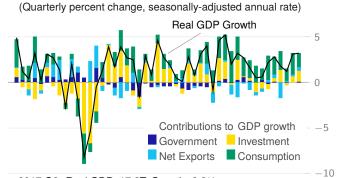
Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with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

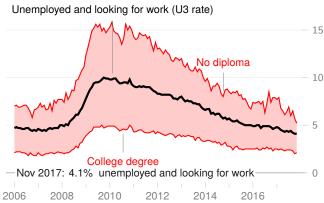
Real gross domestic product (GDP)



2017 Q3: Real GDP: 17.2T: Growth: 3.2% 2006 2008 2010 2012 2014 2016

FRED: GDPC1; GCEC1; GPDIC1; NETEXC; PCECC96

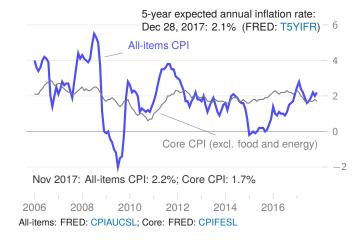
#### Civilian unemployment rate (percent)



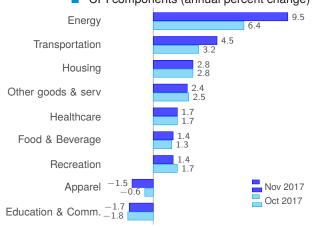
FRED: UNRATE; LNS14027659; LNS14027662

### **Inflation and Prices**

Consumer price index (CPI) (annual percent change)



## 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               | 2673.61 | ▲ 1.0%        | ▲ 18.9%        | 2017-12-29 |
| CBOE volatility index (VIX) | 11.04   | ▼ -2.1%       | ▼ -17.4%       | 2017-12-29 |
| Bank deposit interest rate  | 0.22%   | ▲ 0.01        | ▲ 0.09         | Nov 2017   |
| 3-month treasury bill yield | 1.39%   | ▲ 0.12        | ▲ 0.86         | 2017-12-29 |
| 2-year treasury bond yield  | 1.89%   | ▲ 0.11        | ▲ 0.63         | 2017-12-29 |
| 10-year treasury bond yield | 2.40%   | ▼ -0.02       | ▼ -0.11        | 2017-12-29 |
| 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      | \$60.10 | <b>▲</b> 4.7% | <b>▲</b> 11.6% | 2017-12-29 |
| Industrial production index | 106.4   | ▲ 0.2%        | <b>▲</b> 3.4%  | Nov 2017   |
| Consumer confidence index   | 95.9    | ▼ -2.6%       | ▼ -2.3%        | Dec 2017   |

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

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