



STRATEGAS

# U.S. Economic Highlights

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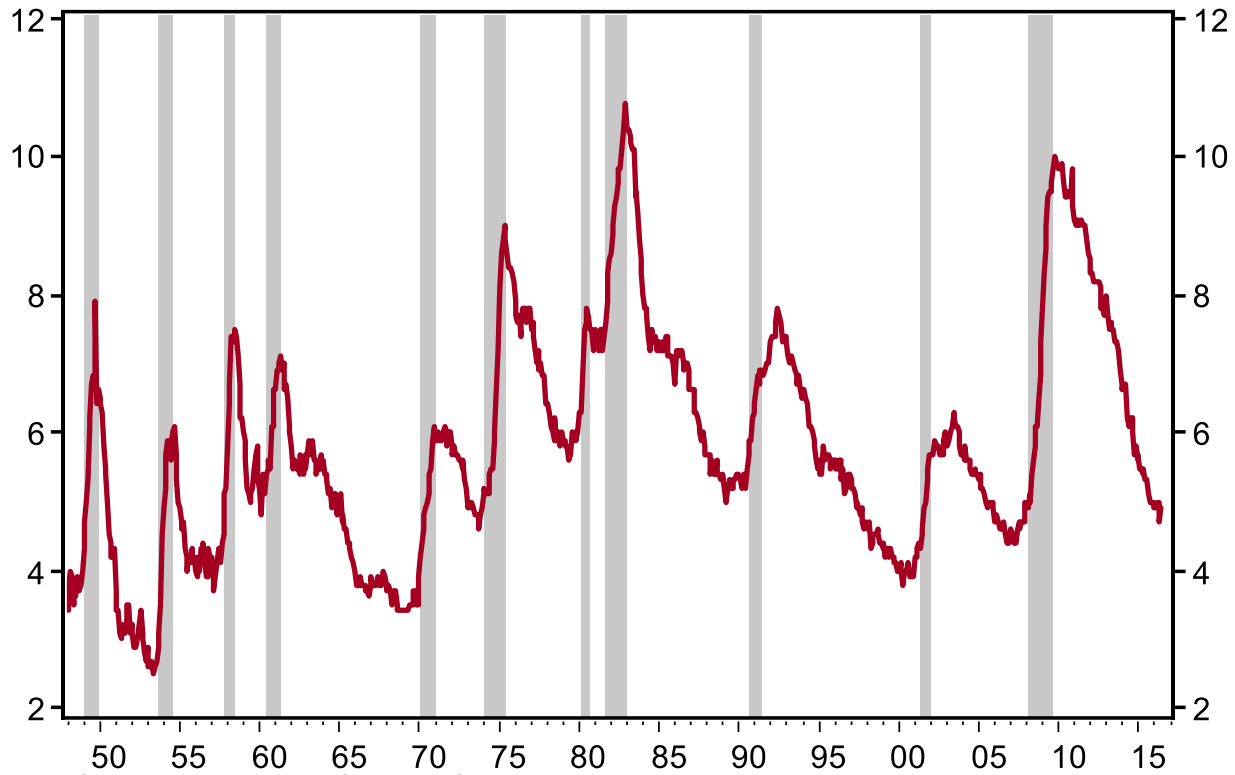
# Key Macro Issues

- U.S. economy at full employment.
- Upswing in capex?
- More churn in the labor market.
- Productivity recovers in the U.S.
- Corporate profits and wages rise.
- Fed normalizes, very slowly.

# U.S. Economy at Full Employment

Civilian Unemployment Rate: 16 yr +

SA, %

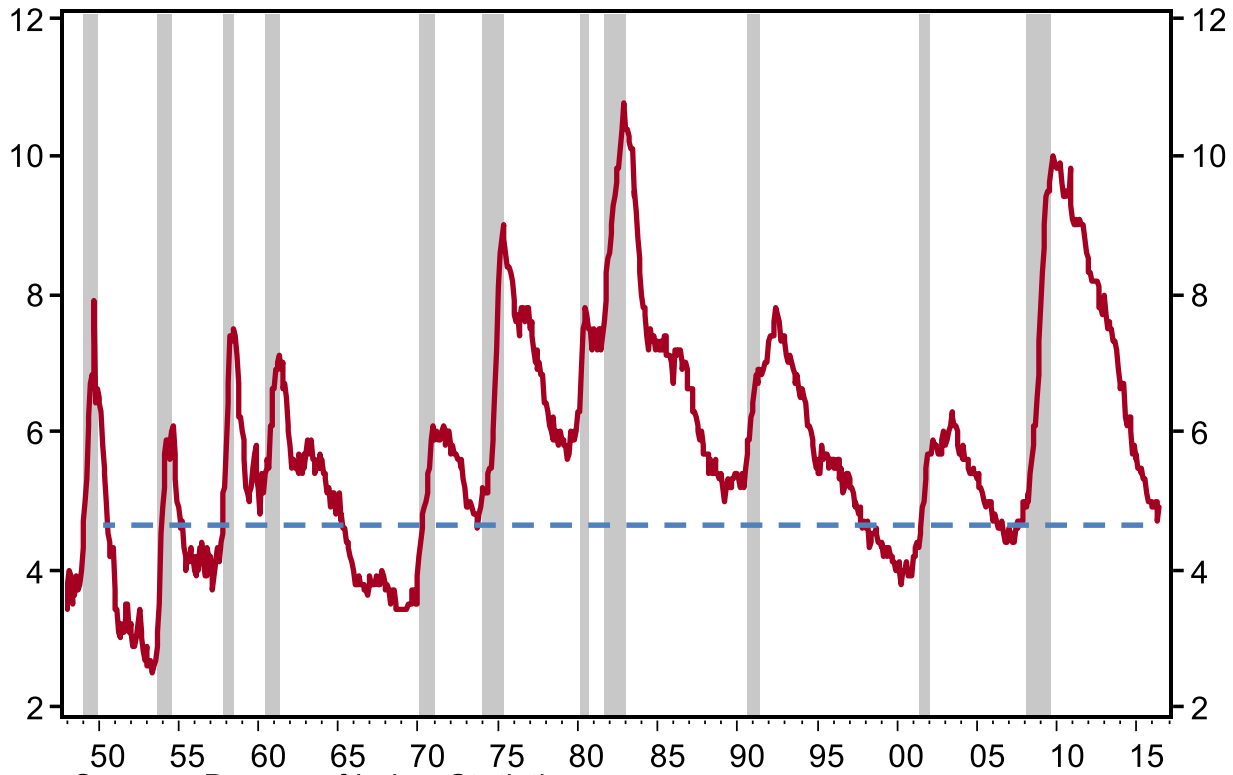


Source: Bureau of Labor Statistics

# U.S. Economy at Full Employment

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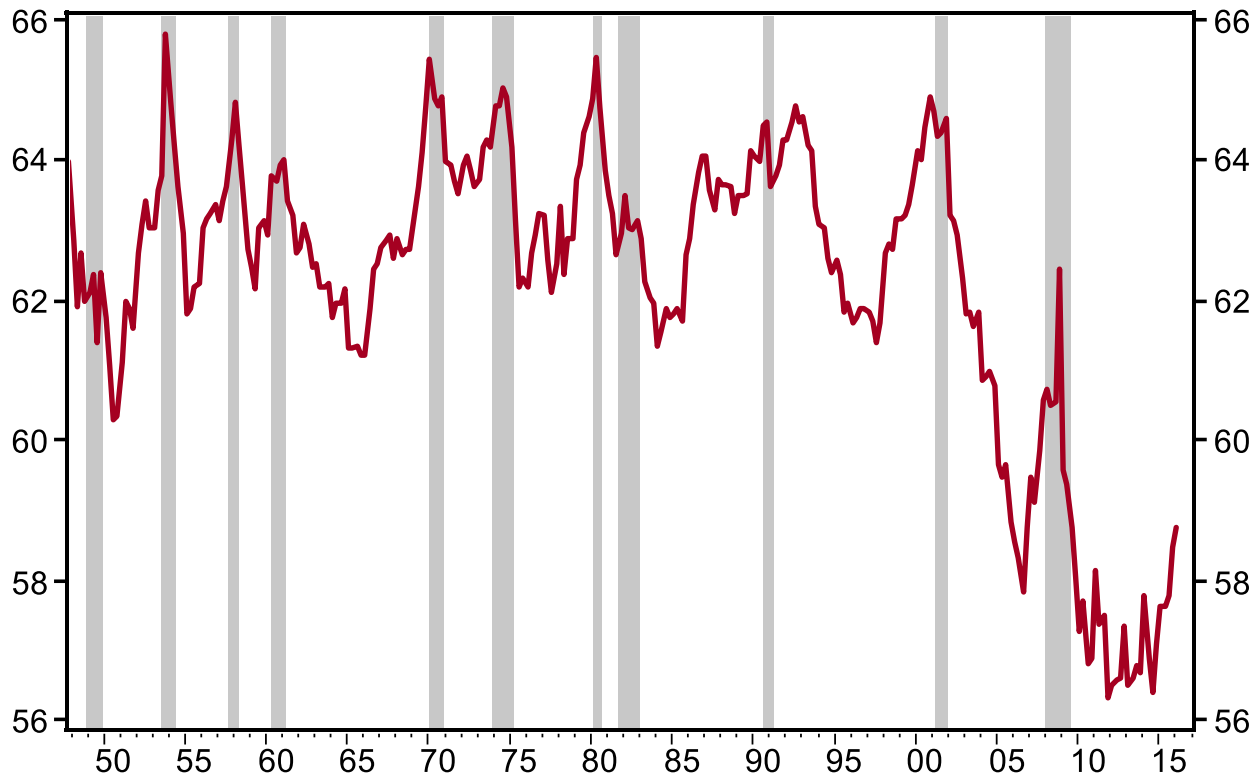
SA, %



Source: Bureau of Labor Statistics

# Labor's Share Rising

U.S. Corporate Compensation % Corporate GDP

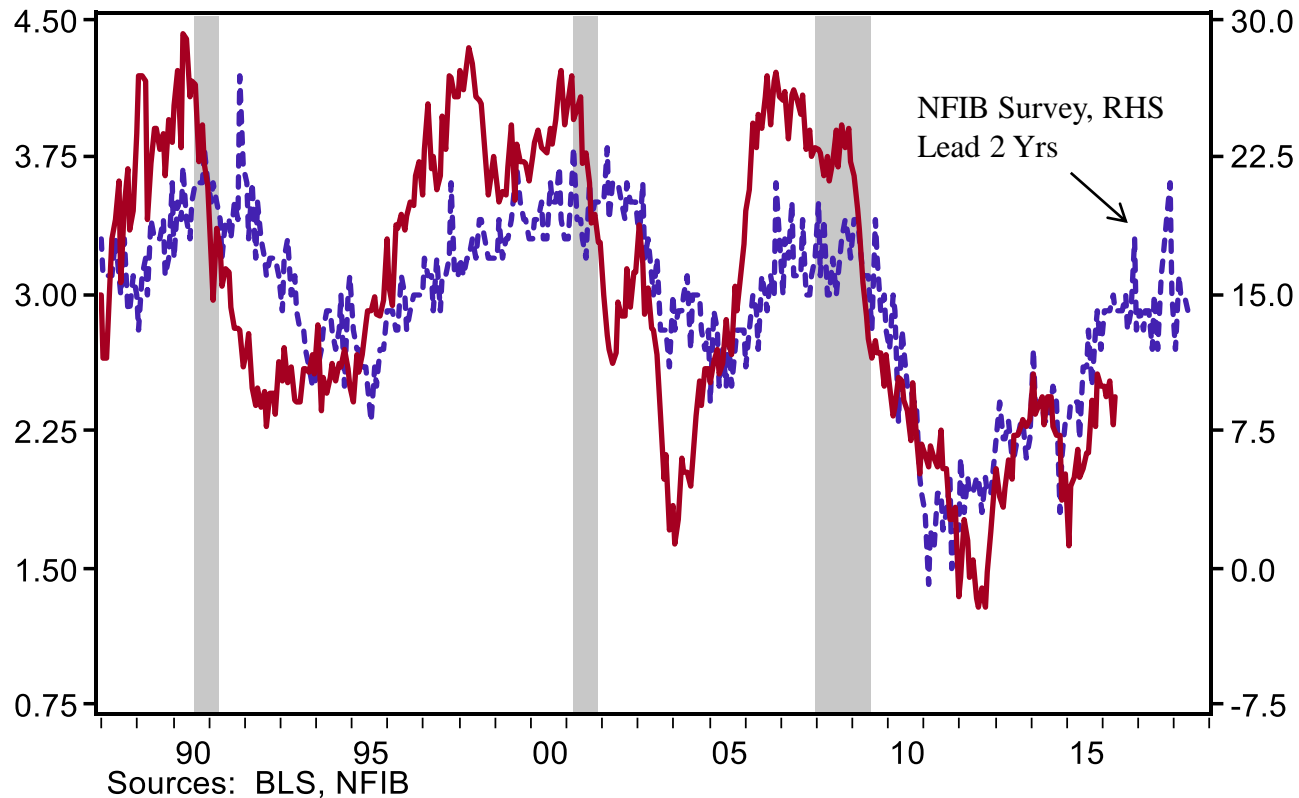


Source: Haver Analytics

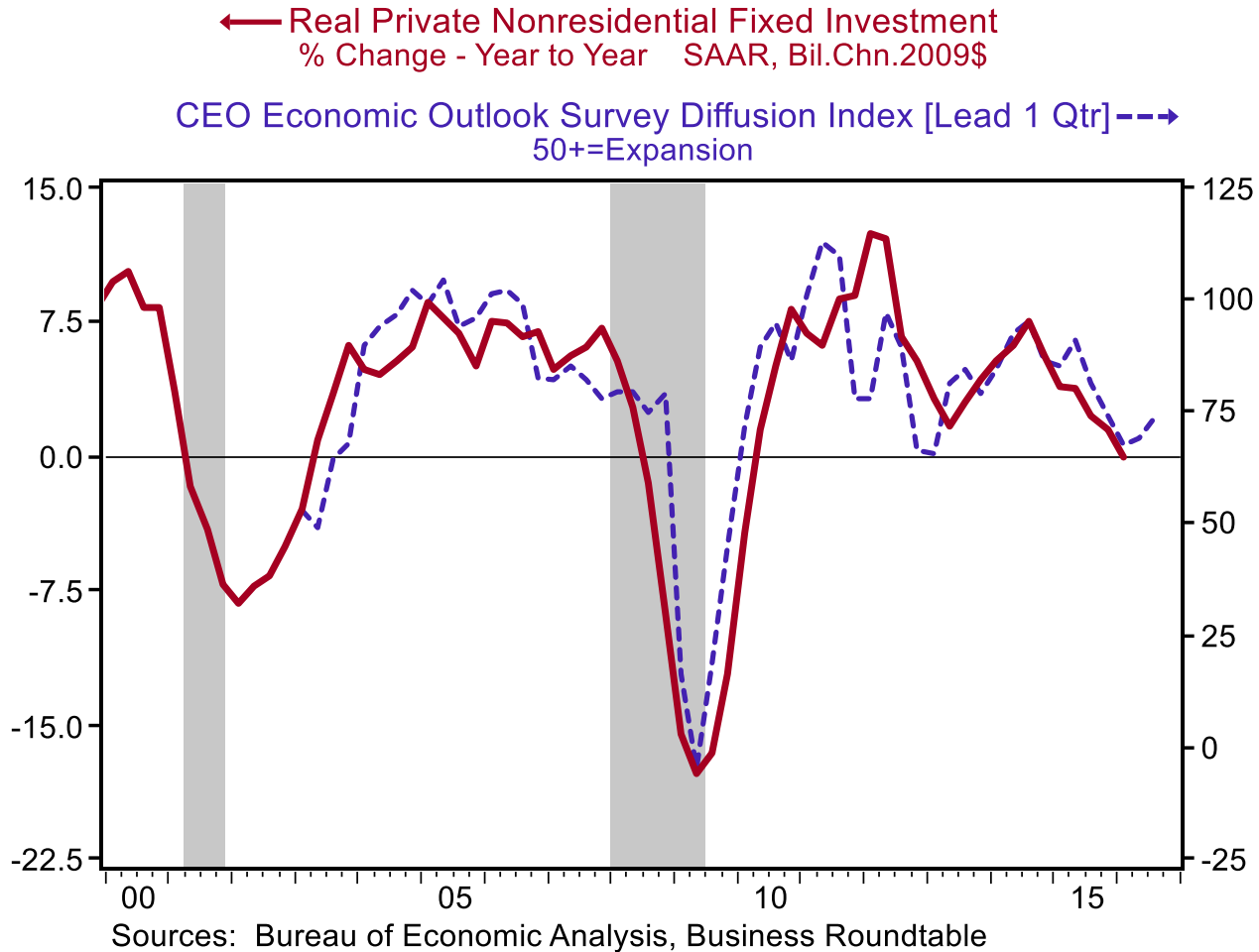
# Labor's Share Rising

← Avg Hourly Earnings: Prod & Nonsupervisory: Total Private Industries  
% Change - Year to Year SA, \$/Hour

NFIB: % Planning to Raise Worker Comp in Next 3 Months [Lead 24m]--->  
SA, %



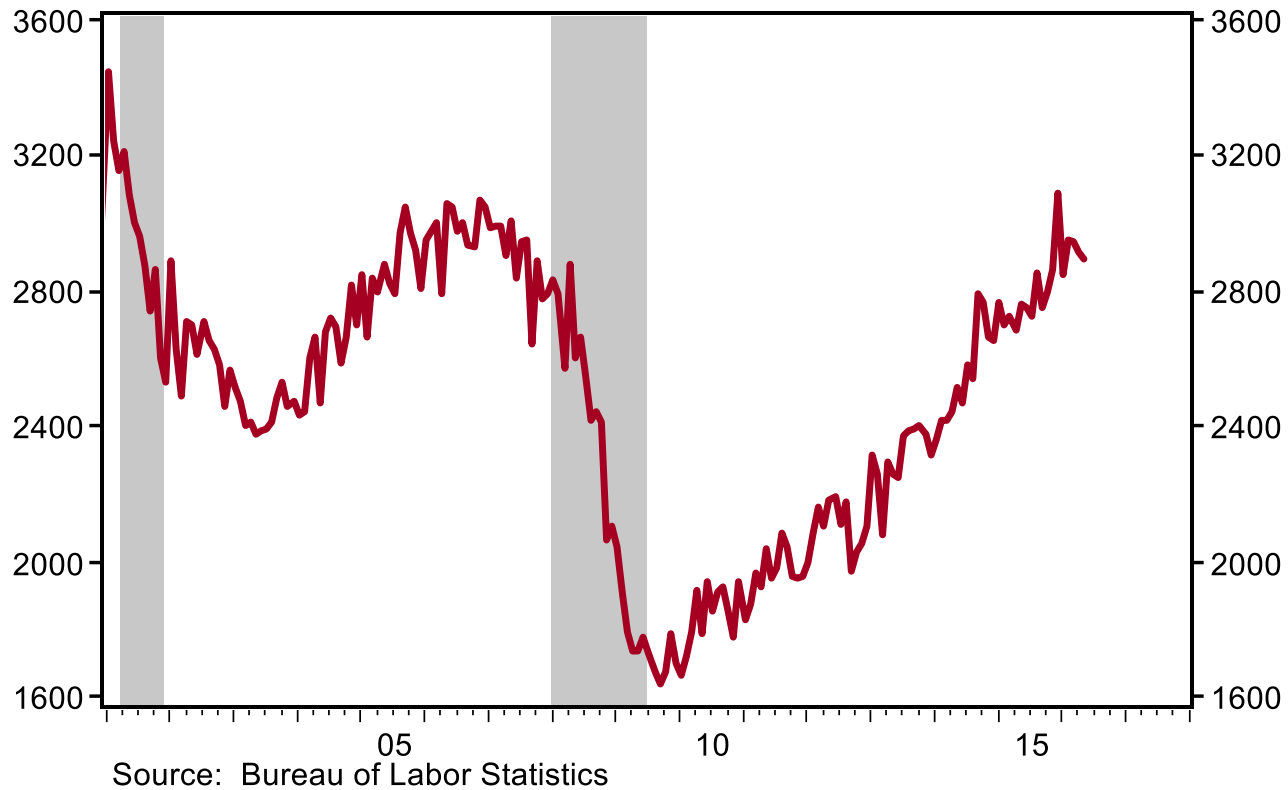
# Business Confidence Key for Capex



# Churn in the Labor Market Picking Up

JOLTS: Quits: Total

SA, Thous





# Productivity Set to Reaccelerate

U.S. PRODUCTIVITY GAINS KEY TO RESTRAINING  
UNIT LABOR COSTS (ULC) AS WAGES RISE ... WE NEED MORE

	<u>Past 4 Years</u>	<u>2016 est</u>	<u>2017 est</u>
Wages <i>minus</i>	2.6%	3.0%	4.0%
Productivity <i>equals</i>	0.4% → 1.0%	1.0%	1.3%
Unit Labor Cost (ULC)	2.2%	2.0%	2.7%
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Prices (P)	1.3%	2.0%	2.2%
P - ULC	-0.9%	0.0%	-0.5%

Historical data through 2016:1Q. Est = estimate

# What's Making Investors Uncomfortable?

