

Economic Highlights

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Southeastern Employment

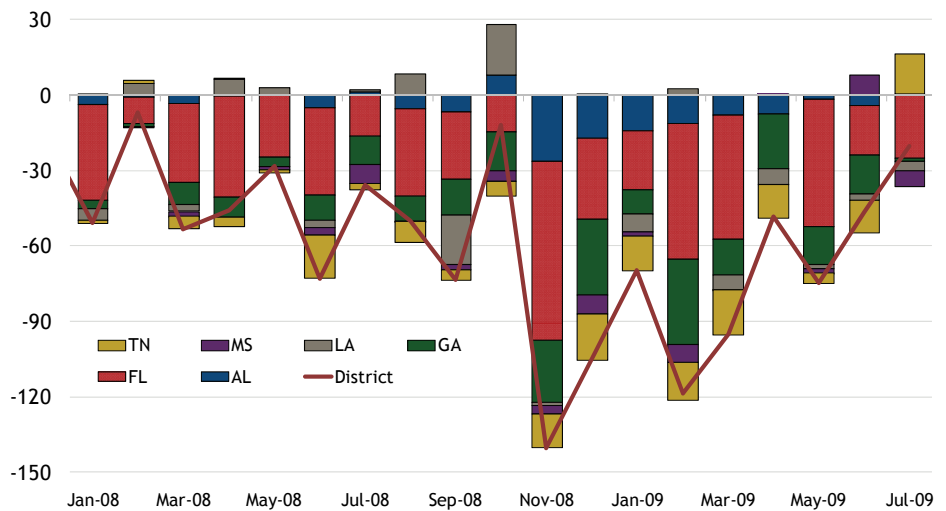
Summary

Southeastern states lost a net 20,100 jobs in July. Florida accounted for most of the job losses.

Although regionwide net job losses slowed significantly in July, much of the easing was a result of seasonal distortions in auto manufacturing and a temporary boost in government-funded employment.

Payroll Employment Growth by State

monthly change, thousands



Source: U.S. Bureau of Labor Statistics

- Florida shed 25,200 jobs in July, largely in the retail trade sector.
- The Southeast as a whole had the third-smallest month-to-month job loss since the onset of the recession. However, much of the slowdown in job losses was a result of seasonal distortions in the auto manufacturing sectors in Georgia, Alabama, and Tennessee.
- Moreover, Tennessee had a large boost in local government employment because the state's Summer Youth Program workers were added back to payrolls. The American Recovery and Reinvestment Act allotted \$25 million to the program, which provides disadvantaged youth (ages 14-24) an opportunity to develop workplace skills. Local government added 9,000 jobs in July.

Florida lost 16,200 retail trade jobs in July, mostly in the motor vehicle and parts sector. This drop is the second-largest monthly job decline in retail trade since the series began in 1990.

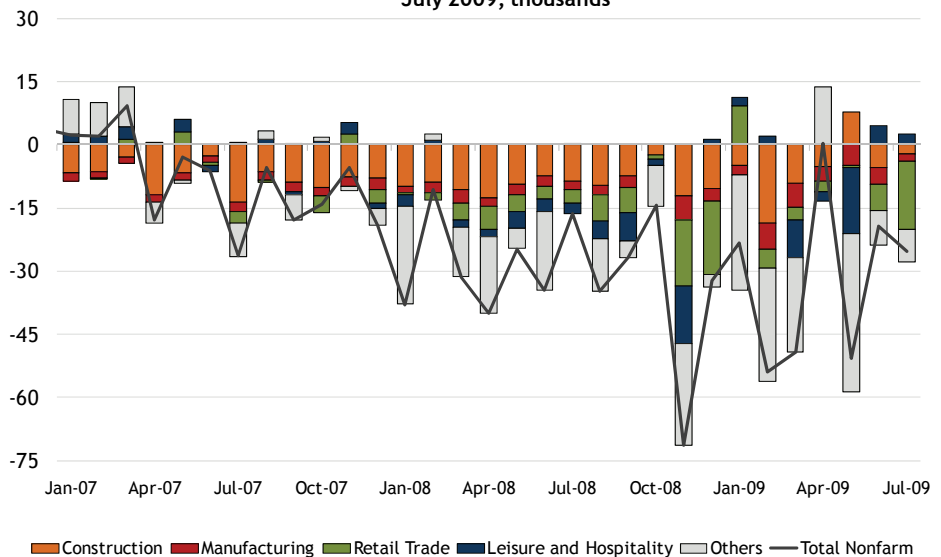
The construction sector continues to shed jobs although losses have eased since March 2009.

The manufacturing sector has yet to see a consistent decline in the pace of job declines.

The leisure and hospitality sector added a net 7,300 jobs in June and July, the largest two-month gain since summer 2005.

Contributions to Florida's Change in Nonfarm Employment

July 2009, thousands

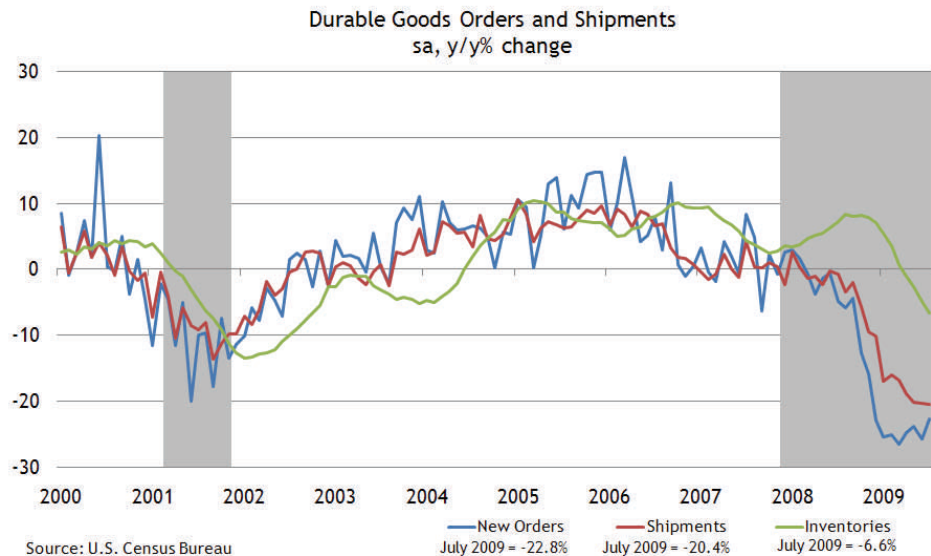


Source: U.S. Bureau of Labor Statistics

Manufacturing

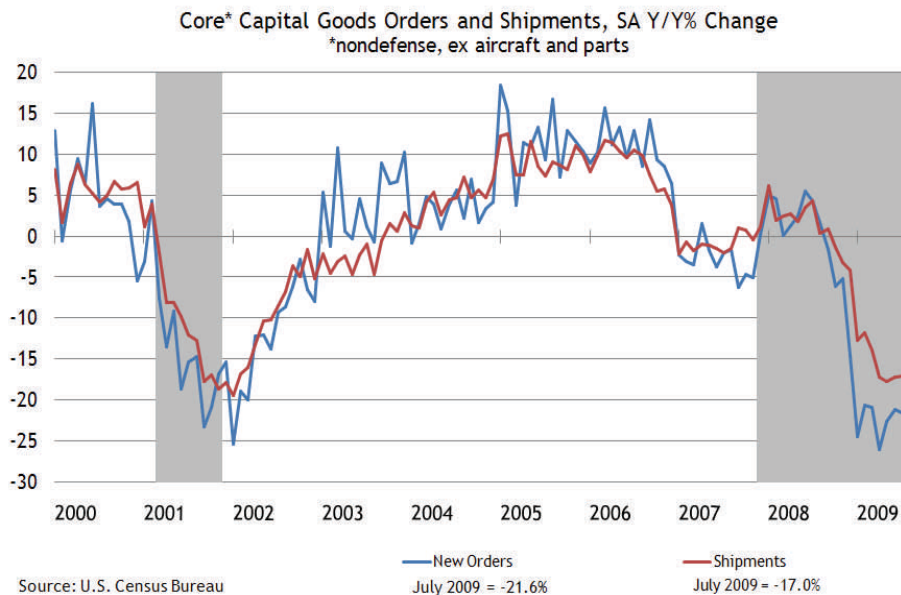
Summary

In July, new orders for durable goods rose 4.9%. Inventories continued their downward decline.



- **New orders for manufactured durable goods rose 4.9% in July** following a 1.3% June decrease. This was the largest percent increase since July 2007.
- Within the new orders component, new orders for transportation skyrocketed 18.4% and have now increased three out of the past four months.
- Following a 0.7% June increase, **shipments of durable goods added 2.0% in July**.
- In July, **inventories** of durable goods continued their seven-month downward trend, declining 0.8%.

When defense and aircraft-related figures are excluded, new orders were down 0.3% in July.

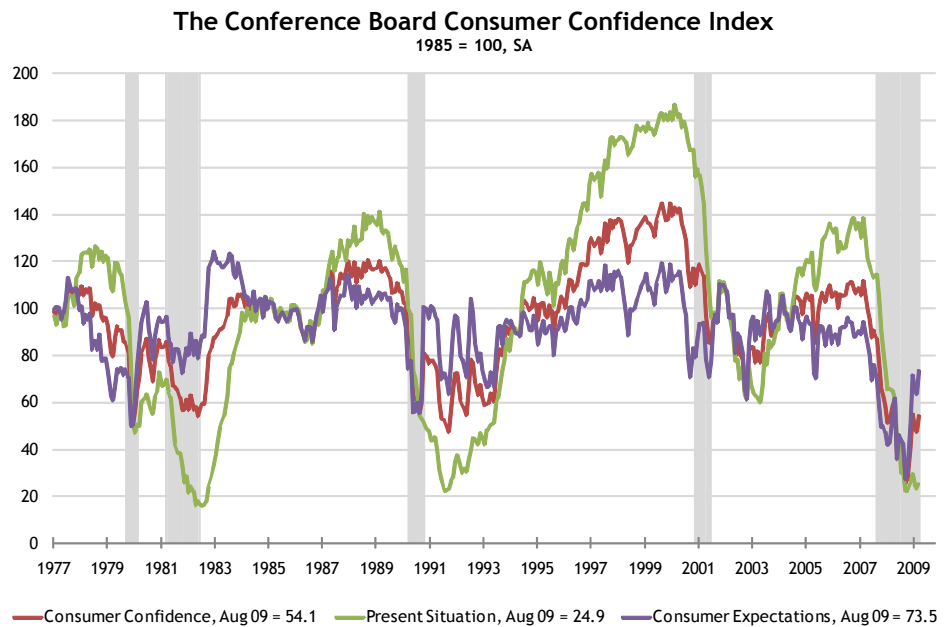


- Core capital goods data (which exclude defense and aircraft-related figures) are a measure of business investment.
- **New orders** for core capital goods were down 0.3% in July.
- **Inventories** of core capital goods continued to fall 1.3% in July after June's 2.1% decrease.
- Compared with June, **shipments** of core capital goods in July were up 0.5%.

Consumer Spending

Summary

The Conference Board Consumer Confidence Index rebounded in August, posting gains that far surpassed consensus expectations.

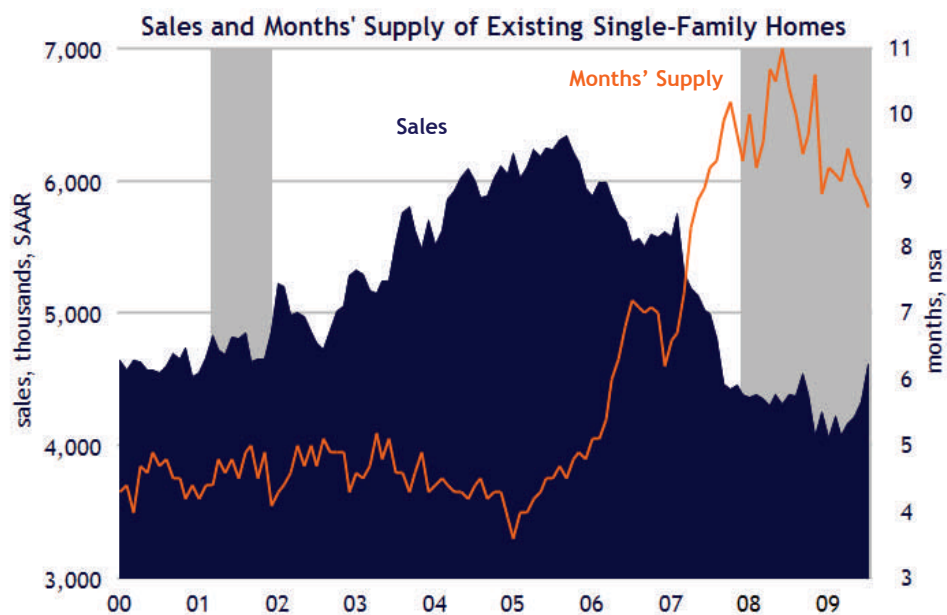


Source: The Conference Board

- In August, the Conference Board Index of Consumer Confidence rose 6.7 points to 54.1, reversing the past two months' decline.
- The increase was led by the consumer expectations component, which rose 10.1 points from July to 73.5, the highest level since December 2007. The present conditions component also increased in August from 23.3 points to 24.9, only 3 points above the cyclical low.
- Analysts presume consumers' assessment of the current economic state continues to be weary because of declines in wage growth and house prices, difficulty obtaining credit, and volatile gas prices.
- The large increase in the expectations component mirrors the consensus expectations of economists that the recession is nearing an end.

Summary

According to the National Association of Realtors (NAR), July home sales rose 5% compared with a year earlier, the fourth consecutive monthly increase. The supply of homes available for sale at the current rate of sales declined to 8.6 months, the lowest level since April 2007.



Source: National Association of Realtors

July existing home sales (thousands, SAAR)

Total	5,420k	5.0% y/y	7.2% m/m
Single-family	4.610k	5.0% y/y	6.5% m/m
Condo and co-op	630K	5.9% y/y	12.5% m/m

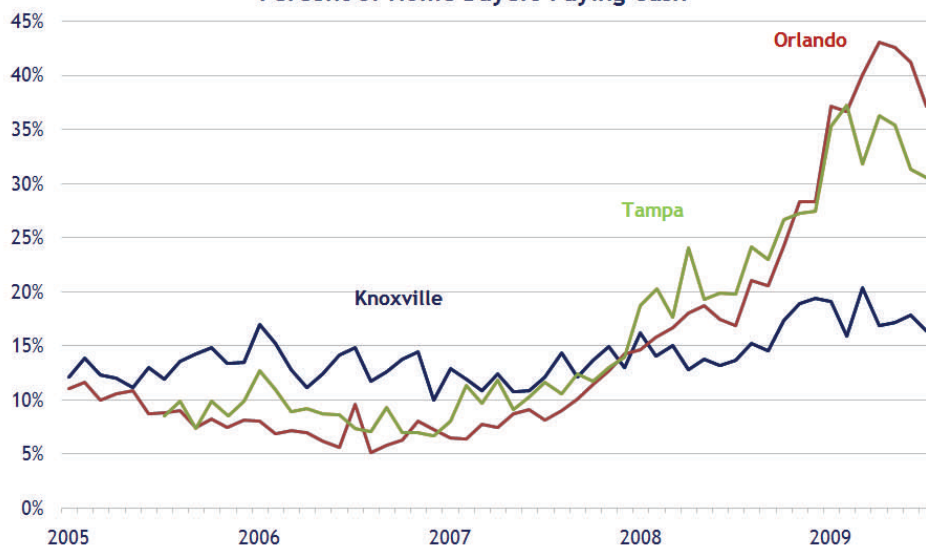
- The NAR reported that first-time buyers taking advantage of the housing stimulus tax credit and improvements in affordability conditions have contributed to higher home sales.
- The NAR chief economist reported: “Because price-to-income ratios have fallen below historical trends, there are more all-cash offers. In some recovering markets like San Diego, Las Vegas, Phoenix, and Orlando, the demand for foreclosed and lower priced homes has spiked, and a lack of inventory is becoming a common complaint.”

Summary

Orlando and Tampa Realtor data also showed an increase in the share of cash buyers, but in recent months that share has weakened somewhat.

In the Knoxville market, where home sales and prices did not accelerate as much as in Orlando and Tampa, the share of cash buyers had peaked earlier in the year but has tapered off since March.

Percent of Home Buyers Paying Cash

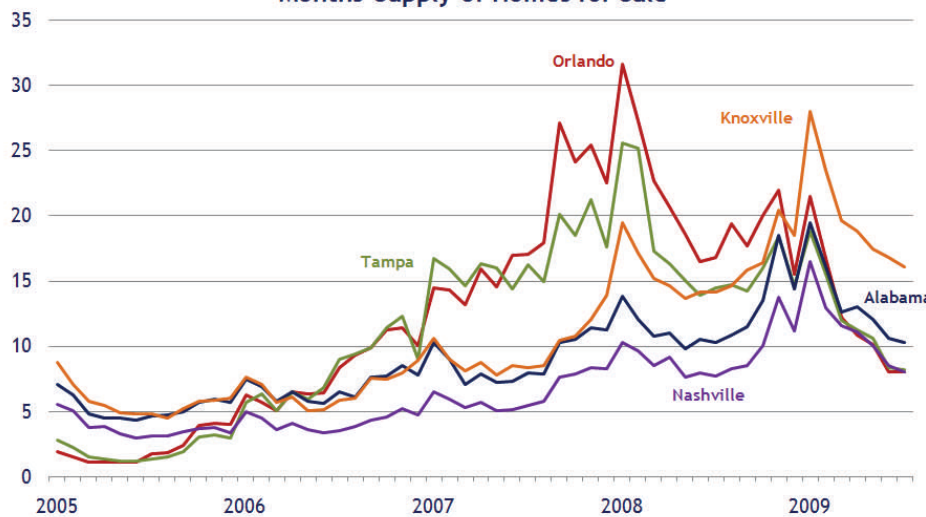


Source: Knoxville Area Association of Realtors, Orlando Regional Realtors Association, Greater Tampa Association of Realtors

Months' supply of homes available for sale continued to decline across the Southeast in July, a trend similar to that during the first half of 2008.

Note: Months' supply is the ratio between the inventory of available homes for sale and sales.

Months' Supply of Homes for Sale



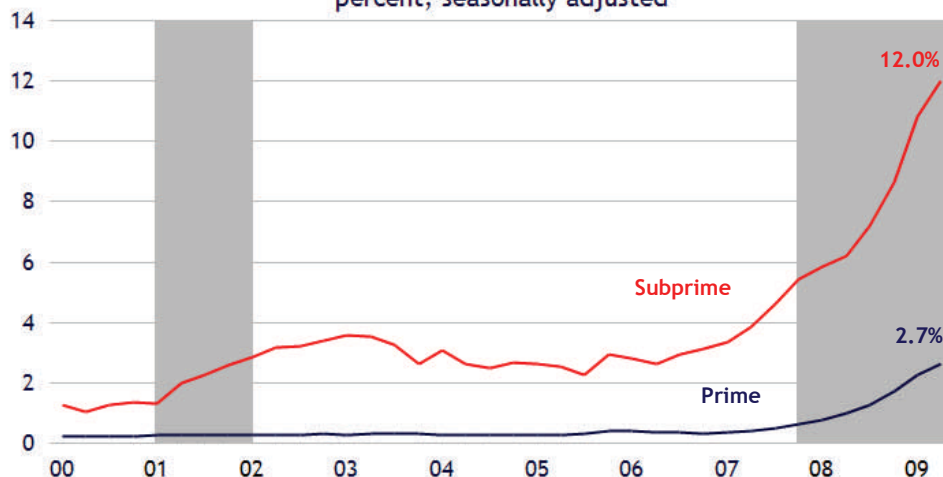
Source: Alabama Center for Real Estate, Greater Nashville Association of Realtors, Knoxville Area Association of Realtors, Orlando Regional Realtors Association, Greater Tampa Association of Realtors

- During July the months' supply of homes available for sale in Orlando and Tampa fell to the lowest levels since June 2006, to 8.1 months and 8.2 months, respectively. Both series peaked in January 2008 at 31.6 months in Orlando and 25.6 months in Tampa.
- Knoxville's months' supply declined to 16.1 months in July from a peak of 28.0 months in January 2009.
- The July months' supply reading also declined in Alabama to 10.3 months from the peak of 19.5 months in January 2009.
- The Nashville market's months' supply of homes continued to decline to 8.1 months from the peak of 16.5 months in January 2009.

Summary

Second quarter data from the Mortgage Bankers Association showed that the share of mortgages 90 or more days past due continued to rise but at a slower pace than in recent quarters.

Share of U.S. Mortgages 90+ Days Past Due percent, seasonally adjusted



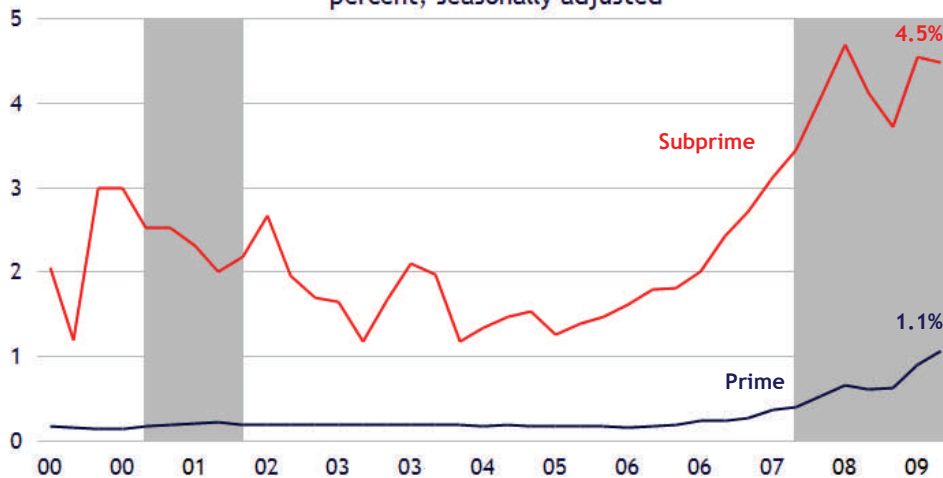
Source: Mortgage Bankers Association

Quarter-to-quarter percent change: Mortgages 90+ days past due

	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2
All loans	12.3	20.2	25.0	28.4	9.9
Prime	27.9	25.7	33.9	34.1	16.2
Subprime	6.0	16.6	19.9	25.2	10.7

Similarly, the share of foreclosures started during the second quarter continued to rise; however, the share of subprime loan foreclosures started declined slightly from the first quarter to the second quarter.

Share of U.S. Mortgages with Foreclosures Started during the Quarter percent, seasonally adjusted



Source: Mortgage Bankers Association

Quarter-to-quarter percent change: Foreclosures started during the quarter

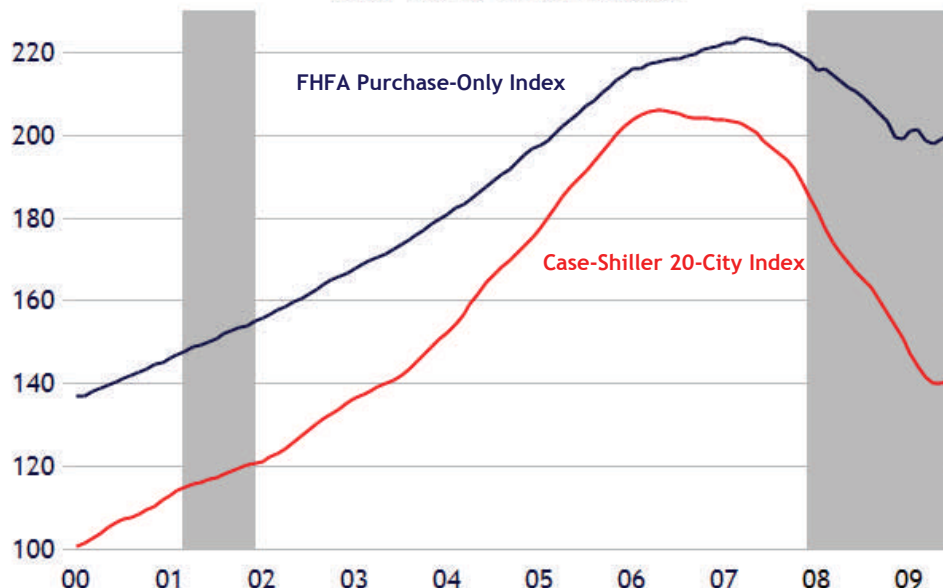
	2008Q2	2008Q3	2008Q4	2009Q1	2009Q2
All loans	20.2	-10.1	-5.6	32.7	9.7
Prime	24.1	-9.0	3.3	44.4	17.6
Subprime	15.8	-12.1	-9.9	22.3	-1.3

Summary

Both the Case-Shiller and the FHFA purchase-only home price index increased in June from May.

Both the 20-City and 10-City composite Case-Shiller Index increased 0.8% in June compared with May, the first increase for both series since spring 2006.

U.S. Home Price Indexes

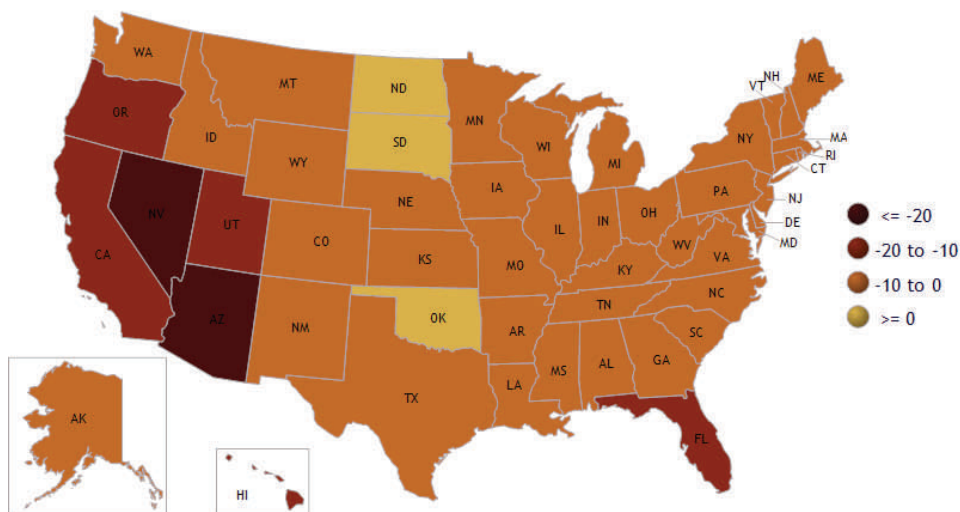


Source: Federal Housing Finance Agency, Standard & Poor's, and Fiserv Inc.

	May (SA)	June (SA)	M/M	Y/Y
Case-Shiller				
20-City Index	140.3	141.3	0.8%	-15.5%
10-City Index	151.4	152.6	0.8%	-15.1%
Atlanta	106.2	106.7	0.5%	-13.7%
Miami	145.1	145.9	0.5%	-23.4%
Tampa	141.0	141.0	0.0%	-19.6%
FHFA Purchase-Only	199.1	200.1	0.5%	-5.0%

According to the FHFA purchase-only home price index, home price declines during the second quarter remained most pronounced in the western United States and Florida. These areas experienced the most significant run-up in prices during the housing boom.

2Q09 FHFA Purchase-Only Home Price Index year over year % change

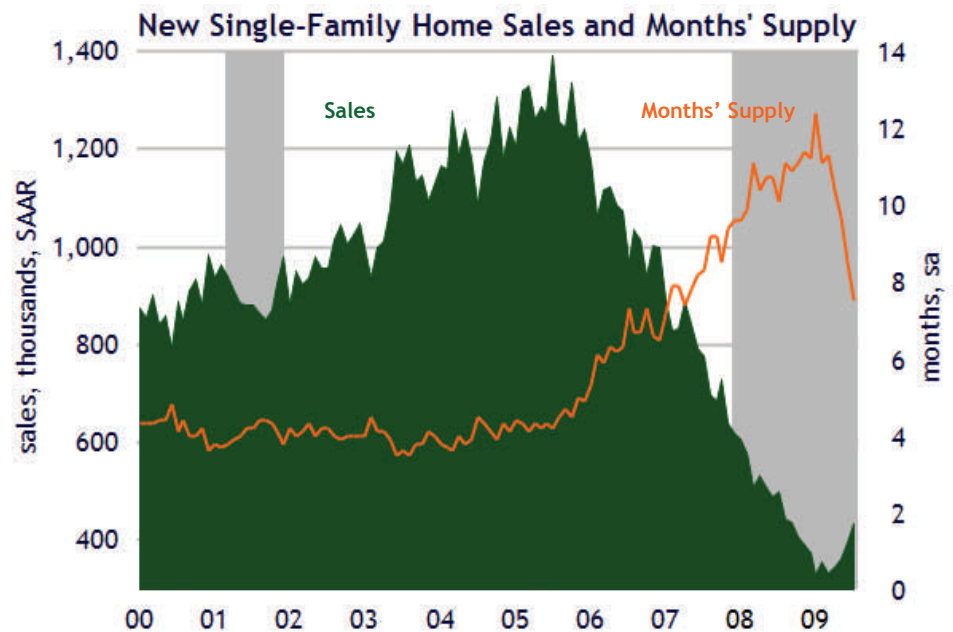


Source: Federal Housing Finance Agency

Summary

New home sales improved dramatically in July. Sales increased 9.6% from June to July, well above consensus expectation of 1.6%.

The supply of new homes available for sale at the current rate of sale continued to decline to 7.4 months, the lowest level since April 2007.



Source: U.S. Census Bureau

- The U.S. Census Bureau reported that sale of new single-family home sales were at a seasonally adjusted annual rate of 433,000 in July. Sales increased 9.6% month over month but remained below the year-earlier level, down 13.4%.
- New home sales in the South Census region jumped 16.2% from June to July to a seasonally adjusted annual rate of 222,000 homes. Home sales declined 18.4% year over year in July following a 29.3% decline the prior month.
- New home sales in the Northeast Census region rose 9.8% year over year. This increase is the first regional year-over-year gain since October 2007.