

ETC ECONOMIC TRENDS & CONDITIONS

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National Outlook

(Based on the September 2009 FRBSF [FedViews](#).)

- On balance, it's probable that the national economy is at or near the bottom of the recession and a slow recovery is taking form. Housing activity has been showing fairly uniform signs of recovery and surveys of purchasing managers by the Institute for Supply Management suggest that manufacturing activity is now expanding.
- However, there remains a high degree of slack in the economy, suggesting little or no upward pressure on inflation or wage growth in the near term.
- Despite many downside risks, we expect a return to positive output growth to begin in the current quarter. We expect the recovery to be slow, and to gradually pick up steam over the next year or two.
- We expect core inflation to moderate even more in the short run, but overall inflation to rise somewhat in the next few quarters, given the rise in oil prices from their lows earlier in the year.

Around the District

(Based on the September 9, 2009, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District showed scattered signs of firming but appeared to be little changed on net during the reporting period of late July through the end of August.
- Retail sales overall remained very sluggish, although there was a substantial pickup in the sales of new autos resulting from the cash-for-clunkers program; demand for services continued to weaken.
- Housing market activity in the District remained weak but showed signs of improvement in many areas. Meanwhile, demand for commercial real estate eroded further.
- Upward pressures on prices were quite modest, and upward wage pressures remained largely absent.
- District lending activity eased on net and credit quality continued to deteriorate.
- Job growth in the District continued to fare moderately worse than that in the nation as a whole over the 12 months ending in August (see table on next page).
- Similarly, unemployment rates over the past 12 months increased substantially in the District, even more so than in the rest of the United States.

Employment Conditions

Total Nonfarm Employment

MAY2009	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S.	131,223.0	-2.0	-2.9	-4.2	-4.3	9.7
12 th District	25,052.1	-2.6	-3.0	-5.0	-5.1	11.1
Alaska	322.3	-3.3	-0.2	-0.9	0.0	8.3
Arizona	2,426.0	-4.1	-2.0	-6.3	-7.4	9.1
California	14,234.1	-1.0	-3.2	-5.0	-5.0	12.2
Hawaii	594.5	-12.2	-4.9	-3.6	-3.6	7.2
Idaho	616.4	-5.5	0.0	-3.6	-5.3	8.9
Nevada	1,182.1	-5.0	-5.3	-6.4	-6.5	13.2
Oregon	1,624.9	-4.7	-2.3	-5.7	-5.8	12.2
Utah	1,200.0	-0.9	-4.8	-5.6	-4.4	6.0
Washington	2,851.8	-5.1	-1.9	-3.7	-4.0	9.2

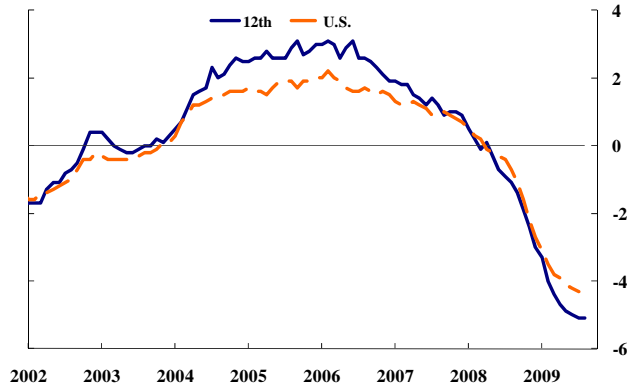
Source: Economic Research Department, Federal Reserve Bank of San Francisco

Employment levels are in thousands; All data are seasonally adjusted

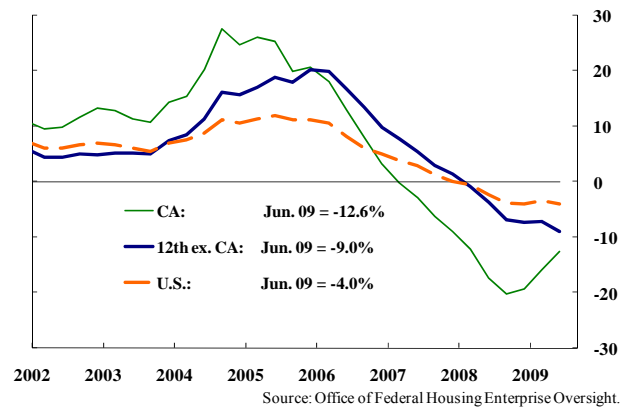
a = annualized percent change

p = preliminary

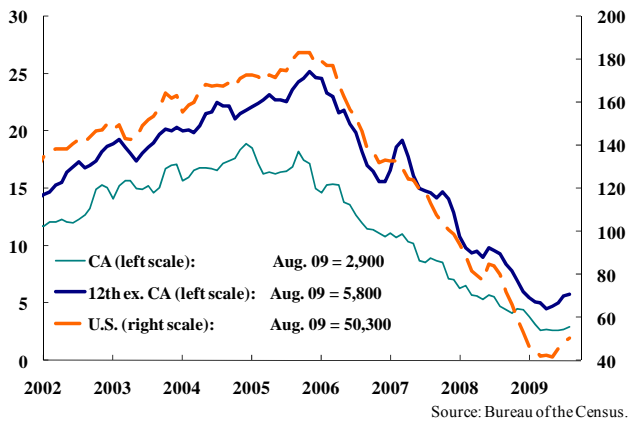
Growth in nonfarm payroll employment
(Year-over-year percent change, monthly)



Home price index
(Year-over-year percent change, quarterly)



Residential permits
(Thousands, 3-month moving average)



Nonresidential construction awards
(Thousands, 3-month moving average)

