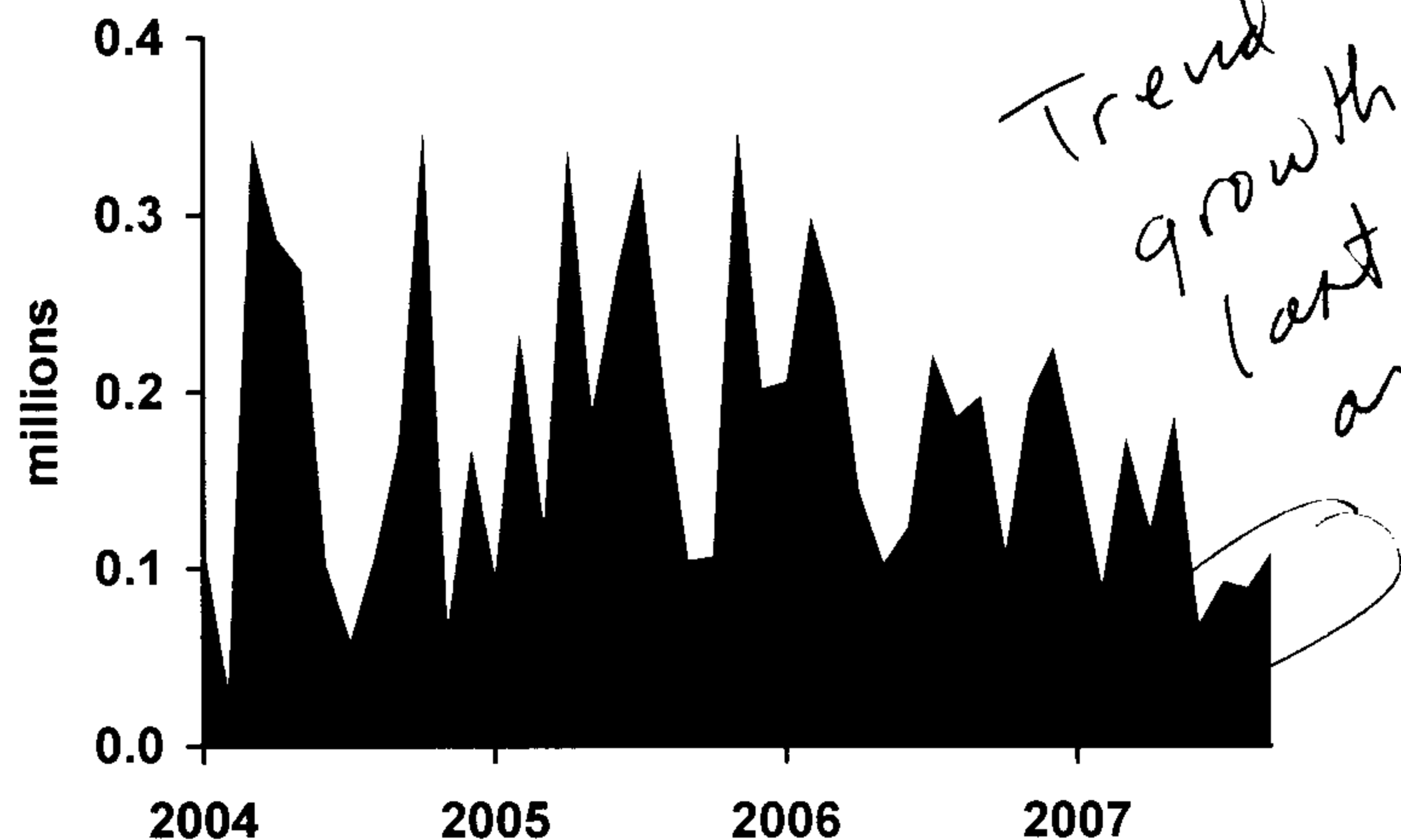
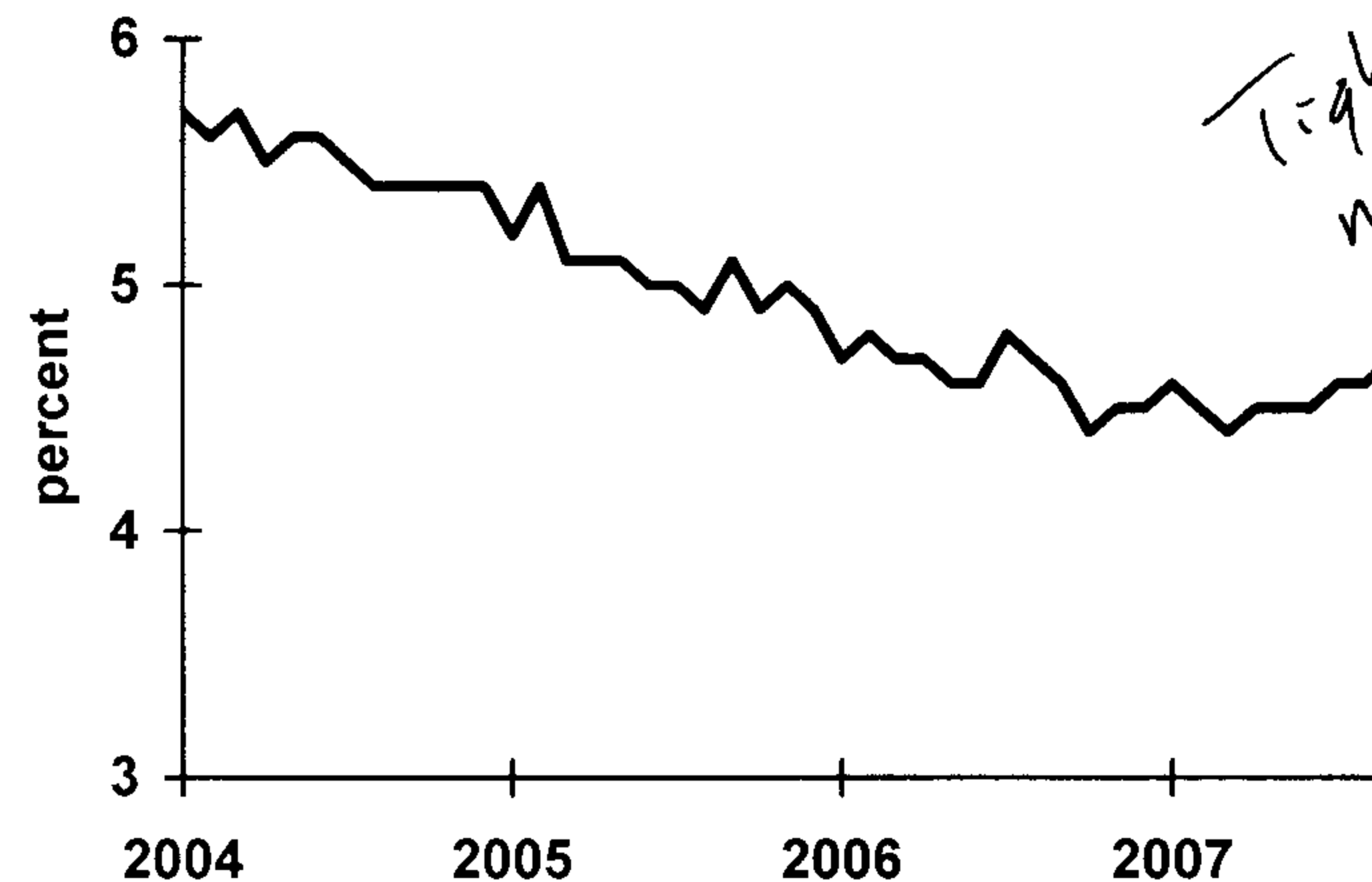


Net New Jobs



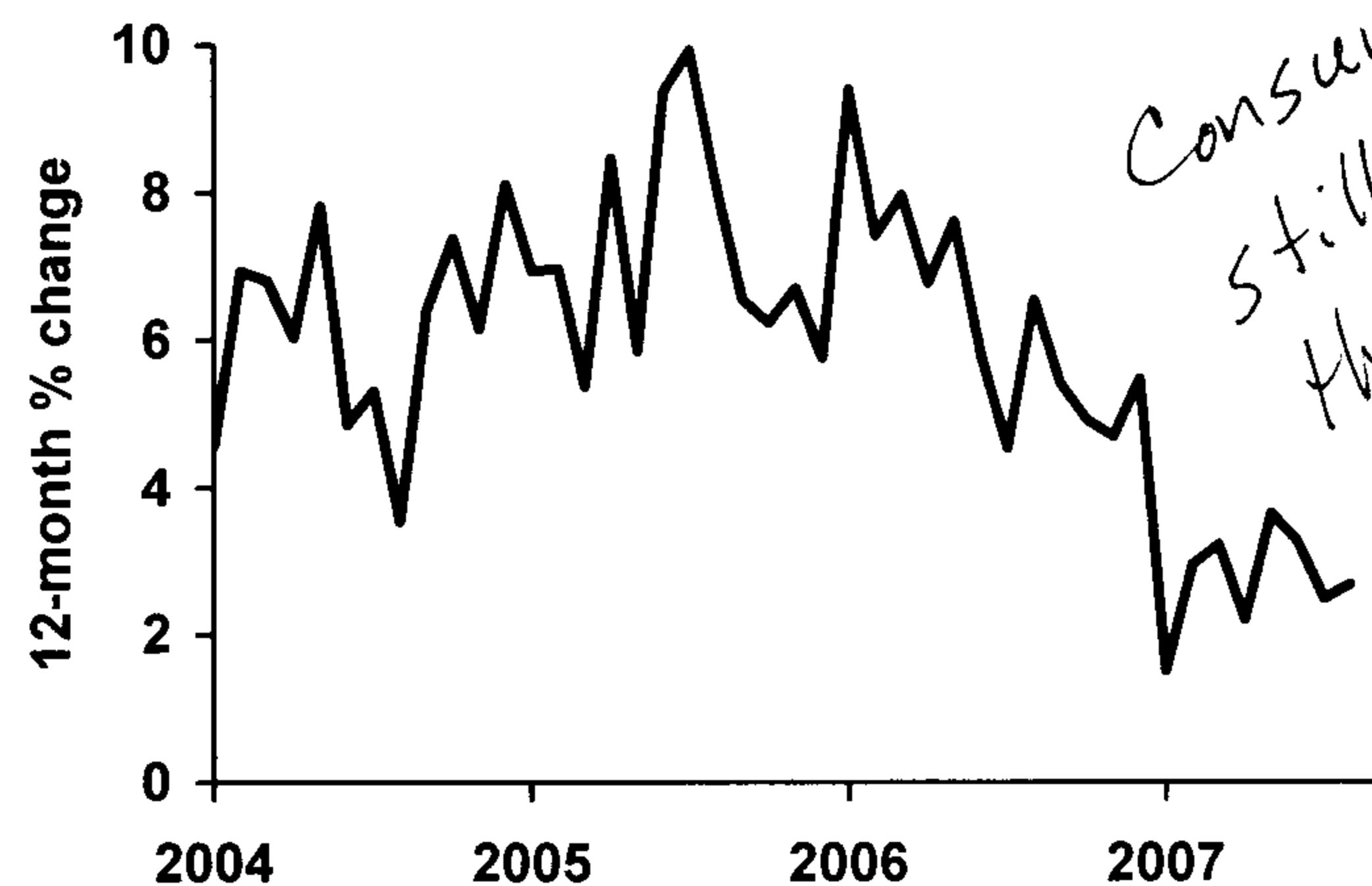
*Trend to lower growth, but last few months are looking up.*

Unemployment Rate



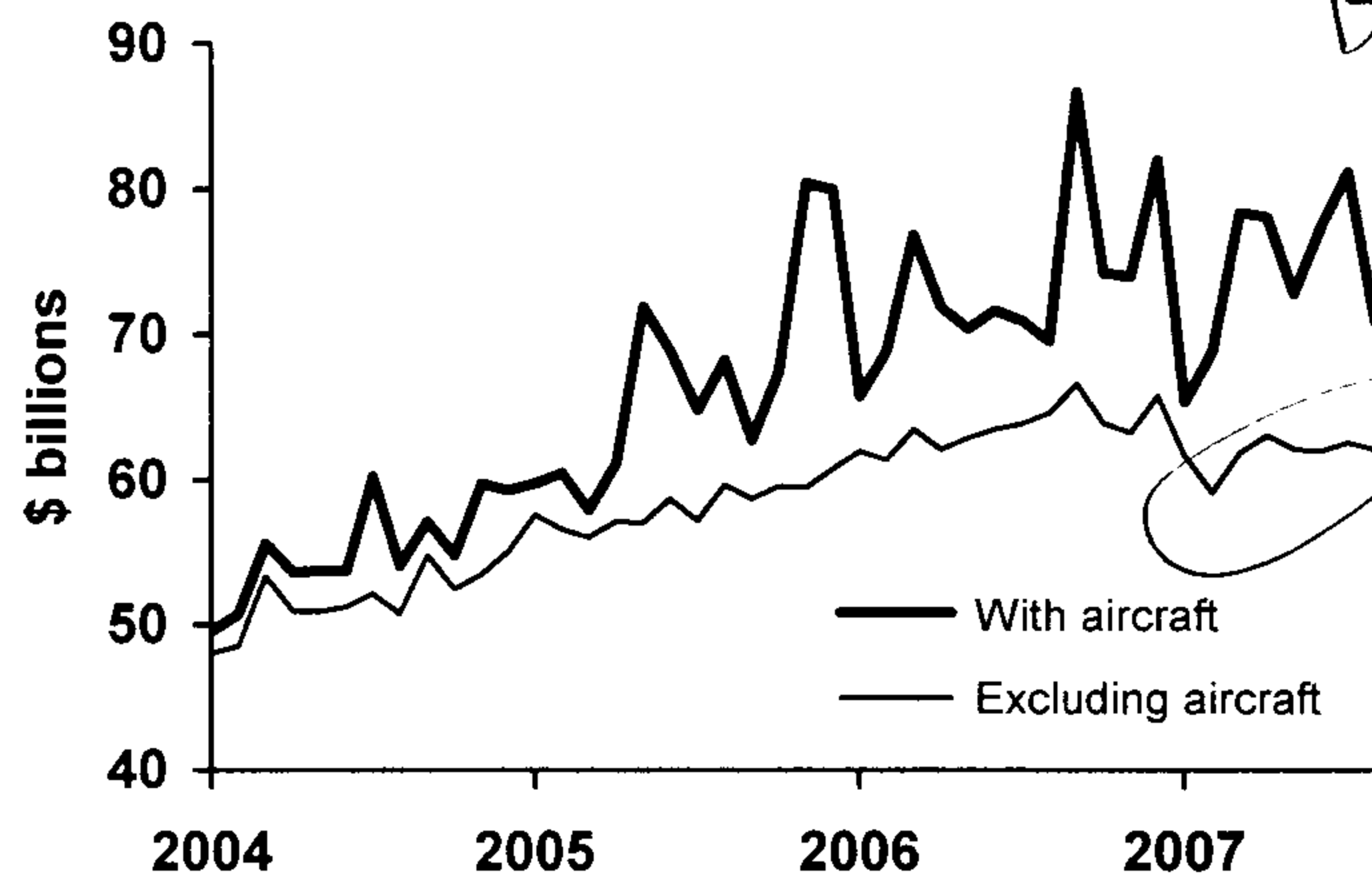
*Tight labor market has limited job growth.*

Retail Sales Growth



*Consumers still increasing their spending, but at a slow pace.*

Capital Goods Orders  
non-defense



*Businesses spending up from the bottom, but not yet strong.*

**Interest Rate Risk Spread**

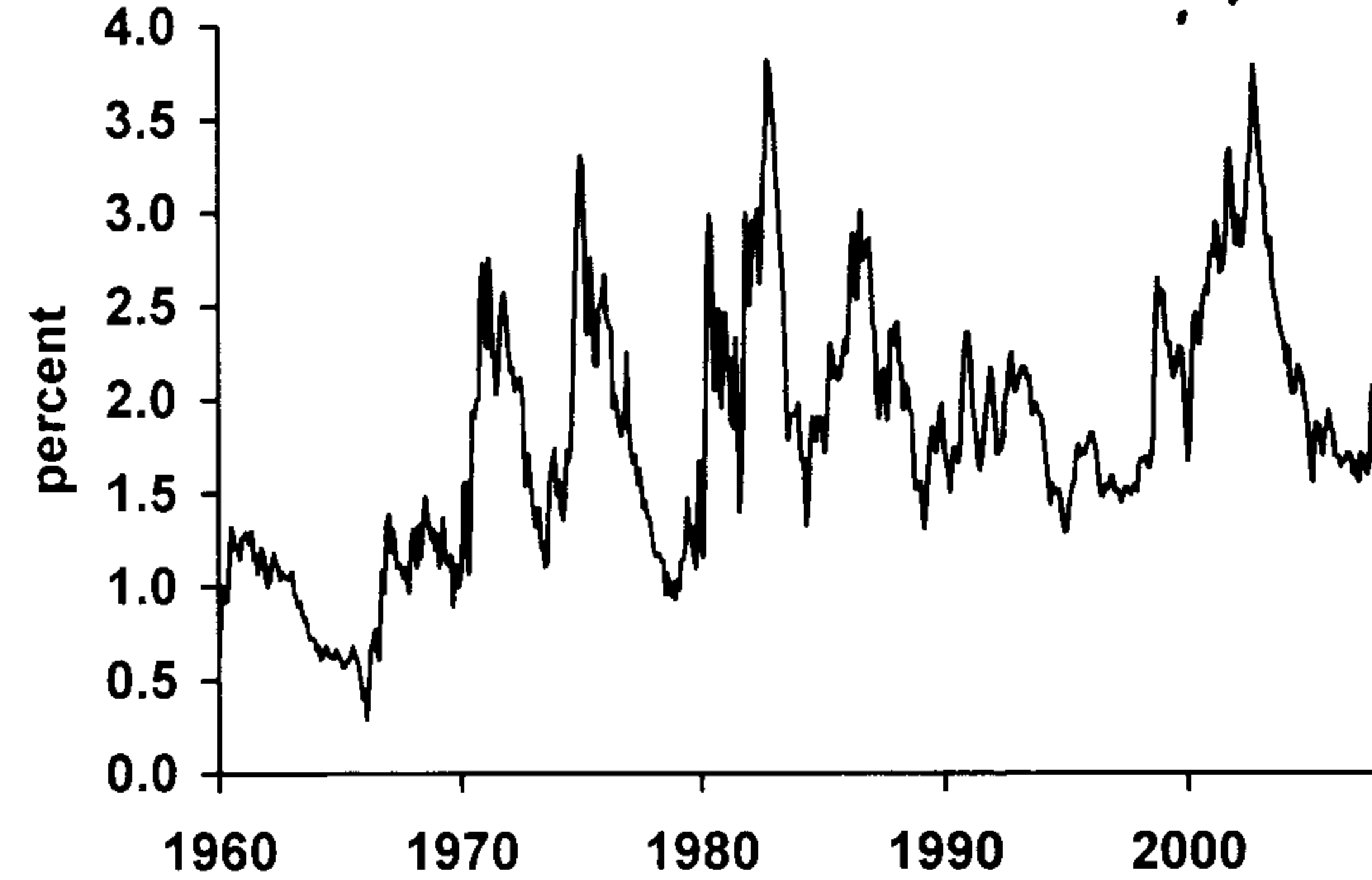
Baa bonds minus 10-year Treasury



*Risk spreads have risen as part of the sub-prime crisis, but...*

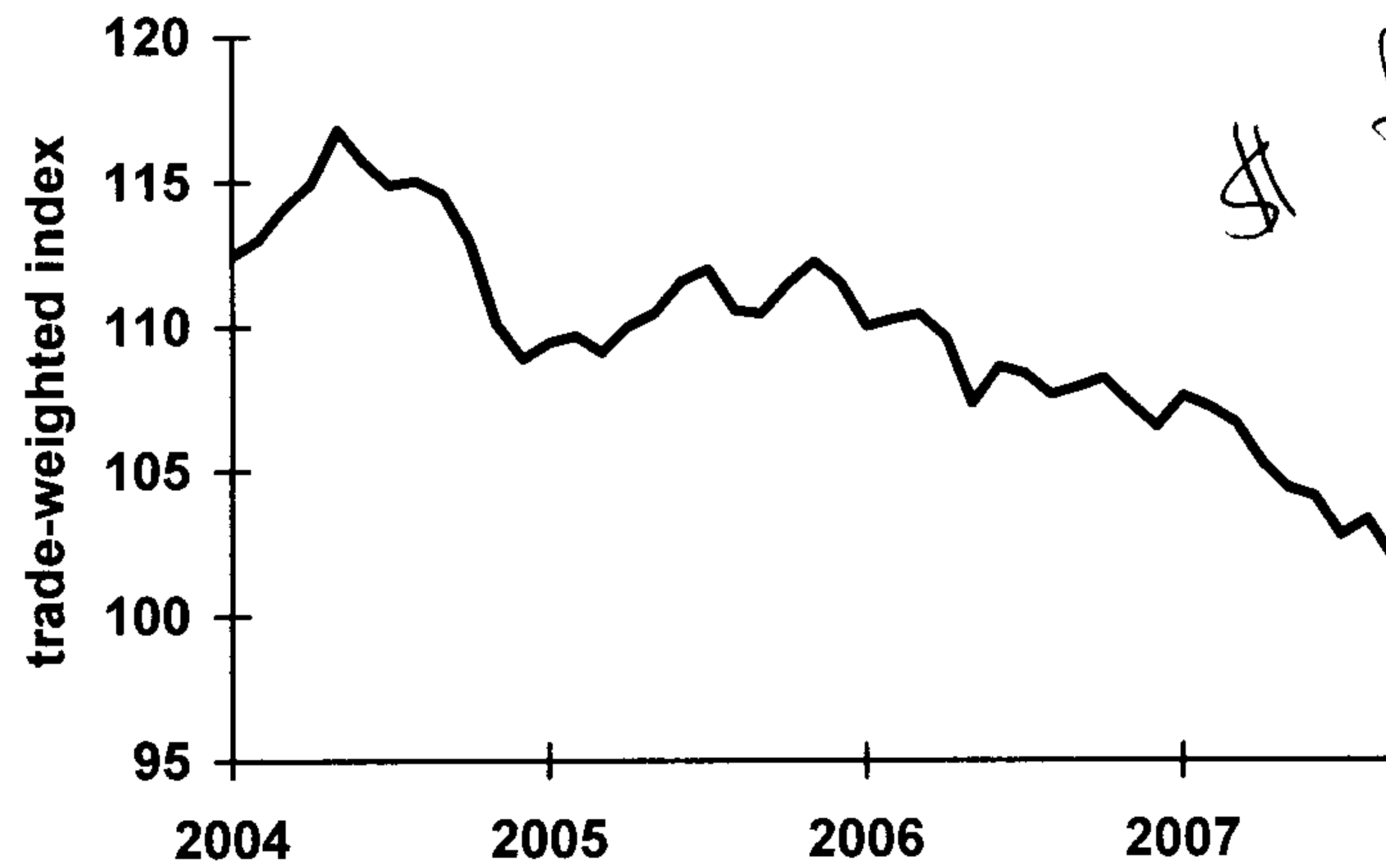
**Interest Rate Risk Spread**

Baa bonds minus 10-year Treasury



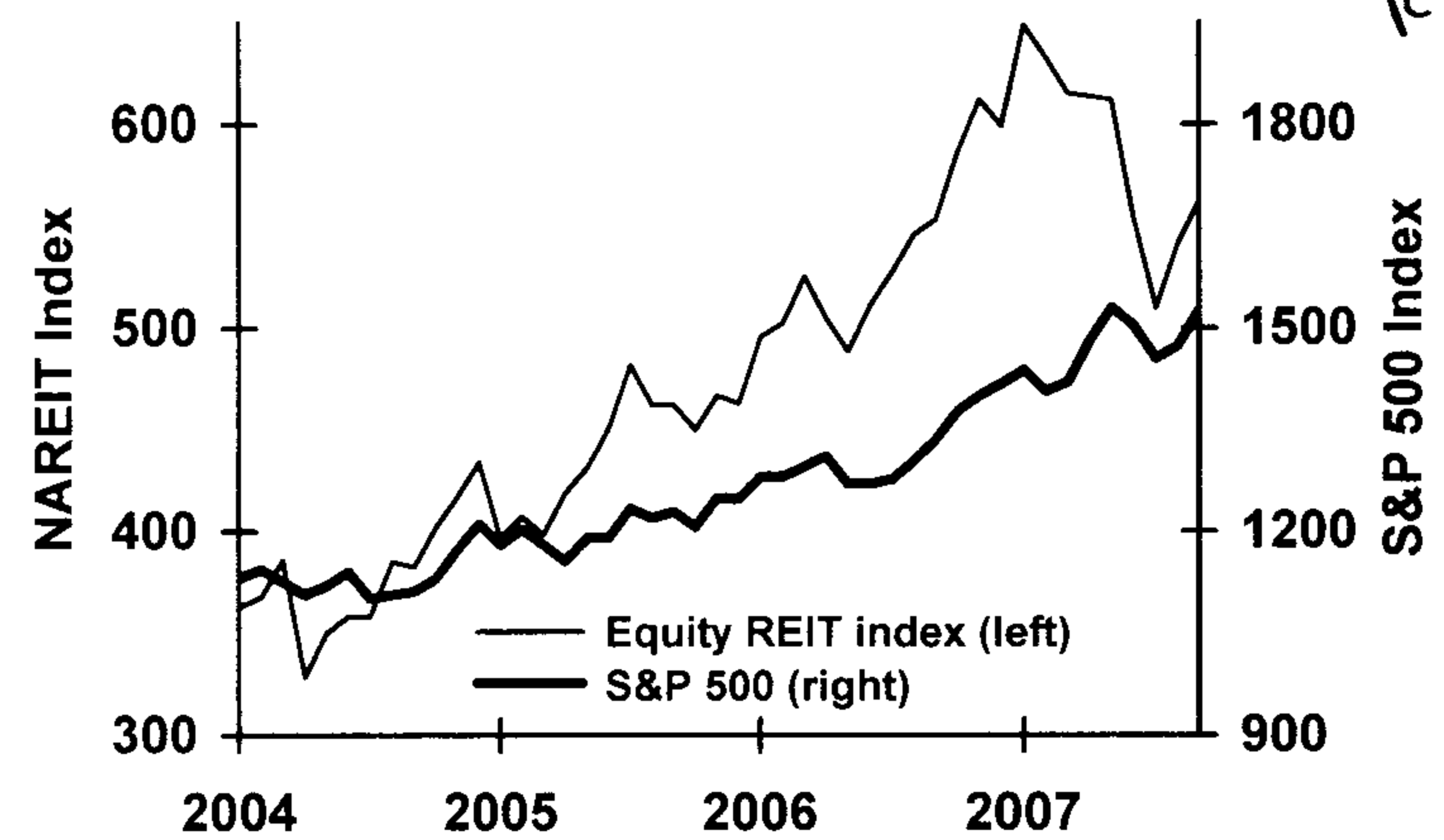
*... risk is still very cheap relative to past spreads.*

**Value of U.S. Dollar**



*\$ falling, and more to come.*

**Stocks and Real Estate**



*Real estate is way down, but stocks doing OK*