

# ETC ECONOMIC TRENDS & CONDITIONS

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June 2010 Edition

## *National Outlook*

(Based on the June 10, 2010, FRBSF [FedViews](#).)

- Despite concerns raised by the crisis in Europe and some recent data that came in below expectations, we continue to project a moderate recovery.
- The broader labor market remains sluggish, which continues to put downward pressure on the inflation rate.
- While there is some risk that Europe's sovereign debt crisis could get worse, the most likely outcome is that it will not. In that case, its effects on the U.S. economy are likely to be small. Additionally, the crisis has pushed down U.S. interest rates, which will help the U.S. economy.
- Going forward, we continue to expect that the economy will grow at a moderate pace and that inflation will remain contained.

## *Around the District*

(Based on the June 9, 2010, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District posted further modest improvement during the period of early April through the end of May.
- Demand for retail items and services continued to strengthen, but sales remained below pre-recession levels.
- Home prices continued to edge up in some parts of the District, and although the pace of home sales remained mixed across areas, it appeared largely stable on net. Meanwhile, conditions worsened somewhat further in commercial real estate markets.
- Despite rising prices for some non-oil commodities, price increases for final goods and services remained restrained, and upward wage pressures were largely absent.
- Beige Book contacts from financial institutions reported stable to slightly increased lending activity and some signs of stabilization 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 May (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 stabilization recently.

# Employment Conditions

## Total Nonfarm Employment

MAY2010	level <sup>p</sup>	Percent Change				Unemployment Rate
		1-month <sup>a</sup>	3-month <sup>a</sup>	YTD <sup>a</sup>	12-month	
U.S.	130,570.0	4.0	2.9	1.8	-0.4	9.7
12 <sup>th</sup> District	24,561.4	2.4	2.3	1.9	-1.4	11.2
Alaska	322.9	0.0	-4.0	1.0	1.5	8.3
Arizona	2,417.0	3.3	4.6	3.2	-0.7	9.6
California	13,905.5	2.5	2.0	1.7	-1.7	12.4
Hawaii	592.8	3.5	4.9	2.6	0.1	6.6
Idaho	605.0	-0.4	1.3	0.8	-0.8	9.0
Nevada	1,119.8	0.6	-1.0	-0.8	-2.5	14.0
Oregon	1,595.6	0.0	1.2	0.8	-1.3	10.6
Utah	1,192.6	5.4	4.6	3.0	0.0	7.3
Washington	2,810.2	2.6	3.2	3.1	-1.0	9.1

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

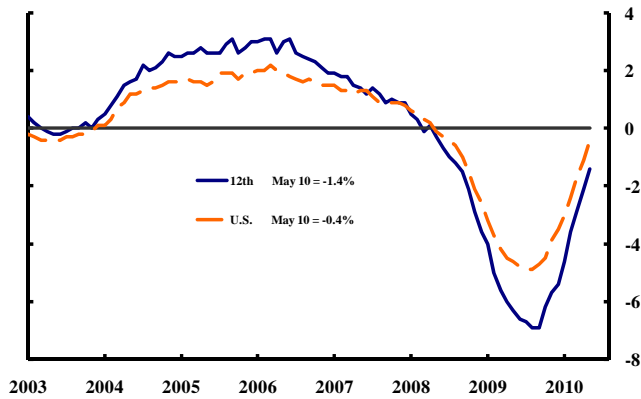
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

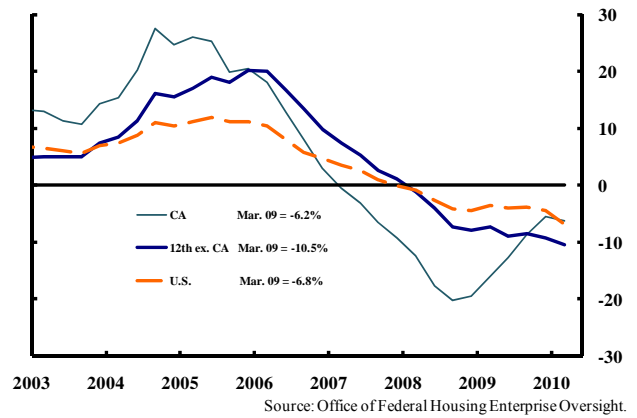
### Growth in nonfarm payroll employment

(Year-over-year percent change, monthly)



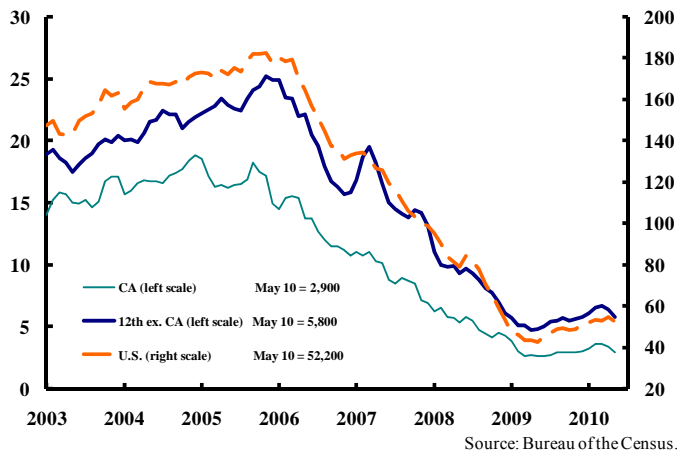
### Home price index

(Year-over-year percent change, quarterly)



### Residential permits

(Thousands, 3-month moving average)



### Nonresidential construction awards

(Thousands, 3-month moving average)

