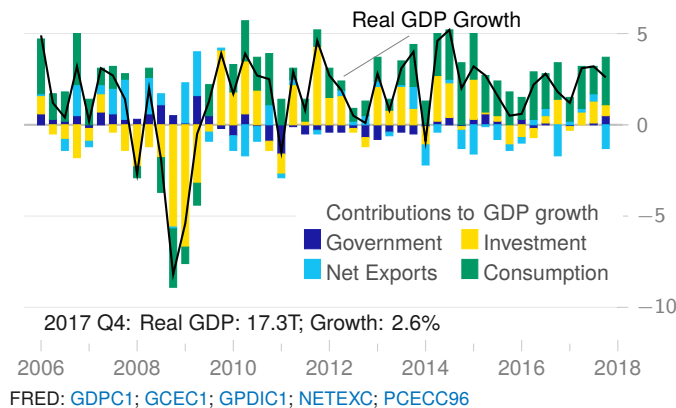


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with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

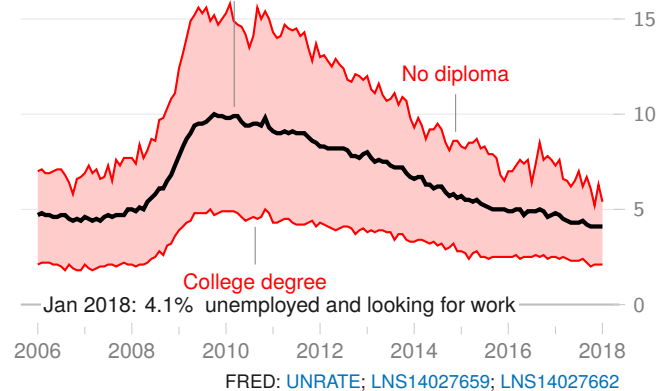
Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



Civilian unemployment rate (percent)

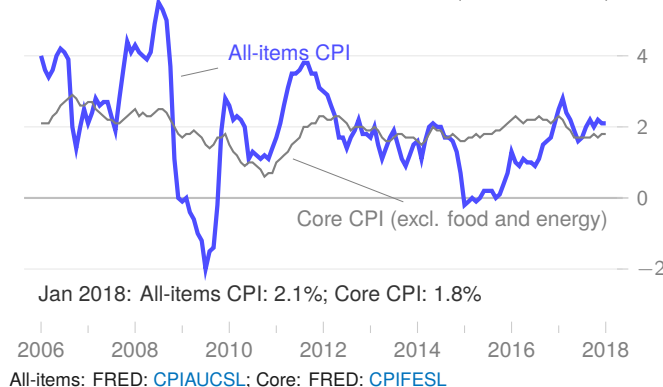
Unemployed and looking for work (U3 rate)



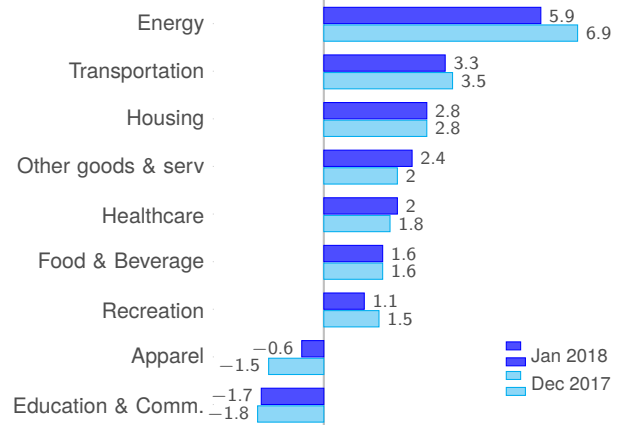
Inflation and Prices

Consumer price index (CPI) (annual percent change)

5-year expected annual inflation rate:
Feb 21, 2018: 2.2% (FRED: T5YIFR)

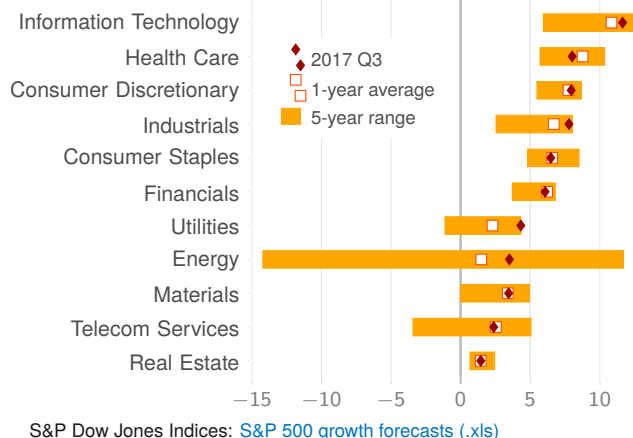


CPI components (annual percent change)



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 | 2703.96 | ▼ -4.7% | ▲ 14.4% | 2018-02-22 |
| CBOE volatility index (VIX) | 18.72 | ▲ 63.2% | ▲ 59.5% | 2018-02-22 |
| Bank deposit interest rate | 0.24% | ▲ 0.01 | ▲ 0.10 | Jan 2018 |
| 3-month treasury bill yield | 1.63% | ▲ 0.20 | ▲ 1.10 | 2018-02-22 |
| 2-year treasury bond yield | 2.25% | ▲ 0.17 | ▲ 1.03 | 2018-02-22 |
| 10-year treasury bond yield | 2.92% | ▲ 0.27 | ▲ 0.49 | 2018-02-22 |
| 30-year mortgage rate | 4.40% | ▲ 0.25 | ▲ 0.24 | 2018-02-22 |
| US Dollar, broad index | 117.32 | ▲ 0.1% | ▼ -6.6% | Feb 2018 |
| Crude oil, US\$/barrel | \$61.34 | ▼ -4.9% | ▲ 13.6% | 2018-02-21 |
| Industrial production index | 107.2 | ▼ -0.1% | ▲ 3.7% | Jan 2018 |
| Consumer confidence index | 95.7 | ▼ -0.2% | ▼ -2.8% | Jan 2018 |

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