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

Source: Bureau of Economic Analysis

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

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

Note: Shading shows NBER recessions.
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.
Single Family Housing Market

Index Level

Months

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

Note: Shading shows NBER recessions.
Rent-Price Ratio and Equity Dividend Yield

Index, 2006Q1 = 100

Source: Author’s calculations; Haver Analytics.

Note: Shading shows NBER recessions.
Housing Starts

Thousands, 3 MMA

Total Multifamily (Left Axis)

Single Family (Right Axis)

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
Housing Starts and Existing Homes Sales Per Capita

- Housing Starts (average over 1968-2003) = 0.0178
- Existing Home Sales (average over 1968-2003) = 0.009

Source: BLS, Census Bureau, NAR
Note: Shading shows NBER recessions.
Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
Business Fixed Investment Firming

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

4 Quarter % Change

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—April 2018

CBO Projection—June 2017

Source: Congressional Budget Office, FRBNY staff calculations
Gross Federal Debt as a Percentage of GDP

Percent

Gross Federal Debt (Left Axis)
Gross Federal Debt Held by the Public (Right Axis)

Source: CBO; Haver.
Note: Shading shows NBER recessions.
Real Net Exports as a % of GDP

Source: BEA; Haver Analytics. Note: Shading shows NBER recessions.
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.
Growth of Average Hourly Earnings and ECI

Annual % change

Source: Bureau of Labor Statistics via Haver Analytics

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

20-Qtr %Change-annualized

Nonfarm Business Sector: Real Output per Hour of All Persons

Source: Bureau of Labor Statistics 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 Deflator

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.
Core PCE

3-Mo % Change, Annualized

Source: BEA; Haver Analytics.

Note: Shading shows NBER recessions.