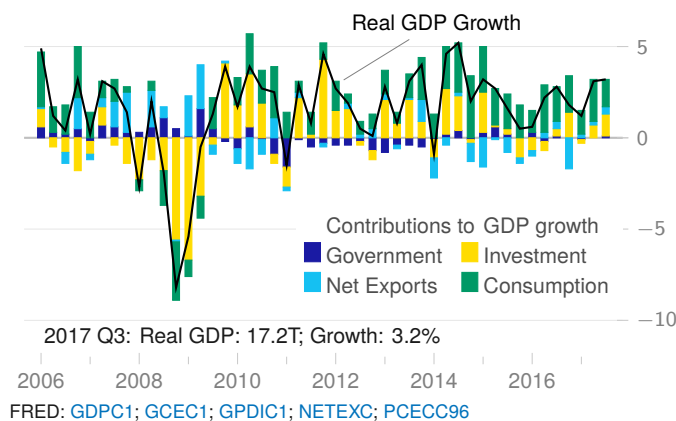


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with little expected acceleration. Short- and medium-term borrowing costs have increased as Fed interest rate hikes are expected to continue or accelerate.

Economic Growth and Employment

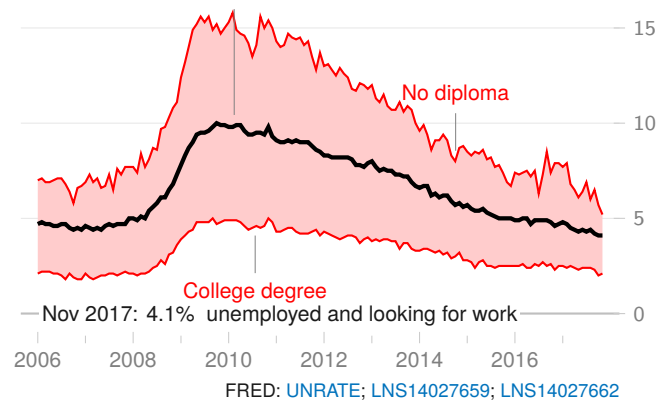
Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



Civilian unemployment rate (percent)

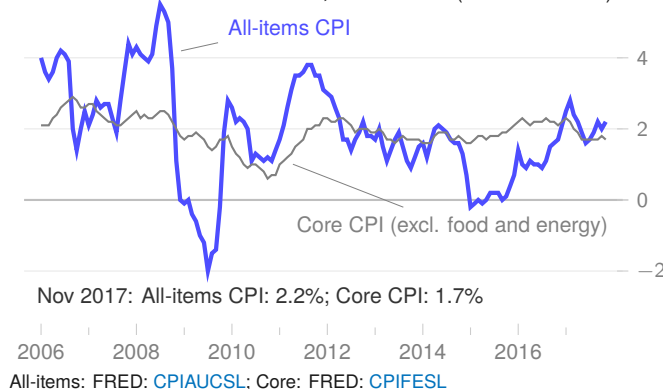
Unemployed and looking for work (U3 rate)



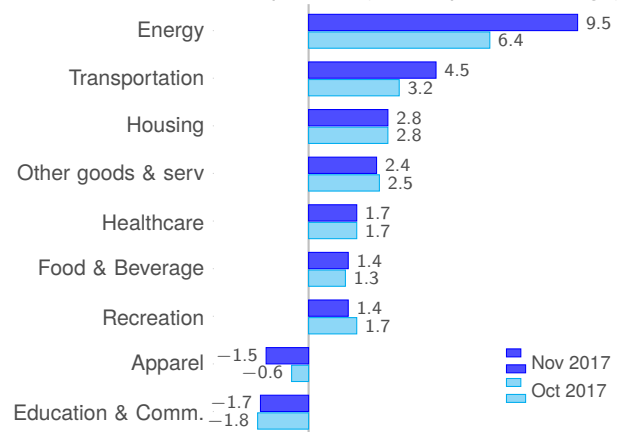
Inflation and Prices

Consumer price index (CPI) (annual percent change)

5-year expected annual inflation rate:
Dec 28, 2017: 2.1% (FRED: T5YIFR)



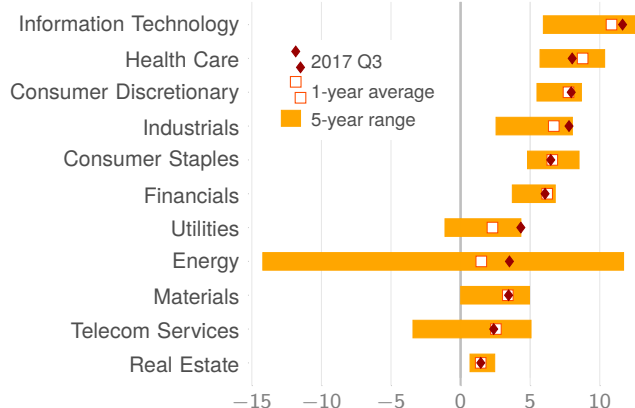
CPI components (annual percent change)



FRED: CPI Indexes

Markets, Interest Rates, and Other Indicators

S&P 500 reported earnings per share by industry



S&P Dow Jones Indices: S&P 500 growth forecasts (.xls)

Recent market developments and other key indicators

		one month	one year	as of:
S&P 500 index	2673.61	▲ 1.0%	▲ 18.9%	2017-12-29
CBOE volatility index (VIX)	9.77	▼ -14.5%	▼ -30.4%	2018-01-02
Bank deposit interest rate	0.22%	▲ 0.01	▲ 0.09	Nov 2017
3-month treasury bill yield	1.44%	▲ 0.17	▲ 0.97	2018-01-02
2-year treasury bond yield	1.92%	▲ 0.14	▲ 0.70	2018-01-02
10-year treasury bond yield	2.46%	▲ 0.09	▼ -0.03	2018-01-02
30-year mortgage rate	3.99%	▲ 0.09	▼ -0.33	2017-12-28
US Dollar, broad index	120.04	▼ -0.2%	▼ -5.9%	Dec 2017
Crude oil, US\$/barrel	\$60.37	▲ 3.6%	▲ 12.0%	2018-01-02
Industrial production index	106.4	▲ 0.2%	▲ 3.4%	Nov 2017
Consumer confidence index	95.9	▼ -2.6%	▼ -2.3%	Dec 2017

Retrieved from FRED, CBOE, Quandl, and University of Michigan