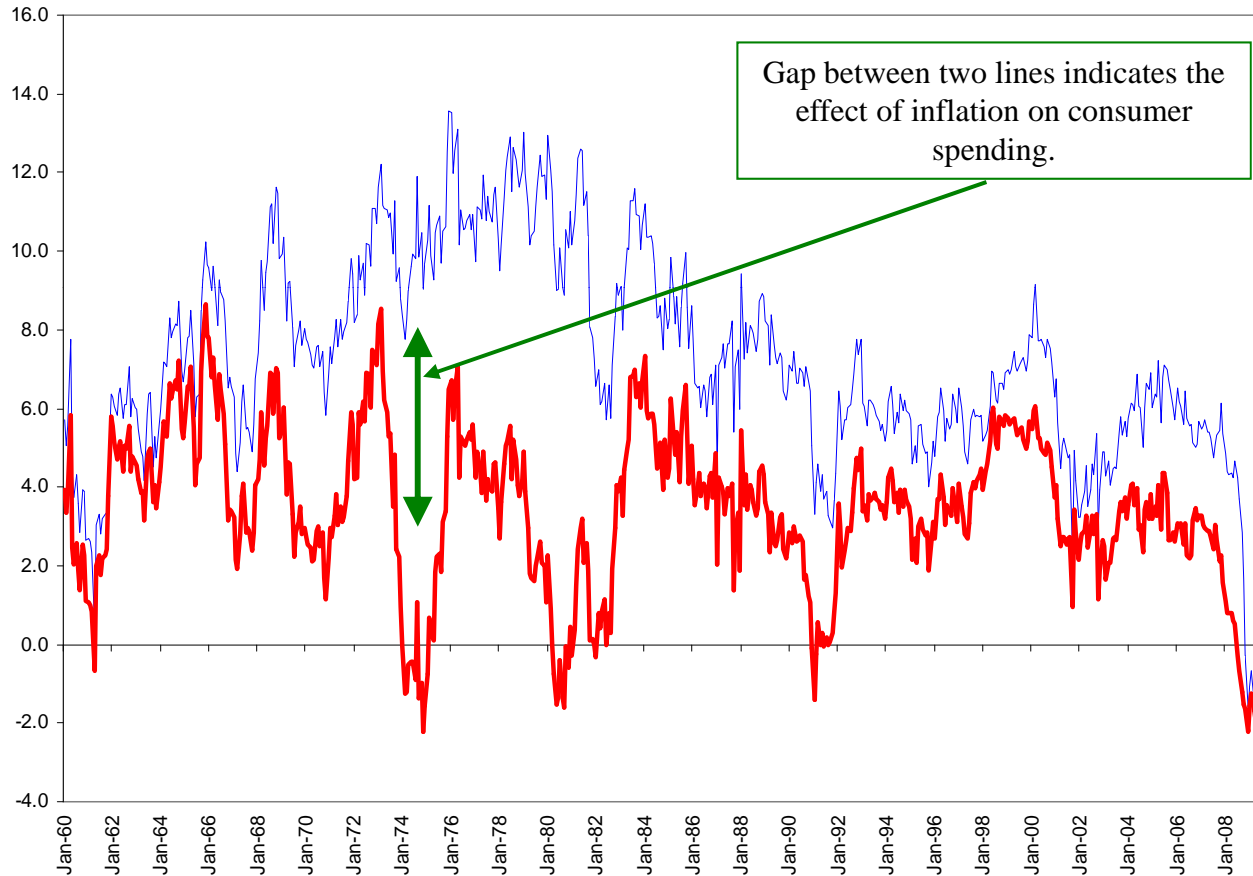


# Watching for Improvement Part III

## Consumer Spending and Real Economic Growth in 2010

**Real (Red) Vs. Nominal (Blue) Personal Consumption Expenditures  
% Change YOY**



- Personal Consumption Expenditures had the first negative year over year percentage change since before 1962 during the current recession.

- The red line adjusts percentage change in Personal Consumption Expenditures for inflation and shows the current recession as approximately equivalent to earlier recessions in the extent to which consumers decreased spending.

- **As investors focus on continued growth in consumer spending coming out of the recession, it will be important to judge whether changes in PCE are mostly attributable to changes in real consumer spending and/or changes in the rate of inflation.**