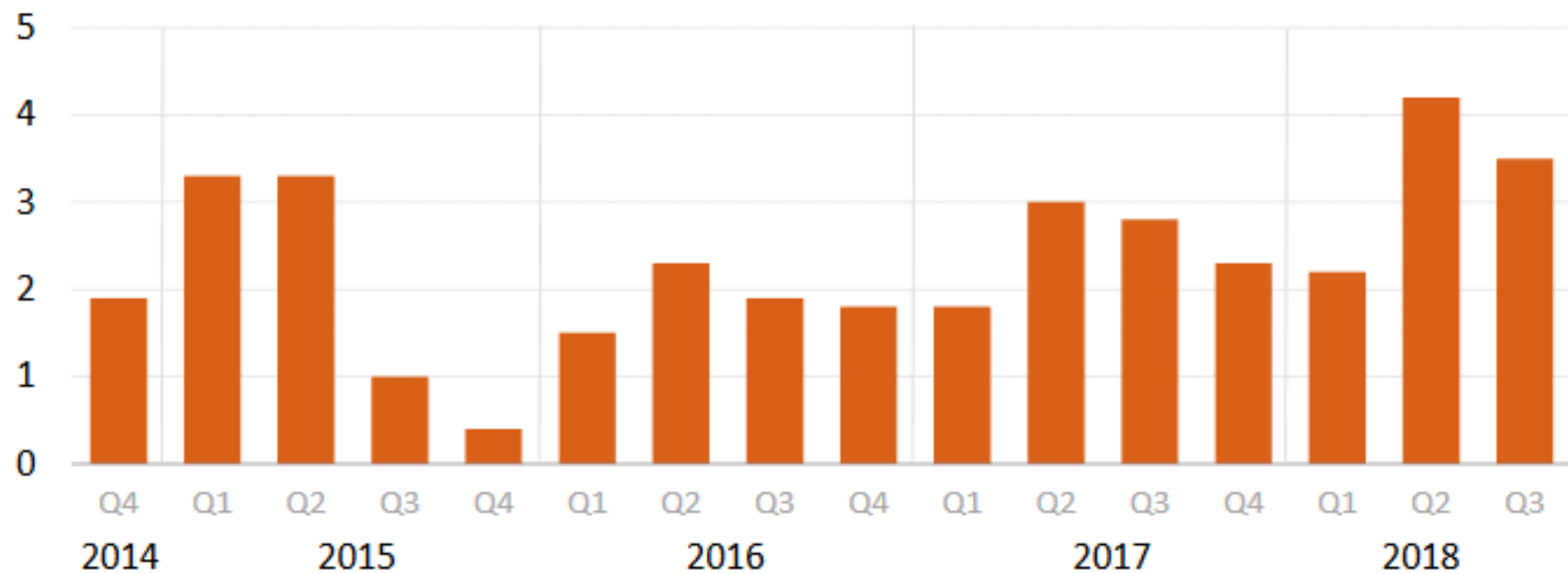


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Real GDP: Percent change from preceding quarter



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

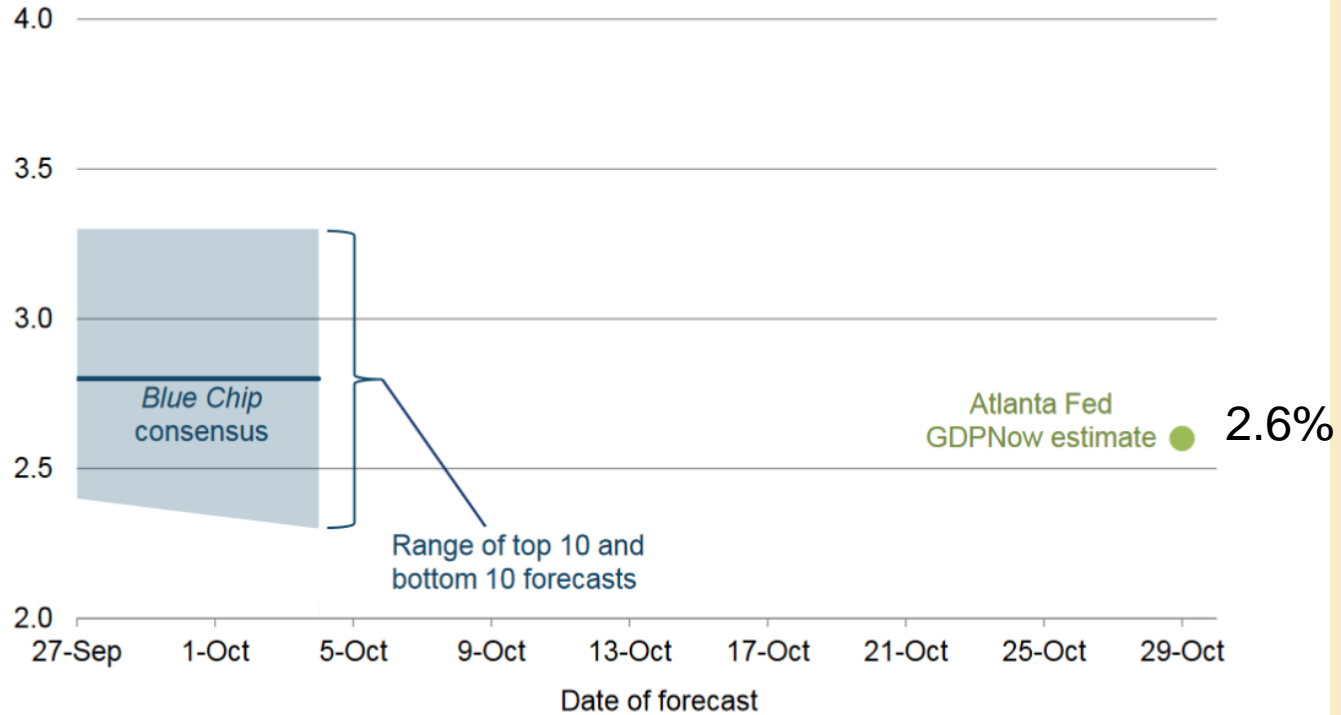
Contribution to GDP by Component: 2018 (III) vs. 2018 (II)

	Contribution to 3.5% growth 3Q18*	Contribution to 4.2% growth 2Q18
Consumer	2.69	2.57
Increase in goods spending of 5.8% was complemented by a 3.2% growth in services spending.		
Investment	2.03	-0.07
The 3 rd qtr saw a slight growth rate in nonresidential investments while residential fixed investments continued its downward pace. However, growth in inventories fully offset the overall reduction in fixed investments.		
Government	0.56	0.43
Growth in both federal and state spending increased in the 3Q.		
Export - Import	-1.78	1.22
Reduction in exports compounded the impact of the increase in imports.		

Source: U.S. Department of Commerce Bureau of Economic Analysis

*Advance Estimate

**Evolution of Atlanta Fed GDPNow real
GDP estimate for 2018: Q4**
Quarterly percent change (SAAR)



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*

Note: The top (bottom) 10 forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Inflation Remains within Target

October 29, 2018

Table 11. Price Indexes for Personal Consumption Expenditures: Percent Change From Month One Year Ago

Line		2018								Line
		Feb.	March	April	May	June	July ^r	Aug. ^r	Sept. ^p	
1	Personal consumption expenditures (PCE)	1.9	2.1	2.0	2.3	2.3	2.3	2.2	2.0	1
2	Goods	0.4	0.4	0.8	1.4	1.4	1.4	1.0	0.3	2
3	Durable goods	-2.4	-1.9	-1.8	-1.8	-1.9	-1.4	-1.5	-1.6	3
4	Nondurable goods	1.9	1.7	2.1	3.0	3.1	2.8	2.3	1.4	4
5	Services	2.5	2.8	2.6	2.7	2.7	2.8	2.8	2.7	5
	Addenda:									
6	PCE excluding food and energy	1.7	2.0	1.9	2.0	2.0	2.0	2.0	2.0	6
7	Food ¹	0.6	0.5	0.6	0.3	0.6	0.5	0.5	0.5	7
8	Energy goods and services ²	8.4	7.5	8.3	12.2	13.1	13.4	11.3	5.1	8
9	Market-based PCE ³	1.5	1.8	1.9	2.2	2.1	2.2	2.1	1.8	9
10	Market-based PCE excluding food and energy ³	1.2	1.6	1.7	1.8	1.7	1.8	1.7	1.7	10

p Preliminary

r Revised

Source: U.S. Department of Commerce Bureau of Economic Analysis

Fed Funds Implied Probabilities

United States Instrument Futures: Fed Funds - Effective Fed Effective Rate 2.20

1) Overview 2) Future Implied Probability

Current Implied Probabilities 3) Add/Remove Rates

Dates Meeting Calculation Calculated 10/29/2018 Based on rate 2.00-2.25

Meeting	Hike Prob	Cut Prob	2-2.25	2.25-2.5	2.5-2.75	2.75-3	3-3.25	3.25-3.5	3.5-3.75	Fwd Rate
11/08/2018	5.5%	0.0%	94.5%	5.5%	0.0%	0.0%	0.0%	0.0%	0.0%	2.20
12/19/2018	72.8%	0.0%	27.2%	68.9%	3.9%	0.0%	0.0%	0.0%	0.0%	2.38
01/30/2019	73.5%	0.0%	26.5%	67.7%	5.7%	0.1%	0.0%	0.0%	0.0%	2.39
03/20/2019	91.2%	0.0%	8.8%	40.1%	47.1%	3.9%	0.1%	0.0%	0.0%	2.55
05/01/2019	92.1%	0.0%	7.9%	36.9%	46.4%	8.3%	0.5%	0.0%	0.0%	2.58
06/19/2019	95.7%	0.0%	4.3%	23.7%	42.1%	25.7%	4.1%	0.2%	0.0%	2.69
07/31/2019	96.1%	0.0%	3.9%	22.1%	40.6%	27.0%	5.8%	0.5%	0.0%	2.71
09/18/2019	97.1%	0.0%	2.9%	17.5%	35.9%	30.5%	11.2%	1.9%	0.1%	2.78
10/30/2019	97.3%	0.0%	2.7%	16.5%	34.7%	30.8%	12.5%	2.5%	0.3%	2.79

Source: Bloomberg Finance LP.

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