

ECONOMIC AND FINANCIAL HIGHLIGHTS

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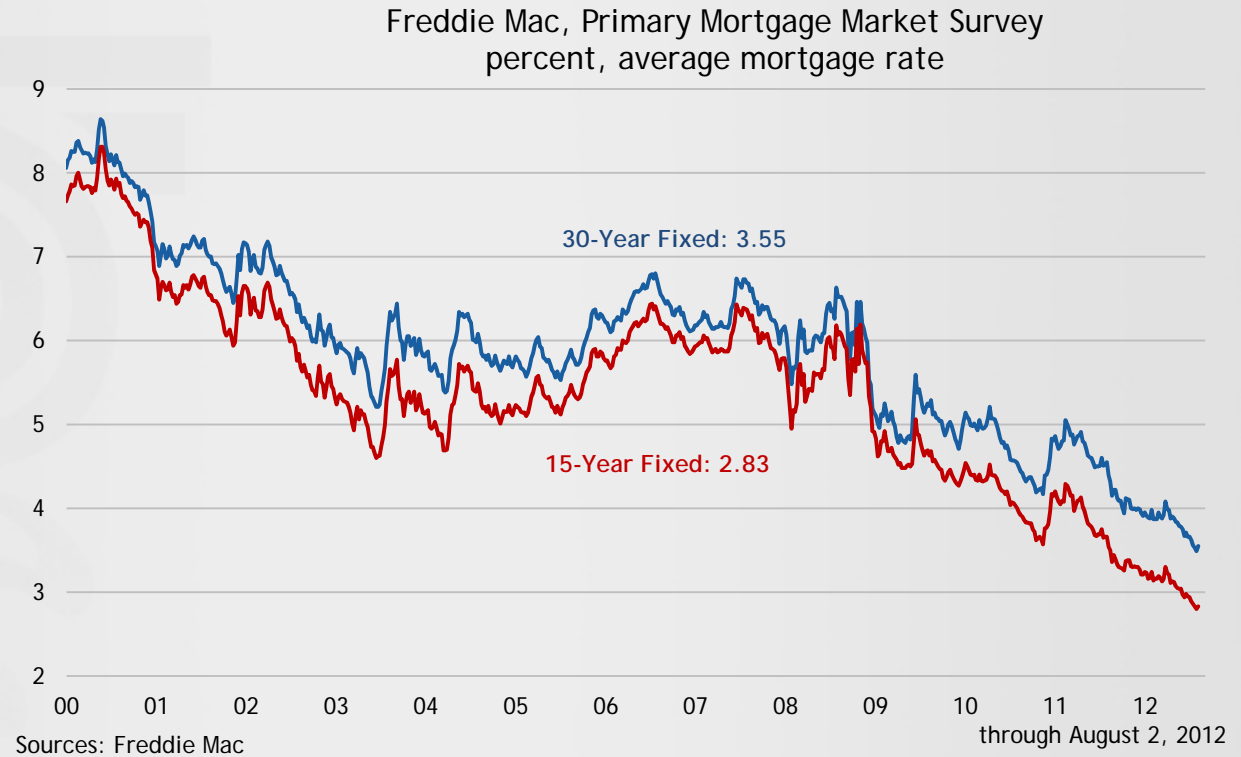
AUGUST 8, 2012



HOUSING

SUMMARY

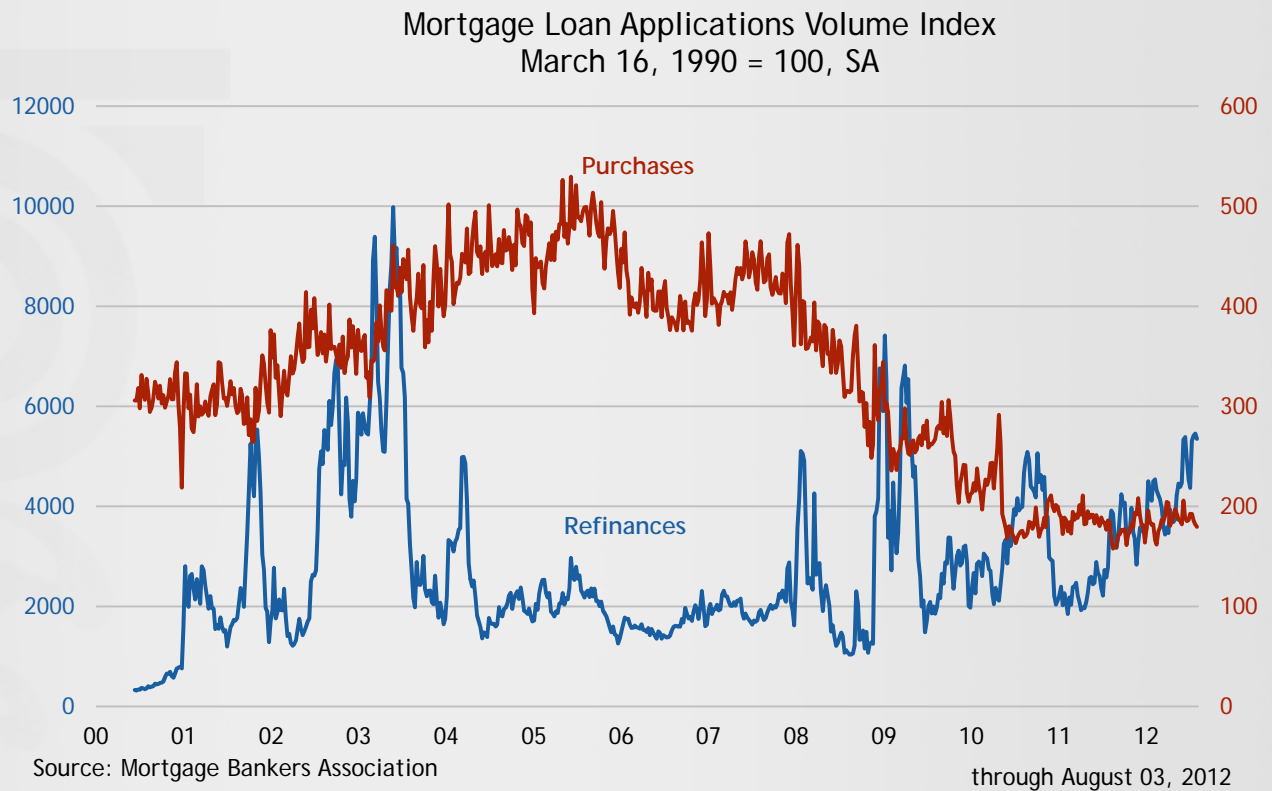
The average rates for 30-year and 15-year fixed-rate mortgages increased slightly from the week earlier to 3.55 percent and 2.83 percent, respectively.



HOUSING

SUMMARY

Mortgage loan applications for purchases declined approximately 6.8 percent over the month ending August 3, while applications for refinances have increased approximately 22 percent over the same period.



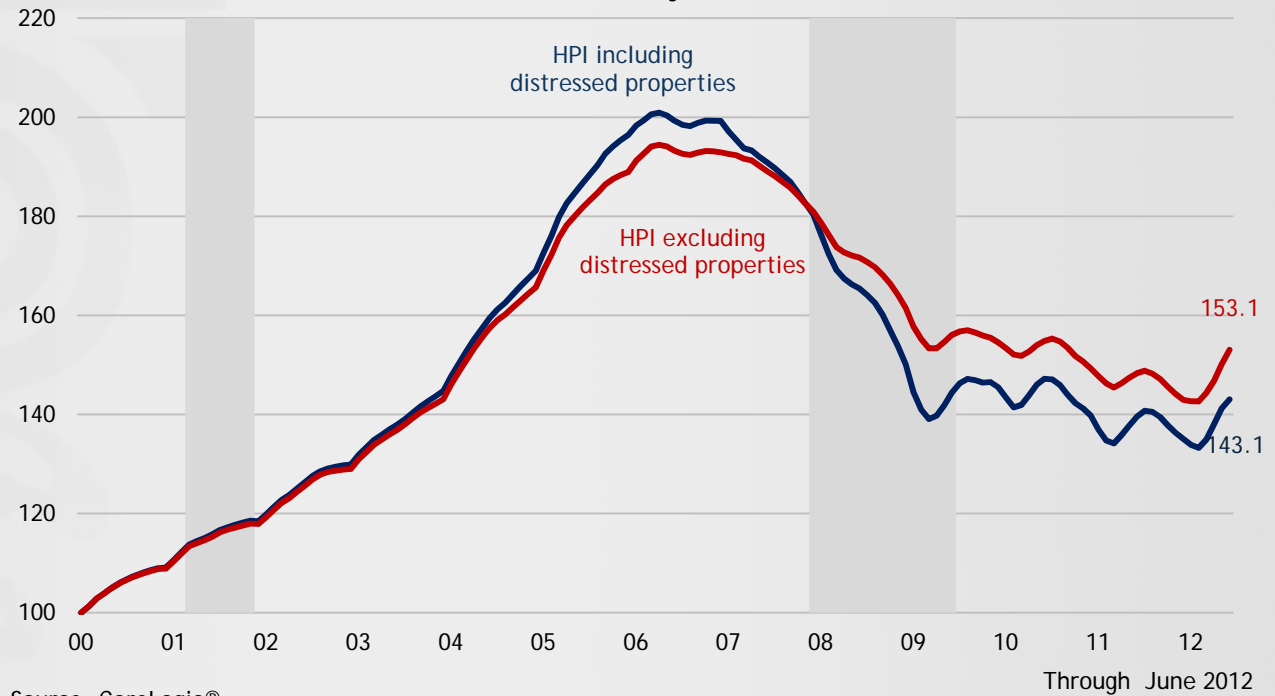
HOUSING

SUMMARY

The June CoreLogic home price index including distressed properties increased 2.5 percent compared with a year earlier and increased 1.3 percent from May.

The home price index excluding distressed properties increased 3.2 percent on a year-over-year basis in June and gained 2 percent from May.

U.S. CoreLogic® Home Price Index indexed, January 2000 = 100



Source: CoreLogic®

EMPLOYMENT

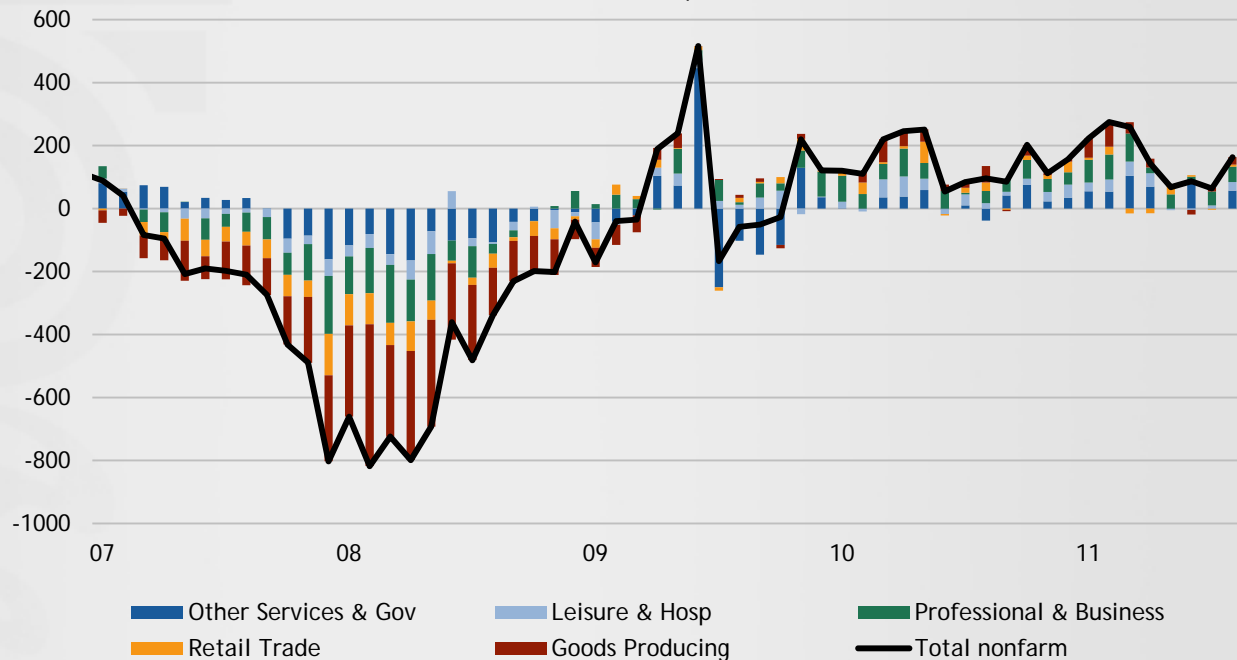
SUMMARY

The U.S. Bureau of Labor Statistics Employment Situation Report for July revealed 163,000 new payrolls were added to the economy last month.

The largest gains by category were professional and business services (up 49,000), education and health (up 38,000), and manufacturing, which added 25,000 payrolls, with 24,000 of them in durable goods manufacturing.

The only sectors to reduce payrolls in July were government, which shed 9,000 payrolls, and construction, which shed 1,000 payrolls.

Contributions to Change in Nonfarm Payroll Employment
thousands, SA



Source: U.S. Bureau of Labor Statistics

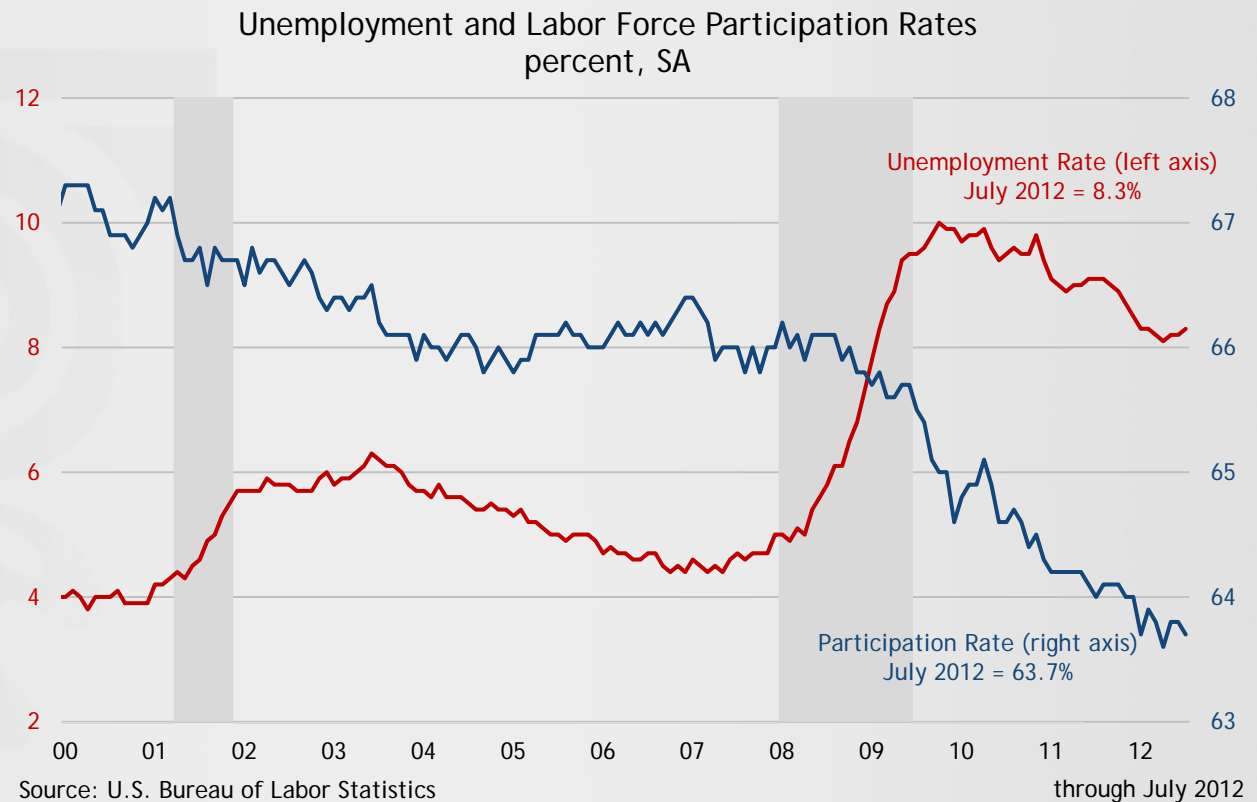
through July 2012

EMPLOYMENT

SUMMARY

The unemployment rate ticked up in July, from 8.2 percent to 8.3 percent. Technically, though, this increase was a result of rounding; the actual rate moved from 8.22 percent to 8.25 percent in July.

After holding steady at 63.8 percent in June, the labor force participation rate gave up 0.1 percentage point to reach 63.7 percent in July.

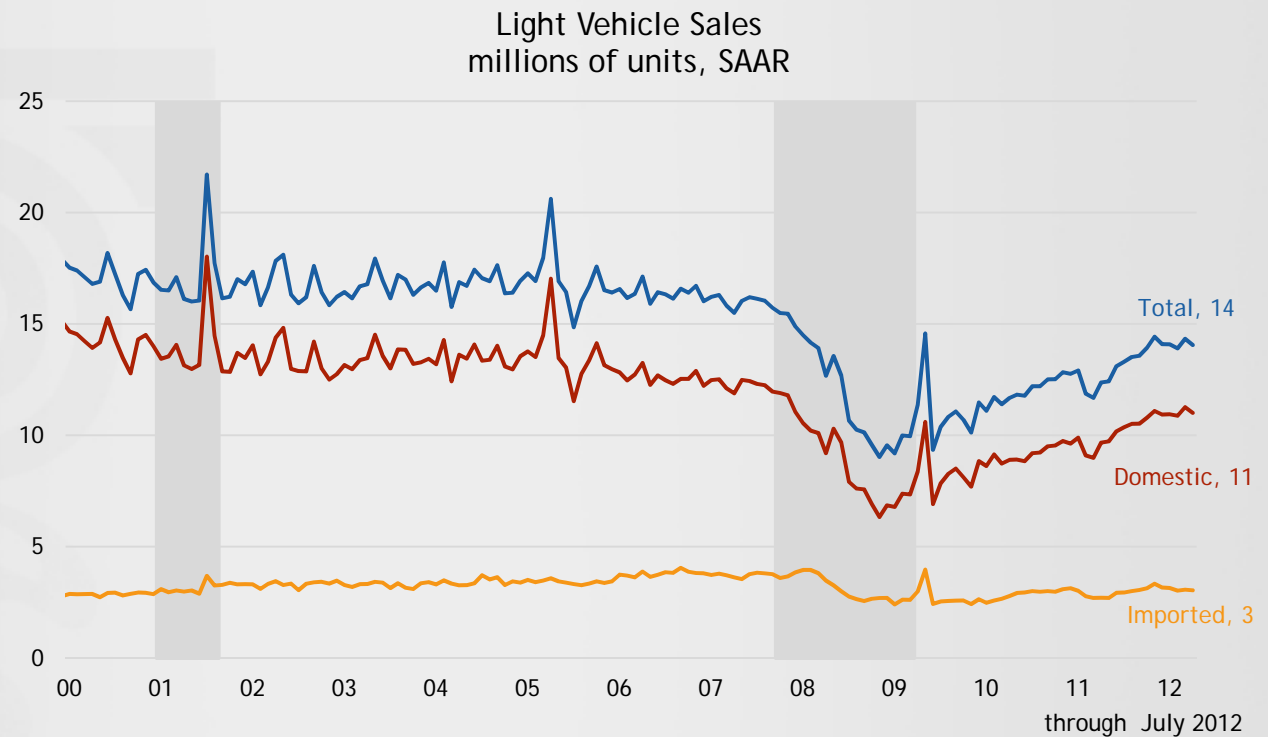


CONSUMER SECTOR

SUMMARY

Light vehicles sales edged down in July, decreasing 2 percent over the month to a seasonally adjusted annual rate of 14 million units.

Total light vehicle sales have averaged around 14 million a month for the last nine months.



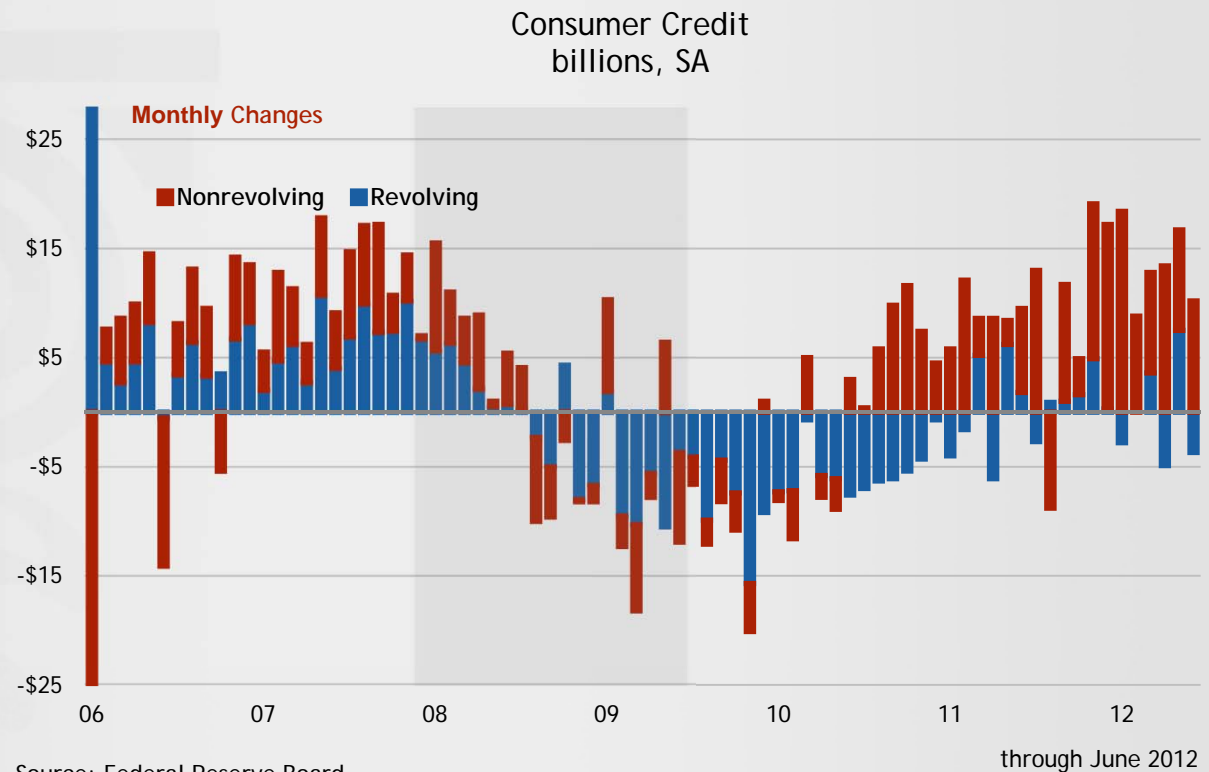
Source: Bureau of Economic Analysis

CONSUMER SECTOR

SUMMARY

Consumer credit outstanding increased \$6.5 billion in June, the smallest gain since October 2011.

Revolving decreased \$3.7 billion. Nonrevolving increased \$10.2 billion.



ADDITIONAL DETAIL

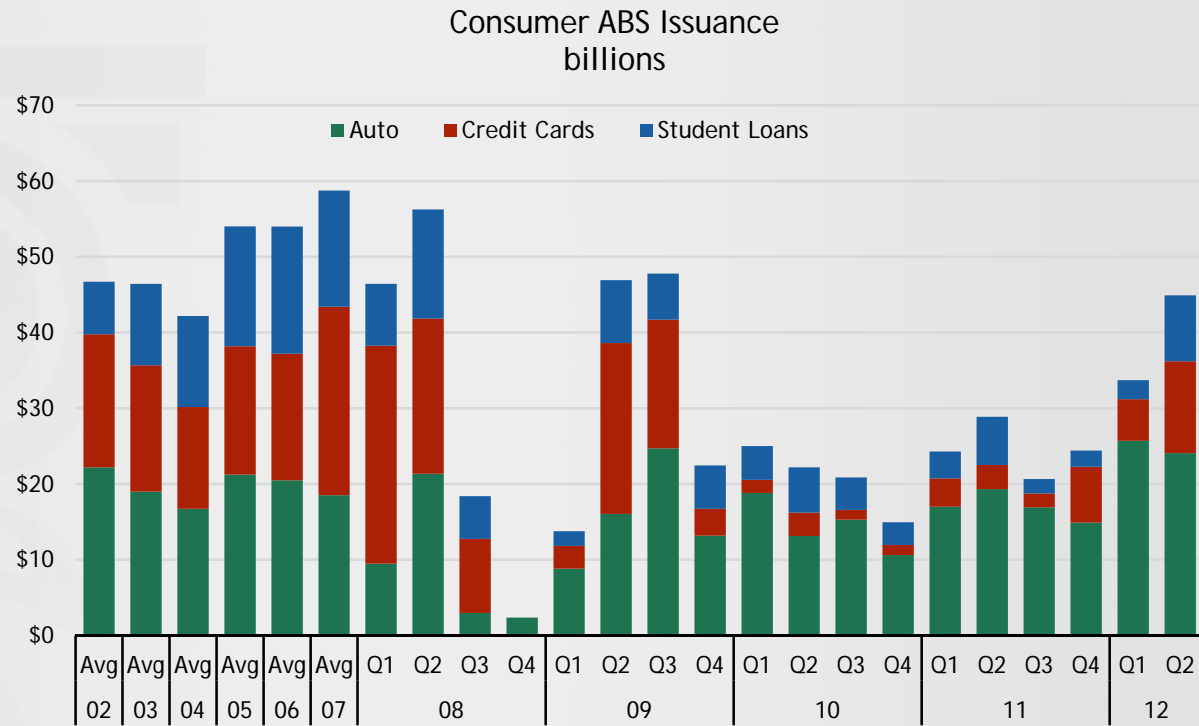
- Consumer credit outstanding is currently only \$5.8 billion shy of its prerecession peak. The recovery has come mostly from non-revolving credit, which is now 10 percent over its precession peak. Revolving credit outstanding remains 15 percent below its levels in mid-2008.

INVESTMENT

SUMMARY

Issuance of securities backed by consumer-related assets increased significantly in the second quarter of 2012.

Issuance of securities backed by autos remained on par with first-quarter levels, again surpassing average prerecession levels. Issuance of securities backed by credit card debt increased from \$5.5 billion in the first quarter of 2012 to \$12.1 billion in the second quarter. Issuance of securities backed by student loans increased from \$2.5 billion in the first quarter to \$8.7 billion in the second quarter.

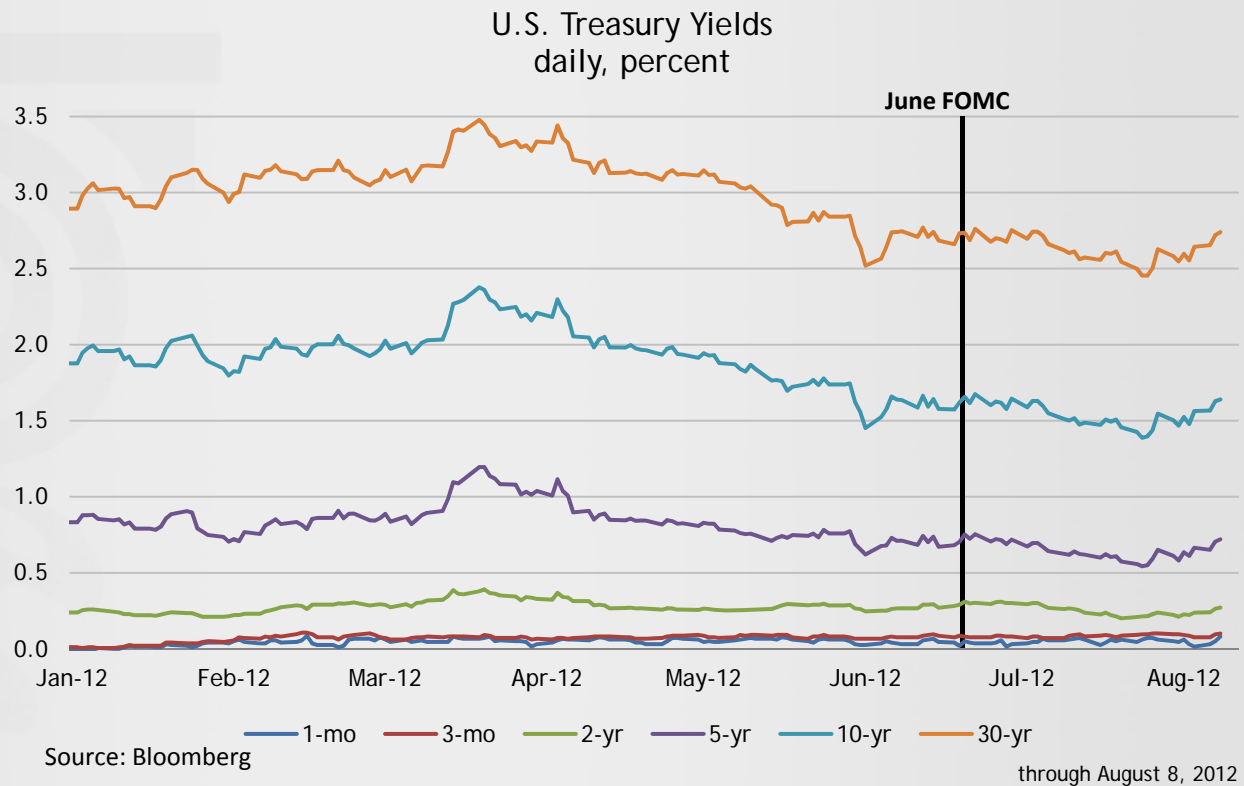


Source: SIFMA

INTEREST RATES

SUMMARY

Longer-dated U.S. Treasury yields moved lower between the June 20 and August 1 FOMC meetings. The 30-year bond and 10-year note were lower by 14 basis points (bps) and 13 bps, respectively, over that period to 2.60 percent and 1.52 percent. Since August 1, however, yields have moved higher, to 2.74 percent and 1.64 percent, respectively.

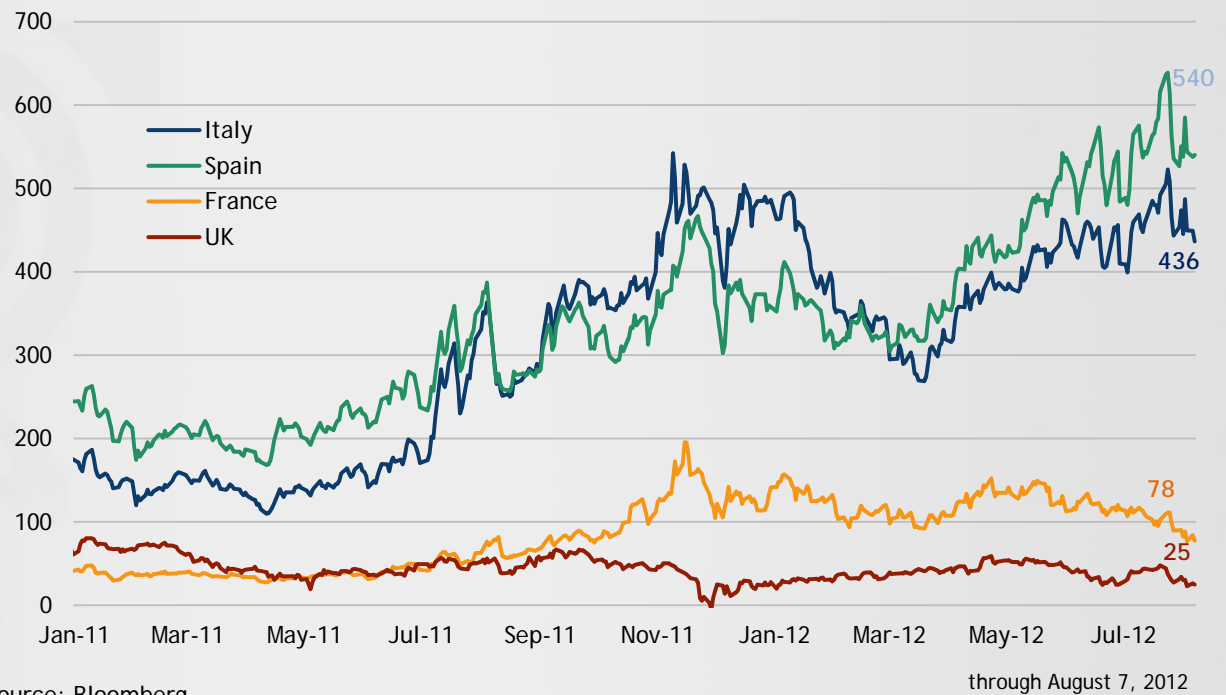


EUROPE

SUMMARY

European bond spreads (against German equivalents) continue to be elevated—particularly for Spain and Italy—though they have come down from their recent highs in late July. Through August 7, Spain's spread is at 540 bps, down 10 bps from a week before. Italy's spread has narrowed 37 bps during the same period, to 436 bps.

European Bond Spreads
basis points, 10-year bond spread to German bonds



Source: Bloomberg