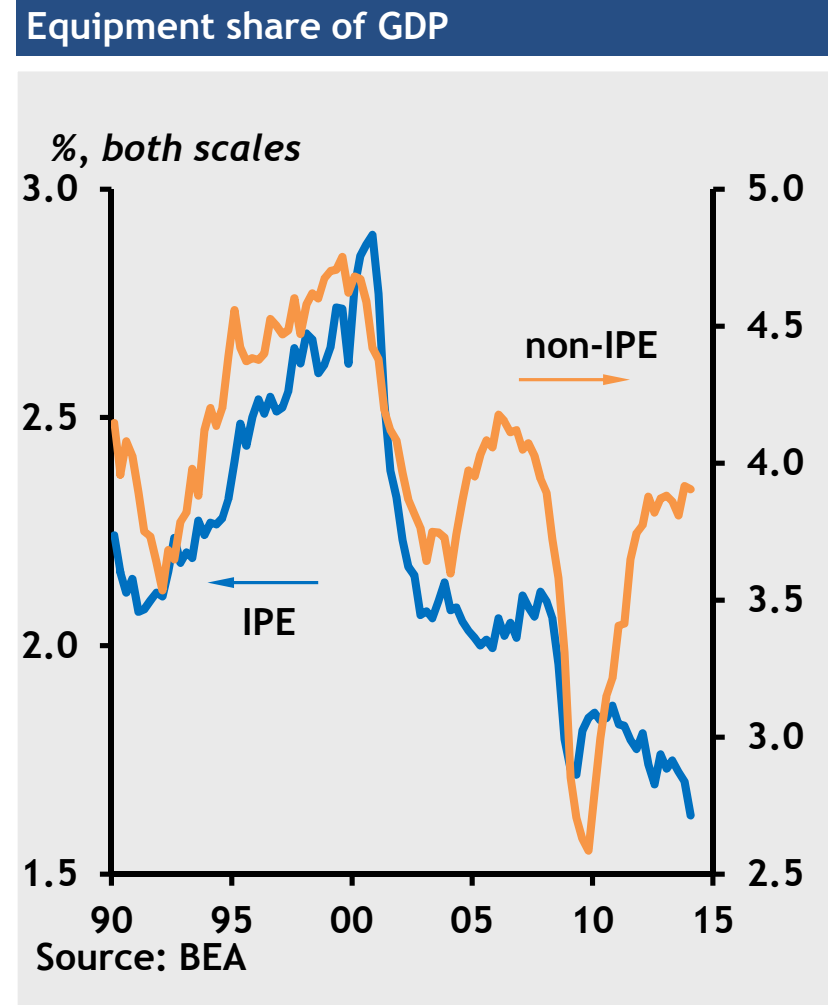
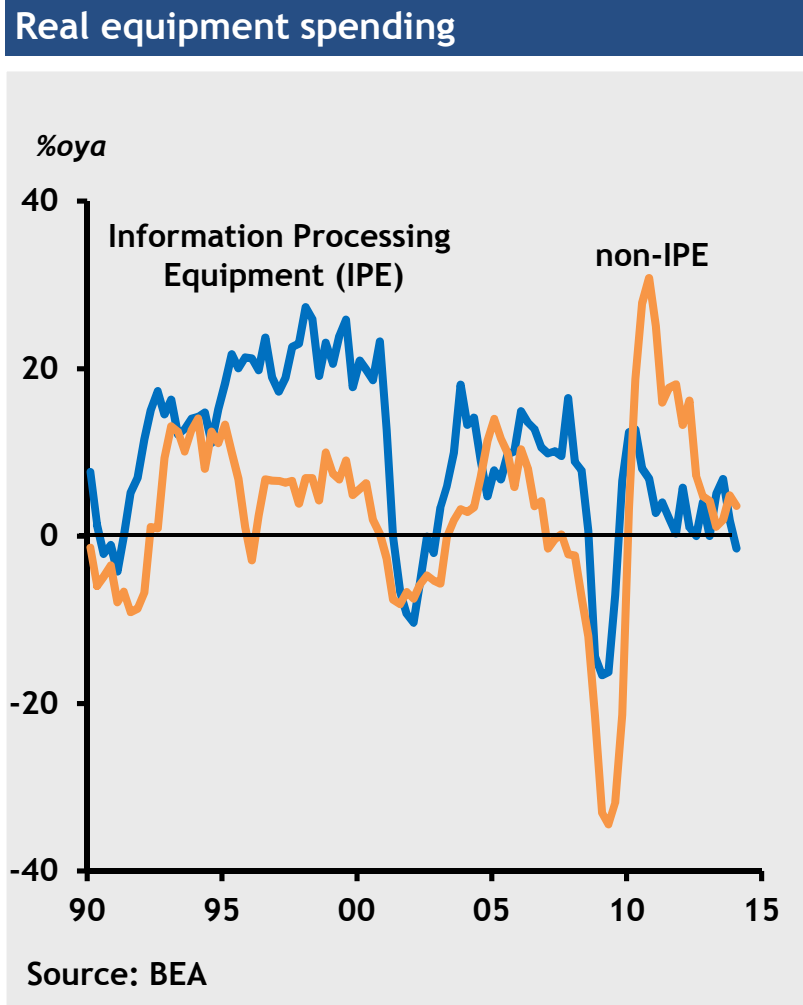


Notes on the outlook

Michael Feroli
Chief U.S. Economist

Cap-ex weakness - in Q1 and through the cycle - has been concentrated in IPE

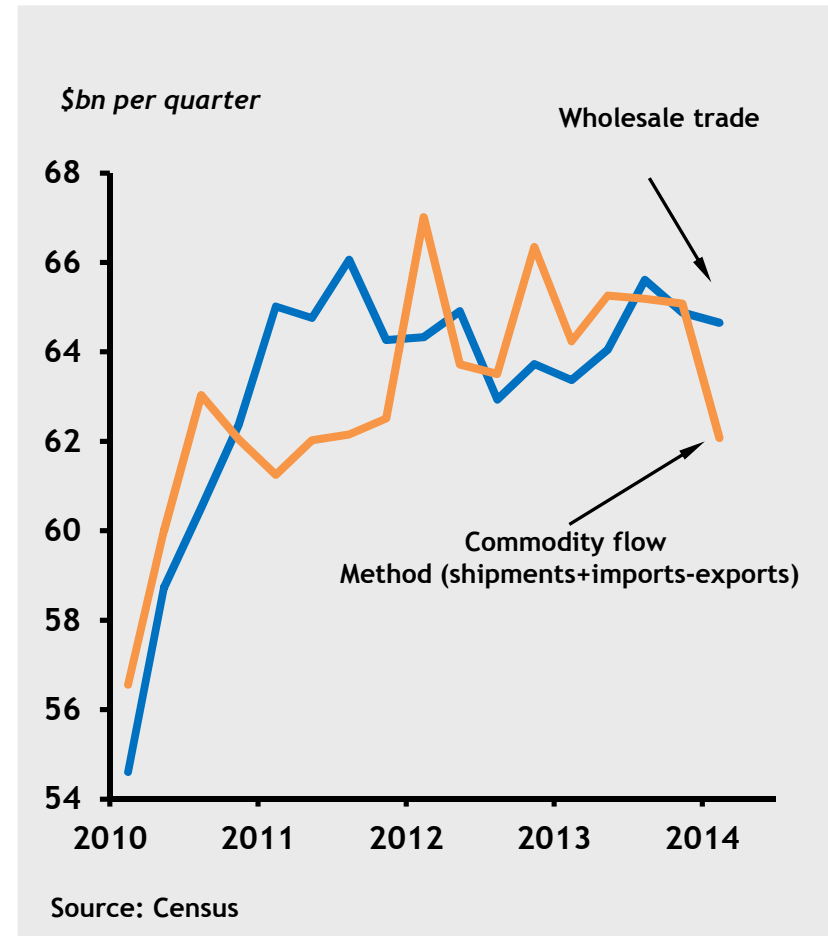


Relative weakness in tech justified by the fundamentals - though Q1 decline looks exaggerated

Real IPE prices

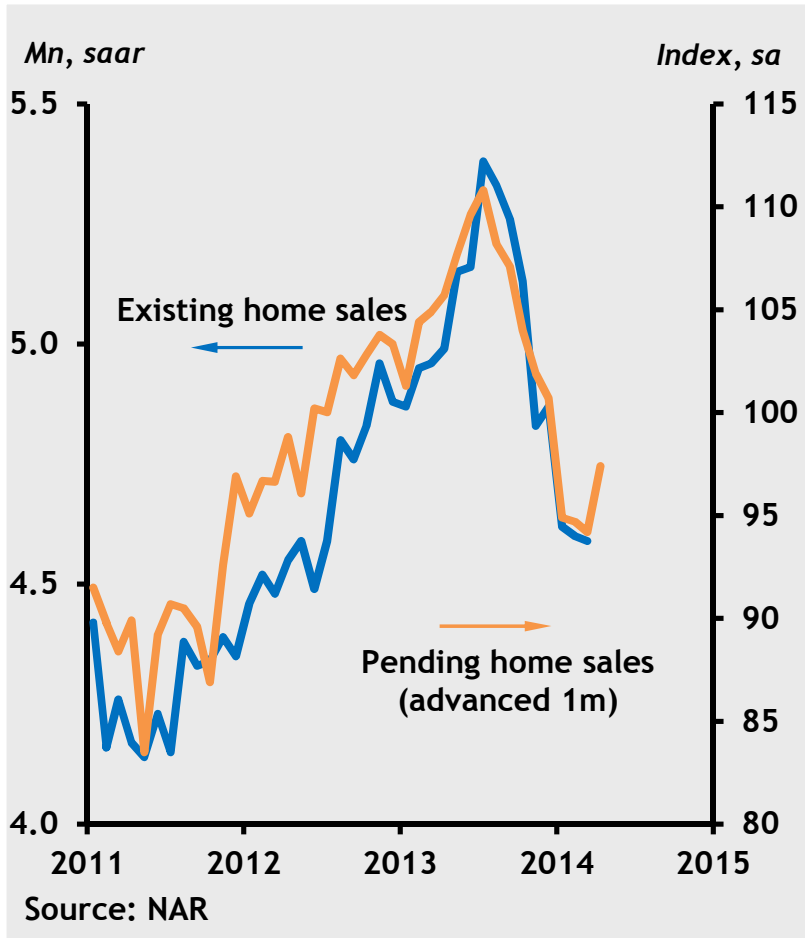


Nominal expenditures on computers

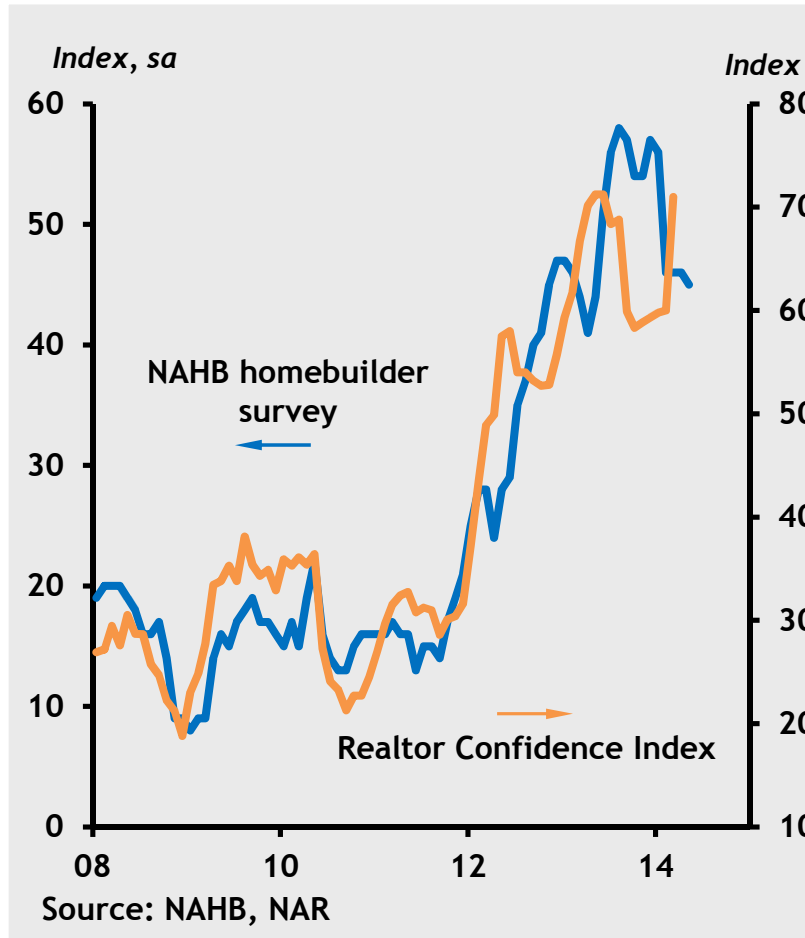


Some green shoots in housing's recovery from taper tantrum

Pending and existing home sales



Homebuilder survey and Realtors confidence



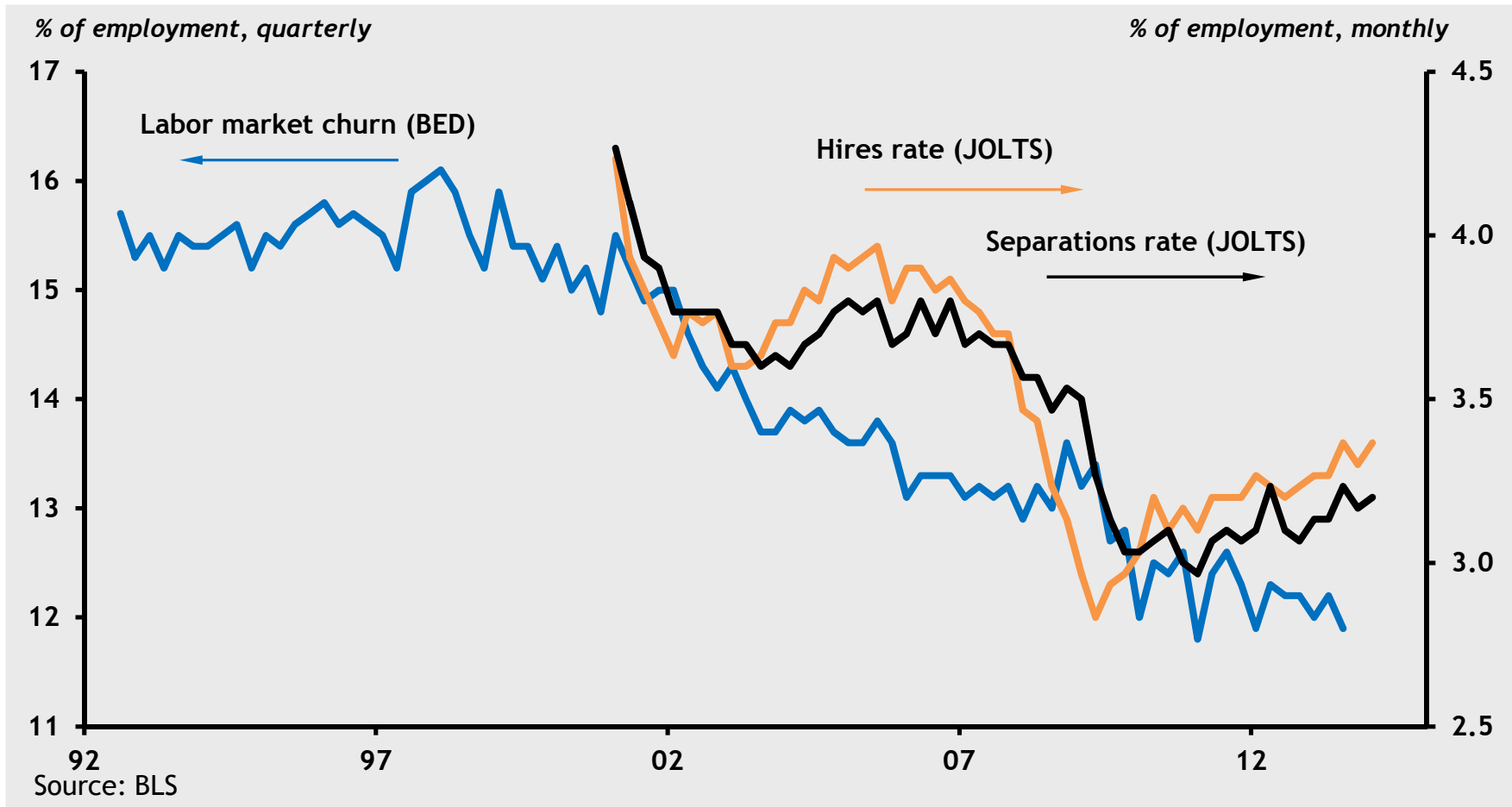
Part-time employment: important, though puzzles remain

Part-time employment as a share of labor force

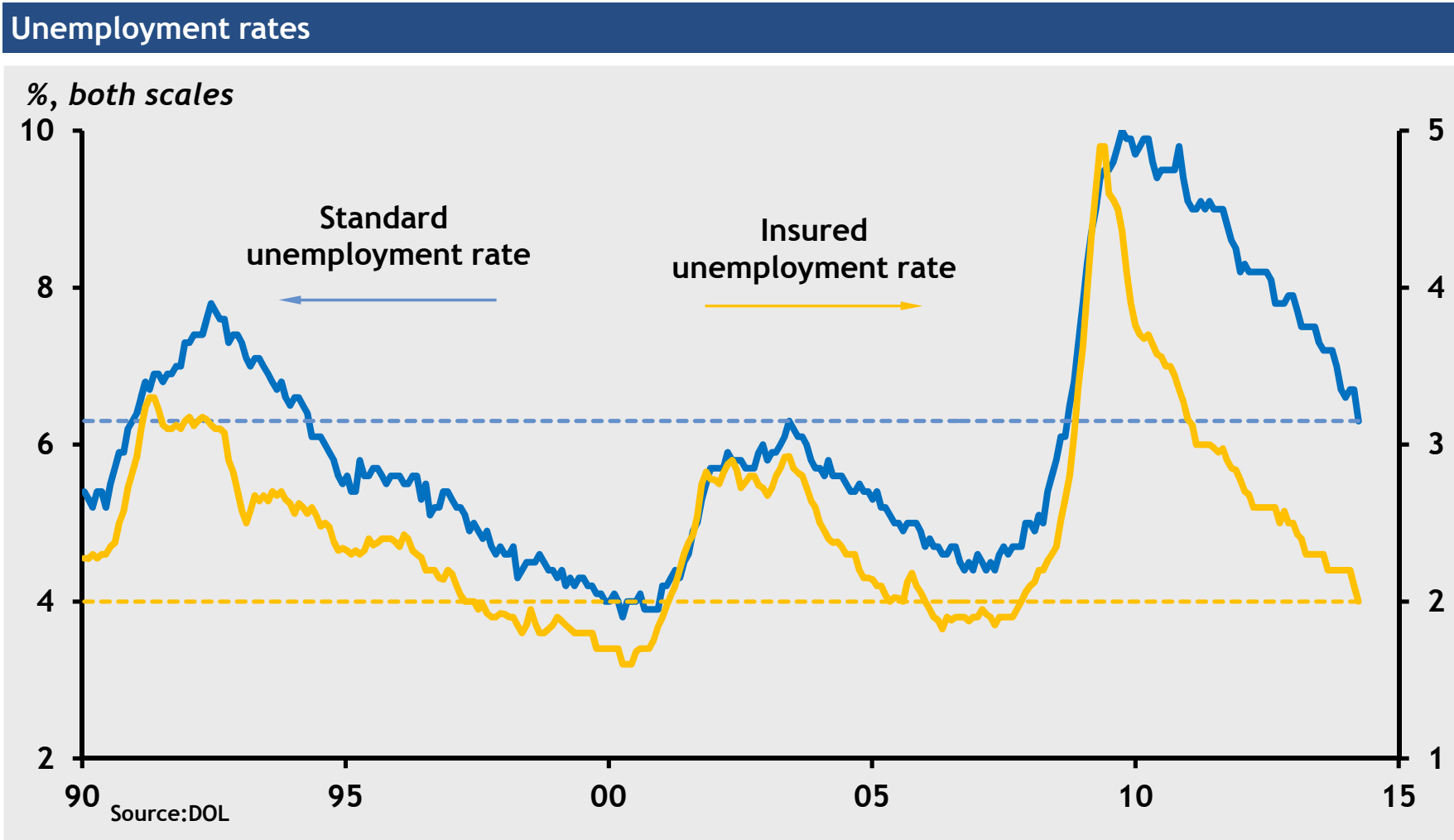


Understanding churn is yet another cyclical vs. structural debate

Other labor market indicators

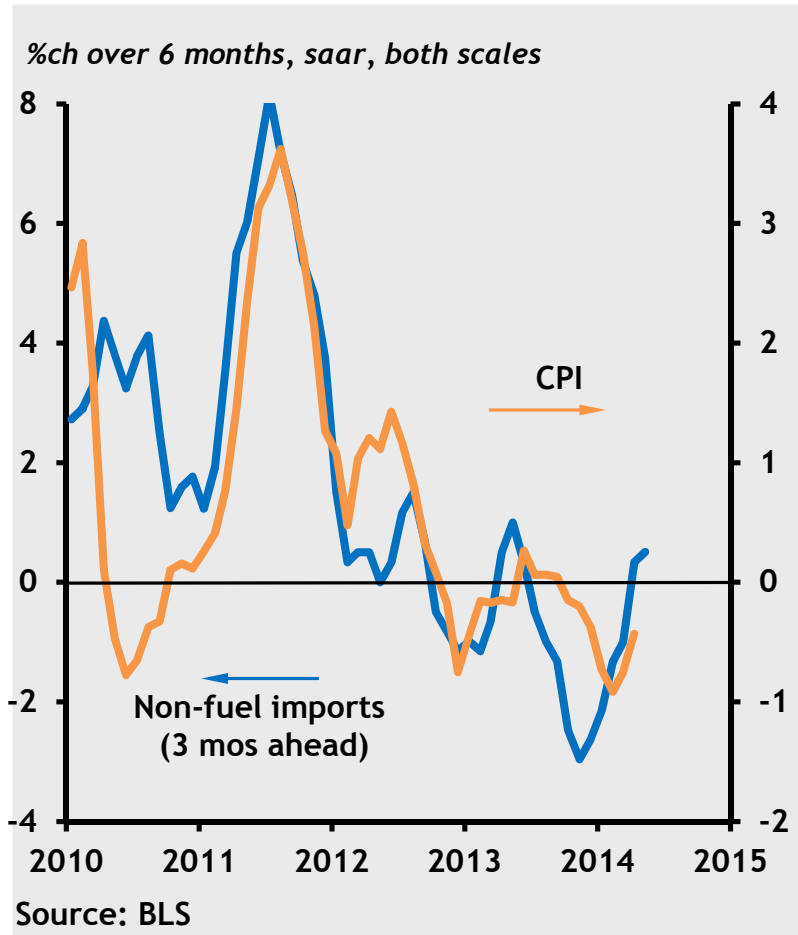


Similar to short-term unemployment, insured unemployment raises slack questions

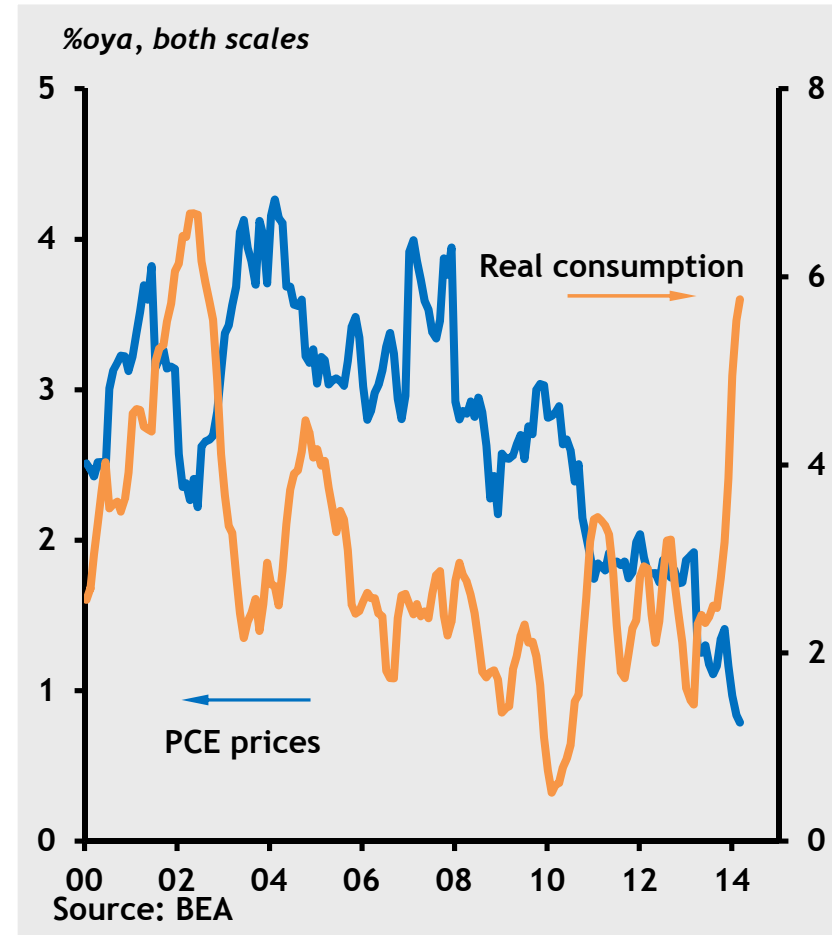


Pipeline pressures set to support goods pricing; health care pricing remains weak still in April

US import prices and core goods CPI



Health care: PCE prices and real consumption



Forecast comparison

J.P. Morgan forecasts vs. Blue Chip consensus

		2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Real GDP	JPM	3.0	3.0	3.0	3.0	3.0	2.5	2.5
<i>% q/q, saar</i>	BC	3.4	3.0	3.1	3.0	3.0	3.0	2.9
CPI	JPM	2.5	1.8	1.8	1.8	1.9	2.0	2.0
<i>% q/q, saar</i>	BC	2.2	2.1	1.8	1.9	2.0	2.1	2.1
Unemployment rate	JPM	6.4	6.3	6.1	5.9	5.8	5.7	5.6
<i>Qtr. avg.</i>	BC	6.4	6.3	6.1	6.0	5.9	5.8	5.7

Source: J.P. Morgan forecast, Blue Chip Economic Indicators (May)

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