

## Economic Highlights

---

Consumer Spending	
Retail Sales and Components	1
Manufacturing	
Business Inventories	2
I-S Ratios	2
Auto Production	
District Vehicle Production and Utilization Rates	3
International Trade	
U.S. International Trade	4
Real Estate	
Southeast Home Sales	5
Year-Earlier Comparisons	6

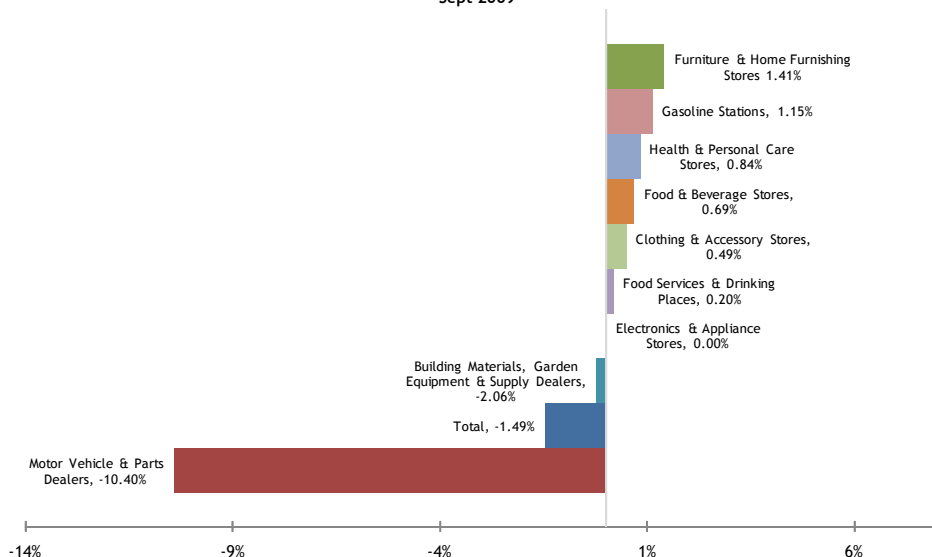
# Consumer Spending

## Summary

In September, retail sales slipped after large gains in August but nevertheless surpassed analysts' expectations.

## U.S. Retail Sales Components

Month to Month % Change  
Sept 2009



Source: U.S. Census Bureau

- Retail sales declined in September, decreasing 1.5% from August; Bloomberg's market consensus expectation was a decline of 2.1%. On a year-over-year basis, total retail sales are down 5.7%.
- From August to September, retail sales excluding autos and core retail sales both increased 0.5%. On a year-over-year basis, the decline in retail sales excluding autos and core retail sales (total excluding gas, autos and building supplies) continued to decelerate, respectively falling to -4.9% and -0.3%.
- The decrease in retail sales was led by the sharp decline auto sales as the Cash for Clunkers program concluded. All other categories, excluding building materials and supplies, posted positive growth in August.

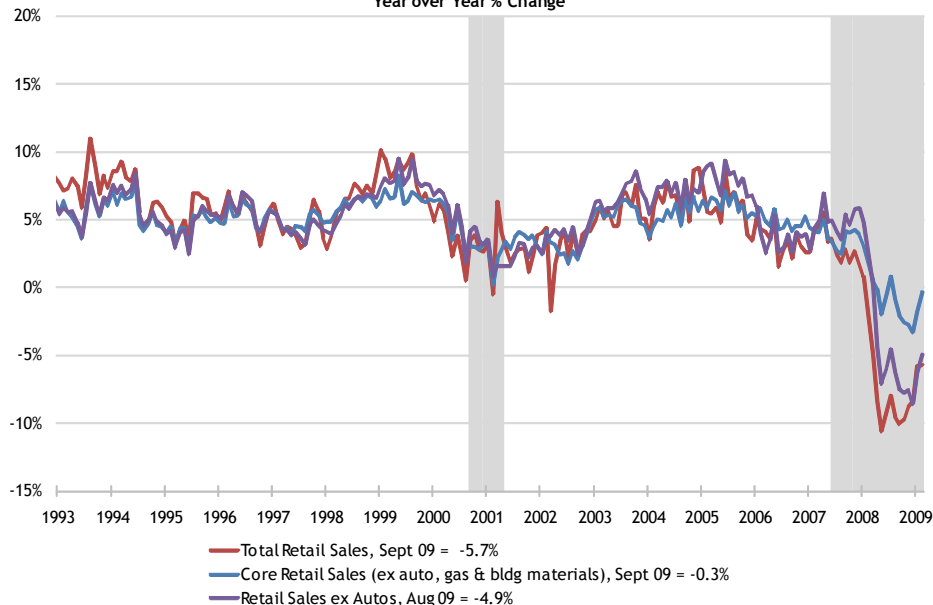
In September, auto sales dragged down total retail sales.

Auto sales plunged to their lowest monthly level in more than four years.

Overall, retail sales showed gains in every component apart from auto sales and building supply and furniture stores.

## Retail Sales

Year over Year % Change



Source: U.S. Census Bureau

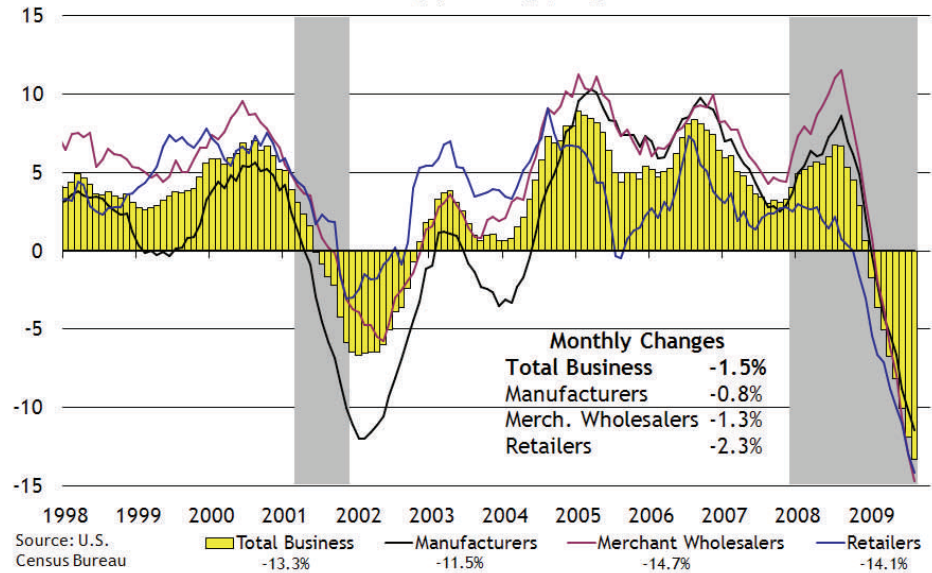
# Manufacturing

## Summary

In August, total business inventories declined 1.5% from July levels.

## Business Inventories

y/y % change, August

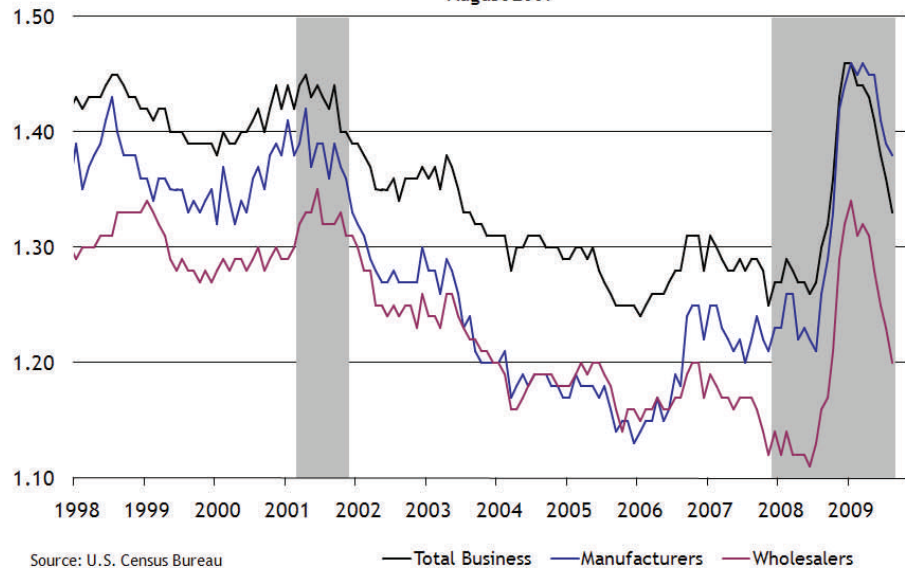


- In August, total business inventories declined 1.5%. Compared with August 2008, inventories are down 13.3%.
- Retail inventories saw the sharpest monthly decline, falling 2.3%.
- The combined value of sales and manufacturer's shipments was up 1% in August compared with July.

Inventory-to-sales ratios continued their year-to-date declining trend in August, with the I/S ratio for total business inventories falling to 1.33.

## Inventory-to-Sales Ratios

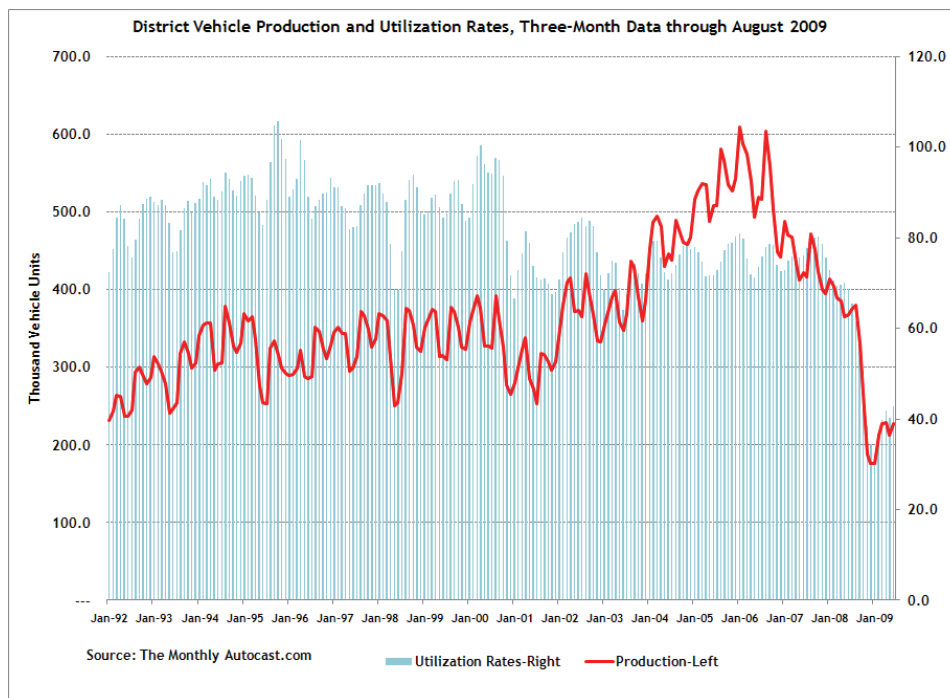
August 2009



# Auto Production

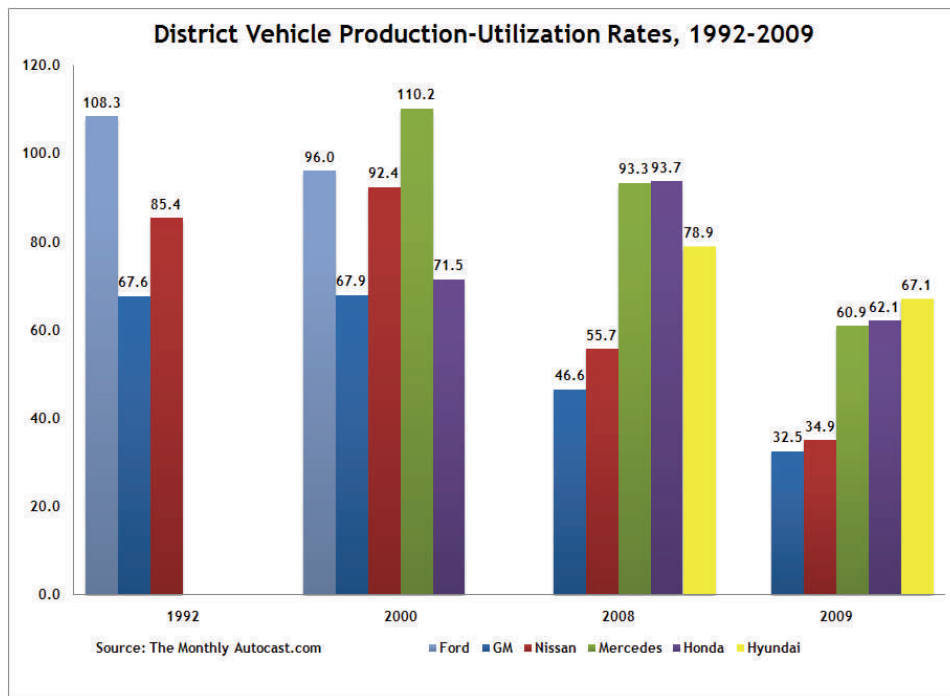
## Summary

The nation's sharp economic slump brought district auto production and capacity utilization rates to historic lows.



- For the three-month period ending August 2009, the five companies assembling vehicles in the District posted a 56 percent drop in production from comparable 2006 levels.
- Despite the addition of new foreign-brand manufacturers, district annual auto production dropped to 960,000 vehicle units in 2009 from the peak of 2.2 million in October 2005. All five companies with assembly operations endured severe impacts on production and employment.

Domestic manufacturers were most affected by severe imbalances between vehicle sales and production.

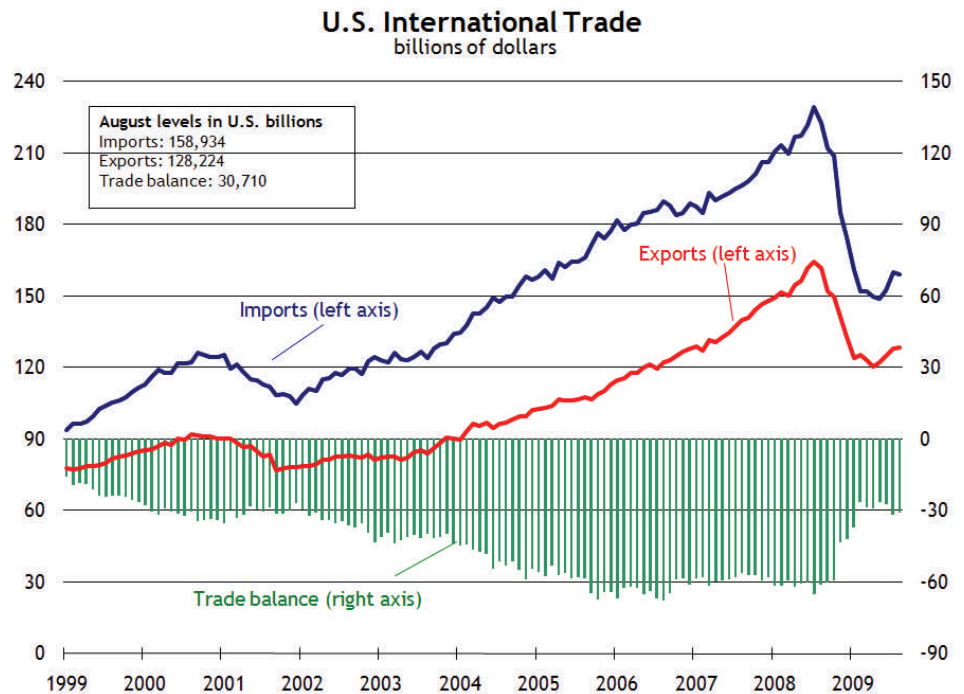


- GM's plants, in Shreveport, La., and Spring Hill, Tenn., reported dismal utilization readings in 2009.
- Currently, the district's production capacity is about 2.2 million vehicle units. Kia Motors, Volkswagen, and Toyota are planning to add 600,000 new vehicles to the district's production capacity in the next two years.

# International Trade

## Summary

The U.S. international trade deficit narrowed unexpectedly in August, largely reflecting a sizeable drop in the volume of imported petroleum.



Source: U.S. Bureau of the Census

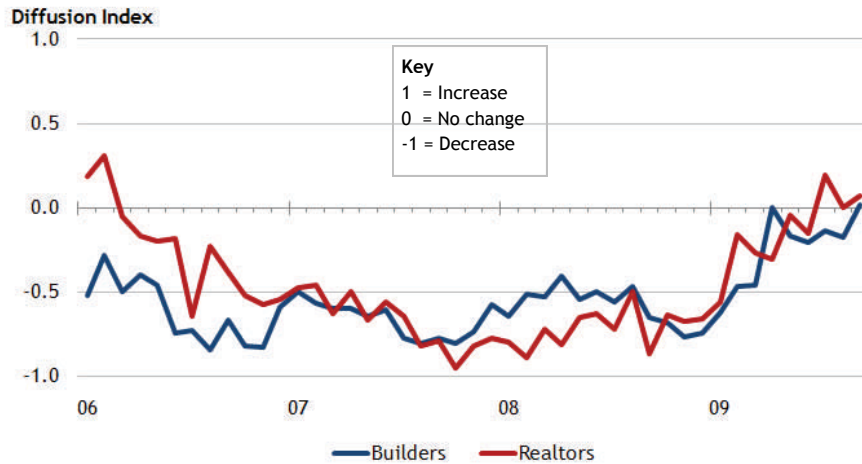
- The international trade deficit narrowed in August by \$1.1 billion to \$30.7 billion, contrary to the Bloomberg consensus expectation, which foresaw a widening to \$33 billion. In real terms, international merchandise trade deficit also declined.
- Nominal imports fell 0.6% after two months of gains, led by a \$1.1 billion drop in the value of imported crude petroleum. A sizeable decline in volume more than offset a continued increase in price. All major import categories declined in August, except for the autos and auto-related goods.
- Nominal exports edged up 0.2% in August following three months of much stronger increases. Continued growth in exports of industrial supplies and autos was nearly offset by a considerable drop in capital goods. Most of that decline, however, was a result of an outsized 40% drop in a high-value and the rather volatile civilian aircraft category.

## Summary

September home sales rebounded, according to our survey of Southeastern Realtors and homebuilders.

*Note: The housing survey's diffusion indexes are calculated as the percentage of total respondents reporting increases minus the percentage declines. Positive values in the index indicate increased activity while negative values indicate decreased activity.*

### September 2009 Southeast Home Sales vs. a Year Earlier



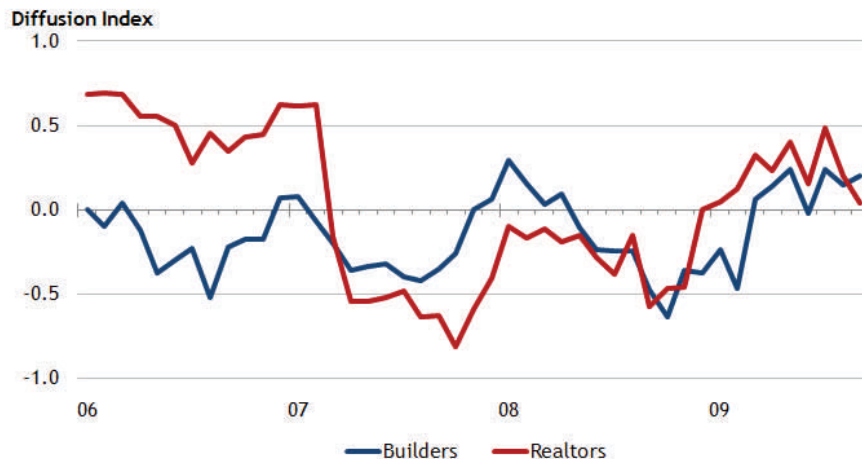
Source: FRBA business contact survey

Note: Preliminary September survey results are based on responses from 75 Realtors and 52 homebuilders.

- Florida homebuilders noted a reversal in home sales during September. Most builders reported that sales increased in September compared with a year earlier, following reports of declines from most builders in August. Reports from Florida Realtors remained the most upbeat. Most respondents reported that sales increased year over year.
- Georgia Realtors also noted an improvement in home sales during September. Most reported that sales increased compared with a year earlier, following declines in August. The majority of Georgia homebuilders continued to report year-over-year declines in September.
- Contacts in Alabama, Louisiana, Mississippi, and Tennessee reported that home sales remained slightly below the year-earlier level during September. Realtor reports indicated that sales weakened further in September on a year-over-year basis while builders said that declines moderated somewhat.

The three-month outlook for Southeastern home sales remained positive.

### September 2009 Southeast Home Sales Outlook



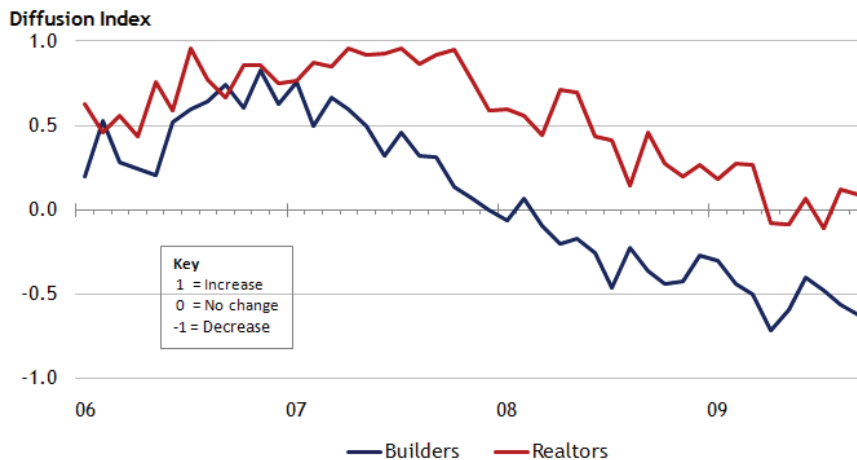
Source: FRBA business contact survey

- Weaker expectations from Realtors largely reflect reduced buyer traffic during September. Homebuilders also saw weaker buyer traffic, but their outlook rose slightly from August.

## Summary

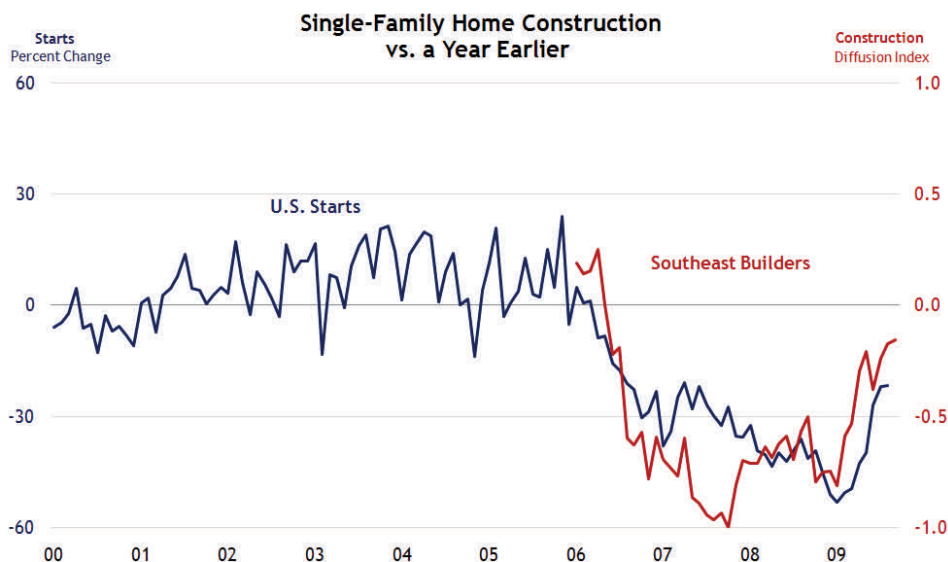
Southeast builders noted that new-home inventories continued to recede on a year-over-year basis while Realtors reported that home inventories exceeded year-earlier levels.

### September 2009 Home Inventory vs. a Year Earlier



Source: FRBA business contact survey

Southeast homebuilders reported that new home construction activity remained below the year-earlier level.



Source: FRBA business contact survey, U.S. Census Bureau

Note: U.S. starts through August 2009 and Southeast builders' construction data are through September 2009.