

Economics Group

Tim Quinlan, Senior Economist
tim.quinlan@wellsfargo.com • (704) 410-3283
E. Harry Pershing, Economic Analyst
harry.pershing@wellsfargo.com • (704) 410-3034

Leading Economic Index Signals Optimism

The Leading Economic Index (LEI) continued its upward trend in March, increasing 0.4 percent on the month. Strength in ISM new orders and the interest rate spread components continue to help boost the index.

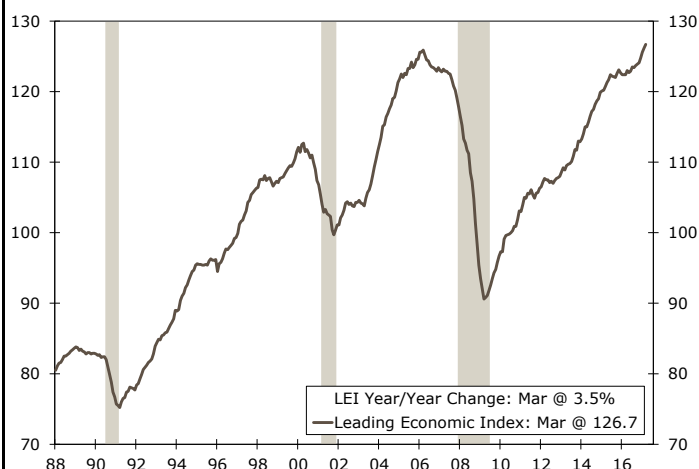
Another Record High Notched

- The LEI increased 0.4 percent in March, its seventh consecutive month recording a gain. Six of the components added to the topline figure, while two subtracted from it.
- The labor market, which has recently been viewed in a positive light, contributed negatively to the index. Manufacturing hours worked and initial jobless claims subtracted 0.13 percentage points and 0.09 percentage points from the topline figure.

Animal Spirits Unleashed

- Optimistic consumer expectations added 0.12 percentage points to the topline figure, its largest contribution since Dec. 2004.
- The interest rate spread component was the largest contributor to the index in March, adding 0.19 percentage points. ISM new orders and the housing permits components also added 0.19 and 0.11 percentage points, respectively. The LEI's upward trend continues to signal moderate economic growth in 2017.

Leading Economic Index

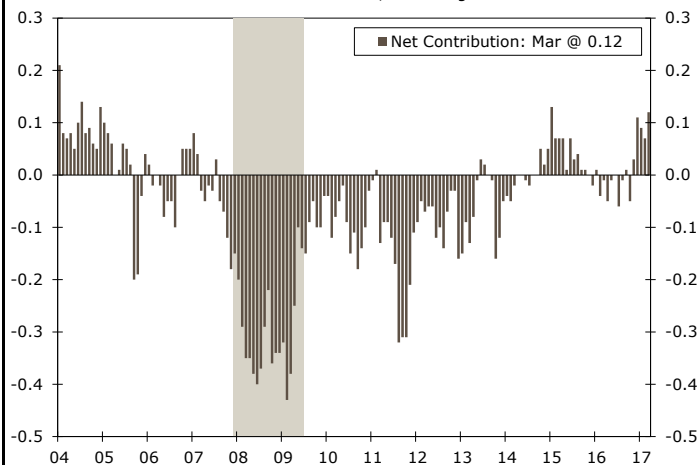


Net Contribution to Leading Economic Index
 March 2017, Percentage Points



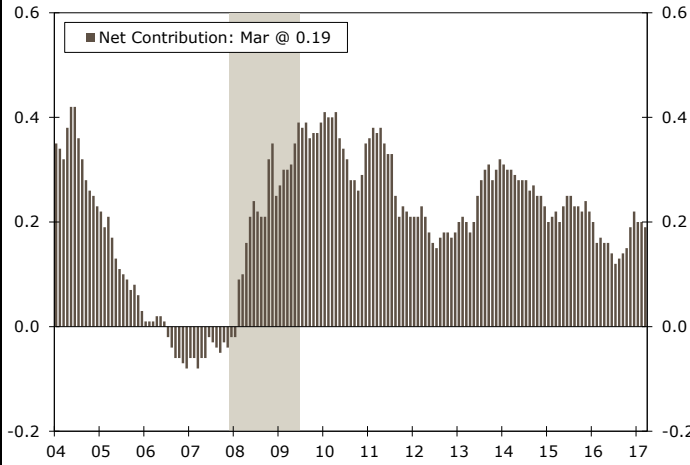
Consumer Confidence

Net Contribution to Index, Percentage Points



10-Year Treasury less Federal Funds Rate

Net Contribution to Index, Percentage Points



Source: The Conference Board and Wells Fargo Securities

Wells Fargo Securities Economics Group

Diane Schumaker-Krieg	Global Head of Research, Economics & Strategy	(704) 410-1801 (212) 214-5070	diane.schumaker@wellsfargo.com
John E. Silvia, Ph.D.	Chief Economist	(704) 410-3275	john.silvia@wellsfargo.com
Mark Vitner	Senior Economist	(704) 410-3277	mark.vitner@wellsfargo.com
Jay H. Bryson, Ph.D.	Global Economist	(704) 410-3274	jay.bryson@wellsfargo.com
Sam Bullard	Senior Economist	(704) 410-3280	sam.bullard@wellsfargo.com
Nick Bennenbroek	Currency Strategist	(212) 214-5636	nicholas.bennenbroek@wellsfargo.com
Anika R. Khan	Senior Economist	(212) 214-8543	anika.khan@wellsfargo.com
Eugenio J. Alemán, Ph.D.	Senior Economist	(704) 410-3273	eugenio.j.aleman@wellsfargo.com
Azhar Iqbal	Econometrician	(704) 410-3270	azhar.iqbal@wellsfargo.com
Tim Quinlan	Senior Economist	(704) 410-3283	tim.quinlan@wellsfargo.com
Eric Viloría, CFA	Currency Strategist	(212) 214-5637	eric.viloría@wellsfargo.com
Sarah House	Economist	(704) 410-3282	sarah.house@wellsfargo.com
Michael A. Brown	Economist	(704) 410-3278	michael.a.brown@wellsfargo.com
Jamie Feik	Economist	(704) 410-3291	jamie.feik@wellsfargo.com
Erik Nelson	Currency Strategist	(212) 214-5652	erik.f.nelson@wellsfargo.com
Misa Batcheller	Economic Analyst	(704) 410-3060	misa.n.batcheller@wellsfargo.com
Michael Pugliese	Economic Analyst	(704) 410-3156	michael.d.pugliese@wellsfargo.com
Julianne Causey	Economic Analyst	(704) 410-3281	julianne.causey@wellsfargo.com
E. Harry Pershing	Economic Analyst	(704) 410-3034	edward.h.pershing@wellsfargo.com
Donna LaFleur	Executive Assistant	(704) 410-3279	donna.lafleur@wellsfargo.com
Dawne Howes	Administrative Assistant	(704) 410-3272	dawne.howes@wellsfargo.com

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