

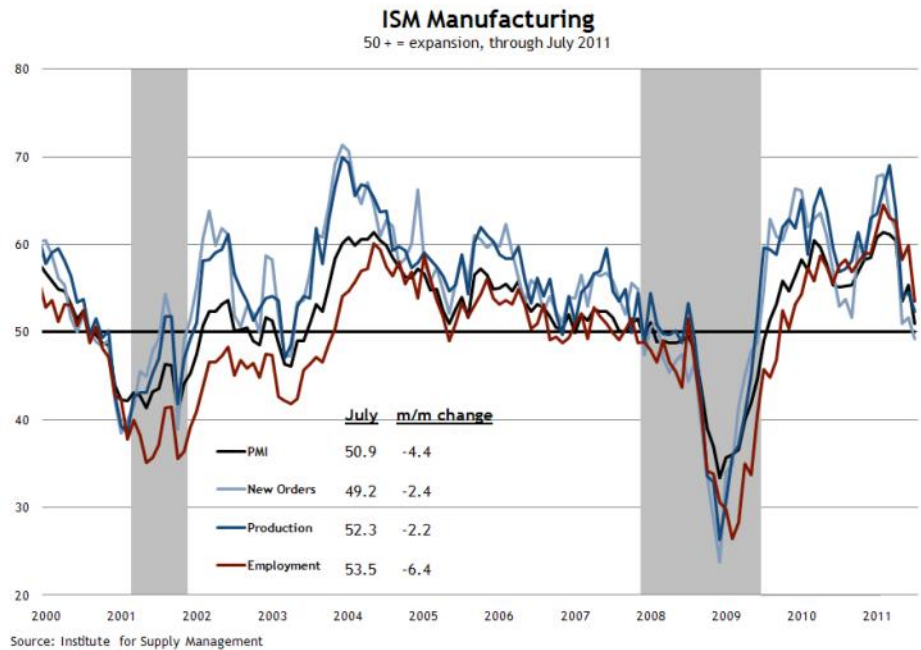
Economic Highlights

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Manufacturing

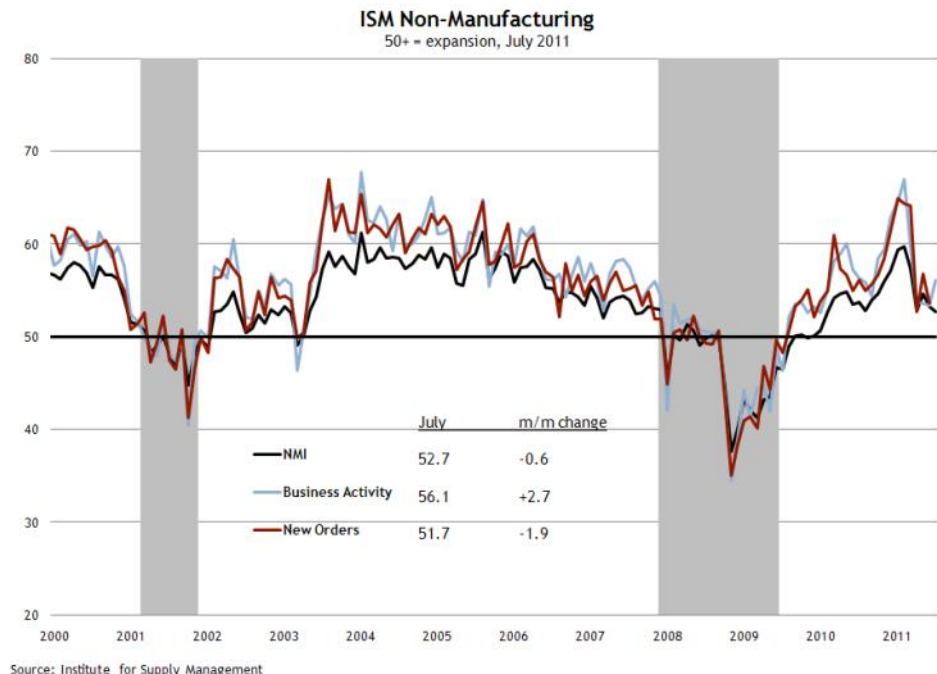
Summary

The Institute for Supply Management's Purchasing Managers Index (PMI) dropped 4.4 points in July to reach 50.9 points, its lowest reading since July 2009.



- The Institute for Supply Management's Purchasing Managers Index (PMI) dropped 4.4 points to reach 50.9 points in July. This reading was the lowest for the index since July 2009.
- The new orders component of the index fell 2.4 points to reach 49.2 points, just shy of the index's 50-point benchmark indicating growth.
- The production component fell 2.2 points to reach 52.3 points. This reading was the production component's lowest since June 2009.
- The employment index also fell in July, dipping 6.4 index points to reach 53.5 points. This drop was the largest among components used in calculating the PMI.

The Institute for Supply Management's Non-Manufacturing Index (NMI) dipped 0.6 points in July to reach 52.7. While business activity picked up for nonmanufacturers in July, new orders increased at a slower pace.

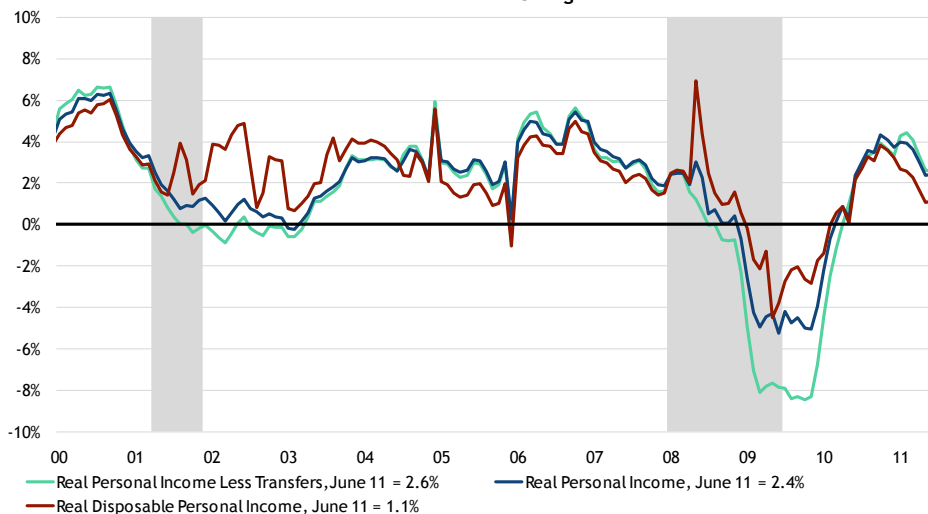


Consumer Spending

Summary

Real disposable income and real personal income less transfers both rose 0.3 percent in June, while remaining 1.1 percent and 2.6 percent above their year-ago levels, respectively.

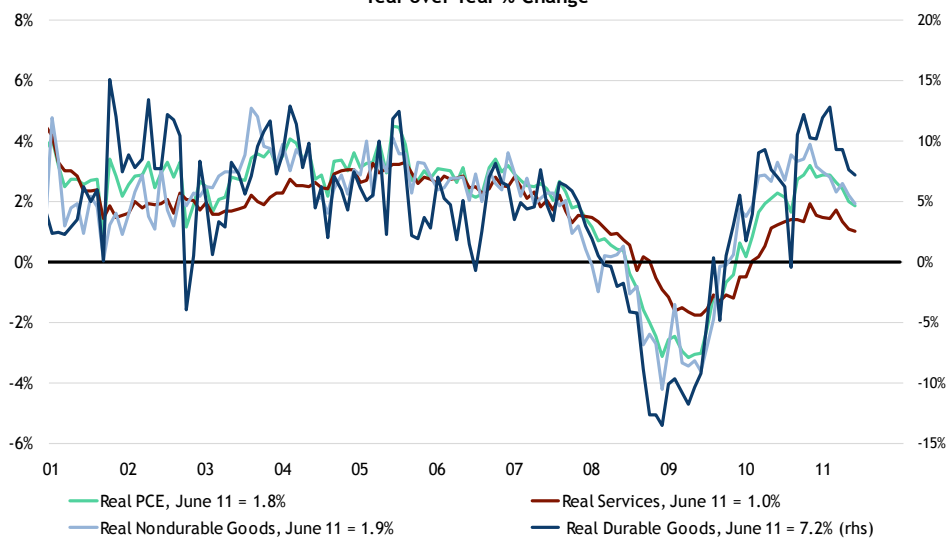
Real Personal Income Year over Year % Change



Source: BEA, Haver

Real personal consumption expenditures (PCE) were flat over the month of June but remain 1.8 percent above their year-ago level. Purchases of durable goods decreased 0.6 percent in June but remained 7.2 percent above their year-ago level.

Real Personal Consumption Expenditures Year over Year % Change



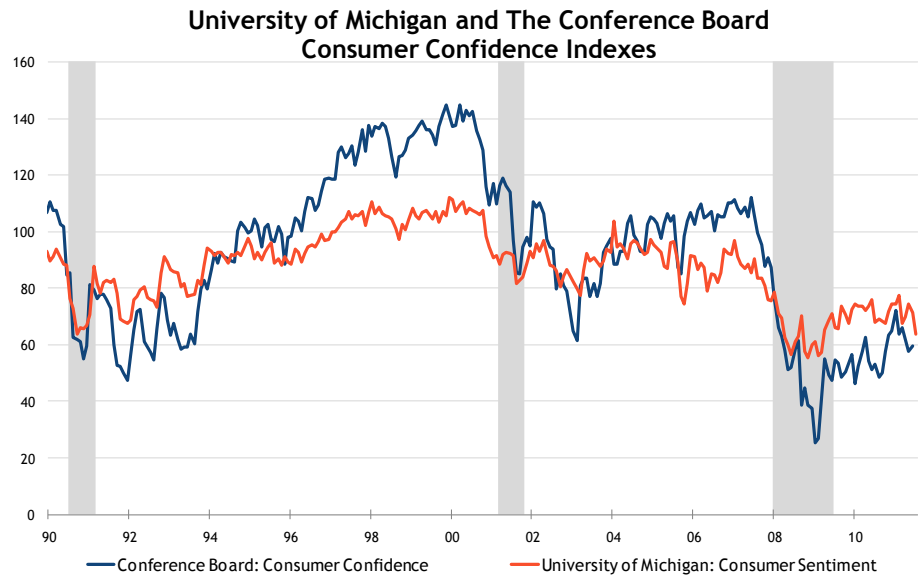
Source: BEA, Haver

- Real personal consumption expenditures (PCE) were flat over the month of June but remain 1.8 percent above their year-ago level.
- Purchases of durable goods decreased 0.6 percent in June but remain 7.2 percent above their year-ago level. Purchases of nondurable goods increased 0.2 percent over the month, while spending on services stayed flat from May to June.

Consumer Spending

Summary

In July, measures of consumer confidence were mixed. The University of Michigan Consumer Sentiment Index fell sharply, while the Conference Board's Consumer Confidence Index increased slightly.



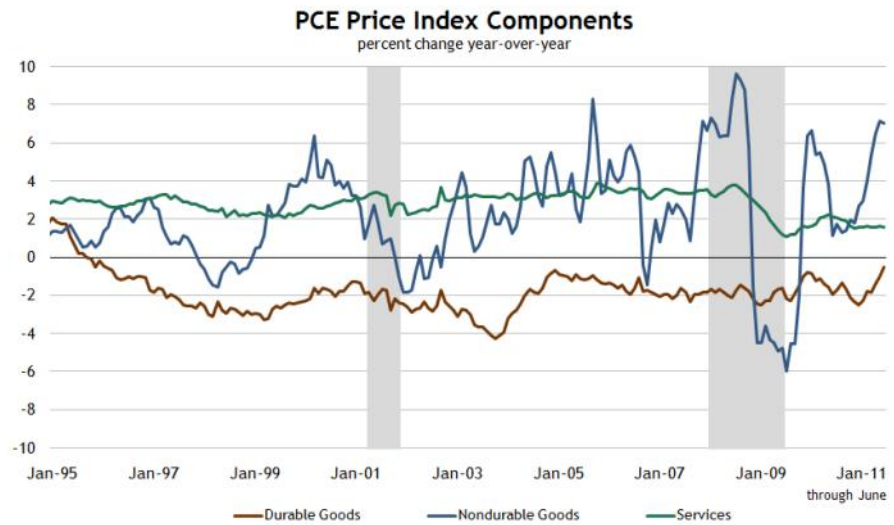
Source: The Conference Board, Reuters/University of Michigan

Through July 2011

- The University of Michigan's Consumer Sentiment Index fell 7.8 points over the month. Both the current economic conditions and consumer expectations components declined.
- The Conference Board's Consumer Confidence Index increased slightly by 1.9 points in July. The consumer expectations component increased by 3.8 points, while the present situation component fell by 0.9 points.

Summary

Headline PCE inflation was negative in June, and core decelerated.



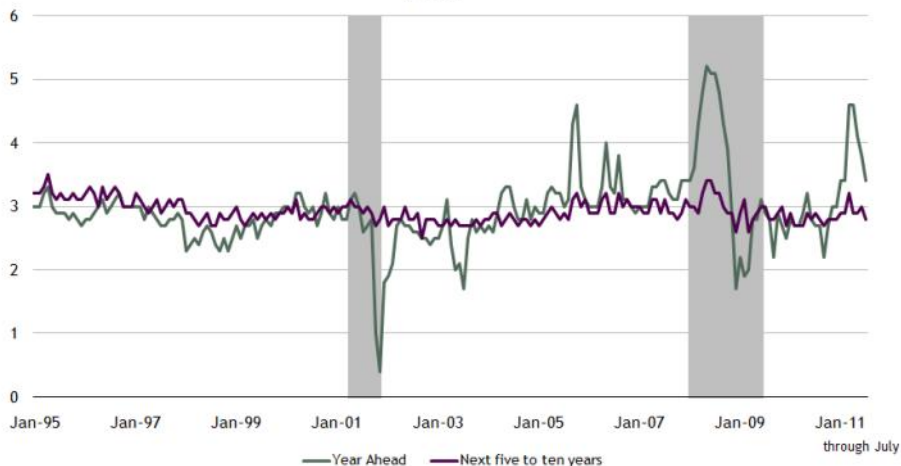
Source: Bureau of Economic Analysis

- June headline inflation, as measured by the consumer spending deflator, declined 2 percent on an annualized monthly basis, the first monthly decline since June 2010, as prices for energy goods and services declined 42.5 percent (annual rate). Headline PCE prices were up 2.6 percent year over year.
- Core (less food and energy) PCE prices increased by 1.4 percent (annual rate) in June, a marked deceleration from a 3 percent gain in May. Non-energy goods prices rose in June, led by large increases in the indices for motor vehicles, household furnishings and equipment, and clothing. Services prices, however, were unchanged (down 0.03 percent), following a large 3.1 percent increase in May. Twelve-month core PCE inflation was 1.3 percent.
- The market-based core PCE price index was up 1.4 percent year over year, an increase from 1.1 percent in May.

Summary

Household inflation expectations fell in July.

University of Michigan Median Consumer Inflation Expectations
percent

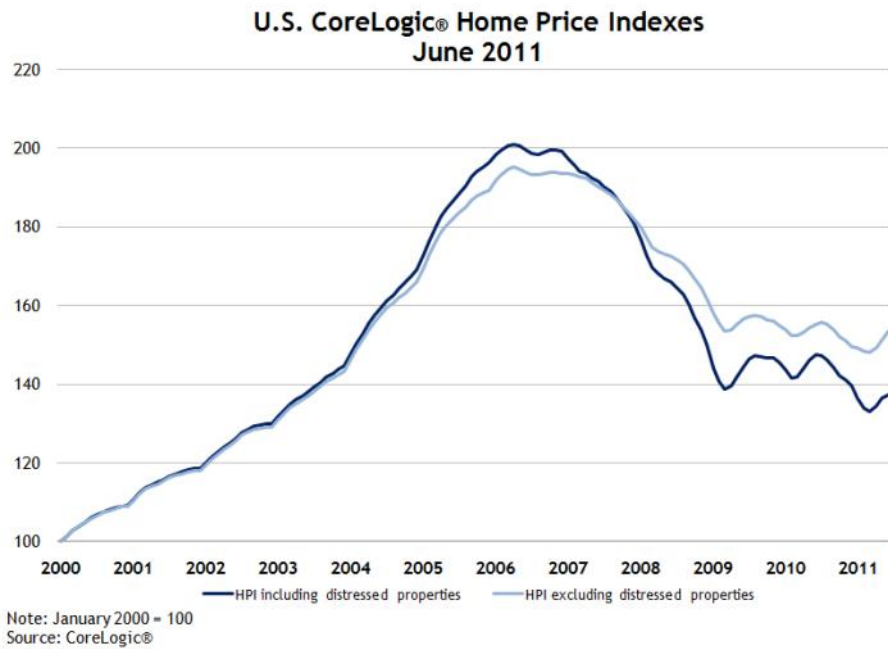


Source: University of Michigan

- According to survey data collected by the University of Michigan, the median inflation rate expected by households for the year ahead was 3.4 percent in July, down from 3.8 percent in June and unchanged from midmonth estimates. Near-term inflation expectations tend to closely track gasoline prices, which have come down over the past several weeks.
- The expectation for inflation in five to 10 years, which is generally more stable, also declined in July compared to the month before. The median longer-term expectation, at 2.8 percent, is the lowest it has been since December 2010. The long-term expectations are roughly at their 10-year average rate (of 2.9 percent), while 12-month expectations remain above the series' 10-year trend of 3 percent.

Summary

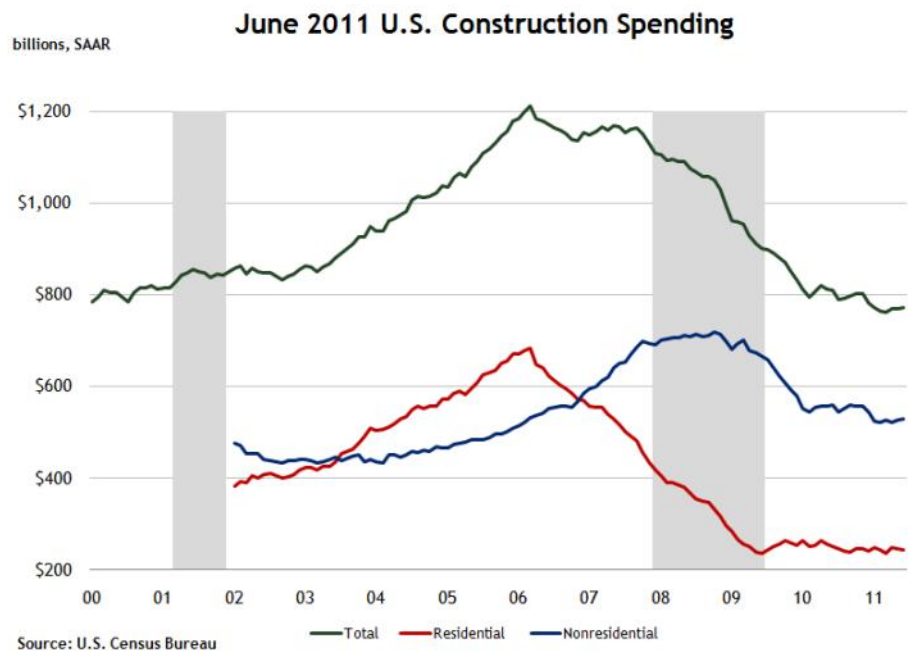
CoreLogic reported that its national monthly home price index increased again for the third consecutive month in June.



	June(nsa)	M/M (nsa)	Y/Y
U.S. CoreLogic Index			
Combined*	137.4	0.7%	-6.8%
Combined* excl. distressed	153.5	1.5%	-1.1%
Single-Family Detached	136.6	0.8%	-6.8%
Single-Family Attached	141.7	0.5%	-7.1%

Summary

The U.S. Census reported that construction spending nationally edged up 0.2 percent from May to June as a result of increases in private nonresidential construction spending.

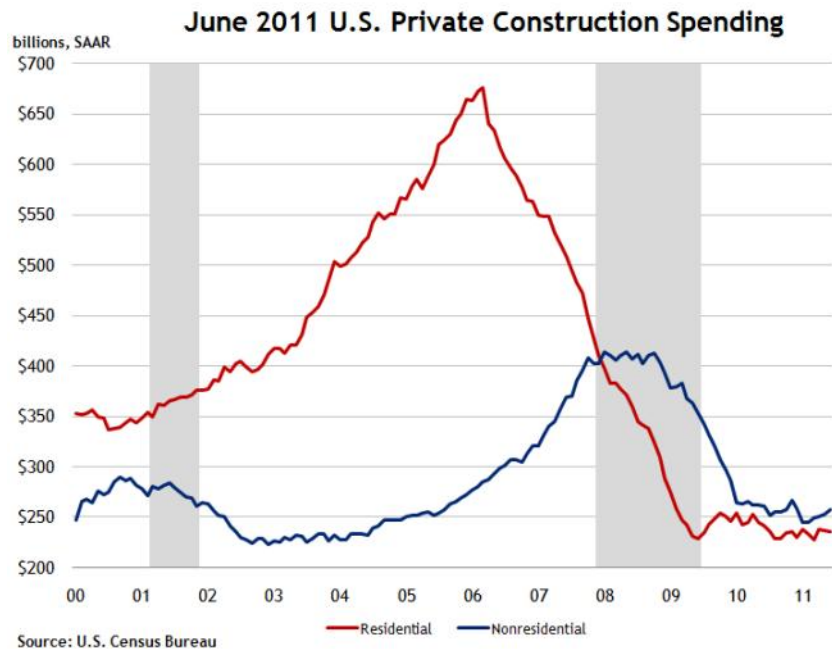


June 2011 Construction Spending Put in Place

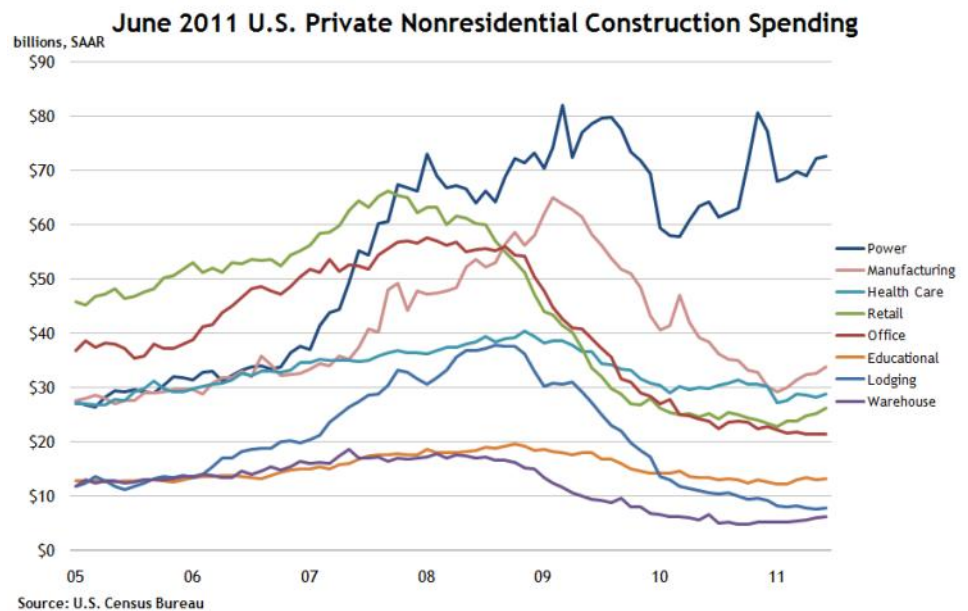
	billions, SAAR	yr/yr change	mo/mo change
Total:	772.3	-4.7%	0.2%
Total Private:	493.4	-1.7%	0.8%
Total Public:	278.9	-9.6%	-0.7%
Total Nonresidential:	528.4	-5.5%	0.5%
Private Nonresidential:	257.7	-1.3%	1.8%
Public Nonresidential:	270.7	-9.2%	-0.7%
Total Residential:	243.9	-2.9%	-0.3%
Private Residential:	235.8	-2.1%	-1.3%

Summary

The U.S. Census reported that private nonresidential construction spending continued to rise in June from low levels, up 5 percent from January while private residential spending was down 1 percent over the same period.



U.S. Census data indicated that not all private nonresidential sectors have improved during the first half of 2011. Gains were strongest in warehouse, manufacturing, and retail up 21 percent, 16 percent, and 15 percent respectively from January 2011. However, lodging and office construction spending declined slightly since January 2011.



Summary

The National Association of Realtors reported that their June pending home sales index increased 2.4 percent from May to June.

