

February 4, 2011

THE CHARTBOOK

- **The economy is now expanding at an above trend pace which will continue throughout 2011. Growth will be faster in the first half.**
- **Manufacturing and business investment led the recovery; growth has now become more balanced, with consumers playing a critical role. This bodes well for a self sustaining expansion.**
- **Employment is rising, but the pace is sluggish and is improving slowly. Modest job growth, a small increase in hours worked, and slightly stronger wage increases will keep income rising.**
- **Consumers have been spending increased earnings, and this will continue. Auto demand will be especially strong.**
- **Single family housing construction has stabilized at a low level, but the demand for apartment units is rising. House prices remain under downward pressure while rents are moving higher.**
- **Banks continue to make steady progress in dealing with bad debts. In 2011, banks will expand assets for the first time in three years.**
- **Fed policy will not change in the near term. Asset purchases will be phased out by mid year. The earliest steps toward reducing excess reserves could begin late in 2011.**
- **Congress and the Administration are on a collision course over spending cuts. A shut down of Government is very possible, and an increase in the debt limit is months away. There is zero probability of a debt default.**

ECONOMIC OUTLOOK

	2009A	2010A	2011F	10:3 A	10:4 A	11:1 F	11:2 F	11:3 F	11:4 F
	(% change, Q4 - Q4)				(seasonally adjusted annual rates)				
GDP	0.2	2.8	3.9	2.6	3.2	4.3	4.5	3.9	2.9
Final Sales to Domestic Purchasers	-1.4	2.9	3.7	2.6	3.4	3.9	3.9	3.6	3.4
Consumption	0.2	2.7	3.0	2.4	4.4	3.0	3.5	3.0	2.7
Fixed Investment	-12.9	6.8	10.4	1.5	4.2	8.8	10.9	11.4	10.7
Business Structures	-26.5	-5.5	5.9	-3.6	0.9	0.0	6.0	8.0	10.0
Equipment & Software	-4.9	16.4	11.0	15.4	5.8	10.0	11.0	12.0	11.0
Residential	-13.4	-4.6	11.0	-27.3	3.4	7.0	15.0	12.0	10.0
Change in Private Inventories*	-113.1	60.4	50.0	121.4	7.2	45.0	50.0	55.0	50.0
Government Purchases	0.8	1.4	1.2	3.9	-0.6	2.1	0.8	0.8	0.8
Net Exports*	-363.0	-421.2	-403.6	-505.0	-392.2	-409.7	-398.1	-396.5	-410.3
Exports	-0.1	8.9	8.7	6.7	8.5	8.0	9.0	9.0	9.0
Imports	-7.2	10.6	8.0	16.8	-13.6	10.0	5.0	7.0	10.0
Interest Rates									
3 Month T Bill	0.1	0.1	0.2	0.2	0.1	0.2	0.2	0.2	0.2
Fed Funds Rate	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
10 Year Bond	3.2	3.0	3.7	2.8	2.9	3.4	3.6	3.8	4.0
Inflation									
PCE Deflator ex Food & Energy	1.7	0.8	0.7	0.5	0.4	0.6	0.6	0.7	0.9
CPI ex Food & Energy	2.1	0.6	1.1	0.7	0.7	0.9	1.0	1.1	1.2

* Billions of chained 2005 dollars

KEY CONCLUSIONS

ECONOMIC ACTIVITY

GDP grew at a 3.2% rate in Q4 and final demand increased at a 3.4% rate. Growth shifted to a more balanced composition in the final quarter of 2010.

Consumer spending rose at a 4.4% rate in Q4, with a large increase in durable goods (primarily autos). This exceeded the growth in income and cannot be sustained. Still, all categories of consumer spending are rising, and income continues to improve with labor markets. The social security tax rate cut will add to disposable income throughout the year.

Business investment remains on a solid growth path. Investment in equipment and software is necessary to replace the depreciating stock and keep pace with rising demand. Nonresidential construction will rise as the year unfolds.

Inventory accumulation was unusually small in Q4, partly due to a slowdown in imports, which added to inventory earlier in the year. Auto inventory was especially low. This will add to production in the first half of 2011 as I/S ratios normalize.

Government spending declined early in 2010 due to large cuts by state and local jurisdictions. These budgets now show a substantial surplus, with revenues rising faster than spending. Some jurisdictions remain under pressure, but total state and local spending will be fairly flat. Federal spending is increasing at a modest pace, although budget clashes between Congress and the Administration may make the pattern erratic in 2011.

The **trade deficit** provided an enormous boost to GDP in Q4, but this was temporary. Part was due to high imports early in the year that went into inventory and part was caused by the treatment of oil prices. The more fundamental issue is export growth remains strong, especially to emerging market economies. Net exports will likely be neutral or modestly positive over the next year.

KEY CONCLUSIONS

BUDGET CRASH AHEAD

Congress and the President are on track for a major budget confrontation in early March. This is when the resolution funding the Federal government is scheduled to expire. If it is not extended, parts of the Government will be forced to shut down. Of course, resolutions can be extended for days or weeks, if useful negotiations are underway. At present, both sides are taking very hard positions. This will be the first, but not the last, clash over spending reductions.

Many of the newly elected Republican congressmen campaigned on a promise to cut \$100 billion from current year spending, and they feel obliged to try to fulfill the promise. This would be difficult under any circumstance, and it is more so because the current budget year began last October and will have only seven months remaining in early March. Republican leaders have endorsed a plan cutting current year spending for discretionary nondefense categories by \$32 - 42 billion (depending on how things are measured). Spending changes are always subject to compromise, but it is unlikely Republicans will agree to fund Government activities through the end of the budget year without significant, near term spending cuts.

In his State of the Union message, Pres. Obama proposed a five year freeze on nondefense discretionary spending. Since this part of spending was increased about 14% by temporary measures designed to combat the recession, the President's position is to extend the temporary spending for five years, effectively making it permanent. Since he is opposed to allowing the temporary spending to phase out under current law, he is certain to oppose an even sharper reduction in the current level of spending.

The typical pattern in these situations is for both sides to take hard positions until close to the funding resolution's expiration date (March 4). At this point, the Administration will begin pressing very hard for an extension and negotiations will get underway. In our view, the Administration has the greater leverage. While shutting down the Government sounds appealing to some, it has never been popular in actual practice.

If the Republicans refuse to extend Government funding and force a shut down, it will proceed in an orderly fashion. Many activities will continue because they are deemed essential. For example, the last time this occurred, air traffic controllers continued to report for work – airports did not close. Does this mean transportation safety officials will also continue to work? This is Obama's decision. Hospital patients will continue to be treated, but will new patients be admitted? Again, the Administration decides. Does the Coast Guard continue to patrol the coasts, do federal law enforcement officers go to work, does the court system continue to function? These are gray areas for the Administration to determine. In making these decisions, it will be easy to portray Congress as the irresponsible party.

Although we expect the Administration to prevail, markets may be disrupted. Federal Reserve activities are not affected, but Treasury personnel are. Normal borrowing activity and Federal payments could be suspended. Data gathering and market activity reports would also be suspended. Of course, the longer the stand off, the more serious.

KEY CONCLUSIONS

BUDGET CRASH AHEAD CONT'D

Resolving the Government funding issue will not settle the spending dispute. Increasing the debt limit will be the next step in this battle. In the past, the risk of defaulting on the debt motivated Congress to increase the limit. That will not be the case this year. The newly elected Congress has been well schooled in the implications of refusing to raise the debt limit. They understand there is no date certain when the debt limit will be reached – the Treasury has considerable flexibility in managing the debt and the pace of inflowing revenue is always uncertain. They also understand there is no reason the Government needs to default on its debt obligations, even if the ceiling is reached – there is plenty of cash flow to redeem maturing debt and pay interest. As a result, the spending dispute will not be resolved in the near term.

Should the debt ceiling be reached, the Treasury would be limited to spending only the revenue flowing in. At that point, the issue would be to prioritize spending, since funds would be limited. The Government borrows roughly \$125 billion per month, so this is the approximate amount of spending that would be postponed until funds became available. At present, the Administration sets spending priorities, but nothing prohibits Congress from passing legislation imposing its own priorities. To quell concern about debt default, there have already been discussions of legislation specifying that debt repayment and interest would be the top priority.

From a purely mechanical perspective, Congress has more control over the outcome of refusing to increase the debt limit than over a Government shut down. This has bolstered the confidence of members who want to use this lever to reduce spending. To date, discussions have been limited to this mechanical perspective.

The macroeconomic implications of suddenly cutting Federal spending by about \$125 billion per month have received little attention. This will change rapidly as the debt limit approaches. Analysts of all political persuasions will agree a spending cut of this magnitude would cause enormous damage to the economy. As details of this become clear, even those most determined to reduce Federal spending will recognize this is too high a price to pay. Ultimately this is the reason it will not happen. However, knowing the final outcome does not mean the path will be smooth. It is much more likely the path will be difficult and markets will be disrupted along the way.

KEY CONCLUSIONS

GROWTH PROFILE

The economy accelerated in the second half of 2010 and entered 2011 at a pace that appears to be in excess of 4%. This pace can be sustained in the first half, but it will slow moderately in the second half. Several things contribute to this conclusion.

First, monetary policy will become less accommodative as the year unfolds. The Fed will complete its asset purchase program in mid year and probably begin slowly withdrawing reserves by the end of 2011. While short term interest rates are unlikely to be increased, long rates will move higher as inflation edges up and private sector credit demands strengthen.

Second, fiscal policy will become less supportive as time passes. Congress may extend some of the temporary stimulus measures, but not all, and funding may be reduced.

Third, the economy entered 2011 with inventories very low relative to sales. This will provide a temporary boost to production until this situation is normalized. Most of the temporary boost will be in the first half of the year.

It is important to remember, even as growth moderates in the second half, it will remain well above the long term trend of about 2 ½ %. General financial conditions will improve throughout the year and net bank loans will expand for the first time in three years. Exports, particularly to emerging markets, will remain robust. Multifamily housing construction will expand in 2011 and nonresidential construction will begin to recover. Consumer spending will keep pace with income growth and income will gradually improve along with labor markets. All things considered, the outlook for 2011 is quite positive.

KEY CONCLUSIONS

FED POLICY

Current monetary policy is well understood and is not likely to change in the first half of 2011. We expect the Fed to complete its large scale asset purchase program sometime in mid year, although it is unlikely to end abruptly in June. A gradual phase out may begin in the spring. Policymakers may begin discussing this in March or April. If the economy remains on the above trend path the Fed is currently projecting, a gradual policy reversal could begin late in the year. The earliest part of this reversal is likely to be a decision not to reinvest all proceeds from maturing assets. While we do not anticipate an increase in the fed funds rate in 2011, an increase is likely in early 2012 if growth remains above trend.

As always, monetary policy depends on economic developments and is subject to change when developments surprise. Unexpectedly strong growth is not likely to cause a policy reevaluation due to the very high rate of unemployment, but a sharp rise in inflation and/or inflation expectations could force a reevaluation. In the current environment where oil prices have been edging higher, primarily due to strong global demand, any additional increase due to supply constraints would be viewed very seriously. The concern would be with demand rising, it may be easier to pass higher energy prices along to other goods and services. While we assign a low probability to this causing a monetary policy change, other reasons to reset policy are even less likely.

KEY CONCLUSIONS

TAX REFORM

As outlined in his State of the Union address, Pres. Obama is requesting major tax reform legislation this year. More details of his proposal may be forthcoming in the 2012 budget proposal due in mid February, but the basic outline is clear. The Administration's proposals are aimed primarily at corporate taxation where they want to broaden the tax base by reducing tax preference items and lower the corporate rate. Corporate tax revenue, under the Administration's plan, would be unchanged.

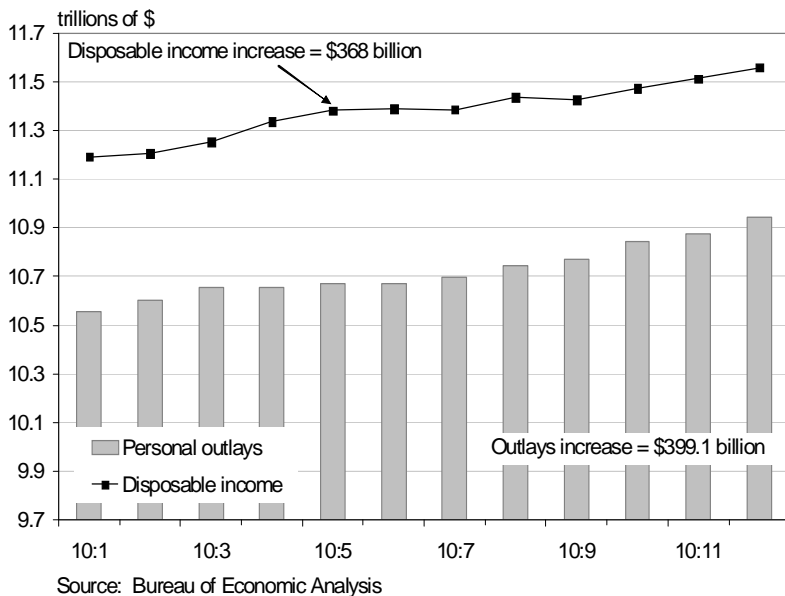
While the broad outlines seem appealing, a look at the details suggests low odds for actually accomplishing the Administration's goals. The largest tax preference item in the corporate tax is the deferral of foreign source income. Since most countries do not tax this income at all, eliminating this preference would go counter to the Administration's goal of increasing US competitiveness in global markets, not to mention encountering tremendous resistance in the business community. The second largest item, accelerated depreciation of equipment, has just been expanded at the Administration's request. There are numerous other items endorsed by both the Administration and Congress (e.g. expensing research investment, accelerated depreciation for rental housing, excluding interest on hospital construction bonds, etc.) In short, the only item the Administration has identified as wanting to eliminate is a small tax preference for fossil fuel.

Congress is the second problem in the quest for tax reform. Many conservatives would like to undertake tax reform, but their goal is to both reform and reduce taxes. This is in direct conflict with the Administration's goal to reform while maintaining tax revenues. While the politics of tax reform are difficult under any circumstance, we know of no instance where major reform has happened in a zero sum environment.

CONSUMER ACTIVITY

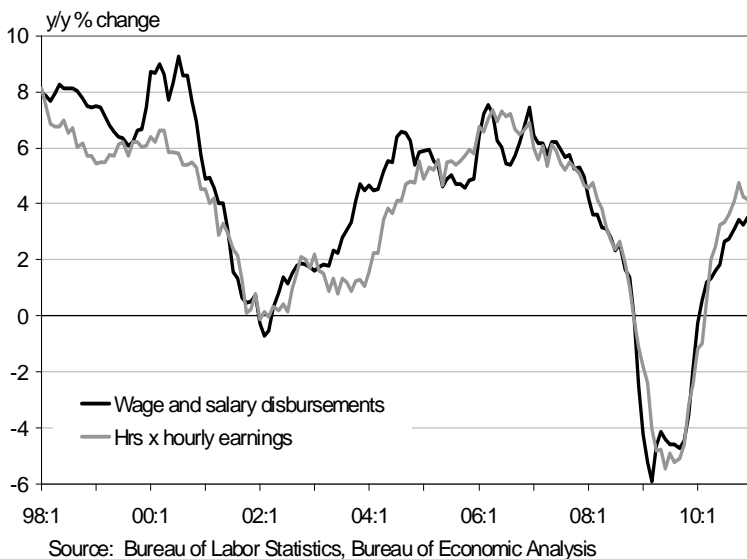
The early part of the expansion was dominated by manufacturing, but consumer spending began to assume a larger role in the second half of 2010. This is a healthy shift in composition which has made the expansion self sustaining. Steady improvements in the health of consumers means this will continue.

Disposable Income and Outlays



Income increased less than consumption in 2010, causing a small decline in savings. We do not expect this to repeat in 2011.

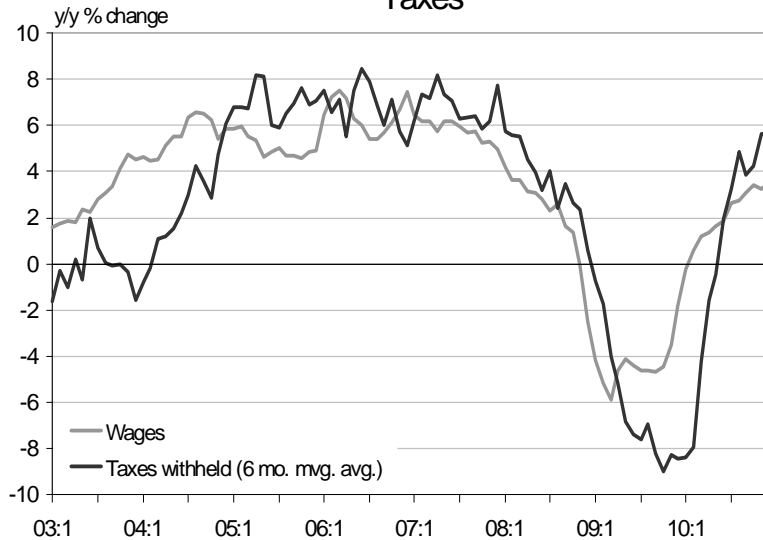
Wage and Salary Disbursements vs. Hours and Earnings



However, there are reasons to expect the income data will be revised higher. Hours and earnings have grown slightly faster than wages.

CONSUMER ACTIVITY

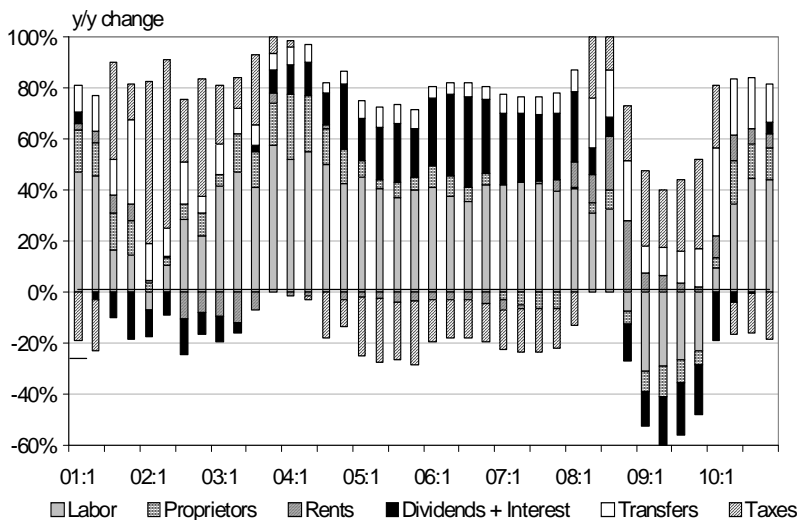
Increase in Wages vs. Increase in Withheld Taxes



Source: Bureau of Economic Analysis, Department of Treasury

Withheld taxes increased substantially faster than wages. A small upward revision in income would yield a steady savings rate – about what we expect in 2011.

Contributions to Growth
disposable personal income

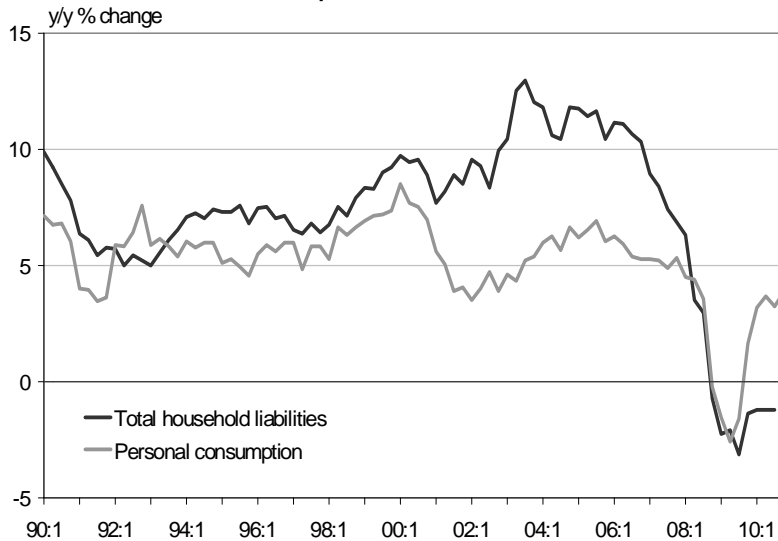


Source: Bureau of Economic Analysis

Since spending growth will depend on income growth, it is encouraging to see almost all income is now coming from private sources. Tax payments are now rising and Government transfers are shrinking.

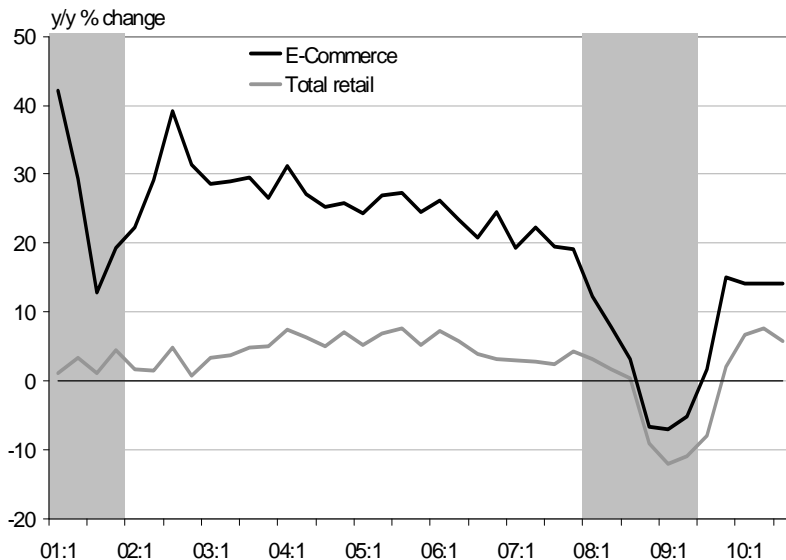
CONSUMER ACTIVITY

Consumption and Debt Growth



Source: Federal Reserve Board, Bureau of Economic Analysis

E-Commerce and Total Retail Sales



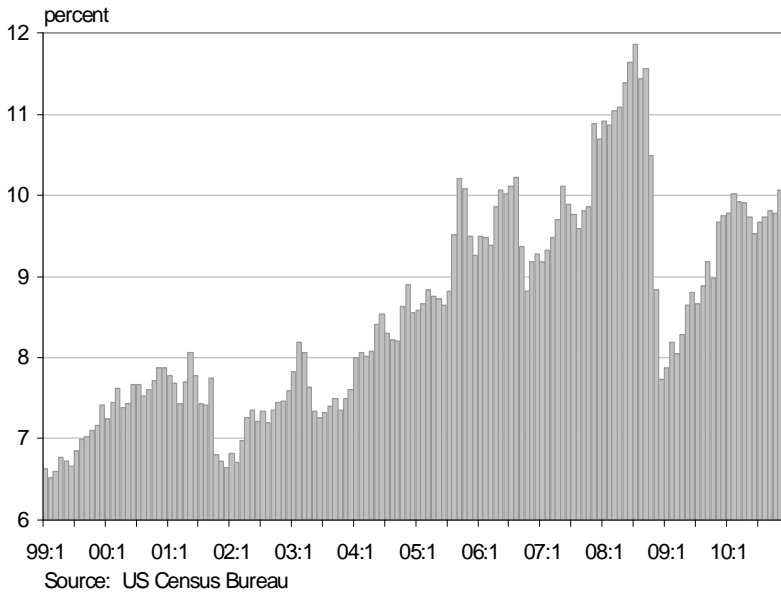
Source: US Census Bureau, Bureau of Economic Analysis

The link between debt and spending is weak. In the early part of the 2000's, debt rose much faster than spending, but it was financing mortgages. Today, debt is falling (mostly mortgage debt again) and consumption is rising.

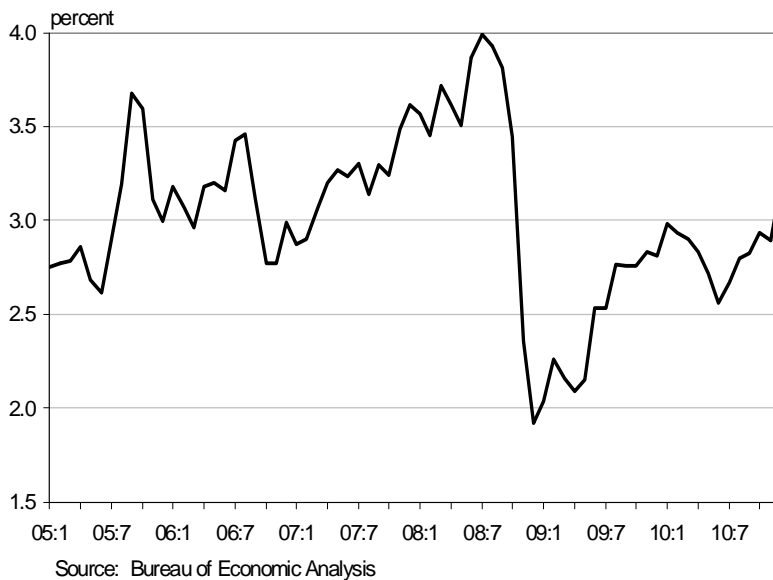
Although total retail sales have returned to pre-recession growth rates, e-commerce has not. Since e-commerce is less than 4½% of total sales, this area appears to be lagging.

CONSUMER ACTIVITY

Gasoline as % of Total Retail Sales



Gasoline as a Share of Disposable Income

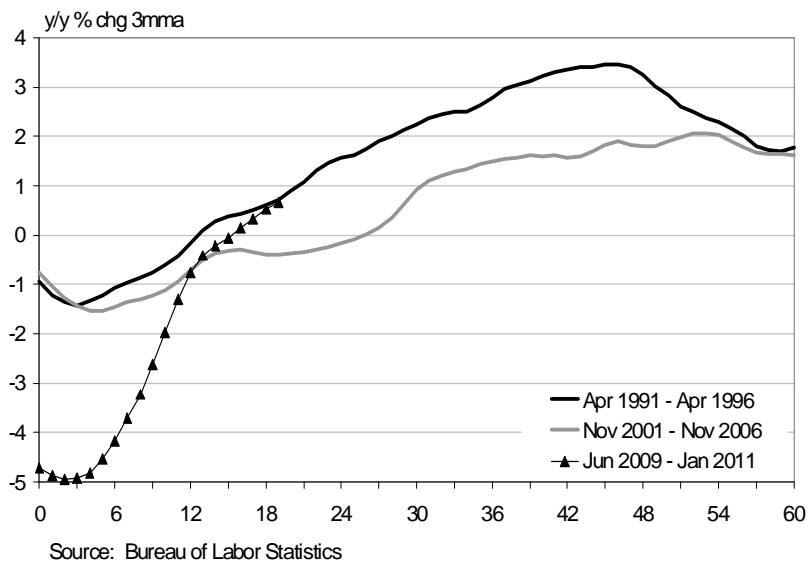


Rising gasoline prices pose a significant threat to consumer spending. As gasoline prices increase, this reduces total volumes purchased and it squeezes the sale of other products. The 2008 peak occurred at about \$4/gal. For gasoline to become this expensive, crude oil needs to be \$120 - 130/bbl. Current market conditions suggest crude oil may approach \$100/bbl. While analysts do not expect this to be sustained, political uprisings in North Africa are a major concern.

LABOR MARKETS

Labor markets continue to improve, but at a modest pace. Faster GDP growth in the second half of 2010 bodes well for job growth in 2011. At present, the household survey shows stronger job growth than reflected in the payroll data. With hours worked, wage rates, and employment all moving higher, income growth will sustain consumer spending.

Months After End of Recession
payroll employment



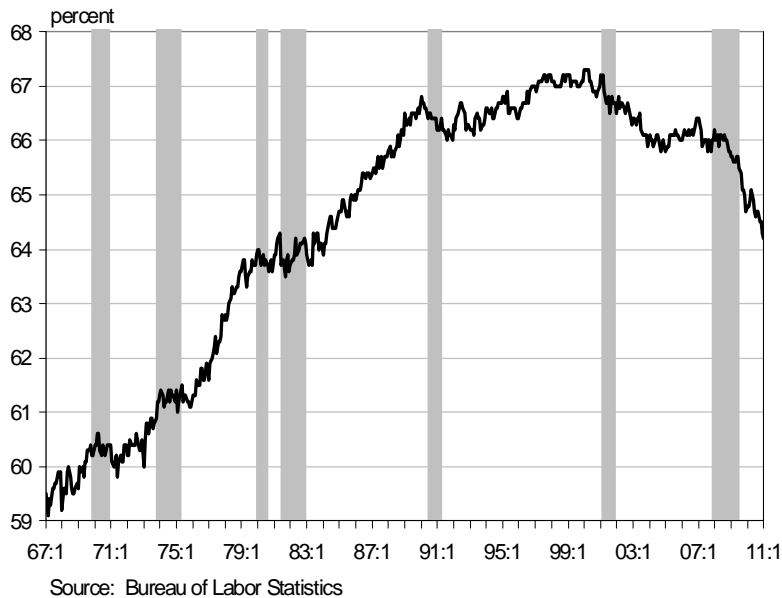
Diffusion Index
months after end of recession



Labor markets continue to improve at a modest pace. Important indicators are tracking close to the experience following the 1990 - 91 recession – another cycle dominated by real estate and financial problems. While that expansion was slow to get underway, it was sustained for about a decade.

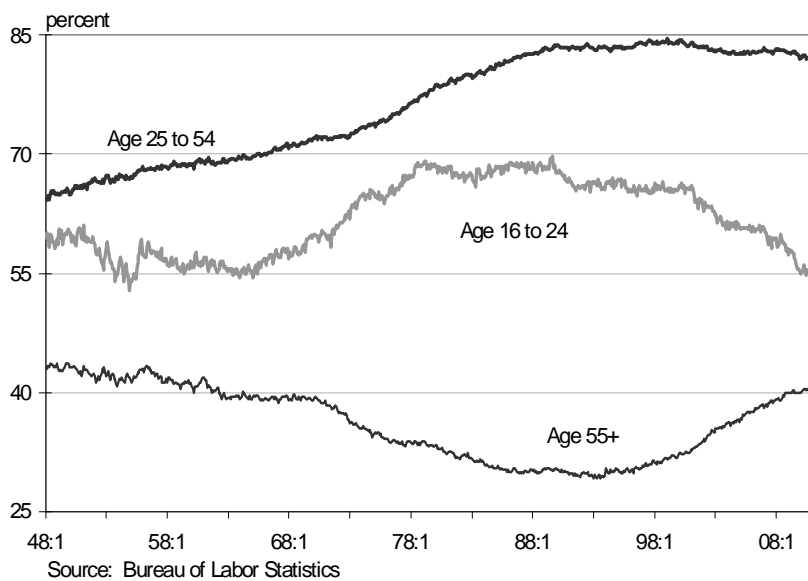
LABOR MARKETS

Total Participation Rate



Labor force participation has declined significantly. If these dropouts return as job prospects improve, it will cause unemployment to remain higher than otherwise.

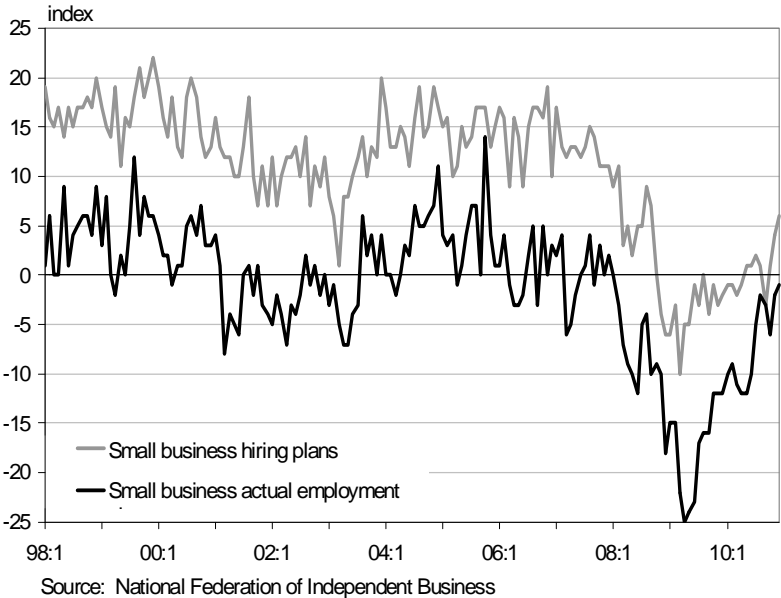
Participation Rates by Age Group



However, dropouts are dominated by young people. Many pursue education and training credentials that keep them out of the labor force 1 - 3 years. This argues against a quick rise in participation.

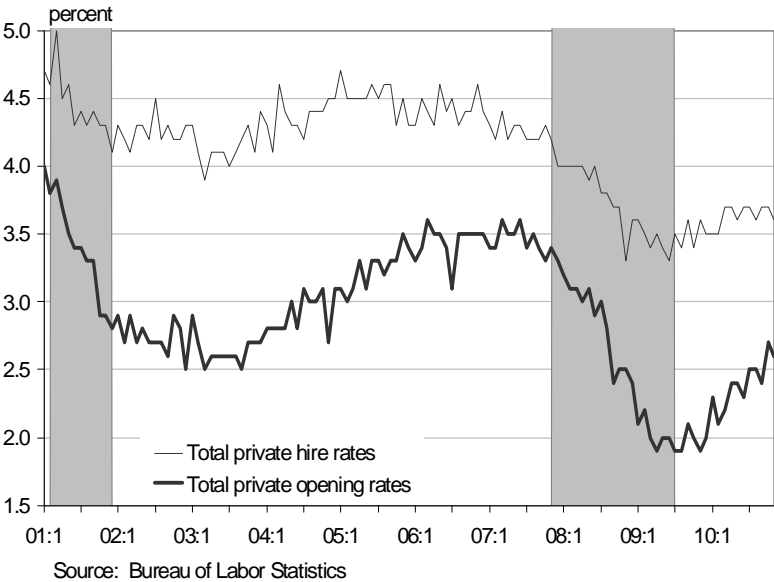
LABOR MARKETS

Small Business Employment



Small business trends lagged behind other job indicators, but they have shown solid improvement in recent months.

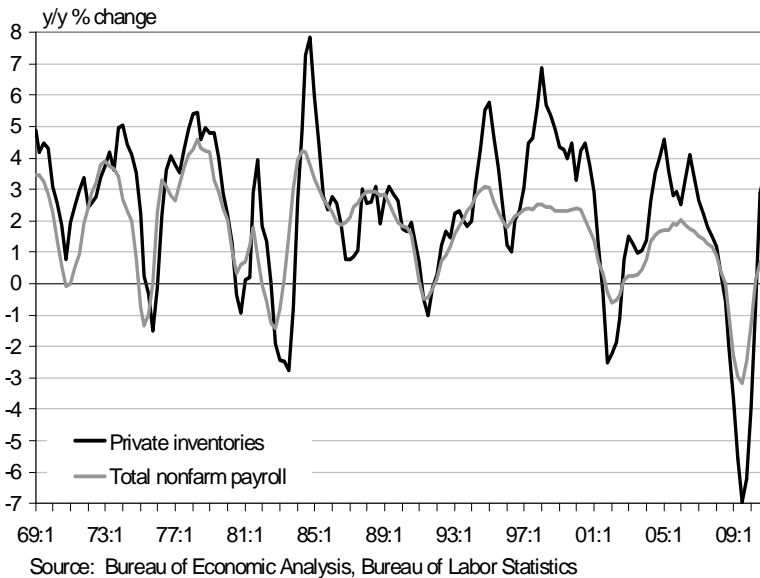
Private Job Hirings and Openings



Still, with job openings increasing much faster than hiring, there is a mismatch between job availability and worker skills. Retraining is a slow process.

LABOR MARKETS

Nonfarm Payroll and Private Inventories



Shrinking state and local payrolls have been a drag on job growth. Private sector job growth has been quite strong.

Employment Postings

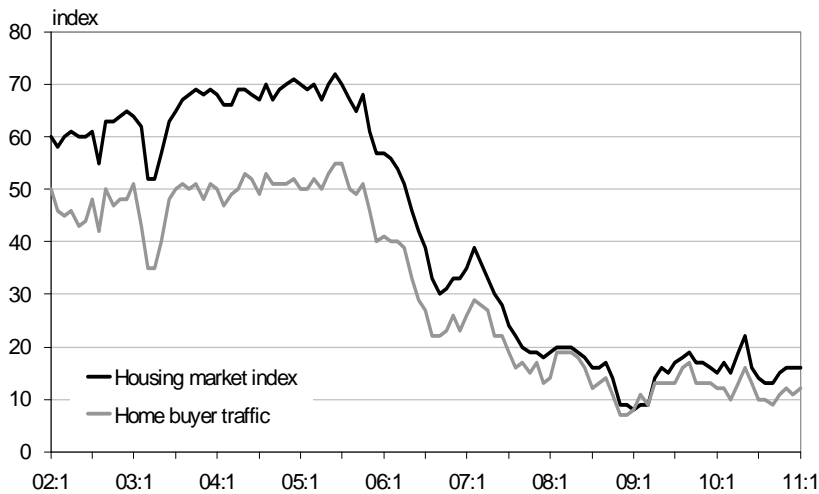


Online job postings have been stable for the past few months, although the Conference Board measure moved sharply higher in January.

HOUSING INDICATORS

Housing construction and sales show no sign of improving soon. Prices remain under pressure, and foreclosures are being resolved very slowly. While there is some possibility improving labor markets will be reflected in household formation, this has not yet occurred. Construction of multifamily units is likely to rise in 2011.

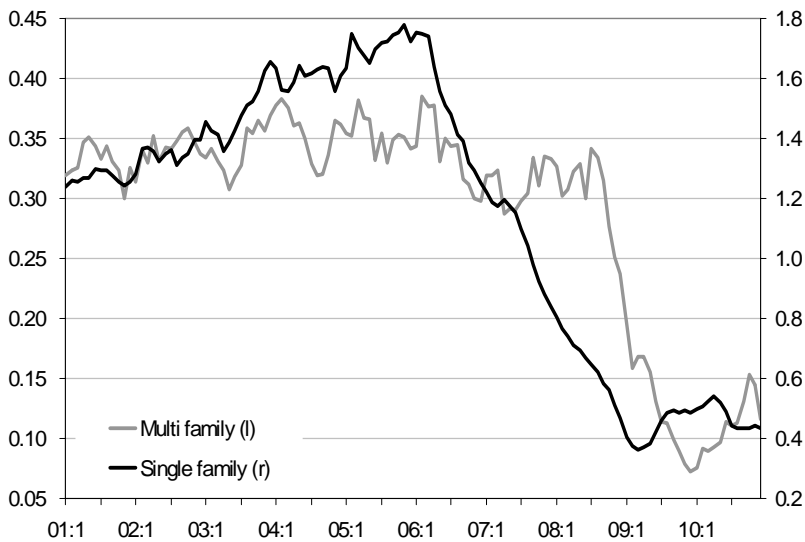
Home Builder Sentiment



Note: HMI is the weighted average of current sales, buyer traffic, and sales expectations.
Source: National Association of Home Builders

Housing Starts

millions of units, saar, 3 month mvg. avg.



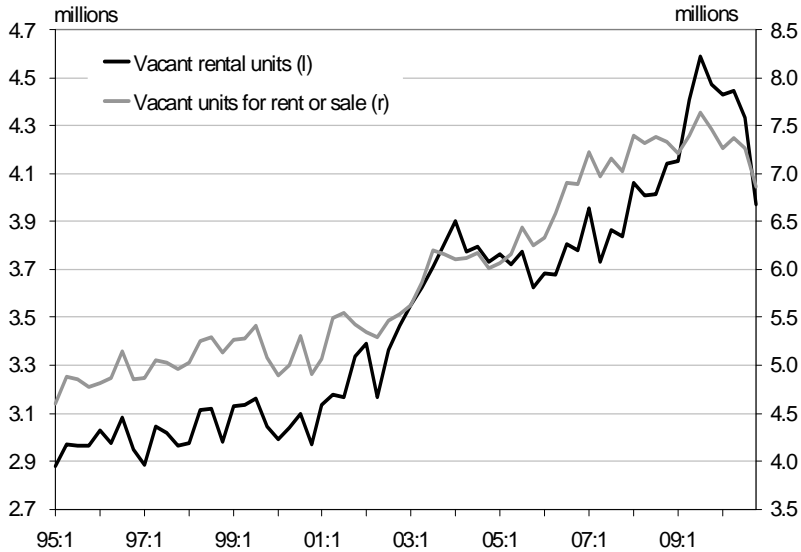
Source: US Census Bureau

Little changed in the single family home market in 2010. Construction is moribund, foreclosures are high, and prices remain under pressure.

However, the multifamily area shows signs of life.

HOUSING INDICATORS

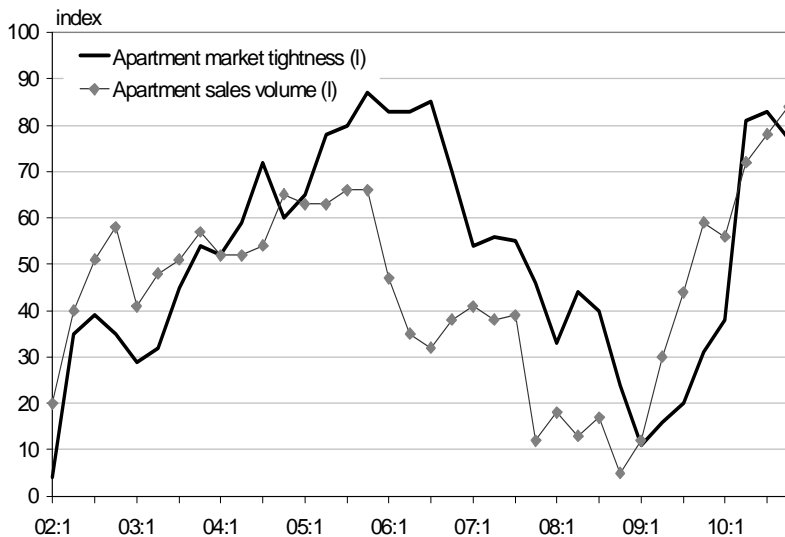
Residential Housing Vacancies



Source: US Census Bureau

Vacancies for rental units have begun to decline and rents have started to increase.

Apartment Market Conditions

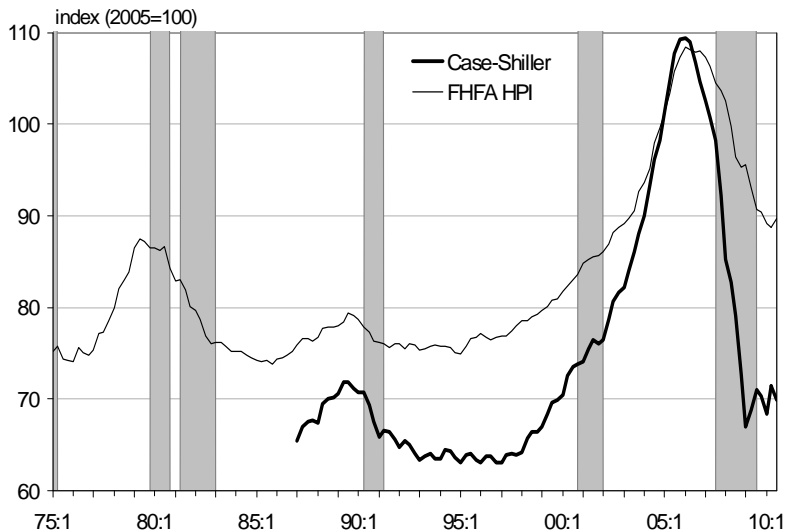


Source: National Association of Realtors, National Multi Housing Council

Other measures of market conditions also show tightening. This will be reflected in an increase in multifamily construction in 2011.

HOUSING INDICATORS

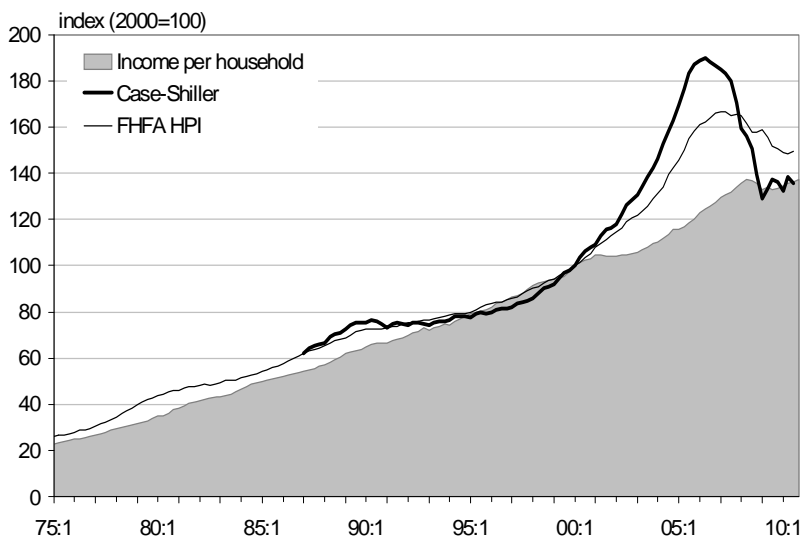
House Price to Rent Index



Source: Bureau of Economic Analysis, Federal Housing Finance Agency, S&P

House prices are likely to fall another 0 - 10% in 2011, depending on the measure used. While this is a drag, it is unlikely to derail the expansion.

House Price vs. Income Index

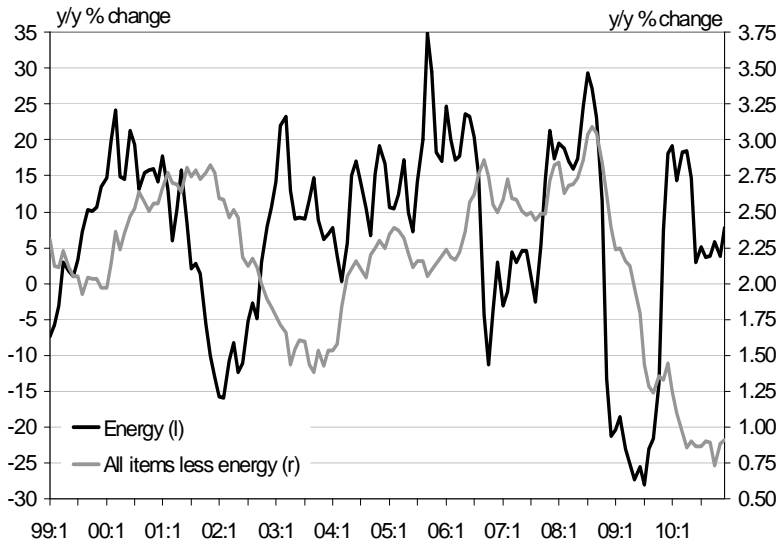


Source: Bureau of Economic Analysis, Federal Housing Finance Agency, S&P, US Census Bureau

INFLATION INDICATORS

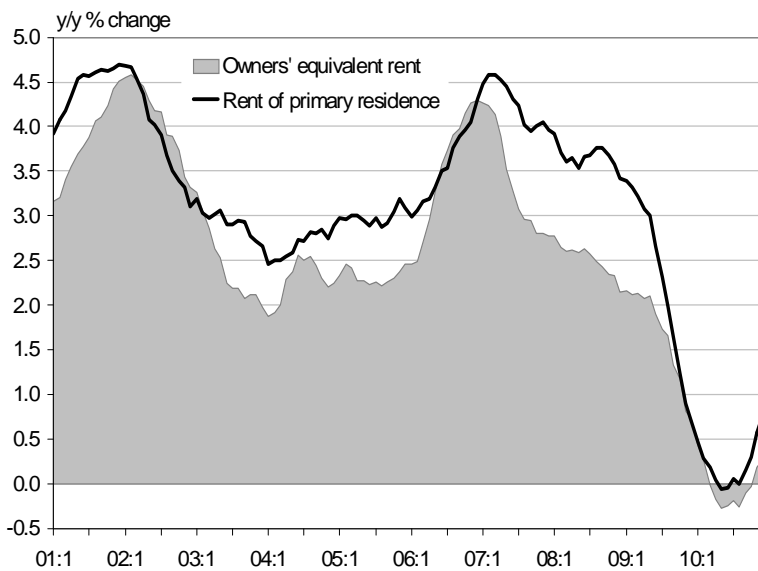
While inflation is not a problem and not likely to become one in 2011, price patterns have shifted from slowing to stable or rising. Many cost pressures are rising, but excess capacity in labor and product markets prevents these costs from passing through to retail prices. As this excess is gradually absorbed, core inflation will edge higher.

Consumer Price Index



Source: Bureau of Labor Statistics

Inflation in Housing



Source: Bureau of Labor Statistics

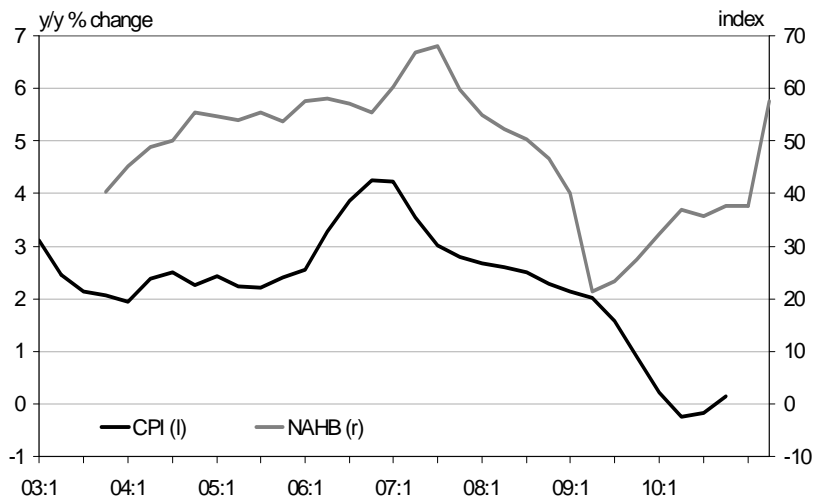
Excluding energy, inflation was below 1% for most of 2010.

However, the largest component of price measures has reversed direction and begun to rise.

INFLATION INDICATORS

Inflation in Rents

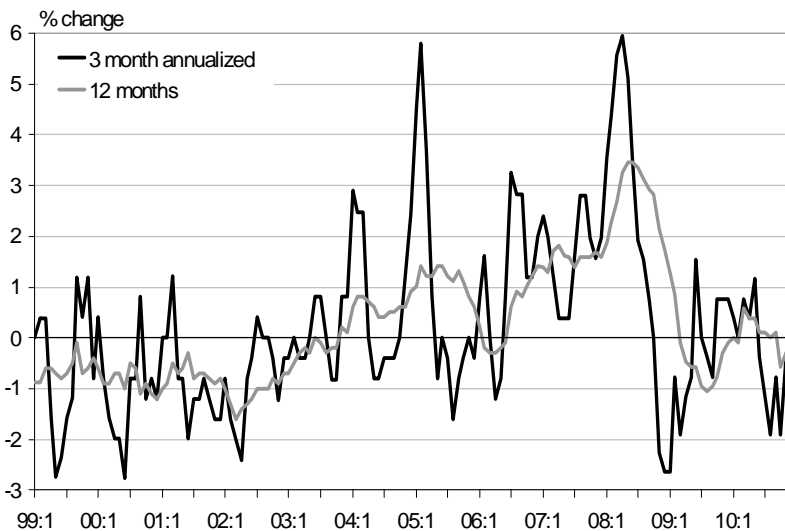
CPI measure vs. NAHB effective rent



Note: NAHB index forwarded 3 quarters

Source: Bureau of Labor Statistics, NAHB

Imported Consumer Goods ex Autos



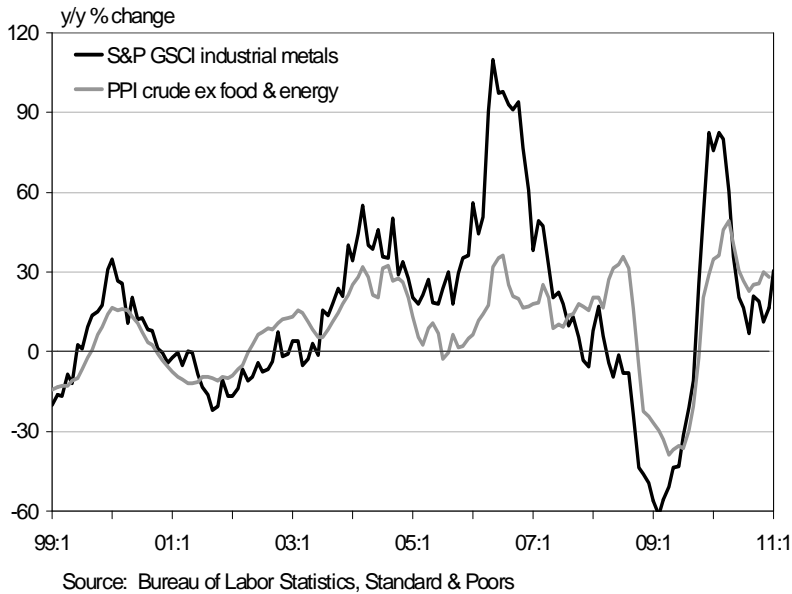
Source: Bureau of Labor Statistics

There are many indications this will continue as housing market problems have increased the demand for rental units. Owner occupied data is derived from the rental survey.

Imported products are not providing any price pressure. Imported auto prices have increased less than 1%, while other consumer goods prices have declined. Imported capital goods prices are rising at a rate just over 3%, but this is not being reflected in retail prices.

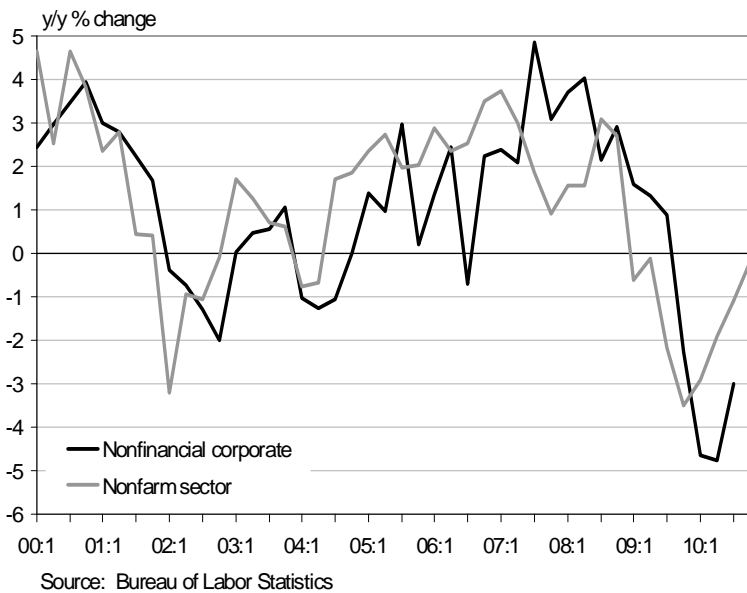
INFLATION INDICATORS

Commodity Prices



Commodity prices rose rapidly in 2010, with little impact on consumer prices.

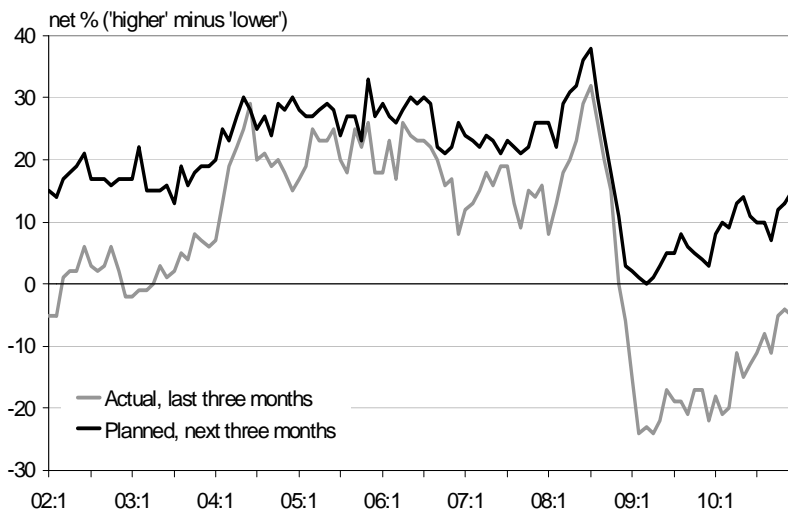
Unit Labor Costs



The primary reason commodity costs are not reaching the consumer is strong productivity growth has pushed labor costs significantly lower. This appears to be ending.

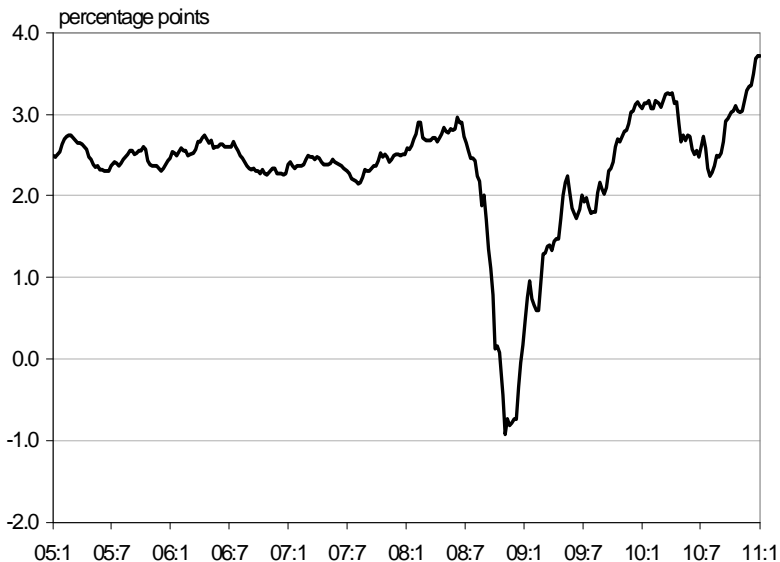
INFLATION INDICATORS

Small Business Prices
actual vs. planned



Source: National Federation of Independent Businesses

10 year Treasury - 10 year TIPS



Source: Federal Reserve Board

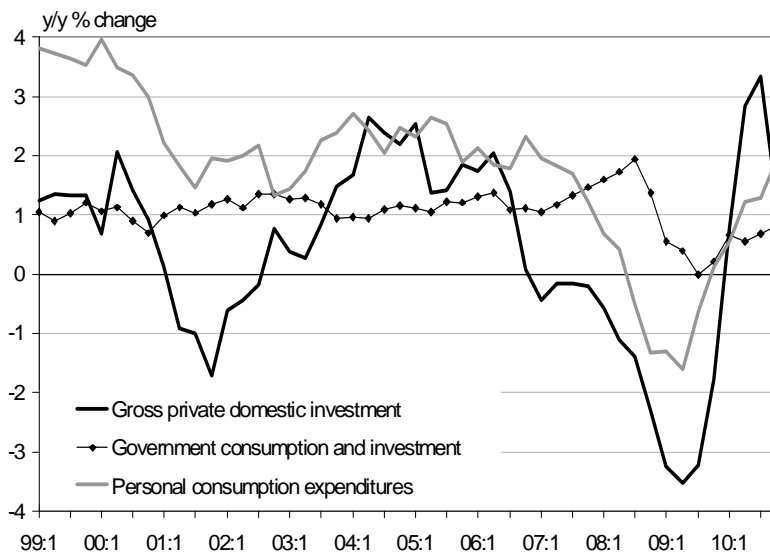
As the economy has strengthened, pricing power has gradually improved. Still, problematic inflation is a long way in the future.

Inflation expectations – both market and survey measures – moved above 3% in the latter part of 2010. This probably reflects energy price risk more than anything else, but it requires careful monitoring.

PRODUCTION AND INVESTMENT INDICATORS

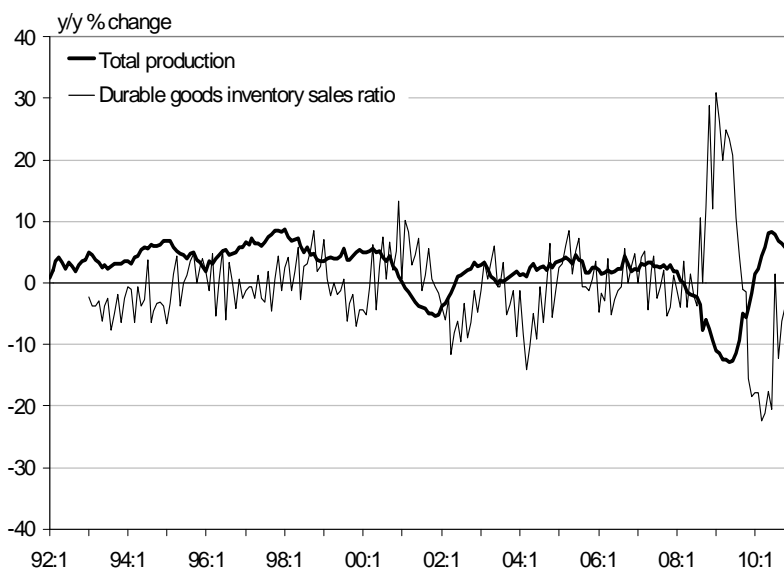
The manufacturing sector continues to be strong, although growth has become more balanced in recent months. This shift is very positive for a continued expansion. Foreign demand is strong, inventories are low, and construction indicators are pointing higher – all positive signals for investment and output growth.

Contributions to Real GDP Growth



Source: Bureau of Economic Analysis

Industrial Production



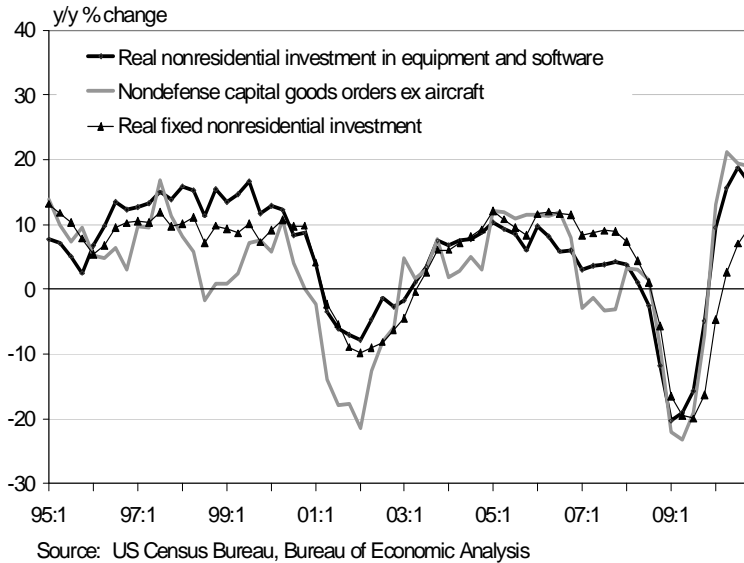
Source: Federal Reserve Board

While the manufacturing sector led the economy out of the 2008 - 09 recession, the composition of growth became more balanced in the latter part of 2010. Rising production is still important, but consumers are playing a bigger role.

Low inventories promise to keep production humming.

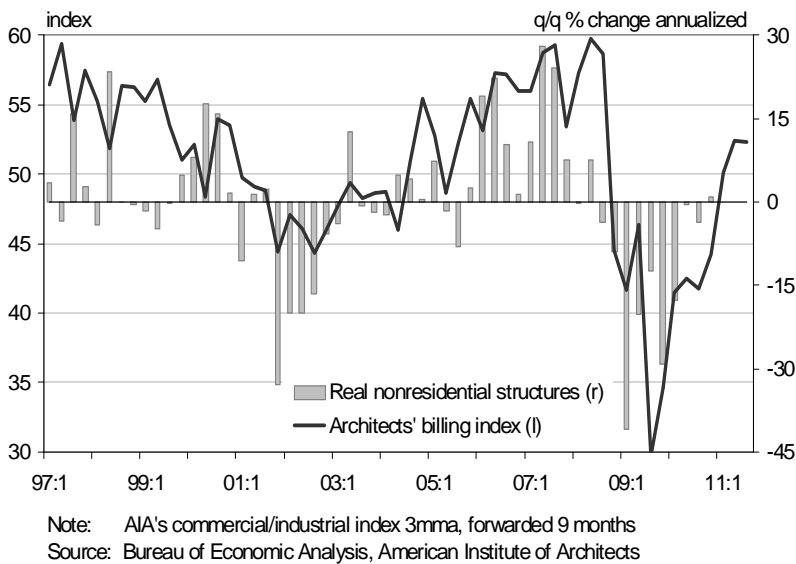
PRODUCTION AND INVESTMENT INDICATORS

Nondefense Capital Goods Orders vs. Nonresidential Investment



Strong orders are another indication production and investment will continue to expand.

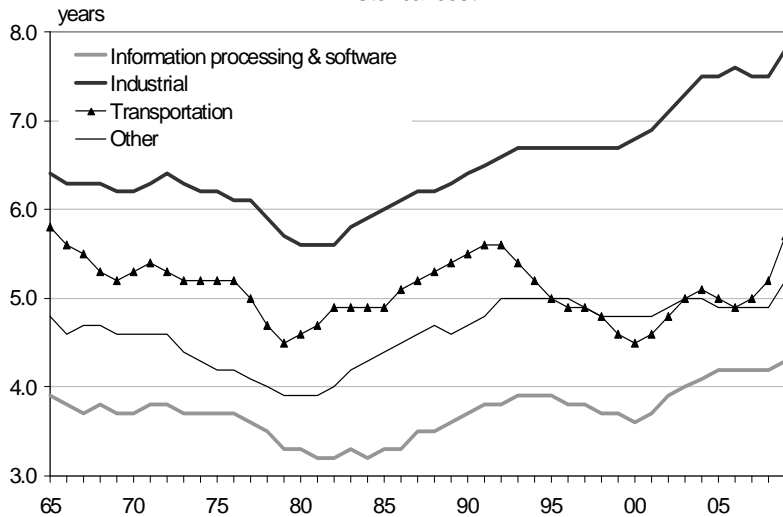
Nonresidential Construction vs. Architects' Billing



The Architects' index points to growth in nonresidential construction.

PRODUCTION AND INVESTMENT INDICATORS

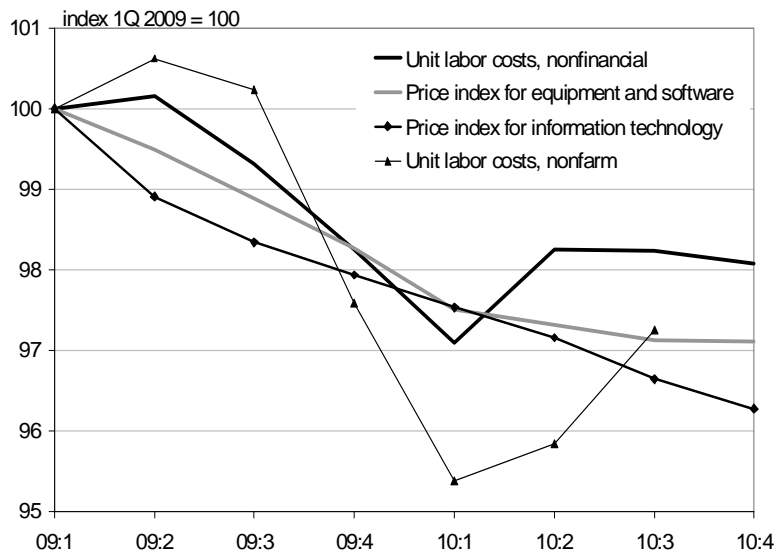
Average Age of Equipment and Software
historical cost



Source: Bureau of Economic Analysis

Aging capital stock adds to investment pressures. This is particularly true for transportation equipment.

Relationship between Price of Labor and Capital



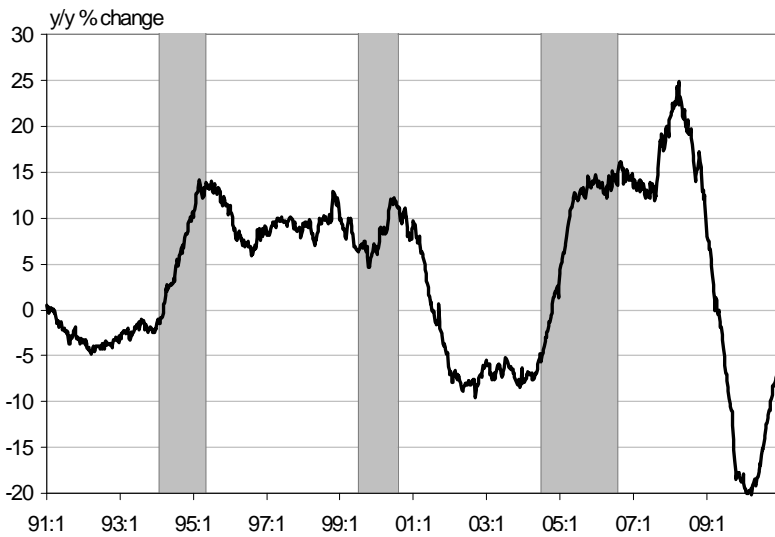
Source: Bureau of Economic Analysis, Bureau of Labor Statistics

Following the recession, labor and capital costs have fallen at similar rates. We expect labor cost declines to slow in 2011.

MONETARY AND CREDIT INDICATORS

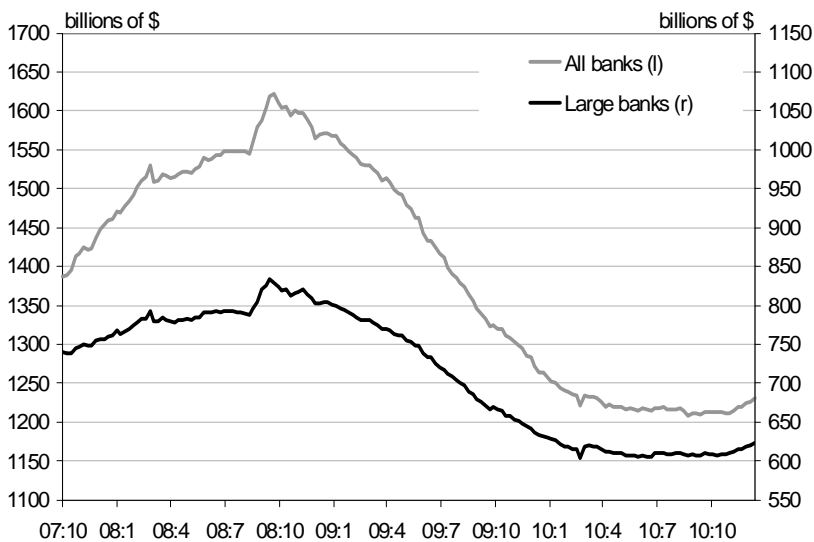
As 2011 began, private sector credit demand is showing signs of life and banks are close to actually increasing net loans. The Fed will likely to hold short rates near zero throughout the year and end their asset purchase program mid year. The yield curve will steepen, continuing a positive environment for bank earnings.

All Bank Loans



Note: Shaded areas show periods of rising fed funds rate.
Source: Federal Reserve Board

Commercial and Industrial Loans



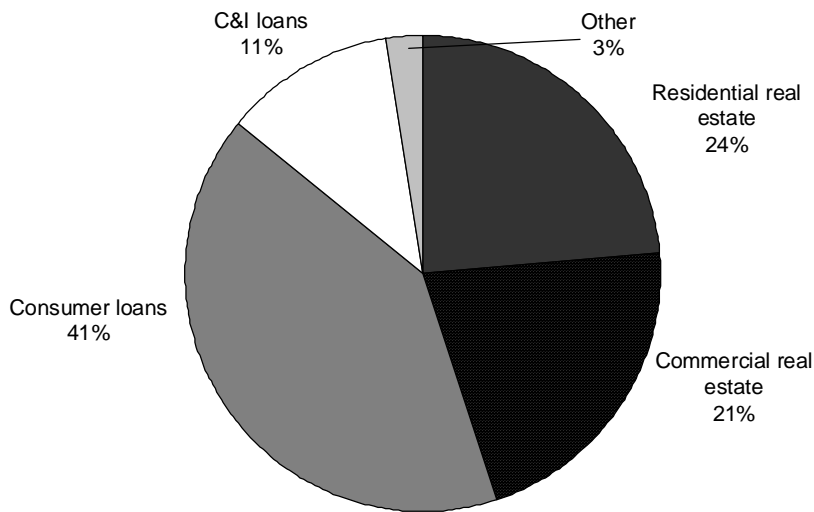
Source: Federal Reserve Board

Credit conditions continue to improve, although credit is not yet expanding. The rate of decline in bank loans slowed from 20% to 5% by the end of 2010.

Commercial and industrial loans show signs of a modest increase.

MONETARY AND CREDIT INDICATORS

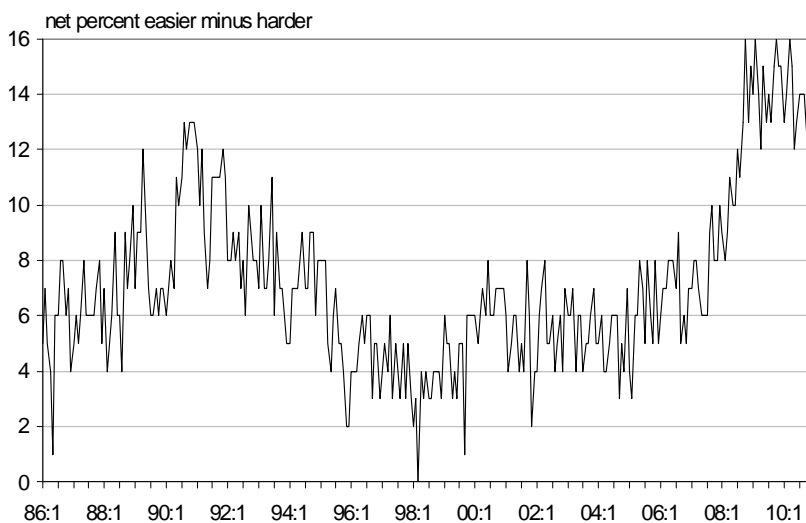
Commercial Bank Charge Offs
Q3, 2010



Source: Federal Reserve Board

It is not surprising C&I loan growth is the first area to turn positive. C&I and other loans represent 25% of bank portfolios, but only 14% of charge offs. Commercial real estate, representing 9% of portfolios and 21% of charge offs, will be the last area to expand.

Small Business Expected Credit Conditions

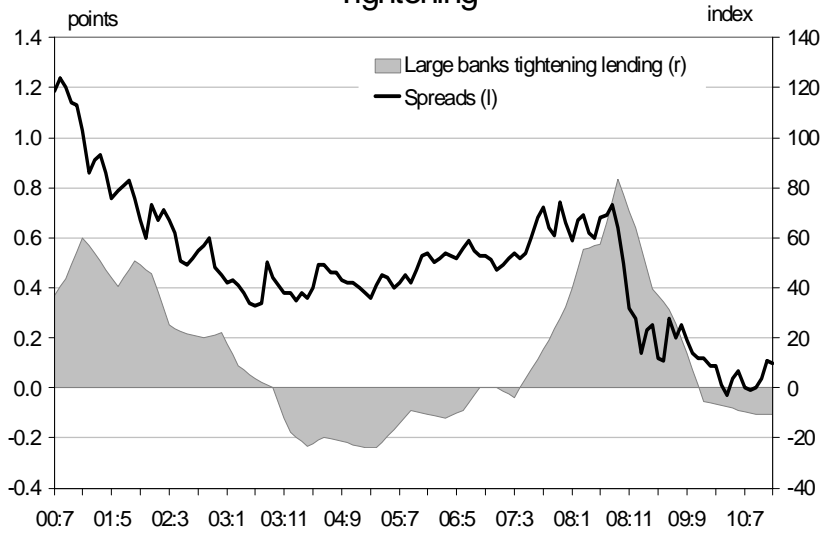


Source: National Federation of Independent Business

Even small businesses, which have experienced very tight credit conditions, are growing less pessimistic.

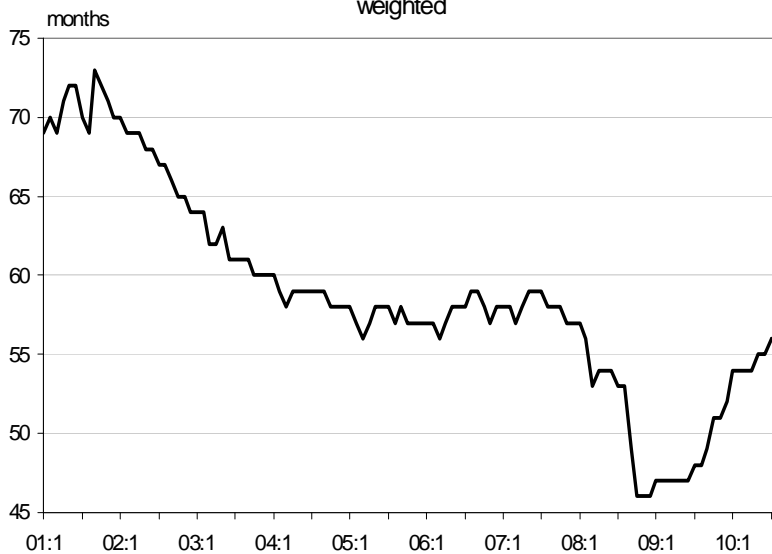
MONETARY AND CREDIT INDICATORS

10 year SWAP Spread and Bank Loan Lending Tightening



Source: Federal Reserve Board

Average Maturity of Federal Debt



Source: Financial Management Service

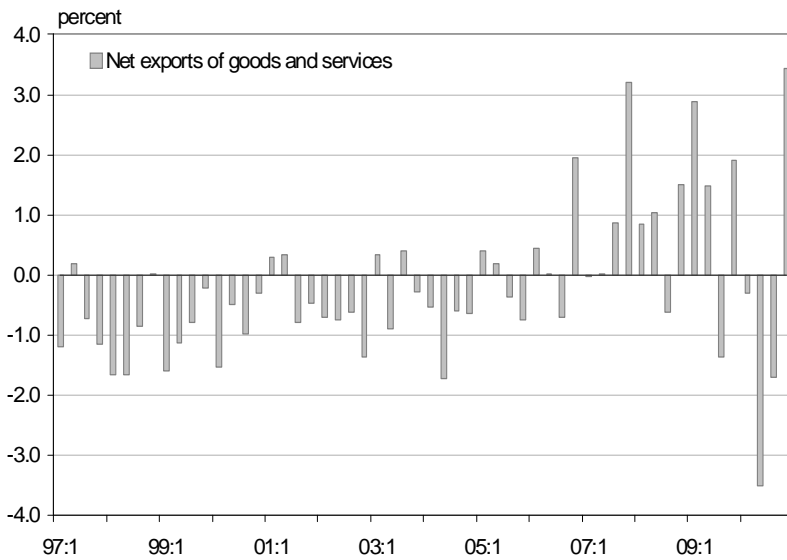
Swap spreads suggest a period of fairly stable lending conditions ahead.

The Treasury has added about 1 year to the average maturity of Federal debt since the end of 2008. This gradual lengthening will continue.

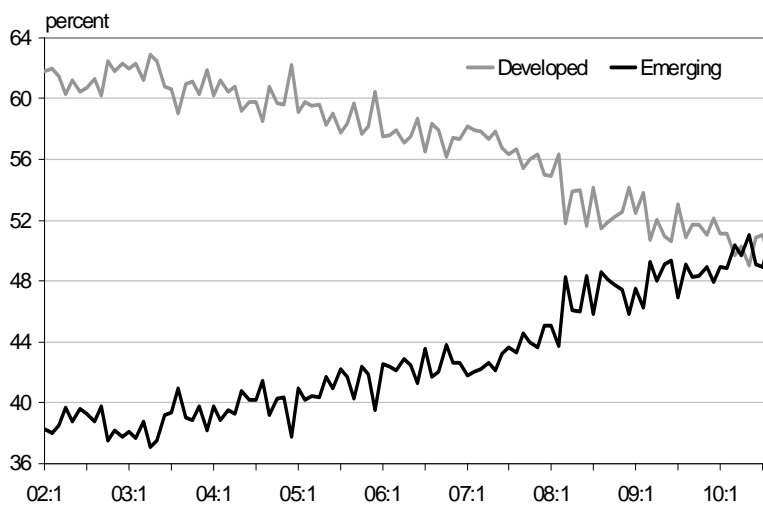
INTERNATIONAL

In the expansion phase of a business cycle, trade deficits are generally a drag on growth. This will not be true in 2011. Export markets have shifted and prospects for continued growth are good; import growth has already slowed and will remain subdued.

Net Export Contributions to Real GDP Growth



Destination of US Exports



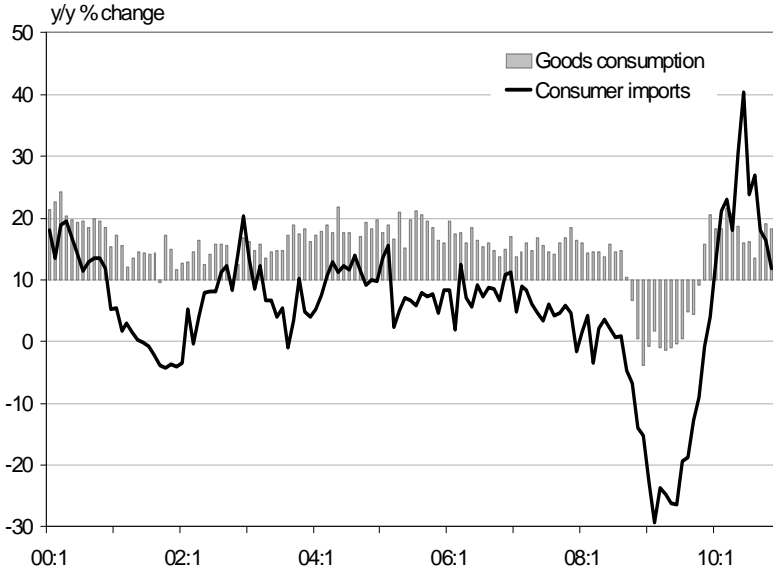
Note: Developed countries include: Australia, Canada, the European Union, Israel, Japan, South Korea and Taiwan

Source: US Census Bureau

After a lengthy period when rising trade deficits were a drag on growth, the international sector has become a frequent contributor to U.S. growth. We expect this to be true in 2011.

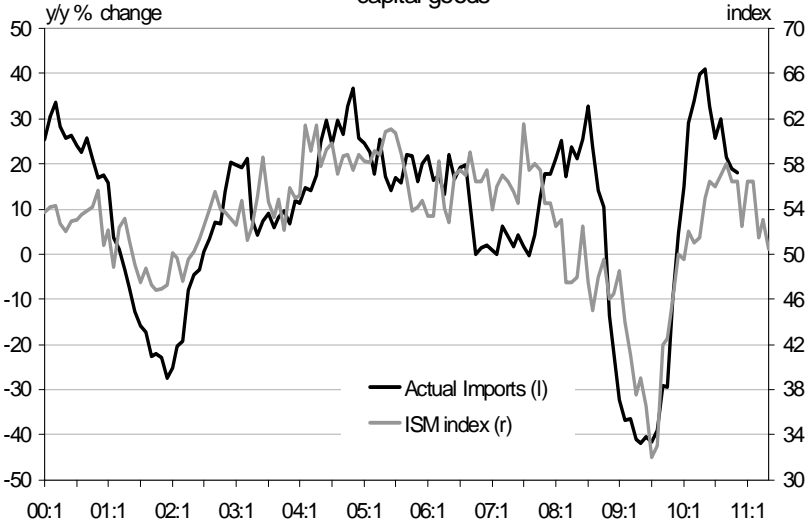
Over half of U.S. exports are now destined for emerging markets.

Consumption vs. Consumer Imports



Source: Bureau of Economic Analysis, US Census Bureau

ISM Imports Index vs. Actual Imports
capital goods



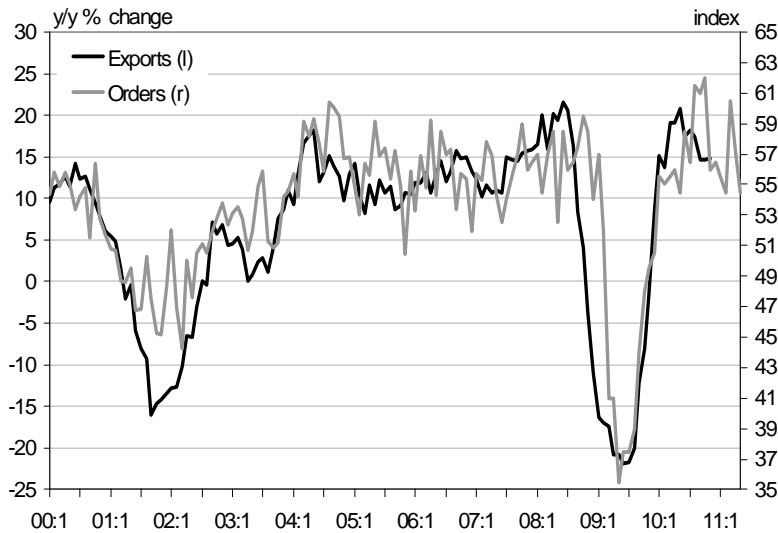
Note: Orders shifted ahead five months
Source: Institute for Supply Management, US Census Bureau

Both consumer and capital imports took a large bounce coming off the bottom of the recession, but growth has slowed significantly.

Capital goods orders point to further slowing.

INTERNATIONAL

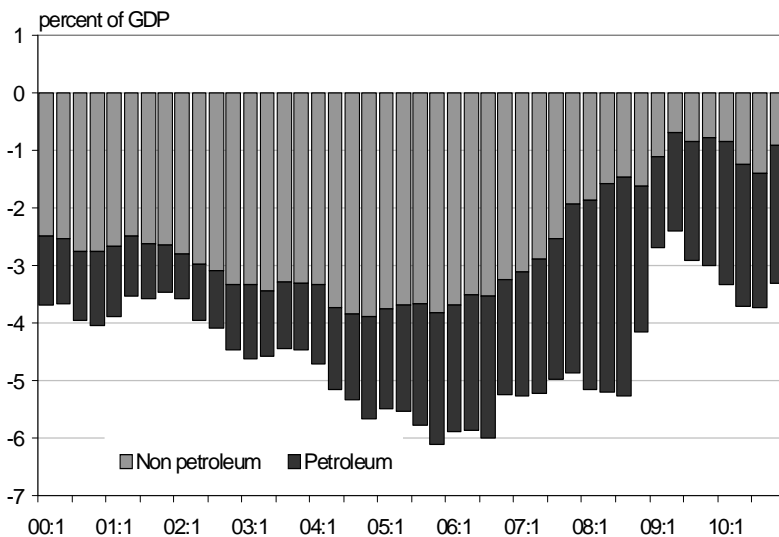
Export Orders vs. Exports



Note: Orders shifted ahead three months
Source: Institute for Supply Management, US Census Bureau

Exports have been very strong, and orders point to a continuation of this trend.

Trade Deficit as a share of GDP



Source: Bureau of Economic Analysis

With the exception of oil, the trade deficit has become a minor concern.

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Economics from Washington, Inc.
T 301.365.6395 • F 301.365.2686
www.econfromwashington.com

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