

## Comments on FRBNY Staff Forecast

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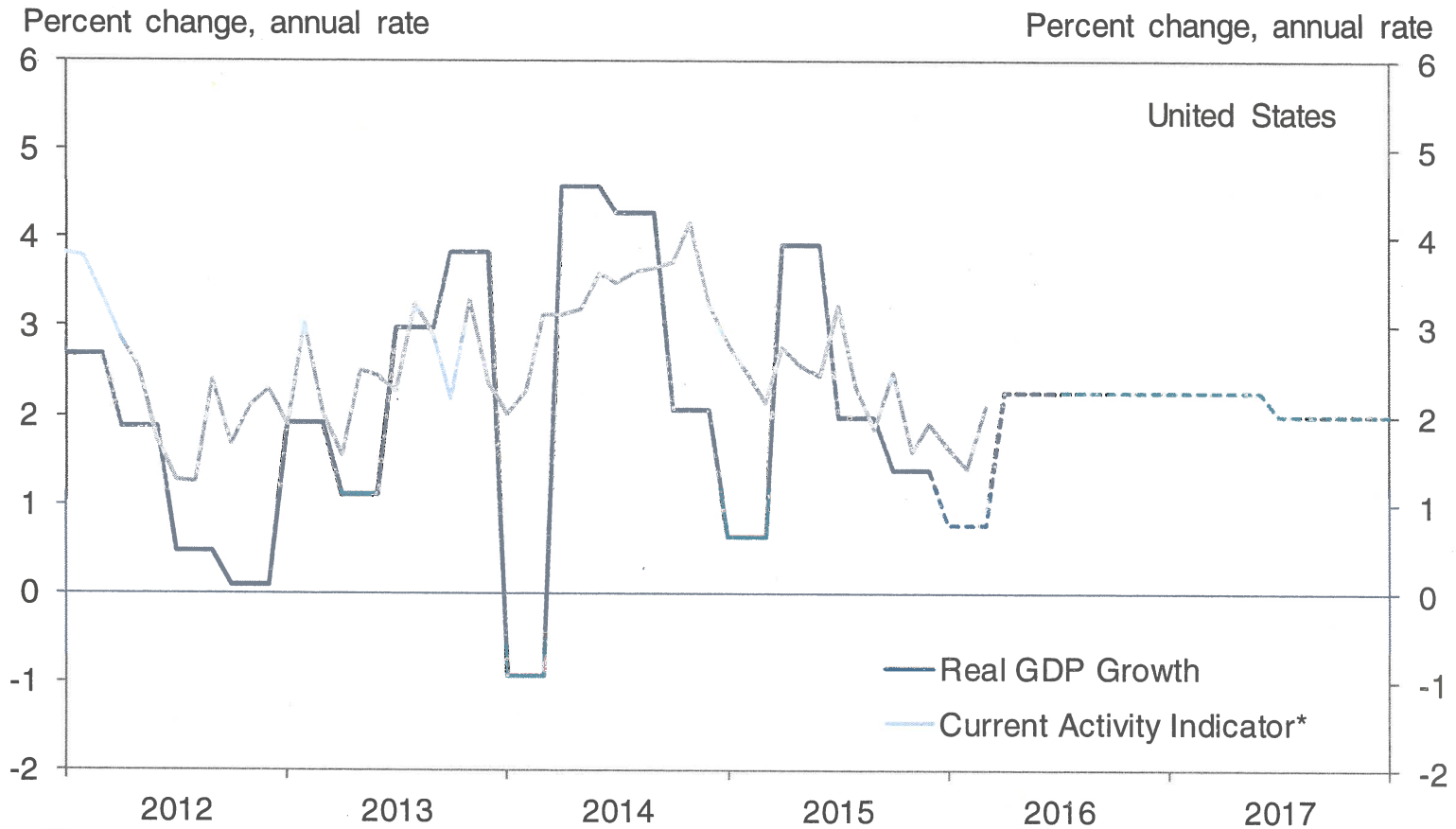
April 15, 2016

Goldman Sachs Global Macro Research

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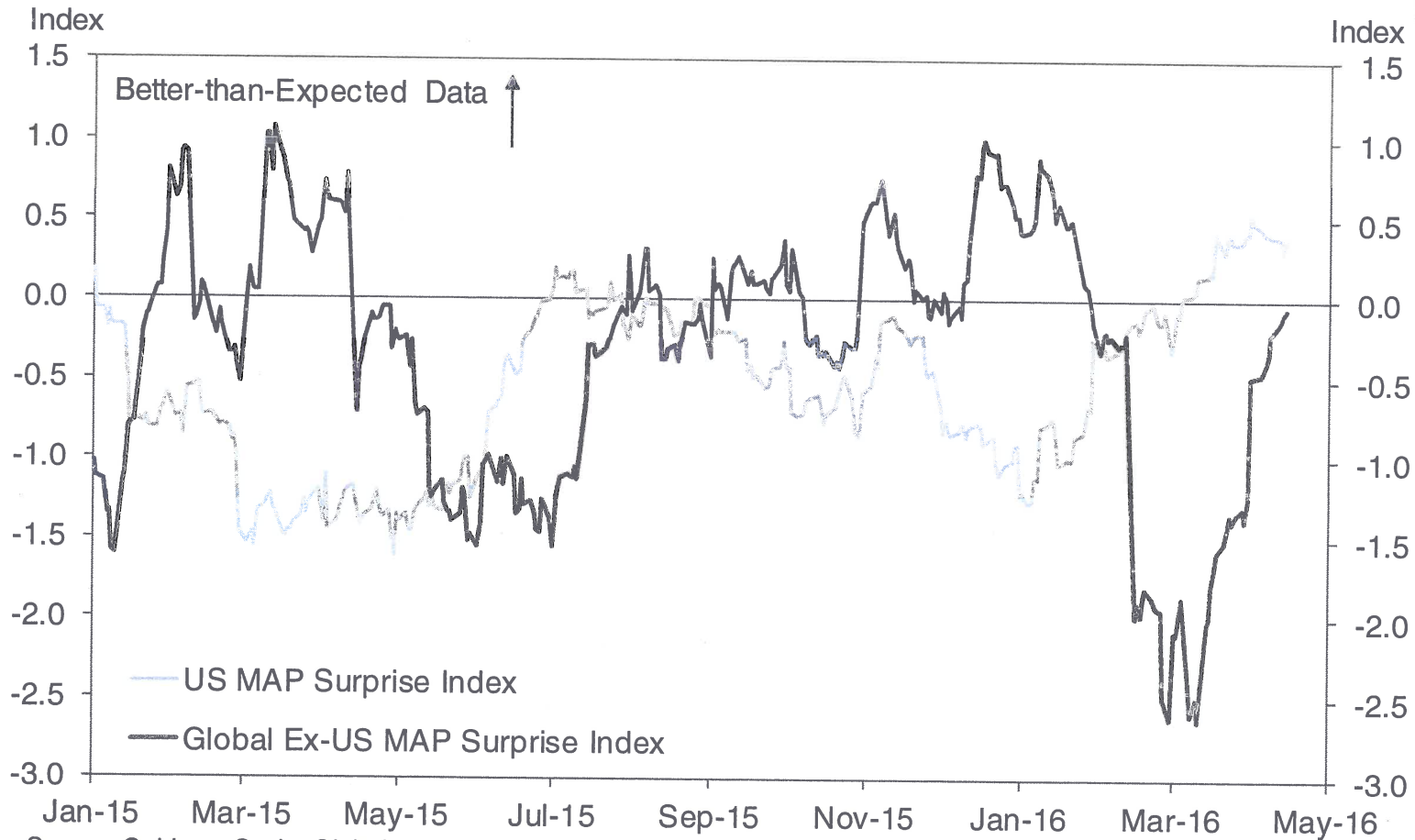
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# GDP Overstates Recent Weakness

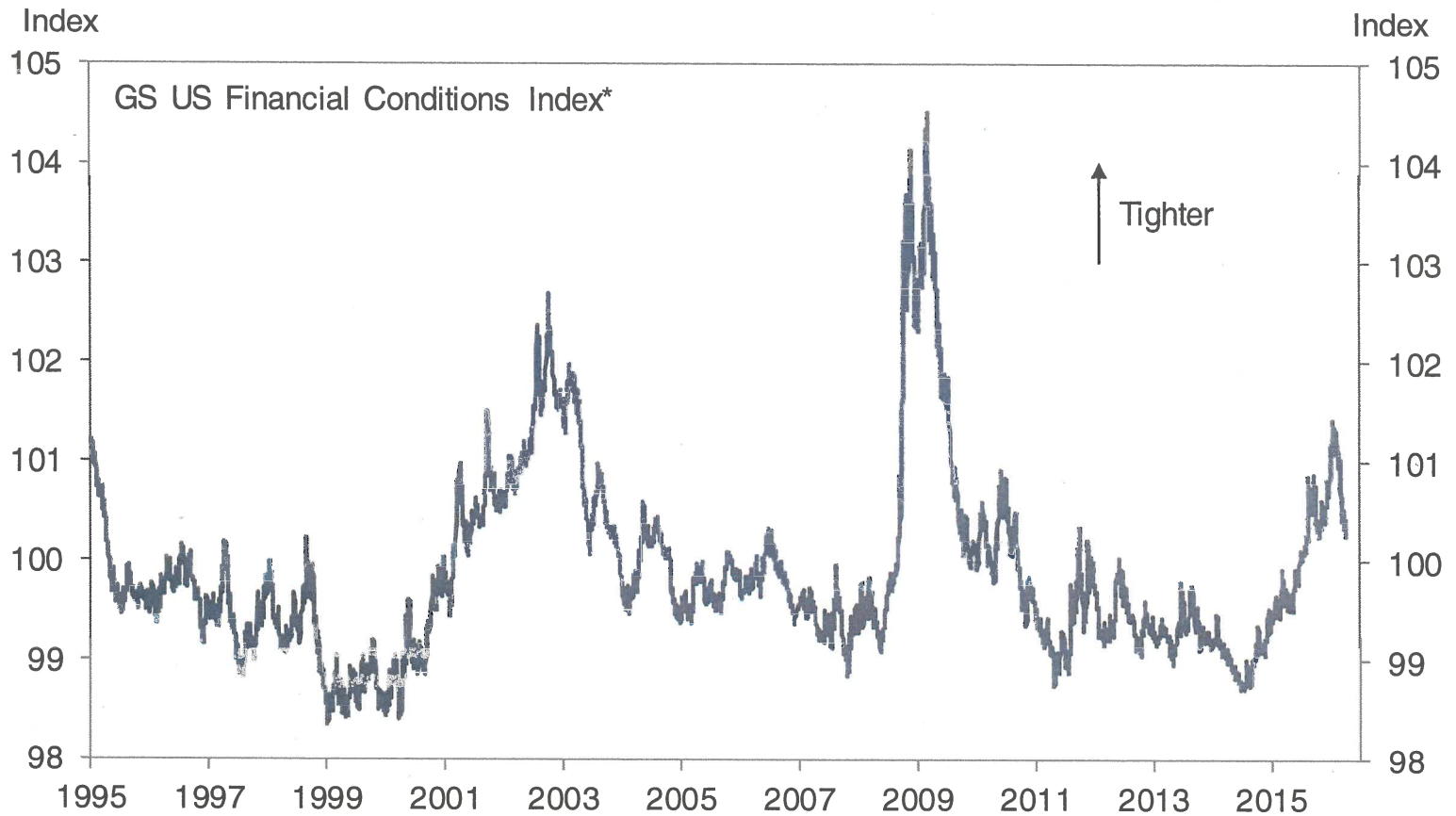


\* First principal component of 56 key weekly and monthly US economic indicators.  
 Source: Goldman Sachs Global Investment Research.

# Global Economic News Has Improved

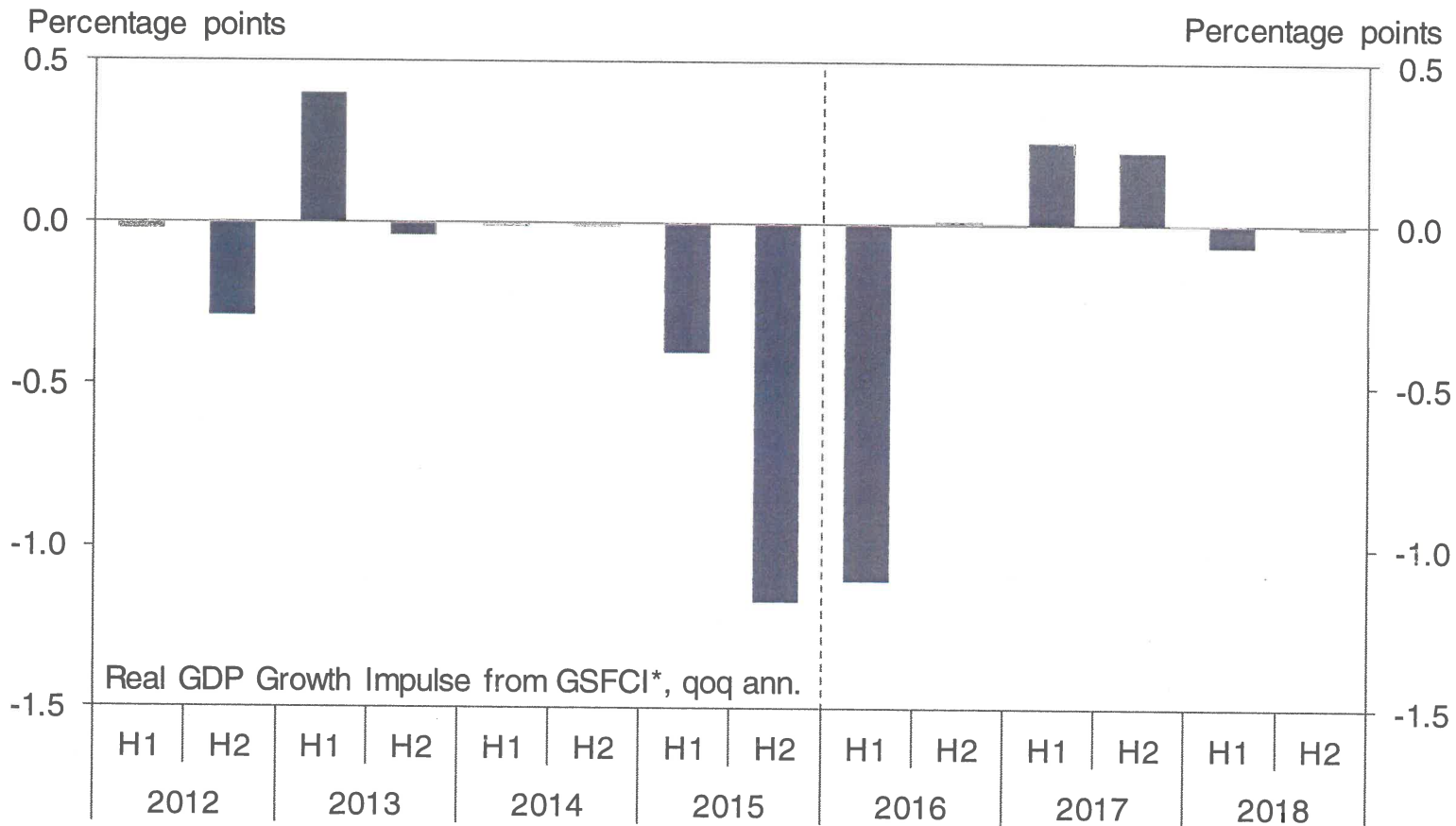


# US Financial Conditions Remain Tighter...



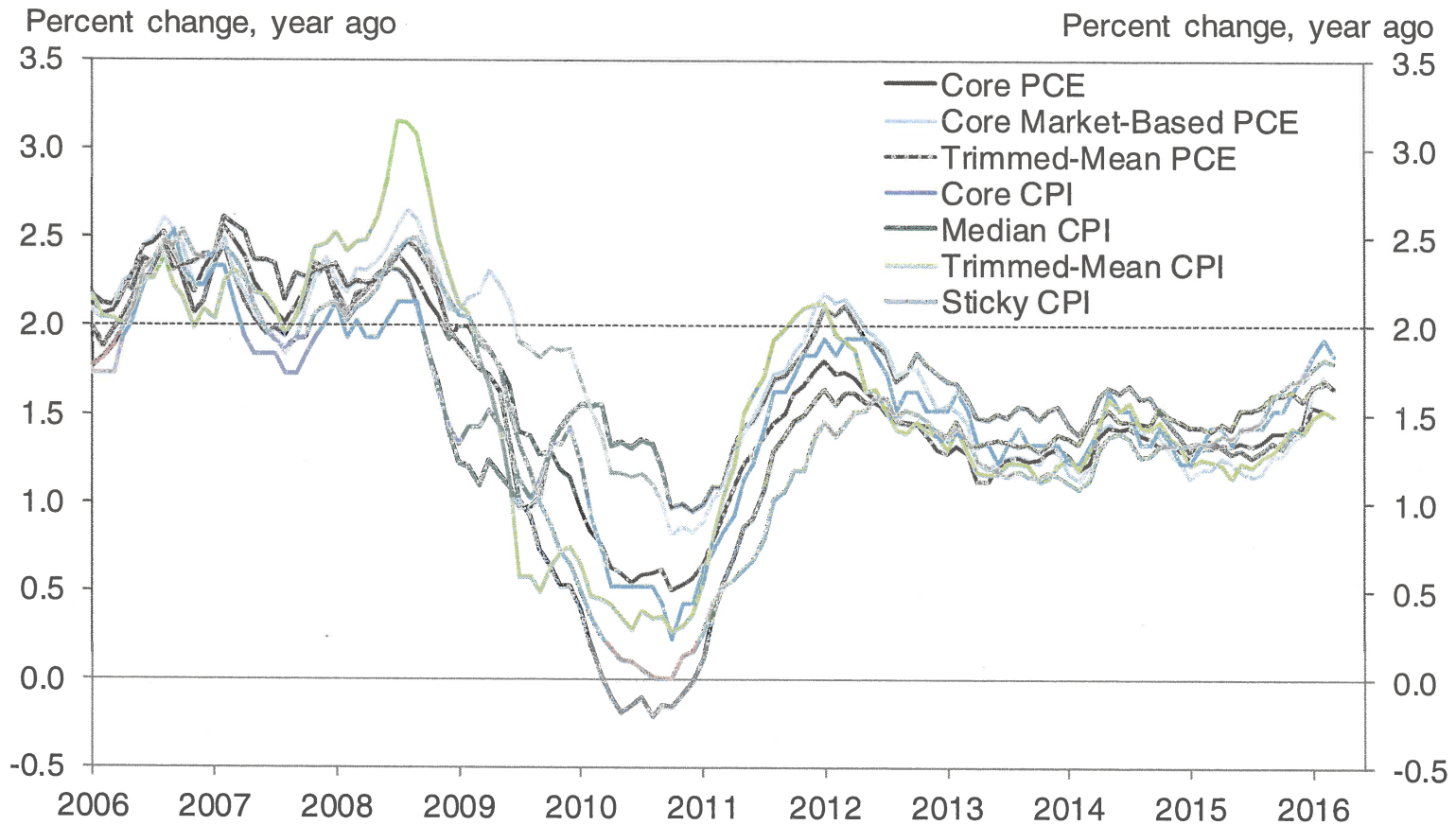
\* Wt avg of riskless int rates, spreads, equities, and FX, based on effects on 1-yr fwd US GDP growth.  
 Source: Goldman Sachs Global Investment Research.

# ...But FCI Impulse Should Improve Sharply



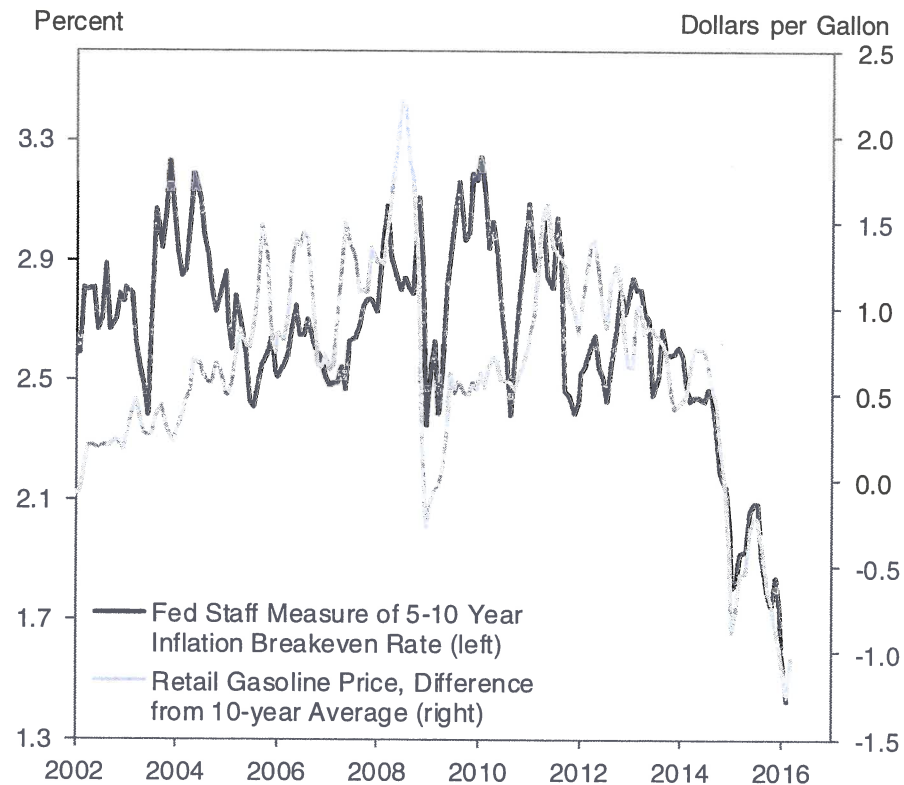
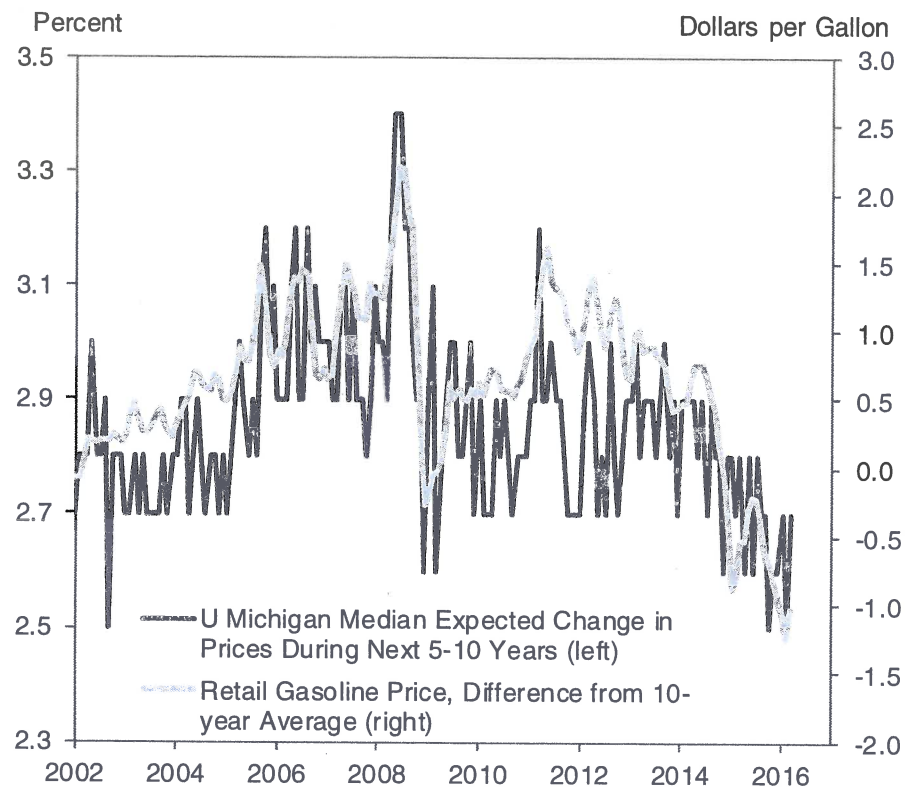
\* Assumes GSFCI remains constant at April 13 close.  
Source: Goldman Sachs Global Investment Research.

# Core Inflation Trends Normalizing



Note: Each series is adjusted by its average gap with core PCE over the past 20 years.  
 Source: Department of Labor. Department of Commerce. Atlanta Fed. Cleveland Fed. Dallas Fed.

# Low Inflation Expectations Mostly Due to Oil



Source: University of Michigan. Department of Energy. Federal Reserve Board.

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