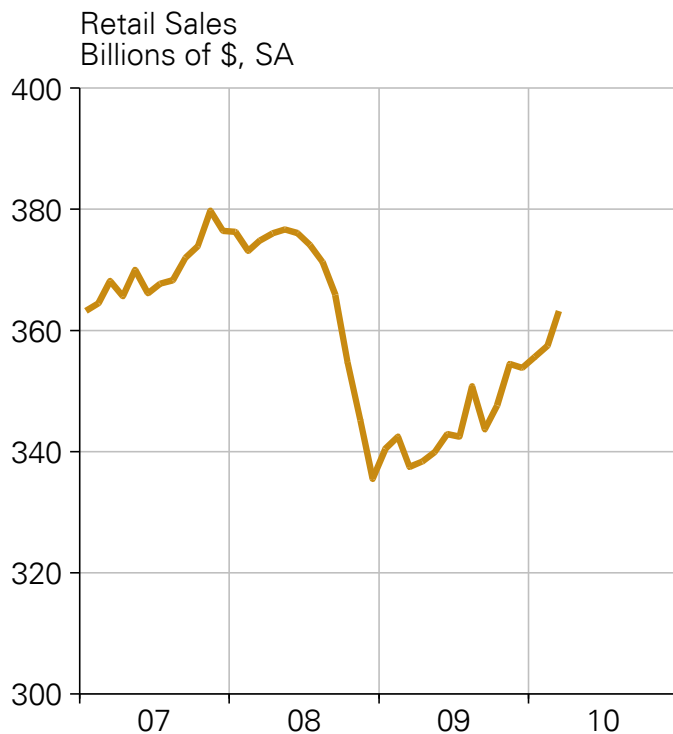


The latest round of economic releases supports the view that the economy has entered a durable recovery. Leading indicators remain consistent with uninterrupted growth.

Retail sales increased 1.6% in March, and the two prior gains were revised higher. Compared with a year earlier, sales were higher by 7.6% – the best year-over-year rise since January 2006. A 6.7% jump in sales at automotive dealers and an earlier Easter than last year lifted sales. Even so, the sales pace remained 4.4% below the peak level reached in November 2007.

Retail sales increased at an annual rate of 7.9% in the first quarter, following gains of 7.5% and 6.4% in the fourth and third quarters last year, respectively. Sales were little changed in the second quarter last year after falling 5.7% in the first quarter and an eye-popping 24.6% in the fourth quarter of 2008.

Gains were widespread across categories during the month, with only electronic and appliance stores reporting a decline. Excluding cars and gas, sales increased 0.7% - the third straight monthly increase – to 4.2% above the year earlier level.

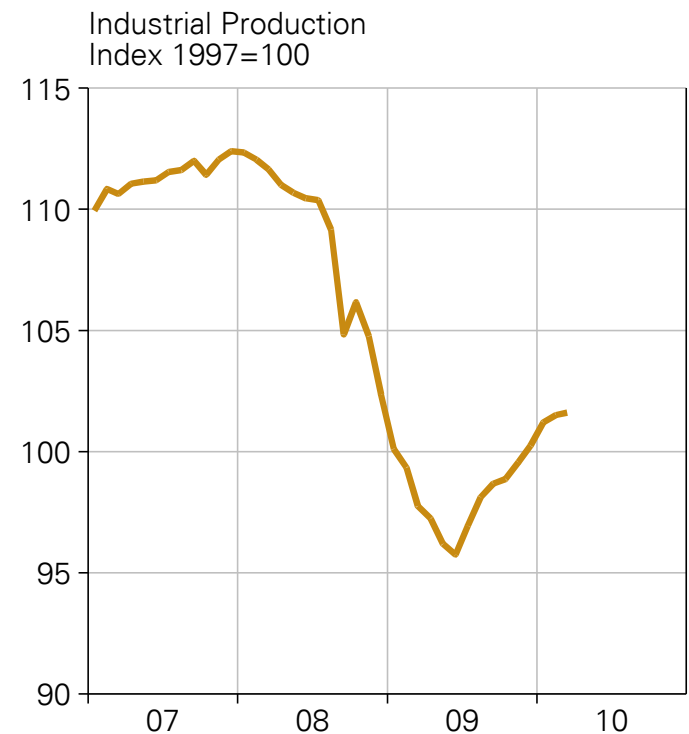


The latest round of economic releases supports the view that the economy has entered a durable recovery. Leading indicators remain consistent with uninterrupted growth.

Industrial production increased 0.1% in March, as a 0.9% jump in manufacturing output was offset by a 6.4% weather-related drop in utility output. Manufacturing production increased at an annual rate of 8.3% from December to March. Production increased in all major durable goods categories, including high-tech. Capacity utilization in manufacturing increased to above 70% for the first time since November 2008.

Despite the impressive string of increases, industrial production remains 9.6% below the peak level reached in December 2007. At 73.2, capacity utilization remains well below the cyclical peak of 81.2 reached in August 2006.

Jim Coons



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



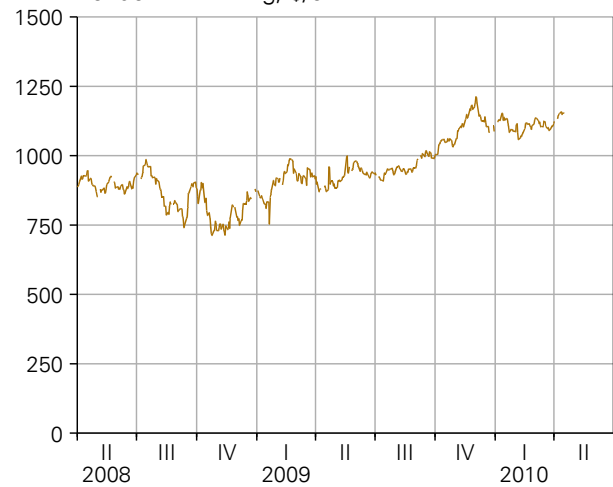
U. S. Dollar Exchange Rate
FRB Major Currency Index, 1973 = 100



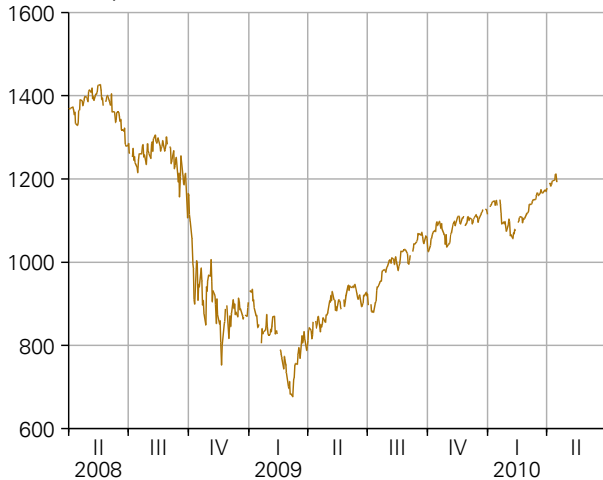
Price of Oil
West Texas Int, \$/bbl



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

