Other Indicators (National)

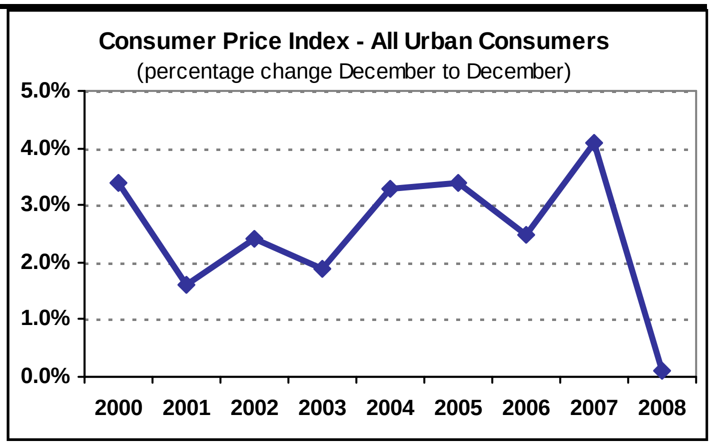
Consumer Confidence Index

Consumer confidence, as measured by the Conference Board's Consumer Confidence Index, declined for the second consecutive month. The index stands at 47.7 for the month of October, down from 53.4 in September. Since the start of the recession, the index has hit a number of new all-time record lows, the most recent of which occurred in February of this year (25.3). Since that time, the index has climbed to more than double that value with occasional, moderate dips and declines.

The Present Situation Index, decreasing, now stands at 20.7, down from 23.0 last month. The Expectations Index also declined, falling to 65.7 in October, down from 73.7 in September.

According to Lynn Franco, Director of The Conference Board Consumer Research Center, "Consumers' assessment of present-day conditions has grown less favorable, with labor market conditions playing a major role in this grimmer assessment...the Present Situation Index is now at its lowest reading in 26 years. The short-term outlook has also grown more negative, as a greater proportion of consumers anticipate business and labor market conditions will worsen in the months ahead. Consumers also remain quite pessimistic about their future earnings, a sentiment that will likely constrain spending during the holidays."

Source: The Conference Board. Compiled by the Office of Budget and Management.



Consumer Price Index

The Consumer Price Index is a measure of the average change in prices over time of goods and services purchased by households. The Consumer Price Index for all urban consumers (CPI-U) rose 0.2 percent for September following a 0.4 percent increase in August. The index for all items less food and energy also rose 0.2 percent.

Notable changes to indexes from August to September include:

- The ***food and beverages index*** fell 0.1 percent. The change was driven by a decline in the index for food at home including the indexes for fruits and vegetables, meats, poultry, fish and eggs.
- Following an increase of 4.6 percent in August, the ***energy index*** rose 0.6 percent in September. The indexes for gasoline and energy commodities were drivers of the increase but were offset by a decline in the index for natural gas.
- Included in the rise of the index for ***all items less food and energy*** was a 1.6 increase in the index for new vehicles and a 4.1 percent increase in the index for medical care commodities.

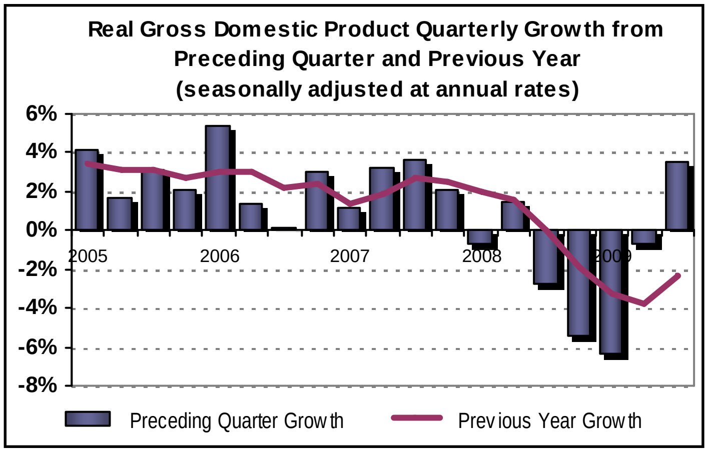
Over the last twelve months ending September 2009, the CPI-U has fallen 1.3 percent (not seasonally adjusted). This decline is driven by a 21.6 percent decline in the energy index since it peaked in July 2008. The decline in energy is offset by a 1.5 percent increase in the index for all items less food and energy for the past twelve months.

Source: Bureau of Labor Statistics. Compiled by the Office of Budget and Management.

Other Indicators (continued)

Real Gross Domestic Product (real GDP)

Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity.



Source: U.S. Bureau of Economic Analysis

The third quarter advance (first) estimate shows real GDP increased at an annual rate of 3.5 percent, preceded by a 0.7 percent decrease during the first quarter of 2009. This is the second positive quarter since the recession began in December 2007.

The increase in real GDP was the result of contributions from many of the major components. The most notable of those contributors include the following:

- ***Exports*** increased 14.7 percent following declines of 29.9 percent and 4.1 percent in the first and second quarters, respectively.
- ***Personal consumption expenditures*** (good and services) rose 3.4 percent following a decline of 0.9 percent last quarter.
- ***Residential fixed investment*** leaped 23.4 percent. This increase was preceded by declines of 38.2 percent and 23.3 percent in the first and second quarters of the year.

Positive contributions were partially offset by an increase in imports, a decline in local and state government spending and a slow down in federal spending.

- ***Imports,*** which are a subtraction in the calculation of GDP, rose 16.4 percent.
- ***Federal*** consumption expenditures increased 7.9 percent as compared to a larger increase of 11.4 percent during the second quarter.
- ***State and local*** government expenditures declined 1.1 percent.

In the News...has the end of the recession finally arrived?

Recent reports and economic indicators indicate a recovery to the recession may be here.

Federal Reserve's Beige Book

The Federal Reserve's recently release Beige Book indicated that the U.S. economic recession may well be over as each district report indicated stabilization or modest improvements across many sectors.

Manufacturing

Manufacturing activity appeared generally stronger as compared to the last report. Production continued to pick up with substantial increases in auto parts production noted by several districts including Richmond. Districts also noted that the drop for new orders in housing related products had subsided.

Real Estate and Construction

With a pick up in sales of low and middle priced houses, most districts noted an improvement in housing market conditions. The first-time home borrower program was credited as assisting in the improvement. Prices continue to be depressed in some areas where foreclosures are selling at a discount and commercial real estate continues to weaken across all districts. However, the Richmond district was noted as a bright spot in which retailers are revisiting postponed expansion plans.

Employment, Wages and Prices

While labor market conditions were generally reported as weak or mixed, the reports were not without encouraging signs. Temporary hiring, a precursor to full-time hiring, was seen as mixed throughout the districts but increased optimism for the near future was expressed.

Consumer Spending and Tourism

Consumer spending improved from prior reports. However, it continues to remain weak in most districts. Following the end of the Cash-for-clunkers program, new vehicle sales saw a general decline. appeared to boost traffic and sales in the majority of districts. On a brighter note, the Richmond district noted solid growth in group bookings indicating an improvement in tourist activity.