Overview

• Growth in the US has firmed since 2016 with real GDP up 3% over the four-quarters ending in 2018Q2.
  • Fiscal stimulus is contributing to this pick up in growth.
• 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 has moved up to the FOMC’s objective of 2%. But at this time we do not see evidence of building inflation pressures.
Growth of Real GDP

Percent Change, Annualized

Yearly Growth Rate

Quarterly Growth Rate

Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.
Manufacturing Indicators for Major Economies

Index Level

Source: IHS Markit and Institute for Supply Management via Haver Analytics
Note: Shading shows NBER recessions.
Real PCE and the Personal Saving Rate

12 Month Percent Change

Pre-Revision Personal Saving Rate (Right Axis)

Post-Revision Personal Saving Rate (Right Axis)

Real Personal Consumption Expenditures (Left Axis)

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

Note: Shading shows NBER recessions.
Personal Saving Rate and Household Net Worth

Source: Bureau of Economic Analysis and Federal Reserve Board

Note: Fitted line is from 1983Q1 to 2005Q4.
Household Liabilities over Disposable Income

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

Note: Shading shows NBER recessions.
Credit Score at Mortgage Origination

Source: FRBNY / Consumer Credit Panel

Note: Shading shows NBER recessions.
Net-Worth to (pre-tax) Income Ratio by Percentiles

Source: Board of Governors. Note: Shading shows NBER recessions.
Rent-Price Ratio and Equity Dividend Yield

Source: Author’s calculations; Haver Analytics.

Note: Shading shows NBER recessions.
Housing Starts

Thousands, 3 MMA

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
U.S. Homeownership Rate

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
Business Fixed Investment Firming

Four Quarter Percent Change

Source: Bureau of Economic Analysis

Note: Shading shows NBER recessions.
Real Private Investment Share of Real GDP

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.
Real Government Consumption and Gross Investment

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.
Federal Deficit

% of GDP


Actual

Average 1962-2007 -2.1%

CBO Projection - June 2017

CBO Projection - April 2018

% of GDP

Source: Congressional Budget Office, FRBNY staff calculations
Labor Market Indicators

- Unemployment Rate (Left Axis)
- Labor Force Participation Rate (Right Axis)
- Employment to Population Ratio (Right Axis)

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
Unemployment Rate

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

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
Nonfarm Business Sector Real Output Per Hour Worked

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.