

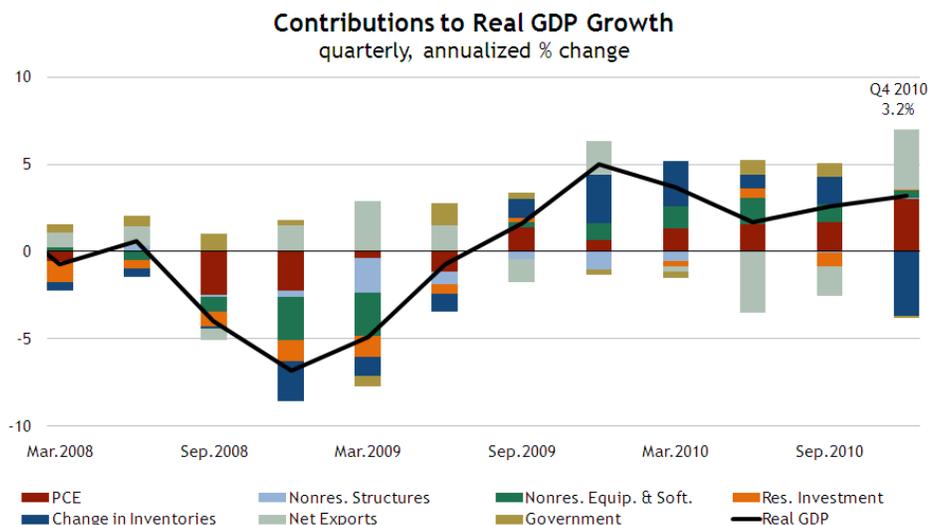
Economic Highlights

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Economic Activity

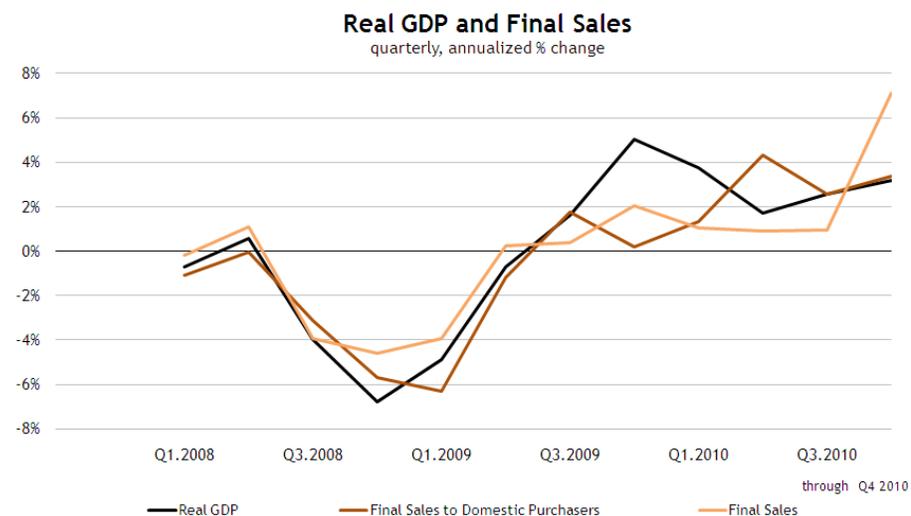
Summary

Real GDP rose by 3.2% in the last quarter of 2010, according to the advance estimate.



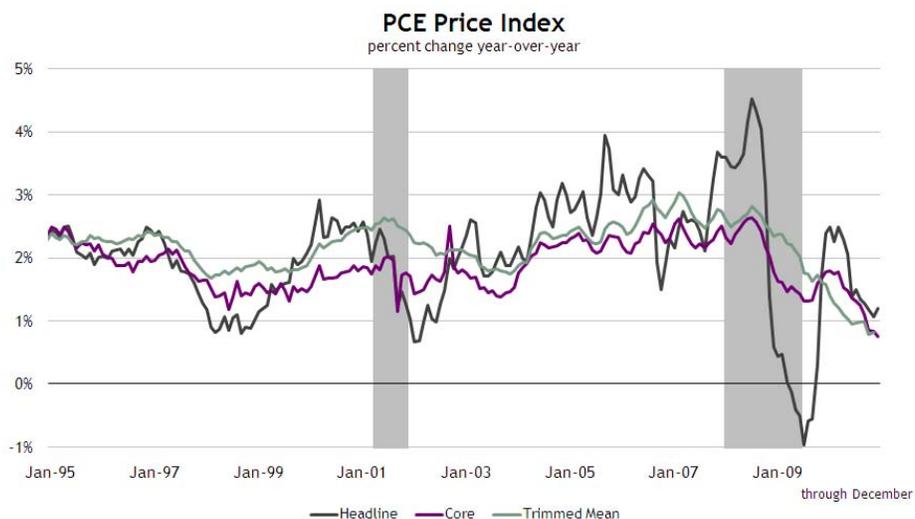
- Real GDP increased 3.2% in Q4 following a 2.6% rise in Q3. Fourth quarter growth reflected large increases in consumer spending and net exports, which more than offset a -3.7% contribution from decelerating inventory investment.
- Real personal consumption, boosted by a jump in vehicle sales, grew at a rapid 4.4% annual rate in Q4, the fastest pace since Q1 2006.
- Business investment in equipment and software decelerated notably in Q4, rising 5.8% after four months of growth at an annual pace between 15% and 25%.
- Real residential investment rose 3.4% following a 27% decline in Q3.
- Nonresidential investment in structures inched up 0.8% following nine quarters of declines.
- International trade provided a big boost to Q4 real GDP growth as exports grew 8.5% and imports dropped 13.6%, leaving overall net exports to contribute 3.4 percentage points to fourth quarter growth.
- Inventories increased only slightly in Q4, leading to a subtraction of 3.7 percentage points from overall growth.

Real final sales grew at a 7.1% annual rate in Q4, the fastest pace in more than 26 years.



Summary

The 12-month core personal consumption expenditures (PCE) price index rose 0.7% in December, a record low for the series.



Source: Bureau of Economic Analysis, FRB Dallas

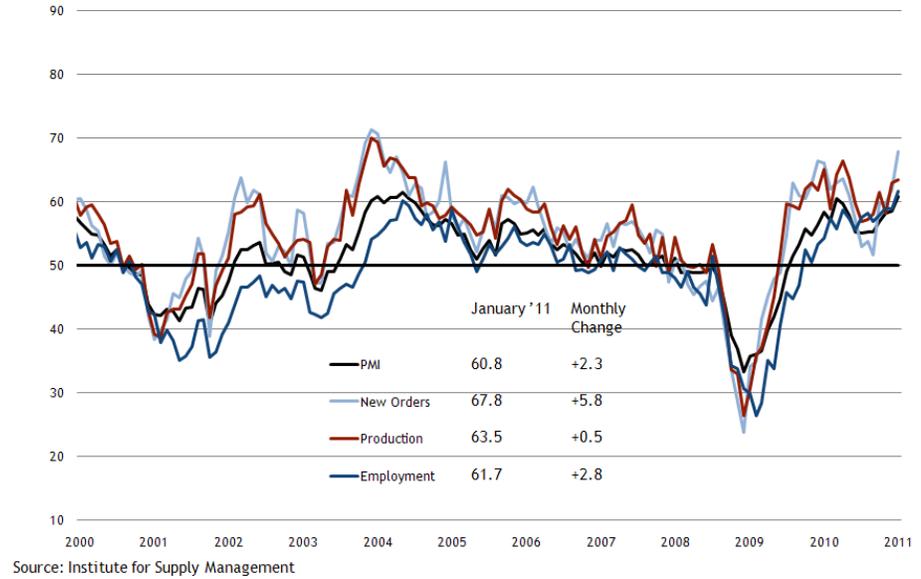
- December headline inflation, as measured by the consumer spending deflator, was up 3.8% on an annualized monthly basis, accelerating from a 1.2% annualized pace in November as the indexes for food and energy rose. Headline PCE prices were up 1.2% year over year.
- Core (less food and energy) PCE prices increased by 0.4% (annual rate) in December, down from 1.1% the month before. Year-over-year core PCE inflation was 0.7%, marking the slowest 12-month growth in the series since its inception in 1959.
- The Dallas Fed trimmed-mean PCE inflation rose 1.3% (annual rate) in December after rising 1.4% in November. The inflation statistic remained steady at 0.8% on a 12-month basis for the third consecutive month and accelerated slightly to 1% on a six-month annualized basis.

Manufacturing

Summary

The ISM's survey of manufacturers brightened in January as the index added 2.3 points based on broad gains across categories.

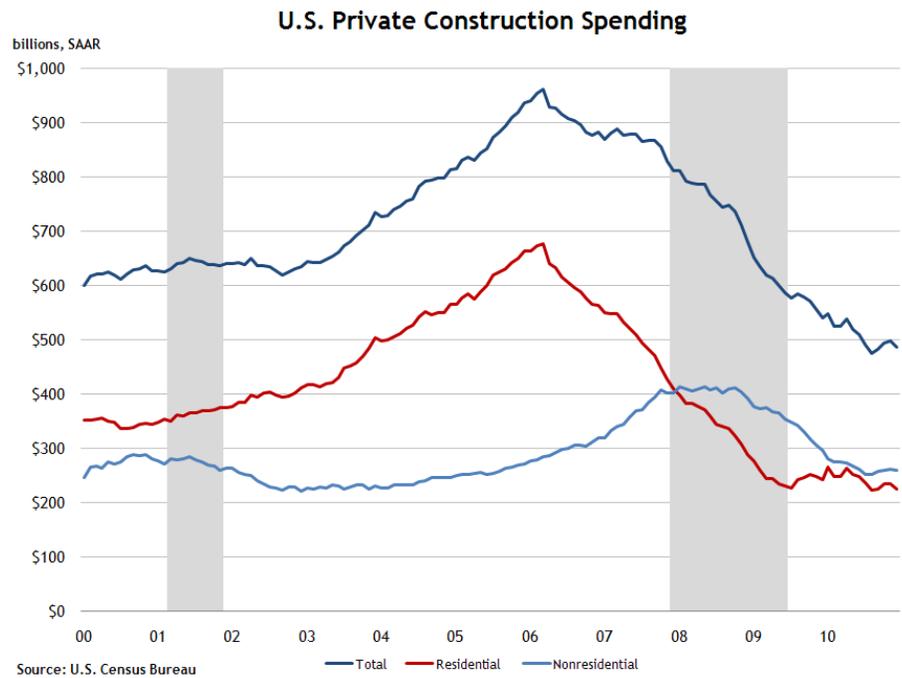
ISM Manufacturing
50+ = expansion, January 2011



- The Institute for Supply Management's manufacturing index added 2.3 index points in January to reach 60.8.
- The new orders index had the largest gain, growing 5.8 index points to reach 67.8.
- Employment and production also saw additions of 2.8 and 0.5 index points, respectively.

Summary

The U.S. Census Bureau reported that construction spending softened again in December.



December 2010 Construction Spending Put in Place

	billions, SAAR	y/y change	m/m change
Total	787.9	-6.4%	-2.5%
Total private	486.9	-9.8%	-2.2%
Total public	301.0	-0.3%	-2.8%
Total nonresidential	552.2	-6.4%	-1.6%
Private nonresidential	260.5	-12.3%	-0.5%
Public nonresidential	291.7	-0.5%	-2.6%
Total residential	235.7	-6.3%	-4.4%
Private residential	226.4	-6.8%	-4.1%