



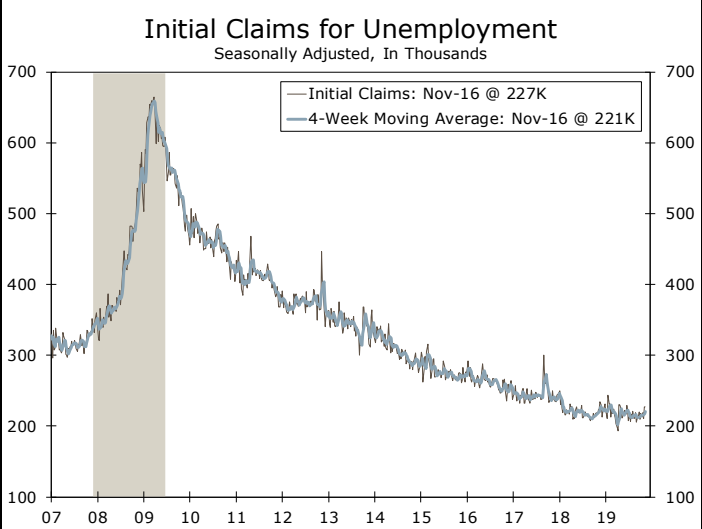
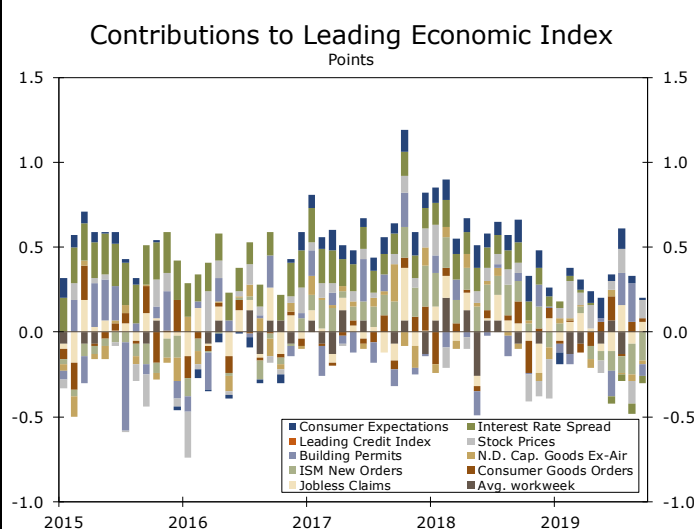
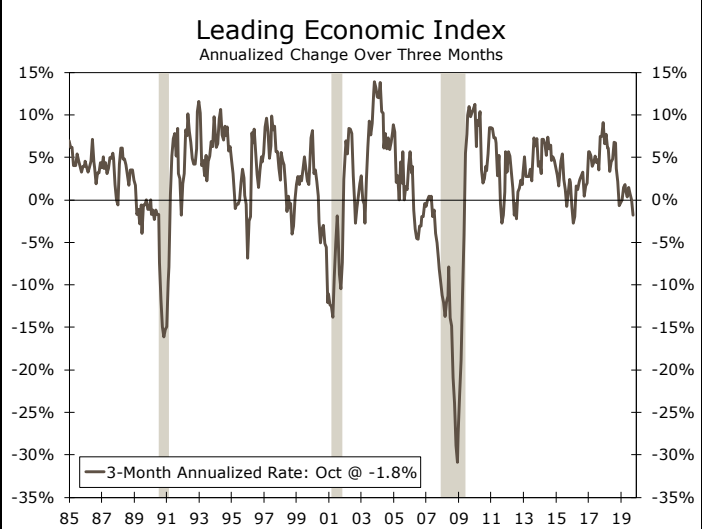
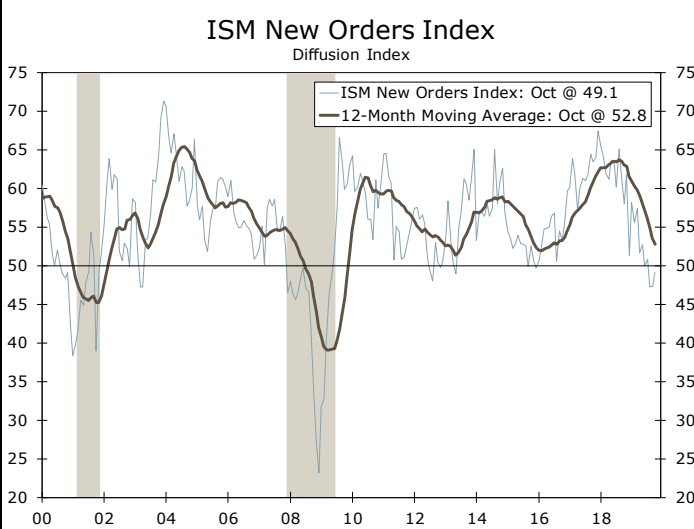
# Economics Group

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## In Every LEI, There is a Grain of Truth

*The third straight monthly decline for the Leading Economic Index (LEI) in October is notable because we have not seen a three-month slump since 2009. This is no time for complacency, but it's not time to panic either.*

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| <p><b>The Weakness in Manufacturing Weighing on LEI</b></p> <ul style="list-style-type: none"> <li>• The soft patch in the manufacturing sector manifests itself in today's report in a couple of ways. The largest drag came from the new orders component. ISM new orders have been in contraction territory since August, but the index rose to 49.1 in October, suggesting at least some upside momentum.</li> <li>• Another shadow cast by the factory sector is the shorter workweek for production workers, which also pulled LEI lower.</li> </ul> | <p><b>We've Been Here Before and Lived to Tell the Tale</b></p> <ul style="list-style-type: none"> <li>• Though it was the third straight monthly decline, the 0.1% move lower in October was only a modest one. If we look at the three-month annualized rate we can see that we've been here before in this cycle and the economy has bounced back.</li> <li>• Still, some contributors like rising stock prices can be fickle. Thus far in November, the stock market gains are holding.</li> <li>• Initial jobless claims, a drag in October, are still creeping higher.</li> </ul> |
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Source: The Conference Board, Institute for Supply Management, U.S. Department of Labor and Wells Fargo Securities

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