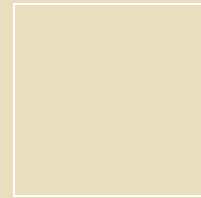
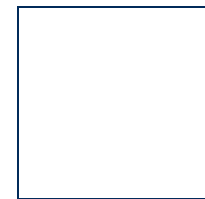
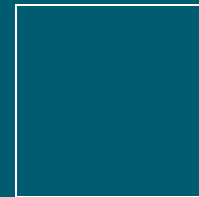


An Update on Economic Conditions



Raymond Owens

June 12, 2008

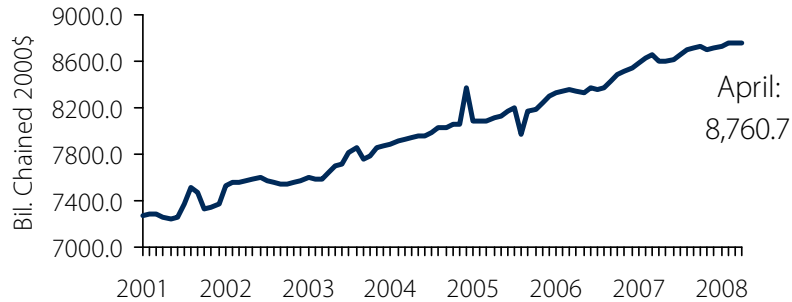


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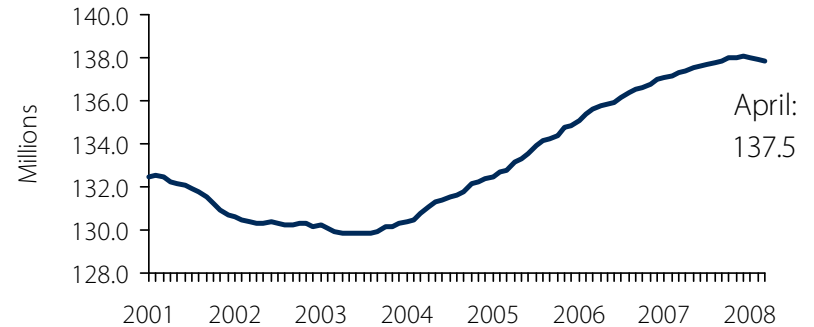
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NBER Measures of Activity for Determining a Recession

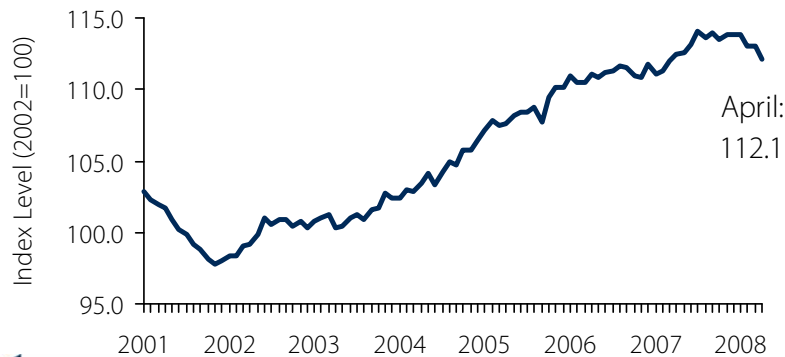
Real Personal Income



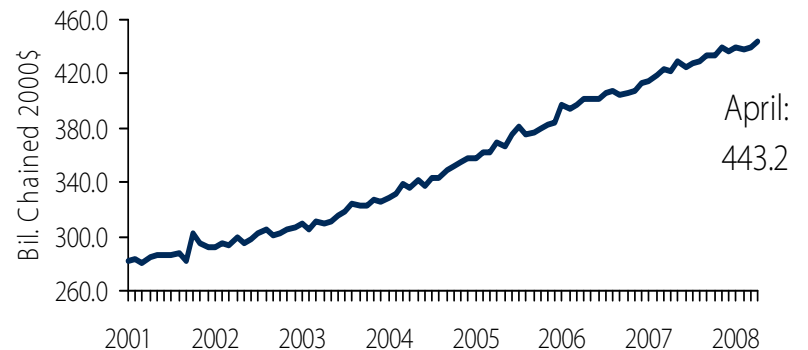
Nonfarm Payroll Employment



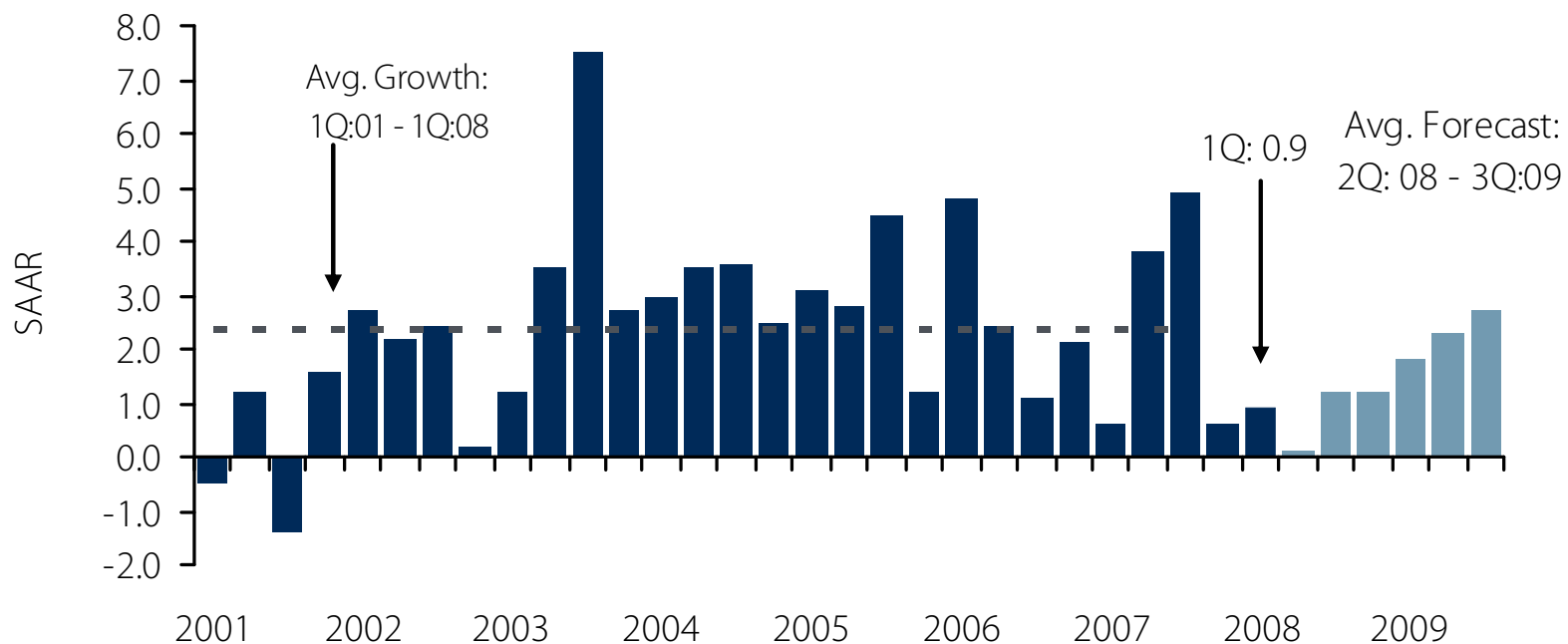
Industrial Production

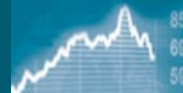


Real Wholesale-Retail Sales



Real Gross Domestic Product





Real Gross Domestic Product - Breakdown

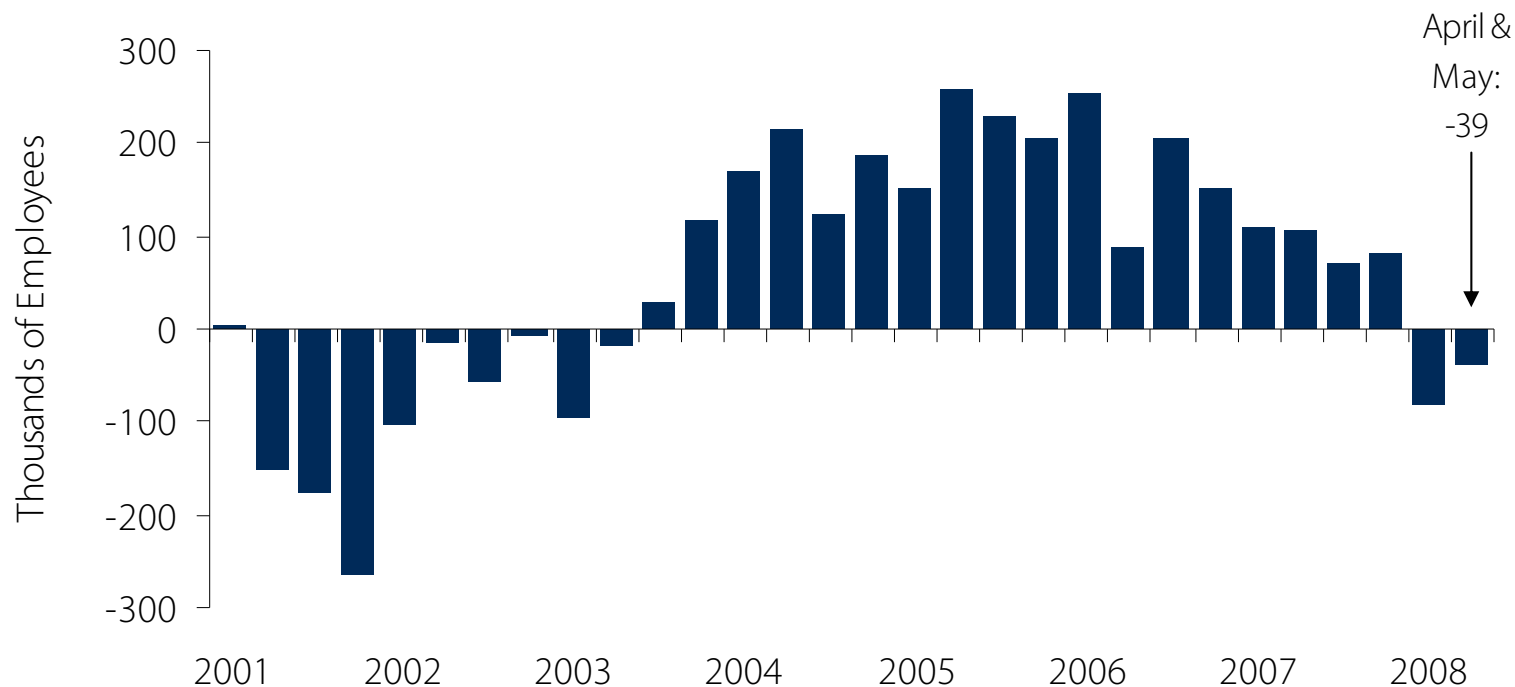
Change from Previous Quarter at Compound Annual Rate [Percent]	<u>1Q:07</u>	<u>2Q:07</u>	<u>3Q:07</u>	<u>4Q:07</u>	<u>1Q:08</u>
Gross Domestic Product	0.6	3.8	4.9	0.6	0.9
Personal Consumption Expenditures	3.7	1.4	2.8	2.3	1.0
Nonresidential Fixed Investment	2.1	11.0	9.3	6.0	-0.2
Structures	6.4	26.2	16.4	12.4	-1.1
Equipment and Software	0.3	4.7	6.2	3.1	-0.9
Residential Fixed Investment	-16.3	-11.8	-20.5	-25.2	-25.5
Exports of Goods and Services	1.1	7.5	19.1	6.5	2.8
Imports of Goods and Services	3.9	-2.7	4.4	-1.4	-2.6
Government Consumption Expenditures	-0.5	4.1	3.8	2.0	2.0
Final Sales to Domestic Purchasers	1.7	2.1	2.5	1.3	-0.1
Level in Quarter at SAAR [Billions of Chained (2000) Dollars]					
Change in Private Inventories	0.1	5.8	30.6	-18.3	-14.4
Net Exports of Goods and Services	-612.1	-573.9	-533.1	-503.2	-480.2





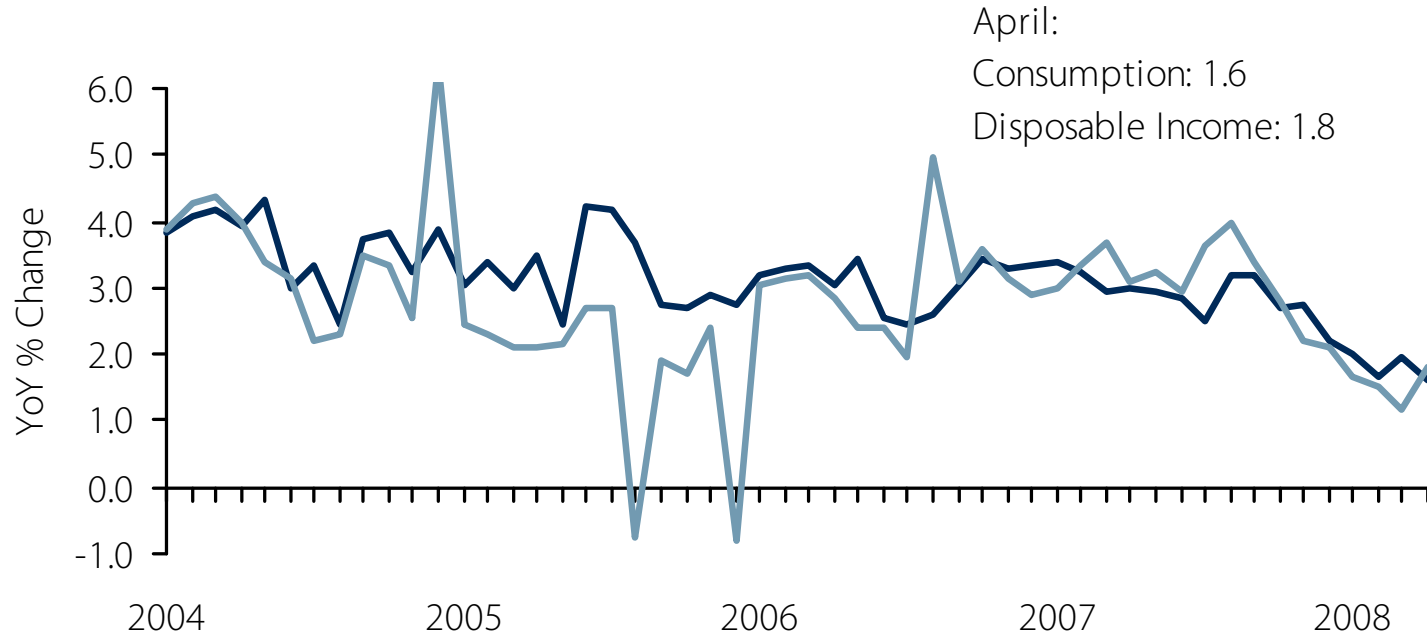
Nonfarm Payroll Employment

Quarterly Average of Monthly Changes

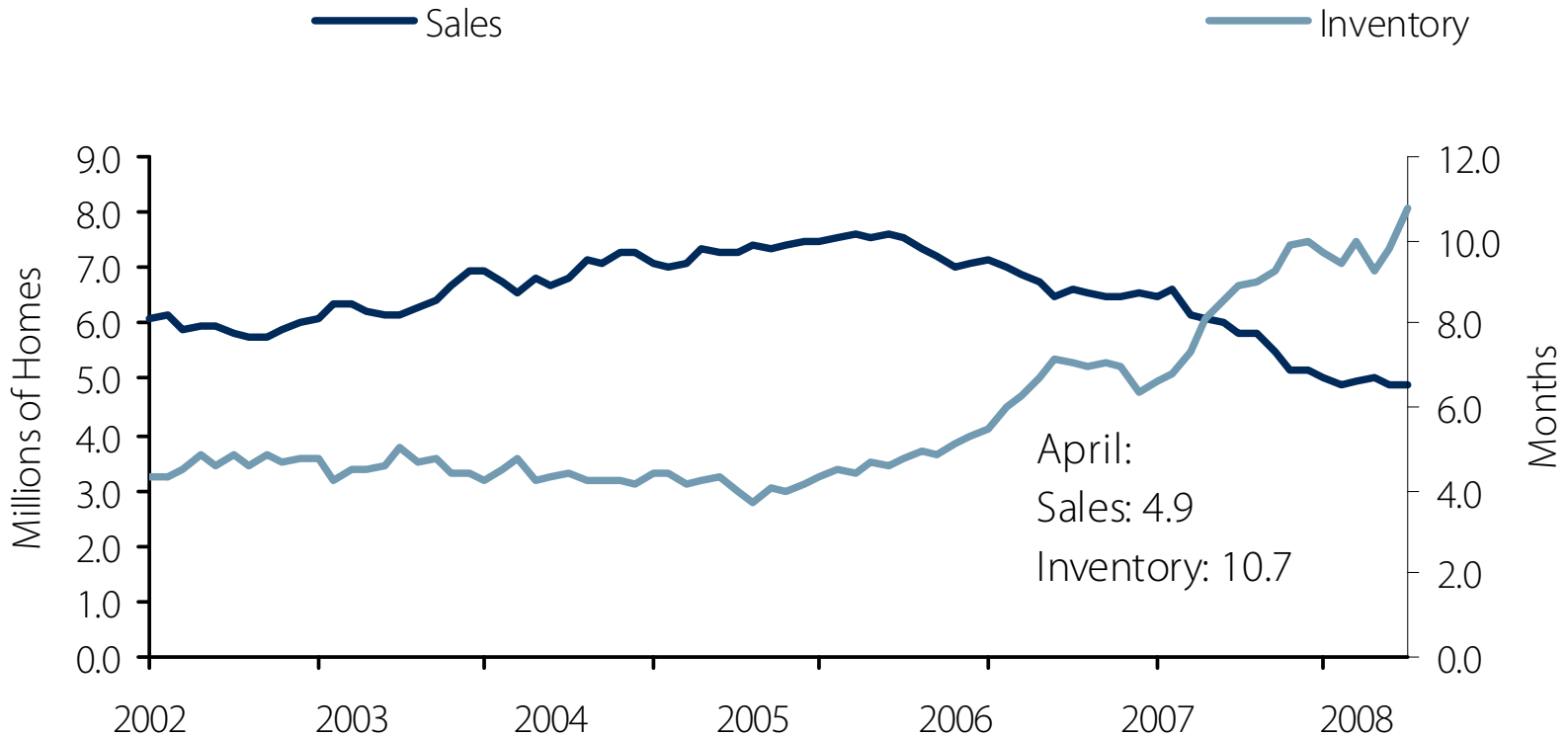


Personal Income & Expenditures

— Real Personal Consumption Expenditures — Real Disposable Personal Income

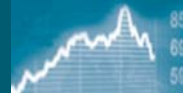


Total Home Sales and Inventory



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Institute for Supply Management's Business Survey Indexes

Non-Manufacturing Business:

	<u>Apr.</u>	<u>May</u>
Non-Manufacturing Index	52.0	51.7
Business Activity	50.9	53.6
New Orders	50.1	53.6
Employment	50.8	48.7
Supplier Deliveries	56.0	51.0
Inventories	47.0	54.0
Prices	72.1	77.0
Backlog of Orders	50.0	49.0
New Export Orders	48.5	54.0
Imports	50.0	48.0

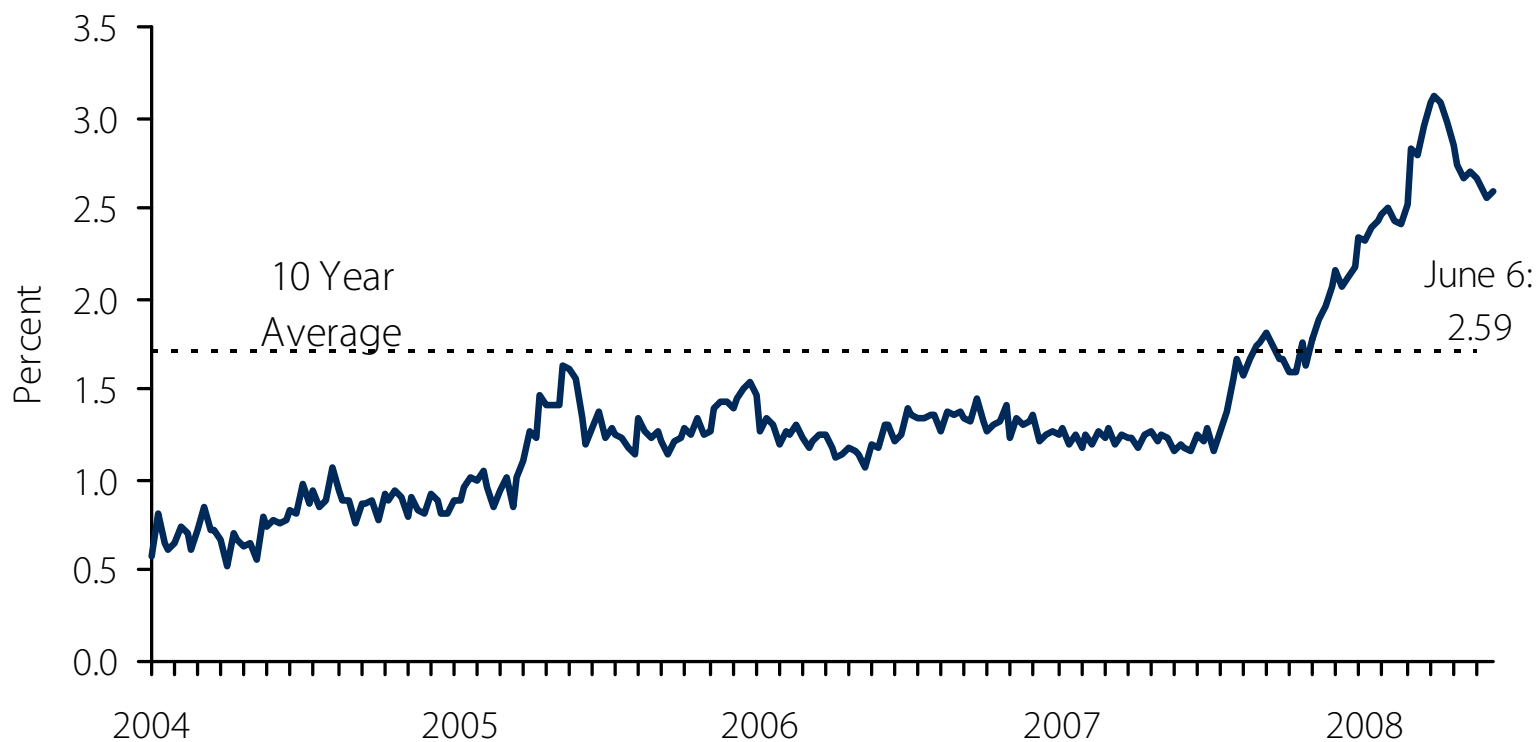
Manufacturing Business:

	<u>Apr.</u>	<u>May</u>
Purchase Managers Index	48.6	49.6
Production	49.1	51.2
New Orders	46.5	49.7
Employment	45.4	45.5
Supplier Deliveries	54.0	53.7
Inventories	48.1	48.0
Prices	84.5	87.0
Backlog of Orders	51.5	46.0
New Export Markets	57.5	59.5
Imports	48.0	49.5

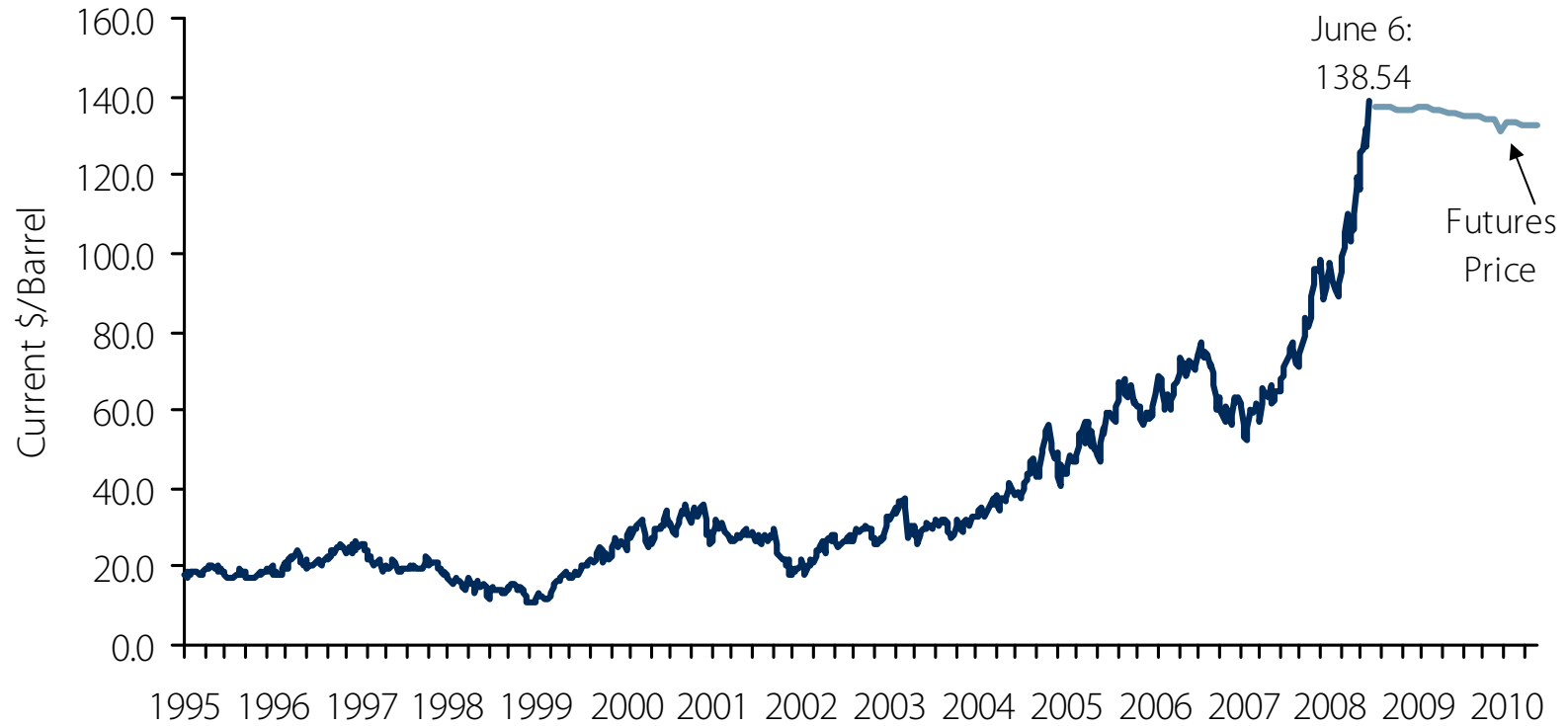


Risk Premium

Merrill Lynch Corporate BBB – 10 Yr. Treasury Yield



Crude Oil Prices



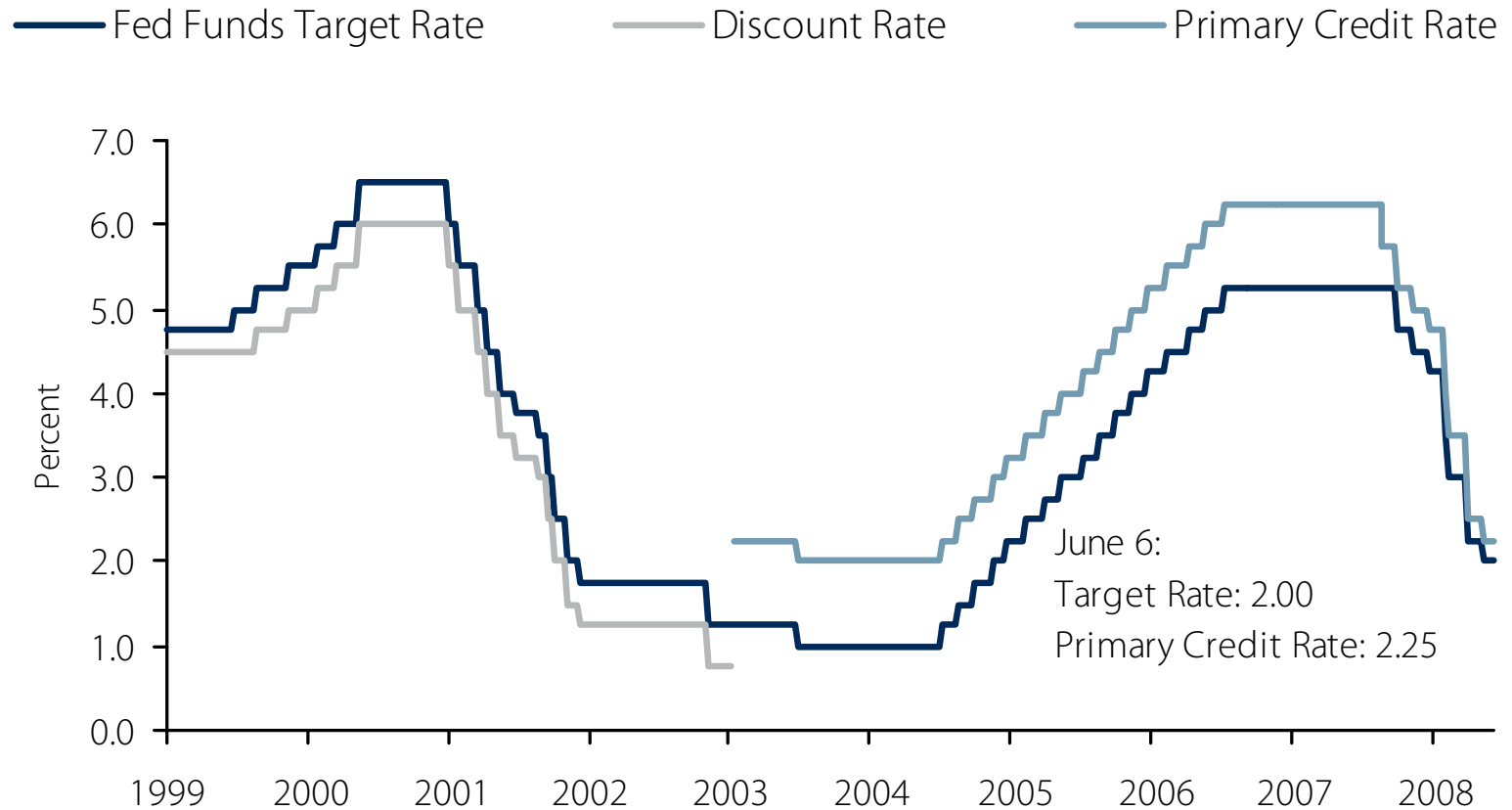


Gauges of Inflation

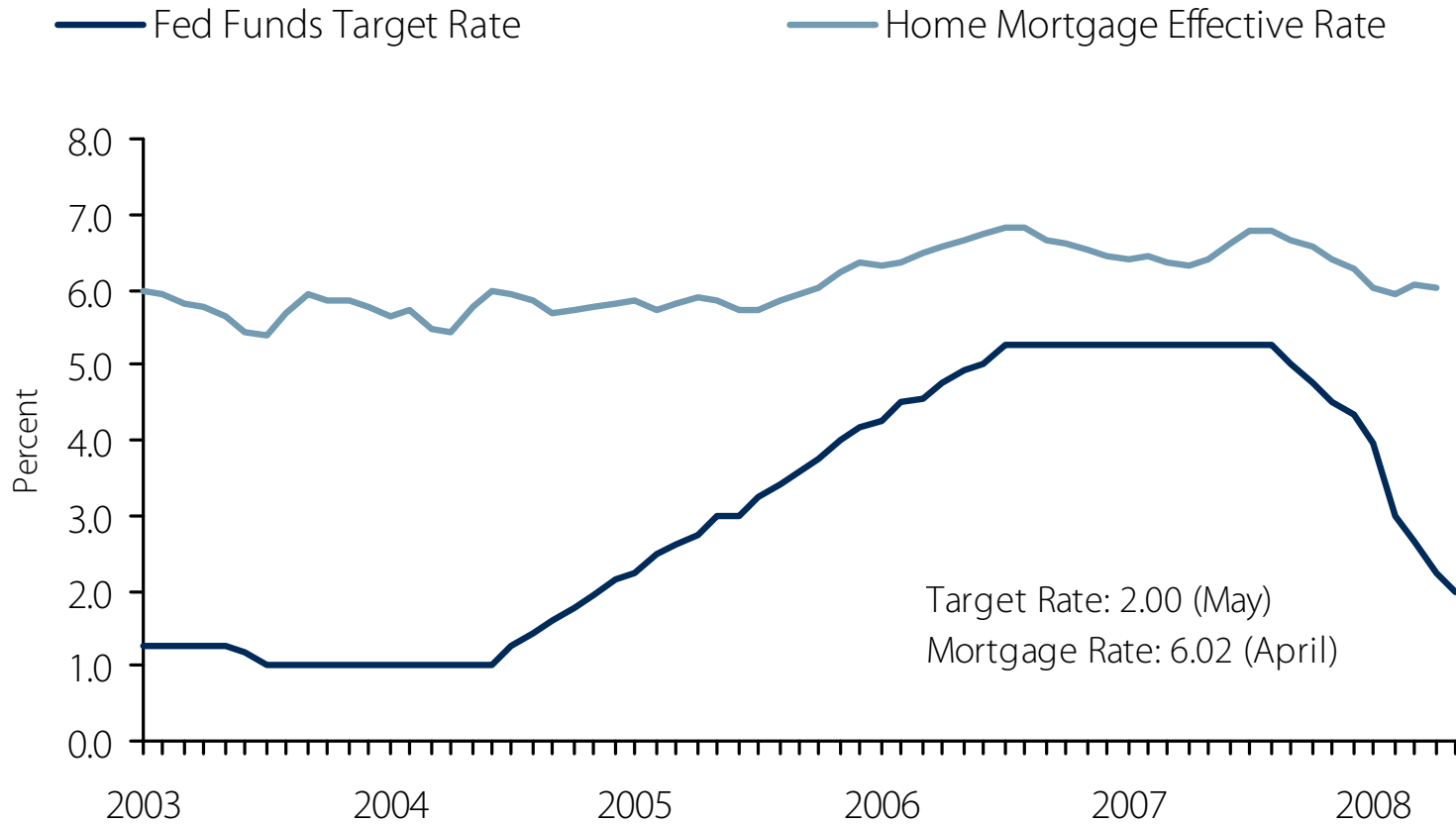
Change from Previous Month at Annual Rate [Percent]	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>YoY %</u>
Expenditure Price Indices				
Personal Consumption Expenditures	1.7	3.7	2.8	3.2
Core (excludes Food and Energy)	1.6	2.2	1.7	2.1
Consumer Price Indices	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>YoY %</u>
All Items	0.3	4.2	2.5	3.9
Core (excludes Food and Energy)	0.5	1.8	1.3	2.3
Producer Price Indices	<u>Feb.</u>	<u>Mar.</u>	<u>Apr.</u>	<u>YoY %</u>
Finished Goods	4.2	13.9	2.1	6.4
Core (excludes Food and Energy)	6.8	3.0	5.2	3.0
Core Intermediate Goods	7.9	14.0	15.4	5.8
Crude Goods	54.0	153.0	46.5	34.1
Percent Change from Previous Month [Percent]				
Spot Commodity Price Index	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>YoY %</u>
CRB Spot Commodity Price Index	3.4	0.5	1.0	17.7



Monetary Policy Instruments

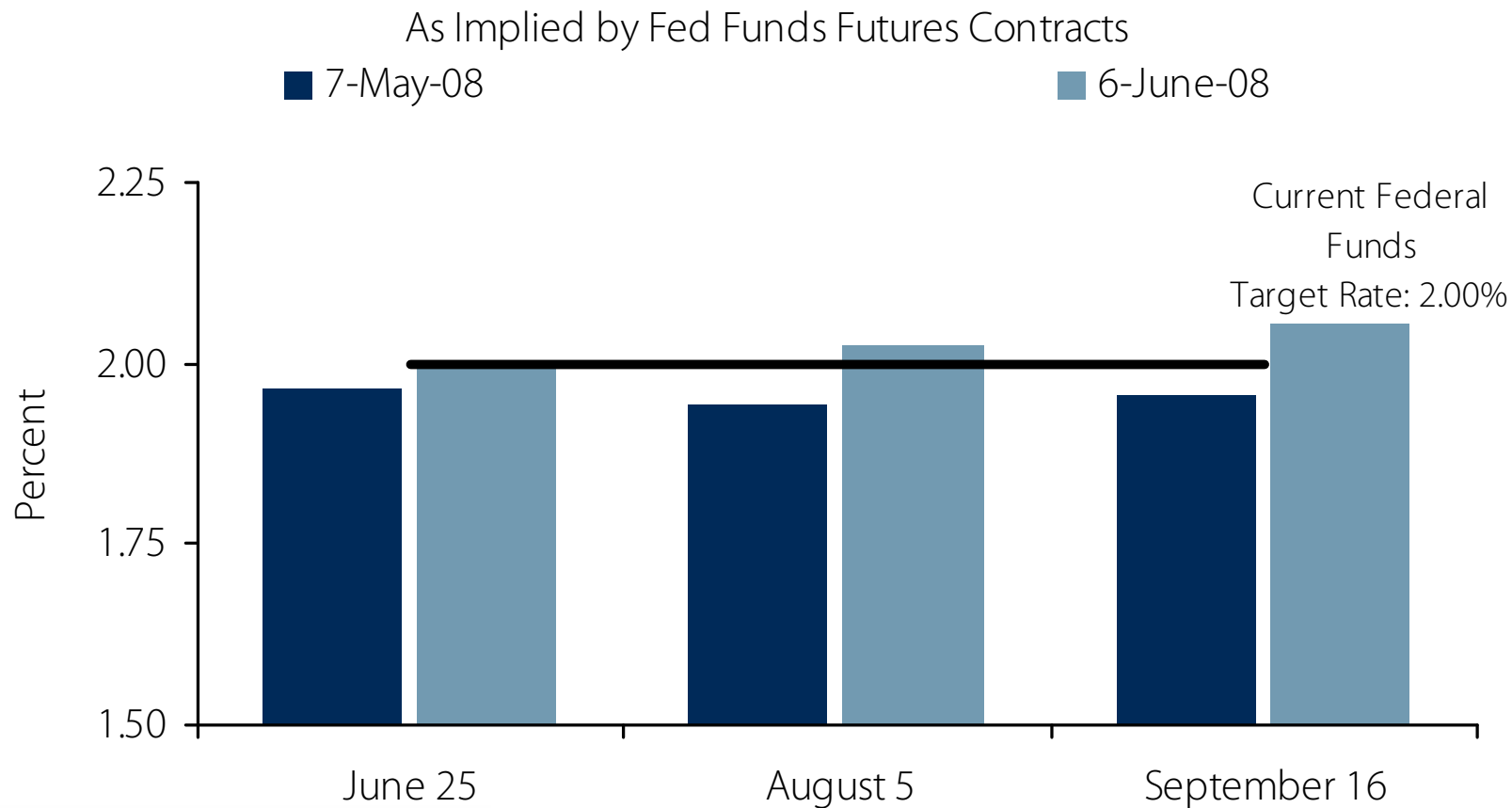


Fed Funds Rate and Home Mortgage Rate



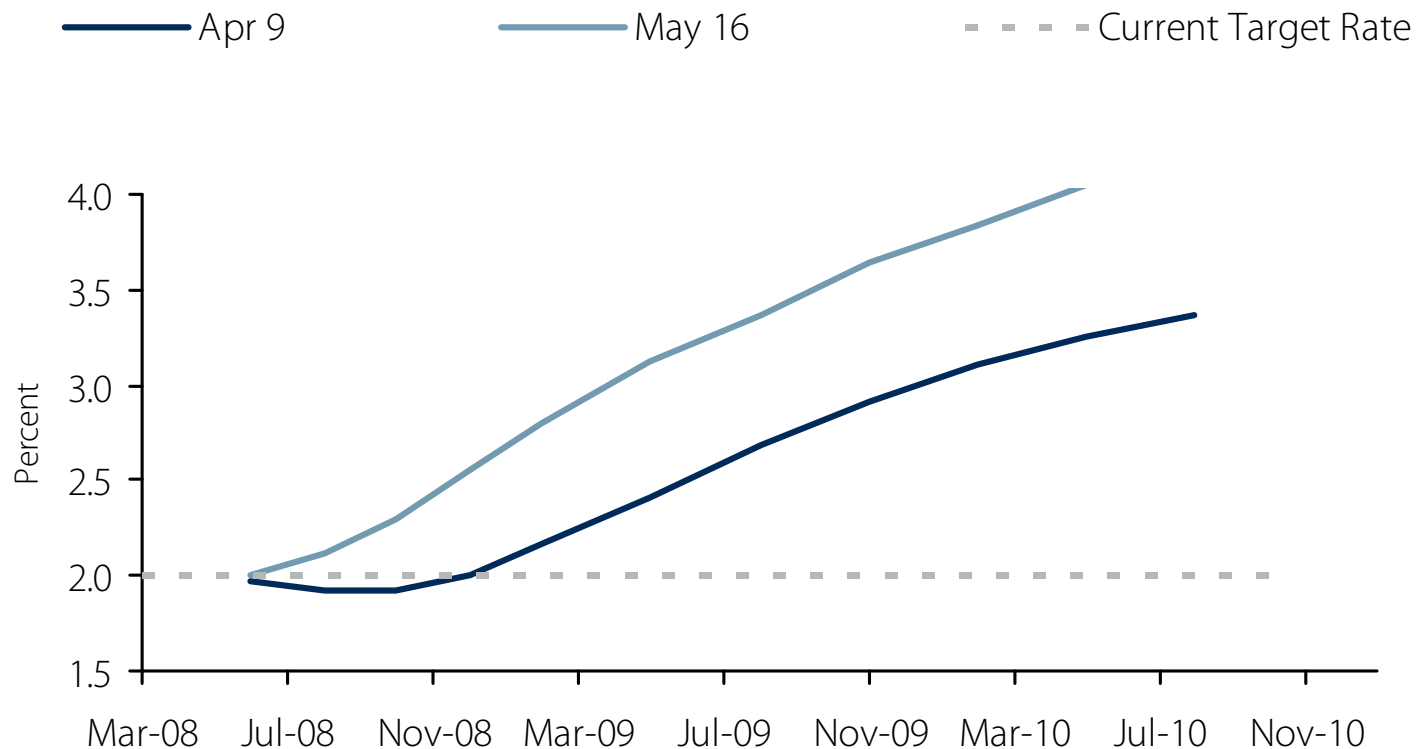
Federal Funds Target Rate

As Implied by Fed Funds Futures Contracts





Expected Federal Funds Rate *As Implied by Financial Futures Contracts*





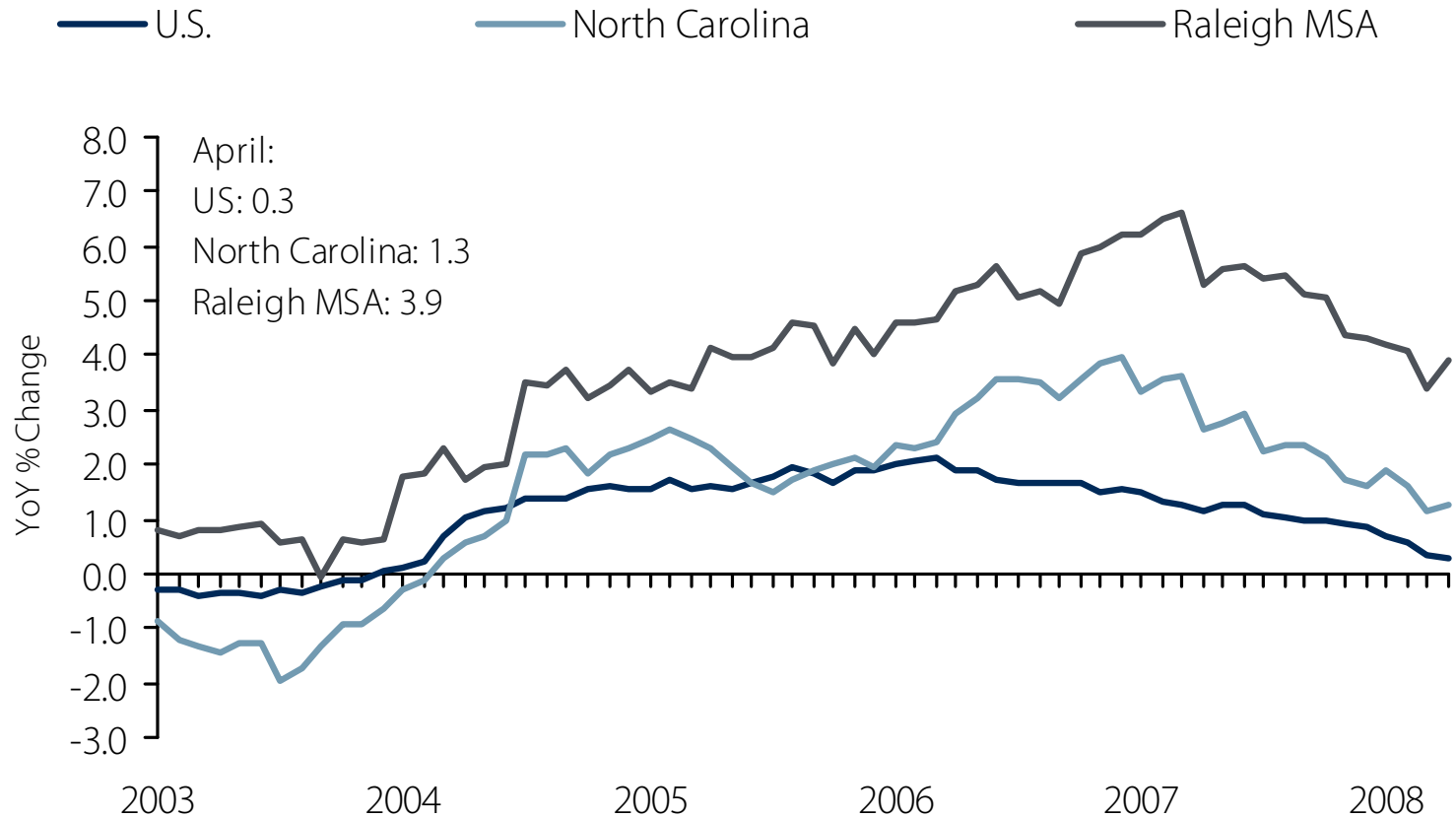
Regional Outlook



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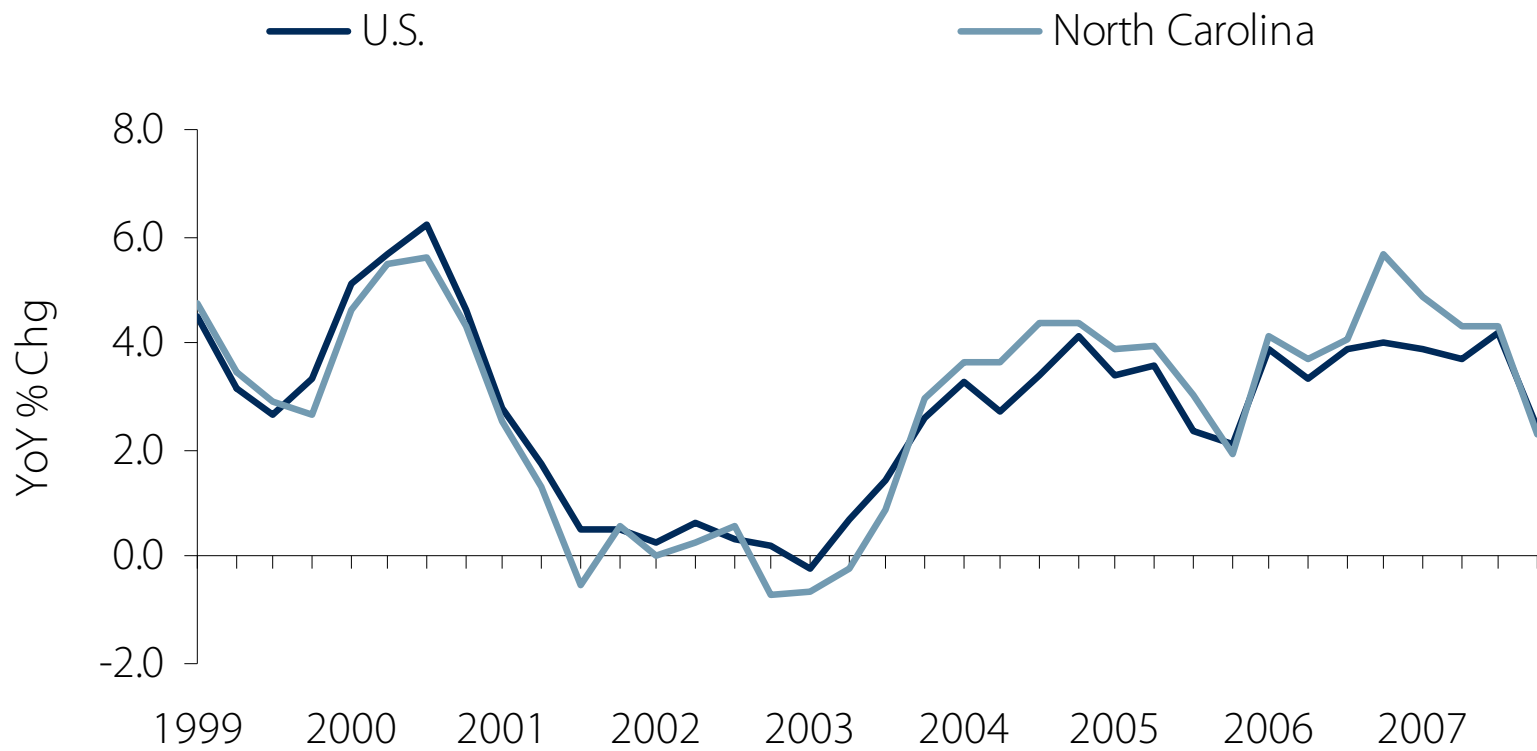
Payroll Employment

U.S., North Carolina, & Raleigh-Cary MSA



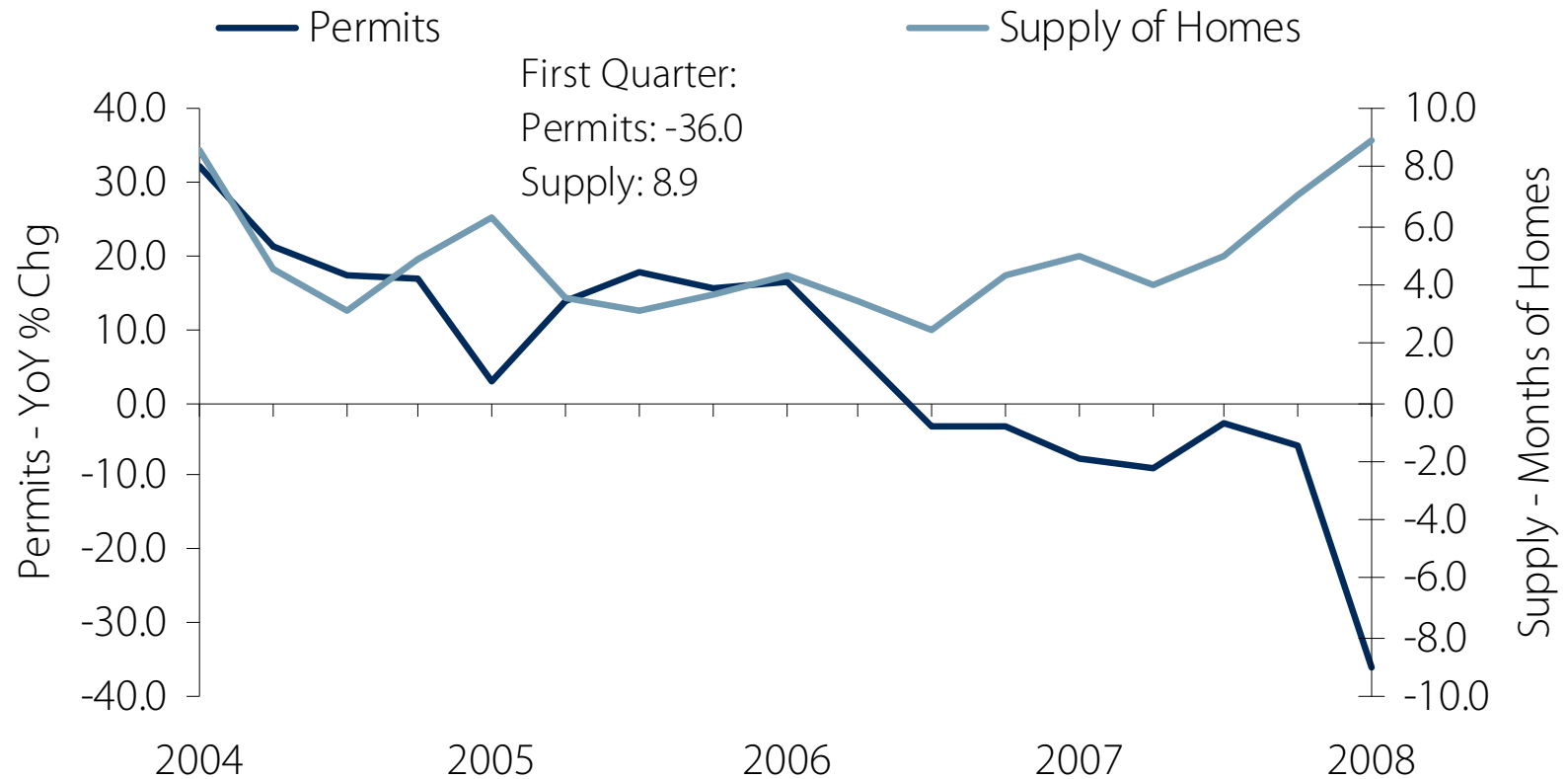
Personal Income

U.S. and North Carolina



Building Permits vs. Home Supply

Raleigh-Cary MSA



Home Price Index

U.S., North Carolina, & Raleigh-Cary MSA

