

Jul 31, 2006

## Monday Morning Outlook

Date/Time (CDT)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
7-31 / 7:30 am	Jul Chicago PMI	56.0	55.0	<b>57.9</b>	<b>56.5-r</b>
8-1 / 7:30 am	Jun Personal Income	+0.6%	+0.9%		+0.4%
	Jun Personal Consumption	+0.4%	+0.3%		+0.4%
9:00 am	Jul ISM Manufacturing Index	53.5	54.0		53.8
	Jun Construction Spending	+0.1%	+0.2%		-0.4%
Sometime During	Jul Domestic Autos Sales	5.4M	5.6M		5.3M
the Day	Jul Domestic Light Truck Sales	7.3M	7.2M		7.2M
8-3 / 7:30 am	Initial Unemployment Claims	310K	295K		298K
9:00 am	Jul ISM Non-Manufacturing Index	58.0	57.5		57.0
	Jun Factory Orders	+1.8%	+1.8%		+0.7%
8-4 / 7:30 am	Jul Non-farm Payrolls	+145K	+195K		+121K
	Jul Unemployment Rate	4.6%	4.6%		4.6%
	Jul Manufacturing Payrolls	+5K	+10K		+15K
	Jul Average Hourly Earnings	+0.3%	+0.4%		+0.5%
	Jul Weekly Hours	33.9	33.9		33.9

### Has the Economy Been Taking Steroids?

Last week we compared the US economy to Floyd Landis, the American cyclist who defied the pessimists and skeptics to win the Tour de France. Unfortunately, subsequent drug-testing found unusual levels of testosterone in his system. Mr. Landis claims he is innocent of doping, but he could be stripped of his victory.

Some took this opportunity to turn the analogy around on us. They believe that the US economy has been “artificially stimulated” by a bubble in the housing market (steroids), which has lifted consumer spending. With housing slowing, they expect the economy to slow as well.

This pessimism is not surprising. Since the beginning of the current recovery, conventional wisdom has underestimated the economy because of a deep misunderstanding about what is really driving growth.

Like the economy, athletic performance can be improved in one of two ways. The athlete can train right, eat right and sleep right in order to get faster and stronger. Performance enhancing drugs will also do the trick. For the economy, low taxes, limited regulation and free markets allow entrepreneurial innovation and creativity to boost productivity and efficiency. More freedom

### Week of August 7, 2006

Date/Time (CDT)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
8-8 / 9:00 am	Q2 Productivity: Preliminary	+1.2%	+1.5%		+3.7%
	Q2 Unit Labor Cots: Preliminary	+3.5%	+3.7%		+1.6%
	FOMC Meeting	5.25%	5.50%		5.25%
8-10 / 7:30 am	Jun Trade Balance	-\$64.4B	-\$64.0B		-\$63.8B
8-11 / 7:30 am	Jul Import Prices	+0.3%	+0.3%		+0.1%
	Jul Export Prices	+0.8%	+0.7%		+0.8%
	Jul Retail Sales	+0.6%	+0.8%		-0.1%
	Jul Retail Sales Ex Autos	+0.5%	+0.5%		+0.3%

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