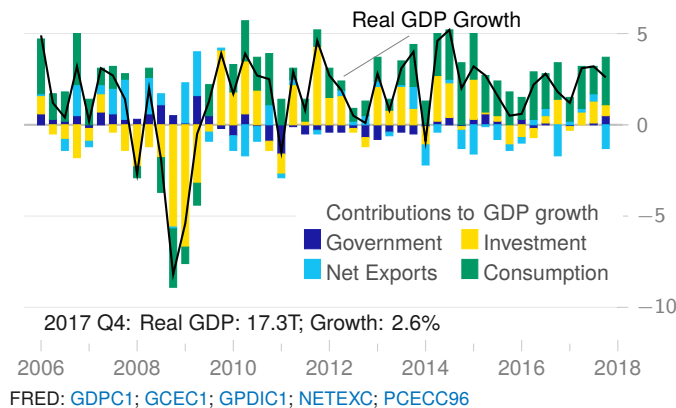


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with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

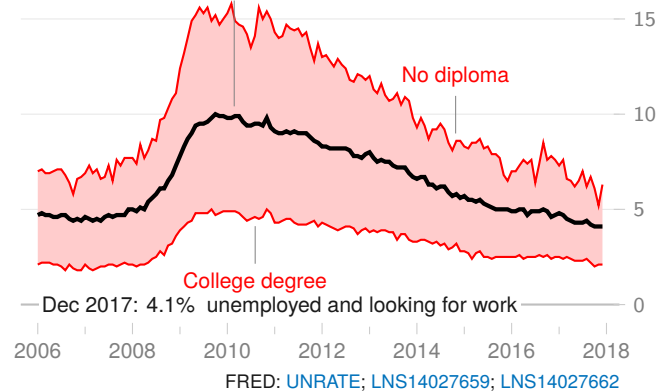
Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



Civilian unemployment rate (percent)

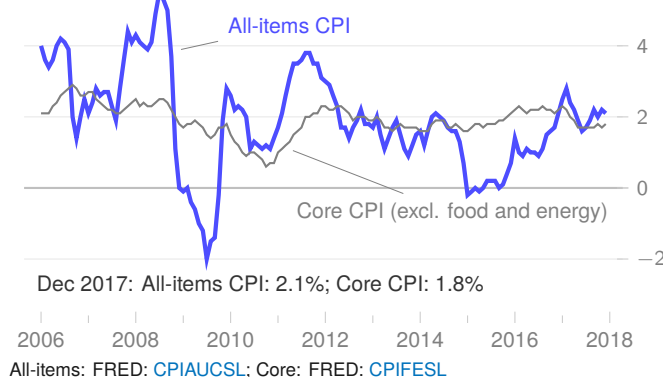
Unemployed and looking for work (U3 rate)



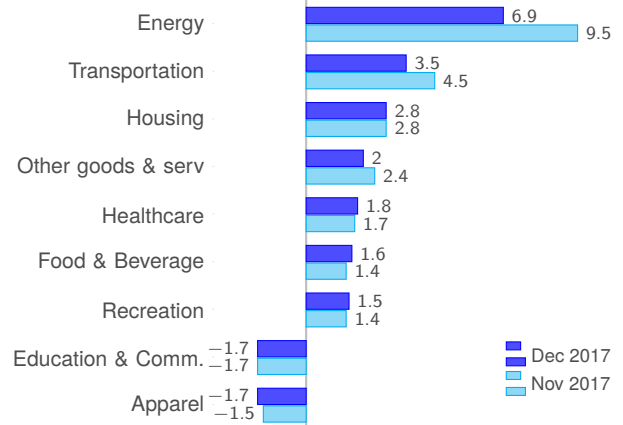
Inflation and Prices

Consumer price index (CPI) (annual percent change)

5-year expected annual inflation rate:
Jan 25, 2018: 2.2% (FRED: T5YIFR)

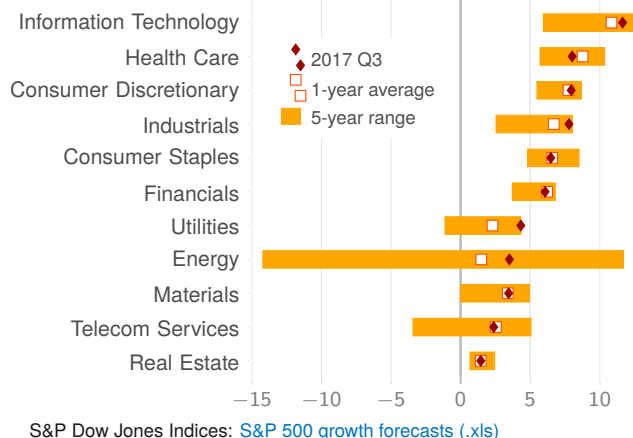


CPI components (annual percent change)



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 | 2872.87 | ▲ 7.1% | ▲ 25.1% | 2018-01-26 |
| CBOE volatility index (VIX) | 11.08 | ▲ 5.8% | ▲ 4.2% | 2018-01-26 |
| Bank deposit interest rate | 0.24% | 0.00 | ▲ 0.10 | Jan 2018 |
| 3-month treasury bill yield | 1.41% | ▼ -0.03 | ▲ 0.91 | 2018-01-26 |
| 2-year treasury bond yield | 2.13% | ▲ 0.24 | ▲ 0.90 | 2018-01-26 |
| 10-year treasury bond yield | 2.66% | ▲ 0.24 | ▲ 0.13 | 2018-01-26 |
| 30-year mortgage rate | 4.15% | ▲ 0.16 | ▼ -0.04 | 2018-01-25 |
| US Dollar, broad index | 118.00 | ▼ -1.6% | ▼ -7.4% | 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](#)