

Economic Highlights

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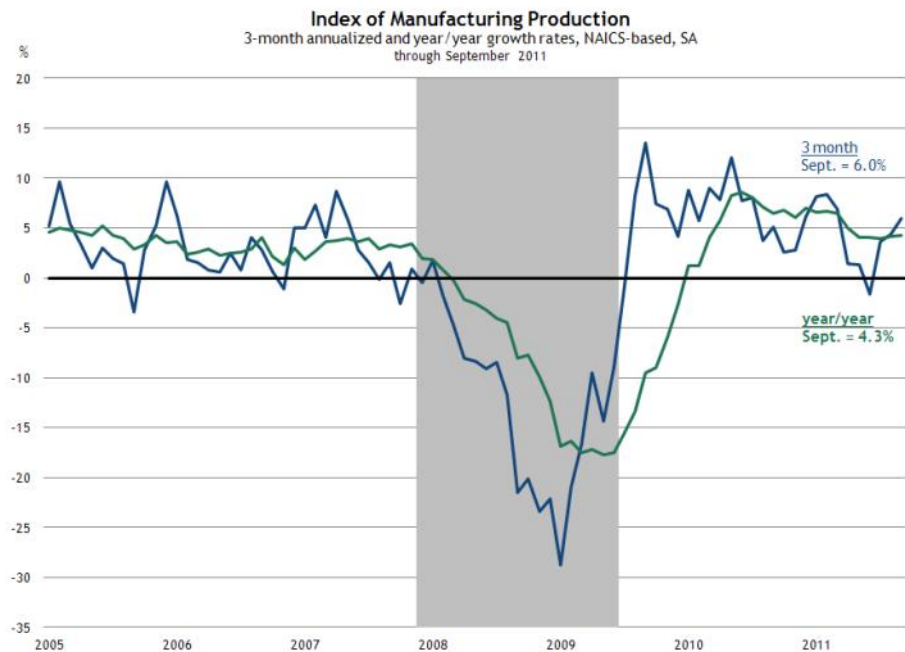
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Manufacturing

Summary

Total industrial production increased 0.2 percent in September. This increase was driven largely by increases in the output of manufacturers (up 0.4 percent in September) and mines (up 0.8 percent) and countered by a 1.8 percent decline in the output of utilities.

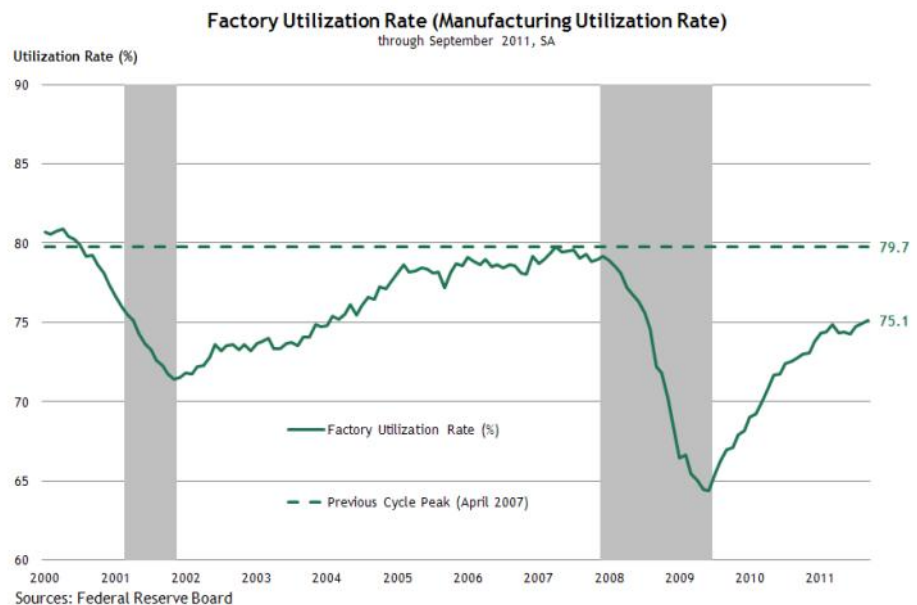
Manufacturing production, the largest input to industrial production, was up 6 percent on a three-month, annualized growth rate and up 4.3 percent compared with September 2010.



Source: Federal Reserve Board

- Total industrial production increased 0.2 percent in September after remaining flat in August.
- Manufacturing production increased 0.4 percent in September after being revised to an increase of 0.3 percent in August. The increase for July was revised upward to a 0.7 percent increase.
- The output of mines rose 0.8 percent, while the output of utilities declined 1.8 percent compared with August levels.
- Capacity utilization for all industry inched up 0.1 percentage point in September to 77.4 percent. The factory utilization rate (the capacity utilization rate for manufacturers) increased 0.2 percentage points to reach 75.1 percent. It remains 4.6 percentage points below its prerecession peak level, which was 79.7 percent, reached in April 2007.

The factory utilization rate increased 0.2 percentage points in September, reaching 75.1 percent.

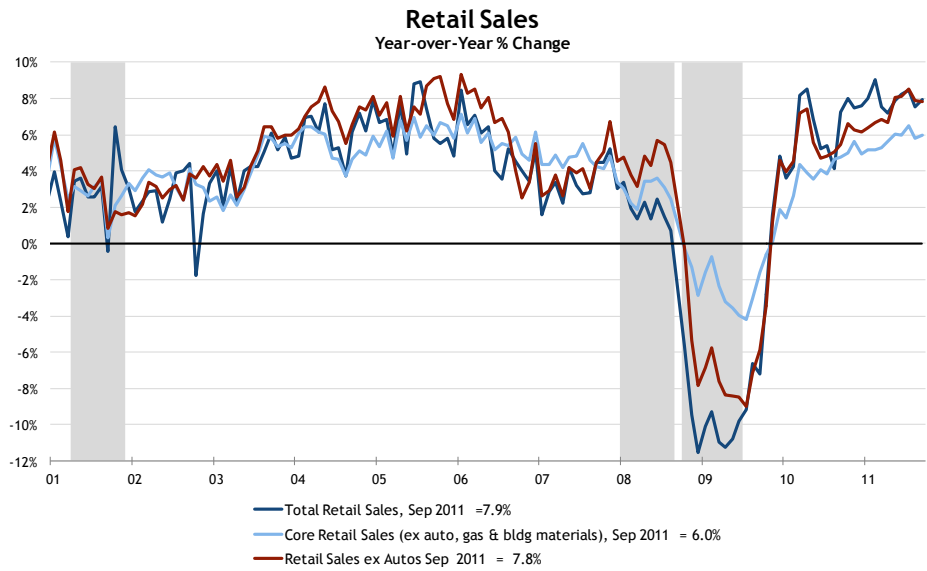


Sources: Federal Reserve Board

Consumer Spending

Summary

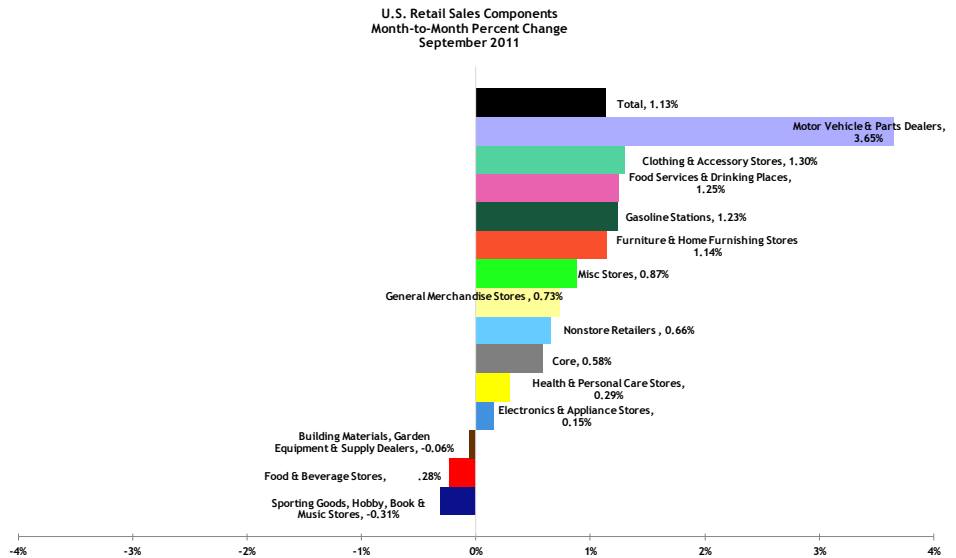
September retail sales were stronger than consensus expectations, boosted by strong auto sales.



Source: U.S. Census Bureau

- Total retail sales increased 7.9 percent, and core retail sales rose 6 percent, from a year ago.

Monthly retail sales increased across most spending categories.



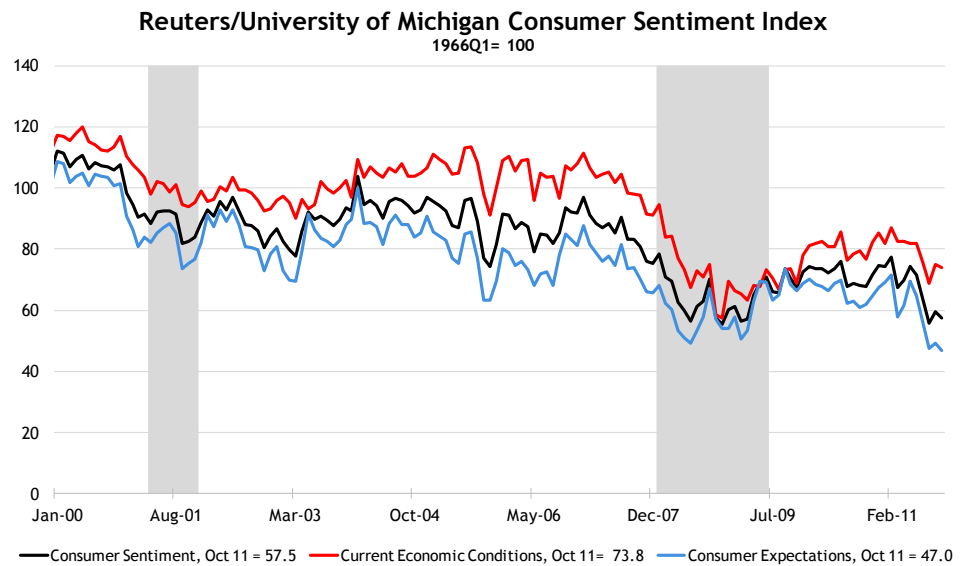
Source: U.S. Census Bureau

- Retail sales rose 1.1 percent in September, the largest monthly gain since February.
- Auto sales provided the largest boost to spending, but sales were positive across most categories. Non-auto sales rose 0.6 percent.

Consumer Sentiment

Summary

The University of Michigan's preliminary October consumer sentiment index declined slightly.

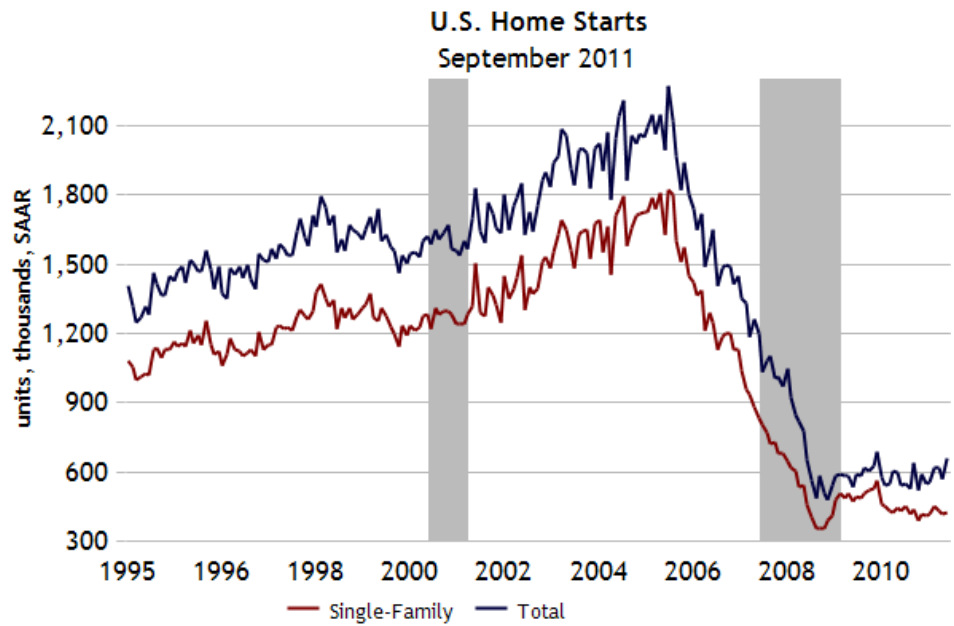


Source: Reuters/University of Michigan

- Preliminary October consumer sentiment fell unexpectedly by 1.9 points to 57.5 points.
- The expectations component fell 2.4 points, and the present conditions component fell by 1.1 points.

Summary

The U.S. Census Bureau and the Department of Housing and Urban Development reported that total housing starts increased 15 percent from August to September and were 10 percent ahead of weak levels a year earlier.



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

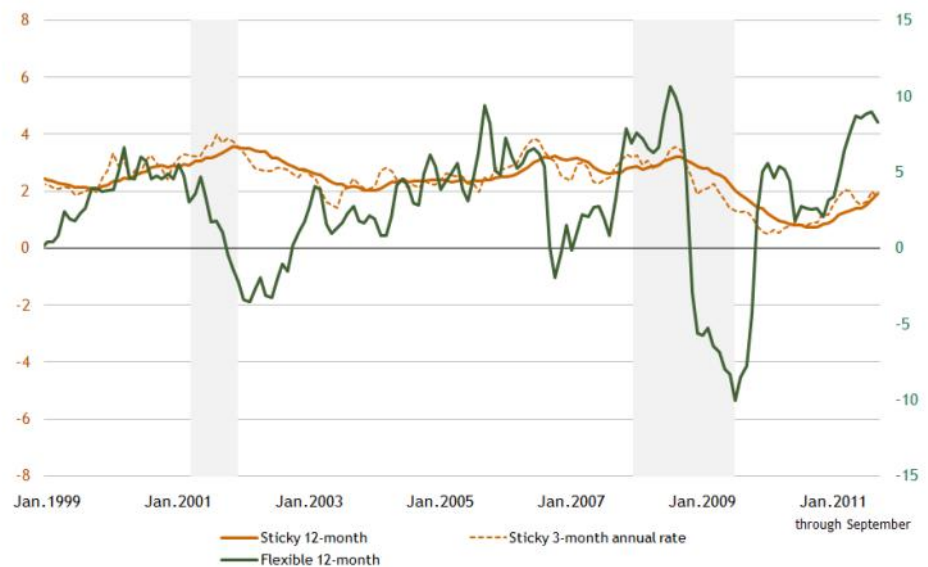
Inflation

Summary

The Atlanta Fed's sticky price CPI measure rose 1.9 percent (annualized) in September, following an average 2 percent growth pace over the previous four months. The index rose 1.8 percent over the past 12 months.

Sticky and Flexible CPI

percent change over given period



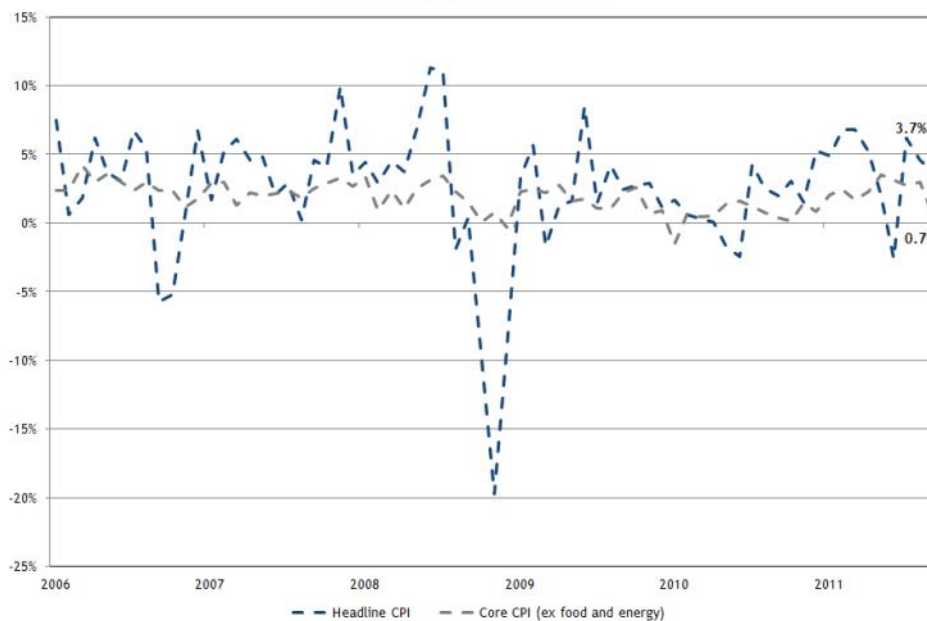
Source: Bureau of Labor Statistics, Atlanta Fed

- The sticky price index increased 1.9 percent (annualized) on a core basis (excluding food and energy) in September, and the 12-month index rose 1.7 percent.
- The flexible cut of the CPI increased at an 8.3 percent annual rate in September and was up 9.3 percent from year-earlier levels.

Summary

The September CPI report showed a deceleration in headline inflation and a sharp slowdown in core inflation.

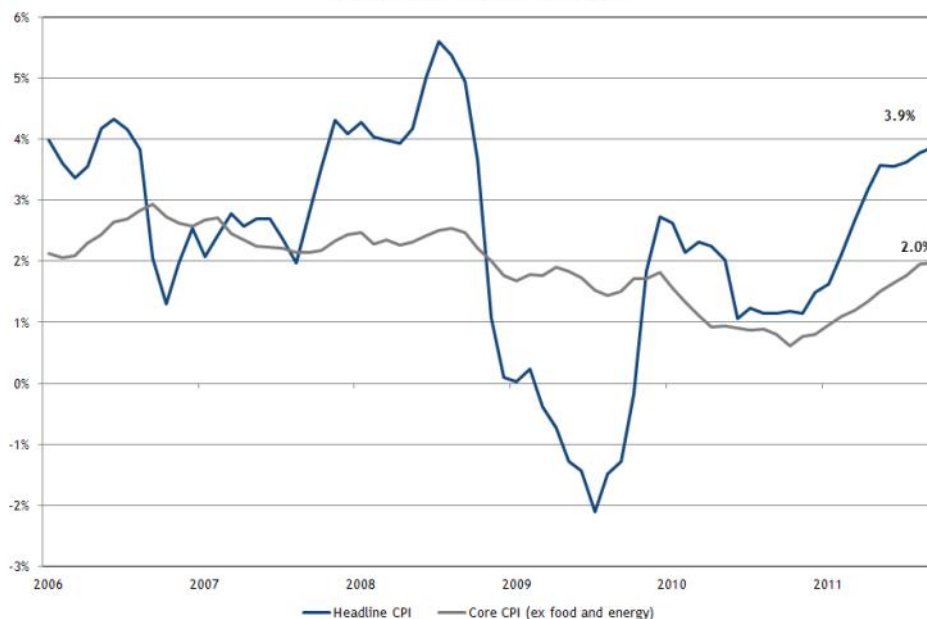
Headline and Core Consumer Price Index
monthly, annualized % change, SA



Source: U.S. Bureau of Labor Statistics

- The headline [CPI](#) increased at a 3.7 percent annual rate in September, a deceleration from the two prior months. The headline gain was supported by 5.6 percent and 26.9 percent increases in the indexes for food and energy, respectively.
- Excluding food and energy, the CPI rose 0.7 percent (annual rate) in September, a sharp drop from a 3 percent increase in August, and is the smallest increase since October 2010. The apparel index reversed four months of double-digit price gains by decreasing 12.7 percent.
- On a year-over-year basis, headline CPI in August was up 3.9 percent, the largest 12-month gain since September 2008, and core CPI was up 2 percent, the largest 12-month change since November 2008.

Headline and Core Consumer Price Index
monthly, year-over-year % change, SA



Source: U.S. Bureau of Labor Statistics