

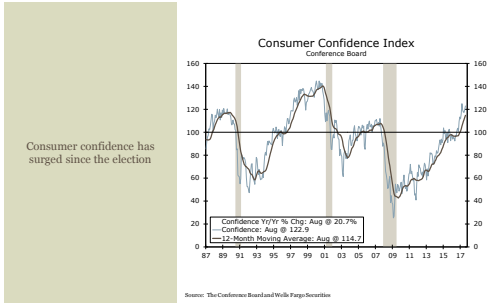


The U.S. Economy: "Bracing for Higher Interest Rates"

Eugenio J. Alemán, Ph.D.
Director and Senior Economist
September 2017

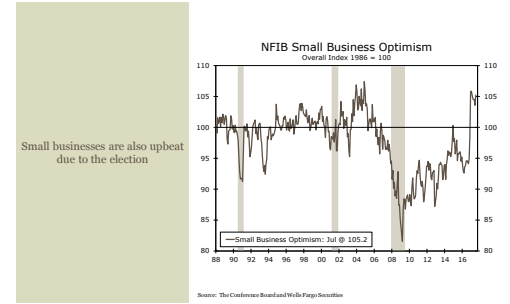


Consumer Confidence



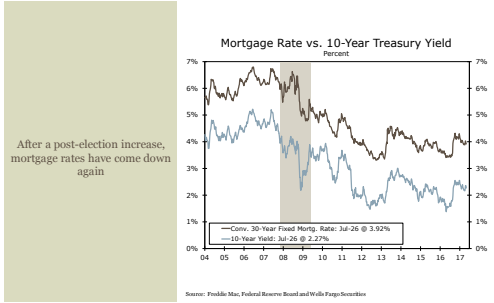
Economics 2 Wells Fargo Securities

Small Business Confidence

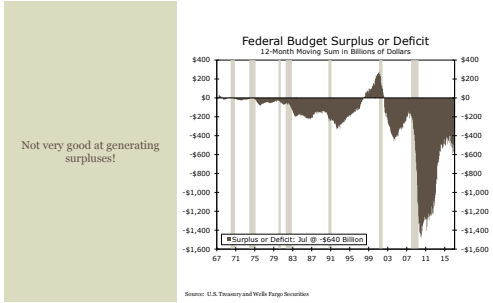


Economics 3 Wells Fargo Securities

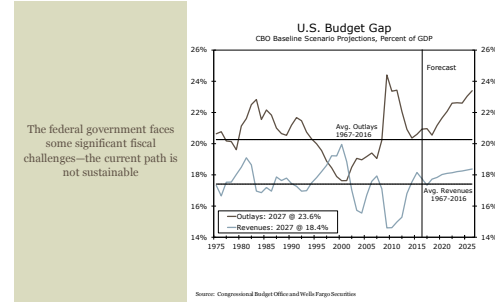
Mortgage and Treasury Rates



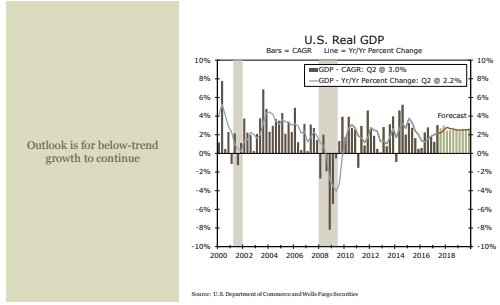
Federal Fiscal Results



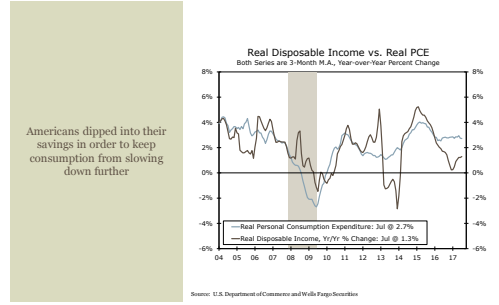
U.S. Budget Gap



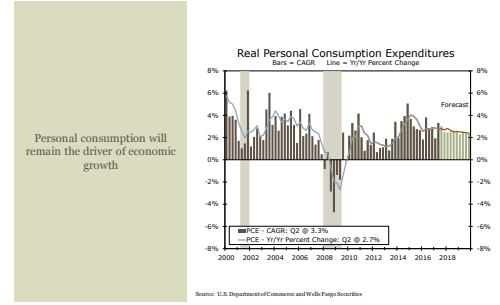
Real GDP Forecast



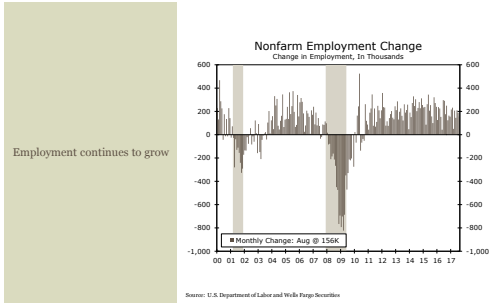
Real Disposable Income



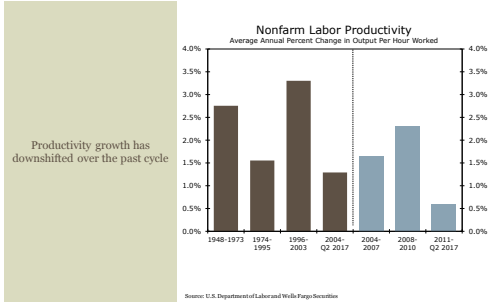
Personal Consumption Expenditures



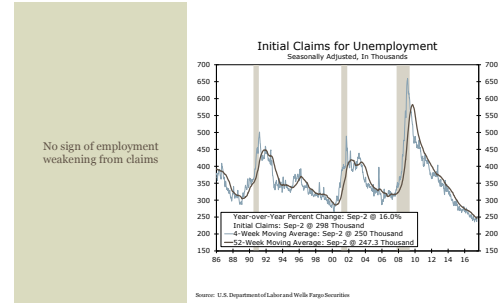
U.S. Nonfarm Employment



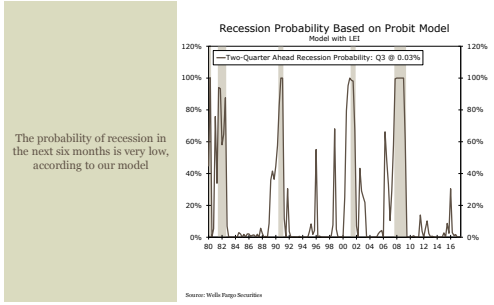
Potential Growth—Little Help From Productivity



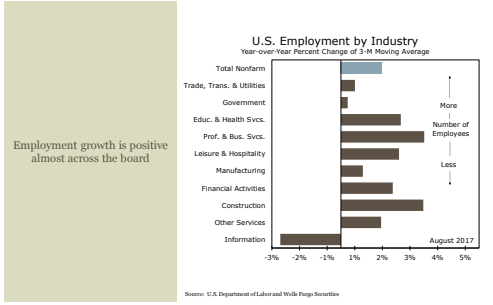
Initial Jobless Claims



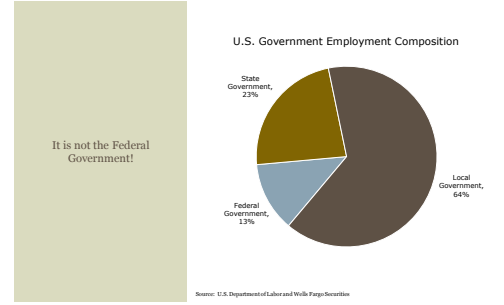
Recession on the Horizon? No.



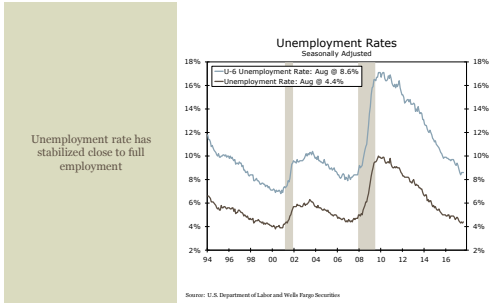
U.S. Employment By Industry



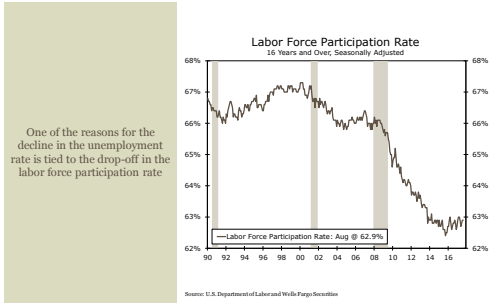
Government Employment



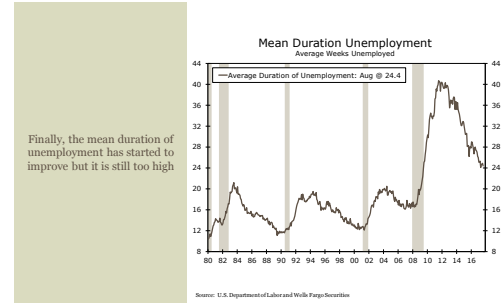
Unemployment Rate



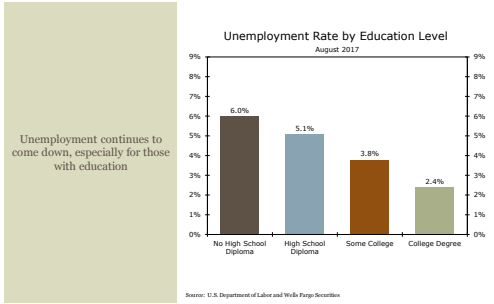
The Employment Situation



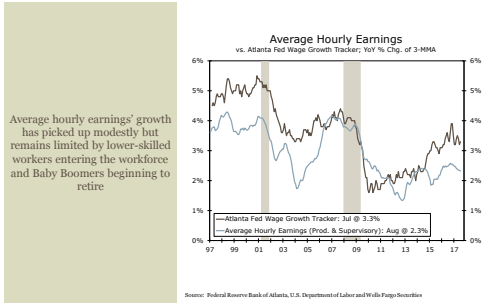
Mean Duration of Unemployment



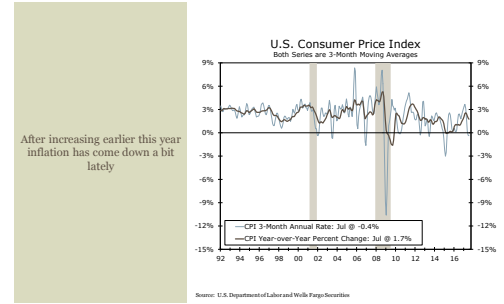
Unemployment by Education Level



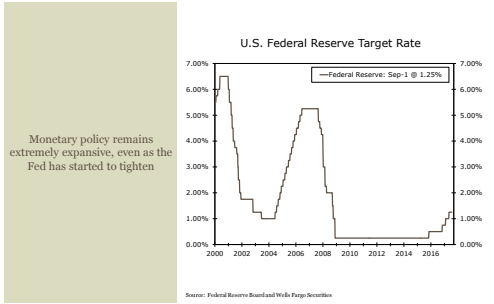
Labor Market: Wages



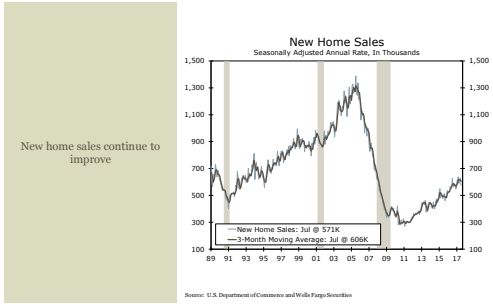
Consumer Price Index



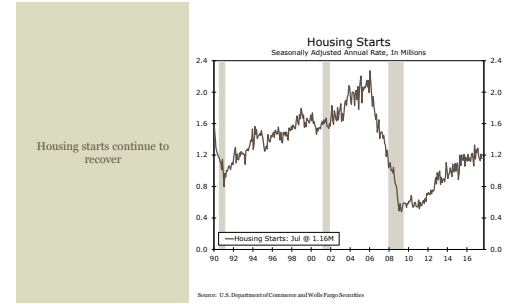
Federal Reserve Target Rate



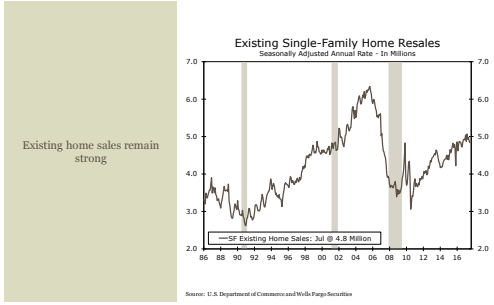
New Home Sales



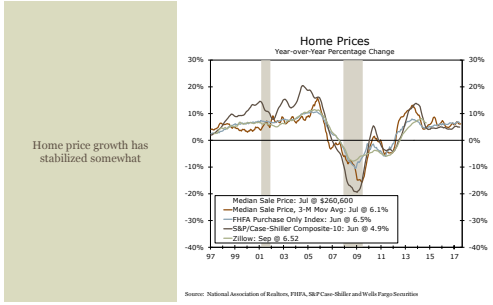
Housing Starts



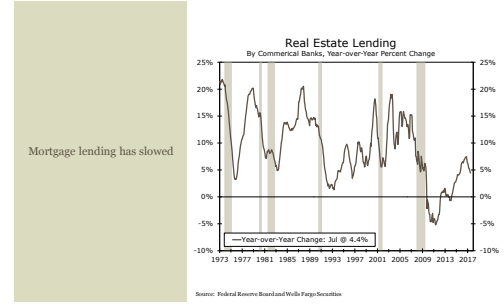
Existing Home Sales



Home Prices

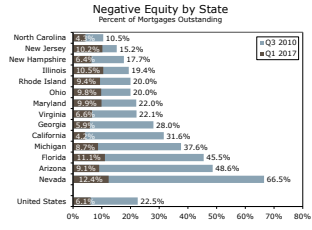


Home Mortgages



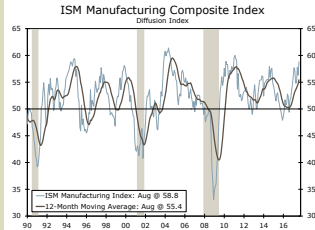
Negative Equity

Negative equity continues to improve



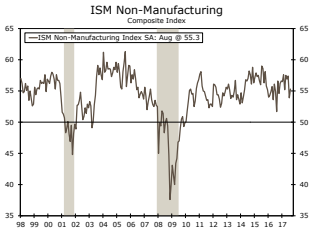
ISM Manufacturing Index

Manufacturing activity has improved over the last several months

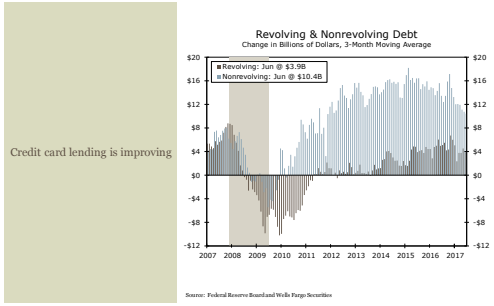


ISM Non-Manufacturing Index

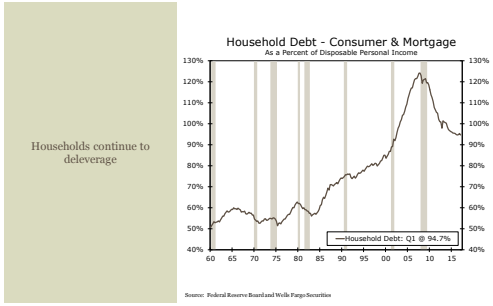
The service economy has continued to expand, although coming down somewhat in July



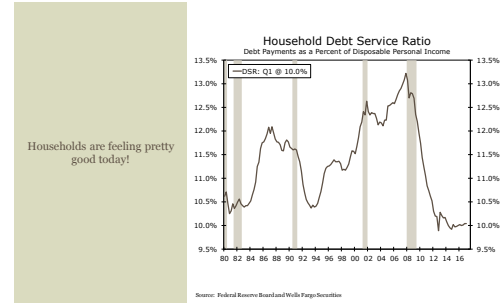
Consumer Credit



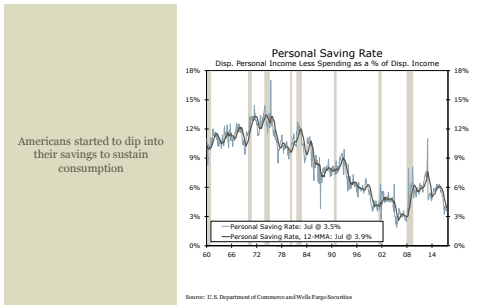
Household Debt



Household Debt



Personal Saving Rate



Global Forecast

U.S. economic growth will remain range-bound

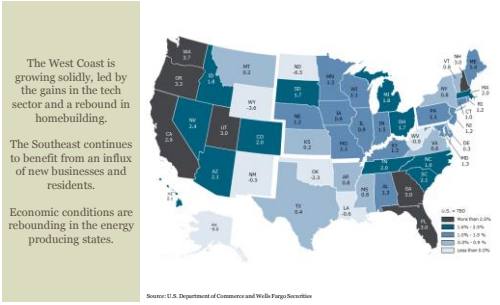
Wells Fargo International Economic Forecast					
(Year-over-Year Percent Change)					
	Q4		Q4		
	2017	2018	2017	2018	2019
Global (PPP Weighted)	3.4%	3.4%	3.1%	3.2%	3.3%
Global (Market Exchange Rates)	3.2%	3.3%	2.8%	3.2%	3.1%
Advanced Economies ¹	2.3%	2.3%	1.8%	1.7%	1.4%
United States	2.2%	2.6%	2.5%	1.9%	1.7%
Eurozone	2.1%	2.0%	1.7%	1.5%	1.0%
United Kingdom	1.6%	1.7%	1.6%	2.6%	2.1%
Japan	1.9%	1.1%	0.7%	0.3%	0.3%
Korea	2.9%	2.8%	3.0%	2.1%	2.0%
Canada	3.0%	2.0%	1.9%	1.6%	2.0%
Developing Economies ¹	4.5%	4.5%	4.3%	4.8%	4.8%
China	6.6%	6.3%	5.9%	1.5%	2.0%
India	7.1%	6.4%	7.2%	3.1%	4.1%
Mexico	2.1%	2.3%	2.4%	6.0%	5.0%
Brazil	0.6%	2.0%	2.2%	1.5%	3.0%
Russia	1.7%	2.0%	2.2%	4.2%	4.3%

Forecast as of September 7, 2017
Aggregated using PPP weights

Source: IMF and Wells Fargo Securities

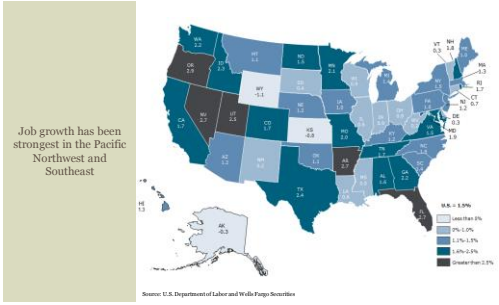
Regional Trends

Percentage Change in Real GDP by State, Full Year 2016-2017



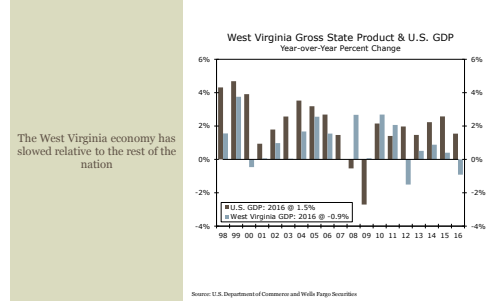
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Year-over-Year Employment Growth by State, July 2017



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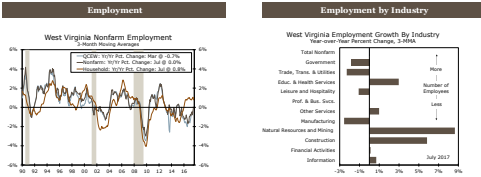
West Virginia vs. United States Economic Growth



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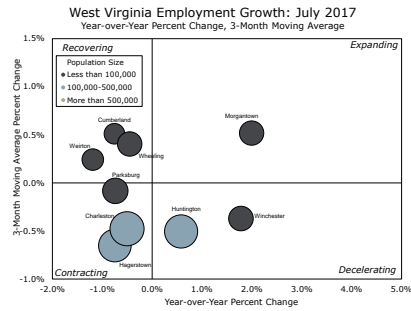
Labor Market Conditions: West Virginia

Employment growth slowed over the past year. The natural resources and mining sector has experienced significant increases in employment, while the manufacturing and utilities sectors have declined.



Source: U.S. Department of Labor and Wells Fargo Securities

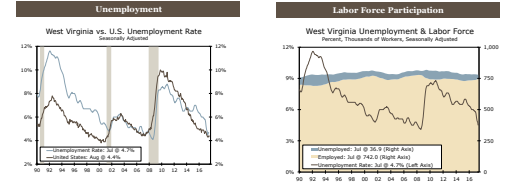
West Virginia Employment Growth by MSA



Source: U.S. Department of Labor and Wells Fargo Securities

West Virginia Employment Situation

The unemployment rate has declined in West Virginia, but remains slightly above the national rate.

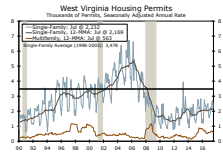


Source: U.S. Department of Labor and Wells Fargo Securities

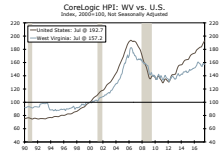
West Virginia Housing Market

Residential construction is on a slight rise. Home prices continue to increase, but remain below the national average.

Housing Starts



Home Prices



Source: U.S. Department of Commerce, CoreLogic and Wells Fargo Securities

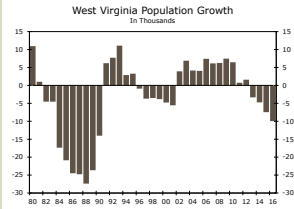
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43

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Population Growth: West Virginia

Population growth has slowed in West Virginia



Source: U.S. Department of Commerce and Wells Fargo Securities

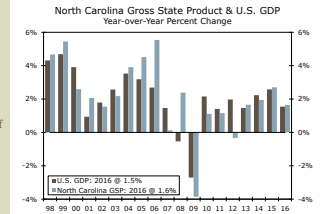
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44

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North Carolina vs. United States Economic Growth

The North Carolina economy continues to outpace the rest of the nation



Source: U.S. Department of Commerce and Wells Fargo Securities

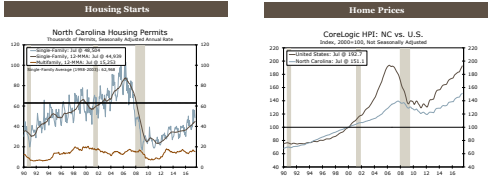
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45

Wells Fargo Securities

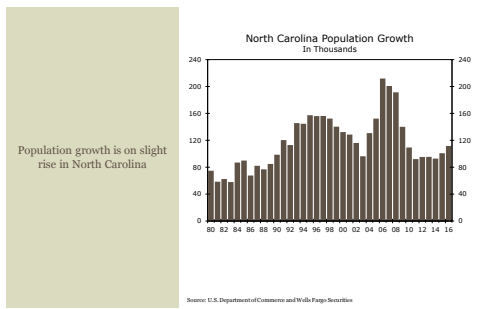
North Carolina Housing Market

Residential construction is on a slight rise and home prices continue to increase.



Source: U.S. Department of Commerce, Construction and Wells Fargo Securities

Population Growth: North Carolina



Population growth is on slight rise in North Carolina

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