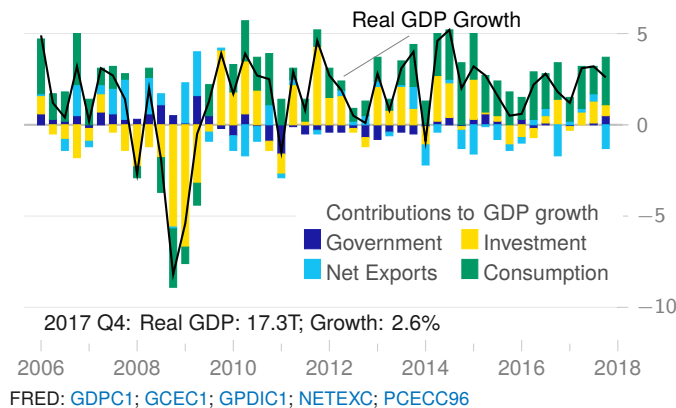


Third quarter U.S. economic growth, which remained strong, was driven by increased consumption and investment. The labor market is gradually nearing full employment and still adding jobs at a healthy pace. Inflation remains near the Fed's two percent target in both the core CPI and the full index, with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

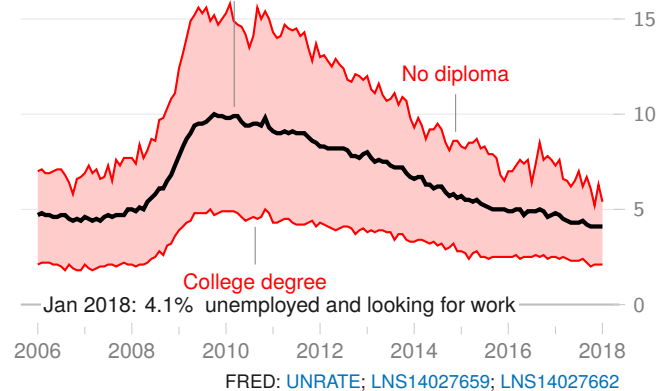
Real gross domestic product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



Civilian unemployment rate (percent)

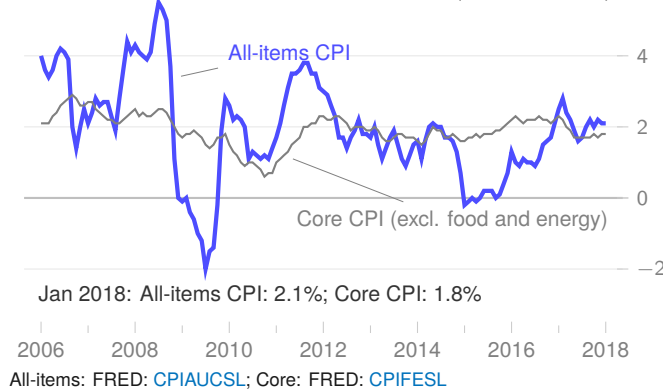
Unemployed and looking for work (U3 rate)



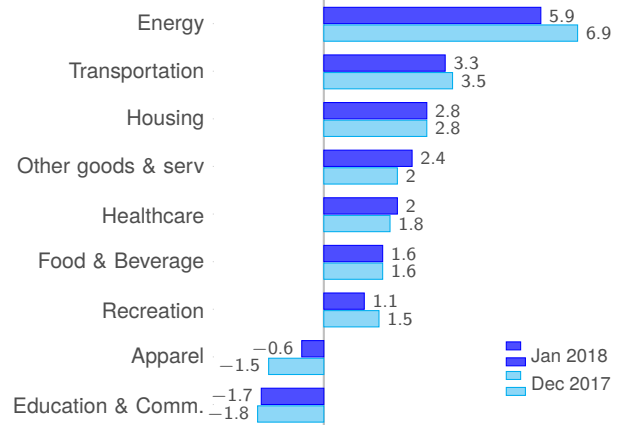
Inflation and Prices

Consumer price index (CPI) (annual percent change)

5-year expected annual inflation rate:
Feb 15, 2018: 2.2% (FRED: T5YIFR)



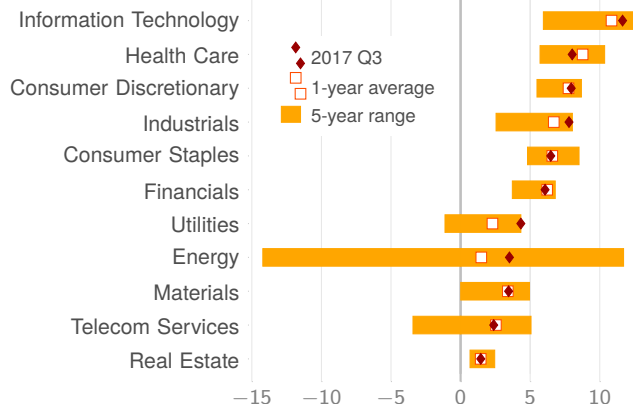
CPI components (annual percent change)



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	2732.22	▼ -2.8%	▲ 16.4%	2018-02-16
CBOE volatility index (VIX)	19.46	▲ 72.7%	▲ 65.5%	2018-02-16
Bank deposit interest rate	0.24%	▲ 0.01	▲ 0.10	Jan 2018
3-month treasury bill yield	1.62%	▲ 0.18	▲ 1.08	2018-02-16
2-year treasury bond yield	2.21%	▲ 0.15	▲ 0.94	2018-02-16
10-year treasury bond yield	2.87%	▲ 0.23	▲ 0.36	2018-02-16
30-year mortgage rate	4.38%	▲ 0.34	▲ 0.23	2018-02-15
US Dollar, broad index	117.14	▼ -0.1%	▼ -6.7%	Feb 2018
Crude oil, US\$/barrel	\$61.61	▼ -3.1%	▲ 15.2%	2018-02-16
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