

The Road Ahead: Challenges and Opportunities

Scott Anderson, Ph.D.

Chief Economist, Bank of the West

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Economic Outlook Conference

Center for Economic Development

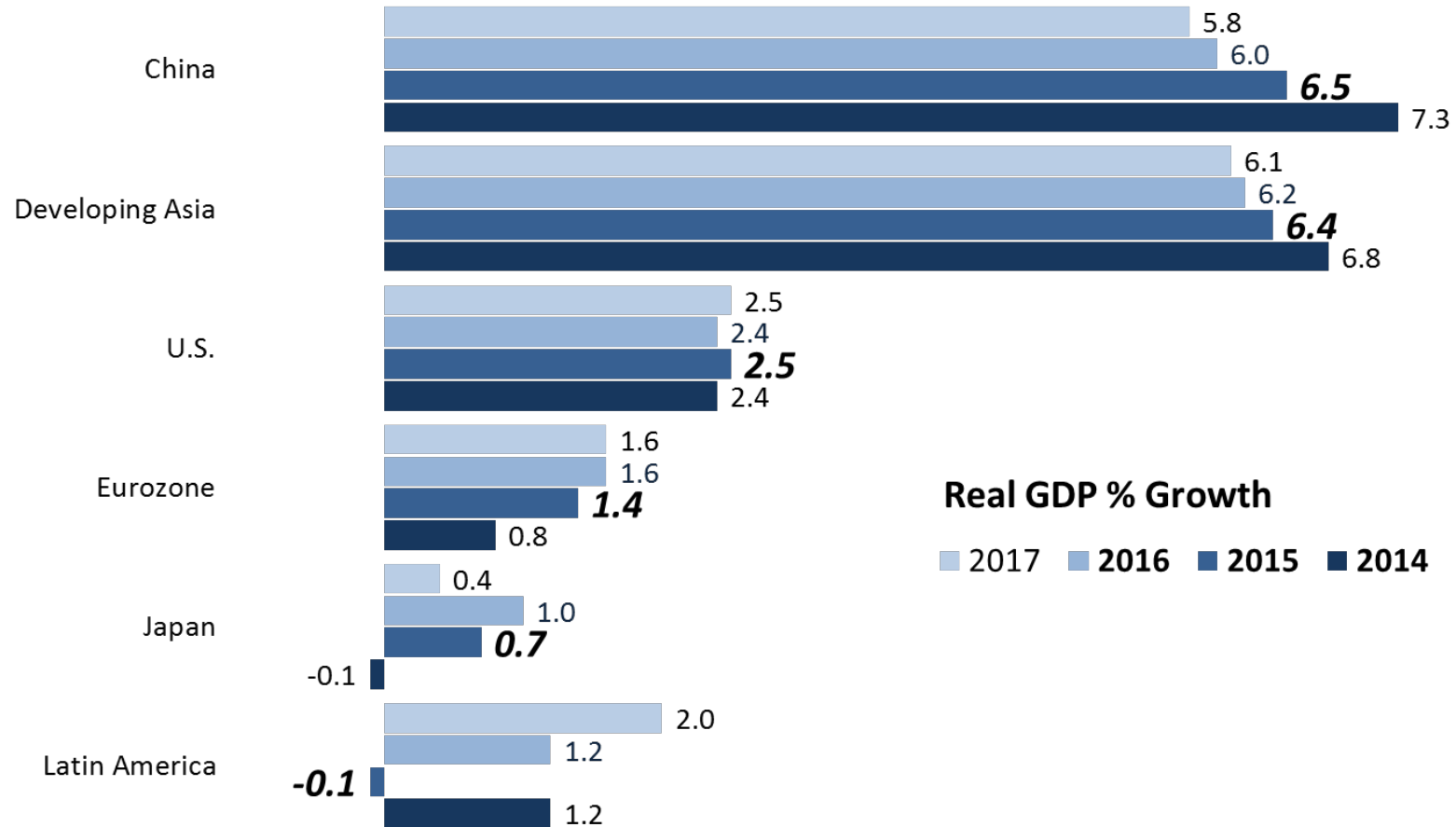
and Business Research

Wichita, Kansas

October 1, 2015

Global Growth Outlook Uneven

Global Outlook



Source: Bank of the West Economics, IMF, Bloomberg

China Freight Traffic Down More Than Great Recession



Transition to Consumer Driven Growth Not Working

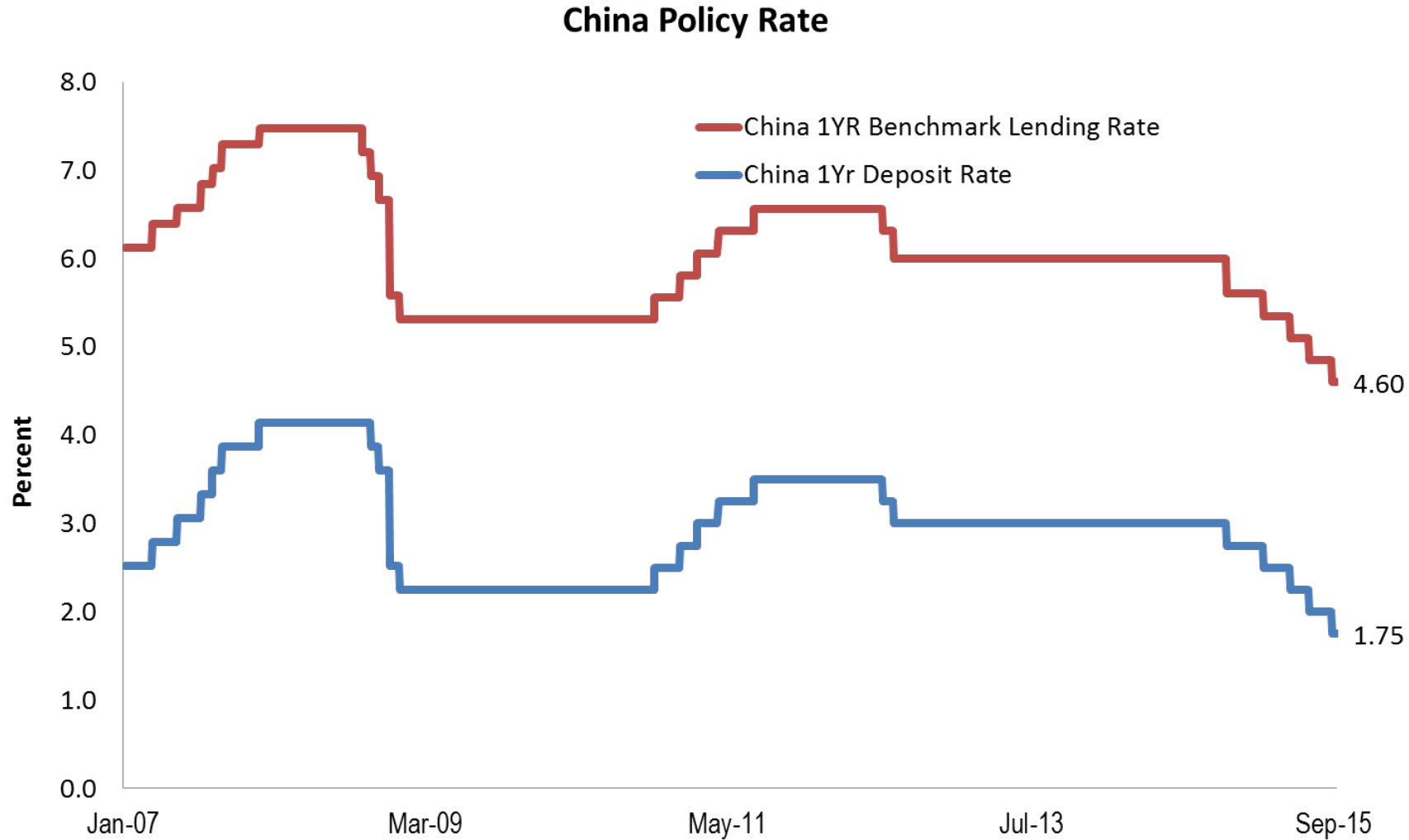


China Stock Market Bubble Pops



Source: Bloomberg

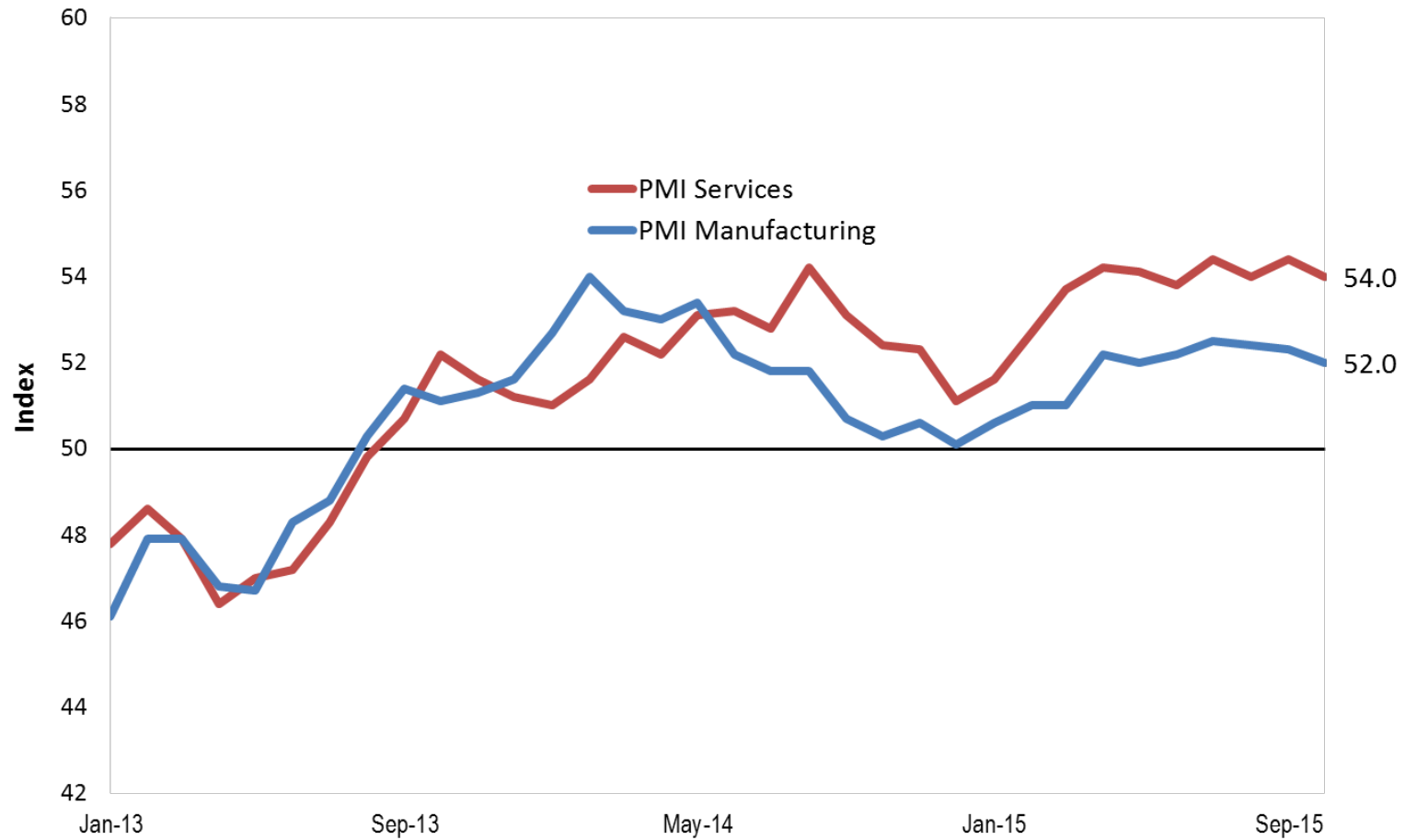
PBOC Has More Room to Loosen Monetary Policy



Source: National Bureau of Statistics of China

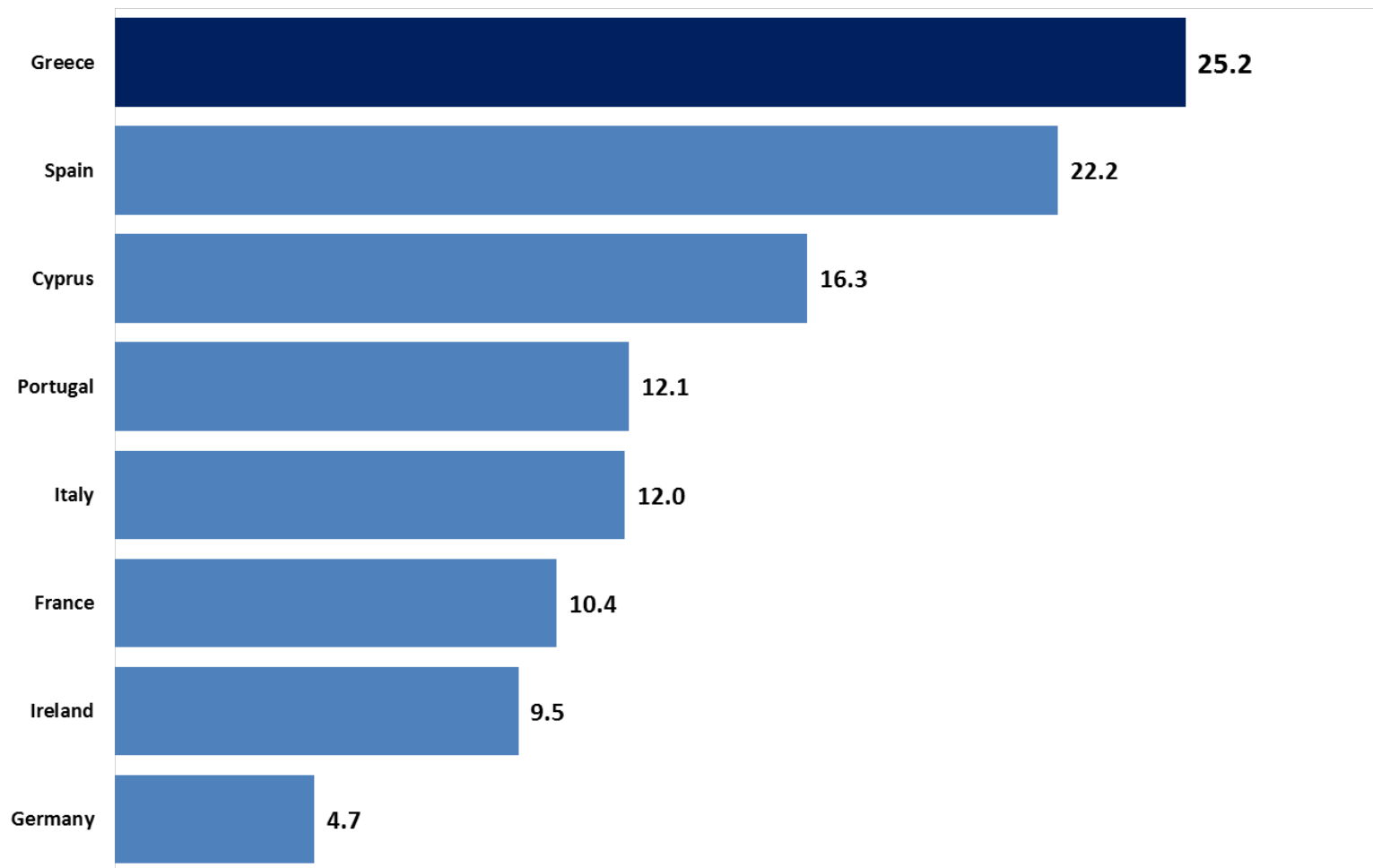
Eurozone Showing Renewed Signs of Growth

Eurozone Mfg & Services PMI's



Unemployment Still A Huge Problem in Europe

Eurozone Unemployment Rates
July 2015

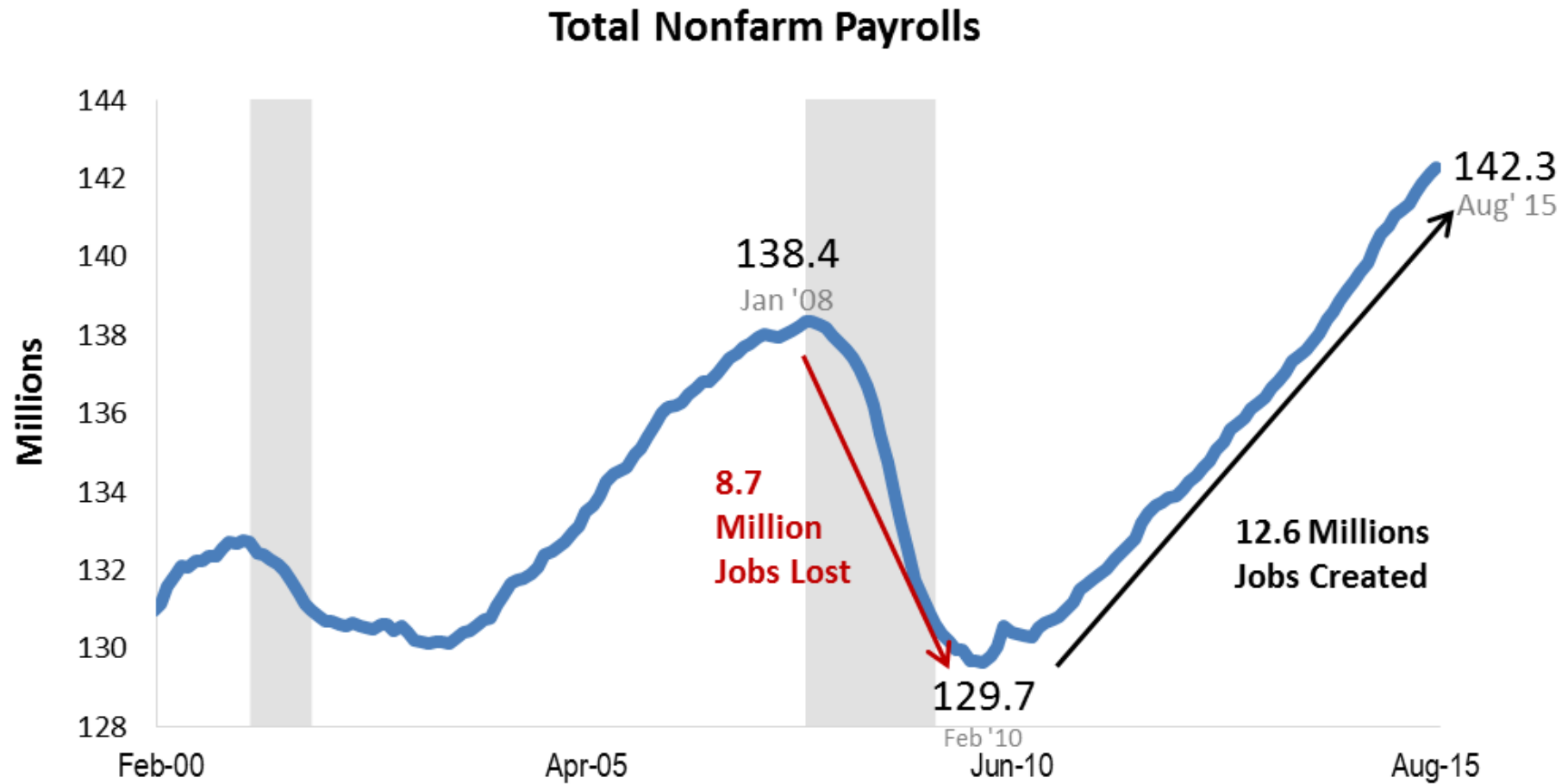


Source: Eurostat

U.S. Labor Market Looking Better



Economy on Track to Create Another 2.8 Million Jobs

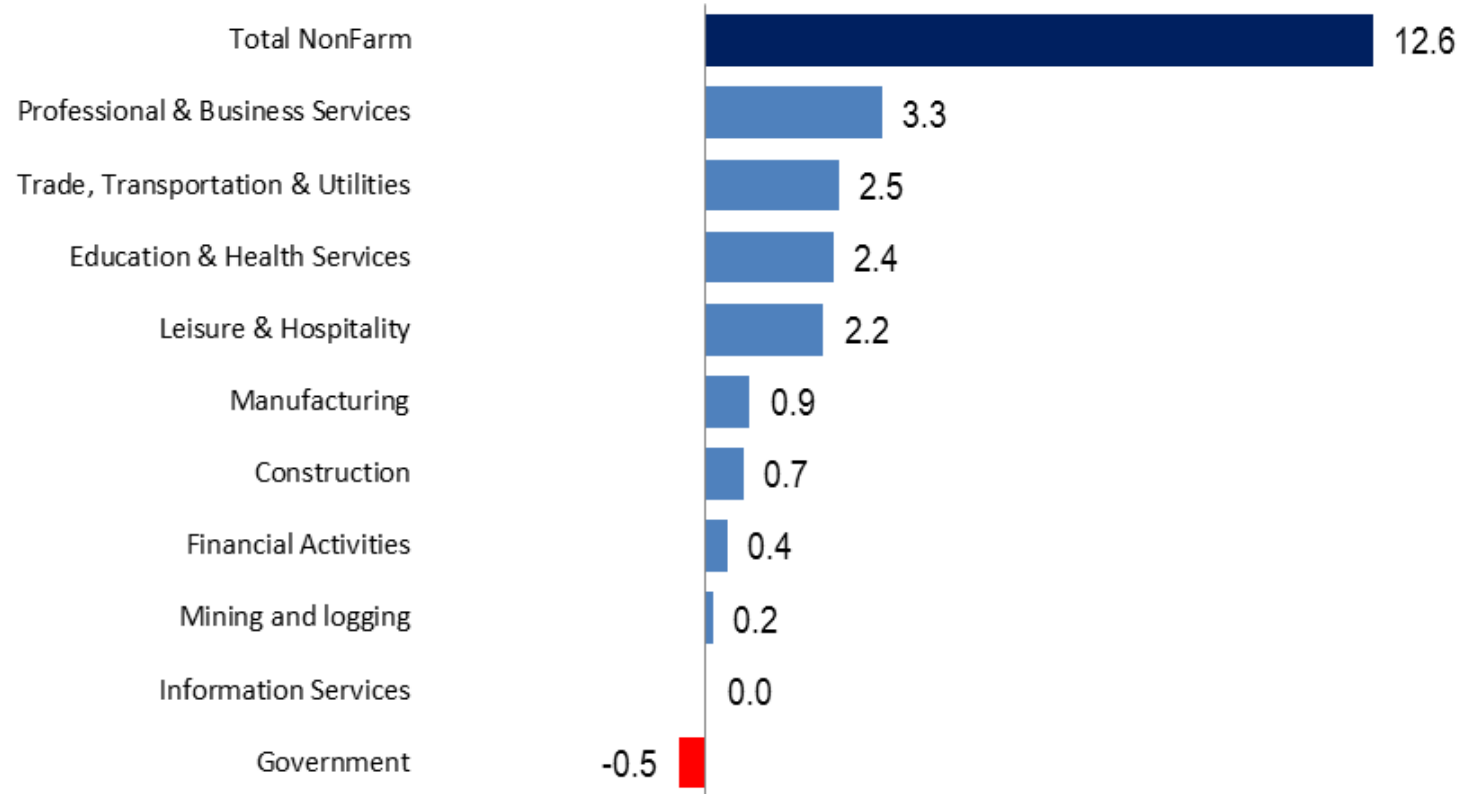


Source: U.S. Bureau of Labor Statistics

Where Are The New Jobs?

Net Job Creation Since 2010 - Millions of Jobs

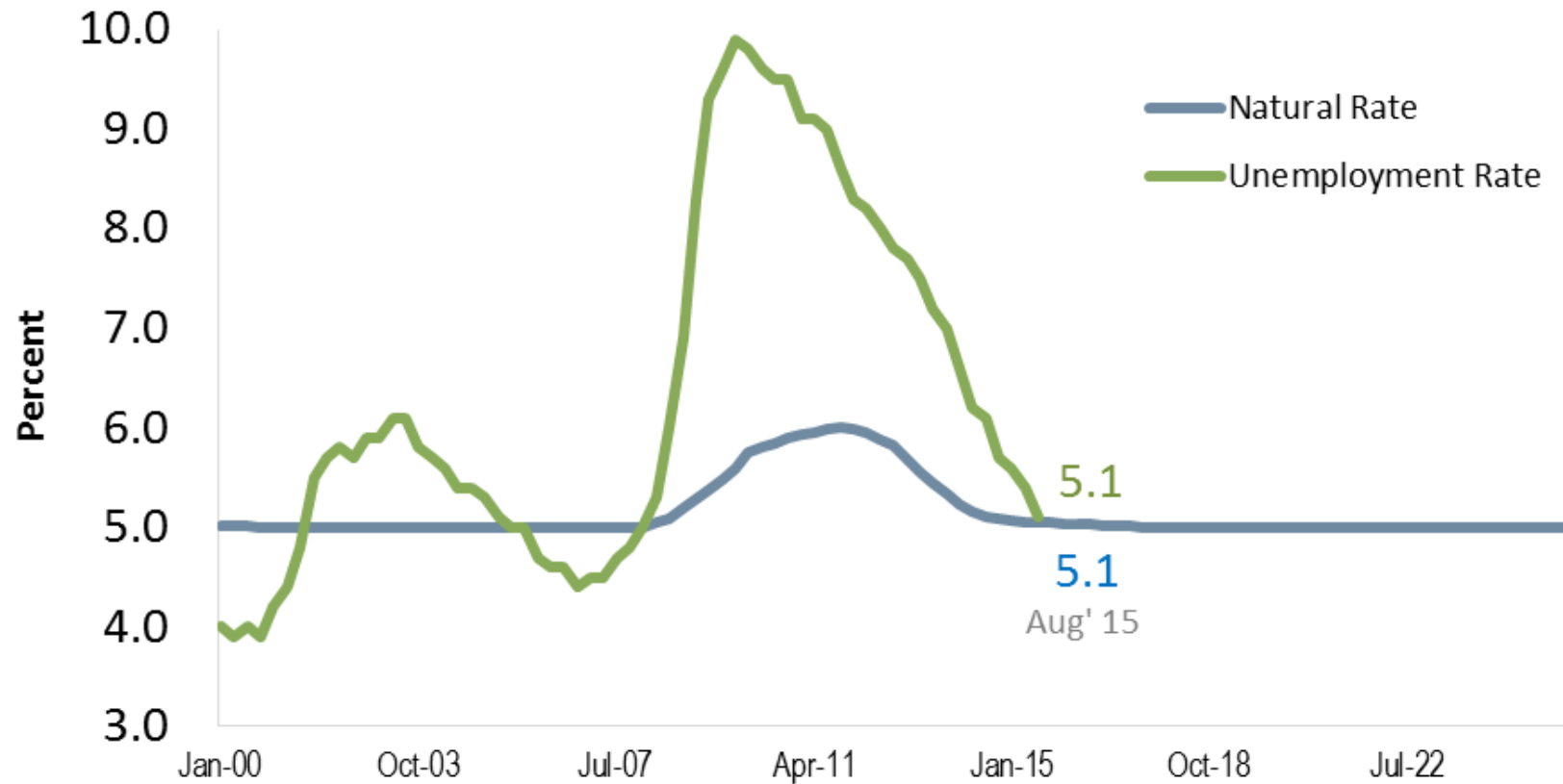
August 2015



Source: BLS, Bank of the West Economics

U.S. Nearing Full-Employment and Better Wage Growth

The Unemployment Rate Gap is Closing

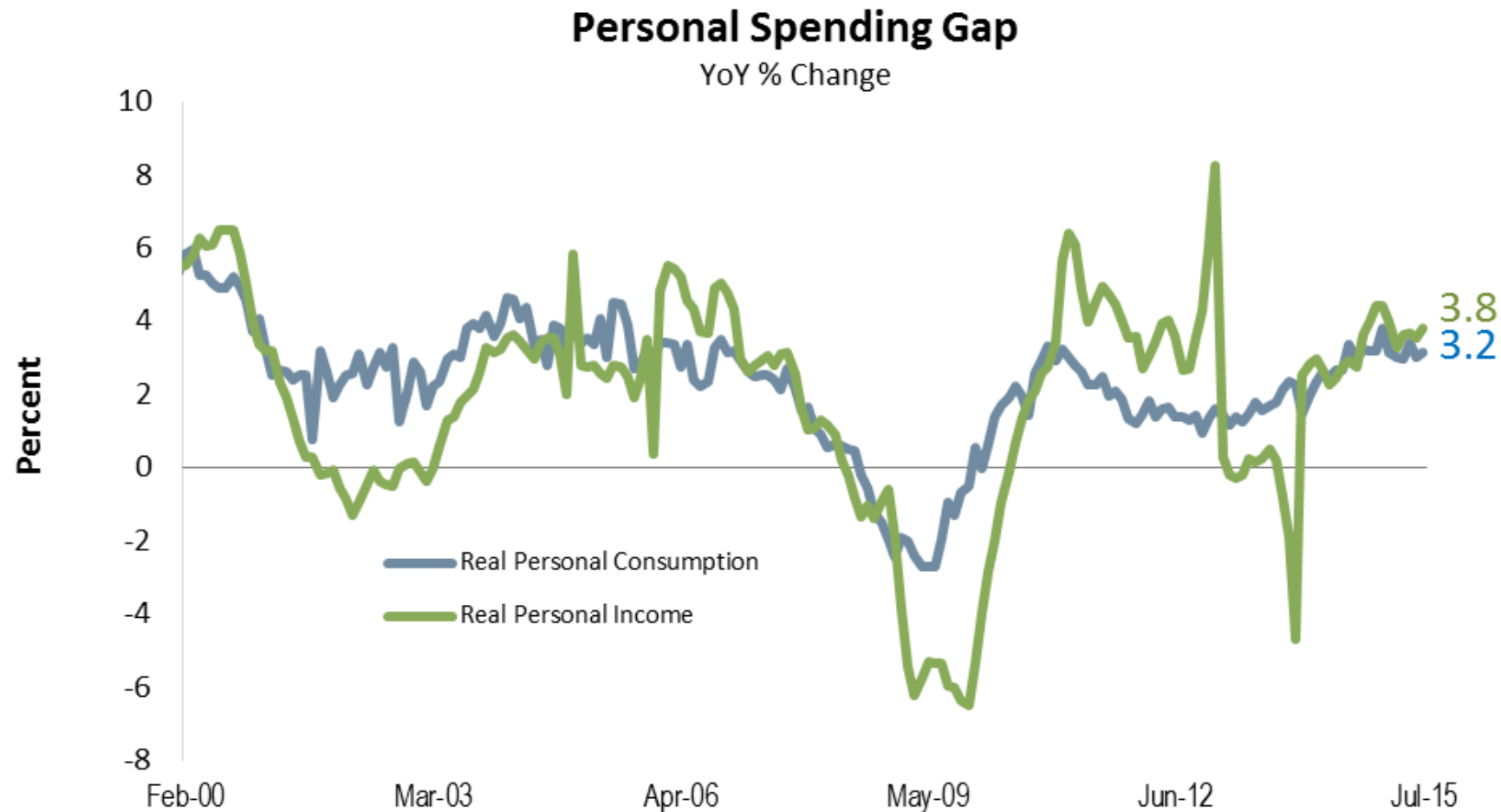


Source: Congressional Budget Office/Bureau of Labor Statistics

Consumer Spending Ramps Up



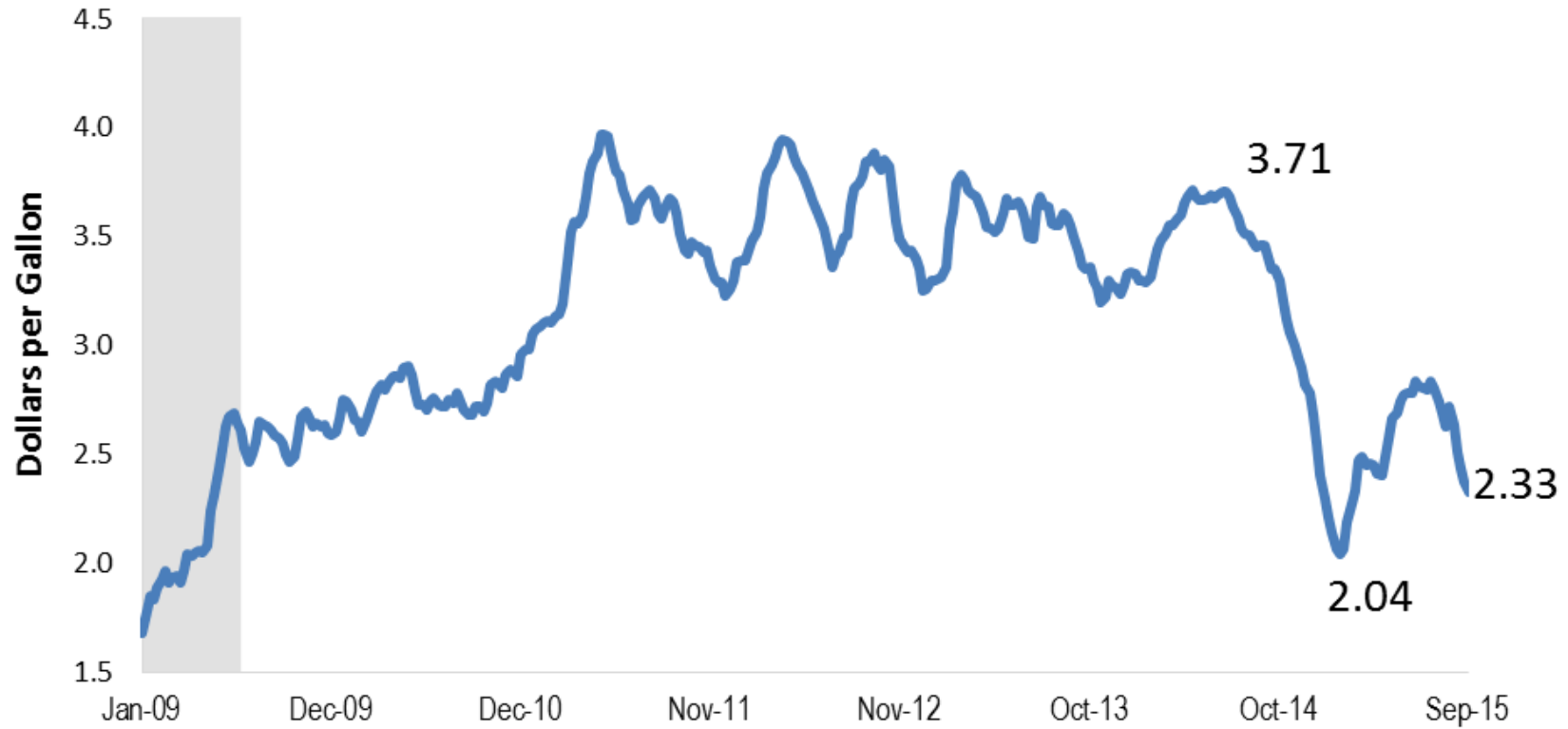
Consumers Coming Out of Hibernation



Source: U.S. Bureau of Economic Analysis

Retail Gasoline Prices Still Well-Below Last Year's Levels

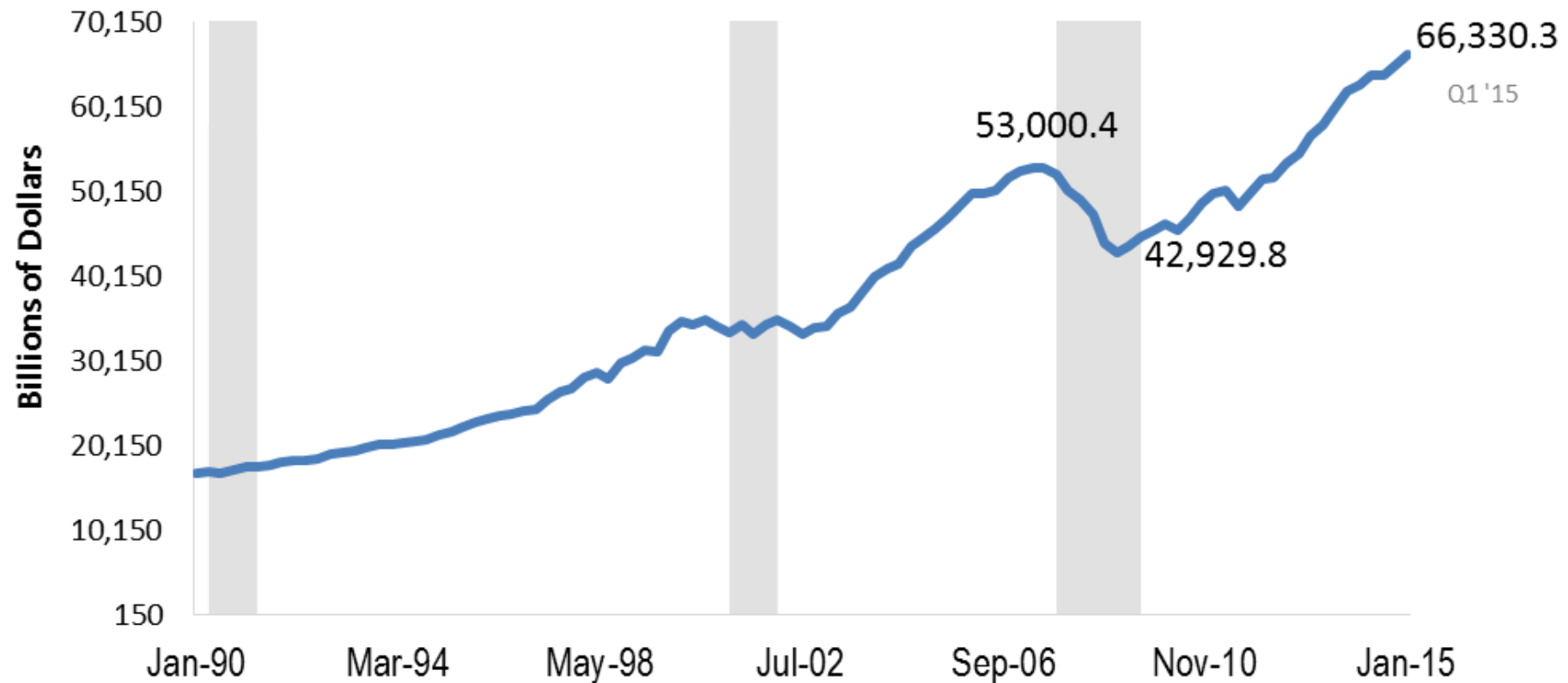
US Regular All Formulations Gas Price



Source: U.S. Energy Information Administration

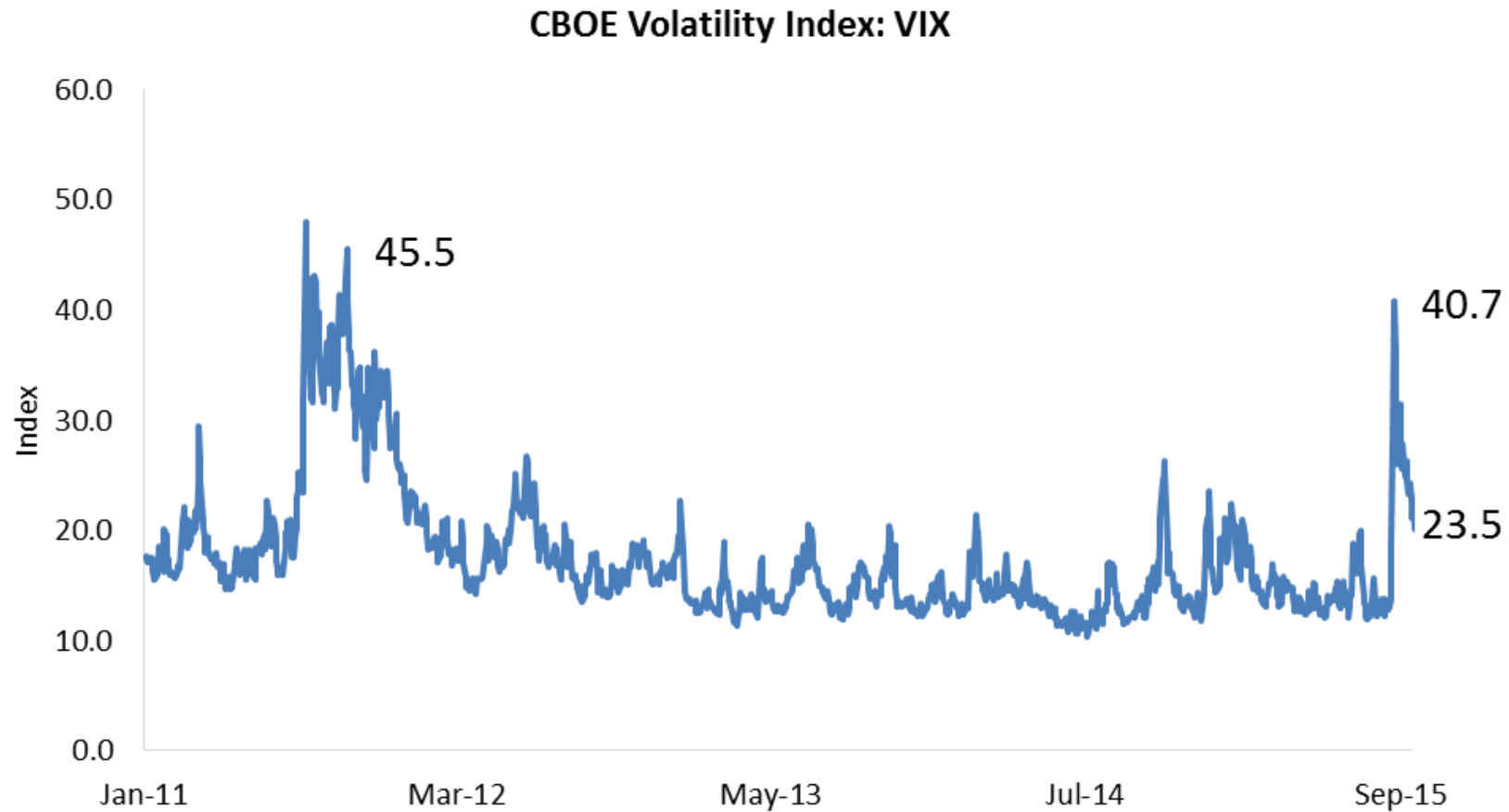
Wealth Effects Produce Strong Tailwind

Real Total Net Worth - Balance Sheet of Households and Nonprofit Organizations



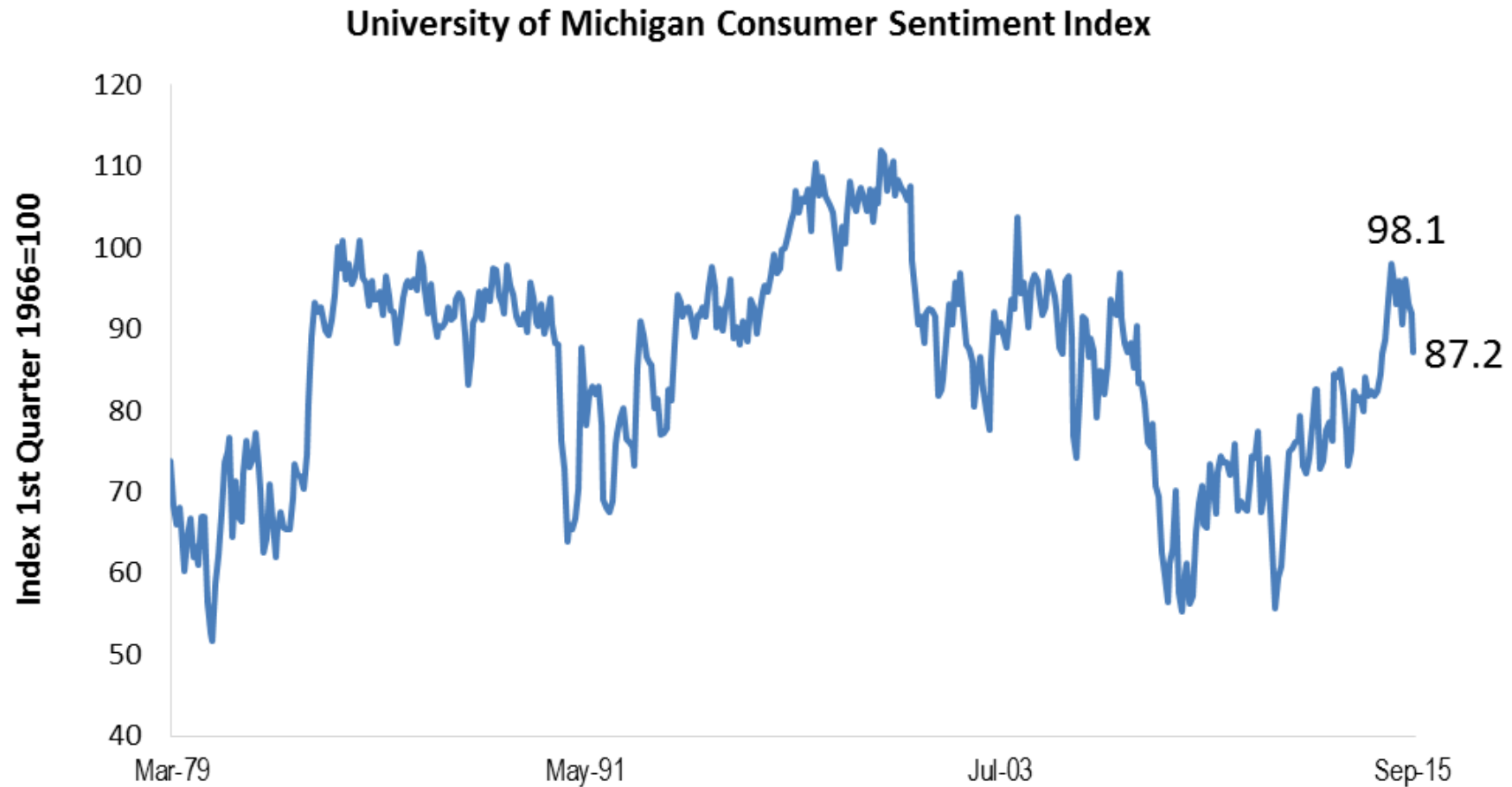
Source: Federal Reserve System

U.S. Stock Volatility Highest Since 2011



Source: Chicago Board Options Exchange/FRED

Yet Consumer Confidence Tumbles

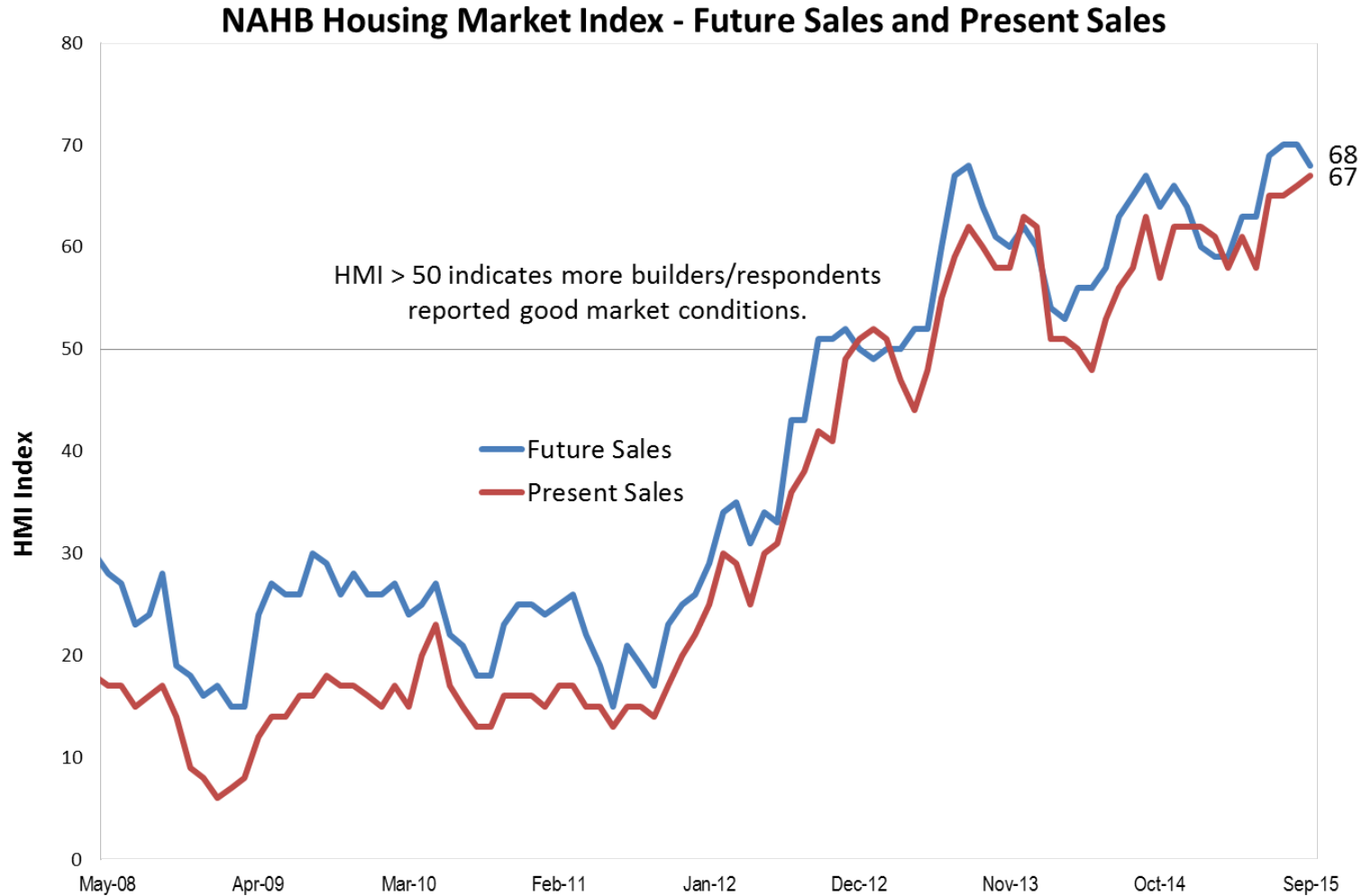


Source: Thomson Reuters/Univ. Of Michigan

Housing Gaining Steam

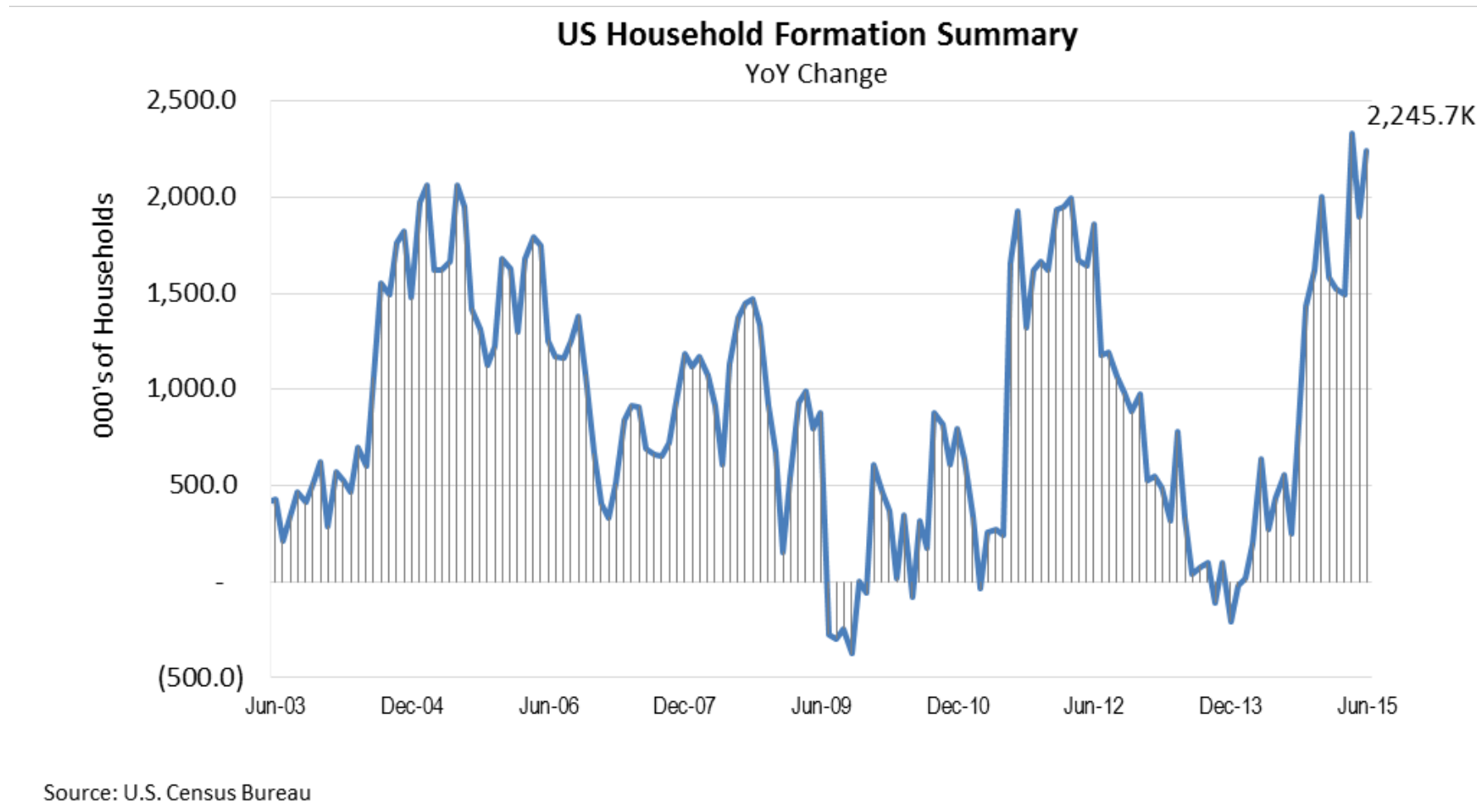


Homebuilder Confidence At Expansion Highs



Source: National Association of Home Builders

Household Formation Makes A Come Back





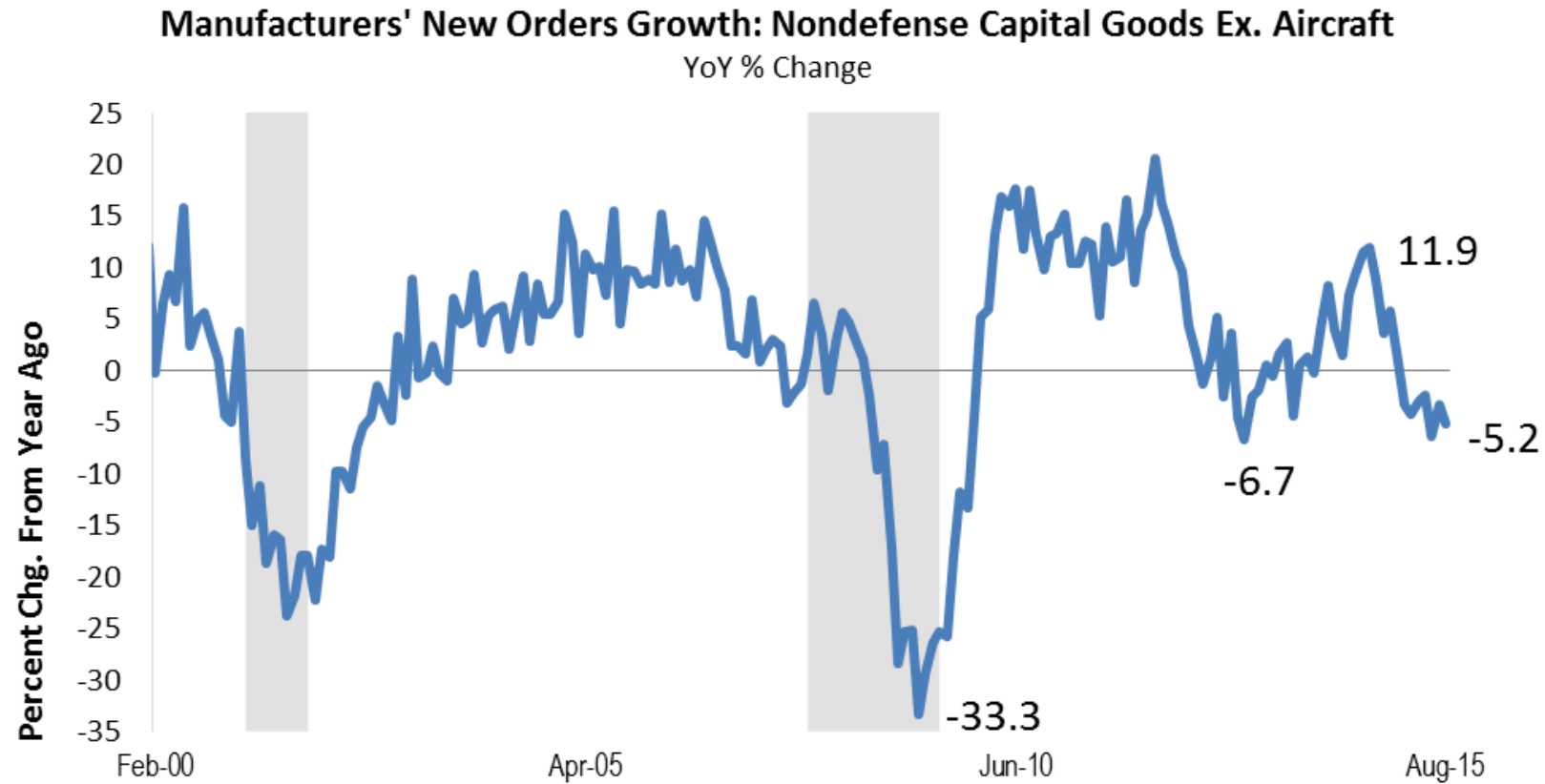
U.S. Dollar Appreciation Starting to Cause Real Pain

Trade Weighted U.S. Dollar Index: Major Currencies



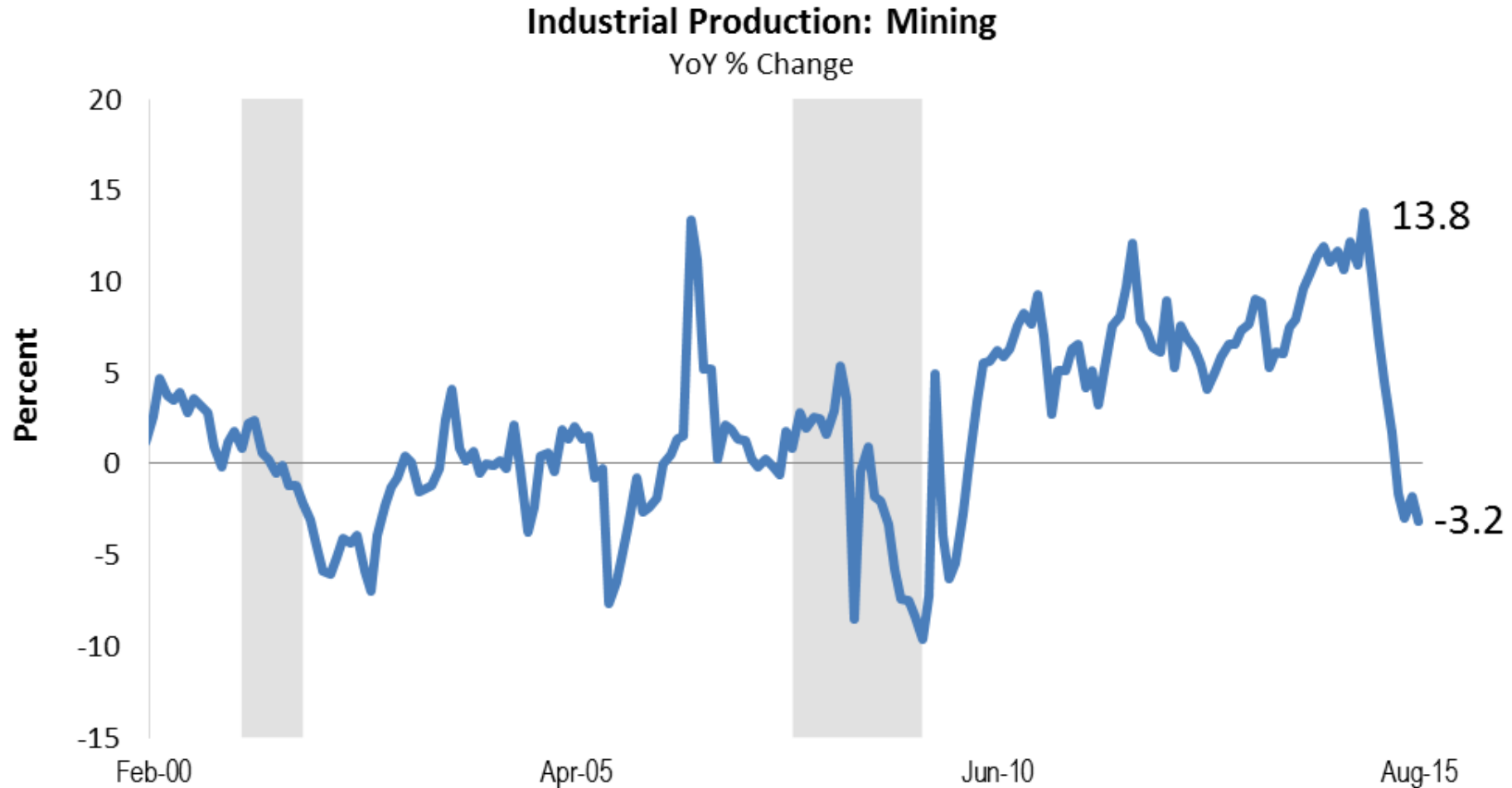
Source: Federal Reserve System

New Orders and Exports Take a Hit



Source: U.S. Census Bureau

Energy and Mining Industries in Recession



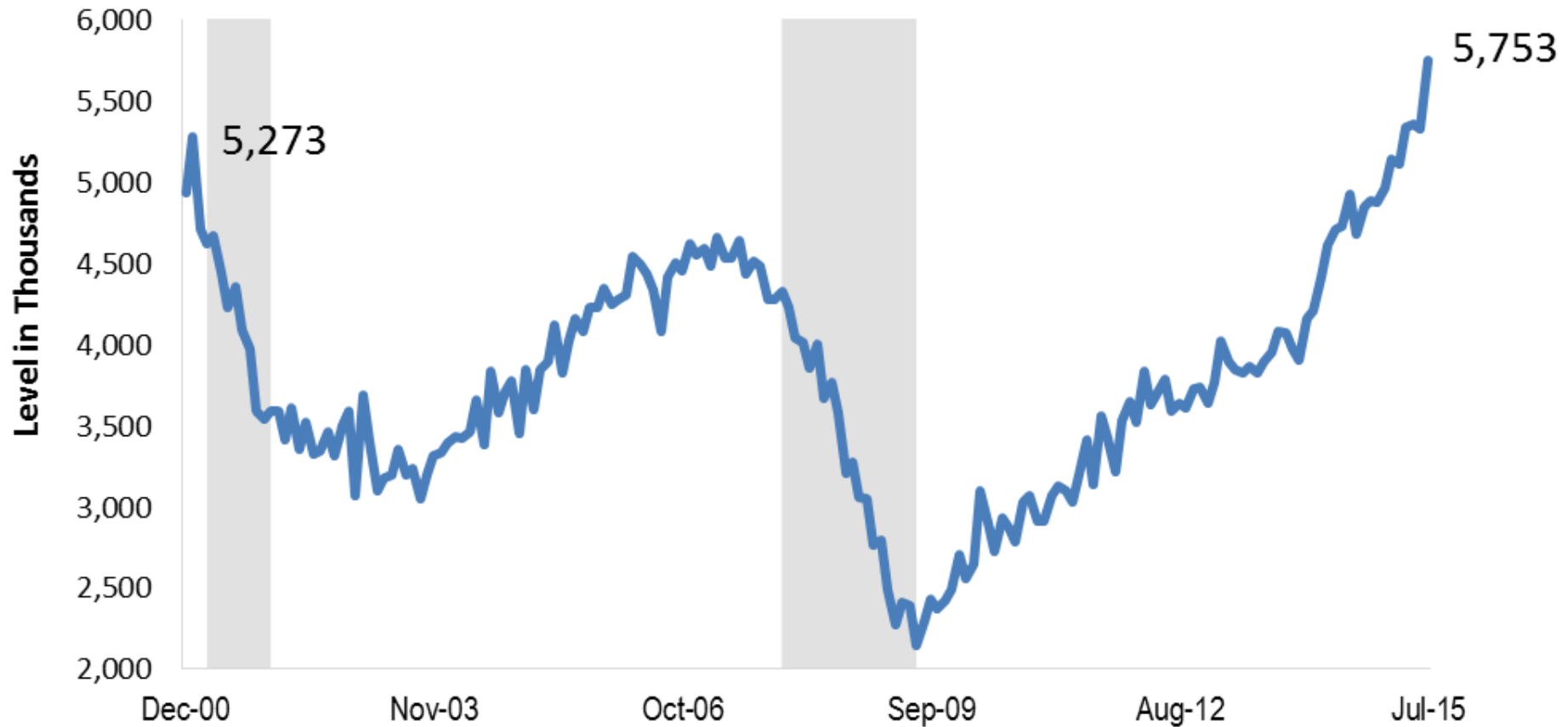
Source: Federal Reserve System

FED EYEING THE EXIT



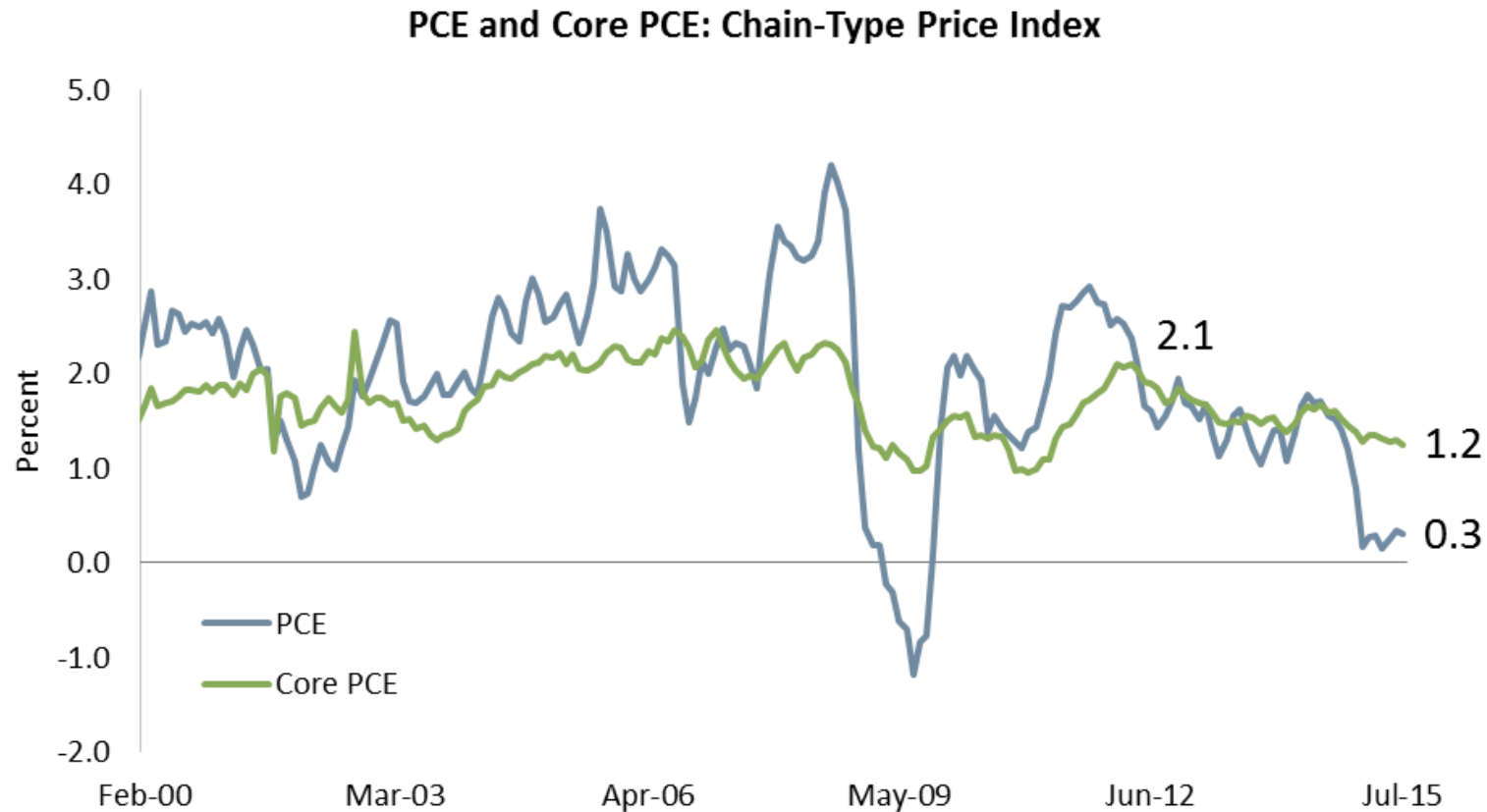
Job Openings At Highest Level in 15 Years

Total Nonfarm Job Openings



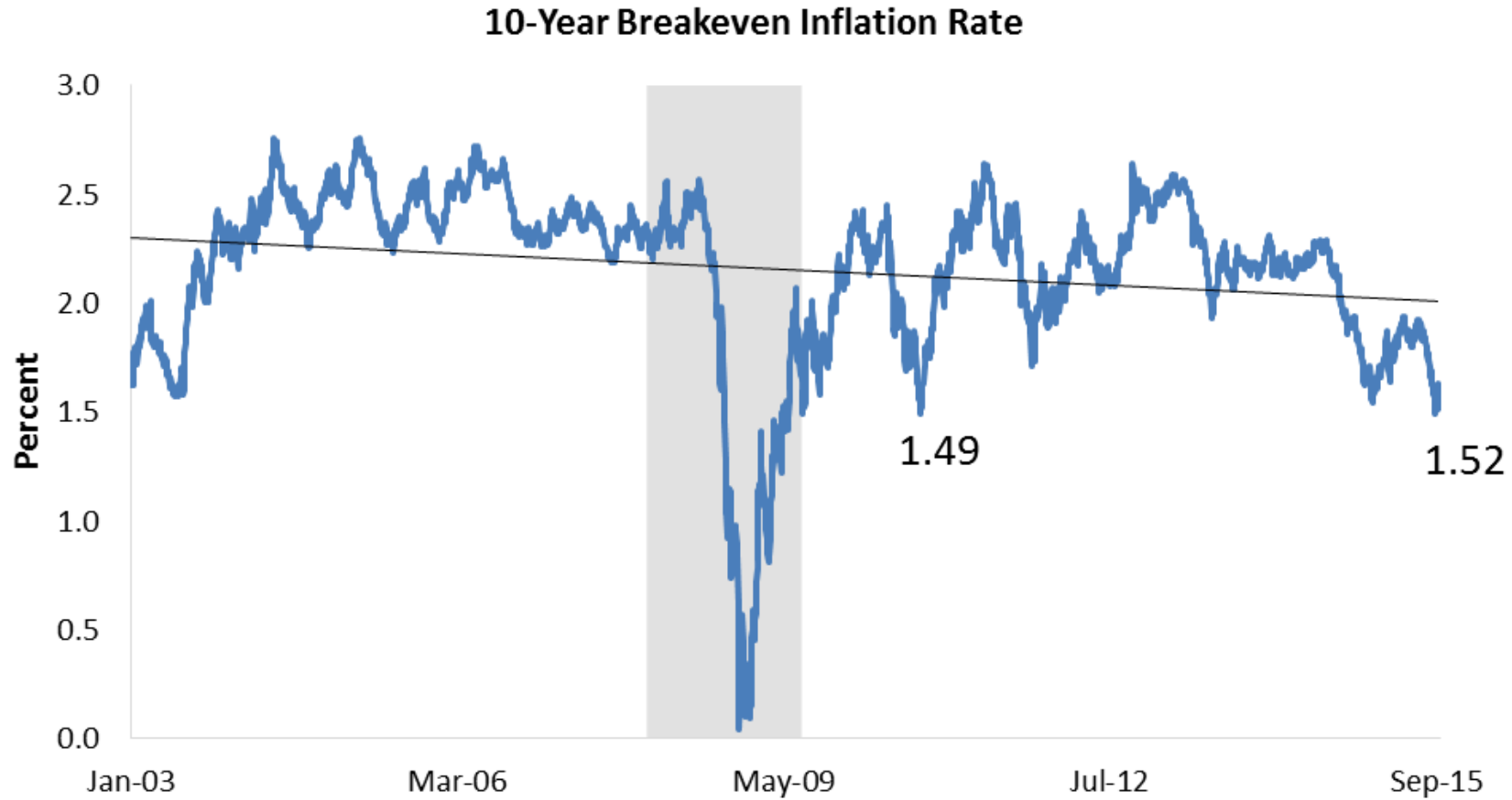
Source: U.S. Bureau of Labor Statistics

Fed Still Missing Badly on Inflation Targets



Source: US. Bureau of Economic Analysis/FRED

Market Expects Low Inflation For A Long, Long Time



Source: Federal Reserve Bank of St. Louis/FRED

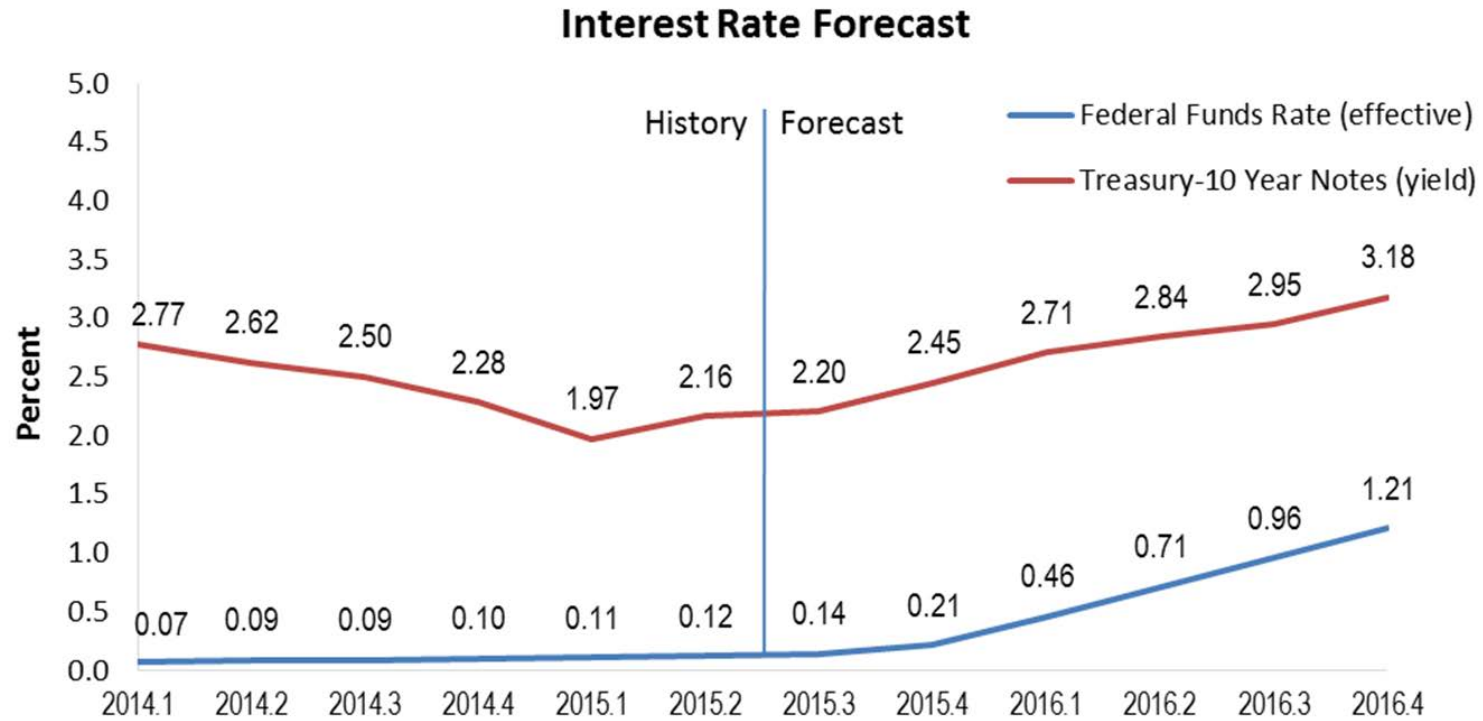
Financial Conditions Deteriorate

Moody's Seasoned Baa Corporate Bond Yield Relative to Yield on 10-Year Treasury Constant Maturity



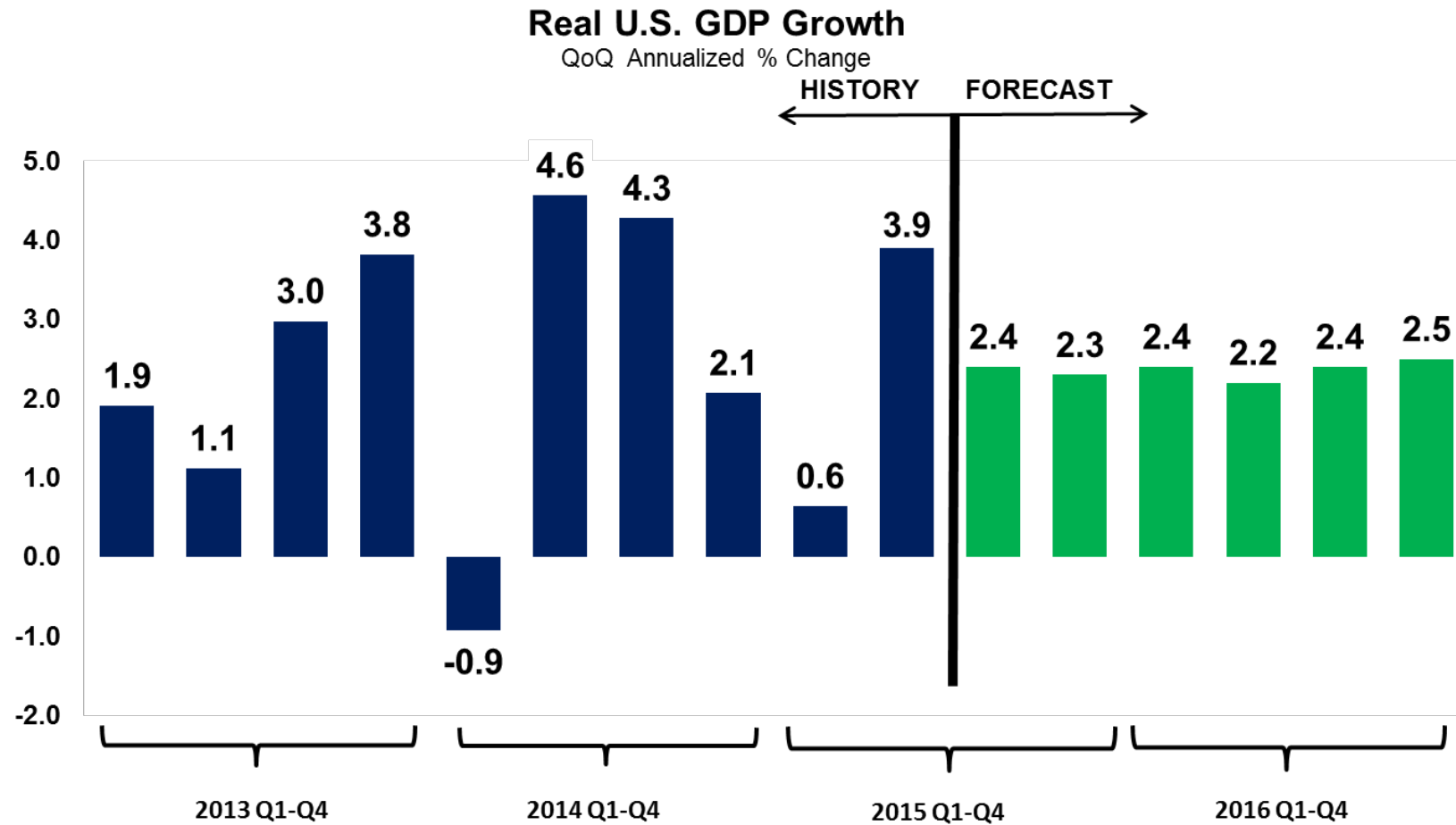
Source: Federal Reserve Bank of St. Louis/FRED

Fed Remains Cautious in This Environment



Source: Fed Reserve; BOTW Economics Estimates

U.S. Outlook- Only Moderate Growth From Here



Thank You!

scott.anderson@bankofthewest.com