

ETC ECONOMIC TRENDS & CONDITIONS

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National Outlook

(Based on the March 9, 2012, FRBSF [FedViews](#).)

- Recent data on the economy have been mixed. While labor market conditions continued to improve in February, some other data releases suggested softening. In particular, personal consumption expenditures have been relatively flat since October 2011.
- Recent data also show an increase in overall inflation, primarily reflecting increases in oil and gasoline prices. Indeed, in the latter part of 2011, overall inflation deviated markedly from core inflation, which excludes changes in food and energy prices.
- Given the mixed data, we expect GDP growth in the first half of 2012 to slow from the fourth quarter of 2011 to about a 2% pace. We then expect growth to pick up in the second half of 2012, with GDP registering about a 2¼% growth rate for the year as a whole.
- We expect overall, or headline, inflation to continue to exceed core inflation during the first half of the year. However, we anticipate overall inflation to moderate over the latter half of the year as the effects of energy price increases wear off. For the full year 2012, overall inflation is expected to come in a bit under 2%.

Around the District

(Based on the February 29, 2012, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District continued to grow at a moderate pace during the reporting period of January through mid-February.
- Sales of retail items rose on balance, and demand rose a bit on net for business and consumer services.
- Activity in District housing markets remained sluggish, and demand for nonresidential real estate stayed weak.
- Price increases for final goods and services were limited, and upward pressures were minimal.
- Beige Book contacts from financial institutions reported a small increase in business loan demand.
- Job growth in the District was a bit below that of the nation as a whole over the 12 months ending in January (see table on next page).
- Meanwhile, the District's unemployment rate remains well above that of the nation as a whole, although it has been trending down in recent months.

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

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Employment Conditions

Total Nonfarm Employment

JAN2012	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S. (FEB2012)	132,697.0	2.1	2.2	2.3	1.5	8.3
U.S.	132,470.0	2.6	2.0	2.6	1.5	8.3
12 th District	24,966.4	1.5	1.4	1.5	1.1	10.0
Alaska	327.8	3.4	0.0	3.4	-0.3	7.2
Arizona	2,428.6	7.0	1.9	7.0	1.3	8.7
California	14,173.8	-0.4	1.5	-0.4	0.9	10.9
Hawaii	594.8	-3.4	-0.6	-3.4	0.7	6.5
Idaho	613.5	5.9	3.0	5.9	1.3	8.1
Nevada	1,133.4	1.9	0.9	1.9	0.8	12.7
Oregon	1,624.9	4.1	1.0	4.1	0.6	8.8
Utah	1,222.2	-0.8	0.7	-0.8	2.5	5.7
Washington	2,847.4	5.8	1.7	5.8	1.5	8.3

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

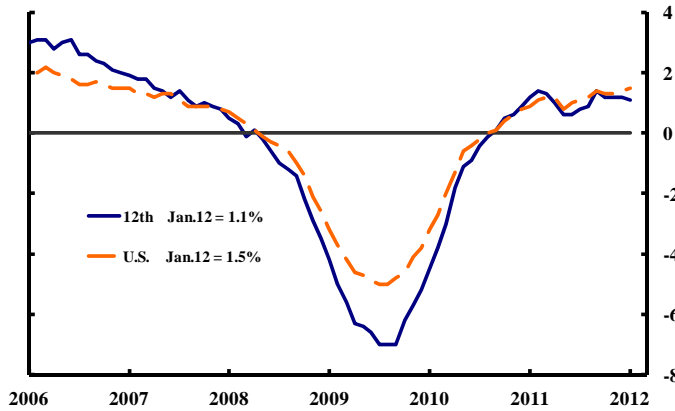
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

Growth in nonfarm payroll employment

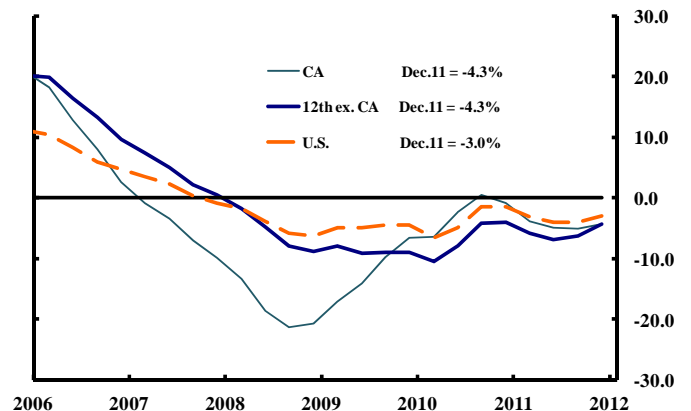
(Year-over-year percent change, monthly)



Source: Bureau of Labor Statistics.

Home price index

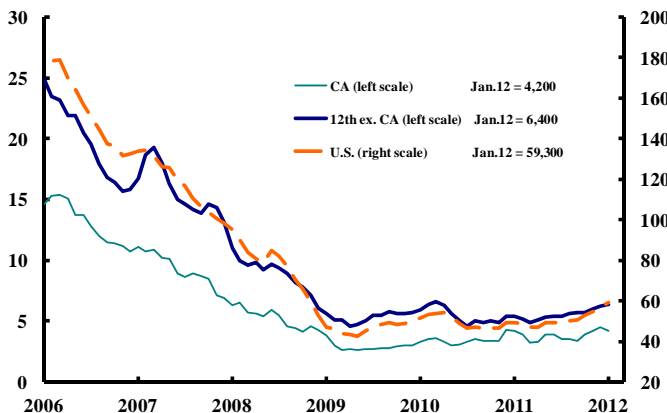
(Year-over-year percent change, quarterly)



Source: Federal Housing Finance Agency.

Residential permits

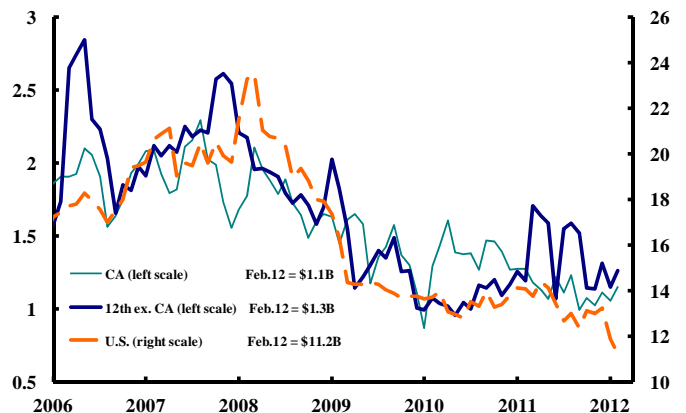
(Thousands, 3-month moving average)



Source: Bureau of the Census.

Nonresidential construction awards

(\$ Billions, 3-month moving average)



Source: Bureau of the Census.