



FEDERAL RESERVE BANK *of* NEW YORK

US Macro Overview

June 21, 2018

- Real consumer spending in April increased robustly for the second consecutive month.
 - Both goods and services expenditures grew at a solid pace.

- Business equipment spending rose moderately in 2018Q1 and has exhibited solid growth over the past four quarters.
 - However, new orders of capital goods (excluding aircraft) have been slightly below shipments, historically an indication of little momentum over the near term.

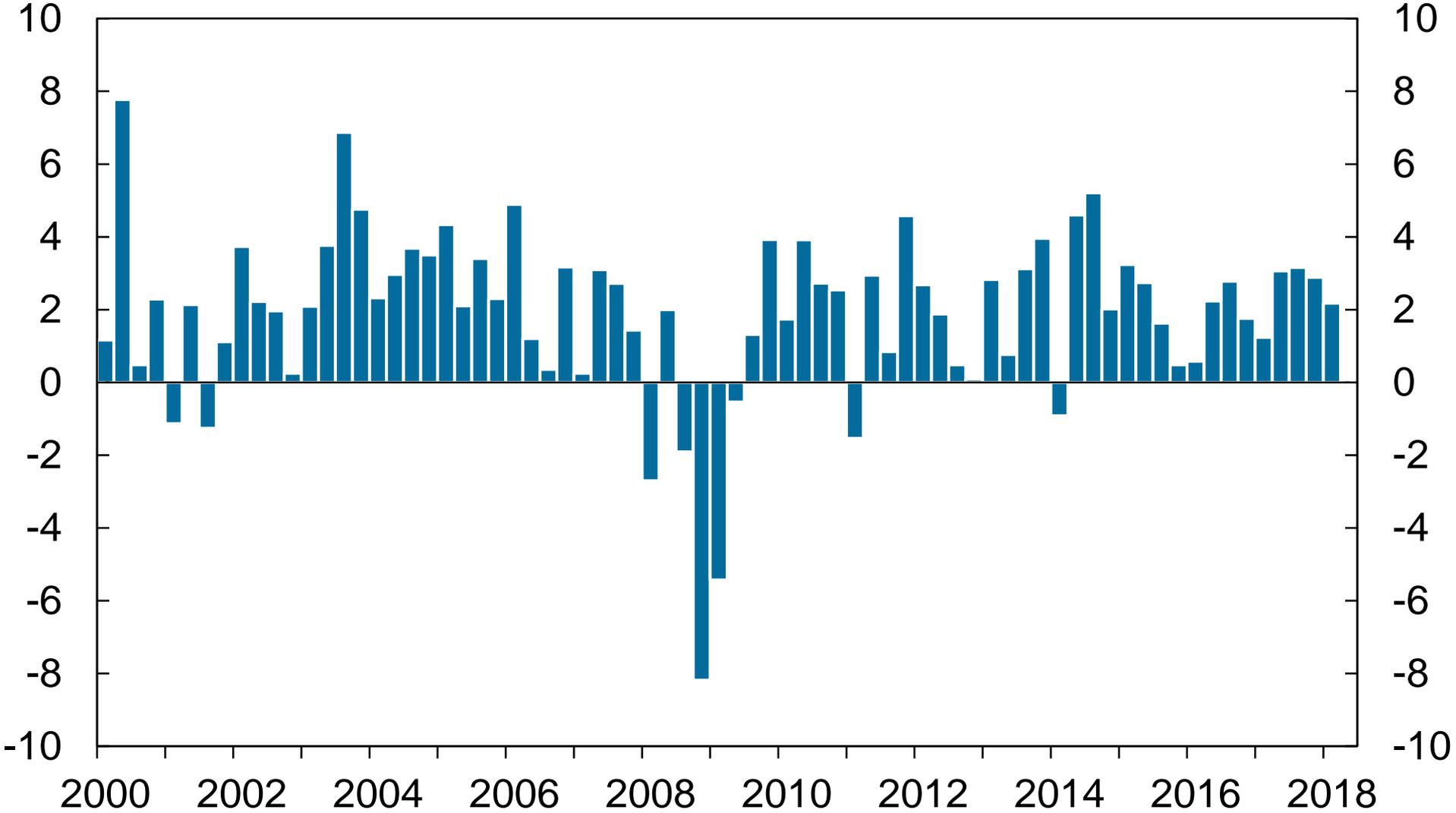
- Housing indicators point to continued gradual improvement in this sector.
 - Tight housing supply and a strong labor market have the potential to provide continuing support to the housing sector.

- Payroll growth was robust in May after more moderate rises in March and April. The unemployment rate declined, the employment-to-population ratio rose slightly and the labor force participation rate ticked down in the month.
 - The latest readings of various labor compensation measures continued to point to modest firming of wage growth.
- Core PCE inflation continued to run at a level roughly consistent with the FOMC's longer-run objective.
- U.S. equity indices increased over the past month. The nominal 10-year Treasury yield was little changed. The broad trade-weighted dollar index rose. There were pressures on Italian yields and some EME currencies.

GDP growth loses some momentum to start 2018

% Change – Annual Rate

% Change – Annual Rate

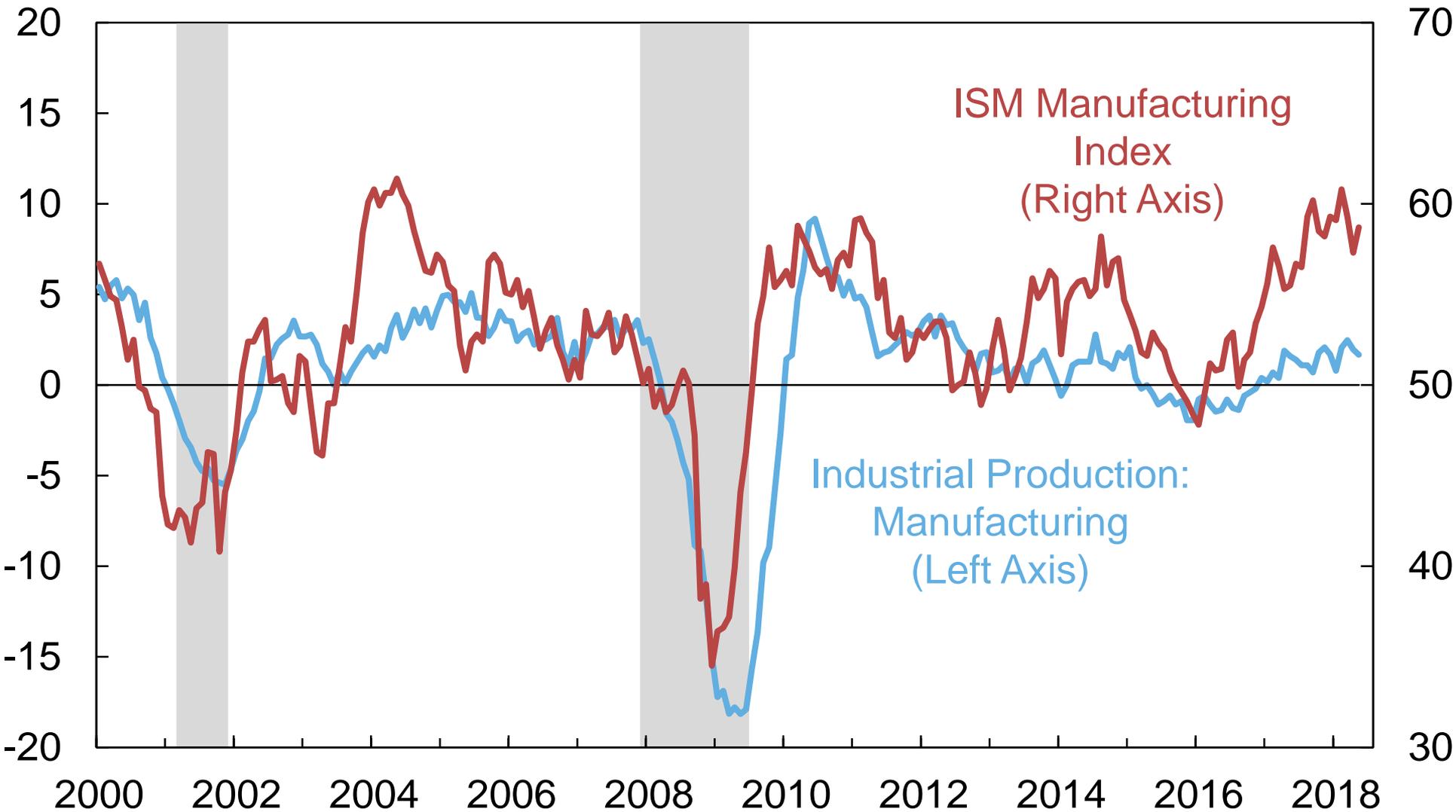


Source: Bureau of Economic Analysis via Haver Analytics

Manufacturing production continues to recover

12 Month % Change

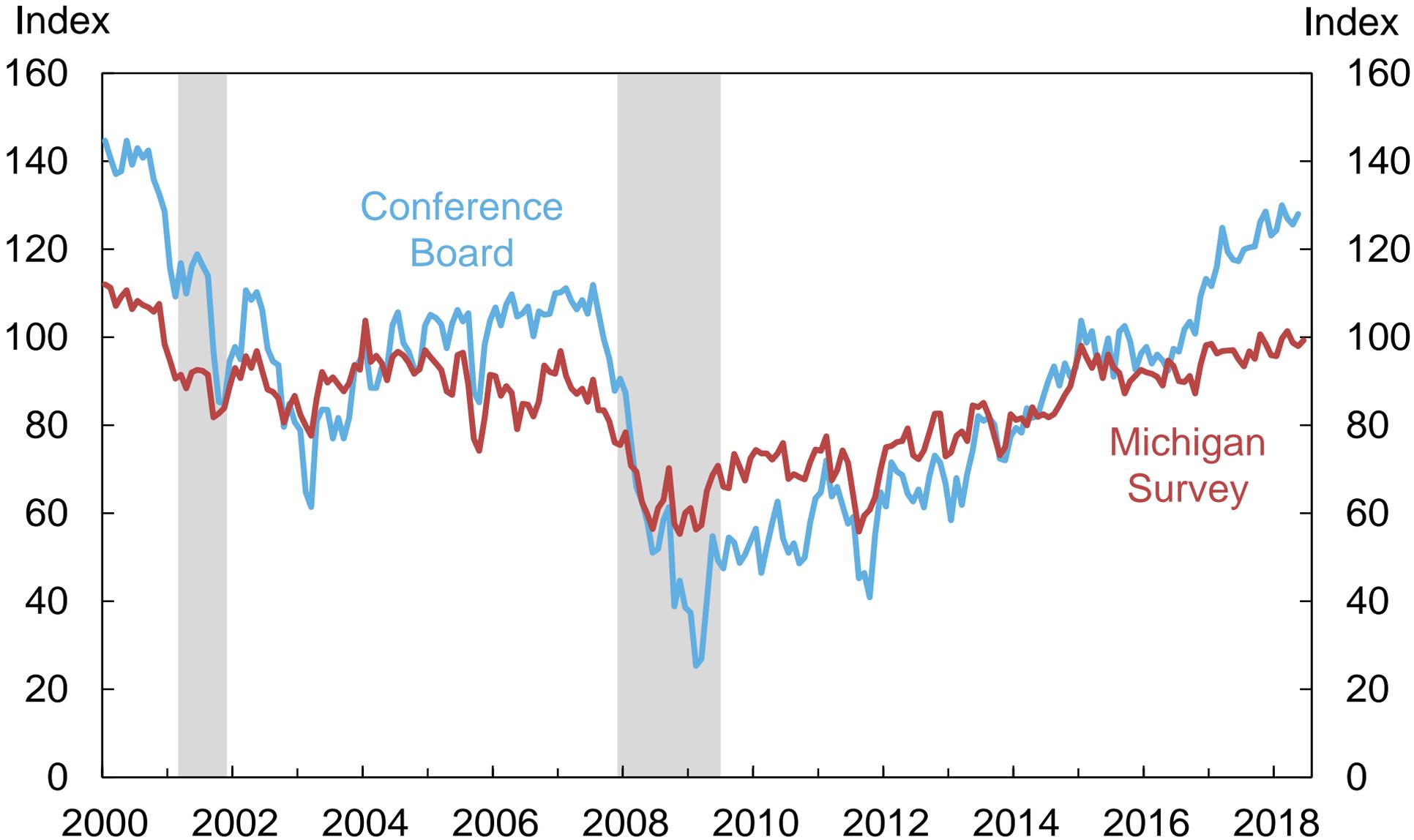
Index



Source: Institute for Supply Management,
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Consumer confidence remains elevated



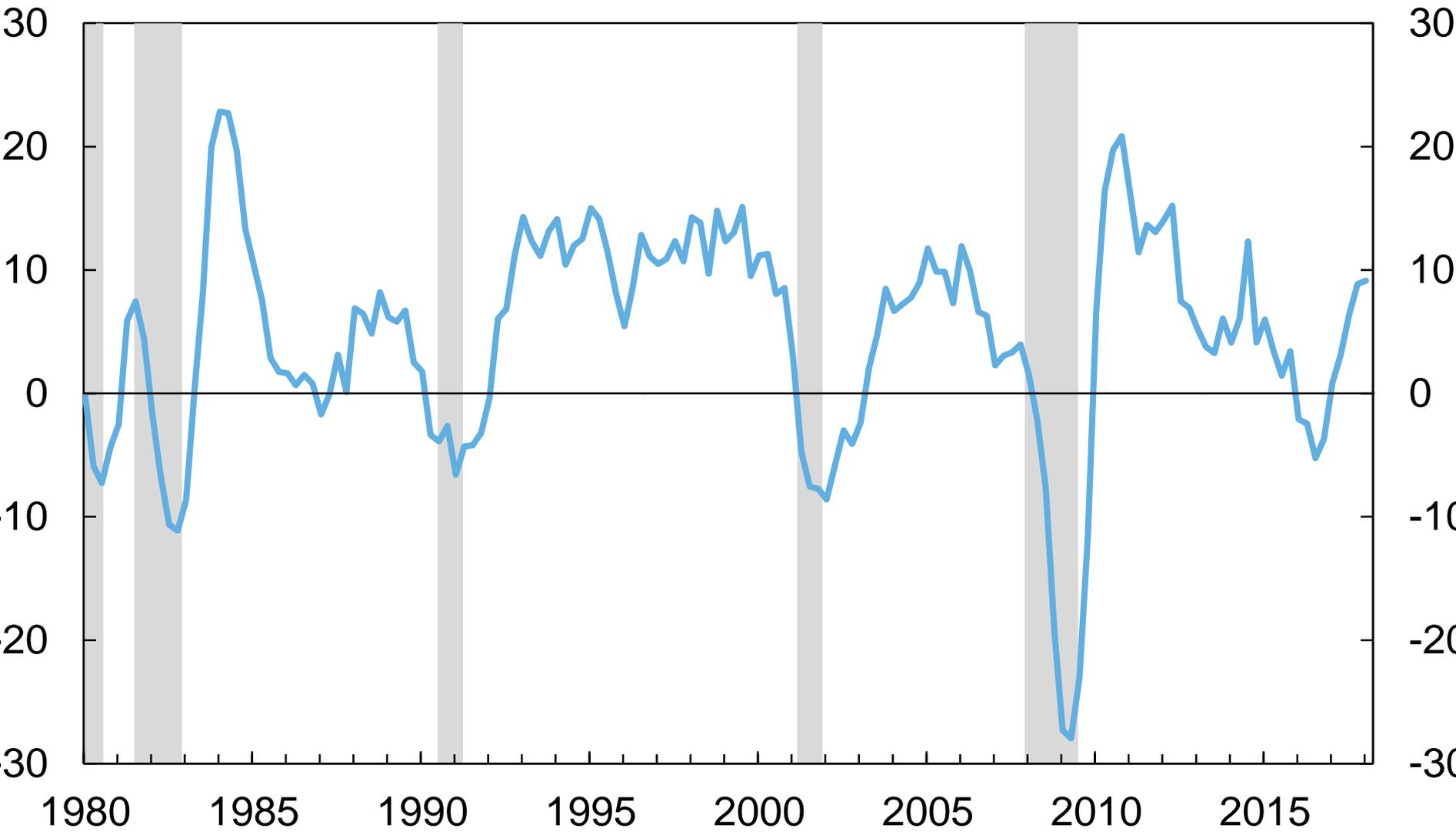
Source: Conference Board,
University of Michigan

Note: Shading shows NBER recessions.

Solid rise of business equipment investment in past year

4-Quarter % Change

4-Quarter % Change



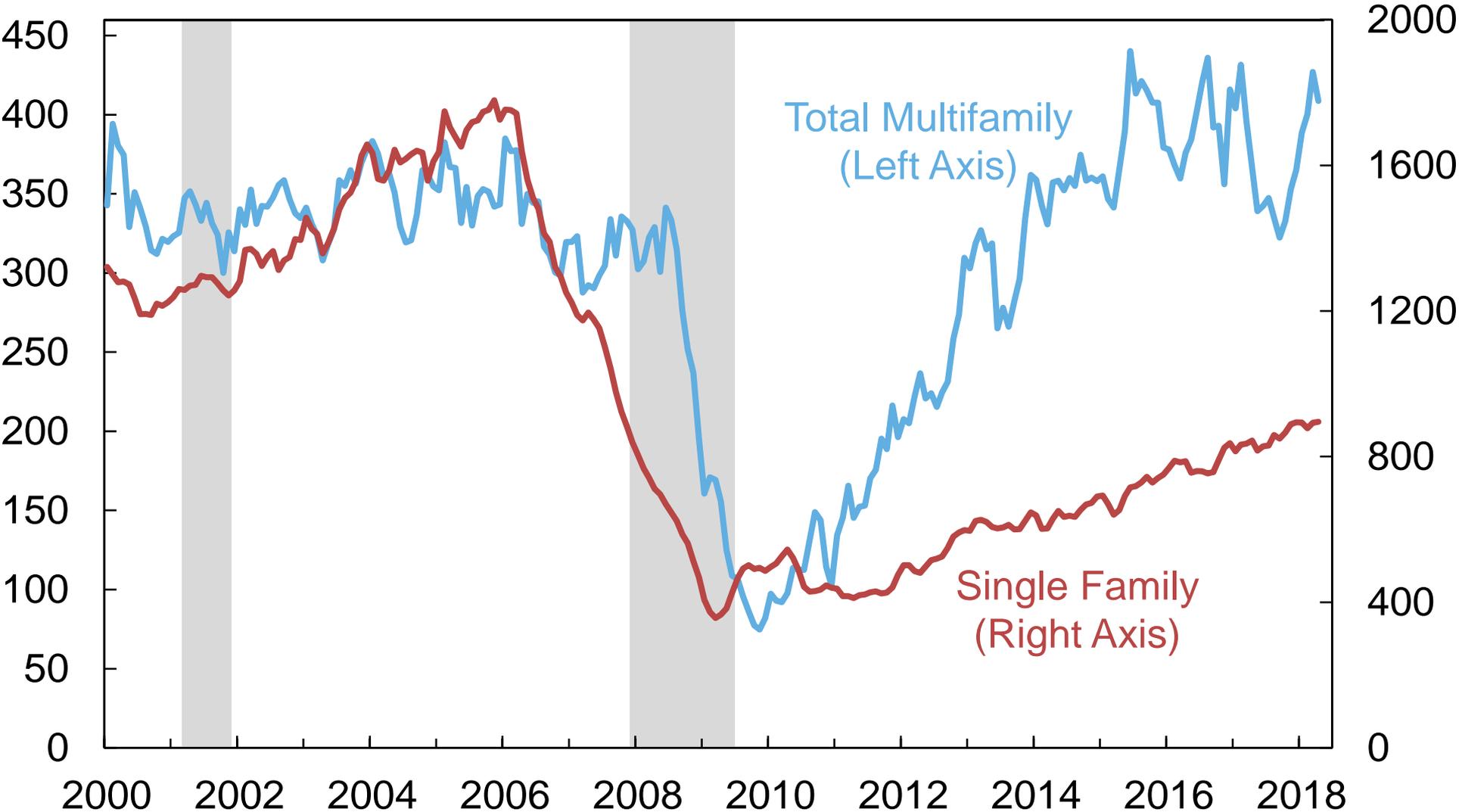
Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.

Housing starts remain on a gradual uptrend

Thousands, 3 MMA

Thousands, 3 MMA



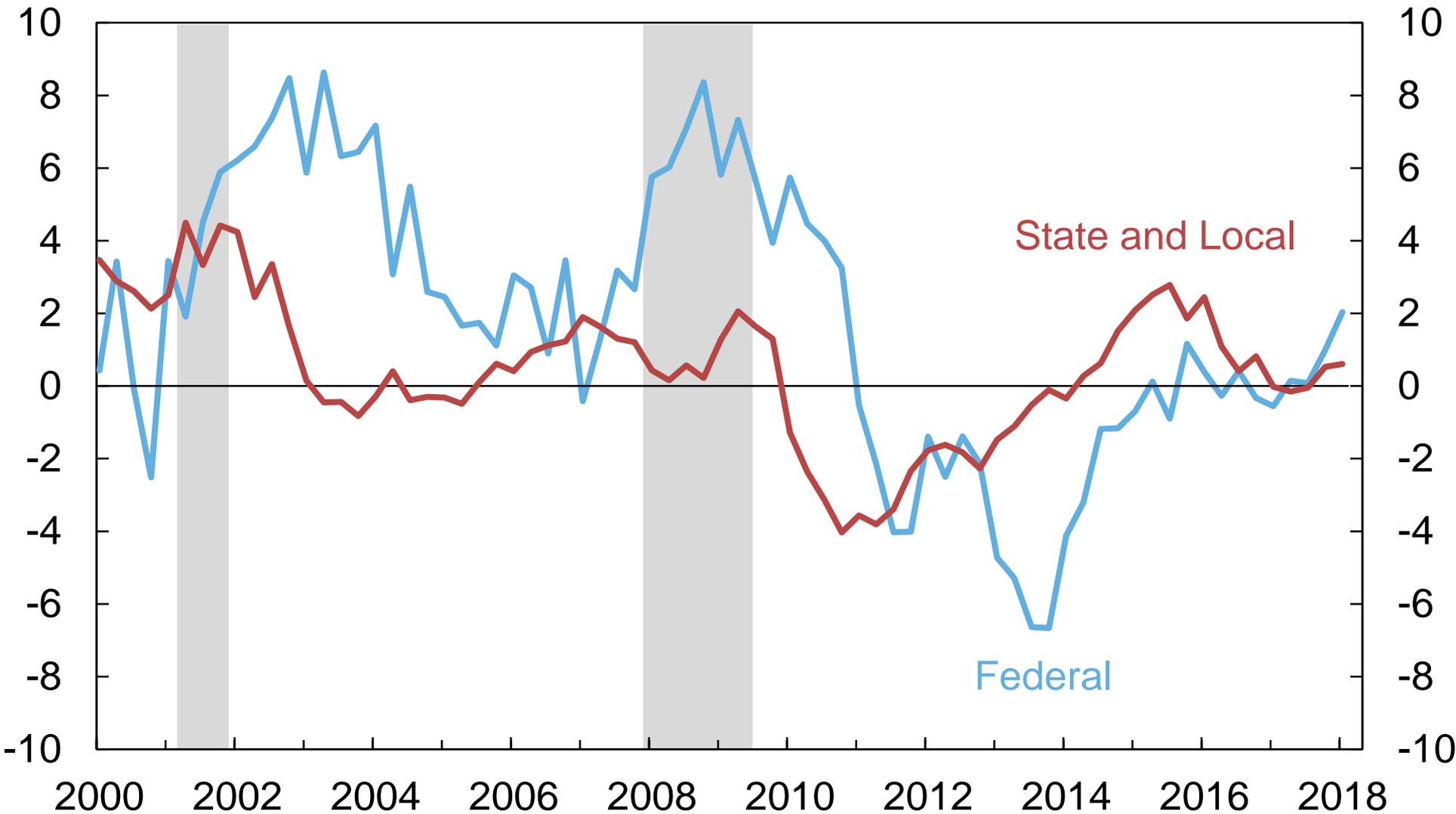
Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.

Growth of government spending is firming

4 Quarter % Change

4 Quarter % Change



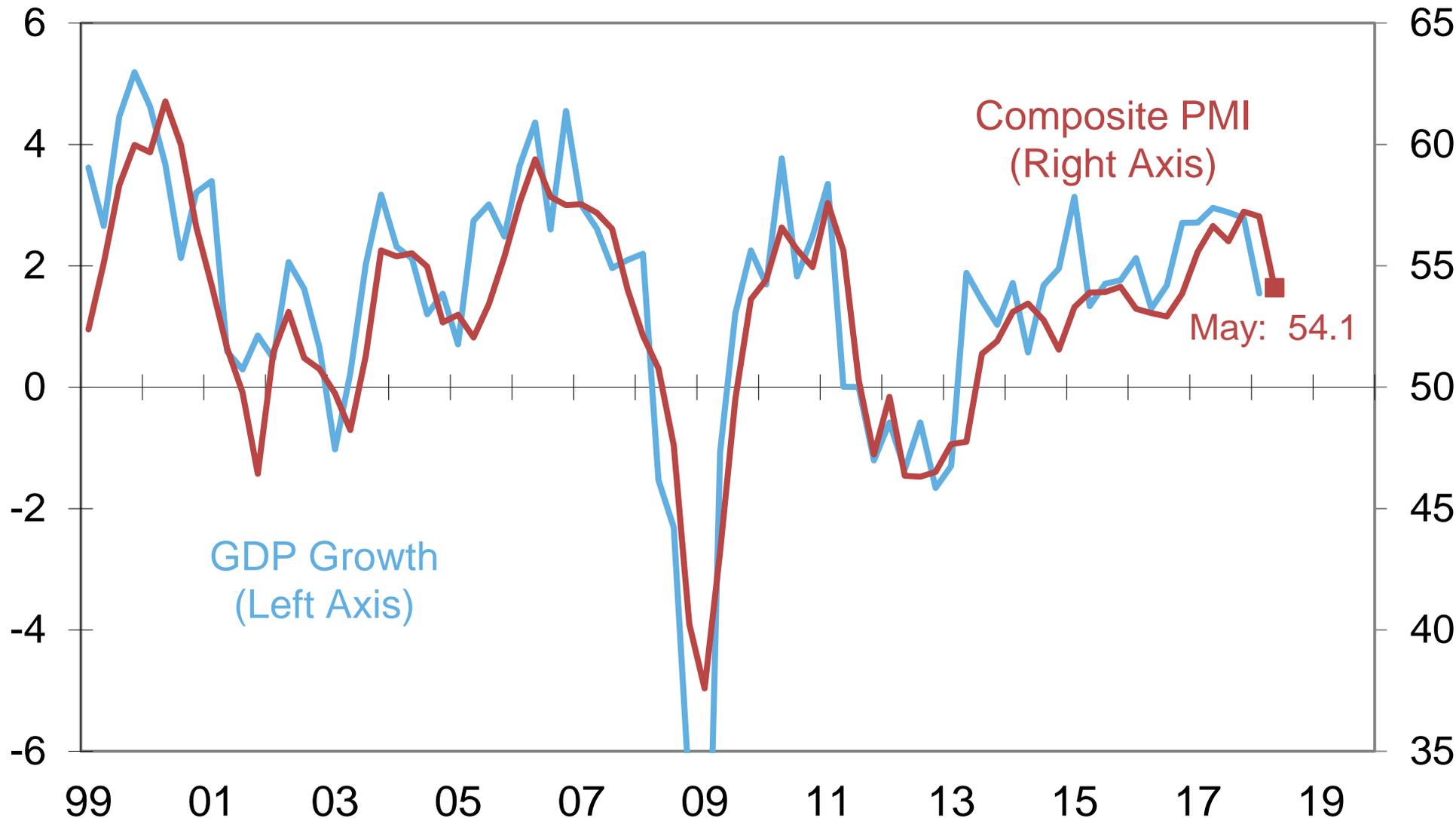
Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.

Survey data point to slower growth in euro area

Percent SAAR

Diffusion Index



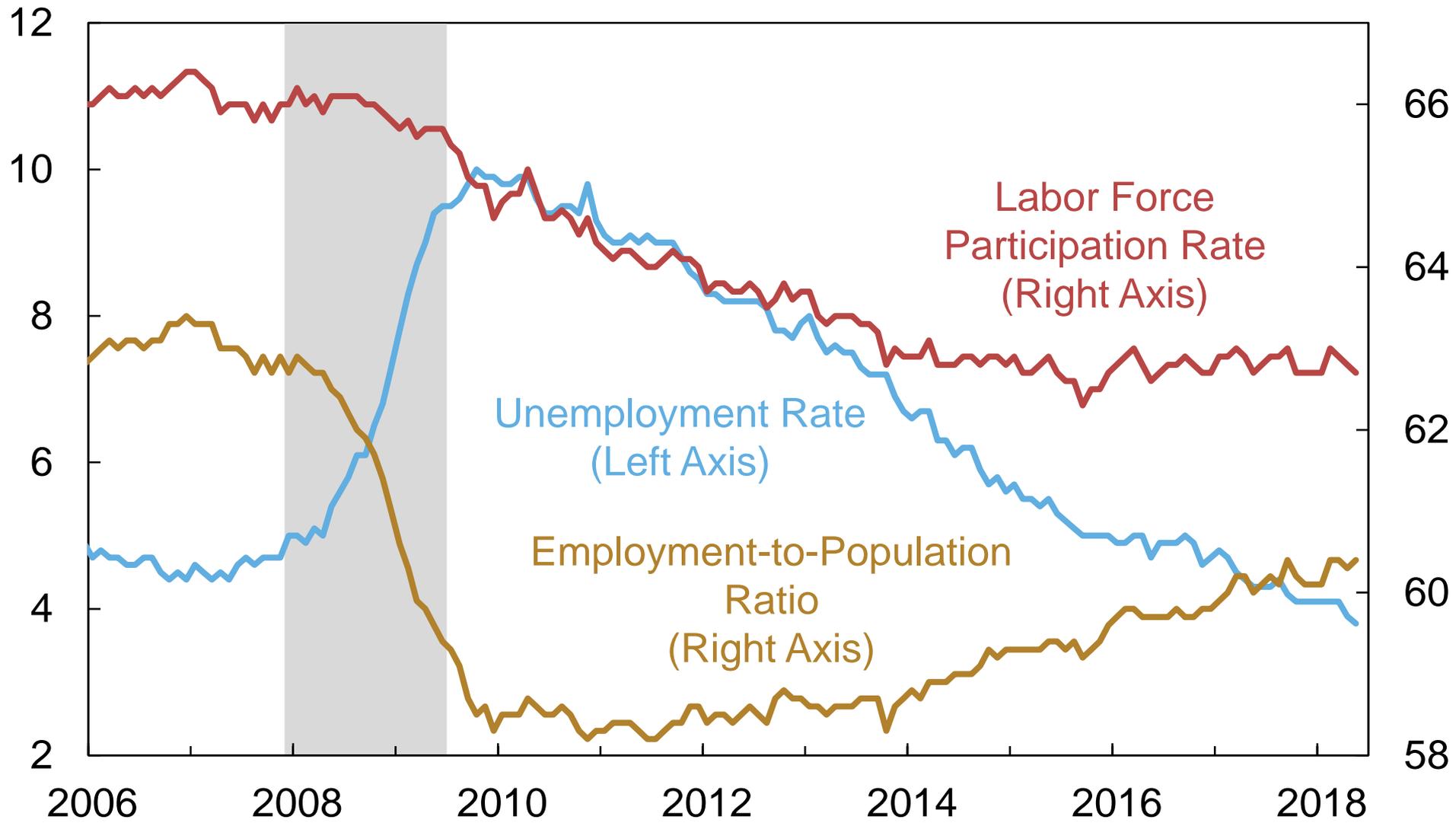
Sources: Eurostat; IHS/Markit via Haver Analytics

Note: Correlation = 0.86

Unemployment rate continues to fall

Percent

Percent

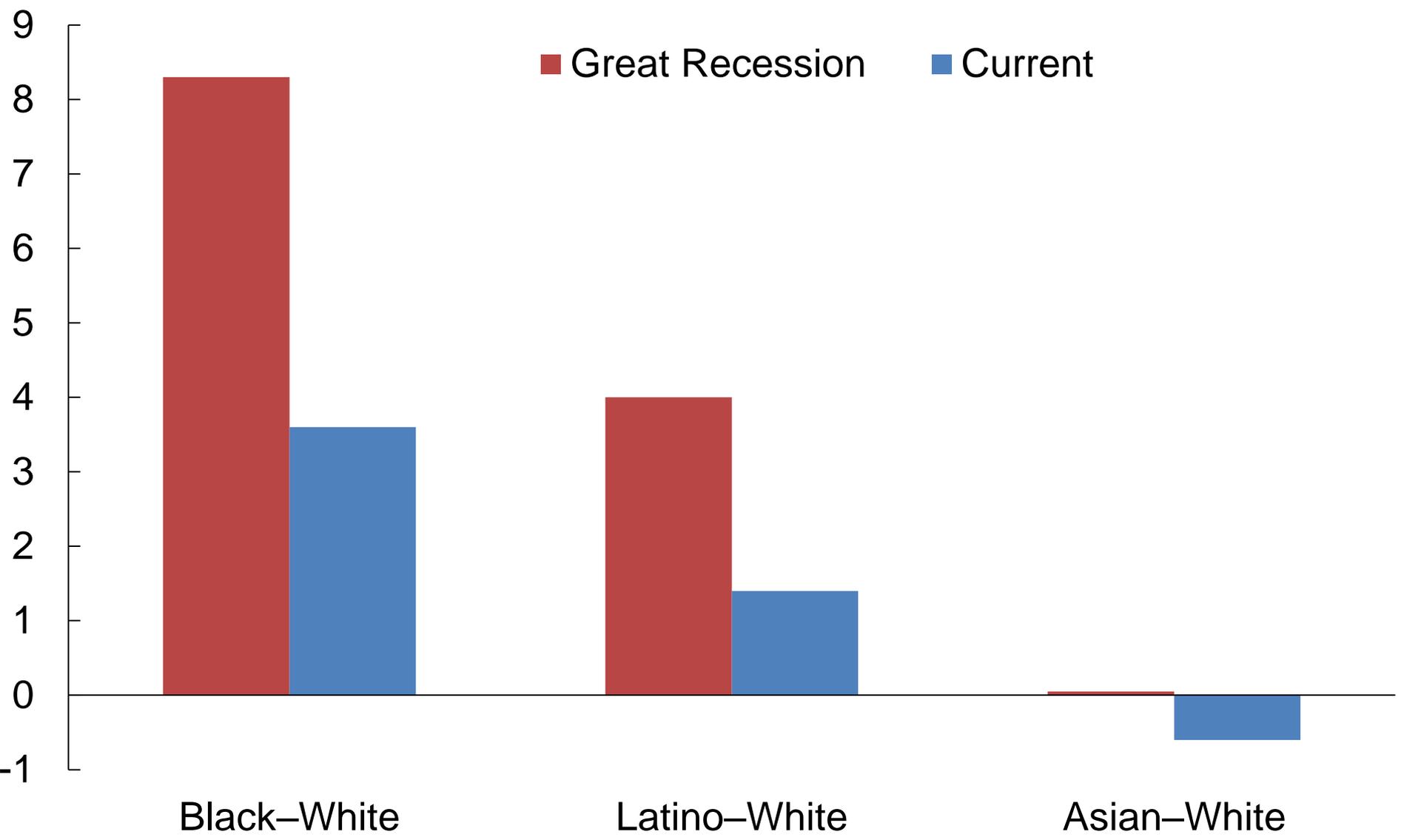


Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Big declines in racial unemployment gaps

Percentage Points

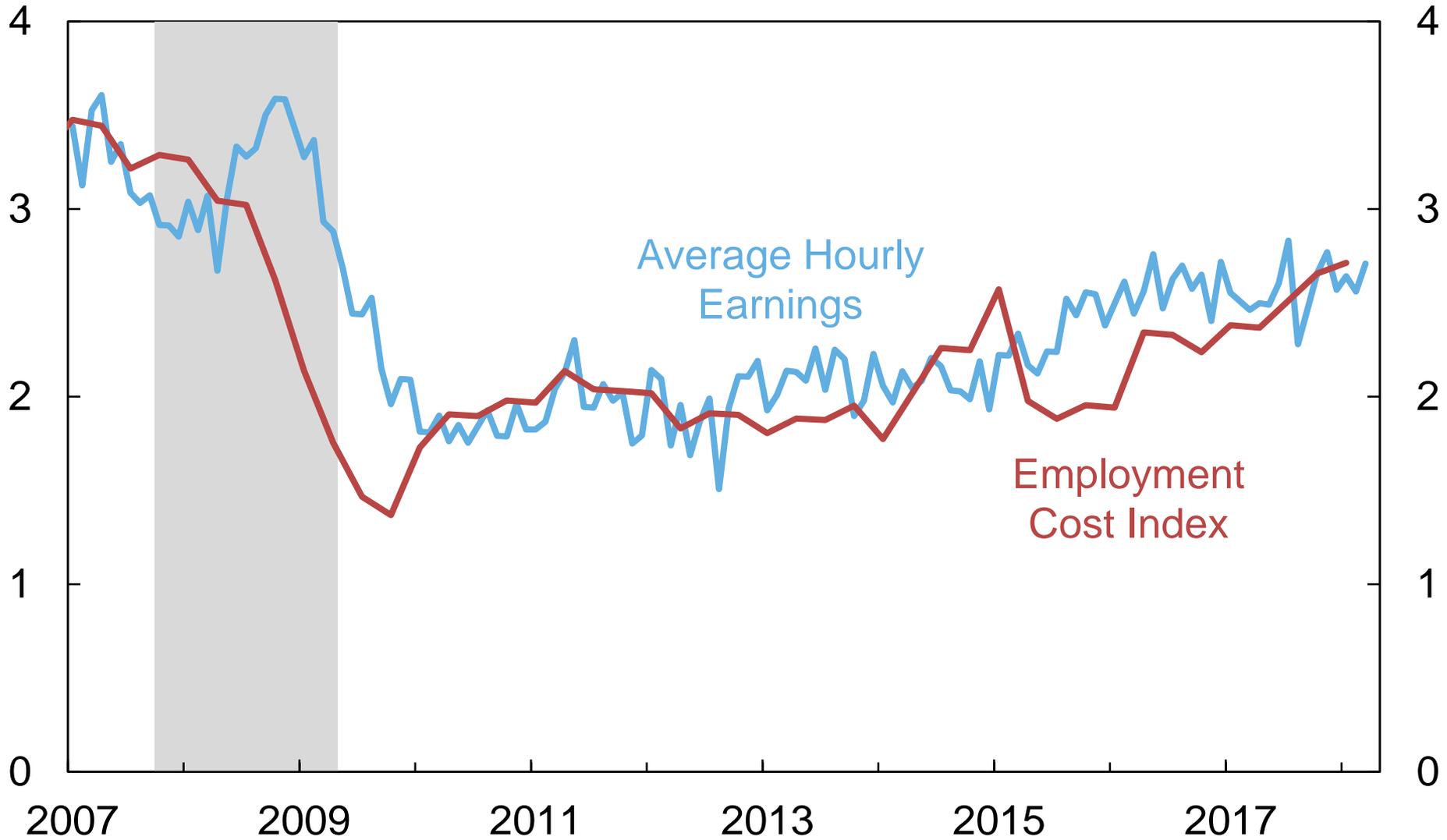


Source: Bureau of Labor Statistics via Haver Analytics

Measures of compensation growth remain modest

Annual % change

Annual % change



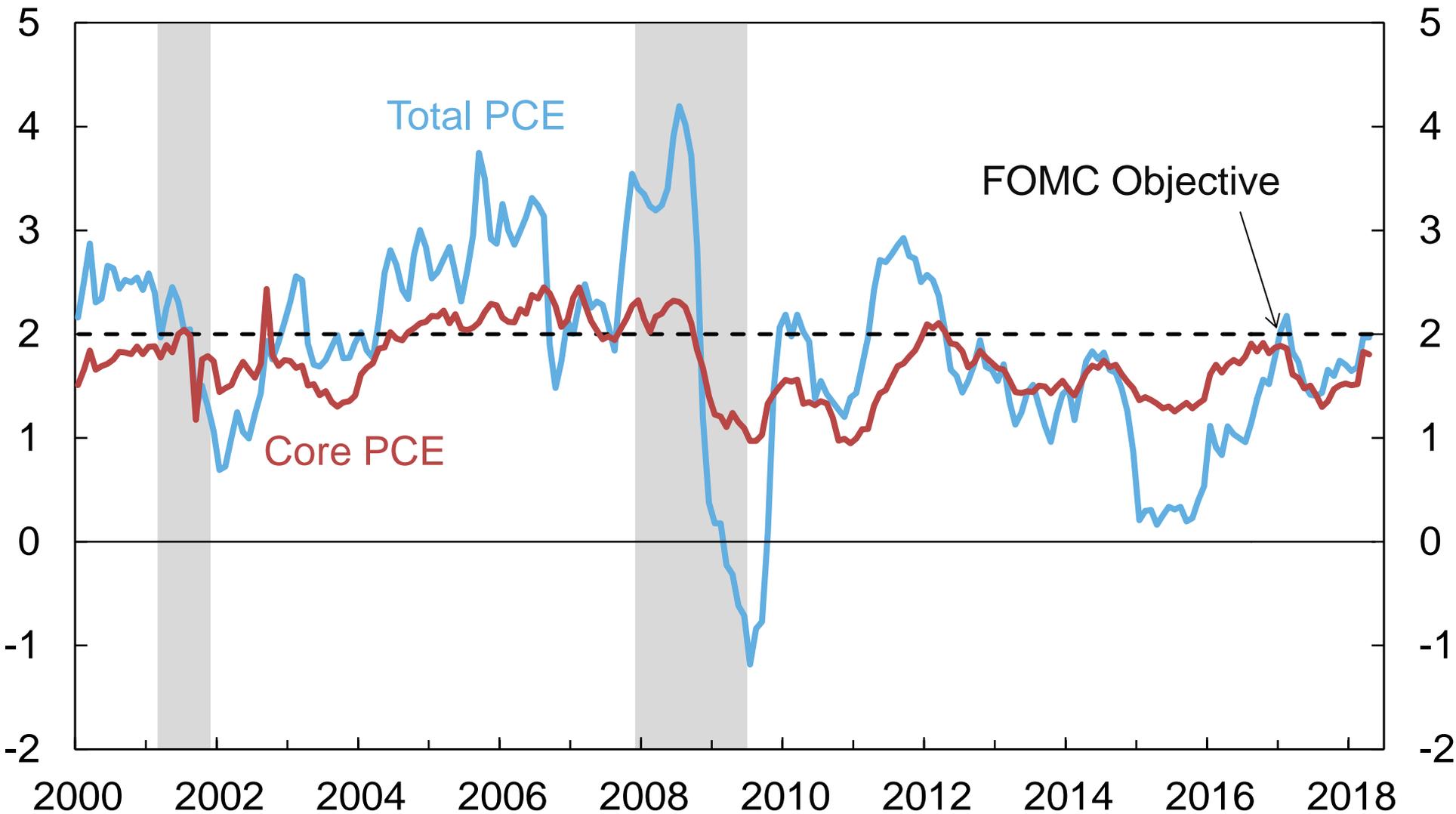
Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.

Inflation maintains its higher pace

12 Month % Change

12 Month % Change



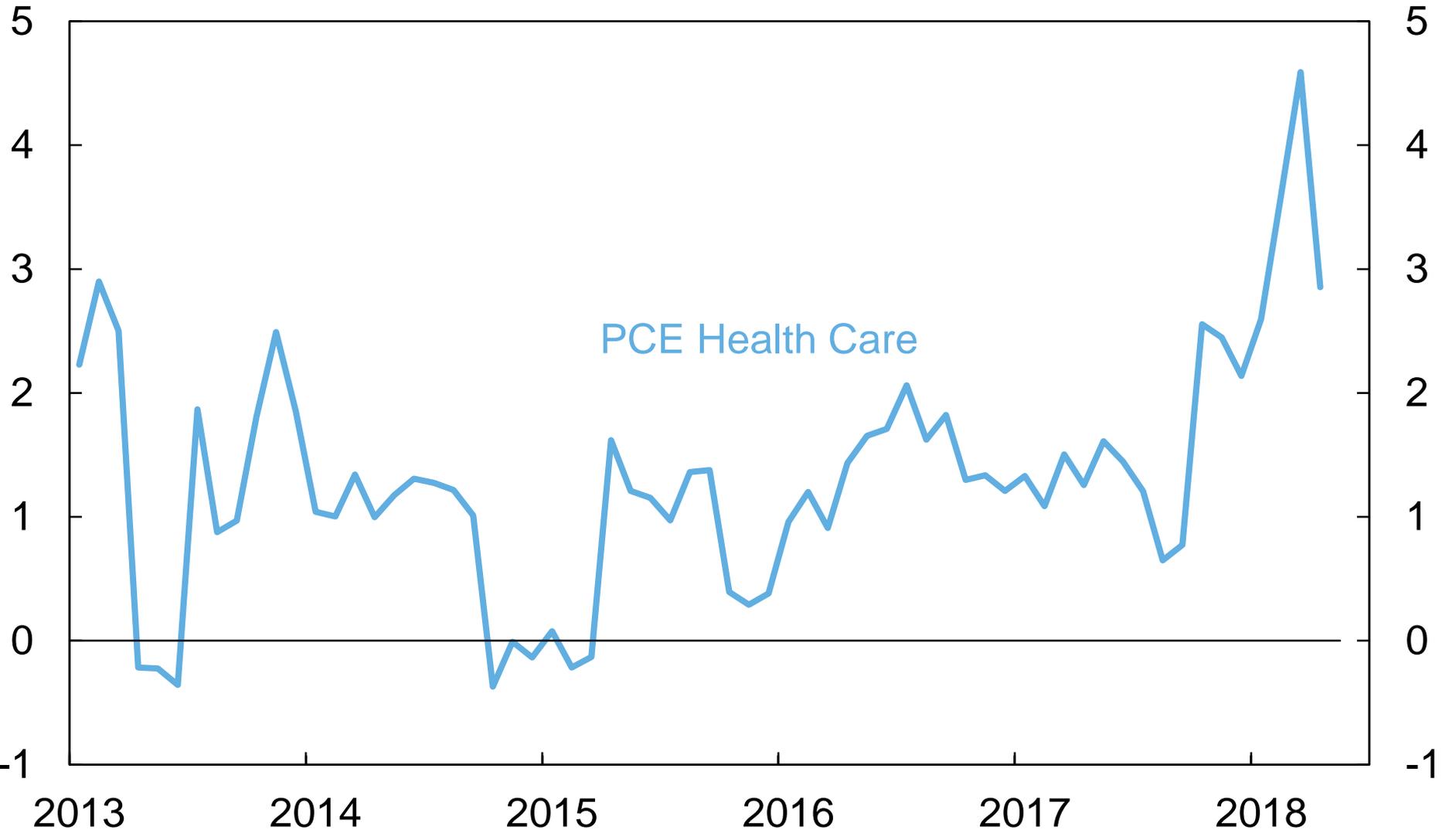
Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.

Health care services inflation is slowing

3 Month % Change, Annualized

3 Month % Change, Annualized



Source: Bureau of Economic Analysis
via Haver Analytics