Economic Recovery

• US Economy Is Moderating

• Housing, Employment and Production
  – Fed Employment Targets Met – Full Employment
  – Housing is Heating Up
  – Inflation Targets Still Elusive

• Fed Lowered the Fed Funds Rate Range
  – Current Range is 1.50% to 1.75%
  – Lowered Rates Three Times in 2019
  – Last year at this time range was 2.25% to 2.50%
  – Rate Changes May Be Paused
Economic Recovery

• Long range strength is still uncertain
  – Trade Policy Developing

• Fed Outlook in December was for continued improvements, but Lowered 2020 Projections
  – FOMC projected Fed Funds Rate will stay static until late 2020
- Almost 2.1 Million Jobs Created During 2019
- 2.9 Million Added During 2018
- More Job Openings than Available Job Seekers
- Unemployment At Lowest Levels in 50 Years

Unemployment Rate
Quarterly Forecast

Source: Federal Reserve Bank of Philadelphia (November 2019)
Existing Home Sales recorded an annualized 5.35 Million in November 2019 (5.5 Million in August, Hit high in November 2017 at 5.72 Million)

New Home Sales recorded an annualized 719,000 in November 2019 (729,000 in July, Hit high in September 2019 at 730,000)

Low Mortgage Rates are Stimulating Housing Sector

Source: US Census Bureau and National Association of Realtors
GDP – Forecast Somewhat Lower

Quarterly Forecast

Source: Federal Reserve Bank of Philadelphia November 2019
Inflation Flat
Quarterly Forecast

Source: Federal Reserve Bank of Philadelphia (November 2019)
Considerations

- Domestic Job Creation/Earnings Pressures
- Inflation Prospects More Tempered
  - Interest Rates
  - Trade Implications
- Domestic Housing Market
- Flat Yield Curve
Stock Markets Are Strong

Dow Jones Industrial Average
S&P 500 Average

June 2020.
DISCLAIMER

• This document is intended for discussion purposes only and is intended for the exclusive use of the BRA.

• All numbers discussed herein are forecast and indicative of market conditions on the date prepared, and you should determine the economic risks and merits as well as the legal and tax consequences of relying on this data, keeping in mind that potential future events may or may not occur.