

Personal income increased 0.1% in January to 1.1% above the year earlier level – the first positive year-over-year comparison since December 2008. Disposable personal income decreased 0.4% to 2.1% above the year earlier level, due to higher federal tax liability. Reflecting still-weak labor markets, wage and salary disbursements, which drive a key component of income tax collections, increased 0.4% in January but remained 1.0% below the year earlier level.

Personal income increased 0.1% in January to 1.1% above the year earlier level – the first positive year-over-year comparison since 2008. Personal consumption expenditures increased 0.5%, due in part to a 0.4% rise in wage and salary disbursements.

Despite weaker income trends, personal consumption expenditures increased 0.5% in January – the fourth monthly gain in a row and the eighth in the last nine months. The level of consumption was 4.3% higher than the low reached in December 2008. Same-store sales increased 3.7% from a year earlier in February, even better than the 3.1% year-over-year comparison in January, according to the International Council of Shopping Centers.

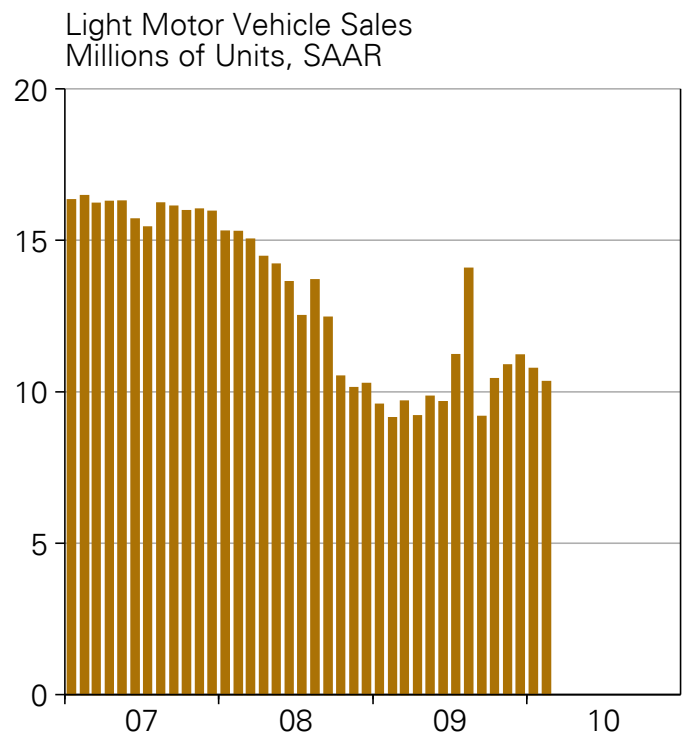
current conditions fell to the lowest level since February 1983 and was the seventh lowest reading on record. The Reuters/University of Michigan assessment of current conditions rose modestly.

Jim Coons

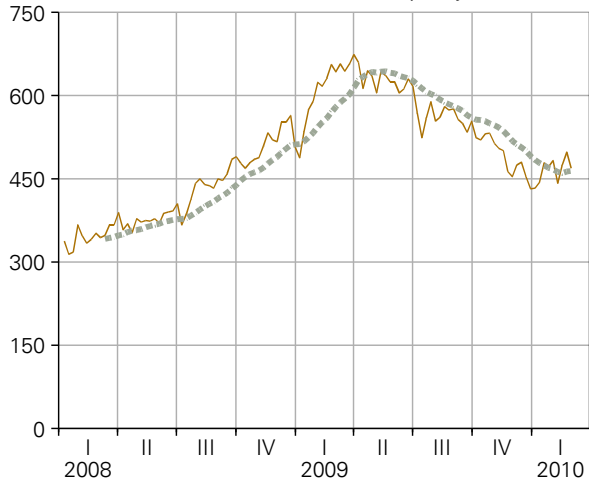
The winter storms that hit much of the country appear to have had little effect on retail sales during the month. Strength once again was widespread across retail categories, especially at apparel stores and department stores. Drug stores were the only major category with a negative year-over-year comparison.

Sales of light motor vehicles decreased to 10.3 million units at an annual rate in February from 10.8 million units in January. The February pace was 6.9% below the average selling pace of 11.1 million units during the previous seven months. The severe winter storms that affected much of the country during the month are believed to have cut into sales. The negative news about Toyota vehicles is believed to have had a minor negative effect on total sales of light vehicles. Sales of Toyota vehicles decreased 8.7% from a year earlier, whereas year-over-year comparisons for most other manufacturers were positive.

Consumer attitudes faltered notably in February, following an uneven rise from the historic lows reached approximately one year ago. The Conference Board and Reuters/University of Michigan measures both fell significantly, reflecting deterioration in assessments of the near future. The Conference Board measure of



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



U. S. Dollar Exchange Rate
FRB Major Currency Index, 1973 = 100



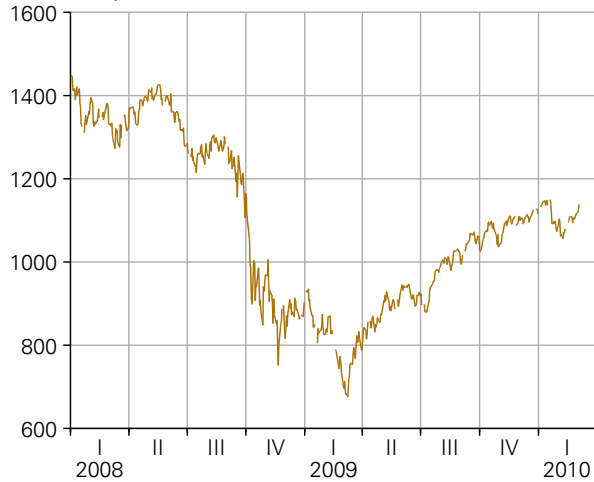
Price of Oil
West Texas Int, \$/bbl



Price of Gold
London PM Fixing, \$/oz



S&P 500 Stock Prices
Daily Close, Index 1941-43 = 10



Mortgage Loan Originations
MBA Purchase Index 3/16/90=100 SA

