

ETC ECONOMIC TRENDS & CONDITIONS

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National Outlook

(Based on the April 14, 2011, FRBSF [FedViews](#).)

- Although recent economic news has been disappointing, much of the first-quarter weakness appears to reflect transitory factors, including harsh winter weather at the start of the year. The underlying pace of economic recovery appears intact and we expect real GDP to increase 3½ to 4% over the next year.
- A revival of the labor market is a crucial underpinning of a strengthening, self-sustaining economic recovery. The pace of private-sector hiring has picked up recently. During the past two months, private employment has risen by almost a half million jobs.
- The latest jump in oil and commodity prices is projected to push year-over-year inflation in the personal consumption expenditures price index to 2½% by the middle of this year. Still, as in the past, it does not appear likely that the run-up in commodity prices will have a long-lasting impact on underlying inflation trends.

Around the District

(Based on the April 13, 2011, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District expanded moderately during the reporting period of late February into the beginning of April.
- Retail sales continued to improve overall, and demand for business and consumer services rose further.
- The sales pace for new and existing homes was mixed across the District but remained very weak overall. Meanwhile, demand continued to be anemic on net in commercial real estate markets, with vacancy rates for office and industrial space staying elevated throughout the District.
- Price increases for final goods and services remained modest overall despite gains for selected commodities, and upward wage pressures were limited as well.
- Beige Book contacts from financial institutions reported small but widespread increases in loan demand.
- Job growth in the District was somewhat above that of the nation as a whole over the 12 months ending in March (see table on next page).
- Meanwhile, the District's unemployment rate remains well above that of the nation as a whole and has shown only slight declines in recent months.

Employment Conditions

Total Nonfarm Employment

MAR2011	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S.	130,738.0	2.0	1.5	1.5	1.0	8.8
12 th District	24,707.0	0.2	2.7	2.7	1.2	11.0
Alaska	329.6	1.8	1.8	1.8	2.4	7.4
Arizona	2,385.3	1.8	1.7	1.7	0.1	9.5
California	14,049.3	-1.0	2.6	2.6	1.4	12.0
Hawaii	593.5	-4.5	2.2	2.2	1.3	6.3
Idaho	608.3	-1.6	2.9	2.9	0.9	9.7
Nevada	1,118.3	8.5	2.0	2.0	0.1	13.2
Oregon	1,622.4	-1.8	3.5	3.5	1.7	10.0
Utah	1,194.4	4.5	3.1	3.1	1.6	7.6
Washington	2,805.9	2.0	3.5	3.5	1.2	9.2

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

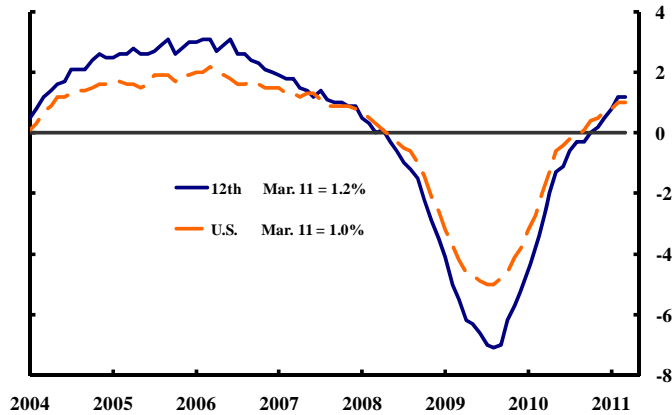
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

Growth in nonfarm payroll employment

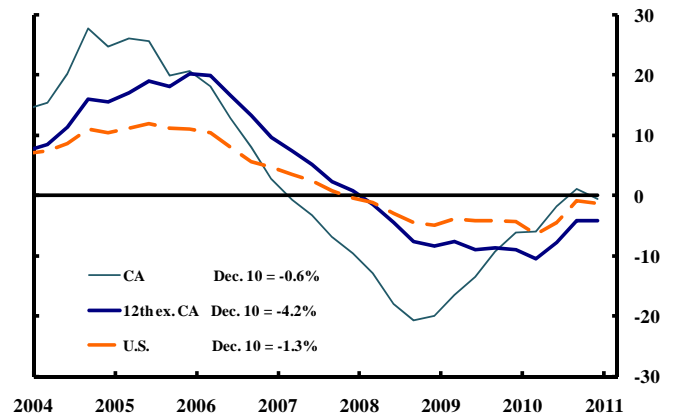
(Year-over-year percent change, monthly)



Source: Bureau of Labor Statistics.

Home price index

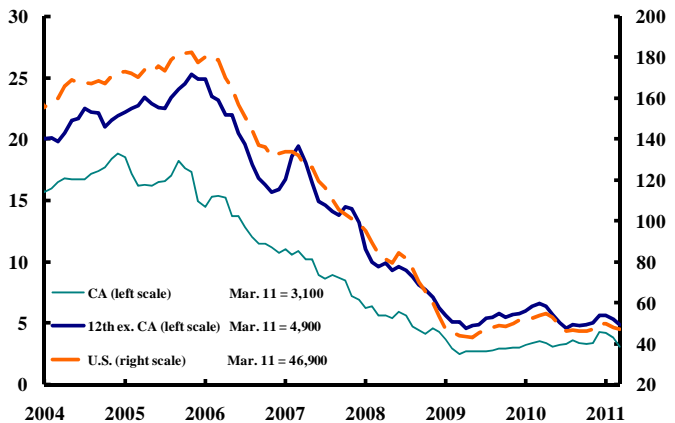
(Year-over-year percent change, quarterly)



Source: Federal Housing Finance Agency.

Residential permits

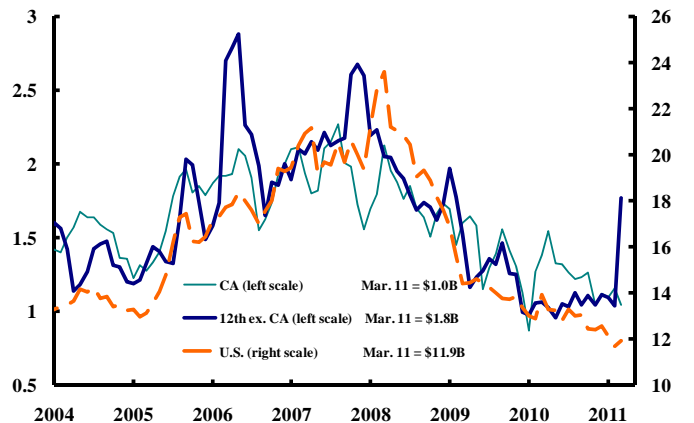
(Thousands, 3-month moving average)



Source: Bureau of the Census.

Nonresidential construction awards

(\$ Billions, 3-month moving average)



Source: Bureau of the Census.