

Economic Highlights

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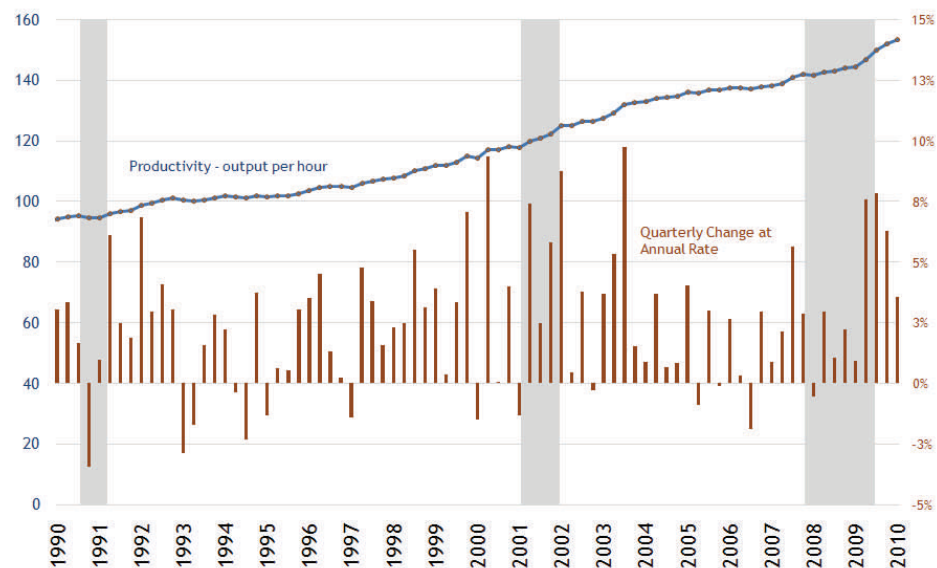
Productivity and Costs

Summary

After large increases to productivity in the second, third, and fourth quarters of 2009, productivity rose again in the first quarter, but at a slower rate.

Productivity increased at an annual rate of 3.6%, slightly higher than the average during the past 10 years of 2.9%.

Productivity nonfarm business sector



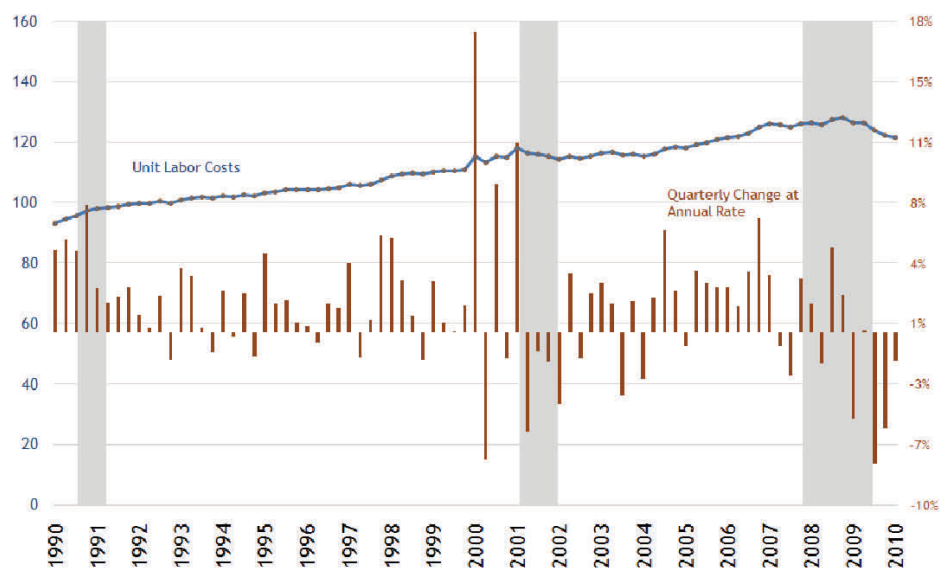
Source: U.S. Bureau of Labor Statistics

- In the first quarter of 2010, output and hours increased, with output rising at a faster rate. Output rose at a 4.4% annual rate and hours rose 0.8%.

Expenses declined 1.63% in the first quarter of 2010 as the increase in productivity outpaced the increase in hourly compensation.

Lower unit labor costs may ultimately translate into lower prices for end consumers, dampening inflationary pressures.

Unit Labor Costs nonfarm business sector



Source: U.S. Bureau of Labor Statistics

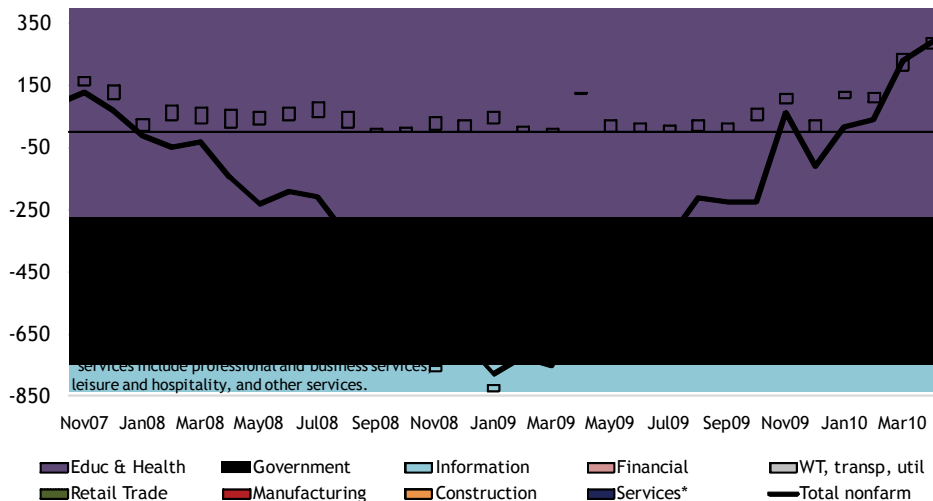
Employment

Summary

The April employment report showed continued improvement in the labor market as payroll employment increased by 290,000, the largest monthly gain in four years, following upward revisions to March and February.

Contributions to Change in Nonfarm Payroll Employment

April 2010, thousands



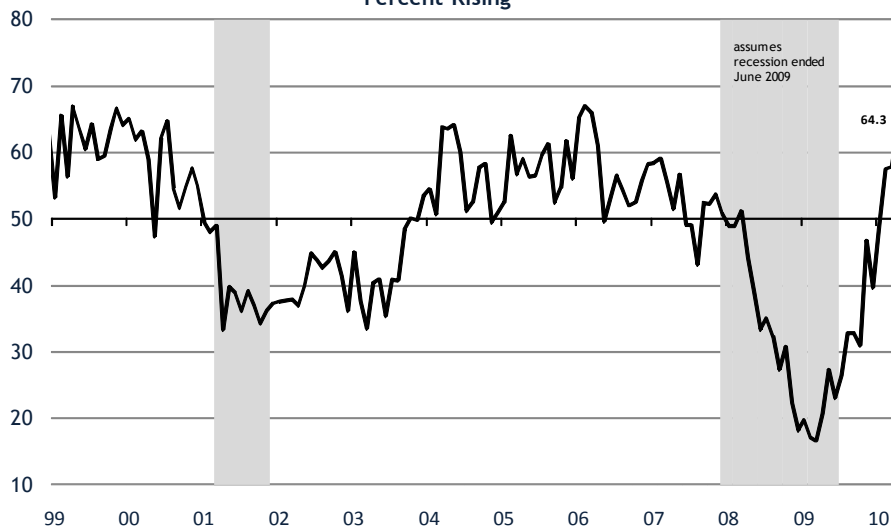
Source: U.S. Bureau of Labor Statistics

- Payroll employment increased for the fourth consecutive month, by 290,000 in April. Median consensus expectations were for 190,000 (ranging from 75,000 to 300,000).
- In addition to the April gain, February and March payrolls were revised up by 53,000 and 68,000, respectively.
- Federal government employment rose in April, reflecting the hiring of 66,000 temporary workers for Census 2010.

The increase in payroll employment in the first part of 2010 also reflects increasingly widespread gains across industries.

Diffusion Index of Private Nonfarm Payrolls

Percent Rising



Source: U.S. Bureau of Labor Statistics

- The diffusion index, which measures the fraction of industries that are increasing payrolls, increased to 64.3 in April, the highest since March 2006.

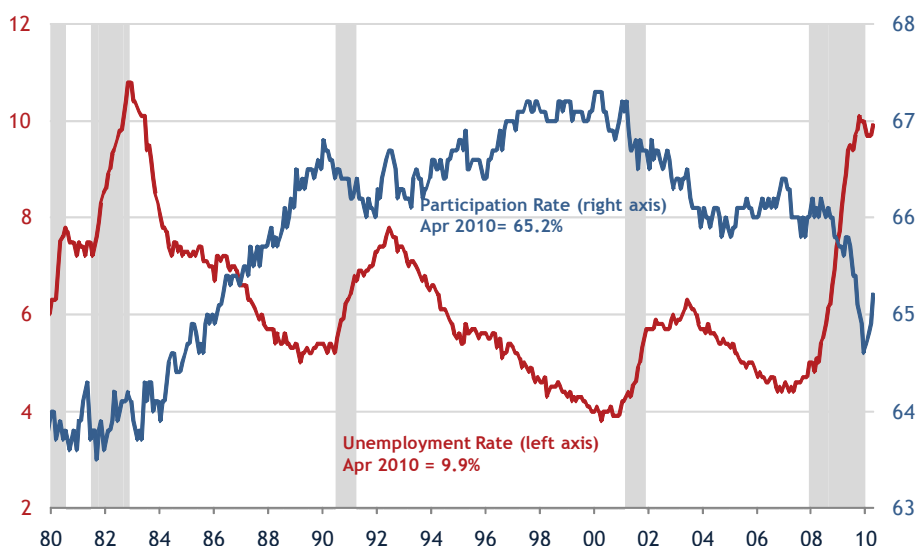
Employment

Summary

The unemployment rate increased to 9.9 percent in April after holding steady at 9.7 percent for the past three months.

The increase was largely the result of an increase in labor force participation; as the labor market continues to improve, more people are entering the labor force to search for employment.

Unemployment and Labor Force Participation Rates Percent, April 2010

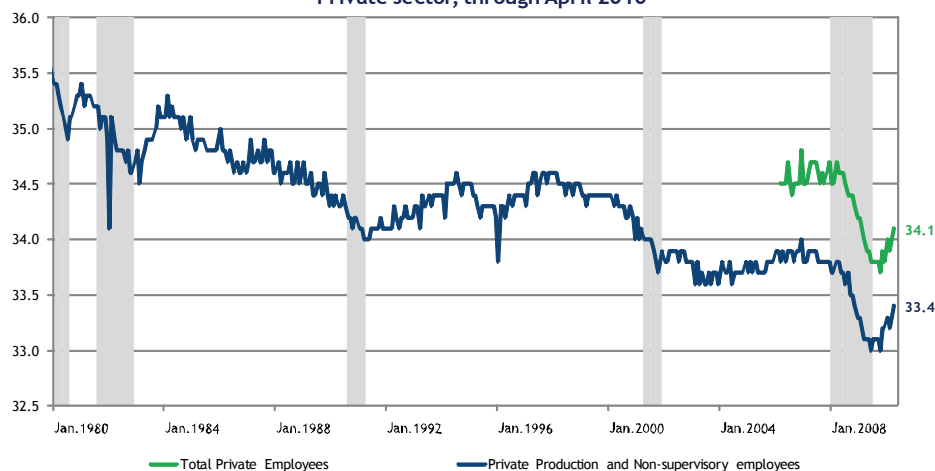


Source: U.S. Bureau of Labor Statistics

- The rise in the unemployment rate increased even though employment rose by 550,000. This increase was offset by a larger increase of 805,000 in the labor force participation.
- The average duration of unemployment rose in April to 33 weeks, a new high. Of all unemployment, the share of long duration unemployment (27 weeks and over) is up to 45.9%, also a record high.

Average weekly hours continued to rise in April, giving some support to labor income as average hourly earnings remain weak.

Average Weekly Hours Private sector, through April 2010



Assumes recession ended June 2009

Source: U.S. Bureau of Labor Statistics

- Average weekly hours for all private employees increased to 34.1 in April, the highest level in more than a year.
- Earnings remain weak. Average hourly earnings remained virtually unchanged over the month and are up 1.6 percent over the year.

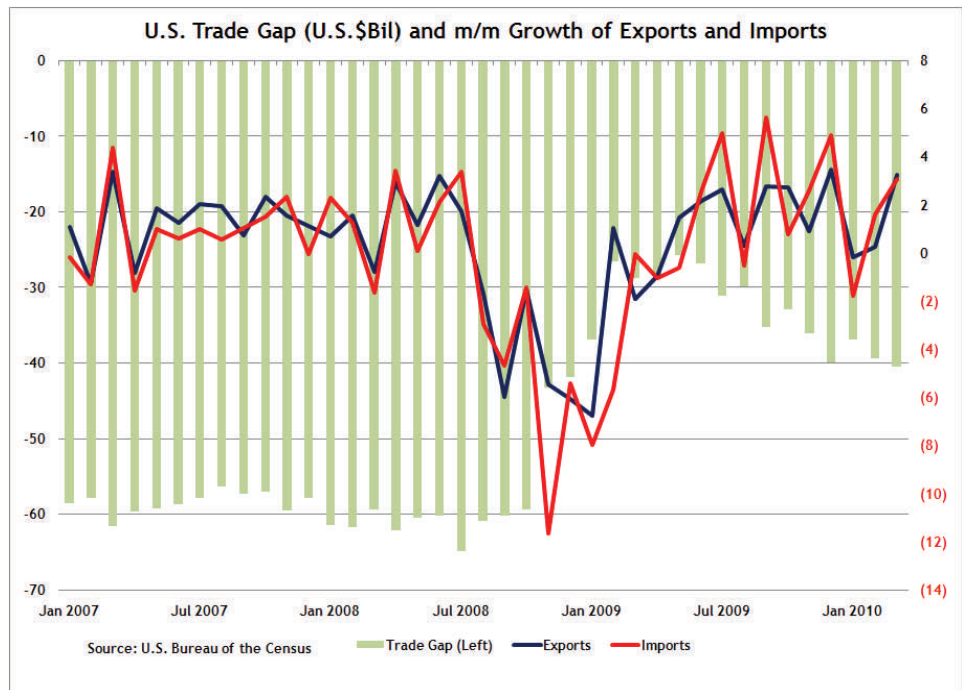
International Trade

Summary

The U.S. trade deficit of goods and services in March expanded to \$40.4 billion, up from a revised \$39.4 billion in February.

Exports and imports climbed 3.2 and 3.1 percent, respectively, during the last month, March's trade imbalance was the largest monthly reading since December 2008.

The trade gap had a slight negative impact on GDP growth in the first quarter of 2010.

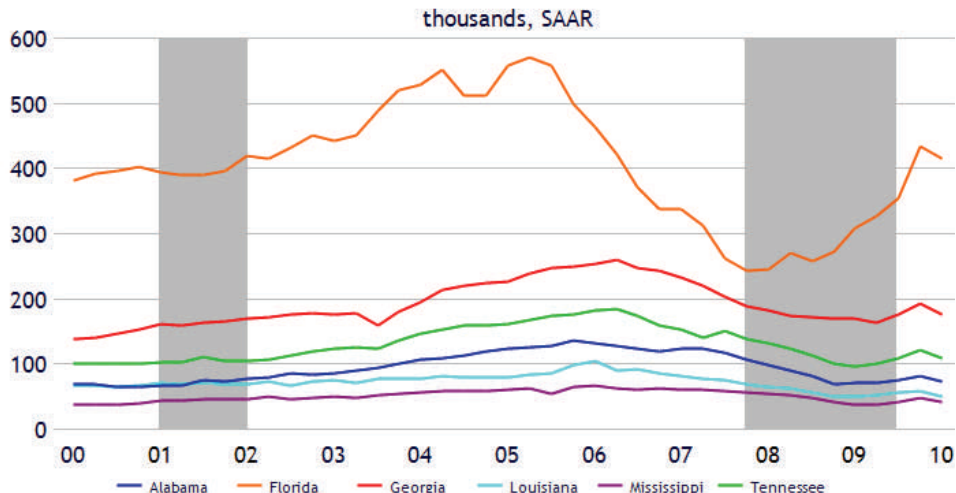


- The U.S. trade balance of goods and services widened in March to \$40.4 billion from a revised \$39.4 billion in February. Both sides of the trade equation improved in March, reflecting improving business conditions at home and abroad. Exports and imports climbed 3.2 percent and 3.1 percent, respectively over the last month.
- On the merchandise front, U.S. import growth was driven by rising demand of crude oil, industrial machinery, and foreign-made autos. U.S. export growth was led by higher shipments of industrial supplies, capital goods, and farm products.
- U.S. exports of industrial materials and supplies were primarily led by petrochemical products and coal. Exports of capital goods were mostly electric generators, semiconductors, and airplane parts. Exports of farm products were led by soybeans and corn.
- Exports to China have improved markedly this year, running at a much faster pace than imports. However, March's U.S. merchandise trade deficit with China, at \$16.9 billion is still \$1.3 billion higher than a year earlier.
- On a quarterly basis, net exports during the first quarter of 2010 subtracted 0.6 percent points from U.S. GDP growth, similar to the slight contributions to GDP growth reported in the previous two quarters.

Summary

According to the National Association of Realtors, existing home sales in the Southeast softened but remained above the year-earlier level.

Southeast Existing Home Sales



Note: Assumes recession ended in June 2009
Source: National Association of Realtors

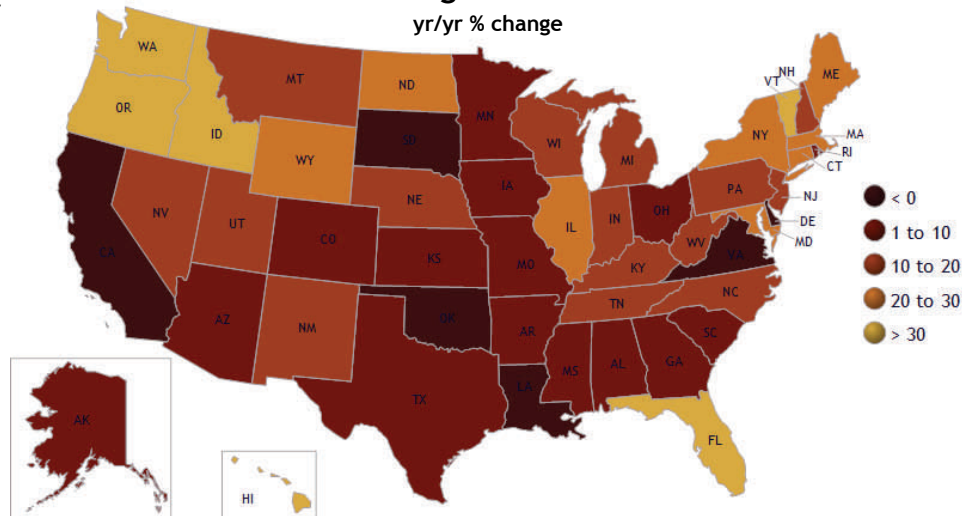
1Q2010 Southeast Existing Home Sales

	thousands, SAAR	yr/yr change	qtr/qtr change
U.S.	5,137.0	11.4%	-14.0%
Alabama	72.4	1.1%	-12.6%
Florida	415.2	35.0%	-4.6%
Georgia	175.6	3.8%	-8.7%
Louisiana	50.4	0.0%	-13.7%
Mississippi	42.8	10.3%	-10.1%
Tennessee	109.6	13.2%	-10.2%

Source: National Association of Realtors

Existing home sales remained ahead of the year-earlier level across much of the United States during the first quarter of 2010. The only clear regional trend was strong growth in the Northwest.

Existing Home Sales



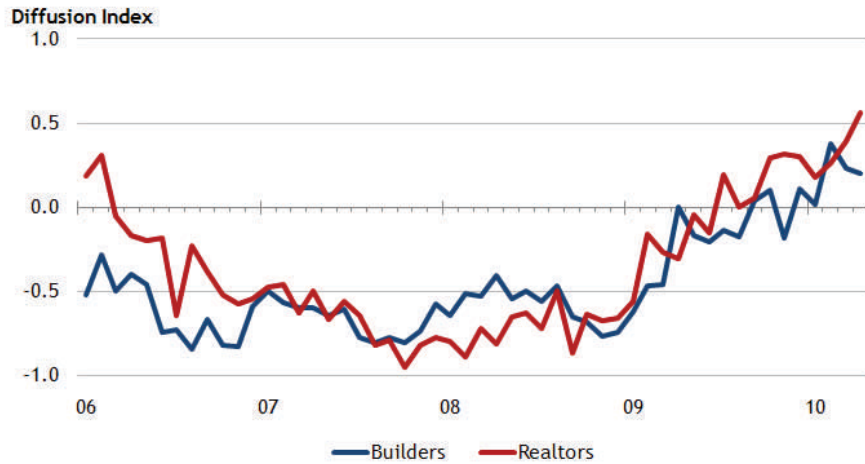
Source: National Association of Realtors

Summary

Home sales growth was mixed once again, according to a survey of Southeastern Realtors and homebuilders.

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.

April 2010 Southeast Home Sales vs. a Year Earlier



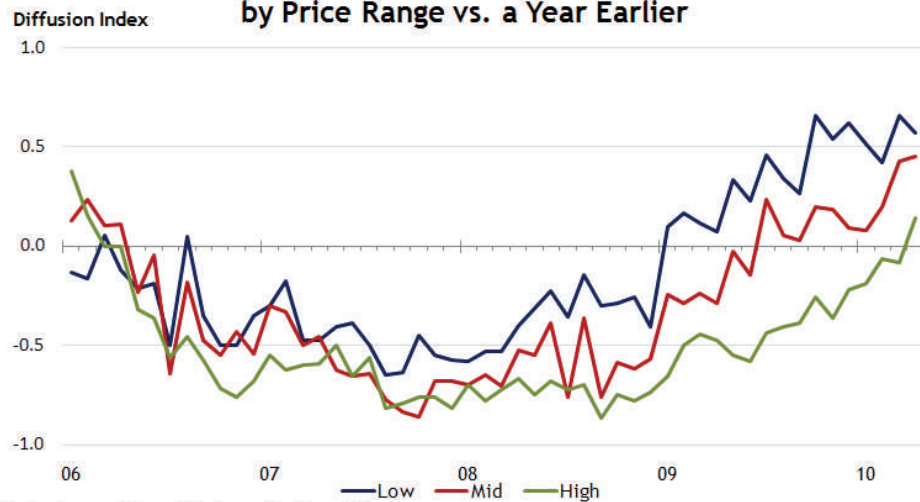
Source: FRBA business contact survey

Note: April survey results are based on responses from 73 Realtors and 51 homebuilders and were collected May 3-12.

- Close to three-fourths of Realtors reported year-over-year gains in home sales as the sales index improved slightly again from March.
- About half of builders reported year-over-year sales gains in April; however, the sales index slipped a bit from March to February. Softening was notable among Florida builders while elsewhere in the region growth held steady or improved modestly.

A closer look at Realtor sales reports indicated that high-end home sales exceeded the year-earlier level for the first time since early 2006.

April 2010 Southeast Home Sales by Price Range vs. a Year Earlier

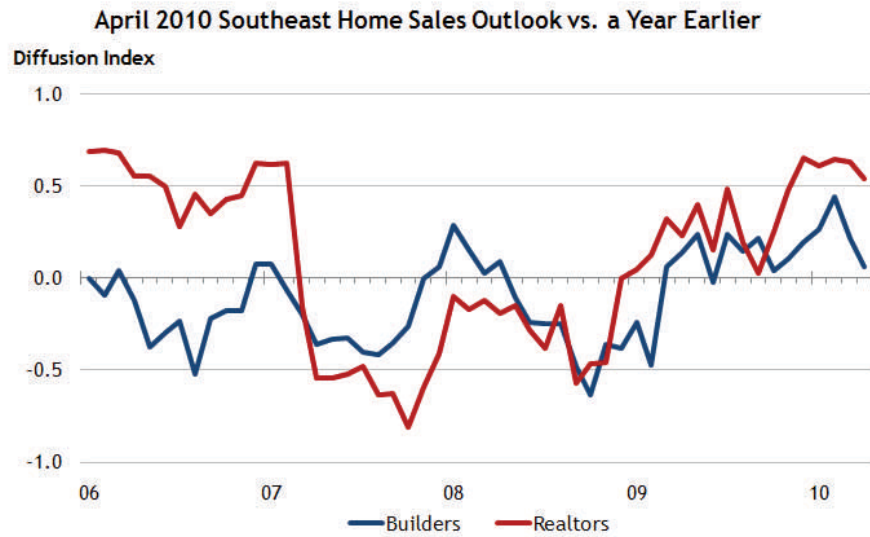


Note: Low, mid, and high are Realtor defined

Source: FRBA business contact survey

Summary

The outlook among both Southeastern Realtors and builders softened in April but remained positive.



Source: FRBA business contact survey