



FEDERAL RESERVE BANK *of* NEW YORK

US Macro Overview

March 8, 2018

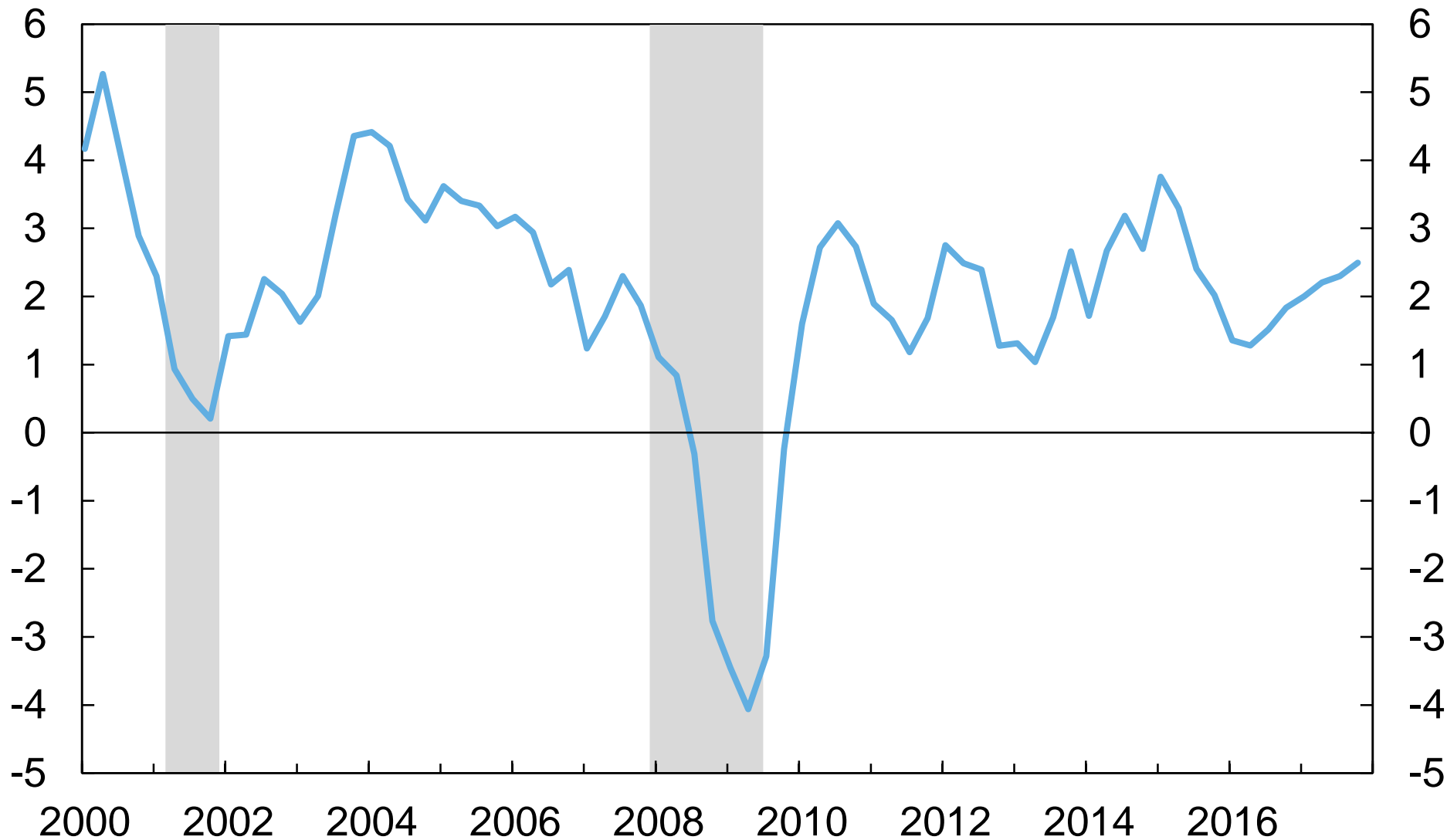
Overview

- Growth in the US has firmed in recent quarters as the shocks that hit the economy in mid 2014—dollar appreciation and falling commodity prices—have largely run their course.
 - Fiscal stimulus will boost growth in 2018 and 2019.
- Several indicators suggest that the economy is at or near full employment, with clearer evidence that the rate of increase of wages/compensation has moved higher.
- Underlying inflation slowed in 2017 and remains below the FOMC's objective of 2%, but recent indicators suggest that an upturn in inflation is underway.

Growth of Real GDP

Four Quarter Percent Change

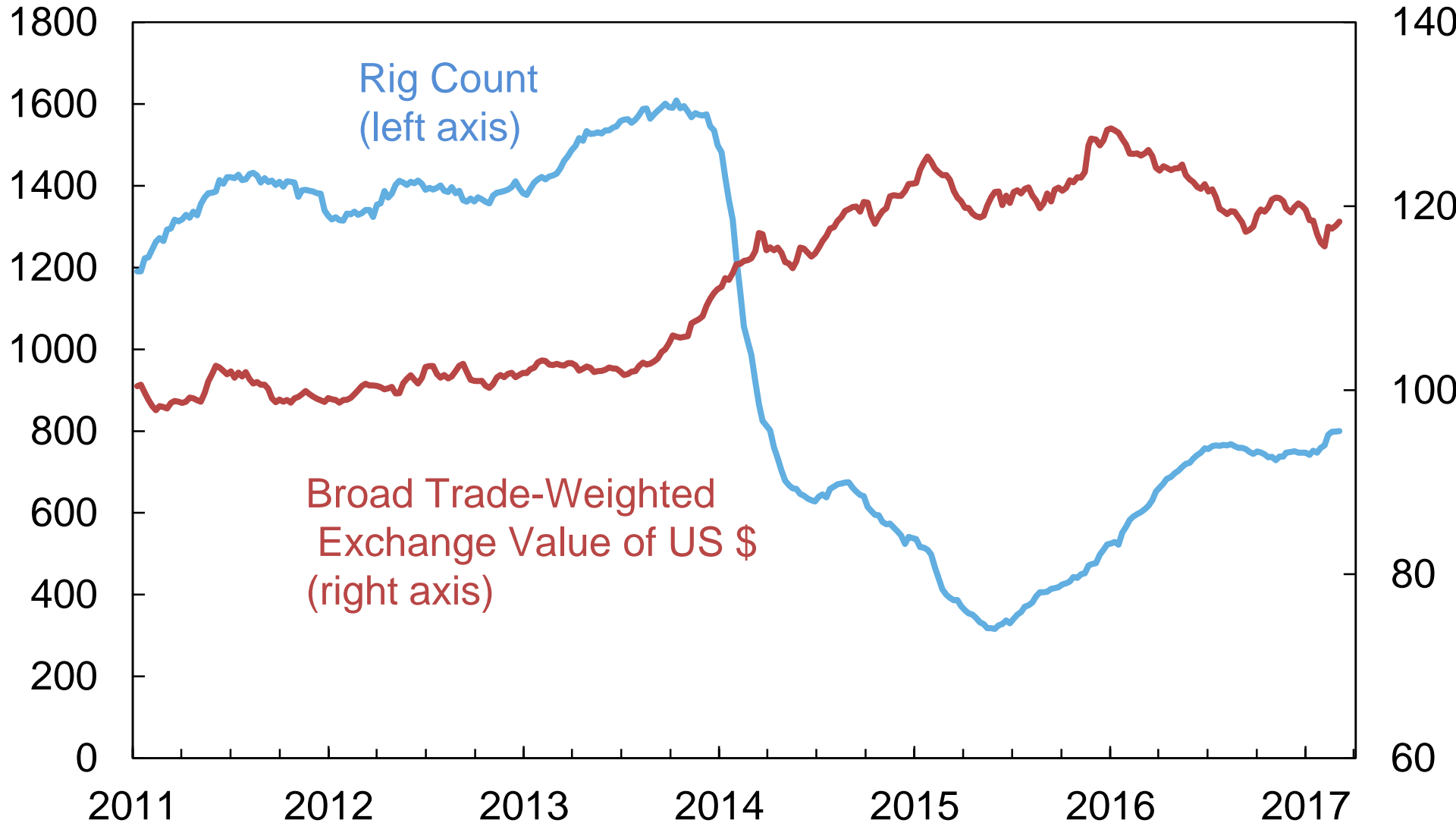
Four Quarter Percent Change



Nominal Trade-Weighted Value of US\$ and Rig Count

Active Oil Rigs

Index



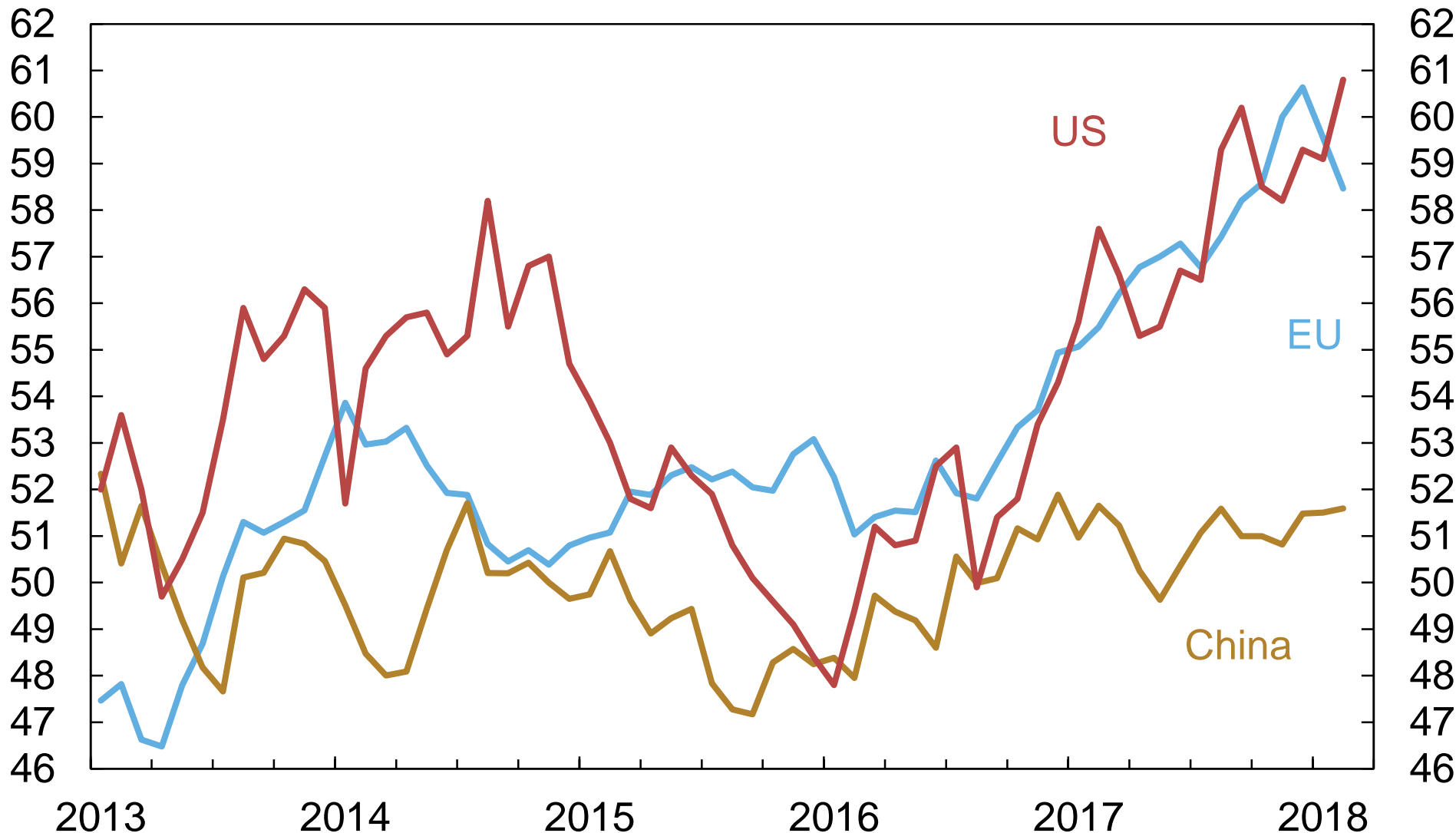
Source: Federal Reserve Board and Baker Hughes

Note: Shading shows NBER recessions.

Manufacturing Indicators for Major Economies

Index Level

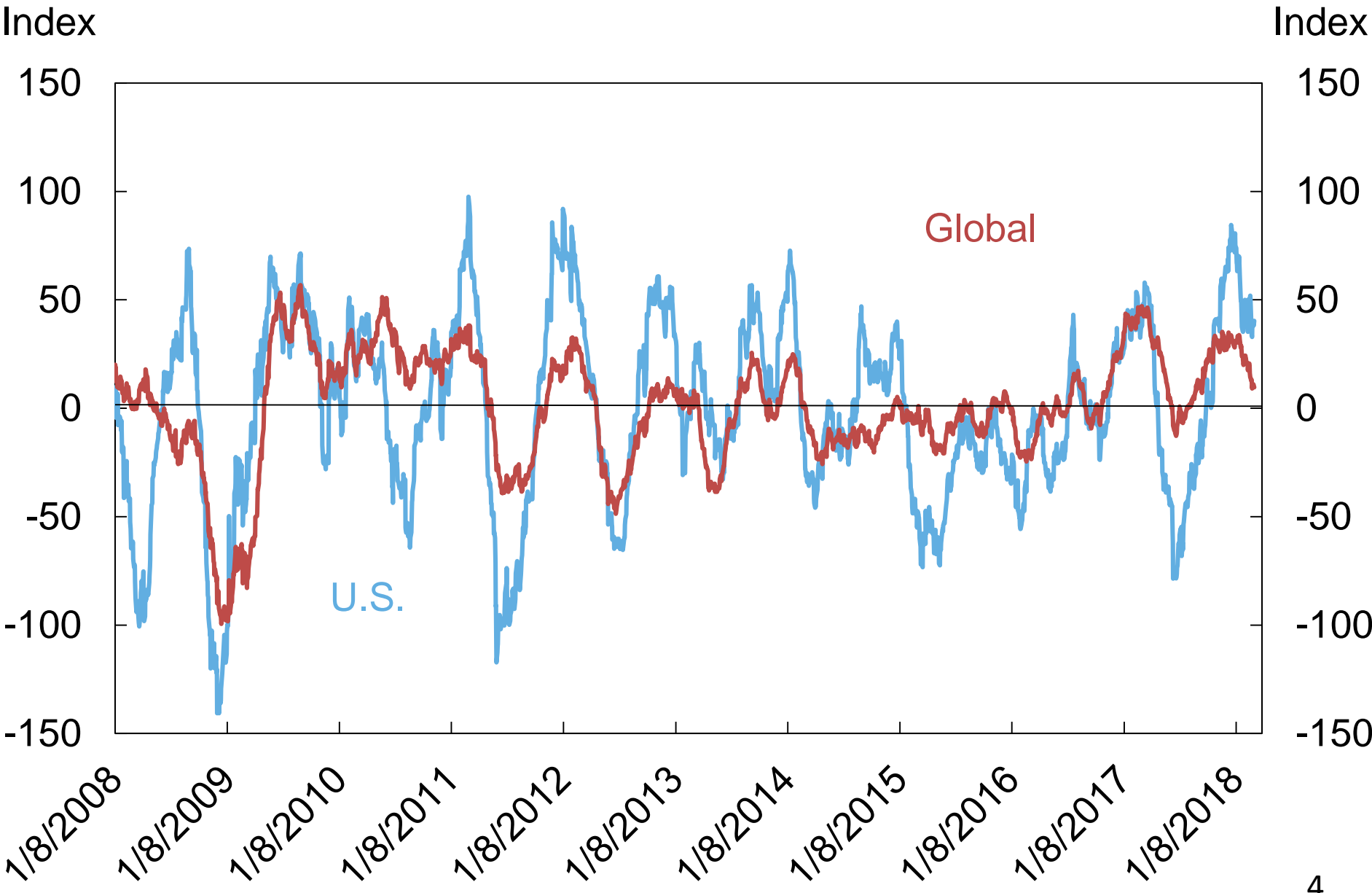
Index Level



Source: IHS Markit and Institute for Supply Management via Haver Analytics

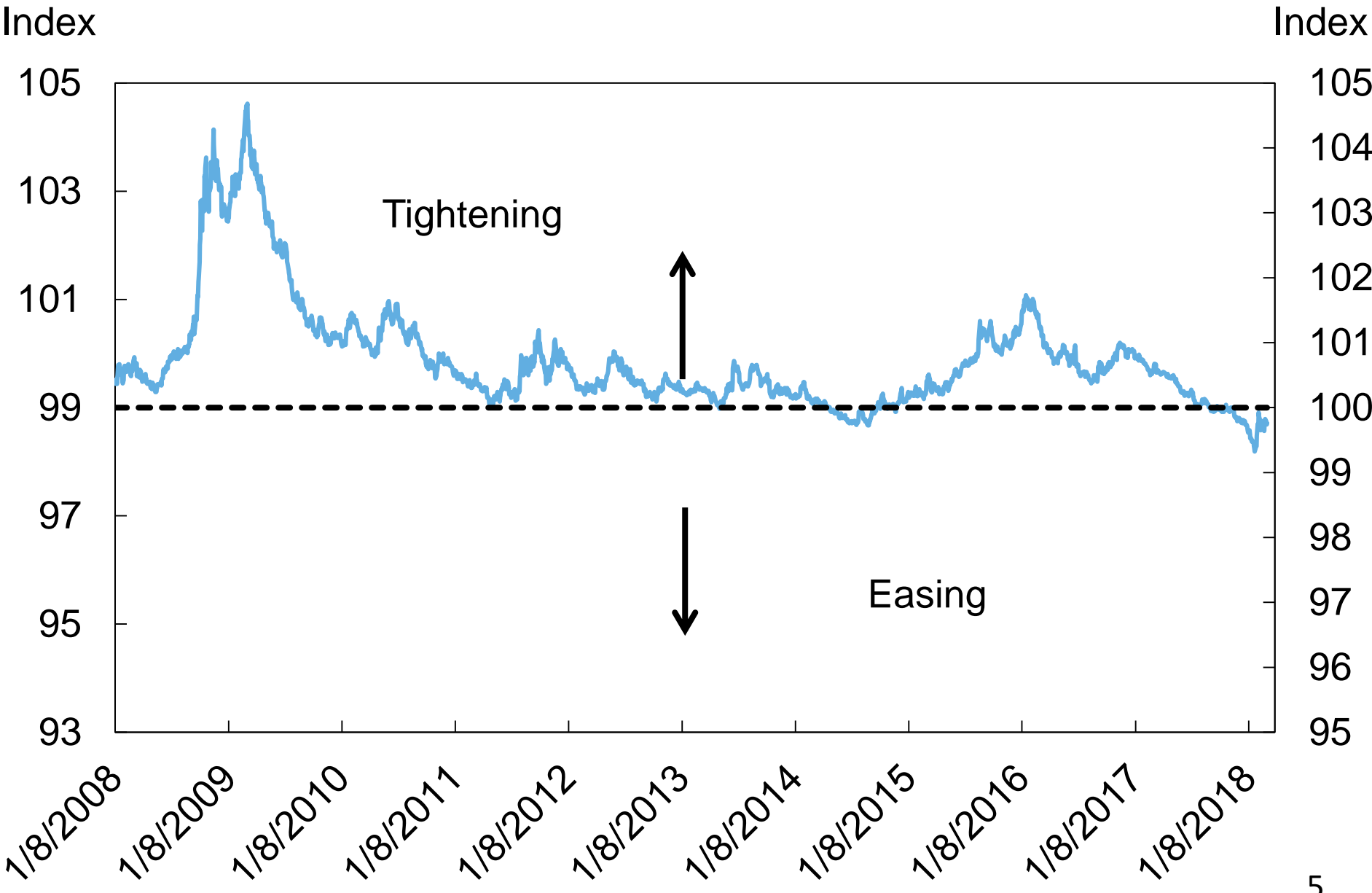
Note: Shading shows NBER recessions.

Citi Economic Surprise Index



Source: Bloomberg.

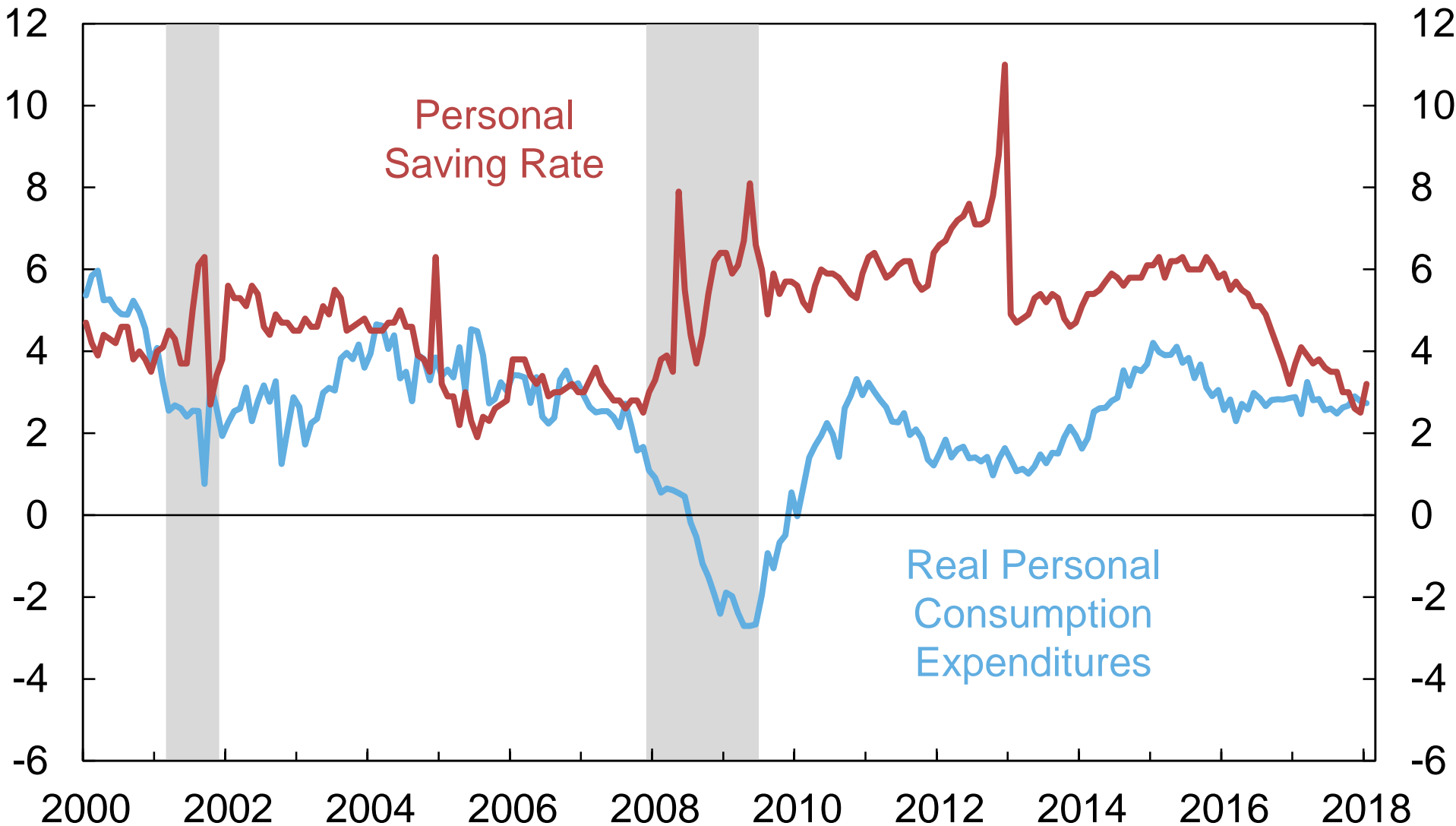
Goldman Financial Conditions Index



Source: Bloomberg.

Real PCE and the Personal Saving Rate

12 Month % Change



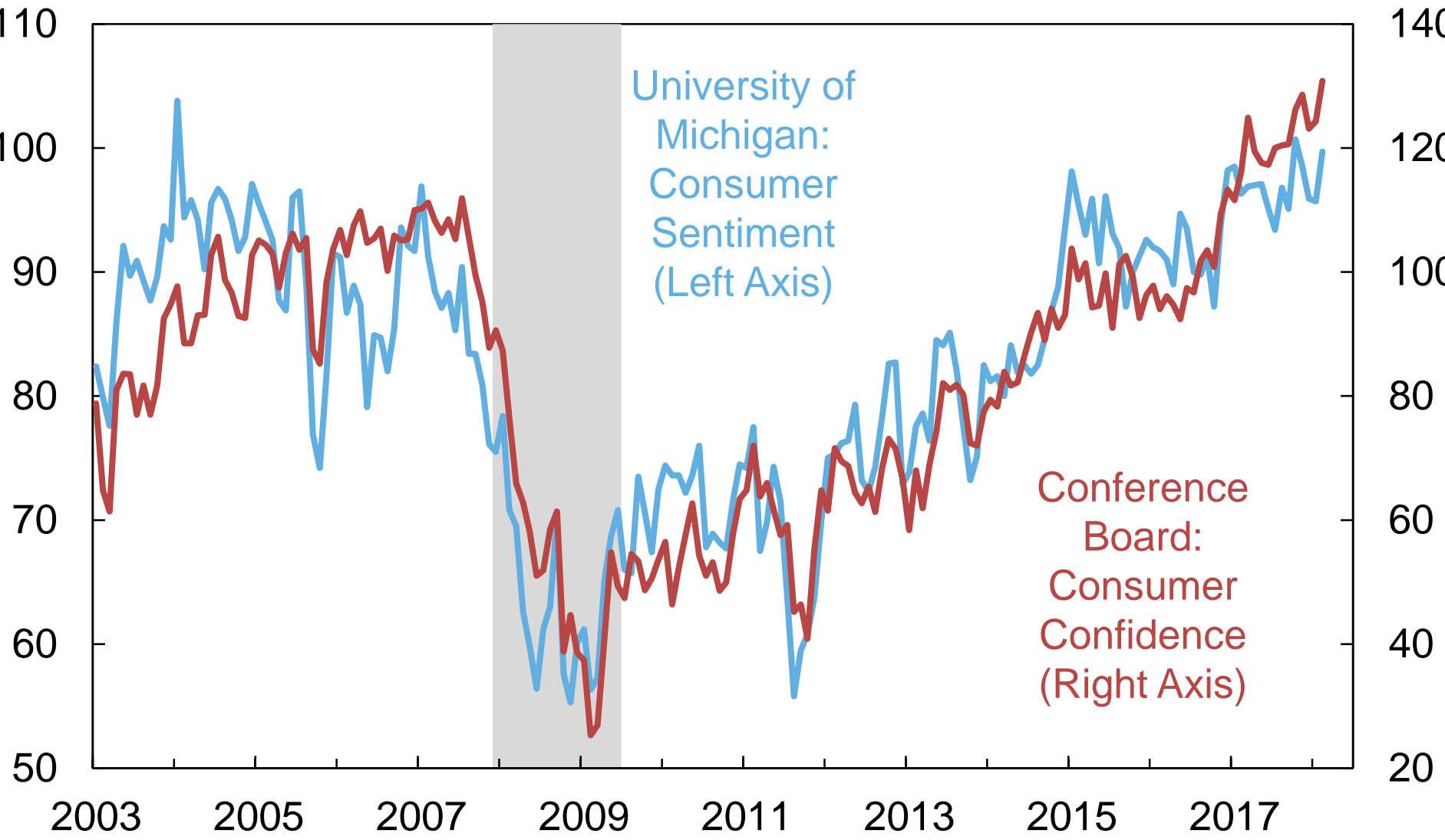
Source: Bureau of Economic Analysis,
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Consumer Sentiment and Confidence

Index, Q1-66 = 100

Index, 1985 = 100



Source: University of Michigan, Conference Board.

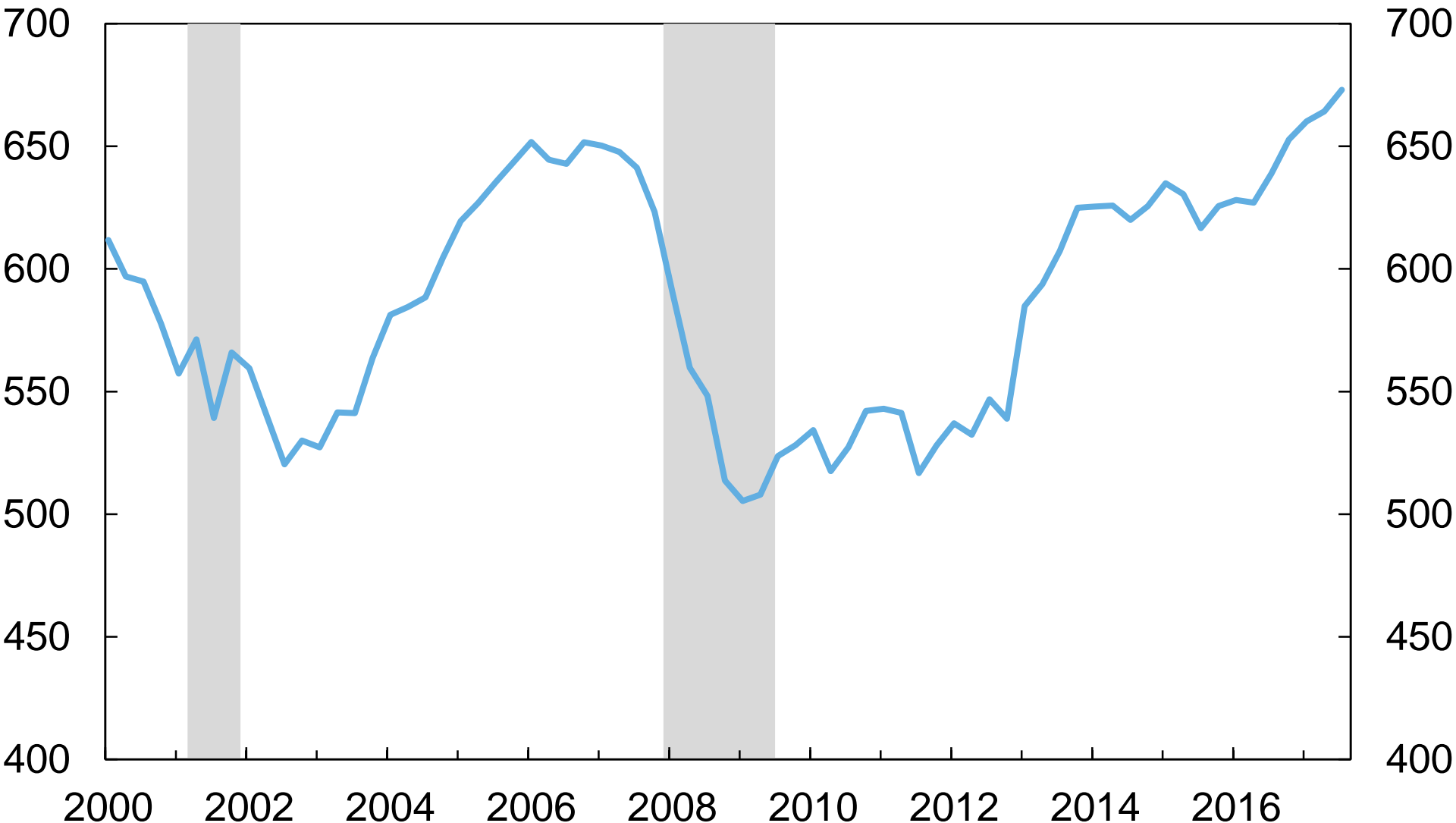
Note: Shading shows NBER recessions. 7

Household Net Worth at Record High

Percent

(Net Worth over Disposable Income)

Percent



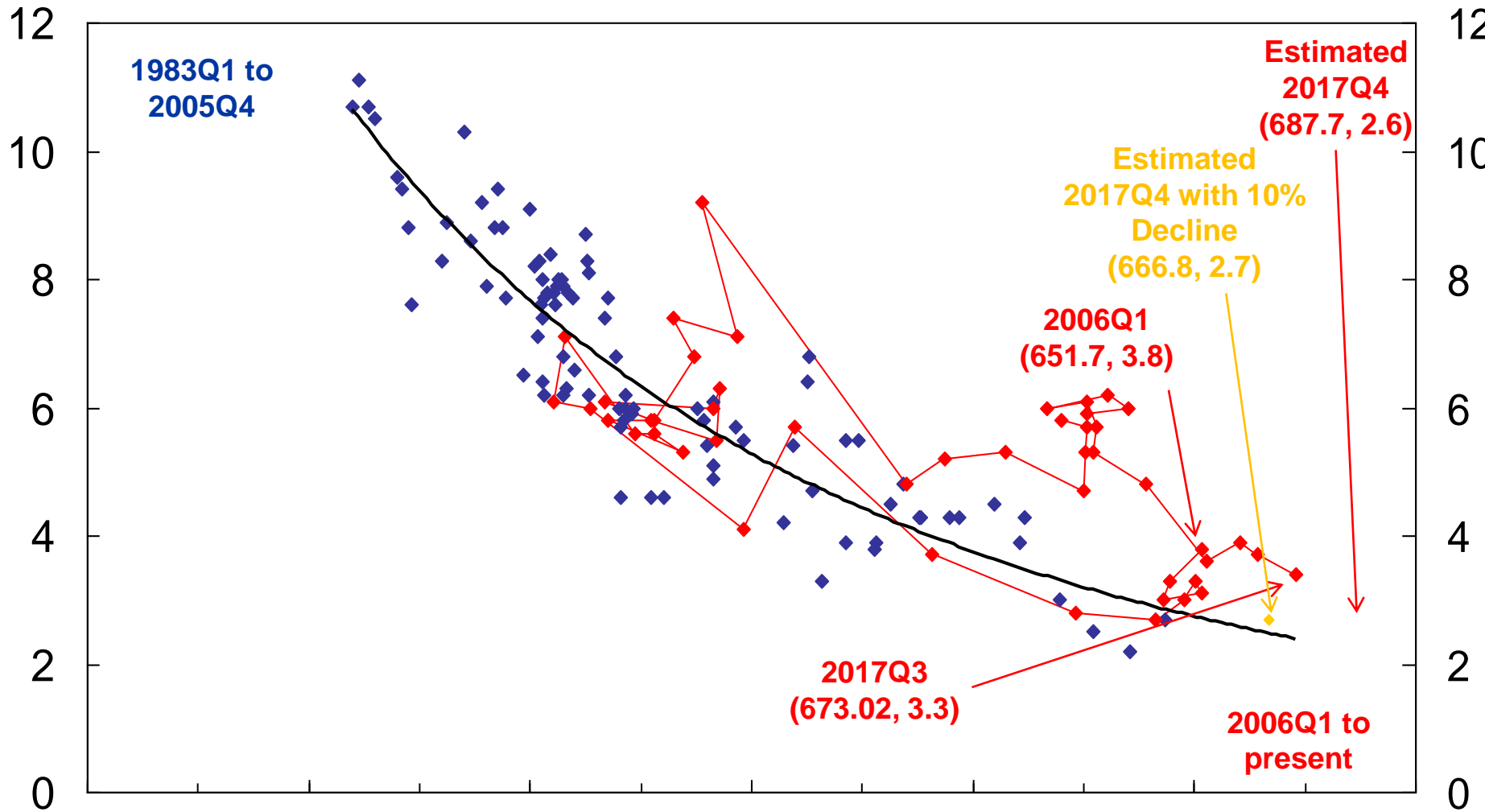
Source: Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Personal Saving Rate and Household Net Worth

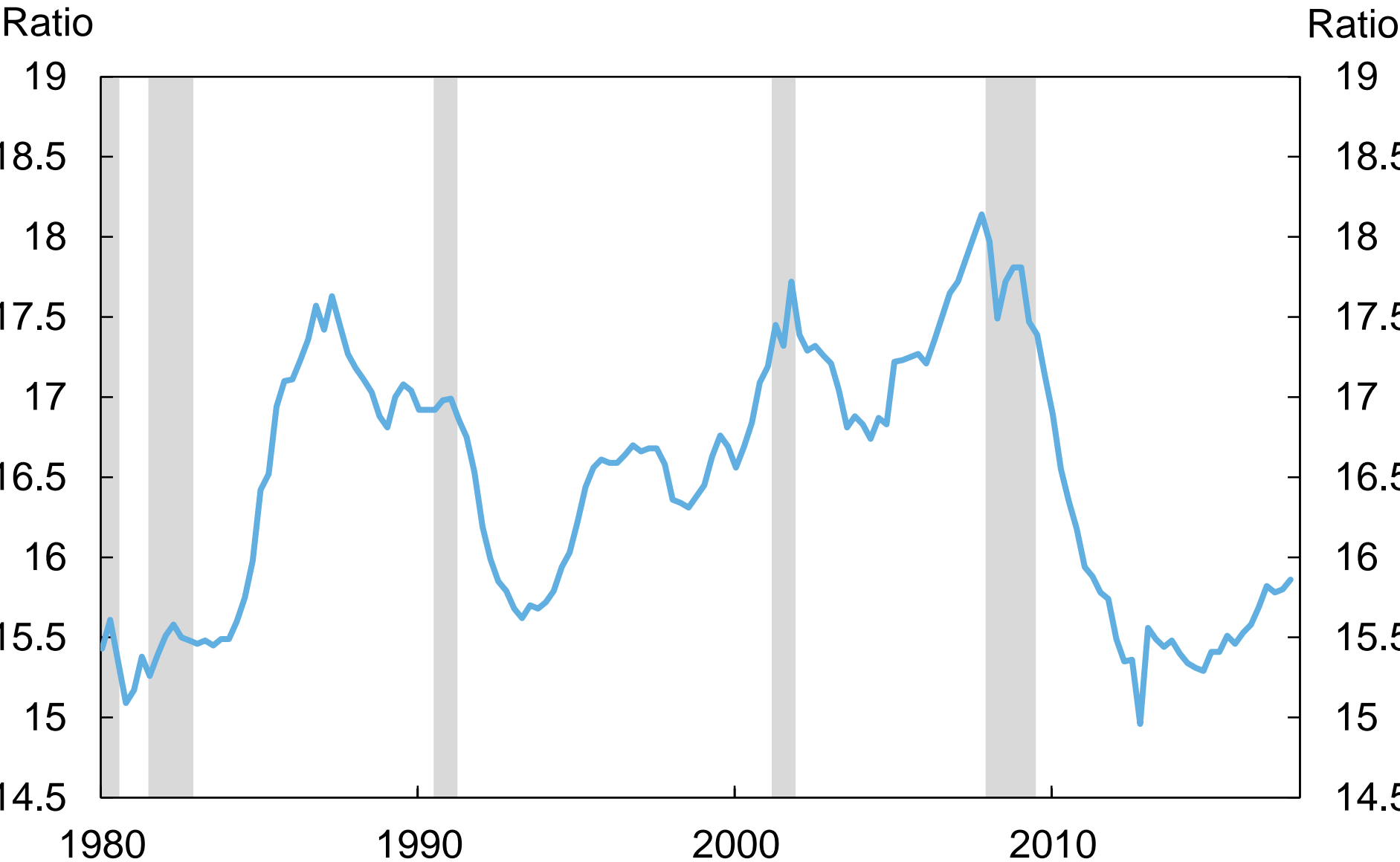
Personal Saving Rate (Percent)

Personal Saving Rate (Percent)



Households' Net Worth as a Percent of Disposable Income

Household Financial Obligation Ratio



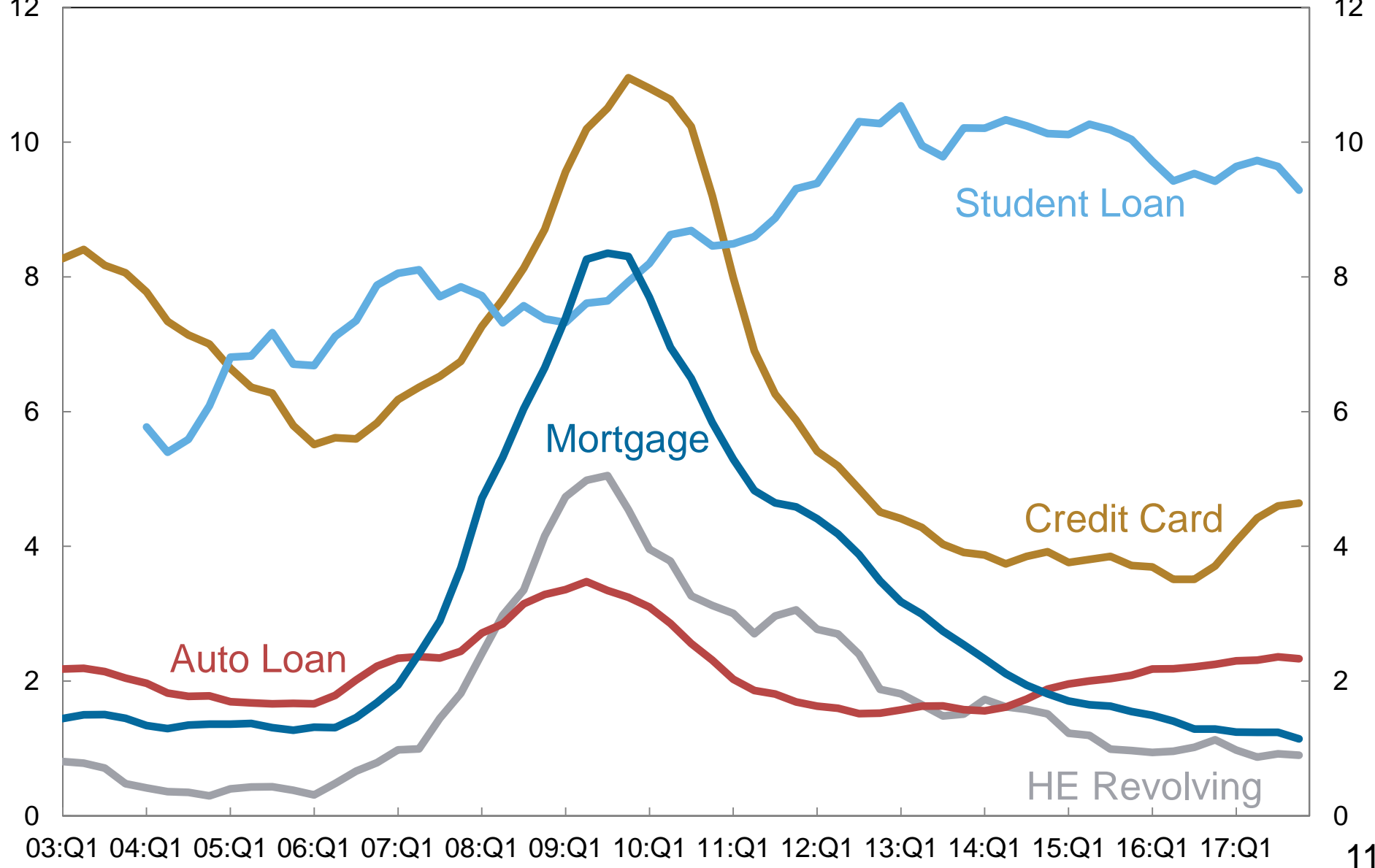
Source: Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Transition into Delinquency (90+) by Loan Type

Percent of Balance

Percent of Balance



Note: 4 Quarter Moving Sum

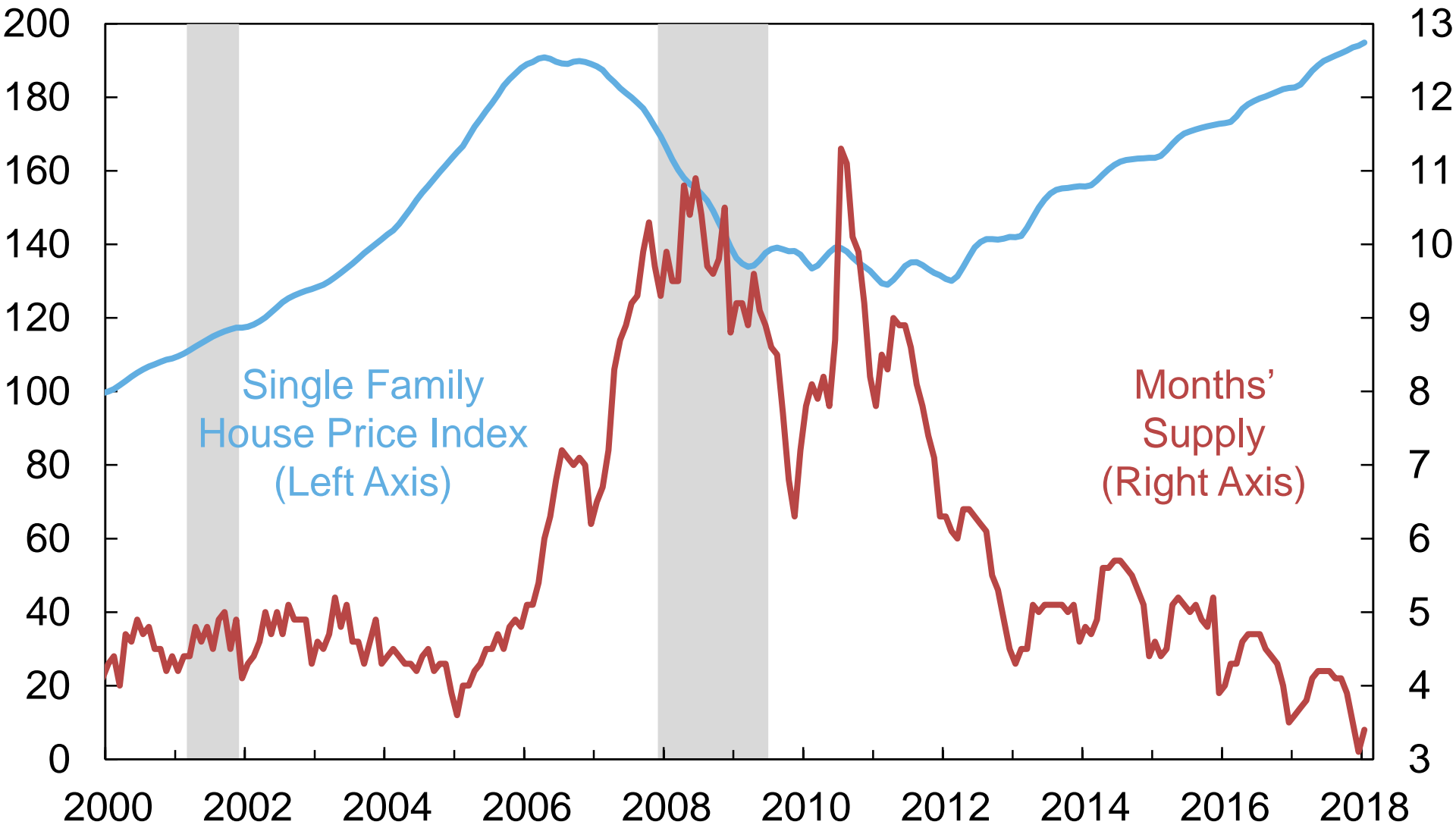
Source: New York Fed Consumer Credit Panel/Equifax

Student loan data are not reported prior to 2004 due to uneven reporting

Single Family Housing Market

Index Level

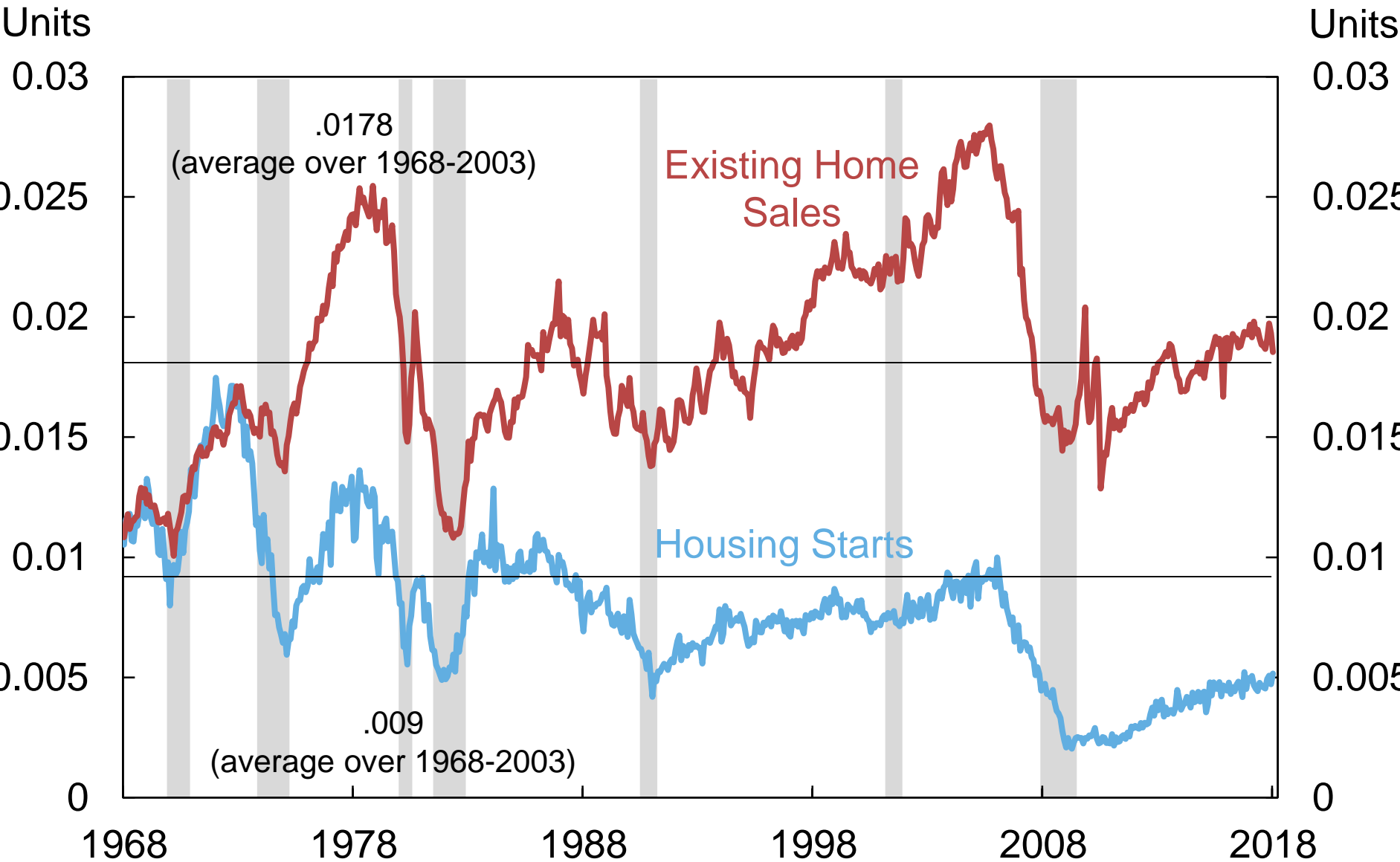
Months



Source: CoreLogic, National Association of Realtors, via Haver Analytics

Note: Shading shows NBER recessions.

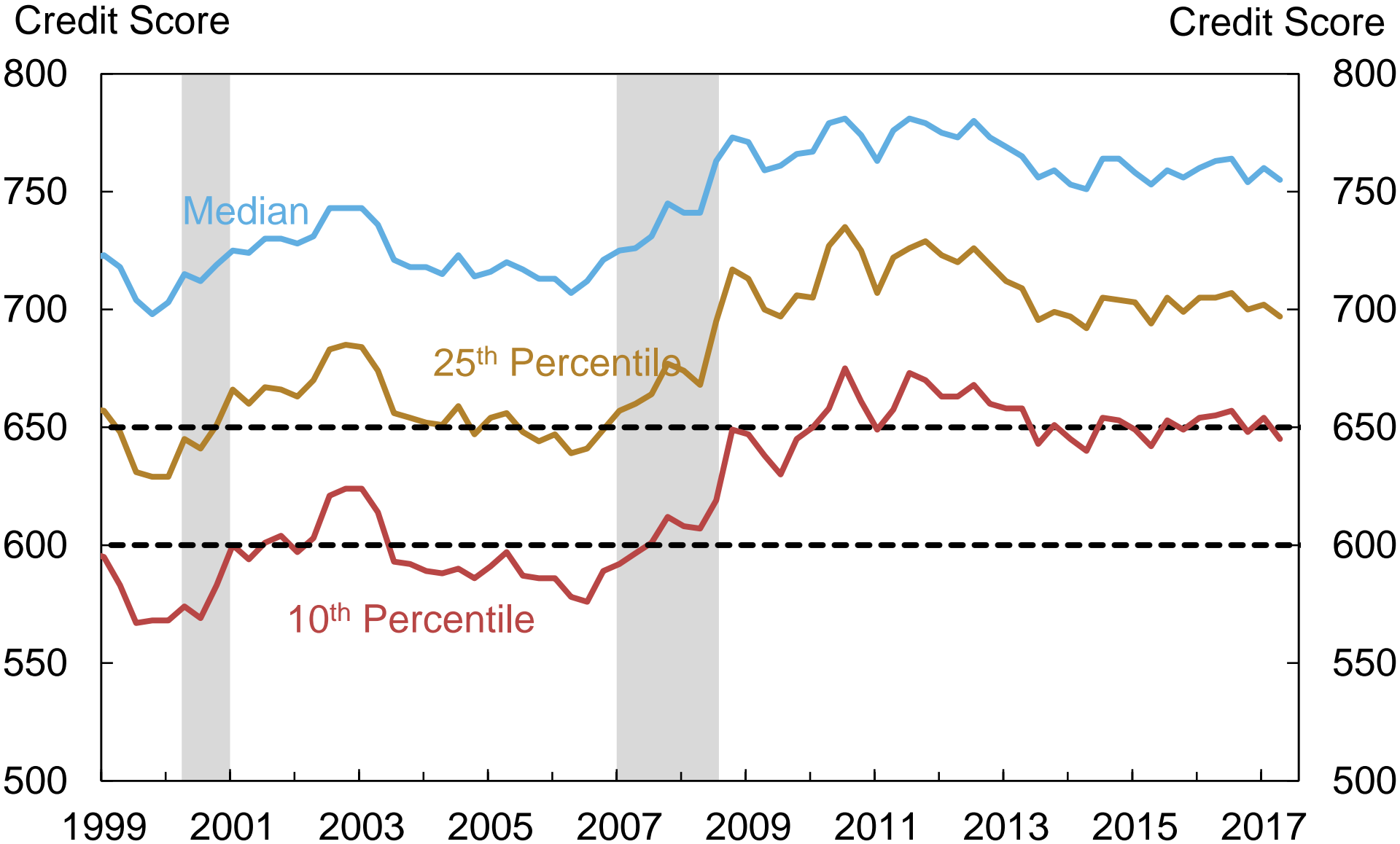
Housing Starts and Existing Homes Sales Per Capita



Source: BLS, Census Bureau, NAR

Note: Shading shows NBER recessions.

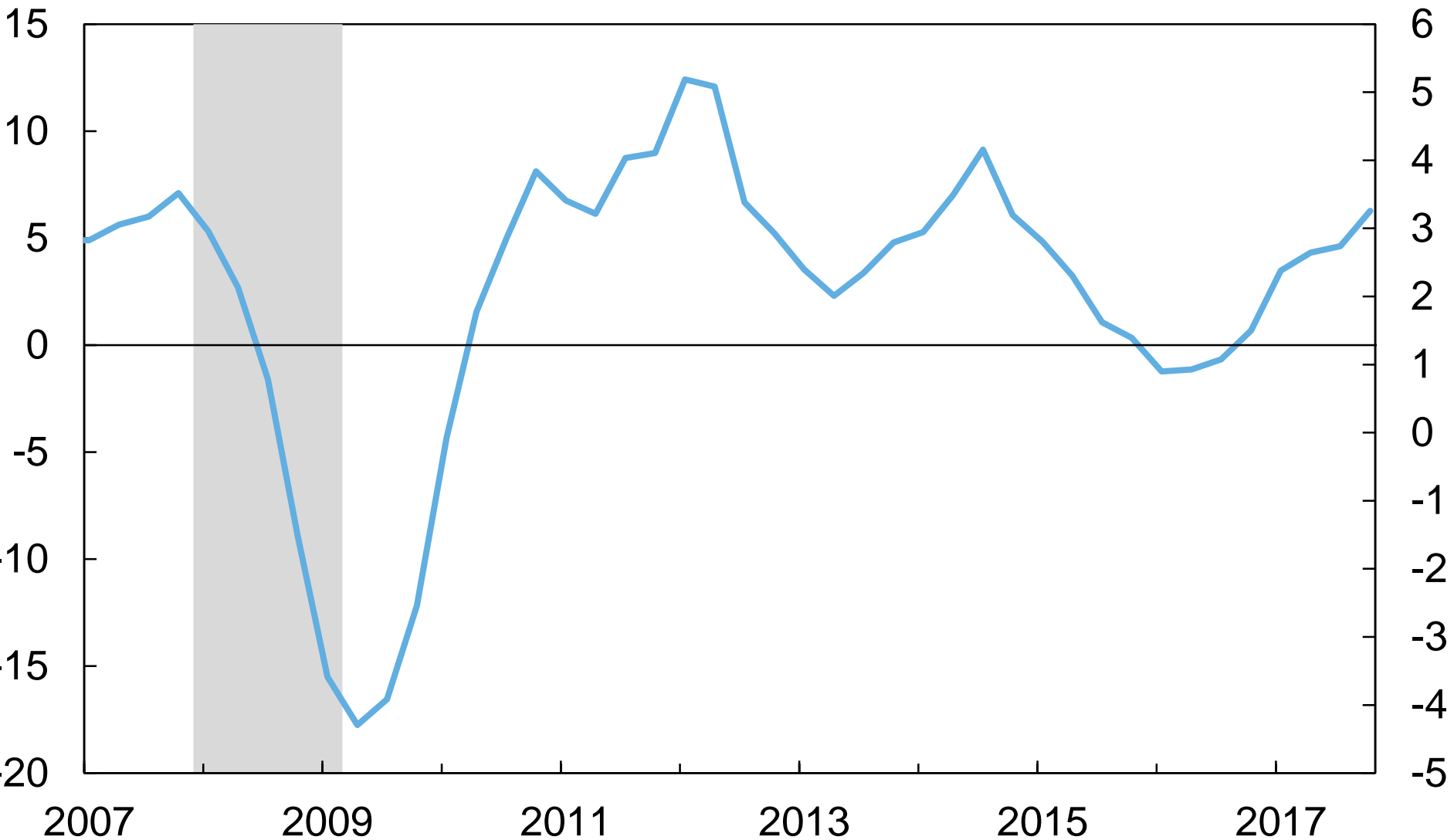
Credit Score at Mortgage Origination



Business Fixed Investment Firming

Four Quarter Percent Change

Four Quarter Percent Change



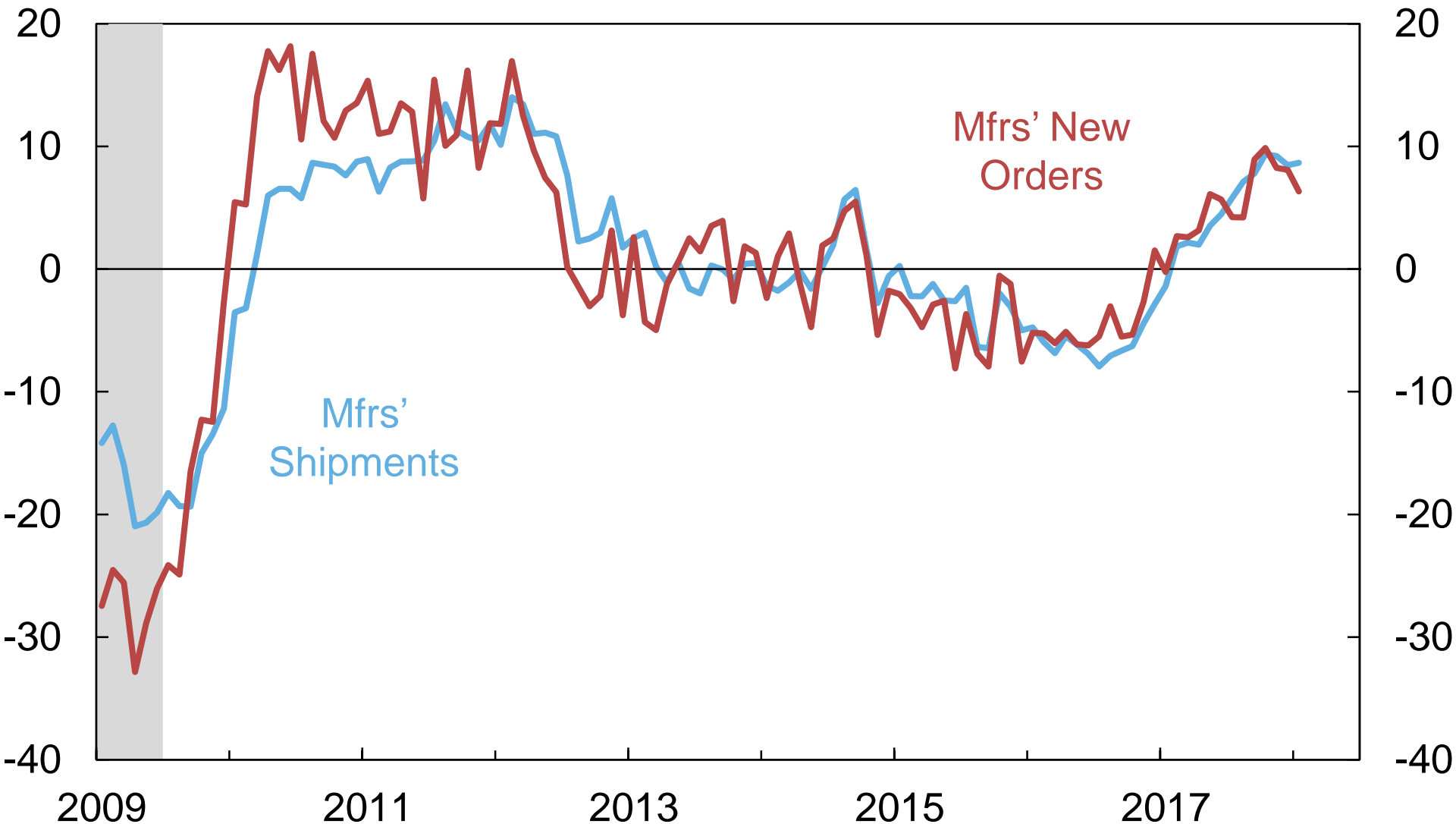
Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.

Nondefense Capital Goods excl. Aircraft

Percent Change Year-to-Year

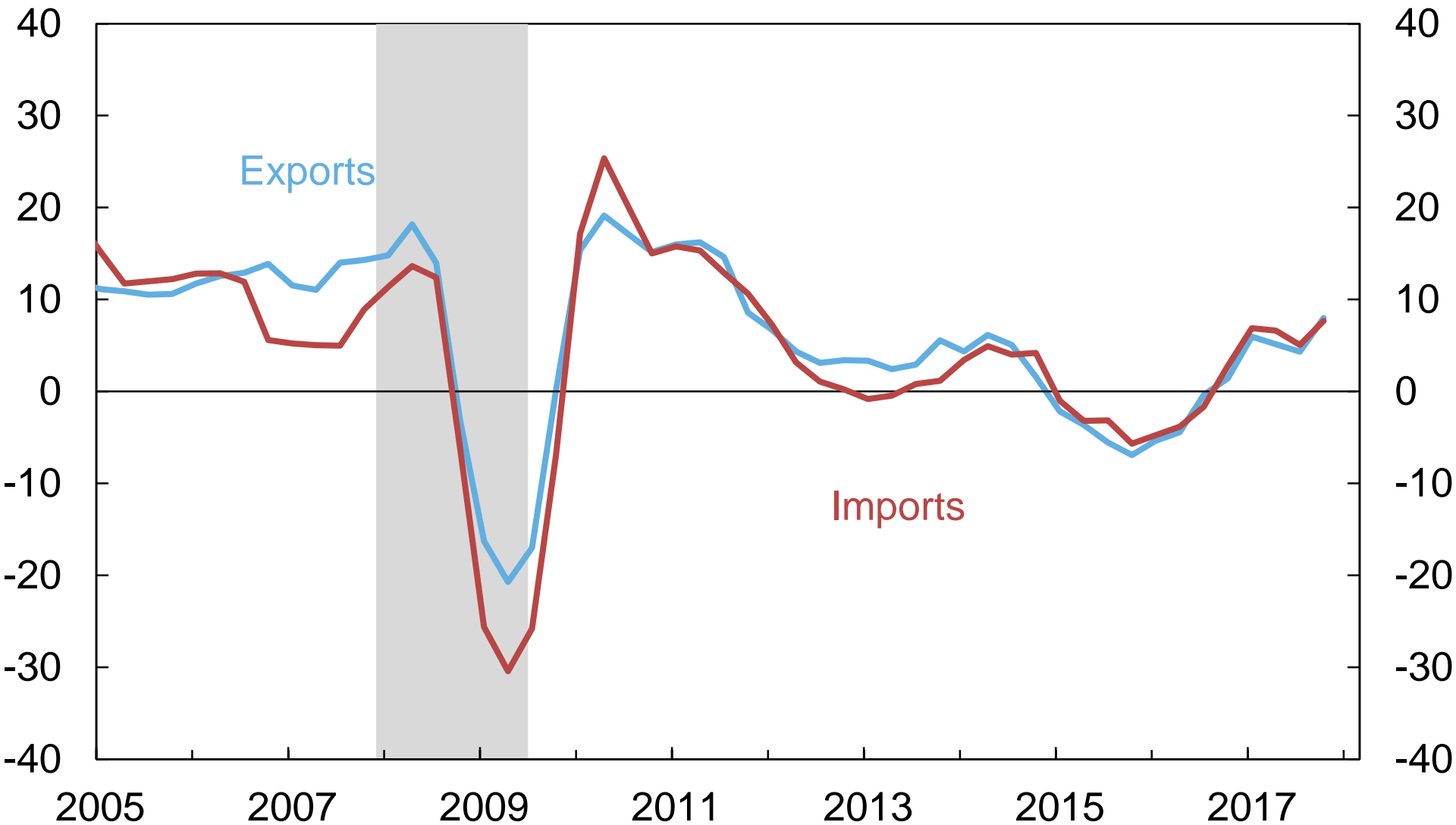
Percent Change Year-to-Year



Real Exports and Imports

4 Quarter % Change

4 Quarter % Change



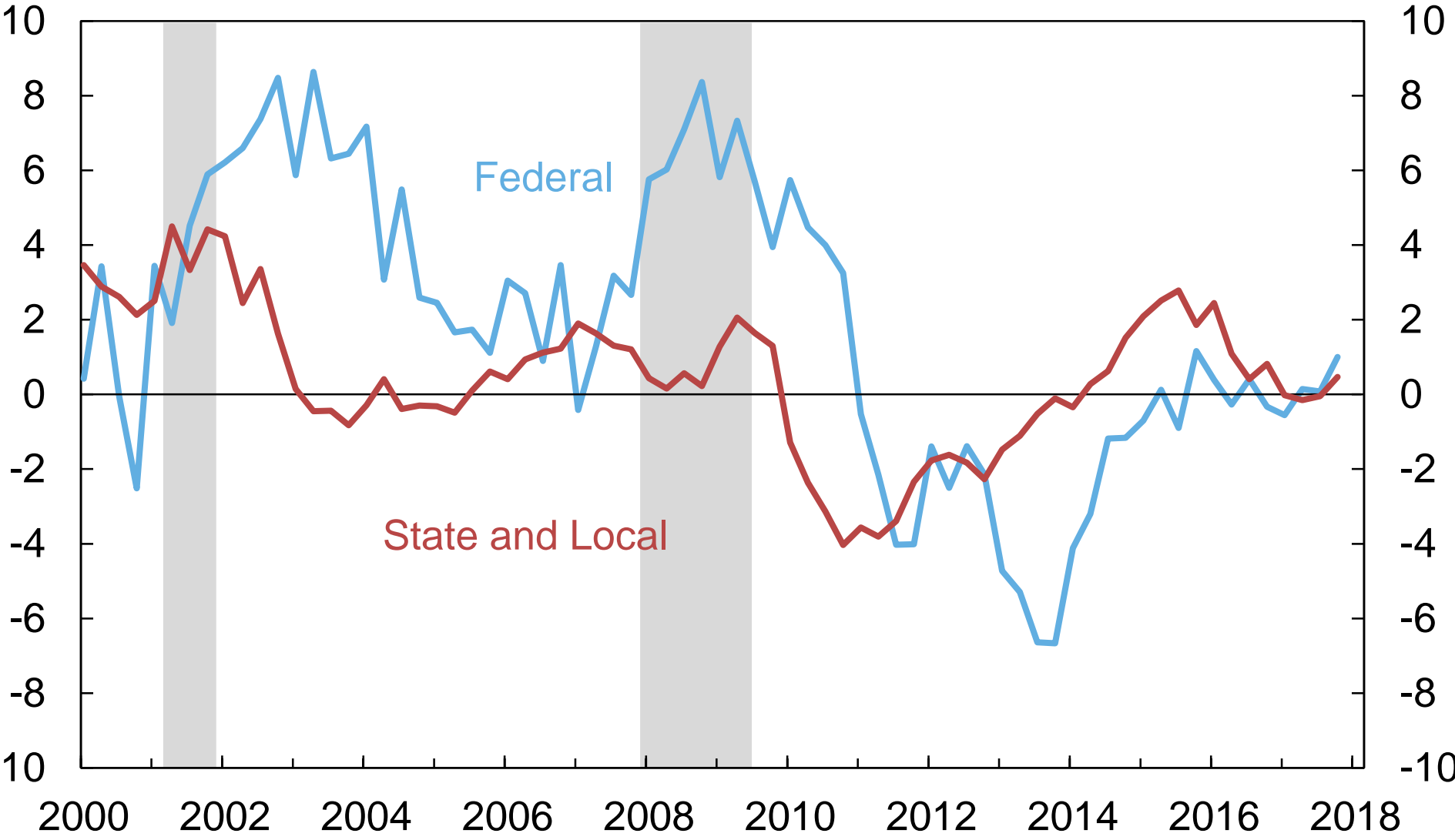
Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.

Real Government Consumption and Gross Investment

4 Quarter % Change

4 Quarter % Change



Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.

Estimated Revenue Effects of The Tax Cuts and Jobs Act

Fiscal Years 2018-2022 (Percent of GDP)

	2018	2019	2020	2021	2022
Tax Reform for Individuals					
House	-0.2	-0.6	-0.5	-0.5	-0.5
Senate	-0.3	-0.8	-0.7	-0.6	-0.6
Conference Agreement	-0.4	-0.8	-0.8	-0.7	-0.7
Business Tax Reform					
House	-0.6	-0.6	-0.5	-0.5	-0.4
Senate	-0.1	-0.4	-0.5	-0.4	-0.4
Conference Agreement	-0.6	-0.6	-0.5	-0.4	-0.2
Taxation of Foreign Income and Foreign Persons					
House	0.3	0.2	0.1	0.1	0.1
Senate	0.3	0.2	0.1	0.1	0.1
Conference Agreement	0.3	0.2	0.1	0.1	0.1
Total (static)					
House	-0.6	-1.1	-1.0	-0.8	-0.7
Senate	-0.2	-1.1	-1.2	-1.0	-0.9
Conference Agreement	-0.7	-1.4	-1.2	-1.0	-0.8

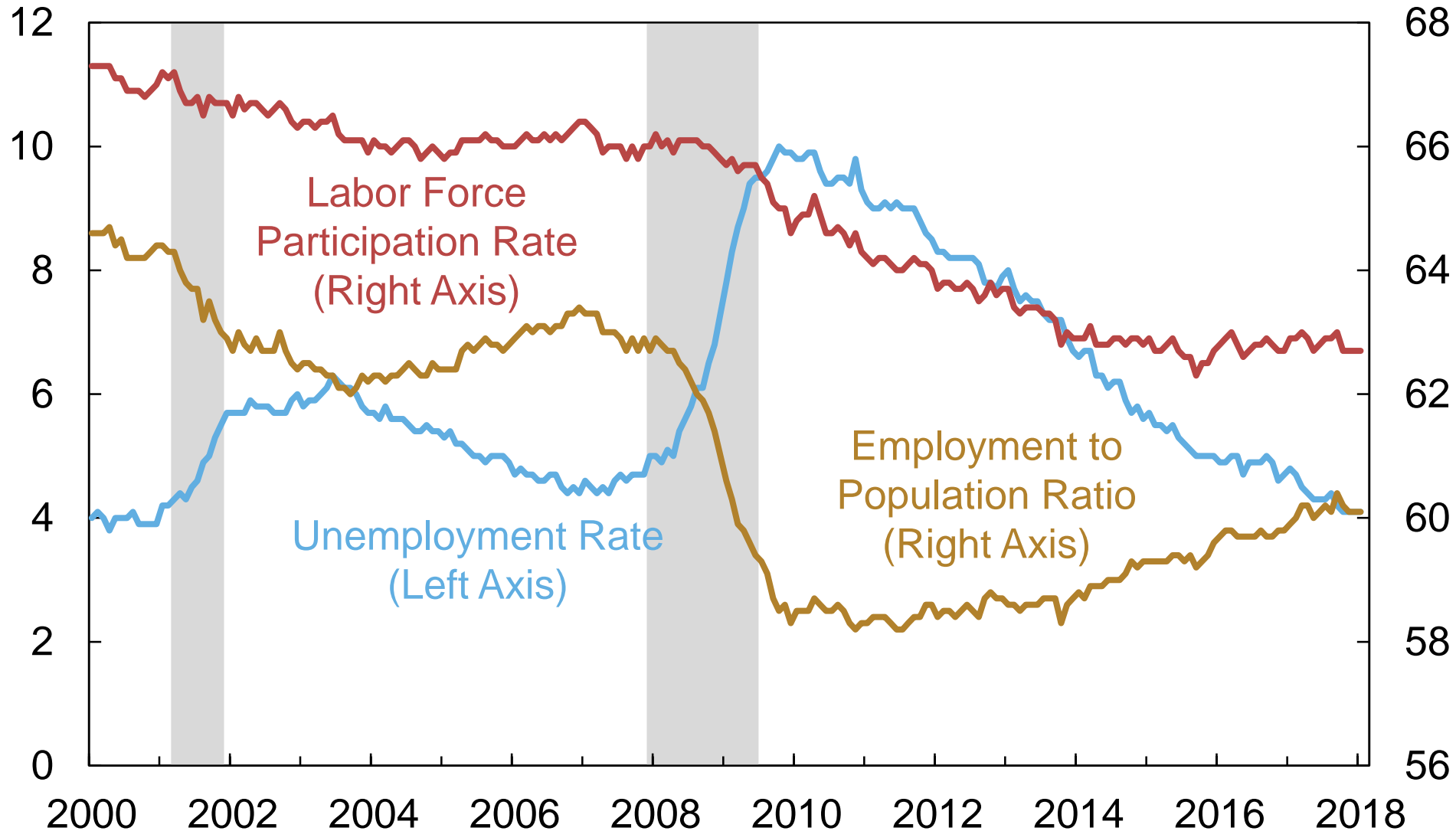
Effect of Bipartisan Budget Act of 2018 on Discretionary Spending
 (Billions of Dollars, Fiscal Years)

		<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<u><i>Budget Control Act Caps</i></u>					
	Defense	548	551	552	562
	BA			80	85
	Nondefense	518	519	520	529
	BA			63	68
<u><i>Adjustments to Caps</i></u>					
	Defense	59	83	85	86
	Nondefense	26	36	36	35
<u><i>Total</i></u>					
Nominal	Defense	607	634	717	733
	Percent Change		4.4	13.0	2.3
	Nondefense	544	555	619	632
	Percent Change		2.0	11.5	2.1
Real	Defense	555	570	636	642
	Percent Change		2.6	11.7	0.9
	Nondefense	484	481	525	525
	Percent Change		-0.6	9.2	0.0

Labor Market Indicators

Percent

Percent



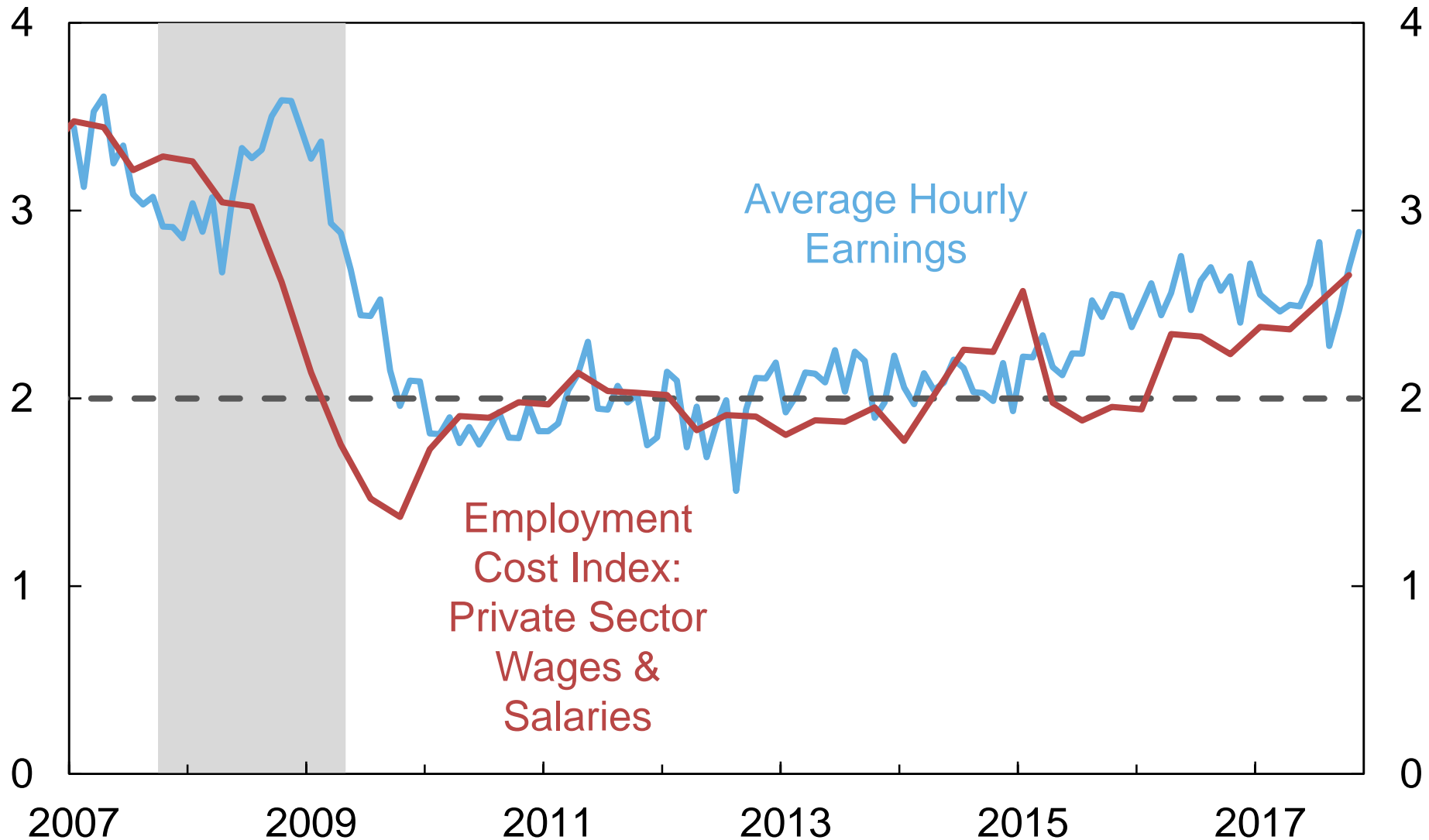
Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Growth of Average Hourly Earnings and ECI

Annual % change

Annual % change



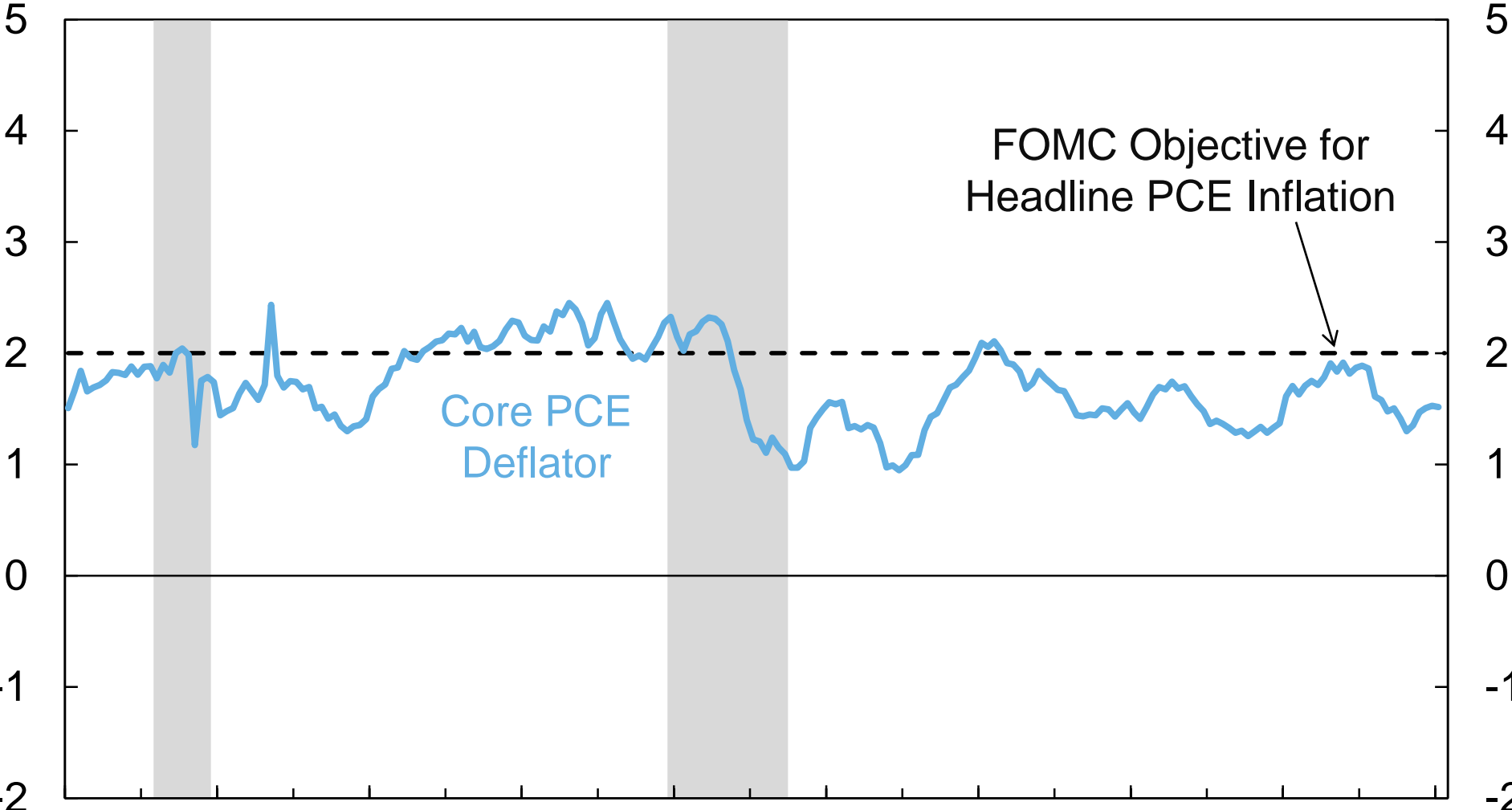
Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Measure of Underlying PCE Price Inflation

12 Month % Change

12 Month % Change



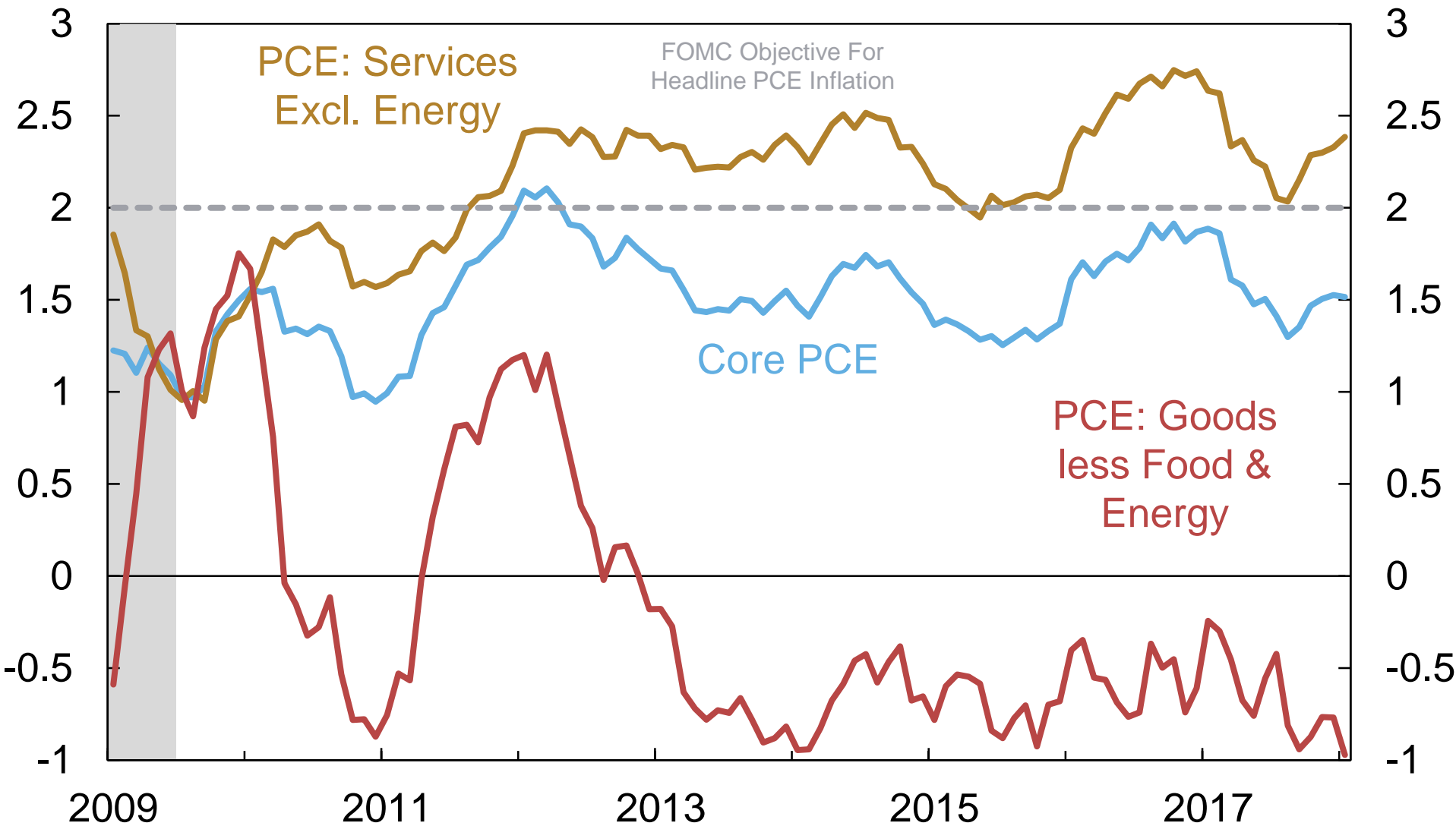
Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions. 23

Personal Consumption Expenditures Price Indices

Percent Change Year-to-Year

Percent Change Year-to-Year



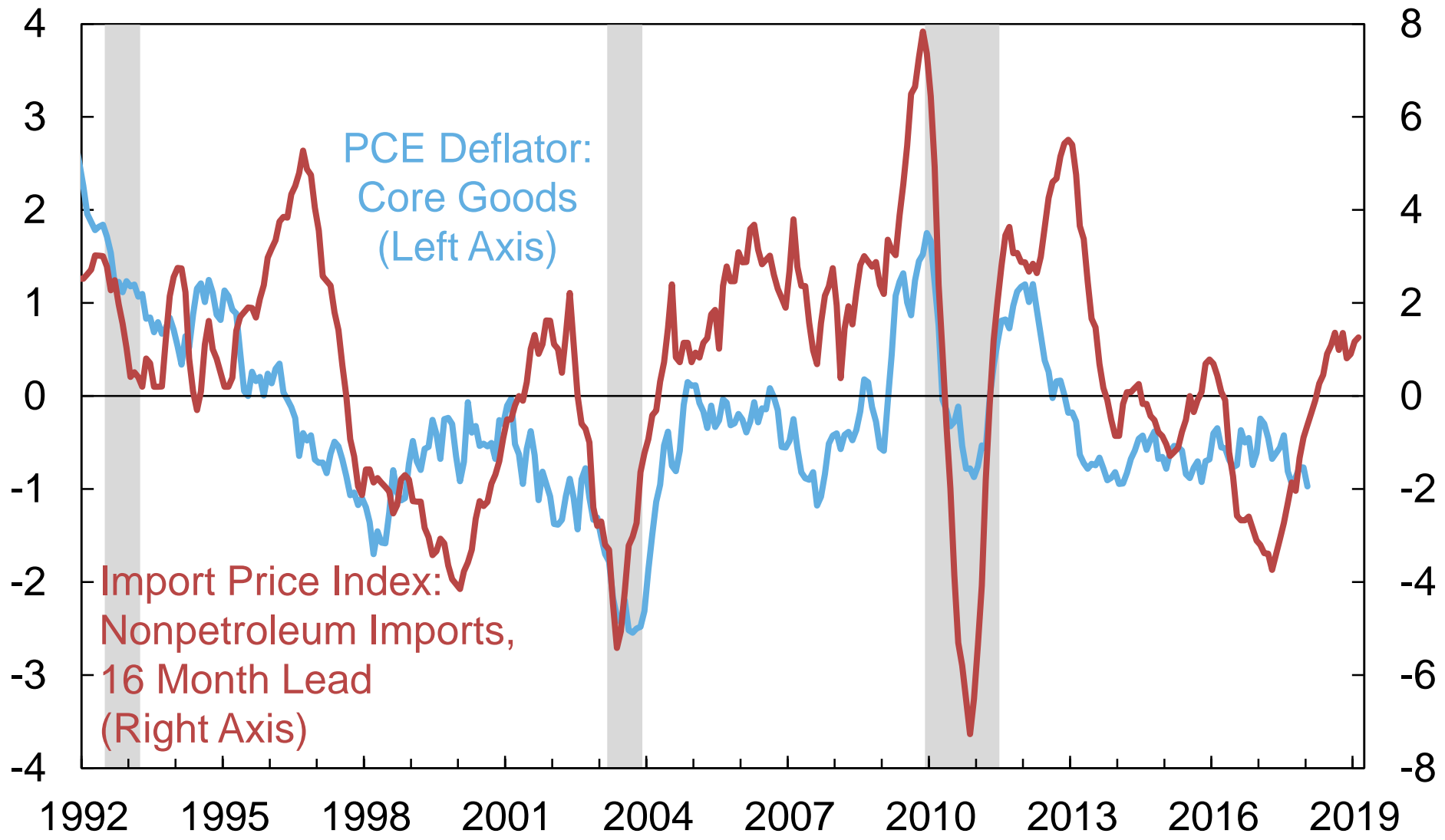
Source: BEA/Haver.

Note: Shading shows NBER recessions.

Import Price Index and the PCE Deflator for Core Goods

% Change – Year to Year

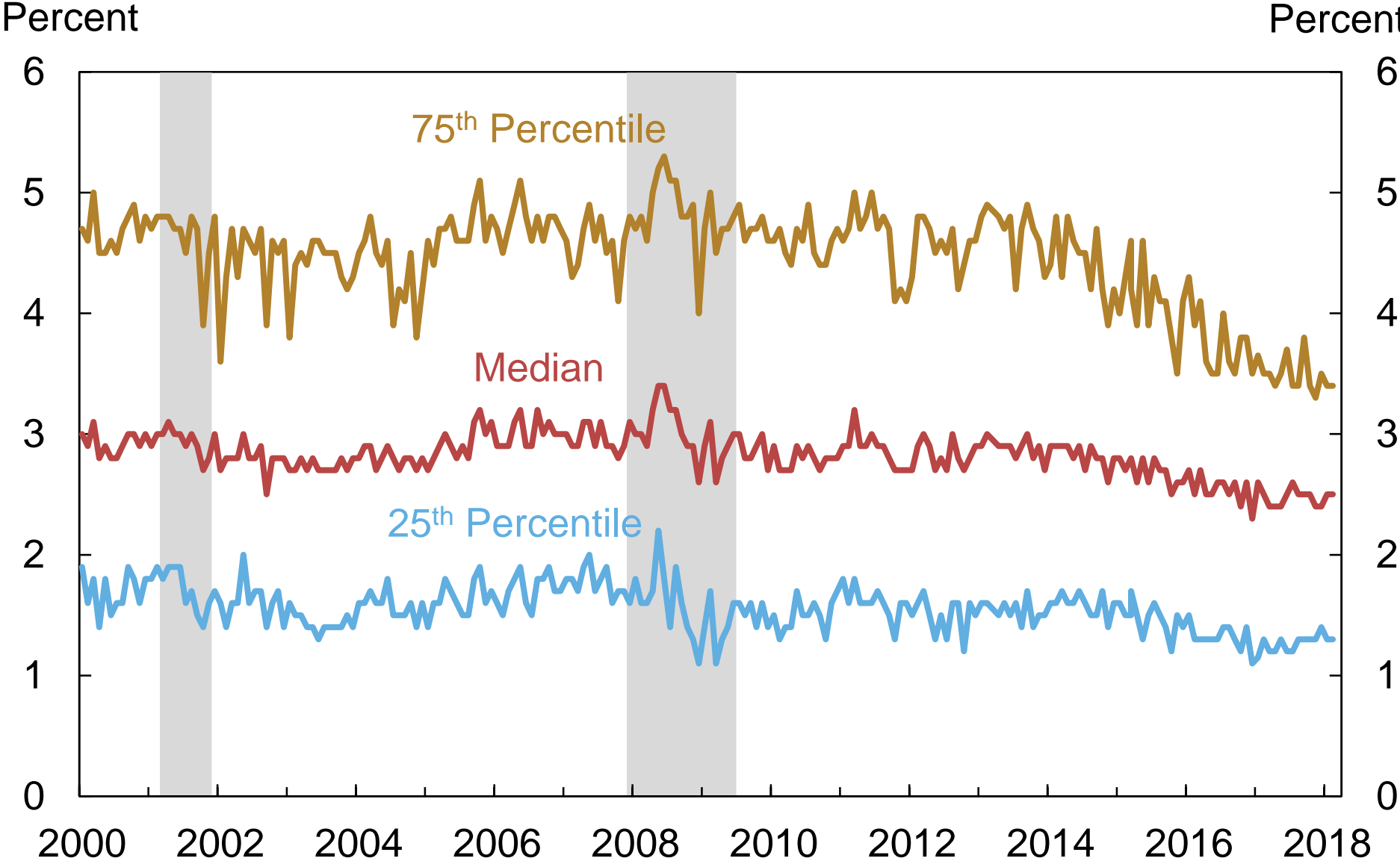
% Change – Year to Year



Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.

Michigan Inflation Expectations 5 to 10 Years



Source: University of Michigan

Note: Shading shows NBER recessions.

TIPS Based Inflation Expectations

Percent

Percent

