

Economic Highlights

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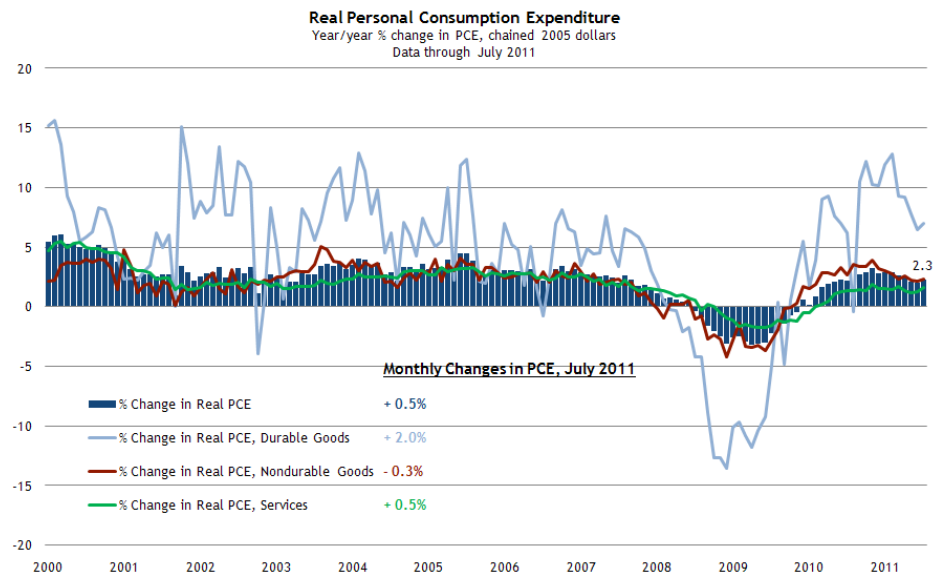
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Consumer Spending

Summary

The U.S. Bureau of Economic Analysis reported personal consumption expenditures (PCE) rose 0.5 percent in July, in constant 2005 dollars. This increase follows unchanged real PCE for May and June. PCE was 2.3 percent above its level one year ago.



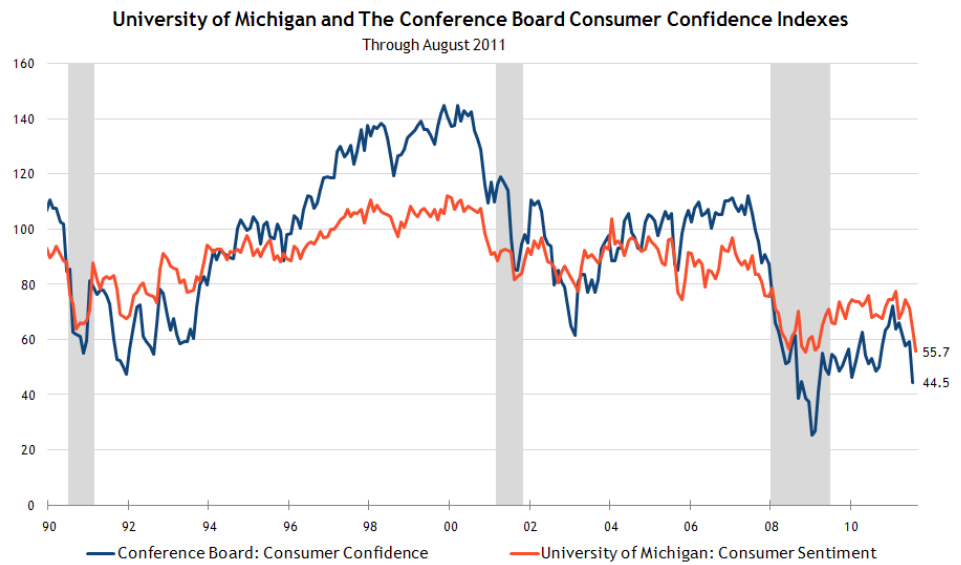
Source: Bureau of Economic Analysis

- The BEA reported personal consumption expenditures (PCE) rose 0.5 percent in July in real 2005 dollars, which followed two months of unchanged PCE. PCE in July was 2.3 percent above its year-ago level.
- Real personal consumption expenditure on durable goods rose 2 percent over the month of July, while PCE on nondurable goods slipped 0.3 percent compared with June. Real PCE on services rose 0.5 percent in July.
- Compared to July 2010, PCE for durable goods was up 7 percent in July, while PCE for nondurables was up 2.3 percent. Real PCE for services was 1.6 percent higher in July than the same month last year.

Consumer Spending

Summary

Consumer sentiment, as measured by the University of Michigan, fell to 55.7 points in August, down from 63.7 points in July. The Conference Board's measure of consumer confidence plummeted in August to reach 44.5 points, down from 59.2 points in July.

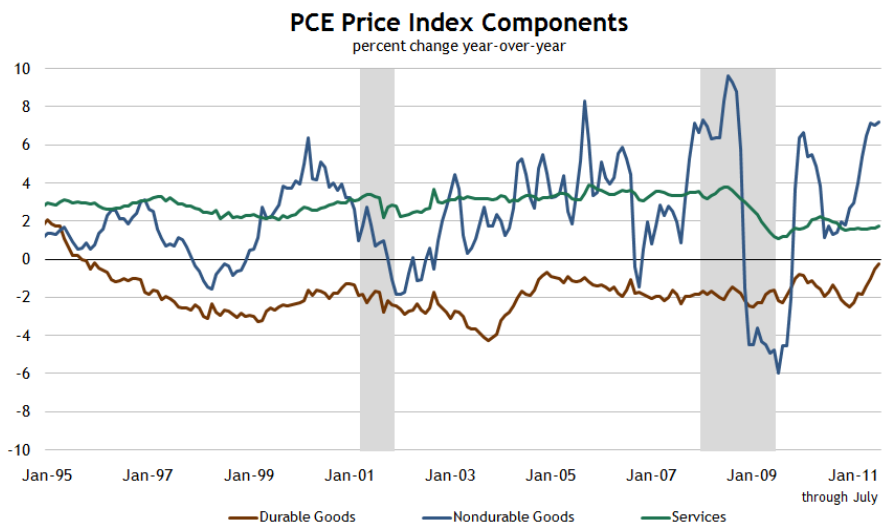


Source: The Conference Board, Reuters/University of Michigan

- The Conference Board's Consumer Confidence Index fell to 44.5 points in August, after inching up to 59.2 points in July.
- The Conference Board's Present Situation Index decreased to 33.3 points from 35.7 points, while its Expectations Index fell from 74.9 points in July to 51.9 points in August.
- The University of Michigan's Consumer Sentiment Index fell to 55.7 points in August from 63.7 points in July.

Summary

July PCE inflation rose on both a headline basis as well as less food and energy.



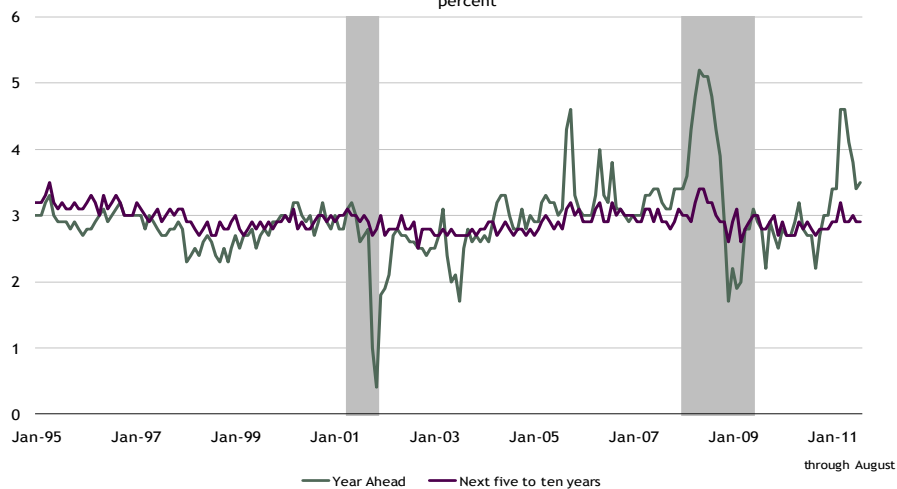
Source: Bureau of Economic Analysis

- July headline inflation, as measured by the consumer spending deflator, rose 4.5 percent on an annualized monthly basis, following a 1.5 percent decline in June, as the volatile index for gasoline and other energy goods jumped 64 percent and the food index rose 4.5 percent. Headline PCE prices were up 2.8 percent year over year, the largest 12-month gain since October 2008.
- Core (less food and energy) PCE prices increased by 2.4 percent (annual rate) in July, after rising 2 percent in June. The index for motor vehicles and parts rose 2.2 percent, following five months of increases averaging 9 percent. The overall durable goods index declined 0.8 percent (annualized) amid declines in the indices for household durables and recreational goods. Declines in the durable area were more than offset by oversized increases in nondurable prices, including the third consecutive monthly increase in clothing and footwear by more than 15 percent (annual rate) and gains in services indices, including education and food services and accommodations. Twelve-month core PCE inflation was 1.5 percent.
- The market-based core PCE price index was up 2.9 percent year over year and up from a low of 1 percent in November 2010.
- The Dallas Fed trimmed-mean PCE inflation rose 2.4 percent (annual rate) in July, accelerating from 1.4 percent in June. The inflation statistic moved up one-tenth of a percentage point on a 12-month basis to 1.6 percent, and one-tenth on a 6-month basis to 2 percent.

Summary

Year-ahead household inflation expectations ticked up in August; long-term expectations are unchanged.

University of Michigan Median Consumer Inflation Expectations

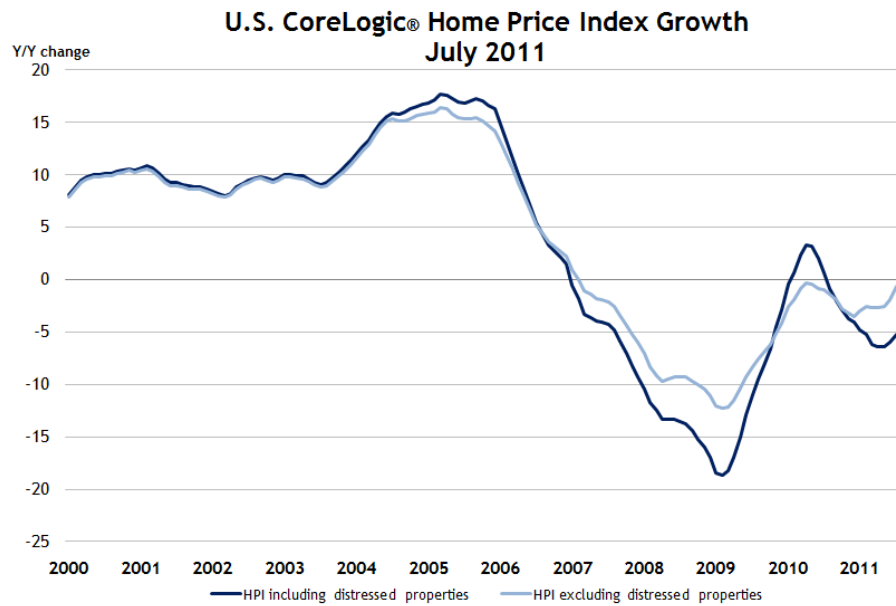


Source: University of Michigan

- According to survey data collected by the University of Michigan, the median inflation rate expected by households for the year ahead was 3.5 percent in August, up 0.1 percent from July and from the midmonth estimate of 3.4 percent. Near-term inflation expectations tend to closely track gasoline prices, which have risen over the past few months.
- The expectation for inflation in five to 10 years, which is generally more stable, was unchanged in August. The median longer-term expectation, at 2.9 percent, are 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

Year-over-year home price declines continued to abate, according to the CoreLogic home price indexes.

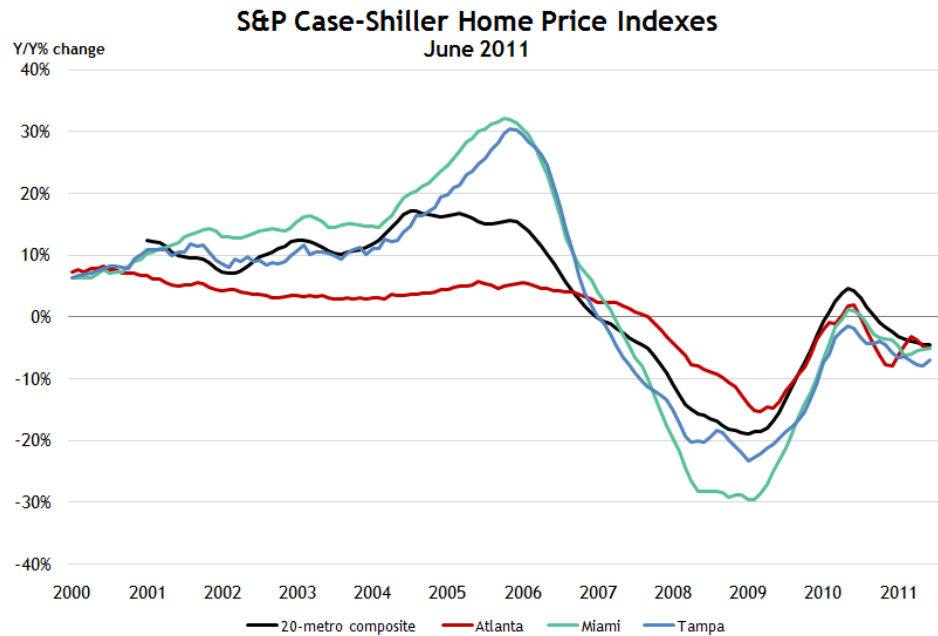


	July (nsa)	M/M (nsa)	Y/Y
U.S. CoreLogic Index			
Combined*	139.8	0.8%	-5.2%
Combined* excl. distressed	154.9	1.7%	-0.6%
Single-Family Detached	139.0	0.7%	-5.1%
Single-Family Attached	143.9	0.9%	-5.6%

*Combined refers to single-family attached and single-family detached homes.

Summary

The S&P/Case-Shiller 20-city composite home price index's year-over-year decline held steady in June, down 4.6 percent.



Source: Standard & Poor's/Fiserv Inc.

	Jun. (nsa)	Jun. (sa)	M/M (nsa)	M/M(sa)	Y/Y
S&P/Case-Shiller®					
20-City Composite	141.3	140.8	1.1%	-0.1%	-4.6%
10-City Composite	154.9	154.5	1.1%	0.0%	-3.9%
Atlanta	104.3	103.3	1.5%	0.0%	-5.0%
Miami	139.5	140.6	0.6%	0.1%	-5.1%
Tampa	128.9	128.7	1.3%	0.4%	-7.0%

Summary

The National Association of Realtors reported that its pending home sales index declined 1.3 percent from June to July but was 14.4 percent ahead of the year-earlier level.

