

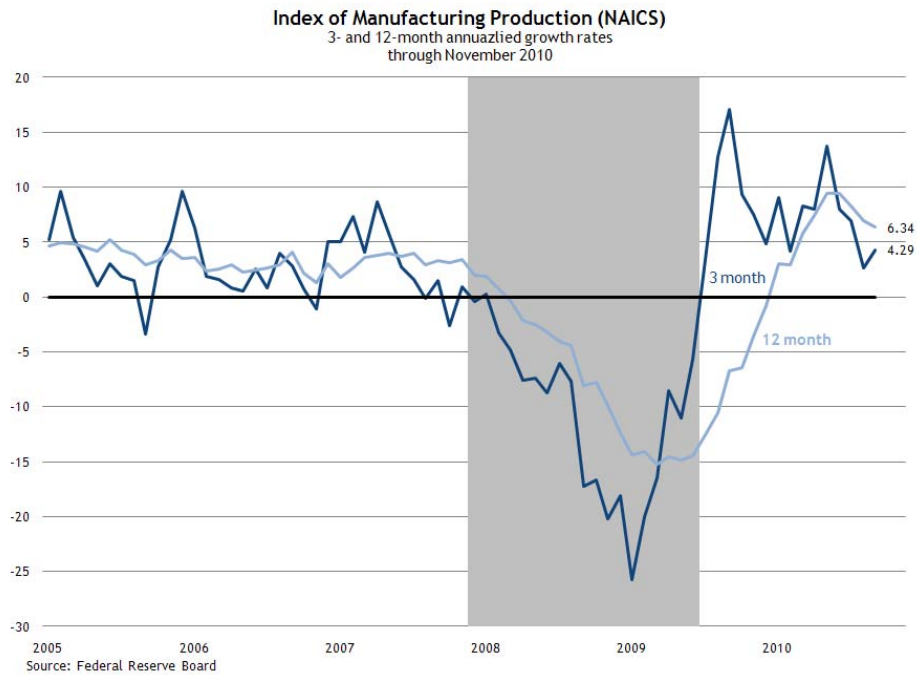
Economic Highlights

Manufacturing	
Industrial Production and Capacity Utilization	1
Business Inventories	2
Consumer Spending	
Retail Sales	3
University of Michigan Consumer Sentiment Index	4
Prices	
Finished Goods Producer Price Index	5
Consumer Price Index	6
Real Estate	
CoreLogic® Negative Equity Share	7
FRBA Real Estate Survey Results	8–9

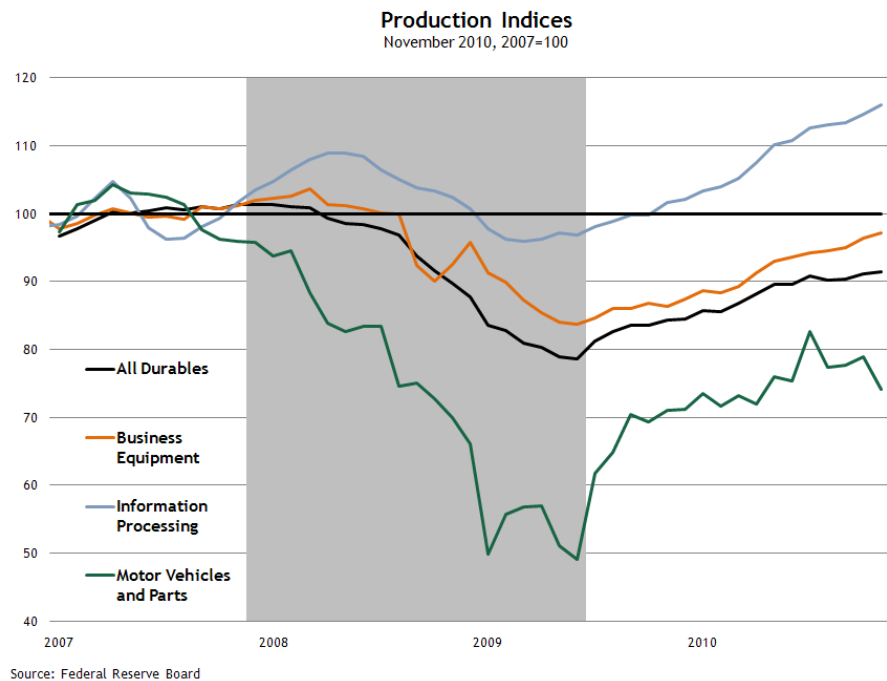
Manufacturing

Summary

Overall industrial production added 0.4% in November. The output of manufacturers increased 0.3% for the month.



All categories of durable goods production increased in November, with the notable exception of motor vehicles and parts, where production declined 4.7%. The production of business equipment and information processing equipment rose 0.9% and 1.5%, respectively.

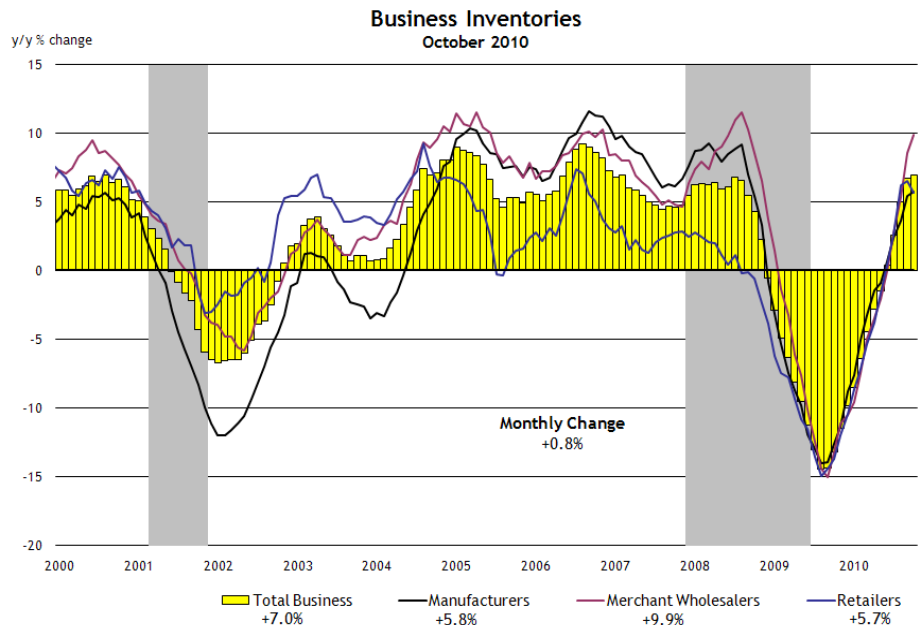


- November saw monthly gains in the production of durable goods (+0.4%) and nondurables (+0.2%).
- The capacity utilization rate added 0.3 percentage points to reach 75.2% in November. The factory utilization rate, the capacity utilization rate of manufacturers specifically, reached 72.8%, its highest level in two years.

Manufacturing

Summary

Inventory at all stages of the supply chain continued to increase in October. Total business inventories were up 0.8% month over month and 7.0% compared with a year earlier.

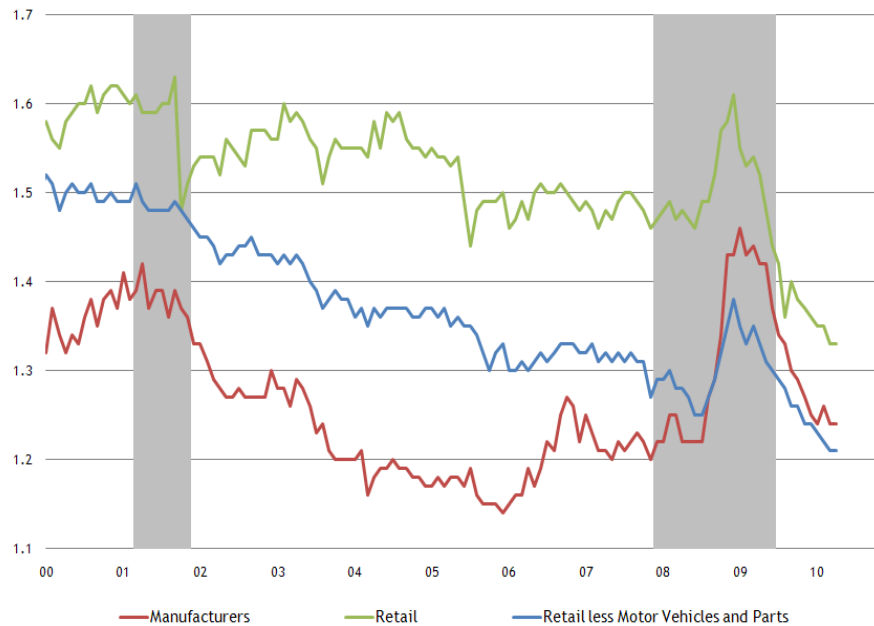


Source: U.S. Census Bureau

- Business inventories continued to increase in October. From September to October, total business inventories rose 0.8%; a year earlier, inventory levels were up 7.0%.
- Merchant wholesalers' inventories were up the most relative to a year earlier.
- Inventory-to-sales (I/S) ratios were relatively unchanged in October as both inventories and sales increased for the month.

Inventory-to-Sales Ratios, SA

October 2010



Source: U.S. Census Bureau

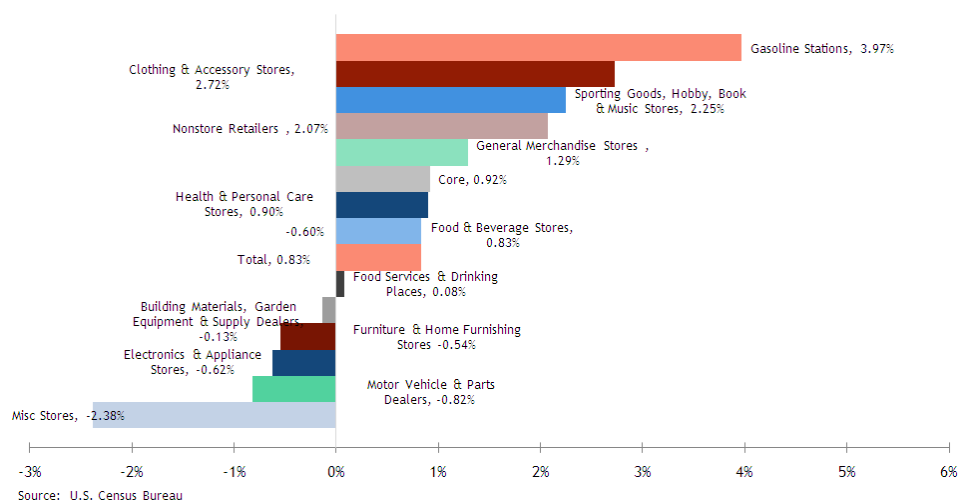
Consumer Spending

Summary

Retail sales increased more than expected in November, and were revised up for the two previous months, pointing to an acceleration in consumer spending for the fourth quarter.

U.S. Retail Sales Components

Month-to-Month Percent Change
November 2010

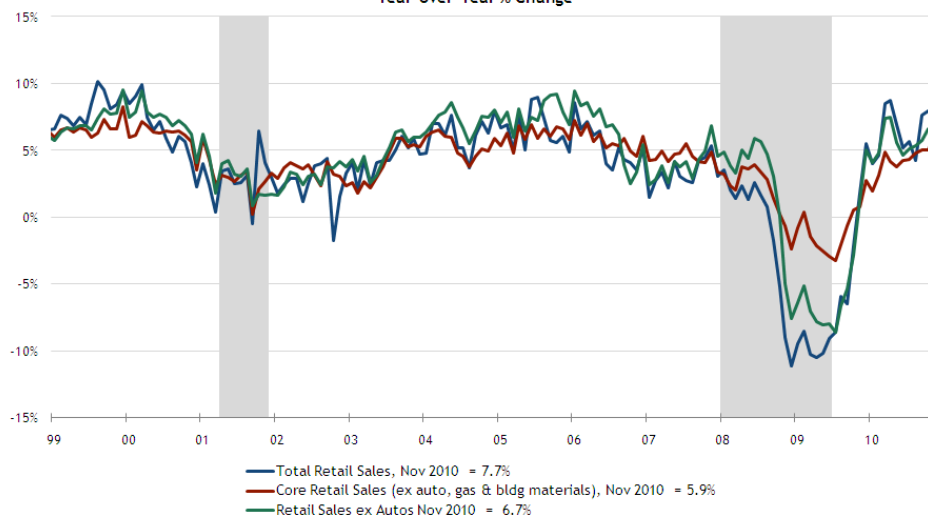


- Total retail sales increased 0.8% in November, above expectations of a 0.6% increase. The increase in gas station sales likely reflects an increase in prices. Meanwhile, sales at clothing, sporting goods, general merchandise, and health and personal care stores posted strong gains over the month.
- Excluding gas, autos and building supplies sales, core retail sales increased by 0.9% over the month, also above expectations of a 0.6% increase.
- Retail sales were revised upward in both October (from +1.2% to +1.7%) and September (from +0.7% to +0.9%).

Core retail sales grew at the fastest rate in more than four years on a year-over-year basis.

Retail Sales

Year-over-Year % Change

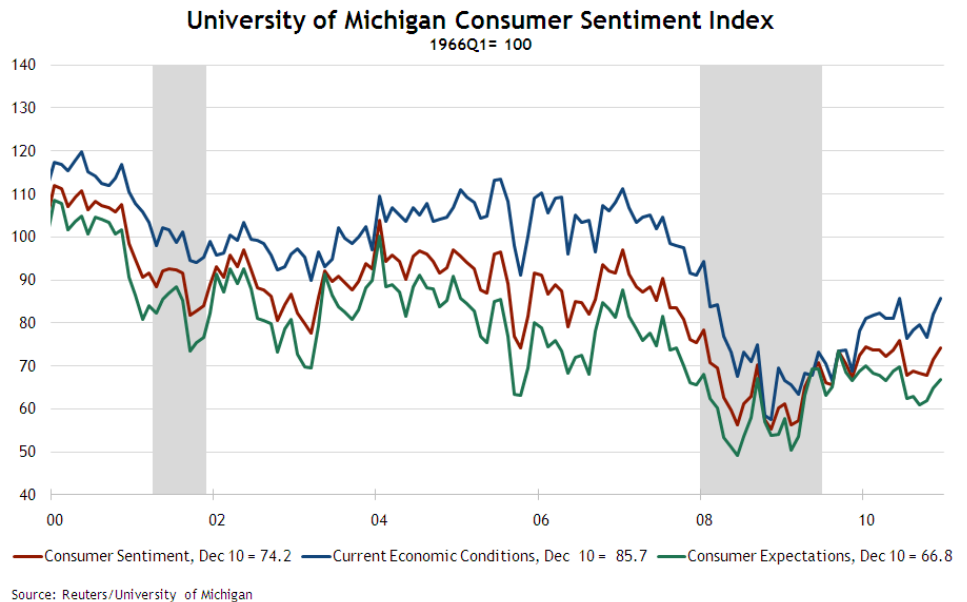


- On a year-over-year basis, core retail sales in November were up 6.7%, the highest rate since December 2006, and total retail sales were up 7.7%.

Consumer Spending

Summary

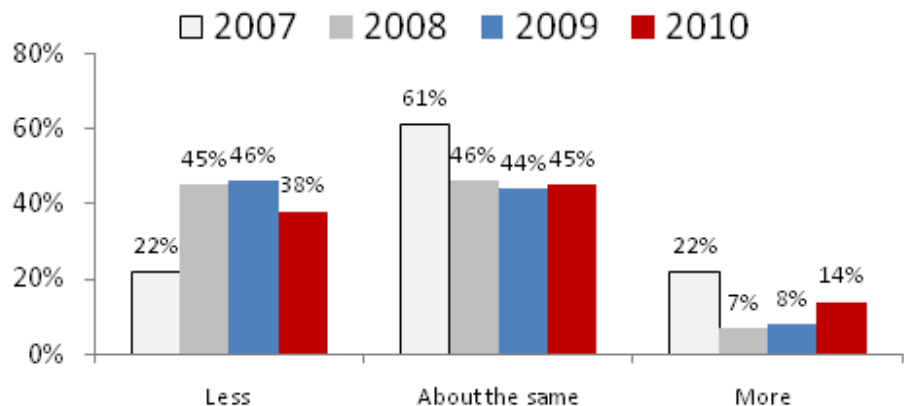
Consumer sentiment increased in December to its highest level in six months but remains low.



- The University of Michigan’s consumer sentiment index increased in December by 2.6 points to 74.2. While at its highest level in six months, the index still remains below prerecessionary levels.
- Both the future expectations and current conditions component indexes rose in December to 66.8 and 85.7 points, respectively.

The MTSU consumer survey shows consumers are more optimistic about their holiday spending than in the past two years.

Do you think that you will spend more money on Christmas and Holiday gifts this year compared to last year, less money than you spent last year, or about the same?

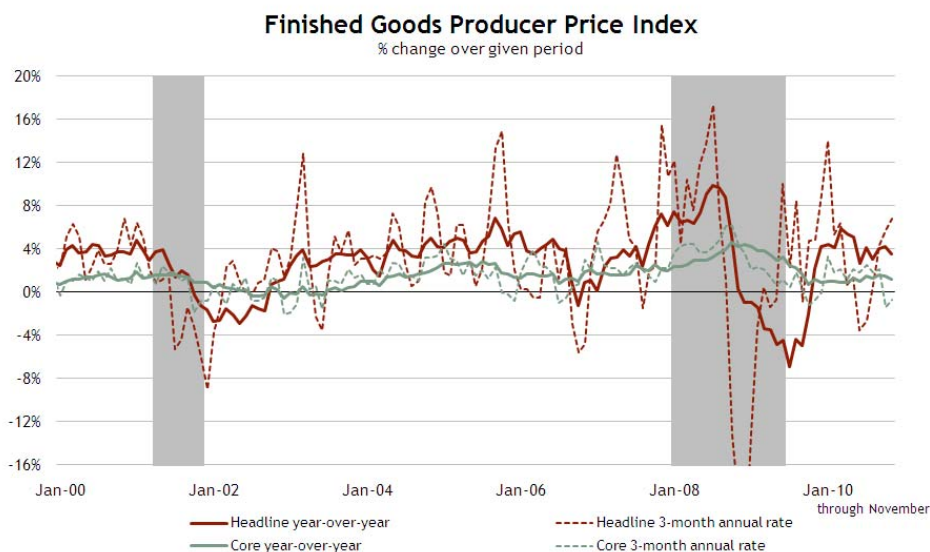


Source: Middle Tennessee State University Consumer Confidence Survey

- The Middle Tennessee State University (MTSU) consumer confidence survey asked a special question about holiday spending.
- The results show that the percent of respondents who reported they will spend more on holiday gifts than they did last year increased from 2008 and 2009 while the percent of respondents who reported they will spend less than last year decreased from 2008 and 2009.
- Meanwhile, the majority of respondents reported they will spend the same amount as last year; that share of respondents has not changed much in the past three years.

Summary

Producer prices increased across the board in November.



Source: Bureau of Labor Statistics

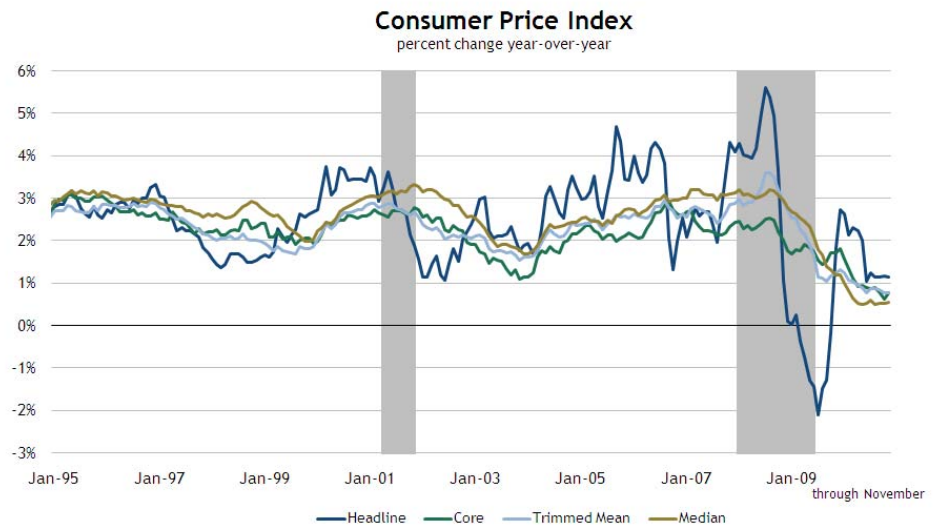
- The headline producer price index (PPI) for finished goods rose 9.7% (annual rate) in November following two consecutive months of 5.5% increases. Increases in both the food and energy indexes contributed to the rise in the overall index, up 13.2% and 27.7% (annual rate), respectively.
- Core (less food and energy) PPI for finished goods increased 3.5% (annual rate) in November. This rise follows a 6.7% drop in October, the largest decline in more than four years. The indexes for light motor trucks and passenger cars contributed to the decline in October and the rise in the finished core index in November.
- Core prices at earlier stages of production continued their upward trend, PPI increased at the intermediate level (up 0.7% month over month) and crude level (up 3.1% month over month) in November.

PPI by Stage of Processing					
	1-month*	3-month*	12-month*	2008**	2003-2008**
Finished	9.7	6.9	3.5	-1.2	3.2
Less food & energy	3.5	-0.7	1.3	4.5	2.5
Intermediate	14.5	11.9	6.3	-2.6	5.0
Less food & energy	8.2	5.9	4.7	2.9	4.8
Crude	6.8	18.5	13.0	-24.3	4.1
Less food & energy	44.6	52.7	30.2	-24.1	5.4

*Seasonally adjusted annualized rates of change in price indices for given period ending November 2010
 **Seasonally adjusted annualized rates of change in price indices for given period
 Source: U.S. Bureau of Labor Statistics

Summary

Most CPI indexes increased slightly in November. Despite the increase, the core measure remains near its historical low.



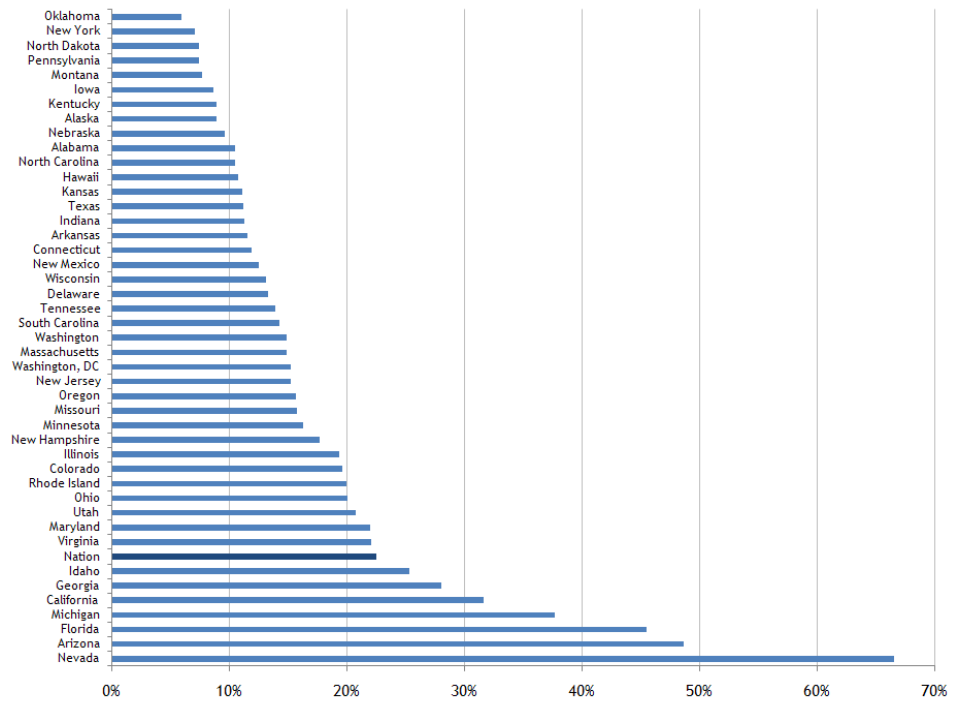
Source: Bureau of Labor Statistics, FRB Cleveland

- **Headline inflation**, measured by the consumer price index (CPI), was up 1.5% (annual rate) in November from the previous month. Headline CPI is 1.1% above year-earlier levels. The indexes for energy, food, and core prices all increased slightly in November.
- The core (excluding food and energy) measure of consumer prices edged up 0.1% (1.2% annual rate) in November after no change in the past several months. Year-over-year core CPI was up 0.7% in November, nearly its slowest year-to-year advance in more than 50 years.
- The median CPI, as calculated by the Federal Reserve Bank of Cleveland was up 1% (annualized) in November, higher than its 0.5% year-over-year rate. Meanwhile, the Cleveland Fed's trimmed-mean CPI increased 1.1% (annualized), higher than its 12-month pace of 0.8%.

Summary

CoreLogic® reported that the national negative equity rate declined again during 3Q10. At the end of 3Q10, 22.5% of all residential mortgages were in negative equity, a slight improvement when compared with 23% at the end of 2Q10.

3Q10 CoreLogic® Negative Equity Share



Note: Negative equity, often referred to as “underwater” or “upside down,” means borrowers owe more on their mortgages than their homes are worth. No data were available for Louisiana, Maine, Mississippi, South Dakota, Vermont, West Virginia, and Wyoming.

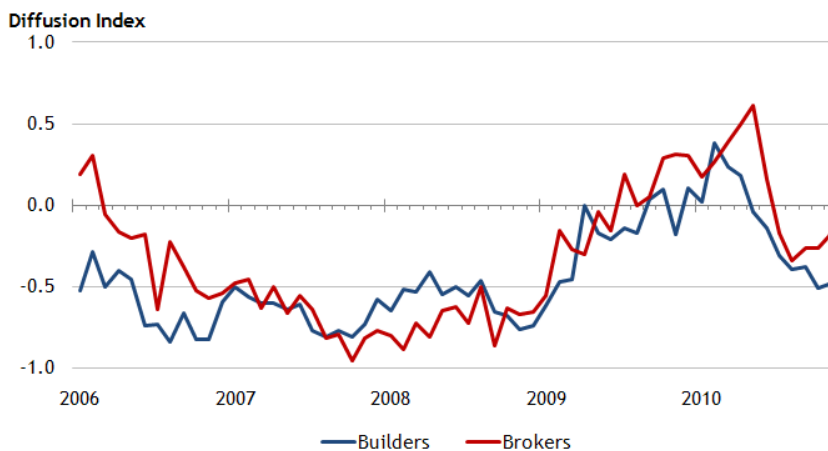
Source: First American CoreLogic®

Summary

Reports from Southeastern homebuilders and residential brokers remained below the year-earlier levels in November but moderated somewhat.

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.

November 2010 Southeast Home Sales vs. a Year Earlier



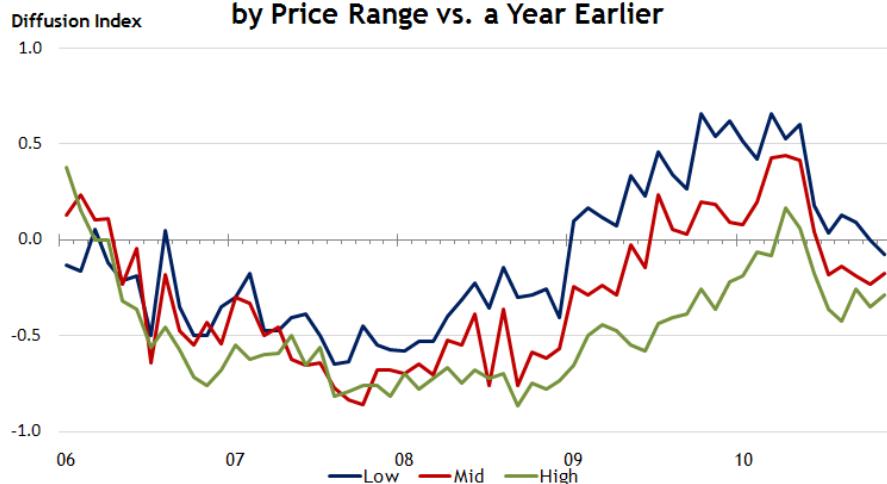
Source: FRBA business contact poll

Note: November survey results are based on initial responses from 99 brokers and 46 homebuilders and were collected December 6-15.

- Among Southeastern brokers, home sales declines moderated as contacts noted more modest declines than in recent months.
- Reports from Florida brokers were little changed from October. Several contacts continued to report that the "foreclosure freeze" had slowed sales. However, Florida brokers were just about evenly split between those reporting annual sales gains and those reporting declines in November.
- Georgia brokers indicated that sales growth continued to weaken on a year-over-year basis while Southeastern brokers outside of Florida and Georgia indicated that declines moderated.
- On a monthly basis, home sales among Southeastern brokers continued to decline but were more modest than in recent months. Improvements were largely driven by Florida broker reports with more than half indicating positive sales growth from October to November.
- Reports from Southeastern home builders were little changed from October. Close to two-thirds of builders reported that sales were down from a year earlier while half said that sales in November were below the October level.

Southeastern brokers' reports indicated that home sales at the low end of the market turned slightly negative on a year-over-year basis in November for the first time since December 2008.

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

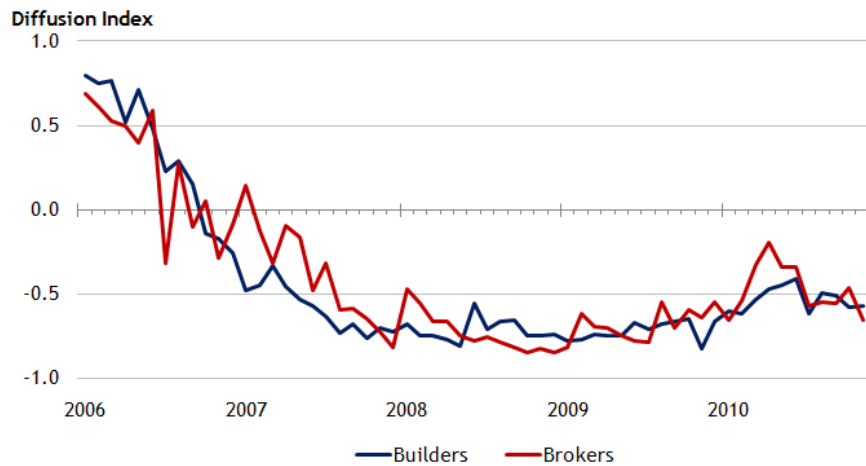


Note: Low, mid, and high are broker defined
Source: FRBA business contact poll

Summary

Southeastern contacts continued to report significant downward pressure from short sales, REOs, and pending foreclosures. In November, 75% of brokers reported annual home price declines compared with 60% in October.

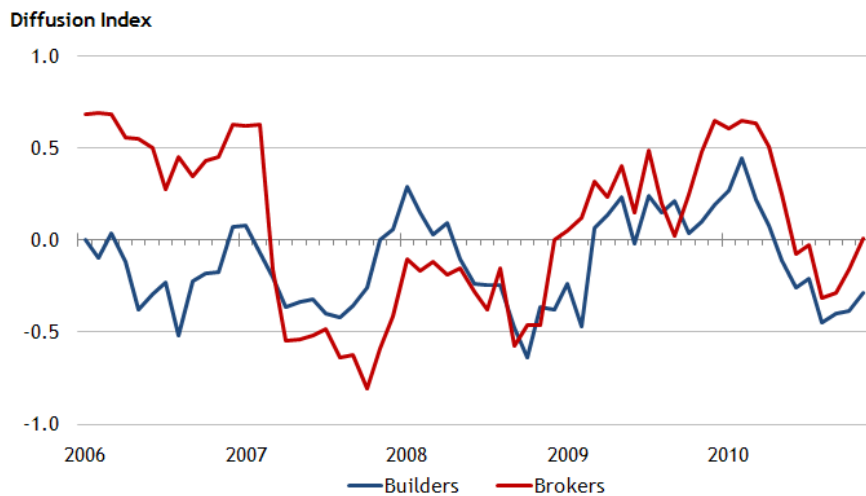
November 2010 Home Price vs. a Year-ago



Source: FRBA business contact poll

Overall, the outlook among Southeastern contacts continued to improve in November.

November 2010 Southeast Home Sales Outlook vs. a Year Earlier



Source: FRBA business contact poll