

ECONOMIC AND FINANCIAL HIGHLIGHTS

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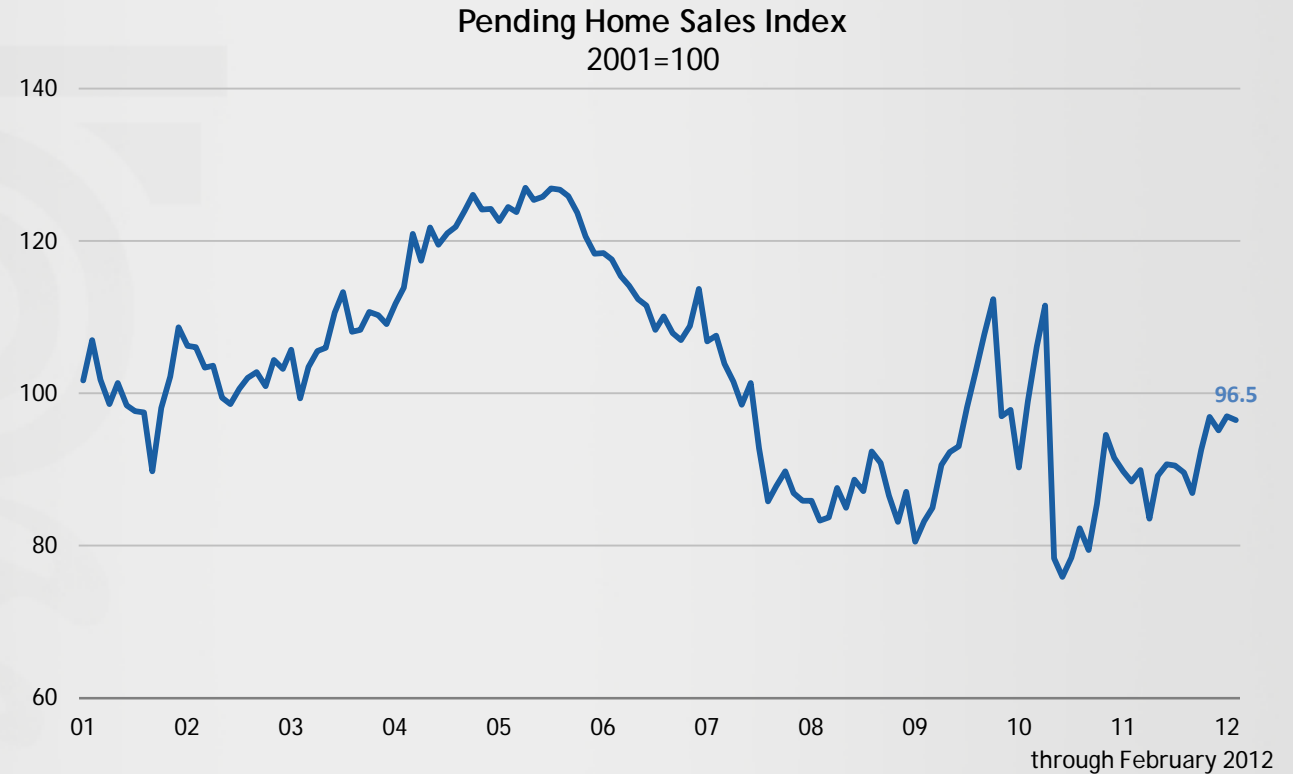
MARCH 28, 2012



HOUSING MARKET

SUMMARY

The National Association of Realtors reported that its February Pending Home Sales Index declined 0.5 percent from January's level, but the index increased 9 percent from the year-earlier level.

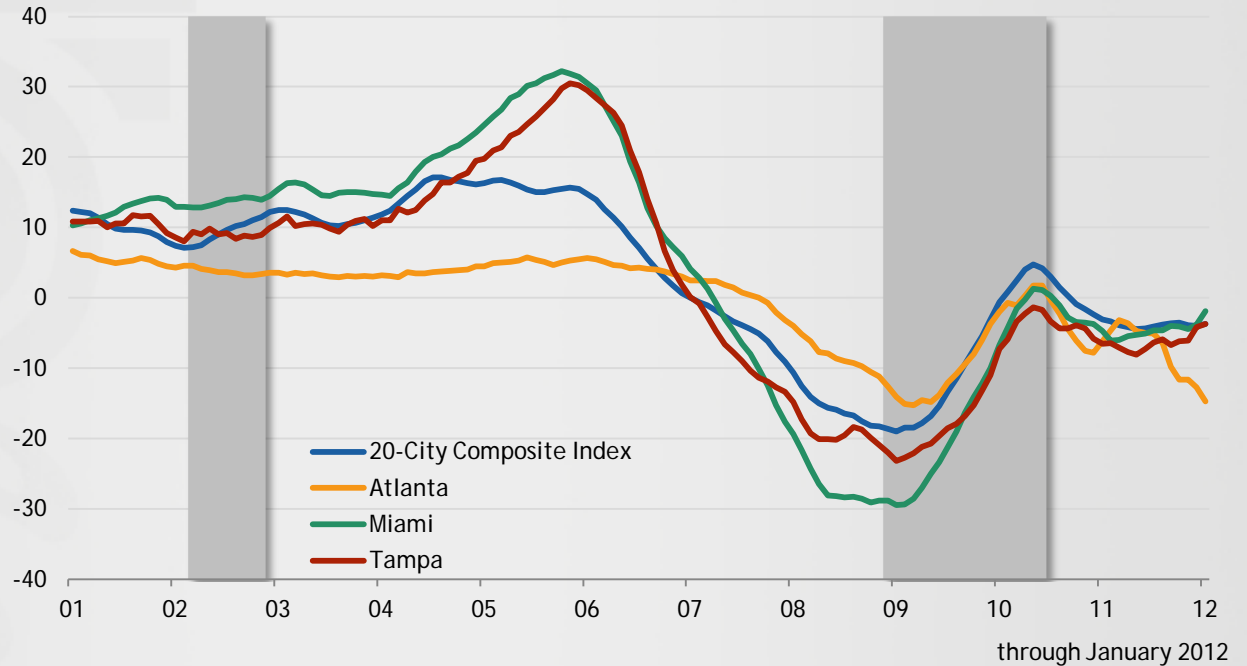


HOUSING MARKET

SUMMARY

The S&P/Case-Shiller 20-City Composite home price index did not change from December to January but remained slightly below the year-earlier level.

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



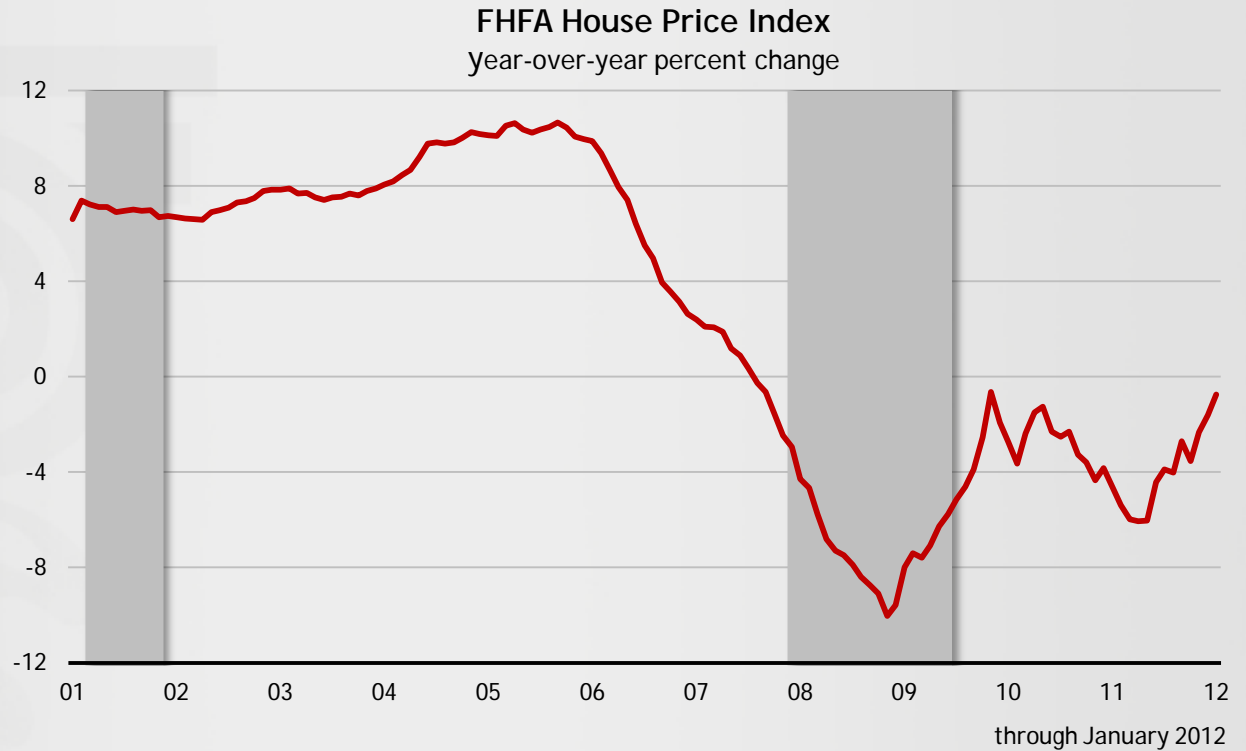
Sources: Standard & Poor's, Fiserv, and MacroMarkets LLC

	January 2012 S&P/Case-Shiller Home Price Indices				
	SA	NSA	M/M (sa)	M/M (nsa)	Y/Y
20-City Composite:	136.6	135.5	-0.0%	-0.8%	-3.8%
10-City Composite:	149.4	148.4	-0.1%	-0.8%	-3.8%
Atlanta:	87.2	85.5	-1.1%	-2.1%	-14.8%
Miami:	138.2	138.6	1.2%	0.7%	-1.9%
Tampa:	125.3	124.1	0.4%	-0.8%	-3.7%

HOUSING MARKET

SUMMARY

The Federal Housing Finance Agency (FHFA) reported that their U.S. Purchase-Only house price index did not change from December to January and declined 0.8 percent on a year-over-year basis.

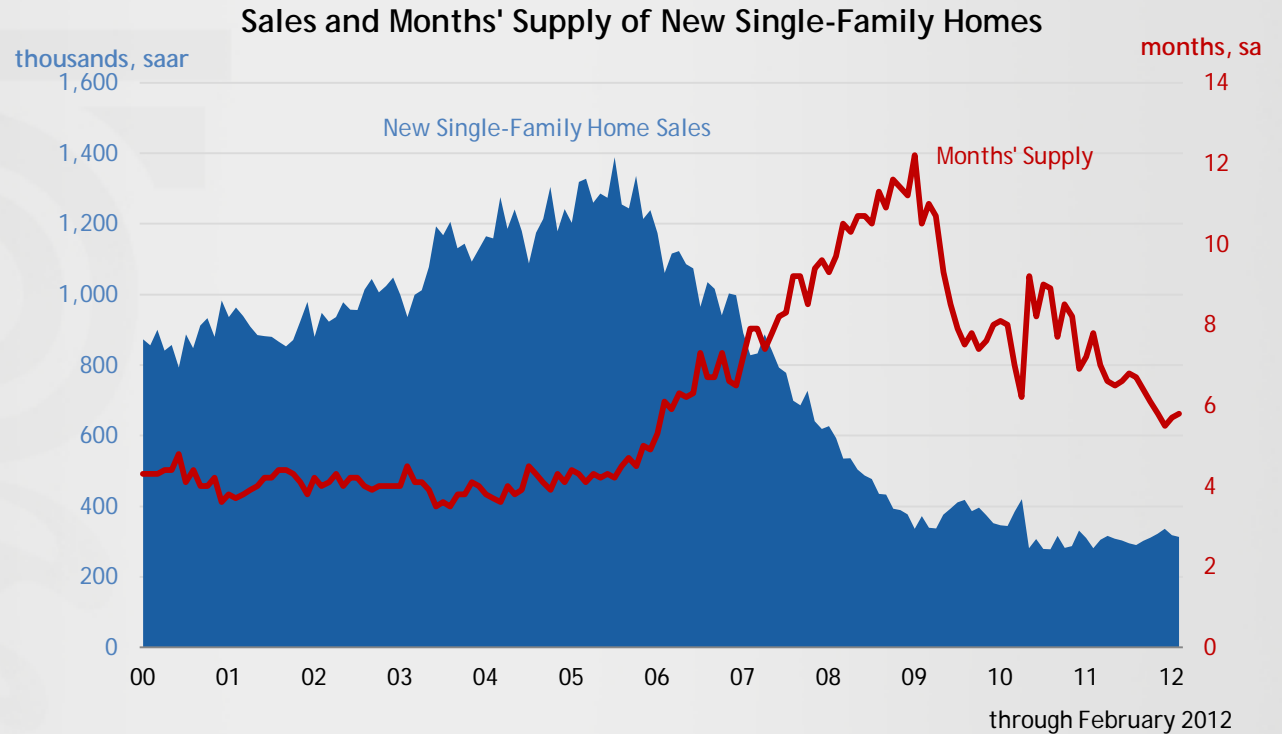


Source: Federal Housing Finance Agency

HOUSING MARKET

SUMMARY

The U.S. Census Bureau and the U.S. Department of Housing and Urban Development reported that new single-family home sales declined 0.6 percent from January to February but exceeded the year-earlier level by 11.4 percent.



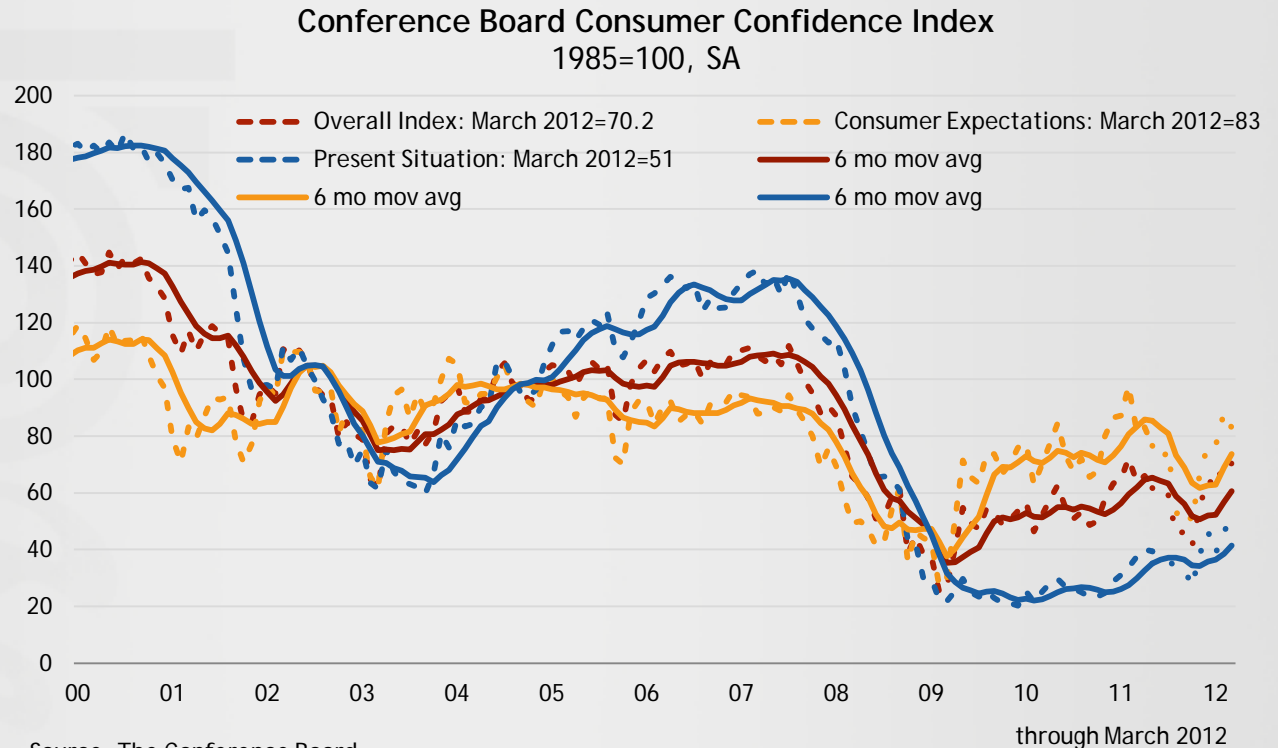
Sources: U.S. Census Bureau and U.S. Department of Housing and Urban Development

CONSUMER CONFIDENCE

SUMMARY

The Conference Board's Consumer Confidence Index declined slightly in the March reading.

On a six-month-moving-average basis, consumers' expectations and their take on the present economic situation continue to improve.



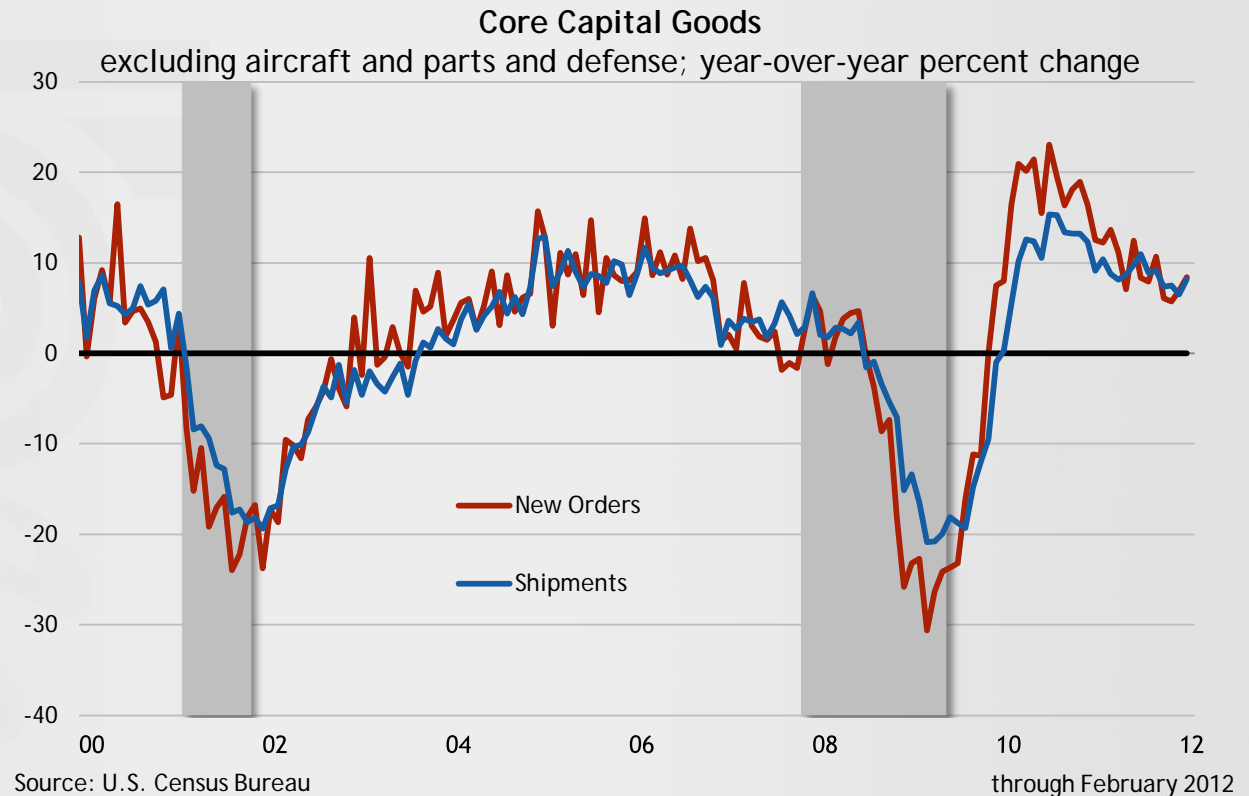
ADDITIONAL DETAIL

- The consumer expectations index based on six-month-ahead projections for business conditions, jobs, and income decreased slightly, declining from 88.4 in February to 83 in March.
- The index based on questions about current business conditions and current job market conditions increased slightly from 46.6 in February to 51 in March.

MANUFACTURING SECTOR

SUMMARY

New orders for core capital goods, which exclude volatile series on aircraft and parts and defense, rose 1.2 percent in February from the prior month. Shipments of core capital goods were up 1.4 percent. These gains follow declines for both series in January and were slightly below many forecasters' expectations.



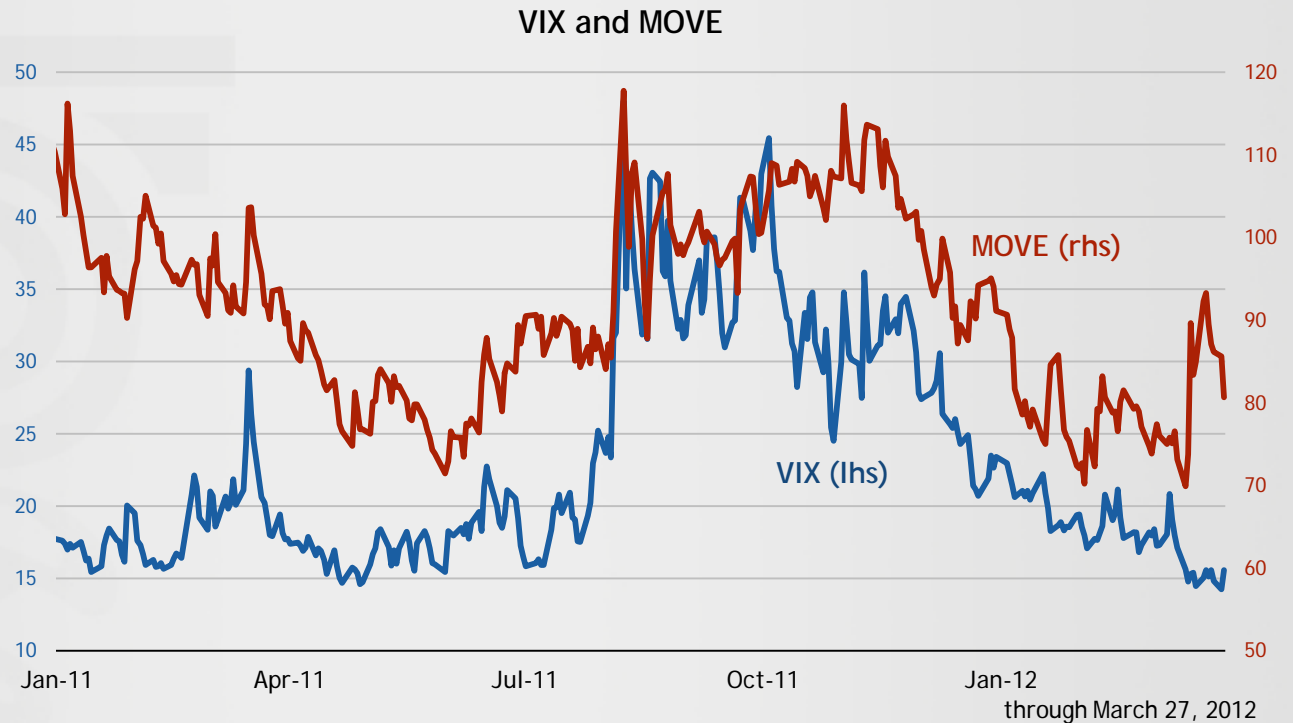
ADDITIONAL DETAIL

- Highlights of the Census Bureau's Advance Report on Durable Goods include a surge in orders for communications equipment over their January level (up 11.2 percent). The report also included a **5.7 percent rise in orders for machinery**, a **2.7 percent gain in computer and electronic parts orders**, and a **1.6 percent gain in new orders for motor vehicles and parts** during the same period.
- New orders for electrical equipment were down 2.5 percent over the January level.
- More detail will be included in the Census' Factory Orders Report, released Tuesday, April 3. Next week's *Economic and Financial Highlights* will include a summary.

EQUITY AND BOND MARKETS

SUMMARY

The Merrill Lynch MOVE index shows bond market volatility has declined 33 percent from its close on December 30, 2011. The VIX “fear index” from the Chicago Board Option Exchange indicates equity market volatility has declined 11 percent over the same period.



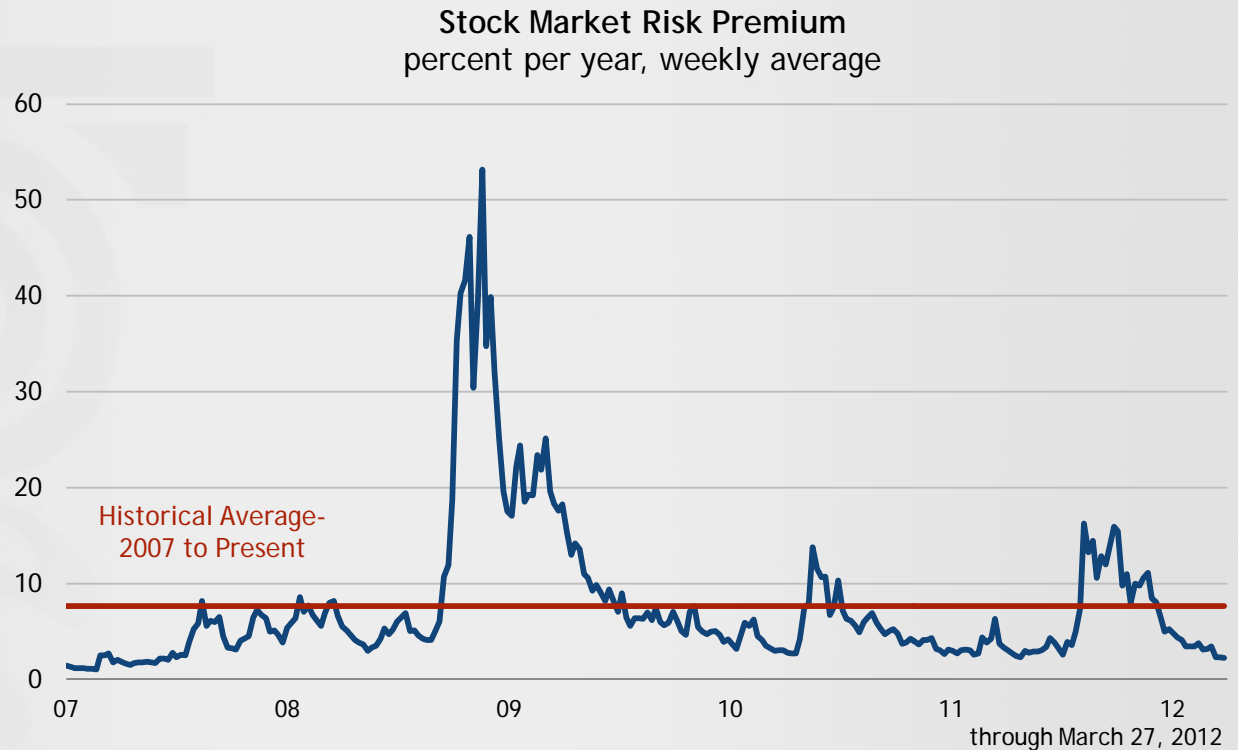
Sources: Merrill Lynch, *Wall Street Journal*, Chicago Board Options Exchange

EQUITY AND BOND MARKETS

SUMMARY

Over the last three weeks, the moving average of the premium that investors have demanded in order to invest in stocks has declined to its lowest level since June 2007.

The premium has averaged 2.29 percent per year over the last three weeks, a noticeable decline from last November's level of over 10 percent.



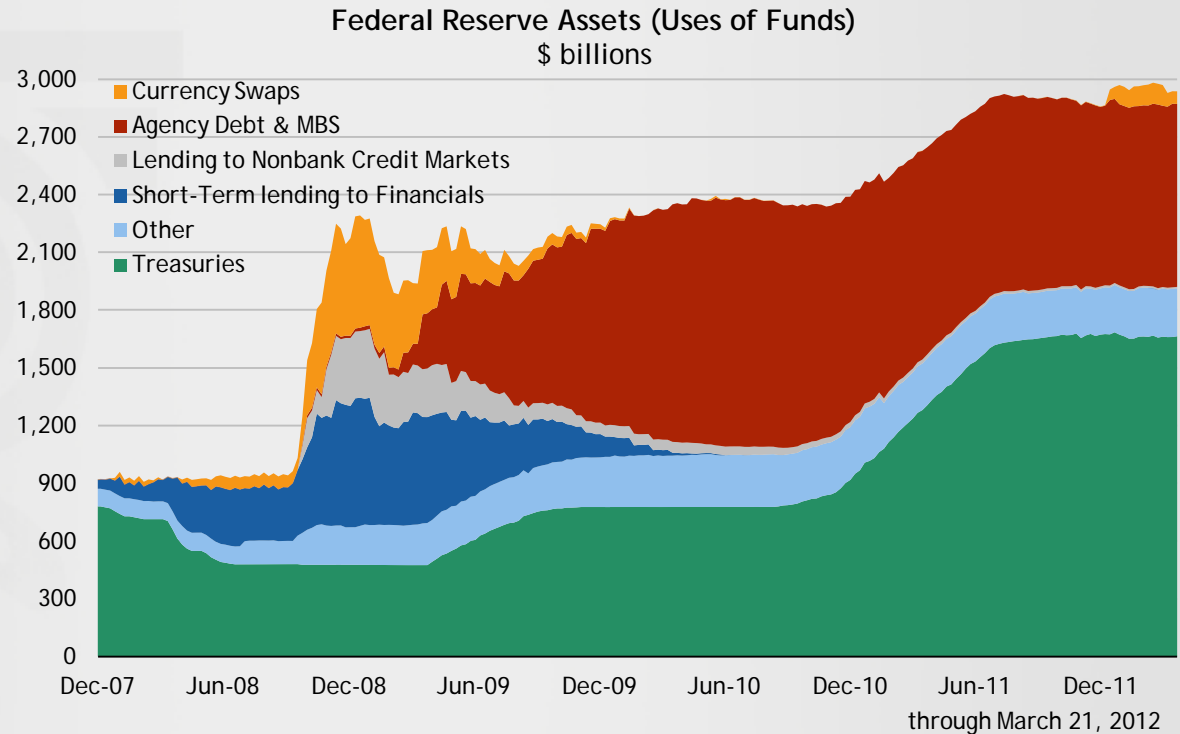
Sources: FRB Atlanta calculations, using VIX from Chicago Board Options Exchange

FEDERAL RESERVE BALANCE SHEET

SUMMARY

Between March 14 and March 21, the balance sheet decreased by \$0.4 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 \$63 billion.



ADDITIONAL DETAIL

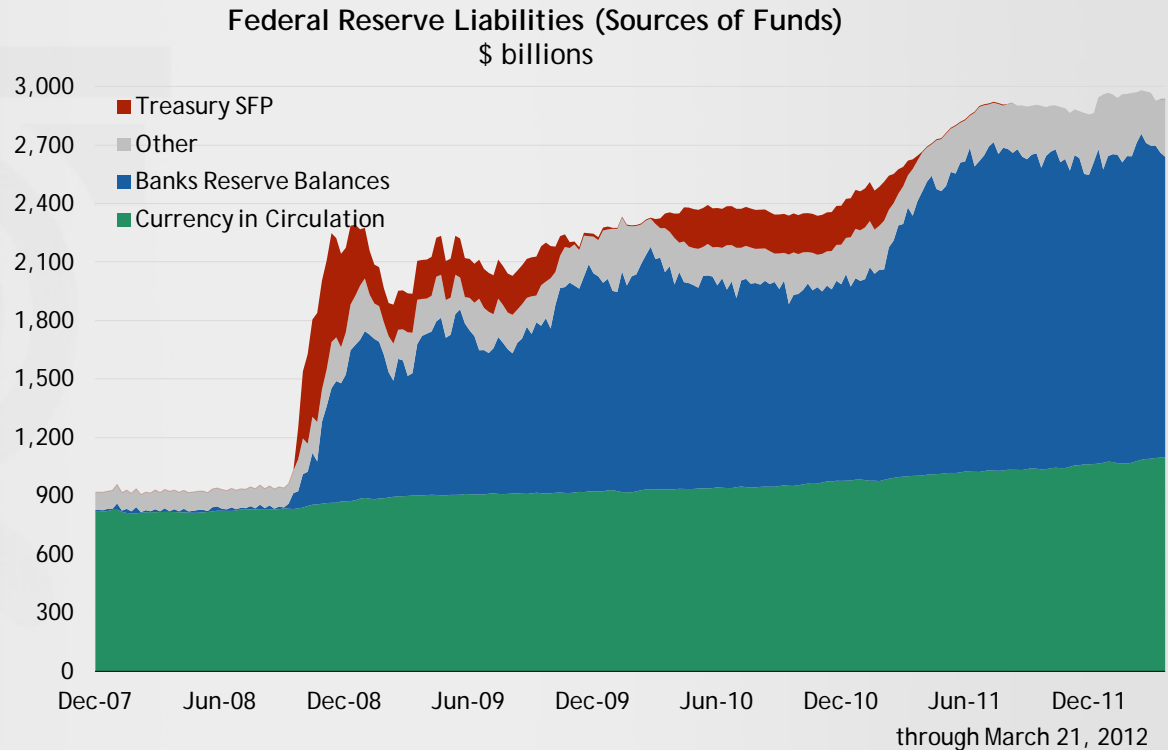
- Treasuries increased by \$3.7 billion while agency debt and mortgage-backed securities decreased by \$3.4 billion.
- [Central bank liquidity swaps](#) increased by \$0.7 billion.
- According to the [New York Fed's tentative outright Treasury operation schedule](#), and in line with the [Maturity Extension Program](#), the Open Market Trading Desk plans to purchase approximately \$44 billion in Treasury securities with remaining maturities of 6–30 years and sell approximately \$43 billion in Treasury securities with remaining maturities of three years or less over the month of March.

FEDERAL RESERVE BALANCE SHEET

SUMMARY

Between March 14 and March 21, bank reserve balances with the Federal Reserve decreased by \$21.6 billion, while Treasury deposits with the Federal Reserve increased by \$41.8 billion.

As of March 21, 2012, bank reserves are \$1.54 trillion.



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

ADDITIONAL DETAIL

- [Reverse repurchase agreements](#) with foreign official and international accounts decreased by \$13.4 billion.
- Nonreserve deposits with the Federal Reserve decreased by \$6.4 billion.