



FEDERAL RESERVE BANK *of* NEW YORK

US Macro Overview

March 5, 2019

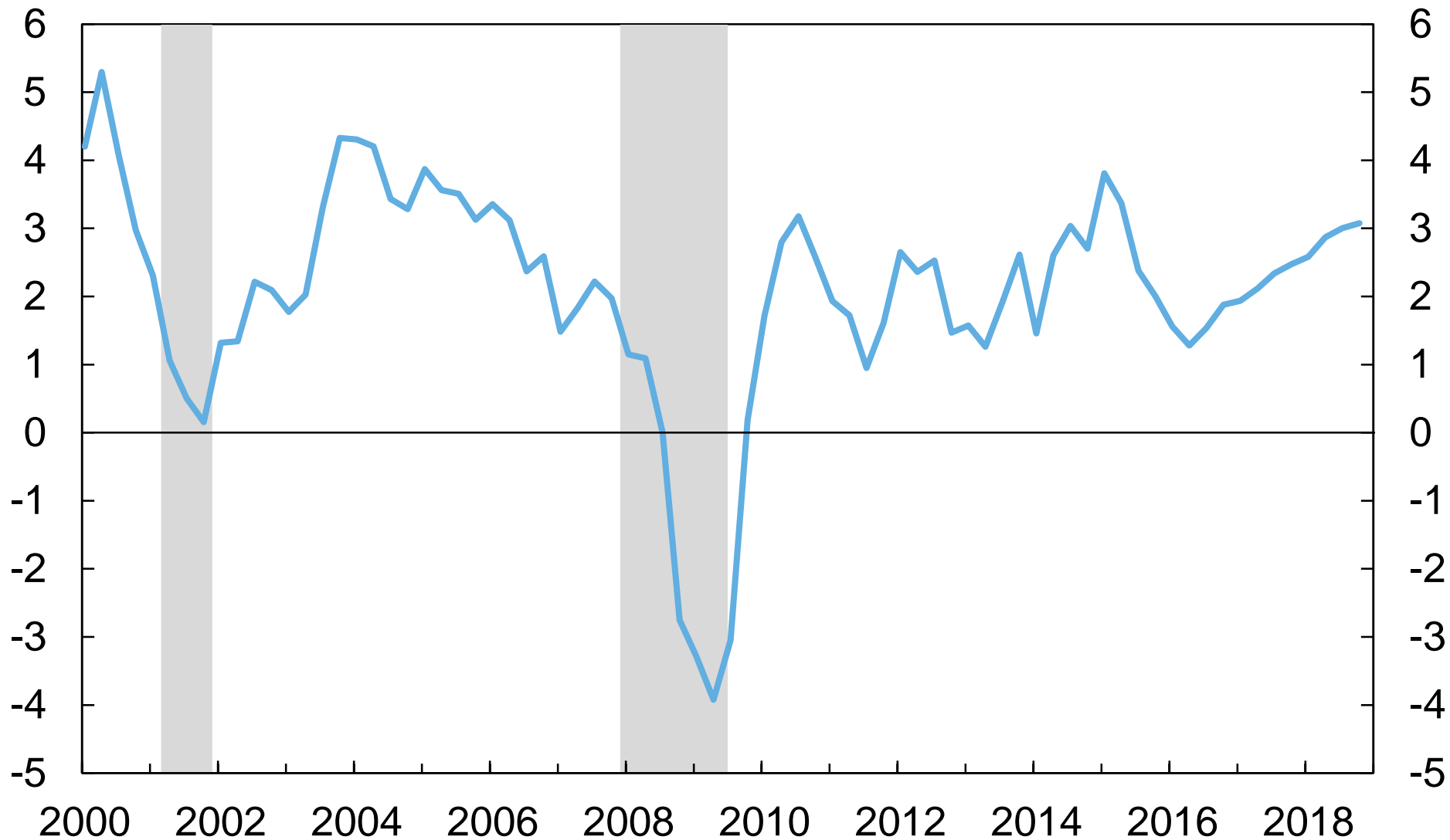
Overview

- Real GDP grew 3.1% in 2018, well above the economy's potential growth rate.
 - Labor markets continued to tighten while the rate of increase of wages and trend inflation moved higher.
- Growth of real GDP expected to slow in 2019, but there are a wide range of opinions about how much slowing will occur.
- We expect growth to slow from the 3.1% (Q4/Q4) but to remain above the economy's potential growth rate (around 1 $\frac{3}{4}$ %), leading to further tightening of labor markets and some gradual increase in the underlying inflation rate.

Growth of Real GDP

Four Quarter Percent Change

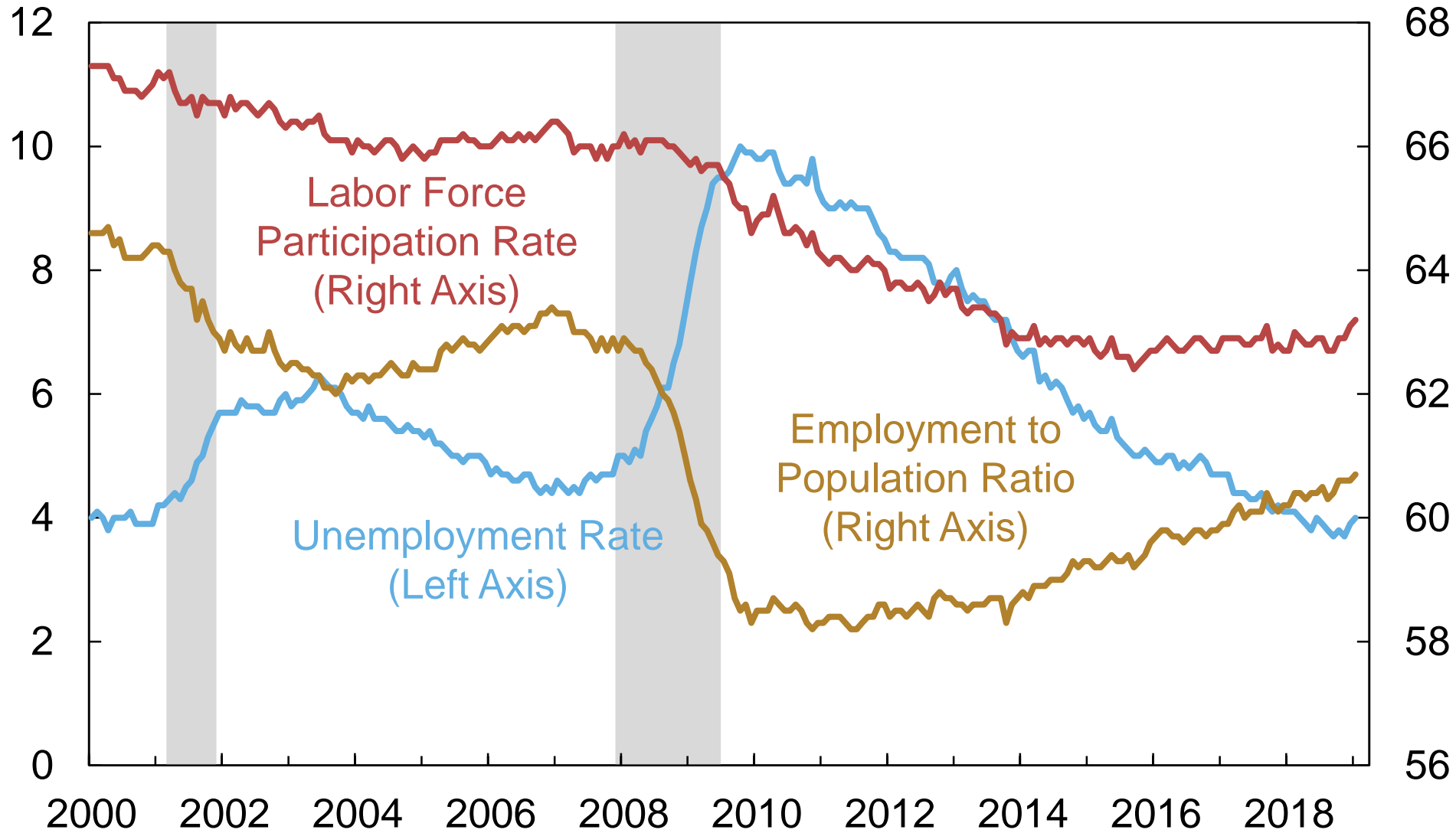
Four Quarter Percent Change



Labor Market Indicators

Percent

Percent



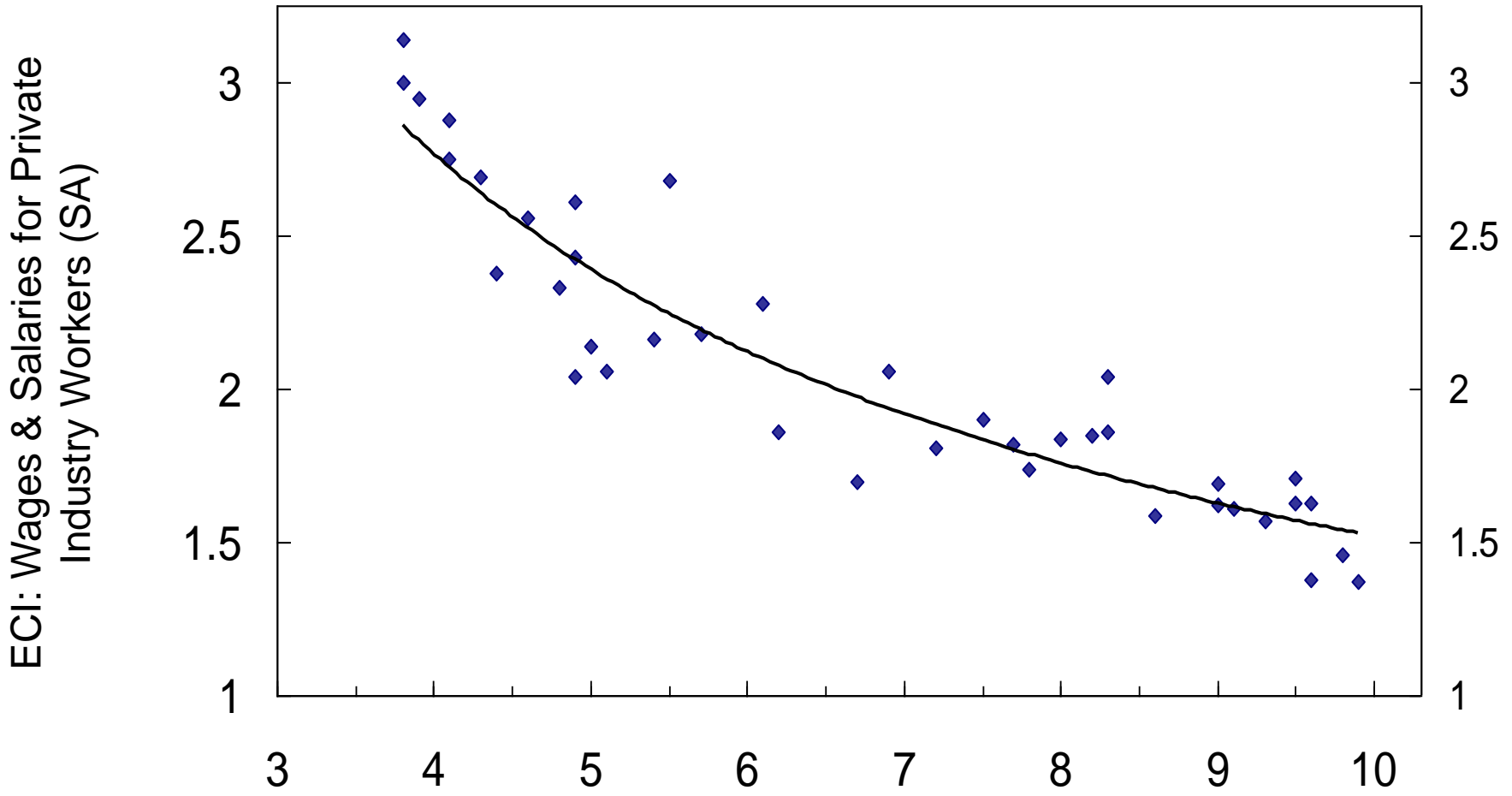
Source: Bureau of Labor Statistics
via Haver Analytics

Note: Shading shows NBER recessions.

Employment Cost Index and the Unemployment Rate

% Change, Year to Year

% Change, Year to Year



Civilian Unemployment Rate: 16 yr + (SA, %)

4

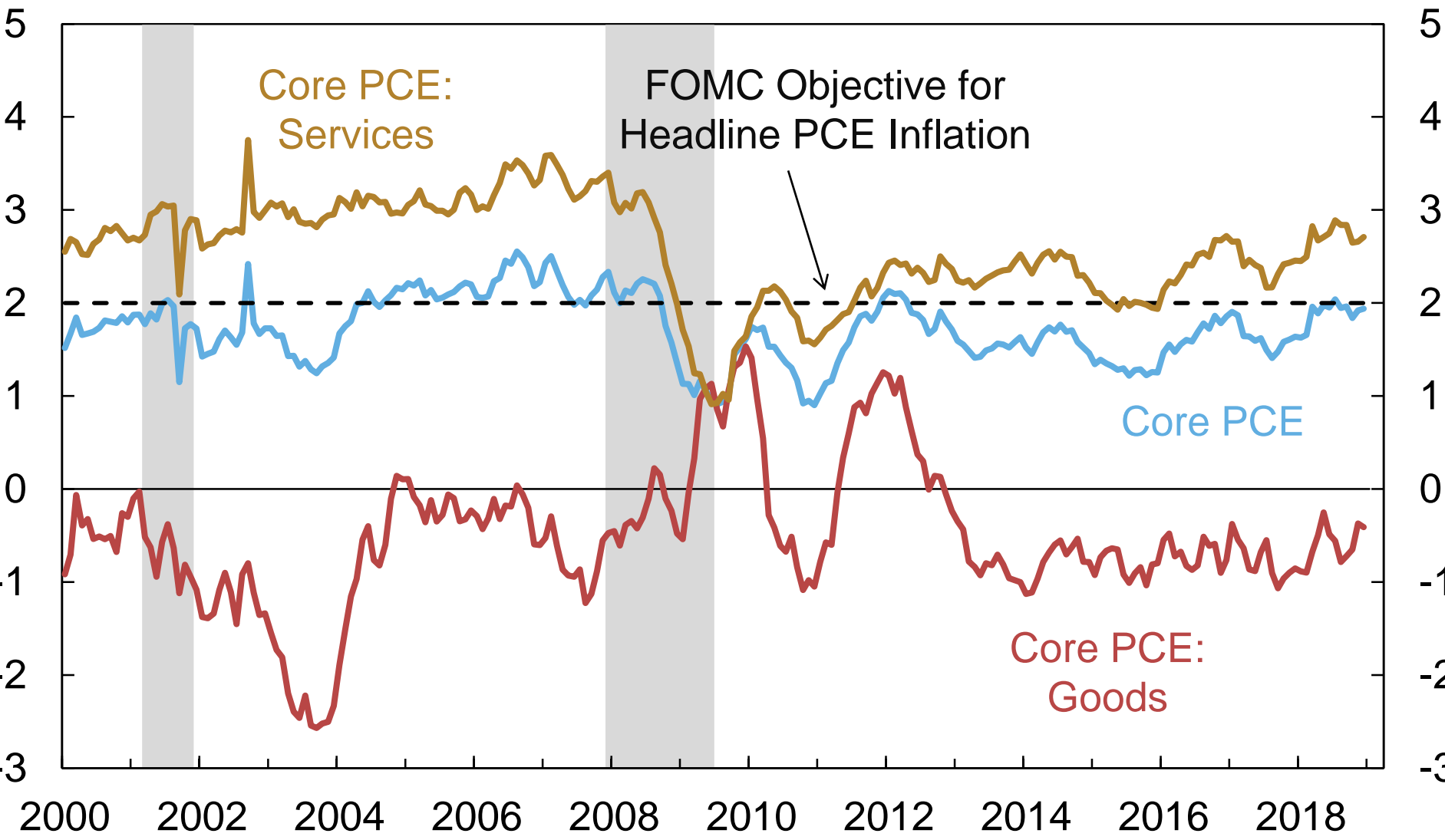
Note: Data reported quarterly from Q1-2009 to Q4-2018

Source: Bureau of Labor Statistics

Measure of Underlying PCE Price Inflation

12 Month % Change

12 Month % Change



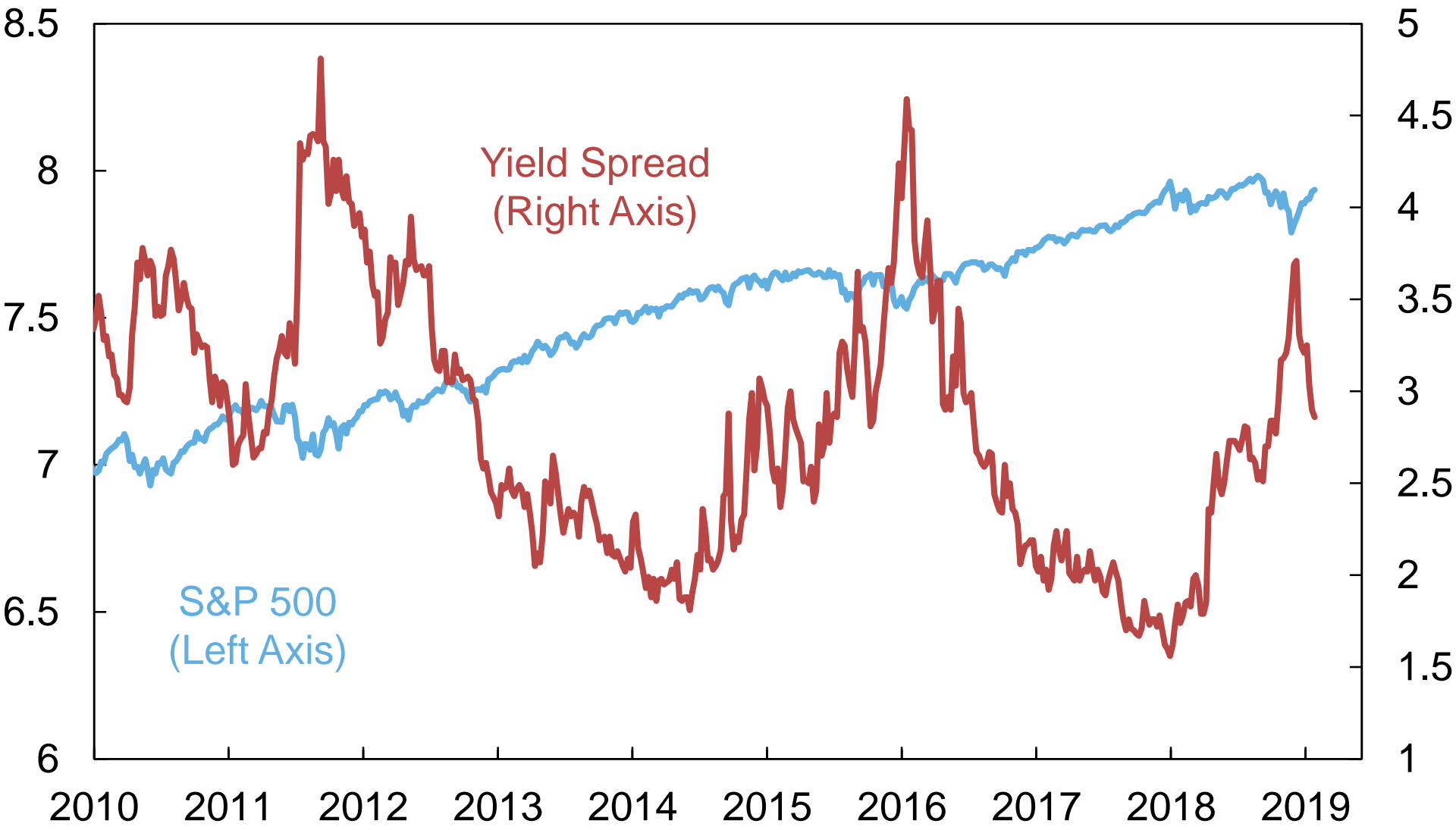
Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions. 5

S&P 500 and 10Yr BB+ – 10Yr AAA Industrial Bonds Spread

Log Index, 1941-43=10

Percentage Points

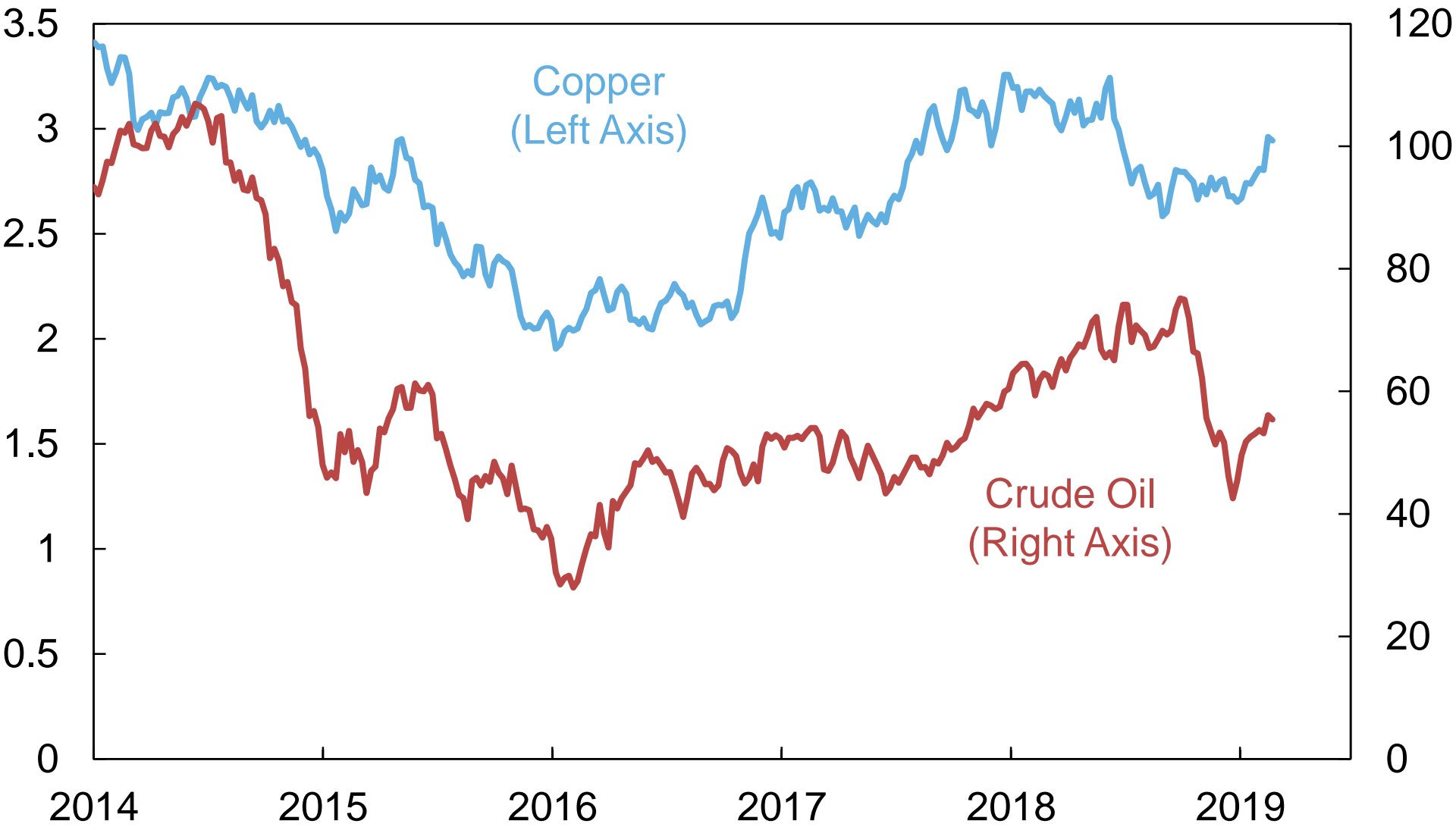


Source: Wall Street Journal and Standard & Poor's Global Fixed Income Research via Haver Analytics.

Spot Prices for Copper and Crude Oil

Dollar per Pound

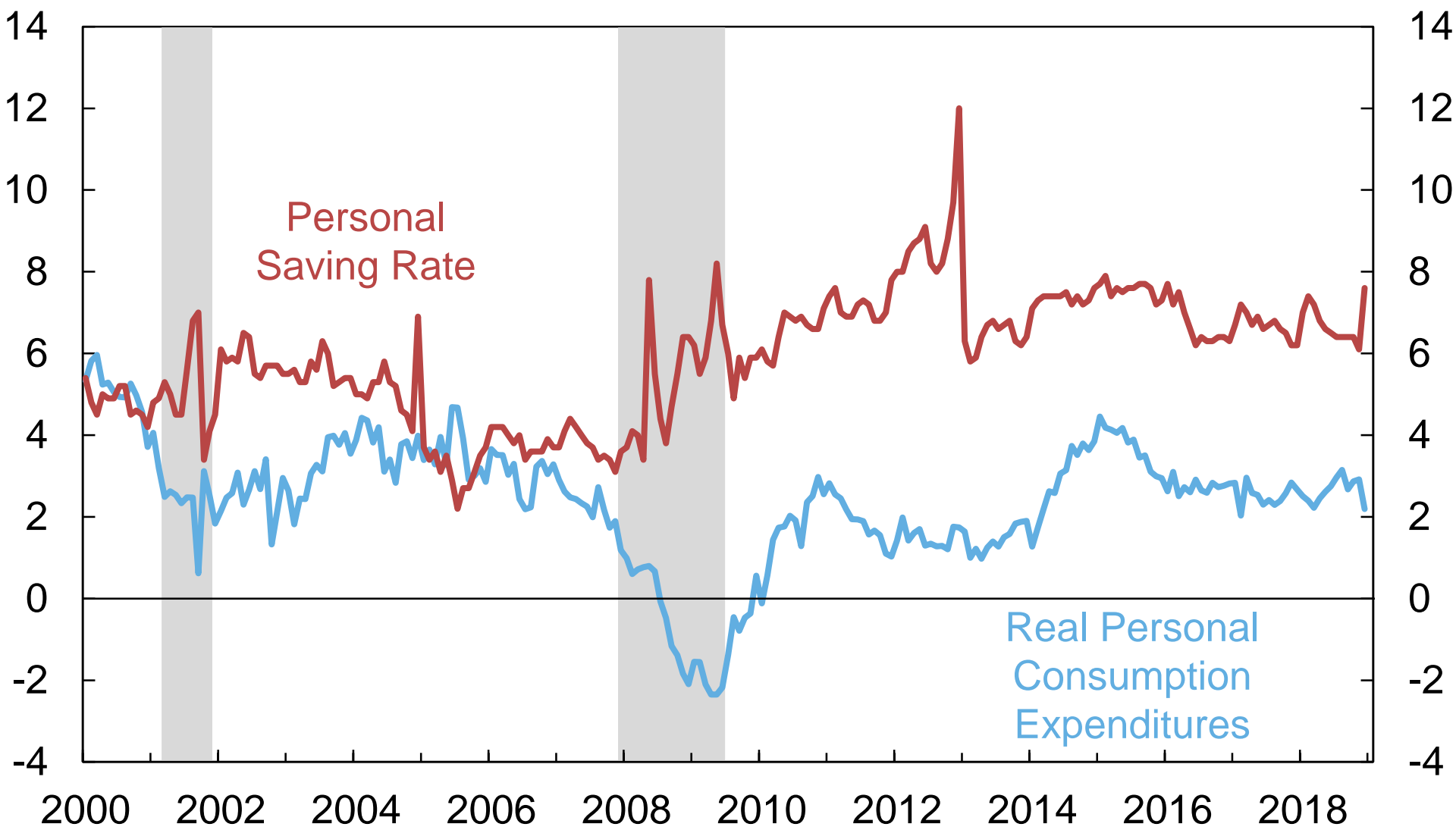
Dollar Per Barrel



Source: Wall Street Journal and EIA/Chicago Mercantile Exchange via Haver Analytics.

Real Consumer Spending and the Personal Saving Rate

12 Month % Change



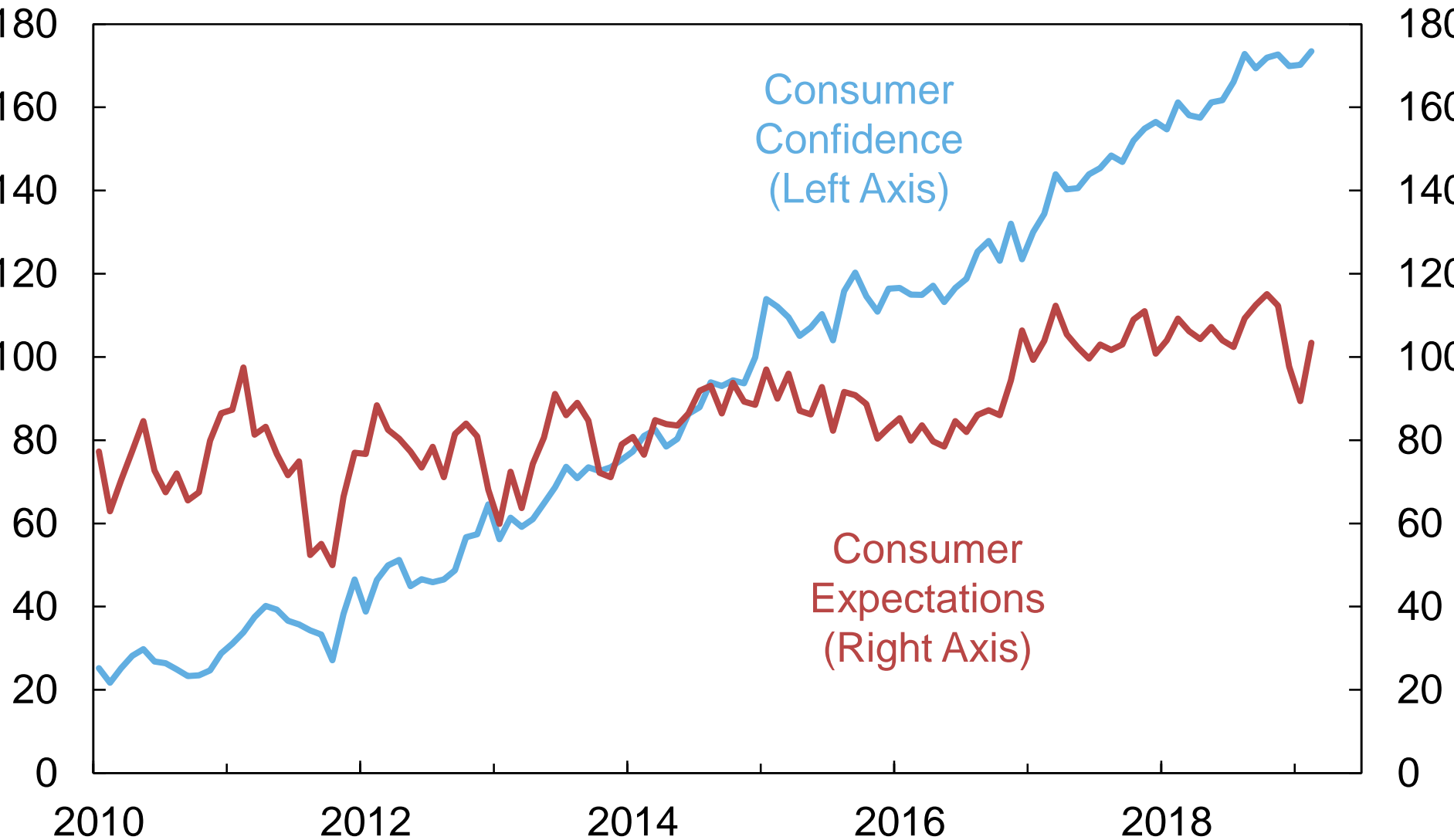
Source: Bureau of Economic Analysis, Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Consumer Confidence and Expectations

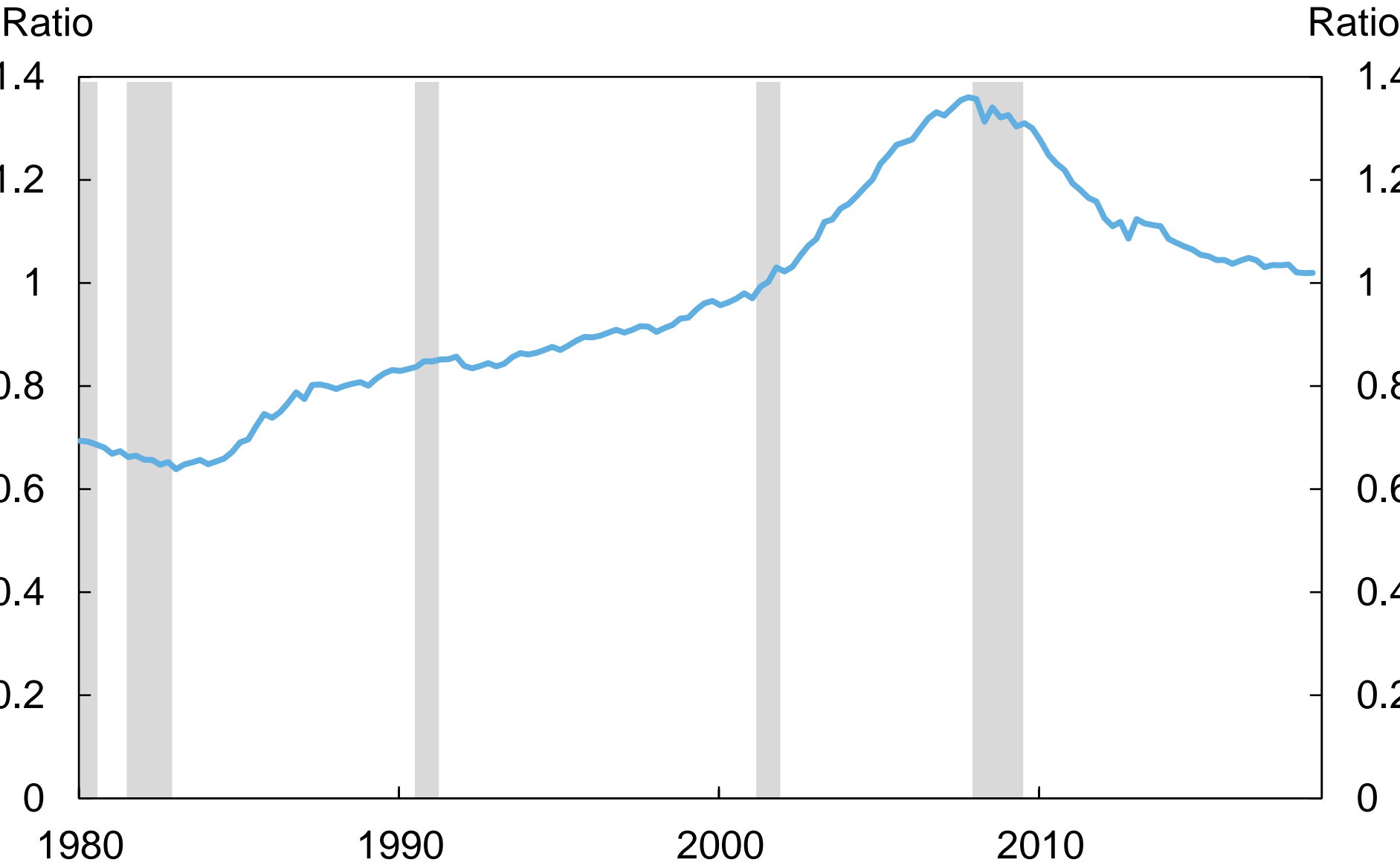
Index, 1985=100

Index, 1985=100



Source: The Conference Board via Haver Analytics.

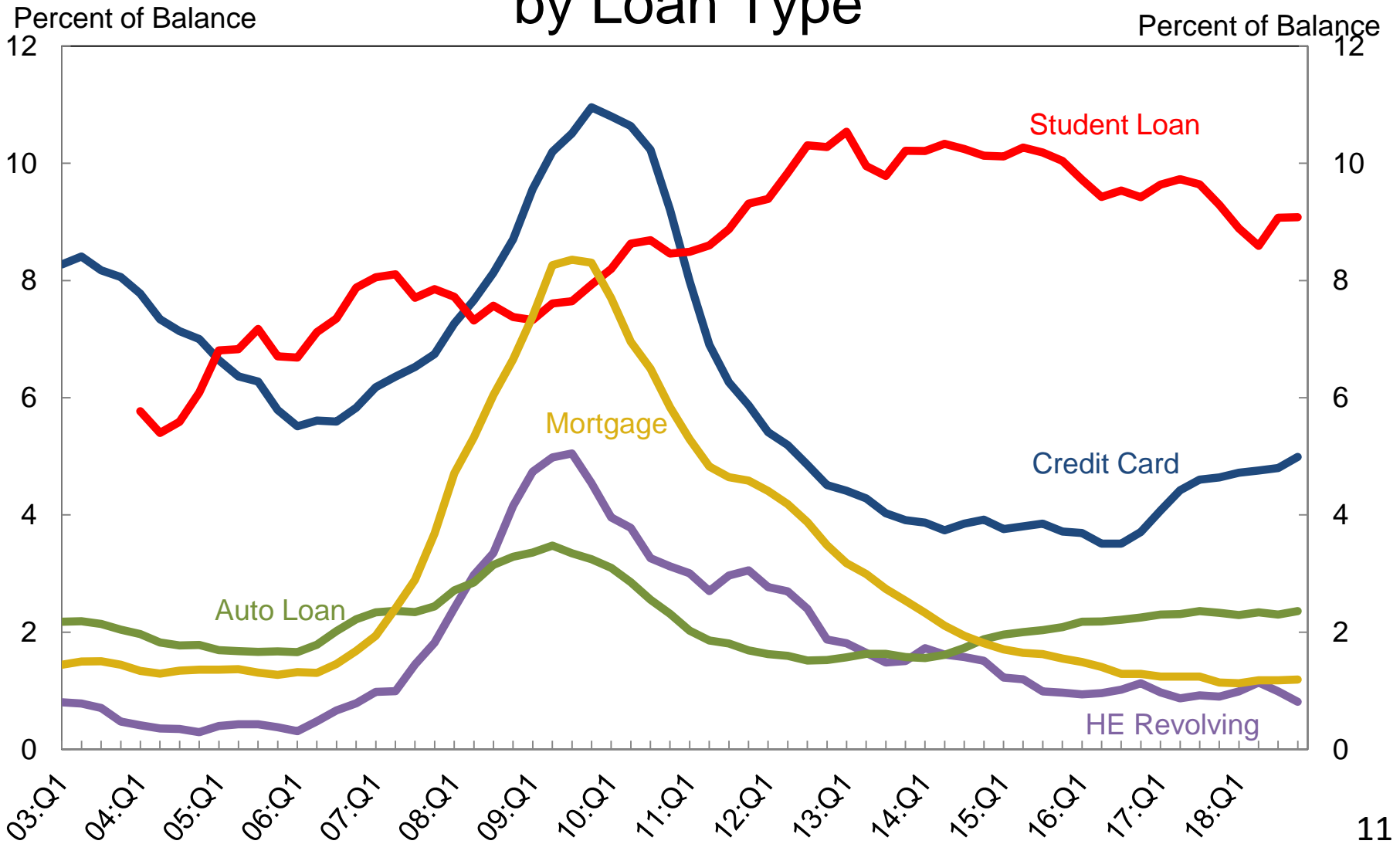
Household Liabilities over Disposable Income



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

Note: Shading shows NBER recessions.

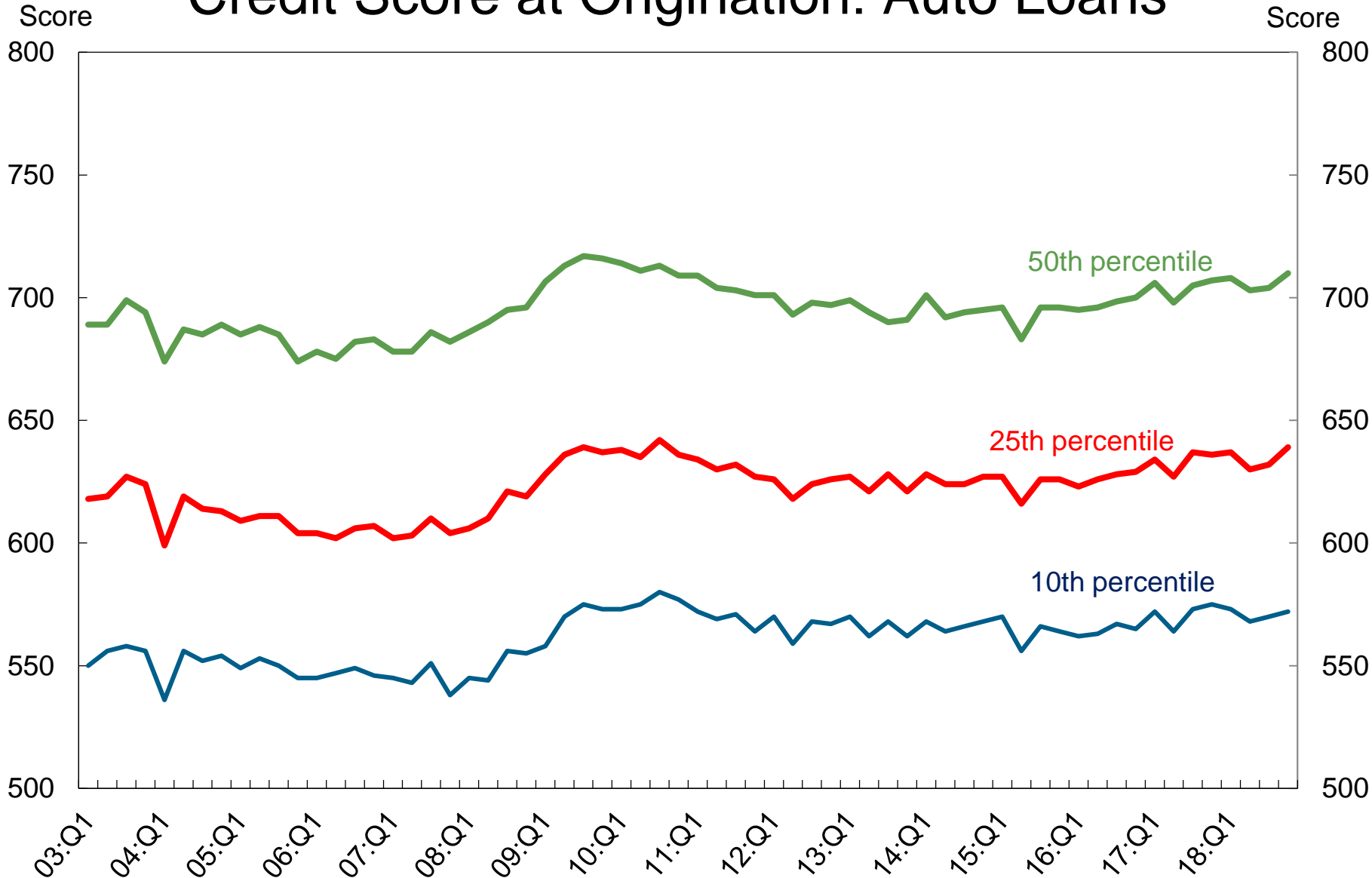
Transition into Serious Delinquency (90+) by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

Note: 4 Quarter Moving Sum
 Student loan data are not reported prior to 2004 due to uneven reporting

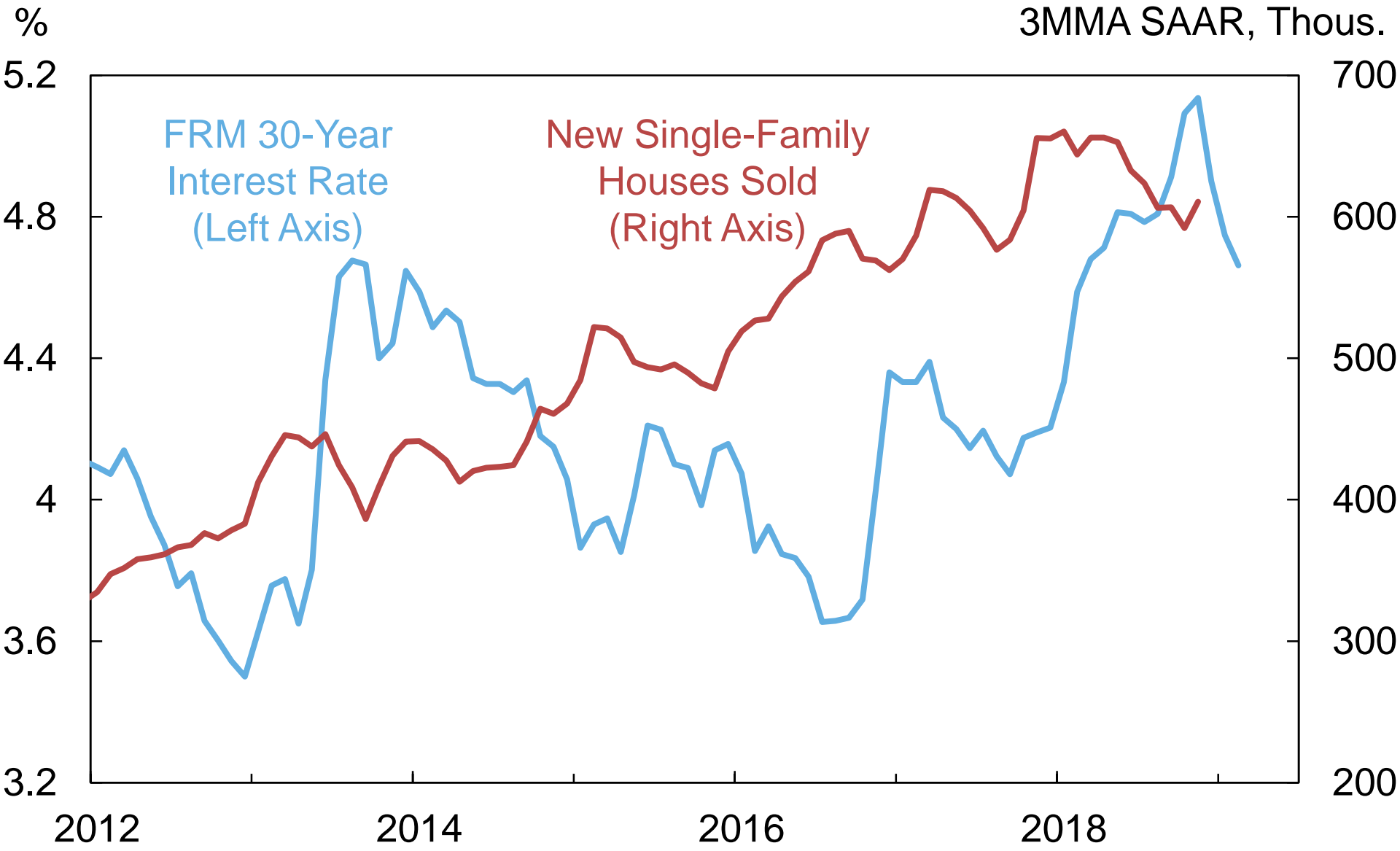
Credit Score at Origination: Auto Loans*



Source: New York Fed Consumer Credit Panel/Equifax

* Credit Score is Equifax Riskscore 3.0

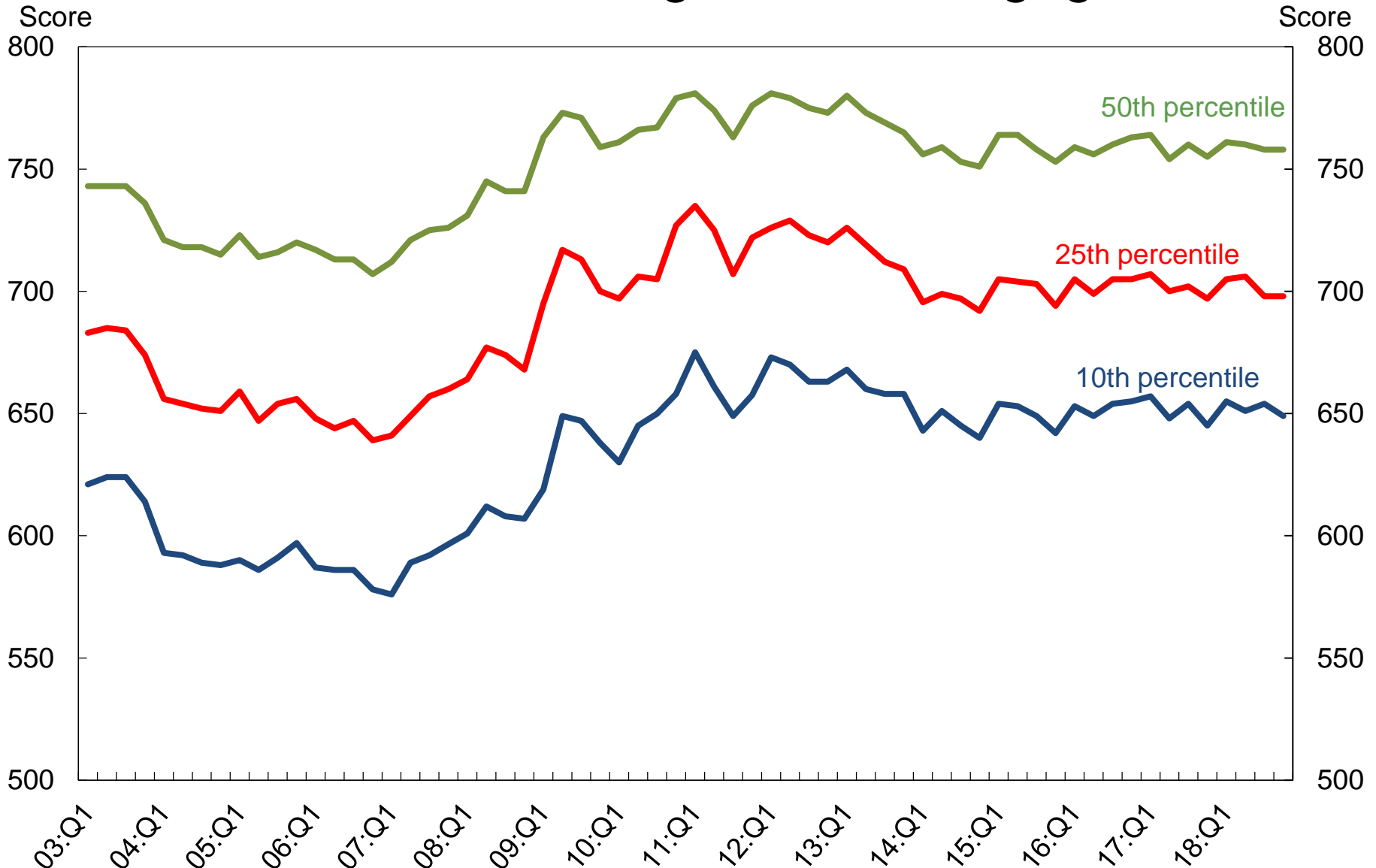
Mortgage Rates and New Single-Family Home Sales



Source: Mortgage Bankers Association, US Census Bureau via Haver Analytics

Percent Change in New Home Sales by Region and Price Range					
2017Q4 to 2018Q3					
	<u>US</u>	<u>NE</u>	<u>MW</u>	<u>S</u>	<u>W</u>
Total	-7.4%	-28.2%	0.0%	-4.8%	-11.0%
Price Range					
Up to \$200K	2.3%	N/A	-11.1%	5.8%	-1.1%
\$200K to \$300K	-1.9%	-46.2%	18.5%	1.1%	-15.2%
\$300K to \$500K	-7.5%	7.7%	24.4%	-12.5%	-6.0%
Over \$500K	-20.6%	-13.8%	-11.1%	-2.4%	-23.9%
2016Q2 to 2017Q1					
	<u>US</u>	<u>NE</u>	<u>MW</u>	<u>S</u>	<u>W</u>
Total	10.3%	19.2%	14.8%	6.3%	15.1%
Price Range					
Up to \$200K	-8.3%	N/A	-19.6%	-12.1%	12.4%
\$200K to \$300K	11.7%	-40.4%	17.2%	15.2%	12.4%
\$300K to \$500K	9.8%	19.2%	14.8%	3.8%	18.0%
Over \$500K	25.6%	19.2%	167.9%	31.4%	12.4%
2013Q1 to 2013Q4					
	<u>US</u>	<u>NE</u>	<u>MW</u>	<u>S</u>	<u>W</u>
Total	-1.0%	-15.5%	-2.2%	14.6%	-23.8%
Price Range					
Up to \$200K	-11.2%	12.6%	-21.7%	5.4%	-71.0%
\$200K to \$300K	-10.2%	-43.7%	-18.5%	10.6%	-32.2%
\$300K to \$500K	10.1%	-24.9%	46.8%	38.3%	-15.5%
Over \$500K	20.1%	12.6%	95.7%	38.3%	16.2%

Credit Score at Origination: Mortgages*



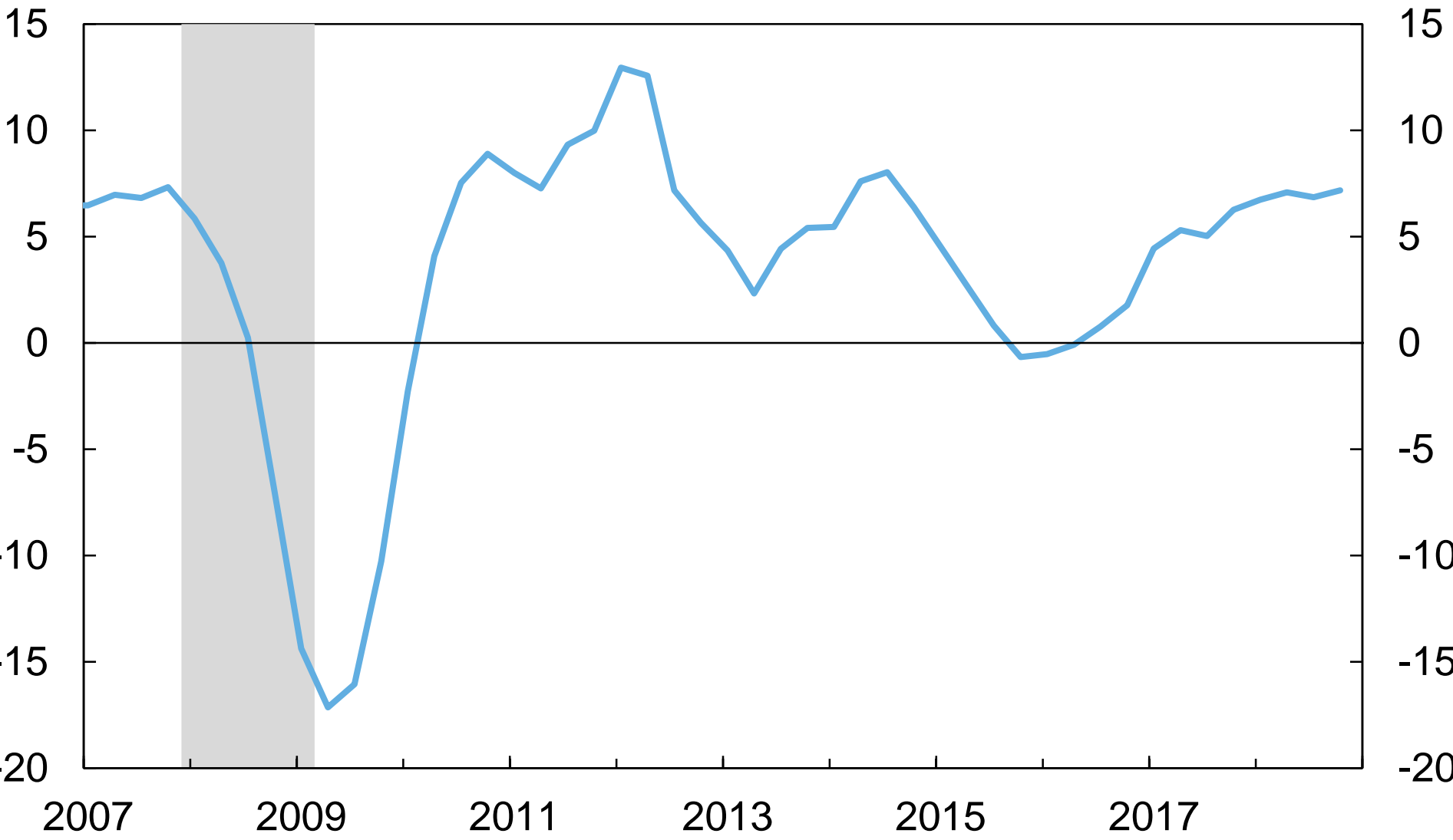
Source: New York Fed Consumer Credit Panel/Equifax

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

Business Fixed Investment

Four Quarter Percent Change

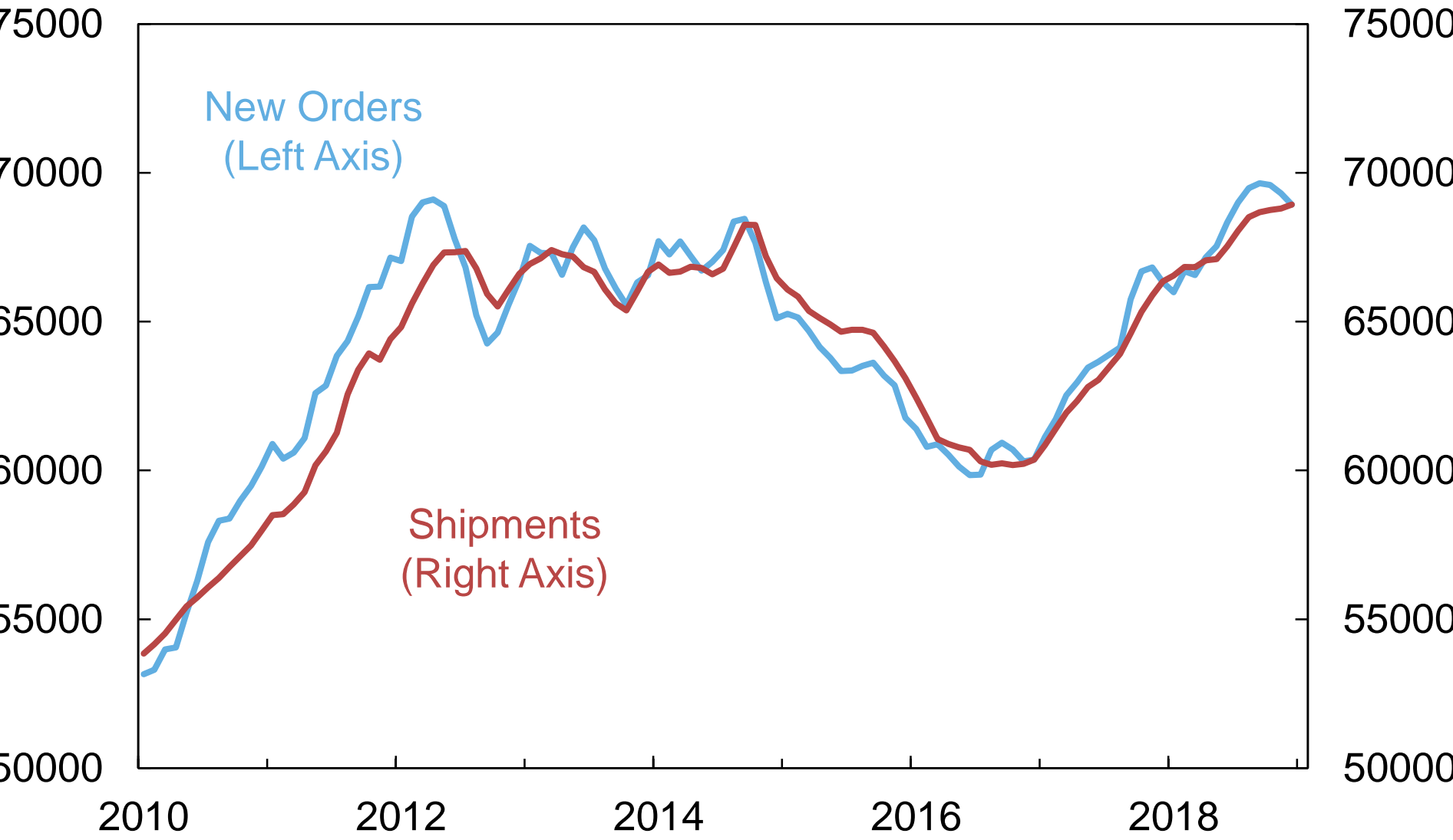
Four Quarter Percent Change



Nondefense Capital Goods ex. Aircraft

3MMA

3MMA

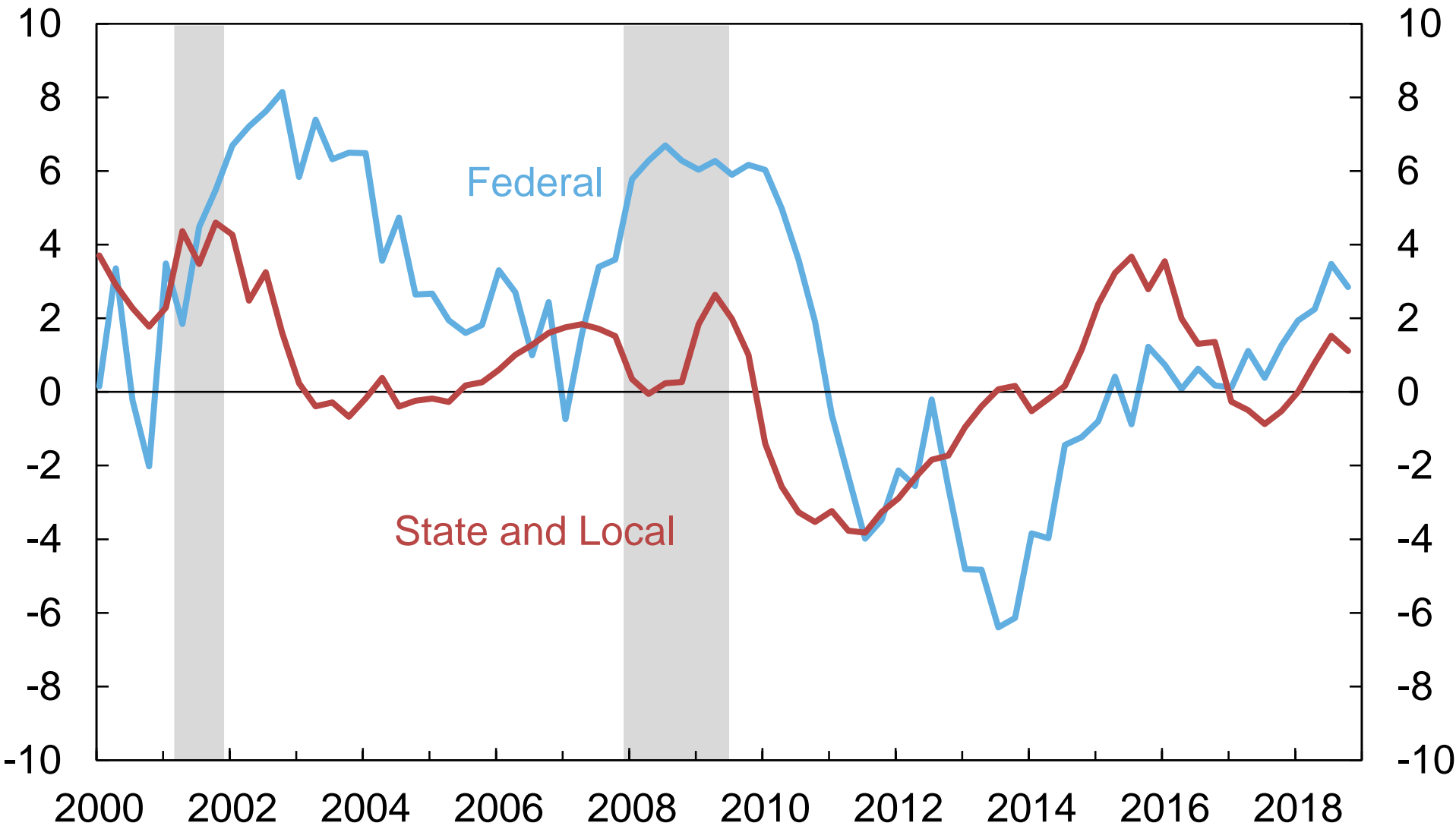


Source: Census Bureau via Haver Analytics.

Real Government Consumption and Gross Investment

4 Quarter % Change

4 Quarter % Change



Source: Bureau of Economic Analysis
via Haver Analytics

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Note: Shading shows NBER recessions.

Real Net Exports as a % of GDP

Percent

Percent

