



National Economic Indicators

November 20, 2017

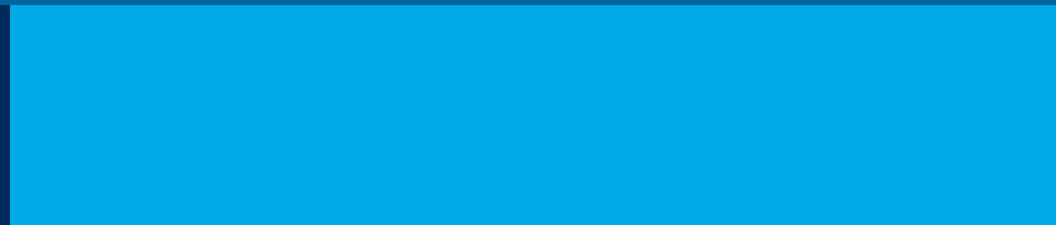


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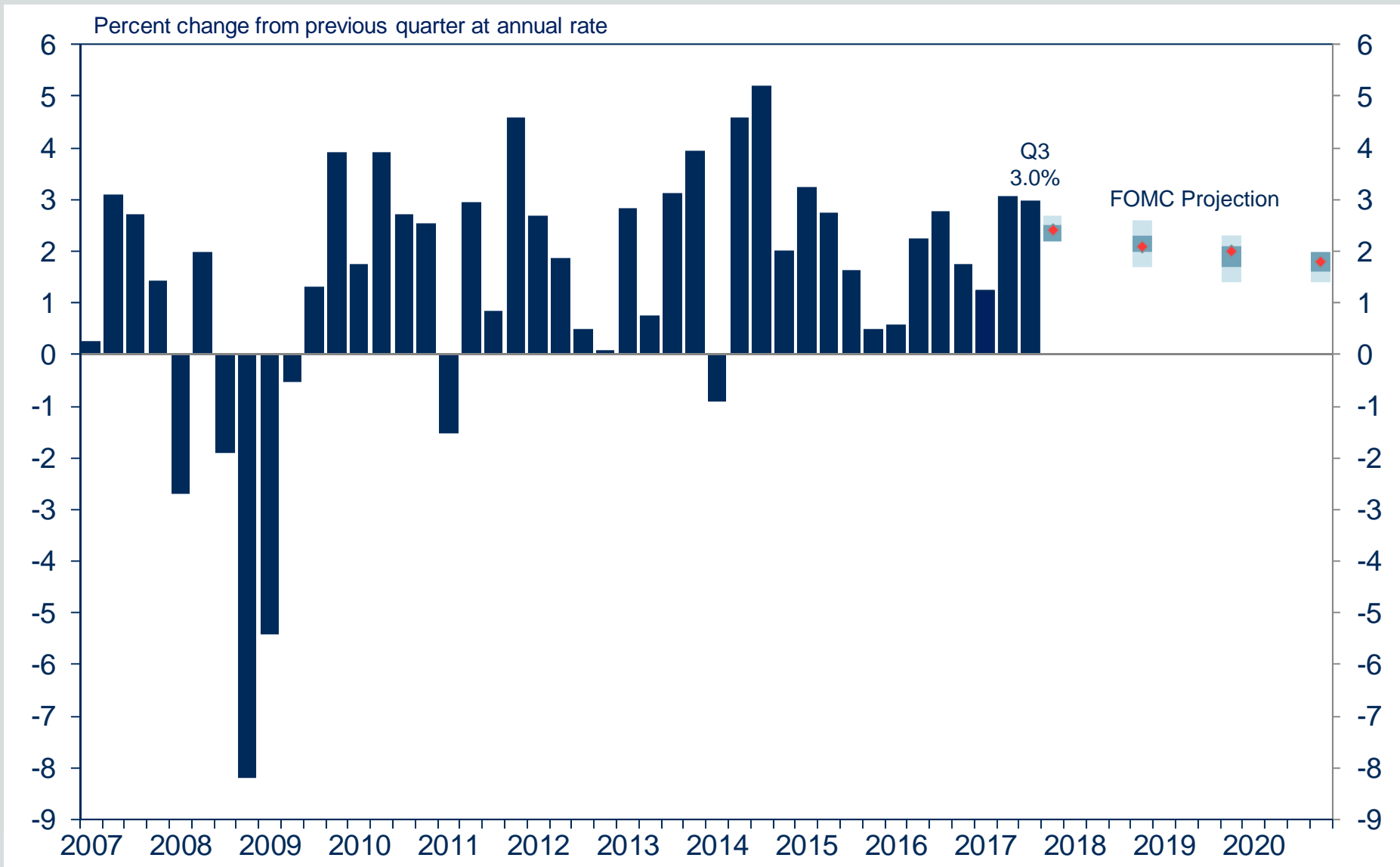
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Real Gross Domestic Product

| | 2016 | | | 2017 | |
|--|--------|--------|--------|--------|--------|
| | Q3 | Q4 | Q1 | Q2 | Q3 |
| CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]: | | | | | |
| Gross Domestic Product | 2.8 | 1.8 | 1.2 | 3.1 | 3.0 |
| Personal Consumption Expenditures | 2.8 | 2.9 | 1.9 | 3.3 | 2.4 |
| Nonresidential Fixed Investment | 3.4 | 0.2 | 7.2 | 6.7 | 3.9 |
| Structures | 14.3 | -2.2 | 14.8 | 7.0 | -5.2 |
| Equipment | -2.1 | 1.8 | 4.4 | 8.8 | 8.6 |
| Intellectual Property | 4.2 | -0.4 | 5.7 | 3.7 | 4.3 |
| Residential Fixed Investment | -4.5 | 7.1 | 11.1 | -7.3 | -6.0 |
| Exports of Goods & Services | 6.4 | -3.8 | 7.3 | 3.5 | 2.3 |
| Imports of Goods & Services | 2.7 | 8.1 | 4.3 | 1.5 | -0.8 |
| Government Consumption Expenditures & Gross Investment | 0.5 | 0.2 | -0.6 | -0.2 | -0.1 |
| Final Sales to Domestic Purchasers | 2.2 | 2.3 | 2.4 | 2.7 | 1.8 |
| LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]: | | | | | |
| Change in Private Inventories | 17.6 | 63.1 | 1.2 | 5.5 | 35.8 |
| Net Exports of Goods & Services | -557.3 | -631.1 | -622.2 | -613.6 | -595.5 |

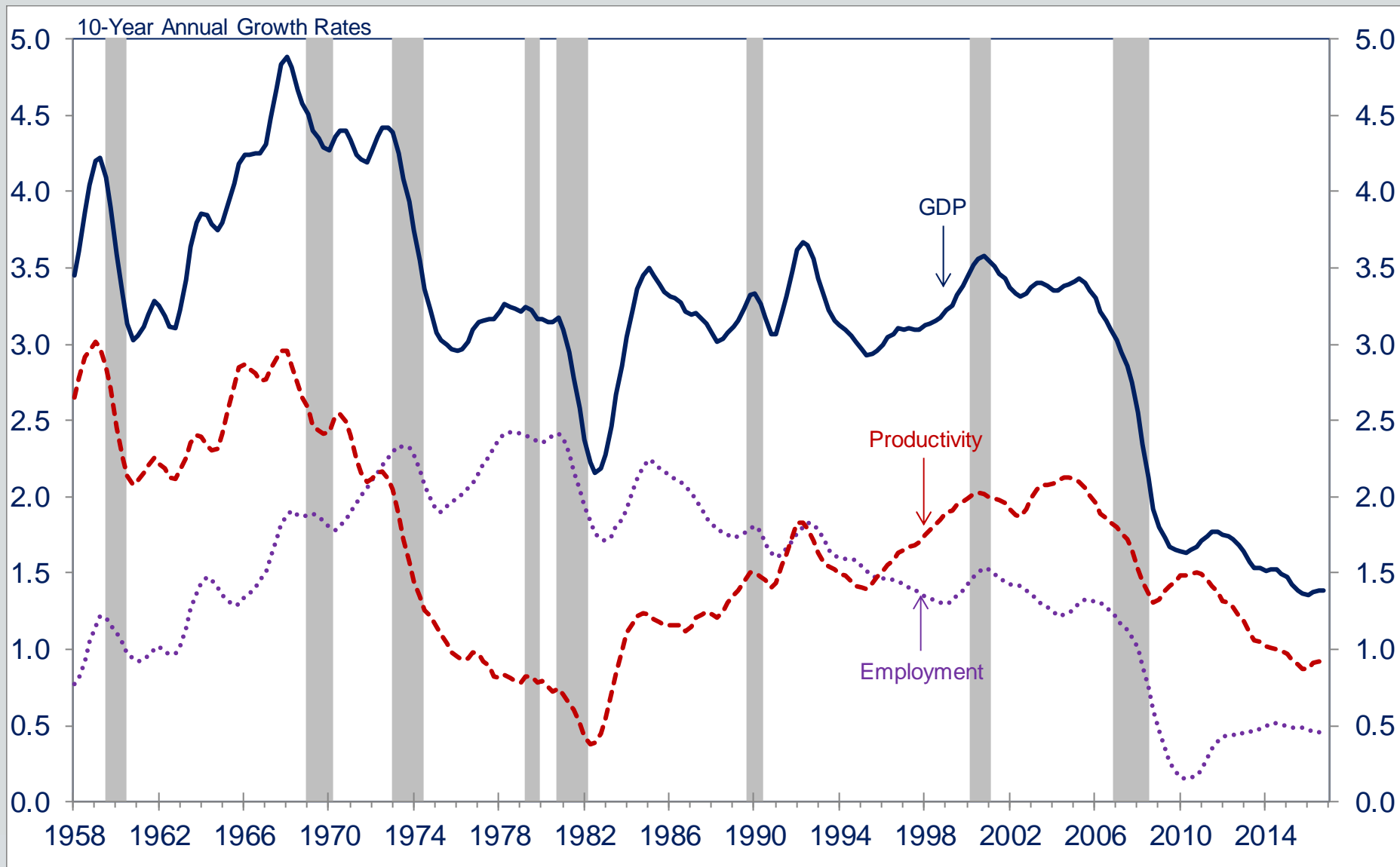
Real Gross Domestic Product



Note: Projection is the median, central tendency, and range from the September 2017 Summary of Economic Projections. Red dots indicate median projections. Projections of change in real gross domestic product (GDP) are from the fourth quarter of the previous year to the fourth quarter of the year indicated.

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

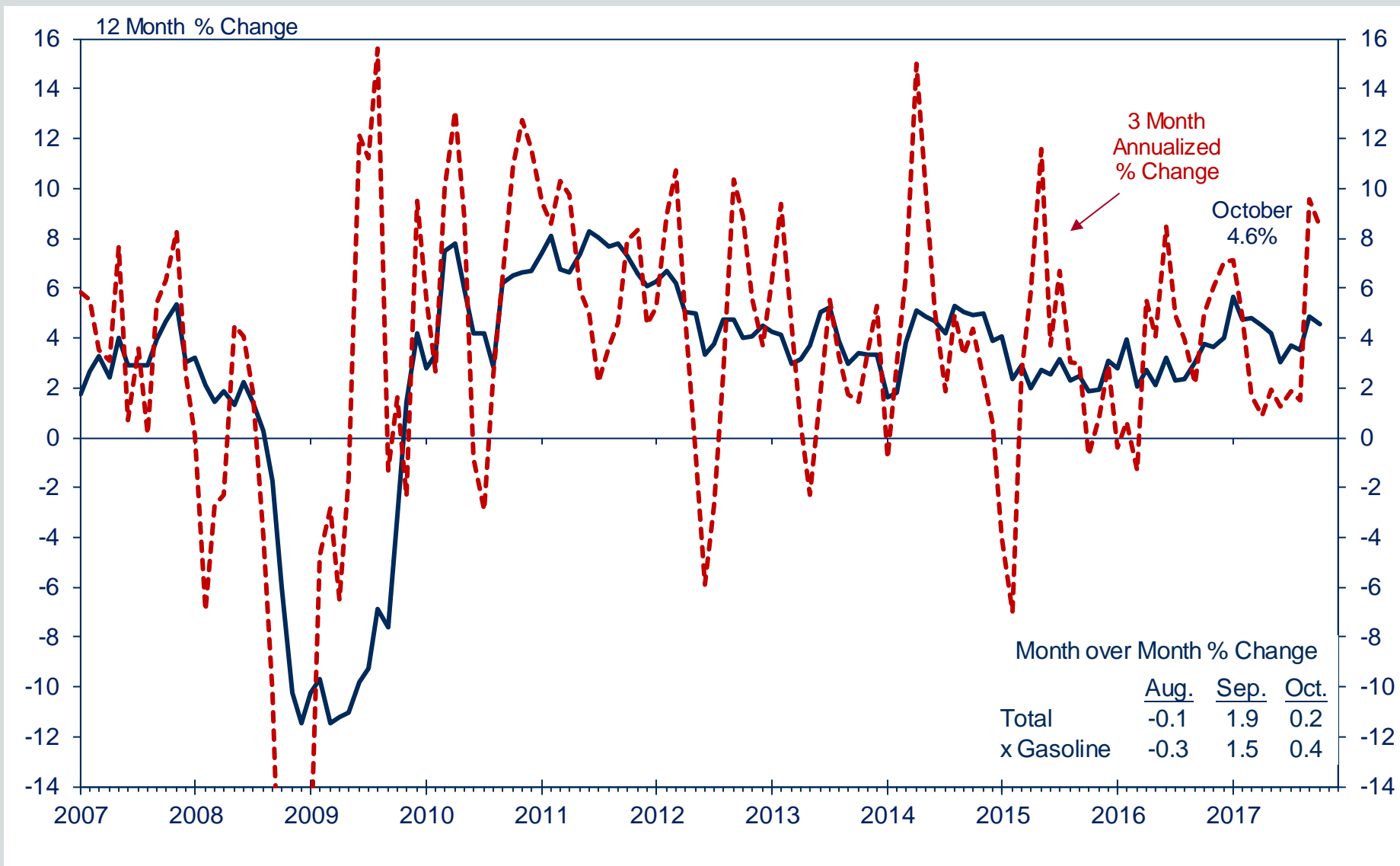
Decomposition of Real GDP



Note: Productivity is calculated as real GDP per employee, from the Household Survey.

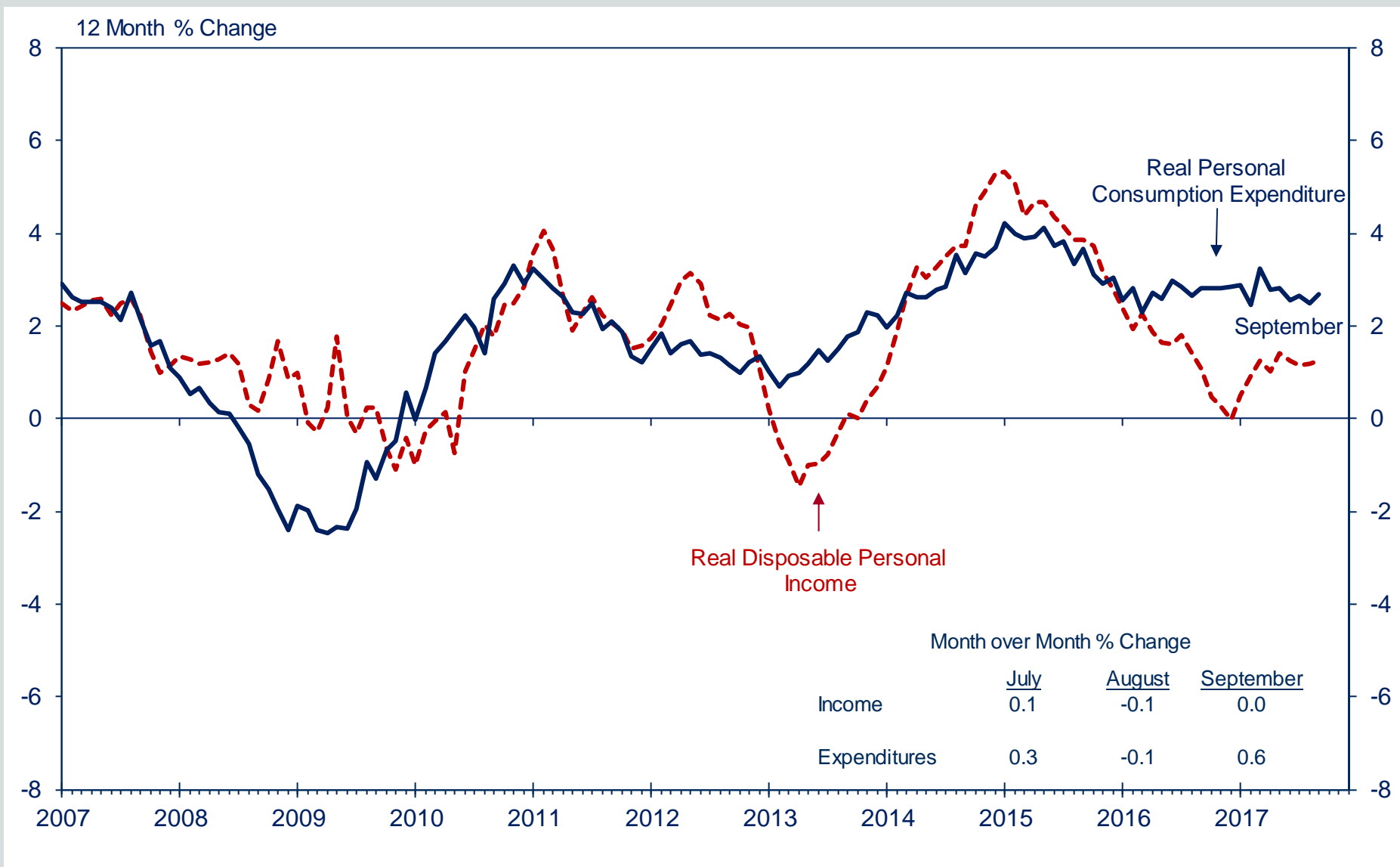
Source: Bureau of Economic Analysis and Bureau of Labor Statistics via Haver Analytics 6

Retail Sales



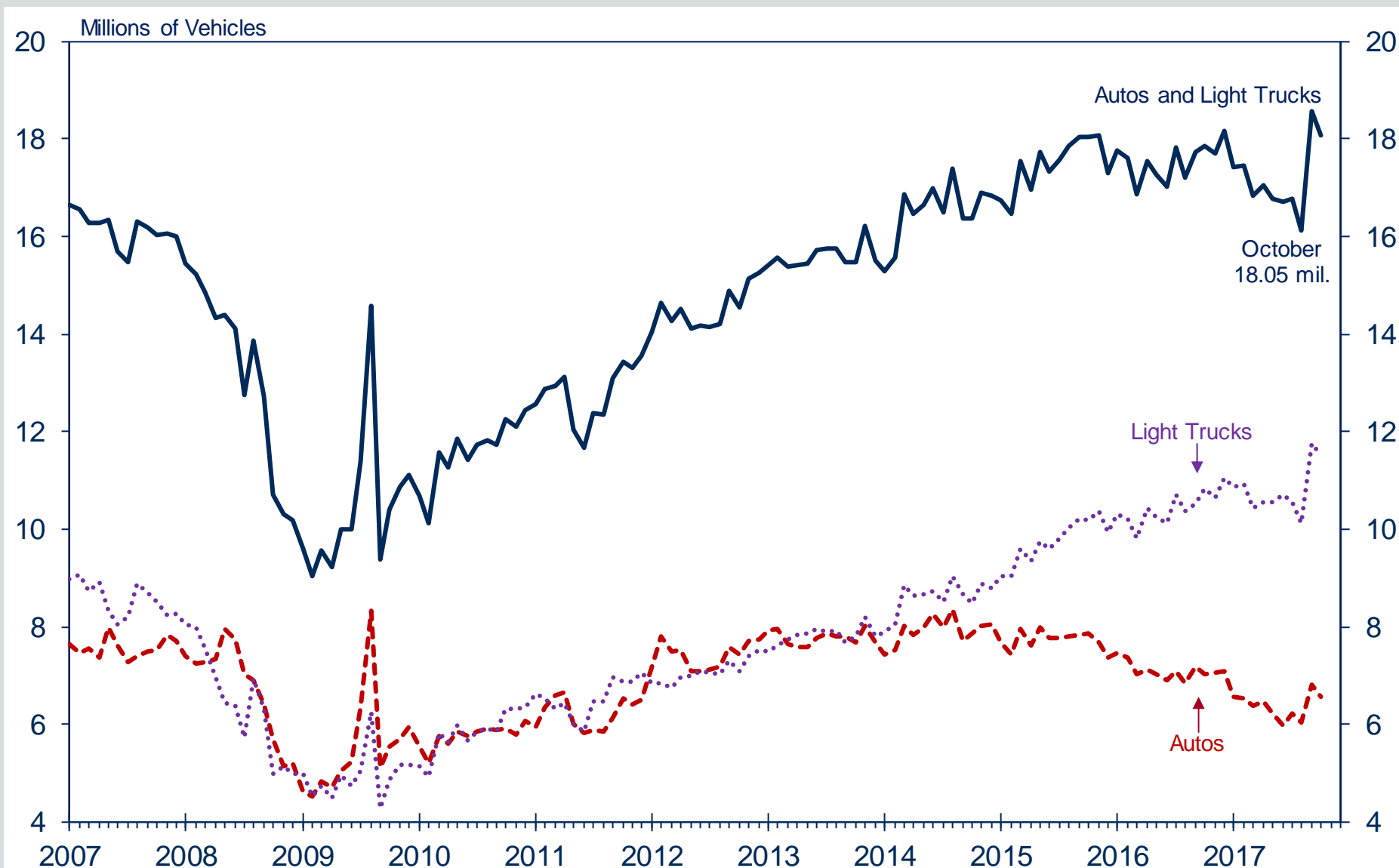
Note: Retail sales includes food services.

Consumer Spending and Income

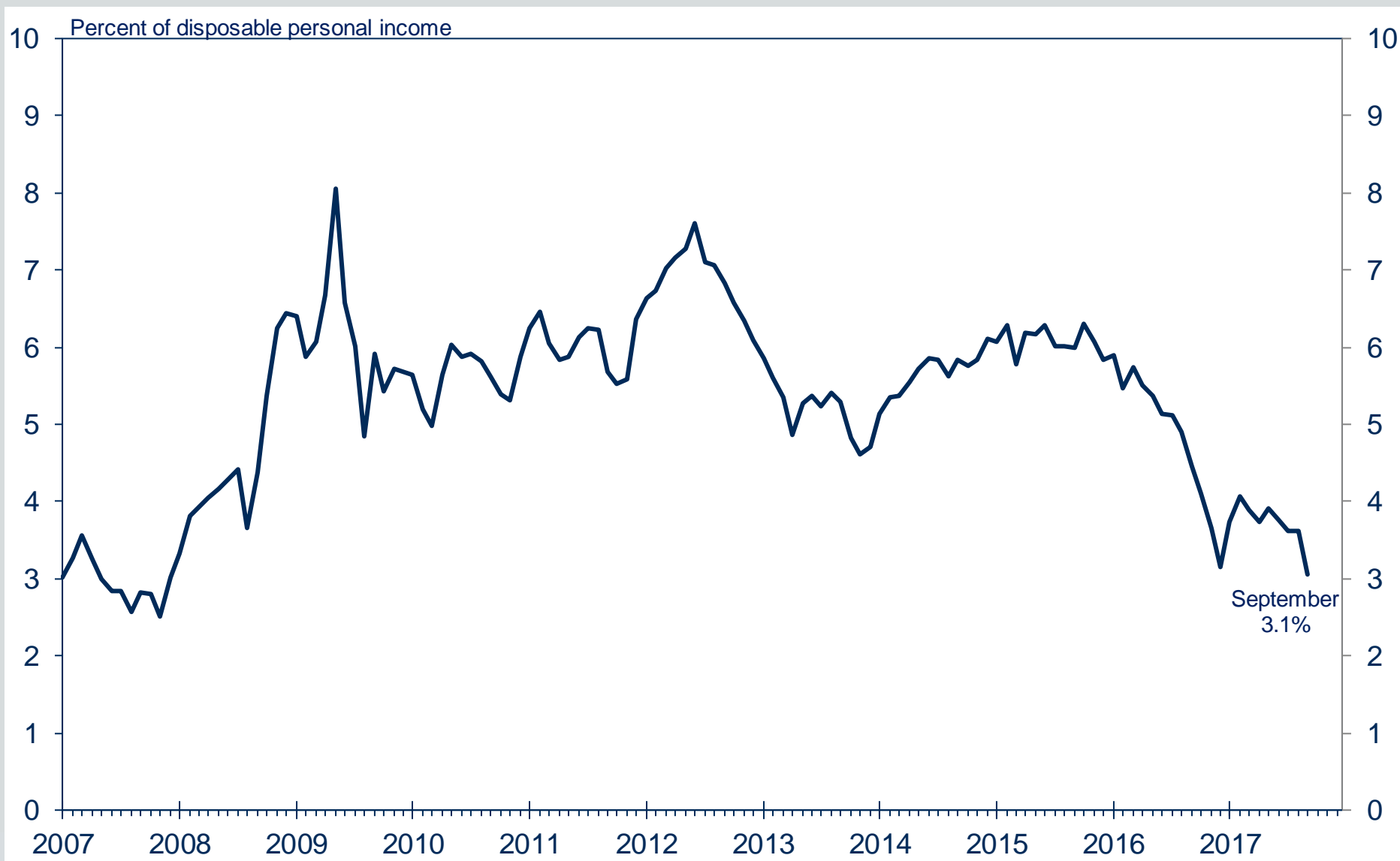


Note: Income has been adjusted to account for temporary fiscal actions in 2008 and 2012-2013.

Sales of Automobiles & Light Trucks

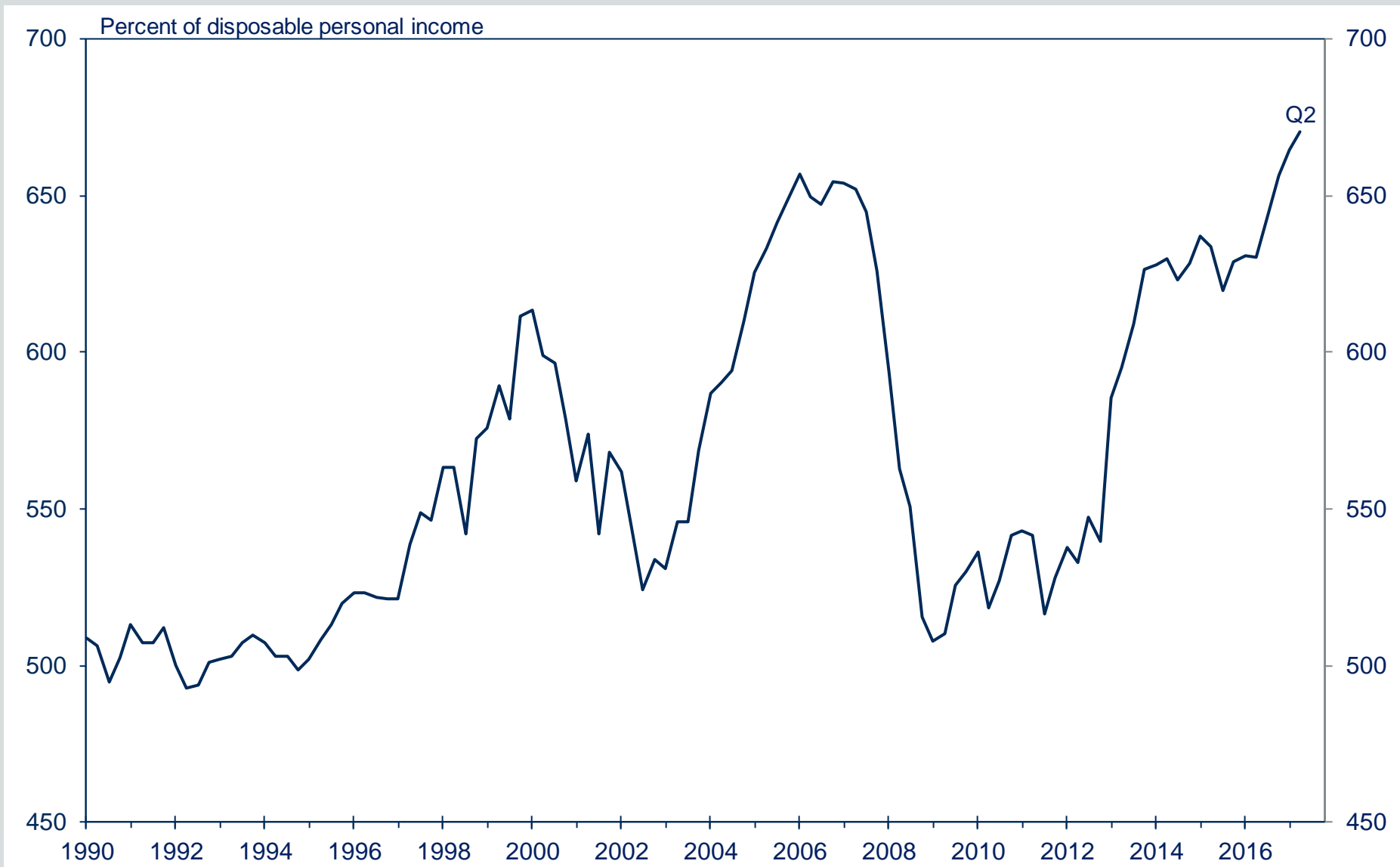


Personal Saving Rate

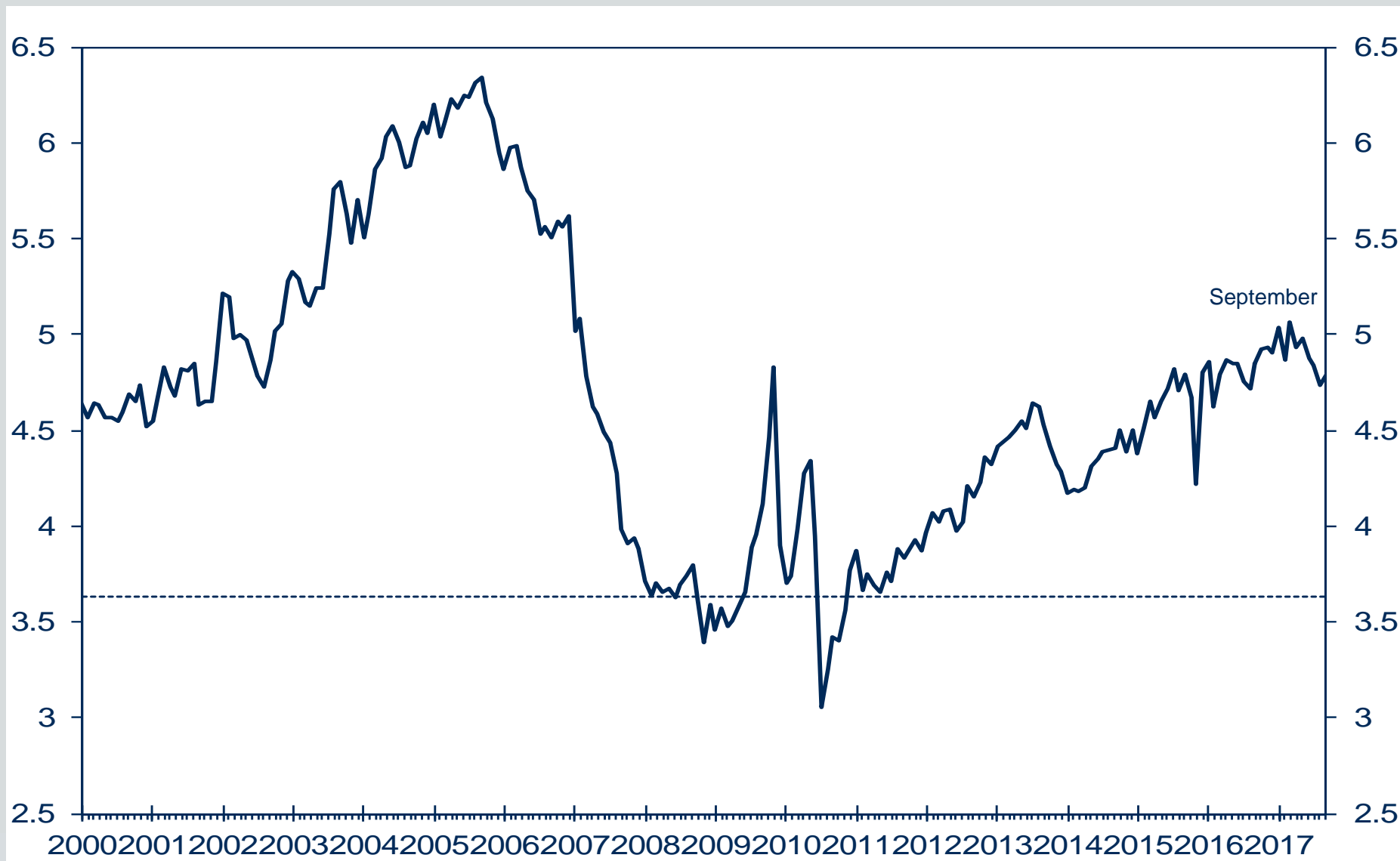


Note: Income has been adjusted to account for temporary events

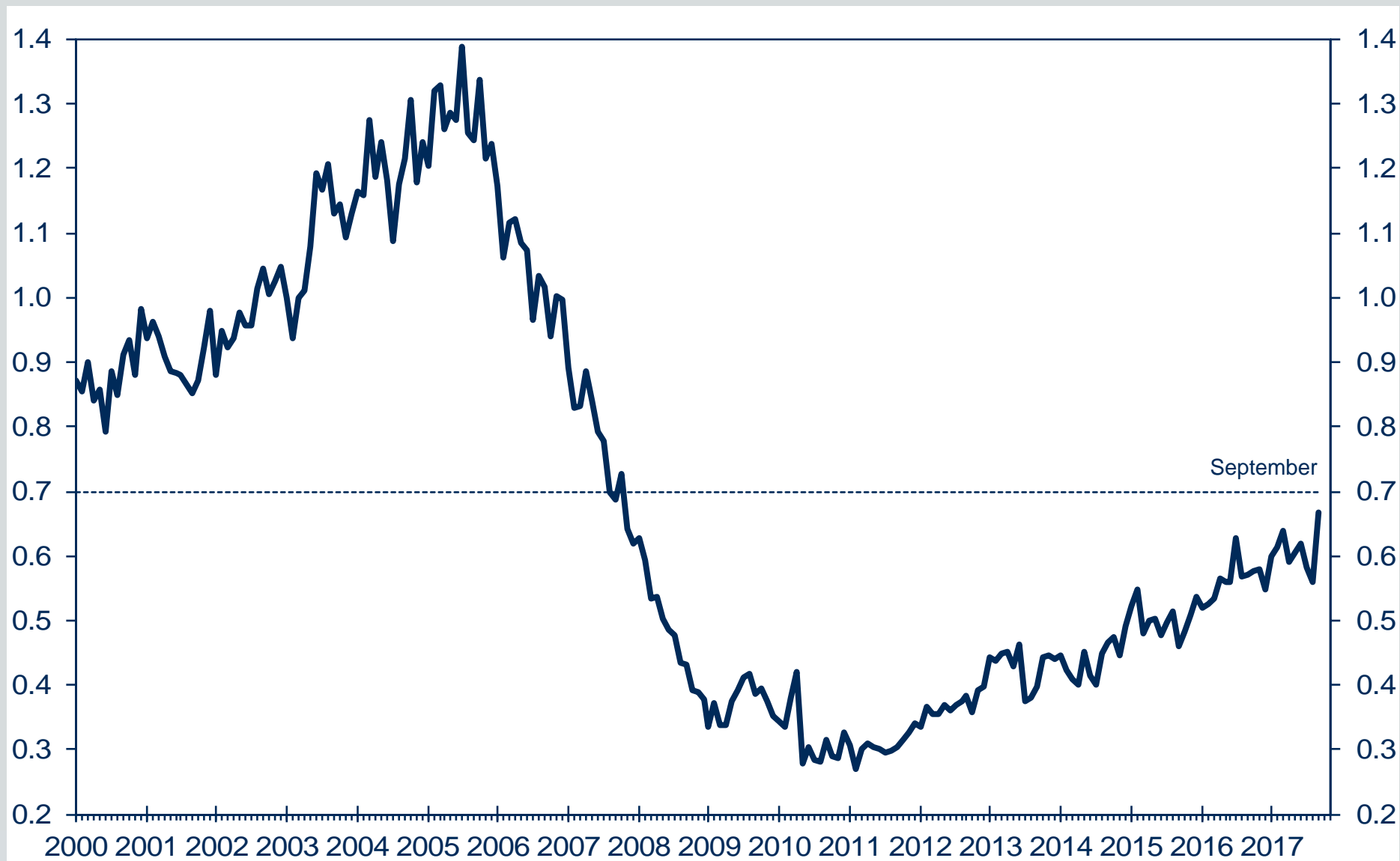
Household Net Worth



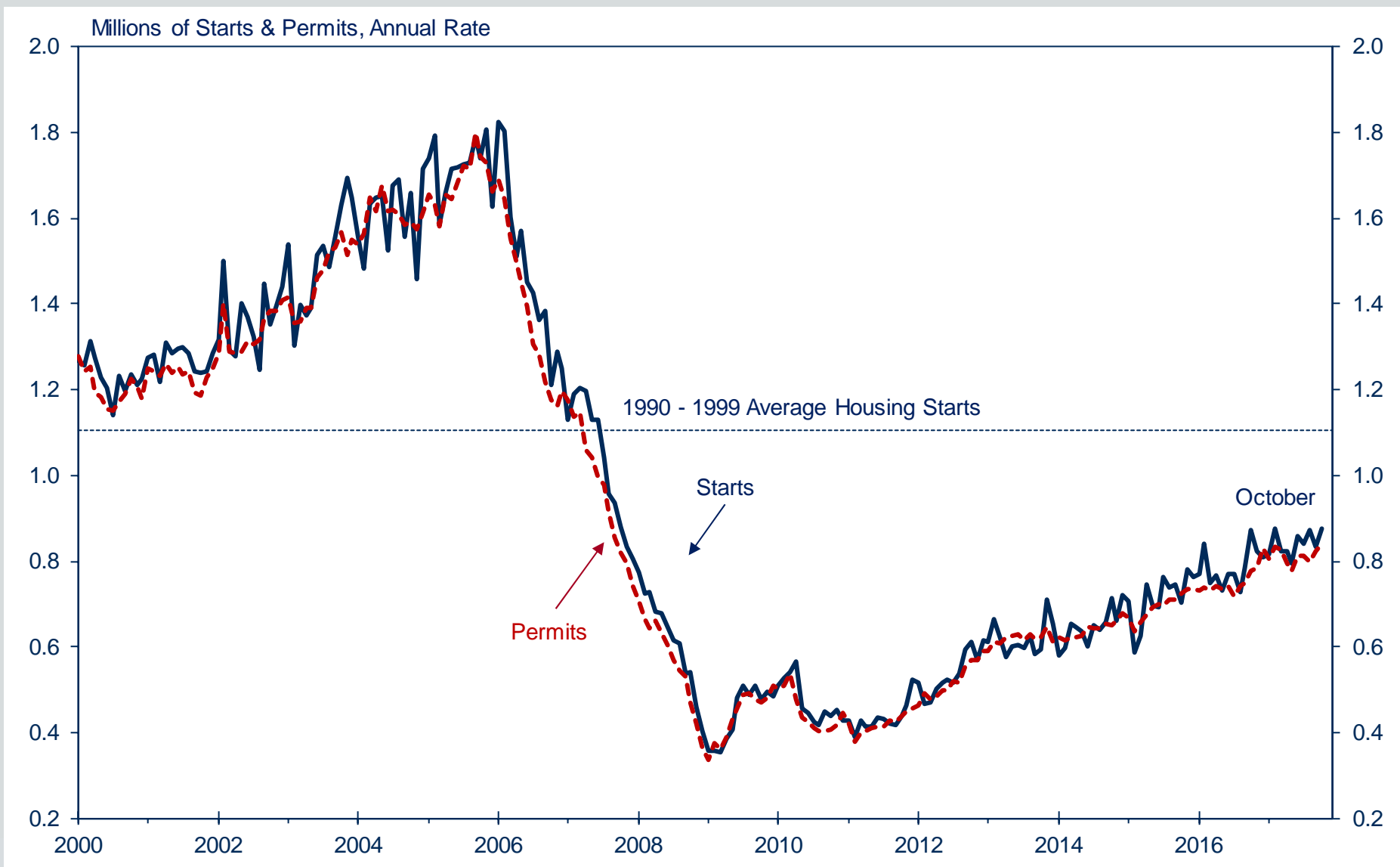
Existing Single-Family Home Sales



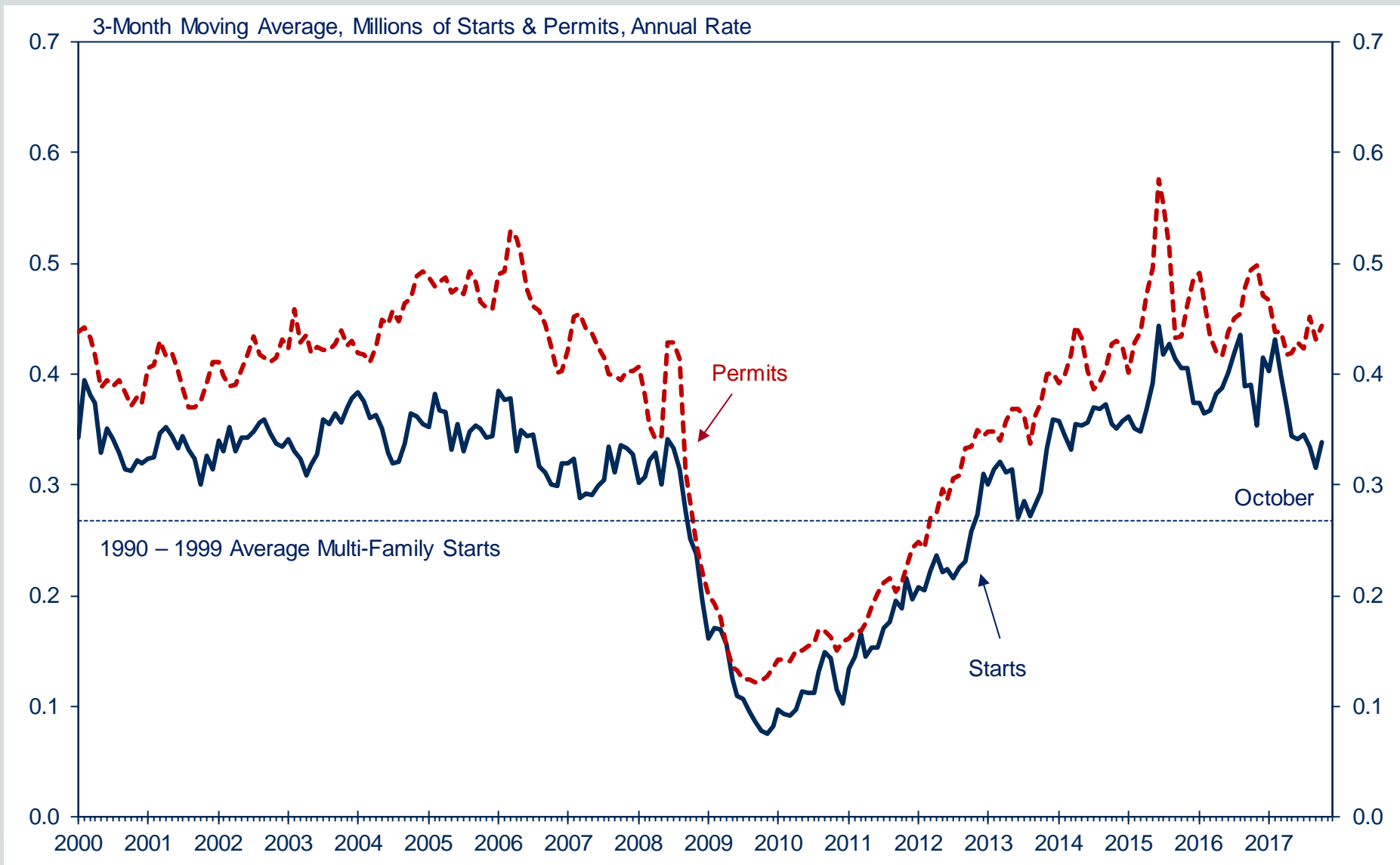
New Single-Family Home Sales



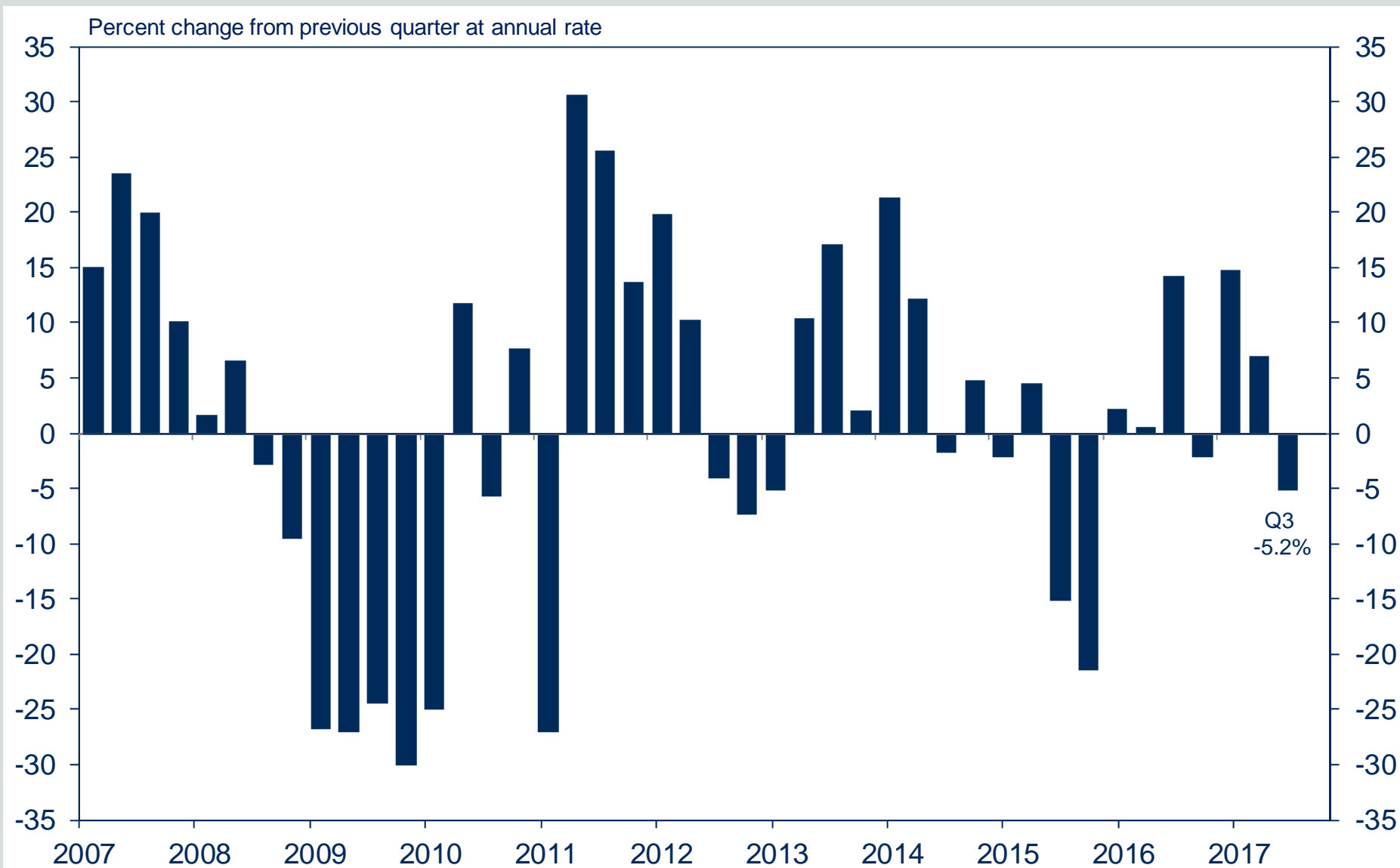
Private Single-Family Housing Starts & Permits



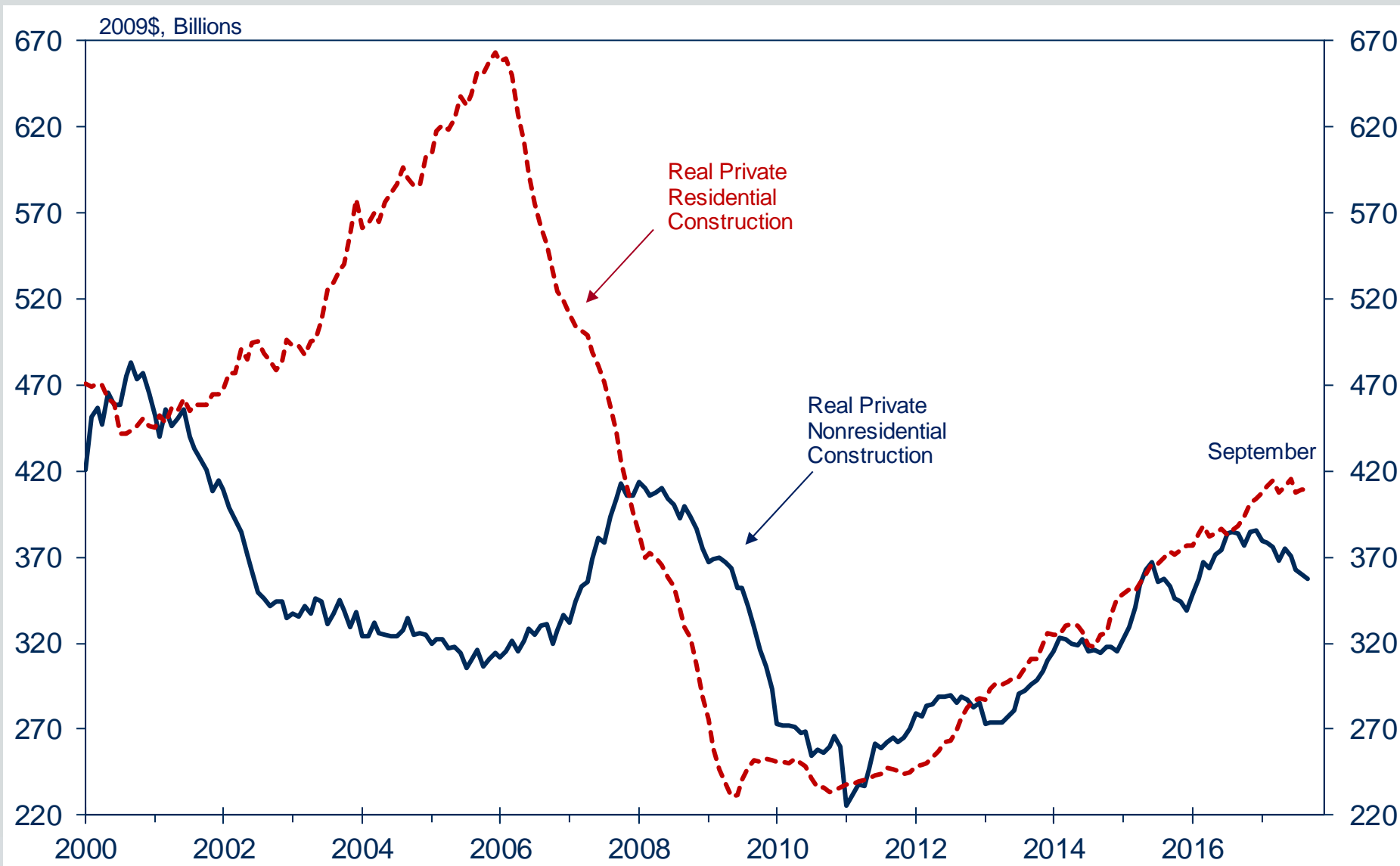
Private Multi-Family Housing Starts & Permits



Real Investment in Nonresidential Structures



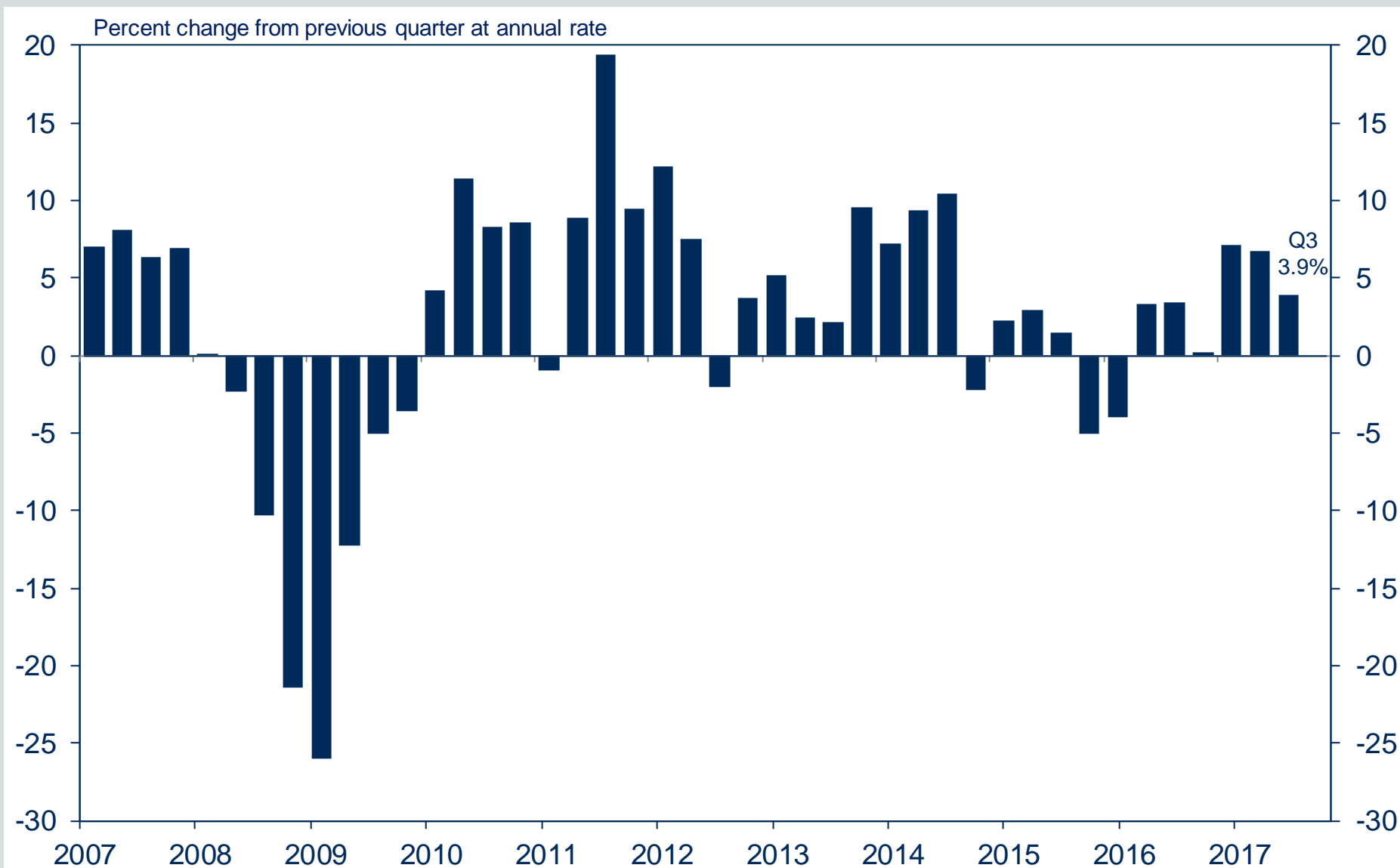
Real Private Construction Put In Place



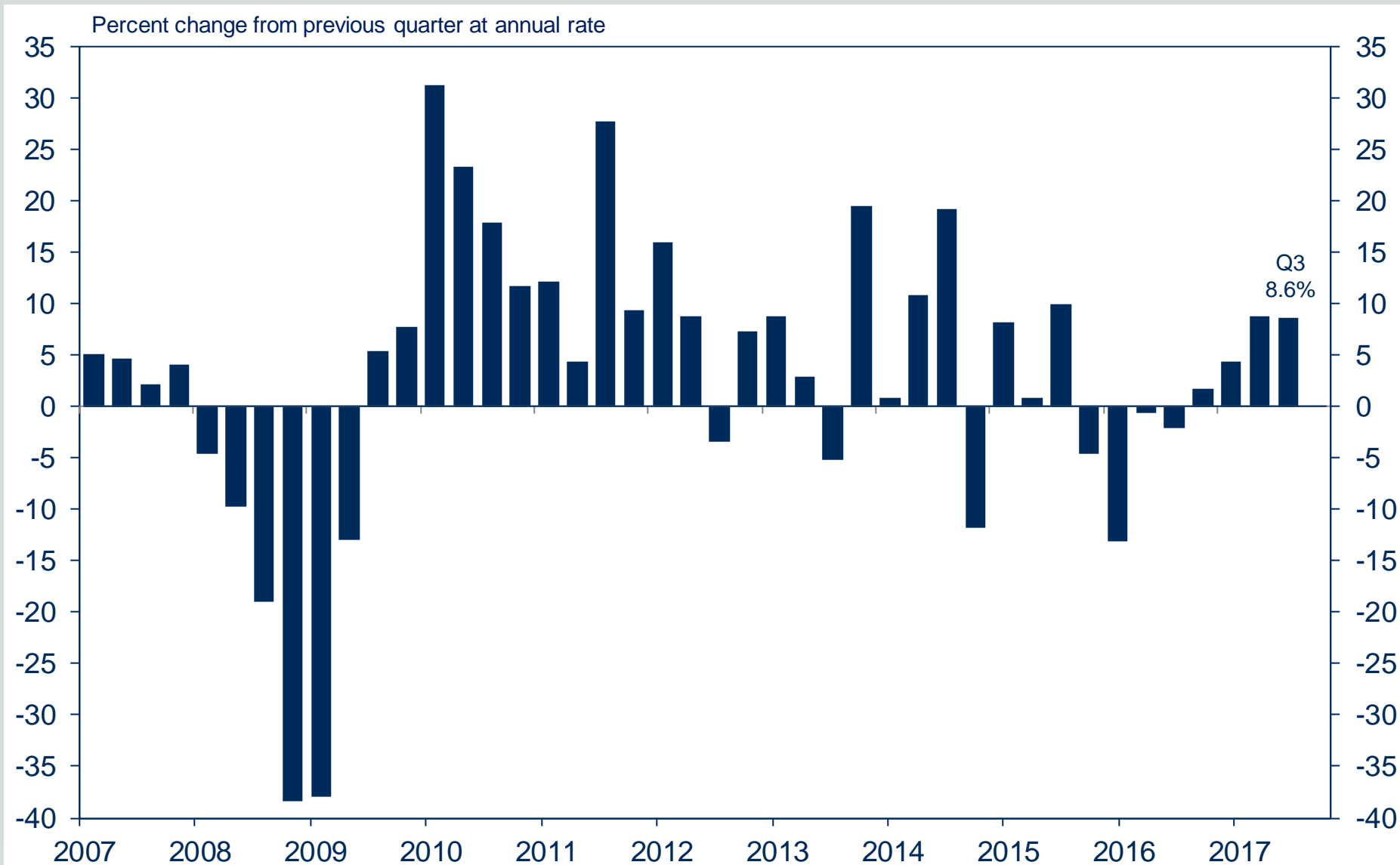
Notes: Private nonresidential construction deflated using the price index for private fixed investment in nonresidential structures and private residential construction deflated using the private residential investment chain price index.

Source: Census Bureau via Haver Analytics 17

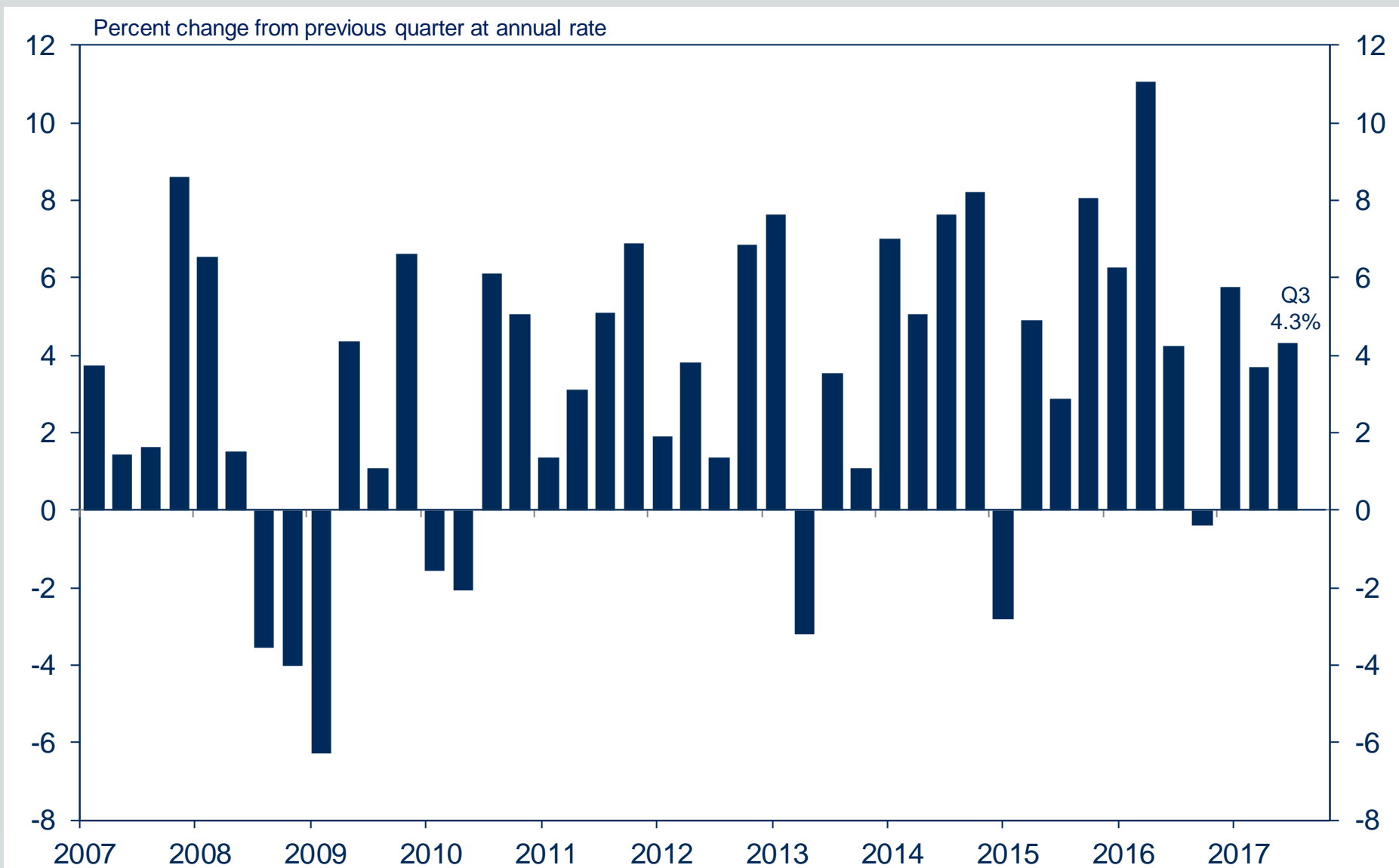
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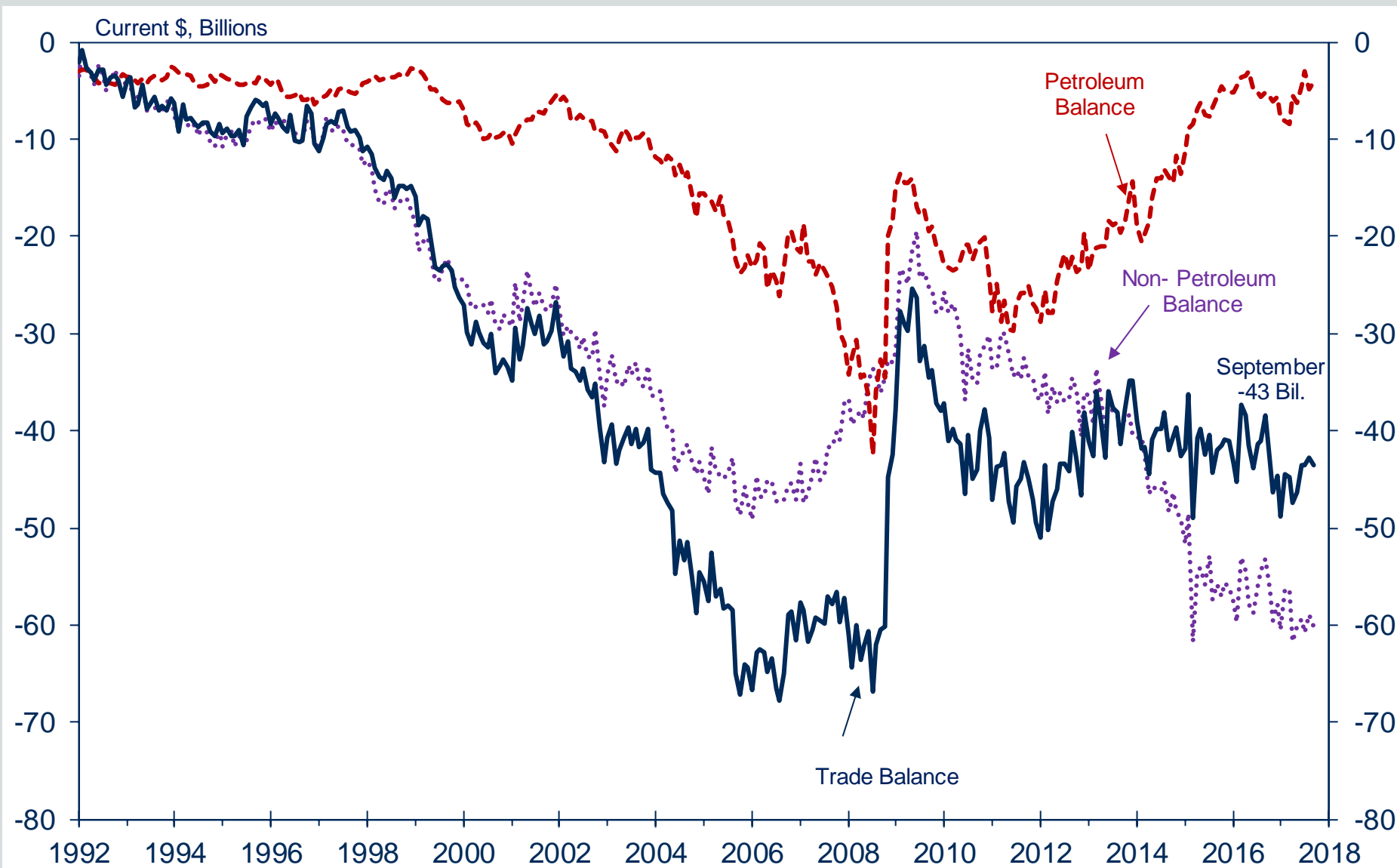
Real Investment in Equipment



Real Investment in Intellectual Property



Balance of International Trade



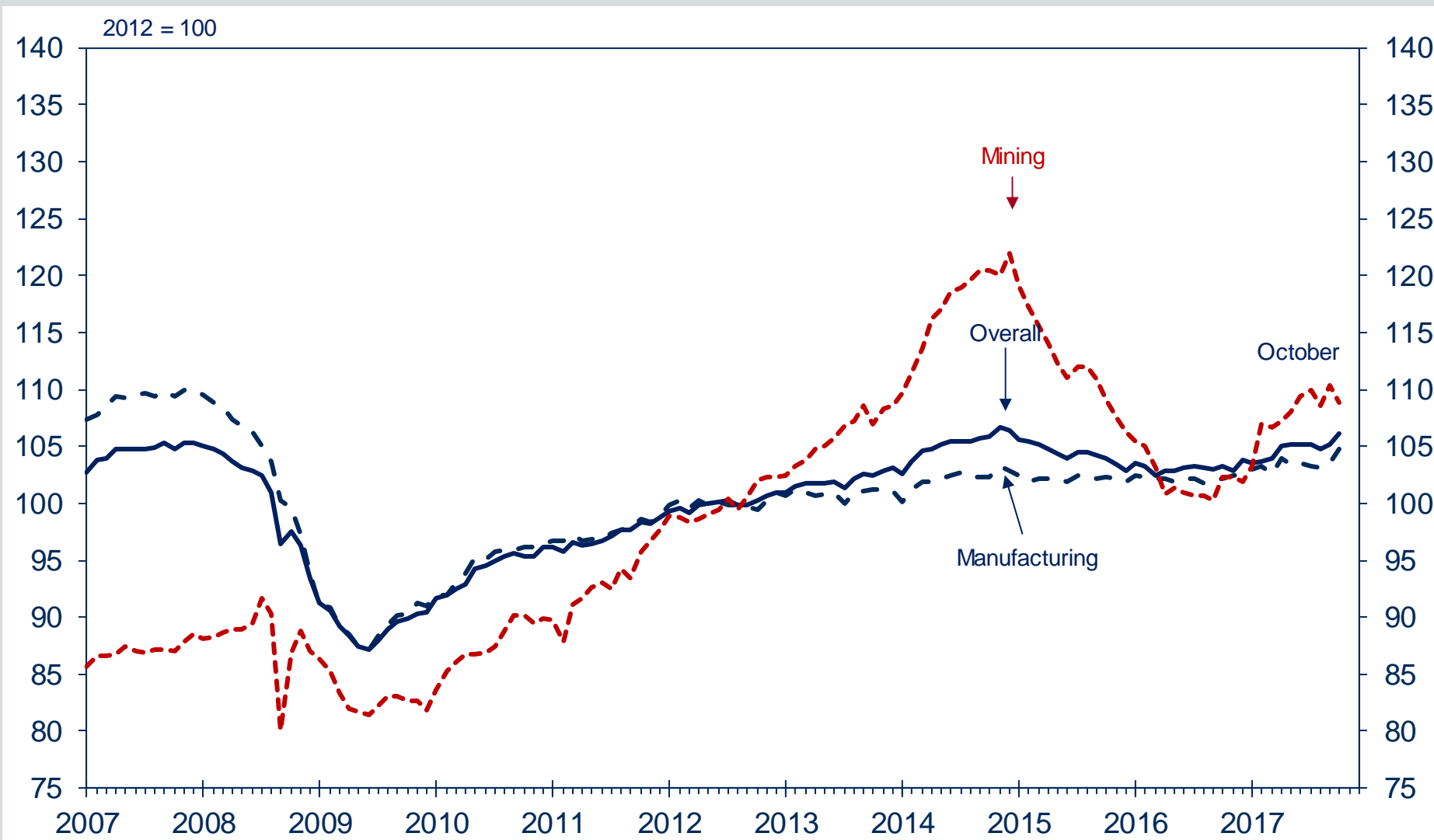
Note: Customs Value of Trade Balance

Exchange Value of the USD

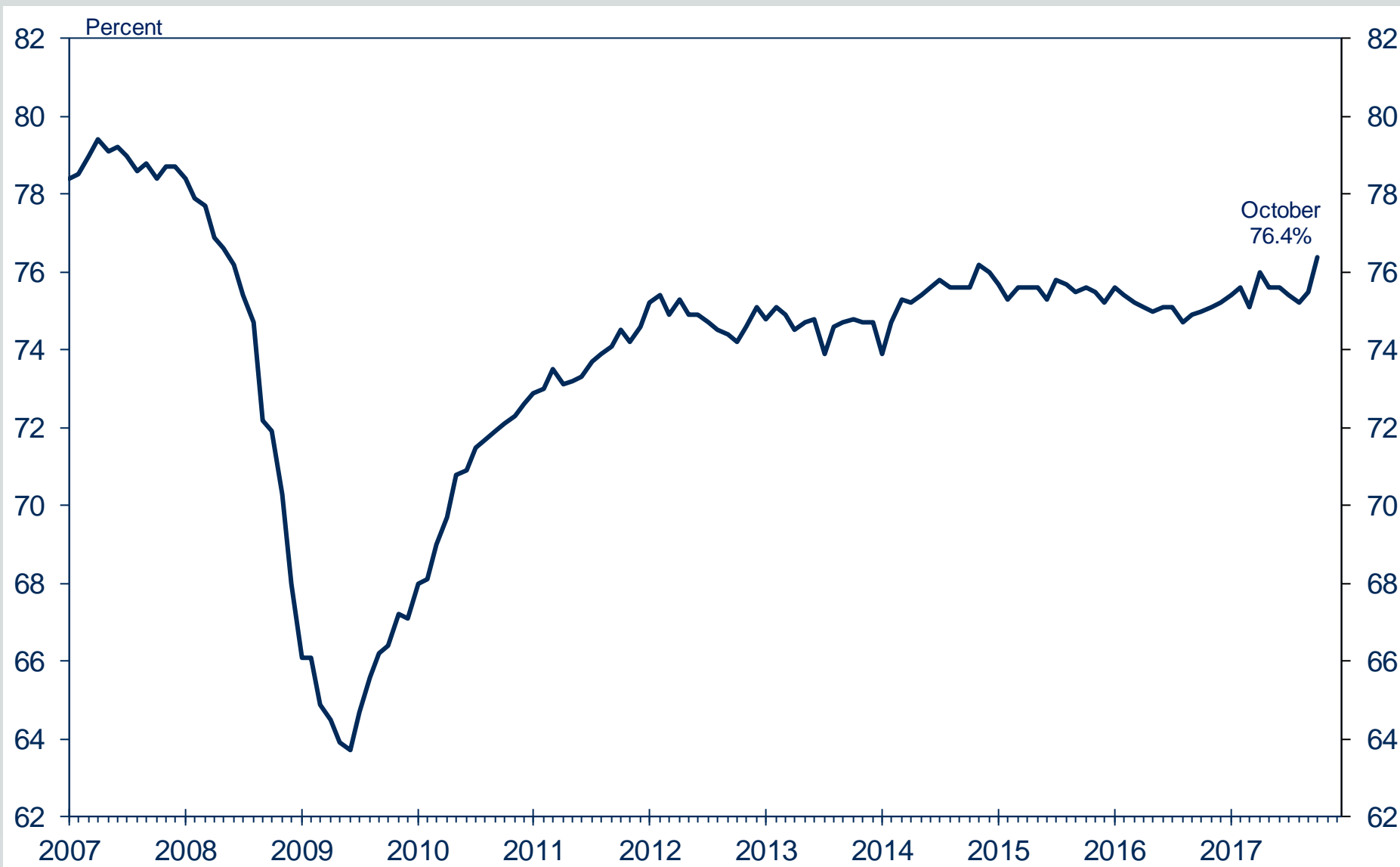


Notes: Measured as the real broad trade-weighted exchange value of the United States Dollar.

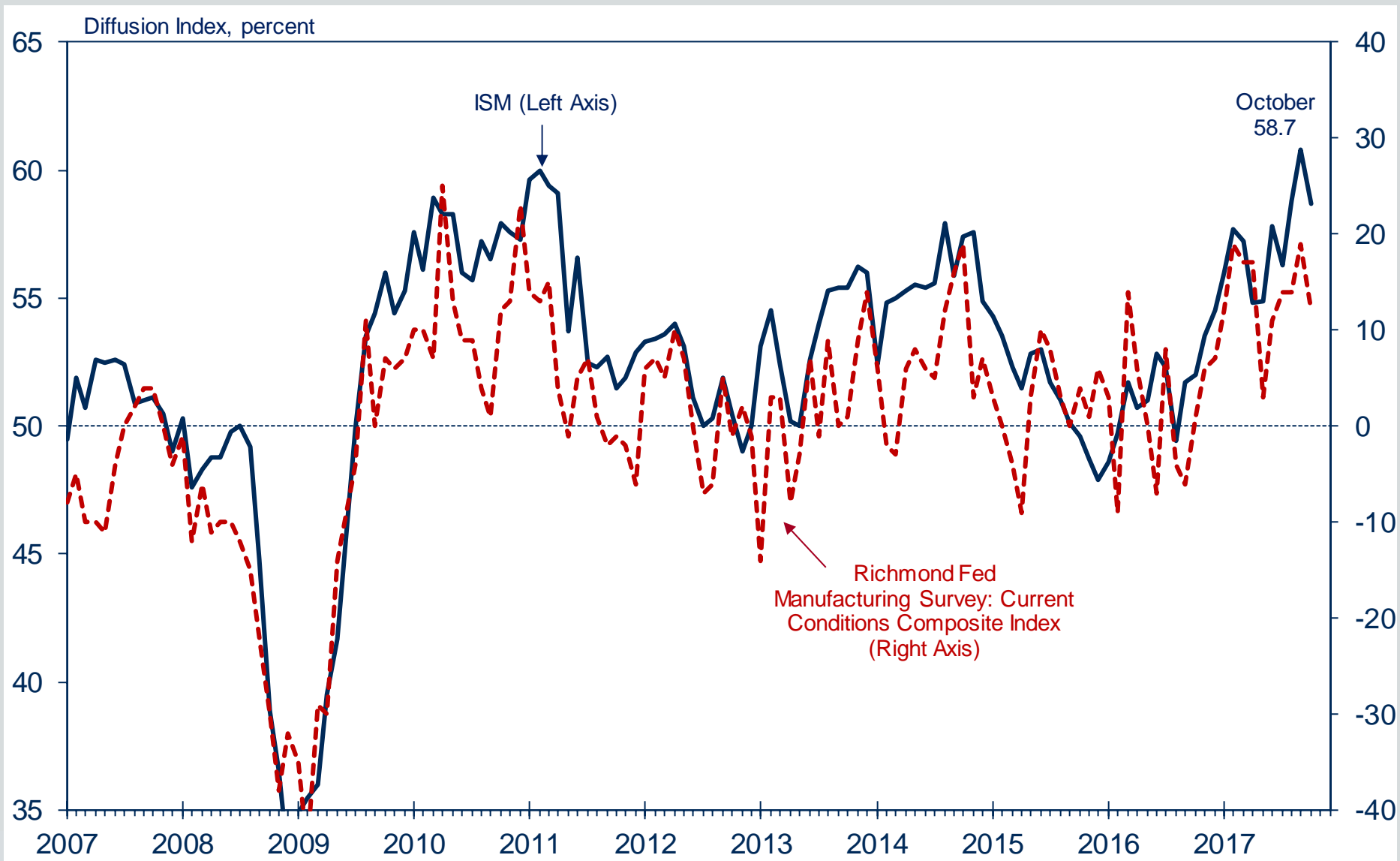
Industrial Production



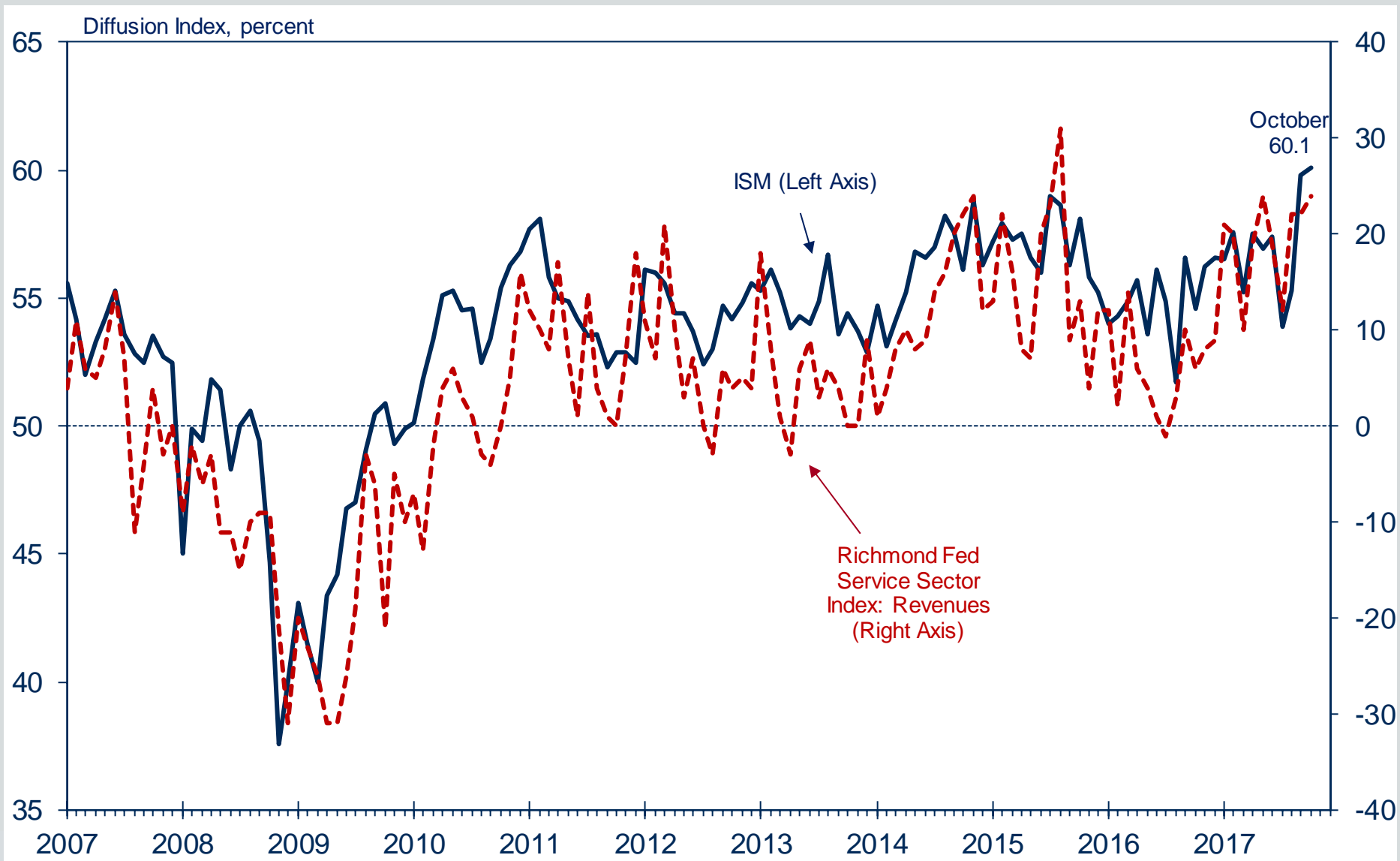
Capacity Utilization Rate: Manufacturing



Indexes of Manufacturing Activity



Indexes of Non-Manufacturing Activity



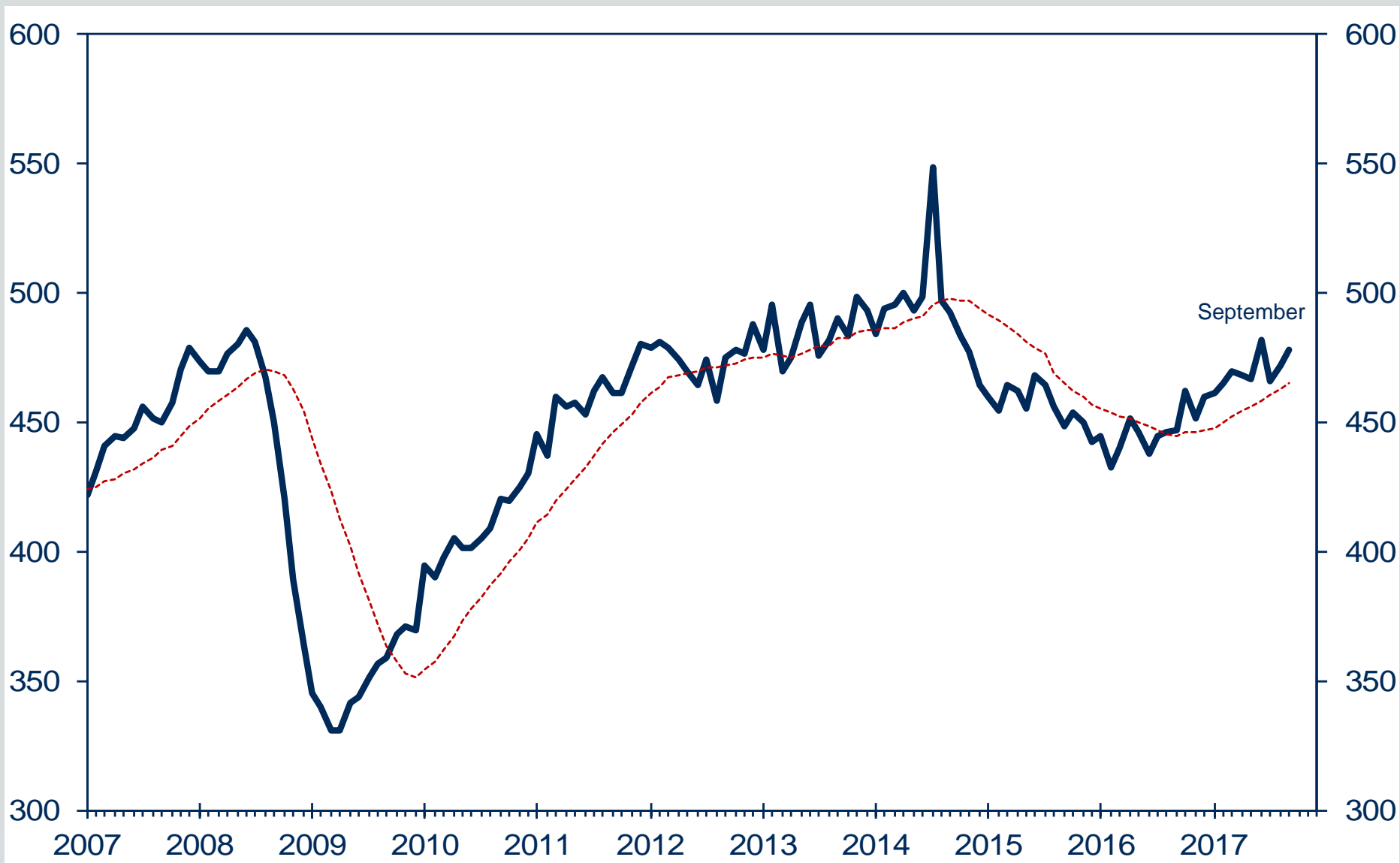
ISM: Business Survey Indexes

MANUFACTURING BUSINESS:

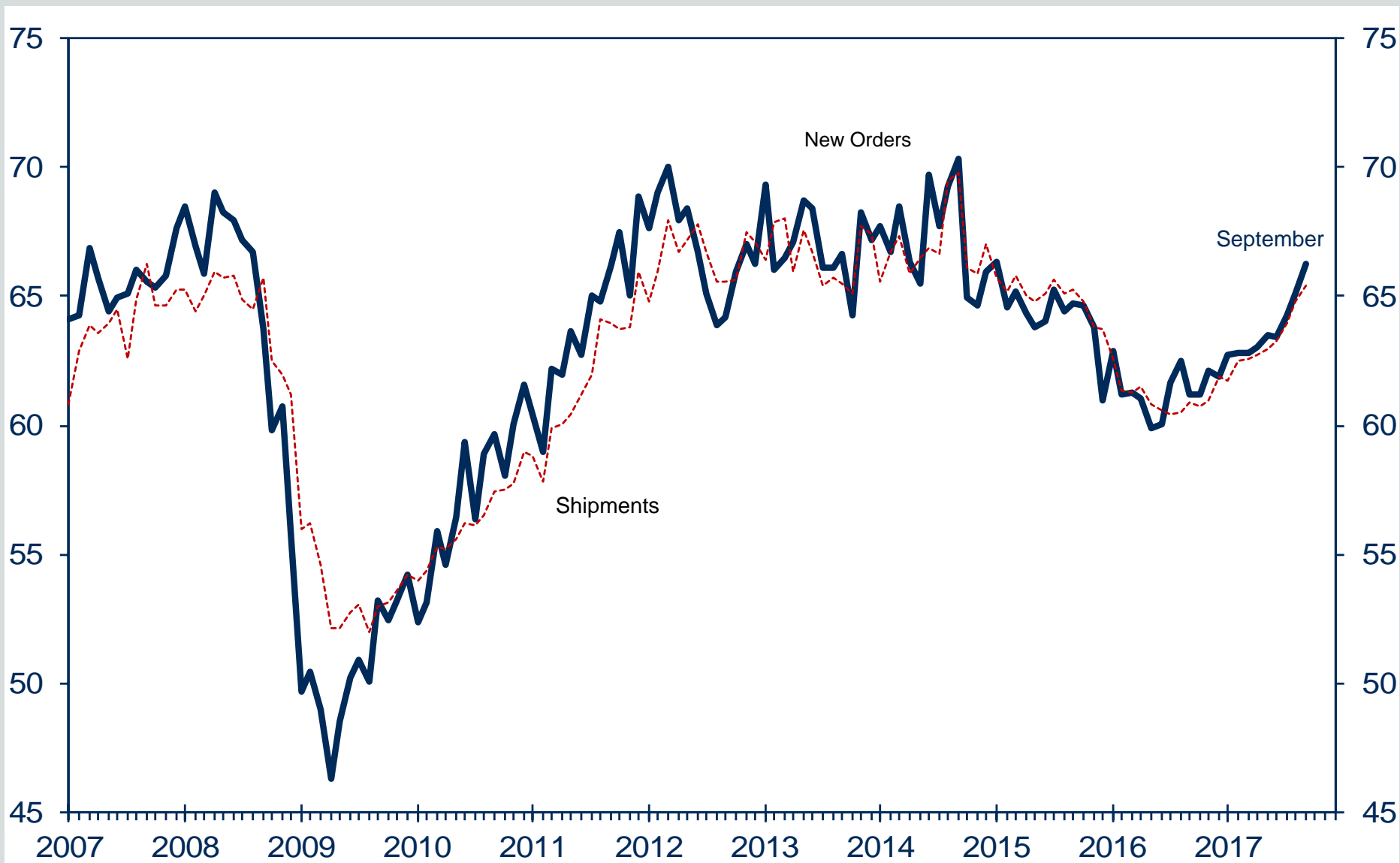
NON-MANUFACTURING BUSINESS:

| | <u>Sep.</u> | <u>Oct.</u> | | <u>Sep.</u> | <u>Oct.</u> |
|---------------------------|-------------|-------------|-------------------------|-------------|-------------|
| Purchasing Managers Index | 60.8 | 58.7 | Non-Manufacturing Index | 59.8 | 60.1 |
| Production | 62.2 | 61.0 | Business Activity | 61.3 | 62.2 |
| New Orders | 64.6 | 63.4 | New Orders | 63.0 | 62.8 |
| Employment | 60.3 | 59.8 | Employment | 56.8 | 57.5 |
| Supplier Deliveries | 64.4 | 61.4 | Supplier Deliveries | 58.0 | 58.0 |
| Inventories | 52.5 | 48.0 | Inventories | 51.5 | 52.5 |
| Prices | 71.5 | 68.5 | Prices | 66.3 | 62.7 |
| Backlog of Orders | 58.0 | 55.0 | Backlog of Orders | 56.0 | 53.5 |
| New Export Orders | 57.0 | 56.5 | New Export Orders | 56.0 | 60.0 |
| Imports | 54.0 | 54.0 | Imports | 52.0 | 52.0 |

Manufacturers' New Orders

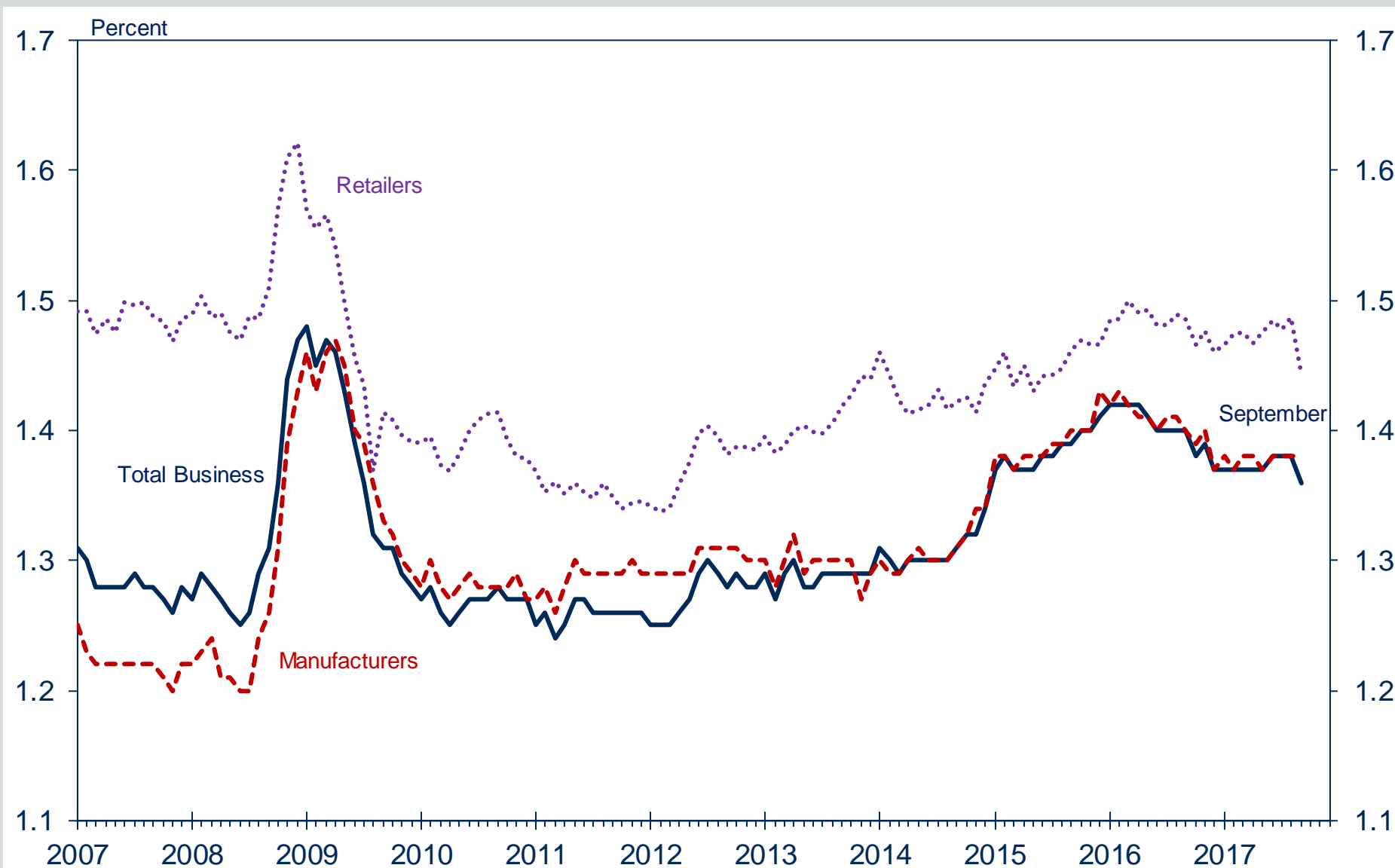


Core Capital Goods



Notes: Core capital goods are nondefense capital goods excluding aircraft.

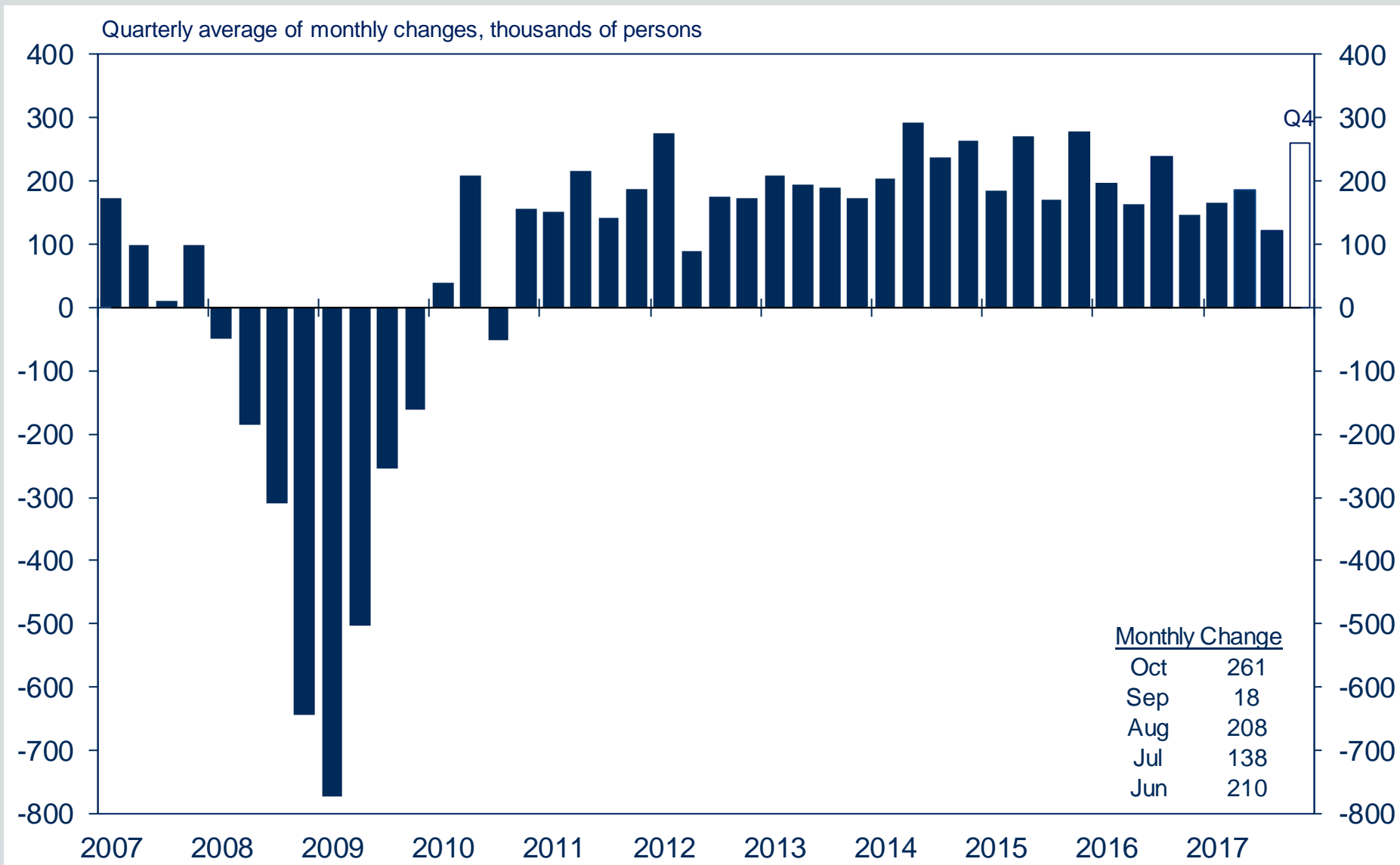
Business Inventory/Sales Ratio



Nonfarm Payroll Employment



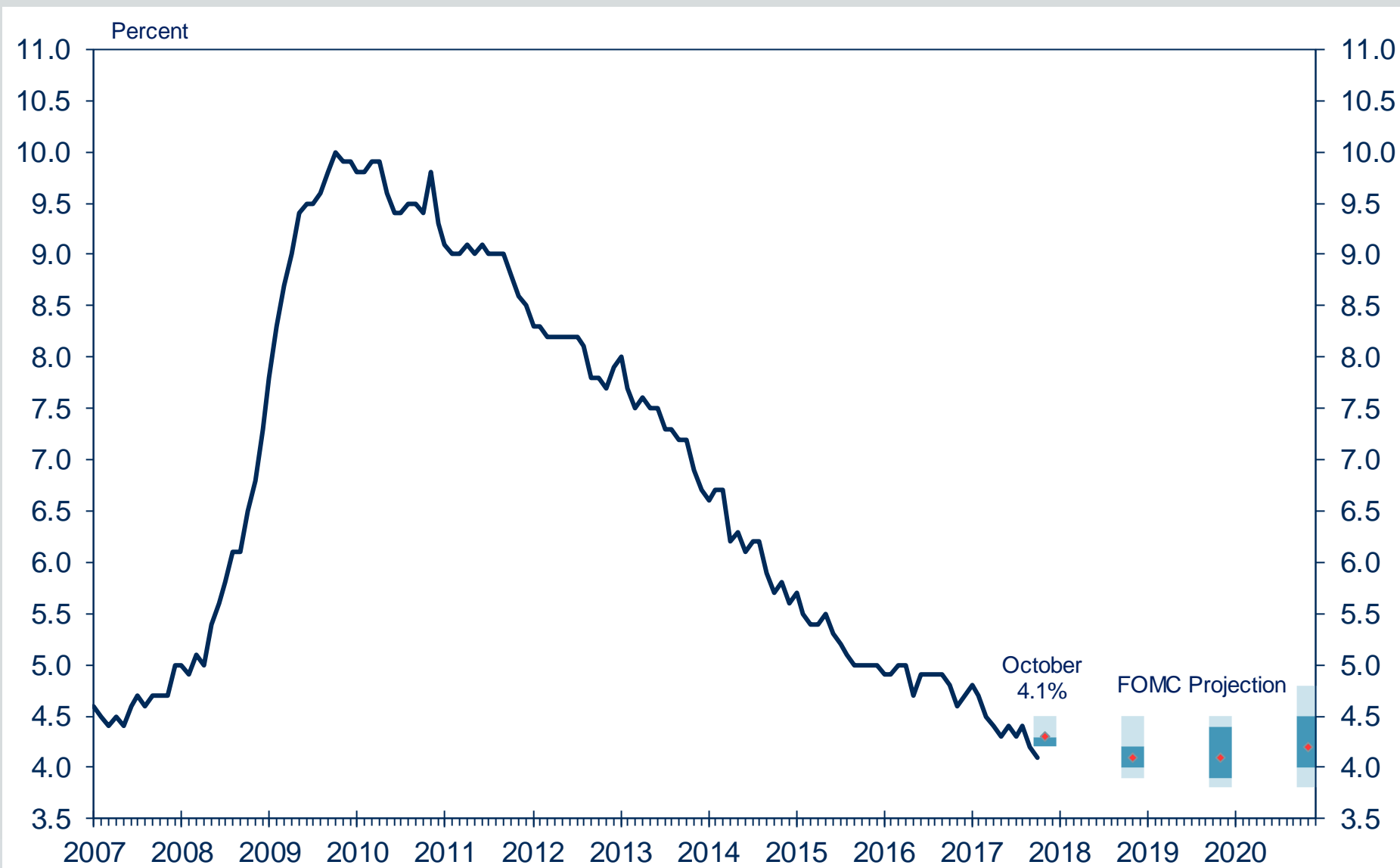
Nonfarm Payroll Employment



Monthly Change

| | |
|-----|-----|
| Oct | 261 |
| Sep | 18 |
| Aug | 208 |
| Jul | 138 |
| Jun | 210 |

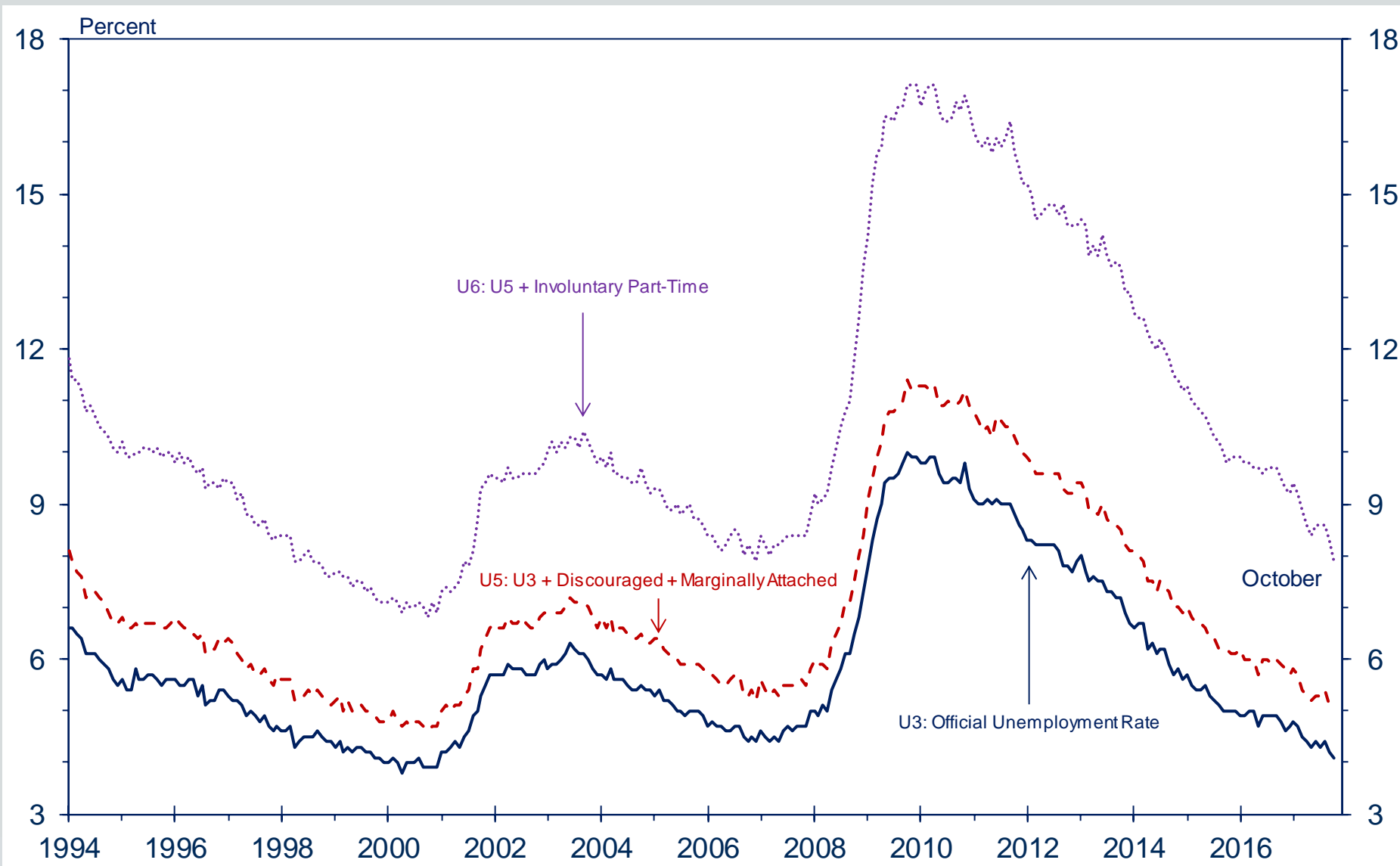
Unemployment Rate



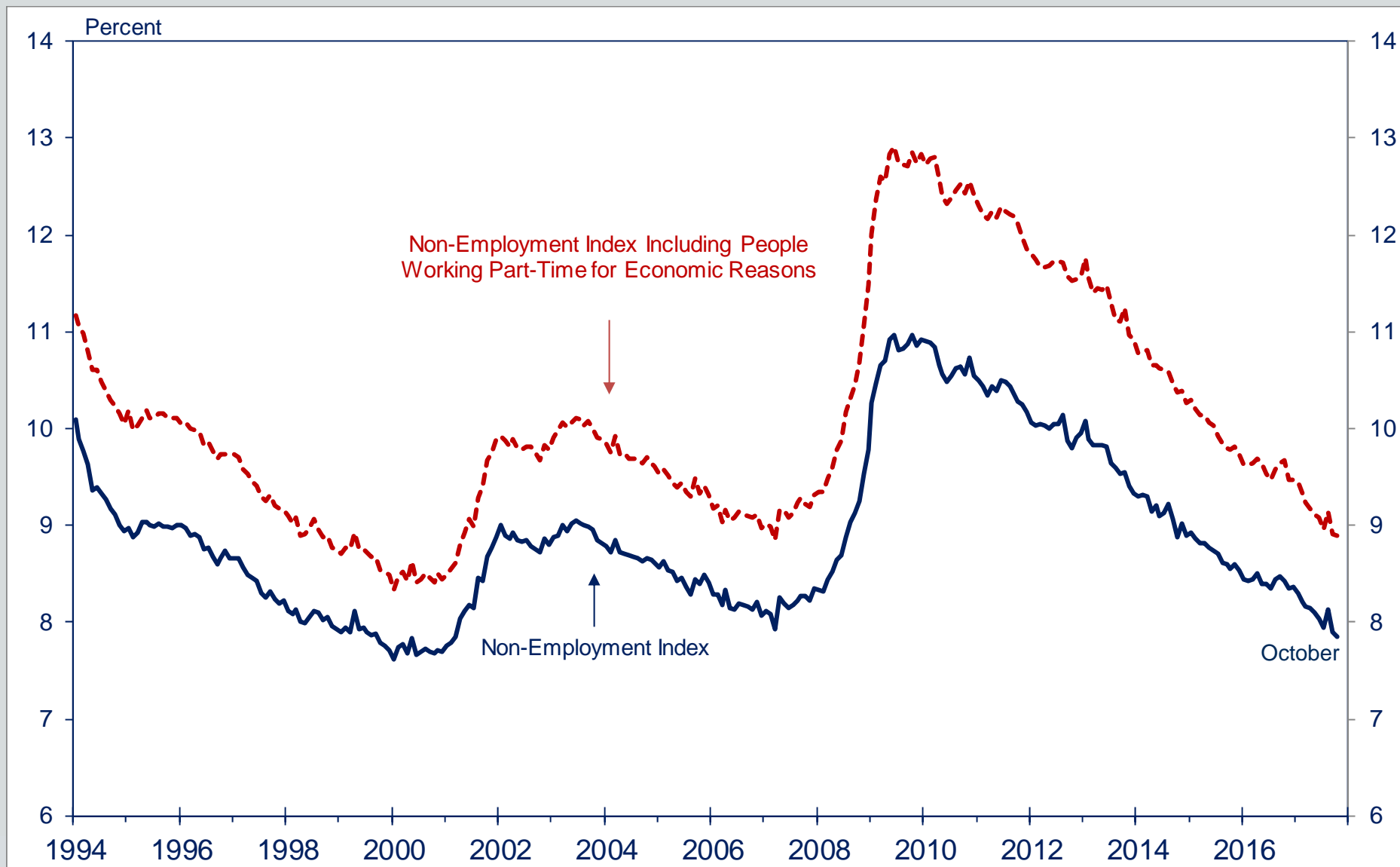
Notes: FOMC projection is the median, range, and central tendency for the Q4 levels, from the September 2017 meeting. Red dots indicate median projections

Source: Bureau of Labor Statistics & Board of Governors via Haver Analytics

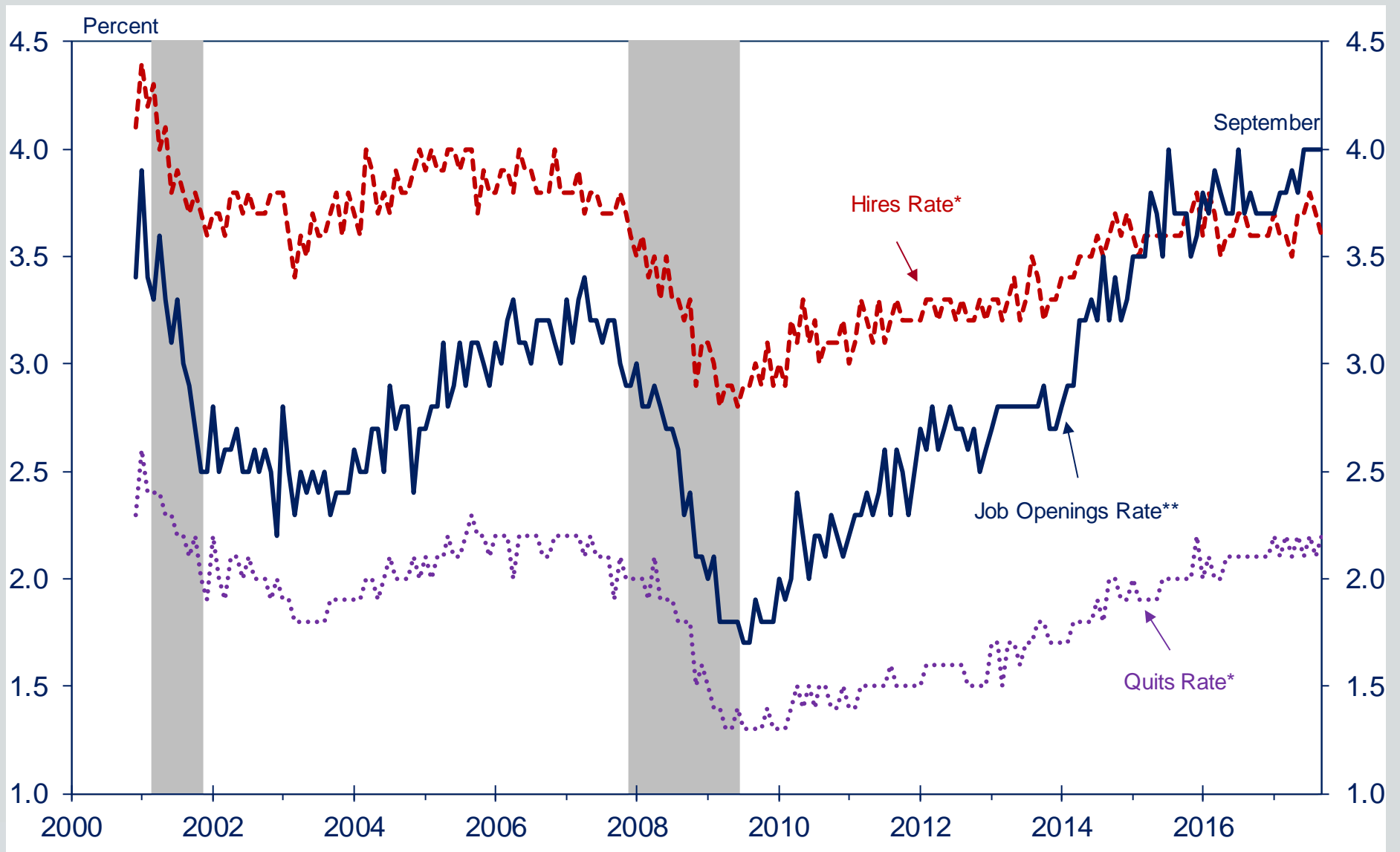
Measures of Labor Utilization



Non-Employment Index



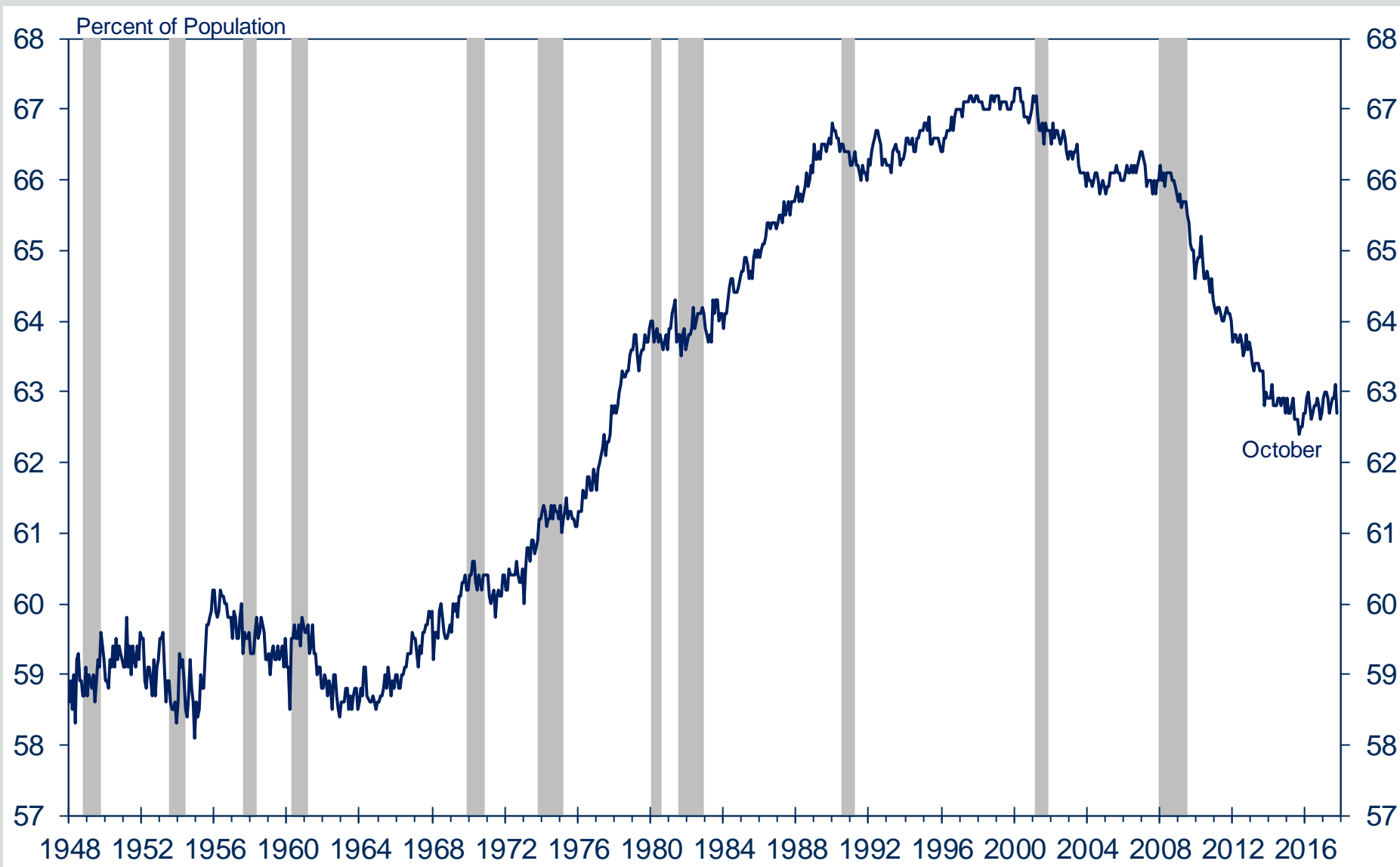
Labor Market Flows



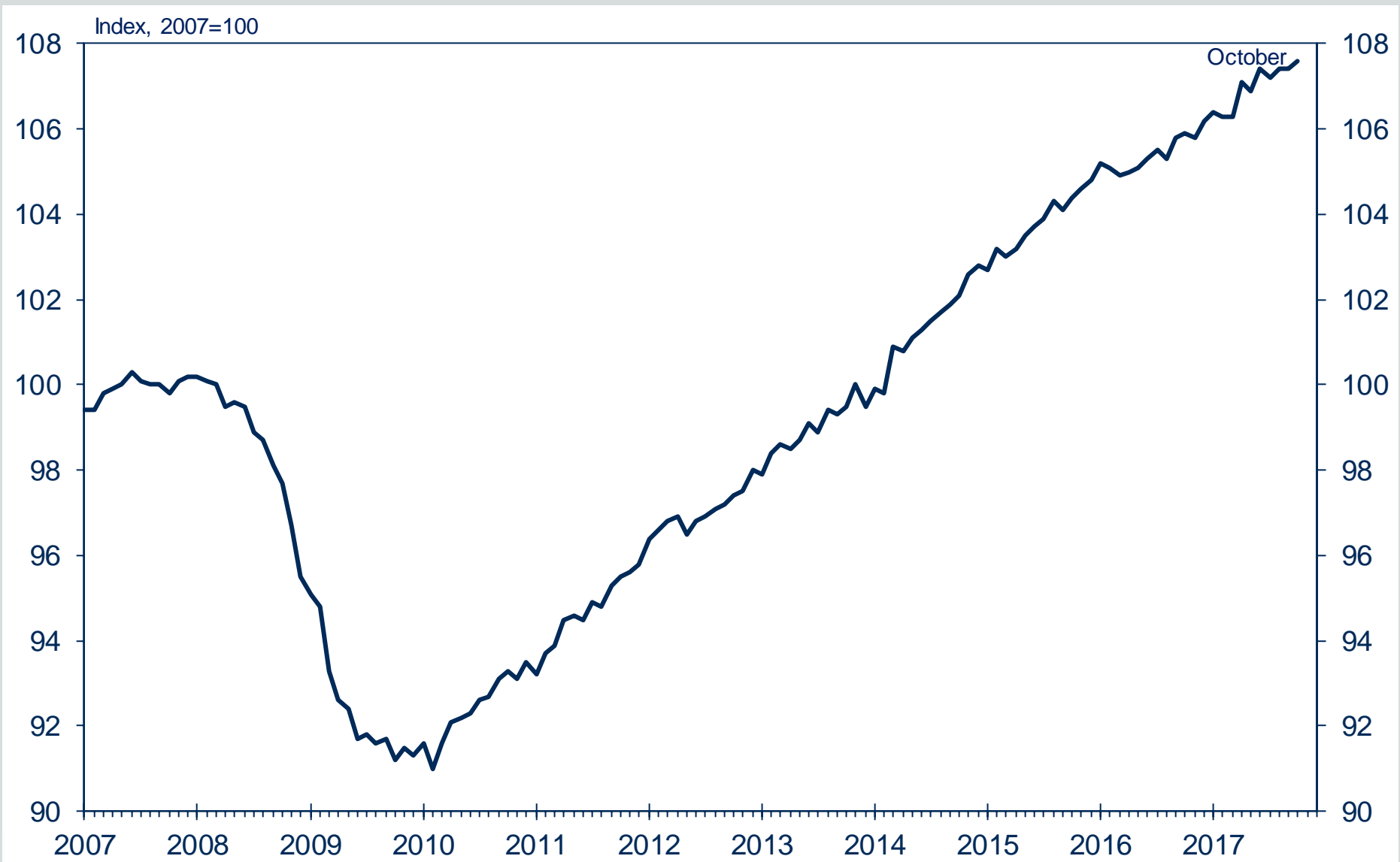
Note: *Percent of total employment. **Percent of total employment plus job openings.

Source: JOLTS via Haver Analytics 36

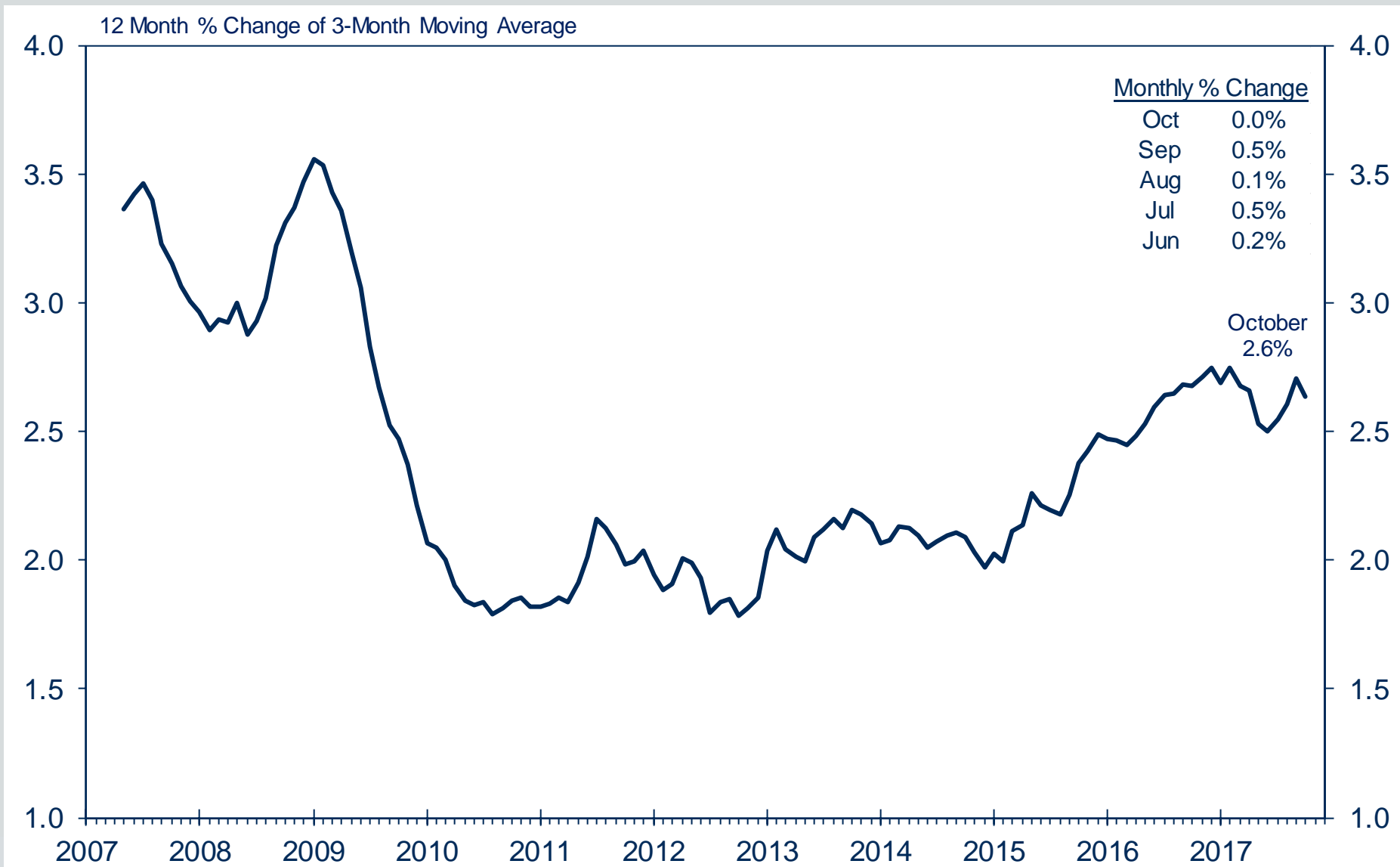
Labor Force Participation



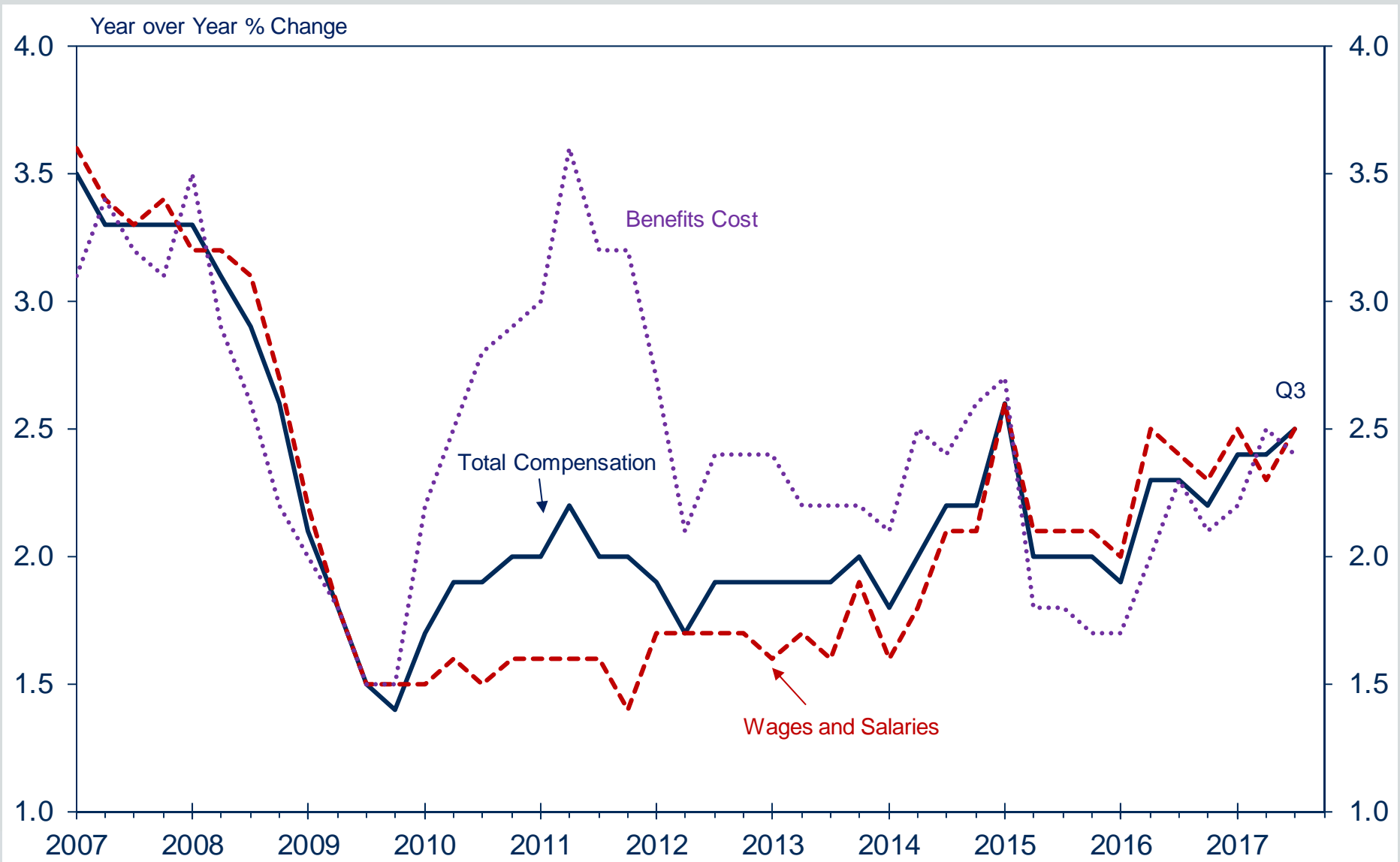
Aggregate Weekly Hours Index



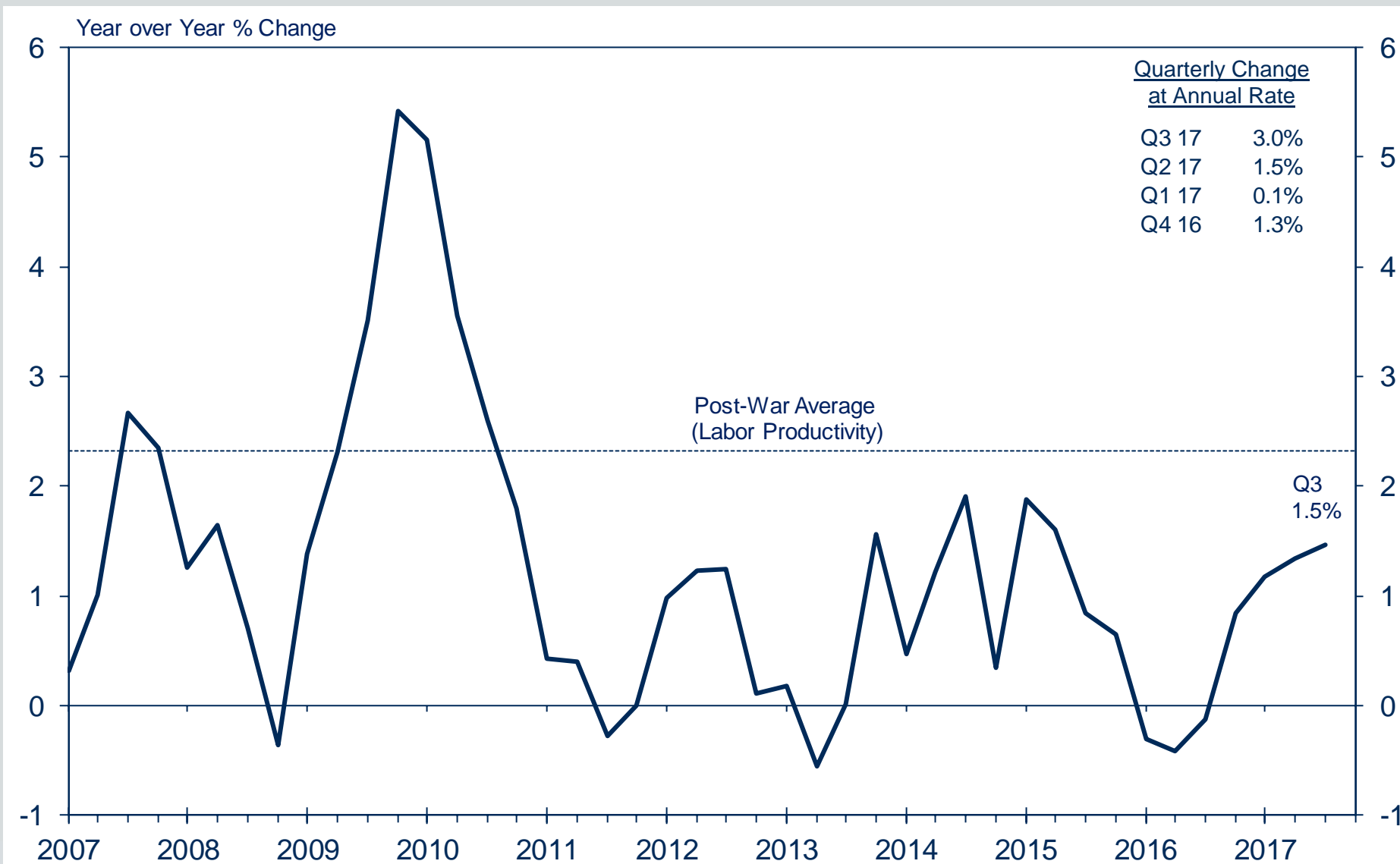
Average Hourly Earnings



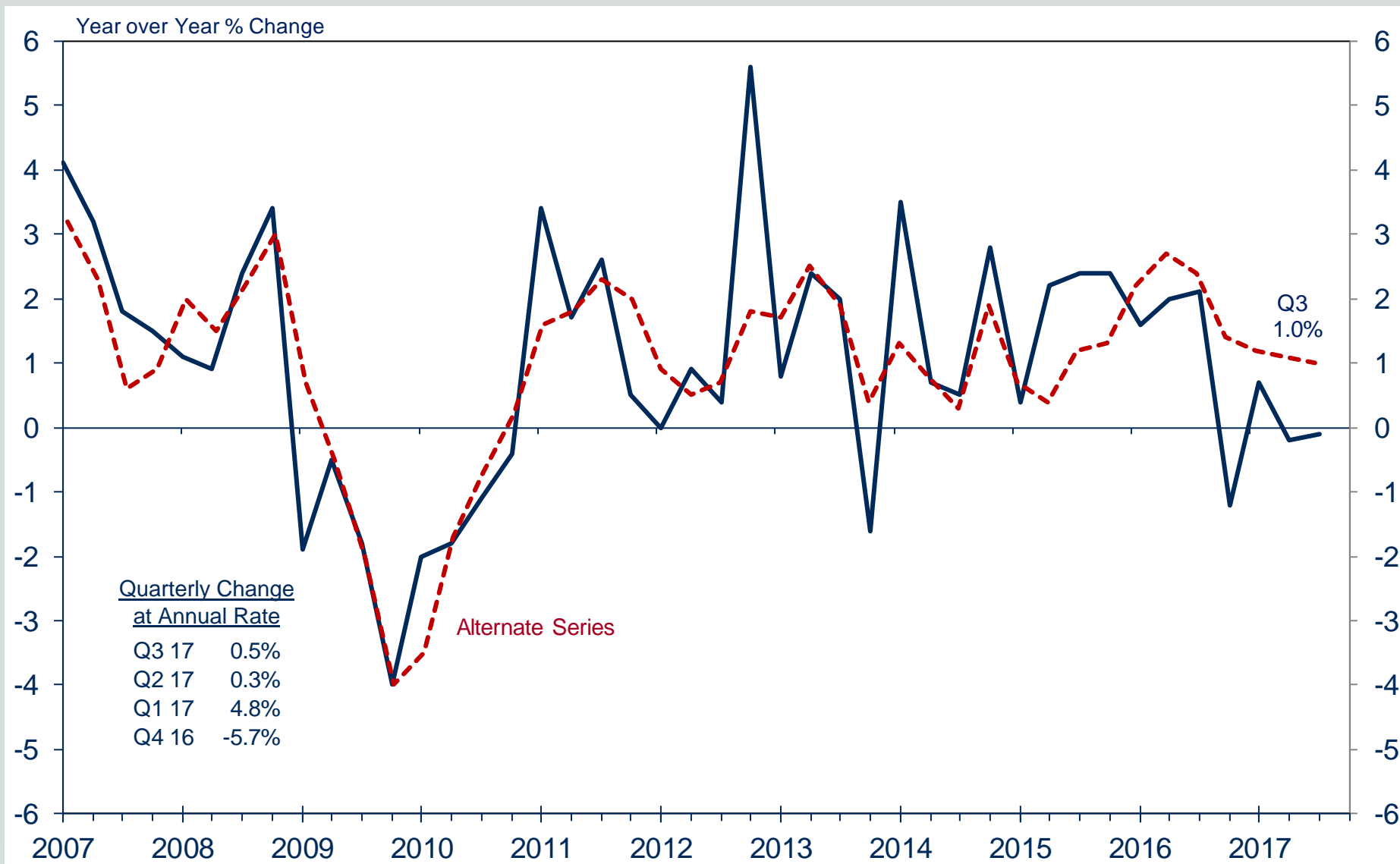
Employment Cost Index



Labor Productivity, Nonfarm Business



Unit Labor Cost, Nonfarm Business



Notes: Alternate series is derived from the Employment Cost Index.

Gauges of Inflation

| Expenditure Price Indexes | [Percent Change from Previous Month at Annual Rate]: | | |
|-----------------------------------|--|-------------|--------------|
| | Aug. | Sep. | YoY % |
| Personal Consumption Expenditures | 2.5 | 4.6 | 1.6 |
| Core (excludes Food and Energy) | 1.2 | 1.6 | 1.3 |

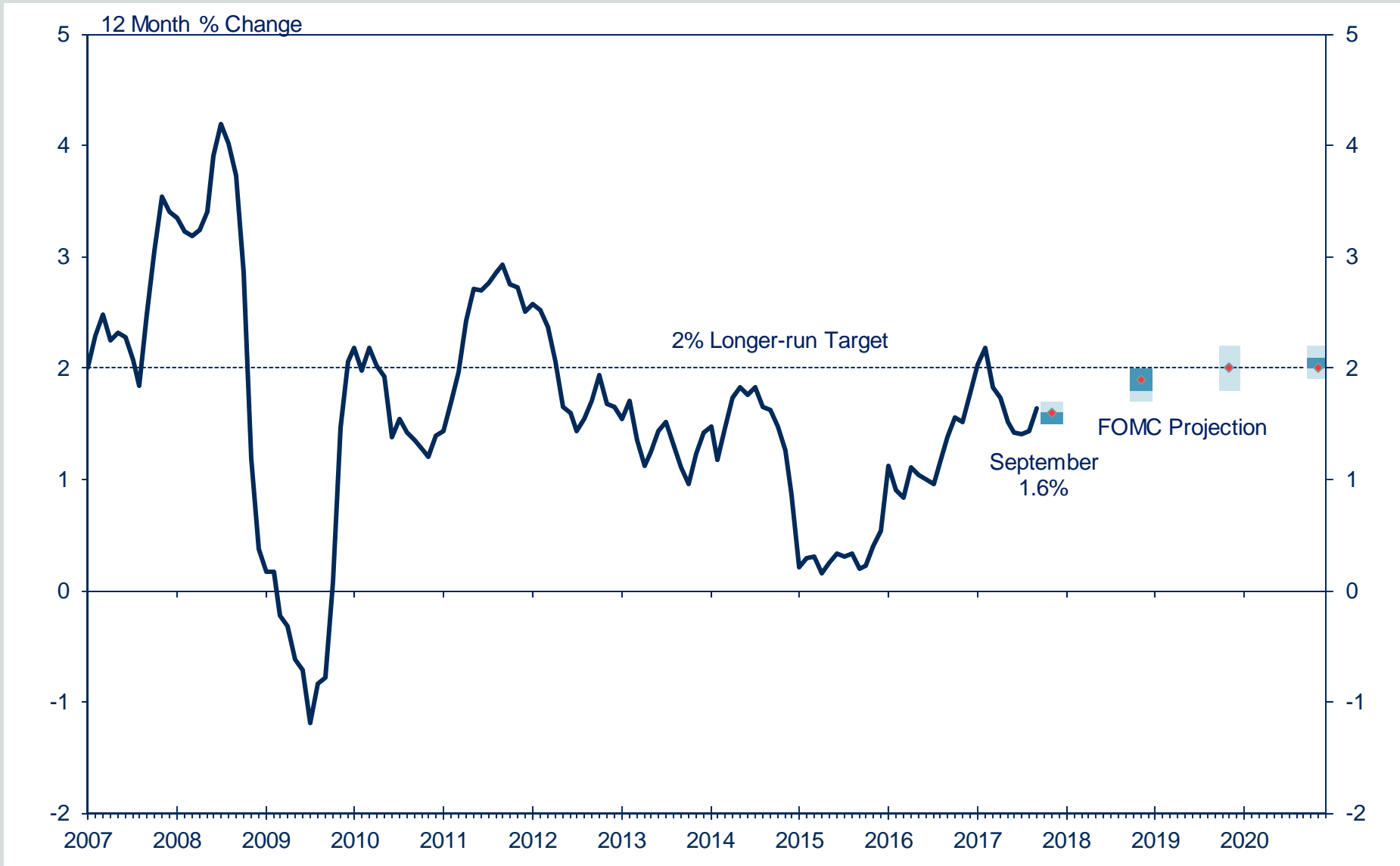
| Consumer Price Indexes | [Percent Change from Previous Month at Annual Rate]: | | |
|---------------------------------|--|-------------|--------------|
| | Sep. | Oct. | YoY % |
| All Items | 6.8 | 1.3 | 2.0 |
| Core (excludes Food and Energy) | 1.5 | 2.7 | 1.8 |

| Producer Price Indexes | [Percent Change from Previous Month at Annual Rate]: | | |
|---------------------------------|--|-------------|--------------|
| | Sep. | Oct. | YoY % |
| Finished Goods | 9.5 | 1.8 | 2.9 |
| Core (excludes Food and Energy) | 1.8 | 3.7 | 2.0 |
| Core Intermediate Goods | 1.9 | 10.4 | 3.8 |
| Crude Goods | -4.4 | 0.0 | 7.8 |

| Spot Commodity Price Index | [Percent Change from Previous Month]: | | |
|-----------------------------------|---------------------------------------|-------------|--------------|
| | Sep. | Oct. | YoY % |
| CRB Spot Commodity Price Index | -1.9 | 0.0 | 5.9 |

Notes: Core PCE Price Index includes expenditures on food services.

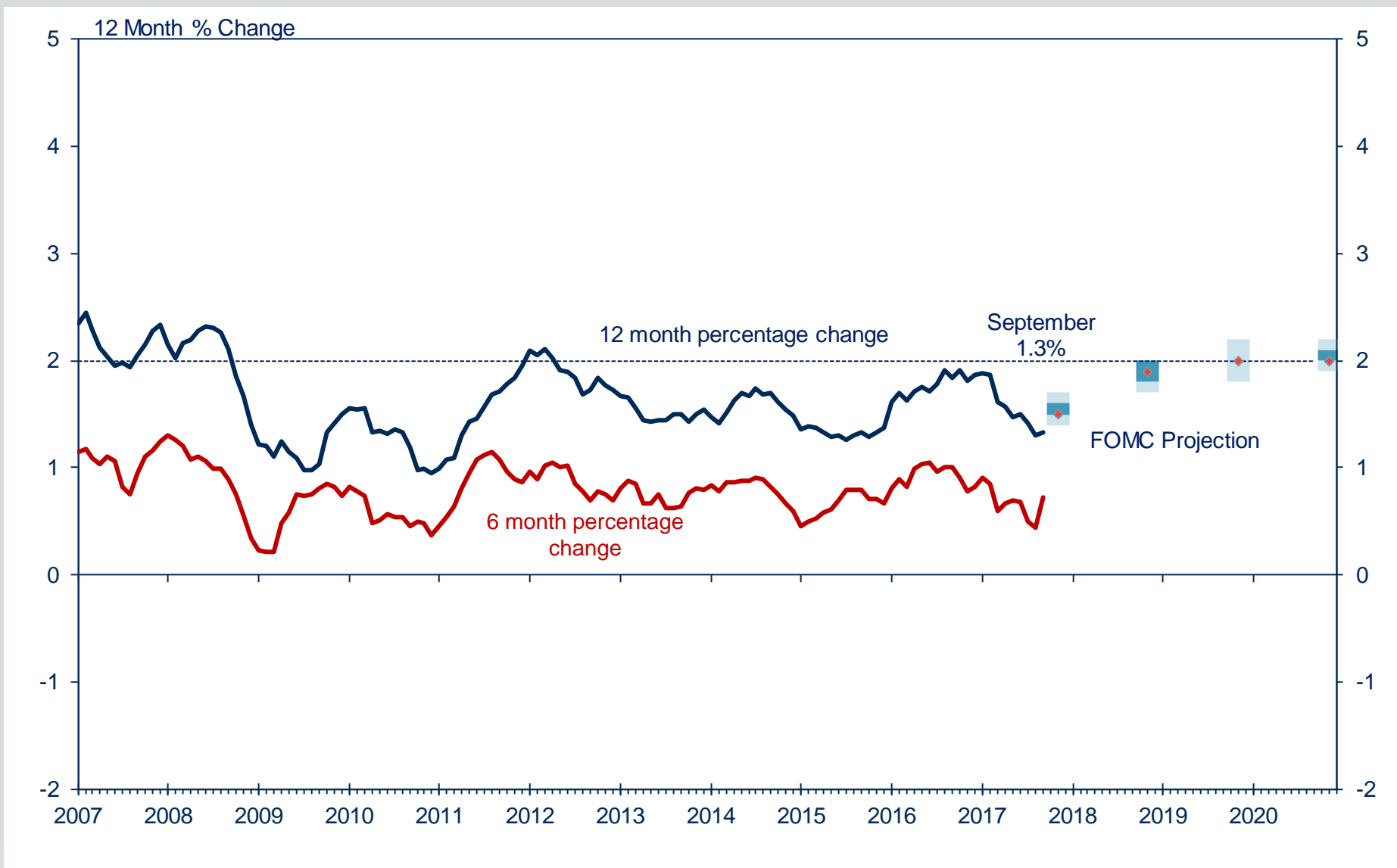
Personal Consumption Expenditure Price Index



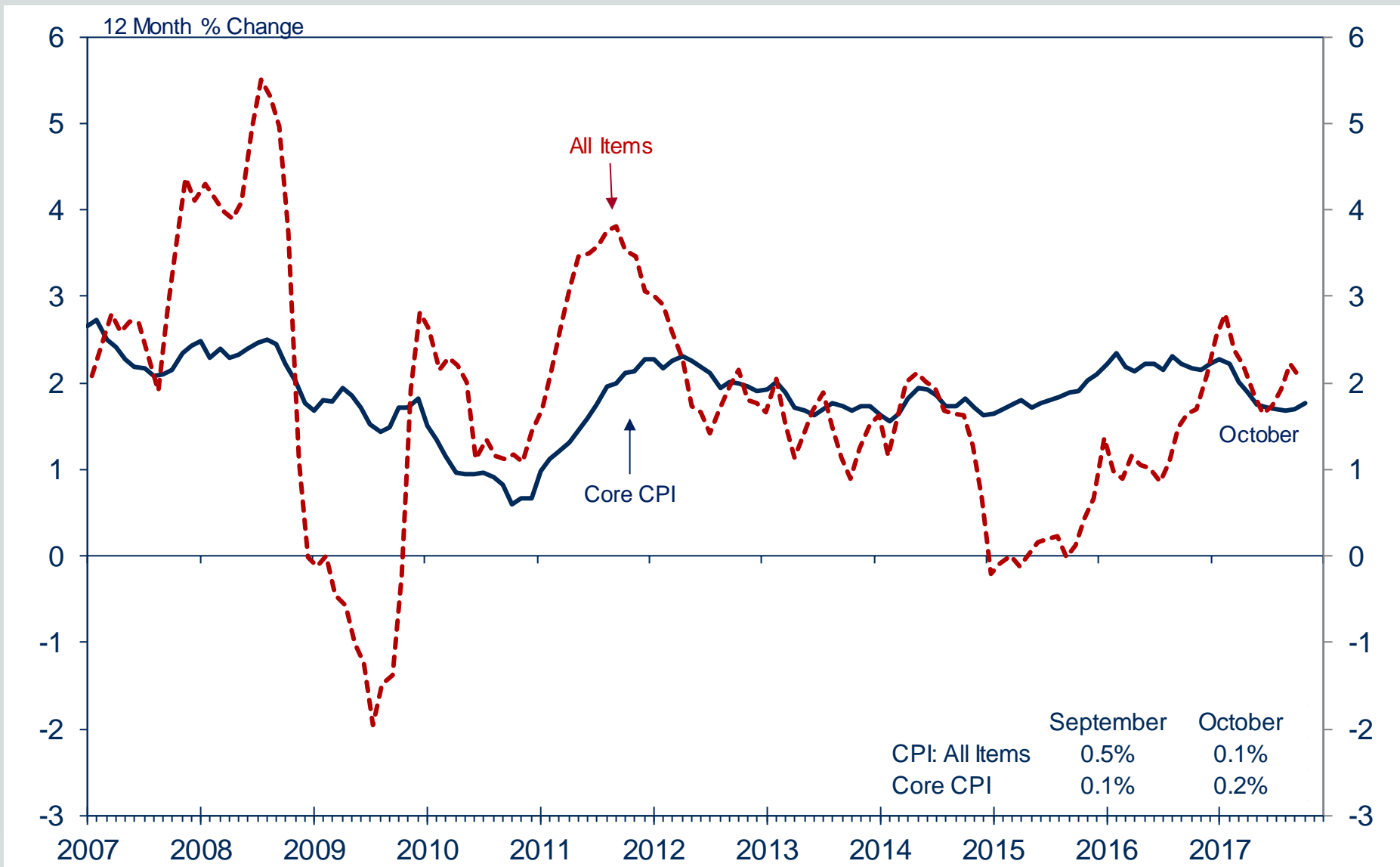
Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the September 2017 meeting. Red dots indicate median projections.

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics 44

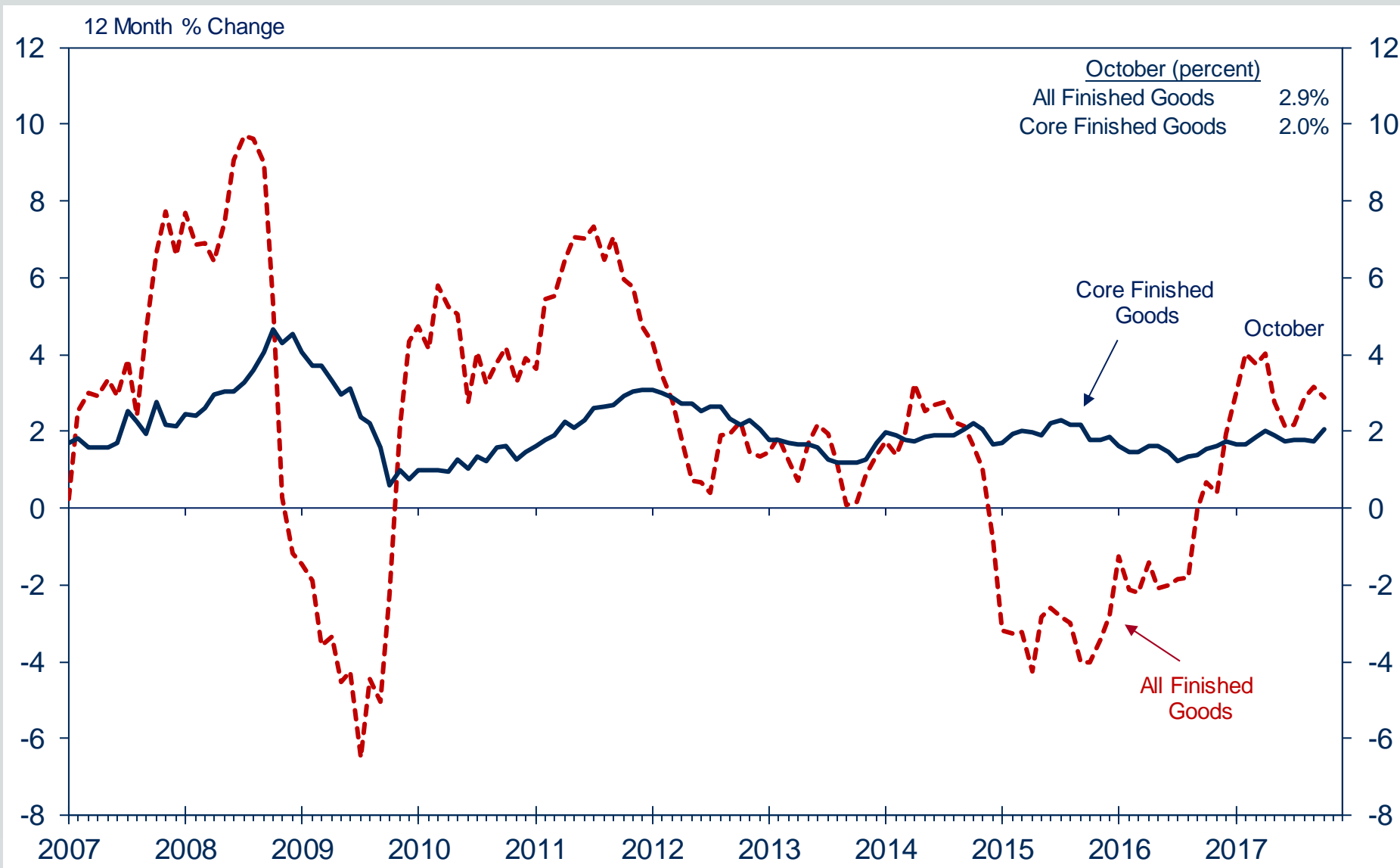
Core Personal Consumption Expenditure Price Index



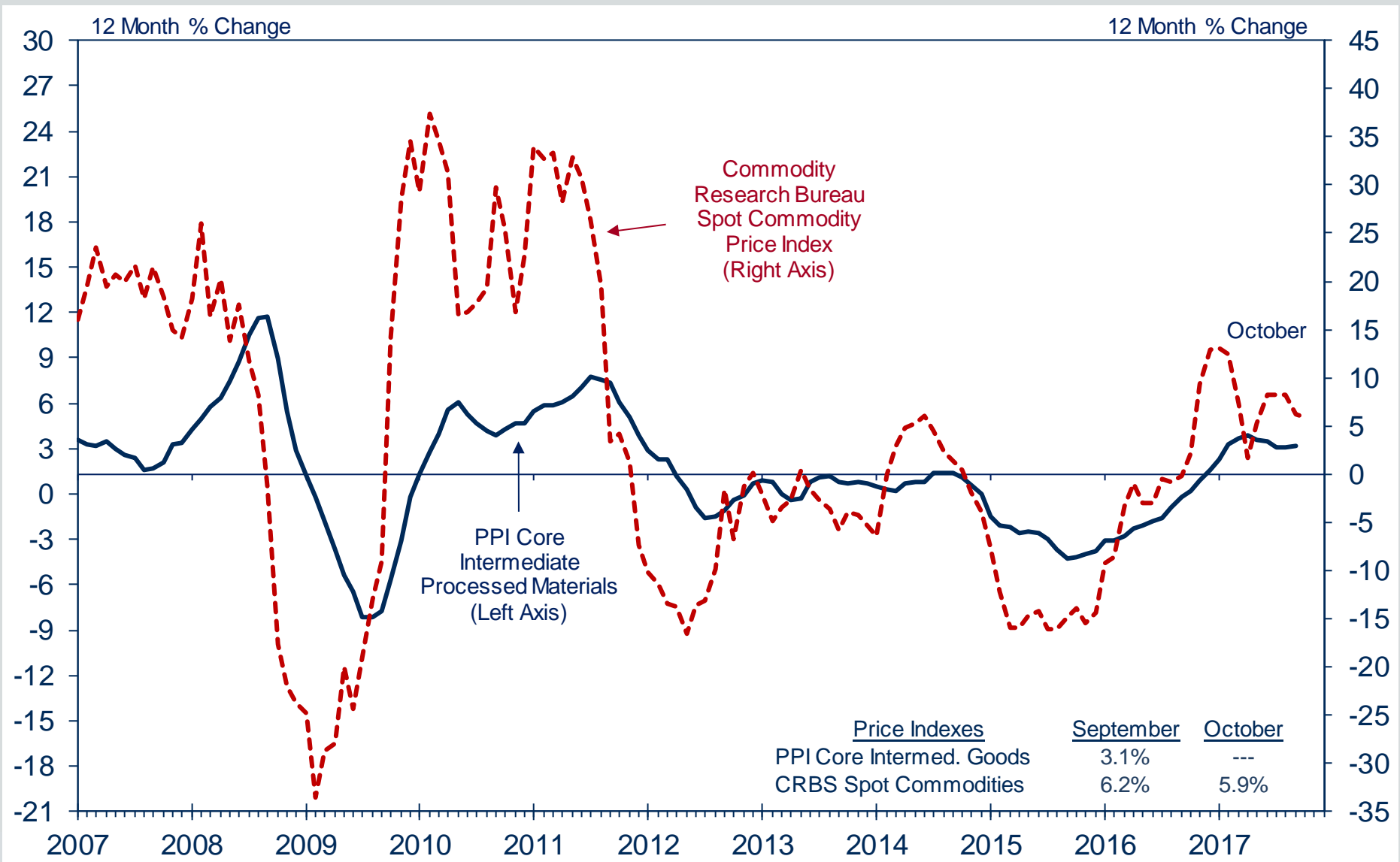
Consumer Price Indexes



Producer Price Indexes



Commodity Price Indexes



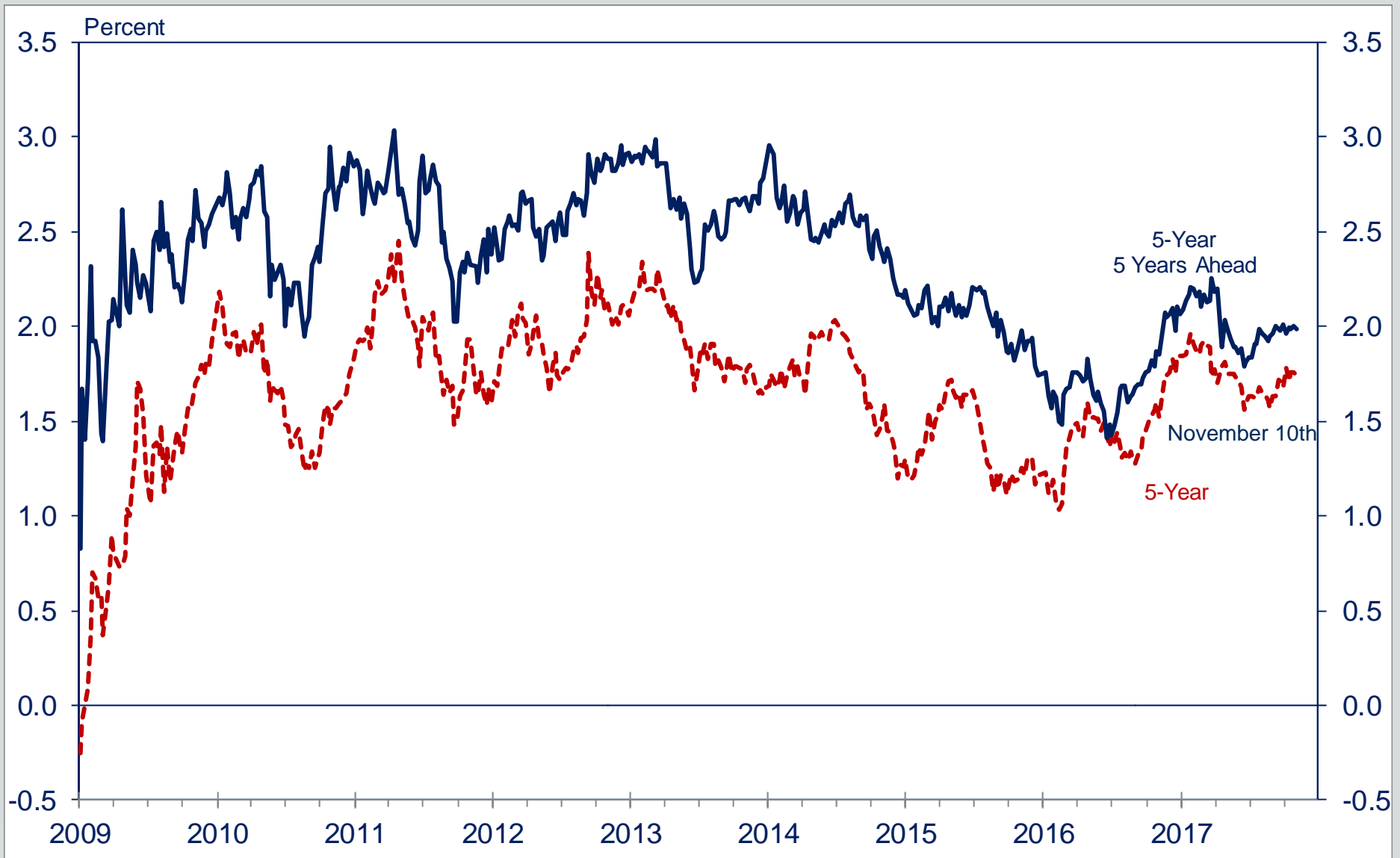
Crude Oil Prices



Notes: Spot and Futures Prices are for Brent Crude Oil.

Source: Financial Times & New York Mercantile Exchange via Haver Analytics & Bloomberg

TIPS Inflation Compensation

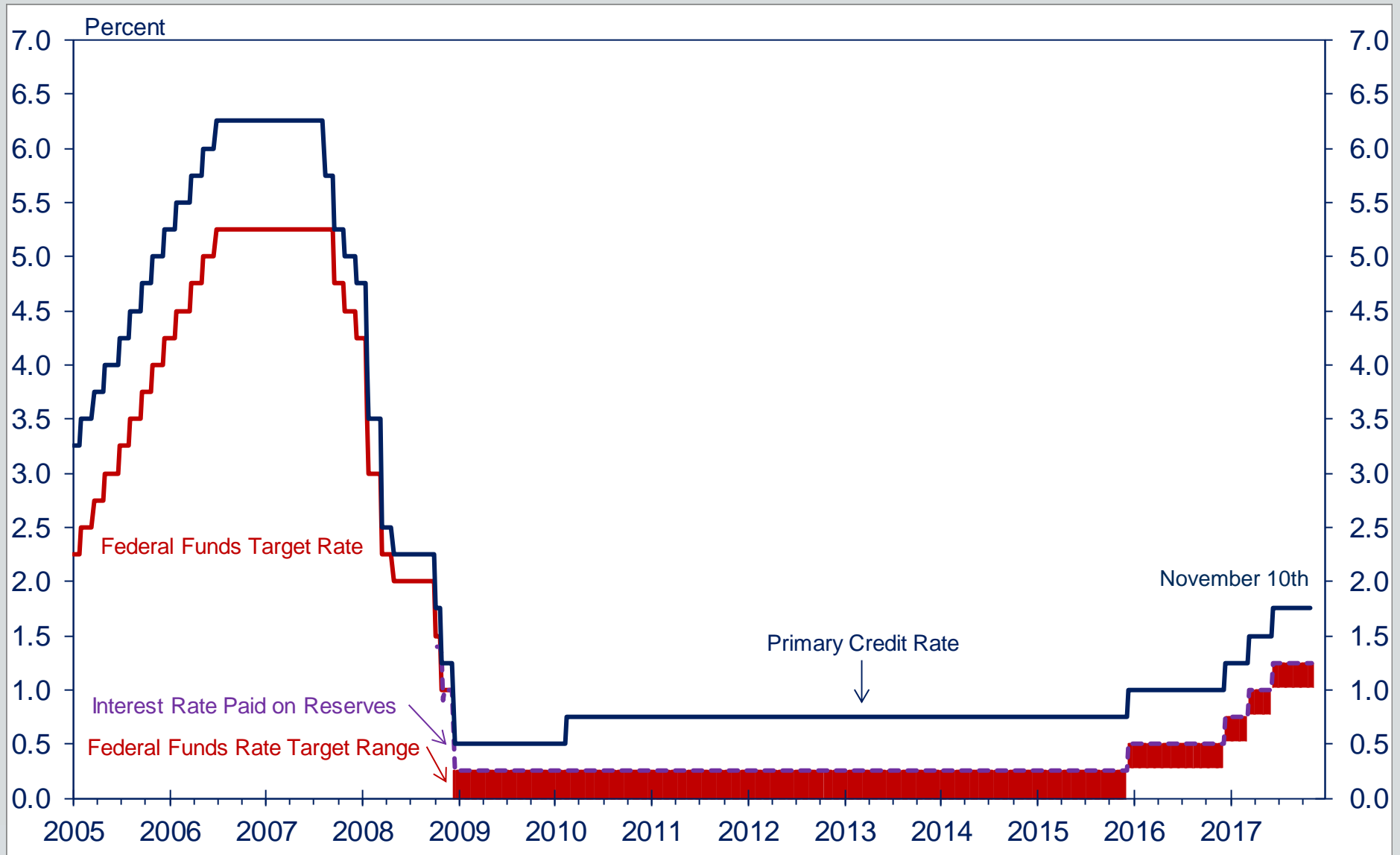


Federal Reserve System Assets

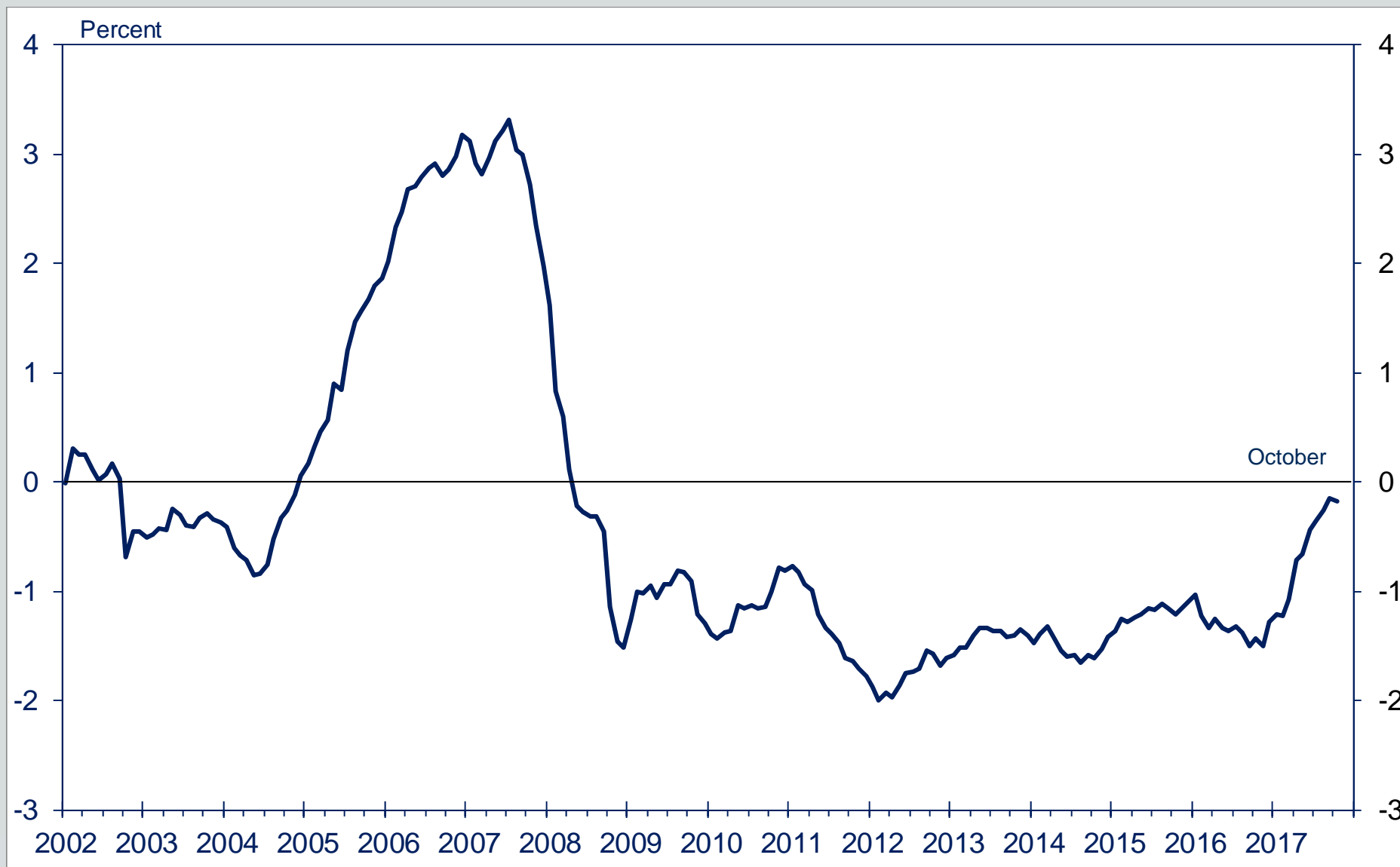


Note: Numbers may not add up due to rounding.

Monetary Policy Instruments



Real Federal Funds Rate



Note: The Real Federal Funds Rate is the difference between the effective Fed Funds rate and the lagged year-over-year change in the core PCE price index.

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics 53

FOMC Statement

November 2, 2017

Information received since the Federal Open Market Committee met in September indicates that the labor market has continued to strengthen and growth of economic activity has picked up from the modest pace seen in the first half of this year. Although the unemployment rate is little changed in recent months, job gains have been solid. Household spending has been rising moderately but business fixed investment has remained soft. Inflation has increased somewhat since earlier this year but is still below the Committee's 2 percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports. Market-based measures of inflation compensation have moved up but remain low; most survey-based measures of longer-term inflation expectations are little changed, on balance, in recent months.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market conditions will strengthen somewhat further. Inflation is expected to rise to 2 percent over the medium term as the transitory effects of past declines in energy and import prices dissipate and the labor market strengthens further. Near-term risks to the economic outlook appear roughly balanced. The Committee continues to closely monitor inflation indicators and global economic and financial developments.

Against this backdrop, the Committee decided to maintain the target range for the federal funds rate at 1/4 to 1/2 percent. The Committee judges that the case for an increase in the federal funds rate has continued to strengthen but decided, for the time being, to wait for some further evidence of continued progress toward its objectives. The stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation.

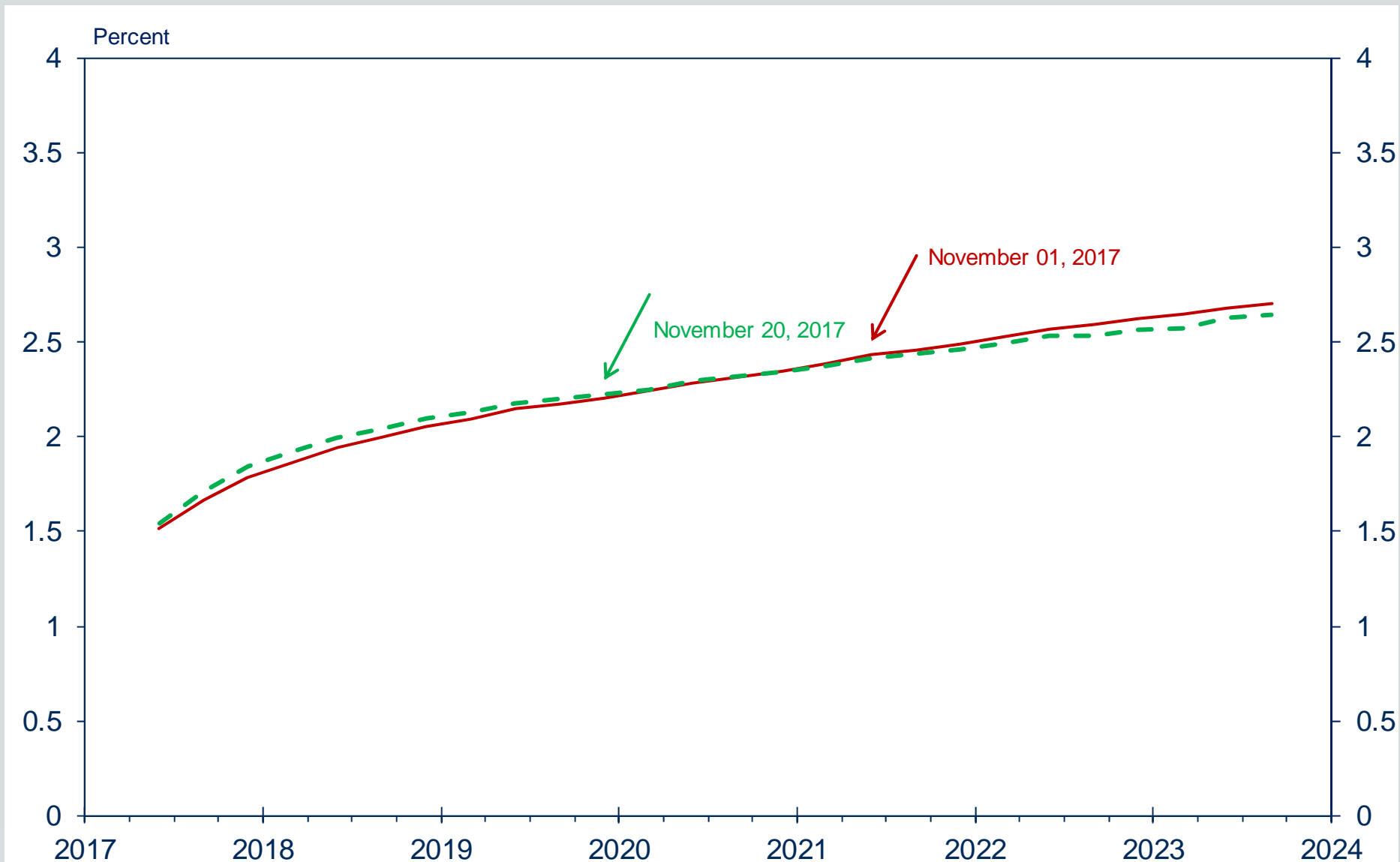
Continued...

In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. In light of the current shortfall of inflation from 2 percent, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

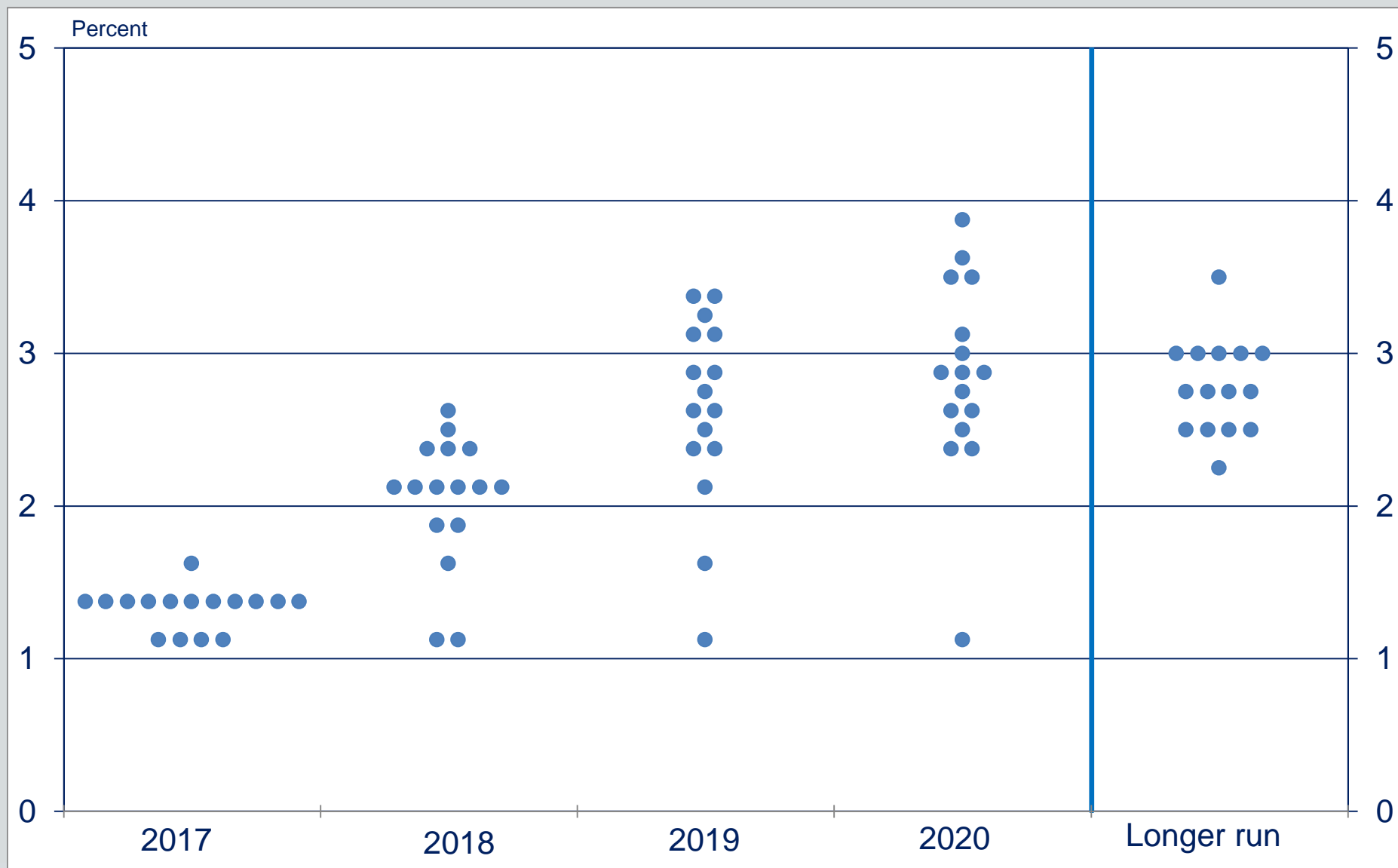
The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction, and it anticipates doing so until normalization of the level of the federal funds rate is well under way. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.

Voting for the FOMC monetary policy action were: Janet L. Yellen, Chair; William C. Dudley, Vice Chairman; Lael Brainard; James Bullard; Stanley Fischer; Jerome H. Powell; Eric Rosengren; and Daniel K. Tarullo. Voting against the action were: Esther L. George and Loretta J. Mester, each of whom preferred at this meeting to raise the target range for the federal funds rate to 1/2 to 3/4 percent.

Eurodollar Futures



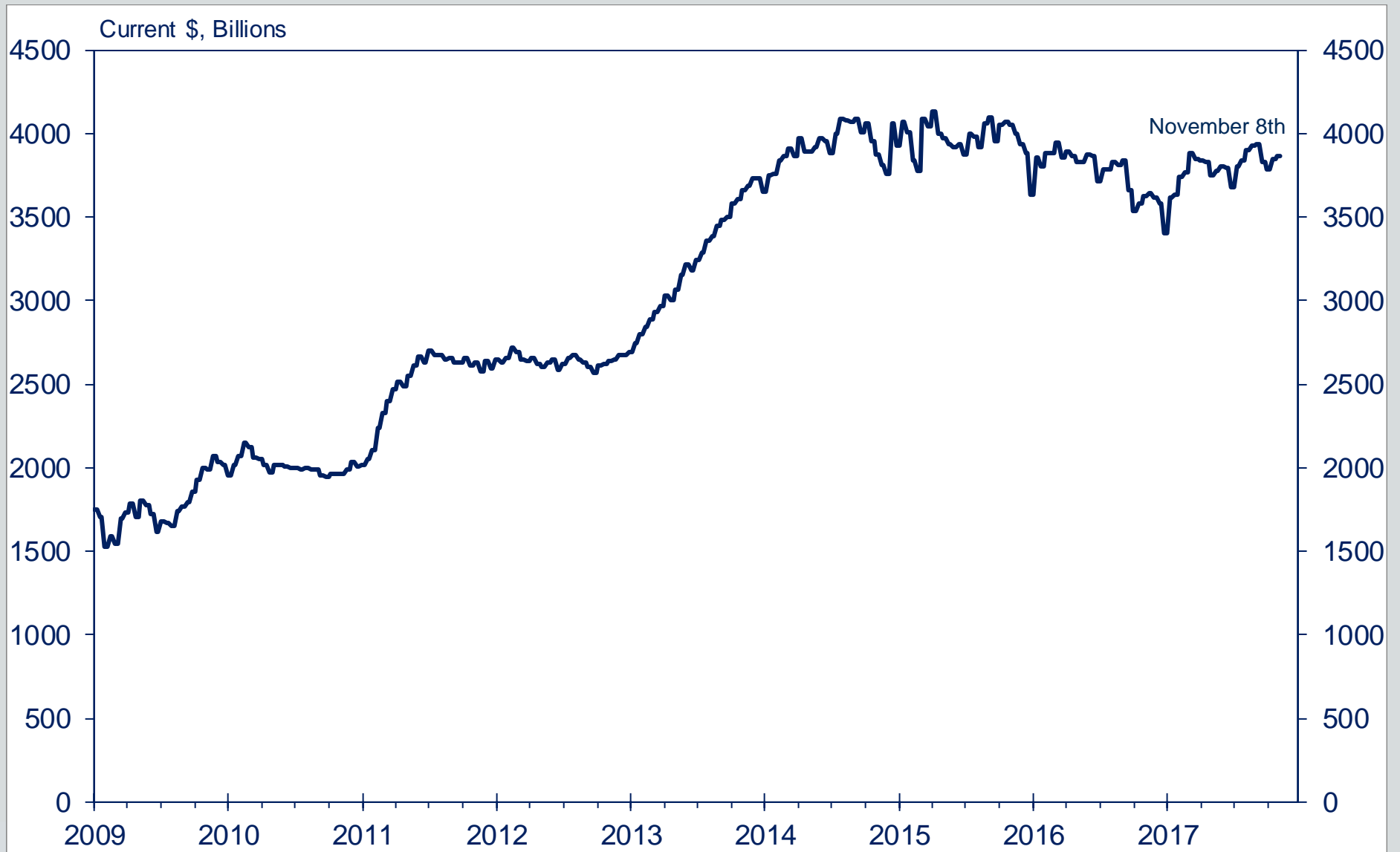
Summary of Economic Projections: Federal Funds Rate



Note: Each dot in the chart represents the value of an FOMC participant's judgment of the midpoint of the appropriate target range (or the appropriate target level) for the federal funds rate at the end of the calendar year. Projections made for the September 2017 meeting.

Source: Board of Governors

Monetary Base

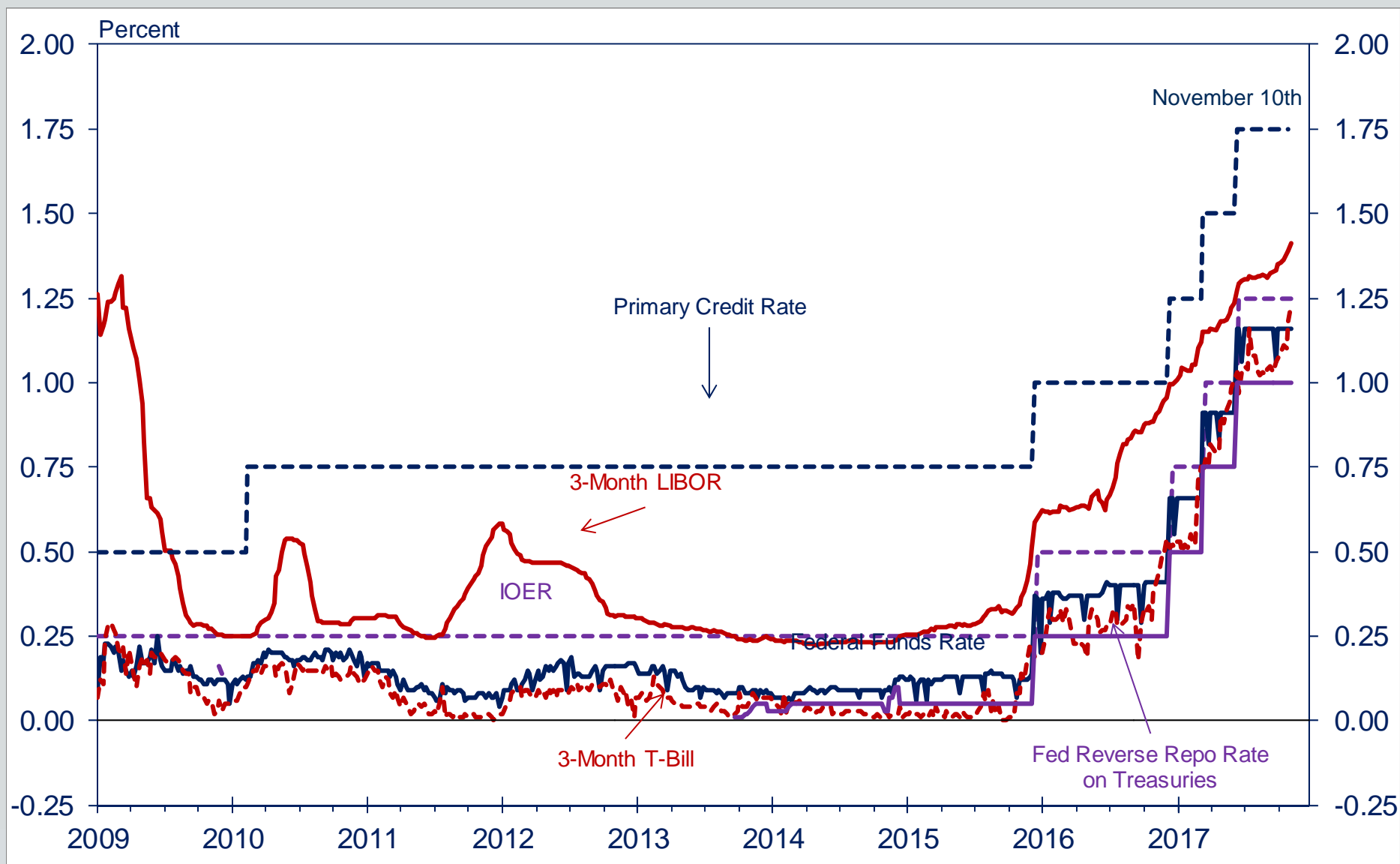


November 8th

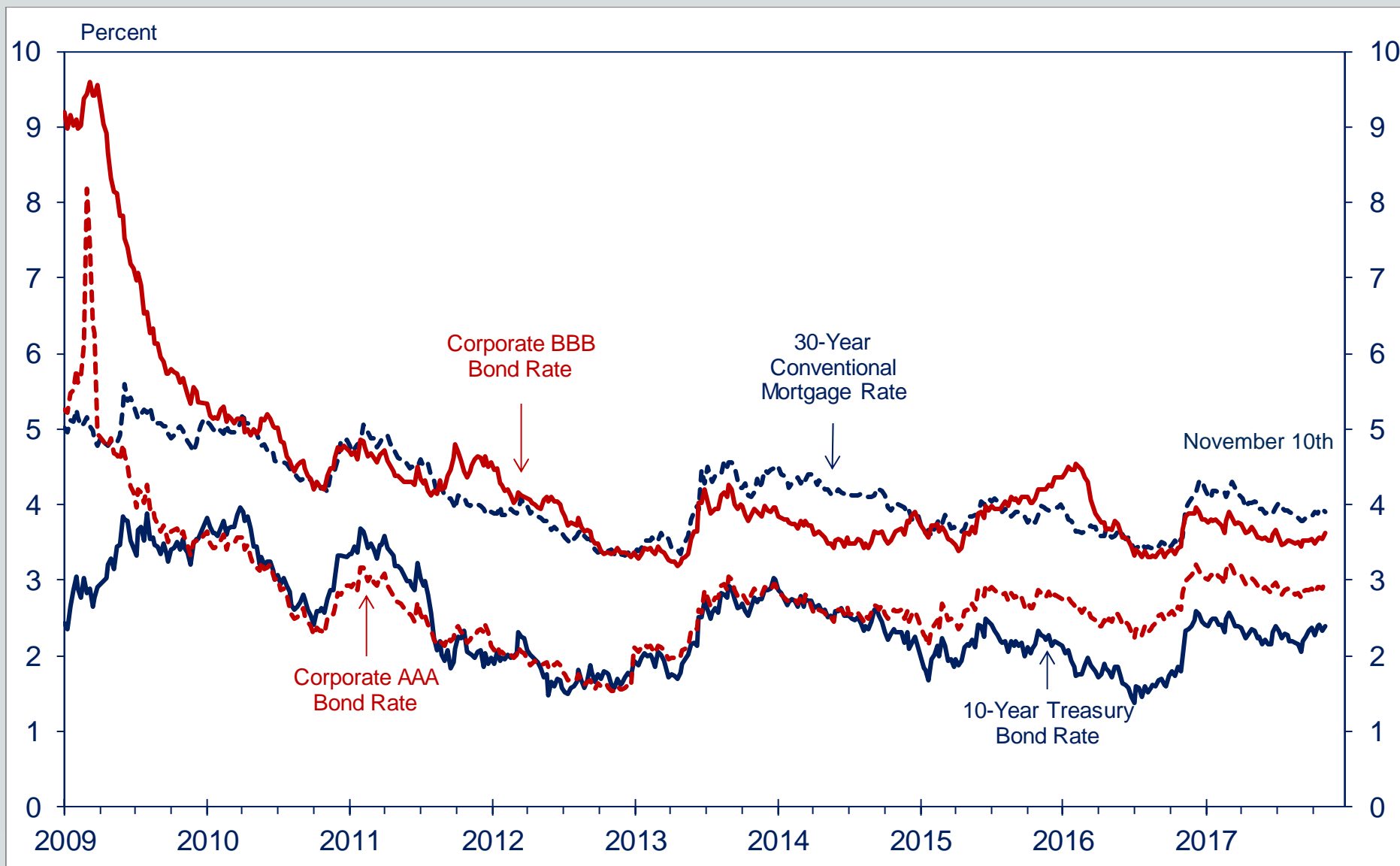
M2



Money Market Rates



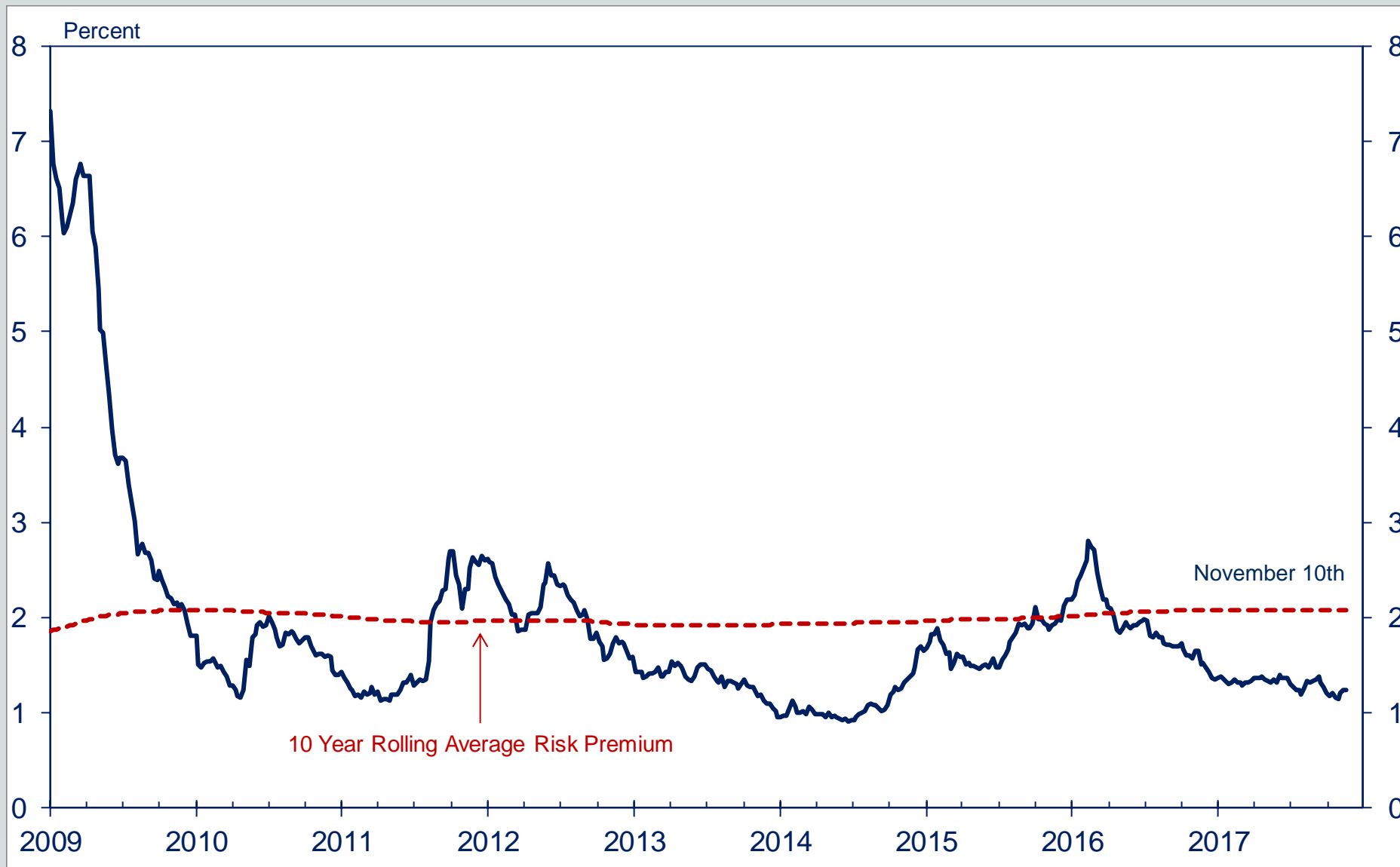
Capital Market Rates



Treasury Yield Curve



Risk Premium



Note: Risk Premium is defined as the difference in yields between BofA Merrill Lynch BBB and 10-year Treasury.

Source: BofA Merrill Lynch & Board of Governors via Haver Analytics 63