

# U.S. and Regional Economic Conditions

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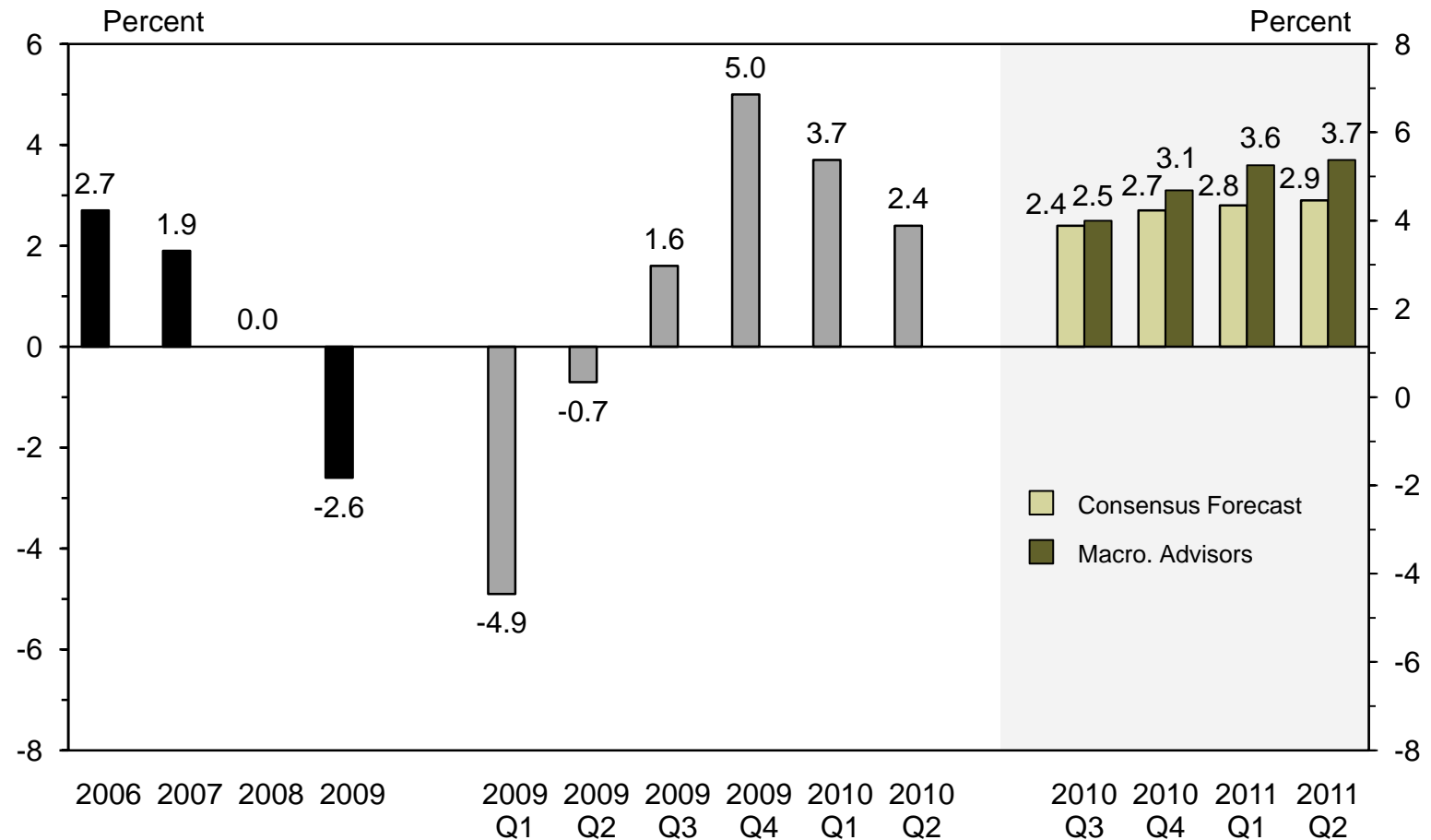
# Is the Recovery Sustainable?

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- Recent weakness in data has shifted the debate
- How does recovery compare to prior cycles?
- Any fuel underlying consumer spending?
- Housing and commercial real estate remain greatest domestic risks
- Access to capital remains constrained
- Fiscal issues emerging as major LR challenge
- 10<sup>th</sup> District is about 1 quarter behind U.S.

# 3.0-3.5% GDP growth expected in '10 and '11

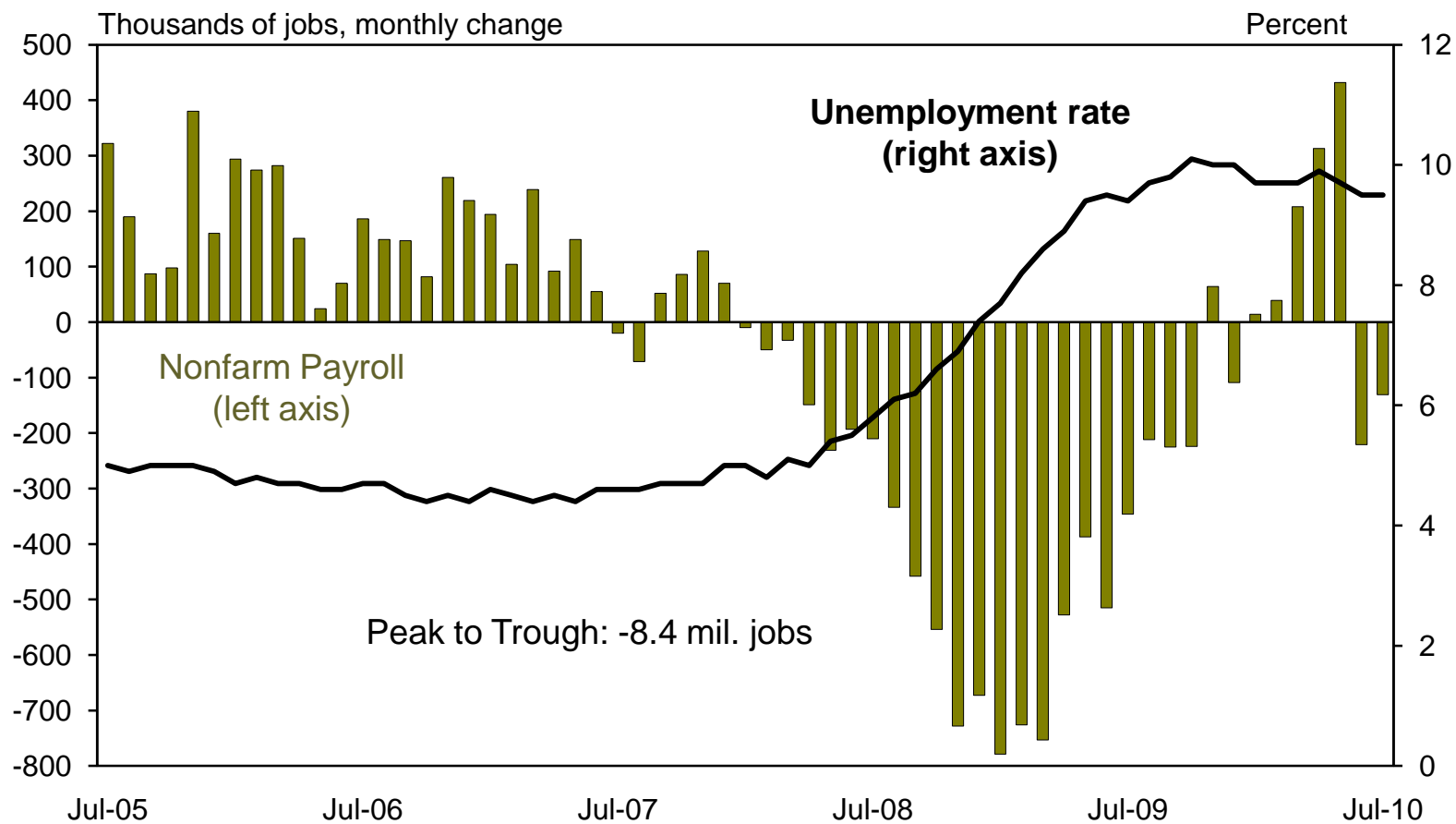
**Real Gross Domestic Product**  
Seasonally Adjusted



# Census hiring was expected to produce cycle

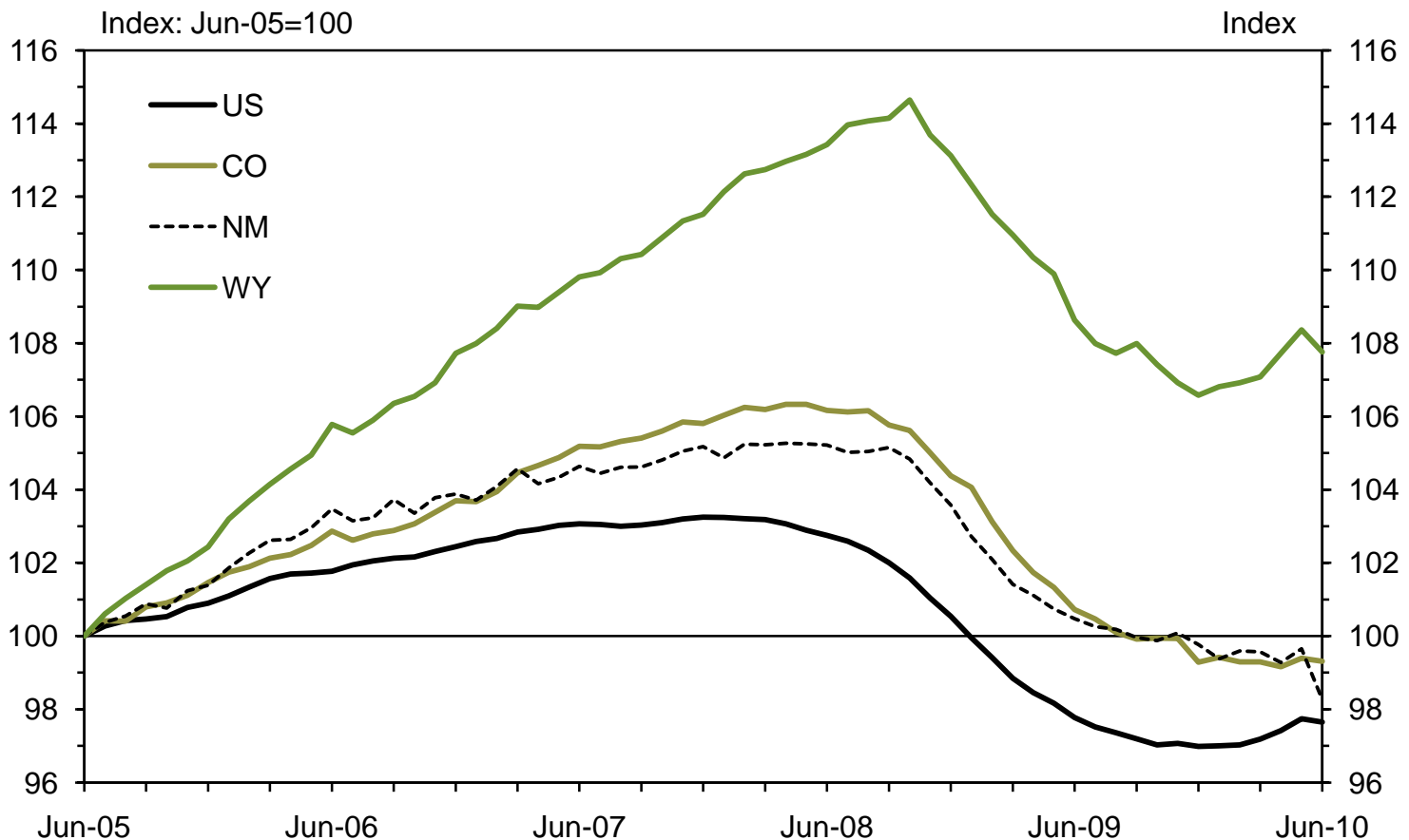
## Slightly weaker than initial projections for 2010

**Nonfarm Payroll Employment and Unemployment**  
Seasonally Adjusted



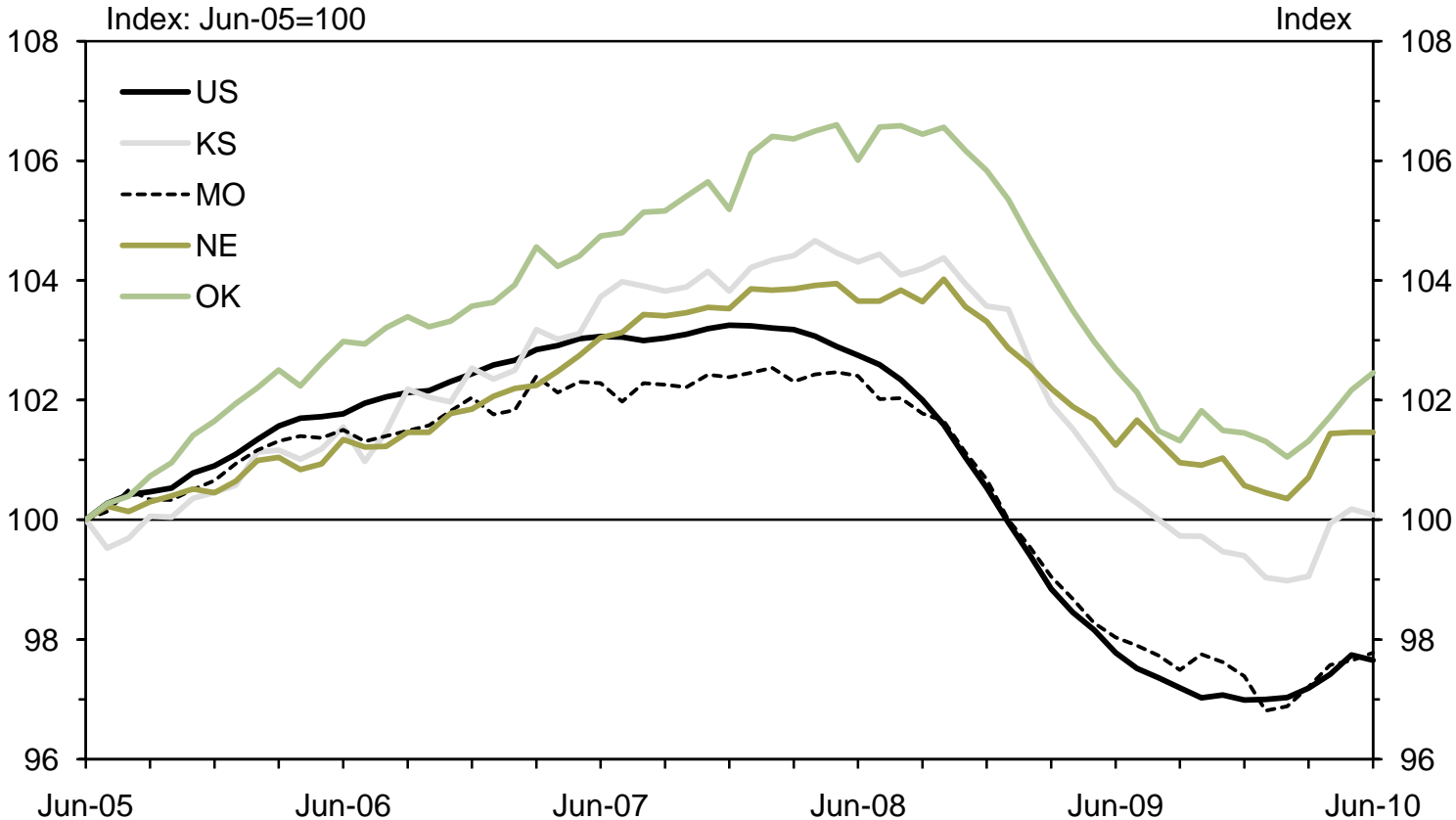
# State Cycles: CO/NM show no bounce yet, WY hit by energy cycle

**Total Nonfarm Employment**  
Seasonally Adjusted

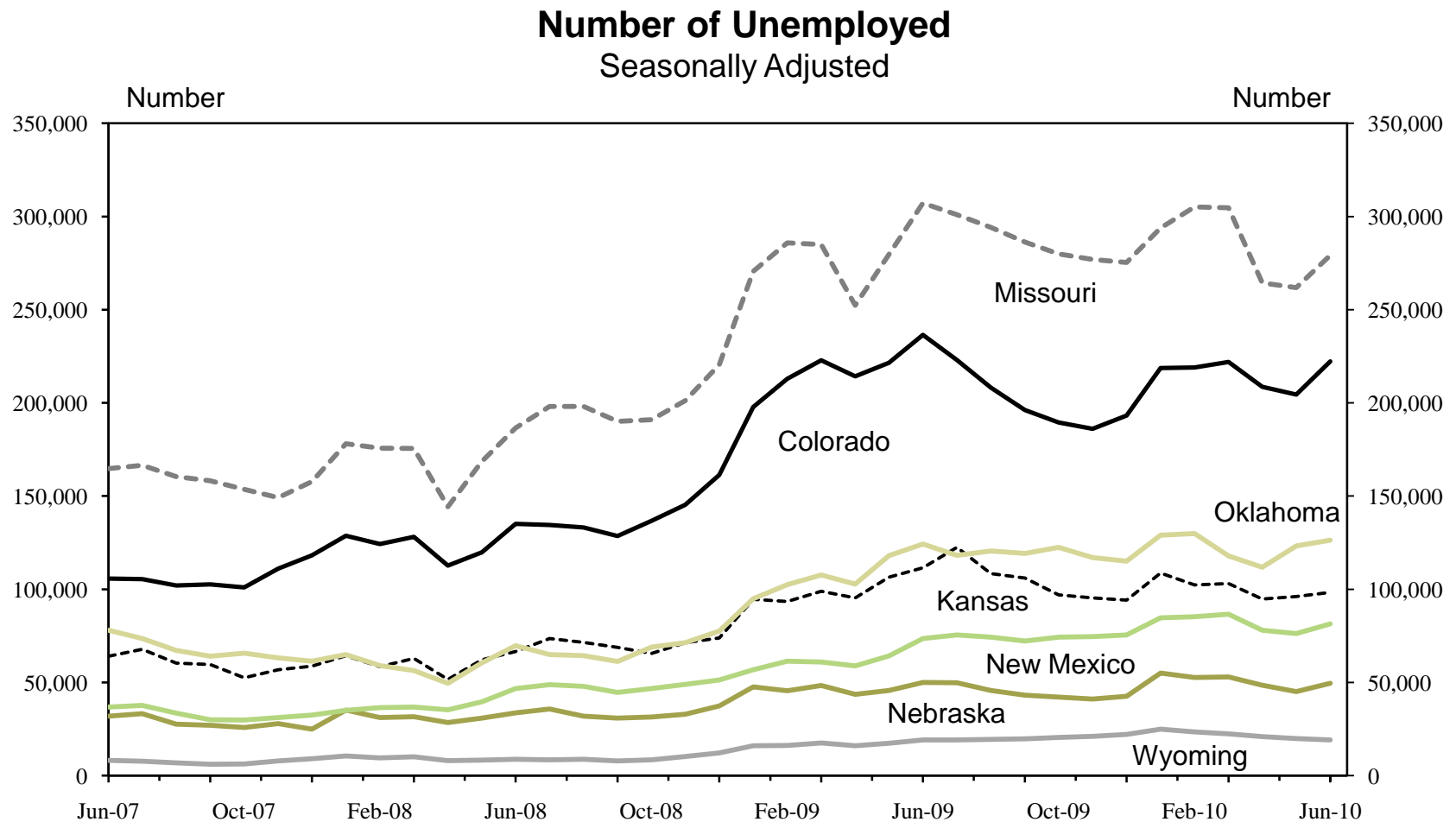


# State Cycles: NE smallest job loss, OK energy cycle, KS energy/mfg, MO long-run issues, all show bounce

## Total Nonfarm Employment Seasonally Adjusted



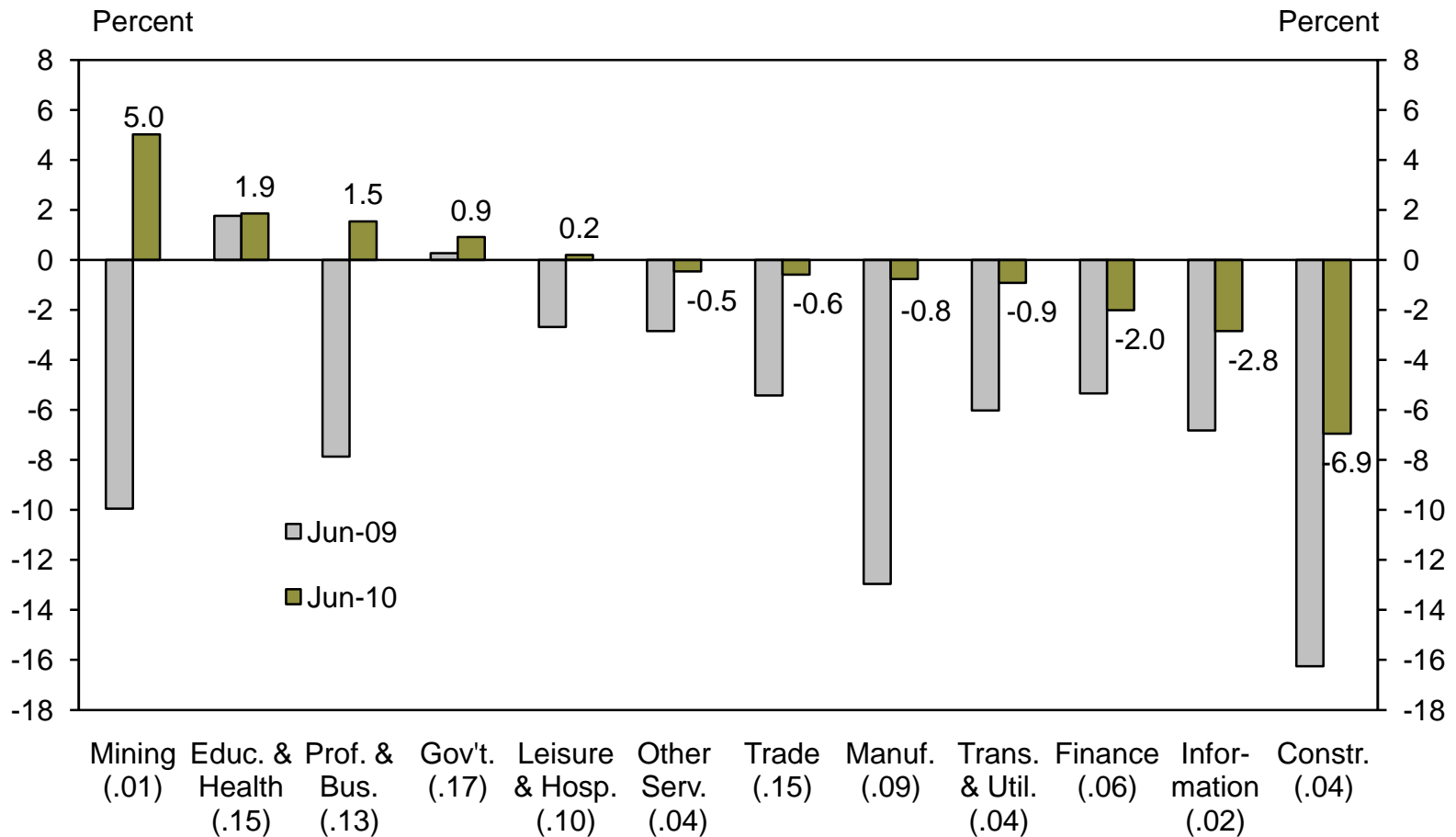
# Number unemployed is much better measure than unemployment rate



# Across the board improvement in hiring energy/temp empl./health bounce; govt weakens

## Nonfarm Job Growth by Industry

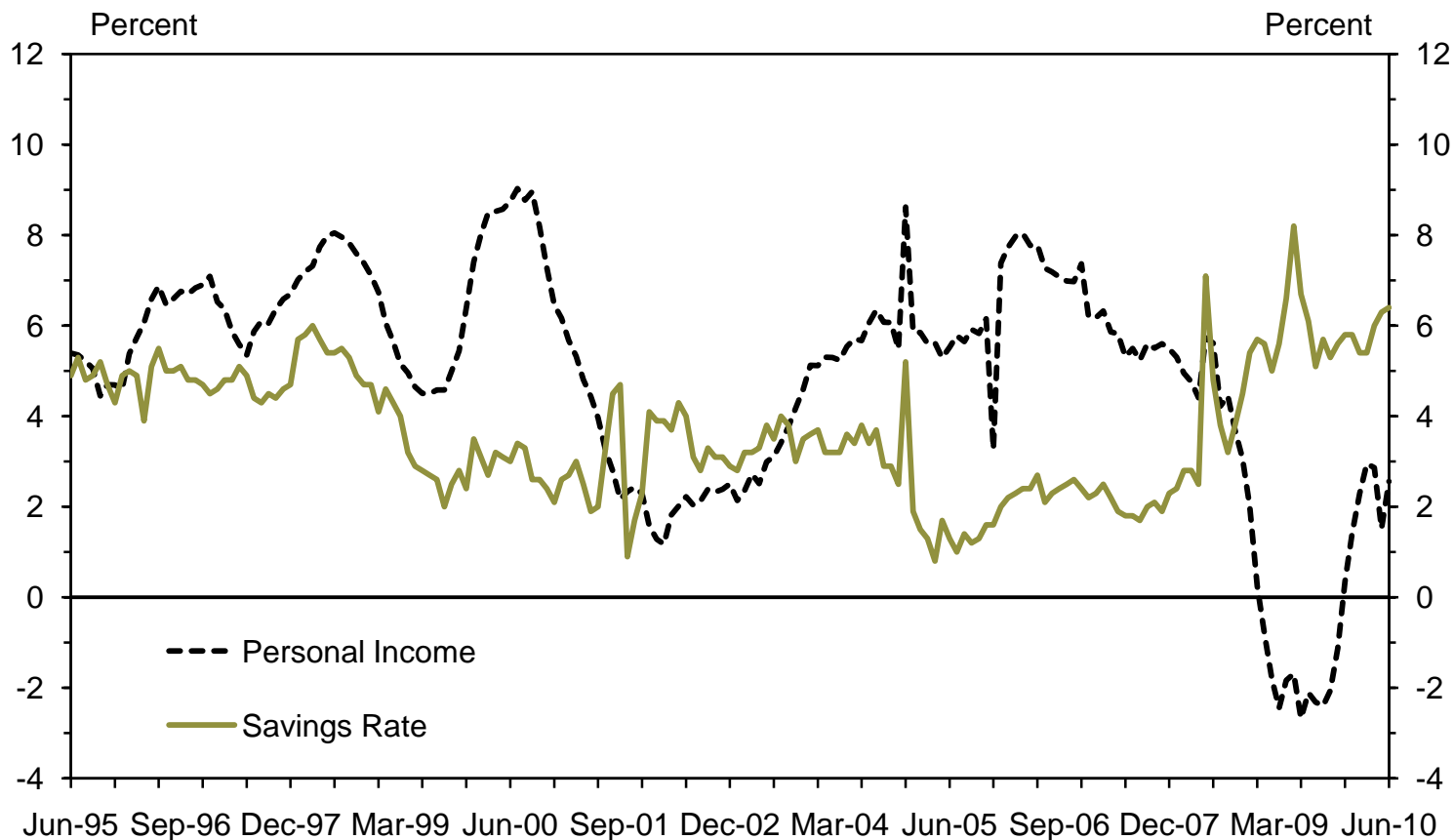
United States





# Income bounce weaker than expected; savings rate stronger

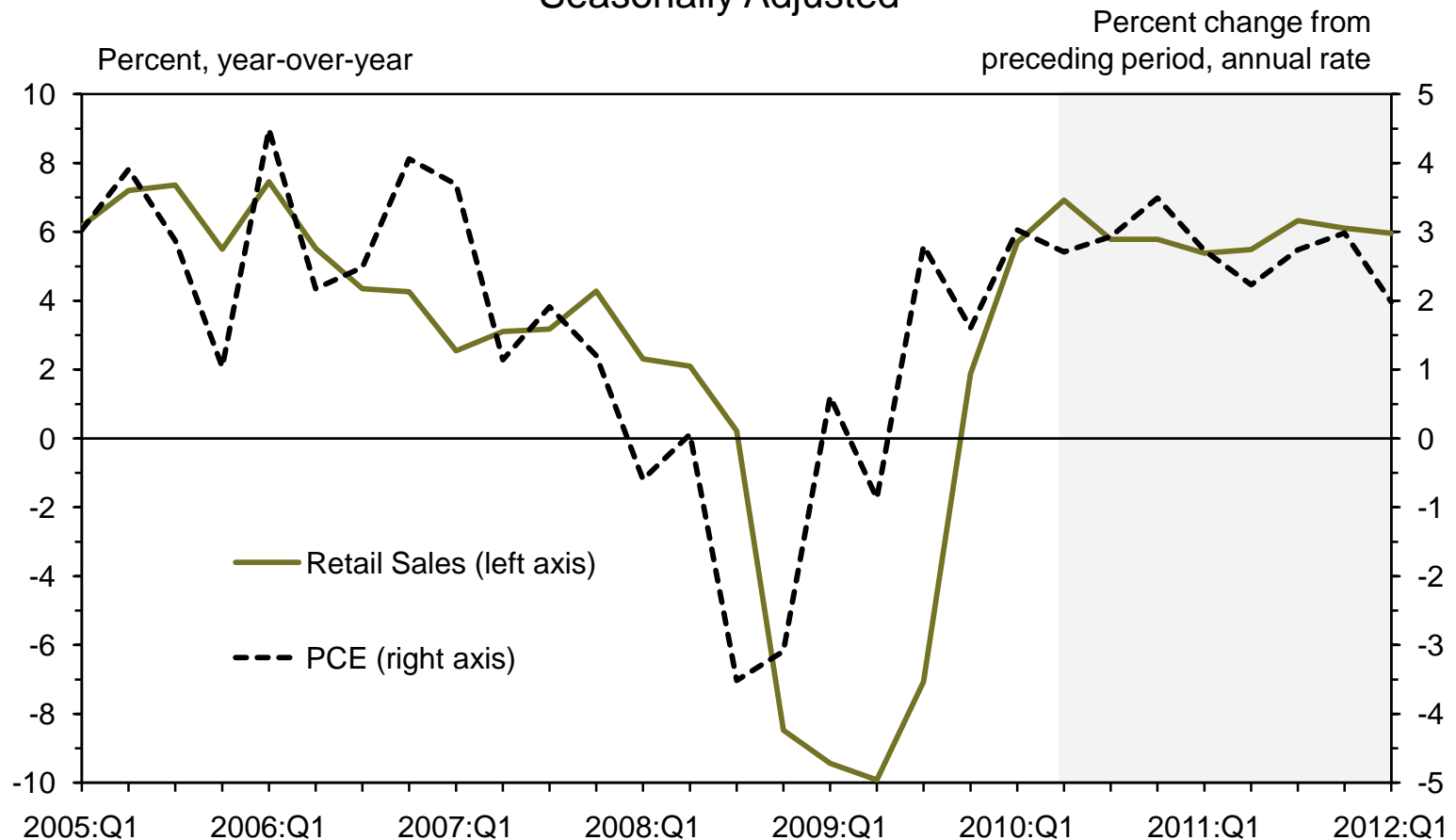
## Growth in Personal Income vs. Personal Savings Rate



# Forecasts suggest 'normal' consumer spending recovery

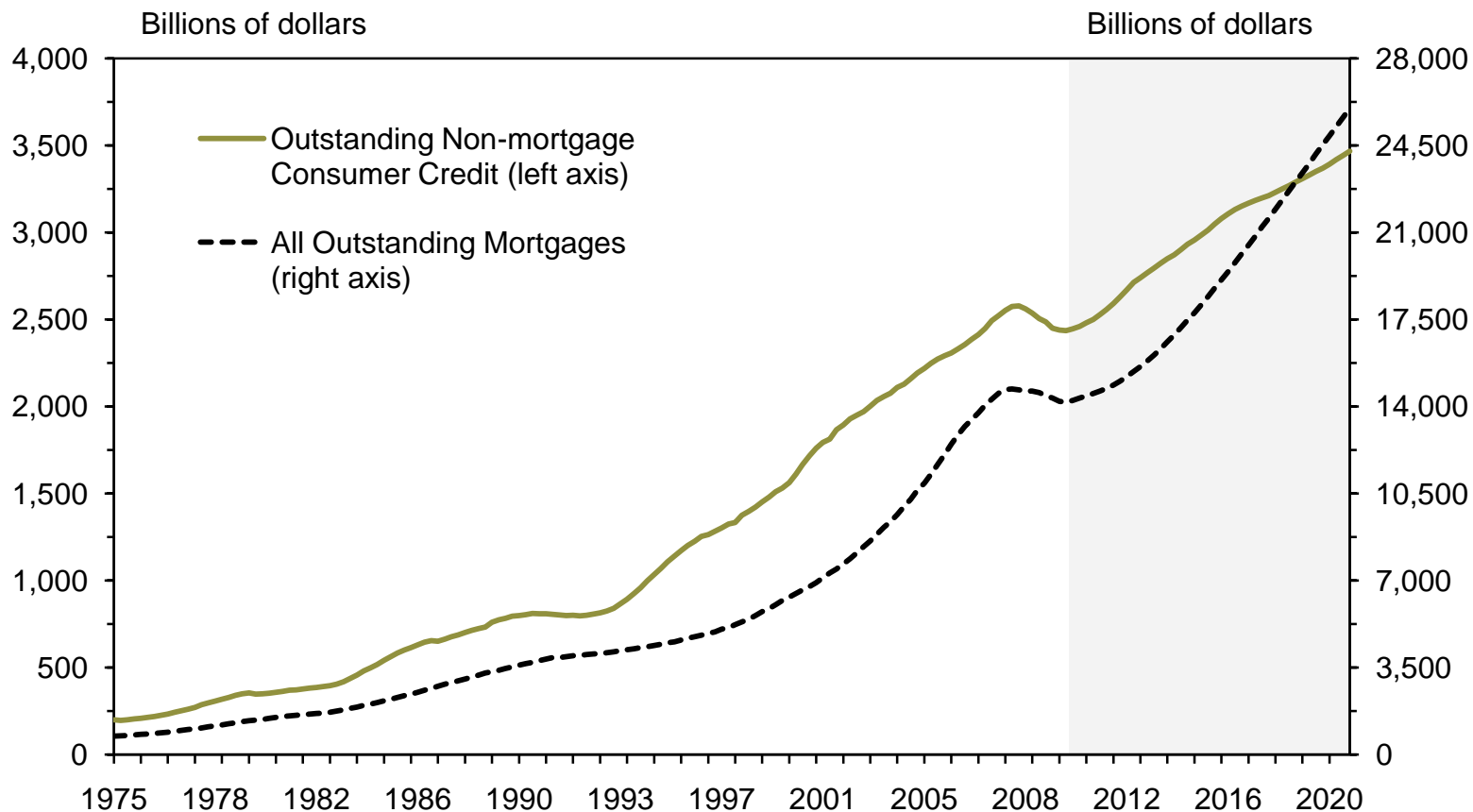
## Retail Sales vs. Personal Consumption Expenditures

Seasonally Adjusted



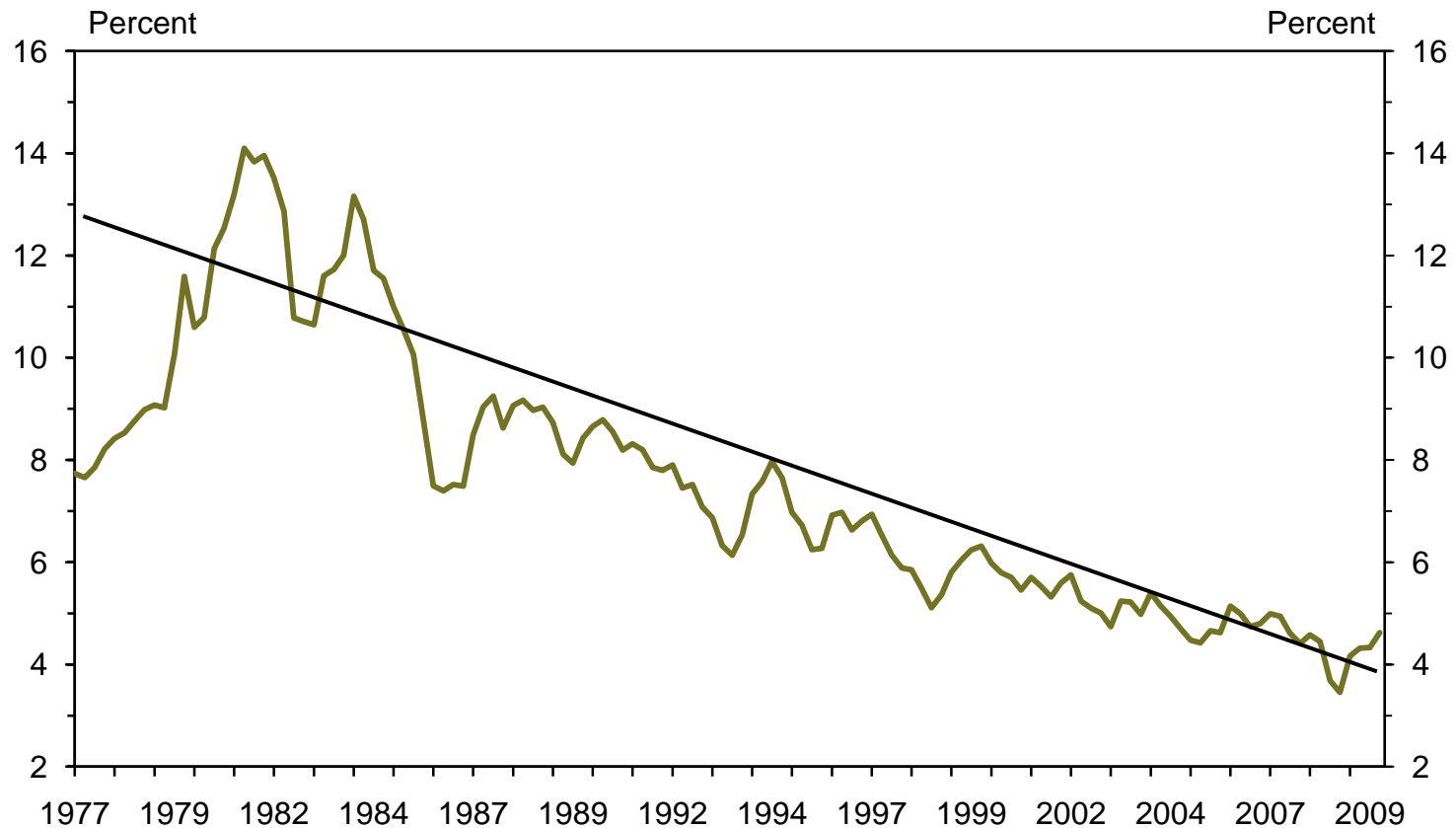
# No major deleveraging of the household sector is expected: cyclical adjustment

## U.S. Consumer Credit



# Was household leveraging fully irrational?

## Long-Term Treasury Bond Yields



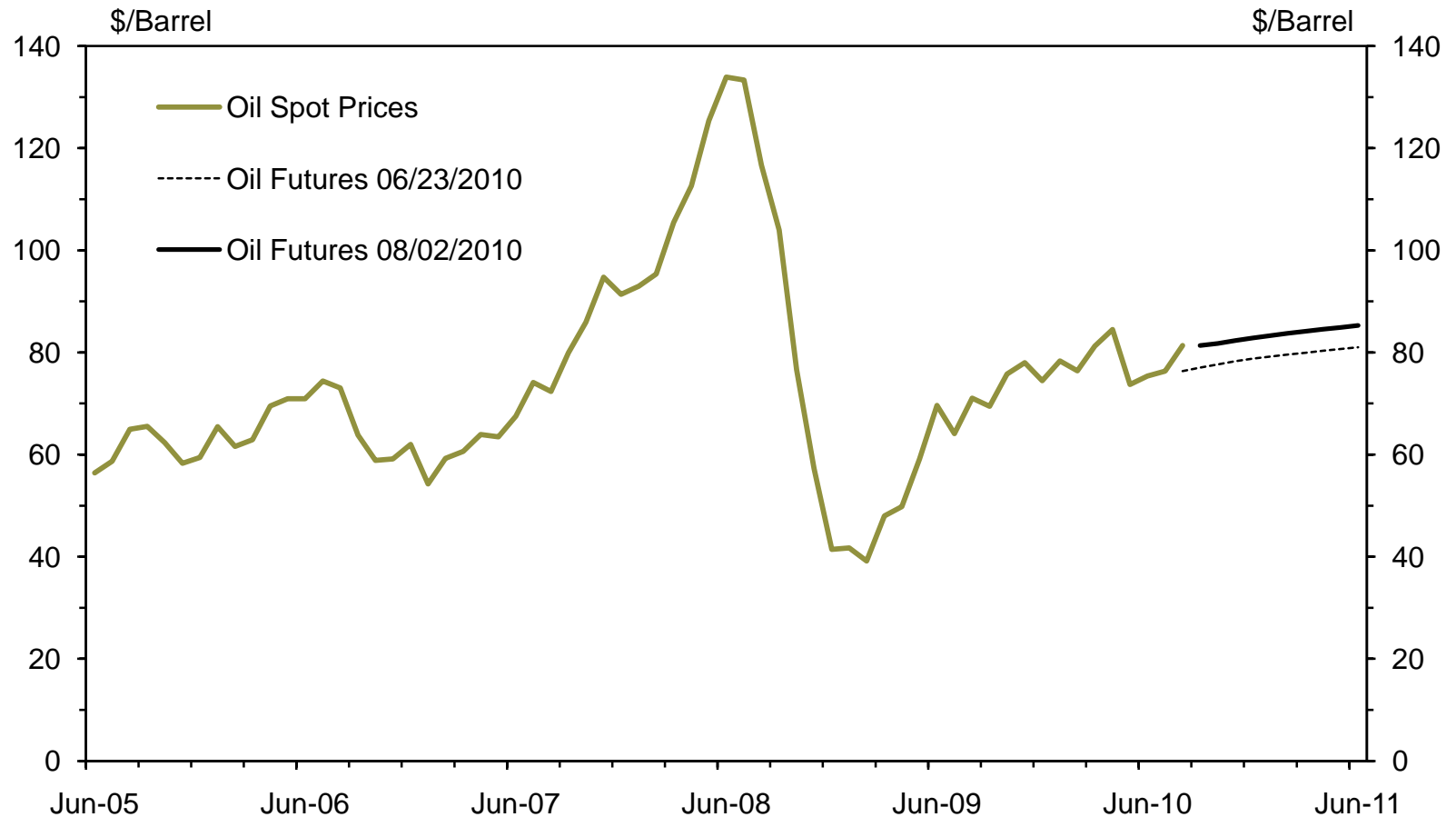
# Are Banks Lending? Which Ones? For What?

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- Roughly half of all banks added loans in past 12mo
- Strength determines who is up
- CLD loans have collapsed (-25%) at all size banks
- Other CRE loans up (10%) at all size banks
- 1-4 family resid loans up (5%) at all size banks
- Comm & Indust loans up (1%) at small banks, collapsed (-20%) at large banks

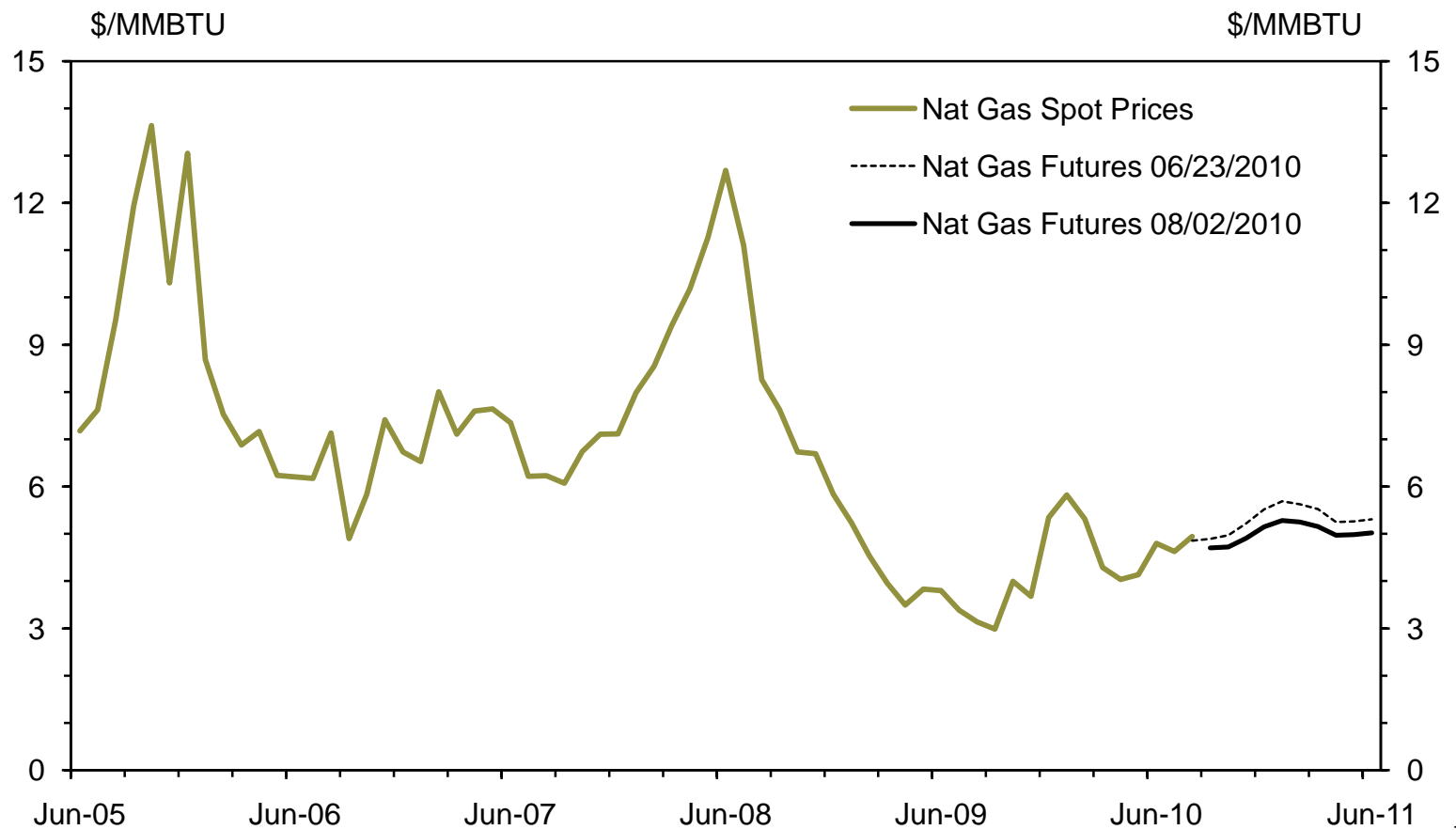
# Oil prices remain attractive to producers, neutral to consumers

## Crude Oil Prices



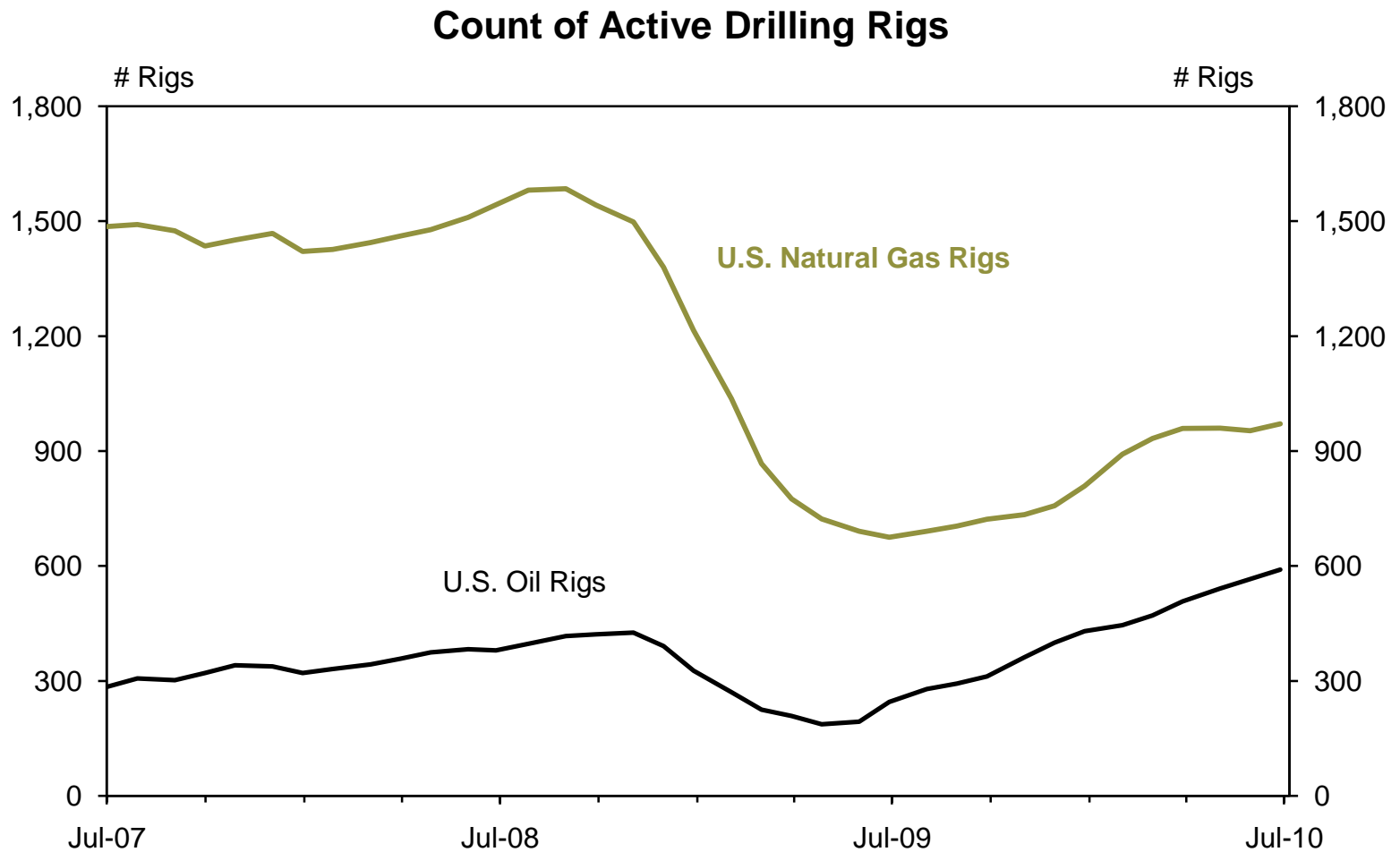
# ... but natural gas prices remain below pre-boom lows

## Natural Gas Prices



# Drilling activity responded to prices

(oil leads nationally, 10J at disadvantage)

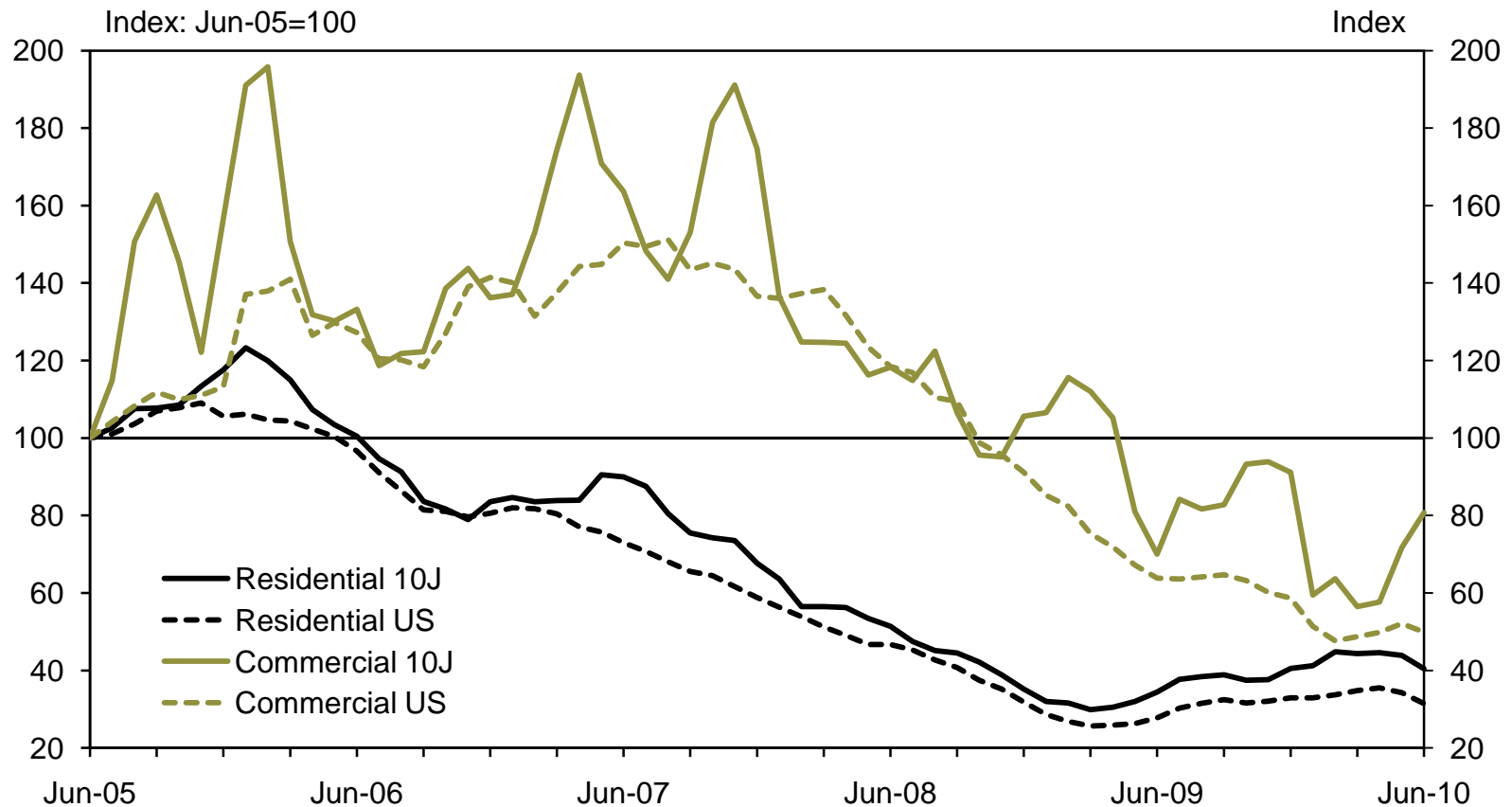




# District commercial and residential construction tracking U.S. trends

## Value of Commercial & Residential Construction Contracts

Seasonally Adjusted, 3-mo. mov. avg.

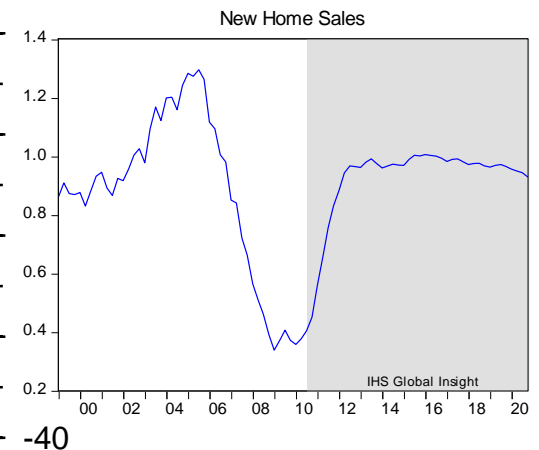
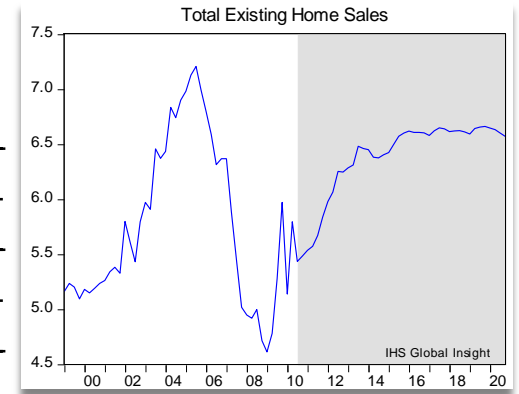
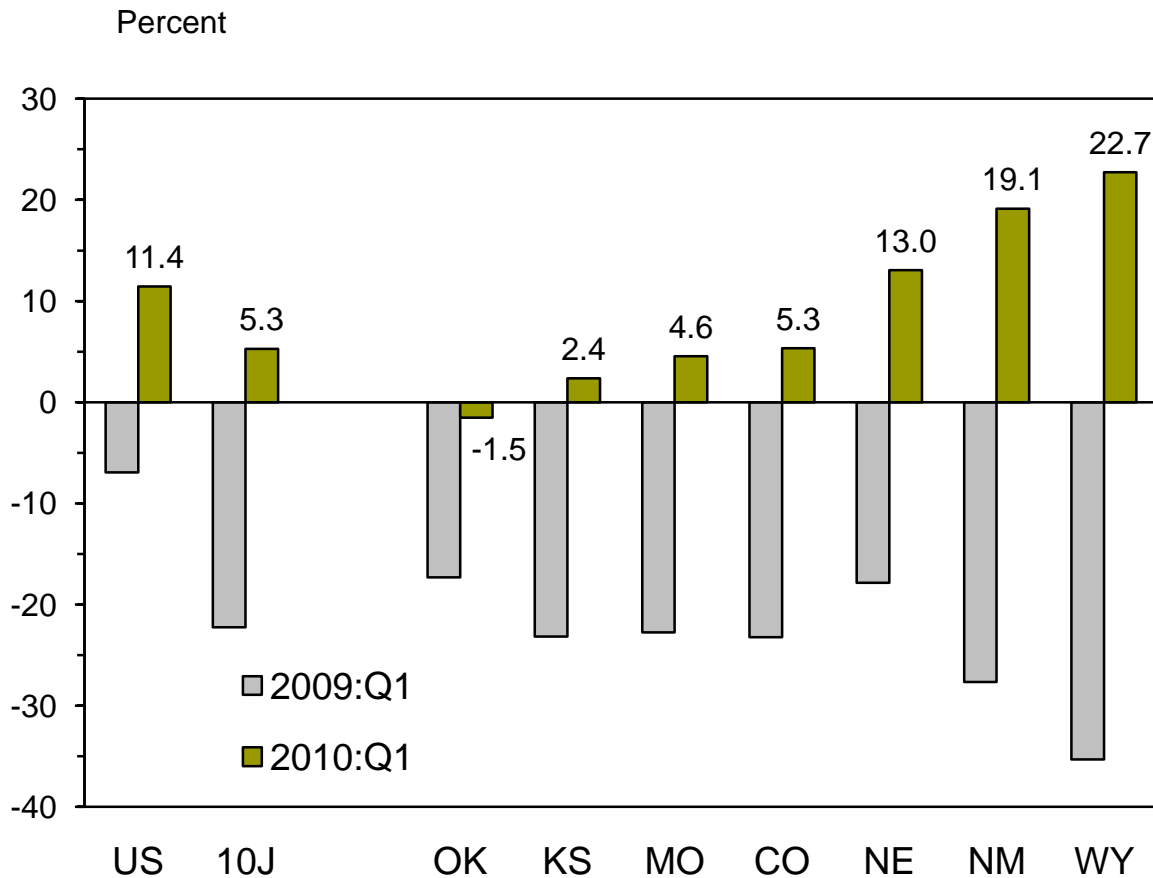


# Home sales volume up in most district states

## tax credits still driving activity in latest data

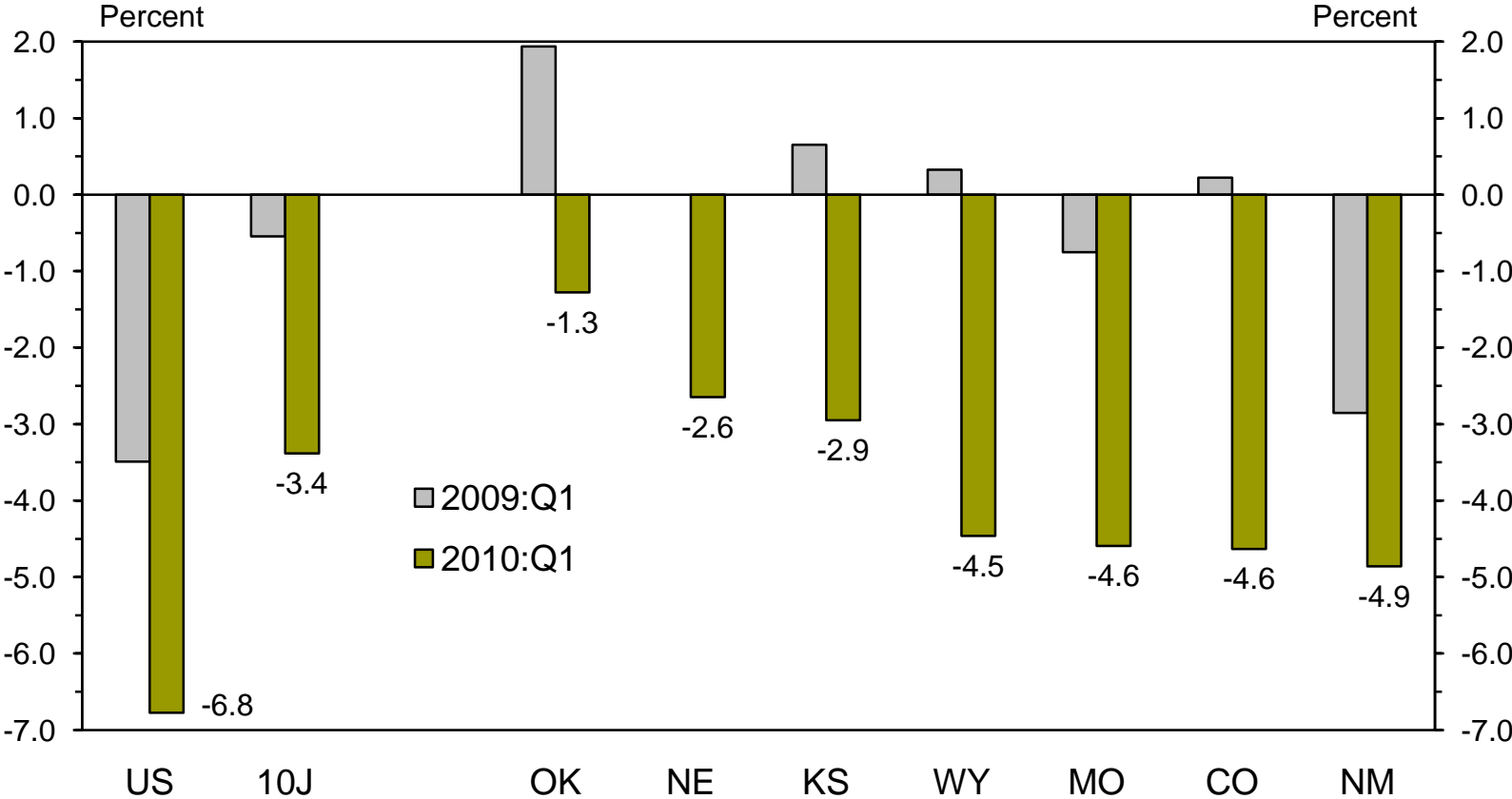
### Sales of Existing Homes in District States

Seasonally Adjusted



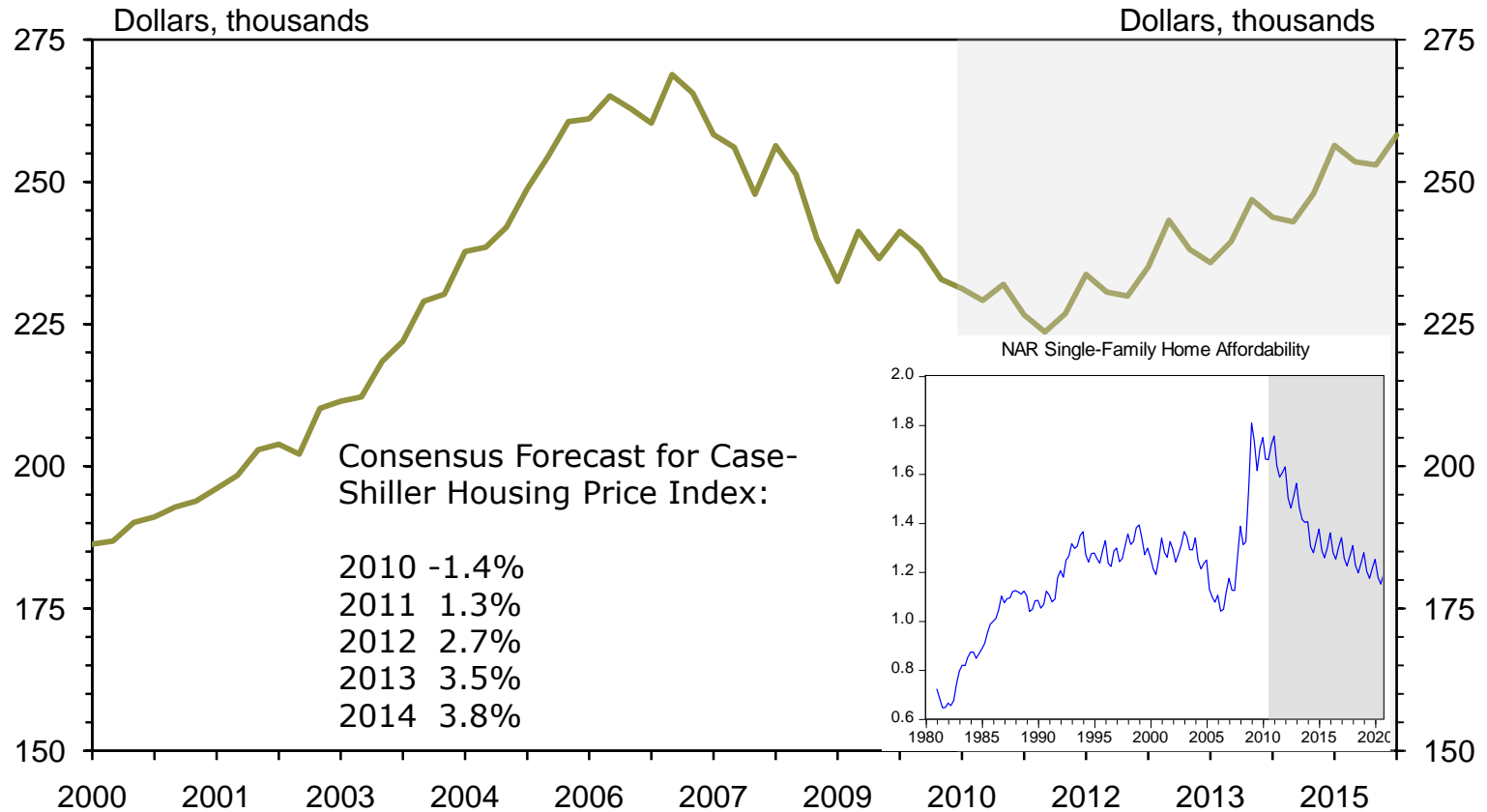
# But no clear bottom in District home prices

**FHFA Repeat Sales Home Price Index**  
Year-over-year growth



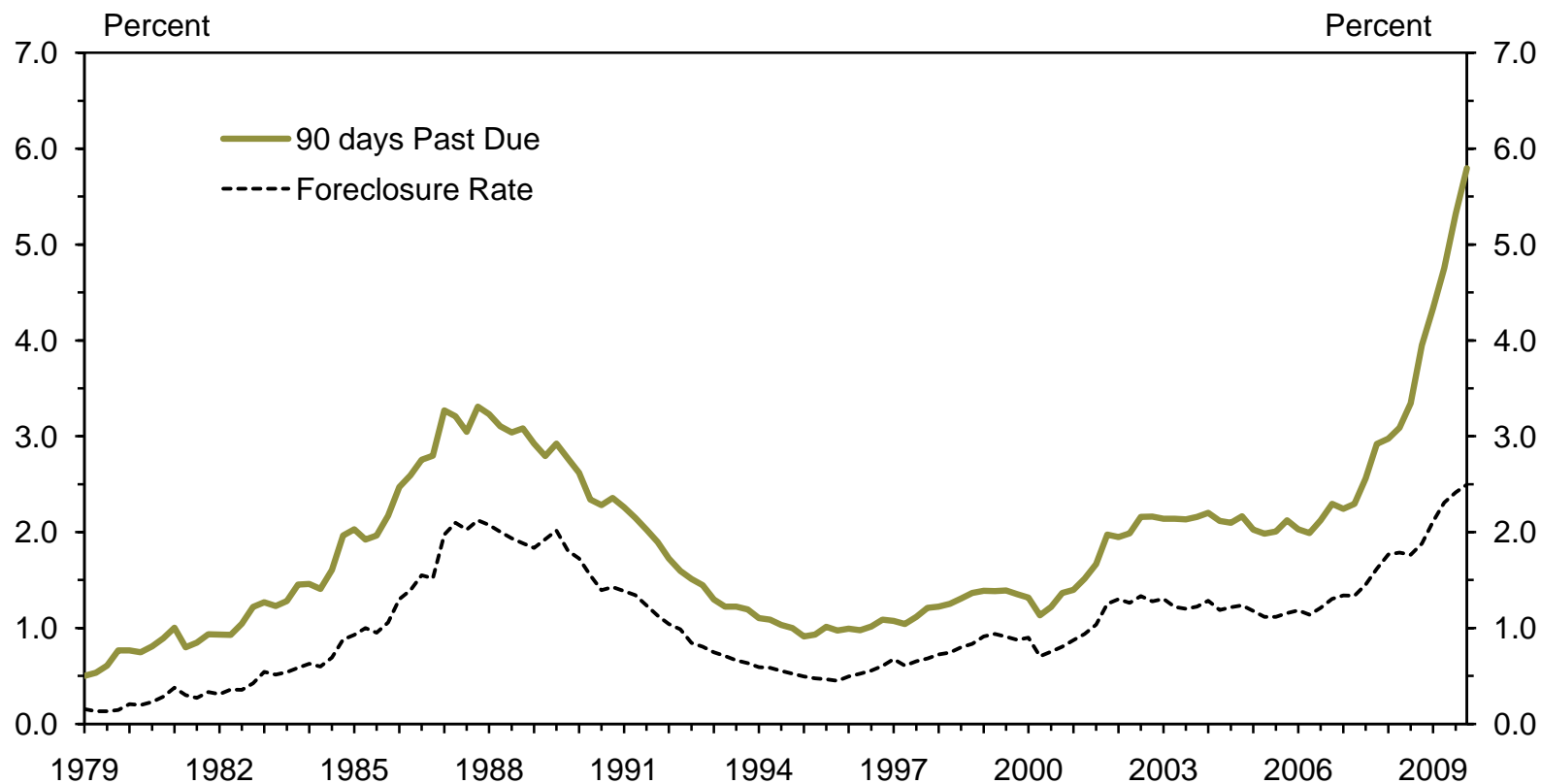
# Home prices are expected to languish through 2011

**Average Sales Price of a New 1996-style Single-family Home**  
Seasonally Adjusted



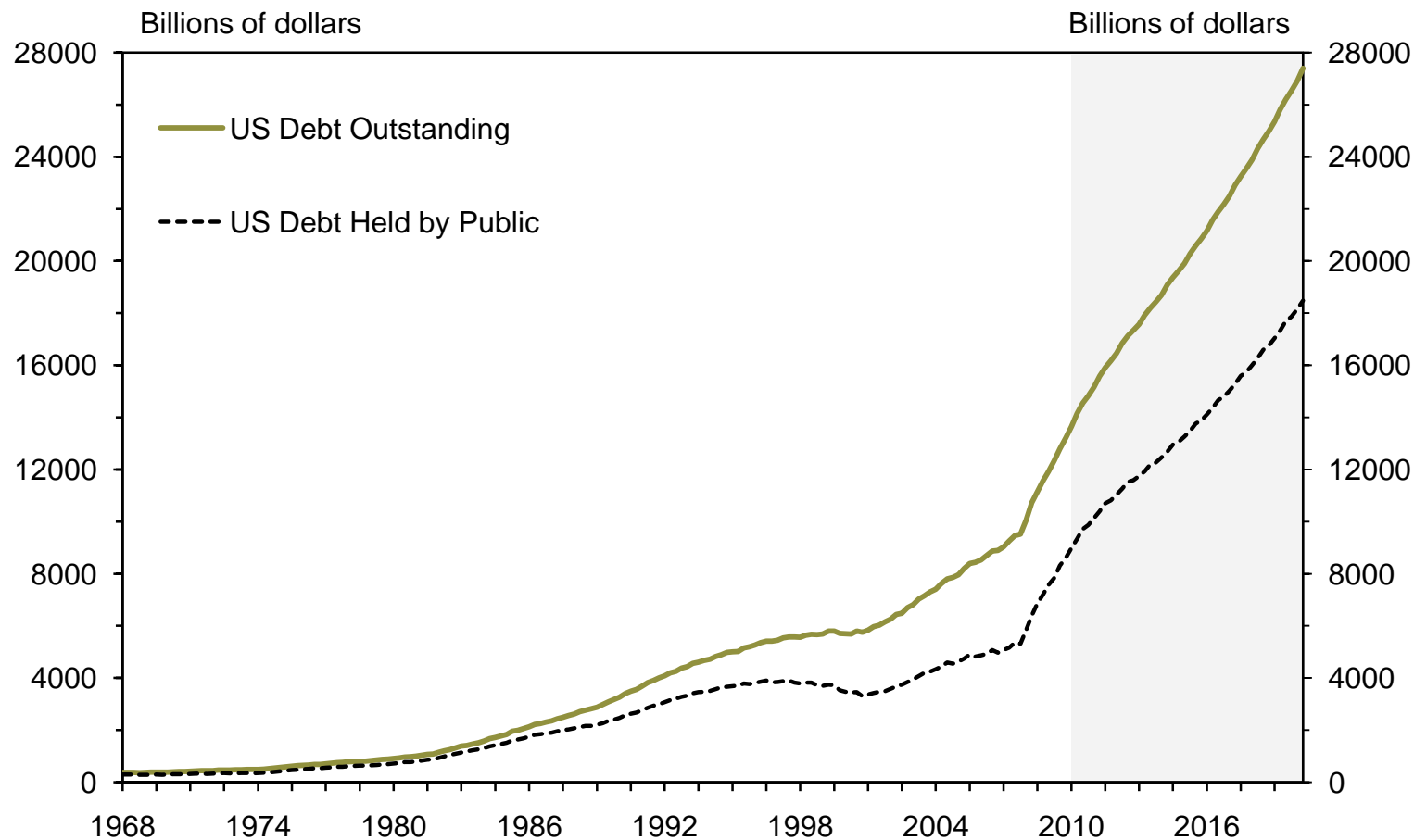
# No peak reached in late mortgages or foreclosures

## Tenth District Mortgage Foreclosure and Delinquency Rates



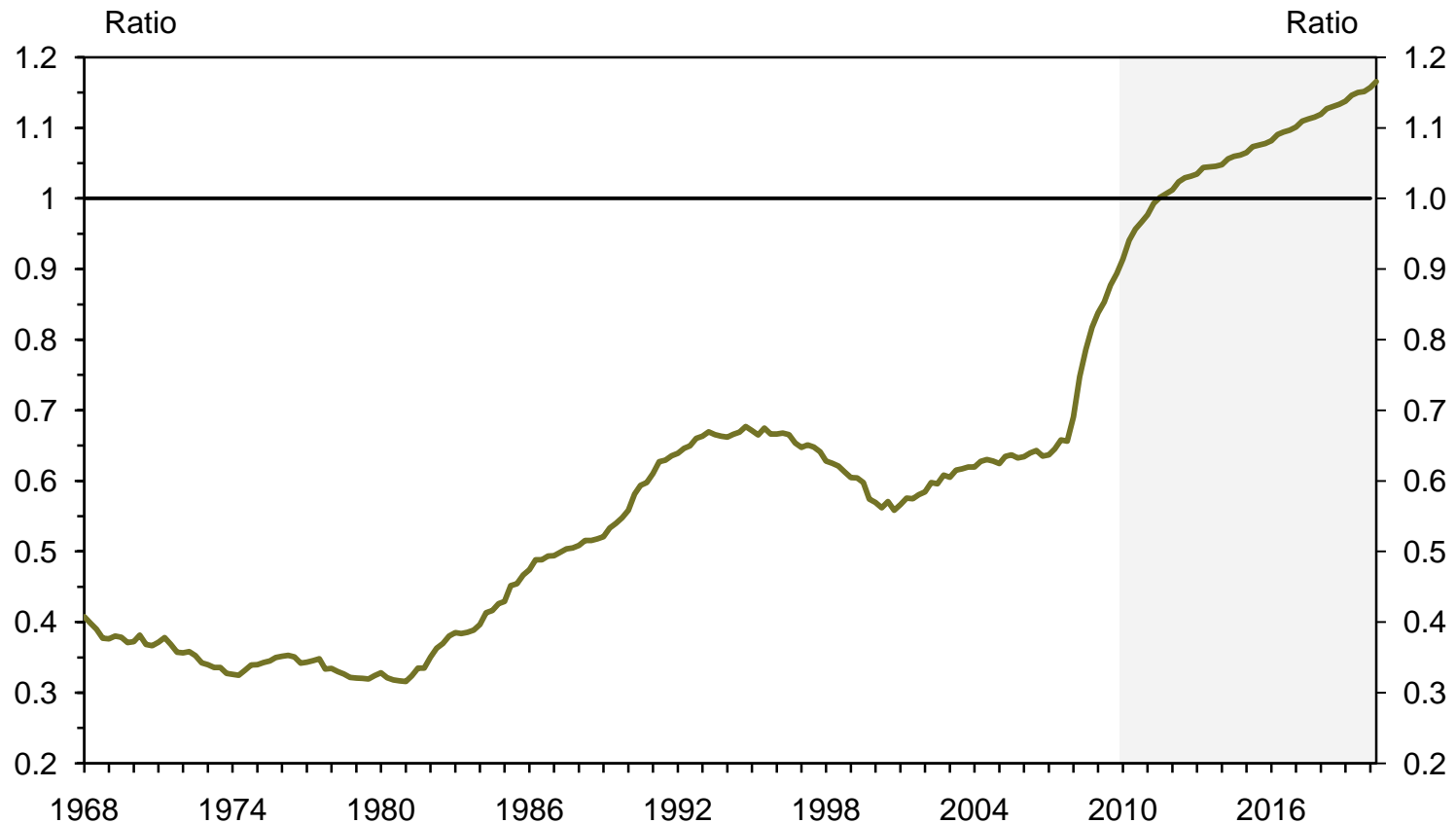
# U.S. fiscal stance suffers in recession, believed problematic at these levels

## U.S. Federal Debt Outstanding



# Federal debt expected to exceed 100% of GDP

## U.S. Federal Debt Outstanding as a Percentage of GDP



# U.S. and Regional Economic Update

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Questions?

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