

Economic Highlights

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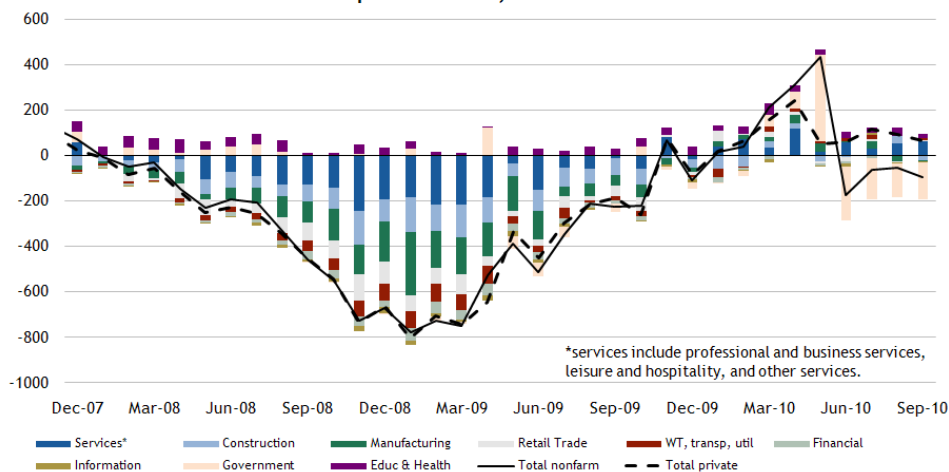
Employment

Summary

Payroll employment fell by 95,000 in September as a result of a large decline in government payrolls.

Outside of the government sector, private payrolls continued to add jobs but at a slow pace.

Contributions to Change in Nonfarm Payroll Employment September 2010, thousands

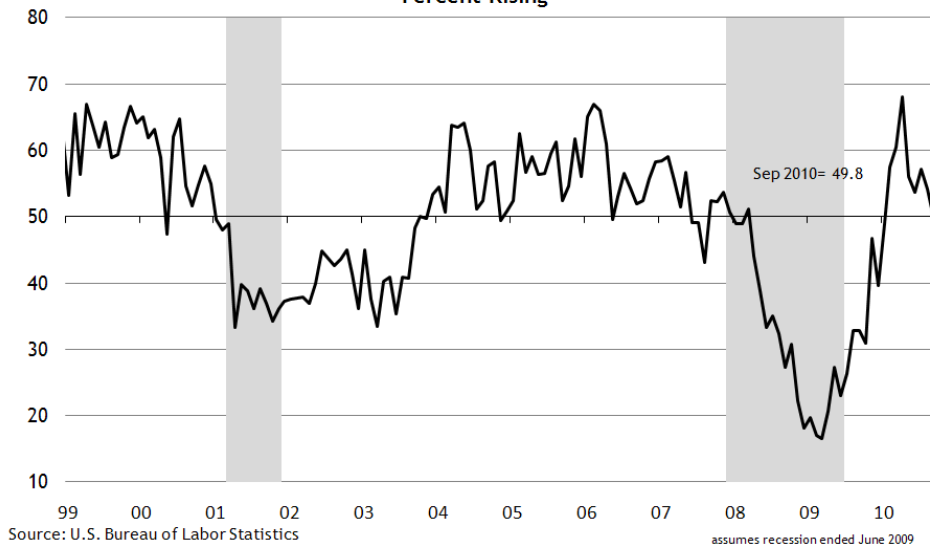


Source: U.S. Bureau of Labor Statistics

- Nonfarm payroll employment fell by 95,000 in September. This decline reflects the release of 77,000 temporary Census workers from government payrolls and a decline of 76,000 in local government employment. About 6,000 temporary Census workers remain on federal government payrolls.
- Private payrolls rose 64,000, less than the 75,000 expected. Service-providing sectors led private payroll growth, adding 86,000 jobs in September. Leisure and hospitality added 38,000 jobs, and health care employment rose by 24,000. Temporary help services added jobs (17,000) for the second month in a row.
- Meanwhile, construction employment fell by 21,000, partly offsetting last month's gain of 31,000.

The weakness in job growth was widespread across industries as the diffusion index declined further in September.

Diffusion Index of Private Nonfarm Payrolls Percent Rising

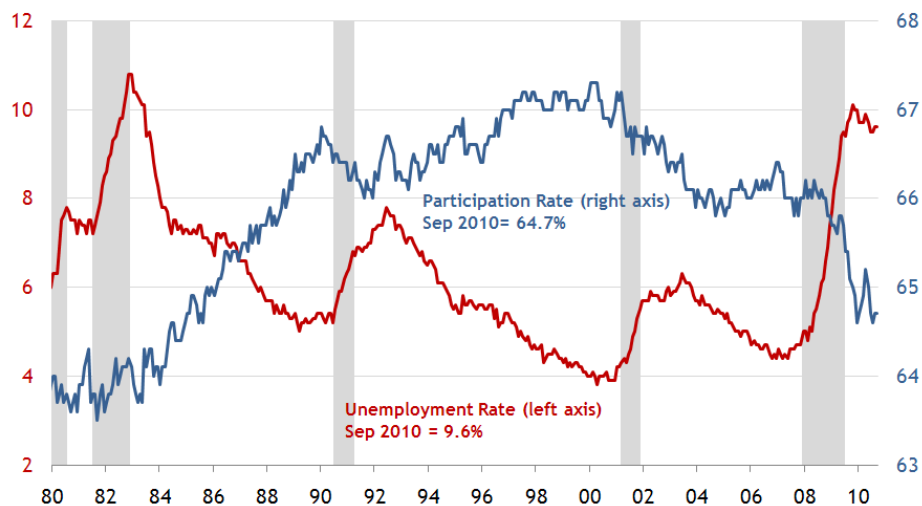


- The diffusion index, which measures the fraction of industries that are holding steady or increasing payrolls, declined to 49.8 in September, marking the first drop below 50 since January.

Summary

In the household survey, the unemployment rate and the labor force participation rate remained unchanged in September.

Unemployment and Labor Force Participation Rates Percent, September 2010



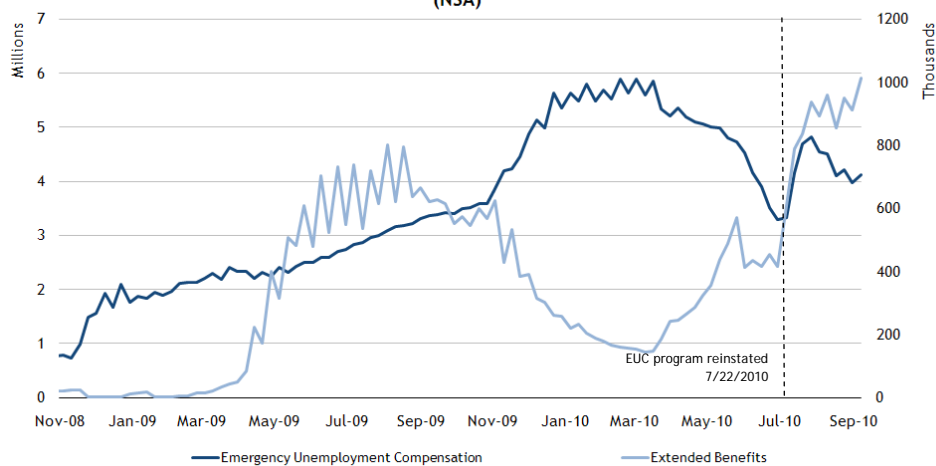
Source: U.S. Bureau of Labor Statistics

- The unemployment rate remained at 9.6% (9.7% was expected) in July, and the labor force participation rate held at 64.7%. Average weekly hours and hourly earnings remained unchanged.
- The average duration of unemployment declined to 33.3 weeks in September. The share of long-duration unemployment (27 weeks and over) edged down for the third consecutive month to 41.7%.
- The number of people employed part-time for economic reasons rose by 612,000 in September to 9.5 million. This number has increased by 943,000 in the past two months.

In recent months, the number of persons receiving extended benefits has continued to increase. The number receiving benefits through the EUC program, however, has shown a downward trend.

Note: As people exhaust their regular benefits, they move on to receive extended benefits first through the Congress-enacted Emergency Unemployment Compensation (EUC) program and then their state Extended Benefits (EB) program.

Persons Claiming Extended Benefits (NSA)



Source: U.S. Department of Labor

through September 18, 2010

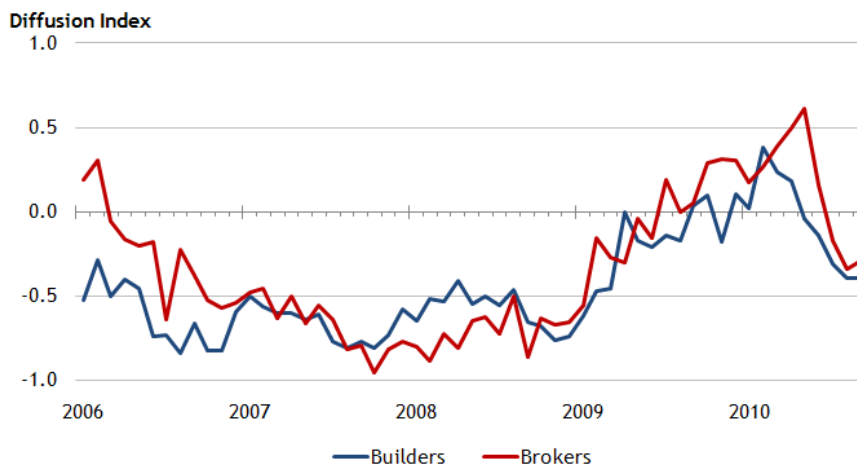
- After a sharp increase following the reinstatement of the Emergency Unemployment Compensation (EUC) program, the number of persons receiving these benefits has declined by approximately 700,000 since early August.
- Extended benefits (EB) claims, however, have continued to show an upward trend. In the week ending September 18, the number of extended benefits claimants (1.01 million) surpassed 1 million for the first time.
- This trend suggests people are exhausting EUC benefits and rolling into state EB programs.

Summary

Reports from District brokers and home builders indicated that September home sales remained below the year-earlier level but were little changed from the previous month.

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.

September 2010 Southeast Home Sales vs. a Year Earlier



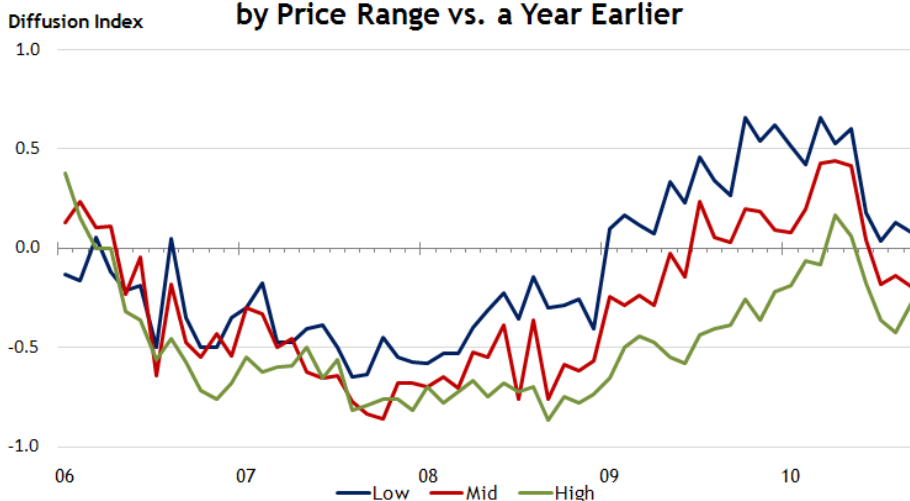
Source: FRBA business contact survey

Note: September survey results are based on initial responses from 118 Realtors and 47 home-builders and were collected September 4-13.

- The majority of brokers continued to note declines on a year-over-year basis; however, Florida brokers who had noted more moderate declines in August indicated that sales weakened further on a year-over-year basis while elsewhere in the District sales growth declines moderated in September.
- Comments from Florida brokers indicated that the recent "bank foreclosure halt" had stalled many sales (REO sales have become a significant share of sales in Florida).
- The majority of brokers and builders reported that home sales were flat to slightly down from August to September.

District contacts indicated that Southeast home sales in the higher price ranges improved but remained below the year-earlier level while low- to mid-priced home sales weakened in September.

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

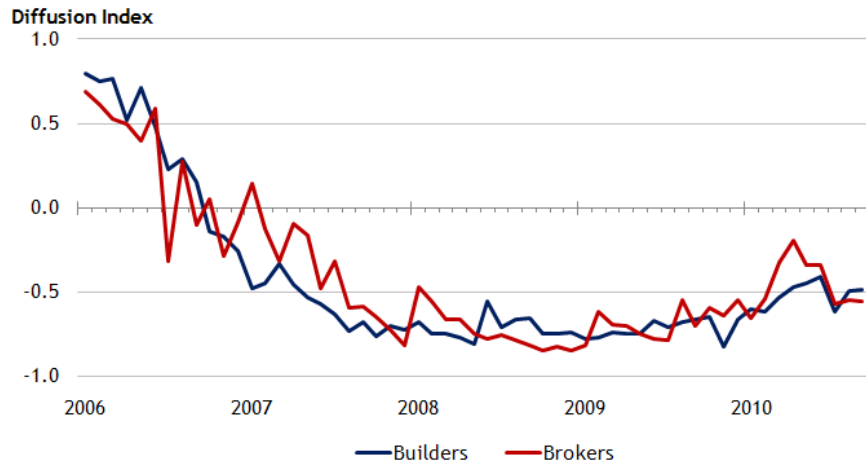


Note: Low, mid, and high are broker defined
Source: FRBA business contact survey

Summary

Southeast brokers and builders indicated that year-over-year home price declines held steady in September.

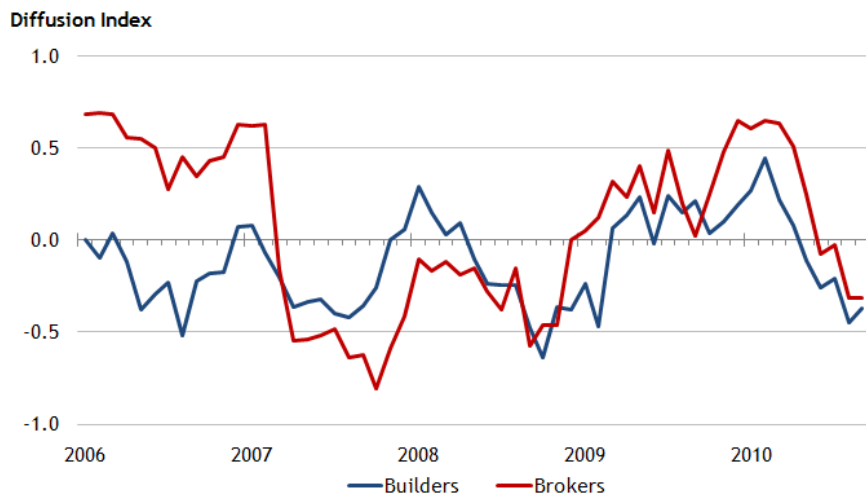
September 2010 Home Price vs. a Year-ago



Source: FRBA business contact survey

The outlook for home sales growth over the next several months remained weak in September among Southeast residential brokers and homebuilders.

September 2010 Southeast Home Sales Outlook vs. a Year Earlier



Source: FRBA business contact survey