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# Recent Economic Trends & An Overview of the St Louis Research Division

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Experience St. Louis

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# National Economy

## FOMC Statement March 16, 2010

Economic activity has continued to strengthen...the labor market is stabilizing.

Household spending is expanding at a moderate rate...constrained by high unemployment, modest income growth, lower housing wealth, tight credit.

Business spending on equipment and software has risen significantly.

Bank lending continues to contract... financial markets supportive.

Inflation ... subdued for some time.

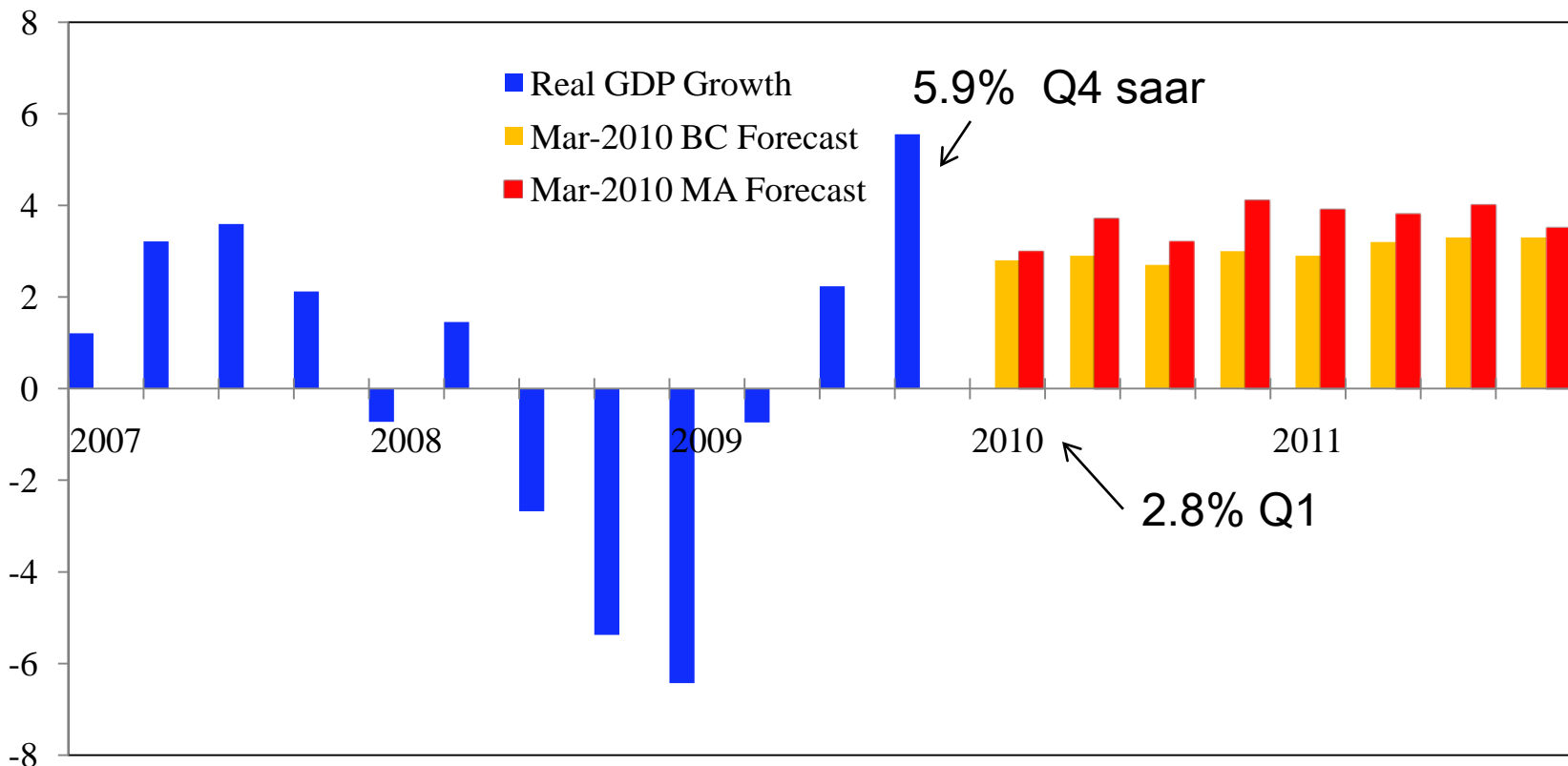
→ Investment in nonresidential structures is declining.

→ Housing starts flat...at a depressed level.

# Real GDP: Actual and Forecast

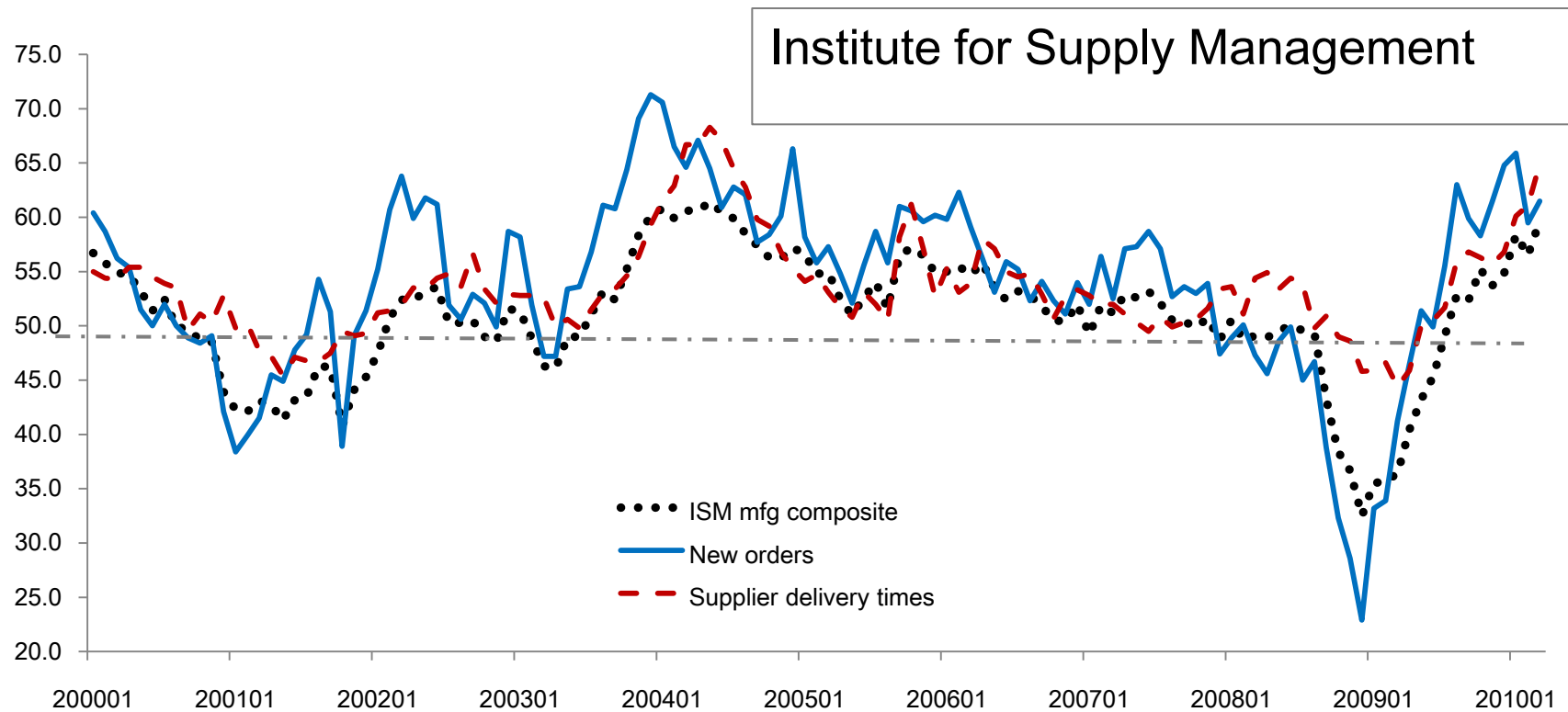
(Percent change from previous quarter at an annual rate. Last observation: March 26, 2010)

Percent



Source: Bureau of Economic Analysis  
Forecast: Macroeconomic Advisers and Blue Chip Economic Indicators

# Manufacturing and Production



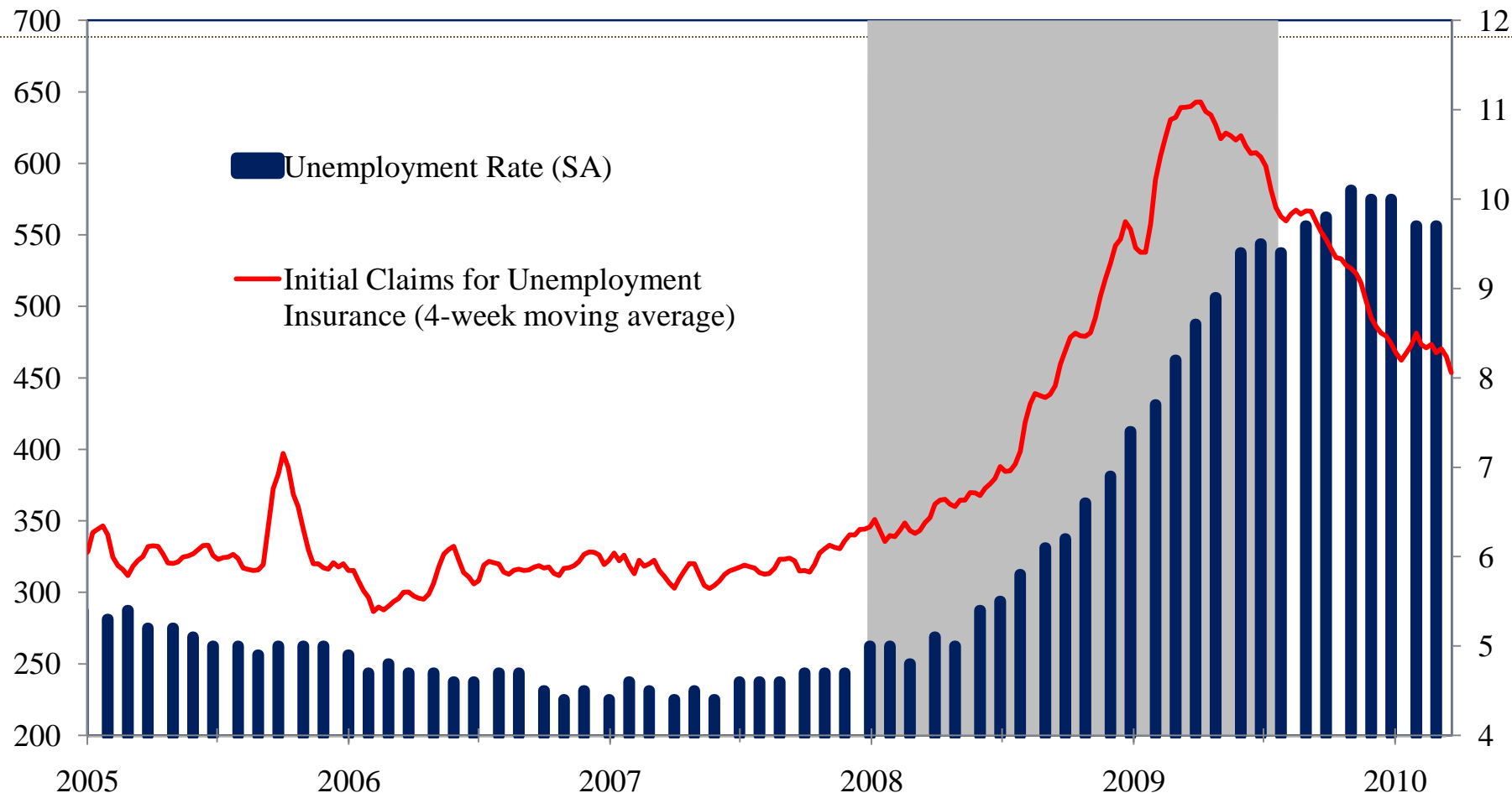
Source: Institute for Supply Management

# Civilian Unemployment

Thousands

Unemployment rate 9.7 percent in March

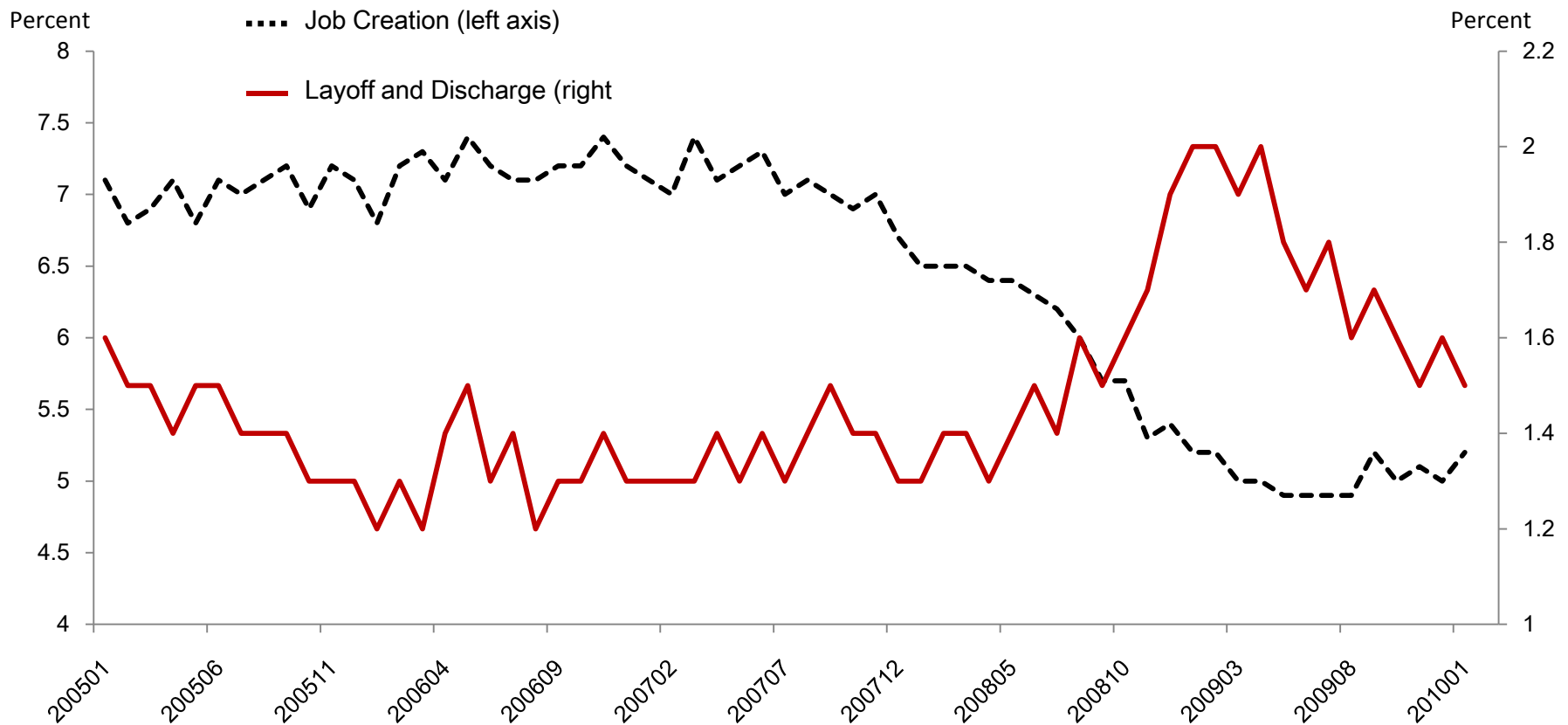
Percent



Source: Bureau of Labor Statistics

Source: BLS and U.S. Department of Labor.

# Fewer people are losing jobs, businesses are starting to hire



Source: Bureau of Labor Statistics

# Corporate Finance

“If you issue it, they will come.”

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- Extraordinary demand for fixed income debt at good prices/yields

High Yield Issuance: March \$35bn (record amount)  
previous record: November 2006 \$28bn

Investment Grade Issuance: 2010 Q1, \$254 bn

- Industrials \$74bn
- Financials: \$101bn

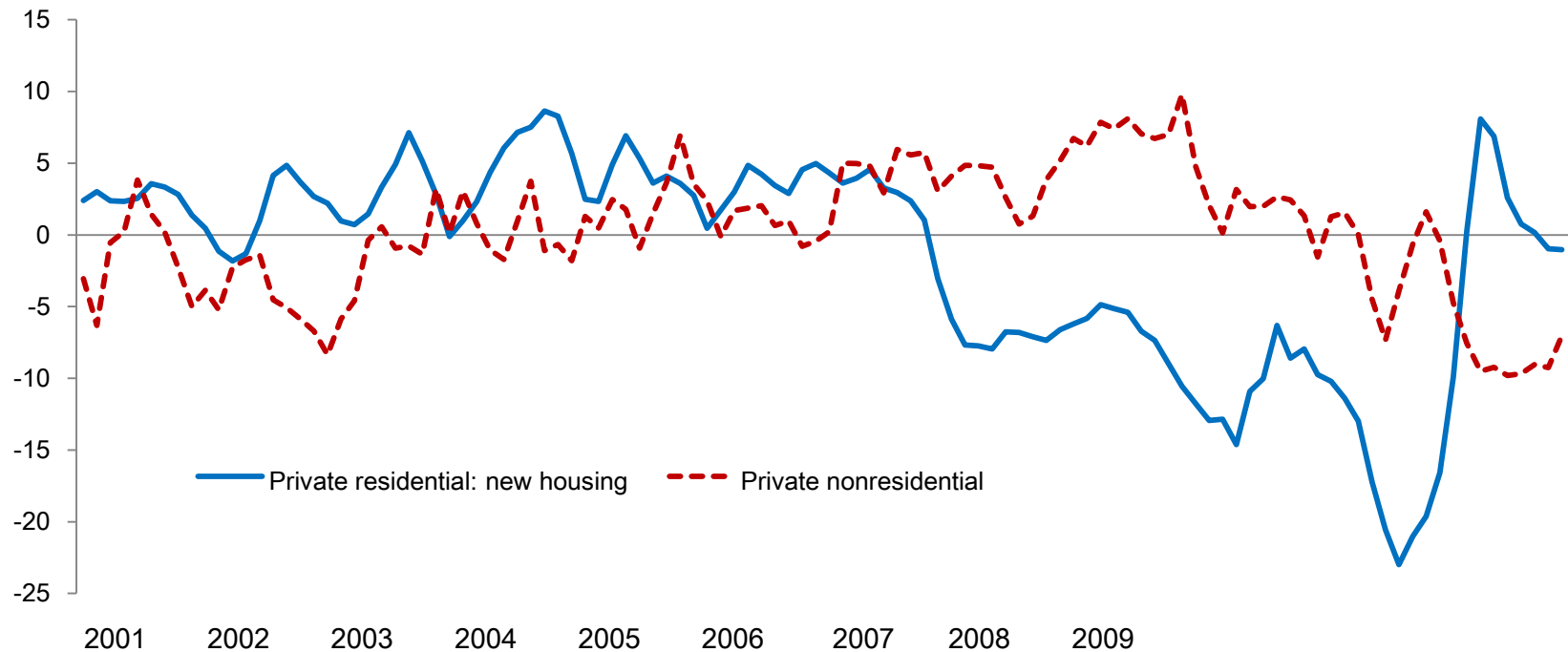
New issues generally *oversubscribed with issuers upsizing quantity.*

Spreads over Treasuries narrowed in March, on balance.



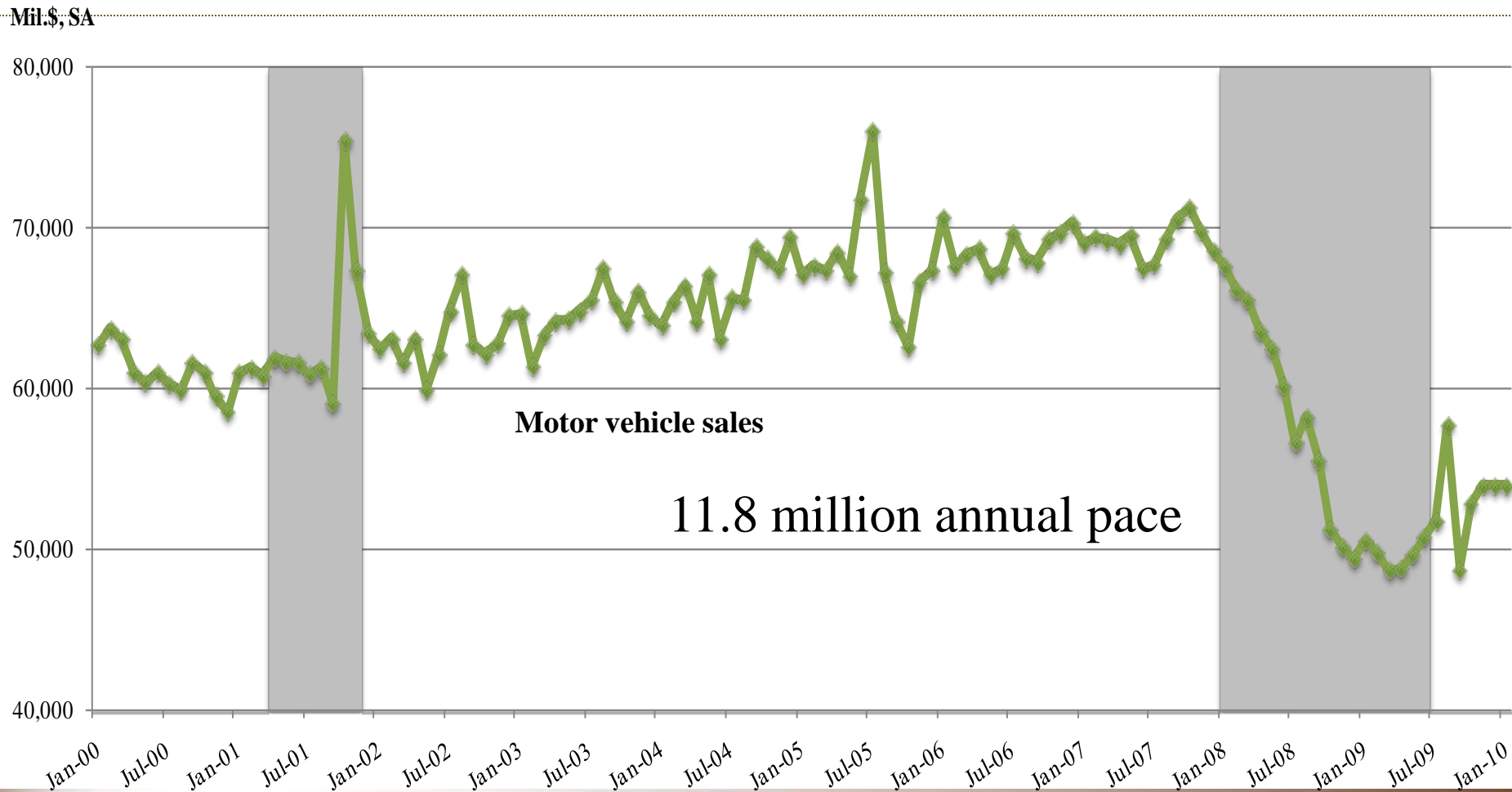
# Construction Spending Is Weak

3 -mo % change, SA



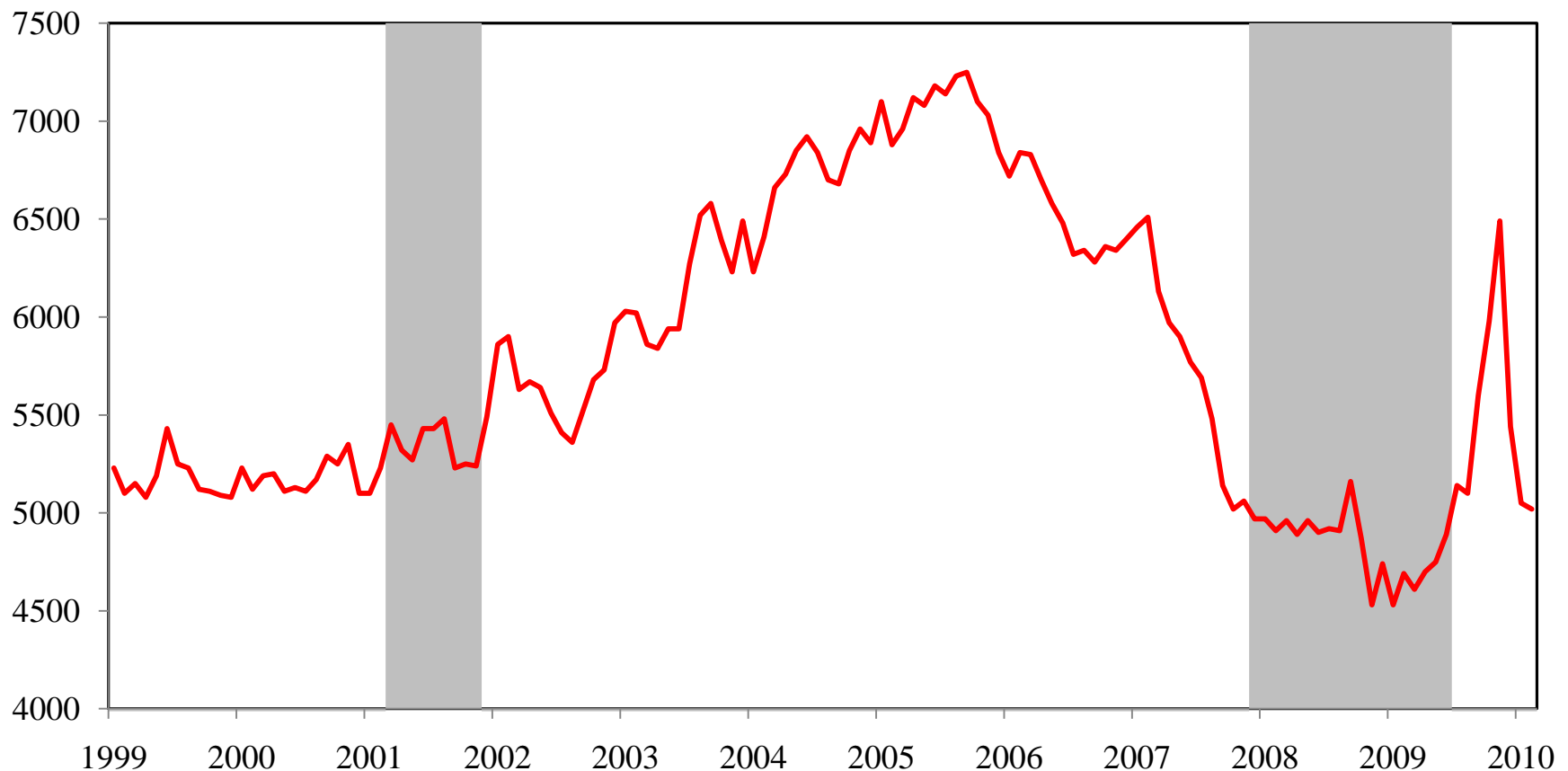
Source: Department of Commerce: Census Bureau

## Motor vehicle sales have stabilized



## Existing home sales slowed in February, but avoided another sharp decrease

Thousands

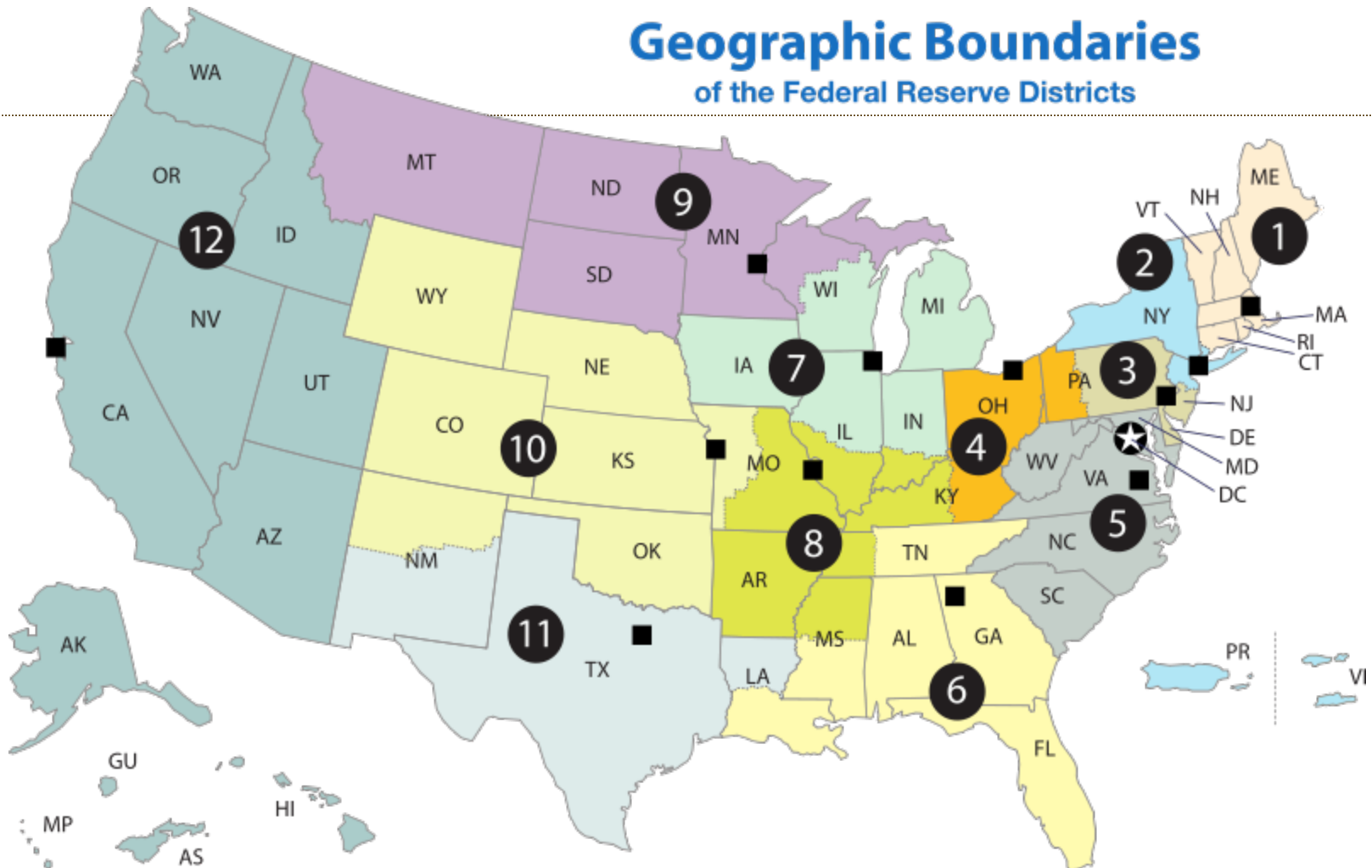


Source: National Association of Realtors

*Source: National Association of Realtors.*

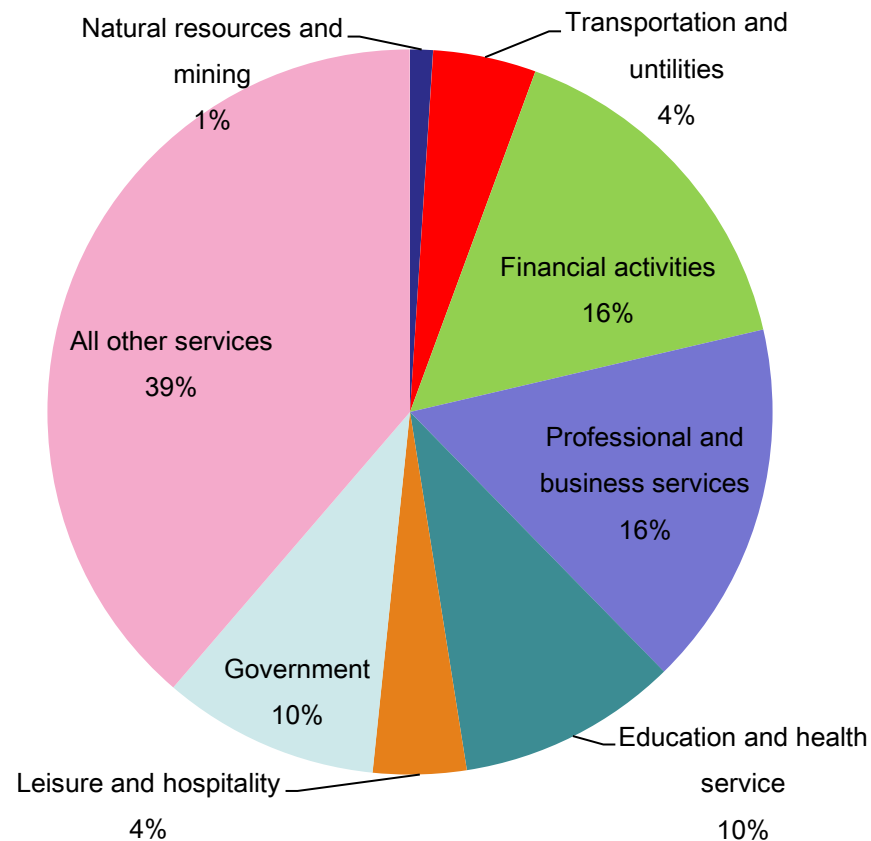
# 8<sup>th</sup> Federal Reserve District

## Geographic Boundaries of the Federal Reserve Districts





## St. Louis Metro Area GDP by Industries, 2008



Source: Bureau of Economic Analysis

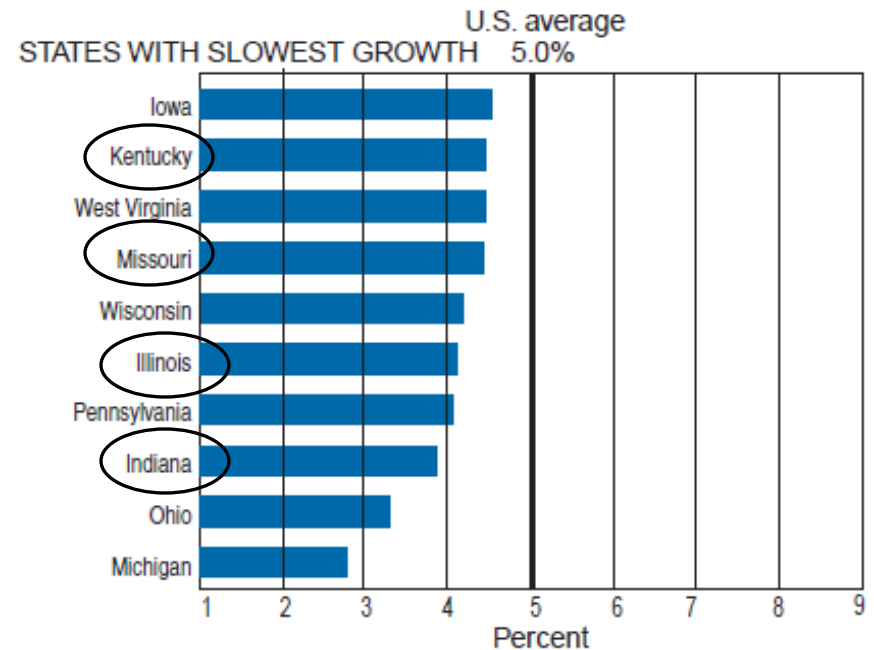
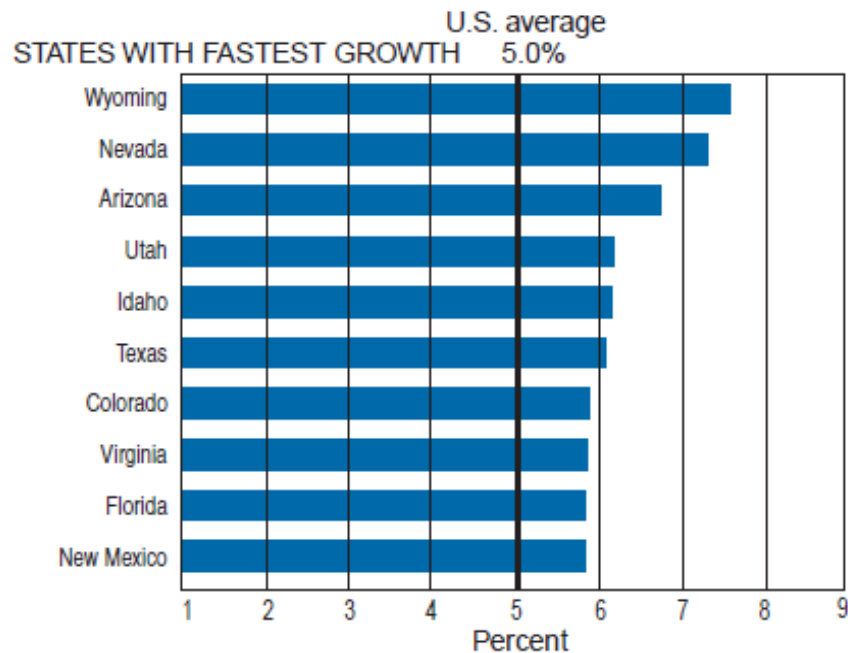
## A Comparison of Personal Income: St. Louis Metro and its Competitors

Metro Area	Personal Income (Millions of Dollars)			Per Capita Personal Income
	2007	2008	Average percent change from preceding period	2008
St. Louis	110,192	116,394	5.65	41,323
Atlanta	198,580	202,444	4.15	37,655
Chicago	421,143	433,774	5.05	45,328
Dallas	255,363	267,068	5.7	42,392
Kansas City	77,717	80,817	4.85	40,367
Minneapolis	149,496	154,593	5.05	47,863

Source: Bureau of Economic Analysis



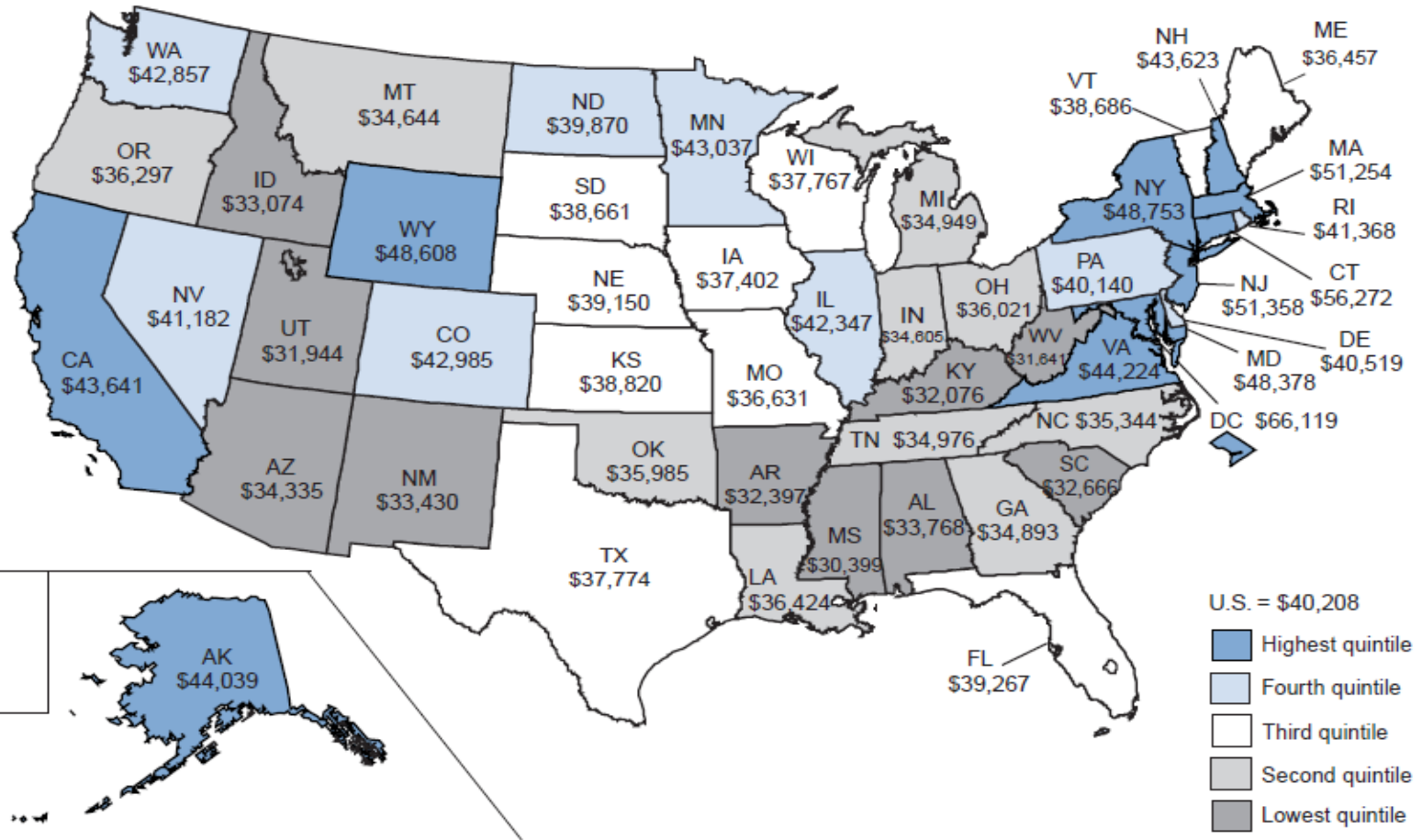
## Average Annual Growth Rate of Personal Income, 1998 - 2008



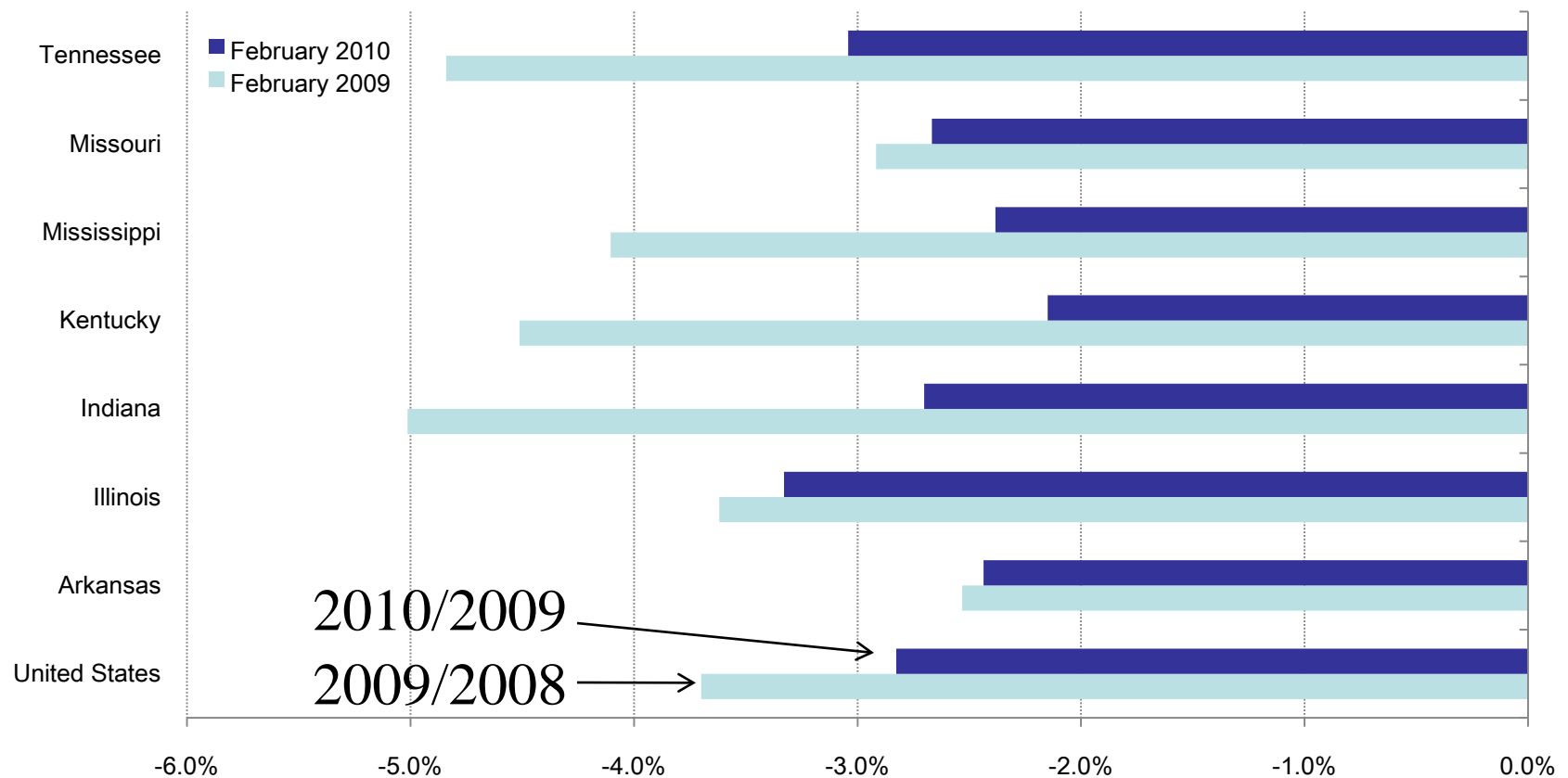
Source: Bureau of Economic Analysis

## Per Capita Personal Income, 2008

PER CAPITA PERSONAL INCOME, 2008



## Employment Growth, 2008-2009 and 2009-2010 (February)



# St. Louis Research Division

# FRB St. Louis Research Division: Functions

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## Assistance to Bank President

- FOMC meetings, speeches, presentations

## Publications

- *Review* (longer research papers), 6 times/year
- Statistical publications: Monetary Trends (monthly), National Economic Trends (monthly), International Economic Trends (quarterly), US Financial Data (weekly)
- *Regional Economist* (shorter papers)
- *Beige Book* (District economic conditions)
- *Regional Economic Development* (quarterly)

## Papers for Professional Scientific Economic journals

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### The 2010 Homer Jones Lecture

Alan S. Blinder presented "[Quantitative Easing: Entrance and Exit Strategies](#)" Thursday, April 1, 2010, at the Federal Reserve Bank of St. Louis. (2010-04-02) [More...](#)

### New! ALFRED® Graph Gadget

The [ALFRED® Graph Gadget](#) is a tool that allows you to view graphs of the most recent 2 vintages of an [ALFRED®](#) data series on a webpage or other software application that supports gadgets. (2010-03-31) [More...](#)  
[Other Research Division gadgets](#)

### New! Tracking the Global Economy

To provide accurate and useful information on the current economic environment and the behavior of economic data around business cycle turning points, the Federal Reserve Bank of St. Louis presents [Tracking the Global Economy](#). (2010-03-02)

### Recent Working Papers

"[Crime and Arrests: Deterrence or Resource Reallocation?](#)"  
Working Paper 2010-011A by [Thomas A. Garrett](#) and [Lesli S. Ott](#) (2010-03-22)

"[Personal-Bankruptcy Cycles](#)"  
Working Paper 2010-010A by [Thomas A. Garrett](#) and [Howard J. Wall](#) (2010-03-18)


"[Liquidity Demand and Welfare in a Heterogeneous-Agent Economy](#)"  
Working Paper 2010-009A by [Yi Wen](#) (2010-03-15)

"[Out-of-Sample Equity Premium Prediction: Economic Fundamentals vs. Moving-Average Rules](#)"  
Working Paper 2010-008A by [Christopher J. Neely](#), [David E. Rapach](#), [Jun Tu](#), and [Guofu Zhou](#) (2010-03-10)

"[Do Oil Shocks Drive Business Cycles? Some U.S. and International Evidence](#)"  
Working Paper 2010-007A by [Kristie M. Engemann](#), [Kevin L. Klesen](#), and [Michael T. Owyang](#) (2010-03-03)

### CRE8

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### Economic Synopses

[When Will Business Lending Pick Up?](#)  
By [David C. Wheelock](#)  
(posted on 2010-03-30)

[Why Income Per Worker Differs Worldwide](#)  
By [Riccardo DiCecio](#)  
(posted on 2010-03-16)

[Money Supply, Credit Expansion, and Housing Price Inflation](#)  
By [Yi Wen](#)  
(posted on 2010-03-05)

[Using FOMC Forecasts to Forecast the Economy](#)  
By [Michael W. McCracken](#)  
(posted on 2010-02-12)

[More Economic Synopses...](#)

### Recent Review Articles - March/April 2010

"[Lessons Learned? Comparing the Federal Reserve's Responses to the Crises of 1929-1933 and 2007-2009](#)"  
by [David C. Wheelock](#)  
The financial crisis of 2007-09 is widely viewed as the worst financial disruption since the Great Depression of 1929-33. However, the accompanying economic recession was mild compared with the Great Depression, though severe by postwar standards.

"[Institutions and Government Growth: A Comparison of the 1890s and the 1930s](#)"  
by [Thomas A. Garrett](#), [Andrew F. Kozak](#), and [Russell M. Rhine](#)  
Statistics on the size and growth of the U.S. federal government, in addition to public statements by President Franklin Roosevelt, seem to indicate that the Great Depression was the primary event that caused the dramatic growth in government spending and intervention in the private sector that continues to the present day.

"[Fiscal Multipliers in War and in Peace](#)"  
by [David Andolfatto](#)

### FRED At a Glance

[CPI](#) +2.2 % in Feb 2010, % Chg. Year Ago ([Revision Graph](#))  
[Real GDP](#) +5.6 % in 2009Q4, Comp. Ann. Rate of Chg. ([Revision Graph](#))  
[IP](#) +0.1 % in Feb 2010, % Chg. ([Revision Graph](#))  
[10-Yr. Treas. Rate](#) 3.89 % on 2010-04-01  
[US/Euro FX Rate](#) 1.34 on 2010-03-26  
[Japan/US FX Rate](#) 92.56 on 2010-03-26  
[Civ. Unemploy. Rate](#) 9.7 % in Mar 2010 ([Revision Graph](#))  
[Payroll Employment](#) +162.0 in Mar 2010, Chg. ([Revision Graph](#))  
[Initial Jobless Claims](#) 447250 on 2010-03-27 ([Revision Graph](#))

### FRED Economic Data Updates

[Total Loans and Leases at Commercial Banks](#) (2010-04-05)  
[Real Estate Loans at All Commercial Banks](#) (2010-04-05)  
[Total Loans and Investments at All Commercial Banks](#) (2010-04-05)  
[Commercial and Industrial Loans at All Commercial Banks](#) (2010-04-05)  
[U.S. Government Securities at All Commercial Banks](#) (2010-04-05)  
[Consumer \(Individual\) Loans at All Commercial Banks](#) (2010-04-05)  
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### Recent Data Publications

[National Economic Trends, April Issue](#)  
A monthly publication that presents a snapshot of the U.S. economy. (2010-04-02) [More NET...](#)

[U.S. Financial Data, April 2 Issue](#)  
A weekly publication that includes charts and tables relating to weekly monetary and reserve aggregates, selected interest rates, commercial bank loans, and more. (2010-04-01) [More USFD...](#)

[Monetary Trends, April Issue](#)  
A monthly publication that reviews U.S. monetary and financial conditions with an emphasis on various measures of the monetary policy stance. (2010-03-16) [More MT...](#)

[International Economic Trends, February Issue](#)  
A quarterly publication that includes economic statistics and charts for G-7 and euro area countries. (2010-01-25) [More IET...](#)

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[Total Investments at All Commercial Banks](#) (2010-04-05)

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[10-Year Treasury Constant Maturity Rate](#) (2010-04-05)

[Bank Prime Loan Rate Changes: Historical Dates of Changes and Rates](#) (2008-12-17)

[Canada / U.S. Foreign Exchange Rate](#) (2010-04-01)

[Civilian Unemployment Rate](#) (2010-04-02)

[Consumer Price Index For All Urban Consumers: All Items](#) (2010-03-18)

[Effective Federal Funds Rate](#) (2010-04-05)

[Gross Domestic Product, 1 Decimal](#) (2010-03-26)

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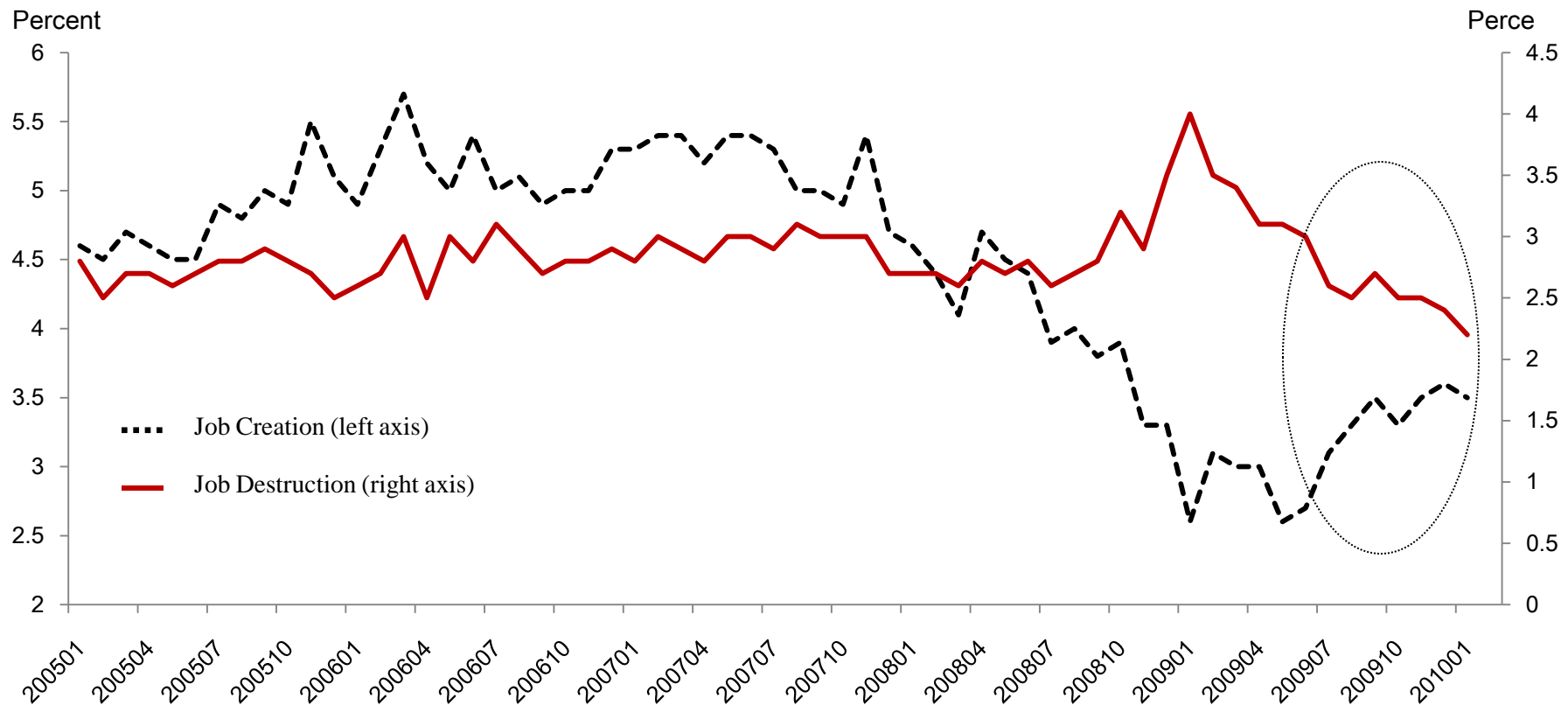
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# Labor market changes are more pronounced in the manufacturing sector



Source: Bureau of Labor Statistics