Beige book finds grayish skies

Economy still growing, slowly

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The economy continued to grow at a stubbornly slow pace in late winter, with significant drag from layoffs in the oil patch, according to the Federal Reserve's beige book, an anecdotal roundup of business conditions at the 12 Fed districts.

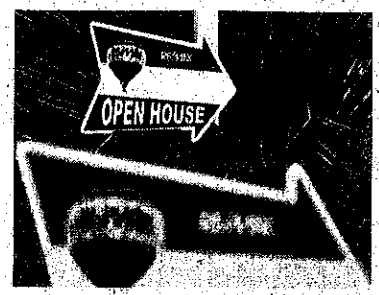
The beige book, which comes out every six weeks, said the economy in February and March was improving "modestly" or "moderately" across most districts, although Atlanta and Kansas City were simply holding steady.

ON THE BRIGHT SIDE

▶ Non-financial firms saw rising activity across all districts, the Fed said, with demand picking up for high-tech services such as cyber security and Web development. The Boston and Richmond Fed districts saw an increase in health care services, and service providers in Boston, Philadelphia, Kansas City and Dallas were optimistic about near-term growth trends for their firms.

▶ Many districts said that savings from lower gas prices was fueling consumer sales — as was better weather. Among retailers, the outlook was optimistic in Boston, Philadelphia, Atlanta, St. Louis, Kansas City and Dallas, the Fed said. Auto sales rose in most districts, and all districts expected corporate and leisure travel to be up in 2015.

REAL ESTATE AND RETAIL SALES



PATRICK T. FALLON, BLOOMBERG
Most Fed districts reported a tight supply of residential real estate.



CRAIG WARGA, BLOOMBERG
Among retailers, the outlook was optimistic in six major cities.

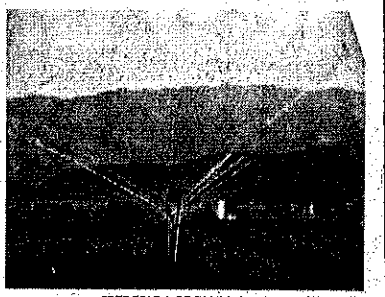
▶ Most Fed districts reported a tight supply of residential real estate, and only New York reported softening conditions in the residential real estate market.

In Chicago, inventories of homes were near historic lows, especially for lower-priced homes. And the Fed says banking conditions are generally favorable.

STICKING SPOTS

▶ Agricultural conditions worsened slightly across the nation, due to wet fields, persistent drought and a cold winter. Turkey producers in the Minneapolis district were worried about an outbreak of an extremely virulent strain of flu that has killed thousands of birds.

AGRICULTURE AND MANUF



FREDERIC J. BROWN, AFP/GETTY IMAGES
Agricultural conditions worsened slightly, due to adverse weather.

▶ Energy market conditions declined in the oil patch: The number of active drilling rigs fell in Cleveland, Minneapolis, Kansas City and Dallas. Active drilling rigs in North Dakota and Montana reached their lowest levels in five years. The Cleveland, Atlanta and Kansas City districts reported layoffs.

▶ Manufacturing activity was mixed, hurt by the soaring value of the dollar, which makes U.S. goods more expensive overseas. And falling oil prices hurt new orders to energy supplier companies in Cleveland, Chicago, Kansas City, Dallas and San Francisco.

ACTURING



LUKE SHARRETT, BLOOMBERG
Manufacturing activity was mixed, hurt by the strong dollar.

The Federal Reserve has kept a keen eye on wages, which have remained stubbornly low.

In Chicago, skilled workers were in high demand, according to the Fed, and firms in many districts, including Richmond, Atlanta, St. Louis, Kansas City and Dallas, said they were having a hard time finding skilled workers.