



# Federal Reserve Bank of Kansas City

## Economic & Financial Conditions

May 15, 2012



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## Executive Summary

Data releases between May 08, 2012 and May 15, 2012:

- Wholesale inventories rose 0.3 percent in March after rising 0.9 percent in February.
- Wholesale sales rose 0.5 percent in March after rising 1.1 percent in February.
- The wholesale inventories-to-sales ratio did not change in March from 1.17 in February.
- Business inventories rose 0.3 percent in March after rising 0.6 percent in February.
- Retail sales rose 0.1 percent in April after rising 0.7 percent in March.
- The Michigan Index of Consumer Sentiment rose to 77.8 in May from 76.4 in April.
- Total federal outlays were \$259.6 billion in April, down from \$369.3 billion in March.
- The federal budget surplus was \$59.1 billion in April compared to a \$198.1 billion deficit in March.
- Total public debt outstanding rose to \$15,582 billion in March from \$15,488 billion in February.
- Initial unemployment claims were 367,000 for the week ending May 12, and 368,000 for the week ending May 05.
- The consumer price index for all items did not change in April after rising 0.3 percent in March.
- The consumer price index excluding food and energy rose 0.2 percent in April after rising 0.2 percent in March.
- The producer price index for finished goods fell 0.2 percent in April after remaining unchanged in March.
- The producer price index excluding food and energy rose 0.2 percent in April after rising 0.3 percent in March.
- The trade deficit in goods and services rose to \$51.8 billion in March from \$45.4 billion in February.
- Exports of goods and services rose 2.9 percent in March after rising 0.3 percent in February.
- Imports of goods and services rose 5.2 percent in March after falling 2.8 percent in February.
- Import prices fell 0.5 percent in April after rising 1.5 percent in March.

- Export prices rose 0.4 percent in April after rising 0.8 percent in March.
- The 3-month Treasury Bill rate was 0.10 percent on May. 11.
- The 10-year Treasury Note yield was 1.84 percent on May. 11.
- The Board of Governors Trade-Weighted Value of the Dollar was 99.945 on May. 11.
- The Standard and Poor's 500 Index was 1,353.39 on May. 11.
- The Dow Jones Industrial Average was 12,820.6 on May. 11.
- The NASDAQ Composite Index was 2,933.82 on May. 11.
- The Dow Jones US Total Market Index was 14,168.74 on May. 11.

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## Current Economic Conditions: Summary of Recent Releases

### First Quarter GDP

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- Gross domestic product rose at a 2.2 percent annual rate in the first quarter after rising at a 3.0 percent annual rate in the fourth quarter. (Median forecast: 2.3%)
  - Personal consumption expenditures rose at a 2.9 percent annual rate in the first quarter after rising at a 2.1 percent annual rate in the fourth quarter.
  - Residential investment rose at a 19.1 percent annual rate in the first quarter after rising at an 11.6 percent annual rate in the fourth quarter.
  - Business inventories rose by \$69.5 billion in the first quarter after rising by \$52.2 billion in the fourth quarter.
  - Government consumption and investment fell at a 3.0 percent annual rate in the first quarter after falling at a 4.2 percent annual rate in the fourth quarter.
  - Business fixed investment fell at a 2.1 percent annual rate in the first quarter after rising at a 5.2 percent annual rate in the fourth quarter.
  - Net exports were -\$410.108 billion in the first quarter and were -\$410.752 billion in the fourth quarter.
    - Exports rose at a 5.4 percent annual rate in the first quarter after rising at a 2.7 percent annual rate in the fourth quarter.
    - Imports rose at a 4.3 percent annual rate in the first quarter after rising at a 3.7 percent annual rate in the fourth quarter.

### Business Conditions

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- Wholesale inventories rose 0.3 percent in March after rising 0.9 percent in February.
  - Wholesale sales rose 0.5 percent in March after rising 1.1 percent in February.
  - The wholesale inventories-to-sales ratio did not change in March from 1.17 in February.
- Business inventories rose 0.3 percent in March after rising 0.6 percent in February. (Median forecast: 0.4%)
- New factory orders fell 1.5 percent in March after rising 1.1 percent in February. (Median forecast: -1.5%)

Series in bold have been updated since the most recent release of this summary on May 8, 2012.

- Durable goods orders fell 4.0 percent in March after rising 1.9 percent in February. (Median forecast: -0.5%)
  
- The ISM index rose to 54.8 in April from 53.4 in March. (Median forecast: 53.0)
  
- Construction spending rose 0.1 percent in March after falling 1.4 percent in February. (Median forecast: 0.5%)
  
- Industrial production did not change in March after remaining unchanged in February. (Median forecast: 0.3%)
  
- Capacity utilization fell to 78.6 in March from 78.7 in February.
  - Capacity utilization for manufacturing fell to 77.8 in March from 78.0 in February.
  
- The index of leading economic indicators rose 0.3 percent in March after rising 0.7 percent in February. (Median forecast: 0.2%)

## Consumption

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- **Retail sales rose 0.1 percent in April after rising 0.7 percent in March. (Median forecast: 0.2%)**
  
- Personal income rose 0.4 percent in March after rising 0.3 percent in February. (Median forecast: 0.3%)
  
- Personal consumption rose 0.3 percent in March after rising 0.9 percent in February.
  
- The Conference Board's Index of Consumer Confidence fell to 69.2 in April from 69.5 in March.
  
- **The Michigan Index of Consumer Sentiment rose to 77.8 in May from 76.4 in April. (Median forecast: 76.4)**
  
- Consumer credit rose at a 10.7 percent annual rate in March after rising at a 4.5 percent annual rate in February. (Median forecast: 9.8%)

## Housing

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- New home sales fell 7.1 percent in March after rising 7.3 percent in February. (Median forecast: -9.3%)
  
- Existing home sales fell 2.6 percent in March after falling 0.6 percent in February. (Median forecast: 0.4%)
  
- Housing starts fell 5.8 percent in March after falling 2.8 percent in February.

**Series in bold have been updated since the most recent release of this summary on May 8, 2012.**

## Federal Government and Budget Debt

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- **Total federal outlays were \$259.6 billion in April, down from \$369.3 billion in March.**
  - For the current fiscal year to date, outlays are 3.5 percent lower than those of the prior fiscal year to date.
- **The federal budget surplus was \$59.1 billion in April compared to a \$198.1 billion deficit in March. (Median forecast: \$30.0 billion surplus)**
  - For the current fiscal year to date, the deficit is \$719.8 billion compared to a \$869.8 billion deficit at this point last year.
- **Total public debt outstanding rose to \$15,582 billion in March from \$15,488 billion in February.**
  - The level in March 2012 was 9.2 percent higher than the level in March 2011.

## Labor Markets

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- The unemployment rate fell to 8.1 percent in April from 8.2 in March.
- **Initial unemployment claims were 367,000 for the week ending May 12, and 368,000 for the week ending May 05. (Median forecast: 370,000)**
- Nonfarm payroll employment rose by 115,000 in April after rising by 154,000 in March. (Median forecast: 170,000)
- Average weekly hours worked for private workers did not change in April from 33.8 in March.
- Nonfarm business productivity fell at a 0.5 percent annual rate in the first quarter after rising at a 1.2 percent annual rate in the fourth quarter.

## Wage and Price Inflation

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- Average hourly earnings for private workers rose 0.2 percent in April after rising 0.2 percent in March.
- Compensation per hour rose at a 1.5 percent annual rate in the first quarter after rising at a 3.9 percent annual rate in the fourth quarter.

**Series in bold have been updated since the most recent release of this summary on May 8, 2012.**

- Unit labor costs rose at a 2.0 percent annual rate in the first quarter after rising at a 2.7 percent annual rate in the fourth quarter.
- The employment cost index for private industry workers rose 0.4 percent in the first quarter after rising 0.5 percent in the fourth quarter.
  - Wages and salaries rose 0.5 percent in the first quarter after rising 0.4 percent in the fourth quarter.
  - Benefits rose 0.3 percent in the first quarter after rising 0.8 percent in the fourth quarter.
- **The consumer price index for all items did not change in April after rising 0.3 percent in March. (Median forecast: 0.1%)**
  - **The consumer price index excluding food and energy rose 0.2 percent in April after rising 0.2 percent in March.**
- The personal consumption expenditure index rose 0.2 percent in March after rising 0.3 percent in February.
  - The personal consumption expenditure index excluding food and energy rose 0.2 percent in March after rising 0.1 percent in February.
- The chain-weighted GDP deflator rose 1.5 percent in the first quarter after rising 0.9 percent in the fourth quarter.
- **The producer price index for finished goods fell 0.2 percent in April after remaining unchanged in March. (Median forecast: 0.0%)**
  - **The producer price index excluding food and energy rose 0.2 percent in April after rising 0.3 percent in March.**

## International Trade

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- **The trade deficit in goods and services rose to \$51.8 billion in March from \$45.4 billion in February. (Median forecast: \$50.0 billion deficit)**
  - **Exports of goods and services rose 2.9 percent in March after rising 0.3 percent in February.**
  - **Imports of goods and services rose 5.2 percent in March after falling 2.8 percent in February.**
- **Import prices fell 0.5 percent in April after rising 1.5 percent in March. (Median forecast: -0.1%)**
- **Export prices rose 0.4 percent in April after rising 0.8 percent in March.**

Series in bold have been updated since the most recent release of this summary on May 8, 2012.

## Financial Markets

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- **The 3-month Treasury Bill rate was 0.10 percent on May. 11.**  
Up 0 basis points since the last BOD meeting (0.10; May. 10).  
Up 1 basis points since the last FOMC meeting (0.09; Apr. 25).
- **The 10-year Treasury Note yield was 1.84 percent on May. 11.**  
Down 5 basis points since the last BOD meeting (1.89; May. 10).  
Down 17 basis points since the last FOMC meeting (2.01; Apr. 25).
- **The Board of Governors Trade-Weighted Value of the Dollar was 99.945 on May. 11.**  
Up 0.0 percent since the last BOD meeting (99.924; May. 10).  
Up 1.0 percent since the last FOMC meeting (98.983; Apr. 25).
- **The Standard and Poor's 500 Index was 1,353.39 on May. 11.**  
Down 0.3 percent since the last BOD meeting (1,357.99; May. 10).  
Down 2.7 percent since the last FOMC meeting (1,390.69; Apr. 25).
- **The Dow Jones Industrial Average was 12,820.6 on May. 11.**  
Down 0.3 percent since the last BOD meeting (12,855.04; May. 10).  
Down 2.1 percent since the last FOMC meeting (13,090.72; Apr. 25).
- **The NASDAQ Composite Index was 2,933.82 on May. 11.**  
Up 0.0 percent since the last BOD meeting (2,933.64; May. 10).  
Down 3.2 percent since the last FOMC meeting (3,029.63; Apr. 25).
- **The Dow Jones US Total Market Index was 14,168.74 on May. 11.**  
Down 0.3 percent since the last BOD meeting (14,208.82; May. 10).  
Down 2.6 percent since the last FOMC meeting (14,549.38; Apr. 25).

Series in bold have been updated since the most recent release of this summary on May 8, 2012.

**Gross Domestic Product***(Real Growth Rates, Annualized Percent Changes, Seasonally Adjusted)*

	2010	2011	2011:Q2	2011:Q3	2011:Q4	2012:Q1	2012:Q1 <sup>a</sup>
<b>GDP</b>	-0.5	3.1	1.3	1.8	3.0	2.2	2.1
Final Sales	2.4	1.5	1.6	3.2	1.1	1.6	1.9
Domestic Demand	3.6	1.5	1.1	1.3	3.1	2.1	1.9
<b>Consumption</b>	-0.2	3.0	0.7	1.7	2.1	2.9	1.8
Durable Goods	10.9	6.8	-5.3	5.7	16.1	15.3	7.6
Nondurable Goods	3.5	0.5	0.2	-0.5	0.8	2.1	0.6
Services	1.6	1.2	1.9	1.9	0.4	1.2	1.4
<b>Business Fixed Investment</b>	-14.4	11.1	10.3	15.7	5.2	-2.1	7.1
Structures	-1.8	4.4	22.6	14.4	-0.9	-12.0	5.1
Equipment and Software	16.6	9.6	6.2	16.2	7.5	1.7	7.8
<b>Residential Investment</b>	-12.9	-6.3	4.2	1.3	11.6	19.1	8.8
<b>Government Purchases</b>	1.1	0.1	-0.9	-0.1	-4.2	-3.0	-2.1
Federal	2.9	-3.2	1.9	2.1	-6.9	-5.6	-2.2
Defense	1.5	-3.6	7.0	5.0	-12.1	-8.1	-2.4
State and Local	-1.7	-2.5	-2.8	-1.6	-2.2	-1.2	-1.9
<b>Net Exports (Level)</b>	-421.8	-413.6	-416.4	-402.8	-410.8	-410.1	-
Exports	8.8	4.7	3.6	4.7	2.7	5.4	4.1
Imports	10.7	3.6	1.4	1.2	3.7	4.3	2.6
<b>Change in Inventories (Level)</b>	58.8	34.6	39.1	-2.0	52.2	69.5	-
<b>Addenda:</b>							
Disposable Income	3.5	0.8	-0.5	0.7	1.7	0.4	0.6
Output per Hour, Nonfarm Workers	2.3	0.4	-0.3	1.8	1.2	-0.5	0.5
Implicit GDP Deflator	1.5	2.2	2.6	2.6	0.8	1.5	1.9
Saving Rate	5.2	4.5	4.8	4.6	4.5	3.9	-
GNP	3.2	1.8	2.2	1.9	1.8	-	-

Notes: For annual data, percent changes are reported as Q4/Q4. Net exports and changes in inventories are reported as billions of chained 2005 dollars and annual data are averages for the given years. Final sales is equal to GDP minus inventory investment. Domestic demand is equal to GDP minus net exports.

<sup>a</sup> Year-over-year percent changes.

**Economic Activity Indicators**  
*(Seasonally Adjusted)*

	2010	2011	Feb	Mar	Apr	Year Ago	Year To Date <sup>a</sup>
<b>Industrial Sector</b>							
Industrial Production <sup>†</sup>	5.4	4.1	0.0	-0.0	–	-0.5	2.8
Capacity Utilization <sup>‡</sup>	73.7	76.8	78.7	78.6	–	76.1	78.7
Manufacturing Capacity Utilization <sup>‡</sup>	71.2	75.0	78.0	77.8	–	74.3	77.8
Durable Goods Orders <sup>†</sup>	15.4	10.1	1.9	-4.0	–	-2.5	-20.4
New Factory Orders <sup>†</sup>	12.9	12.2	1.1	-1.5	–	-0.9	-5.8
Nondefense Capital Goods Excluding Aircraft <sup>†</sup>	17.2	10.2	2.7	-0.1	–	-0.4	-3.3
ISM Purchasing Managers' Index <sup>‡</sup>	57.3	55.2	52.4	53.4	54.8	59.7	53.7
ISM Supplier Deliveries Index <sup>‡,1</sup>	58.1	54.7	49.0	48.0	49.2	59.7	50.0
<b>Consumer Sector</b>							
Personal Income <sup>†</sup>	3.7	5.1	0.3	0.4	–	0.2	3.9
Personal Consumption Expenditures <sup>†</sup>	3.8	4.7	0.9	0.3	–	0.3	6.8
Retail Sales <sup>†</sup>	5.5	7.9	1.0	0.7	0.1	0.4	7.7
Retail Sales Excluding Autos <sup>†</sup>	4.5	7.3	1.0	0.8	–	0.5	11.9
Consumer Confidence (Michigan) <sup>‡,1</sup>	71.8	67.3	75.3	76.2	76.4	69.8	76.1
Consumer Confidence (Conference Board) <sup>‡</sup>	54.5	58.1	71.6	69.5	69.2	66.0	68.0
Domestic Auto and Light Truck Sales <sup>#</sup>	8.8	9.8	11.6	11.1	11.1	10.0	11.2
Domestic Auto Sales <sup>#</sup>	3.8	4.2	5.6	5.3	5.1	4.4	5.3
Domestic Auto and Light Truck Sales <sup>#</sup>	5.0	5.7	6.0	5.8	6.0	5.6	5.9
<b>Housing Sector</b>							
Housing Starts <sup>◇</sup>	585	610	694	654	–	549	687
Single Family Housing Starts <sup>◇</sup>	471	433	463	462	–	411	478
Building Permits <sup>◇</sup>	603	606	715	764	–	563	720
New Home Sales <sup>◇</sup>	321	307	353	328	–	316	337
Existing Home Sales	4181	4282	4600	4480	–	4200	4570
<b>Foreign Trade Balance<sup>•</sup></b>							
Exports <sup>•</sup>	-41.7	-46.7	-45.4	-51.8	–	-43.2	-49.9
Imports <sup>•</sup>	153.1	175.4	181.5	186.8	–	176.3	183.1
	194.8	222.1	226.9	238.6	–	219.5	233.0
<b>Business Inventories<sup>†</sup></b>							
Retail Trade Inventories <sup>†</sup>	1.0	9.6	0.5	–	–	0.9	8.2
Wholesale Trade Inventories <sup>†</sup>	0.4	4.7	0.5	–	–	0.1	10.0
Manufacturing Inventories <sup>†</sup>	0.3	12.4	0.9	0.3	–	0.8	7.8
Inventory-Sales Ratio	2.2	11.7	0.3	0.3	–	1.5	5.0
	1.29	1.28	1.28	–	–	1.29	1.28

<sup>†</sup> Percent change.

<sup>‡</sup> Index.

<sup>#</sup> Millions of vehicles.

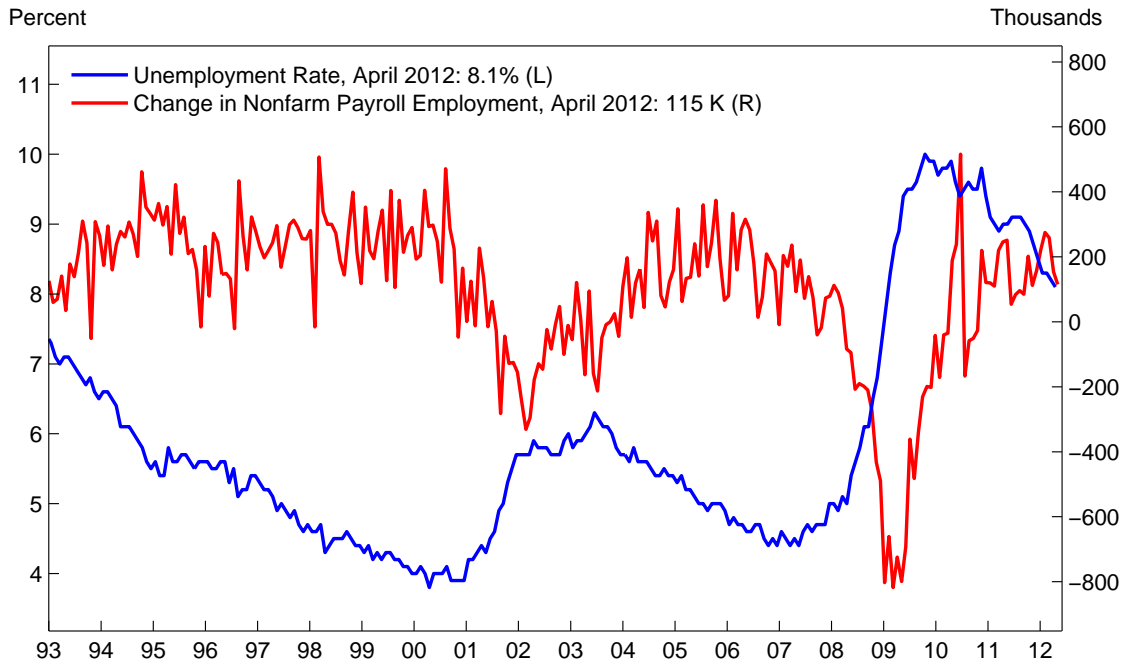
<sup>◇</sup> Thousands.

<sup>•</sup> Billions of dollars.

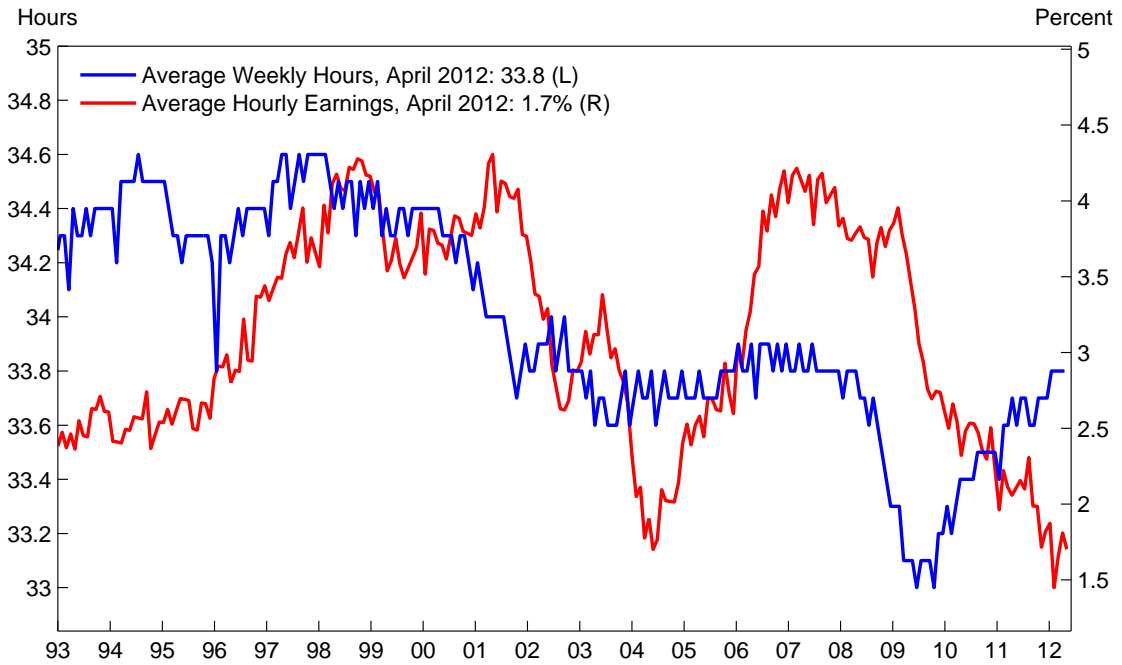
<sup>a</sup> Year-to-date percent changes are annualized; year-to-date levels are averages for the years.

<sup>1</sup> Not seasonally adjusted.

### Unemployment Rate and Nonfarm Payroll Employment (Monthly, Seasonally Adjusted)



### Average Weekly Hours and Average Hourly Earnings (Monthly, Seasonally Adjusted)



\*Average hourly earnings is a year-over-year percent change and is not seasonally adjusted.

**Monthly Inflation Indicators***(Non-Annualized Percent Changes, Seasonally Adjusted)*

	Jan	Feb	Mar	Apr	Apr <sup>a</sup>	Year To Date <sup>b</sup>
<b>Consumer Price Index</b>						
All Items	0.2	0.4	0.3	0.0	2.7	2.9
All Items Less Food and Energy	0.2	0.1	0.2	0.2	2.3	2.4
Food and Beverages	0.2	0.1	0.1	–	3.2	1.6
Housing	0.1	0.1	0.1	–	1.7	1.4
Apparel and Upkeep	0.9	-0.9	0.5	–	4.9	2.1
Transportation	0.3	2.1	0.9	–	4.7	13.6
Medical Care	0.3	0.2	0.3	–	3.5	3.3
Recreation	0.6	-0.1	0.2	–	1.2	2.9
Education and Communication	0.3	0.2	0.2	–	2.0	2.6
Other Goods and Services	0.2	-0.1	0.2	–	1.7	1.1
<b>Producer Price Index</b>						
Finished Goods	0.2	0.4	0.0	-0.2	1.9	1.1
Food	-0.3	-0.1	0.2	0.2	2.5	-0.2
Finished Goods Less Food and Energy	0.4	0.2	0.3	0.2	2.7	3.0
Intermediate Goods	0.0	0.7	0.7	-0.5	1.1	3.0
Food	-0.3	-0.1	0.6	0.4	1.9	1.9
Intermediate Goods Less Food and Energy	0.2	1.0	0.6	0.2	1.4	6.2
Crude Goods	1.3	0.4	-2.5	-4.4	-7.3	-14.9
Food	1.7	0.6	2.8	-3.5	-1.1	4.2
Crude Goods Less Food and Energy	1.6	-0.3	1.1	-1.8	-4.0	2.1

<sup>a</sup> Year-over-year percent changes, not seasonally adjusted.<sup>b</sup> Annualized percent changes, seasonally adjusted.

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**Quarterly Inflation Indicators**  
*(Annualized Percent Changes)*


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	2010	2011	2011:Q4	2012:Q1	2012:Q1 <sup>a</sup>	Year To Date <sup>b</sup>
<b>Consumer Price Index</b>						
All Items	1.3	3.3	1.3	2.5	2.8	2.9
Food	1.5	4.4	3.2	1.7	3.7	1.5
Energy	5.8	11.0	-5.5	6.1	5.9	18.3
All Items Less Food and Energy	0.7	2.2	1.9	2.1	2.2	2.4
<b>Producer Price Index</b>						
Finished Goods	3.8	5.4	1.7	1.8	3.4	1.1
Food	3.7	7.1	4.6	-1.9	3.0	-0.2
Energy	10.6	10.4	-0.1	1.6	4.8	-2.8
Finished Goods Less Food and Energy	1.4	3.0	1.4	3.1	2.9	3.0
<b>PCE Chain-Weighted Price Index</b>	1.3	2.7	1.2	2.4	2.3	3.1
PCE Price Index Less Food and Energy	1.0	1.8	1.3	2.1	1.9	2.1
<b>GDP Chain-Weighted Price Index</b>	1.57	2.11	0.88	1.52	1.87	1.52
<b>GDP Implicit Price Deflator</b>	1.55	2.18	0.85	1.53	1.88	1.53
<b>Employment Cost Index</b>	2.1	2.2	2.1	1.7	2.1	1.7
Wages and Salaries	1.8	1.6	1.8	2.1	1.9	2.1
Benefits	2.9	3.6	3.2	1.4	2.8	1.4
<b>Compensation per Hour</b>	1.4	3.5	3.9	1.5	2.6	1.5
<b>Unit Labor Costs</b>	-0.9	3.1	2.7	2.0	2.1	2.0

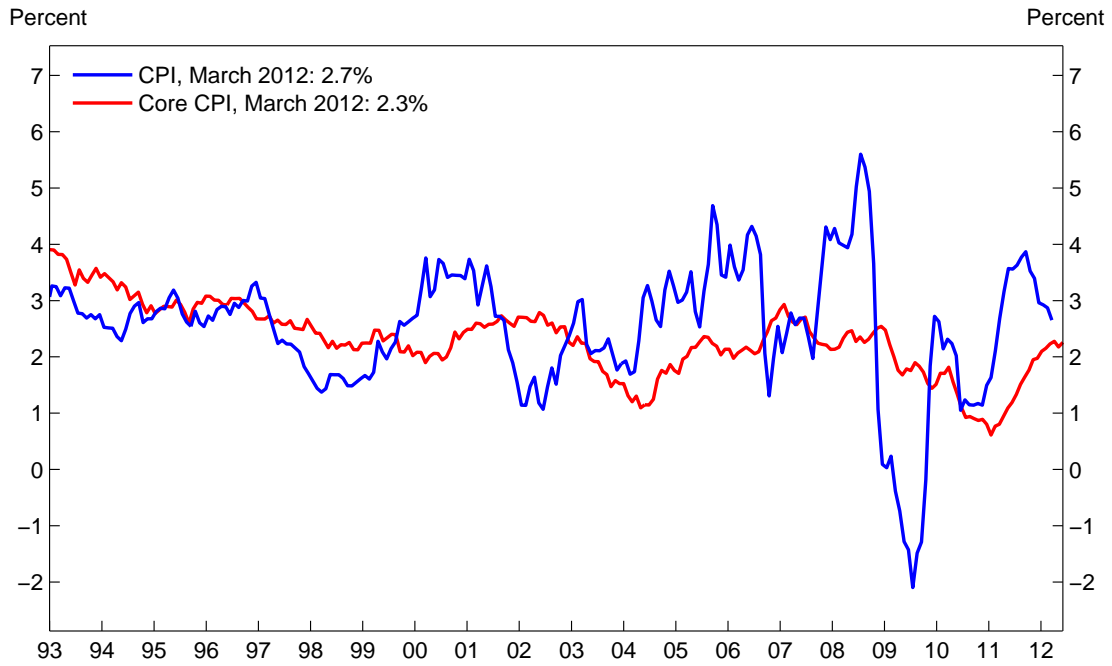
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Note: Annualized numbers are Q4/Q4 percent changes.

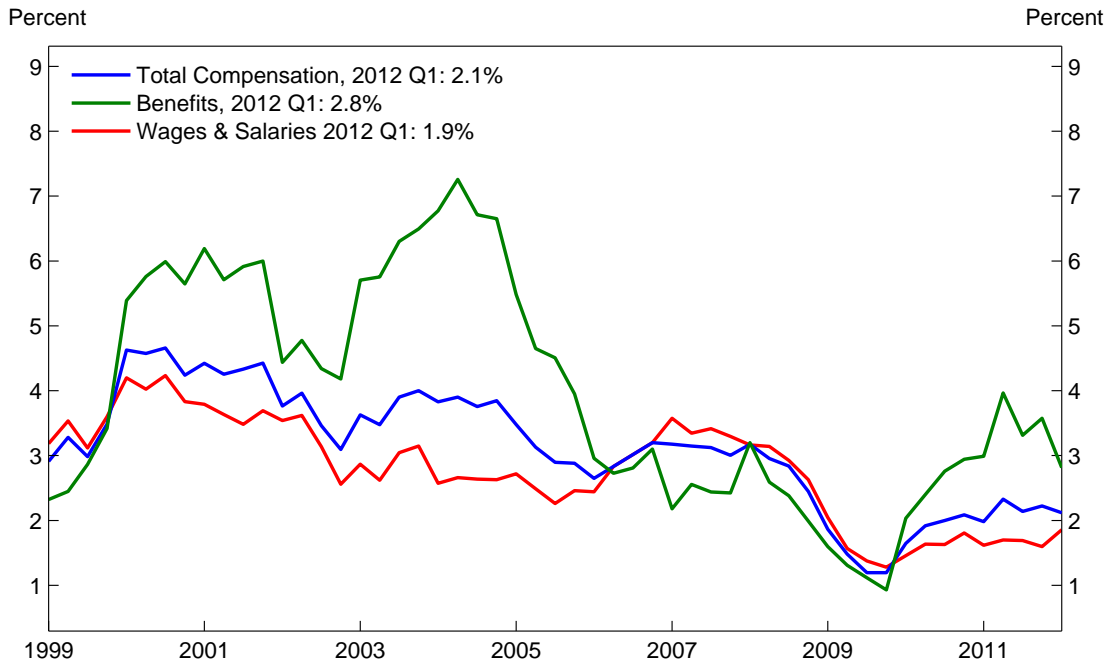
<sup>a</sup> Year-over-year percent changes; PCE chain-weighted price index, PCE index less food and energy, GDP chain-weighted price index, GDP implicit price deflator, compensation per hour, and unit labor costs are all seasonally adjusted.

<sup>b</sup> Annualized percent change, seasonally adjusted.

### Consumer Prices (Monthly, Year-over-Year Percent Changes)



### Employment Cost Indices (Quarterly, Year-over-Year Percent Changes)



***Surveys of Inflation Expectations******(Annualized Percent Changes in Consumer Price Index)***

	Actual Inflation	Michigan Median <sup>a</sup> (1-Year Ahead)	Livingston (1-Year Ahead)	Professional Forecasters (10-Years Ahead)
2009:Q4	1.4	2.7	1.8	2.3
2010:Q4	1.3	2.9	1.6	2.2
2011:Q4	3.3	3.2	2.1	2.5
2011:Q2	3.4	4.2	2.0	2.4
2011:Q3	3.8	3.4	2.1	2.4
2011:Q4	3.3	3.2	2.1	2.5
2012:Q1	2.8	3.5	–	2.3
January 2012	2.9	3.3	–	–
February 2012	2.9	3.3	–	–
March 2012	2.7	3.9	–	–
April 2012	–	3.2	–	–

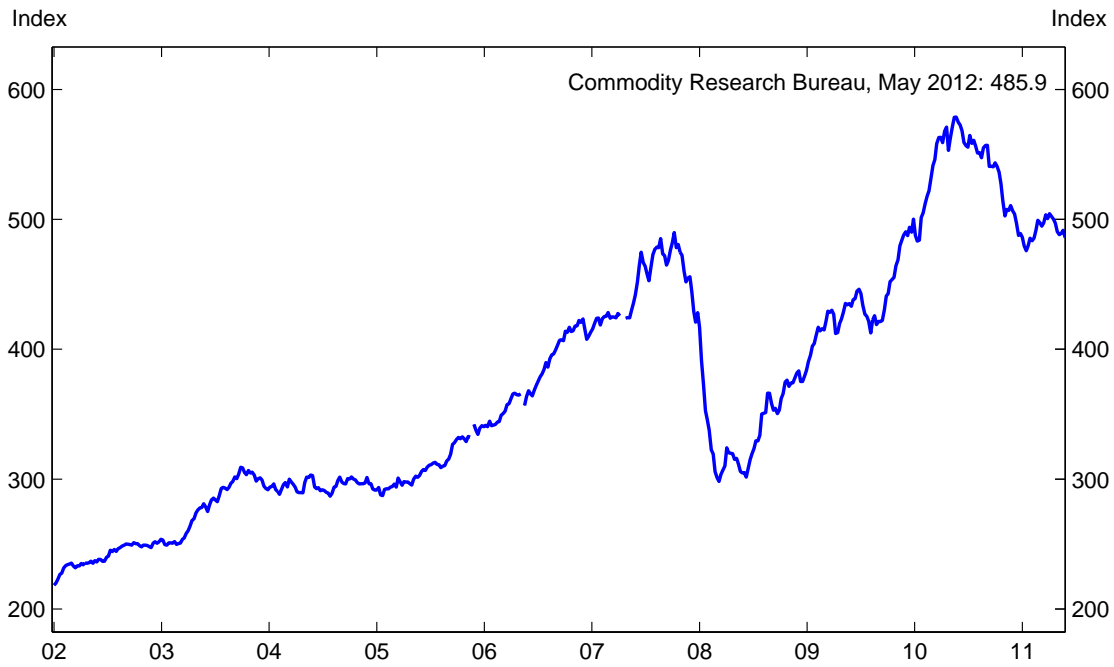
Note: Actual inflation represents a year-over-year percent change in CPI and is not seasonally adjusted.

<sup>a</sup>Source: Reuters/University of Michigan Survey of Consumers

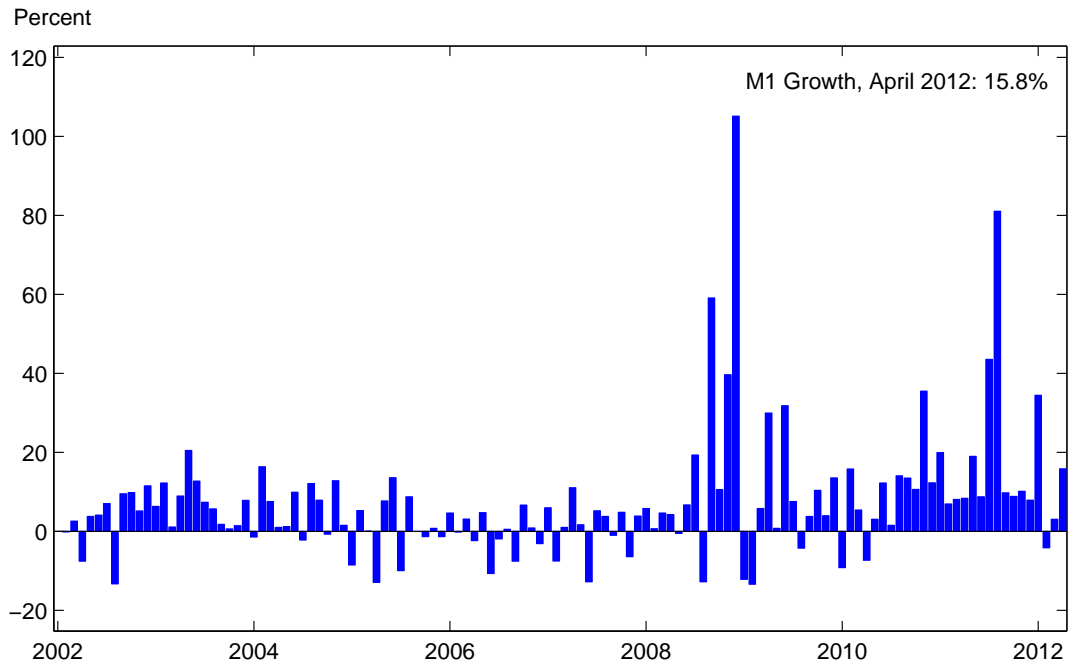
**Commodity Price Index**

	Year End 12/30/11	Last FOMC Meeting 04/25/12	Current 05/15/12	Percent Change From:	
				Year End 12/30/11	Last FOMC Meeting 04/25/12
Commodity Research Bureau (1967=100)	481.80	489.21	480.34	-0.3	-1.8

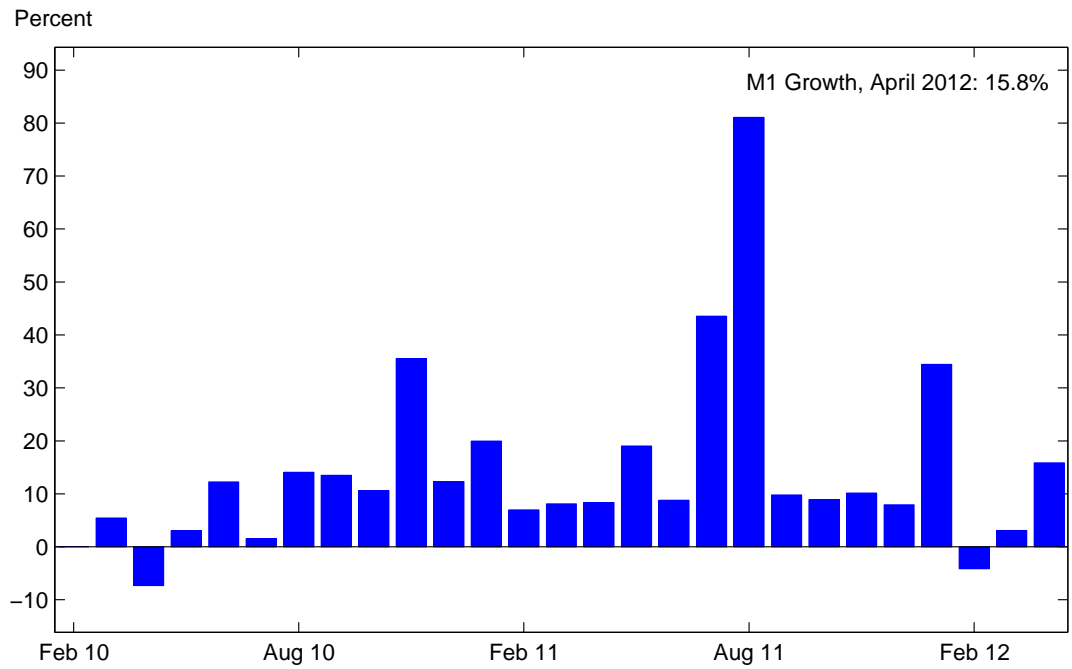
**Commodity Price Index**  
(Weekly)



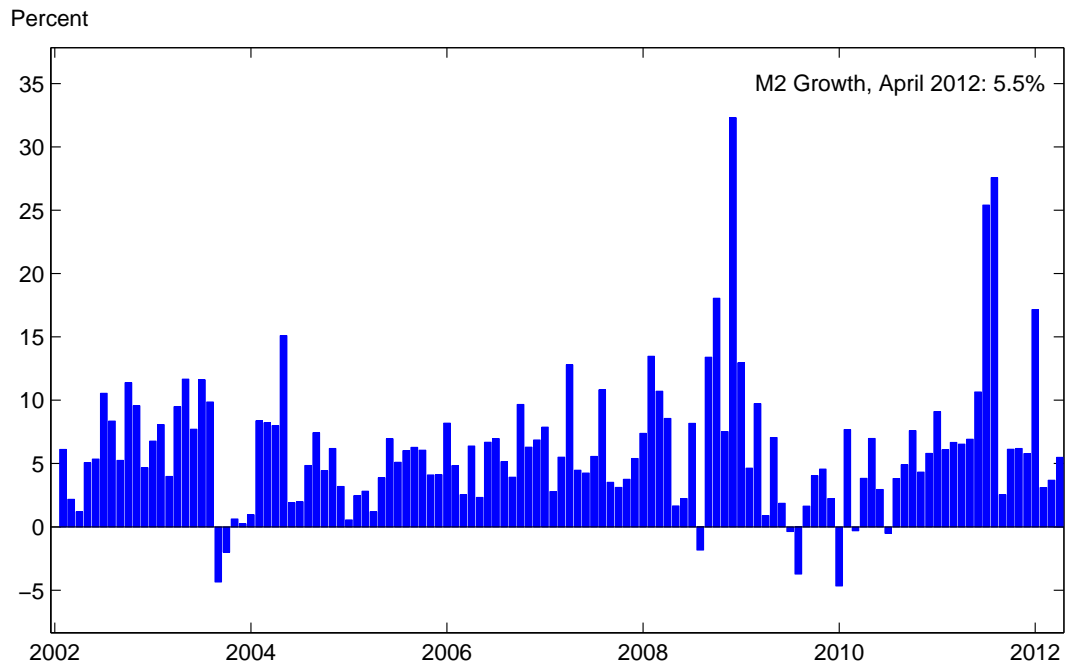
### M1 Growth - Long Horizon (Monthly)



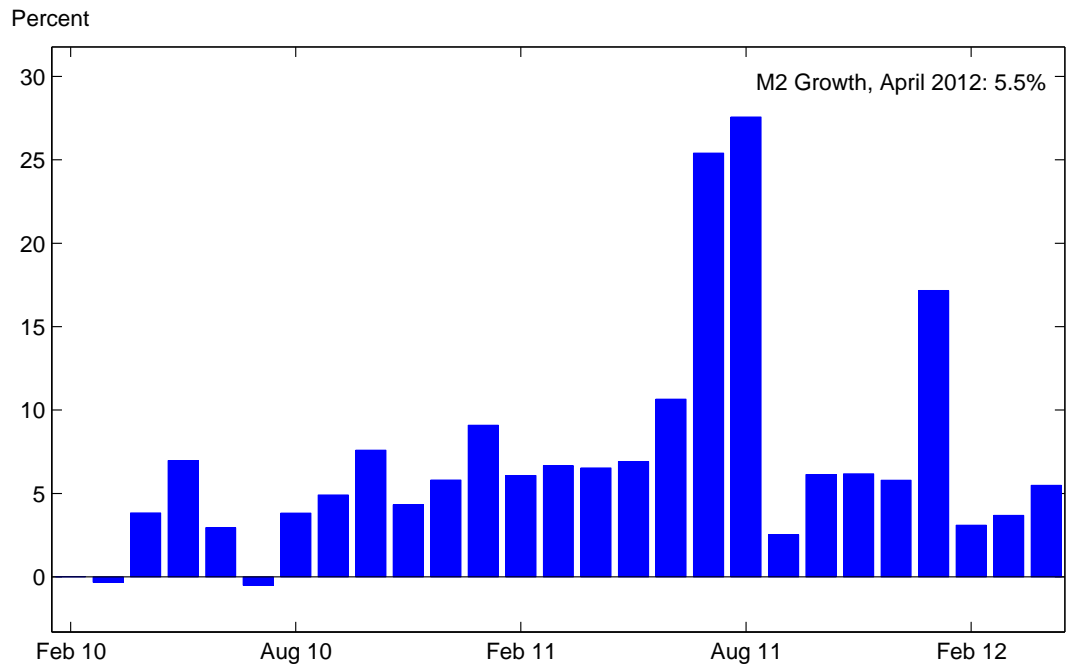
### M1 Growth - Short Horizon (Monthly)



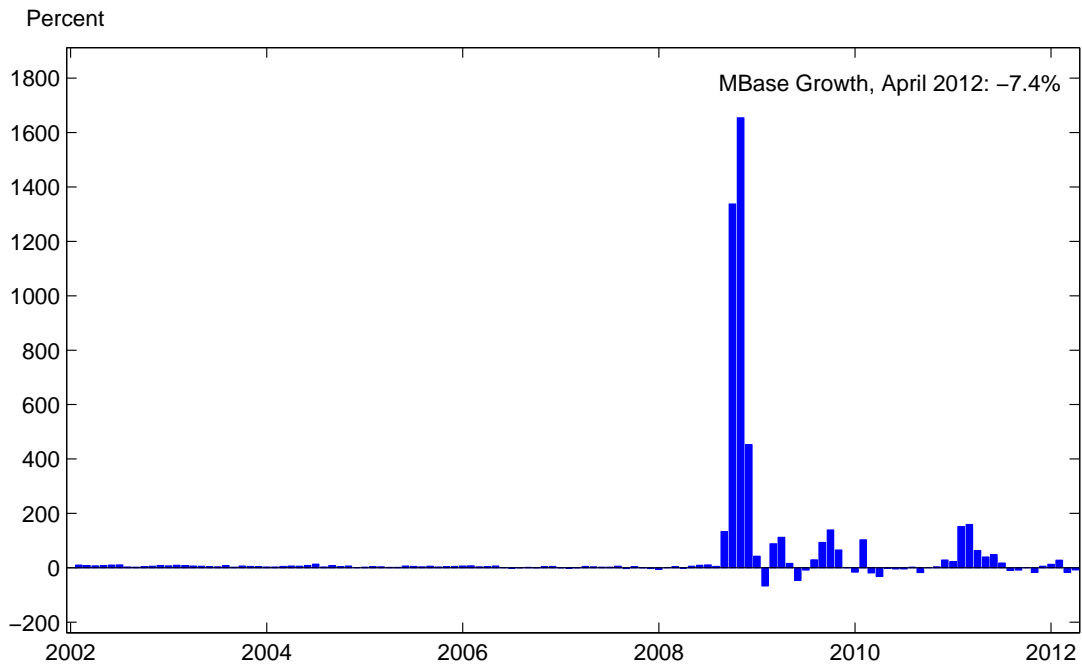
### M2 Growth - Long Horizon (Monthly)



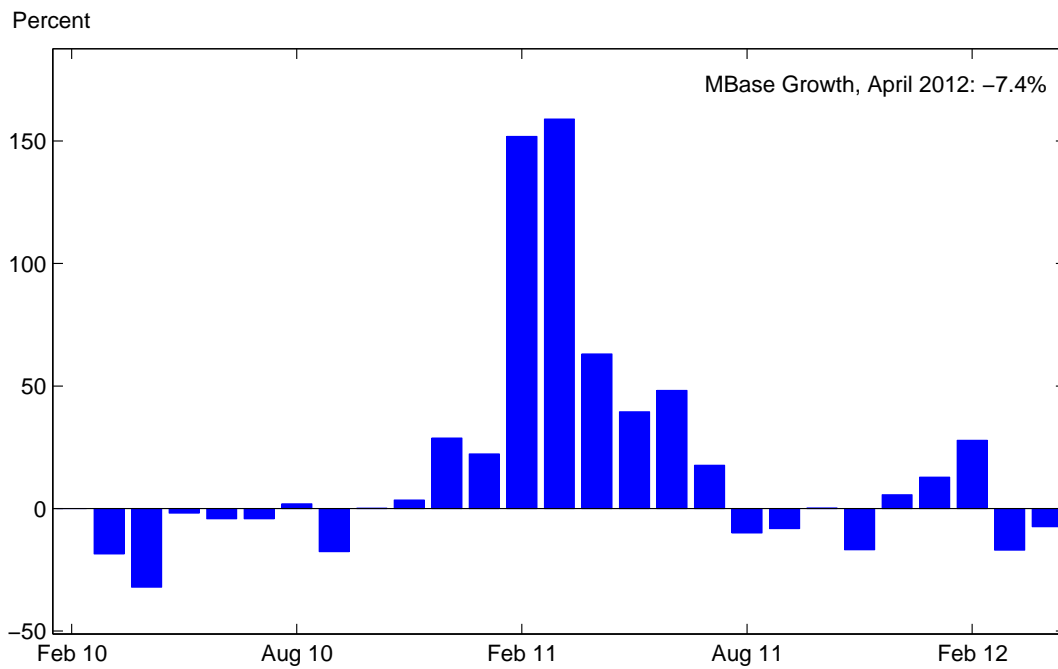
### M2 Growth - Short Horizon (Monthly)



### Monetary Base Growth - Long Horizon (Monthly)



### Monetary Base Growth - Short Horizon (Monthly)



***Selected Interest Rates***

	Week Ending 05/11/12	Change From 05/04/12	Change From 04/27/12	Change From 05/13/11
Federal Funds <sup>1</sup>	0.16	0.01	0.02	0.07
Prime Rate <sup>1</sup>	3.25	0.00	0.00	0.00
Primary Credit Rate <sup>1,5</sup>	0.75	0.00	0.00	0.00
3-Month Treasury Bill <sup>2</sup>	0.09	0.00	0.01	0.06
6-Month Treasury Bill <sup>2</sup>	0.15	0.00	0.02	0.08
3-Year Treasury Note <sup>2</sup>	0.37	-0.02	-0.02	-0.60
10-Year Treasury Note <sup>2</sup>	1.91	-0.06	-0.08	-1.29
20-Year Treasury Bond <sup>2</sup>	2.66	-0.07	-0.08	-1.38
Corporate Aa (Seasoned) <sup>2</sup>	3.97	-0.07	-0.06	-1.11
Corporate Baa (Seasoned) <sup>2</sup>	5.10	-0.06	-0.05	-0.70
Fixed-Rate Mortgage <sup>3</sup>	3.83	-0.01	-0.05	-0.80
Adjustable-Rate Mortgage <sup>4</sup>	2.73	0.03	-0.01	-0.38

<sup>1</sup> Five-day averages ending on the Wednesday of the indicated week.

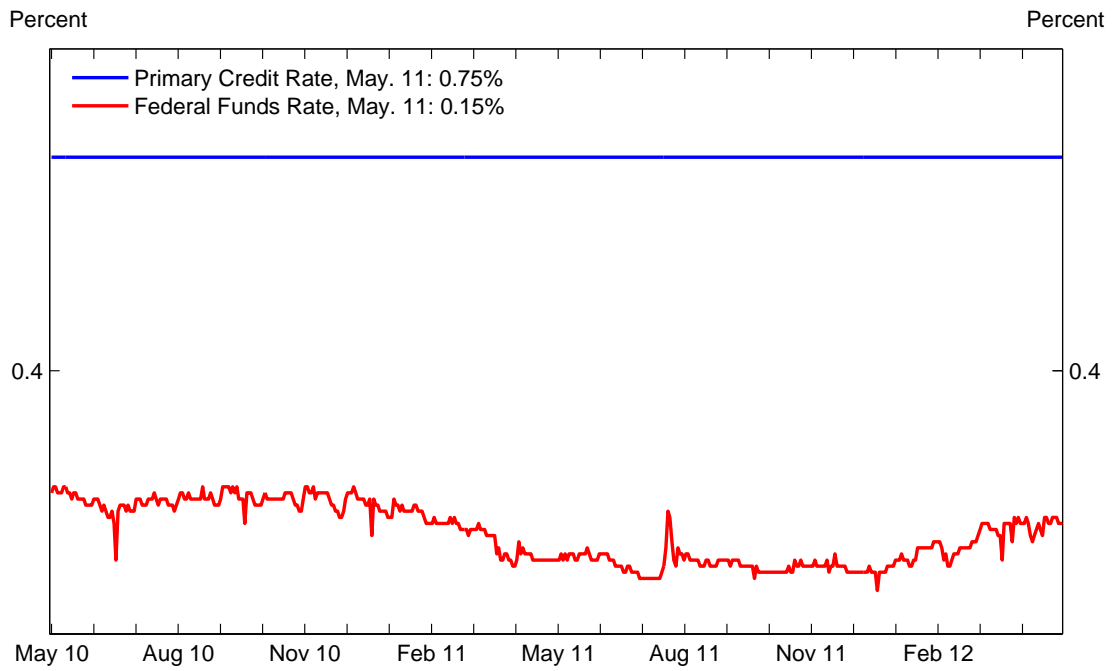
<sup>2</sup> Five-day averages ending on the Friday of the indicated week.

<sup>3</sup> Average of contract interest rates on new commitments for conventional first mortgages with 80-percent loan-to-value ratios at a sample of savings-and-loans institutions on the Thursday following the end of the statement week.

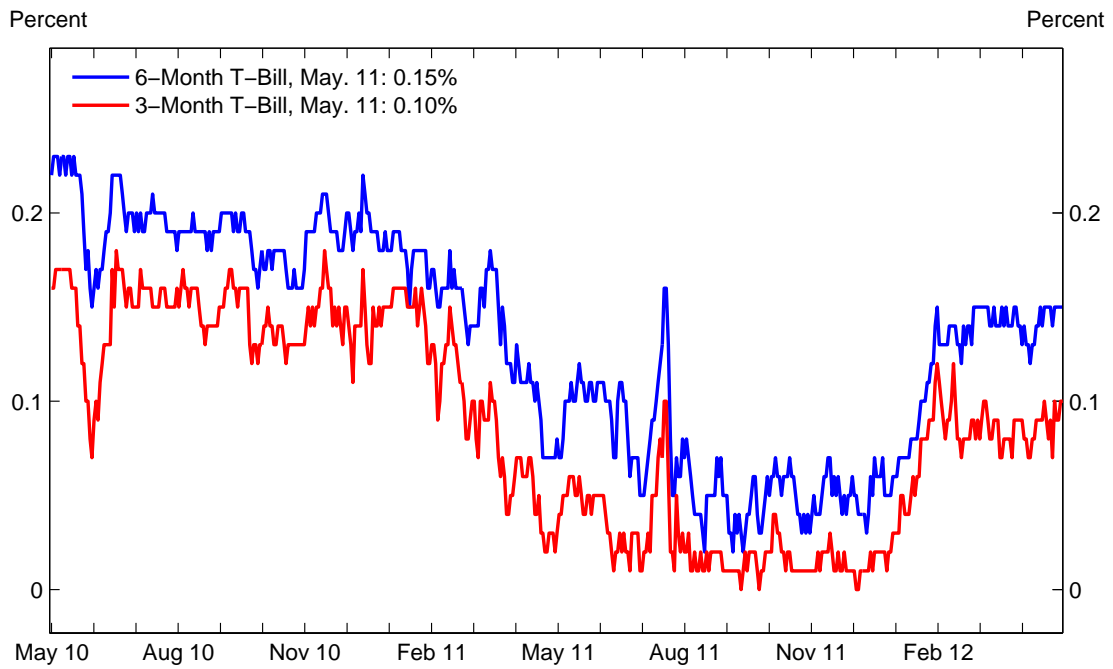
<sup>4</sup> Average initial contract on new commitments for ARMs indexed to the 1-year, U.S. Treasury bill yield at those institutions offering fixed-rate and adjustable-rate mortgages with the same number of discount points.

<sup>5</sup> On January 9, 2003, a new discount window credit, called primary credit and extended at the primary credit rate, was introduced to replace adjustment credit, which was extended at the discount rate.

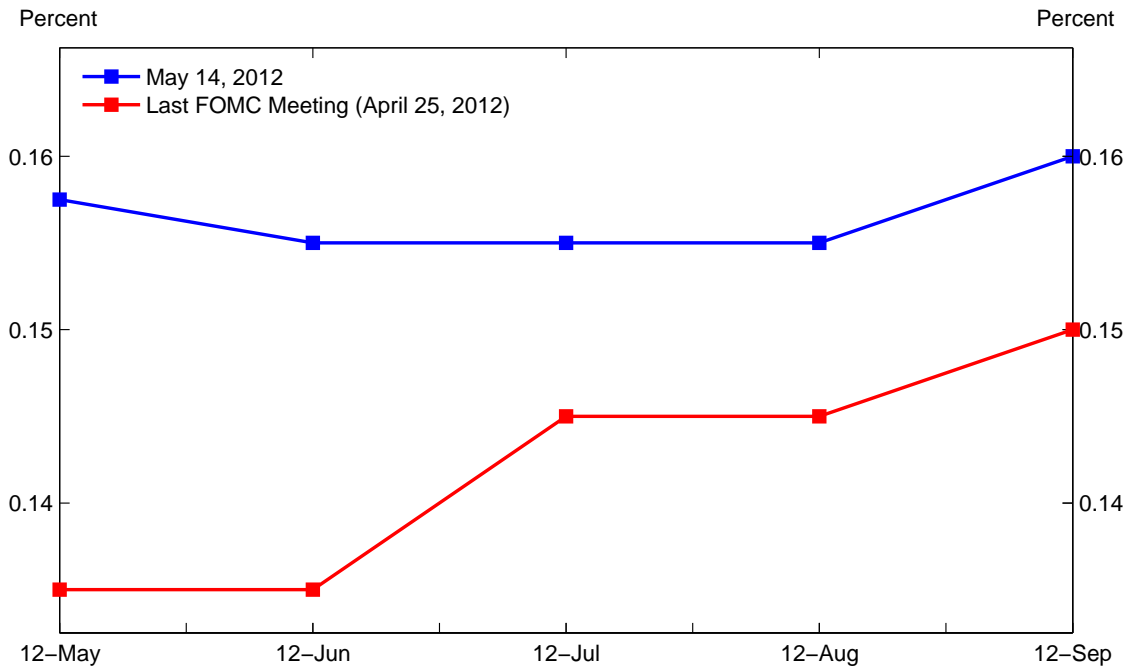
### Federal Funds and Primary Credit Rates (Daily)



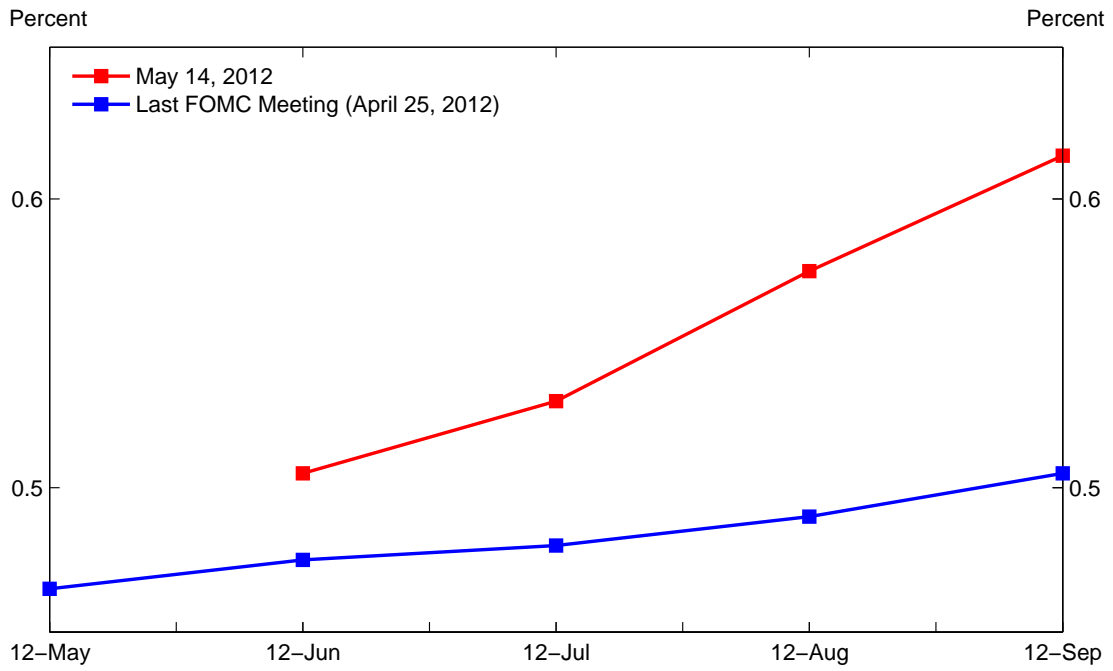
### Treasury Bill Rates (Daily)



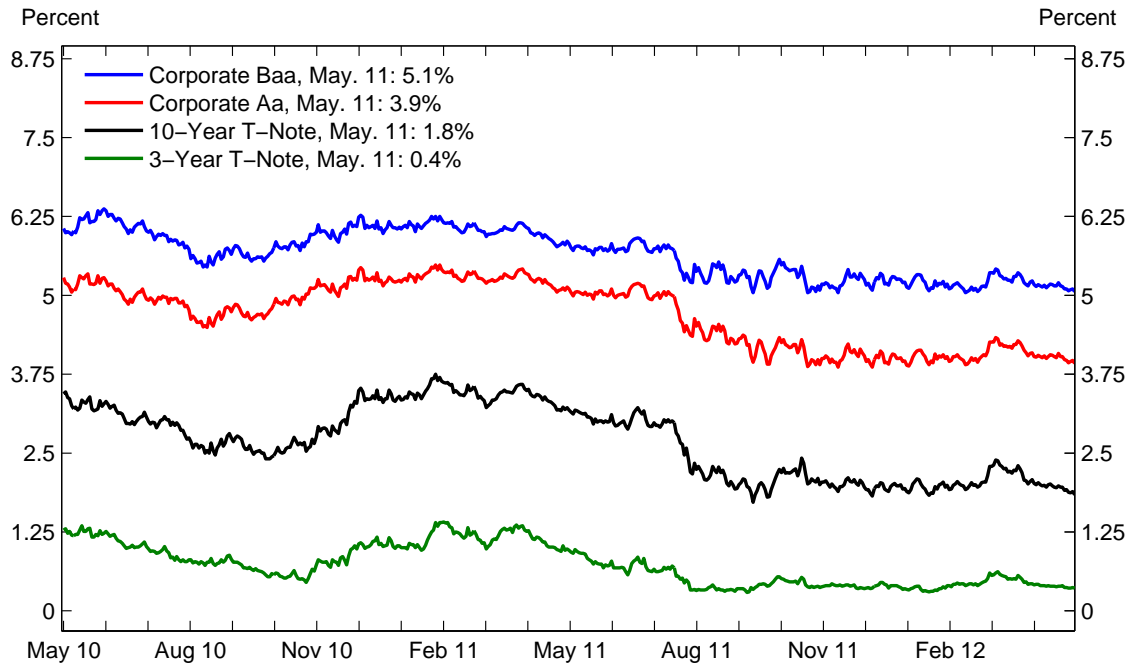
### Federal Funds Futures Rates



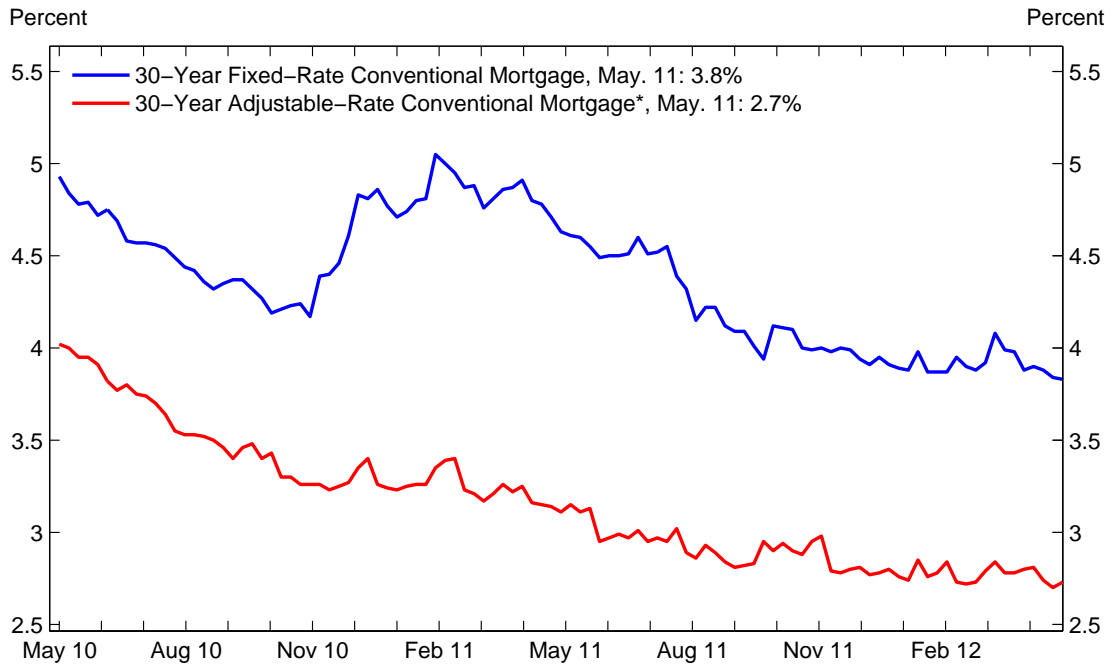
### Eurodollar Futures Rates



### Capital Market Rates (Daily)

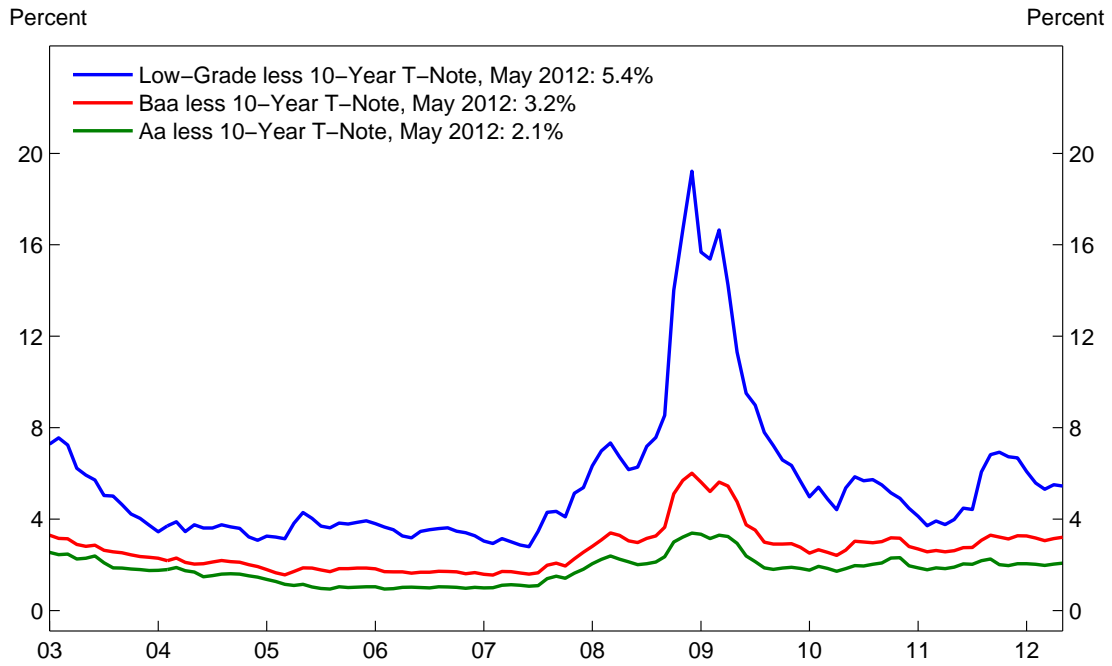


### Home Mortgage Rates (Weekly)

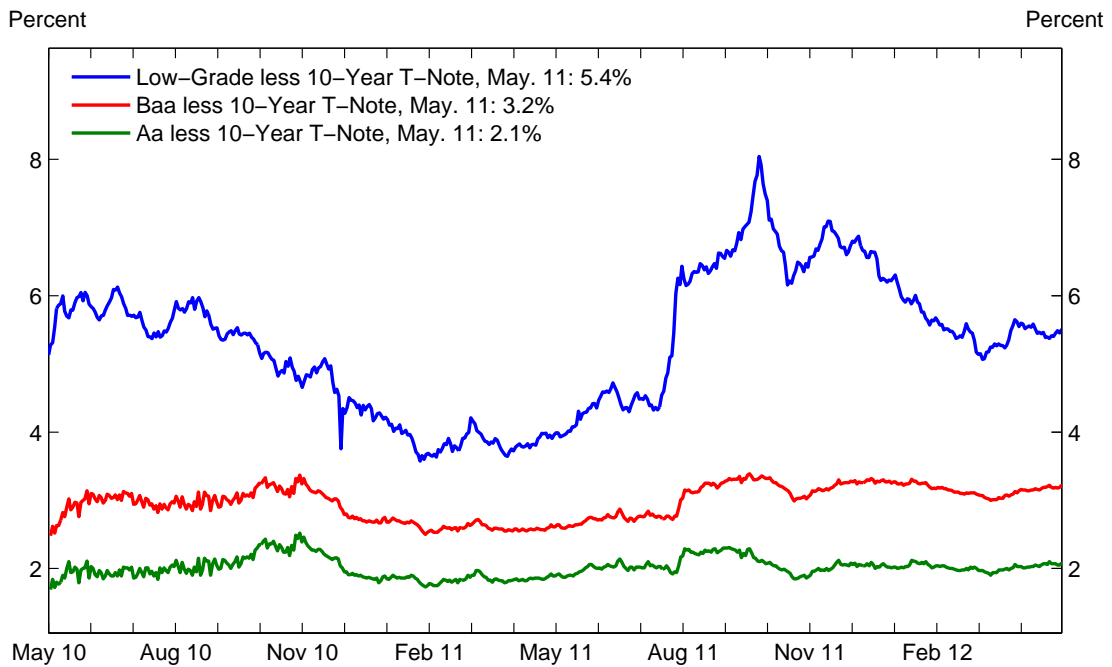


\*The 30-year adjustable-rate conventional mortgage is indexed to the 1-year U.S. Treasury bill yield.

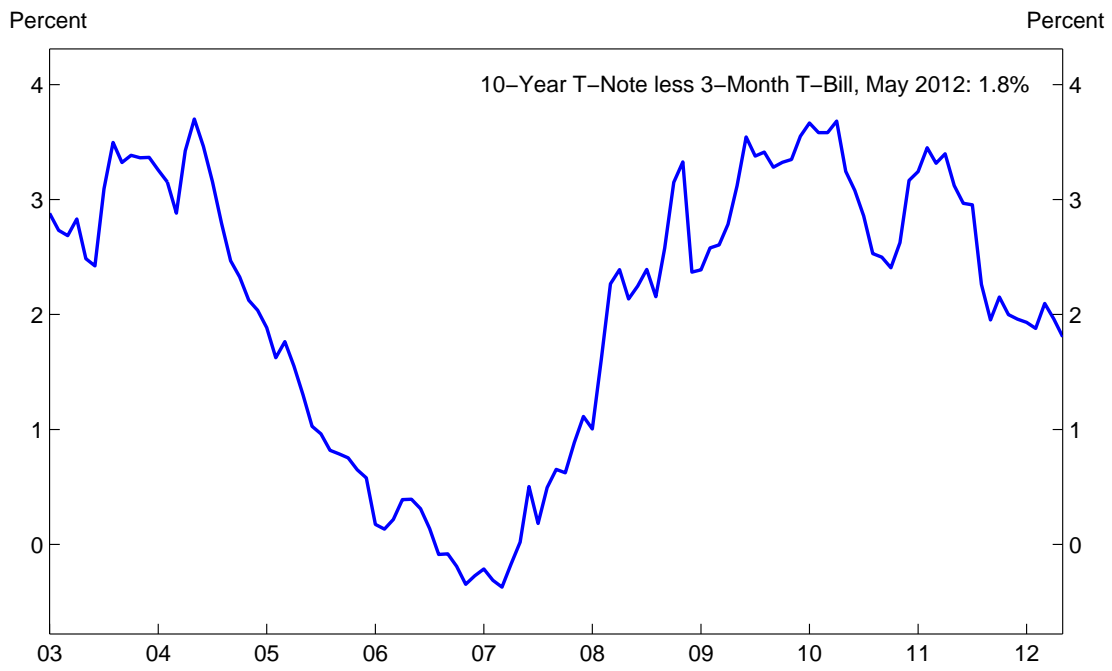
### Interest Rate Risk Spreads (Monthly)



### Interest Rate Risk Spreads (Daily)



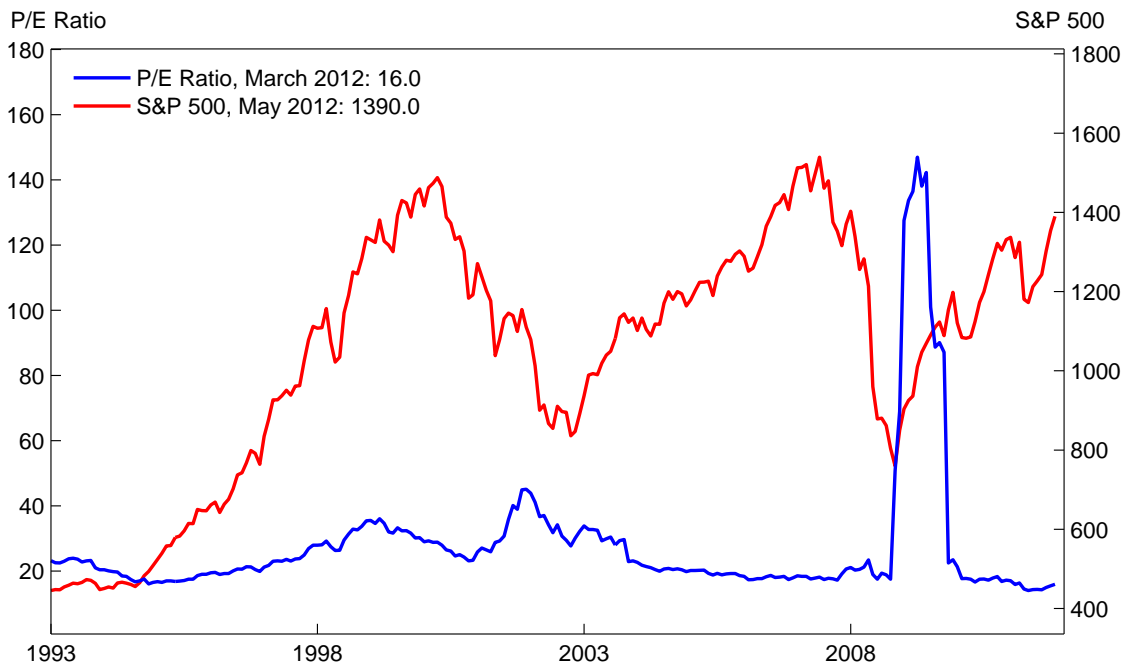
### Interest Rate Term Spreads (Monthly)



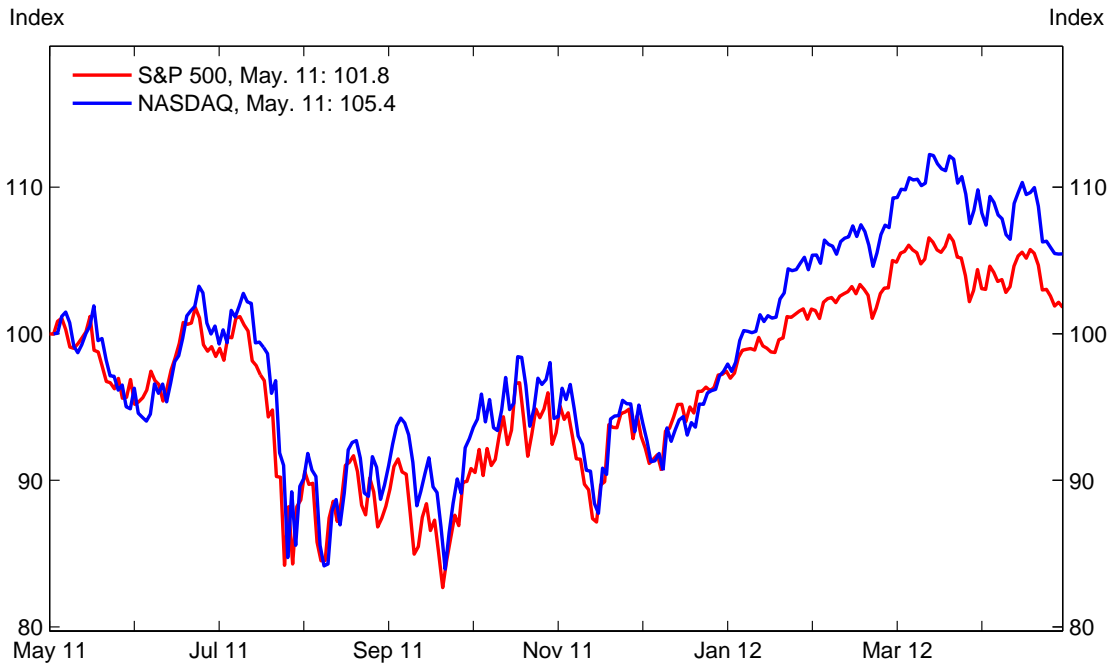
### Interest Rate Term Spreads (Daily)



### P/E Ratio and S&P 500 (Monthly)



### Stock Prices (Daily, Index Values [May 16, 2011 = 100])



**Exchange Rates**

	Exchange Rate of the U.S. Dollar:			Percent Change From:	
	Year End 12/31/11	Last BOD		Year End 12/31/11	Last BOD Meeting 05/10/12
		Meeting 05/10/12	Current 5/11/2012		
<b>Nominal Indexes</b>					
Broad <sup>1</sup>	99.01	99.92	99.94	0.94	0.02
Major Currencies <sup>2</sup>	73.20	73.29	73.27	0.10	-0.03
OITP <sup>3</sup>	126.80	128.79	128.87	1.63	0.06
<b>Major Currencies</b>					
European Euro	0.75	0.77	0.77	2.57	0.17
Japanese Yen	81.67	79.91	79.86	-2.22	-0.06
British Pound	0.65	0.62	0.62	-4.28	0.50
Canadian Dollar	1.00	1.00	1.00	-0.42	-0.48
<b>Other Currencies</b>					
Australian Dollar	0.9755	0.9888	0.9935	1.85	0.48
Chinese Renminbi	6.60	6.31	6.31	-4.40	-0.07
Hong Kong Dollar	7.78	7.76	7.77	-0.19	0.03
Korean Won	1,158.50	1,142.15	1,146.15	-1.07	0.35
Mexican Peso	12.38	13.46	13.49	8.95	0.24
Singapore Dollar	1.29	1.25	1.25	-2.96	0.07
Taiwanese Dollar	29.14	29.32	29.36	0.75	0.14

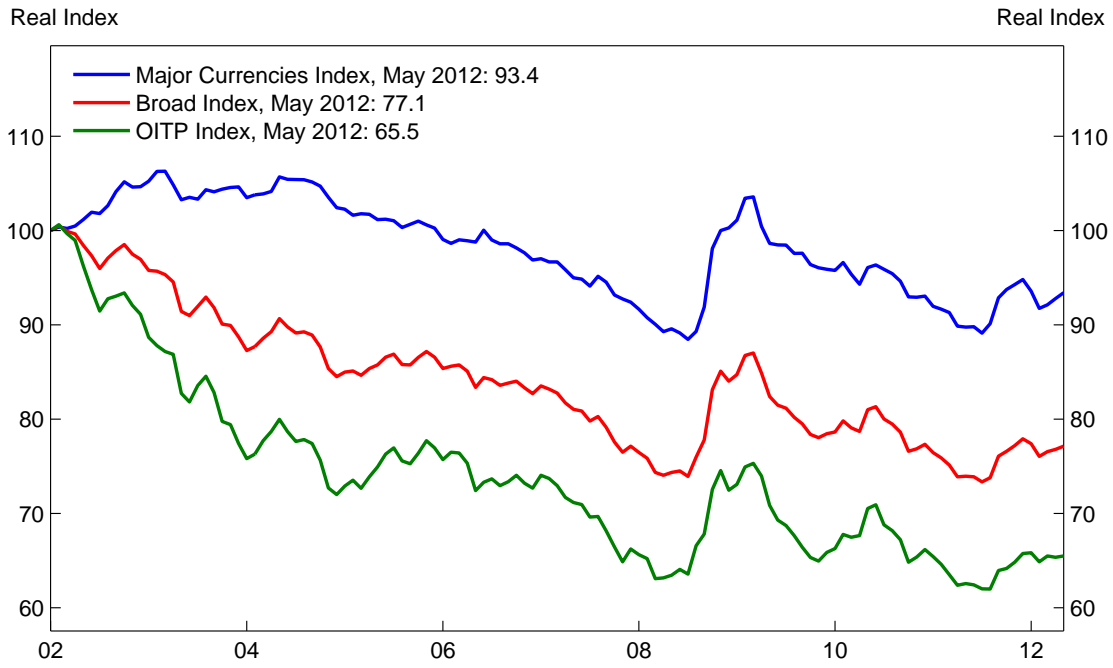
Note: All exchange rates are reported as units of foreign currency per U.S. dollar.

<sup>1</sup> The Broad Index is comprised of twenty-six foreign currencies. Share of U.S. trade determines the weighting of each currency within the index; the weightings are updated annually.

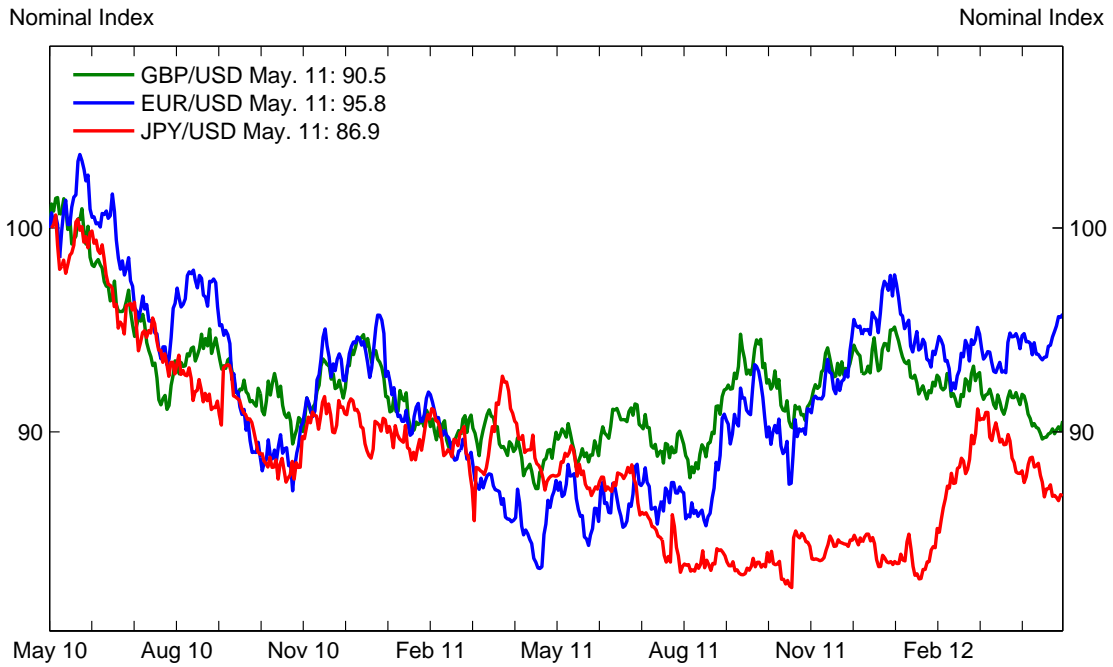
<sup>2</sup> The Major Currencies Index is a seven-currency subset of the Broad Index and is composed of the currencies of Australia, Canada, the Euro Zone, Japan, Sweden, Switzerland, and U.K.

<sup>3</sup> The OITP (Other Important Trading Partners) Index is a nineteen-currency subset of the Broad Index and is made up of the currencies of Argentina, Brazil, Chile, China, Colombia, Hong Kong, India, Indonesia, Israel, Malaysia, Mexico, Philippines, Russia, Saudi Arabia, Singapore, South Korea, Taiwan, Thailand, and Venezuela.

### Exchange Rate Indices (Monthly, Index Values [January 2003 = 100])



### Exchange Rates for Selected Currencies (Daily, Index Values [May 16, 2010 = 100])

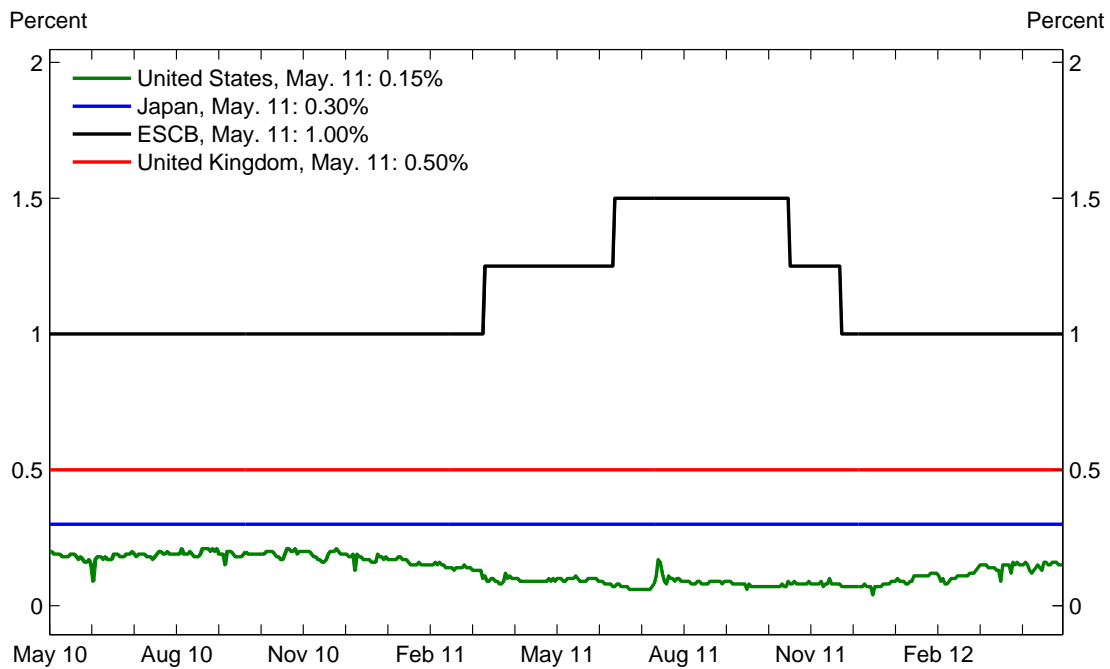


**Central Bank Rates**  
(Monthly Averages)

	U.S.	Japan	ESCB	U.K.	Canada
March 2011	0.14	0.30	1.00	0.50	1.25
April 2011	0.10	0.30	1.20	0.50	1.25
May 2011	0.09	0.30	1.25	0.50	1.25
June 2011	0.09	0.30	1.25	0.50	1.25
July 2011	0.07	0.30	1.45	0.50	1.25
August 2011	0.10	0.30	1.50	0.50	1.25
September 2011	0.08	0.30	1.50	0.50	1.25
October 2011	0.07	0.30	1.50	0.50	1.25
November 2011	0.08	0.30	1.27	0.50	1.25
December 2011	0.07	0.30	1.06	0.50	1.25
January 2012	0.08	0.30	1.00	0.50	1.25
February 2012	0.11	0.30	1.00	0.50	1.25
March 2012	0.13	0.30	1.00	0.50	1.25
April 2012	0.15	0.30	1.00	0.50	1.25
May 2012	0.15	0.30	1.00	0.50	1.25

Notes: Central bank rates are either overnight or 2-day inter-bank lending rates. Values for the current month are averages through the most recent daily rates. ESCB is the European System of Central Banks.

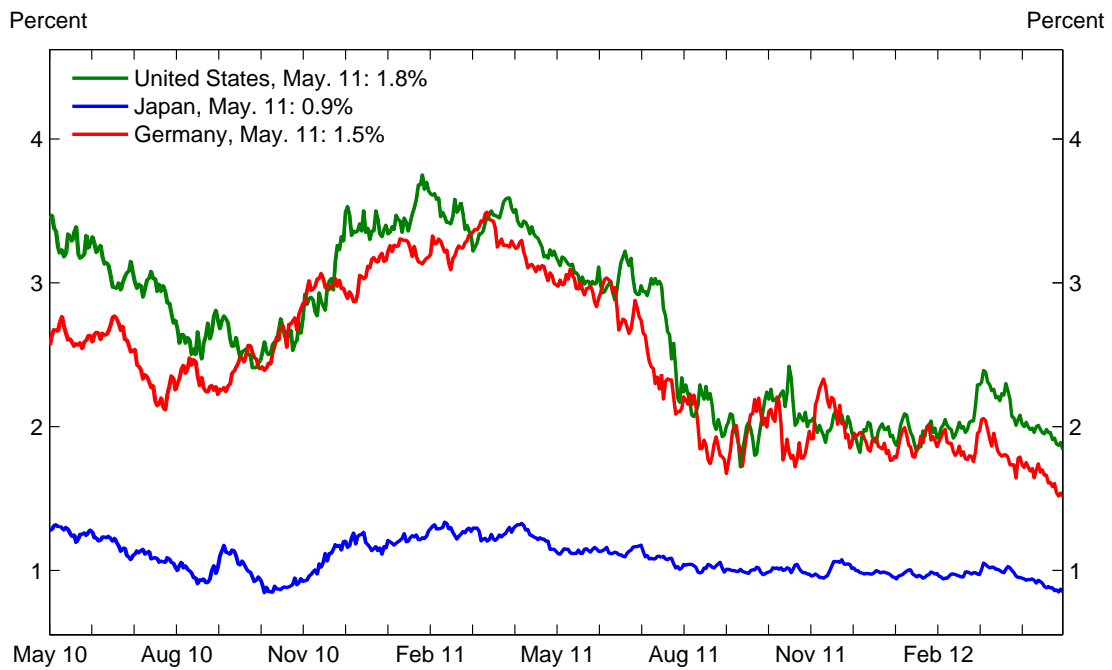
**Central Bank Rates**  
(Daily)



**10-Year Bond Rates**  
(Monthly Averages)

	U.S.	Japan	Germany	France	Italy	U.K.	Canada
March 2011	3.41	1.25	3.25	3.60	4.81	3.60	3.27
April 2011	3.45	1.27	3.35	3.68	4.75	3.63	3.33
May 2011	3.17	1.14	3.11	3.46	4.70	3.36	3.16
June 2011	3.00	1.13	2.97	3.36	4.82	3.24	2.99
July 2011	3.00	1.11	2.78	3.38	5.49	3.13	2.95
August 2011	2.30	1.03	2.25	2.97	5.28	2.55	2.46
September 2011	1.98	1.01	1.87	2.64	5.54	2.41	2.20
October 2011	2.15	1.01	2.04	2.99	5.78	2.50	2.29
November 2011	2.01	0.99	1.95	3.41	6.80	2.23	2.12
December 2011	1.98	1.01	1.99	3.14	6.66	2.11	1.99
January 2012	1.97	0.97	1.86	3.16	6.55	2.04	1.98
February 2012	1.97	0.96	1.90	2.95	5.54	2.13	2.02
March 2012	2.17	1.00	1.88	2.92	4.97	2.25	2.11
April 2012	2.05	0.95	1.73	2.99	5.52	2.12	2.07
May 2012	1.91	0.87	1.58	2.86	5.50	2.00	2.01

**10-Year Bond Rates**  
(Daily)



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***International Growth and Inflation Forecasts***  
***(Year-to-Year Percent Changes)***


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	Real GDP			Consumer Price Inflation		
	2011	2012	2013	2011	2012	2013
<b>G-7 Countries</b>						
U.S.	1.7	2.3	2.5	3.1	2.3	2.1
Japan	-0.7	2.0	1.5	-0.3	-0.2	0.0
Germany	3.0	0.7	1.6	2.3	2.0	1.8
France	1.7	0.3	1.0	2.1	2.1	1.8
U.K.	0.7	0.7	1.8	4.5	2.8	2.0
Italy	0.5	-1.5	0.2	2.8	3.0	2.4
Canada	2.5	2.1	2.3	2.9	2.1	2.0
<b>Regions</b>						
North America <sup>1</sup>	1.8	2.3	2.5	3.1	2.3	2.1
European Union <sup>2</sup>	1.5	-0.1	1.1	2.9	2.3	1.9
Asia Pacific <sup>3</sup>	4.4	5.0	5.1	3.5	2.5	2.7
Eastern Europe <sup>4</sup>	4.7	2.6	3.6	6.3	6.5	5.2
Latin America <sup>5</sup>	4.2	3.6	4.0	6.9	6.2	6.3
Other Countries <sup>6</sup>	4.9	4.0	4.6	6.4	6.9	6.7
<b>Total</b>	2.9	2.6	3.1	3.7	3.0	2.9

Source: Consensus Forecast dated April 2012.

<sup>1</sup> The North America region refers to Canada and the United States.

<sup>2</sup> The European Union region refers to Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.

<sup>3</sup> The Asia Pacific region refers to Australia, Bangladesh, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, the Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, and Vietnam.

<sup>4</sup> The Eastern Europe region refers to Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Moldova, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Turkmenistan, Ukraine, and Uzbekistan.

<sup>5</sup> The Latin America region refers to Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

<sup>6</sup> The Other Countries region refers to Egypt, Israel, Nigeria, Saudi Arabia, and South Africa.