

# ECONOMIC AND FINANCIAL HIGHLIGHTS

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MAY 16, 2012

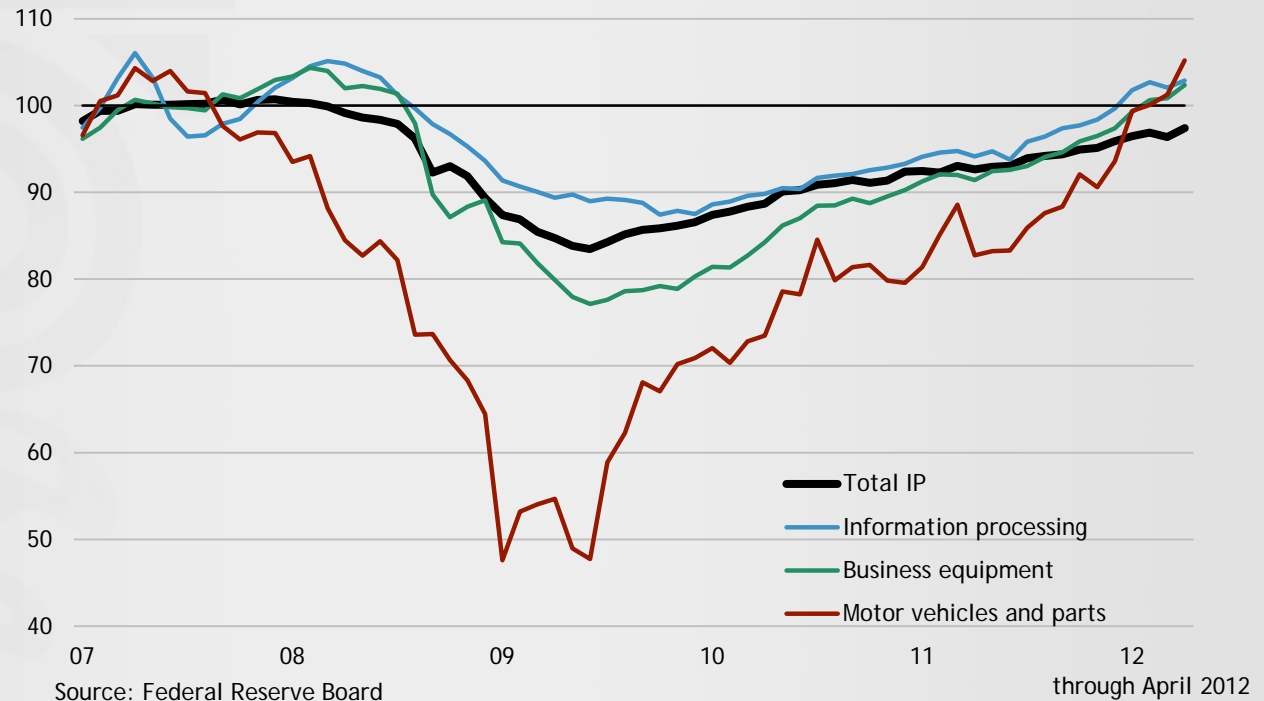


# MANUFACTURING SECTOR

## SUMMARY

Industrial production increased 1.1 percent in April. **Mining production** was up 1.6 percent over the month, **utilities** were up 4.5 percent, and **manufacturing** production increased 0.6 percent in April.

Production Indices for Selected Series  
2007 = 100, SA



## ADDITIONAL DETAIL

- Within manufacturing, **motor vehicles and parts production jumped 4 percent in April**. Excluding autos, overall manufacturing production increased 0.3 percent.
- The production of information processing equipment increased 0.8 percent in April, while **output in the business equipment sector increased 1.5 percent**.
- The capacity utilization rate for manufacturers increased 0.3 percentage point, from 77.6 percent in March to 77.9 percent in April.

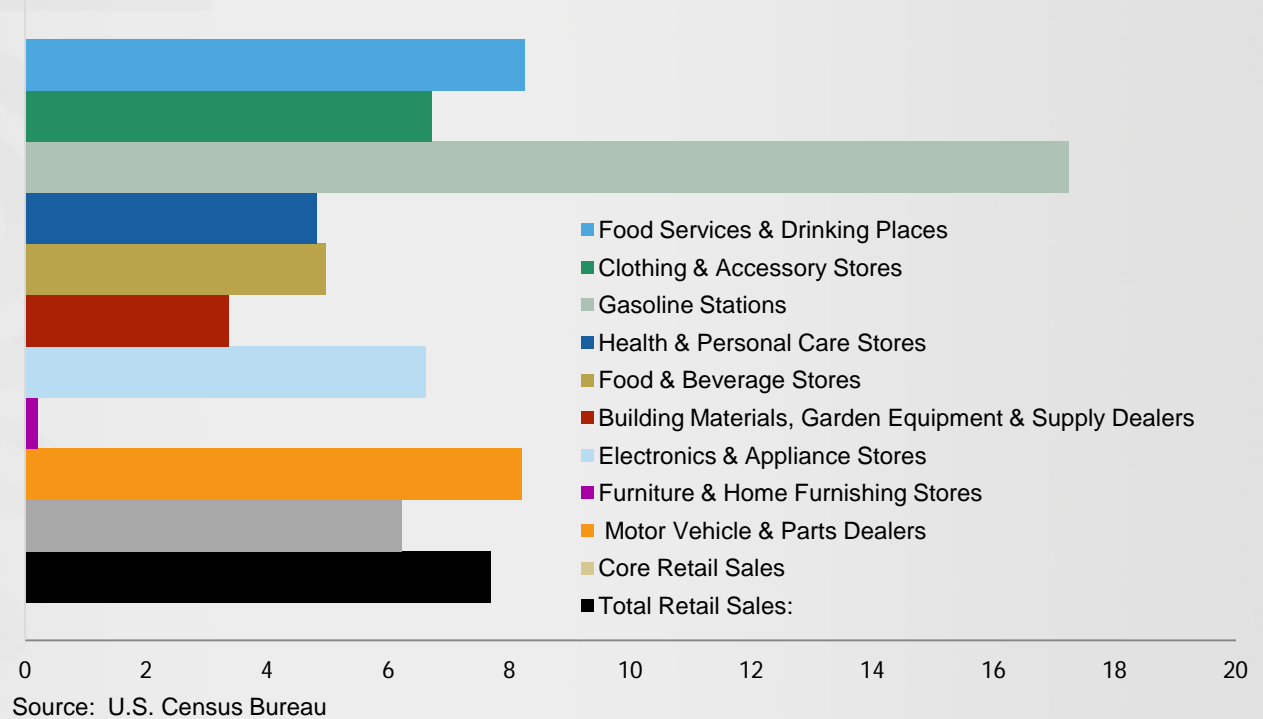
# CONSUMER SECTOR

## SUMMARY

Advance estimates indicate that adjusted retail sales rose an annual rate of just 1.8 percent in April.

Over the past three months the average growth rate has been 7.7 percent. Retail sales are adjusted for seasonal variation, holidays, and the number of days in a month, but not inflation.

**U.S. Retail Sales Components**  
February to April 2012 annualized percent change, SA



## ADDITIONAL DETAIL

- Recent increases in retail sales have been broad based. The fastest growing components were gasoline stations, motor vehicle and parts dealers, and food services and drinking places.
- While the pace of growth for spending at gasoline stations has increased in recent months, the portion of total retail spending has not changed much. Spending at gasoline stations has made up about 11 percent of total retail sales throughout 2011 and 2012.

# CONSUMER SECTOR

## SUMMARY

According to preliminary measures from the Reuters/University of Michigan consumer sentiment survey, current economic conditions improved from April to May, while preliminary measures of current economic conditions edged down. The overall index edged up.

Final measures of consumer sentiment released by Reuters and the University of Michigan for April were revised up.

Reuters/ University of Michigan Consumer Sentiment Index  
1966Q1=100



Source: Reuters/University of Michigan

through May 2012

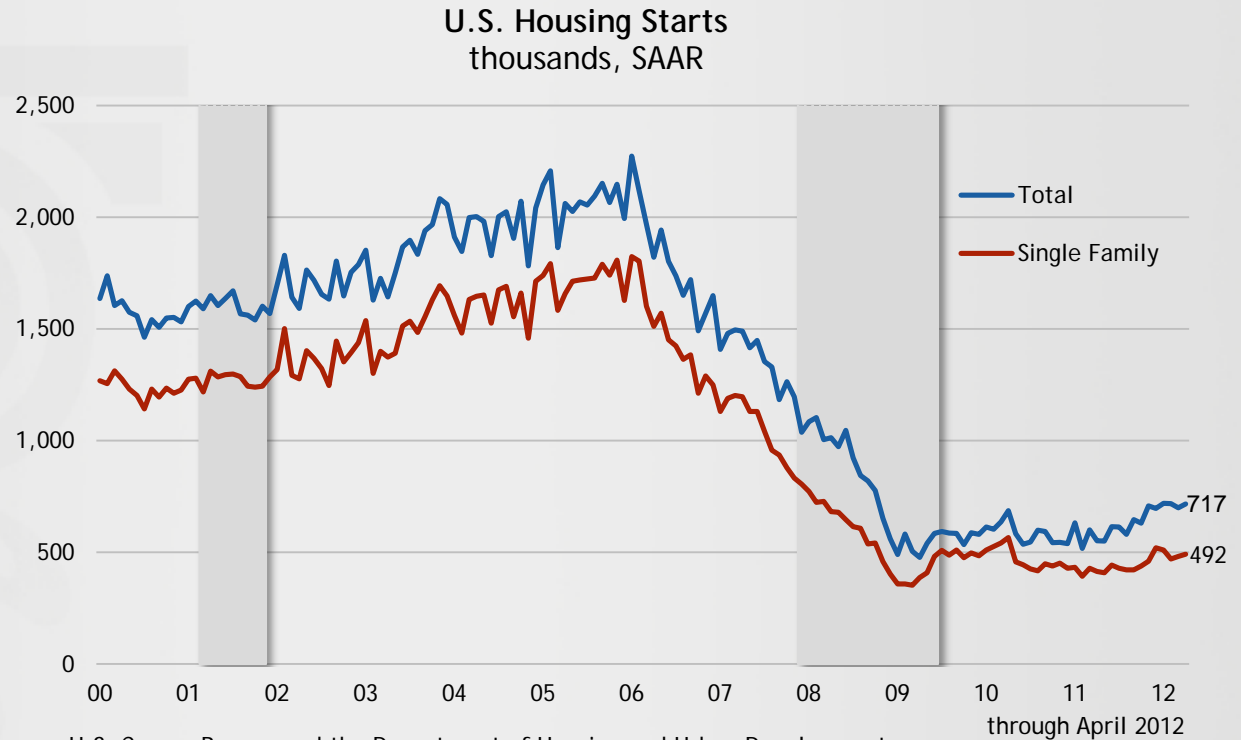
## ADDITIONAL DETAIL

- The overall consumer sentiment measure for April was revised up from 75.7 to 76.4.
- According to a recent Thomson Reuters [report](#), consumers were somewhat less likely to expect future decreases in the unemployment rate compared with the previous month's survey.

# REAL ESTATE MARKET

## SUMMARY

The U.S. Census Bureau and the U.S. Department of Housing and Urban Development jointly reported that total housing starts increased 2.6 percent from March to April and that single-family starts increased 2.3 percent over the same period. Total starts increased 30 percent on a year-over-year basis while single-family starts increased 19 percent.



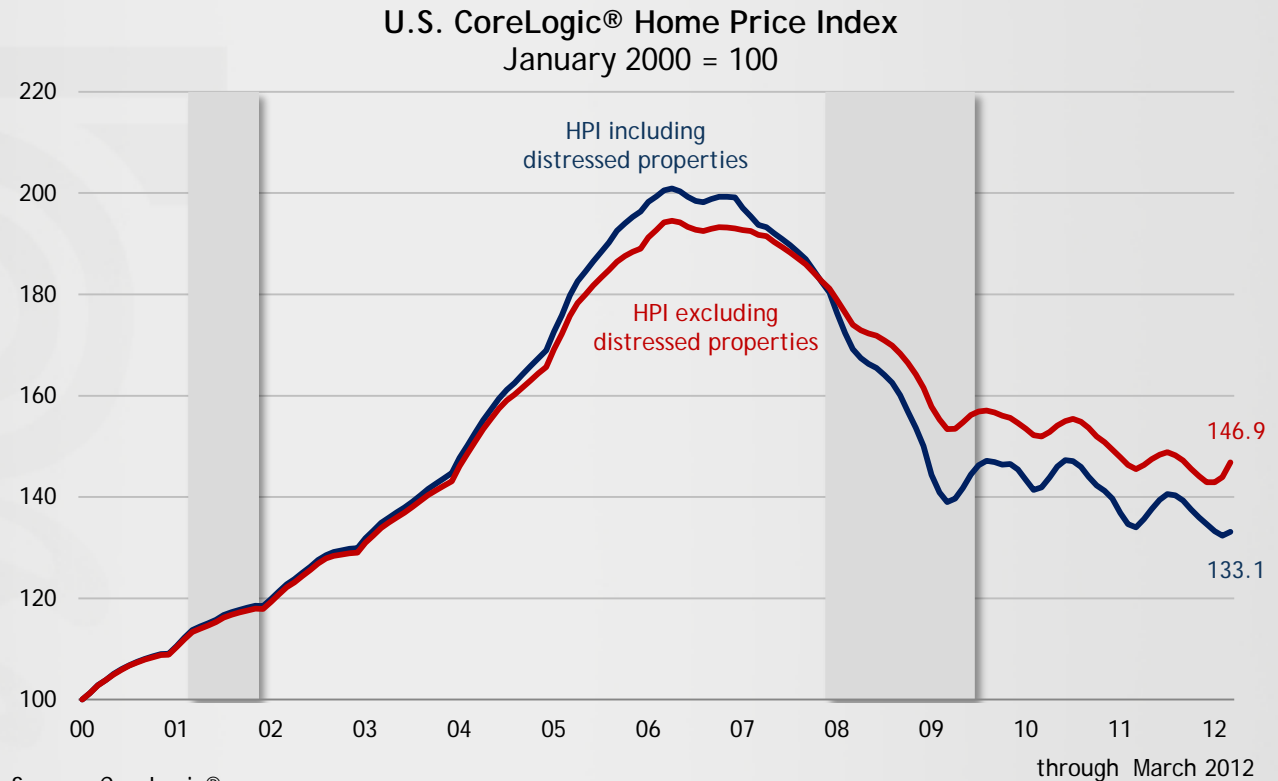
Sources: U.S. Census Bureau and the Department of Housing and Urban Development

# REAL ESTATE MARKET

## SUMMARY

The March CoreLogic home price index including distressed properties declined 0.6 percent compared with a year earlier and increased 0.6 percent from February.

The home price index (HPI) excluding distressed properties increased 0.9 percent on a year-over-year basis in March and gained 2 percent from February.

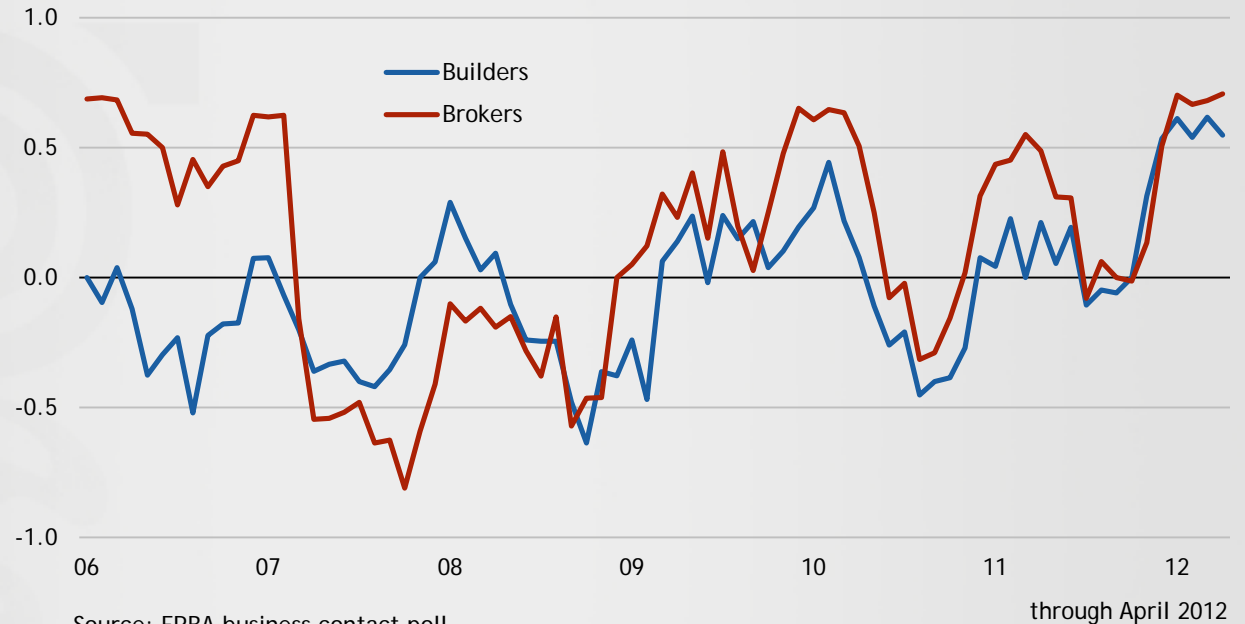


# REAL ESTATE MARKET

## SUMMARY

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

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



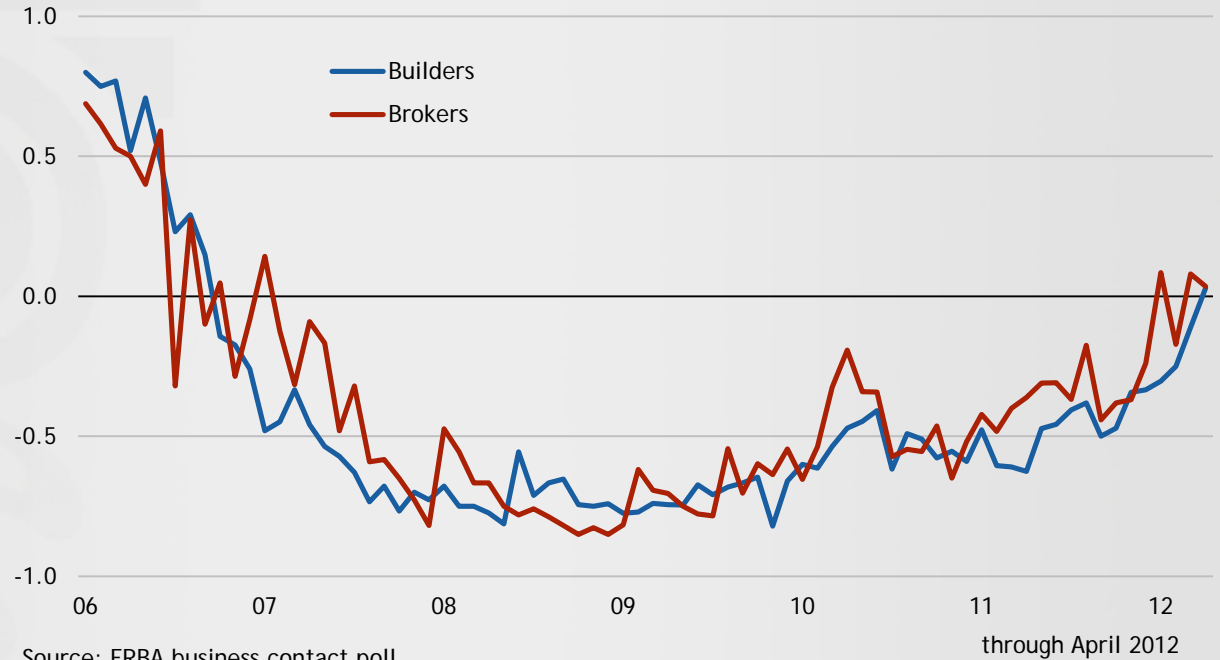
Source: FRBA business contact poll

# REAL ESTATE MARKET

## SUMMARY

Southeast brokers and home builders indicated that home prices were similar to year-earlier levels in April.

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



Source: FRBA business contact poll

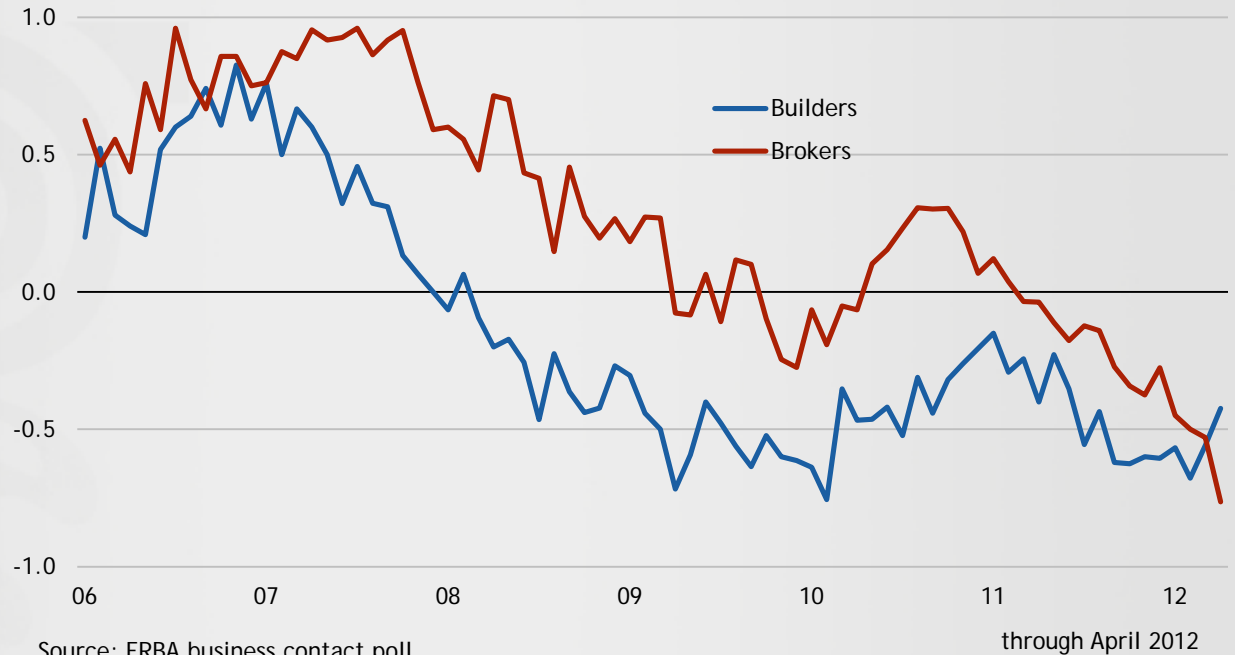


# REAL ESTATE MARKET

## SUMMARY

The majority of Southeast homebuilders and residential brokers indicated that home inventories continued to decline on a year-over-year basis.

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



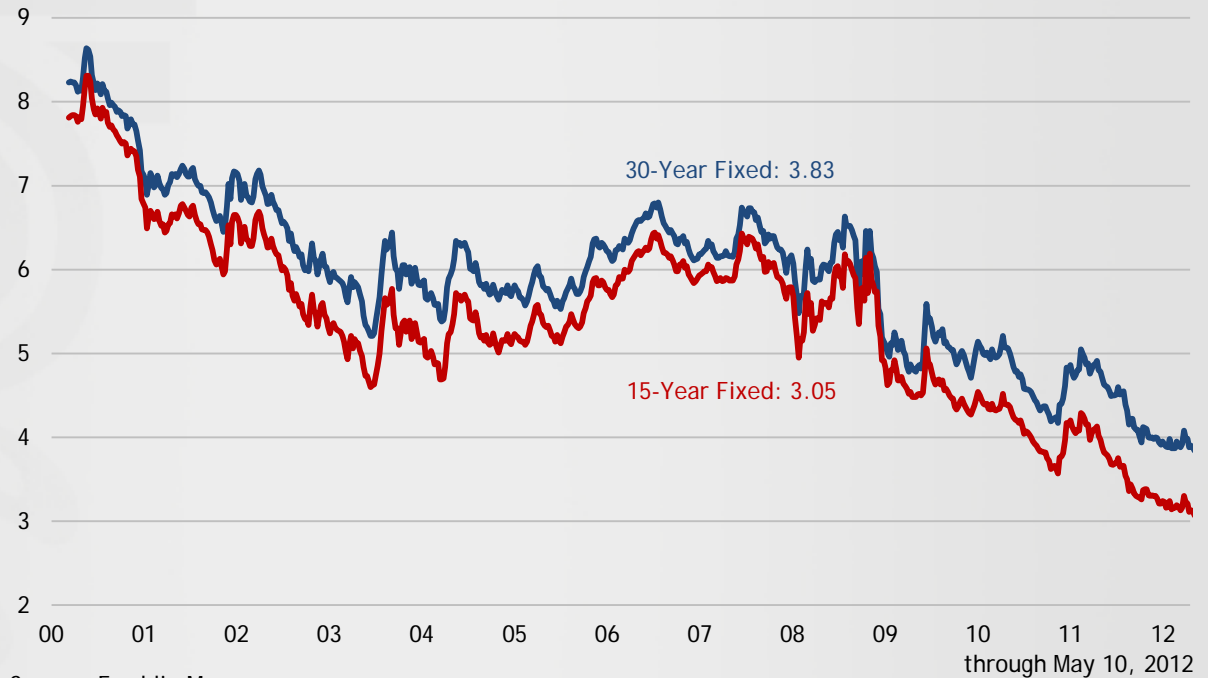
# REAL ESTATE MARKET

## SUMMARY

According to Freddie Mac's Primary Mortgage Market Survey, **the average rate for a 30-year fixed rate mortgage** reached a series low of 3.83 percent.

The **average rate for a 15-year fixed rate mortgage** also reached a series low of 3.05 percent.

Freddie Mac, Primary Mortgage Market Survey  
percent



## ADDITIONAL DETAIL

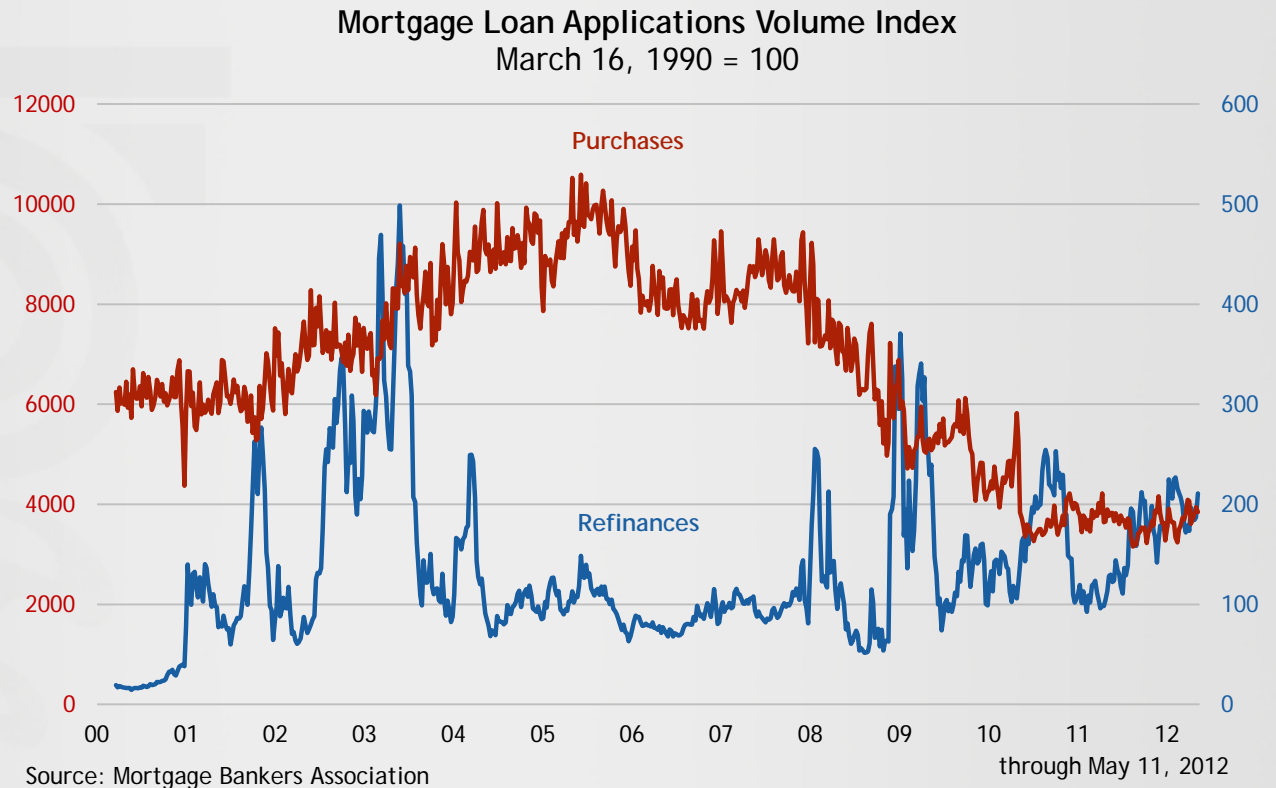
- The Primary Mortgage Market Survey began measuring the average rate for a 30-year fixed-rate mortgage in April 1971 and the average rate for the 15-year fixed-rate mortgage in 1991.

# REAL ESTATE MARKET

## SUMMARY

Mortgage loan **applications for purchase** have increased 6.59 percent over the month ending May 11 and approximately 2 percent over the year.

Mortgage loan **applications for refinancing** were up 7.18 percent over the month ending May 11 and 64.28 percent over the year.



## ADDITIONAL DETAIL

- As of May 11, applications for refinancing represented approximately 75 percent of all mortgage loan applications.

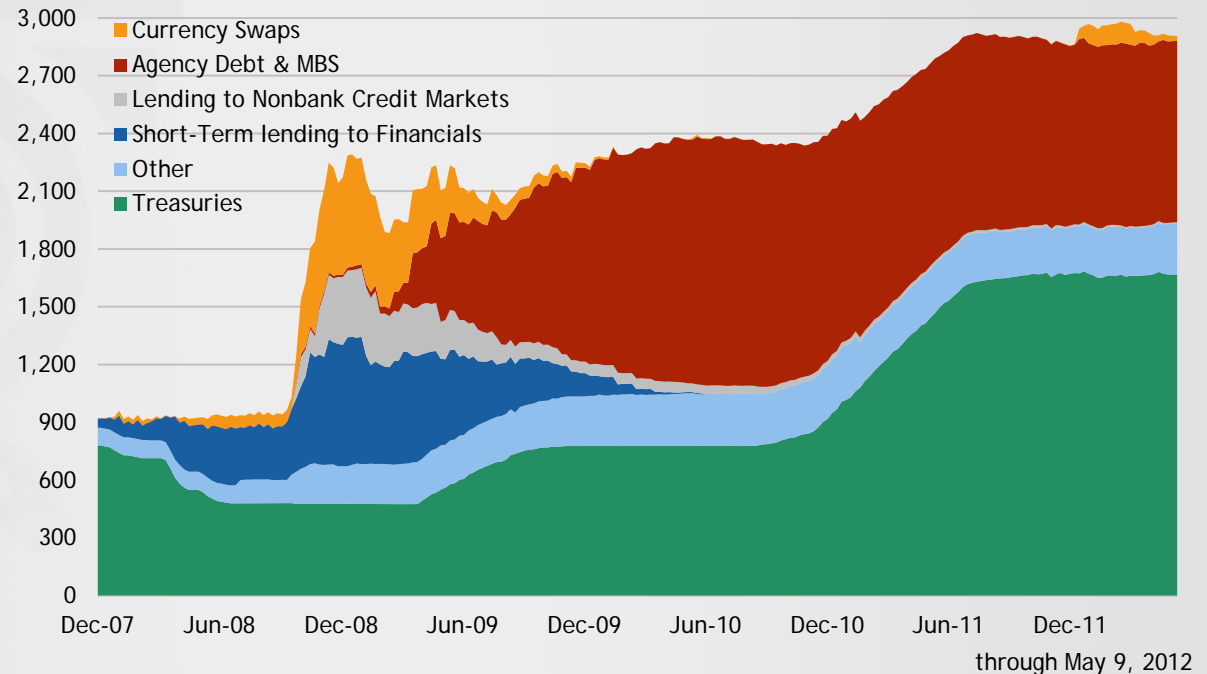
# FEDERAL RESERVE BALANCE SHEET

## SUMMARY

Between May 2 and May 9 the balance sheet decreased by \$0.1 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 \$24 billion.

Federal Reserve Assets (Uses of Funds)  
\$ billions



Source: [Federal Reserve Board](#)

## ADDITIONAL DETAIL

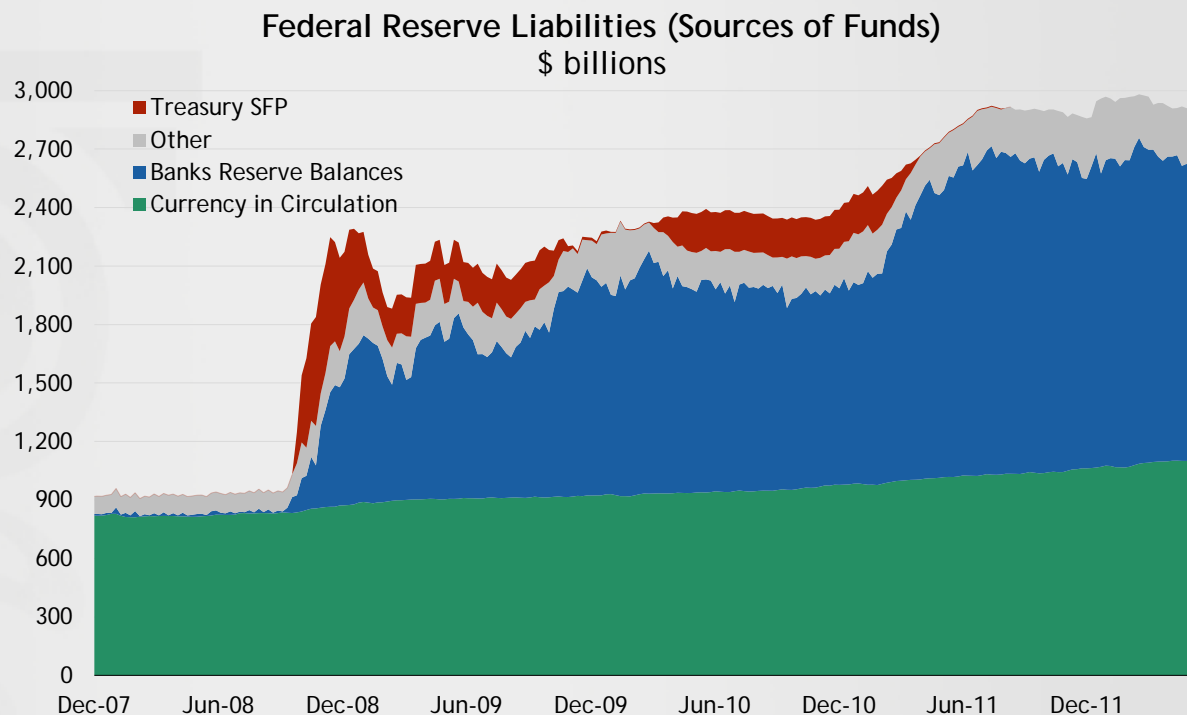
- Treasuries decreased by \$1.7 billion while agency debt and MBS were unchanged.
- [Central bank liquidity swaps](#) decreased \$0.6 billion.
- According to the [New York Fed's tentative outright Treasury operation schedule](#), and in line with the [maturity extension program](#), the desk plans to purchase approximately \$45 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 May.

# FEDERAL RESERVE BALANCE SHEET

## SUMMARY

Between May 2 and May 9, bank reserve balances with the Federal Reserve increased by \$27.2 billion, while Treasury deposits with the Federal Reserve decreased by \$33.9 billion.

As of May 9, 2012, bank reserves are \$1.5 trillion.



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

through May 9, 2012

## ADDITIONAL DETAIL

- Reverse repurchase agreements with foreign officials and international accounts decreased by \$2.6 billion.
- Nonreserve deposits with the Federal Reserve increased by \$7.8 billion.