ECONOMIC OUTLOOK
REGIONS
May 2024

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Here We Go Again . . . And Again . . . And Again . . .

Real GDP grew at an annual rate of 1.6 percent in Q1 2024, well below expectations of growth rate closer to a 3.0 percent. At the same time, the price data contained in the report on Q1 GDP showed the core PCE Deflator, the gauge of inflation followed most closely by the FOMC, rose at an annual rate of 3.7 percent. Suffice it to say that the day of the release of the report on Q1 GDP was not a particularly good one in the markets, with equity prices dropping sharply and yields on fixed-income securities shooting higher. The growth details were seen as negative for equities, while the inflation details fed into the narrative that the FOMC will be on hold for longer, perhaps much longer, than many market participants had expected coming into this year. Not to mention for longer than implied in the March edition of the FOMC's "dot plot," which implied a total of seventy-five basis points in Fed funds rate cuts by year-end 2024. On the whole, the growth and inflation data seem to have liberated the stagflationistas, who were, yet again, out in force to spin a tale of a U.S. economy doomed to a period of stagnant growth and high inflation, proving, yet again, that you can't stop them, you can only hope to contain them.

It will come as no surprise to our regular readers that our reaction to the report on Q1 GDP was, let's say, a bit more tempered. Indeed, our reaction to the inflation data in that report was to have no reaction at all, as we saw nothing in the data that was new. The monthly data on the Consumer Price Index (CPI) and the PCE Deflator showed that inflation was proving to be more persistent in early-2024 than many had anticipated coming into the year. To be sure, part of the reaction to the inflation data in the report on Q1 GDP could have just been the shock of seeing the annualized percentage change, the basis on which the GDP data are reported, of 3.7 percent in the core PCE Deflator, faster than the more familiar year-on-year changes – 2.9 percent for January and 2.8 percent for February. Still, the annualized three-month changes, which had become a fashionable way of viewing the inflation data, would have helped alleviate the shock value of the print in the report on Q1 GDP, with increases of 3.0 percent for January and 3.7 percent for February. Moreover, the core CPI increased at an annualized rate of 4.2 percent in Q1, a number out ahead of the report on Q1 GDP but which seems to have gone largely unnoticed. Also seeming to have escaped notice was the BEA's note in which they cited rising housing costs as the main driver of the increase in services prices, largely reflecting owners' equivalent rents having risen at an annualized rate of 5.9 percent in Q1.

Our point here isn't to downplay or dismiss the inflation data in the report on Q1 GDP, but rather that the reaction to the data in the financial markets seemed somewhat excessive. We were much more focused on the growth component of the Q1 GDP data, and though we admit to being rudely surprised by the headline growth print, the miss on top-line real GDP growth became much less concerning to us as we worked through the details of the data.

We'd suggest that anyone taking the headline growth print as evidence of the "stag" portion of stagflation, i.e., stagnant growth, should do the same. As is often the case, the treatment of trade and inventories under GDP accounting conventions yielded a Q1 real GDP growth number at odds with underlying economic conditions. A wider trade deficit and a slower pace of inventory accumulation in the nonfarm business sector combined to knock 1.21 percentage points off top-line real GDP growth in Q1, though it is fair to question what that really tells us about the underlying health of the U.S. economy.

To that point, the reaction by some to Q1 real GDP growth conjured up memories of the recession of 2022. Okay, fine, there wasn't actually a recession in 2022. Rather, it was that trade and inventories wreaked havoc on the GDP data, yielding contractions in real GDP in each of the first two quarters of that year, thus triggering the common, though not technically correct, definition of recession. Though the hits from trade and inventories in the Q1 data were not as impactful to top-line real GDP growth, we'll make the same point now that we made back in 2022, which is that the behavior of private domestic demand – combined household and business spending – is a much more meaningful indicator of the underlying health of the U.S. economy. Real private domestic demand grew at an annualized rate of 3.1 percent in Q1, marking a third straight quarter of growth at or above three percent which, barring the stimulus-fueled rebound from the pandemic-related recession of 2020, is the longest such streak since 2014.

We'd further argue that while consumer spending may account for the largest block of private domestic demand, it is the components of residential and business fixed investment that are the more meaningful gauges of economic growth. This simply goes to a point we frequently make, which is that growth in consumer spending is a symptom of, not the cause of, economic growth. Real fixed investment grew at an annual rate of 5.3 percent in Q1, the fastest quarterly rate since Q1 2022. Higher mortgage interest rates notwithstanding, real single family residential investment grew at an annual rate of 18.1 percent in Q1, the third straight quarter of double-digit growth, though this component carries a relatively small weight in total fixed investment. Real business investment in equipment and machinery grew at a 2.1 percent rate in Q1, while business investment in intellectual property products grew at a 5.4 percent rate. These two components of business fixed investment are key drivers of growth in labor productivity, and while spending on equipment and machinery has been up and down over recent quarters, we continue to expect that at some point we'll see a period of sustained growth as businesses push to improve and sustain productivity growth. It is worth noting that, after having been a significant support for growth in business fixed

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investment over the prior five quarters, real investment in business structures contracted modestly – at a 0.1 percent annual rate – in Q1, with weakness in components of commercial real estate offsetting continued growth in the construction of manufacturing facilities, growth which we think has much further to run.

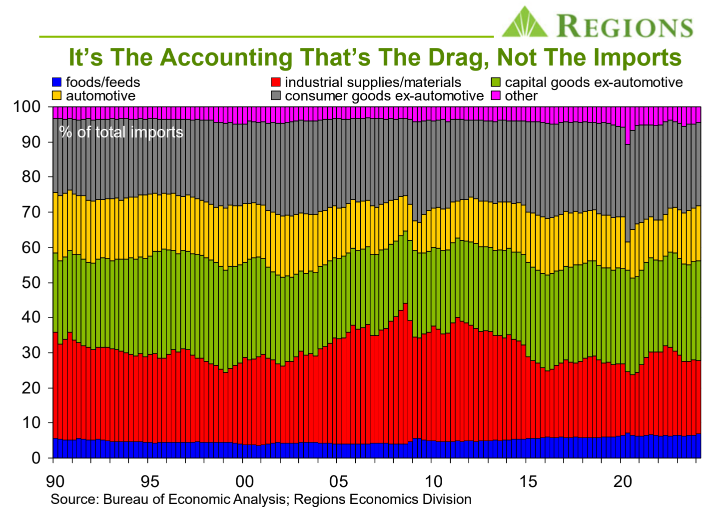
It is not uncommon for the details of a given economic data release to be at odds with the headline number, and we think that was the case with the BEA's initial estimate of Q1 GDP given another quarter of healthy growth in real private domestic demand. A much slower pace of inventory accumulation in the nonfarm business sector in Q1 than in Q4 2023 acted as a drag on real GDP growth, as it is the change in the change in inventories that enters into the calculation of real GDP growth. It is, however, difficult to draw any firm conclusions as to what the pace of inventory accumulation says about the broader economy given that the severe distortions to both production and sales wrought by the pandemic and the policy response to it have yet to fully resolve.

A significantly wider trade deficit took 0.86 percentage points off top-line real GDP growth in Q1; while exports of U.S. goods and services increased, imports of goods and services into the U.S. grew at a much faster pace, hence the widening trade gap. We don't, however, think the wider trade deficit in Q1 in and of itself says anything meaningful about the state of the U.S. economy, which takes us back to our discussion in the May 2022 edition of the *Outlook*, a time when wide swings in the trade deficit were clouding the view of underlying economic conditions. We think repeating part of that discussion here would be a useful reminder.

Under GDP accounting conventions, exports of U.S. goods and services add to GDP while imports of goods and services into the U.S. deduct from GDP. It helps to recall what the "D" in GDP stands for – domestic. As such, the BEA is summing up consumption of domestically produced goods and services, including consumption on the part of foreign buyers, hence U.S. exports being considered as addition to GDP. As imports are not produced domestically, they are deducted from GDP, but keep in mind that purchases of goods or services produced abroad are captured in measured consumer and business spending. In that sense, a dollar of consumption is offset by a dollar of imports, meaning imports have no direct impact on GDP, which isn't the same as imports being a drag on GDP, as is commonly claimed, with the GDP accounting convention the source of confusion.

There is a more fundamental reason imports, at least not all of them, should be considered to be a "drag" on GDP. Though this seldom is mentioned in discussions of the U.S. trade deficit, the reality is that a considerable share of the goods imported into the U.S. are either raw materials, intermediate goods, or capital equipment used by firms located in the U.S. to produce final goods. As such, these imports should be considered a complement to domestic production, rather than being seen as a drag on domestic production.

To that point, historically, just over fifty percent of goods imported into the U.S. are either industrial supplies and materials or non-automotive capital goods. To the extent these raw/intermediate goods have contributed to higher output amongst domestic producers, they have made much more of a positive contribution to economic growth than given credit for, at least in the GDP data. To take a detour back to GDP accounting, the value attached to goods produced by domestic firms nets out the value of imported raw or intermediate goods, at least in theory. The broader, not to mention much more relevant, point here, however, is that imports of raw materials and capital goods are supportive of domestic production rather than being a drag on growth.



This brings us back to a point we made above, which is that the details of the report on Q1 GDP are much more constructive than implied by the headline growth number. Yet, the combination of a lower than expected headline growth print and a higher than expected, at least by many, print on core PCE inflation has triggered a dumbfoundingly high volume of talk of stagflation. Needless to say, we do not share those concerns. That said, one thing from the monthly data on personal income and spending and the Q1 GDP data that has most definitely captured our attention is the marked softening in discretionary services spending on the part of U.S. consumers.

The monthly data show declines in real (or, inflation adjusted) spending on discretionary services in January and March being offset by an unusually large increase in February, yielding on net an increase for Q1. Note that there is not a specific line item for such spending in the BEA's reporting, so we're using our proxy consisting of household spending on services excluding housing, utilities, health care, and financial services. Our regular readers may recall that we began looking for a marked slowdown in discretionary services spending in the fall of 2023, meaning that for the past several months we have been surprised by the enduring strength of such spending. Our premise was that pent-up demand resulting from pandemic-related restrictions and/or hesitant consumers had been largely sated, which would trigger a marked slowdown in spending in areas such as travel, tourism, entertainment, recreation, and dining out.

It would figure that at some point the run of robust growth in discretionary services spending seen over the past several quarters would come to an end. But, having for some time, well, misunderestimated the staying power of discretionary services spending, we think it too soon to declare that we've arrived at that point. We will, of course, continue to monitor the monthly data for any such signs. One potential red flag is the sharp drop in the Conference Board's measure of consumer confidence in April, with an especially sharp drop in the expectations component and

further erosion in consumers' assessments of labor market conditions, which could easily be seen as weighing on discretionary spending. A spate of recent earnings reports showed a drop-off in demand for casual dining, which will act as a drag on spending on food services and which suggests growing financial stress amongst at least some portion of households. To that point, consumers remain stressed by inflation, particularly given the cumulative price increases seen over the past three years, which is a topic we discussed in detail in last month's *Outlook*, and the recent run of increases in gasoline prices has not helped ease those concerns. It is worth noting that prices for discretionary services continue to rise at a pace significantly faster pace than overall inflation, which is not surprising given the strength of demand over the past several quarters, and it could be that consumers are becoming more price-sensitive in this area.

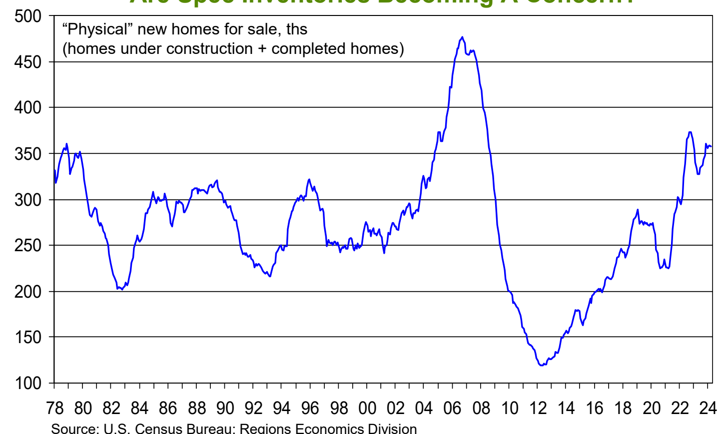
One reason this matters is that discretionary services spending, as measured in our proxy, accounts for easily over one-third of all household spending on services. As such, a pronounced slowdown in growth in discretionary services spending would act as a drag on growth in total consumer spending and, in turn, on real GDP growth. It is the nature of inventories and, to a lesser degree, trade that wide swings in a given quarter tend to be reversed, at least partially, in the subsequent quarter. In and of itself, this sets up the Q2 data to show the opposite of what we saw in the Q1 data, i.e., for growth in real GDP to outperform growth in real private domestic demand. That we could be on the leading edge of a marked slowdown in growth of discretionary services spending would magnify any such gap in the Q2 data. That we, for better or worse, see real private domestic demand as a more reliable gauge of underlying economic conditions than real GDP accounts for our being much less troubled by the Q1 real GDP growth print than were many others, but at the same time means we could be much less enthused by the Q2 data than many others may be.

Some Relief On The Supply Side, But Not Nearly Enough . . .

There is no denying that higher mortgage interest rates have had a meaningful impact on housing market activity. At the same time, however, it's probably fair to say that thus far the housing market has held up better under the weight of higher mortgage interest rates than many had anticipated given where rates have been. To that point, new home sales, not seasonally adjusted, rose to 67,000 units in March, up 17.5 percent from February, which is a larger than typical increase for the month of March over the life of the Census Bureau data. That increase came despite mortgage interest rates not straying too far from seven percent during the month. There has been some speculation that part of the increase in new home sales in March reflected prospective buyers jumping off the fence, having realized a potential flaw in their strategy of waiting for lower mortgage rates before committing to buying, which is that mortgage rates may not actually fall all that much. That would be in keeping with the "higher for longer" narrative that has been embraced, however grudgingly, by a growing number of analysts, market participants, and, apparently, central bankers to an increasing degree over the past two months.

We don't, however, believe that lower-rate holdouts coming off the fence account for all of the jump in new home sales in March. From the time mortgage interest rates first began to rise, we've argued that construction and sales of new single family homes would hold up better than many others were anticipating, with two key pillars of our premise. First, we have for years pointed to what we believe to be a significant degree of pent-up demand for home purchases, in large part a reflection of the degree to which the market for home purchases has been chronically undersupplied for over a decade. Second, to that point, inventories of existing homes for sale had been notably lean for years and became even more so after the onset of the pandemic. As such, it figured that more and more demand for home purchases would be funneled into the market for new homes.

Indeed, that shift had been underway well before the FOMC began raising the Fed funds rate, and builders began to prepare for rising demand by adding to spec inventories of new homes for sale. Spec inventories consist of for-sale units either already completed or at some stage in the construction process, and as of March, the last available data point, stood at 358,000 units, up 7.5 percent year-on-year. It would be easy to think that the build in spec inventories has been involuntary, i.e., inventories rising due to higher mortgage interest rates choking off demand, thus leaving builders with units on their hands that they did not wish to hold. That overlooks the reality that builders first began ramping up spec inventories in mid-2021, to the point that by the time the FOMC began raising the funds rate, spec inventories had already risen to their highest level since 2009.



It is, however, fair to ask whether builders may have gotten ahead of themselves, or, at least ahead of prospective buyers. Coming into this year and through much of the first quarter, many were expecting Fed funds rate cuts to come sooner rather than later and, anticipating a corresponding dip in mortgage interest rates, many builders began to push up starts of new single family homes. That is easily seen in the not seasonally adjusted data showing that single family starts were up 27.1 percent in Q1 compared to Q1 2023, despite mortgage interest rates averaging almost fifty basis points higher during this year's first quarter than in Q1 2023. As a side note for our newer, less attentive, or just plain forgetful readers, our analysis of housing market trends is always based on the not seasonally adjusted data, as the seasonally adjusted and annualized data, the basis on which the data are reported and

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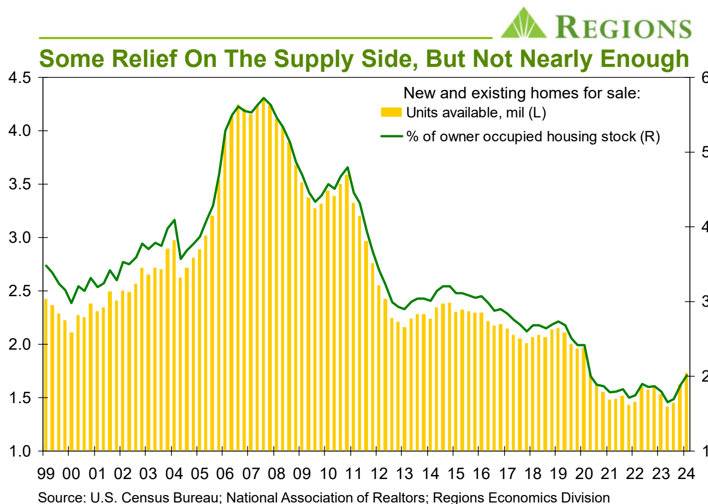
conveyed in media accounts, tend to be misleadingly volatile and, as such, of little or no use in picking up shifting trends in the data.

With the outlook for interest rates having shifted meaningfully, at least for now, builders may become more cautious in adding to spec inventories. That said, it helps to recall that builders have levers they can pull, such as concessions on price and mortgage rate buydowns, to help facilitate sales if they do begin to worry that spec inventories are too high. Also, any such worries would be reflected in pullbacks in single family permits and starts. Another factor that may be coming into play is that inventories of existing homes for sale are also rising, even if off abysmally low levels. After all, many of the prospective buyers who had been on the fence waiting for lower mortgage interest rates will also be selling a home. Though low mortgage interest rates are working to keep a substantial share of current owners in place, that is not the case universally, and whether one looks at the data from the National Association of Realtors (NAR) or other sources, it is clear that inventories of existing homes for sale are considerably higher than they were a year ago at this time.



Between rising spec inventories and rising inventories of existing homes for sale, overall inventories of homes for sale have been rising, as illustrated in the chart above. We first used this chart back in 2015 to illustrate what even then was a disturbing pattern in inventories of homes for sale, yet the degree to which what had for years been an obvious imbalance in the market intensified as mortgage rates fell to new lows after the onset of the pandemic. Even though inventories have risen and the rate at which the owner-occupied housing stock is turning over have pushed higher over the past few quarters, that still leaves a long way to go before the market returns to the same degree of imbalance that prevailed prior to the pandemic.

In other words, it will be a long, long time before anyone can make a plausible case that the for-sale segment of the housing market has returned to a normal balance. That the market is at present so imbalanced is a key reason that house prices continue to push higher despite elevated mortgage interest rates. To be sure, there are those markets in which the combination of years of robust price appreciation and higher mortgage interest rates have so eroded affordability that prices are declining, but on the whole house prices continue to rise. To the extent that the imbalance in the for-sale segment of the housing market is spilling over into the rental market, supporting growth in rents on single family units, this is helping sustain the increases in shelter costs which are a primary driver of services price inflation in the Consumer Price Index (CPI) and the PCE Deflator. To the extent that continued appreciation in house prices is impacting owners' perceptions of the rental value of their home, that is also upping the weighting of owners' equivalent rent in the CPI measure of shelter costs. We discussed these issues in the March *Outlook*.

For now, though, we've seen no signs that builders are concerned enough about rising spec inventories to begin pulling back on new single family starts. Our baseline forecasts have anticipated further increases in construction and sales of new single family homes despite our not anticipating mortgage rates falling to the same degree as we've seen in other forecasts. To be sure, we're not talking about a frenzied pace of growth, though when mortgage rates do begin to back down it could be that sales will respond more strongly than many analysts are anticipating. Judging from current levels of spec inventories, it would appear that this is exactly what many builders are counting on.

April Employment Report

Total nonfarm employment rose by 175,000 jobs in April, falling well short of expectations and ending a run of upside surprises from the headline job growth print. While the increase in private sector payrolls, up by 167,000 jobs, was not too far from our forecast of an increase of 181,000 jobs, public sector payrolls rose by just 8,000 jobs in April, easily the smallest monthly increase since December 2022. Prior estimates of job growth in February and March were revised down by a net 22,000 jobs for the two-month period. The details of the April employment report are, or at least appear to be, on the soft side. Average hourly earnings rose by just 0.2 percent, yielding a year-on-year increase of 3.9 percent, the smallest such increase since June 2021. At the same time, the average length of the workweek declined by one-tenth of an hour, overcoming the increase in private sector payrolls to drag aggregate private sector hours worked down. Between the drop in aggregate hours worked and the smaller increase in average hourly earnings, aggregate private sector wage and salary earnings, far and away the largest component of personal income, were flat in April, but are still up 5.6 percent year-on-year. The unemployment rate rose to 3.9 percent in April while the broader U6 measure, which also accounts for underemployment, rose to 7.4 percent, the highest U6 rate since November 2021.

The April employment report was warmly embraced by many market participants who interpreted the slower growth in average hourly earnings and the higher unemployment rate as opening the door for the FOMC to begin cutting the Fed funds rate sooner than had been assumed. We'd be careful, however, about assuming any links between the April employment report and changes in the stance of monetary policy. There is, after all, a reason why in the previous paragraph we used the "at least appear to be" caveat in describing the details of the Aprill employment report as being on the soft side.

Our sense is that the labor market did not cool as much in April as is implied by the details of the April employment report. Before we

get to that, however, we will, yet again, note that the monthly employment reports remain plagued by low initial collection rates to the BLS's monthly establishment surveys. The initial collection rate for the April survey was 54.9 percent, the lowest rate for the month of April since 2002 and one of the lowest initial collection rates since the onset of the pandemic. As we routinely note, these low initial collection rates cast doubt over the reliability of the initial estimates of nonfarm employment, hours, and earnings. Moreover, the second and third month collection rates (firms get three chances to report data for any given month's survey) have also slipped, with each on track to post its lowest annual average rate since 2003. In other words, even after the initial estimates of employment, hours, and earnings have gone through the usual revisions over the subsequent two months, low collection rates call into question how reliable the data are and raise the possibility of larger than normal revisions in the annual benchmarking process.

There is another factor we think may have had an even bigger impact on the April employment report: the calendar. Aside from it always being good strategy to blame someone or something that can't argue back, we'll note that in any given month, the "reference week" for the establishment survey is the week that contains the 12th of the month, and the reference week for the April survey ended prior to the middle of the month. This calendar quirk can, and often does, impact the reported survey results. For instance, an early end to the survey period can weigh on collection rates, i.e., smaller shares of firms responding to the survey; in 2023 and thus far in 2024, the months with the lowest initial collection rates have been months in which the survey week ended prior to the middle of the month, biasing already low initial collection rates even lower. While it may seem reasonable to assume firms would just back-fill survey results in their responses in the following month, this is where the low second and third monthly collection rates come into play.

It could easily be the case that the early end to the April survey period led to April job growth being understated which could, with an extra week between the April and May reference weeks, just as easily mean that some hiring that actually took place in April will be reported as May job growth. Another impact of this particular calendar quirk that we've often noted in the past is that it tends to bias the estimates of average hourly earnings lower. Keep in mind that firms do not report average hourly earnings to the BLS, rather, they report the number of employees, the number of hours worked, and total payroll, from which BLS calculates average hourly earnings. In those months with a survey period ending prior to the middle of the month, some portion of those firms who pay their employees twice a month may under-report total payroll, which would cause the estimate of average hourly earnings to be understated. This seems likely to have been the case in the April data, meaning the initial April estimate could be revised higher.

Another way in which the calendar may have impacted the April employment report is Easter having fallen into March this year as opposed to April. This may have pulled hiring in leisure and hospitality services forward into March at the expense of April. Recall the seasonally adjusted data show an increase of only 5,000 jobs in this industry group in April, which reflects a much smaller April increase in not seasonally adjusted payrolls. Indeed, the unadjusted data show a larger increase in March than in April which, with the obvious exception of 2020, almost never happens (only three times in the past 35 years). In a sense, this is a wash, as hiring would have been pulled into March, but the point here is that this is one factor that easily could have contributed to the April employment report being seen as misleadingly soft.

That raises a related point, which is that the April increase in total nonfarm employment in the not seasonally adjusted data was well smaller than the typical April increase. As April is in most years the month with either the largest or second largest increase in not seasonally adjusted payrolls, this means seasonal adjustment would have been a drag on job growth reported in the seasonally adjusted data. Again, the early end to the April survey period may have played a part, but we'll also note that March saw a larger than normal increase in public sector payrolls, some of which likely came at the expense of April hiring, thus contributing to the gain of only 8,000 public sector jobs in the seasonally adjusted data.

As for the dip in the average length of the workweek, rather than being spaced across the individual industry groups, the decline in the overall average reflects sharp drops in weekly hours in natural resources/mining, construction, and transportation/warehousing services, declines exaggerated by seasonal adjustment in the later two instances. In addition to the calendar quirk discussed above, the mix of jobs added over the past several months has weighed on growth in average hourly earnings. Over this span, private sector job growth has largely been driven by growth in health care and social assistance and leisure and hospitality services, with average hourly earnings in each below the overall average. That market participants were so cheered by the meager increase in average hourly earnings just days after they were dismayed by a larger than expected increase in the Employment Cost Index (ECI) was more than a bit curious. After all, the ECI is seen by many, including the FOMC, as the most reliable gauge of changes in labor compensation costs, in part because it is free of the mix issues which can bias the average hourly earnings metric, as we believe has been the case over recent months.

The household survey is dealing with its own set of issues. Patterns in labor force participation and employment across age cohorts outside of the 25-to-54 year-old cohort, the "prime working age" cohort, have exhibited little rhyme or reason over the past several months. In the April data, another healthy increase in employment amongst the prime working age cohort was almost entirely offset by declines in other age cohorts, as was also the case with labor force participation. As such, the participation rate amongst the prime working age cohort rose to 83.5 percent in April, easily above the pre-pandemic norm, while participation rates amongst other age cohorts continue to gyrate somewhat aimlessly. Also, on an unrounded basis, the unemployment rate was 3.829 percent in March and 3.864 percent in April, the former printing at 3.8 percent and the latter printing at 3.9 percent, but we're not sure how much signaling can be inferred by such a minor change.

We do not think that either job growth or growth in average hourly earnings slowed as much as implied by the April employment report. To be sure, there are clear signs that the labor market has cooled, particularly a quits rate that has fallen below pre-pandemic norms and a hiring rate that has done the same. We do remain concerned by the heavy concentration of job growth amongst health care, leisure and hospitality services, and government. Still, there is a difference between the labor market cooling and the labor market cracking, and we've seen no evidence of the latter.

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ECONOMIC OUTLOOK

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Q4 '23 (a)	Q1 '24 (p)	Q2 '24 (f)	Q3 '24 (f)	Q4 '24 (f)	Q1 '25 (f)	Q2 '25 (f)	Q3 '25 (f)		2021 (a)	2022 (a)	2023 (a)	2024 (f)	2025 (f)
3.4	1.6	2.7	2.0	2.3	2.5	2.3	2.4	Real GDP[1]	5.8	1.9	2.5	2.7	2.3
3.3	2.5	3.0	2.0	2.1	2.2	2.2	2.3	Real Personal Consumption[1]	8.4	2.5	2.2	2.6	2.2
3.7	2.9	1.9	3.2	3.8	4.2	4.2	4.1	Real Business Fixed Investment[1]	5.9	5.2	4.5	3.0	3.8
-1.1	2.1	-1.0	1.7	3.0	4.4	4.8	4.9	Equipment[1]	6.4	5.2	-0.3	0.4	3.5
4.3	5.4	4.5	4.5	4.7	4.7	4.6	4.6	Intellectual Property and Software[1]	10.4	9.1	4.5	4.3	4.6
10.9	-0.1	1.7	3.0	3.3	3.0	2.0	1.4	Structures[1]	-3.2	-2.1	13.2	5.1	2.5
2.8	13.9	3.3	3.1	3.5	2.4	1.3	1.3	Real Residential Fixed Investment[1]	10.7	-9.0	-10.6	5.8	2.3
4.6	1.2	1.0	1.6	2.0	1.4	1.7	1.5	Real Government Expenditures[1]	-0.3	-0.9	4.1	2.6	1.6
-918.5	-973.2	-981.8	-992.7	-1,002.1	-1,005.4	-1,012.0	-1,018.3	Real Net Exports[2]	-933.8	-1,051.0	-928.1	-987.4	-1,016.5
1,055	1,069	1,008	1,008	1,013	1,008	1,012	1,015	Single Family Housing Starts, ths. of units[3]	1,132	1,004	946	1,024	1,013
430	346	399	378	375	370	364	360	Multi-Family Housing Starts, ths. of units[3]	474	547	476	375	363
5.5	5.3	4.7	3.3	2.4	2.2	2.6	3.2	CoreLogic House Price Index[5]	15.4	13.3	3.9	3.9	2.9
15.7	15.4	15.7	15.8	15.9	16.0	16.2	16.3	Vehicle Sales, millions of units[3]	14.9	13.8	15.5	15.7	16.2
3.7	3.8	3.9	3.9	4.0	4.1	4.1	4.1	Unemployment Rate, %[4]	5.4	3.6	3.6	3.9	4.1
1.9	1.8	1.7	1.6	1.4	1.2	1.0	1.0	Non-Farm Employment[5]	2.9	4.3	2.3	1.6	1.0
2.0	1.1	1.3	2.5	2.5	3.5	2.7	3.1	Real Disposable Personal Income[1]	3.2	-5.9	4.2	1.6	2.8
2.6	2.4	2.8	2.7	2.9	2.7	2.5	2.4	GDP Price Deflator[5]	4.6	7.1	3.6	2.7	2.5
2.8	2.6	2.8	2.8	3.0	2.8	2.6	2.5	PCE Deflator[5]	4.2	6.5	3.7	2.8	2.5
3.2	3.2	3.5	3.4	3.4	3.1	2.7	2.6	Consumer Price Index[5]	4.7	8.0	4.1	3.4	2.7
3.2	2.9	2.8	2.9	3.1	2.7	2.5	2.5	Core PCE Deflator[5]	3.6	5.2	4.1	2.9	2.6
4.0	3.8	3.6	3.6	3.4	3.0	2.8	2.7	Core Consumer Price Index[5]	3.6	6.2	4.8	3.6	2.8
5.38	5.38	5.38	5.34	5.09	4.84	4.57	4.34	Fed Funds Target Rate Range Mid-Point, %[4]	0.13	1.73	5.07	5.29	4.45
4.44	4.16	4.48	4.46	4.37	4.28	4.23	4.26	10-Year Treasury Note Yield, %[4]	1.44	2.95	3.96	4.37	4.26
7.30	6.75	7.03	6.99	6.85	6.70	6.60	6.57	30-Year Fixed Mortgage, %[4]	2.96	5.34	6.81	6.91	6.60
-2.8	-3.2	-3.1	-3.1	-3.0	-2.8	-2.9	-2.8	Current Account, % of GDP	-3.5	-3.8	-3.0	-3.1	-2.8

a = actual; f = forecast; p = preliminary

Notes: 1 - annualized percentage change 2 - chained 2017 $ billions 3 - annualized rate 4 - quarterly average 5 - year-over-year percentage change

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