WEEK IN REVIEW

October 27-31, 2008

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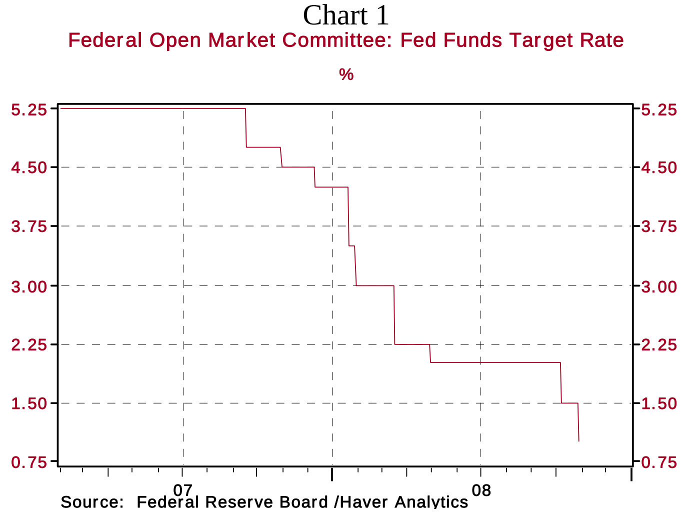
Fed Maintains Aggressive Stance in Crisis

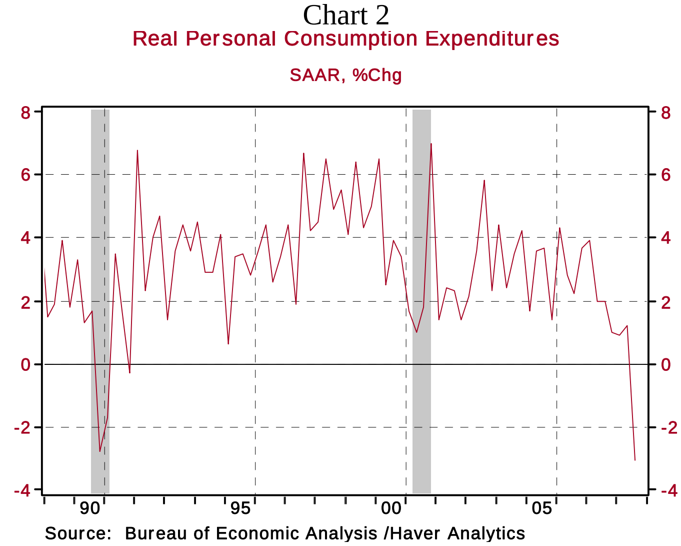
The Fed took aggressive action once again and lowered the federal funds rate 50 bps to 1.00% on October 29, putting the total amount of easing at 425 bps since September 18, 2007. It was a unanimous vote. The discount rate was also cut by 50 bps to 1.25%.

Chart 1



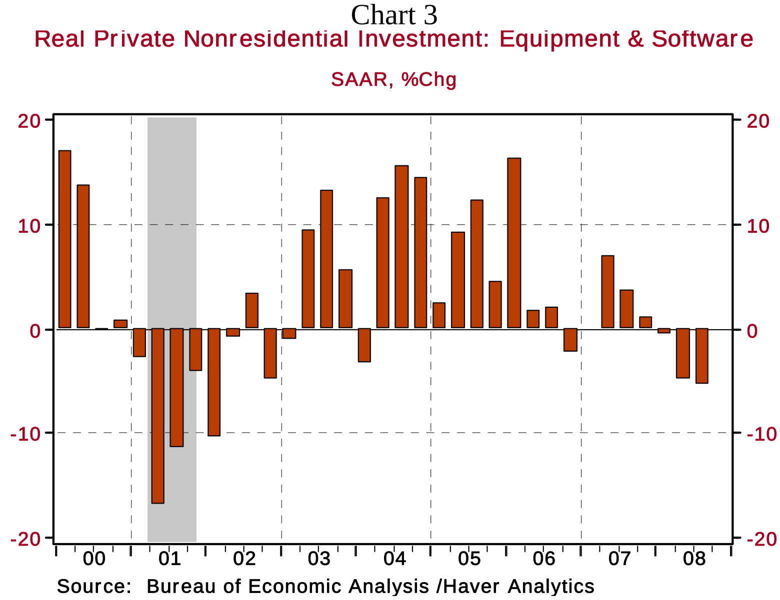
On October 8, the FOMC statement indicated that economic activity has weakened, while particular sectors were not mentioned. By comparison, the October 29 statement describes slowing conditions but also notes explicitly that the major culprit is consumer expenditures. This aspect was confirmed after the GDP report was published on October 30. In the third quarter, consumer spending fell at annual rate of 3.1%, the first quarterly decline since the fourth quarter of 1991.

Chart 2



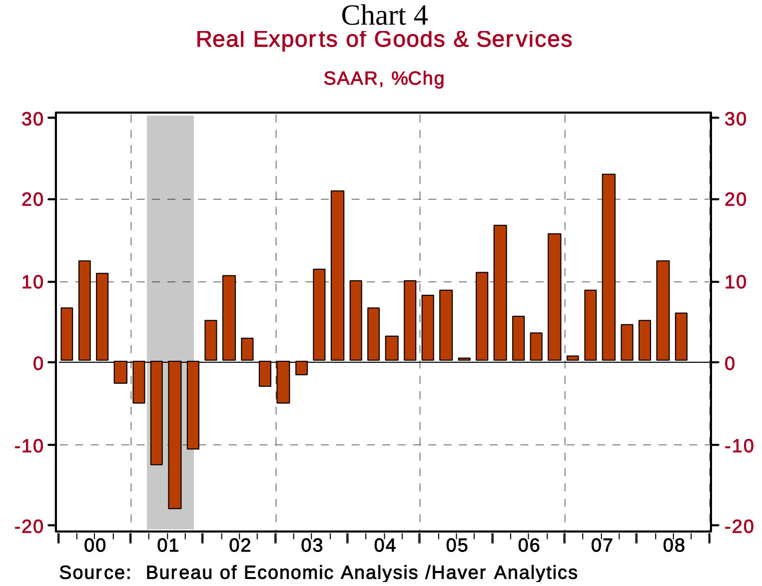
The statement also noted that "*business equipment spending and industrial production have weakened.*" Weakness in capital spending (-5.5%) in the third quarter of 2008 marks the third consecutive quarterly drop (see chart 3). The projected decline in consumer spending points to continued weakness in capital spending in the near term.

Chart 3



"Damping prospects for exports" as a result of "slowing economic activity in many foreign economies" featured in the policy statement. Exports have advanced at a robust clip for several quarters (see chart 4). Substantiating the policy statement, lower forecasts for world GDP excluding the U.S. economy as a result of the financial turmoil that is underway and the recent appreciation of the dollar suggest that exports are most likely to make a more muted contribution to GDP going forward.

Chart 4



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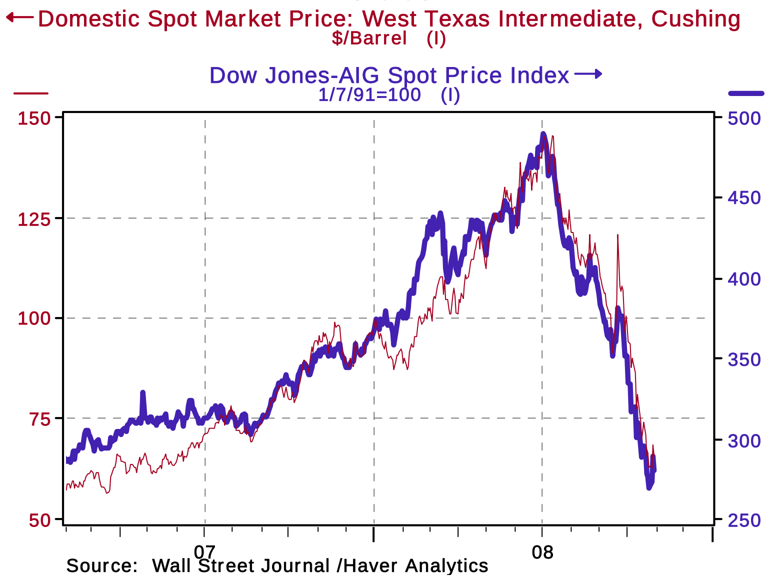
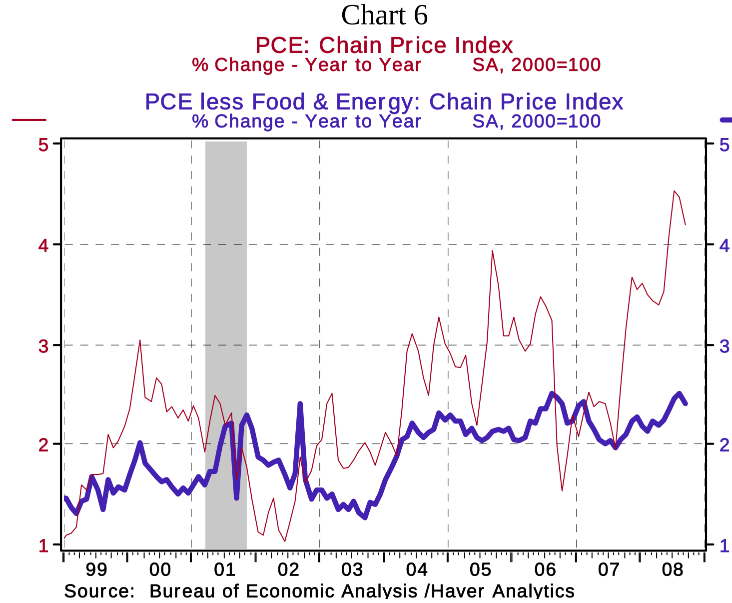
Another significant change in the policy statement compared with the October 8 message pertained to inflation, which is not surprising given the recent development in energy and commodity prices. The statement noted that "*the Committee expects inflation to moderate in coming quarters to levels consistent with price stability*." By contrast, the October 8, 2008 policy statement mentioned that "the decline in energy and other commodity prices and the weak prospects for economic activity have reduced the upside risks to inflation."

Chart 5



In addition, the latest inflation data indicate that inflation has probably peaked for the current business cycle (see chart 6).

Chart 6



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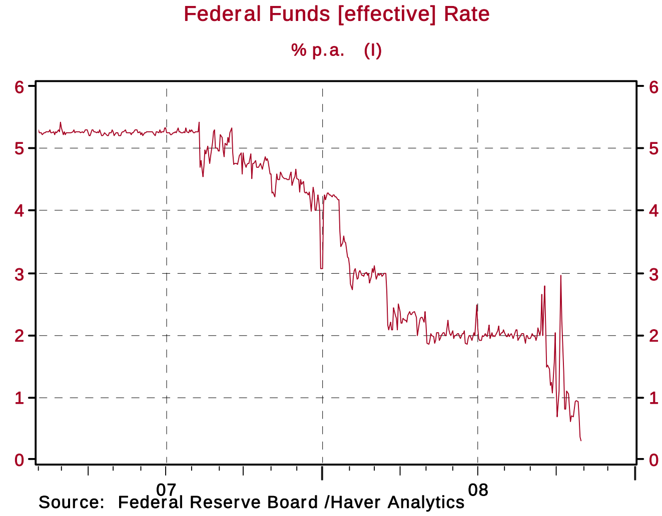
The FOMC statement also noted that *"the intensification of financial market turmoil is likely to exert additional restraint on spending, partly by further reducing the ability of households and businesses to obtain credit."* Future Senior Loan Officers Surveys should indicate if credit availability is improving. The effective federal funds rate continues to hold below the target rate. Market spreads in money and credit markets have improved marginally and for the most part show a mixed performance. The financial market crisis is far from the end still.

Chart 7



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Bank of Japan Offers A Trick While Other Asian Countries Hand Out Treats

Most analysts had expected the Bank of Japan (BoJ) to issue a 25 basis point rate cut this morning as a symbolic gesture to the markets that it was willing to help, even though reducing the benchmark rate from 0.50% to 0.25% would have little actual impact. Instead, Tokyo traders were greeted with a 20 basis point rate cut, with a 4-4 vote by the Monetary Policy Board that was broken by the BoJ Governor. Indeed, this sent mixed messages to the markets, who lost confidence in the central bank's ability to take decisive action. The Nikkei promptly fell by just over 5% to end the week, and will not have much momentum heading into November.

The economic outlook report reflected a significant deterioration in conditions, with GDP growth falling to +0.1% for FY2006-09 (April-March) from a previous expectation of +1.2%, and FY2009-10 was downgraded to +0.6% from +1.5%. Along with the sobering report, BoJ officials said that uncertainty about the outlook is "very high" and the central bank would be focusing on downside risks for now.

Japan's rate cut was the last in a series of policy changes throughout Asia, most coinciding with the US Fed's cut on October 29. China cut its lending and deposit rates by 27 basis points, to 6.66% and 3.60%, respectively, shortly before the Fed eased. On October 30, South Korea signed onto a $30 billion swap deal with the Fed, guaranteeing a deep reserve of dollars

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to tap in case of liquidity problems over the next six months. Seoul markets rallied, hoping that this new security would put an end to won speculation and mark the turning point toward recovery next year.

Other emerging markets that the Fed extended the $30 billion swap line to include Brazil, Mexico, and Singapore. These countries, along with South Korea, were chosen because of their systemic importance, well-managed financial systems, and because of their critical need for dollars in the near-term. Most likely, the Fed felt as if preserving these large, strategically-located economies would stem some regional contagion.

In conjunction with the Fed, the Hong Kong Monetary Authority cut an identical 50 basis points. Taiwan cut a smaller 25 bps down to 3.00%, the third cut in about a month.

Highlights from U.S. Economic Reports

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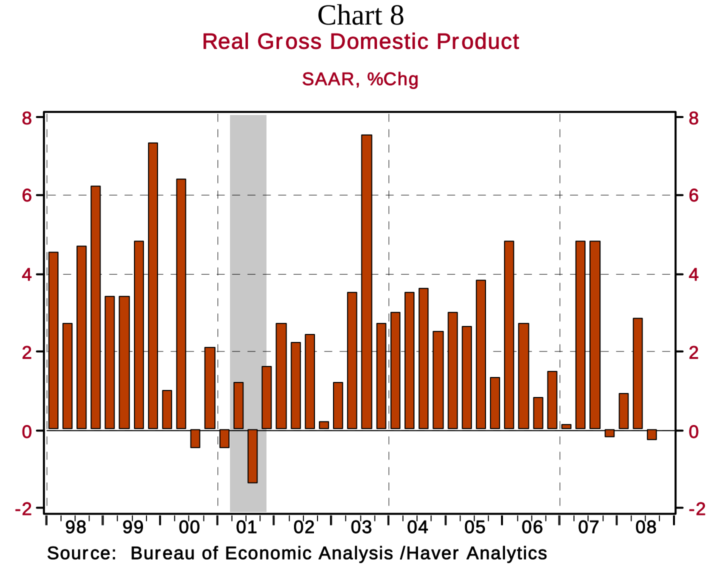
Real GDP – 2008:Q3 Advance Estimate

Details Are Grimmer Than the Headlines

Real gross domestic product fell 0.3% in the third quarter, after a boost from tax-rebate dollars lifted growth in the second quarter to an annual rate of 2.8%. The decline in real GDP as seen from the headline is sobering but less troublesome than the details.

Chart 8



Government spending grew at an annual rate of 5.8% in the third quarter, with defense spending advancing at an annual rate of 18.1%. Non-defense spending moved up 4.8% and state and local government outlays rose 1.4%. Excluding the government sector, the real gross value added by the nonfarm business sector is more informative of the underlying business conditions. In the third quarter, real gross value added dropped at an annual rate of 1.7% after a 2.8% increase in the second quarter.

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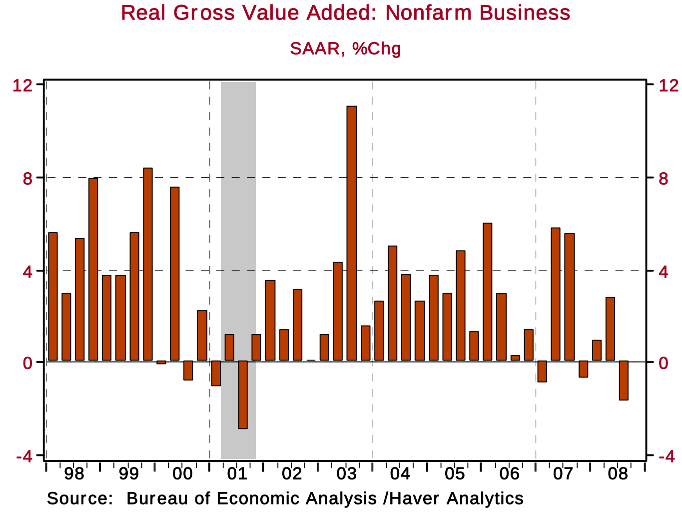
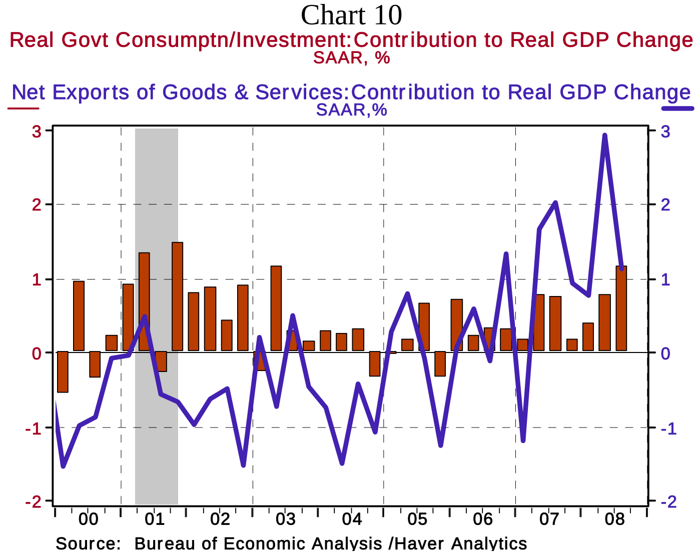
Chart 9



Government spending contributed 1.15% to the headline GDP, with the defense component accounting for the lion share (+0.9%) of the increase. Going forward, state and local government spending is likely to be weaker than the already tepid growth seen in the past few quarters. Governors of New York and New Jersey have already approached the federal government for aid. The State of California is grappling with budgetary problems. The ripple effects of the housing market and financial crisis have already appeared and additional revenue setbacks for state and local governments should be expected.

The contribution of net exports to growth of real GDP in the third quarter (1.13%) was close to that of government spending. However, economic growth in foreign economies has slowed and projections show weaker world economic growth (even excluding the U.S.) in the quarters ahead compared with forecasts prior to the intensification of the financial turmoil. Therefore, we should not expect exports to make a similar hefty contribution to GDP in the near term.

Chart 10



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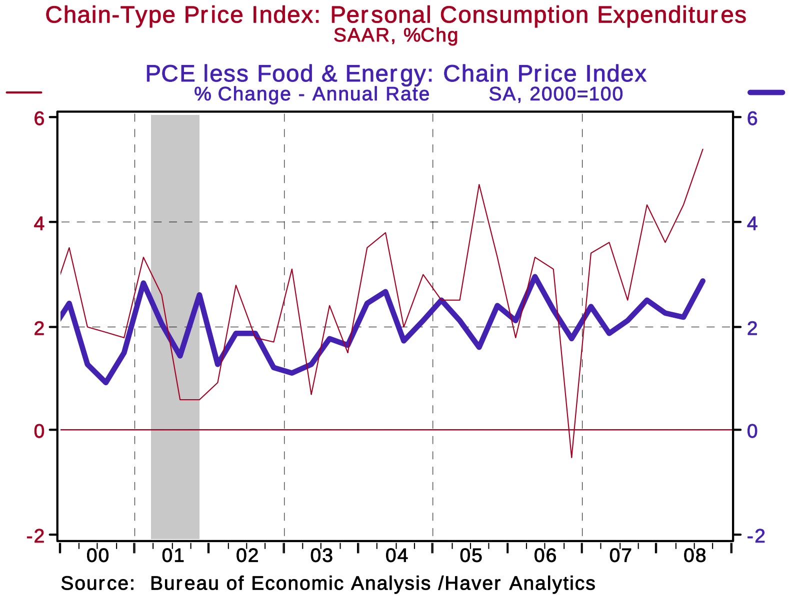
Among the other major components of GDP, consumer spending fell at annual rate of 3.1% in the third quarter, the first quarterly decline since the fourth quarter of 1991 when consumer spending dropped at an annual rate of 0.3%. The magnitude of the decline in consumer spending is the largest since the second quarter of 1980, when some households literally were cutting up their credit cards. Given the strained balance sheets of households, the likely third quarter loss in net worth of households, and significantly weak economic conditions, additional declines in consumer spending are nearly certain (see chart 2).

In the third quarter residential investment declined at an annual rate of 19.1%, which exceeds the 13.3% drop in the second quarter. Faint signs of stability in sales of homes emerged only in September, implying that the subsequent quarters should show a deceleration in the pace of declines in activity in the housing sector.

The personal consumption expenditure price index moved up 5.4% and the core personal consumption expenditure price index excluding food and energy rose 2.9% in the third quarter. Inflation is a lagging economic indicator, with a moderation in inflation strongly likely in the quarters ahead. The drop in energy and commodity prices combined with subpar performance of the economy has removed the inflation problem from the radar screen.

Chart 11



Equipment and software spending (capital spending) fell 5.5% in the third quarter, marking the third consecutive quarterly decline. In light of the projected weakness in economic conditions, capital spending is another component of GDP that will show a declining trend. Office and retail mall vacancy rates will be adversely affected due to the weakness of consumer spending. In turn, this will translate into slower growth of the structures component of business spending.

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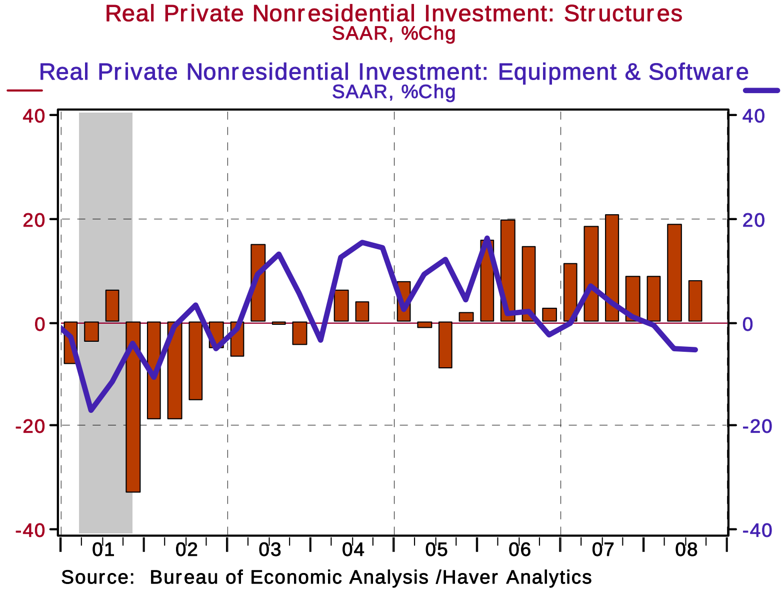
Chart 12



Conclusion – The National Bureau of Economic Research (NBER) will eventually announce the onset of a recession. Based on the NBER's methodology, the recession appears to have commenced in the fourth quarter of 2007/first quarter of 2008. In terms of real GDP, the peak was in the second quarter of 2008. The question now is about the depth and duration of the recession. In the post war period, the median duration of a recession has been 10 months and median drop in real GDP from the peak-to-trough is a 1.9% annualized decline. How will the current recession compare with prior history? In our estimation, the depth and duration will err on the side of being slightly higher than the historical median given the nature of the credit crisis that is underway. Congress is supposedly working on a second stimulus package which could moderate the weakness in economic activity. We will be revising our forecast in the event that taxpayers receive another "borrowed government gift" in the mail to finance their expenditures.

Table 1 Real GDP – Depth and Duration in the Post War Period

Business Cycle Peak to Trough	Business Cycle Peak to Trough	Duration of recession	Decline in GDP Peak to Trough	Decline in GDP Peak to Trough, ann.
1948:Q4 - 1949:Q4	Nov. 1948 - Oct. 1949	11 months	-1.69%	-1.69%
1953:Q2 - 1954:Q2	Jul. 1953 - May 1954	10 months	-2.56%	-2.56%
1957:Q3 - 1958:Q2	Aug.1957 - Apr. 1958	8 months	-3.18%	-4.21%
1960:Q2 - 1961:Q1	Apr. 1960 - Feb. 1961	10 months	-0.54%	-0.72%
1969:Q4 - 1970:Q4	Dec. 1969 - Nov. 1970	11 months	-0.17%	-0.17%
1973:Q4 - 1975:Q1	Nov. 1973 - Mar 1975	16 months	-3.10%	-2.49%
1980:Q1 - 1980:Q3	Jan 1980 - Jul 1980	6 months	-2.18%	-4.32%
1981:Q3 - 1982:Q4	Jul 1981 - Nov 1982	16 months	-2.63%	-2.11%
1990:Q3 - 1991:Q1	Jul 1990 - Mar 1991	8 months	-0.14%	-0.28%
2001:Q1 - 2001:Q4	Mar 2001 - Nov 2001	8 months	0.35%	0.46%

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Table 2 Real Gross Domestic Product 2008:Q3 Advance Estimate

	Levels (Billions of chained 2000 dollars)			Percent Change (SAAR)		
	08:2 Final	08:1 Final	08:3 Advance	From 07:4 to 08:1	From 08:1 to 08:2	From 08:2 to 08:3
GDP	11646.0	11727.4	11720.0	0.9	2.8	-0.3
CONSUMPTION	8316.1	8341.3	8275.2	0.9	1.2	-3.1
DURABLE GOODS	1237.0	1228.3	1182.5	-4.3	-2.8	-14.1
NONDURABLE GOODS	2397.9	2420.7	2380.7	-0.4	3.9	-6.4
SERVICES	4704.3	4712.1	4719.2	2.4	0.7	0.6
INVESTMENT	1754.7	1702.0	1693.7	-5.8	-11.5	-1.9
FIXED INVESTMENT	1762.4	1754.9	1729.8	-5.6	-1.7	-5.6
NONRESIDENTIAL	1423.1	1431.8	1428.3	2.4	2.5	-1.0
STRUCTURES	326.4	340.5	347.0	8.6	18.5	7.9
EQUIPMENT & SOFTWARE	1088.6	1074.7	1059.6	-0.6	-5.0	-5.5
RESIDENTIAL	383.0	369.6	350.5	-25.1	-13.3	-19.1
CHG. BUS. INVENT.	-10.2	-50.6	-38.5			
NET EXPORTS	-462.0	-381.3	-350.0			
EXPORTS	1500.6	1544.7	1567.0	5.1	12.3	5.9
IMPORTS	1962.6	1926.0	1916.9	-0.8	-7.3	-1.9
GOVERNMENT (Cons. & Invest.)	2039.1	2058.9	2088.3	1.9	3.9	5.8
FEDERAL	772.6	785.0	810.8	5.8	6.6	13.8
DEFENSE	518.9	528.1	550.6	7.3	7.3	18.1
OTHER	253.2	256.3	259.4	2.9	5.0	4.8
STATE AND LOCAL	1266.7	1274.4	1278.9	-0.3	2.5	1.4
DISP. PERS. INC.	8680.0	8914.6	8715.1	-0.1	11.9	-8.7
FINAL SALES	11653.7	11778.8	11755.2	0.9	4.4	-0.8
FINAL SALES TO DOM. PURCHASERS	12113.3	12153.0	12097.5	0.1	1.3	-1.8
PRICE DEFLATORS:						
GDP CHAIN TYPE	121.6	122.0	123.2	2.6	1.1	4.2
GDP EX. FOOD & ENERGY				2.0	1.5	3.4
PCE CHAIN TYPE	120.3	121.5	123.2	3.6	4.3	5.4
PCE EX. FOOD & ENERGY	116.2	116.8	117.6	2.3	2.2	2.9

Consumer Spending and Personal Income-September 2008

Consumer spending dropped 0.3% in September, following two months of steady readings. However, after adjusting for inflation, consumer spending has dropped in three out of the last three months. In September, inflation adjusted consumer spending declined 0.4% after a nearly flat reading in August (+0.02%).

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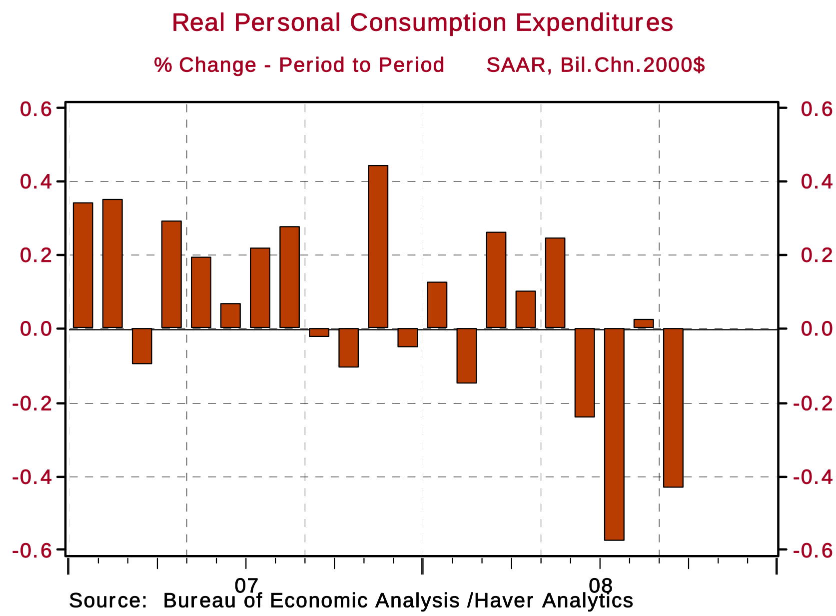
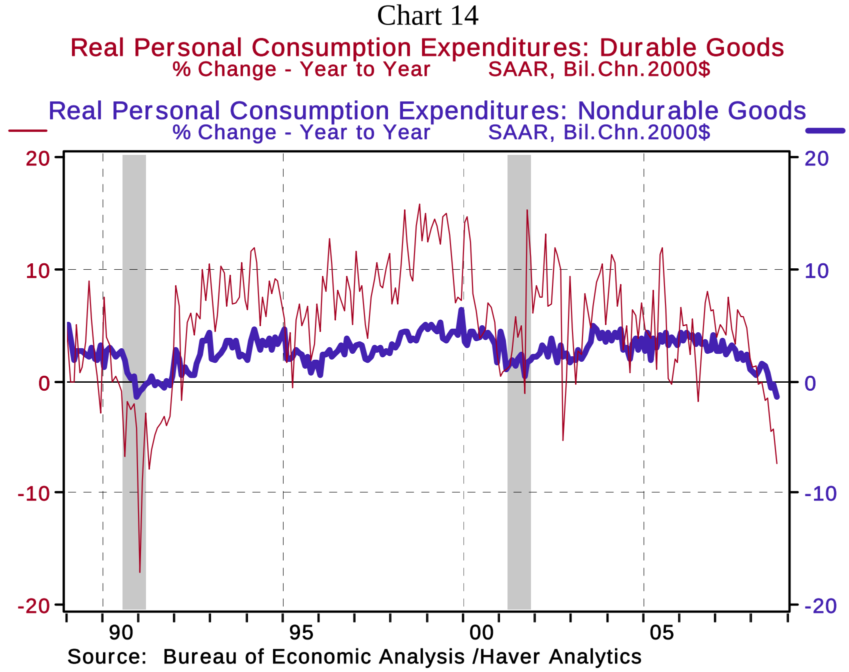
Chart 13



In September, orders of durable goods (-2.9%) and non-durable goods (-0.8%) fell and the recent trend (see chart 14) is more foreboding because the third quarter is only the beginning of a several more quarters of weakness in consumer spending.

Chart 14



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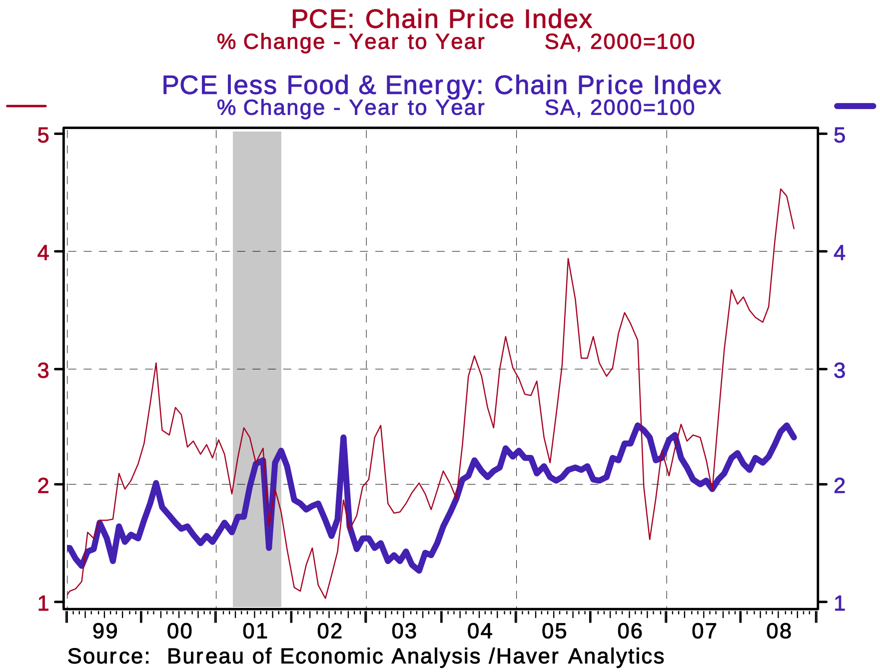
Personal income moved up 0.2% during September after a 0.4% gain in August. Saving as percent of disposable personal income increased to 1.3%, the largest monthly gain since February 2007, excluding the three monthly gains in the May-July months due to tax rebates.

In September, inflation, as measured by the personal consumption expenditure price index, rose 4.19% from a year ago. Core inflation, as measured by the personal consumption expenditure price index excluding food and energy, increased 2.40% from a year ago. Both these price indexes appear to have peaked in July/August (see chart 15). These readings are consistent with the fact that inflation is a lagging economic indicator. The preliminary evidence that inflation has probably peaked and the weak growth path of the economy envisioned for 2009 suggest a moderation of inflation in the months ahead. The FOMC statement of October 29 shares this prediction.

Chart 15



Employment Cost Index 2008:Q3 – Wage Pressures Are Absent

The Employment Cost Index (ECI) increased 0.7% in the third quarter, matching the gains seen in second quarter. The increase in both major component of ECI -- wages and salaries (+0.7%) and benefit costs (+0.6%) – mere similar to the gains in the second quarter. On a year-to-year basis, the ECI moved up 2.9%, down from a cycle of a 3.5% jump in the first quarter of 2007. In other words, wage pressures are not a burning issue.

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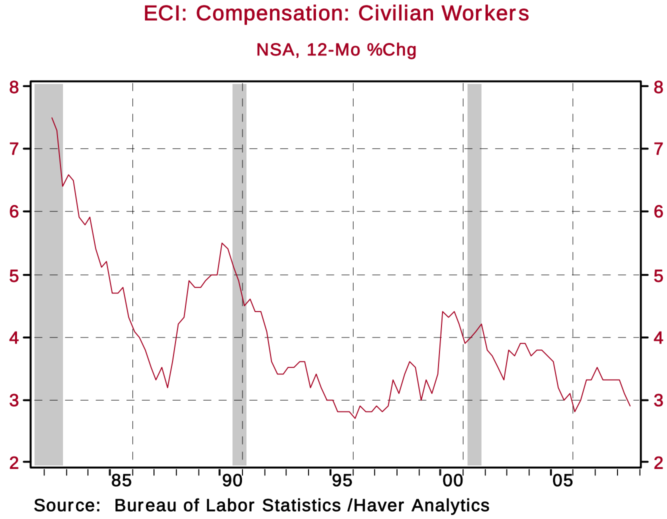
Chart 16

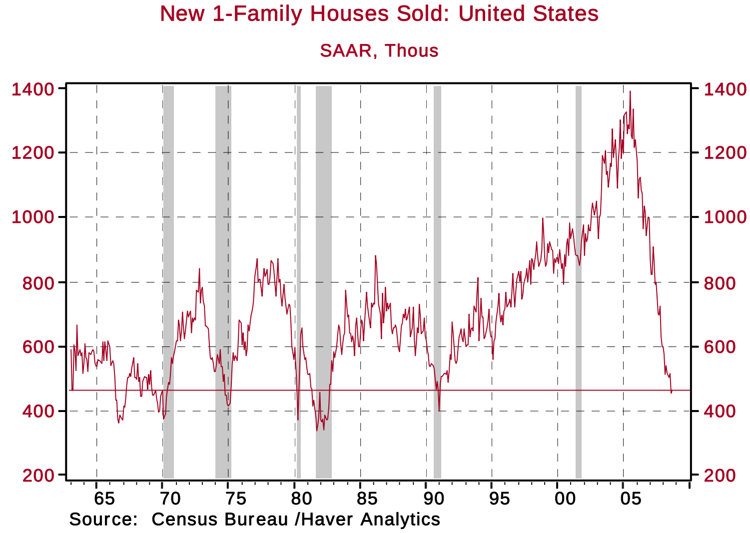


New Home Sales – September 2008

Falling Prices Lift Sales of New Homes

Sales of new single-family homes rose 2.7% to an annual rate of 464,000 in September. Purchases of new single-family homes are down 66.6% from the peak in July 2005 (1.389 million units, see chart 17). The August sales mark of 452,000 units appears to be the bottom for the current business cycle. Similar to sales of existing homes, sales of new homes rose sharply in the West (+22.7%), with sales advancing slightly in the South (+0.7%) but declining in the Midwest (-5.8%) and Northeast (-21.4%).

Chart 17



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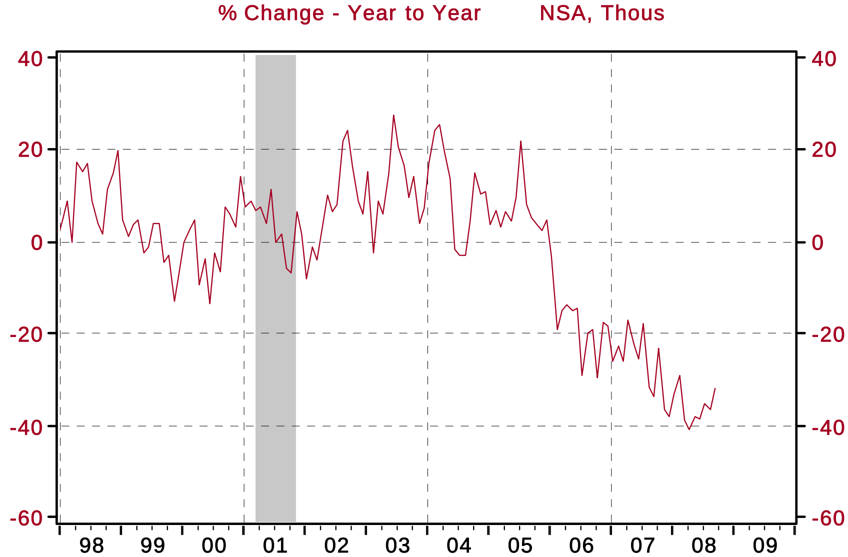
On a year-to-year basis, sales of new single-family homes declined 32.1% in September compared with a 41.0% drop in April. The deceleration in the pace of declines in home sales on a year-to-year basis since April 2008 is an encouraging sign.

Chart 18

New 1-Family Houses Sold: United States



Source: Census Bureau /Haver Analytics

Table 3 – Sales of new single-family homes across business cycles

Recession - Economy	Peak of Sales New Single-Family Homes Date	000s units	Trough of Sales New Single-Family Homes Date	000s units	Peak-to-trough change (percent)
Dec. 69-Nov.70	Feb-69	524	Feb-70	373	-28.82%
Nov. 73-Mar.75	Oct-72	843	Jan-75	416	-50.65%
Jan.80-Jul. 80	Oct-78	872	Apr-80	370	-57.57%
Jul.81-Nov. 82	Aug-80	659	Apr-82	339	-48.56%
Jul. 90-Mar.91	Jul-89	731	Jan-91	401	-45.14%
Mar. 01-Nov. 01	Dec-00	983	Sep-01	853	-13.22%
Current cycle	Jul-05	1389	Aug-08	452	-67.46%
			Sep-08	464	-66.59%

The median price of a new single-family home dropped to $218,400 in September, down 9.1% from a year ago. The median price of a new single-family home is down 16.8% from its peak in March 2007.

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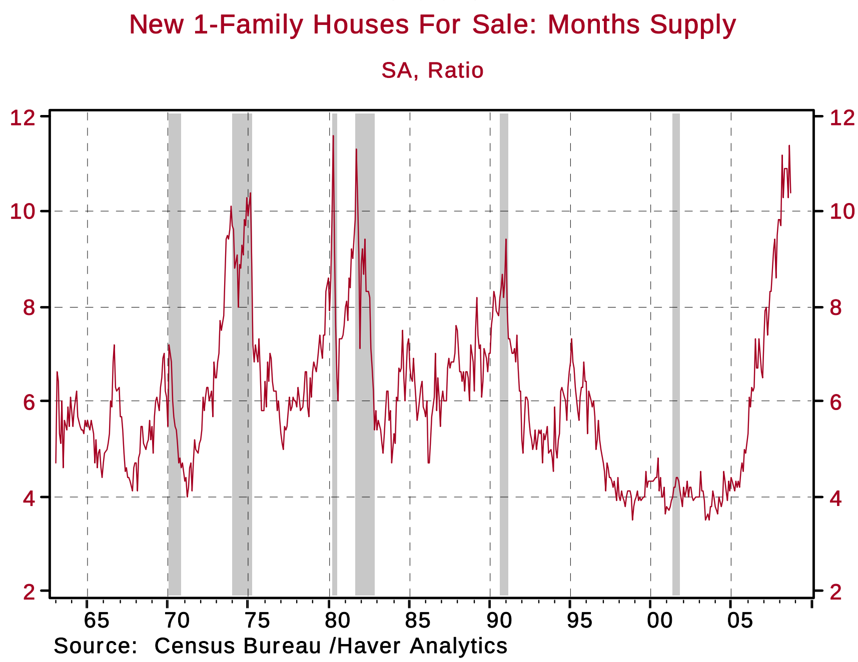
Table 4 Median price of new single-family homes across business cycles

Recession - Economy	Peak of Median Price Single-Family New Home Date	$	Trough of Median Price Single-Family New Home Date	$	Peak-to-trough change (percent)
Dec. 69-Nov.70	May-69	26,900	Oct-70	22,100	-17.84%
Nov. 73-Mar.75	Dec-73	35,700	Jan-74	34,200	-4.20%
Jan.80-Jul. 80	Sep-79	66,000	Dec-79	61,500	-6.82%
Jul.81-Nov. 82	Aug-81	72,600	Feb-82	65,700	-9.50%
Jul. 90-Mar.91	Apr-90	130,000	May-92	113,000	-13.08%
Mar. 01-Nov. 01	Dec-01	180,200	Sep-01	166,400	-7.66%
Current cycle	Mar-07	262,600	Sep-08	218,400	-16.83%

The inventory of unsold new single-family homes dropped to a 10.4-month supply from an 11.4-month mark in August. The downward trend is a positive factor. But the elevated level continues to suggest that additional declines in home prices are nearly certain.

Chart 19



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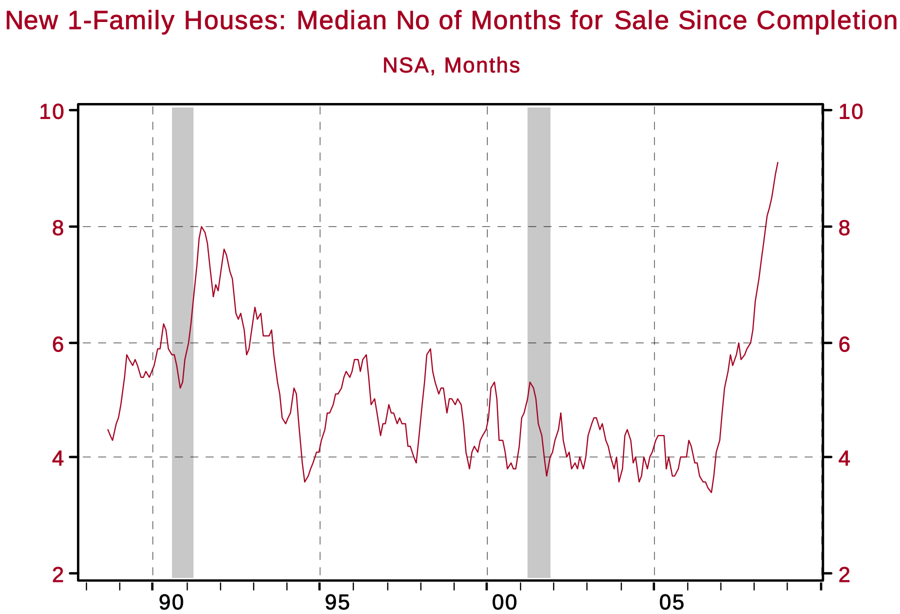
The median number of months to sell a new single-family home is 9.1-months up from 5.8-months a year ago (see chart 20).

Chart 20



Source: Census Bureau /Haver Analytics

Durable Goods Orders (September 2008)- Defense and Aircraft Help to Raise Total Durable Goods Booking, but Trend is Weak

Orders of durable goods rose 0.8% in September following a downwardly revised 5.5% drop in August (previously reported as a 4.8% decline). The 19.6% and 29.7% gain in bookings of defense items and aircraft, respectively, helped to raise total durable goods orders in September. Excluding transportation orders of durable goods fell 1.1%, and excluding defense bookings orders of durable goods dropped 0.6% in September.

	DURABLE GOODS ORDERS - % CHANGE M-M				
DATE	TOTAL	DEFENSE	NON-DEFENSE CAPITAL GOODS	NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT	COMPUTERS AND ELECTRONIC PRODUCTS
Mar-08	-0.2	-13.2	1.4	-1.0	0.9
Apr-08	-1.0	3.3	-2.4	3.1	-2.0
May-08	0.1	14.1	0.0	-0.3	2.8
Jun-08	1.4	15.4	-2.3	1.6	1.0
Jul-08	0.7	-19.6	3.5	0.3	-4.5
Aug-08	-5.5	8.4	-7.7	-2.2	2.0
Sep-08	0.8	19.6	0.8	-1.4	-1.4

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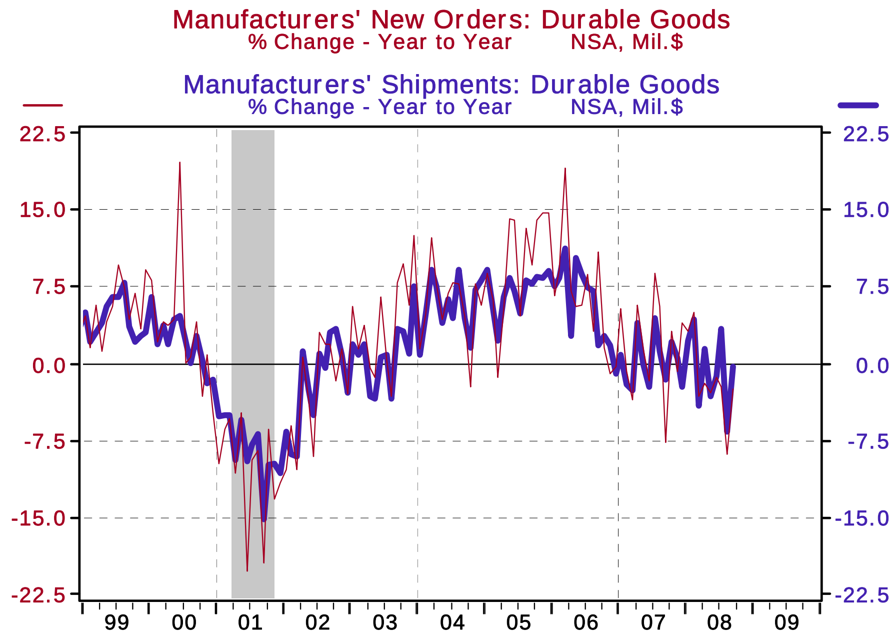
On a year-to-year basis, orders of durable goods have dropped in each of the last seven months (see chart 21). Orders of non-defense capital goods dropped 1.4% in September, after a 2.2% drop in the prior month.

Chart 21



Source: Census Bureau /Haver Analytics

Shipments of durable goods moved up 0.2% in September, after posting a 4.2% drop in August. Shipments of non-defense capital goods excluding aircraft advanced 2.0% in September. Shipments of durable goods have declined in five out of the last seven months. After adjusting for inflation, shipments of non-defense capital goods excluding aircraft, the major input for capital spending in the GDP report, fell at an annual rate of 4.6% in the third quarter. If the direction of this estimate is accurate, capital spending would record the third consecutive quarterly drop in the third quarter of 2008. The third quarter GDP report will be published on October 30.

DURABLE GOODS SHIPMENTS- % CHANGE M-M				
DATE	TOTAL	NON-DEFENSE CAPITAL CAPITAL GOODS	NON-DEFENSE CAPITAL GOODS EX-AIRCRAFT	COMPUTERS AND ELECTRONIC PRODUCTS
Mar-08	-0.9	0.3	0.8	-0.8
Apr-08	1.8	1.8	1.0	5.9
May-08	-1.2	-0.2	0.2	-2.7
Jun-08	0.9	0.7	0.6	-3.6
Jul-08	2.2	1.2	0.3	6.0
Aug-08	-4.2	-3.3	-2.1	-5.6
Sep-08	0.2	1.5	2.0	-2.1

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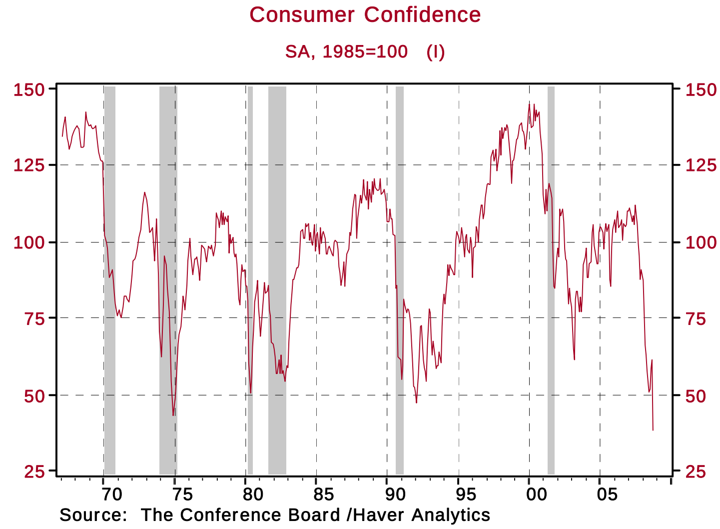
Consumer Confidence – October 2008

Consumer Confidence Index Plunges to New Low

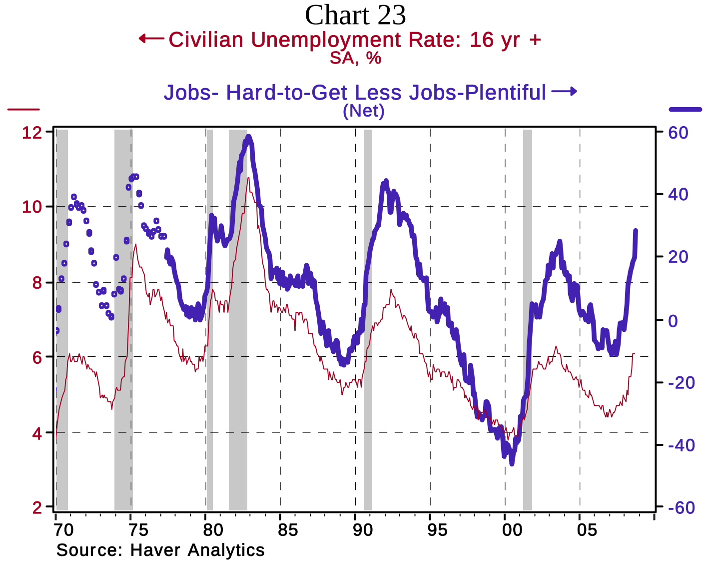
The Conference Board's Consumer Confidence Index fell to 38.0 in October, the lowest on record. The slump in consumer confidence should not be surprising given the financial and economic turmoil that is underway. The Present Situation Index (41.9 vs. 61.1 in September) and Expectations Index (35.5 vs. 61.5 in September) both fell but the decline of the Expectations Index was larger.

Chart 22



Consistent with weak labor market conditions, the Jobs-Hard-to-Get Index rose 5 points to 37.2, a new cycle high. The Jobs-Plentiful Index fell 3.7 points to 8.9 in October. The net of these two indexes is 28.3, a new high (see chart 23). Based on these readings, the civilian unemployment rate for October should be higher than the 6.1% reading in September.

Chart 23



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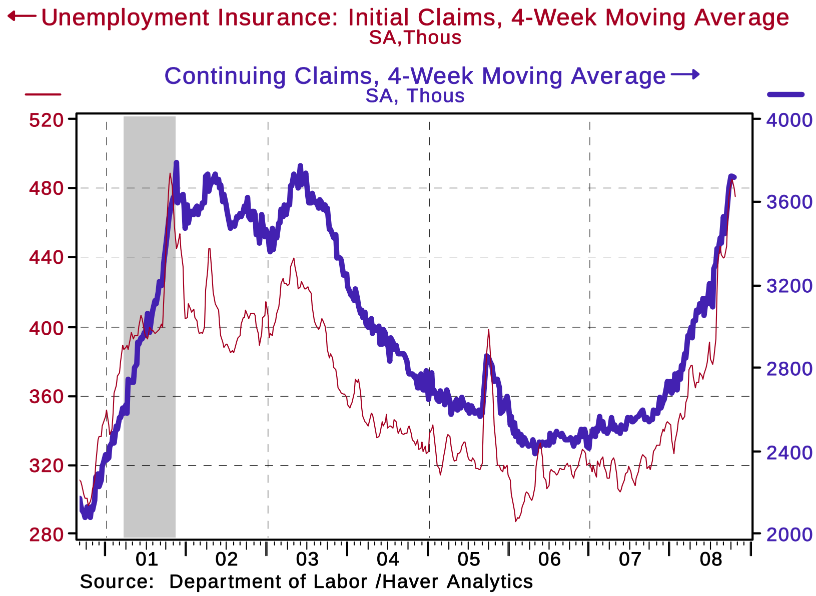
Initial Jobless Claims

Message from Jobless Claims Is Unchanged

Initial jobless claims held steady at 479,000 during the week ended October 25. Continuing claims, which lag initial claims by one week, fell 12,000 to 3.715 million and the insured unemployment rate held steady at 2.8% for the third straight week. We will be watching these numbers closely to identify the turnaround. As of October 2008, the probability of firms expanding payrolls is small.

Chart 24



International Economic Highlights

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Deteriorating Outlook in Germany and the Euro-zone

Last week's PMI surveys for the Euro-zone and various of its countries warned that the outlook for Q4 is deteriorating sharply. To date, the strongest of the major Euro-zone economies clearly has been Germany, which may actually escape a technical recession if consumer demand keeps Q3 real GDP growth in positive territory. However, this week's October Ifo business climate index for Germany – a poll of around 7,000 firms from this key exporting nation – deteriorated for the fifth consecutive month, coming in at just 90.2, down from 92.9 in September and the lowest reading in five-and-a-half years. The gauge of current conditions stalled at 99.9 (99.8 in September) but the big news was the expectations index, which dropped from 86.5 last month to 81.4 in October. This is the lowest expectations reading since the survey began back in 1990. Last week's PMI surveys from Germany also painted a very gloomy picture, with the manufacturing new orders index dropping to 39.3, the lowest since the series began in 1996, and business expectations in the services sector dropping to 34.3, the lowest since that series began in 1997.

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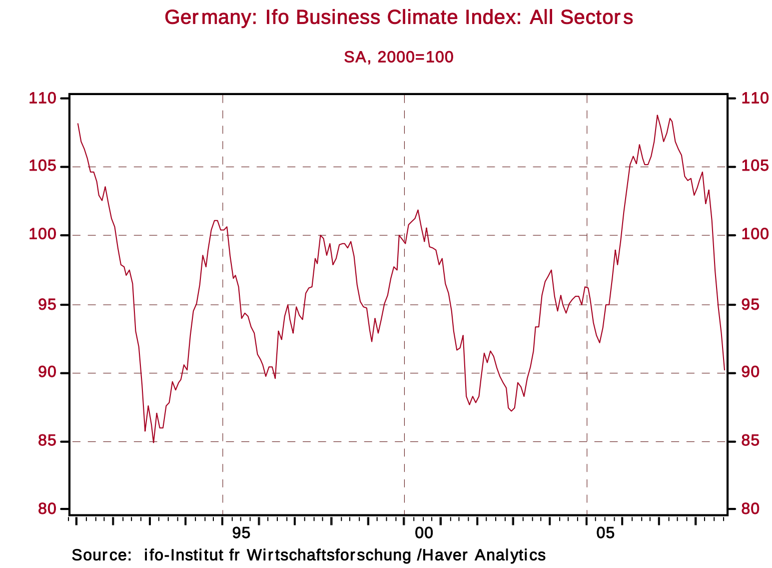
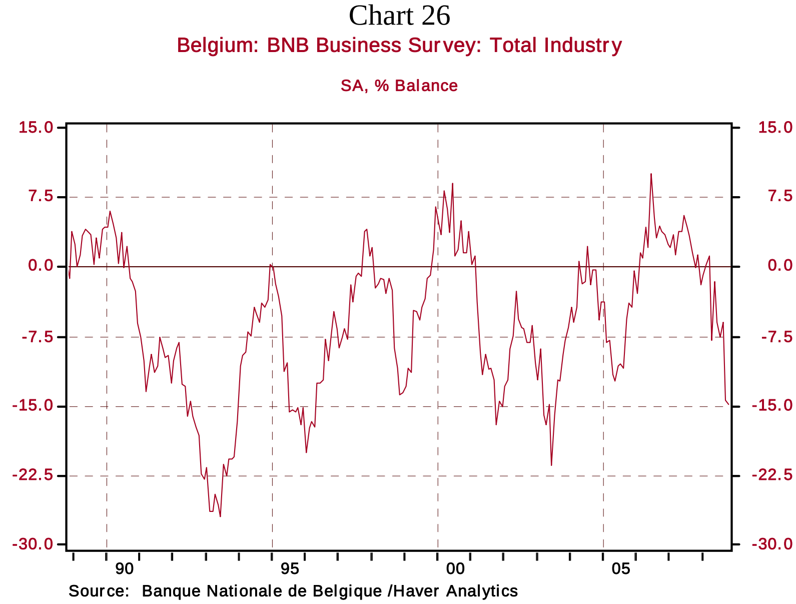
Chart 25



The sharp drop in demand for German exports, along with the impact of the ongoing global credit crunch on its financial sector, look set to push Germany's real GDP back into negative territory in Q4, and the risk is increasing of a sustained slowdown through the first half of 2009.

That being said, it may seems surprising that one of our favorite Euro-zone leading economic indicators dipped only slightly this month. The Belgian National Bank business confidence index (a leading indicator for Euro-zone growth about six months out), released last week, came in at -14.8, down from -14.1 in September.

Chart 26



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However, recall that September's drop was particularly sharp, and that the bulk of the October survey was conducted earlier in the month. With very pessimistic business morale and PMI surveys coming out of Germany, France, Italy, and Spain in recent days it is highly likely that the Belgian indicator is merely taking a breather this month before a renewed downturn in November.

Given the increasing risk that the Euro-zone will suffer three or more consecutive quarters of real GDP (the first having come already in Q2), and with other central banks easing this week, the European Central Bank is likely to cut its refi rate again at the next policy meeting on November 6.

U.S Highlights for Next Week

1. **ISM Manufacturing Survey** [Nov. 3] **–** The consensus for the manufacturing ISM composite index is 41.5 vs. 43.5in September.
2. **Employment Situation** [Nov. 7] **–** Payroll employment in October is predicted to have dropped 200,000 following a decline of 159,000 in the prior month. The jobless rate is predicted to have risen to 6.2% from 6.1% in September. **Consensus: Payrolls: -200,000 vs. -159,000 in September, unemployment rate: 6.3 vs. 6.1% in September**

Other reports – Construction spending, auto sales (Nov. 3), factory orders (Nov. 4), ISM non-manufacturing (Nov. 5).

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Key Interest Rates

	10/31/2008	1-wk. change, bps	4-wk. change, bps	1-yr. change, bps
3-month Libor	3.03	-49	-130	-184
2-year U.S. Treasury note yield	1.55	-2	-5	-211
10-year U.S. Treasury note yield	3.96	20	33	-35

Global Economic Data

	Real GDP SAAR, yoy %		CPI NSA, yoy%		Unemployment Rate			Central Bank Rate		
					%		year-ago	%		year-ago
United States	0.8	Q2-08	4.9	Aug-08	6.1	Sep-08	4.7	2.00	Sep-08	4.75
Euro-Area	1.4	Q2-08	3.6	Aug-08	7.5	Sep-08	7.3	4.25	Sep-08	4.00
Japan	0.8	Q2-08	2.1	Aug-08	4.0	Sep-08	4.0	0.50	Sep-08	0.50
UK	1.5	Q2-08	5.2	Aug-08	2.9	Sep-08	2.6	5.00	Sep-08	5.75
Australia	2.7	Q2-08	5.0	Q2-08	4.3	Sep-08	4.2	7.00	Sep-08	6.50
Canada	0.7	Q2-08	3.4	Aug-08	6.1	Sep-08	5.9	3.00	Sep-08	4.50
China	9.0	Q3-08	4.6	Aug-08	4.0	Q3-08	4	2.66	Aug-08	1.92
India	7.9	Q2-08	9.0	Aug-08	--	--	--	6.00	Sep-08	6.00
New Zealand	-0.3	Q2-08	5.1	Q2-08	3.9	Q2-08	3.8	7.50	Sep-08	8.25
Norway	3.3	Q2-08	5.3	Aug-08	2.5	Q2-08	3.3	5.75	Sep-08	5.00
Singapore	2.2	Q2-08	6.7	Aug-08	2.2	Q3-08	1.7	1.28	Sep-08	2.23
South Korea	3.8	Q2-08	5.1	Sep-08	3.2	Sep-08	3.2	5.25	Sep-08	5.00
Sweden	0.9	Q2-08	4.4	Aug-08	6.4	Sep-08	6.0	4.75	Sep-08	3.75
Switzerland	2.4	Q2-08	2.9	Aug-08	2.6	Sep-08	2.7	2.96	Sep-08	2.79
Taiwan	4.1	Q2-08	0.0	Sep-08	4.1	Sep-08	3.9	3.50	Sep-08	3.25
Thailand	5.4	Q2-08	6.0	Sep-08	1.7	Aug-08	1.4	4.25	Sep-08	3.75

* UK - Claimant Count Unemployment Rate
* Thailand - GDP Non-Seasonally Adjusted
* EA-13, UK, Sweden - Harmonized Unemployment

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Historical US Economic Data

	Sep-08	Aug-08	Jul-08	Jun-08	May-08	Apr-08	Mar-08	Feb-08	Jan-08	Dec-07	Nov-07	Oct-07
Payroll Employment (000)	-159	-73	-67	-100	-47	-67	-88	-83	-76	41	60	140
% Change, Year Ago *	-0.4	-0.2	-0.1	0.0	0.1	0.3	0.4	0.6	0.7	0.8	0.9	1.0
Unemployment Rate (%)	6.1	6.1	5.7	5.5	5.5	5.0	5.1	4.8	4.9	5.0	4.7	4.8
Avg. Hourly Earnings (% Chg.)	0.2	0.4	0.3	0.3	0.3	0.1	0.3	0.3	0.3	0.3	0.3	0.1
% Change, Year Ago	3.4	3.6	3.4	3.4	3.5	3.5	3.7	3.7	3.7	3.7	3.8	3.8
PPI (% Chg.)	-0.4	-0.9	1.2	1.7	1.4	0.3	0.9	0.3	1.2	-0.5	2.6	0.5
% Change, Year Ago *	8.7	9.6	9.8	9.2	7.3	6.4	6.7	6.5	7.4	6.2	7.3	6.1
CPI (% Chg.)	0.0	-0.1	0.8	1.1	0.6	0.2	0.3	0.0	0.4	0.4	0.9	0.3
% Change, Year Ago *	4.9	5.4	5.6	5.0	4.2	3.9	4.0	4.0	4.3	4.1	4.3	3.5
ISM Diffusion Index (%)	43.5	49.9	50.0	50.2	49.6	48.6	48.6	48.3	50.7	48.4	50.0	50.4
Industrial Production (% Chg.)	-2.8	-1.0	0.0	0.1	-0.1	-0.5	-0.2	-0.3	0.2	0.1	0.4	-0.4
% Change, Year Ago	-4.5	-1.4	-0.5	0.1	0.3	0.4	1.5	1.6	2.5	2.0	2.5	1.9
Capacity Utilization (%)	76.4	78.7	79.6	79.7	79.7	79.9	80.4	80.7	81.0	81.0	81.1	80.9
Nondefense Cap. Goods ex Aircraft												
- Orders (% Chg.)	-1.4	-2.2	0.3	1.6	-0.3	3.1	-1.0	-0.9	-0.8	4.5	0.0	-2.2
% Change, Year Ago *	1.2	-0.1	6.6	3.4	3.4	2.6	-1.1	8.8	5.3	0.3	-4.8	-3.5
- Shipments (% Chg.)	2.0	-2.1	0.3	0.6	0.2	1.0	0.8	-1.3	-0.4	1.1	0.6	-1.6
% Change, Year Ago *	2.3	-1.6	6.1	2.0	2.7	3.7	1.0	6.1	6.2	1.2	0.0	1.7
Retail Sales (% Chg.)	-1.2	-0.4	-0.6	0.1	0.8	0.2	0.5	-0.5	0.6	-0.9	1.2	-0.7
% Change, Year Ago	0.0	-0.4	4.1	1.4	2.5	3.7	0.3	7.0	4.7	2.5	6.4	6.3
Real Personal Consumption (% Chg.)	-0.4	0.0	-0.6	-0.2	0.2	0.1	0.3	-0.2	0.1	-0.1	0.4	-0.1
% Change, Year Ago	-0.4	0.0	0.3	1.1	1.4	1.3	1.5	1.2	1.7	1.9	2.5	2.2
Personal Income (% Chg.)	0.2	0.4	-0.8	0.1	1.9	0.3	0.4	0.2	0.1	0.4	0.4	0.3
% Change, Year Ago	3.9	4.3	4.3	5.7	5.9	4.2	3.9	4.1	4.7	5.4	5.9	6.0
New Home Sales (SAAR, mn)	0.46	0.45	0.52	0.50	0.52	0.54	0.51	0.57	0.60	0.60	0.63	0.72
% Change, Year Ago *	-32.1	-36.7	-35.3	-38.4	-38.0	-41.0	-38.8	-29.4	-33.3	-38.0	-36.6	-23.0
Existing Home Sales (SAAR, mn)	5.18	4.91	5.02	4.85	4.99	4.89	4.94	5.03	4.89	4.91	5.02	5.06
% Change, Year Ago *	7.8	-15.0	-11.3	-16.7	-16.3	-15.7	-22.5	-19.4	-23.2	-23.2	-17.8	-18.7
Housing Starts (SAAR, mn)	0.82	0.87	0.95	1.09	0.98	1.00	0.99	1.11	1.06	1.00	1.18	1.28
% Change, Year Ago *	-29.5	-35.7	-32.2	-25.6	-32.8	-34.0	-33.6	-24.0	-25.5	-38.7	-22.9	-11.9
International Trade (Bils $)		-59.1	-61.3	-58.8	-60.2	-61.5	-57.0	-61.4	-58.7	-57.6	-59.9	-56.3
	Q3-08	**Q2-08**	**Q1-08**	**Q4-07**	**Q3-07**	**Q2-07**	**Q1-07**	**Q4-06**	**Q3-06**	**Q2-06**	**Q1-06**	**Q4-05**
Real GDP, Chain Weighted, SAAR	-0.3	2.8	0.9	-0.2	4.8	4.8	0.0	1.5	0.8	2.7	4.8	1.3
% Change, Year Ago	0.8	2.1	2.5	2.3	2.8	1.8	1.3	2.4	2.4	3.2	3.1	2.7
Chain-Weighted Price Index, SAAR	4.2	1.1	2.6	2.8	1.5	2.0	4.1	2.2	2.8	2.7	3.5	3.7
% Change, Year Ago	2.7	2.0	2.3	2.6	2.5	2.8	2.9	2.8	3.2	3.5	3.4	3.5
Nominal GDP, SAAR	3.8	4.1	3.5	2.3	6.4	6.9	4.3	3.7	3.6	5.5	8.6	5.1
% Change, Year Ago	3.4	4.1	4.7	4.9	5.3	4.6	4.3	5.3	5.7	6.8	6.6	6.3
Employment Cost Index (%)	0.7	0.7	0.7	0.8	0.8	0.9	0.8	0.8	1.0	0.9	0.6	0.8
% Change, Year Ago	2.9	3.1	3.3	3.3	3.3	3.3	3.5	3.3	3.3	3.0	2.8	3.1
Productivity Nonfarm, SAAR		4.3	2.6	0.8	5.8	4.1	0.0	0.2	-2.1	1.8	2.5	-1.1
% Change, Year Ago		3.4	3.3	2.7	2.5	0.5	0.0	0.6	0.3	1.7	1.3	1.5
Unit Labor Costs, Nonfarm, SAAR		-0.5	1.2	4.5	-2.4	-3.2	4.9	9.1	4.1	-1.1	2.6	4.9
% Change, Year Ago		0.6	0.0	0.9	2.0	3.7	4.2	3.6	2.6	2.2	2.9	2.1

Source: Haver Analytics

* NSA

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