

ETC ECONOMIC TRENDS & CONDITIONS

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September 2012 Edition

National Outlook

(Based on the September 14, 2012, FRBSF [FedViews](#).)

- Incoming data indicate that economic activity has continued to expand at a moderate pace in recent months. Nonfarm payrolls rose by only 96,000 in August, while gains in July and June were revised down by 41,000 jobs.
- One crucial factor driving sluggish hiring and lackluster capital investment appears to be heightened uncertainty about the future. This uncertainty is fueled by several factors, including the halting recovery in sales and demand, the protracted European debt crisis, and a lack of clarity on what will happen with near-term and longer-term federal fiscal policy, including the “fiscal cliff.”
- At its September meeting, the FOMC moved to provide additional monetary stimulus, using both its balance sheet and its communication tools. The FOMC announced that the Fed will purchase additional agency mortgage-backed securities at a pace of \$40 billion per month. The Fed will also continue the Maturity Extension Program announced in June to increase holdings of longer-term Treasury securities and decrease holdings of short-term Treasuries.
- The additional monetary stimulus is expected to support a stronger recovery. GDP is expected to expand at about a 2.5% pace in 2013 and about a 3.3% pace in 2014. At the same time, the unemployment rate is expected to come down to about 7.9% by the end of 2013 and about 7.3% by the end of 2014. Inflation as measured by the personal consumption expenditures price index is projected to remain below 2% through 2014.

Around the District

(Based on the August 29, 2012, [Beige Book](#) and authors’ analyses.)

- Twelfth District economic activity continued to expand at a modest pace during the reporting period of July through mid-August.
- Sales of retail items rose a bit further on net, and demand for most business and consumer services continued to expand.
- Home demand in the District edged up a bit further, and demand for commercial real estate was largely stable.
- Price inflation was limited for most final goods and services, and upward wage pressures were quite contained.
- Contacts from financial institutions reported that overall loan demand was unchanged or weakened slightly on balance.

Employment Conditions

Total Nonfarm Employment

July 2012	level ^p	Percent Change				Unemployment Rate
		1-month ^a	3-month ^a	YTD ^a	12-month	
U.S.	133,204.0	1.3	0.8	1.3	1.4	8.3
12th District	25,239.0	1.8	2.5	2.1	2.2	9.7
Alaska	327.2	-11.7	-2.5	0.2	-0.5	7.7
Arizona	2,457.5	1.6	0.5	3	2.3	8.3
California	14,358.6	2.1	3.3	2.2	2.6	10.7
Hawaii	598.6	5.8	-1.7	0.6	1	6.4
Idaho	613.5	-4.9	-1	0.8	1.3	7.5
Nevada	1,134.7	2.2	1.9	0.5	0.9	12
Oregon	1,635.0	1.3	2.6	1.6	1.1	8.7
Utah	1,234.7	1.3	1.8	1.6	2.1	6
Washington	2,879.2	3.1	3.2	2.7	1.9	8.5

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

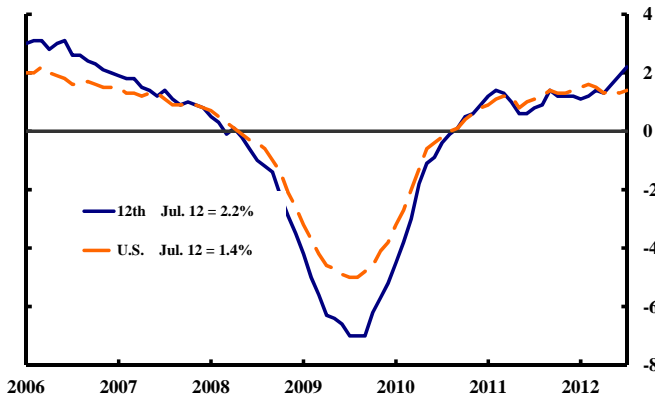
Employment levels are in thousands; all data are seasonally adjusted

a = annualized percent change

p = preliminary

Growth in nonfarm payroll employment

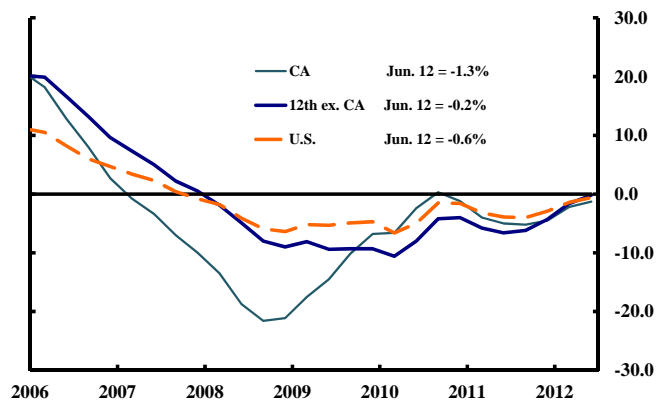
(Year-over-year percent change, monthly)



Source: Bureau of Labor Statistics.

Home price index

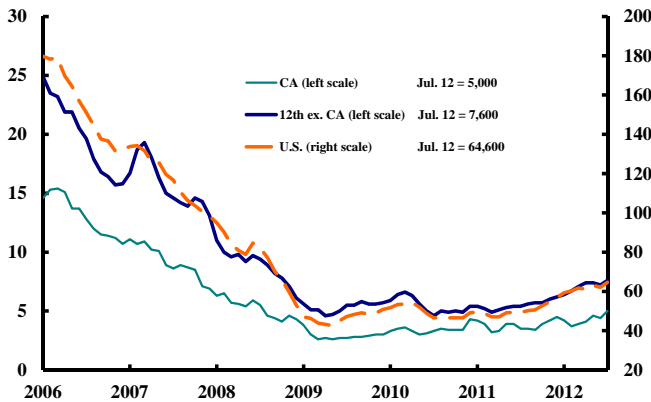
(Year-over-year percent change, quarterly)



Source: Federal Housing Finance Agency.

Residential permits

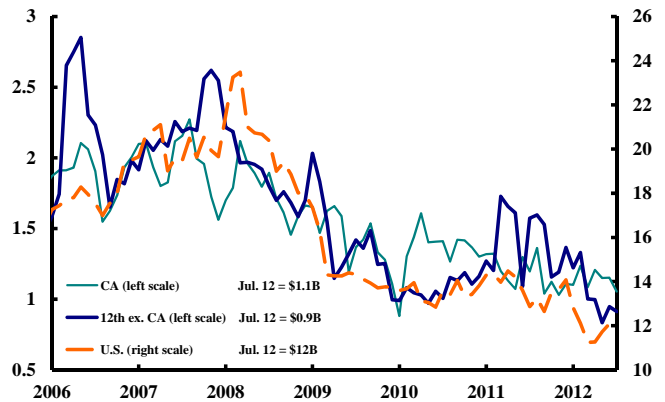
(Thousands, 3-month moving average)



Source: Bureau of the Census.

Nonresidential construction awards

(\$ Billions, 3-month moving average)



Source: Bureau of the Census.