



National Economic Indicators

August 22, 2016

Table of Contents

GDP	<i>Release Date</i>	<i>Latest Period</i>	<i>Page</i>
Table: Real Gross Domestic Product	Jul-29-2016 08:30	Q2-2016	4
Real Gross Domestic Product	Jul-29-2016 08:30	Q2-2016	5
Decomposition of Real Gross Domestic Product	Jul-29-2016 08:30	Q2-2016	6
Households			
Retail Sales	Aug-12-2016 08:34	Jul-2016	7
Disposable Personal Income and Expenditures	Aug-02-2016 08:37	Jun-2016	8
Sales of Automobiles and Light Trucks	Aug-02-2016 16:14	Jul-2016	9
Personal Saving Rate	Aug-02-2016 08:37	Jun-2016	10
Household Net Worth	Jun-09-2016 12:09	Q1-2016	11
Existing Single-Family Home Sales	Jul-21-2016 10:00	Jun-2016	12
New Single-Family Home Sales	Jul-26-2016 10:03	Jun-2016	13
Private Single-Family Housing Starts & Permits	Jul-19-2016 08:32	Jun-2016	14
Private Multi-Family Housing Starts & Permits	Jul-19-2016 08:32	Jun-2016	15
Business Investment			
Real Investment in Nonresidential Structures	Jul-29-2016 08:30	Q2-2016	16
Real Private Construction Put in Place	Aug-01-2016 10:00	Jun-2016	17
Real Nonresidential Fixed Investment	Jul-29-2016 08:30	Q2-2016	18
Real Investment in Equipment	Jul-29-2016 08:30	Q2-2016	19
Real Investment in Intellectual Property	Jul-29-2016 08:30	Q2-2016	20
Trade			
Balance of International Trade	Aug-05-2016 08:30	Jun-2016	21
Exchange Value of the USD	Aug-01-2016 10:07	Jul-2016	22
Manufacturing			
Industrial Production	Jul-15-2016 09:16	Jun-2016	23
Capacity Utilization Rate: Manufacturing	Jul-15-2016 09:16	Jun-2016	24
Indexes of Manufacturing Activity	Aug-01-2016 10:02	Jul-2016	25
Indexes of Non-Manufacturing Activity	Aug-03-2016 10:01	Jul-2016	26
Table: ISM Business Survey Indexes	Aug-01-2016 10:02	Jul-2016	27
Manufacturers' New Orders	Aug-04-2016 10:03	Jun-2016	28
Core Capital Goods	Aug-04-2016 10:03	Jun-2016	29
Business Inventory/Sales Ratios	Aug-09-2016 10:01	Jun-2016	30

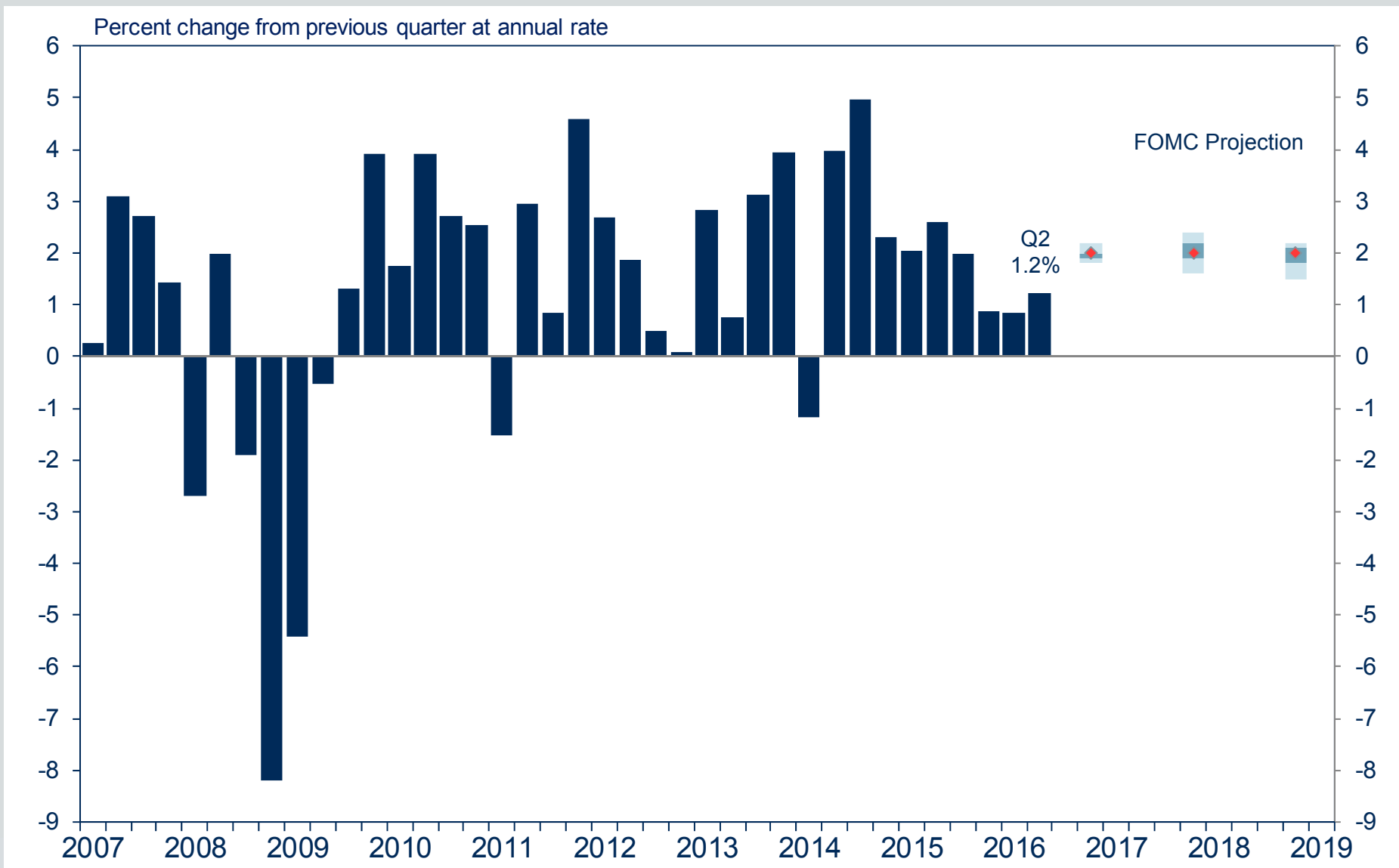
Table of Contents (continued)

Labor Market	<i>Release Date</i>	<i>Latest Period</i>	<i>Page</i>
Nonfarm Payroll Employment	Aug-05-2016 08:31	Jul-2016	31, 32
Unemployment Rate Measures	Aug-05-2016 08:31	Jul-2016	33,34
Labor Market Flows	Aug-10-2016 10:03	Jun-2016	35
Labor Force Participation	Aug-05-2016 08:31	Jul-2016	36
Aggregate Weekly Hours Index	Aug-05-2016 08:31	Jul-2016	37
Average Hourly Earnings	Aug-05-2016 08:31	Jul-2016	38
Employment Cost Index	Jul-29-2016 08:31	Q2-2016	39
Business Labor Productivity	Aug-09-2016 08:30	Q2-2016	40
Unit Labor Costs, Nonfarm Business	Aug-09-2016 08:30	Q2-2016	41
Inflation			
Table: Gauges of Inflation	Aug-03-2016 11:11	Jul-2016	42
Expenditure Price Indexes	Aug-02-2016 08:37	Jun-2016	43, 44
Consumer Price Indexes	Jul-15-2016 08:31	Jun-2016	45
Producer Price Indexes	Aug-12-2016 08:33	Jul-2016	46
Commodity Price Indexes	Aug-03-2016 11:11	Jul-2016	47
Crude Oil Prices	Aug-15-2016	15-Aug-2016	48
TIPS Inflation Compensation	Aug-12-2016 16:59	05-Aug-2016	49
Monetary Policy & Financial Markets			
Federal Reserve System Assets	Aug-11-2016 16:31	10-Aug-2016	50
Monetary Policy Instruments	Aug-14-2016 07:51	12-Aug-2016	51
Real Federal Funds Rate	Aug-02-2016 08:37	Jul-2016	52
FOMC Statement	Jun-15-2016		53, 54
Eurodollar Futures	Aug-15-2016	15-Aug-2016	55
SEP: Federal Funds Rate	Jun-15-2016 14:05		56
Monetary Base	Aug-11-2016 16:31	03-Aug-2016	57
M2	Aug-11-2016 16:31	Jul-2016	58
Money Market Rates	Aug-14-2016 07:51	12-Aug-2016	59
Capital Market Rates	Aug-14-2016 07:51	12-Aug-2016	60
Treasury Yield Curve	Aug-12-2016 16:27	12-Aug-2016	61
Risk Premium	Aug-14-2016 07:51	12-Aug-2016	62

Real Gross Domestic Product

	2015			2016	
	Q2	Q3	Q4	Q1	Q2
CHANGE FROM PREVIOUS QUARTER AT COMPOUND ANNUAL RATE [Percent]:					
Gross Domestic Product	2.6	2.0	0.9	0.8	1.2
Personal Consumption Expenditures	2.9	2.7	2.3	1.6	4.2
Nonresidential Fixed Investment	1.6	3.9	-3.3	-3.4	-2.2
Structures	-2.7	-4.3	-15.2	0.1	-7.9
Equipment	-0.3	9.1	-2.6	-9.5	-3.5
Intellectual Property	8.0	2.1	4.6	3.7	3.5
Residential Fixed Investment	14.9	12.6	11.5	7.8	-6.1
Exports of Goods & Services	2.9	-2.8	-2.7	-0.7	1.4
Imports of Goods & Services	2.9	1.1	0.7	-0.6	-0.4
Government Consumption Expenditures & Gross Investment	3.2	1.9	1.0	1.6	-0.9
Final Sales to Domestic Purchasers	3.2	3.0	1.7	1.2	2.1
LEVEL IN QUARTER AT SEASONALLY ADJUSTED ANNUAL RATE [Billions of Chained (2005) Dollars]:					
Change in Private Inventories	93.8	70.9	56.9	40.7	-8.1
Net Exports of Goods & Services	-524.9	-547.1	-566.6	-566.3	-556.3

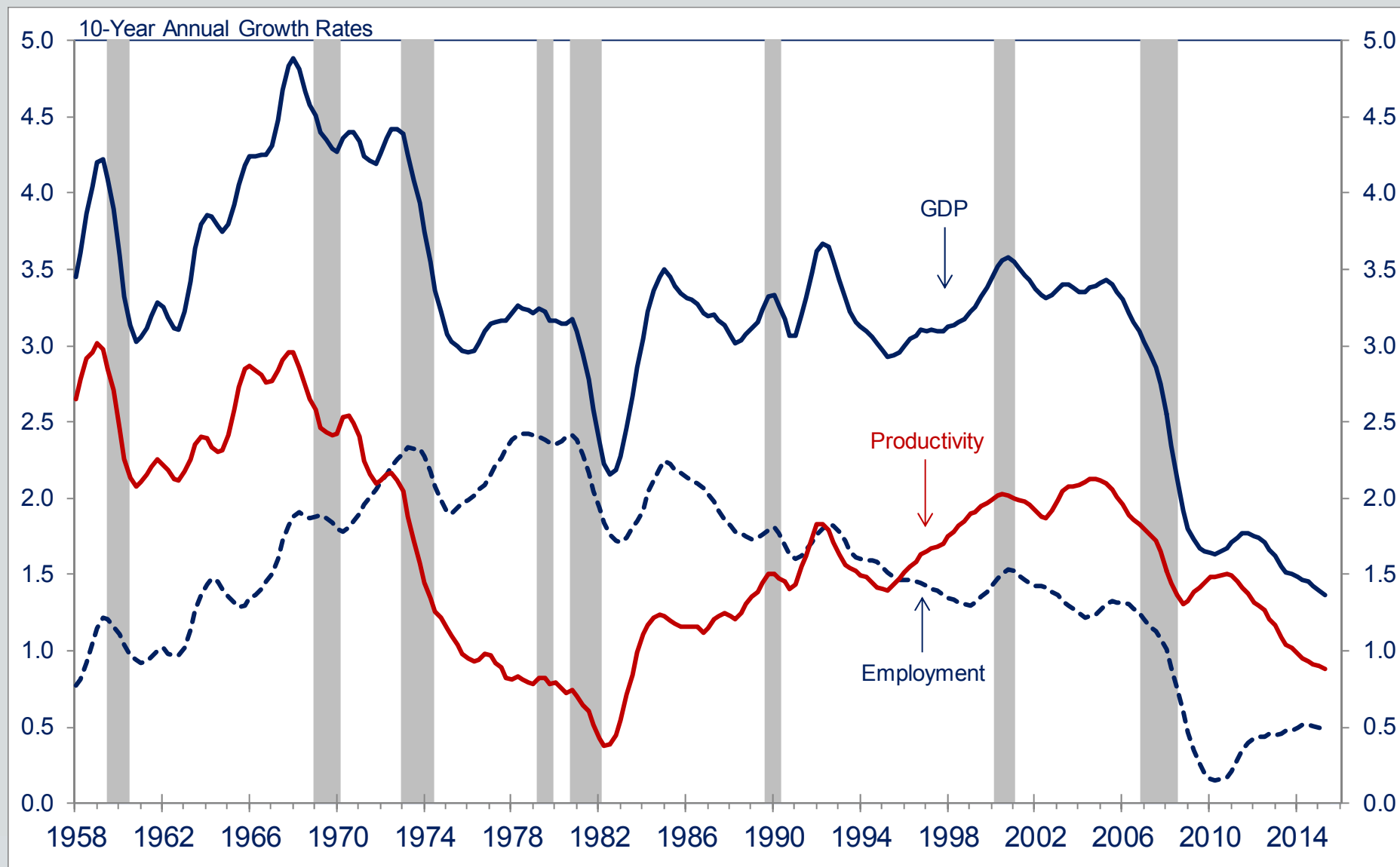
Real Gross Domestic Product



Note: Projection is the median, central tendency, and range from the June 2016 Summary of Economic Projections. Red dots indicate median projections. Projections of change in real gross domestic product (GDP) are from the fourth quarter of the previous year to the fourth quarter of the year indicated.

Source: Bureau of Economic Analysis via Haver Analytics & Federal Reserve Board

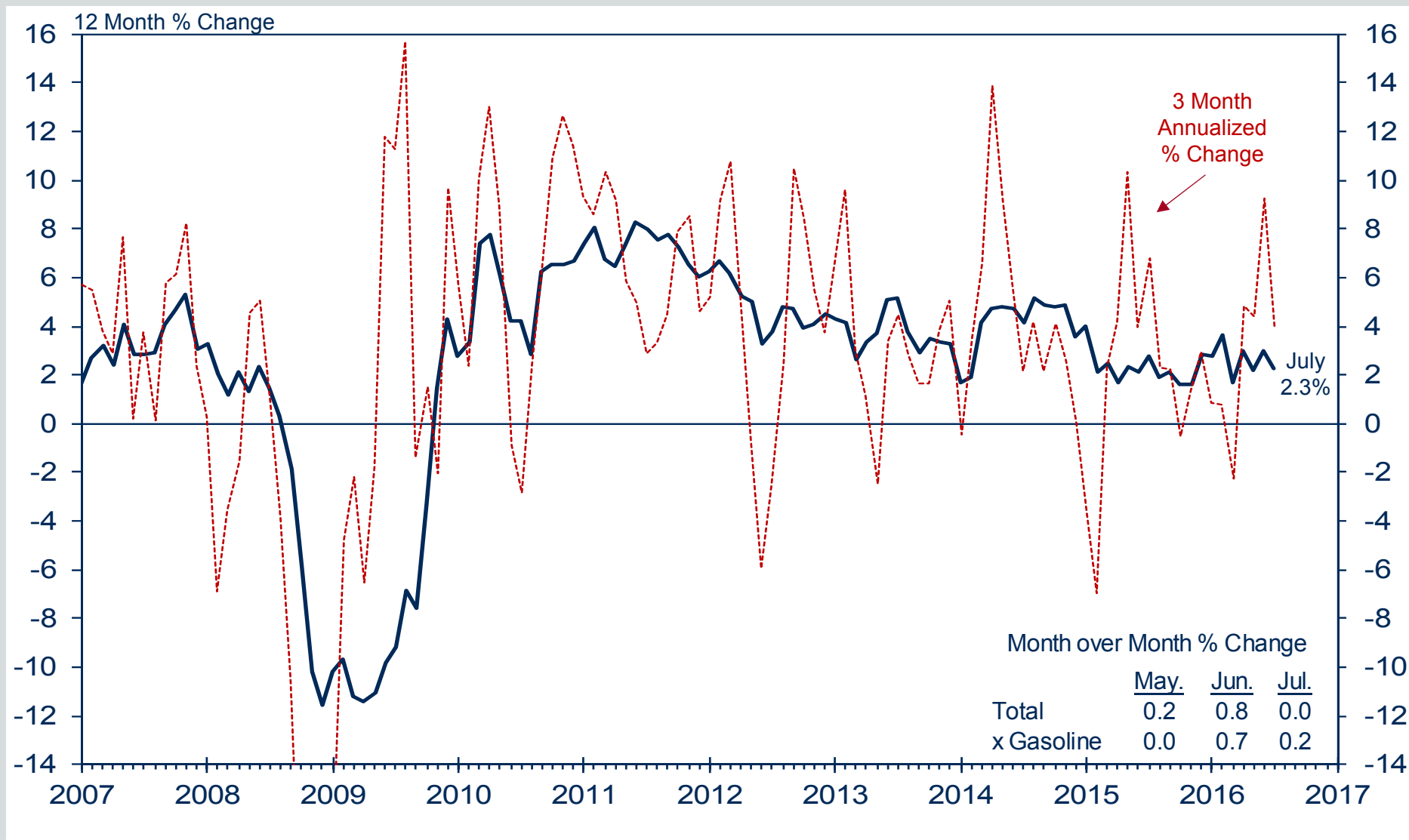
Decomposition of Real GDP



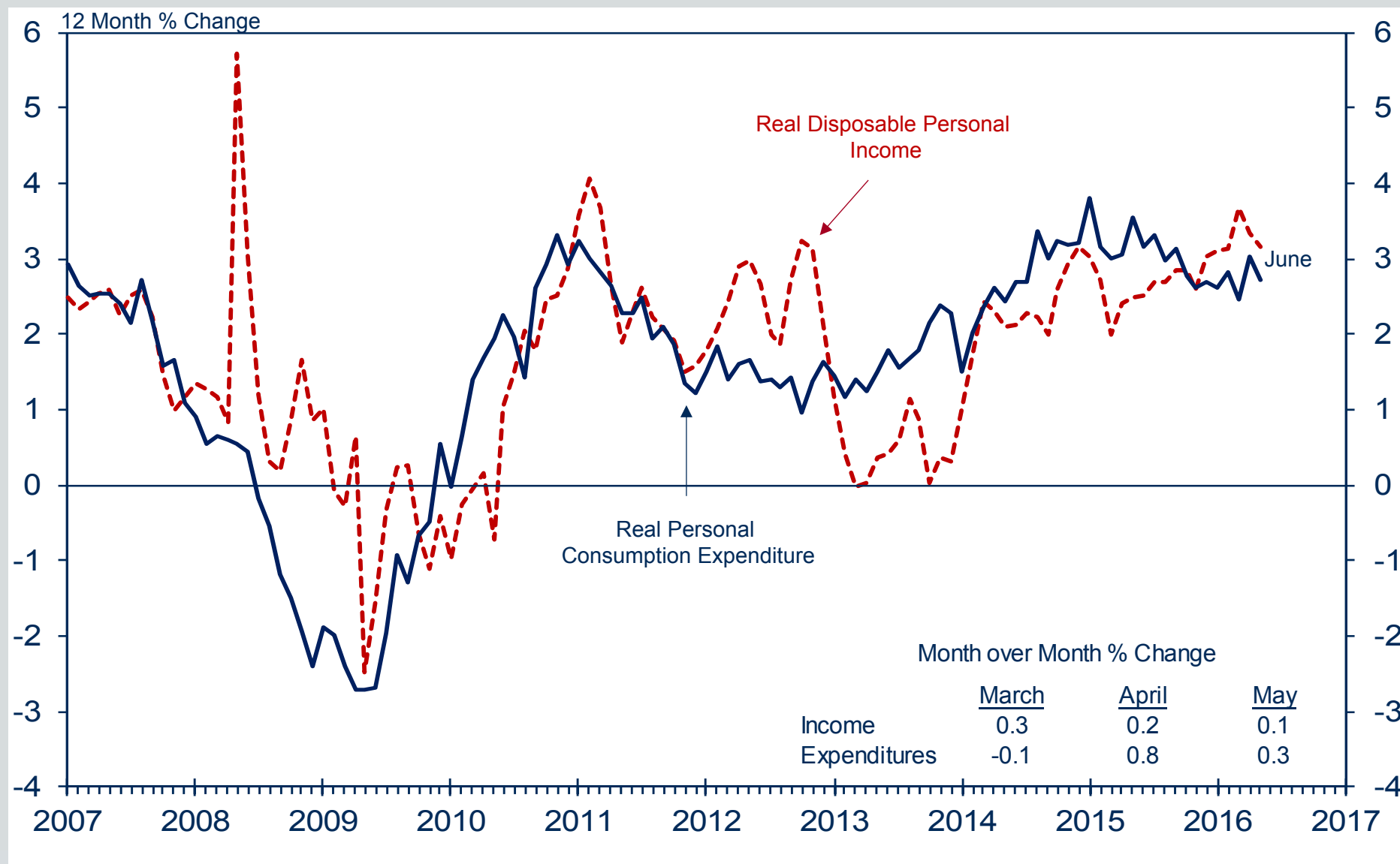
Note: Productivity is calculated as real GDP per employee, from the Household Survey.

Source: Bureau of Economic Analysis and Bureau of Labor Statistics via Haver Analytics 6

Retail Sales



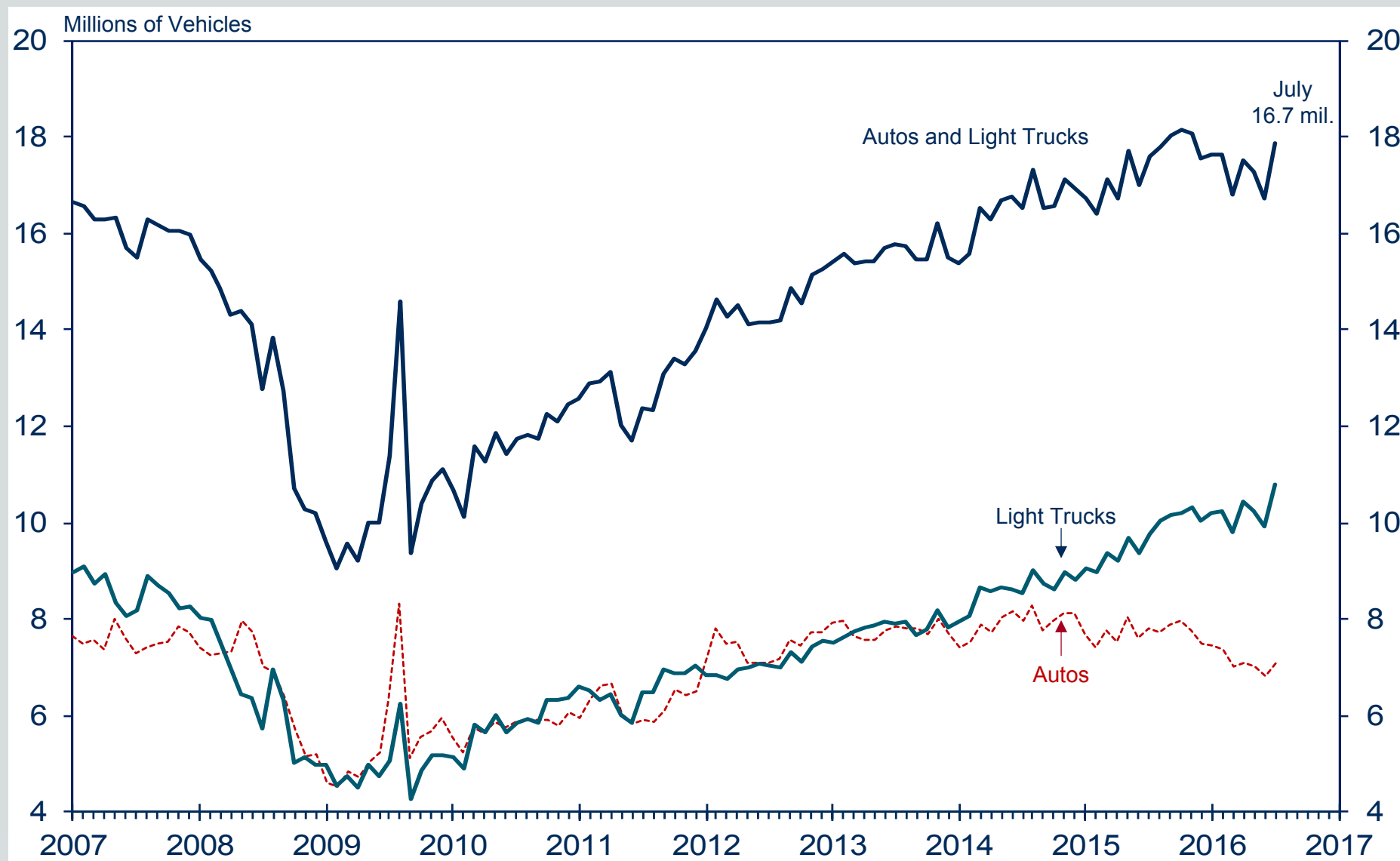
Disposable Personal Income & Expenditures



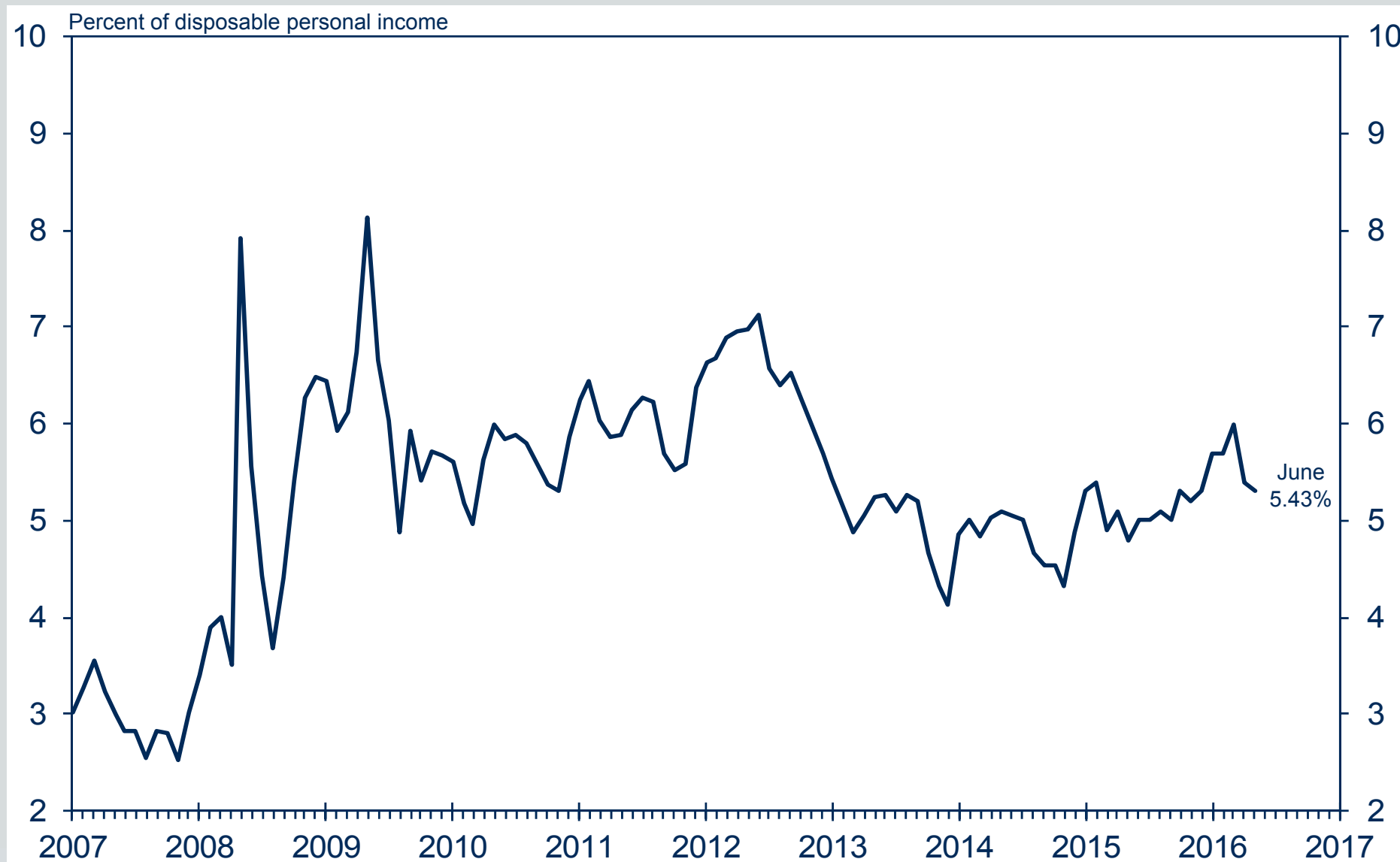
Note: Real disposable personal Income was adjusted to remove tax-induced income shifting near end of 2012.

Source: Bureau of Economic Analysis via Haver Analytics 8

Sales of Automobiles & Light Trucks



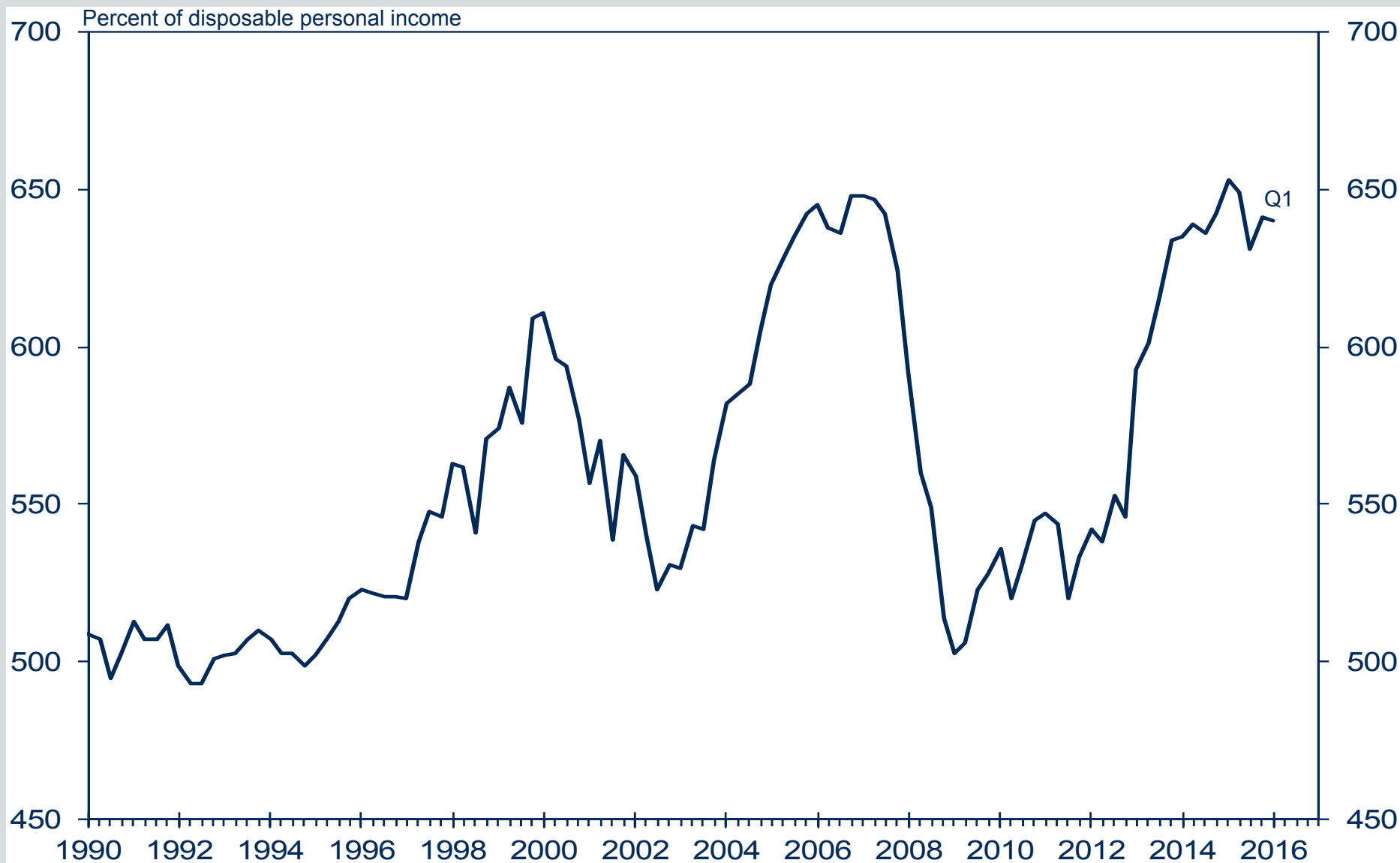
Personal Saving Rate



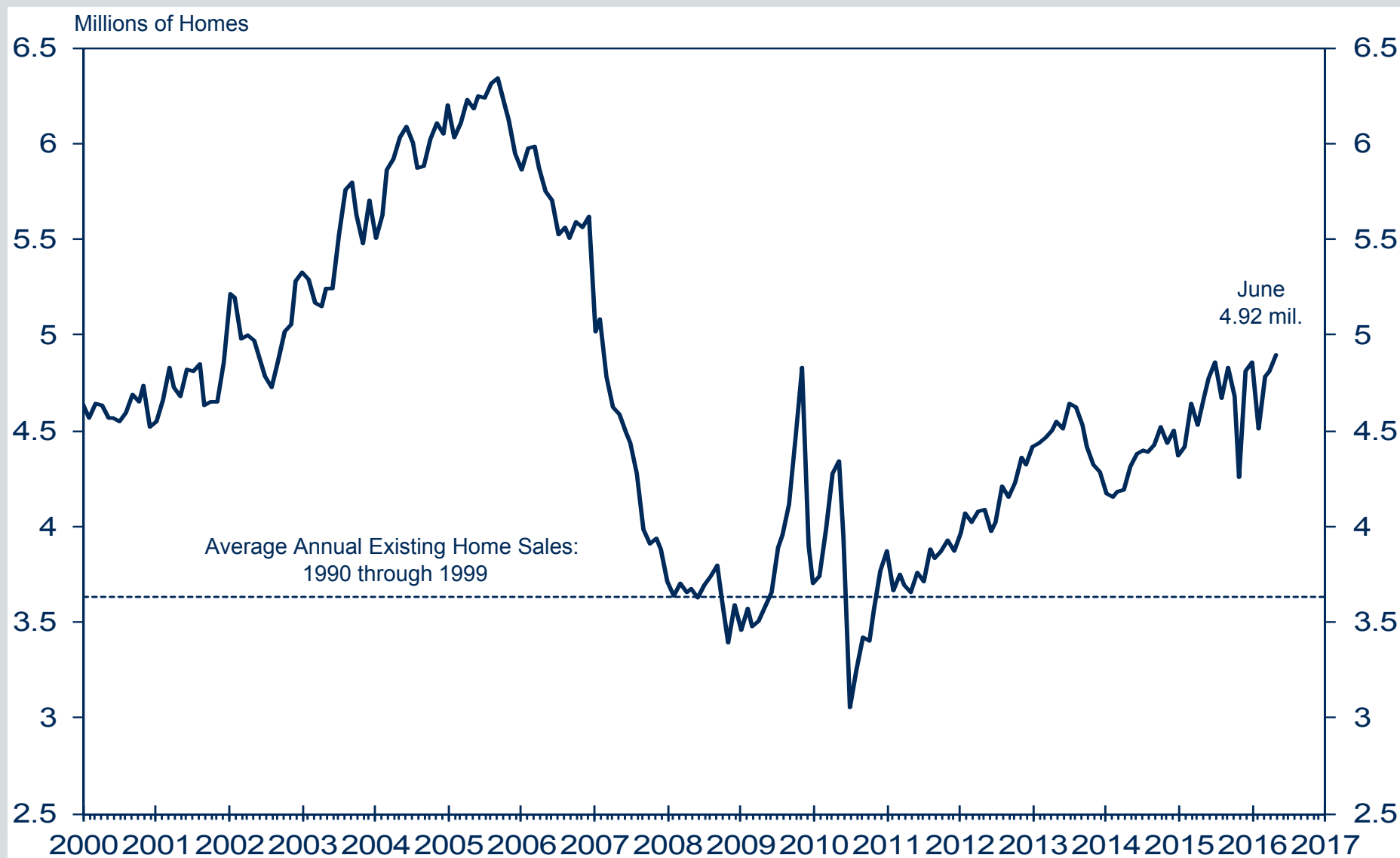
Note: The personal saving rate was adjusted to remove tax-induced income shifting near the end of 2012.

Source: Bureau of Economic Analysis via Haver Analytics 10

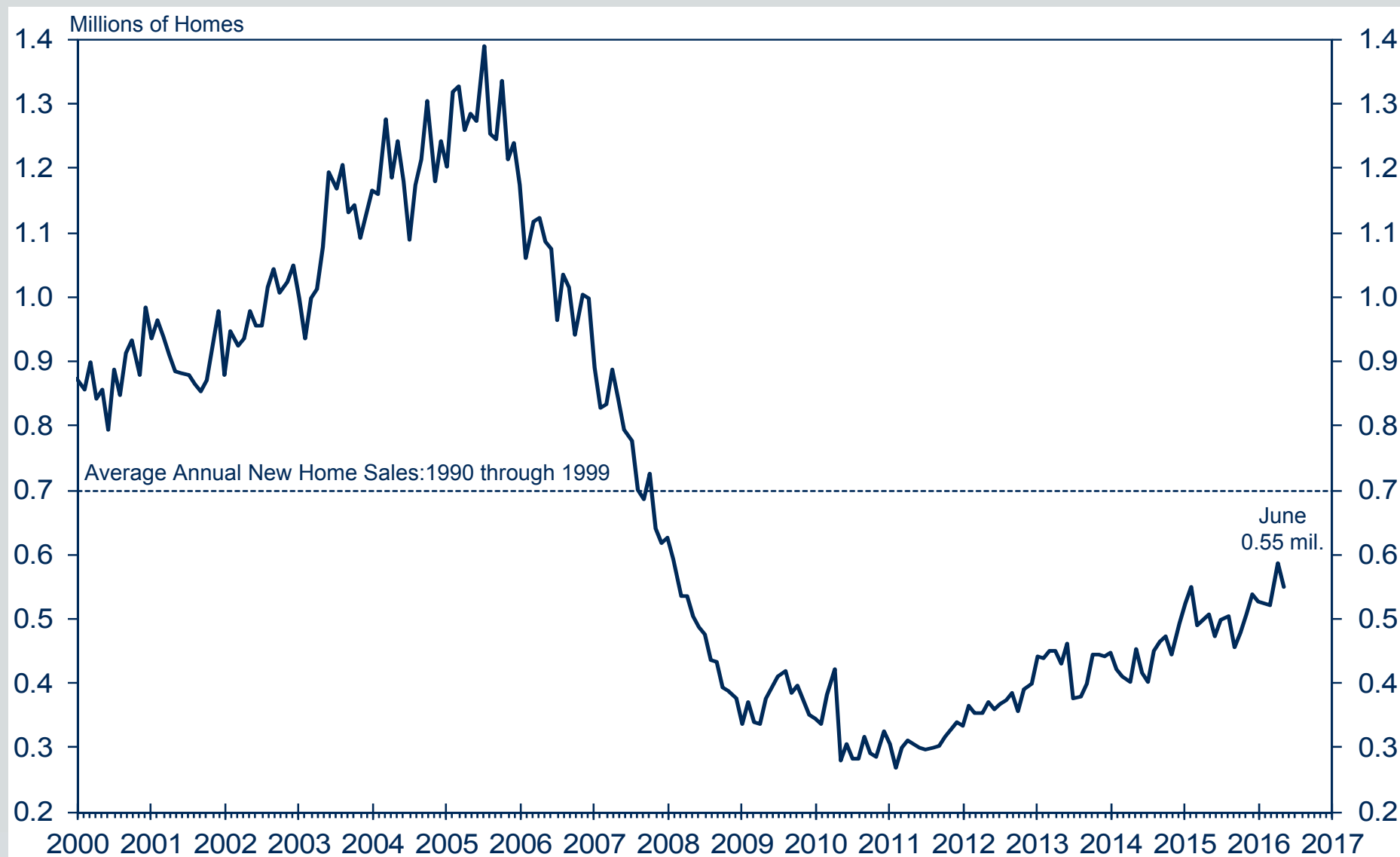
Household Net Worth



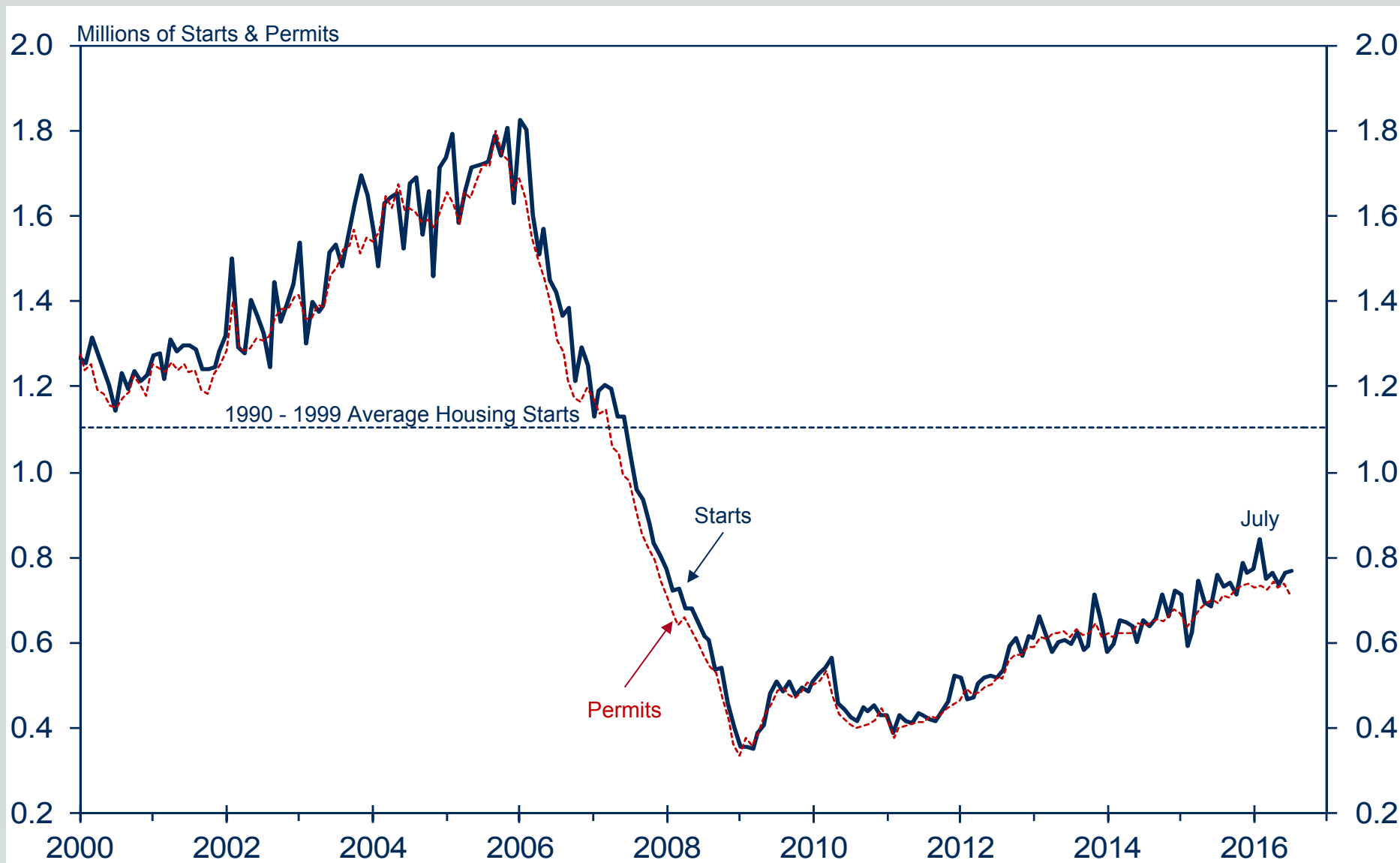
Existing Single-Family Home Sales



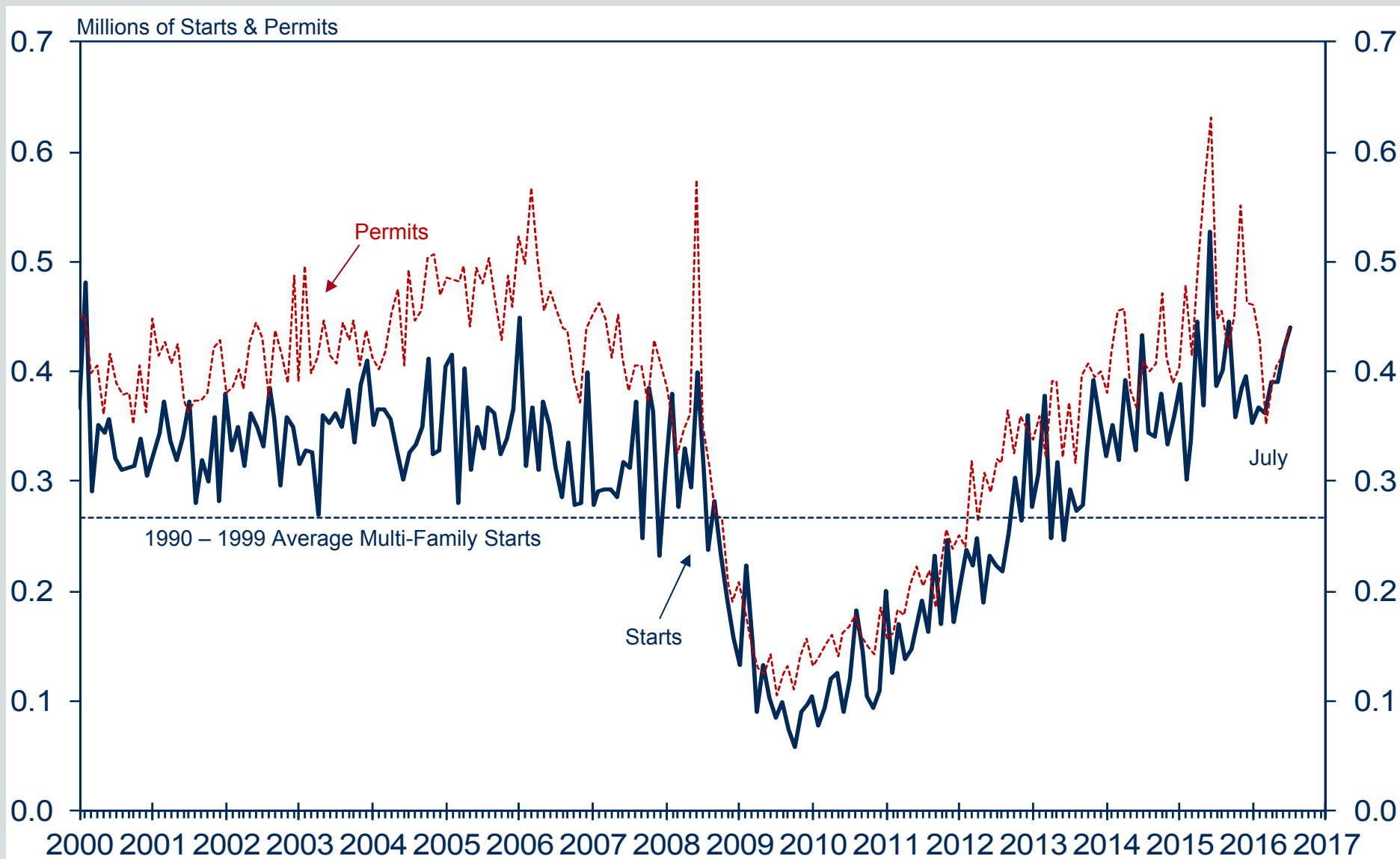
New Single-Family Home Sales



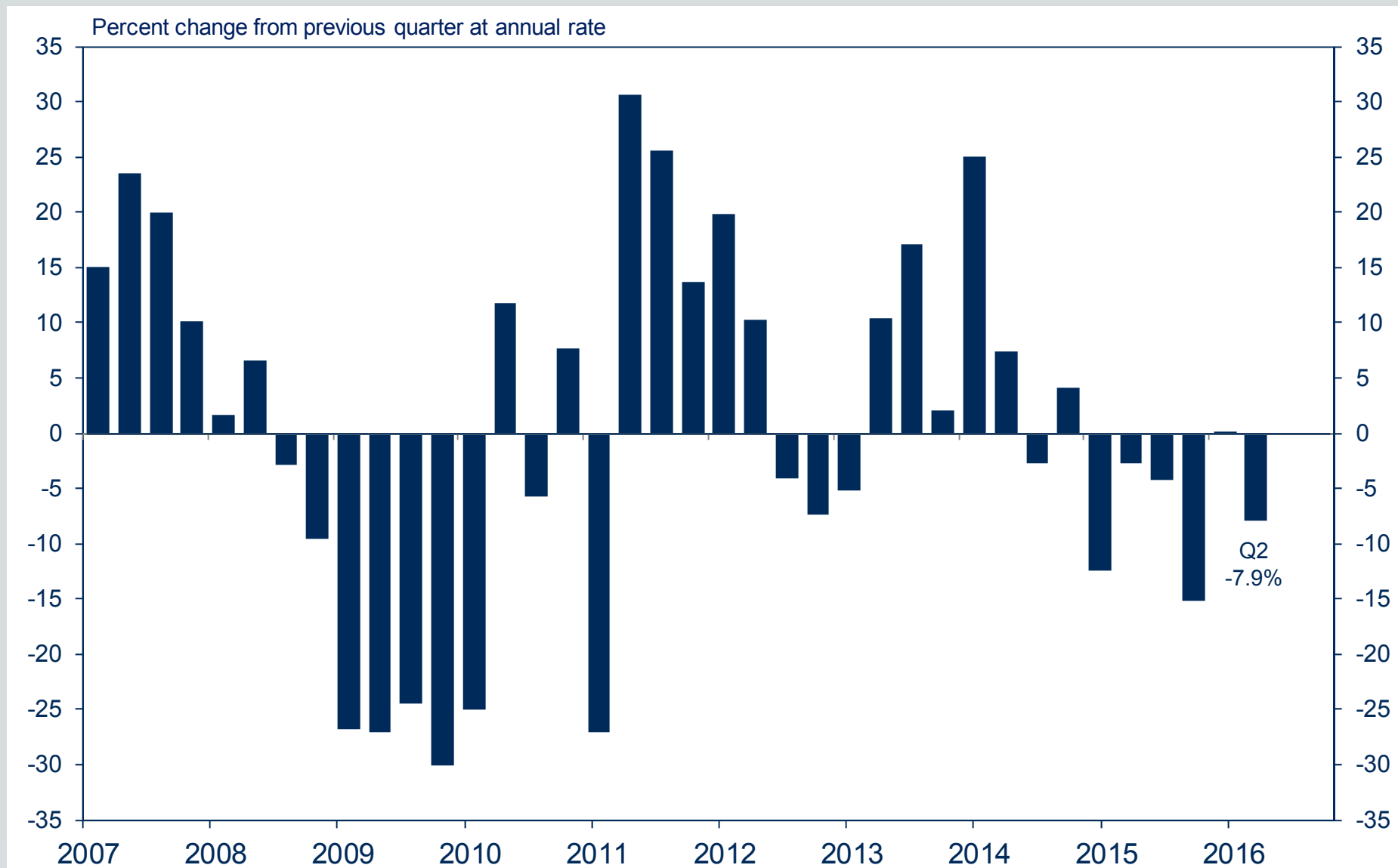
Private Single-Family Housing Starts & Permits



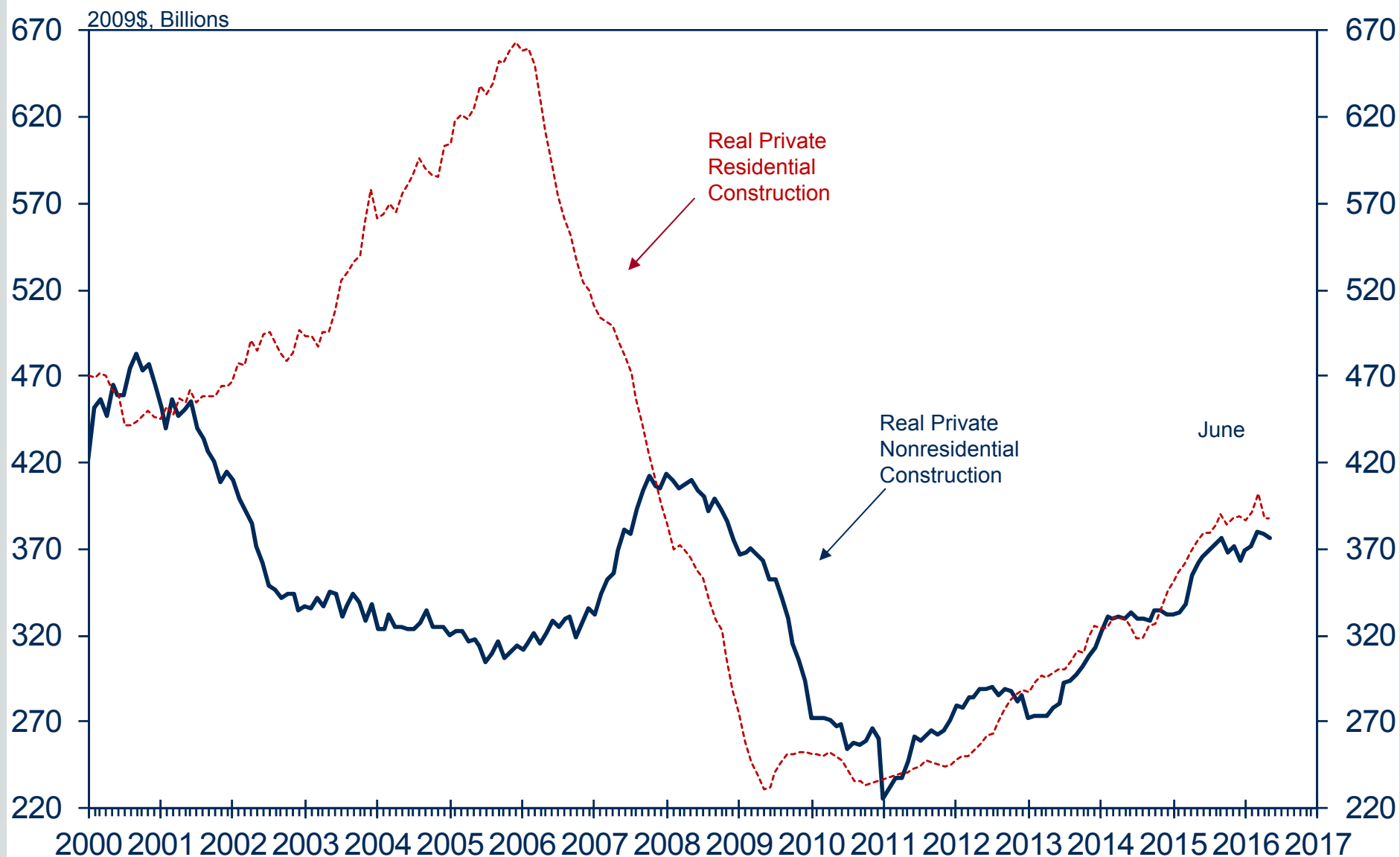
Private Multi-Family Housing Starts & Permits



Real Investment in Nonresidential Structures



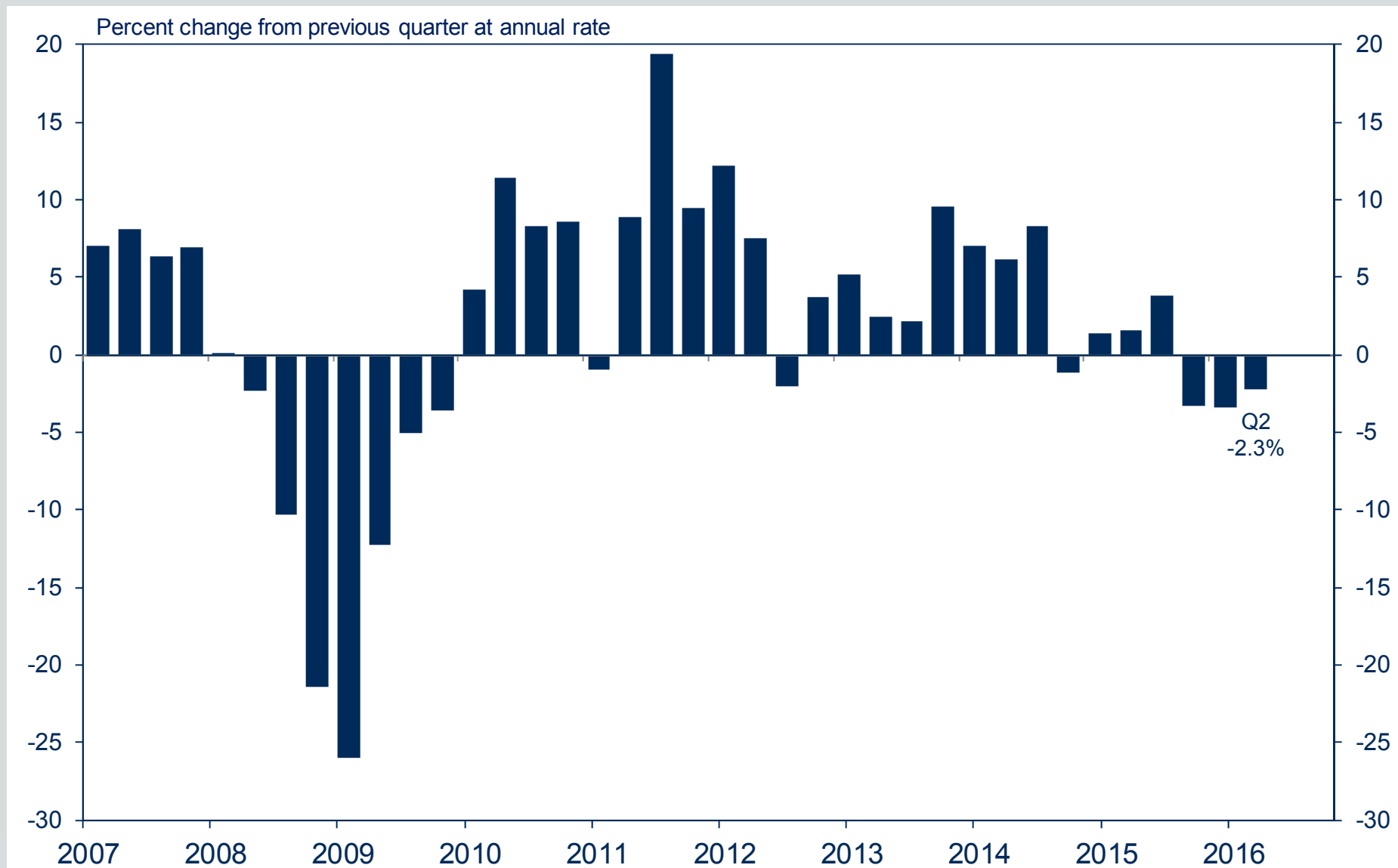
Real Private Construction Put In Place



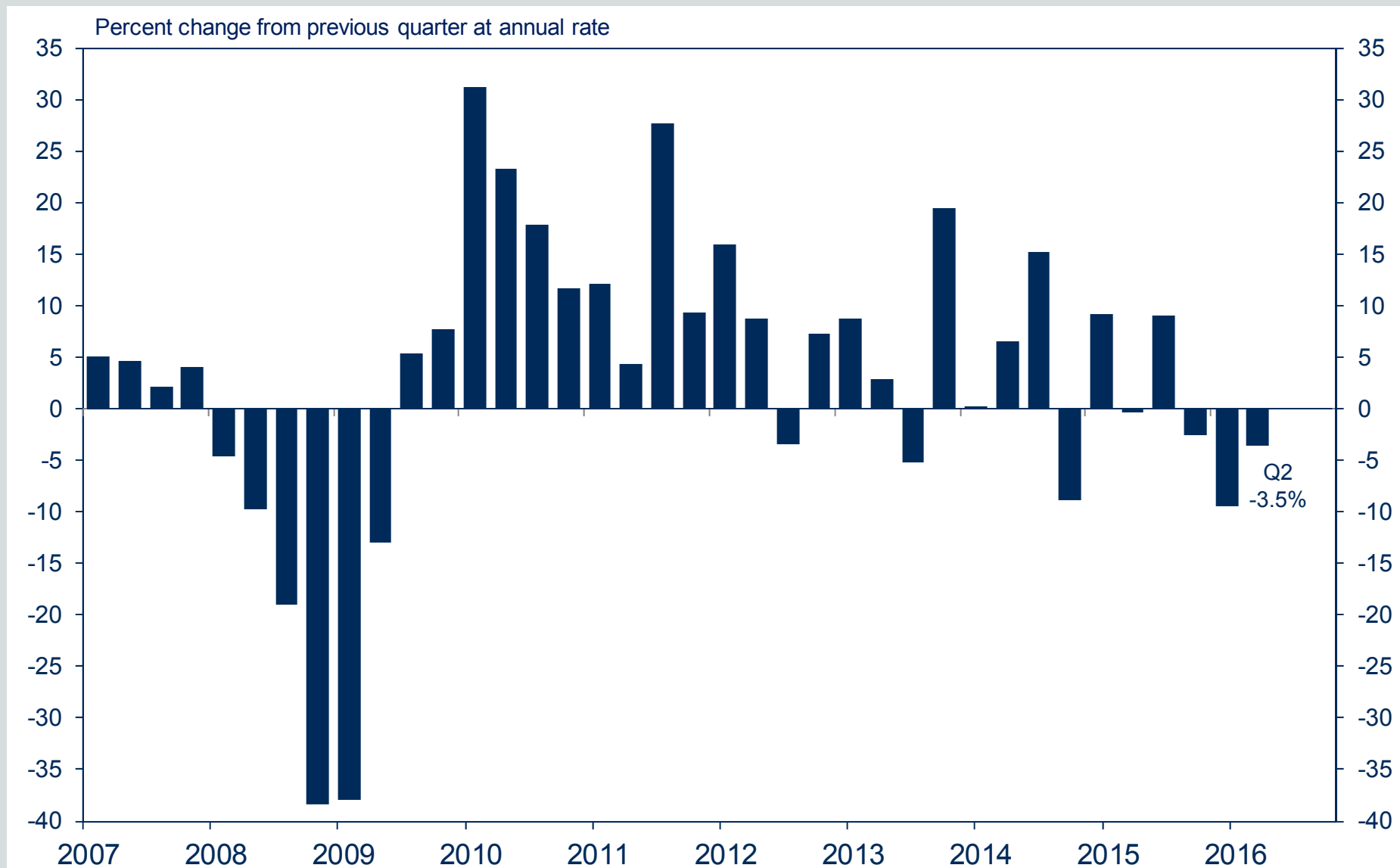
Notes: Private nonresidential construction deflated using the price index for private fixed investment in nonresidential structures and private residential construction deflated using the private residential investment chain price index.

Source: Census Bureau via Haver Analytics 17

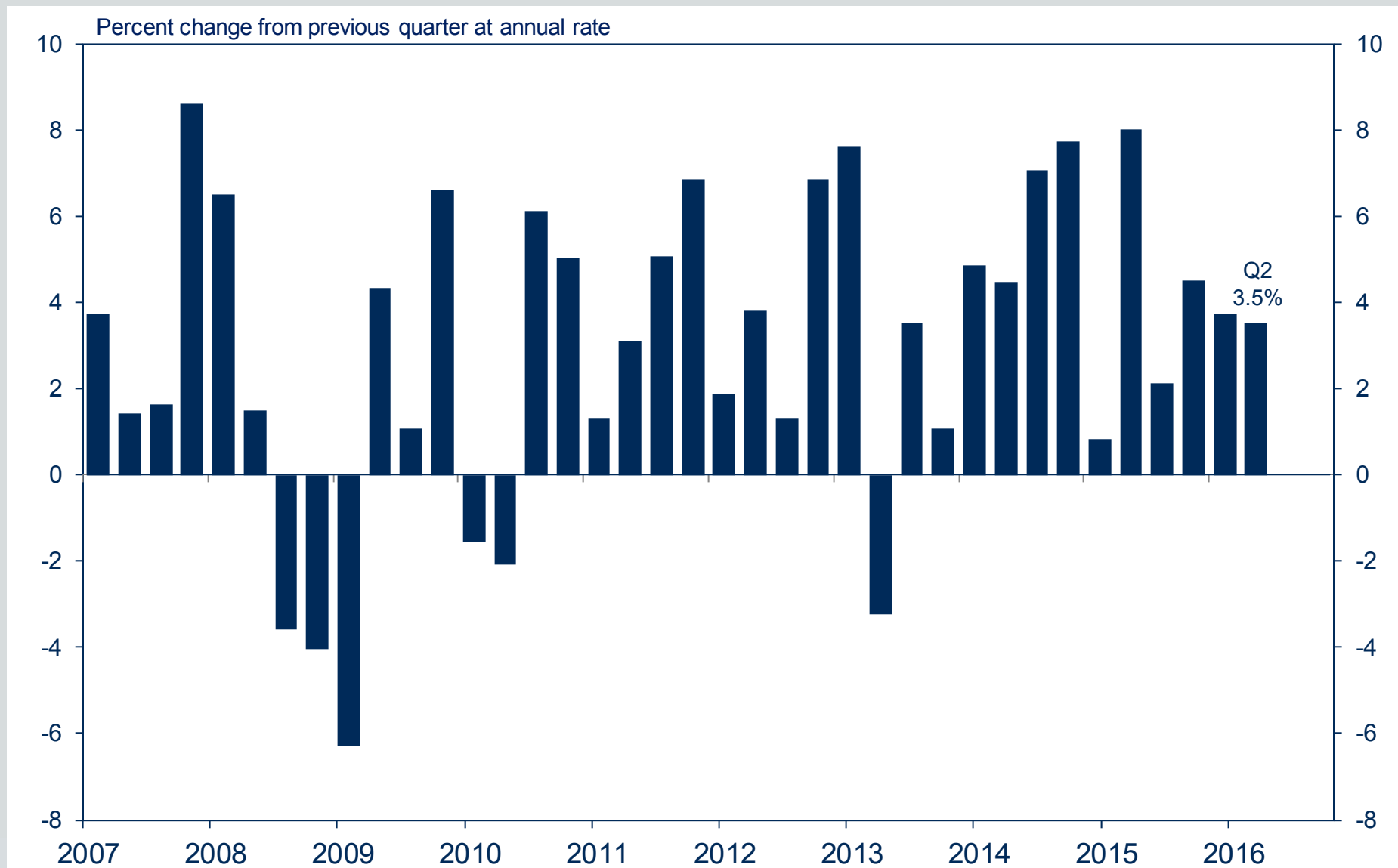
Real Nonresidential Fixed Investment



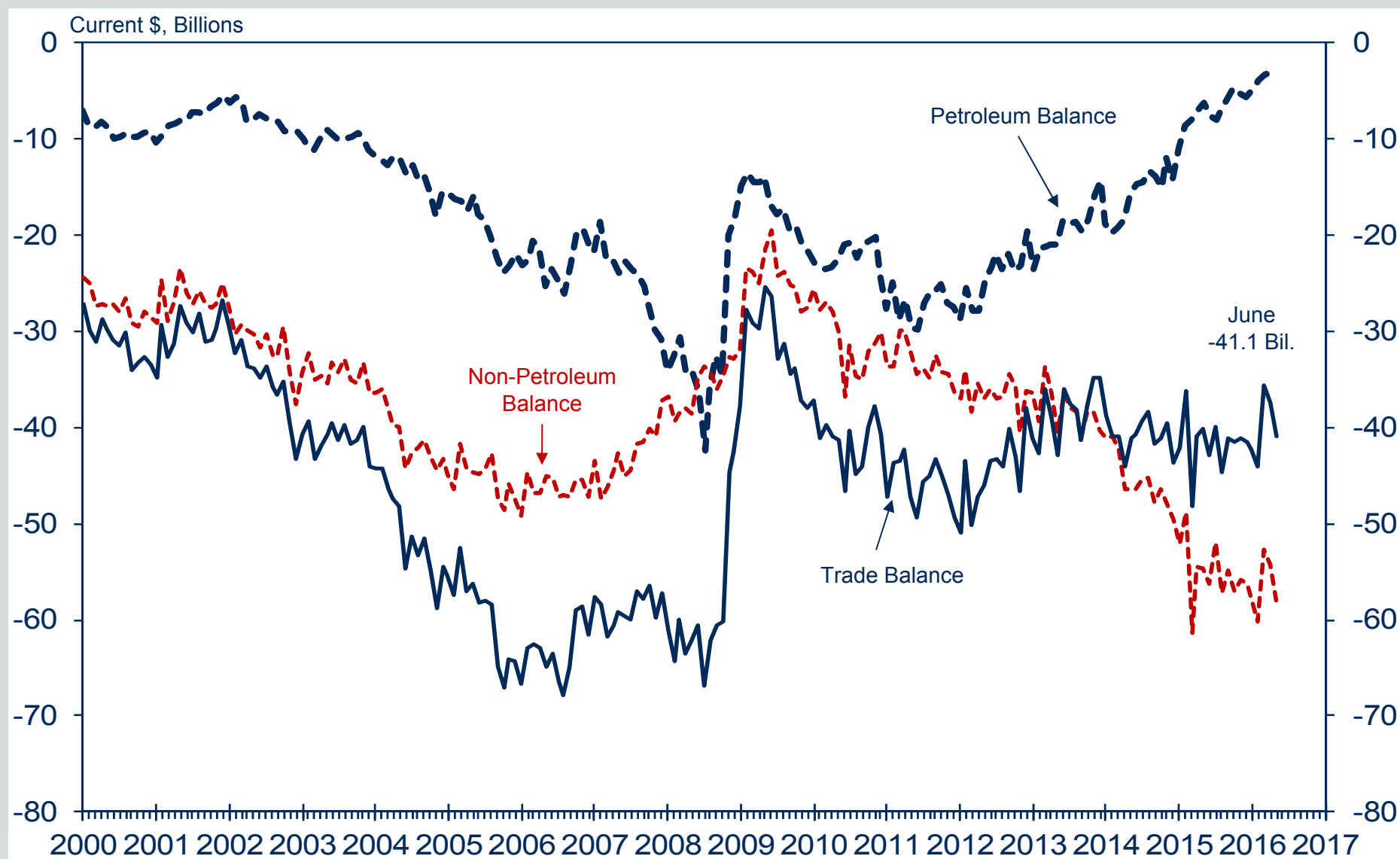
Real Investment in Equipment



Real Investment in Intellectual Property

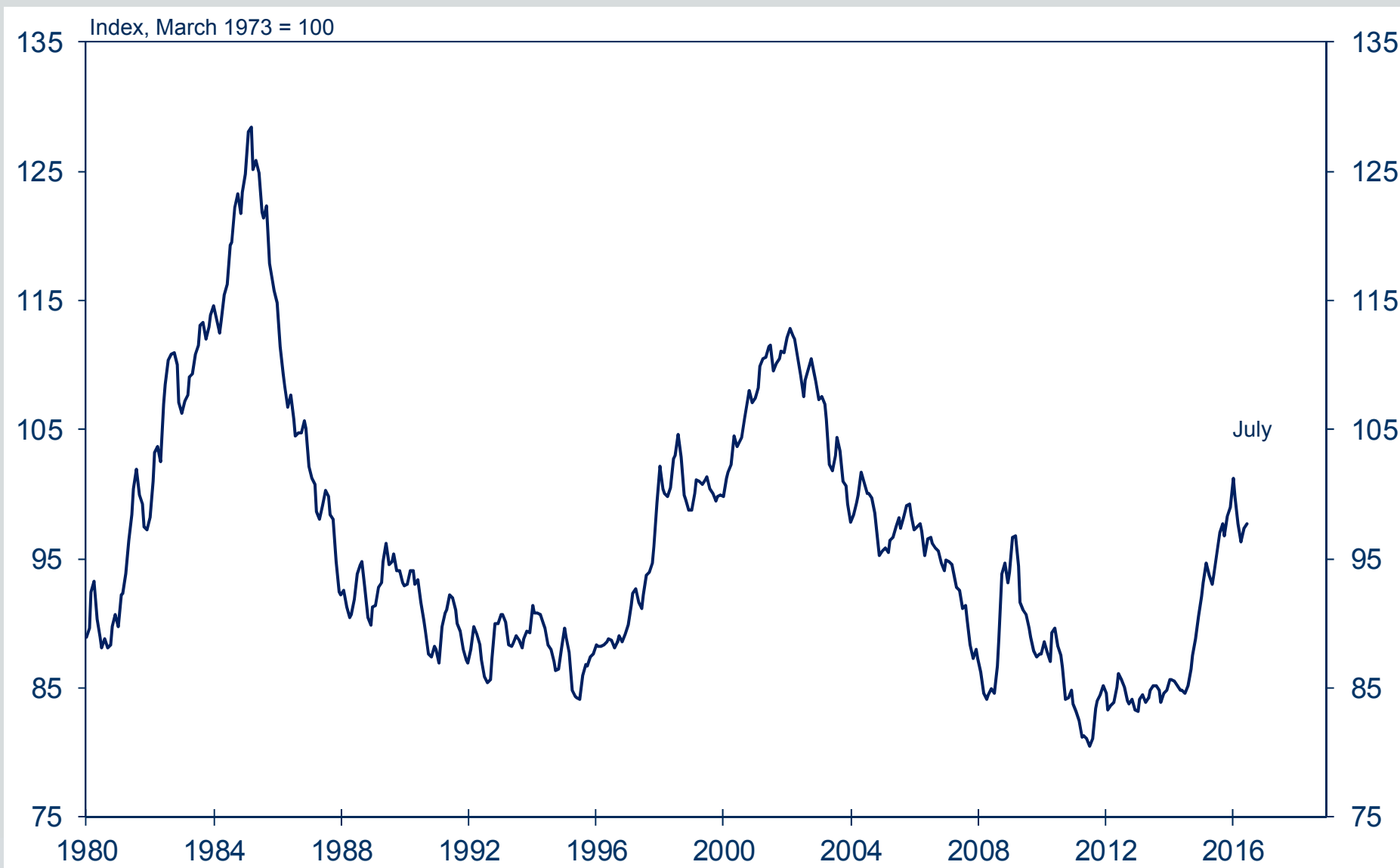


Balance of International Trade



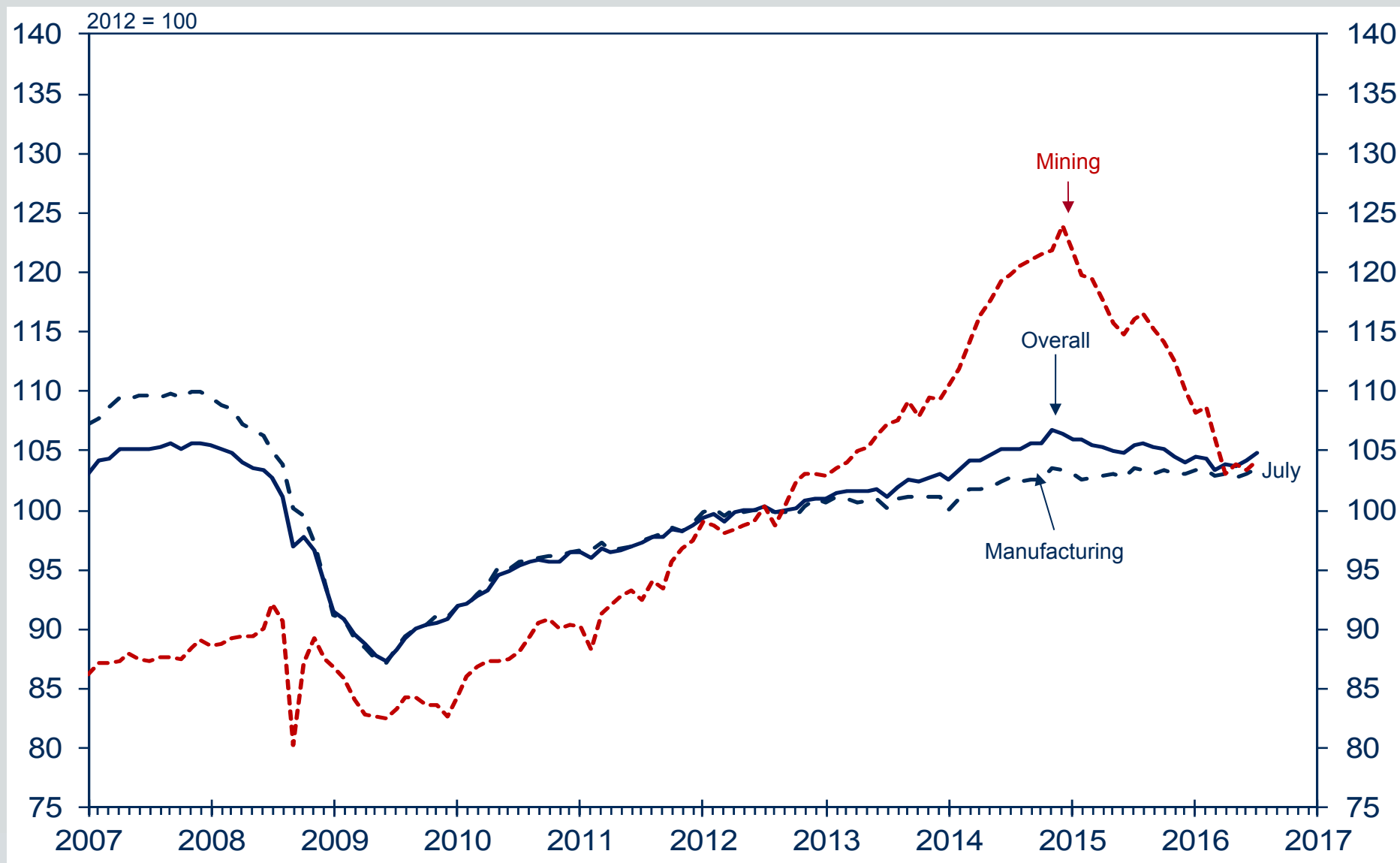
Note: Customs Value of Trade Balance

Exchange Value of the USD

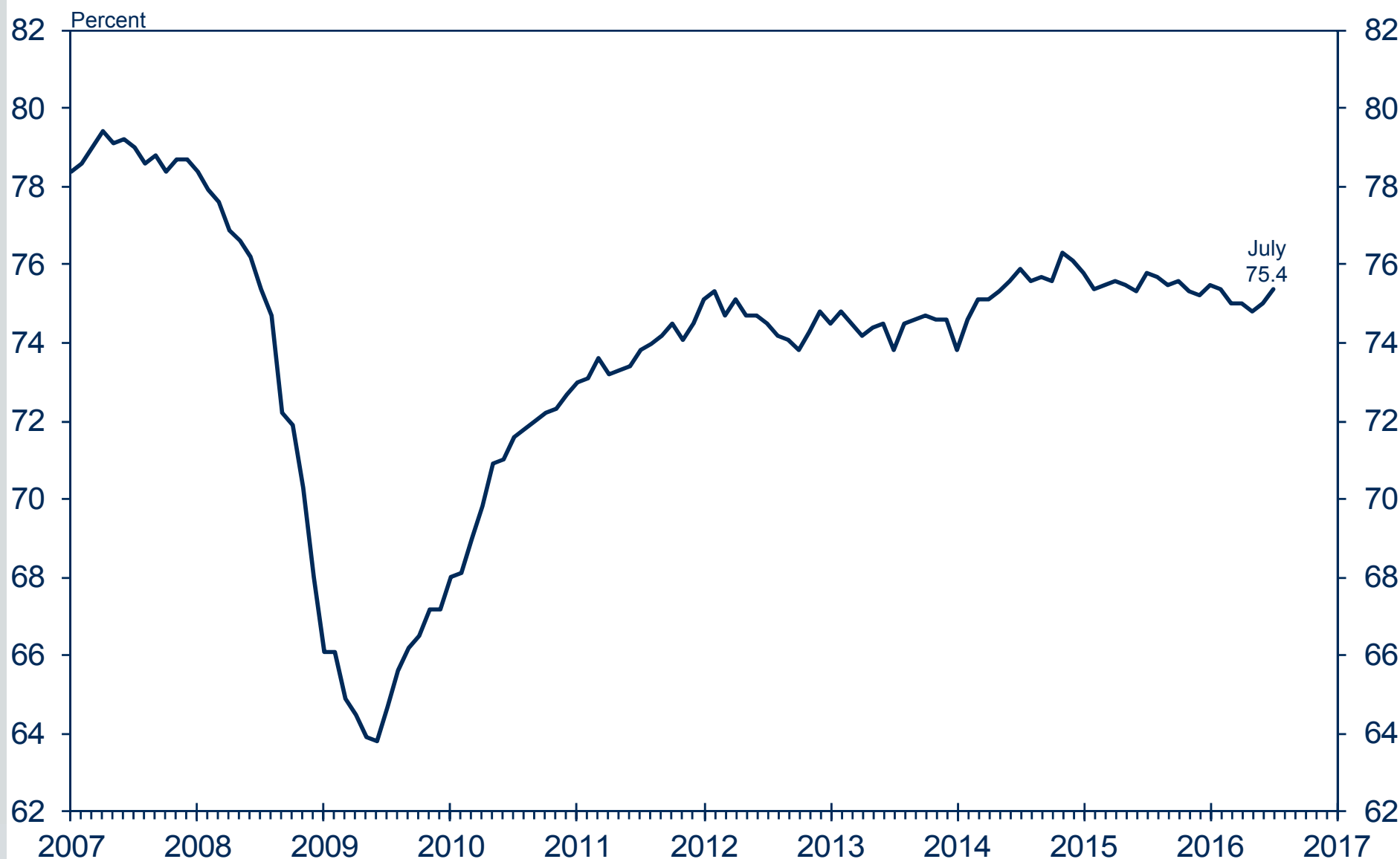


Notes: Measured as the real broad trade-weighted exchange value of the United States Dollar.

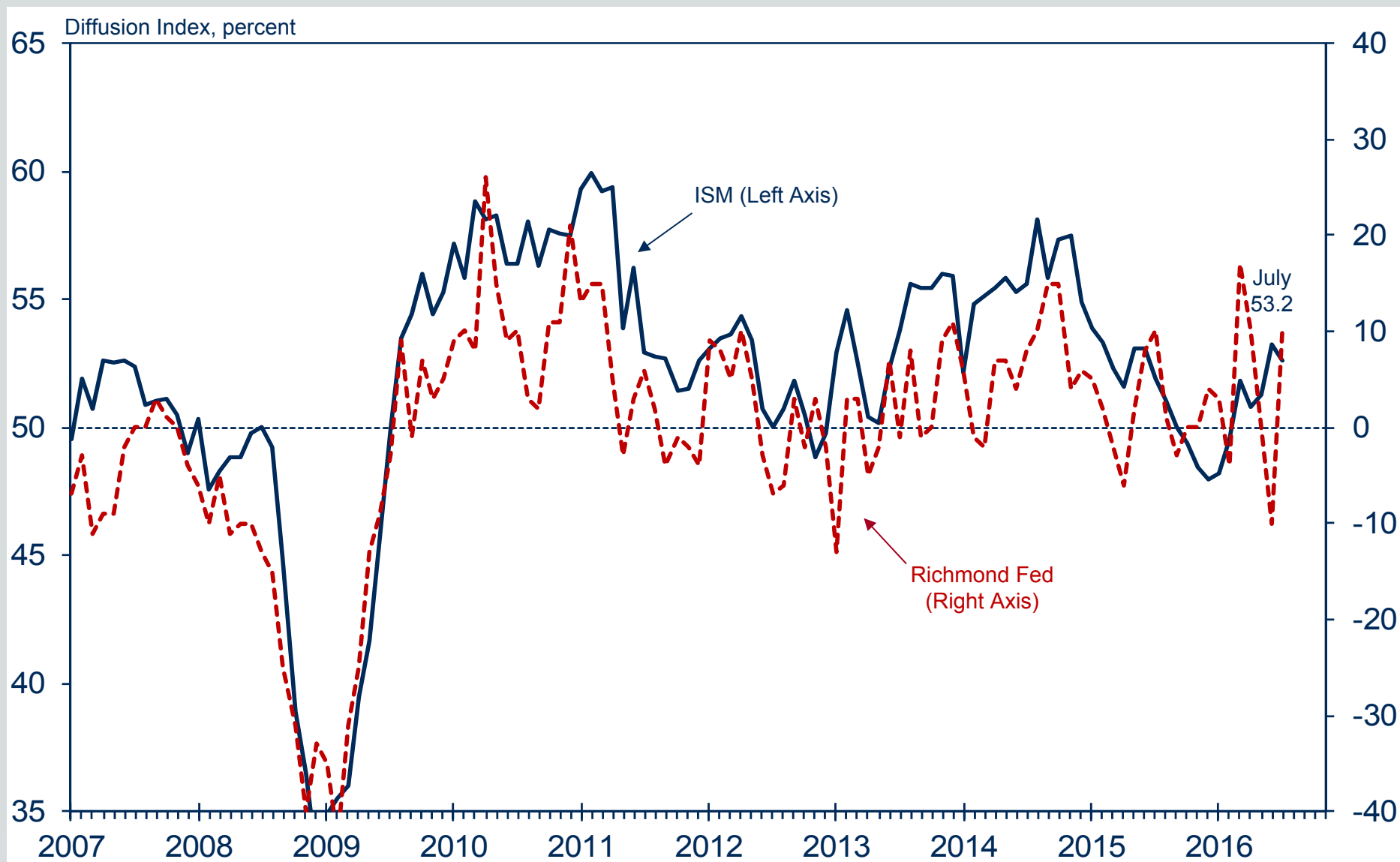
Industrial Production



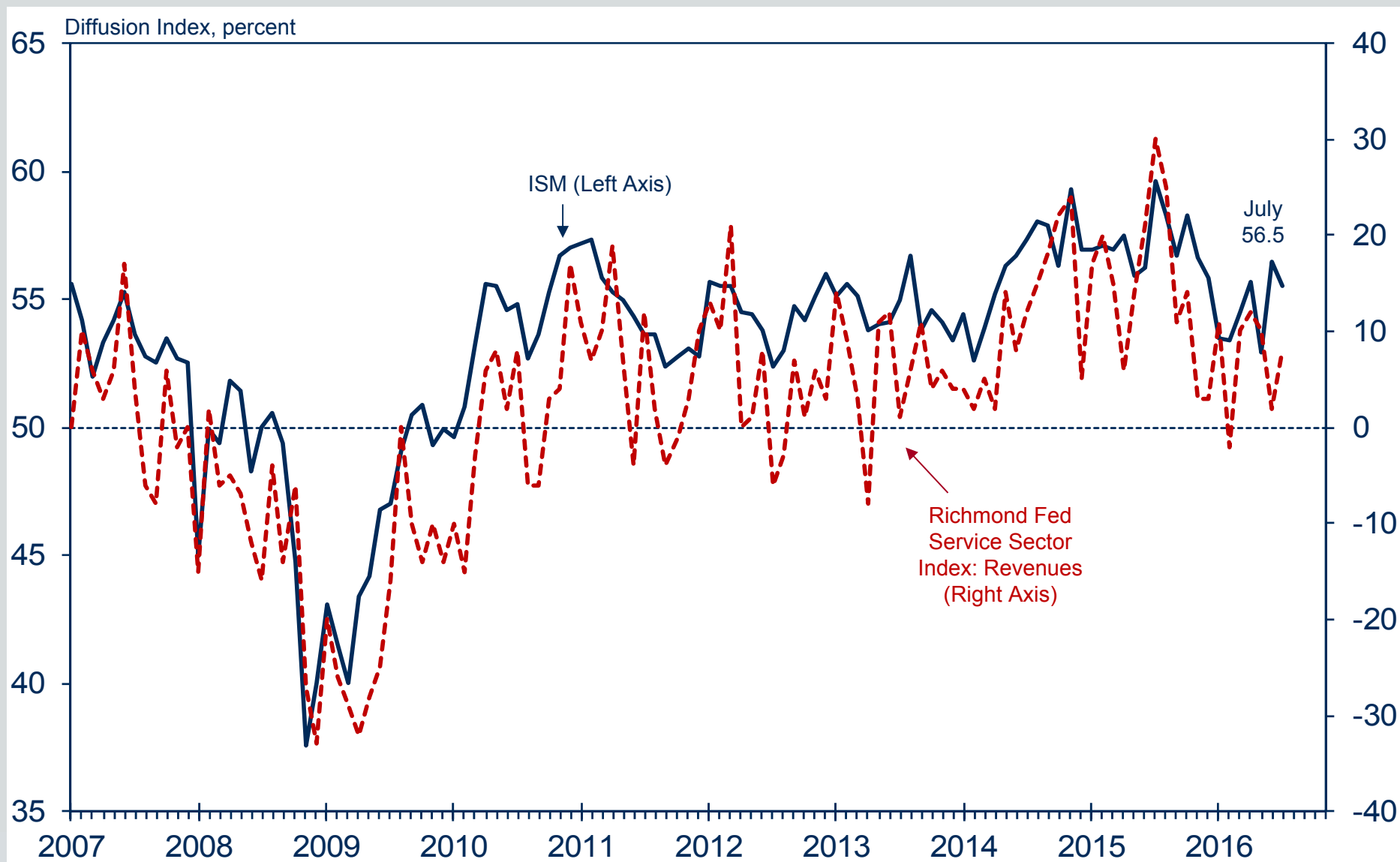
Capacity Utilization Rate: Manufacturing



Indexes of Manufacturing Activity



Indexes of Non-Manufacturing Activity



ISM: Business Survey Indexes

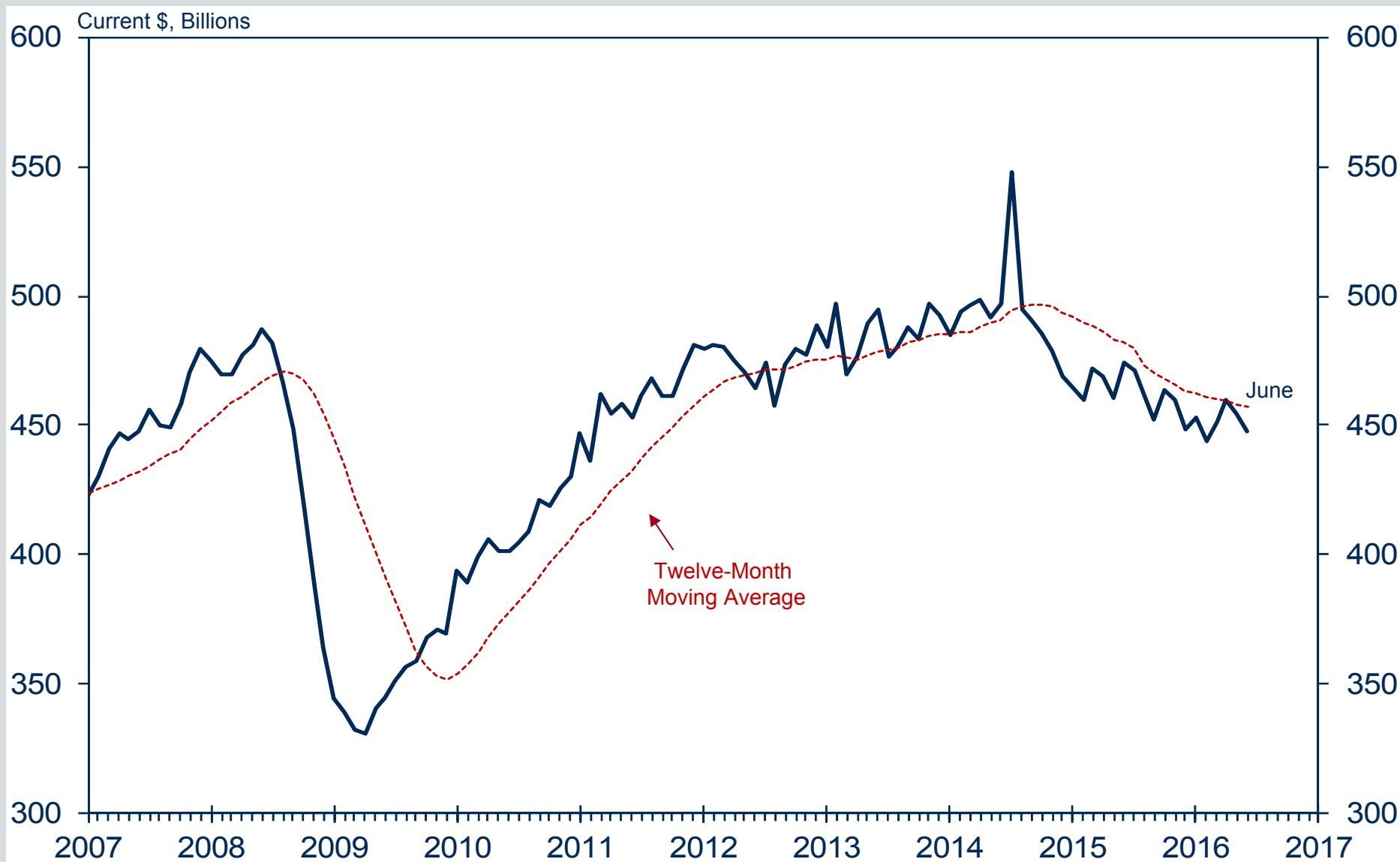
MANUFACTURING BUSINESS:

	<u>June</u>	<u>July</u>
Purchasing Managers Index	53.2	52.6
Production	54.7	55.4
New Orders	57.0	56.9
Employment	50.4	49.4
Supplier Deliveries	55.4	51.8
Inventories	48.5	49.5
Prices	60.5	55.0
Backlog of Orders	52.5	48.0
New Export Orders	53.5	52.5
Imports	52.0	52.0

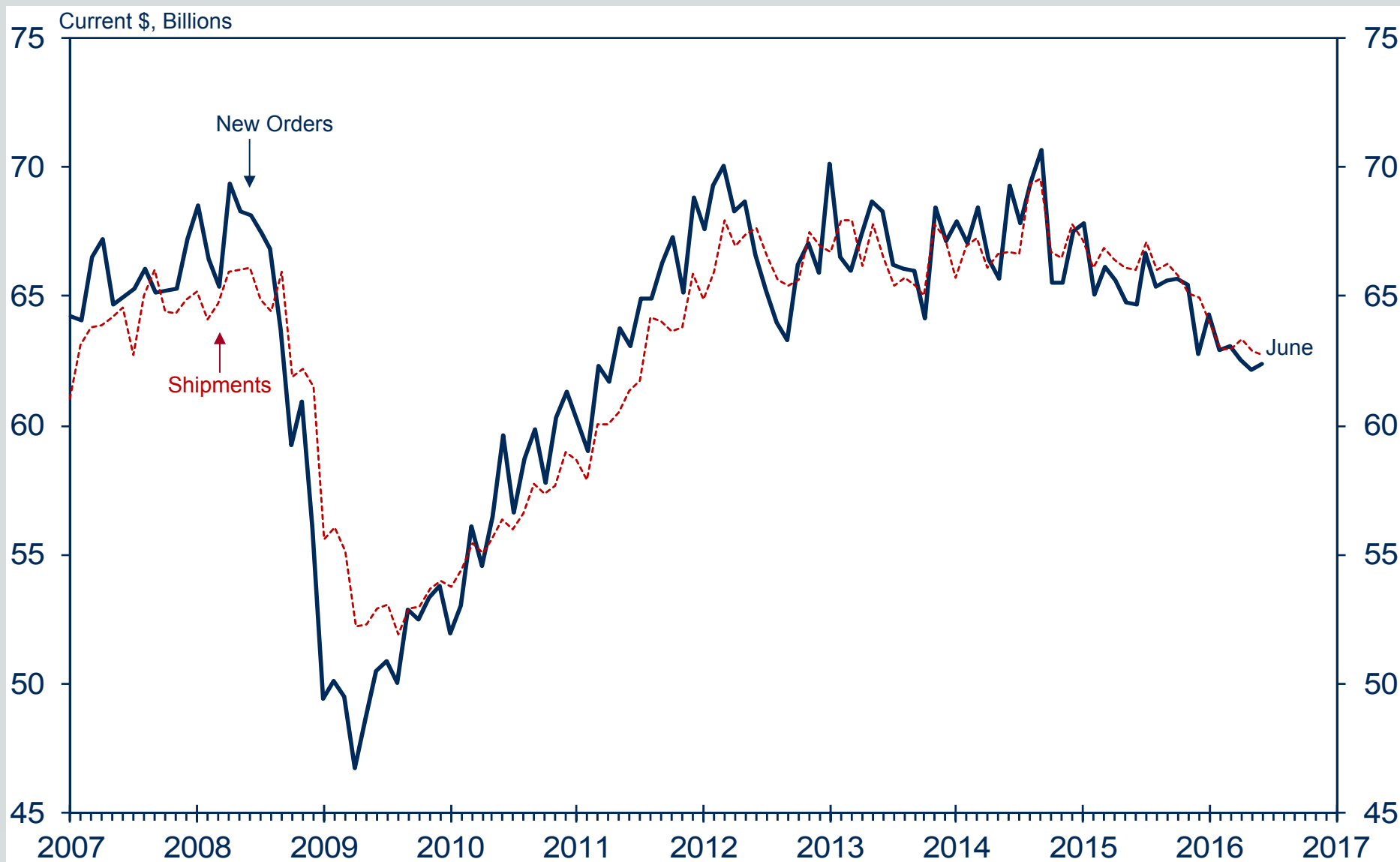
NON-MANUFACTURING BUSINESS:

	<u>June</u>	<u>July</u>
Non-Manufacturing Index	56.5	55.5
Business Activity	59.5	59.3
New Orders	59.9	60.3
Employment	52.7	51.4
Supplier Deliveries	54.0	51.0
Inventories	55.5	54.0
Prices	55.5	51.9
Backlog of Orders	47.5	51.0
New Export Orders	53.0	55.5
Imports	54.0	53.0

Manufacturers' New Orders



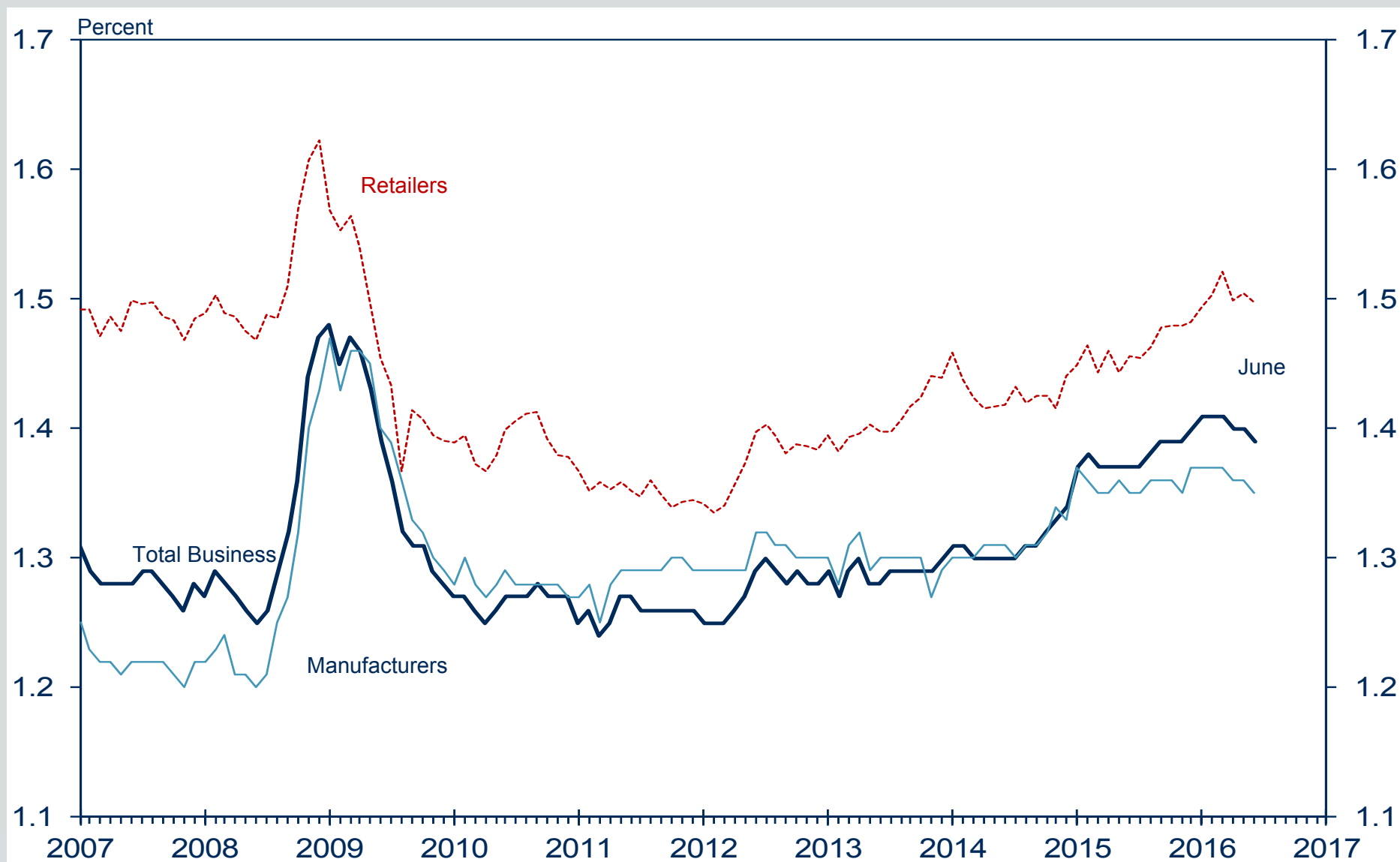
Core Capital Goods



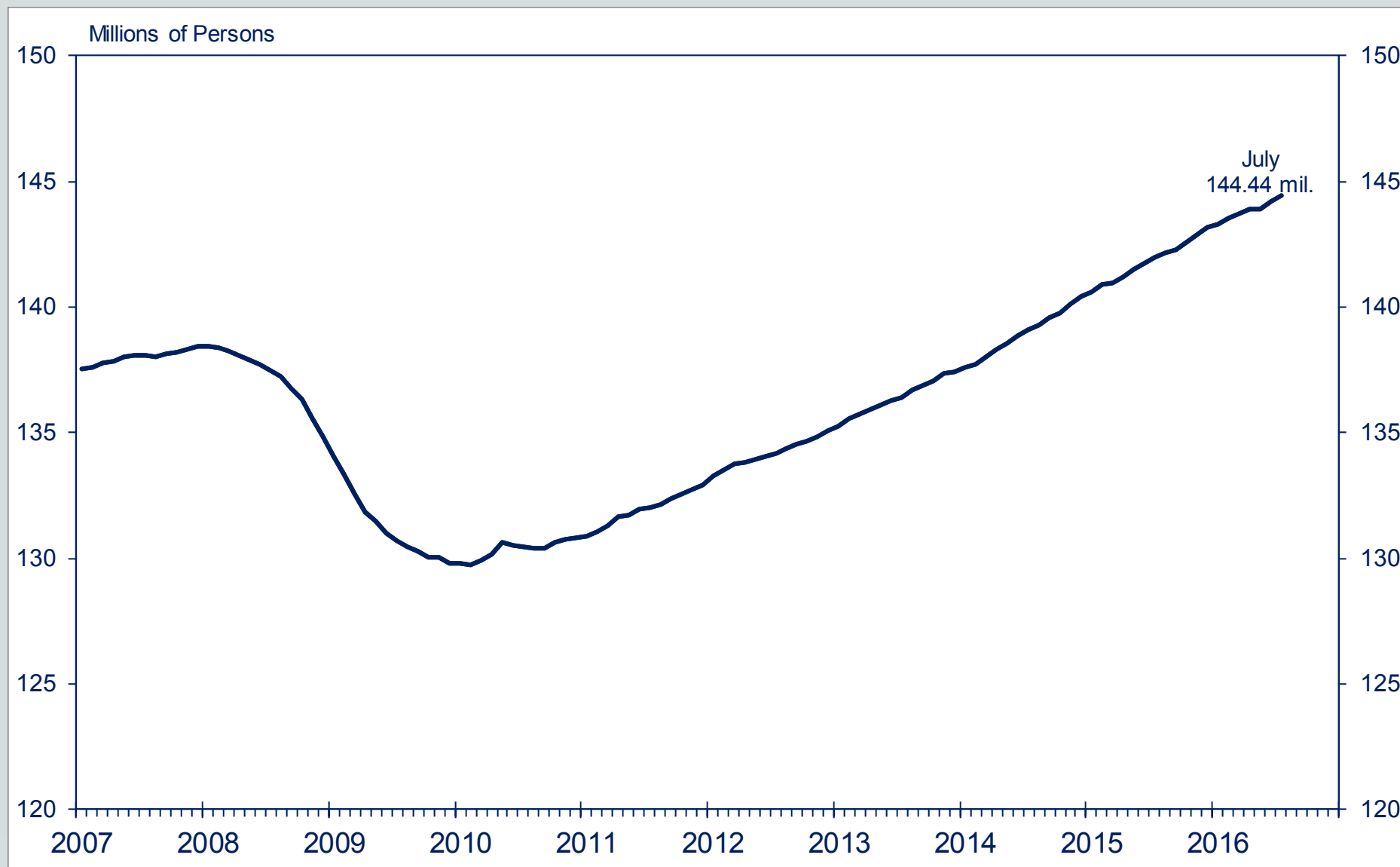
Notes: Core capital goods are nondefense capital goods excluding aircraft.

Source: Census Bureau via Haver Analytics 29

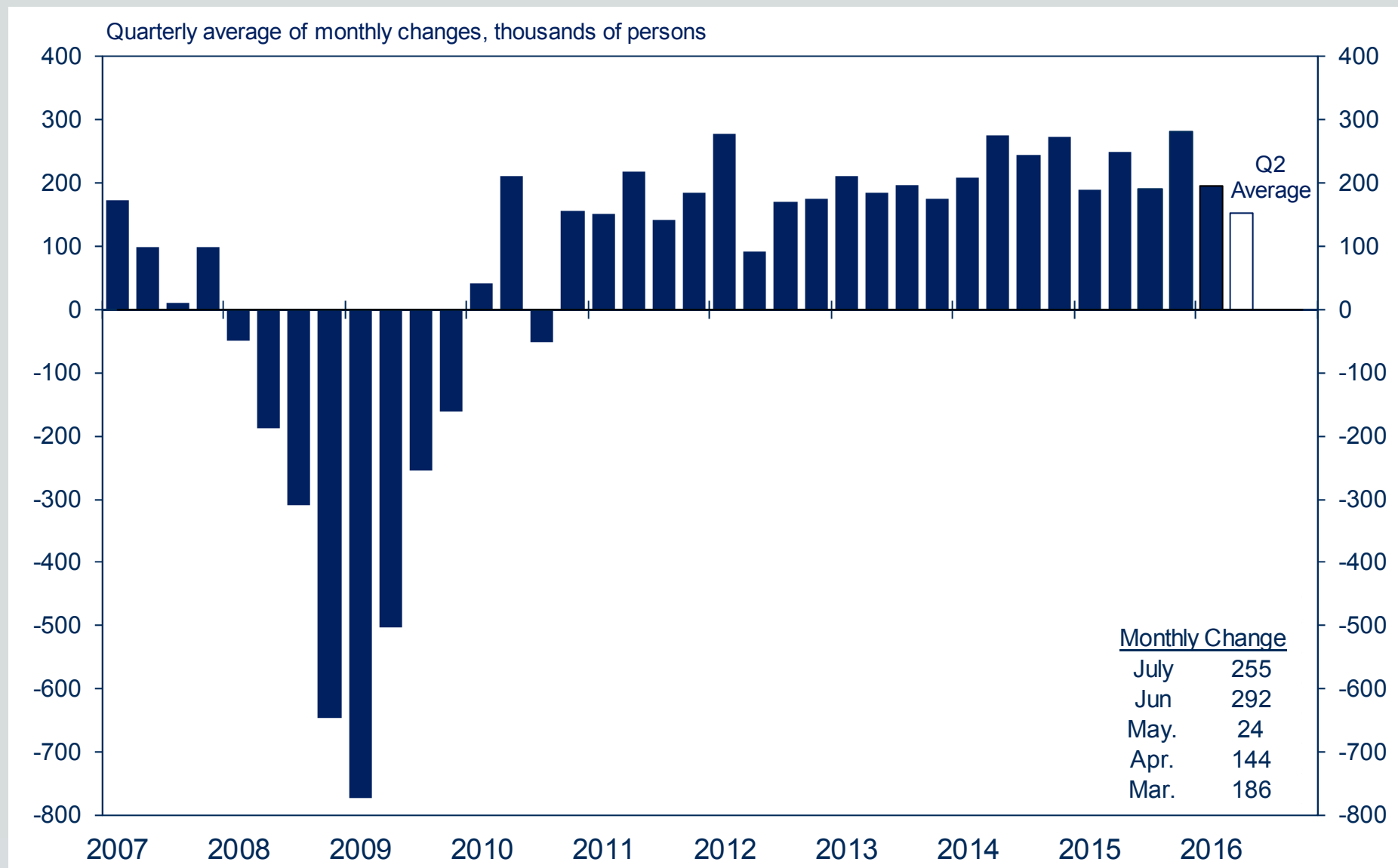
Business Inventory/Sales Ratio



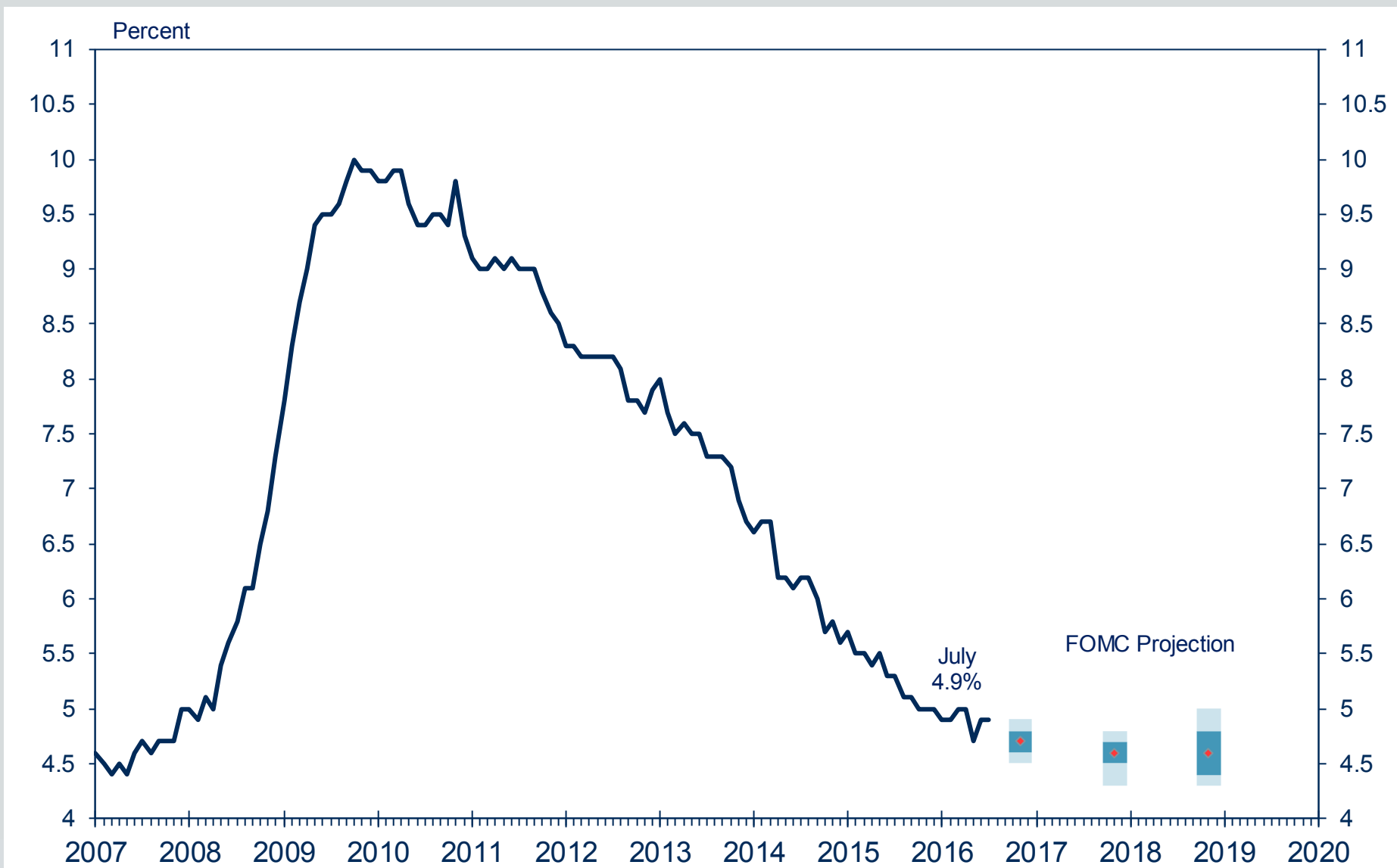
Nonfarm Payroll Employment



Nonfarm Payroll Employment

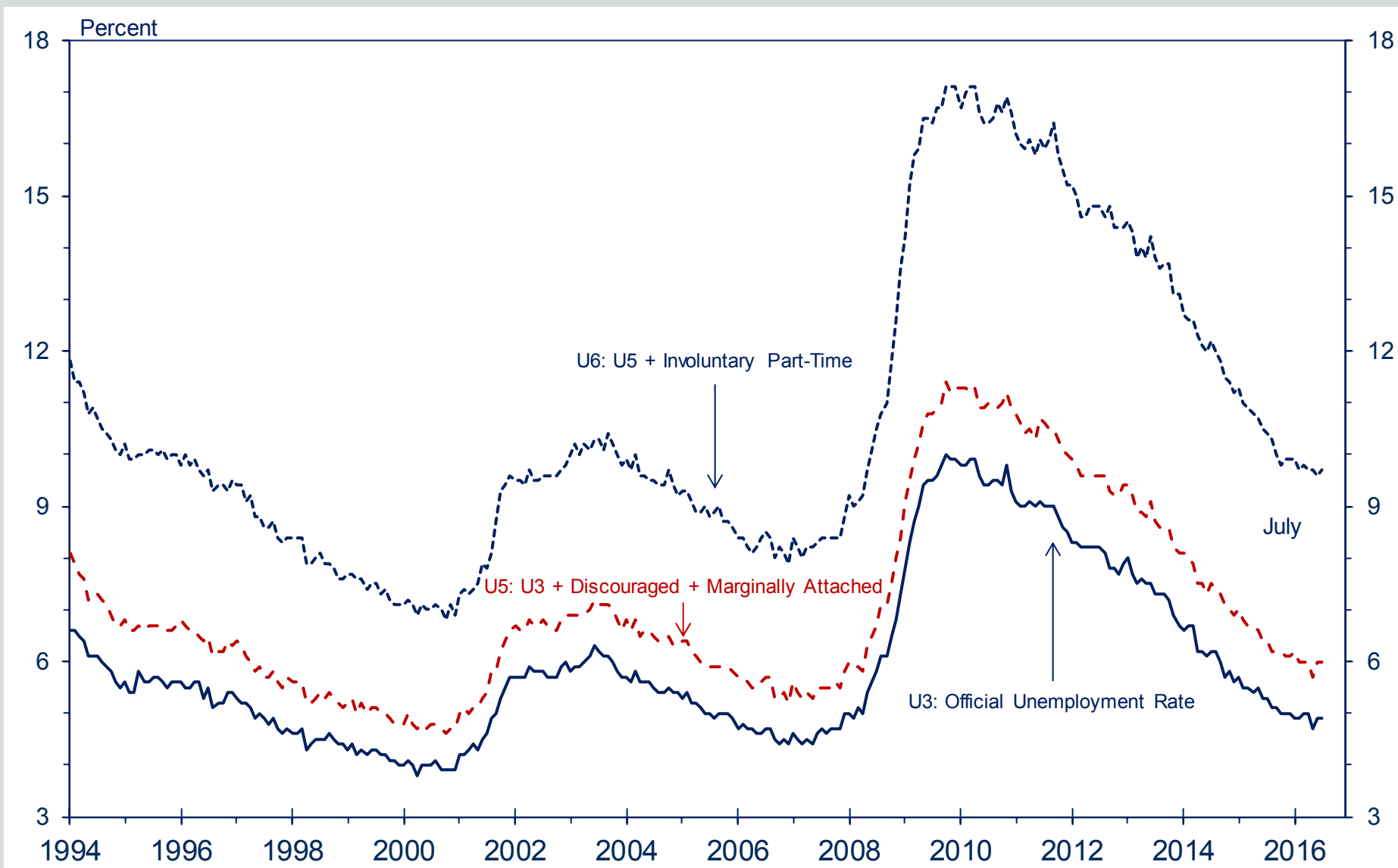


Unemployment Rate

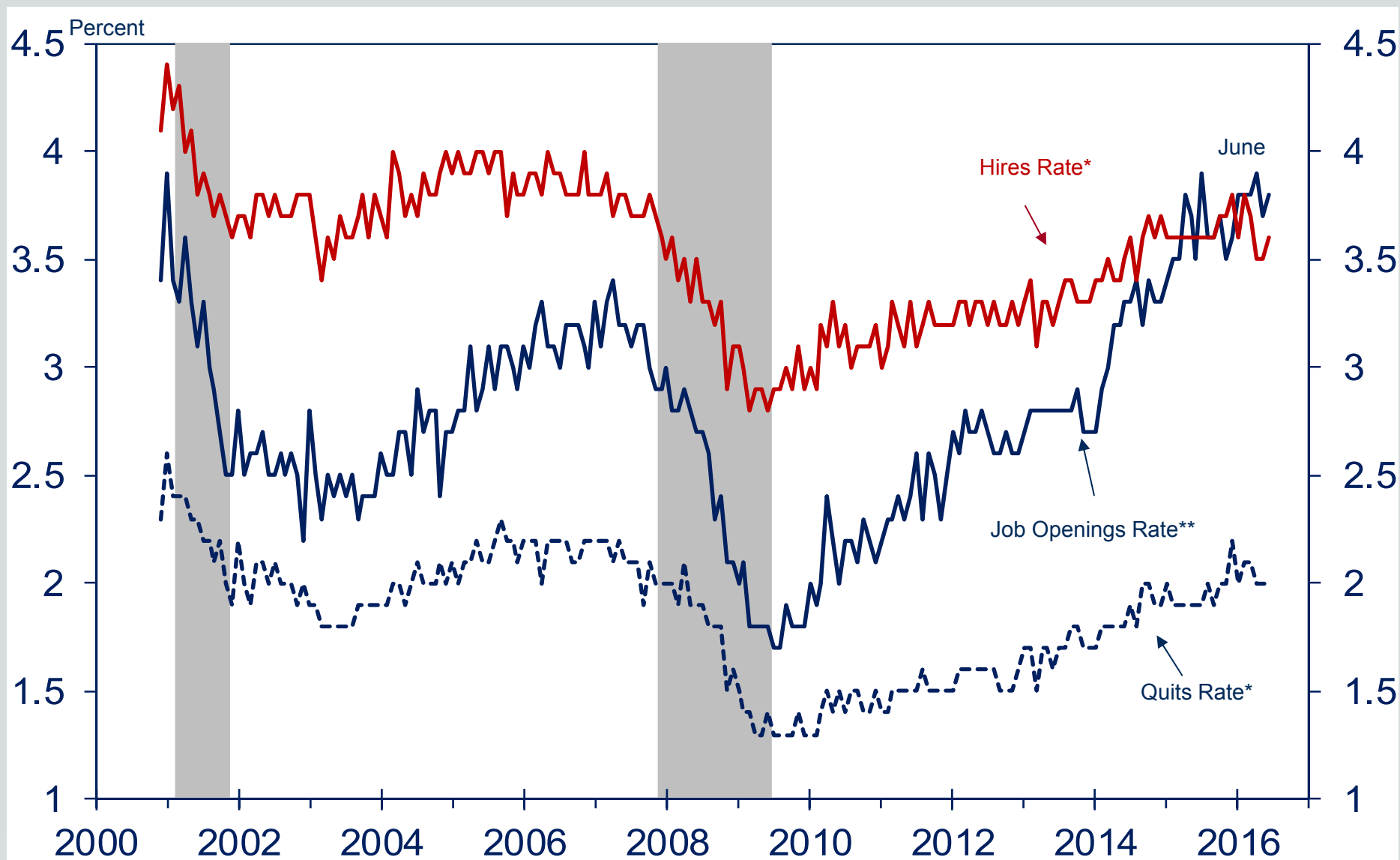


Notes: FOMC projection is the median, range, and central tendency for the Q4 levels, from the June 2016 meeting. Red dots indicate median projections

Measures of Labor Utilization



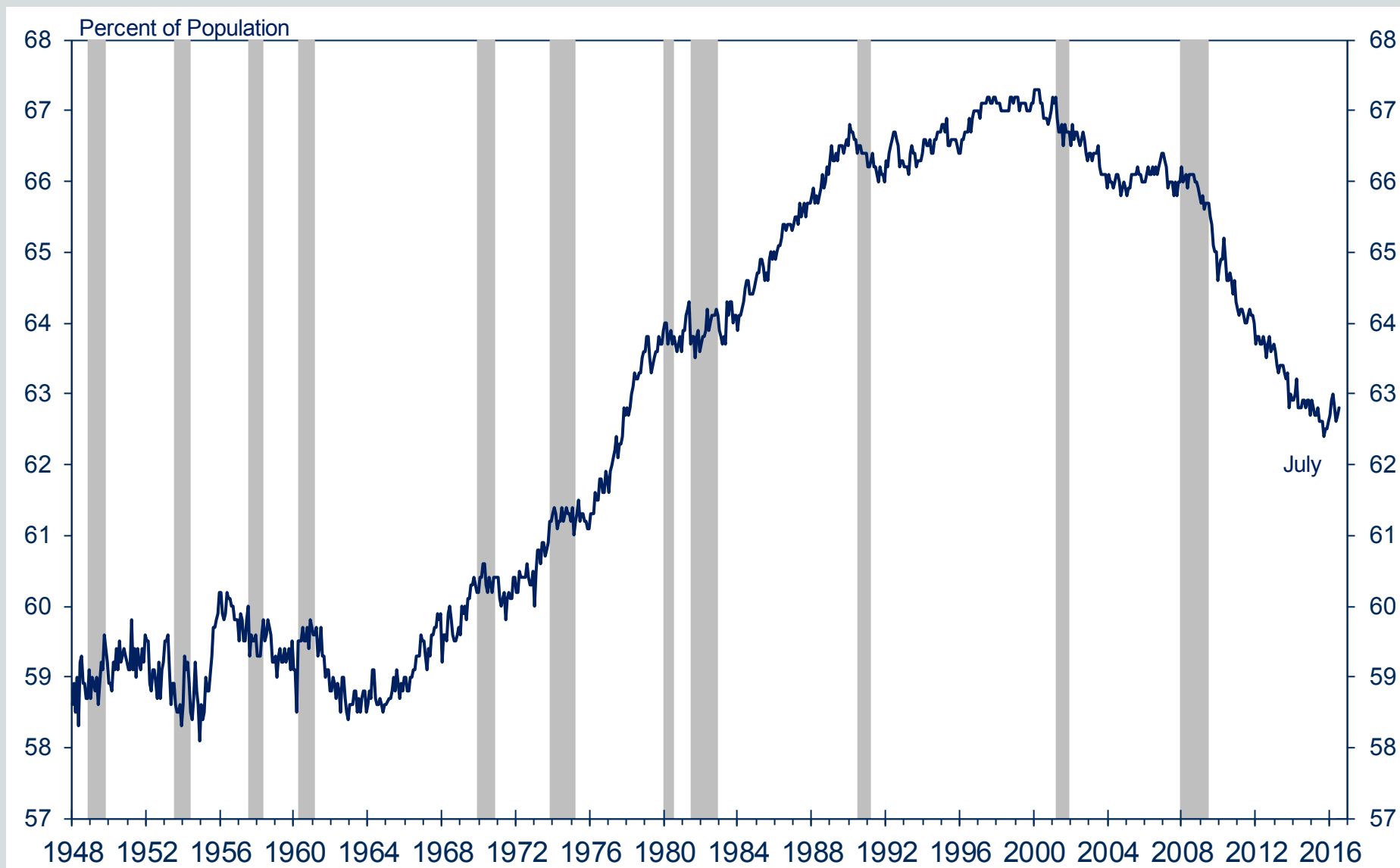
Labor Market Flows



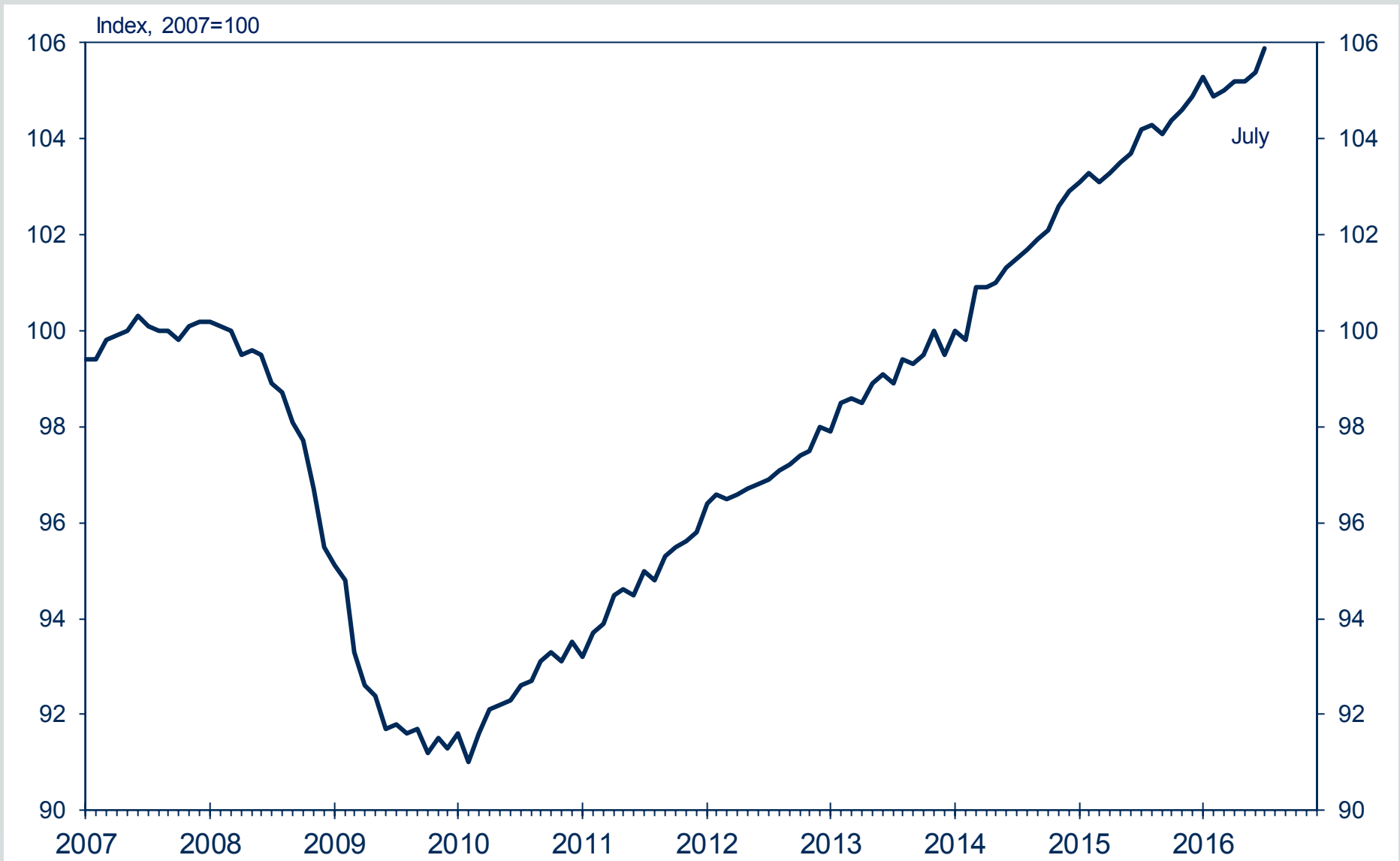
Note: *Percent of total employment. **Percent of total employment plus job openings.

Source: JOLTS via Haver Analytics 35

Labor Force Participation



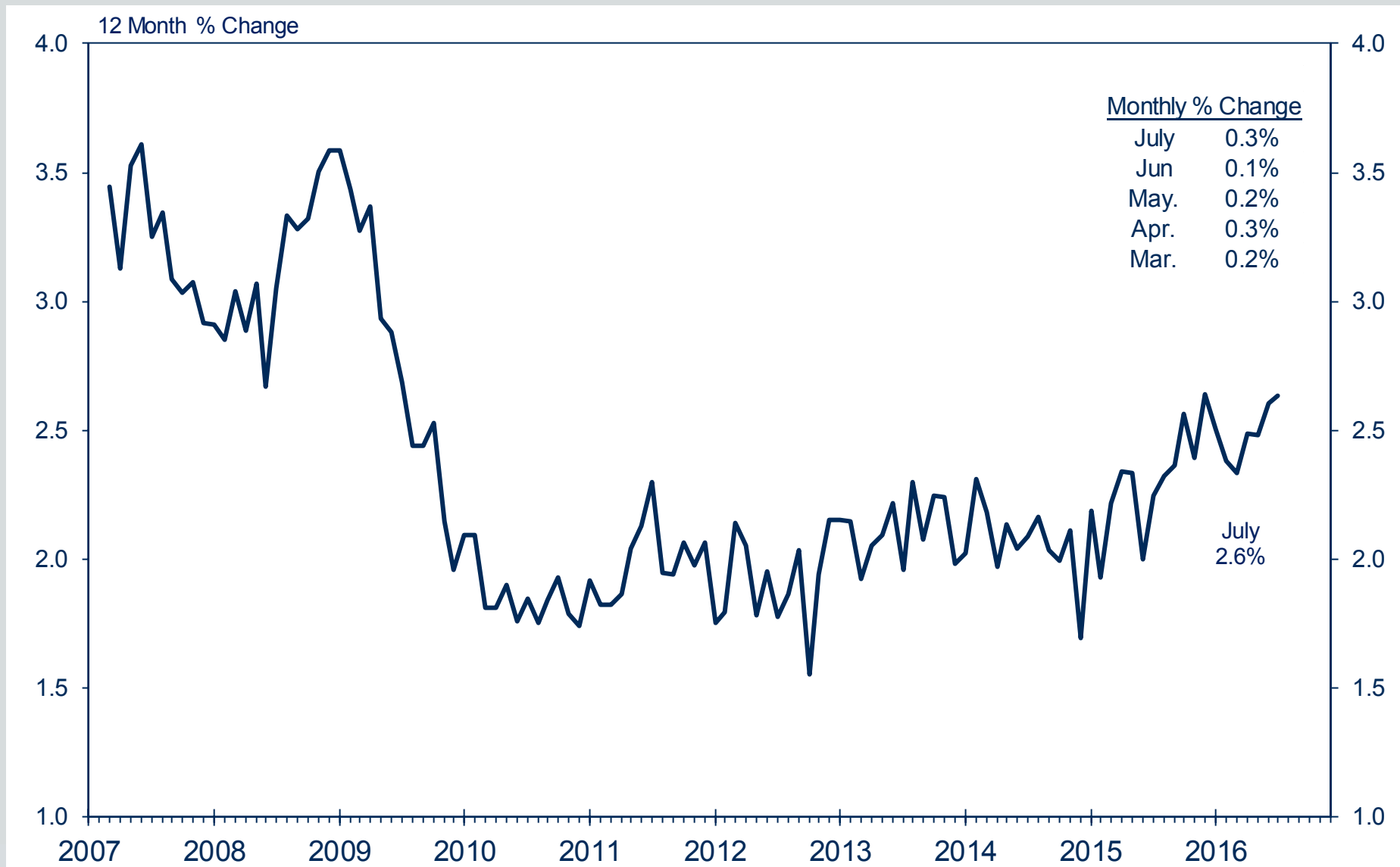
Aggregate Weekly Hours Index



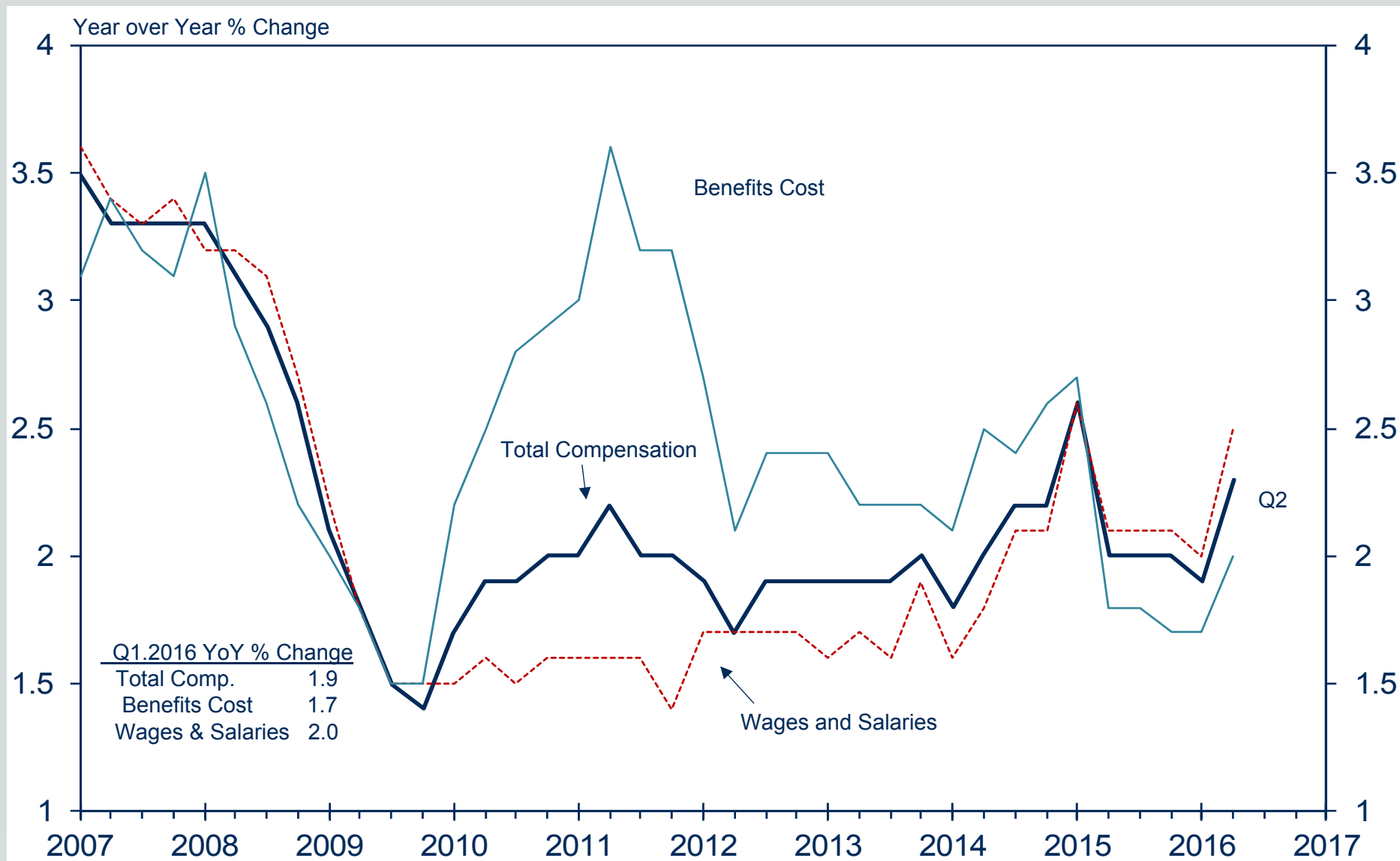
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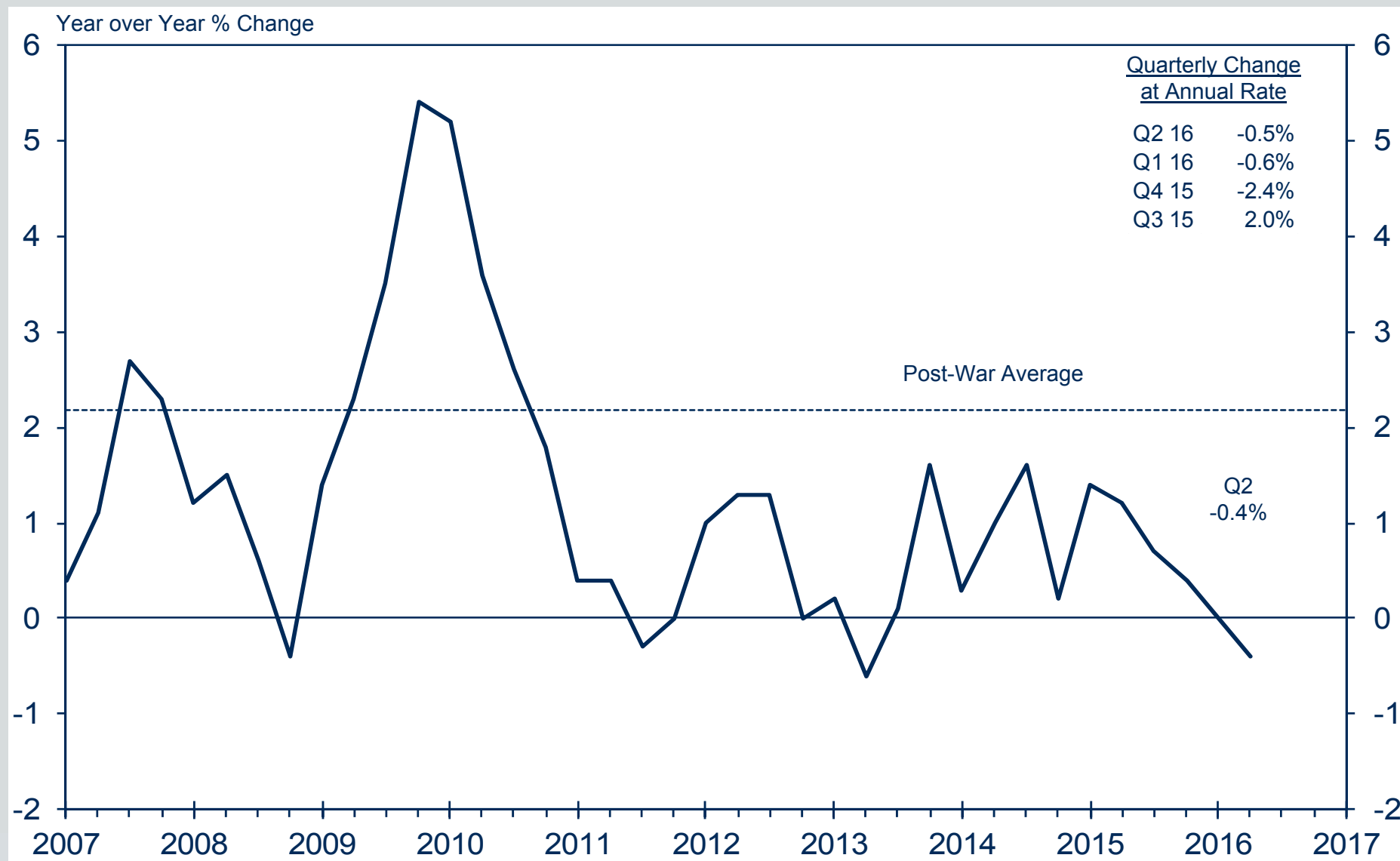
Average Hourly Earnings



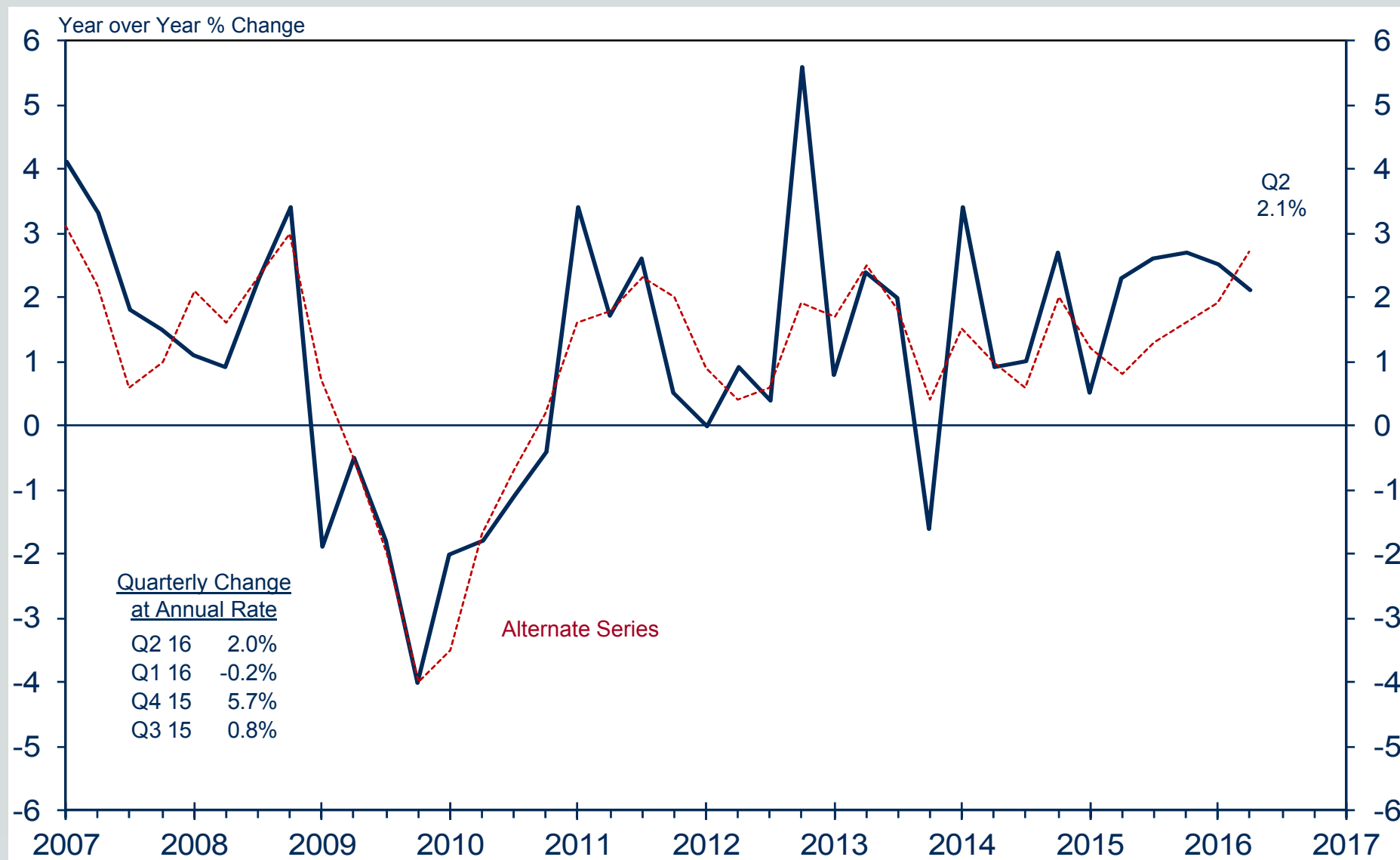
Employment Cost Index



Labor Productivity, Nonfarm Business



Unit Labor Cost, Nonfarm Business



Notes: Alternate series is derived from the Employment Cost Index.

Gauges of Inflation

Expenditure Price Indexes		[Percent Change from Previous Month at Annual Rate]:		
		May	June	YoY %
Personal Consumption Expenditures		2.1	1.2	0.9
Core (excludes Food and Energy)		2.1	0.8	1.6

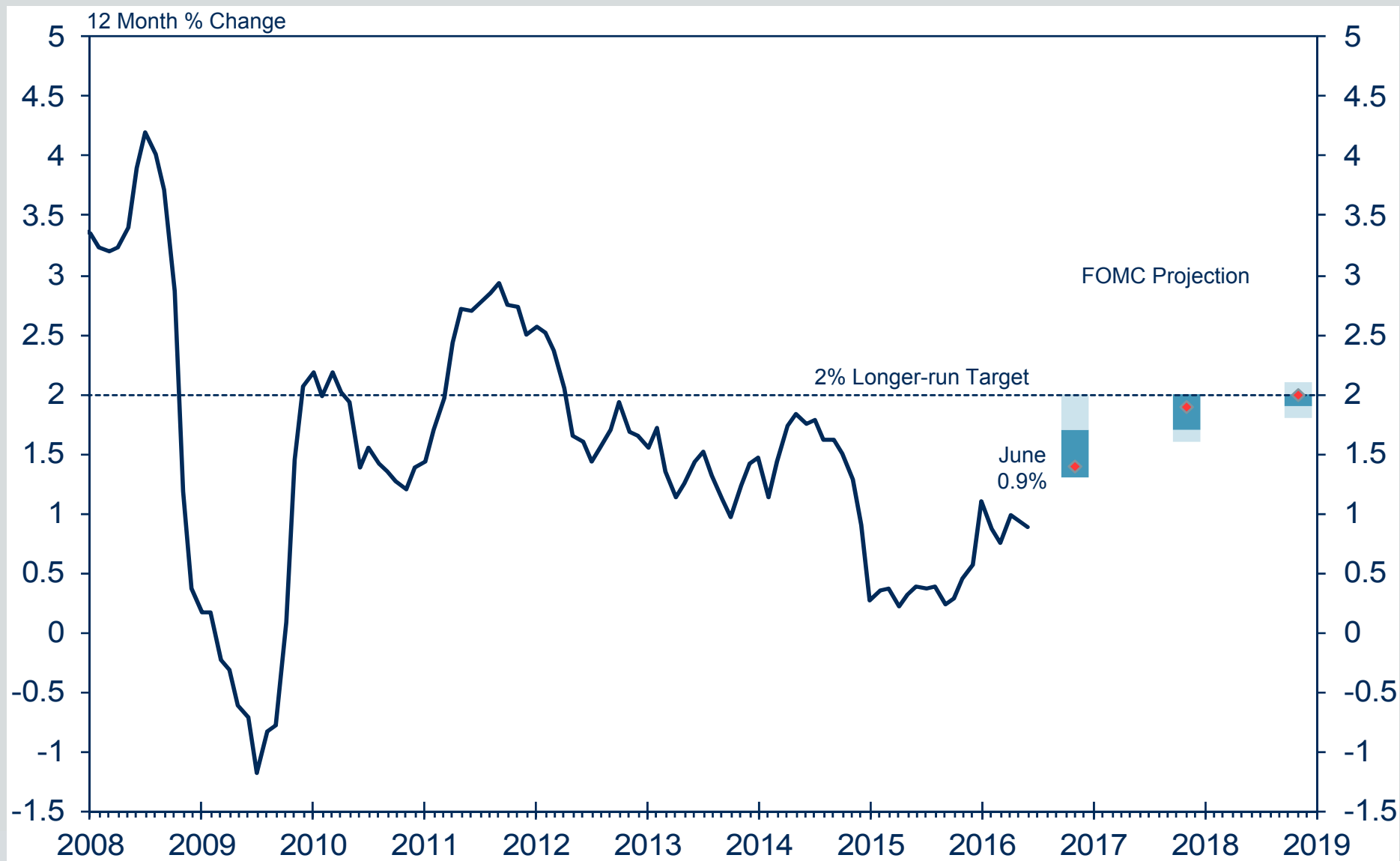
Consumer Price Indexes		[Percent Change from Previous Month at Annual Rate]:		
		June	July	YoY %
All Items		2.6	-0.5	0.8
Core (excludes Food and Energy)		2.1	1.1	2.2

Producer Price Indexes		[Percent Change from Previous Month at Annual Rate]:		
		June	July	YoY %
Finished Goods		10.5	-5.5	-2.1
Core (excludes Food and Energy)		1.9	-1.8	1.0
Core Intermediate Goods		1.9	1.3	-1.7
Crude Goods		38.9	-4.6	-8.8

Spot Commodity Price Index		[Percent Change from Previous Month]:		
		June	July	YoY %
CRB Spot Commodity Price Index		0.2	-1.2	-0.4

Notes: Core PCE Price Index includes expenditures on food services.

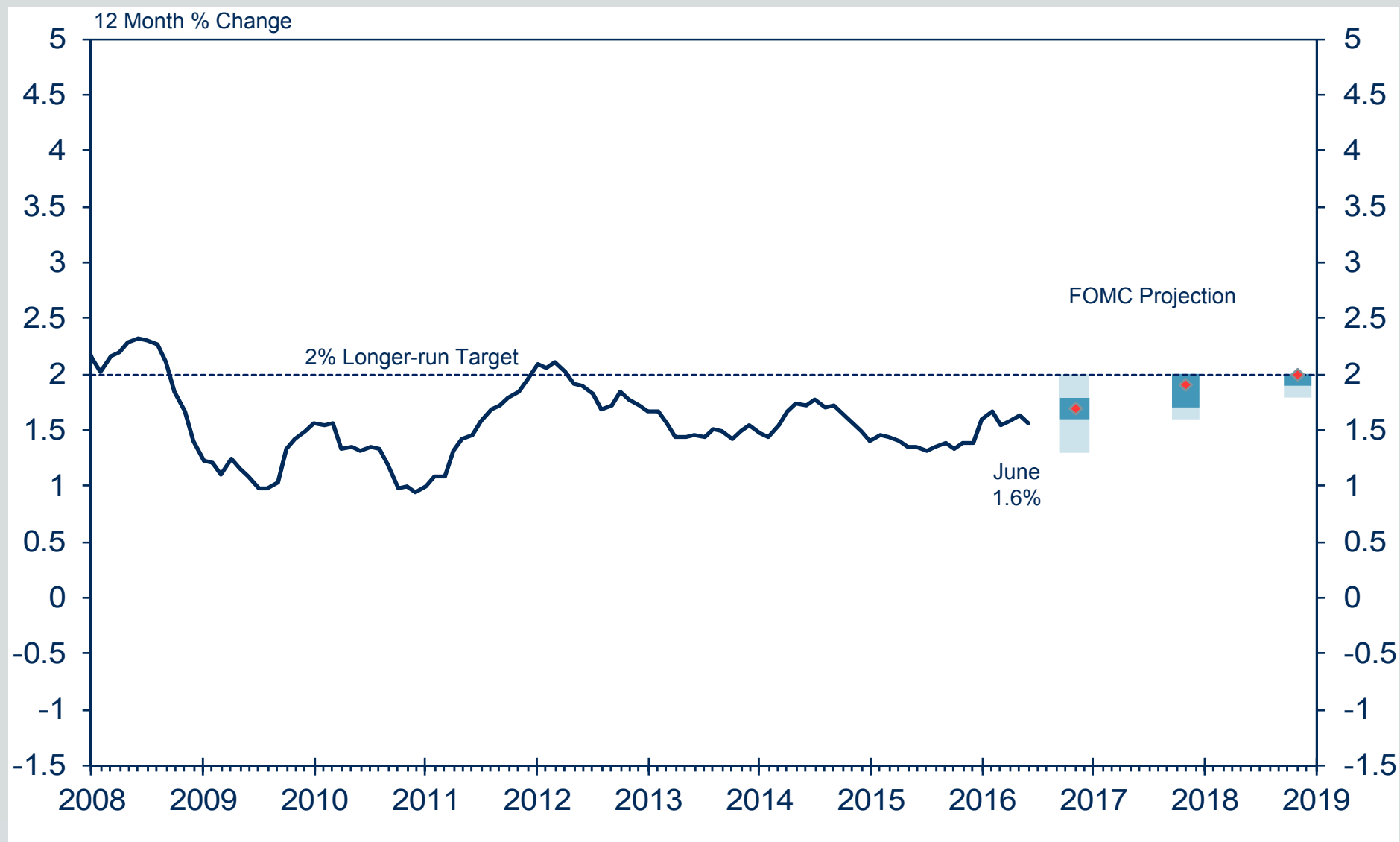
Personal Consumption Expenditure Price Index



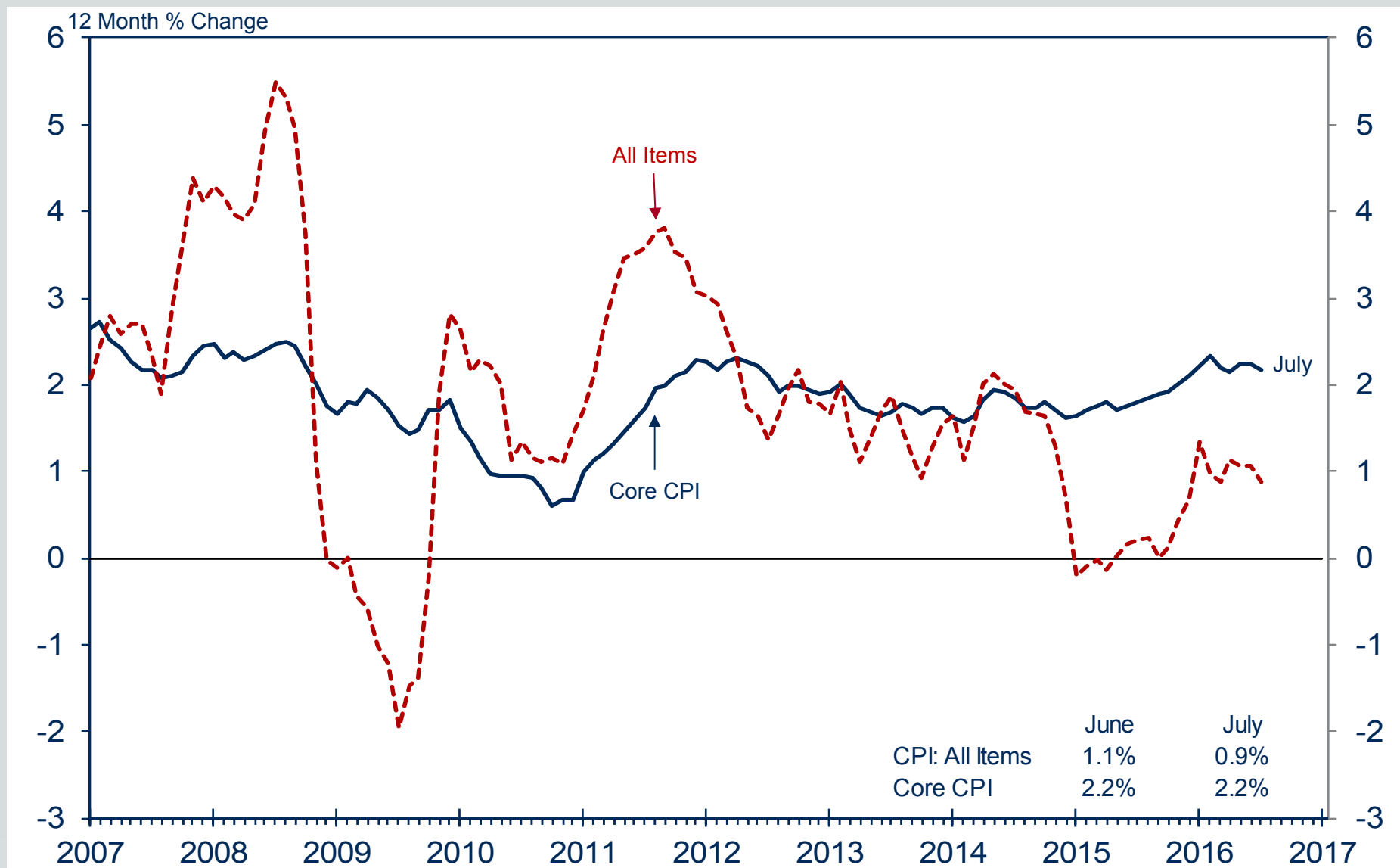
Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the June 2016 meeting. Red dots indicate median projections.

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics 43

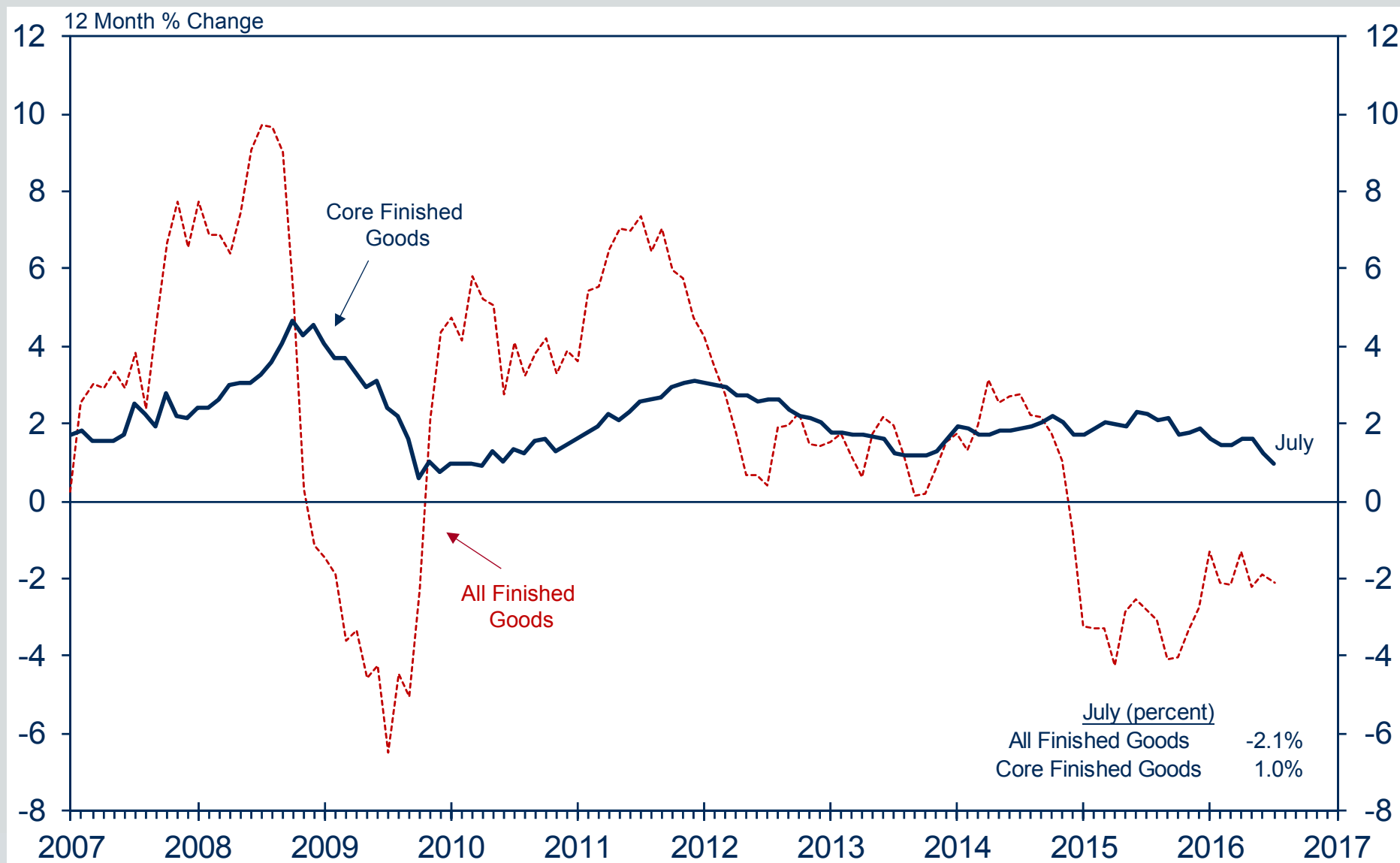
Core Personal Consumption Expenditure Price Index



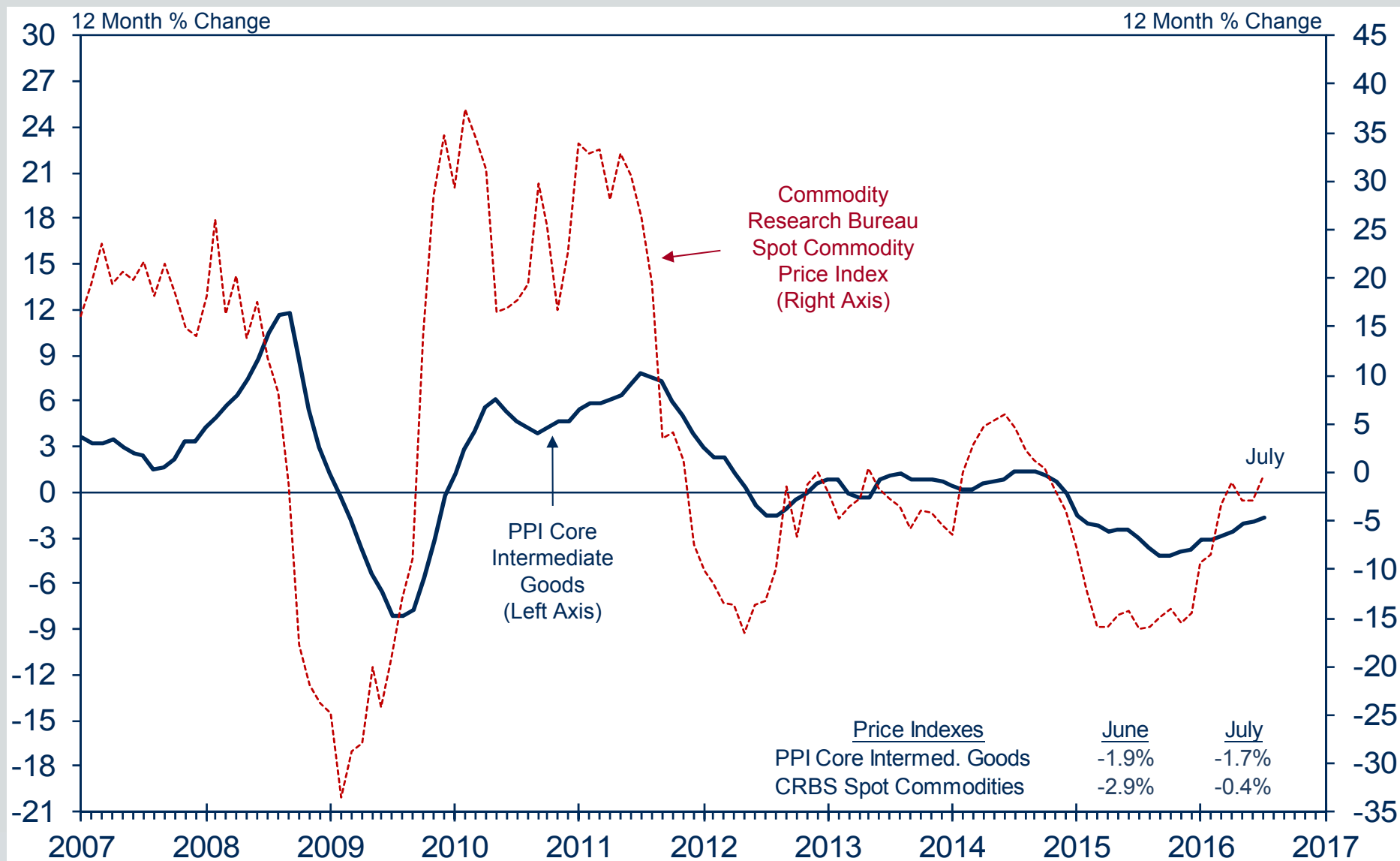
Consumer Price Indexes



Producer Price Indexes



Commodity Price Indexes



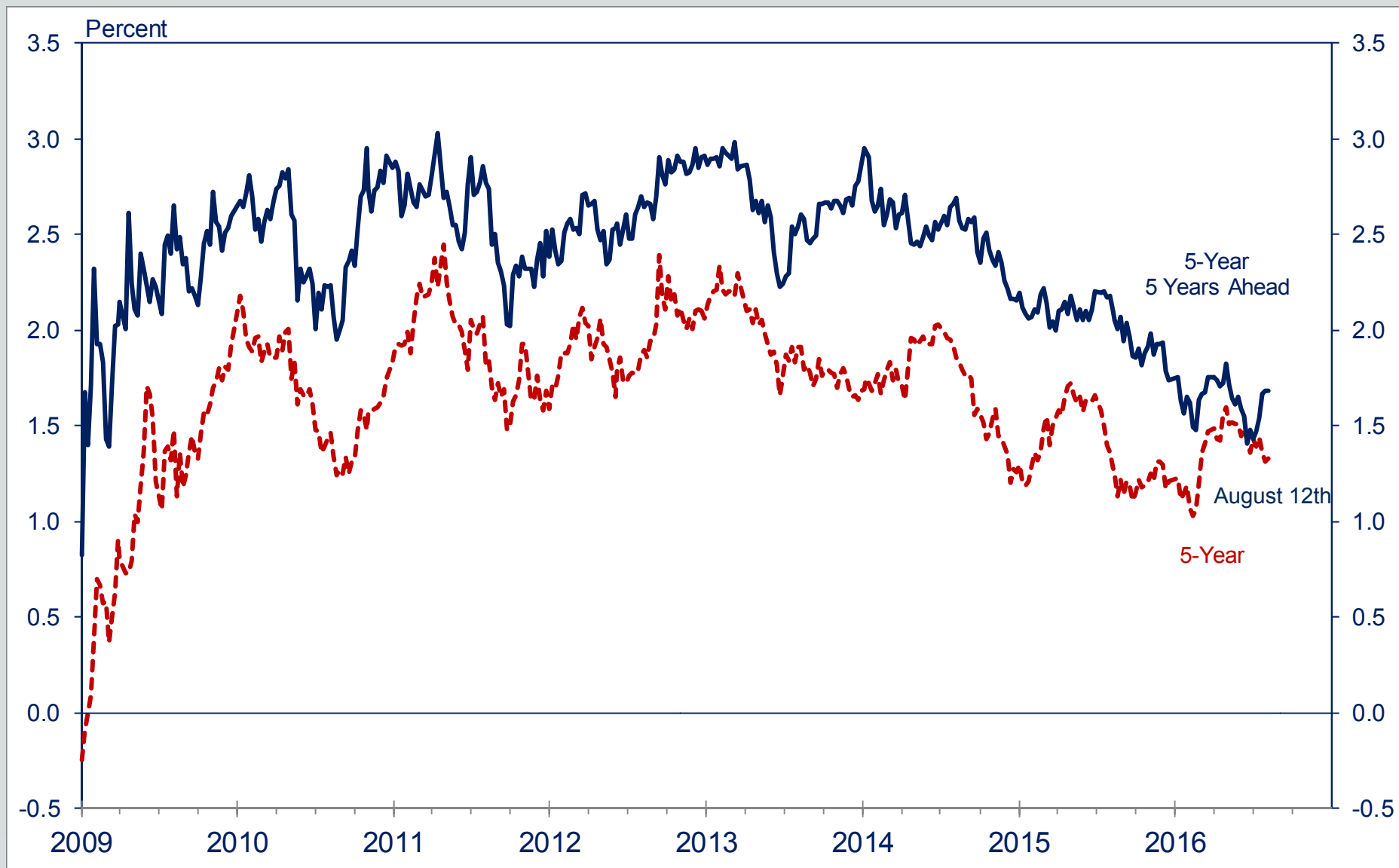
Crude Oil Prices



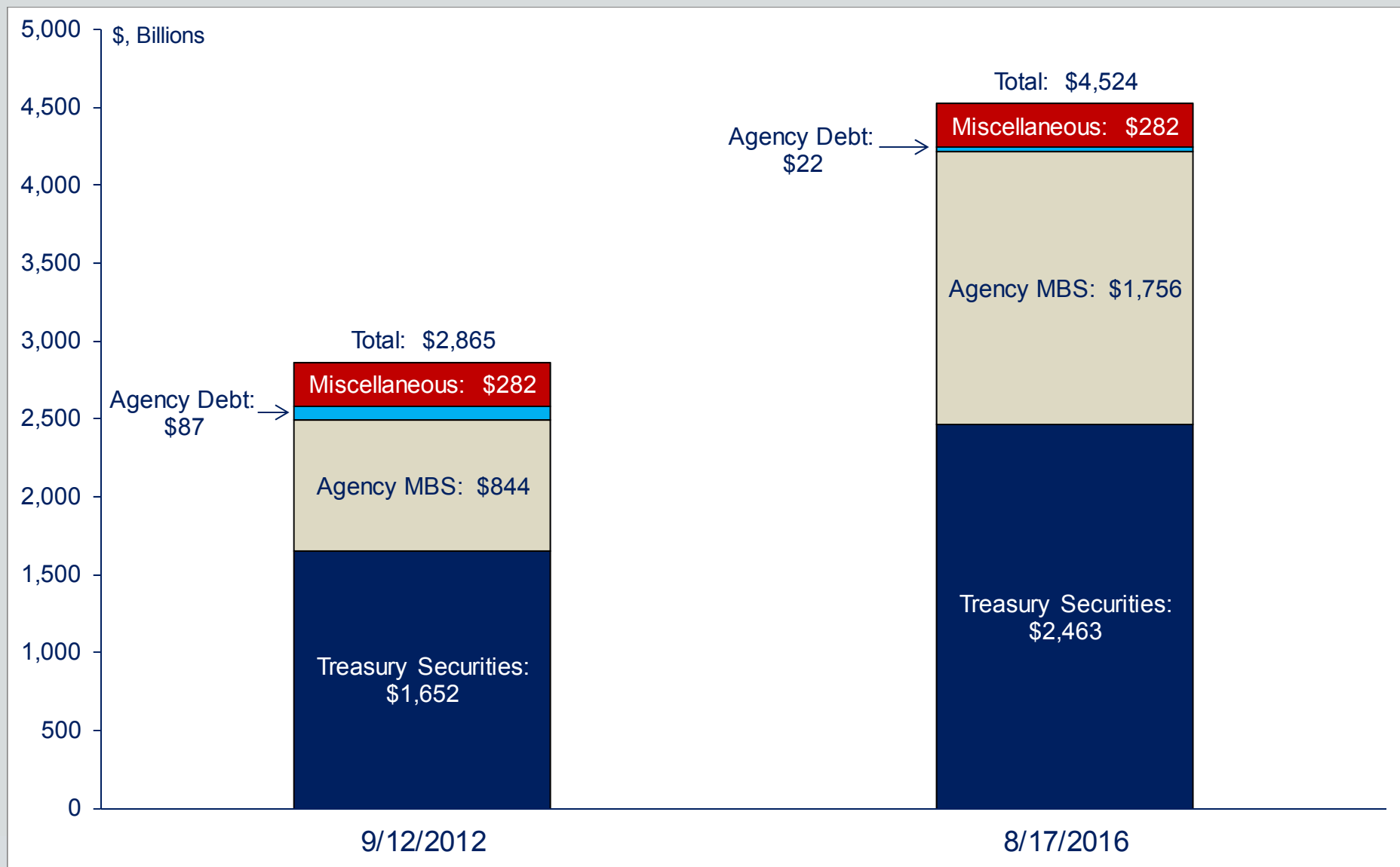
Notes: Spot and Futures Prices are for Brent Crude Oil.

Source: Financial Times & New York Mercantile Exchange via Haver Analytics & Bloomberg

TIPS Inflation Compensation

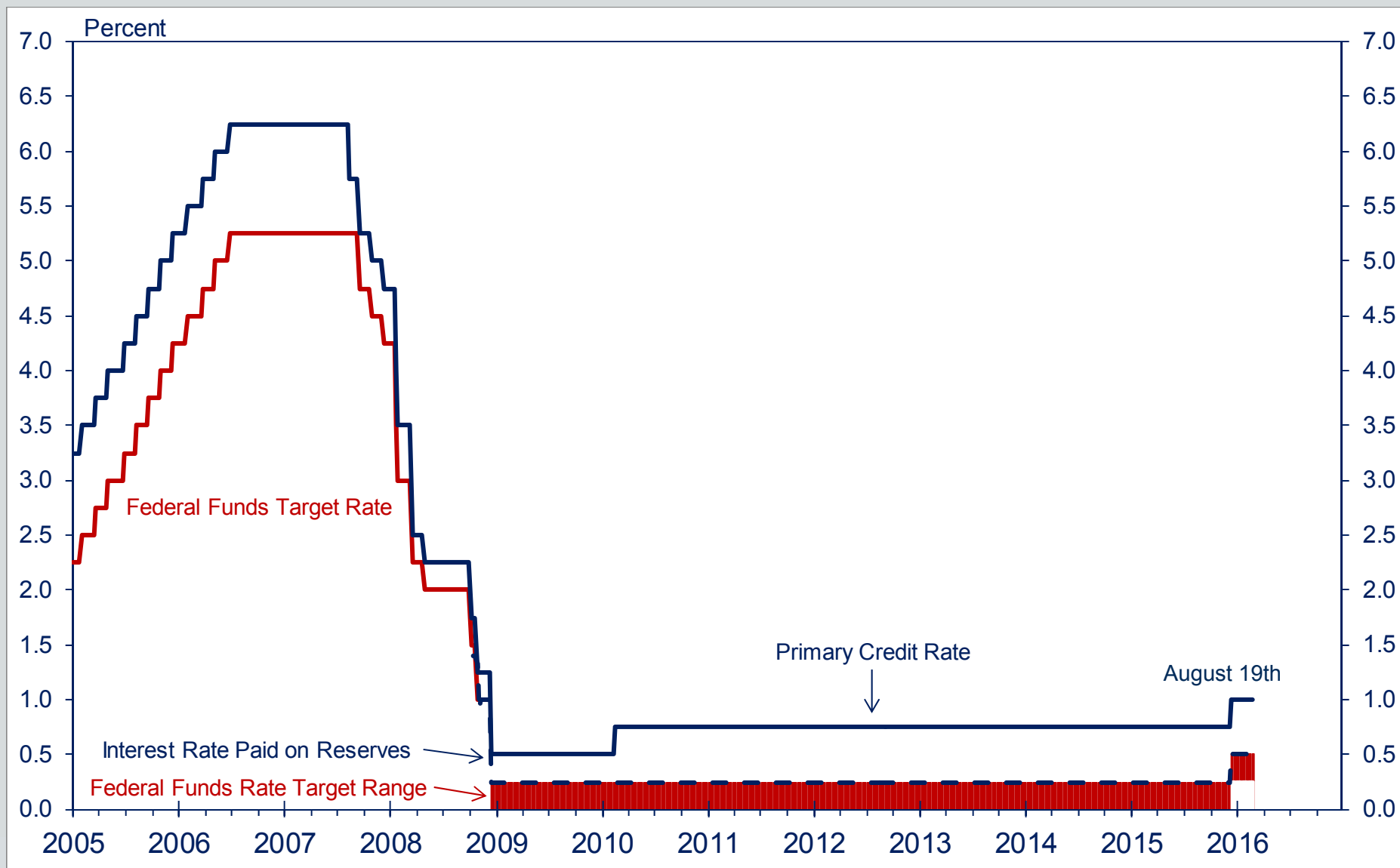


Federal Reserve System Assets

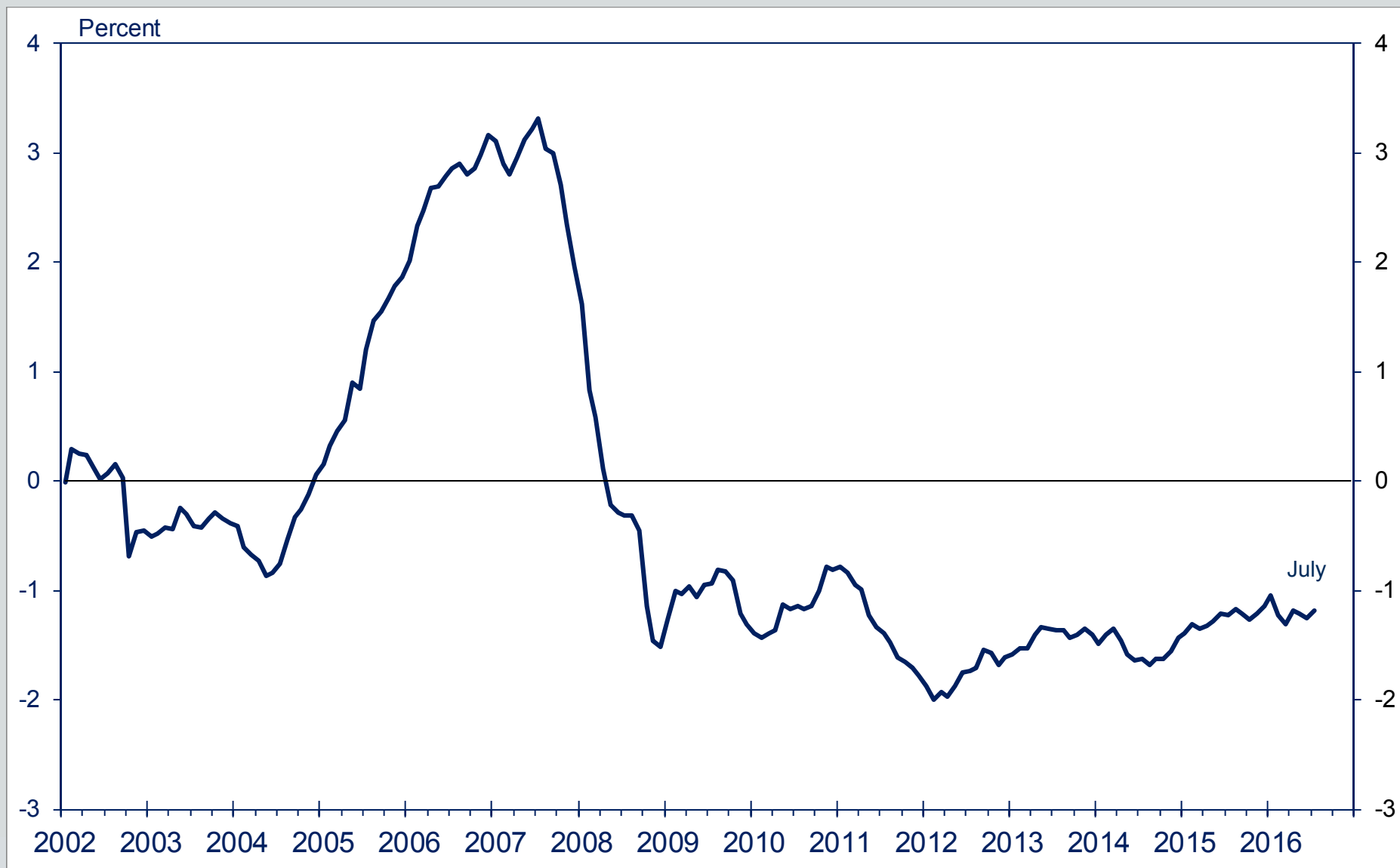


Note: Numbers may not add up due to rounding.

Monetary Policy Instruments



Real Federal Funds Rate



Note: The Real Federal Funds Rate is the difference between the effective Fed Funds rate and the lagged year-over-year change in the core PCE price index.

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics 52

FOMC Statement

July 27, 2016

Information received since the Federal Open Market Committee met in June indicates that the labor market strengthened and that economic activity has been expanding at a moderate rate. Job gains were strong in June following weak growth in May. On balance, payrolls and other labor market indicators point to some increase in labor utilization in recent months. Household spending has been growing strongly but business fixed investment has been soft. Inflation has continued to run below the Committee's 2 percent longer-run objective, partly reflecting earlier declines in energy prices and in prices of non-energy imports. Market-based measures of inflation compensation remain low; most survey-based measures of longer-term inflation expectations are little changed, on balance, in recent months.

Consistent with its statutory mandate, the Committee seeks to foster maximum employment and price stability. The Committee currently expects that, with gradual adjustments in the stance of monetary policy, economic activity will expand at a moderate pace and labor market indicators will strengthen. Inflation is expected to remain low in the near term, in part because of earlier declines in energy prices, but to rise to 2 percent over the medium term as the transitory effects of past declines in energy and import prices dissipate and the labor market strengthens further. Near-term risks to the economic outlook have diminished. The Committee continues to closely monitor inflation indicators and global economic and financial developments.

Against this backdrop, the Committee decided to maintain the target range for the federal funds rate at 1/4 to 1/2 percent. The stance of monetary policy remains accommodative, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation.

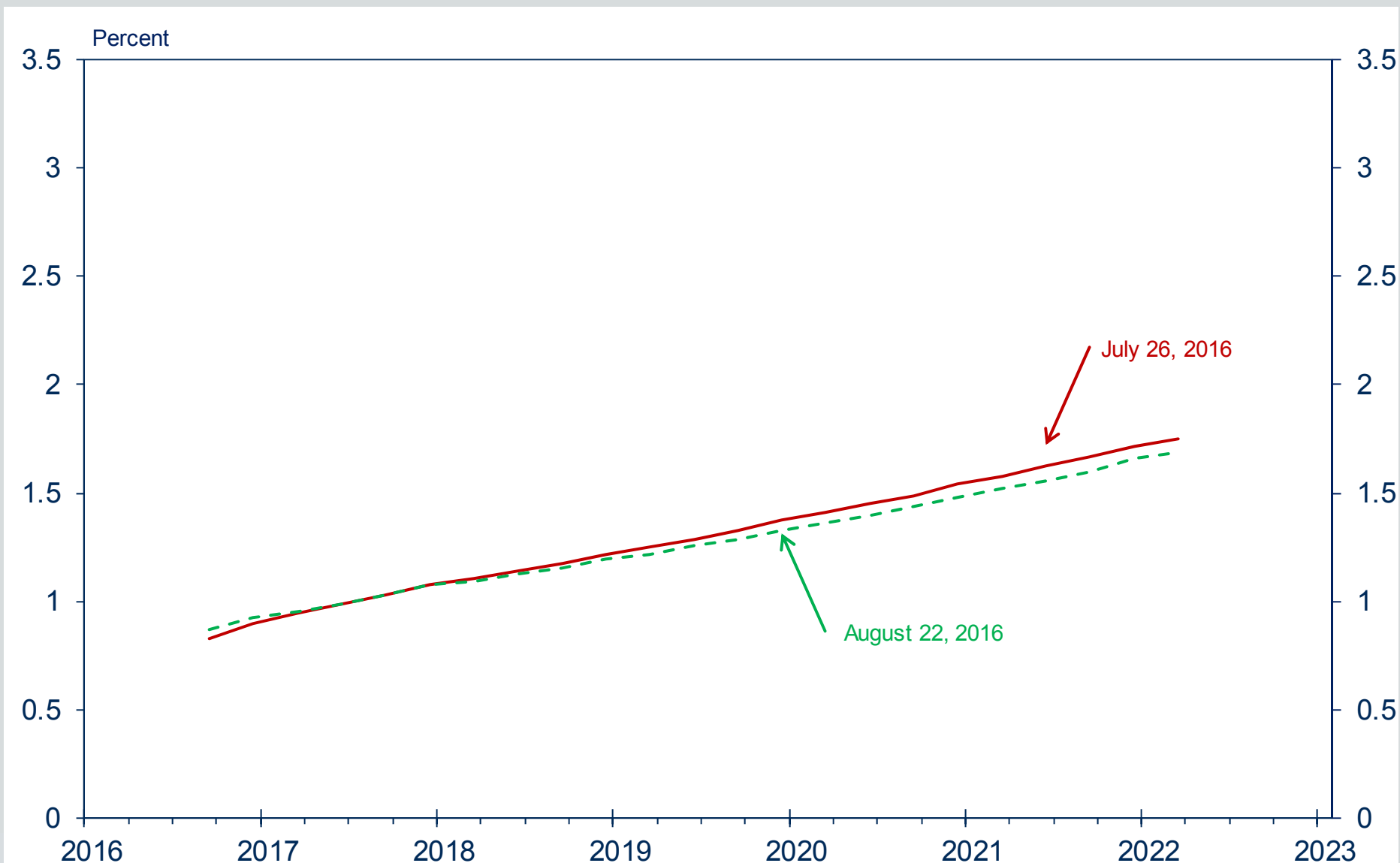
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In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation. This assessment will take into account a wide range of information, including measures of labor market conditions, indicators of inflation pressures and inflation expectations, and readings on financial and international developments. In light of the current shortfall of inflation from 2 percent, the Committee will carefully monitor actual and expected progress toward its inflation goal. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.

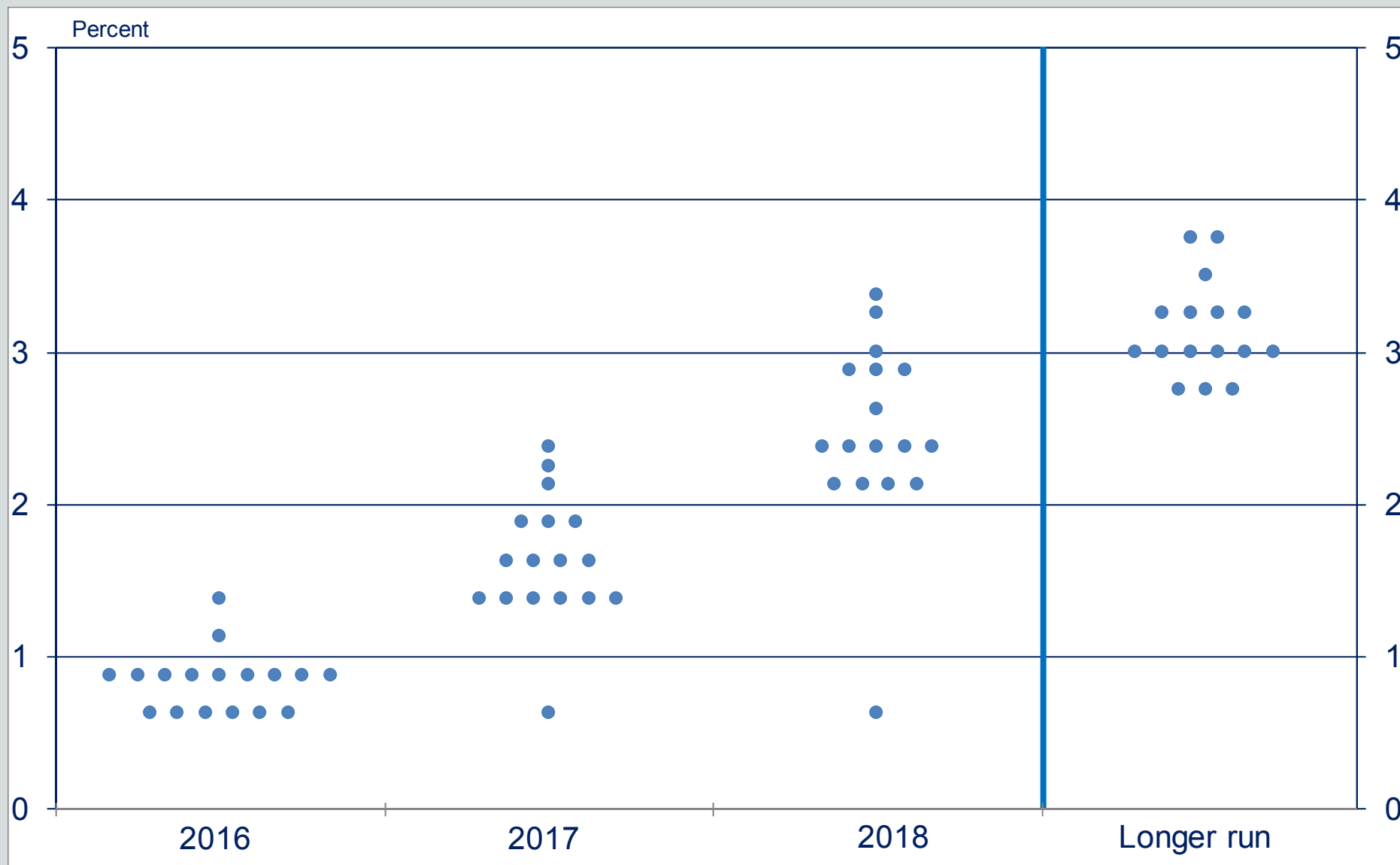
The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction, and it anticipates doing so until normalization of the level of the federal funds rate is well under way. This policy, by keeping the Committee's holdings of longer-term securities at sizable levels, should help maintain accommodative financial conditions.

Voting for the FOMC monetary policy action were: Janet L. Yellen, Chair; William C. Dudley, Vice Chairman; Lael Brainard; James Bullard; Stanley Fischer; Loretta J. Mester; Jerome H. Powell; Eric Rosengren; and Daniel K. Tarullo. Voting against the action was Esther L. George, who preferred at this meeting to raise the target range for the federal funds rate to 1/2 to 3/4 percent.

Eurodollar Futures



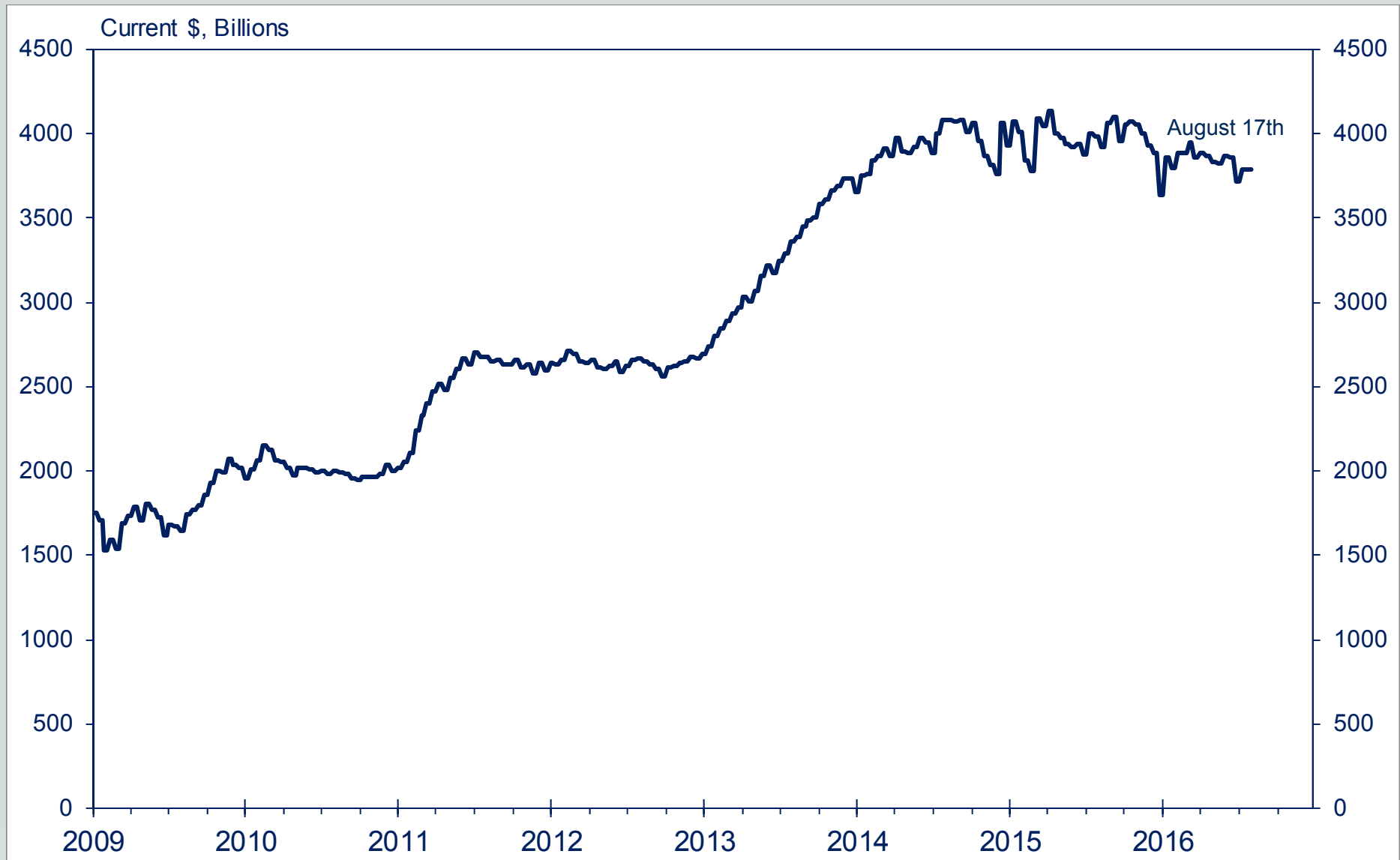
Summary of Economic Projections: Federal Funds Rate



Note: Each dot in the chart represents the value of an FOMC participant's judgment of the midpoint of the appropriate target range (or the appropriate target level) for the federal funds rate at the end of the calendar year. Projections made for the June 2016 meeting.

Source: Board of Governors

Monetary Base



**FEDERAL RESERVE BANK
OF RICHMOND**

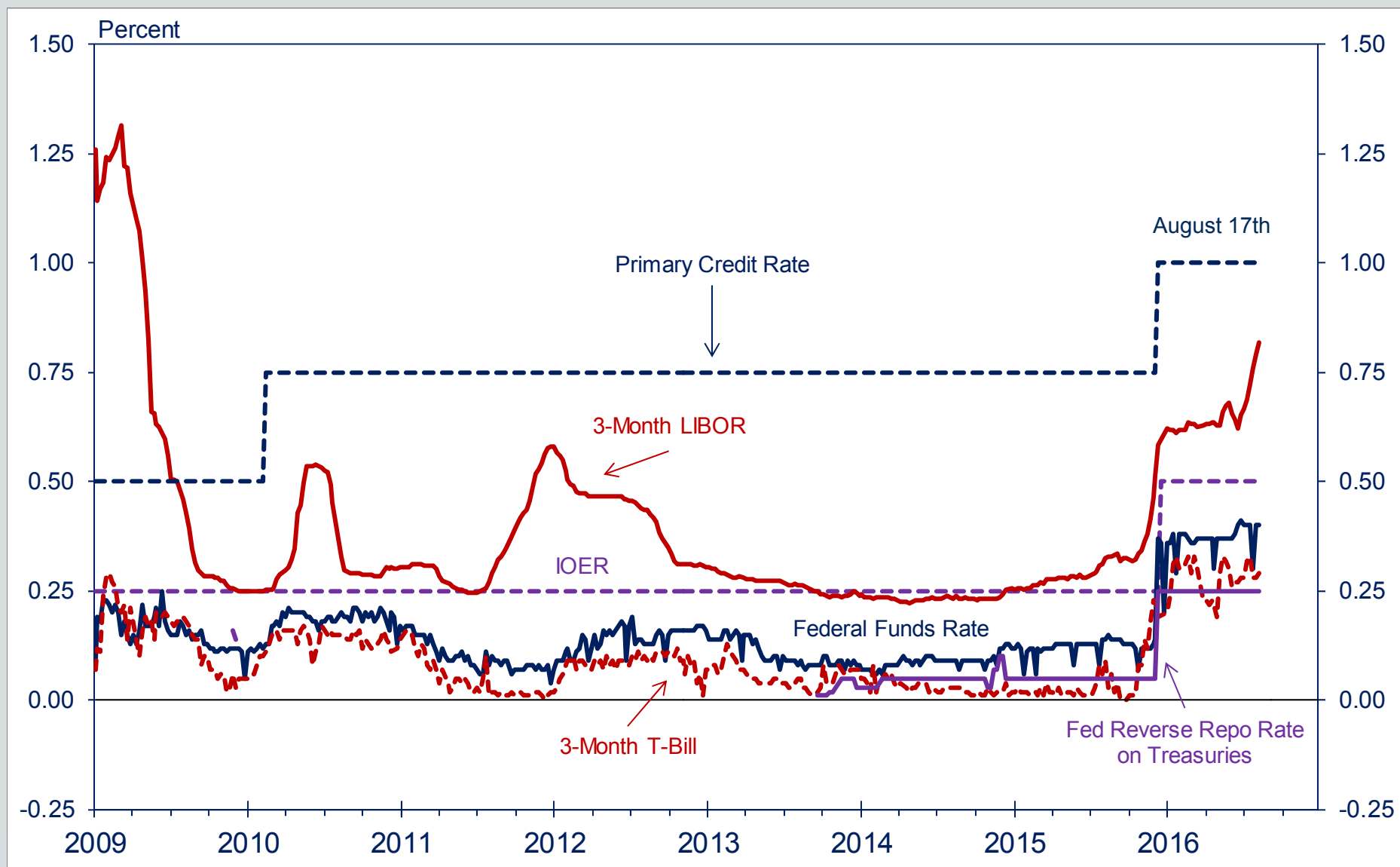
Richmond • Baltimore • Charlotte

Source: Board of Governors via Haver Analytics 57

M2



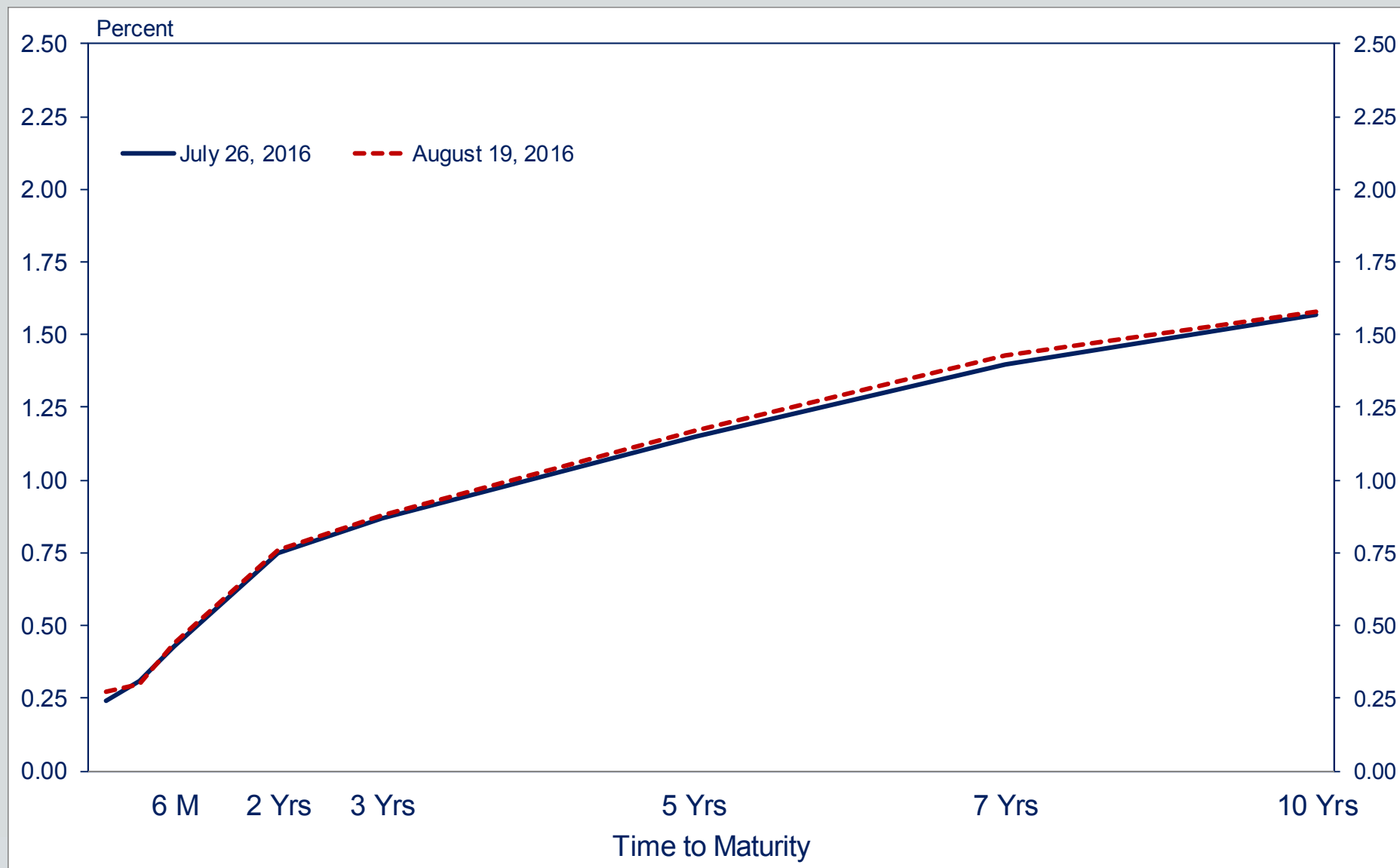
Money Market Rates



Capital Market Rates



Treasury Yield Curve



Risk Premium

