

## Economic Highlights

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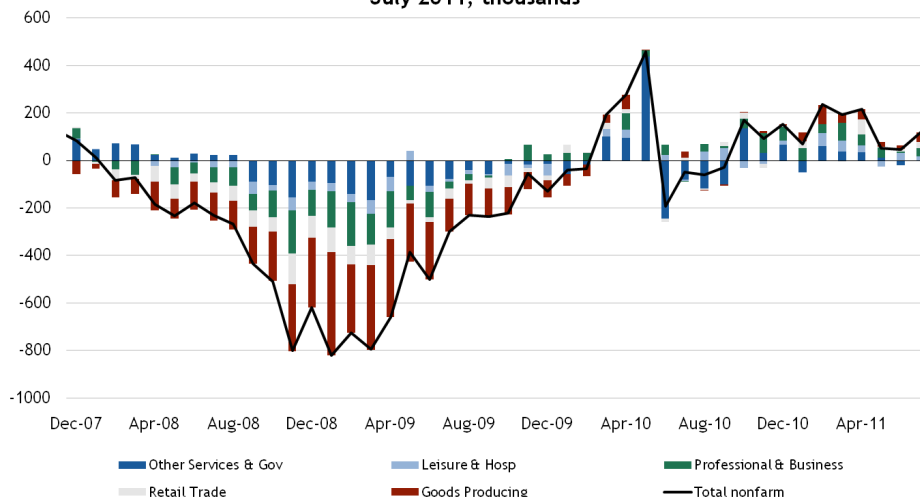
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## Summary

Payroll employment increased by 117,000 in July while payrolls for May and June were revised upward. July's increase in payroll employment, while modest, is a notable improvement from the last two reports.

## Contributions to Change in Nonfarm Payroll Employment

July 2011, thousands



Source: U.S. Bureau of Labor Statistics

- **Nonfarm payroll employment increased by 117,000** and private payrolls increased by 154,000 in July, exceeding consensus expectations in both categories. May and June payrolls were revised up by 28,000 each month, to levels of 53,000 and 46,000, respectively.
- **Manufacturing payrolls increased by 24,000 in July**; most of the gain was within durable goods employment.
- **Education and health services added 38,000 payrolls over the month**, with the health care and social assistance component accounting for most of the increase.
- Following June's underwhelming performance, **professional and business services added 34,000 jobs last month**. Employment in temporary help services was relatively unchanged over the month after a modest decrease in June.
- In July, **retail trade added 25,900 jobs** and **wholesale trade added 1,700 jobs**. **Leisure and hospitality added 17,000 payrolls**, a modest increase.
- **Financial activities lost 4,000 jobs**, decreasing payrolls for a second consecutive month.
- **Construction added 8,000 jobs** over the month.
- **Government payrolls continued their declining trend by cutting 37,000 jobs in July**; the majority of cuts continue to come from state and local governments.

The diffusion index increased by 2 percentage points in July. It has increased by 3.2 percentage points over the last two months but fell 11 percentage points in May.

## Diffusion Index of Private Nonfarm Payrolls

Percent Rising

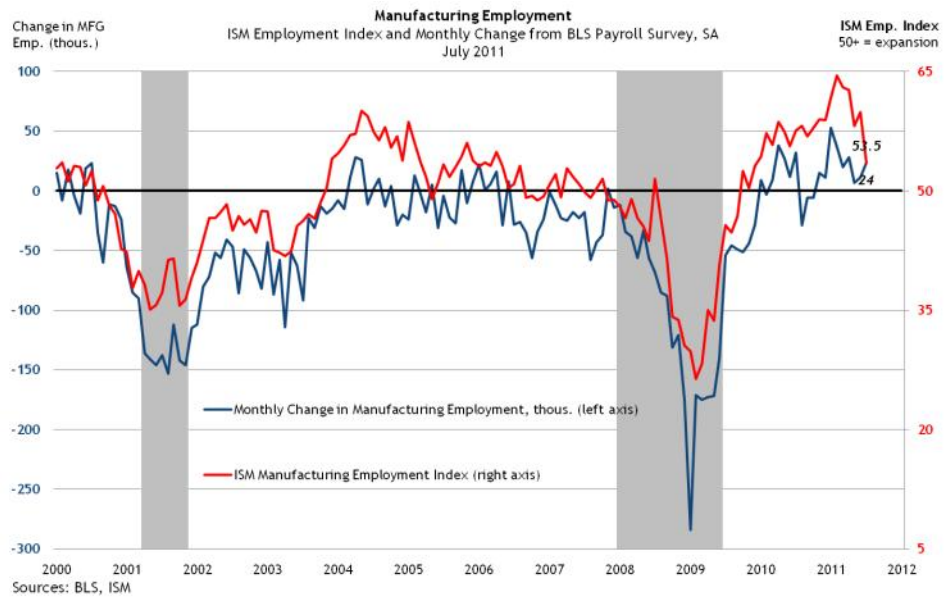


Source: U.S. Bureau of Labor Statistics

# Employment

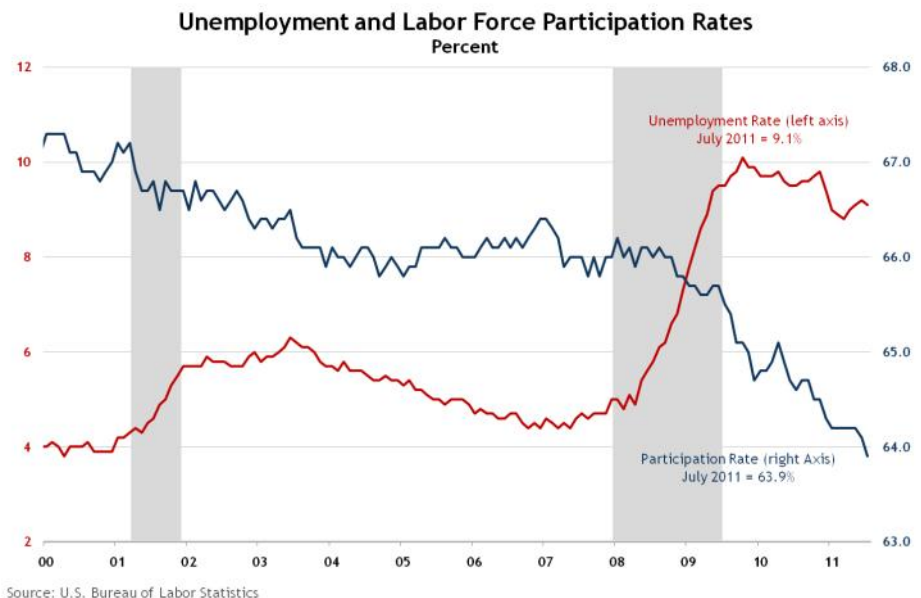
## Summary

The manufacturing sector experienced a modest increase in payroll employment in July.



- After weaker performances in May and June, the manufacturing sector added 24,000 jobs in July.
- Most of the increase came from durable goods, which added 23,000 payrolls over the month; more than half of the increase in durable goods payrolls came from its motor vehicles and parts component, which added 12,000 jobs.
- The ISM Manufacturing Employment Index dropped 6.4 index points to reach 53.5 points in July.

The unemployment rate decreased to 9.1 percent in July. This decrease is the first in the unemployment rate since March.



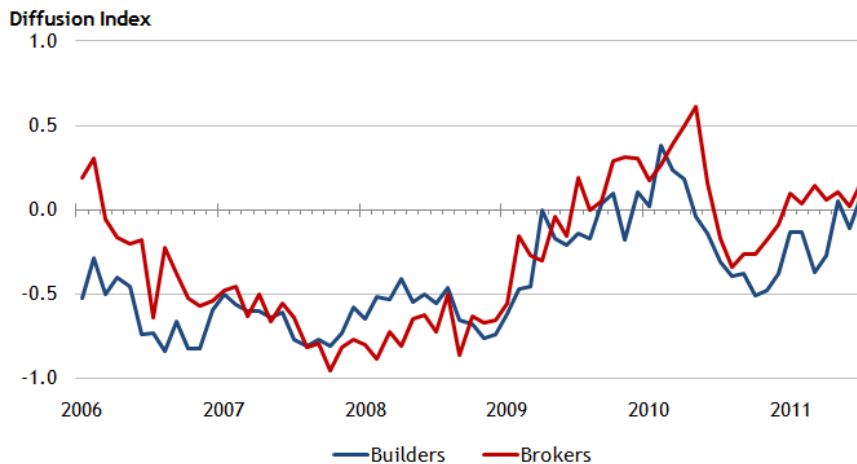
- The unemployment rate decreased by 0.1 percentage point in July to a level of 9.1 percent. July's decrease follows three months of increases in the unemployment rate.
- The labor force participation rate decreased by 0.2 percentage points in July to reach 63.9 percent. It has now decreased for two consecutive months to reach its lowest level since January 1984.

## Summary

Southeast residential brokers and homebuilders indicated that home sales growth rebounded somewhat in July, slightly ahead of the year earlier level.

*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.

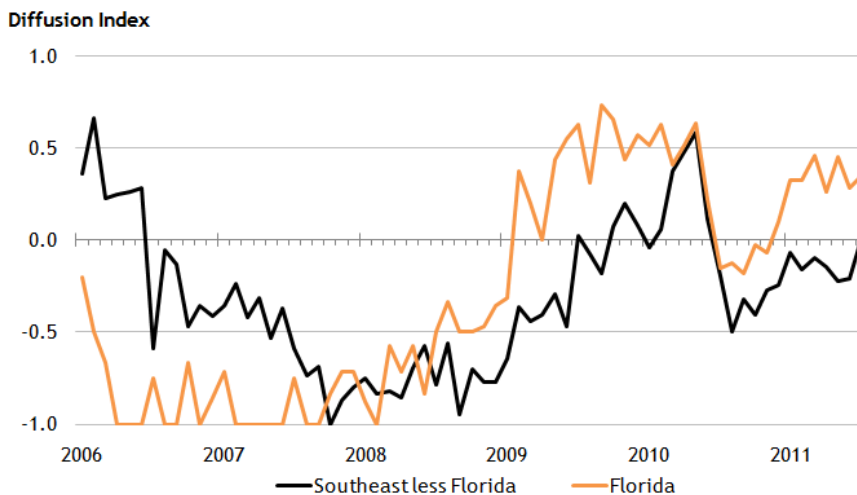
### July 2011 Southeast Home Sales vs. a Year Earlier



Source: FRBA business contact poll

Reports from Florida residential brokers indicated that sales remained ahead of the year-earlier level in July while elsewhere in the region sales were similar to the year-earlier level.

### July 2011 Broker Home Sales vs. a Year Earlier



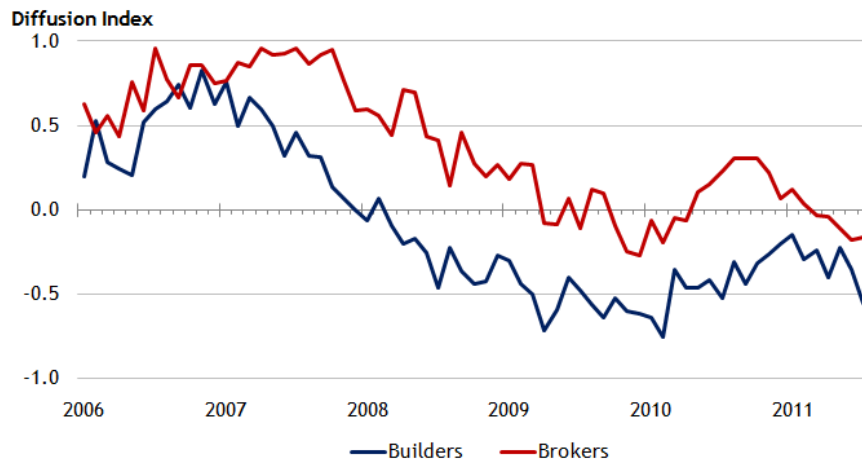
Source: FRBA business contact poll

*Note:* July poll preliminary results are based on responses from 70 residential brokers and 37 homebuilders and were collected August 1-10.

## Summary

Nearly two-thirds of Southeast builders reported that home inventories were below the year-earlier level in July while almost half of brokers reported declines.

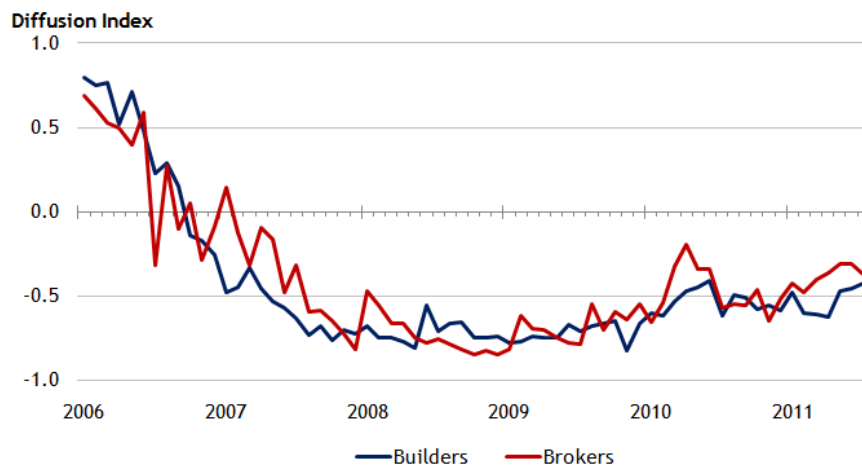
### July 2011 Southeast Home Inventory vs. a Year Earlier



Source: FRBA business contact poll

Just over half of Southeast builders and brokers reported that home prices were below the year-earlier level in July.

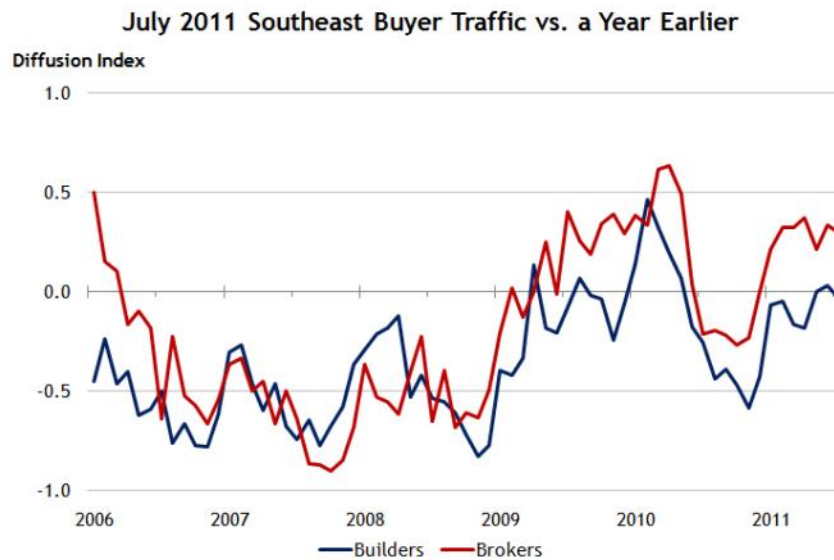
### July 2011 Home Price vs. a Year-ago



Source: FRBA business contact poll

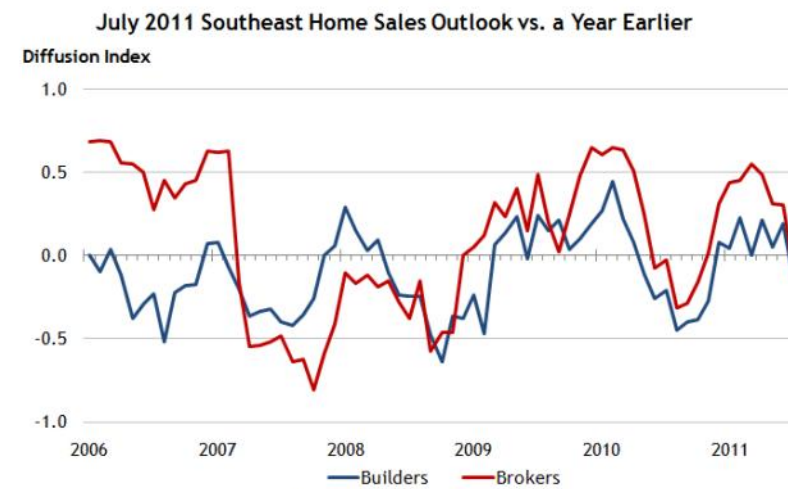
## Summary

Southeast brokers and builders reported that buyer traffic eased in July on a year-over-year basis.



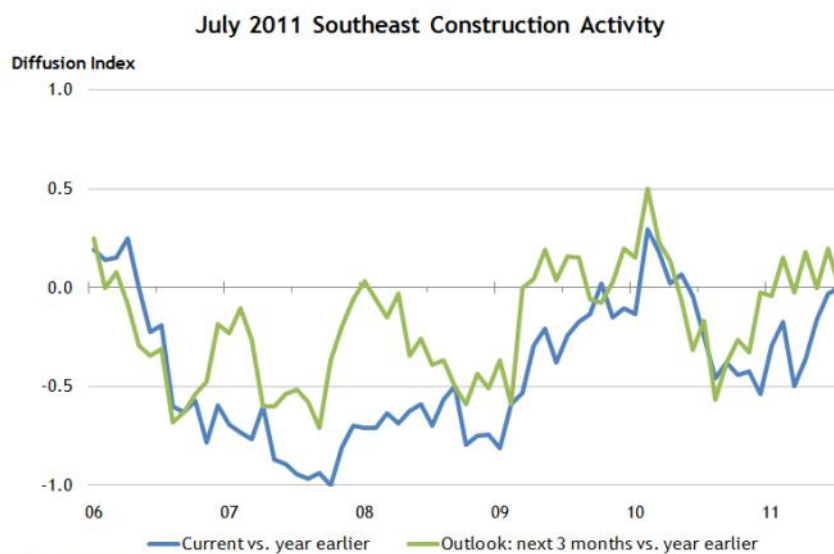
Source: FRBA business contact poll

The sales growth outlook among brokers and builders dimmed notably in July.



Source: FRBA business contact poll

Builders indicated that July home construction was unchanged from weak levels a year earlier while their outlook dimmed.



Source: FRBA business contact poll