

US Economy and Fed Policy

September 2017

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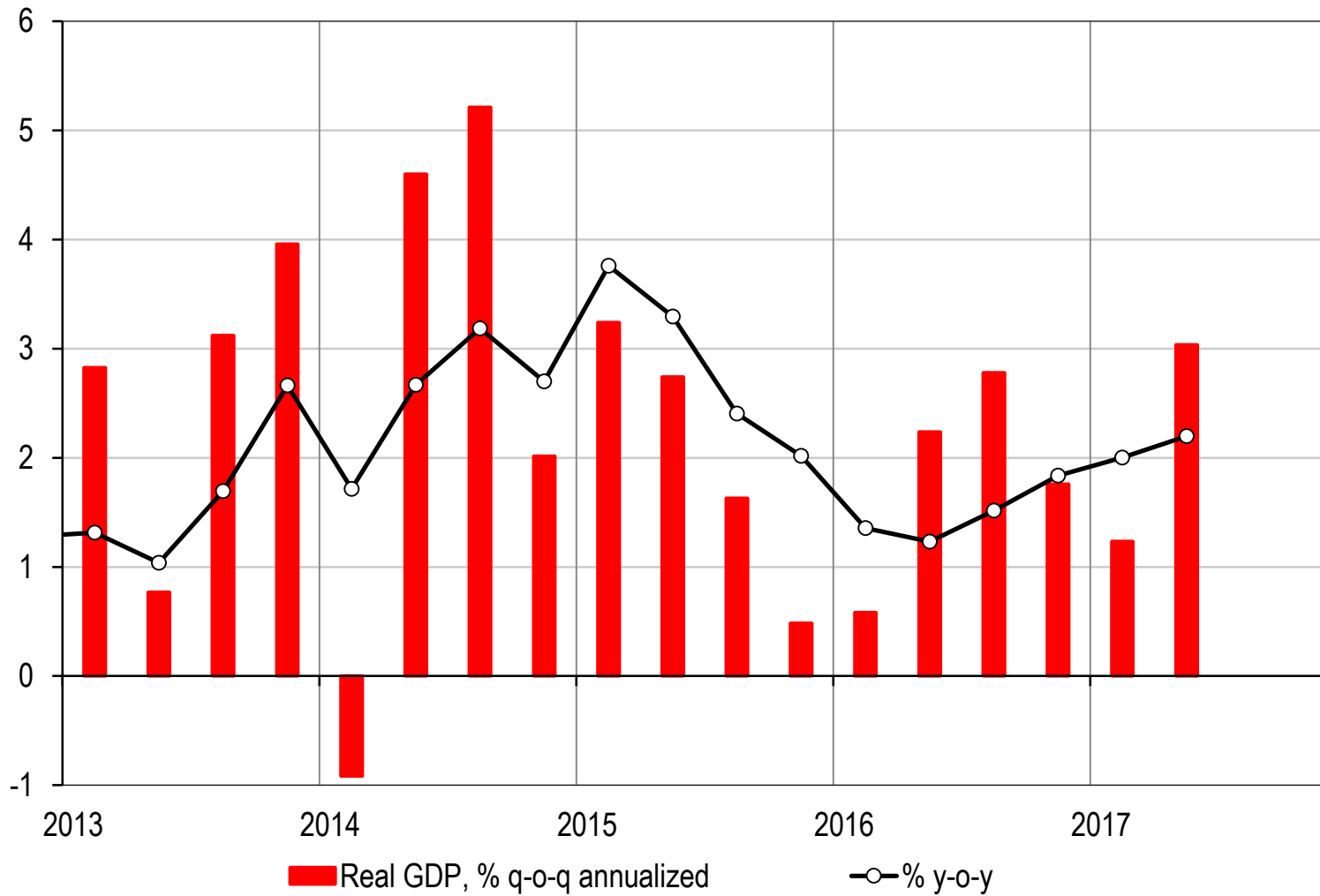
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Pickup in US GDP growth this year compared to last...



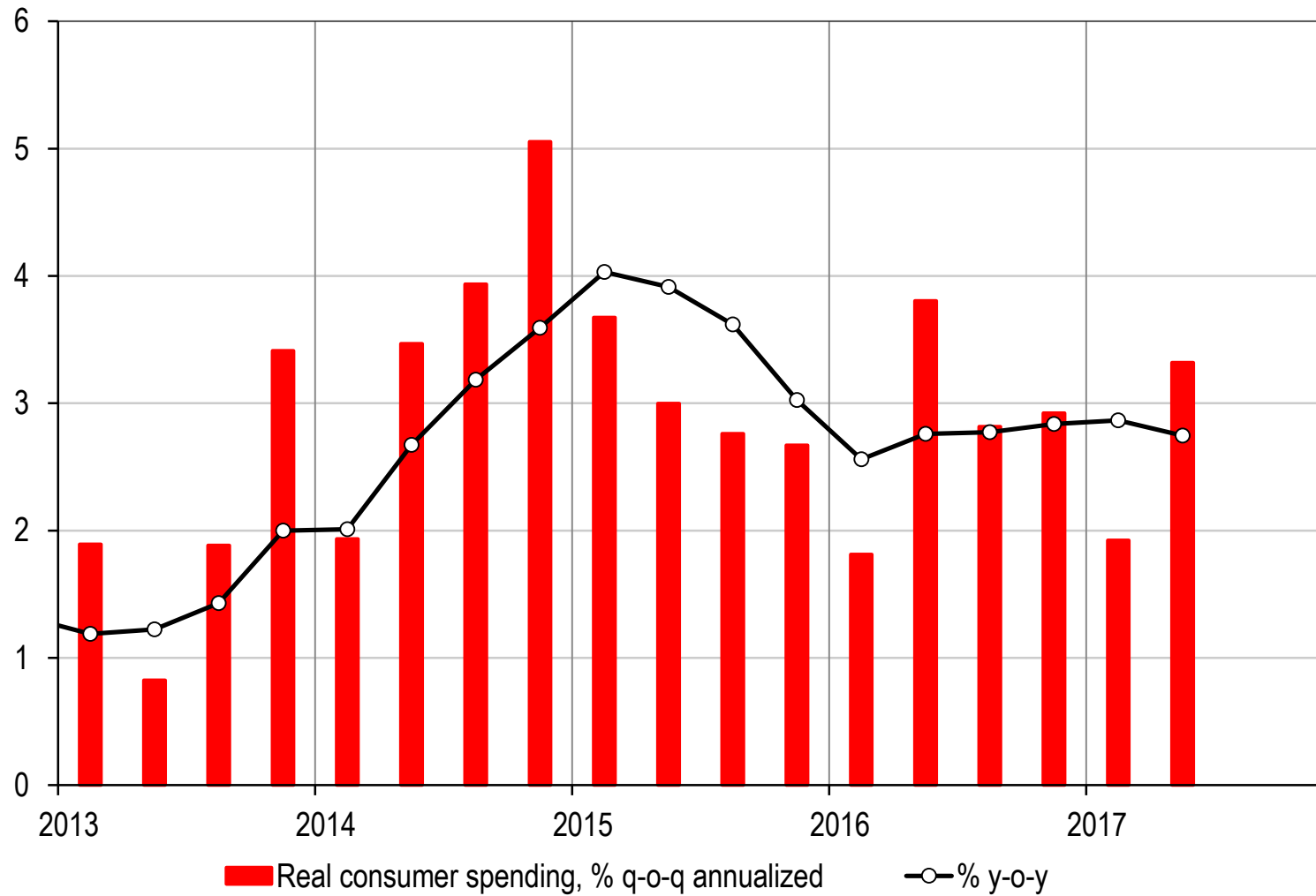
Source: Bureau of Economic Analysis

...helped by a recovery in business investment spending



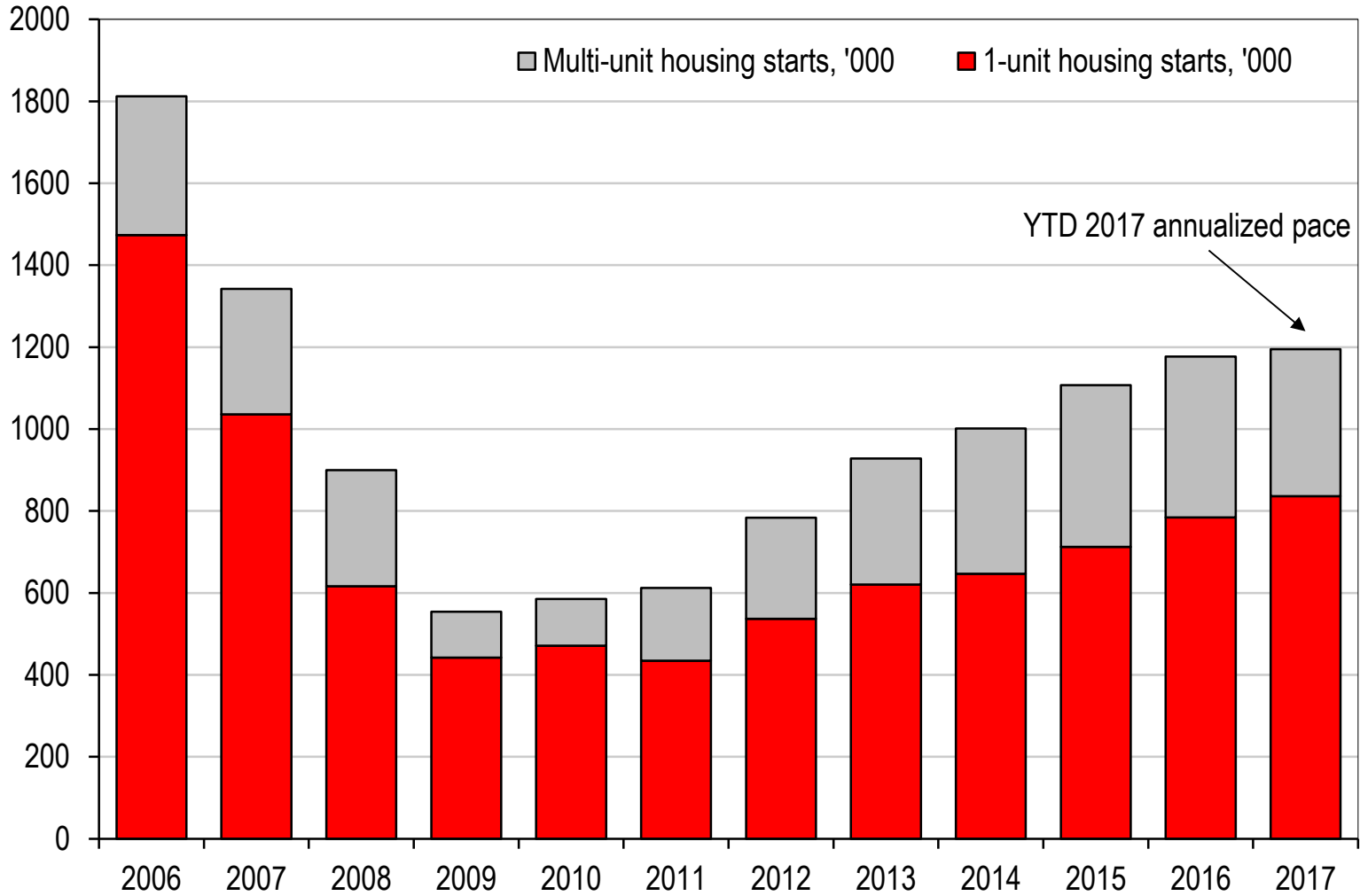
Source: Bureau of Economic Analysis

US: Consumer spending growth has been steady



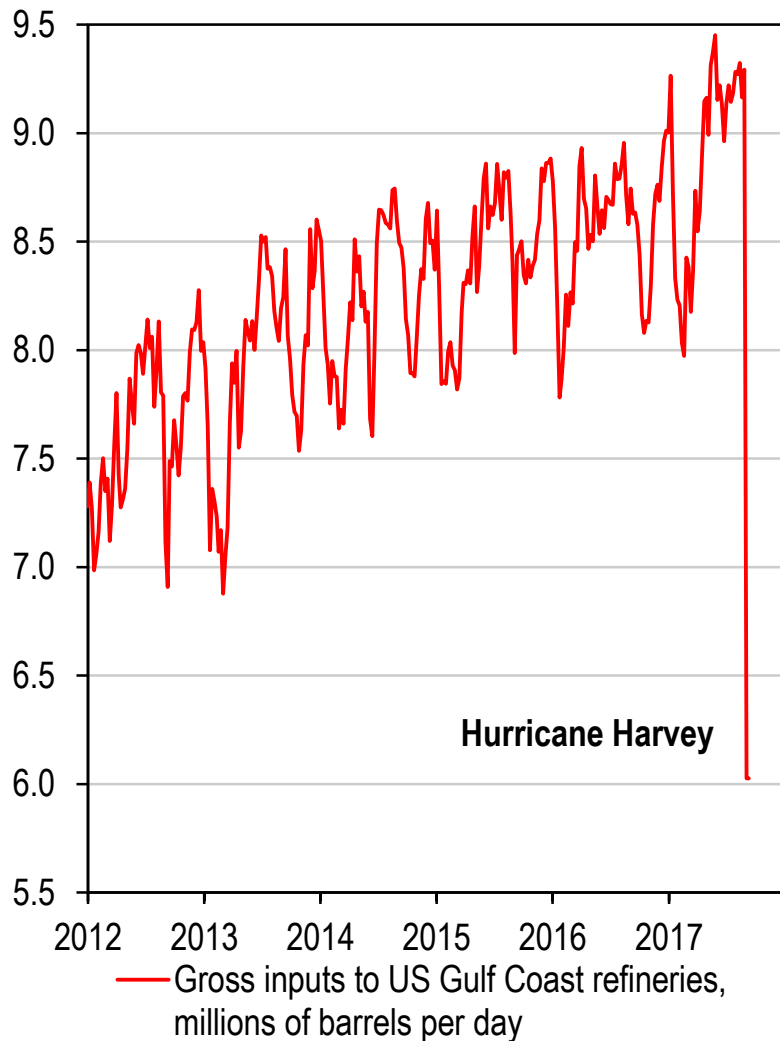
Source: Bureau of Economic Analysis

US: Modest growth in residential construction this year

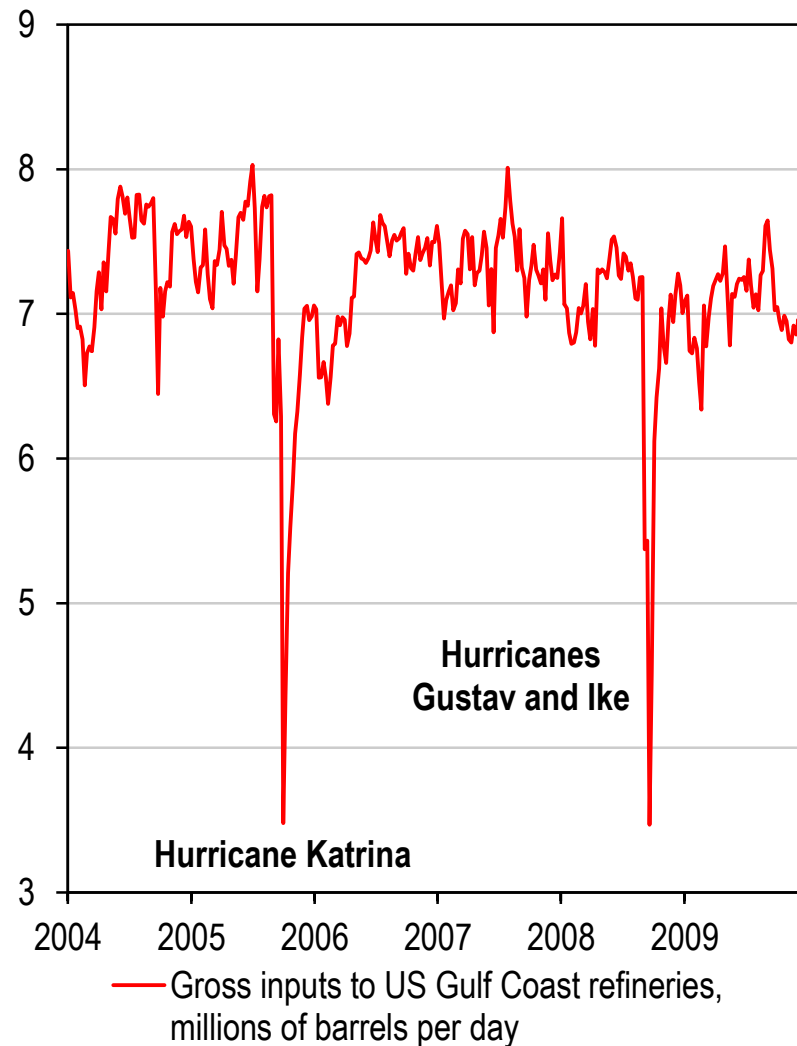


Source: Census Bureau

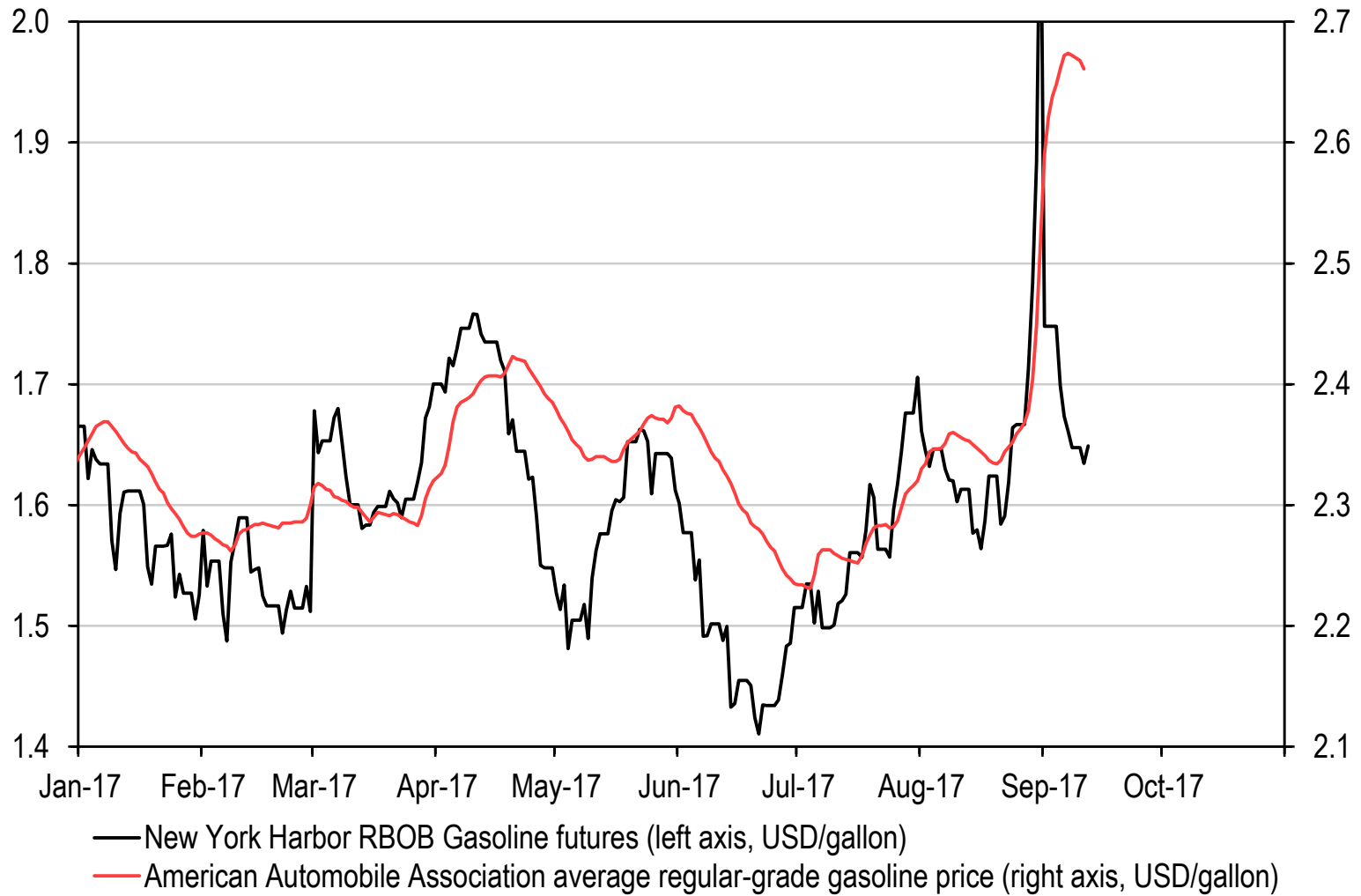
Severe disruption to US refining activity



Source: Energy Information Administration

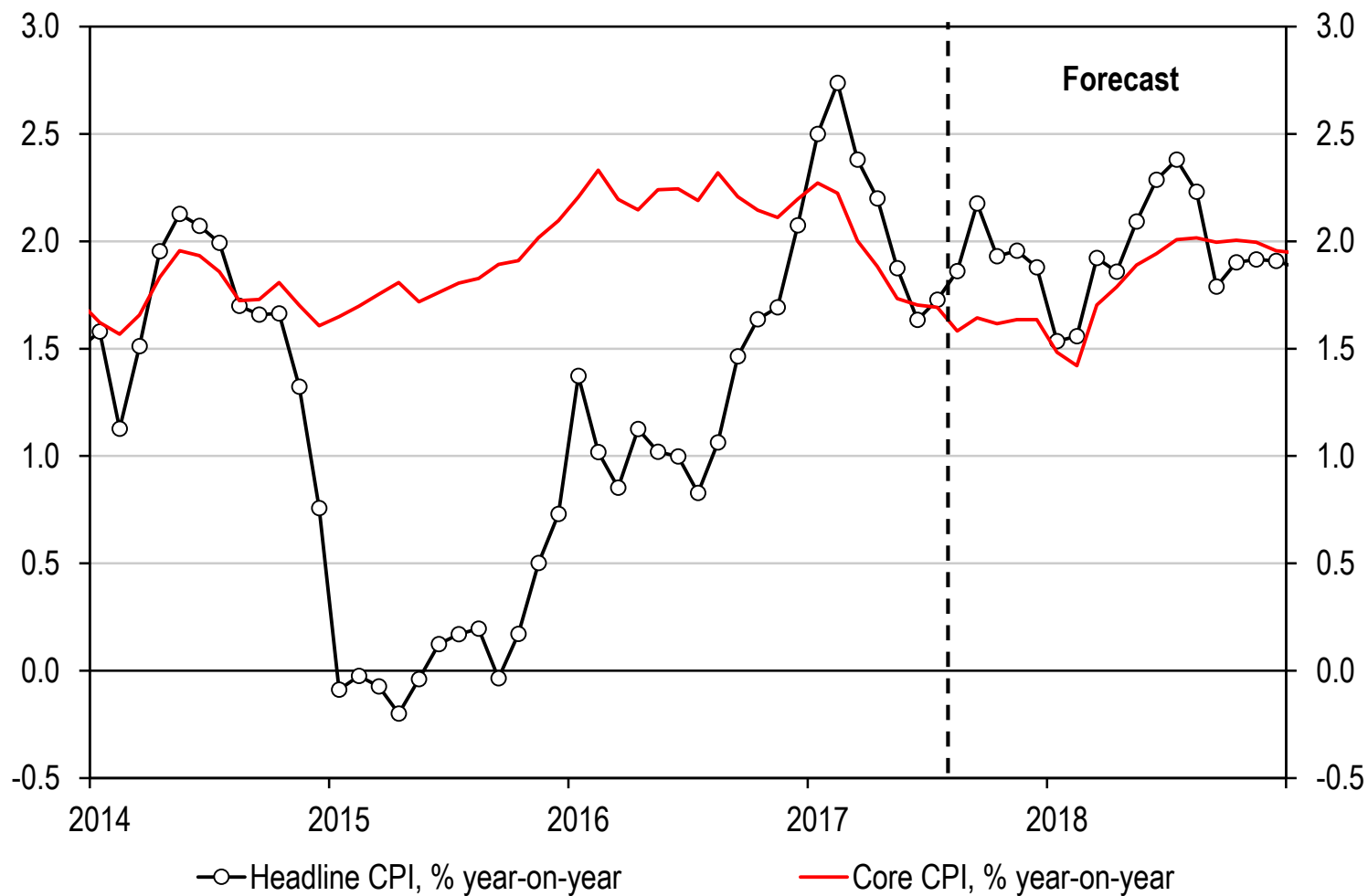


Impact on gasoline prices likely to fade over the next month



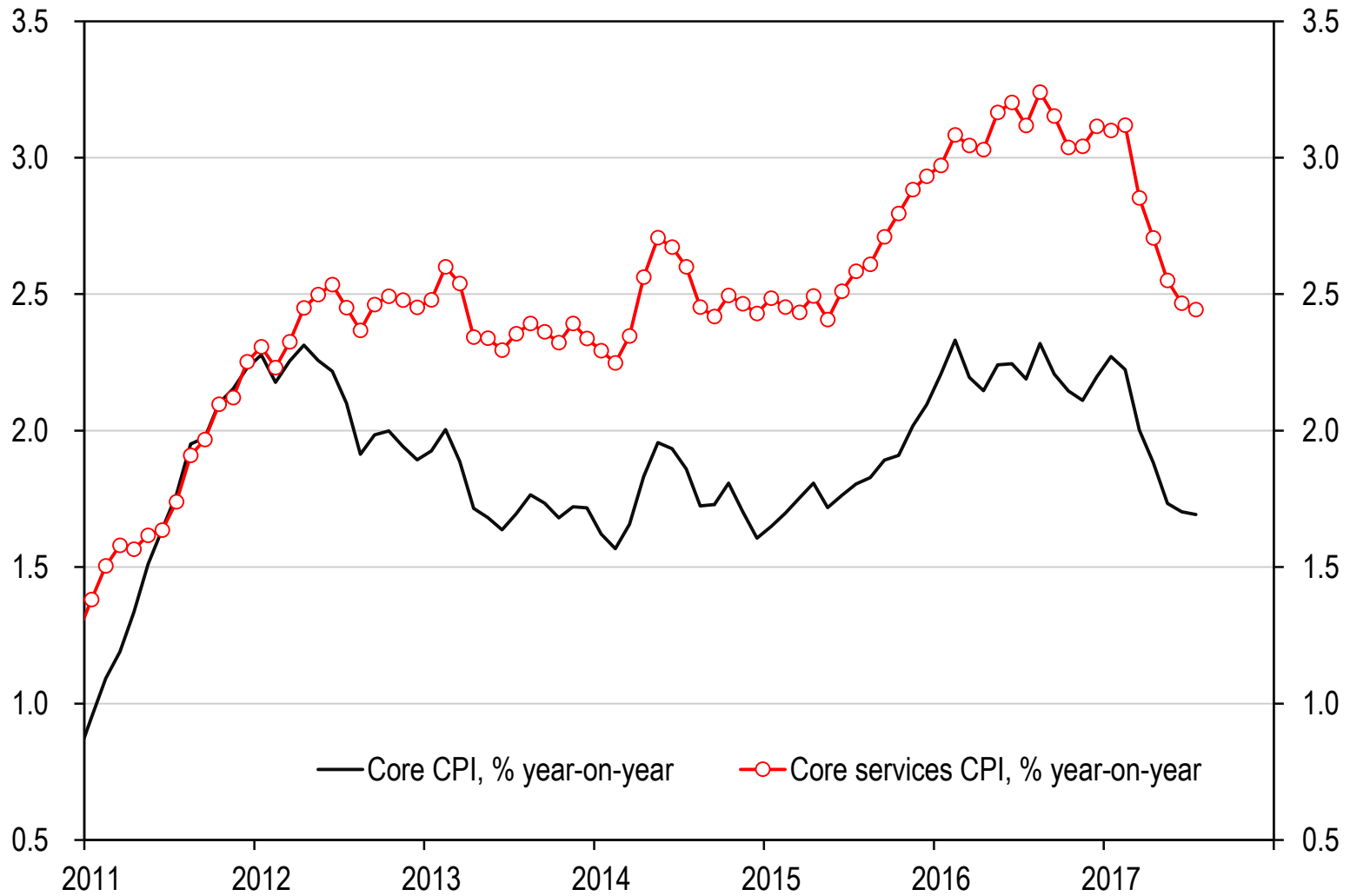
Source: Bloomberg, American Automobile Association

US: Core inflation has slowed this year...



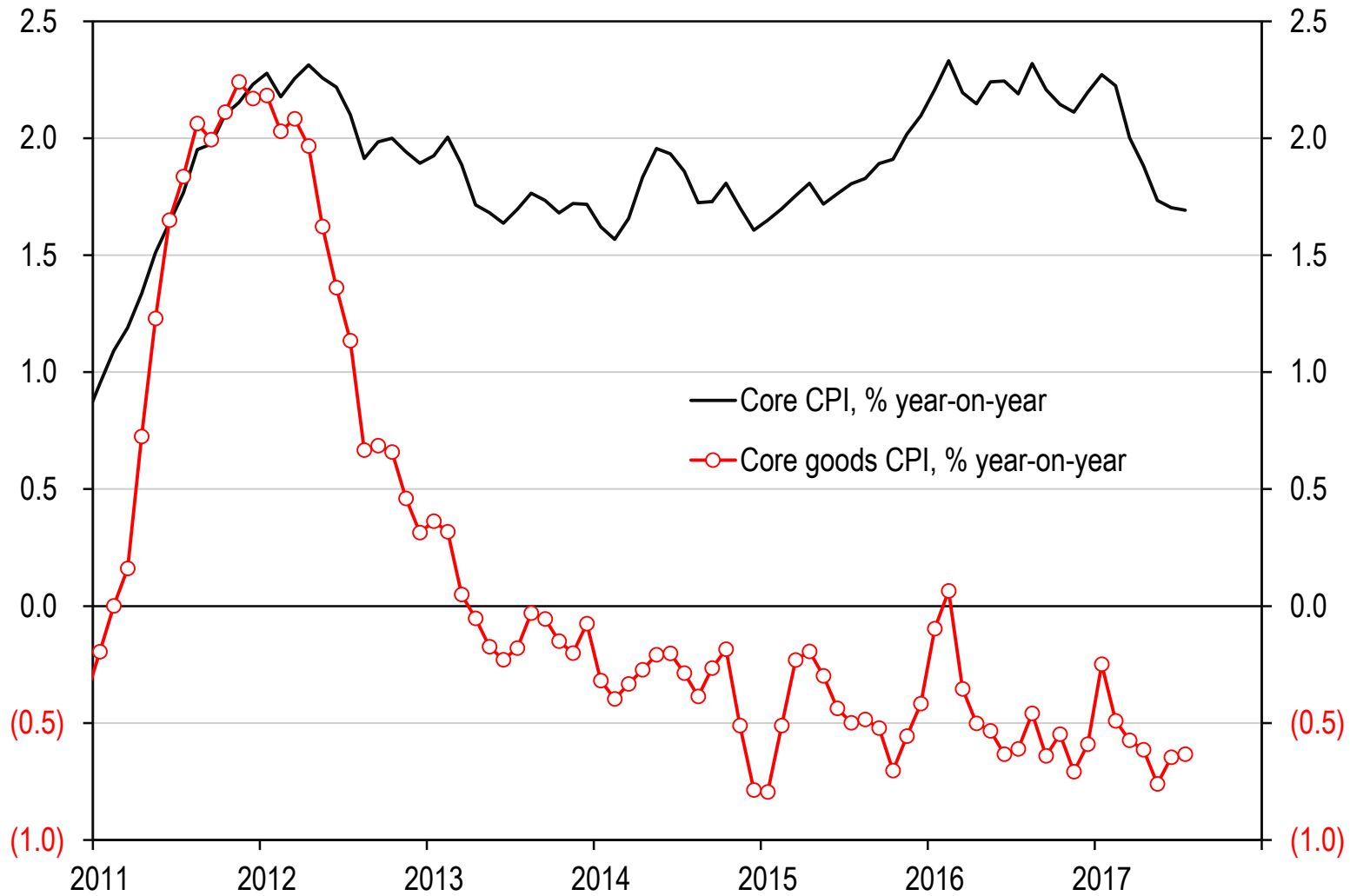
Source: Bureau of Labor Statistics, HSBC

US: ...led by a decline in services inflation



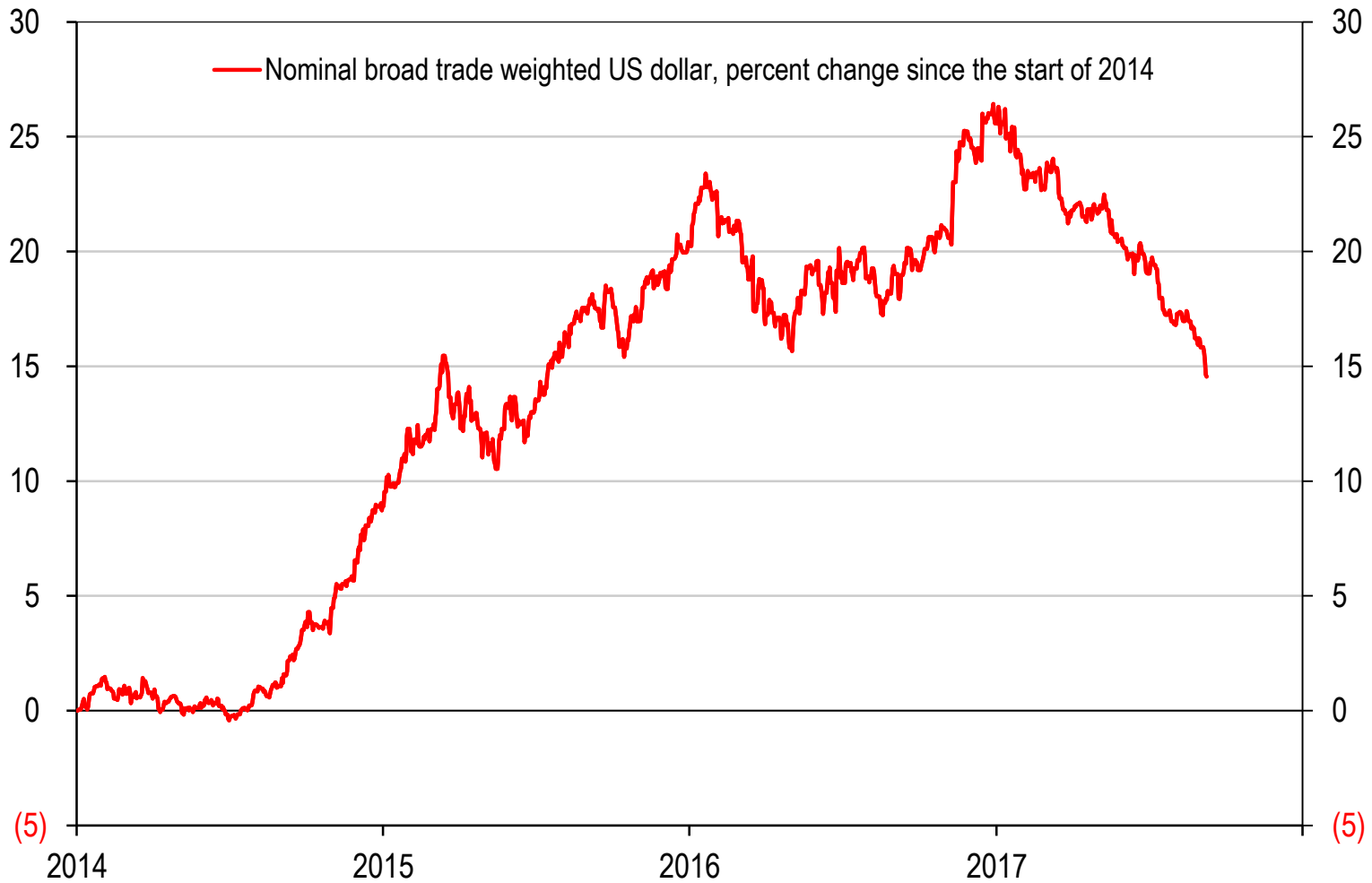
Source: Bureau of Labor Statistics

US: Core goods prices have been falling for some time



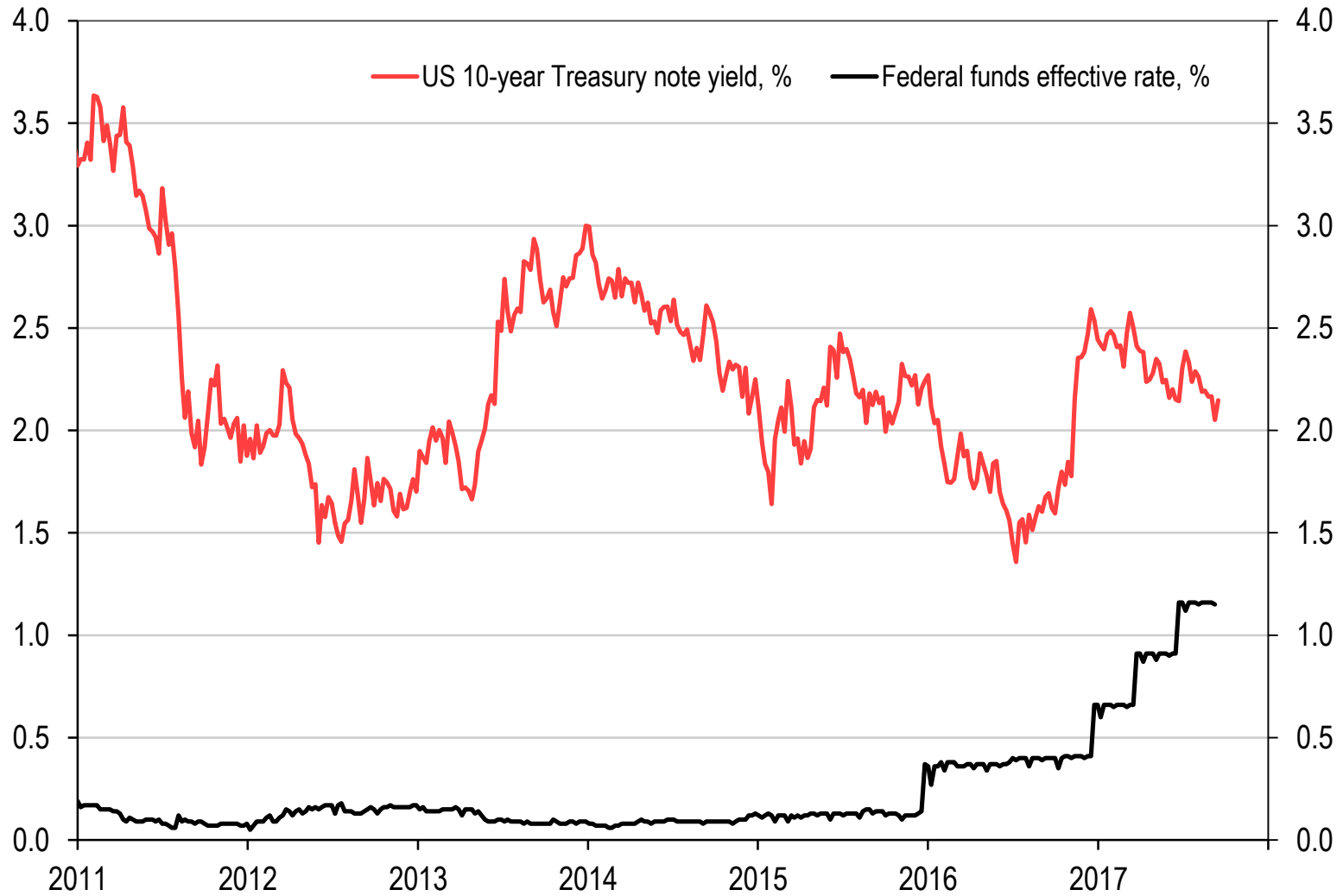
Source: Bureau of Labor Statistics

Trade-weighted USD has declined by 9% this year



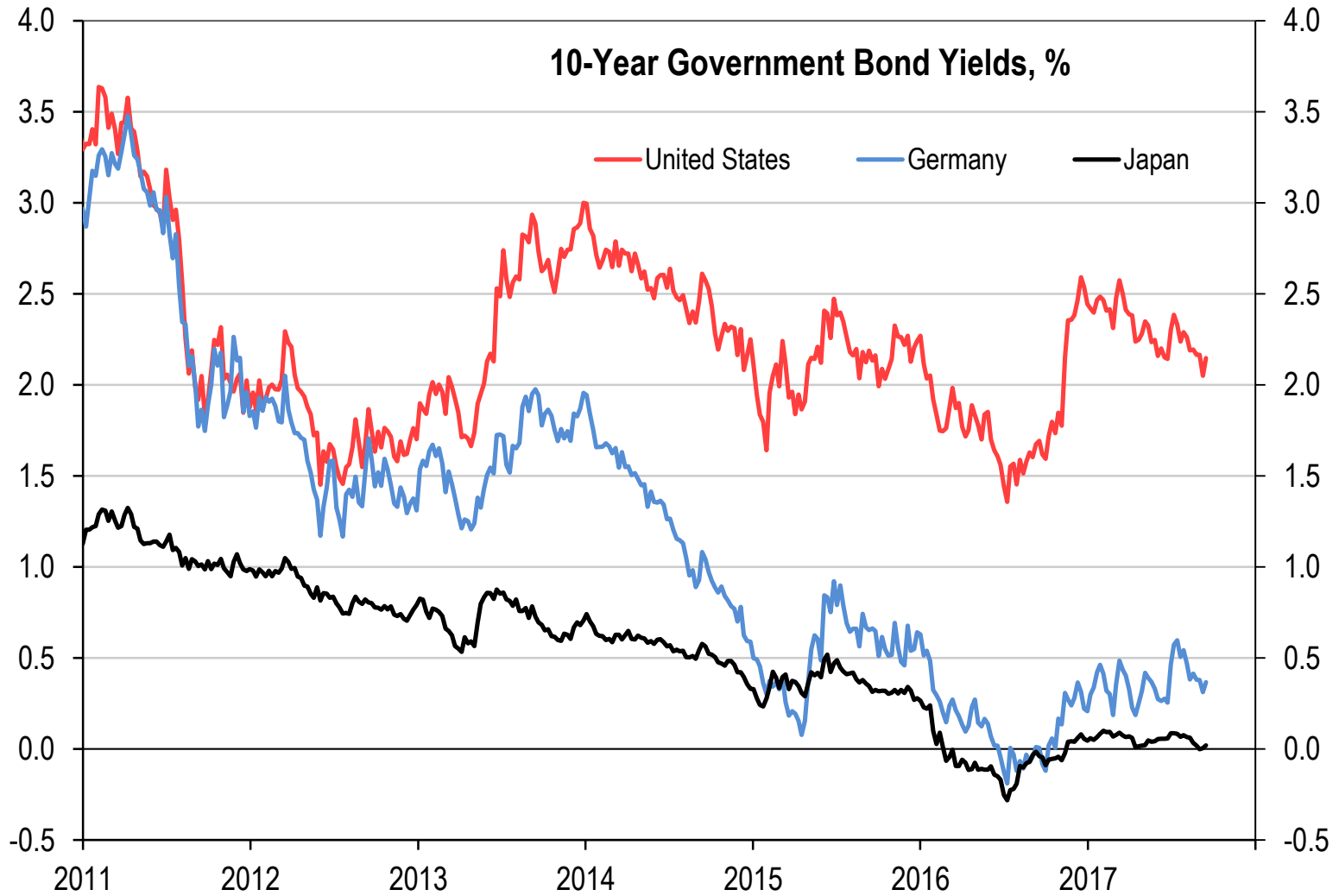
Source: Bloomberg

Four FOMC rate hikes since December 2015



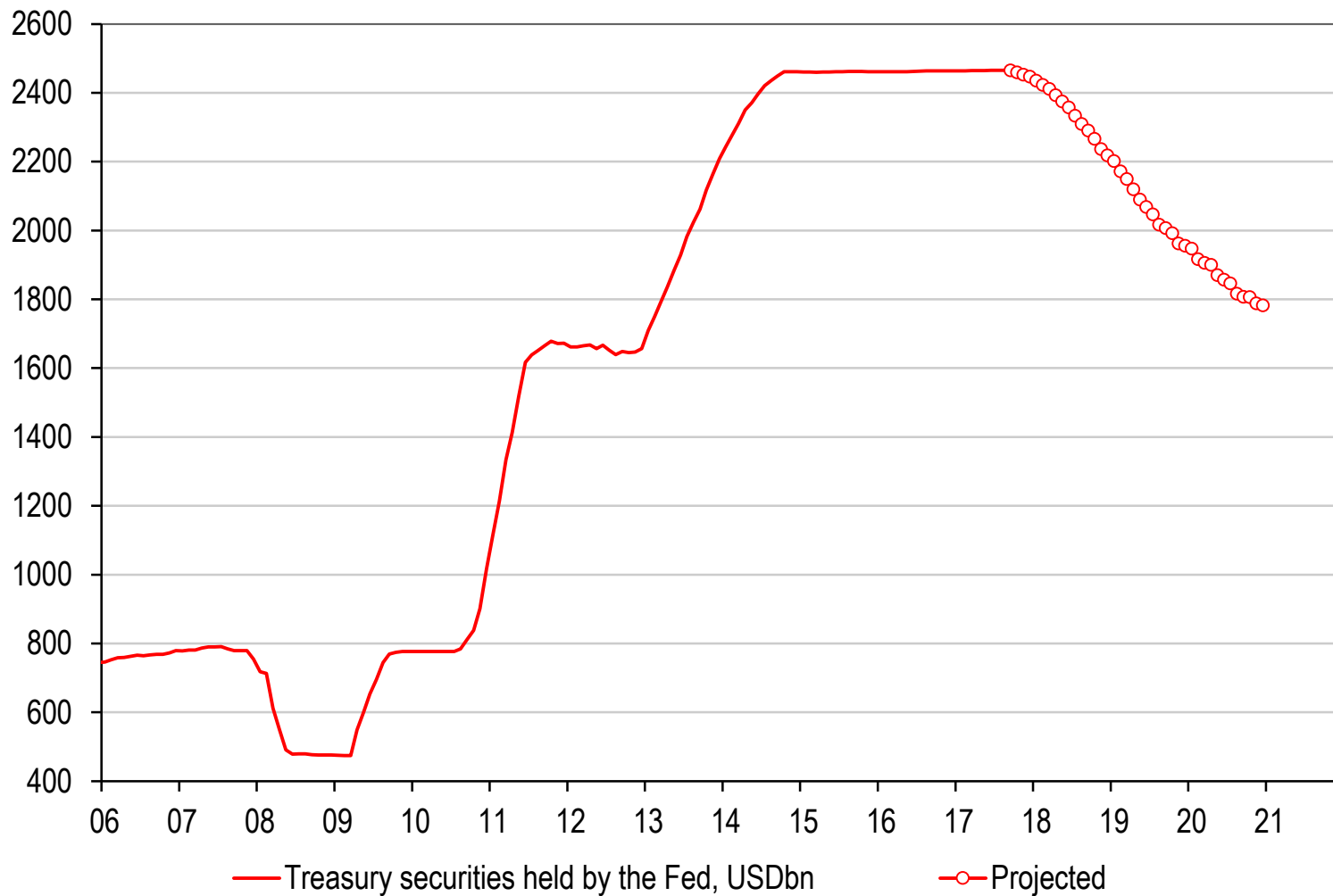
Source: Bloomberg

Global government bond yields



Source: Bloomberg

Fed balance sheet disinvestment to commence soon



Source: Federal Reserve, HSBC

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