FEDERAL RESERVE BANK of ATLANTA

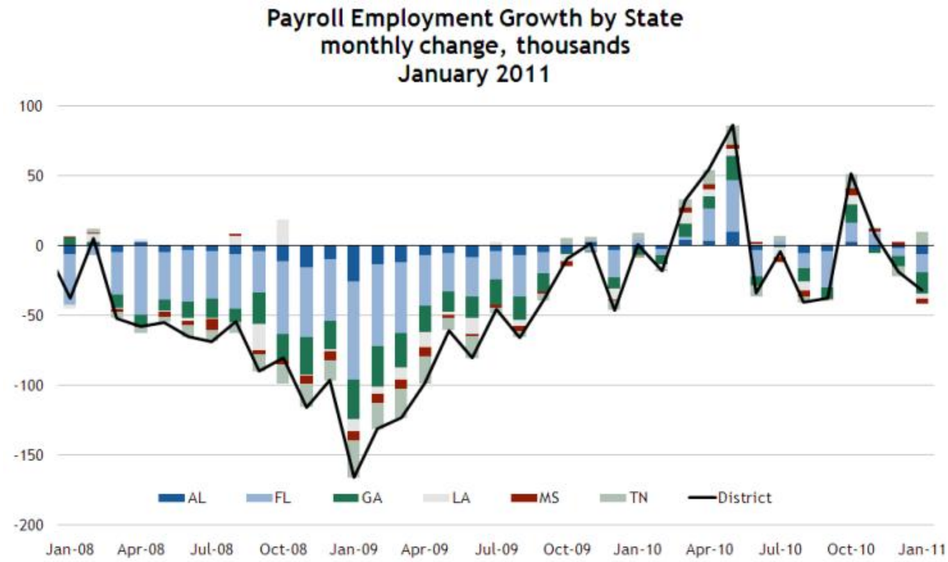
March 16, 2011

Economic Highlights

Employment

Summary

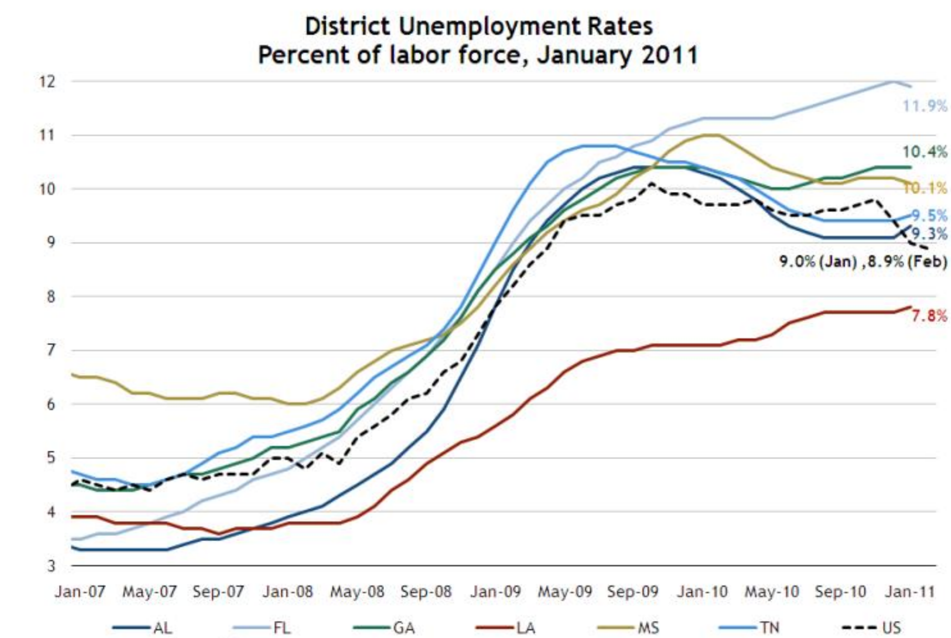
The district shed 31,500 nonfarm jobs in January, reflecting widespread declines among the states.



Source: U.S. Bureau of Labor Statistics

- The district shed 31,500 jobs in January, the largest monthly decline in five months.
- In January all district states lost jobs except Tennessee (which added 10,200 jobs), and nationwide, nonfarm payroll employment increased in 35 states.

The district unemployment rate was unchanged at 10.5% in January for the third consecutive month.



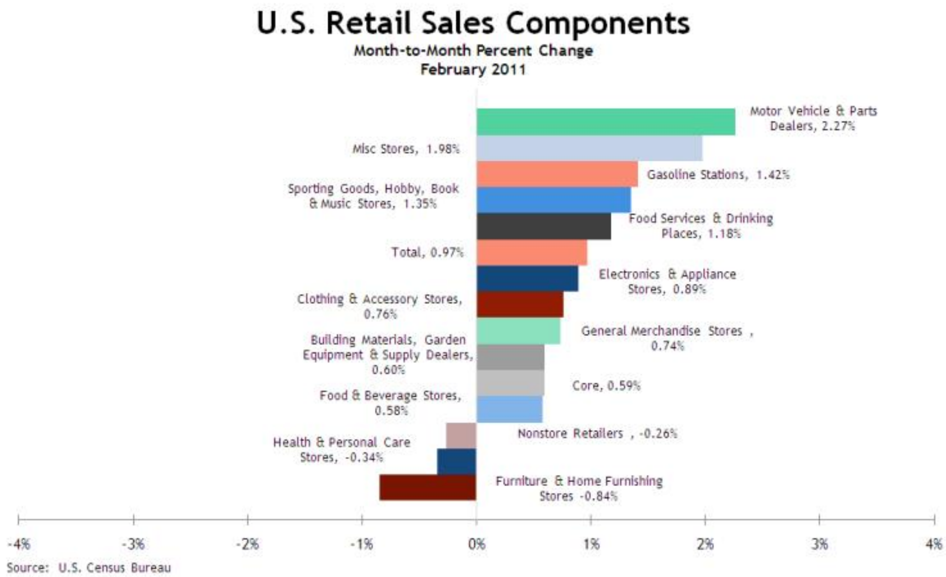
Source: U.S. Bureau of Labor Statistics

- Within the district, the unemployment rate decreased in two states (Florida and Mississippi), increased in three states (Alabama, Louisiana, and Tennessee), and was unchanged in one (Georgia).

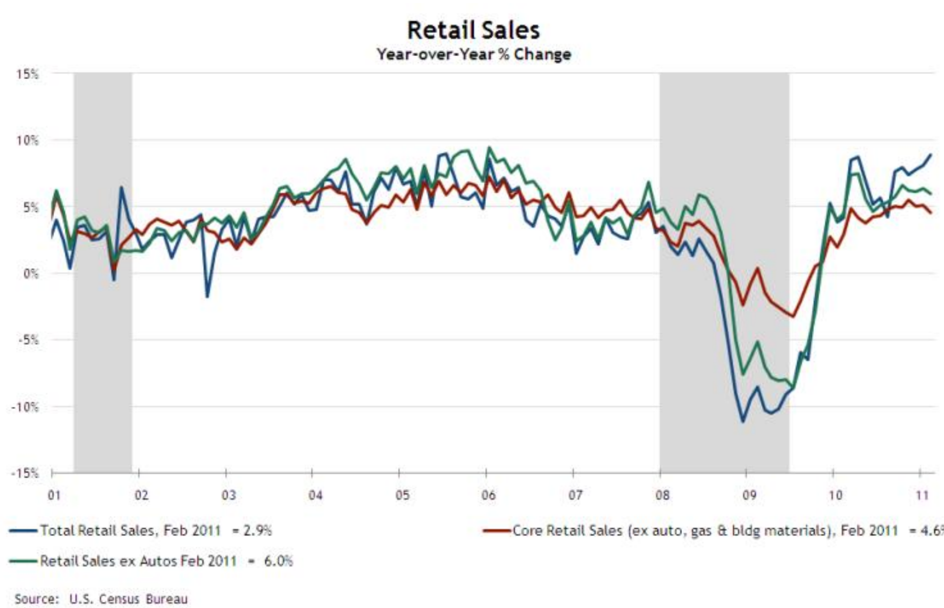
Consumer Spending

Summary

Retail sales increased across the board in February and was revised up for January and December.



- Total retail sales increased 1% in February, in line with expectations. Most retail categories posted increases over the month. Core retail sales (excluding gas, autos and building supplies sales) increased by 0.6% over the month.
- Retail sales for January were revised up, from 0.3% to 0.7%, and December retail sales were revised up slightly, from 0.5% to 0.6%.

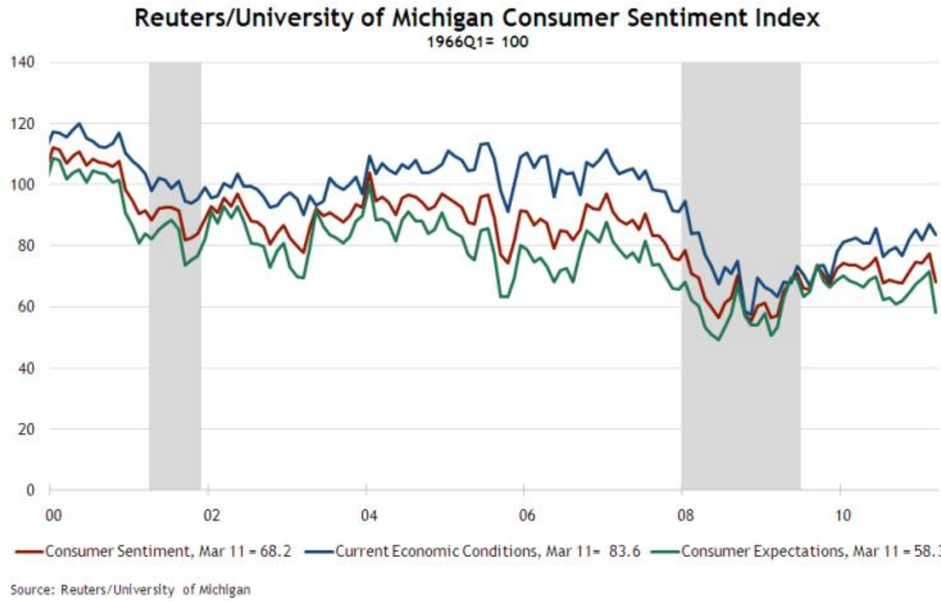


- On a year-over-year basis, core retail sales were up 4.6%, slightly below the 5% seen in January and December.
- Total retail sales were up 8.9% in February, the strongest posting since June 2005.

Consumer Spending

Summary

The University of Michigan's consumer confidence index dropped sharply in March.



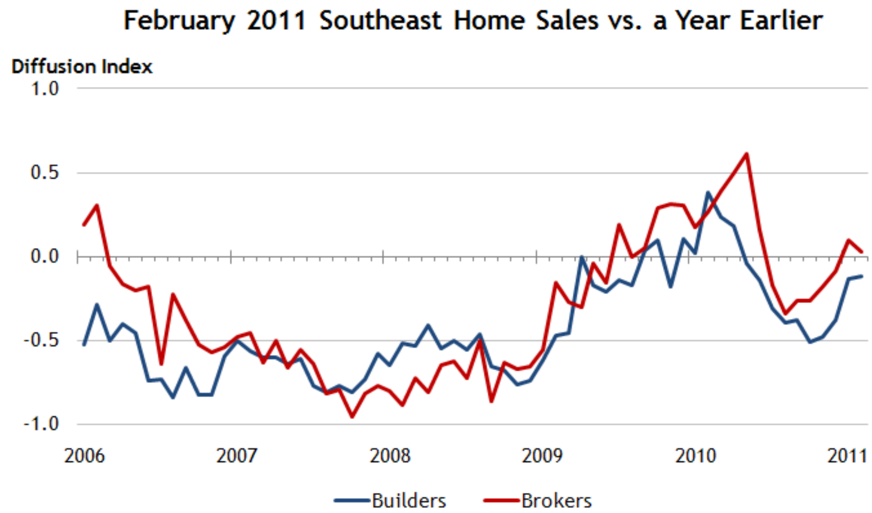
- The University of Michigan's consumer sentiment fell 9.3 points in March, to 68.2, back to the levels seen in last fall.
- The drop in the overall index reflected declines in both the current conditions and expectations components. The expectations component dropped to the lowest level since the recession.

Real Estate

Summary

Reports from Southeastern homebuilders and residential brokers indicated that home sales growth was little changed in February 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.

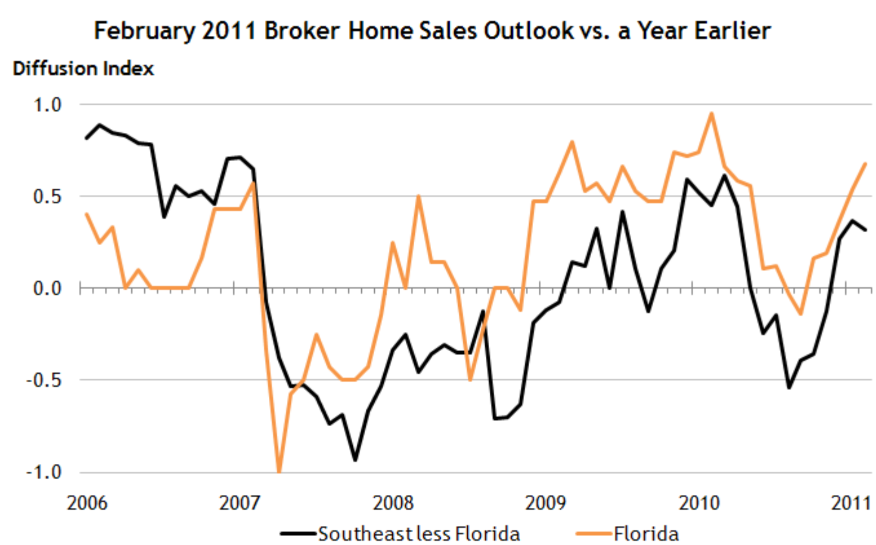


Source: FRBA business contact poll

Note: February survey results are based on initial responses from 81 brokers and 42 homebuilders and were collected March 7-16.

- Among Southeast brokers, the majority continued to report that home sales in February were once again flat to slightly up compared with a year earlier. Reports were more upbeat among Florida brokers, with more than half reporting sales in February increased on a year-over-year basis.
- On a monthly basis, home sales among Southeast brokers improved from January to February, the first monthly gain among Southeast contacts since last spring. More than two-thirds of contacts reported that sales were flat to slightly up from January to February.
- Similar to last month's report, the majority of Southeast homebuilders reported that sales were flat to slightly down compared with a year earlier.

Reports among Florida brokers indicated that sales growth continued to improve in February while sales growth weakened a bit among contacts in areas outside of Florida.



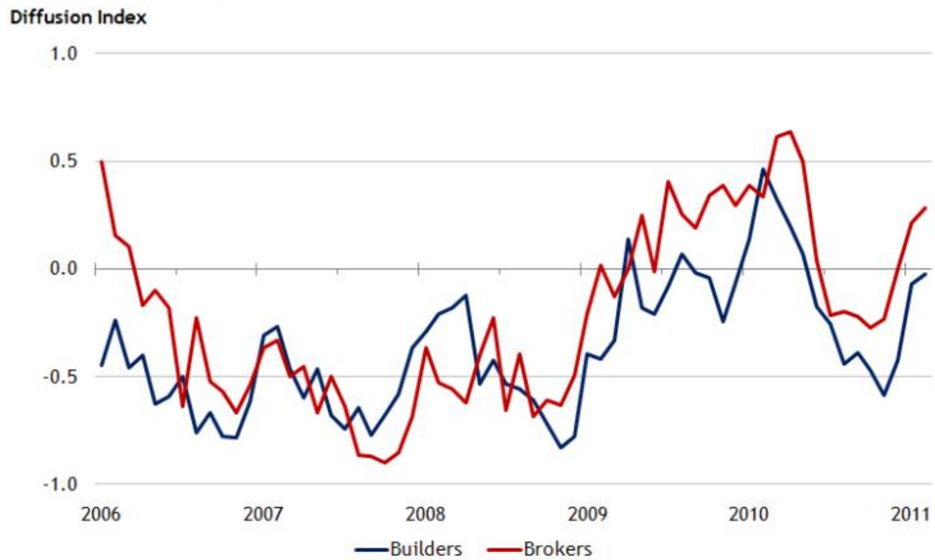
Source: FRBA business contact survey

Real Estate

Summary

Reports from southeastern homebuilders and residential brokers indicated that buyer traffic continued to improve in February on a year-over-year basis.

February 2011 Southeast Buyer Traffic vs. a Year Earlier

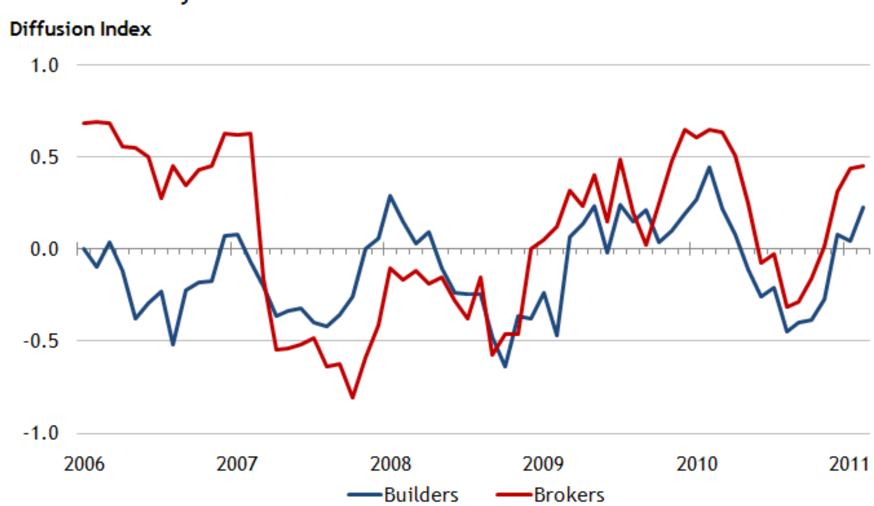


Source: FRBA business contact poll

- Southeast broker reports also indicated that buyer traffic improved slightly in the region from January to February.

Southeast contacts reported that the outlook for sales growth over the next several months remained positive. The outlook among builders improved, with most contacts anticipating a flat-to-moderate rise in year-over-year sales growth.

February 2011 Southeast Home Sales Outlook vs. a Year Earlier

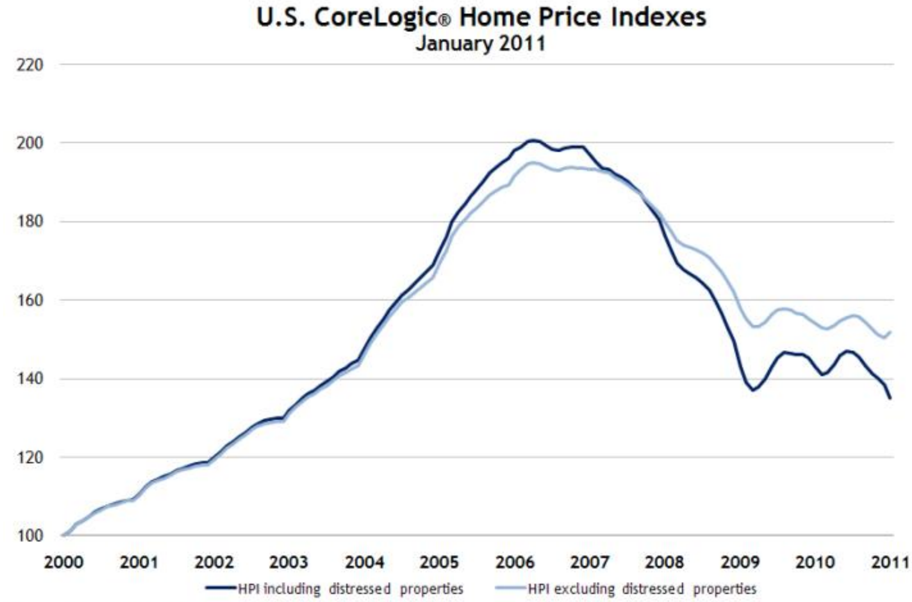


Source: FRBA business contact poll

Real Estate

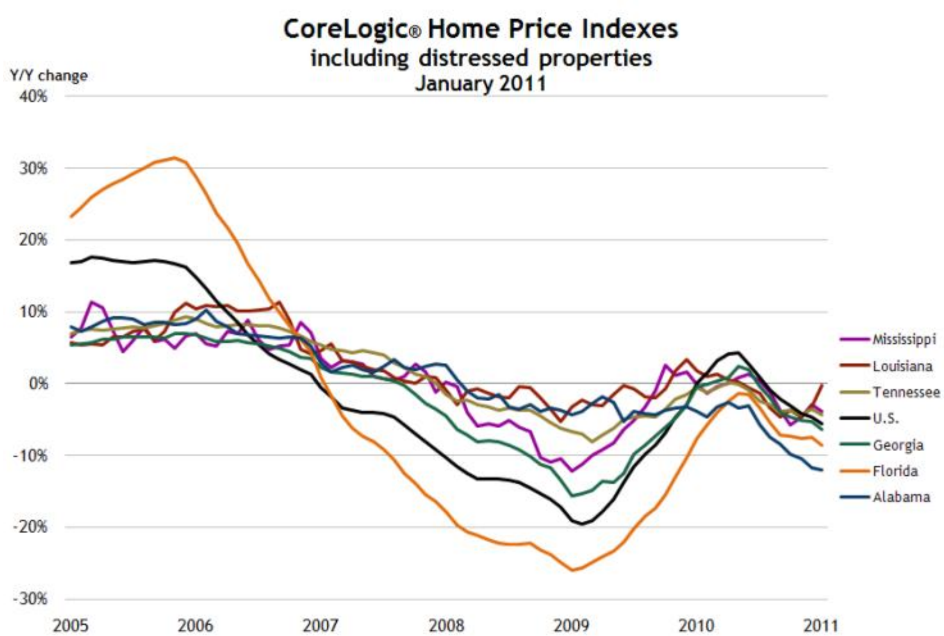
Summary

CoreLogic reported that its national home price index, including distressed property sales, declined in January 2011 for the seventh consecutive month on a month-over-month basis. However, the national index, excluding distressed properties, rose nearly 1% from December 2010.



Note: January 2000 = 100
Source: CoreLogic®

CoreLogic home price indexes, including distressed property sales, continued to weaken in January on a year-over-year basis across most of the Southeast, similar to the national trend.

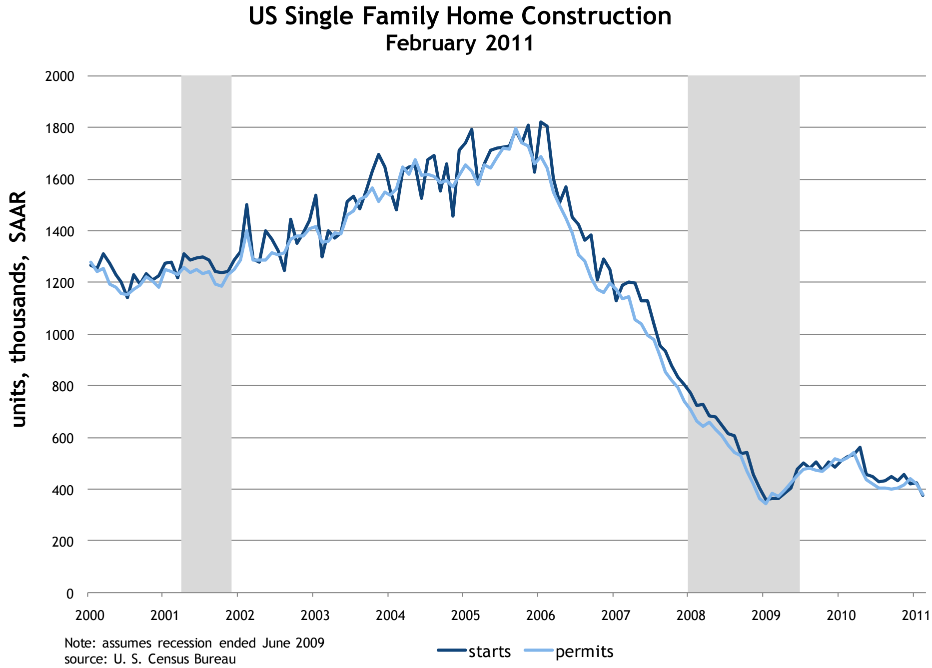


Source: CoreLogic®

Real Estate

Summary

U.S. housing starts and permits both fell in February and were below Bloomberg consensus expectations.



February Permits, SAAR

Source: U.S. Census Bureau

Total	517k	-20.5% y/y	-8.2% m/m
Single-family	382k	-27.0% y/y	-9.3% m/m
Multifamily	135k	6.3% y/y	-4.9 % m/m

February Starts, SAAR

Source: U.S. Census Bureau

Total	479k	-20.8% y/y	-22.5% m/m
Single-family	375k	-28.8% y/y	-11.8% m/m
Multifamily	104k	33.3% y/y	-46.1% m/m