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# Monthly Report On Current Economic Conditions

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July 8, 2014

## *Highlights*

- **U.S. Economy**—While the harsh winter, weaker trade figures and an inventory adjustment sapped growth in the first quarter, the economy appears to have recovered in the second quarter. Employment indicators were strong and the housing market continues to rebound, albeit at a less torrid pace than the previous two years.
- **Financial Markets**—Wall Street is facing weakness due to a recent slowdown in fixed income, currencies and commodities trading. Issuance and trading of securities has slowed, including most types of bonds. Despite a similar slump in equity trading, stock prices continue to rise, with the S&P 500 gaining almost five percent in the first half of 2014.
- **Inflation**—The Fed continues to pare back its bond purchase program and looks set to shutter the current round of quantitative easing by the end of the year. With inflation pressures under control, the Fed remains committed to keeping short-term interest rates near zero for an extended period. Longer-term, control over interest on bank reserves provides the Fed an additional tool to manage monetary policy without using traditional policy levers.
- **NYC Labor Markets**—Following three years of spectacular growth, the New York City labor market continues to expand, but at a more subdued pace. Over the past four months, only 15,000 private sector jobs have been added, the slowest pace of job growth for the February through May period since the recovery began. While the gains so far this year have been muted, some sectors continue to experience steady growth.
- **NYC Office Market**—The office market has thrived so far in 2014, with leasing activity up 34 percent on a year-over-year basis. Primary market asking rents continue their steady climb, rising above \$70 per square foot for the first time in five years. Investors remain bullish on the office market, as shown by the number of large commercial transactions so far this year. However, the recent slowdown in office-using employment growth is a cause for concern going forward.
- **NYC Residential Market**—The housing market continues to gain momentum with sales volume and average prices recording solid gains in the first quarter from a year ago. With demand continuing to be strong while inventories remain lean, permit issuances are expected to continue climbing. Building permits have posted double-digit gains since 2010, and look likely to continue that trend in 2014.

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*This report includes forecasts and estimates that are subject to a variety of assumptions, risks and uncertainties. Such forecasts and estimates are not intended to be representations of fact or guarantees of results and should not be relied upon as such.*

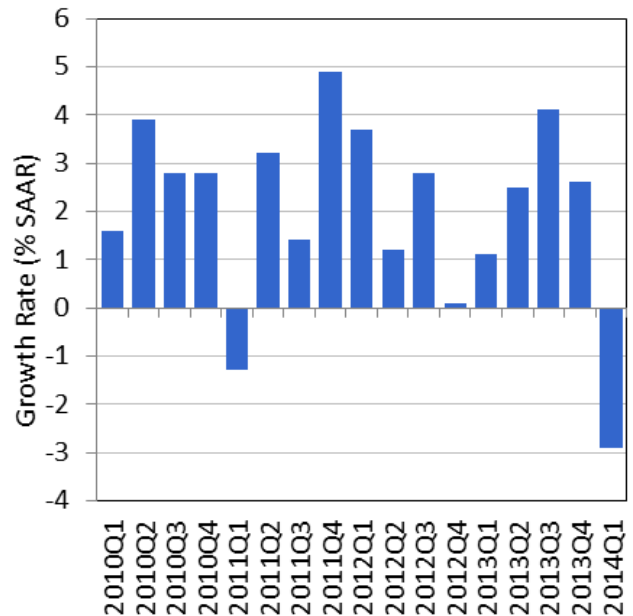
## The U.S. Economy

The third and final estimate of first quarter GDP was released at the end of June and, as expected, growth was disrupted by the harsh winter weather, weaker trade figures, a one-time reduction of inventories and an adjustment in the Bureau of Economic Analysis' consumption estimates. As a result nearly all the macroeconomic forecasters have lowered their projections for full-year 2014 growth. The most recent change was the Federal Reserve's report released after the June FOMC meeting, which showed a drop of about 0.7 percentage points. However, the outlook for the second quarter is brighter as the labor and housing markets appear to be recovering.

In addition to the winter chill, a number of other factors caused the first quarter annualized growth rate to plunge to -2.9 percent, the largest quarterly drop in five years. The biggest hit came from private inventories, the most volatile part of domestic investment. Last year, inventories increased at an unusually strong pace, which boosted activity. However, first quarter reductions of the high inventory levels subtracted 1.7 percentage points from growth. Looking forward, this temporary aberration has run its course and will not affect subsequent quarters significantly. A growth measure that is not impacted by inventory swings is final sales of domestic product, which grew by 1.7 percent in 2013 but dropped to an annualized rate of -1.3 percent in the first quarter. Thus, growth was weak even after accounting for inventories.

A widening trade deficit was an additional impediment, with weak net exports subtracting more than 1.5 percentage points from Q1 growth. Unlike the inventory adjustment interruption, this drag is likely to persist since growth of major trading partners is slow. In particular, the European recession dating committee met in mid-June and declared that the Euro-area recession that started in Q3 2011 is still ongoing. Furthermore, if the Federal Reserve continues with its current plans to end quantitative easing (QE), it will be tightening monetary policy relative to other central banks. In early June the European Central Bank announced the extraordi-

*First quarter 2014 real GDP growth was negative due to winter weather, a widening trade deficit, inventory adjustments and weak spending.*



nary policy of negative interest rates on bank reserves in addition to other measures to stimulate the economy. This policy divergence will result in a stronger dollar and lower net U.S. exports.

Despite the first quarter miss, the second quarter and beyond promises to be stronger. One of the more encouraging signs is the quick recovery of the labor market from the winter doldrums. Private payrolls added 262,000 jobs in June, the fifth consecutive monthly gain above 200,000 and the best stretch of growth since 2012. In addition, the number of job openings jumped in May to the highest level since 2007, pushing the ratio of unemployed workers per job opening down to 2.1, still above the average value of 1.8 job seekers per opening seen prior to the financial crisis, but well below the recession peak above 6. Furthermore, initial unemployment claims have declined steadily since the end of 2013, with the four-week moving average dropping over 11 percent through the end of June, close to a seven-year low.

At the end of 2013, housing markets were set to extend the two year recovery but at a less torrid

pace than before. The challenging winter slowed construction activity and, as a result, residential investment was actually a net drag on GDP growth in Q4 2013 and Q1 2014. Housing starts recovered in April and May this year to an annualized pace of about a million homes, slightly above the 930,000 units started in 2013. The spring selling season is well underway and sales have increased steadily from March through May for both new and existing units. New home sales surged in May and are 17 percent above last year. However, existing home transactions, which represent about 10-times the volume of new sales, are running five percent below last year's pace. Nevertheless, since new home sales are counted at the time the contract is signed (unlike existing homes that are tabulated at closing), it is likely that existing home volume will catch up later this year. Prices continue to appreciate motivating potential sellers to list their properties – the inventory of existing units available for sale in May was up almost 6 percent from a year ago. At the current sales rate this represents 5.3 months of supply, up from 4.8 a year ago. Yet, mortgage underwriting standards are still very strict and mortgage applications are about 15 percent below last year.

Despite the encouraging signs from the labor and housing markets, there are several potentially worrisome signs. In particular, retail sales were uneven in May with respectable growth in autos and building materials, but declines in nearly all other categories. The first quarter data was similarly muddy, with steep jumps in healthcare, utilities and energy spending, but flat in other categories. As a result, the monthly average growth rates in April and May were about the same as the first quarter. Measures of consumer confidence have been mixed, as well. The turmoil in the Middle East is not helping matters either since higher gasoline and energy prices inevitably dampen consumer confidence and spending. More broadly, a permanent \$10 increase in oil prices is associated with a roughly 0.25 percent drop in real GDP growth. Through the first half of 2014, West Texas Intermediate oil prices have risen about \$7.50

while the Brent oil price benchmark is up about \$1.40 per barrel.

## **Financial Markets**

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Wall Street is suffering through a weak period due to a confluence of factors. Revenues from fixed income (bonds), currencies and commodities trading (collectively known as FICC) have been slowing. In particular, both issuance and trading of most types of bonds has slowed this year, and in some cases, precipitously. At the same time, equity trading volume continues to shrink, entering the sixth straight year of declines.

The NYSE member-firms posted first quarter industry profits of \$5.3 billion, down from \$6.6 billion in 2013, a decline of almost 19 percent. Part of the reason for the slower pace is declining bond and equity trading volumes. The latter is not a new trend; the number of shares traded on the NYSE has been contracting since 2008, a phenomenon that continues this year. Year-to-date through May, volume is again down five percent. The slowing of other asset categories such as fixed income securities is a more recent event. From 2012 to 2013, daily trading volume in U.S. treasuries, the broadest and most liquid part of the bond market, increased five percent. However, volume dropped 8.3 percent year-to-date through May compared to last year. The mortgage-backed securities market has also been particularly weak, with trading in the first five months down by a third over last year. For all fixed income categories tracked by SIFMA, transactions are down 15.5 percent over this period.<sup>1</sup>

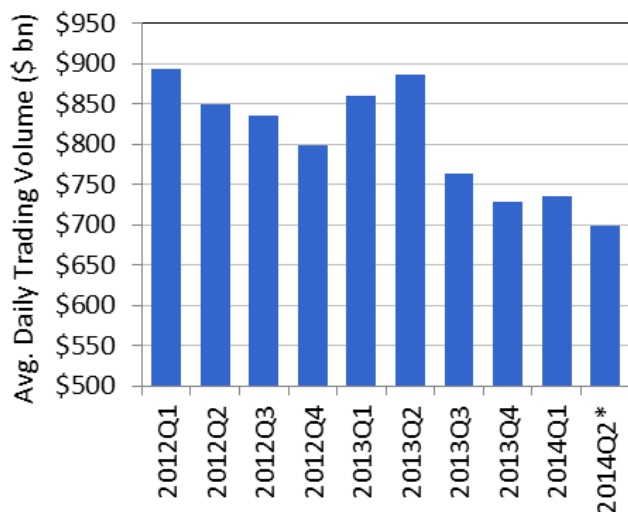
Part of the issue stems from the supply side. With a shrinking deficit, the sale of new U.S. treasuries declined 5.8 percent over the first five months of the year. Likewise, new mortgage-related issuance has plummeted 53 percent over the same period, led by the shrinkage of mortgage refinancing activity. Even new corporate debt, which set records in 2012 and 2013, has slumped this year. There are

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1. Includes municipal, treasury, mortgage-backed securities, asset-backed securities, corporate debt and federal agency securities.

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*Average daily volume of fixed income trading has been falling over the last year.*



\* Daily average for April and May 2014

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several demand factors that are also slowing these markets. Tightening financial regulations in the form of higher capital requirements are pushing banks to hold more capital in the form of liquid securities to backstop their activities. The finalized Volcker Rule, which is forcing the largest banks out of proprietary trading, will go into full effect next year. Other reforms are pushing derivatives and other instruments onto centralized exchanges, which offer more transparent pricing for counter-parties, but narrower margins for dealmakers. Finally, the shuttering of the Fed’s quantitative easing program means that one of the largest purchasers of treasuries and mortgage-backed securities will soon be on the sidelines.

If the slowdown persists, firms will inevitably begin to adjust staffing. Already Barclay’s announced plans to cull about 7,000 staff over the next three years. Likewise, the Royal Bank of Scotland is slimming down its U.S. operations in mortgage and distressed-loan trading. Among domestic firms, it was reported that Goldman Sachs also pruned FICC staffing levels this year while other firms appear to be considering pay cuts and other measures.<sup>2</sup>

Despite the shrinking equity market volume, prices continue to set records while maintaining low volatility. In the first half of 2014, the S&P 500 and Dow indices produced 22 and 11 new record highs, respectively. Over the same period, the S&P 500 has gained 4.7 percent while the Dow is up 2.2 percent. Volatility has been surprisingly low. In mid-June the CBOE volatility index, VIX, dropped below 11, approaching the cyclical low of 9.8 attained in January 2007. In May and June, there were no trading days where the S&P 500 moved up or down more than one percent, a relatively rare event – the last occurrences were March 2013 and December 2006.

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## **Inflation and Fed Policy**

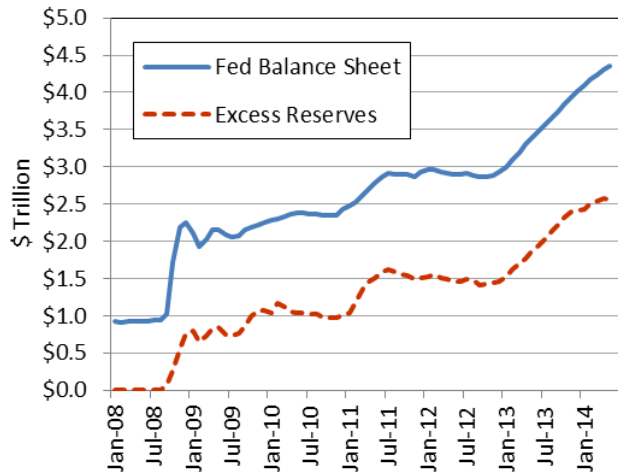
Calm financial markets and the lack of inflation pressures have given the Fed the opportunity to continue the tapering of bond purchases started last year. At the June FOMC meeting, the Fed trimmed its plans by another \$10 billion, reducing monthly purchases of treasuries and mortgage-backed securities to \$35 billion. With four more meetings scheduled this year, the current round of QE should be shuttered by October or December.

Even after QE ends, the Fed still faces considerable challenges. Since the Fed began its “excessively accommodative” monetary policy during the financial crisis, its balance sheet has grown from under \$1 trillion to over \$4 trillion currently. A large fraction of the new assets have returned in the form of excess reserves – money deposited by banks in their reserve accounts at the Fed. In 2008, Congress gave the Fed the authority to pay interest on these reserves, which is an untested but potent lever to influence monetary policy and interest rates, particularly because the Fed has promised to keep the federal funds policy rate near zero for “a considerable time after the asset program ends.” Several other central banks, including the European Central Bank (ECB) and the Bank of England, also have similar mechanisms. In June, the ECB announced that due to the threat

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2. *Wall Street Journal*. “Jobs Are on the Line as Banks’ Revenue Slides,” (June 5, 2014) and “J.P. Morgan Weighs Pay Cuts for Bankers,” (June 12, 2014).

*Excess banks reserves deposited at the Fed have grown with the Fed's balance sheet.*



Source: St. Louis Fed

of deflation, it would levy a negative interest rate on deposits in an effort to push banks to lend more. Over the longer term, the Fed is probably looking at the opposite scenario as the economy recovers. To tighten policy the Fed can start to raise the deposit rate – currently set at 0.25 percent – to encourage banks to keep their reserves in their Fed accounts.

Consumer price inflation has been creeping up over the last four months. In May, the CPI hit 2.1 percent (year-over-year), up from 2.0 percent in April. The core CPI has also accelerated over the last few months, reaching 1.9 percent in May. Following a similar path, consumer price inflation in the NY Area has likewise risen over the last four consecutive months, reaching 1.9 percent in May. The Fed's preferred inflation measure, the personal consumption expenditure deflator, rose 1.6 percent in April, a steep jump from 1.1 percent in March but still well below the Fed's target of around two percent. Given the recent weak patch last winter, the slow recovery of the housing market and potential turmoil brewing in the Middle East, it is a safe bet that, for now, the Fed will continue to lean towards accommodation rather than tightening.

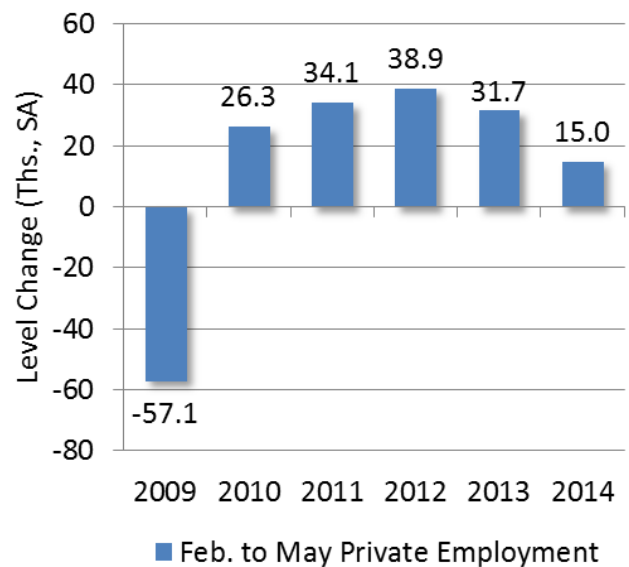
## New York City Employment

Following three years of spectacular growth, the New York City labor market continues to add jobs, but at a more subdued pace. As of May, the City's private sector had surpassed the pre-recession peak by 247,000 jobs, or 7.6 percent. However, over the past four months, only 15,000 private sector jobs have been added compared to the nearly 32,000 jobs created over the same time last year. This is the slowest pace of job growth for the February through May period since the recovery began. Nonetheless, while the gains so far this year have been muted, some sectors continue to experience steady growth.

Out of the three sectors that make up the office-using employment category (financial activities, information, and professional & business services), professional & business services has been the most consistent source of job growth. This sector has surpassed the pre-recession peak by nearly 52,000 jobs as of May, and has averaged 2,300 job gains per month so far this year.

Financial activities employment has moved sideways over the past two years, with the trend continuing in 2014. After losing 2,100 jobs in January

*NYC private sector employment grew by only 15,000 from February to May of this year.*



and February, the sector added 2,200 jobs from March through May. More concerning, recent trends indicate the high paying securities subsector lost 1,400 jobs in the last four months. As of May, securities employment still remains 13 percent below the pre-recession peak.

A surprising change has been the recent sluggishness of the information sector. In recent years, there was a resurgence of the City's information sector. After reaching a peak of about 200,000 jobs in 2001, the sector suffered heavy losses following the bursting of the dot-com bubble, contracting by roughly 20 percent. With the advent of new social media, the sector regained over half those jobs. However, in the past four months, the sector has suffered losses, shrinking by roughly 4,500 jobs.

The tourism-driven sectors of leisure & hospitality and retail trade have shown lackluster results from February through April with combined growth of only 2,600 jobs. The tepid expansion is most likely due to the harsh winter that hindered tourism. By May, leisure & hospitality and retail trade began bouncing back along with temperatures. The two sectors added 4,100 jobs to carry on the expansion seen in recent years before the winter hiatus. Wholesale trade has yet to follow suit, as the sector has lost 300 jobs in May and extending the 400 jobs lost from the February to April period.

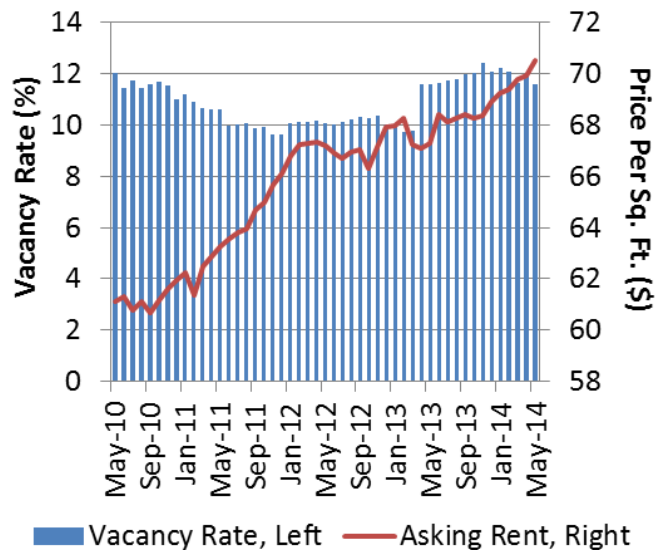
The growth of the non-cyclical education & health services sector also moderated in 2014. In the last four months, headcount in education & health services rose a modest 1,600. Over the past four months, the construction sector has expanded at a brisk pace by gaining approximately 4,000 jobs. This is most likely due to improving conditions in the residential and commercial real estate markets, as well as the need to rebuild from Superstorm Sandy. Lastly, manufacturing has resumed shedding jobs once again. From February to May, the sector reduced headcount by over 2,300 jobs. As the City continues the shift to service-driven industries, it is likely that manufacturing job levels will drift lower in the near future.

## New York City Office Market

The office market has thrived so far in 2014. Year-to-date through May, leasing activity totaled 14.3 million square feet, an increase of 34 percent year-over-year. Primary market leasing activity fared even better, increasing nearly 40 percent from a year earlier through May. Along with the rise in leasing activity, asking rents have maintained their upward trajectory. Primary market asking rents stood at roughly \$71 per square foot in May, surpassing the \$70 mark for the first time in five years. Since hitting a trough in September 2010, primary market asking rents have risen 16 percent.

The strength in leasing has brought down the vacancy rate. The primary market vacancy rate rose late last year due to the addition of new buildings and large blocks of space from expiring leases being released back into inventory. However, since hitting 12.4 percent in November 2013, vacancy rates have steadily fallen to 11.6 percent over the past six months, similar to the rate recorded at the same time last year.<sup>3</sup> The primary office market's

*Since hitting a trough in September 2010, primary market asking rents have risen 16 percent. However, vacancy rates remain elevated.*



3. Cushman & Wakefield

performance has been impressive considering that over 4.1 million square feet (msf) of space have been added to the statistical sample. Hence, the absorption rate for the primary market has been positive, increasing by over 3.5 msf over the past year.

Along with robust leasing activity, sales transactions have also been strong, reflecting the fact that investors are still bullish on the prospects of the office market. So far in 2014, ten large commercial transactions priced at \$100 million or above have been recorded through May. At the same time last year, there had been five transactions of such scale.

Still, while the office market has shown considerable strength so far this year, there is some cause for concern, as the pace of growth in office-using employment has slowed over the past two years. Year-to-date through May, roughly 8,600 office-using jobs were added, which is a bit stronger than last year, but only 60 percent of the jobs added during the same period two years ago. The slowdown in hiring, coupled with the additional inventory anticipated Downtown (World Trade Center) and in Hudson Yards, could imply that the office market may remain relatively soft in the near future with elevated vacancy rates and modest asking rent appreciation.

## New York City Residential Market

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The City's housing market continues to gain momentum but is still far from matching the boom of the mid-2000s. Prices are approaching their pre-recession peak; however, sales volume is still well below levels seen in 2008.

Total housing transactions in the City rose 12.4 percent in the first quarter of 2014 from the same time last year.<sup>4</sup> The growth was the eighth consecutive quarterly increase, and the fourth consecutive double-digit gain. Activity was strongest in the co-

-op market, which experienced a 14.7 percent increase in volume from a year ago. The co-op segment was followed by condos (up 12.6 percent) and then 1-3 family homes (up 10.8 percent). However, despite the bounce back, which started in the second quarter of 2012, overall housing sales in the City stood roughly 53 percent below the peak set a decade ago in the third quarter of 2004.

Average sales prices have shown more resilience than transactions. Total sales prices for all housing types rose over 23 percent in the first quarter on a year-over-year basis, bringing average sales prices roughly on par with the 2008 first quarter peak. Condo prices have shown the greatest rebound with prices up roughly seven percent above their pre-recession peak set in the first quarter of 2008. The rebound in condo prices can be attributed to lean inventories as demand continues to outpace supply. Additionally, average prices of condos are affected by the compositional shift towards the high-end of the market, with new construction geared towards the lucrative luxury market. Prices of 1-3 family homes have also risen beyond their pre-recession peak, by nearly four percent.

One of the causalities of the financial crisis was new building projects. Starting in 2010, building permits in the City started to rebound, growing by double digits.<sup>5</sup> In 2013, permit issuances in the City jumped over 70 percent to 18,095. While this is impressive growth, permit issuance levels in 2013 still remained roughly 56 percent of the average recorded from 2005 through 2008. Strong demand as reflected by continued valuation appreciation and thin inventories has ensured that the rebound continues. Year-to-date through May, permit issuance throughout the City has risen 76 percent over comparable levels last year, and is the strongest reading since 2008. Moreover, issuances were recorded broadly among New York's five boroughs. If this pace keeps up, it will not only be the fifth consecutive year of strong double-digit gains, but also the second consecutive year of growth above 50 percent.

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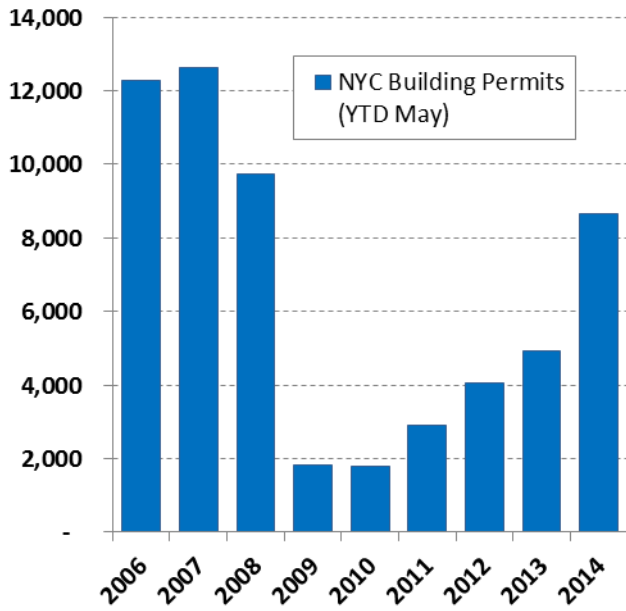
4. NYC Department of Finance

5. U.S. Census Bureau

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*Total issuances granted in 2014, through May, is the strongest tally since the financial crisis.*







U.S. Employment

**Payroll Survey: Current Employment Statistics (CES)**

|                                    | Feb 2013 | Mar 2013 | Apr 2013 | May 2013 | Jun 2013 | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | Jun 2014 |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Total                              | 135,541  | 135,682  | 135,885  | 136,084  | 136,285  | 136,434  | 136,636  | 136,800  | 137,037  | 137,311  | 137,395  | 137,539  | 137,761  | 137,964  | 138,268  | 138,492  | 138,780  |
| (dif)                              | 280      | 141      | 203      | 199      | 201      | 149      | 202      | 164      | 237      | 274      | 84       | 144      | 222      | 203      | 304      | 224      | 288      |
| Private                            | 113,658  | 113,822  | 114,010  | 114,232  | 114,433  | 114,603  | 114,783  | 114,936  | 115,183  | 115,455  | 115,541  | 115,707  | 115,908  | 116,108  | 116,386  | 116,610  | 116,872  |
| (dif)                              | 263      | 164      | 188      | 222      | 201      | 170      | 180      | 153      | 247      | 272      | 86       | 166      | 201      | 200      | 278      | 224      | 262      |
| Financial Activities               | 7,847    | 7,853    | 7,863    | 7,872    | 7,885    | 7,901    | 7,897    | 7,896    | 7,903    | 7,899    | 7,901    | 7,900    | 7,910    | 7,910    | 7,919    | 7,927    | 7,944    |
| (dif)                              | 12       | 6        | 10       | 9        | 13       | 16       | -4       | -1       | 7        | -4       | 2        | -1       | 10       | 0        | 9        | 8        | 17       |
| Finance & Insurance                | 5,863    | 5,864    | 5,871    | 5,875    | 5,882    | 5,892    | 5,887    | 5,885    | 5,886    | 5,881    | 5,883    | 5,875    | 5,881    | 5,877    | 5,878    | 5,883    | 5,891    |
| (dif)                              | 1        | 1        | 7        | 4        | 8        | 10       | -5       | -2       | 1        | -5       | 2        | -8       | 6        | -4       | 1        | 5        | 9        |
| Securities                         | 859      | 860      | 862      | 864      | 862      | 867      | 865      | 866      | 866      | 866      | 869      | 869      | 871      | 871      | 872      | 873      | 872      |
| (dif)                              | 2        | 0        | 3        | 2        | -2       | 5        | -2       | 1        | 1        | -1       | 3        | 1        | 1        | 0        | 1        | 1        | -1       |
| Banking                            | 2,617    | 2,619    | 2,623    | 2,624    | 2,626    | 2,627    | 2,623    | 2,614    | 2,610    | 2,601    | 2,596    | 2,586    | 2,582    | 2,576    | 2,570    | 2,569    | 2,570    |
| (dif)                              | 0        | 2        | 4        | 1        | 2        | 1        | -4       | -9       | -3       | -9       | -6       | -9       | -4       | -7       | -6       | -1       | 1        |
| Real Estate & Rental & Leasing     | 1,984    | 1,989    | 1,992    | 1,998    | 2,002    | 2,009    | 2,010    | 2,011    | 2,017    | 2,018    | 2,018    | 2,025    | 2,029    | 2,033    | 2,041    | 2,044    | 2,053    |
| (dif)                              | 11       | 5        | 3        | 6        | 5        | 7        | 1        | 1        | 6        | 1        | 1        | 7        | 4        | 5        | 8        | 3        | 9        |
| Information                        | 2,692    | 2,694    | 2,688    | 2,686    | 2,685    | 2,697    | 2,669    | 2,682    | 2,688    | 2,689    | 2,674    | 2,671    | 2,660    | 2,659    | 2,660    | 2,648    | 2,657    |
| (dif)                              | 19       | 2        | -6       | -2       | -1       | 12       | -28      | 13       | 6        | 1        | -15      | -3       | -11      | -1       | 1        | -12      | 9        |
| Professional & Business Services   | 18,295   | 18,362   | 18,434   | 18,511   | 18,570   | 18,621   | 18,663   | 18,700   | 18,753   | 18,826   | 18,842   | 18,891   | 18,973   | 19,020   | 19,092   | 19,150   | 19,217   |
| (dif)                              | 85       | 67       | 72       | 77       | 59       | 51       | 42       | 37       | 53       | 73       | 16       | 49       | 82       | 47       | 72       | 58       | 67       |
| Educational & Health Services      | 20,948   | 20,989   | 21,040   | 21,069   | 21,084   | 21,108   | 21,172   | 21,181   | 21,212   | 21,237   | 21,242   | 21,258   | 21,290   | 21,330   | 21,362   | 21,424   | 21,462   |
| (dif)                              | 27       | 41       | 51       | 29       | 15       | 24       | 64       | 9        | 31       | 25       | 5        | 16       | 32       | 40       | 32       | 62       | 38       |
| Leisure & Hospitality              | 14,078   | 14,112   | 14,145   | 14,198   | 14,249   | 14,272   | 14,306   | 14,315   | 14,380   | 14,417   | 14,435   | 14,460   | 14,495   | 14,526   | 14,558   | 14,603   | 14,642   |
| (dif)                              | 50       | 34       | 33       | 53       | 51       | 23       | 34       | 9        | 65       | 37       | 18       | 25       | 35       | 31       | 32       | 45       | 39       |
| Other Services                     | 5,456    | 5,449    | 5,453    | 5,465    | 5,465    | 5,463    | 5,469    | 5,471    | 5,474    | 5,473    | 5,480    | 5,484    | 5,485    | 5,494    | 5,506    | 5,509    | 5,503    |
| (dif)                              | -2       | -7       | 4        | 12       | 0        | -2       | 6        | 2        | 3        | -1       | 7        | 4        | 1        | 9        | 12       | 3        | -6       |
| Trade, Transportation & Utilities  | 25,691   | 25,683   | 25,718   | 25,760   | 25,811   | 25,862   | 25,911   | 25,973   | 26,017   | 26,090   | 26,156   | 26,167   | 26,171   | 26,224   | 26,294   | 26,332   | 26,404   |
| (dif)                              | 0        | -8       | 35       | 42       | 51       | 51       | 49       | 62       | 44       | 73       | 66       | 11       | 4        | 53       | 70       | 38       | 72       |
| Manufacturing                      | 12,004   | 12,007   | 12,001   | 11,994   | 11,991   | 11,982   | 11,990   | 11,993   | 12,011   | 12,046   | 12,053   | 12,061   | 12,081   | 12,085   | 12,094   | 12,105   | 12,121   |
| (dif)                              | 22       | 3        | -6       | -7       | -3       | -9       | 8        | 3        | 18       | 35       | 7        | 8        | 20       | 4        | 9        | 11       | 16       |
| Construction                       | 5,789    | 5,813    | 5,811    | 5,816    | 5,829    | 5,830    | 5,836    | 5,849    | 5,864    | 5,896    | 5,876    | 5,927    | 5,951    | 5,964    | 6,000    | 6,009    | 6,015    |
| (dif)                              | 46       | 24       | -2       | 5        | 13       | 1        | 6        | 13       | 15       | 32       | -20      | 51       | 24       | 13       | 36       | 9        | 6        |
| Government                         | 21,883   | 21,860   | 21,875   | 21,852   | 21,852   | 21,831   | 21,853   | 21,864   | 21,854   | 21,856   | 21,854   | 21,832   | 21,853   | 21,856   | 21,882   | 21,882   | 21,908   |
| (dif)                              | 17       | -23      | 15       | -23      | 0        | -21      | 22       | 11       | -10      | 2        | -2       | -22      | 21       | 3        | 26       | 0        | 26       |
| <b>Other Employment Data</b>       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Unemployment Rate                  | 7.7      | 7.5      | 7.5      | 7.5      | 7.5      | 7.3      | 7.2      | 7.2      | 7.2      | 7.0      | 6.7      | 6.6      | 6.7      | 6.7      | 6.3      | 6.3      | 6.1      |
| (dif)                              | -0.2     | -0.2     | 0.0      | 0.0      | 0.0      | -0.2     | -0.1     | 0.0      | 0.0      | -0.2     | -0.3     | -0.1     | 0.1      | 0.0      | -0.4     | 0.0      | -0.2     |
| Avg. Weekly Hours: Private (CES)   | 34.5     | 34.5     | 34.4     | 34.5     | 34.5     | 34.4     | 34.5     | 34.5     | 34.4     | 34.5     | 34.3     | 34.4     | 34.3     | 34.5     | 34.5     | 34.5     | 34.5     |
| (dif)                              | 0.1      | 0.0      | -0.1     | 0.1      | 0.0      | -0.1     | 0.1      | 0.0      | -0.1     | 0.1      | -0.2     | 0.1      | -0.1     | 0.2      | 0.0      | 0.0      | 0.0      |
| Avg. Wk. Earnings: Private (CES)   | 821      | 821      | 821      | 824      | 827      | 825      | 829      | 830      | 829      | 833      | 829      | 833      | 833      | 839      | 839      | 841      | 844      |
| (dif)                              | 3.8      | 0.7      | -0.7     | 3.4      | 3.1      | -2.7     | 4.5      | 1.0      | -1.4     | 4.5      | -4.1     | 4.1      | 0.0      | 5.9      | 0.4      | 2.1      | 2.1      |
| Initial Claims, SA                 | 1,414    | 1,752    | 1,376    | 1,381    | 1,725    | 1,368    | 1,666    | 1,259    | 1,410    | 1,656    | 1,409    | 1,341    | 1,352    | 1,609    | 1,281    | 1,563    | --       |
| (dif)                              | -23      | 338      | -376     | 5        | 344      | -357     | 298      | -407     | 151      | 246      | -247     | -68      | 11       | 257      | -328     | 282      | --       |
| Continued Claims, SA               | 3,110    | 3,069    | 3,031    | 2,983    | 2,979    | 3,005    | 2,940    | 2,871    | 2,889    | 2,837    | 2,879    | 2,929    | 2,921    | 2,824    | 2,713    | 2,631    | --       |
| (dif)                              | -59      | -40      | -38      | -48      | -4       | 26       | -66      | -68      | 18       | -52      | 42       | 50       | -7       | -97      | -111     | -82      | --       |
| ISM Employment Diffusion Index, SA | 52.2     | 52.1     | 50.5     | 49.0     | 50.0     | 55.5     | 55.0     | 54.8     | 54.3     | 55.4     | 55.8     | 52.3     | 52.3     | 51.1     | 54.7     | 52.8     | 52.8     |
| (dif)                              | -1.6     | -0.1     | -1.6     | -1.5     | 1.0      | 5.5      | -0.5     | -0.2     | -0.5     | 1.1      | 0.4      | -3.5     | 0.0      | -1.2     | 3.6      | -1.9     | 0.0      |
| ISM Non-Mfg. Emp. Index, SA        | 55.5     | 53.2     | 52.6     | 50.3     | 54.9     | 53.9     | 56.3     | 54.1     | 56.0     | 54.5     | 55.6     | 56.4     | 47.5     | 53.6     | 51.3     | 52.4     | --       |
| (dif)                              | -0.1     | -2.3     | -0.6     | -2.3     | 4.6      | -1.0     | 2.4      | -2.2     | 1.9      | -1.5     | 1.1      | 0.8      | -8.9     | 6.1      | -2.3     | 1.1      | --       |

Data: CES and Claims in Ths.



## U.S. Price and Production

|  | Jan 2013 | Feb 2013 | Mar 2013 | Apr 2013 | May 2013 | Jun 2013 | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Consumer Price Index, (1982-84=100, SA)</b>                   |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| All Items  | 231.3    | 232.6    | 232.1    | 231.7    | 232.1    | 232.9    | 233.3    | 233.4    | 233.7    | 233.8    | 234.0    | 234.6    | 234.9    | 235.2    | 235.6    | 236.3    | 237.1    |
| (% ch.)  | 0.1      | 0.6      | -0.2     | -0.2     | 0.2      | 0.3      | 0.2      | 0.1      | 0.1      | 0.0      | 0.1      | 0.2      | 0.1      | 0.1      | 0.2      | 0.3      | 0.4      |
| (year % ch.)   | 1.6      | 2.0      | 1.5      | 1.1      | 1.4      | 1.8      | 2.0      | 1.5      | 1.1      | 0.9      | 1.2      | 1.5      | 1.6      | 1.1      | 1.5      | 2.0      | 2.1      |
| Core (All Items Less Food & Energy)                              | 232.1    | 232.5    | 232.8    | 232.9    | 233.2    | 233.6    | 234.0    | 234.3    | 234.6    | 234.9    | 235.3    | 235.5    | 235.8    | 236.1    | 236.6    | 237.2    | 237.8    |
| (% ch.)  | 0.2      | 0.2      | 0.1      | 0.1      | 0.1      | 0.2      | 0.2      | 0.1      | 0.1      | 0.1      | 0.2      | 0.1      | 0.1      | 0.1      | 0.2      | 0.2      | 0.3      |
| (year % ch.)   | 1.9      | 2.0      | 1.9      | 1.7      | 1.7      | 1.6      | 1.7      | 1.8      | 1.7      | 1.7      | 1.7      | 1.7      | 1.6      | 1.6      | 1.6      | 1.8      | 1.9      |
| Commodities  | 187.3    | 189.2    | 187.7    | 186.6    | 186.6    | 187.7    | 188.0    | 188.0    | 187.9    | 187.5    | 187.3    | 188.1    | 187.8    | 187.6    | 187.4    | 188.2    | 188.7    |
| (% ch.)  | -0.1     | 1.0      | -0.8     | -0.6     | 0.0      | 0.6      | 0.2      | 0.0      | 0.0      | -0.2     | -0.1     | 0.4      | -0.2     | -0.1     | -0.1     | 0.4      | 0.3      |
| (year % ch.)   | 0.6      | 1.2      | 0.0      | -0.8     | -0.2     | 0.8      | 1.2      | 0.1      | -0.8     | -1.2     | -0.5     | 0.3      | 0.2      | -0.8     | -0.2     | 0.9      | 1.1      |
| Services   | 275.0    | 275.7    | 276.1    | 276.6    | 277.3    | 277.7    | 278.1    | 278.5    | 279.2    | 279.7    | 280.4    | 280.8    | 281.7    | 282.3    | 283.5    | 283.9    | 285.0    |
| (% ch.)  | 0.2      | 0.2      | 0.2      | 0.1      | 0.3      | 0.1      | 0.2      | 0.1      | 0.2      | 0.2      | 0.2      | 0.1      | 0.3      | 0.2      | 0.4      | 0.1      | 0.4      |
| (year % ch.)   | 2.3      | 2.5      | 2.4      | 2.4      | 2.5      | 2.4      | 2.5      | 2.5      | 2.4      | 2.4      | 2.4      | 2.3      | 2.4      | 2.4      | 2.7      | 2.7      | 2.8      |
| <b>Personal Consumption Expenditures</b>                         |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| PCE C-W Price Index, (2009 = 100, SA)                            | 106.7    | 107.1    | 107      | 106.7    | 106.8    | 107.2    | 107.3    | 107.4    | 107.5    | 107.6    | 107.6    | 107.8    | 107.9    | 108      | 108.2    | 108.4    | 108.7    |
| (% ch.)  | 0.1      | 0.4      | -0.1     | -0.3     | 0.1      | 0.4      | 0.1      | 0.1      | 0.1      | 0.1      | 0.1      | 0.2      | 0.1      | 0.1      | 0.2      | 0.2      | 0.2      |
| (year % ch.)   | 1.4      | 1.5      | 1.2      | 0.9      | 1        | 1.3      | 1.3      | 1.1      | 0.9      | 0.8      | 1        | 1.2      | 1.2      | 0.8      | 1.1      | 1.6      | 1.8      |
| PCE C-W Price Index Less Food & Energy, (2009 = 100, SA)         | 105.5    | 105.6    | 105.6    | 105.6    | 105.7    | 105.9    | 106      | 106.1    | 106.2    | 106.3    | 106.4    | 106.5    | 106.6    | 106.7    | 106.9    | 107.1    | 107.2    |
| (% ch.)  | 0.2      | 0.1      | 0.1      | 0        | 0.1      | 0.2      | 0.1      | 0.1      | 0.1      | 0.1      | 0.1      | 0.1      | 0.1      | 0.1      | 0.2      | 0.2      | 0.2      |
| (year % ch.)   | 1.5      | 1.5      | 1.4      | 1.2      | 1.2      | 1.2      | 1.1      | 1.2      | 1.2      | 1.1      | 1.2      | 1.2      | 1.1      | 1.1      | 1.2      | 1.4      | 1.5      |
| <b>Producer Price Index</b>                                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Final Demand (Nov. 2009=100, SA)                                 | 108.6    | 108.8    | 108.7    | 108.7    | 108.6    | 109.1    | 109.4    | 109.3    | 109.4    | 109.7    | 109.7    | 109.7    | 110.0    | 109.8    | 110.3    | 111.0    | 110.8    |
| (% ch.)  | 0.1      | 0.2      | -0.1     | 0.0      | -0.1     | 0.5      | 0.3      | -0.1     | 0.1      | 0.3      | 0.0      | 0.0      | 0.3      | -0.2     | 0.5      | 0.6      | -0.2     |
| (year % ch.)   | 1.6      | 1.5      | 1.2      | 1.0      | 1.0      | 1.7      | 2.0      | 1.6      | 1.1      | 1.2      | 1.2      | 1.1      | 1.3      | 0.9      | 1.5      | 2.1      | 2.0      |
| Final Demand Less Food, Energy & Trade Svcs. (Aug. 2013=100, SA) | --       | --       | --       | --       | --       | --       | --       | 100.0    | 100.1    | 100.3    | 100.3    | 100.6    | 100.8    | 100.7    | 101.0    | 101.3    | 101.3    |
| (% ch.)  | --       | --       | --       | --       | --       | --       | --       | --       | 0.1      | 0.2      | 0.0      | 0.3      | 0.2      | -0.1     | 0.3      | 0.3      | 0.0      |
| (year % ch.)   | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       | --       |
| West Texas Intermediate Oil Price, (\$ per Bbl)                  | 94.8     | 95.3     | 92.9     | 92.0     | 94.5     | 95.8     | 104.7    | 106.6    | 106.3    | 100.5    | 93.9     | 97.6     | 94.6     | 100.8    | 100.8    | 102.1    | 102.2    |
| (% ch.)  | 7.9      | 0.6      | -2.5     | -1.0     | 2.7      | 1.3      | 9.3      | 1.8      | -0.3     | -5.4     | -6.6     | 4.0      | -3.1     | 6.6      | 0.0      | 1.3      | 0.1      |
| <b>Production</b>  |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Industrial Production, (Index 2002=100, SA)                      | 98.4     | 99.0     | 99.5     | 99.3     | 99.4     | 99.6     | 99.4     | 100.0    | 100.7    | 100.8    | 101.4    | 101.6    | 101.4    | 102.5    | 103.3    | 103.0    | 103.7    |
| (% ch.)  | 0.1      | 0.6      | 0.4      | -0.2     | 0.1      | 0.2      | -0.2     | 0.6      | 0.7      | 0.1      | 0.6      | 0.2      | -0.2     | 1.1      | 0.8      | -0.3     | 0.6      |
| Purchasing Managers Index  | 52.3     | 53.1     | 51.5     | 50.0     | 50.0     | 52.5     | 54.9     | 56.3     | 56.0     | 56.6     | 57.0     | 56.5     | 51.3     | 53.2     | 53.7     | 54.9     | 55.4     |
| (dif)  | 1.9      | 0.8      | -1.6     | -1.5     | 0.0      | 2.5      | 2.4      | 1.4      | -0.3     | 0.6      | 0.4      | -0.5     | -5.2     | 1.9      | 0.5      | 1.2      | 0.5      |
| Business Activity  | 56.4     | 56.3     | 56.6     | 55.9     | 57.0     | 53.3     | 59.5     | 61.0     | 55.8     | 58.9     | 55.3     | 54.3     | 56.3     | 54.6     | 53.4     | 60.9     | 62.1     |
| (dif)  | -3.6     | -0.1     | 0.3      | -0.7     | 1.1      | -3.7     | 6.2      | 1.5      | -5.2     | 3.1      | -3.6     | -1.0     | 2.0      | -1.7     | -1.2     | 7.5      | 1.2      |
| Total New Orders   | 220.2    | 230.3    | 213.8    | 224.1    | 231.7    | 243.8    | 224.3    | 225.3    | 234.0    | 231.1    | 241.4    | 229.8    | 224.0    | 229.9    | 238.0    | 239.9    | --       |
| (% ch.)  | -4.4     | 4.6      | -7.1     | 4.8      | 3.4      | 5.2      | -8.0     | 0.4      | 3.9      | -1.2     | 4.5      | -4.8     | -2.5     | 2.6      | 3.6      | 0.8      | --       |
| (year % ch.)   | -0.8     | 4.6      | -1.5     | 3.3      | 8.2      | 12.3     | -0.3     | 11.9     | 9.2      | 5.4      | 11.2     | -0.2     | 1.7      | -0.2     | 11.3     | 7.1      | --       |
| Excluding Defense  | 210.2    | 219.6    | 206.5    | 213.9    | 221.5    | 230.4    | 213.1    | 214.8    | 221.5    | 220.0    | 230.9    | 221.2    | 215.2    | 220.1    | 226.5    | 224.6    | --       |
| (% ch.)  | 1.0      | 4.5      | -6.0     | 3.6      | 3.6      | 4.0      | -7.5     | 0.8      | 3.1      | -0.7     | 4.9      | -4.2     | -2.7     | 2.3      | 2.9      | -0.8     | --       |
| (year % ch.)   | 0.0      | 5.4      | 1.1      | 3.8      | 9.2      | 14.7     | 1.3      | 12.2     | 9.3      | 6.3      | 12.7     | 6.3      | 2.4      | 0.2      | 9.7      | 5.0      | --       |
| Inventory/Sales Ratios, SA                                       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Total Business   | 1.29     | 1.27     | 1.29     | 1.30     | 1.28     | 1.28     | 1.28     | 1.28     | 1.28     | 1.29     | 1.28     | 1.29     | 1.31     | 1.30     | 1.30     | --       | --       |
| Manufacturing  | 1.29     | 1.28     | 1.30     | 1.31     | 1.30     | 1.30     | 1.29     | 1.29     | 1.29     | 1.29     | 1.28     | 1.29     | 1.30     | 1.30     | 1.30     | --       | --       |

Data: Orders in Bil. \$, SA

## Rates &amp; Trade

|  | Feb 2013 | Mar 2013 | Apr 2013 | May 2013 | Jun 2013 | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | Jun 2014 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Rates</b>   |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| M2 Money Stock, (Bil. \$, SA)                        | 10,458.4 | 10,523.9 | 10,558.0 | 10,594.6 | 10,642.5 | 10,705.4 | 10,759.5 | 10,805.6 | 10,905.2 | 10,916.5 | 10,969.1 | 11,023.8 | 11,127.4 | 11,158.8 | 11,214.8 | 11,288.6 | --       |
| (year % ch.)   | 7.1      | 7.3      | 7.1      | 7.1      | 6.9      | 6.8      | 6.6      | 6.3      | 6.7      | 6.2      | 5.4      | 5.5      | 6.4      | 6.0      | 6.2      | 6.6      | --       |
| Discount Rate, (% P.A.)                              | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     |
| Federal Funds Target Rate, (%)                       | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     | 0.13     |
| Federal Funds Effective Rate, (% P.A.)               | 0.15     | 0.14     | 0.15     | 0.11     | 0.09     | 0.09     | 0.08     | 0.08     | 0.09     | 0.08     | 0.09     | 0.07     | 0.07     | 0.08     | 0.09     | 0.09     | 0.10     |
| Prime Rate, (% P.A.)                                 | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     | 3.25     |
| 3-Month T-Bill Auction Average, (%)                  | 0.10     | 0.09     | 0.06     | 0.04     | 0.05     | 0.04     | 0.05     | 0.02     | 0.06     | 0.07     | 0.07     | 0.05     | 0.06     | --       | --       | --       | --       |
| 10-Year T-Bond Nominal, (% P.A.)                     | 1.98     | 1.96     | 1.76     | 1.93     | 2.30     | 2.58     | 2.74     | 2.81     | 2.62     | 2.72     | 2.90     | 2.86     | 2.71     | 2.72     | 2.71     | 2.56     | 2.60     |
| 10-Year T-Bond minus FFunds Rate (Y.Curve)           | 183      | 182      | 161      | 182      | 221      | 249      | 266      | 273      | 253      | 264      | 281      | 279      | 264      | 264      | 262      | 247      | 250      |
| Moody's AAA Corporate, (% P.A.)                      | 3.90     | 3.93     | 3.73     | 3.89     | 4.27     | 4.34     | 4.54     | 4.64     | 4.53     | 4.63     | 4.62     | 4.49     | 4.45     | 4.38     | 4.24     | 4.16     | 4.25     |
| AAA minus 10-Year Bond                               | 192      | 197      | 197      | 196      | 197      | 176      | 180      | 183      | 191      | 191      | 172      | 163      | 174      | 166      | 153      | 160      | --       |
| Municipal Bond Yield Average, (% Seasoned)           | 3.67     | 3.65     | 3.70     | 3.65     | 4.14     | 4.40     | 4.61     | 4.65     | 4.37     | 4.30     | 4.77     | 4.55     | 4.36     | 4.31     | 4.13     | 3.96     | 3.93     |
| New York Stock Exchange Vol. (Mil.)                  | 20,477   | 21,531   | 23,424   | 23,111   | 25,157   | 20,976   | 20,094   | 21,022   | 22,782   | 18,970   | 20,518   | 21,393   | 20,379   | 22,363   | 21,910   | 19,503   | 21,366   |
| Dow Jones Industrials, (Index 1920=100, Monthly End) | 14,054   | 14,579   | 14,840   | 15,116   | 14,910   | 15,500   | 14,810   | 15,130   | 15,546   | 16,086   | 16,577   | 15,699   | 16,322   | 16,458   | 16,581   | 16,717   | 16,827   |
| S&P 500 Stock Price (Index 1941-43=10, Monthly Avg)  | 1,512    | 1,551    | 1,571    | 1,640    | 1,619    | 1,669    | 1,670    | 1,687    | 1,720    | 1,784    | 1,808    | 1,822    | 1,817    | 1,864    | 1,864    | 1,890    | 1,947    |
| Nasdaq Composite Index, (Index Feb 05 1971=100)      | 3,169    | 3,236    | 3,251    | 3,440    | 3,417    | 3,560    | 3,640    | 3,731    | 3,848    | 3,958    | 4,076    | 4,154    | 4,199    | 4,276    | 4,119    | 4,135    | 4,333    |
| <b>Trade, (Bil. \$, SA)</b>                          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Total Exports  | 188      | 186.9    | 187.8    | 187.2    | 190.4    | 189.9    | 190.6    | 190.2    | 194      | 194.9    | 192.8    | 192.2    | 188.1    | 193.7    | 193.3    | --       | --       |
| (% ch.)  | 0.3      | -0.6     | 0.5      | -0.3     | 1.7      | -0.2     | 0.4      | -0.2     | 2.0      | 0.5      | -1.1     | -0.3     | -2.1     | 2.9      | -0.2     | --       | --       |
| (year % ch.)   | 3.5      | 0.3      | 1.7      | 1.6      | 2.7      | 3.4      | 4.2      | 0.8      | 5.7      | 4.6      | 1.6      | 2.5      | 0.1      | 3.6      | 3.0      | --       | --       |
| Total Imports  | 229.8    | 223.9    | 228.2    | 232      | 226.9    | 229.3    | 230.1    | 232.5    | 233.1    | 230.9    | 230.2    | 232.2    | 230.7    | 237.8    | 240.6    | --       | --       |
| (% ch.)  | 0.1      | -2.6     | 1.9      | 1.7      | -2.2     | 1.1      | 0.3      | 1.0      | 0.2      | -0.9     | -0.3     | 0.9      | -0.6     | 3.1      | 1.2      | --       | --       |
| (year % ch.)   | 2.1      | -5.2     | -1.8     | 0.2      | -0.7     | 0.8      | 1.2      | 1.6      | 3.2      | -0.9     | 1.2      | 1.1      | 0.4      | 6.2      | 5.4      | --       | --       |
| Total Trade Balance                                  | -41.8    | -37      | -40.4    | -44.8    | -36.6    | -39.4    | -39.5    | -42.3    | -39.1    | -36      | -37.4    | -40.1    | -42.6    | -44.2    | -47.2    | --       | --       |
| (% ch.)  | -1.0     | -11.5    | 9.3      | 10.9     | -18.5    | 7.8      | 0.2      | 7.0      | -7.5     | -8.0     | 4.0      | 7.1      | 6.3      | 3.7      | 6.9      | --       | --       |
| (year % ch.)   | -3.6     | -25.8    | -15.4    | -5.0     | -15.1    | -10.1    | -11.3    | 5.3      | -7.7     | -22.8    | -0.6     | -5.1     | 2.0      | 19.5     | 16.9     | --       | --       |
| <b>Import Price Index, (2000=100, NSA)</b>           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| <u>Total Imports</u>                                 | 141.3    | 141.2    | 140.2    | 139.4    | 138.8    | 138.9    | 139.4    | 139.8    | 138.9    | 137.7    | 137.8    | 138.3    | 139.8    | 140.3    | 139.8    | --       | --       |
| (% ch.)  | 0.9      | -0.1     | -0.7     | -0.6     | -0.4     | 0.1      | 0.4      | 0.3      | -0.6     | -0.9     | 0.1      | 0.4      | 1.1      | 0.4      | -0.4     | --       | --       |
| (year % ch.)   | -0.6     | -2.1     | -2.7     | -1.8     | 0.1      | 0.9      | 0.0      | -0.7     | -1.6     | -1.8     | -1.1     | -1.3     | -1.1     | -0.6     | -0.3     | --       | --       |
| <u>Excluding Fuels</u>                               | 120.7    | 120.6    | 120.4    | 119.9    | 119.6    | 119.1    | 118.9    | 119.0    | 119.1    | 119.1    | 119.0    | 119.3    | 119.2    | 119.6    | 119.6    | --       | --       |
| (% ch.)  | 0.1      | -0.1     | -0.2     | -0.4     | -0.3     | -0.4     | -0.2     | 0.1      | 0.1      | 0.0      | -0.1     | 0.3      | -0.1     | 0.3      | 0.0      | --       | --       |
| (year % ch.)   | 0.1      | -0.4     | -0.7     | -1.1     | -1.0     | -1.0     | -1.0     | -1.2     | -1.3     | -1.2     | -1.2     | -1.1     | -1.2     | -0.8     | -0.7     | --       | --       |
| Canada (% ch.)                                       | 0.8      | 0.7      | 0.5      | 0.6      | -0.5     | -0.2     | 1.2      | -0.3     | -2.3     | -2.1     | -0.1     | 1.9      | 4.7      | 1.3      | -1.6     | --       | --       |
| Mexico (% ch.)                                       | 1.8      | -0.1     | -1.2     | -0.1     | -0.8     | 0.3      | 0.3      | 0.0      | -1.0     | -1.1     | 0.1      | 0.1      | -0.3     | 1.1      | 0.0      | --       | --       |
| European Union (% ch.)                               | 0.7      | -0.7     | -0.1     | -0.3     | -0.1     | 0.4      | -0.4     | 0.3      | 0.4      | 0.3      | -0.2     | 0.8      | 0.1      | 0.2      | 0.3      | --       | --       |
| Japan (% ch.)  | -0.5     | -0.2     | -0.8     | -0.4     | -0.3     | -0.4     | -0.2     | -0.1     | -0.2     | -0.1     | -0.3     | -0.2     | -0.1     | 0.2      | -0.1     | --       | --       |
| China (% ch.)  | -0.1     | -0.2     | 0.0      | -0.6     | 0.2      | -0.1     | 0.0      | 0.1      | -0.1     | 0.1      | 0.1      | -0.1     | 0.2      | -0.1     | -0.1     | --       | --       |
| <b>Export Price Index, (2000=100, NSA)</b>           |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| <u>Total Exports</u>                                 | 135.1    | 134.4    | 133.6    | 132.9    | 132.8    | 132.6    | 131.9    | 132.4    | 131.6    | 131.8    | 132.3    | 132.7    | 133.7    | 135      | 133.7    | --       | --       |
| (% ch.)  | 0.7      | -0.5     | -0.6     | -0.5     | -0.1     | -0.2     | -0.5     | 0.4      | -0.6     | 0.2      | 0.4      | 0.3      | 0.8      | 1.0      | -1.0     | --       | --       |
| (year % ch.)   | 1.5      | 0.2      | -0.8     | -0.8     | 0.8      | 0.3      | -1.1     | -1.6     | -2.2     | -1.5     | -1.0     | -1.0     | -1.0     | 0.4      | 0.1      | --       | --       |
| Yen Per U.S. \$                                      | 93       | 94.8     | 97.8     | 100.9    | 97.2     | 99.7     | 97.8     | 99.2     | 97.8     | 100.1    | 103.5    | 103.8    | 102.1    | 102.3    | 102.5    | 101.8    | 102.1    |
| \$ per EURO  | 1.3      | 1.3      | 1.3      | 1.3      | 1.3      | 1.3      | 1.3      | 1.3      | 1.4      | 1.3      | 1.4      | 1.4      | 1.4      | 1.4      | 1.4      | 1.4      | 1.4      |
| Total Surplus or Deficit, (\$Mil.)                   | -203,539 | -106,530 | 112,889  | -138,732 | 116,501  | -97,597  | -147,923 | 75,114   | -90,584  | -135,226 | 53,220   | -10,520  | -193,532 | -36,893  | 106,853  | -129,971 | --       |









NY Household Employment

|                           | Feb 2013 | Mar 2013 | Apr 2013 | May 2013 | Jun 2013 | Jul 2013 | Aug 2013 | Sep 2013 | Oct 2013 | Nov 2013 | Dec 2013 | Jan 2014 | Feb 2014 | Mar 2014 | Apr 2014 | May 2014 | 2013  | 2014  |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------|-------|
| <b>New York City</b>      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |       |
| Labor Force SA            | 4,045    | 4,048    | 4,051    | 4,054    | 4,057    | 4,059    | 4,059    | 4,058    | 4,056    | 4,054    | 4,052    | 4,058    | 4,072    | 4,090    | 4,095    | 4,108    | 4,053 | 4,084 |
| (dif)                     | 2.7      | 2.5      | 3        | 3.1      | 2.8      | 2.1      | 0.4      | -1.4     | -1.9     | -2.2     | -1.8     | 5.6      | 14.7     | 17.3     | 5.3      | 13.5     | 35.3  | 31.6  |
| Labor Force NSA           | 4,050    | 4,033    | 4,026    | 4,044    | 4,060    | 4,099    | 4,075    | 4,057    | 4,059    | 4,048    | 4,038    | 4,061    | 4,094    | 4,109    | 4,065    | 4,094    | 4,053 | 4,085 |
| (year dif)                | 35.1     | 22.7     | 40.5     | 38.3     | 40.3     | 41.9     | 53.7     | 49.7     | 14.9     | 28.1     | 9.5      | 11.6     | 44.0     | 75.3     | 39.1     | 50.3     | 36.1  | 31.3  |
| (year % ch.)              | 0.9      | 0.6      | 1.0      | 1.0      | 1.0      | 1.0      | 1.3      | 1.2      | 0.4      | 0.7      | 0.2      | 0.3      | 1.1      | 1.9      | 1.0      | 1.2      | 0.9   | 1.1   |
| Employed Residents SA     | 3,686    | 3,691    | 3,696    | 3,698    | 3,700    | 3,701    | 3,703    | 3,708    | 3,714    | 3,720    | 3,727    | 3,742    | 3,751    | 3,762    | 3,771    | 3,782    | 3,702 | 3,762 |
| (dif)                     | 5.3      | 5.0      | 4.7      | 2.6      | 1.1      | 1.0      | 2.9      | 4.7      | 6.1      | 6.2      | 6.3      | 15.3     | 9.3      | 10.2     | 9.5      | 10.7     | 60.1  | 59.4  |
| Employed Residents NSA    | 3,678    | 3,686    | 3,697    | 3,698    | 3,698    | 3,726    | 3,716    | 3,711    | 3,704    | 3,725    | 3,733    | 3,733    | 3,744    | 3,768    | 3,766    | 3,779    | 3,702 | 3,758 |
| (year dif)                | 59.0     | 56.8     | 63.1     | 65.4     | 66.1     | 73.9     | 75.0     | 59.7     | 29.6     | 54.8     | 63.8     | 78.0     | 65.7     | 82.2     | 68.8     | 81.0     | 60.5  | 55.7  |
| (year % ch.)              | 1.6      | 1.6      | 1.7      | 1.8      | 1.8      | 2.0      | 2.1      | 1.6      | 0.8      | 1.5      | 1.7      | 2.1      | 1.8      | 2.2      | 1.9      | 2.2      | 1.7   | 2.0   |
| Unemployed Residents SA   | 359      | 357      | 355      | 355      | 357      | 358      | 356      | 350      | 342      | 333      | 325      | 315      | 321      | 328      | 324      | 327      | 351   | 323   |
| (dif)                     | -2.6     | -2.5     | -1.6     | 0.3      | 1.8      | 1.1      | -2.4     | -6.2     | -8.0     | -8.4     | -8.1     | -9.8     | 5.5      | 7.2      | -4.3     | 2.8      | -24.8 | -27.8 |
| Unemployed Residents NSA  | 372      | 348      | 329      | 346      | 363      | 373      | 360      | 346      | 355      | 323      | 305      | 328      | 350      | 341      | 300      | 315      | 351   | 327   |
| (year dif)                | -23.9    | -34.0    | -22.6    | -27.0    | -25.9    | -32.0    | -21.3    | -9.9     | -14.7    | -26.7    | -54.3    | -66.4    | -21.7    | -6.9     | -29.6    | -30.8    | -24.3 | -24.3 |
| (year % ch.)              | -6.0     | -8.9     | -6.4     | -7.2     | -6.7     | -7.9     | -5.6     | -2.8     | -4.0     | -7.6     | -15.1    | -16.9    | -5.8     | -2.0     | -9.0     | -8.9     | -6.5  | -8.5  |
| LF Participation Rate SA  | 60.1     | 60.1     | 60.1     | 60.1     | 60.2     | 60.1     | 60.1     | 60.0     | 60.0     | 59.9     | 59.8     | 59.9     | 60.0     | 60.2     | 60.3     | 60.4     | 60.1  | 60.2  |
| LF Participation Rate NSA | 60.2     | 59.9     | 59.8     | 60.0     | 60.2     | 60.7     | 60.3     | 60.0     | 60.0     | 59.8     | 59.6     | 59.9     | 60.4     | 60.5     | 59.8     | 60.2     | 60.1  | 60.2  |
| Emp Pop Ratio SA          | 54.8     | 54.8     | 54.9     | 54.9     | 54.9     | 54.8     | 54.8     | 54.9     | 54.9     | 55.0     | 55.0     | 55.2     | 55.3     | 55.4     | 55.5     | 55.6     | 54.9  | 55.4  |
| Emp Pop Ratio NSA         | 54.7     | 54.8     | 54.9     | 54.9     | 54.8     | 55.2     | 55.0     | 54.9     | 54.8     | 55.0     | 55.1     | 55.1     | 55.2     | 55.5     | 55.4     | 55.6     | 54.9  | 55.4  |
| Unemployment Rate SA      | 8.9      | 8.8      | 8.8      | 8.8      | 8.8      | 8.8      | 8.8      | 8.6      | 8.4      | 8.2      | 8.0      | 7.8      | 7.9      | 8.0      | 7.9      | 7.9      | 8.7   | 7.9   |
| Unemployment Rate NSA     | 9.2      | 8.6      | 8.2      | 8.6      | 8.9      | 9.1      | 8.8      | 8.5      | 8.7      | 8.0      | 7.5      | 8.1      | 8.6      | 8.3      | 7.4      | 7.7      | 8.7   | 8.0   |
| <b>New York State</b>     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |       |       |
| Labor Force SA            | 9,654    | 9,652    | 9,652    | 9,651    | 9,649    | 9,643    | 9,635    | 9,625    | 9,616    | 9,603    | 9,594    | 9,594    | 9,609    | 9,632    | 9,628    | 9,630    | 9,636 | 9,619 |
| (dif)                     | -1.1     | -2.2     | -0.4     | -0.5     | -2.4     | -5.6     | -7.8     | -10.1    | -9.5     | -13.1    | -9.1     | 0.1      | 15.5     | 22.8     | -3.9     | 2.2      | 14.1  | -17.1 |
| Labor Force NSA           | 9,614    | 9,573    | 9,574    | 9,630    | 9,743    | 9,804    | 9,730    | 9,620    | 9,600    | 9,578    | 9,539    | 9,554    | 9,592    | 9,614    | 9,518    | 9,577    | 9,636 | 9,571 |
| (year dif)                | 33.5     | 4.8      | 50.8     | 29.8     | 24.8     | 29.3     | 45.9     | 28.1     | -61.1    | -16.4    | -71.7    | -73.1    | -22.4    | 41.0     | -55.7    | -53.5    | 15.2  | -65.1 |
| (year % ch.)              | 0.3      | 0.1      | 0.5      | 0.3      | 0.3      | 0.3      | 0.5      | 0.3      | -0.6     | -0.2     | -0.7     | -0.8     | -0.2     | 0.4      | -0.6     | -0.6     | 0.2   | -0.3  |
| Employed Residents SA     | 8,882    | 8,891    | 8,899    | 8,902    | 8,899    | 8,896    | 8,897    | 8,901    | 8,909    | 8,916    | 8,926    | 8,945    | 8,954    | 8,969    | 8,985    | 8,989    | 8,899 | 8,968 |
| (dif)                     | 10.1     | 9.6      | 8.0      | 2.4      | -2.2     | -3.1     | 0.3      | 4.5      | 7.5      | 7.9      | 9.1      | 19.3     | 8.8      | 15.5     | 16.3     | 3.2      | 93.2  | 69.3  |
| Employed Residents NSA    | 8,786    | 8,810    | 8,867    | 8,906    | 8,986    | 9,036    | 8,998    | 8,912    | 8,897    | 8,923    | 8,910    | 8,855    | 8,855    | 8,917    | 8,934    | 8,959    | 8,899 | 8,904 |
| (year dif)                | 79.5     | 77.4     | 117.0    | 111.4    | 109.4    | 133.7    | 134.0    | 94.7     | 15.8     | 82.0     | 81.7     | 99.5     | 69.2     | 106.9    | 66.8     | 53.6     | 93.1  | 5.2   |
| (year % ch.)              | 0.9      | 0.9      | 1.3      | 1.3      | 1.2      | 1.5      | 1.5      | 1.1      | 0.2      | 0.9      | 0.9      | 1.1      | 0.8      | 1.2      | 0.8      | 0.6      | 1.1   | 0.9   |
| Unemployed Residents SA   | 773      | 761      | 753      | 750      | 750      | 747      | 739      | 724      | 707      | 686      | 668      | 649      | 656      | 663      | 643      | 642      | 737   | 650   |
| (dif)                     | -11.2    | -11.7    | -8.5     | -3.0     | -0.1     | -2.5     | -8.1     | -14.6    | -17.0    | -21.0    | -18.2    | -19.1    | 6.7      | 7.2      | -20.2    | -1.0     | -79.1 | -86.4 |
| Unemployed Residents NSA  | 829      | 763      | 707      | 725      | 757      | 768      | 732      | 708      | 704      | 655      | 629      | 699      | 737      | 697      | 584      | 617      | 737   | 667   |
| (year dif)                | -46.1    | -72.8    | -66.2    | -81.6    | -84.6    | -104.4   | -88.1    | -66.5    | -77.0    | -98.3    | -153.4   | -172.6   | -91.5    | -65.9    | -122.5   | -107.1   | -77.9 | -70.3 |
| (year % ch.)              | -5.3     | -8.7     | -8.6     | -10.1    | -10.1    | -12.0    | -10.7    | -8.6     | -9.9     | -13.1    | -19.6    | -19.8    | -11.0    | -8.6     | -17.3    | -14.8    | -9.7  | -14.3 |
| LF Participation Rate SA  | 61.8     | 61.7     | 61.7     | 61.7     | 61.6     | 61.6     | 61.5     | 61.4     | 61.3     | 61.2     | 61.1     | 61.0     | 61.1     | 61.2     | 61.2     | 61.1     | 61.5  | 61.1  |
| LF Participation Rate NSA | 61.5     | 61.2     | 61.2     | 61.6     | 62.2     | 62.6     | 62.1     | 61.3     | 61.2     | 61.0     | 60.7     | 60.8     | 61.0     | 61.1     | 60.5     | 60.8     | 61.5  | 60.8  |
| Emp Pop Ratio SA          | 56.8     | 56.9     | 56.9     | 56.9     | 56.9     | 56.8     | 56.8     | 56.8     | 56.8     | 56.8     | 56.8     | 56.9     | 56.9     | 57.0     | 57.1     | 57.1     | 56.8  | 57.0  |
| Emp Pop Ratio NSA         | 56.2     | 56.4     | 56.7     | 56.9     | 57.4     | 57.7     | 57.4     | 56.8     | 56.7     | 56.8     | 56.7     | 56.3     | 56.3     | 56.7     | 56.8     | 56.9     | 56.8  | 56.6  |
| Unemployment Rate SA      | 8.0      | 7.9      | 7.8      | 7.8      | 7.8      | 7.7      | 7.7      | 7.5      | 7.4      | 7.1      | 7.0      | 6.8      | 6.8      | 6.9      | 6.7      | 6.7      | 7.7   | 6.8   |
| Unemployment Rate NSA     | 8.6      | 8.0      | 7.4      | 7.5      | 7.8      | 7.8      | 7.5      | 7.4      | 7.3      | 6.8      | 6.6      | 7.3      | 7.7      | 7.2      | 6.1      | 6.4      | 7.6   | 6.9   |

Source: NYS DOL  
 Labor Force Data in 'Ths., Rates & Ratios in %  
 Annual Figures: Average YTD

U.S. General Economic Indicators

|  | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>GDP</b>                                     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Nominal GDP                                    | 8,608.5  | 9,089.1  | 9,665.7  | 10,289.7 | 10,625.3 | 10,980.2 | 11,512.3 | 12,277.0 | 13,095.4 | 13,857.9 | 14,480.4 | 14,720.3 | 14,418.0 | 14,958.3 | 15,533.8 | 16,244.6 | 16,799.7 |
| Real GDP                                       | 11,022.9 | 11,513.4 | 12,071.4 | 12,565.2 | 12,684.5 | 12,909.7 | 13,270.0 | 13,774.0 | 14,235.6 | 14,615.2 | 14,876.8 | 14,833.6 | 14,417.9 | 14,779.4 | 15,052.4 | 15,470.7 | 15,761.3 |
| (% ch.)  | 4.5      | 4.5      | 4.8      | 4.1      | 0.9      | 1.8      | 2.8      | 3.8      | 3.4      | 2.7      | 1.8      | -0.3     | -2.8     | 2.5      | 1.8      | 2.8      | 1.9      |
| Final Sales of Domestic Product                | 10,944.0 | 11,439.8 | 12,000.3 | 12,500.4 | 12,731.7 | 12,889.9 | 13,247.9 | 13,702.7 | 14,170.1 | 14,543.6 | 14,839.3 | 14,868.9 | 14,565.5 | 14,717.7 | 15,014.4 | 15,403.2 | 15,669.7 |
| (% ch.)  | 4.0      | 4.5      | 4.9      | 4.2      | 1.9      | 1.2      | 2.8      | 3.4      | 3.4      | 2.6      | 2.0      | 0.2      | -2.0     | 1.0      | 2.0      | 2.6      | 1.7      |
| Final Sales to Domestic Producers              | 11,110.4 | 11,734.4 | 12,404.5 | 13,005.7 | 13,262.4 | 13,501.3 | 13,916.1 | 14,458.8 | 14,971.7 | 15,354.2 | 15,564.2 | 15,427.8 | 14,957.7 | 15,183.2 | 15,463.4 | 15,835.2 | 16,081.6 |
| (% ch.)  | 4.2      | 5.6      | 5.7      | 4.8      | 2.0      | 1.8      | 3.1      | 3.9      | 3.5      | 2.6      | 1.4      | -0.9     | -3.0     | 1.5      | 1.8      | 2.4      | 1.6      |
| <u>Personal Consumption Expenditures</u>       | 7,010.0  | 7,384.9  | 7,788.2  | 8,182.1  | 8,387.5  | 8,600.3  | 8,866.2  | 9,205.6  | 9,527.8  | 9,814.9  | 10,035.5 | 9,999.3  | 9,842.9  | 10,035.9 | 10,291.3 | 10,517.6 | 10,727.9 |
| (% ch.)  | 3.8      | 5.3      | 5.5      | 5.1      | 2.5      | 2.5      | 3.1      | 3.8      | 3.5      | 3.0      | 2.2      | -0.4     | -1.6     | 2.0      | 2.5      | 2.2      | 2.0      |
| Durable Goods                                  | 552.2    | 618.9    | 698.3    | 758.3    | 798.0    | 856.6    | 917.7    | 992.9    | 1,047.0  | 1,091.6  | 1,141.7  | 1,083.3  | 1,023.3  | 1,085.7  | 1,157.1  | 1,246.7  | 1,333.3  |
| (% ch.)  | 8.2      | 12.1     | 12.8     | 8.6      | 5.2      | 7.3      | 7.1      | 8.2      | 5.4      | 4.3      | 4.6      | -5.1     | -5.5     | 6.1      | 6.6      | 7.7      | 6.9      |
| Non-durable Goods                              | 1,657.6  | 1,719.2  | 1,806.0  | 1,863.6  | 1,896.0  | 1,931.1  | 1,998.6  | 2,063.7  | 2,132.3  | 2,202.2  | 2,239.3  | 2,214.7  | 2,175.2  | 2,223.6  | 2,266.0  | 2,296.8  | 2,342.0  |
| (% ch.)  | 2.9      | 3.7      | 5.0      | 3.2      | 1.7      | 1.8      | 3.5      | 3.3      | 3.3      | 3.3      | 1.7      | -1.1     | -1.8     | 2.2      | 1.9      | 1.4      | 2.0      |
| <u>Gross Private Domestic Investment</u>       | 1,879.0  | 2,058.3  | 2,231.4  | 2,375.5  | 2,231.5  | 2,218.3  | 2,308.7  | 2,511.4  | 2,672.6  | 2,730.0  | 2,644.1  | 2,396.0  | 1,878.1  | 2,120.4  | 2,224.6  | 2,436.0  | 2,566.4  |
| (% ch.)  | 11.4     | 9.5      | 8.4      | 6.5      | -6.1     | -0.6     | 4.1      | 8.8      | 6.4      | 2.1      | -3.1     | -9.4     | -21.6    | 12.9     | 4.9      | 9.5      | 5.4      |
| Nonresidential                                 | 1,242.9  | 1,376.5  | 1,510.1  | 1,647.7  | 1,608.4  | 1,498.0  | 1,526.1  | 1,605.4  | 1,717.4  | 1,839.6  | 1,948.4  | 1,934.4  | 1,633.5  | 1,673.8  | 1,800.4  | 1,931.8  | 1,984.4  |
| (% ch.)  | 10.8     | 10.8     | 9.7      | 9.1      | -2.4     | -6.9     | 1.9      | 5.2      | 7.0      | 7.1      | 5.9      | -0.7     | -15.6    | 2.5      | 7.6      | 7.3      | 2.7      |
| Residential                                    | 548.9    | 596.3    | 633.8    | 638.0    | 643.7    | 682.7    | 744.5    | 818.9    | 872.6    | 806.6    | 654.8    | 497.7    | 392.3    | 382.4    | 384.3    | 433.8    | 486.6    |
| (% ch.)  | 2.4      | 8.6      | 6.3      | 0.7      | 0.9      | 6.1      | 9.1      | 10.0     | 6.6      | -7.6     | -18.8    | -24.0    | -21.2    | -2.5     | 0.5      | 12.9     | 12.2     |
| <u>Net Exports of Goods &amp; Services</u>     | --       | --       | -382.3   | -482.7   | -504.2   | -584.9   | -641.6   | -731.9   | -777.1   | -786.2   | -703.6   | -546.9   | -392.2   | -462.6   | -445.9   | -430.8   | -412.3   |
| (% ch.)  | --       | --       | --       | 26.3     | 4.4      | 16.0     | 9.7      | 14.1     | 6.2      | 1.2      | -10.5    | -22.3    | -28.3    | 17.9     | -3.6     | -3.4     | -4.3     |
| <u>Government Consumption &amp; Investment</u> | 2,322.0  | 2,370.5  | 2,451.7  | 2,498.2  | 2,592.4  | 2,705.8  | 2,764.3  | 2,808.2  | 2,826.2  | 2,869.3  | 2,914.4  | 2,994.8  | 3,089.1  | 3,091.4  | 2,992.3  | 2,963.1  | 2,897.0  |
| (% ch.)  | 1.9      | 2.1      | 3.4      | 1.9      | 3.8      | 4.4      | 2.2      | 1.6      | 0.6      | 1.5      | 1.6      | 2.8      | 3.1      | 0.1      | -3.2     | -1.0     | -2.2     |
| Change in Private Inventories                  | 84.8     | 79.0     | 75.5     | 66.2     | -46.3    | 22.6     | 22.6     | 71.4     | 64.3     | 71.6     | 35.6     | -33.7    | -147.6   | 58.2     | 33.6     | 57.6     | 81.6     |
| (dif)  | 51.0     | -5.8     | -3.5     | -9.2     | -112.5   | 68.8     | 0.0      | 48.8     | -7.1     | 7.3      | -36.0    | -69.2    | -113.9   | 205.8    | -24.6    | 24.0     | 23.9     |
| <b>Additional U.S. Indicators</b>              |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| GDP Implicit Price Deflator (% ch.)            | 1.7      | 1.1      | 1.4      | 2.3      | 2.3      | 1.5      | 2.0      | 2.7      | 3.2      | 3.1      | 2.7      | 2.0      | 0.8      | 1.2      | 2.0      | 1.7      | 1.5      |
| Corporate Profits                              | 865.8    | 804.1    | 830.2    | 781.2    | 754.0    | 907.2    | 1,056.4  | 1,283.3  | 1,477.8  | 1,646.5  | 1,529.0  | 1,285.1  | 1,392.6  | 1,740.6  | 1,877.7  | 2,009.5  | 2,102.1  |
| (% ch.)  | 10.1     | -7.1     | 3.2      | -5.9     | -3.5     | 20.3     | 16.5     | 21.5     | 15.1     | 11.4     | -7.1     | -16.0    | 8.4      | 25.0     | 7.9      | 7.0      | 4.6      |
| ECI Private: Total Compensation                | 74.2     | 76.8     | 79.3     | 82.9     | 86.3     | 89.3     | 92.7     | 96.2     | 99.2     | 102.1    | 105.2    | 108.2    | 109.8    | 111.9    | 114.3    | 116.5    | 118.7    |
| (% ch.)  | 3.1      | 3.5      | 3.2      | 4.5      | 4.1      | 3.5      | 3.8      | 3.8      | 3.1      | 2.9      | 3.1      | 2.9      | 1.4      | 1.9      | 2.1      | 2.0      | 1.9      |
| NonFarm Business Productivity                  | 72.9     | 75.1     | 77.7     | 80.2     | 82.4     | 86.0     | 89.1     | 91.9     | 93.8     | 94.7     | 96.2     | 97.0     | 100.0    | 103.3    | 103.8    | 105.3    | 105.8    |
| (% ch.)  | 1.6      | 3.0      | 3.5      | 3.2      | 2.8      | 4.3      | 3.7      | 3.1      | 2.1      | 0.9      | 1.6      | 0.8      | 3.2      | 3.3      | 0.5      | 1.5      | 0.5      |
| Unit Labor Costs                               | 85.8     | 88.1     | 88.7     | 92.2     | 93.7     | 91.9     | 92.0     | 93.2     | 94.7     | 97.5     | 100.1    | 102.1    | 100.0    | 98.8     | 100.8    | 102.0    | 103.1    |
| (% ch.)  | 1.8      | 2.7      | 0.7      | 4.0      | 1.6      | -1.9     | 0.1      | 1.4      | 1.6      | 3.0      | 2.6      | 2.0      | -2.0     | -1.2     | 2.0      | 1.2      | 1.1      |

Data: Real GDP & Components in Bil. 2009 \$, SA

Data: Profits with IDA & CCAdj in Bil \$, SA

Data: ECI All Workers, Index Dec 2005=100, SA

Data: Prod & Unit Labor All Persons, Index 1992=100, SA



The U.S. Consumer & Housing Market

| <b>Personal Income, Consumption and Credit</b>            | 1997     | 1998     | 1999     | 2000     | 2001     | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Total Personal Income                                     | 7,075.0  | 7,587.7  | 7,983.8  | 8,632.8  | 8,987.1  | 9,149.5  | 9,487.6  | 10,049.2 | 10,610.3 | 11,389.9 | 11,995.7 | 12,430.6 | 12,082.1 | 12,435.2 | 13,191.3 | 13,743.8 | 14,134.7 |
| (% ch.)   | 6.2      | 7.2      | 5.2      | 8.1      | 4.1      | 1.8      | 3.7      | 5.9      | 5.6      | 7.3      | 5.3      | 3.6      | -2.8     | 2.9      | 6.1      | 4.2      | 2.8      |
| Disposable Personal Income                                | 6,148.8  | 6,561.3  | 6,876.3  | 7,400.5  | 7,752.3  | 8,099.2  | 8,486.7  | 9,003.2  | 9,401.8  | 10,037.7 | 10,507.9 | 10,995.4 | 10,937.2 | 11,243.7 | 11,787.4 | 12,245.8 | 12,476.2 |
| (% ch.)   | 5.5      | 6.7      | 4.8      | 7.6      | 4.8      | 4.5      | 4.8      | 6.1      | 4.4      | 6.8      | 4.7      | 4.6      | -0.5     | 2.8      | 4.8      | 3.9      | 1.9      |
| Wage Rate (\$)  | 31,531.0 | 33,145.0 | 34,491.0 | 36,550.0 | 37,511.0 | 38,249.0 | 39,433.0 | 41,164.0 | 42,483.0 | 44,413.0 | 46,370.0 | 47,628.0 | 47,652.0 | 48,954.0 | 50,351.0 | 51,652.0 | 52,341.0 |
| (% ch.)   | 4.5      | 5.1      | 4.1      | 6.0      | 2.6      | 2.0      | 3.1      | 4.4      | 3.2      | 4.5      | 4.4      | 2.7      | 0.1      | 2.7      | 2.9      | 2.6      | 1.3      |
| Personal Consumption Expenditures (PCE)                   | 5,560.7  | 5,903.0  | 6,316.9  | 6,801.6  | 7,106.9  | 7,385.3  | 7,764.4  | 8,257.8  | 8,790.3  | 9,297.5  | 9,744.5  | 10,005.5 | 9,842.9  | 10,201.9 | 10,711.8 | 11,149.6 | 11,501.5 |
| (% ch.)   | 5.6      | 6.2      | 7.0      | 7.7      | 4.5      | 3.9      | 5.1      | 6.4      | 6.4      | 5.8      | 4.8      | 2.7      | -1.6     | 3.6      | 5.0      | 4.1      | 3.2      |
| Consumer Installment Credit: Total Outstanding            | 1,324.8  | 1,421.0  | 1,531.1  | 1,717.0  | 1,867.9  | 1,972.1  | 2,077.4  | 2,192.2  | 2,290.9  | 2,461.9  | 2,615.7  | 2,650.6  | 2,552.8  | 2,647.4  | 2,755.9  | 2,923.6  | 3,097.4  |
| (% ch.)   | 5.7      | 7.3      | 7.7      | 12.1     | 8.8      | 5.6      | 5.3      | 5.5      | 4.5      | 7.5      | 6.2      | 1.3      | -3.7     | 3.7      | 4.1      | 6.1      | 5.9      |
| Personal Saving as a % of Disposable Personal Income, (%) | 5.7      | 6.2      | 4.3      | 4.0      | 4.3      | 5.0      | 4.8      | 4.6      | 2.6      | 3.4      | 3.0      | 5.0      | 6.1      | 5.6      | 5.7      | 5.6      | 4.5      |
| <b>Retail Sales</b>                                       |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Total Retail Sales & Food Services                        | 227.4    | 237.8    | 257.1    | 273.6    | 281.6    | 288.4    | 301.0    | 319.5    | 340.3    | 358.6    | 370.5    | 366.2    | 340.3    | 358.9    | 385.6    | 405.3    | 422.3    |
| (% ch.)   | 5.0      | 4.6      | 8.1      | 6.4      | 2.9      | 2.4      | 4.4      | 6.1      | 6.5      | 5.4      | 3.3      | -1.2     | -7.1     | 5.5      | 7.5      | 5.1      | 4.2      |
| excl. Food Services & Drinking Places                     | 205.9    | 215.2    | 233.4    | 248.3    | 255.2    | 260.8    | 271.8    | 288.4    | 307.3    | 323.3    | 333.4    | 328.2    | 302.6    | 320.0    | 344.4    | 361.6    | 377.3    |
| (% ch.)   | 4.9      | 4.5      | 8.5      | 6.4      | 2.8      | 2.2      | 4.2      | 6.1      | 6.5      | 5.2      | 3.1      | -1.6     | -7.8     | 5.8      | 7.6      | 5.0      | 4.3      |
| excl. Autos & Gasoline Stations                           | 156.1    | 164.4    | 175.7    | 186.5    | 192.7    | 199.3    | 207.9    | 220.6    | 234.8    | 248.2    | 257.0    | 259.3    | 251.6    | 259.5    | 273.3    | 284.8    | 295.0    |
| (% ch.)   | 5.4      | 5.3      | 6.9      | 6.1      | 3.3      | 3.4      | 4.3      | 6.1      | 6.5      | 5.7      | 3.5      | 0.9      | -3.0     | 3.1      | 5.3      | 4.2      | 3.6      |
| <b>TCB Consumer Confidence Index</b>                      |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Overall   | 125.4    | 131.7    | 135.3    | 139.0    | 106.6    | 96.6     | 79.8     | 96.1     | 100.3    | 105.9    | 103.3    | 57.9     | 45.2     | 54.5     | 58.1     | 67.1     | 73.2     |
| (dif)   | 20.8     | 6.3      | 3.6      | 3.6      | -32.4    | -9.9     | -16.8    | 16.3     | 4.2      | 5.6      | -2.5     | -45.4    | -12.7    | 9.3      | 3.6      | 8.9      | 6.2      |
| Present Situation   | 151.4    | 169.3    | 176.6    | 181.0    | 141.7    | 94.6     | 68.0     | 94.9     | 116.1    | 130.2    | 128.8    | 69.9     | 24.0     | 25.7     | 36.1     | 49.8     | 67.6     |
| (dif)   | 30.5     | 17.9     | 7.3      | 4.4      | -39.4    | -47.1    | -26.6    | 26.9     | 21.2     | 14.1     | -1.4     | -58.9    | -45.8    | 1.7      | 10.5     | 13.7     | 17.8     |
| Expectations  | 108.0    | 106.6    | 107.8    | 110.9    | 83.2     | 98.0     | 87.7     | 96.9     | 89.7     | 89.7     | 86.4     | 50.0     | 59.4     | 73.7     | 72.8     | 78.6     | 77.0     |
| (dif)   | 14.3     | -1.4     | 1.2      | 3.1      | -27.7    | 14.8     | -10.3    | 9.1      | -7.1     | -0.1     | -3.3     | -36.4    | 9.4      | 14.3     | -0.9     | 5.8      | -1.6     |
| <b>The Reuters/UM Index of Consumer Sentiment</b>         |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| Overall   | 103.2    | 104.6    | 105.8    | 107.6    | 89.2     | 89.6     | 87.6     | 95.2     | 88.6     | 87.3     | 85.0     | 63.8     | 66.3     | 71.8     | 67.4     | 76.5     | 79.2     |
| (dif)   | 9.6      | 1.4      | 1.2      | 1.8      | -18.3    | 0.3      | -2.0     | 7.6      | -6.7     | -1.2     | -2.3     | -21.3    | 2.5      | 5.6      | -4.5     | 9.2      | 2.7      |
| Expectations  | 97.7     | 98.3     | 99.3     | 102.7    | 82.3     | 84.6     | 81.4     | 88.5     | 77.4     | 75.9     | 75.6     | 57.3     | 64.1     | 66.0     | 59.8     | 70.7     | 70.7     |
| (dif)   | 12.0     | 0.6      | 1.0      | 3.4      | -20.4    | 2.3      | -3.1     | 7.1      | -11.1    | -1.5     | -0.3     | -18.3    | 6.8      | 1.9      | -6.2     | 10.9     | 0.0      |
| <b>Housing Market</b>                                     |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |          |
| New Single-Family Homes Sold                              | 806      | 889      | 879      | 880      | 907      | 976      | 1091     | 1201     | 1279     | 1049     | 769      | 482      | 374      | 321      | 306      | 368      | 430      |
| (% ch.)   | 6.7      | 10.3     | -1.2     | 0.2      | 3.1      | 7.6      | 11.7     | 10.1     | 6.5      | -18.0    | -26.7    | -37.3    | -22.4    | -14.2    | -4.6     | 20.0     | 17.0     |
| Existing Single-Family Homes Sold                         | 3,973    | 4,492    | 4,636    | 4,614    | 4,727    | 4,998    | 5,443    | 5,914    | 6,181    | 5,712    | 4,418    | 3,655    | 3,868    | 3,705    | 3,793    | 4,130    | 4,471    |
| (% ch.)   | 5.0      | 13.1     | 3.2      | -0.5     | 2.4      | 5.7      | 8.9      | 8.6      | 4.5      | -7.6     | -22.6    | -17.3    | 5.8      | -4.2     | 2.4      | 8.9      | 8.3      |
| Housing Starts  | 1,475    | 1,621    | 1,647    | 1,573    | 1,601    | 1,710    | 1,854    | 1,950    | 2,073    | 1,812    | 1,342    | 900      | 554      | 586      | 612      | 784      | 930      |
| (% ch.)   | 0.4      | 9.9      | 1.6      | -4.5     | 1.8      | 6.8      | 8.4      | 5.2      | 6.3      | -12.6    | -25.9    | -32.9    | -38.4    | 5.7      | 4.5      | 28.1     | 18.6     |
| Housing Permits   | 1,442    | 1,619    | 1,664    | 1,598    | 1,637    | 1,749    | 1,888    | 2,058    | 2,160    | 1,844    | 1,392    | 896      | 582      | 604      | 624      | 829      | 990      |
| (% ch.)   | 1.6      | 12.3     | 2.7      | -3.9     | 2.4      | 6.8      | 8.0      | 9.0      | 5.0      | -14.6    | -24.5    | -35.6    | -35.0    | 3.7      | 3.4      | 32.8     | 19.5     |
| Median New Single-Family Home Price                       | 145.1    | 152.0    | 159.8    | 166.5    | 172.6    | 185.0    | 191.4    | 217.8    | 234.2    | 243.1    | 243.7    | 230.4    | 214.5    | 220.9    | 224.3    | 242.1    | 265.1    |
| (% ch.)   | 3.8      | 4.8      | 5.2      | 4.2      | 3.6      | 7.2      | 3.4      | 13.8     | 7.5      | 3.8      | 0.3      | -5.5     | -6.9     | 3.0      | 1.6      | 7.9      | 9.5      |
| Median Existing Single-Family Home Price                  | 128.0    | 135.0    | 140.3    | 146.0    | 154.5    | 166.2    | 178.3    | 192.8    | 217.5    | 221.9    | 215.5    | 195.8    | 172.5    | 172.7    | 164.9    | 175.8    | 195.9    |
| (% ch.)   | 5.1      | 5.4      | 3.9      | 4.1      | 5.8      | 7.6      | 7.3      | 8.1      | 12.8     | 2.0      | -2.9     | -9.2     | -11.9    | 0.1      | -4.5     | 6.6      | 11.5     |

Data: Income & Consumption in Bil. \$, SA  
 Data: Credit & Retail Sales in Bil. \$, SA  
 Data: Home Sales, Starts & Permits in Ths., SA  
 Data: Home Prices in Ths. \$

## U.S. Price and Production

| <b>Consumer Price Index, (1982-84=100, SA)</b>                   | 1997  | 1998  | 1999  | 2000  | 2001  | 2002  | 2003  | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All Items  | 160.5 | 163.0 | 166.6 | 172.2 | 177.0 | 179.9 | 184.0 | 188.9 | 195.3 | 201.6 | 207.3 | 215.3 | 214.6 | 218.1 | 224.9 | 229.6 | 233.0 |
| (% ch.)  | 2.3   | 1.5   | 2.2   | 3.4   | 2.8   | 1.6   | 2.3   | 2.7   | 3.4   | 3.2   | 2.9   | 3.8   | -0.3  | 1.6   | 3.1   | 2.1   | 1.5   |
| Core (All Items Less Food & Energy)                              | 169.5 | 173.4 | 177.0 | 181.3 | 186.1 | 190.4 | 193.2 | 196.6 | 200.9 | 205.9 | 210.7 | 215.6 | 219.2 | 221.3 | 225.0 | 229.8 | 233.8 |
| (% ch.)  | 2.4   | 2.3   | 2.1   | 2.4   | 2.7   | 2.3   | 1.5   | 1.8   | 2.1   | 2.5   | 2.3   | 2.3   | 1.7   | 1.0   | 1.7   | 2.1   | 1.8   |
| Commodities  | 141.8 | 141.9 | 144.4 | 149.2 | 150.6 | 149.7 | 151.2 | 154.7 | 160.2 | 164.0 | 167.5 | 174.7 | 169.8 | 174.6 | 183.8 | 187.6 | 187.7 |
| (% ch.)  | 1.4   | 0.1   | 1.8   | 3.3   | 1.0   | -0.6  | 1.0   | 2.3   | 3.5   | 2.4   | 2.2   | 4.3   | -2.8  | 2.9   | 5.3   | 2.0   | 0.1   |
| Services   | 179.4 | 184.2 | 188.8 | 195.3 | 203.4 | 209.8 | 216.5 | 222.8 | 230.1 | 238.9 | 246.8 | 255.5 | 259.2 | 261.3 | 265.8 | 271.4 | 277.9 |
| (% ch.)  | 3.1   | 2.6   | 2.5   | 3.4   | 4.2   | 3.2   | 3.2   | 2.9   | 3.3   | 3.8   | 3.3   | 3.5   | 1.4   | 0.8   | 1.7   | 2.1   | 2.4   |
| <b>Personal Consumption Expenditures</b>                         |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| PCE C-W Price Index, (2000 = 100, SA)                            | 79.3  | 79.9  | 81.1  | 83.1  | 84.7  | 85.9  | 87.6  | 89.7  | 92.3  | 94.7  | 97.1  | 100.1 | 100.0 | 101.7 | 104.1 | 106.0 | 107.2 |
| (% ch.)  | 1.7   | 0.8   | 1.5   | 2.5   | 1.9   | 1.3   | 2.0   | 2.4   | 2.9   | 2.7   | 2.5   | 3.1   | -0.1  | 1.7   | 2.4   | 1.8   | 1.1   |
| PCE C-W Price Index Less Food & Energy, (2000 = 100, SA)         | 81.2  | 82.2  | 83.3  | 84.7  | 86.3  | 87.7  | 89.0  | 90.8  | 92.7  | 94.8  | 96.8  | 98.8  | 100.0 | 101.3 | 102.7 | 104.6 | 105.9 |
| (% ch.)  | 1.7   | 1.2   | 1.3   | 1.7   | 1.8   | 1.7   | 1.5   | 1.9   | 2.2   | 2.2   | 2.2   | 2.1   | 1.2   | 1.3   | 1.4   | 1.8   | 1.2   |
| <b>Producer Price Index</b>                                      |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Final Demand (Nov. 2009=100, SA)                                 | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | 101.8 | 105.7 | 107.7 | 109.1 |
| (% ch.)  | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | 3.9   | 1.9   | 1.3   |
| Final Demand Less Food, Energy & Trade Svcs. (Aug. 2013=100, SA) | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    |
| (% ch.)  | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    | --    |
| West Texas Intermediate Oil Price, (\$ per Bbl)                  | 20.6  | 14.4  | 19.3  | 30.3  | 25.9  | 26.1  | 31.1  | 41.4  | 56.5  | 66.0  | 72.3  | 99.6  | 61.7  | 79.4  | 94.9  | 94.1  | 97.9  |
| (% ch.)  | -6.8  | -29.9 | 33.3  | 57.3  | -14.4 | 0.6   | 19.2  | 33.2  | 36.3  | 16.9  | 9.5   | 37.7  | -38.1 | 28.8  | 19.5  | -0.8  | 4.0   |
| <b>Production</b>  |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Industrial Production, (Index 2002=100, SA)                      | 80.4  | 85.0  | 88.7  | 92.2  | 89.1  | 89.3  | 90.4  | 92.5  | 95.5  | 97.6  | 100.0 | 96.6  | 85.7  | 90.6  | 93.6  | 97.1  | 99.9  |
| (% ch.)  | 7.2   | 5.8   | 4.3   | 4.0   | -3.4  | 0.2   | 1.2   | 2.3   | 3.2   | 2.2   | 2.5   | -3.4  | -11.3 | 5.7   | 3.3   | 3.8   | 2.9   |
| Purchasing Managers Index  | 55.0  | 50.2  | 54.6  | 51.7  | 43.4  | 50.8  | 51.7  | 59.1  | 54.5  | 53.2  | 51.2  | 45.5  | 46.4  | 57.3  | 55.2  | 51.8  | 53.9  |
| (dif)  | 4.9   | -4.8  | 4.4   | -3.0  | -8.3  | 7.4   | 0.9   | 7.4   | -4.6  | -1.4  | -1.9  | -5.7  | 0.9   | 10.9  | -2.2  | -3.4  | 2.1   |
| Business Activity  | --    | 57.3  | 59.1  | 59.3  | 49.0  | 55.1  | 58.3  | 62.5  | 60.2  | 58.0  | 56.0  | 47.4  | 48.1  | 57.5  | 57.2  | 57.7  | 56.7  |
| (dif)  | --    | --    | 1.8   | 0.1   | -10.3 | 6.2   | 3.2   | 4.2   | -2.3  | -2.2  | -2.0  | -8.6  | 0.7   | 9.4   | -0.3  | 0.5   | -1.0  |
| Total New Orders   | 174.5 | 178.1 | 187.7 | 193.6 | 172.6 | 169.5 | 175.2 | 186.2 | 203.7 | 219.6 | 230.2 | 216.0 | 153.0 | 188.6 | 209.4 | 217.9 | 229.1 |
| (% ch.)  | 7.8   | 2.1   | 5.4   | 3.1   | -10.8 | -1.8  | 3.4   | 6.3   | 9.4   | 7.8   | 4.9   | -6.2  | -29.2 | 23.2  | 11.0  | 4.1   | 5.2   |
| Excluding Defense  | 168.5 | 171.9 | 181.2 | 185.9 | 164.7 | 161.7 | 165.5 | 176.9 | 195.4 | 209.0 | 219.5 | 202.5 | 142.5 | 174.6 | 196.3 | 204.8 | 218.6 |
| (% ch.)  | 9.5   | 2.0   | 5.4   | 2.6   | -11.4 | -1.8  | 2.4   | 6.9   | 10.5  | 6.9   | 5.0   | -7.7  | -29.7 | 22.6  | 12.4  | 4.3   | 6.8   |
| <b>Inventory/Sales Ratios, SA</b>                                |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |
| Total Business   | 1.42  | 1.43  | 1.40  | 1.40  | 1.42  | 1.36  | 1.34  | 1.30  | 1.27  | 1.28  | 1.29  | 1.32  | 1.38  | 1.27  | 1.26  | 1.28  | 1.28  |
| Manufacturing  | 1.37  | 1.39  | 1.35  | 1.35  | 1.38  | 1.29  | 1.25  | 1.19  | 1.17  | 1.20  | 1.22  | 1.26  | 1.39  | 1.28  | 1.29  | 1.29  | 1.29  |

Data: Orders in Bil. \$, SA

## Rates &amp; Trade

|  | 1997    | 1998    | 1999    | 2000    | 2001    | 2002     | 2003     | 2004     | 2005     | 2006     | 2007     | 2008     | 2009       | 2010       | 2011       | 2012       | 2013     |
|--|---------|---------|---------|---------|---------|----------|----------|----------|----------|----------|----------|----------|------------|------------|------------|------------|----------|
| <b>Rates</b>   |         |         |         |         |         |          |          |          |          |          |          |          |            |            |            |            |          |
| M2 Money Stock, (Bil. \$, SA)                        | 4,017.3 | 4,356.4 | 4,616.8 | 4,903.5 | 5,405.7 | 5,740.8  | 6,035.9  | 6,388.5  | 6,652.5  | 7,042.0  | 7,445.7  | 8,168.6  | 8,467.7    | 8,769.2    | 9,623.2    | 10,409.7   | 10,969.1 |
| (% ch.)  | 5.6     | 8.4     | 6.0     | 6.2     | 10.2    | 6.2      | 5.1      | 5.8      | 4.1      | 5.9      | 5.7      | 9.7      | 3.7        | 3.6        | 9.7        | 8.2        | 5.4      |
| Discount Rate, (% P.A.)                              | 5.00    | 4.92    | 4.62    | 5.73    | 3.41    | 1.17     | 2.12     | 2.34     | 4.19     | 5.96     | 5.86     | 2.39     | 0.50       | 0.72       | 0.75       | 0.75       | 0.75     |
| Federal Funds Target Rate, (%)                       | 5.50    | 4.75    | 5.50    | 6.50    | 1.75    | 1.25     | 1.00     | 2.25     | 4.25     | 5.25     | 4.25     | 0.13     | 0.13       | 0.13       | 0.13       | 0.13       | 0.13     |
| Federal Funds Effective Rate, (% P.A.)               | 5.46    | 5.35    | 4.97    | 6.24    | 3.89    | 1.67     | 1.13     | 1.35     | 3.21     | 4.96     | 5.02     | 1.93     | 0.16       | 0.18       | 0.10       | 0.14       | 0.11     |
| Prime Rate, (% P.A.)                                 | 8.44    | 8.35    | 7.99    | 9.23    | 6.92    | 4.68     | 4.12     | 4.34     | 6.19     | 7.96     | 8.05     | 5.09     | 3.25       | 3.25       | 3.25       | 3.25       | 3.25     |
| 3-Month T-Bill Auction Average, (%)                  | 5.07    | 4.82    | 4.66    | 5.85    | 3.43    | 1.61     | 1.01     | 1.38     | 3.17     | 4.73     | 4.39     | 1.44     | 0.16       | 0.13       | 0.06       | 0.09       | 0.06     |
| 10-Year T-Bond Nominal, (% P.A.)                     | 6.35    | 5.26    | 5.64    | 6.03    | 5.02    | 4.61     | 4.01     | 4.27     | 4.29     | 4.79     | 4.63     | 3.67     | 3.26       | 3.21       | 2.79       | 1.8        | 2.35     |
| 10-Year T-Bond minus FFunds Rate (Y.Curve)           | 89      | -9      | 67      | -21     | 113     | 294      | 289      | 293      | 108      | -17      | -39      | 174      | 310        | 304        | 268        | 166        | 224      |
| Moody's AAA Corporate, (% P.A.)                      | 7.26    | 6.53    | 7.04    | 7.62    | 7.08    | 6.49     | 5.66     | 5.63     | 5.23     | 5.59     | 5.56     | 5.63     | 5.32       | 4.93       | 4.64       | 3.67       | 4.24     |
| AAA minus 10-Year Bond                               | 91      | 127     | 141     | 159     | 206     | 188      | 165      | 135      | 94       | 79       | 93       | 196      | 206        | 171        | 185        | 187        | 188      |
| Municipal Bond Yield Average, (% Seasoned)           | 5.41    | 5.03    | 5.47    | 5.80    | 5.27    | 5.13     | 4.81     | 4.77     | 4.51     | 4.45     | 4.33     | 5.03     | 5.08       | 4.54       | 4.97       | 3.81       | 4.11     |
| New York Stock Exchange Vol. (Mil.)                  | 11,109  | 14,145  | 16,926  | 21,873  | 25,626  | 30,261   | 29,154   | 31,833   | 35,945   | 39,583   | 44,336   | 55,024   | 45,775     | 37,054     | 31,989     | 23,900     | 21,721   |
| Dow Jones Industrials, (Index 1920=100, Monthly End) | 7,908   | 9,181   | 11,497  | 10,787  | 10,022  | 8,342    | 10,425   | 10,783   | 10,718   | 12,463   | 13,265   | 8,776    | 10,428     | 11,578     | 12,218     | 13,104     | 16,577   |
| S&P 500 Stock Price (Index 1941-43=10, Monthly Avg)  | 873     | 1,084   | 1,326   | 1,427   | 1,192   | 996      | 964      | 1,131    | 1,207    | 1,311    | 1,477    | 1,221    | 947        | 1,139      | 1,269      | 1,380      | 1,643    |
| S&P Common Stock P/E Ratio, (% NSA, Month Avg)       | 22.1    | 27.5    | 33.6    | 28.8    | 27.1    | 37.8     | 30.9     | 22.7     | 19.8     | 18.1     | 18.0     | 20.6     | --         | --         | --         | --         | --       |
| Nasdaq Composite Index, (Index Feb 05 1971=100)      | 1,468   | 1,793   | 2,721   | 3,778   | 2,031   | 1,544    | 1,643    | 1,987    | 2,099    | 2,265    | 2,577    | 2,162    | 1,841      | 2,348      | 2,680      | 2,966      | 3,538    |
| <b>Trade, (Bil. \$, SA)</b>                          |         |         |         |         |         |          |          |          |          |          |          |          |            |            |            |            |          |
| Total Exports  | 77.9    | 77.8    | 80.6    | 89.4    | 84      | 81.7     | 85.3     | 97       | 107.4    | 121.7    | 137.7    | 153.4    | 131.5      | 153.7      | 176.1      | 184.7      | 190      |
| (% ch.)  | 9.7     | -0.1    | 3.6     | 10.9    | -6.1    | -2.7     | 4.4      | 13.7     | 10.7     | 13.4     | 13.1     | 11.3     | -14.2      | 16.9       | 14.5       | 4.9        | 2.9      |
| Total Imports  | 86.9    | 91.6    | 102.6   | 120.8   | 114.2   | 116.6    | 126.2    | 147.4    | 166.3    | 184.4    | 196      | 211.9    | 163.5      | 195.3      | 222.5      | 229.5      | 229.7    |
| (% ch.)  | 9.1     | 5.4     | 12.0    | 17.8    | -5.5    | 2.1      | 8.3      | 16.8     | 12.9     | 10.9     | 6.3      | 8.1      | -22.8      | 19.5       | 13.9       | 3.2        | 0.1      |
| Total Trade Balance                                  | -9.0    | -13.8   | -22.0   | -31.4   | -30.2   | -34.8    | -40.9    | -50.4    | -59.0    | -62.7    | -58.3    | -58.5    | -32.0      | -41.6      | -46.4      | -44.8      | -39.7    |
| (% ch.)  | 4.0     | 53.4    | 58.8    | 43.1    | -4.0    | 15.4     | 17.3     | 23.3     | 17.0     | 6.3      | -7.1     | 0.5      | -45.4      | 30.2       | 11.5       | -3.5       | -11.4    |
| <b>Import Price Index, (2000=100, NSA)</b>           |         |         |         |         |         |          |          |          |          |          |          |          |            |            |            |            |          |
| Total Imports  | 99.1    | 93.1    | 93.9    | 100.0   | 96.5    | 94.1     | 96.9     | 102.3    | 110.0    | 115.4    | 120.2    | 134.1    | 118.6      | 126.8      | 140.6      | 141.0      | 139.5    |
| (% ch.)  | -2.5    | -6.0    | 0.9     | 6.5     | -3.5    | -2.5     | 2.9      | 5.6      | 7.5      | 4.9      | 4.2      | 11.5     | -11.5      | 6.9        | 10.9       | 0.3        | -1.1     |
| Excluding Fuels                                      | --      | --      | --      | --      | --      | 99.9     | 100.4    | 102.9    | 104.9    | 106.9    | 109.6    | 115.0    | 111.6      | 114.6      | 119.7      | 120.7      | 119.7    |
| (% ch.)  | --      | --      | --      | --      | --      | --       | 0.5      | 2.4      | 1.9      | 1.9      | 2.6      | 4.9      | -3.0       | 2.7        | 4.5        | 0.8        | -0.8     |
| Canada (% ch.)                                       | -0.9    | -3.5    | 1.7     | 9.4     | 0.4     | -2.6     | 5.9      | 8.7      | 9.7      | 4.4      | 4.4      | 15.0     | -16.5      | 10.2       | 9.8        | -3.7       | 0.5      |
| Mexico (% ch.)                                       | --      | --      | --      | --      | --      | --       | --       | --       | 7.2      | 7.2      | 7.1      | 13.4     | -9.0       | 4.7        | 7.6        | -1.5       | -1.5     |
| European Union (% ch.)                               | -1.2    | -1.1    | 0.4     | 0.5     | -1.6    | 1.1      | 3.5      | 5.7      | 5.0      | 3.9      | 2.6      | 6.8      | -4.0       | 2.7        | 5.2        | 0.1        | 0.6      |
| Japan (% ch.)  | -4.9    | -4.8    | 0.2     | 1.5     | -1.6    | -3.1     | -1.2     | 1.2      | 0.5      | -1.4     | -0.5     | 1.3      | 1.8        | 1.9        | 2.8        | 1.2        | -1.9     |
| China (% ch.)  | --      | --      | --      | --      | --      | --       | --       | --       | -0.8     | -1.1     | 0.8      | 4.1      | -1.6       | -0.1       | 3.1        | 1.2        | -1.0     |
| <b>Export Price Index, (2000=100, NSA)</b>           |         |         |         |         |         |          |          |          |          |          |          |          |            |            |            |            |          |
| Total Exports  | 103.1   | 99.7    | 98.4    | 100.0   | 99.2    | 98.2     | 99.7     | 103.6    | 106.9    | 110.7    | 116.1    | 123.1    | 117.4      | 123.1      | 133.0      | 133.5      | 133.0    |
| (% ch.)  | -1.4    | -3.3    | -1.3    | 1.6     | -0.8    | -1.0     | 1.6      | 3.9      | 3.2      | 3.6      | 4.9      | 6.0      | -4.6       | 4.9        | 8.1        | 0.4        | -0.4     |
| Yen Per U.S. \$                                      | 121.1   | 130.8   | 113.7   | 107.8   | 121.5   | 125.3    | 115.9    | 108.2    | 110.1    | 116.3    | 117.8    | 103.4    | 93.6       | 87.8       | 79.7       | 79.8       | 97.6     |
| \$ per EURO  | 1.1     | 1.1     | 1.1     | 0.9     | 0.9     | 0.9      | 1.1      | 1.2      | 1.2      | 1.3      | 1.4      | 1.5      | 1.4        | 1.3        | 1.4        | 1.3        | 1.3      |
| Total Surplus or Deficit, (\$Mil.)                   | -2,440  | 54,388  | 158,616 | 254,848 | 94,263  | -230,671 | -399,059 | -399,038 | -321,779 | -209,219 | -187,940 | -680,469 | -1,471,297 | -1,275,104 | -1,249,569 | -1,060,756 | -559,521 |

NYC Economic Data

|   | 1997    | 1998    | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Nominal GCP                             | 369.1   | 380.7   | 419.5   | 467.3   | 452.5   | 447.2   | 473.7   | 510.7   | 563.1   | 617.4   | 656.6   | 628.3   | 616.5   | 665.6   | 673.7   | 706.9   | --      |
| (% ch.)                                 | 7.3     | 3.1     | 10.2    | 11.4    | -3.2    | -1.2    | 5.9     | 7.8     | 10.3    | 9.6     | 6.4     | -4.3    | -1.9    | 8.0     | 1.2     | 4.9     | --      |
| Real GCP                                | 490.0   | 499.6   | 544.1   | 594.4   | 564.1   | 543.9   | 560.5   | 583.4   | 620.1   | 656.3   | 680.5   | 637.7   | 616.4   | 657.2   | 654.5   | 675.4   | --      |
| (year % ch.)                            | 5.5     | 2.0     | 8.9     | 9.2     | -5.1    | -3.6    | 3.1     | 4.1     | 6.3     | 5.8     | 3.7     | -6.3    | -3.3    | 6.6     | -0.4    | 3.2     | --      |
| Wage Rate                               | 48,884  | 51,336  | 54,000  | 59,139  | 61,014  | 59,477  | 60,355  | 64,861  | 67,912  | 73,508  | 80,070  | 80,325  | 73,864  | 78,045  | 80,156  | 80,503  | 80474   |
| (% ch.)                                 | 6.3     | 5.0     | 5.2     | 9.5     | 3.2     | -2.5    | 1.5     | 7.5     | 4.7     | 8.2     | 8.9     | 0.3     | -8.0    | 5.7     | 2.7     | 0.4     | -0.04   |
| Finance Wage Rate                       | 124,363 | 129,215 | 144,072 | 174,561 | 181,137 | 165,568 | 167,061 | 196,190 | 209,405 | 245,253 | 286,001 | 280,353 | 230,018 | 262,116 | 269,659 | 266,872 | 266343  |
| (% ch.)                                 | 15.3    | 3.9     | 11.5    | 21.2    | 3.8     | -8.6    | 0.9     | 17.4    | 6.7     | 17.1    | 16.6    | -2.0    | -18.0   | 14.0    | 2.9     | -1.0    | -0.2    |
| Securities Wage Rate                    | 176,802 | 195,568 | 196,054 | 242,211 | 247,252 | 225,750 | 226,519 | 270,589 | 291,244 | 343,123 | 403,358 | 391,158 | 309,319 | 363,312 | 364,892 | 361,137 | 356023  |
| (% ch.)                                 | 10.4    | 10.6    | 0.2     | 23.5    | 2.1     | -8.7    | 0.3     | 19.5    | 7.6     | 17.8    | 17.6    | -3.0    | -20.9   | 17.5    | 0.4     | -1.0    | -1.4    |
| Private Non-Finance Wage Rate           | 39,627  | 42,177  | 43,730  | 46,449  | 47,852  | 48,615  | 49,757  | 51,768  | 53,923  | 56,429  | 59,799  | 61,063  | 59,498  | 61,723  | 62,985  | 64,356  | 64991   |
| (% ch.)                                 | 3.9     | 6.4     | 3.7     | 6.2     | 3.0     | 1.6     | 2.4     | 4.0     | 4.2     | 4.7     | 6.0     | 2.1     | -2.6    | 3.7     | 2.0     | 2.2     | 0.99    |
| Total Wage Earnings                     | 163.2   | 175.9   | 189.5   | 213.1   | 217.4   | 205.9   | 206.7   | 223.0   | 236.8   | 260.8   | 291.0   | 295.2   | 263.4   | 280.1   | 293.2   | 301.5   | 308.8   |
| (% ch.)                                 | 8.2     | 7.8     | 7.7     | 12.5    | 2.0     | -5.3    | 0.4     | 7.9     | 6.2     | 10.1    | 11.6    | 1.4     | -10.8   | 6.3     | 4.7     | 2.8     | 2.4     |
| Finance Wage Earnings                   | 43.4    | 45.9    | 51.2    | 62.9    | 64.8    | 53.9    | 52.1    | 61.3    | 67.1    | 80.9    | 97.2    | 94.8    | 71.7    | 79.8    | 84.8    | 83.5    | 82.4    |
| (% ch.)                                 | 15.8    | 5.8     | 11.6    | 22.8    | 3.1     | -16.8   | -3.4    | 17.6    | 9.5     | 20.5    | 20.1    | -2.4    | -24.4   | 11.3    | 6.2     | -1.5    | -1.3    |
| Securities Wage Earnings                | 27.3    | 32.0    | 33.1    | 46.0    | 47.4    | 37.7    | 35.8    | 43.6    | 48.8    | 59.8    | 73.5    | 71.9    | 51.4    | 58.4    | 60.8    | 59.2    | 58.1    |
| (% ch.)                                 | 17.5    | 17.1    | 3.4     | 38.9    | 3.1     | -20.5   | -5.1    | 21.9    | 11.8    | 22.7    | 22.8    | -2.2    | -28.6   | 13.7    | 4.1     | -2.6    | -2      |
| Private Non-Finance Wage Earnings       | 98.2    | 107.2   | 114.2   | 125.3   | 127.2   | 125.6   | 127.7   | 133.8   | 141.5   | 151.1   | 164.6   | 170.4   | 161.0   | 169.0   | 177.2   | 187.0   | 194.9   |
| (% ch.)                                 | 6.3     | 9.2     | 6.6     | 9.7     | 1.5     | -1.3    | 1.7     | 4.7     | 5.8     | 6.8     | 8.9     | 3.5     | -5.5    | 5.0     | 4.8     | 5.6     | 4.2     |
| Personal Income, (Bil. \$)              | 246.5   | 260.5   | 273.6   | 293.2   | 303.0   | 303.1   | 309.5   | 329.0   | 345.5   | 377.7   | 415.4   | 419.7   | 408.7   | 432.1   | 458.2   | 472.3   | --      |
| (% ch.)                                 | 5.3     | 5.7     | 5.0     | 7.2     | 3.3     | 0.0     | 2.1     | 6.3     | 5.0     | 9.3     | 10.0    | 1.0     | -2.6    | 5.7     | 6.1     | 3.1     | --      |
| NYSE Member-Firm Profits, (Bil. \$)     | 12.2    | 9.8     | 16.3    | 21.0    | 10.4    | 6.9     | 16.7    | 13.7    | 9.4     | 20.9    | -11.3   | -42.6   | 61.4    | 27.6    | 7.7     | 23.9    | 16.7    |
| (% ch.)                                 | 8.3     | -19.8   | 66.2    | 28.9    | -50.4   | -33.5   | 142.1   | -18.3   | -30.9   | 121.2   | -154.1  | 276.8   | -244.3  | -55.0   | -72.3   | 212.0   | -30.0   |
| Total Employment, SA                    | 3,439.7 | 3,526.8 | 3,618.4 | 3,717.1 | 3,689.4 | 3,581.2 | 3,531.3 | 3,549.4 | 3,602.5 | 3,667.3 | 3,744.6 | 3,794.6 | 3,693.6 | 3,710.3 | 3,797.1 | 3,883.8 | 3,967.0 |
| (% ch.)                                 | 2.2     | 2.5     | 2.6     | 2.7     | -0.8    | -2.9    | -1.4    | 0.5     | 1.5     | 1.8     | 2.1     | 1.3     | -2.7    | 0.5     | 2.3     | 2.3     | 2.1     |
| Private Employment, SA                  | 2,889.4 | 2,966.4 | 3,051.5 | 3,148.3 | 3,127.1 | 3,015.0 | 2,974.6 | 2,995.0 | 3,046.8 | 3,112.0 | 3,185.5 | 3,230.5 | 3,126.9 | 3,152.5 | 3,246.6 | 3,337.7 | 3,423.2 |
| (% ch.)                                 | 2.4     | 2.7     | 2.9     | 3.2     | -0.7    | -3.6    | -1.3    | 0.7     | 1.7     | 2.1     | 2.4     | 1.4     | -3.2    | 0.8     | 3.0     | 2.8     | 2.6     |
| Unemployment Rate                       | 9.4     | 7.9     | 6.9     | 5.8     | 6.0     | 8.1     | 8.3     | 7.0     | 5.8     | 5.0     | 4.9     | 5.5     | 9.3     | 9.6     | 9.1     | 9.4     | 8.7     |
| (dif)                                   | 0.6     | -1.5    | -1.1    | -1.1    | 0.3     | 2.0     | 0.2     | -1.3    | -1.3    | -0.8    | -0.1    | 0.6     | 3.8     | 0.3     | -0.5    | 0.3     | -0.7    |
| Consumer Price Index, (1982-84=100, SA) |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| All Items                               | 170.8   | 173.6   | 177.0   | 182.5   | 187.1   | 191.9   | 197.8   | 204.8   | 212.7   | 220.7   | 226.9   | 235.8   | 236.8   | 240.9   | 247.7   | 252.6   | 256.8   |
| (% ch.)                                 | 2.3     | 1.6     | 1.9     | 3.1     | 2.6     | 2.6     | 3.1     | 3.5     | 3.9     | 3.8     | 2.8     | 3.9     | 0.4     | 1.7     | 2.9     | 2.0     | 1.7     |
| Core (All Items Less Food & Energy)     | 181.4   | 185.4   | 188.8   | 193.5   | 198.7   | 205.8   | 210.9   | 217.0   | 223.5   | 231.0   | 236.4   | 242.2   | 247.0   | 250.1   | 254.8   | 260.0   | 265.2   |
| (% ch.)                                 | 2.6     | 2.2     | 1.8     | 2.5     | 2.7     | 3.6     | 2.5     | 2.9     | 3.0     | 3.4     | 2.3     | 2.5     | 2.0     | 1.3     | 1.9     | 2.1     | 2.0     |

