

# ECONOMIC AND FINANCIAL HIGHLIGHTS

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FEBRUARY 15, 2012



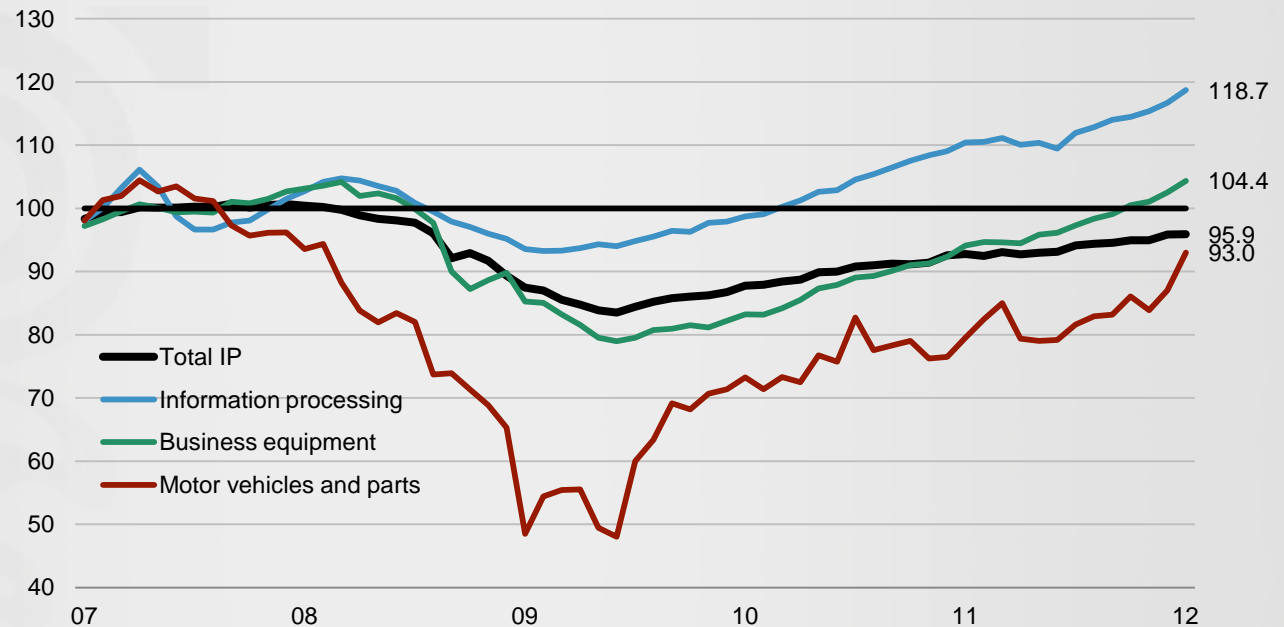
# MANUFACTURING

## SUMMARY

The index for total industrial production was unchanged in January, as large gains in manufacturing production were offset by declines in mining and utilities output.

In January, the index measuring manufacturing production increased 0.7 percentage points. Most manufacturing industries posted increases in production, though the overall figure is skewed upward by large gains in motor vehicles and parts output.

Production Indices for Selected Series  
Seasonally adjusted



Source: Federal Reserve Board of Governors

## ADDITIONAL DETAIL

- Total Industrial Production was unchanged in January. Manufacturing production increased by 0.7 percent. The increase in manufacturing production was in part offset by declines in output in the mining (down 1.8 percent) and utilities (down 2.5 percent) sectors.
- The index measuring output of motor vehicles and parts surged 6.8 percent in January. Within this category, consumer autos and trucks jumped 11 percent from December's level of output.
- Information processing output increased 1.8 percent in January, while manufacturing firms increased production of business equipment also by roughly 1.8 percent.

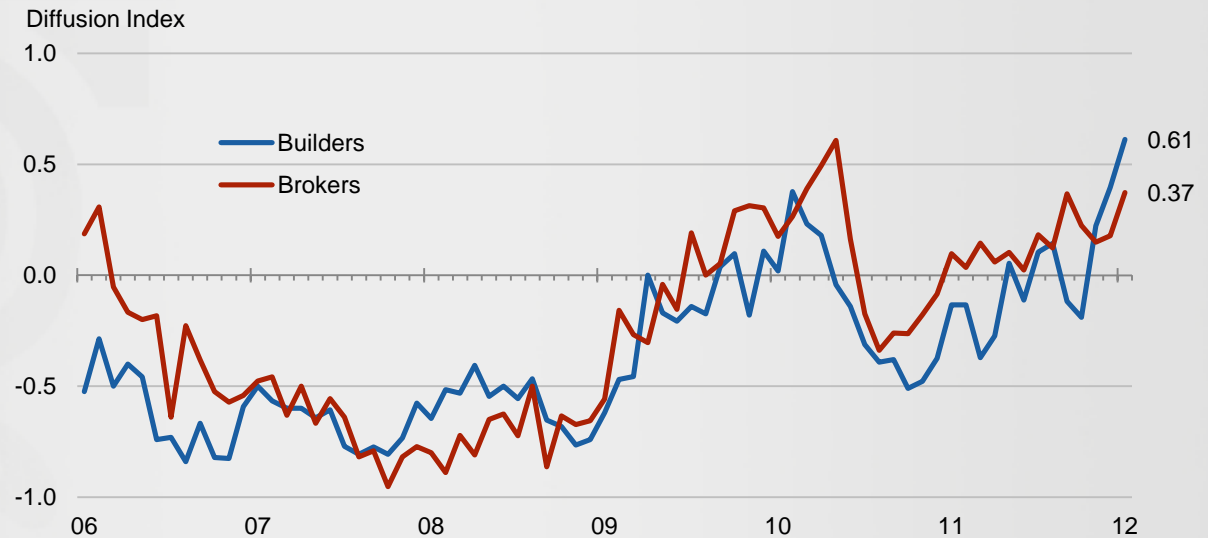
# REAL ESTATE

## SUMMARY

The majority of Southeast homebuilders and brokers reported that sales increased during January on a year-over-year basis.

*Note:* The housing survey's diffusion indexes are calculated as the percentage of total respondents reporting increases minus the percentage reporting declines. Positive values in the index indicate increased activity while negative values indicate decreased activity.

### January 2012 Southeast Home Sales vs. a Year Earlier



Source: FRBA business contact poll

through January 2012

## ADDITIONAL DETAIL

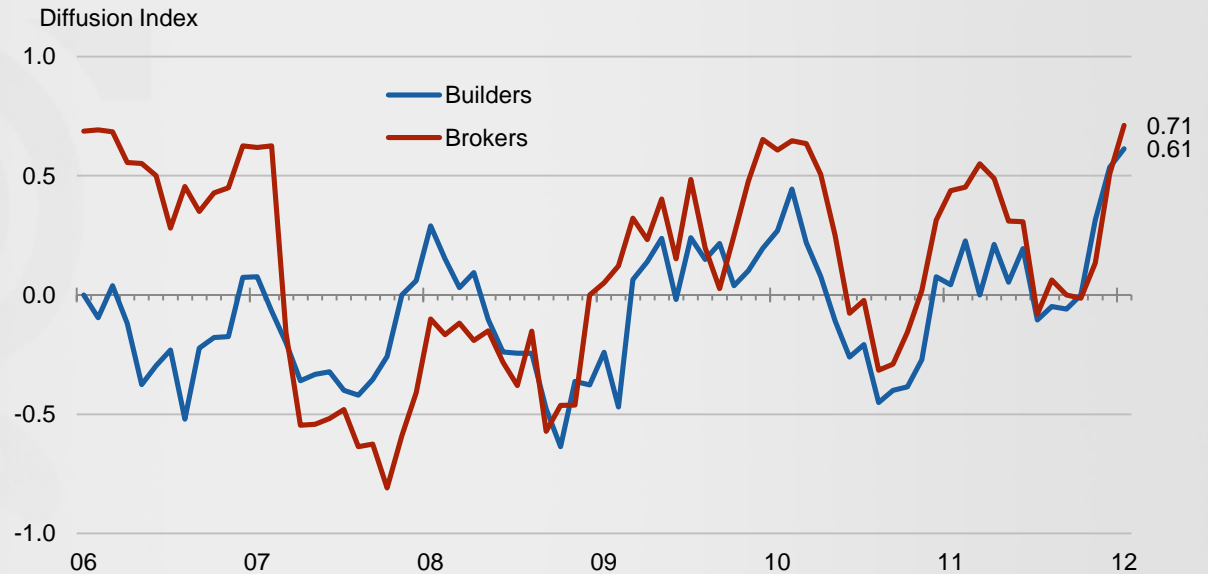
- Note:* January 2012 poll preliminary results are based on responses from 60 residential brokers and 32 homebuilders and were collected February 6-15, 2012.

# REAL ESTATE

## SUMMARY

The outlook among Southeast brokers and homebuilders continued to improve during January. Reports indicate home sales gains over the next several months on a year-over-year basis.

### January 2012 Southeast Home Sales Outlook vs. a Year Earlier



Source: FRBA business contact poll

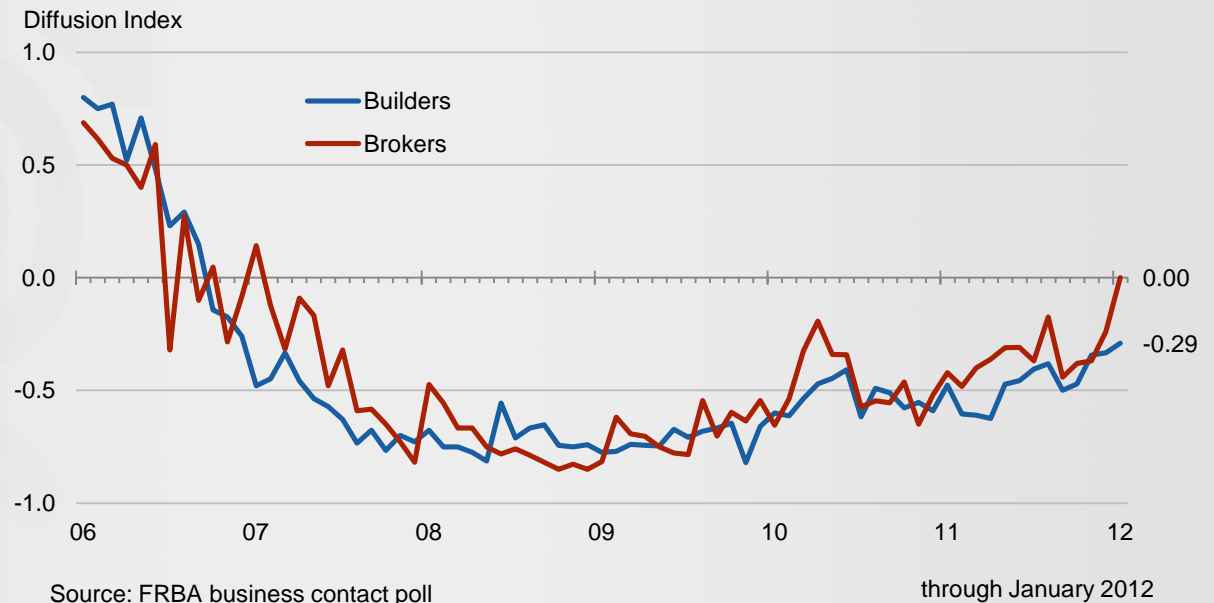
through January 2012

# REAL ESTATE

## SUMMARY

Southeast builders continued to note declining home prices in January while residential brokers indicated home prices were similar to year-earlier levels.

### January 2012 Home Price vs. a Year Earlier



## ADDITIONAL DETAIL

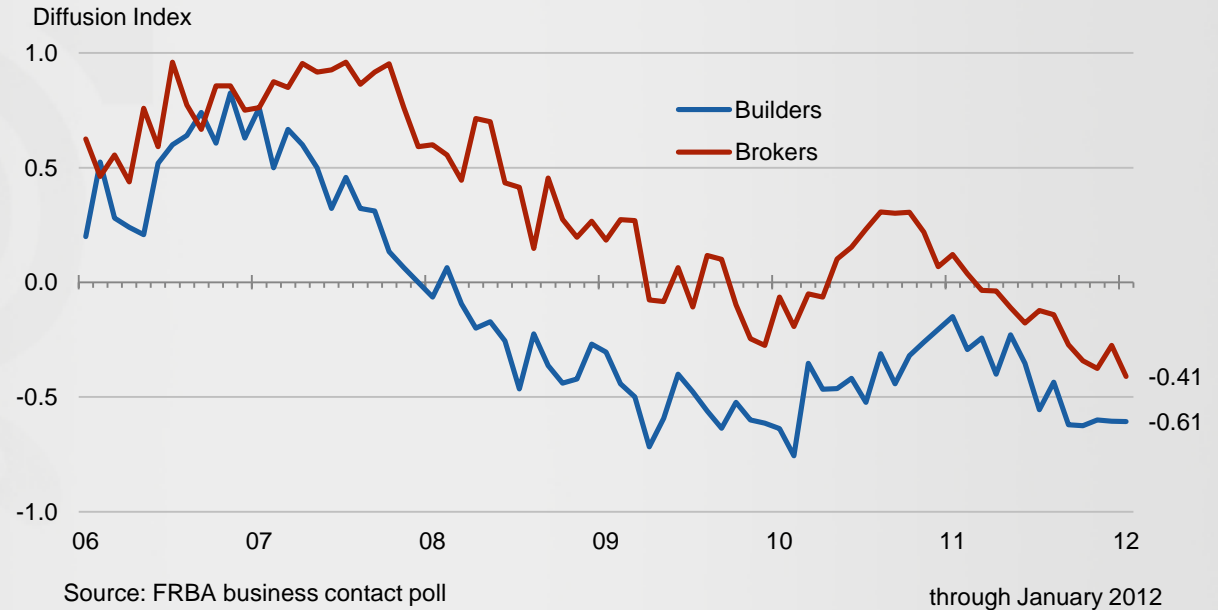
- Roughly one-third of Southeast brokers said that home prices were up year over year, another third reported declines, and the remainder indicated no change.

# REAL ESTATE

## SUMMARY

The majority of Southeast homebuilders and residential brokers reported that home inventories were below the year-earlier level again in January.

### January 2012 Southeast Home Inventory vs. a Year Earlier



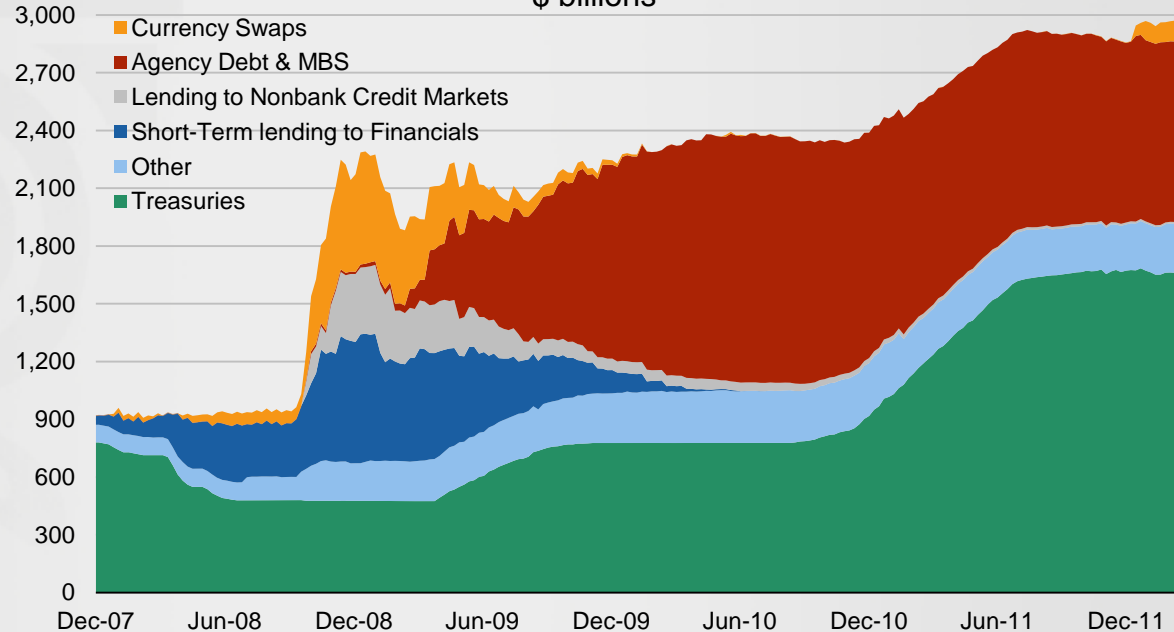
# FEDERAL RESERVE BALANCE SHEET

## SUMMARY

Between February 1 and February 8, 2012, the balance sheet increased by \$3.3 billion, remaining essentially unchanged at \$3 trillion.

The increase over the past two months has stemmed from increased use of dollar swap lines by foreign central banks.

**Federal Reserve Assets (Uses of Funds)**  
\$ billions



Source: [Federal Reserve Board](#)

Through February 8, 2012

## ADDITIONAL DETAIL

- Treasuries decreased by \$1.8 billion while agency debt and MBS were unchanged.
- Central bank liquidity swaps increased by \$4.3 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 the month of February.

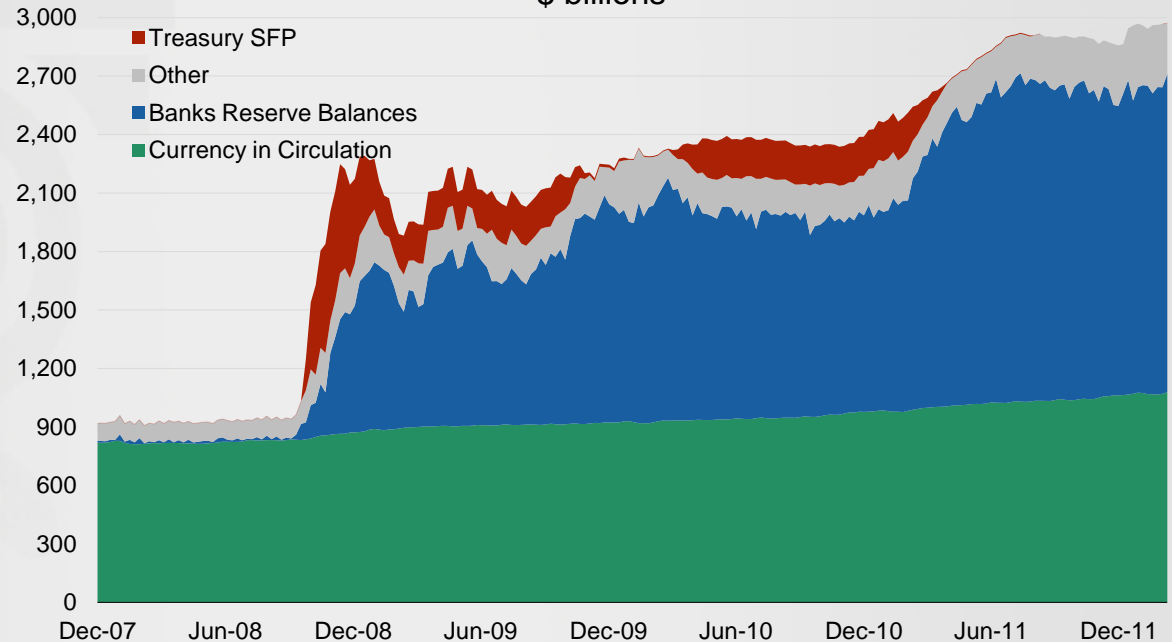
# FEDERAL RESERVE BALANCE SHEET

## SUMMARY

Bank reserve balances with the Federal Reserve increased by \$59.8 billion while Treasury deposits with the Federal Reserve decreased by \$71.6 billion.

As of February 8, 2012, bank reserves are \$1.63 trillion.

**Federal Reserve Liabilities (Sources of Funds)**  
\$ billions



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

Through February 8, 2012

## ADDITIONAL DETAIL

- Reverse repurchase agreements with foreign officials and international accounts increased by \$2.9 billion. Nonreserve deposits with the Federal Reserve increased by \$3.2 billion.
- Nonreserve deposits with the Federal Reserve increased by \$3.2 billion.



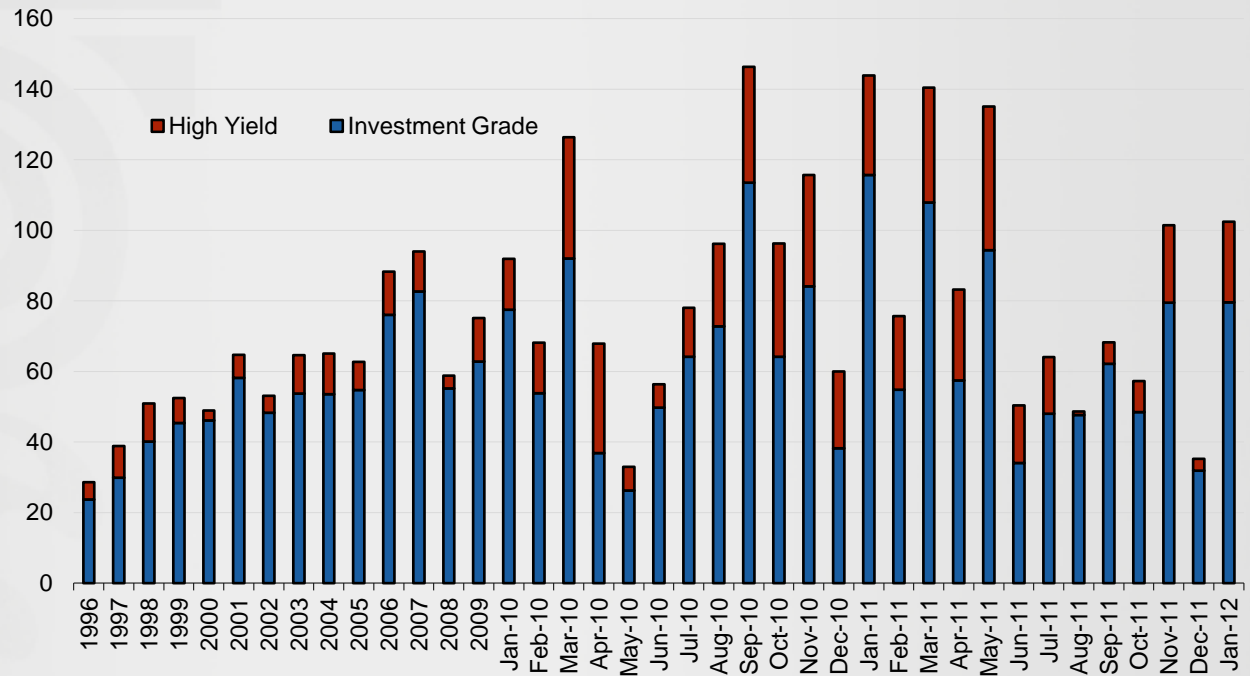
# CORPORATE BOND ISSUANCE

## SUMMARY

Corporate bond issuance in January 2012 totaled \$102.4 billion, of which high-yield debt was \$22.8 billion.

This level was below January 2011's total of \$143.9 billion but was above the \$91.9 billion in January 2010.

Corporate Bond Issuance  
\$ billions



Source: SIFMA

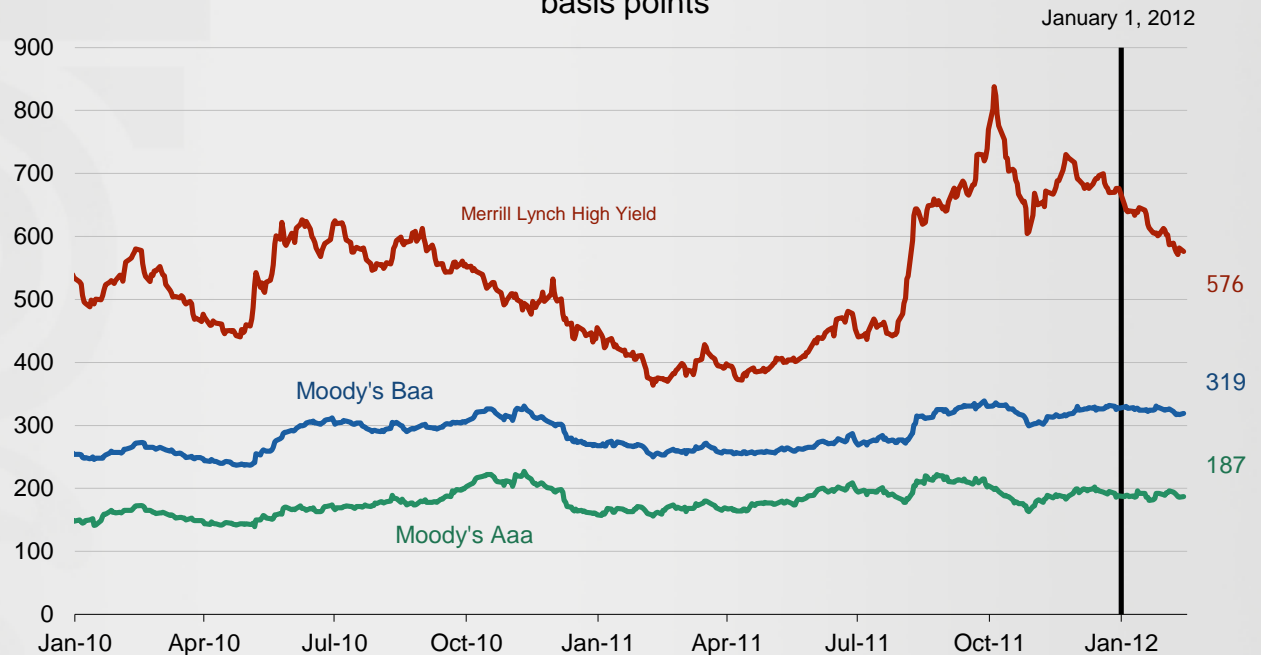
# CORPORATE BOND SPREADS

## SUMMARY

Corporate yield spreads (relative to the benchmark 10-year U.S. Treasury yield) have improved year to date for high-yield debt and are stable for Aaa- and Baa-rated debt.

High-yield debt spreads declined 97 basis points (bps) to 5.80 percent, while Aaa and Baa debt spreads only declined 1 and 8 bps, respectively, to 1.87 percent and 3.19 percent.

Corporate Yield Spreads over 10-year Treasury  
basis points



Source: Bank of America/Merrill Lynch; Moody's

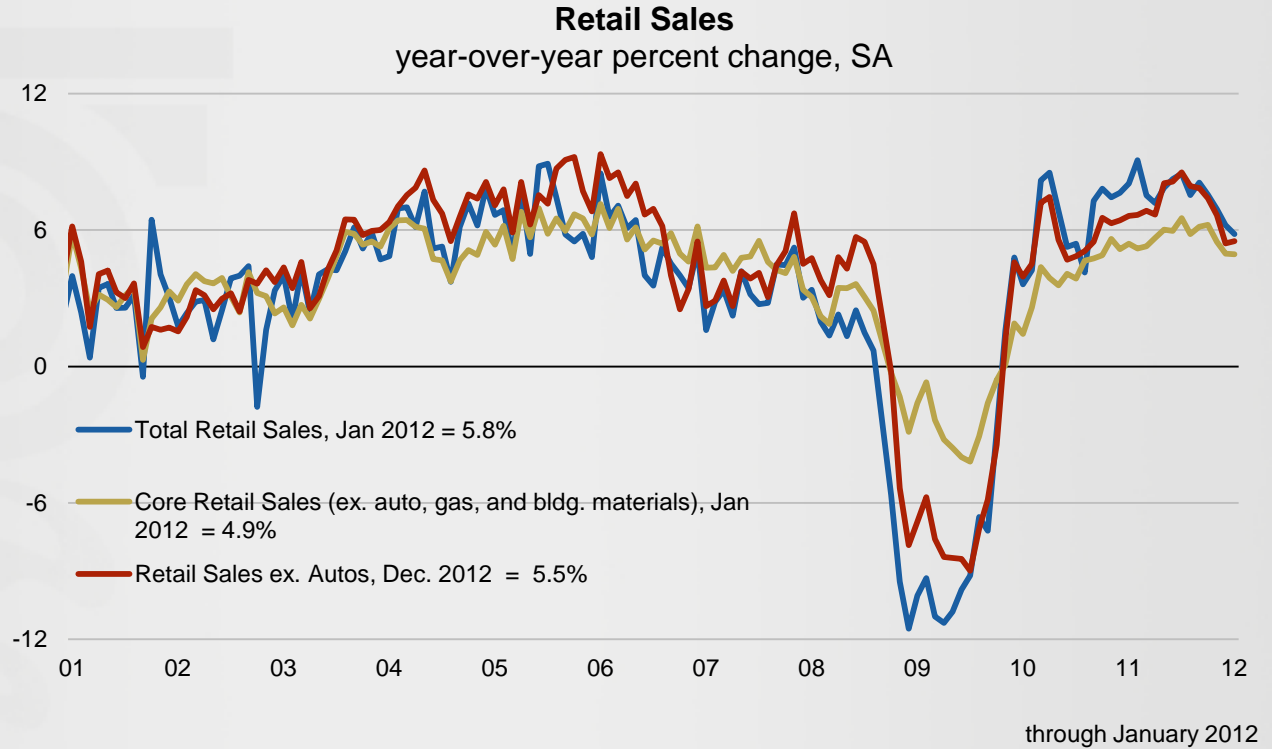
through February 13, 2012

# RETAIL SALES

## SUMMARY

Unadjusted for inflation, core retail sales in January 2012 were 4.9 percent higher than in January 2011.

The pace of retail sales growth has slowed in recent months.



Source: U.S. Census Bureau

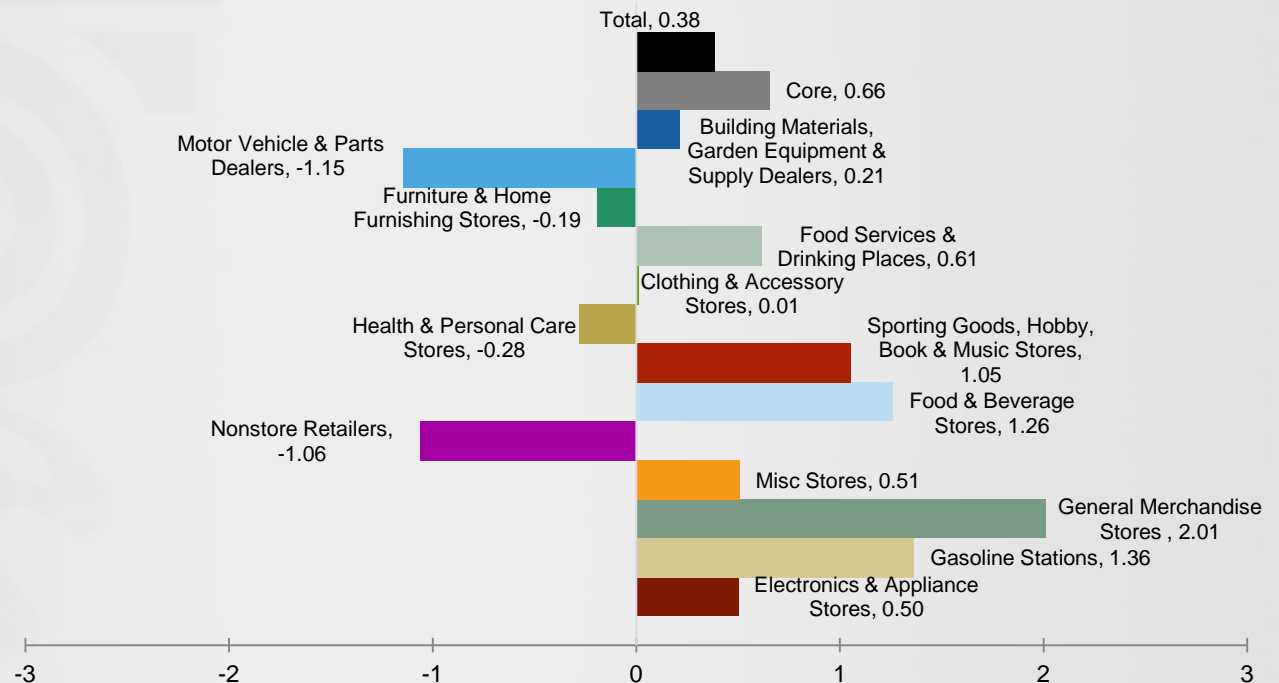
# RETAIL SALES

## SUMMARY

Advance estimates indicate that adjusted retail sales rose 0.4 percent in January. Retail sales are adjusted for seasonal variation, holidays, and the number of days in a month.

Growth of adjusted retail sales in December was revised slightly from 0.1 percent to 0 percent.

**U.S. Retail Sales Components**  
month-to-month percent change, SA, January 2012



Source: U.S. Census Bureau

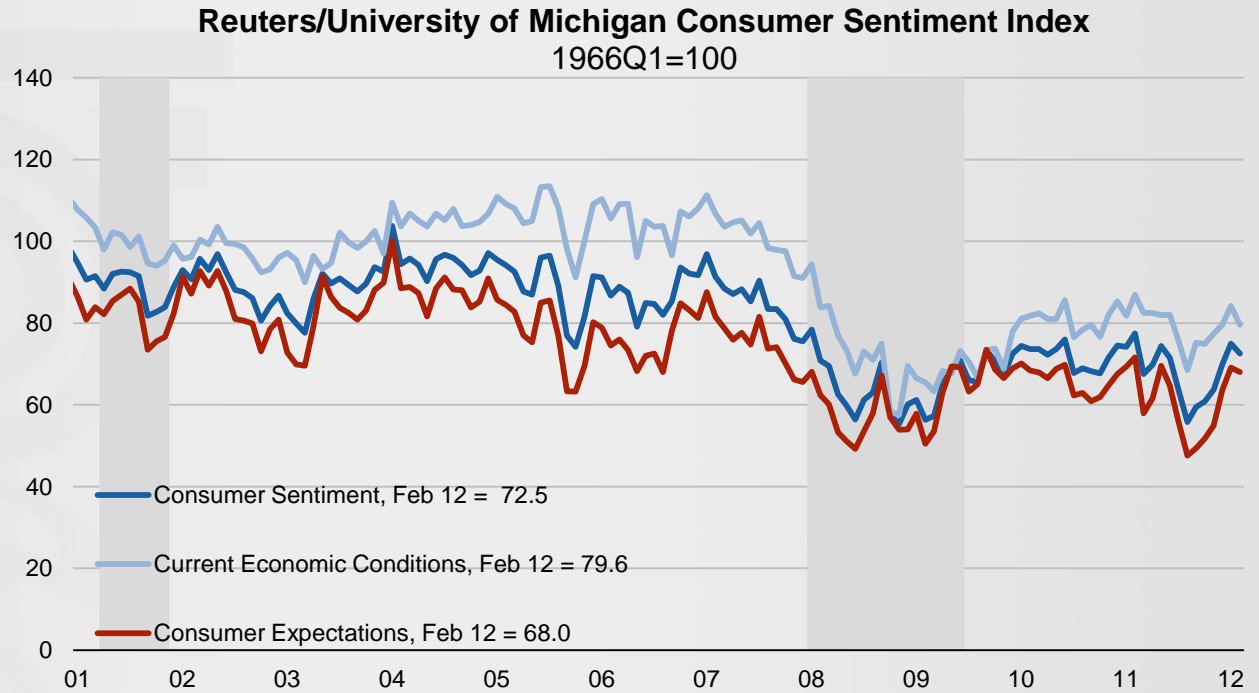
## ADDITIONAL DETAIL

- Sales were mixed across categories in January. The largest increases were for general merchandise, gasoline stations, and food and beverage stores.
- Sales for motor vehicles and sales at nonstore retailers were weak.

# CONSUMER SENTIMENT

## SUMMARY

After six months of gains, the consumer sentiment index produced by Reuters and the University of Michigan declined in February.



Source: Reuters/University of Michigan

Through February 2012