

## Economics Group

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### Yield Spread Boosts LEI...Again

*The Leading Economic Index (LEI) was up 0.7 percent in September signaling continued growth for the U.S. economy. For the 68<sup>th</sup> month in a row, LEI was boosted by the yield spread.*

#### Yield Spread Hits Five Months as #1 Contributor

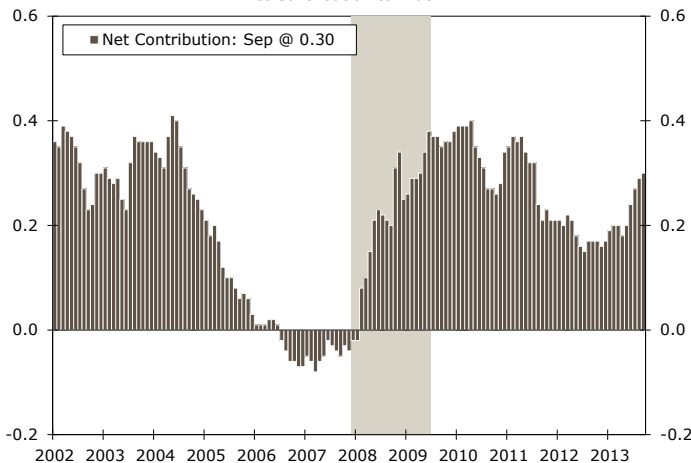
- For five straight months, the largest overall positive contribution to the Leading Economic Index came from the yield spread, the difference between the 10-year Treasury yield and the fed funds rate. Without the boost from the yield spread, the LEI would have been negative in June, and gains in the past three months would have been smaller by about two tenths of a percentage point each month.

#### Easing Financial Conditions Underpin Growth Outlook

- There were mixed signals from the labor market with a drop in jobless claims boosting the headline number, while a decline in average weekly hours was the largest drag.
- In addition to the yield spread, one of the key drivers over the past six months has been the gradual firming of the Conference Board's Leading Credit Index. Consumer expectations have been a consistent drag.

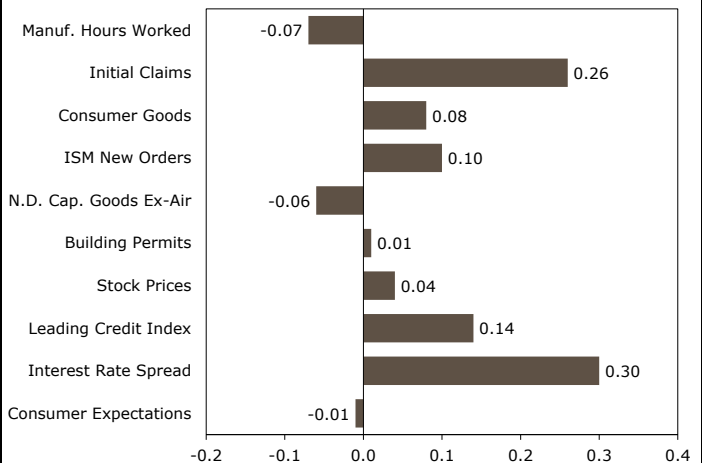
#### 10-Year Treasury less Federal Funds Rate

Net Contribution to Index



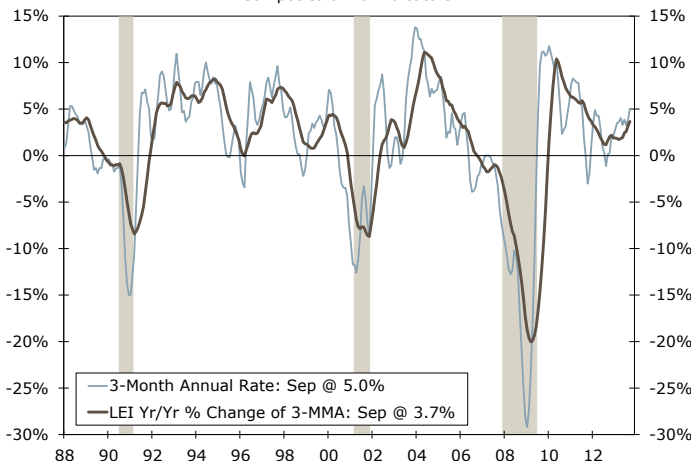
#### Net Contribution to Leading Economic Index

September 2013



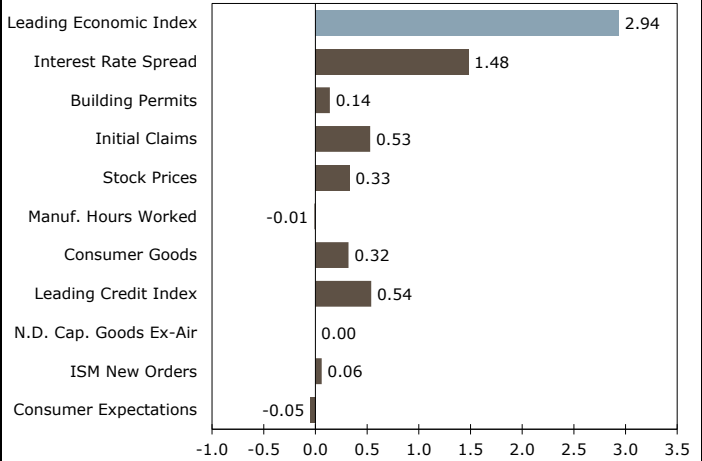
#### Leading Economic Index

Composite of 10 Indicators



#### Net Contribution to Leading Economic Index

Past Six Months



Source: The Conference Board and Wells Fargo Securities, LLC

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