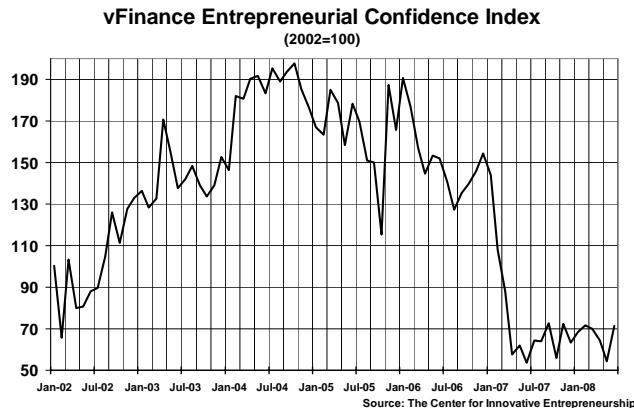


vFinance Entrepreneurial Confidence Index: VECI

June 2008



Recent Index Performance:

Month	Index Level	Monthly % Change	Year Ago % Change
Jan-08	68.4	7.9%	-52.1%
Feb-08	71.7	4.8%	-32.9%
Mar-08	70.0	-2.4%	-20.2%
Apr-08	64.2	-8.2%	11.7%
May-08	54.2	-15.6%	-12.0%
Jun-08	71.3	31.6%	33.5%

Focus of the Month:

Employment Indicator. For the past two years the VECI has tracked well with the annual change in total payroll employment, and it appears to lead employment growth upward and downward. Currently, it suggests further employment declines are likely.

Summary:

The vFinance Entrepreneurial Confidence Index (VECI) rose by 31.6% in June 2008, bouncing back from three consecutive declines to reach the highest level since February. Even with this increase, the Index remains in the range of 50 to 70 (2002=100) that it has been stuck in since the first half of 2007.

As the year 2008 has progressed, conditions in the economy have steadily deteriorated. Even with the stimulus to consumer spending from the tax rebate checks, employment has declined every month this year and consumer confidence continues to deteriorate in response to rising oil prices and unemployment. This uncertainty also appears to be reflected in the stability of the VECI, suggesting that business owners seeking capital are less optimistic about conditions in the general economy. Uncertainty is the current rule of the day.

Highest level of interest (Share of total responses):

- Computer Software and Services (10.2%)
- Food (9.9%)
- Diversified Services (9.5%)

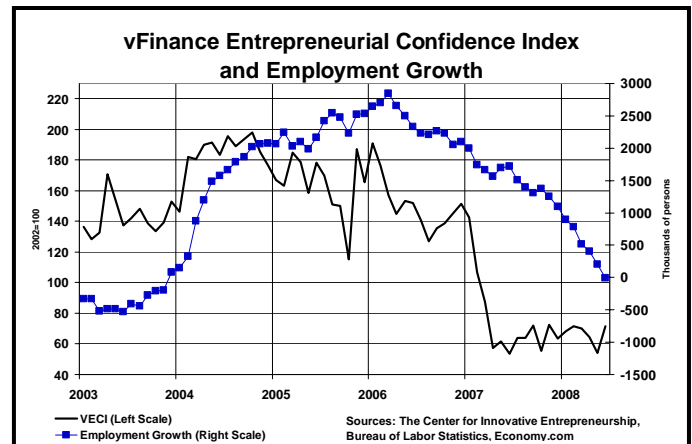
Lowest level of interest (Share of total responses):

- Metals & Mining (0.7%)
- Utilities (0.5%)
- Aerospace and Defense (0.2%)

June 2008	Rising	Falling
Sectors	<ul style="list-style-type: none"> • Food • Diversified Services • Computer Software and Services 	<ul style="list-style-type: none"> • Real Estate • Leisure • Financial Services
Sub-Sectors	<ul style="list-style-type: none"> • Miscellaneous Food Products • Housewares & Accessories • Diversified Software 	<ul style="list-style-type: none"> • Property Investment & Management • Clothing Retail • Asset Management

Focus of the Month: *Employment Indicator*

- ✓ The long term behavior of the VECI appears to track closely with the 12 month growth in payroll employment. The chart at the right shows the VECI plotted against the change in employment over the preceding 12 months. Both series increased in 2004, reached a peak in 2006 and deteriorated in 2007 and 2008.
- ✓ In fact, the peaks in the VECI appear to occur ahead of those in employment growth, suggesting that the Index may be a leading indicator of payroll growth.
- ✓ The relationship between these two indicators may reflect underlying economic conditions. The VECI measures the change in the number of individuals seeking funding for a business. It tends to increase as the economy improves and individuals become more confident that they can start and fund a business. But these individuals are very sensitive to changing economic conditions, and their numbers have tended to decline before the economy softened in the second half of 2007. That softness was later reflected in the decline in the rate of growth in employment.
- ✓ The current stability in the VECI may be indicating continuing gradual deterioration in total employment. Thus far in 2008, employment has declined every month, but the decreases have been relatively moderate, averaging about 60,000 jobs per month. The stability at low levels for the VECI suggests that the weakness in employment will continue, but at a modest pace.



The VECI is published on the second Tuesday of every month.



The VECI and The Center for Innovative Entrepreneurship

The VECI is a measure of the interest entrepreneurs are showing in 28 sectors and 289 sub-sectors. That level of interest represents the confidence of these entrepreneurs in the business opportunities they perceive. The survey is conducted through www.vfinance.com, the world's leading web site for entrepreneurial financial information.

The Center for Innovative Entrepreneurship: **The Center for Innovative Entrepreneurship (CIE)** (www.C4IE.org) was established in November 2004 to measure the impact innovative entrepreneurship has on the global economy. Innovative entrepreneurship combines the act of creating a new product or process (innovation) with the act of starting a business to exploit the innovation (entrepreneurship). It is an activity that tends to be transformational in its macro economic impact. CIE serves entrepreneurs, investors, economists, and researchers through the Center's education, research, and communications initiatives.

For more information on the vFinance Entrepreneurial Confidence Index, please see the CIE Research Reports section at www.C4IE.com:

**The Center for Innovative Entrepreneurship
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DISCLOSURE INFORMATION

The economist who prepared this report and whose name appears in the front cover of this report certifies that the views expressed in this macroeconomic research report accurately reflect such economist's personal views about the overall economy and the subject industries and sectors mentioned in the report. The economist responsible for the preparation of the report receives payment from The Center for Innovative Entrepreneurship (CIE) to prepare the reports, however, the economist's compensation was not and will not be directly or indirectly related to the specific recommendations or views published in this report.

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