

SouthPoint - Federal Reserve Bank of Atlanta

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Why SouthPoint?

Welcome to SouthPoint, the Atlanta Fed's new weekly blog on regional economic developments. In this blog, we'll focus on the states in the Sixth Federal Reserve District—Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee—a very economically diverse area of the country.

One of the regional Federal Reserve banks' roles is to gather and process regional economic information to help inform the Fed's monetary policy process. The president of the Federal Reserve Bank of Atlanta is a member of the Federal Open Market Committee (FOMC) and as such plays a role in deciding the direction of certain interest rates. In gathering regional economic intelligence to assist our Bank president in his role as a member of the FOMC, we gain a deep understanding of what is happening in our district.

With that information as background, I should make another distinction up front. That is, the mission of the Atlanta Fed does not include being experts in regional economics. Our mission, as laid out in the Federal Reserve Act, specifies that the FOMC should seek "to promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates." The Fed's mandate is for the U.S. economy as a whole, not the regional economy. We feel that the actions we take to meet the mandate put us in a position to offer educated commentary on economic developments in our region.

To that end, a little more than a year ago we launched the Regional Economic Information Network, or REIN, to provide an enhanced structure for handling incoming information and process it into useful economic analysis. "In our monetary policy role, we collect and analyze data covering various industries and indicators within the Sixth District," said John Robertson, vice president and then regional research team leader at the Atlanta Fed in announcing the initiative. "Sharing information helps to better position the Atlanta Fed as a knowledge source. At the end of the day, our objective is enhanced understanding of the economy. More information leads to more informed decision making."

Our REIN activities are geared toward "more informed decision making," as John put it, in relation to our FOMC-related duties. His reference to "sharing information" is what SouthPoint is all about. Please also look to the REIN [section](#) on this Web site for regular analysis of recent economic developments in the region.

So, what is so special about the Southeast region? What leads us to believe that what we learn about economic developments here is so useful when developing a picture of the national economy as a whole? After all, when the Atlanta Fed's President Dennis Lockhart goes to FOMC meetings, his policy decisions are not based on what he thinks is best for the region but what he believes is in the best interest of the U.S. economy as a whole.

Well, for starters, the states of the Sixth Federal Reserve District account for a substantial proportion of total U.S. economic output and employment. What happens in this region has a large impact on national economic trends.

Table 1 shows that if the Sixth District were an independent country, it would have the world's eighth-largest economy.

Table 1

World GDP Rankings		<i>\$ billion</i>
1	United States	\$ 13,841
2	Japan	\$ 4,378
3	Germany	\$ 3,330
4	China (Excluding Hong Kong)	\$ 3,253
5	United Kingdom	\$ 2,773
6	France	\$ 2,596
7	Italy	\$ 2,105
8	Sixth FR District	\$ 1,845
9	Canada	\$ 1,437
10	Spain	\$ 1,410
Sources: BEA, BLS, Economy.com		
<i>Data for 2007</i>		

In addition, the structure of the Southeast economy is very similar to the U.S. economy as a whole. Table 2 shows the share of gross domestic product (GDP) by industry for the combined states of the Sixth District and the United States as a whole. Except for durables manufacturing, where the Southeast is below the U.S. percentage, and construction as well as leisure and hospitality, where the region is above the U.S. concentration, the industrial structure of this region's economy is very similar to that of the national economy.

Table 2

GDP Breakdown Comparisons		
<i>Industry, percent of total</i>	Sixth District States	USA
Mining	1.9	2.0
Construction	3.5	2.9
Durables Manufacturing	6.7	9.1
Nondurables Manufacturing	4.6	4.6
Wholesale Trade	6.6	5.9
Retail Trade	9.3	7.9
Transportation & Utilities	5.4	4.8
Information	5.9	6.1
Financial Services	19.0	20.2
Professional Business Services	11.6	12.8
Education and Healthcare	7.7	7.6
Leisure & Hospitality	4.4	3.5
Other Services	2.2	2.0
Government	11.3	10.5
Sources: BEA, FRBA		
<i>Data for 2008</i>		

In other words, the Southeast economy is very big, and it's structured a lot like the U.S. economy as a whole. Therefore, the picture we paint through data analysis and talking to decision-makers throughout our region puts us in a pretty good position to advise our Bank's president on broader U.S. economic developments—which is directly tied to the Fed's mandate.

It is this information and insight that will be the focus of SouthPoint, and we hope you find our posts interesting and informative.

By [*Michael Christz*](#), an assistant vice president in the Atlanta Fed's research department

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