

The Federal Reserve Bank of St. Louis Presents:



“FIRST-QUARTER ECONOMIC UPDATE:
2015 LOOKS LIKE A ‘BREAK-OUT’ YEAR”

Recorded on Wednesday, February 11, 2015

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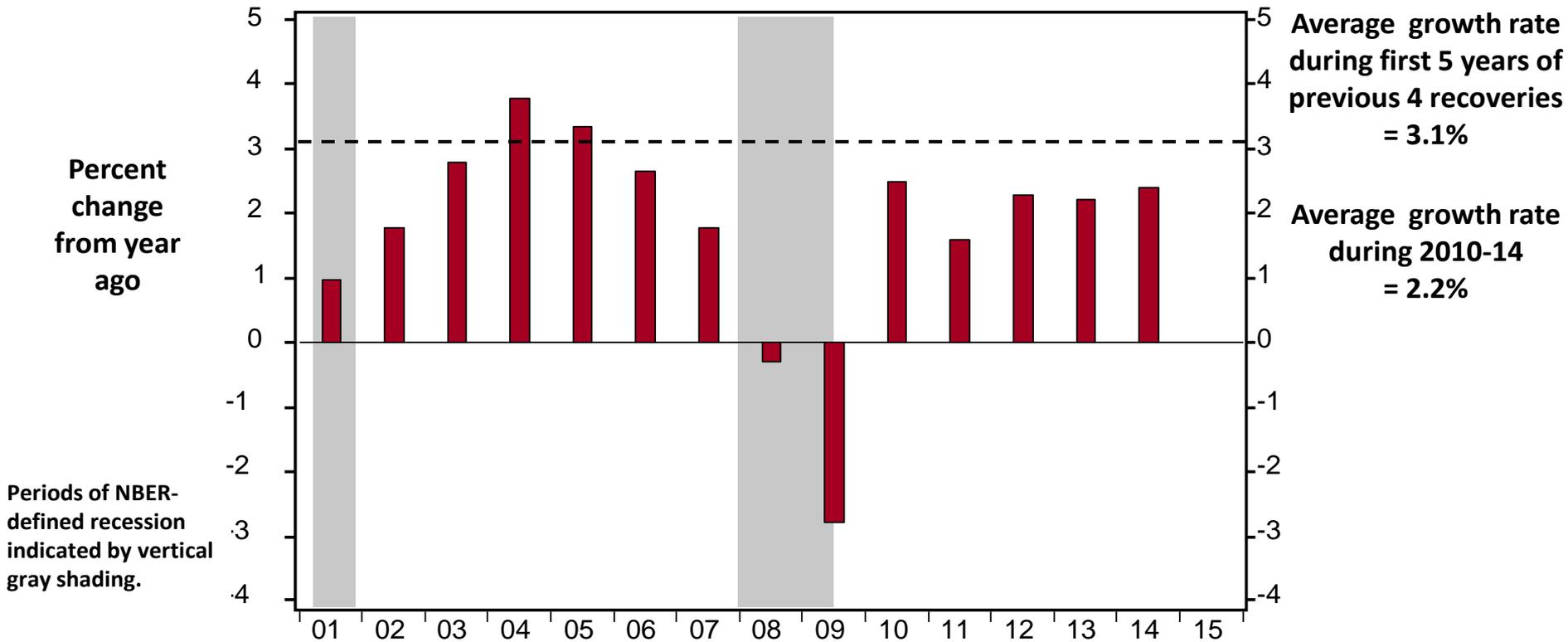
First-quarter economic update: 2015 looks like a “break-out” year

- 2014 was the 5th consecutive disappointing year of recovery.
- Three major forces have converged to boost the 2015 growth outlook.
- Financial markets seem to fear what comes after 2015.

2014 was a 5th straight disappointing year

Annual Growth Rate of Real Gross Domestic Product (GDP)

Percent



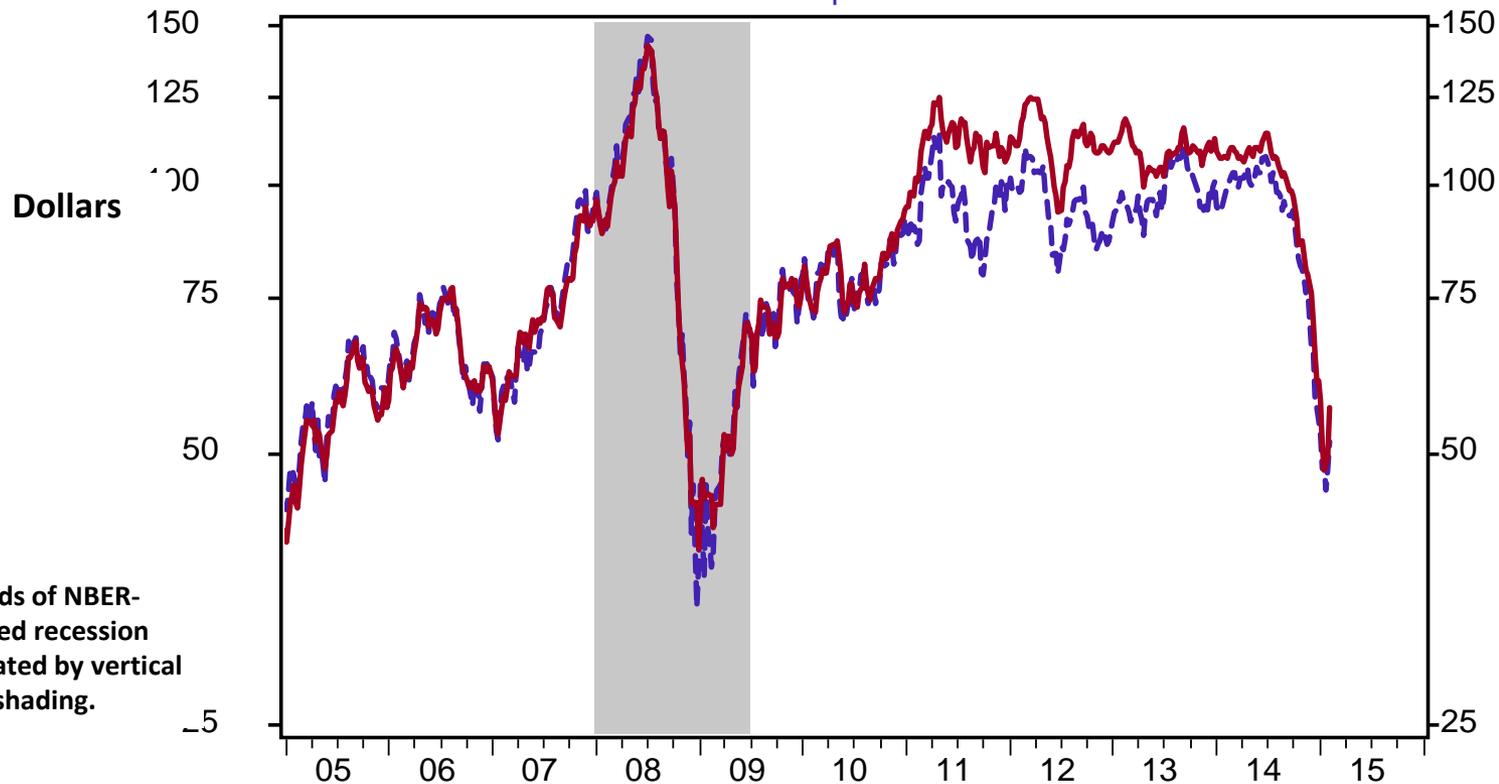
Source: Federal Reserve Board, Bureau of Economic Analysis

Annual data through 2014

First force boosting 2015: Oil

Brent-Oil 1st-Position Futures Price
Dollars per barrel

WTI-Oil 1st-Position Futures Price
Dollars per barrel



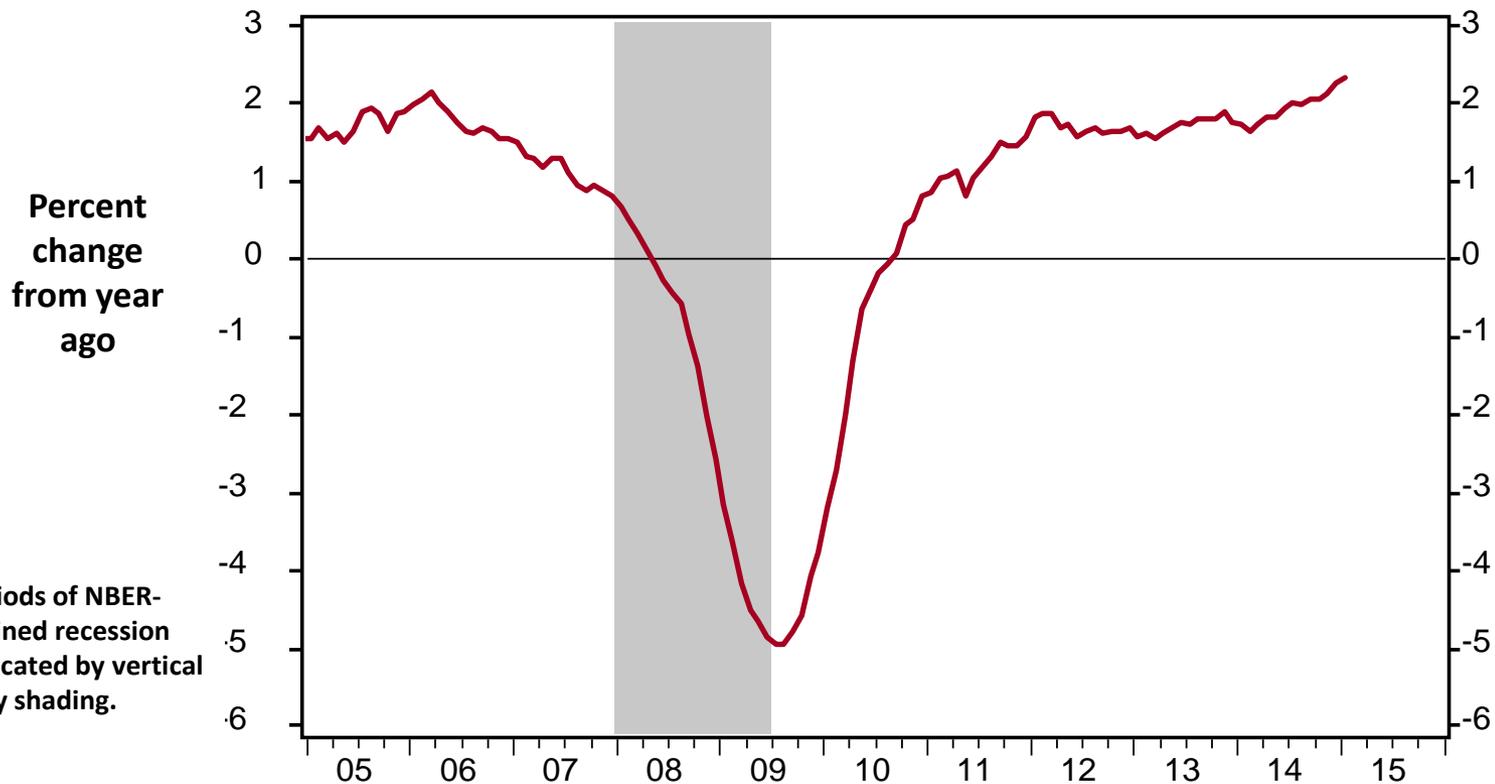
Sources: Intercontinental Exchange, New York Mercantile Exchange

Weekly data through Feb. 6, 2015

Second force boosting 2015: Jobs

Year-Over-Year Growth Rate of Total Nonfarm Employment

Percent



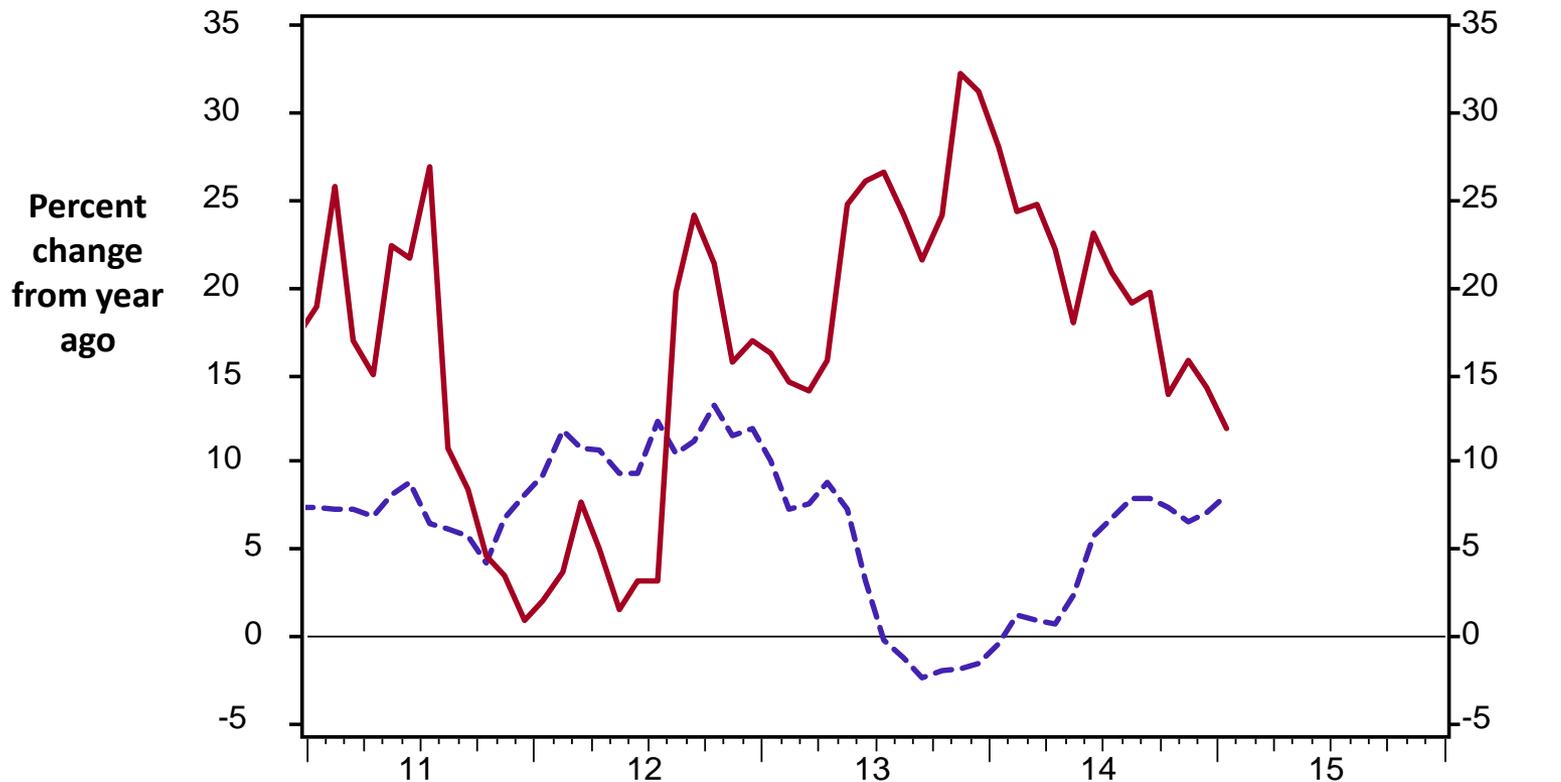
Source: Bureau of Labor Statistics

Monthly data through January 2015

Third force boosting 2015: Financial conditions

Year-over-Year Growth of Wilshire 5000 Stockmarket Total-Return Index
Percent

Year-over-Year Growth of Dow Jones Corp.-Bond Total-Return Index
Percent

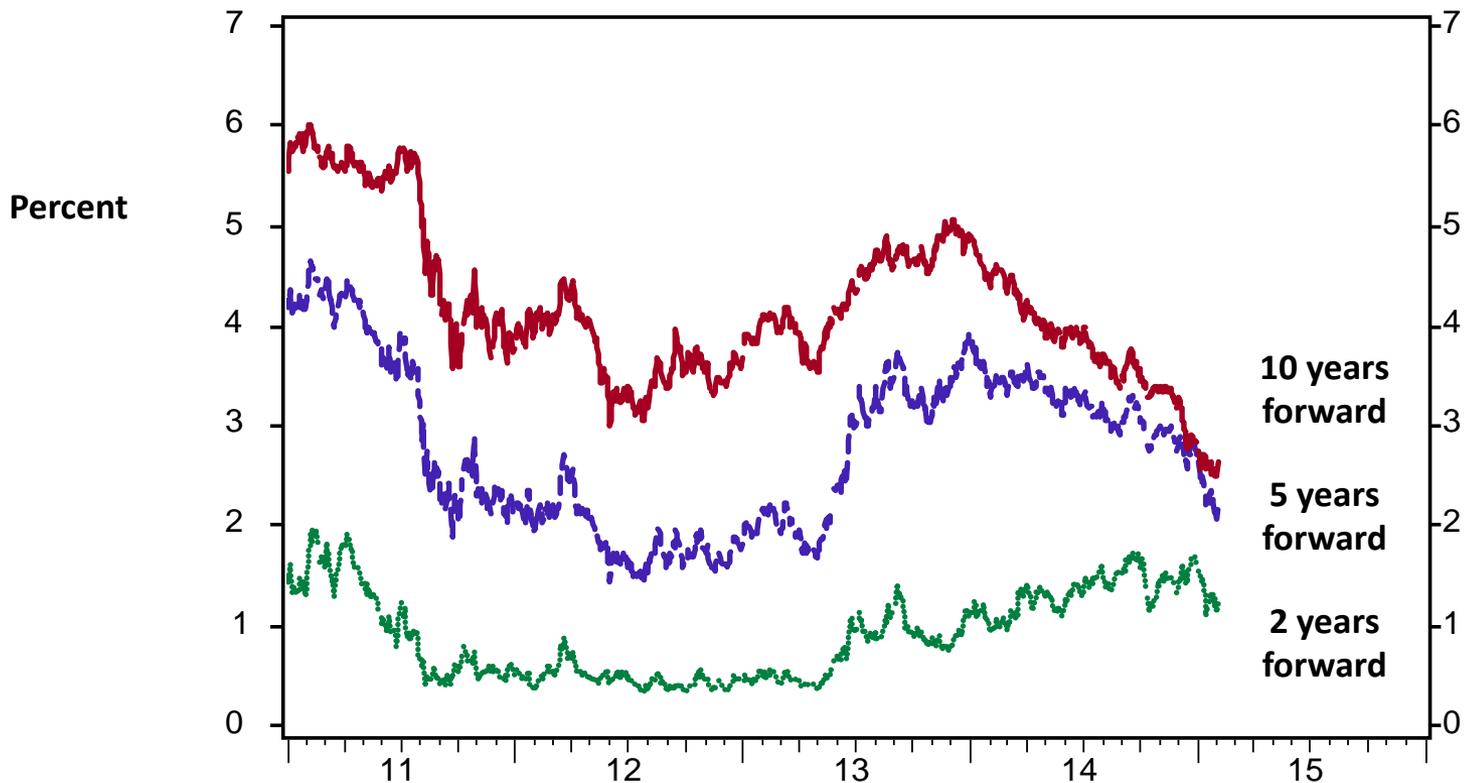


Source: Dow Jones

Monthly data through January 2015

But financial markets remain wary

10-Years Forward Short-Term Treasury Yield
5-Years Forward Short-Term Treasury Yield
2-Years Forward Short-Term Treasury Yield



Source: Federal Reserve Board

Daily data through Feb. 4, 2015

After 5 disappointing years, 2015 looks like a “break-out” year

- Three major forces have converged to boost the outlook for 2015 growth.
- Significant worries beyond 2015:
 - Poor U.S. productivity growth
 - Slowing growth of the U.S. labor force
 - Weak growth around the world