FEDERAL RESERVE BANK of ATLANTA

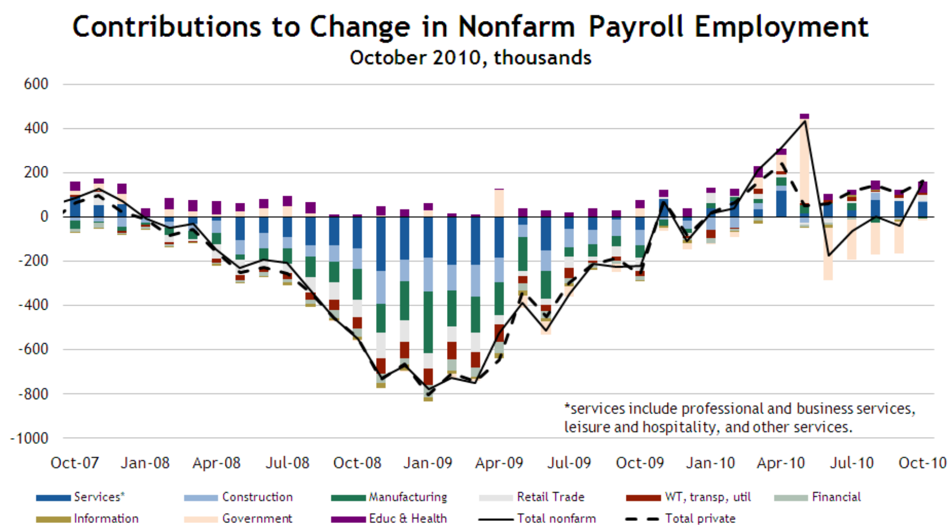
November 10, 2010

Economic Highlights

Employment

Summary

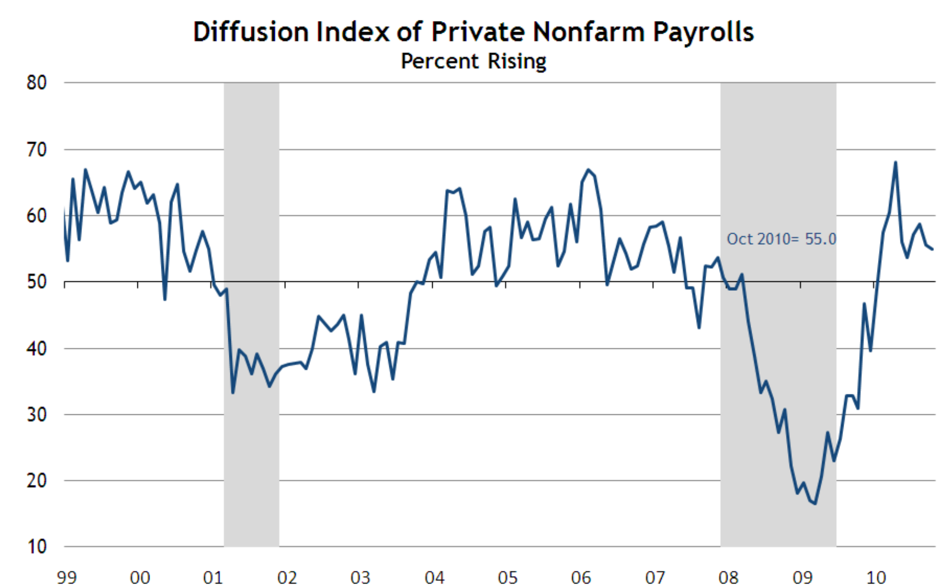
Payroll employment increased more than expected in October, adding 151,000 nonfarm jobs over the month.



Source: U.S. Bureau of Labor Statistics

- Nonfarm payroll employment increased by 151,000 in October, beating expectations of a 60,000 increase. In addition, nonfarm jobs for August and September were revised up by a total of 110,000.
- **Private payrolls** rose 159,000 in October, beating expectations of an 80,000 increase.
- The effect of Census workers on payrolls has subsided. **Government employment** fell by 8,000 in October, reflecting the departure of 5,000 temporary Census workers.
- Jobs gains were concentrated in service-providing sectors. Within professional and business services, **temporary help services** continued to increase in October for the third consecutive month, adding 35,000 jobs.
- **Health care services** employment added 34,000 jobs in October, in line with the average increase over the past year. **Retail** and other services also contributed to the monthly gain in private services employment.
- Meanwhile, payrolls in **manufacturing** and **construction** added essentially no jobs in October, similar to the past few months.

Job gains were less broad based than in previous months. The diffusion index, which measures the percent of industries increasing employment, fell from 55.6 to 55.0 in October.

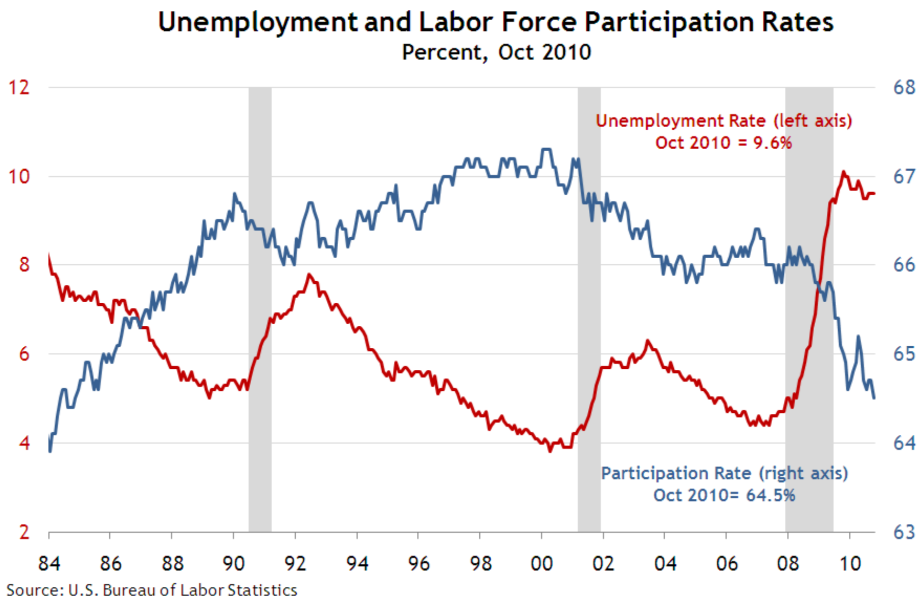


Source: U.S. Bureau of Labor Statistics

Employment

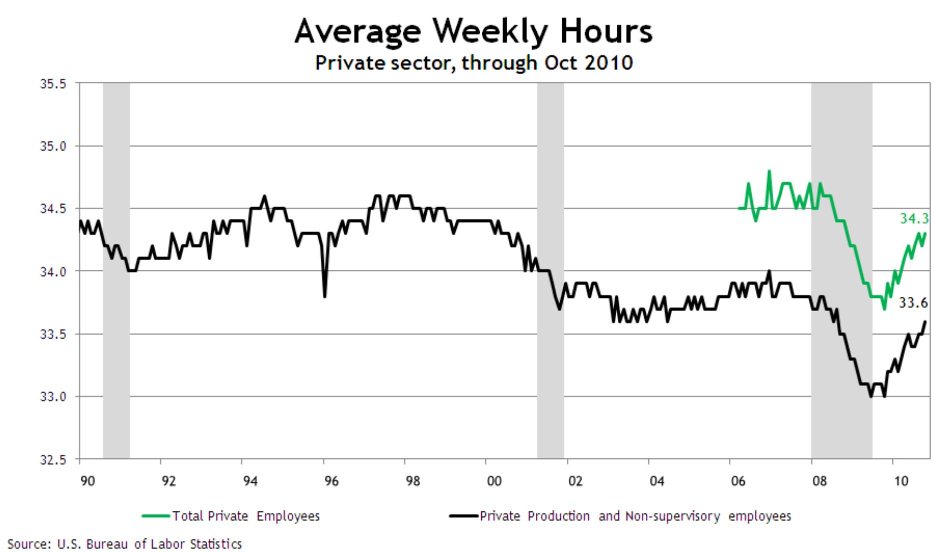
Summary

The household survey showed little change in unemployment rates in October, but the labor force participation rate fell to the lowest rate in more than 20 years.



- The **unemployment rate** remained at 9.6% in October. The **labor force participation rate** decreased from 64.7% in September to 64.5% in October, marking the lowest rate since 1984.
- The **U-6 measure of unemployment** (which includes marginally attached workers—those who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work in the past 12 months—and part-time workers for economic reasons) inched down to 17% in October but still remains near its historical high.
- In addition, the average **duration of unemployment** inched up to 33.9 weeks in October but is below the historical high of 35.2 weeks in June 2010.

Average weekly hours and average hourly earnings increased slightly in October.

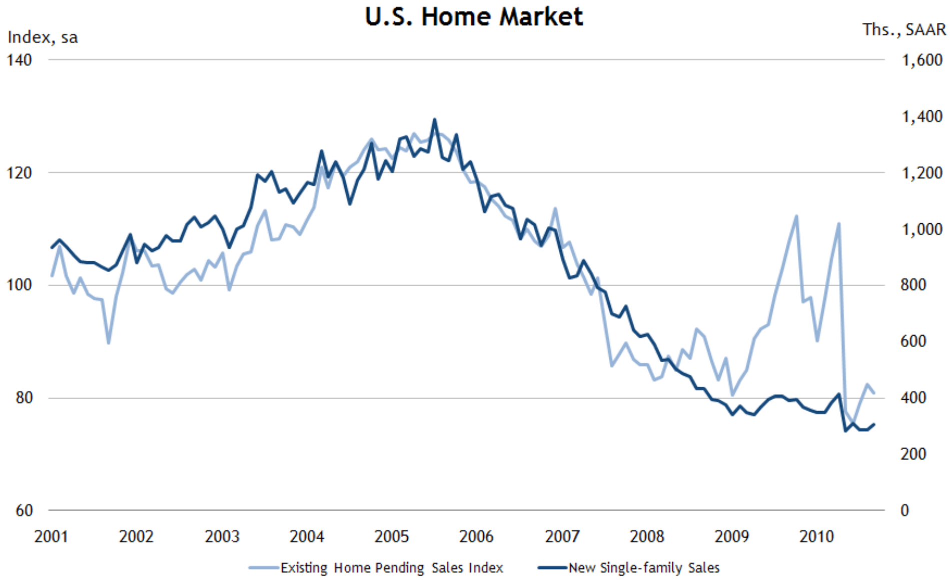


- **Average weekly hours** for all private employees notched up from 34.2 in September to 34.3 in October.
- **Average hourly earnings** for all employees increased 0.2% over the month, and on a year-over-year basis they are up 1.7% for the third consecutive month.

Real Estate

Summary

The National Association of Realtors reported that pending home sales in September edged down slightly while the U.S. Census reported that new home sales in September (based on signed contracts) edged up slightly from very low levels.



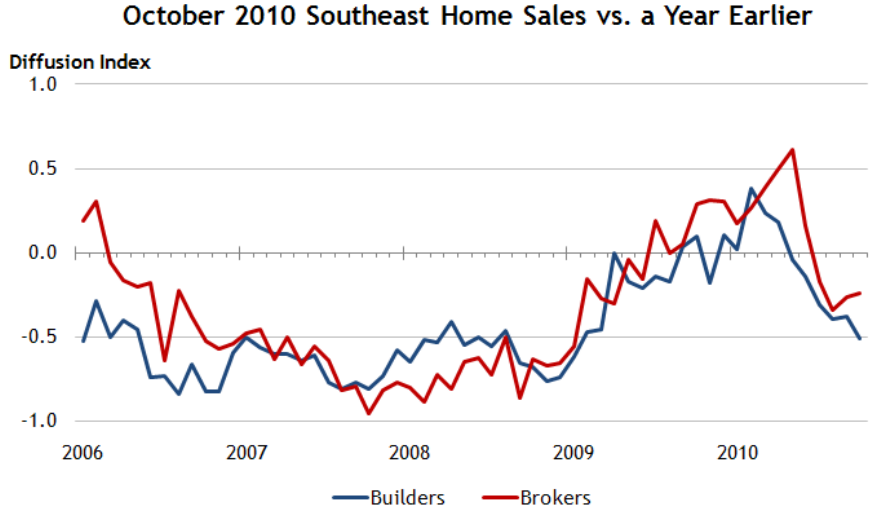
Source: National Association of Realtors; U.S. Census Bureau

Real Estate

Summary

Reports from Southeastern homebuilders and residential brokers remained weak in October, below year-earlier levels.

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.

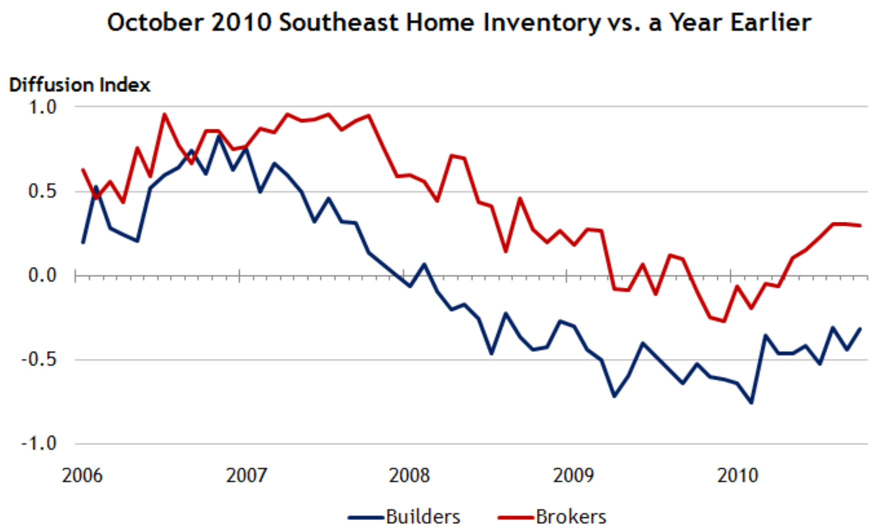


Source: FRBA business contact survey

Note: October survey results are based on initial responses from 110 brokers and 52 homebuilders and were collected November 1-10.

- Just over half of Southeastern brokers continued to report declining home sales on a year-over-year basis. Additionally, half of respondents reported that sales declined from September to October.
- Reports from Florida brokers indicated that home sales were even with a year earlier; however, Florida contacts once again noted that the foreclosure moratorium had stalled sales.
- Builders reported that construction activity remained below the year-earlier level.

Southeastern contacts indicated that existing home inventories remained above the year-earlier level and steady while new home inventories continued below the year-earlier level.

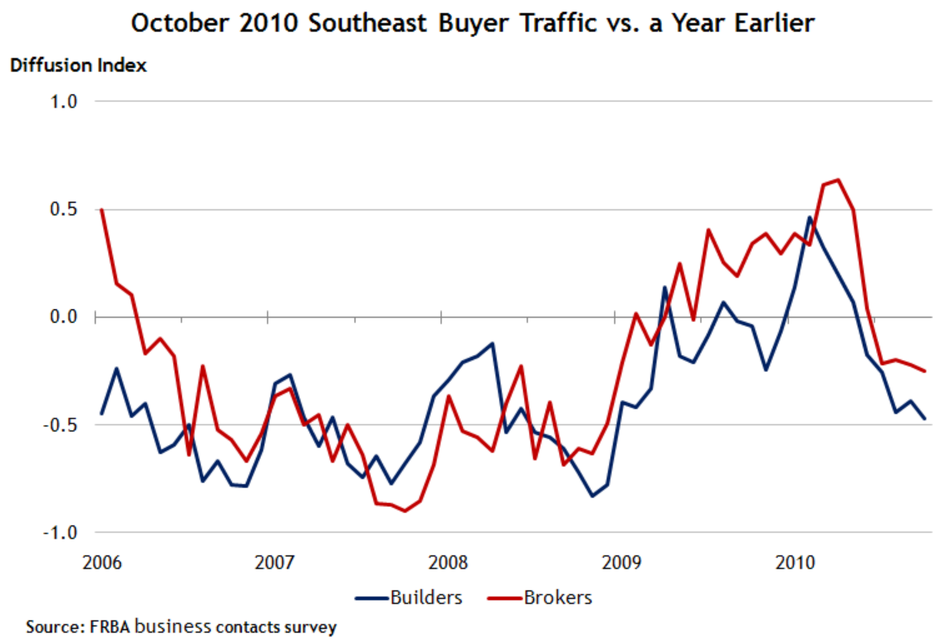


Source: FRBA business contact survey

Real Estate

Summary

Southeast buyer traffic continued to weaken when compared with stronger traffic levels last year associated with the initial federal housing stimulus program.



Despite weak buyer traffic, the outlook among Southeastern residential builders and brokers improved modestly but remained below the year-earlier level.