

National Economic Conditions

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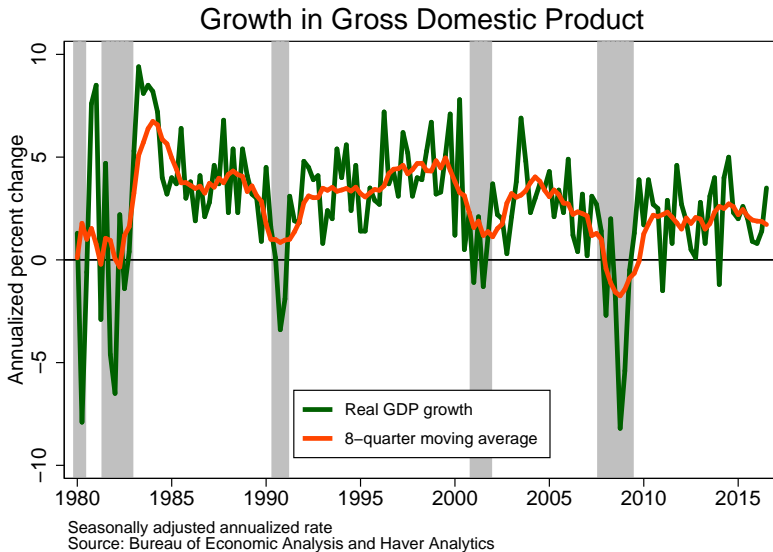
Joint Economic and Fiscal Orientation
Jan 9, 2016

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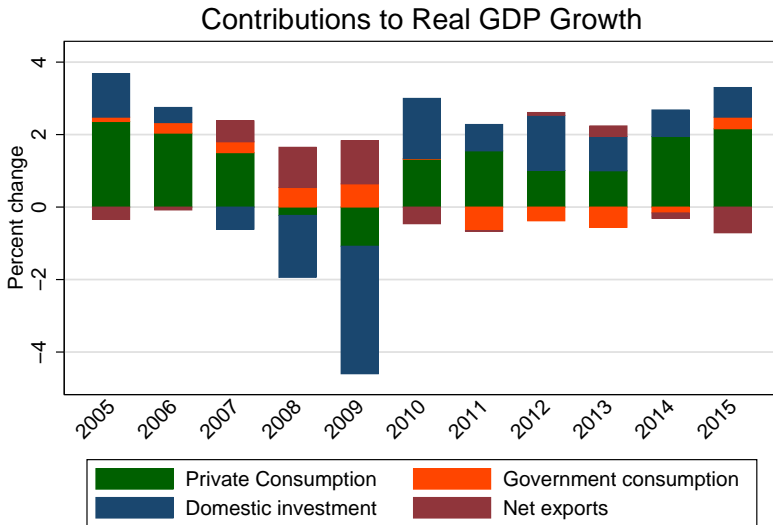
Outline of presentation

- 1 GDP Growth
- 2 The Labor Market
- 3 Inflation
- 4 Economic Projections

GDP has been growing at a moderate pace.

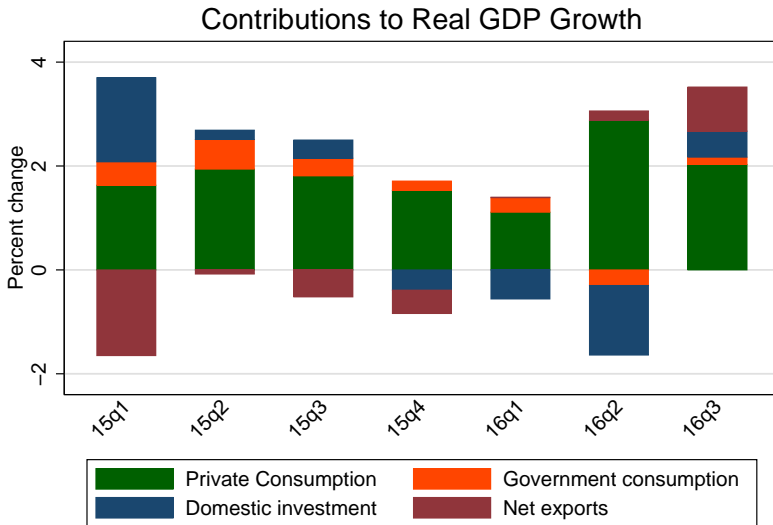


Components of GDP growth, 2005-2015.



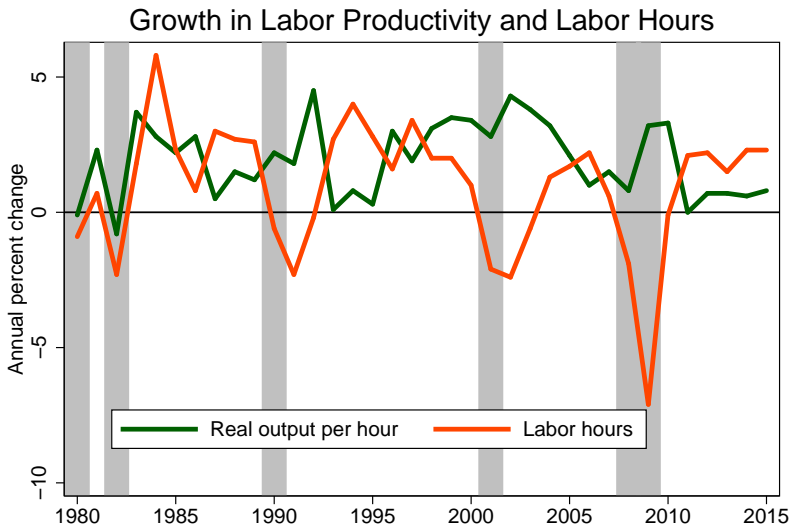
Source: Bureau of Economic Analysis and Haver Analytics

Components of GDP growth, 2015-2016.



Source: Bureau of Economic Analysis and Haver Analytics

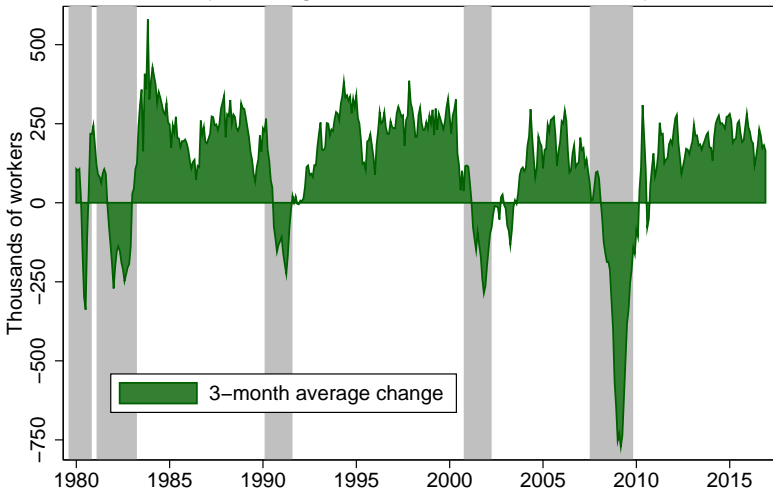
Growth in labor productivity has been unusually low.



Source: Bureau of Labor Statistics and Haver Analytics

Employment has been growing steadily.

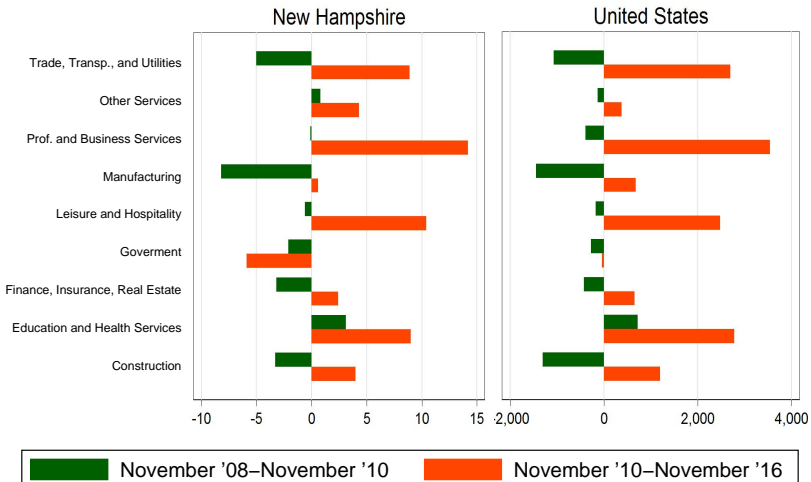
Monthly Change in Total Nonfarm Employment



Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

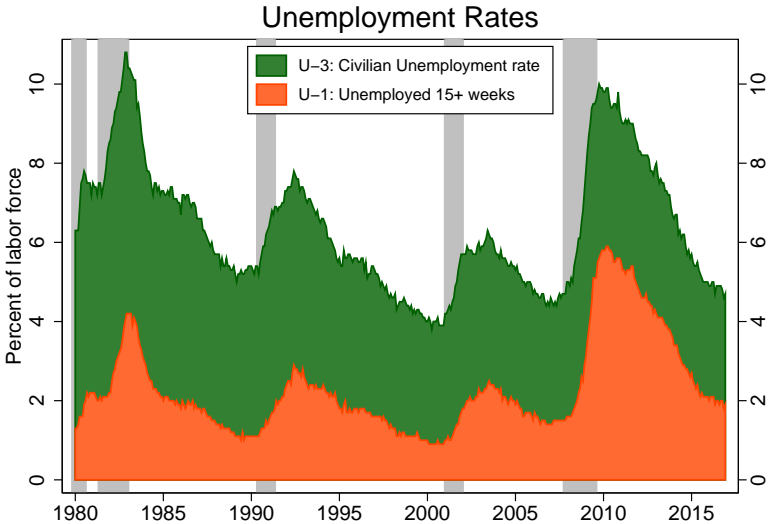
NH and U.S. employment growth by supersector.

Industry employment growth, thousands of jobs



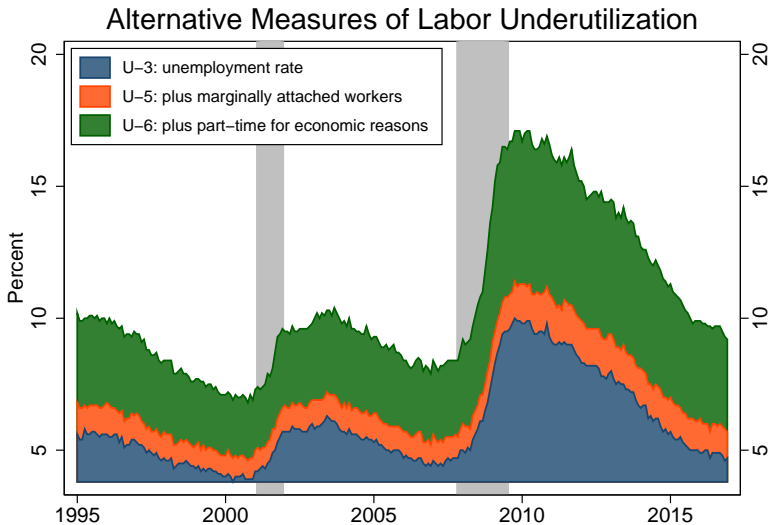
Source: Bureau of Labor Statistics Establishment Survey and Haver Analytics

The unemployment rate has fallen significantly.



Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

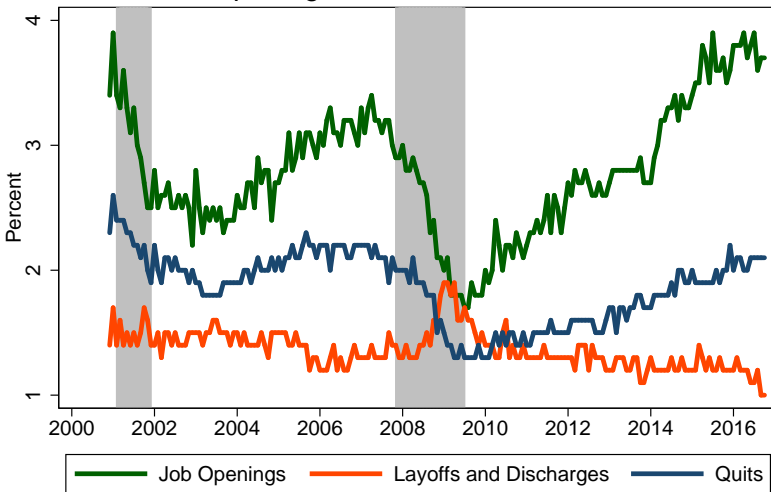
The gap between U-3 and U-6 remains somewhat elevated.



Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

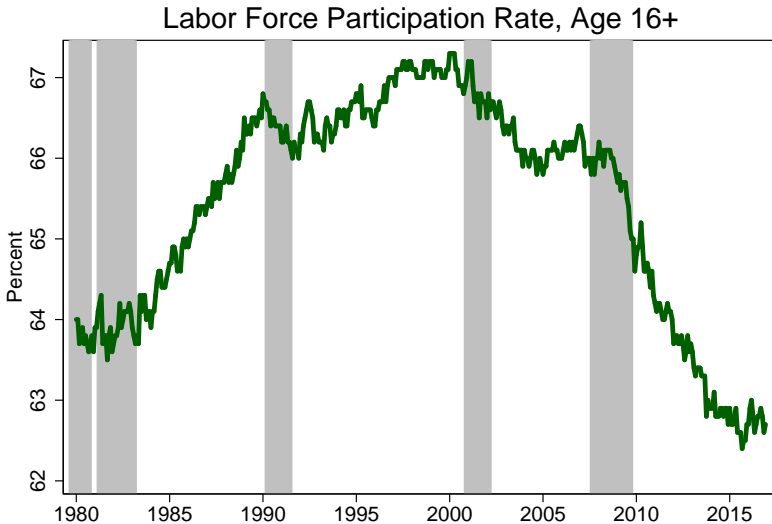
Job openings have rebounded since the recession.

Job Openings and Labor Turnover Rates



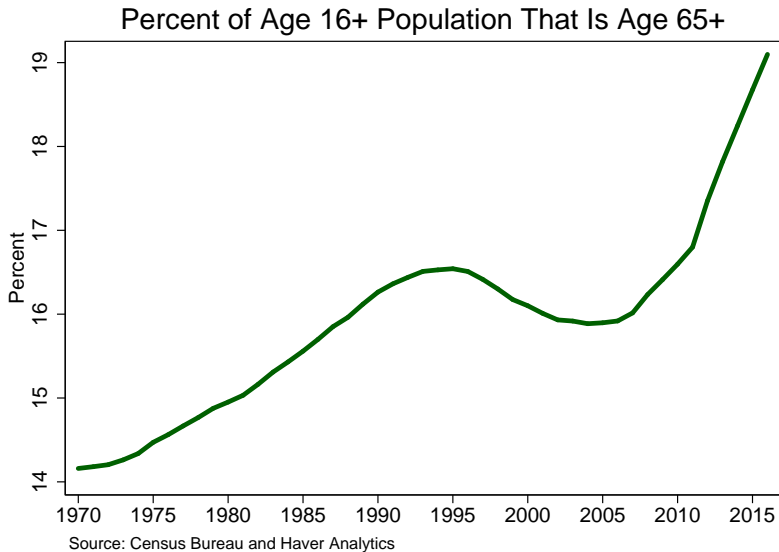
Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

Labor force participation is trending down ...

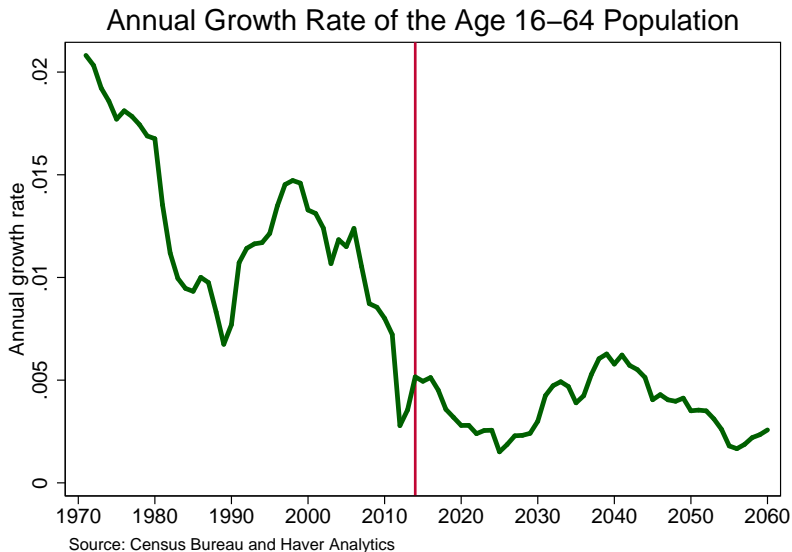


Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

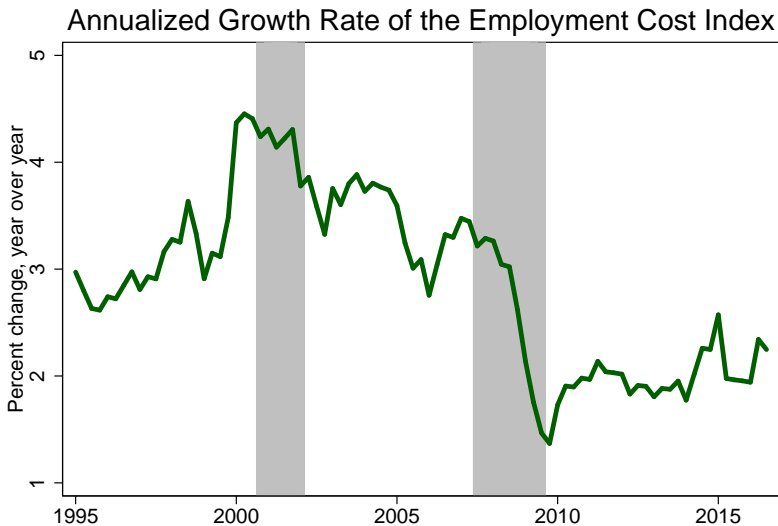
...driven partly by population aging.



Slow labor force growth is the new normal.



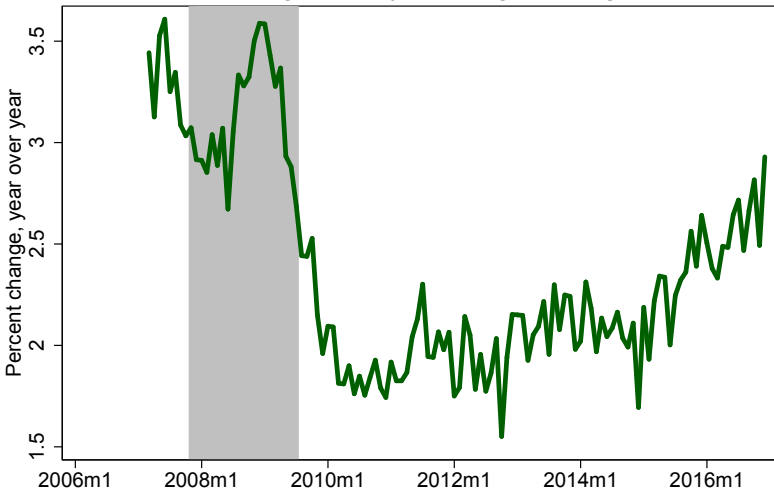
Wage pressure has been muted...



Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

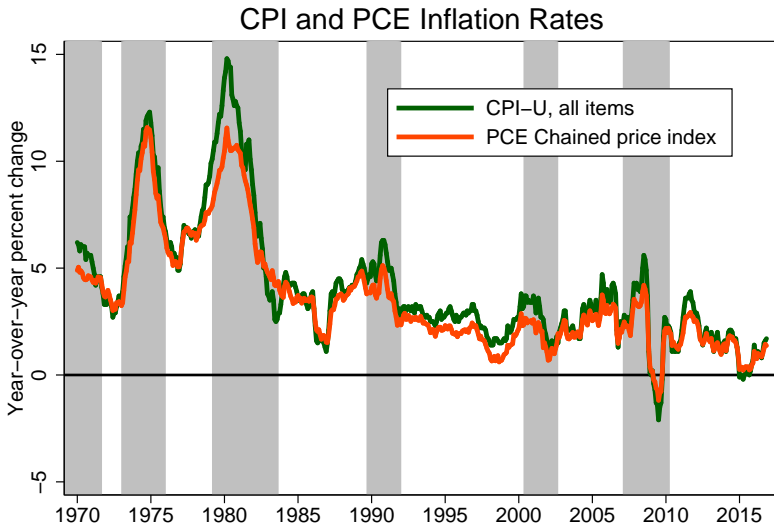
...but wage increases are accelerating.

Average Hourly Earnings Change



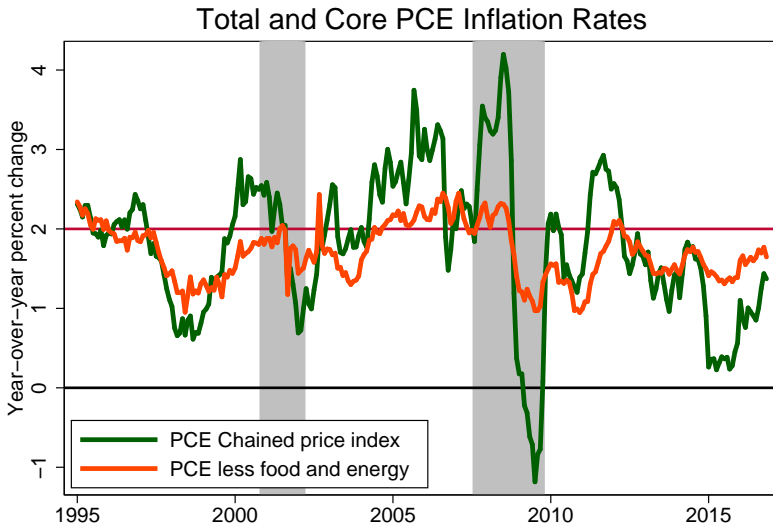
Source: Bureau of Labor Statistics and Haver Analytics; seasonally adjusted

Inflation has recently been quite low.



Source: Bureau of Economic Analysis and Haver Analytics

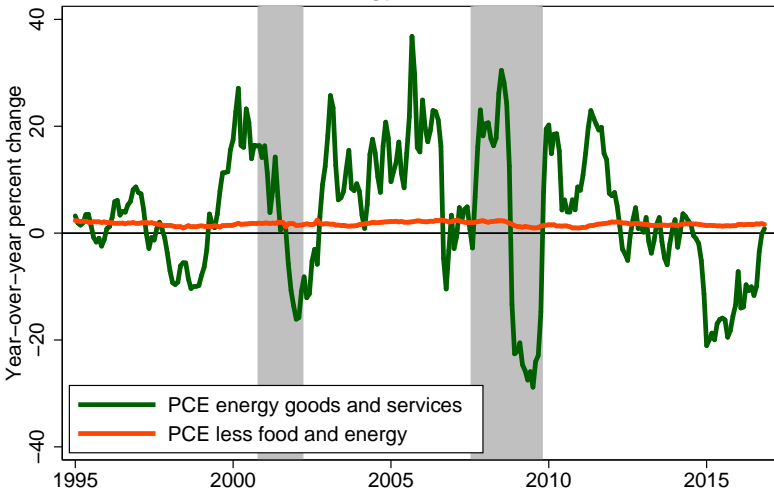
Core inflation is less volatile than headline inflation.



Source: Bureau of Economic Analysis and Haver Analytics

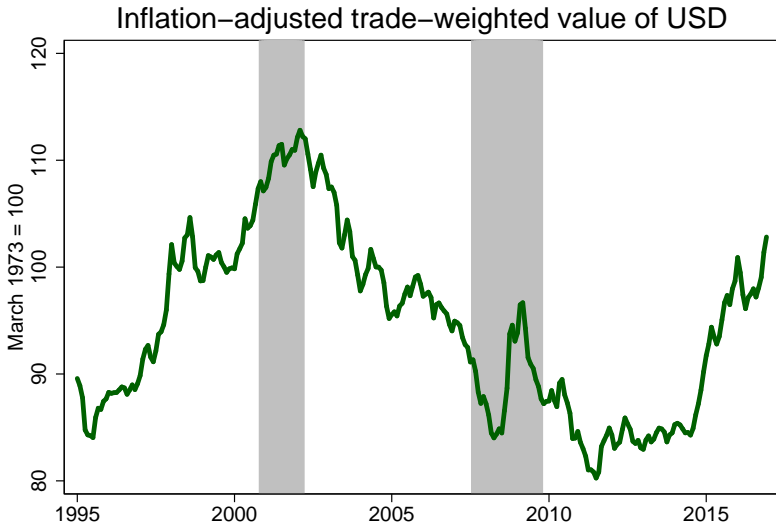
Energy prices have stabilized.

Core and Energy PCE Inflation Rates



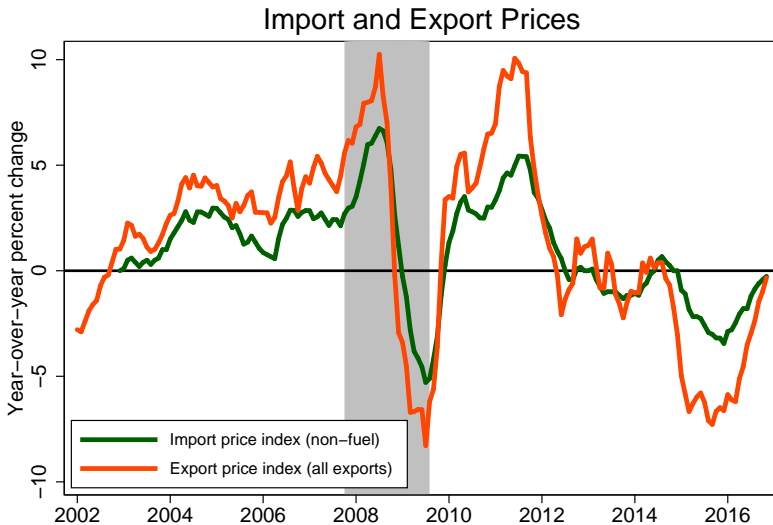
Source: Bureau of Economic Analysis and Haver Analytics

The U.S. dollar has appreciated.



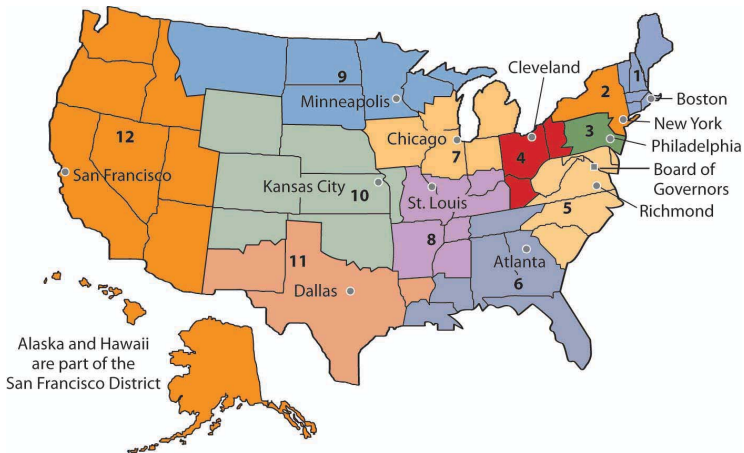
Source: Federal Reserve Board and Haver Analytics

Import and export prices decreased.



Source: Bureau of Economic Analysis and Haver Analytics

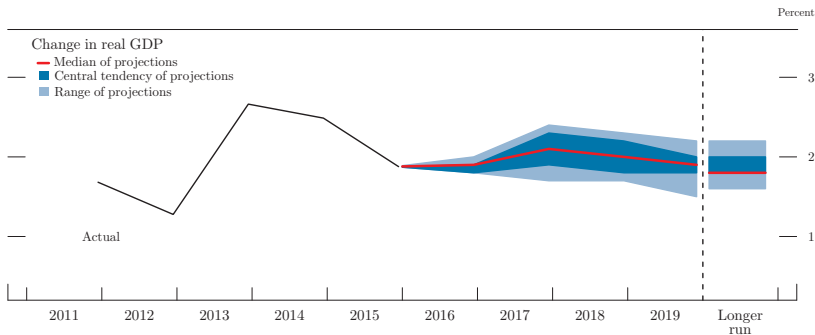
Federal Reserve Districts



The FOMC meets 8 times per year.

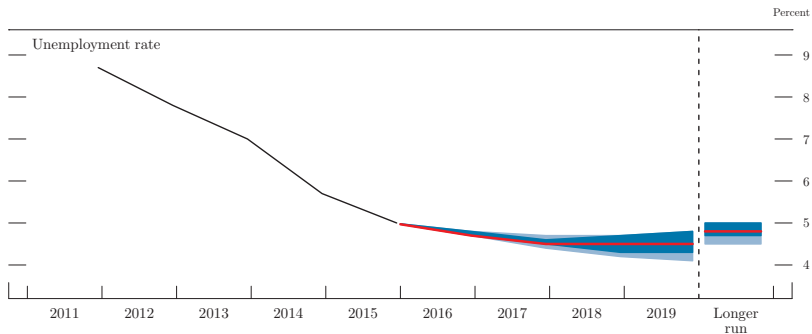
- The Summary of Economic Projections (SEP) is released 4 times per year.
- All members of the Federal Reserve Board of Governors and the Presidents of the 12 Reserve Banks submit projections under the assumption of appropriate monetary policy for:
 - Real (inflation adjusted) GDP growth
 - Unemployment rate
 - PCE inflation rate
 - Federal Funds Rate target

SEP: (Dec 2016) Growth in Real GDP



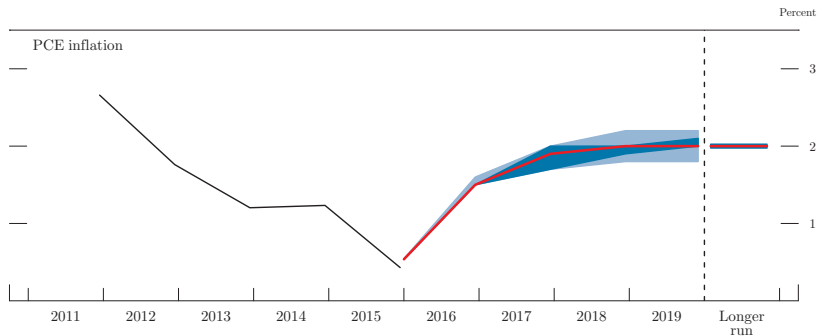
Source: <http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20161214.pdf>

SEP: (Dec 2016) Unemployment Rate



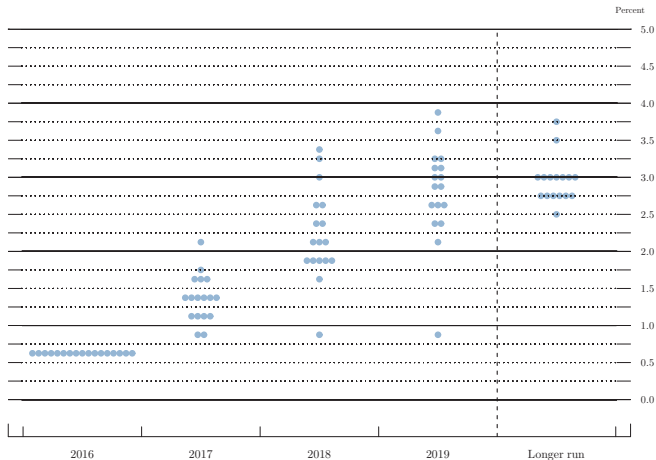
Source: <http://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20161214.pdf>

SEP: (Dec 2016) PCE Inflation Rate



Source: <http://www.federalreserve.gov/monetarypolicy/files/fomcprojt20161214.pdf>

SEP: (Dec 2016) Appropriate Timing of Policy Firming



Source: <http://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20161214.pdf>