

# ETC ECONOMIC TRENDS & CONDITIONS

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## *National Outlook*

(Based on the July 14, 2011, FRBSF [FedViews](#).)

- Recent economic news has been disappointing, confirming that the economy has been growing much less quickly than was expected earlier in the year.
- With job growth limited, workers are seeing little wage growth. Average hourly earnings have been rising by less than 2% for some time, little more than the rate of inflation.
- The easing of some of the economic headwinds should allow growth to pick up in coming quarters, though evidence suggests that some of the recent weakness is persistent.
- Our forecast projects a gradual reduction in unemployment and a return to a low level of underlying inflation once the transitory increases associated with the run-up in food and energy prices are played out.

## *Around the District*

(Based on the July 27, 2011, [Beige Book](#) and authors' analyses.)

- Economic activity in the Twelfth District grew modestly during the reporting period of June through mid-July.
- Sales of retail items were mixed, while demand for business and consumer services rose somewhat.
- The pace of home sales remained sluggish across the District. Meanwhile, conditions in commercial real estate markets remained challenging, as vacancy rates for office and industrial space stayed high in many parts of the District.
- Upward price pressures eased overall as the prices of oil and selected raw materials fell, and upward pressures on wages remained quite limited on balance.
- Beige Book contacts from financial institutions reported largely stable loan demand.
- Job growth in the District was a bit above that of the nation as a whole over the 12 months ending in July (see table on next page).
- Meanwhile, the District's unemployment rate remains well above that of the nation as a whole and has shown increases in recent months.

# Employment Conditions

## Total Nonfarm Employment

JUL2011	level <sup>p</sup>	Percent Change				Unemployment Rate
		1-month <sup>a</sup>	3-month <sup>a</sup>	YTD <sup>a</sup>	12-month	
U.S.	131,190.0	1.1	0.7	1.2	1.0	9.1
12 <sup>th</sup> District	24,771.7	1.4	0.6	1.6	1.3	10.9
Alaska	329.9	-2.9	0.5	0.9	1.7	7.7
Arizona	2,394.4	-1.3	0.6	1.4	0.9	9.4
California	14,074.7	0.4	0.4	1.4	1.4	12
Hawaii	595.6	14.5	1.8	1.5	1.7	6.1
Idaho	604.9	2.6	-1.6	0.3	0.5	9.4
Nevada	1,115.8	0.5	-1.7	0.5	-0.2	12.9
Oregon	1,625.3	0.2	0.3	1.8	1.6	9.5
Utah	1,213.4	10.6	5.0	4.1	2.5	7.5
Washington	2,817.7	3.5	0.8	2.2	1.4	9.3

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

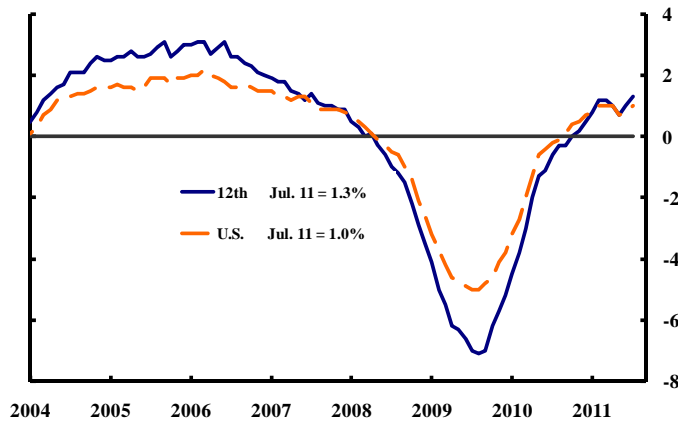
Employment levels are in thousands; All data are seasonally adjusted

a = annualized percent change

p = preliminary

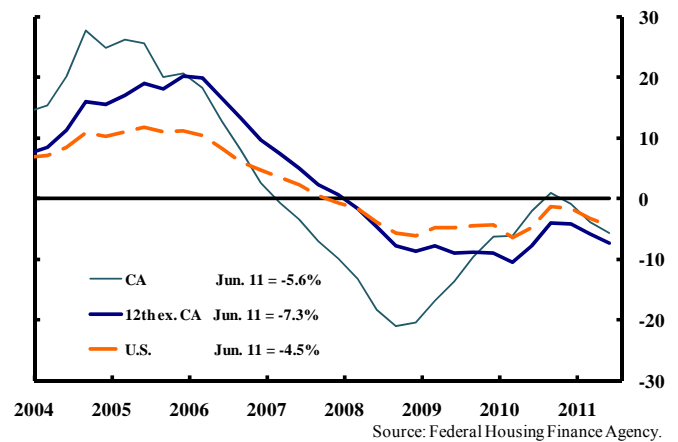
### Growth in nonfarm payroll employment

(Year-over-year percent change, monthly)



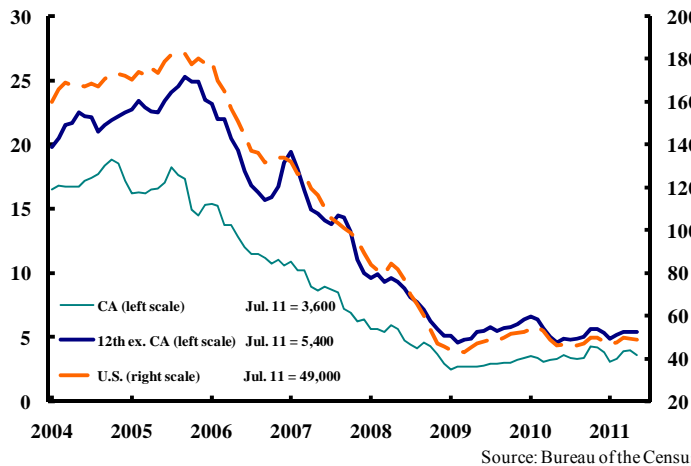
### Home price index

(Year-over-year percent change, quarterly)



### Residential permits

(Thousands, 3-month moving average)



### Nonresidential construction awards

(\$ Billions, 3-month moving average)

