this will extend the average maturity of the Fed's assets and put a downward bias on long-term Treasury rates for the rest of this year.

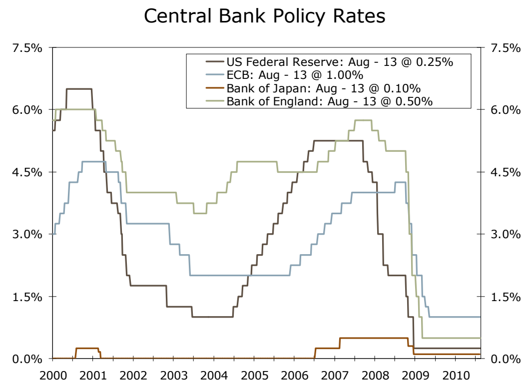
Three elements of the FOMC's statement favor lower interest rates for a longer period. Growth expectations, subdued inflation and the extended language reinforce the outlook for low interest rates.

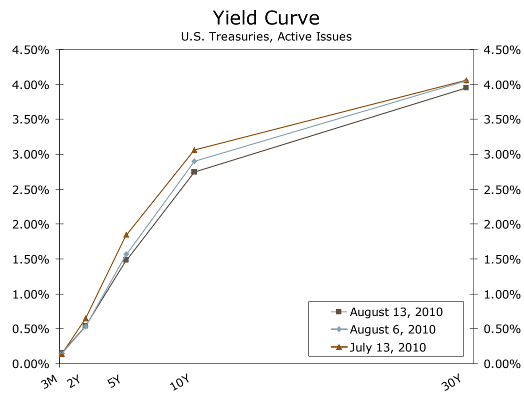
First, economic activity "has slowed," according to the FOMC's statement. We agree. Household spending is increasing gradually but remains constrained by "high unemployment, modest income growth, lower housing wealth, and tight credit." Real positive momentum in the economy is reflected in business spending on equipment and software. On net, our outlook for the second half of 2010 is for growth in the 2 percent range.

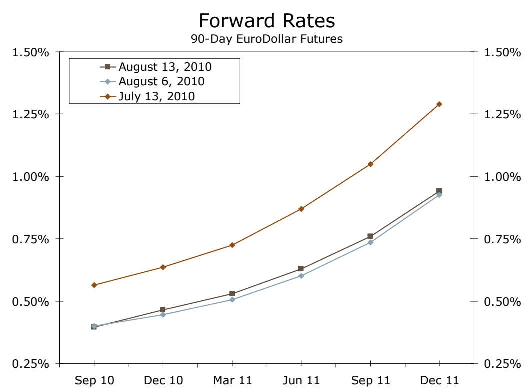
Second, "substantial resource slack" and "stable" longer-term inflation expectations suggest "inflation is likely to be subdued for some time." The FOMC's language has not changed very much on inflation. Certainly resource slack, if measured by unemployment or capacity utilization, remains substantial. For the near term, we do expect the core PCE deflator to remain subdued at less than 1.5 percent or so for the rest of this year.

Finally, the FOMC maintained the target range for the federal funds rate at 0 to 0.25 percent and conditions are likely to "warrant exceptionally low levels of the federal funds rate for an extended period." This extended language suggests that low short-term rates will remain for a while.

Our years of experience suggest that the biggest risk is complacency. As we have seen in the 1994–1995 period, when expectations shift, not everyone gets out the door in time. Sometime in the next two years, expectations will shift and today's bond buyers will be late to sell.







Consumer Credit Insights

Housing Remains Ball and Chain

The housing market is a mess and remains the ball and chain holding back the economy. Despite further declines in the 30-year fixed mortgage rate to a new record low, mortgage purchase application growth has slowed and refinance application growth has been weak over the past three weeks. Of course, this is payback from the tax credit frenzy, but this goes to show that low mortgage rates are not the only factor influencing demand in the current market.

This calls into question the impact of the Fed's renewed Treasury purchase program announced on Aug. 10. Home sales have been curtailed by several factors, including weak employment growth, lack of funds for a down payment, low credit scores and negative equity. Meanwhile, refinancing is not an option for many homeowners without a job or with negative equity. Thus, lower mortgage rates can only go so far in reviving the housing market and economy.

Credit scores are becoming a bigger piece of the ball and chain. For those trying to improve their situation via mortgage modifications, they may find that their credit score actually drops due to servicer reporting requirements. Unfortunately, a reduced credit score can also mean a lower probability of getting a job nowadays. And it is job growth that is sorely needed to bolster the housing market and the economy. It appears we are in a catch-22 situation that calls for more creative solutions.

Mortgage Data

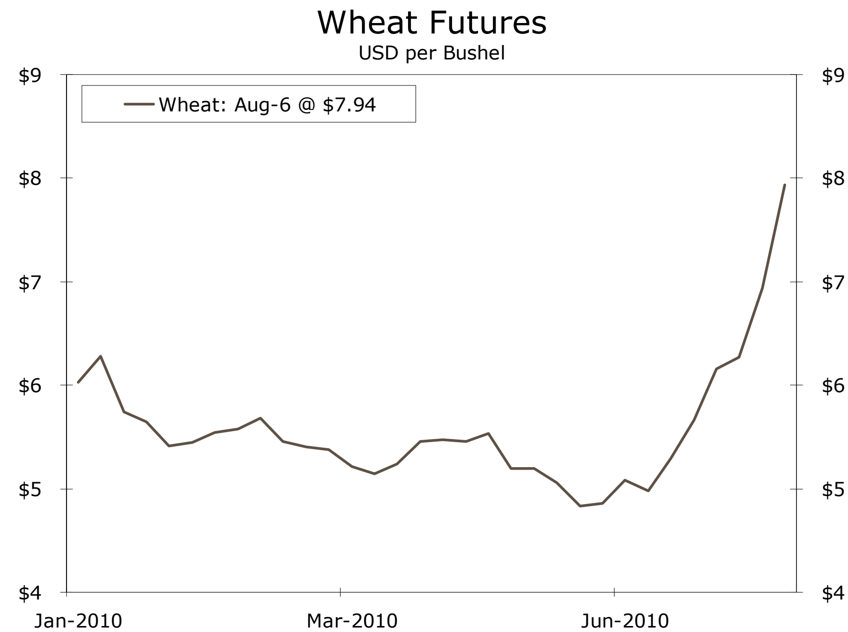
	Current	Week Ago	4 Weeks Ago	Year Ago
Mortgage Rates				
30-Yr Fixed	4.44%	4.49%	4.57%	5.29%
15-Yr Fixed	3.92%	3.95%	4.06%	4.68%
5/1 ARM	3.56%	3.63%	3.85%	4.75%
1-Yr ARM	3.53%	3.55%	3.74%	4.72%
MBA Applications				
Composite	734.3	730.2	753.5	527.0
Purchase	175.4	174.9	168.9	277.7
Refinance	3,993.0	3,969.0	4,161.9	1,982.5

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

Topic of the Week

Grain Prices Rise Amid Heat Wave

Russia is suffering through the hottest summer in 130 years of record keeping, and the worst drought in 50 years. In some areas, rainfall was 10 percent to 30 percent below average in July. The drought has fueled more than 7,000 fires, scorched more than 2,900 square miles of land, destroyed more than 2,000 houses and killed at least 50 people. A state of emergency has been declared in 27 crop-producing regions. To contain domestic prices of grains and end-products, such as bread and meat (due to higher feed prices), the government has banned exports of wheat, flour, barely, rye and corn from Aug. 15 through Dec. 31 of this year. As a result, wheat futures have spiked on global markets, following a 38 percent jump in July, which was the biggest increase since 1973. Prior to the ban, prices had risen as crops were damaged or ruined due to hot, dry weather in Russia, Kazakhstan, Ukraine and the European Union and flooding in Canada.



While prices for other commodities have rebounded over the past year, wheat prices have been held in check following strong harvests the past two years. Although prices jumped to a tw0-year high of around $8.00/bushel during the recent surge, they are still far below the peak of $13.50/bushel in February 2008. In addition to this year's crop, the drought is threatening winter sowing plans, suggesting the effects could linger into next year's harvest as well. The government has stated it will wait until after this year's harvest to decide whether to extend the ban into 2011.

Weak employment growth and tight credit conditions have kept inflation rates low in many parts of the world over the past couple years. This has allowed central banks to keep interest rates low in an effort to stimulate economic growth. However, the global recovery appears to have slowed. While we currently do not expect the spike in grain prices to have a significant impact on Russian economic growth, a rise in food prices could elongate an already painfully long and slow economic recovery.

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.wellsfargo.com/research

Market Data ♦ Mid-Day Friday

U.S. Interest Rates

	Friday 8/13/2010	1 Week Ago	1 Year Ago
3-Month T-Bill	0.15	0.14	0.17
3-Month LIBOR	0.37	0.41	0.44
1-Year Treasury	0.29	0.28	0.56
2-Year Treasury	0.54	0.51	1.09
5-Year Treasury	1.46	1.50	2.55
10-Year Treasury	2.70	2.82	3.60
30-Year Treasury	3.88	3.99	4.43
Bond Buyer Index	4.06	4.16	4.65

Foreign Exchange Rates

	Friday 8/13/2010	1 Week Ago	1 Year Ago
Euro ($/€)	1.276	1.328	1.429
British Pound ($/£)	1.559	1.594	1.658
British Pound (£/€)	0.819	0.833	0.862
Japanese Yen (¥/$)	86.240	85.510	95.480
Canadian Dollar (C$/$)	1.041	1.027	1.087
Swiss Franc (CHF/$)	1.052	1.039	1.070
Australian Dollar (US$/A$)	0.895	0.918	0.843
Mexican Peso (MXN/$)	12.733	12.693	12.868
Chinese Yuan (CNY/$)	6.796	6.769	6.834
Indian Rupee (INR/$)	46.765	46.160	48.115
Brazilian Real (BRL/$)	1.771	1.761	1.824
U.S. Dollar Index	82.886	80.407	78.489

Foreign Interest Rates

	Friday 8/13/2010	1 Week Ago	1 Year Ago
3-Month Euro LIBOR	0.83	0.83	0.84
3-Month Sterling LIBOR	0.73	0.74	0.78
3-Month Canadian LIBOR	1.02	1.01	0.60
3-Month Yen LIBOR	0.24	0.24	0.40
2-Year German	0.65	0.75	1.37
2-Year U.K.	0.74	0.78	0.99
2-Year Canadian	1.38	1.45	1.33
2-Year Japanese	0.14	0.15	0.28
10-Year German	2.39	2.52	3.42
10-Year U.K.	3.12	3.22	3.79
10-Year Canadian	2.99	3.08	3.51
10-Year Japanese	0.99	1.06	1.42

Commodity Prices

	Friday 8/13/2010	1 Week Ago	1 Year Ago
WTI Crude ($/Barrel)	75.37	80.70	70.52
Gold ($/Ounce)	1213.68	1205.40	954.95
Hot-Rolled Steel ($/S.Ton)	545.00	545.00	465.00
Copper (¢/Pound)	324.85	333.95	291.05
Soybeans ($/Bushel)	10.26	10.37	12.16
Natural Gas ($/MMBTU)	4.31	4.47	3.34
Nickel ($/Metric Ton)	21,357	21,809	19,575
CRB Spot Inds.	496.87	496.85	447.83

Next Week's Economic Calendar

	Monday	Tuesday	Wednesday	Thursday	Friday
	16	17	18	19	20
U.S. Data		**PPI** June -0.5% July 0.0% (W) **Housing Starts** June 549K July 575K (W) **Industrial Production** June 0.1% July 0.4% (W)		**Leading Indicators** June -0.2% July 0.2% (W)	
Global Data	**Eurozone** **Core CPI (YoY)** Previous (Jun) 0.9% **Japan** GDP (QoQ) Previous (1Q) 5.0%	**Germany** **ZEW Survey** Previous (Jul) 21.2 **UK** **CPI (YoY)** Previous (Jun) 3.2%	**UK** **Bank of England Minut.**	**UK** **Retail Sales W/Auto** Previous (Jun) 0.7%	**Canada** **CPI (YoY)** Previous (Jun) 1.0%

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
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	(612) 667-0168	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
Kim Whelan	Economic Analyst	(704) 715-8457	kim.whelan@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 © 2010 Wells Fargo Securities, LLC.

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

WELLS FARGO SECURITIES