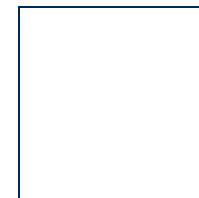


An Update on Economic Conditions



Raymond Owens
December 9, 2008

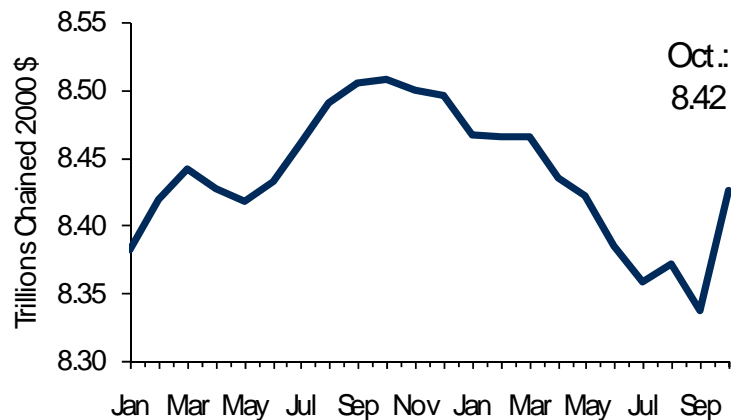


THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND ■ BALTIMORE ■ CHARLOTTE

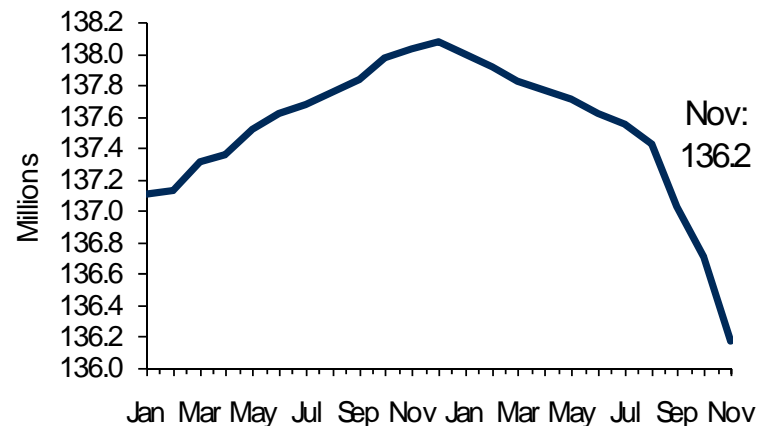


NBER Measures of Activity for Determining a Recession

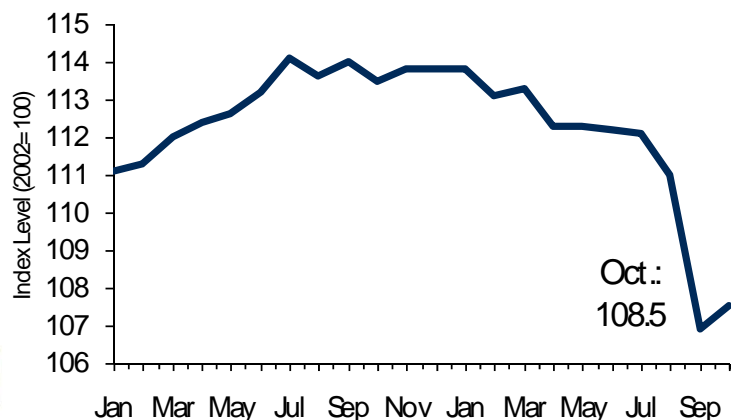
Real Personal Income (xTransfers)



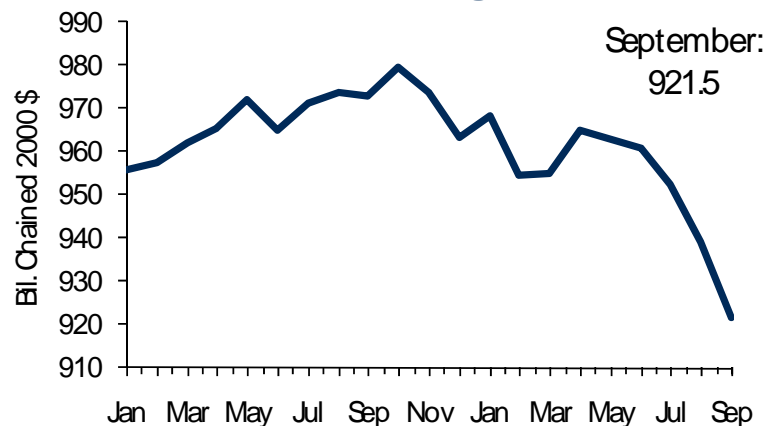
Nonfarm Payroll Employment



Industrial Production



Real Manufacturing & Trade Sales

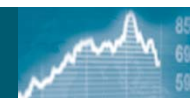




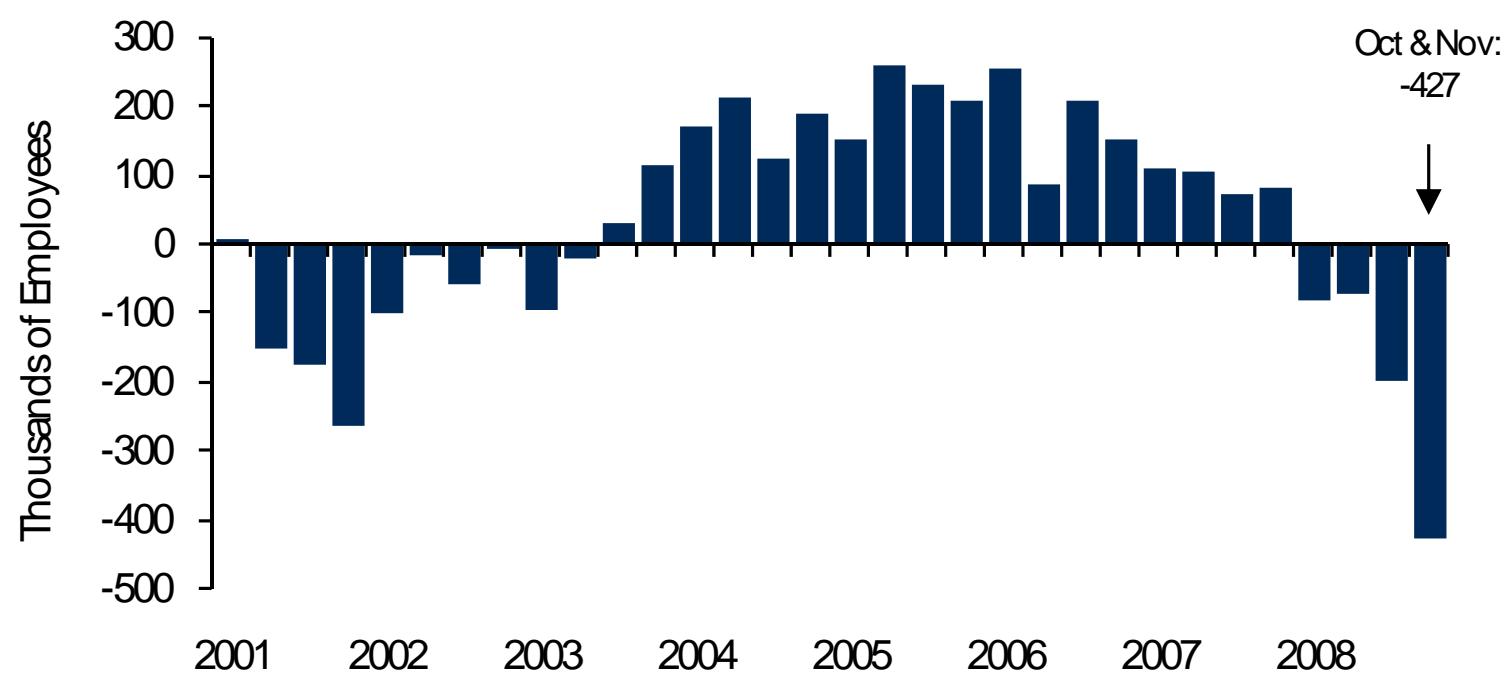
Real Gross Domestic Product - Breakdown

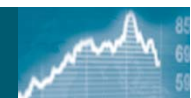
Change from Previous Quarter at Compound Annual Rate [Percent]	<u>3Q:07</u>	<u>4Q:07</u>	<u>1Q:08</u>	<u>2Q:08</u>	<u>3Q:08</u>
Gross Domestic Product	4.8	-0.2	0.9	2.8	-0.5
Personal Consumption Expenditures	2.0	1.0	0.9	1.2	-3.7
Nonresidential Fixed Investment	8.7	3.4	2.4	2.5	-1.5
Structures	20.5	8.5	8.6	18.5	6.6
Equipment and Software	3.6	1.0	-0.6	-5.0	-5.7
Residential Fixed Investment	-20.6	-27.0	-25.1	-13.3	-17.6
Exports of Goods and Services	23.0	4.4	5.1	12.3	3.4
Imports of Goods and Services	3.0	-2.3	-0.8	-7.3	-3.2
Government Consumption Expenditures	3.8	0.8	1.9	3.9	5.4
Final Sales to Domestic Purchasers	1.9	-0.1	0.1	1.3	-2.3
Level in Quarter at SAAR [Billions of Chained (2000) Dollars]					
Change in Private Inventories	16.0	-8.1	-10.2	-50.6	-29.1
Net Exports of Goods and Services	-511.8	-484.5	-462.0	-381.3	-352.3





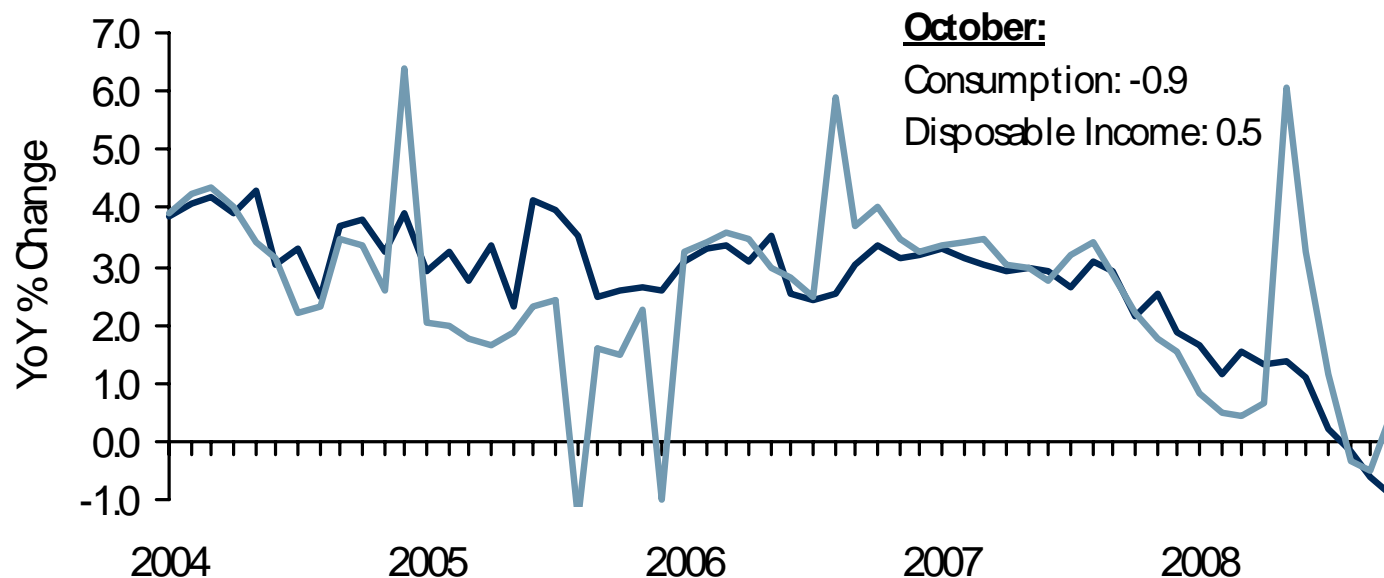
Payroll Employment





Personal Income & Expenditures

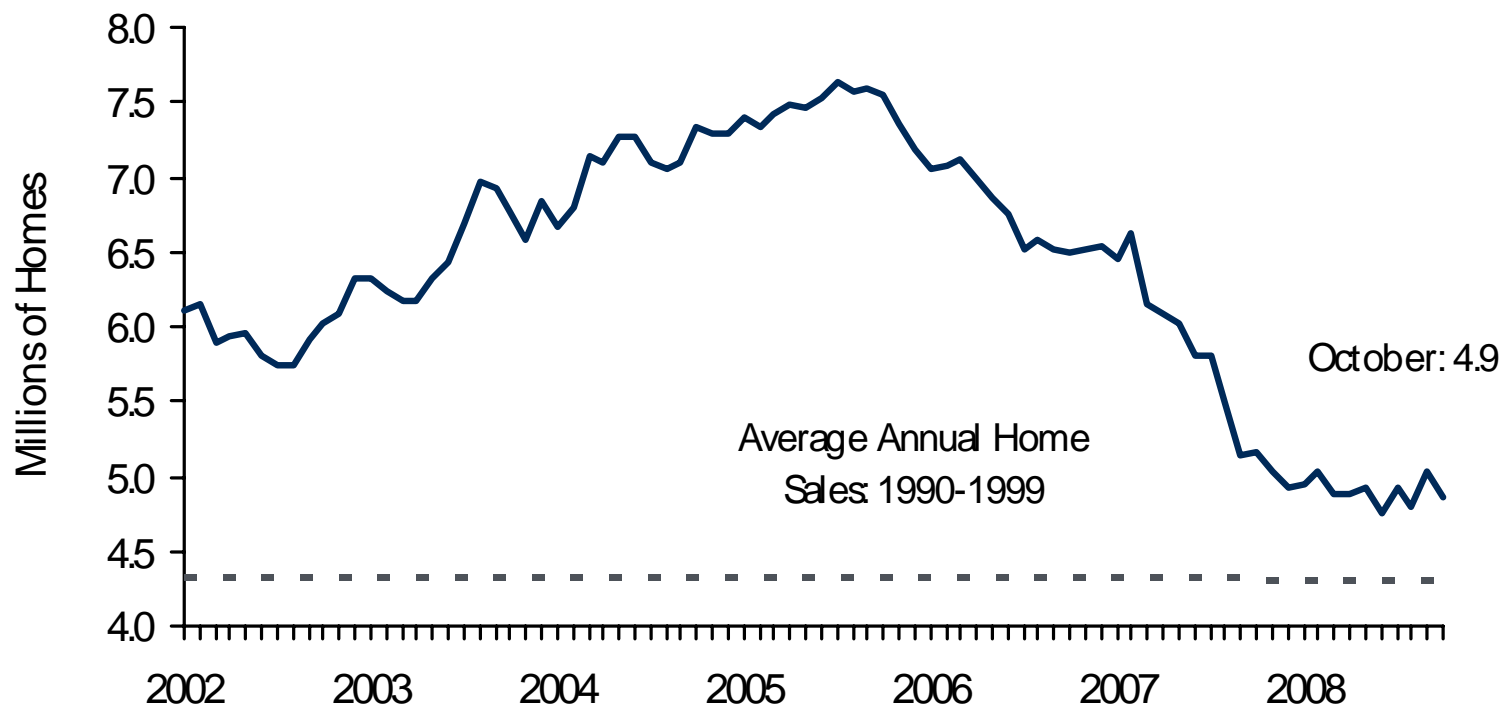
— Real Personal Consumption Expenditures — Real Disposable Personal Income

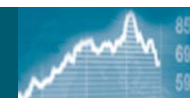




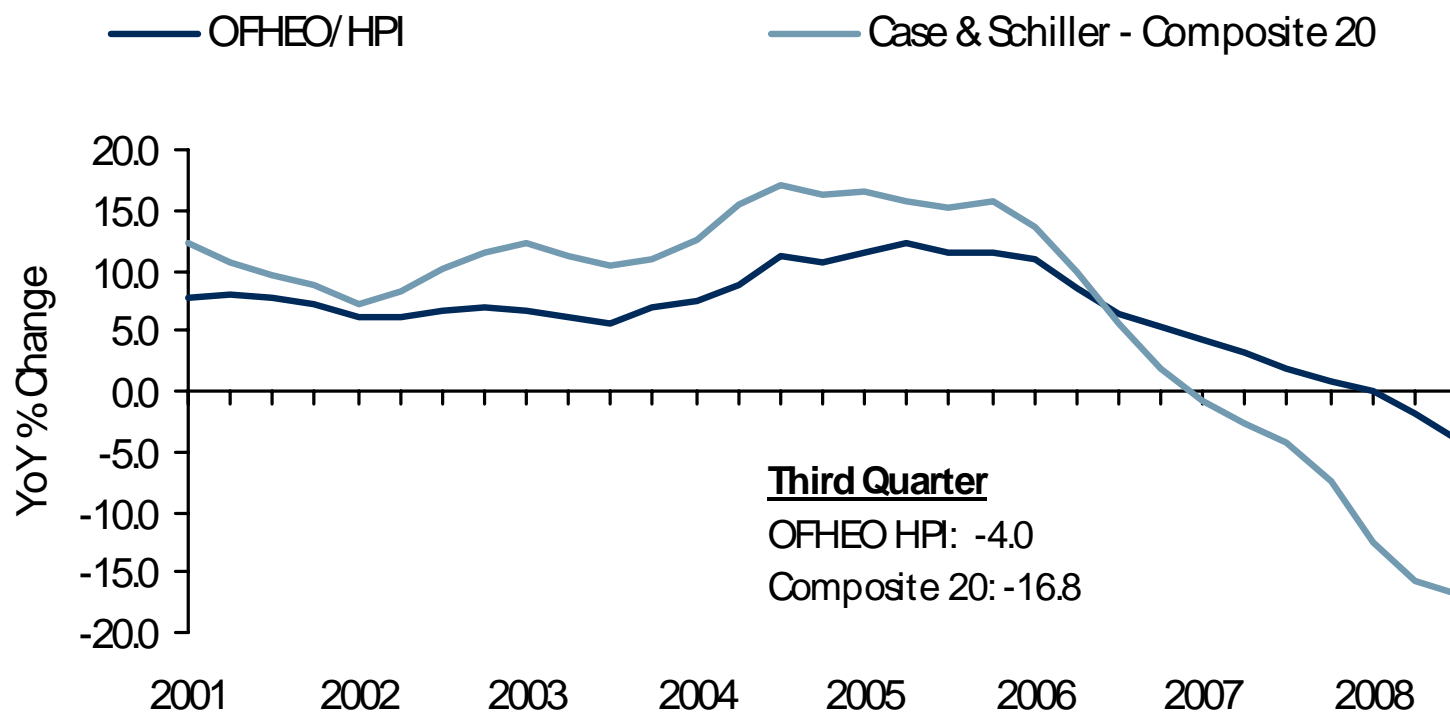
Total Home Sales

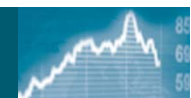
Single Family Homes



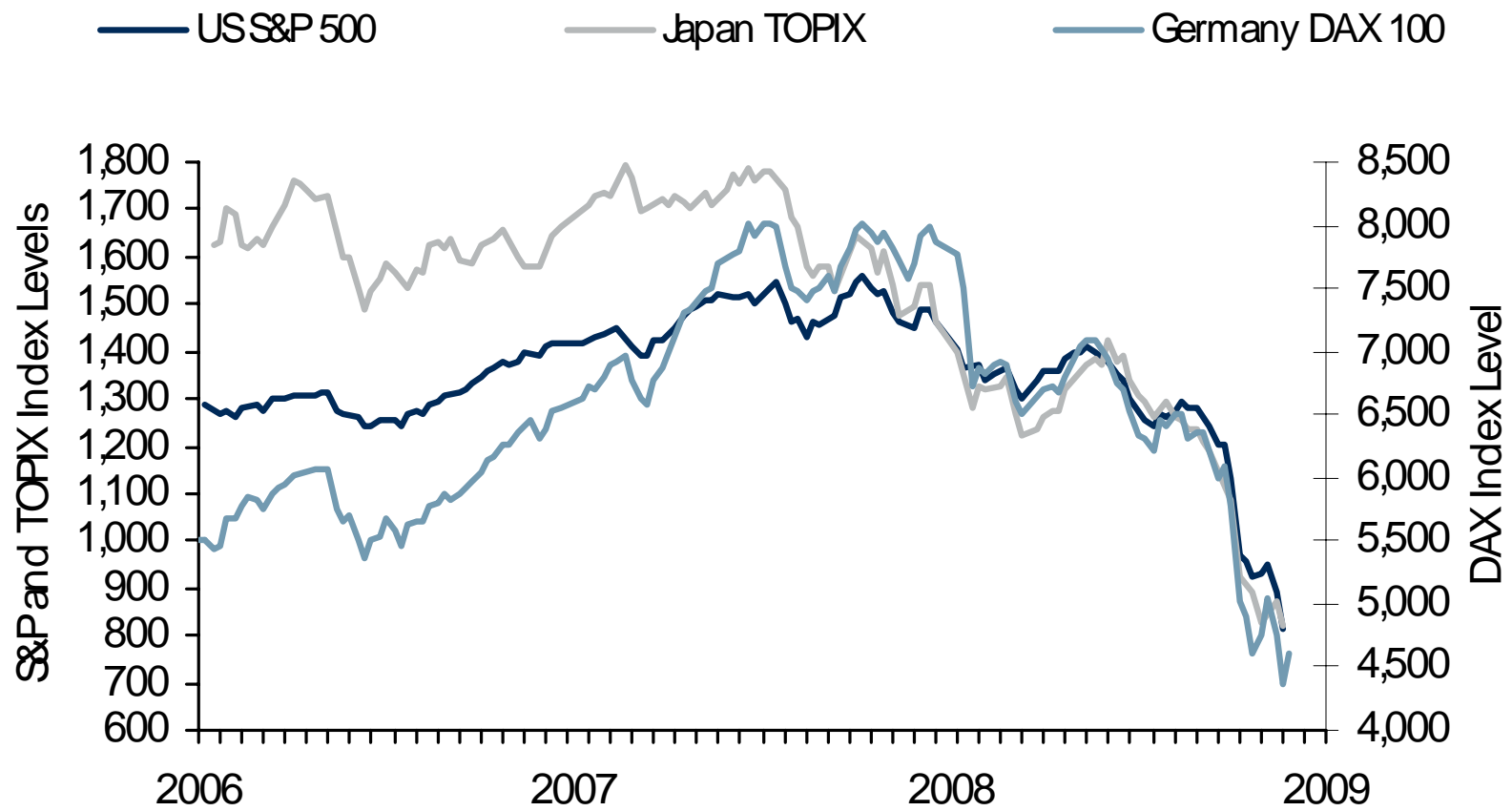


House Prices





Equity Markets





Institute for Supply Management's Business Survey Indexes

Manufacturing Business:

	<u>Oct.</u>	<u>Nov.</u>
Purchase Managers Index	38.9	36.2
Production	34.1	27.9
New Orders	32.2	31.5
Employment	34.6	34.2
Supplier Deliveries	49.2	48.4
Inventories	44.3	39.1
Prices	55.0	55.0
Backlog of Orders	37.0	27.0
Exports	41.0	41.0
Imports	41.0	37.5

Non-Manufacturing Business:

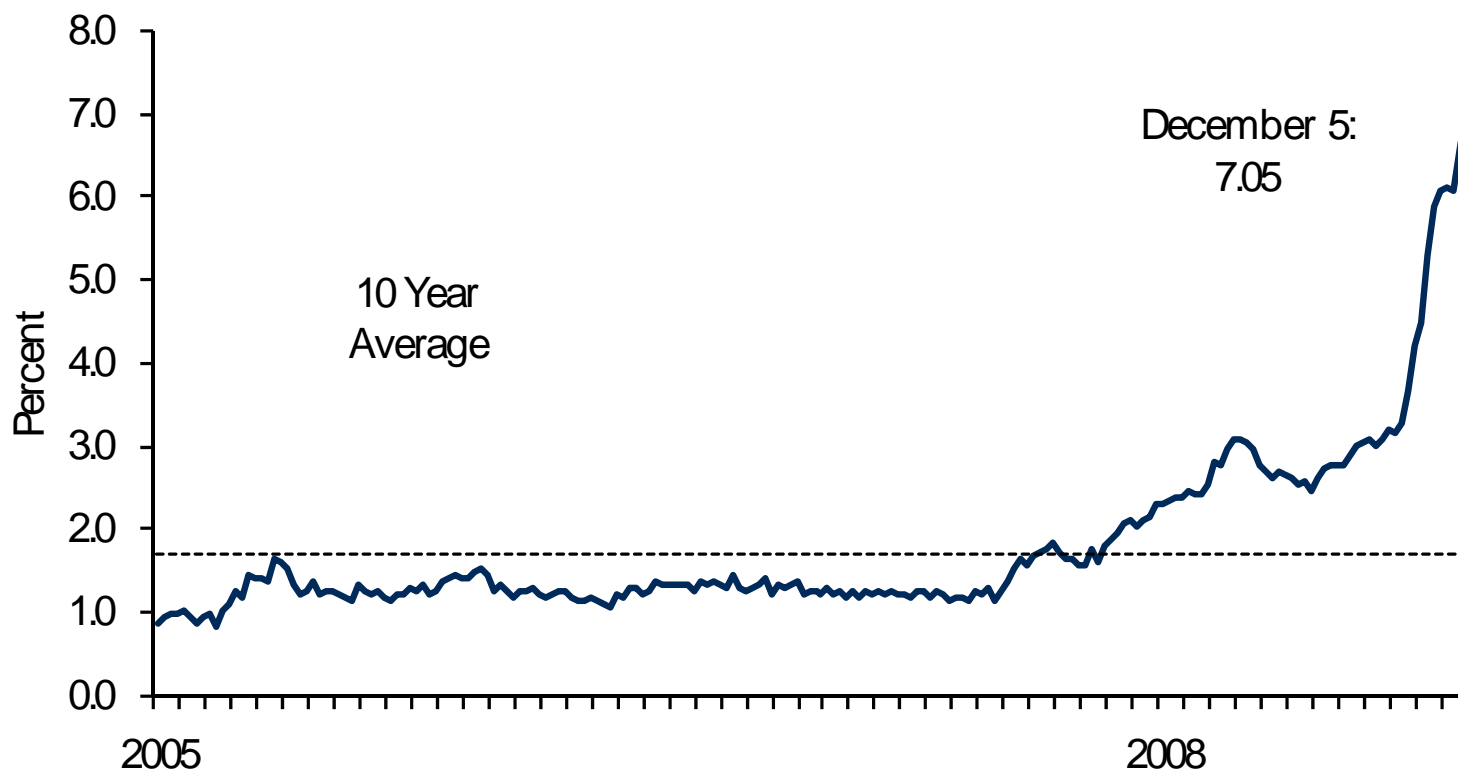
	<u>Oct.</u>	<u>Nov.</u>
Non-Manufacturing Index	44.4	37.3
Business Activity	44.2	33.0
New Orders	44.0	35.4
Employment	41.5	31.3
Supplier Deliveries	48.0	49.5
Inventories	48.0	46.0
Prices	53.4	36.6
Backlog of Orders	44.0	39.5
New Export Orders	50.0	34.5
Imports	52.0	40.0





Risk Premium

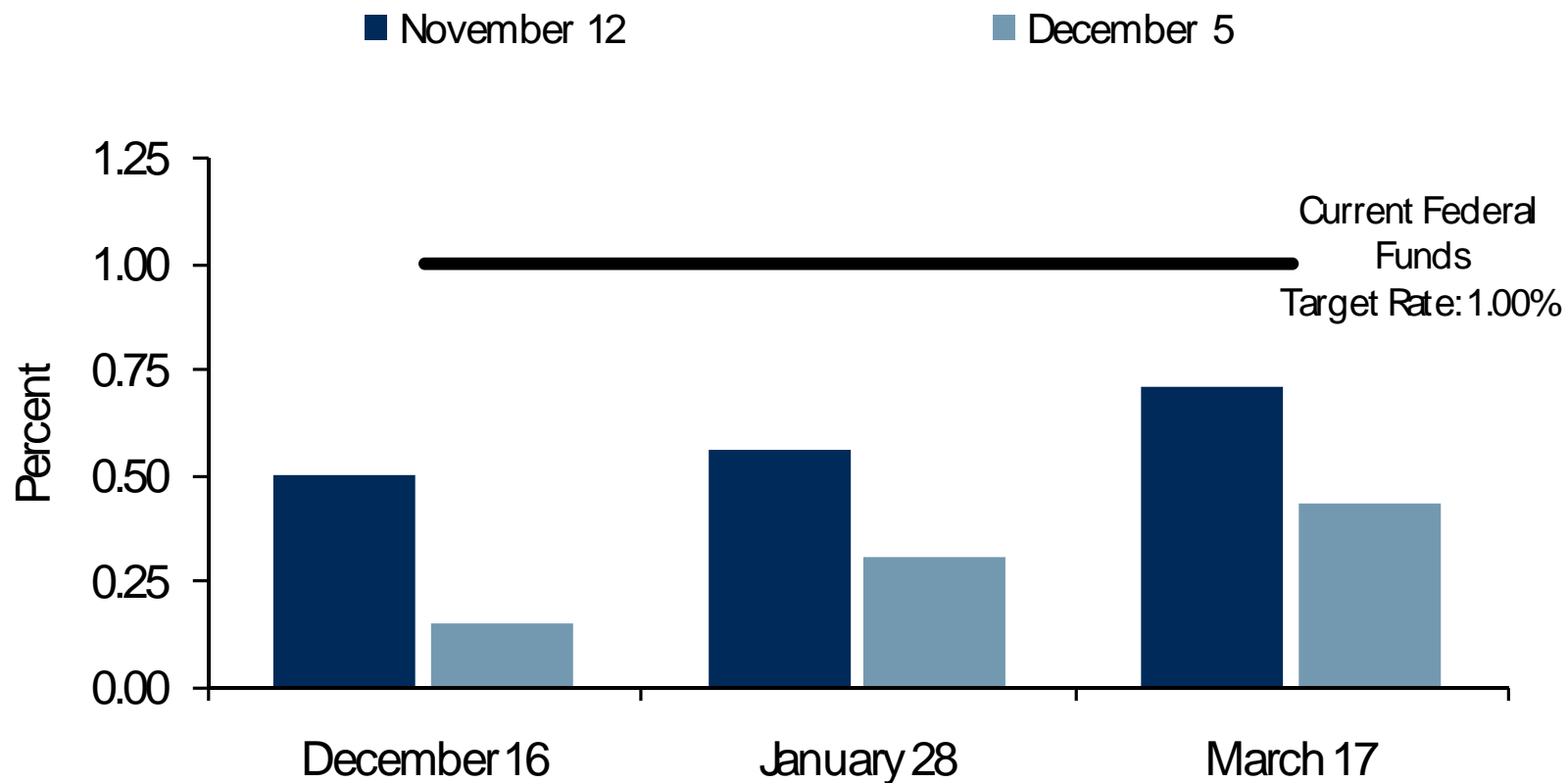
Merrill Lynch Corporate BBB – 10 Yr. Treasury Yield





Federal Funds Target Rate

As Implied by Fed Funds Futures Contracts

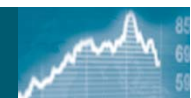




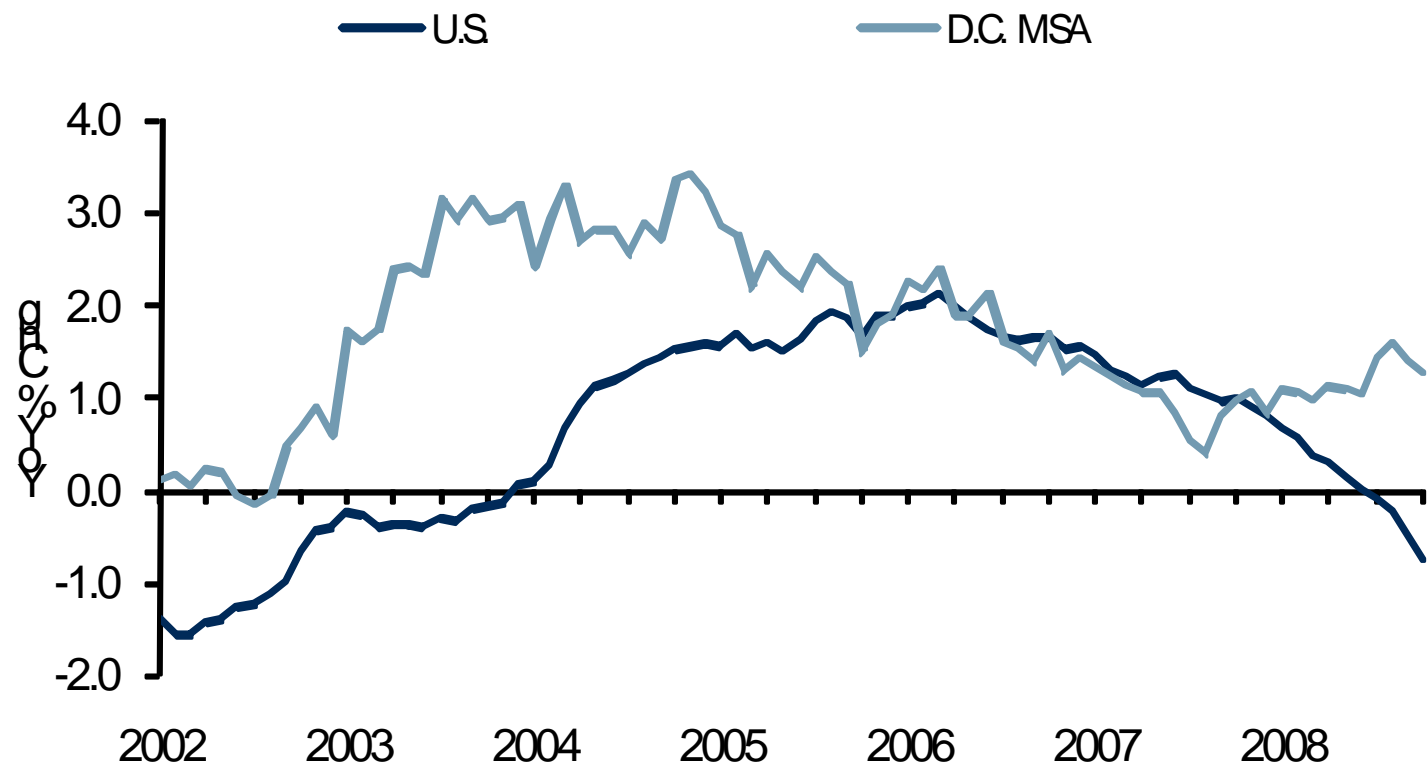
Financial Turmoil

- **Housing Boom & Bust**
 - Boom Fueled in part by Liberalized Mortgage Lending Practices
 - Bust Driven by these Same Practices
 - Financial Institutions held Mortgage-Backed Securities
- **Impacts of Housing “Bust”**
 - Mortgage Delinquencies and Defaults Rose
 - Value of Securities Fell, Leading to Massive Losses on Financial Firms’ Balance Sheets
 - Risk of Failure of Financial Institutions
- **Government Programs**
 - TAF – December 2007
 - PDCF – March 2008
 - TSLF – March 2008
 - TARP – October 2008
 - MMIFF – October 2008
 - Recent Measures



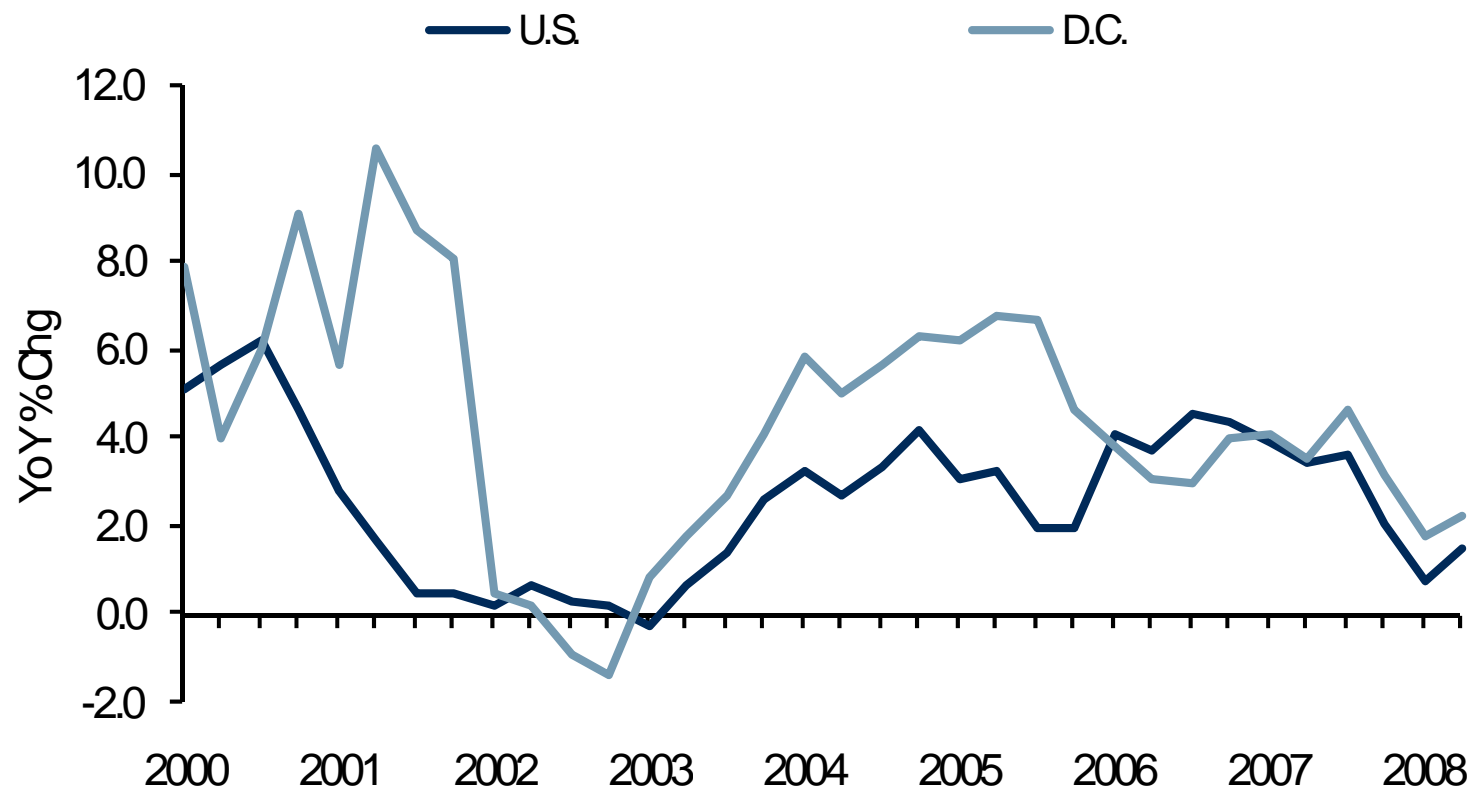


Washington, D.C. MSA Payroll Employment



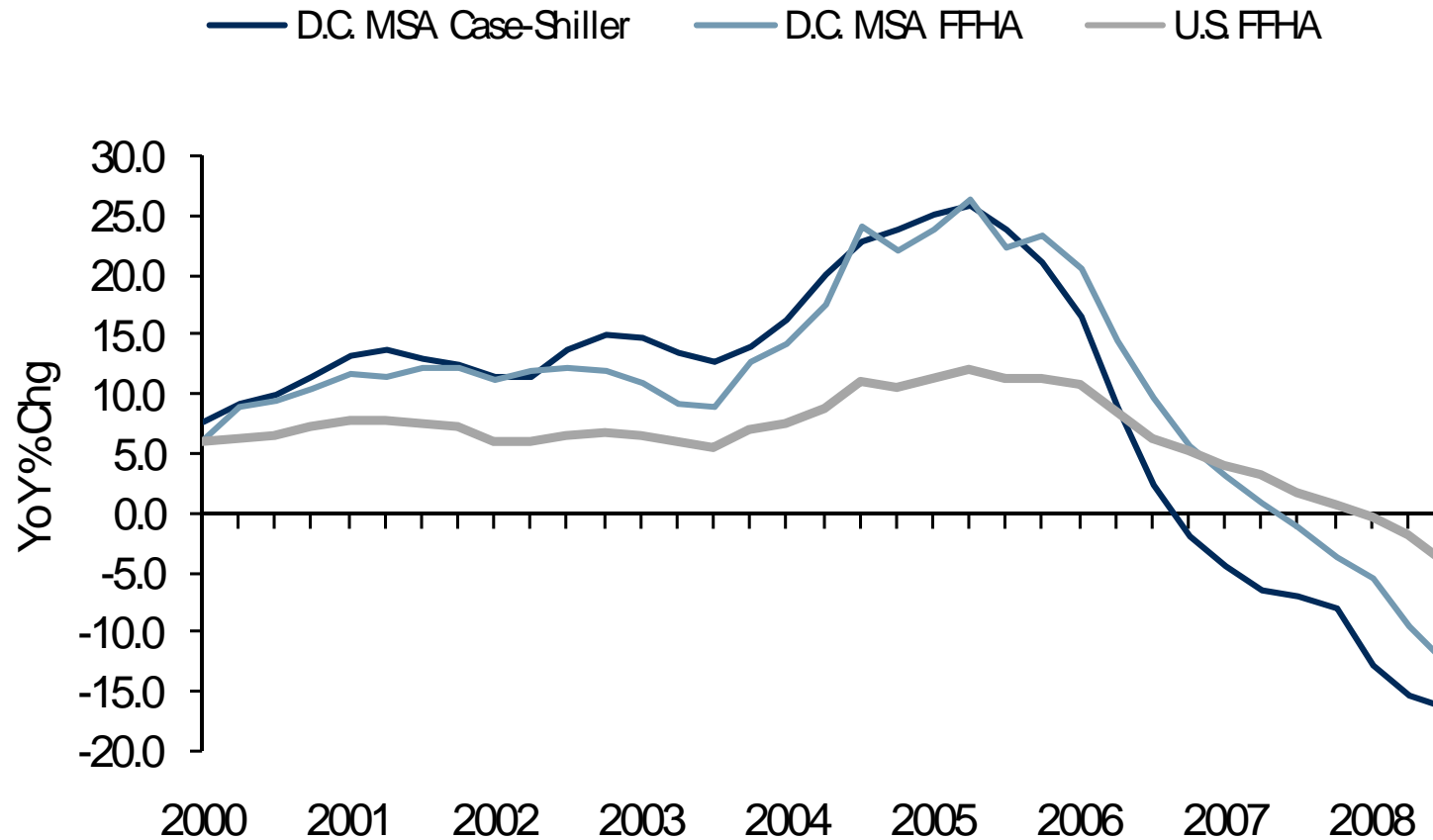


D.C. Personal Income





Washington, D.C. MSA House Prices





Washington D.C. MSA Foreclosures: *Percentage of Housing Units Entering Foreclosure* 1Q:08 – 3Q:08

Percent by Block Group

