



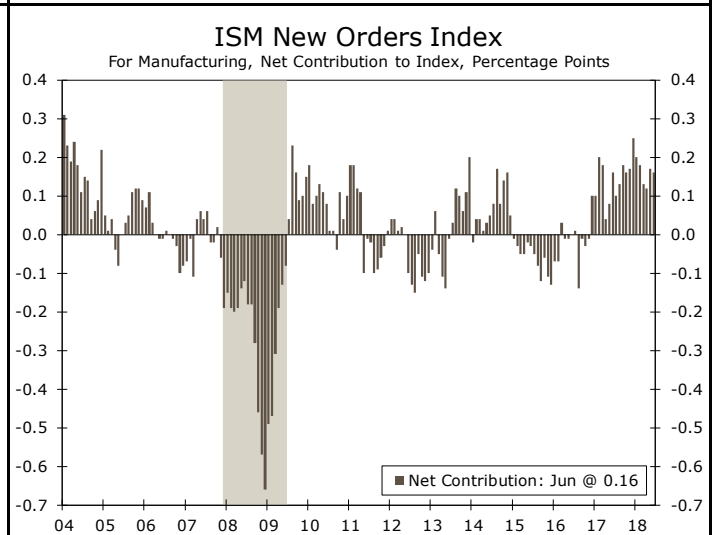
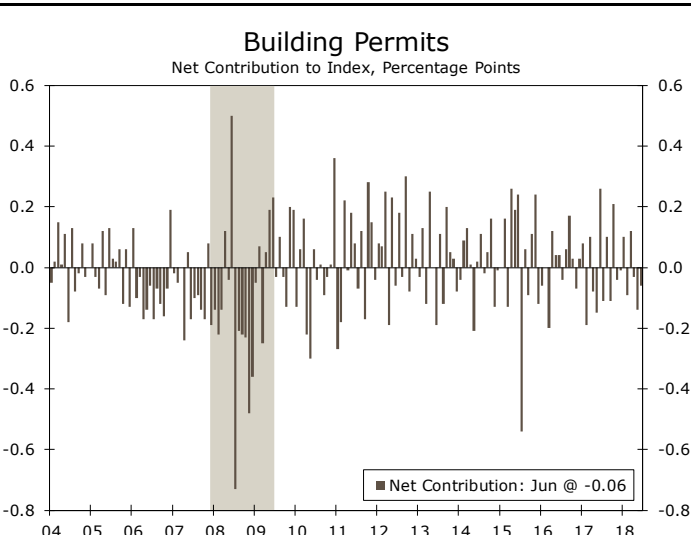
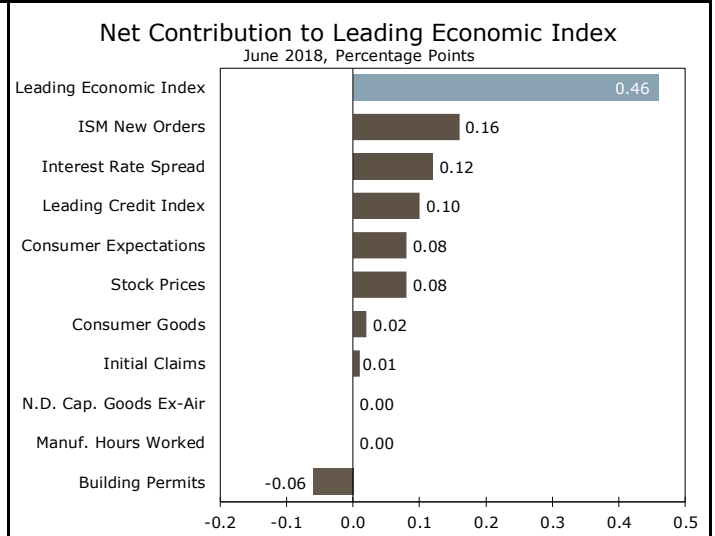
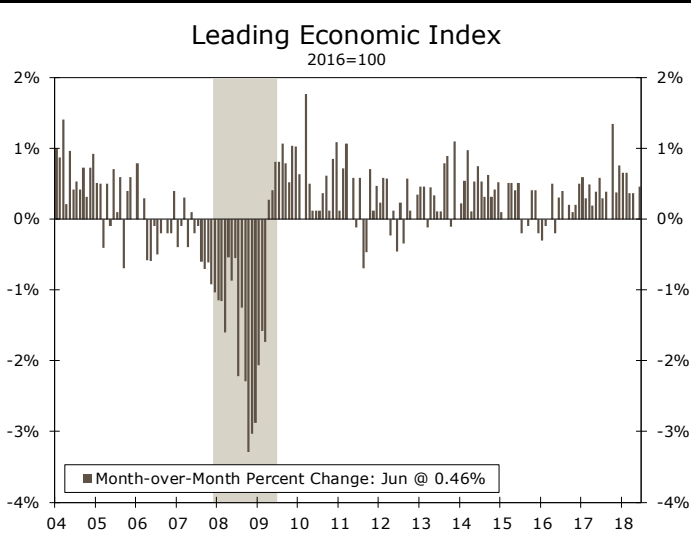
Economics Group

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June Leading Index Supports Continued Growth in U.S.

The Leading Economic Index increased 0.5 percent in June, resuming its upward ascent. The strength in the underlying components of the index remained broad-based, signaling continued growth in the U.S. economy.

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| <p>Broad-Based Strength</p> <ul style="list-style-type: none"> The Leading Economic Index (LEI) increased 0.5 percent in June, following no change in May. The renewed strength in the index signals continued growth in the second half of 2018. Strength in the underlying components was broad-based, with building permits contributing the only drag of 0.06 percentage points. Higher costs of material such as lumber, in light of recent tariffs, could be weighing on prospective construction. | <p>Continued Growth in Manufacturing</p> <ul style="list-style-type: none"> Seven of the additional nine components contributed positively to the overall index. The ISM New Orders Index remained solid in May, suggesting forthcoming production. The slight rise in the consumer goods orders component, a measure of manufacturers' comfort with inventory levels, could signal some relief to recent supply chain tightness. The LEI remains supportive of our call of 3.1 percent GDP growth this year. |
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Source: The Conference Board and Wells Fargo Securities

Wells Fargo Securities Economics Group

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