



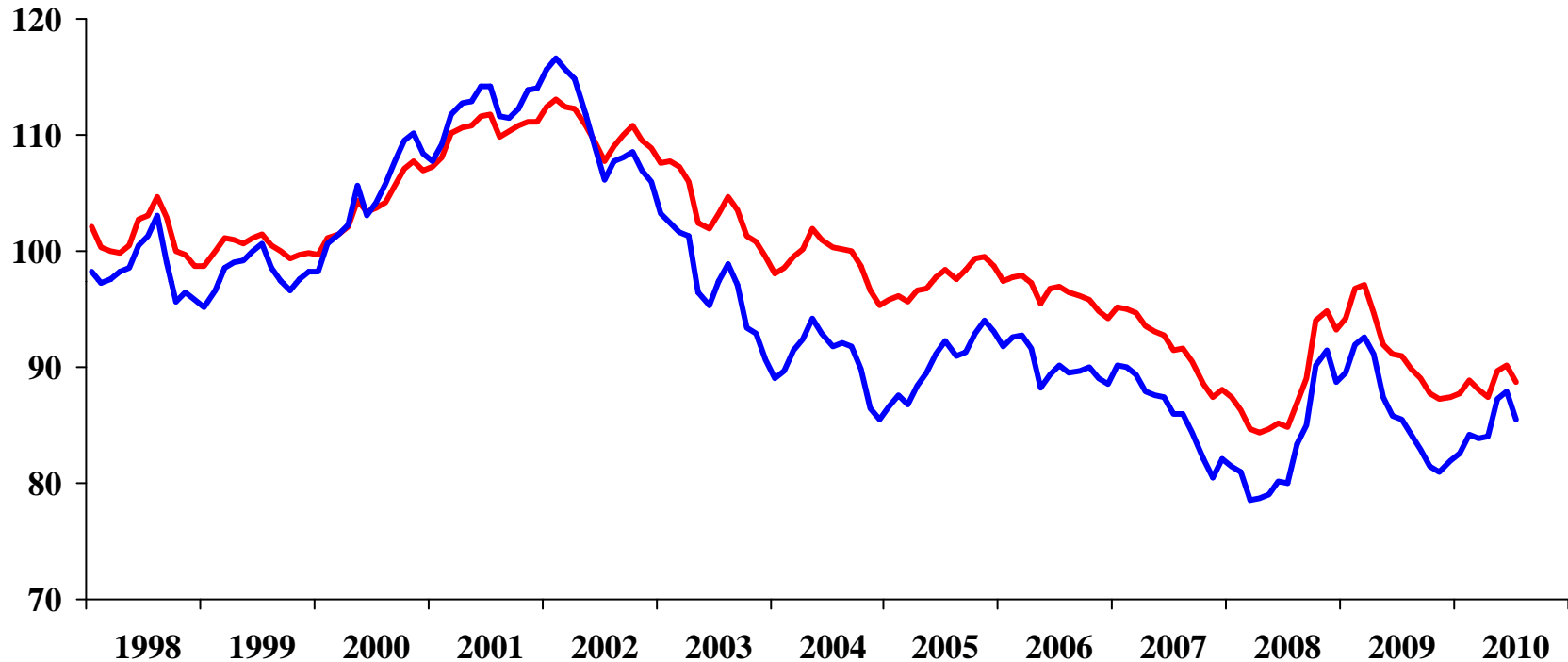
INTERNATIONAL INFLUENCES

<http://www.dallasfed.org>



Real Value of the Dollar

March 1973 = 100



— Exchange Value of the US\$ (Aug 23 release, Jul=88.7)

— US\$ vs Major Currencies* (Aug 23 release, Jul=85.5)

* Euro Area, Canada, Japan, UK, Switzerland, Australia, and Sweden

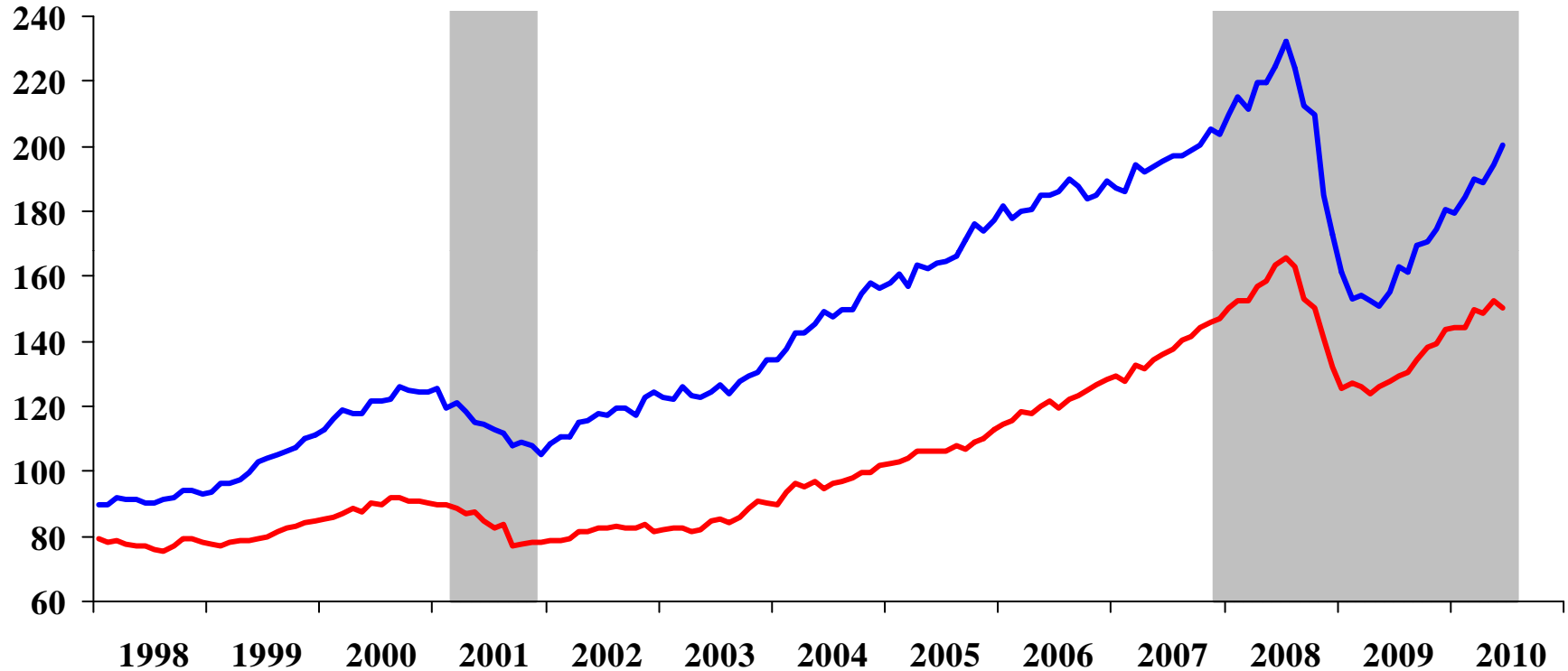
Source: Federal Reserve Board

<http://www.dallasfed.org>



U.S. Imports and Exports

Billions of Dollars



■ Recession — Exports (Aug 11 release, Jun = 150.5) — Imports (Aug 11 release, Jun = 200.3)

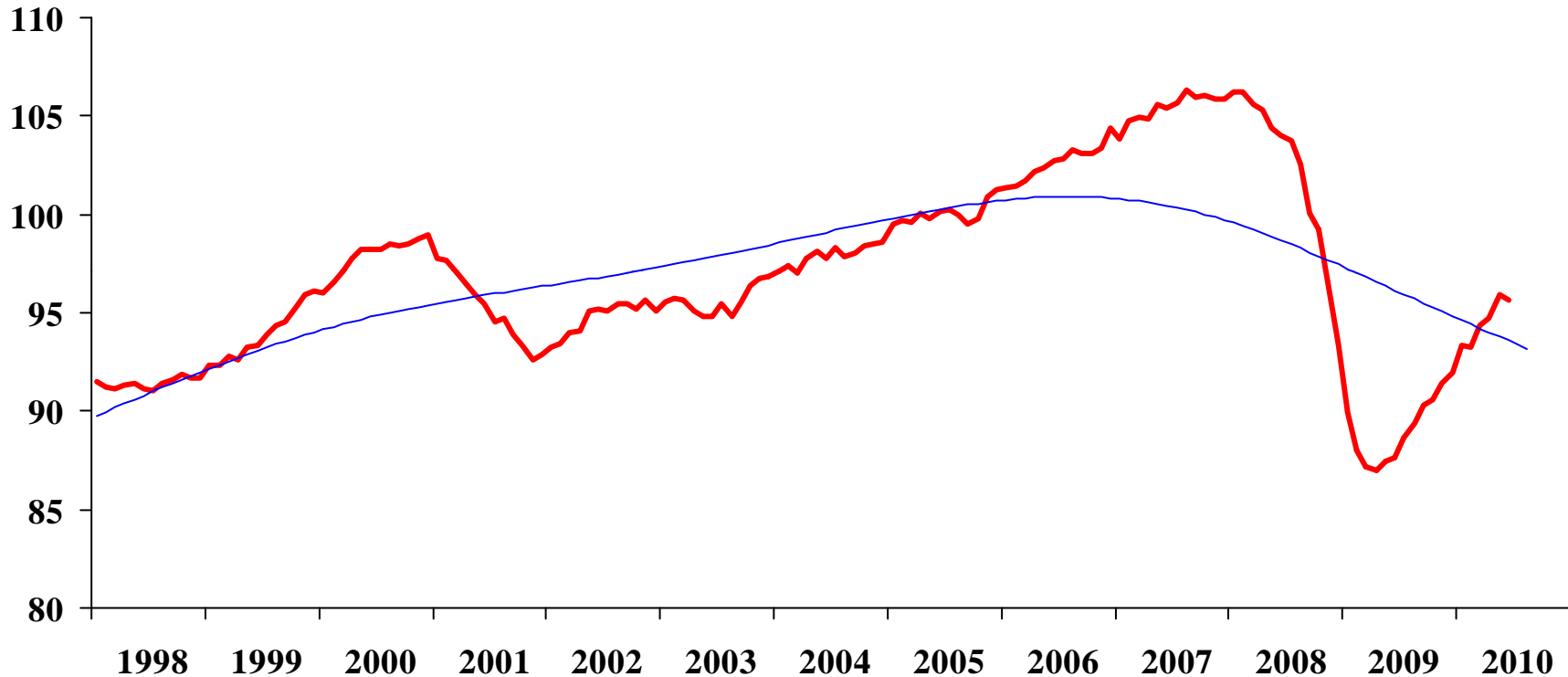
Source: Bureau of the Census

<http://www.dallasfed.org>



Industrial Production & Trend OECD Big 7

Index 2005=100



— OECD Big 7 (Aug 06 release, Jun=95.7)

— Trend (Aug 06 release, Aug=93.2)

OECD Big 7: Canada, France, Germany, Italy, Japan, UK, U.S.

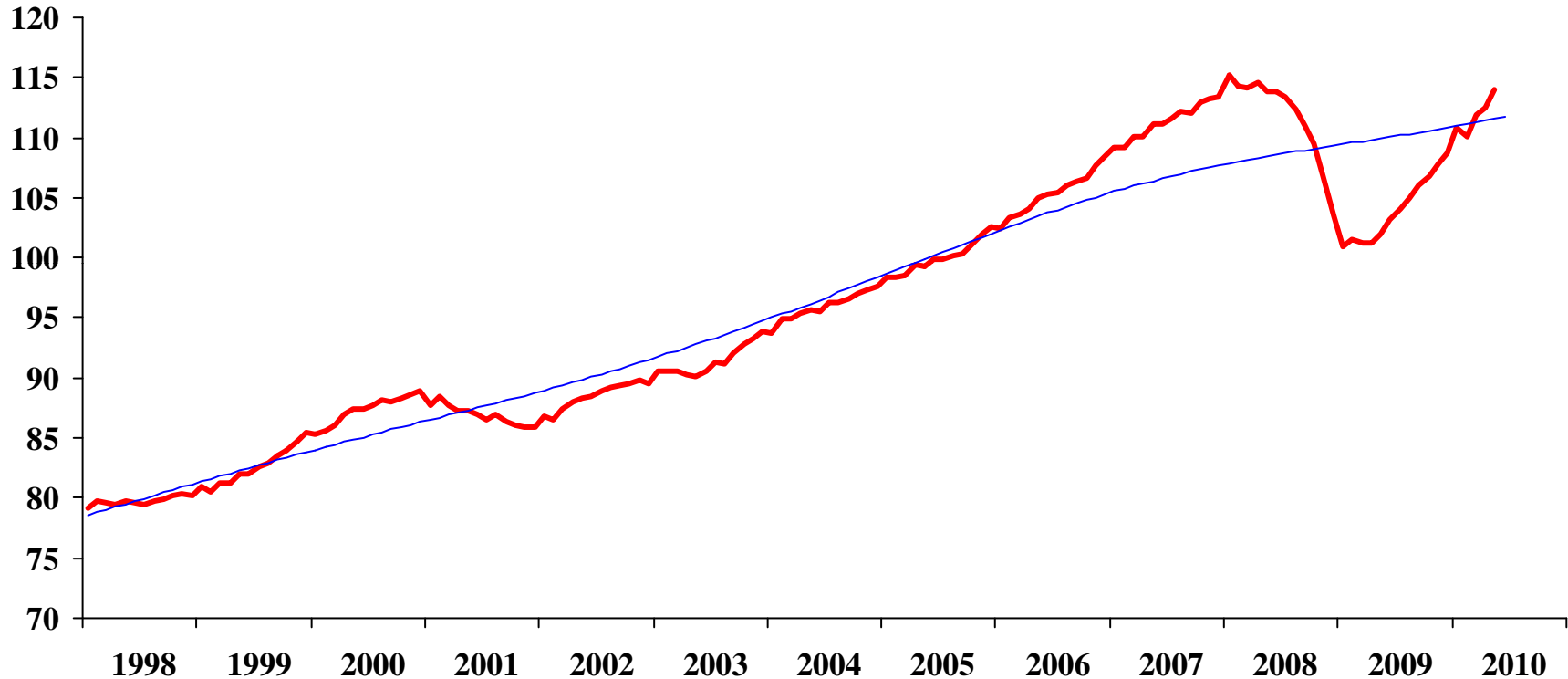
Source: OECD

<http://www.dallasfed.org>



Industrial Production & Trend OECD + 6

Index 2005=100



— OECD + Major 6 Non-Members (Aug 06 release, May=114) — Trend (Aug 06 release, Jun=111.7)

OECD Big 7: Canada, France, Germany, Italy, Japan, UK, U.S.

Major 6 Non-Members: Brazil, China, India, Indonesia, Russia, South Africa

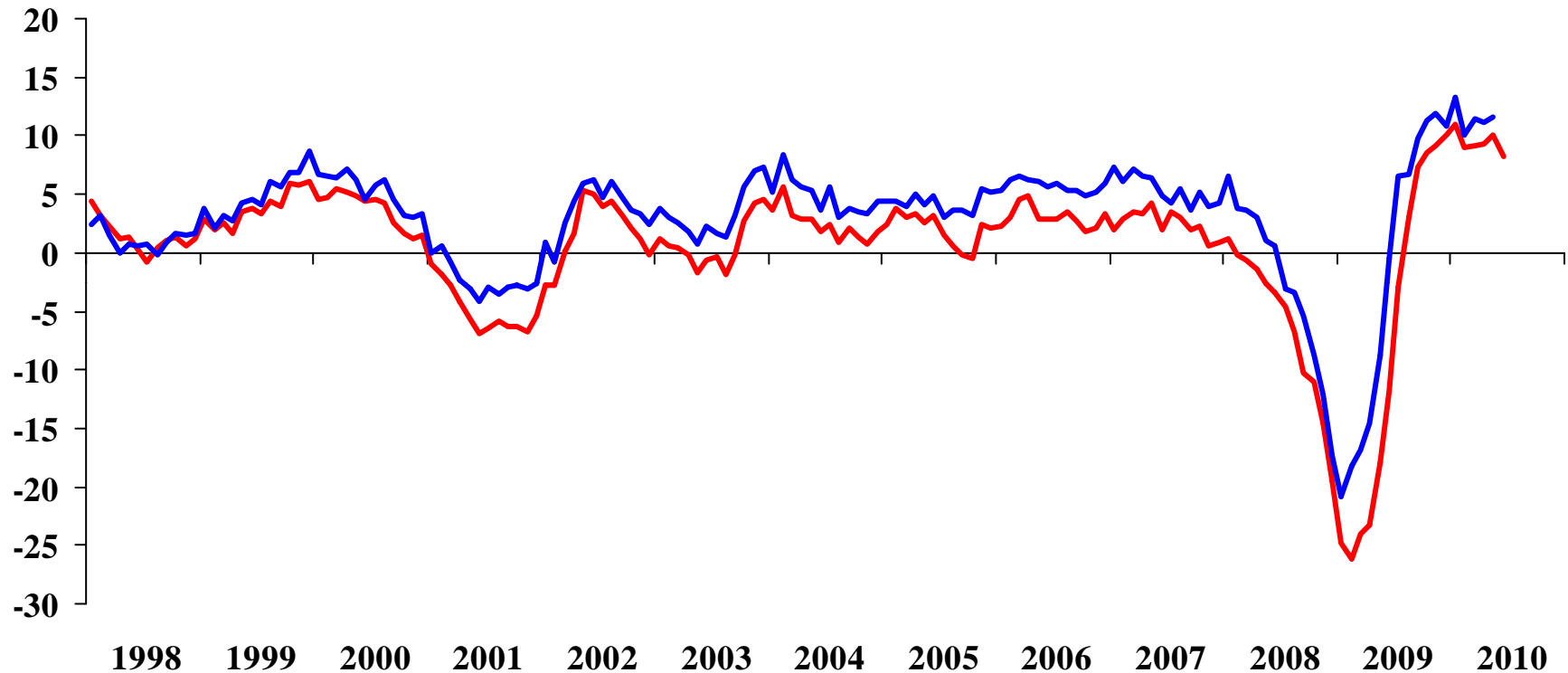
Source: OECD

<http://www.dallasfed.org>



6-month % change,
annualized

Industrial Production: OECD Big 7 & OECD + 6



— OECD Big 7 (Aug 06 release, Jun=8.3)

— OECD+Major 6 Non-Members (Aug 06 release, May=11.5)

OECD Big 7: Canada, France, Germany, Italy, Japan, UK, U.S.

Major 6 Non-Members: Brazil, China, India, Indonesia, Russia, South Africa

Source: OECD

<http://www.dallasfed.org>



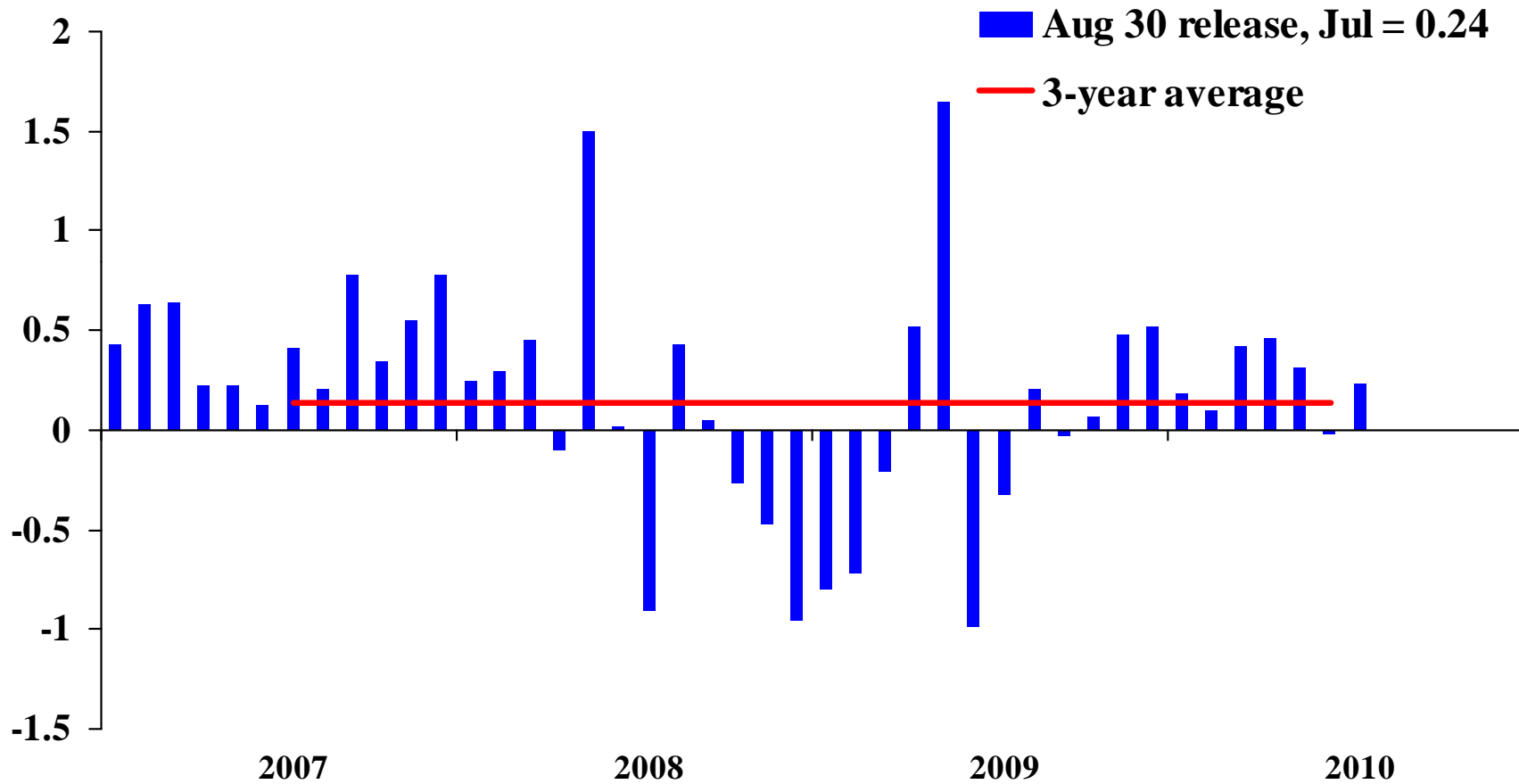
DOMESTIC ECONOMIC ACTIVITY

<http://www.dallasfed.org>



Personal Income

1-month % change

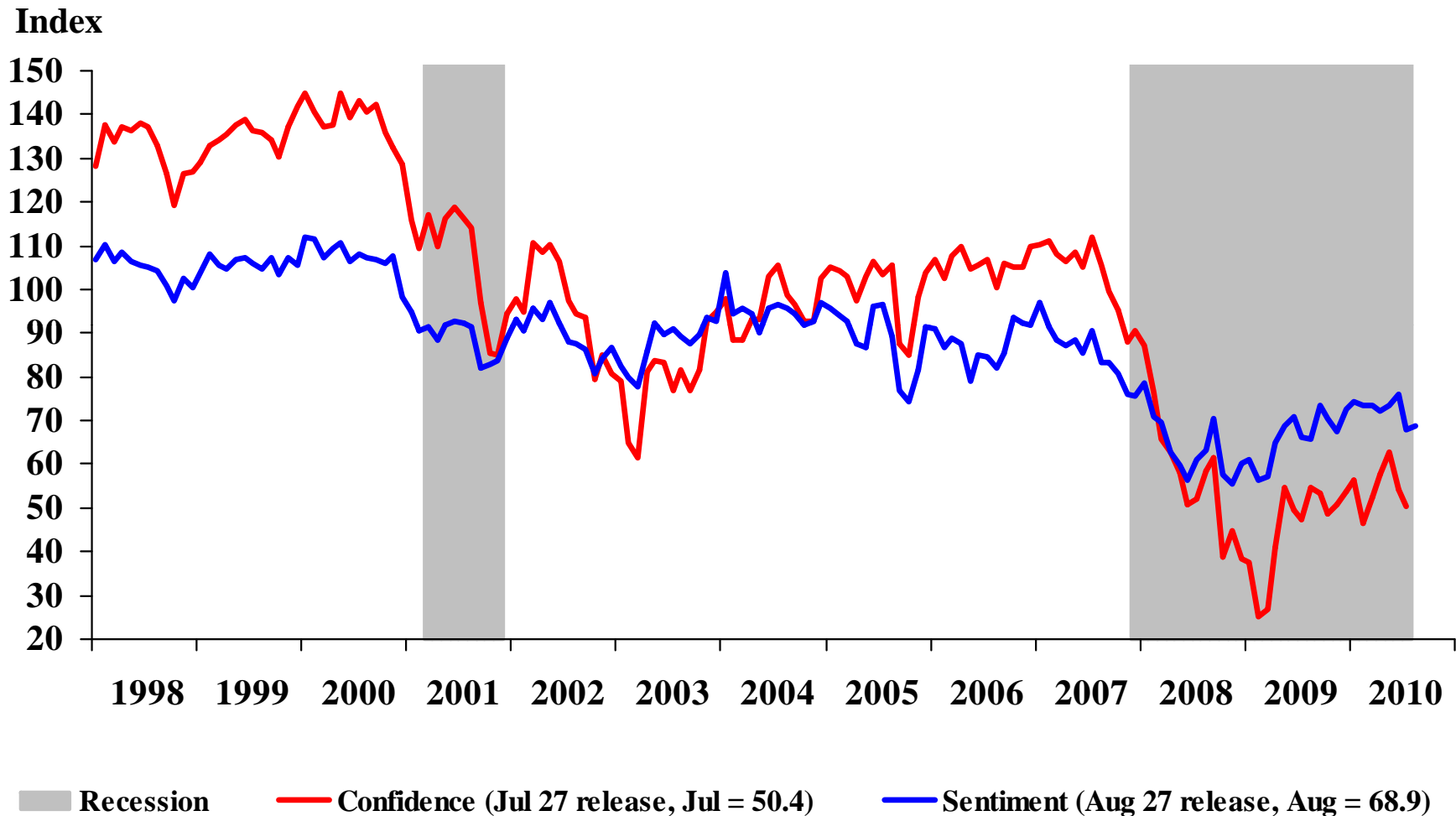


Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



Consumer Confidence/Sentiment



Consumer Sentiment: Survey of Consumers, Survey Research Center, U. of Michigan

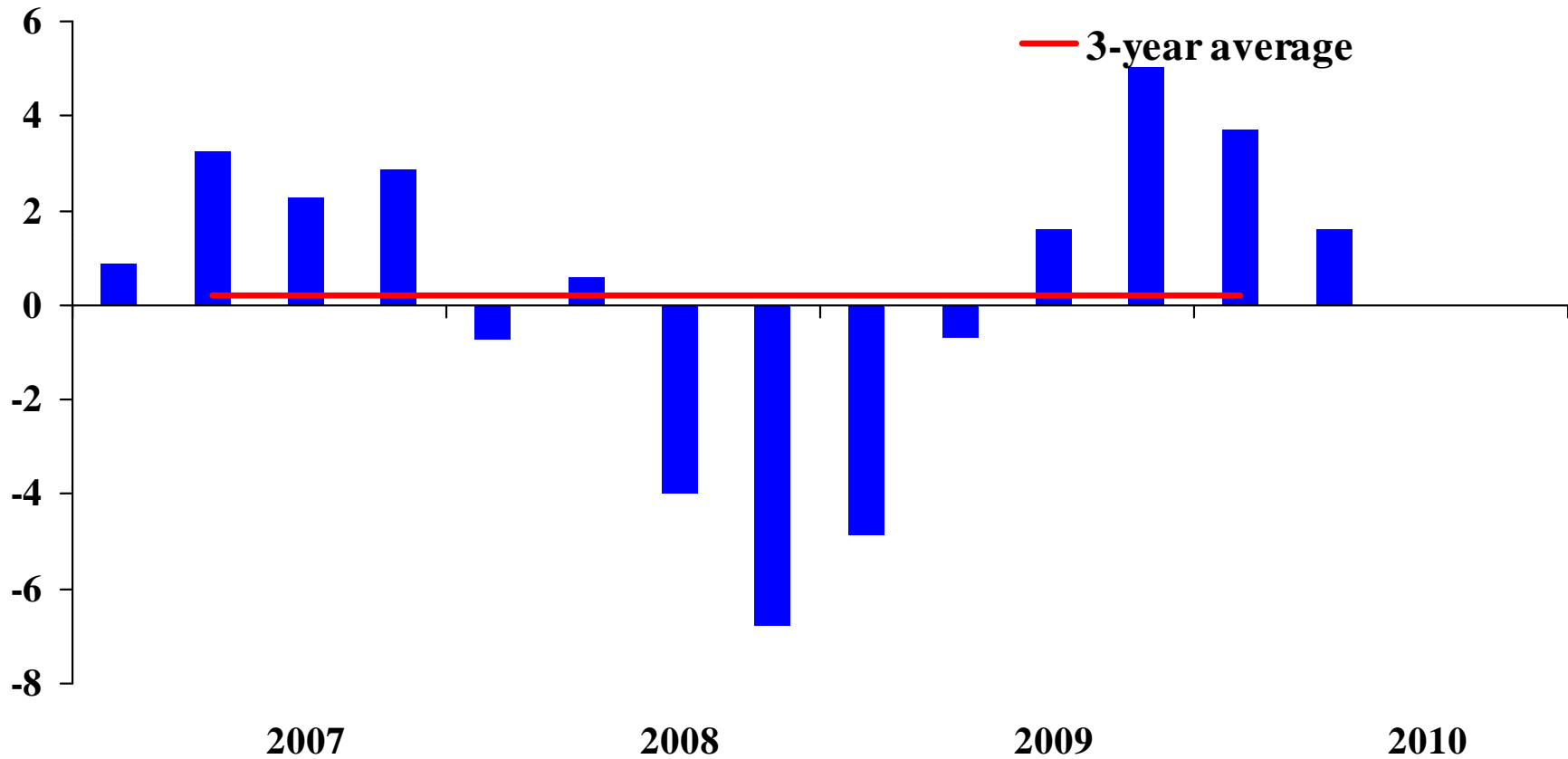
Consumer Confidence: The Conference Board

<http://www.dallasfed.org>



Real GDP

1-quarter % change,
annualized



Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



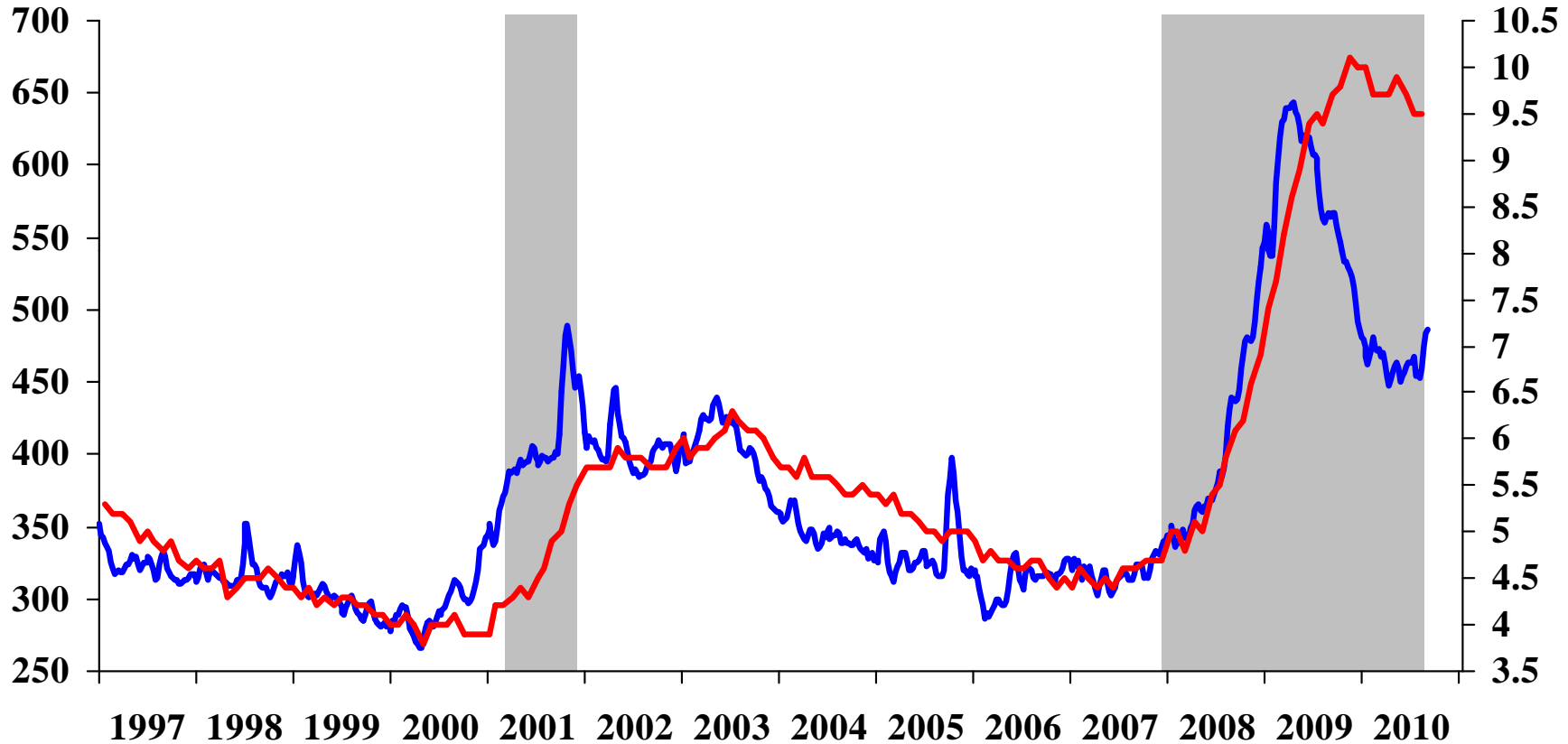
Initial Claims for Unemployment and Unemployment Rate

4-week MA

Thousands of Initial Claims

Percent

Unemployment



— Initial Claims (Aug 26 release, Aug-487)

— Unemployment Rate (Aug 06 release, Jul-9.5)

■ Recession

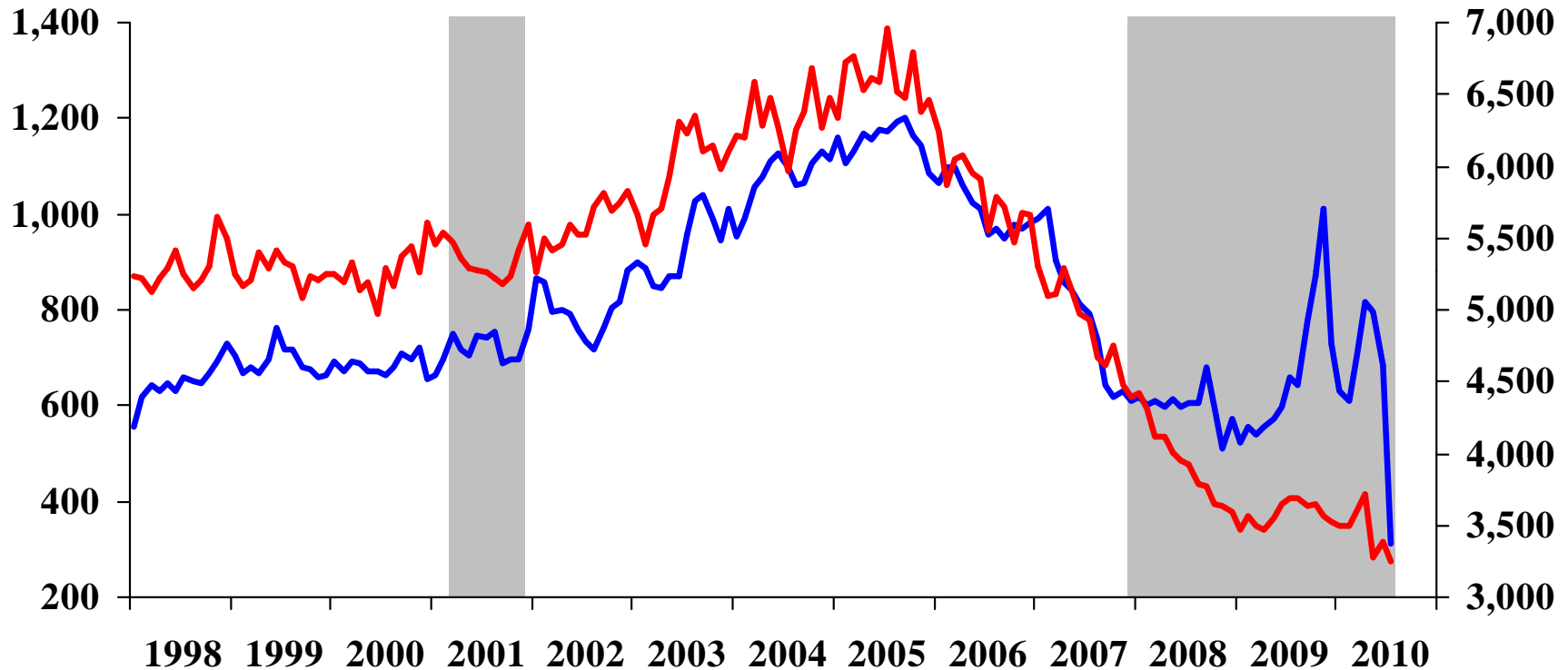
Source: Bureau of Labor Statistics, Department of Labor <http://www.dallasfed.org>



Home Sales

Thousands of New Homes

Thousands of Existing Homes



— Existing Home Sales (Aug 24 release, Jul = 3370)

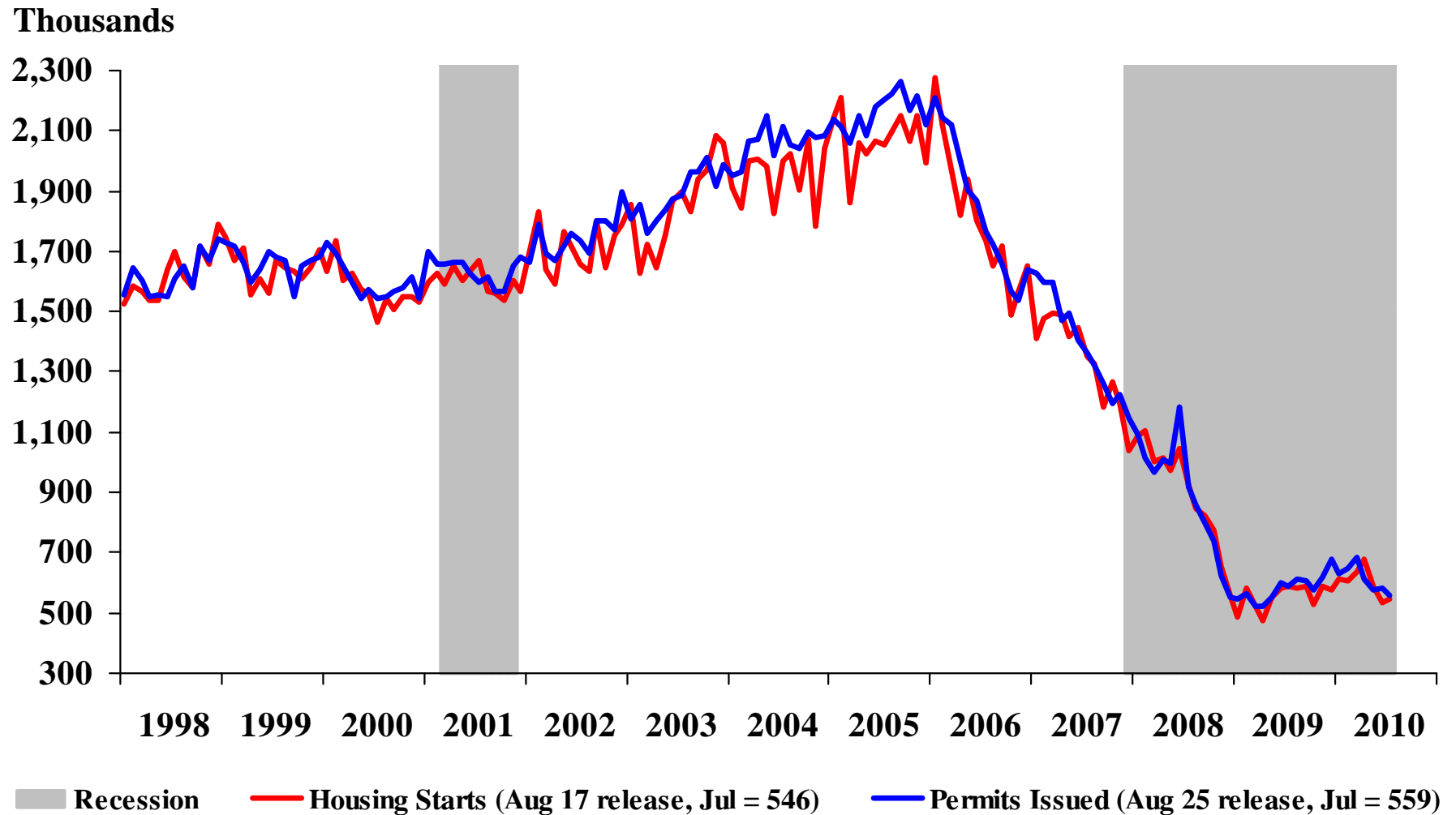
— New Home Sales (Aug 25 release, Jul = 276)

■ Recession

Source: Bureau of the Census, National Association of Realtors <http://www.dallasfed.org>



Housing Starts and Permits



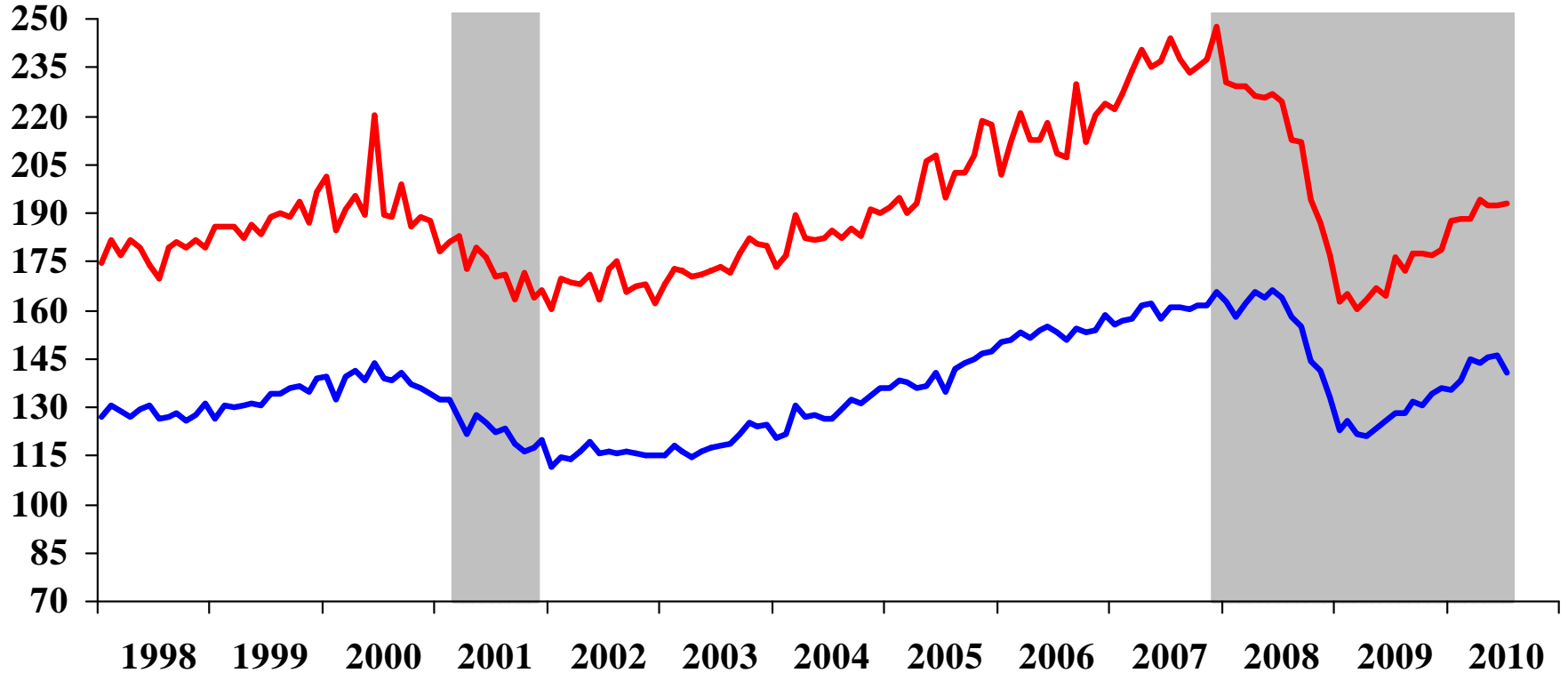
Source: Bureau of the Census

<http://www.dallasfed.org>



New Orders for Durable Goods

Billions of Dollars



— Durable Goods (Aug 25 release, Jul = 193)

— Excl. Transportation (Aug 25 release, Jul = 140.4)

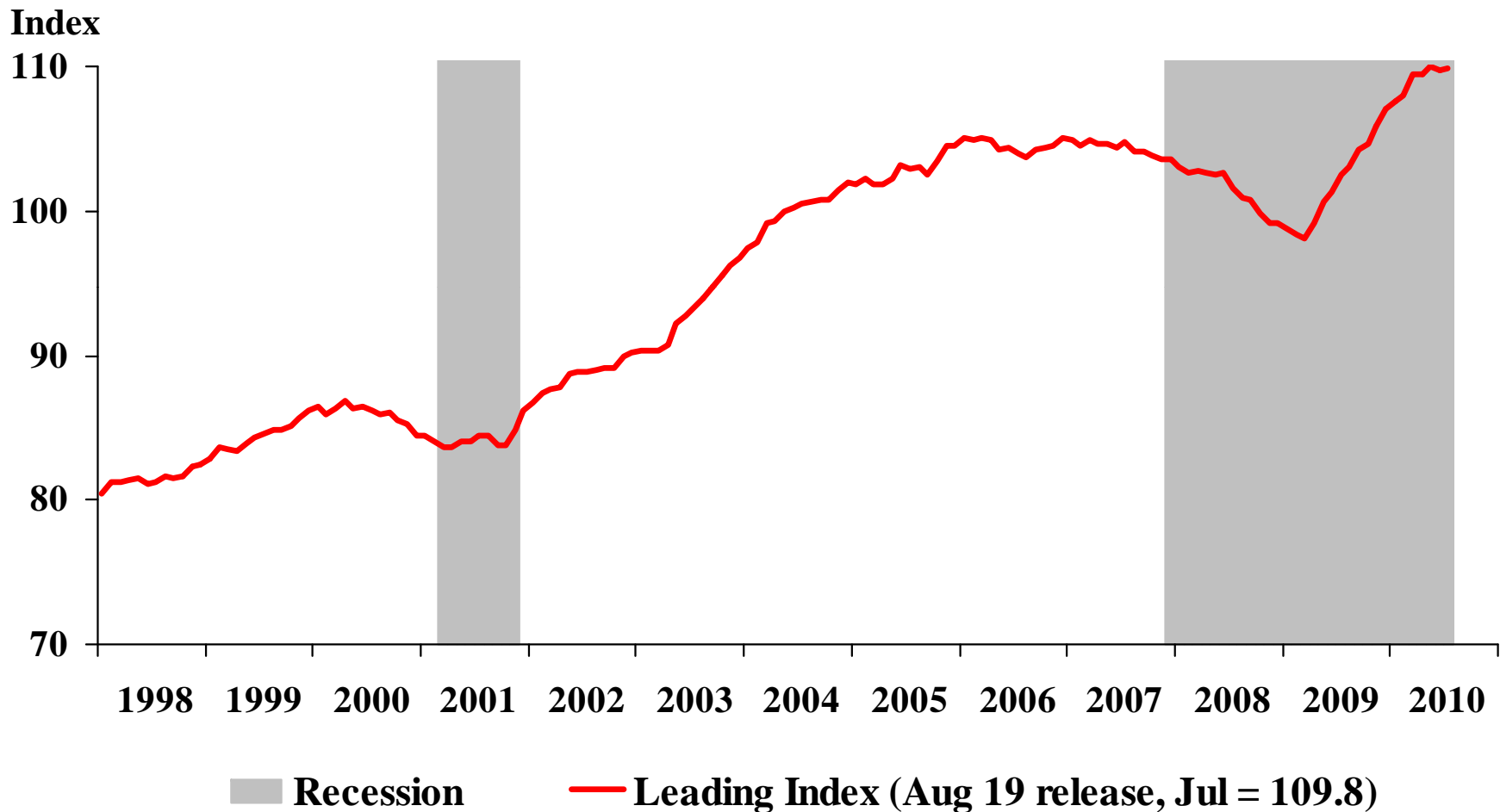
■ Recession

Source: Bureau of the Census

<http://www.dallasfed.org>



Index of Leading Economic Indicators

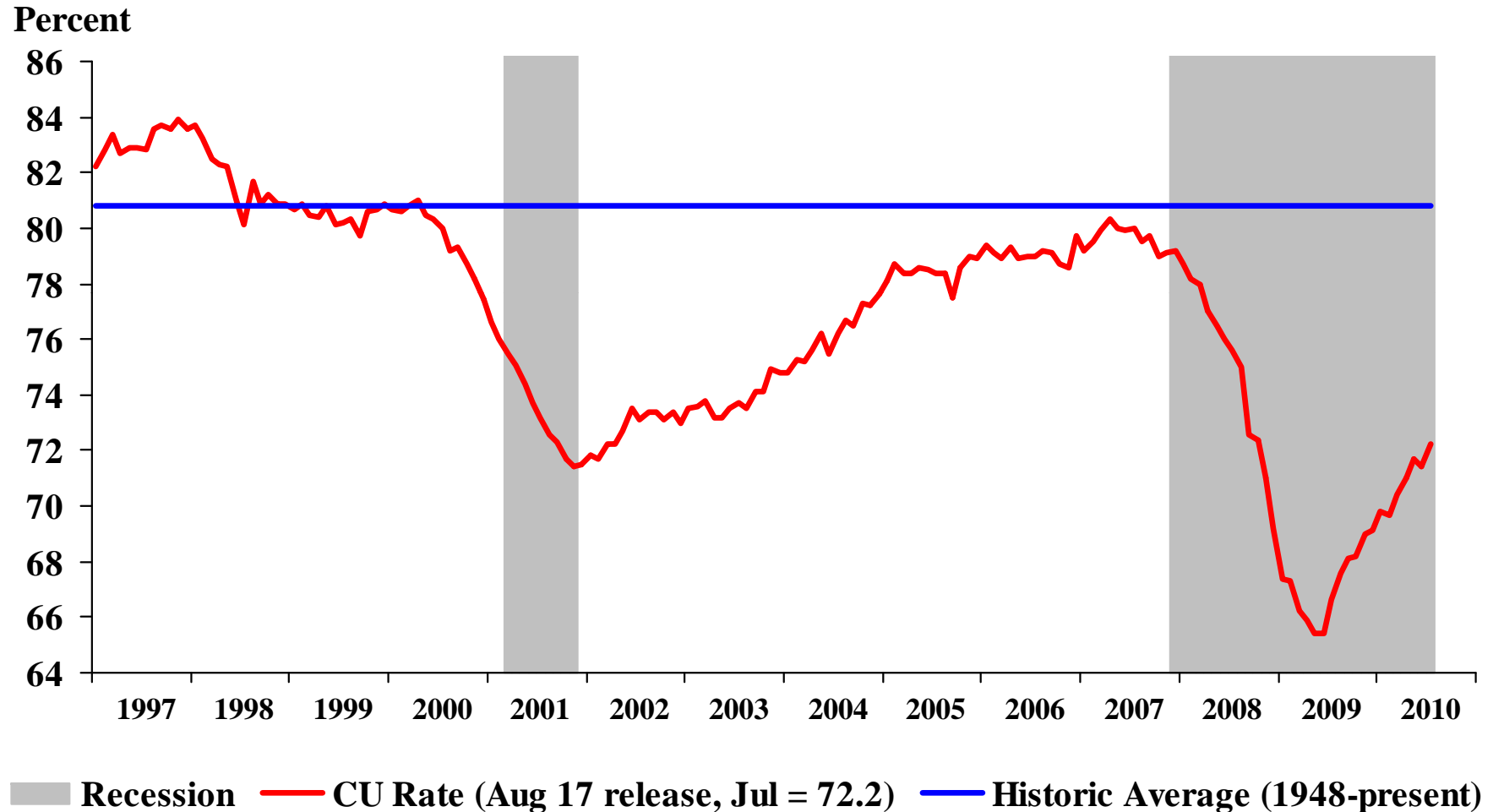


Source: The Conference Board

<http://www.dallasfed.org>



Manufacturing Capacity Utilization Rate



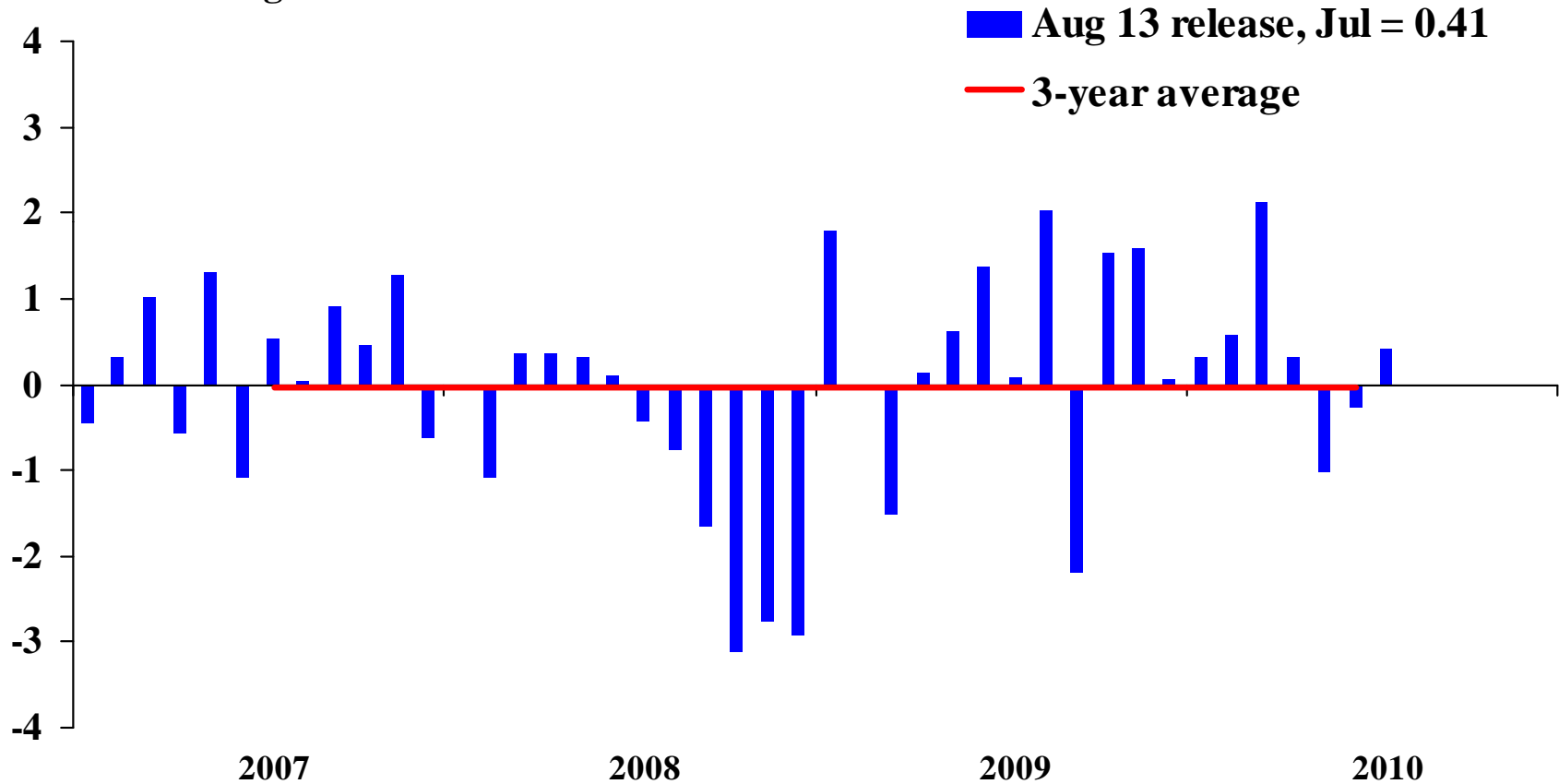
Source: Federal Reserve Board

<http://www.dallasfed.org>



Retail Sales

1-month % change



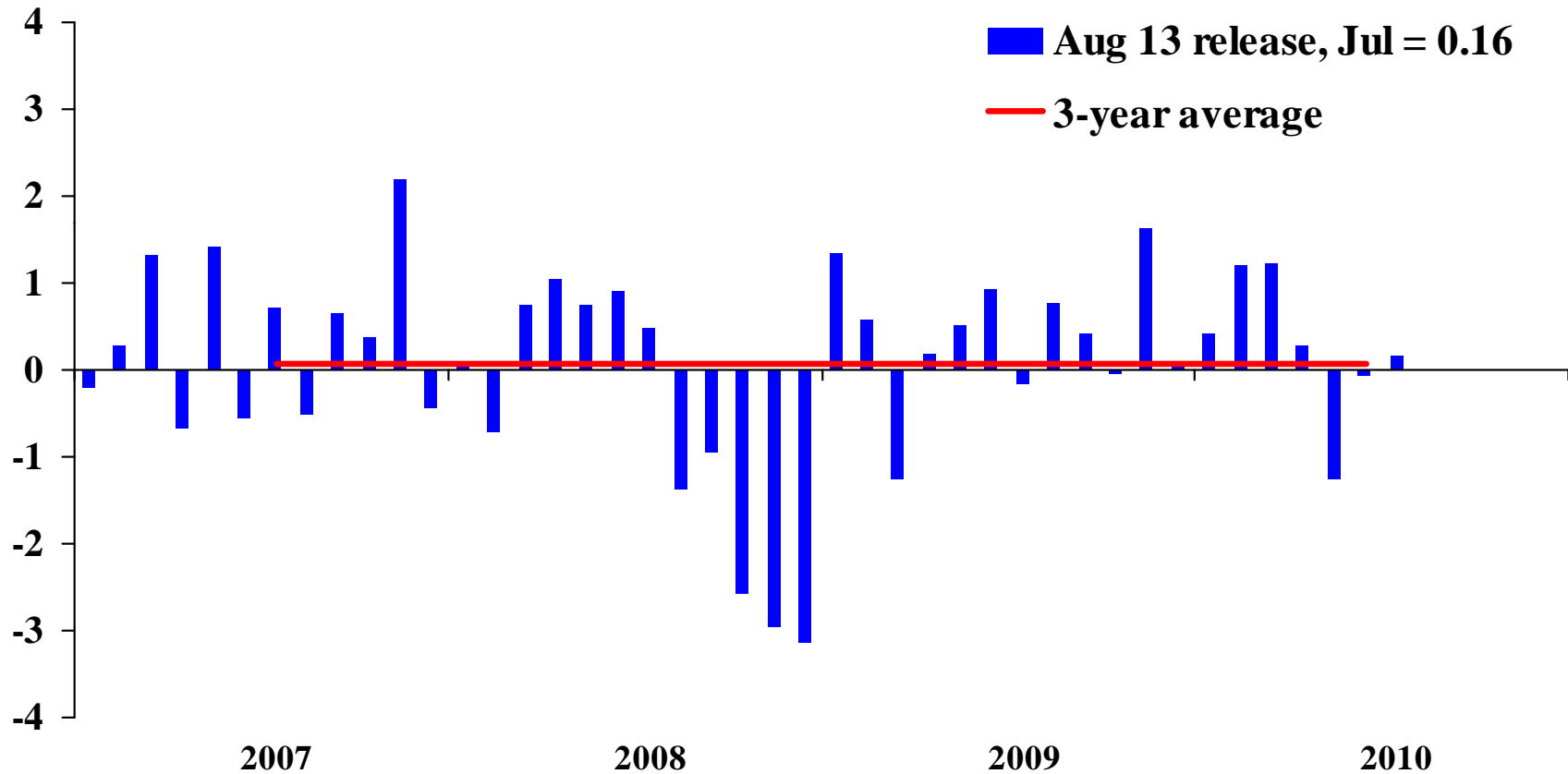
Source: Bureau of the Census

<http://www.dallasfed.org>



Retail Sales, Excluding Autos

1-month % change

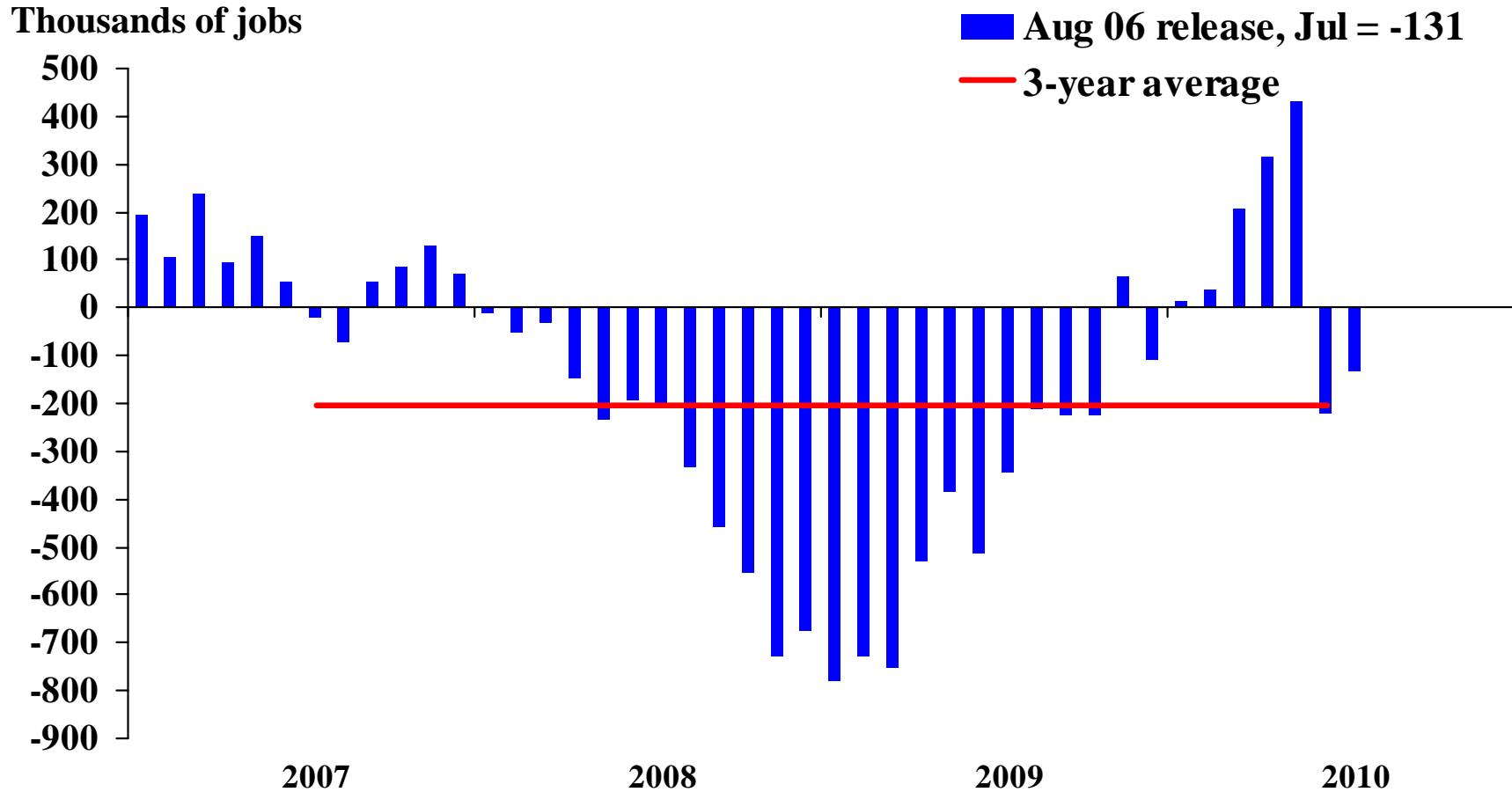


Source: Bureau of the Census

<http://www.dallasfed.org>



Change in Nonfarm Employment

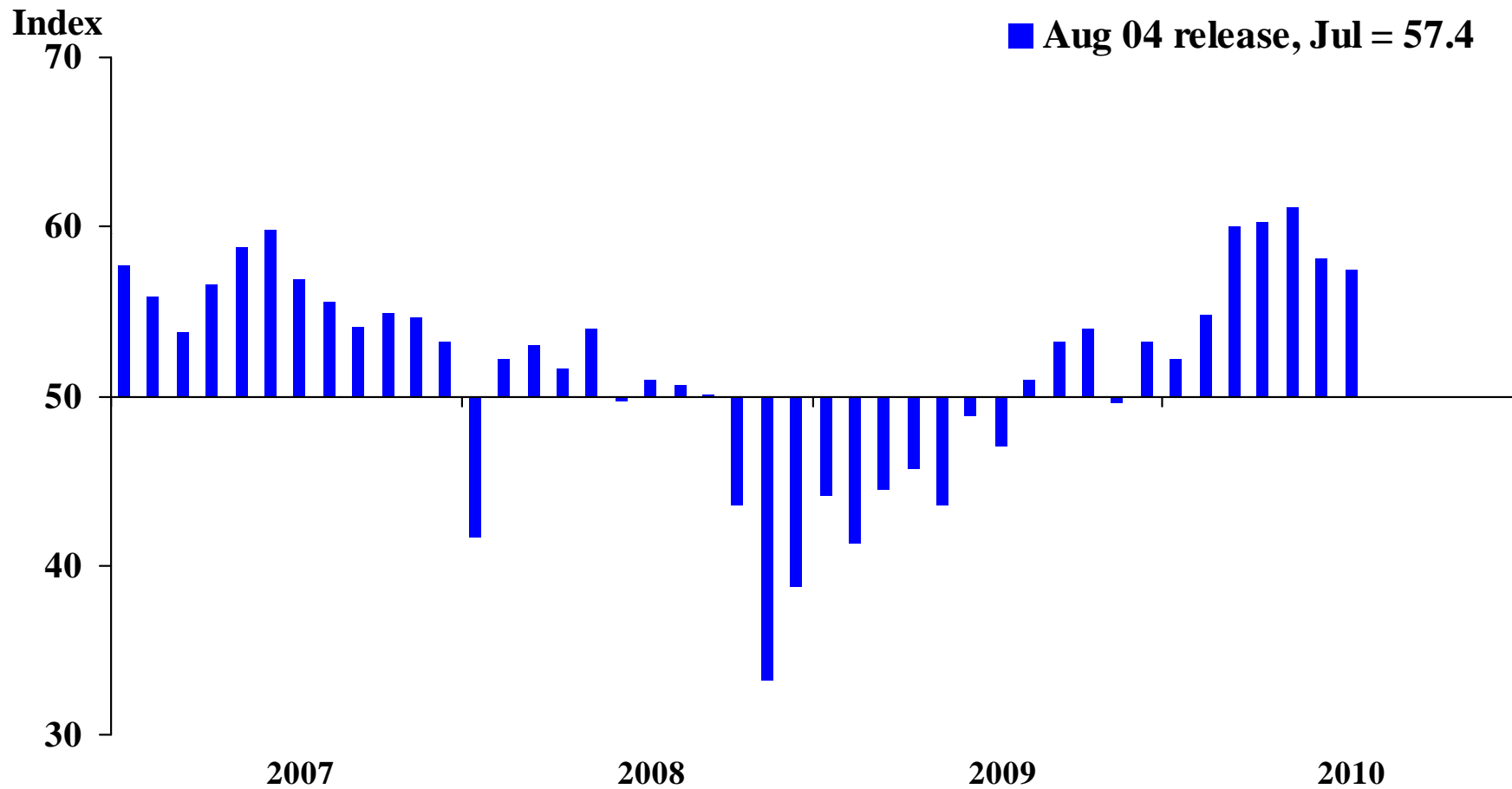


Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



ISM Non-Manufacturing Activity Index

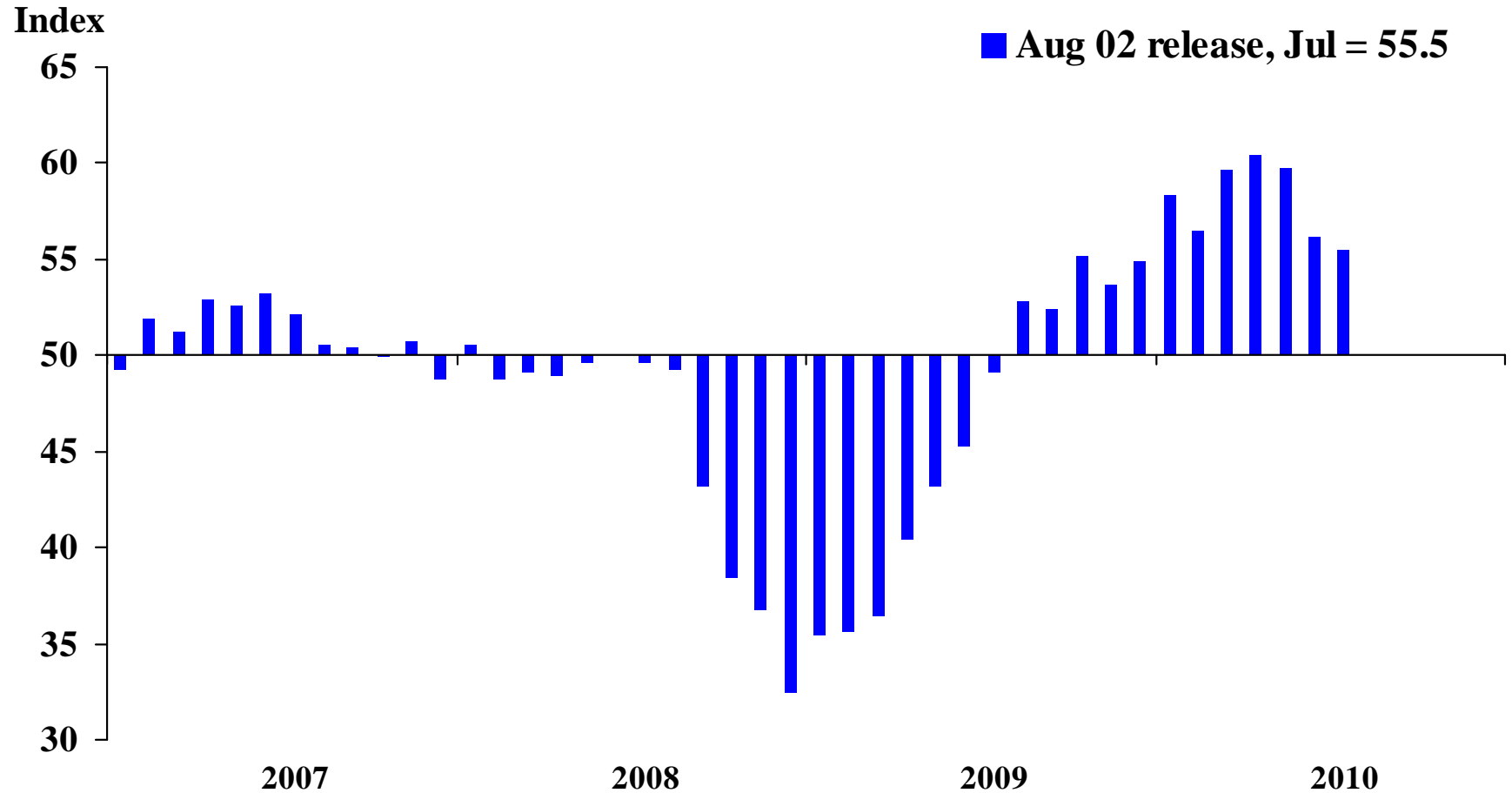


Source : Institute for Supply Management TM

<http://www.dallasfed.org>



Purchasing Managers' Index



Source: Institute for Supply Management TM

<http://www.dallasfed.org>



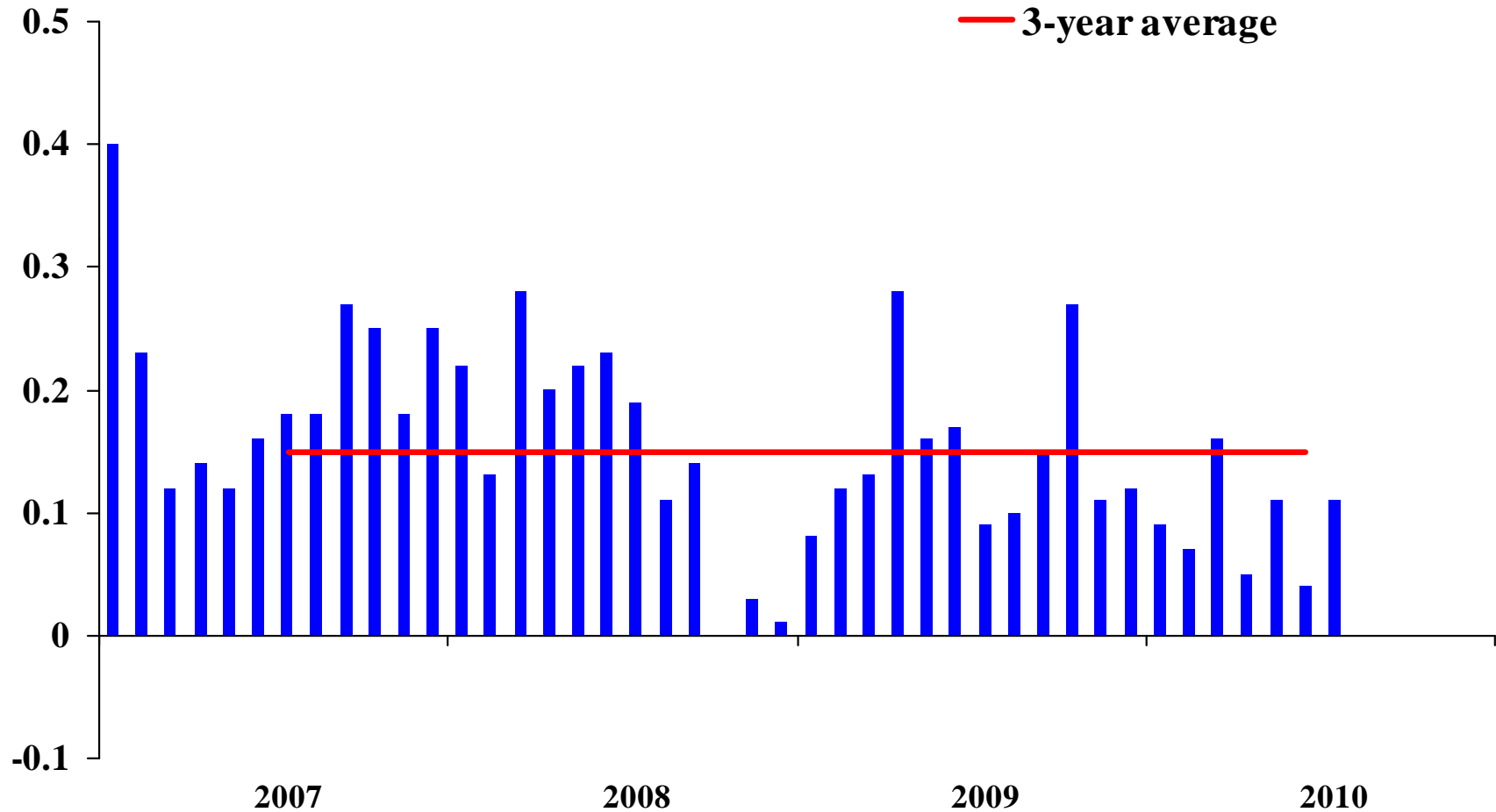
WAGES AND PRICES

<http://www.dallasfed.org>



Core PCE Price Index

1-month % change



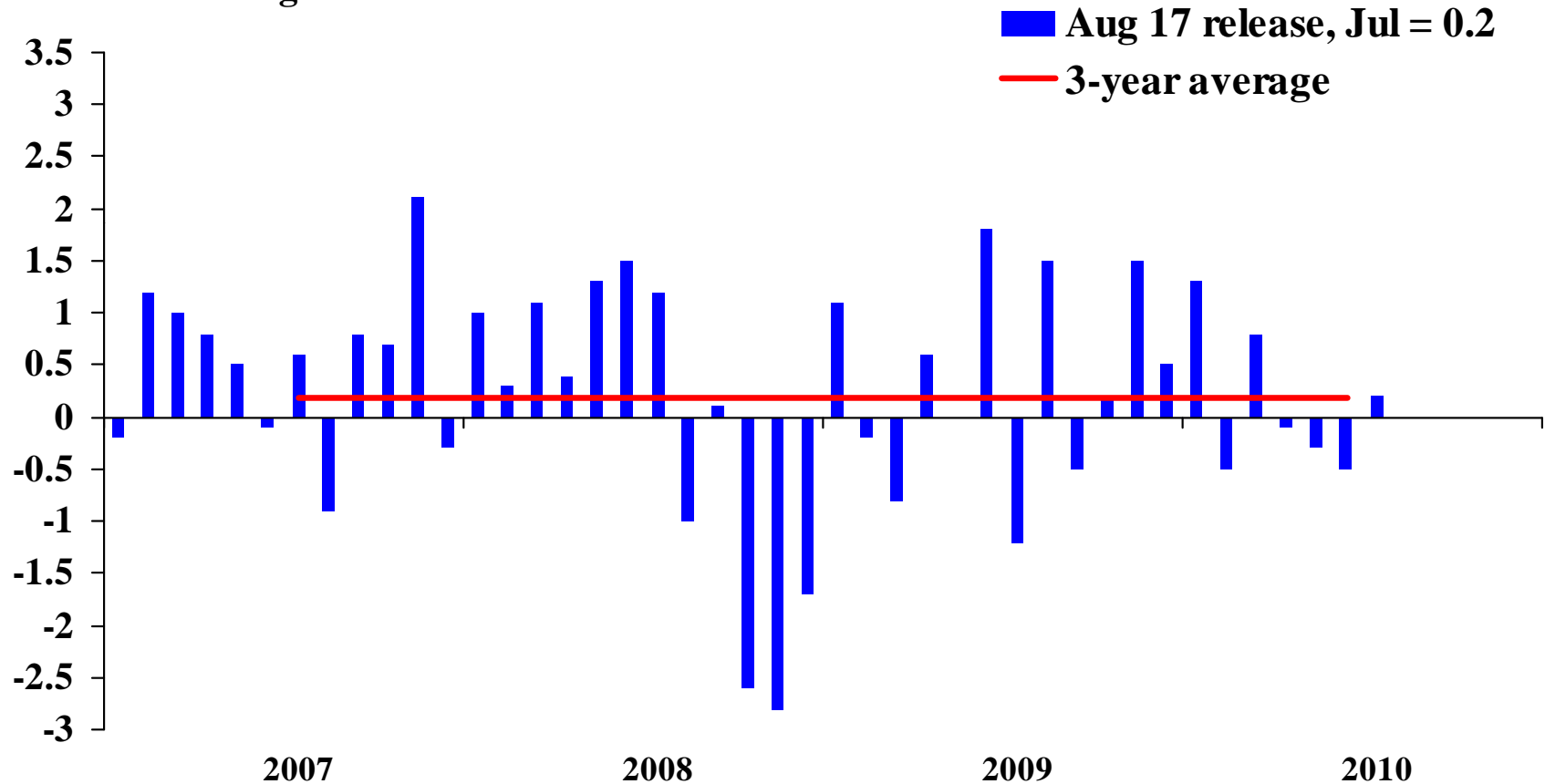
Source: Bureau of Economic Analysis

<http://www.dallasfed.org>



Producer Price Index

1-month % change

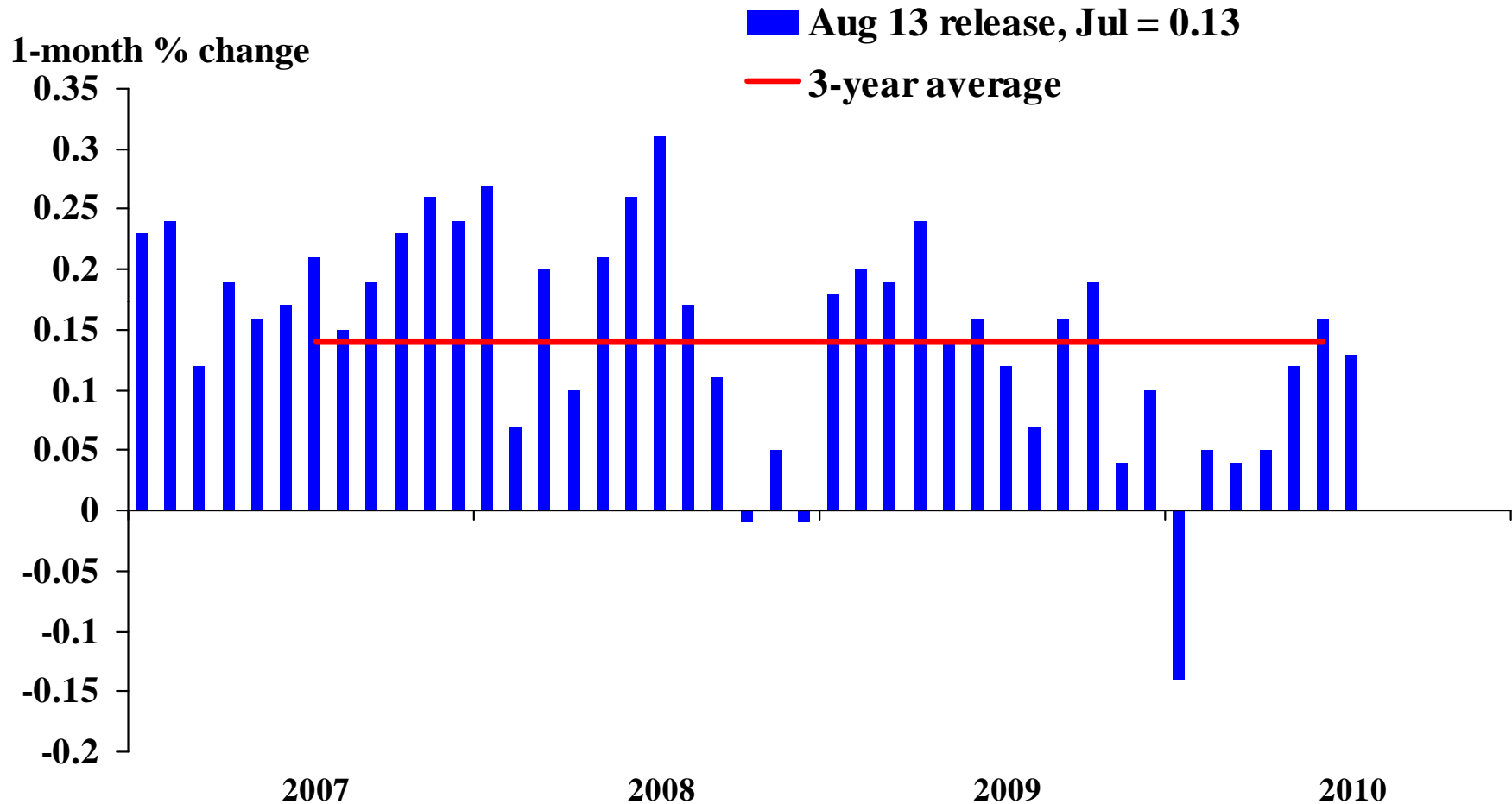


Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Core Consumer Price Index



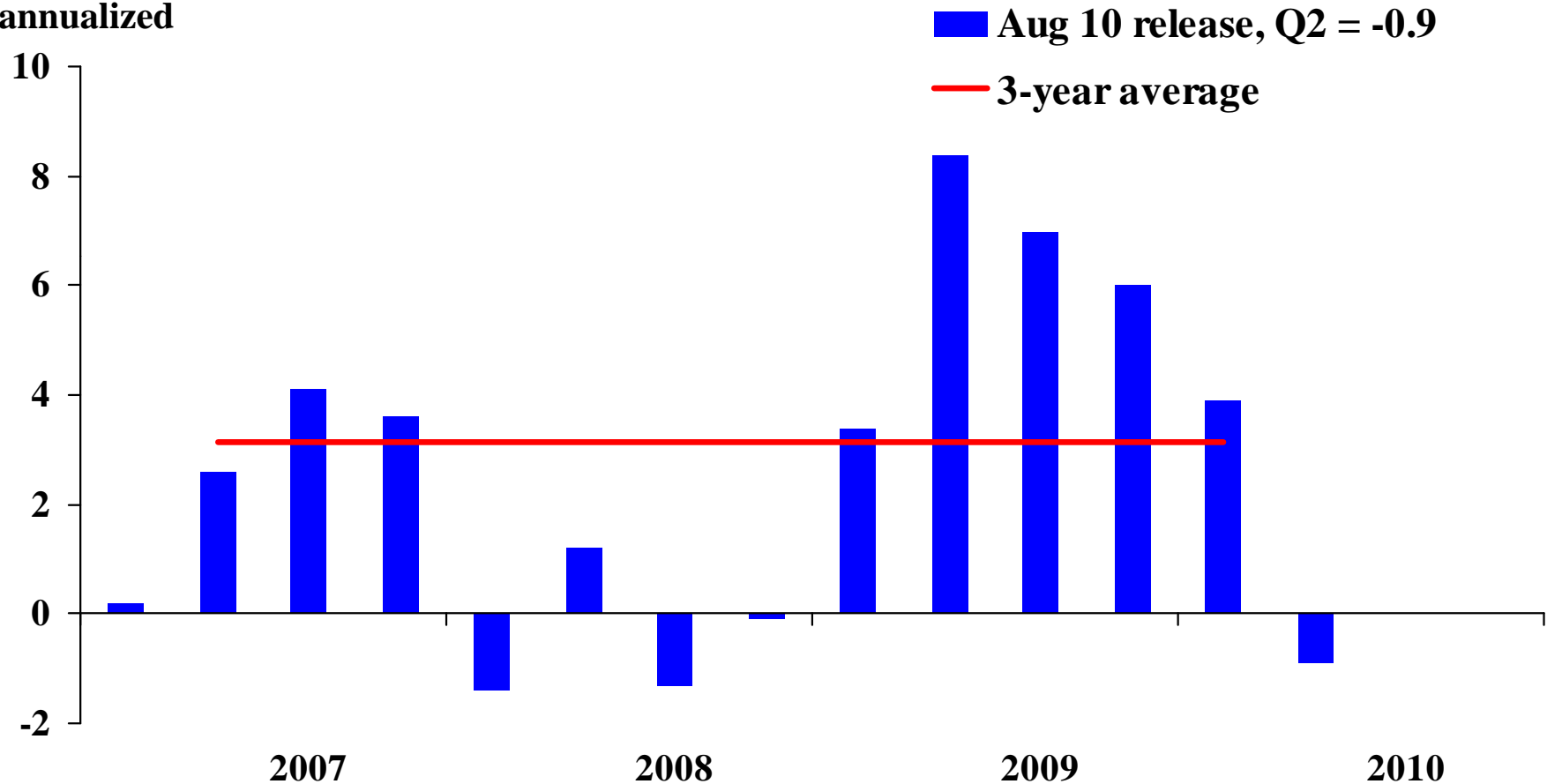
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Nonfarm Business Productivity

1-quarter % change,
annualized



Source: Bureau of Labor Statistics

<http://www.dallasfed.org>

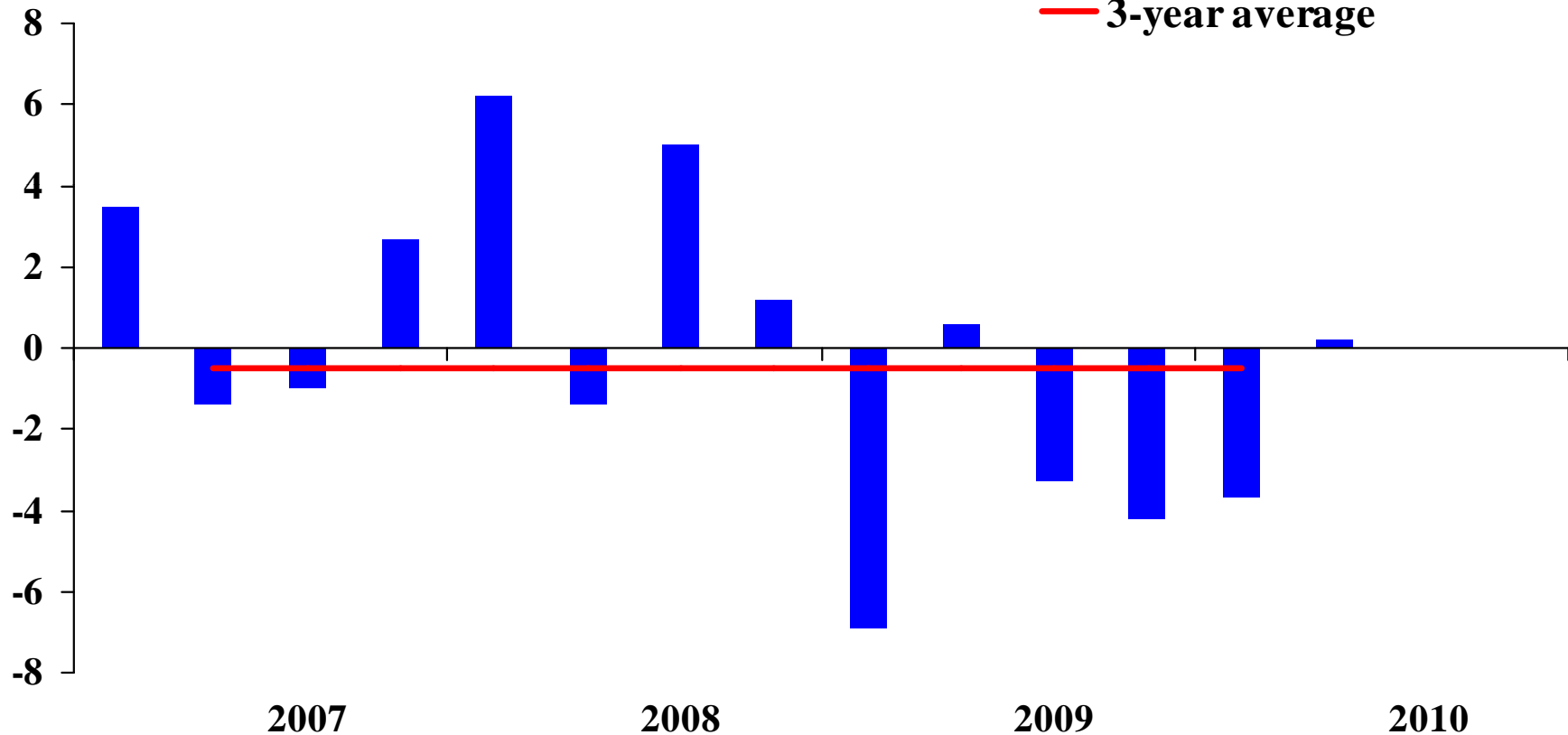


Nonfarm Business Unit Labor Cost

1-quarter % change,
annualized

■ Aug 10 release, Q2 = 0.2

— 3-year average



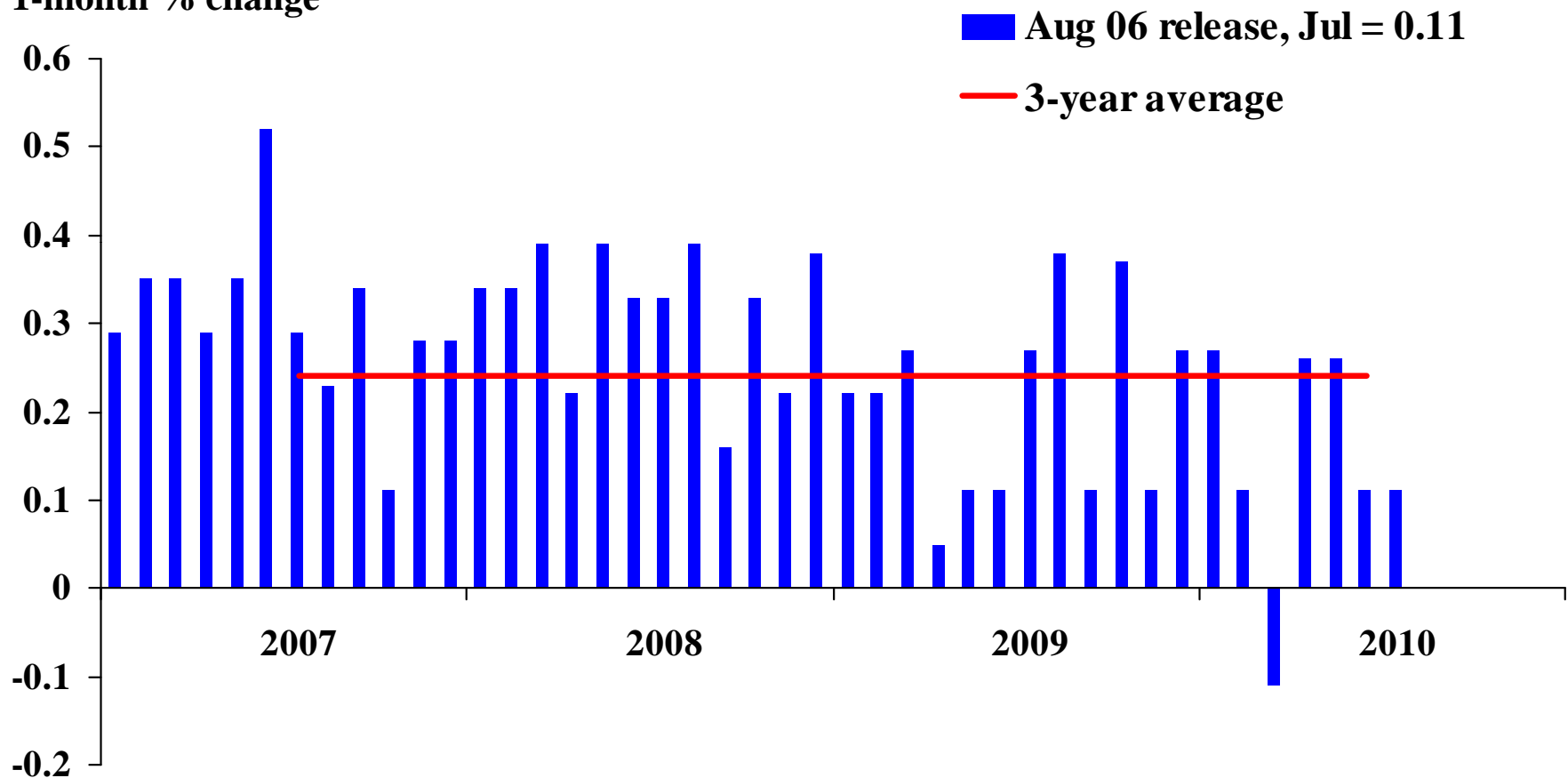
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Average Hourly Earnings

1-month % change



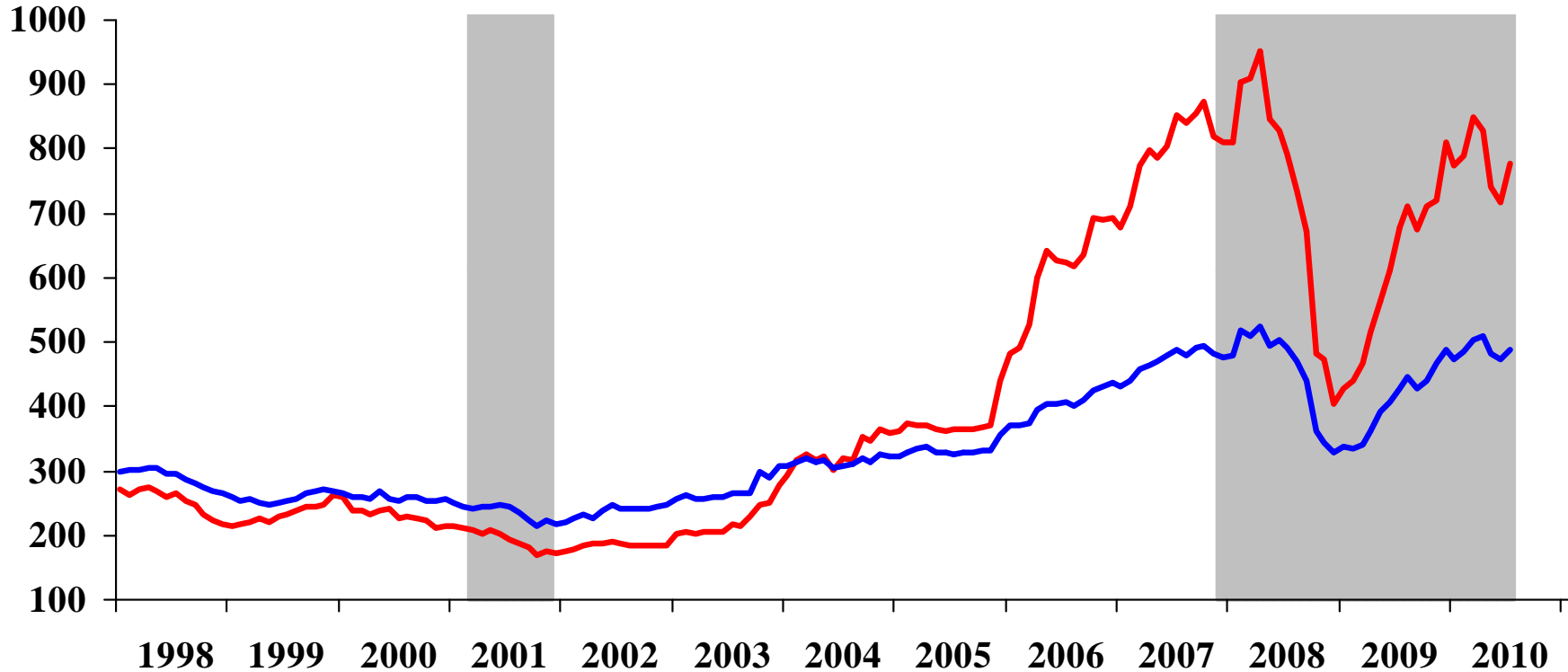
Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



Commodity Prices

1967=100, EOP



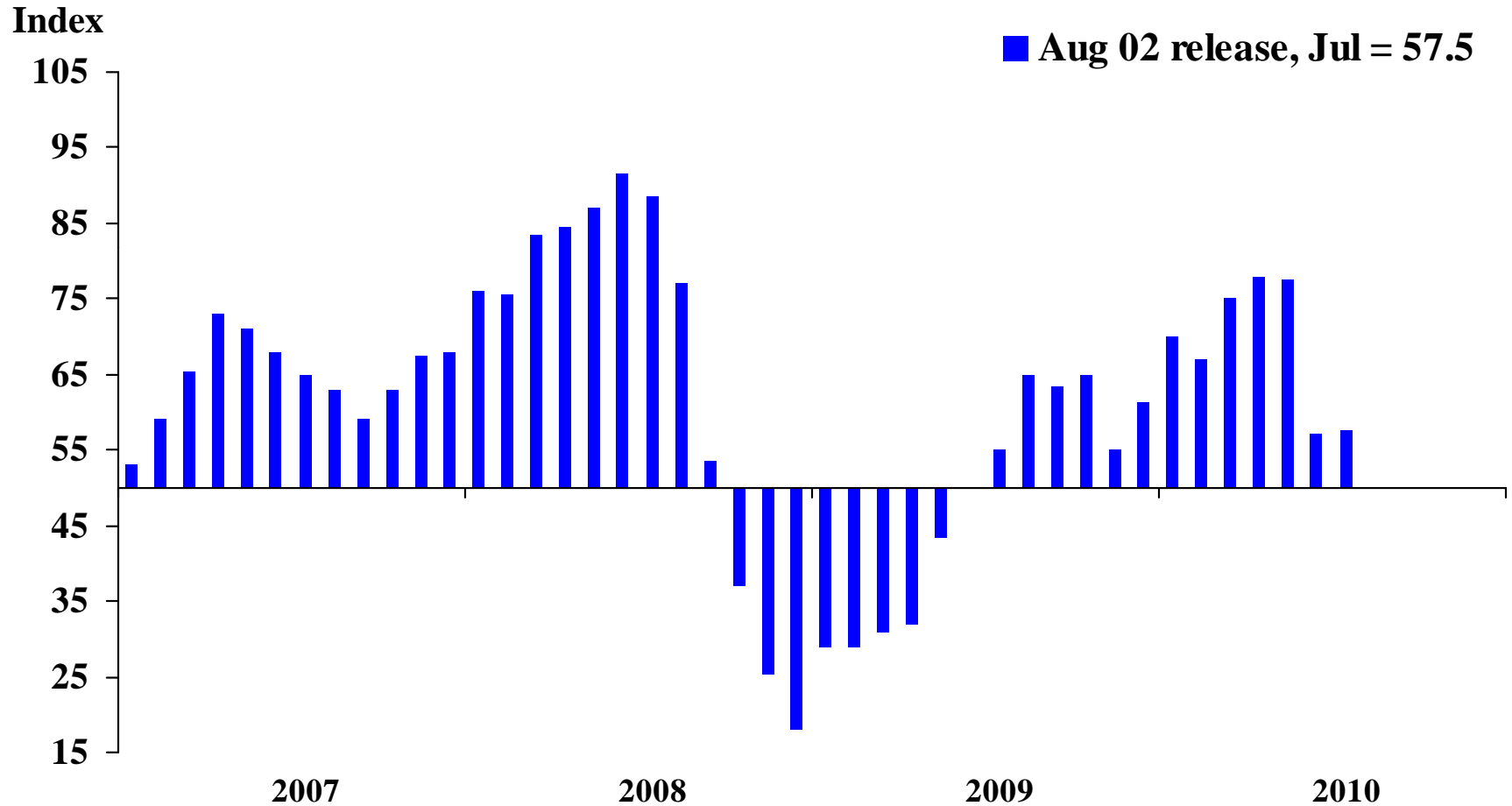
- KR-CRB Spot Commodity Price Index: Metals (Aug 02 release, Jul=776.8)
- KR-CRB Spot Commodity Price Index: Raw Industrials (Aug 02 release, Jul=487)
- Recession

Source: Commodity Research Bureau

<http://www.dallasfed.org>



ISM Manufacturing Prices Index



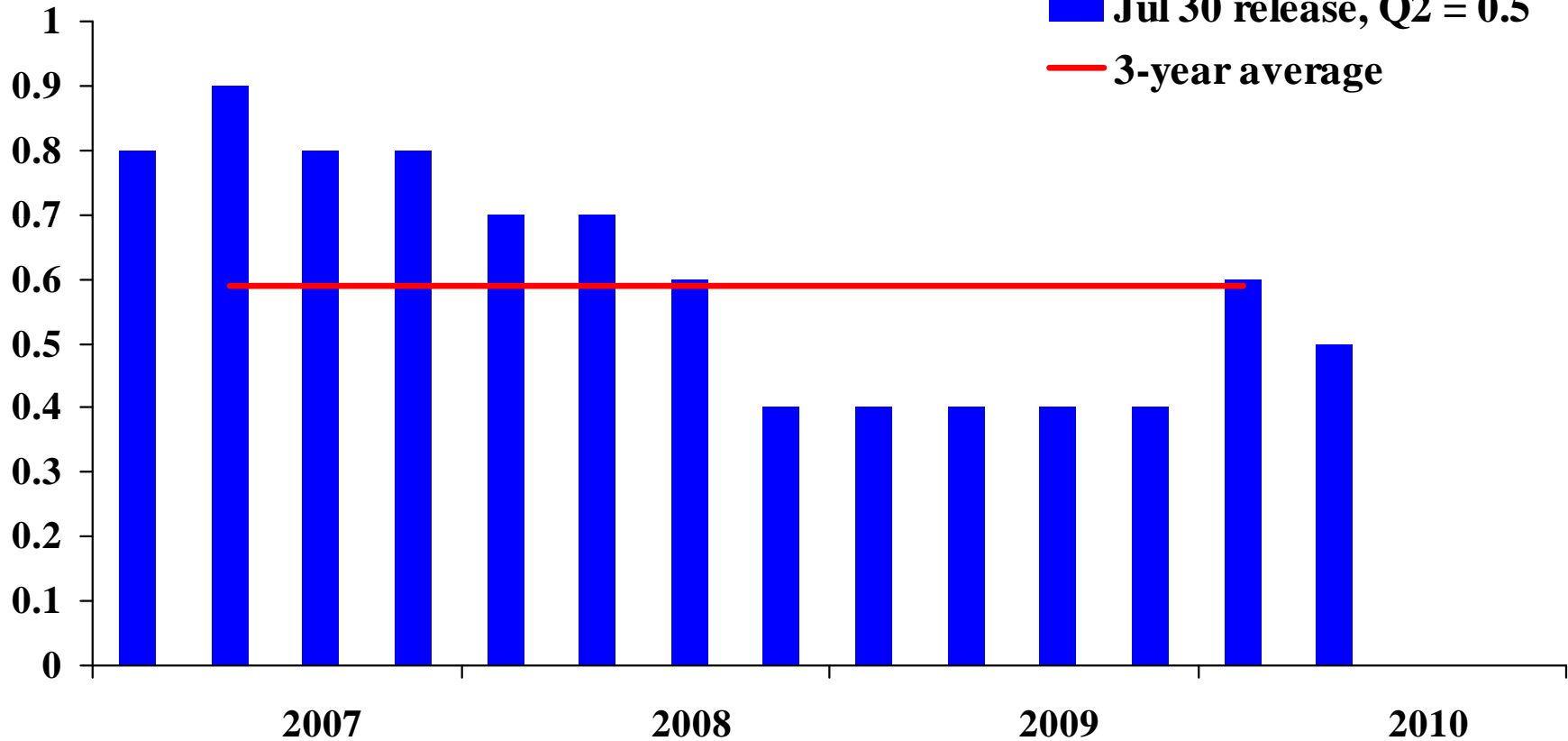
Source : Institute for Supply Management TM

<http://www.dallasfed.org>



Employment Cost Index

1-quarter % change



Source: Bureau of Labor Statistics

<http://www.dallasfed.org>



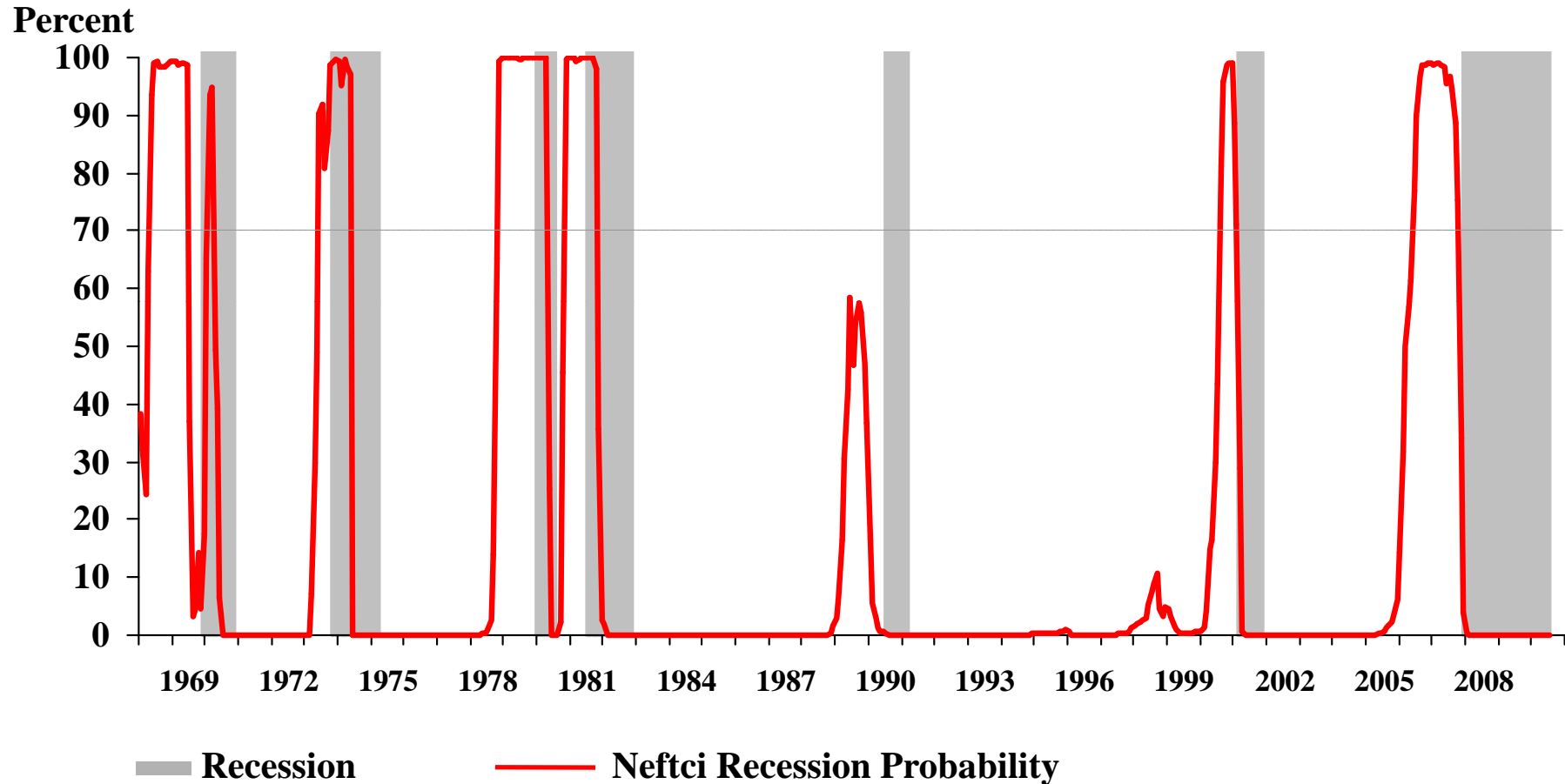
FINANCIAL-SECTOR DEVELOPMENTS

<http://www.dallasfed.org>



Recession Probability

Real-time Neftci probability calculated from 10-yr.--1-yr. Treasury yield spread



Crosses 70% threshold with a lead of between 5 and 18 months, and averaging 11 months.

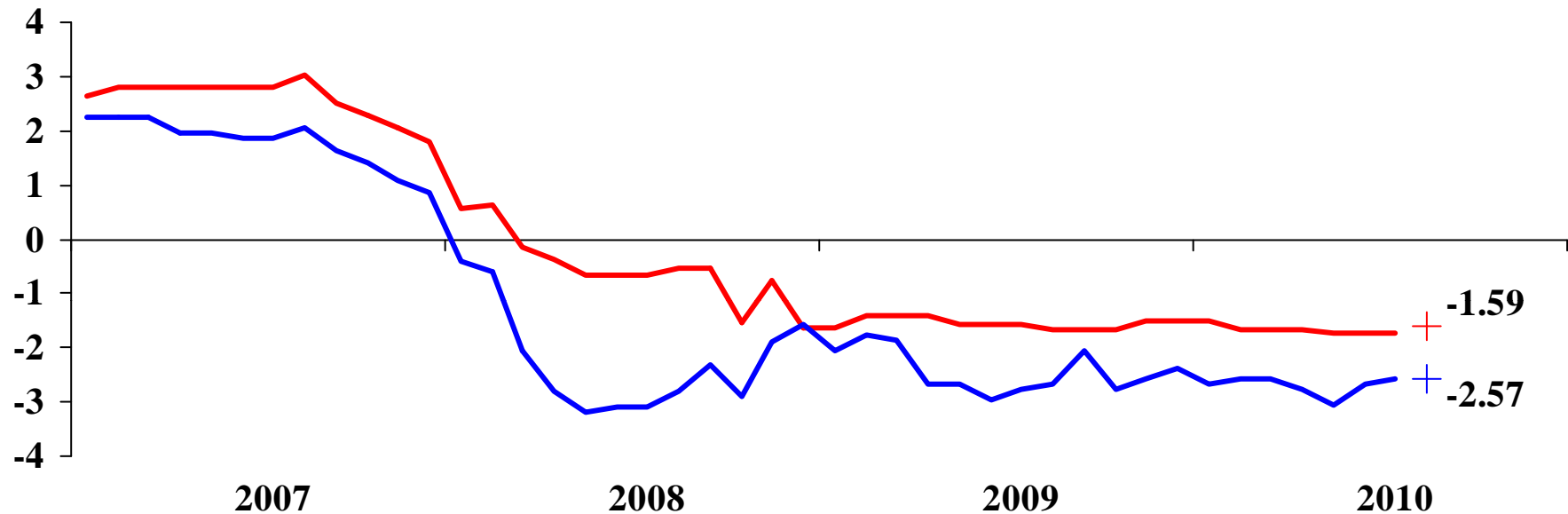
Source: Federal Reserve Board; calculations by FRB Dallas

<http://www.dallasfed.org>



Real Federal Funds Rate

Percent



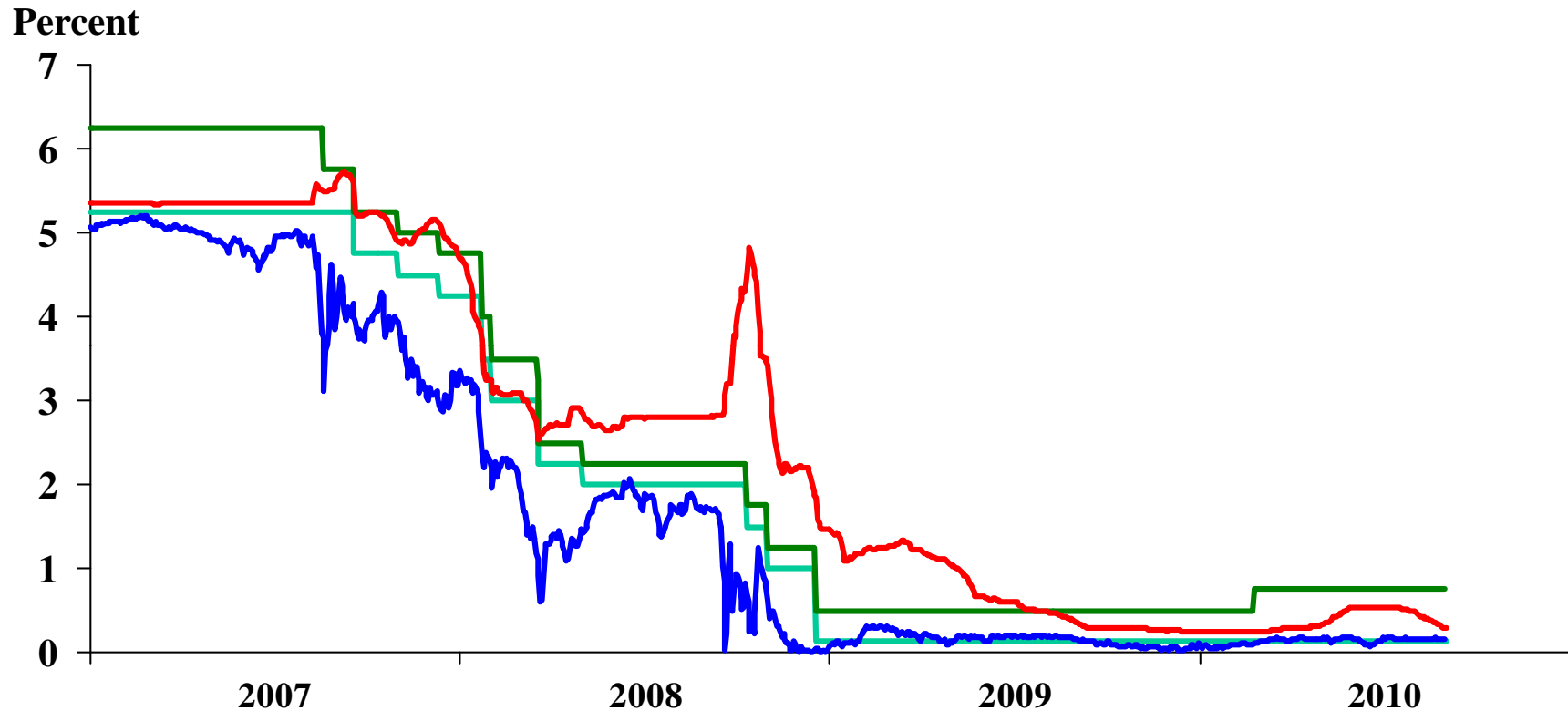
- End-of-Month Target Fed Funds Rate less SPF Expected Inflation
- + Target Fed Funds Rate (Aug 27) less SPF Expected Inflation (Aug 13)
- End-of-Month Target Fed Funds Rate less U. of Michigan Expected Inflation
- + Target Fed Funds Rate (Aug 27) less U. of Michigan Expected Inflation (May 14)

Sources: Target Fed Funds Rate: Federal Reserve Board; SPF Expected Inflation: FRB Philadelphia; U. of Michigan Expected Inflation: Survey of Consumers, Survey Research Center, U. of Michigan

<http://www.dallasfed.org>



Short-Term Interest Rates



- Target Fed Fund Rate (Aug 27 = 0.125)
- 3-Month T-Bill Rate (Aug 26 = 0.16)
- Discount Window Primary Credit Rate (Aug 26 = 0.75)
- 3-month LIBOR (Aug 27 = 0.297)

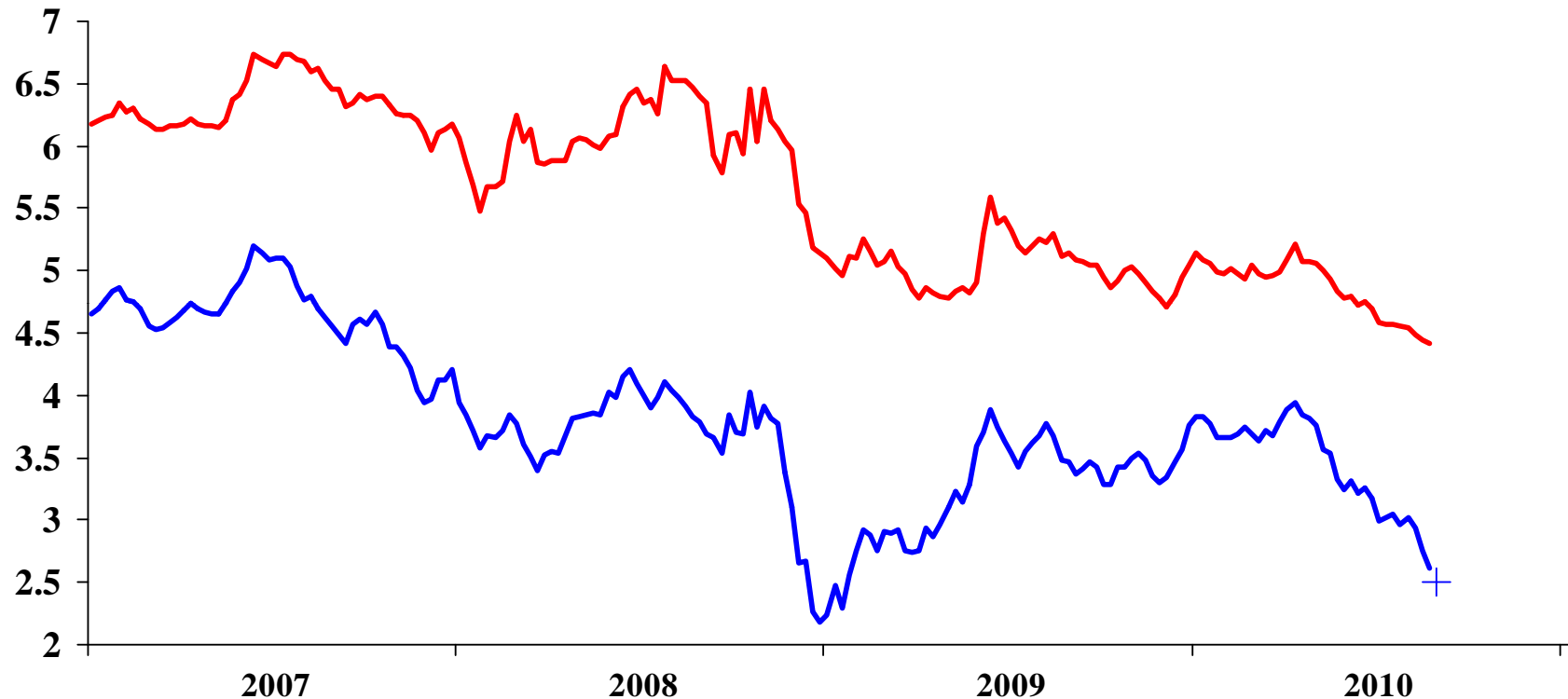
Source: Federal Reserve Board

<http://www.dallasfed.org>



Long-Term Interest Rates

Percent



— Mortgage Rate (week of Aug 20= 4.42)

— 10-year T-Bond (week of Aug 20= 2.61)

+ 10-year T-Bond (Aug 26 = 2.5)

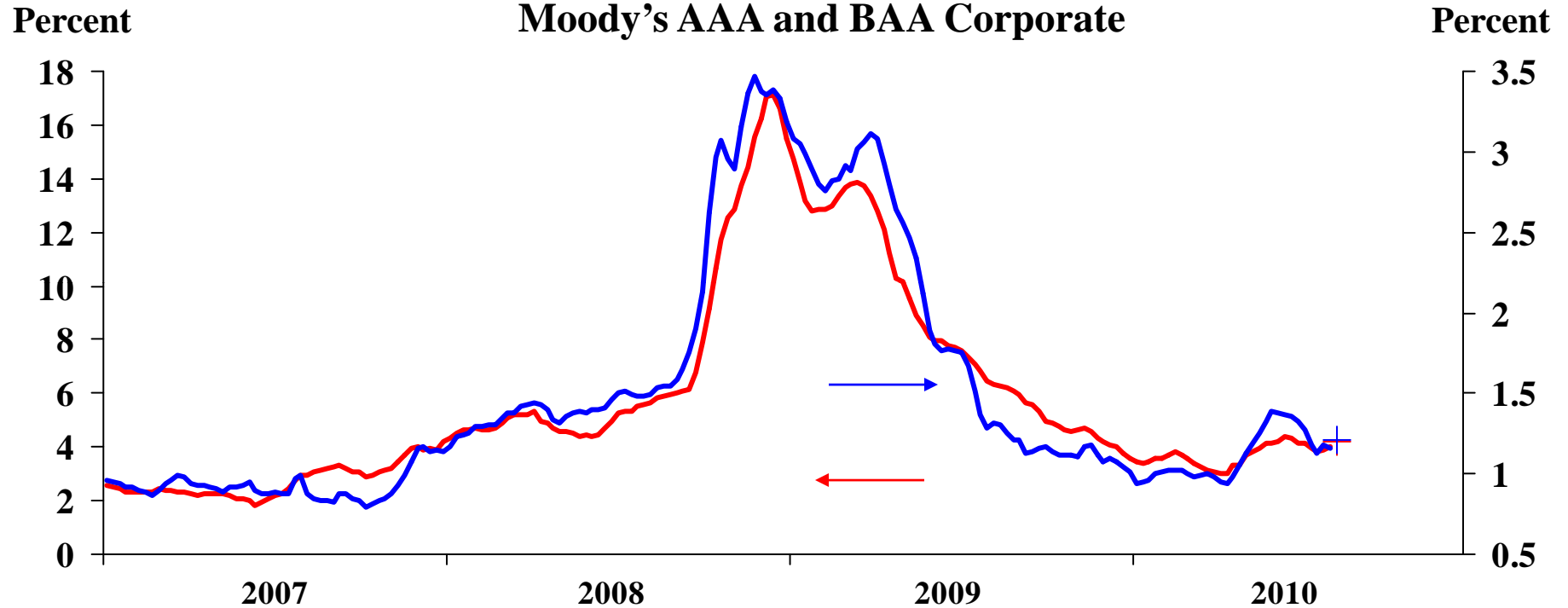
Source: Federal Reserve Board

<http://www.dallasfed.org>



Bond Spreads

Merrill Lynch's Yield on Low-Grade Corporate Bonds,
Moody's AAA and BAA Corporate



— Low-Grade Corporate less AAA Corporate (week of Aug 20 = 4.03)

+ Daily (Aug 26 = 4.22)

— BAA Corporate less AAA Corporate (week of Aug 20 = 1.16)

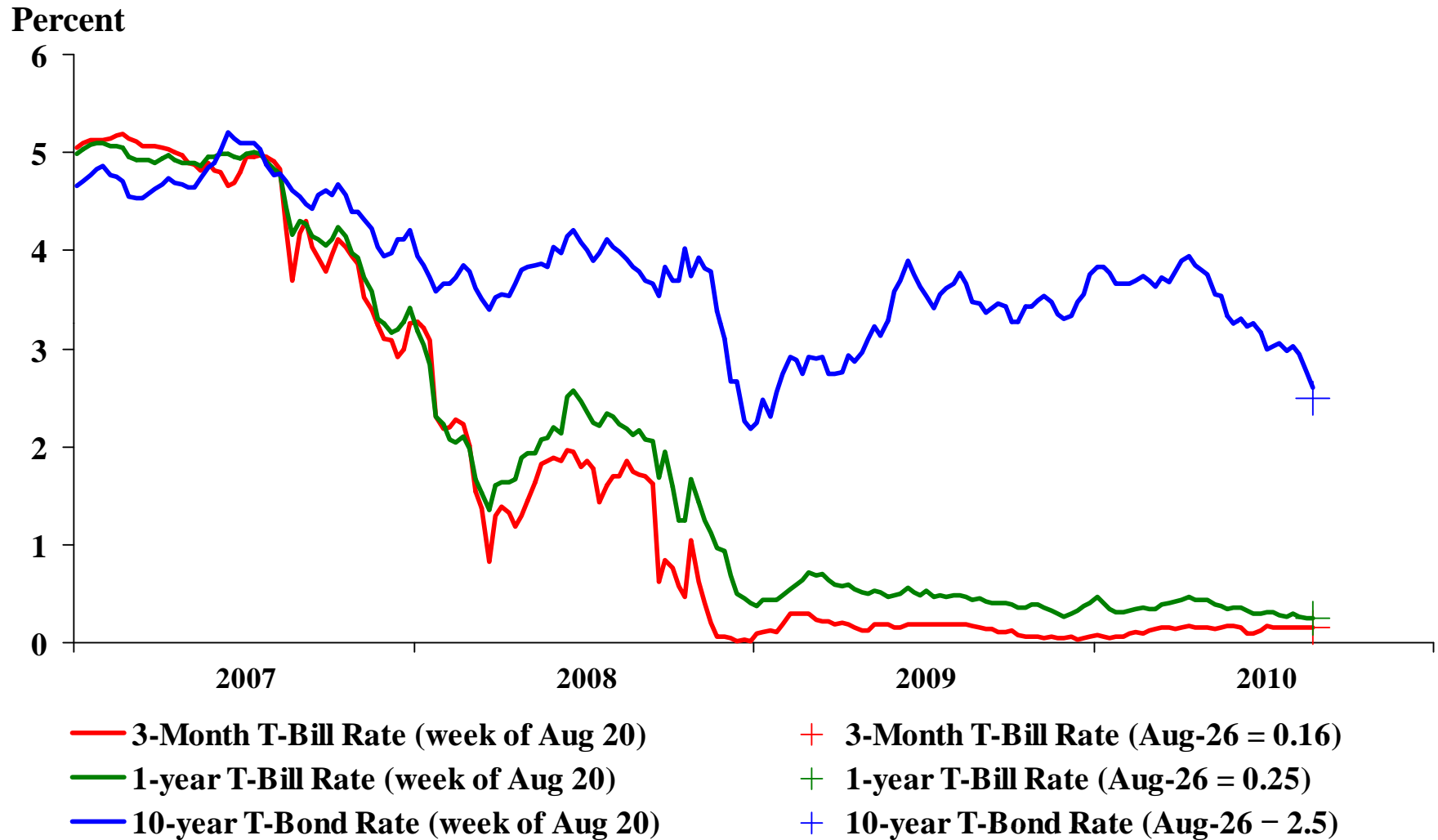
+ Daily (Aug 26 = 1.21)

Source: Moody's Investors Service, Merrill Lynch

<http://www.dallasfed.org>



Yield Curve



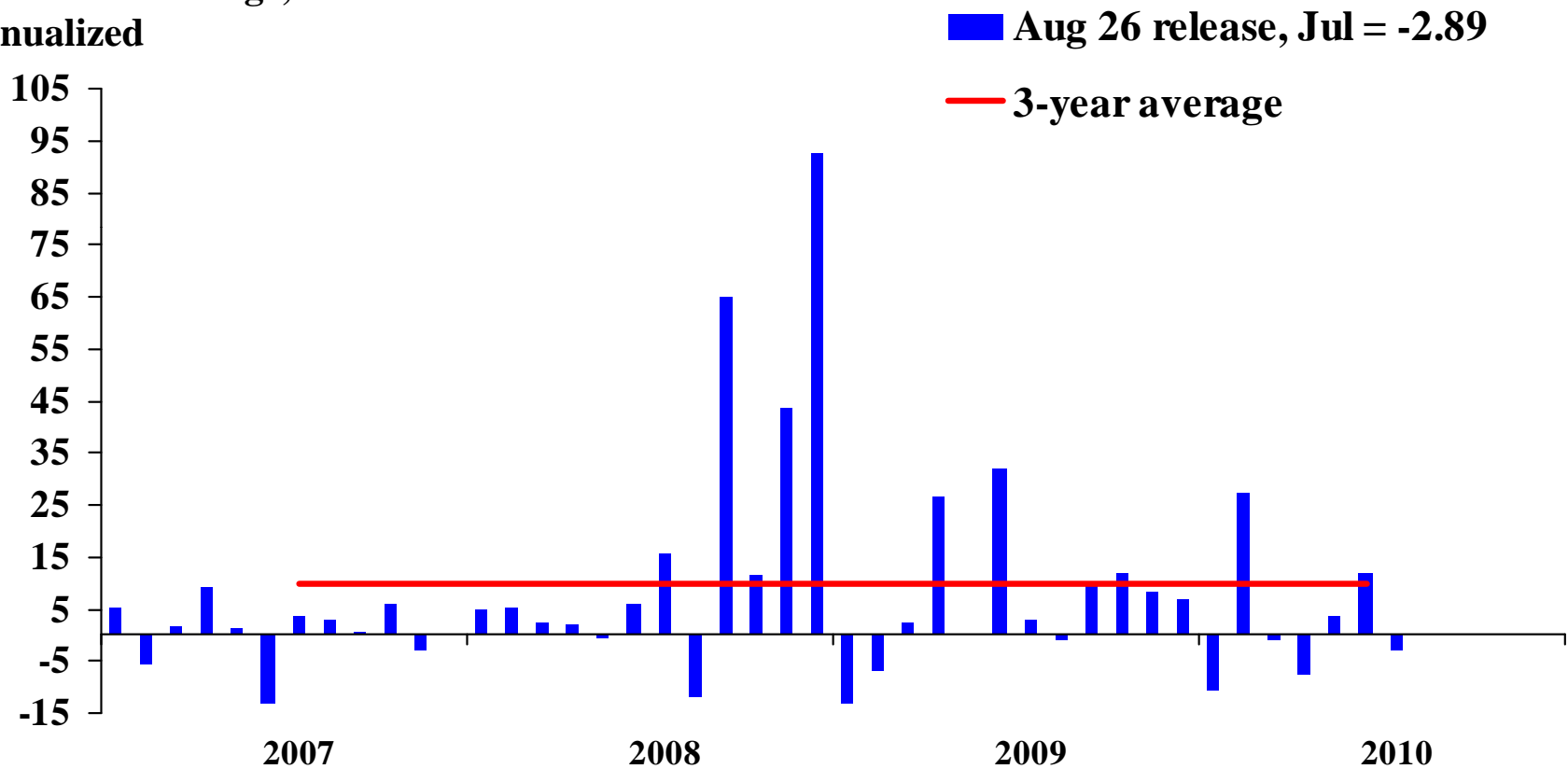
Source: Federal Reserve Board

<http://www.dallasfed.org>



Money Supply: M1

1-month % change,
annualized



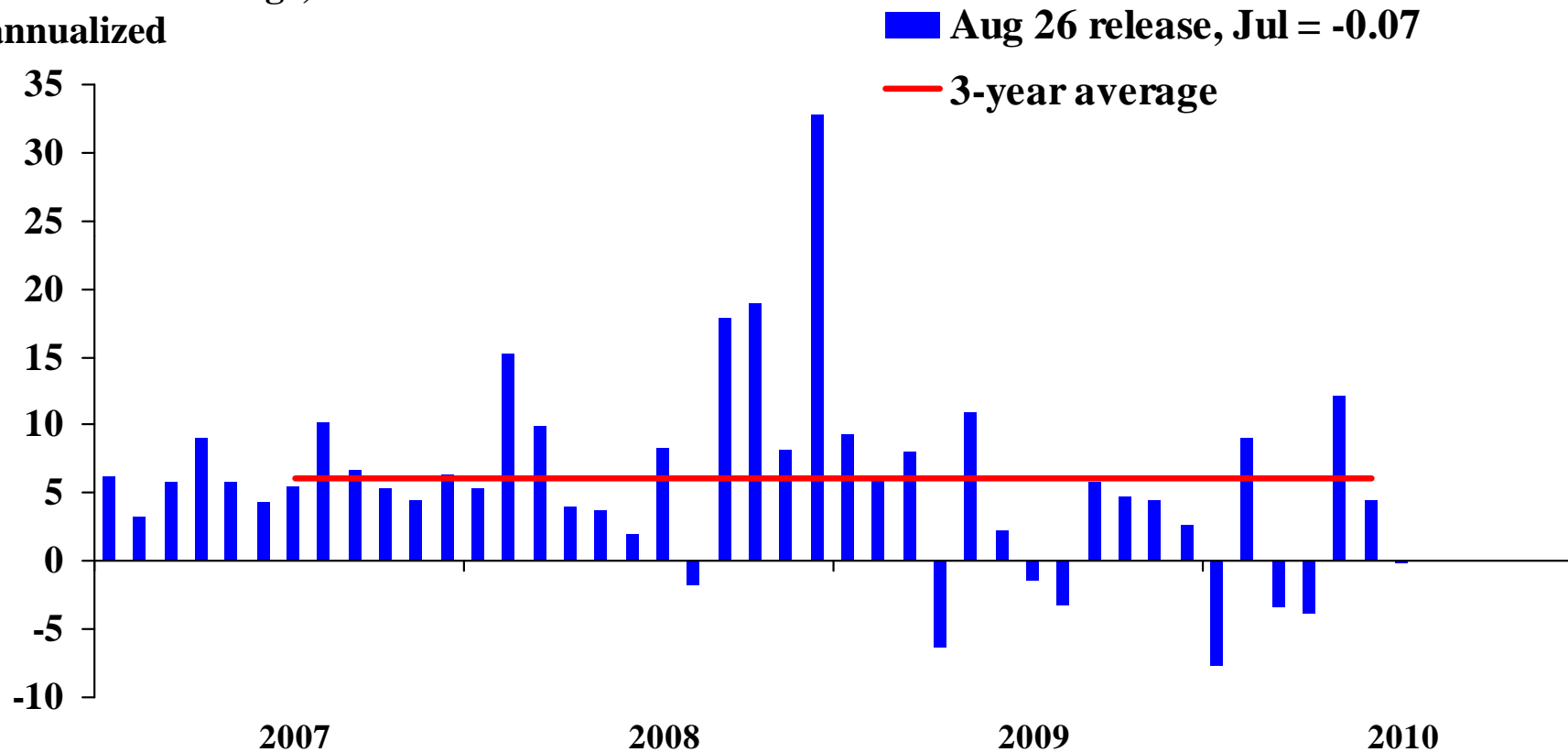
Source: Federal Reserve Board

<http://www.dallasfed.org>



Money Supply: M2

1-month % change,
annualized



Source: Federal Reserve Board

<http://www.dallasfed.org>