

CREDIT HANGOVER CONTINUES IN OCTOBER

October's National City Business Confidence Index dropped 1.4 percentage points to a new low of 62.7. The composite number was influenced toward the downside by a 1.9 percentage point plunge in the economic outlook index and a 0.9 percentage point drop in the hiring plans index. At least in part, sentiments are suffering from August's credit market rout, which took its toll on the value of the dollar and produced anemic home sales.

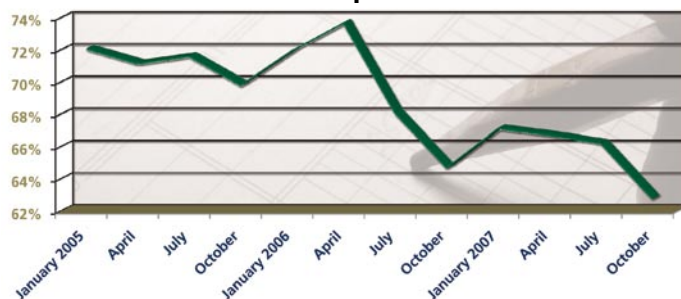
Typically when the Federal Reserve cuts rates, as they did in September, downward pressure is placed on the dollar versus other currencies, all other things equal. This has been a pronounced facet of the September rate cut, as the dollar has forged new lows against most major world currencies. Costs to domestic businesses have increased, as the declining value of "The Buck" has served to raise the price of global commodities in U.S. dollar terms. Combined with the fact that commodities have provided a safe haven for investors to avoid ongoing dollar depreciation, prices have also been pushed up by greater speculative demand. Broad measures of increases in futures prices from September to October have seen industrial commodities rise 7 percent, while energy commodities have increased 10 percent and precious metals prices have gained

11 percent. Our goods producing industries responded with an average decline of 1.6 percentage points in confidence.

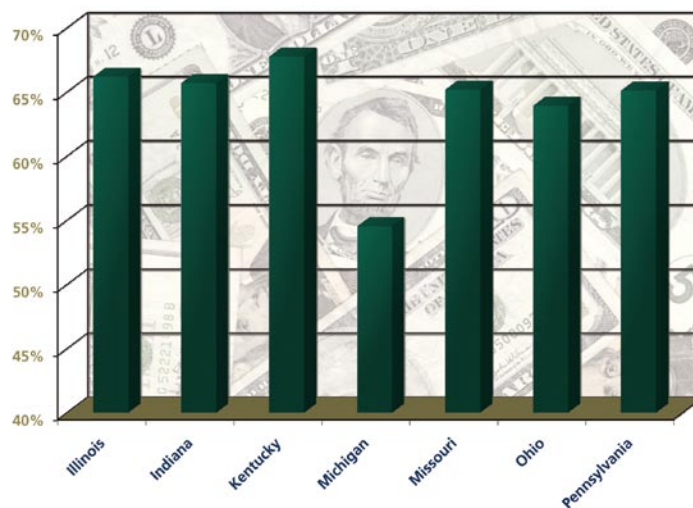
Directly adding to the difficulties of some businesses is the continued deterioration of the housing market. The full impact of the August credit market seize-up is now being shown in recent home sales numbers. Existing home sales fell 8 percent in September alone, while new home sales also tumbled 8 percent during August. The continued weakness in housing has translated into amplified difficulty for builders. This is revealed in our survey's index by industry, which shows that confidence in Construction and Mining fell to a new low. Additionally, the hiring plans index for this sector fell below 50, indicating that they expect employment to contract.

The confidence draining events of October were accelerated by previous trends. The dollar has been on a depreciating path for five and a half years and, similarly, home sales have been in decline for 26 months. However, the quickening of these trends in October has increased existing pressures on businesses profit margins and production activity. (10/25/07)

7-State Composite Index



October State Composite Indices



PERCENT OF FAVORABLE RESPONSES

NATIONAL CITY BUSINESS CONFIDENCE INDEX

TABLE 1: STATE DETAIL

	2006			2007									
	October	November	December	January	February	March	April	May	June	July	August	September	October
7-State Region													
Outlook	73.4%	75.0%	73.3%	75.4%	75.5%	73.4%	74.8%	74.5%	75.5%	75.1%	73.5%	72.2%	70.4%
Hiring Plans	56.0%	58.3%	57.2%	58.9%	58.9%	58.3%	58.6%	58.7%	58.5%	57.3%	56.7%	56.0%	55.1%
Composite	64.7%	66.6%	65.3%	67.1%	67.2%	65.9%	66.7%	66.6%	67.0%	66.2%	65.1%	64.1%	62.7%
Illinois													
Outlook	74.6%	77.5%	76.3%	80.2%	82.0%	80.3%	80.3%	80.1%	76.4%	80.6%	76.7%	74.0%	74.7%
Hiring Plans	52.3%	61.4%	57.5%	61.7%	60.0%	59.1%	62.0%	61.1%	60.7%	58.7%	58.1%	59.7%	57.7%
Composite	63.4%	69.5%	66.9%	70.9%	71.0%	69.7%	71.1%	70.6%	68.5%	69.6%	67.4%	66.8%	66.2%
Indiana													
Outlook	85.1%	78.8%	77.7%	82.9%	75.9%	80.4%	78.2%	80.3%	80.4%	77.3%	78.4%	74.8%	75.2%
Hiring Plans	60.9%	59.1%	59.4%	60.6%	59.7%	59.0%	60.8%	60.0%	60.6%	58.4%	57.4%	57.3%	56.2%
Composite	73.0%	68.9%	68.5%	71.7%	67.8%	69.7%	69.5%	70.2%	70.5%	67.9%	67.9%	66.0%	65.7%
Kentucky													
Outlook	79.6%	83.3%	83.7%	79.9%	84.9%	79.4%	87.1%	84.3%	83.3%	83.0%	78.2%	80.7%	79.4%
Hiring Plans	60.4%	61.5%	57.3%	58.7%	61.1%	61.6%	63.9%	61.9%	62.6%	58.5%	60.7%	58.4%	56.1%
Composite	70.0%	72.4%	70.5%	69.3%	73.0%	70.5%	75.5%	73.1%	72.9%	70.8%	69.5%	69.5%	67.8%
Michigan													
Outlook	61.8%	61.5%	62.7%	61.6%	61.5%	57.9%	58.9%	59.3%	64.8%	62.6%	62.6%	62.6%	57.6%
Hiring Plans	51.1%	52.7%	53.6%	56.2%	55.2%	54.3%	53.3%	53.0%	55.0%	53.6%	54.1%	51.6%	51.5%
Composite	56.5%	57.1%	58.1%	58.9%	58.3%	56.1%	56.1%	56.5%	59.9%	58.1%	58.4%	57.1%	54.5%
Missouri													
Outlook	74.3%	81.1%	80.1%	77.8%	80.2%	77.8%	77.8%	78.3%	78.1%	75.0%	77.1%	69.0%	74.2%
Hiring Plans	52.4%	65.4%	62.5%	64.4%	62.1%	59.3%	59.9%	62.8%	61.9%	55.9%	56.5%	57.0%	56.1%
Composite	63.4%	73.3%	71.3%	71.1%	71.2%	68.6%	68.8%	70.6%	70.0%	65.4%	66.8%	63.0%	65.2%
Ohio													
Outlook	74.1%	76.2%	72.8%	75.5%	76.2%	75.0%	76.5%	75.3%	75.9%	75.8%	74.2%	74.0%	71.5%
Hiring Plans	56.5%	58.0%	57.6%	58.5%	59.4%	59.1%	58.7%	58.7%	58.4%	58.0%	56.6%	56.1%	56.4%
Composite	65.3%	67.1%	65.2%	67.0%	67.8%	67.0%	67.6%	67.0%	67.2%	66.9%	65.4%	65.0%	63.9%
Pennsylvania													
Outlook	75.6%	77.6%	77.2%	80.9%	81.5%	78.4%	79.7%	79.6%	79.2%	80.7%	76.8%	75.8%	75.8%
Hiring Plans	58.4%	60.1%	58.8%	58.4%	59.2%	58.9%	59.0%	60.2%	57.1%	58.6%	56.6%	57.3%	54.4%
Composite	67.0%	68.9%	68.0%	69.7%	70.4%	68.7%	69.3%	69.9%	68.2%	69.7%	66.7%	66.5%	65.1%

TABLE 2: INDUSTRY DETAIL

	2006			2007									
	October	November	December	January	February	March	April	May	June	July	August	September	October
Mining & Construction													
Outlook	73.4%	71.8%	67.3%	73.0%	70.4%	70.0%	71.3%	65.3%	65.9%	69.8%	63.1%	65.4%	62.7%
Hiring Plans	57.3%	52.3%	55.5%	57.9%	59.2%	59.3%	57.7%	54.5%	56.5%	55.3%	51.6%	52.3%	49.8%
Composite	65.4%	62.0%	61.4%	65.5%	64.8%	64.7%	64.5%	59.9%	61.2%	62.5%	57.4%	58.9%	56.2%
Manufacturing													
Outlook	70.8%	78.5%	69.0%	75.9%	75.8%	70.1%	74.1%	72.5%	75.7%	68.7%	74.6%	69.2%	71.3%
Hiring Plans	66.1%	66.7%	59.3%	57.6%	65.2%	63.8%	61.1%	62.4%	64.4%	63.8%	66.1%	63.0%	59.7%
Composite	68.4%	72.6%	64.2%	66.7%	70.5%	66.9%	67.6%	67.4%	70.0%	66.2%	70.4%	66.1%	65.5%
Transportation & Utilities													
Outlook	71.1%	77.3%	68.5%	77.7%	84.0%	72.0%	73.5%	75.7%	76.4%	74.4%	73.4%	64.5%	75.4%
Hiring Plans	58.5%	63.3%	53.4%	66.2%	60.5%	59.4%	59.3%	60.3%	61.3%	58.6%	59.7%	49.1%	58.5%
Composite	64.8%	70.3%	61.0%	71.9%	72.2%	65.7%	66.4%	68.0%	68.8%	66.5%	66.6%	56.8%	66.9%
Wholesale & Retail Trade													
Outlook	68.2%	67.7%	68.5%	69.0%	70.4%	69.4%	69.1%	68.2%	71.5%	70.8%	66.9%	67.8%	64.9%
Hiring Plans	52.3%	54.5%	55.9%	55.6%	55.8%	56.5%	57.1%	57.0%	57.2%	54.9%	54.9%	56.4%	55.2%
Composite	60.2%	61.1%	62.2%	62.3%	63.1%	62.9%	63.1%	62.6%	64.4%	62.8%	60.9%	62.1%	60.0%
Finance													
Outlook	76.1%	79.1%	74.6%	74.7%	77.6%	72.5%	80.3%	77.1%	79.1%	73.9%	73.9%	76.1%	71.0%
Hiring Plans	55.1%	57.3%	54.9%	57.6%	59.6%	54.9%	58.8%	58.8%	56.2%	58.1%	57.9%	57.7%	57.3%
Composite	65.6%	68.2%	64.8%	66.2%	68.6%	63.7%	69.6%	68.0%	67.6%	66.0%	65.9%	66.9%	64.1%
Services													
Outlook	76.2%	77.2%	78.0%	77.2%	78.2%	76.9%	77.5%	77.5%	77.3%	78.4%	76.4%	74.6%	73.2%
Hiring Plans	55.8%	59.0%	60.3%	60.5%	58.7%	58.8%	58.1%	58.1%	59.3%	58.0%	57.3%	56.0%	55.4%
Composite	66.0%	68.1%	69.2%	68.8%	68.4%	67.9%	67.8%	67.8%	68.3%	68.2%	66.8%	65.3%	64.3%

About the Index

The National City Business Confidence Index is created from a survey completed by business managers within National City's 7-State region. The Index has a history dating back to January of 2005 and a sample size of responses, which has ranged from 6,652 to 1,655. The two indices are calculated from the answers received from the following two questions:

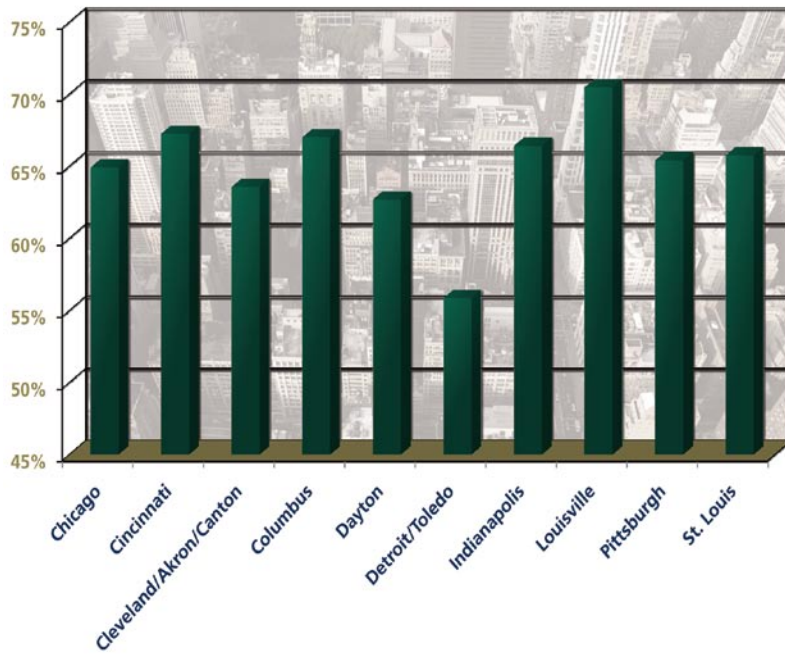
1. Outlook: Would you describe the current economic outlook for your specific business/industry as: Very Poor - Poor - Fair - Good - Very Good
2. Hiring Plans: Concerning the size of your workforce, in the coming 12 months do you plan to: Maintain - Increase - Reduce

The Outlook and Hiring Plans indices are calculated by adding the percent of total positive responses and half of the neutral responses. The Composite Index is calculated by averaging the Outlook and Hiring Plans indices.

The month directly preceding the current release may experience a small revision due to late responses incorporated into the data. Complete historic records may be found at www.nationalcity.com/economics.

NATIONAL CITY BUSINESS CONFIDENCE INDEX

October Metro Area Indices



Metro Area Indices

The Metro Area Indices are constructed in the same manner as the main Confidence Indices, which is detailed on page 2. The data from our State Indices is sorted according to Metropolitan Statistical Area to identify responses from metro areas. Historical information for Chicago, Cleveland/Akron/Canton, Columbus, Detroit/Toledo, Indianapolis, Louisville/Lexington, Pittsburgh, and St. Louis dates back to January of 2005 and information for Cincinnati and Dayton dates back to February of 2005. All historical data may be found at www.nationalcity.com/economics.

TABLE 3: METRO AREA DETAIL

	2006						2007						
	October	November	December	January	February	March	April	May	June	July	August	September	October
Chicago													
Outlook	78.8%	78.5%	74.5%	79.7%	76.6%	75.3%	78.3%	75.7%	75.0%	79.9%	74.3%	71.0%	73.5%
Hiring Plans	55.8%	68.5%	57.1%	63.9%	60.8%	58.5%	60.5%	59.7%	59.3%	61.9%	57.4%	65.6%	56.4%
Composite	67.3%	73.5%	65.8%	71.8%	68.7%	66.9%	69.4%	67.7%	67.1%	70.9%	65.9%	68.3%	64.9%
Cincinnati													
Outlook	83.9%	82.9%	82.7%	81.0%	76.9%	82.5%	81.2%	80.1%	81.5%	77.6%	77.8%	78.7%	74.3%
Hiring Plans	58.9%	68.5%	59.0%	57.7%	60.5%	61.7%	61.4%	63.9%	61.9%	63.2%	55.3%	59.5%	60.2%
Composite	71.4%	75.7%	70.8%	69.4%	68.7%	72.1%	71.3%	72.0%	71.7%	70.4%	66.5%	69.1%	67.3%
Cleveland/Akron/Canton													
Outlook	73.7%	71.0%	68.6%	77.7%	74.9%	75.3%	73.9%	72.0%	71.1%	75.8%	71.7%	69.8%	71.1%
Hiring Plans	56.4%	56.8%	60.2%	63.8%	61.3%	60.5%	57.9%	58.3%	58.8%	58.1%	56.6%	55.5%	56.0%
Composite	65.0%	63.9%	64.4%	70.7%	68.1%	67.9%	65.9%	65.2%	65.0%	67.0%	64.1%	62.6%	63.6%
Columbus													
Outlook	74.2%	76.7%	79.9%	74.4%	76.1%	72.4%	79.3%	72.2%	78.3%	77.7%	77.7%	83.2%	77.0%
Hiring Plans	63.8%	56.0%	60.2%	57.9%	59.5%	58.4%	60.3%	55.3%	60.7%	53.7%	56.8%	56.0%	57.0%
Composite	69.0%	66.3%	70.1%	66.2%	67.8%	65.4%	69.8%	63.7%	69.5%	65.7%	67.2%	69.6%	67.0%
Dayton													
Outlook	67.9%	87.5%	77.1%	72.0%	80.0%	75.6%	74.1%	80.9%	78.6%	79.9%	77.3%	74.2%	69.0%
Hiring Plans	57.7%	60.4%	61.5%	61.4%	57.9%	64.0%	58.1%	61.8%	61.5%	63.8%	59.3%	56.3%	56.3%
Composite	62.8%	74.0%	69.3%	66.7%	68.9%	69.8%	66.1%	71.3%	70.0%	71.8%	68.3%	65.2%	62.7%
Detroit/Toledo													
Outlook	58.7%	59.6%	60.2%	60.9%	60.9%	53.9%	59.3%	58.8%	61.7%	62.3%	60.5%	58.4%	59.8%
Hiring Plans	53.2%	51.8%	55.4%	57.8%	56.3%	55.0%	53.0%	55.9%	55.9%	53.1%	54.2%	52.3%	52.0%
Composite	56.0%	55.7%	57.8%	59.3%	58.6%	54.5%	56.2%	57.4%	58.8%	57.7%	57.4%	55.4%	55.9%
Indianapolis													
Outlook	82.7%	81.6%	80.6%	86.1%	78.3%	84.0%	81.0%	82.8%	82.1%	79.9%	83.3%	75.6%	75.6%
Hiring Plans	60.5%	62.2%	61.5%	62.0%	60.9%	62.4%	63.0%	60.6%	61.4%	59.7%	60.9%	59.7%	57.2%
Composite	71.6%	71.9%	71.0%	74.0%	69.6%	73.2%	72.0%	71.7%	71.7%	69.8%	72.1%	67.7%	66.4%
Louisville													
Outlook	83.9%	81.7%	81.4%	81.3%	82.3%	80.3%	87.9%	86.7%	81.3%	83.8%	77.1%	80.4%	80.7%
Hiring Plans	58.4%	59.8%	54.9%	62.0%	59.1%	62.1%	67.5%	62.0%	60.3%	57.7%	62.4%	57.7%	60.2%
Composite	71.2%	70.8%	68.1%	71.6%	70.7%	71.2%	77.7%	74.3%	70.8%	70.8%	69.7%	69.1%	70.5%
Pittsburgh													
Outlook	74.1%	78.7%	79.4%	82.6%	82.1%	80.2%	80.4%	78.7%	79.0%	81.8%	78.1%	76.7%	76.2%
Hiring Plans	58.4%	59.0%	58.0%	59.3%	59.6%	59.4%	58.6%	61.0%	57.9%	60.0%	58.2%	57.6%	54.7%
Composite	66.2%	68.8%	68.7%	71.0%	70.8%	69.8%	69.5%	69.8%	68.4%	70.9%	68.1%	67.1%	65.4%
St. Louis													
Outlook	75.0%	81.0%	79.9%	77.4%	80.2%	77.5%	78.1%	82.0%	78.2%	75.5%	82.1%	66.0%	75.5%
Hiring Plans	52.4%	65.3%	62.7%	64.2%	62.4%	59.4%	60.1%	65.0%	60.9%	55.9%	56.3%	57.6%	56.0%
Composite	63.7%	73.2%	71.3%	70.8%	71.3%	68.4%	69.1%	73.5%	69.5%	65.7%	69.2%	61.8%	65.8%