

## SouthPoint

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### Beige Book: Warming Economy Accompanies Spring's Thaw

Eight times a year, each of the 12 Reserve Banks gathers anecdotal information on current economic conditions in its district through reports from Bank and branch directors and interviews with key business contacts, economists, market experts, and other sources. Their findings are reported in the Summary of Economic Conditions, also known as the [Beige Book](#). The report is published on the Federal Reserve Board of Governors' website about two weeks prior to each Federal Open Market Committee meeting.

The first sentences of the [national summary](#) and each Bank's report often receive much attention because the lead sentence tends to summarize economic conditions in that region.

Here is a compilation of the first sentence of the national summary and each Reserve Bank's report:

**National:** Reports from the twelve Federal Reserve Districts suggest economic activity increased in most regions of the country since the previous report. (A [previous SouthPoint post](#) also mentioned the weather's effect on overall economic conditions.)

**Boston:** The First District economy continues to expand moderately, according to business contacts, although growth rates vary across sectors and firms.

**New York:** Economic activity in the Second District rebounded since the last report, as the harsh winter weather abated.

**Philadelphia:** Aggregate business activity in the Third District grew at a moderate pace during this current Beige Book period.

**Cleveland:** On balance, economic activity in the Fourth District declined slightly in the past six weeks.

**Richmond:** The Fifth District economy expanded moderately since our last report.

**Atlanta:** On balance, the Sixth District economy expanded at a modest pace from mid-February through March.

**Chicago:** Growth in economic activity in the Seventh District picked up in March, and contacts generally maintained their optimistic outlook for 2014.

**St. Louis:** Business activity in the Eighth District has declined slightly since our previous report.

**Minneapolis:** The Ninth District economy continued to grow at a moderate pace since the last report.

**Kansas City:** The Tenth District economy grew moderately in March, and most contacts were optimistic about future activity.

**Dallas:** The Eleventh District economy grew at a moderate pace over the last six weeks.

**San Francisco:** Economic activity in the Twelfth District continued to improve moderately during the reporting period of mid-February through early April.

As you can see, almost all districts are experiencing the same level of economic activity.

Here are some notable highlights from the Atlanta Fed's contribution to the Beige Book:

#### Consumer spending and tourism

District merchants reported an uptick in activity from mid-February through March following sluggish sales in January, which were widely attributed to the severe winter weather. Light motor vehicle sales grew modestly during the time period.

Hospitality contacts in areas negatively affected by the adverse winter weather saw improvements in activity.

#### Real estate and construction

Brokers reported home sales were mixed. Inventory levels continued to fall on a year-over-year basis, and the majority of contacts reported that home prices remained ahead of the year-earlier level.

The majority of builders reported that construction activity and new home sales were ahead of the year-earlier level. The majority of contacts continued to report modest home price appreciation.

District brokers noted that demand for commercial real estate continued to improve. Construction activity continued to increase at a modest pace from last year.

#### Manufacturing

Manufacturers reported increased activity across the region from mid-February through March. Significant improvements were cited in production and new orders.

#### Banking and finance

Bankers noted an increase in loan demand.

## Employment

District payroll growth remained constrained from mid-February through March.

## Prices and wages

Nonlabor input costs increased very slowly, with a few noted exceptions, including rising costs for developed land, construction materials, and food. Profit margins remained tight across most industries as contacts continued to report very little pricing power.

Contacts continued to indicate little wage pressure outside of some high-skilled positions.

The next Beige Book will be published June 4.



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