

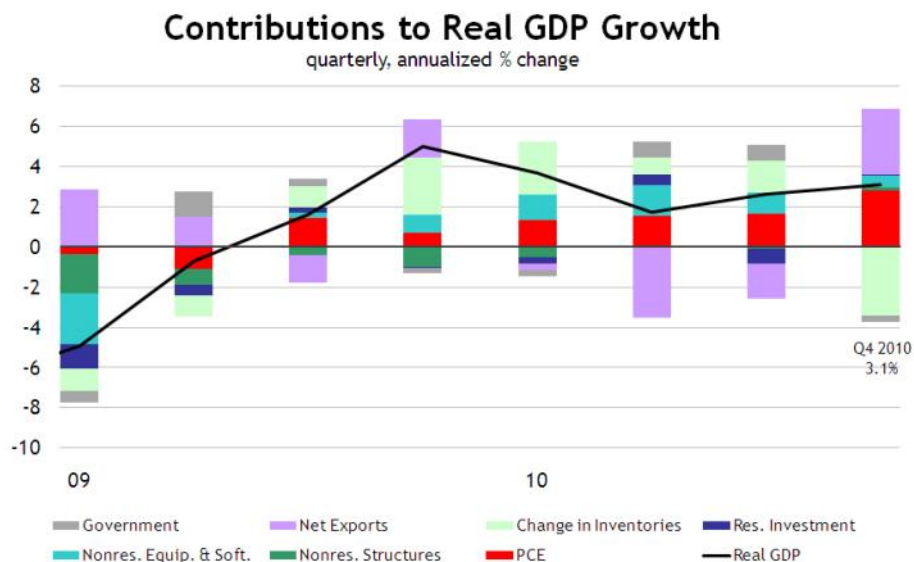
Economic Highlights

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Economic Activity

Summary

In the third release of real GDP in the fourth quarter of 2010, growth was revised up from 2.8% to 3.1% amid a smaller drag from inventories and more business investment than in the second estimate.



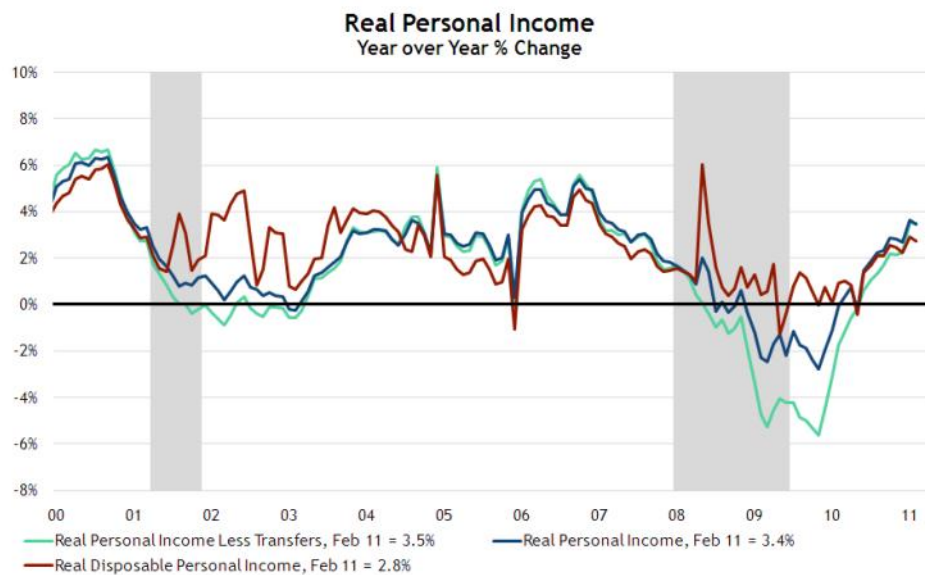
Source: U.S. Bureau of Economic Analysis

- Real GDP for the fourth quarter of 2010 was revised up from 2.8% to 3.1%, mostly stemming from a downward revision to consumer and government spending.
- **Inventories** weighed less on growth than previously estimated. Inventories subtracted 3.4 points from GDP growth in the fourth quarter of 2010, less than the 3.7 points in estimated in the second release.
- **Business fixed investment** was revised up to 7.7% from the previous estimate of 5.3%. Growth of business investment in equipment and software as well as growth in nonresidential structures were both revised upward.
- **Real personal consumption expenditures (PCE)** was revised down from 4.1 percent to a still robust 4% for the fourth quarter of 2010, marking the highest rate of consumer spending since before the recession.

Consumer Spending

Summary

Real income measures notched down in February but are within the range of prerecession averages.

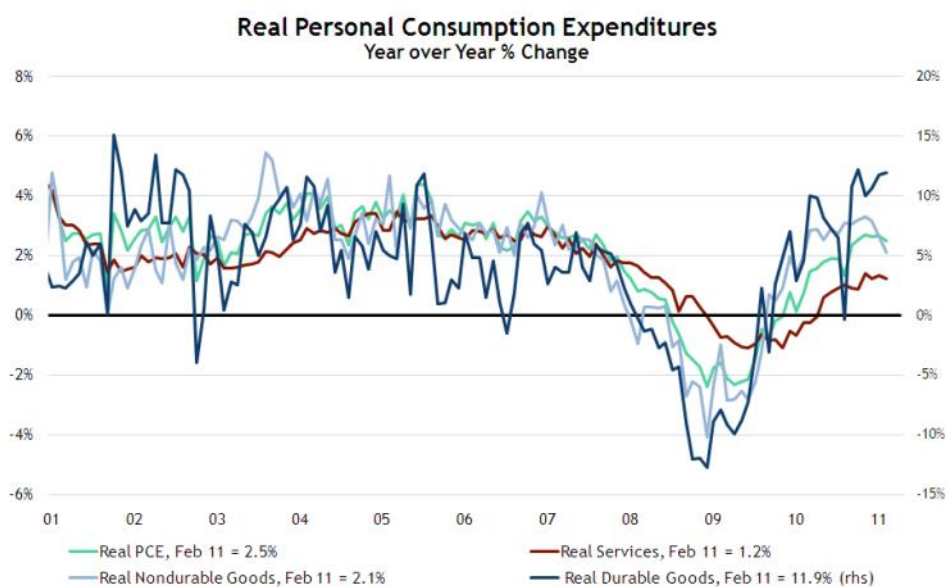


Source: BEA, Haver

- Real personal income fell 0.1% in February following four months of increases.
- On an annual basis, measures of real personal income notched down in February but are within the average range of 2% to 4% seen during the last expansion.

Real personal consumption expenditures (PCE) increased in February.

However, on a year-over-year basis, PCE decelerated.



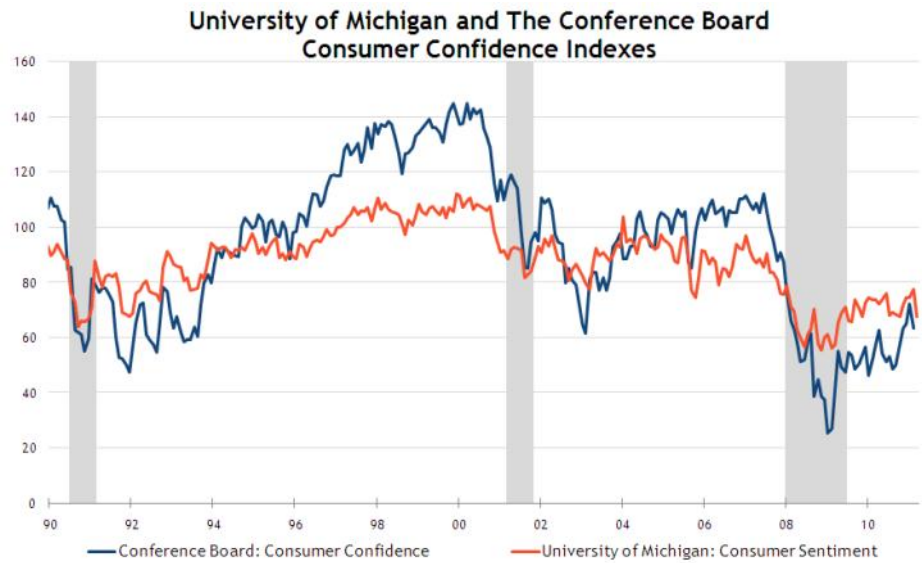
Source: BEA, Haver

- In February, real PCE rose 0.3%, reflecting strong increases in spending on durable goods, clothing, food services, accommodation, and recreation.
- Despite the monthly increase, on a year-over-year basis, real PCE fell from 2.7% in January to 2.5% in February.

Consumer Spending

Summary

Both measures of consumer confidence tumbled in March.



Source: The Conference Board, Reuters/University of Michigan

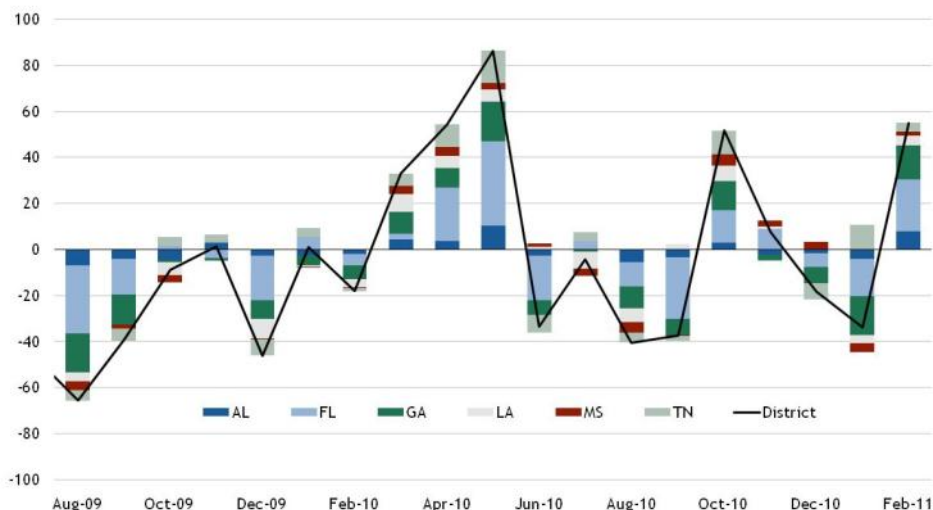
- The University of Michigan's consumer sentiment index fell 10 points in March to 67.5, following its three-year high in February. Most of the decline stemmed from the expectations component.
- The Conference Board's consumer confidence index fell 8.6 points in March to 63.4 but is still higher than most readings in 2010. The drop in the index was almost entirely due to a decline in the expectations component.

Employment

Summary

The district added 55,100 nonfarm jobs in February.

Payroll Employment Growth by State
monthly change, thousands
February 2011

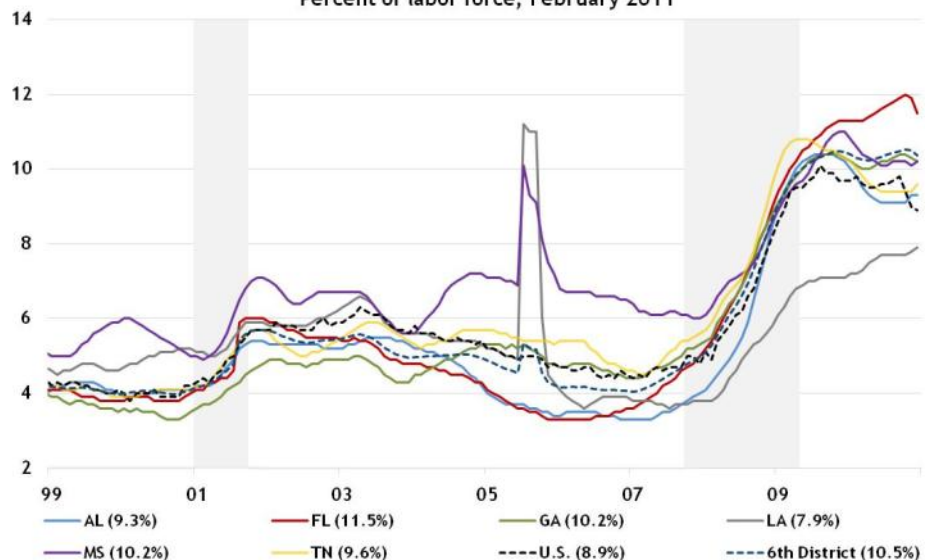


Source: U.S. Bureau of Labor Statistics

- The district added 55,100 jobs in February, after a downwardly revised 33,700 decrease in January (previously down 31,500). Job gains in the district were concentrated in Florida (22,700) and Georgia (14,900).
- Florida's education and health care sector gained 11,400 jobs in February while construction added 4,400 jobs. In Georgia, trade, transportation and utilities industries (6,900) and construction (5,000) accounted for the bulk of job gains.

The district unemployment rate declined to 10.4% in February.

District Unemployment Rates
Percent of labor force, February 2011



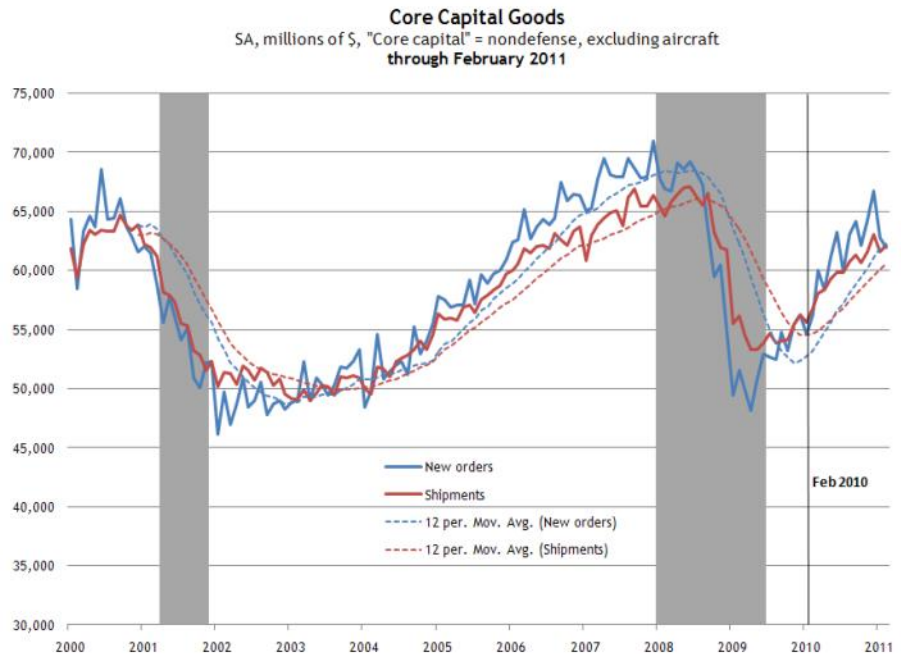
Source: U.S. Bureau of Labor Statistics

- The unemployment rate decreased in two District states (Florida and Georgia) and increased in three states (Louisiana, Mississippi, and Tennessee). Florida's unemployment rate continues to be the highest rate in the District and the third-highest in the nation.
- All Sixth District states except Louisiana have unemployment rates above the national unemployment rate of 8.9%.

Manufacturing

Summary

Though still 10.2% above the year-ago level, orders for core capital goods decreased in January and February.

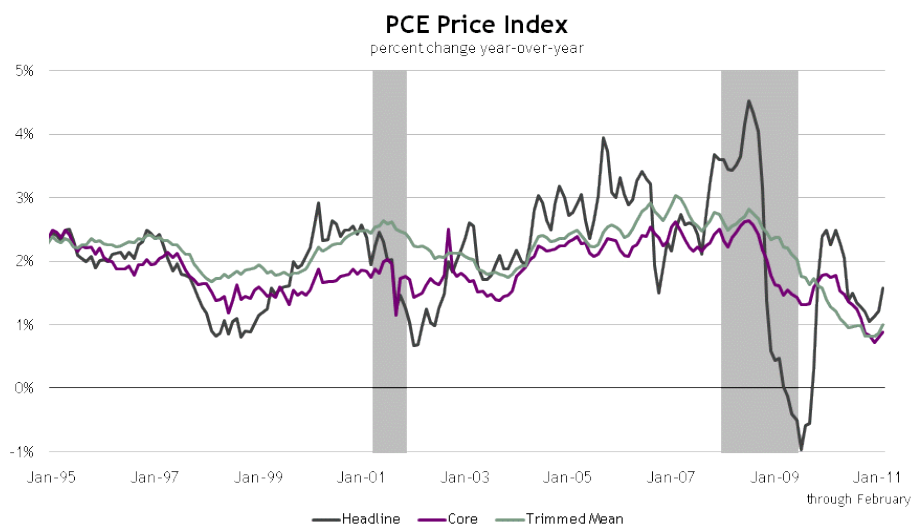


Source: Census Bureau

- Though still 10.2% above the year-ago level, orders for core capital goods decreased sharply in January (down 6% month over month) and were also lower in February (down 1.3% month over month).
- Shipments of core capital are faring a little better. Shipments are 9.3% above their year-ago level, and while down in January (down 2.3% month over month), shipments of core capital increased in February (up 0.8% month over month).

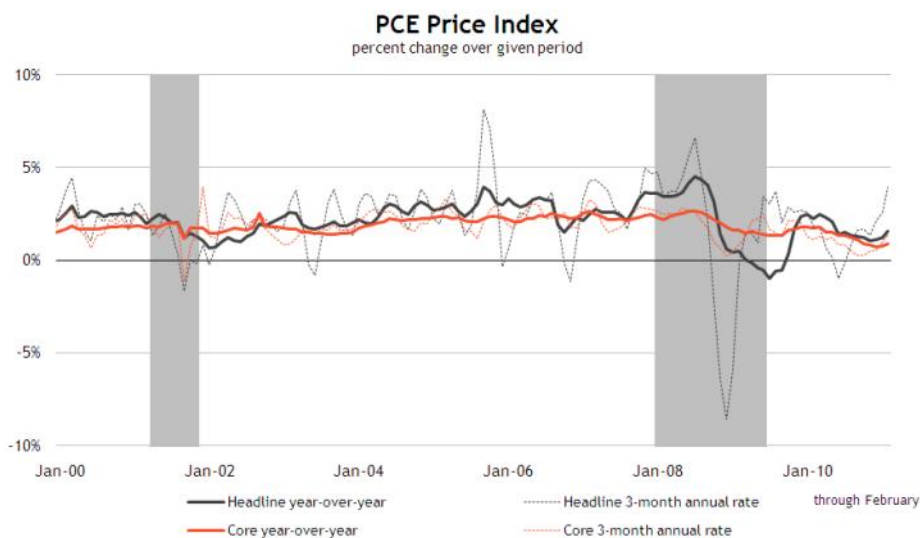
Summary

Core PCE inflation continued to tick up in February.



Source: Bureau of Economic Analysis, FRB Dallas

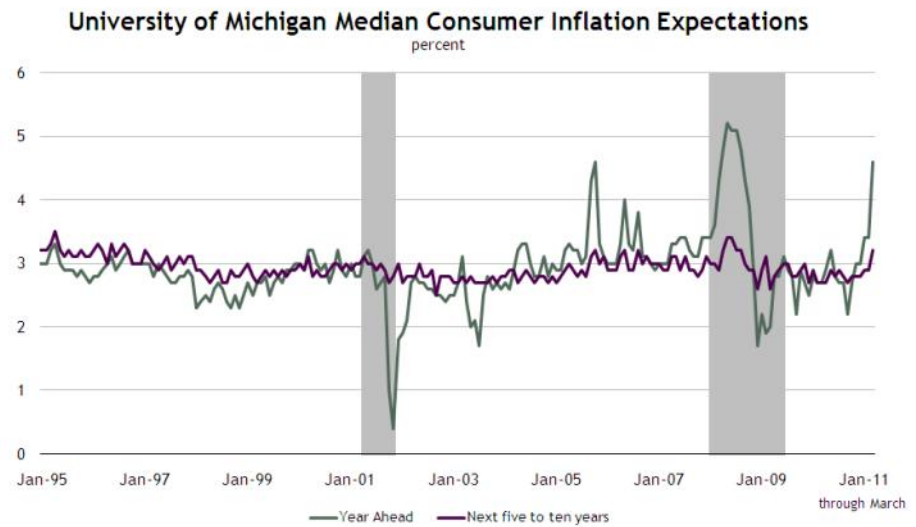
- February headline inflation, as measured by the consumer spending deflator, was up 4.9% on an annualized monthly basis, following a 3.9% gain in January, as food and energy inflation measures continue to rise. Headline PCE prices were up 1.6% year over year, the largest 12-month gain since May 2010.
- Core (less food and energy) PCE prices increased by 1.9% (annual rate) in February, as goods prices continued to advance and the services index increased by 2.6% (annualized), the largest one-month gain since March 2010. Twelve-month core PCE inflation was 0.9%, an acceleration from the December 2010 low, though still very low by historical standards.
- The market-based PCE price index is up 1.7% year-over-year, up from 1.3% in January.
- The Dallas Fed trimmed-mean PCE inflation rose 2.2% (annual rate) in February after increasing 1.4% in January. The inflation statistic moved up one-tenth of a percentage point on both a 12- and a six-month basis, rising to 1% and 1.2%, respectively.



Source: Bureau of Economic Analysis

Summary

Both year-ahead and longer-term consumer inflation expectations jumped in March, according to the University of Michigan.

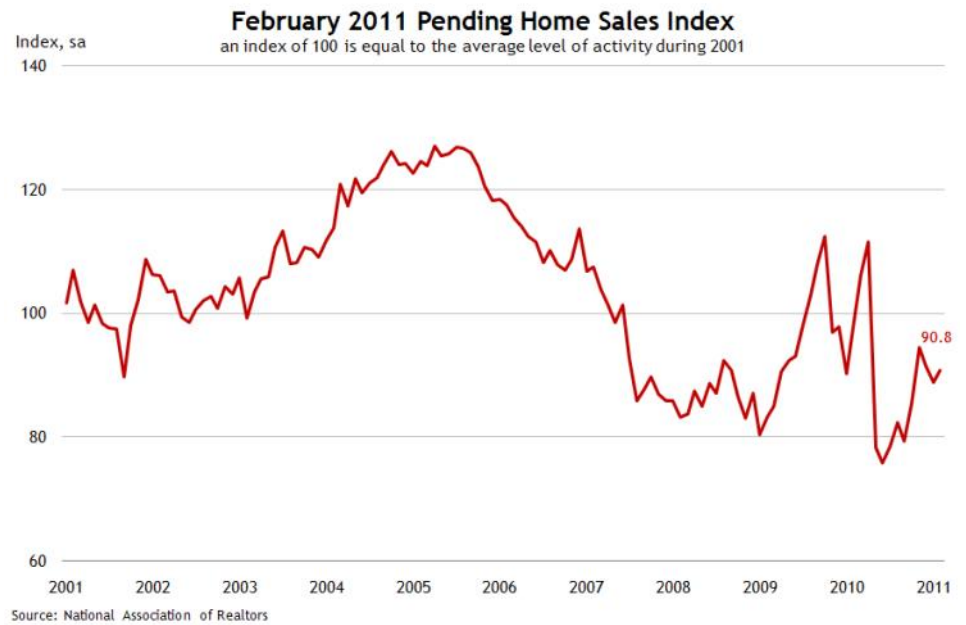


Source: University of Michigan

- According to a University of Michigan survey, the median inflation rate expected by consumers 12 months out rose to 4.6% in March, the highest rate since August 2008 and well above the series' 10-year average of 3%. The expectation for inflation in five to 10 years rose three-tenth of one percent to 3.2% in March (median). Both estimates are unchanged from the mid-March preliminary results released by the University of Michigan.

Summary

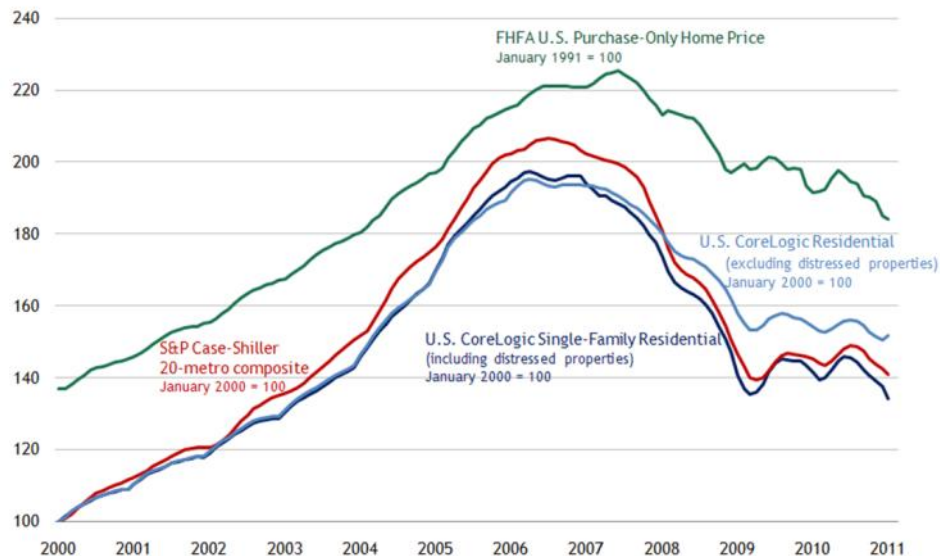
The National Association of Realtors reported that the February pending home sales index edged up 2% from January but was 8% below the year-earlier level.



Summary

January 2011 home price indexes indicated that prices continued to weaken; however, CoreLogic's home price index, which excludes distressed property, sales increased nearly 1%.

January 2011 Home Price Indexes



Source: CoreLogic; Standard & Poor's and Fiserv Inc., Federal Home Finance Authority

	Jan. (nsa)	Jan. (sa)	M/M (nsa)	M/M(sa)	Y/Y
S&P/Case-Shiller®					
20-City Composite	140.9	141.9	-1.0%	-0.2%	-3.0%
10-City Composite	154.7	155.5	-0.9%	-0.2%	-2.0%
Atlanta	99.6	101.1	-0.4%	0.7%	-6.9%
Miami	141.3	140.7	-1.3%	-0.8%	-4.7%
Tampa	128.5	129.2	-1.0%	-0.2%	-7.0%
U.S. FHFA Purchase-Only	184.2	186.5	-0.5%	-0.3%	-3.9%
U.S. CoreLogic®					
Combined*	134.9		-2.5%		-5.7%
Combined* excl. distressed	151.8		0.9%		-1.6%
Single-Family Detached	134.2		-2.3%		-5.1%
Single-Family Attached	139.3		-3.3%		-7.9%