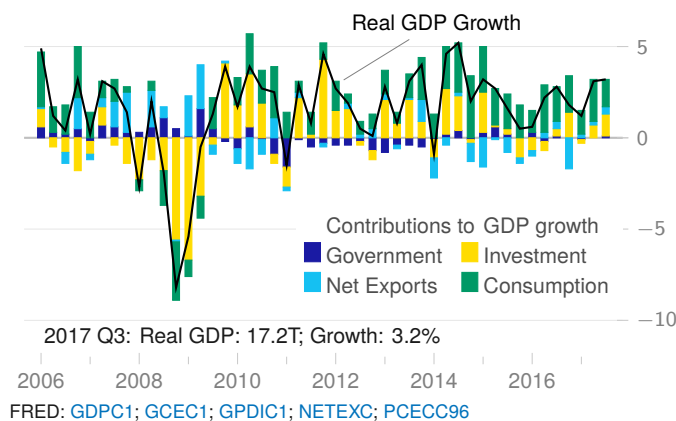


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with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

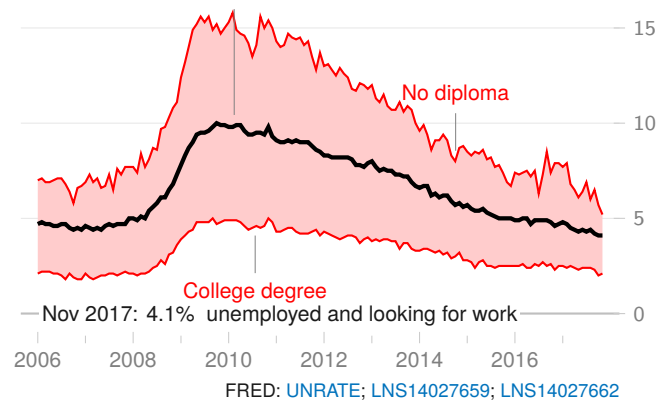
### Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



### Civilian unemployment rate (percent)

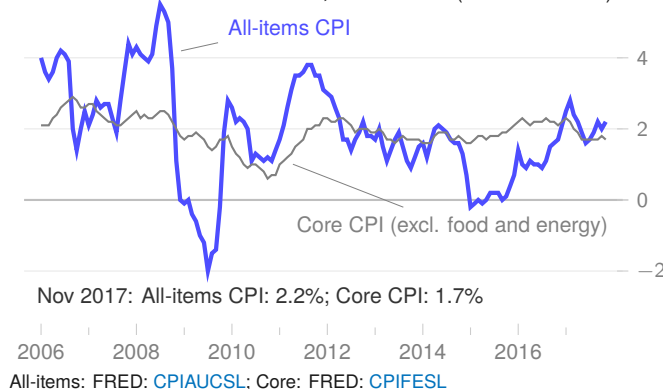
Unemployed and looking for work (U3 rate)



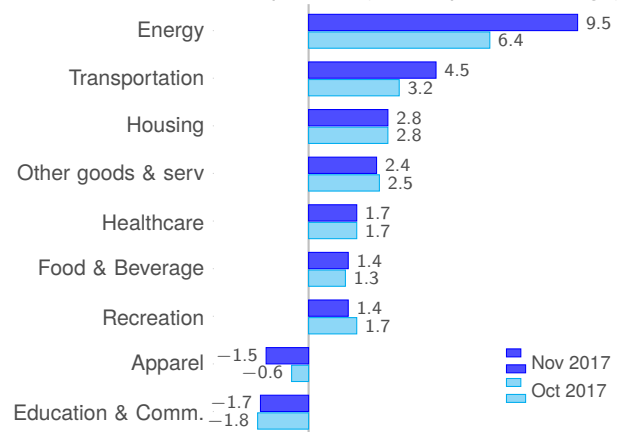
## Inflation and Prices

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

5-year expected annual inflation rate:  
Dec 22, 2017: 2.1% (FRED: T5YIFR)

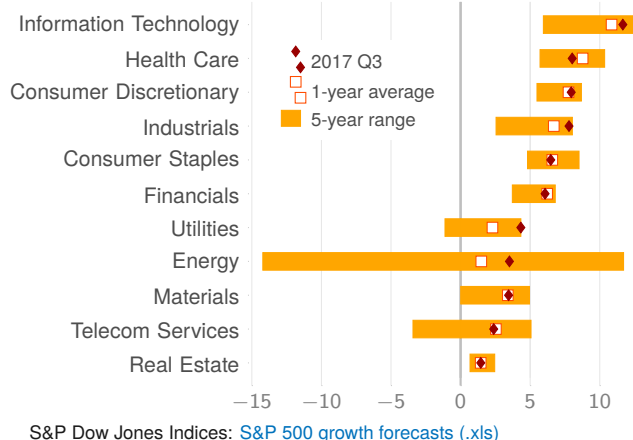


### CPI components (annual percent change)



## 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               | 2680.29 | ▲ 2.0%    | ▲ 18.1%  | 2017-12-27 |
| CBOE volatility index (VIX) | 10.25   | ▲ 3.9%    | ▼ -10.4% | 2017-12-26 |
| Bank deposit interest rate  | 0.22%   | ▲ 0.01    | ▲ 0.09   | Nov 2017   |
| 3-month treasury bill yield | 1.47%   | ▲ 0.20    | ▲ 0.96   | 2017-12-26 |
| 2-year treasury bond yield  | 1.92%   | ▲ 0.18    | ▲ 0.70   | 2017-12-26 |
| 10-year treasury bond yield | 2.47%   | ▲ 0.15    | ▼ -0.08  | 2017-12-26 |
| 30-year mortgage rate       | 3.94%   | ▲ 0.02    | ▼ -0.36  | 2017-12-21 |
| US Dollar, broad index      | 120.04  | ▼ -0.2%   | ▼ -5.9%  | Dec 2017   |
| Crude oil, US\$/barrel      | \$59.80 | ▲ 3.4%    | ▲ 12.3%  | 2017-12-26 |
| 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](#)