

NOT THIS HALF

WEB BUZZ 2008.08.25

Most Wall Street analysts have insisted that an economic rebound was in the cards for the second half of this year. Well, here we are, almost two months into the second half, and there is not recovery in sight. As a matter of fact, things seem to be getting worse.

While most of the attention remains on the financial sector and its problems, the manufacturing and service areas have held up rather well. This, however, seems to be changing. Please note the chart below. As you can see, the leading indicators continue to weaken.

There will be a recovery some time, but it won't be during this year's second half.

Index of Leading Economic Indicators (LEI) vs. Real GDP year-to-year percent change

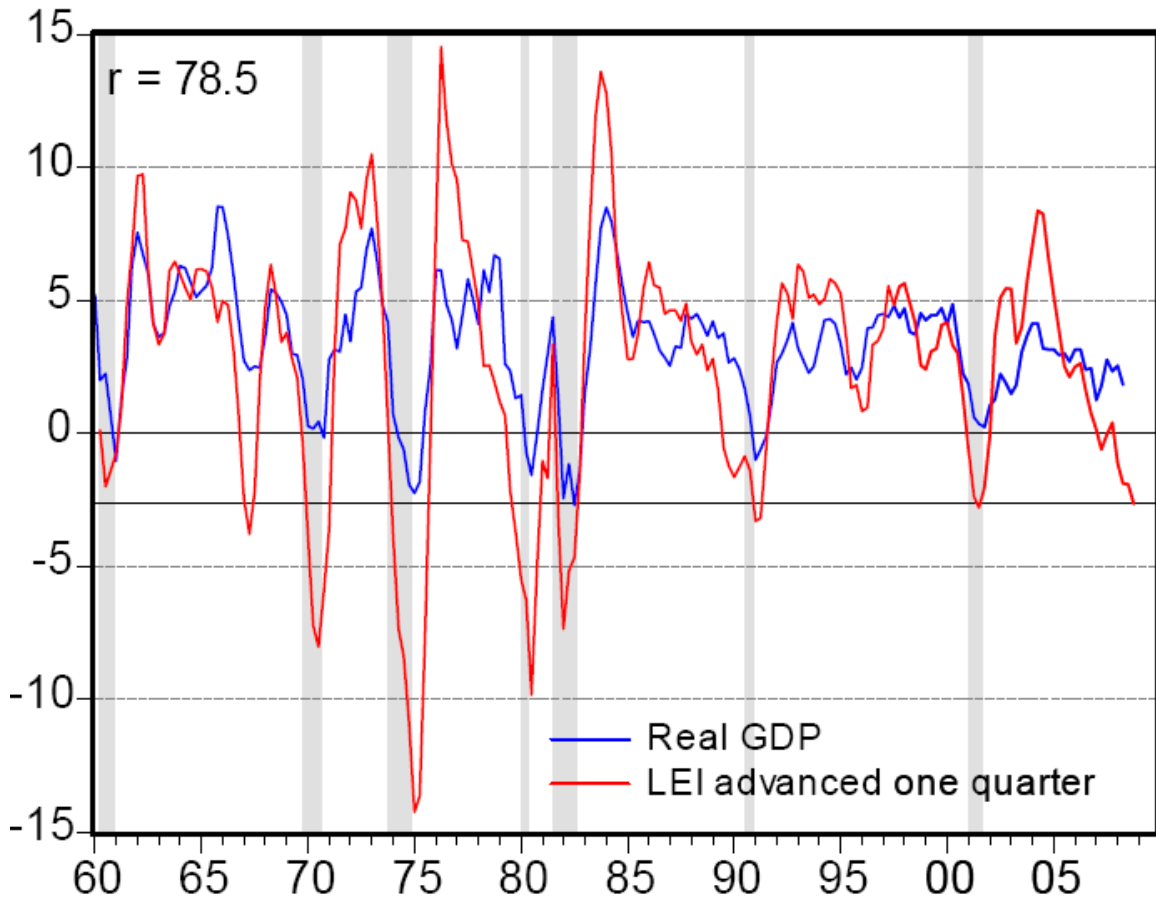


Chart adapted from NorthernTrust.com