

DAILY GLOBAL COMMENTARY

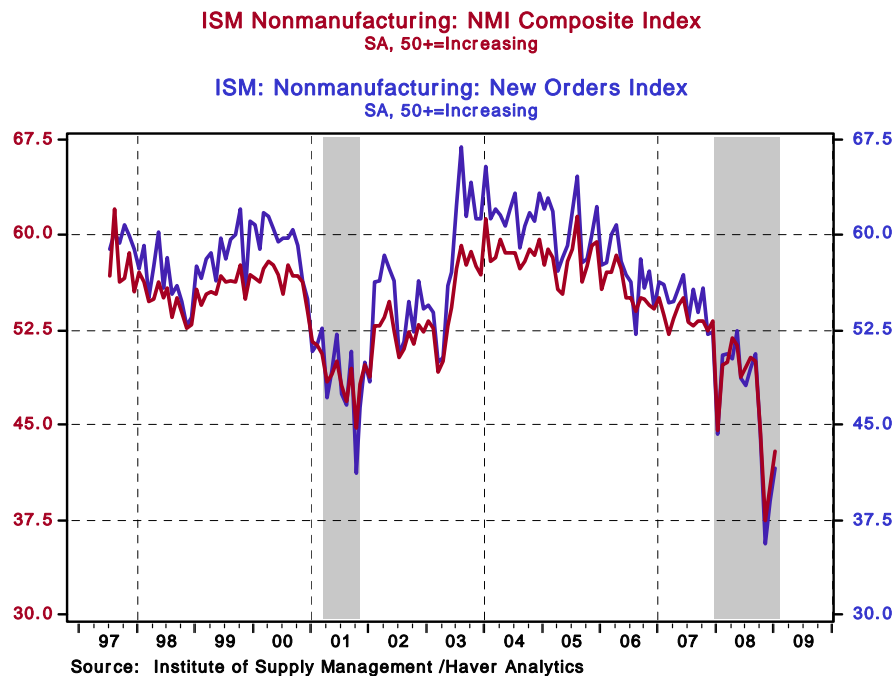
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Second Tier Reports – ISM Non-Manufacturing Survey, Mortgage Applications February 4, 2009

Second tier economic reports published today include mixed signals. The composite index of the ISM non-manufacturing survey results contained positive indications, while mortgage applications for purchase of homes fell. The ISM composite index of the non-manufacturing rose to 42.9 in January from 40.1 in the prior month. Although the level of the index continues to signal a contracting non-manufacturing sector, it is noteworthy because the increase suggests the pace of deceleration has slowed. The new orders index, the most forward looking component, moved up to 41.6 from 38.9, the second monthly increase. The employment index was virtually unchanged at 34.4, reflecting the widespread weakness in hiring.

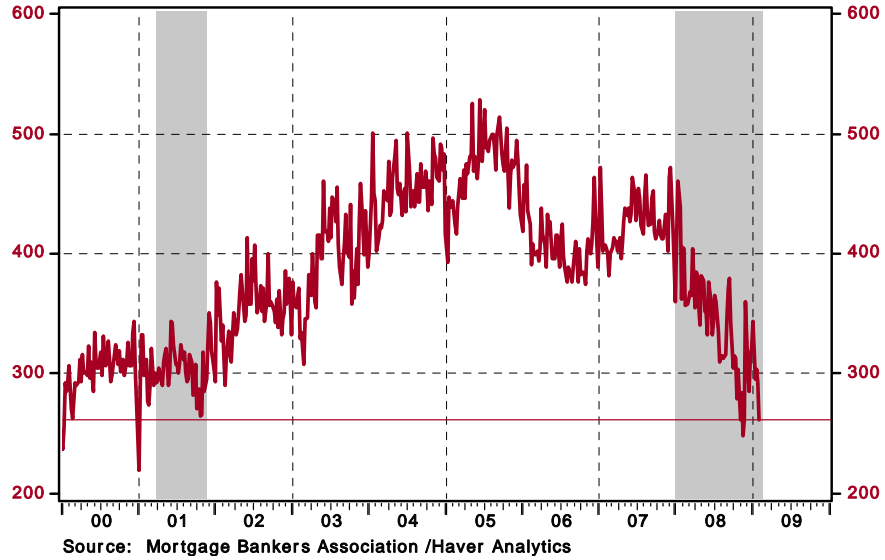
Chart 1



Mortgage applications index for the purchase of homes dropped to 261.4 during the week ended January 30, the third weekly decline. The level of the index now matches the reading seen in the 2001 recession, excluding the November 2008 low. The index tracking applications for mortgage refinance rose to 3906.3, reversing part of the declines posted in the prior two weeks.

Chart 2
MBA: Volume Index: Mortgage Loan Applications for Purchase

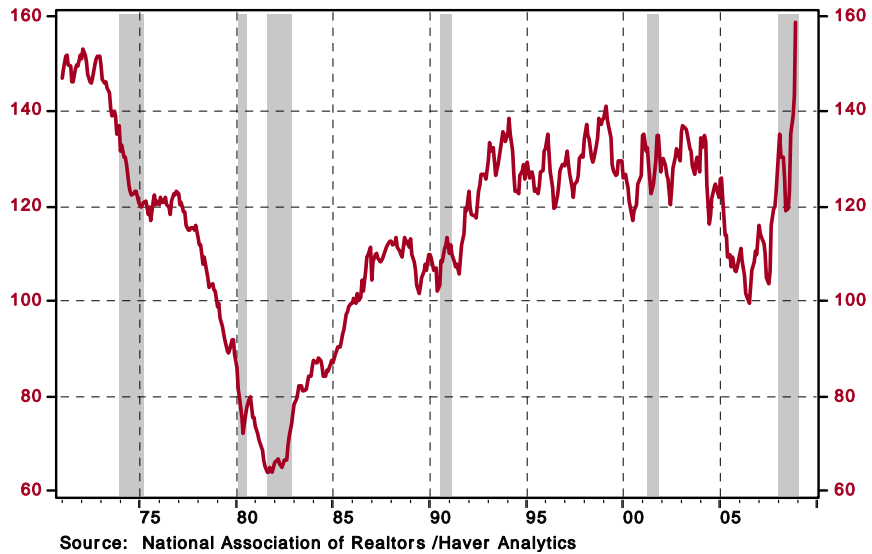
SA, Mar-16-90=100



Although the Housing Affordability Index is at a record high (see chart 3), severely weak labor market conditions are holding back sales of homes.

Chart 3
Composite Housing Affordability Index

Median Inc=Qualifying Inc=100



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