

# Assessing the Economic Landscape

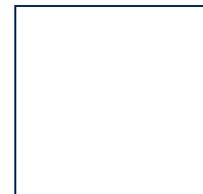
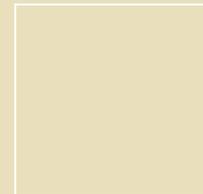
**Rick Kaglic**  
Regional Economist  
Research Department

**Charlotte Chapter of the American Association of Independent Investors**  
July 9, 2011



**THE FEDERAL RESERVE BANK OF RICHMOND**

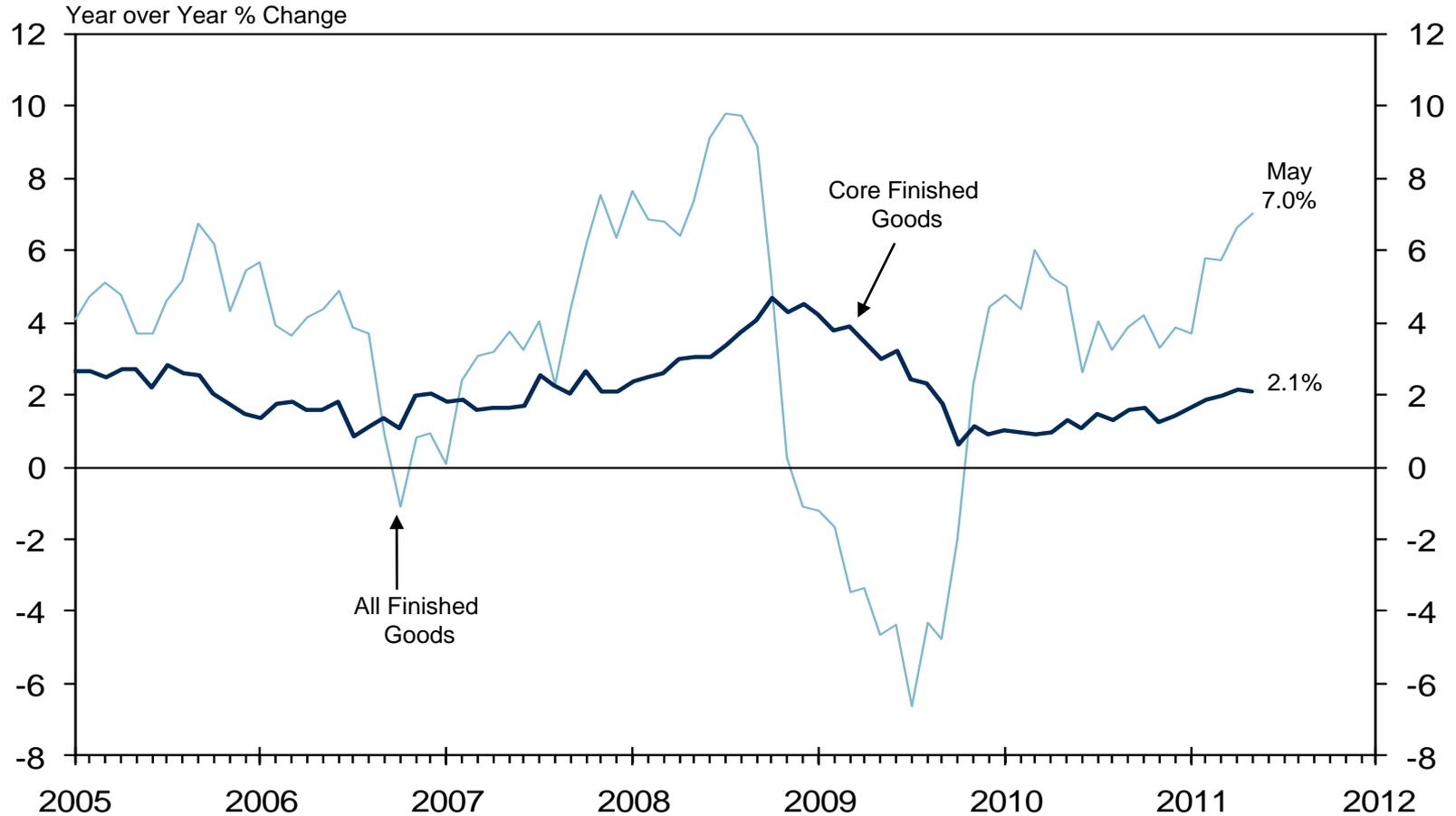
RICHMOND ■ BALTIMORE ■ CHARLOTTE



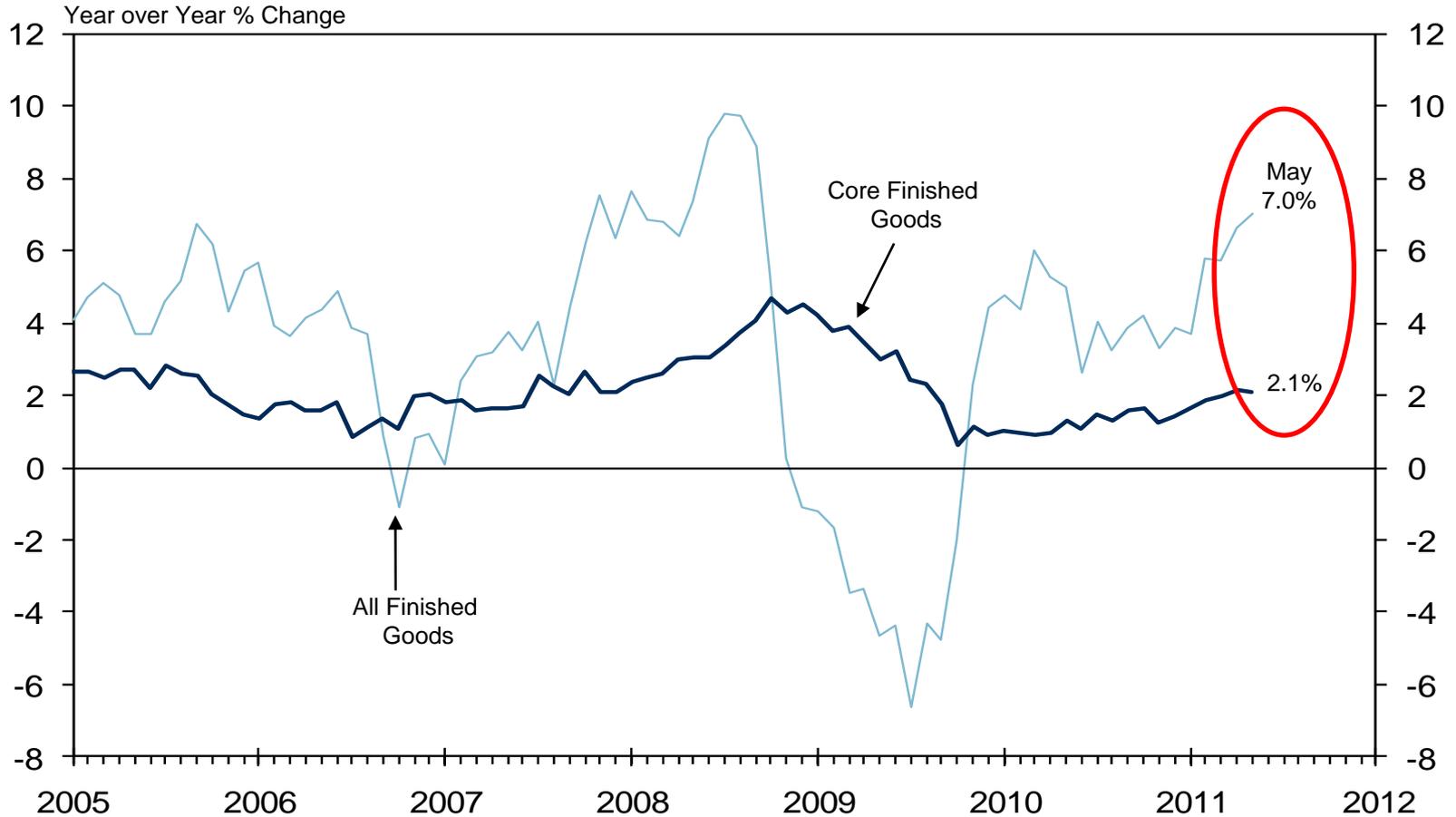
# Crude Oil Prices



# Producer Price Indexes



# Producer Price Indexes



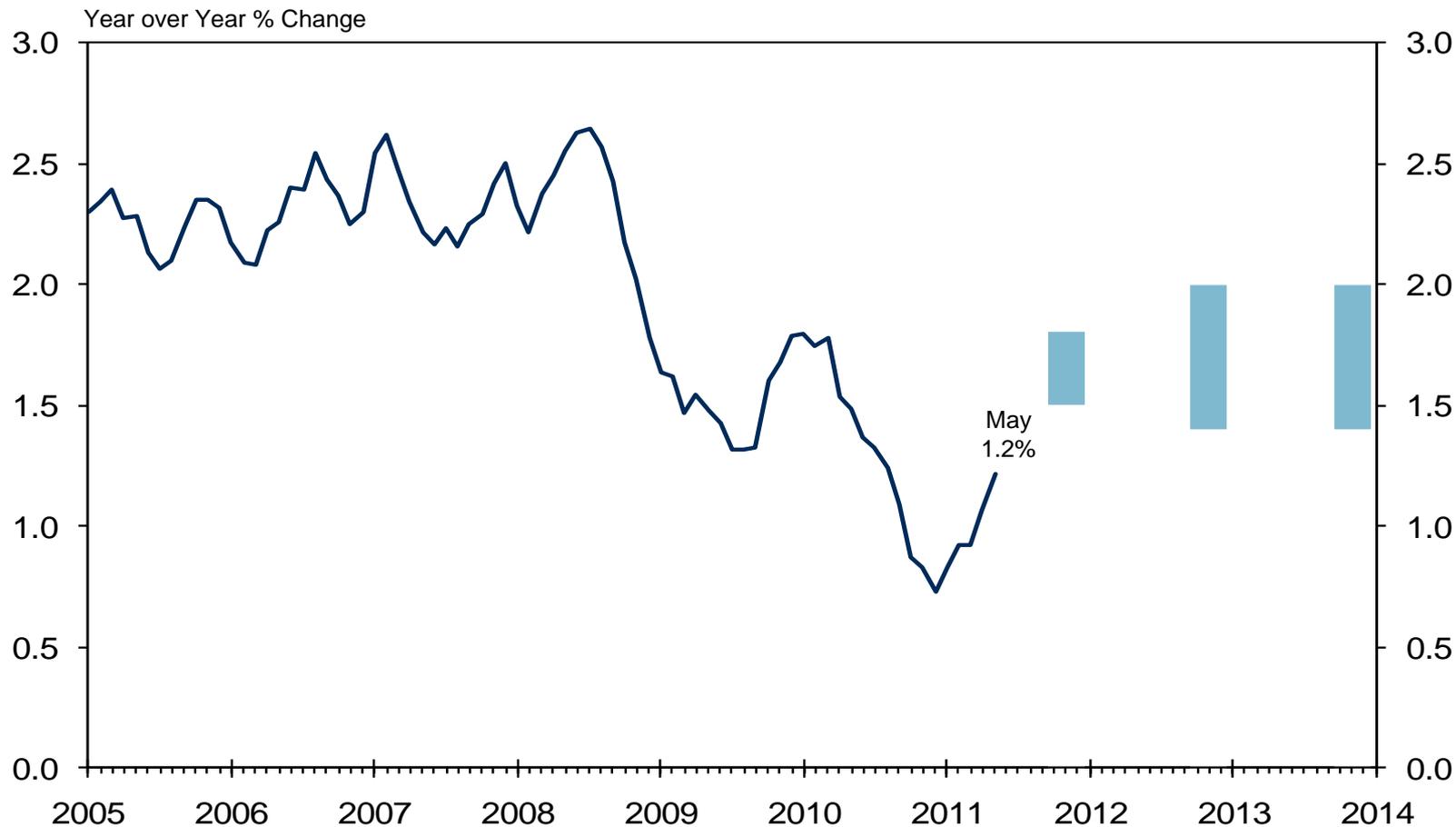


# Overall Consumer Expenditure Price Index

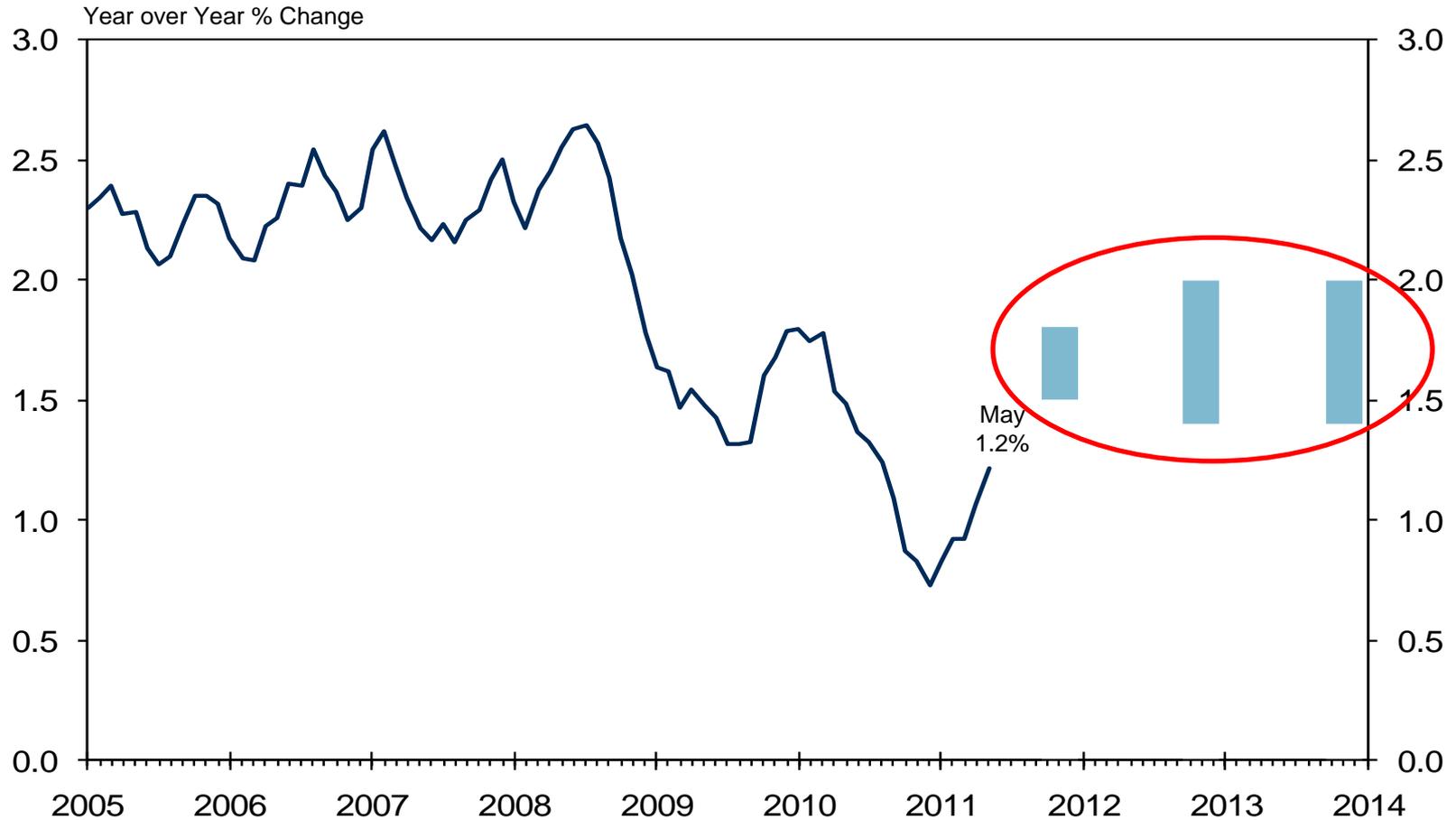




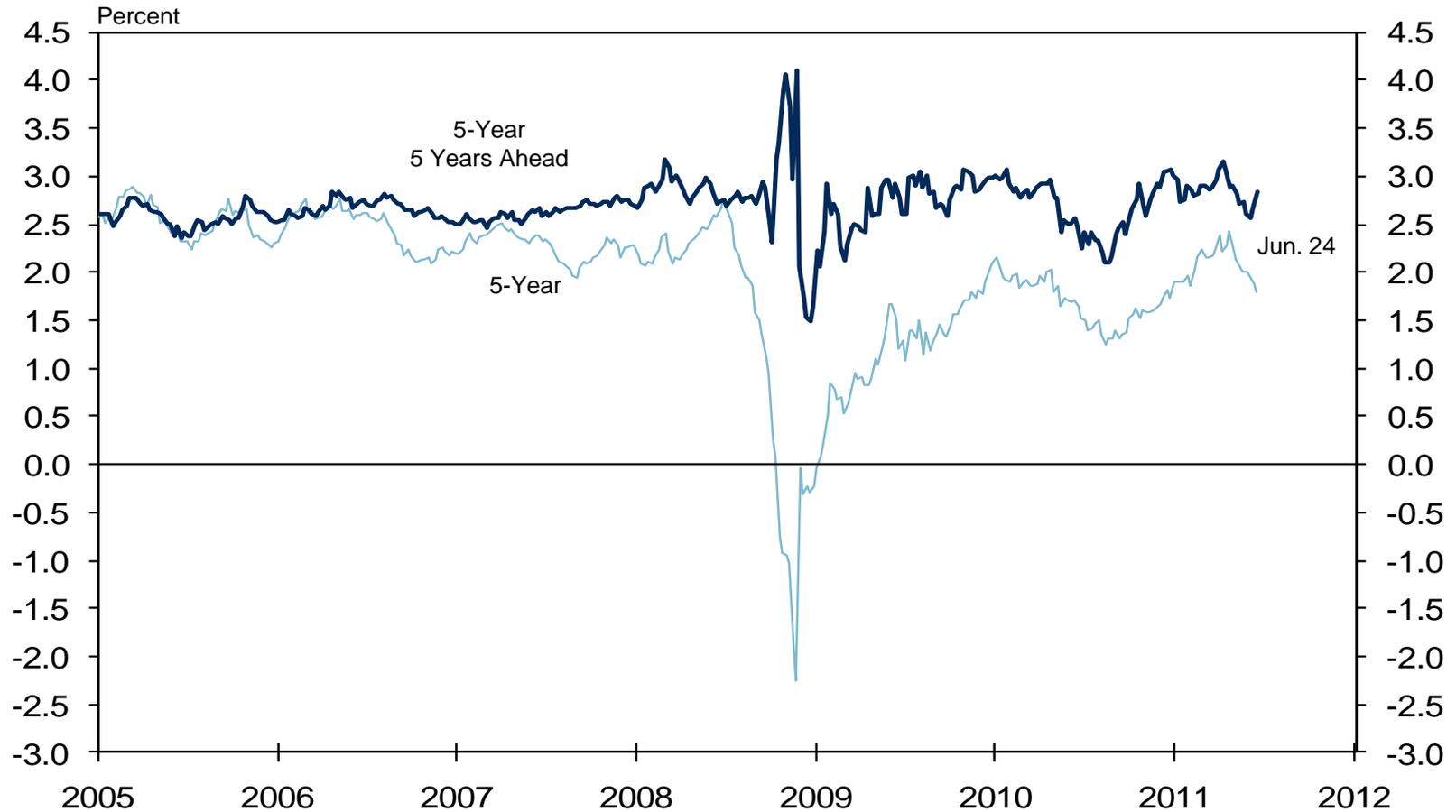
# Core Consumer Expenditure Price Index



# Core Consumer Expenditure Price Index



# TIPS Inflation Compensation



# TIPS Inflation Compensation



# Real Gross Domestic Product

	2010				2011
	Q1	Q2	Q3	Q4	Q1
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	3.7	1.7	2.6	3.1	1.9
Personal Consumption Expenditures	1.9	2.2	2.4	4.0	2.2
Nonresidential Fixed Investment	7.8	17.2	10.0	7.7	2.0
Structures	-17.8	-0.5	-3.5	7.6	-14.8
Equipment & Software	20.4	24.8	15.4	7.7	8.8
Residential Fixed Investment	-12.3	25.7	-27.3	3.3	-2.0
Exports of Goods & Services	11.4	9.1	6.8	8.6	7.6
Imports of Goods & Services	11.2	33.5	16.8	-12.6	5.1
Government Consumption Expenditures & Gross Investment	-1.6	3.9	3.9	-1.7	-5.8
Final Sales to Domestic Purchasers	1.3	4.3	2.6	3.2	0.4
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	44.1	68.8	121.4	16.2	55.7
Net Exports of Goods & Services	-338.4	-449.0	-505.0	-397.7	-392.5

# Real Gross Domestic Product

	2010				2011
	Q1	Q2	Q3	Q4	Q1
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	3.7	1.7	2.6	3.1	1.9
Personal Consumption Expenditures	1.9	2.2	2.4	4.0	2.2
Nonresidential Fixed Investment	7.8	17.2	10.0	7.7	2.0
Structures	-17.8	-0.5	-3.5	7.6	-14.8
Equipment & Software	20.4	24.8	15.4	7.7	8.8
Residential Fixed Investment	-12.3	25.7	-27.3	3.3	-2.0
Exports of Goods & Services	11.4	9.1	6.8	8.6	7.6
Imports of Goods & Services	11.2	33.5	16.8	-12.6	5.1
Government Consumption Expenditures & Gross Investment	-1.6	3.9	3.9	-1.7	-5.8
Final Sales to Domestic Purchasers	1.3	4.3	2.6	3.2	0.4
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	44.1	68.8	121.4	16.2	55.7
Net Exports of Goods & Services	-338.4	-449.0	-505.0	-397.7	-392.5

# Real Gross Domestic Product

	2010				2011
	Q1	Q2	Q3	Q4	Q1
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	3.7	1.7	2.6	3.1	1.9
Personal Consumption Expenditures	1.9	2.2	2.4	4.0	2.2
Nonresidential Fixed Investment	7.8	17.2	10.0	7.7	2.0
Structures	-17.8	-0.5	-3.5	7.6	-14.8
Equipment & Software	20.4	24.8	15.4	7.7	8.8
Residential Fixed Investment	-12.3	25.7	-27.3	3.3	-2.0
Exports of Goods & Services	11.4	9.1	6.8	8.6	7.6
Imports of Goods & Services	11.2	33.5	16.8	-12.6	5.1
Government Consumption Expenditures & Gross Investment	-1.6	3.9	3.9	-1.7	-5.8
Final Sales to Domestic Purchasers	1.3	4.3	2.6	3.2	0.4
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	44.1	68.8	121.4	16.2	55.7
Net Exports of Goods & Services	-338.4	-449.0	-505.0	-397.7	-392.5

# Real Gross Domestic Product

	2010				2011
	Q1	Q2	Q3	Q4	Q1
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	3.7	1.7	2.6	3.1	1.9
Personal Consumption Expenditures	1.9	2.2	2.4	4.0	2.2
Nonresidential Fixed Investment	7.8	17.2	10.0	7.7	2.0
Structures	-17.8	-0.5	-3.5	7.6	-14.8
Equipment & Software	20.4	24.8	15.4	7.7	8.8
Residential Fixed Investment	-12.3	25.7	-27.3	3.3	-2.0
Exports of Goods & Services	11.4	9.1	6.8	8.6	7.6
Imports of Goods & Services	11.2	33.5	16.8	-12.6	5.1
Government Consumption Expenditures & Gross Investment	-1.6	3.9	3.9	-1.7	-5.8
Final Sales to Domestic Purchasers	1.3	4.3	2.6	3.2	0.4
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	44.1	68.8	121.4	16.2	55.7
Net Exports of Goods & Services	-338.4	-449.0	-505.0	-397.7	-392.5

# Real Gross Domestic Product

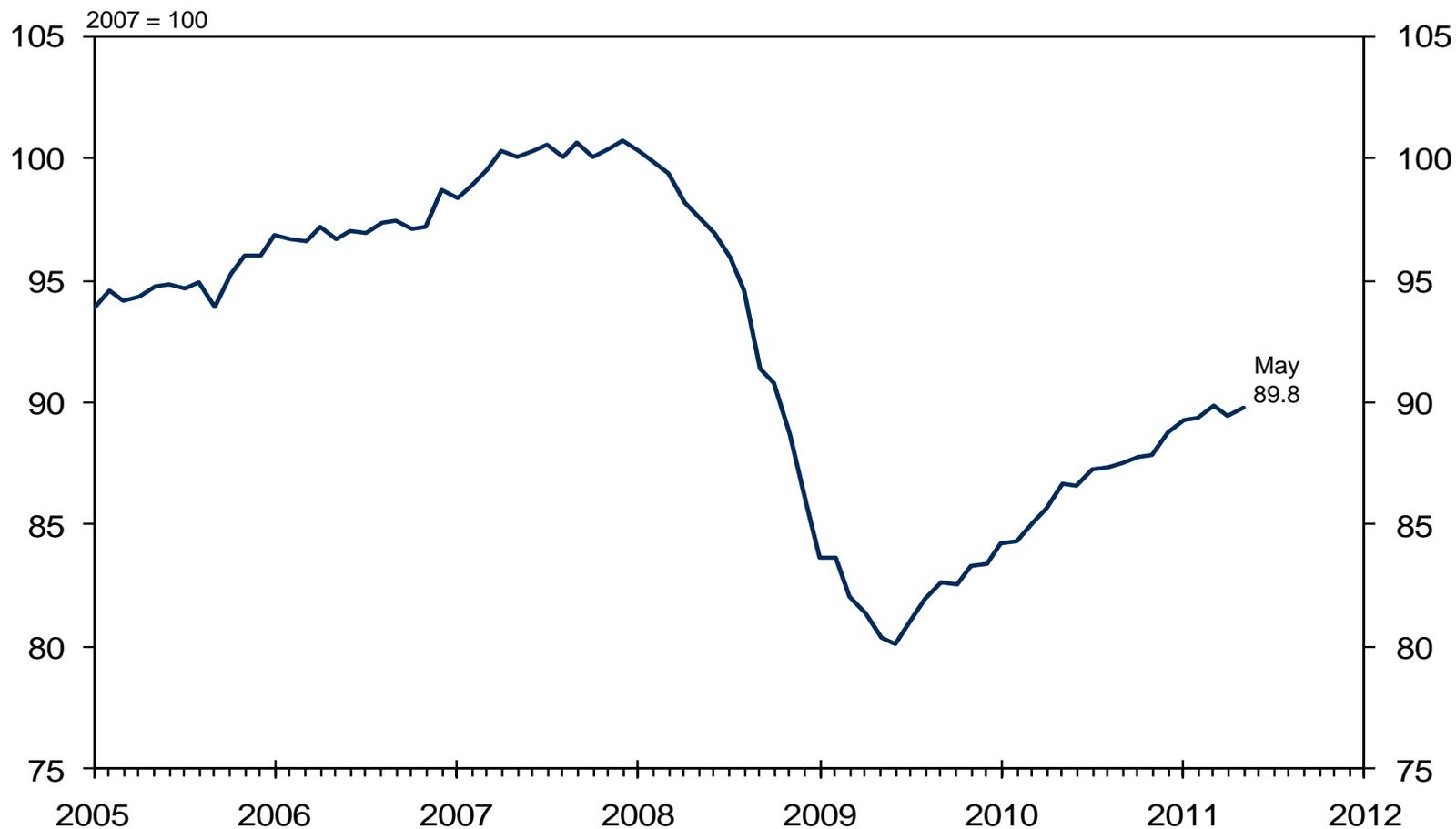
	2010				2011
	Q1	Q2	Q3	Q4	Q1
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	3.7	1.7	2.6	3.1	1.9
Personal Consumption Expenditures	1.9	2.2	2.4	4.0	2.2
Nonresidential Fixed Investment	7.8	17.2	10.0	7.7	2.0
Structures	-17.8	-0.5	-3.5	7.6	-14.8
Equipment & Software	20.4	24.8	15.4	7.7	8.8
Residential Fixed Investment	-12.3	25.7	-27.3	3.3	-2.0
Exports of Goods & Services	11.4	9.1	6.8	8.6	7.6
Imports of Goods & Services	11.2	33.5	16.8	-12.6	5.1
Government Consumption Expenditures & Gross Investment	-1.6	3.9	3.9	-1.7	-5.8
Final Sales to Domestic Purchasers	1.3	4.3	2.6	3.2	0.4
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	44.1	68.8	121.4	16.2	55.7
Net Exports of Goods & Services	-338.4	-449.0	-505.0	-397.7	-392.5

# Real Gross Domestic Product

	2010				2011
	Q1	Q2	Q3	Q4	Q1
<b>CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:</b>					
Gross Domestic Product	3.7	1.7	2.6	3.1	1.9
Personal Consumption Expenditures	1.9	2.2	2.4	4.0	2.2
Nonresidential Fixed Investment	7.8	17.2	10.0	7.7	2.0
Structures	-17.8	-0.5	-3.5	7.6	-14.8
Equipment & Software	20.4	24.8	15.4	7.7	8.8
Residential Fixed Investment	-12.3	25.7	-27.3	3.3	-2.0
Exports of Goods & Services	11.4	9.1	6.8	8.6	7.6
Imports of Goods & Services	11.2	33.5	16.8	-12.6	5.1
Government Consumption Expenditures & Gross Investment	-1.6	3.9	3.9	-1.7	-5.8
<b>Final Sales to Domestic Purchasers</b>	<b>1.3</b>	<b>4.3</b>	<b>2.6</b>	<b>3.2</b>	<b>0.4</b>
<b>LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:</b>					
Change in Private Inventories	44.1	68.8	121.4	16.2	55.7
Net Exports of Goods & Services	-338.4	-449.0	-505.0	-397.7	-392.5



# Industrial Production Index: Manufacturing



# ISM: Business Survey Indexes

## MANUFACTURING BUSINESS:

	<u>Apr.</u>	<u>May</u>
Purchasing Managers Index	60.4	53.5
Production	63.8	54.0
New Orders	61.7	51.0
Employment	62.7	58.2
Supplier Deliveries	60.2	55.7
Inventories	53.6	48.7
Prices	85.5	76.5
Backlog of Orders	61.0	50.5
New Export Orders	62.0	55.0
Imports	55.5	54.5

## NONMANUFACTURING BUSINESS:

	<u>Apr.</u>	<u>May</u>
NonManufacturing Index	52.8	54.6
Business Activity	53.7	53.6
New Orders	52.7	56.8
Employment	51.9	54.0
Supplier Deliveries	53.0	54.0
Inventories	55.5	55.0
Prices	70.1	69.6
Backlog of Orders	55.5	55.0
New Export Orders	53.5	57.0
Imports	57.0	50.5

DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.



# ISM: Business Survey Indexes

MANUFACTURING BUSINESS:			NONMANUFACTURING BUSINESS:		
	<u>Apr.</u>	<u>May</u>		<u>Apr.</u>	<u>May</u>
Purchasing Managers Index	60.4	53.5	NonManufacturing Index	52.8	54.6
Production	63.8	54.0	Business Activity	53.7	53.6
New Orders	61.7	51.0	New Orders	52.7	56.8
Employment	62.7	58.2	Employment	51.9	54.0
Supplier Deliveries	60.2	55.7	Supplier Deliveries	53.0	54.0
Inventories	53.6	48.7	Inventories	55.5	55.0
Prices	85.5	76.5	Prices	70.1	69.6
Backlog of Orders	61.0	50.5	Backlog of Orders	55.5	55.0
New Export Orders	62.0	55.0	New Export Orders	53.5	57.0
Imports	55.5	54.5	Imports	57.0	50.5

DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.



# ISM: Business Survey Indexes

## MANUFACTURING BUSINESS:

	<u>Apr.</u>	<u>May</u>
Purchasing Managers Index	60.4	53.5
Production	63.8	54.0
New Orders	61.7	51.0
Employment	62.7	58.2
Supplier Deliveries	60.2	55.7
Inventories	53.6	48.7
Prices	85.5	76.5
Backlog of Orders	61.0	50.5
New Export Orders	62.0	55.0
Imports	55.5	54.5

## NONMANUFACTURING BUSINESS:

	<u>Apr.</u>	<u>May</u>
NonManufacturing Index	52.8	54.6
Business Activity	53.7	53.6
New Orders	52.7	56.8
Employment	51.9	54.0
Supplier Deliveries	53.0	54.0
Inventories	55.5	55.0
Prices	70.1	69.6
Backlog of Orders	55.5	55.0
New Export Orders	53.5	57.0
Imports	57.0	50.5

DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.



# ISM: Business Survey Indexes

## MANUFACTURING BUSINESS:

	<u>Apr.</u>	<u>May</u>
Purchasing Managers Index	60.4	53.5
Production	63.8	54.0
New Orders	61.7	51.0
Employment	62.7	58.2
Supplier Deliveries	60.2	55.7
Inventories	53.6	48.7
Prices	85.5	76.5
Backlog of Orders	61.0	50.5
New Export Orders	62.0	55.0
Imports	55.5	54.5

## NONMANUFACTURING BUSINESS:

	<u>Apr.</u>	<u>May</u>
NonManufacturing Index	52.8	54.6
Business Activity	53.7	53.6
New Orders	52.7	56.8
Employment	51.9	54.0
Supplier Deliveries	53.0	54.0
Inventories	55.5	55.0
Prices	70.1	69.6
Backlog of Orders	55.5	55.0
New Export Orders	53.5	57.0
Imports	57.0	50.5

DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.



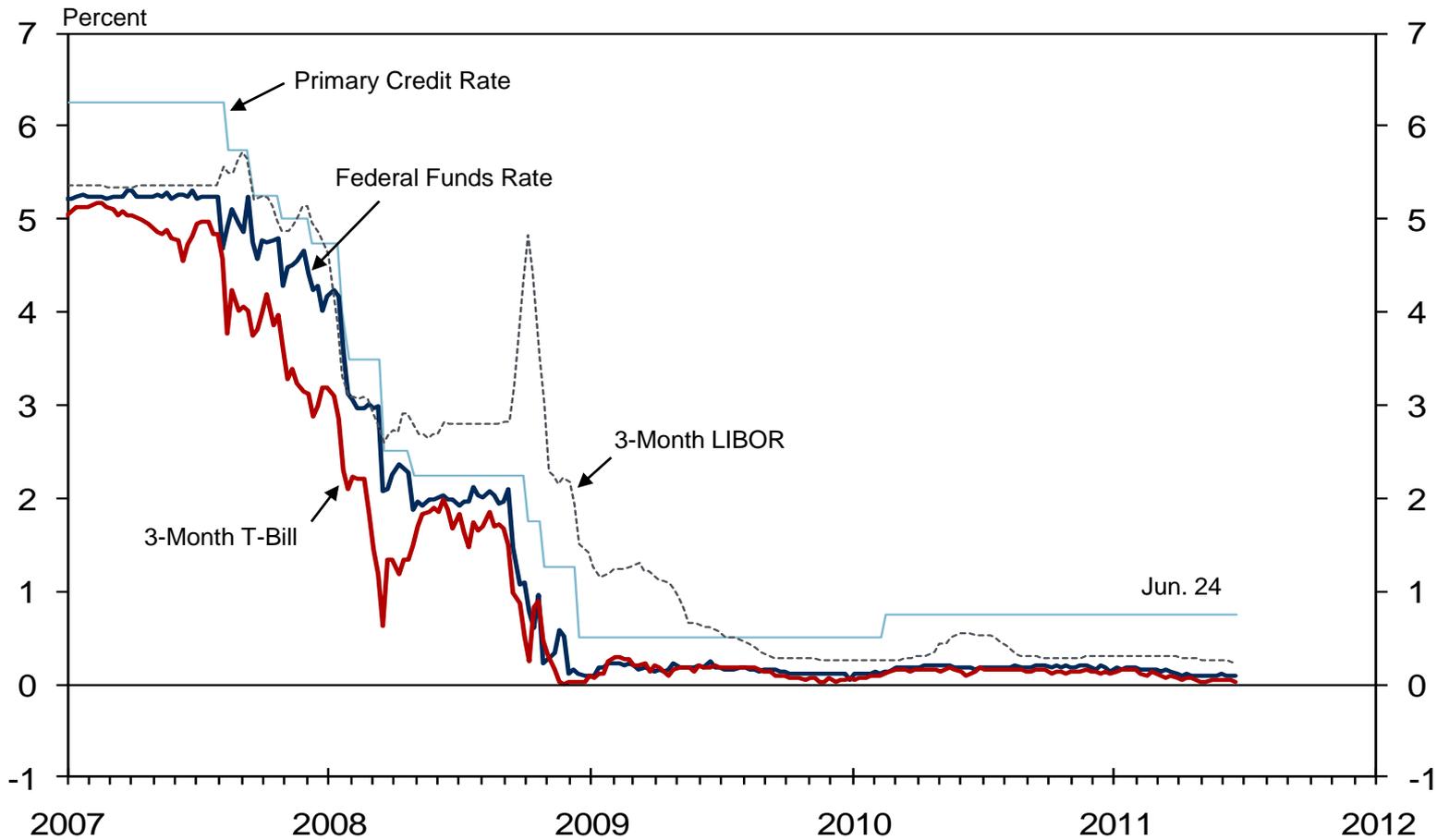
# ISM: Business Survey Indexes

MANUFACTURING BUSINESS:			NONMANUFACTURING BUSINESS:		
	<u>Apr.</u>	<u>May</u>		<u>Apr.</u>	<u>May</u>
Purchasing Managers Index	60.4	53.5	NonManufacturing Index	52.8	54.6
Production	63.8	54.0	Business Activity	53.7	53.6
New Orders	61.7	51.0	New Orders	52.7	56.8
Employment	62.7	58.2	Employment	51.9	54.0
Supplier Deliveries	60.2	55.7	Supplier Deliveries	53.0	54.0
Inventories	53.6	48.7	Inventories	55.5	55.0
Prices	85.5	76.5	Prices	70.1	69.6
Backlog of Orders	61.0	50.5	Backlog of Orders	55.5	55.0
New Export Orders	62.0	55.0	New Export Orders	53.5	57.0
Imports	55.5	54.5	Imports	57.0	50.5

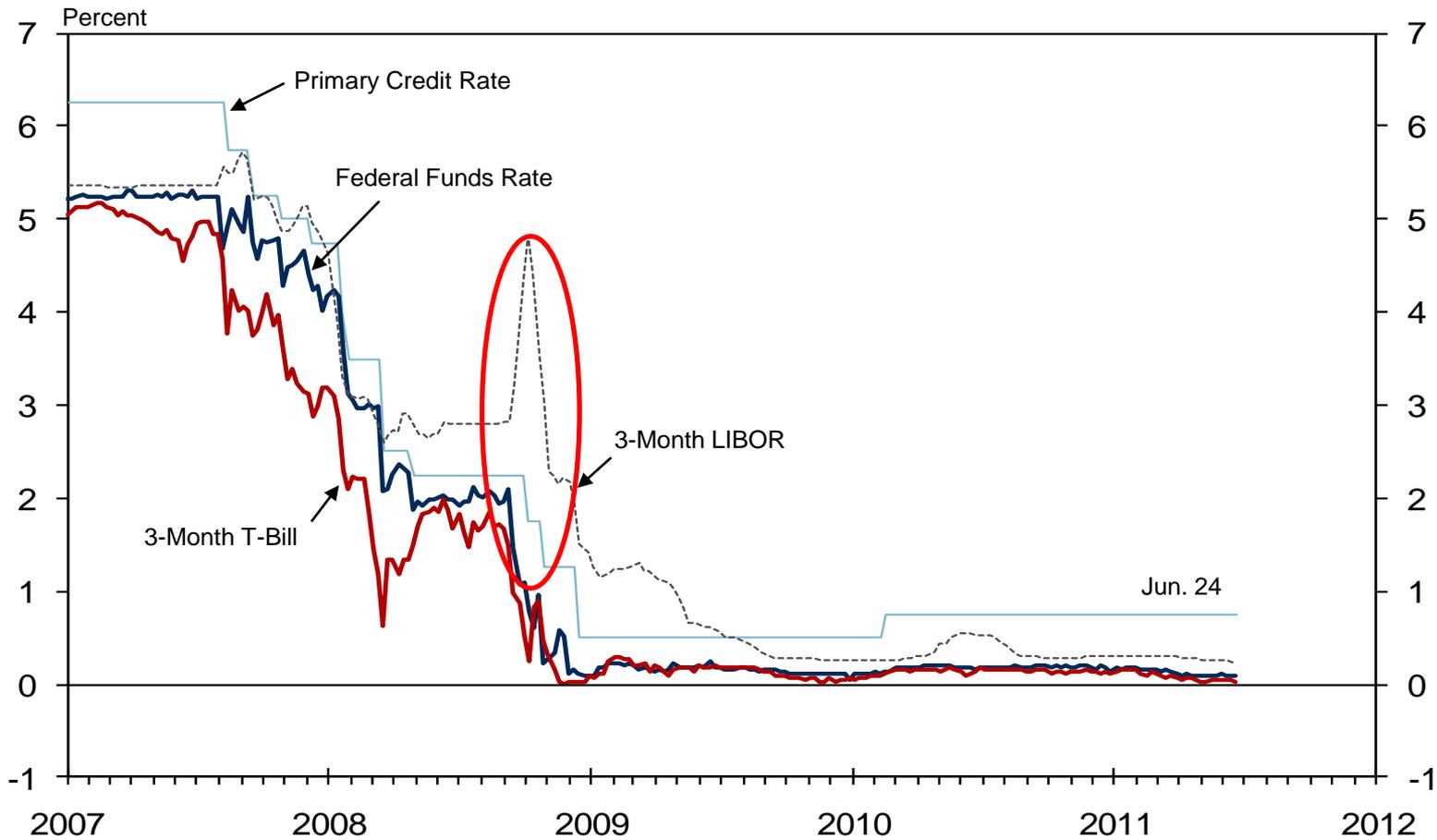
DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.



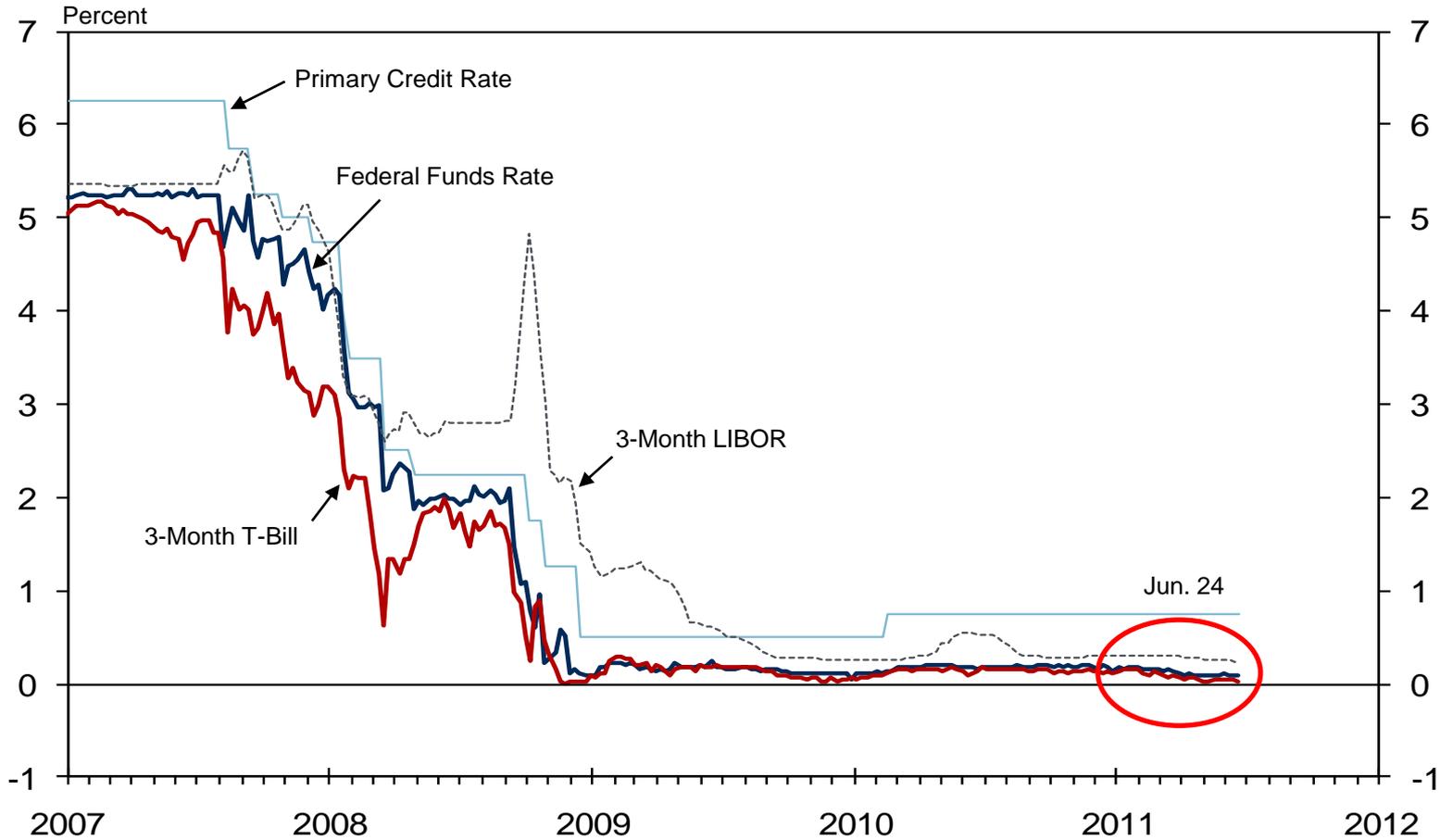
# Money Market Rates



# Money Market Rates



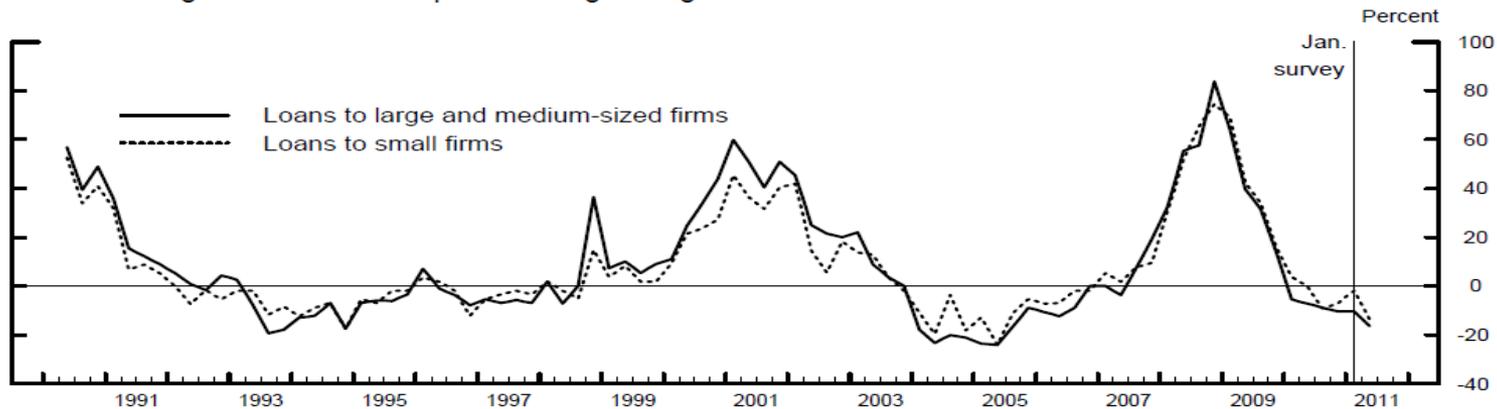
# Money Market Rates



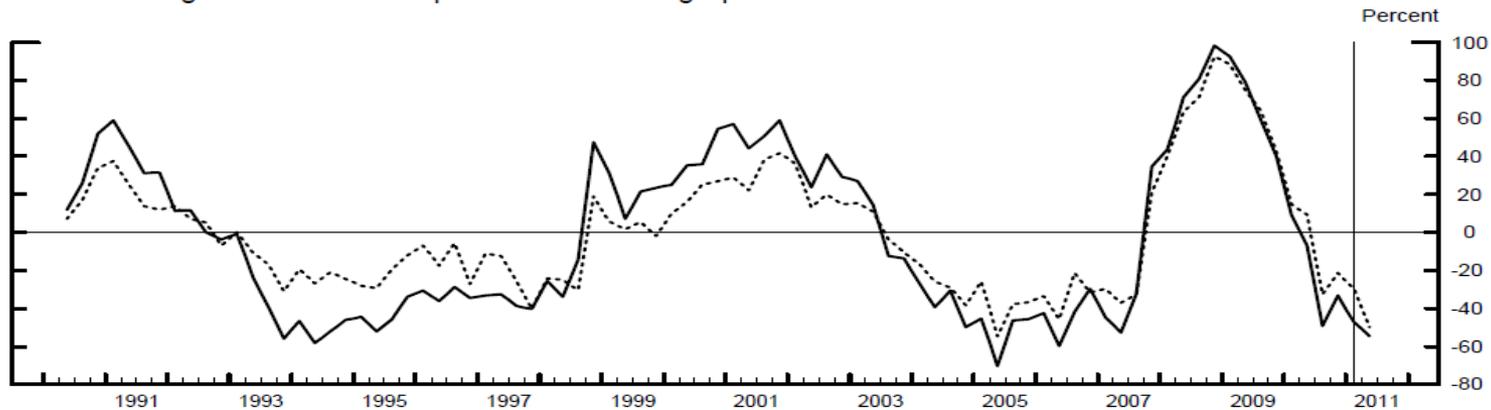


# Senior Loan Officer Survey

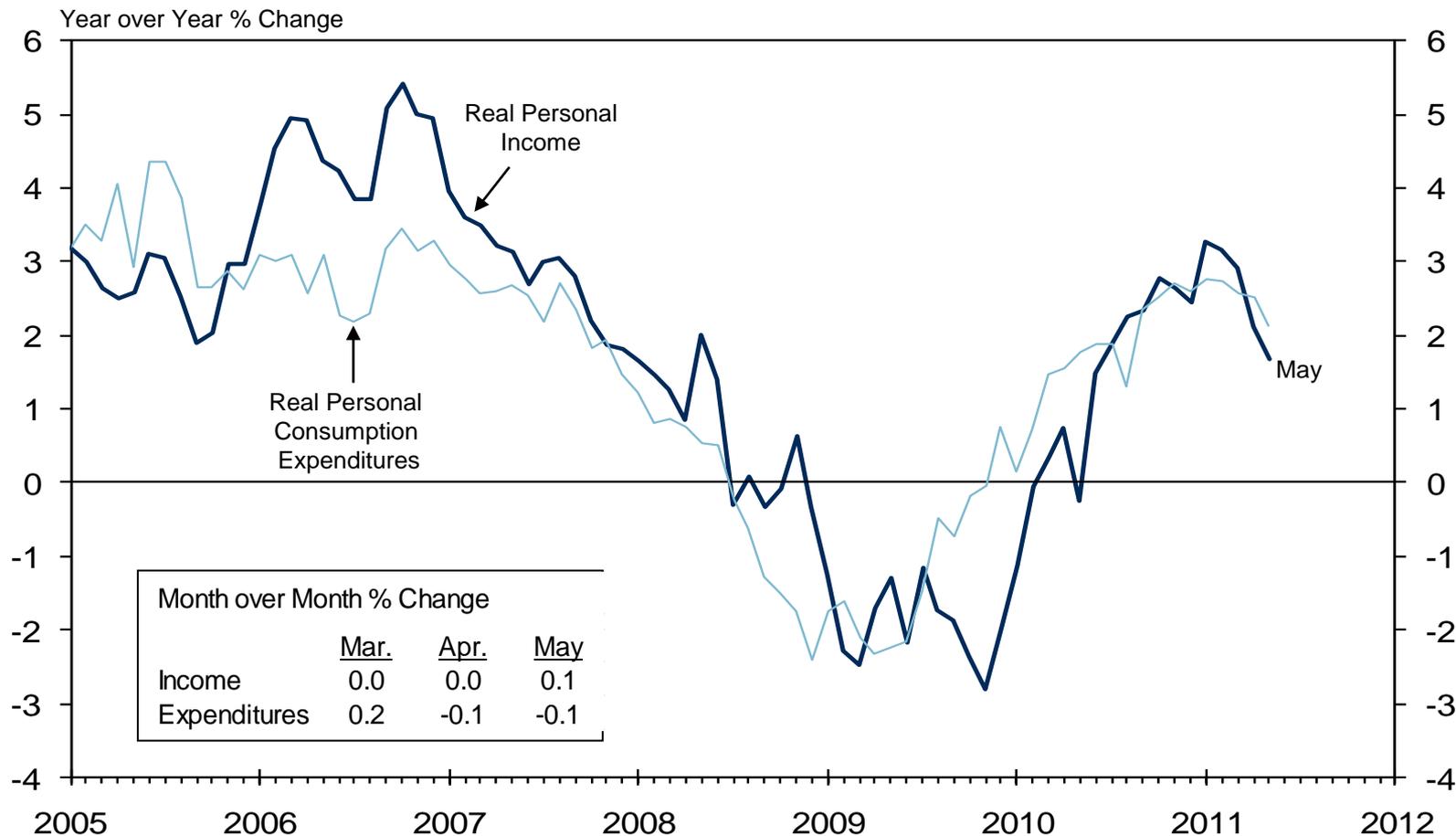
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



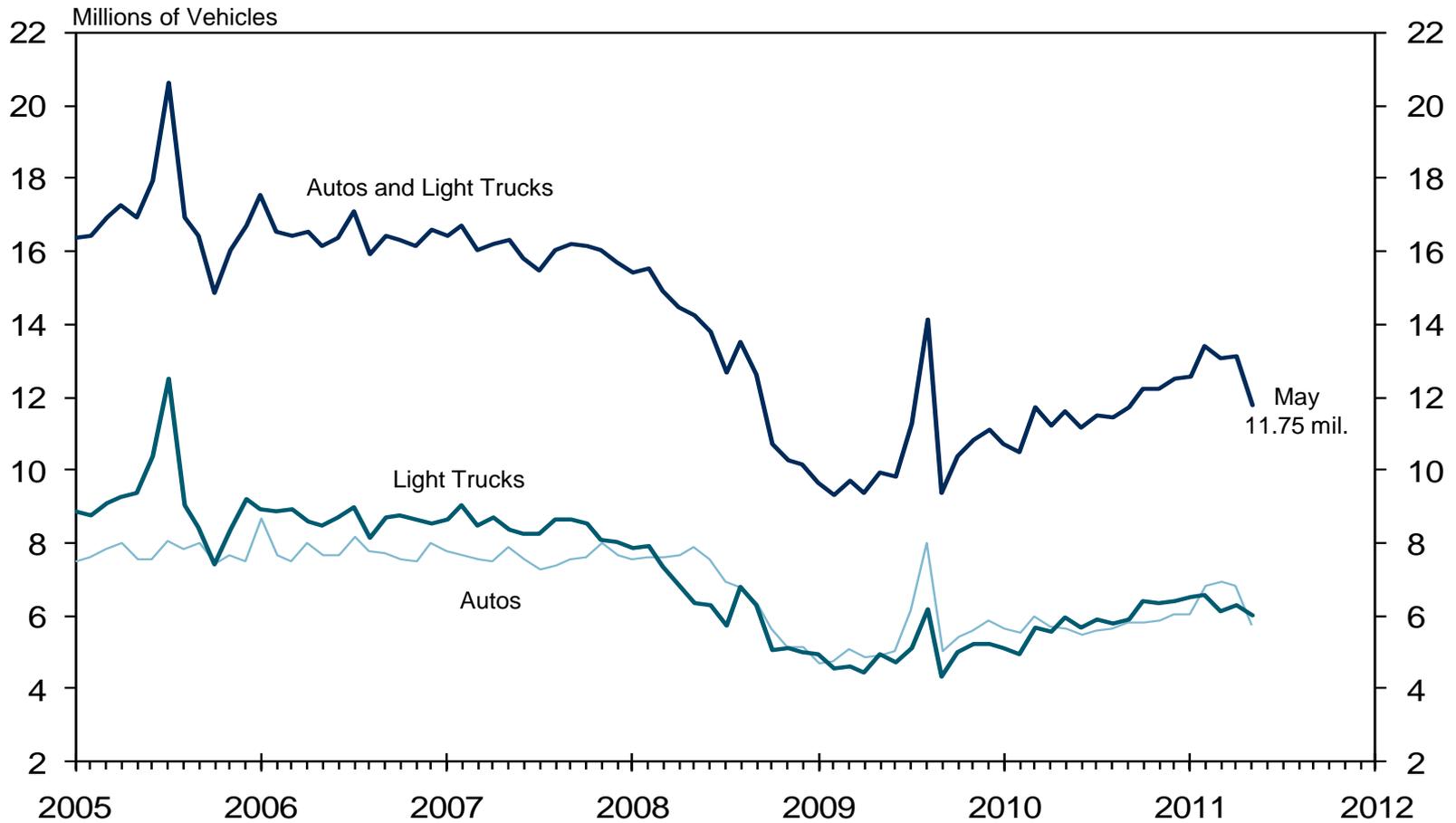
Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Cost of Funds



# Personal Income & Expenditures

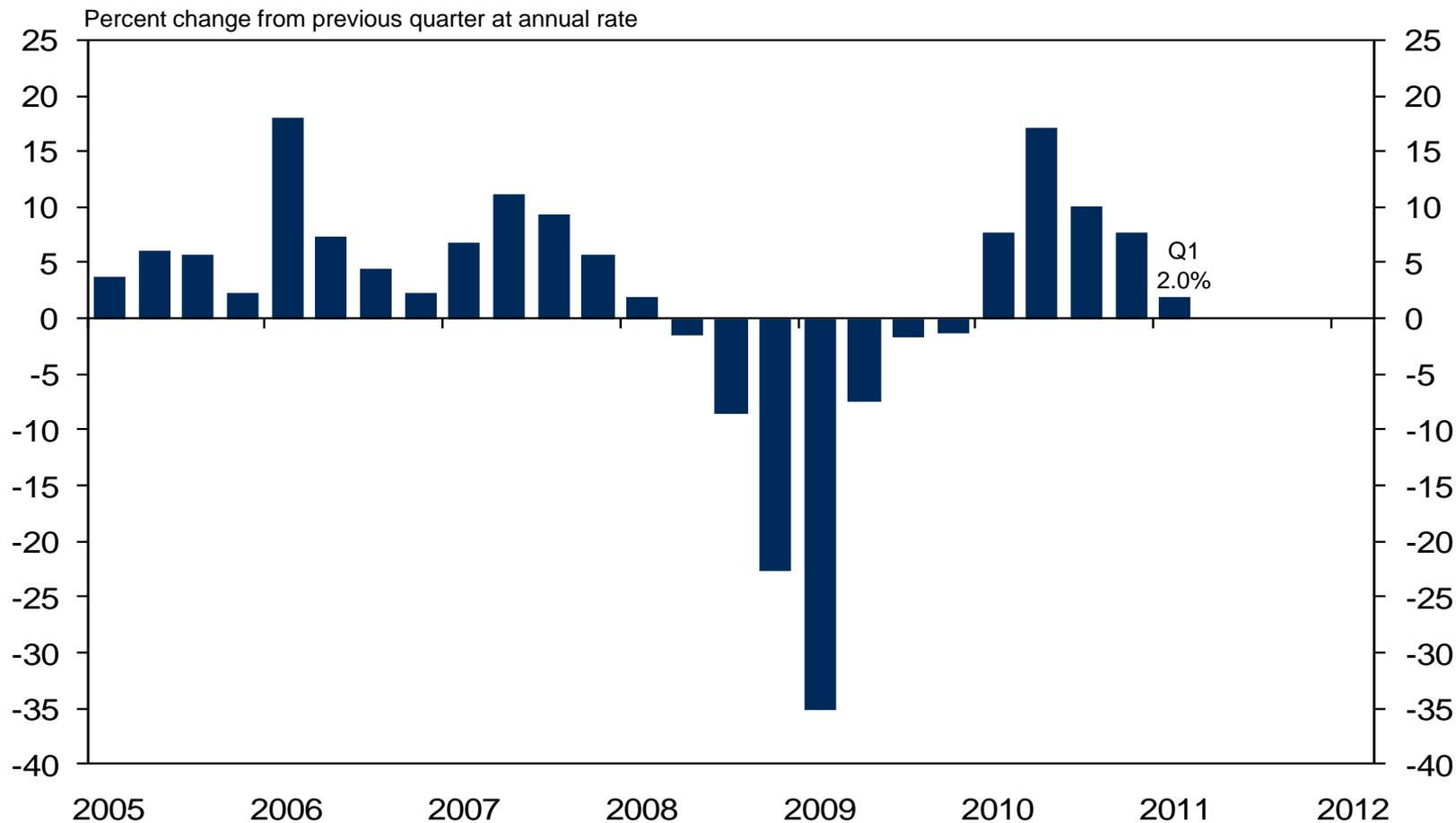


# Sales of Automobiles & Light Trucks



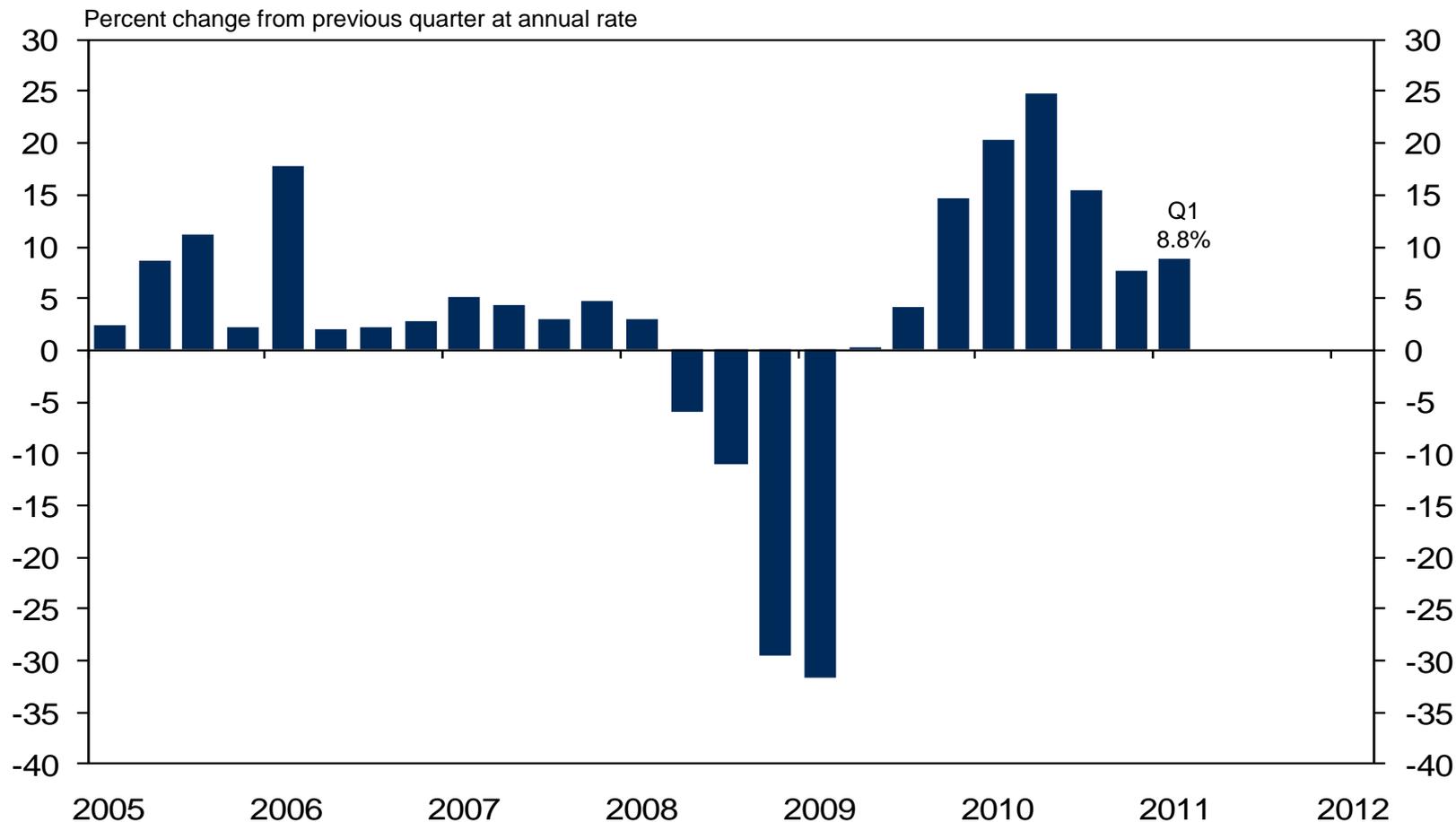


# Real Nonresidential Fixed Investment





# Real Investment in Equipment & Software

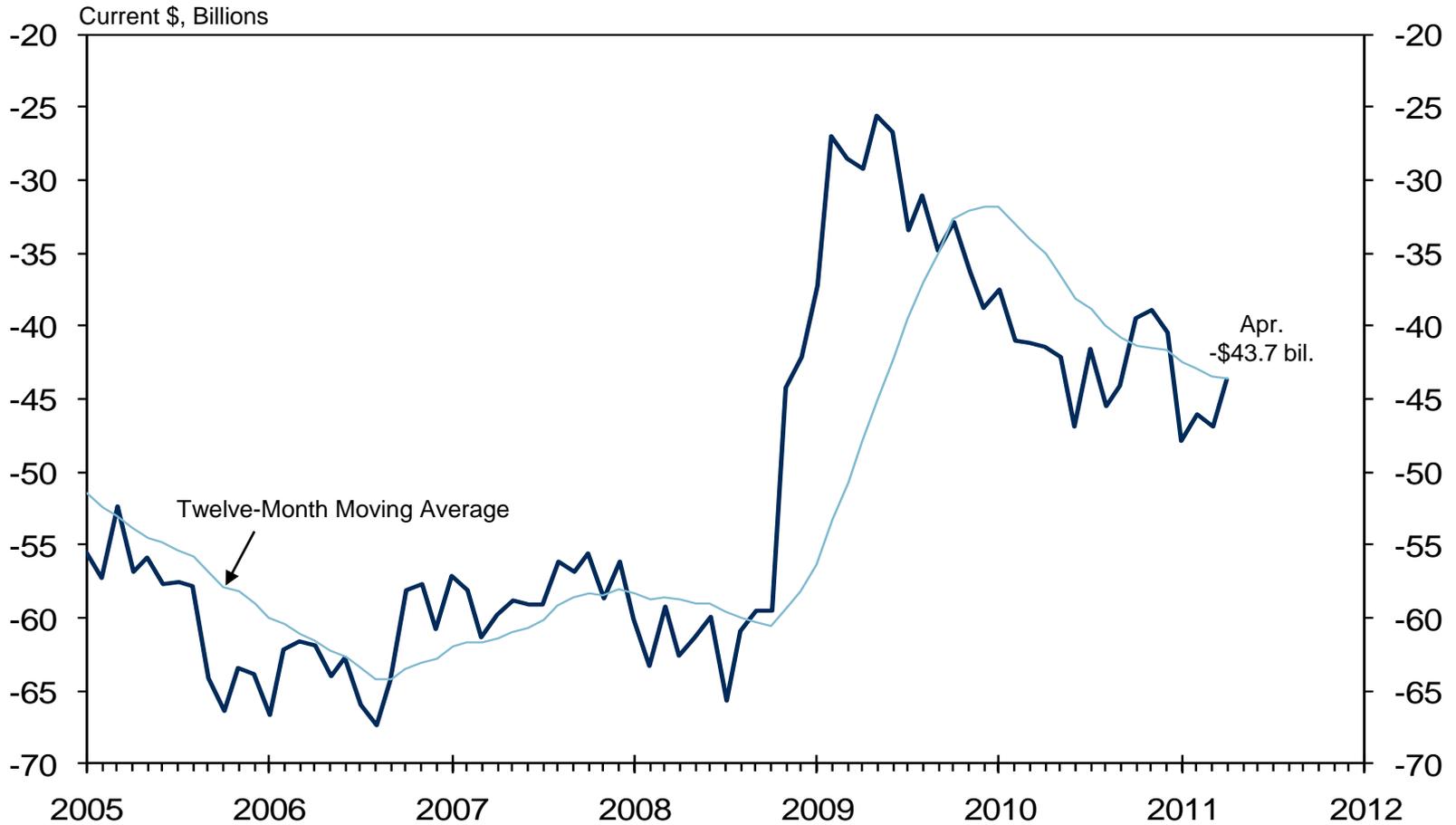




# Business Inventory/Sales Ratio

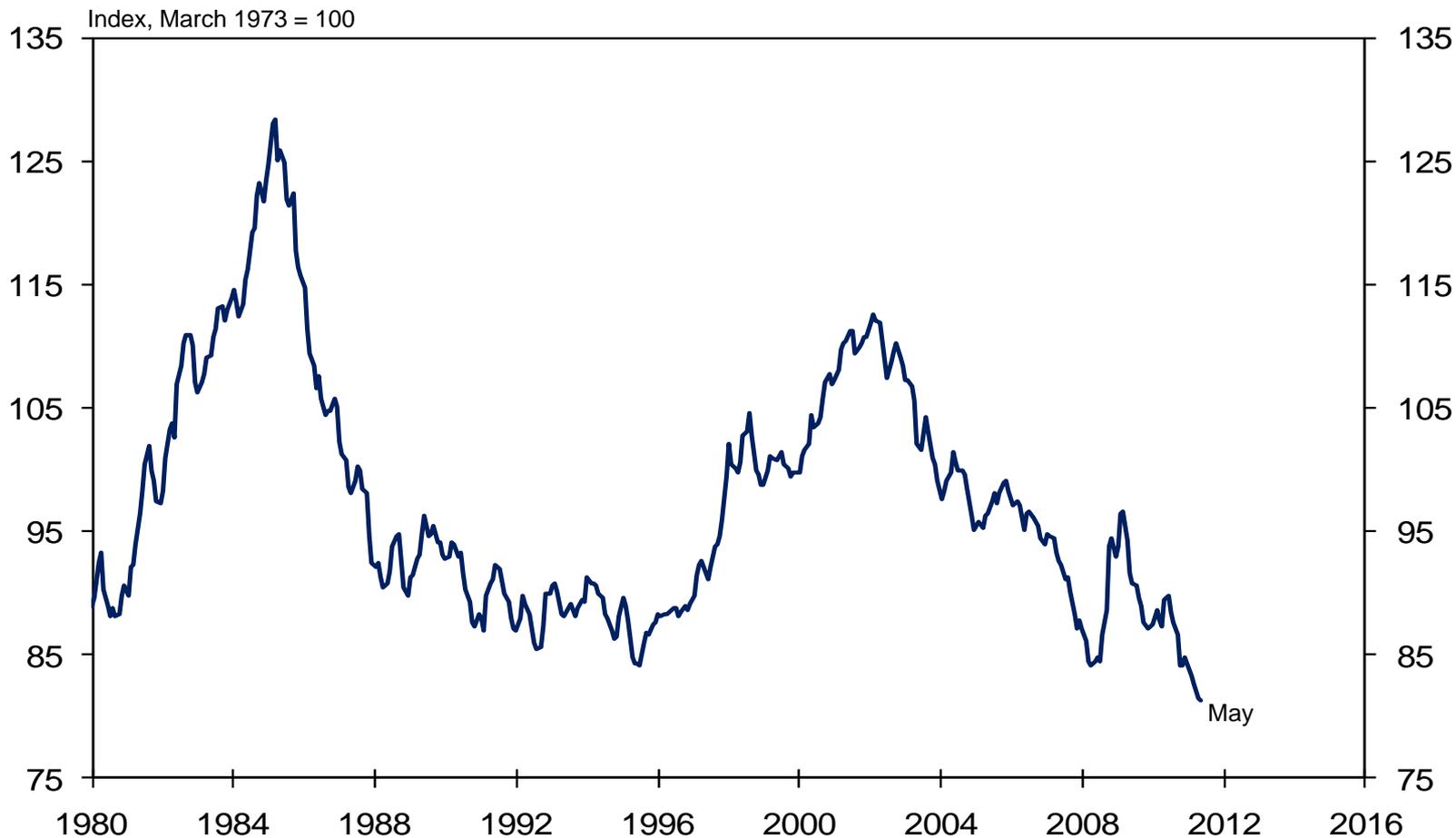


# Balance of International Trade





# Exchange Value of the US\$



Notes: Measured as the real broad trade-weighted exchange value of the United States Dollar.



The views expressed here are those of the author, and do not necessarily represent those of the Federal Reserve Bank of Richmond or the Federal Reserve System.



THE FEDERAL RESERVE BANK OF RICHMOND

RICHMOND ■ BALTIMORE ■ CHARLOTTE