



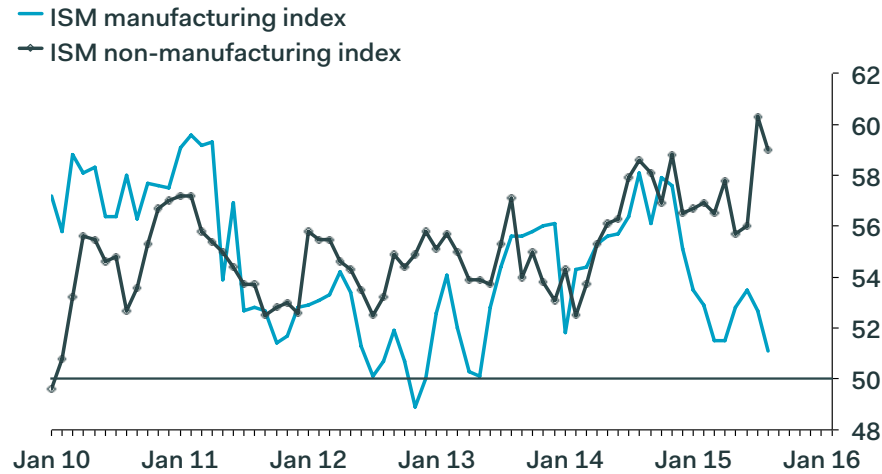
PANTHEON[™]
MACROECONOMICS

INDEPENDENT • INCISIVE • ILLUMINATING

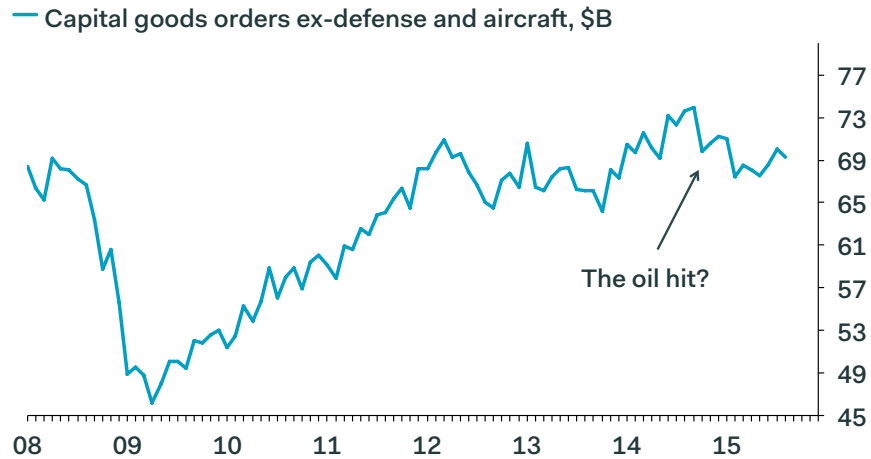
CONFERENCE CALL CHARTS

SEPTEMBER 22, 2015

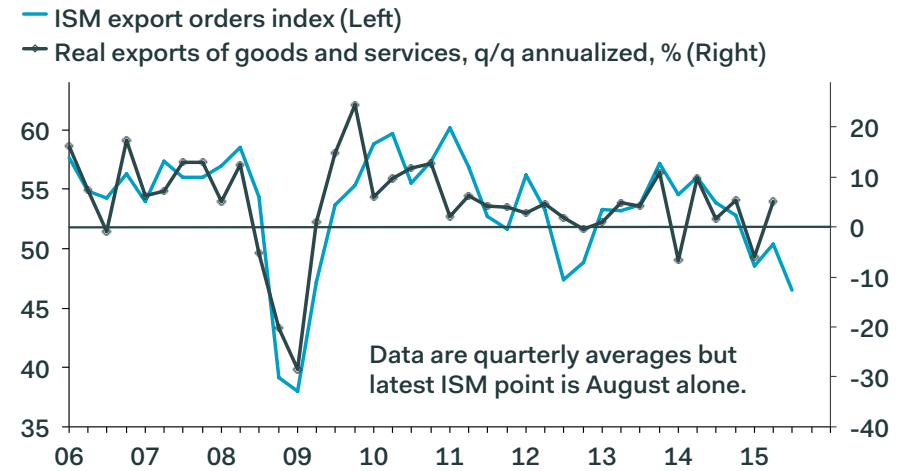
1. THE ECONOMY IS BIFURCATING...



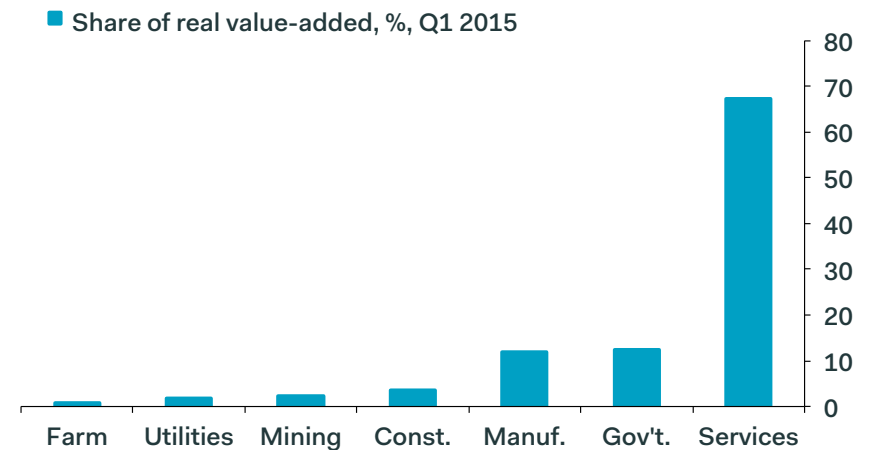
2. MANUFACTURING HAS BEEN HIT BY FALLING OIL CAPEX...



3. ...AND NOW, THE STRONG DOLLAR

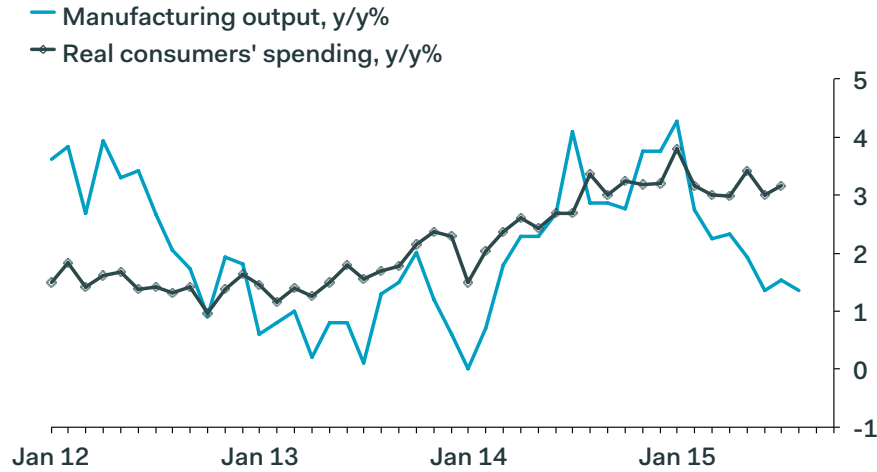


4. BUT INDUSTRY IS A SMALL PART OF THE ECONOMY

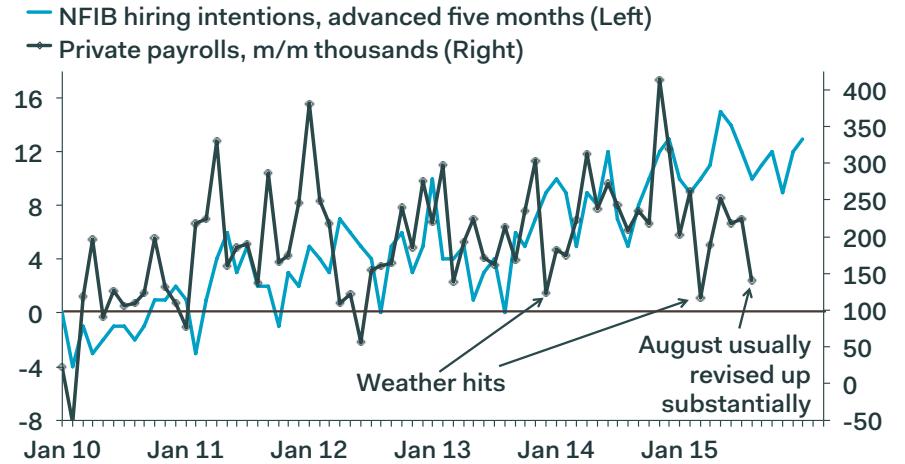




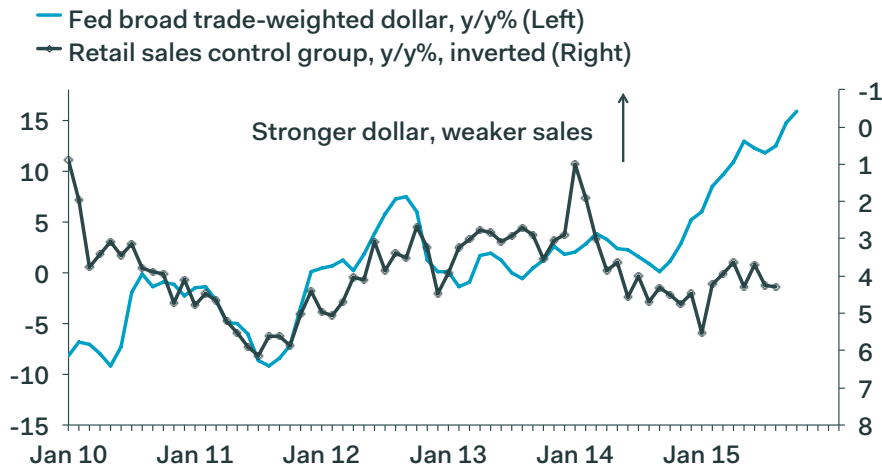
5. CONSUMPTION IS MUCH STRONGER, IN REAL TERMS



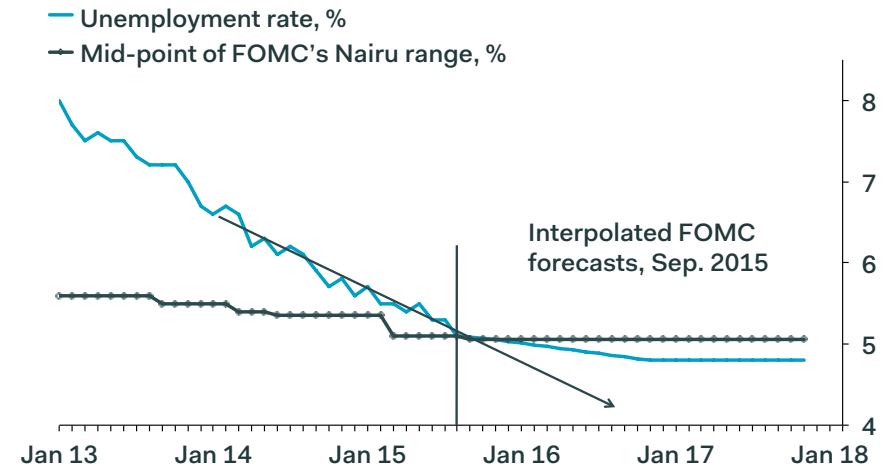
7. THE LABOR MARKET CAPTURES THE NET STORY; NOTHING TO FEAR...



6. ...BUT NOMINAL RETAIL SALES GROWTH IS SET TO SLOW FURTHER



8. UNEMPLOYMENT WILL BEAT FED FORECASTS, AGAIN





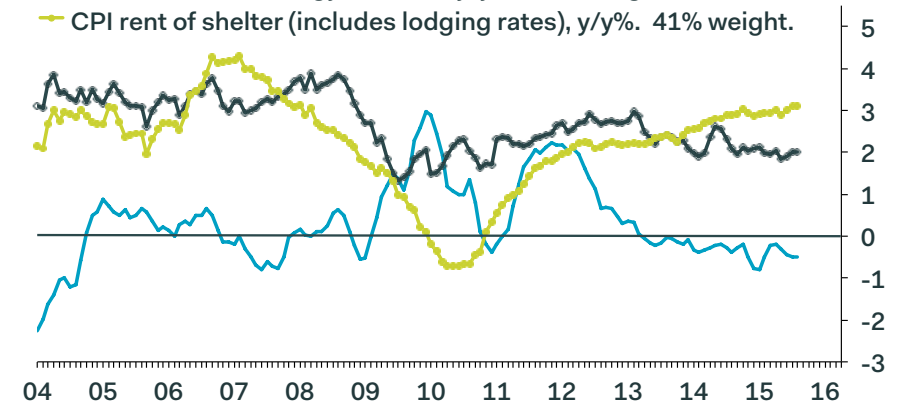
9. WAGE GROWTH IS STRONGER THAN HEADLINE HOURLY EARNINGS

— Atlanta Fed median wages, y/y%
— Hourly earnings, y/y%



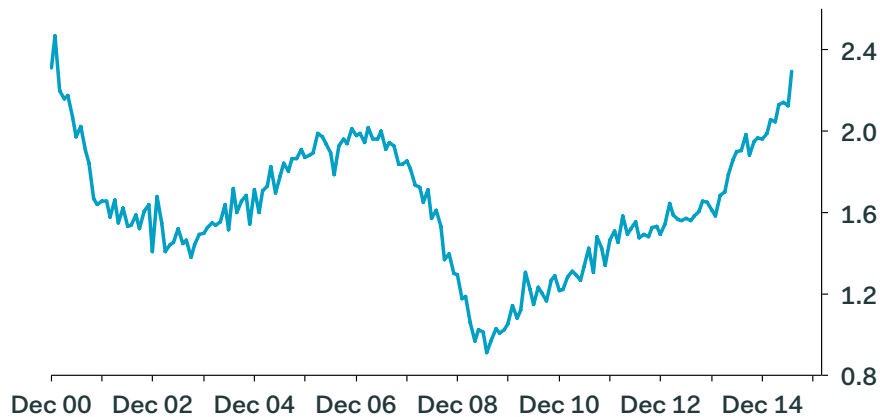
11. INFLATION IS BIFURCATING TOO...

— CPI goods ex-food and energy, y/y%. 25% weight.
— CPI services ex-energy and rent, y/y%. 34% weight.
— CPI rent of shelter (includes lodging rates), y/y%. 41% weight.



10. ...AND THE RISK IS TO THE UPSIDE AS HIRING BECOMES HARDER

— JOLTS Job openings, % population aged 16+



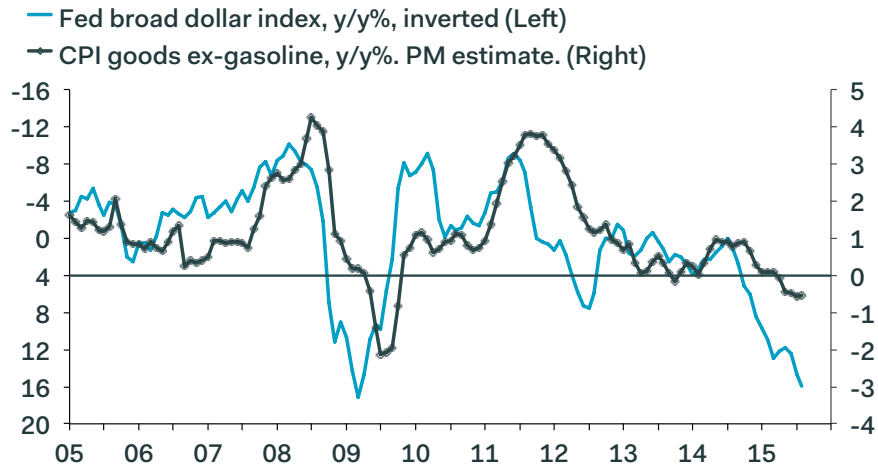
12. ...RENTS UNDER PRESSURE AS VACANCIES KEEP FALLING...

— Rental vacancy rate, % (Left)
— Primary rent, y/y%. Quarterly, but latest is Jul/Aug average (Right)

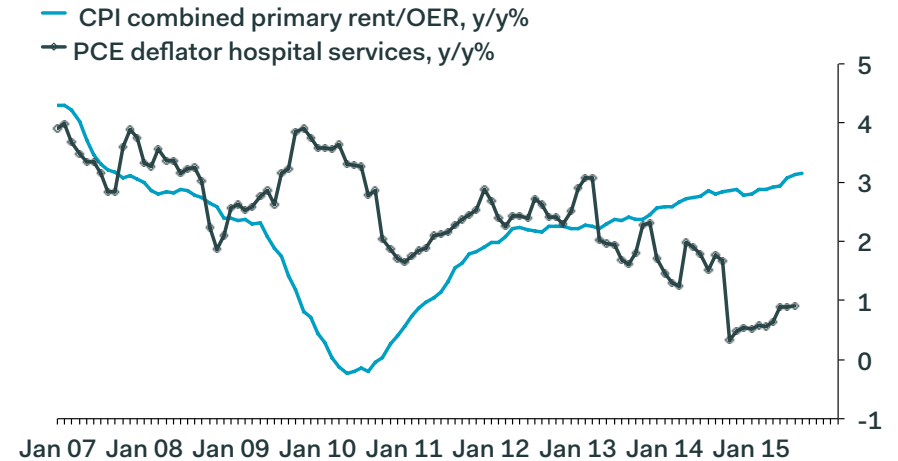




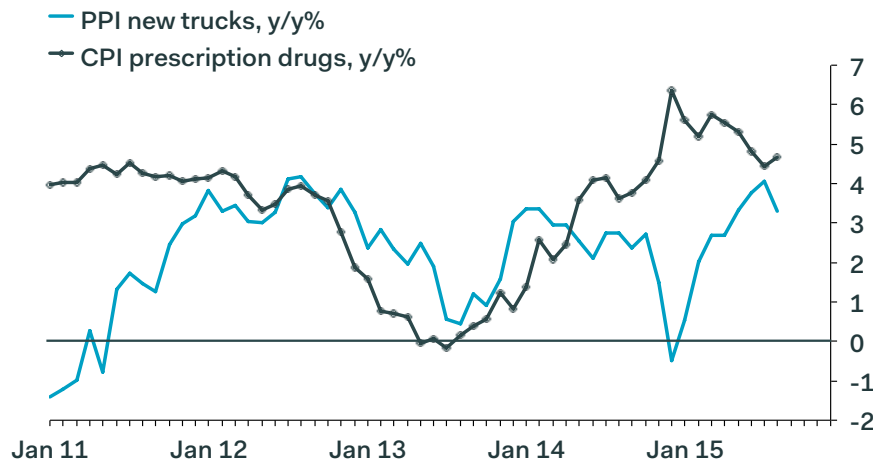
13. THE STRONG DOLLAR WILL DEPRESS SOME GOODS PRICES...



15. MEDICAL COSTS HAVE HELD DOWN CORE PCE RELATIVE TO CORE CPI...



14. ...BUT NOT ALL GOODS PRICES ARE DOLLAR-SENSITIVE...



16. ...BUT THAT LOOKS SET TO CHANGE

