



# 2014 U.S. Economic Outlook

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**January 15, 2014**

The views expressed in this presentation are strictly those of the authors and do not necessarily reflect the positions of the Federal Reserve Bank of Dallas or of the Federal Reserve System.

# Outline

- Recovery gained momentum in 2013:H2
  - Output
  - Labor market
  - Industrial sector
  - Household spending
  - Housing market
- Outlook for 2014
- Concluding remarks

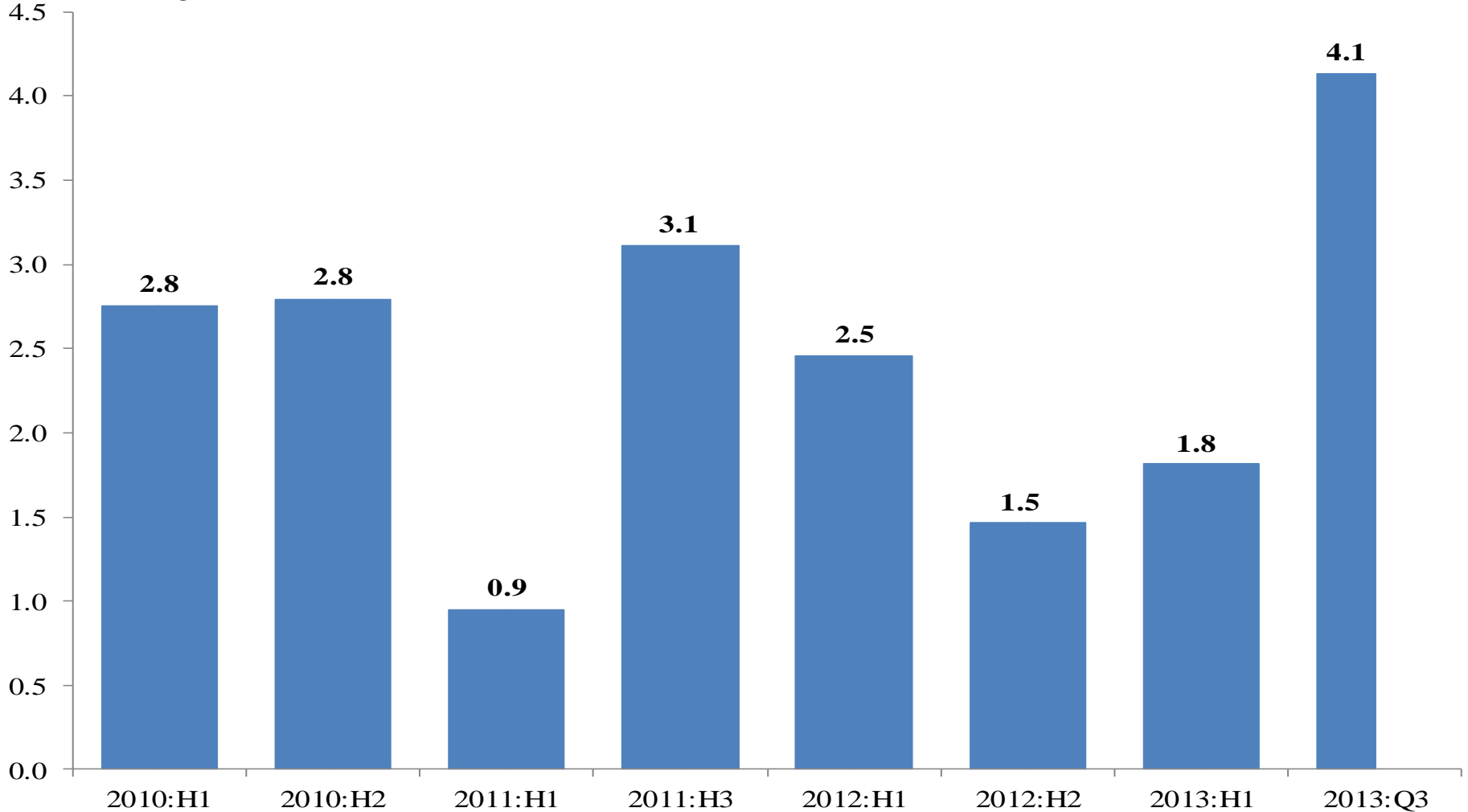


# U.S. recovery picking up speed



# GDP growth accelerated in 2013:Q3

Percent change, annualized

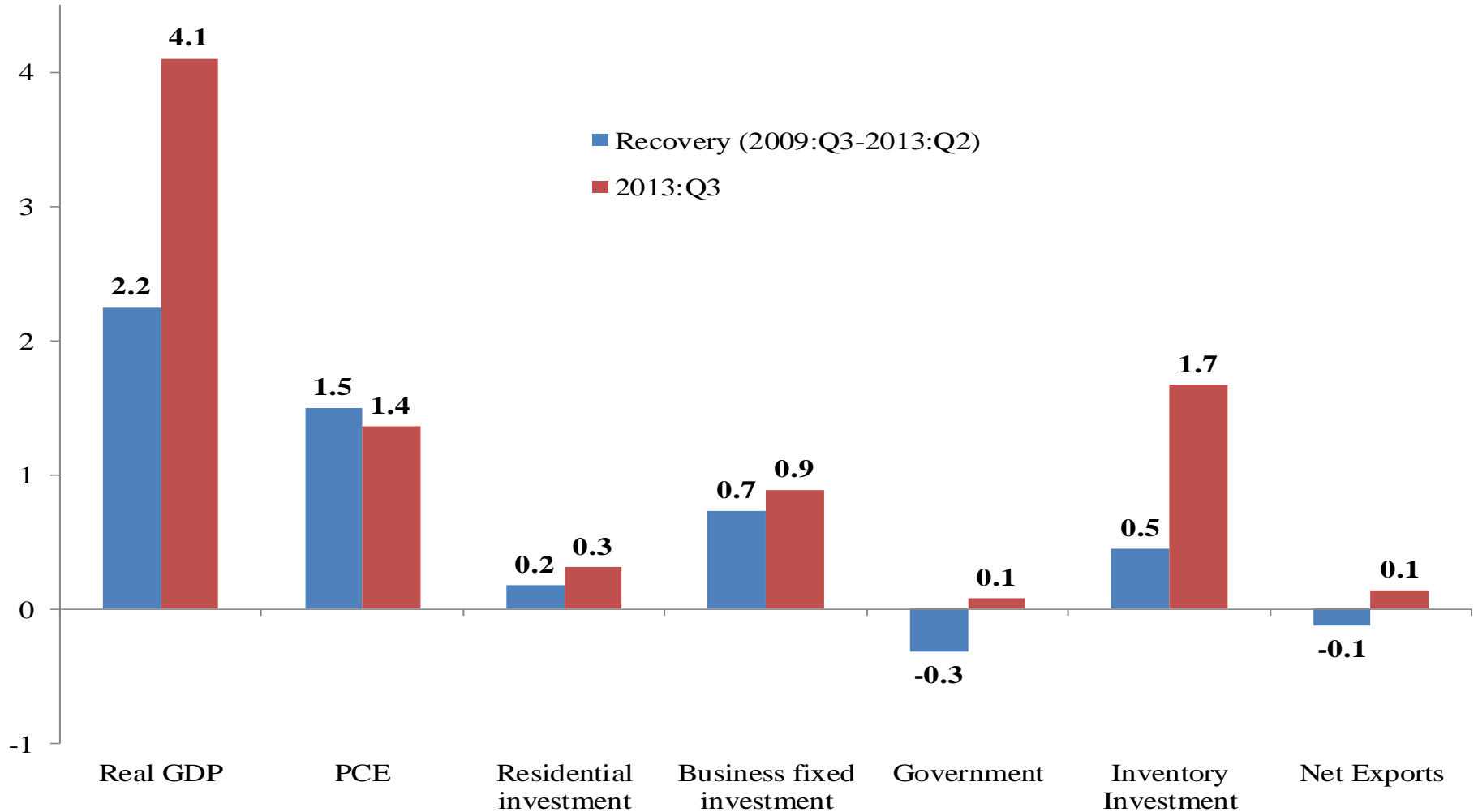


Source: Bureau of Economic Analysis



# Stronger GDP growth is broad-based

Contribution to real GDP growth

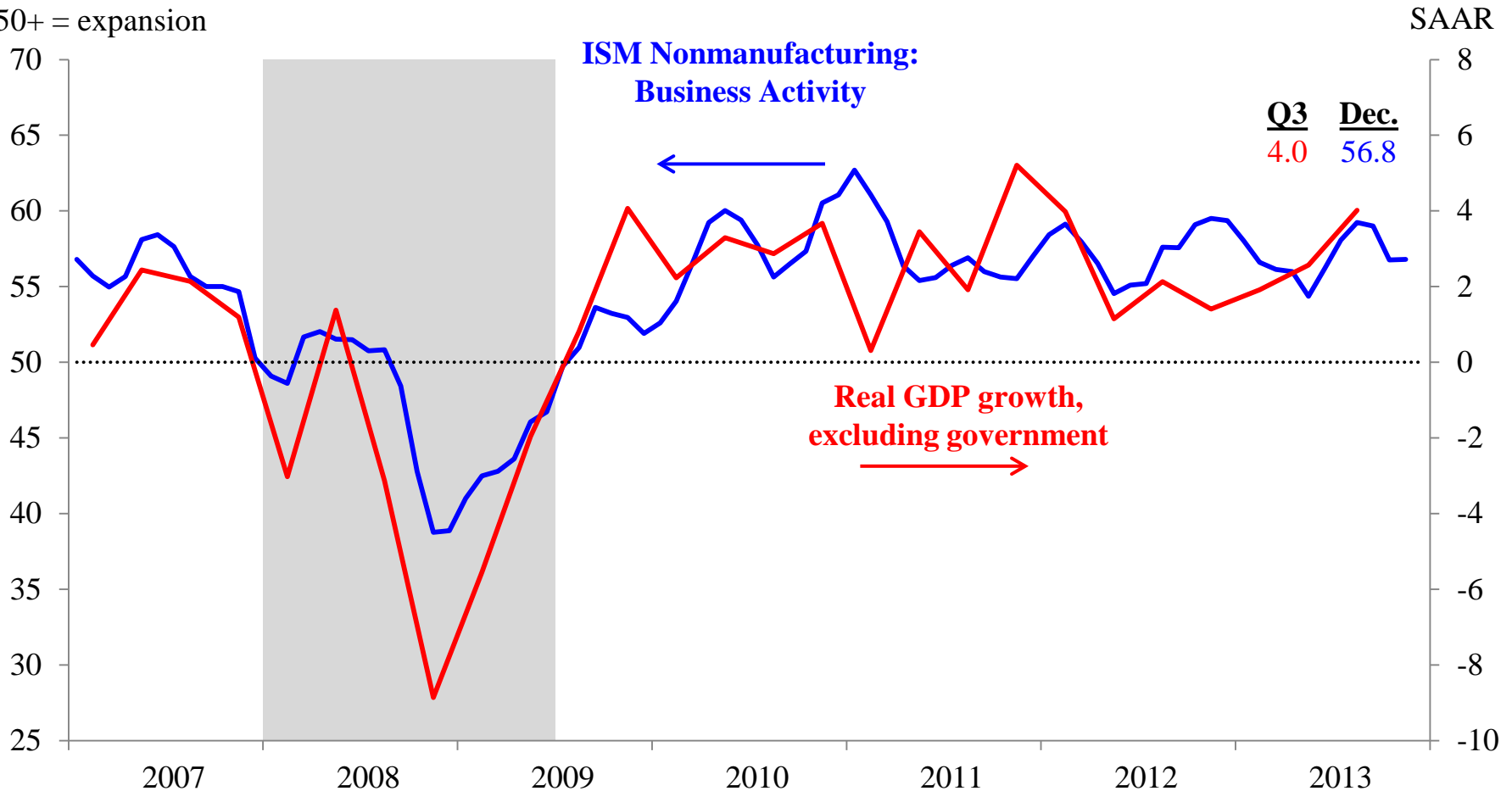


Source: Bureau of Economic Analysis



# ISM “Business Activity” index indicates overall private-sector growth likely to continue

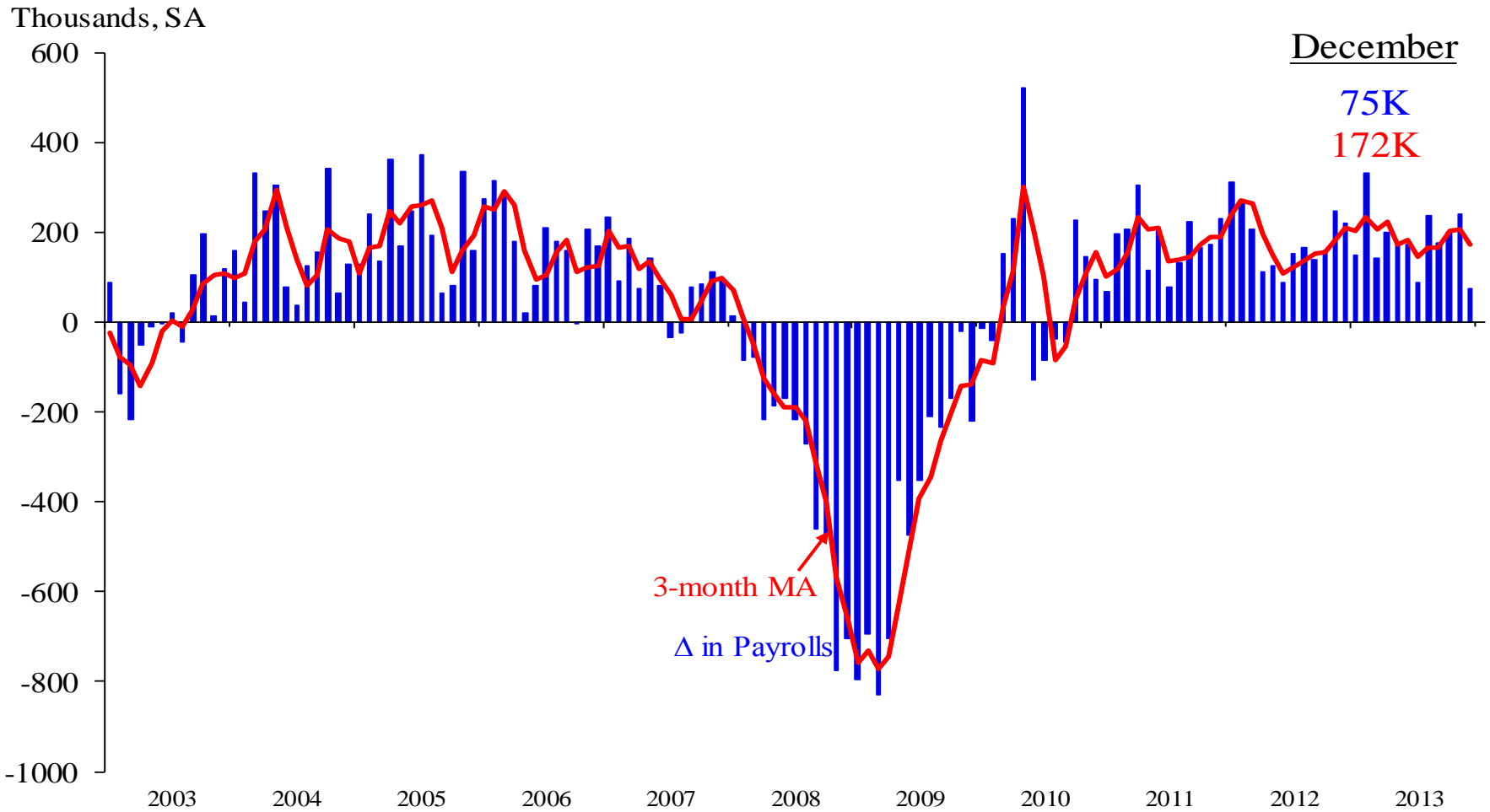
3-month MA,  
50+ = expansion



Sources: Bureau of Economic Analysis, Institute of Supply Management



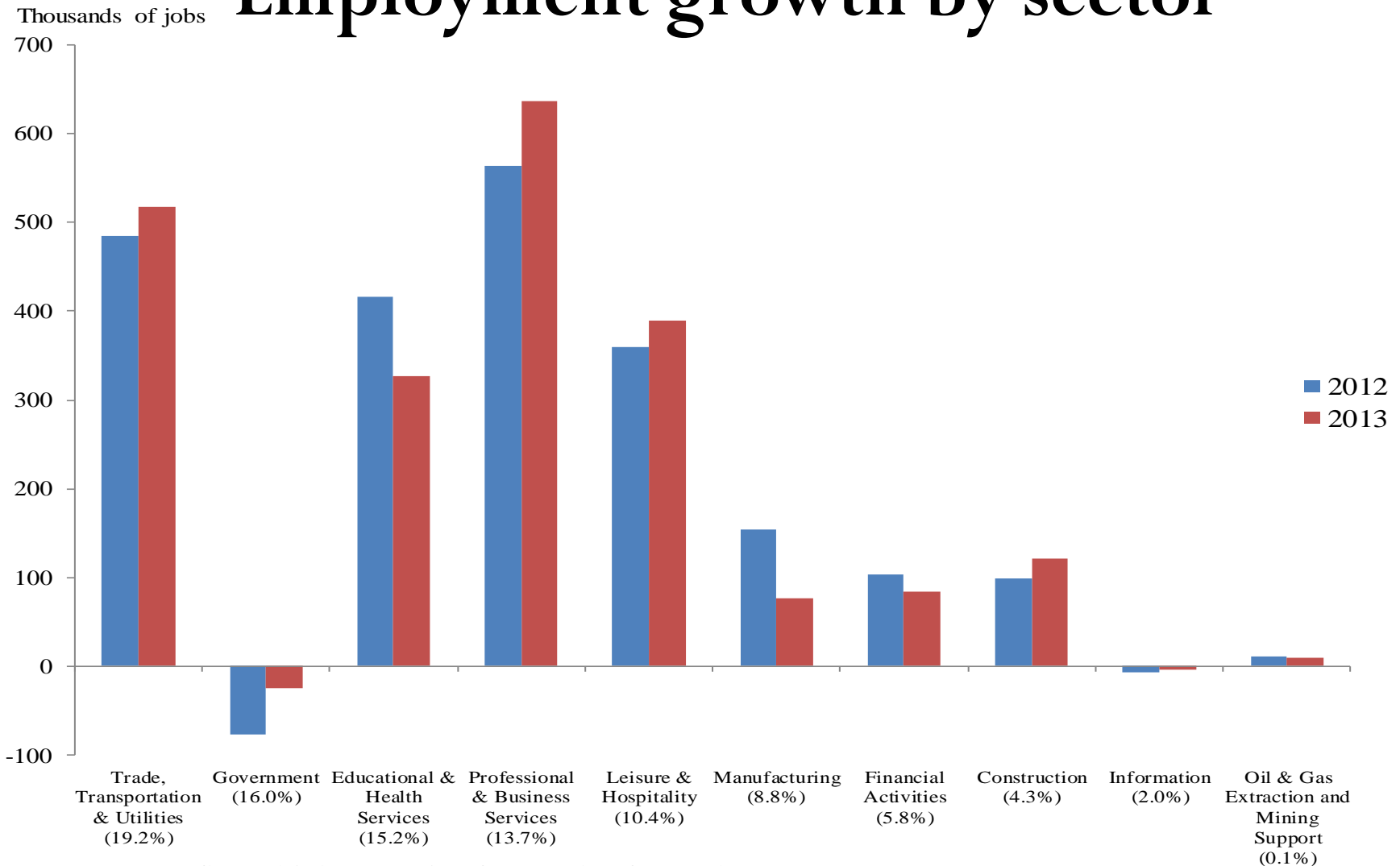
# Payroll employment



Source: Bureau of Labor Statistics



# Employment growth by sector



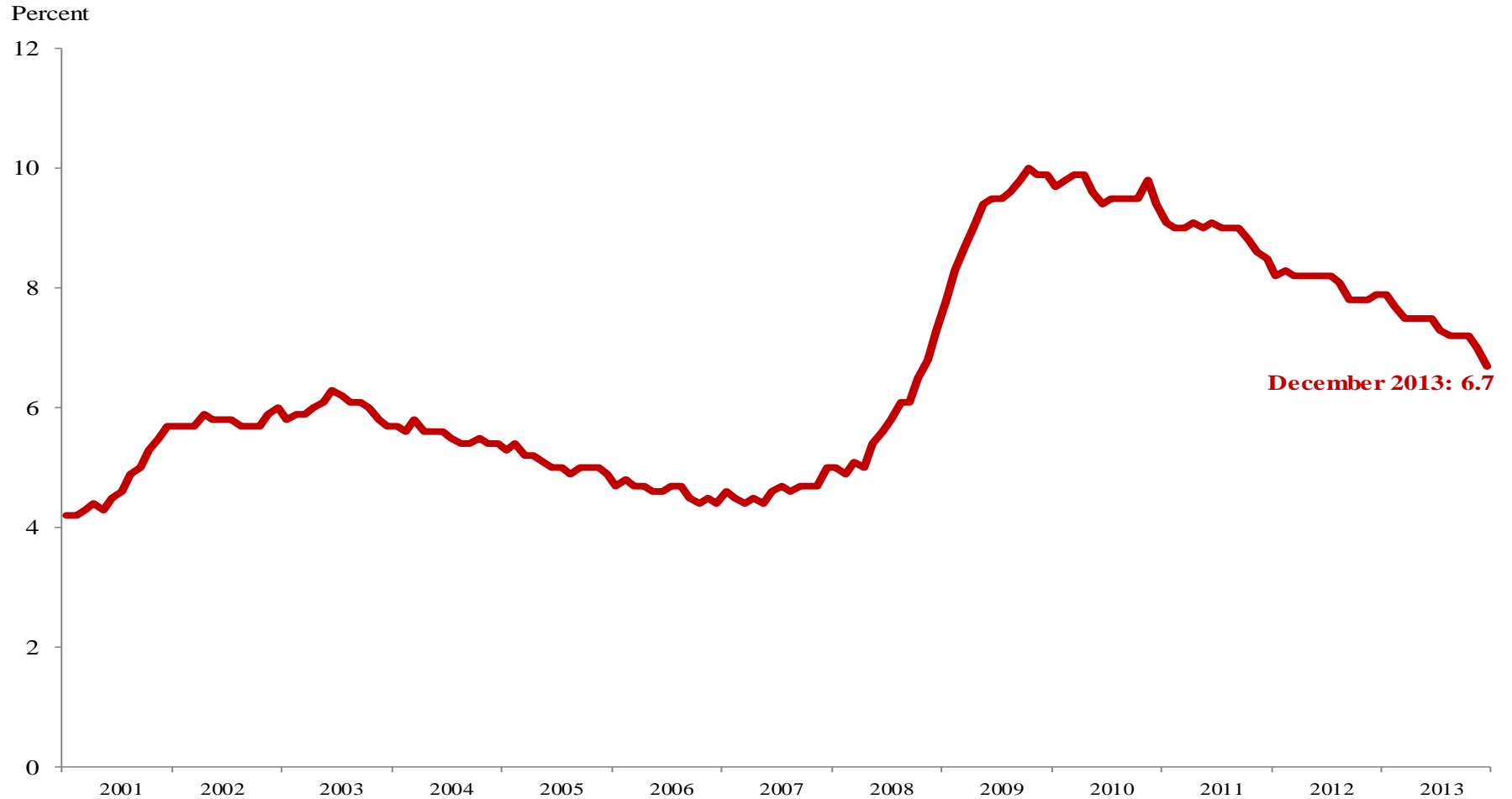
Percentages reflect each industry's portion of 2013 total nonfarm employment

Source: Bureau of Labor Statistics





# Unemployment rate

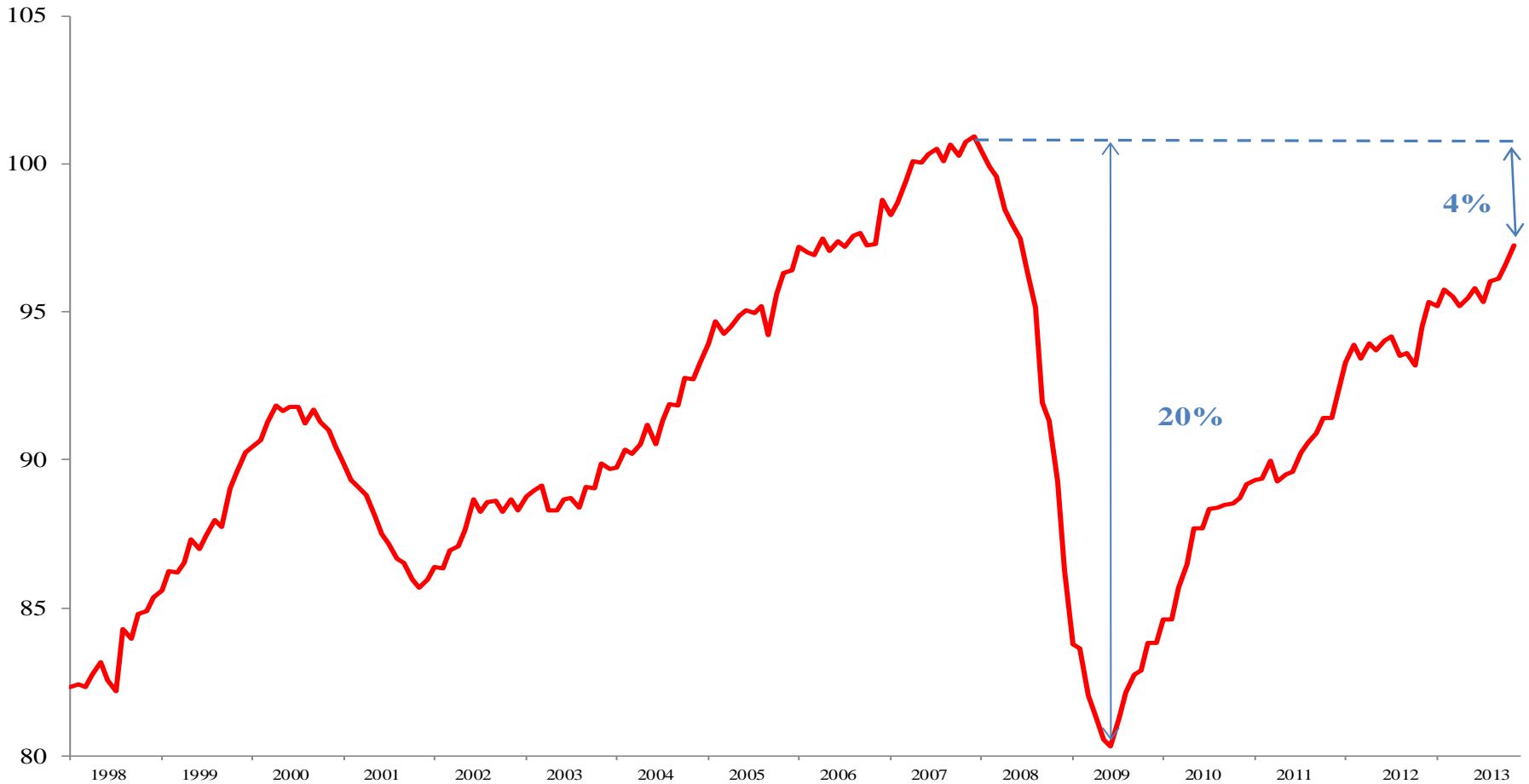


Source: Bureau of Labor Statistics



# U.S. manufacturing gaining speed

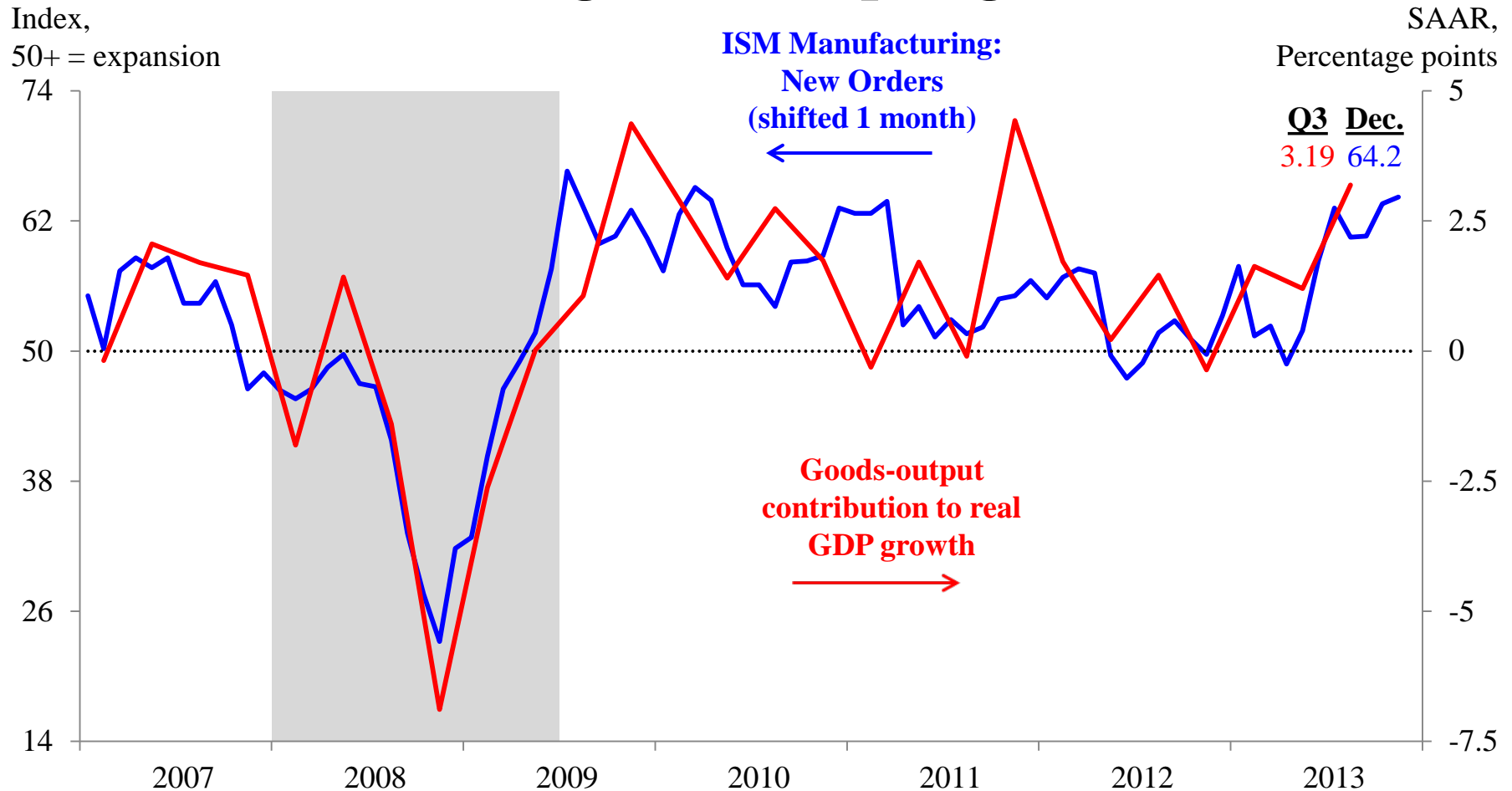
Index: Jan 2007=100, S.A.



Source: Board of Governors, Federal Reserve System



# ISM Manufacturing “New Orders” index suggests solid Q4 goods-output growth

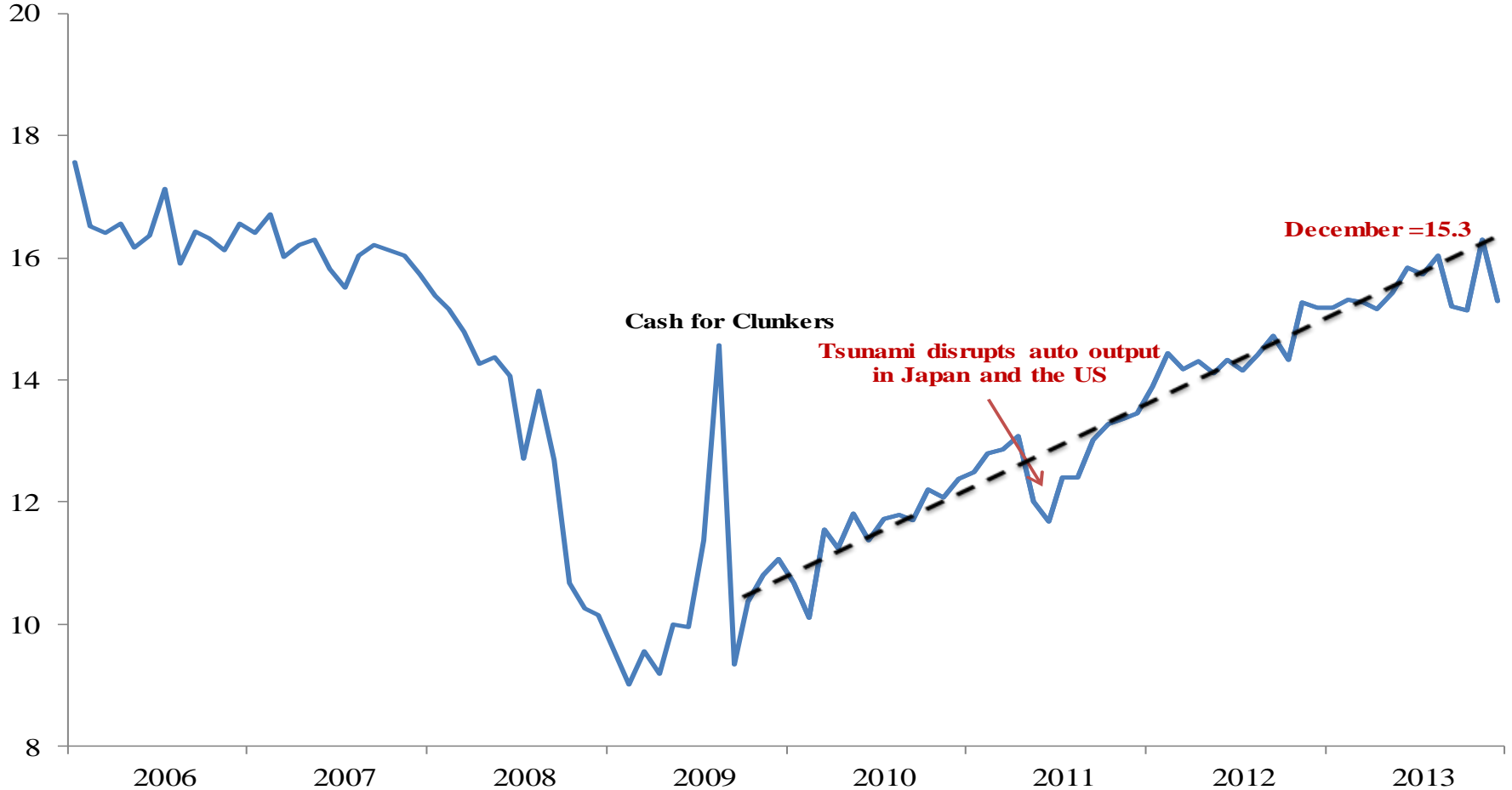


Sources: Bureau of Economic Analysis, Institute of Supply Management



# Vehicle sales continue to improve

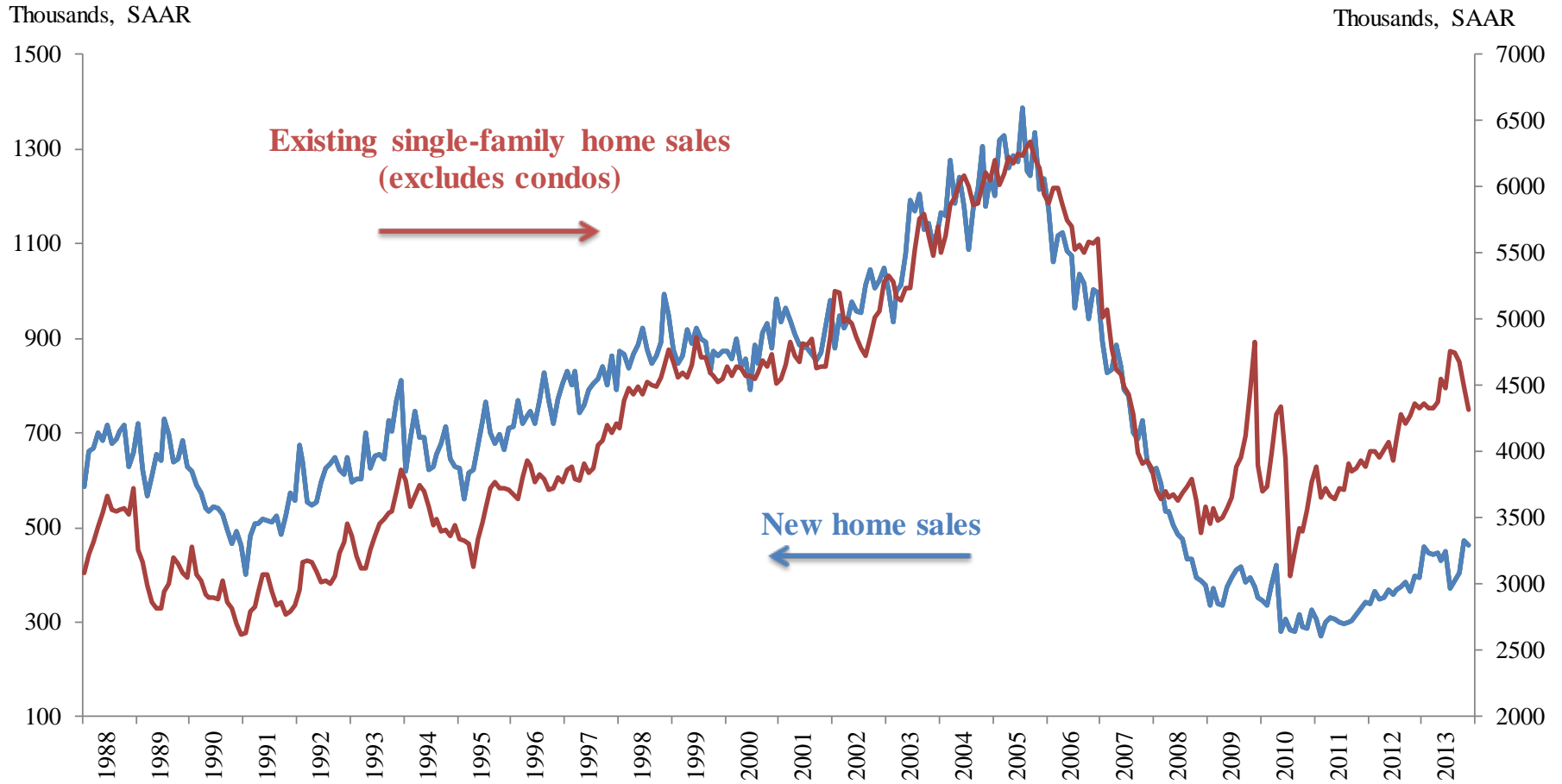
Million Units, SAAR



Source: U.S. Department of Commerce: Bureau of Economic Analysis, HAVER Analytics



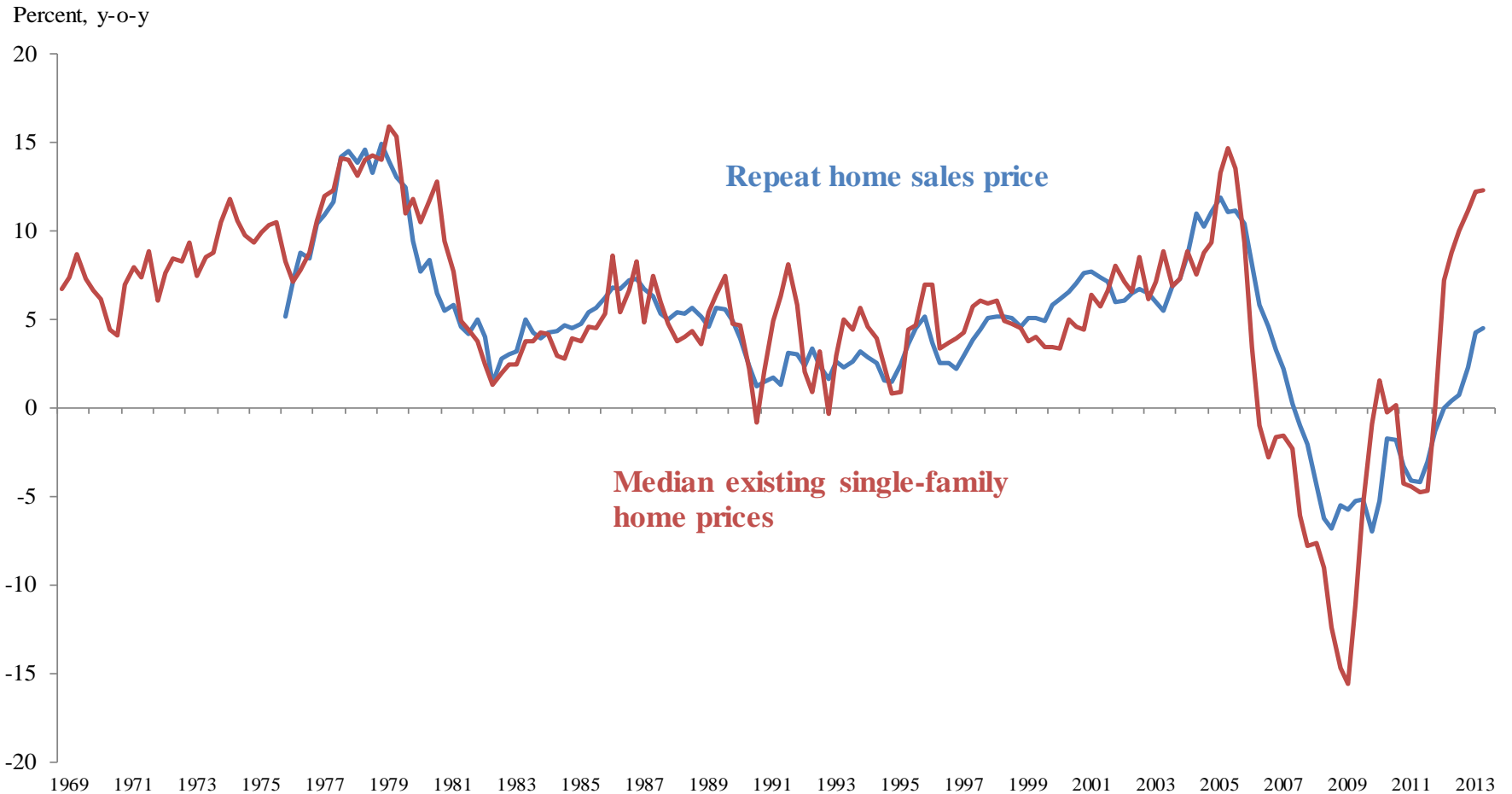
# Recovery in housing market continues



Source: Census Bureau, National Association of Realtors



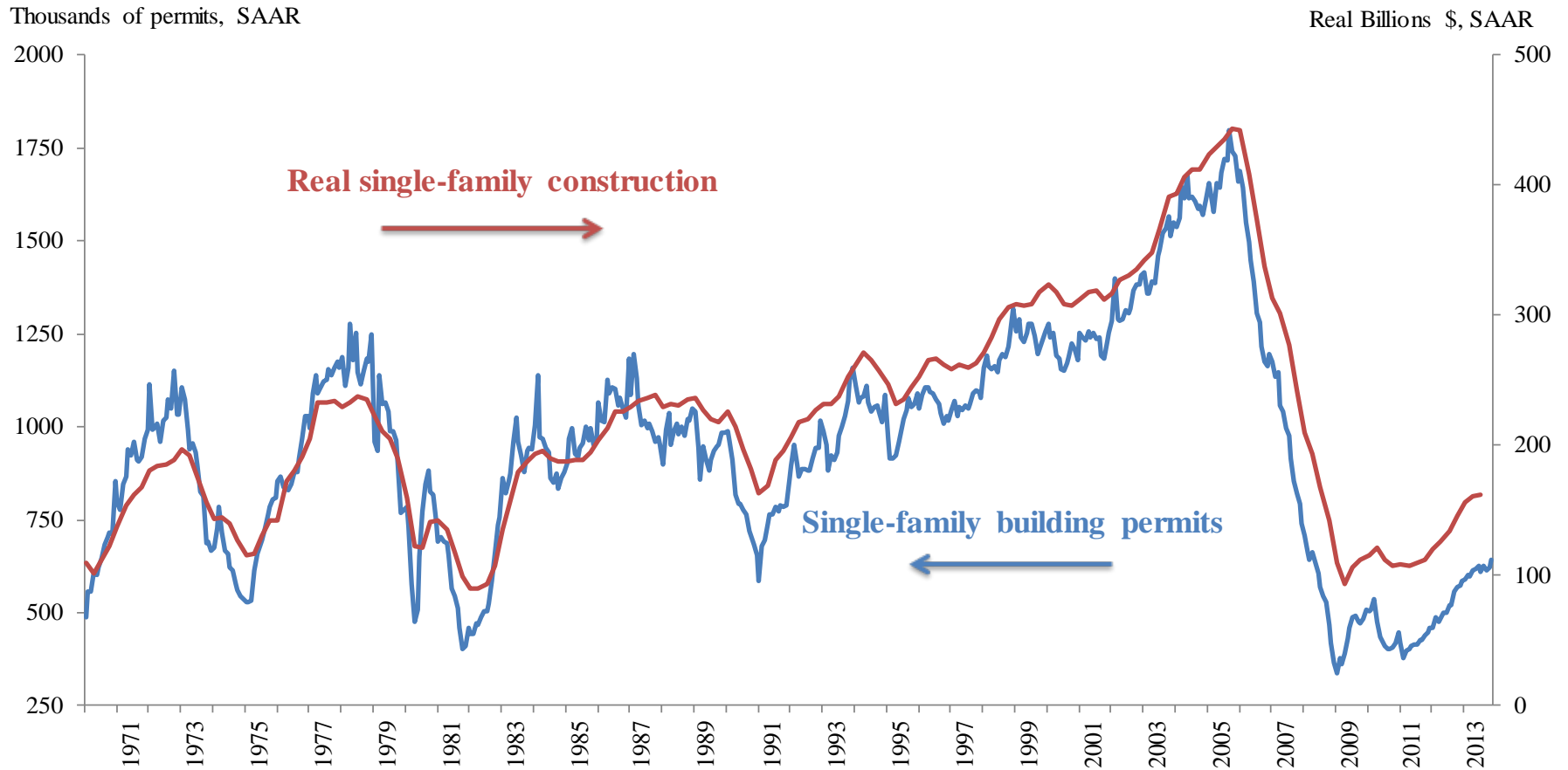
# Home prices on the rise



Sources: National Association of Realtors; Office of Federal Housing Enterprise



# New single-family construction begins to turn around

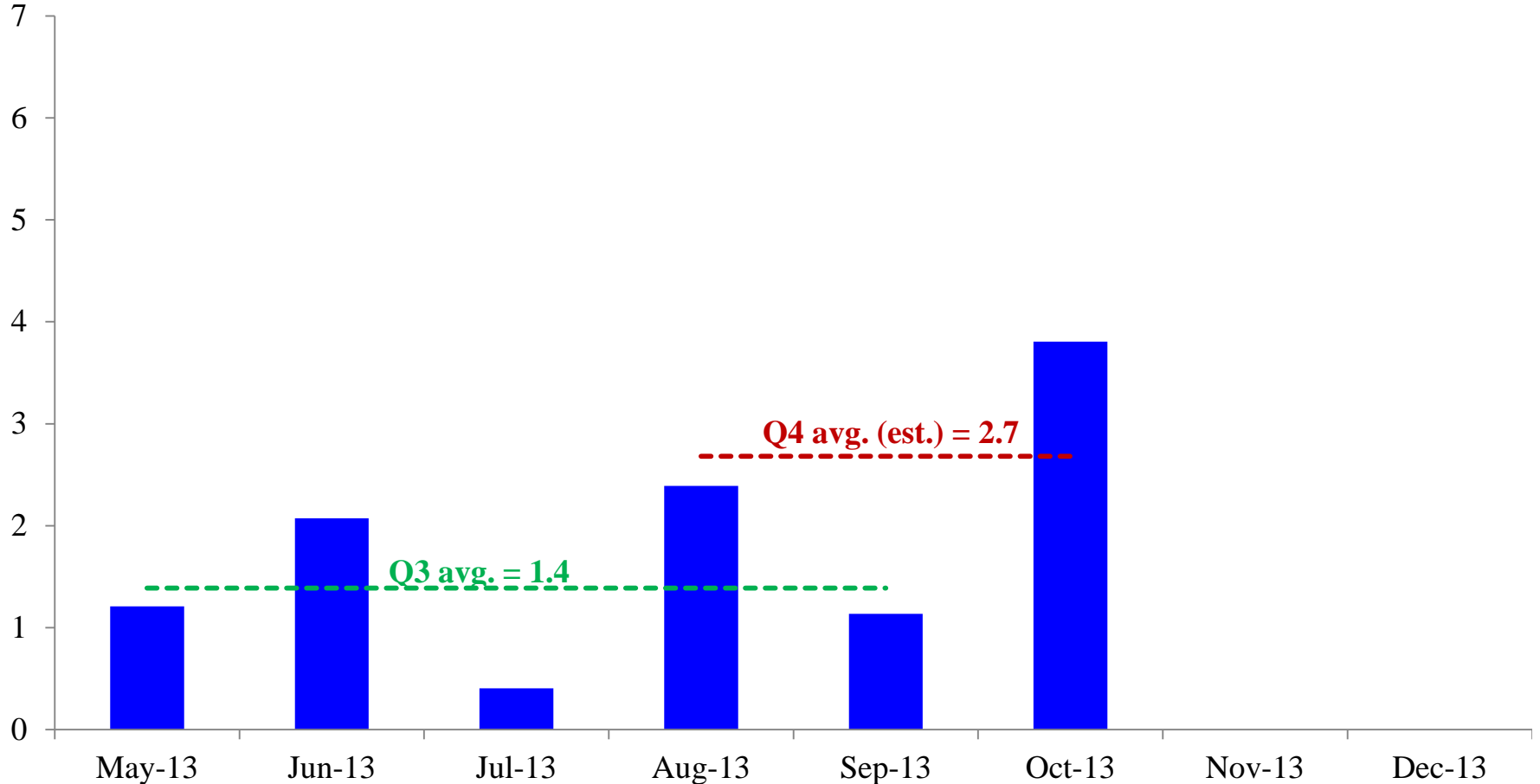


Source: Census Bureau, Bureau of Economic Analysis



# Data through October had suggested strong Q4 gains in real household spending

Annualized % change



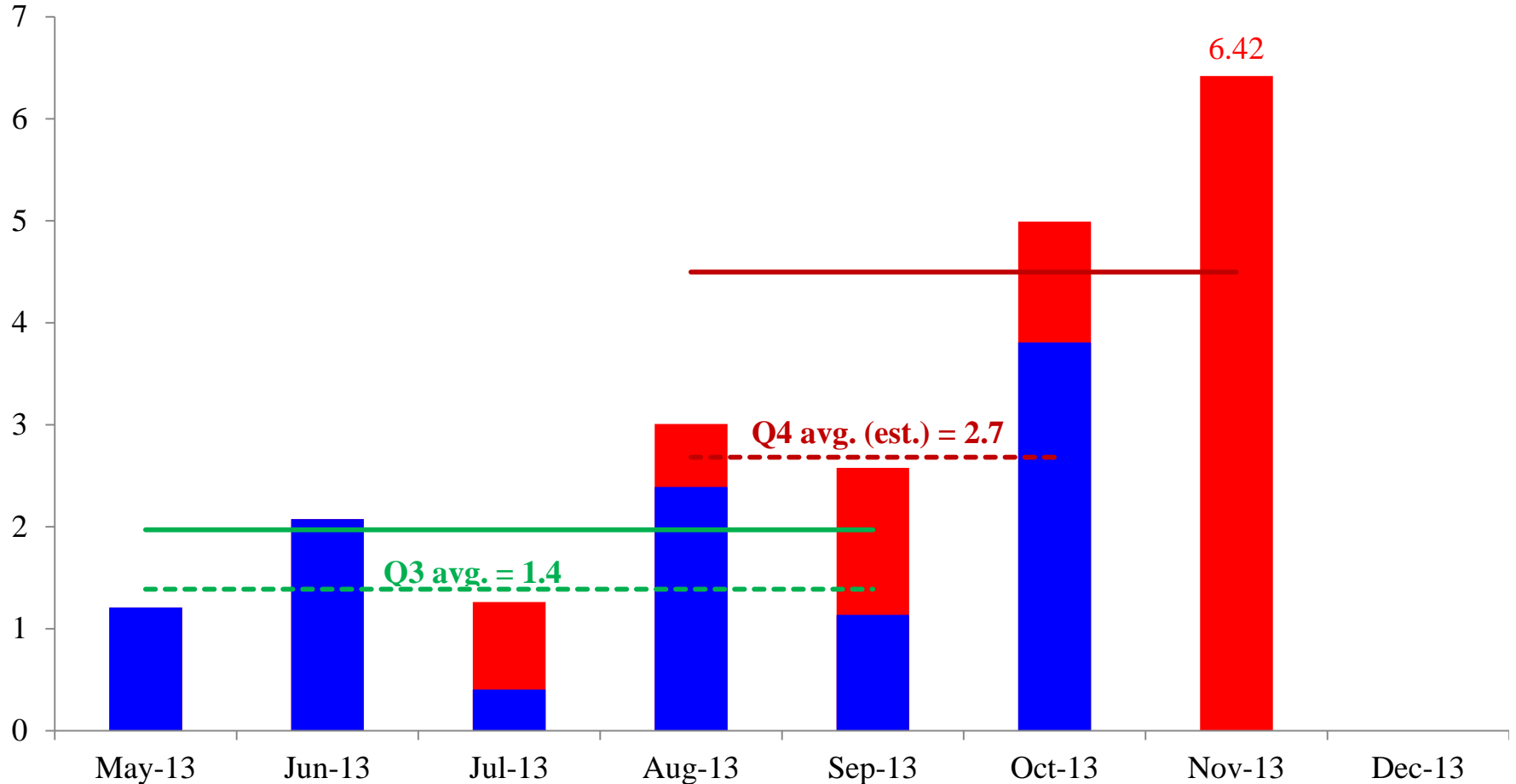
Source: Bureau of Economic Analysis





# New data signal an even stronger Q4 household spending outlook

Annualized % change



Source: Bureau of Economic Analysis

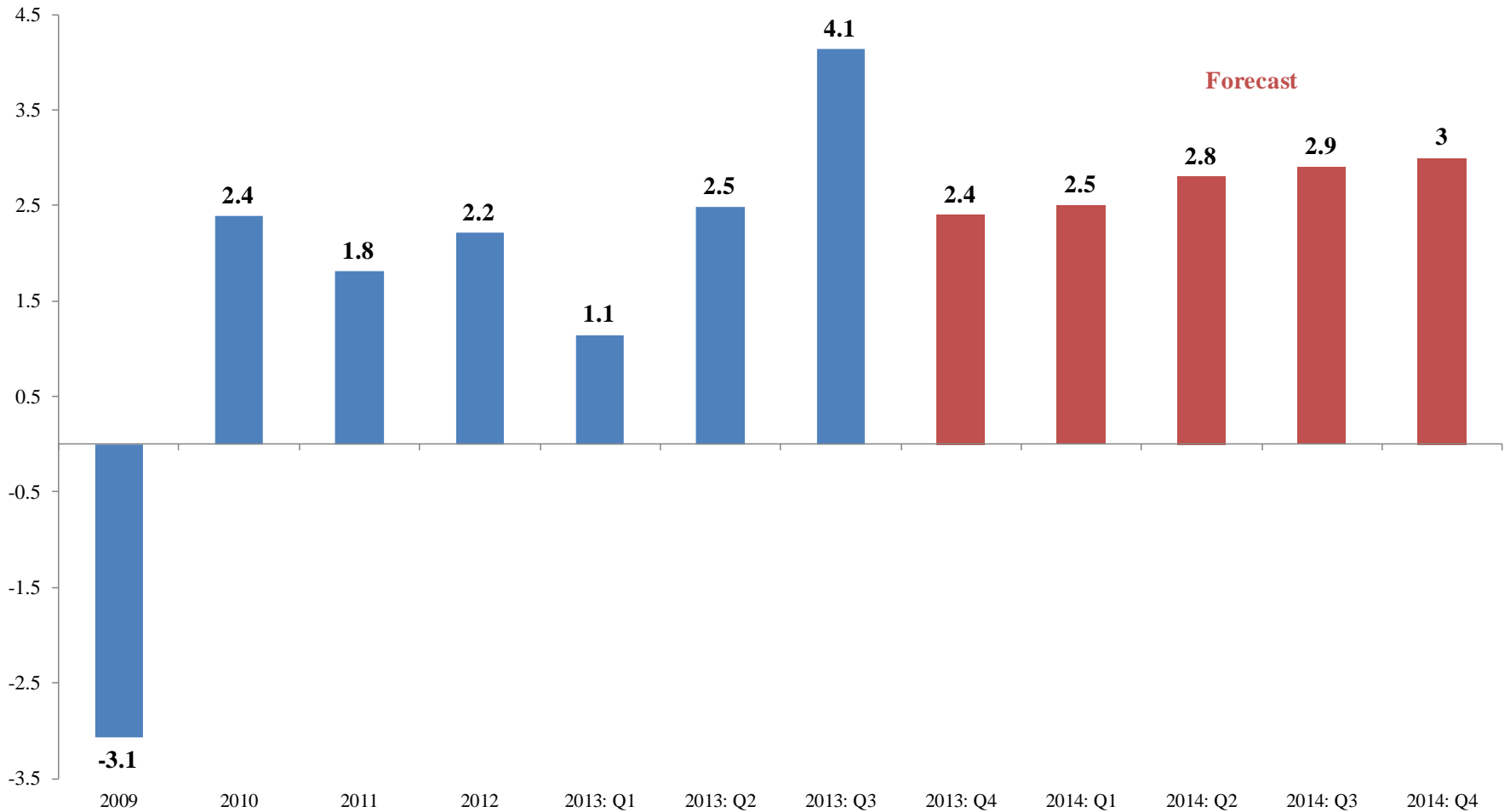


# 2014 U.S. economic outlook



# GDP growth is expected to remain healthy

% change, annualized

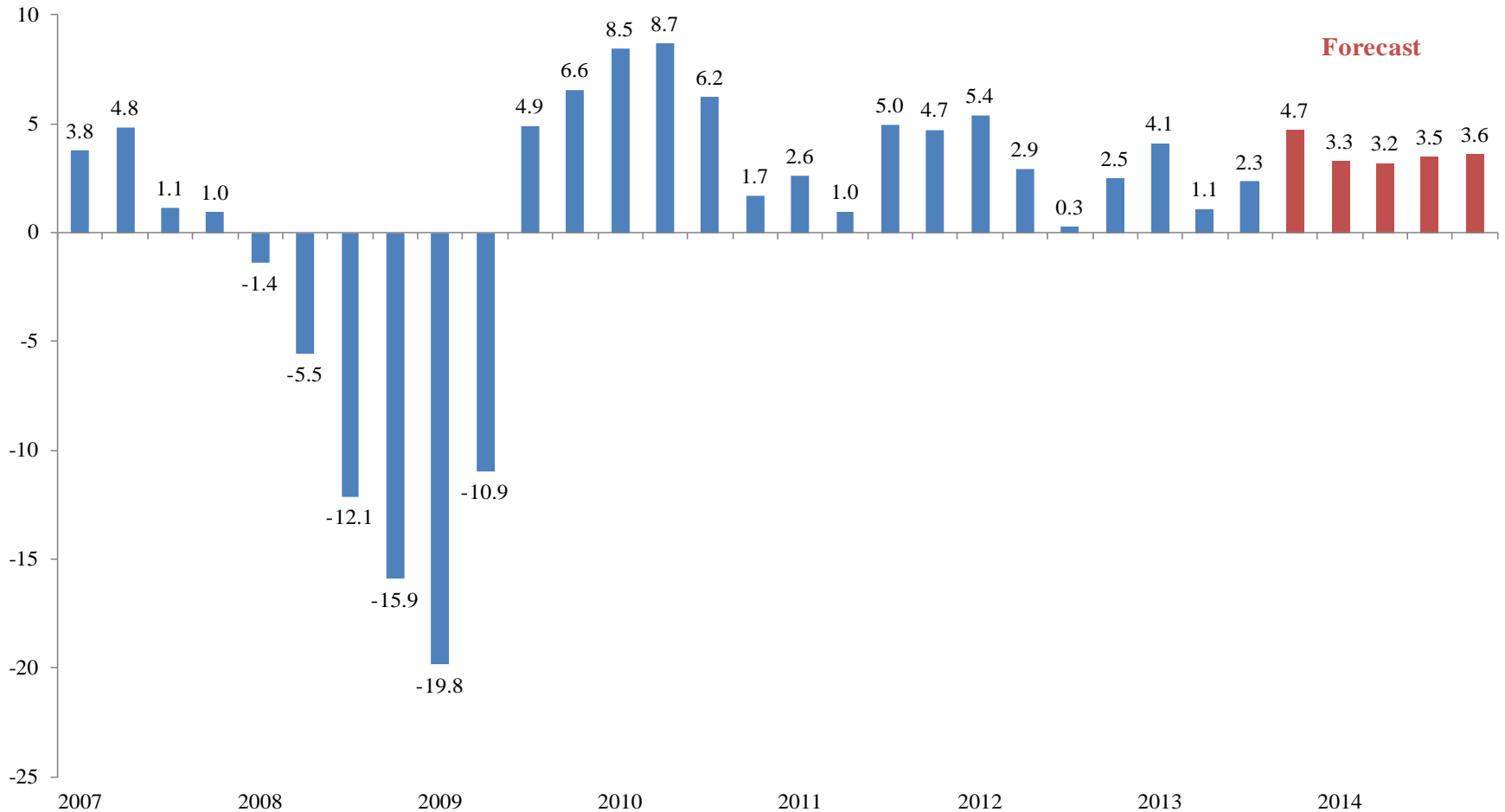


Source: Bureau of Economic Analysis, Haver Analytics, Blue Chip Economic Indicators



# Industrial production expected to grow

% change from prior quarter, annualized



Source: Federal Reserve Board, Blue Chip Economic Indicators



# Unemployment rate in the right direction



Source: Bureau of Labor Statistics, Blue Chip Economic Indicators



# Concluding remarks

- The speed of the recovery picked up in 2013:H2
- Rebound in housing and strengthening in household spending are encouraging signs for the economic outlook
- Industrial sector is expected to remain strong
- Regional economy should benefit from a stronger U.S economy; gov't budget cuts pose significant risk
- Economic outlook for the U.S. remains “optimistic”



# 2014 U.S. Economic Outlook

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