

FIFTH DISTRICT

February Summary

Recent reports on the Fifth District economy were cautiously optimistic, with labor market expansion, some improvement in housing markets, and positive reports from area businesses.

Labor Markets: Firms in the Fifth District added 8,900 jobs (0.1 percent) in December, marking a fourth straight month of employment gain. Payroll employment also expanded 0.9 percent (118,400 jobs) since December 2010. The year-over-year expansion was distributed across industries, with only three sectors—government, information services, and natural resources, mining, and construction—reporting losses in the year. Meanwhile, the District unemployment rate inched down 0.1 percentage point to 8.1 percent in December as no jurisdiction posted an increase in joblessness.

Business Conditions: Fifth District businesses reported generally positive conditions in January 2012, according to our most recent surveys. The composite index for manufacturing rose further into positive territory as two of its component indexes—shipments and new orders—also rose notably and the third component index (employment) moved above zero for the first time since September 2011. Turning to the service sector, the index for services firm revenues fell slightly, but remained well above zero and the index for retail revenues improved notably. Meanwhile, the index for employment in the overall service sector increased three points to a level of 8—its second consecutive month in positive territory. Our survey measure of prices indicated an acceleration of growth in raw materials prices, but a cooling of growth in finished goods prices, retail prices, and the prices charged by services firms.

Housing Markets: New residential permit levels in the Fifth District rose 5.5 percent in December and 67.5 percent since December 2010—the sharpest year-over-year growth in permitting activity since January 1989. Housing starts were down in December, but up over the year. In the third quarter, existing home sales declined for the second straight period (2.2 percent), although sales improved 12.0 percent in the year. Every jurisdiction posted a year-over-year increase. Meanwhile, District house prices rose 0.8 percent in the third quarter but decreased 3.8 percent over the year.

A Closer Look at... Exports

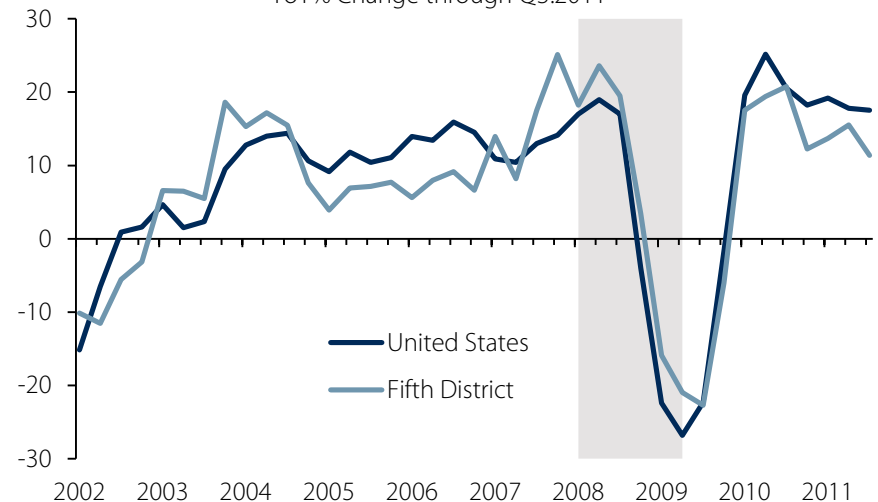
Total Fifth District Exports in 2010: \$80,320,105,000

Top Importers of Fifth District Goods and Services in 2010:

- Canada:** \$14,511,423,000 (18.1 percent)
- China:** \$6,662,047,000 (8.3 percent)
- Germany:** \$5,150,415,000 (6.4 percent)
- Mexico:** \$4,690,627,000 (5.8 percent)
- United Kingdom:** \$3,985,077,000 (5.0 percent)
- Japan:** \$3,480,094,000 (4.3 percent)
- Brazil:** \$2,503,397,000 (3.1 percent)
- Netherlands:** \$2,428,411,000 (3.0 percent)
- France:** \$2,218,255,000 (2.8 percent)
- Belgium:** \$1,996,643,000 (2.5 percent)

Fifth District Exports (U.S. Dollars)

YoY% Change through Q3:2011



SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY

FEBRUARY 2012

FEDERAL RESERVE BANK OF RICHMOND

FIFTH DISTRICT

Labor Market Conditions

Payroll Employment (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States - Total	December	131,900.0	0.15	1.26
Fifth District - Total	December	13,386.1	0.07	0.89
Logging, Mining, and Construction	December	660.3	-0.95	-0.65
Manufacturing	December	1,041.8	-0.02	0.86
Trade, Transportation, and Utilities	December	2,304.8	-0.18	0.94
Information	December	239.4	-0.04	-1.36
Financial Activities	December	673.5	-0.07	0.19
Professional and Business Services	December	1,996.3	0.00	1.55
Education and Health Services	December	1,878.1	0.42	1.80
Leisure and Hospitality	December	1,323.1	0.60	2.34
Other Services	December	653.4	0.37	1.44
Government	December	2,615.4	0.08	-0.34

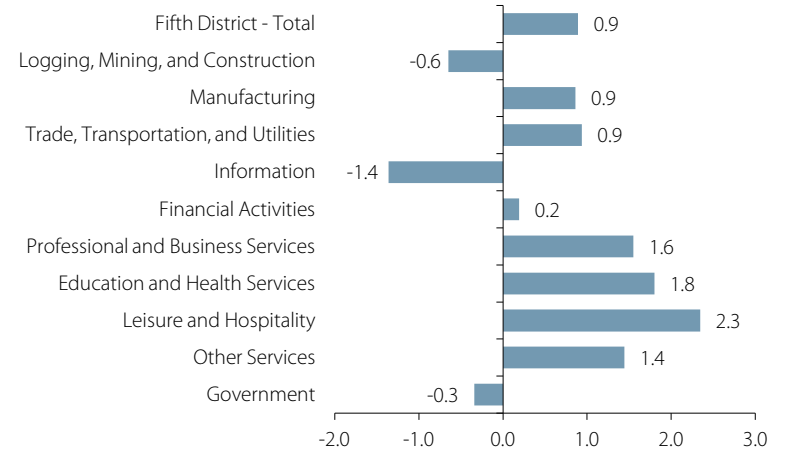
Unemployment Rate (SA)	December 11	November 11	December 10
United States	8.5	8.7	9.4
Fifth District	8.1	8.2	8.6

Civilian Labor Force (SA)	Period	Level (000s)	MoM % Change	YoY % Change
United States	December	153,887	-0.03	0.18
Fifth District	December	15,045	0.10	0.99

Initial Unemployment Claims (NSA)	Period	Level	MoM % Change	YoY % Change
United States	December	2,065,313	12.38	-13.23
Fifth District	December	176,560	9.90	-14.80

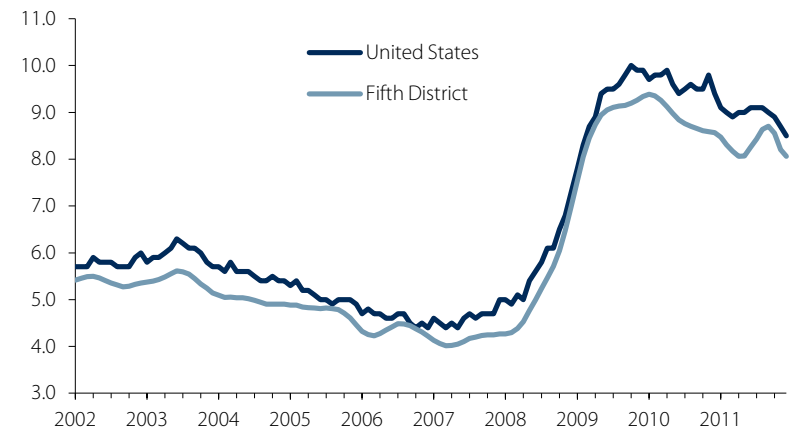
Fifth District Payroll Employment Performance

Year-over-Year Percent Change through December 2011



Fifth District Unemployment Rate

Through December 2011



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Business Conditions

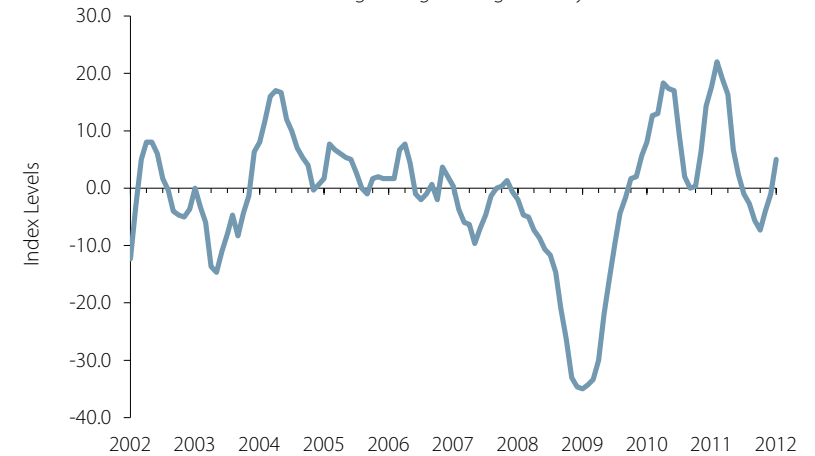
Manufacturing Survey (SA)	January 12	December 11	January 11
Composite Index	12	3	17
Shipments	17	3	23
New Orders	14	7	15
Number of Employees	4	-4	14
Expected Shipments - Six Months	36	27	35
Raw Materials Prices (SAAR)	2.53	1.55	2.94
Finished Goods Prices (SAAR)	0.57	1.34	2.26

Service Sector Survey (SA)	January 12	December 11	January 11
Service Sector Employment	8	5	9
Services Firms Revenues	17	24	9
Retail Revenues	23	4	46
Big-Ticket Sales	-52	-5	18
Expected Retail Demand - Six Months	-9	28	23
Services Firm Prices	1.09	1.23	0.07
Retail Prices	1.62	1.91	1.24

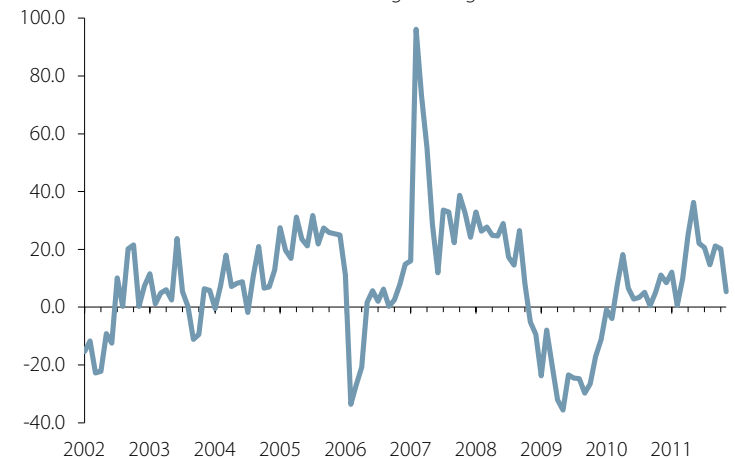
District Imports	Period	Level (\$mil)	MoM % Change	YoY % Change
Baltimore, Maryland	November	2,827.81	3.7	15.2
Wilmington, North Carolina	November	673.20	-10.2	41.8
Charleston, South Carolina	November	3,358.21	10.2	20.1
Norfolk, Virginia	November	2,812.25	-3.9	12.8

District Exports	Period	Level (\$mil)	MoM % Change	YoY % Change
Baltimore, Maryland	November	1,975.01	-0.6	37.3
Wilmington, North Carolina	November	343.15	-42.7	3.9
Charleston, South Carolina	November	1,885.78	1.4	14.7
Norfolk, Virginia	November	2,023.25	-6.0	5.3

Composite Manufacturing Index
3-Month Moving Average through January 2012



Norfolk Port District Exports
Year-over-Year Percent Change through November 2011



SNAPSHOT

A MONTHLY UPDATE OF THE FIFTH DISTRICT ECONOMY

FEBRUARY 2012

FEDERAL RESERVE BANK OF RICHMOND

FIFTH DISTRICT

Household Conditions

Real Personal Income (SA)	Period	Level (\$mil)	QoQ % Change	YoY % Change
United States	Q3:11	11,331,149	-0.43	1.22
Fifth District	Q3:11	1,118,907	-0.46	0.86

Non-Business Bankruptcies	Period	Level	QoQ % Change	YoY % Change
United States	Q3:11	336,930	-8.31	-15.43
Fifth District	Q3:11	22,697	-7.78	-16.89

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Real Estate Conditions

Total Private Building Permits (NSA)	Period	Level	MoM % Change	YoY % Change
United States	December	49,939	-0.77	6.93
Fifth District	December	7,672	5.50	67.51

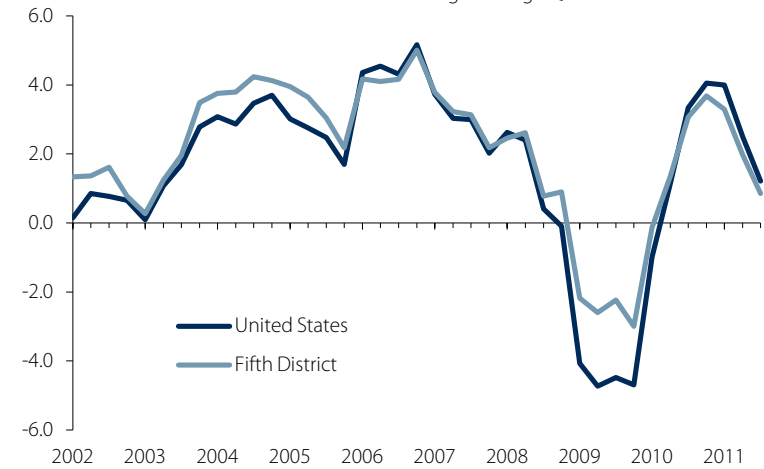
Total Private Housing Starts (SAAR)	Period	Level (000s)	MoM % Change	YoY % Change
United States	December	657	-4.09	24.90
Fifth District	December	95	-3.46	50.55

House Price Index (1980=100)	Period	Level	QoQ % Change	YoY % Change
United States	Q3:11	319	0.94	-4.28
Fifth District	Q3:11	363	0.84	-3.83

Total Existing Home Sales (SAAR)	Period	Level (000s)	QoQ % Change	YoY % Change
United States	Q3:11	4,880	-0.06	17.03
Fifth District	Q3:11	411	-2.19	12.00

Fifth District Real Personal Income

Year-over-Year Percent Change through Q3:11



Fifth District Existing Home Sales

Year-over-Year Percent Change through Q3:11

