

ETC ECONOMIC TRENDS & CONDITIONS

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National Outlook

(Based on the December 15, 2009, FRBSF [FedViews](#).)

- Incoming data continue to indicate that the economic recovery is taking hold. Deterioration in the labor market is abating. Household spending is expanding at a moderate pace.
- Tentative signs suggest that the housing sector may have bottomed, and housing construction has begun to grow. Financial market conditions have improved further.
- However, going forward, a weak labor market, sluggish income growth, and tight credit will likely restrain household consumption, pointing to a slow recovery.
- Resource slack in the economy is both large and persistent, and longer-term inflation expectations are fairly stable. As a result, inflation is expected to remain subdued over the next few years.

Around the District

(Based on the December 2, 2009, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District appeared to pick up modestly during the reporting period of late October through late November.
- Retail sales remained weak on net, although reports suggested that they were stable or slightly improved compared with the previous reporting period. Demand for services continued to be very weak.
- Activity in the District's housing markets continued to improve gradually, with the pace of home sales in many areas of the District picking up further. Meanwhile, conditions deteriorated further for commercial real estate.
- Upward pressures on prices or wages were nonexistent in general, although contacts continued to report that they expect significant increases in the costs of health insurance benefits in the coming year, based on contracted or anticipated rate increases.
- Beige Book contacts from the banking industry reported largely stable loan demand and lending standards but further declines in credit quality.
- Job growth in the District continued to fare moderately worse than that in the nation as a whole over the 12 months ending in November (see table on next page).
- Similarly, unemployment rates over the past 12 months increased substantially in the District, even more so than in the rest of the United States, although both have seen some easing in their respective rates recently.

FedViews and *Beige Book* publications are available at <http://www.frbsf.org/economics/>

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Employment Conditions

Total Nonfarm Employment

NOV2009	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S.	130,996.00	-0.1	-0.8	-3.3	-3.5	10.0
12 th District	24,940.40	-1.7	-1.7	-4.1	-4.4	11.1
Alaska	320.9	5.8	-1.1	-1.1	-1.1	8.7
Arizona	2,415.30	2.2	-1.1	-5.1	-5.6	8.9
California	14,194.20	-0.9	-1.3	-3.9	-4.2	12.3
Hawaii	584.9	-11.5	-6.1	-4.4	-4.7	7.0
Idaho	613.3	2.2	-1.6	-3.2	-3.9	9.1
Nevada	1,166.00	-8.6	-4.5	-6.1	-6.1	12.3
Oregon	1,611.70	-3.4	-3.0	-5.0	-5.2	11.1
Utah	1,200.70	-5.6	0.7	-4.0	-4.1	6.3
Washington	2,833.40	-3.1	-2.7	-3.4	-3.6	9.2

Source: Economic Research Department, Federal Reserve Bank of San Francisco

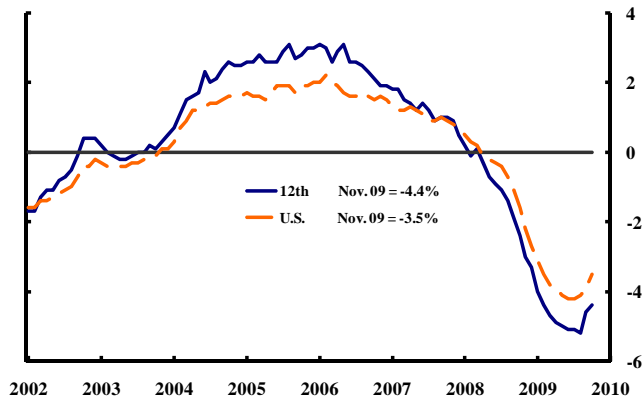
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

Growth in nonfarm payroll employment

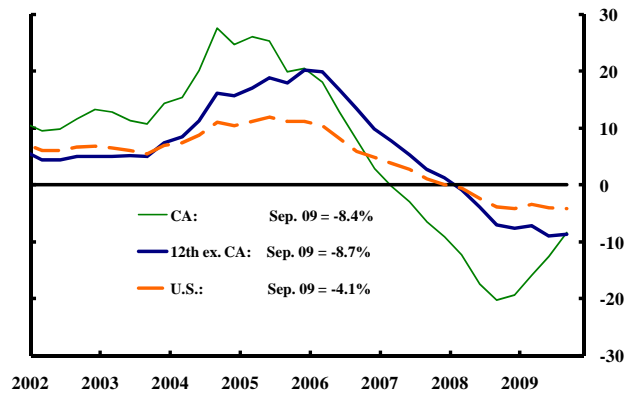
(Year-over-year percent change, monthly)



Source: Bureau of Labor Statistics.

Home price index

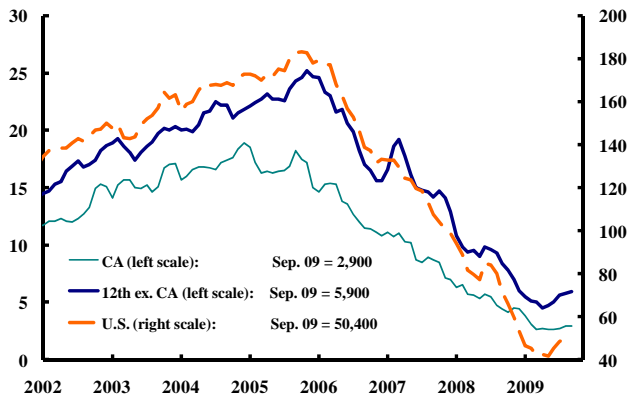
(Year-over-year percent change, quarterly)



Source: Office of Federal Housing Enterprise Oversight.

Residential permits

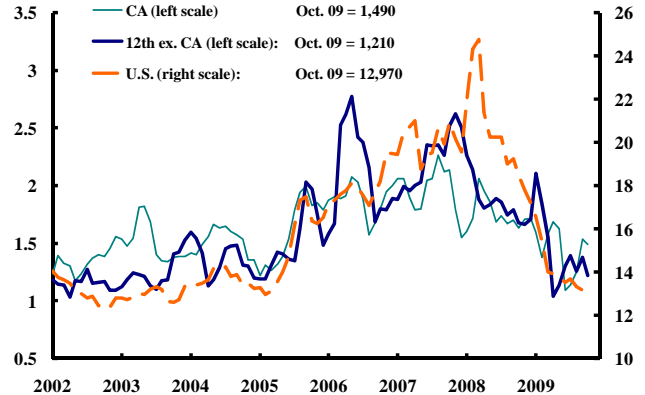
(Thousands, 3-month moving average)



Source: Bureau of the Census.

Nonresidential construction awards

(Thousands, 3-month moving average)



Source: Bureau of the Census.