US Macro Overview
June 27, 2017

Robert Rich, Assistant Vice President

- Real consumer spending rose in April and there was a notable upward revision to the pace of growth in March.
  - Auto sales, however, have slowed noticeably this year from the strong pace of 2016.

- Capital spending indicators point to some tapering in the near-term momentum for business equipment spending.

- Indicators suggest that the gradual recovery in housing is being maintained, while surveys generally signal continued expansion in the manufacturing and services sectors.

- Payroll growth slowed in May, but still points to improving labor market conditions. The unemployment rate, the employment-to-population ratio and the labor force participation rate all declined.
    - The unemployment rate is at its lowest level in 16 years.

- Recent monthly readings on PCE inflation have been soft, suggesting a pause in the progress toward the FOMC's longer-run objective.

- U.S. equity indexes increased and nominal long-term Treasury yields declined. The trade-weighted index for the U.S. dollar declined. Global growth indicators generally remained solid.

Revisions indicate stronger growth in 2017Q1

% Change – Annual Rate

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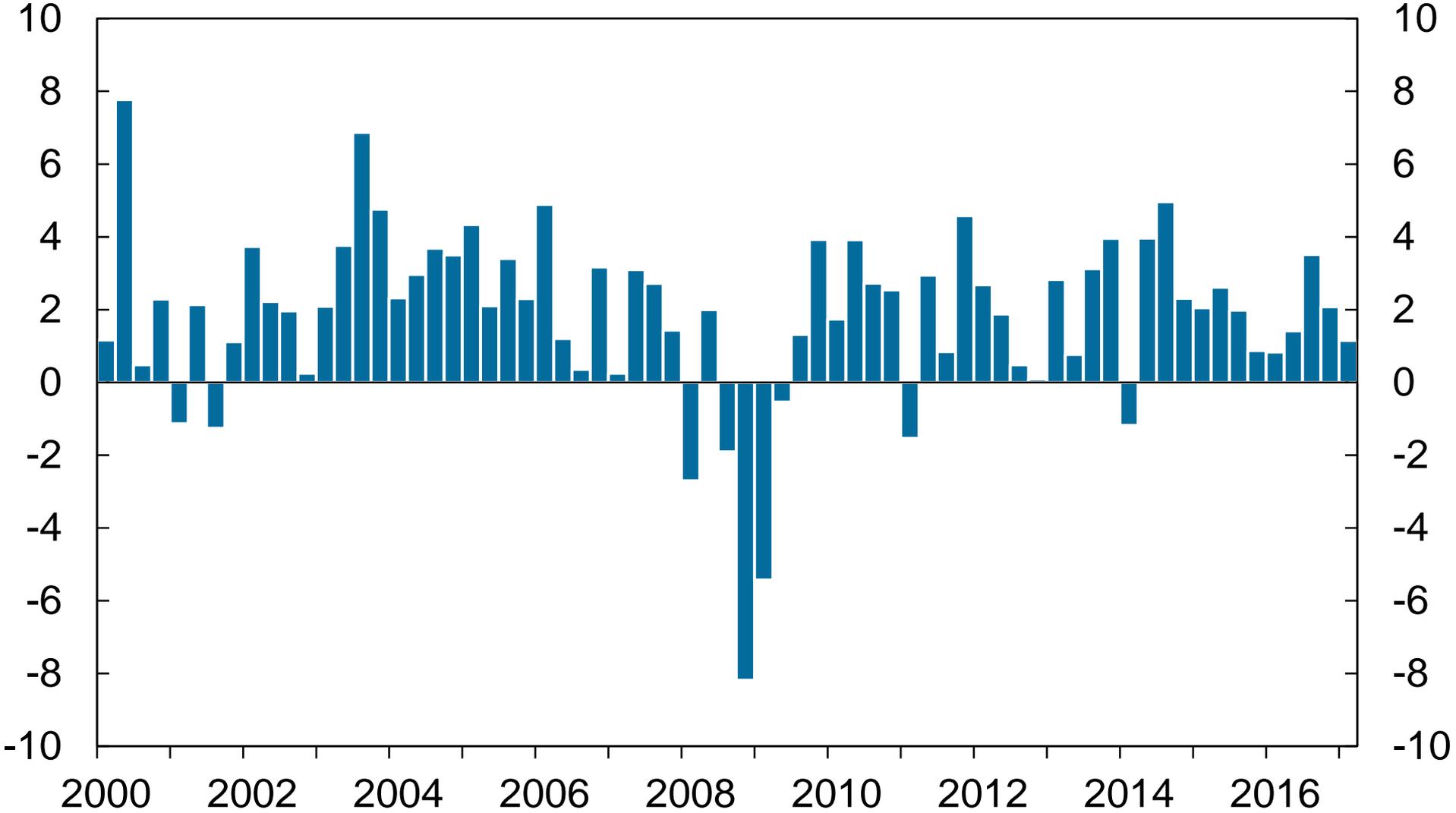
Source: Bureau of Economic Analysis via Haver Analytics

Consumer spending rebounds in April

12 Month % Change   12 Month % Change

Real Disposable Income

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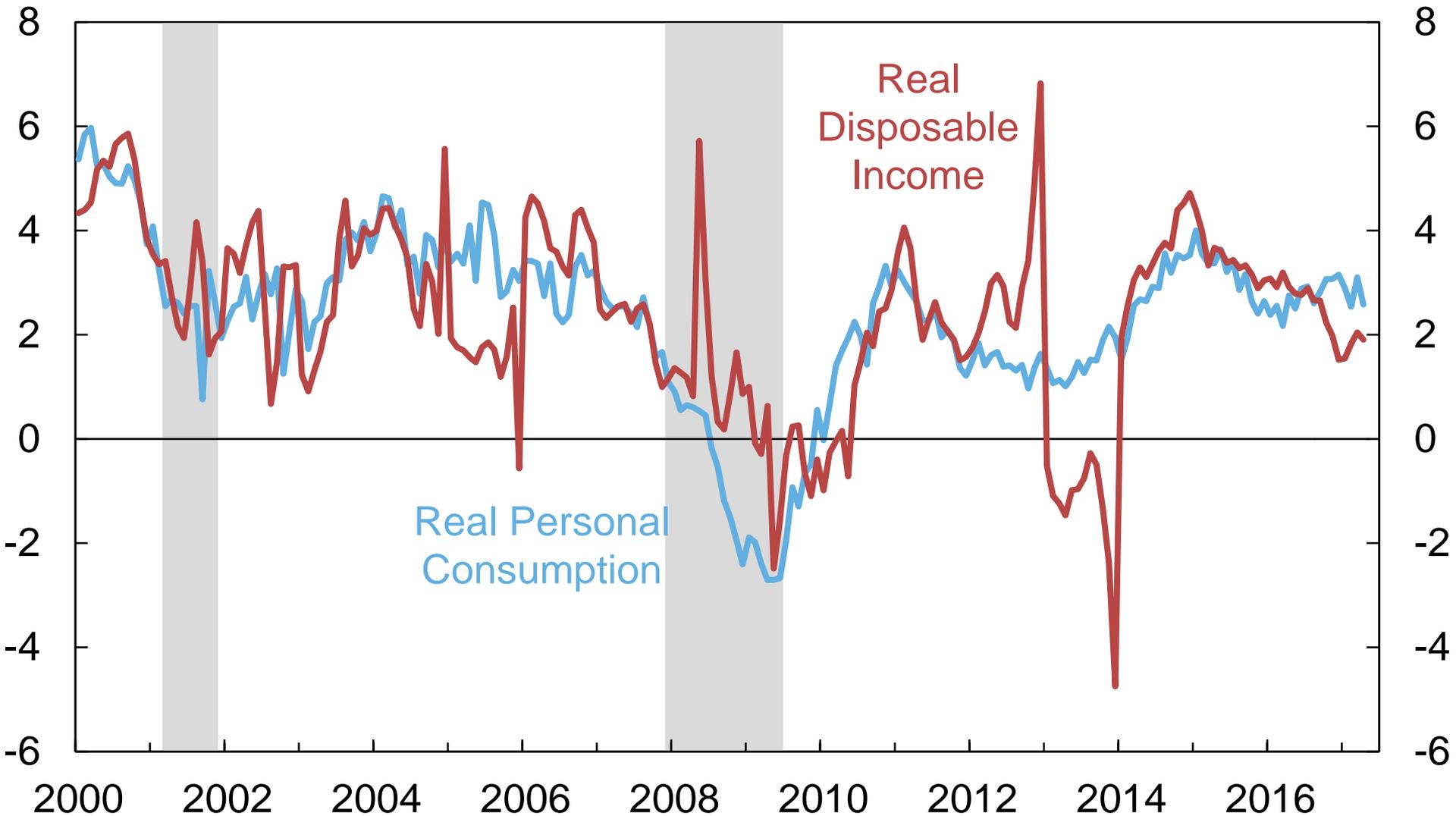
Source: Bureau of Economic Analysis,
Federal Reserve Board via Haver Analytics

Note: Shading shows NBER recessions.

Light-weight vehicle sales have likely peaked in this cycle

Millions (SAAR)

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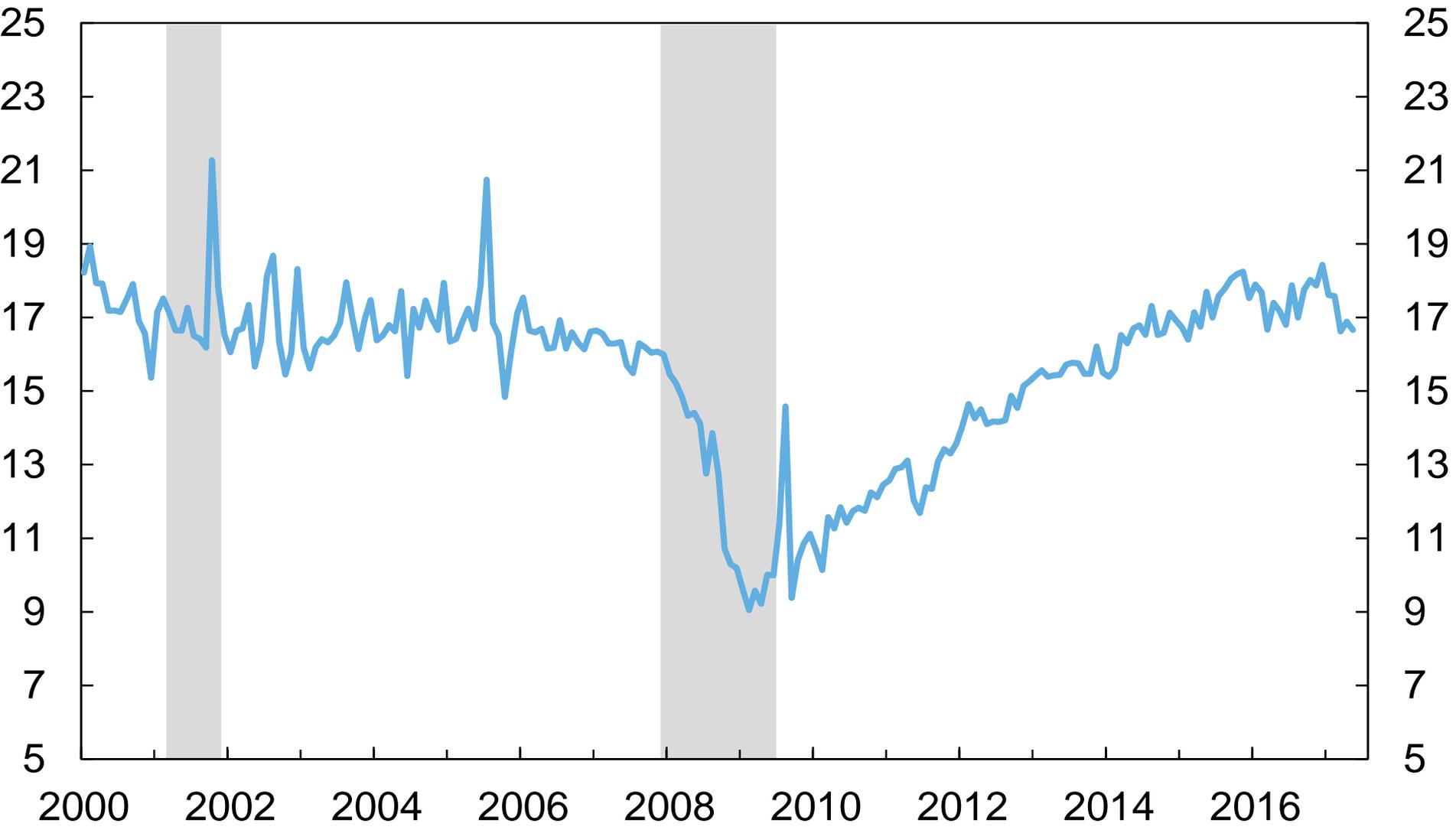
Note: Shading shows NBER recessions.

Energy sector driving nonresidential structures investment

% Change – Annual Rate
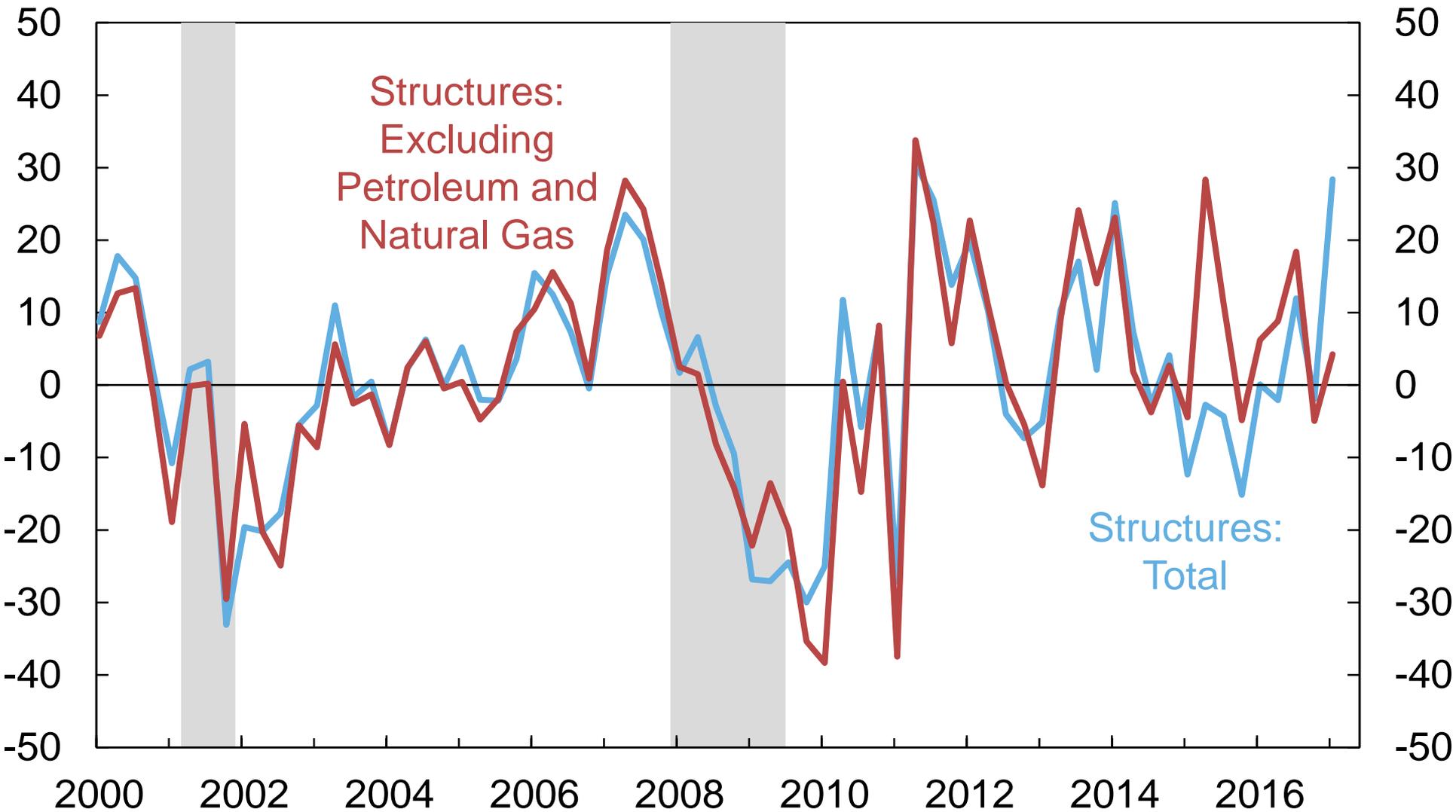
% Change – Annual Rate

Structures: Excluding Petroleum and Natural Gas

Structures: Total

Source: Bureau of Economic Analysis via Haver Analytics

Note: Shading shows NBER recessions.

Lower OPEC production has not pushed up oil prices

Monthly Average, USD

Monthly Average, USD

West Texas
Intermediate
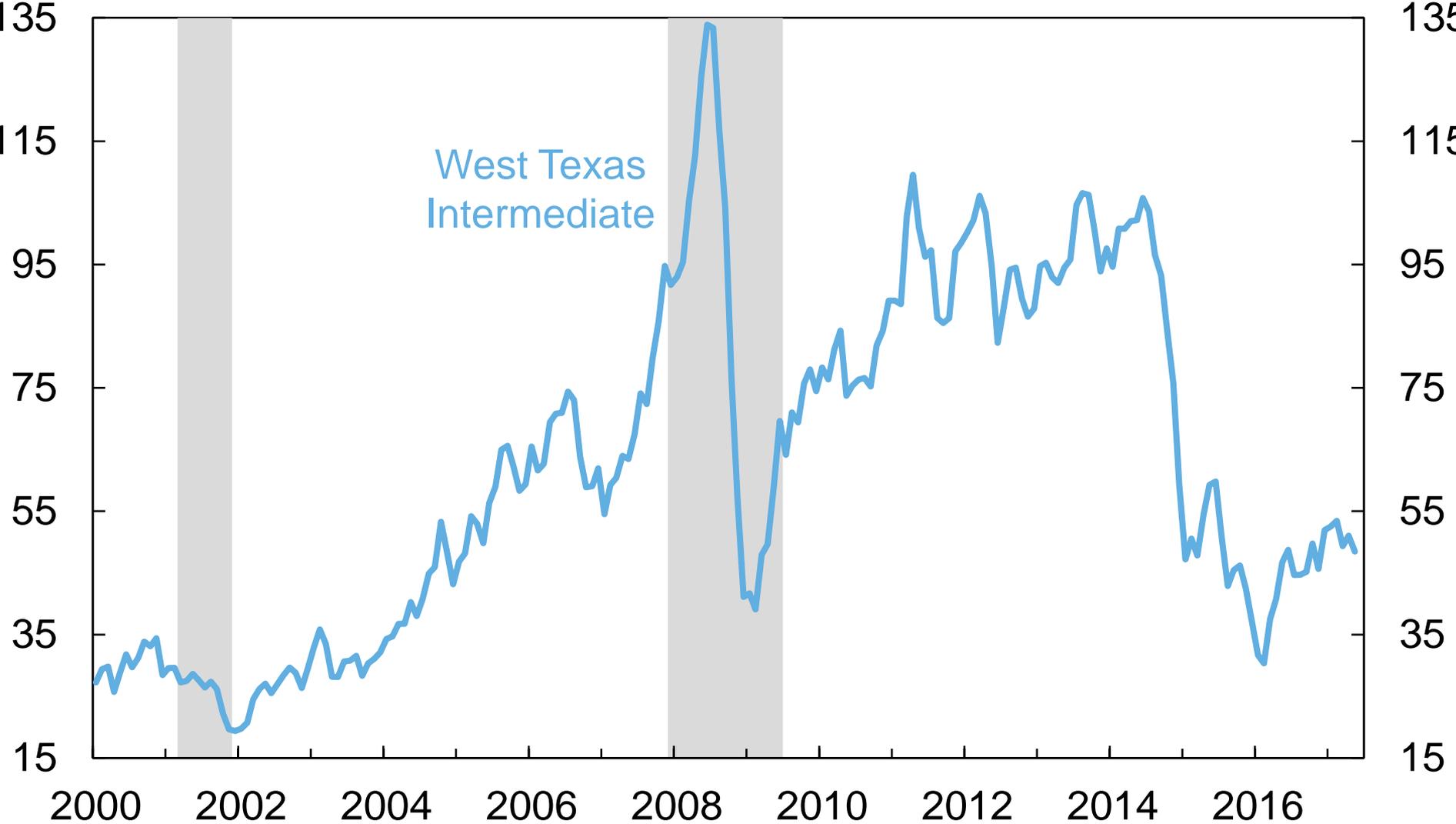
Source: Energy Information
Administration via Haver Analytics

Note: Shading shows NBER recessions.

Housing starts remain on gradual uptrend

Thousands, 3 MMA

Thousands, 3 MMA

Total Multifamily
(Left Axis)

Single Family
(Right Axis)
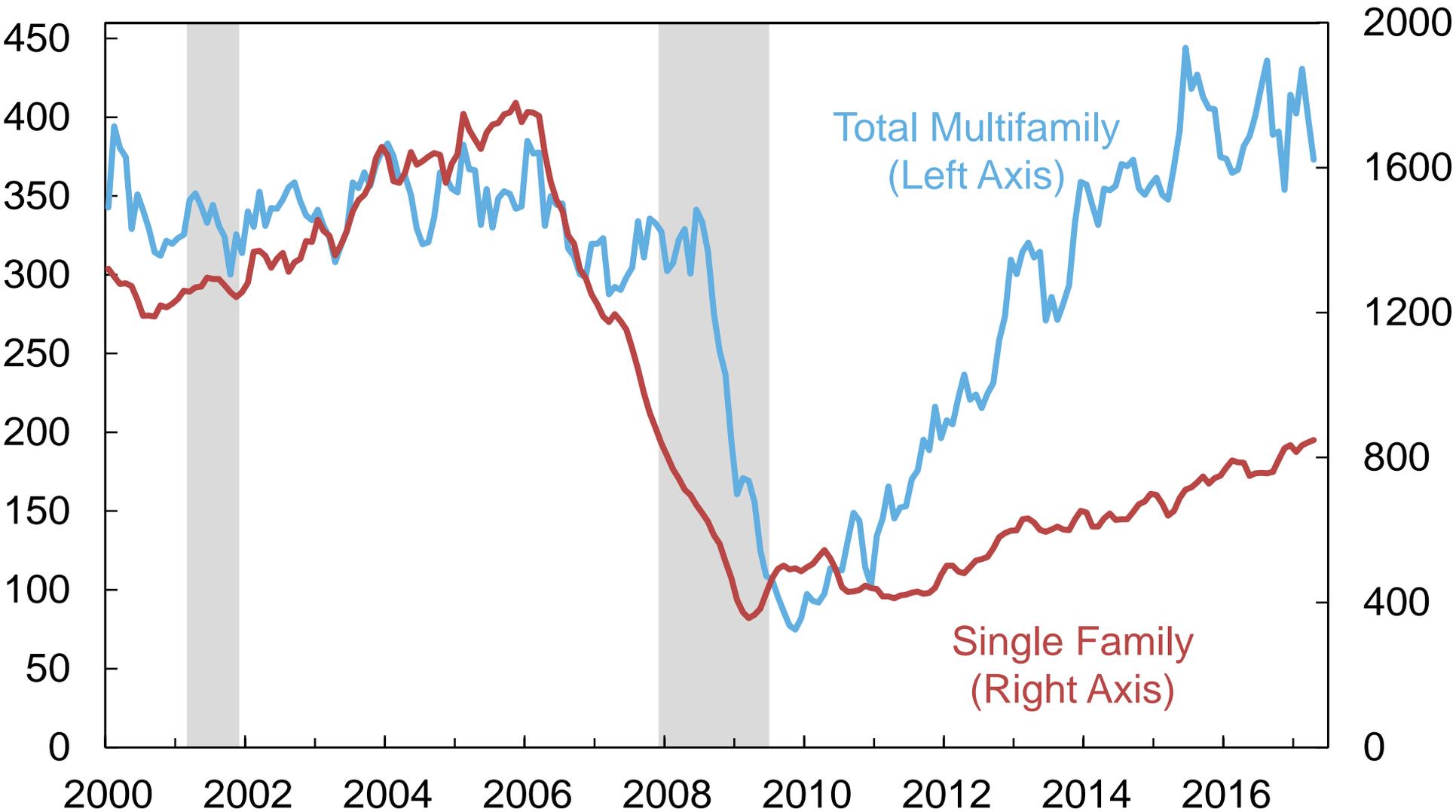
Source: Census Bureau via Haver Analytics

Note: Shading shows NBER recessions.

Government spending has been weak

4 Quarter % Change

4 Quarter % Change
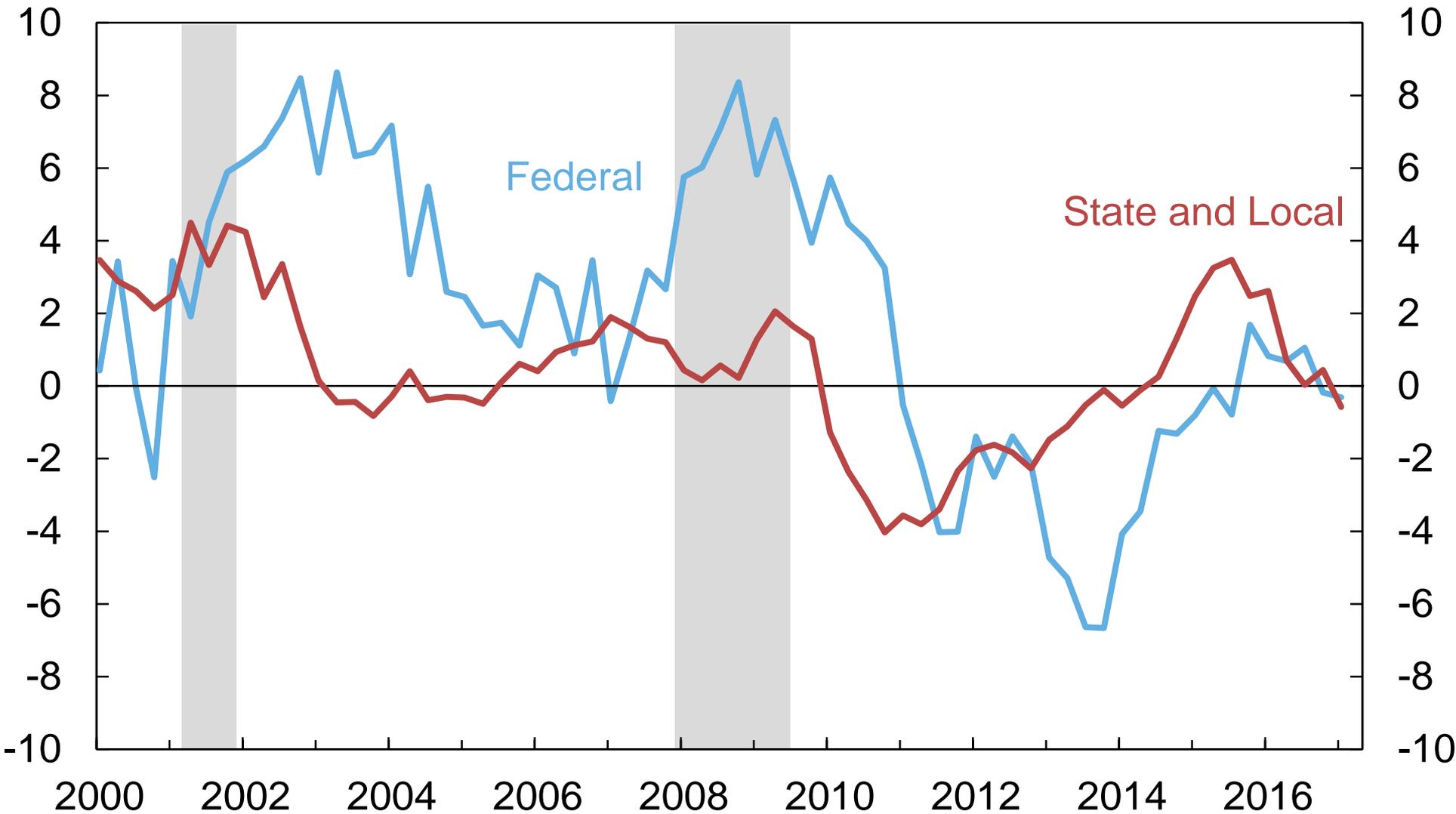
Federal

State and Local

Note: Shading shows NBER recessions.

Labor market conditions remain solid

Percent (Left Axis label top)
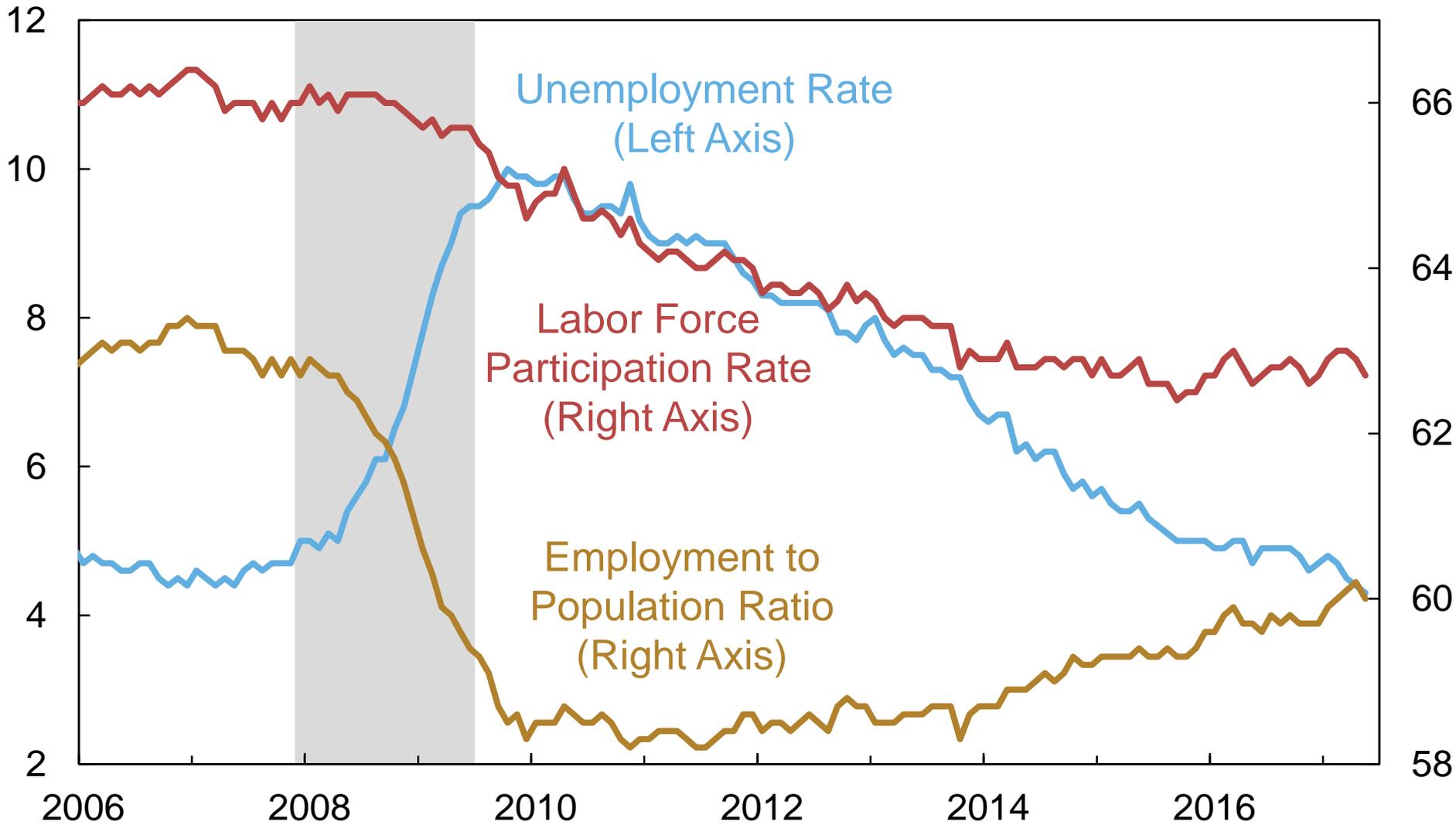
Percent (Right Axis label top right)

Unemployment Rate
(Left Axis)

Labor Force
Participation Rate
(Right Axis)

Employment to
Population Ratio
(Right Axis)

Note: Shading shows NBER recessions.

Inflation running below the FOMC's objective

12 Month % Change

12 Month % Change

Total PCE

FOMC Objective

Core PCE

Source: Bureau of Economic Analysis
via Haver Analytics

Note: Shading shows NBER recessions.