

Personal income increased 0.4% in December, lifting the year-over-year change above zero for the first time since December 2008. Compared with a year earlier, personal income was up 0.5%. The year-over-year change reached a low of -2.6% last June. Disposable personal income increased 0.3% to 1.5% above the year earlier level. Disposable income is personal income net of taxes. Reflecting still-weak labor markets, wage and salary disbursements, which drive a key component of income tax collections, increased just 0.1% in December and remained 2.0% below the year earlier level.

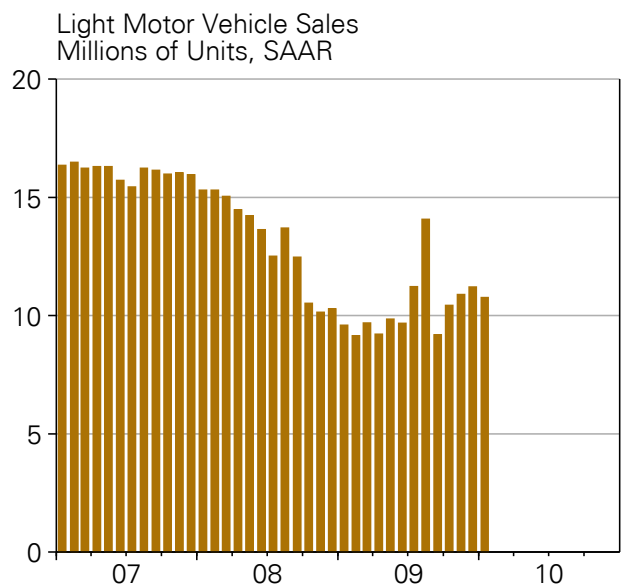
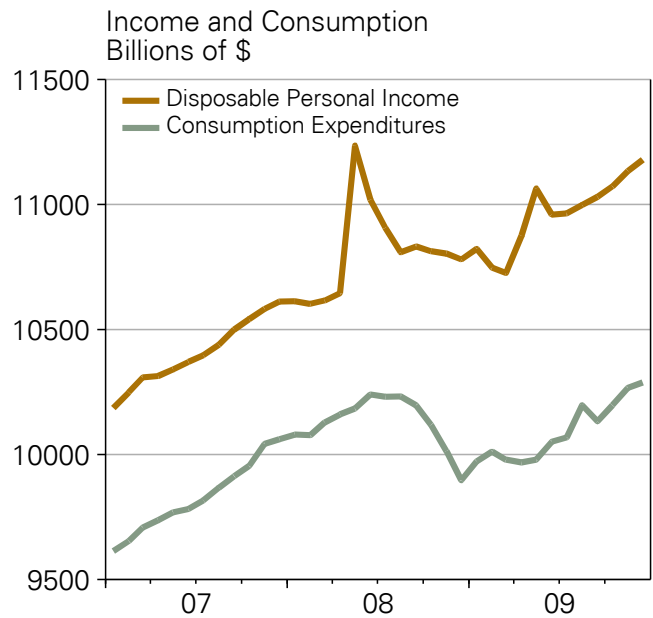
Personal consumption expenditures increased 0.2% in December following a 0.7% increase in November. The level of consumption was 4.0% higher than the low reached in December 2008. Same-store sales increased 3.1% from a year earlier in January, according to the International Council of Shopping Centers, topping expectations. The year-over-year change has been positive in four of the last five months. Strength was widespread across retail categories. Sales increased 6.4% at apparel stores, 2.9% at department stores and 10.9% at luxury stores. Sales increased 2.9% and 8.0% at discount chains and wholesale clubs, respectively.

Sales of light motor vehicles decreased to 10.8 million units at an annual rate in January from 11.2 million units in December. The January pace was 3.7% below the average selling pace of 11.2 million units during the second half of 2009.

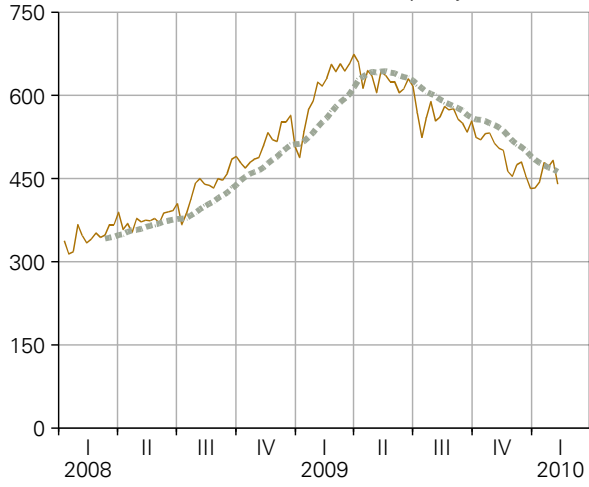
Consumer attitudes improved modestly again in January, continuing the uneven trend higher since the lows reached in early 2009. The Conference Board and Reuters/University of Michigan measures both reached the highest levels since before the financial crisis erupted in the summer of 2008. Even so, the Conference Board measure remains well below the average level observed in past recessions and the Reuters/University of Michigan measure is only moderately above the average recession level.

Jim Coons

**Personal income and consumption edged higher again in December. Consumer attitudes improved modestly again in January, continuing the uneven trend higher since the lows reached in early 2009.**



Initial Claims for Unemployment Insurance  
Thousands Per Week, Seasonally Adjusted



U. S. Dollar Exchange Rate  
FRB Major Currency Index, 1973 = 100



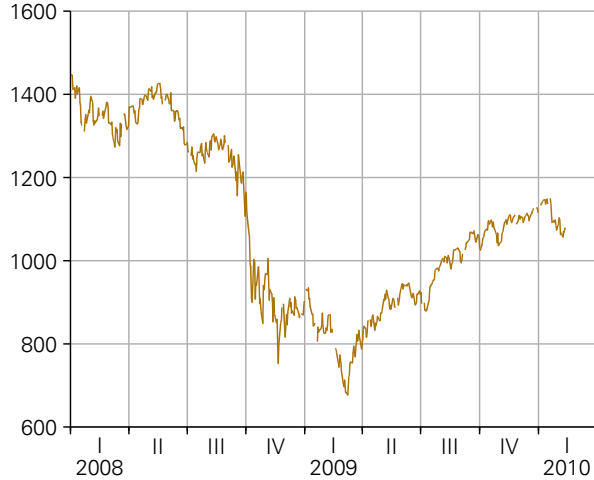
Price of Oil  
West Texas Int, \$/bbl



Price of Gold  
London PM Fixing, \$/oz



S&P 500 Stock Prices  
Daily Close, Index 1941-43 = 10



Mortgage Loan Originations  
MBA Purchase Index 3/16/90=100 SA

