

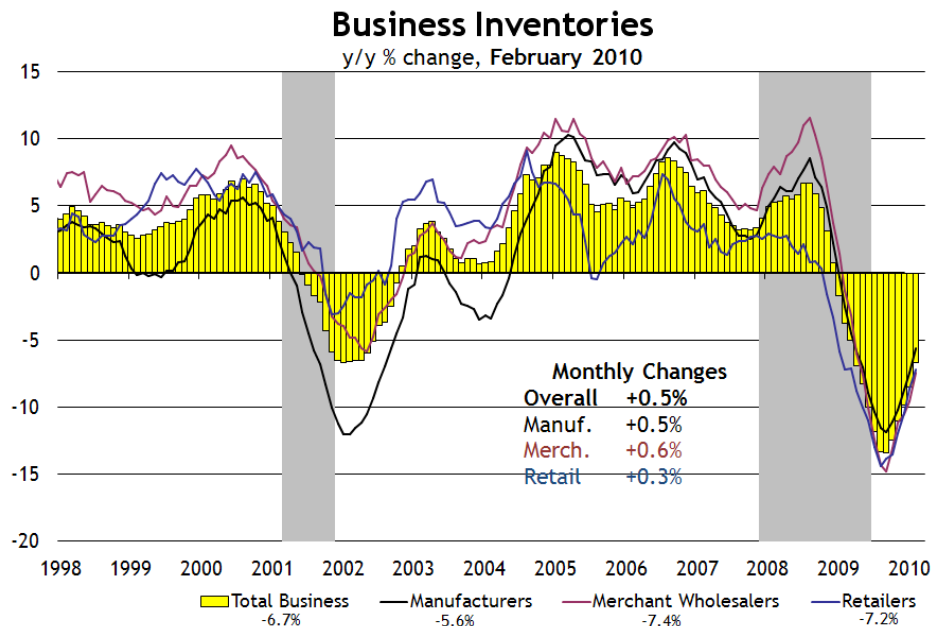
Economic Highlights

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Manufacturing

Summary

Business inventories added 0.5% from January to February.

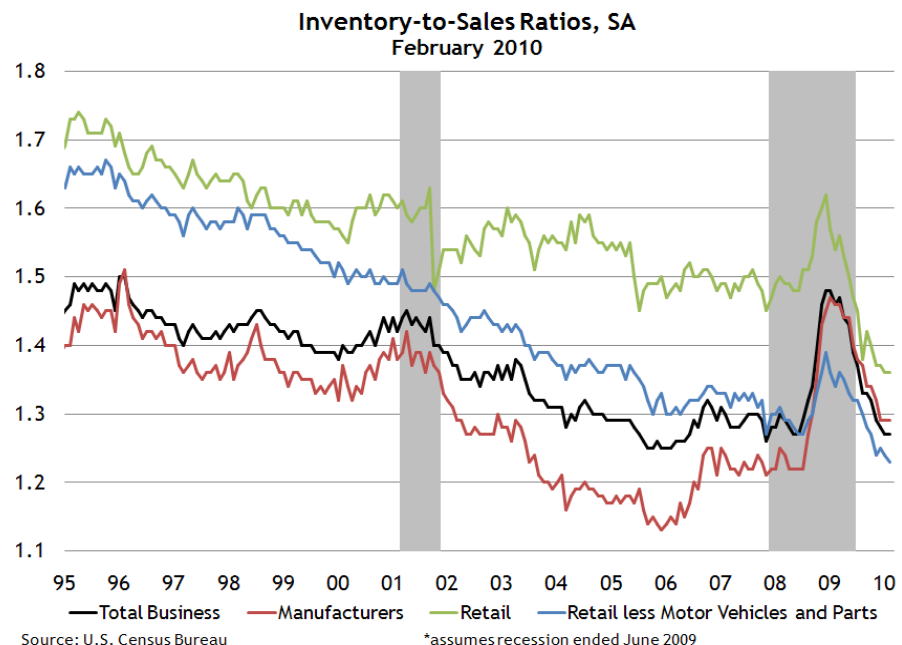


Source: U.S. Census Bureau

*assumes recession ended June 2009

- Total business inventories added 0.5% in February, with gains in all three major categories. Manufacturers' inventories grew 0.5%, merchant wholesalers' inventories rose 0.6%, and retail inventories gained 0.3%.

Though inventories increased for February, most inventory-to-sales (I/S) ratios remained flat for the month.



Source: U.S. Census Bureau

*assumes recession ended June 2009

- Though inventories increased for February, most I/S ratios remained flat for the month. The total business I/S ratio remained at 1.27 while the retail I/S ratio remained at its historic low of 1.36. The manufacturing I/S ratio, at 1.29, remained unchanged as well.
- Retail excluding motor vehicles and parts dropped slightly from 1.24 to 1.23, a new low for the series, which began in 1967.

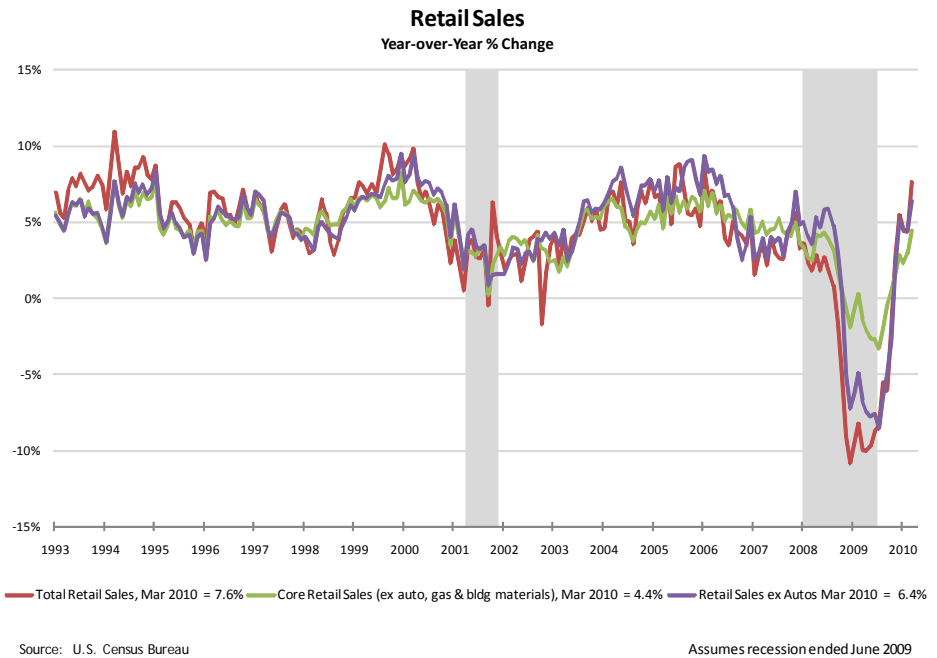
Consumer Spending

Summary

Retail sales were stronger than analysts' projections in March.

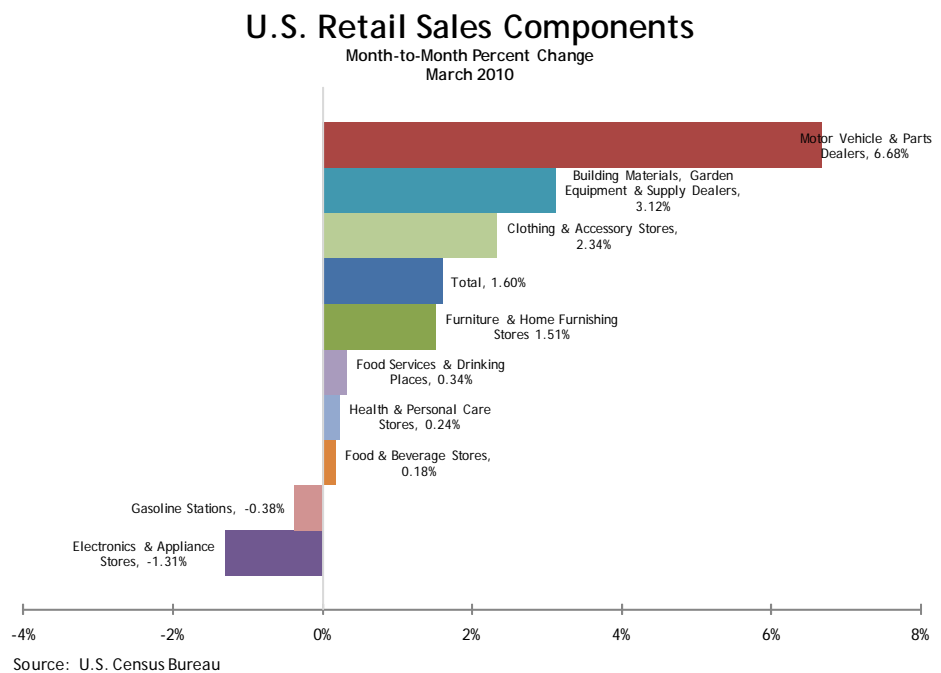
On a month-to-month basis, total retail sales surged, gaining 1.6% from February, the third consecutive month of growth.

Total retail sales, core retail sales, and retail sales excluding autos rose on a yearly basis in March for the fifth consecutive month.



- Retail sales came in strong in March, increasing 1.6% from February; Bloomberg's market consensus expectation was for an increase of 1.2%. On a year-over-year basis, total retail sales were up 7.6%, the largest year-to-year increase since July 2005.
- From February to March, retail sales excluding autos increased 0.6%, and core retail sales increased 0.5%, indicating strong auto sales in March. On a year-over-year basis, retail sales excluding autos and core retail sales (total excluding gas, autos, and building supplies) were up 4.4% and 6.4%, respectively, from March 2009.
- The increase in retail sales was led by motor vehicles and parts, which increased 6.7% from February to March. Gasoline stations and electronics and appliance stores were the only components to experience declines, falling 1.3% and 0.4%, respectively.

The gain in retail sales was disbursed across all categories apart from gas stations and electronics and appliance stores.

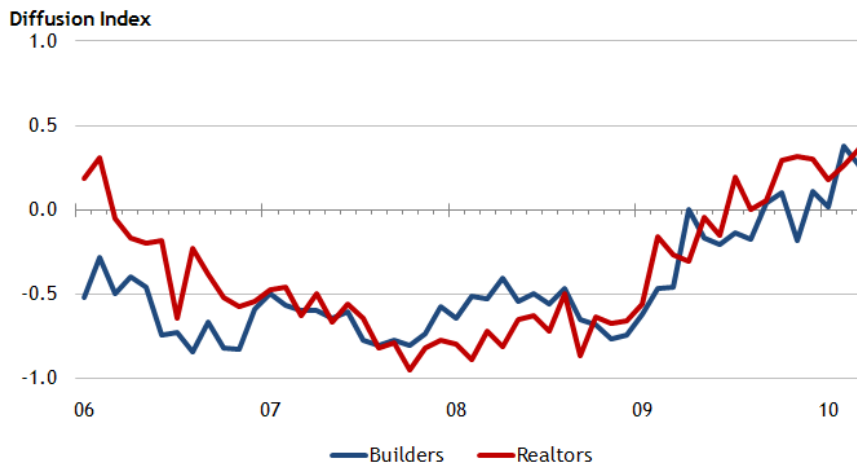


Summary

Home sales growth was mixed, according to a survey of South-eastern Realtors and home-builders.

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.

March 2010 Southeast Home Sales vs. a Year Earlier



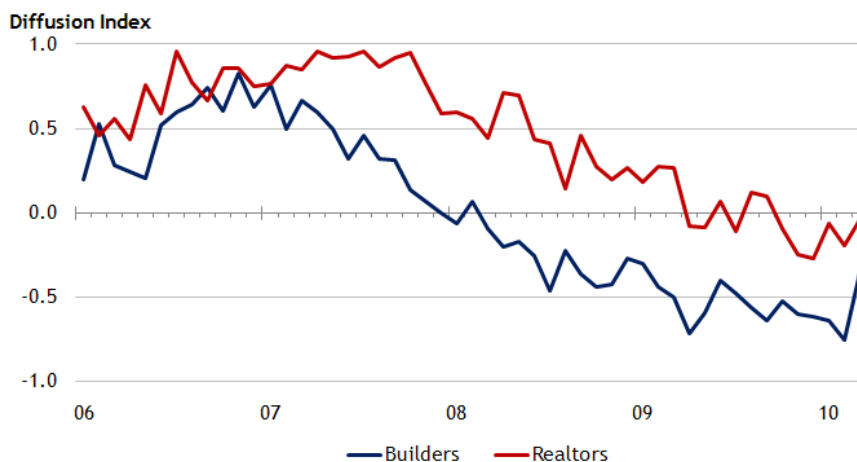
Source: FRBA business contact survey

Note: March survey results are based on responses from 81 Realtors and 55 homebuilders and were collected April 5-14.

- The majority of Realtors continued to report year-over-year gains in home sales as the sales index improved slightly from February. However, reports from Florida contacts indicated that sales growth remained positive but softened somewhat in March.
- Nearly half of builders reported year-over-year sales gains in December; however, the sales index slipped from February to March.

Reports from Realtors and builders indicated that housing inventories remained below year-earlier levels. However, new home inventories rose sharply on a year-over-year basis in March.

March 2010 Home Inventory vs. a Year Earlier



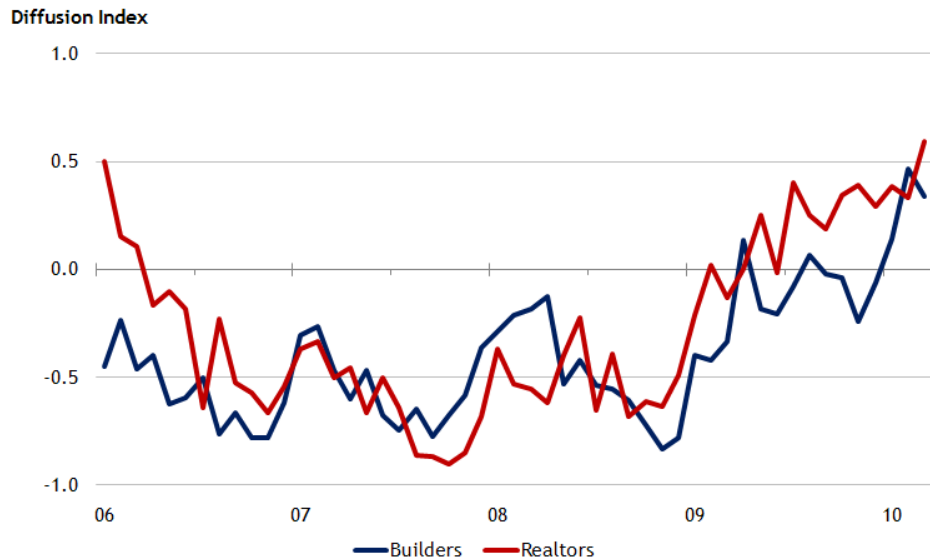
Source: FRBA business contact survey

Summary

Reports of Southeast buyer traffic were a bit mixed but remained positive.

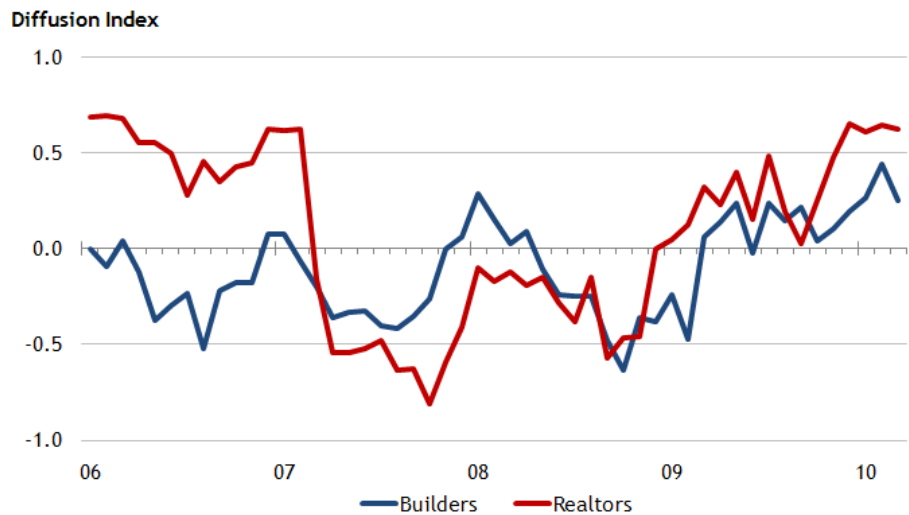
The outlook for sales growth over the next several months was steady once again among Southeast Realtors despite improvements in buyer traffic. The outlook among builders reflected weaker buyer traffic.

March 2010 Southeast Buyer Traffic vs. a Year Earlier



Source: FRBA business contacts survey

March 2010 Southeast Home Sales Outlook vs. a Year Earlier



Source: FRBA business contact survey

International Trade

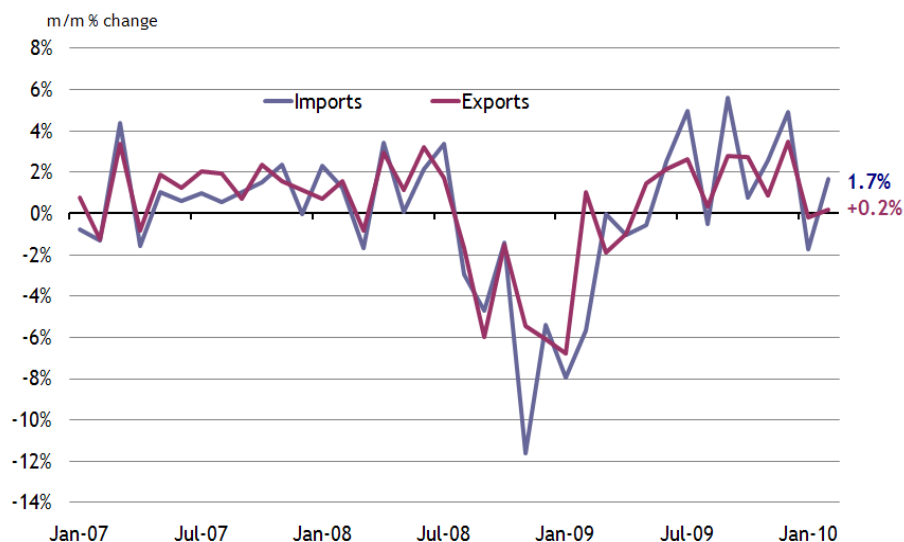
Summary

The U.S. trade deficit of goods and services widened in February to \$39.7 billion from a revised \$37 billion in January. The nominal goods deficit deteriorated by \$1.9 billion, to \$51.3 billion.

February's deficit was about \$1 billion more than the number expected by a consensus of business economists.

A widening trade deficit in February had only a slight negative impact on GDP.

U.S. International Trade



Source: U.S. Bureau of the Census

- The nominal trade deficit widened in February to \$39.7 billion from a revised \$37 billion in January. This figure was \$1.2 billion higher than the number estimated by a consensus of business economists.
- Imports drove much of the larger trade gap, rising by \$3 billion from January, while exports increased by only \$0.3 billion.
- Imports of consumer and capital goods increased by \$1.1 billion and \$0.4 billion, respectively, from January levels. Exports' weak readings in February were driven by declining shipments of foods, feeds, and beverages that offset gains in capital goods, automobiles, and industrial supplies.
- The U.S. trade deficit with China fell to \$16.5 billion in February, the lowest level in almost a year, but was still the biggest trade imbalance the United States has with any country.
- According to business economists, February's worsening trade deficit had only a relatively minor impact on first quarter GDP growth.

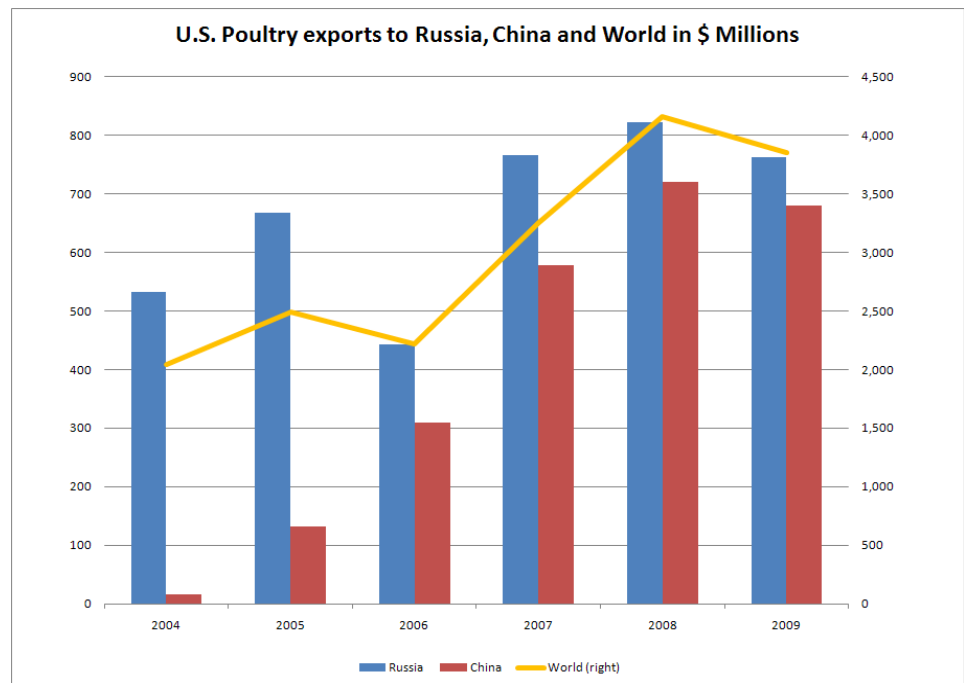
International Trade

Summary

Recent U.S. trade tensions with Russia and China are ending the expansion of poultry exports.

Unsettling trade disputes with U.S. top buyers of poultry led to a 14% drop in poultry exports from early 2009.

In January-February 2010 U.S. broiler exports to Russia and China declined 75% and 63%, respectively, from year-earlier levels.



- Recent trade tensions with Russia and China, the poultry industry's leading export markets, are troubling the outlook for U.S. poultry exports. Poultry is the Southeast's most important farm producing sector in terms of farm income and employment.
- U.S. Department of Agriculture sector forecasts of broiler exports for the first quarter of 2010 are expected to be down 20% from a year earlier.
- Most importantly, U.S. broiler exports in early 2010 were down 14% from the first two months of 2009. A large portion of the decrease was due to falling shipments to Russia (75%), China (63%), and Cuba (42%), three of the five largest broiler export markets. These declines were not offset by larger U.S. poultry shipments to Hong Kong (335%) and Canada (21%).
- In December 2009 Russia banned all U.S. chicken exports, arguing that a chlorine rinse used to cleanse the meat violated its food safety guidelines. Russia had been the top overseas buyer of U.S. chicken, accounting in 2009 for about 20% of U.S. broiler exports.
- Exports to China are also discouraged by hefty duties on U.S. chicken parts. In 2009 China accounted for 17% of U.S. broiler exports.
- About half of the chicken parts sold to China are wings and feet, which are worth only a few cents a pound in the United States. In contrast, these products in China fetch over 60 cents a pound, a price that no other foreign market comes close to matching.