

ECONOMIC AND FINANCIAL HIGHLIGHTS

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JUNE 13, 2012



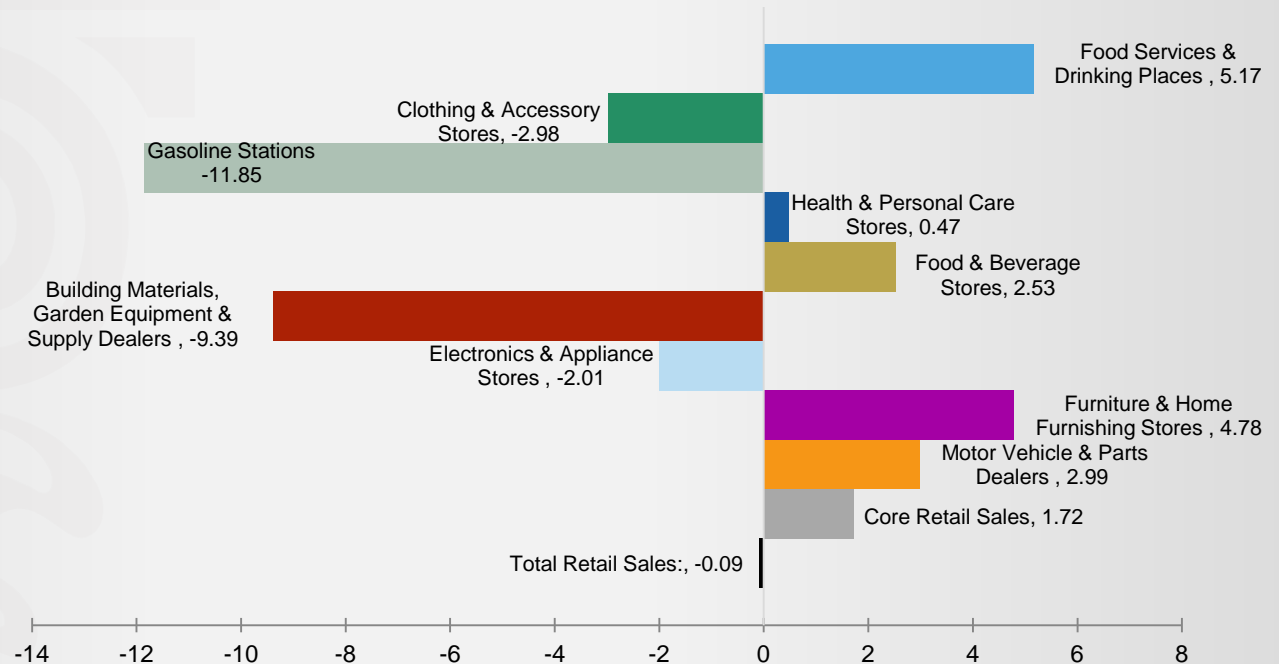
CONSUMER SECTOR

SUMMARY

Advance estimates indicate that adjusted retail sales declined for the second month in a row. In May, total adjusted retail sales declined at an annual rate of 2 percent, which follows a preliminary estimate of a 2.7 percent decline (annual rate) in April.

Core retail sales, which exclude gasoline stations, motor vehicle parts and dealers, and building materials was essentially unchanged in May, increasing at an annual rate of 0.2 percent.

U.S. Retail Sales Components
March to May 2012 annualized percent change, SA



Source: U.S. Census Bureau

ADDITIONAL DETAIL

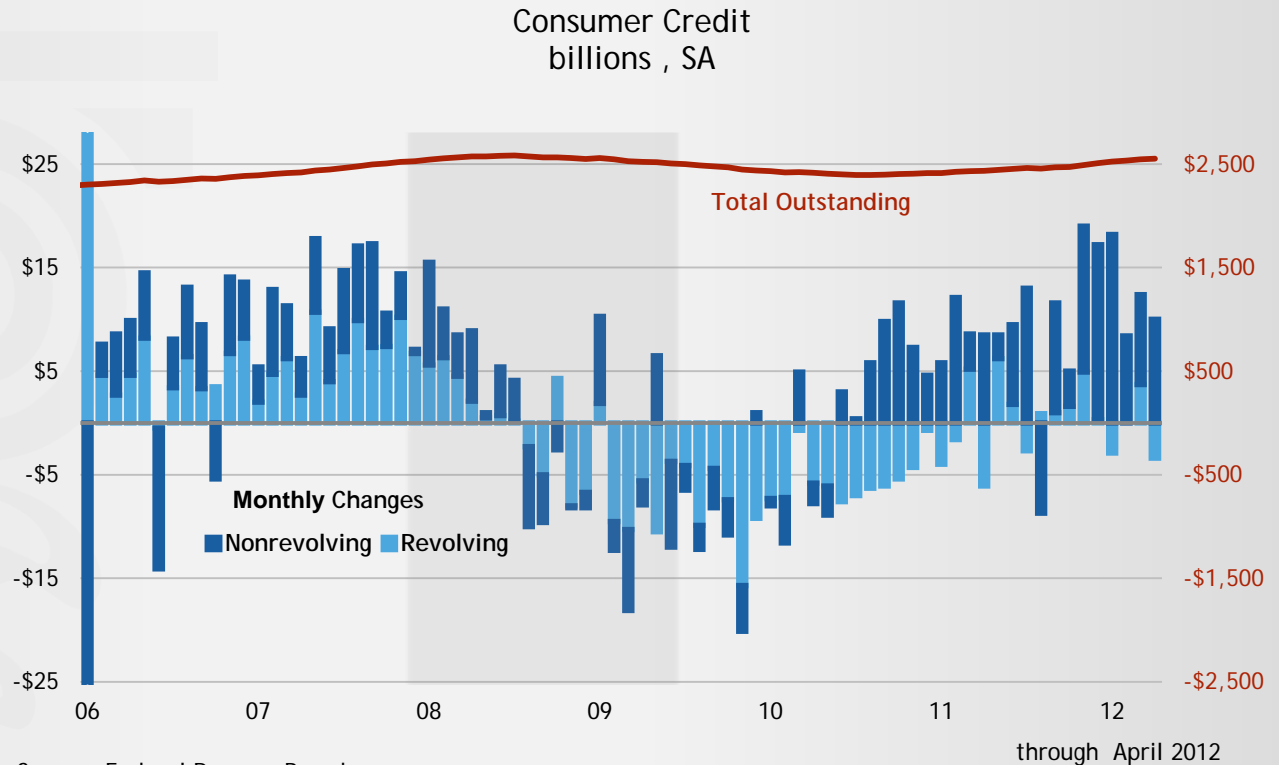
- Over the past three months total spending at retail establishments has been essentially flat, decreasing at a 0.1 percent pace. Core retail sales have increased modestly, at a 1.7 percent pace.
- While *adjusted* retail sales at building materials, garden equipment, and supply dealers has declined at an annual rate of 9.4 percent over the past three months, there is a large seasonal component to this series. Unadjusted, the component rose 13.7 percent over the past month (not annualized).
- At least part of the decline in spending at gasoline stations over the past three months has been the result of recent decreases in gasoline prices.

CONSUMER SECTOR

SUMMARY

Consumer credit outstanding increased \$6.5 billion in April, the smallest gain since October 2011.

Nonrevolving increased \$10 billion. Revolving decreased \$3.4 billion.



Source: Federal Reserve Board

ADDITIONAL DETAIL

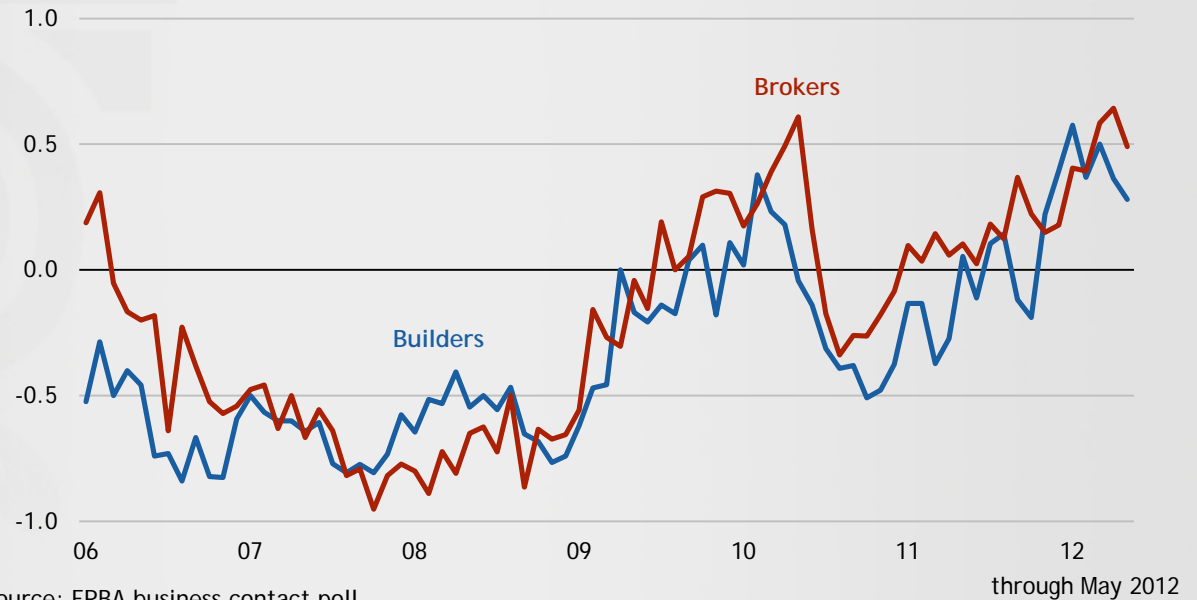
- Consumer credit outstanding is currently \$32 billion (about 1 percent) below its prerecession peak.

REAL ESTATE

SUMMARY

Nearly half of southeastern homebuilders and two-thirds of brokers contacted reported that sales increased on a year-over-year basis in May.

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



Source: FRBA business contact poll

Note: The housing survey's diffusion indices are calculated as the percentage of total respondents reporting increases minus the percentage reporting declines.

ADDITIONAL DETAIL

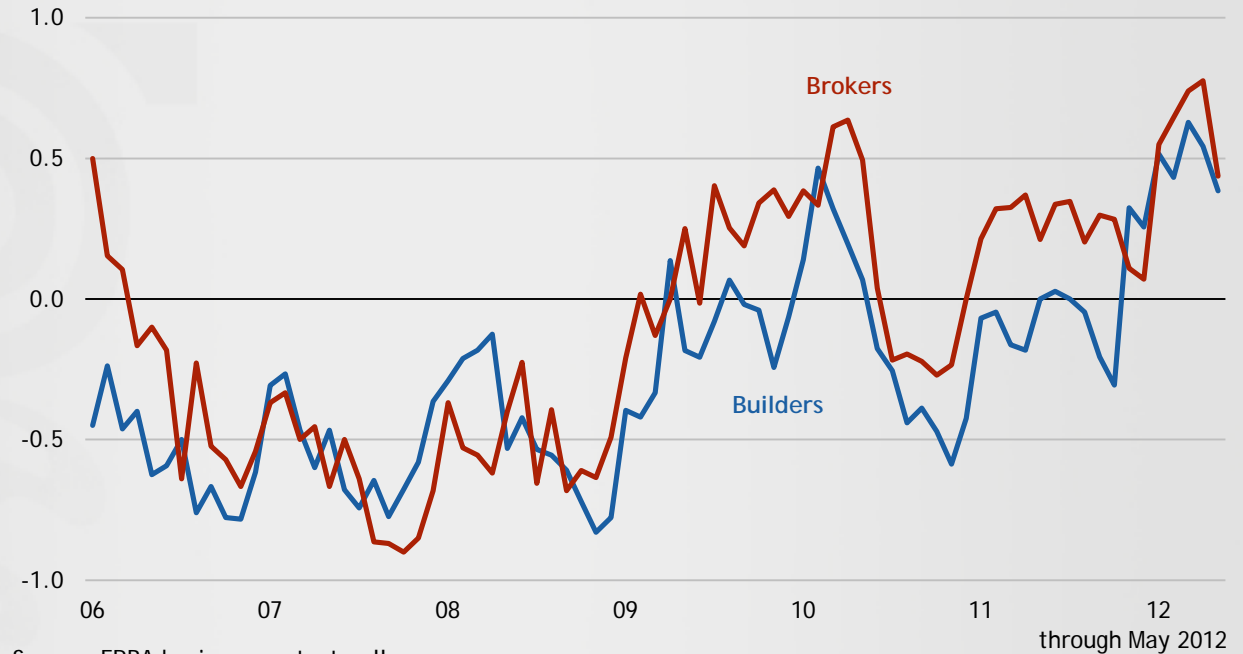
- Note: May 2012 poll preliminary results are based on responses from 50 residential brokers and 28 homebuilders and were collected June 4-13, 2012.

REAL ESTATE

SUMMARY

Southeast brokers and homebuilders reported that home buyer traffic moderated somewhat in May compared with a year earlier, and most continued to report traffic ahead of a year earlier.

May 2012 Southeast Home Buyer Traffic vs. a Year Earlier
diffusion index, 0+ = increase



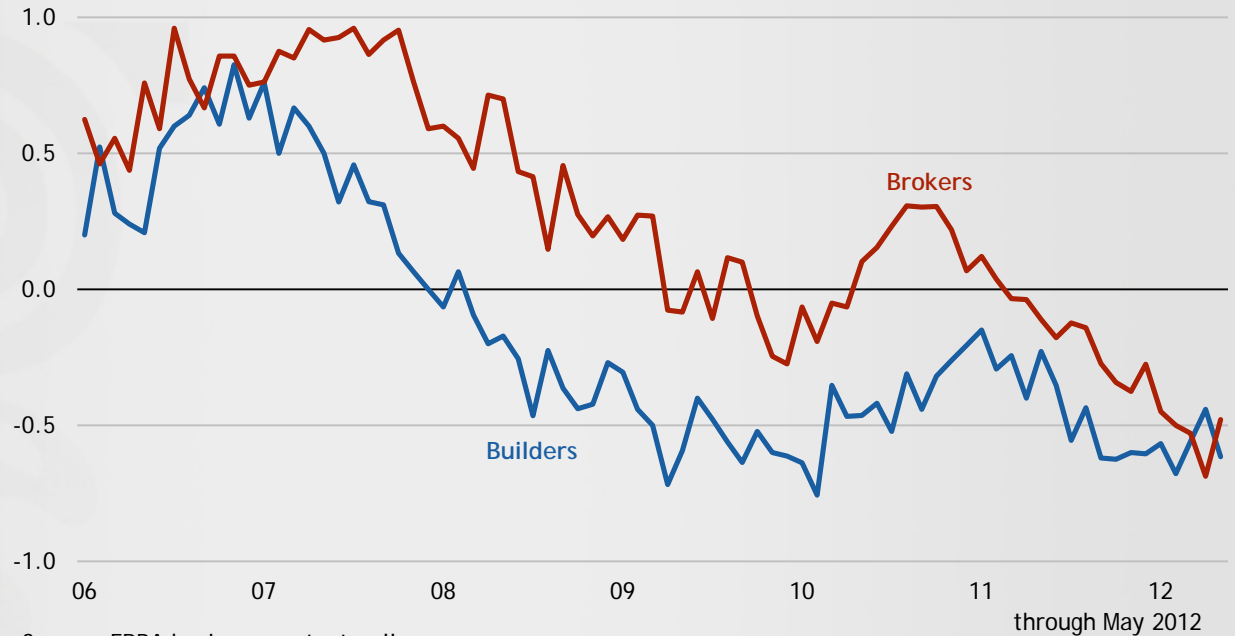
Source: FRBA business contact poll

REAL ESTATE

SUMMARY

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

May 2012 Southeast Home Inventories vs. a Year Earlier
diffusion index, 0+ = increase



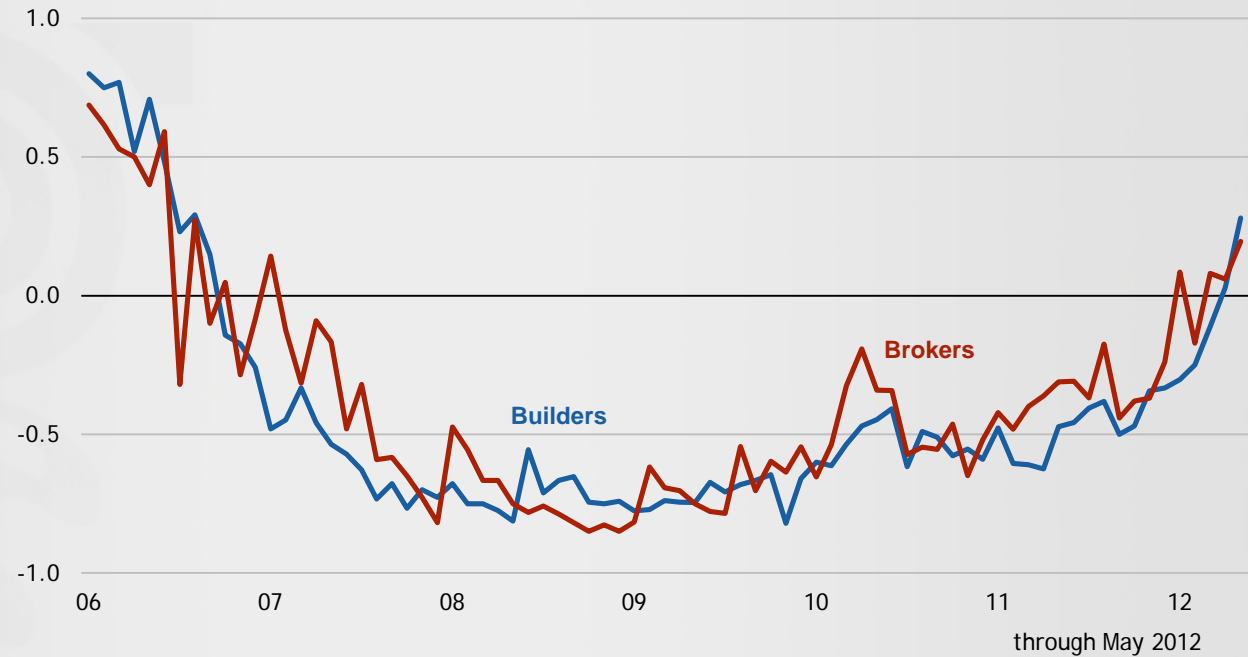
Source: FRBA business contact poll

REAL ESTATE

SUMMARY

Nearly half of Southeast home builders and brokers indicated that home prices were slightly ahead of the year-earlier level in May.

May 2012 Home Prices vs. a Year Earlier
diffusion index, 0+ = increase



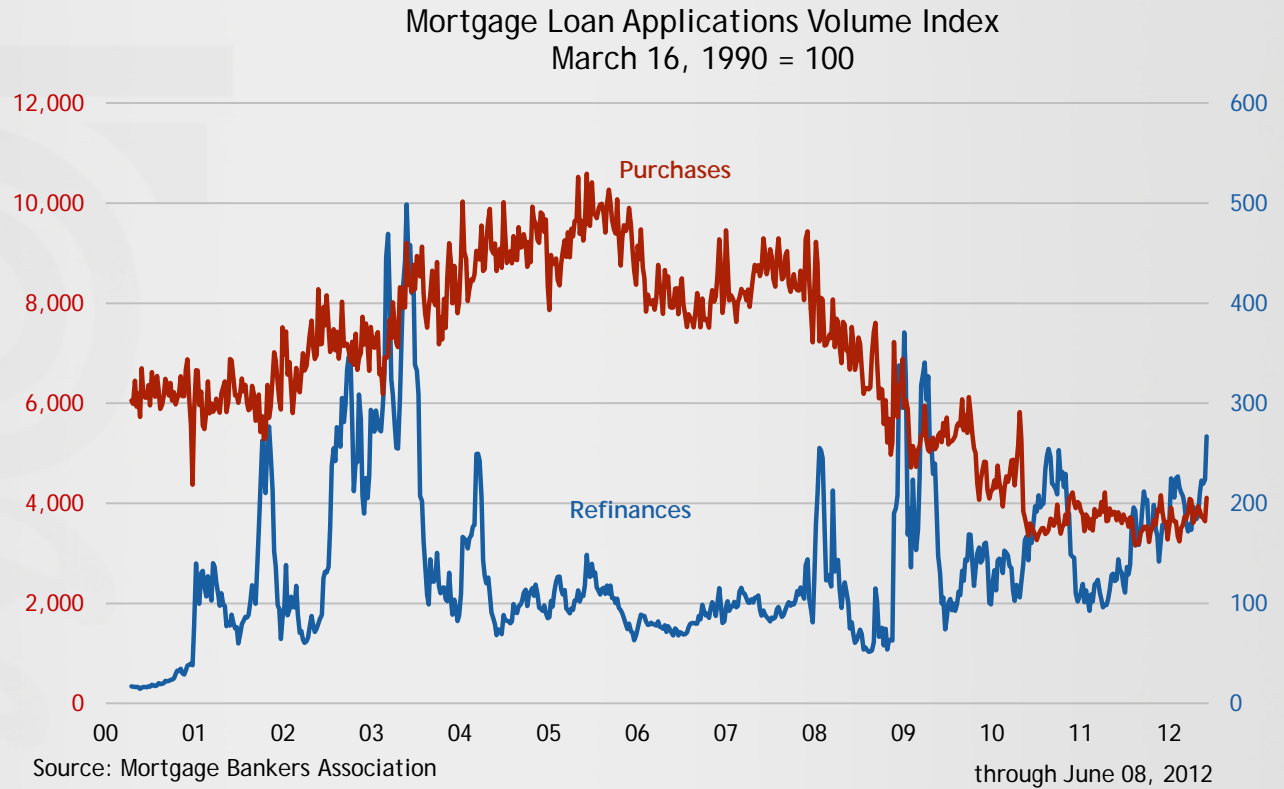
Source: FRBA business contact poll

REAL ESTATE

SUMMARY

Mortgage loan applications for refinancing have grown nearly 85 percent from year-earlier levels and over 26 percent over the month ending June 8.

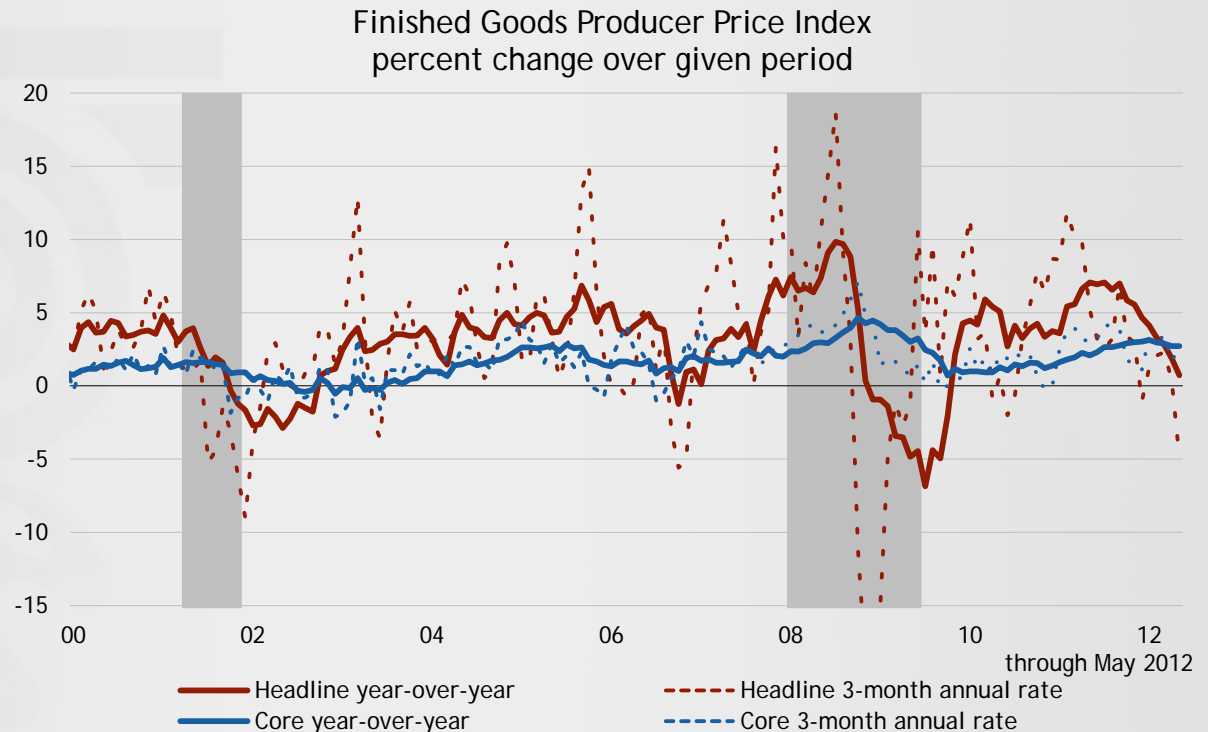
Mortgage loan applications for purchases have increased approximately 7.5 percent over the same period.



INFLATION

SUMMARY

The May report on the producer price index (PPI) showed a fairly broad-based decline in producer price inflation at all stages of production.



Source: Bureau of Labor Statistics

ADDITIONAL DETAIL

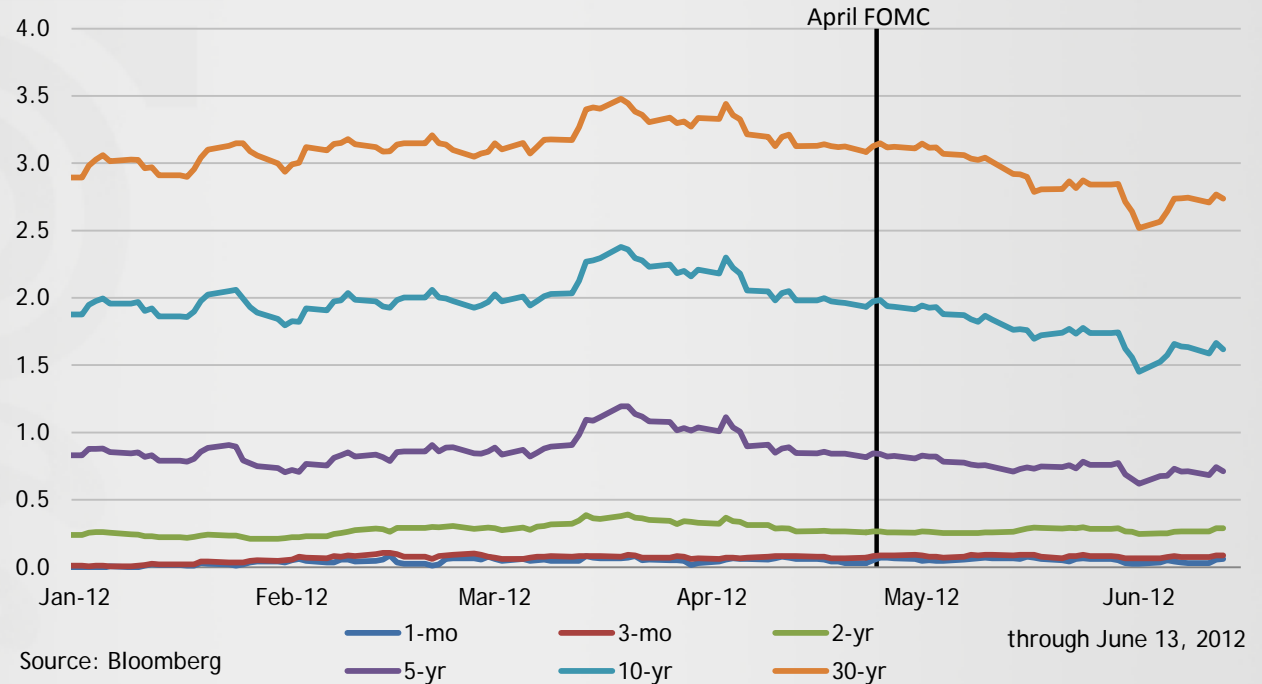
- PPI for finished goods fell 11.7 percent (annualized) in May, largely resulting from declines in the indices for finished food and energy. On a core basis, finished PPI inflation was 2 percent, unchanged from April.
- At earlier stages of production, PPI declined, on both a headline and a core basis, for intermediate and core goods.
- PPI for final demand services, a series with history only dating back to November 2009, rose 1.1 percent (annualized) in May, decelerating from 2.3 percent in April and an average 5.9 percent (annualized) in the first three months of the year.

INTEREST RATES

SUMMARY

Longer-dated U.S. Treasury yields are lower since the last FOMC meeting April 25. The 30-year bond and 10-year note are 41 and 37 basis points (bps) lower over that period, currently at 2.74 percent and 1.62 percent, respectively. The two-year note, however, is up 2 bps to 0.29 percent.

U.S. Treasury Yields
daily, percent

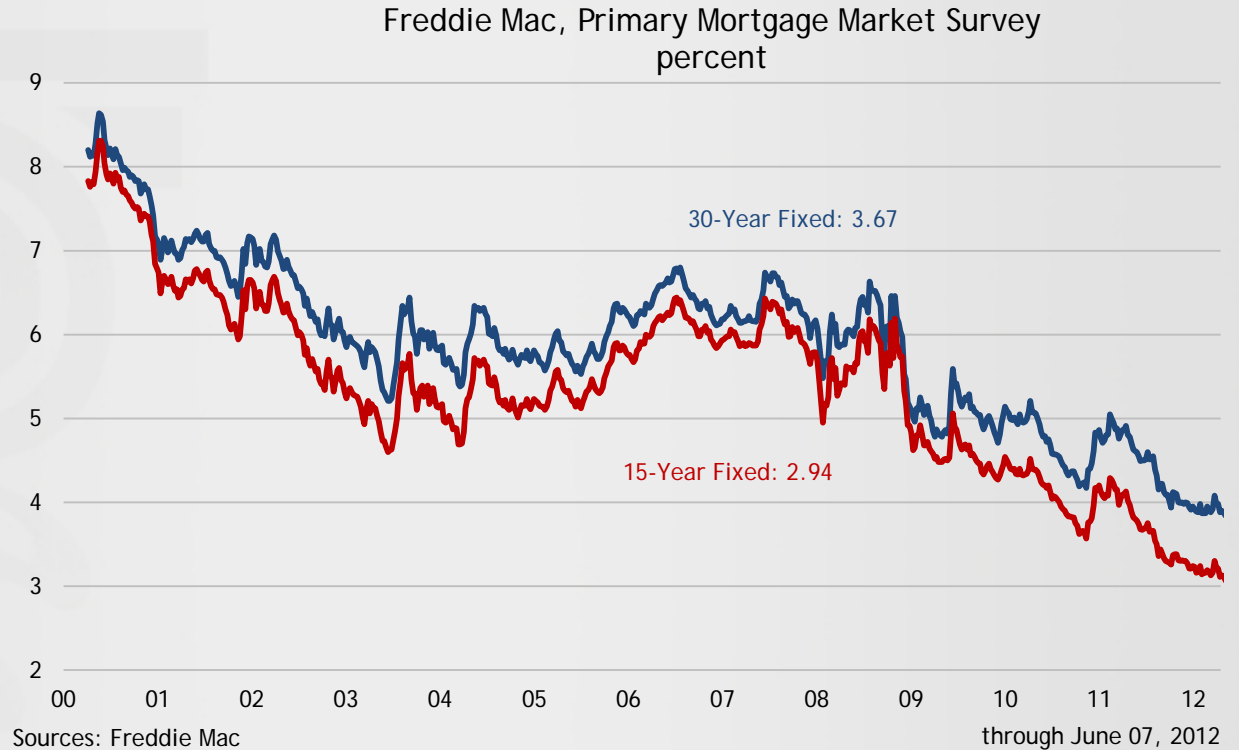


INTEREST RATES

SUMMARY

The average rate for a 30-year fixed rate mortgage reached 3.67 percent, yet another series low.

The average rate for a 15-year fixed rate mortgage fell to 2.94 percent, also a new series low.



EUROPE

SUMMARY

European bond spreads (against German equivalents) continue to be elevated, particularly those of Spain and Italy. Spain's spread is now 531 bps, up 20 bps over the past week, despite the 100 billion euros in forthcoming European Union financing that was announced on June 9. Italy's spread has risen about 30 bps on the week, to 460 bps.

