

U.S. Macro Economic Indicator Snapshot



Indicator	3Q2015	4Q2015	1Q2016	2Q2016	Comments
Real GDP (\$bil)**	16,455	16,491	16,525	16,575	The U.S. economy accelerated in 2nd quarter as oil prices, the dollar and manufacturing showed signs of stabilization. Gross output accelerated at an annualized pace of 1.2% in 2nd quarter 2016, according the BEA's advance reading. Support came largely from the hearty 4.2% pick-up in consumer spending and, in contrast to recent performance, an acceleration in net exports. For perspective, the annualized quarterly consumer spending growth rate has topped the pace of change in Real GDP since 4th quarter 2014, as the change in imports concurrently topped exports. Economic growth was restrained by a slowdown in inventory investment - the most volatile component of GDP - and by deceleration in business investment, federal spending and residential investment. Contraction in the nonresidential structure and equipment investment space weighted on GDP performance notably, as did the first decline in residential investment recorded since 1st quarter 2014.
<i>Annualized Quarterly Growth Rate</i>	2.0%	0.9%	0.8%	1.2%	

**Chained to 2009 Dollars

Source: Bureau of Economic Analysis

Avg. Total Unemployment Rate	3Q2015	4Q2015	1Q2016	2Q2016	Comments
	5.2%	5.0%	4.9%	4.9%	Total nonfarm payroll grew at a 1.8% annualized clip by adding 460,000 jobs in 2016's 2nd quarter. June additions (292,000 positions) are the quarter's largest monthly tally, making June the most robust showing since October 2015. The unemployment rate finished the quarter at 4.9%, coming in flat quarter-over-quarter and improving 50 bps on an annual basis. The employment stock expanded most notably in Education/Health Services (151,000 jobs) and Professional/Business Services (142,000 jobs), while Mining/Logging industries recorded the seventh consecutive quarter of cuts (-28,000 jobs). Improving labor markets continue to reattract those who have been discouraged or marginally attached to the workforce, easing the burden of finding a job for age cohorts. As such, average hourly earnings for all employees on private-sector payrolls increased \$0.08 since April, registering at \$25.61 in June, or up 2.6% on an annualized basis. That payrate is \$0.65 above the June 2015 wage and marked the 16th consecutive month of annualized growth exceeding 2.0%.
<i>Age 20-24</i>	9.4%	9.5%	8.4%	8.6%	
<i>Age 25-34</i>	5.3%	5.4%	5.1%	5.1%	
<i>U-6</i>	10.2%	9.9%	9.8%	9.7%	

Source: U.S. Department of Labor

Avg. 10-Year Treasury Rate	3Q2015	4Q2015	1Q2016	2Q2016	Comments
<i>Daily Average</i>	2.22%	2.19%	1.91%	1.75%	U.S. government debt markets rallied in 2nd quarter due to uncertainty surrounding growth expectations, low inflation and dovish central bank policies across many of the advanced economies. Yields across much of the developed world hit record lows following the U.K. Brexit vote to leave the European Union. The declining yields recorded globally funneled investors into the U.S. Treasury market as they sought better performance and perceived safety. The influx sent U.S. yields close to their all-time lows, with the 10-year Treasury note declining to 1.46%. The U.S. Fed kept the Federal Funds rate flat over the quarter due to mounting uncertainty. The short-term debt instruments also rallied as they are highly sensitive to policy outlook from central banks. These dynamics continued to facilitate broad based flattening of the U.S. treasury yield curve. Going forward, the expected slow growth environment with geopolitical volatility should keep rates suppressed.
<i>Avg. 30 day Libor</i>	0.13%	0.16%	0.37%	0.39%	
<i>Fed Funds Rate</i>	0.13%	0.16%	0.36%	0.37%	

Source: Federal Reserve Bank of St. Louis and U.S. Department of the Treasury

Avg. Inflation (CPI)	3Q2015	4Q2015	1Q2016	2Q2016	Comments
<i>Three Month Average</i>	237.6	238.1	237.9	239.4	The Consumer Price Index for All Urban consumers increased on an annual basis in nine of the last 10 months. Prices in 2nd quarter dropped 0.6% quarter-over-quarter, taking the annual inflation to 1.1% on a seasonally adjusted basis. For comparison, prices have increased an average of 1% per year for the last three years. Excluding food and energy inputs, inflation jumped to 2.2% annually, ahead of the three-year average annual clip of 1.9%. Energy and transportation costs continued to tumble during 2nd quarter, declining 9.3% and 3.0%, respectively. Those two components have declined on an annual basis in each of the last seven quarters. Furthermore, the annual pace of housing inflation increased 2.3%, while rents on primary residences rose 3.8% in 2nd quarter 2016. Shifting to incomes, hourly earnings for private-sector employees jumped 2.5% to an average of \$25.58 during 2nd quarter 2016 as the average weekly earnings registered at \$879.87, up 2.2% since 2nd quarter 2015. Disposable personal incomes jumped 3.4% on an annualized basis for all employees in 2nd quarter 2016.
<i>Year-over-Year growth</i>	0.1%	0.4%	1.1%	1.1%	

Source: Bureau of Labor Statistics