

ECONOMIC AND FINANCIAL HIGHLIGHTS

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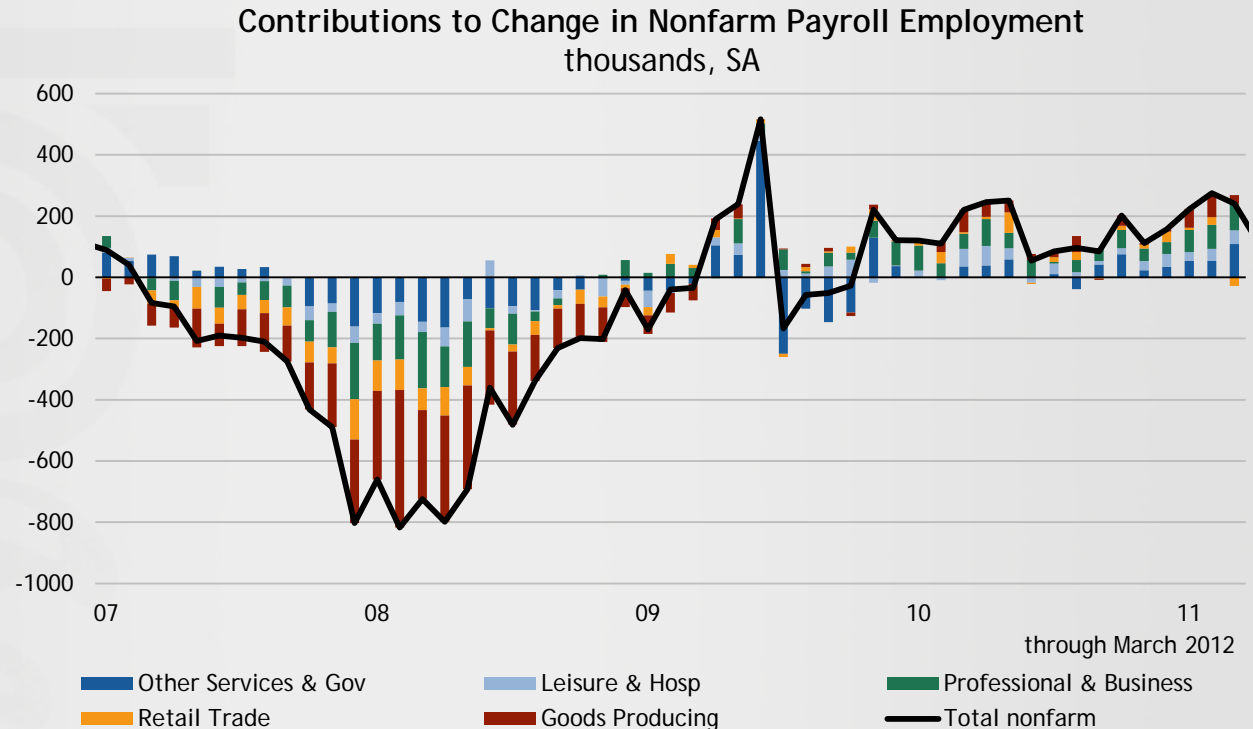
APRIL 11, 2012



LABOR MARKET

SUMMARY

According to the March payroll employment report, the U.S. economy added 120,000 jobs.



Source: U.S. Bureau of Labor Statistics

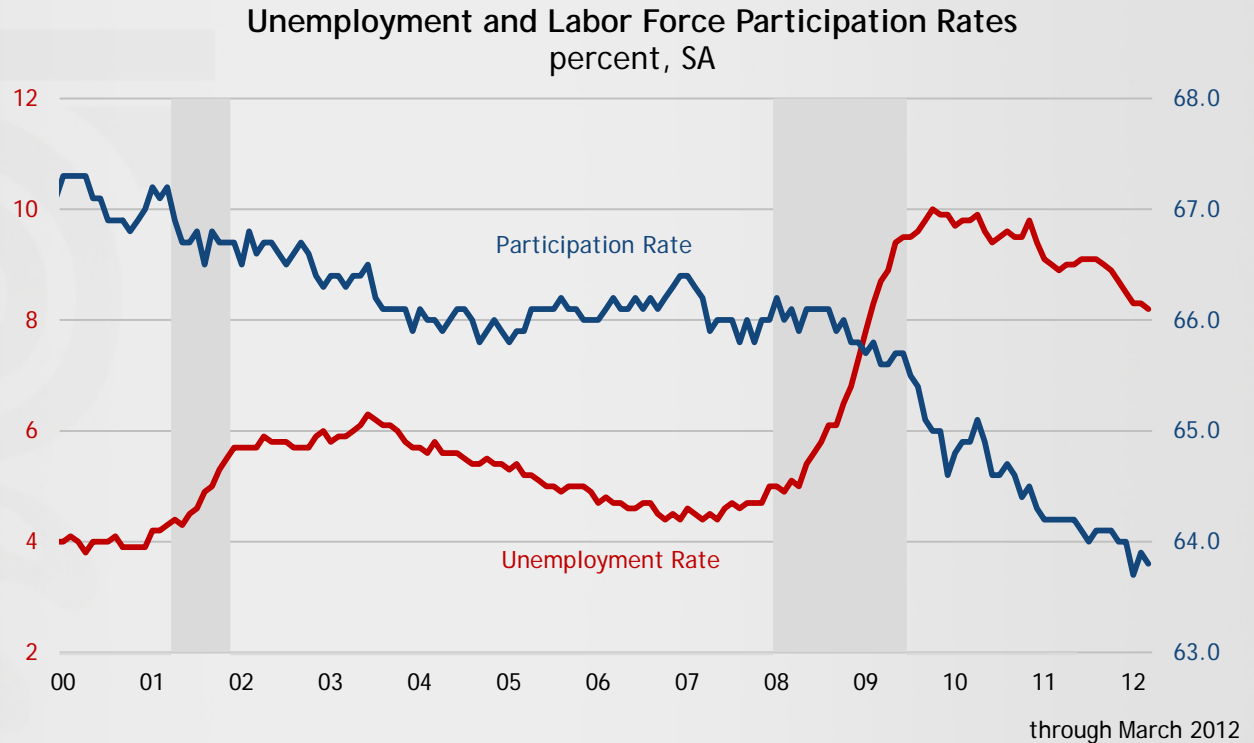
ADDITIONAL DETAIL

- Total nonfarm payrolls increased by a modest 120,000 over the month, while private payrolls increased by 121,000; both were significantly below consensus expectations of 205,000 and 210,000, respectively. January and February's payrolls were revised up by a net of 4,000.
- Major job gains were in leisure and hospitality (39,000), manufacturing (37,000), education and health services (37,000), and professional and business services (31,000); notably, the temporary help (down 7,500) component of professional and business services decreased payrolls for the first time since June 2011.
- Retail trade experienced the most job losses in March, shedding 33,800 jobs. Information services, construction, and government decreased employment by a combined 17,000.

LABOR MARKET

SUMMARY

The unemployment rate decreased to 8.2 percent in March, while the labor force participation rate decreased to 63.8 percent.



Source: U.S. Bureau of Labor Statistics

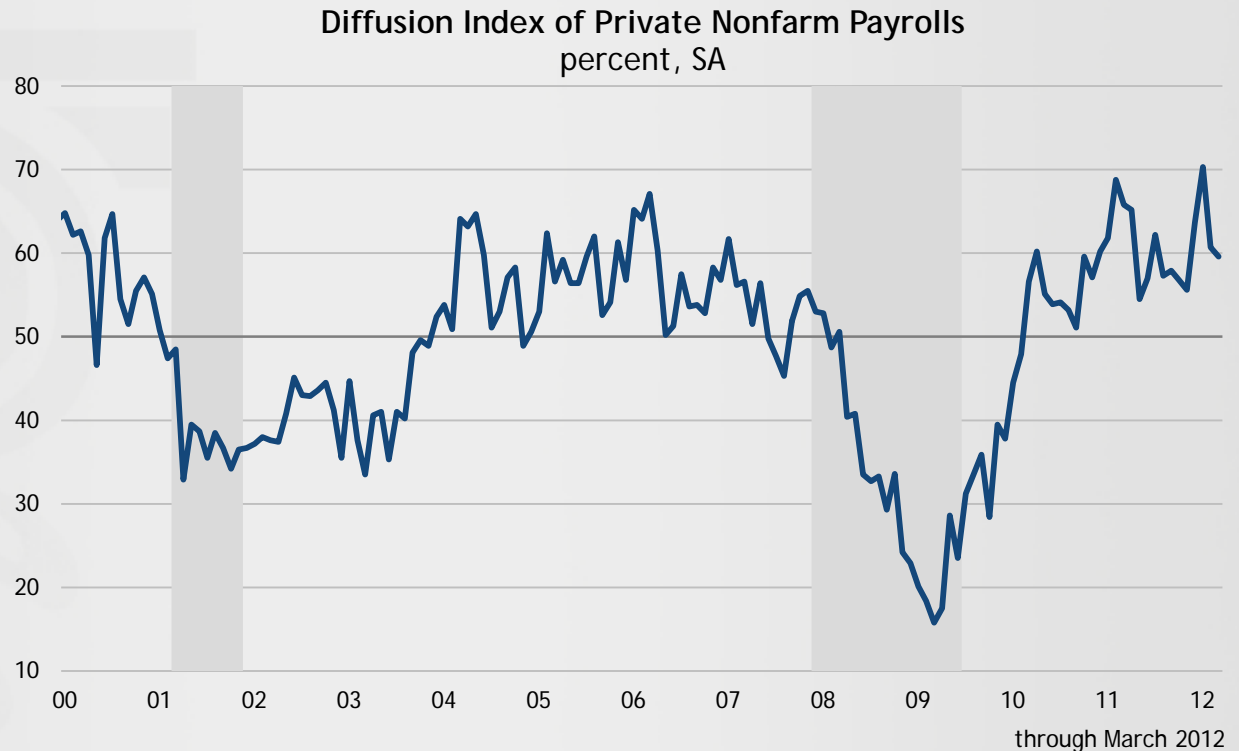
ADDITIONAL DETAIL

- The unemployment rate declined by 0.1 percentage point, to 8.2 percent in March.
- The labor force participation rate decreased by 0.1 percentage point over the month, to 63.8 percent.
- According to the [Atlanta Fed's Jobs Calculator](#), the economy will need to add 293,000 jobs in April to decrease the unemployment rate to 8.1 percent (holding the labor force participation rate at 63.8 percent). However, if the participation rate declines by 0.1 percentage point (to 63.7 percent) in April, then the economy will only need to add around 84,000 jobs to bring the unemployment rate down to 8.1 percent. In both of these calculations, the monthly population growth rate is kept constant. This exercise is meant to illustrate the impact of changes in the labor force participation rate on the unemployment rate and payroll employment dynamics.

LABOR MARKET

SUMMARY

The spread of job growth across industries experienced a modest decline in March.



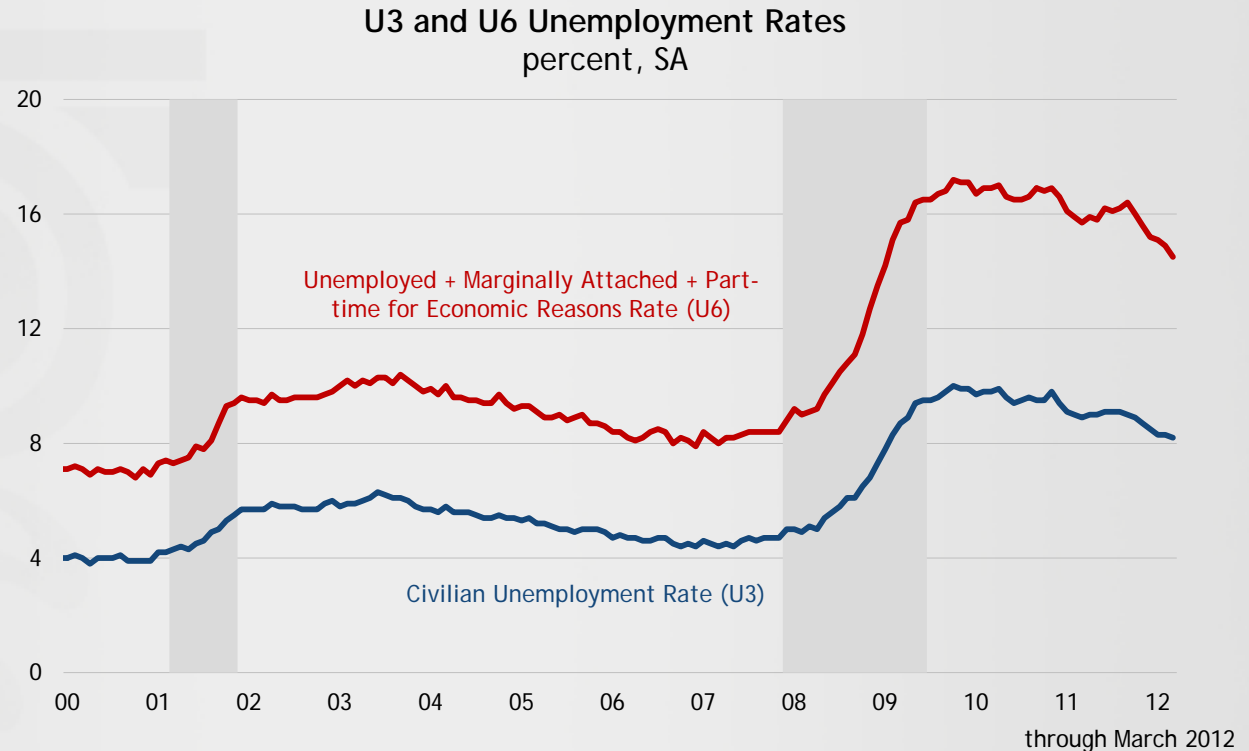
ADDITIONAL DETAIL

- The diffusion index decreased by 0.8 percentage point over the month, to a level of 59.6 points; it had experienced a precipitous drop of 9.6 percentage points in February.
- While any reading over 50 is consistent with expansion, a reading closer to 50 means employment growth is potentially more concentrated, with the possibility of a significant discrepancy in the pace of expansion across industries.

LABOR MARKET

SUMMARY

While the U3 (headline) unemployment rate stayed constant, the U6 rate decreased over the month.



ADDITIONAL DETAIL

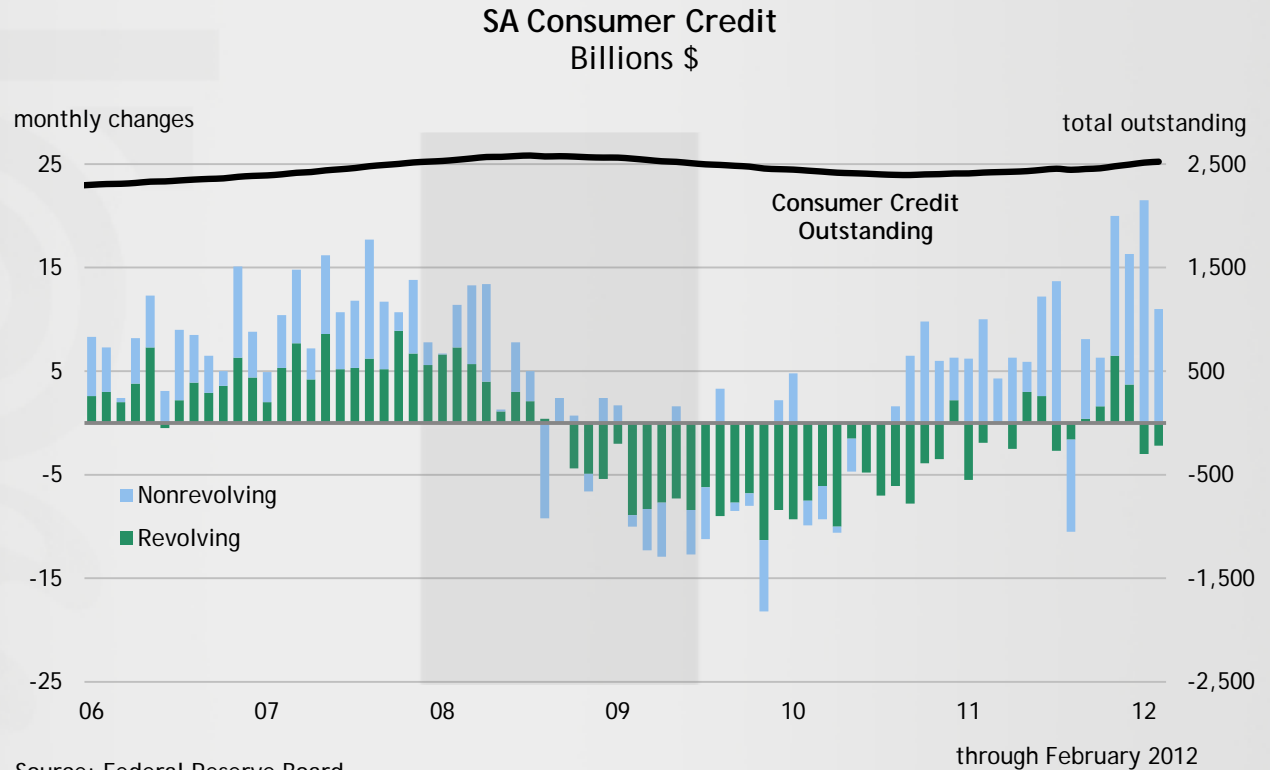
- The **U3 unemployment rate is the headline rate** that readers are familiar with. However, some economists believe that the **U6 unemployment rate** is actually a more robust measure of unemployment as it captures marginally attached workers as well as people who are working part time because they can't find a full-time job.
- In March, the U3 unemployment rate decreased by 0.1 percentage point, while the U6 rate decreased by 0.4 percentage point. The U6 rate has declined by almost 2 percentage points since September 2011.

CONSUMER SECTOR

SUMMARY

Consumer credit outstanding increased \$8.7 billion in February.

Nonrevolving increased \$11 billion, and revolving declined by \$2.2 billion.



ADDITIONAL DETAIL

- Consumer credit outstanding is currently \$60 billion (or about 2 percent) shy of its prerecession peak.

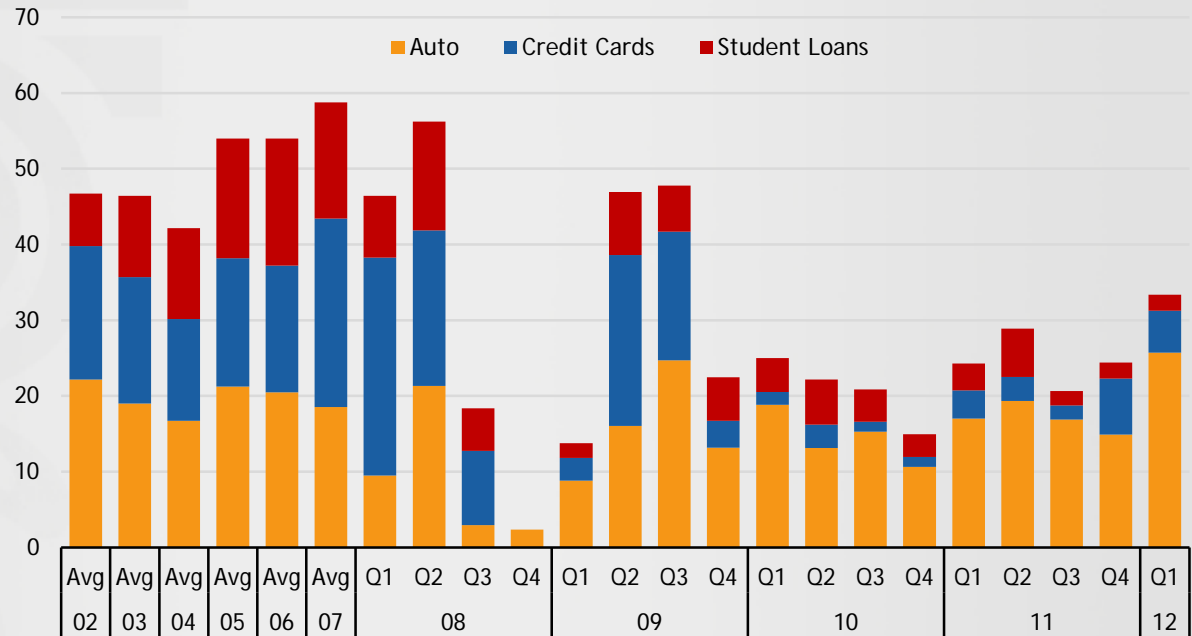
CONSUMER SECTOR

SUMMARY

Issuance of securities backed by consumer-related assets increased in the first quarter.

The largest contributor to the rise came from securities backed by autos, which increased from \$15 billion in the fourth quarter of 2011 to \$26 billion in the first quarter of 2012, surpassing precession levels.

Consumer Asset Backed Securities Issuance
Billions \$



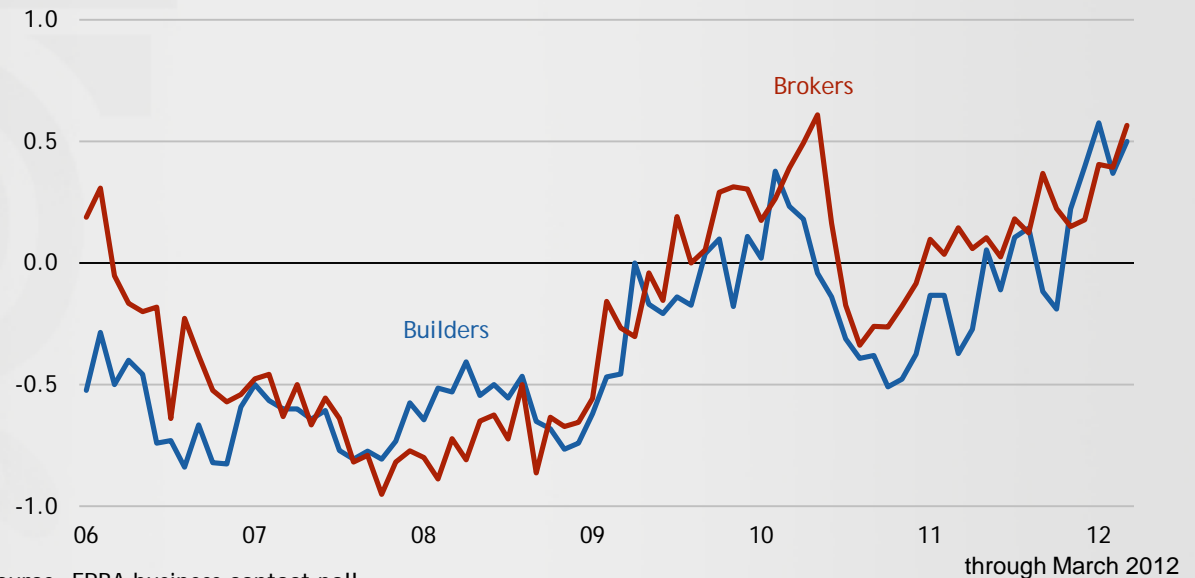
Source: SIFMA

HOUSING MARKET

SUMMARY

In March, the majority of the Southeast's homebuilders and brokers continued to report that sales increased on a year-over-year basis.

March 2012 Southeast Home Sales vs. a Year Earlier
diffusion index, 0+ = increase



Source: FRBA business contact poll

Note: The housing survey's diffusion indexes are calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

ADDITIONAL DETAIL

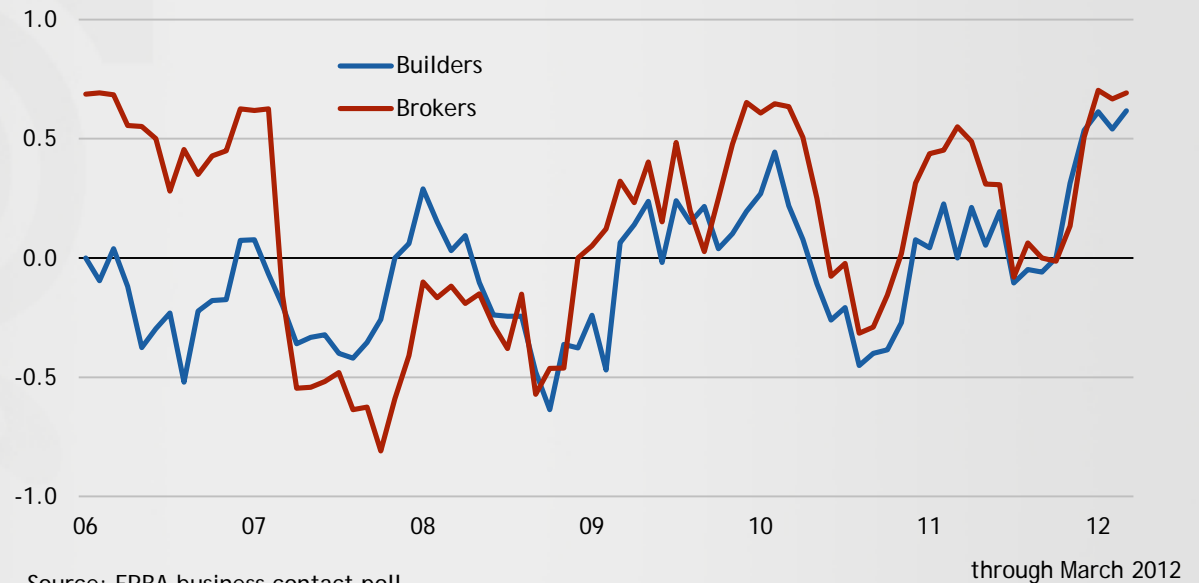
- *Note:* March 2012 poll preliminary results are based on responses from 69 residential brokers and 36 homebuilders and were collected April 2-11, 2012.

HOUSING MARKET

SUMMARY

Southeastern brokers and homebuilders expect that year-over-year home sales growth will remain positive over the next several months.

March 2012 Southeast Home Sales Outlook vs. a Year Earlier
diffusion index, 0+ = increase



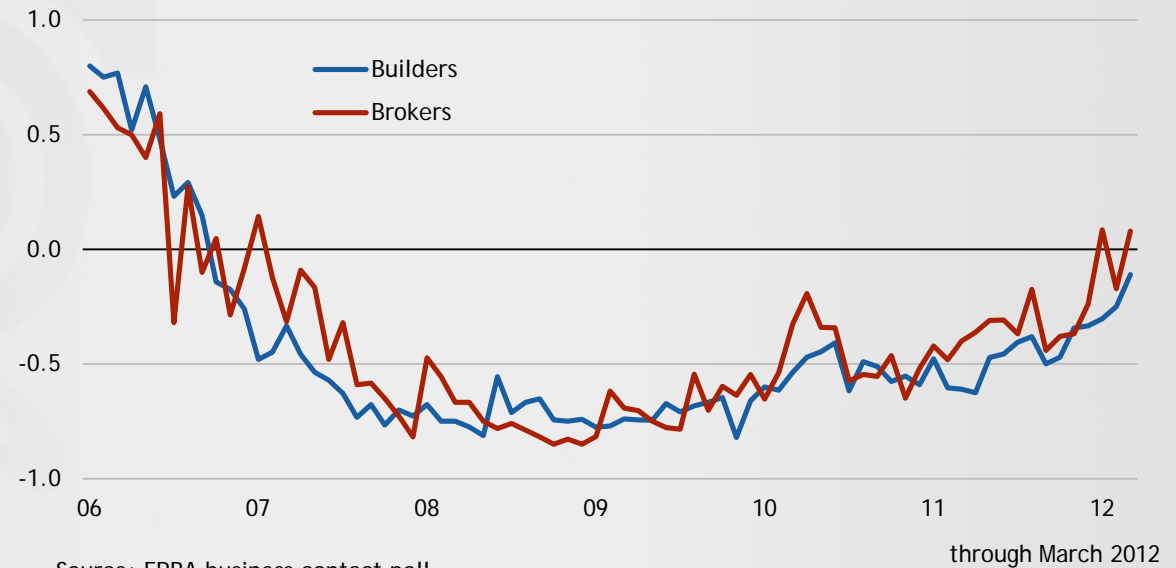
Source: FRBA business contact poll

HOUSING MARKET

SUMMARY

The majority of southeastern brokers indicated that home prices were flat to slightly up on a year-over-year basis, and builders continued to note more moderate declines.

March 2012 Home Price vs. a Year Earlier
diffusion index, 0+ = increase



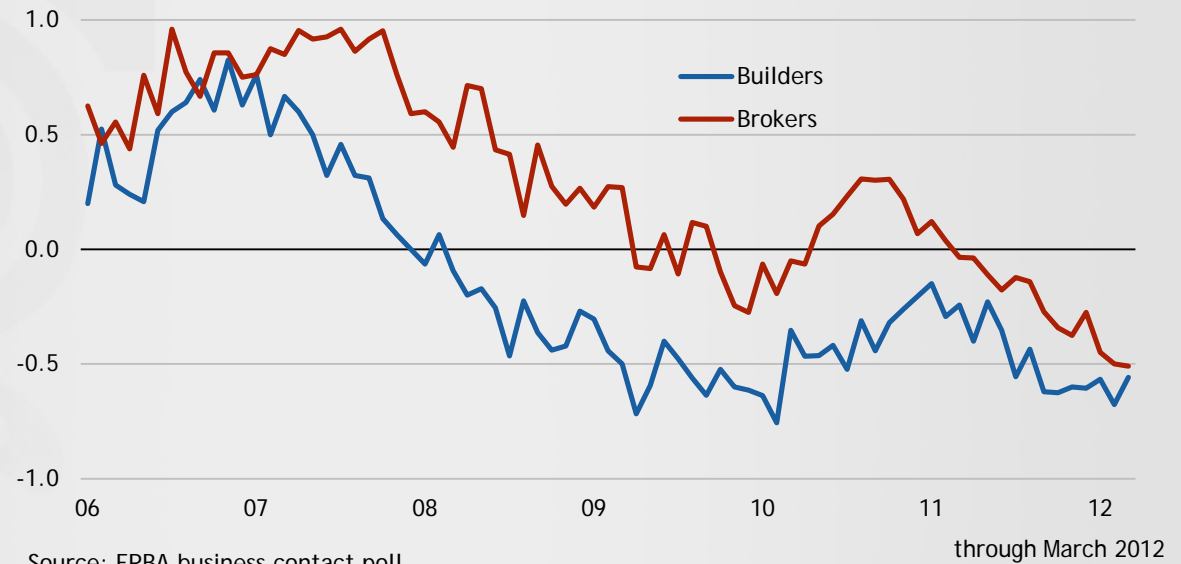
Source: FRBA business contact poll

HOUSING MARKET

SUMMARY

Both southeastern homebuilders and residential brokers indicated that home inventories continued to decline on a year-over-year basis.

March 2012 Southeast Home Inventory vs. a Year Earlier
diffusion index, 0+ = increase



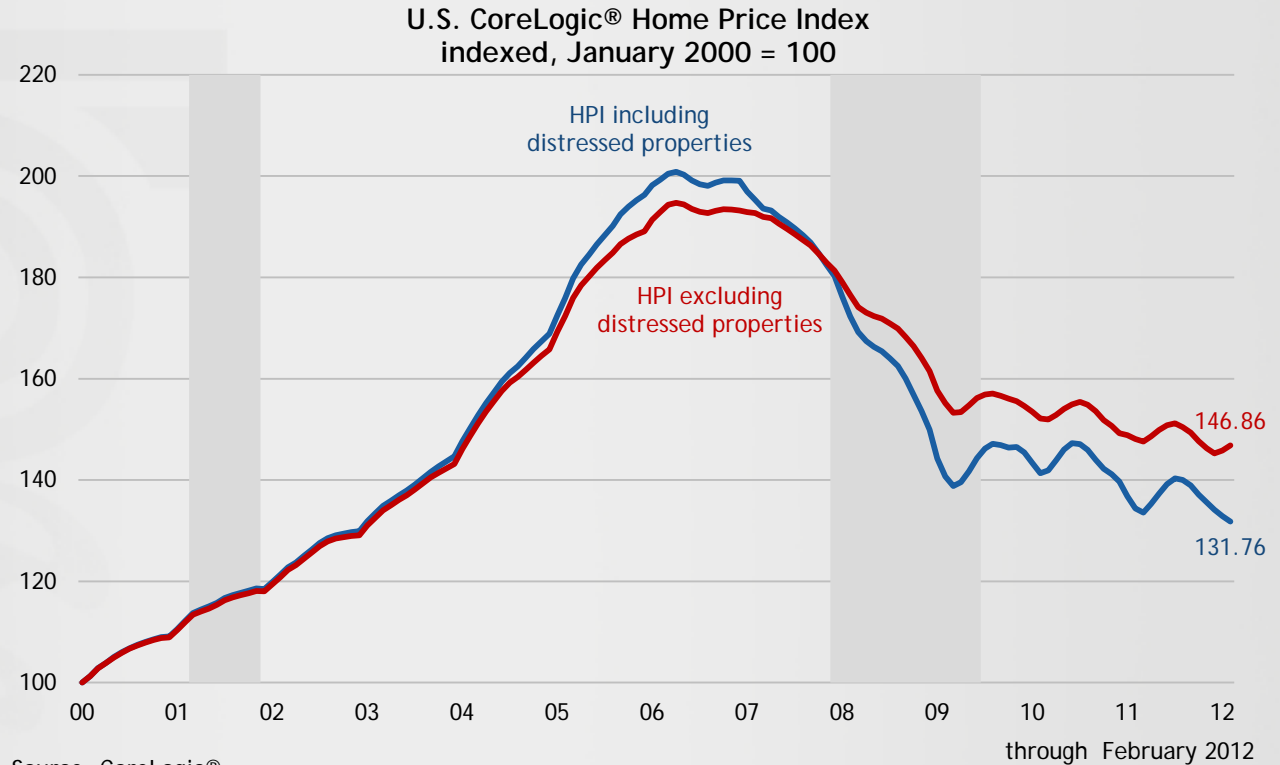
Source: FRBA business contact poll

HOUSING MARKET

SUMMARY

The February CoreLogic home price index including distressed properties declined 2 percent compared with a year earlier and declined 0.8 percent from January.

The home price index excluding distressed properties declined 0.8 percent on a year-over-year basis in February but gained 0.7 percent from January.



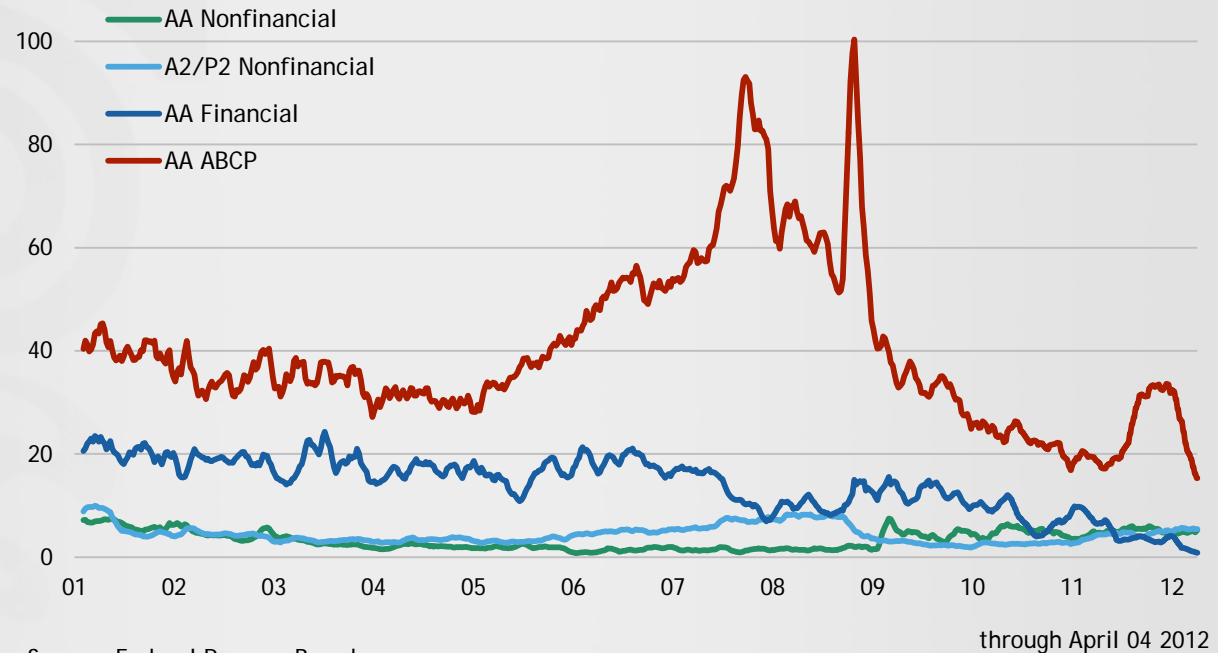
MONEY MARKET

SUMMARY

Asset-backed commercial paper (ABCP) issuance has fallen precipitously since December 2011, declining 52 percent.

AA financial issuance experienced a similar fall, declining 80 percent since the end of December 2011.

Commercial Paper New Issuance
6 week moving average, Billions \$

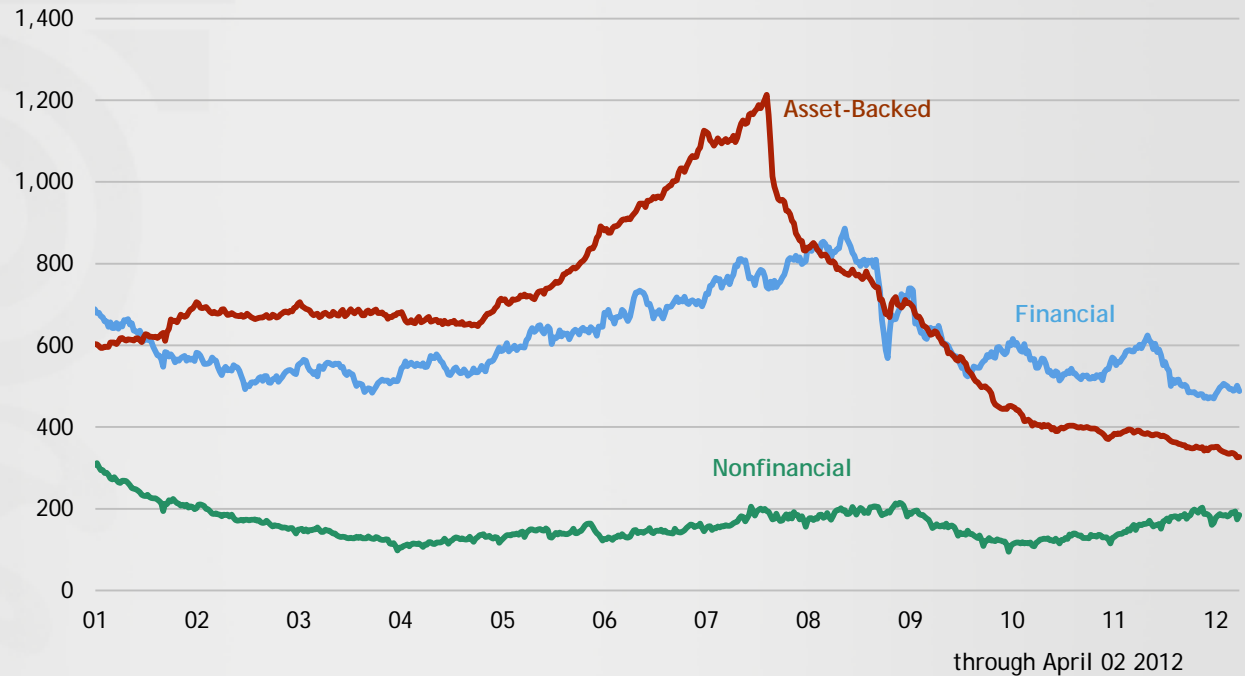


MONEY MARKET

SUMMARY

Asset-backed commercial paper outstanding is up slightly from last week but remains near an all-time low for the series.

Commercial Paper Outstanding
NSA, Weekly, Billions \$



Source: Federal Reserve Board

ADDITIONAL DETAIL

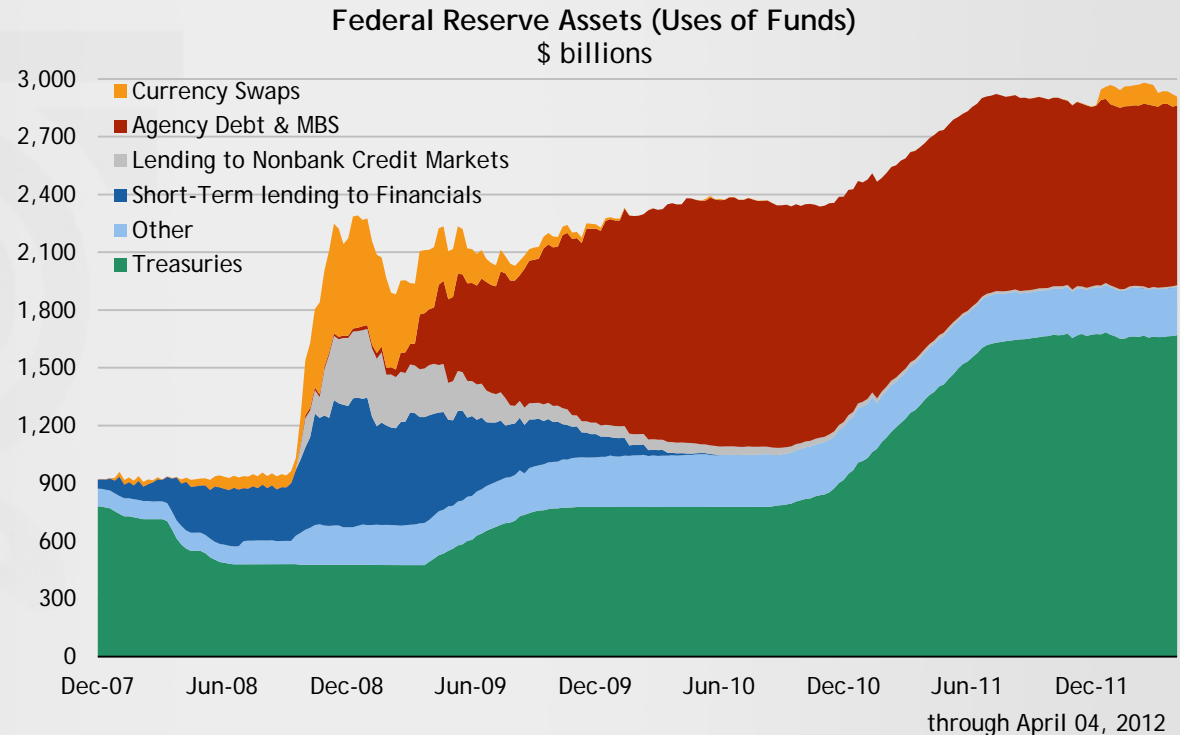
- According to a December 2011 Moody's Investor's Service report, some of the decline in ABCP outstanding may be explained by money market mutual funds' reduction of ABCP exposure, a trend that started in 2007.

FEDERAL RESERVE BALANCE SHEET

SUMMARY

Between March 28 and April 4, the balance sheet decreased by \$12.9 billion, remaining essentially unchanged at \$2.9 trillion.

Since mid-December, increased use of swap lines by foreign central banks has caused the balance sheet to expand by \$44 billion.



Source: [Federal Reserve Board](#)

ADDITIONAL DETAIL

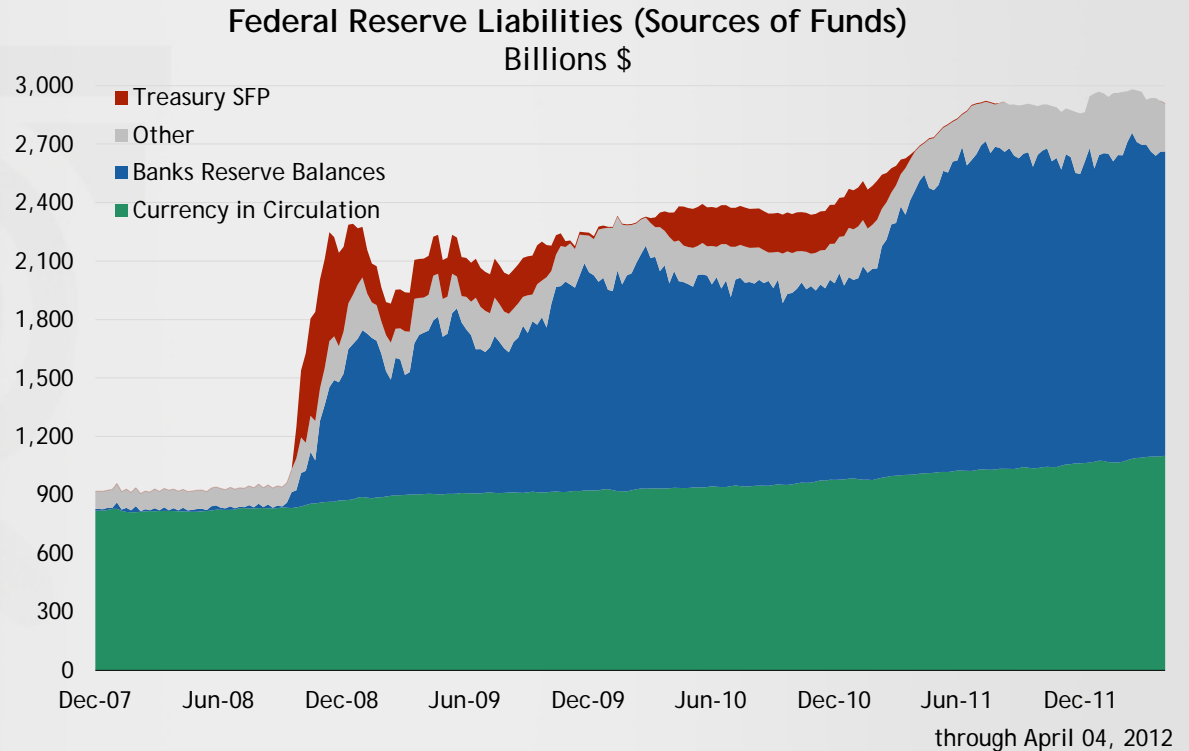
- Treasuries increased by \$4.5 billion while agency debt and MBS were largely unchanged.
- [Central bank liquidity swaps](#) decreased by \$18.6 billion.
- According to the [New York Fed's tentative outright Treasury operation schedule](#), and in line with the [maturity extension program](#), the desk plans to purchase approximately \$44 billion in Treasury securities with remaining maturities of from six to 30 years and sell approximately \$43 billion in Treasury securities with remaining maturities of three years or less over the month of April.

FEDERAL RESERVE BALANCE SHEET

SUMMARY

Between March 28 and April 4, bank reserve balances with the Federal Reserve decreased by \$2.6 billion, and Treasury deposits with the Federal Reserve decreased by \$11.7 billion.

As of April 4, 2012, bank reserves are \$1.56 trillion.



Source: [Federal Reserve Board](#)
SFP=Supplemental Financing Program

ADDITIONAL DETAIL

- Nonreserve deposits with the Federal Reserve decreased by \$1.3 billion.