

## Economic Highlights

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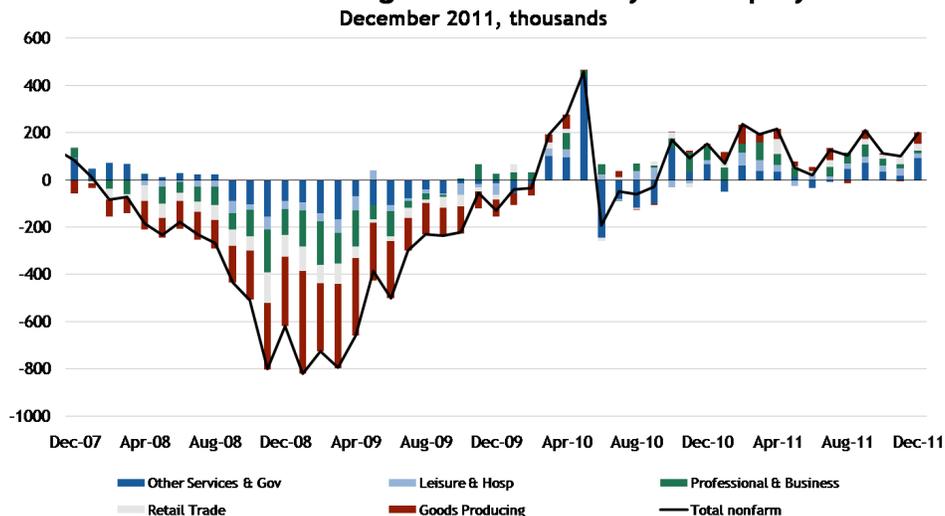
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## Summary

The December payroll employment report indicated that payrolls increased by 200,000 over the month.

### Contributions to Change in Nonfarm Payroll Employment



Source: U.S. Bureau of Labor Statistics

- **Nonfarm payroll employment** increased by 200,000 and **private payrolls** increased by 212,000 in December, above consensus expectations of 150,000 and 175,000, respectively. October's job gains got revised up by 12,000, while November's additions got revised down by 20,000.
- All private sector industries added jobs, but the major jobs gain was in **transportation & warehousing**; it added 50,200 jobs over the month. **Education & health services** added 29,000 jobs, and **retail trade** added 27,900 payrolls, continuing its strength from November.
- **Leisure & hospitality** and **professional & business services** also experienced moderate employment growth, adding a combined total of 33,000 jobs. Notably, the **temporary help services** component of professional & business services actually cut payrolls by 7,500 over the month; it had been adding jobs since July 2011.
- **Manufacturing** recorded a strong gain of 23,000 jobs in December, following several months of anemic payroll additions. **Construction** added 17,000 jobs last month after cutting employment in October and November.
- Government payrolls continued to decline, cutting 12,000 jobs in December.

The spread of job growth across industries increased dramatically in December.

### Diffusion Index of Private Nonfarm Payrolls



Source: U.S. Bureau of Labor Statistics

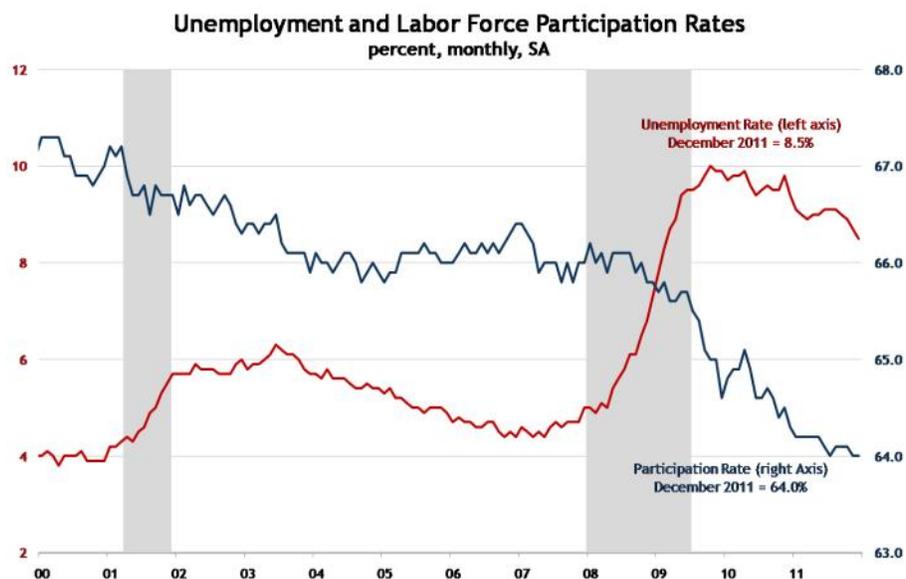
- After reaching its lowest level of the year in November, the diffusion index jumped by 10.5 percentage points in December. This increase marks the largest monthly gain in the index since February 2011, when it shot up by 10.3 percentage points.

# Employment

## Summary

The unemployment rate continued its rapid decline in December, reaching 8.5 percent.

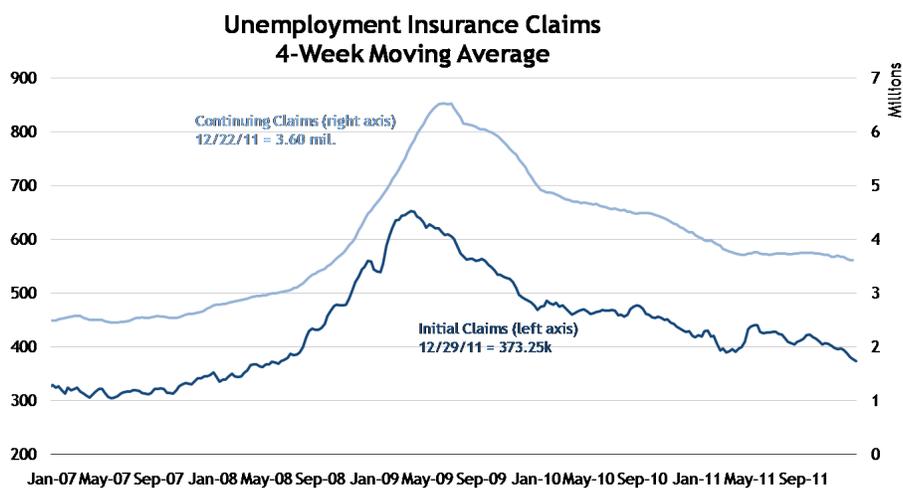
The labor force participation rate held steady at 64 percent over the month.



Source: U.S. Bureau of Labor Statistics

- The unemployment rate decreased by 0.2 percentage point over the month, to 8.5 percent (8.7 percent expected). As a result of updated seasonal adjustment factors, household survey data were revised going back to 2007. Notably, November's unemployment rate was revised up to 8.7 percent while October's rate was revised down to 8.9 percent. These revised rates indicate that the unemployment rate decreased by 0.2 percentage point in November as well as in December, for a total decline of 0.4 percentage point.
- The labor force participation rate remained at 64 percent in December. It has experienced a net decline of 0.2 percentage point over the year.

Initial unemployment insurance claims have been declining recently.

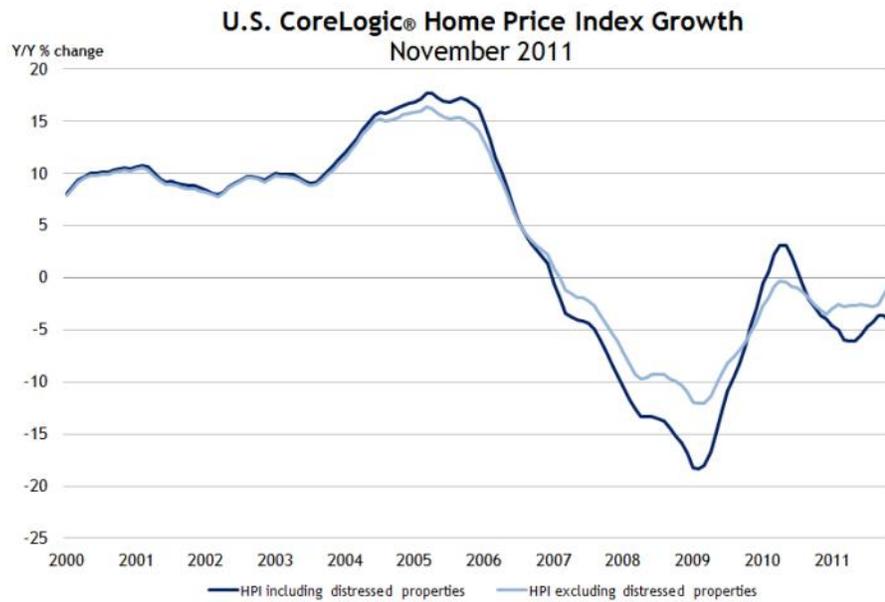


Source: U.S. Department of Labor

- Initial unemployment insurance claims, a leading indicator of labor market performance, have been declining recently, with the four-month moving average at 373,250 for the week of December 31. The moving average has been under 400,000 since the first week of November, an encouraging sign going forward.

## Summary

CoreLogic continued to report year-over-year declines in its home price indexes (HPI). However, its HPI including distressed properties continued to weaken while declines in the HPI excluding distressed properties moderated again.



Source: CoreLogic®

## Summary

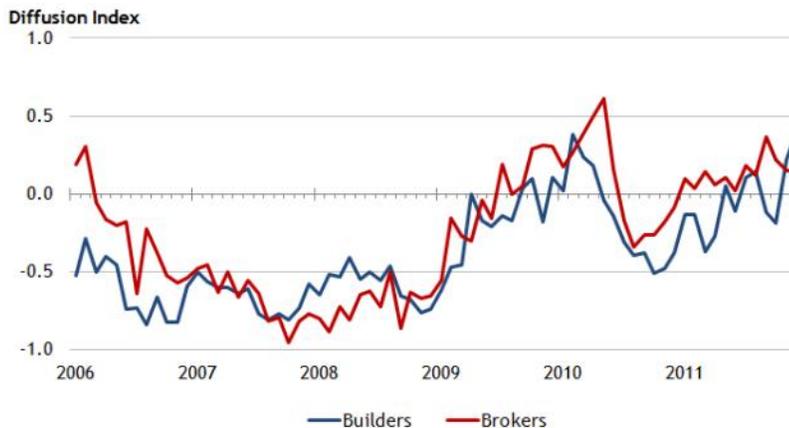
Southeast residential brokers reported that home sales growth held steady during December on a year-over-year basis but remained positive, and builders indicated that new home sales in December continued to improve.

*Note:* The housing survey's diffusion indexes are calculated as the percentage of total respondents reporting increases minus the percentage reporting declines. Positive values in the index indicate increased activity while negative values indicate decreased activity.

Most Southeast brokers reported that home prices were flat to slightly down compared with a year earlier, and close to two-thirds of builders reported that new home prices were flat.

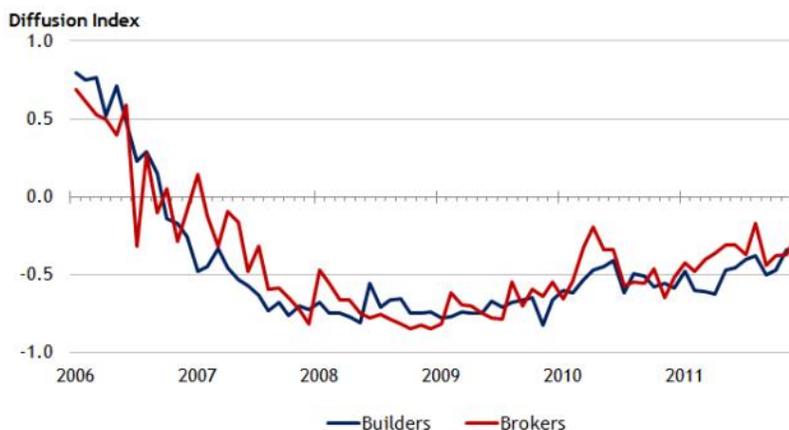
Southeast contacts continued to report that home inventories were below the year-earlier level in December.

### December 2011 Southeast Home Sales vs. a Year Earlier



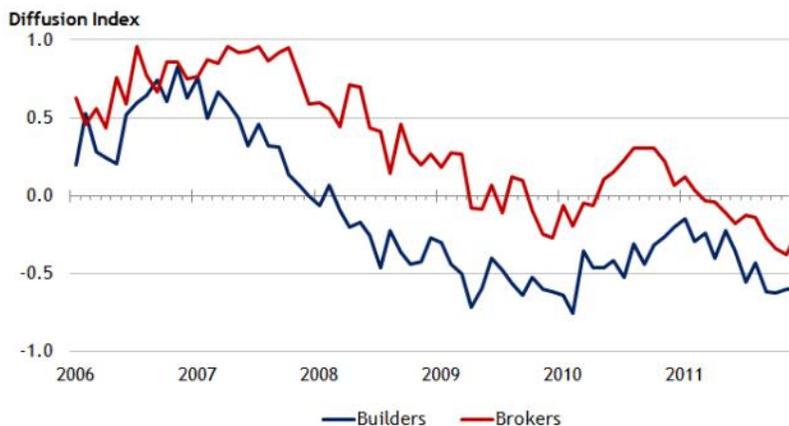
Source: FRBA business contact poll

### December 2011 Home Price vs. a Year-ago



Source: FRBA business contact poll

### December 2011 Southeast Home Inventory vs. a Year Earlier



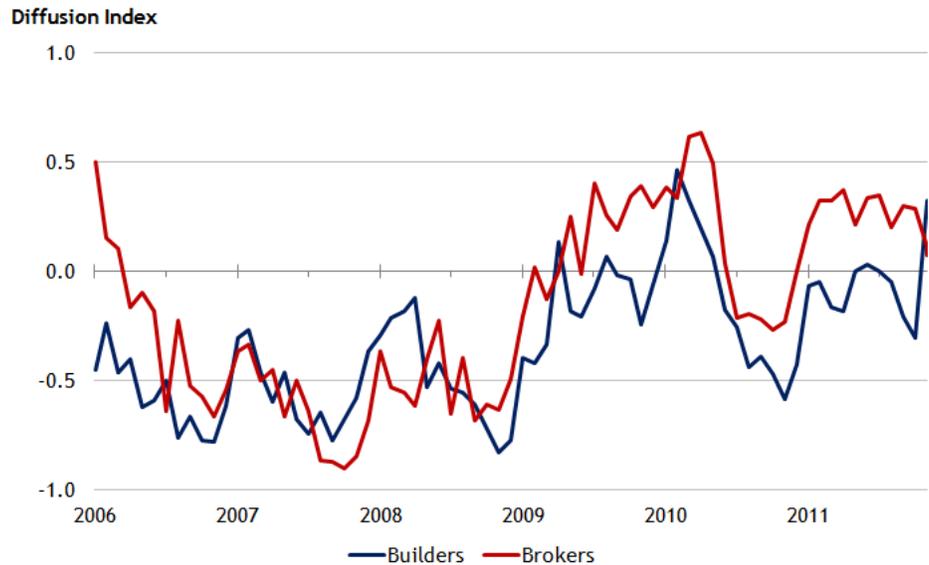
Source: FRBA business contact poll

*Note:* December poll preliminary results are based on responses from 68 residential brokers and 40 homebuilders and were collected January 2-11, 2012.

## Summary

Southeast residential brokers indicated that buyer traffic weakened again but remained above the year-earlier level in December, and builders indicated that buyer interest was ahead of last year.

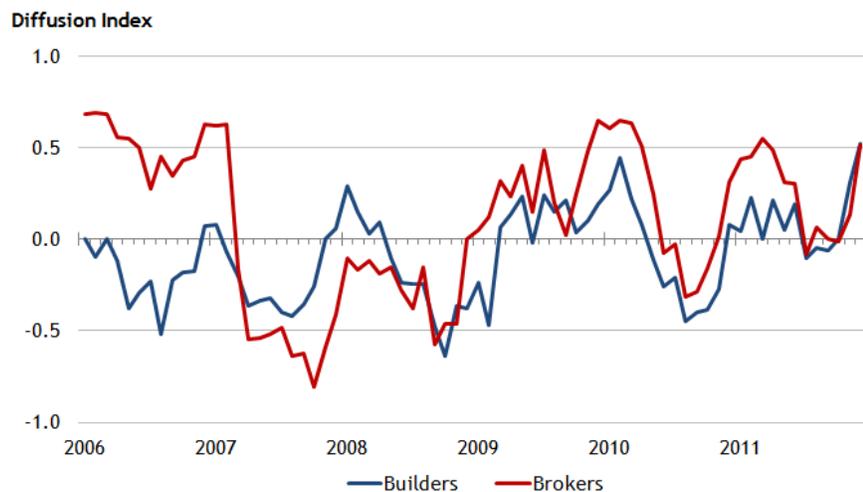
### December 2011 Southeast Buyer Traffic vs. a Year Earlier



Source: FRBA business contact poll

Both Southeast builders and brokers again indicate that sales growth will be ahead of last year's levels over the next several months.

### December 2011 Southeast Home Sales Outlook vs. a Year Earlier



Source: FRBA business contact poll