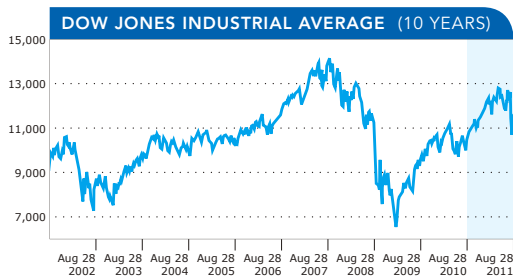
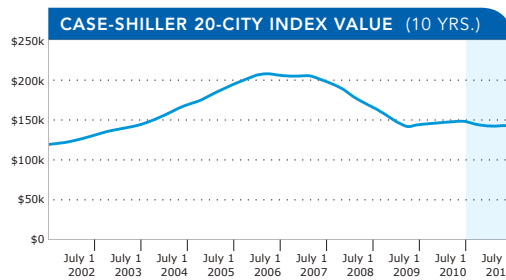


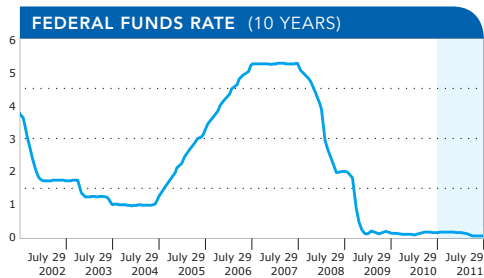
**SEPTEMBER 2011 ECONOMIC INDICATORS**  
 USING DATA AVAILABLE JULY 1 – AUGUST 28



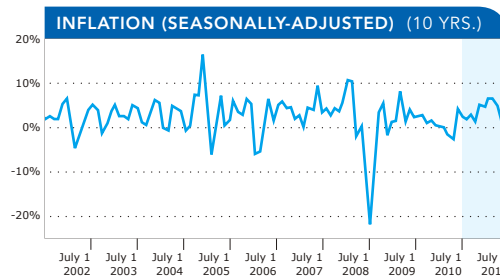
**MONTHLY ANALYSIS** The Dow Jones Industrial Average is comprised of 30 large, publicly owned companies based in the United States and is a good indicator of overall health of the market. The last month saw large fluctuations in share price indices. The downgrade of U.S. government debt played a role certainly, but there are so many issues outstanding in the minds of traders and investors that it does not take much to generate large swings in momentum. Still unresolved issues include consumer demand, regulatory uncertainties, and unemployment, just to name a few.



**MONTHLY ANALYSIS** The Case-Shiller 20-City Index tracks home prices in 20 major metropolitan areas in the United States. Home prices continued to fall on a seasonally adjusted basis. Minor improvement came in the not-seasonally adjusted data, but it is not of the magnitude that one would call a reversal. Much of the discussion in the last month was a debate whether the housing markets would show signs of stabilization. This data would fit such a scenario — but it will take more time to tell for sure.



**MONTHLY ANALYSIS** The Federal Funds Rate is the interest rate banks charge each other for loans. The fed funds remains at historically low levels despite growing fractures on the Open Market Committee. Inflation hawks remain concerned about the future price level changes such rates may precipitate. In addition, the Fed took the unusual step of announcing low rates would stay in place into 2013.

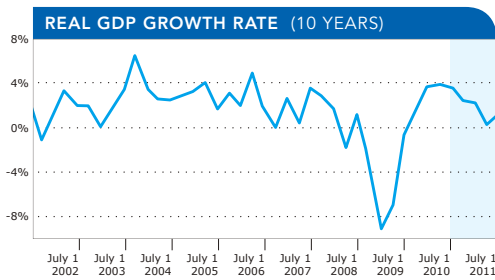


**MONTHLY ANALYSIS** Inflation is the rise in the price of goods and services, and is measured by annualized monthly percentage changes in the consumer price index (CPI). Inflation concerns continue to split market participants' attitudes toward current monetary policy. This, despite any major change in the data on inflation. As with almost any other current piece of economic data, questions exist about the direction this will take. With the Open Market Committee airing concerns about inflation, it seems this will keep at the forefront of economic concerns.

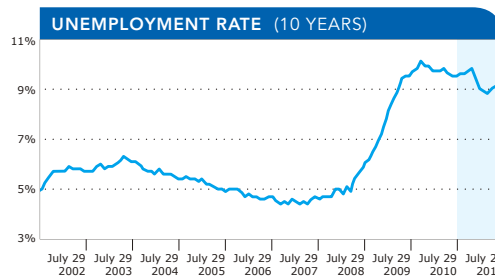


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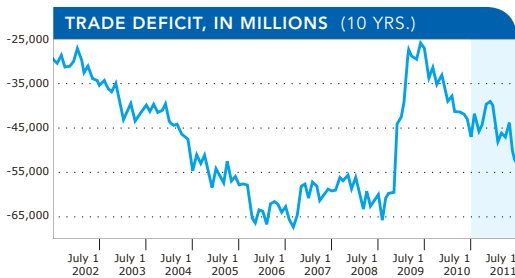
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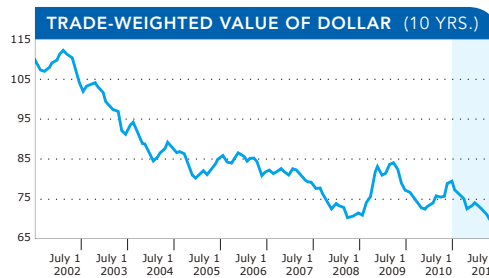
**MONTHLY ANALYSIS** Real gross domestic product (GDP) is an inflation-adjusted measure that reflects the value of all goods and services produced in a given year. Downward revisions never help, but when the revision is from 1.3% to 1% real GDP growth, there is not much to add. Stagnation remained the key word last month. Yes, there is slow growth — which is better than a decline — but it remains uneven, slow, and in many ways it is unclear how today's growth fosters sustained growth and development.



**MONTHLY ANALYSIS** The chart shows the standard unemployment rate, which tracks people who have looked for work in the last 4 weeks. Unemployment remains a persistent feature of the economy. Much political discussion focuses on job creation and alternative plans to reach this goal. None of the plans seem to move markets, and unemployment remains a weight around the neck of consumer confidence, consumer demand, and overall economic performance. In the last month, several forecasters lowered growth predictions and also revised up their expectations of unemployment in the future.



**MONTHLY ANALYSIS** The balance of trade measures the nation's imports and exports. A negative balance is referred to as a trade deficit; this occurs when we import more than we export. The trade deficit continued to expand despite the weakening U.S. dollar. When coupled with weaker consumer demand, the erosion of the U.S. trade position provides some explanation for the persistent weakness in U.S. labor markets (the continued high unemployment rate).



**MONTHLY ANALYSIS** The trade-weighted U.S. dollar index is a measure of the value of the U.S. dollar relative to other world currencies. The dollar continued its decline against major trading partners' currencies. The erosion of purchasing power is quite significant when viewed over the last ten years. The supposed values of a weak currency have not materialized in the data yet though.



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