

# ECONOMIC AND FINANCIAL HIGHLIGHTS

## CONSUMER SECTOR

Consumer Confidence Indices 2

## MANUFACTURING SECTOR

Sixth District Payroll Employment 3

## REAL ESTATE MARKET

Pending Home Sales 4

Home Prices 5

## MONEY MARKET

Commercial Paper Issuance 6

## INTEREST RATES

U.S. Treasury Yields 7

## EUROPE

European Bond Spreads 8

## INFLATION

Inflation Expectations 9

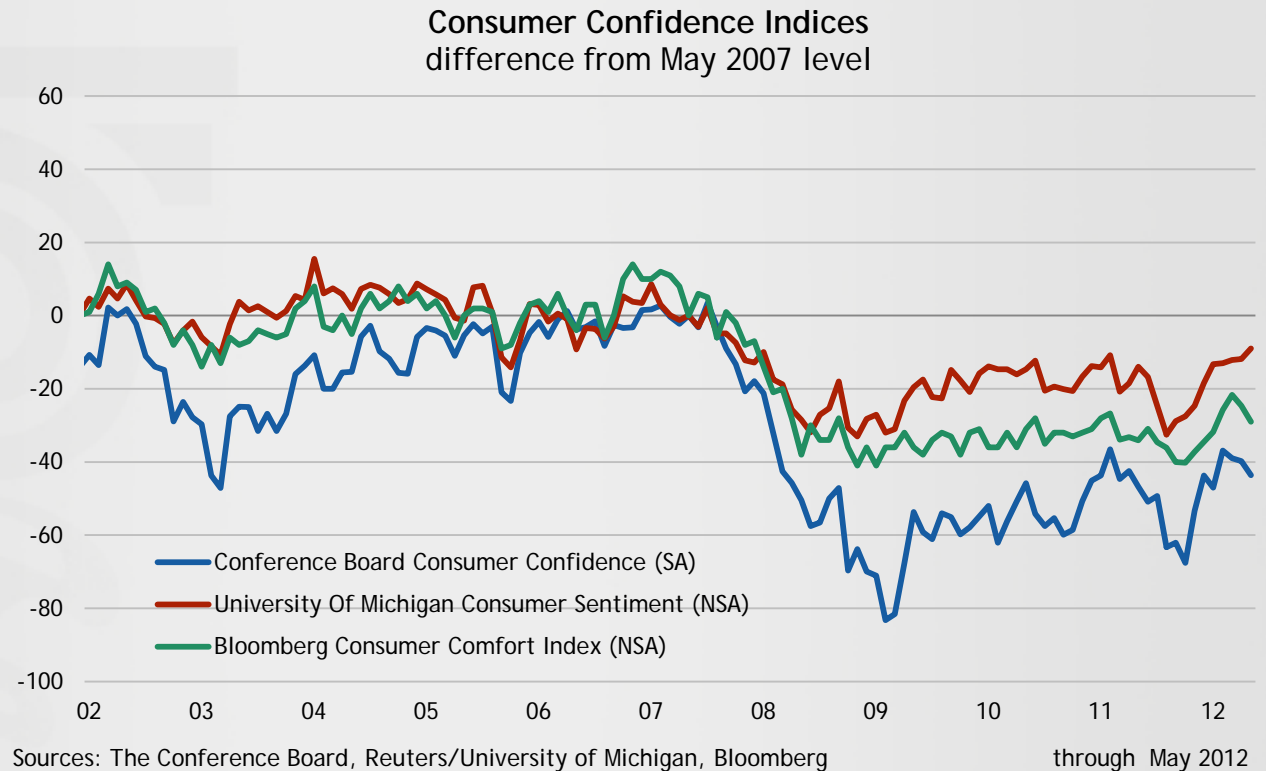
MAY 30, 2012



# CONSUMER SECTOR

## SUMMARY

Final measures of overall consumer sentiment as measured by Reuters/University of Michigan's May survey indicated an improvement, while similar measures of consumer attitudes from the Conference Board and Bloomberg both declined in May.



## ADDITIONAL DETAIL

- The present and future components of the Conference Board's Consumer Confidence Index both declined in May. In contrast, both present and future components of the Reuters/University of Michigan's Consumer Sentiment Index improved in May.
- While the future components of both the Conference Board and Reuters/University of Michigan survey have fairly similar underlying questions, the present components are notably different. The Conference Board's Present Situation Index is based on consumers' perception of local business conditions and local availability of jobs. The Reuters/University of Michigan Current Conditions gauges consumers' attitude towards big-ticket purchases and recent changes in personal finances. The Bloomberg Consumer Comfort survey, is somewhat of a hybrid, probing consumers about their perception of the current state of the national economy, their personal finances, and the buying climate.

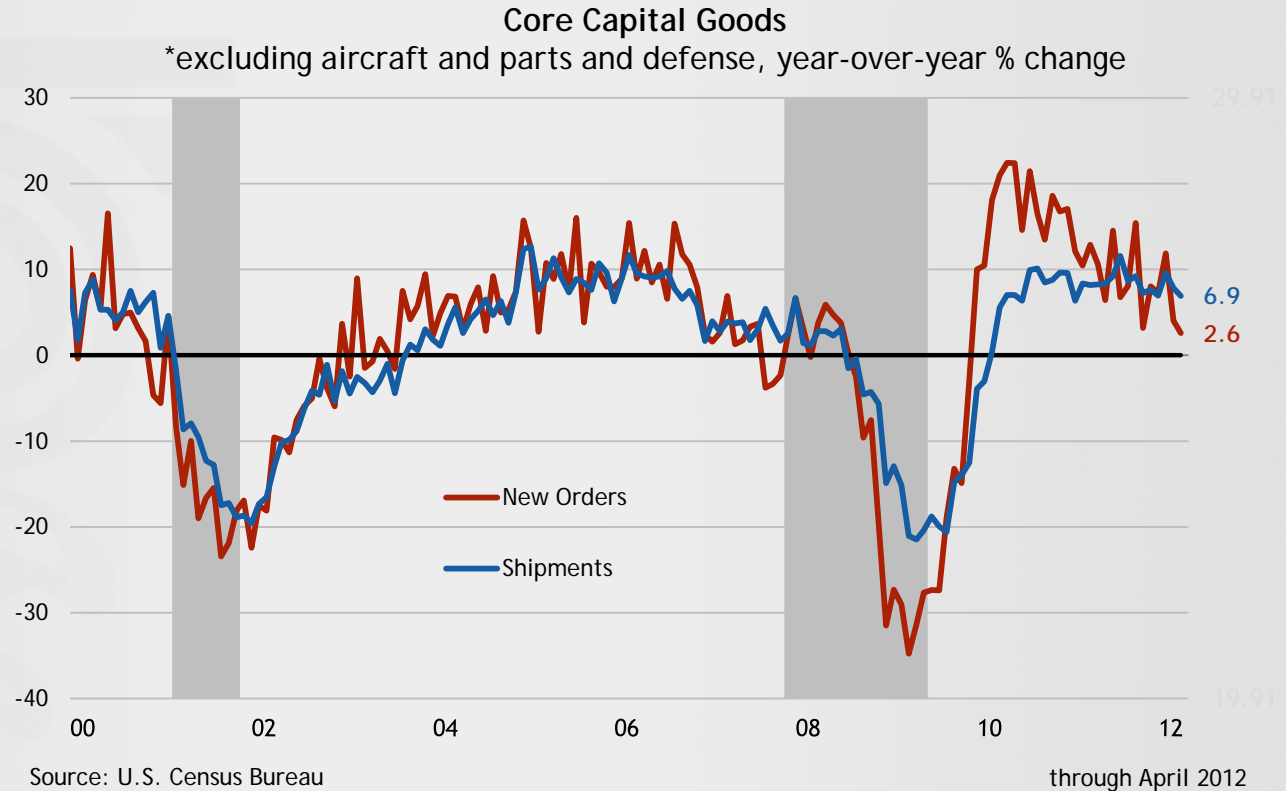
# MANUFACTURING SECTOR

## SUMMARY

Last week's advance report on manufacturers' shipments, inventories, and orders revealed new orders for core capital goods slipped 1.9 percent in April, while shipments fell 1.4 percent from the March levels.

New orders for communication equipment were particularly hard hit over the month, while orders for motor vehicles and parts jumped nearly 6 percent.

On a year-over-year basis, new orders were 2.6 percent better than April 2011 levels, while shipments improved 6.9 percent over the 12-month period.



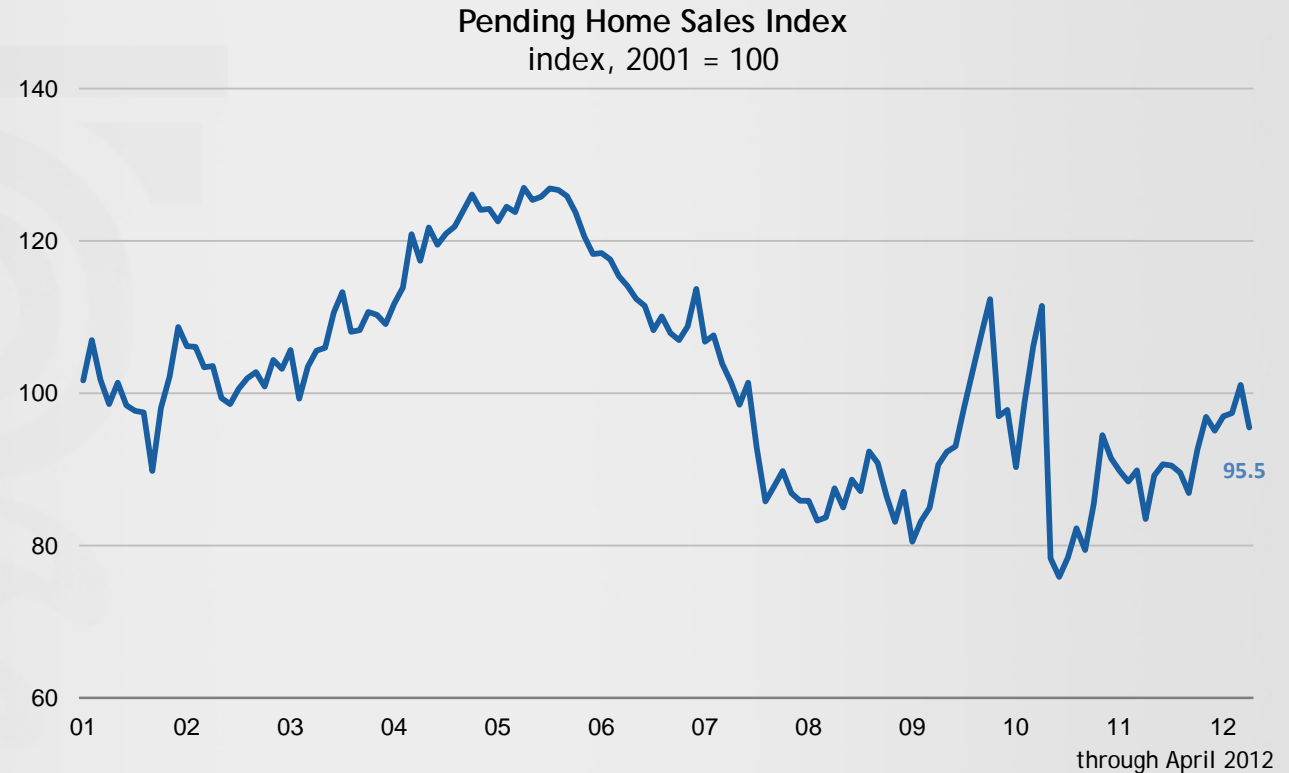
## ADDITIONAL DETAIL

- **New orders for core capital goods decreased 1.9 percent in April** compared with March levels.
- In April's report, the most significant losses in new orders include **communications equipment, down 16.9 percent**, and machinery, where orders fell 2.8 percent. New orders for fabricated metal products lost 2 percent.
- Motor vehicles and parts industries saw the largest gain in orders last month, jumping 5.6 percent. Orders for primary metals also gained ground, adding on 1.7 percent.
- Though excluded in the "core capital goods" classification because of their volatility, new orders for nondefense aircraft (up 7.2 percent) and defense aircraft (down 34 percent) both showed considerable strength in April.

# REAL ESTATE MARKET

## SUMMARY

The National Association of Realtors reported that its April pending home sales index declined 5.5 percent from the March level but remained ahead of the year-earlier level, up 14.4 percent.

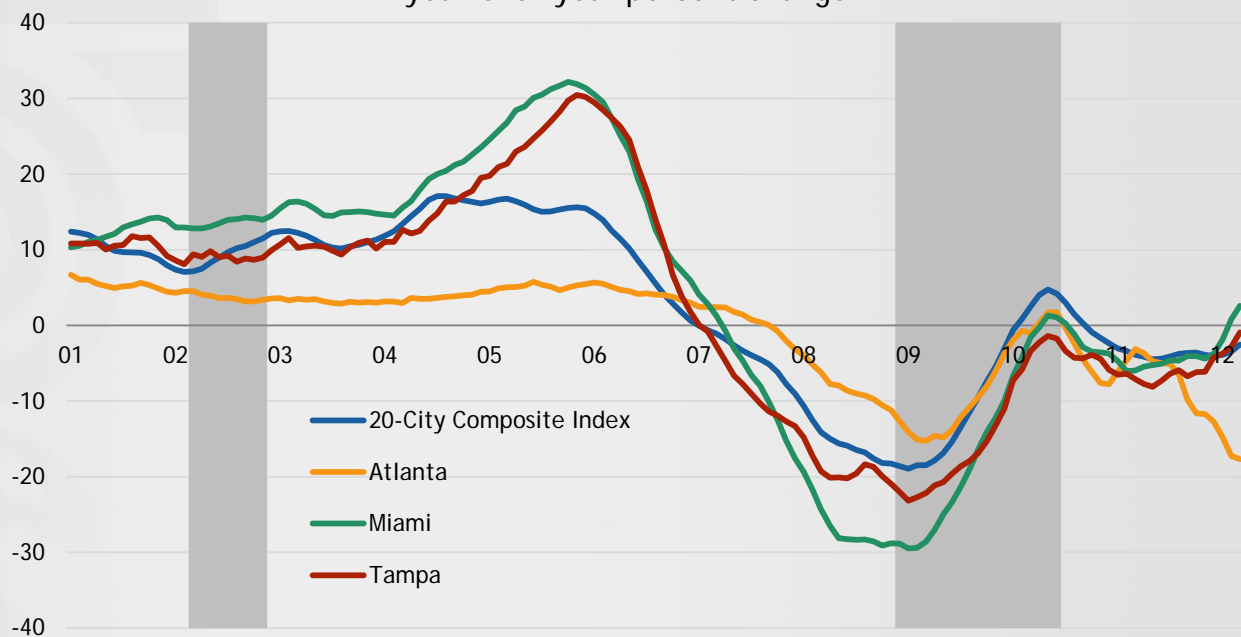


# REAL ESTATE MARKET

## SUMMARY

Annual declines in the S&P/Case-Shiller 20-City Composite home price index continued to abate in March, down 2.6 percent.

S&P Case-Shiller Home Price Indices  
year-over-year percent change



Sources: Standard & Poor's, Fiserv, and MacroMarkets LLC

through March 2012

March 2012 S&P/Case-Shiller Home Price Indexes

	SA	NSA	M/M (sa)	M/M (nsa)	Y/Y
<b>20-City Composite:</b>	136.9	134.1	0.1%	-0.0%	-2.6%
<b>10-City Composite:</b>	149.6	146.6	0.1%	-0.1%	-2.8%
<b>Atlanta:</b>	85.2	82.5	-0.4%	-0.9%	-17.7%
<b>Miami:</b>	142.9	140.8	1.9%	0.9%	2.6%
<b>Tampa:</b>	128.3	125.5	1.6%	1.3%	-1.0%

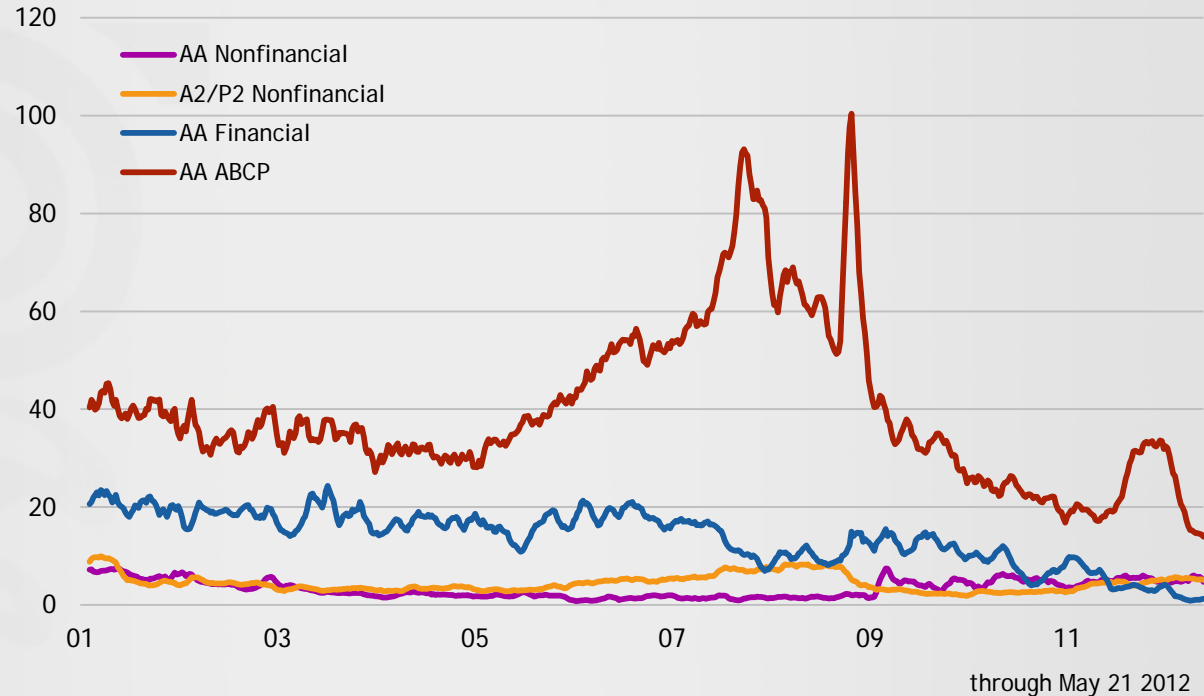
# MONEY MARKET

## SUMMARY

Over the year ending May 21, 2012, the six week moving average of issuance of AA nonfinancial, AA financial, and AA asset-backed commercial paper has declined.

A2/P2 nonfinancial commercial paper issuance grew 12 percent over the same period.

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



Source: Federal Reserve Board

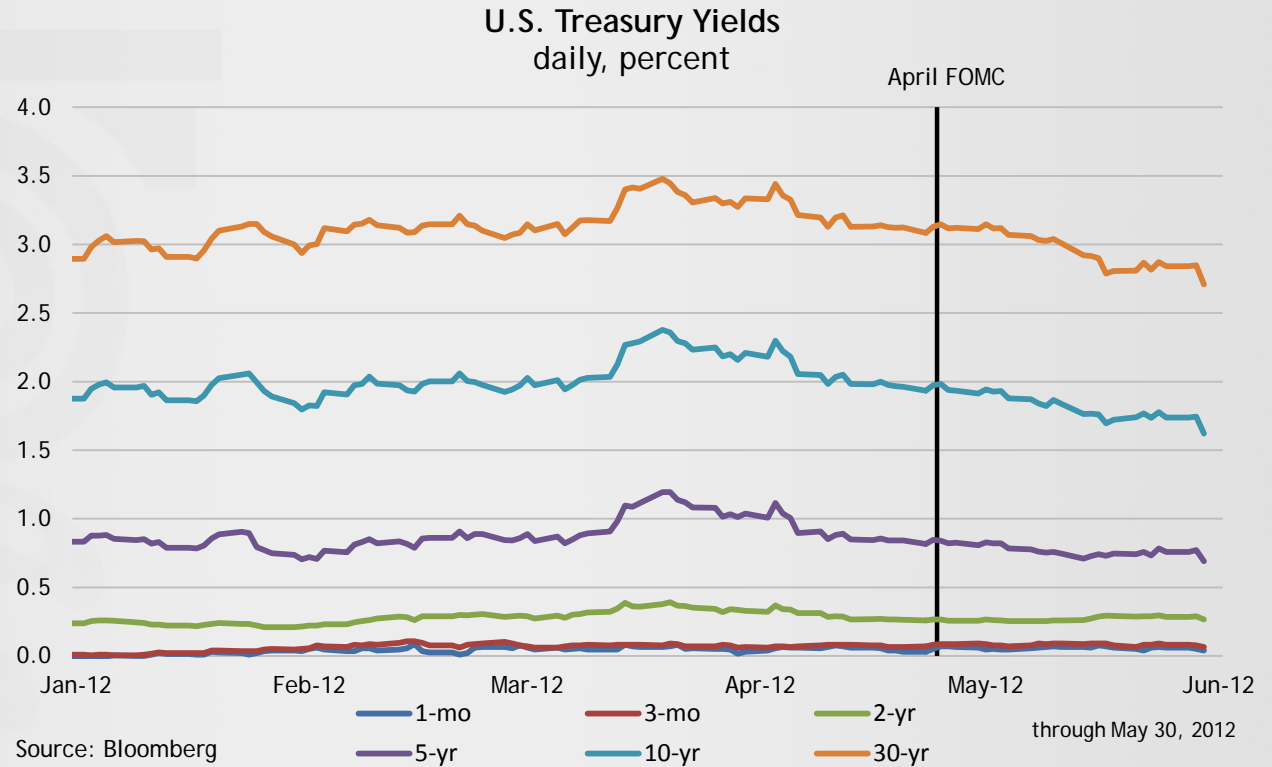
## ADDITIONAL DETAIL

- The six-week moving average of AA nonfinancial commercial paper issuance has declined 5 percent over the year (May 23, 2011, through May 21, 2012).
- The six-week moving average of AA financial commercial paper issuance has declined 77 percent over the year.
- The six-week moving average of AA asset-backed commercial paper issuance has declined 23 percent over the year.

# INTEREST RATES

## SUMMARY

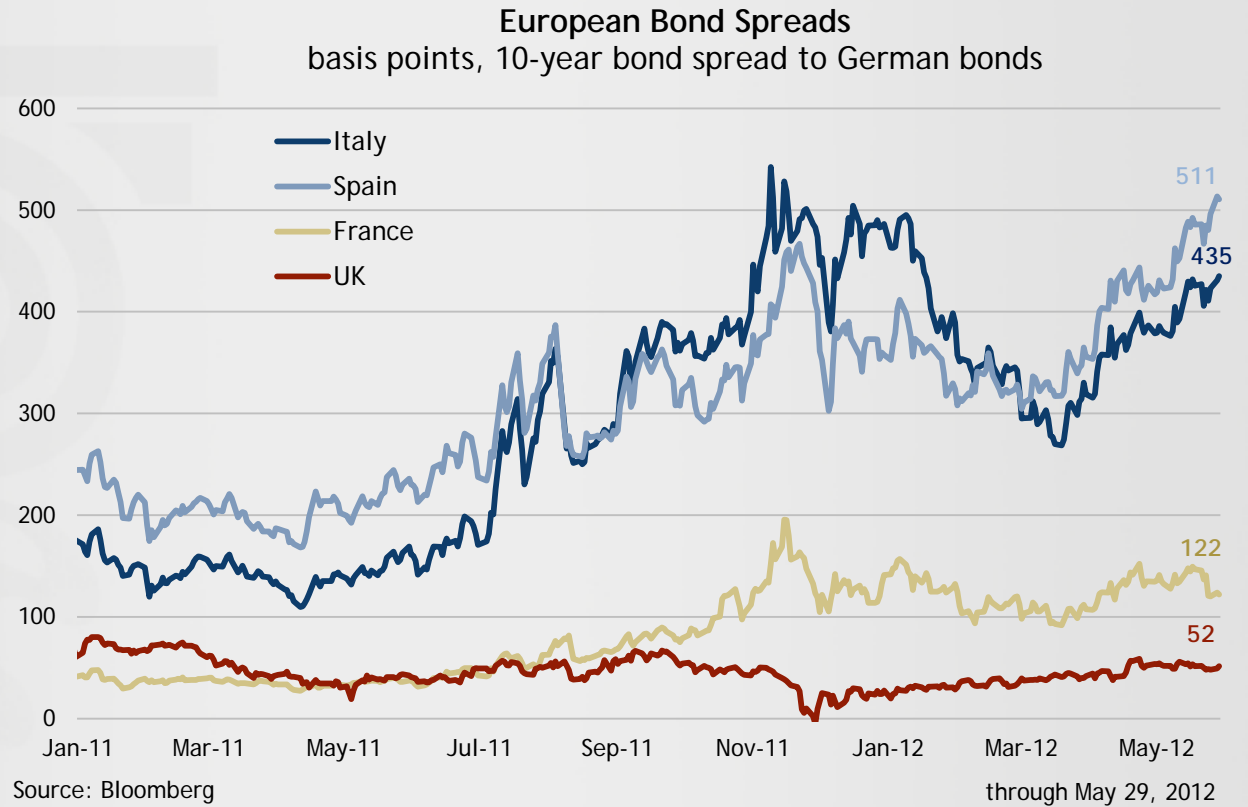
Longer-term U.S. Treasury yields have declined considerably over the last few weeks. Since the April 25 FOMC meeting, the 30-year bond is down 41 basis points (bps), and the 10-year note is down 31 bps to 2.71 percent and 1.62 percent, respectively. The five-year bond is down 13 bps to 0.69 percent, and the two-year bond is flat at 0.27 percent.



# EUROPE

## SUMMARY

European bond spreads (against German equivalents) continue to be elevated, particularly for Spain and Italy. Spain's spread is now 511 bps, up 92 bps over the past four weeks (since May 1). Italy's spread has risen to 435 bps, having increased 56 bps over the same period.





# INFLATION

## SUMMARY

Inflation expectations according to the TIPS market are relatively stable, with the Barclays estimate of the 5-year/5-year forward breakeven inflation rate at 2.39 percent as of May 30, 2012.

