

Economics Group

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Leading Economic Index Indicates Improvement

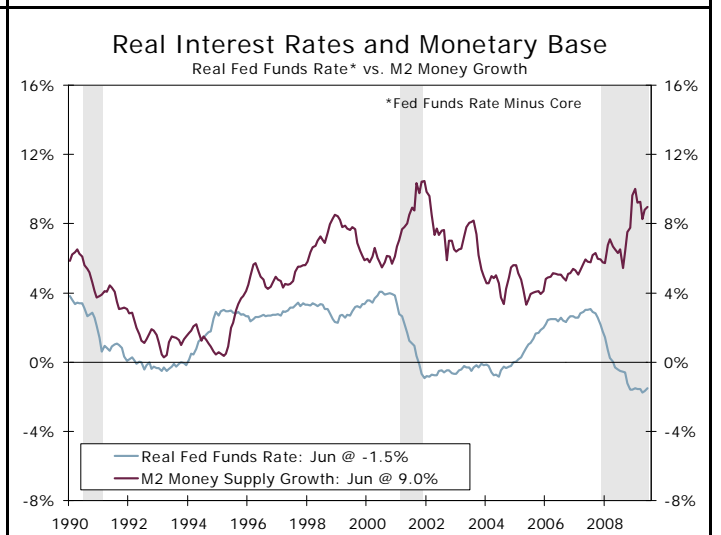
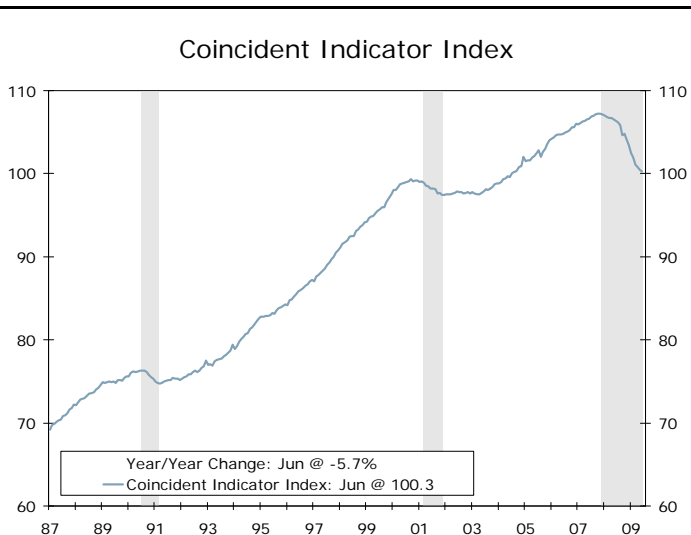
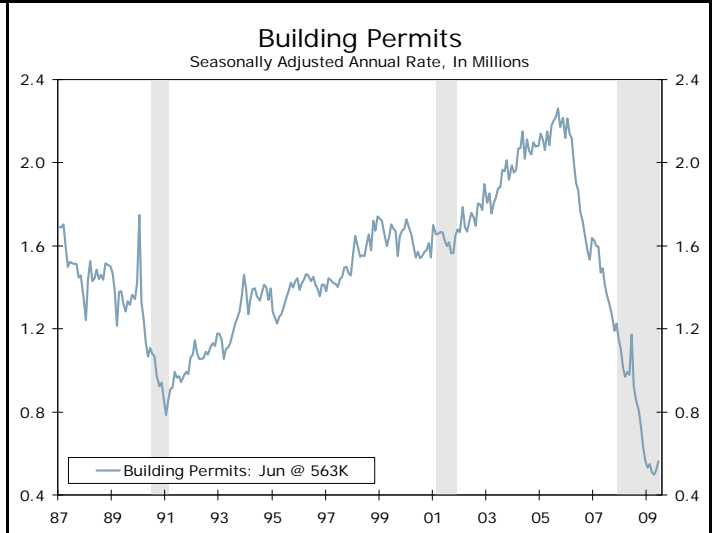
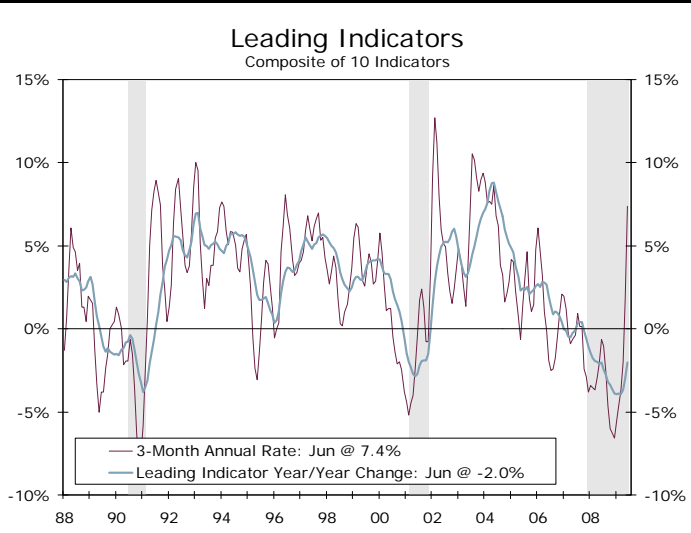
The collapse of Lehman Brothers last fall sent the LEI into a tailspin, reaching a cycle low in March. Since then steady improvement has been an encouraging sign of future economic growth. Downside risk remains.

Positive Trend Developing for LEI

- The index of leading indicators increased 0.7 percent in June, with a small upward revision to May data, exceeding expectations. The lows from which we started make any improvement relative, but gains do signify a pending recovery.
- A falling coincident index reflects the still-struggling economy.

Varied Components Show Changing Economy

- Interest rate spreads continued to add to the leading index, but a contribution from building permits is a new and welcome sign of stability in the housing sector which will support the recovery.
- Asset purchases by the Fed are supporting the money supply (M2) during this recession; the series remains volatile.



Source: The Conference Board, Federal Reserve Board, U.S. Department of Commerce and Wells Fargo Securities, LLC

Wells Fargo Securities, LLC Economics Group

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