

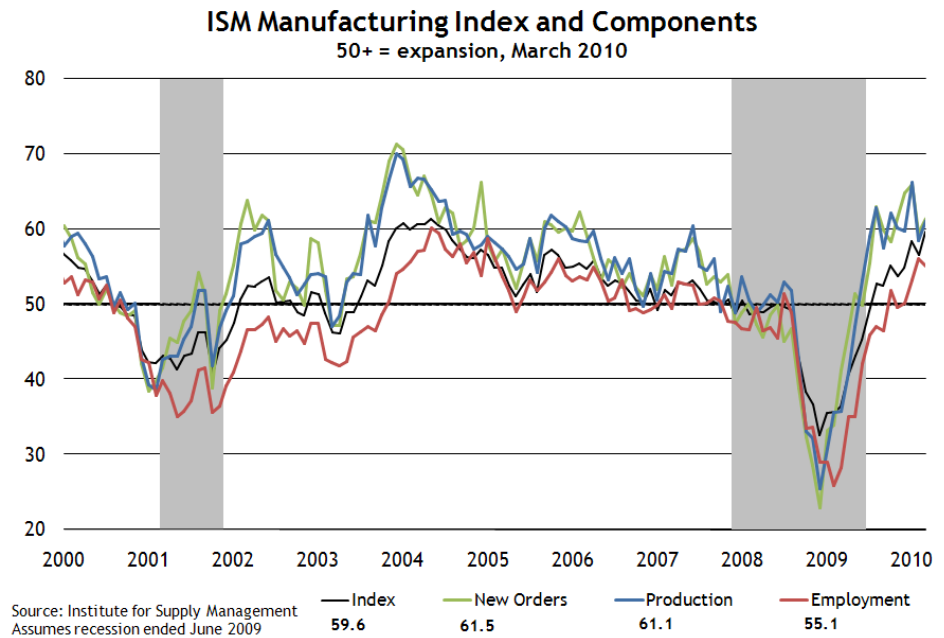
Economic Highlights

Manufacturing	
ISM Manufacturing Index	1
Price Measures	2
Consumer Spending	
Light Vehicle Sales	3
Employment	
Payroll Employment	4
Participation Rates	5
Real Estate	
Construction Spending	6
Construction Activity	7
Auto Production	8

Manufacturing

Summary

The Institute for Supply Management's Purchasing Managers Index (PMI) gained 3.1 index points in March.

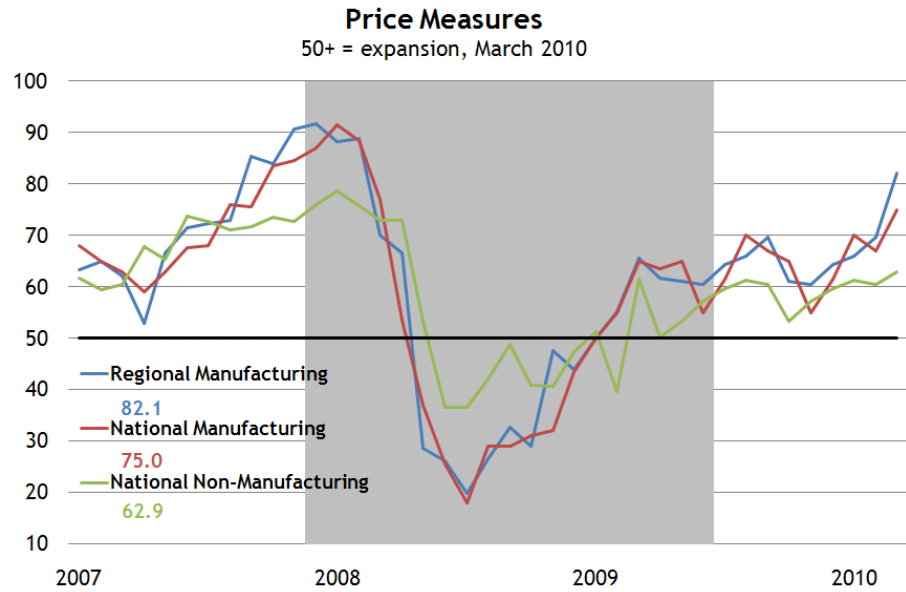


- The Institute for Supply Management's Purchasing Managers Index continued its gains into March, rising 3.1 index points to reach 59.6. This reading is the index's highest since July 2004.
- A particularly bright spot in the ISM report, new orders for manufacturers expanded at a faster pace in March. The new orders component added 2 index points to reach 61.5.
- The production component gained 2.7 points to reach 61.1, as 36% of the nation's manufacturing executives reported higher levels of production in March than in February.
- Manufacturing employment has now been expanding for four months, but it expanded at a slightly slower pace in March. The employment component lost 1 index point but is still safely in expansion territory at 55.1.

Manufacturing

Summary

Price indices rose in March, with the sharpest increase coming from Kennesaw State University's regional manufacturing survey.



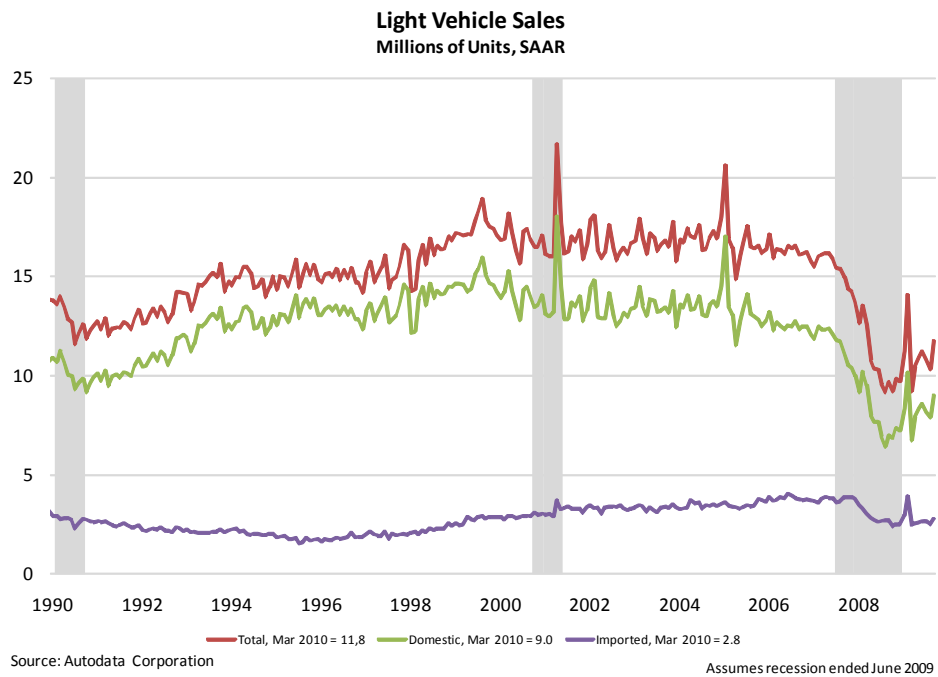
Sources: Kennesaw State University, Institute for Supply Management
Assumes Recession ended June 2009

- Kennesaw State University's measure of regional commodity prices rose sharply in March. The price index gained 12.4 points to reach 82.1 as 67% of contacts reported higher prices.
- The Institute for Supply Management's price measure for manufacturing commodity prices went up in March, with 53% of manufacturing executives questioned reporting higher prices.
- The rise in the ISM's price measure of nonmanufacturing industries was more subtle; 32% of respondents reported higher prices while 63% reported paying similar prices in March compared with February.

Consumer Spending

Summary

Light vehicle sales increased 1.4 million units in March from February after two consecutive months of decline.



- Total light vehicle sales for March grew 13.6% from February to an annualized rate of 11.8 million units, falling just short of Bloomberg's market consensus of 12 million units.
- Domestic vehicle sales rose 14.4% from February to an annualized rate of 9 million units in March. Imported vehicle sales also increased, growing 11.2% to an annualized rate of 2.8 million units.
- Although light vehicle sales were up 21% from March 2009, they remain at levels almost 50% below their prerecession peaks.
- Many auto manufacturers, such as Toyota, successfully created sales incentives in March. Toyota's sales rose almost 62% on a month-to-month basis in March after dismal sales in February because of recalls.

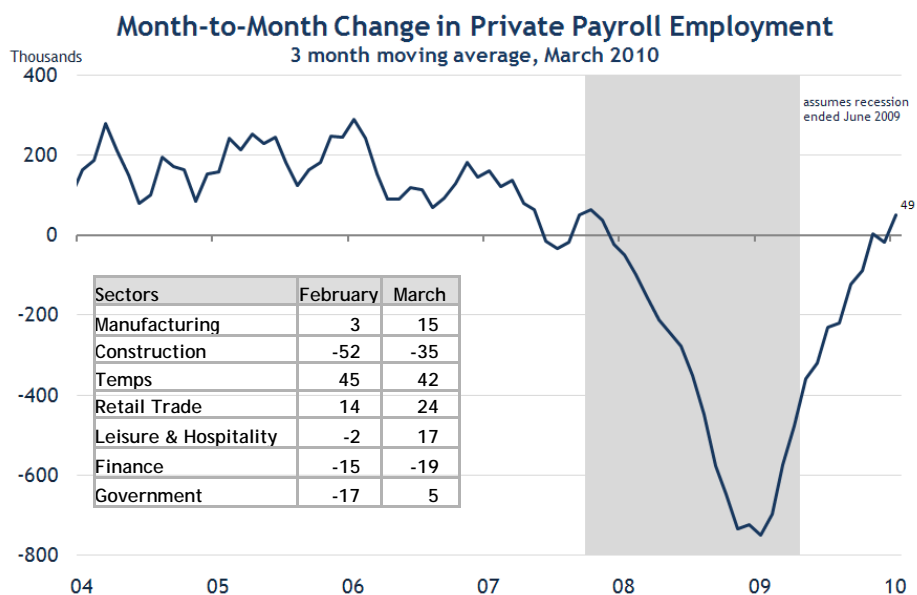
Employment

Summary

The March employment report showed that labor markets are gradually improving and have begun adding jobs.

The nation added 162,000 jobs in March, in part because of Census hiring as well as a possible bounce back from weather related declines in payrolls in February.

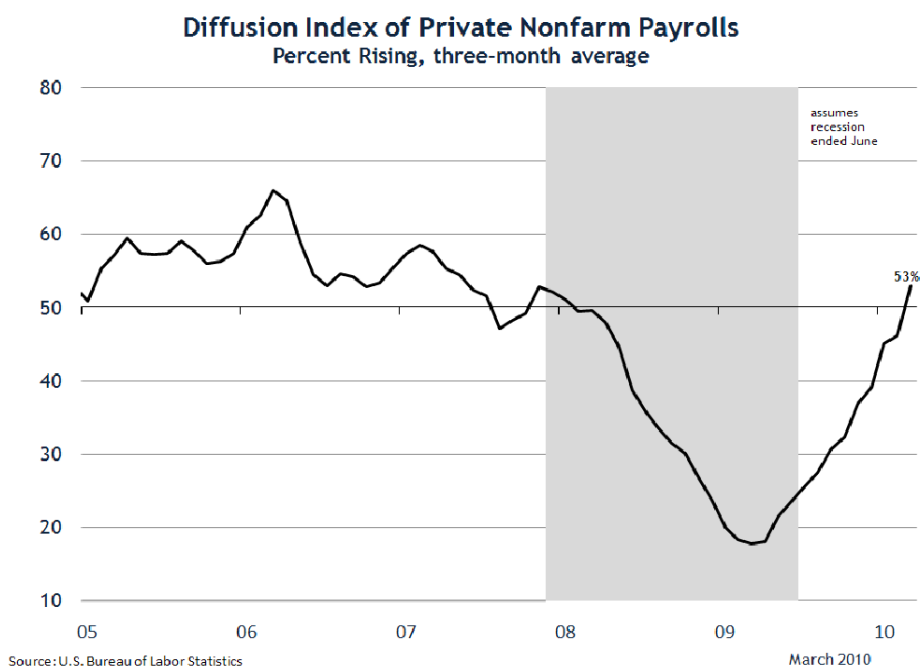
Nevertheless, the private sector added nearly 50,000 jobs monthly during the first quarter of 2010.



- The March employment figure was weaker than the Bloomberg consensus of 184,000 primarily because Census hiring was less than expected. **Census hiring** boosted payrolls by 48,000 in March. But even after excluding the public sector and averaging over three months to smooth out any weather-related volatility, the **private sector** added nearly 50,000 jobs in March.
- Averaged over the first three months of 2010, the **manufacturing** (35,000), **retail trade** (24,000) and **leisure and hospitality** (17,000) sectors added jobs. **Temporary help services** also continued to post job gains.
- While **construction** added jobs in March, averaged over a three-month period the sector lost 35,000.
- January employment figures were revised upward to show an increase in payrolls. Together, January and February employment figures were revised up by 62,000.

The breadth of job gains in March is one indication that job creation will likely be sustainable going forward.

The diffusion index of employment change, which measures what percent of industries are increasing their employment, increased to 53% during the three-month period ending in March.



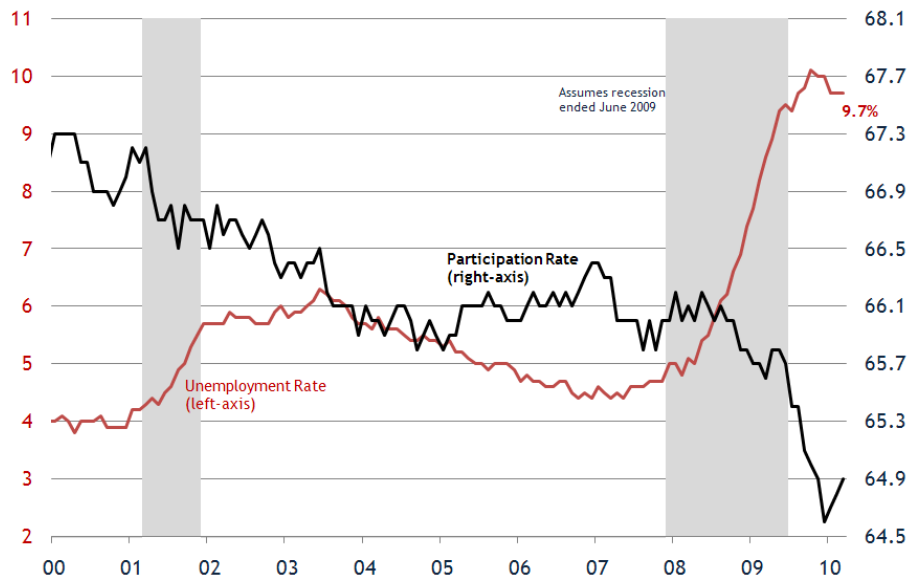
Employment

Summary

The unemployment rate remained at 9.7% in March for the third consecutive month.

The labor force expanded by close to 400,000 in March. The participation rate rose to 64.9%.

Unemployment and Participation Rates Percent, March 2010



Source: U.S. Bureau of Labor Statistics

- The **unemployment rate** remained at 9.7% in March, in line with Bloomberg expectations.
- The **participation rate** rose 0.1 points to 64.9% in March partly as a result of discouraged workers returning to the labor force. The number of **discouraged workers** declined by roughly 200,000 in March. While this decline is an improvement, labor force participation remains considerably weak.
- The Job Openings and Labor Turnover Survey (JOLTS) for February 2010 showed that the **hiring rate*** dipped to 3.1% in February. The rate has fluctuated between 3.1 to 3.2% since July 2009.
- The **job openings rate,*** however, increased 0.1 points to 2.1% in February, the highest in a year.

*Hiring rate: the hires level as a percent of total employment in a given month (flow measure).

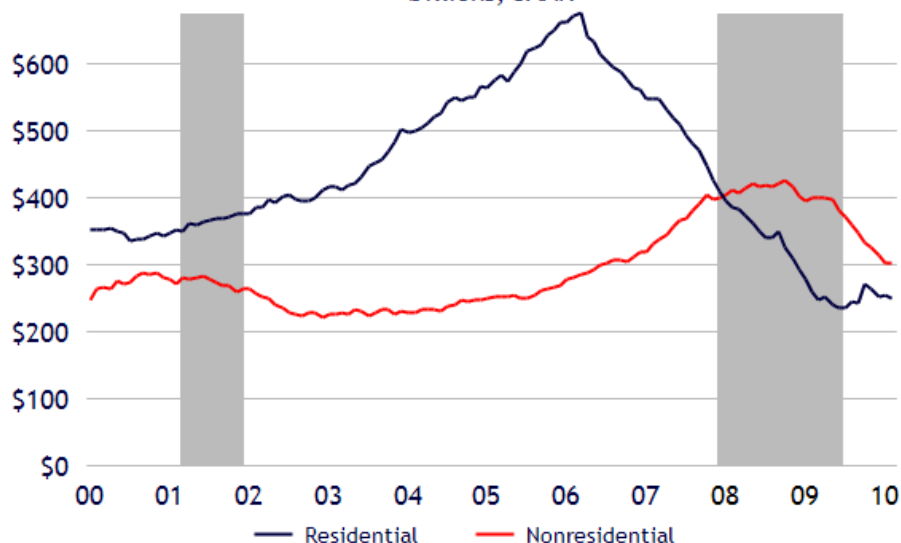
*Job openings rate: the job openings level as a percent of total employment plus job openings level (stock measure).

Summary

According to the U.S. Census Bureau, total private construction spending continued to weaken in February, slipping 1.2%. The decline was driven by softer residential spending while nonresidential spending was little changed.

February 2010 U.S. Private Construction Spending

billions, SAAR



Note: Assumes recession ended in June 2009

Source: U.S. Census Bureau

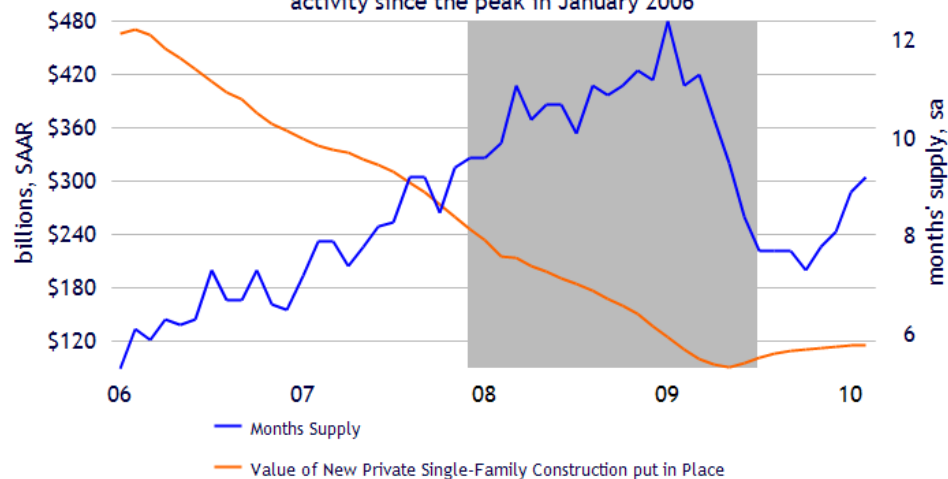
February 2010 Construction Spending Put in Place

	millions, SAAR	y/y change	m/m change
Total	\$ 843,233	-12.8%	-1.3%
Total nonresidential	\$ 587,742	-16.2%	-1.0%
Private nonresidential	\$ 302,715	-24.3%	-0.4%
Public nonresidential	\$ 285,027	-5.5%	-1.7%
Total residential	\$ 258,491	-3.8%	-2.1%
Private residential	\$ 250,776	-3.8%	-2.1%

Despite rising months' supply of new single-family homes, construction spending held steady from January to February.

New Single-Family Home Market

activity since the peak in January 2006



Note: Assumes recession ended in June 2009

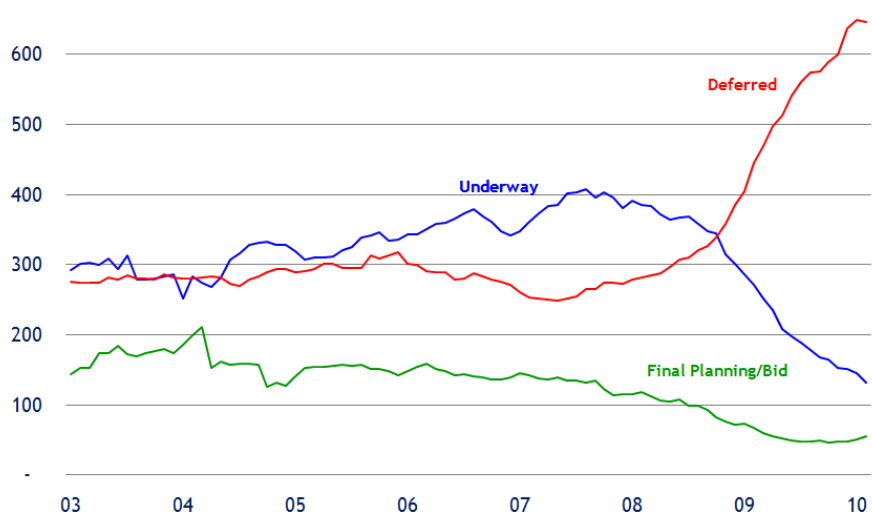
Source: U.S. Census Bureau

Summary

TWR/Dodge Pipeline data for February indicated that commercial construction activity under way continued to slow, declining 9% from January to February.

U.S. Office, Retail & Warehouse Construction Activity

SF in Mill. (thru February)

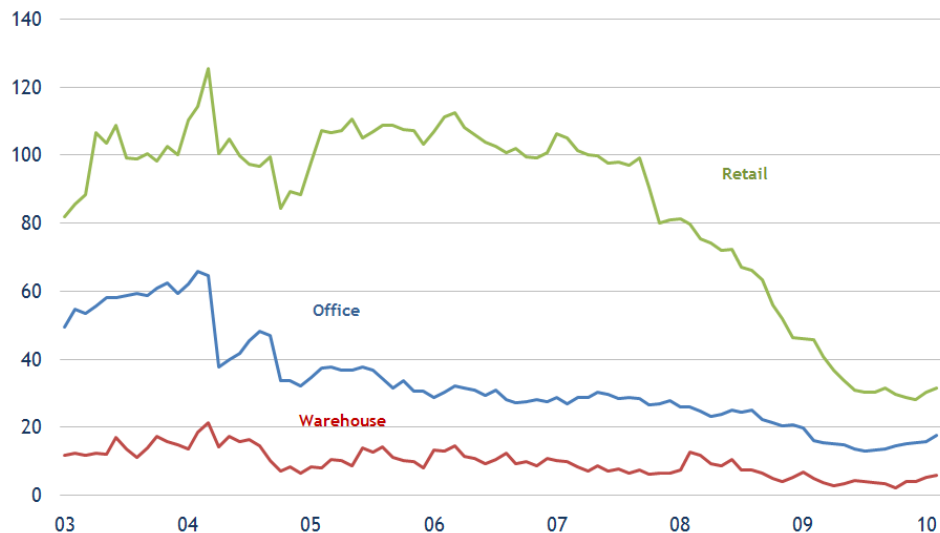


Source: McGraw-Hill/TWR Pipeline

Total space in the final planning or bid phase increased 7% in February. All three sectors improved.

U.S. Commercial Construction in the Final Planning or Bid Phase

SF in Mill. (thru February)



Source: McGraw-Hill/TWR Pipeline

Note: TWR/Dodge Pipeline tracks commercial real estate projects through development phases.

Final planning—projects moving toward final approvals with a high probability that a construction contract will be awarded within the next six months

Bid—projects that have been finalized, are put out to bid by general contractors, are very close to being awarded, and have a very high probability of coming to market

Under way—projects that are under construction

Deferred—projects delayed at any point in the planning cycle for reasons including problems with financing or design approvals or deterioration in market conditions

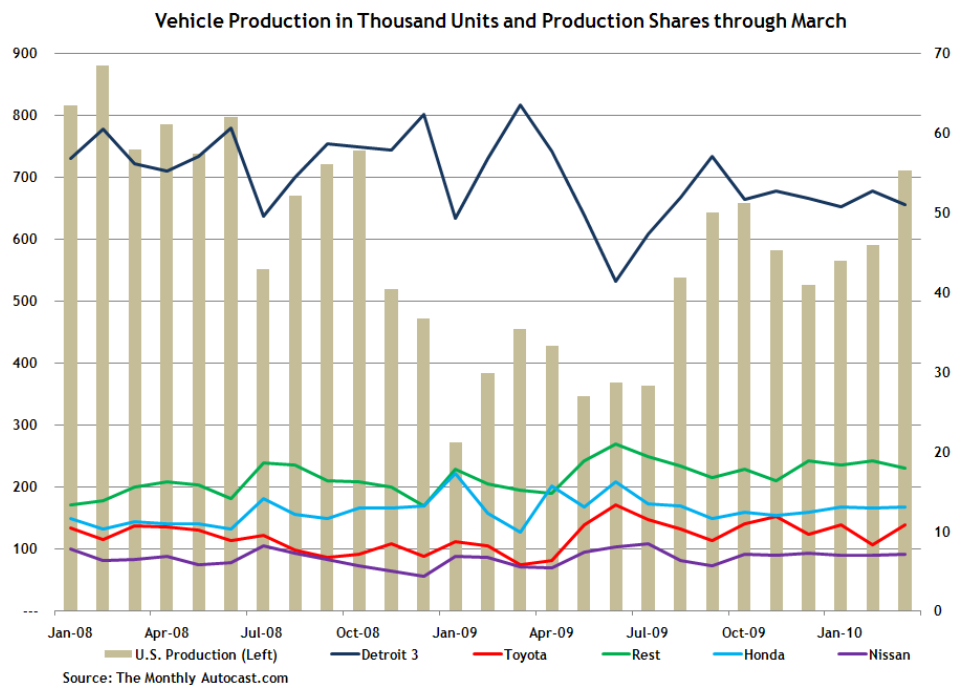
Auto Production

Summary

U.S. vehicle production in March jumped 20% ahead of February 2010 and 56% from depressed levels in March 2009.

Ford, GM, and Toyota accounted for more than two-thirds of the increase in auto production during the February-March period.

However, the near-term production outlook is still troubled by market uncertainties.



- U.S. carmakers continued to report increases in vehicle production in March from February and depressed levels in March 2009. However, gains in production are still uneven across manufacturers and vehicle segments. About two-thirds of the increase in vehicle assemblies in March came from Toyota, Ford, and GM, companies that benefited from a strong consumer response to their incentive programs.
- According to industry contacts, most automakers are still careful to set production plans ahead of demand levels. Although the 26% jump in vehicle sales in March to an annual selling rate of 11.7 vehicles was encouraging, it was below the 12 million-plus figure most analysts expected. The near-term production outlook, however, should be helped by below-average inventory levels and an improving economy.
- According to WARD's data, ending March inventories were at the 53-day-supply reading, down from 67 at the end of February 2010. According to contacts, March's inventory levels are about 17 days below the historical norm for this time of year.
- Near-term prospects are still uncertain for idled or suspended regional assembly plants. GM has decided not to reopen its old Springhill, Tenn., facility, which has been on standby. Recently some Japanese media reported that Toyota planned to begin operations at Tupelo, Miss., in June 2011. The company, however, quickly denied the report. In the current atmosphere of uncertainty, news reports from Mississippi suggest that Toyota will not open its Blue Springs plant before 2012, if ever.