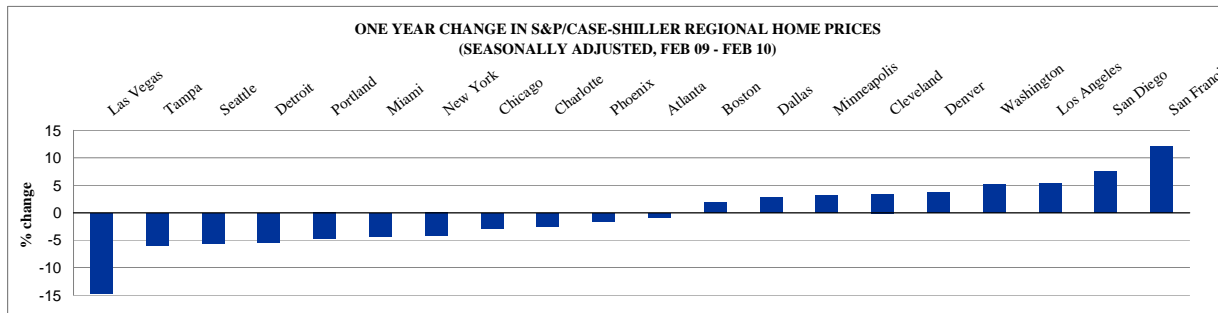
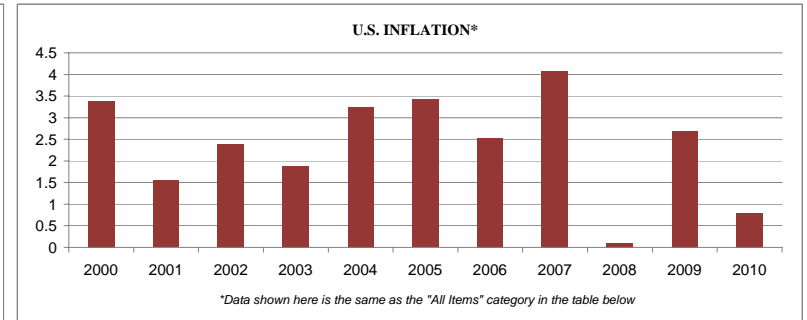
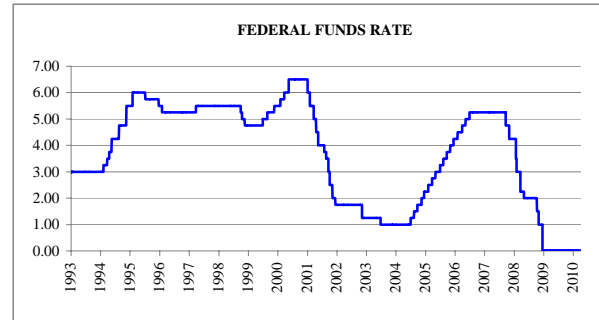
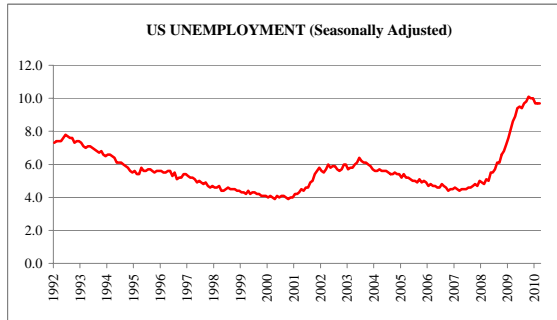
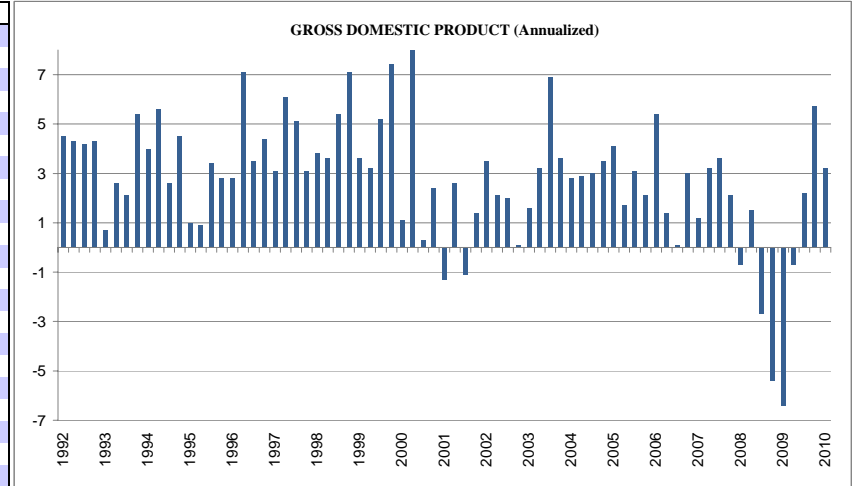


ECONOMIC REVIEW

% Change From Preceding Period Seasonally Adjusted Annual Rates	2006					2007				2008				2009				2010
	Q4					Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	3.0	1.2	3.2	3.6	2.1	(0.7)	1.5	(2.7)	(5.4)	(6.4)	(0.7)	2.2	5.6	3.2				
GDP	4.1	3.7	1.1	1.9	1.2	(0.6)	0.1	(3.5)	(3.1)	0.6	(0.9)	2.8	1.6	3.6				
PCE	5.6	5.5	2.1	5.2	5.5	(8.9)	(5.7)	(11.7)	(20.3)	3.9	(5.6)	20.4	0.4	11.3				
Durable Goods	6.1	3.1	(0.8)	2.1	1.8	(3.0)	2.2	(5.6)	(4.9)	1.9	(1.9)	1.5	4.0	3.9				
Nondurable Goods	3.1	3.6	1.6	1.3	0.3	1.8	0.4	(1.3)	0.5	(0.3)	0.2	0.8	1.0	2.4				
Services	GPDI	(10.9)	(6.0)	5.7	0.8	(7.7)	(7.4)	(10.4)	(6.9)	(24.2)	(50.5)	(23.7)	5.0	46.1	14.8			
Fixed Investment	(5.3)	(2.6)	3.6	(0.4)	(4.2)	(6.3)	(2.7)	(8.3)	(20.2)	(39.0)	(12.5)	(1.3)	5.0	0.7				
Nonresidential	2.3	4.2	11.4	9.6	6.7	1.9	1.4	(6.1)	(19.5)	(39.2)	(9.6)	(5.9)	5.3	4.1				
Structures	1.5	15.6	22.7	26.6	11.2	6.8	14.5	(0.1)	(7.2)	(43.6)	(17.3)	(18.4)	(18.0)	(14.0)				
Equip & software	2.8	(0.5)	6.5	2.2	4.5	(0.5)	(5.0)	(9.4)	(25.9)	(36.4)	(4.9)	1.5	19.0	13.4				
Residential	(19.7)	(16.2)	(12.9)	(22.4)	(29.5)	(28.2)	(15.8)	(15.9)	(23.2)	(38.2)	(23.3)	18.9	3.8	(10.9)				
Exports	17.8	3.5	5.2	18.5	14.5	(0.1)	12.1	(3.6)	(19.5)	(29.9)	(4.1)	17.8	22.8	5.8				
Goods	13.1	3.0	6.3	14.8	12.4	4.2	14.1	(1.8)	(25.5)	(36.9)	(6.3)	24.6	34.1	6.7				
Services	29.1	4.7	2.8	27.2	19.2	(9.0)	7.8	(7.7)	(4.3)	(13.6)	0.1	5.6	2.6	3.8				
Imports	(0.5)	4.3	(0.5)	3.7	(3.6)	(2.5)	(5.0)	(2.2)	(16.7)	(36.4)	(14.7)	21.3	15.8	8.9				
Goods	(2.3)	5.0	(1.0)	2.8	(3.8)	(3.5)	(4.6)	(3.7)	(19.6)	(41.0)	(16.5)	25.1	20.3	9.0				
Services	10.0	0.4	2.1	8.6	(2.9)	3.0	(7.1)	6.1	(0.9)	(11.5)	(7.5)	7.0	(1.9)	8.7				
Government	1.1	0.0	4.4	3.9	1.6	2.6	3.6	4.8	1.2	(2.6)	6.7	2.6	(1.3)	(1.8)				
Federal	1.1	(5.1)	7.4	9.3	2.7	8.1	7.8	13.2	6.5	(4.3)	11.4	8.0	0.0	1.4				
State and Local	1.1	3.1	2.7	0.9	1.0	(0.5)	1.2	0.1	(2.0)	(1.5)	3.9	(0.6)	(2.2)	(3.8)				



	Percent Changes in CPI for All Urban Consumers (CPI - U)							
	2003	2004	2005	2006	2007	2008	2009	2010*
Food and Beverages	3.5	2.6	2.3	2.2	4.8	5.8	(0.4)	0.6
Housing	2.2	3.0	4.0	3.3	3.0	2.4	(0.3)	0.2
Apparel	(2.1)	(0.2)	(1.1)	0.9	(0.3)	(1.0)	1.9	2.3
Transportation	0.3	6.5	4.8	1.6	8.3	(13.3)	14.4	2.0
Medical Care	3.7	4.2	4.3	3.6	5.2	2.6	3.4	2.0
Recreation	1.1	0.7	1.1	1.0	0.8	1.8	(0.4)	0.1
Education & Communication	1.6	1.5	2.4	2.3	3.0	3.6	2.4	0.3
Other Goods and Services	1.5	2.5	3.1	3.0	3.3	3.4	8.0	0.4
Energy Commodities	6.9	26.7	16.7	6.1	29.4	(40.5)	46.5	5.7
All Items	1.9	3.3	3.4	2.5	4.1	0.1	2.7	0.8
All Items Less Food & Energy	1.1	2.2	2.2	2.6	2.4	1.8	1.8	0.5

*Seasonally adjusted annual rate

DOMESTIC EQUITY MARKET PERFORMANCE

Trailing Performance as of: March 2010

(As exhibited by the Russell 1000, MidCap and 2000 stylized indices)

		Quarter		
Large		6.78	5.70	4.65
Mid		9.61	8.67	7.67
Small		10.02	8.85	7.61
		Value	Blend	Growth

		Year To Date		
Large		6.78	5.70	4.65
Mid		9.61	8.67	7.67
Small		10.02	8.85	7.61
		Value	Blend	Growth

		1 Year		
Large		53.55	51.60	49.75
Mid		72.41	67.71	63.00
Small		65.07	62.76	60.32
		Value	Blend	Growth

		3 Years		
Large		-7.33	-3.98	-0.78
Mid		-5.22	-3.30	-2.04
Small		-5.71	-3.99	-2.42
		Value	Blend	Growth

		5 Years		
Large		1.05	2.31	3.42
Mid		3.71	4.20	4.27
Small		2.75	3.36	3.82
		Value	Blend	Growth

		10 Years		
Large		3.10	-0.36	-4.21
Mid		8.46	4.84	-1.69
Small		8.90	3.68	-1.53
		Value	Blend	Growth

		15 Years		
Large		8.74	7.98	6.55
Mid		10.92	10.21	8.00
Small		10.30	8.02	5.13
		Value	Blend	Growth

		20 Years		
Large		9.34	8.90	7.93
Mid		11.40	10.99	9.38
Small		10.97	8.93	6.34
		Value	Blend	Growth

Top 3 performers

Bottom 3 performers

Sector Performance as of: March 2010

Sector	Weight	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
Media	2.7	11.49	11.49	84.90	-6.40	-1.53	-6.62
Financial Services	16.5	11.20	11.20	76.57	-18.34	-5.98	0.65
Industrial Materials	11.2	10.30	10.30	74.40	-3.39	2.83	3.05
Consumer Services	8.9	9.86	9.86	46.49	-1.23	2.69	3.47
Consumer Goods	11.0	7.41	7.41	50.69	3.74	6.55	8.31
Business Services	3.6	6.56	6.56	59.85	0.85	7.75	3.95
S&P 500 Index	-	5.39	5.39	49.77	-4.17	1.92	-0.65
Healthcare	11.4	4.46	4.46	36.66	1.24	4.37	3.58
Hardware	10.9	3.77	3.77	62.20	3.87	5.94	-8.24
Energy	10.9	0.96	0.96	34.59	-0.19	7.67	9.59
Software	4.4	0.90	0.90	55.08	3.45	6.57	-6.58
Utilities	3.4	-2.52	-2.52	23.23	-5.68	4.69	5.53
Telecommunications	5.2	-3.15	-3.15	16.30	-9.19	2.63	-8.19

Other Market Indices Performance as of: March 2010

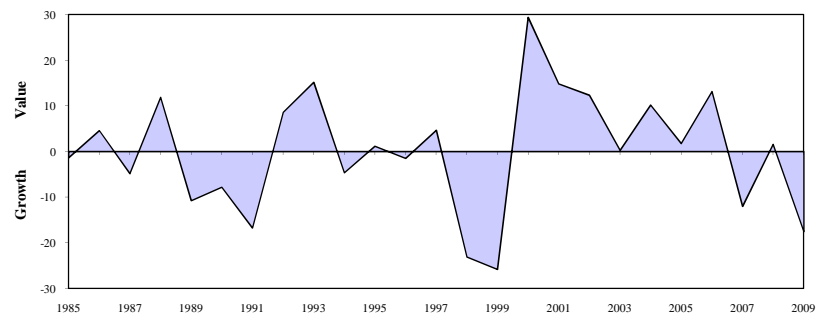
Index	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
S&P 500 Index	5.39	5.39	49.77	-4.17	1.92	-0.65
NASDAQ Composite Index	5.68	5.68	56.87	-0.33	3.70	-6.25
Dow Jones Wilshire 5000 Index	6.24	6.24	52.88	-3.55	2.82	0.06
NAREIT - Equity	10.02	10.02	106.68	-10.60	3.80	11.42
Dow Jones Industrial Average	4.82	4.82	46.93	-1.48	3.34	2.26

Calendar Year Performance By Style Within Capitalization Category

(As exhibited by the Russell 1000, MidCap and 2000 stylized indices)

	LARGE CAP		MID CAP		SMALL CAP		LARGE	MID	SMALL
	Russell 1000 V	Russell 1000 G	Russell MCV	Russell MCG	Russell 2000 V	Russell 2000 G			
1983	28.29	15.99	-	-	38.64	20.13	22.13	23.82	29.13
1984	10.10	-0.95	-	-	2.27	-15.83	4.75	1.43	-7.30
1985	31.51	32.86	-	-	31.01	30.97	32.26	32.01	31.05
1986	19.98	15.36	17.87	17.55	7.41	3.58	17.87	18.20	5.68
1987	0.50	5.31	-2.19	2.76	-7.11	-10.48	2.93	0.23	-8.80
1988	23.16	11.27	24.61	12.92	29.47	20.37	17.25	19.80	25.02
1989	25.19	35.92	22.70	31.48	12.43	20.17	30.43	26.27	16.26
1990	-8.08	-0.26	-16.08	-5.13	-21.77	-17.41	-4.21	-11.50	-19.48
1991	24.55	41.27	37.92	47.03	41.70	51.19	33.04	41.51	46.04
1992	13.58	4.99	21.68	8.71	29.14	7.77	8.93	16.34	18.41
1993	18.07	2.87	15.62	11.19	23.77	13.37	10.18	14.30	18.88
1994	-1.98	2.62	-2.13	-2.16	-1.54	-2.43	0.39	-2.09	-1.82
1995	38.35	37.17	34.93	33.98	25.75	31.04	37.77	34.45	28.45
1996	21.64	23.12	20.26	17.48	21.37	11.26	22.45	19.00	16.49
1997	35.18	30.49	34.37	22.54	31.78	12.95	32.85	29.01	22.36
1998	15.63	38.71	5.08	17.86	-6.45	1.23	27.02	10.10	-2.55
1999	7.35	33.16	-0.11	51.29	-1.49	43.09	20.91	18.23	21.26
2000	7.01	-22.42	19.18	-11.75	22.83	-22.43	-7.79	8.25	-3.02
2001	-5.59	-20.42	2.33	-20.15	14.03	-9.23	-12.45	-5.62	2.49
2002	-15.52	-27.89	-9.65	-27.41	-11.43	-30.26	-21.65	-16.18	-20.48
2003	30.03	29.75	38.07	42.71	46.03	48.54	29.89	40.06	47.25
2004	16.49	6.30	23.71	15.48	22.25	14.31	11.40	20.22	18.33
2005	7.05	5.26	12.65	12.10	4.71	4.15	6.27	12.65	4.55
2006	22.25	9.07	20.22	10.66	23.48	13.35	15.46	15.26	18.37
2007	-0.17	11.81	-1.42	11.43	-9.78	7.05	5.77	5.60	-1.57
2008	-36.85	-38.44	-38.44	-44.32	-28.92	-38.54	-37.60	-41.46	-33.79
2009	19.69	37.21	34.21	46.29	20.58	34.47	28.43	40.48	27.17

% Differential Between Value and Growth Over Past 25 Years

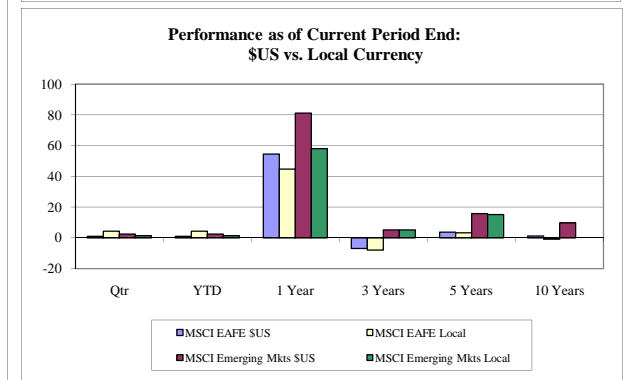
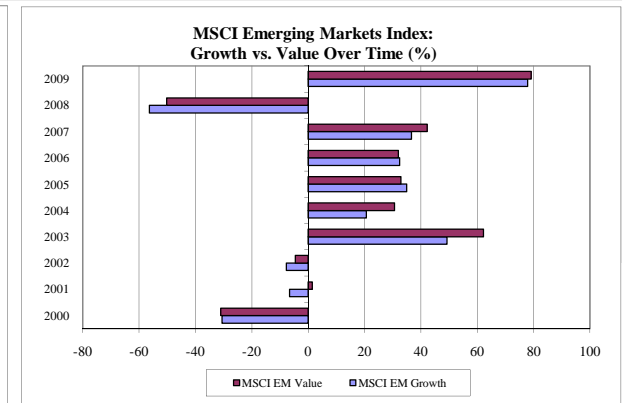
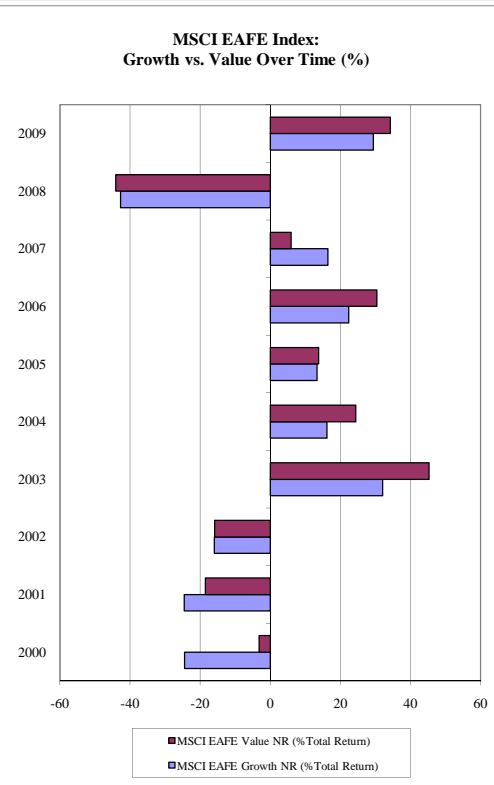
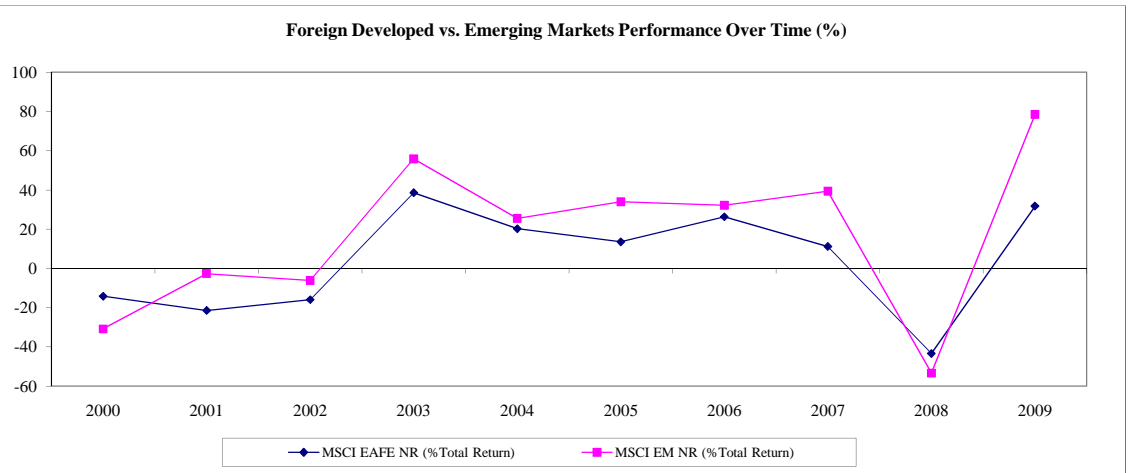


INTERNATIONAL EQUITY MARKET PERFORMANCE

<i>As of 3/31/10 (\$)</i>	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
BROAD INDEXES						
MSCI AC World	3.13	3.13	55.48	-4.37	3.94	0.62
MSCI AC World Ex US	1.58	1.58	60.93	-4.17	6.11	2.80
MSCI EAFE	0.87	0.87	54.44	-7.02	3.75	1.27
MSCI EAFE Growth	1.96	1.96	50.61	-5.70	4.24	-1.26
MSCI EAFE Value	-0.24	-0.24	58.52	-8.40	3.20	3.70
MSCI EAFE Small Cap	4.76	4.76	70.02	-8.27	3.60	-
MSCI Emerging Markets	2.41	2.41	81.08	5.16	15.65	9.78
EPRA/NAREIT Developed ex N. America	-0.10	-0.10	67.98	-14.42	3.97	9.29
REGIONAL INDEXES						
MSCI Europe	-1.80	-1.80	56.10	-7.81	3.45	1.78
MSCI Europe Ex UK	-2.38	-2.38	54.51	-7.63	4.24	1.83
MSCI Pacific Free	6.27	6.27	51.29	-5.46	4.33	0.09
MSCI Pacific Free Ex Japan	3.10	3.10	82.20	2.40	11.53	9.50
MSCI EM Latin America	1.64	1.64	97.44	12.60	26.02	17.09
MSCI EM Europe	6.06	6.06	110.66	-6.67	9.78	9.07
MSCI EM Asia	1.33	1.33	73.25	5.27	13.85	6.62
MSCI BRIC	1.00	1.00	86.01	8.11	22.73	-

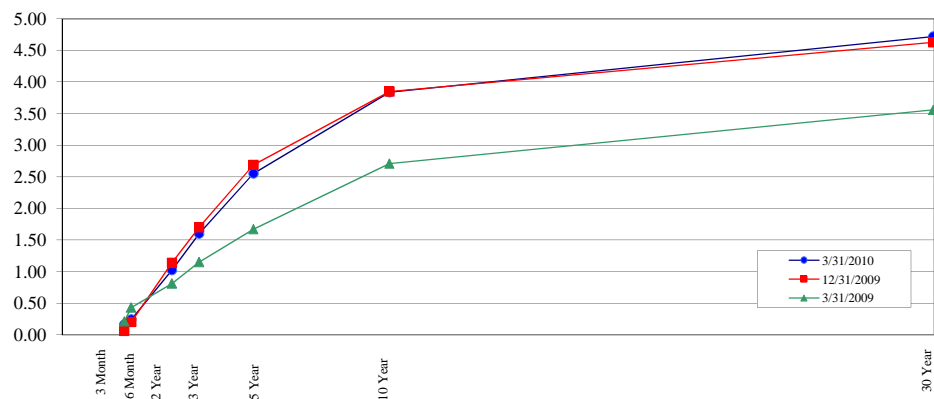
DEVELOPED MARKETS	MSCI EAFE WEIGHT	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
MSCI Japan	22.2%	8.18	8.18	37.87	-9.03	1.26	-3.01
MSCI U.K.	21.0%	-0.60	-0.60	59.49	-8.18	1.98	1.85
MSCI France	10.7%	-3.89	-3.89	50.80	-7.49	3.38	1.31
MSCI Australia	8.7%	4.15	4.15	86.71	2.12	11.65	12.76
MSCI Switzerland	7.9%	4.01	4.01	54.04	-2.35	7.22	5.66
MSCI Germany	7.8%	-2.65	-2.65	51.43	-5.84	6.40	0.58
MSCI Spain	3.9%	-15.29	-15.29	49.15	-5.02	7.42	5.92
MSCI Italy	3.3%	-7.28	-7.28	47.76	-14.86	-3.51	0.36
MSCI Sweden	2.8%	7.58	7.58	88.40	-5.02	7.57	0.68
MSCI Netherlands	2.6%	-1.07	-1.07	68.43	-6.53	5.11	1.52
MSCI Hong Kong	2.4%	2.43	2.43	64.82	3.98	10.76	4.63
MSCI Singapore	1.5%	-1.26	-1.26	88.82	1.71	13.82	7.46
MSCI Finland	1.2%	11.90	11.90	59.88	-9.11	4.56	-6.22
MSCI Belgium	1.0%	-1.02	-1.02	62.99	-21.22	-5.80	1.80
MSCI Denmark	1.0%	9.74	9.74	68.98	-2.96	10.00	8.68
MSCI Norway	0.7%	-6.39	-6.39	69.61	-8.41	7.23	11.41
MSCI Greece	0.4%	-13.16	-13.16	24.19	-22.56	-4.91	-3.81
MSCI Austria	0.3%	-1.22	-1.22	53.95	-24.43	-5.21	8.58
MSCI Portugal	0.3%	-10.26	-10.26	36.71	-10.59	2.16	1.39
MSCI Ireland	0.3%	-0.53	-0.53	22.99	-36.76	-16.51	-7.26
MSCI New Zealand	0.1%	-3.87	-3.87	49.15	-10.37	-2.36	6.37

MSCI EAFE SECTORS	3 Mos.	YTD	1 Year
Information Technology	11.92	11.92	51.57
Industrials	5.65	5.65	62.87
Consumer Discretionary	3.05	3.05	53.98
Materials	2.31	2.31	83.40
Consumer Staples	2.17	2.17	54.56
Financials	-0.73	-0.73	71.07
Healthcare	-1.54	-1.54	36.20
Energy	-3.49	-3.49	37.84
Utilities	-4.00	-4.00	26.13
Telecommunication Services	-4.34	-4.34	30.92

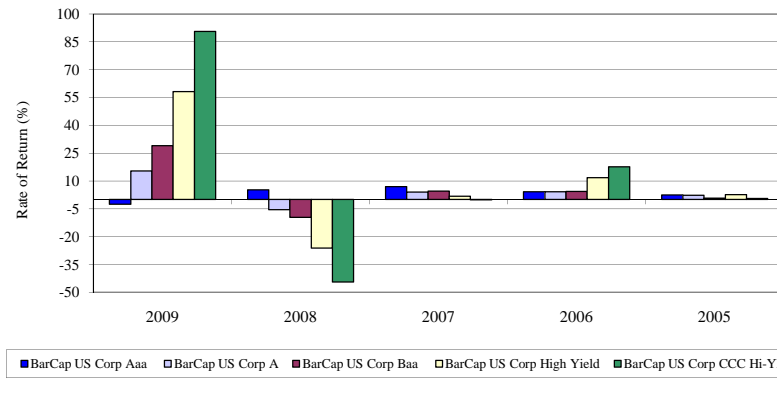


DOMESTIC FIXED INCOME MARKET PERFORMANCE

US Treasury Yield Curve



Credit Quality Performance



US Treasury Curve Yield Change (bps)

	3 Mos.	6 Mos.	2 Years	3 Years	5 Years	10 Years	30 Years
Trailing 3 Months	10	4	-12	-10	-14	-1	9
Trailing 12-Months	-5	-19	21	45	88	113	116

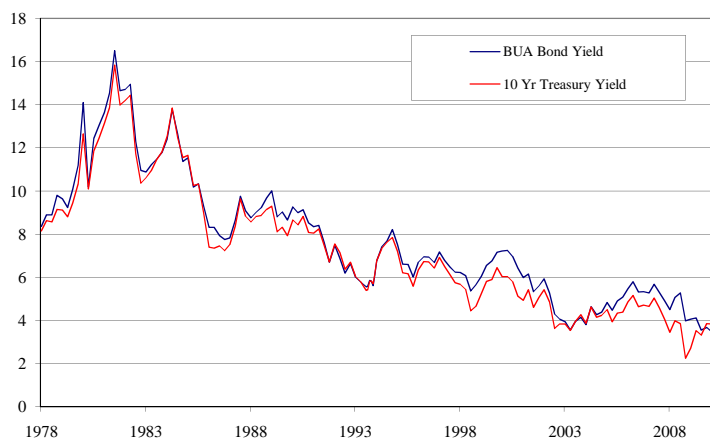
TRAILING PERFORMANCE as of 03/31/2010

	3 Mos.	6 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
Citigroup US 3-Month T-Bill	0.02	0.04	0.02	0.13	1.80	2.76	2.70
ML 1-3 Year Treasury	0.70	0.73	0.70	1.41	4.62	4.24	4.42
Barclays Aggregate Bond Index	1.78	1.99	1.78	7.69	6.14	5.44	6.29
BUAGC Intermediate	1.54	1.85	1.54	6.92	5.88	5.16	5.93
BUAGC	1.55	1.34	1.55	7.51	5.84	5.17	6.22
BUAGC Long-Term	1.55	-1.13	1.55	10.29	5.81	5.29	7.26

TRAILING PERFORMANCE as of 03/31/2010

Credit Quality	3 Mos.	6 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
BarCap US Corp Aaa	1.80	0.47	1.80	6.37	3.23	3.76	5.82
BarCap US Corp A	2.02	2.95	2.02	21.61	4.57	4.47	6.21
BarCap US Corp Baa	2.86	5.21	2.86	30.78	7.23	6.05	6.98
BarCap US Corp High Yield	4.62	11.10	4.62	56.18	6.65	7.78	7.45
BarCap US Corp CCC Hi-Yld	5.26	14.43	5.26	91.53	2.30	6.10	5.62

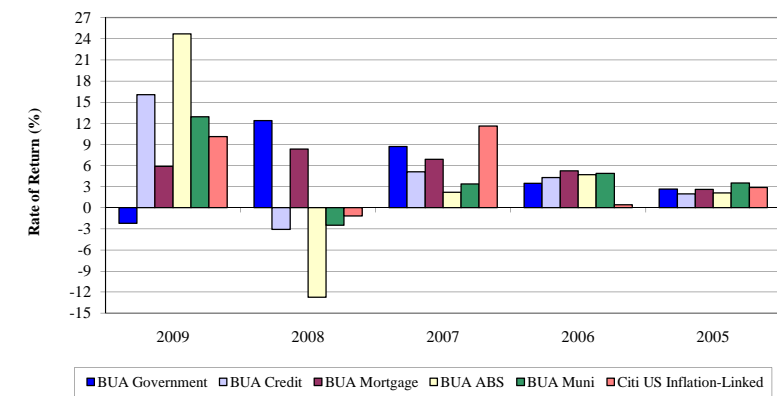
BUA Yield vs. 10 Yr. Treasury Yield (%)



Barclays' Aggregate Bond Index Composition (%)

US Treasury	27.65
US Agency	8.96
Total Government	36.61
Industrial	9.94
Utility	2.16
Finance	6.71
Non-Corporate	4.25
Total Credit	23.06
GNMA	5.63
FNMA	17.54
FHLMC	11.87
Total MBS	35.04
Credit Card	0.23
Auto	0.06
Home	0.00
Utility	0.07
Manufactured Housing	0.00
Total ABS	0.36
CMBS	3.19
Hybrid Arm	1.74

Sector Performance

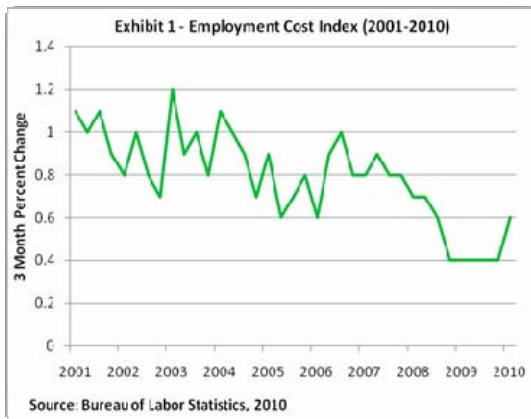


TRAILING PERFORMANCE as of 03/31/2010

Sector	3 Mos.	6 Mos.	YTD	1 Year	3 Years	5 Years	10 Years
BUA Government	1.11	0.09	1.11	-0.13	5.98	5.19	5.93
BUA Credit	2.27	3.33	2.27	20.83	6.00	5.37	6.72
BUA Mortgage	1.54	2.12	1.54	5.21	7.03	6.13	6.47
BUA ABS	2.22	3.59	2.22	18.53	3.89	4.05	5.42
BUA Muni	1.25	0.28	1.25	9.69	4.56	4.58	5.58
Citi US Inflation-Linked	0.35	2.40	0.35	5.95	5.96	4.77	7.25

ECONOMIC REVIEW

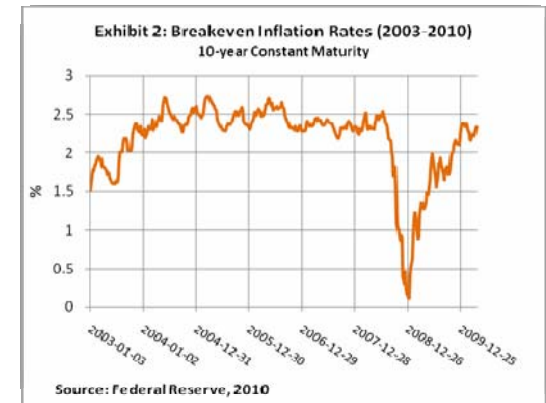
Heightened Inflation: Imminent Threat or Distant Concern?



Speculation continues to circulate regarding the threat of heightened inflation, if the threat will come to fruition and if so, when it will begin. The debate over when inflation will strike and what investment products provide the best hedge against inflation is a popular one, with strategists arguing for the use of TIPS, equities, gold, real estate, infrastructure and/or various other investments. Amidst all this debate, the Federal Reserve has kept the federal funds rate near 0%, asserting that rates would remain very low for “an extended period.” Despite this stance, several Fed policy makers have voiced their concerns about keeping monetary policy too loose for too long, especially since the economy is showing signs of improvement. Although GDP growth was down relative to the fourth quarter of 2009, the economy grew 3.2% during the first quarter of 2010, marking the third straight quarter of economic expansion.

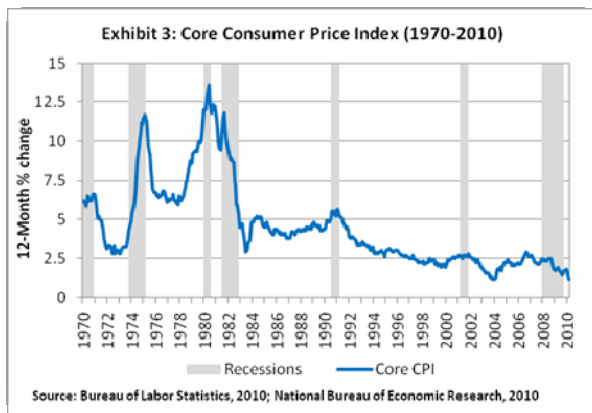
Those in favor of keeping rates low for the foreseeable future cite low capacity utilization, subdued inflation outside of food and energy prices, and minimal wage and price pressures as signs that inflation is not a threat, at least in the short term. While rising, capacity utilization remained fairly low at 73% as of March. Core CPI (all items less food & energy) rose just 0.5% on

a seasonally adjusted annual basis during the first quarter. Additionally, the three-month percentage change in the Employment Cost Index (Exhibit 1), which measures changes in hourly labor compensation, has also remained relatively low at 0.6% as of the first quarter of 2010 (although it was up from the fourth quarter of 2010), indicating there is not much wage pressure in the labor markets. This was echoed by the Fed in their April 14th commentary on current economic conditions, in which they note that “wage pressures were characterized as minimal or contained.” Unemployment rates remain high, having stagnated at 9.7% for the last three months. Furthermore, the breakeven inflation rate on 10-year constant maturity bonds (Exhibit 2), the difference between yields on nominal and inflation-indexed Treasuries of equivalent maturities, is currently signaling inflation expectations of only around 2.33%, which is in line with expectations that were seen during much of the mid-2000s. Moreover, the end of the recession does not mean inflation is necessarily right around the corner.



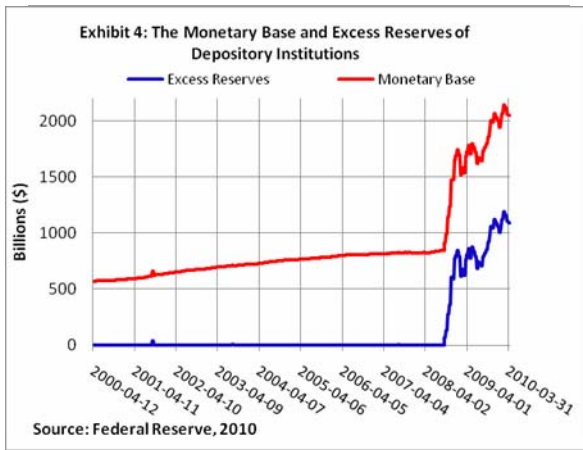
As seen after the recessions of 1970, 1975, 1991 and 2001 (Exhibit 3), Core CPI hit its trough multiple years after recessions have ended in several cases over the past 40 years.

Still, given the unique nature of this recent recession, especially when compared to the recessions of the past 40 years, nothing is certain. The U.S. economy recently faced extreme deflationary forces, which could manifest themselves again and push inflation down further. However, the steps taken to combat this recent recession have been so drastic that the threat of inflation cannot be ignored.



For those arguing that inflation is a large threat in the short-term, the amount of excess reserves pumped into the economy is a common point of reference. As seen in Exhibit 4, the Fed rushed to stabilize financial markets during the crisis of late 2008, substantially increasing the monetary base (above \$2 trillion) and excess reserves (above \$1 trillion). *There are worries that this huge increase in excess reserves will eventually prove inflationary, but it is a misconception that this is an inevitability.* Currently, banks are not lending and do not show signs of imminent increases in loan activity according to the Fed’s survey of economic conditions. Although the economy is recovering,

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neither loan supply nor loan demand are experiencing much growth. Excess reserves do not guarantee inflation because banks are not required to lend them. While the Fed has the ability to remove liquidity and thus impair lending growth, it cannot compel banks' excess reserves to be lent. The way excess reserves leads to higher inflation is if banks increase lending and expand deposits, thereby increasing the money supply. This effect is called the money multiplier. The multiplier effect occurs because it is not profitable for banks to hold excess reserves if they can be lent out at market rates for a profit. But banks are not lending, meaning that the multiplier effect is constrained. There are several reasons that lending is at a minimum. Consumers are currently in the middle of a deleveraging process, which has put a significant dent in consumer loan demand. As seen in Exhibit 5, total consumer credit owned and securitized has trended downward since late 2008. Credit standards are fairly tight at present, making it hard for those consumers or businesses who are looking for loans.

The fact that, since October 2008, the Federal Reserve has been paying interest on the reserves that banks hold at the Fed also plays a role in why reserves are not being lent. The basic concept of the

money multiplier is typically explained using the assumption that reserves held at the Fed do not accrue interest. In this case, banks have the incentive to lend reserves at market rates in order to earn a profit. However, when banks earn interest on reserves, the money multiplier will only expand lending and deposits so far that the market rates are in line with the interest rate paid on reserves. Banks have no incentive to lend excess reserves for less interest than the Fed pays on the banks' funds, meaning the money multiplier process will stop sooner than would happen if no interest were paid on reserves.

The decision to pay interest on reserves in 2008 was made to help the Fed more precisely target their specified short-term market interest rate. By utilizing reserve interest payments, the Fed can set the floor for interest rates because no bank will have a reason to lend at anything less than they can gain from holding reserves. As indicated by Todd Keister and James McAndrews of the Federal Reserve Bank of New York, "by raising the interest rate paid on reserves, the central bank can increase interest rates and slow the growth of bank lending and economic activity without changing the quantity of reserves" (Keister and McAndrews, "Why Are Banks Holding So Many Excess Reserves?" Federal Reserve Bank of New York Staff Report #380, July 2009). Thus, the interest paid on reserves provides the Fed with another tool to counteract inflation. Keister and McAndrews note that "these reserves were created as a byproduct of lending policies designed to mitigate the effects of a disruption in financial markets" and not "with the goal of lowering interest rates or increasing bank lending significantly." The Fed did not intend on all excess reserves to be lent out; the increase in reserves was instead a result of efforts to stabilize financial institutions' balance sheets. *With this in mind, the excess reserves in the system should not be regarded as inflationary tinder ready to ignite. As always, this has the potential to change should the Federal Reserve mishandle its exit strategies or be pressured politically to keep monetary policy loose in order to ward off high unemployment.*

