

ETC ECONOMIC TRENDS & CONDITIONS

Published for the Division of Banking Supervision and Regulation

October 2011 Edition

National Outlook

(Based on the September 8, 2011, FRBSF [FedViews](#).)

- The March earthquake and tsunami in Japan disrupted U.S. production in the auto and a few other manufacturing industries, which reduced second-quarter growth but probably increased growth in the third quarter, as idled production started coming back on line and extra shifts were added to bring inventories back to normal levels.
- Oil prices have fallen substantially from their peak a few months ago, reducing business costs and providing a welcome boost to household spending power.
- We expect continued sluggish growth for the next several quarters, gradually picking up to a more normal recovery pace in 2013 and beyond.
- Despite the uptick posted earlier this year, we see inflation moderating over coming quarters as the weak labor market keeps wages low and the decline in oil prices puts downward pressure on energy and transportation costs.

Around the District

(Based on the September 7, 2011, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District continued to expand modestly during the reporting period of mid-July through the end of August.
- Demand for retail items edged up a bit, as did demand for business and consumer services.
- Activity in District housing markets stayed sluggish. Meanwhile, demand for commercial real estate remained weak overall, and vacancy rates for office and industrial space stayed elevated throughout the District.
- Upward price pressures were mixed but appeared to ease overall, and upward pressures on wages were subdued.
- Beige Book contacts from financial institutions indicated that overall loan demand was stable or inched down.
- Job growth in the District was a bit above that of the nation as a whole over the 12 months ending in August (see table on next page).
- Meanwhile, the District's unemployment rate remains well above that of the nation as a whole and has shown increases 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

AUG2011	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S.	131,132.0	0.0	0.3	1.0	1.0	9.1
12 th District	24,767.3	0.3	0.8	1.4	1.4	10.9
Alaska	329.5	-2.5	6.2	0.6	1.5	7.7
Arizona	2,408.4	8.0	1.6	2.1	1.7	9.3
California	14,057.2	-0.7	0.5	1.1	1.2	12.1
Hawaii	590.2	-9.8	-0.2	0.0	1.4	6.2
Idaho	608.9	6.5	1.1	1.2	1.2	9.2
Nevada	1,116.7	0.8	-0.1	0.5	0.2	13.4
Oregon	1,622.5	0.6	-0.5	1.3	1.5	9.6
Utah	1,218.0	5.1	5.2	4.2	3.0	7.6
Washington	2,815.9	-2.1	0.7	1.9	1.5	9.3

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

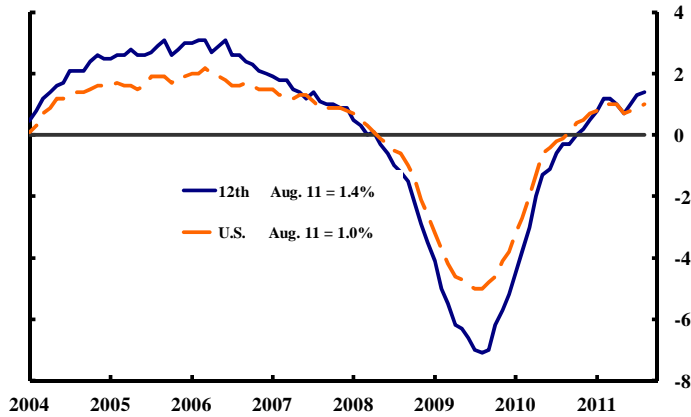
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

Growth in nonfarm payroll employment

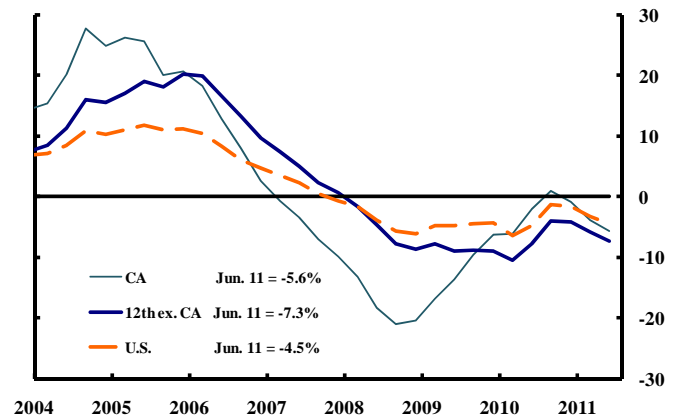
(Year-over-year percent change, monthly)



Source: Bureau of Labor Statistics.

Home price index

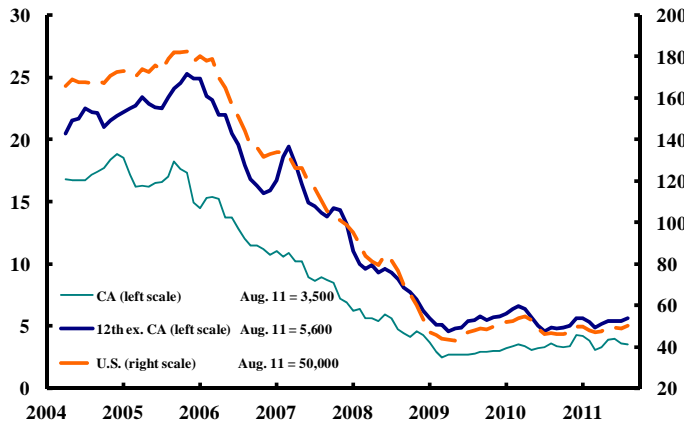
(Year-over-year percent change, quarterly)



Source: Federal Housing Finance Agency.

Residential permits

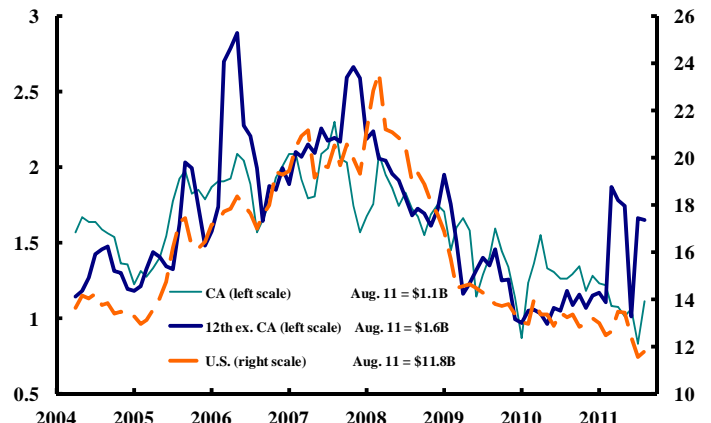
(Thousands, 3-month moving average)



Source: Bureau of the Census.

Nonresidential construction awards

(\$ Billions, 3-month moving average)



Source: Bureau of the Census.