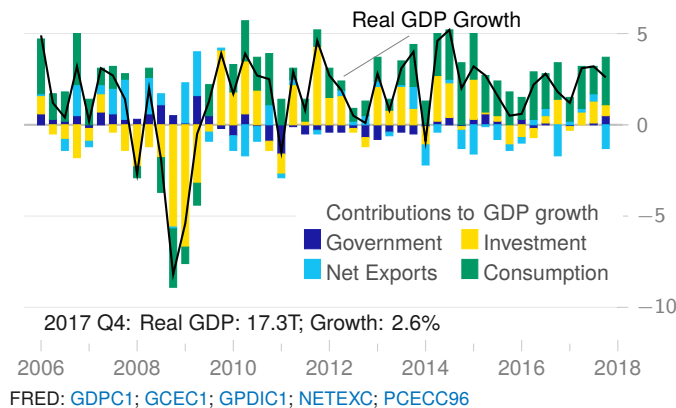


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with 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

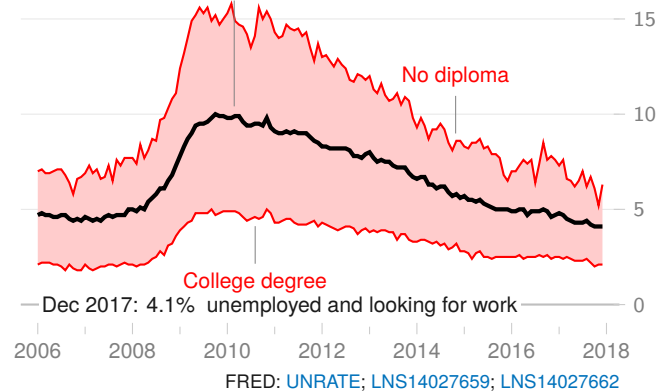
### Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



### Civilian unemployment rate (percent)

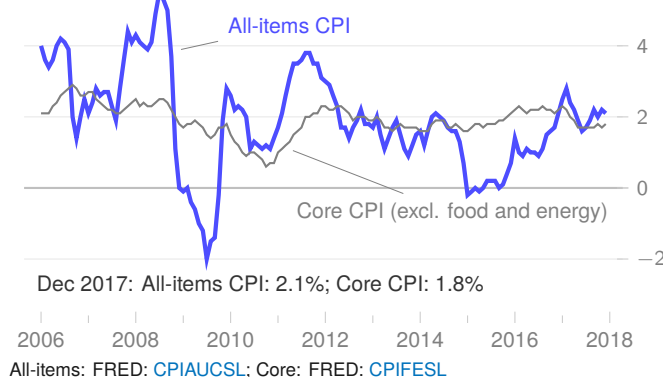
Unemployed and looking for work (U3 rate)



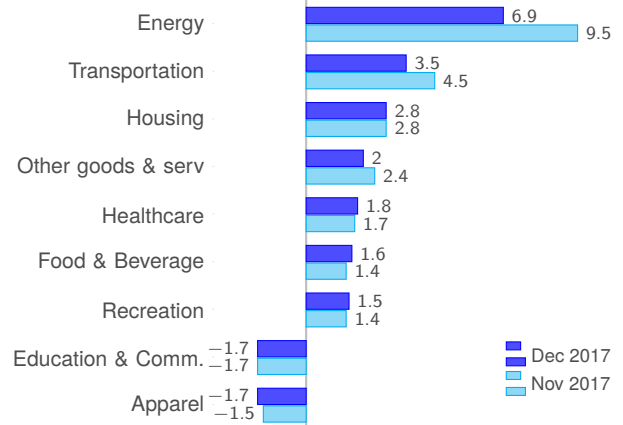
## Inflation and Prices

### Consumer price index (CPI) (annual percent change)

5-year expected annual inflation rate:  
Jan 26, 2018: 2.3% (FRED: T5YIFR)



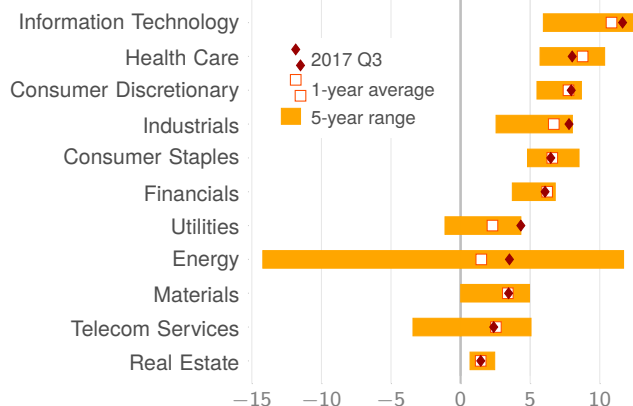
### CPI components (annual percent change)



FRED: CPI Indexes

## Markets, Interest Rates, and Other Indicators

### S&P 500 reported earnings per share by industry



### Recent market developments and other key indicators

|                             |         | one month | one year | as of:     |
|-----------------------------|---------|-----------|----------|------------|
| S&P 500 index               | 2853.53 | ▲ 6.2%    | ▲ 24.4%  | 2018-01-29 |
| CBOE volatility index (VIX) | 13.84   | ▲ 36.0%   | ▲ 30.8%  | 2018-01-29 |
| Bank deposit interest rate  | 0.24%   | 0.00      | ▲ 0.10   | Jan 2018   |
| 3-month treasury bill yield | 1.44%   | ▲ 0.05    | ▲ 0.93   | 2018-01-29 |
| 2-year treasury bond yield  | 2.11%   | ▲ 0.20    | ▲ 0.90   | 2018-01-29 |
| 10-year treasury bond yield | 2.70%   | ▲ 0.27    | ▲ 0.19   | 2018-01-29 |
| 30-year mortgage rate       | 4.15%   | ▲ 0.16    | ▼ -0.04  | 2018-01-25 |
| US Dollar, broad index      | 117.47  | ▼ -2.1%   | ▼ -7.8%  | Jan 2018   |
| Crude oil, US\$/barrel      | \$66.24 | ▲ 11.2%   | ▲ 23.3%  | 2018-01-26 |
| Industrial production index | 107.5   | ▲ 0.9%    | ▲ 3.6%   | Dec 2017   |
| Consumer confidence index   | 95.9    | ▼ -2.6%   | ▼ -2.3%  | Dec 2017   |

Retrieved from [FRED](#), [CBOE](#), [Quandl](#), and [University of Michigan](#)