• 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

Source: Bureau of Economic Analysis via Haver Analytics
Manufacturing production continues to recover

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

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.
Housing starts remain on a gradual uptrend

Thousands, 3 MMA

Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.
Growth of government spending is firming

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.
Survey data point to slower growth in euro area

Sources: Eurostat; IHS/Markit via Haver Analytics

Note: Correlation = 0.86
Unemployment rate continues to fall

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
Big declines in racial unemployment gaps

Percentage Points

- Black–White
- Latino–White
- Asian–White

Great Recession | Current

Source: Bureau of Labor Statistics via Haver Analytics
Measures of compensation growth remain modest

Annual % change


Average Hourly Earnings

Employment Cost Index

Source: Bureau of Labor Statistics via Haver Analytics

Note: Shading shows NBER recessions.
Inflation maintains its higher pace

12 Month % Change


Total PCE
Core PCE
FOMC Objective

Source: Bureau of Economic Analysis via Haver Analytics
Note: Shading shows NBER recessions.
Health care services inflation is slowing

Source: Bureau of Economic Analysis via Haver Analytics