

Global Economic Context for the US Economy

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**Blu Putnam
Chief Economist, CME Group**

June 2014

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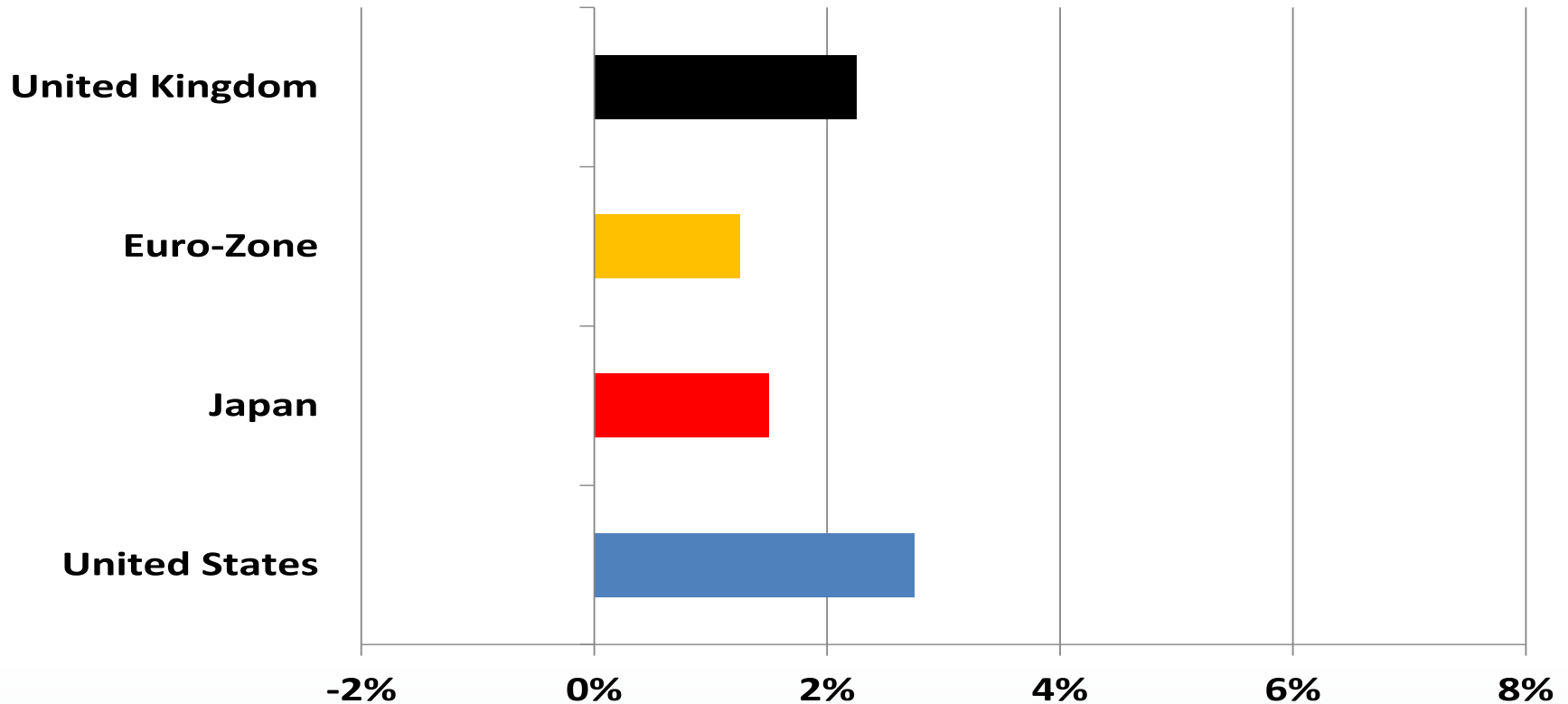
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Global Growth: Mature Economies

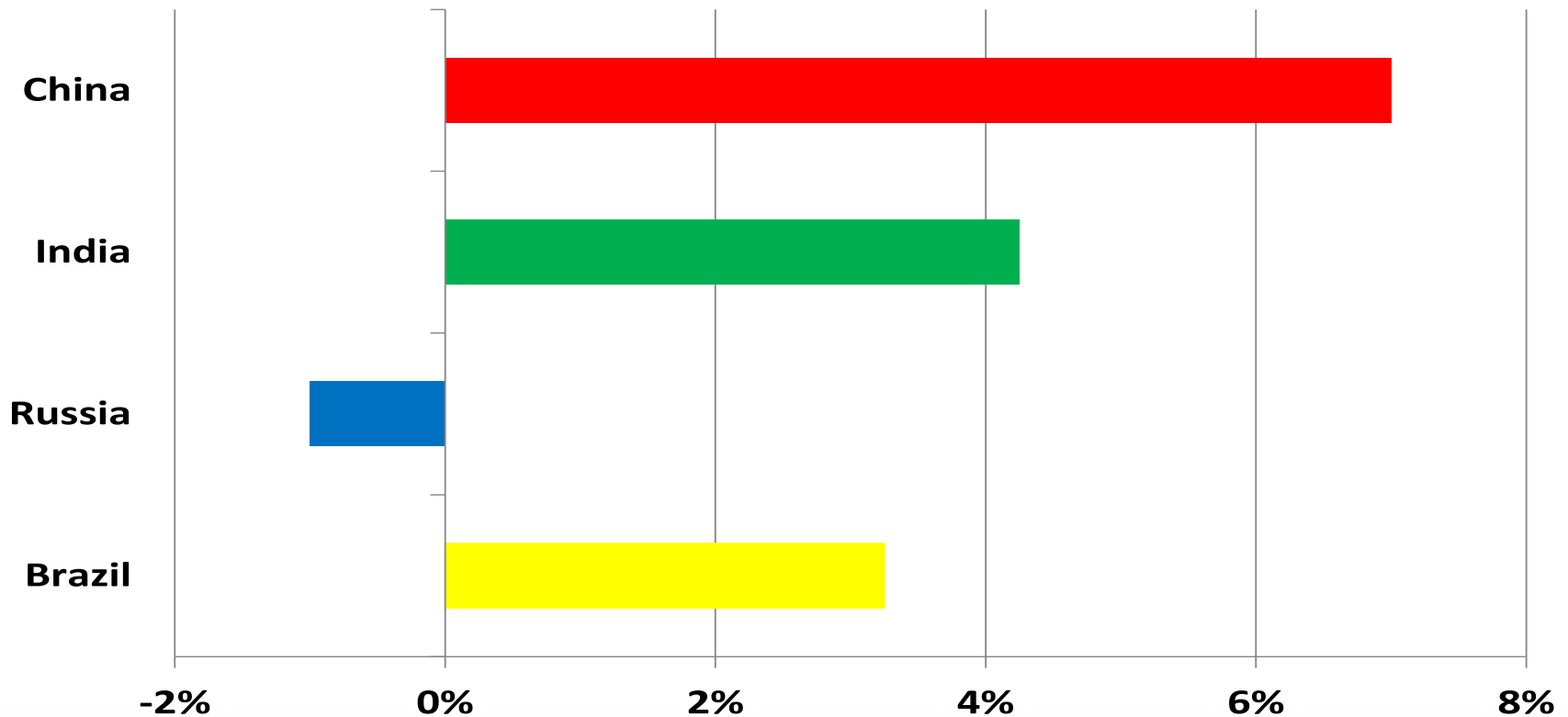
2014 Real GDP Mature Country Projections



Source: Estimates by CME Group Economics Team

Global Growth: Emerging Markets

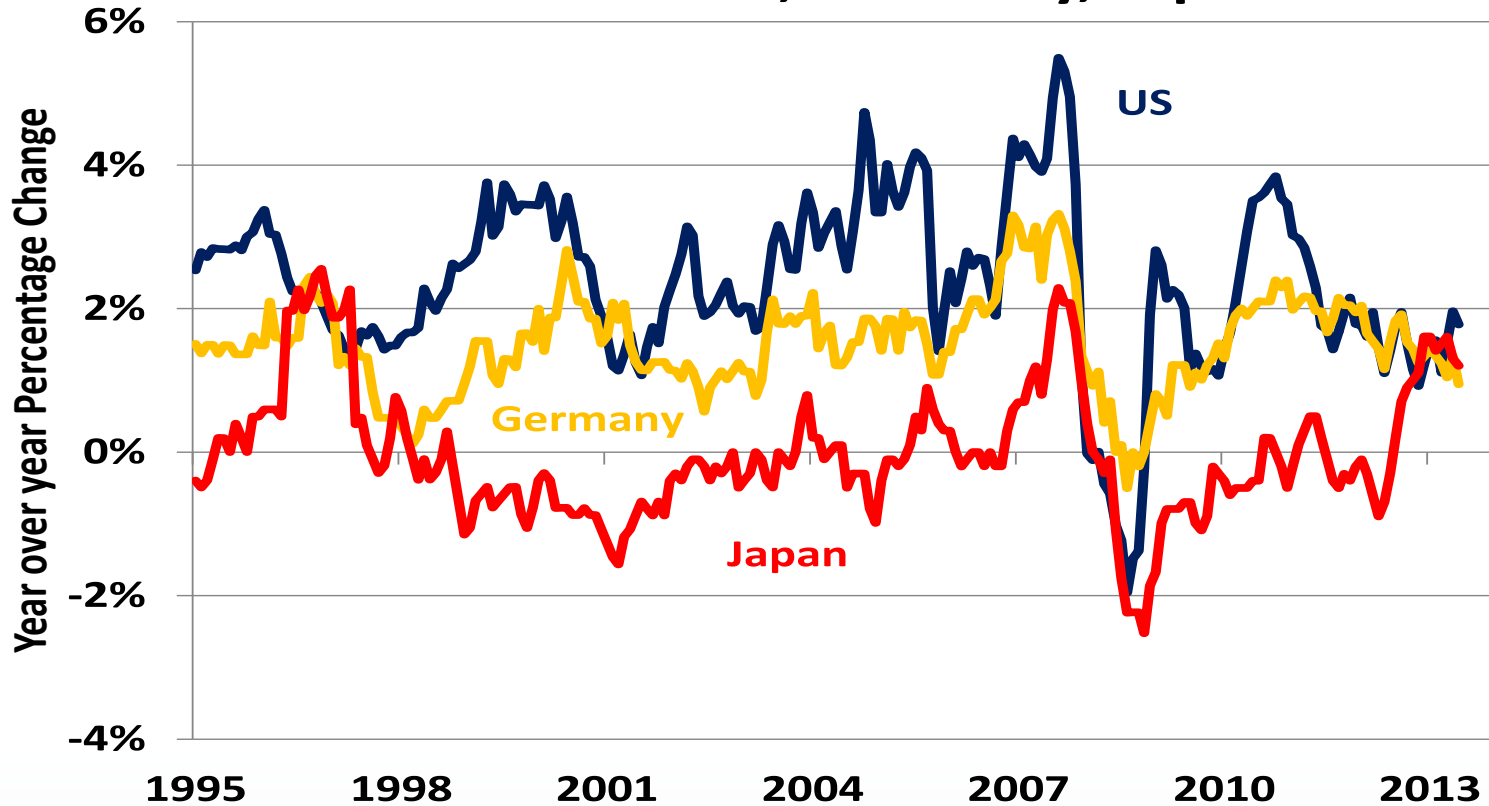
2014 Real GDP Emerging Market Projections



Source: Estimates by CME Group Economics Team

Low Inflation: Mature Industrial Countries

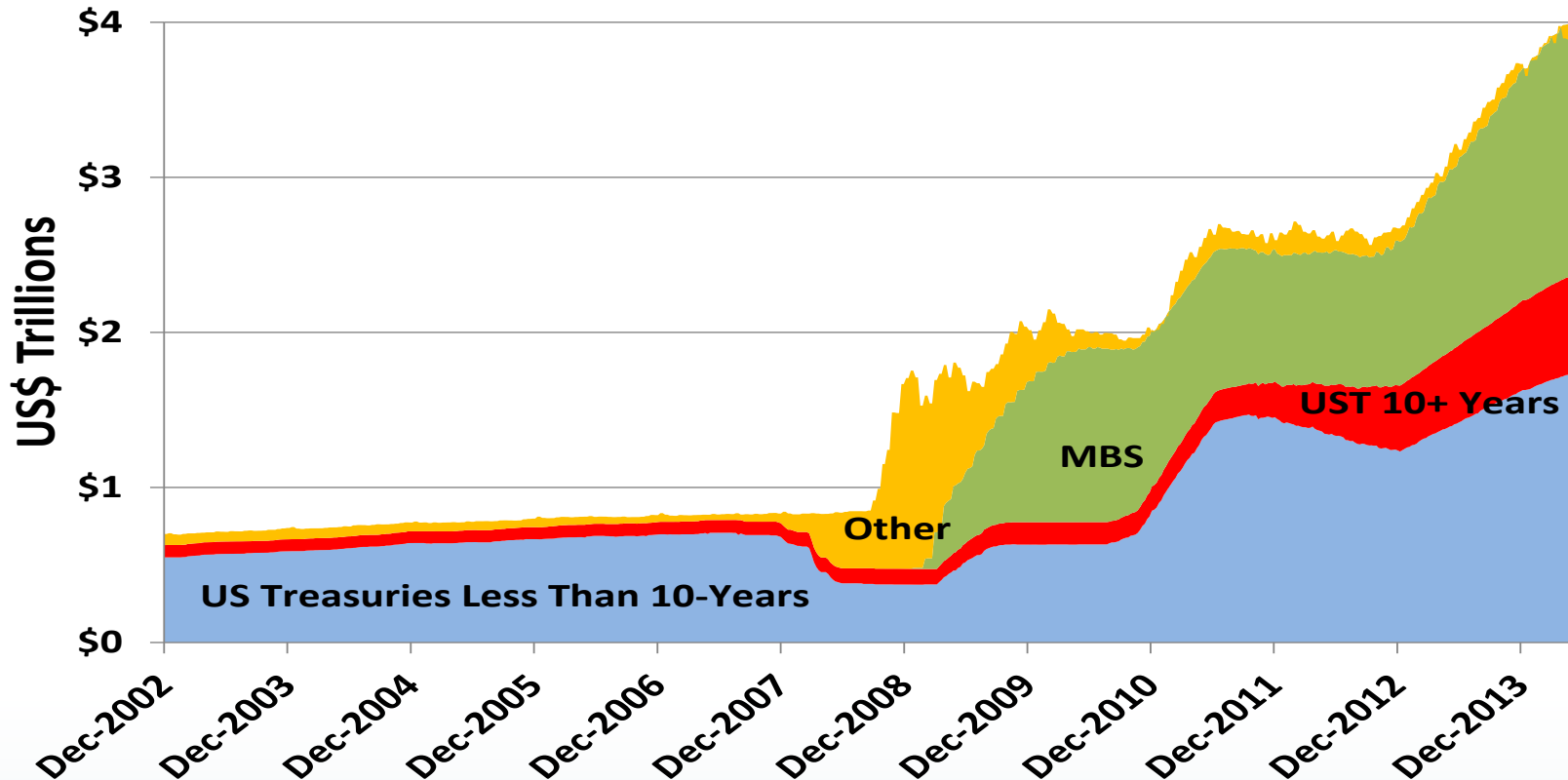
Inflation: US, Germany, Japan



Source: Bloomberg Professional.

Fed Ending QE by Late 2014

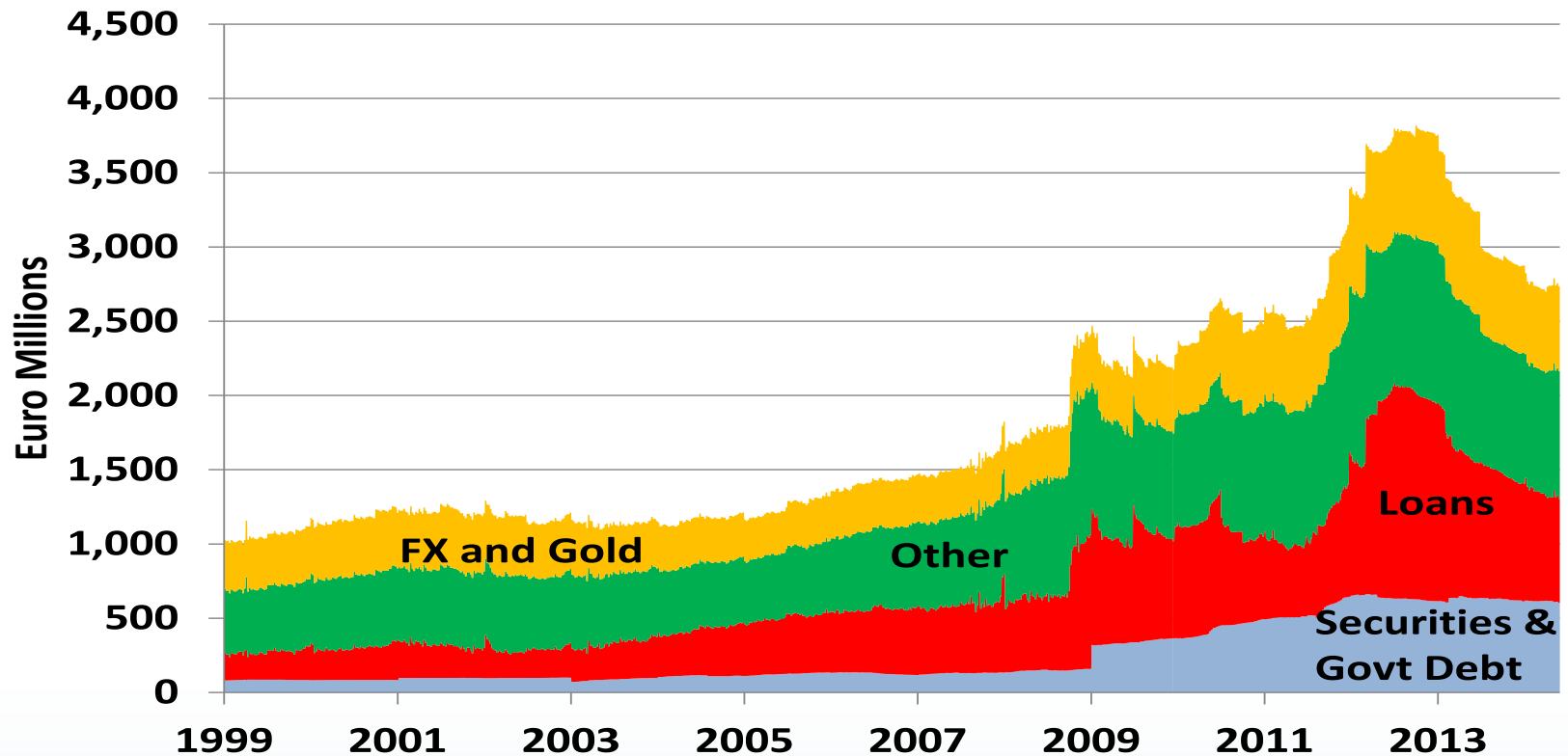
Composition of Federal Reserve Assets



Source: Federal Reserve Bank of St. Louis FRED Database

ECB Balance Sheet is Shrinking

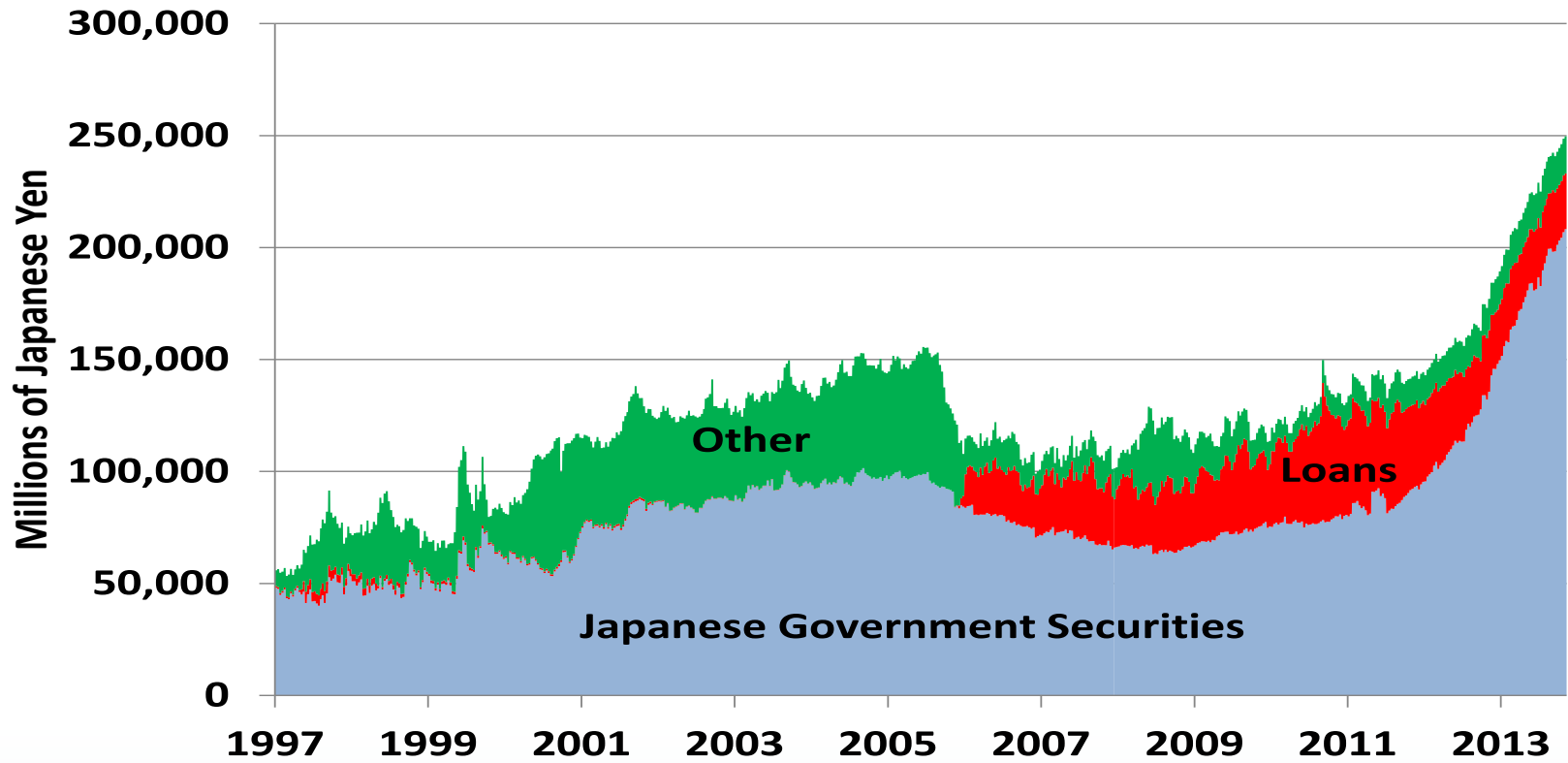
European Central Bank Assets



Source: European Central Bank Monthly Bulletins

Bank of Japan is Still Buying Aggressively

Bank of Japan Assets



Source: Bank of Japan (www.boj.or.jp)

Focus on United States

Budgetary Stability

Healthy Private Sector Job Growth

Job Losses from Government Sector Ending

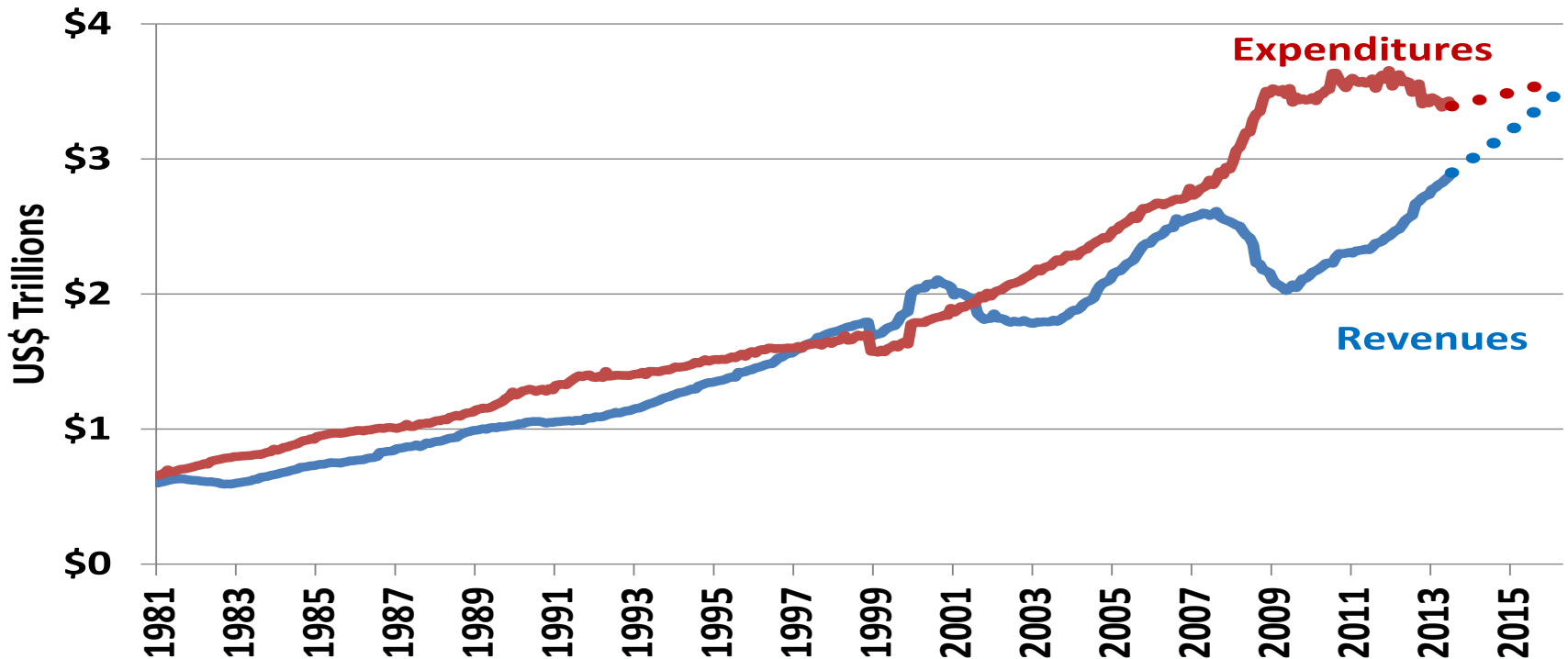
Labor Market Dynamics in Flux

Changing Nature of US Energy Production Boom

Agricultural Risks and Drought Prospects

Federal Budget Coming into Balance

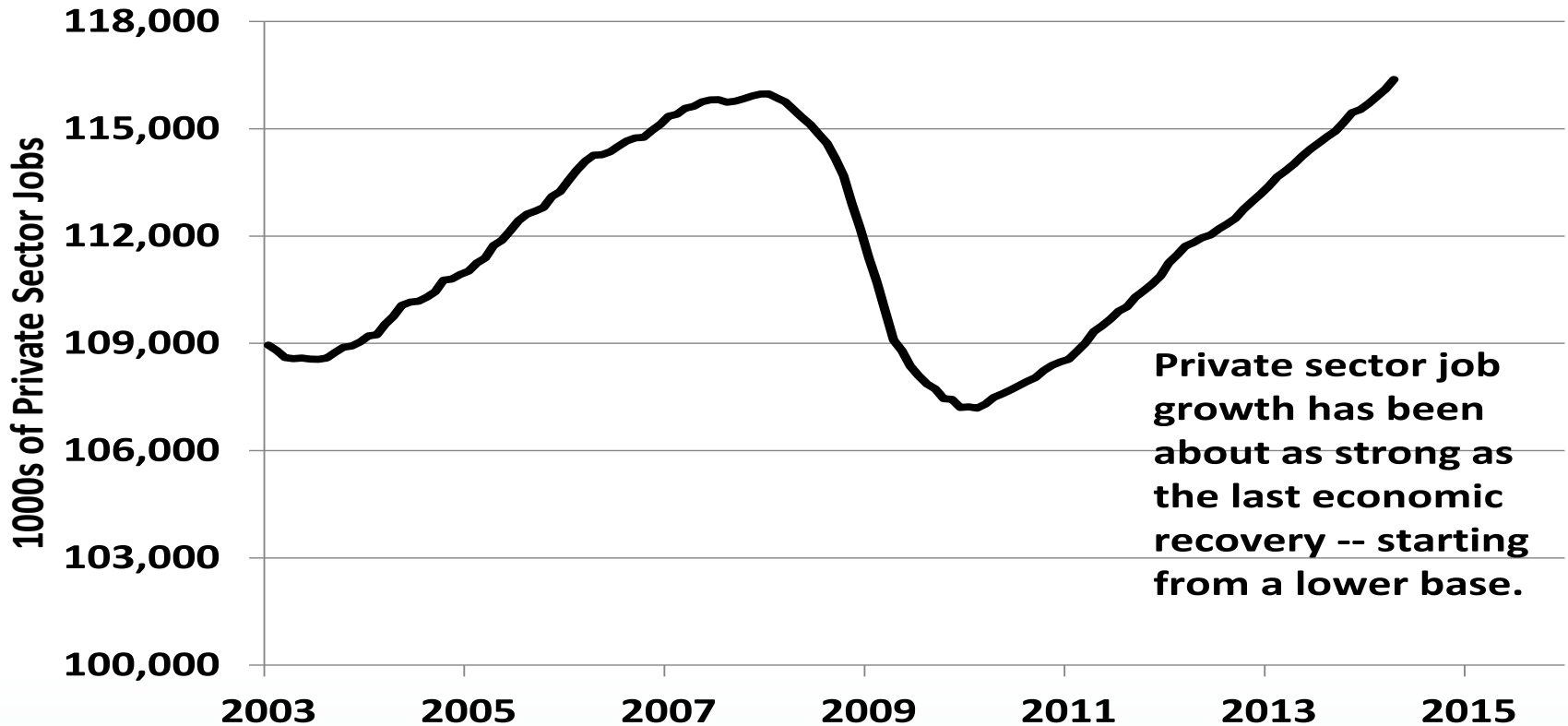
US Federal Government Revenues and Expenditures



Source: US Treasury Department,
Projections by CME Economics.

US Private Sector Job Growth Is Healthy

US Private Sector Jobs

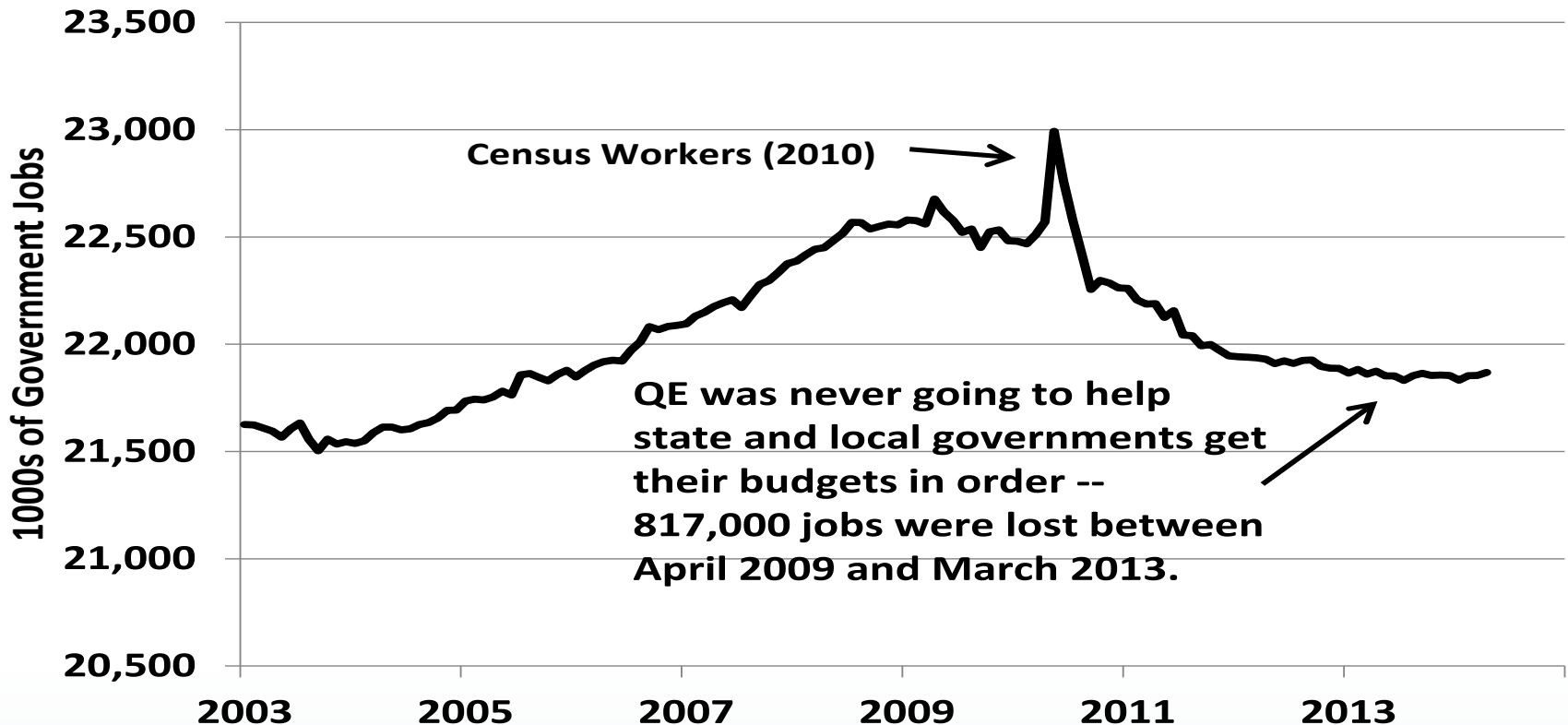


Private sector job growth has been about as strong as the last economic recovery -- starting from a lower base.

Source: Federal Reserve Bank of St. Louis FRED Database (USPRIV)

Governments Stopped Reducing Their Workforces in mid-2013

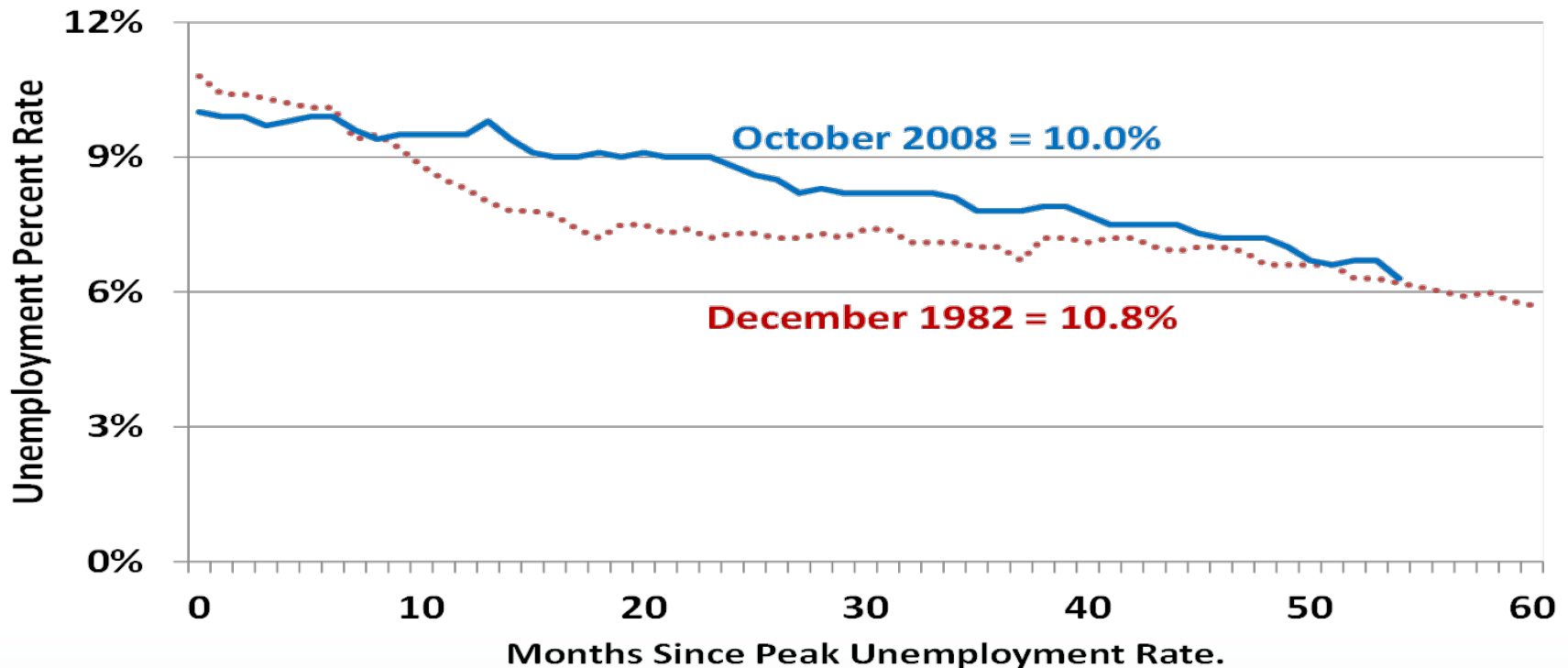
US Federal, State, and Local Government Jobs



Source: Federal Reserve Bank of St. Louis FRED Database (USGOVT)

Pace of Decline of Unemployment Rate

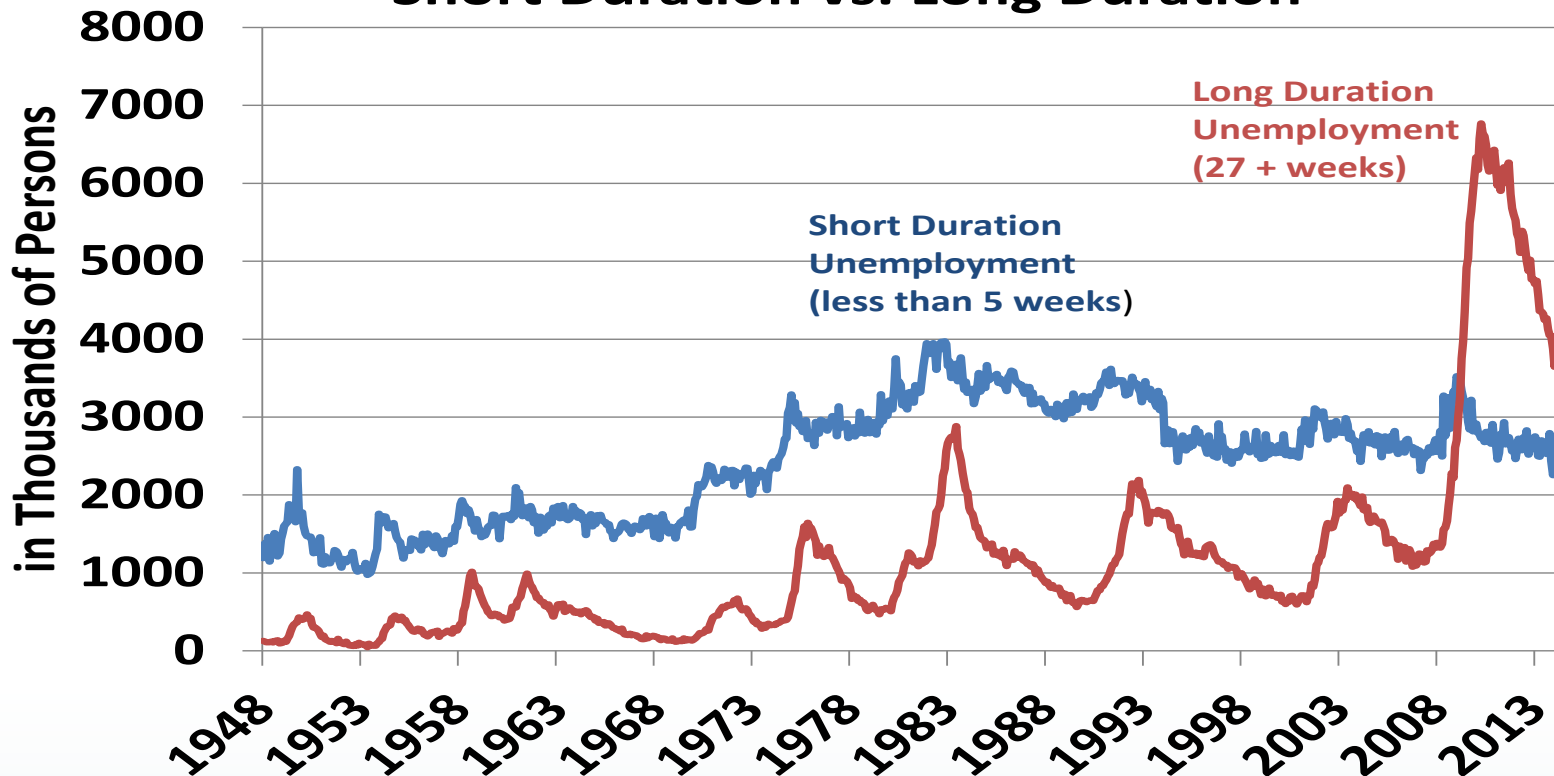
Pace of Unemployment Decline From Peak: Dec 1982 vs Oct 2009



Source: St. Louis Federal Reserve Bank FRED Database (UNRATE)

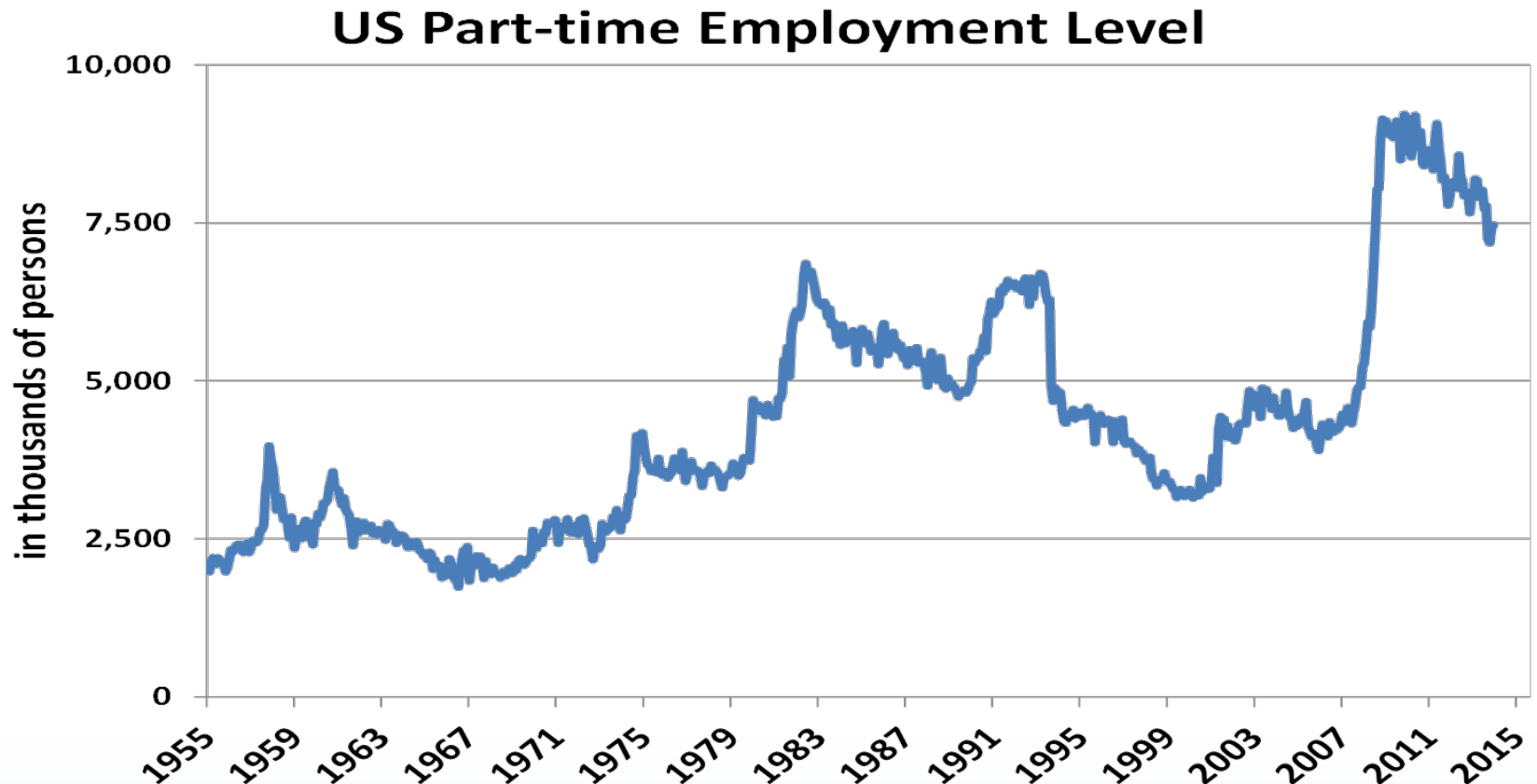
Duration of Unemployment: Tale of Two Indicators

Number of Unemployed Persons: Short Duration vs. Long Duration



Source: St. Louis Federal Reserve FRED Database (UEMP27OV and UEMPLT5).

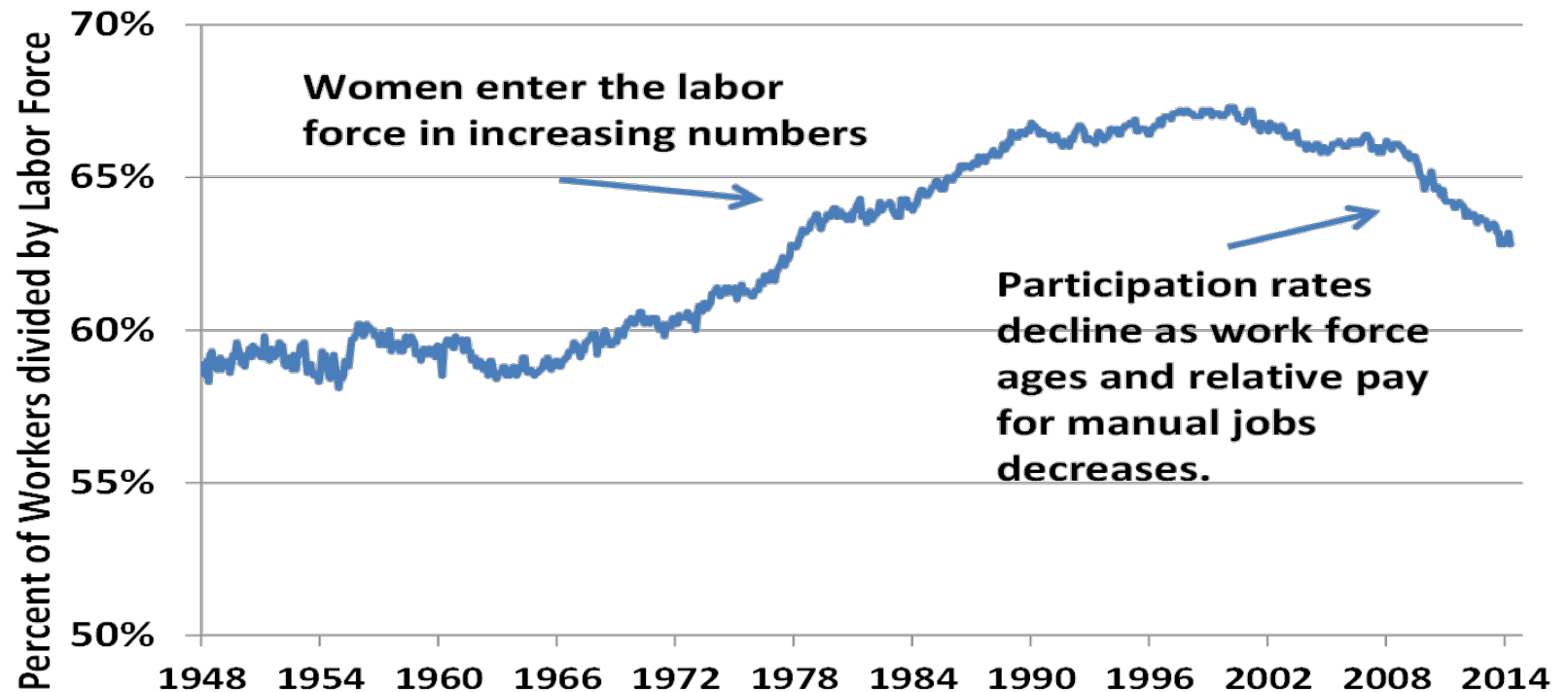
Part-Timers Staying Elevated due to Aging and E-Commerce



Source: St.Louis Federal Reserve Economic Database (LNS12032194).

Participation Rate

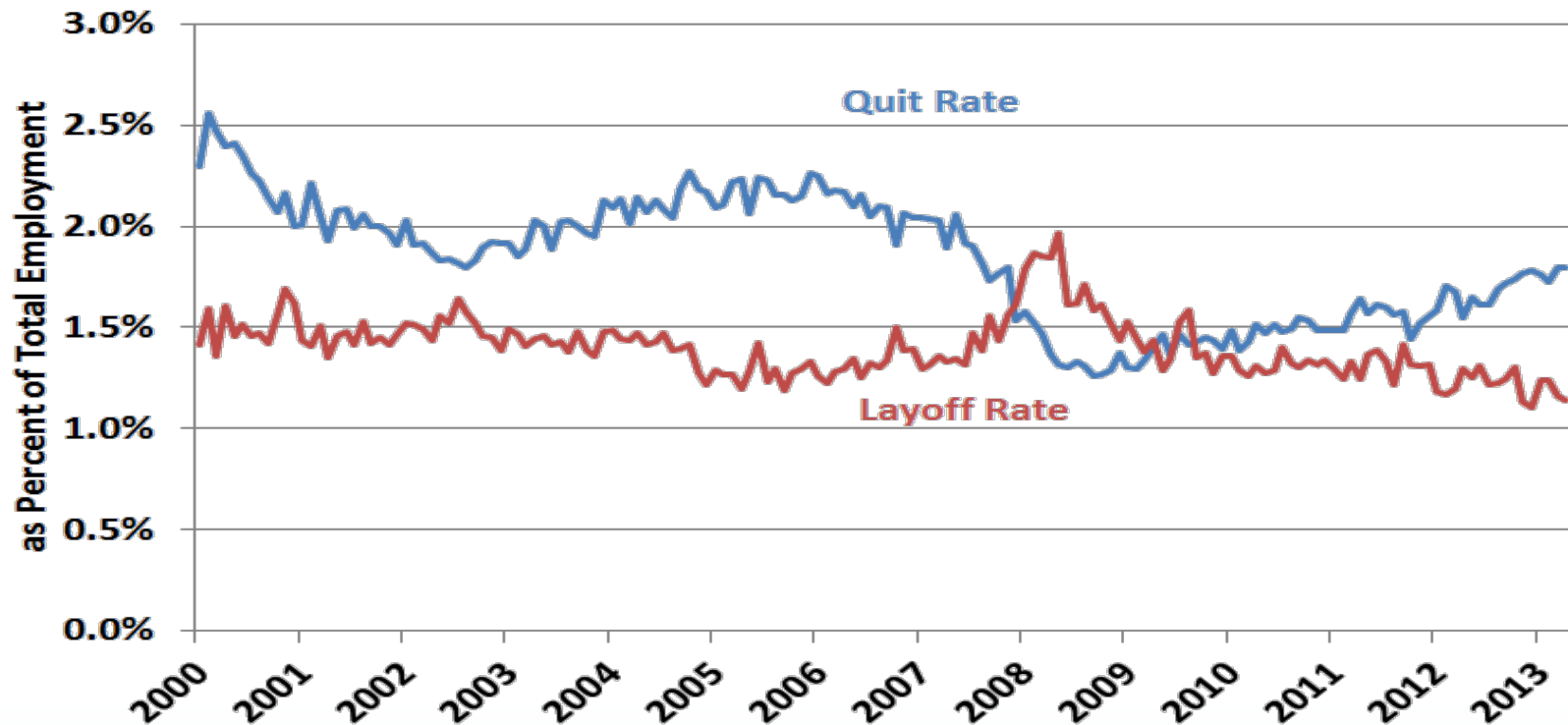
US Civilian Labor Force Participation Rate



Source: Federal Reserve Bank of St. Louis Economic Database (CIVPART) Series.

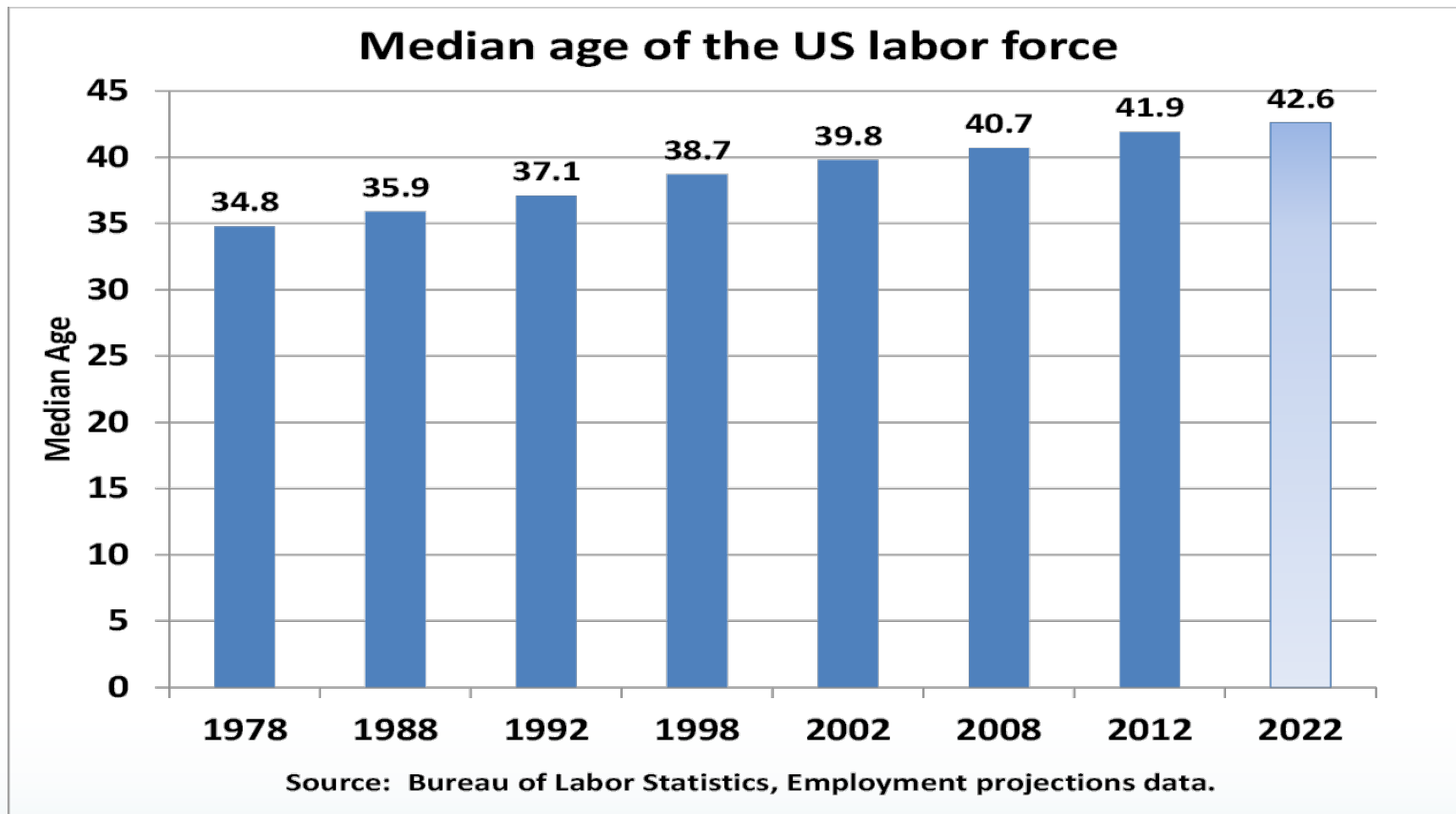
Quit vs Layoff Rates

**Quit Rate and Layoff Rate:
Quits and layoffs as a percent of total employment**



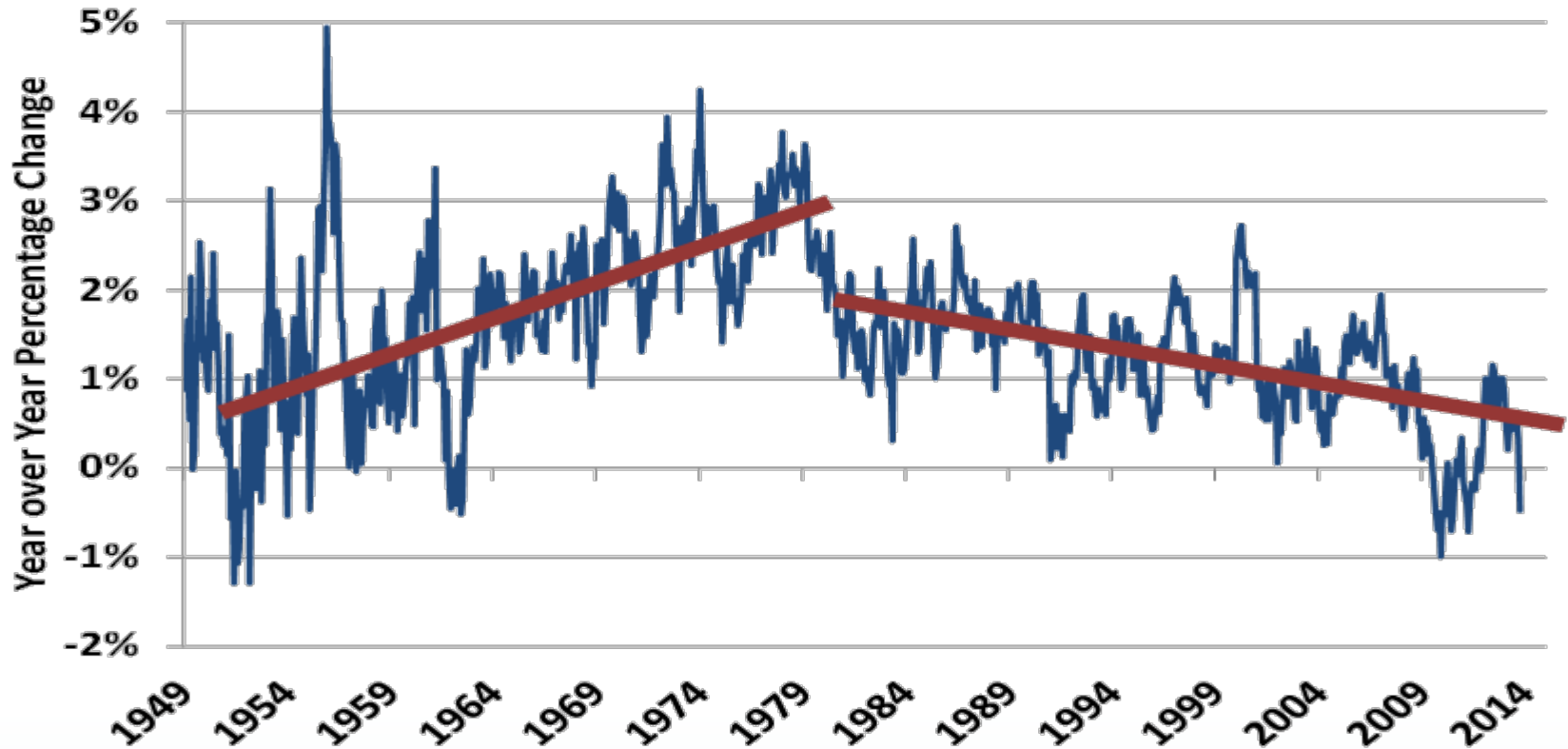
Source: Federal Reserve Bank of St. Louis, JOLTS Survey, (JTSQUL, JTSLDL, PAYEMS)

Aging of US Labor Force



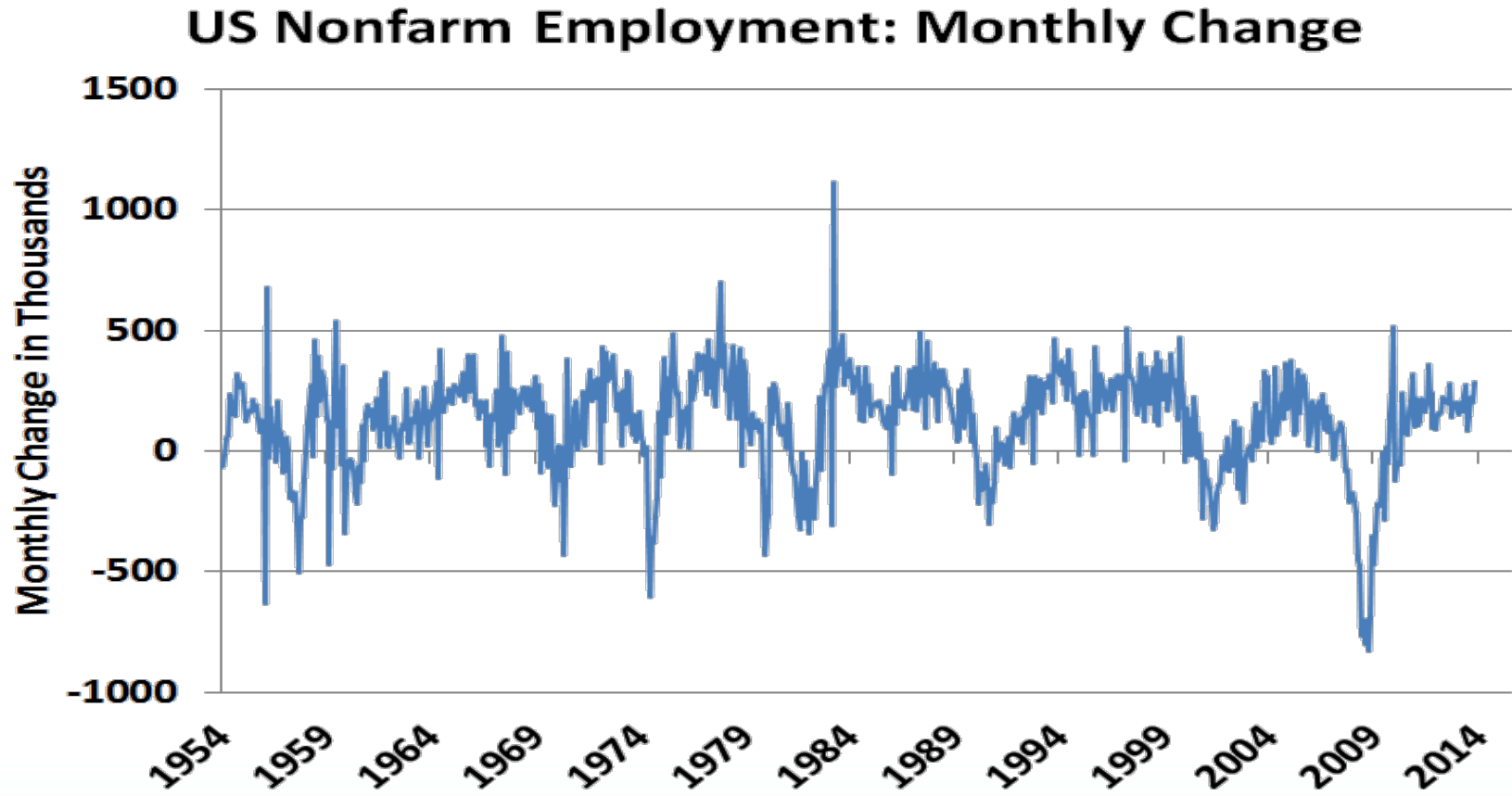
Deceleration of the US Labor Force Growth

US Civilian Labor Force Growth



Source: Federal Reserve Bank of St. Louis FRED Database (CLF16OV)

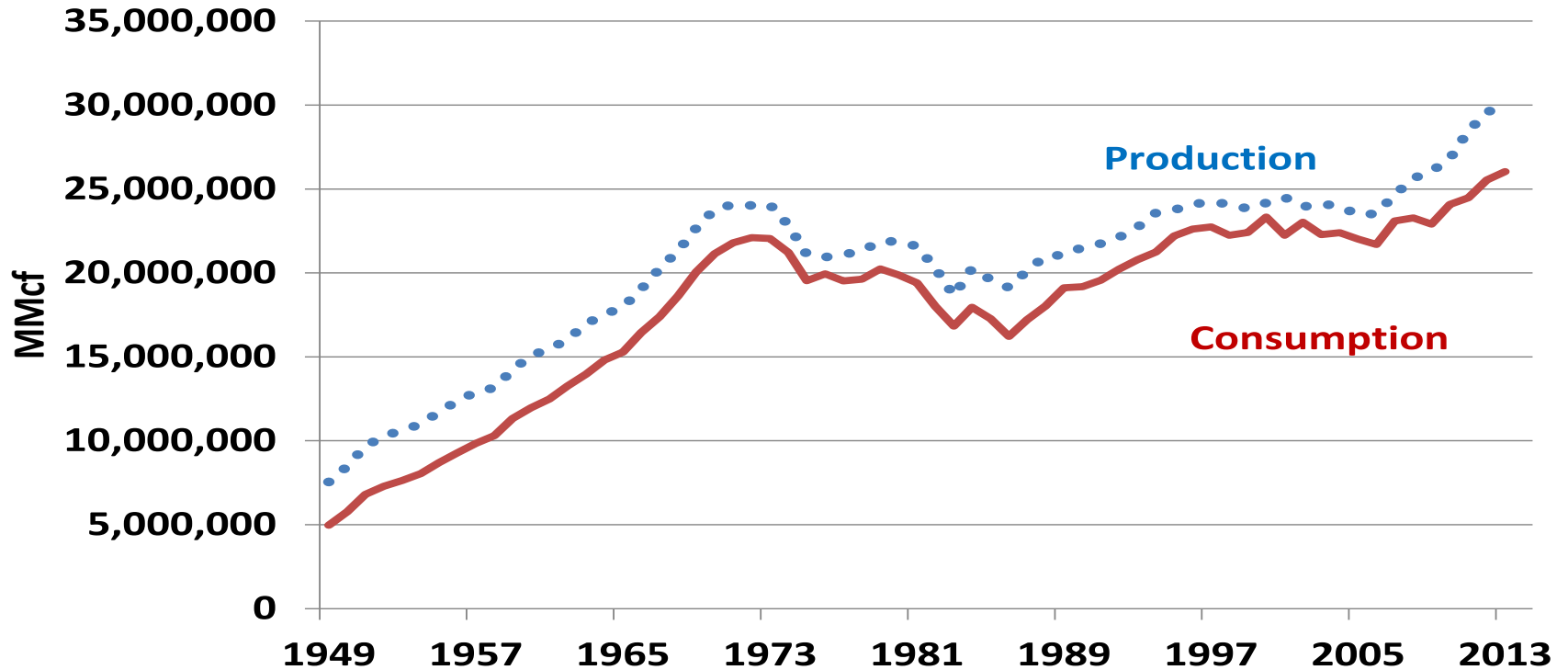
Monthly Job Creation: Long-Term Perspective



Source: St. Louis Federal Reserve FRED Database (PAYEMS)

Natural Gas

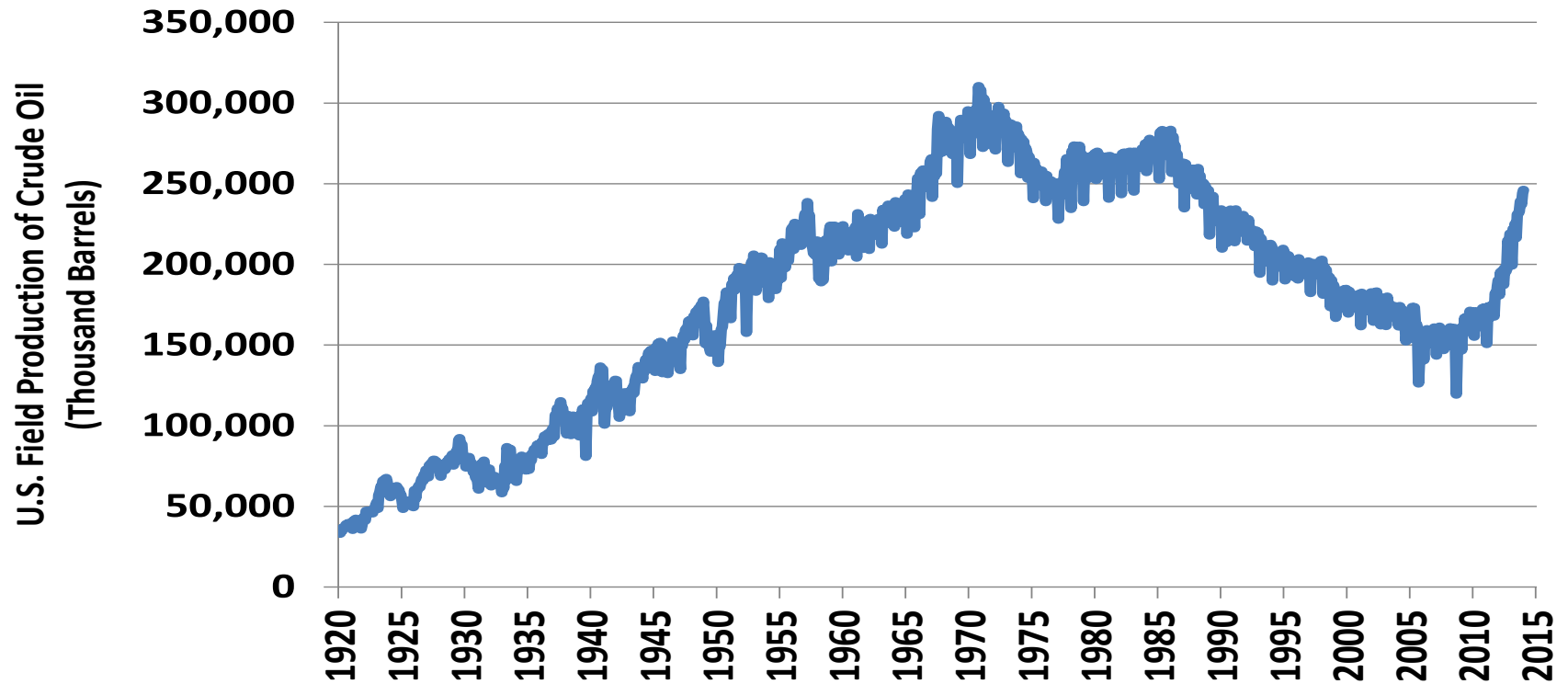
US Natural Gas Production & Consumption



Source: US Energy Information Administration, Sourcekeys N9140US2 (Consumption) and N9010US2 (Withdrawals).

Petroleum

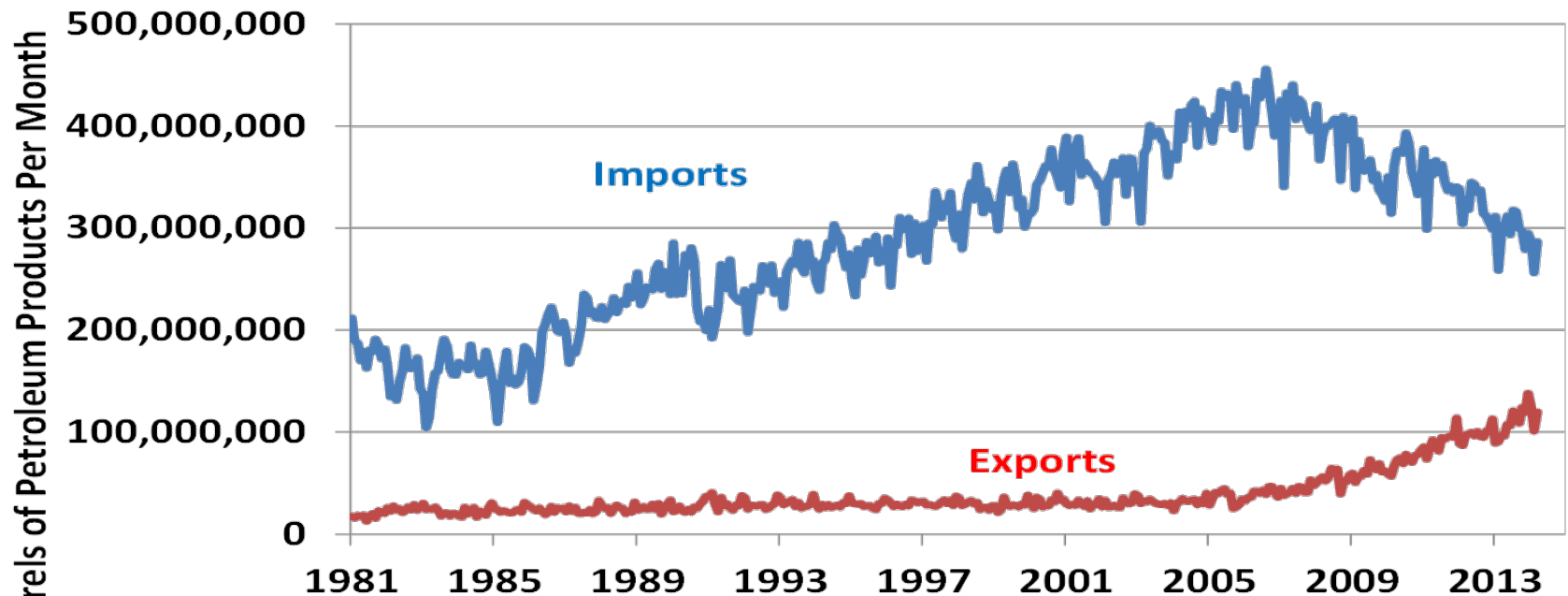
US Crude Oil Production



Source: US Energy Information Administration,
Sourcekey MCRFPUS1.

Petroleum Exports and Imports

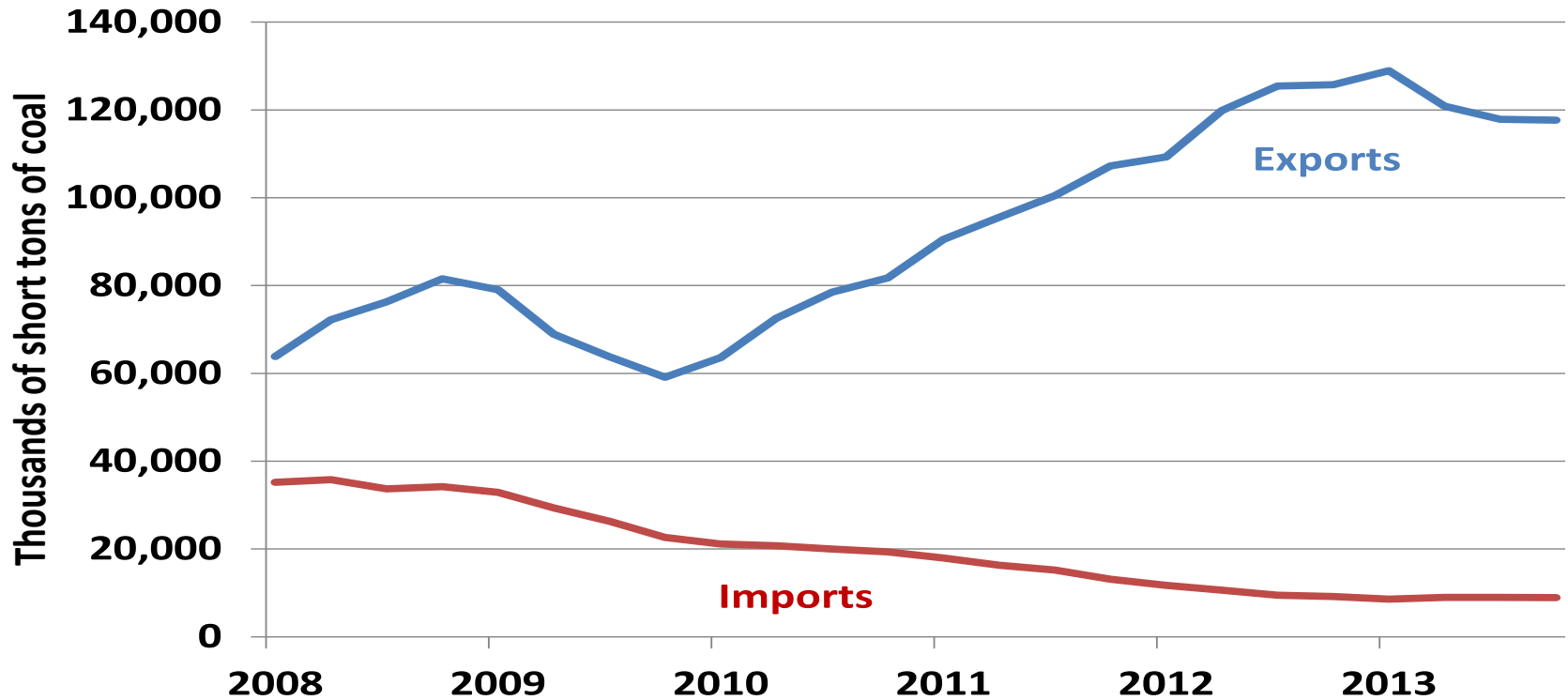
US Oil Petroleum Products: Imports and Exports



Source: US Energy Information Administration,
Sourcekeys MTTIMUS1 (Imports) and MTTEXUS1 (Exports).

Coal

US Coal Exports and Imports



Source: U.S. Department of Commerce, Bureau of the Census, Monthly Reports EM 545 and Monthly Report IM 145.

Corn



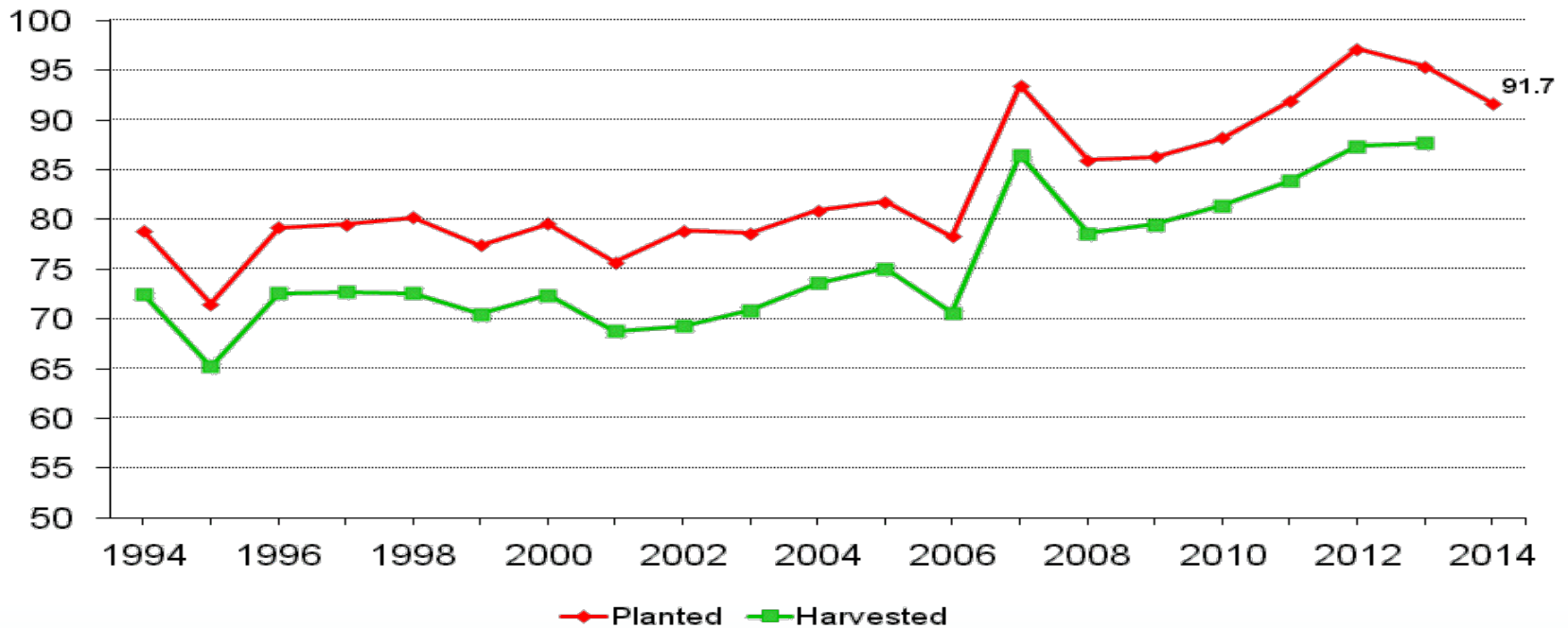
U.S. Corn Acres



Source: United States Department of Agriculture

http://www.nass.usda.gov/Charts_and_Maps/Field_Crops/cornac.asp

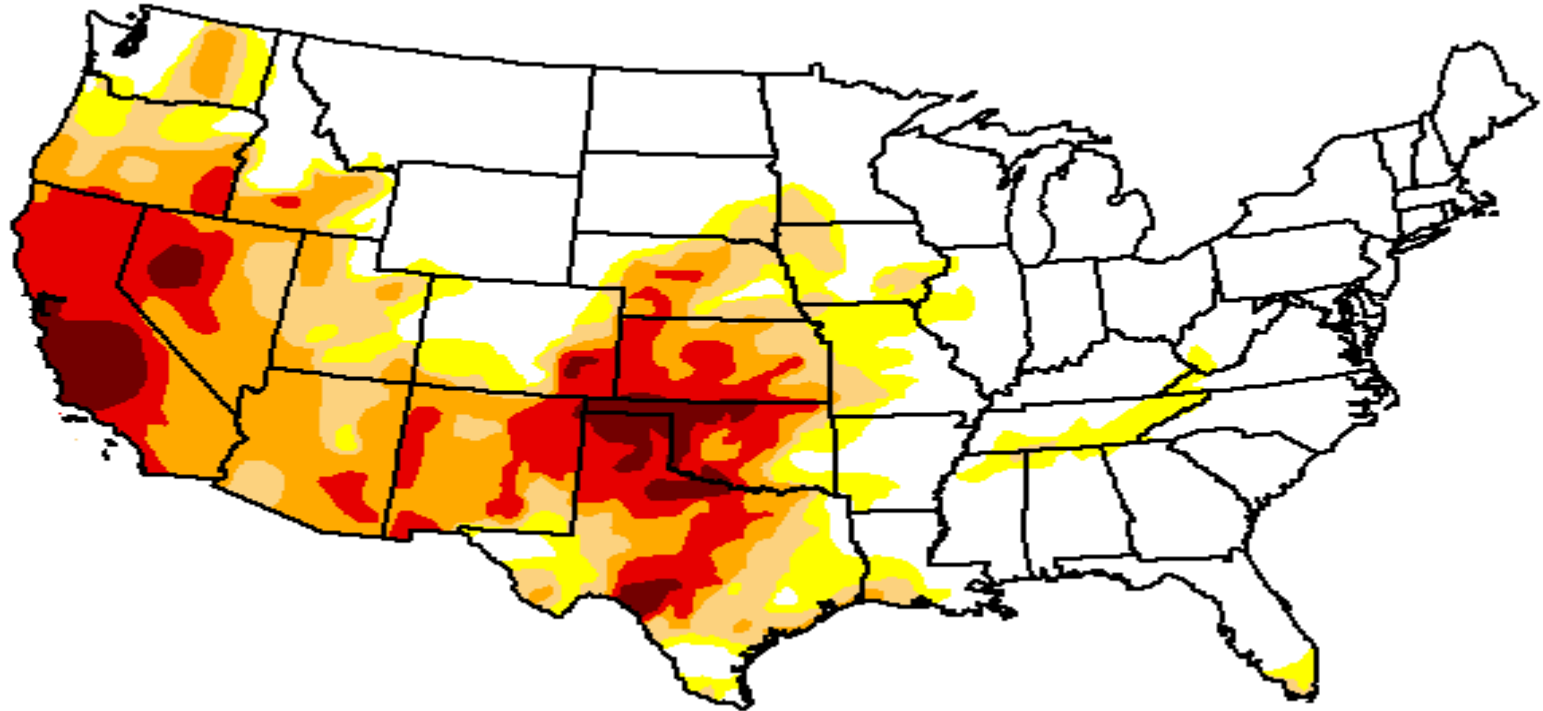
Million acres



USDA-NASS
03-31-14



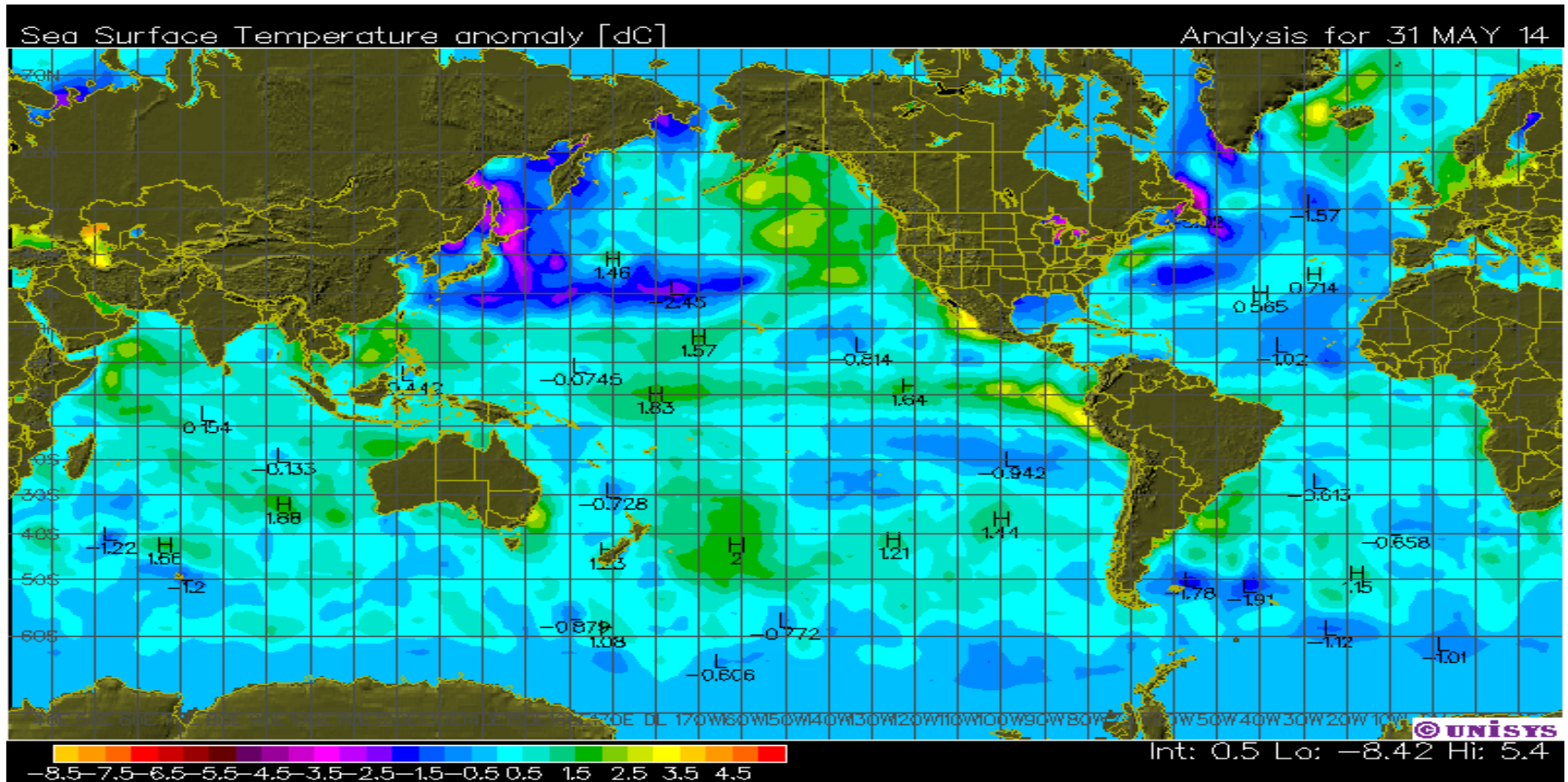
California and Texas/Oklahoma Droughts



Source: University of Nebraska (May 27, 2014)

http://droughtmonitor.unl.edu/data/jpg/20140527/20140527_conus_trd.jpg

Ocean Surface Temperature Anomalies



Geo-Political Risks (Source of Black Swans ?)

Scottish Independence Vote (Sept 2014)

Repercussions from EU Parliament Election (May 2014)

Brazil Presidential Election (Oct 2014)

India's New Prime Minister (May 2014)

Russia's Post-Crimean Annexation Ambitions (2014)

Russia-China Natural Gas Agreement (In progress)

US Congressional Elections (Nov 2014)

US Keystone Pipeline Decision (? Late 2014)

Global Economic Context for the US Economy

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**Blu Putnam
Chief Economist, CME Group**

June 2014

Global Economic Outlook for the Remainder of 2014

Blu Putnam, Chief Economist, CME Group
June 11th, 2014

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Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All references to options refer to options on futures.

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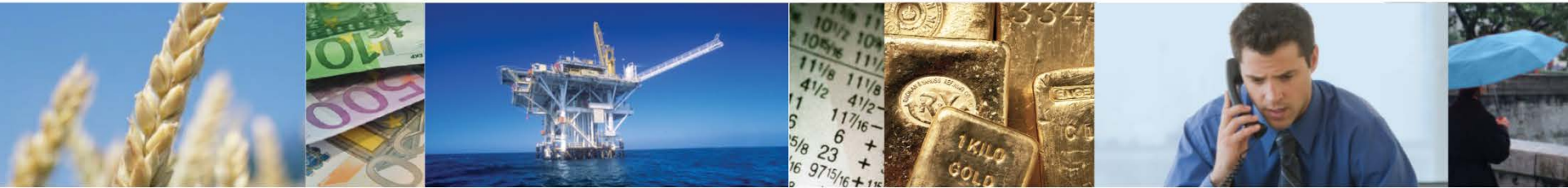
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E-mini S&P 500

↑ +2.75



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Gold

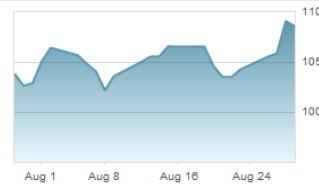
↓ -11.0



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Crude Oil WTI

↓ -0.80



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NQU13	E-mini Nasdaq 100	3068.25	3087.50	3064.00	3086.75	+0.60%	+18.50	\$2,420/2,200	55350
CLV13	Crude Oil WTI	109.53	109.87	108.60	109.30	-0.73%	-0.80	\$4,510/4,100	74443
GCZ13	Gold	1418.2	1418.6	1403.0	1407.8	-0.78%	-11.0	\$8,800/8,000	88341
E6U13	Euro FX	1.33440	1.33440	1.32330	1.32450	-0.70%	-0.00940	\$2,750/2,500	133288

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Bluford Putnam

Bluford (Blu) Putnam has served as Managing Director and Chief Economist of CME Group since May 2011. He is responsible for leading economic analysis on global financial markets by identifying emerging trends, evaluating economic factors and forecasting their impact on CME Group and the company's business strategy. He also serves as CME Group's spokesperson on global economic conditions and manages external research initiatives



