



**WELLS  
FARGO**

# Wells Fargo Economics

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Seattle, WA

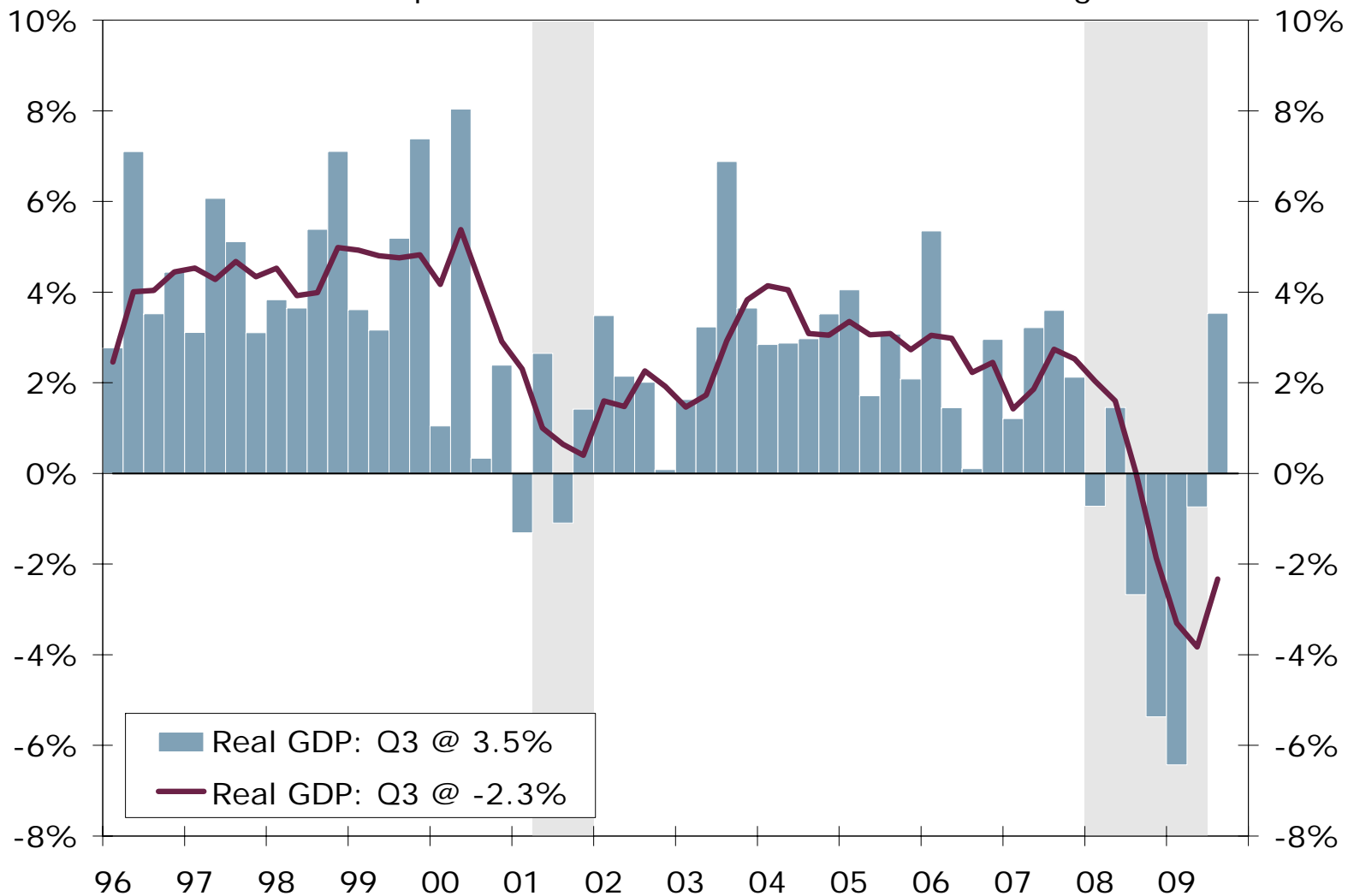
November 12<sup>th</sup>, 2009

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# *Economic Growth*

# Real GDP

Bars = Compound Annual Rate    Line = Yr/Yr % Change



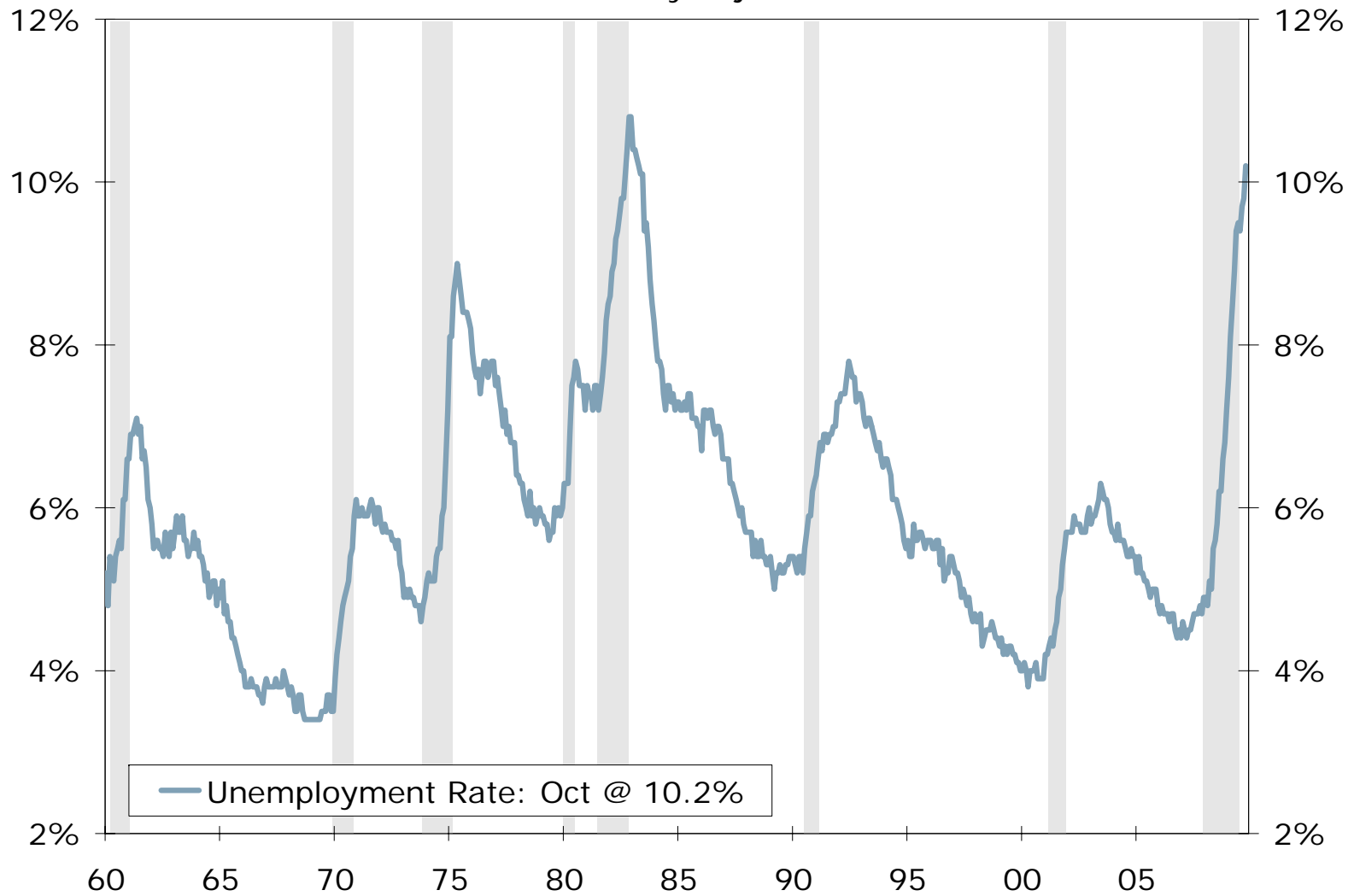
# ***The Labor Market***

***Unemployment is currently at  
10.2%...and counting!***



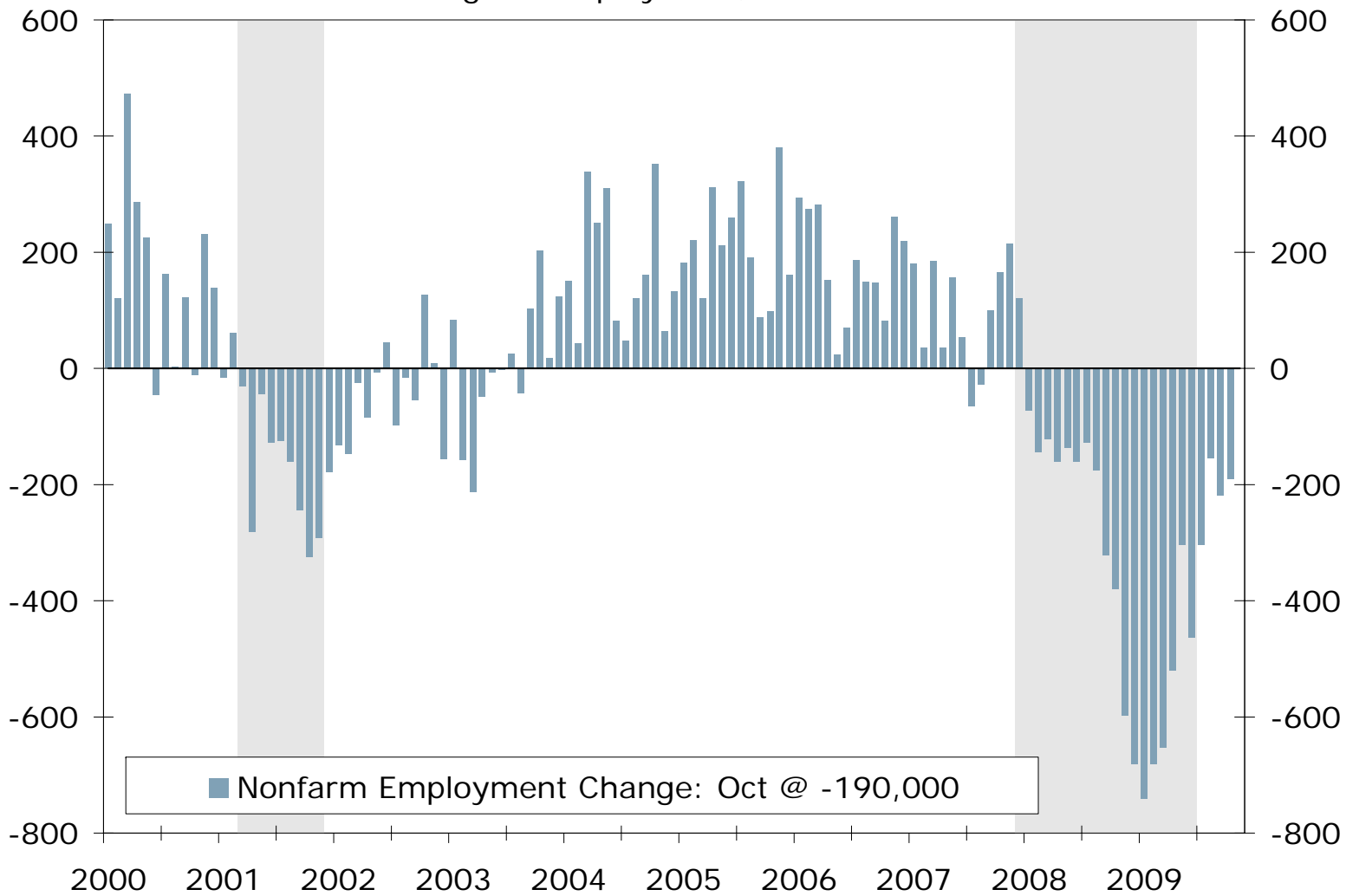
# Unemployment Rate

Seasonally Adjusted



# Nonfarm Employment Change

Change in Employment, In Thousands



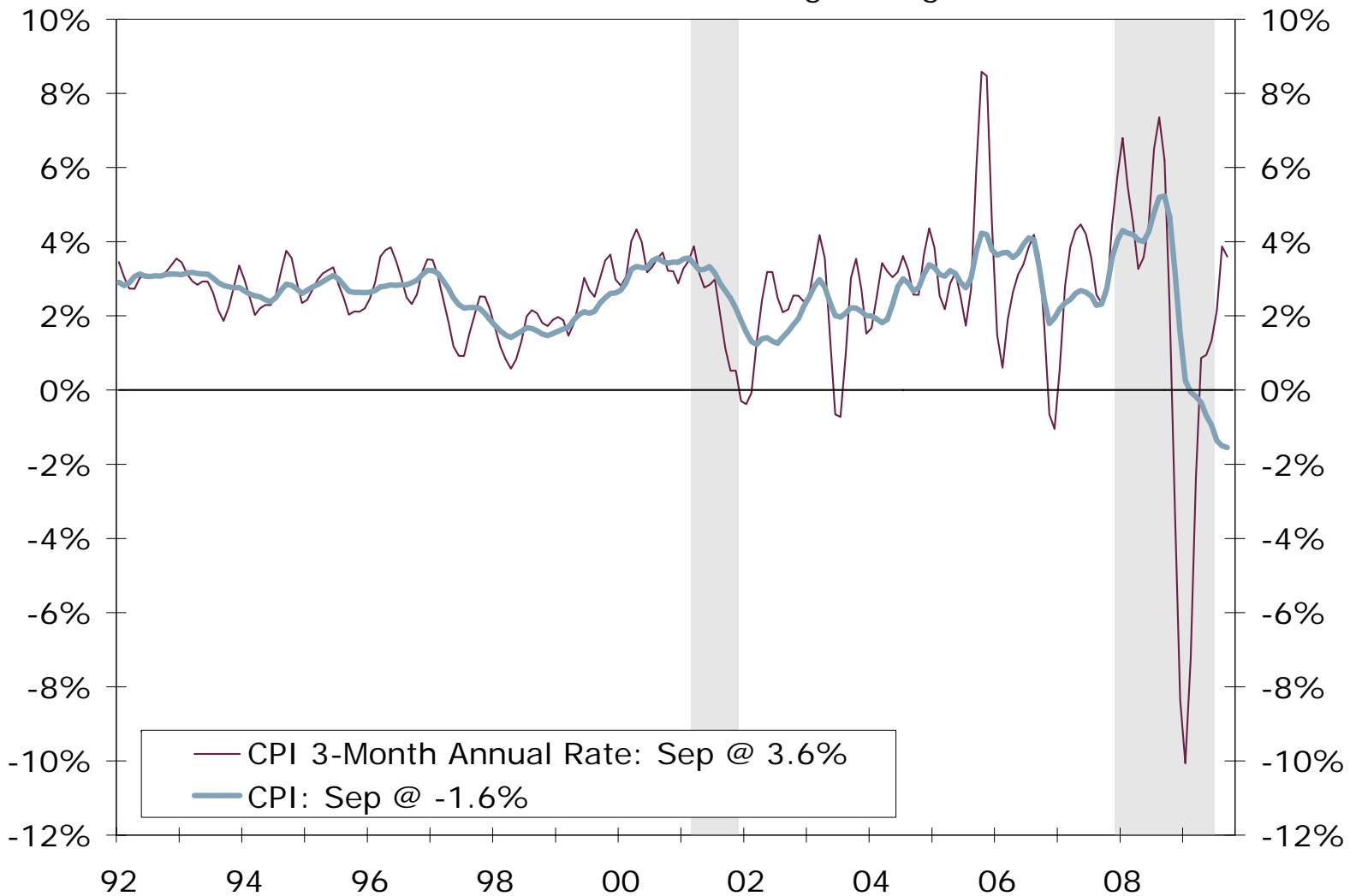
# Initial Claims for Unemployment

Seasonally Adjusted, In Thousands



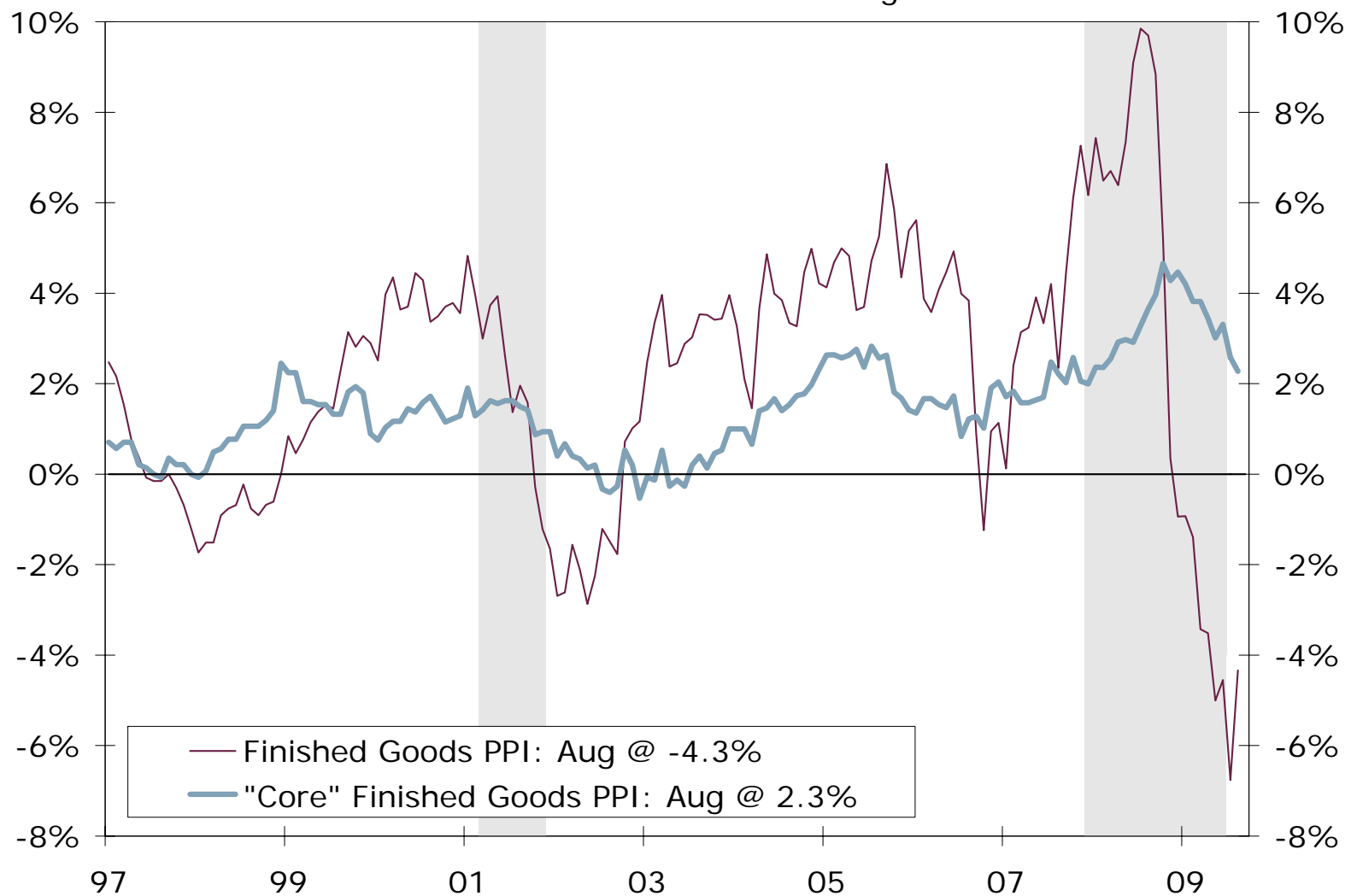
# U.S. Consumer Price Index

Both Series are 3-Month Moving Averages



# Finished Goods Producer Price Index

Year-over-Year Percent Change



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# The Rescue Plan?

# The Helicopter in Motion!



	<b>Committed</b>	<b>Spent/Invested</b>
<b>New initiatives</b>	<b>\$127.2 billion</b>	<b>n/a</b>
<b>TARP total</b>	<b>\$700 billion</b>	<b>\$394.2 billion</b>
<b>Fed total</b>	<b>\$6.4 trillion</b>	<b>\$1.5 trillion</b>
<b>Stimulus total</b>	<b>\$1.2 trillion</b>	<b>\$571.8 billion</b>
<b>AIG total</b>	<b>\$182 billion</b>	<b>\$118.9 billion</b>
<b>FDIC total</b>		<b>\$40.4 billion</b>
<b>Other financial total</b>	<b>\$1.7 trillion</b>	<b>\$366.4 billion</b>
<b>Other housing total</b>	<b>\$745 billion</b>	<b>\$104.9 billion</b>
<b>Total</b>	<b>\$11 trillion</b>	<b>\$3.0 trillion</b>

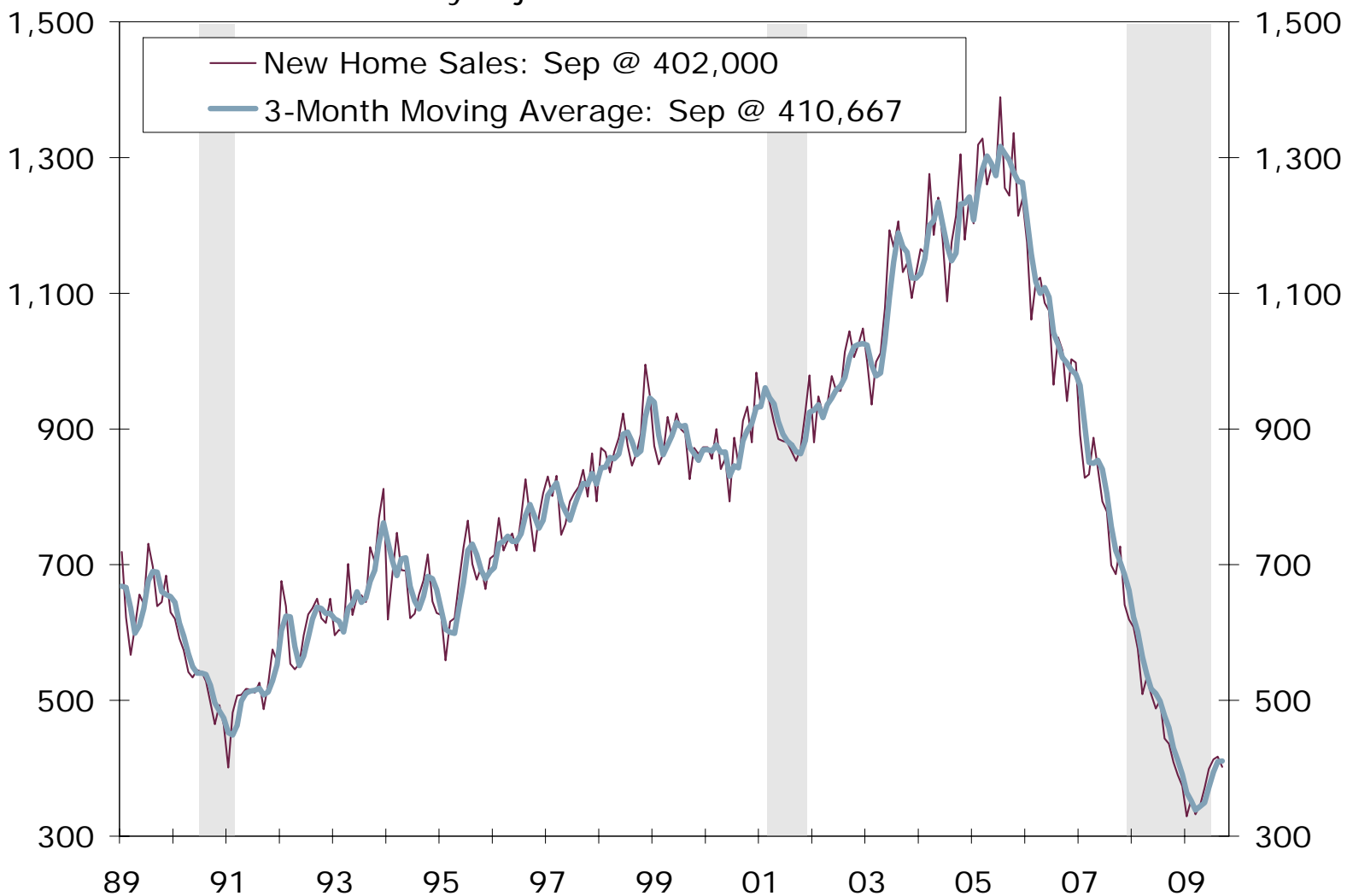
# The state of the economy

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# The Housing Market!

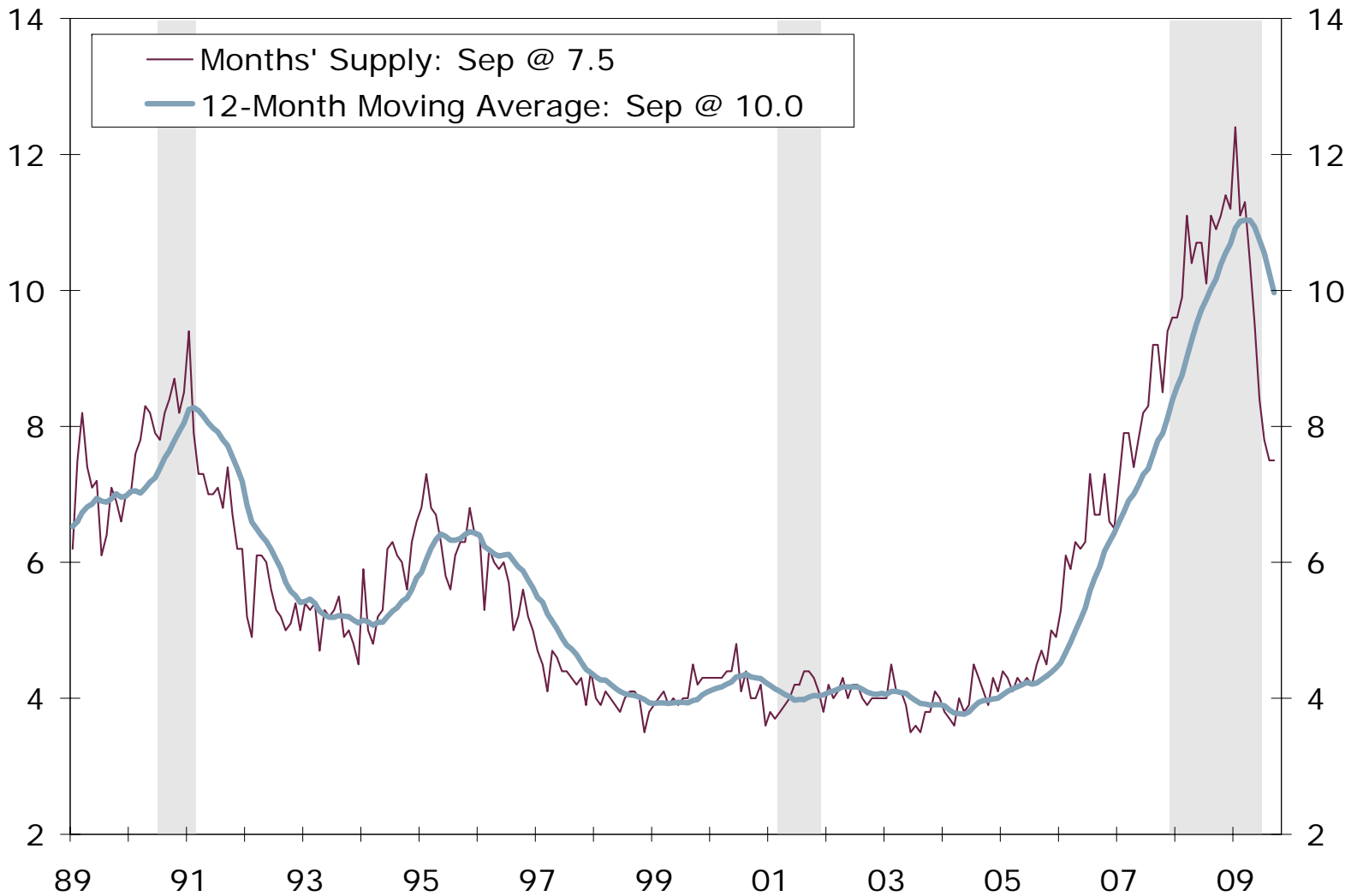
# New Home Sales

Seasonally Adjusted Annual Rate - In Thousands



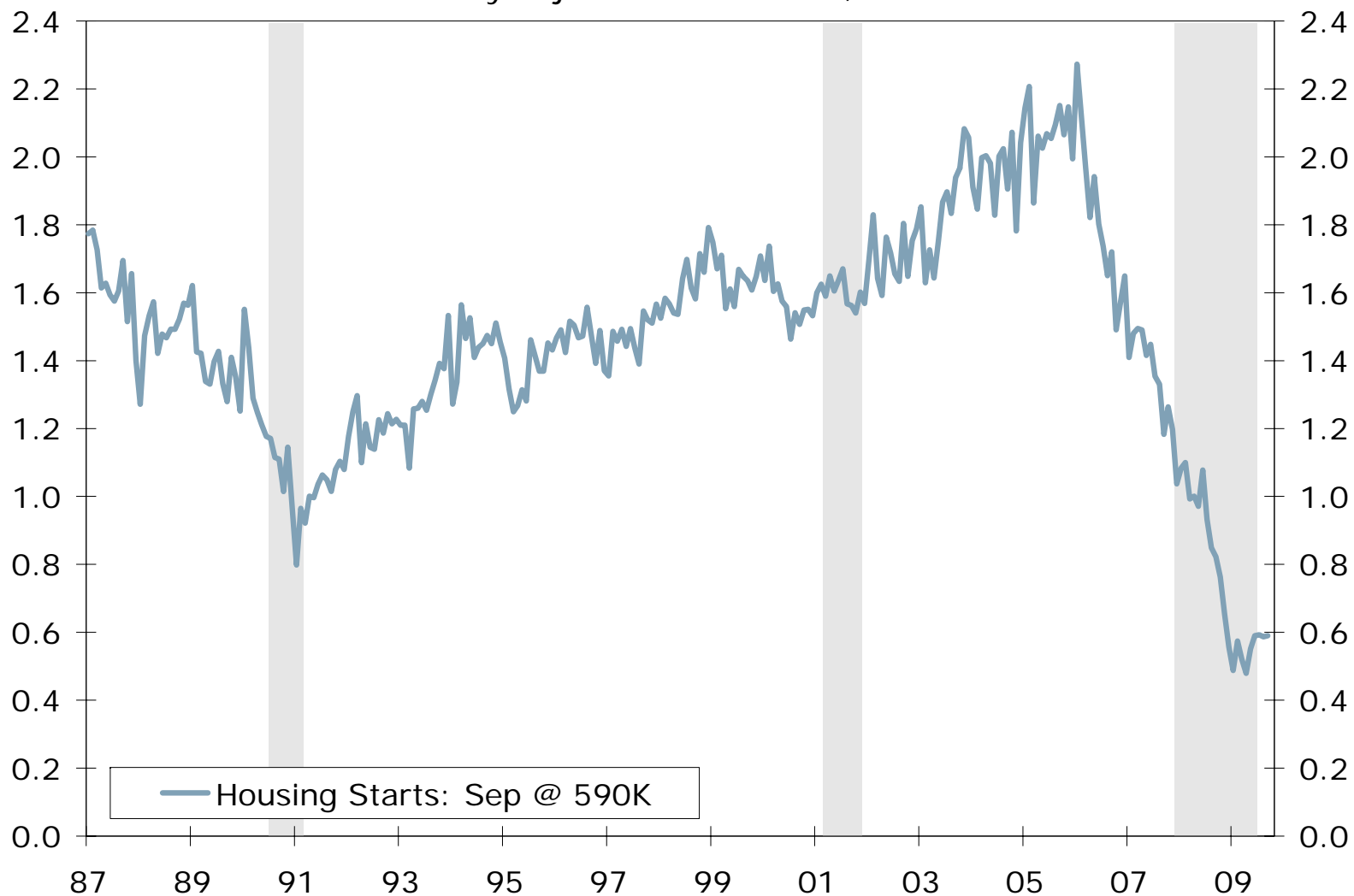
# Inventory of New Homes for Sale

Months of New Homes For Sale at Current Sales Rate



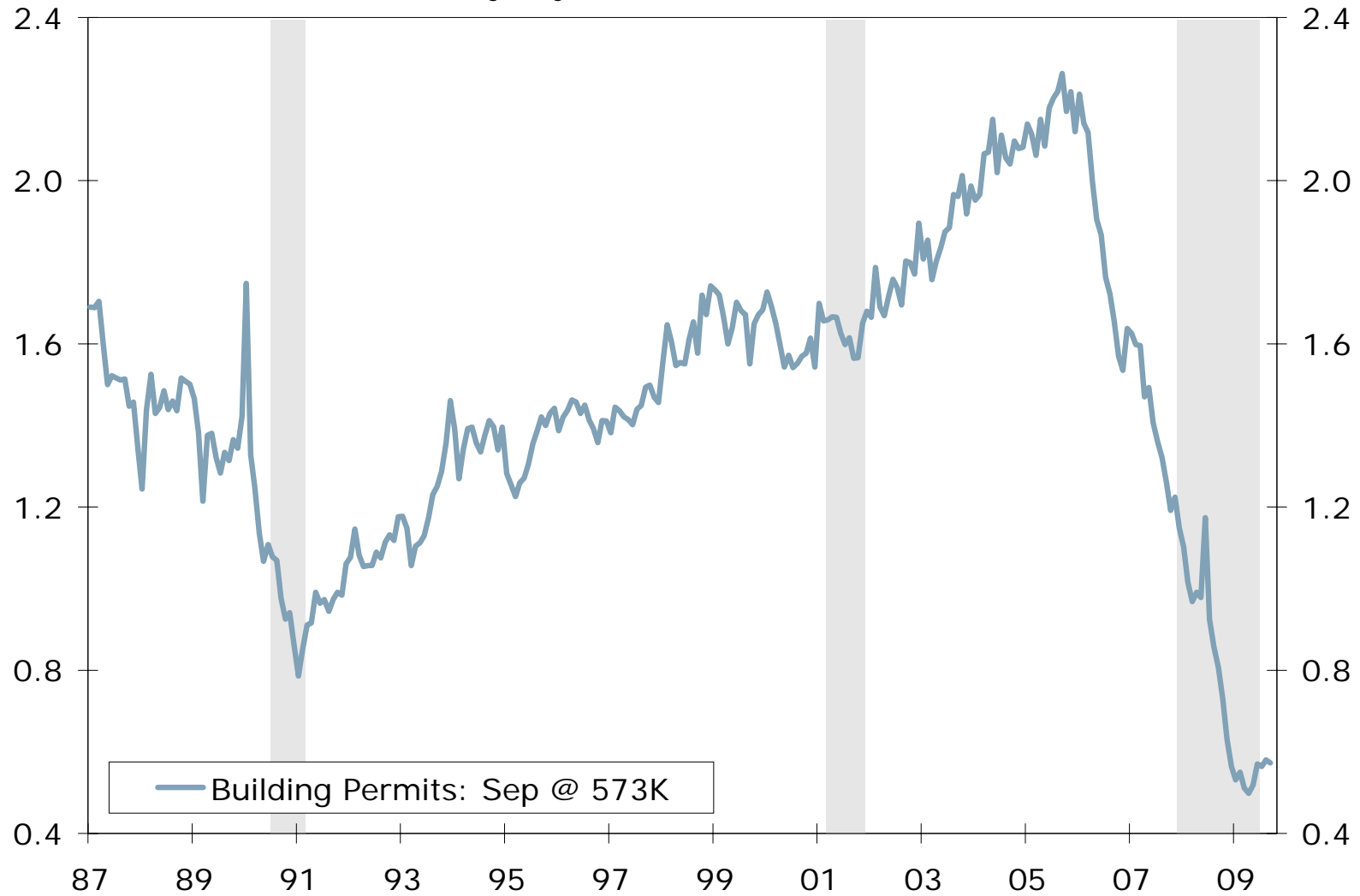
# Housing Starts

Seasonally Adjusted Annual Rate, In Millions



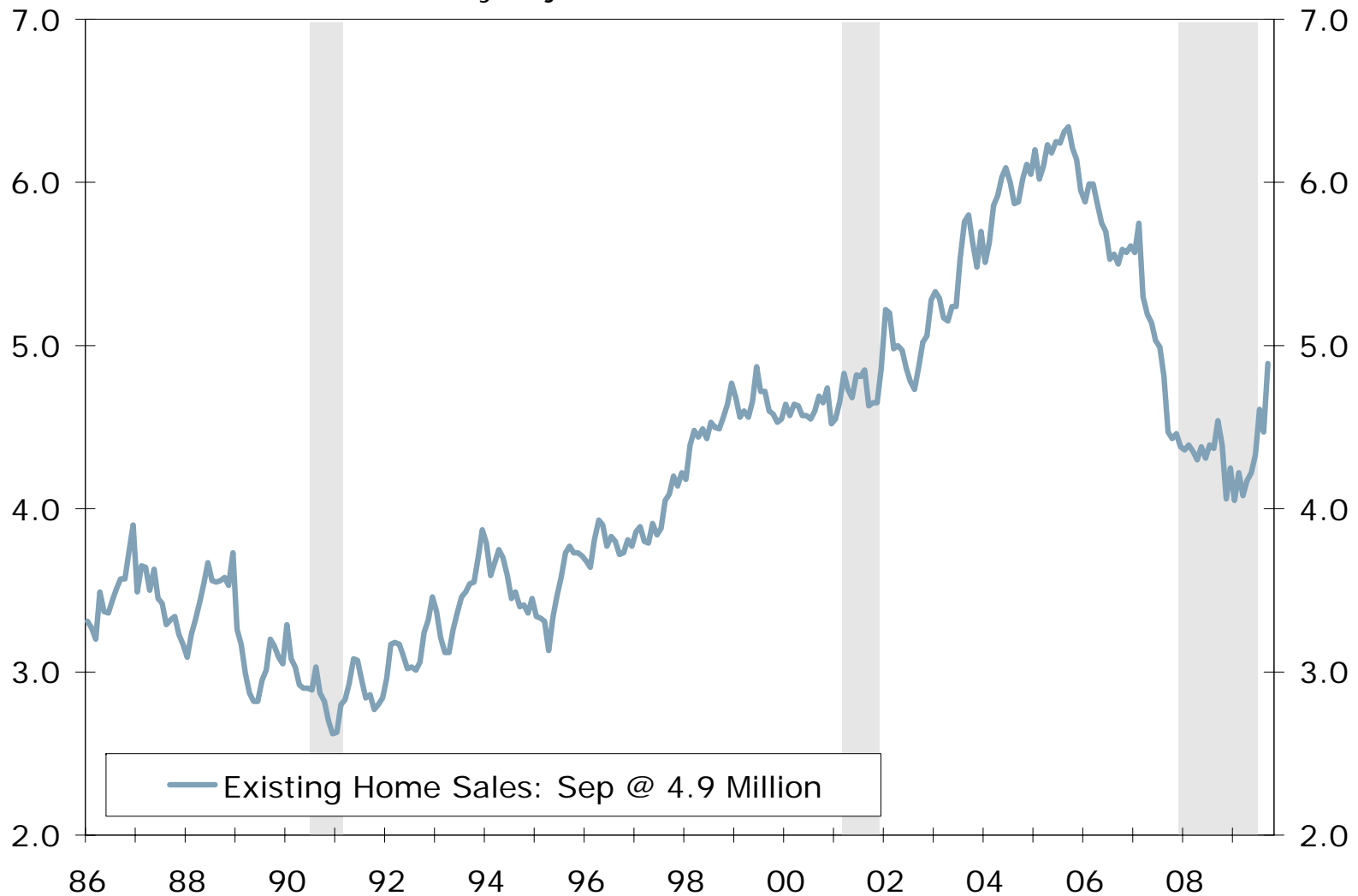
# Building Permits

Seasonally Adjusted Annual Rate, In Millions



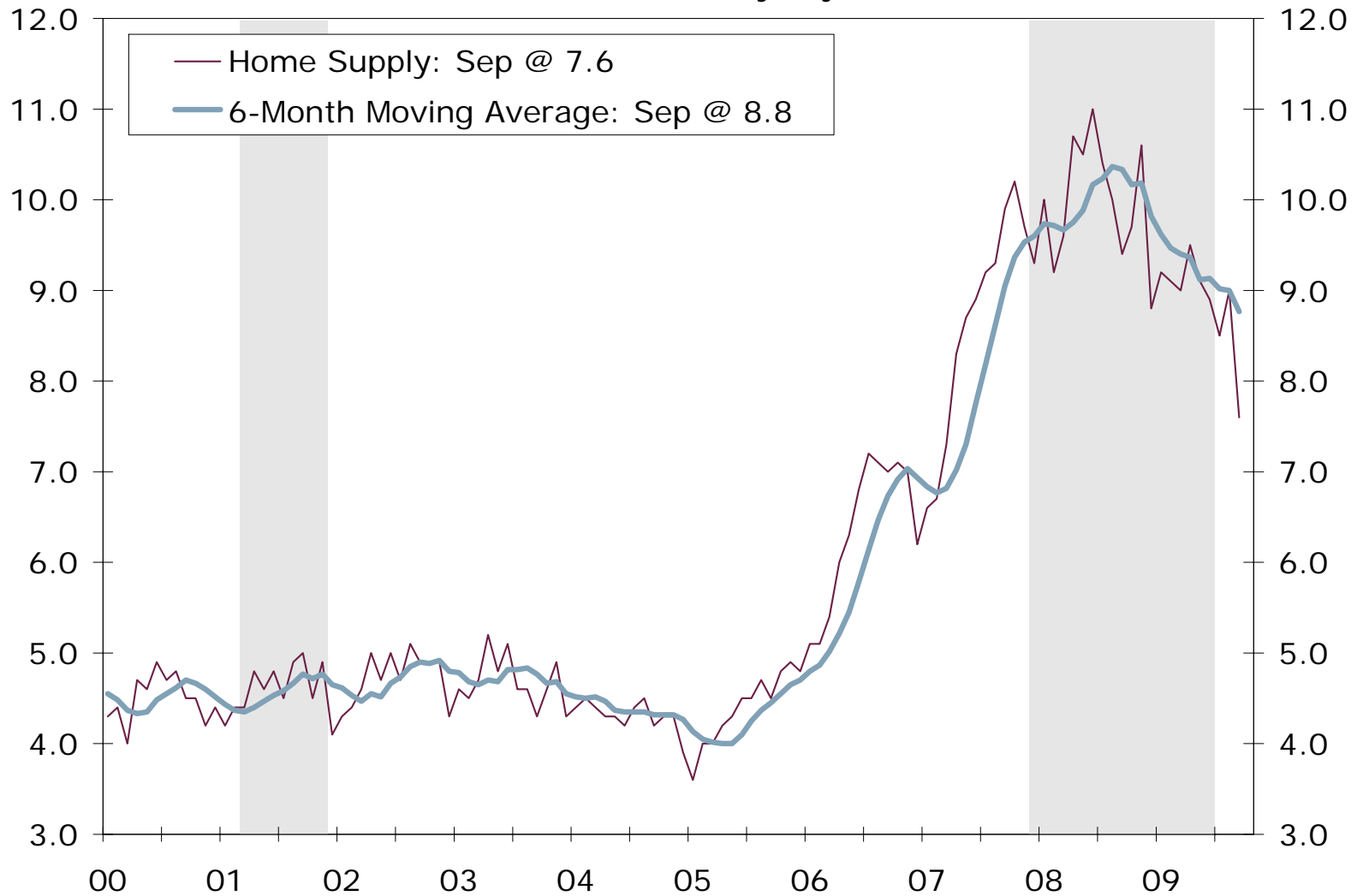
# Existing Single-Family Home Resales

Seasonally Adjusted Annual Rate - In Millions



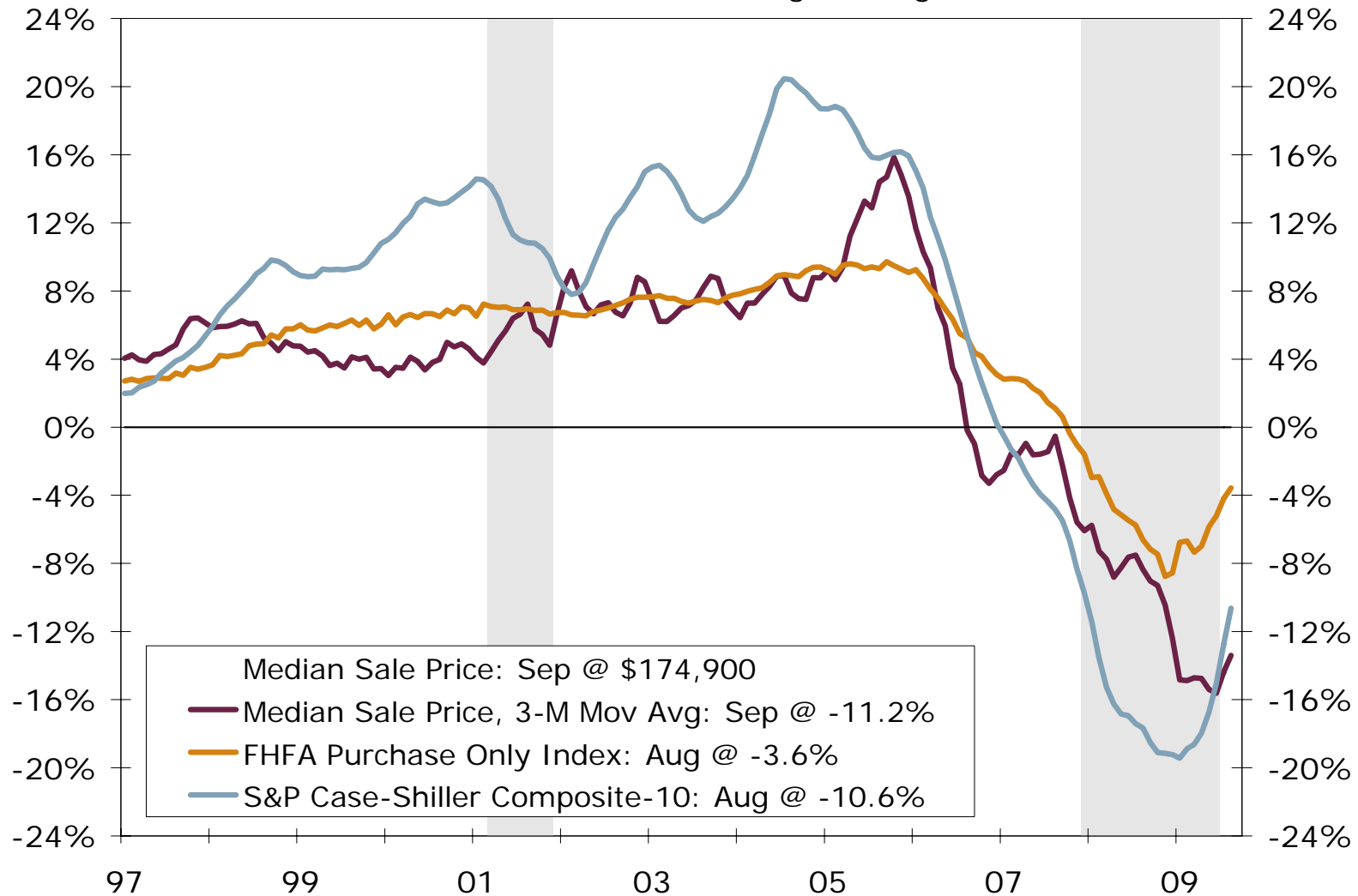
# Existing Single-Family Home Supply

In Months, Seasonally Adjusted



# Home Prices

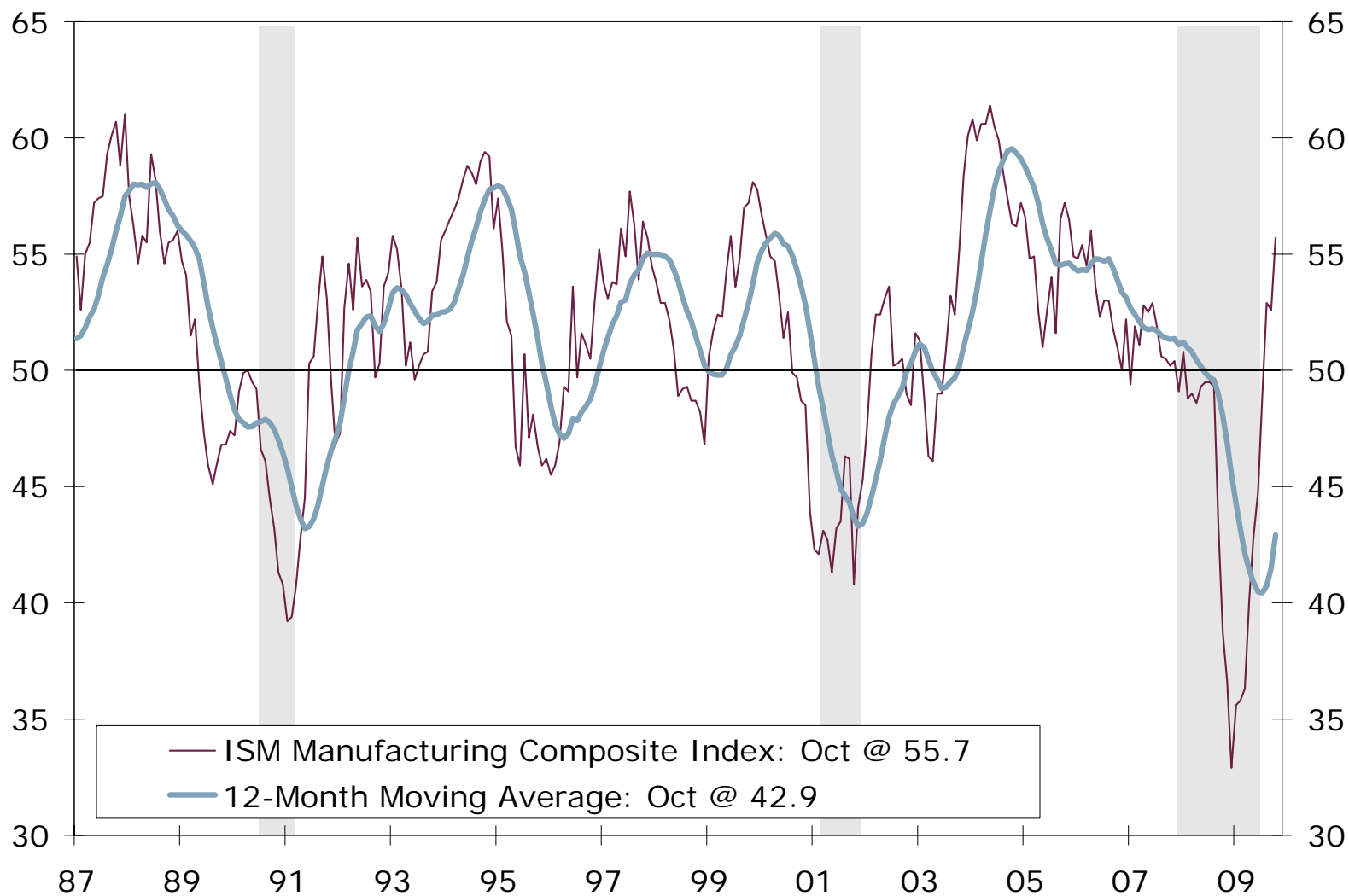
Year-over-Year Percentage Change



# The Rest of the Economy

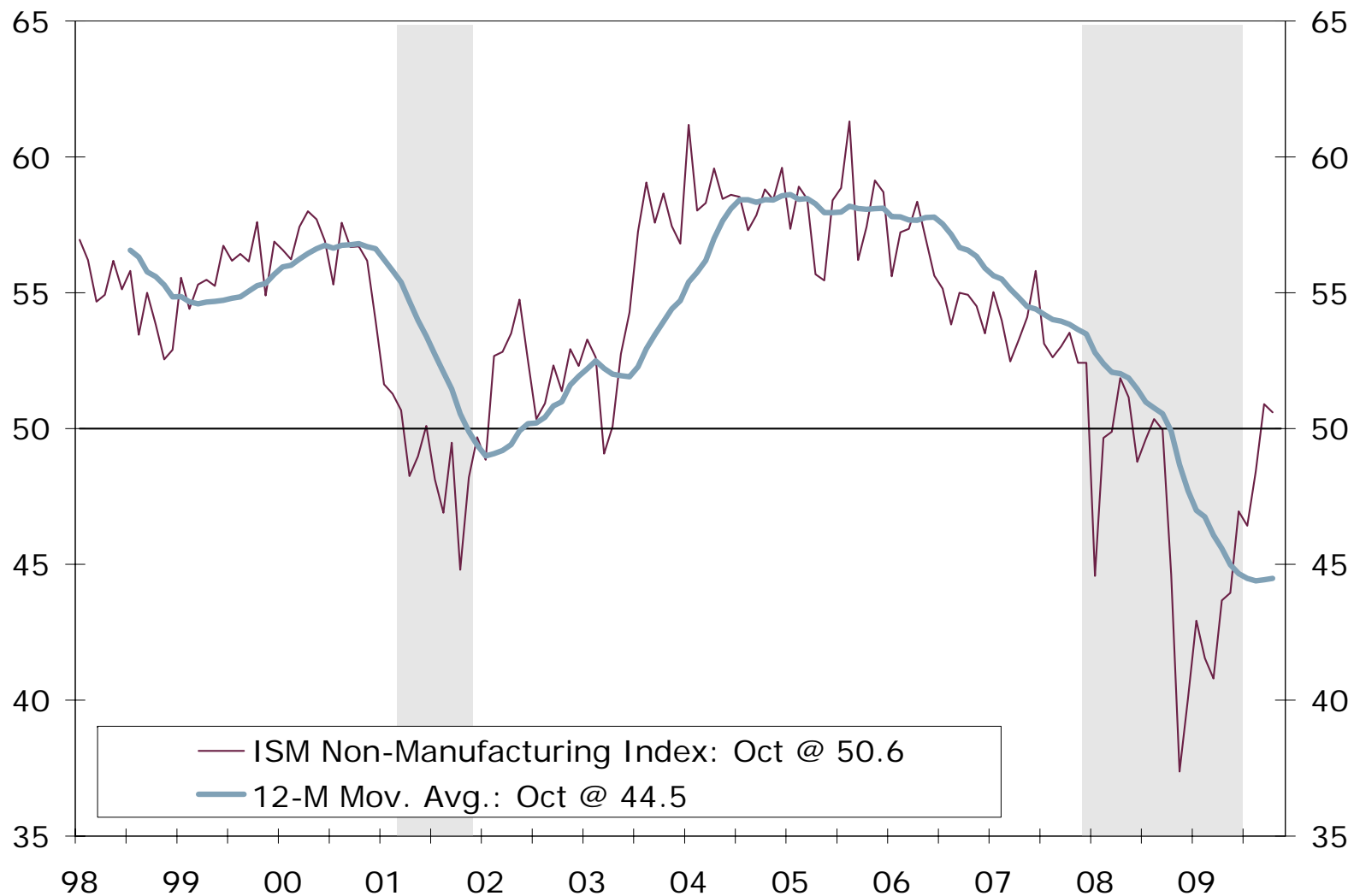
# ISM Manufacturing Composite Index

Diffusion Index



# ISM Non-Manufacturing Index (NMI)

Index

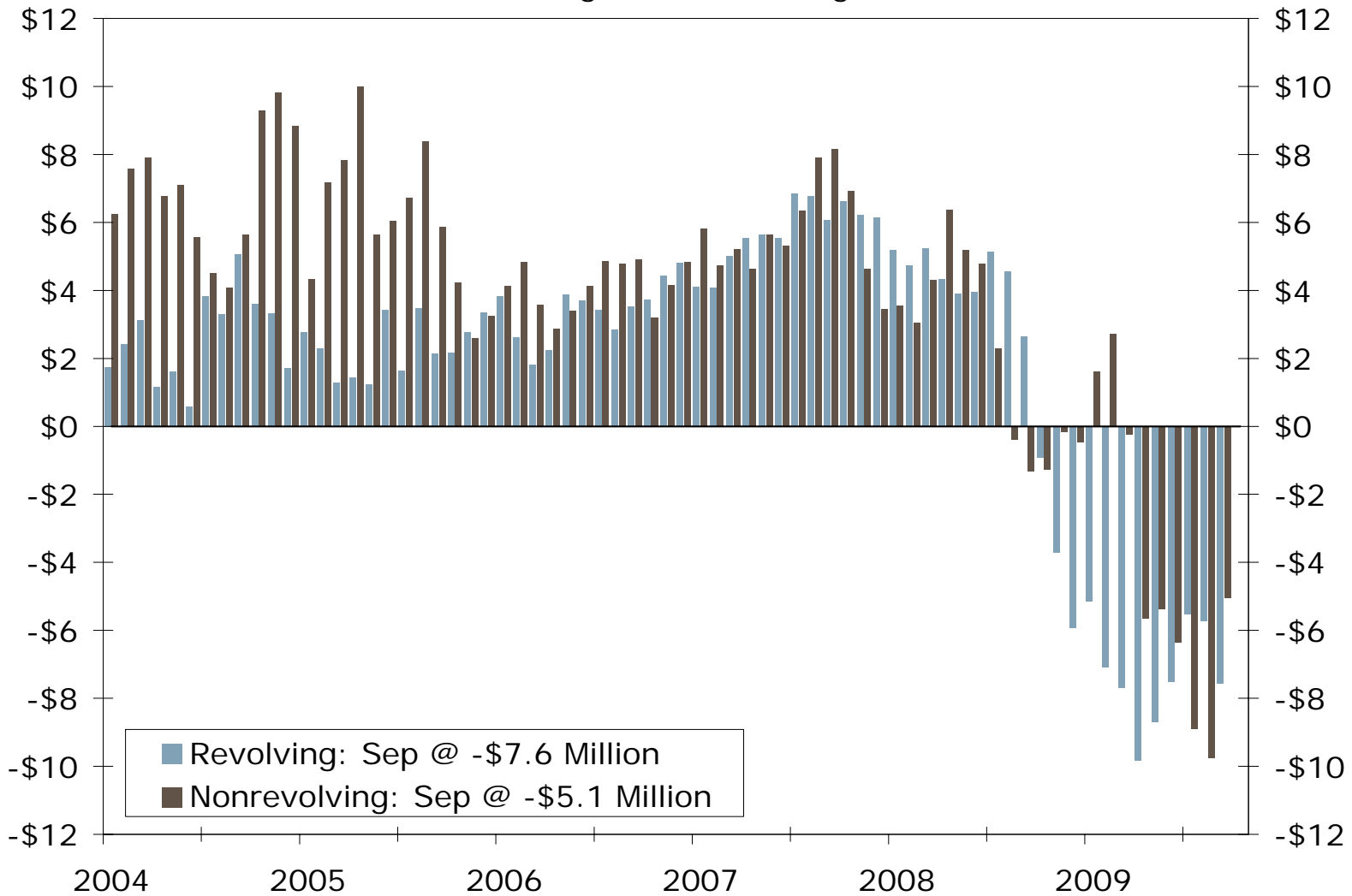


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# The Consumer

## Revolving & Nonrevolving Debt

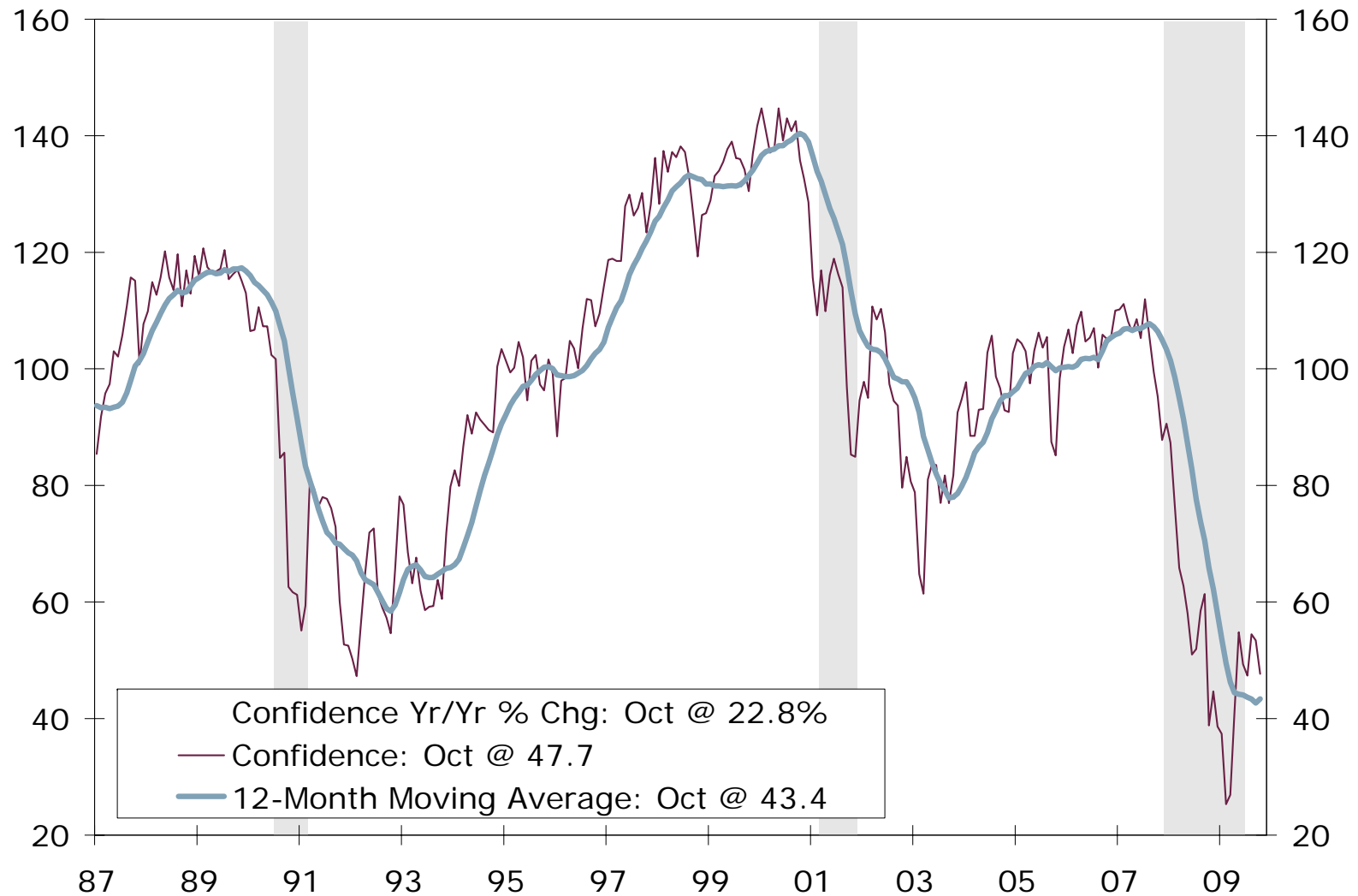
Month-over-Month Change; 3-M Mov. Avg., Millions of Dollars





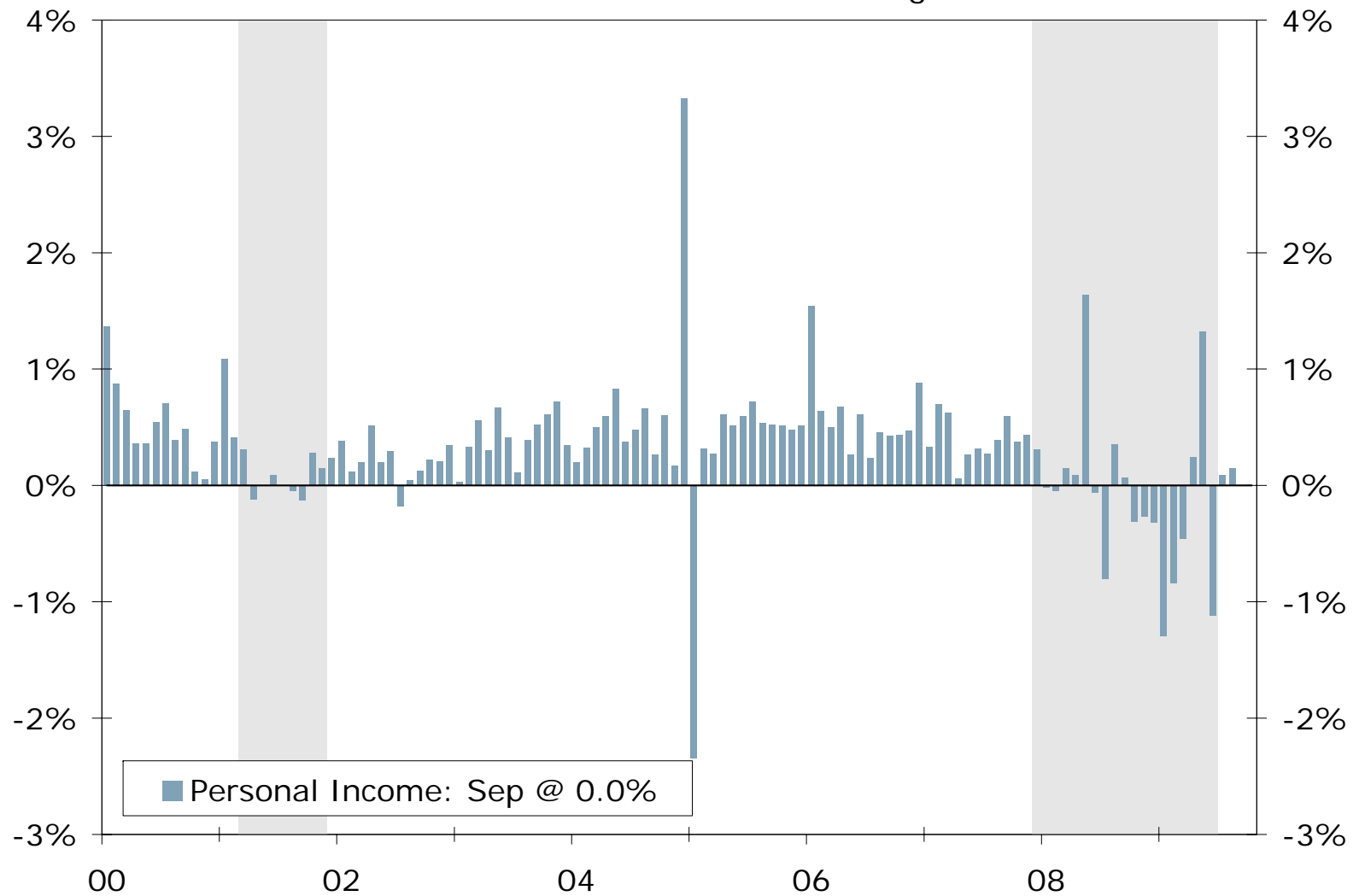
# Consumer Confidence Index

Conference Board



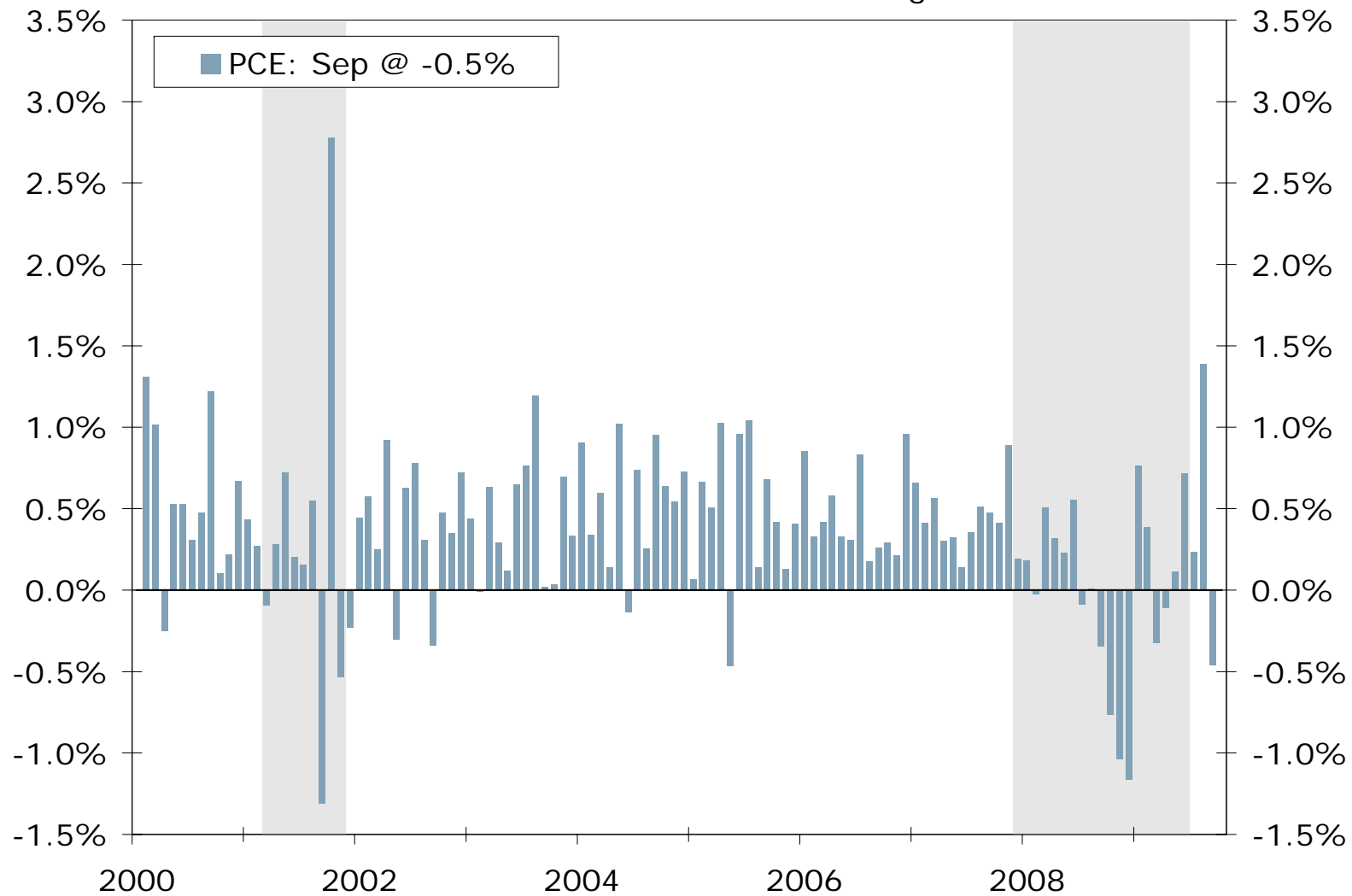
# Personal Income

Month-over-Month Percent Change



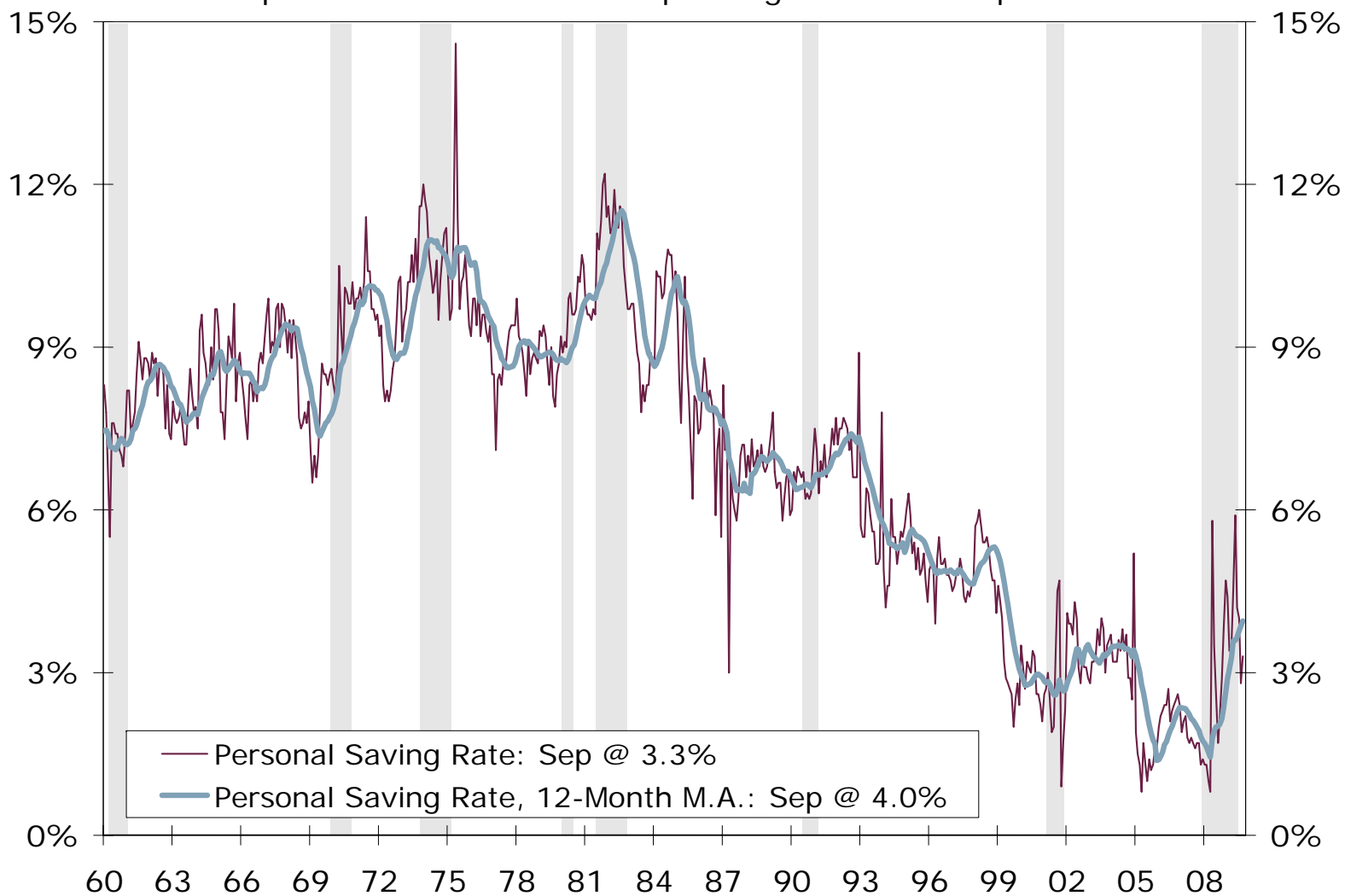
# Personal Consumption Expenditures

Month-over-Month Percent Change



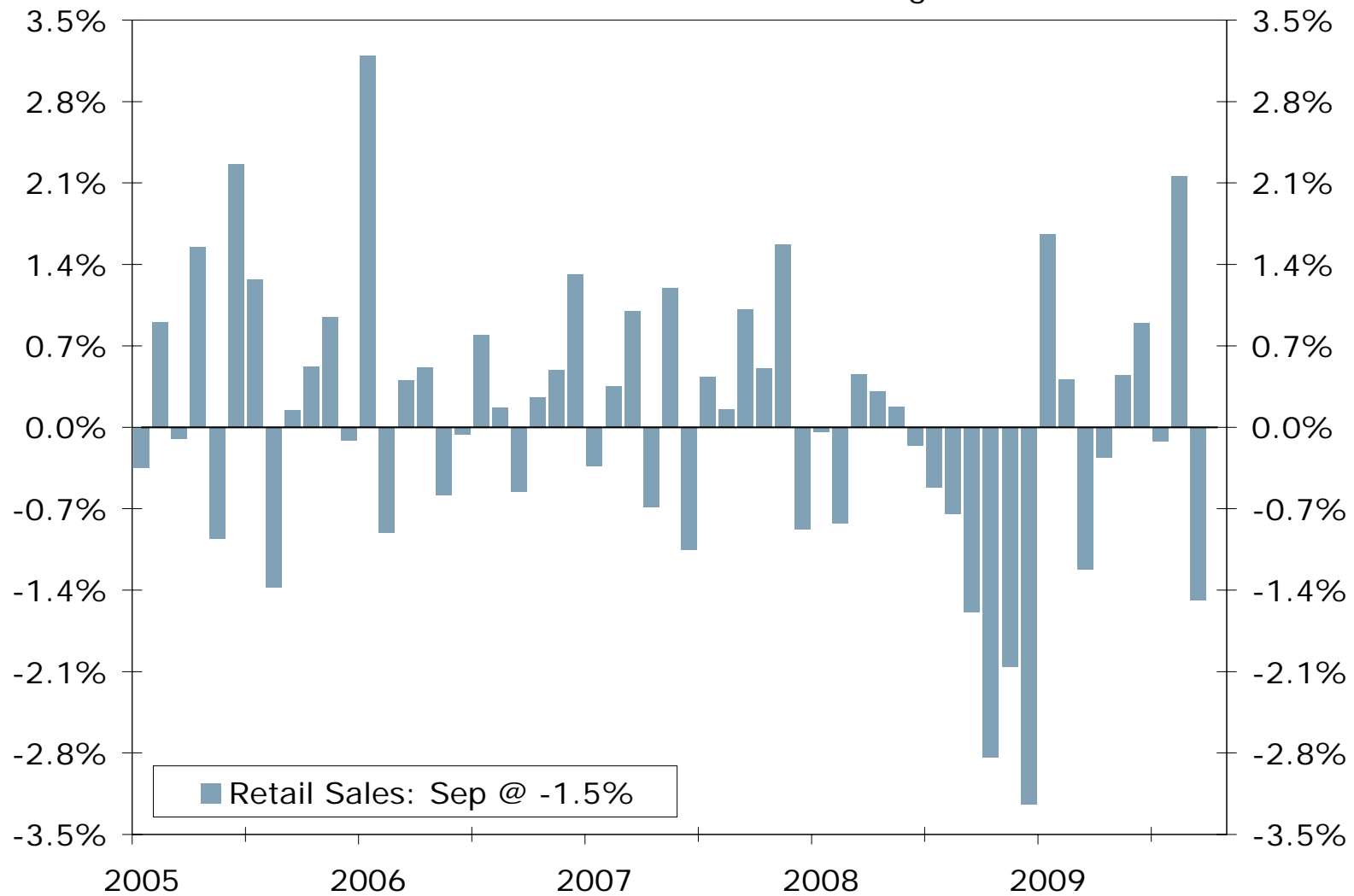
# Personal Saving Rate

Disp. Personal Income Less Spending as a % of Disp. Income



# Retail Sales

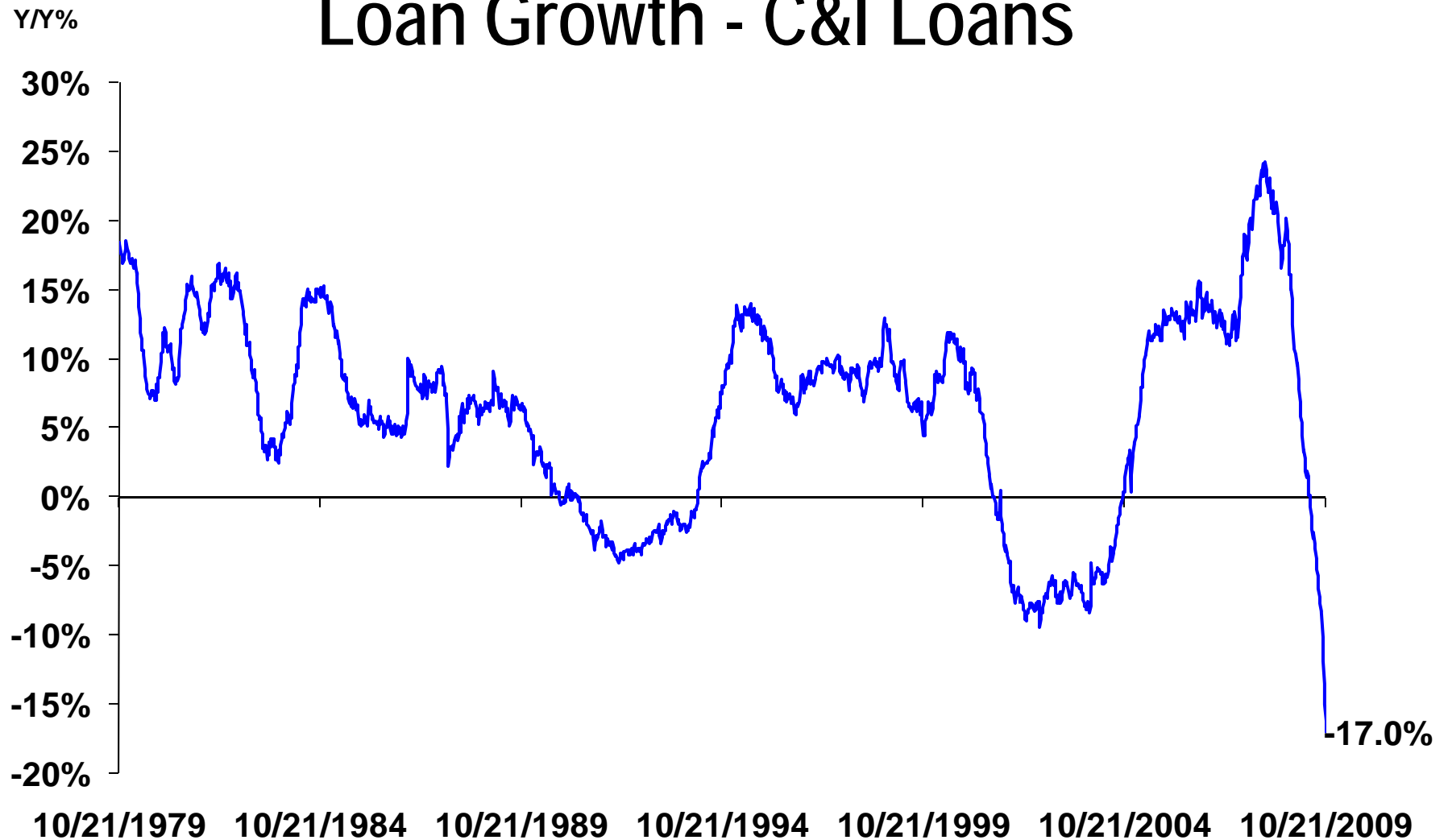
Month-over-Month Percent Change



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# The Financial Market

# Loan Growth - C&I Loans

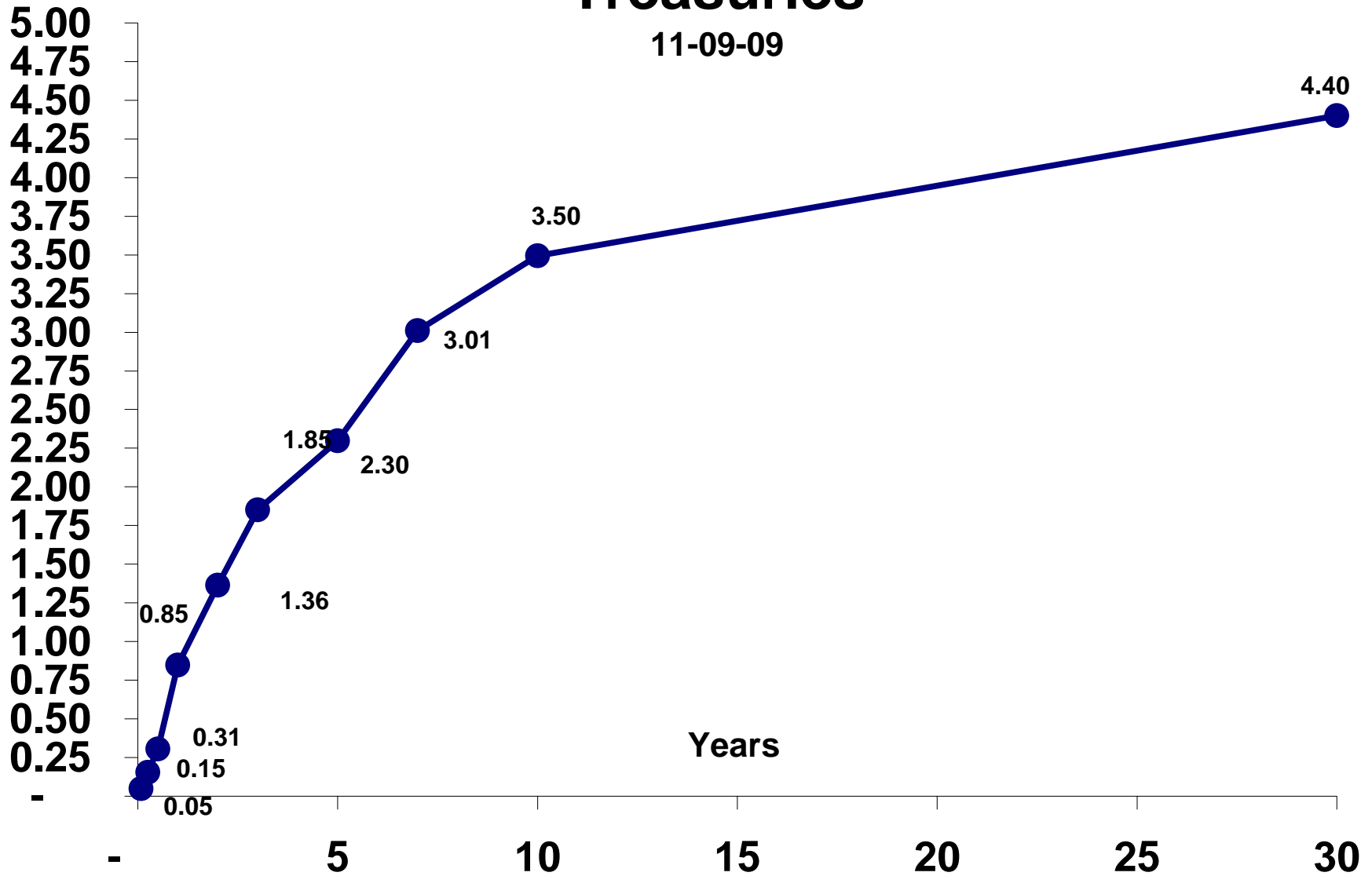


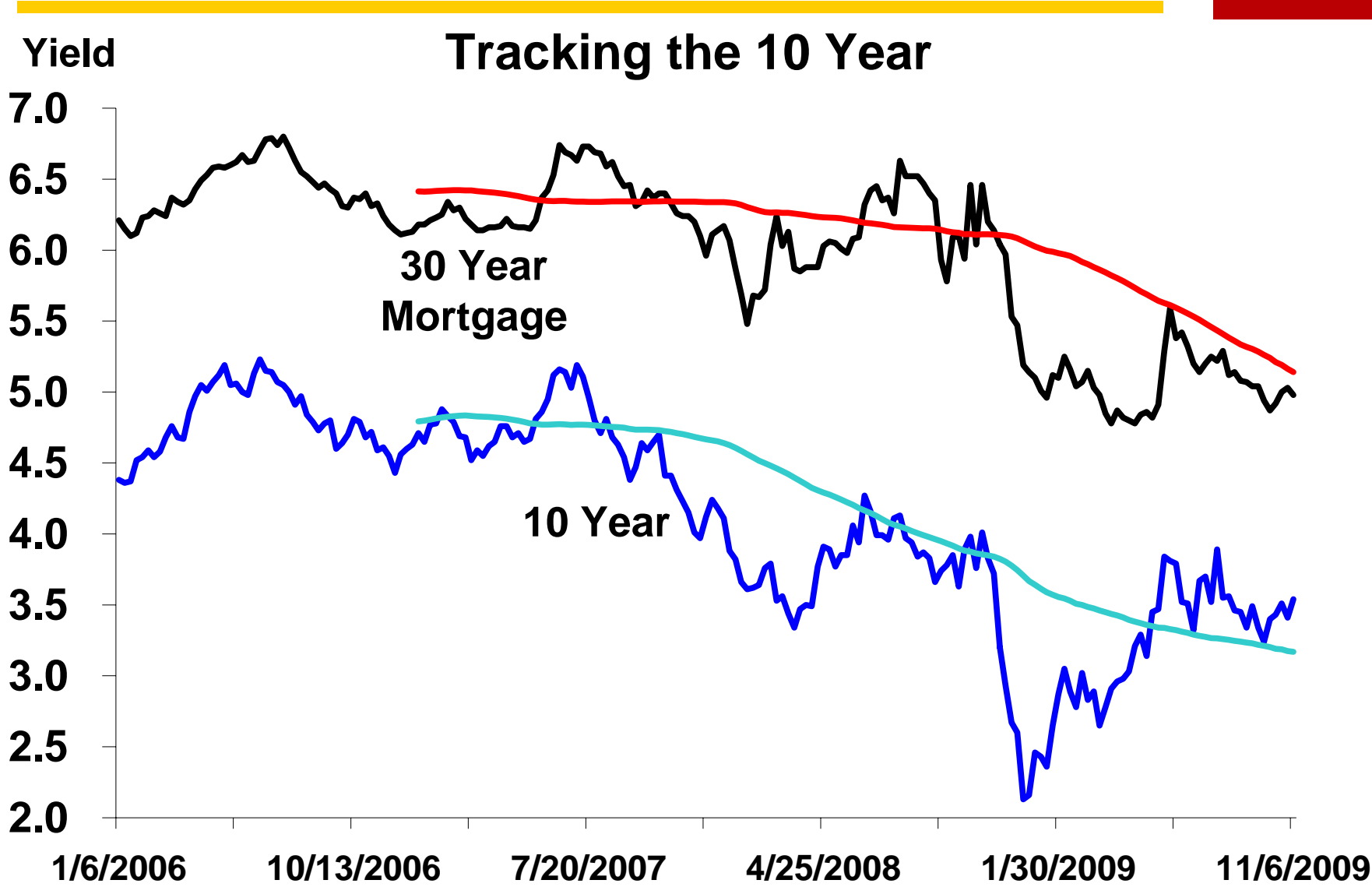
Source: Federal Reserve; Wells Fargo Economics



# Treasuries

11-09-09





Source: Federal Reserve, Freddie Mac

Basis  
points

# 30-Year Mortgage vs. 10-Year Treasury

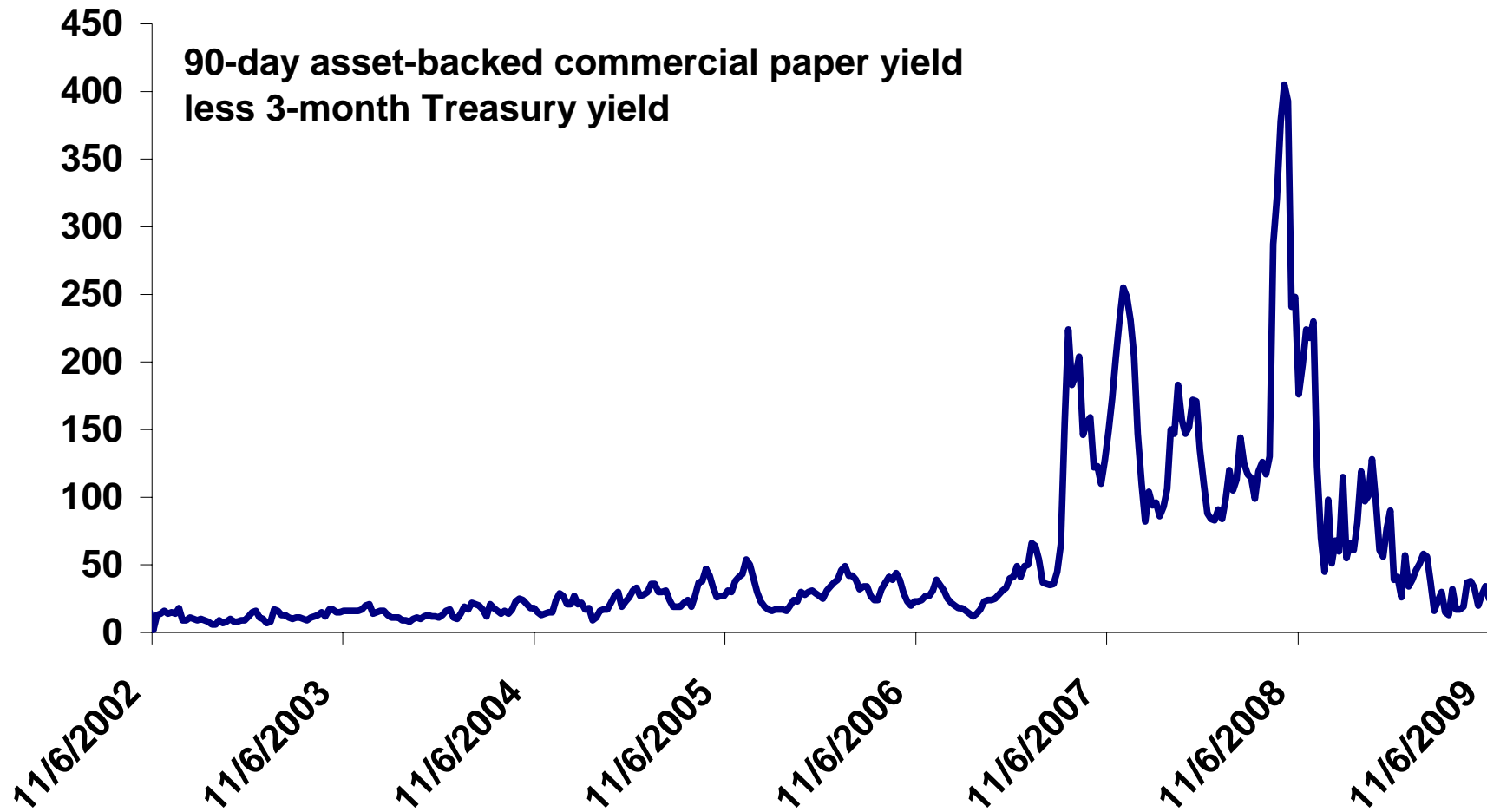
Spread over 10-year Treasury yield



Source: Federal Reserve; Freddie

# Commercial Paper Spread

Basis points

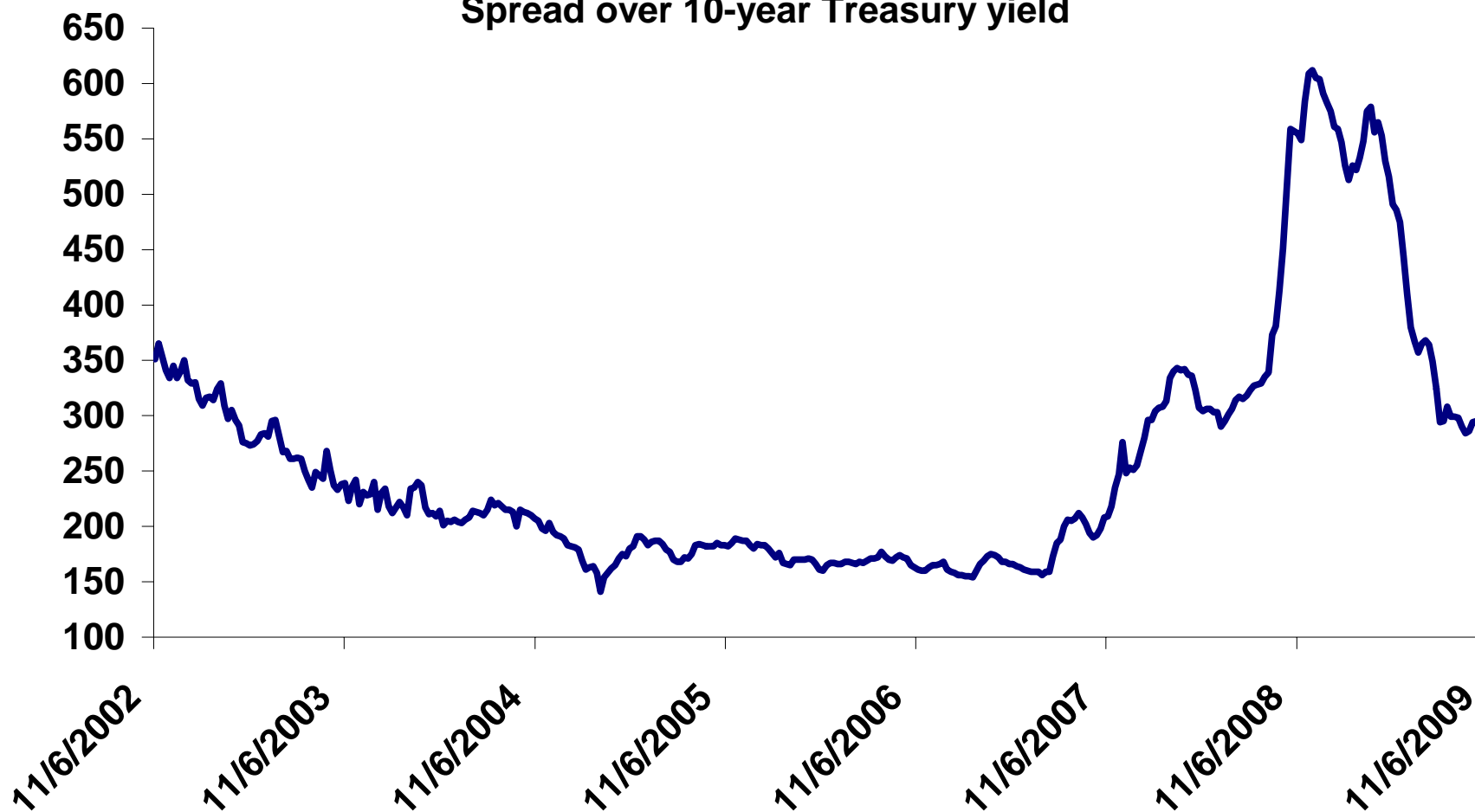


Source: Bloomberg

# Moody's Baa Corporate Bonds

Spread over 10-year Treasury yield

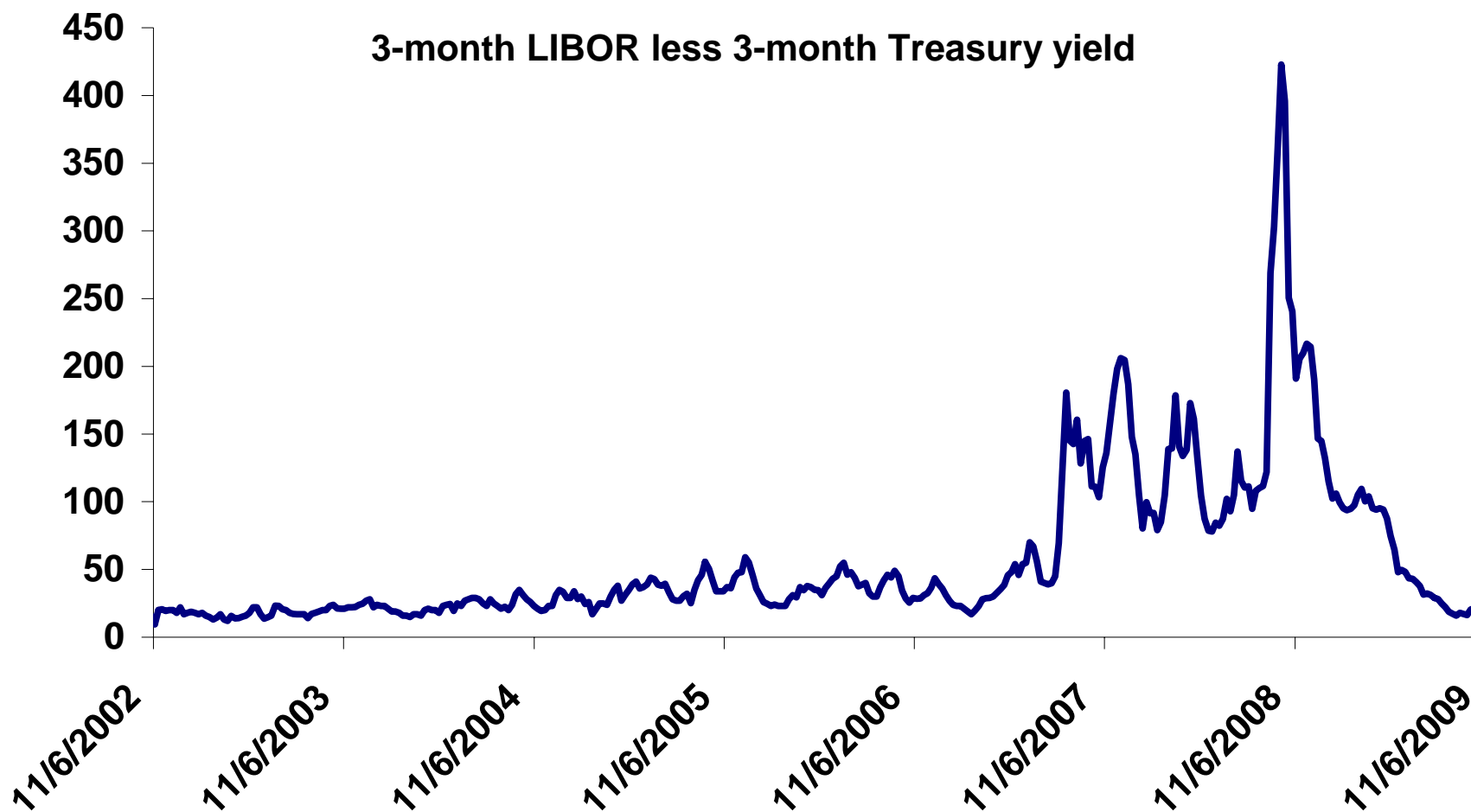
Basis points



Source: Bloomberg; Federal Reserve

# LIBOR Spread

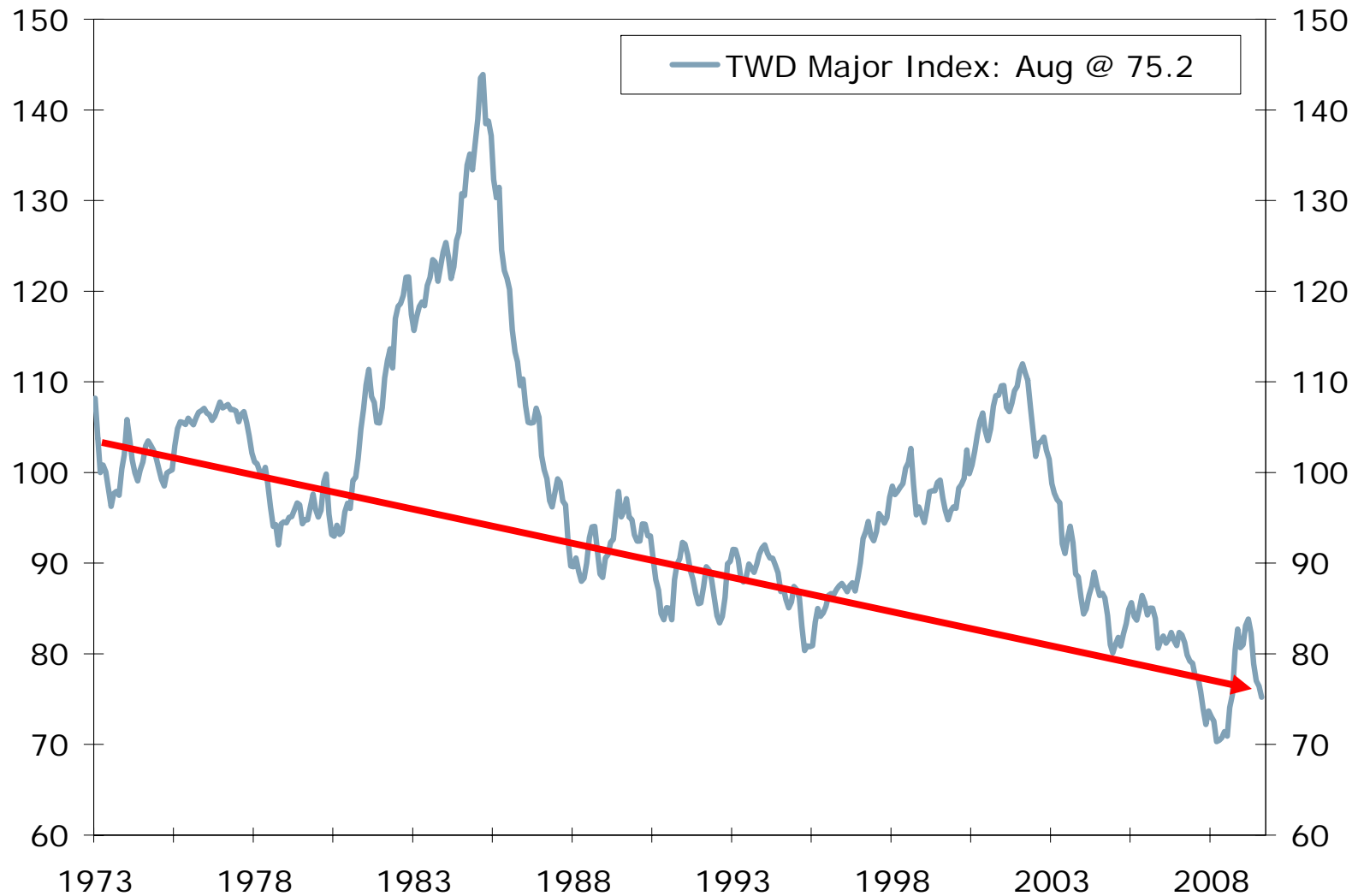
Basis points



Source: Bloomberg

# Trade Weighted Dollar

March 1973 = 100



# Summary & Conclusions

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- **Housing market shows signs of bottoming**
- **The U.S. economy and the World economy are in recession but in the recovery stage**
- **Probability of a double-dip remains high**
- **Inflation remains a medium and long-term concern**
- **The financial system is starting to work but it is still limiting the effectiveness of monetary policy**
- **Fiscal policy is the only alternative to get out of this recession, but it will be very EXPENSIVE**



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**Thanks!**

**Wells Fargo Economics**

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**November 2009**

**<http://www.wellsfargo.com/com/research/economics>**