AIER American Institute for Economic Research

BUSINESS CONDITIONS MONTHLY

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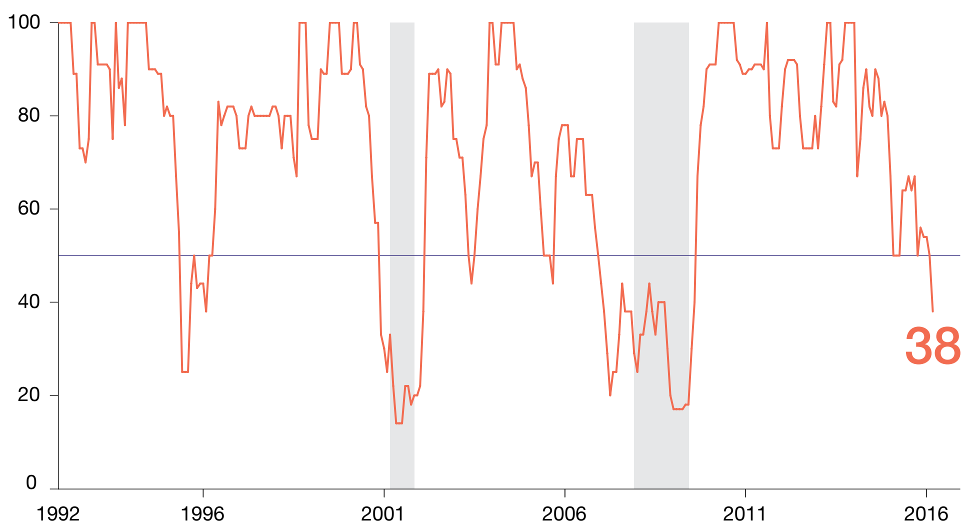
AIER leading indicators fall below 50, sending a caution signal

The data we track to monitor economic trends indicate a weakening economy in the coming months. The latest update of the AIER Business-Cycle Conditions model shows a decline to 38 in our index of Leaders, its first drop below the neutral 50 level in 110 months. While this reflects spreading weakness and suggests caution, it is too early to call a recession for two reasons.

First, there have been previous instances (months in 2003 and 2005, for example) when the index dipped below 50 but bounced back the following month. On one occasion in 1995, it fell below 50 for an extended period, yet no recession occurred (Chart 1). Second, the underlying economic data are subject to revision over the coming months. Revised data could significantly alter the signals from individual indicators. For both reasons, it is extremely important to wait until more information is available before asserting that a recession is imminent.

Chart 1. AIER's index of Leaders fell to 38 from 50, suggesting a cautious outlook.



Note: Shaded areas denote recessions.
Source: AIER.

Inside this issue

Growth slows in key areas.

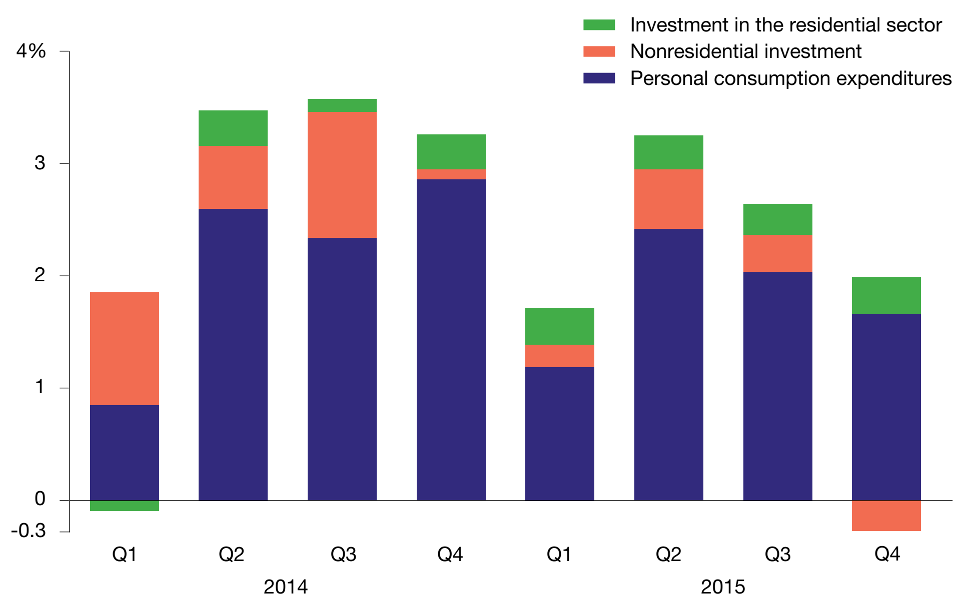
The decline in our Leaders index shows that economic weakness has spread over the past several months. This effectively tugged down continuing gains in the core domestic economy (including consumer spending, housing, and business investment). Braking those gains were declines in exports and commodity-related industries. As weakness spreads to some core growth components, it can drag down all the rest.

Over the final three quarters of 2015, real gross domestic product, or GDP adjusted for inflation, slowed from a 3.9 percent annualized rate in the second quarter to 2 percent in the third to just 1.4 percent in the fourth. During that period, investment in the residential sector contributed a relatively steady average of 0.3 percentage point to overall growth. However, the contribution from real personal consumption expenditures, or PCE, fell each quarter, providing 2.4 percentage points to growth in the second quarter, 2 percentage points in the third and 1.7 percentage points in the fourth. Nonresidential fixed investment performed even worse, contributing just 0.53 percentage point in the second quarter, 0.33 percentage point in the third, and subtracting 0.27 percentage point in the fourth (Chart 2).

The slowing expansion and declining contribution to growth among these core components is significant, especially in light of the declines in our Leaders index. We have noted for some time that pockets of weakness, notably in energy, mining, and manufacturing, were likely to be offset by gains in consumer spending, housing construction, and other areas of business investment. Continued weakening in these core areas would significantly increase the risk of a recession in the next six to 12 months.

Chart 2. Contribution to real GDP growth

Drops in consumer spending and nonresidential fixed investment have slowed growth.



Source: Bureau of Economic Analysis (FactSet).

ECONOMIC OUTLOOK

Persistent inconsistent economic performance continues to be reflected in our Business-Cycle Conditions model. The drop in our Leaders index to 38 shows fewer than half of the indicators in the gauge were trending higher, down from 50 in the previous month. This suggests that a note of caution is appropriate. However, because this is the first monthly reading below 50 in about nine years and given the possibility of future revisions in the underlying data, it is too early to say that a recession is near.

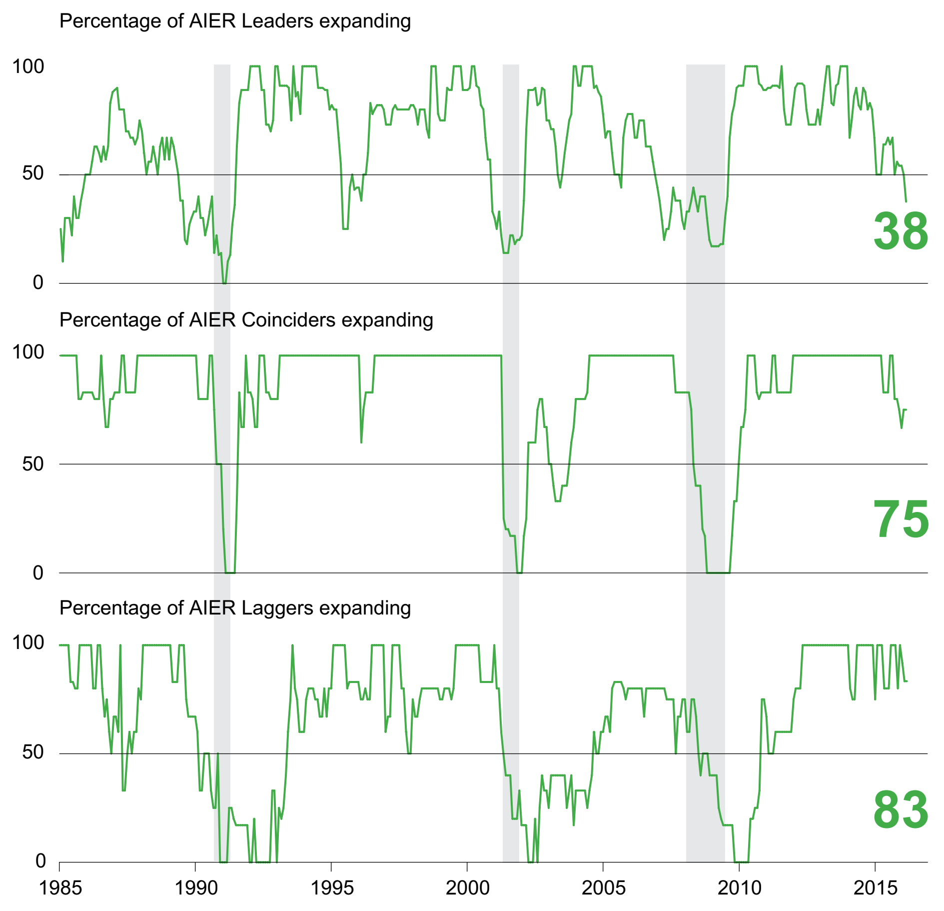
The last time the Leaders index dropped into cautionary territory came in January 2007, when it fell to 44 from 50 in December 2006. With a reading decisively below 50, the risk rises that the current economic expansion may peak in the next six to 12 months, although one month of data is insufficient for us to assert that a recession is on the horizon.

Among the indicators in the Leaders index, just three were trending higher: real new orders for consumer goods, the average workweek in manufacturing, and the Treasury yield spread. Among the remaining indicators, six were headed lower and three were stable, or neutral.

The percentage of expanding coincident indicators held steady at 75 in February. Among the Coinciders, four were trending higher, one was headed lower, and one was neutral. The proportion of lagging indicators expanding was unchanged at 83 percent (Chart 3). Among the Laggers, five were trending higher, while one was trending lower.

Chart 3. Indicators at a glance

Shaded areas denote recessions.
A score above 50 indicates expansion.



Source: AIER.

SCORECARD

After price pressures firmed in January, the outlook for inflation remained positive in February. Of 23 indicators tracked in AIER's Inflationary Pressures Scorecard, 13 show rising pressure, up from 12 in January, and 10 show falling pressure.

Strong supply factors are restraining inflation. Both industrial production and the retail inventory-to-sales ratio trended up, indicating more goods and services are available for sale, possibly pulling down prices. At the same time, demand has had a neutral impact on inflation.

On the money and credit front, the Fed's tightening policy continued to reduce inflationary pressure, as rising short-term interest rates curbed price increases. The money supply, however, grew at a faster pace in recent months. This could indicate an enhanced incentive to borrow, if the public expects the Fed to raise rates again in the future.

The trends in producer prices were little changed in February, still supporting rising inflationary pressure. A strong U.S. dollar continued to curb the growth of import and commodity prices, but the effect has diminished somewhat from previous months.

AIER INFLATIONARY PRESSURES SCORECARD

We track 23 indicators and evaluate their performance over the past three months compared with the prior three months. That is, we compute moving averages of the monthly changes for two consecutive, non-overlapping three-month periods. Finally, we evaluate the inflationary pressure of each indicator through the framework of supply, demand, money/credit, and costs and productivity, and show whether the monthly change points to rising or falling inflationary pressure or stability.

Table 1. The outlook for inflation remains positive.

	3-MTH. AVERAGE CHANGE Previous	Latest	INFLATION PRESSURE
DEMAND AND SUPPLY			
Demand			
Average hourly earnings (Feb.)	2.41%	1.27%	Falling
Nonfarm payroll jobs, in millions (Feb.)	142.59	143.34	Rising
Personal income (Feb.)	2.88%	3.56%	Rising
Retail sales (Feb.)	1.12%	-0.95%	Falling
Supply			
Ind. prod. - consumer goods (Feb.)	-4.09%	2.52%	Falling
Manufacturing utilization (Feb.)	76.07%	75.96%	Falling
Retail inventory/sales ratio (Jan.)	1.37	1.39	Falling
MONEY, BANKING, AND CREDIT			
Fed funds rate (Feb.)	0.25%	0.40%	Falling
Interest on excess reserves (Feb.)	0.25%	0.46%	Falling
Money supply (M2) (Feb.)	5.38%	7.22%	Rising
Money velocity (Jan.)	0.13%	0.60%	Rising
Revolving consumer credit (Jan.)	7.05%	3.58%	Falling
COSTS AND PRODUCTIVITY			
Producer price index (Feb. 2016)			
Final demand	-1.44%	-1.09%	Rising
- Food	-3.33%	-2.70%	Rising
- Energy	-18.82%	-38.48%	Falling
- Goods less food and energy	-1.09%	0.73%	Rising
- Services	0.36%	2.56%	Rising
Import price index (Feb. 2016)			
Autos	-1.06%	-0.35%	Rising
Consumer goods ex. autos	0.37%	2.26%	Rising
Commodity prices (Feb. 2016)			
S&P GSCI Commodity Index	-39.31%	-33.43%	Rising
Wages and productivity			
Private compensation (Q4–2015)	8.08%	5.96%	Falling
Nonfarm business productivity (Q4–2015)	2.00%	-2.20%	Rising
Nonfarm business unit labor costs (Q4–2015)	0.40%	3.30%	Rising

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics, U.S. Census Bureau, Federal Reserve Board, Standard & Poor's, AIER (Haver Analytics, FactSet).

CONSUMER PRICE INDEX ANALYSIS

Overall consumer prices, measured by the Consumer Price Index, or CPI, fell 0.2 percent in February from January, mainly from a sharp drop in energy. After falling 2.8 percent in January, energy prices fell 6 percent in February. Over the previous three months, energy prices plummeted 37.5 percent at an annualized rate and were down 12.7 percent from a year earlier.

While energy prices have dragged down the CPI in recent months, that may be ending. The benchmark West Texas Intermediate crude oil price averaged $38.04 a barrel in March, about 25 percent higher than the February average, but the latest CPI data does not reflect that rise.

Despite energy declines in February, most consumer prices increased. The cost of food rose 0.2 percent after stalling in January. The core CPI, which excludes food and energy and gives a better long-term perspective, gained 0.3 percent from the previous month, an annualized 3 percent over the prior three months, and 2.3 percent over a year ago. All of these increases exceeded the Federal Reserve's 2 percent inflation target.

Breaking down the core CPI, both core goods and services advanced 0.3 percent in February from January. Apparel rose 1.6 percent, the biggest monthly gain since March 2009 and the fastest growing of all the CPI components in February. The next largest monthly growth was in medical-care commodities, which climbed 0.6 percent from January.

Core services, which account for about 60 percent of all items in the CPI basket, rose 0.3 percent from January, 3.3 percent higher than three months earlier, and 3.1 percent over the prior 12 months. Core services prices trumped core goods over all periods tracked in Table 2.

Table 2. Consumer prices still see the effects of energy price drops.

Data for February 2016	Share	m/m%	3-mo.*	12-mo.*	5-yr.*	20-yr.*
Consumer Price Index	**100.0**	**-0.2**	**-1.0**	**1.0**	**1.4**	**2.2**
Food	14.0	0.2	0.0	0.8	2.1	2.5
Energy	6.4	-6.0	-37.5	-12.7	-5.3	2.5
CPI excl. food and energy	79.6	0.3	3.0	2.3	2.0	2.0
Goods excl. food and energy	**19.7**	**0.3**	**1.9**	**0.1**	**0.3**	**0.2**
Apparel	3.2	1.6	8.1	0.9	1.2	-0.2
New vehicles	3.8	0.2	2.0	0.6	1.1	0.2
Medical-care commodities	1.8	0.6	4.4	2.2	2.4	2.8
Services excl. energy	**59.8**	**0.3**	**3.3**	**3.1**	**2.5**	**2.8**
Shelter	33.3	0.3	3.3	3.3	2.6	2.6
Medical-care services	6.7	0.5	4.6	3.9	3.1	3.8
Transportation services	5.9	0.2	4.1	2.7	2.2	2.6
Education	3.0	0.4	2.7	3.4	3.6	5.0
AIER'S EPI	**35.0**	**-0.7**	**-5.7**	**-1.6**	**0.3**	**2.5**

Notes: *= annualized rate. AIER's EPI share is the share of the CPI.
Sources: Bureau of Labor Statistics, AIER (Haver Analytics, FactSet).

Everyday Price Index

AIER's Everyday Price Index fell 0.7 percent in February from January and dropped 1.6 percent over the previous 12 months. The EPI measures the change in prices that people encounter monthly in items such as groceries, gasoline, admission tickets, and restaurant meals.

The more widely known Consumer Price Index reported by the Bureau of Labor Statistics showed a seasonally unadjusted 0.1 percent increase in February from January and a 1 percent 12-month gain. Since the EPI is not seasonally adjusted, we compare it with the unadjusted CPI.

The drop in the EPI stemmed from falling energy-related prices. Motor fuel dropped 9.9 percent in February while household fuels and utilities declined by a more modest 0.2 percent. Excluding energy, everyday prices rose 0.1 percent. Because the EPI covers items that account for only about 35 percent of all consumer spending, energy-related price drops have a much larger effect on it than on the CPI.

Non-energy components of the EPI have risen in recent months. For instance, restaurant food prices have increased 2.6 percent over the past year, while admissions prices rose 3.6 percent. Everyday prices will likely move higher overall when energy prices stabilize.

https://www.aier.org/epi

MONETARY POLICY

Fed passes in March but signals readiness to raise rates later this year.

The Federal Open Market Committee, the U.S. central bank's policy-making arm, in March kept the 0.25 to 0.50 percent target range for the federal funds rate that it set in December 2015, which marked the first increase since June 2006.

While the decision to stand pat in March was not a surprise, the committee's accompanying statement and its projections underscore the likely path of Fed policy this year.

First, among 17 FOMC participants, seven indicated that more than three rate increases (of a quarter percentage-point each) in 2016 would be appropriate, but nine preferred only two. Either way, given that there are only three major committee meetings scheduled for the rest of the year (in June, September, and December), if a hike does not come in June, then September would be the most likely time for another rate increase.

Second, even though the Fed lowered its projections of real GDP growth for 2016 and 2017, it still had a positive outlook for this year. The new forecast calls for 2.2 percent growth in 2016, higher than the estimated growth for 2017, 2018, and over the longer run. It appears that the Fed incorporated the recent volatility in financial markets and a global economic slowdown into its projections, but it still has confidence in a modestly growing economy in the U.S. this year.

Third, Fed officials expect labor market improvements to continue. The unemployment rate is projected to average 4.7 percent this year, falling to 4.6 percent in 2017 and 4.5 percent in 2018. The outlook for continuous improvement bolsters the Fed's optimism about growth and should lead to higher inflation in the future, which would support a tightening monetary policy.

Last but not least, inflation remains crucial to the Fed's policy making. In its March projections the Fed showed it has confidence in inflation moving toward its 2 percent target over the medium term. As we point out in our CPI analysis, consumer prices have remained stable in recent months, but that could soon change. As the transitory effect of declining oil prices fade, the Fed's outlook for inflation will likely remain positive.

Based on the policy making committee's March meeting and absent significant surprises, an interest rate increase in June or September is likely. As always, current assessments are subject to change as more data become available. While Fed Chair Janet Yellen restated in her March 29 speech at the Economic Club of New York that global risks to the U.S. economy would most likely be limited, she warned that this assessment is subject to considerable uncertainty.

FISCAL POLICY

Federal budget deficit reductions may now reverse.

Ever since the recession ended in June 2009, the federal budget deficit has shrunk relative to gross domestic product, or GDP, the main measure of economic activity. In federal fiscal year 2015, which ended Sept. 30, 2015, the deficit fell to 2.5 percent of GDP, below the 2.8 percent long-term average (Chart 4).

However, now the gap between revenue and spending is expected to widen. In President Barack Obama's 2017 budget proposal, released in February, the White House projected a rise in the deficit to 3.3 percent of GDP in federal fiscal year 2016. This increase from what the White House projected a year ago (Chart 4) suggests that outcomes were worse than expected in the past few months.

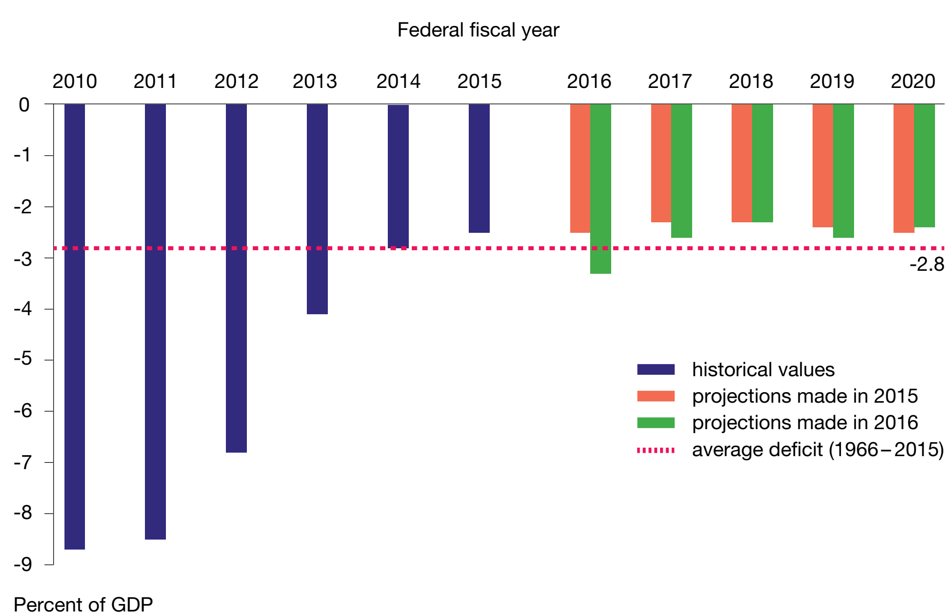
For several years after 2016, a deficit of between 2.3 and 2.6 percent of GDP is projected. This does not take into account the possibility of a significant deterioration in economic conditions, however. Because recessions are notoriously difficult to forecast, multi-year projections typically focus on the trend and ignore the fluctuations around it. But changes are inevitable and eventually will lead to deviations between the projections and reality.

If a recession does begin in the next several years, the budget deficit will be much larger than the current projections suggest. At the depth of the recent recession in 2009, the federal budget deficit reached 9.8 percent of GDP. But in early 2008, the budget projections called for a 2009 deficit of 2.7 percent of GDP. And it took five years after 2009 for the deficit to return to its long-term average value.

Beyond the possibility of a recession, there are longer-term forces that will drive budget deficits higher, both in dollar terms and as a percentage of GDP. Barring changes to the current structure, federal benefit programs such as Social Security, Medicare, and other health-care programs will add to deficits in coming decades. The Congressional Budget Office estimates that by 2026, the budget deficit will reach 4.9 percent of GDP, pushing federal debt to heights not seen since the end of World War II.

Chart 4. Historical and projected path of federal deficit

Most recent projections envisage higher deficits.



Note: Federal fiscal year runs Oct. 1–Sept. 30 and is numbered by the year in which it ends.
Source: Office of Management and Budget.

FIXED INCOME

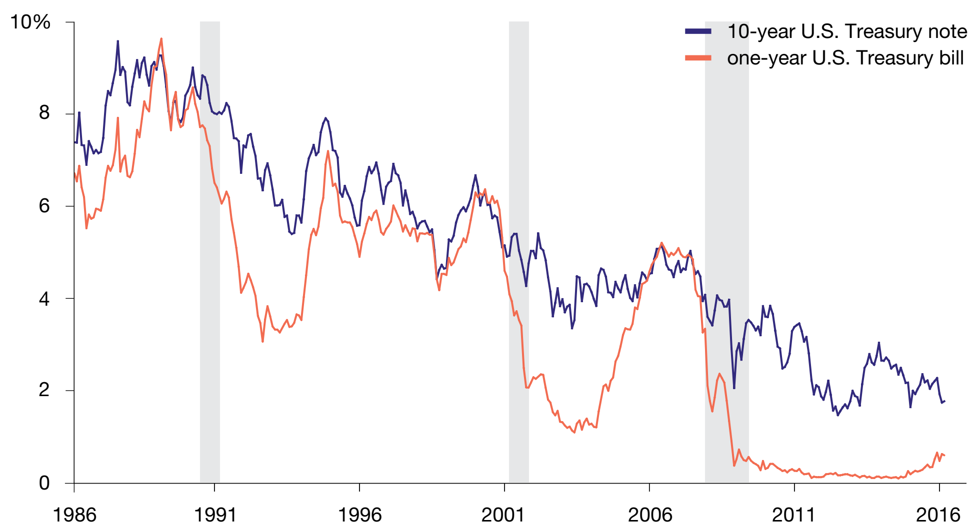
When AIER updated its Business-Cycle Conditions model last year, we updated our leading indicators. Based on statistical analysis, we added to the new model the spread between the U.S. 10-year Treasury note and the one-year Treasury bill. Using the 10-year note seemed logical since it is the most liquid, and the 10-year maturity is considered a benchmark across most developed-economy, sovereign-debt issuers. The choice of the one-year bill was supported statistically but also seemed to have intuitive appeal, since it closely mimics or is slightly ahead of the moves of the federal funds rate.

As of the most recent model update, the yield curve indicator in our Leaders index gave a positive signal, meaning a recession is unlikely. By looking at the individual inputs of the indicator, however, we can make some interesting observations. First, over the past three-and-a-half decades, yields have trended lower. That's not surprising if for no other reason than consumer prices have been in a broad disinflation trend—that is, the pace of price increases has been slowing since 1980.

The second observation is that yields on both the 10-year note and the one-year bill tend to move in the same general direction around economic cycles, although the one-year bill yield tends to move relatively more because it anticipates Fed interest rate cuts and increases in response to economic conditions.

Looking at recent performance, the yield on the 10-year Treasury note has fallen in recent months but no more dramatically than the drop in 2012 to historic lows, and it has not fallen past those levels even as it has remained below 2 percent since late January. Even more interesting, the one-year bill yield moved higher in 2015 in anticipation of the Fed's first rate hike, which was implemented in December 2015. But it has not begun to move lower, indicating that the market is not anticipating any rate cut by the Fed (Chart 5).

Chart 5. The one-year bill's yield rose in 2015 in anticipation of the Fed's rate hike, and it has not begun to move lower, indicating the market is not anticipating any rate cut.



Note: Shaded areas denote recessions.
Source: FactSet.

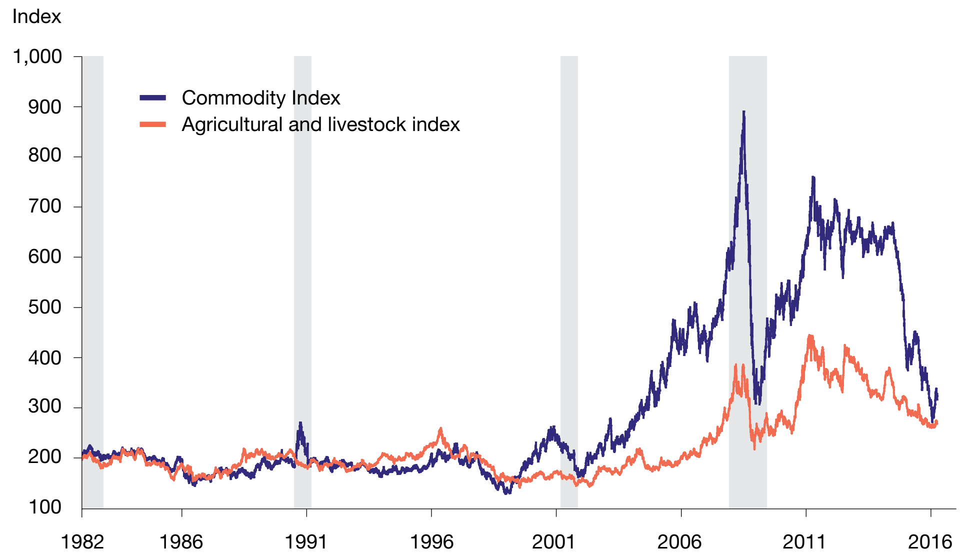
COMMODITIES

Even though food is a necessity that would seem to be independent of the business cycle, commodity prices for food products like wheat, corn, beef, milk, and rice move similarly to other commodities, so consumer food product prices tend to be somewhat cyclical.

During the 1980s and 1990s, commodity prices tended to be volatile and somewhat cyclical but stayed in a general sideways trend, finishing 2001 below the level seen in 1982. After 2001, a major bull market developed for most commodities that lasted into the 2008–2009 recession, when prices collapsed. After the recession prices rebounded and generally moved higher through 2010, then began trending lower. That decline continues today (Chart 6).

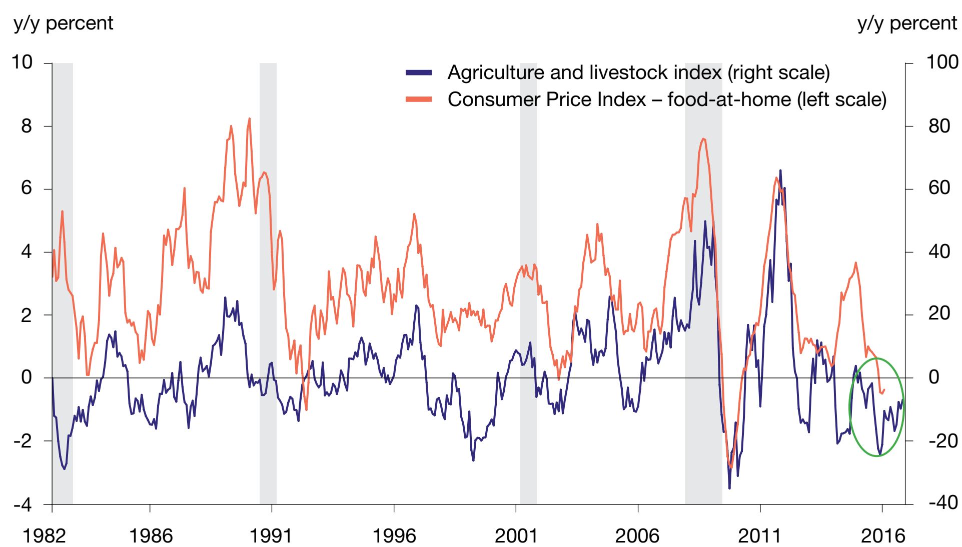
Those slumping food commodity prices have contributed significantly to a drop in many consumer food prices. If the historical patterns hold, prices for food purchased for consumption at home (i.e., grocery store purchases) are likely to remain very soft (Chart 7).

Chart 6. The longer-term trend in food commodities is similar to other commodities.



Note: Shaded areas denote recessions.
Sources: Goldman Sachs, Standard & Poor's (FactSet).

Chart 7. Continuing declines in food commodity prices (green circle) suggest food prices seen by consumer will remain restrained in the months ahead.



Note: Shaded areas denote recessions. Agriculture and livestock index tends to lead the CPI for food-at-home.
Sources: Bureau of Labor Statistics, Goldman Sachs, Standard & Poor's (FactSet).

U.S. EQUITIES

For most equity investors, 2016 has been a challenging environment so far. U.S. stocks fell sharply during the early part of the first quarter only to rebound in the latter part. Most broad U.S. indexes showed slight gains for the year through April 1. However, many of those indexes remain 2 percent to 8 percent below their all-time highs.

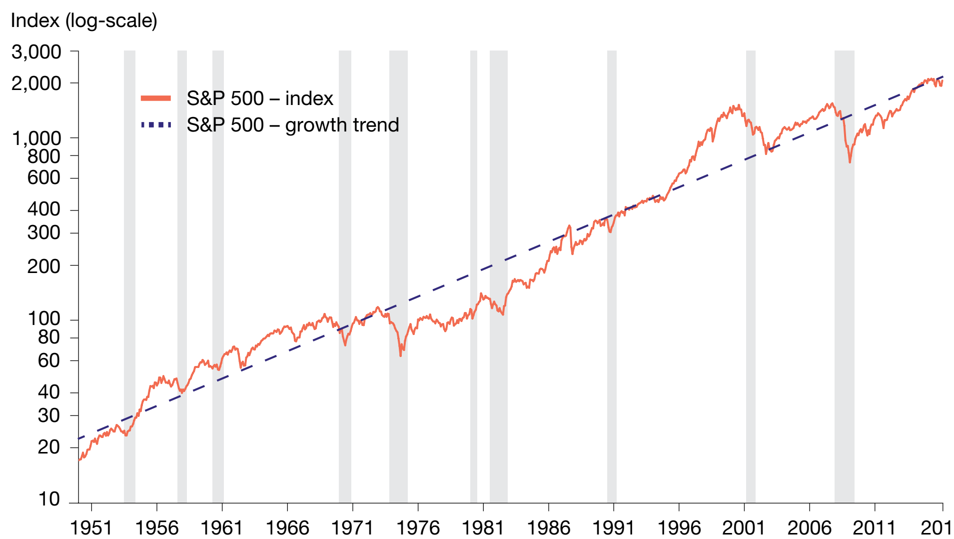
In our BCC model, we use real equity prices, meaning that they have been adjusted for inflation. These prices have been trending lower for eight consecutive months. It is worthwhile to note that the model only reflects data through February 2016 and that much of the rebound in equities occurred in March.

It is also worthwhile to put recent performance into a longer-term perspective. Over the past 65 years or so, the Standard & Poor's 500 index of U.S. equities has risen an average of about 7 percent a year, though there have been significant deviations along the way. For example, using monthly averages, the S&P 500 first exceeded 100 in September 1968 and moved above that for the last time in June 1979, almost no change over a decade.

There were, of course, a number of business and market cycles before, during, and after that period. Depending on how they are defined, there have been approximately 14 significant market cycles or market declines since 1950—most of which, but not all, coincided with a business cycle.

Meanwhile, the current decline from the peak for the S&P 500 stands at about 1.6 percent using monthly averages. So while the real stock price indicator in our BCC model is signaling a potential recession, the magnitude of the decline using monthly average nominal stock prices remains quite modest by long-term historical measures (Chart 8).

Chart 8. The drop in nominal stock prices is still mild compared with previous cyclical declines.



Note: Shaded areas denote recessions.
Source: Standard & Poor's (FactSet).

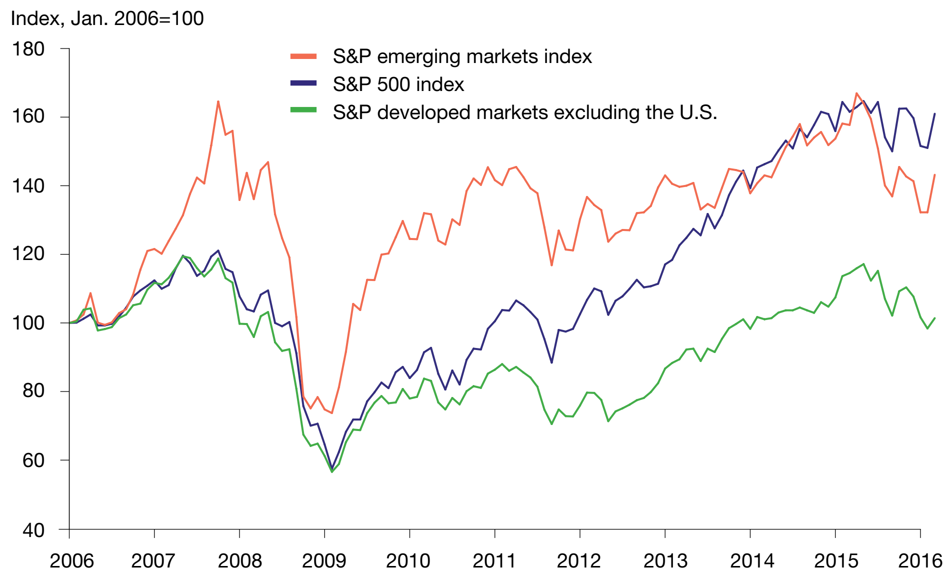
GLOBAL EQUITIES

If the difficult first quarter for U.S. equities added to concerns about a potential U.S. recession, then the performance of equity markets outside the U.S. could be downright alarming. As noted, the real U.S. stock price index in our BCC model has been trending lower for eight months, not including March. On a nominal basis, stock prices in the U.S. have rebounded significantly, leaving them just below prior all-time peaks. That suggests that the signal from the model could revert to neutral if this performance continues.

When the overall performance of the S&P 500 is compared with global equity indexes that exclude the U.S., a less comforting picture emerges. Developed markets outside the U.S. and emerging market indexes logged positive performances in March, but in both cases, the latest data points remain significantly below prior peaks.

We do not have BCC models for other countries or regions (yet). But if we assume that global equity markets are likely to be valuable indicators for business cycle turning points outside the U.S., then despite the better performance by these indexes in the latest month, the recent trend would still be lower. This suggests an elevated risk of a recession or at least further slowing in global growth during the months ahead (Chart 9).

Chart 9. Equity markets around the world rebounded in March, but international equities generally remain below prior peaks.



Source: Standard & Poor's (FactSet).

THE ECONOMY…

Our Leaders index fell to 38, the first drop into cautionary territory since 2007. The decline reflects spreading economic weakness. When combined with the softer performance of the core components in the overall economy, yellow caution lights begin to shine more brightly. However, with our Leaders below 50 for just one month and given that the data underlying the indicators are subject to future revisions, we are not ready to declare that a recession is likely.

…INFLATION…

Inflationary pressures stayed firm because of strong consumer demand and rising producer prices. Consumers in February continued to see the effects of falling energy prices. But the drag from falling crude oil prices may be ending. Crude rebounded in March, but that change is not reflected in February's Consumer Price Index data. As the transitory effect of cheap oil fades, the inflationary outlook over the medium term stayed positive.

…POLICY…

The Federal Reserve kept interest rates unchanged in March. But the economic projections released following the March meeting of Fed policy makers suggest that rate hikes may occur later this year. However, the projections come amidst uncertainty, and the actual path of Fed policy will depend on data from the months ahead.

The federal budget deficit has diminished steadily since the recession ended in 2009. In 2015 it fell below its long-term average. But in 2016 the deficit is expected to rise, according to the latest projections. And the deficit would be even greater if a recession occurs.

…INVESTING

Two of our leading indicators are based on financial market data, namely inflation-adjusted stock prices and the Treasury yield curve. The signals from these two are mixed, with real stock prices trending lower while the yield curve continues to give a positive signal. While our job is not to forecast the Leaders but rather to understand the context of the results, digging a little deeper into each suggests a slightly more positive interpretation on these two data points.

Real stock prices are just one of 12 leading indicators in our Leaders diffusion index. While we don't have comparable BCC models for other countries and regions around the world, a simple comparison of stock price performance suggests global economic growth may be more at risk than U.S. growth.

Food prices, like other commodities, are subject to cyclical forces. Over the past three decades, agricultural commodity prices have tended to trend similarly to other commodities. The most recent trend, since 2010, has been toward lower food prices, which has resulted in lower costs for food purchased for home consumption.

CAPITAL MARKET PERFORMANCE

(Percent change)

	March 2016	Latest 3M	Latest 12M	Calendar Year 2015	2014	2013	Annualized 3-year	5-year	10-year
Equity Markets									
S&P 1500	6.8	1.0	-0.9	-1.0	10.9	30.1	9.2	9.1	4.9
S&P 500 - total return	6.8	1.3	1.8	1.4	13.7	32.4	11.7	11.6	7.0
S&P 500 - price only	6.6	0.8	-0.4	-0.7	11.4	29.6	9.4	9.2	4.8
S&P 400	8.3	3.3	-5.2	-3.7	8.2	31.6	7.7	7.9	6.2
Russell 2000	7.7	-1.9	-11.1	-5.7	3.5	37.0	5.3	5.7	3.8
Dow Jones Global Index	7.3	-0.2	-6.2	-4.0	2.1	20.8	3.5	3.1	2.1
Dow Jones Global ex. U.S. Index	7.8	-1.0	-10.3	-6.6	-5.5	13.3	-1.3	-1.7	-0.3
STOXX Europe 600 Index	1.1	-7.7	-15.0	6.8	4.4	17.4	4.7	4.1	0.1
Bond Markets									
iShares 20+ year Treasury bond	-0.3	8.3	-0.1	-4.2	23.6	-15.9	10.9	7.2	4.2
Dow Jones corporate bond index total return	2.9	4.8	2.2	-0.2	7.7	-1.5	11.2	5.9	6.8
Commodity Markets									
Gold	-1.5	15.1	3.8	-11.4	-2.1	-29.0	-8.1	-1.5	9.7
Silver	1.5	9.0	-9.2	-13.4	-20.2	-39.5	-19.5	-10.9	6.5
CRB all commodities	3.8	7.6	-3.9	-14.9	-4.9	-6.0	-5.6	-6.1	3.0

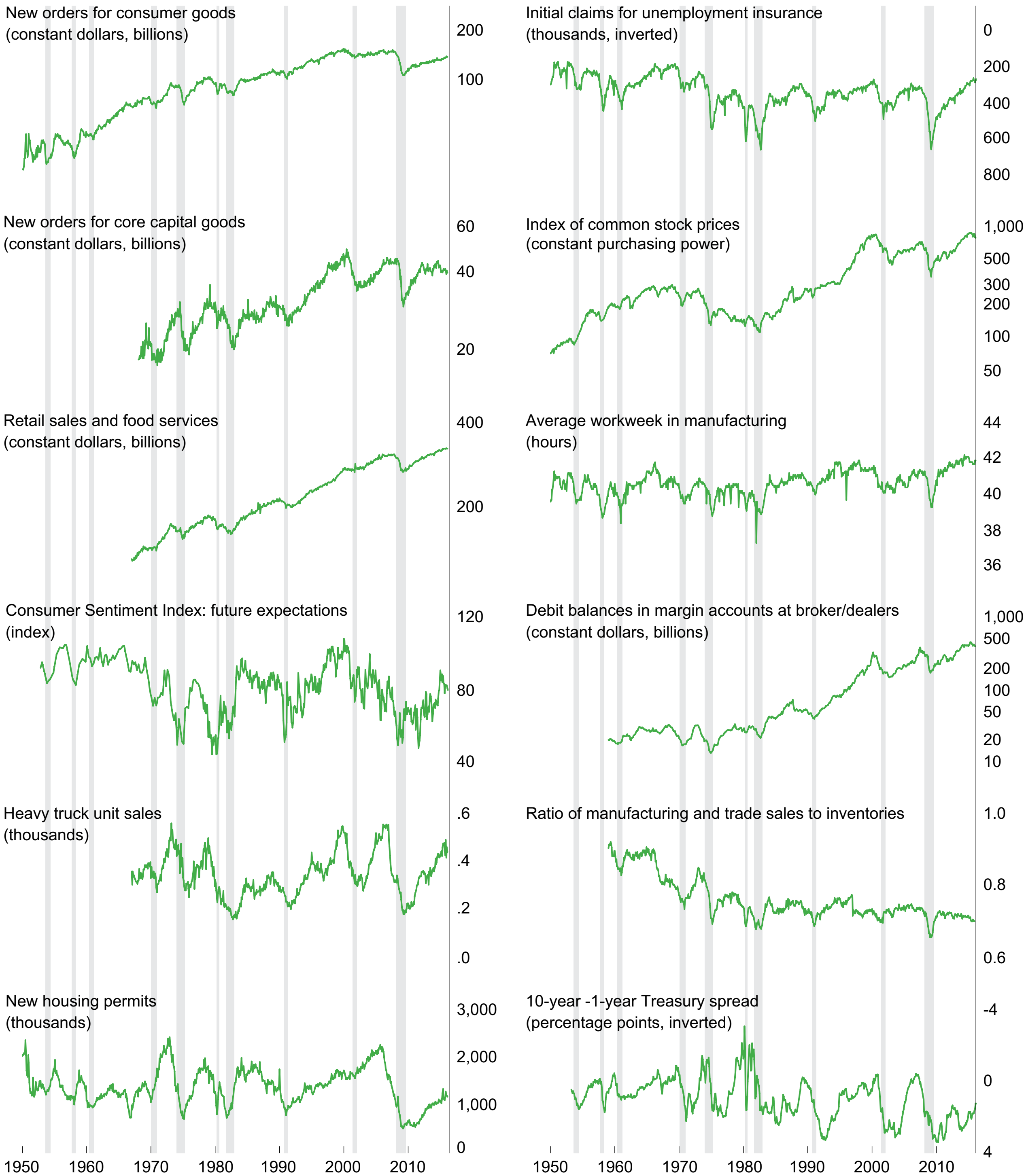
CONSUMER FINANCE RATES

(Percent)

	March 2016	Latest 3M	Latest 12M	Average For Year 2015	2014	2013	Average Over Period 3-year	5-year	10-year
30-yr. fixed mortgage	3.9	3.9	3.9	3.9	4.2	4.1	4.1	4.2	4.2
15-yr. fixed mortgage	3.0	3.0	3.0	3.0	3.2	3.2	3.1	3.3	3.3
5-yr. adjustable mortgage	3.2	3.2	3.2	3.2	3.4	3.2	3.2	3.2	3.2
Home-equity loan	4.8	4.8	4.8	4.8	5.4	6.1	5.4	5.7	5.7
48-month new car loan	4.2	4.2	4.2	4.2	4.2	4.4	4.3	4.7	5.9

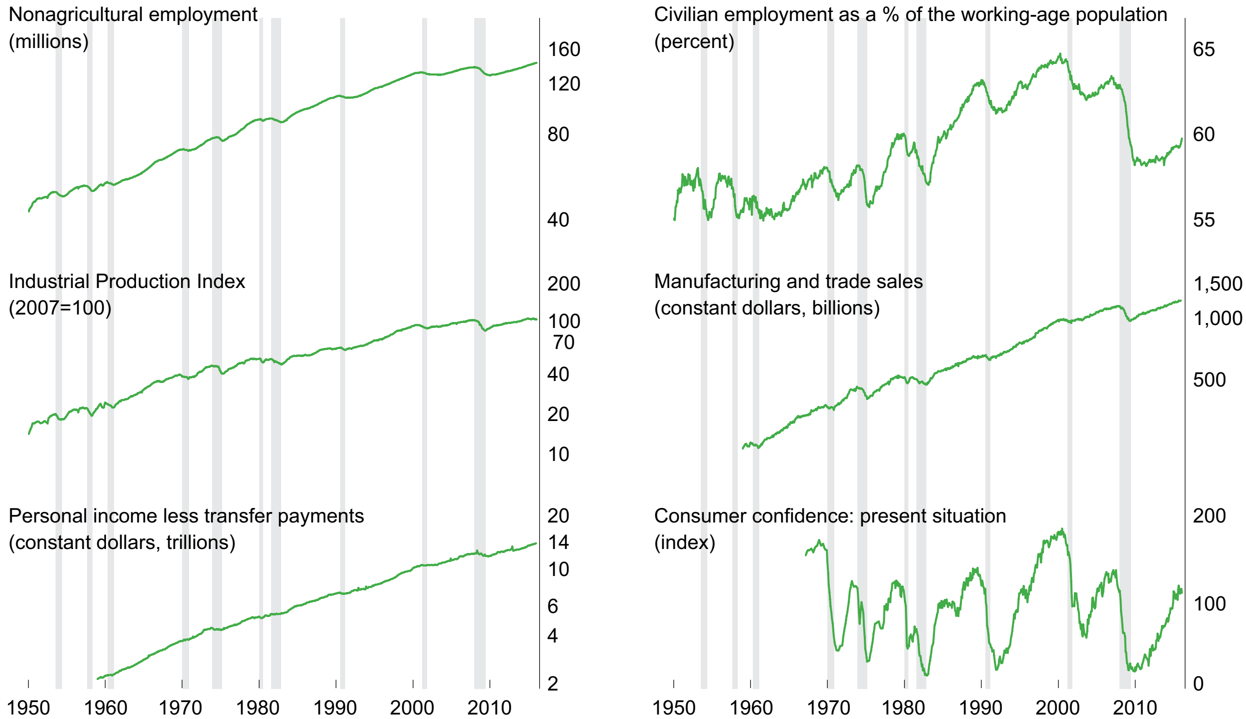
Sources for tables on this page: Bankrate Inc., Barron's, Commodity Research Bureau, Dow Jones, Federal Reserve Board, Frank Russell, iShares, Standard & Poor's, STOXX Europe 600, FactSet.

LEADERS (1950–2016)

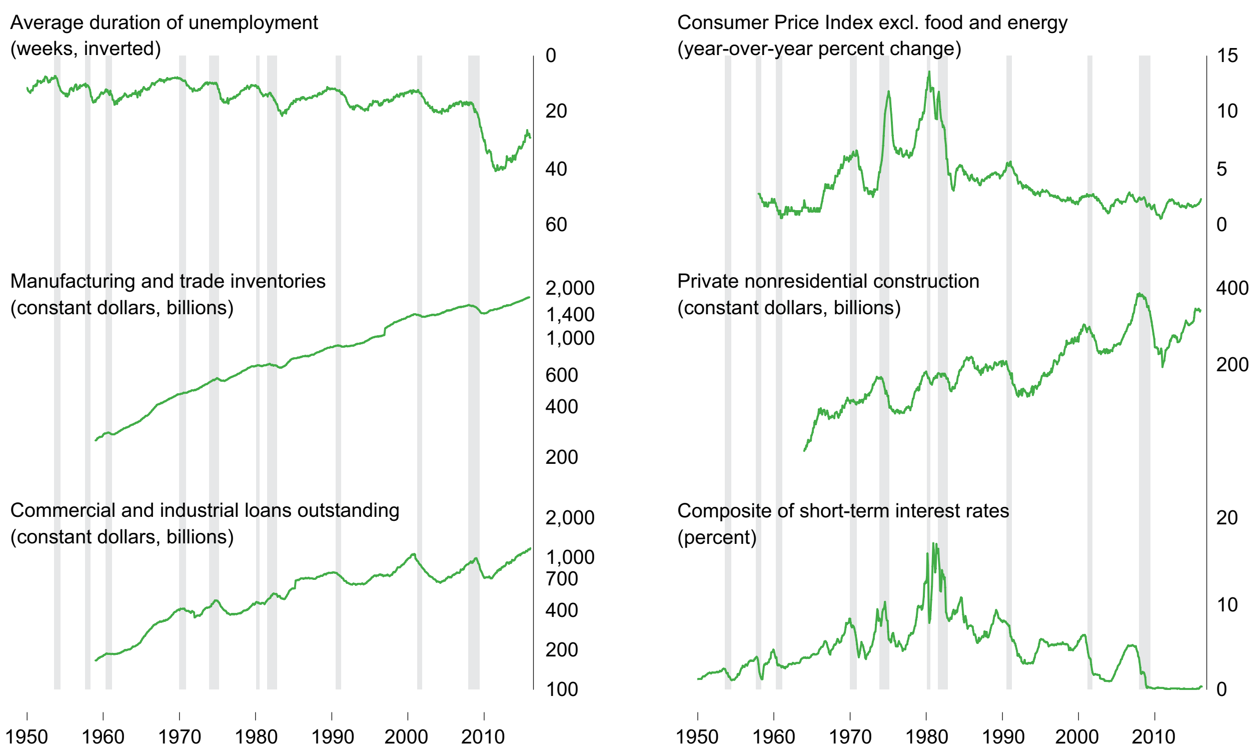


Sources for Appendix: Bureau of Economic Analysis, Bureau of Labor Statistics, Department of Labor, Federal Reserve Board, New York Stock Exchange, Standard & Poor's, The Conference Board, University of Michigan, U.S. Census Bureau.
Note: Shaded areas denote recessions (FactSet).

COINCIDERS (1950–2016)



LAGGERS (1950–2016)



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