

ETC ECONOMIC TRENDS & CONDITIONS

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National Outlook

(Based on the October 13, 2011, FRBSF [FedViews](#).)

- Recent data have been somewhat better than expected, helping ease concerns that the economy may be stalling.
- We expect that real GDP will grow moderately through the end of next year. Such slow growth is unlikely to push down the unemployment rate this year, and we anticipate only modest declines next year.
- There are some serious downside risks to this outlook. The economic outlook has worsened worldwide of late, and in particular in developed economies. In particular, the sovereign debt crisis in Europe poses a significant risk to economic growth, both globally and in the United States.
- Given our forecast of moderate real GDP growth and persistently high levels of unemployment, we see little reason to expect higher inflation. Instead, inflation is projected to decline a bit from recent levels and stay at or slightly below the level that most Federal Open Market Committee participants appear comfortable with.

Around the District

(Based on the October 19, 2011, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District grew at a moderate pace during the reporting period of September through early October.
- Sales of retail items rose, as did demand for business and consumer services.
- Home sales and construction activity in the District remained lackluster. Meanwhile, demand for commercial real estate was generally weak, as reflected in elevated vacancy rates for office and industrial space in most parts of the District.
- Upward price pressures were mixed but appeared to ease overall, and upward pressures on wages were subdued.
- Beige Book contacts indicated that overall loan demand was largely unchanged.
- 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 remained largely unchanged in recent months.

Employment Conditions

Total Nonfarm Employment

SEP2011	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S. (OCT)	131,516.0	0.7	1.0	1.2	1.2	9.0
U.S.	131,436.0	1.5	1.2	1.2	1.2	9.1
12 th District	24,823.2	1.3	1.3	1.5	1.8	10.8
Alaska	330.3	3.3	-0.5	0.9	1.6	7.6
Arizona	2,417.9	5.3	3.5	2.4	2.4	9.1
California	14,098.5	1.0	0.8	1.3	1.8	11.9
Hawaii	595.9	13.6	4.8	1.3	1.7	6.4
Idaho	607.8	1.2	2.8	0.8	1.3	9.0
Nevada	1,119.1	2.0	1.4	0.8	1.0	13.4
Oregon	1,622.3	-0.4	-0.7	1.1	1.7	9.6
Utah	1,217.3	-0.4	4.7	3.6	3.0	7.4
Washington	2,814.1	-1.9	0.6	1.6	1.6	9.1

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

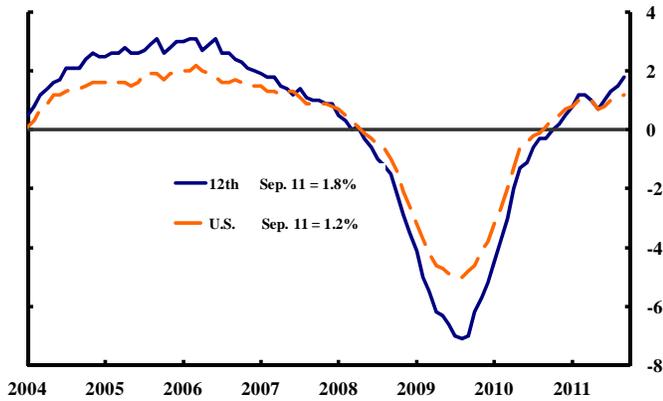
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

Growth in nonfarm payroll employment

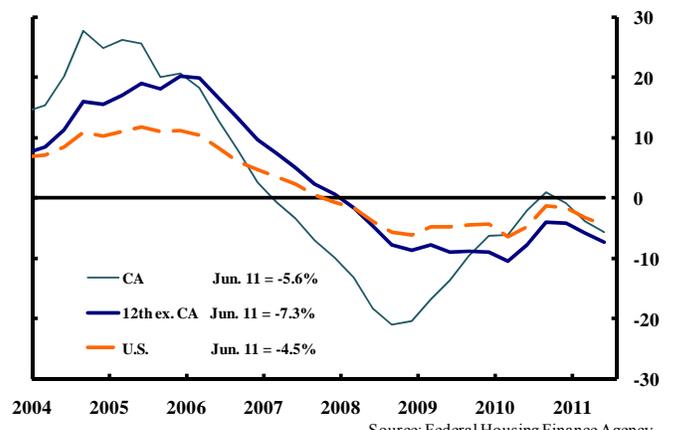
(Year-over-year percent change, monthly)



Source: Bureau of Labor Statistics.

Home price index

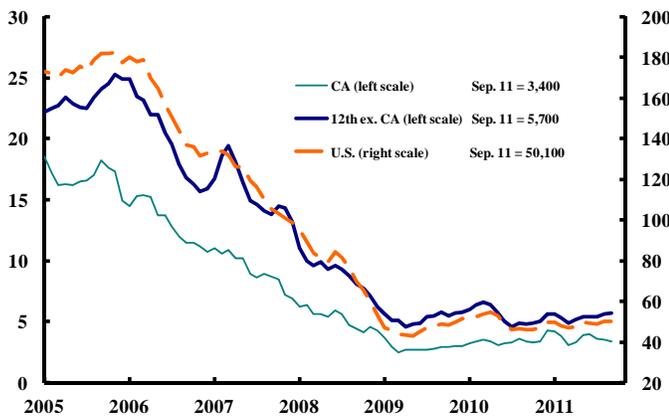
(Year-over-year percent change, quarterly)



Source: Federal Housing Finance Agency.

Residential permits

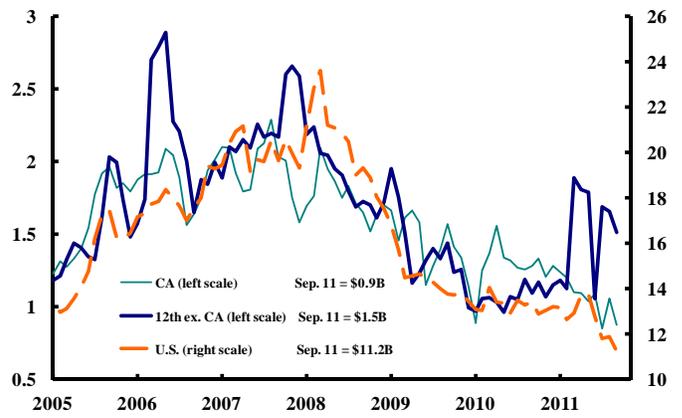
(Thousands, 3-month moving average)



Source: Bureau of the Census.

Nonresidential construction awards

(\$ Billions, 3-month moving average)



Source: Bureau of the Census.