

The Federal Reserve Bank of St. Louis Presents:



“ECONOMY BACK ON TRACK IN SECOND QUARTER”

Recorded on Monday, August 10, 2015

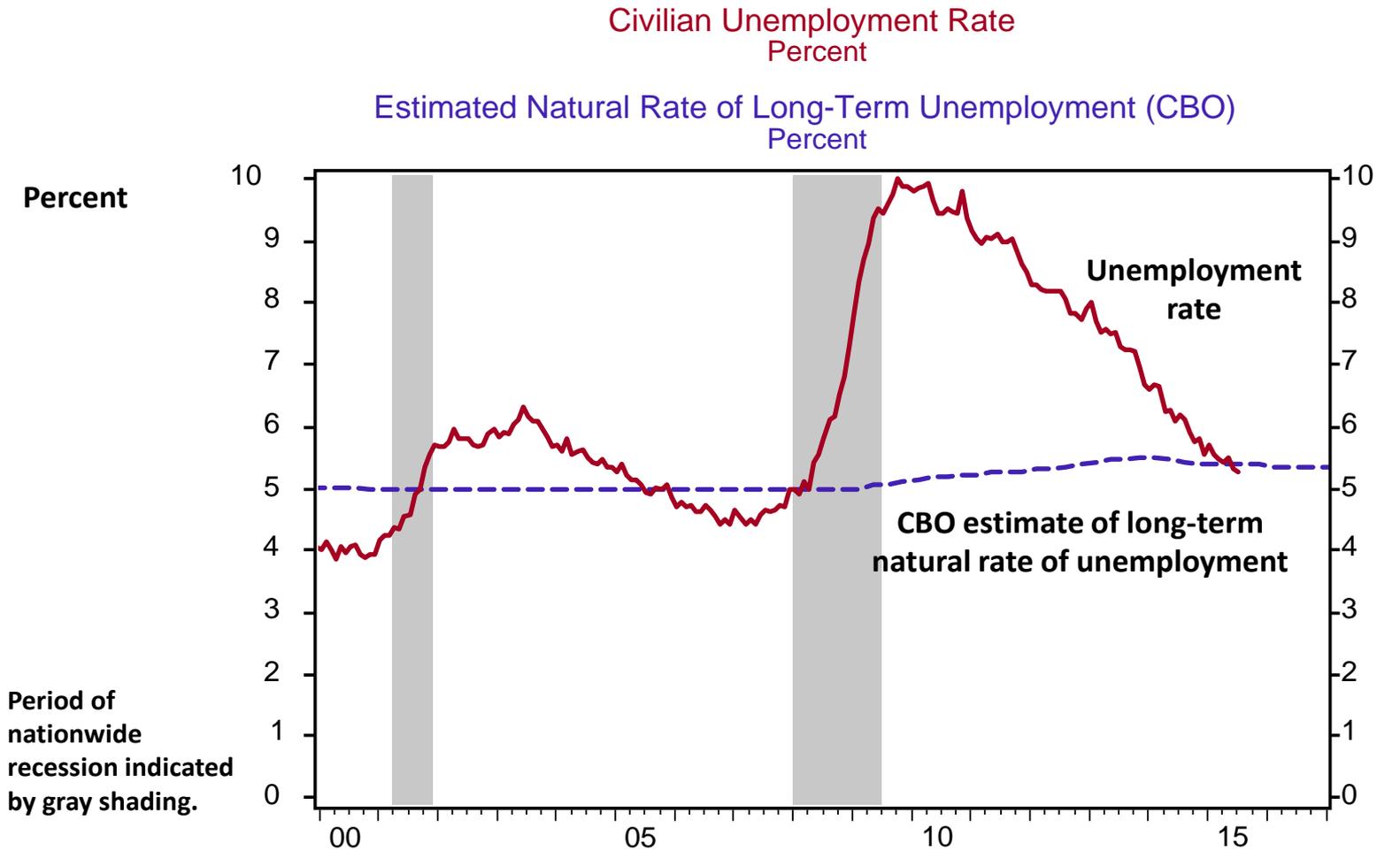
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Economy Back on Track in 2nd Quarter

- Economic growth was 2.3% (annual rate) in the second quarter, up from 0.6% in first quarter.
- Job growth and inflation look good, too.
- Employment likely to decelerate soon, slowing the economy.
- Low inflation and slower growth point to continued low interest rates.

We're Now At "Full Employment"



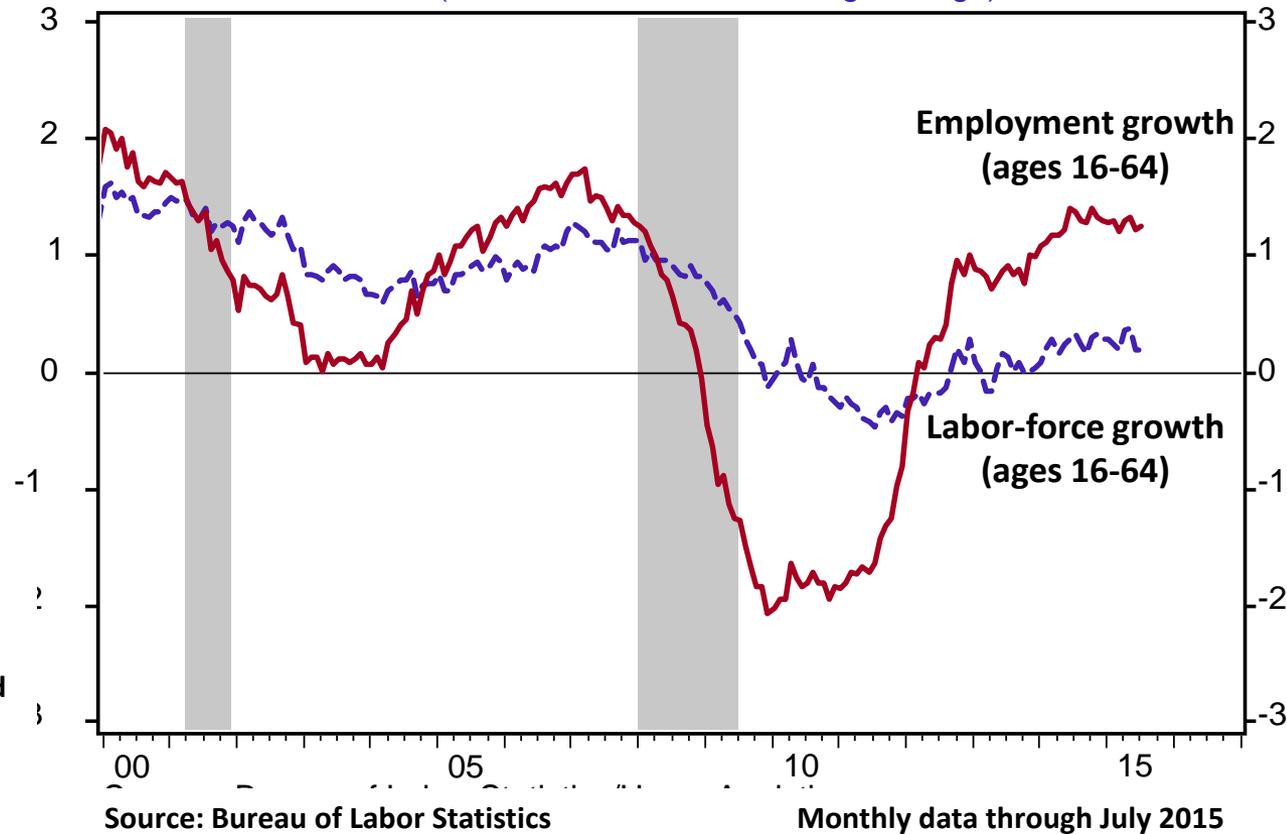
Sources: Bureau of Labor Statistics, Congressional Budget Office Monthly data through July 2015

Strong Job Growth Likely to Slow Soon

Annualized Growth Rate of Civilian Employment, Ages 16-64
Percent (annualized 36-month trailing average)

Annualized Growth Rate of Civilian Labor Force, Ages 16-64
Percent (annualized 36-month trailing average)

Percent
(annualized
36-month
trailing
average)

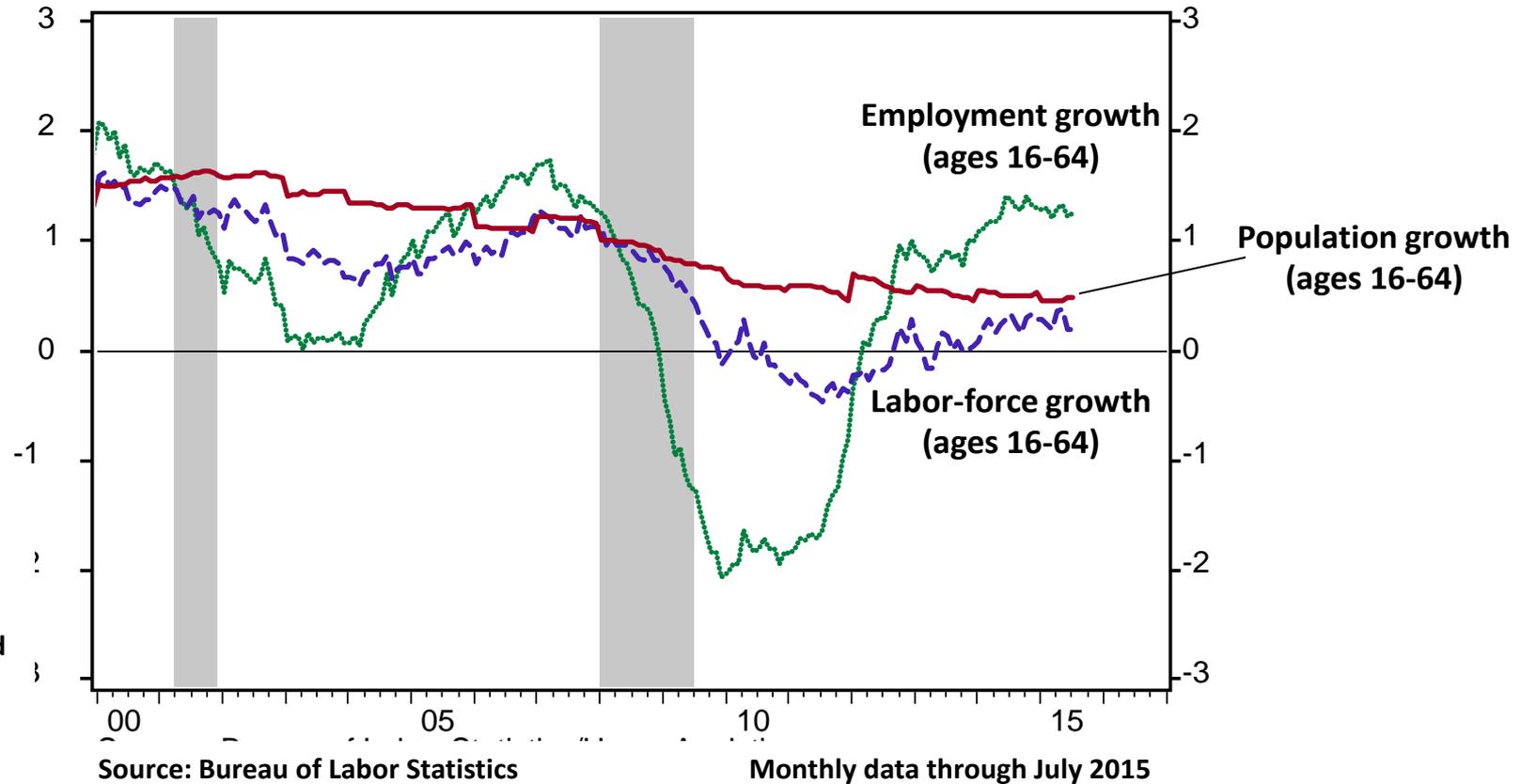


Period of
nationwide
recession indicated
by gray shading.

Aging Population, Fewer Workers

Annualized Growth Rate of Civilian Population, Ages 16-64
 Annualized Growth Rate of Civilian Labor Force, Ages 16-64
 Annualized Growth Rate of Civilian Employment, Ages 16-64

Percent
 (annualized
 36-month
 trailing
 average)

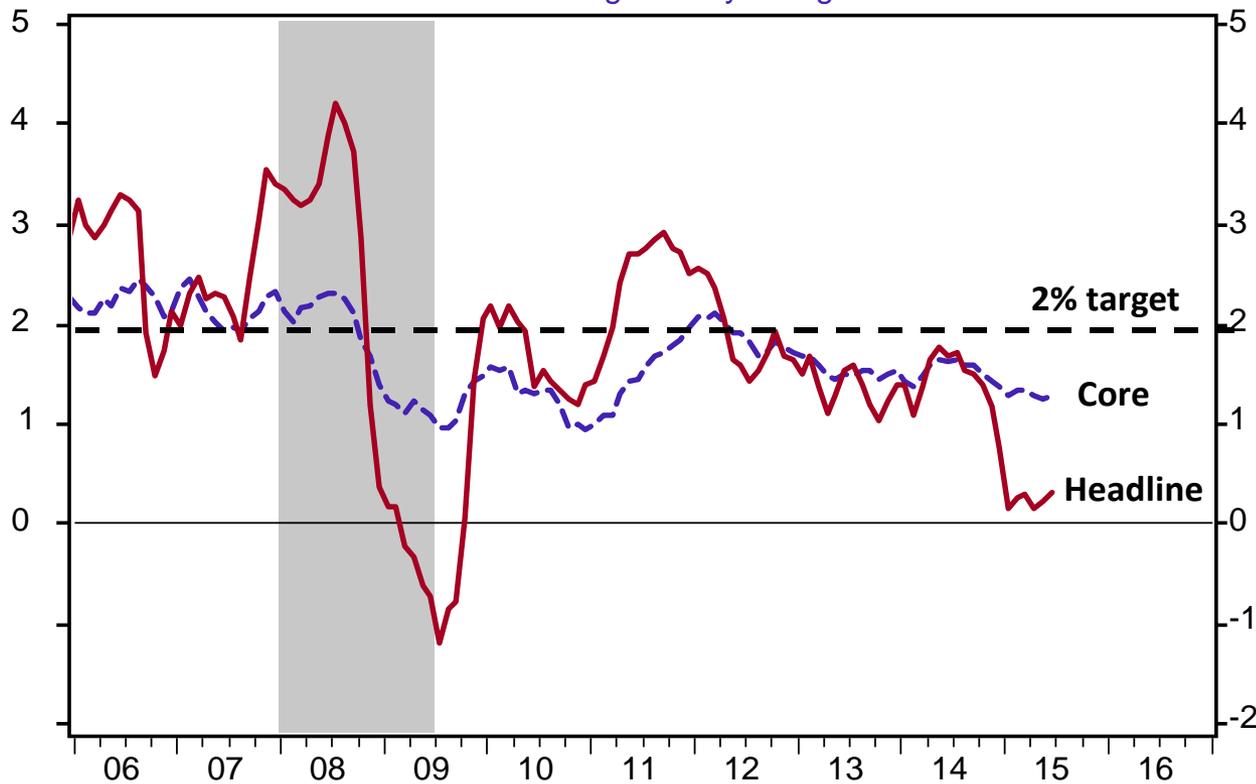


Inflation Remains Below 2% Target

Headline Inflation: PCE Chain-Price Index
Percent change from year ago

Core Inflation: PCE Chain-Price Index less Food & Energy
Percent change from year ago

Percent



Source: Bureau of Economic Analysis

Monthly data through June 2015

Period of nationwide recession indicated by gray shading.

Economy's Vital Signs Look Good

| Time period | Average annualized growth rates (%) | | |
|----------------------------------|-------------------------------------|------------|--------------------------|
| | Real GDP | Employment | Prices (i.e., inflation) |
| <i>Current conditions</i> | | | |
| Most recent quarter, Q2.2015 | 2.3 | 1.7 | 2.1 |
| Year through Q2.2015 | 2.3 | 2.1 | 0.2 |

Slower Growth May Be Coming

| Time period | Average annualized growth rates (%) | | |
|--|-------------------------------------|------------|--------------------------|
| | Real GDP | Employment | Prices (i.e., inflation) |
| <i>Current conditions</i> | | | |
| Most recent quarter, Q2.2015 | 2.3 | 1.7 | 2.1 |
| Year through Q2.2015 | 2.3 | 2.1 | 0.2 |
| <i>Long-term benchmarks</i> | | | |
| Current expansion so far (6 years through Q2.2015) | 2.1 | 1.3 | 1.6 |
| 10 years through Q2.2015 | 1.4 | 0.6 | 1.8 |

In Sum: A Strong Economy

- Economy appears to be growing slightly faster than its long-term potential.
- Job-market slack is largely gone.
- Inflation remains very low.
- Both short-term and long-term interest rates are likely to remain historically low.