

ECONOMIC AND FINANCIAL HIGHLIGHTS

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MARCH 21, 2012

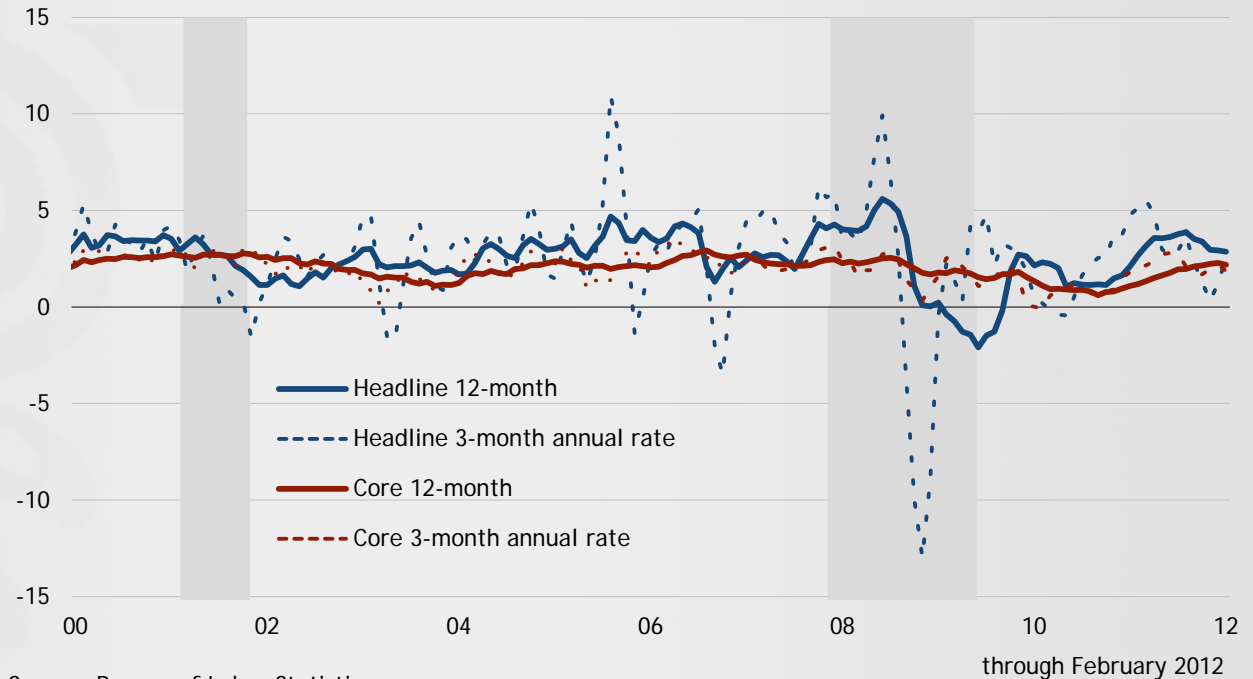


CONSUMER/PRODUCER PRICES

SUMMARY

The headline consumer price index (CPI) rose at a 5 percent annual rate in February from January, supported by a 101.8 percent (annualized) increase in the gasoline index. Excluding food and energy, core CPI decelerated to 1.2 percent (annual rate) amid advances in the indices for shelter, new vehicles, medical care, and household furnishings and operations, which were partially offset by declines in the indices for apparel, recreation, used cars and trucks, and tobacco.

Consumer Price Index
percent change over given period



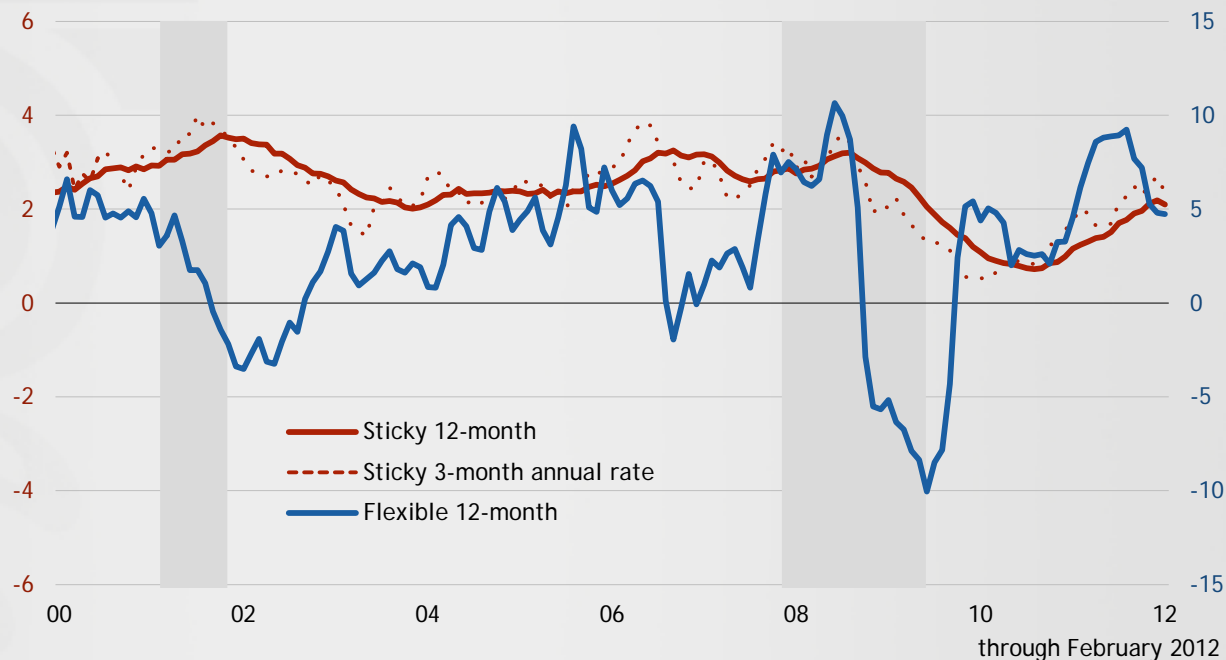
Source: Bureau of Labor Statistics

CONSUMER/PRODUCER PRICES

SUMMARY

The Atlanta Fed's sticky price CPI rose at a 1.5 percent annualized pace in February and is up 2.1 percent on a 12-month basis.

Sticky and Flexible CPI
percent change over given period



Sources: Bureau of Labor Statistics, Atlanta Fed

ADDITIONAL DETAIL

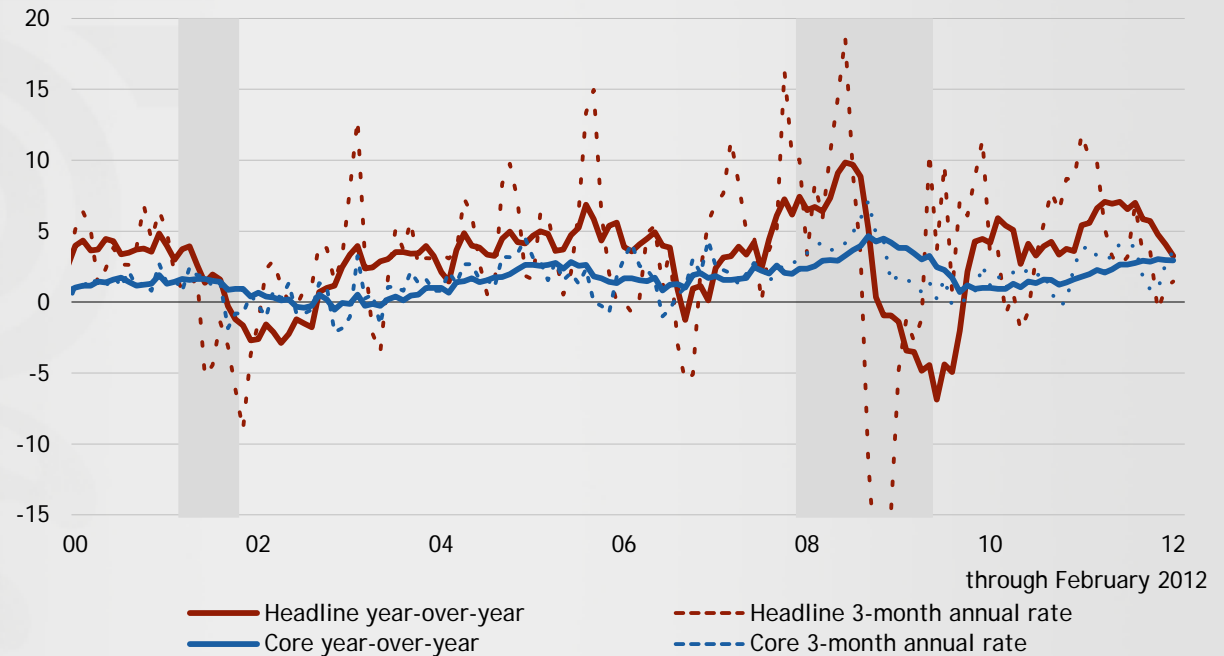
- The Atlanta Fed's sticky price CPI measure—the weighted basket of goods consumers purchase that change prices relatively infrequently—rose 1.5 percent (annualized) in February, following 3.1 percent growth in January. The 12-month index rose 2.1 percent, decelerating slightly from 2.2 percent in January.
- The sticky price index increased 1.4 percent (annualized) on a core basis (excluding food and energy) in February, and the 12-month index rose 2 percent.
- The flexible cut of the CPI—a weighted basket of goods that change price relatively frequently—increased at a 12.4 percent annual rate in February and was up 4.7 percent from year-earlier levels.

CONSUMER/PRODUCER PRICES

SUMMARY

The producer price index (PPI) for finished goods rose 4.4 percent (annualized) in February, following a 1.3 percent gain in January. The index for finished energy goods jumped 17.3 percent in February, while the index for food declined for the third consecutive month. Finished core PPI decelerated from 5.5 percent to 2 percent (annualized).

Finished Goods Producer Price Index
percent change over given period

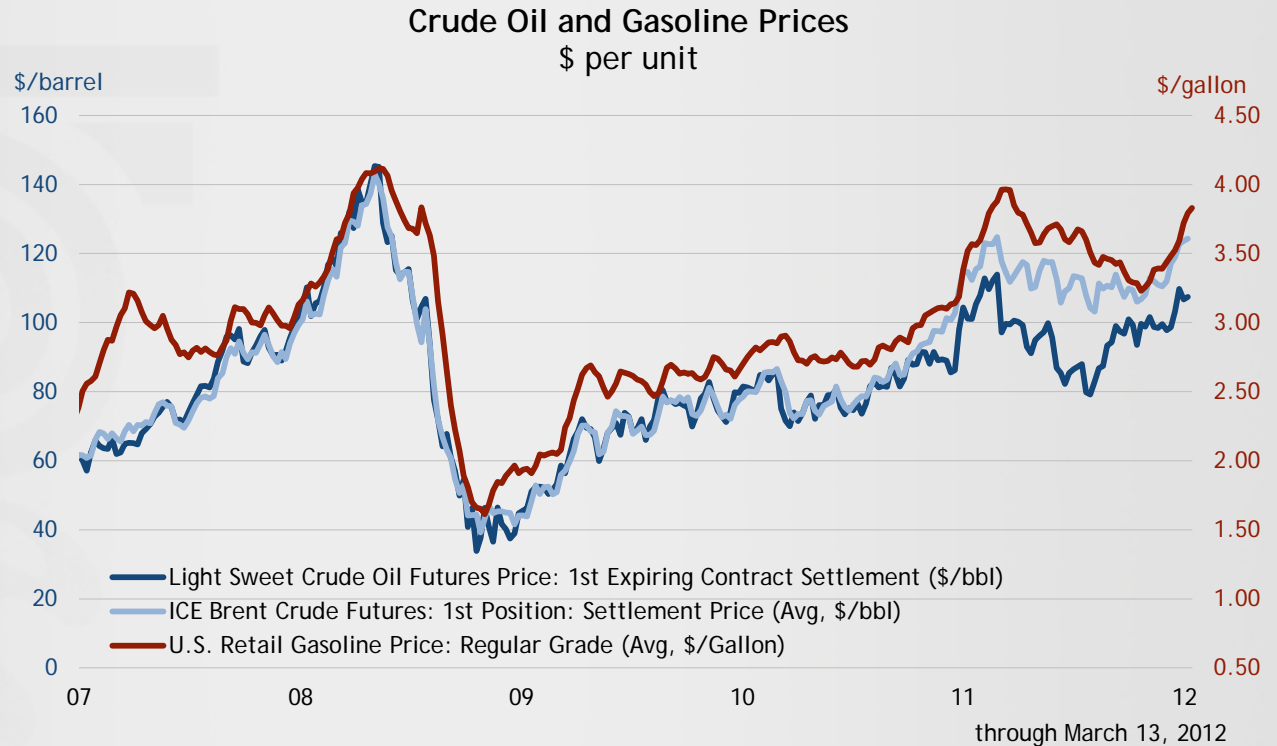


Source: Bureau of Labor Statistics

CONSUMER/PRODUCER PRICES

SUMMARY

Prices for both Brent crude oil and retail gasoline have risen by around 18 percent since mid-December. The price increase for West Texas Intermediate crude, which trades in Cushing, Oklahoma, has been more muted.

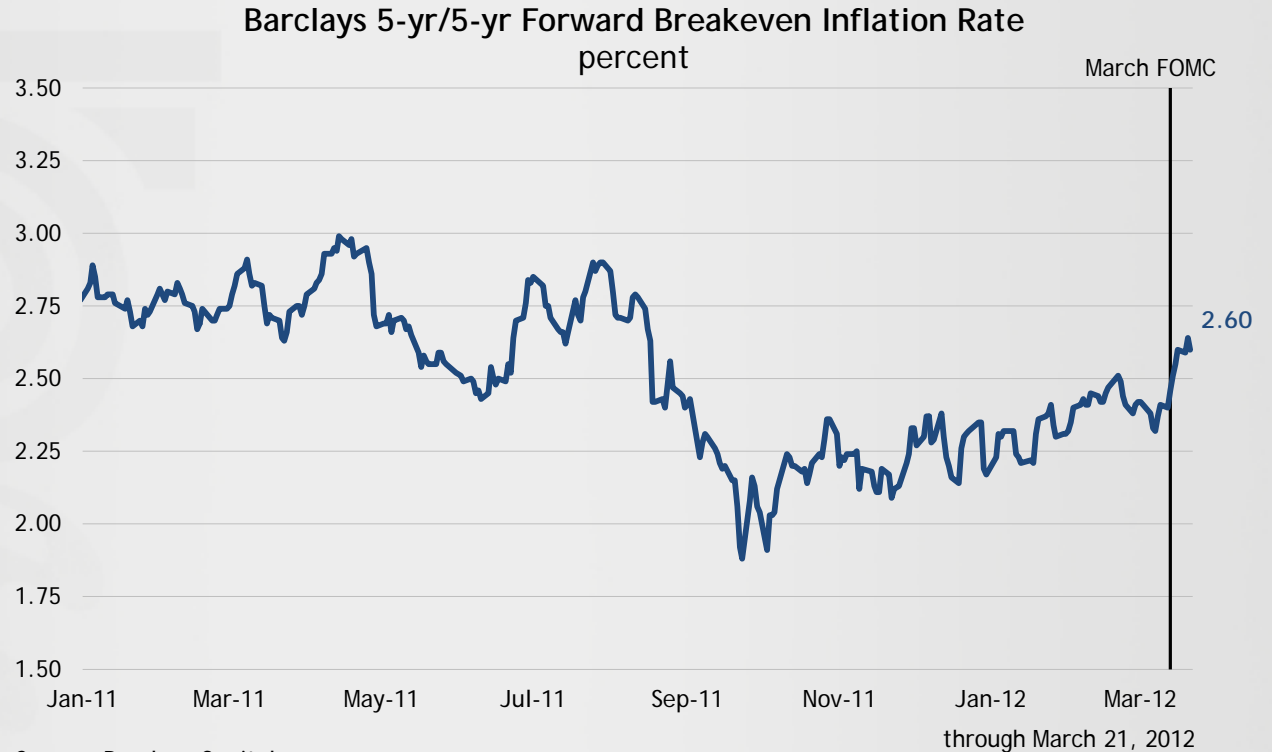


Sources: Wall Street Journal, Intercontinental Exchange, Energy Information Administration

CONSUMER/PRODUCER PRICES

SUMMARY

The Barclays 5-year/5-year forward breakeven inflation rate has risen sharply in the past week, reaching 2.6 percent as of March 21.

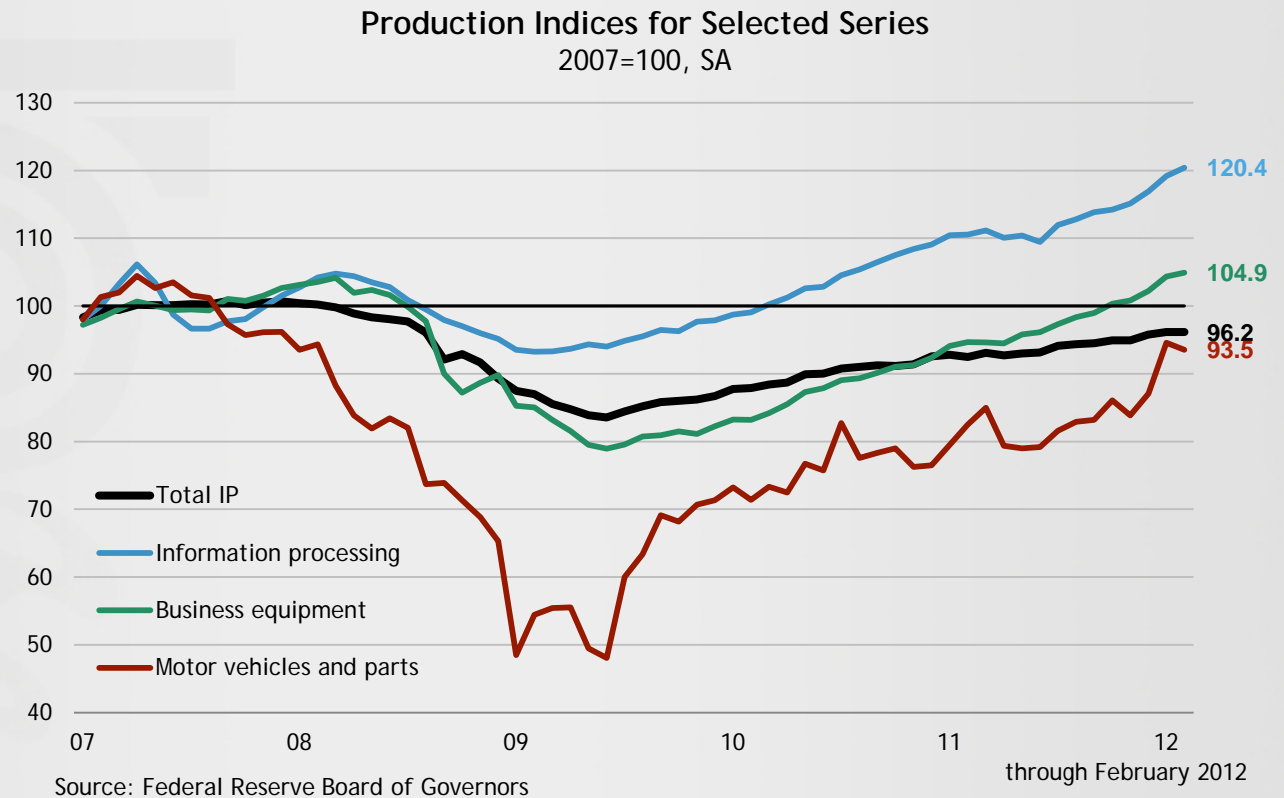


Source: Barclays Capital

MANUFACTURING

SUMMARY

The overall index measuring industrial production was unchanged in February from January's level. The index measuring the production of manufacturers increased 0.3 percent. The output of mines fell 1.2 percent in February, while the output of utilities was unchanged.



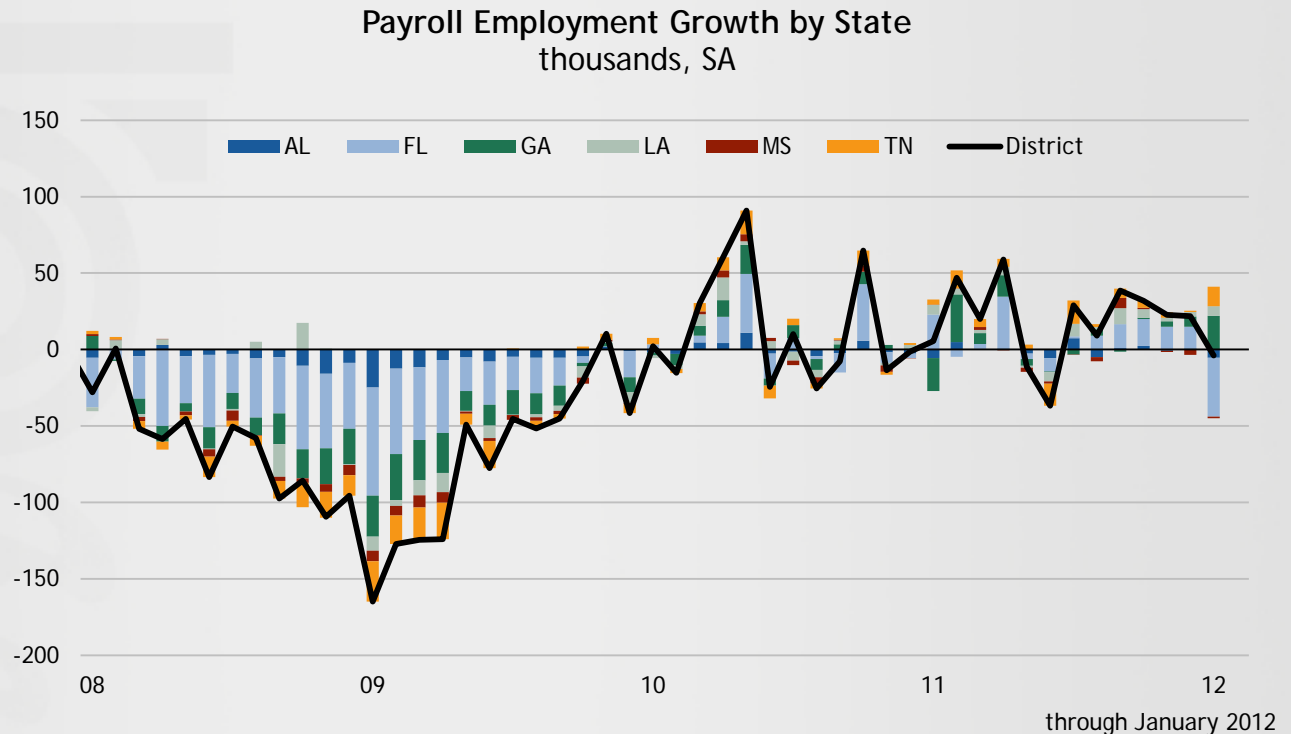
ADDITIONAL DETAIL

- The output of motor vehicles and parts fell about 1 percentage point in February; this decline follows a 7.5 percentage point surge in January.
- The production of business equipment was up 0.6 percentage points in February, and output of information-processing industries increased 1.2 percentage points.
- Capacity utilization slipped 0.1 percentage point from 78.8 percent in January to 78.7 percent in February. The decrease was driven by lower utilization rates in mining and utilities.
- For manufacturers, the utilization rate rose from 77.3 percent in January to 77.4 percent in February.

EMPLOYMENT

SUMMARY

The January regional employment report indicated a net loss of 3,900 jobs for the Sixth District.



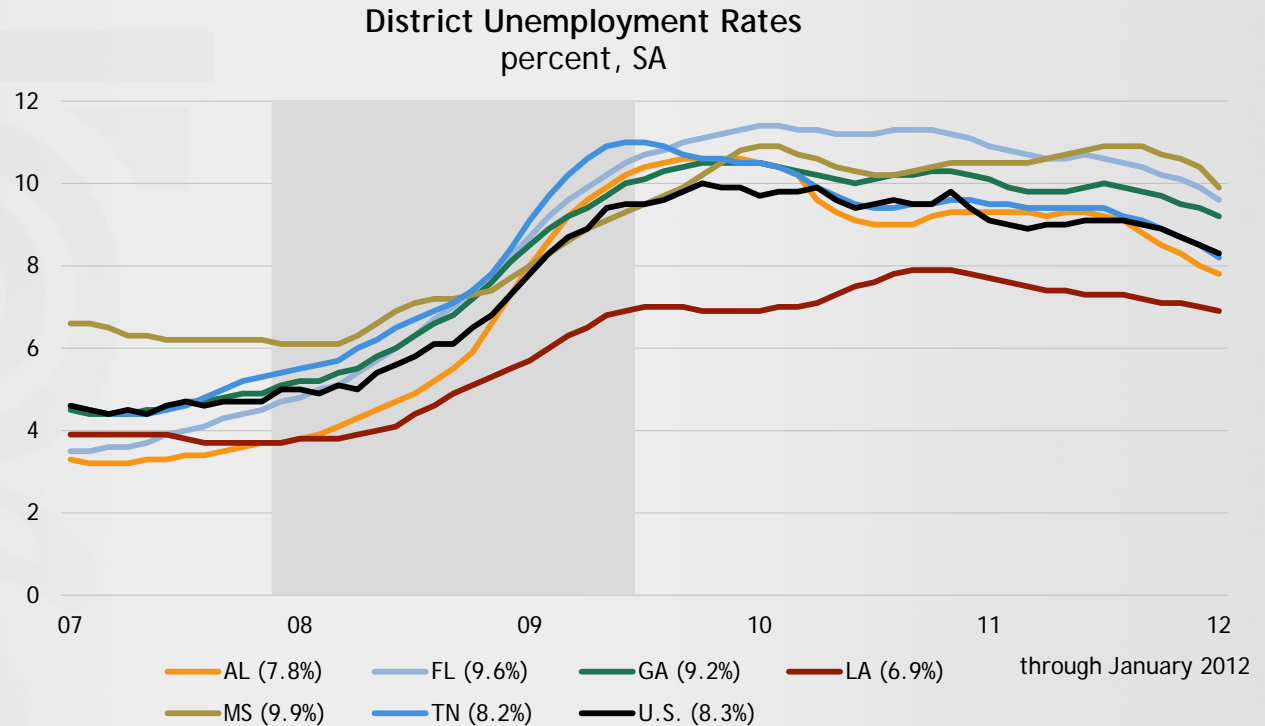
ADDITIONAL DETAIL

- Georgia, Louisiana, and Tennessee added payrolls, while Alabama, Florida, and Mississippi reduced employment over the month.
- Losses in Alabama and Mississippi were minor compared with the loss of 38,600 jobs in Florida, which essentially drove the employment decrease for the district overall.
- The sectors accounting for the majority of job losses in Florida are education and health services (down 11,000), government (down 8,100), construction (down 6,200), and trade, transportation, and utilities (down 6,200).

EMPLOYMENT

SUMMARY

The district unemployment rate decreased to 8.9 percent in January.



Source: U.S. Bureau of Labor Statistics

ADDITIONAL DETAIL

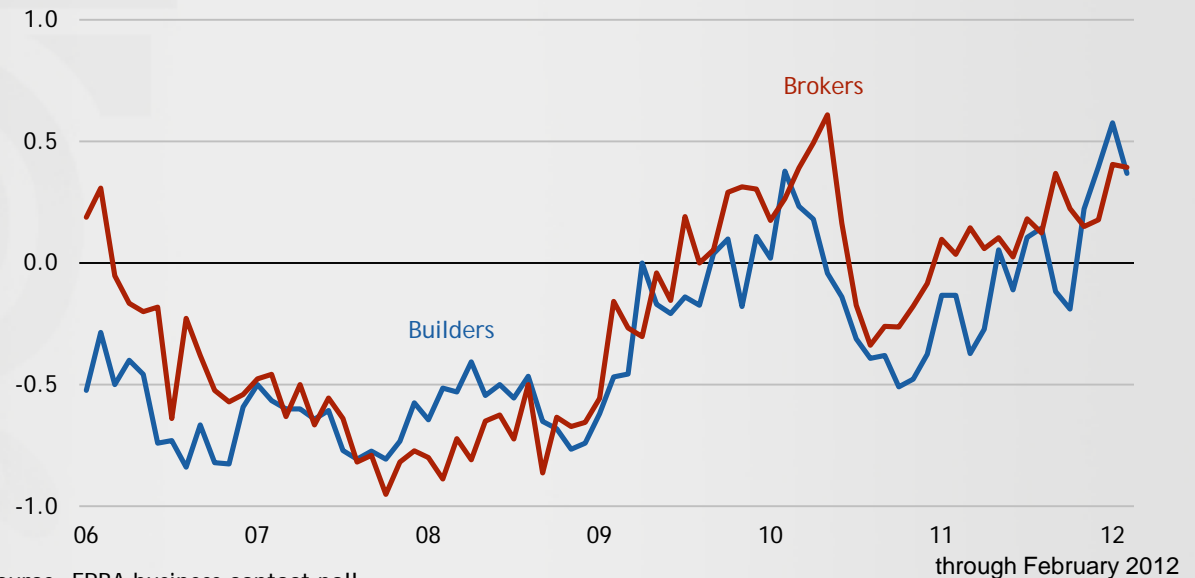
- All the Sixth District states experienced decreases in their unemployment rates in January, even though half of them cut payrolls over the month. The discrepancy arises as a result of the difference in the underlying surveys for the unemployment rates and payroll numbers. Fundamentally, the regional household survey (relevant for the unemployment rate) is based on information collected from households, and the regional establishment survey (relevant for payrolls) is based on data provided by employers. Because the sources of the two surveys are different, the information from one isn't always consistent with the other.
- The unemployment rates for district states have been declining at a relatively rapid pace; Alabama, Louisiana, and Tennessee now have unemployment rates that are lower than the national rate of 8.3 percent.

REAL ESTATE

SUMMARY

The majority of Southeast homebuilders and brokers continued to report that sales increased on a year-over-year basis in February.

February 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

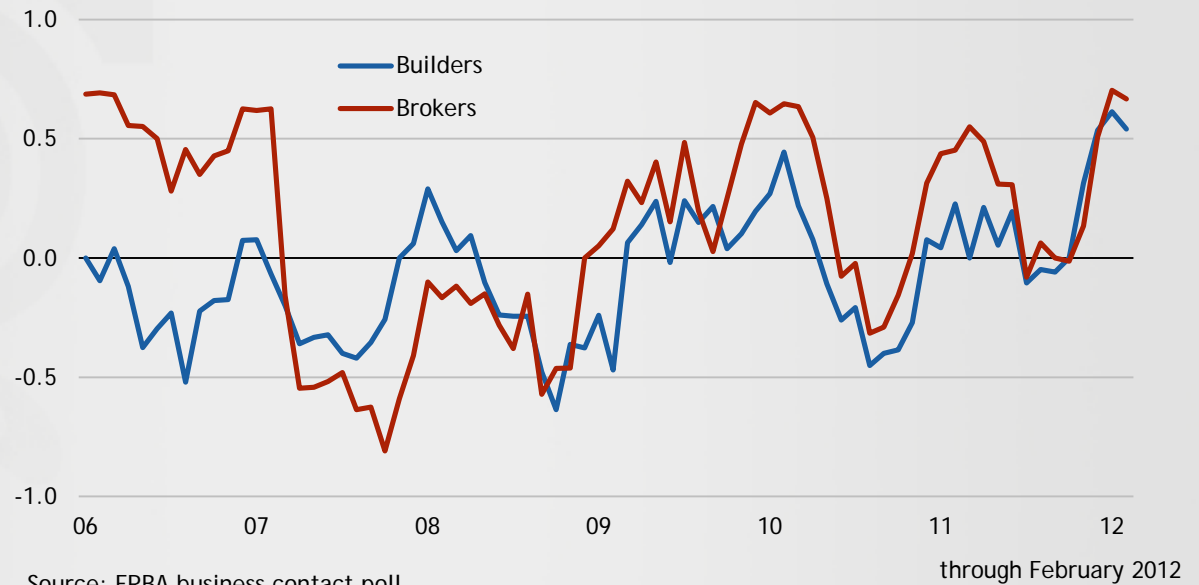
- *Note:* February 2012 poll preliminary results are based on responses from 66 residential brokers and 38 homebuilders and were collected March 5-14, 2012.

REAL ESTATE

SUMMARY

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

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



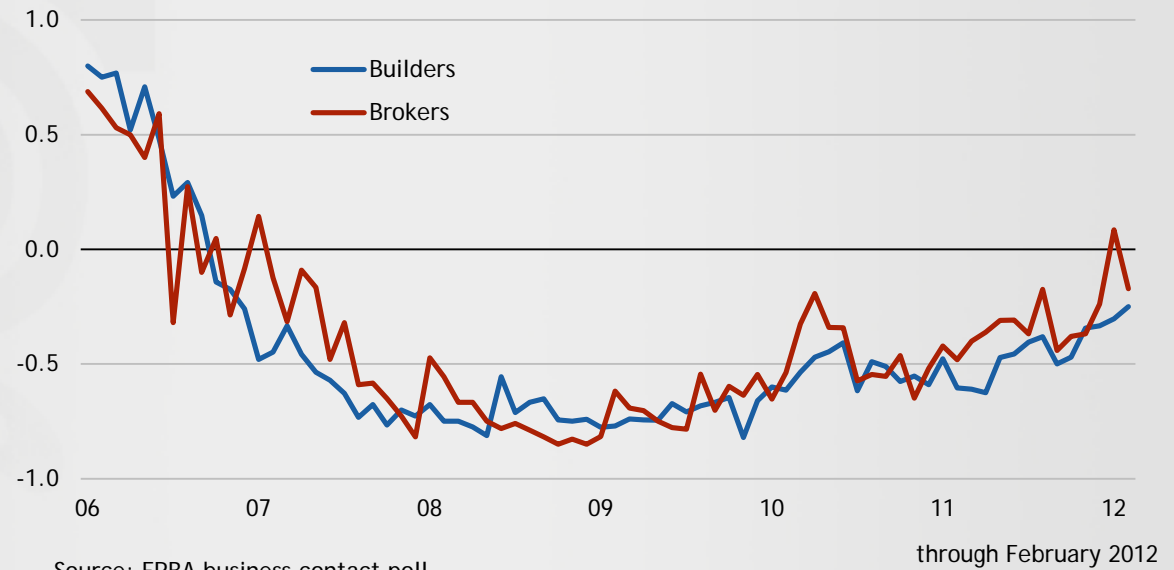
Source: FRBA business contact poll

REAL ESTATE

SUMMARY

Southeast brokers indicated that home prices softened again on a year-over-year basis, and builders continued to note more moderate declines.

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



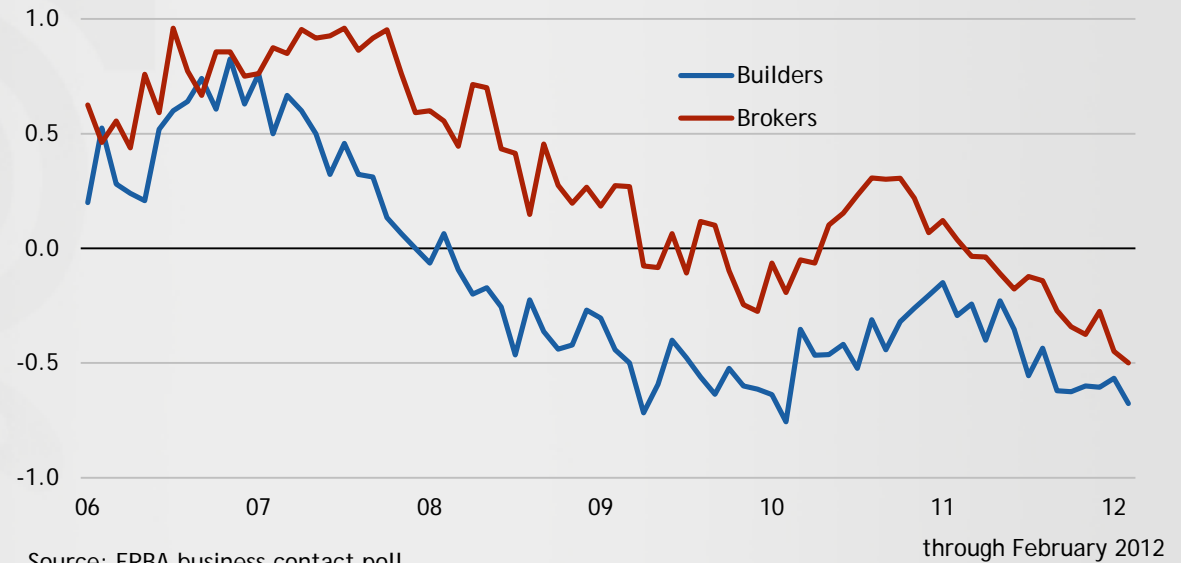
Source: FRBA business contact poll

REAL ESTATE

SUMMARY

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

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



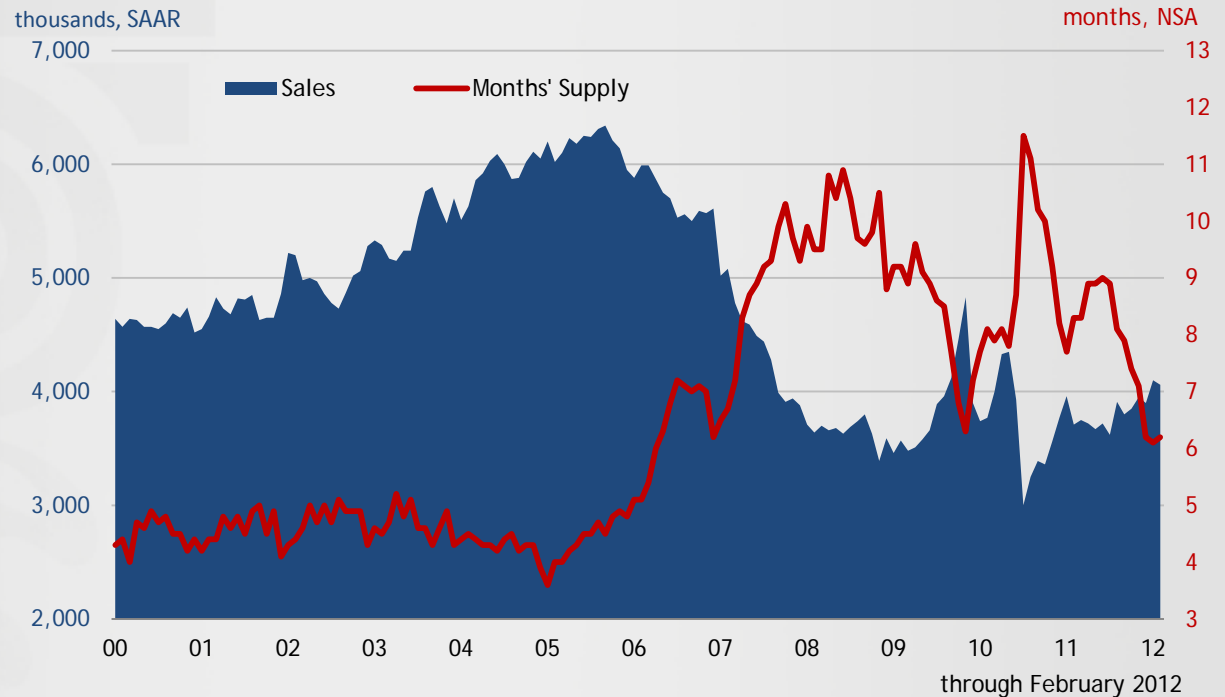
REAL ESTATE

SUMMARY

On a month-over-month basis, total sales of existing single-family and multifamily homes declined by 0.9 percent in February, but over the year, they are up 8.8 percent.

Months' supply of existing single-family homes increased slightly from 6.1 months to 6.2 months.

Sales and Months' Supply of Existing Single-Family Homes



Source: National Association of Realtors

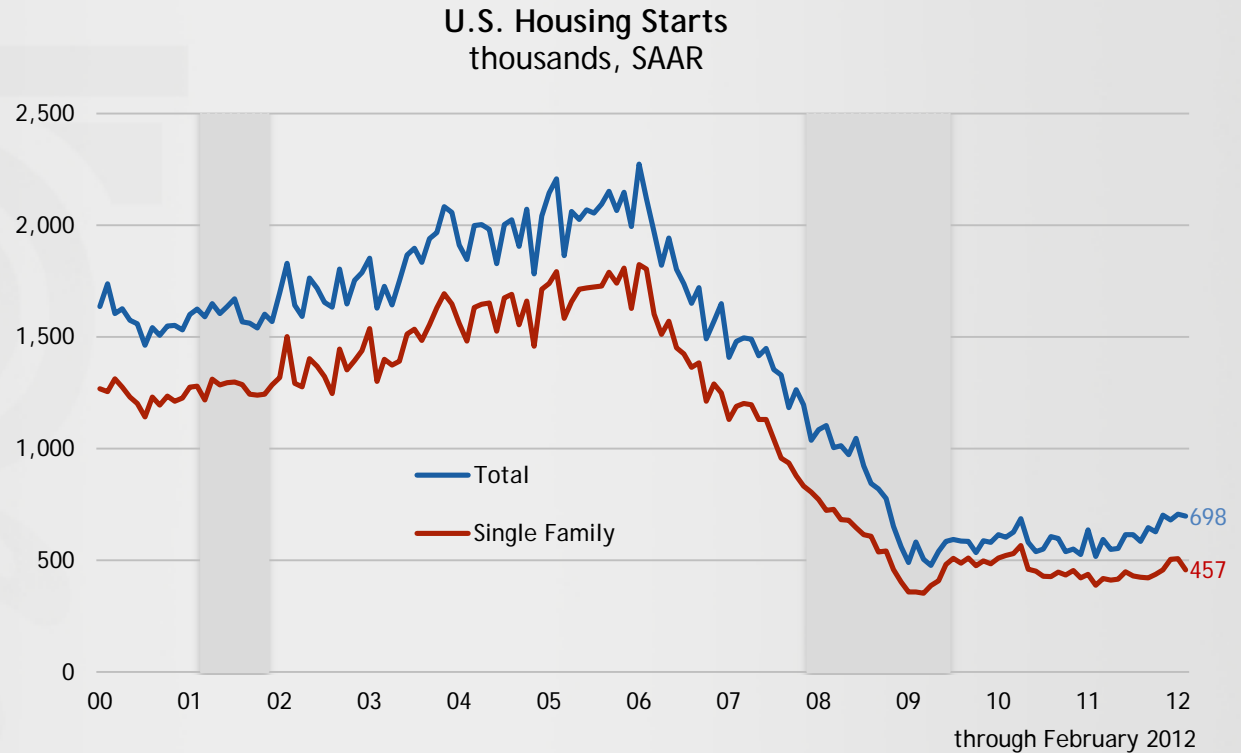
| | February 2012 Home Sales | | |
|------------------------|--------------------------|------------------|--------------------|
| | Thousands, SAAR | Year/year change | Month/month change |
| Existing total: | 4590 | 8.8% | -0.9% |
| Single-Family: | 4060 | 9.4% | -1.0% |
| Multifamily: | 530 | 3.92% | 0.0% |

REAL ESTATE

SUMMARY

Housing starts in February were 1.1 percent below the revised January estimate of 706,000 but are up 34.7 percent in comparison to the February 2011 rate of 518,000.

Single-family housing starts in February were 9.9 percent below the revised January figure of 507,000.



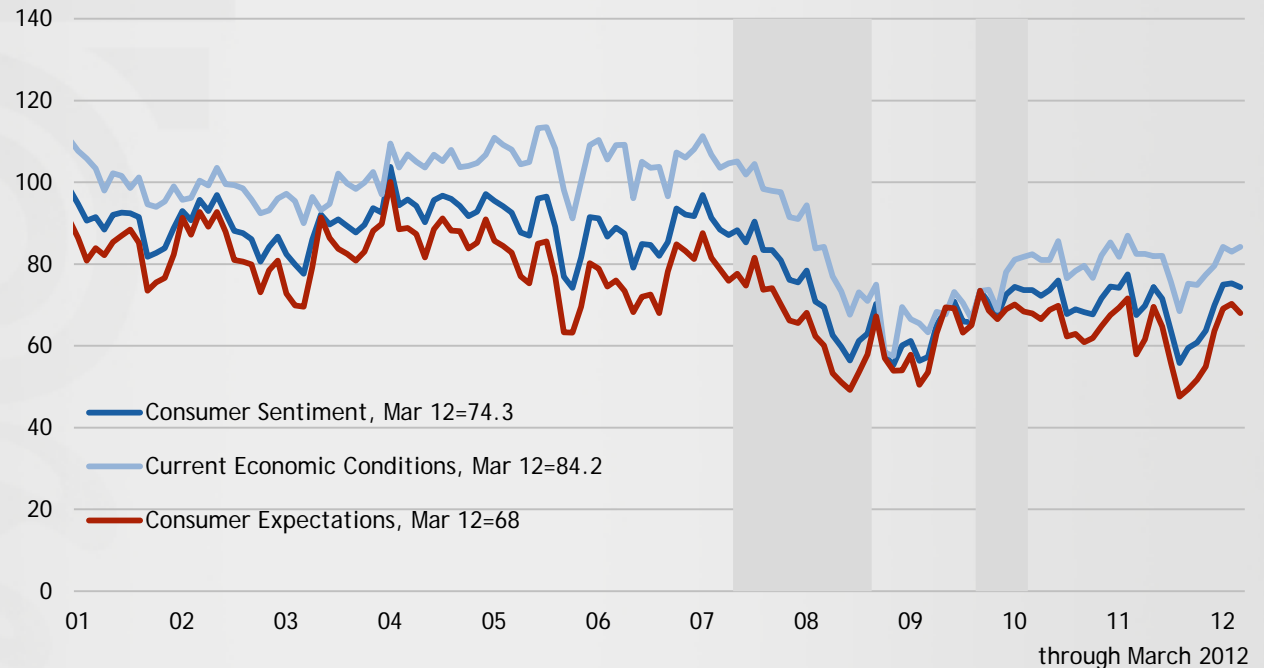
Source: U.S. Census Bureau and the Department of Housing and Urban Development

CONSUMER SENTIMENT

SUMMARY

The consumer sentiment index declined from 75.3 points in February to 74.3 points in March. Final measures were revised up for February. According to a Thomson Reuters/University of Michigan [report](#), the increase in recent months has stemmed from consumer reports of improvements in the labor market.

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



Source: Reuters/University of Michigan

ADDITIONAL DETAIL

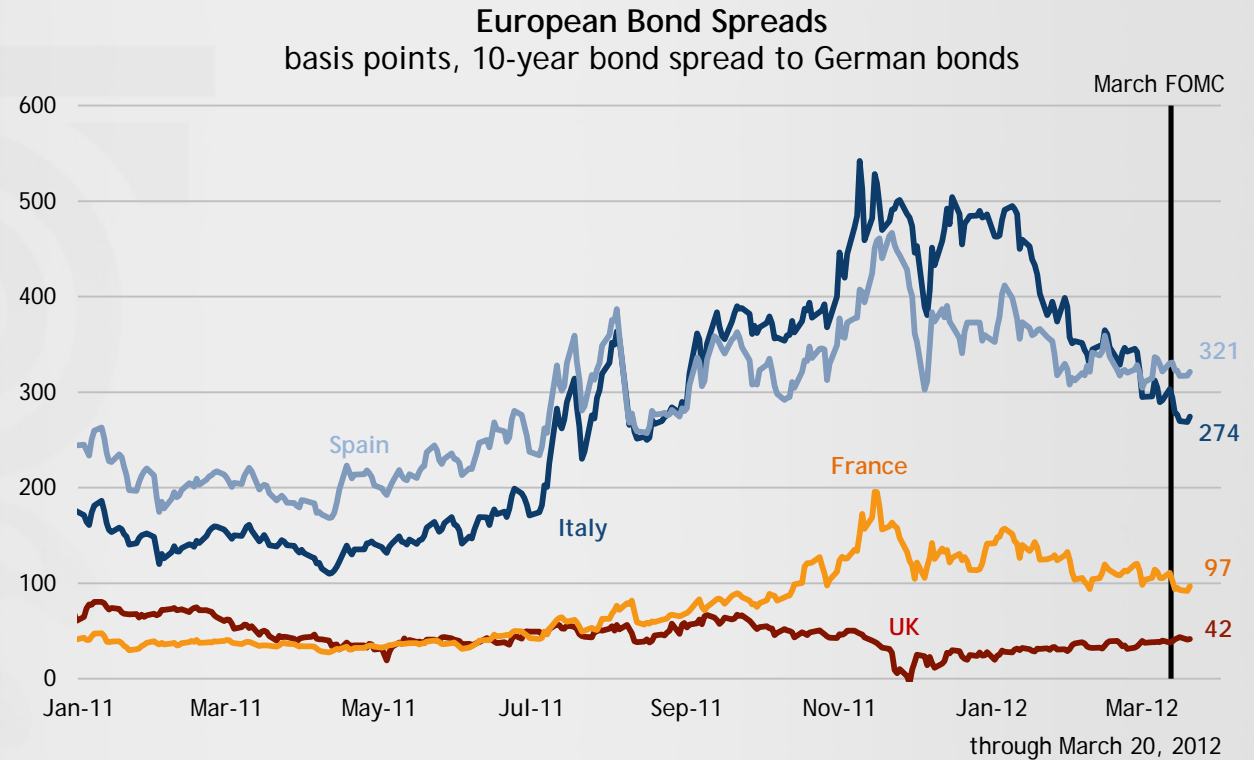
- The overall consumer sentiment measure for February was revised up from 72.5 to 75.3.
- The index based on questions about current economic conditions improved from 83 in February to 84.2 in March.
- The index based on consumer expectations declined from 70.3 in February to 68 in March.

EUROPEAN BOND MARKET

SUMMARY

European bond spreads (against the 10-year German bond) have narrowed slightly for the major eurozone countries: Italy, Spain, and France.

Since the March 13, 2012, FOMC meeting, spreads are lower by 20 basis points (bps) for Italian bonds, 10 bps for the Spanish bonds, and 6 bps for French bonds.



Source: Bloomberg