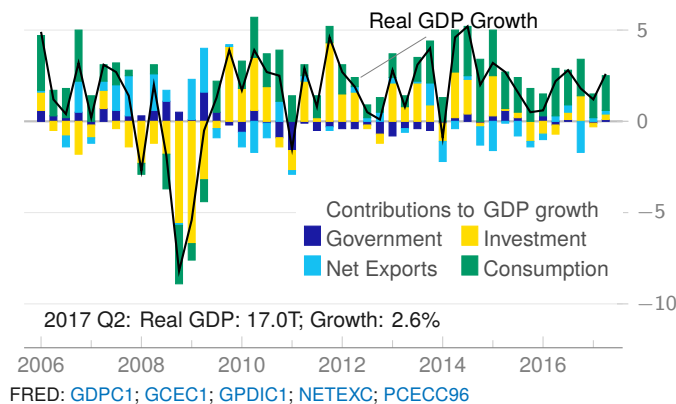


First quarter U.S. economic growth slowed from lower consumption spending growth, despite an improvement in exports. The unemployment rate is gradually nearing its long-run full-capacity level. Inflation is below two percent in both the core CPI and the full index, with no expected acceleration. Elevated 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

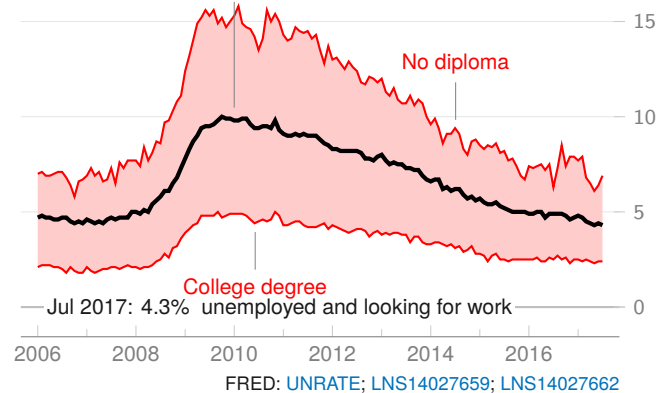
### Real Gross Domestic Product (GDP)

(Quarterly percent change, seasonally-adjusted annual rate)



### Civilian unemployment rate (percent)

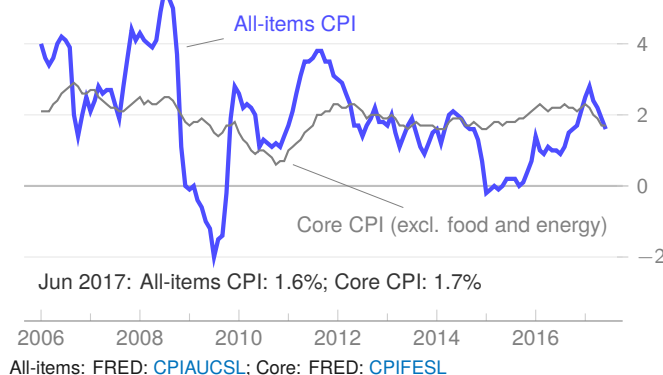
Unemployed and looking for work (U3 rate)



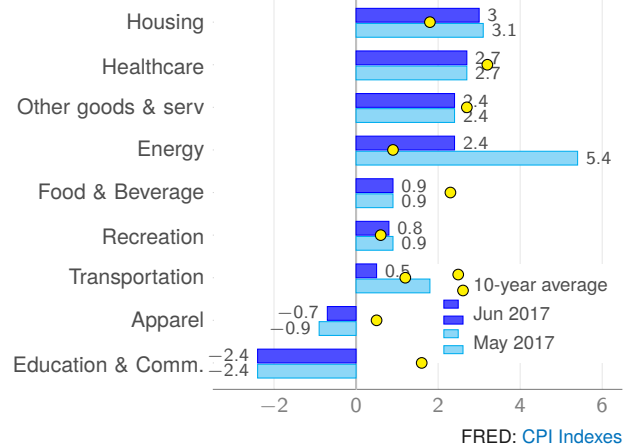
## Inflation and Prices

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

5-year expected annual inflation rate:  
Aug 03, 2017: 1.9% (FRED: TS5YIFR)

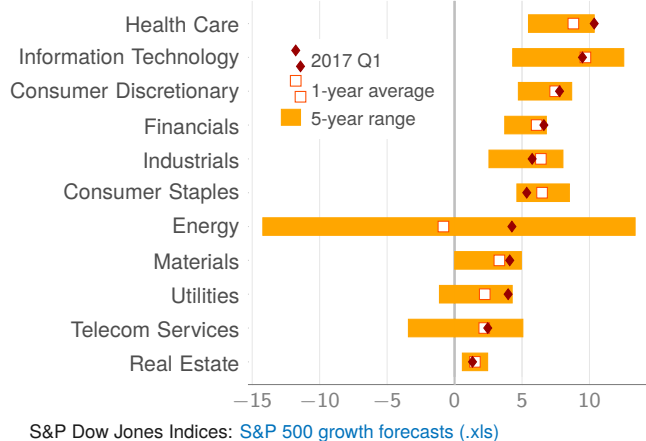


### CPI components (annual percent change)



## 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               | 2476.83 | ▲ 2.1%    | ▲ 14.4%  | 2017-08-04 |
| CBOE volatility index (VIX) | 10.03   | ▼ -10.4%  | ▼ -19.2% | 2017-08-04 |
| Bank deposit interest rate  | 0.17%   | ▲ 0.01    | ▲ 0.05   | Jul 2017   |
| 3-month treasury bill yield | 1.08%   | ▲ 0.03    | ▲ 0.79   | 2017-08-04 |
| 2-year treasury bond yield  | 1.36%   | ▼ -0.04   | ▲ 0.69   | 2017-08-04 |
| 10-year treasury bond yield | 2.27%   | ▼ -0.12   | ▲ 0.72   | 2017-08-04 |
| 30-year mortgage rate       | 3.93%   | ▼ -0.03   | ▲ 0.50   | 2017-08-03 |
| US Dollar, broad index      | 120.74  | ▼ -1.3%   | ▼ -1.0%  | Jul 2017   |
| Crude oil, US\$/barrel      | \$49.52 | ▲ 11.7%   | ▲ 18.4%  | 2017-08-04 |
| Industrial production index | 105.2   | ▲ 0.4%    | ▲ 2.0%   | Jun 2017   |
| Consumer confidence index   | 93.4    | ▼ -1.8%   | ▲ 3.8%   | Jul 2017   |

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