



## **Beige Book reports modest growth, continued strength**

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Through Oct. and Nov., despite troubled residential markets and looming uncertainty over mortgage standard, the nation's economy did not show signs of decline. Consumer confidence and a solid labor market propelled regional economies, as a nationwide strengthening of the commercial real estate market has eased investors' concerns.

The new Beige Book Report, a regularly released anecdotal report prepared by the Federal Reserve and named for the color of its cover, also revealed that the nation's collective economic expansion is fueling optimism, unfazed by the slowed residential market

Here are some of the specific findings from the Beige Book, by district:

District 1-Boston: Manufacturers in New England are demonstrating the most optimism, with the other sectors reporting growth but rising caution. The northeast is still combating a weakening residential real estate market, as compared to a robust commercial market. Staffing firms are faring well, yet information technology services are slowing.

District 2-New York: The empire state and its surrounding area yet again report moderate development, with noteworthy intensity in New York City. Despite the strike by the Broadway stagehand union, the Big Apple boasts strong sales and high tourism, as well as increased residential sales activity. Across the region, the labor market remains stable; bankers, nonetheless, still report weakening loan demand, particularly for home mortgages.

District 3-Philadelphia: Retailers report strong sales in Nov. and foresee continued growth in the coming months. Even bank lending has been rising, specifically in the business sector, where activity is expanding modestly. Manufacturers see slight increases in orders and shipments, and wages continue to increase steadily.

District 4-Cleveland: Experts in the Midwest are reporting growth, albeit at a slower pace. Manufacturing output remains unchanged, with forthcoming price increases expected. Home building reports are steady to declining and retailers have seen relatively weak sales. Employment levels are also unchanged, as staffing firms seeing fewer job openings.

District 5-Richmond: Similarly, the fifth district is undergoing a deceleration in retail sales and residential market activity. Retailers have reason to be optimistic, however, as the early signs of a holiday shopping rush are palpable. Drought-like conditions in the area continue to delay winter plantings. Other sectors, such as service providers, tourism and manufacturing, are more upbeat.

District 6-Atlanta: Down south, experts are cautiously optimistic, thanks to a rise in tourism. The retail and auto sales sectors indicated weakness, and the pace of manufacturing has slowed. The labor market is tightening amidst increased layoffs in the construction industry. Crop production is hampered due to drought conditions in Al., Ga. and Tenn.

District 7-Chicago: Expansion in the seventh district is evident with banks seeing heightened lending requests from both consumers and businesses, even with tightened credit standards. Labor market

conditions were mixed, while wage and cost pressures remain the same. Residential construction is in a decline, offset by a commercial construction boom.

District 8-St. Louis: Denoting a nationwide trend, the eighth district enjoys a strong commercial market, while residential real estate is lagging. Across the district, there is expansion in all sectors, but at a slower pace than in recent months. Manufacturing activity softened but there is expansion in the services sector.

District 9-Minneapolis: The Ninth District's economy boasts modest improvements in a wide array of sectors, including consumer spending, tourism, services, manufacturing, energy, mining, commercial construction, and agriculture. Weakening reports still plague the district's residential market and employment reports are mixed. Wage increases are moderate and prices for fuel and steel are on the rise.

District 10-Kansas City: Experts in district ten reported more modest increases, and like most of the country, commercial real estate is faring much better than its residential counterpart. Consumer spending, energy and agriculture all report gains, although manufacturing is sluggish. Bankers observed softer loan demand and tightened credit standards.

District 11-Dallas: In Dallas, growth has decelerated because of weakening retail reports and lackluster manufacturing output. Good news is that agricultural conditions are positive and energy activity has picked up. Home real estate markets and construction continue to soften, but commercial and multifamily building shows signs of strength.

District 12-San Francisco: The west coast's economic expansion was propelled by agricultural output, manufacturing and wages. Price increases occurred across the board, particularly in food and energy. The declining housing market continues to stunt growth, but the strength on the commercial side may act as an economic stimulus in the region.

As we head into the holiday season and reflect on the year's economy, there is much to be optimistic about. Consumers are likely to remain cautiously optimistic, but are notably undeterred in their holiday shopping plans.

Happy Holidays!

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