Overview

• US economic growth appears to have regained its footing after slowing in response to a marked appreciation in the dollar and a collapse in oil prices beginning in mid to late 2014.

• While the US labor market is widely viewed as being at or near full employment, the growth of labor compensation remains subdued.

• Core inflation has slowed since the beginning of 2017. Is this a transitory phenomenon or something more fundamental?
Growth of Real GDP

Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.
Surveys of Manufacturing Activity

Index Level

Index Level

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

Unemployment Rate (Left Axis)

Employment to Population Ratio (Right Axis)

Labor Force Participation Rate (Right Axis)

Note: Shading shows NBER recessions.

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
Growth of Average Hourly Earnings and ECI

Annual % change


Average Hourly Earnings
Employment Cost Index

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
Productivity Growth

Source: Bureau of Labor Statistics, via Haver Analytics

Note: Shading shows NBER recessions.
GDP

Trillions of 2009 US$

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Potential GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 – 2007</td>
<td>2.7%</td>
</tr>
<tr>
<td>2010 – 2016</td>
<td>1.4%</td>
</tr>
<tr>
<td>2016 – 2022</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis, Congressional Budget Office via Haver Analytics

Note: Shading shows NBER recessions.
Measure of Underlying PCE Price Inflation

12 Month % Change

FOMC Objective for Headline PCE Inflation

Core PCE

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.
Owner’s Equivalent Rent

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
CPI-U: Wireless Telephone Services

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
CPI-U: Prescription Drugs

% Change

12-Month Change (Left Axis)

3-Month Annualized Change (Right Axis)

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.

Note: Shading shows NBER recessions.
Michigan Inflation Expectations 5 to 10 Years

Source: University of Michigan

Note: Shading shows NBER recessions.
Reference Charts
Disposable Income, Consumption, and Wealth

4 Quarter % Change

% of Disposable Income

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

Note: Shading shows NBER recessions.
Saving and Investment Balance

Percent of GDP

-14 -12 -10 -8 -6 -4 -2 0 2 4 6 8 10


Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.