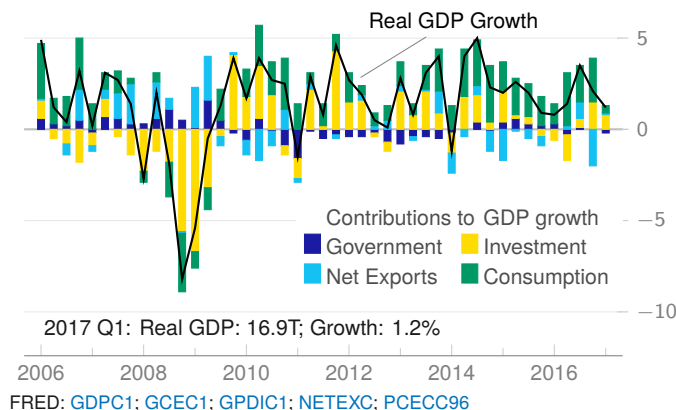


First quarter U.S. economic growth slowed considerably from lower consumption spending, despite an improvement in exports. The unemployment rate is gradually nearing its long-run full-capacity level. Inflation is around two percent in both the core CPI and the full index, with no expected acceleration. Elevated consumer confidence and P/E ratios, with near long-term low equity market volatility, show an extraordinary level of optimism. The yield curve for government debt has flattened while the dollar remains strong.

Economic Growth and Employment

Real Gross Domestic Product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



Civilian unemployment rate (percent)

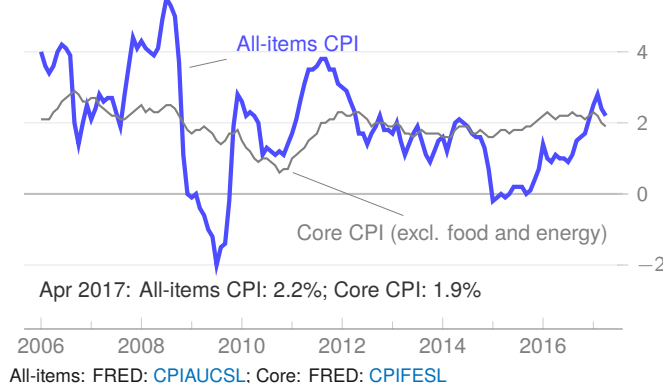
Unemployed and looking for work (U3 rate)



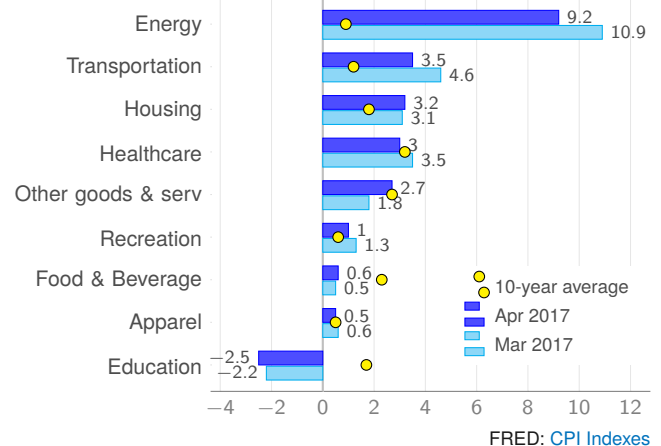
Inflation and Prices

Consumer price index (CPI) (annual percent change)

5-year expected annual inflation rate:
May 25, 2017: 1.9% (FRED: T5YIFR)

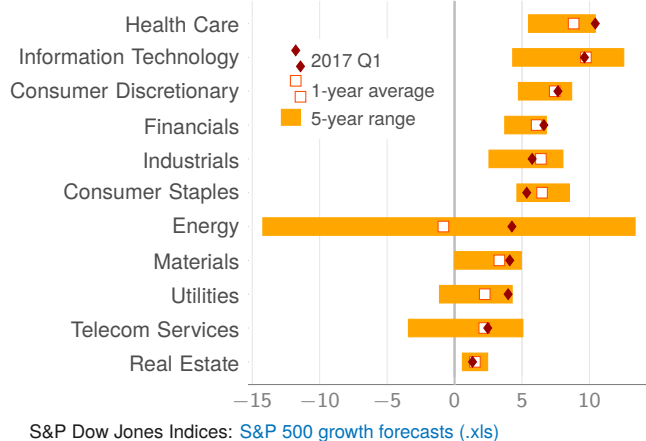


CPI components (annual percent change)



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 | 2415.82 | ▲ 1.3% | ▲ 15.6% | 2017-05-26 |
| CBOE volatility index (VIX) | 9.81 | ▼ -9.3% | ▼ -27.0% | 2017-05-26 |
| Bank deposit interest rate | 0.18% | ▲ 0.01 | ▲ 0.07 | May 2017 |
| 3-month treasury bill yield | 0.94% | ▲ 0.14 | ▲ 0.59 | 2017-05-26 |
| 2-year treasury bond yield | 1.30% | ▲ 0.02 | ▲ 0.38 | 2017-05-26 |
| 10-year treasury bond yield | 2.25% | ▼ -0.04 | ▲ 0.39 | 2017-05-26 |
| 30-year mortgage rate | 3.95% | ▼ -0.08 | ▲ 0.31 | 2017-05-25 |
| US Dollar, broad index | 124.23 | ▼ -0.1% | ▲ 2.9% | May 2017 |
| Crude oil, US\$/barrel | \$49.87 | ▲ 1.4% | ▲ 1.0% | 2017-05-26 |
| Industrial production index | 105.1 | ▲ 1.0% | ▲ 2.2% | Apr 2017 |
| Consumer confidence index | 97.1 | ▲ 0.1% | ▲ 2.5% | May 2017 |

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