



FEDERAL RESERVE BANK *of* NEW YORK

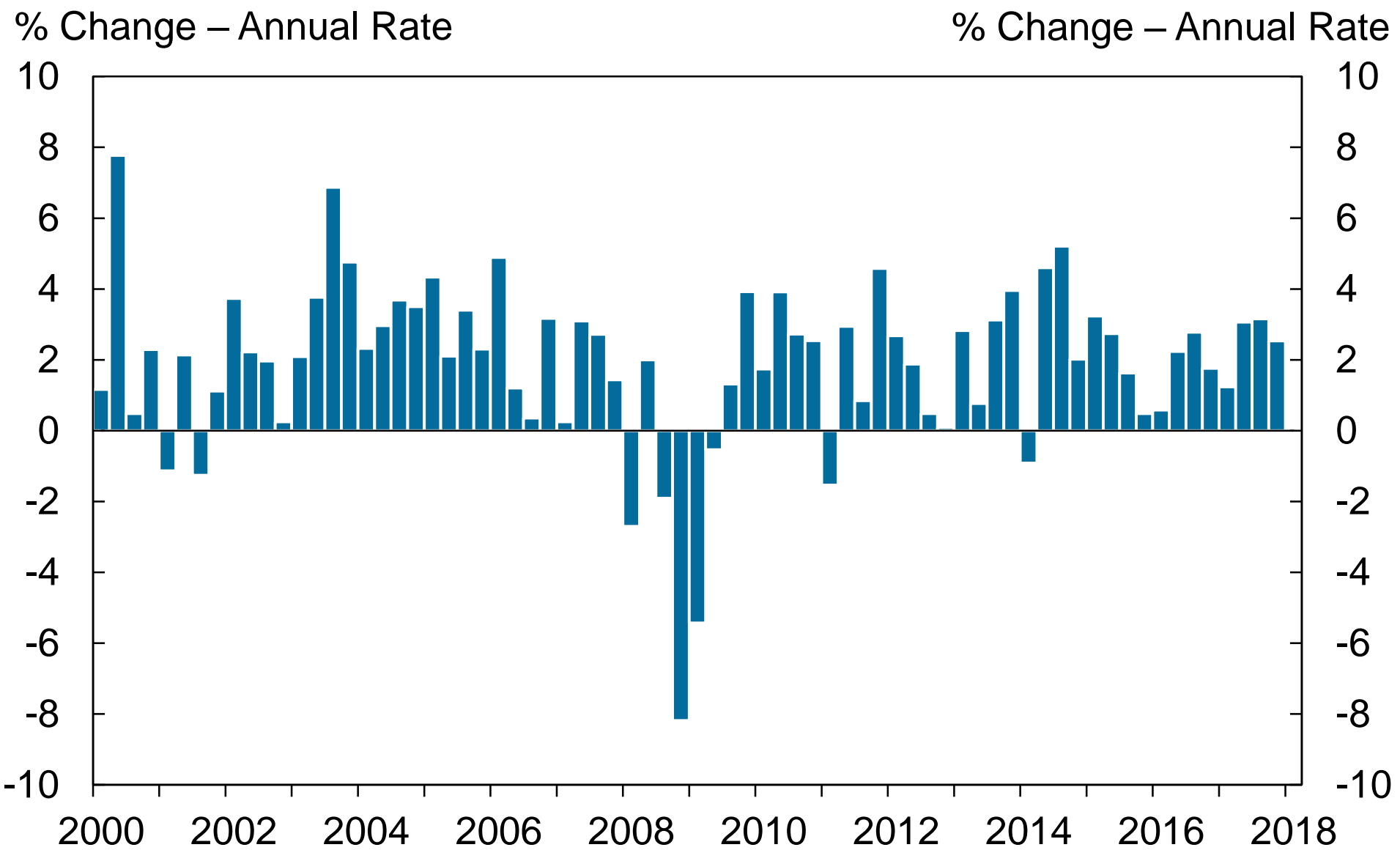
# US Macro Overview

## March 29, 2017

- Real consumer spending growth declined slightly in January.
  - Durable goods expenditures largely drove the decline.
  
- Business equipment spending continued to increase robustly in the last quarter, exhibiting brisk growth overall in 2017.
  - The most recent monthly data suggest some slowing in near term momentum.
  
- Housing indicators generally 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 registered another strong increase in February. The unemployment rate was unchanged, while labor force participation rate and employment-to-population ratio both recorded notable improvements.
  - Latest readings of labor compensation measures continue to provide mixed evidence of firmer growth.
- Core PCE inflation continued to run below the FOMC's longer-run objective, but near-term momentum has firmed.
- U.S. equity indices partially recovered from sharp declines in early February. Volatility dropped sharply. The nominal 10-year Treasury yield fluctuated within a narrow range over the past month. The broad trade-weighted dollar index also was little changed.

# Output growth slows a bit in 2017Q4

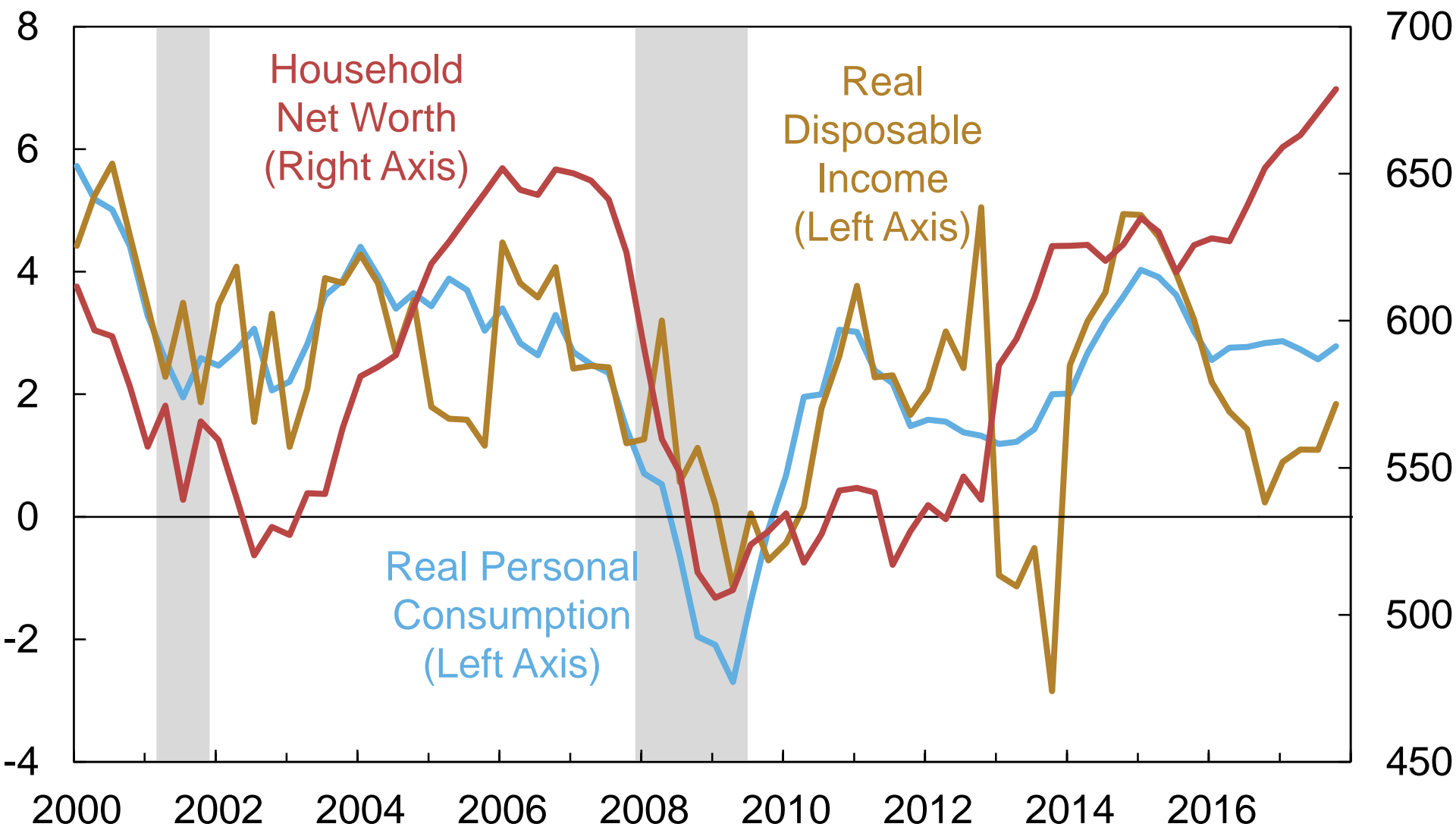


Source: Bureau of Economic Analysis via Haver Analytics

# Wealth helping to support consumer spending

4 Quarter % Change

% of Disposable Income



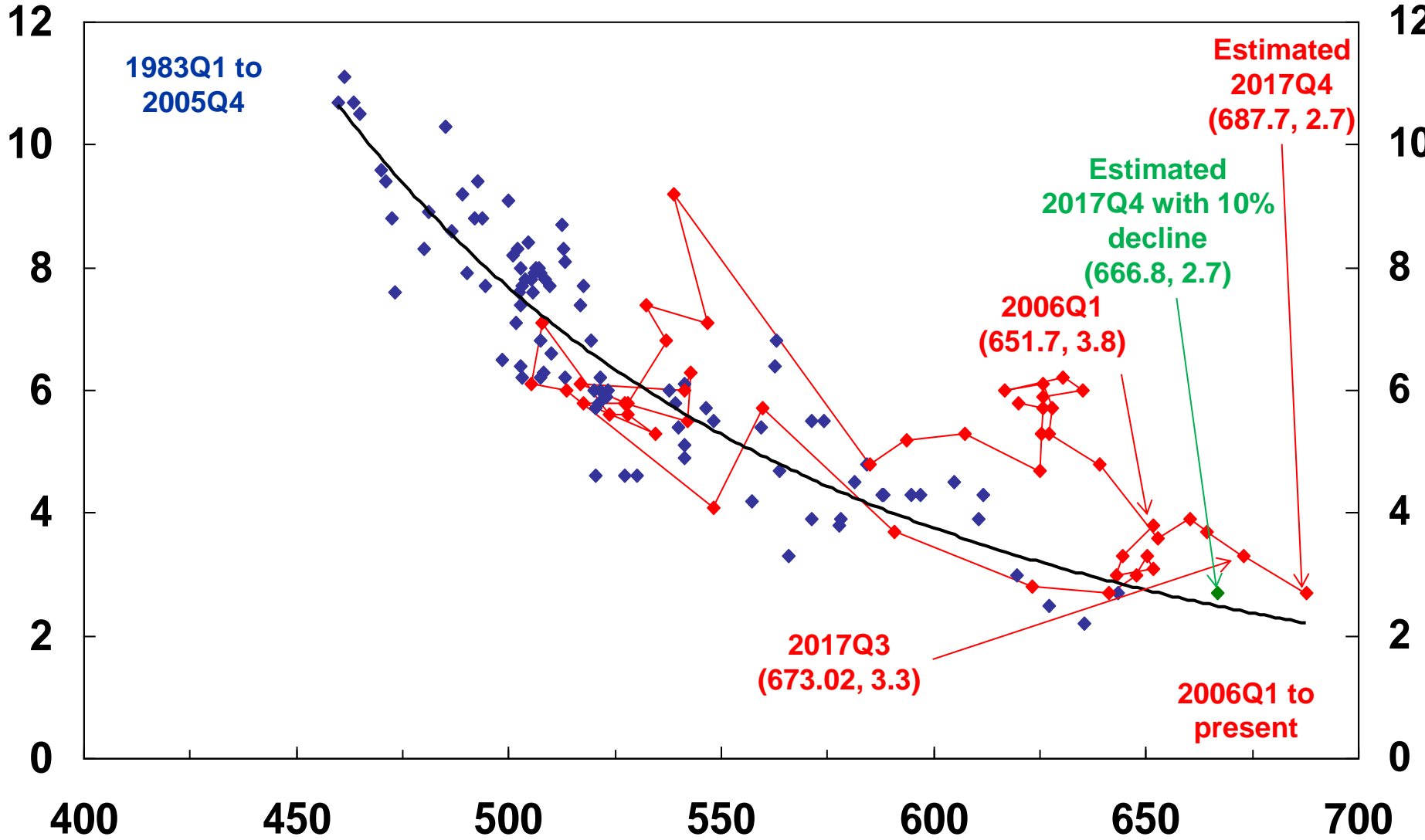
Source: Bureau of Economic Analysis, Federal Reserve Board, via Haver Analytics

Note: Shading shows NBER recessions.

# Personal saving rate does not appear too low

Personal Saving Rate (Percent)

Personal Saving Rate (Percent)



Households' Net Worth as a Percent of Disposable Income

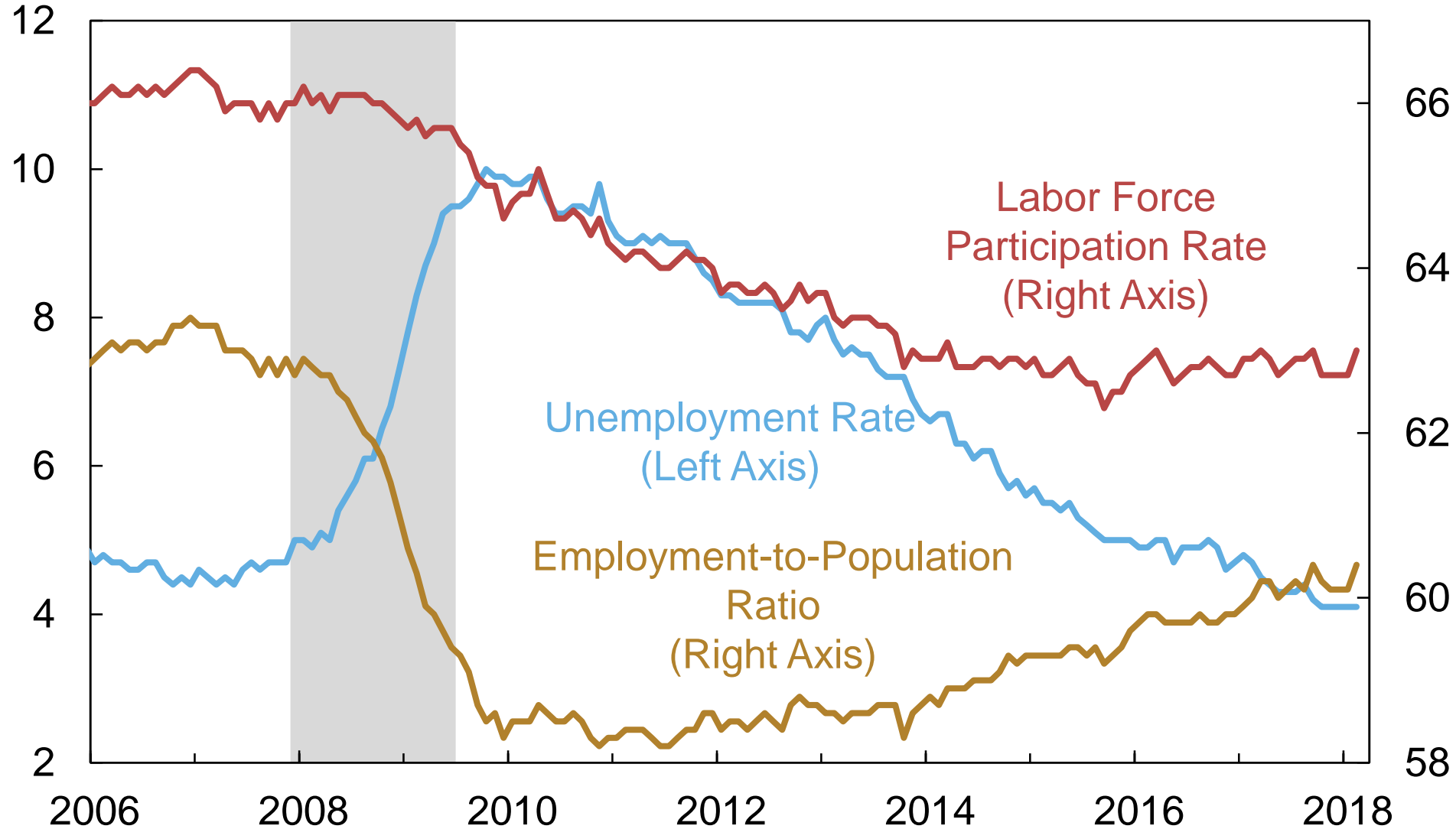
Source: Bureau of Economic Analysis and Federal Reserve Board

Note: Fitted line is from 1983Q1 to 2005Q4.

# Labor market conditions continue to improve

Percent

Percent



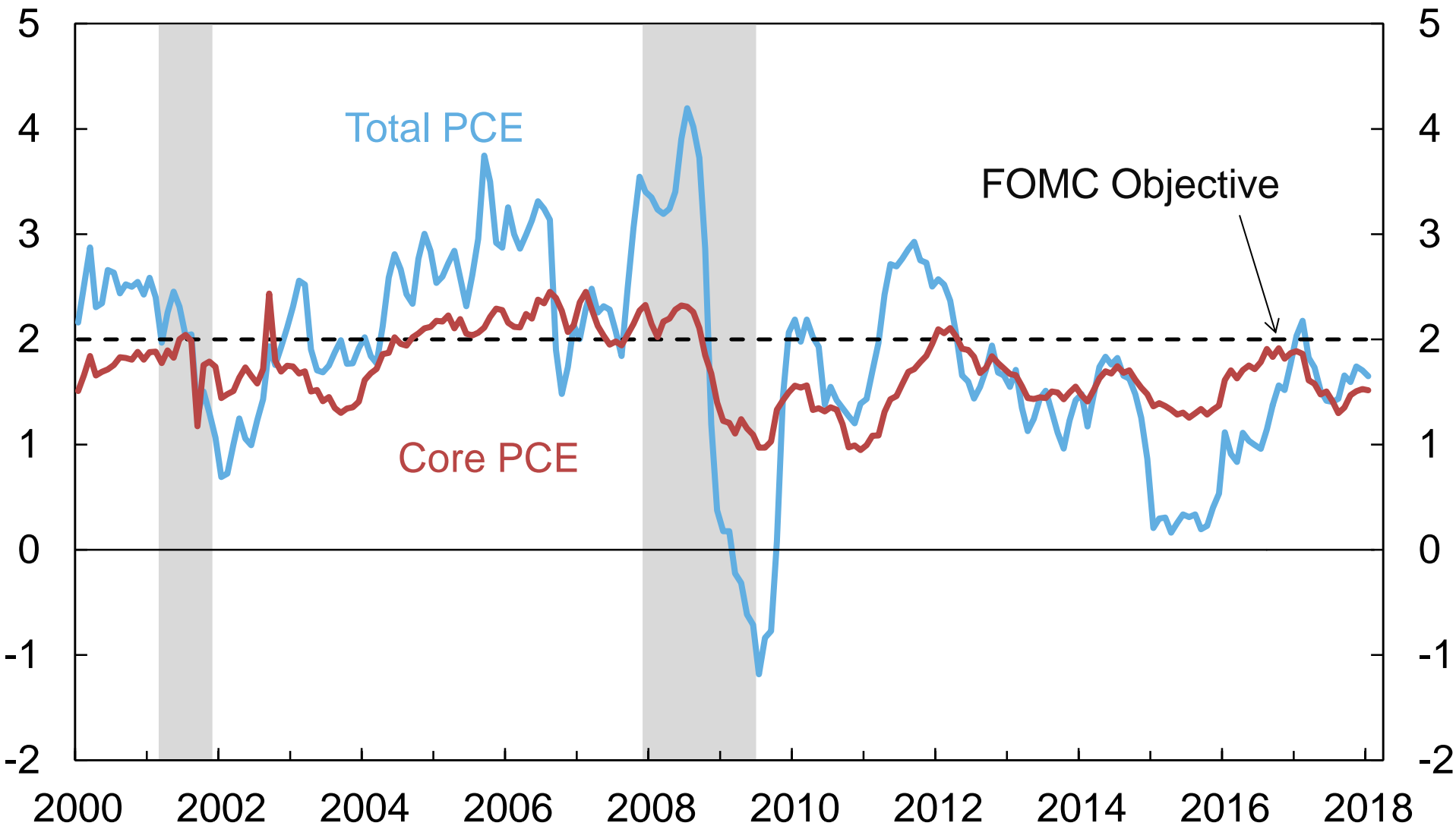
Source: Bureau of Labor Statistics  
via Haver Analytics

Note: Shading shows NBER recessions.

# Inflation progressing toward FOMC objective

12 Month % Change

12 Month % Change



Source: Bureau of Economic Analysis  
via Haver Analytics

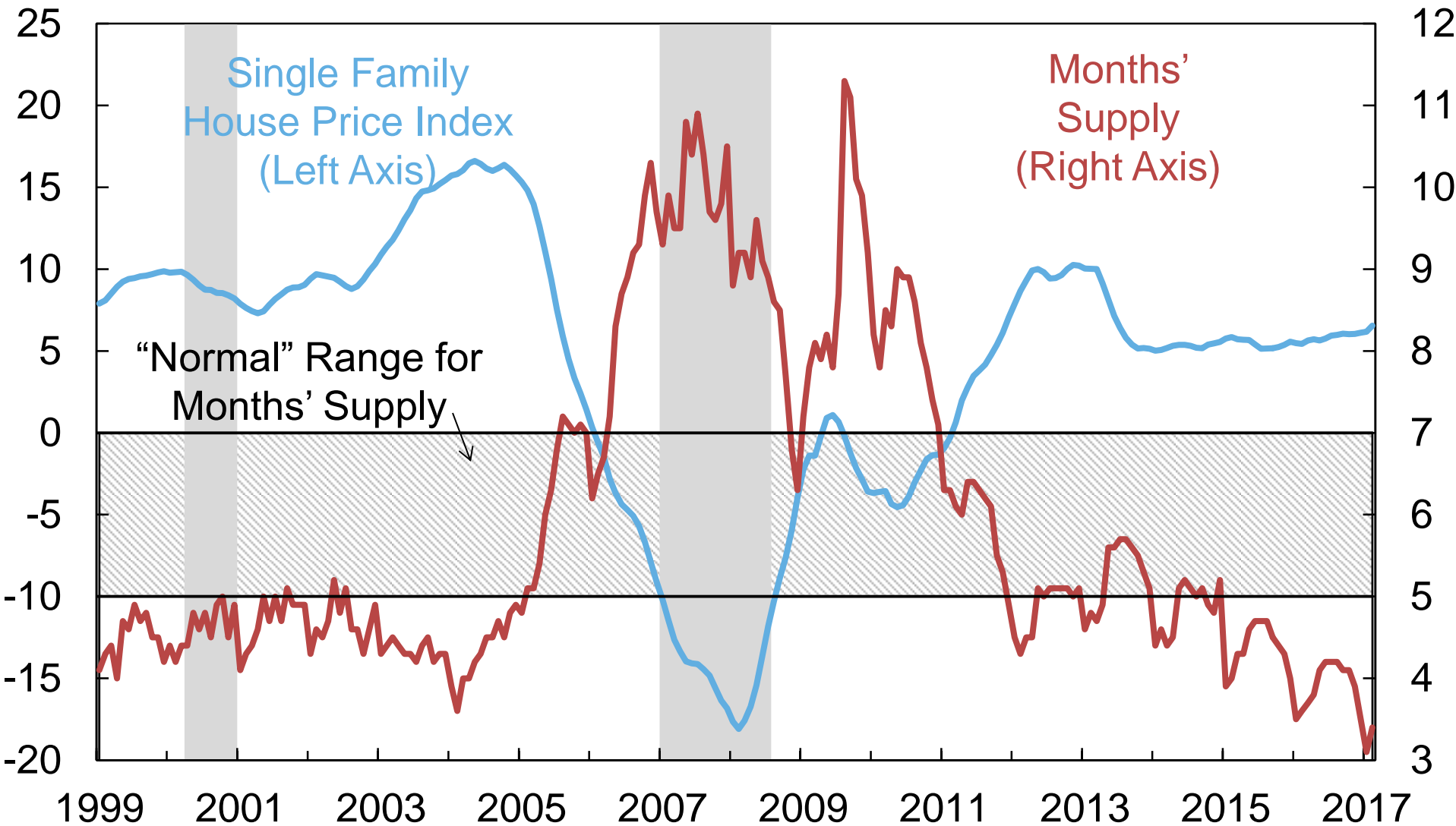
Note: Shading shows NBER recessions.



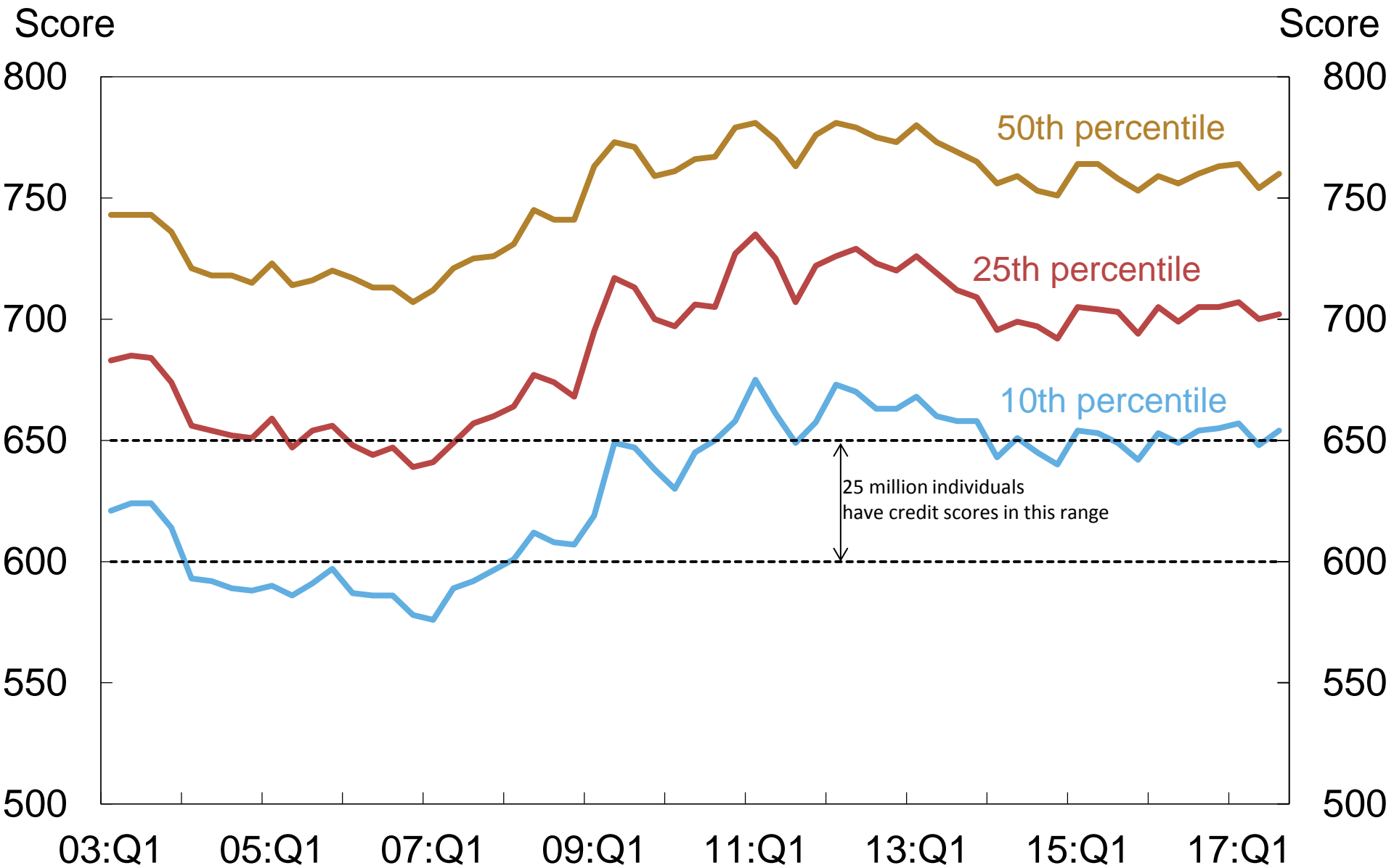
# Trend of rising home prices continues

12 Month Percent Change

Months



# Mortgage underwriting standards remain tight



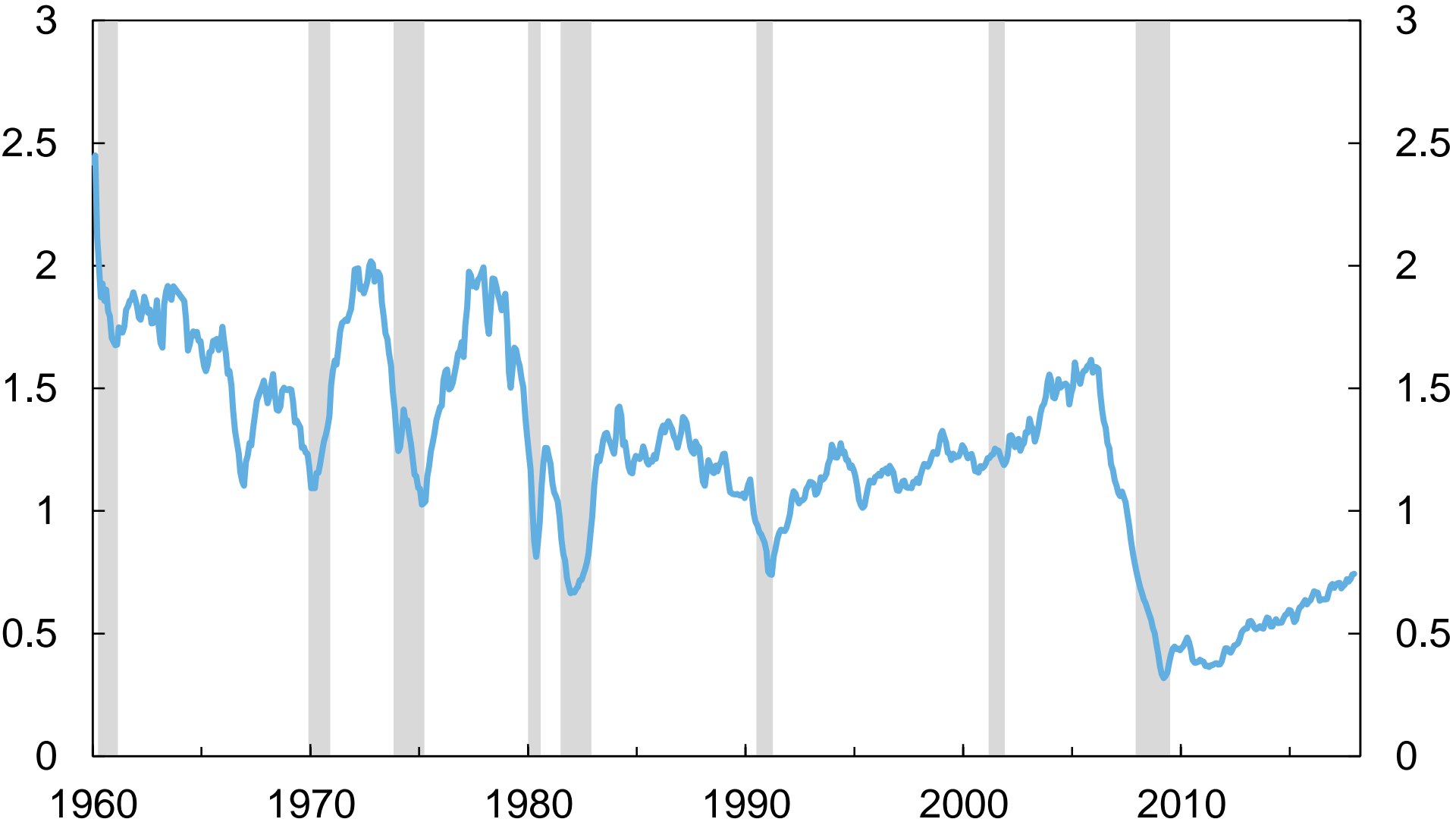
Source: New York Fed Consumer Credit Panel/Equifax

Note: Credit Score is Equifax Riskscore 3.0; mortgages include first-liens only.

# Housing starts per household at historical lows

3 Month Moving Average

3 Month Moving Average



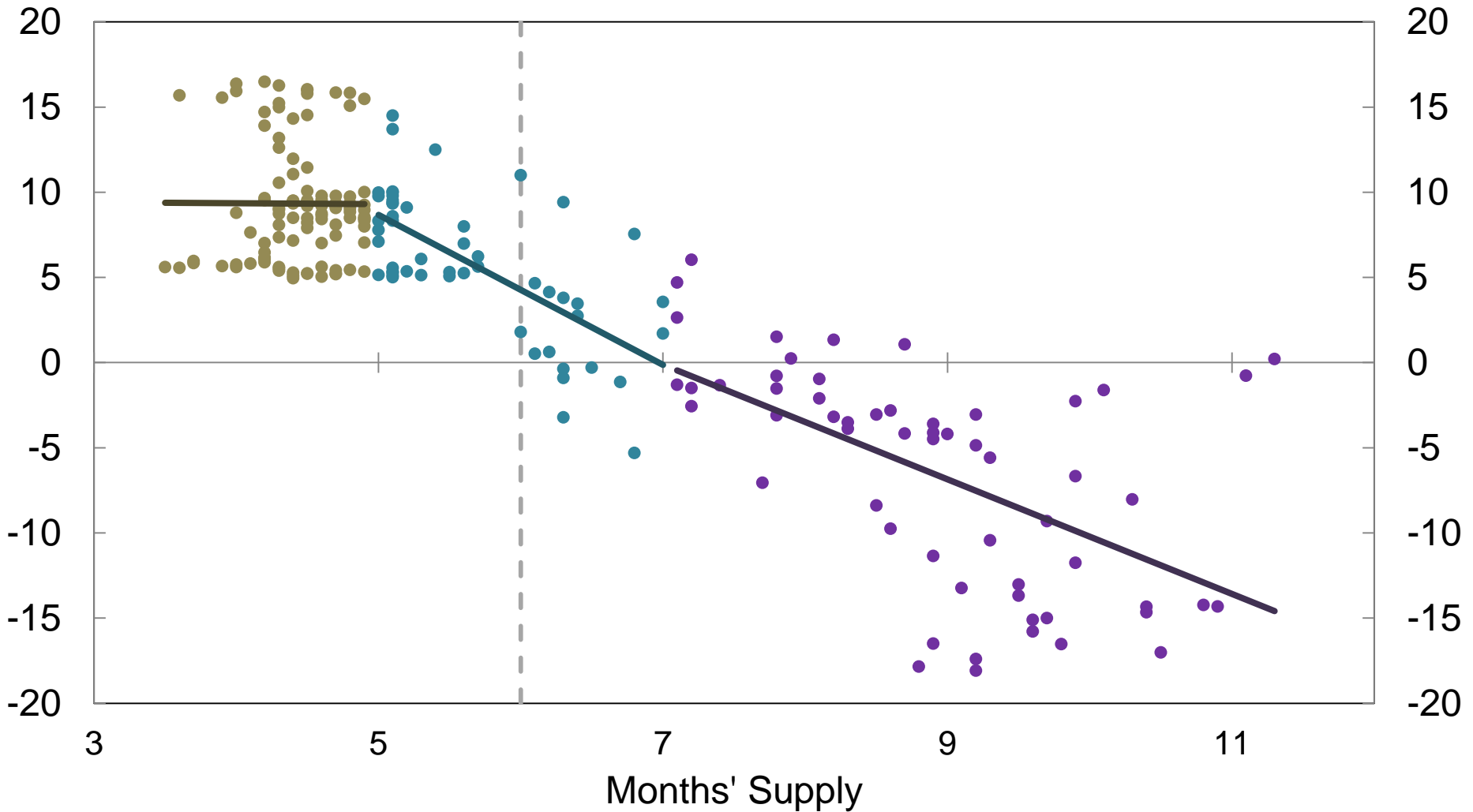
Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.

# What's 'normal' about the normal inventory range?

Year-over-Year Percent Change

Year-over-Year Percent Change



— Middle of Normal Range    ● Below Normal Range    ● Above Normal Range