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BUSINESS CONDITIONS MONTHLY

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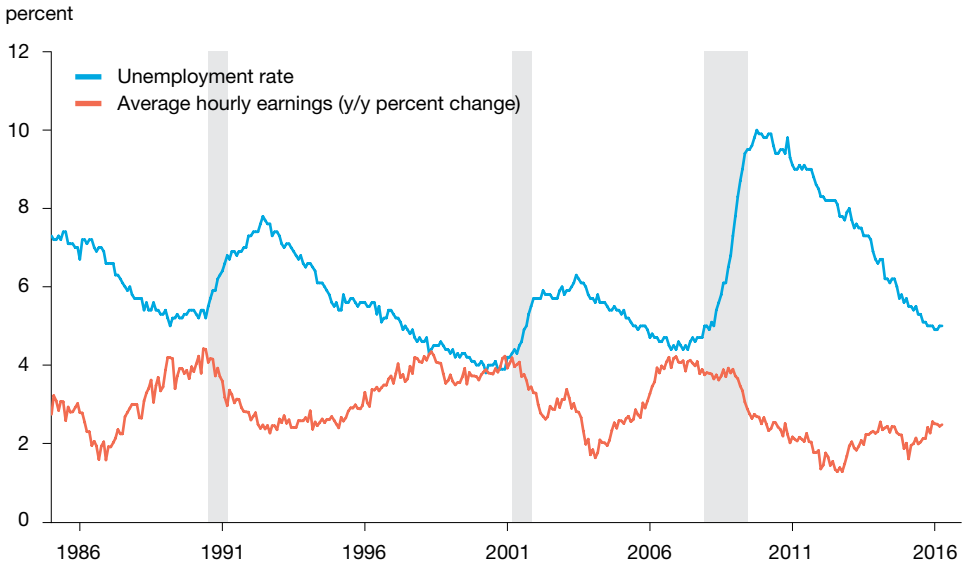
AIER leading indicators rebound to the neutral 50 level

AIER's Business-Cycle Conditions model rebounded in May to 50, a neutral position, following two months at 38, a level that had indicated economic weakness. This uptick supports our expectation that a strong labor market would boost consumer sentiment and spur further gains in consumer spending. It also justifies our reluctance to assert that a recession was likely when our index first fell below neutral. With our Leaders back at the 50 threshold, AIER researchers judge the risk of recession has receded, although it is still slightly elevated.

With the year's midpoint approaching, we turn our attention to the outlook for the second half of 2016. Analysts and investors are likely to vacillate between two narratives that seem to be mutually exclusive: weakness and strength. In a slow-growth environment, periods of weakness are likely to renew fears of recession, while spurts of strength should rekindle debate about rising price pressures, a less accommodative Federal Reserve policy, a tightening labor market, and rising wages (Chart 1). These two narratives will be buffeted about within the context of the election season.

Chart 1. Falling unemployment is pushing up hourly earnings.



Note: Shaded areas denote recessions.
Source: Bureau of Labor Statistics (FactSet).

Inside this issue

What to watch in the second half of 2016: the Fed, the dollar, crude oil prices, and corporate profits.

The current expansion has weathered several slowdowns over the past six years. Contributing factors are easily identified. The strong dollar and weak global growth have held down exports, the collapse in energy prices has stalled U.S. energy-sector business investment, and falling consumer sentiment has restrained consumer spending (Chart 2). Despite periods of weakness, the economy continues to grow, and the labor market continues to tighten.

We believe four key items will be particularly important in determining the strength of growth in the second half of the year, and we will watch them closely: the Fed, the dollar, oil prices, and corporate profits.

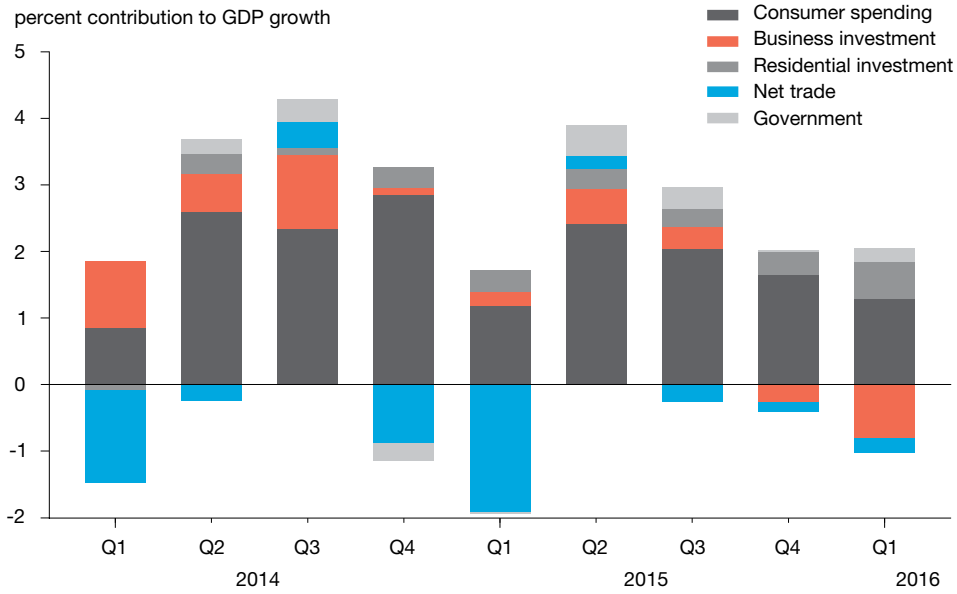
Watch the Fed. Fed policymakers have hinted that the target for federal funds interest rates may increase again soon. They have indicated it is in the economy's best interest to return to a more neutral policy stance and that, in their view, it is strong enough to absorb another rate increase. A rate increase could have wide-ranging effects whose magnitude could vary significantly. Among the more susceptible areas are big-ticket items like houses and autos, where an interest rate hike could result in reduced residential investment and consumer spending.

Watch the dollar. A rate increase could also lead to a stronger U.S. dollar, exacerbating the already difficult competitive position of U.S. exporters. Making U.S. exports more expensive could further reduce export growth.

Watch crude oil. Crude-oil prices have rebounded to nearly $50 a barrel. While that is still likely below the break-even price for many U.S. oil drillers, if prices continue to climb, increased investment by oil drillers could help reverse overall declining business investment.

Watch profits and profit margins. Corporate profits are vital to business decision making. Reasonable prospects for future gains can lead to faster hiring and stronger business investment. Conversely, a weakening profit outlook can result in layoffs and spending cutbacks.

Chart 2. Business investment and trade were the biggest drags on GDP growth in the first quarter.



Source: Bureau of Economic Analysis (FactSet).
Note: In Q1 2015 government subtracted 0.01 percent from GDP growth, while in Q4 2015 government added 0.02 percent to growth.

ECONOMIC OUTLOOK

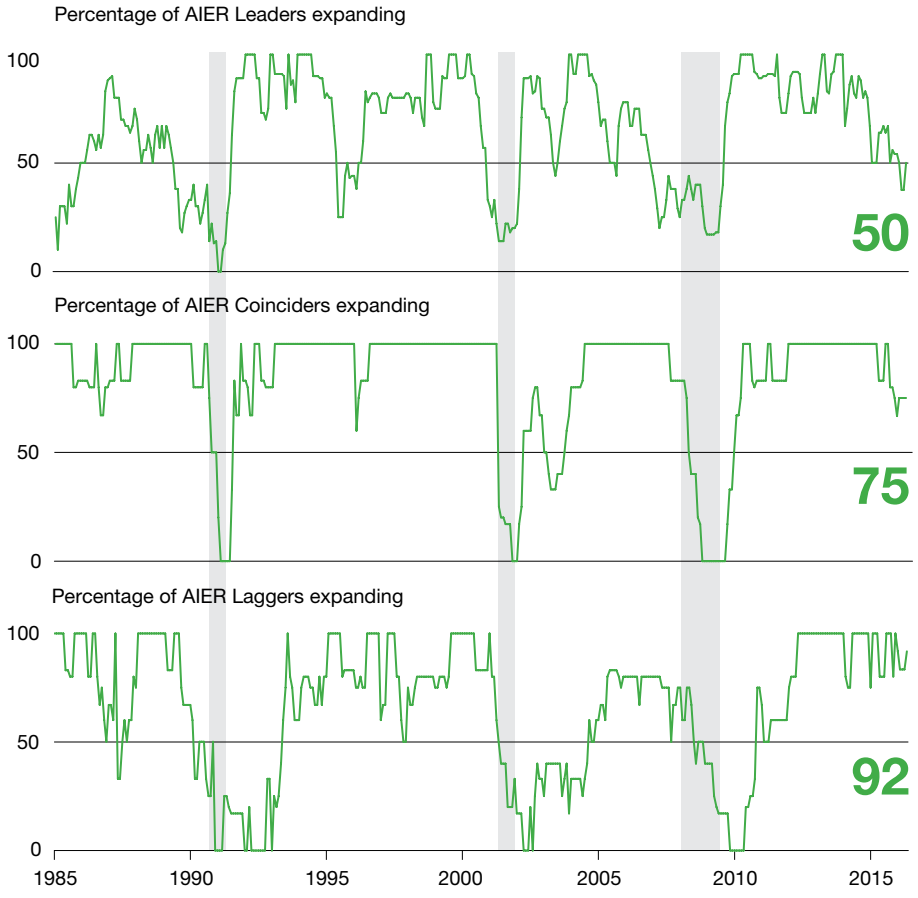
The recovery to the neutral 50 percent threshold in our Leaders index after two consecutive monthly readings at 38 percent supports our view that continued strength in the labor market will encourage further gains in consumer spending and faster real GDP growth overall and will help the economy avoid a recession. Of the five changes among the Leaders, four improved in the latest month while one worsened. In total, four were trending higher: real new orders for consumer goods, the average workweek in manufacturing, real retail sales, and the Treasury-yield spread. Among the remaining indicators, four were trending lower, while four were neutral.

Among the four Leaders that are trending higher, two are consumer related: real retail sales and real new orders for consumer goods. Favorable trends in these two indicators are particularly reassuring, as consumers represent about two-thirds of the overall economy. Together, they suggest that a virtuous cycle of spending gains leading to higher production could result in additional hiring, faster income growth, and subsequent future gains in consumer spending.

The percentage of expanding coincident indicators held steady at 75 percent for the fourth month in a row. Among the coinciders, four were trending higher while one was trending lower and one was neutral. The proportion of lagging indicators expanding rose to 92 percent from 83 percent in the prior month (Chart 3). Among the laggers, five were trending higher, while one was neutral.

Chart 3. Indicators at a glance

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



Source: AIER.

SCORECARD

After strong growth in consumer prices in recent months, AIER's Inflationary Pressures Scorecard indicates falling pressure for the months ahead, based on data through April. Out of 23 indicators tracked in the Scorecard, 10 support rising inflationary pressure, down from 14 last month, while 13 indicators support falling pressure, compared with nine last month.

Consumer demand is balanced in its influence on inflation, with two indicators pointing to rising pressure and two supporting falling pressure. On the supply front, slower growth in industrial production is putting upward pressure on inflation. But unused factory capacity and retail inventory backlogs are both curbing inflation.

Money, banking, and credit sent a clearer signal. As a result of the Fed's policy, the federal funds rate and the interest on excess reserves rose, constraining price growth. Consequently, money supply and money velocity experienced slower growth, pointing to falling inflationary pressure.

Costs and productivity show little change from last month, supporting nearly balanced effects on inflation.

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. Inflationary pressures have eased.

	3-MTH. AVERAGE CHANGE Previous	Latest	INFLATION PRESSURE
DEMAND AND SUPPLY			
Demand			
Average hourly earnings (April)	2.72%	2.39%	Falling
Nonfarm payroll jobs, in millions (April)	143.11	143.74	Rising
Personal income (April)	4.44%	3.66%	Falling
Retail sales (April)	0.88%	4.91%	Rising
Supply			
Ind. prod. - consumer goods (April)	1.86%	1.04%	Rising
Manufacturing utilization (April)	75.33%	75.26%	Falling
Retail inventory/sales ratio (March)	1.39	1.41	Falling
MONEY, BANKING, AND CREDIT			
Fed funds rate (April)	0.34%	0.50%	Falling
Interest on excess reserves (April)	0.37%	0.50%	Falling
Money supply (M2) (April)	8.54%	7.17%	Falling
Money velocity (March)	0.02%	-0.20%	Falling
Revolving consumer credit (March)	4.51%	6.59%	Rising
COSTS AND PRODUCTIVITY			
Producer price index (April 2016)			
Final demand	0.73%	-0.36%	Falling
- Food	-0.68%	-6.33%	Falling
- Energy	-28.06%	-5.82%	Rising
- Goods less food and energy	0.36%	1.83%	Rising
- Services	4.06%	-0.36%	Falling
Import price index (April 2016)			
Autos	-1.76%	0.71%	Rising
Consumer goods ex. autos	0.37%	-1.11%	Falling
Commodity prices (April 2016)			
S&P GSCI Commodity Index	-53.16%	106.45%	Rising
Wages and productivity			
Private compensation (Q1–2016)	5.96%	7.98%	Rising
Nonfarm business productivity (Q1–2016)	-1.70%	-1.00%	Falling
Nonfarm business unit labor costs (Q1–2016)	2.70%	4.10%	Rising

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

CONSUMER PRICE INDEX ANALYSIS

In April, the Consumer Price Index (CPI) posted its highest monthly growth in over three years, led by a strong rebound in energy prices. The overall CPI grew 0.4 percent in April from March, which corresponds to nearly 5 percent annualized inflation. Over the past 12 months, the index has advanced only 1.1 percent.

Energy prices rose 3.4 percent in April from March, their largest monthly gain in three years. Food prices also rebounded, rising 0.2 percent after falling 0.2 percent in March.

The core CPI, which excludes volatile energy and food prices, advanced more slowly, growing 0.2 percent for the month and 2.1 percent from a year ago, both within the normal growth range in recent years.

It is worth noting that core goods, or commodities that exclude food and energy, fell 0.1 percent in April. Prices fell for apparel, household furnishings and supplies, and new vehicles. The trend of falling core goods prices is not new. Last year they declined in nine out of 12 months (eight in a row from May to December). They rebounded in January and February this year but fell again in March and April.

Prices of core services, on the other hand, continued to rise, advancing 0.3 percent in April and an annualized 3 percent from both three months ago and a year earlier. Transportation services posted the fastest monthly price increase, 0.7 percent, of all core services.

All in all, prices of services have grown continuously, while goods prices have grown much more slowly or have even dropped. Unlike goods prices, which have posted declines in several recent months, core services prices rarely decline. The most recent drop was in January 2010, and before that, in December 1982.

Table 2. The CPI posted its highest monthly growth since 2013.

Data for April 2016	Share	m/m%	3-mo.*	12-mo.*	5-yr.*	20-yr.*
Consumer Price Index	**100.0**	**0.4**	**1.3**	**1.1**	**1.3**	**2.2**
Food	13.9	0.2	0.6	0.9	1.9	2.5
Energy	6.8	3.4	-7.0	-8.7	-5.7	2.6
CPI excl. food and energy	79.3	0.2	2.2	2.1	2.0	2.0
Goods excl. food and energy	**19.7**	**-0.1**	**0.0**	**-0.5**	**0.2**	**0.2**
Apparel	3.2	-0.3	0.9	-0.6	0.9	-0.2
New vehicles	3.7	-0.3	-0.6	0.0	0.9	0.1
Medical-care commodities	1.8	0.5	5.6	2.7	2.4	2.8
Services excl. energy	**59.6**	**0.3**	**3.0**	**3.0**	**2.6**	**2.8**
Shelter	33.2	0.3	3.0	3.2	2.7	2.6
Medical-care services	6.6	0.3	3.3	3.1	3.1	3.8
Transportation services	15.4	0.7	4.5	3.3	2.3	2.6
Education	3.0	0.2	2.9	3.0	3.6	5.0
AIER'S EPI	**34.8**	**0.8**	**3.3**	**-0.8**	**-0.1**	**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 rose 0.8 percent in April from March, led by price increases for its two major components—food and gasoline. Over the past 12 months the EPI has dropped 0.8 percent. The EPI measures price changes that people encounter in everyday purchases such as groceries, gasoline, and event admissions.

The more widely known Consumer Price Index, reported by the Bureau of Labor Statistics, rose 0.5 percent in April and 1.1 percent over the past 12 months, prior to seasonal adjustments. Since the EPI is not seasonally adjusted, we compare it with the unadjusted CPI.

Food and gas prices are weighted heavily in the EPI—food accounts for about 40 percent and gas another 9 percent. In April, food prices rose 0.2 percent and gas prices jumped 9 percent.

When energy prices stabilize overall, everyday prices move higher, as we have noted in earlier reports. With the second month in a row of rising gas prices, it seems that the run of cheaper fuel has ended. Households can no longer count on savings at the pump.

https://www.aier.org/epi

MONETARY

Another Fed interest rate increase is likely this year, but no major impact is foreseen for financial markets.

Economic growth has been weaker than expected this year, with the economy sending mixed signals. During the first quarter, turmoil in financial markets, sharp declines in energy prices, and global economic risks raised much concern. Some talk of a possible recession surfaced. In this environment, the Federal Reserve has kept the federal funds rate unchanged after raising it in December for the first time in over nine years.

The statement from the April 27 meeting of the Federal Open Market Committee, the policymaking arm of the Fed, did not clearly map a path for future rate increases, and the market's expectations about another rate hike in 2016 fell. But that changed with the release of the FOMC's April meeting minutes on May 18.

In the minutes the Fed staff suggested a favorable outlook for economic growth, saying that "real GDP would expand at a modestly faster pace than potential output in 2016 through 2018, supported primarily by increases in consumer spending." FOMC officials also said that "labor market conditions improved further," and, "a range of indicators, including strong job gains, pointed to additional strengthening of the labor market." About global risks, the minutes said, "while there had been recent improvements in global financial and economic conditions, downside risks to the forecasts from developments abroad, though smaller, remained."

This positive outlook for economic conditions was interpreted as a signal that another rate increase is likely and could happen as soon as the June 14–15 FOMC meeting. In response, the market adjusted its expectations, as seen in federal funds futures contracts traded at the Chicago Board of Trade. Futures prices at the end of May (the latest data available for this issue) showed a 16 percent probability of a 0.25 percent increase in the federal funds rate in June. A rate increase by September is thought to be much more likely, with an estimated probability of 70 percent. And by December, from what we see in federal funds futures prices, at least one interest rate increase is virtually certain.

At the time we write this, the Fed's June decision is unknown. However, past experience provides guidance about the likely effects of a rate increase, whenever it comes. Whether the Fed raises the target interest rate again in June or September, some immediate market reaction is inevitable. But what is really important are the longer-lasting effects.

Judging from past experience, a 0.25 percent increase in the federal funds rate would likely have a meaningful impact on the bank prime loan rate, but the effect on the stock market, the 30-year mortgage rate, and the 10-year Treasury yield would probably be insignificant. Chart 4 illustrates the after-effects of the previous interest rate increase in December 2015.

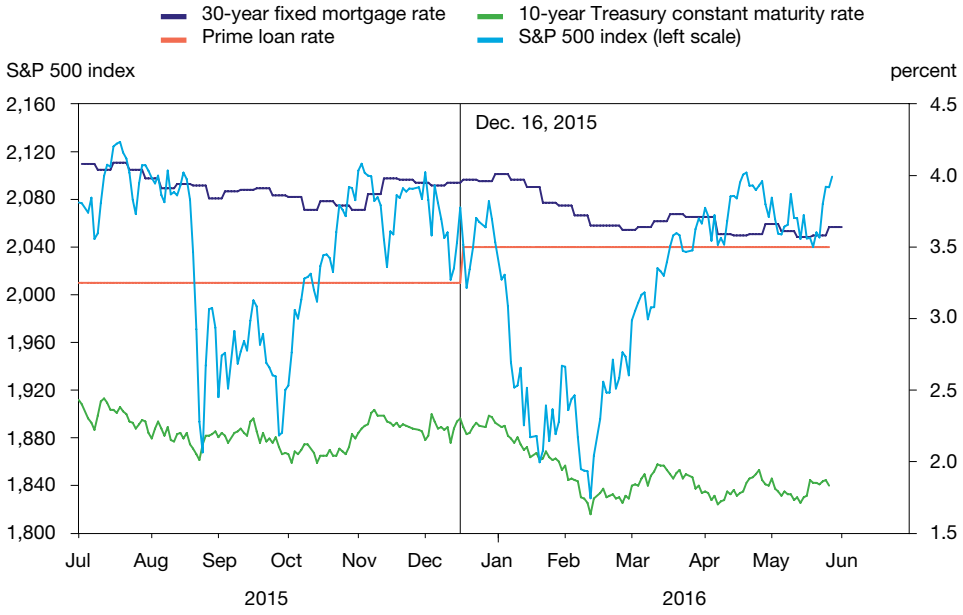
The bank prime loan rate, the rate at which banks lend money to their most credit-worthy customers, is closely connected to the federal funds rate. Last December, it jumped immediately after the Fed announced its rate increase—from 3.25 percent to 3.5 percent—and it stayed at the higher level. If the Fed raises the federal funds rate again, expect an equivalent increase in the bank loan rate. This means more expensive borrowing for businesses and individuals.

Stock markets can react swiftly to a rate increase, even dropping substantially, but they tend to rebound quickly. When the previous rate increase was announced on Dec. 16, 2015, the Standard & Poor's 500 index of stocks declined for three days in a row but was back at its previous level within a week. (A much longer-lasting decline followed later, but it was driven by forces unrelated to the federal funds rate.)

Interest rates on 30-year mortgages and 10-year Treasurys were also largely unaffected by the small increase in the federal funds rate. When the next rate increase happens, these interest rates may move up or down in the short term, but over the longer term, a series of federal funds rate increases would likely push other interest rates higher.

To sum up, the market expects that a rate increase in September is more likely than in June. But in either case, there is no cause for panic, if the experience of the earlier rate increase is any guide. Small, well-anticipated federal funds rate increases tend to produce correspondingly small, if any, changes in long-term interest rates and financial markets in the ensuing weeks and months.

Chart 4. Effects on financial markets from the December interest rate increase are difficult to identify, except for the bank prime loan rate.



Note: The Fed raised the target range for the federal funds rate from 0–0.25 percent to 0.25–0.5 percent on Dec. 16, 2015.

Sources: Federal Reserve Board, Standard & Poor's (FRED).

FIXED INCOME

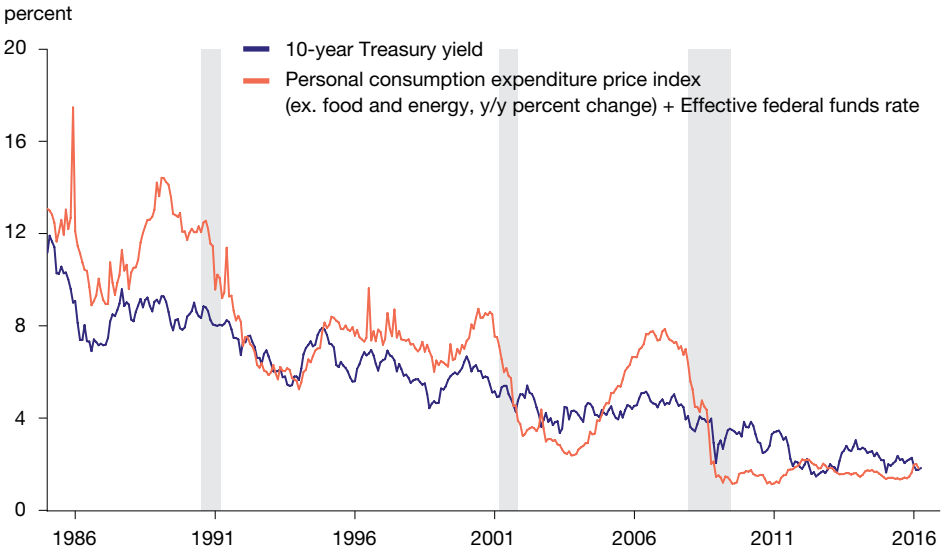
Recent economic data show the economy has regained a bit of momentum. A tighter labor market is pushing up hourly earnings at a faster rate, while the core personal consumption expenditures, or PCE, price index drifts higher. And, as previously discussed, Fed officials have been hinting at a possible increase in the federal funds target rate.

Together, these trends suggest that 10-year U.S. Treasury yields could come under further upward pressure. Since 1980, a simple model of the year-over-year percent change in the core PCE price index added to the effective federal funds rate shows a high correlation with the yield on the 10-year Treasury (Chart 5). While no model is perfect, this simple calculation suggests strong support for basic, widely accepted economic and investing principles.

Though the evidence suggests that yields may rise in the future, there are a number of potentially offsetting forces. First, though U.S. yields are at historically low levels, they are relatively high compared with many other developed economies. That makes them a good value on a relative basis and attractive to foreign investors. Furthermore, a potential federal funds target rate hike could push the dollar higher, and for foreign investors holding dollar-denominated assets, a stronger dollar could mean extra return on their investment. Finally, the U.S. Treasury market remains a safe haven in times of global financial or geopolitical uncertainty. Safe-haven buying could also offset upward pressure on yields from domestic fundamental forces.

In the short term it is nearly impossible to know which forces will win out, but in the longer term, fundamental forces tend to be more persistent.

Chart 5. A federal funds rate hike and increases in the core PCE price index suggest 10-year Treasury yields could rise in the months and quarters ahead.



Note: Shaded areas denote recessions.

Sources: Bureau of Economic Analysis, Federal Reserve Board, Tullette Prebon Information (FactSet).

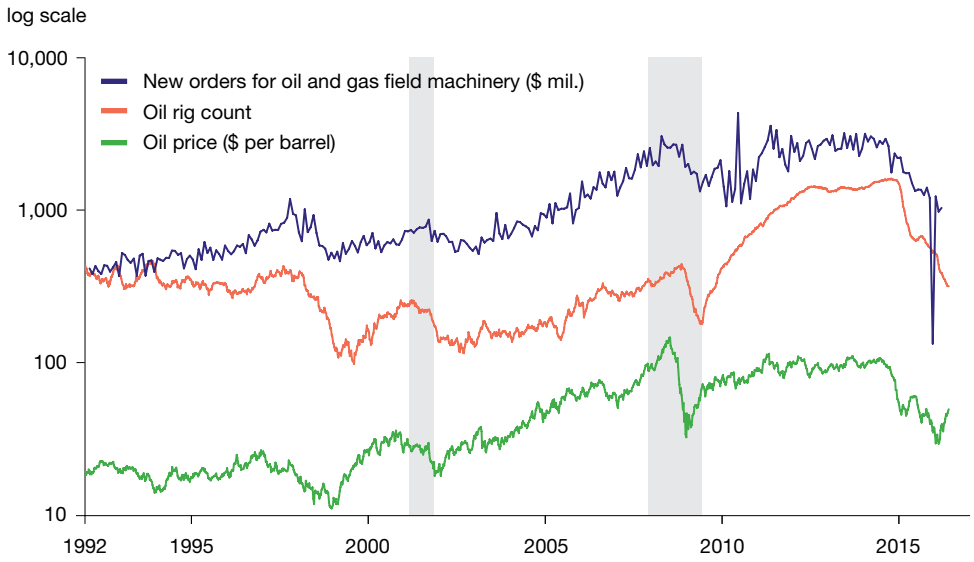
COMMODITIES

Rising crude-oil prices combined with the development of new drilling technologies drove a fourfold increase in the number of U.S. oil rigs from early 1999 through 2008. New orders for mining and oilfield equipment rose in conjunction with the increase in rigs (Chart 6).

The plunge in crude-oil prices that began in mid-2014 has led to a drop in the number of operating oil rigs in the U.S. as well as plummeting oil-related capital investment. It's amazing that U.S. oil production has only begun to fall over the past year, and output levels are still well above the production of just a few years ago (Chart 7).

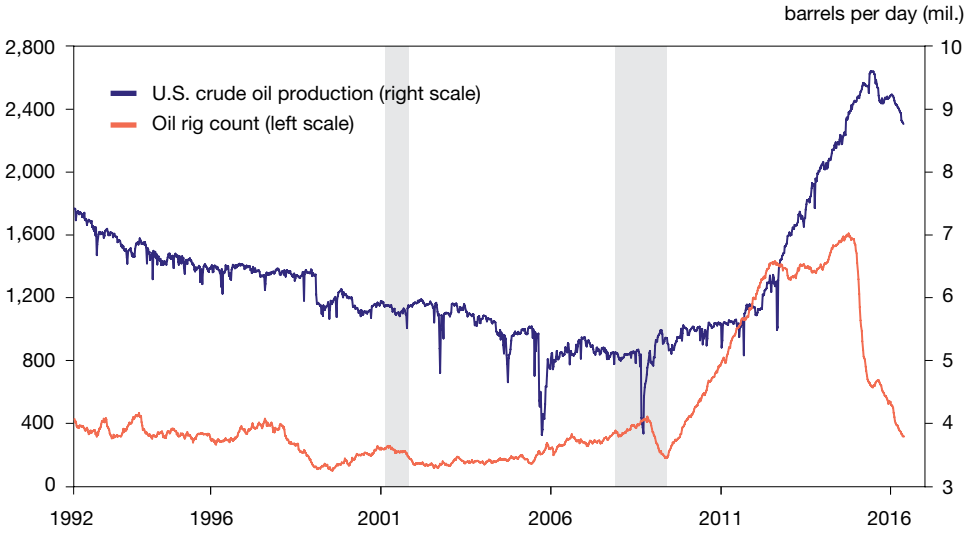
Crude-oil prices were as low as the mid-$20s a barrel in early 2016, but have rebounded to around $50 a barrel. While that may still be too low a price to encourage a major new drilling surge, if prices continue to rise, capital spending on mining and oilfield equipment may stabilize, reducing the drag on overall capital spending.

Chart 6. Capital investment in the energy sector may stabilize if oil prices continue to rise.



Note: Shaded areas denote recessions.
Source: Baker-Hughes, Energy Information Administration, U.S. Census Bureau (FactSet).

Chart 7. U.S. oil production is only off about 10 percent despite an 80 percent plunge in the number of rigs.



Note: Shaded areas denote recessions.
Sources: Baker-Hughes, Energy Information Administration (FactSet).

U.S. EQUITIES

U.S. equity markets have recovered from a significant sell-off early in 2016 and from a less severe pullback from mid-April through mid-May. The S&P 500 is currently only about 2 percent below its all-time high. In part the recoveries represent renewed confidence in the economic outlook. In order for markets to continue to post gains, investors will need assurance that businesses will benefit from sustainable topline growth, courtesy of healthy growth rates in overall economic activity. Investors will also need to feel confident that businesses will be able to maintain and protect profit margins in the face of potentially higher interest rates and labor costs.

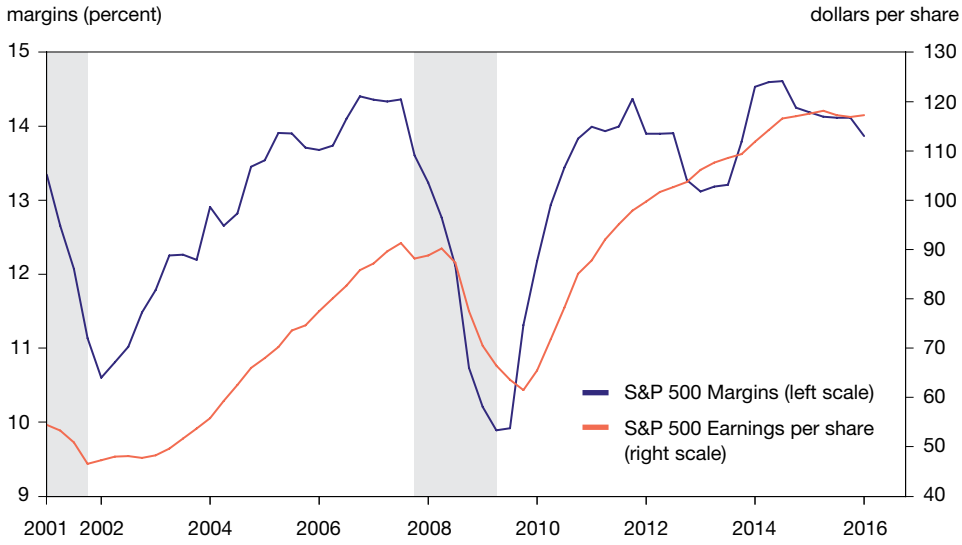
Growth in earnings per share, or EPS, for the S&P 500 has been slowing since mid-2014, largely due to falling energy prices, though falling commodity prices have also hurt the materials sector, and weak exports have weighed on industrial companies. Despite the performance of S&P 500 earnings, S&P 500 profit margins, measured as operating income as a share of sales, have held up relatively well (Chart 8).

The two biggest threats to margins are likely to be higher labor costs and rising interest rates. Rising wages, however, may be offset by faster productivity growth. While that has been lacking in recent years, labor-cost pressures may be just the stimulus needed for cash-rich businesses to increase capital investment in order to boost productivity.

The second threat may be from rising interest rates. While it seems likely that the Fed will raise the federal funds target rate, policy makers have indicated that increases are likely to come at a very slow pace and in small increments. If that is true, the threat from rising interest rates remains minimal.

Overall, we expect businesses to be able to protect and maintain healthy margins over the next several quarters. If we are correct, then the combination of somewhat stronger topline growth and stable margins should allow for better EPS growth and continued price gains for U.S. equities.

Chart 8. While the S&P 500's earnings-per-share growth has faltered, margins have held up.



Notes: Shaded areas denote recessions. Margins calculated as operating income as a percent of sales.

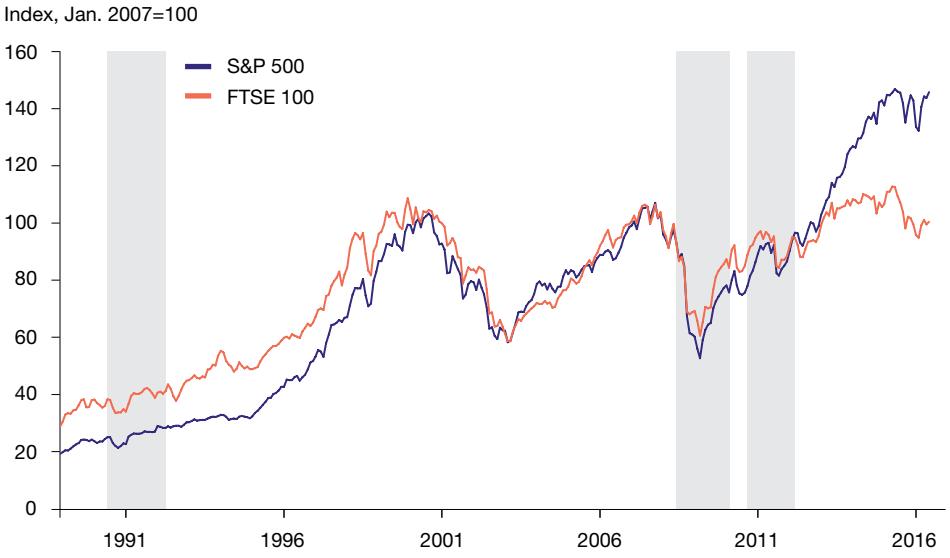
Sources: Standard & Poor's (FactSet).

GLOBAL EQUITIES

Across the pond, the U.K. may be one of the closest economies to the U.S. in terms of recovery from recession and overall health. But despite the progress made by the Brits in boosting their economy, the U.K. equity market lags far behind the U.S. (Chart 9). One contributing factor to the poor performance may be manufacturing businesses that have had their profitability fall back to levels from the early-to-mid-2000s (Chart 10).

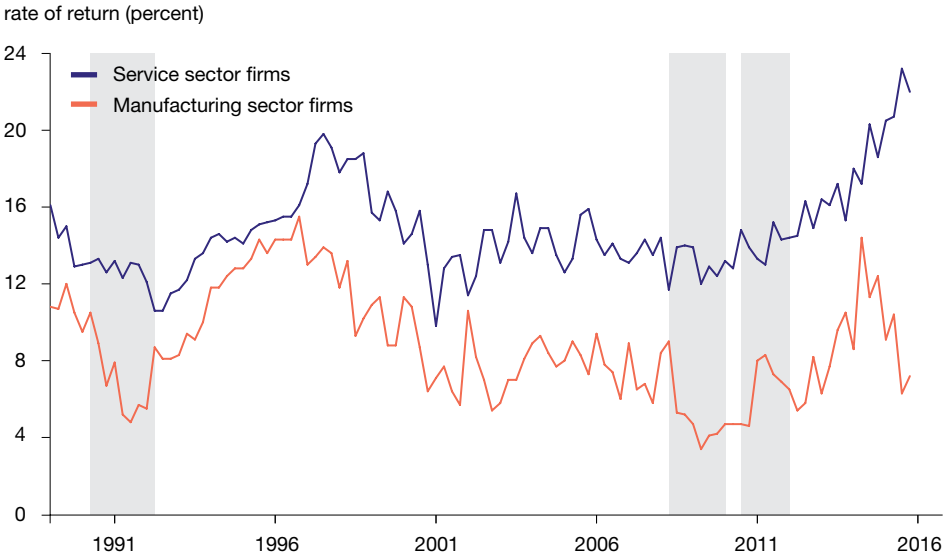
One final note on U.K. equities: The June 23 referendum on whether the U.K. should continue as a member of the European Union or whether it should exit (Brexit) will affect equity market performance. That issue will be put to rest soon. If the U.K. stays in the union, then investors will likely refocus on economic and business fundamentals. If it votes to leave, uncertainty surrounding the impact on both the economy and business fundamentals will likely linger for some time to come.

Chart 9. The S&P 500 has substantially outperformed the U.K.'s FTSE 100 since 2012.



Note: Shaded areas denote recessions in the U.K.
Sources: Standard & Poor's, FTSE (FactSet).

Chart 10. Falling profitability in the U.K. manufacturing sector may be hurting equity performance.



Note: Shaded areas denote recessions in the U.K.
Sources: U.K. Office for National Statistics.

PULLING IT ALL TOGETHER

THE ECONOMY…

Our Leaders index rebounded to a neutral 50 percent in the latest reading, following two months at 38 percent. The rebound suggests the risk of recession has receded but remains slightly elevated.

We maintain our view that continued gains in the labor market are likely to provide a solid foundation for economic growth in coming quarters. In the second half of the year, four items to watch are: the Fed, the dollar, crude-oil prices, and corporate profits and profit margins.

…INFLATION…

The AIER Inflationary Pressures Scorecard shows falling pressure for months ahead, with 10 indicators supporting rising pressure and 13 suggesting falling pressure. Consumer demand and supply and costs and productivity show nearly balanced effects on inflation. But rising interest rates and money creation slowed by monetary policy suggest falling inflationary pressure.

Despite the falling inflationary outlook, a rebound in energy and food prices in April took the Consumer Price Index to its highest monthly growth in over three years. Within the core CPI, prices of services continue to advance, while goods prices have stalled, mainly due to falling prices for apparel, household furnishings and supplies, and new vehicles.

…POLICY…

The minutes of the April 27 Federal Open Market Committee meeting revealed a more upbeat tone and a more favorable evaluation of economic conditions by Fed officials. This created an expectation that the next interest rate increase could happen soon. The markets are pricing in a possible increase in June but see a September rate hike as much likelier. Whenever it comes, experience tells us that small and well-anticipated federal funds rate increases tend to produce correspondingly small changes, if any, in long-term interest rates and financial markets.

…INVESTING

Basic, fundamental economic forces suggest that interest rates in the U.S. are likely to rise in the months ahead. However, potentially offsetting forces could restrain yields increases. Rising crude-oil prices, if they continue, may lead to higher investment in the energy sector.

U.S. equites are close to their all-time high, boosted by optimism about the outlook for earnings growth. Better topline growth prospects and the ability to manage and protect margins will be keys to sustaining price increases, both in the U.S. and abroad.

CAPITAL MARKET PERFORMANCE

(Percent change)

	May 2016	Latest 3M	Latest 12M	Calendar Year 2015	2014	2013	Annualized 3-year	5-year	10-year
Equity Markets									
S&P 1500	1.6	8.8	-0.6	-1.0	10.9	30.1	8.6	9.2	5.3
S&P 500 - total return	1.8	9.1	1.7	1.4	13.7	32.4	10.9	11.7	7.4
S&P 500 - price only	1.5	8.5	-0.5	-0.7	11.4	29.6	8.7	9.3	5.1
S&P 400	2.1	11.9	-2.1	-3.7	8.2	31.6	7.9	8.3	6.9
Russell 2000	2.1	11.7	-7.4	-5.7	3.5	37.0	5.4	6.4	4.8
Dow Jones Global Index	-0.2	8.6	-7.3	-4.0	2.1	20.8	3.3	3.1	2.3
Dow Jones Global ex. U.S. Index	-1.9	8.2	-12.7	-6.6	-5.5	13.3	-1.4	-1.9	-0.3
STOXX Europe 600 Index	1.7	4.1	-13.1	6.8	4.4	17.4	4.9	4.3	0.9
Bond Markets									
iShares 20+ year Treasury bond	0.6	-0.6	6.1	-4.2	23.6	-15.9	13.7	6.1	4.5
Dow Jones corporate bond index total return	-0.3	3.8	4.9	-0.2	7.7	-1.5	13.2	5.4	6.9
Commodity Markets									
Gold	-5.5	-1.0	0.0	-12.1	0.1	-27.3	-4.8	-3.4	8.3
Silver	-10.7	5.1	-8.3	-13.5	-18.1	-34.9	-11.5	-15.8	6.0
CRB all commodities	-1.2	7.6	-3.1	-14.4	-3.8	-5.7	-4.4	-6.2	3.0

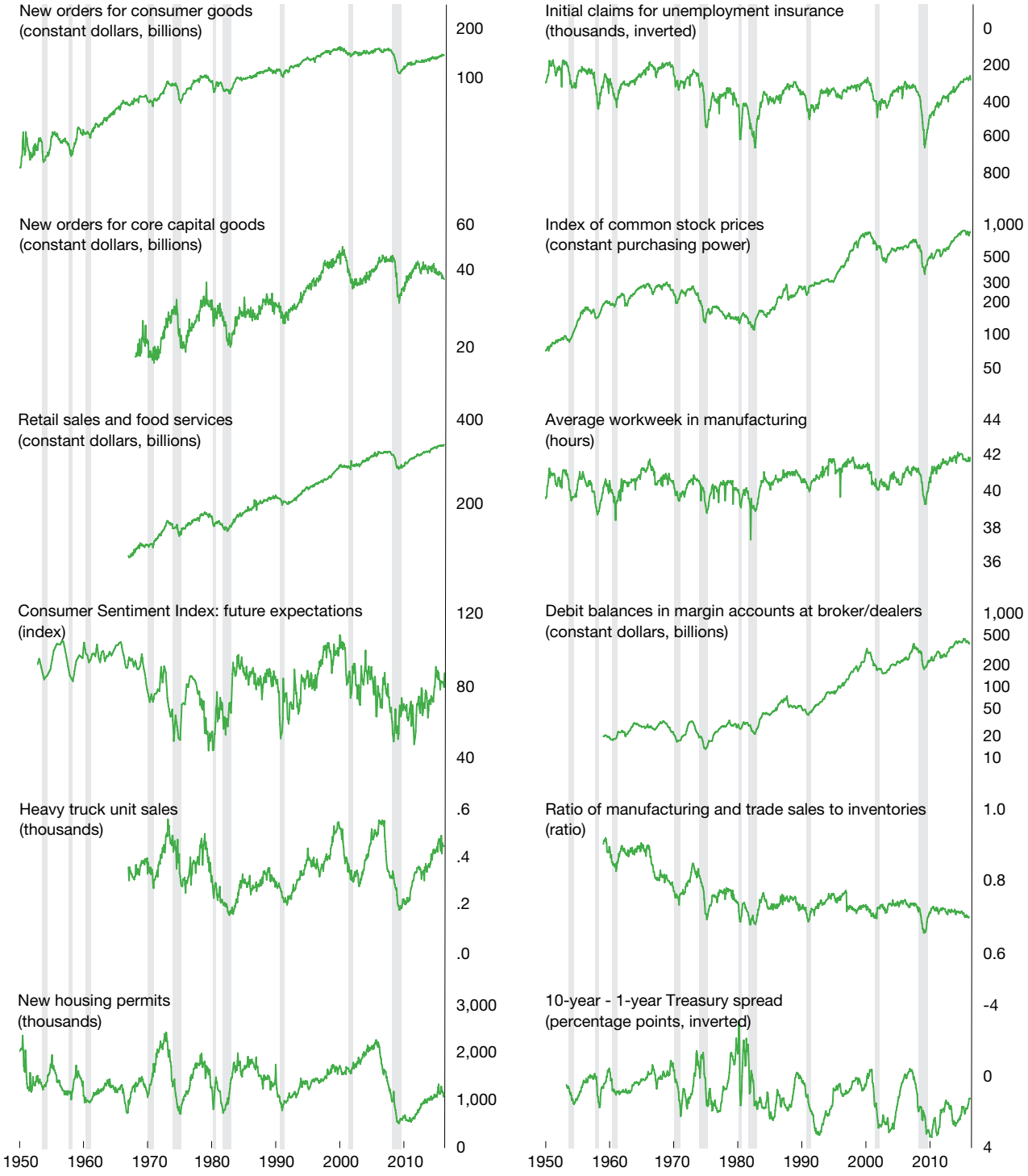
CONSUMER FINANCE RATES

(Percent)

	May 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

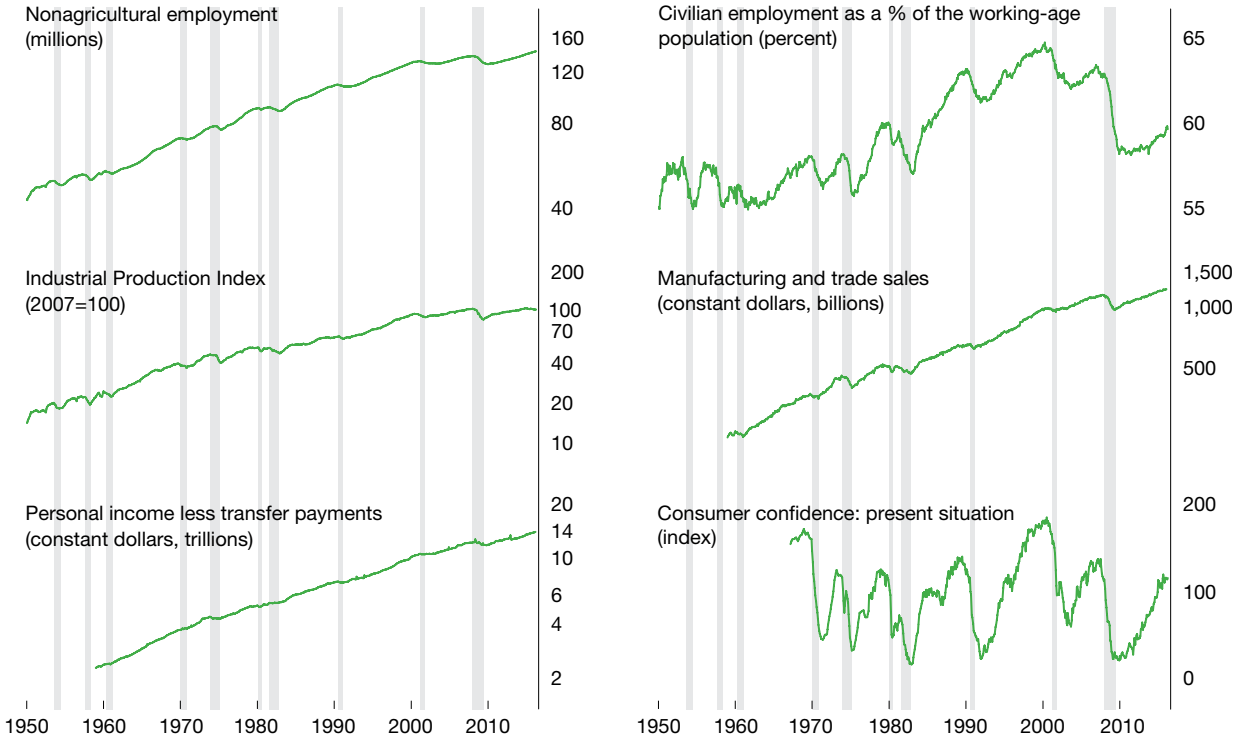
Sources for tables on this page: Bankrate Inc., Barron's, Commodity Research Bureau, Dow Jones, Federal Reserve Board, Frank Russell, iShares, Standard & Poor's, STOXX Europe 600, FactSet.

LEADERS (1950–2016)

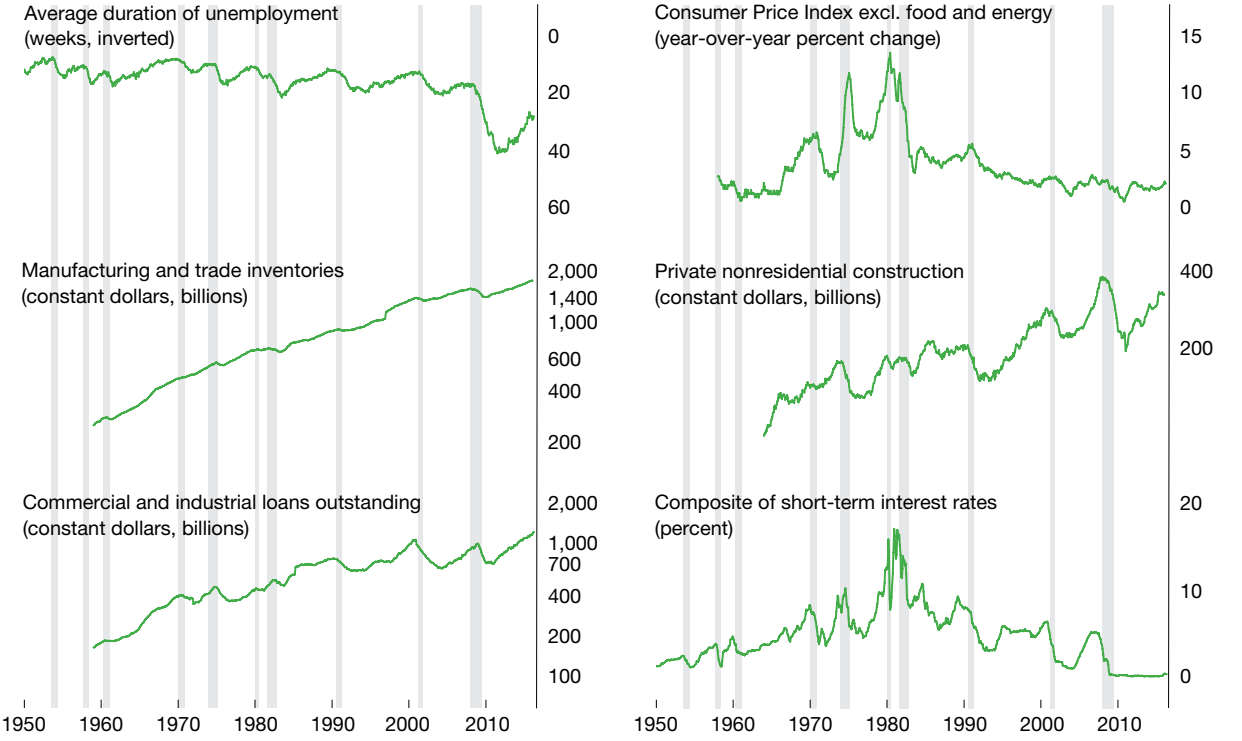


Sources for Appendix: Bureau of Economic Analysis, Bureau of Labor Statistics, Department of Labor, Federal Reserve Board, New York Stock Exchange, Standard & Poor's, The Conference Board, University of Michigan, U.S. Census Bureau.
Note: Shaded areas denote recessions (FactSet).

COINCIDERS (1950–2016)



LAGGERS (1950–2016)



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