

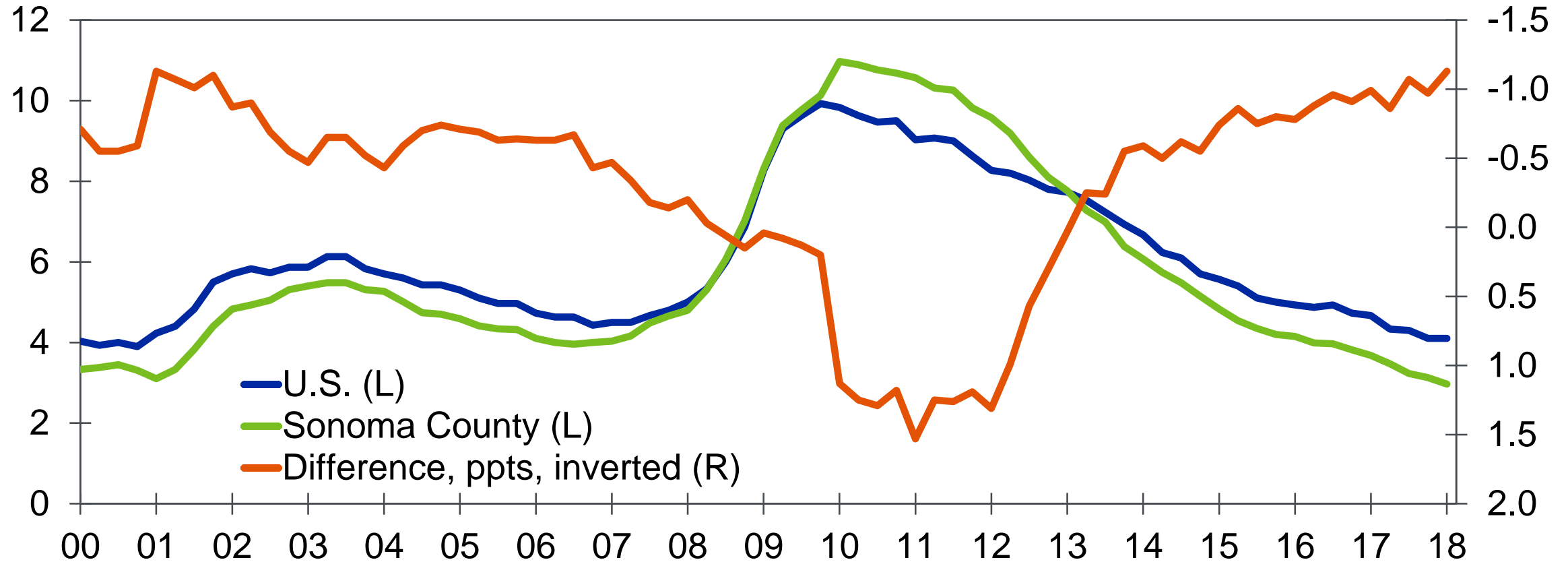
# Economic Outlook: The Wind at Your Back, for Now

**Steven G. Cochrane**, Managing Director, Economics

May 2018

# The Job Market Is Tight...

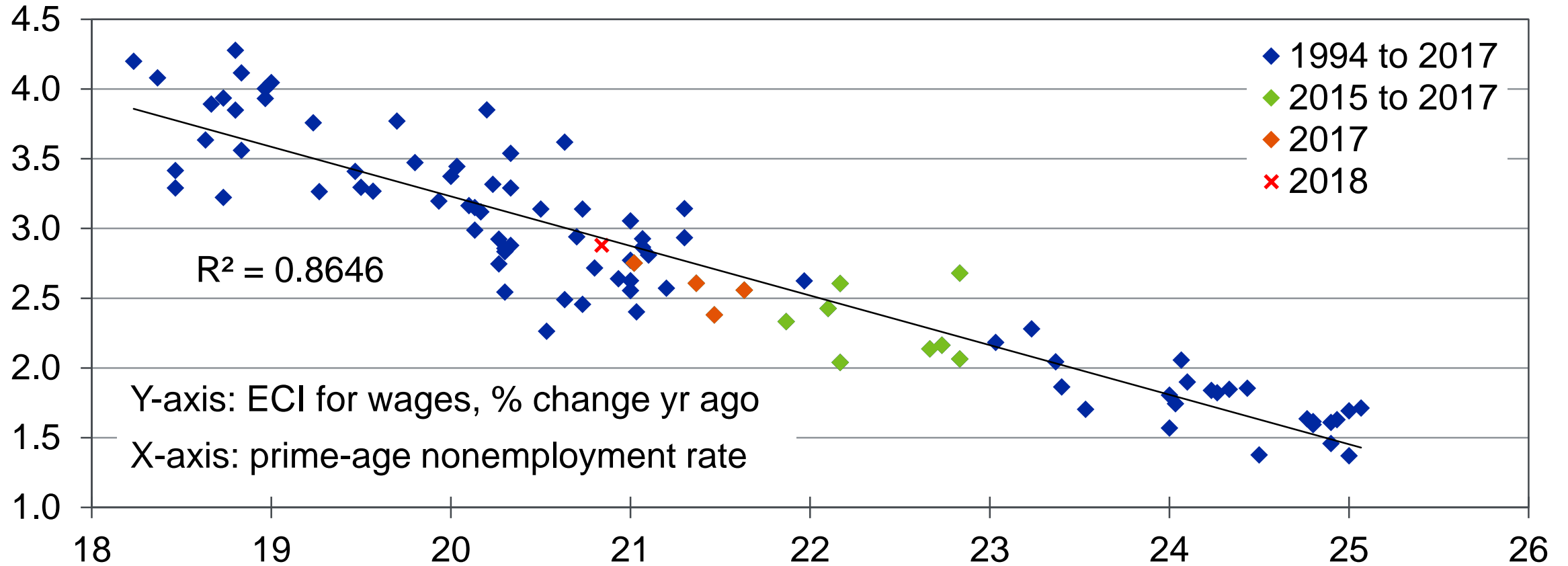
Unemployment rate, %



Sources: BLS, Moody's Analytics

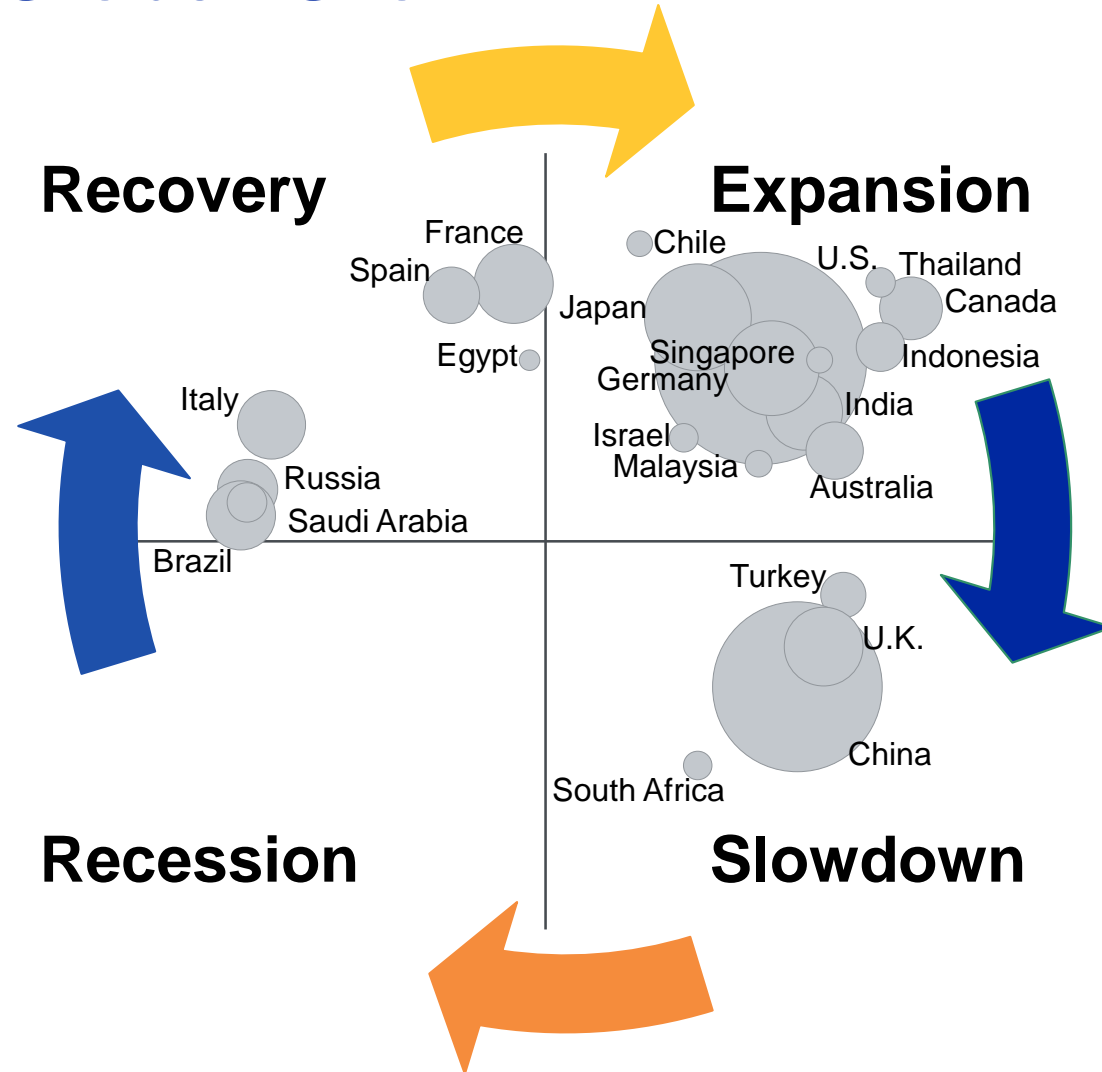
# ...And the Phillips Curve Is Alive and Well

Wage growth Phillips curve, quarterly, 1994Q1 to 2018Q1



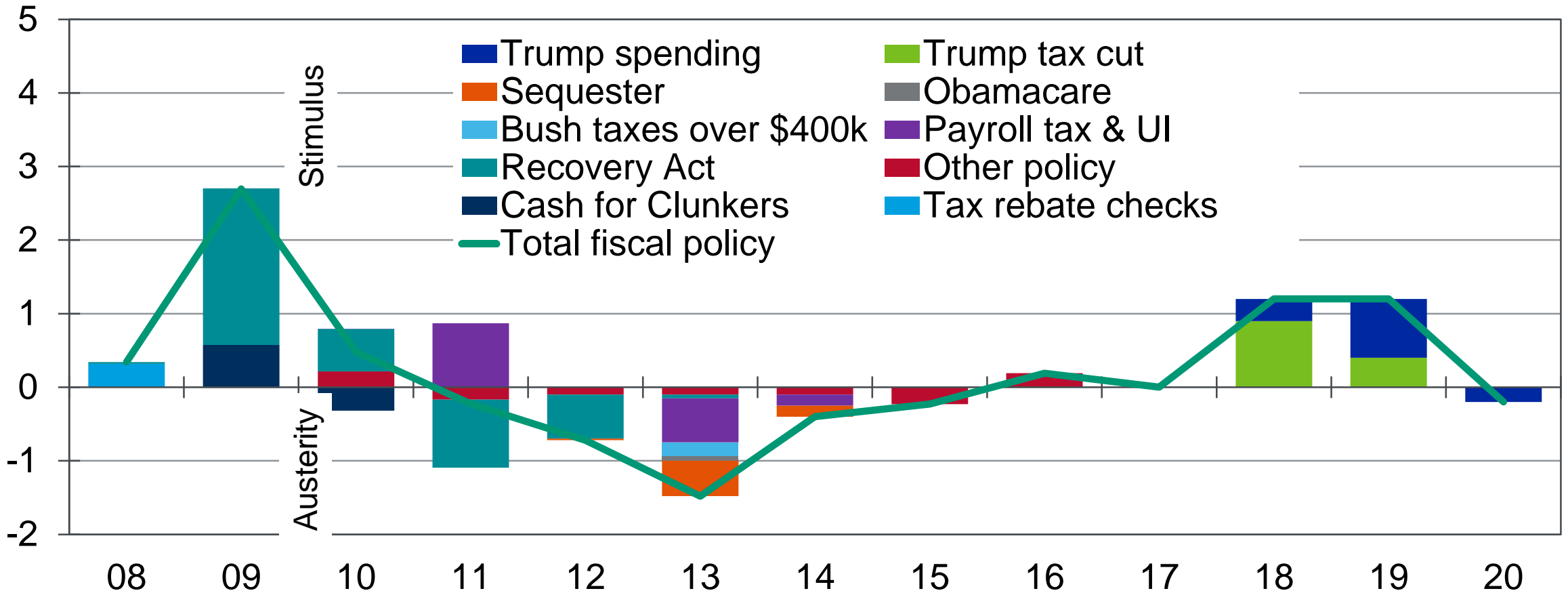
Sources: BLS, Moody's Analytics

# Synchronized Global Growth



# Fiscal Stimulus, to Austerity, Back to Stimulus

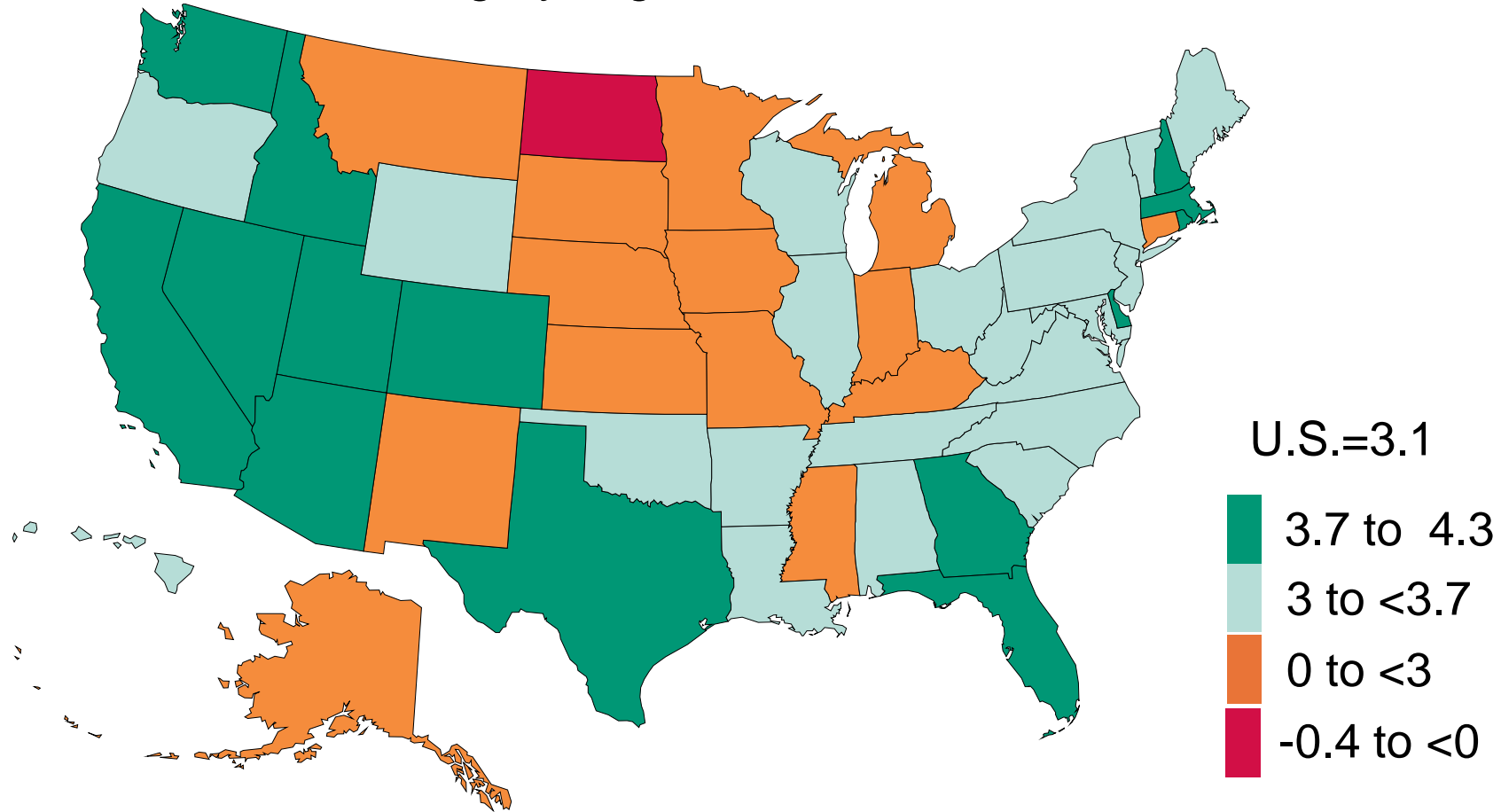
Federal discretionary fiscal policy as a % of GDP



Source: Moody's Analytics

# West Leads Income Growth

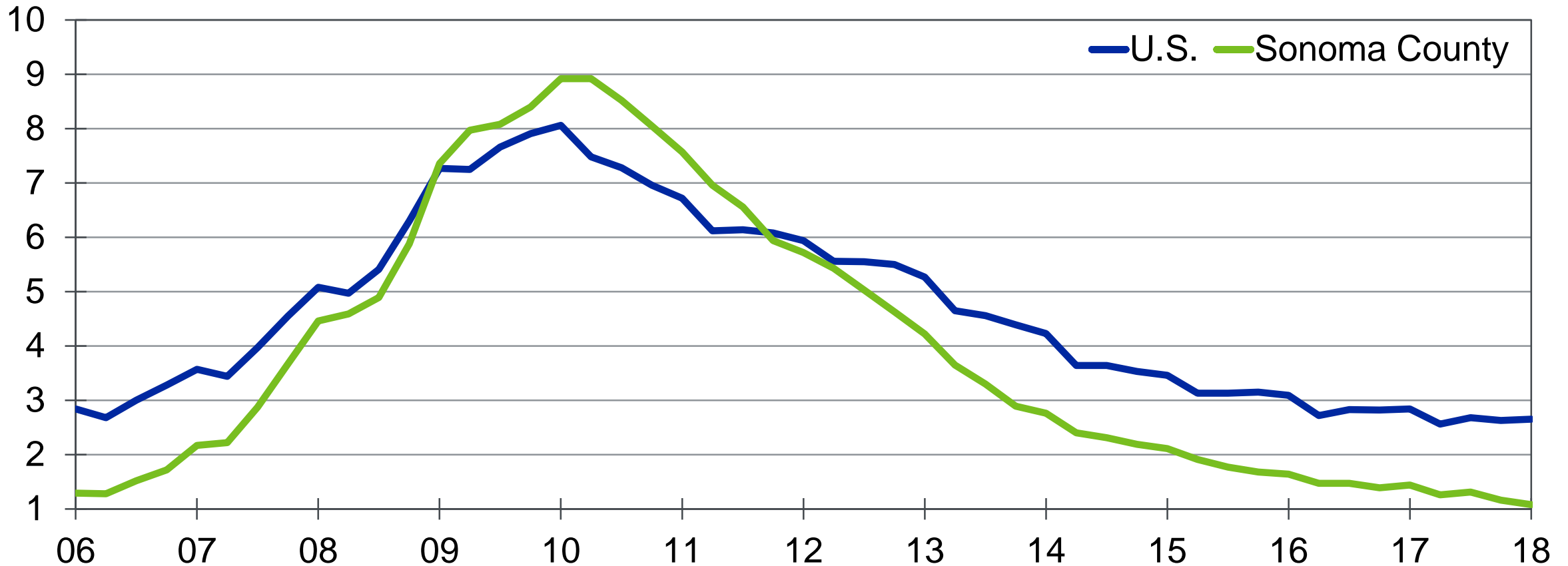
Total personal income, % change yr ago, 2017Q4



Sources: BEA, BLS, Moody's Analytics

# Household Balance Sheets Are Strong

Consumer credit, delinquency rate, % of \$ value of balances

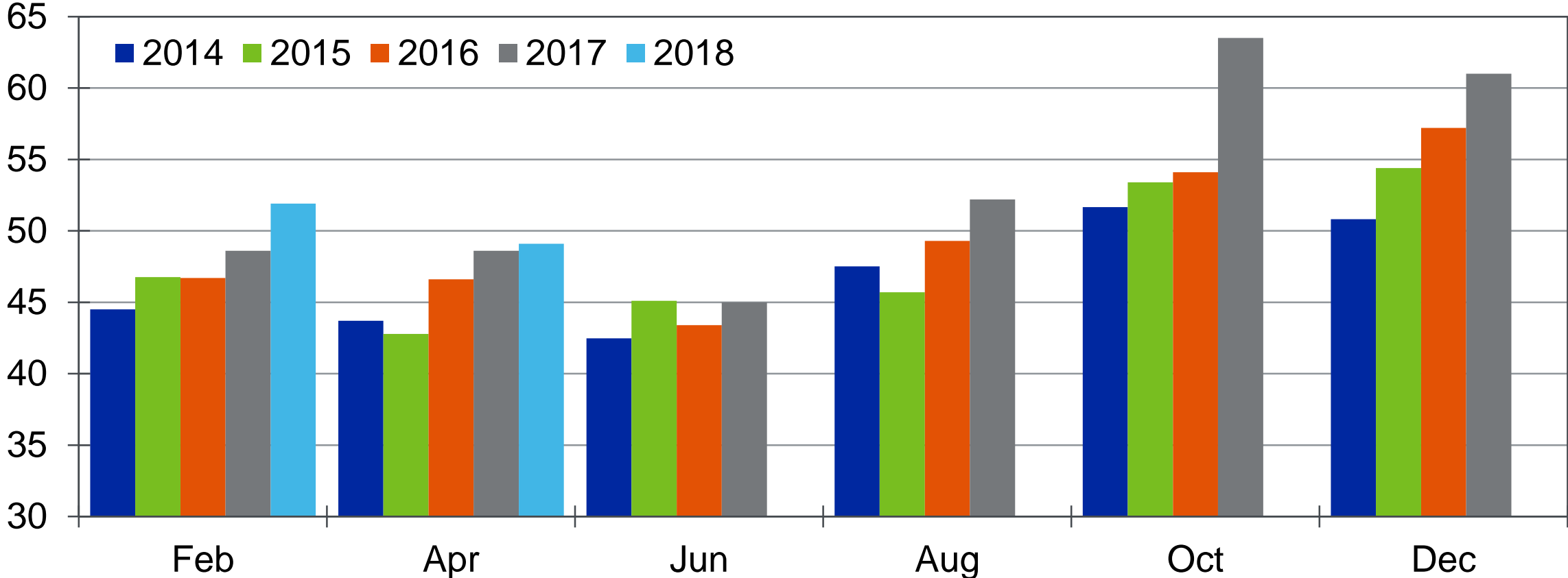


Sources: Equifax, BEA, Moody's Analytics



# Vacation Plans Are Rising

% of Americans planning a vacation in the next 6 mos

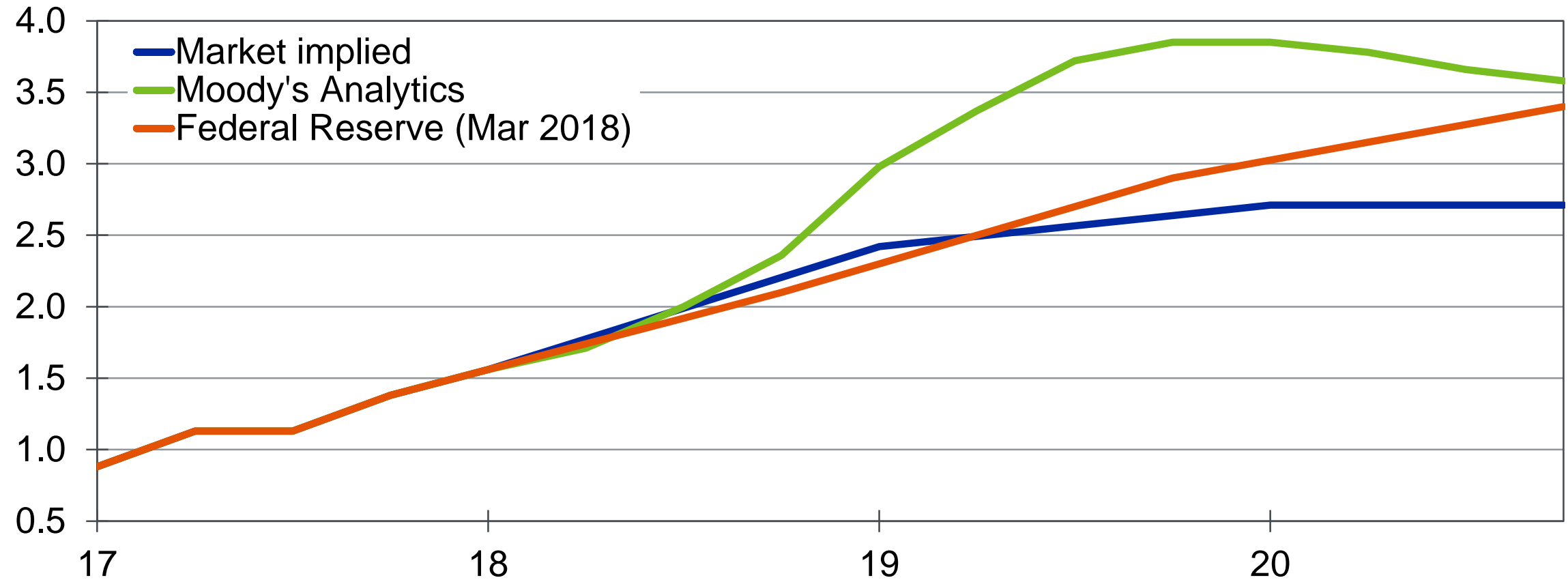


Sources: The Conference Board, Moody's Analytics



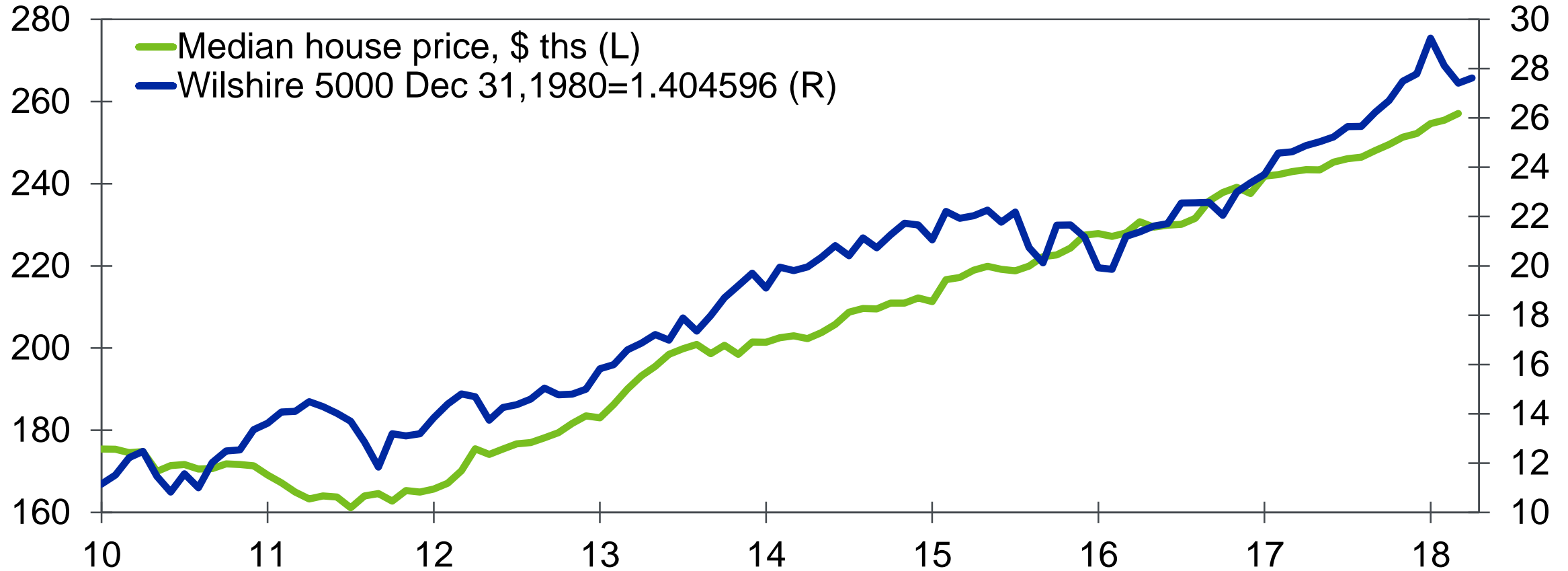
# Global Investors Must Adjust

Federal funds rate, %



Sources: Federal Reserve, Bloomberg, Moody's Analytics

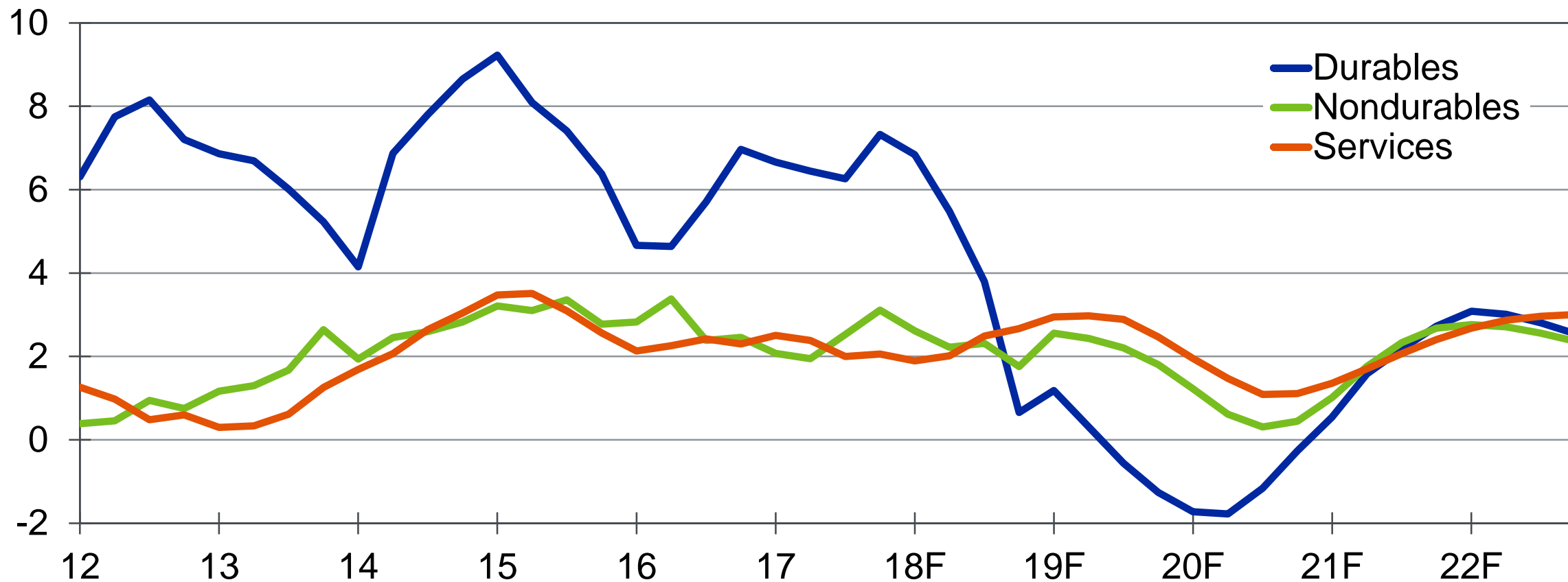
# Wealth Has Driven Spending



Sources: NAR, SIX Financial Information, Moody's Analytics

# Rates Hurt Big-Ticket Spending More...

Real spending, % change yr ago

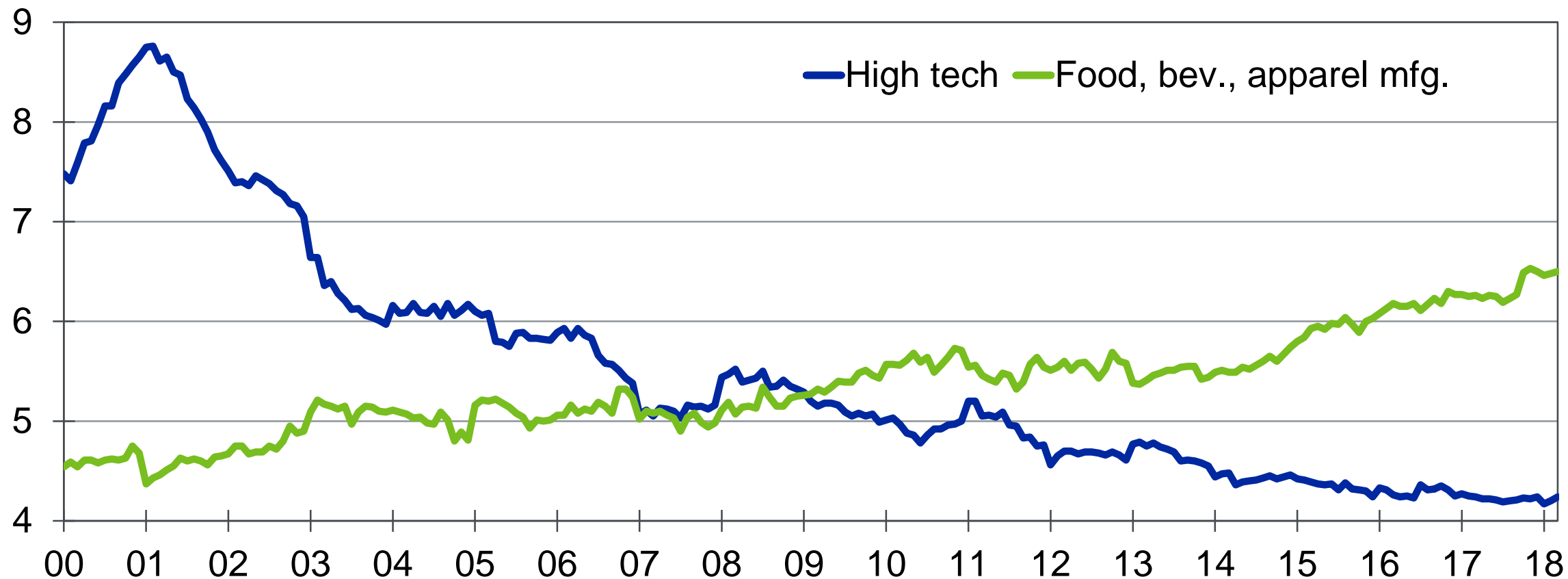


Sources: BEA, Moody's Analytics



# ...But Sonoma Caters to Consumers

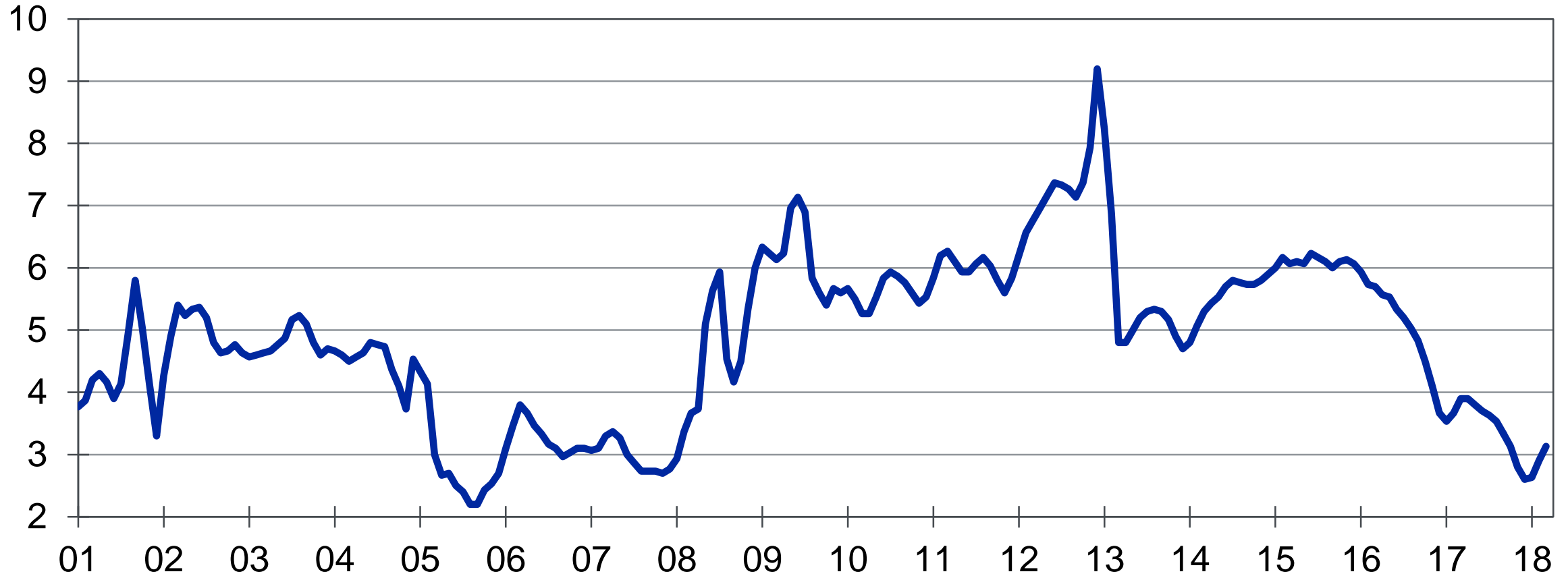
% of total employment, Sonoma County



Sources: BLS, Moody's Analytics

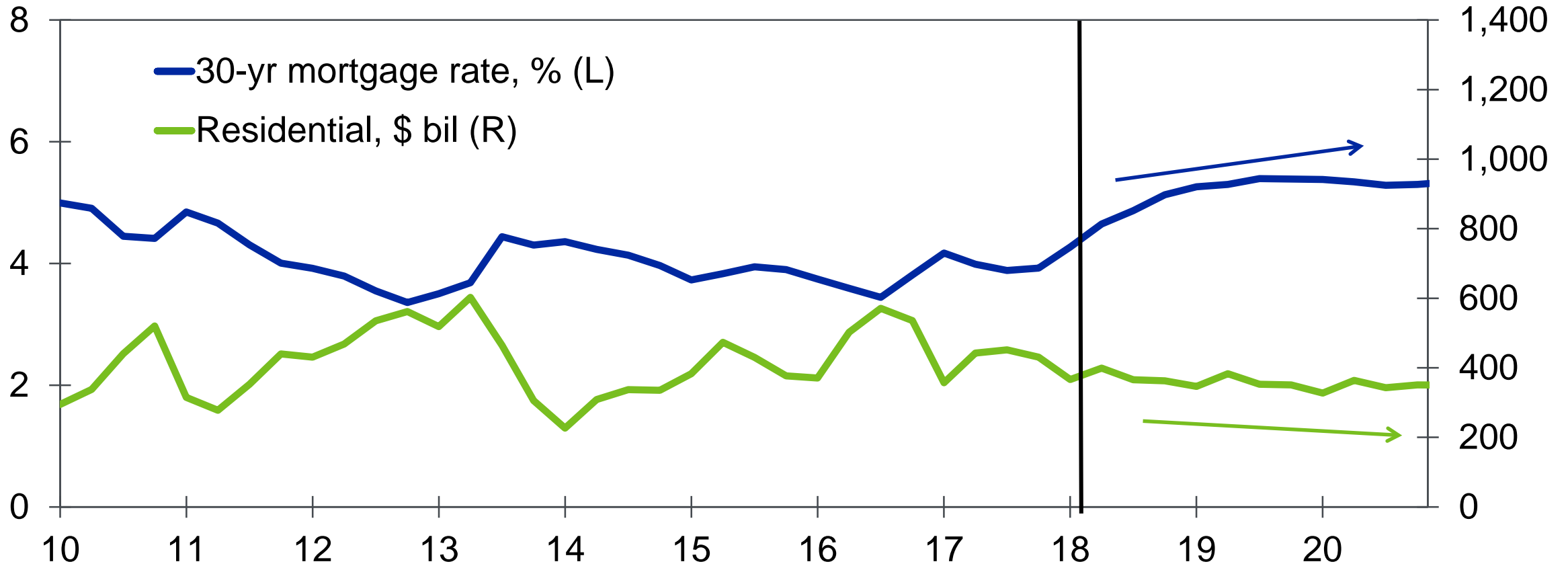
# Saving Near Historic Lows

Personal savings, % of disposable income, 3-mo MA



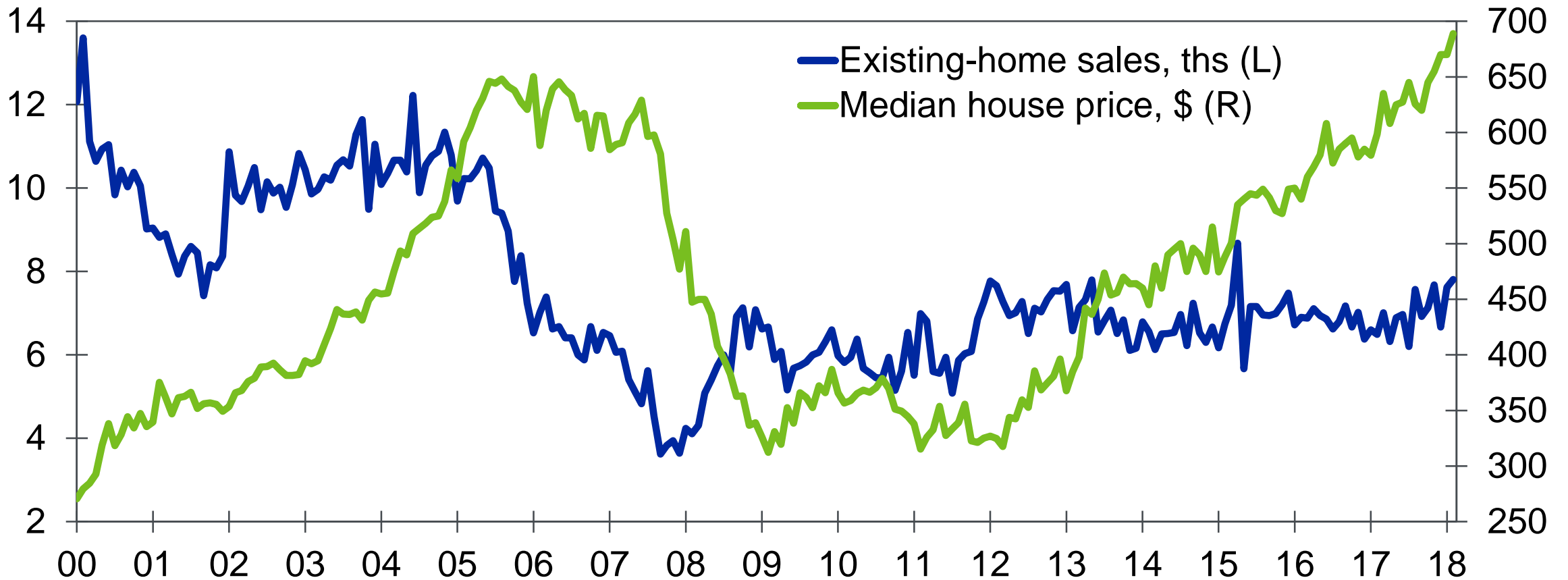
Sources: BEA, Moody's Analytics

# Rate Hikes Will Cool Housing



Sources: Equifax, Moody's Analytics

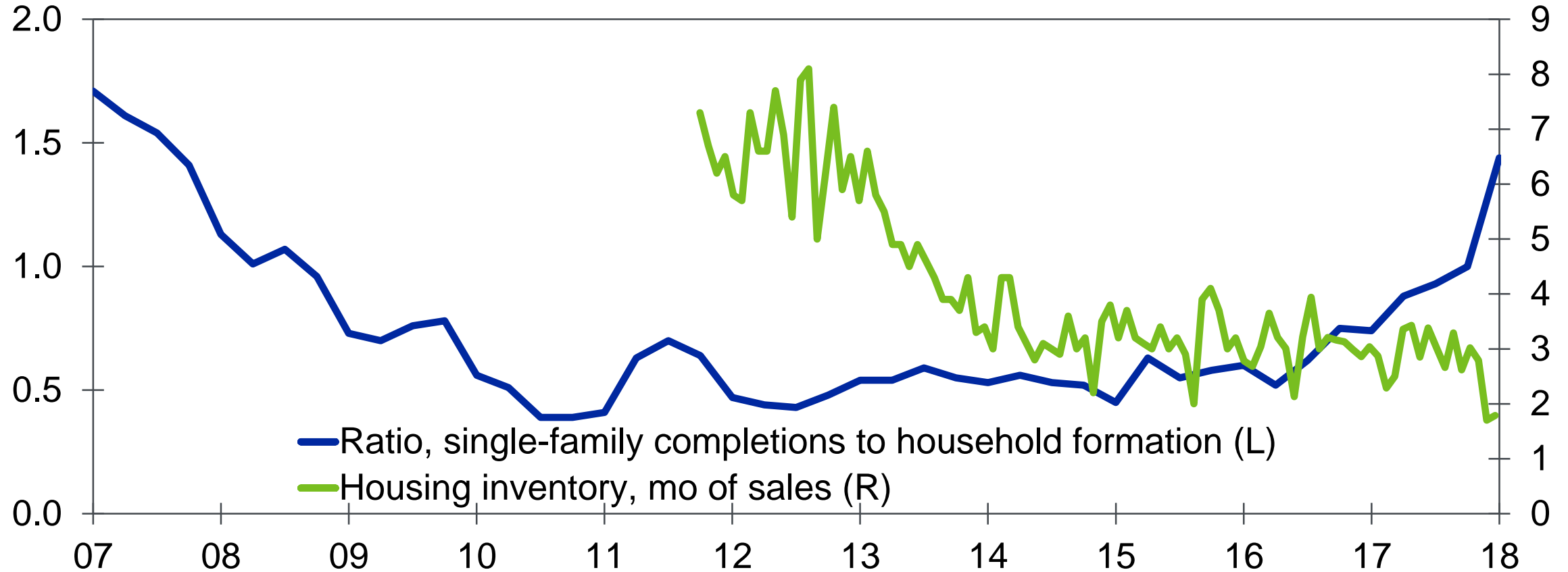
# Prices Recover, but Home Sales Stay Soft



Sources: CoreLogic, California Assn. of Realtors, Moody's Analytics

# Constrained by Supply

Housing market tightness indicators, Sonoma County

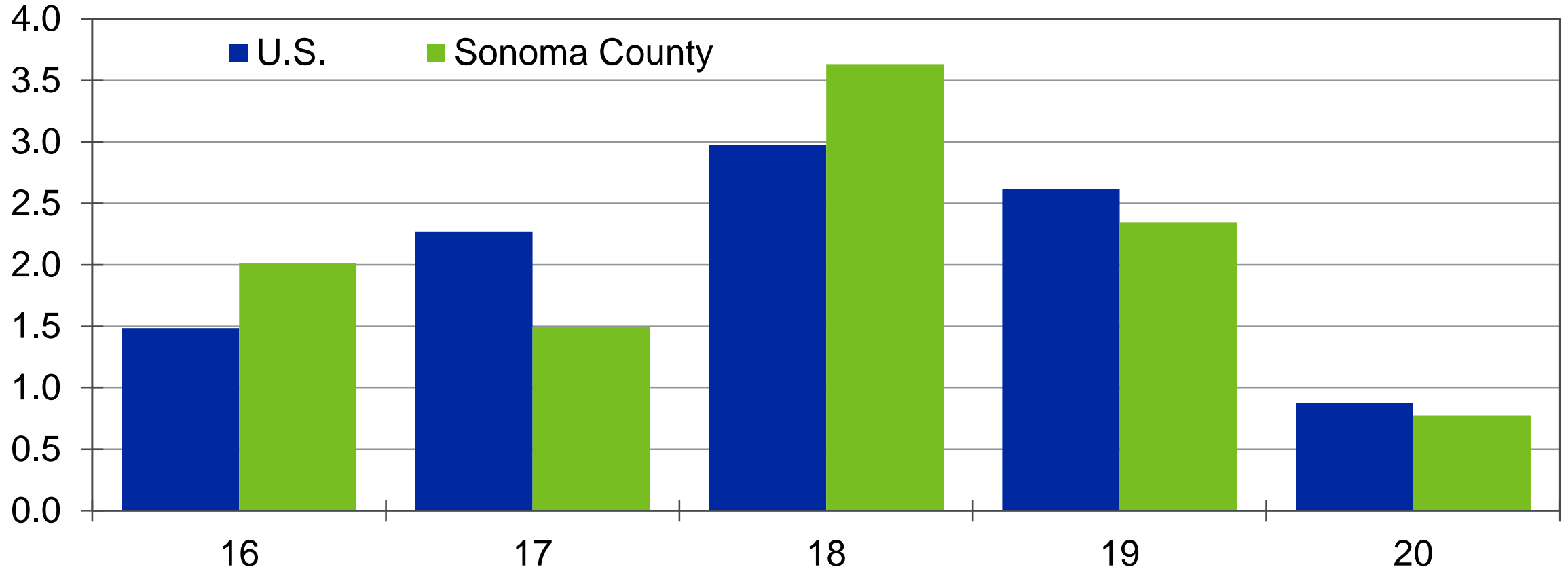


Sources: Census Bureau, California Assn. of Realtors, Moody's Analytics



# Economy Looks Good Through Next Year

Real GDP, % change



Sources: BEA, Moody's Analytics

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