

## Economic Highlights

---

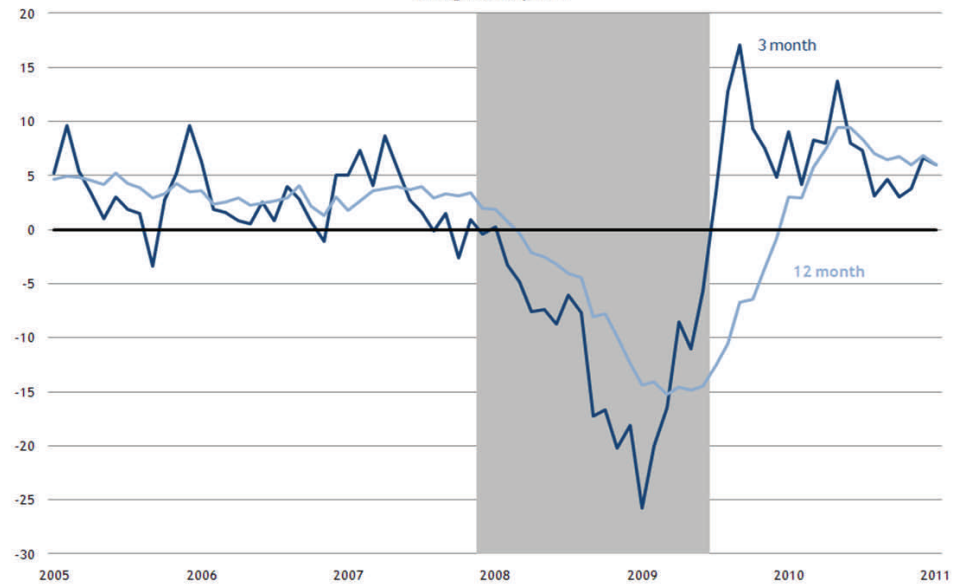
Manufacturing	
Industrial Production	1
Real Estate	
Single-Family Home Construction	2
FRB Atlanta Survey Results	3
Consumer Spending	
Retail Sales	4
Prices	
Finished Goods PPI	5

# Manufacturing

## Summary

Overall industrial production (IP) declined 0.1% in January after climbing 1.2% in December. Manufacturing output increased by 0.3% in January after an upwardly revised 0.9% in December. Utilities contributed to the negative IP figure in January, as utilities produced 1.6% less output than in December. The output of mines also fell 0.7% in January.

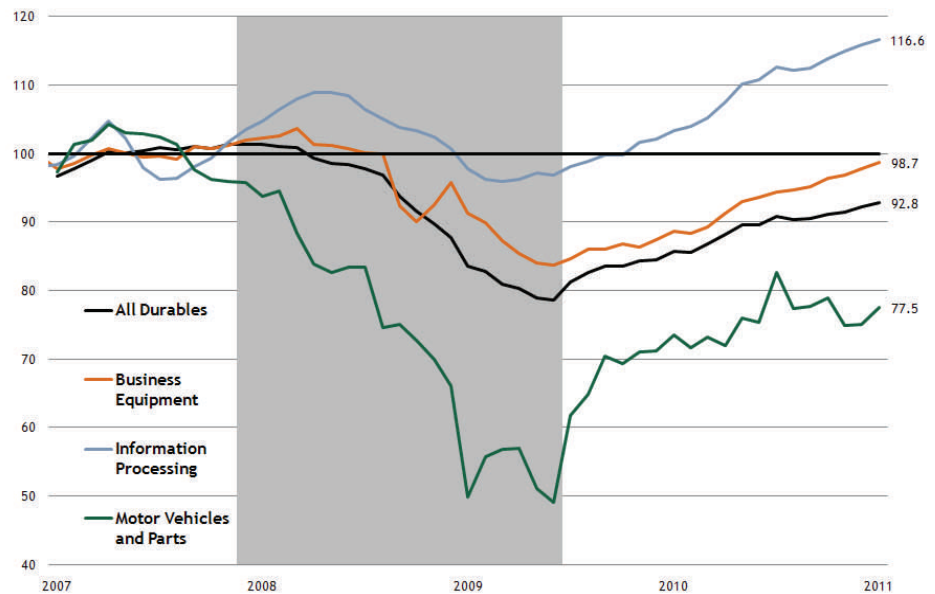
Index of Manufacturing Production (NAICS)  
3- and 12-month annualized growth rates  
through January 2011



Source: Federal Reserve Board

Most major categories of manufacturers posted gains in January.

Production Indices  
January 2011, 2007=100



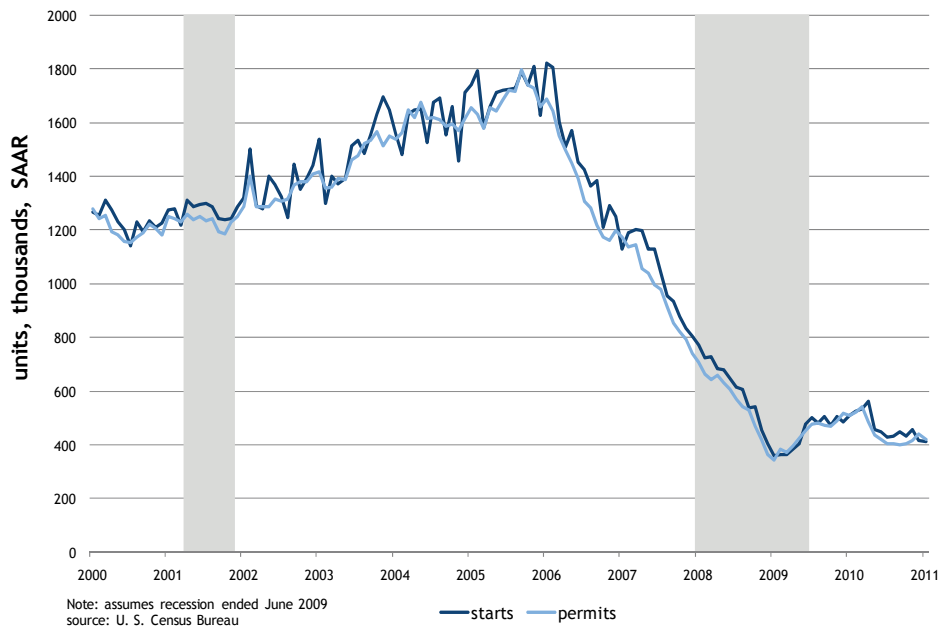
Source: Federal Reserve Board

## Summary

U.S. housing starts increased 14.6% in January but were driven by multifamily starts.

Building permits were weak but in line with Bloomberg consensus expectations.

## US Single Family Home Construction January 2011



### January Permits, SAAR

Source: U.S. Census Bureau

Total	562k	-10.6% y/y	-10.4% m/m
Single-family	421k	-17.3% y/y	-4.7% m/m
Multifamily	141k	17.5% y/y	-23.8% m/m

### January Starts, SAAR

Source: U.S. Census Bureau

Total	596k	-2.6% y/y	14.6% m/m
Single-family	413k	-19.2% y/y	-1.0% m/m
Multifamily	183k	81.2% y/y	77.7% m/m

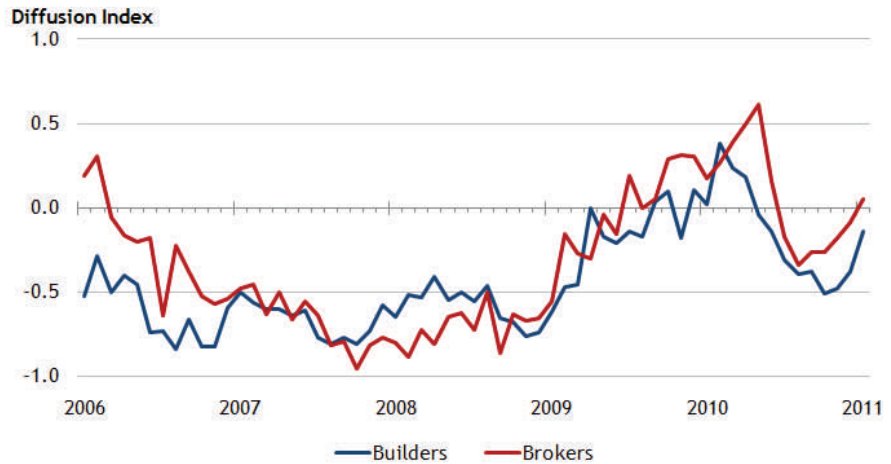
## Summary

Reports from Southeastern homebuilders and residential brokers indicated that home sales growth continued to improve on a year-over-year basis in January. The majority of brokers reported that sales were flat to slightly up compared with a year earlier, driven largely by gains in Florida.

**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.

The outlook among Southeast contacts for sales growth over the next several months improved among brokers while builder expectations were unchanged but still slightly positive.

### January 2011 Southeast Home Sales vs. a Year Earlier



Source: FRBA business contact poll

**Note:** January survey results are based on initial responses from 93 brokers and 46 homebuilders and were collected February 7-16.

- Among Southeast brokers, the majority reported that home sales in January were flat to slightly up compared with a year earlier. More than half of Florida brokers said sales in January increased on a year-over-year basis.
- On a monthly basis, home sales among Southeast brokers weakened somewhat from December to January; however, several Tennessee contacts noted that winter weather put a damper on activity.
- The majority of Southeast home builders reported that sales were flat to slightly down compared with a year earlier.

### January 2011 Southeast Home Sales Outlook vs. a Year Earlier



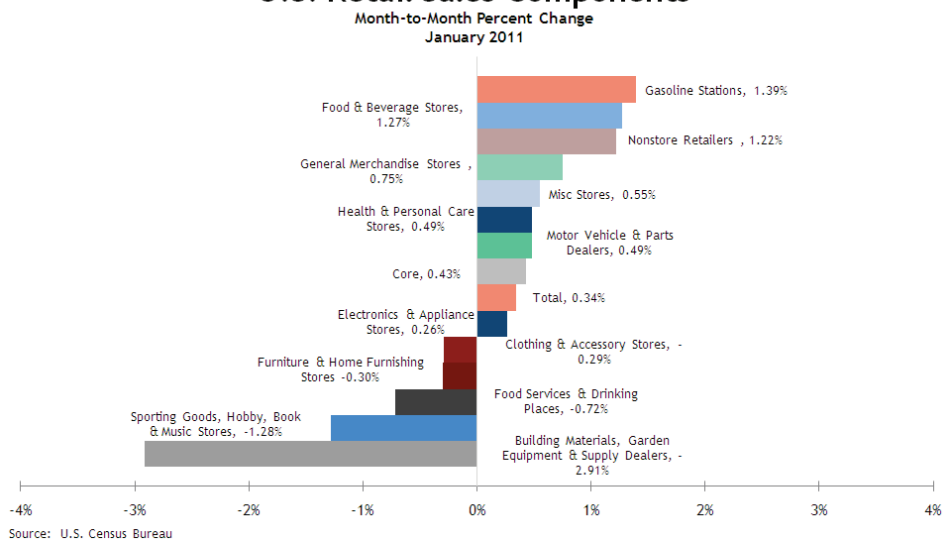
Source: FRBA business contact poll

# Consumer Spending

## Summary

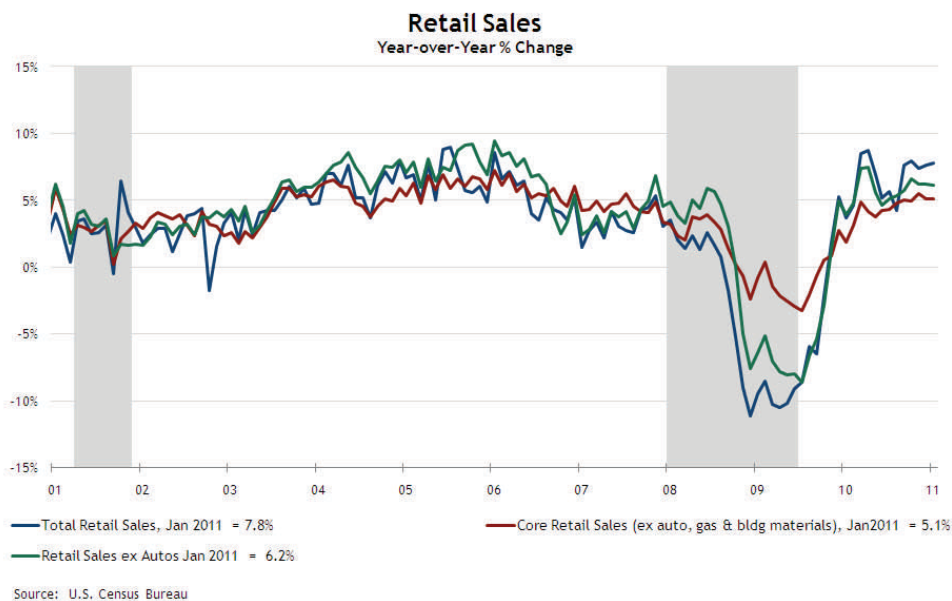
Retail sales increased less than expected in January and were revised down slightly for November and December.

## U.S. Retail Sales Components



- Total retail sales increased 0.3% in January, below expectations of a 0.5% increase. Sales were mixed among retail categories. Excluding gas, autos and building supplies sales, core retail sales increased by 0.4% over the month.
- Retail sales for November and December were revised down slightly, showing a smaller increase of 0.8% and 0.5%, respectively.

On a year-over-year basis, retail sales were little changed in January.

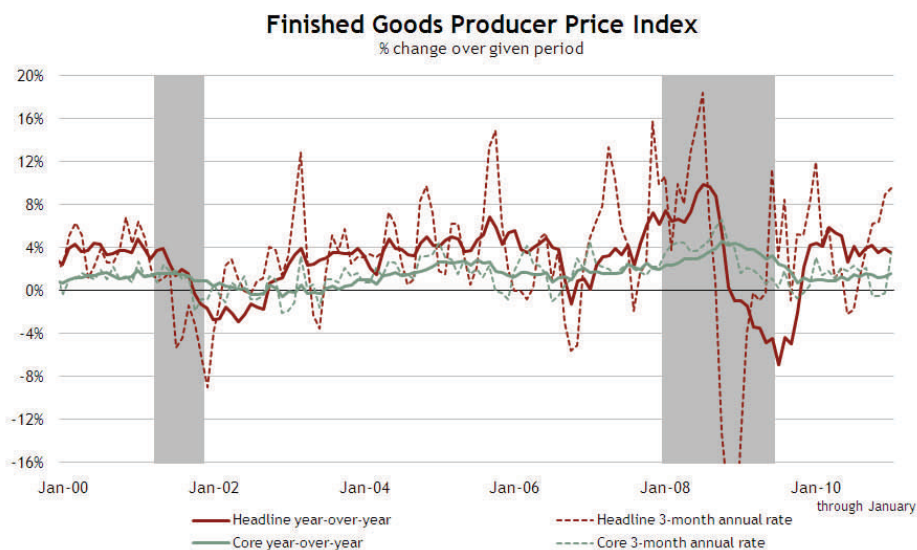


- On a year-over-year basis, core retail sales were up 5.1% for the second consecutive month, and total retail sales were up 7.8% in January.

## Summary

Energy prices pushed headline producer prices higher, and core producer prices increased in January.

Earlier stages of production showed increased prices as well.



Source: Bureau of Labor Statistics

- The headline producer price index (PPI) for finished goods rose 9.5% (annual rate) in January. Most of the January increase can be attributed to a jump in prices for finished energy goods; gasoline prices rose 81 percent (annual rate), and the indexes for home heating oil and diesel fuel also rose.
- The core PPI increased in January by 6.4% (annual rate), marking the largest monthly increase since October 2008. According to the Bureau of Labor Statistics, nearly 40% of the January increase can be attributed to pharmaceutical preparations. Core prices for finished goods are up 1.6% year over year.
- The price indexes at earlier stages of production also increased in January. Intermediate goods prices rose 14.2% (annual rate) and on a core basis increased 13.1% (annual rate). Crude core prices increased at a 60.4% annual rate in January, reflecting the continued increase in metal scrap prices.

PPI by Stage of Processing					
	1-month*	3-month*	12-month*	2008**	2003-08**
Finished	9.5	9.6	3.7	-1.2	3.2
Less food and energy	6.4	3.5	1.6	4.5	2.5
Intermediate	14.2	12.9	5.9	-2.6	5.0
Less food and energy	13.1	8.6	5.0	2.9	4.8
Crude	47.7	54.4	10.3	-24.3	4.1
Less food and energy	60.4	52.3	25.7	-24.1	5.4

\*Seasonally adjusted annualized rates of change in price indices for given period ending January 2011

\*\*Seasonally adjusted annualized rates of change in price indices for given period

Source: U.S. Bureau of Labor Statistics