ECONOMIC OUTLOOK

REGIONS

November 2019

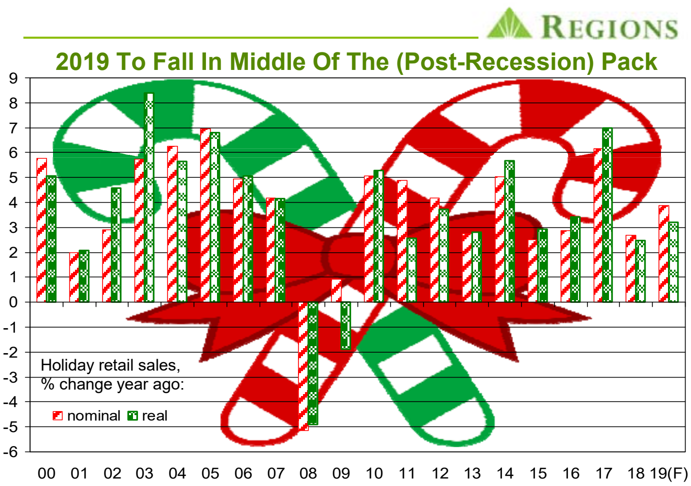
Holiday Sales Outlook: Just In Time, Or Too Late To Matter?

It's the most wonderful time of the year. Unless, of course, it's not. Either way, it is time for the November *Monthly Economic Outlook*, which means it's also that time of the year when we take the pulse of the U.S. consumer, conduct extensive research, perform highly sophisticated statistical analysis, apply the collective force of our years of professional experience, and then basically guess how much consumers will spend over the holiday shopping season.

Sure, even in the best of economic times, predicting the seemingly ever-shifting whims of U.S. consumers can be tricky. As we head into the 2019 holiday shopping season, however, it's looking more and more like the best days for the current economic expansion are behind us. The manufacturing sector is reeling, even allowing for the extent to which the recently ended GM strike has skewed the data, and some of the weakness in the factory sector has bled into the transportation sector. Real GDP growth slowed to an annualized rate of 1.9 percent in Q3, and the pace of job growth had clearly slowed before the GM strike did a number (a negative number, that is) on the October employment report. Indeed, a surprisingly weak report on September retail sales led many to fear that what had been the main pillar of support for the U.S. economy – consumer spending – was starting to crumble.

So, while no one would argue that these are the worst of economic times, many seem convinced that we're heading in that direction. While we don't share that assessment, a spate of soft economic data has led to a growing sense of unease, and it is reasonable to ask whether, or to what extent, consumers will begin to pull in the reins on spending. Against this backdrop, predicting how much U.S. consumers will spend during this holiday shopping season may seem a fool's errand, but that's never stopped us before and it won't stop us now. So, in what follows, we'll discuss how we see the holiday shopping season shaping up for consumers and retailers. On a quick bookkeeping note, you've probably noticed there are as many definitions of "holiday sales" as there are forecasts of holiday sales. As has always been our practice, our measure of holiday sales consists of combined November and December retail sales excluding motor vehicle, gasoline, building materials, restaurant, grocery store, and drug store sales – things not typically given as holiday gifts.

Our forecast anticipates a 3.9 percent increase in holiday sales, which would put the 2019 holiday shopping season between the 6.2 percent increase in 2017 – the largest of any year since 2005 – and the disappointing (and in our view not entirely believable) 2.7 percent increase in 2018. You may recall that in 2018 early-season holiday sales soared only to come crashing down to earth in December. In real, i.e., adjusted for price changes, terms, our forecast anticipates a 3.2 percent increase in holiday sales. Sure, in and of itself, that may not seem like much of an increase, but it would at least mark the second consecutive year in which growth in nominal sales topped growth in real sales, as seen in the following chart. In other words, our 2019 holiday sales forecast anticipates retailers once being free of the persistent goods price deflation that had for several years weighed on profit margins, an effect that was often amplified by retailers engaging in heavy discounting (on top of already lower prices) as a means of ridding themselves of unwanted inventories.



Source: U.S. Census Bureau; Bureau of Labor Statistics; Regions Economics Division

Admittedly, being able to accurately forecast holiday sales may seem too much to ask, at least for us, and after last year's debacle, we'd settle for just being able to understand holiday sales. After all, last year's 2.7 percent increase in holiday sales was, well, just a bit shy of our forecast of a 6.2 percent increase (note to self: this year, don't add anything to the eggnog until after the holiday sales forecast is done). In our defense, our 2018 forecast sounded much more reasonable in real time than it looks in hindsight. Indeed, all the pieces were in place for a strong 2018 holiday shopping season – a rock solid labor market, faster growth in disposable personal income, low interest rates, household debt service burdens hovering near all-time lows, and consumer confidence at its highest since September 2000. In other words, consumers had both the wherewithal and the will to spend. Which they did. At least at first, as holiday sales got off to a fast start.

And then, to use a highly technical term, stuff happened. As equity prices declined in October, many took that as nothing more than the typical high degree of volatility for which October is known, but not necessarily loved. It turned out to be much more serious, to the point that by year-end equity prices had declined by better than 20 percent. As equity prices continued to decline, fears that the magnitude of the decline was sending an ominous message about the broader economy intensified. The steep decline in equity prices and increasing talk of recession may have led consumers,

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even those with no direct exposure to equities, to pare back on holiday spending. Additionally, the partial government shutdown cut off pay for hundreds of thousands of government workers, which likely had a negative impact on spending. While the shutdown did not begin until December 22, the figurative writing was on the figurative wall well ahead of time, to the point that those workers ultimately impacted had likely already pared back spending in anticipation of being furloughed without pay.

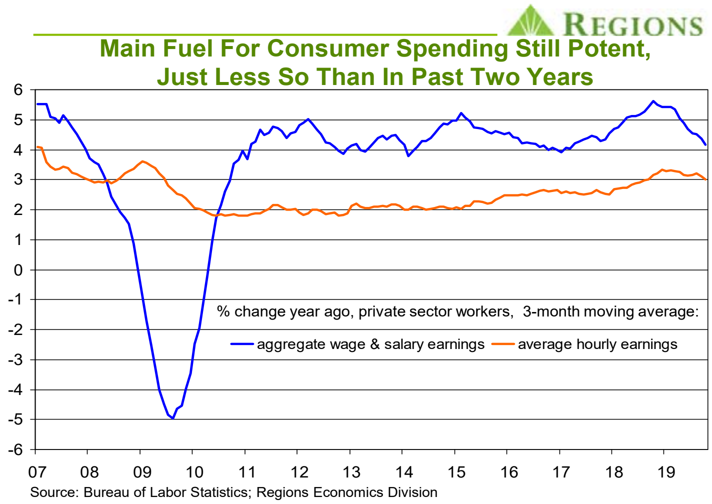
That was at least the commonly spun story to help account for what, at the time, we described as a shockingly weak report on December 2018 retail sales. While we think it is plausible that plummeting equity prices and growing concerns over recession may have taken a toll on holiday sales, we don't necessarily buy the narrative around the partial government shutdown, at least as outlined above. Our view has from day one been that the biggest impact of the partial government shutdown on consumer spending was not on actual consumer spending but on consumer spending as measured in the monthly retail sales data which, even in the most stable of times can be, well, let's say, flighty.

Keep in mind that the monthly reports on retail sales are produced by the Commerce Department, which is housed in the U.S. Census Bureau, one of the agencies put out of action by the shutdown and thus idled during the time the December 2018 and January 2019 retail sales data would have been compiled. When the shutdown did end, there was considerable backtracking to do in terms of collecting and reporting data, calling into question the accuracy of the data. As such, we do not, and probably never will, believe that retail sales fell by 2.0 percent in December 2018 then rose by 1.5 percent in January 2019 (the shutdown did not end until January 25), with wild swings in key categories such as online sales.

This isn't a case of us trying to explain away a missed forecast. Really, our supply of creative yet plausible excuses was exhausted years ago. Instead, our point here is that we don't have a high degree of confidence in the reliability of the 2018 holiday sales data, which also means that we don't think we'll have a reliable basis on which to assess 2019 holiday sales. But, based on the data for 2018 as they now stand, our forecast of a 3.9 percent increase in holiday sales would put this year in the middle of the pack in terms of holiday sales over the life of the current expansion, as shown in the chart on the prior page. That is in keeping with how we view the main drivers of consumer spending as we head in to the holiday shopping season, i.e., still supportive of growth, but not as solid as we saw them in either 2017 or 2018.

As noted above, beneath the swings in the October and November data related to the GM strike, the trend rate of job growth has clearly slowed. This is also the case with growth in aggregate hours worked, while growth in hourly earnings has leveled off. These are the three components of aggregate wage and salary earnings, the largest component of personal income which, even though hourly earnings tend to get more attention, is the relevant input into forecasts of growth of consumer spending. As we show in the following chart, growth in aggregate wage and salary earnings has been decelerating over the past few quarters.

In fact, growth in aggregate wage and salary earnings is slower heading into the 2019 holiday shopping season than was the case in 2017 and 2018. That said, growth is by no means weak, particularly in light of inflation that is more mild this year than at the same points of 2017 and 2018. In terms of purchasing power, then, growth in labor earnings is still supportive of solid, even if not spectacular, growth in holiday sales in 2019.



Still-low interest rates are also supportive of consumer spending this holiday season, as they are contributing to household debt service burdens continuing to hover near all-time lows. The same is true for the broader measure of financial obligations, which includes rent and lease payments not captured in the debt service burden. So, while higher than the debt service burden, the financial obligations ratio also continues to hover near all-time lows. At the same time, however, credit may be at least a modest drag on 2019 holiday sales. The Federal Reserve's quarterly survey of commercial bank senior lending officers shows banks have been tightening lending standards on most non-mortgage consumer loans over recent quarters. Though not an issue for those at the higher end of the credit score spectrum, credit is at least modestly harder to come by for those at the lower end who may be more reliant on credit to facilitate holiday season spending.

Consumer confidence is not as high heading into the 2019 holiday shopping as it was a year ago, which marked the post-recession high for the Conference Board's monthly index. That said, relative to historical norms, confidence remains elevated. Of even more significance, at least in our view, than the headline index is that consumers' perceptions of labor market conditions remain very positive. The jobs plentiful/jobs hard to find spread is, like the headline index, off its cycle high but still very high relative to historical readings. As long as consumers continue to feel good about their job and income prospects, they are unlikely to pull in the reins on spending, which will be supportive of holiday sales.

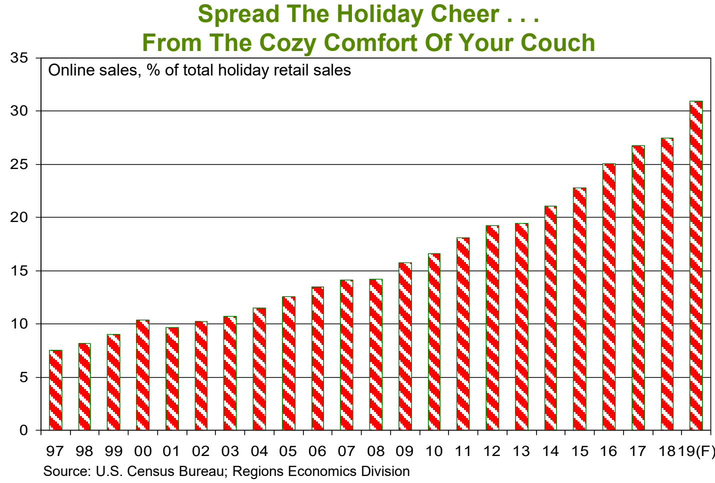
Another support, even if only a modest one, for holiday sales will be pricing, which is in stark contrast to the past several years. The over-the-year comparison for growth in nominal holiday sales will be more favorable given that core goods prices are rising year-on-year, which will at least help offset what, for many retailers, will be higher shipping costs. For consumers, one offset for higher core goods prices will be that gasoline prices are well below where they were a year ago. Despite dominating the headlines, we don't look for tariffs to have much of an impact on holiday sales. Enactment of additional tariffs was pushed back until well after holiday merchandise would have been imported. As for tariffs already in place, the evidence is mixed as to the ultimate share being paid by consumers. Many retailers are hesitant to pass along tariffs in the form of higher prices to consumers, and larger retailers such as Walmart and Target have used their scale as leverage against suppliers to keep from having to absorb tariffs. On net, though, pricing will be a modest support for growth in holiday sales this year. To be sure, the flip side of any support for growth in nominal sales due to pricing is a smaller increase in real, or, inflation adjusted, sales, but that point will likely be lost in the shuffle given that sales are reported on a nominal basis

A key wild card in any holiday sales forecast is . . . wait for it . . . the weather. Sure, we know what you're thinking – it's always about the weather. At least it can seem that way, as many are quick to blame it on the weather, no matter what "it" happens to be. And, really, depending on where you are on planet earth, it can be too hot to shop, too cold to shop, too wet to shop, too dry to shop, or too windy to shop, all at the same time. But, aside from obvious instances in which weather deviates from typical patterns and thus fouls up the seasonal adjustment process and in the case of natural disasters, we're not real big on blaming the weather.

That said, weather poses a downside risk to our holiday sales forecast this year, as temperatures in November and much of December are expected to be above-average. If so, retailers could feel this on their top lines and their bottom lines, and not in a good way. Unseasonably warm temperatures could be expected to hold down sales of seasonal goods, such as winter clothing/coats. After all, while it may look a lot like Christmas (which these days starts right after Labor Day), until it actually starts to feel like Christmas, people tend to put off purchases of winter and seasonal goods. Should this happen, retailers would no doubt begin using discounts as a way to move merchandise, and the risk is that, should temperatures turn more seasonal at some point in December, demand for winter goods would be picking up as prices are being slashed. The result would be hits to retailers' top and bottom lines, not to mention to our forecast of growth in holiday sales.

Another factor getting a lot of attention in discussions of holiday season sales, though we cannot fathom why, is this year's "short" holiday sales season. That Thanksgiving falls so late this year means there will be six fewer "shopping days" between Thanksgiving and Christmas, including two fewer weekend days, compared to last year. This has led some manufacturers of goods, some retailers, and some analysts to scale down expectations of holiday season sales. Aside from residents of The Land That Time Forgot, however, we can't see how this matters. Sure, back in the day, the holiday shopping season was pretty much thought of as being confined to the period between Thanksgiving and Christmas, so calendar effects such as this year's late Thanksgiving mattered. That, however, has gone the way of polyester leisure suits, newspapers that were actually printed on paper, and climbing up on the roof every now and then to adjust the antenna to improve the reception on the three TV channels you got. For anyone on this side of the Stone Age, however, this new-fangled internet thingy pretty much means that every day is a shopping day.

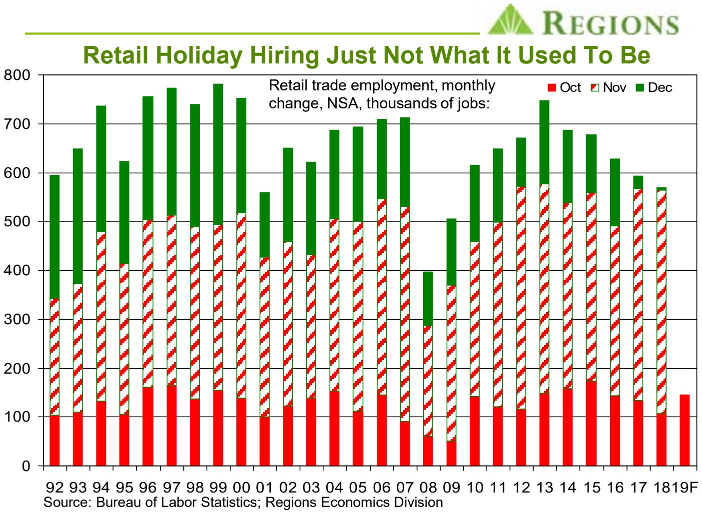
Speaking of the internet, our forecast of 3.9 percent growth in holiday sales incorporates broad-based, but fairly pedestrian, increases across the various sales categories. The two glaring exceptions are department store sales, which we expect to fall by almost 6.0 percent relative to 2018 sales, and online sales, which we expect to rise by better than 17 percent, with the two clearly being related. Though our forecast for online sales may seem a bit on the ambitious side – it would mark the largest holiday shopping season increase in online sales since 2000 – keep in mind the bar is lower than it seems thanks to what is reported to have been just a 5.4 percent increase in 2018. As noted above, we have serious reservations about the reliability of the 2018 data, but those are the numbers we have to work with.



Either way, the broader point remains the same, as illustrated in the chart above. Growth in online sales continues to come at the expense of brick and mortar retailers, with department store sales being pummeled particularly hard. Still, despite this trend having been in place for years, there are still some who interpret the increasingly challenging landscape for brick and mortar retailers, at least those who still haven't figured out online sales, as a sign of weakness amongst U.S. consumers. Probably the same crowd that still thinks in terms of the number of shopping days between Thanksgiving and Christmas. We've argued that the issue is not how much consumers are spending, but how they are spending.

In any event, though our forecast may prove a bit too ambitious, online sales are sure to capture a larger share of total holiday sales this year compared to last year, the only question being how large. Still, it is nonetheless important to note the one fundamental truth that even the most successful of online sellers must contend with, which is that free shipping isn't actually free, as someone has to actually pay for it. That someone, especially during the holiday shopping season, is typically the retailer. This matters, of course, given the steadily rising share of consumer spending on goods done online, particularly during the holiday shopping season when speed of delivery takes on added importance for many consumers. Retailers may get somewhat of a break this year, as what has turned into meaningful excess capacity in the freight market has put downward pressure on shipping rates. That could easily reverse, at least to some degree, during the height of the holiday sales season. The bottom line, however, is that shipping costs will take a meaningful bite out of retailers margins.

That goes to an often overlooked point, which is that in-store sales are still easily the most profitable distribution channel for retailers. As such, retailers will not abandon the old-fashioned way of doing holiday sales, i.e., hiring holiday season workers and trying to lure shoppers into their stores with promotions and, if necessary, holiday season discounting. That in turn means we will continue to track holiday season hiring which, for the retail sector, typically begins in October, with the bulk of the holiday season coming in November before tapering off sharply in December.

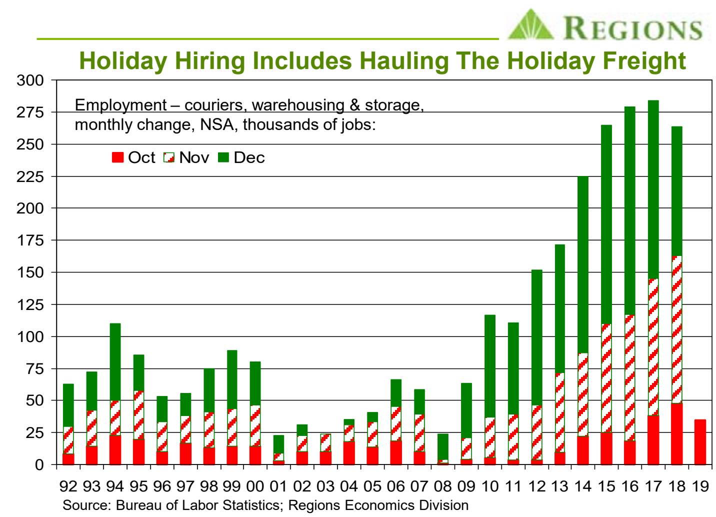


The above chart shows holiday season hiring (October through December) in retail trade, but for consistency we've excluded hiring in those categories we exclude from our measure of holiday sales. The data in the chart are not seasonally adjusted, which is the proper basis on which to compare data for the same months across different years. As seen in the chart, holiday season hiring in retail trade just isn't what it used to be. Indeed, after hitting a post-recession peak in 2013, with 746,700 workers hired, Q4 hiring in retail trade as measured here has tapered off in each successive year. The 563,700 workers hired during the 2018 holiday sales season is the smallest number in any non-recession year going back to 1992, when the data in this series begin.

Recall that holiday season hiring was held down last year as Toys R Us had liquidated prior to the holiday season. Still, the virtual lack of hiring in December is striking – 5,800 jobs were added last December, easily the lowest for the month of December in the life of the data. To help put this in perspective, over the 1992 through 2017 period, not seasonally adjusted control retail sales increased by an average of 26.5 percent between November and December, but unadjusted control retail sales rose by just 12.0 percent last December. Slower than anticipated growth in sales may have led retailers to, in turn, hire fewer workers than they had anticipated.

At present, we have only the October data to go on; as indicated in the chart above, hiring topped last year's listless pace but is still below historical averages. This should not be a surprise, given the ongoing struggles of many brick and mortar retailers and the growing share of spending captured by online sales. Additionally, while this year's late Thanksgiving will have no effect on holiday season sales, it may have held down October hiring in retail trade as stores may have felt less inclined to ramp up hiring so far ahead of the "Black Friday" weekend. The November data will shed more light on how retailers are approaching the holiday season, given the calendar effects and ongoing structural changes. Either way, however, we look for total holiday season hiring in retail trade to be lower this holiday season than was the case in 2018.

Don't forget, however, that the tailing off of holiday season hiring in retail trade over the past several years has coincided with the rising share of holiday sales accounted for by online sales. Just as holiday season shopping patterns have changed, so too have holiday season hiring patterns. After all, once the goods have been ordered, they have to be packaged, then transported, then delivered to customers (or stolen by porch pirates). As such, to get a measure of the full extent of hiring related to holiday season shopping, we must account for hiring in warehousing, distribution, and delivery, which we do in the following chart.



As with our chart on holiday season hiring in retail trade, the above chart uses not seasonally adjusted data to compare hiring in the same months over different years. We narrow the broad transportation sector down to the "couriers and messengers" industry group, as this is the category into which home delivery services fall. As can be seen in the above chart, the amount of holiday season hiring had been steadily increasing in the post-recession years before falling in 2018. Note, however, that through November of last year, hiring was running ahead of 2017's pace, but the smallest December increase since 2013, perhaps reflecting the softer sales environment, held down total holiday season hiring. There were a total of 263,800 jobs added in these industry groups between October and December of 2018, down from the all-time high of 284,100 jobs added in 2017. Preliminary October data show fairly subdued hiring this year compared to 2017 and 2018, but we do not see this as any kind of a statement as to how firms in the warehousing, distribution, and delivery industry groups are expecting the holiday shopping season to turn out.

In our past two holiday sales previews we've noted that we expected to see holiday season hiring in warehousing, distribution, and delivery operations begin to tail off. Not because we expected online sales activity to level off, but rather because we thought the continued rapid growth in online sales throughout the year would mean hiring in these industry groups would be steadier during the course of the year than had been the case in the past, thus alleviating the need for firms to ramp up hiring during the holiday season. We do not believe this accounted for the drop-off in hiring during the 2018 holiday season. One month of preliminary data is not enough to draw any conclusions as to whether or not we are seeing such a structural shift, and we look for total holiday season hiring in these groups to be stronger this year than in 2018.

One factor that may hold down holiday season hiring in the warehousing, distribution, and delivery industry groups this year is the increased use of automation. Whether due to the inability to find workers or in an attempt to mitigate increases in wage bills, more firms are at least testing the automated waters. But, we do not expect automation to be a material factor during the 2019 holiday season. Instead, those firms who have already begun to utilize automation in their warehousing operations may opt to increase the degree of automation during the holiday season in lieu of taking on additional workers, but it is unlikely that other firms will attempt to introduce automation and integrate it into their operations during the busiest shopping, and shipping, months of the year. Going forward, however, automation is likely to play an increasingly significant role, and that will be apparent in the data on holiday hiring amongst these industry groups.

On the whole, 2019 should see solid but not spectacular growth in holiday sales, with less seasonal hiring in retail trade than in 2018 but more seasonal hiring in warehousing, distribution, and delivery operations. Our forecast of a 3.9 percent increase in nominal holiday sales falls in the middle of the various forecasts that we've seen (keep in mind, though, that the definitions of holiday sales vary). Some see the holiday shopping season as arriving just in time, with consumers coming in to save the day for the U.S. economy with a burst of spending. Others see the holiday shopping season as too little, too late, arguing that the die is cast and the U.S. economy is limping toward recession and no amount of holiday shopping can change that. We see the former as being too dramatic, and the latter as being too dire. We get that, in terms of the GDP math, consumer spending has been the main driver of growth over recent quarters. That said, once all the holiday season shopping and shipping has been done, trade policy, business confidence, and business investment will be the basis on which the U.S. economy sinks or swims in 2020.

October Employment Report

A month ago, our reaction to the September employment report was that the report did not need to be great, it just needed to not be terrible and, happily, it cleared that low bar. In contrast, the October employment report had a free pass to be terrible. The free pass came in the form of the GM strike – in keeping with BLS reporting practices, the 46,000 striking GM workers were not counted as employed given that they were not present at work at any point during the BLS's survey period, and any strike-related layoffs at downstream parts suppliers would have also deducted from October job counts. Additionally, the temporary hiring done by the U.S. Census Bureau in August and September to prep for the 2020 Census was scheduled to begin running off the books in October, which would result in further deductions from October job counts.

As such, the bar for the October employment report was set quite low. It came as a pleasant surprise that, rather than living down to these low expectations, the October employment report blew past them to the upside. Total nonfarm employment rose by 128,000 jobs, with private sector payrolls up by 131,000 jobs and public sector payrolls down by 3,000 jobs. The BLS noted that the GM strike knocked 41,600 jobs off of the October total – a much smaller number than expected – while the expiration of temporary Census jobs took off another 20,000 jobs. In that sense, then, the labor market was more robust in October than implied by the headline job growth number. At the same time, prior estimates of job growth for August and September were revised higher by a net 95,000 jobs for the two-month period.

It is interesting that the decline in employment amongst motor vehicle providers in October was smaller than the number of GM workers out on strike. This could reflect other producers adding workers and upping output to take advantage of GM's lack of production. Also, that associated job losses were much smaller than we and most analysts expected could reflect producers of parts and supplies cutting hours worked rather than resorting to temporary layoffs. In a tight labor market, firms run the risk of laid-off workers simply leaving for other jobs and, as such, would be more hesitant to resort to layoffs, even if temporary. This could help account for what was an increase in the number of people working part-time for economic reasons in October.

It should be noted that in addition to measured job growth, estimates of average weekly hours and average hourly earnings were also biased lower by the effects of the GM strike. And, to the extent these effects are present, to the downside, in the October data, they will be reversed in the November data. As such, both reports have to be assessed in the context of this noise, even if this noise is concentrated in the manufacturing sector. It helps, then, to look deeper into the full range of labor market data for indicators of the underlying health of the labor market.

The one-month hiring diffusion index, a measure of the breadth of hiring across private sector industry groups, held steady at 55.4 percent in October, below where it has been over much of the current expansion but still indicative of broad based hiring. Weekly claims for Unemployment Insurance show layoffs remain notably low and do not point to rising labor market stress – while the trend rate of job growth has slowed, this reflects a slower pace of hiring, not a faster pace of layoffs. Consumers, meanwhile, continue to view the labor market in a very positive light. In their monthly surveys of consumers, the Conference Board asks consumers to assess labor market conditions. The jobs plentiful/jobs hard to get spread has long been a reliable early indicator of turns in the business cycle, but, amidst the ongoing angst over trade policy and the fallout from the GM strike, that spread actually rose in October and stands at its second highest point since the end of the 2007-09 recession. This matters because as long as consumers feel confident in the labor market, they are less likely to pull in the reins on spending even in the face of less than positive news in other segments of the economy. Finally, we pay particular attention to the monthly data on labor force flows, which track movements into, out of, and within the labor market. Ongoing job growth and firmer wage growth continue to act as magnets, drawing large numbers of people into, or in some cases back into, the labor force. On average, over 6.0 million people per month continue to enter the labor force after not having been in the labor force in the prior month, and over two-thirds of these people are employed upon entry into the labor force.

On the whole, then, the labor market looks to be on much firmer footing than looked to be the case a month ago. Firms remain willing to take on new workers, and consumers remain positive in their view of labor market conditions. This should allay concerns that the broader economy is being dragged toward recession by the struggling industrial sector.

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Q2 '19 (a)	Q3 '19 (p)	Q4 '19 (f)	Q1 '20 (f)	Q2 '20 (f)	Q3 '20 (f)	Q4 '20 (f)	Q1 '21 (f)		2017 (a)	2018 (a)	2019 (a)	2020 (f)	2021 (f)
2.0	1.9	1.6	2.0	1.8	1.5	1.7	1.5	Real GDP[1]	2.4	2.9	2.3	1.8	1.5
4.6	2.9	2.5	2.2	2.1	2.0	1.8	1.7	Real Personal Consumption[1]	2.6	3.0	2.6	2.4	1.8
-1.0	-3.0	-0.3	1.7	1.6	1.8	1.8	1.8	Real Business Fixed Investment[1]	4.4	6.4	2.1	0.6	1.8
0.8	-3.8	-0.9	1.1	1.1	1.3	1.4	1.5	Equipment[1]	4.7	6.8	1.5	0.1	1.5
3.6	6.6	3.8	3.5	3.4	3.3	3.2	3.4	Intellectual Property and Software[1]	3.7	7.4	7.8	3.9	3.3
-11.1	-15.3	-6.5	-0.4	-0.6	-0.2	-0.1	-0.8	Structures[1]	4.7	4.1	-4.9	-4.3	-0.7
-3.0	5.1	1.9	1.2	1.3	0.2	-0.7	0.0	Real Residential Fixed Investment[1]	3.5	-1.5	-1.7	1.3	0.0
4.8	2.0	1.9	1.5	1.4	1.7	0.7	1.0	Real Government Expenditures[1]	0.7	1.7	2.3	1.8	0.7
-980.7	-986.4	-985.0	-989.6	-1,003.4	-1,021.3	-1,020.0	-1,032.0	Real Net Exports[2]	-849.7	-920.0	-974.0	-1,008.6	-1,041.8
847	901	904	916	920	912	905	903	Single Family Housing Starts, ths. of units[3]	852	873	879	913	900
409	381	374	365	361	356	348	340	Multi-Family Housing Starts, ths. of units[3]	357	377	378	357	333
17.0	17.0	16.7	16.6	16.5	16.4	16.3	16.2	Vehicle Sales, millions of units[3]	17.1	17.2	16.9	16.5	16.1
3.6	3.6	3.6	3.5	3.3	3.4	3.5	3.6	Unemployment Rate, %[4]	4.4	3.9	3.7	3.4	3.7
1.6	1.5	1.4	1.2	1.3	1.0	0.8	0.7	Non-Farm Employment[5]	1.6	1.7	1.6	1.1	0.4
2.4	2.9	2.8	1.9	2.3	1.6	1.6	2.2	Real Disposable Personal Income[1]	2.9	4.0	3.2	2.2	1.8
1.7	1.7	1.6	1.9	1.8	1.9	2.0	2.0	GDP Price Deflator[5]	1.9	2.4	1.7	1.9	1.9
1.4	1.4	1.3	1.7	1.6	1.8	2.0	2.0	PCE Deflator[5]	1.8	2.1	1.4	1.8	1.9
1.8	1.8	1.7	2.0	1.8	1.8	2.0	2.0	Consumer Price Index[5]	2.1	2.4	1.7	1.9	2.0
1.6	1.7	1.7	2.0	2.1	2.1	2.2	2.1	Core PCE Deflator[5]	1.6	1.9	1.6	2.1	2.0
2.1	2.3	2.3	2.4	2.6	2.5	2.5	2.4	Core Consumer Price Index[5]	1.8	2.1	2.2	2.5	2.3
2.38	2.18	1.70	1.63	1.63	1.63	1.63	1.63	Fed Funds Target Rate Range Mid-Point, %[4]	0.97	1.78	2.16	1.63	1.63
2.33	1.80	1.73	1.75	1.75	1.72	1.65	1.59	10-Year Treasury Note Yield, %[4]	2.33	2.91	2.13	1.72	1.58
4.01	3.66	3.71	3.73	3.72	3.68	3.61	3.57	30-Year Fixed Mortgage, %[4]	3.99	4.54	3.94	3.69	3.56
-2.4	-2.5	-2.6	-2.7	-2.8	-2.9	-2.9	-3.0	Current Account, % of GDP	-2.3	-2.4	-2.5	-2.8	-3.1

a = actual; f = forecast; p = preliminary

Notes:
1 - annualized percentage change
2 - chained 2012 $ billions
3 - annualized rate
4 - quarterly average
5 - year-over-year percentage change

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