

## Economic Highlights

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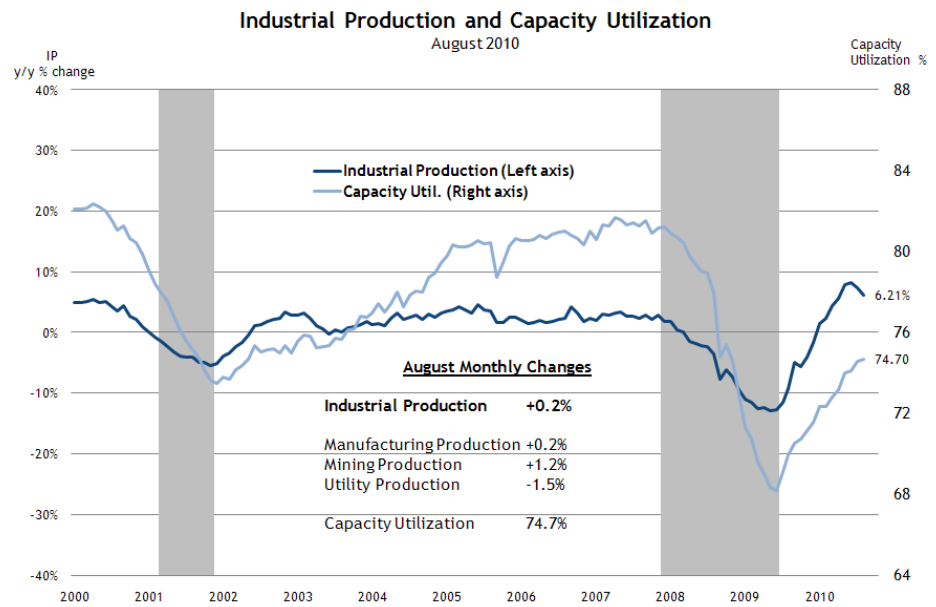
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# Manufacturing

## Summary

Industrial production (IP) rose 0.2 percentage point in August, a result of increases in the production of manufacturers (+0.2%) and mines (+1.2%), which offset decreased production of utilities.

Capacity utilization rose to 74.7%.

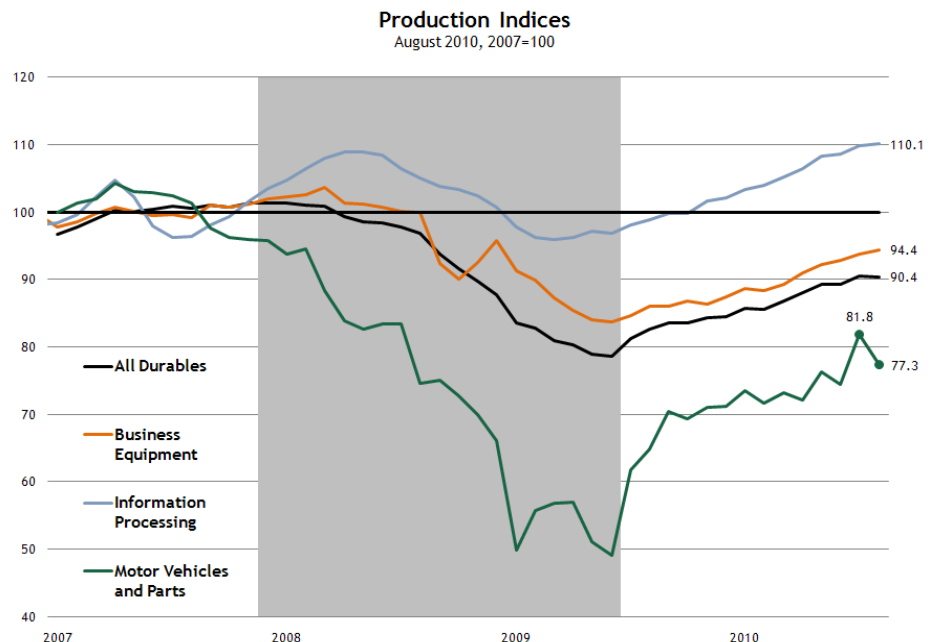


Source: Federal Reserve Board

Assumes recession ended June 2009

- Industrial production added 0.2% in August.
- Manufacturing production rose 0.2%. Excluding the production of motor vehicles and parts, manufacturing production rose 0.5%.

August's IP growth was less than July's. The step-down in the rate of increase largely reflected a fallback in the production of motor vehicles and parts, which jumped sharply in July.



Source: Federal Reserve Board

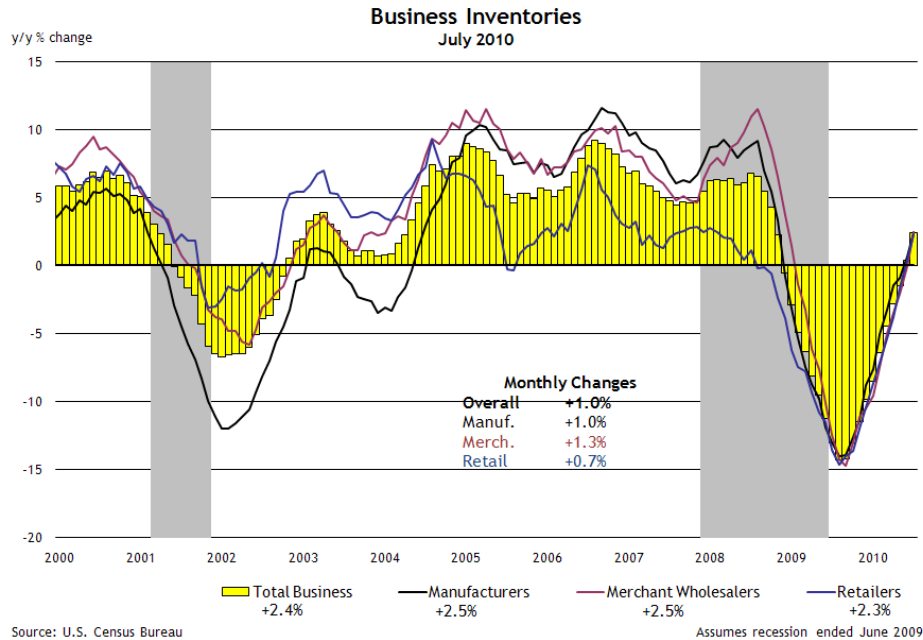
Assumes recession ended June 2009

- The production of all durable goods slipped 0.1% in August as the production of motor vehicles returned to a more moderate pace after a sharp increase in July.
- The output of business equipment rose 0.7% in August after a 1% gain in July.
- The production of information processing equipment gained 0.4% in August.

# Manufacturing

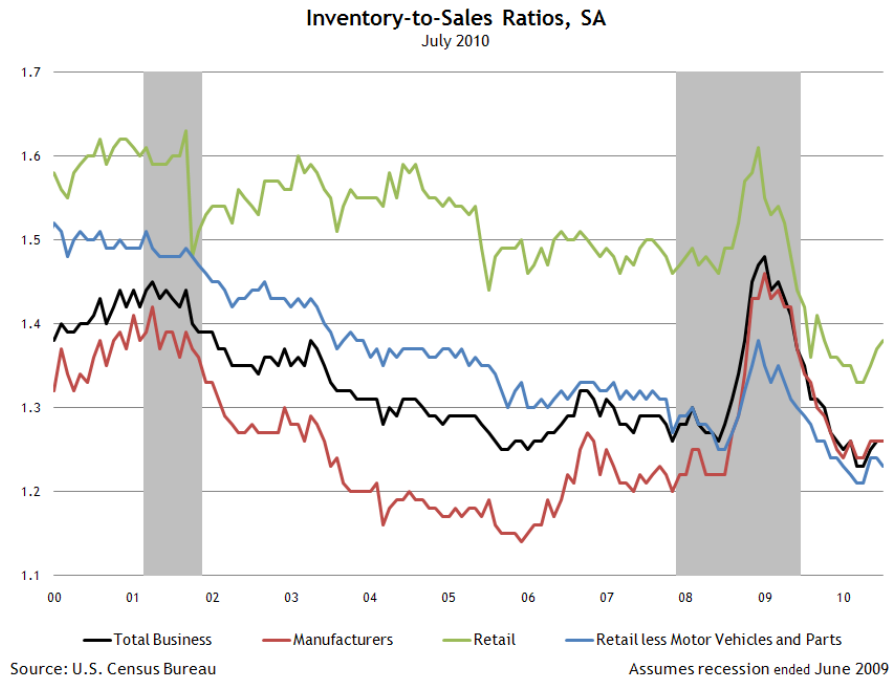
## Summary

Business inventories grew 1% from June to July.



- Total business inventories added 1% in July.
- In July, manufacturers' inventories added 1% while merchant wholesalers' inventories grew 1.3%. Retail inventories increased 0.7% for the month.

The total business inventory-to-sales (I/S) ratio for June ticked up to 1.26.



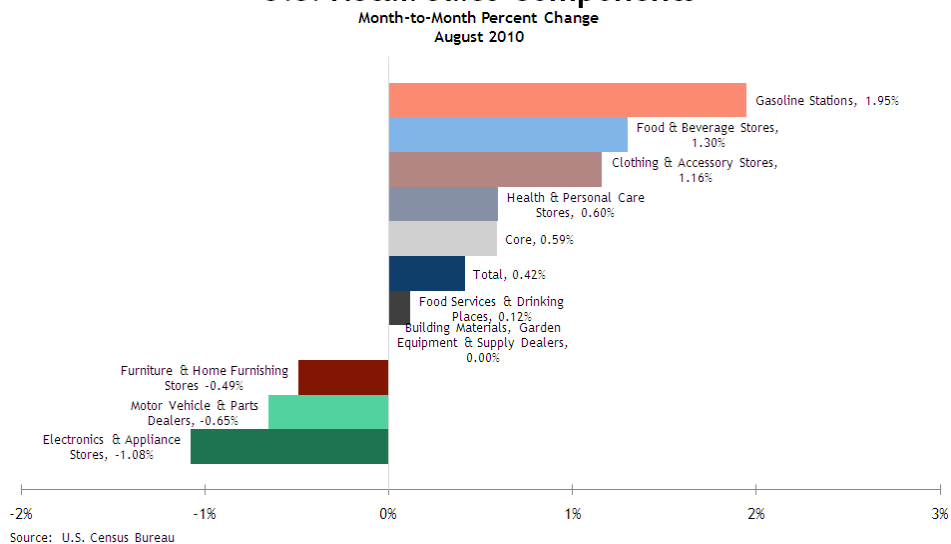
- In July, the total business I/S ratio remained unchanged at 1.26, a result of both higher inventories and sales.

# Consumer Spending

## Summary

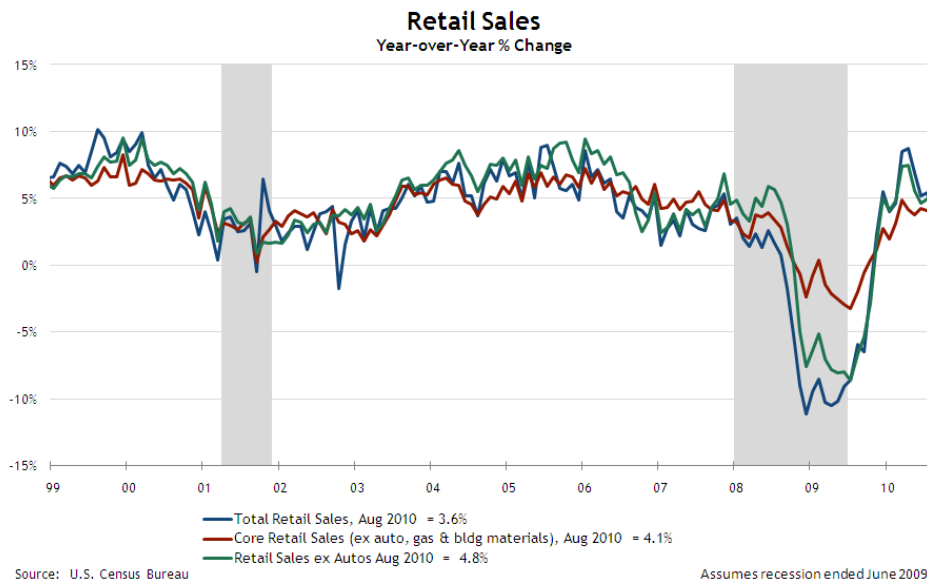
Retail sales in August posted the largest monthly gain since March.

## U.S. Retail Sales Components



- In August, total retail sales increased 0.4%, and core retail sales (excluding gas, autos, and building supplies) increased 0.6%. August marks the largest monthly gain since March for both series.
- Sales at food, clothing, and personal care stores posted fairly large gains over the month while retailers of large-ticket items such as furniture, autos, and electronics posted declines in sales.

Despite the monthly gain, retail sales are still consistent with moderate growth in consumer spending compared with a year earlier.



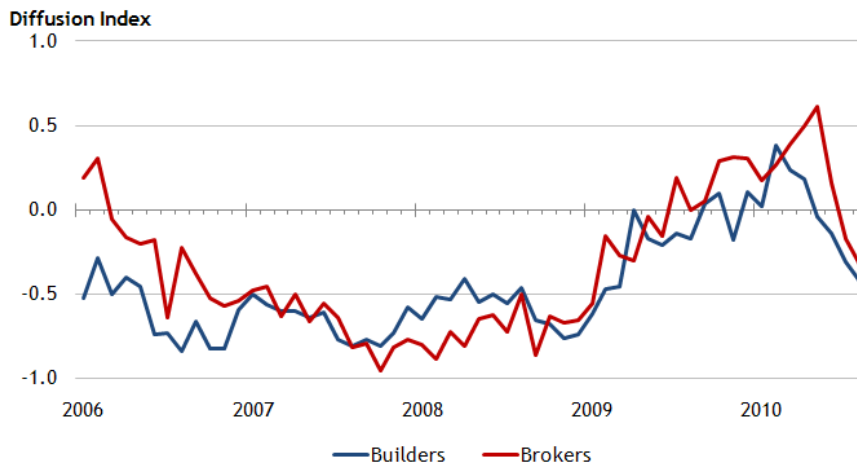
- On a year-over-year basis, total retail sales were up 3.6% in August following a 5.4% rise in July.
- On a year-over-year basis, core retail sales in August remained at 4.1% for the second consecutive month, still below the average rate of 4.8% during the last expansion.

## Summary

Reports from Southeastern brokers and home builders indicated that August home sales weakened further on a year-over-year basis.

*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.*

### August 2010 Southeast Home Sales vs. a Year Earlier



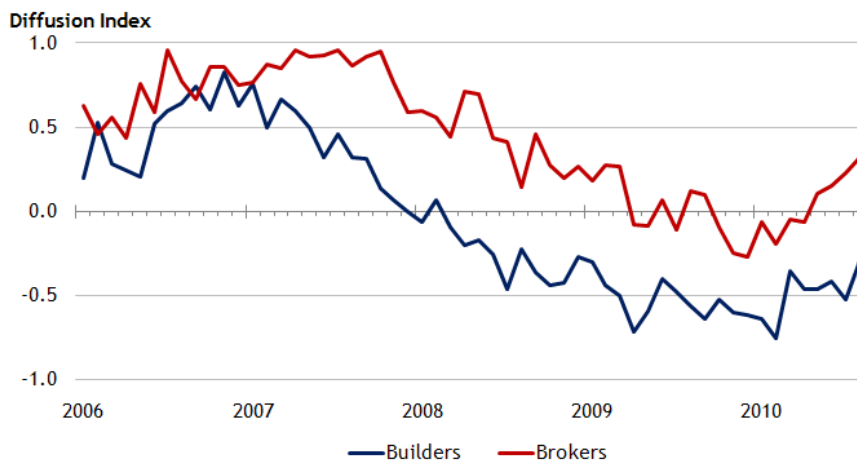
Source: FRBA business contact survey

Note: August survey results are based on initial responses from 143 Realtors and 51 homebuilders and were collected August 7-15.

- The majority of brokers continued to note declines in homes sales on a year-over-year basis; however, Florida brokers noted that declines moderated in August while elsewhere in the District sales continued to soften.
- Many brokers noted that buyers have taken a wait-and-see attitude. Closings remained challenging, particularly appraisals.
- The majority of brokers and builders reported that home sales declined from July to August.

District contacts indicated that Southeast home inventories rose during August.

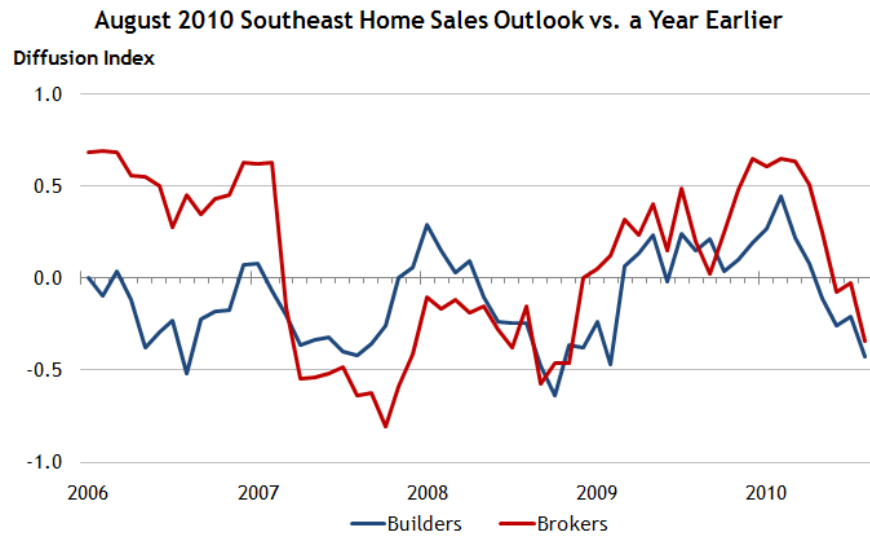
### August 2010 Southeast Home Inventory vs. a Year Earlier



Source: FRBA business contact survey

## Summary

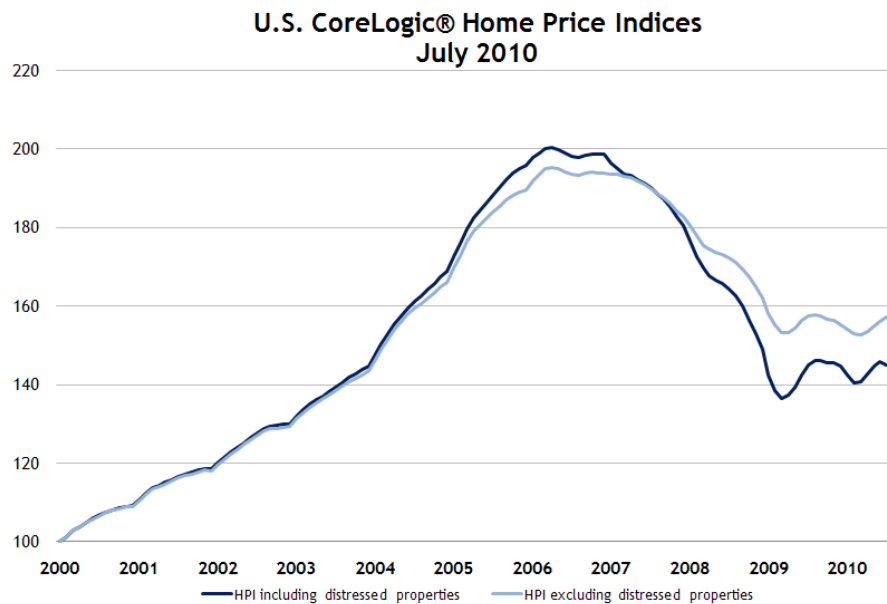
The outlook for home sales growth over the next several months continued to weaken among Southeastern residential brokers and homebuilders.



Source: FRBA business contact survey

## Summary

CoreLogic® reported that home price indices weakened from June to July; however, the price index excluding distressed property continued to improve.



Note: January 2000 = 100  
Source: First American CoreLogic

	July (nsa)	M/M (nsa)	Y/Y	2Y/Y	3Y/Y
<b>U.S. CoreLogic Index</b>					
Combined*	145.0	-0.6%	0.0%	-11.8	-23.8
Combined* excl. distressed	157.4	0.8%	0.0%	-8.6	-17.1
Single-family detached	143.8	-0.6%	0.3%	-11.1	-23.3
Single-family attached	151.2	-0.4%	-1.1%	-14.8	-25.8

\*Combined refers to single-family attached and single-family detached homes.