

U.S. Macro Economic Indicator Snapshot



Indicator	1Q2016	2Q2015	3Q2016	4Q2016	Comments
Real GDP (\$bil)**	16,525	16,583	16,727	16,805	The expansion of the U.S. economy slowed in 4th quarter 2016 as gross domestic output accelerated at an annualized pace of 1.9%, according to the BEA's advance estimate. Additionally, the U.S. economy grew 1.6% in calendar year 2016, down from the 2.6% seen in 2015, marking the weakest showing since 2011. The deceleration in growth is primarily due to a sharp decline in exports and a slower pace of consumer spending that offset improvement in business investment. However, economic growth averaged 2.7% in the second half of 2016, a notable pickup from the 1.1% average clip seen in the first half of 2016. Despite overall growth slowing in the 4th quarter, underlying fundamentals highlight that the expansion has momentum going into 2017. Companies are expanding their inventory and investment, particularly on equipment and intellectual property, as consumer spending continues to increase at an okay-but-unimpressive pace. Those dynamics show underlying resilience that has kept that headline growth figure on a steady path.
<i>Annualized Quarterly Growth Rate</i>	0.8%	1.4%	3.5%	1.9%	

**Chained to 2009 Dollars

Source: Bureau of Economic Analysis

Avg. Total Unemployment Rate	4.9%	4.9%	4.9%	4.7%	Total nonfarm payrolls grew at a 1.6% annualized clip, by adding 520,000 jobs in 4th quarter 2016. November additions (204,000 positions) are the quarter's largest monthly tally, but lag an average of 219,000 positions added per month over the last three years. The unemployment rate finished 20 basis points (bps) lower quarter-over-quarter, finishing 4th quarter 2016 at 4.7%, down 30 bps on an annual basis. The monthly headline unemployment reading declined on an annual basis for the 79th consecutive month. During 4th quarter 2016, the employment stock expanded most notably in Professional/Business Services (157,000 jobs) and Education/Health Services (146,000 jobs), while Mining/Logging industries recorded the eighth consecutive quarter of cuts (-2,000 jobs). Average hourly earnings for all employees on private-sector payrolls improved \$0.19 during 4th quarter 2016, registering at an average \$25.94 for that period, or up 2.7% on an annualized basis. That pay rate is \$0.69 above the average effective wage recorded the year prior. Further, the 2.9% year-over-year increase established in December was the most robust annual gain seen in more than seven and a half years.
<i>Age 20-24</i>	8.4%	8.6%	8.4%	8.2%	
<i>Age 25-34</i>	5.1%	5.1%	5.1%	4.9%	
<i>U-6</i>	9.8%	9.7%	9.7%	9.3%	

Source: U.S. Department of Labor

Avg. 10-Year Treasury Rate	1.91%	1.75%	1.56%	2.14%	The Federal Reserve's highly anticipated rate hike manifested in mid-December, the first interest rate hike in a year, in part on the expectation for potential aggressive fiscal policy from the incoming White House administration. The Federal Open Market Committee unanimously approved to push the target range for its short-term lending rate to between 0.5% and 0.75% and provided guidance on a somewhat more aggressive trajectory for interest rates that lie ahead. The bond market faced increasing volatility during the quarter under a rising interest rate environment, a surging U.S. dollar and uncertainty around potential fiscal policy. The yield curve has steepened over the quarter as the 10-year Treasury rate increased 82 bps and the 2-year moved up 40 bps, essentially recapturing the early-2016 rate decline. Looking ahead, bonds are more susceptible to real interest rate and inflation expectations. The bond market could see further volatility given both monetary and fiscal policy uncertainty but is generally supported by a slightly more positive growth outlook.
<i>Daily Average</i>					
<i>Avg. 30 day Libor</i>	0.37%	0.39%	0.42%	0.48%	
<i>Fed Funds Rate</i>	0.36%	0.37%	0.39%	0.45%	

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

Avg. Inflation (CPI)	237.9	239.4	240.4	242.4	The Consumer Price Index for All Urban consumers increased on an annual basis in each of the last 15 months. As such, prices in 4th quarter 2016 jumped 0.8% quarter-over-quarter, taking the annual inflation to 1.8% on a seasonally adjusted basis. For comparison, prices have increased an average of 1% per year, for the last 12 quarters. Of the three months in 4th quarter 2016, the 2.1% annual clip posted in December outpaced the prior two months, registering the largest annual gain since November 2012. Excluding food and energy inputs, inflation jumped to 2.2% annually as of 4th quarter 2016, ahead of the three-year average annual clip of 1.9%. Energy and transportation costs recorded the first uptick following roughly two years of annual declines, each respectively increasing 2.2% and 1.0% year-over-year. Furthermore, the annual pace of housing inflation increased 2.9% in the 4th quarter, while rents on primary residences rose 3.9% over the year. Shifting to incomes, the average weekly earnings for private-sector employees registered at \$890.61, up 2.3% on an annual basis. As of November 2016, disposable personal incomes also jumped 2.3% year-over-year for all employees.
<i>Three Month Average</i>					
<i>Year-over-Year growth</i>	1.1%	1.1%	1.1%	1.8%	

Source: Bureau of Labor Statistics