

Economic Alert iQ

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International

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Recap:

- A total of 2.4 million new jobs were created over the past year.
- Unemployment has fallen to 4.7%, its lowest level since the eye of the “Great Recession.”
- Inflation remains contained and the U.S. economy has repeatedly demonstrated its resilience in the face of financial market volatility, a strengthening dollar and subdued global demand.
- Despite these important achievements, the U.S. faces potentially significant longer-term challenges to strong and sustained growth such as falling labor force participation, an increasingly polarized income distribution, high levels of poverty and weak productivity.
- The IMF staff recommends the following policy actions to alleviate these long term supply side issues:
 - Increase state and federal infrastructure investment
 - Adopt comprehensive skills-based immigrant reform
 - Expand the earned income tax credit combined with an increase in the federal minimum wage
 - Upgrade social programs for nonworking poor
 - Deepen and improve family-friendly benefits including paid family leave and childcare assistance
 - Increase funding for training programs, vocational partnerships and early childhood education. Raise the effectiveness of spending on science, technology, engineering and mathematics programs
 - Comprehensively reform the corporate income tax

- Ratify the Trans Pacific Partnership, conclude a trade and investment treaty with Europe, and resist all forms of protectionism.
- The IMF suggests that these measures require additional fiscal resources and should be funded from new revenues or a reallocation of spending properties and fit within a path for the decline in the public debt-to-GDP ratio.

U.S. Macroeconomic Outlook

	Q2 15	Q3 15			Q4 15			Q1 16			Q2 16		
Indicator	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
National Accounts													
Real GDP (qoq %, saar)	3.9	--	--	2	--	--	1.4	--	--	0.8	--	--	
Real GDP (yoy %)	2.7	--	--	2.1	--	--	2	--	--	2	--	--	
Personal Consumption (qoq %, saar)	3.6	--	--	3	--	--	2.4	--	--	1.9	--	--	
Private Investment (qoq %, saar)	5	--	--	-0.7	--	--	-1	--	--	-2.6	--	--	
Gov't Spending (qoq %, saar)	2.6	--	--	1.8	--	--	0.1	--	--	1.2	--	--	
Change in Inventories (USD bn)	113. 5	--	--	85.5	--	--	78.3	--	--	69.6	--	--	
Nominal GDP (USD bn)	1791 4	--	--	1806 0	--	--	1816 5	--	--	1823 0	--	--	
Nominal GDP (yoy %)	3.7	--	--	3.1	--	--	3.1	--	--	3.3	--	--	
GDP Price Deflator (qoq %, saar)	2.1	--	--	1.3	--	--	0.9	--	--	0.6	--	--	
Core PCE Deflator (qoq %, saar)	1.9	--	--	1.4	--	--	1.3	--	--	2.1	--	--	
Consumer Prices													
Consumer Price Index (yoy %)	0.1	0.2	0.2	0	0.2	0.5	0.7	1.4	1	0.9	1.1	1	
CPI ex-Food & Energy (yoy %)	1.8	1.8	1.8	1.9	1.9	2	2.1	2.2	2.3	2.2	2.1	2.2	
PCE Price Index (yoy %)	0.3	0.3	0.3	0.2	0.2	0.5	0.7	1.3	1	0.8	1.1		
Core PCE Index (yoy %)	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.7	1.7	1.6	1.6		

Employment/Population Ratio (%)	59.3	59.3	59.4	59.3	59.3	59.4	59.5	59.6	59.8	59.9	59.7	59.7	
Non-Farm Payroll Diffusion Index	57.8	63.5	57.1	52.9	59.7	62.2	62	59.4	58.8	56.3	53.8	51.3	
JOLTS Job Openings (yoy %)	3.5	3.9	3.6	3.6	3.7	3.5	3.6	3.8	3.8	3.8	3.9		
JOLTS Job Hires (yoy %)	3.6	3.6	3.6	3.6	3.7	3.7	3.8	3.6	3.8	3.7	3.5		
JOLTS Job Separations (yoy %)	3.5	3.4	3.5	3.5	3.4	3.5	3.6	3.5	3.6	3.5	3.5		
Challenger Job Cut Announce. (yoy %)	42.7	125.4	2.9	93.2	-1.3	-13.9	-27.6	41.6	21.8	31.7	4.2	-26.5	
ADP Employment Chg. (mom, 000s)	307.2	158	201.2	170.8	177.9	192.8	287	192.9	207.5	201	165.8	173.2	
Avg. Hourly Earnings (yoy %)	2	2	2.1	2.1	2.4	2.3	2.6	2.5	2.5	2.4	2.5	2.4	
Avg. Hourly Earnings (mom %)	0	0.2	0.3	0	0.4	0.1	0.1	0.3	0.1	0.2	0.3	0.1	
Employment Cost Index (yoy %)	2	--	--	2	--	--	2	--	--	1.9	--	--	
Unit Labor Costs (qoq %, saar)	2	--	--	0.4	--	--	5.4	--	--	4.5	--	--	
Non-Farm Productivity (qoq %)	3.1	--	--	2	--	--	-1.7	--	--	-0.6	--	--	

Credit rating:

Moody's	Rating	Standard & Poor's	Rating
Outlook	STABLE	Outlook	STABLE
Long Term Rating	Aaa	Foreign Currency LT Debt	AA+u
LC Curr Issuer Rating	Aaa	Local Currency LT Debt	AA+u
FC Curr Issuer Rating	Aaa	Foreign Currency ST Debt	A-1+u
Local Currency LT Debt	Aaa	Local Currency ST Debt	A-1+u

Name	Bid Price	Ask Price	Ask Yield to Maturity	Bid Yield to Maturity	Coupon	Maturity	Outstanding Amount
United States Treasury Note/Bond	102.11	102.13	1.13	1.14	1.63	11/30/2020	35,001,000,000
United States Treasury Note/Bond	100.86	100.88	1.19	1.20	1.38	5/31/2021	42,671,000,000
United States Treasury Note/Bond	99.95	99.96	0.89	0.89	0.88	6/15/2019	24,000,000,000



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