

# ECONOMIC AND FINANCIAL HIGHLIGHTS

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SEPTEMBER 5, 2012



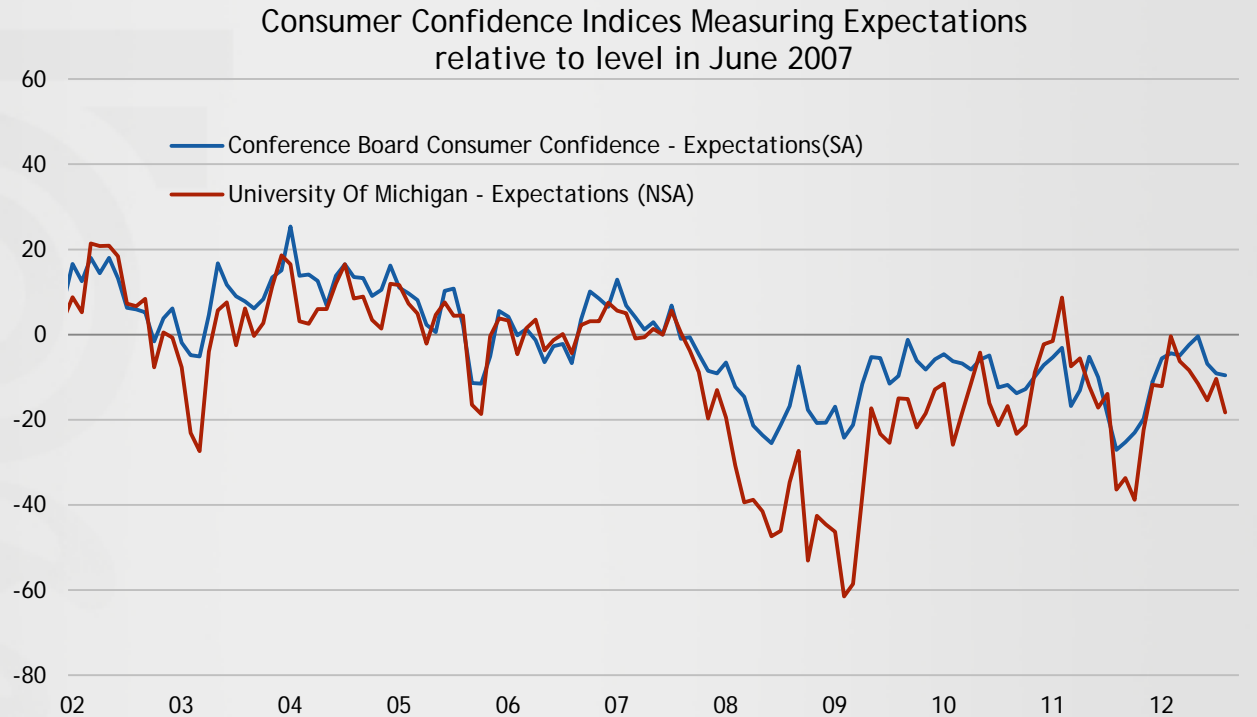
# CONSUMERS

## SUMMARY

Consumer attitudes about the future of the economy, as measured Reuters/University of Michigan and the Conference Board, have deteriorated in recent months.

Both indices reached prerecession levels earlier in year but have deteriorated since.

The components measuring the current situation have not changed much over the course of the year for either index.



Sources: The Conference Board, Reuters/University of Michigan, Bloomberg

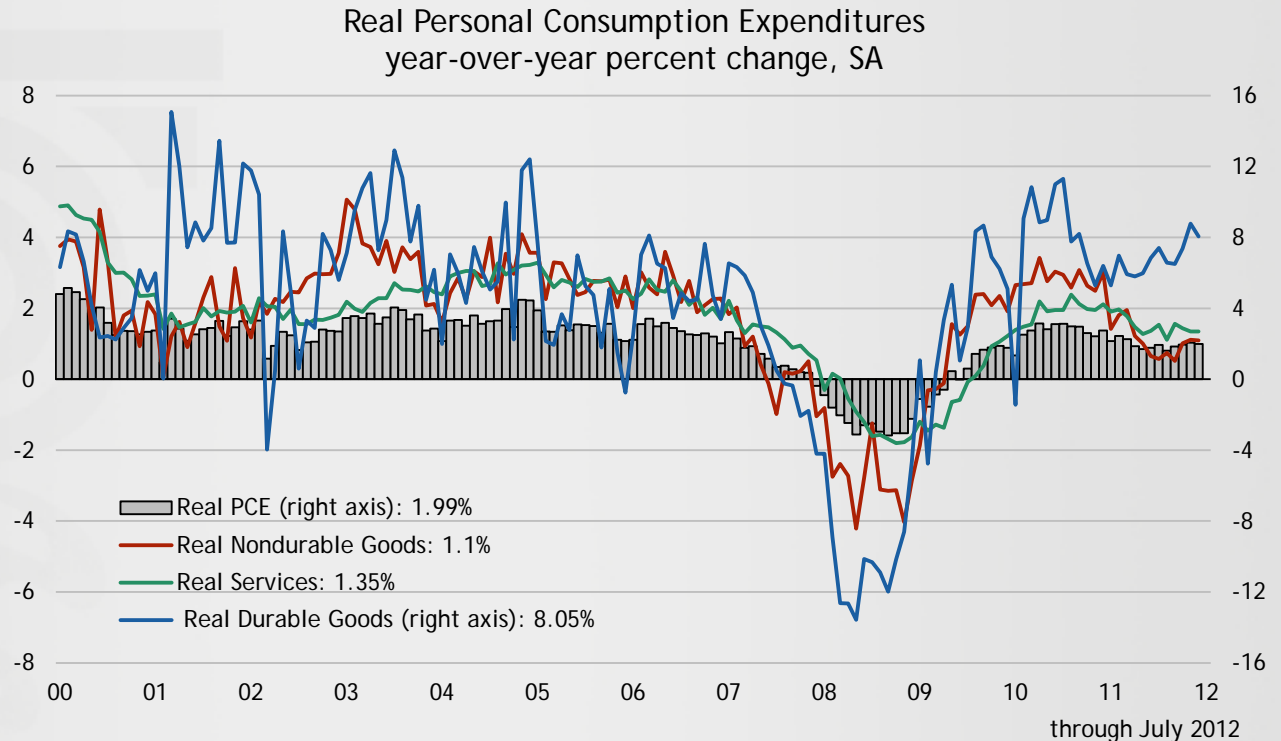
through August 2012

# CONSUMERS

## SUMMARY

Year-over-year consumer spending in July, as measured by real personal consumption expenditures (PCE), was up 2 percent. After two months of stagnant growth, the pace of spending accelerated, rising at annual rate of 5 percent from June to July.

Real PCE was driven higher by purchases of durable goods, which increased at an annual rate of 14 percent over the month. Spending on services and nondurables also rose, increasing at a 3.3 percent and 5.7 percent annual rate, respectively.



Source: BEA

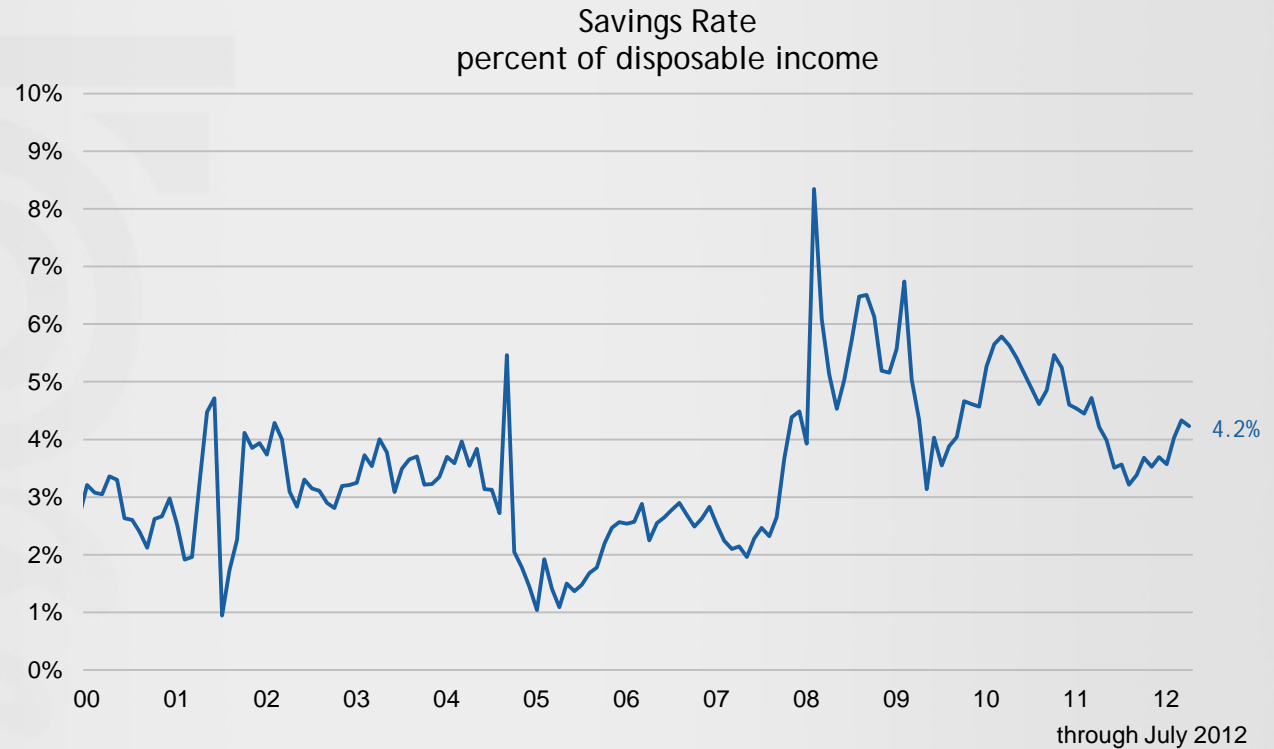
## ADDITIONAL DETAIL

- According to the BEA, real personal disposable income rose 4 percent (annual rate) from June to July, and was 2 percent higher than year-ago levels. Real disposable personal income has increased for eight consecutive months, rising an average of 0.3 percent per month and is currently 2 percent below its May 2008 peak.

# CONSUMERS

## SUMMARY

Consumers saved about 4.2 percent of their disposable income in July, about 1 percent more than they saved in November 2011.



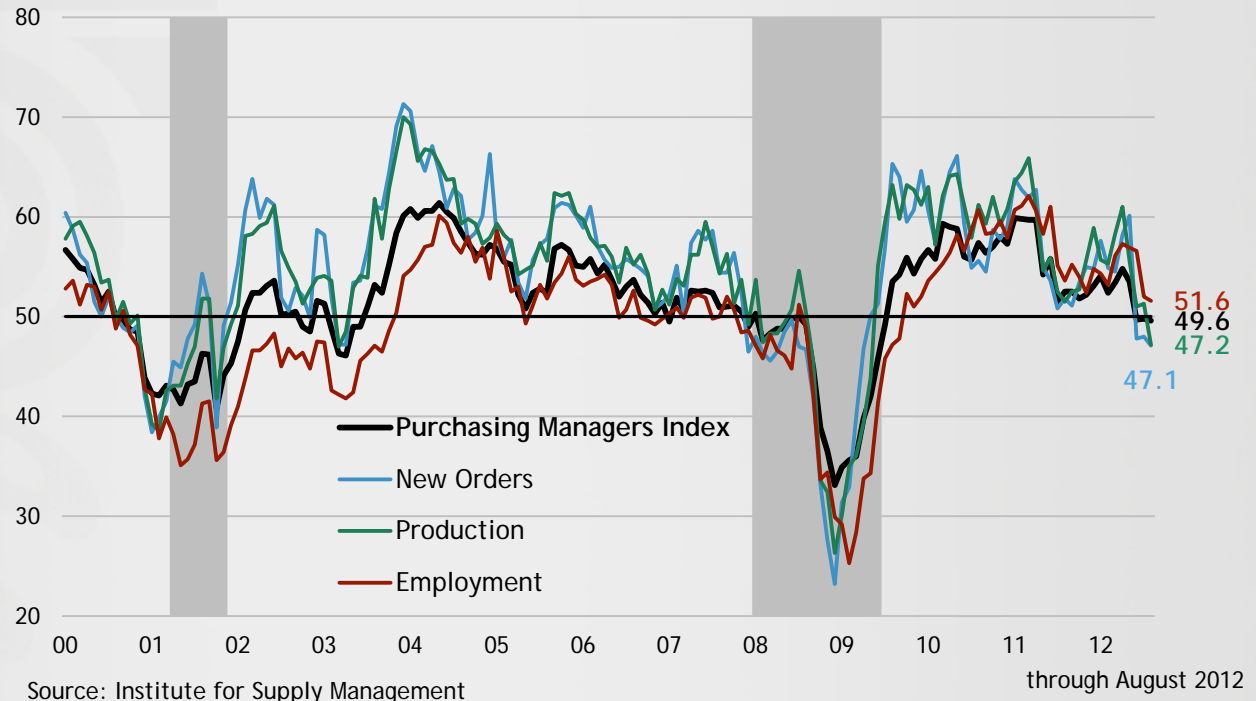
# MANUFACTURING

## SUMMARY

The Institute for Supply Management's Purchasing Managers Index (PMI) slipped 0.2 index points in August to reach 49.6, indicating a slight contraction in the manufacturing sector. The new orders component slipped 0.9 index points to reach 47.1, indicating a faster pace of contraction, while the index measuring production fell 4.1 index points to reach 47.2.

The index measuring manufacturers' input prices leaped 14.5 index points from 39.5 in July to 54 in August, indicating prices were decelerating at a rapid pace but were increasing at a moderate pace in August.

ISM Manufacturing Purchasing Managers Index (PMI)  
Index: 50+ = expansion, SA



## ADDITIONAL DETAIL

- The chair of the ISM reported in August that, given their past relationship, PMI readings from January-August 2012 correspond to a GDP growth rate of 3.3 percent. Annualized, August's reading of 49.6 corresponds to a GDP growth rate of 2.4 percent.

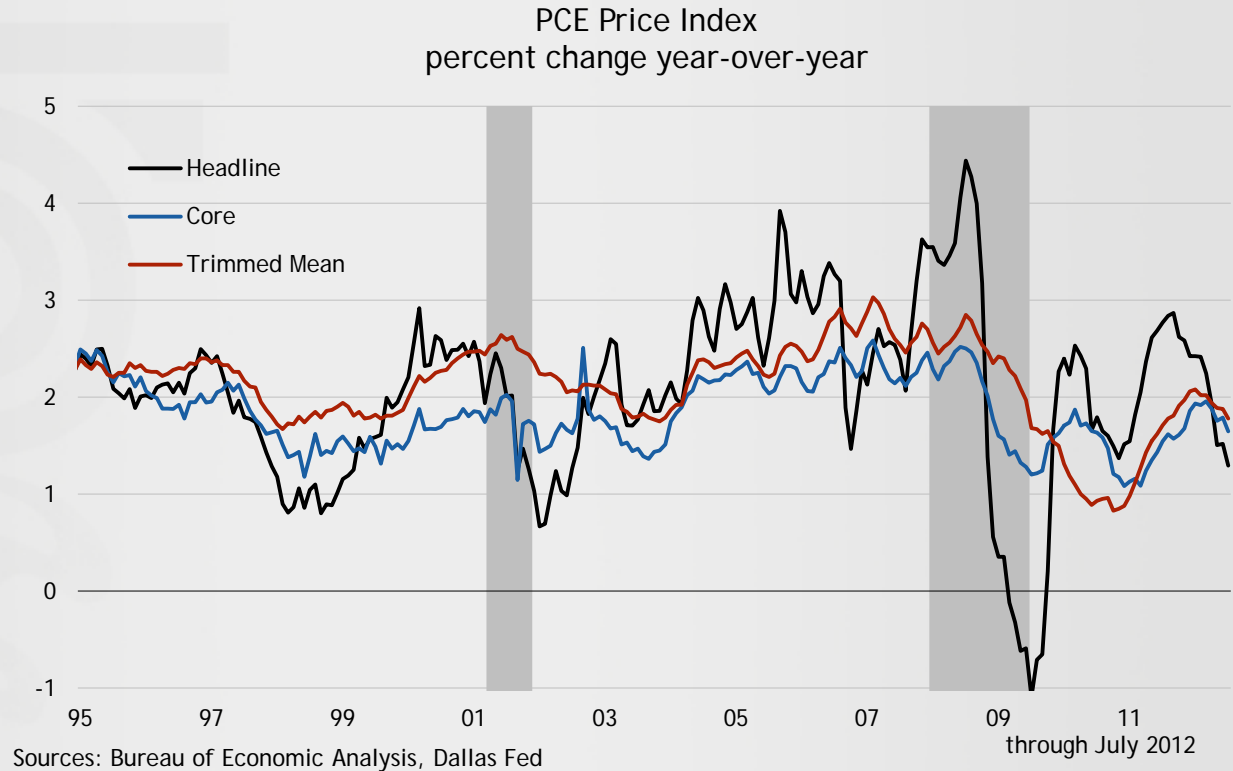
# INFLATION

## SUMMARY

Inflation, as measured by the consumer spending deflator, rose just 0.1 percent (monthly annualized) on a headline basis in July.

Core PCE inflation rose 0.4 percent (monthly annualized) in July, the smallest one-month gain since December 2010.

On a year-over-year basis, the headline PCE price index decelerated to 1.3 percent, while core PCE inflation was up 1.7 percent over the past 12 months.

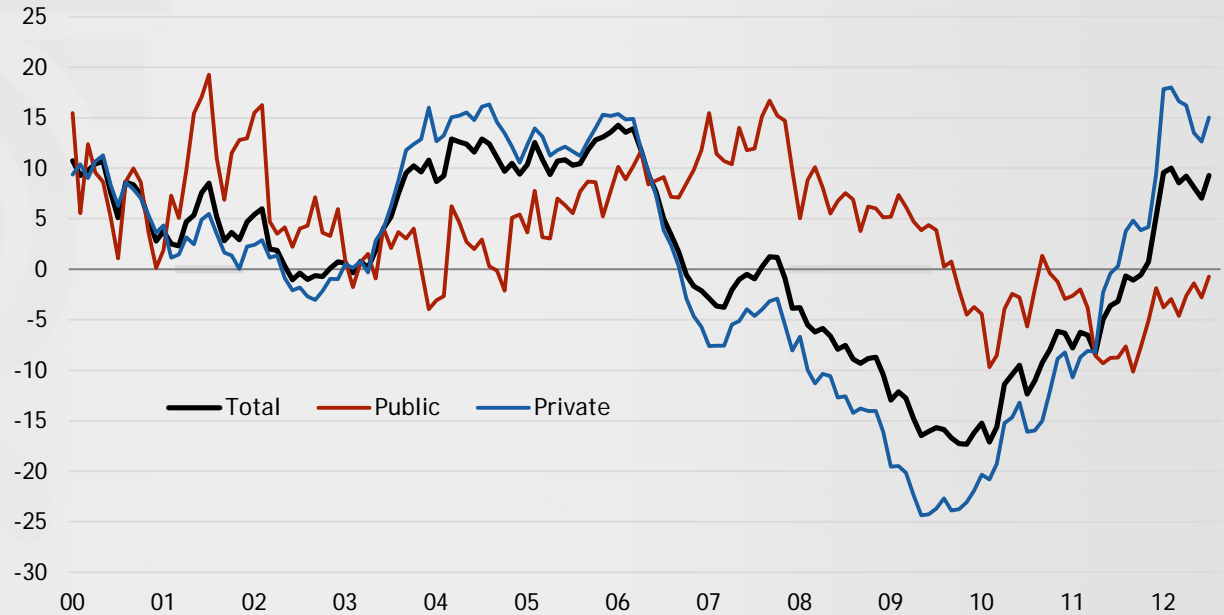


# HOUSING

## SUMMARY

The U.S. Census Bureau reported that total construction spending continued to improve in July on a year-over-year basis, up 9.3 percent. However, following three months of positive growth, total construction edged down from June to July by 0.9 percent.

U.S. Construction Spending  
year-over-year percent change



Source: U.S. Census Bureau

through June 2012

July 2012 Construction Spending Put in Place

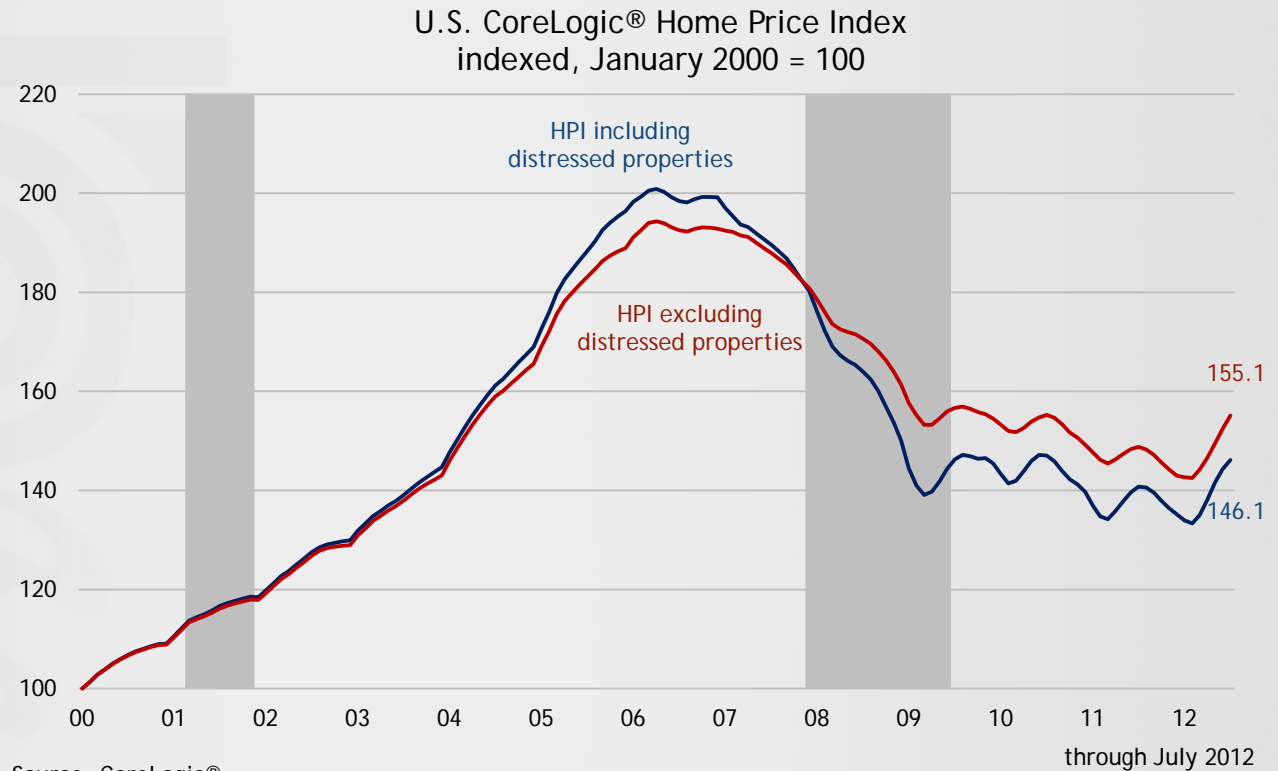
	Total	Total Private	Total Public	Total Nonresidential	Private Nonresidential	Public Nonresidential	Total Residential	Private Residential
<b>Billions, SAAR</b>	834.4	558.7	275.7	563.2	294.1	269.1	271.2	264.6
<b>M/M</b>	-0.9%	-1.2%	-0.4%	-0.6%	-0.9%	-0.3%	-1.6%	-1.6%
<b>Y/Y</b>	9.3%	15.0%	-0.7%	5.7%	11.7%	-0.2%	17.6%	19.0%

# HOUSING

## SUMMARY

The July CoreLogic home price index, including distressed properties, increased 3.8 percent compared with a year earlier and increased 1.3 percent from June.

The home price index excluding distressed properties increased 4.3 percent on a year-over-year basis in July and gained 1.7 percent from June.

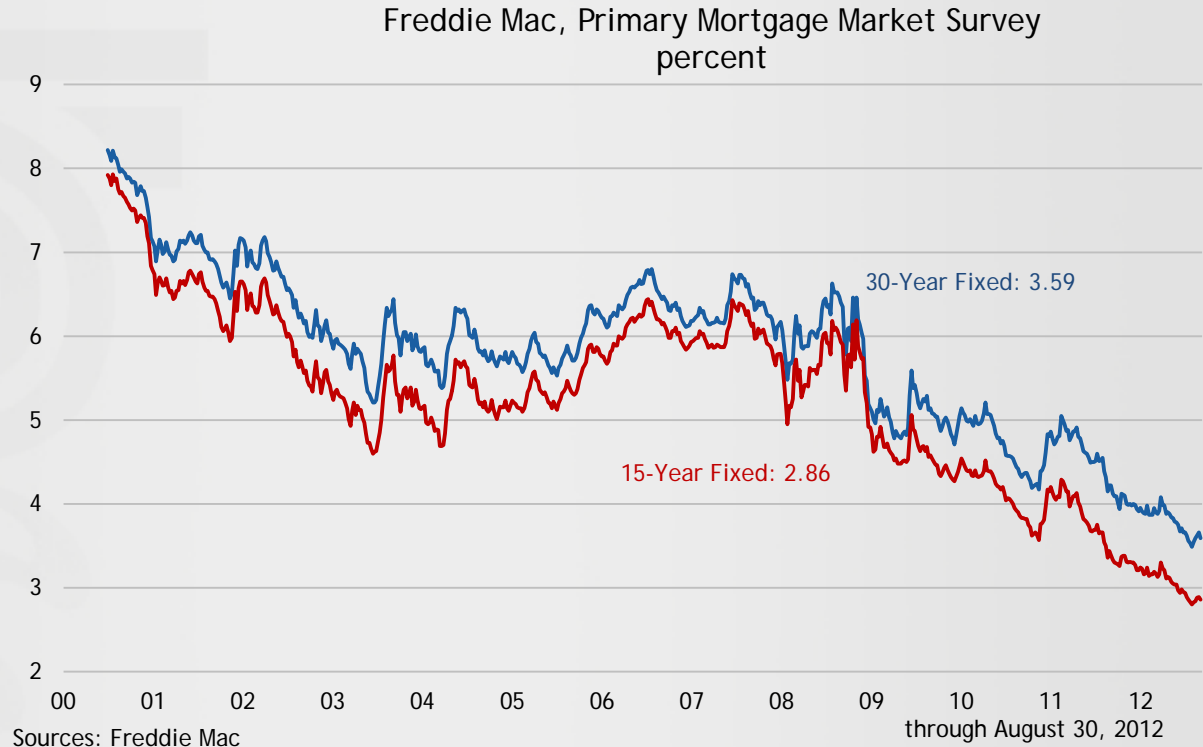




# HOUSING

## SUMMARY

The average rate for a 30-year and 15-year fixed rate mortgage fell over the week to 3.59 percent and 2.86 percent, respectively.



# HOUSING

## SUMMARY

Mortgage loan applications for refinancing fell approximately 21 percent over the month ending August 31 and applications for purchases declined approximately 0.6 percent over the same period.

However, in comparison to year-earlier levels, applications for refinances and purchases are up approximately 33 percent and 11.7 percent, respectively.

