

ETC ECONOMIC TRENDS & CONDITIONS

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National Outlook

(Based on the July 8, 2010, FRBSF [FedViews](#).)

- Although some recent data have come in below expectations, the overall economic picture remains one of continued growth at a modest pace. Some downside risks to the outlook are apparent, including weakness in consumer confidence, the labor market, and the real estate sector, as well as the economic situation in Europe.
- Inflation levels are below those identified by Federal Open Market Committee members as consistent with their desired longer-run price stability objectives.
- We expect real GDP growth of 3.0% in the third quarter of 2010, up a bit from the second quarter.
- We anticipate core PCE prices to increase at a 1.3% annualized rate in the current quarter and by 1.0% for the year as a whole.

Around the District

(Based on the July 28, 2010, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District appeared to pick up slightly during the period of June through mid-July.
- Sales of retail items and services were mixed, but firmed a bit further for both.
- The pace of home sales remained mixed across areas but appeared to decline on net, even as home prices edged up in some parts of the District. Meanwhile, conditions remained depressed in commercial real estate markets.
- Upward price pressures remained quite modest, and upward wage pressures were largely absent.
- Beige Book contacts from financial institutions reported largely stable lending activity and 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 June (see table on next page).
- Similarly, the District's unemployment rate remains well above that of the nation as a whole, although both have seen some stabilization recently.

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

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Employment Conditions

Total Nonfarm Employment

JUN2010	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S. (JUL2010)	130,242.0	-1.2	0.2	0.9	0.0	9.5
U.S.	130,373.0	-2.0	1.6	1.2	-0.2	9.5
12 th District	24,529.0	-2.4	1.5	1.3	-0.9	11.1
Alaska	324.4	11.4	-2.5	1.8	1.2	7.9
Arizona	2,406.6	-5.7	3.0	1.7	-0.2	9.6
California	13,880.7	-2.4	0.8	1.0	-1.3	12.3
Hawaii	587.9	-10.9	-0.5	0.5	-0.5	6.3
Idaho	606.9	-4.6	1.9	1.3	-0.1	8.8
Nevada	1,120.1	1.3	1.0	-0.6	-2.0	14.2
Oregon	1,594.6	-2.7	1.1	0.5	-1.0	10.5
Utah	1,198.5	-1.2	6.5	3.5	1.0	7.2
Washington	2,809.3	-0.7	2.3	2.5	-0.6	8.9

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

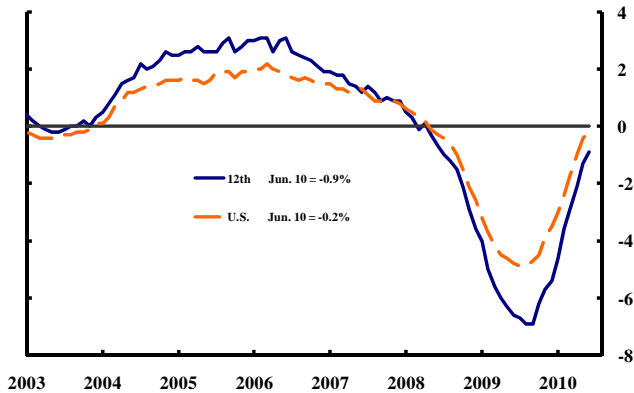
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

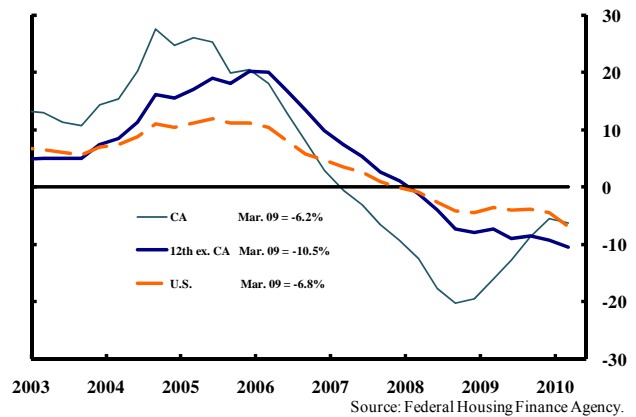
Growth in nonfarm payroll employment

(Year-over-year percent change, monthly)



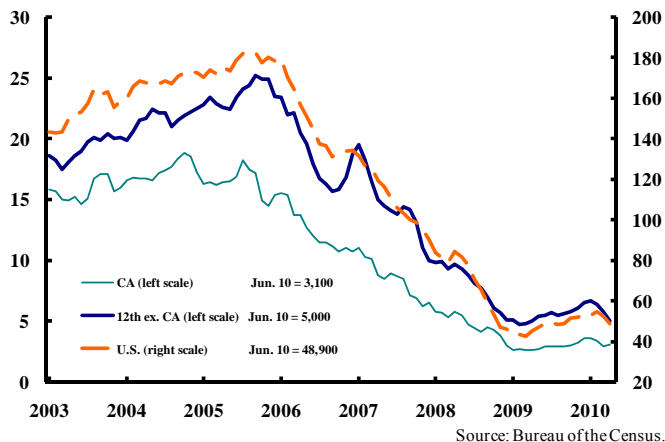
Home price index

(Year-over-year percent change, quarterly)



Residential permits

(Thousands, 3-month moving average)



Nonresidential construction awards

(Thousands, 3-month moving average)

