



# GDP Growth

**Contribution to 2.1%  
growth 2Q19\***

**Contribution to 3.1%  
growth 1Q19**

<b>Consumer</b>	<b>2.85</b>	<b>0.78</b>
<b>Investment</b>	<b>-1.00</b>	<b>1.09</b>
<b>Government</b>	<b>0.85</b>	<b>0.50</b>
<b>Export - Import</b>	<b>-0.65</b>	<b>0.73</b>

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

\* Advance Estimate

### Core PCE Year-over-Year Change (7/31/2009 to 6/30/2019)

Current: 1.6 High on 1/31/2012: 2.13 Average: 1.58 Low on 12/31/2010: .90



Source: Bureau of Economic Analysis

**FRED** — 5-Year, 5-Year Forward Inflation Expectation Rate



Source: Federal Reserve Bank of St. Louis

## Press Release

Release Date: July 31, 2019

For release at 2:00 p.m. EDT

Information received since the Federal Open Market Committee met in June indicates that the **labor market remains strong** and **that economic activity has been rising at a moderate rate.** Job gains have been solid, on average, in recent months, and the unemployment rate has remained low. **Although growth of household spending has picked up from earlier in the year, growth of business fixed investment has been soft.** On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. **Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed**

...In light of the implications of global developments for the economic outlook as well as muted inflation pressures, the Committee decided to **lower the target range for the federal funds rate to 2 to 2-1/4 percent.**

The Committee will **conclude the reduction of its aggregate securities holdings in the System Open Market Account in August,** two<sub>5</sub> months earlier than previously indicated.

**HOUSEHOLD DATA****Table A-15. Alternative measures of labor underutilization**

[Percent]

Measure	Not seasonally adjusted			Seasonally adjusted					
	July 2018	June 2019	July 2019	July 2018	Mar. 2019	Apr. 2019	May 2019	June 2019	July 2019
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force.....	1.4	1.2	1.2	1.5	1.4	1.3	1.3	1.3	1.3
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force.....	1.9	1.6	1.8	1.8	1.7	1.6	1.6	1.7	1.7
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate).....	4.1	3.8	4.0	3.9	3.8	3.6	3.6	3.7	3.7
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers.....	4.4	4.1	4.2	4.2	4.1	3.9	3.8	3.9	3.9
U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force.....	5.0	4.7	4.8	4.7	4.6	4.4	4.4	4.6	4.6
U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.....	7.9	7.5	7.3	7.5	7.3	7.3	7.1	7.2	7.0

# Fed Funds Implied Probabilities

United States Instrument Futures: Fed Funds - Effective Fed Effective Rate 2.14

1) Overview 2) Future Implied Probability 3) Add/Remove Rates

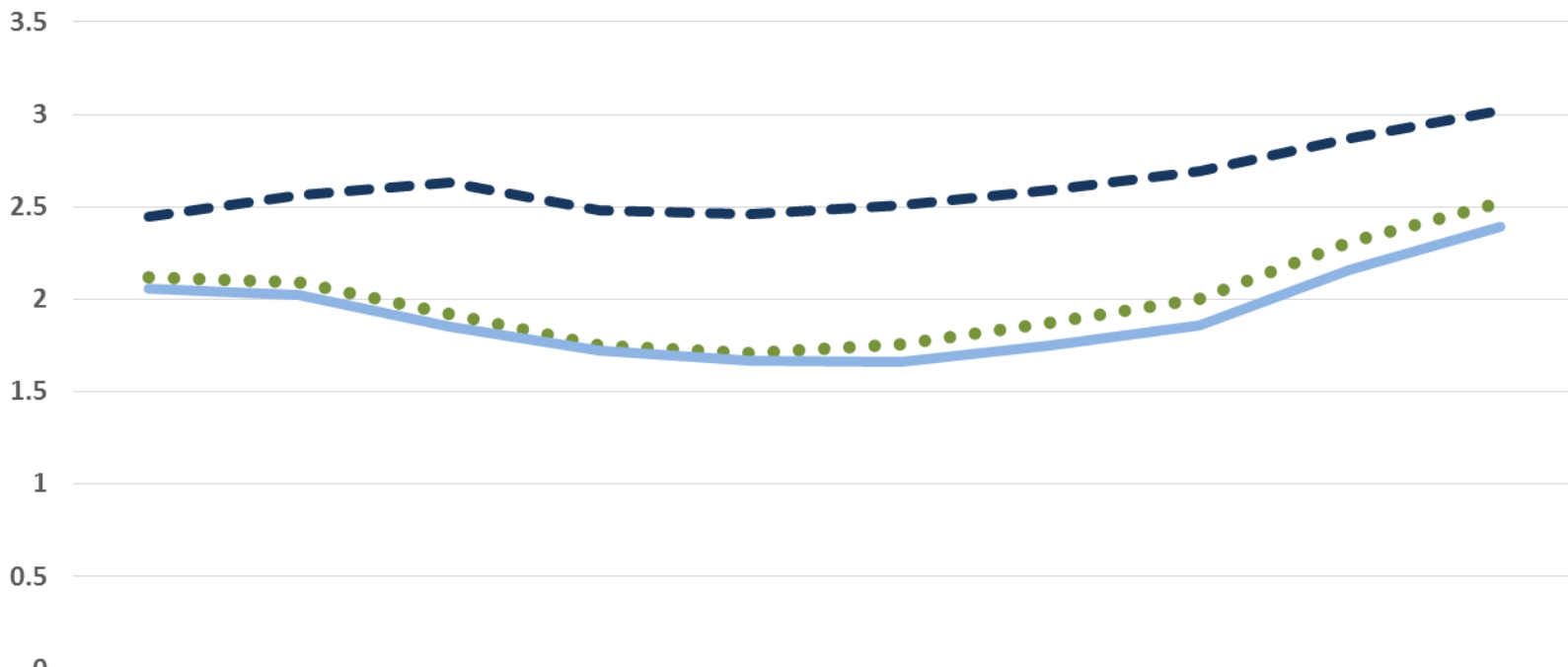
Current Implied Probabilities Calculated 08/05/2019 Based on rate 2.00-2.25

Dates Meeting Calculation

Meeting	Hike Prob	Cut Prob	0.75-1	1-1.25	1.25-1.5	1.5-1.75	1.75-2	Fwd Rate
09/18/2019	0.0%	100.0%	0.0%	0.0%	0.0%	44.3%	55.7%	1.78
10/30/2019	0.0%	100.0%	0.0%	0.0%	28.4%	51.6%	19.9%	1.62
12/11/2019	0.0%	100.0%	0.0%	16.8%	42.1%	32.9%	8.2%	1.47
01/29/2020	0.0%	100.0%	7.2%	27.7%	38.2%	22.3%	4.7%	1.36
03/18/2020	0.0%	100.0%	12.5%	30.4%	34.1%	17.7%	3.5%	1.30
04/29/2020	0.0%	100.0%	16.5%	31.2%	30.4%	14.6%	2.7%	1.24
06/10/2020	0.0%	100.0%	20.1%	31.0%	26.6%	11.7%	2.0%	1.18
07/29/2020	0.0%	100.0%	22.2%	30.1%	23.7%	9.8%	1.6%	1.13
09/16/2020	0.0%	100.0%	23.9%	28.8%	20.8%	8.1%	1.3%	1.08

Source: Bloomberg Finance LP.

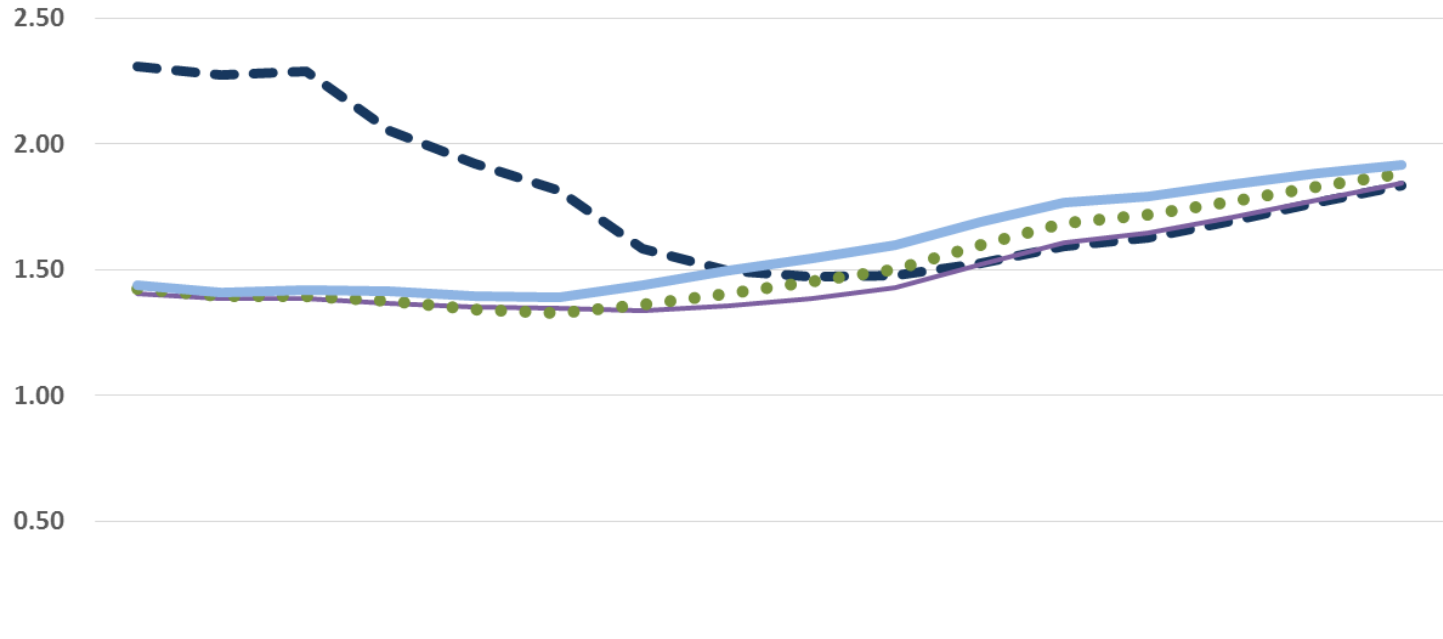
# US Treasury Curve



	3 mo	6 mo	1 yr	2 yr	3 yr	5 yr	7 yr	10 yr	20 yr	30 yr
12/31/2018	2.45	2.56	2.63	2.48	2.46	2.51	2.59	2.69	2.87	3.02
6/28/2019	2.12	2.09	1.92	1.75	1.71	1.76	1.87	2	2.31	2.52
8/2/2019	2.06	2.02	1.85	1.72	1.67	1.66	1.75	1.86	2.16	2.39



# US Treasury Forward Curve



	1 Mo	2 Mo	3 Mo	6 Mo	9 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	7 Yr	9 Yr	10 Yr	12 Yr	15 Yr	20 Yr
Spot (8/5/2019)	2.31	2.28	2.29	2.06	1.92	1.82	1.58	1.50	1.47	1.48	1.53	1.59	1.63	1.69	1.77	1.84
12 Mo (P)	1.40	1.39	1.38	1.37	1.35	1.35	1.34	1.35	1.39	1.43	1.52	1.61	1.65	1.71	1.78	1.85
24 Mo (P)	1.42	1.39	1.40	1.38	1.34	1.33	1.36	1.40	1.45	1.50	1.60	1.68	1.72	1.77	1.83	1.88
36 Mo (P)	1.44	1.41	1.42	1.42	1.39	1.39	1.44	1.50	1.55	1.60	1.69	1.77	1.79	1.84	1.88	1.92

