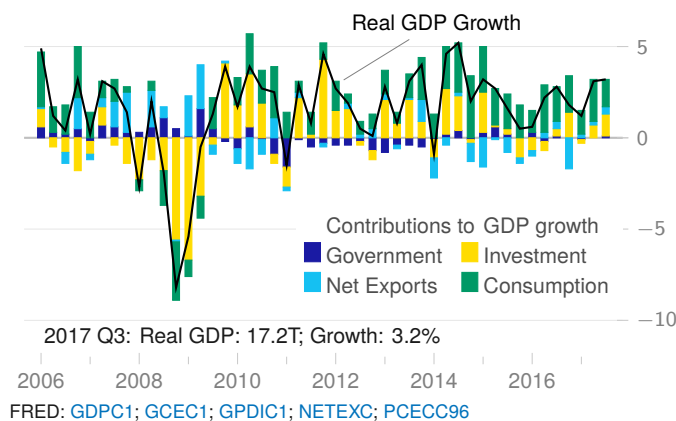


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with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

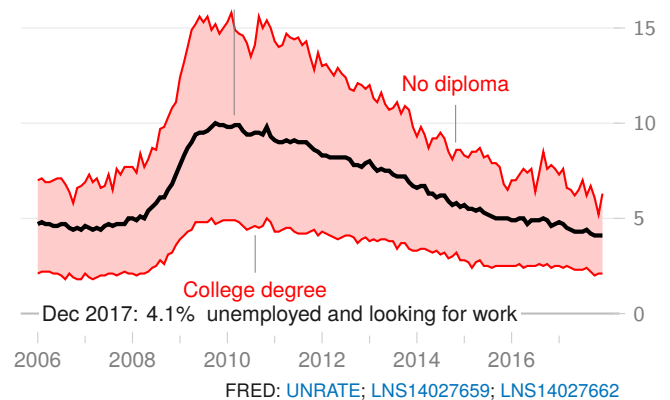
### Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



### Civilian unemployment rate (percent)

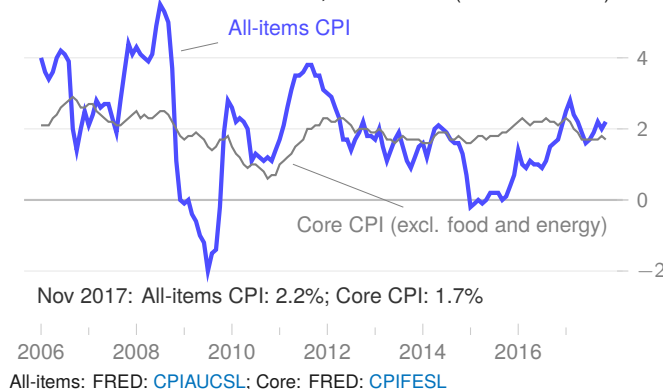
Unemployed and looking for work (U3 rate)



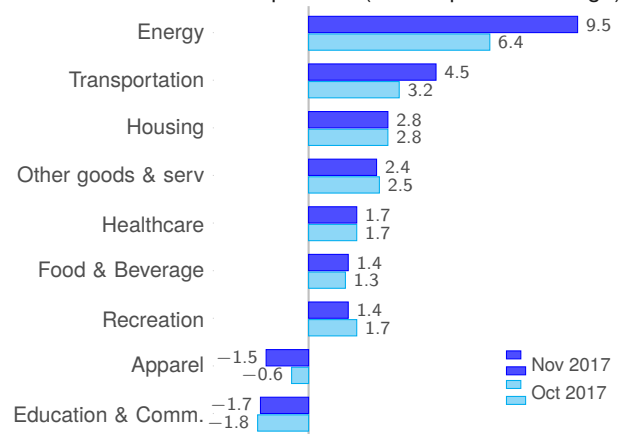
## Inflation and Prices

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

5-year expected annual inflation rate:  
Jan 08, 2018: 2.1% (FRED: T5YIFR)



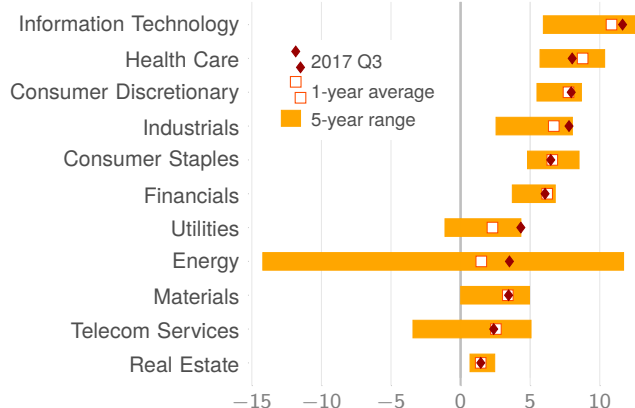
### CPI components (annual percent change)



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               | 2751.29 | ▲ 3.8%    | ▲ 21.3%  | 2018-01-09 |
| CBOE volatility index (VIX) | 10.08   | ▲ 5.2%    | ▼ -12.8% | 2018-01-09 |
| Bank deposit interest rate  | 0.23%   | ▲ 0.02    | ▲ 0.10   | Dec 2017   |
| 3-month treasury bill yield | 1.44%   | ▲ 0.16    | ▲ 0.91   | 2018-01-09 |
| 2-year treasury bond yield  | 1.98%   | ▲ 0.18    | ▲ 0.76   | 2018-01-09 |
| 10-year treasury bond yield | 2.55%   | ▲ 0.17    | ▲ 0.13   | 2018-01-09 |
| 30-year mortgage rate       | 3.95%   | ▲ 0.01    | ▼ -0.25  | 2018-01-04 |
| US Dollar, broad index      | 118.49  | ▼ -1.2%   | ▼ -7.0%  | Jan 2018   |
| Crude oil, US\$/barrel      | \$61.90 | ▲ 9.3%    | ▲ 15.3%  | 2018-01-08 |
| 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