

Chicago Fed Economic Symposium Outlook

Consumer Outlook

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Consumer Outlook

• Fundamentals

- Job growth has been strong
 - But pace is likely to moderate further in 2016
- Average wage growth has been lackluster
 - But ought to be picking up as the job market tightens
 - But cost-of-living raises should be low
- Lower gasoline prices have helped boost purchasing power
 - But benefit to consumers has seemed disappointing
 - Different strains across the income scale

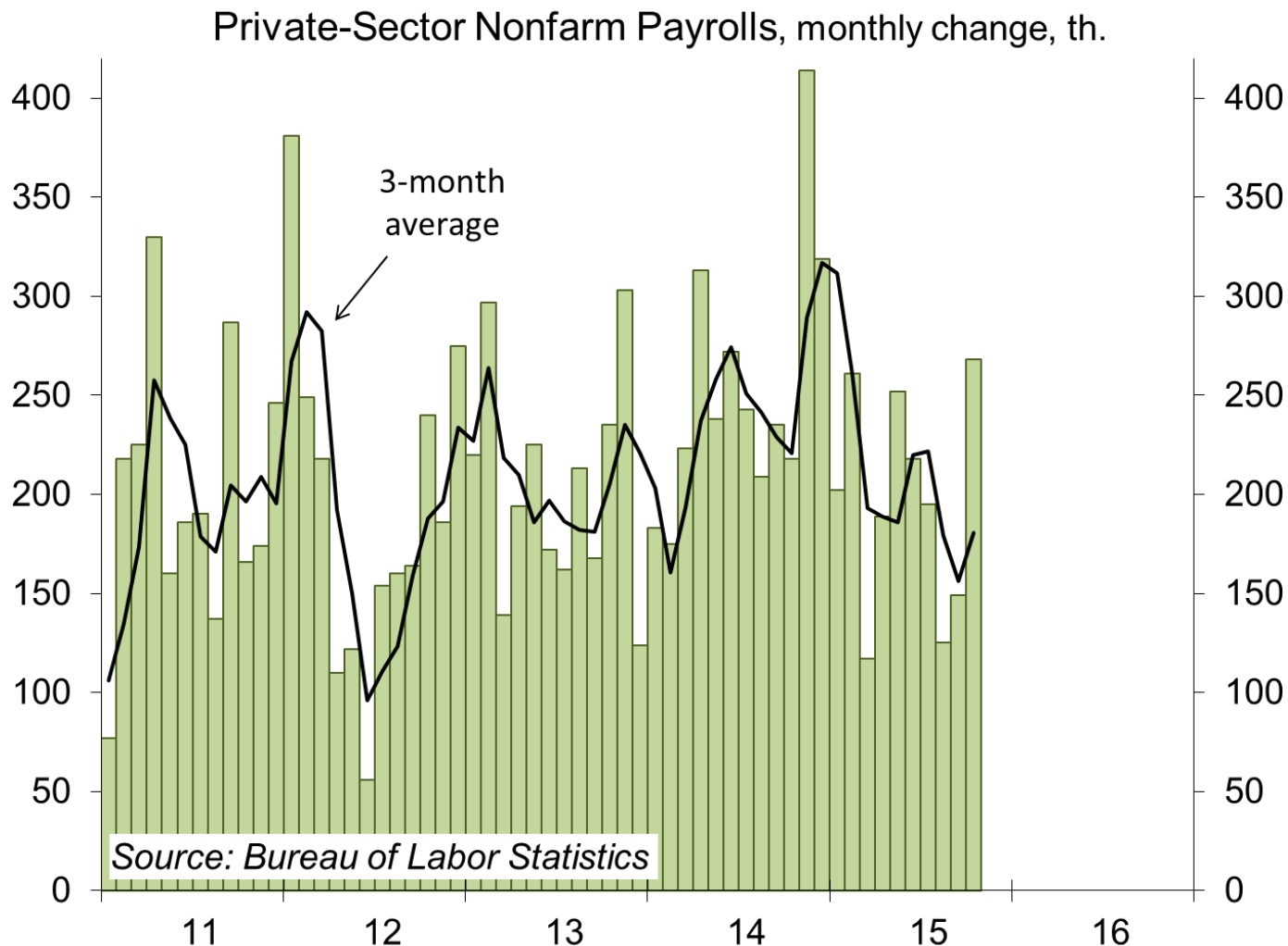
• Banking/Credit Outlook

- Credit to consumers and small businesses is still relatively tight
 - But should generally get easier
- Fed tightening should not dampen lending (at least for a while)

• Longer-Term Questions

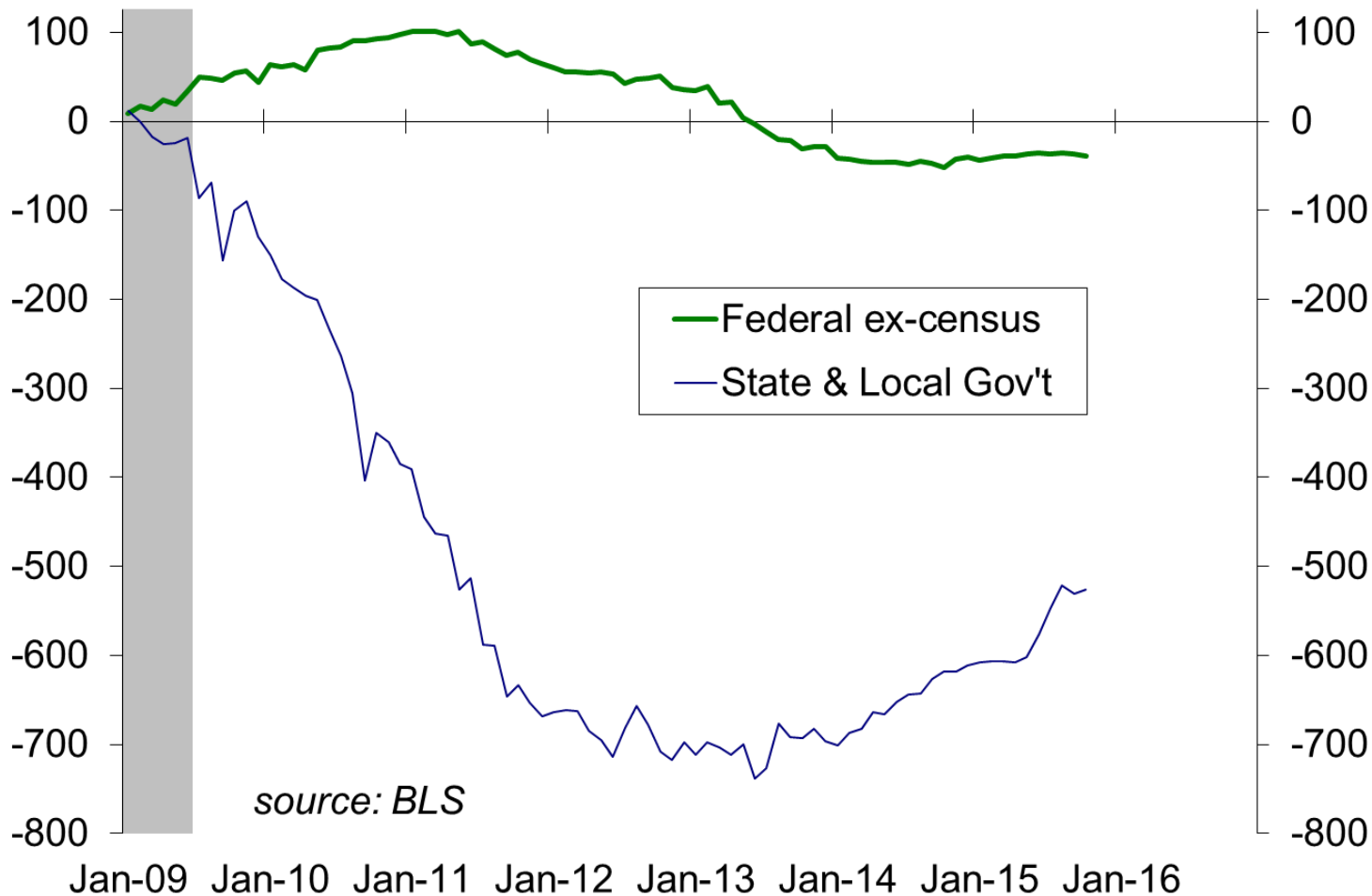
- Rest of the World
- Secular Stagnation
- Income Inequality

Job growth has slowed in 2015, but has still been strong



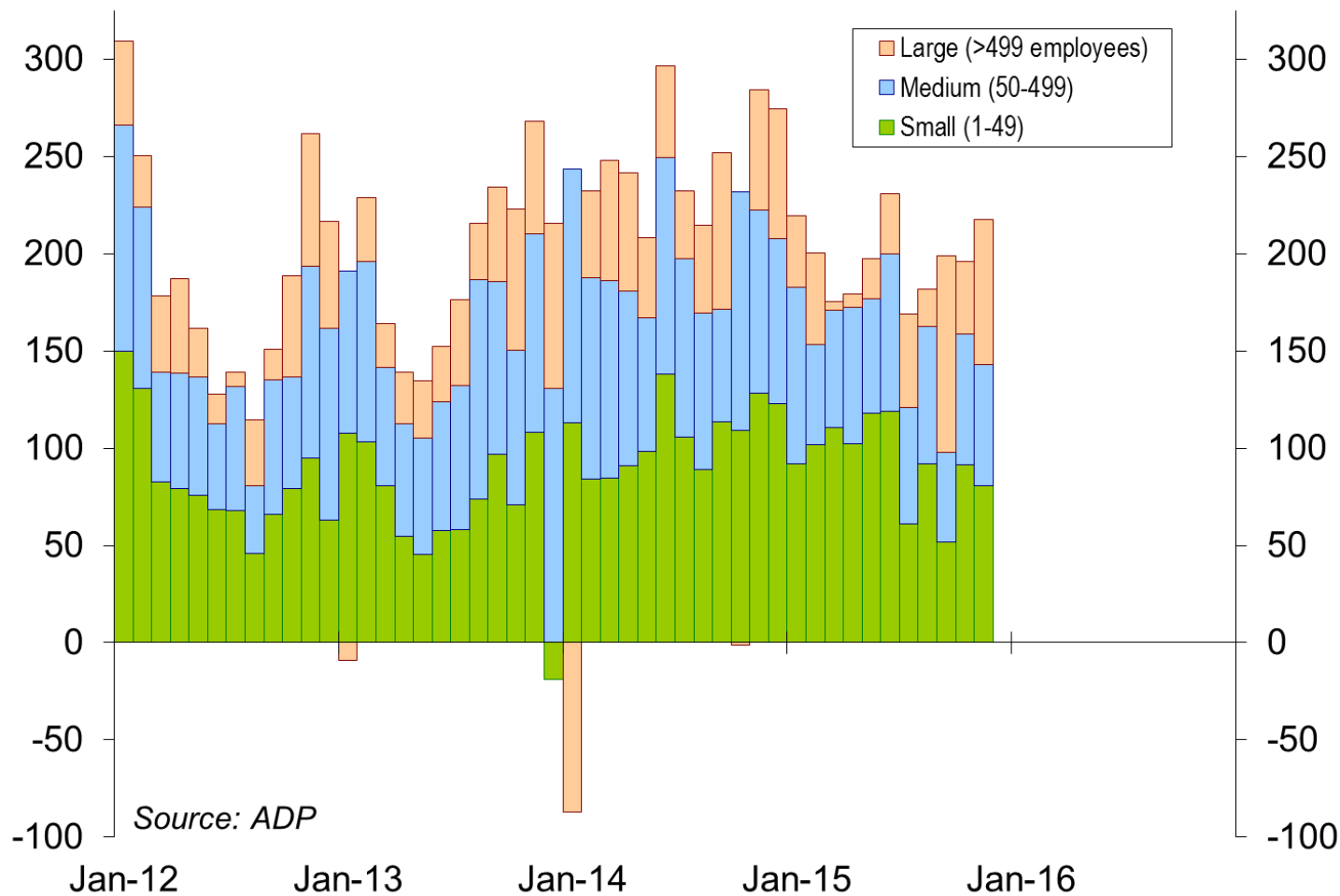
Government is no longer a drag...

Public-Sector Payrolls, change since December 2008, th.

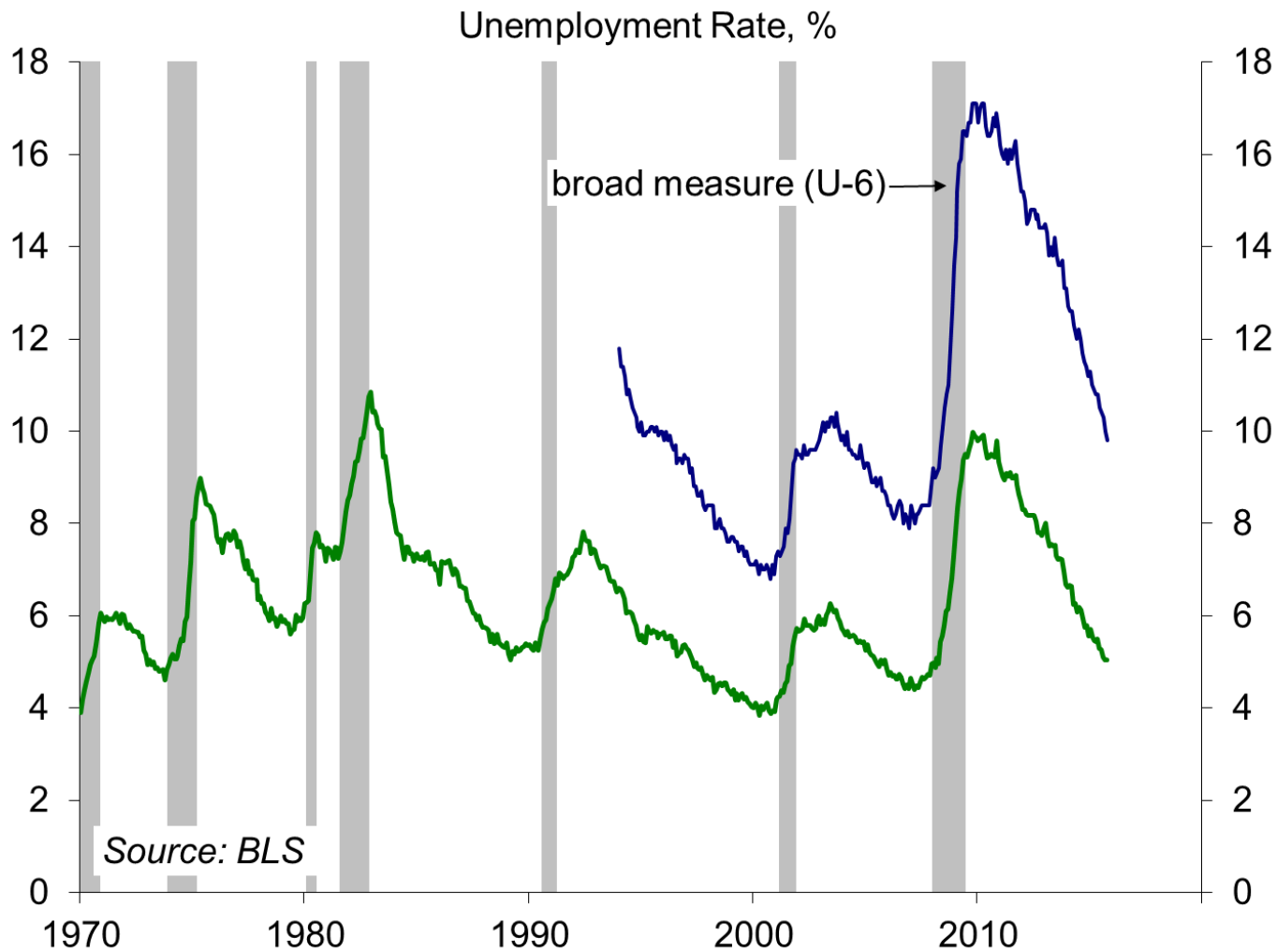


Small firms are hiring (a good sign)

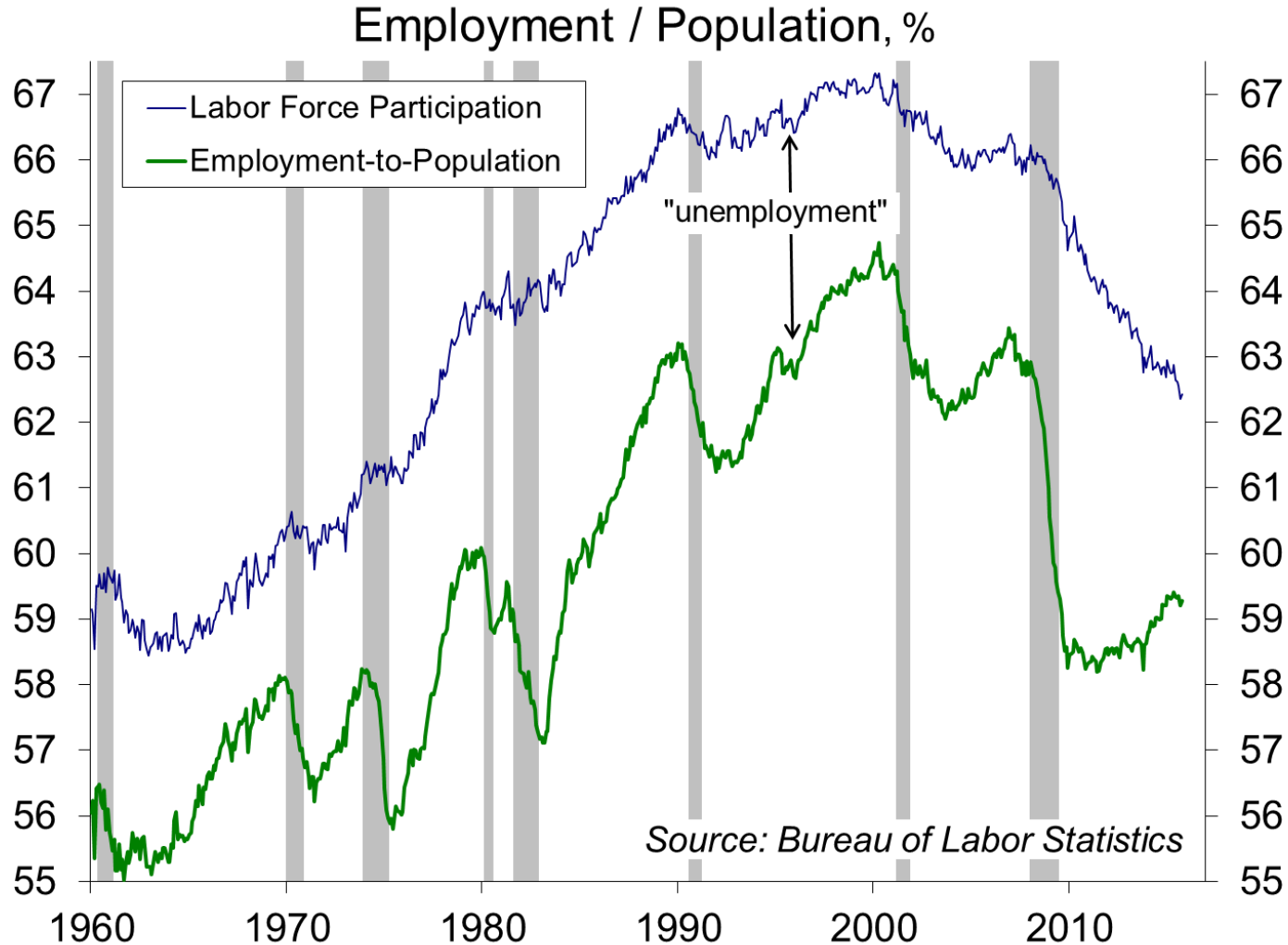
ADP: Private-Sector Payrolls, monthly change, th.



The unemployment rate has fallen

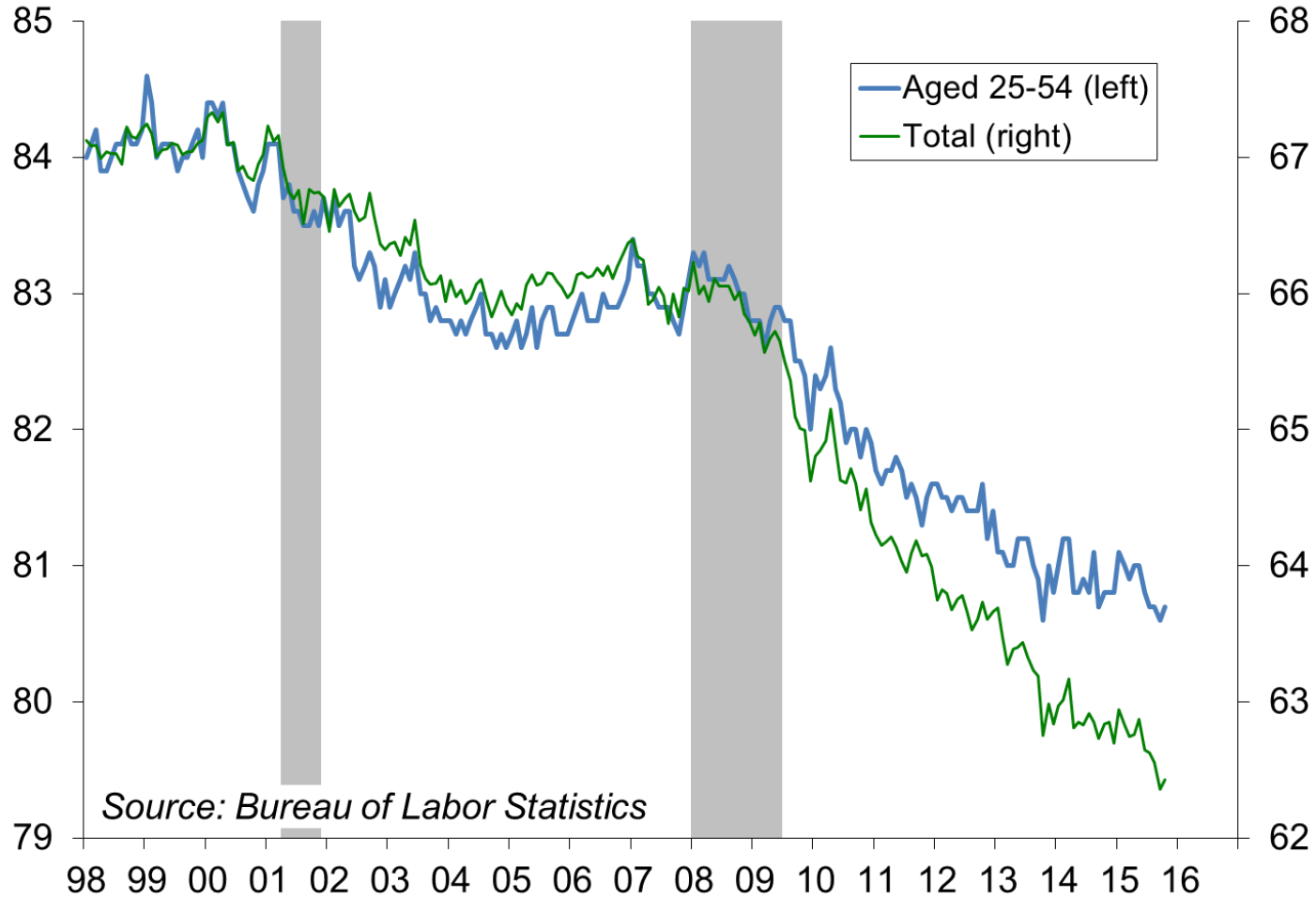


Labor force participation is down



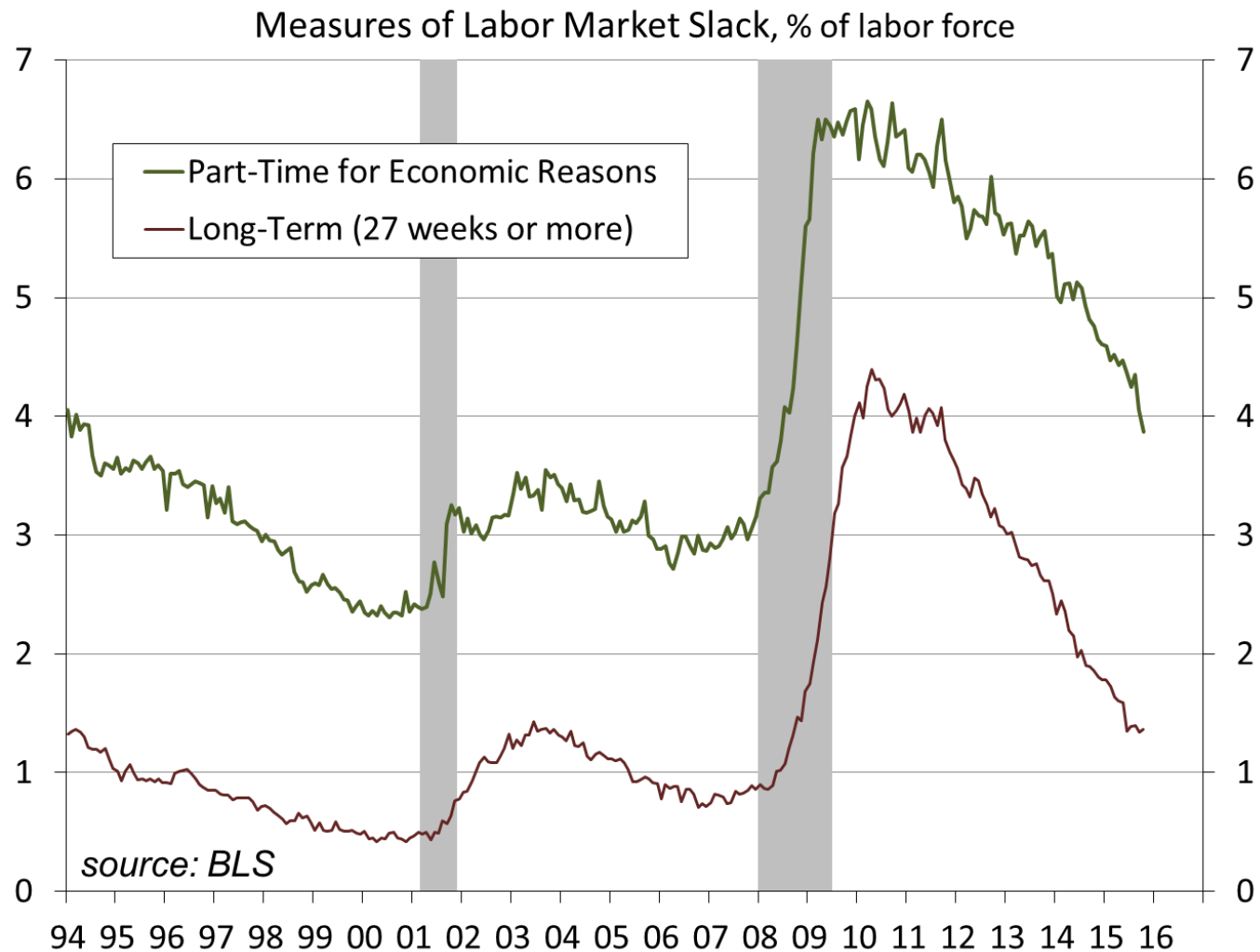
Not just a demographic story...

Labor Force Participation, %

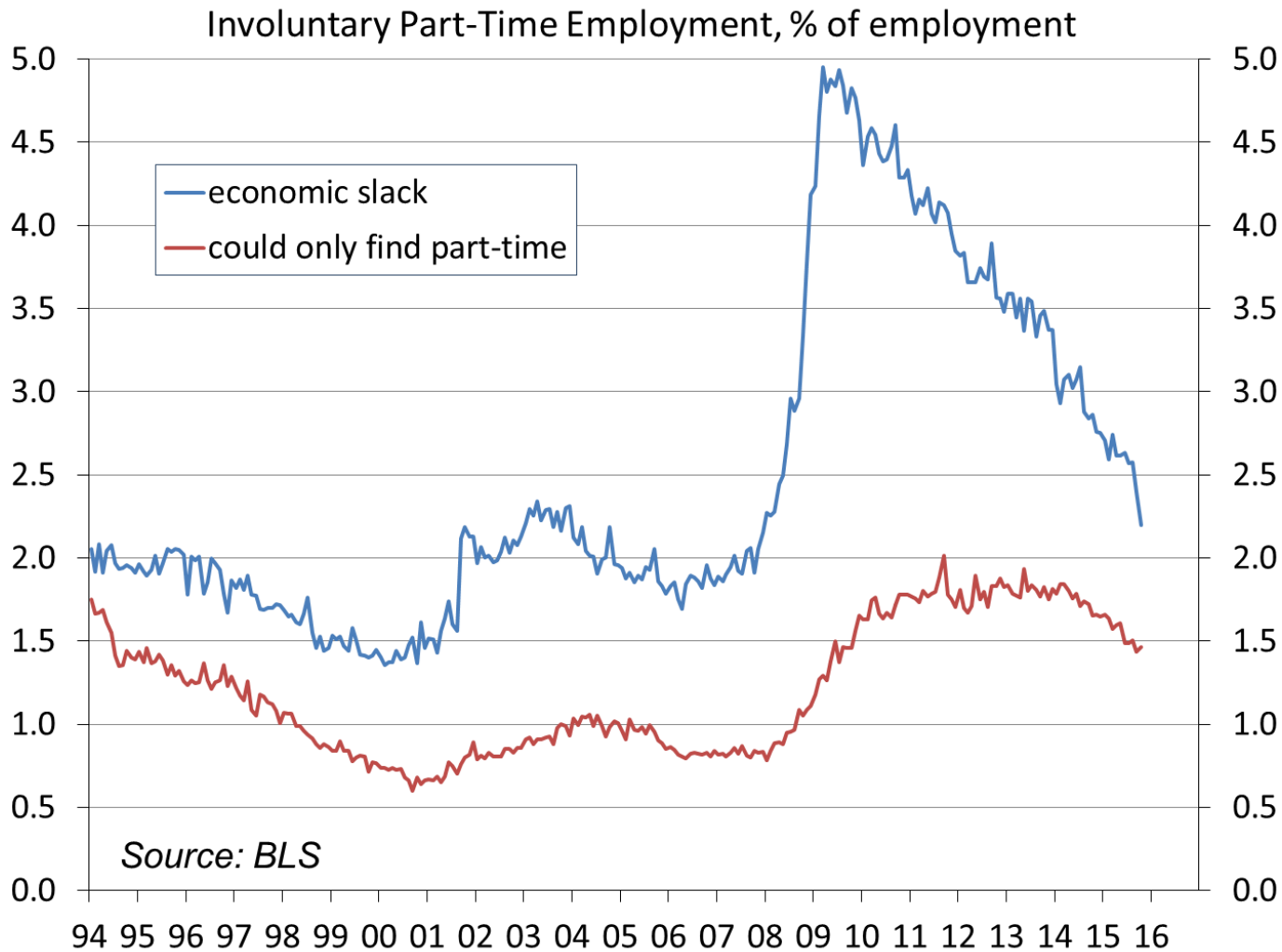


Source: Bureau of Labor Statistics

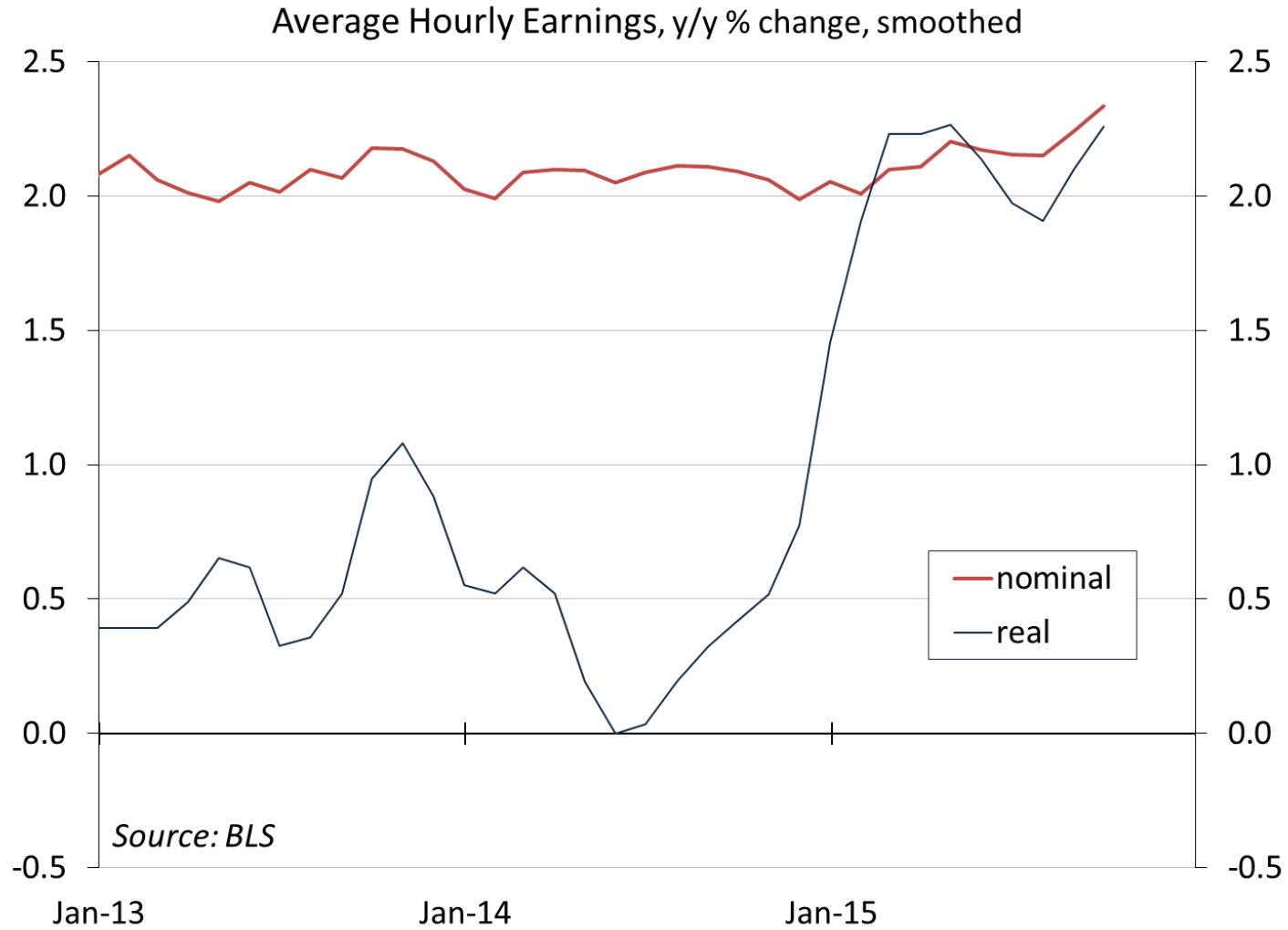
Labor market slack is being gradually reduced



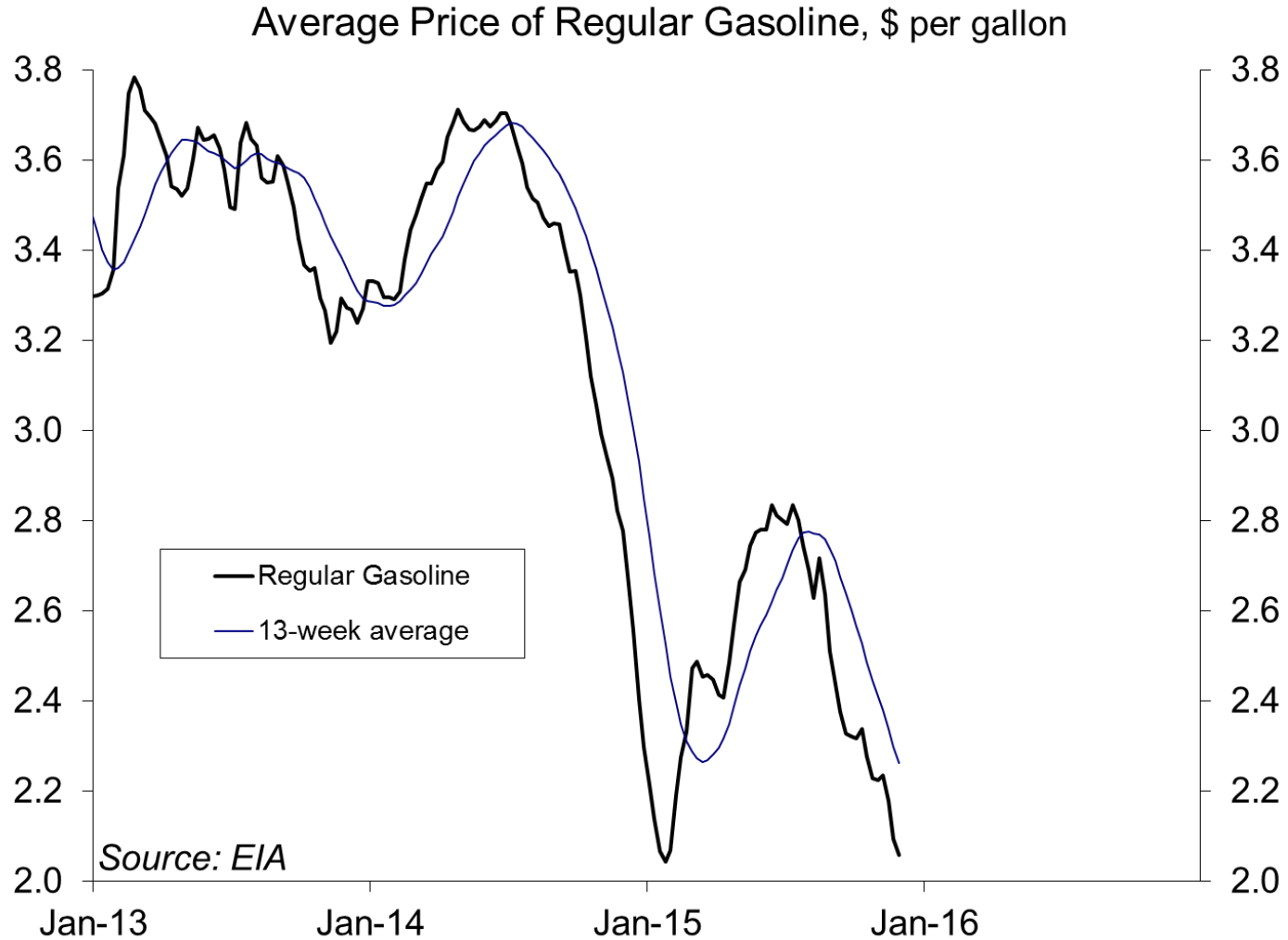
ACA impact on part-time employment?



Lackluster nominal wage growth, but strong in real terms



Lower gasoline prices boost consumer purchasing power



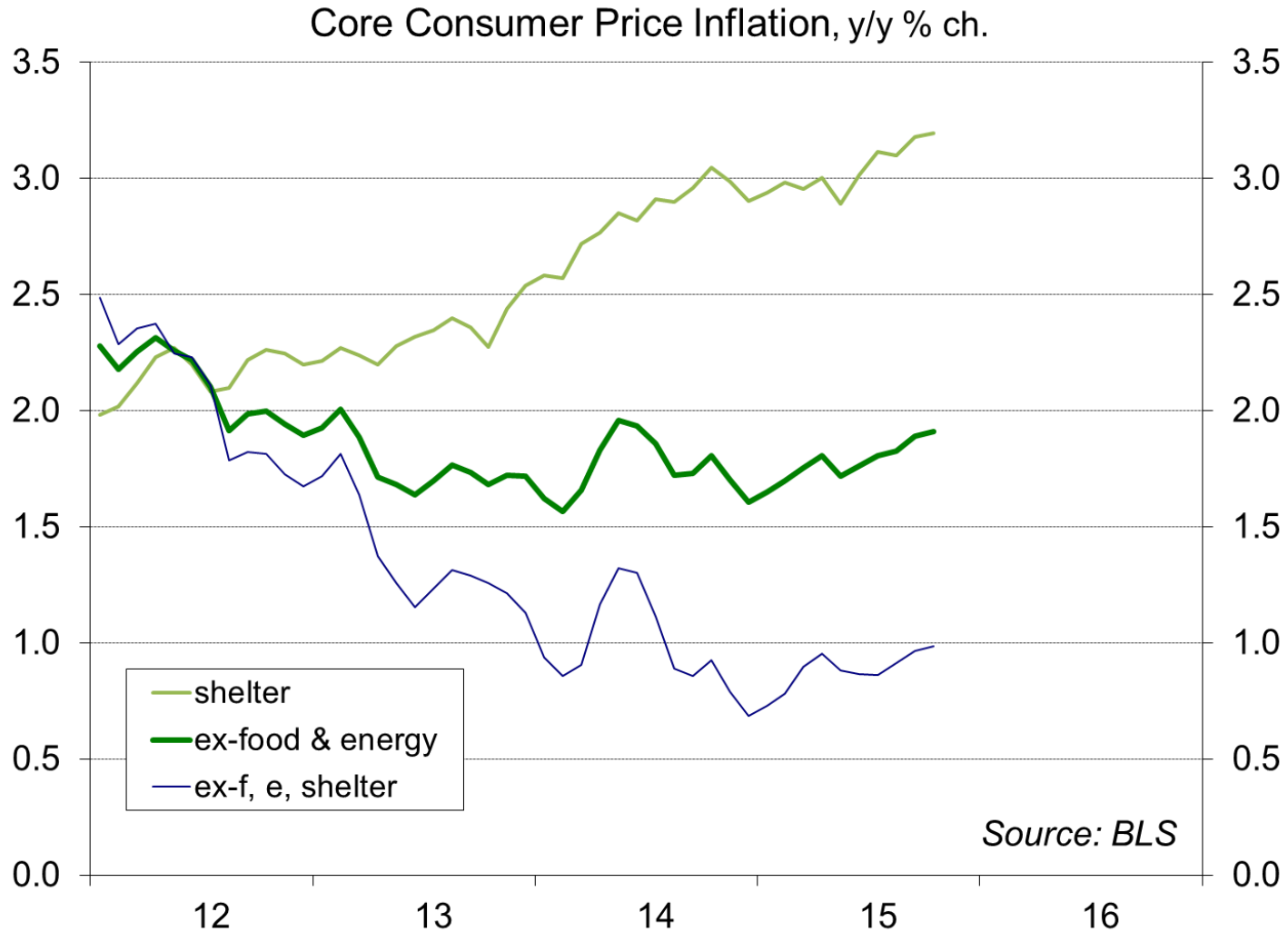
Retail Sales (Jan-Oct: 2015 vs. 2014)

Gasoline sales:	-19.8%
New Motor Vehicles:	+7.7%
Furniture & Home Furnishings:	+5.5%
Electronics and Appliances:	-1.9%
Food & Beverage Stores:	+3.0%
Clothing:	+2.8%
Sporting Goods:	+5.9%
General Merchandise:	+1.0%
Department Stores:	-1.4%
Nonstore Retailers:	+5.6%
Food & Drinking Establishments:	+8.2%

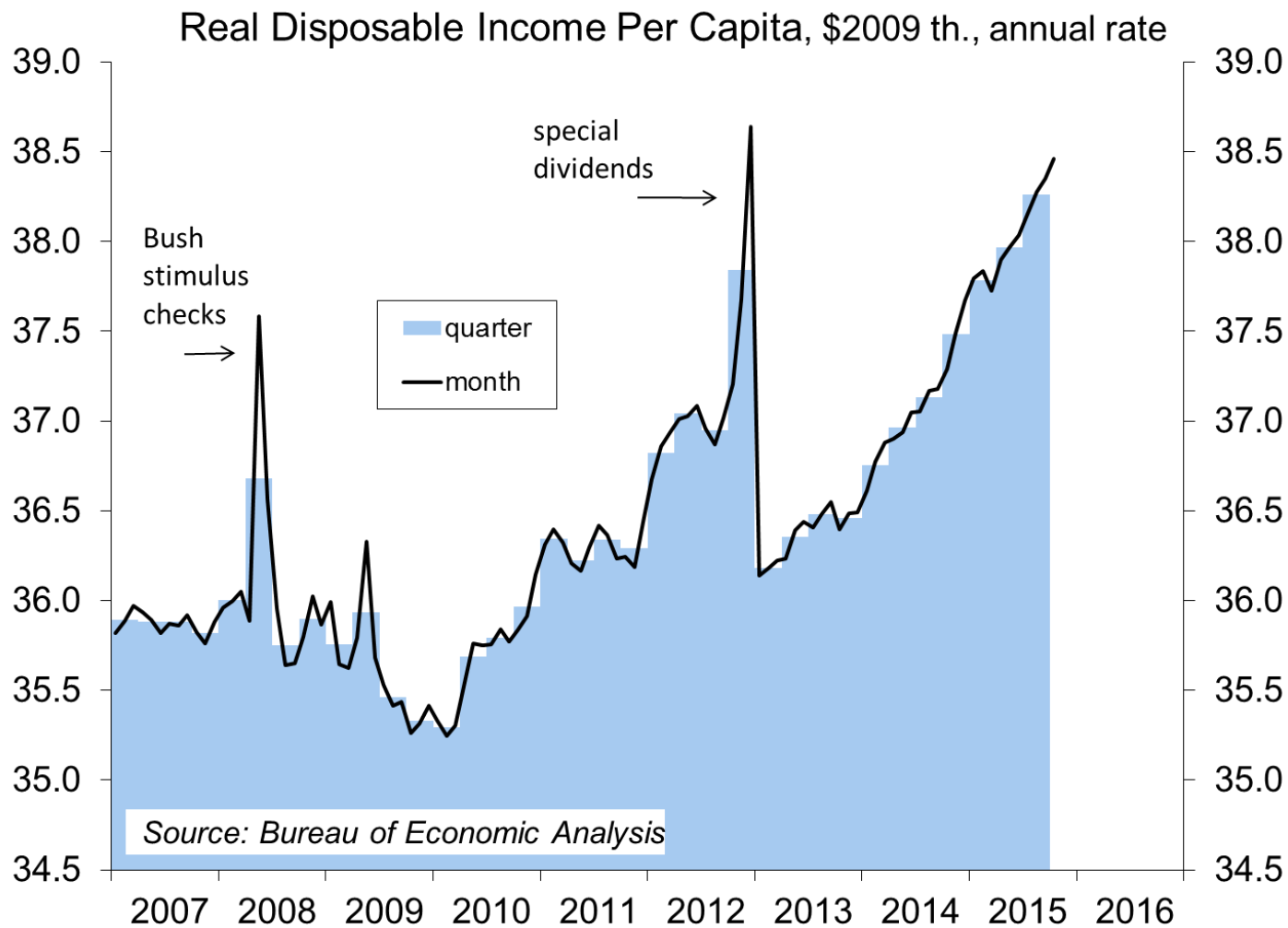
Consumer Spending (Aug-Oct: 2015 vs. 2014)

	nominal	real	inflation
Personal consumption expenditures	3.2	2.9	0.2
Motor vehicles and parts	3.1	3.1	0.0
Furnishings and durable household equipment	3.5	5.9	-2.2
Recreational goods and vehicles	4.2	8.5	-3.9
Other durable goods	2.2	5.1	-2.8
Food and beverages (off-premises consumption)	1.0	0.2	0.8
Clothing and footwear	2.3	3.7	-1.4
Gasoline and other energy goods	-23.8	3.6	-26.5
Other nondurable goods	5.9	4.7	1.2
Housing and utilities	3.7	1.1	2.6
Health care	5.3	4.5	0.8
Transportation services	5.8	5.5	0.3
Recreation services	2.0	0.1	1.9
Food services and accommodations	6.5	3.9	2.6
Financial services and insurance	4.8	1.8	3.0
Other services	4.2	3.1	1.0

Rent is outpacing overall inflation

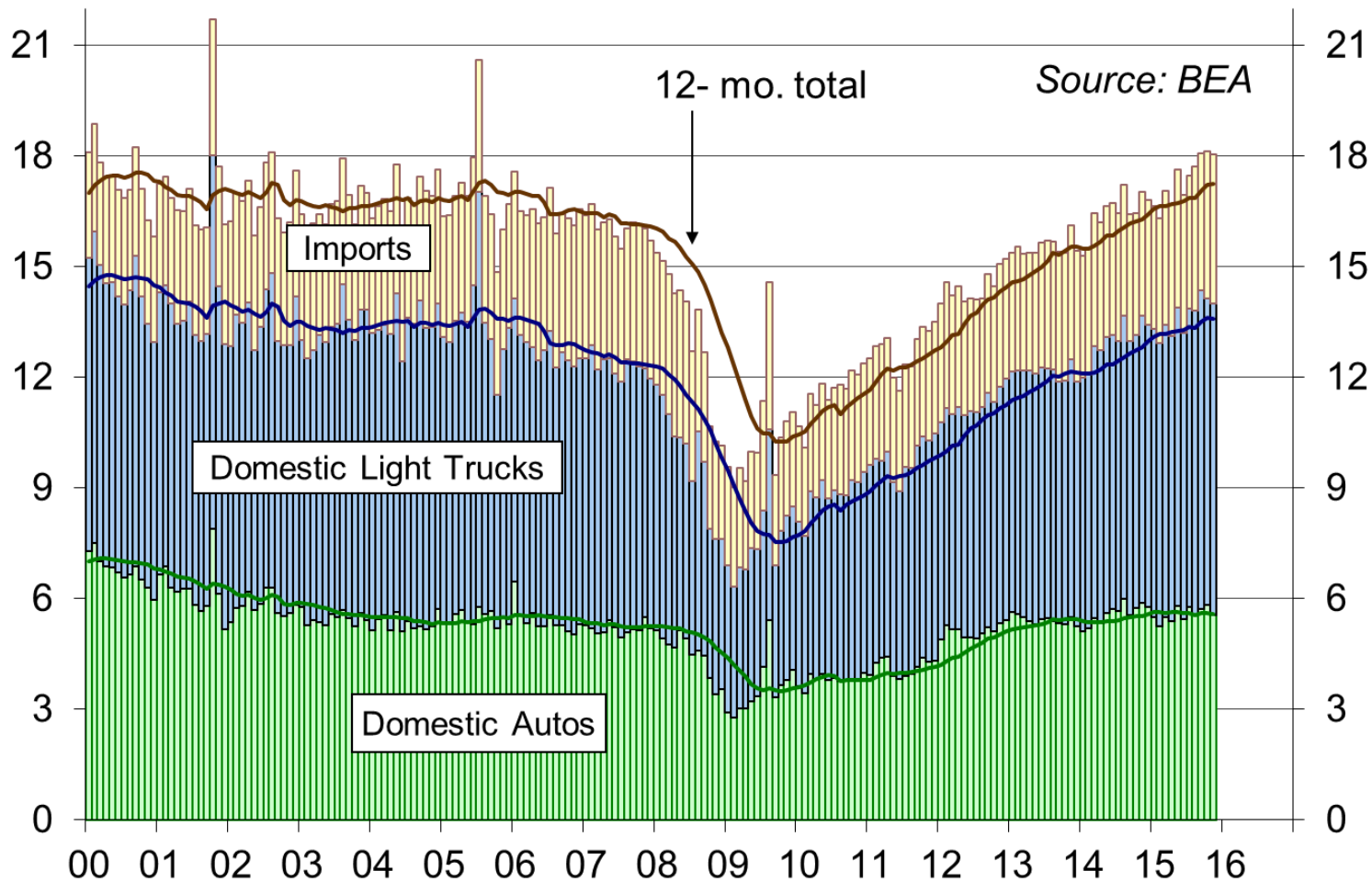


Income is rising

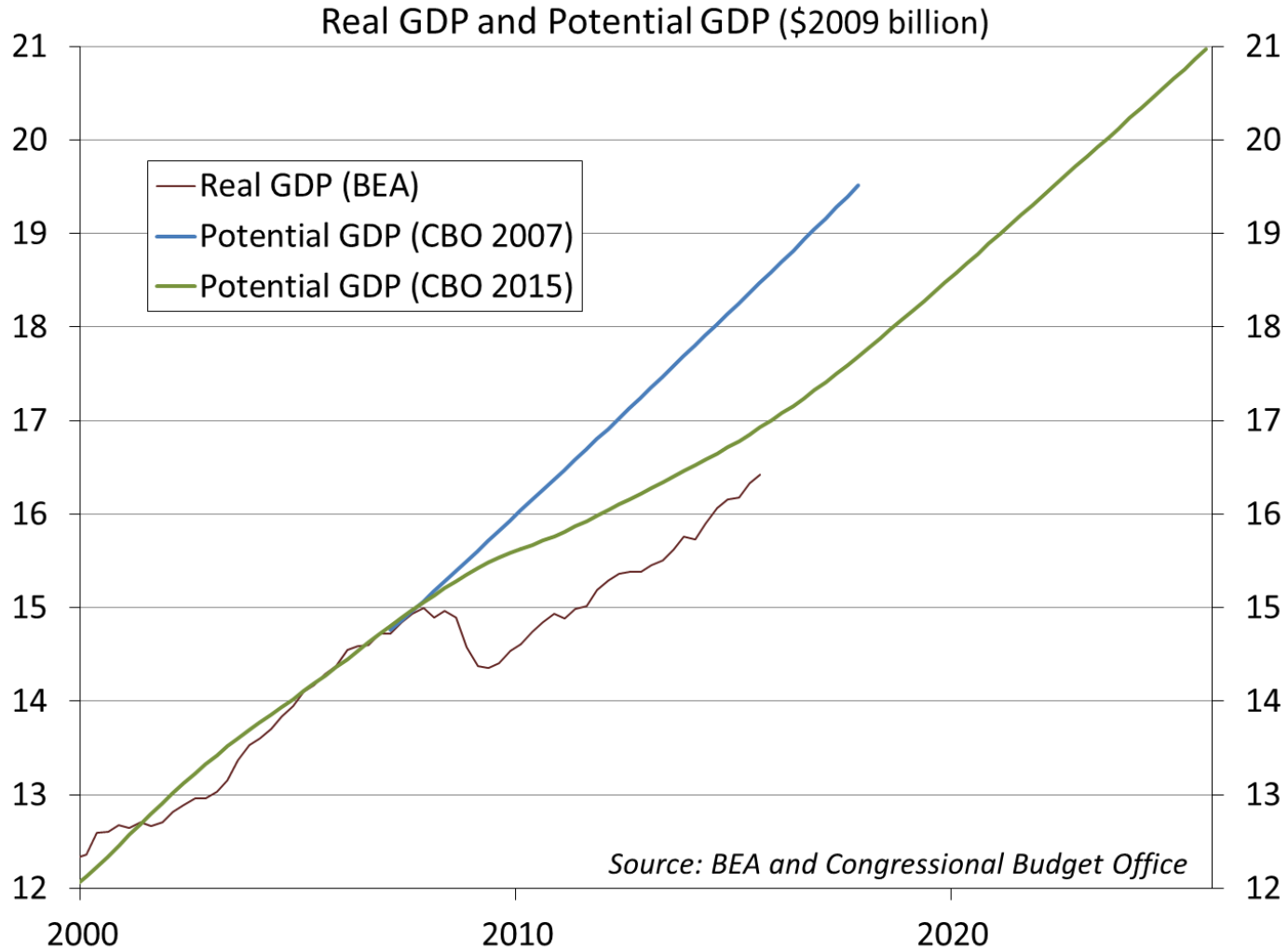


Vehicle sales are brisk

Motor Vehicles Sales, million, seas.-adj. annual rate



The long-term outlook



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Here's a puppy!

