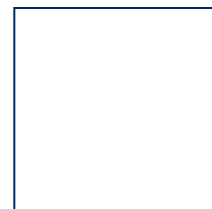
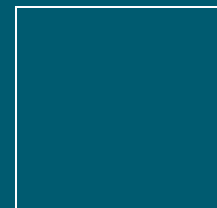
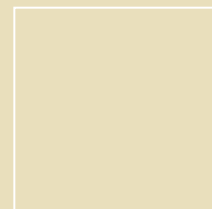


Financial Market and Economic Outlook

Richard Kaglic

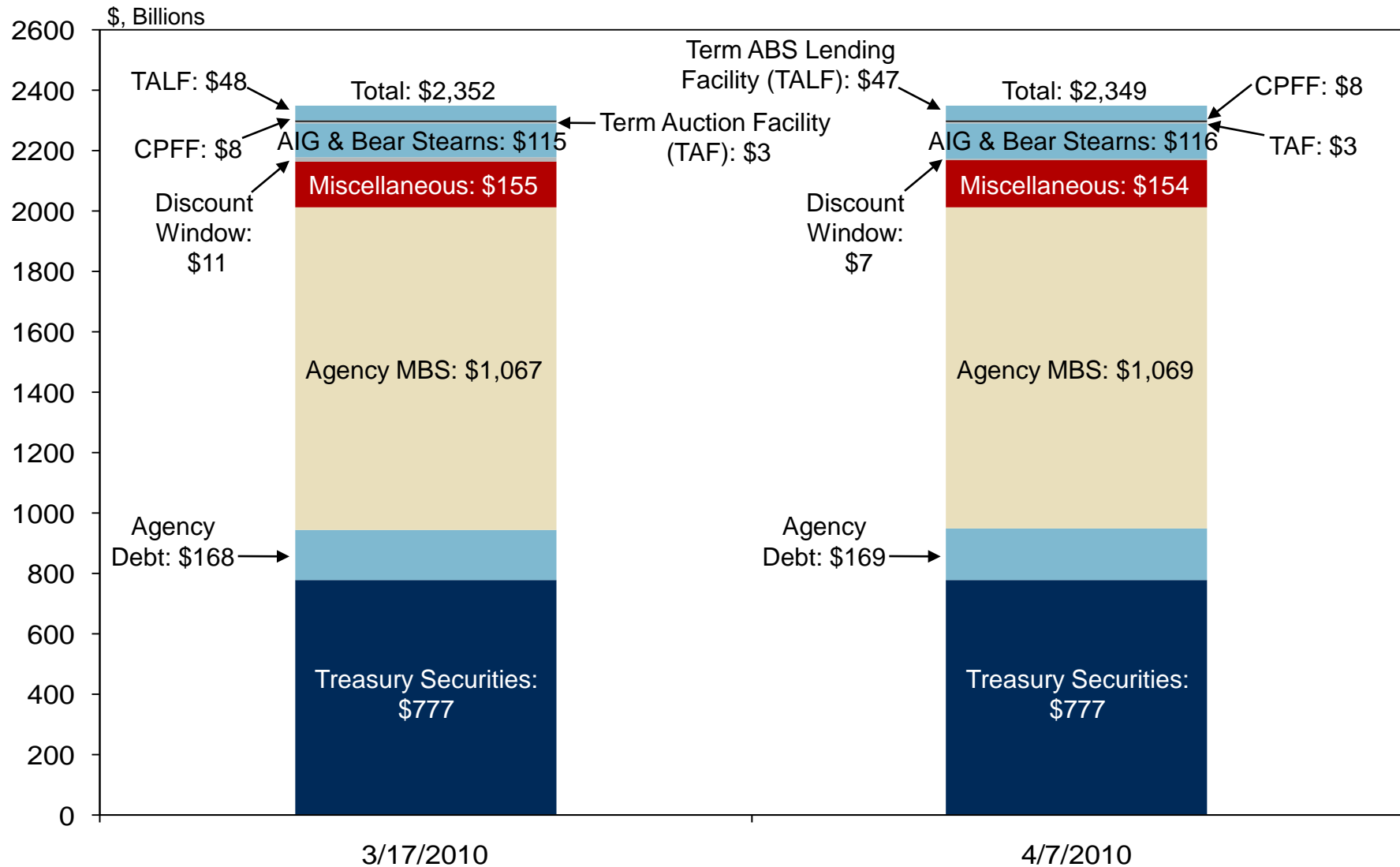
April 15, 2010



THE FEDERAL RESERVE BANK OF RICHMOND

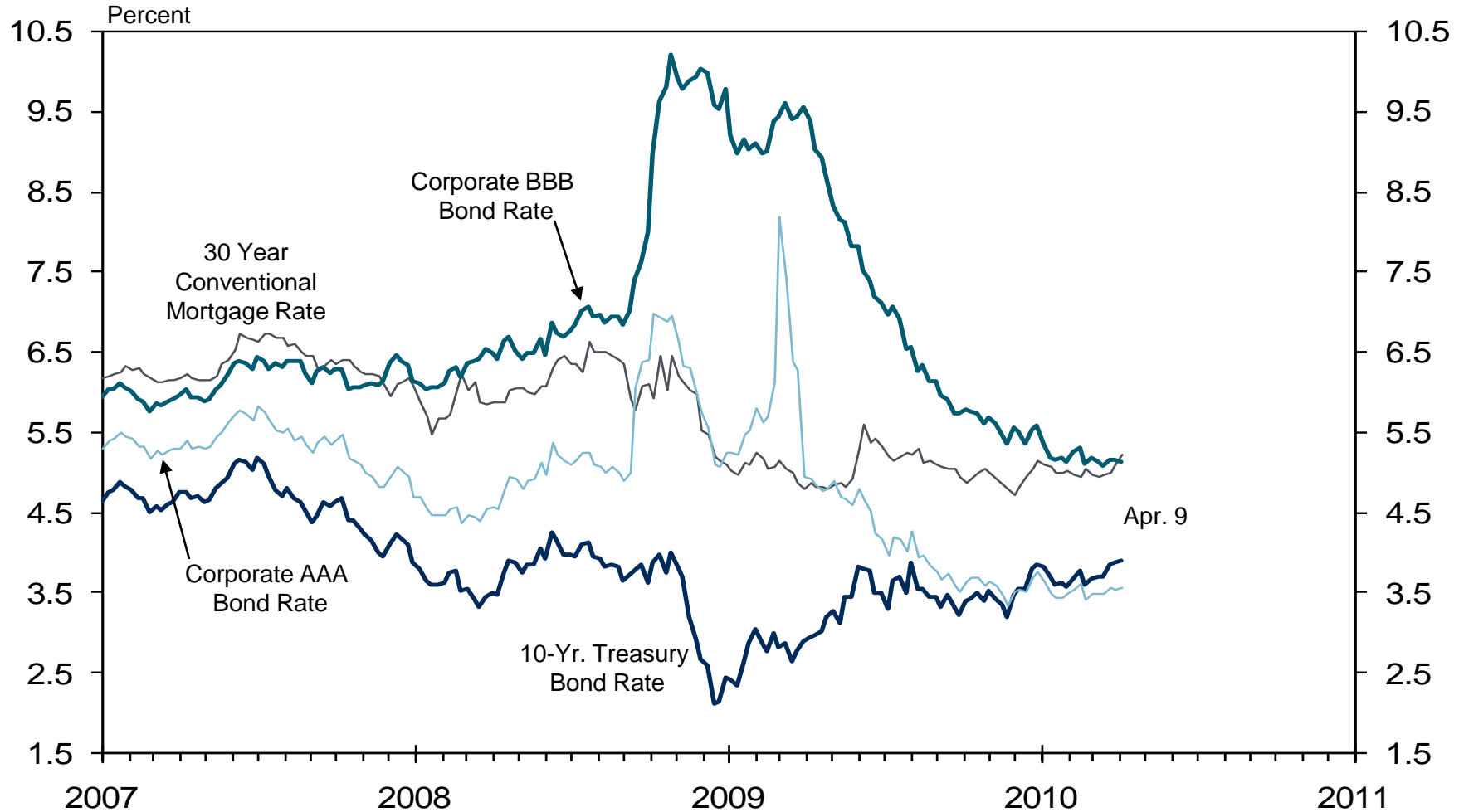
RICHMOND ■ BALTIMORE ■ CHARLOTTE

Federal Reserve System Assets



Notes: CPFF is the Commercial Paper Funding Facility.

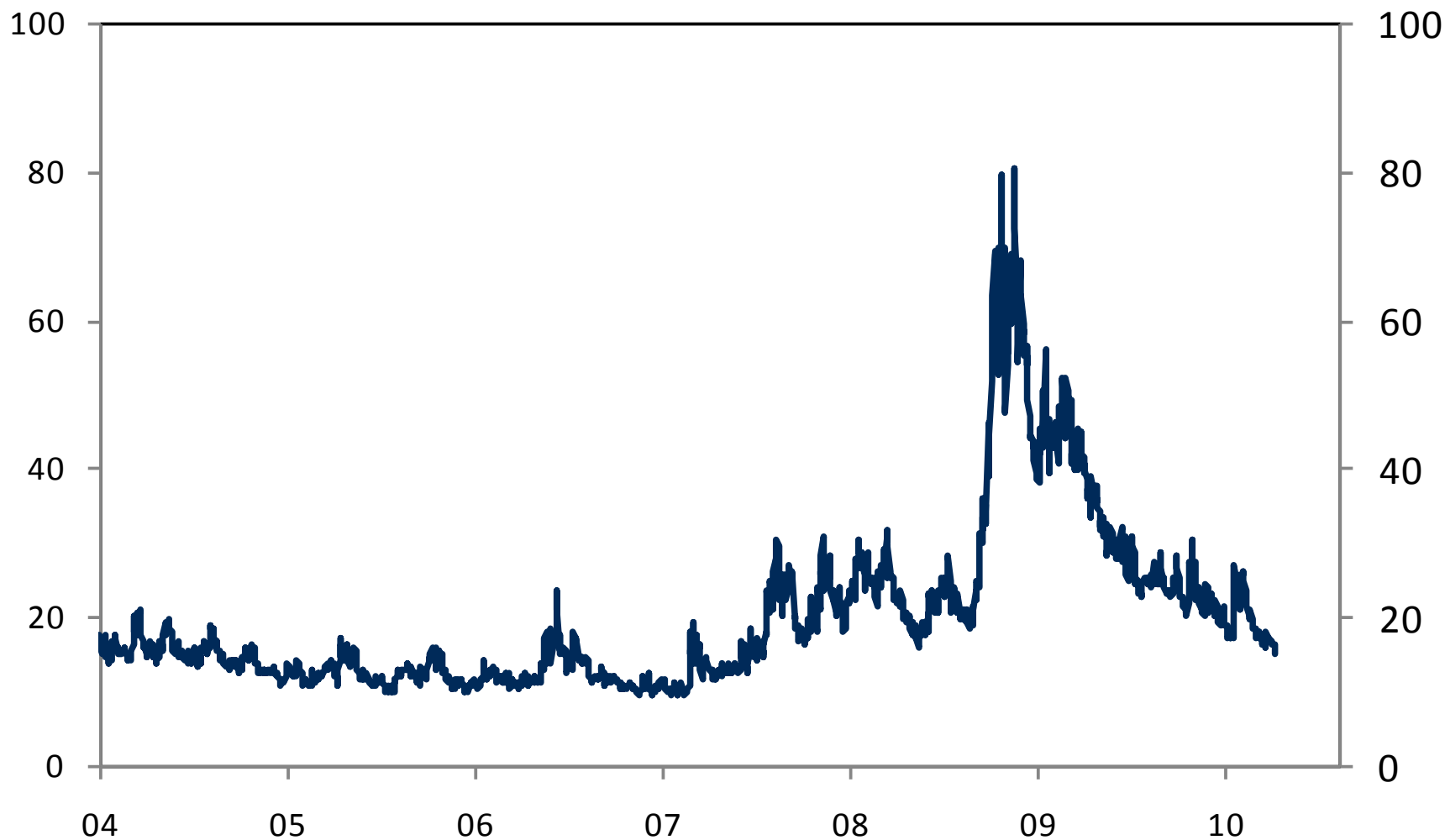
Capital Market Rates





S&P 500 Volatility Index

Imputed Volatility





Industrial Production Index: Manufacturing



ISM: Business Survey Indexes

MANUFACTURING BUSINESS:

	<u>Feb.</u>	<u>Mar.</u>
Purchasing Managers Index	56.5	59.6
Production	58.4	61.1
New Orders	59.5	61.5
Employment	56.1	55.1
Supplier Deliveries	61.1	64.9
Inventories	47.3	55.3
Prices	67.0	75.0
Backlog of Orders	61.0	58.0
New Export Orders	56.5	61.5
Imports	56.0	57.0

NONMANUFACTURING BUSINESS:

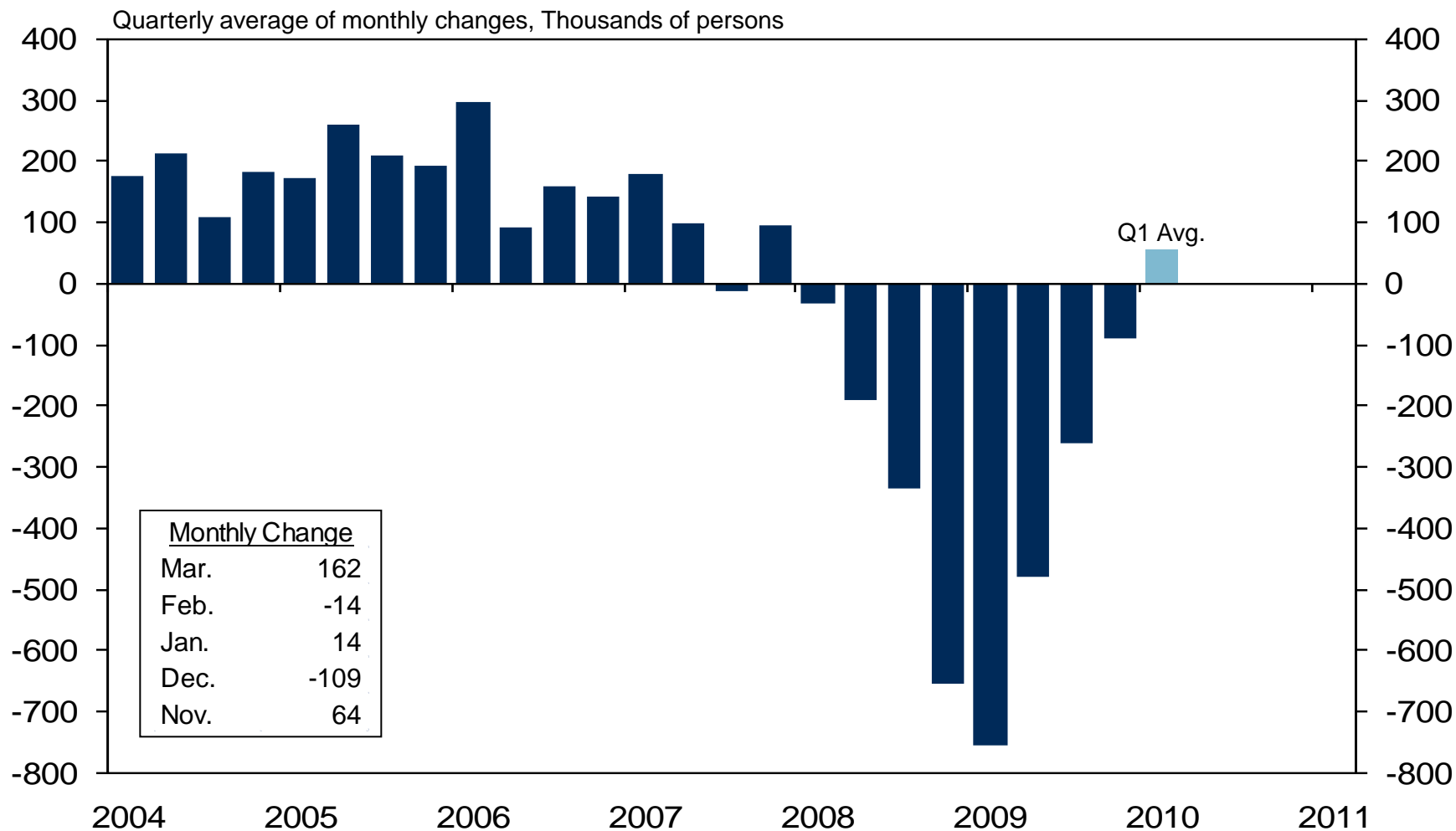
	<u>Feb.</u>	<u>Mar.</u>
NonManufacturing Index	53.0	55.4
Business Activity	54.8	60.0
New Orders	55.0	62.3
Employment	48.6	49.8
Supplier Deliveries	53.5	49.5
Inventories	45.0	46.5
Prices	60.4	62.9
Backlog of Orders	46.0	55.5
New Export Orders	47.0	57.5
Imports	48.5	51.0

DIFFUSION INDEXES: Numbers above 50 percent indicate a preponderance of expanding firm activity.





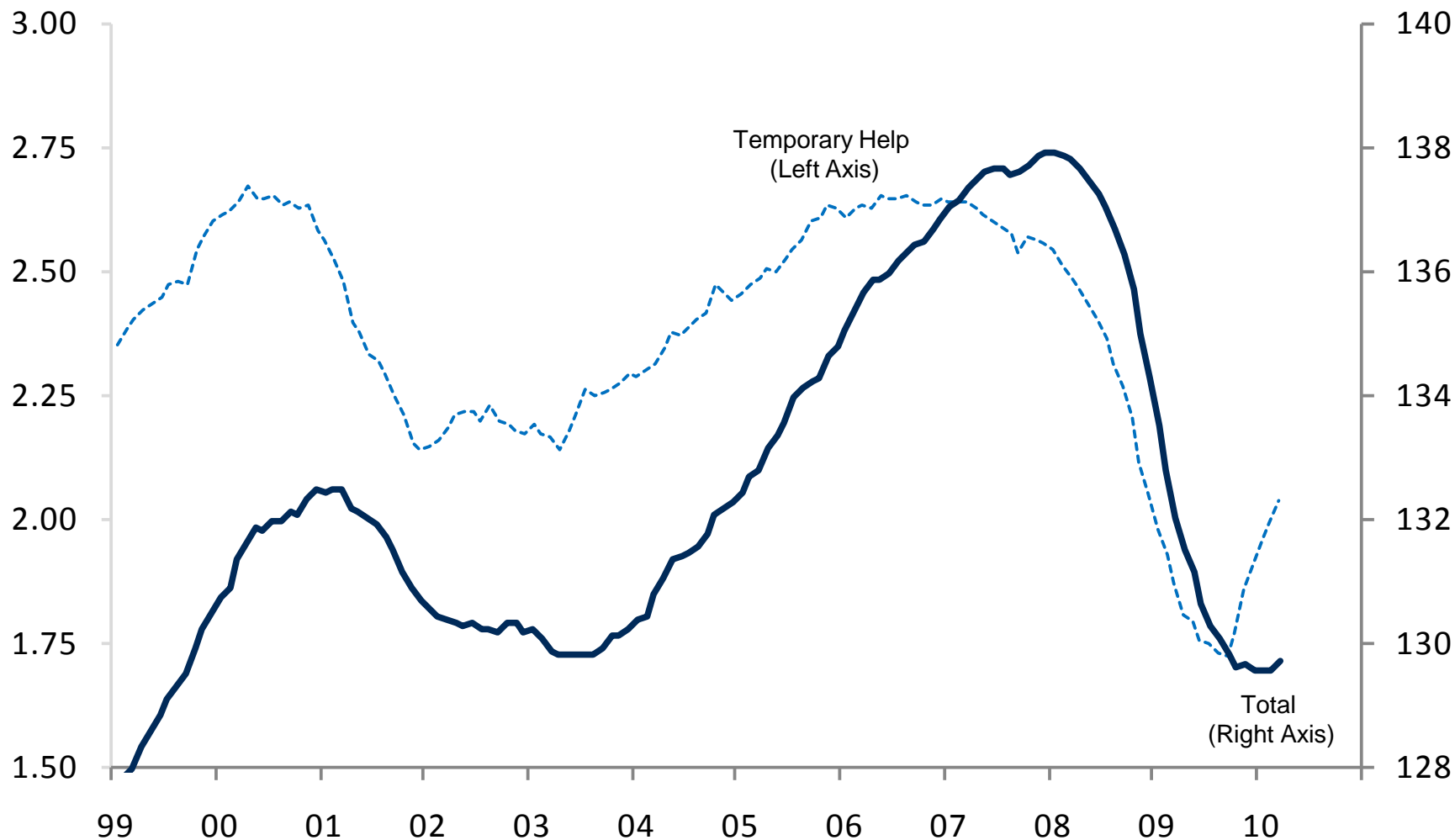
Nonfarm Payroll Employment



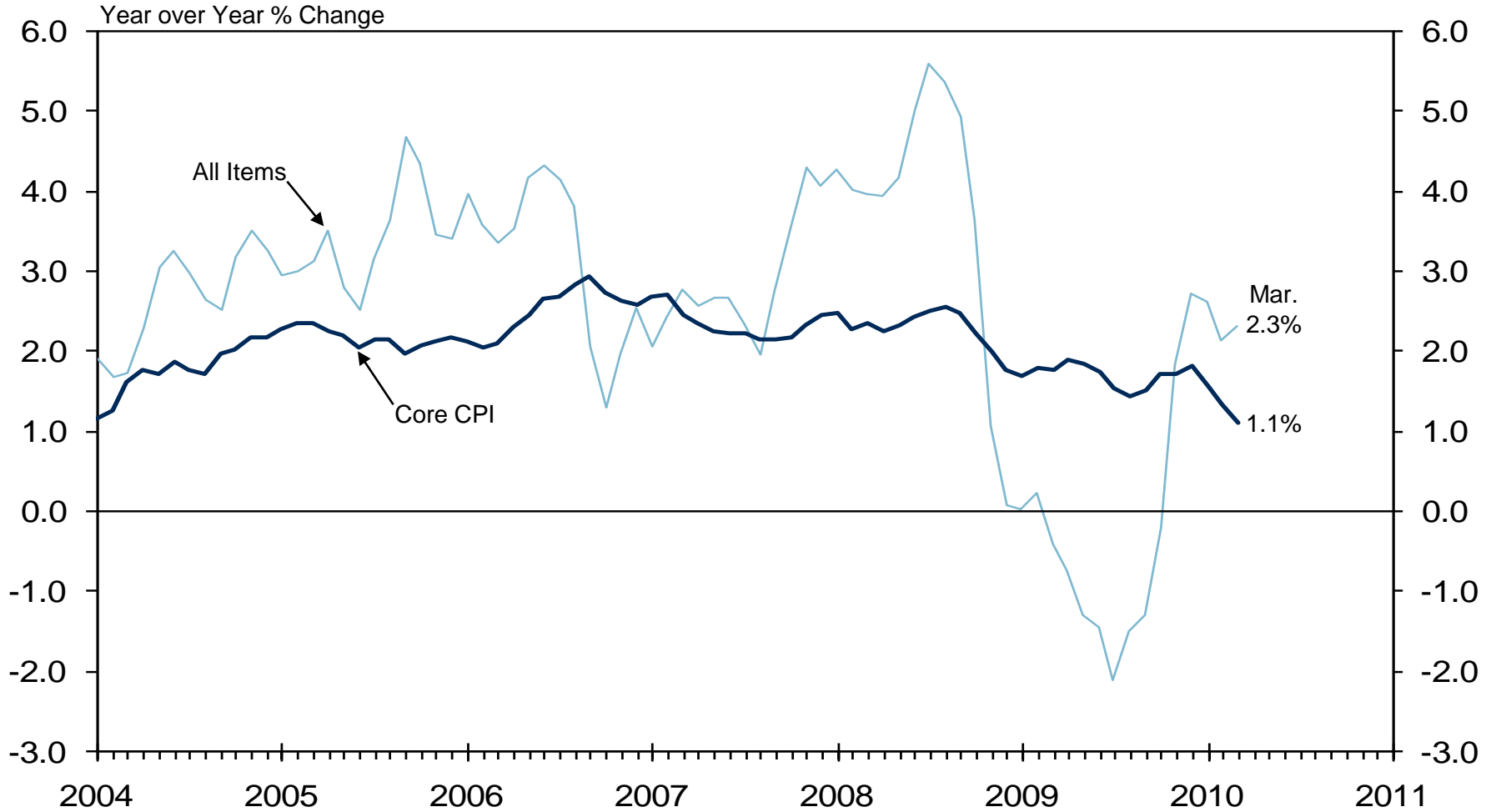


Nonfarm Payroll Employment

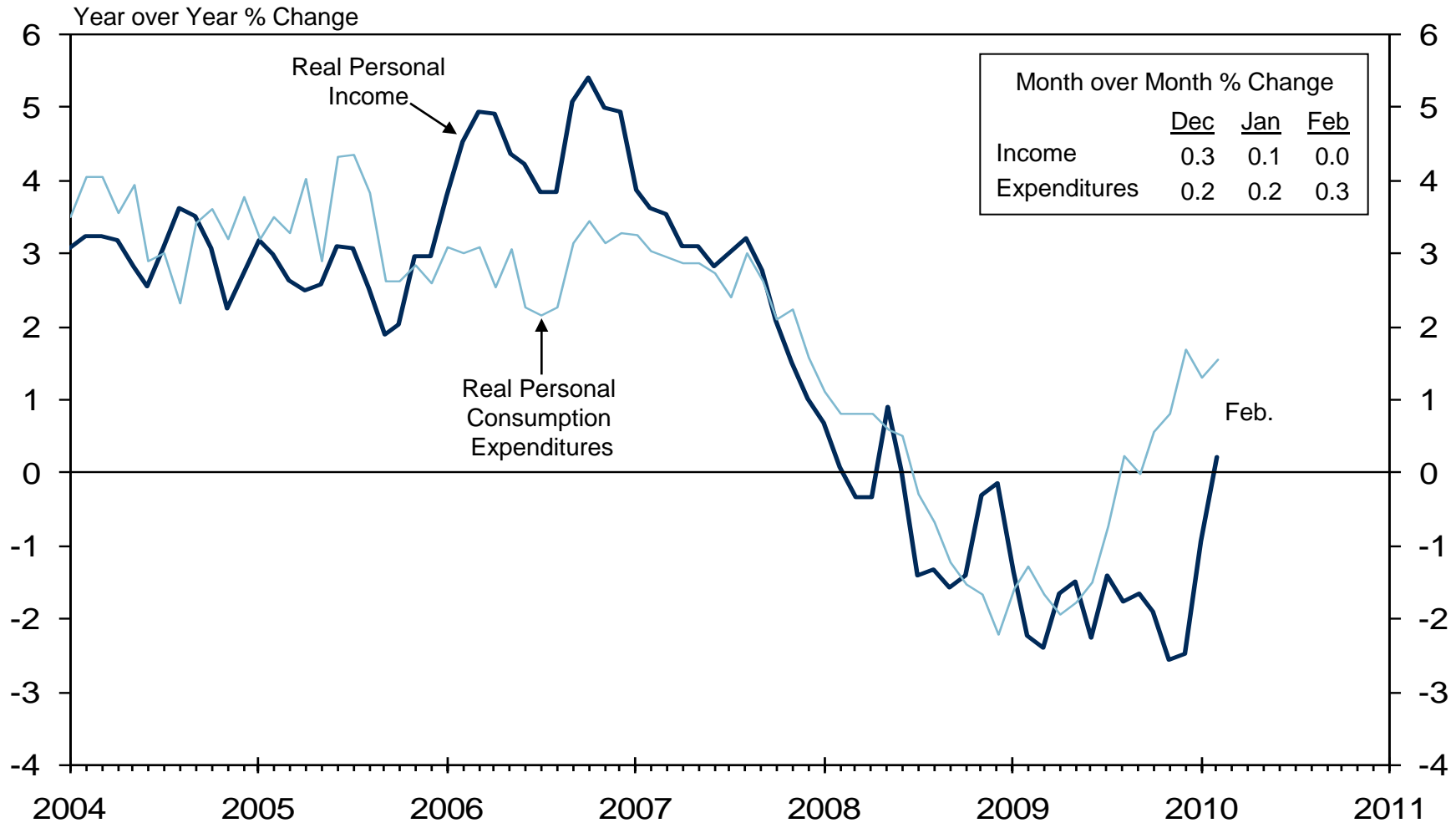
Millions of persons



Consumer Price Indexes



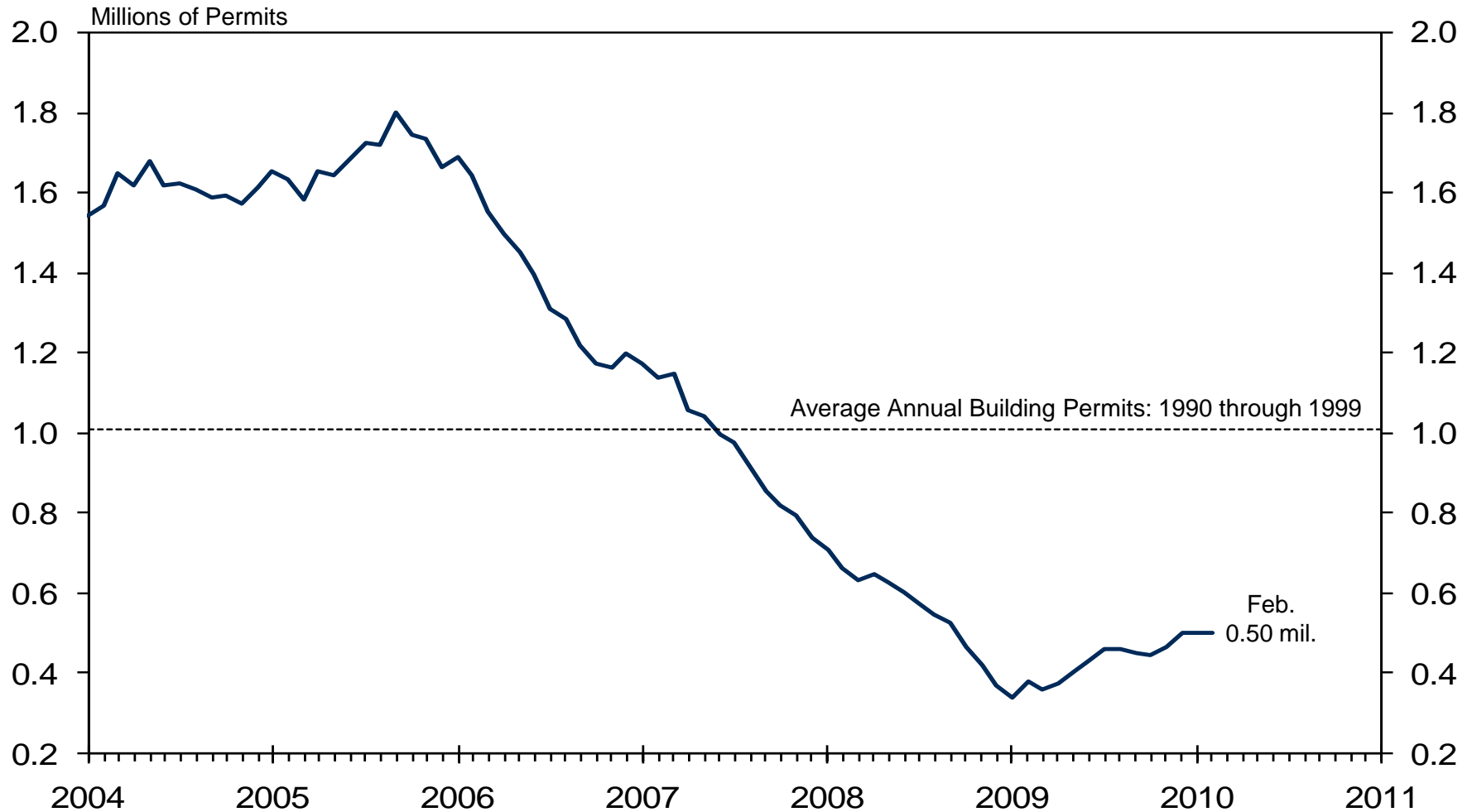
Personal Income & Expenditures



Notes: December 2004 real personal income figure excludes the Microsoft dividend.



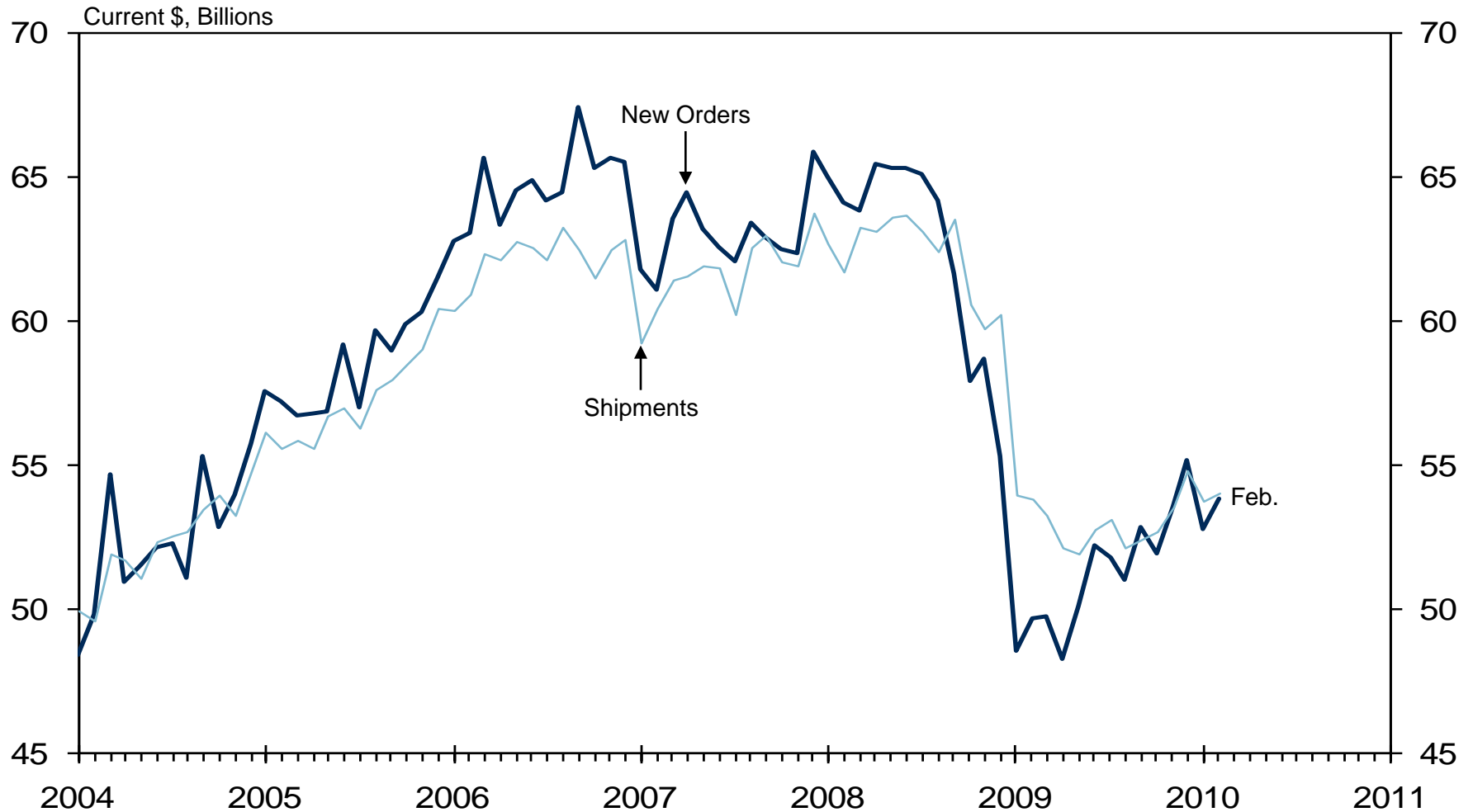
Residential Single-Family Building Permits



Business Inventory/Sales Ratio



Core Capital Goods



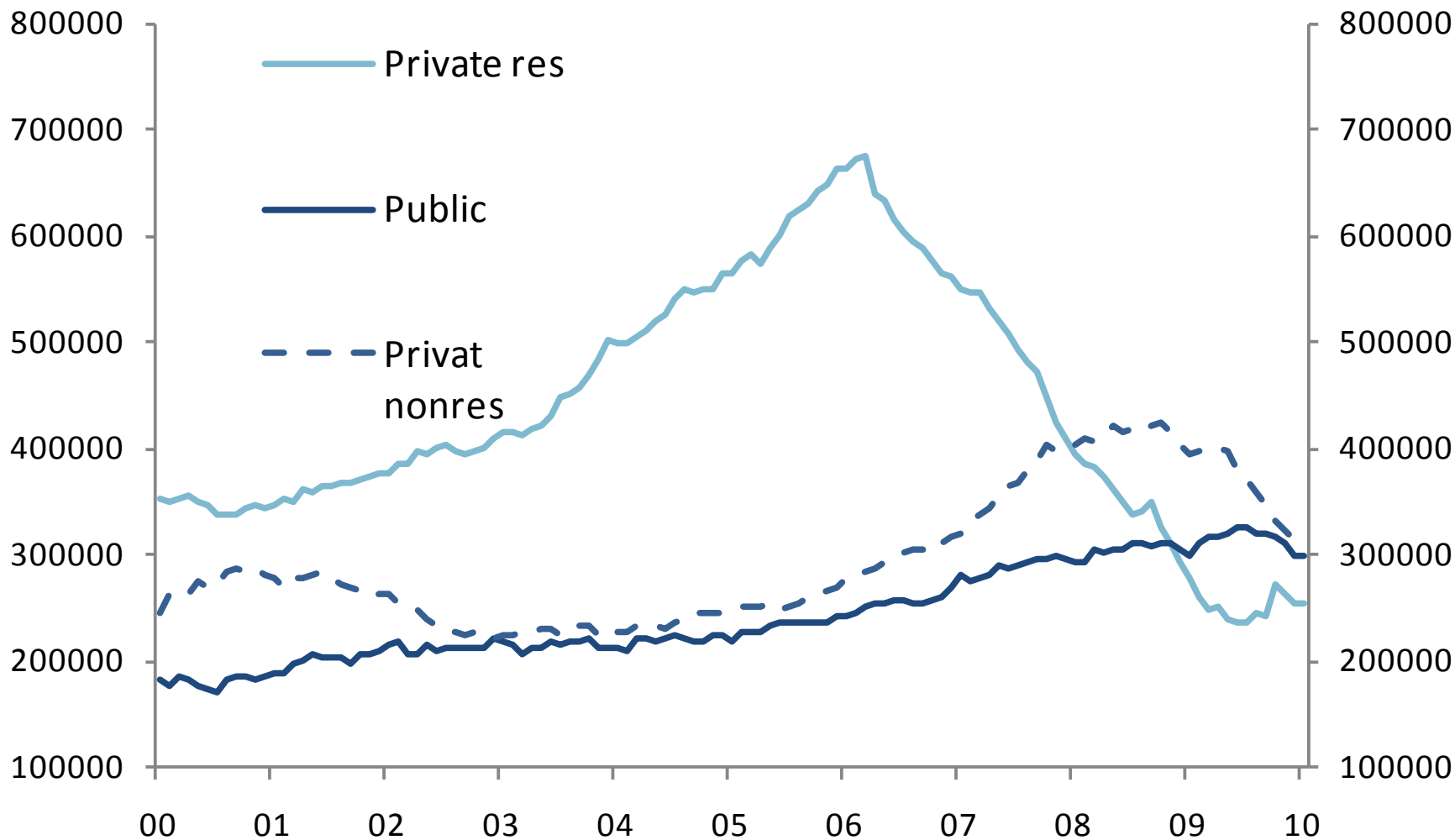
Notes: Core capital goods are nondefense capital goods excluding aircraft.





Construction Put In Place

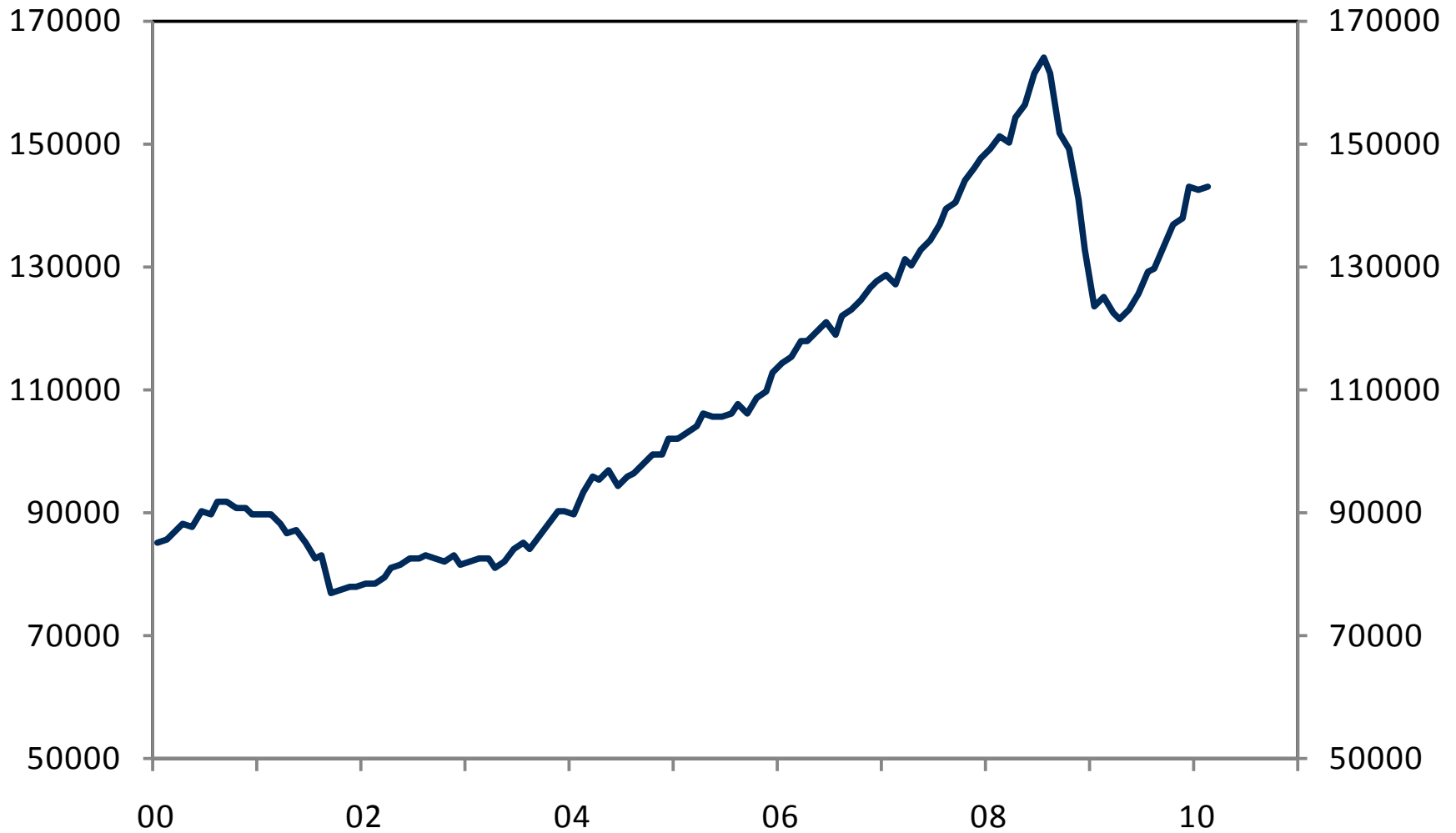
Millions of \$ (SAAR)





Exports

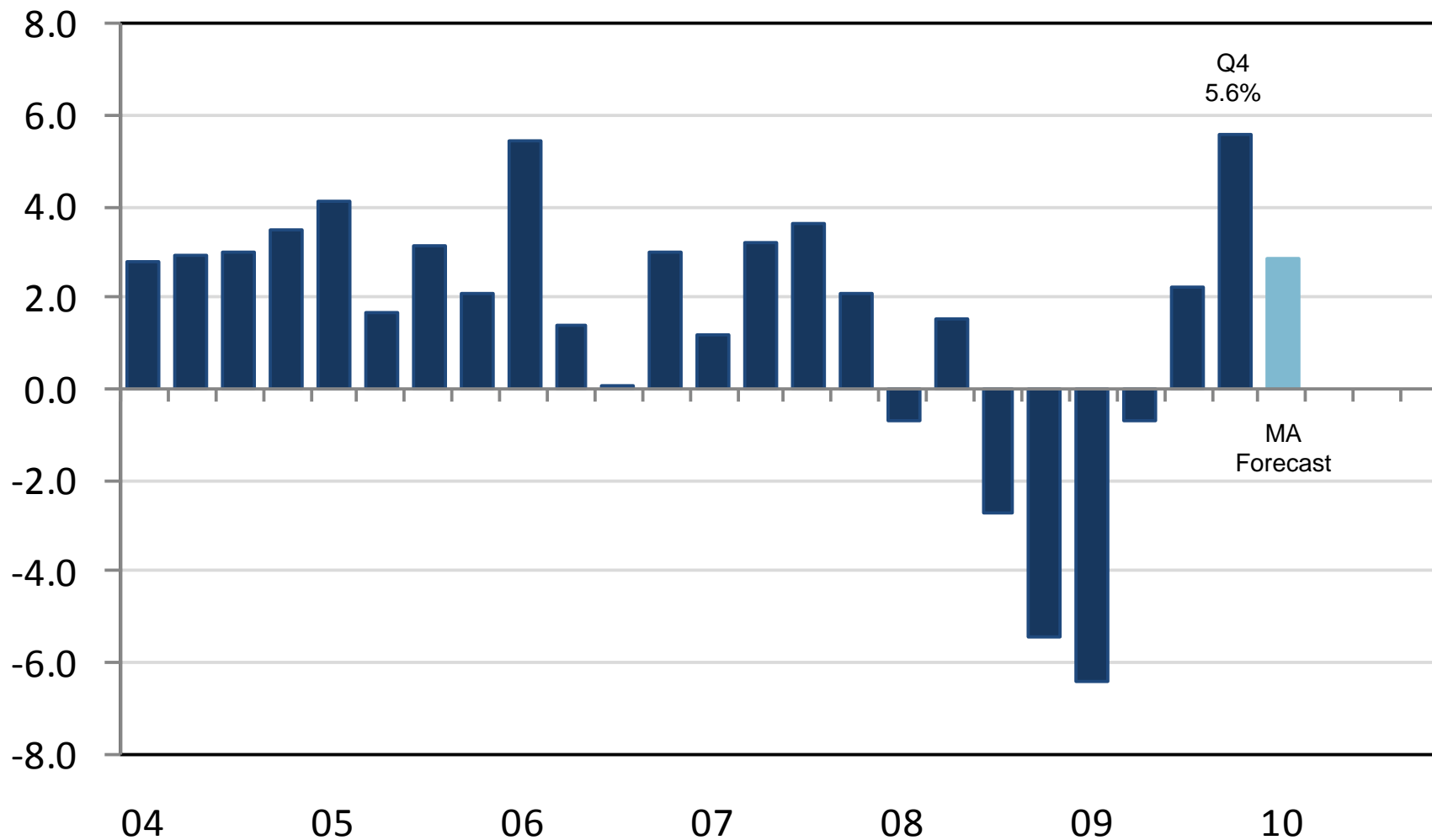
Current \$, Millions





Real Gross Domestic Product

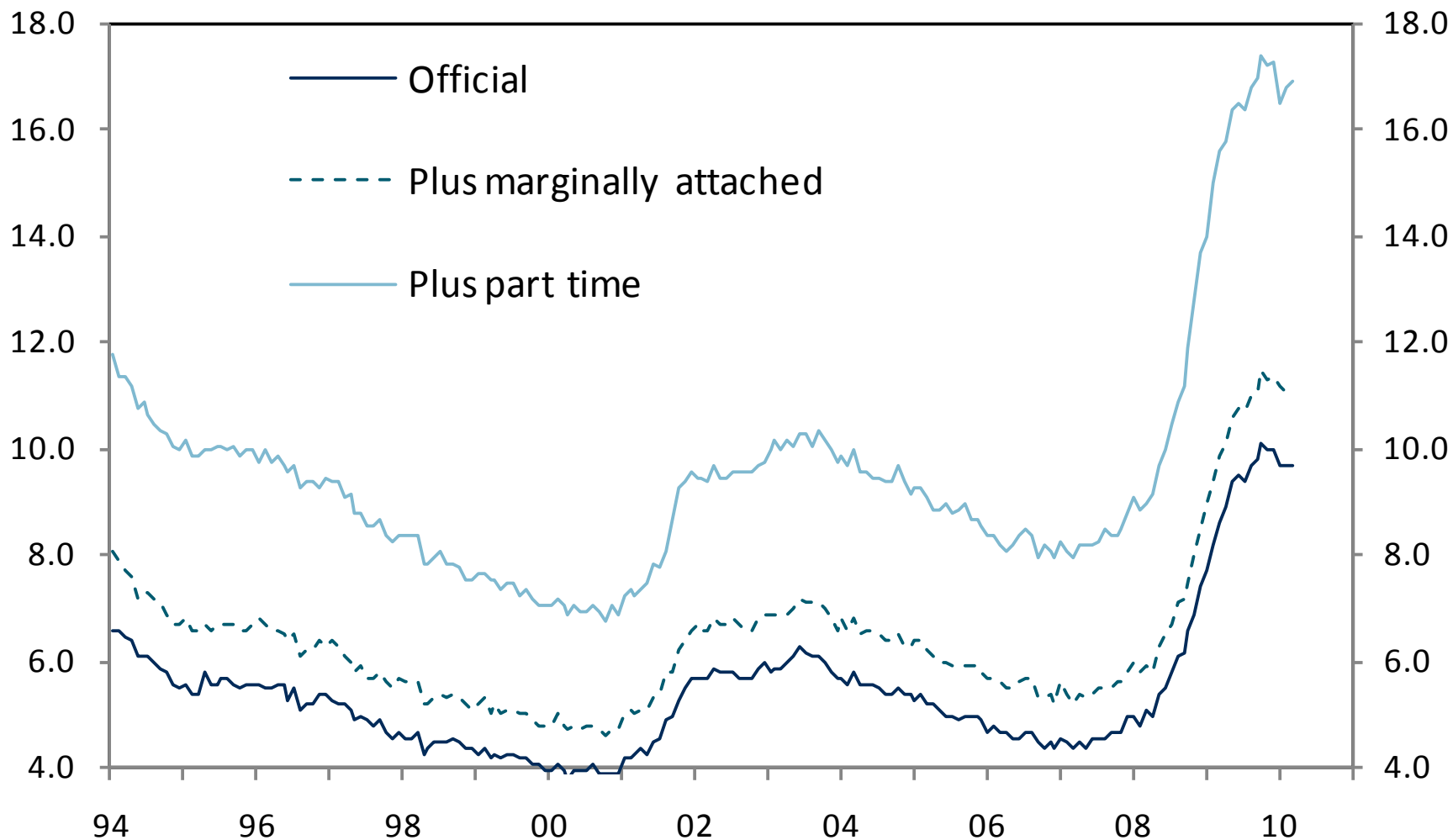
Percent change from previous quarter at annual rate





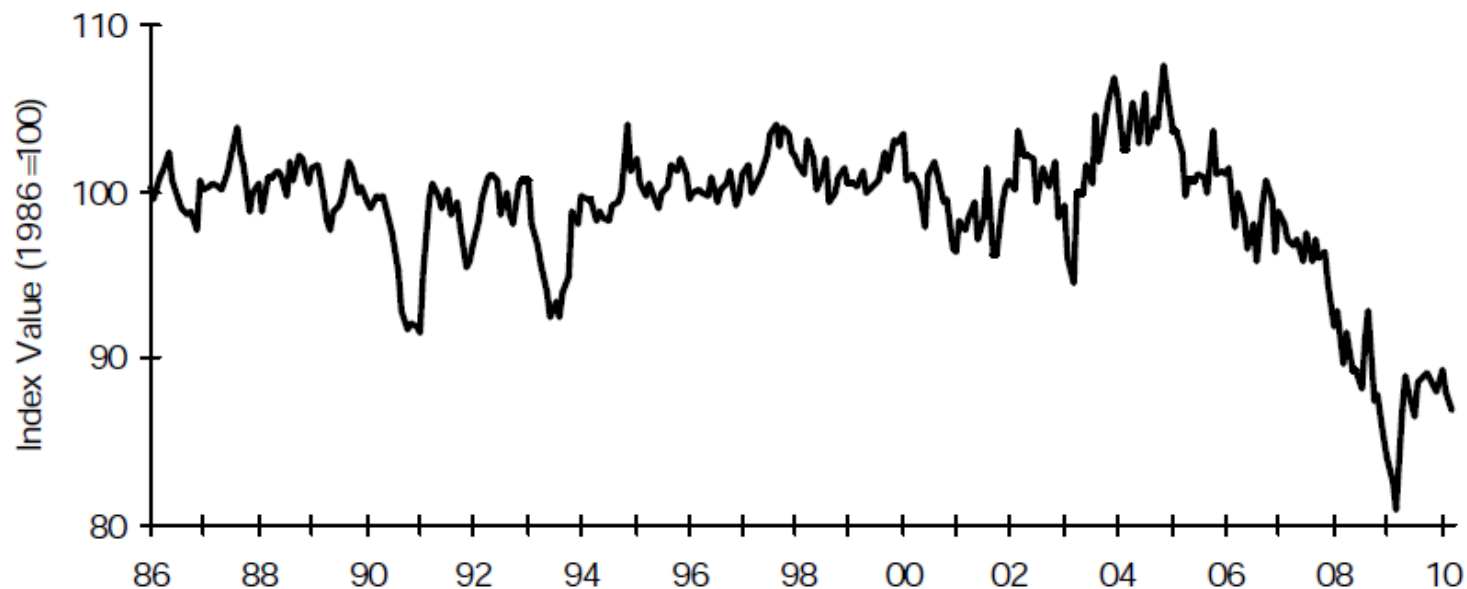
Alternate Measures of Labor Underutilization

Percent of Working Age Population





Small Business Sentiment Index



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2005	23	24	19	18	18	22	20	21	19	22	20	21
2006	20	20	19	18	18	13	16	13	18	20	17	17
2007	17	18	12	12	12	13	16	12	14	14	13	14
2008	9	8	5	6	4	4	6	6	11	5	7	7
2009	6	3	1	4	5	4	5	5	9	7	8	7
2010	5	4	2									





The Outlook

- Recovery continues to firm, pace of growth is muted
 - Financial markets healing
 - Business activity continues to gain traction...
 - ...*jobs* recovery likely in second half, adds more durable support to economic recovery
- Second quarter may be the “acid test”
- Price pressures remain subdued
 - Excess capacity keeps pressure off inflation
 - Near term outlook for fed funds rate unchanged
 - Extraordinary policy operations winding down





Questions/Comments?

