



Economic Outlook

Mary McBride, President
August 2015

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THE WALL STREET JOURNAL.

DOW JONES | News Corp.

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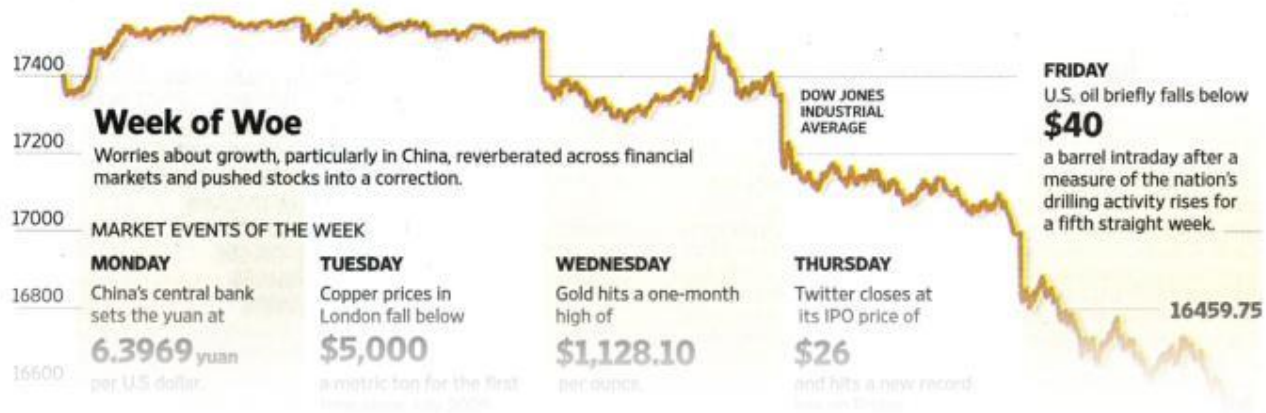
WSJ.com

Stock Plunge Picks Up Speed

By E.S. BROWNING

U.S. stocks suffered their worst losses in four years at the end of a bruising week, as growing concern about China's economy pushed shares in the U.S. and Europe into what money managers call a correction.

The Dow Jones Industrial Average finished the day down 10.1% from its May record, crossing the 10% threshold that typically defines a correction. The U.S. blue-chip stock average hadn't had a correction since 2011, when it plunged after Standard & Poor's downgraded its rating of U.S. government debt.



U.S. Economy – Key Indicators

- Rebounding GDP growth (3.7 percent in 2Q15)
- Improving jobs market (5.3 percent unemployment as of July 2015)
- Inflation under control
- Continued appreciation of home values in most markets
- Corporate profits holding steady

“A Titanic Problem”

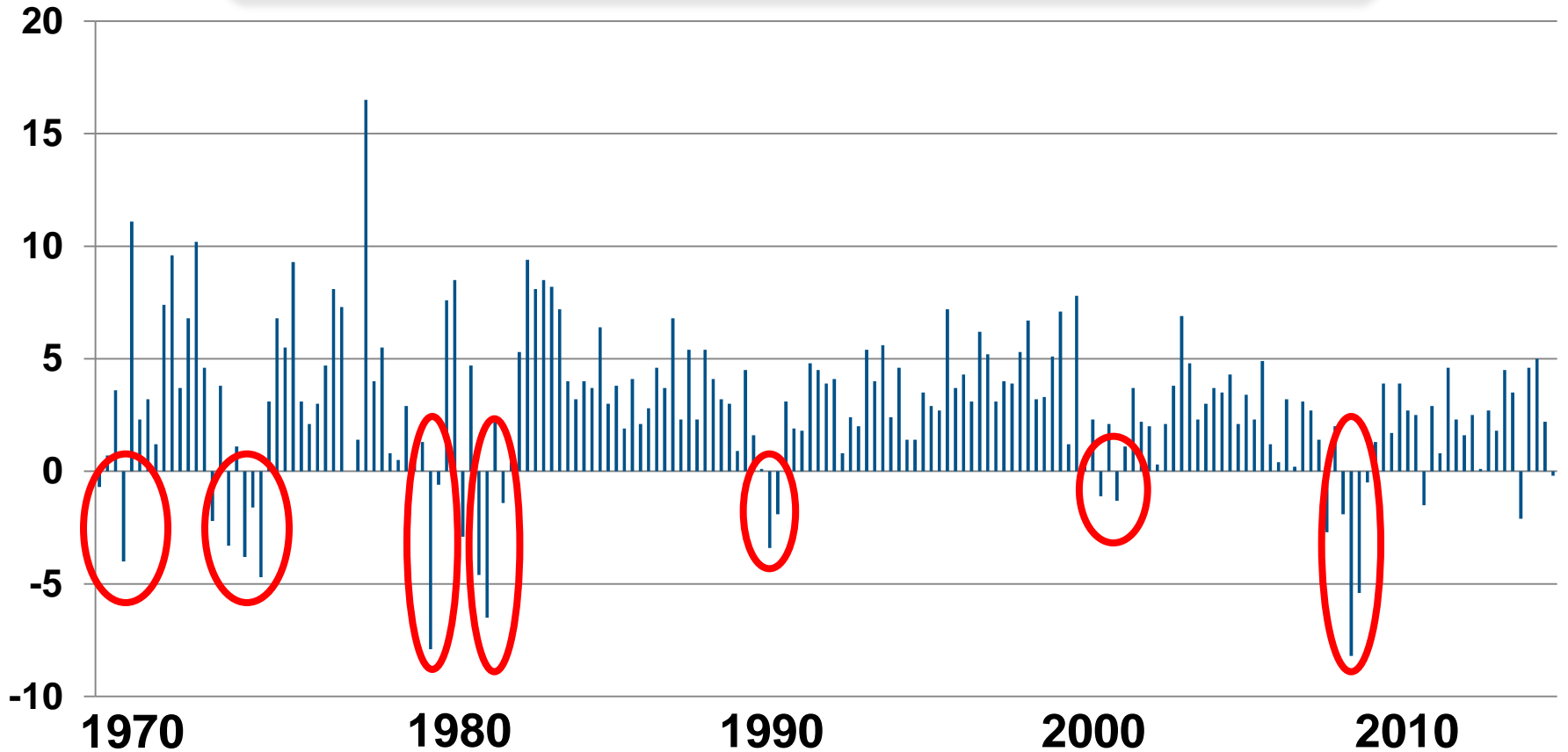
“The world economy is like an ocean liner without lifeboats.”

– HSBC Chief Economist Stephen King



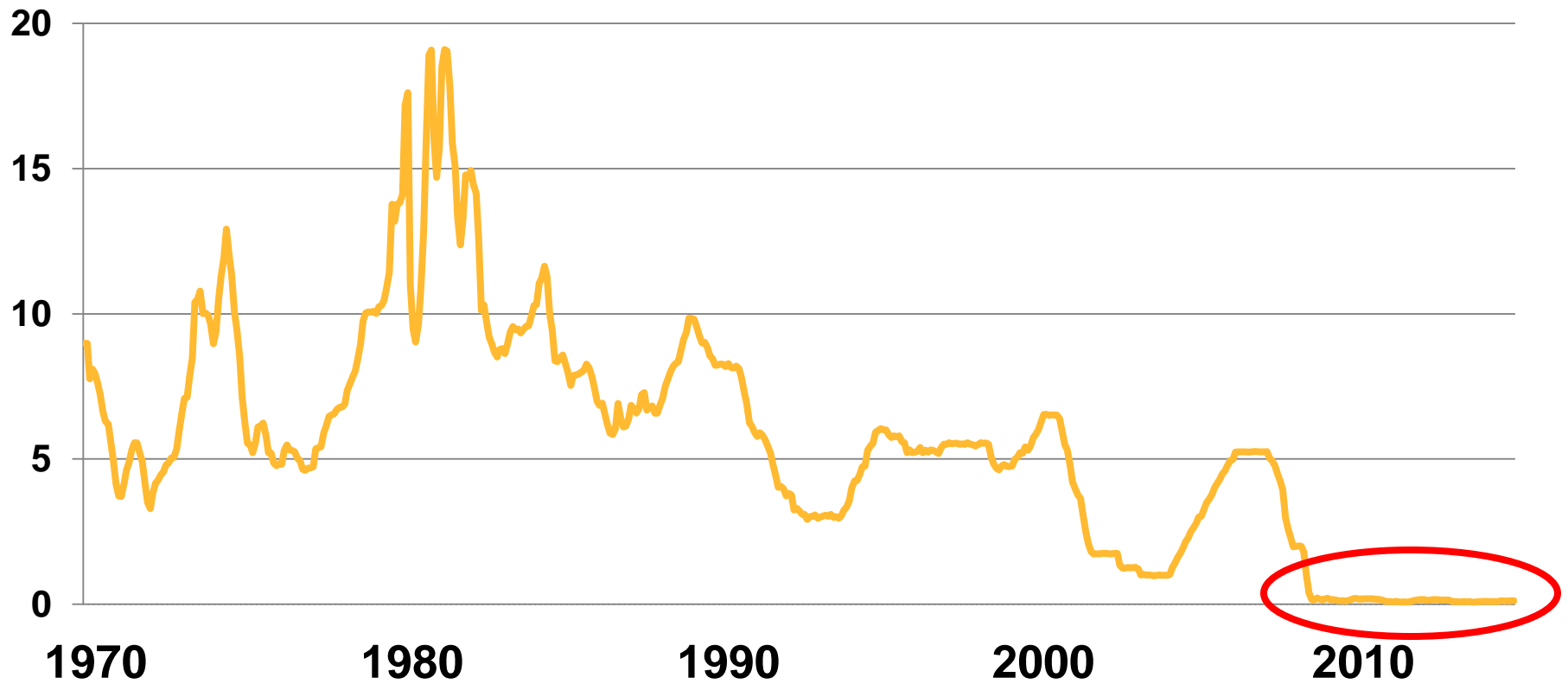
U.S. Recessions Since 1970

U.S. Gross Domestic Product (% Change By Quarter)



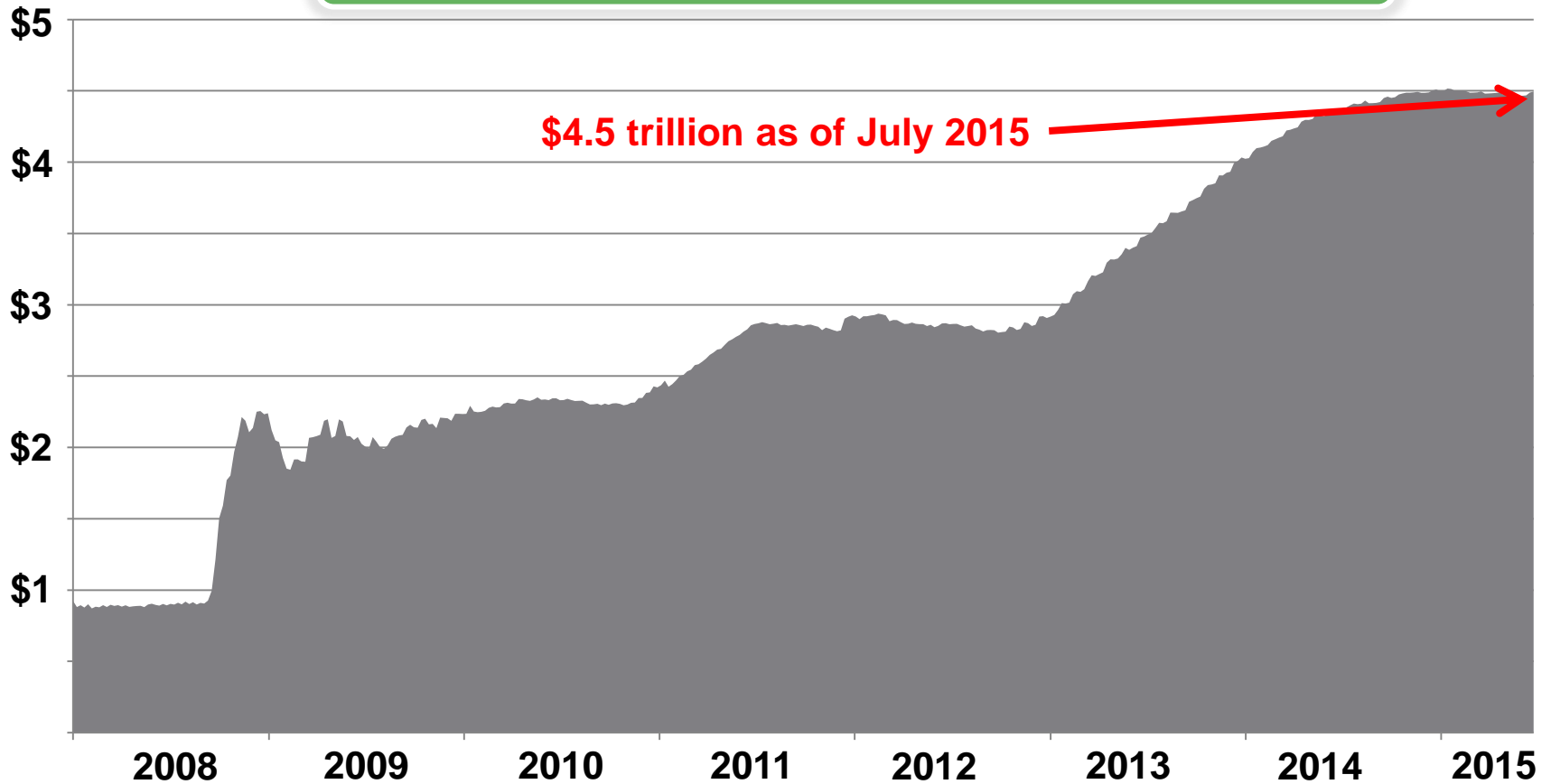
Out of Ammunition?

Effective Federal Funds Rate (%)



Out of Ammunition?

Federal Reserve Balance Sheet (\$ in trillions)

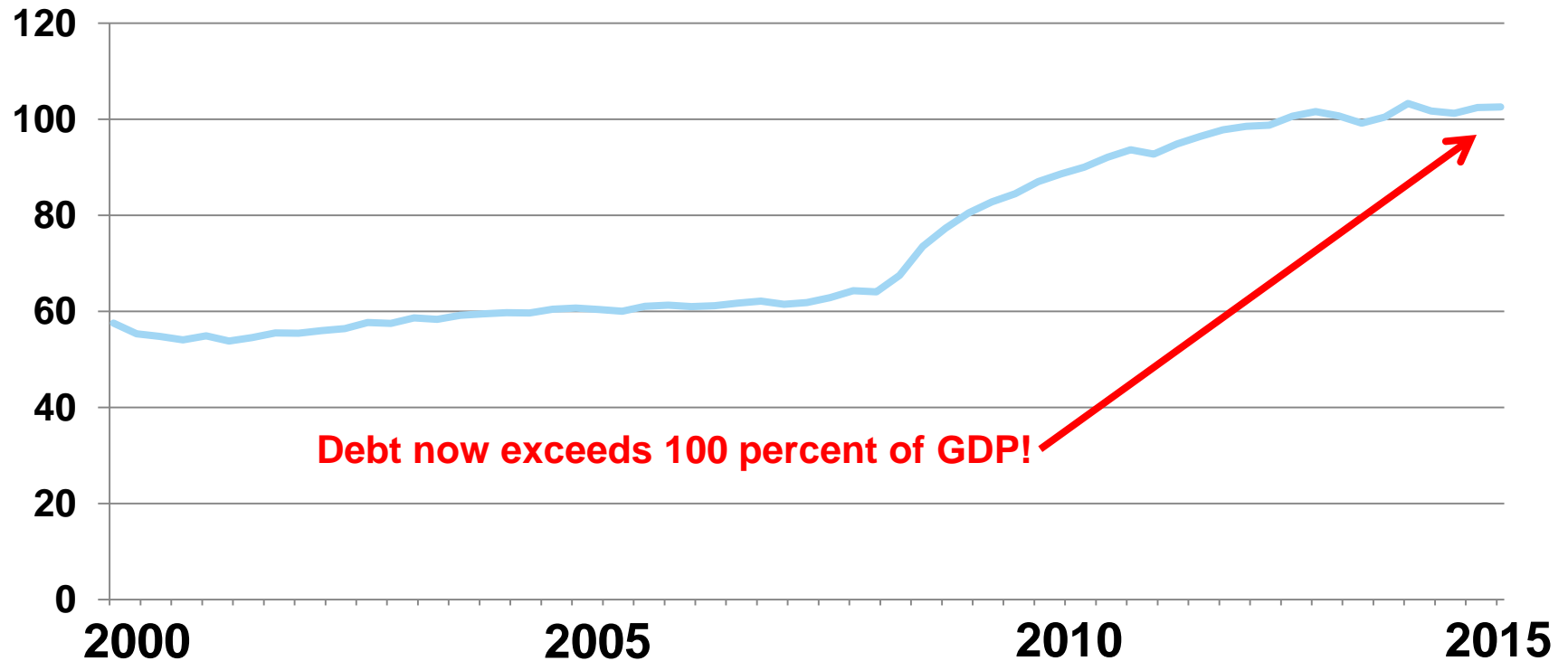


Out of Ammunition?



The Debt Burden

U.S. Public Debt / GDP (%)

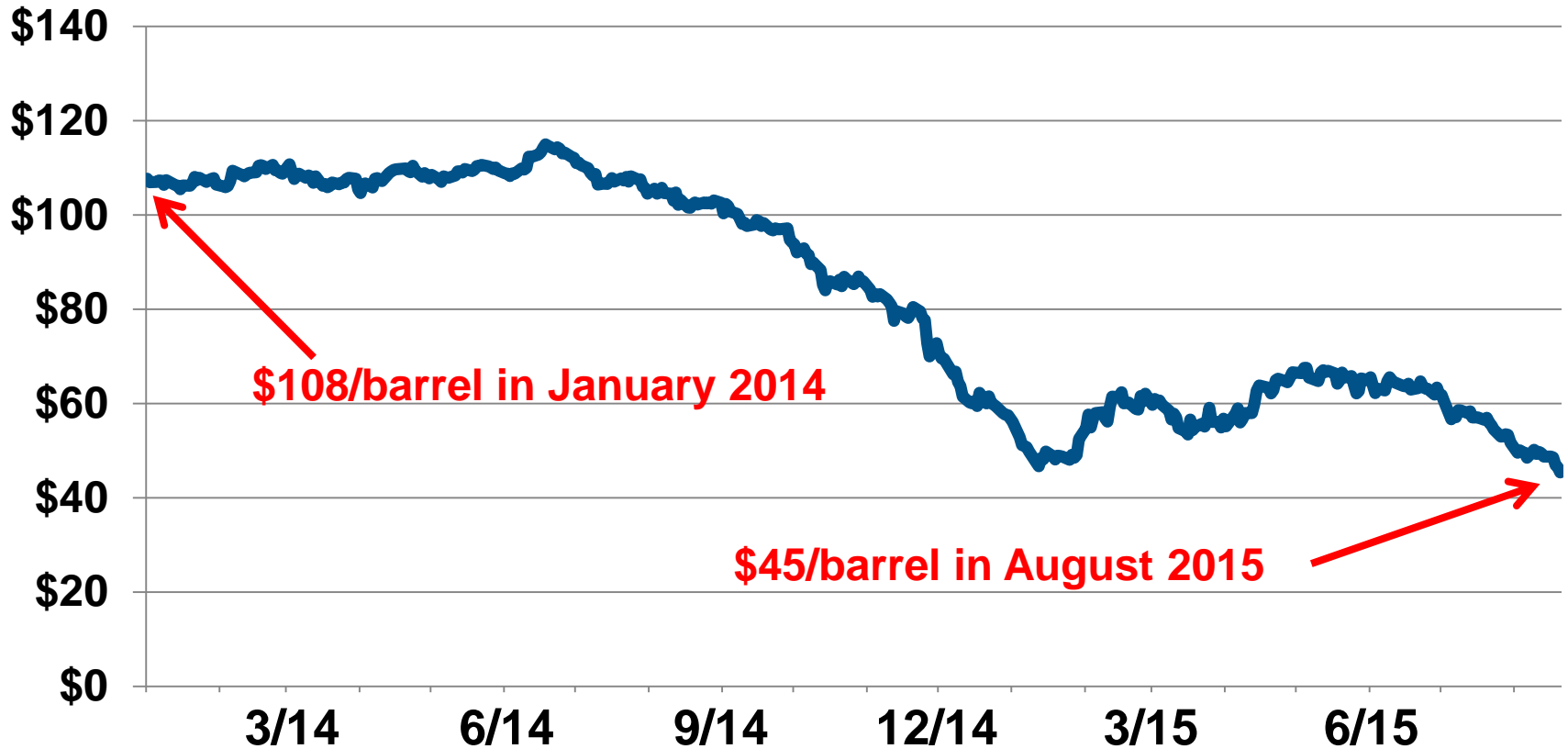


Global Risks



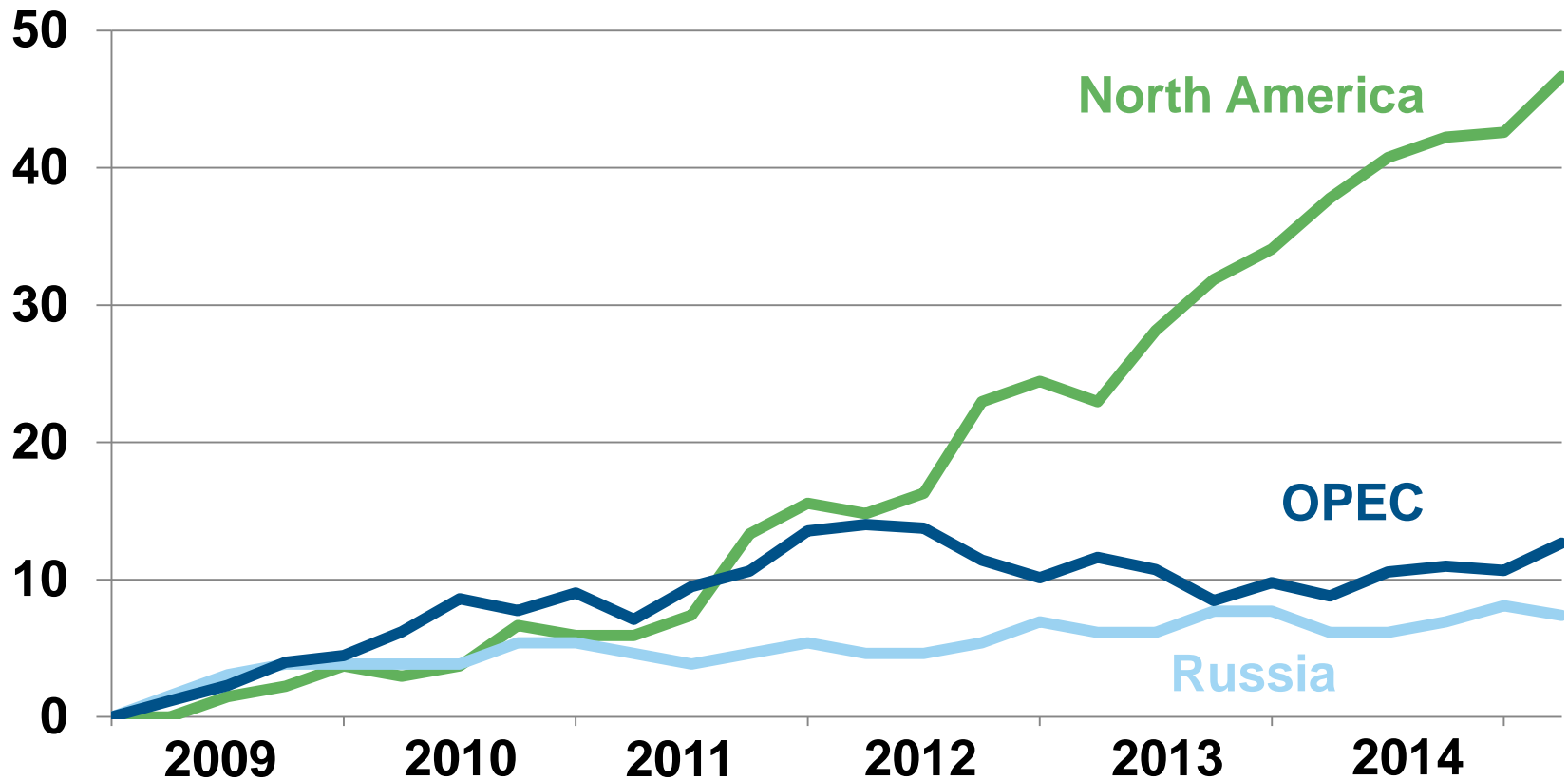
Can Oil Prices Fall Any Further?

Price of Brent Crude Oil (\$ per barrel)



Can Oil Prices Fall Any Further?

% Growth in Oil Production Since 1Q09



CoBank's Commitment





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