Economic Outlook

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Economic growth, while generally below initial forecasts, has been consistently positive.

U.S. Real GDP Growth

Sources: Bureau of Economic Analysis, Haver Analytics, Blue Chip Financial Forecasts and Macroadvisers.
Personal consumption has been the driving force to recent GDP growth.

Contribution to U.S. Real GDP Growth

Annual percent change

- Private Investment
- Personal Consumption
- Government
- Net Exports

Source: Bureau of Economic Analysis
Despite some dips this year, consumer confidence has been steadily improving.

Consumer Sentiment Index and Vehicle Sales

Source: University of Michigan, BEA and Haver Analytics.
Exports have been notably weak due, in part, to a stronger dollar.

**Value of U.S. Exports**

Percent change from previous year

**Value of U.S. Dollar***

Index (Jan. 2000 = 100)

*Nominal Trade-weighted broad index

Source: Federal Reserve Board and Haver Analytics
The stronger dollar reflects relatively weak global growth in 2014 and 2015.

Global Real GDP Growth

- 2013
- 2014
- 2015 *
- 2016 *
- 1996 - 2006 Average Annual Rate

* Forecast
Sources: IMF and Blue Chip Financial Forecasts
In labor markets, unemployment rates have continued to decline.

U.S. Unemployment Rates

Source: Bureau of Labor Statistics, Haver Analytics
On a regional level, Nebraska’s unemployment has risen slightly, but remains very low.

Nonfarm Unemployment Rates

Percent

Omaha and Lincoln Unemployment Rates

Percent, Seasonally Adjusted

Sources: Bureau of Labor Statistics and Haver Analytics.
On the other side of the Fed’s mandate, lower energy prices and a strong dollar have dampened inflationary pressures.

**Personal Consumption Expenditures**

![Graph showing Personal Consumption Expenditures with two lines: Core PCE (Excluding Food and Energy) and Headline PCE. The graph includes shaded areas indicating periods of recession. Source: Bureau of Economic Analysis.](chart.png)
The Fed Funds target rate increased (by 25 bp) for the first time since June 2006.

**Appropriate Pace of Policy Firming**

Target Federal Funds Rate at Year-End

Sources: FRB, Summary of Economic Projections and barchart.com.
Globally, monetary policies began diverging in 2015.

Central Bank Assets as a Percent of GDP

Sources: Federal Reserve Board of Governors, European Central Bank, Bank of Japan and Haver Analytics.
Uncertainty appears to have increased once again, as growth concerns in China have intensified.

Sources: *Wall Street Journal* and Haver Analytics.

Sources: China National Bureau of Statistics, Haver Analytics and Caixin.
Conclusions

• The U.S. economy continues to expand modestly, despite soft growth globally.

• Commodity-dependent and export-based regions or industries in the U.S. continue to struggle.

• Central bank monetary policy paths steadily diverged in 2015 with further emphasis on data dependence.