

Date	Indicator	For	Estimate	Consensus*	Previous Period
3-Jul-2017	Markit US Manufacturing PMI	Jun F	52.1	NA	52.1
3-Jul-2017	ISM Manufacturing	Jun	54.8	55.0	54.9
3-Jul-2017	Construction Spending MoM	May	0.1%	0.3%	-1.4%
3-Jul-2017	Wards Total Vehicle Sales	Jun	16.53m	16.60m	16.58m
5-Jul-2017	Factory Orders	May	-0.5%	-0.4%	-0.2%
6-Jul-2017	ADP Employment Change	Jun	185k	178k	253k
6-Jul-2017	Initial Jobless Claims	01-Jul	246K	NA	244K
6-Jul-2017	Trade Balance	May	-\$46.0b	-\$46.2b	-\$47.6b
6-Jul-2017	Markit US Services PMI	Jun F	NA	NA	53.0
6-Jul-2017	Markit US Composite PMI	Jun F	NA	NA	53.0
6-Jul-2017	ISM Non-Manufacturing Composite	Jun	56.6	56.5	56.9
7-Jul-2017	Change in Nonfarm Payrolls	Jun	168k	179k	138k
7-Jul-2017	Change in Manufacturing Payrolls	Jun	4k	6k	-1k
7-Jul-2017	Unemployment Rate	Jun	4.3%	4.3%	4.3%
7-Jul-2017	Average Hourly Earnings MoM	Jun	0.3%	0.3%	0.2%
7-Jul-2017	Average Weekly Hours All Employees	Jun	34.4	34.4	34.4

*Consensus from Bloomberg

Consumers Remain a Confident Bunch

It's been a long-time coming, but more consumers are finally riding the wave of plentiful job opportunities, rising incomes, and improving net worth. Nowhere is this better reflected than in the current readings of the Conference Board's Consumer Confidence Index. At 118.9 in June, this index remains at levels last seen a generation ago - remember early 2001?

Consumer confidence has only been at these nose-bleed levels a handful of times over the last 40 years, notably in the late 1980's and the late 1990's. These were periods when the U.S. economy was booming and jobs were plentiful.

Outbreak Of Consumer Confidence Drives Renewed Growth

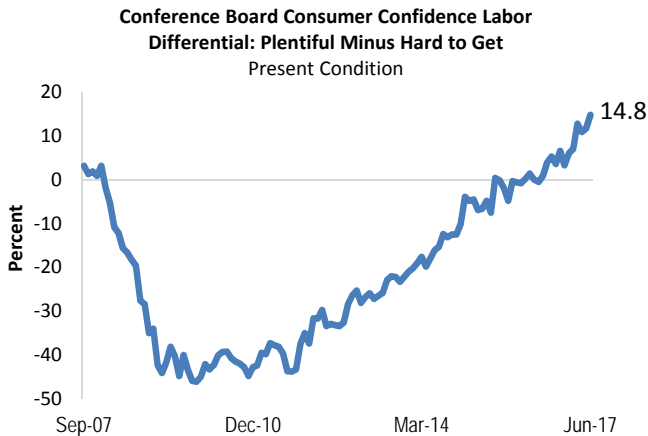
Conference Board's Consumer Confidence Index



Source: Conference Board

The plentiful jobs part is certainly true, again, today. With 6.0 million job openings in April, more and more consumers are waking up to the new economic reality that jobs are no longer scarce.

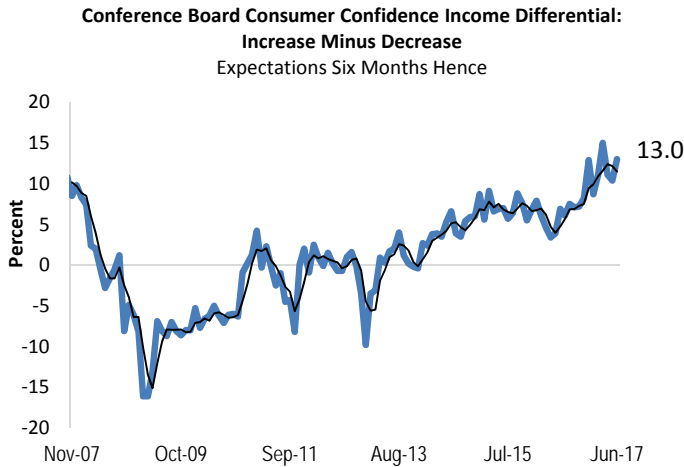
Consumers See an Improving Labor Market



Source: Conference Board

Moreover, consumers' outlook over the next six months on the income growth side improved and remains near expansion highs in June. Thirteen percent more consumers expect their income to increase rather than decrease over the next six months.

Income Growth Appears Set To Accelerate

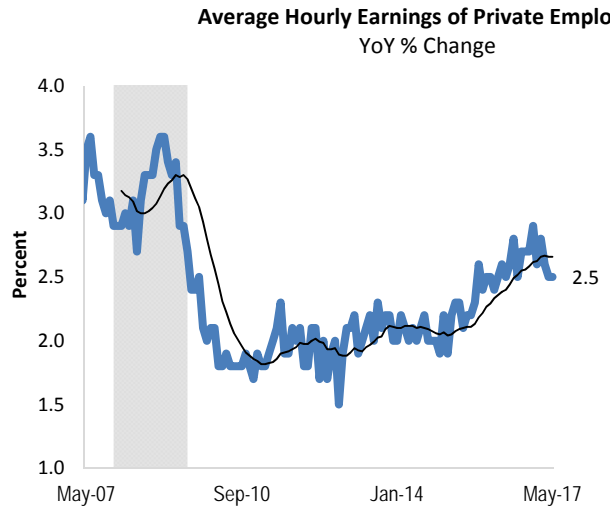


Source: Conference Board

Next Friday, we get the U.S. payroll report for June. We are forecasting an acceleration in non-farm job growth to around 168K from a May increase of 138K jobs. Average hourly earnings growth is also expected to increase at a slightly faster pace, up 0.3% on the month and 2.6% from a year ago. Earnings growth has softened a bit in recent months to a 2.5% y-o-y pace. However, we see this as only a temporary setback. Trend hourly earnings growth

has picked up briskly over the past year from an expansion average 2.0% pace to a healthier 2.7% rate.

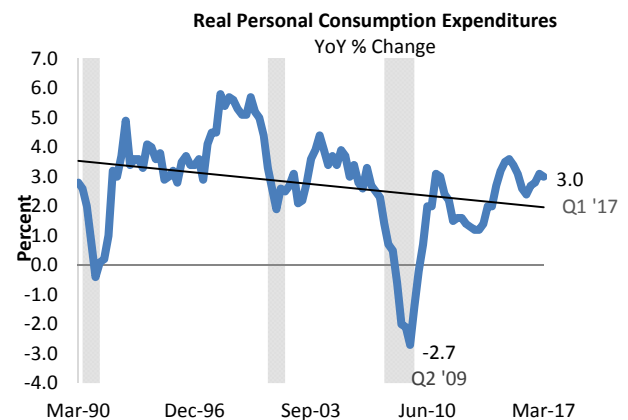
Hourly Earnings on the Rise



Source: Bureau of Labor Statistics

First quarter real consumer spending growth was revised higher this week to 1.1% from an initial estimate of 0.3% growth. This is important because U.S. consumers can single-handedly keep U.S. GDP growth on track. In fact this appears to be playing out in the current quarter. We are forecasting second quarter GDP growth of 3.1% driven primarily by a 3.2% increase in real consumer spending. Slowing price inflation for retail gasoline, cell phone plans, and groceries should provide another boost to consumers real spending power this quarter. Despite the weak start to the year and disappointing earnings from some retailers, don't count out the U.S. consumer. Consumer spending is still on a solid growth path.

Consumer Spending Still On a Solid Growth Path



Source: U.S. Bureau of Economic Analysis

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Major Economic Indicators

Economic Data	History					Forecast							Yr/Yr % chg or Annual Avg.			
	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2	2018.3	2018.4	2015	2016	2017	2018
Real GDP*	0.8	1.4	3.5	2.1	1.4	3.1	2.3	2.0	1.9	2.1	2.0	2.2	2.6	1.6	2.3	2.1
Personal Consumption Expenditures*	1.6	4.3	3.0	3.5	1.1	3.2	2.7	2.4	2.2	2.2	2.1	2.1	3.2	2.7	2.7	2.4
Non-residential Fixed Investment*	-3.4	1.0	1.4	0.9	10.4	2.4	2.9	2.8	2.7	3.4	3.9	4.4	2.1	-0.5	3.9	3.2
Private Housing Starts (000s units)	1,153	1,158	1,150	1,248	1,238	1,198	1,230	1,256	1,263	1,265	1,275	1,285	1,108	1,177	1,231	1,272
Vehicle Sales (mill. Units, annualized)	17.3	17.1	17.5	18.0	17.2	16.8	17.1	17.0	16.9	16.8	16.8	16.7	17.4	17.5	17.0	16.8
Industrial Production*	-1.3	-0.7	0.8	0.7	1.5	6.0	1.8	1.9	2.2	2.3	2.2	2.2	0.3	-1.2	2.0	2.4
Nonfarm Payroll Employment (mil.)	143.4	144.0	144.7	145.2	145.7	146.2	146.7	147.1	147.6	148.0	148.5	148.9	141.8	144.3	146.4	148.2
Unemployment rate	4.9	4.9	4.9	4.7	4.7	4.3	4.2	4.1	4.1	4.0	4.1	4.2	5.3	4.9	4.3	4.1
Consumer Price Index* (percent)	0.1	2.3	1.8	3.0	3.1	0.5	2.1	2.1	2.1	2.1	2.1	2.1	0.1	1.3	2.2	2.0
"Core" CPI* (percent)	2.5	2.1	2.1	2.0	2.5	1.0	2.0	2.0	2.1	2.1	2.1	2.1	1.8	2.2	1.9	2.0
PPI (finished goods)* (percent)	-3.9	3.0	1.7	3.4	6.1	3.0	2.7	2.5	2.4	2.1	2.0	2.1	-3.3	-1.0	3.7	2.4
Trade Weighted Dollar (Fed BOG, major)	93.2	89.5	90.3	93.3	94.5	94.8	96.0	95.7	96.2	96.8	96.2	96.0	90.9	91.6	95.3	96.3
Crude Oil Prices -WTI (\$ per barrel)	33	45	45	49	52	49	50	50	51	51	52	53	50	43	50	52

*Quarterly Data Percent Change At Annual Rate; Annual Data Year-on-Year % Chg, or Annual Average.

Financial Data	History					Forecast							Annual Average			
	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2	2018.3	2018.4	2015	2016	2017	2018
S & P 500	1,951	2,075	2,162	2,185	2,326								2,061	2,093		
Dow Jones Industrial Average	16,663	17,764	18,372	18,865	20,406								17,591	17,916		
Federal Funds Rate (effective)	0.36	0.37	0.39	0.45	0.70	0.94	1.13	1.21	1.46	1.71	1.96	2.13	0.13	0.39	0.99	1.81
Treasury-3 Month Bills (yield)	0.29	0.26	0.30	0.43	0.61	0.87	1.08	1.16	1.41	1.67	1.92	2.08	0.05	0.32	0.93	1.77
Treasury-2 Year Notes (yield)	0.84	0.77	0.73	1.01	1.24	1.28	1.51	1.70	1.94	2.21	2.45	2.61	0.69	0.84	1.43	2.30
Treasury-5 Year Notes (yield)	1.37	1.24	1.13	1.61	1.95	1.80	2.00	2.20	2.50	2.72	2.92	3.15	1.53	1.34	1.99	2.82
Treasury-10 Year Notes (yield)	1.91	1.75	1.56	2.14	2.45	2.23	2.45	2.65	2.92	3.12	3.36	3.55	2.14	1.84	2.45	3.24
Treasury-30 Year Notes (yield)	2.72	2.57	2.28	2.83	3.05	2.88	3.13	3.33	3.57	3.77	4.01	4.20	2.84	2.60	3.10	3.89
Prime Rate	3.50	3.50	3.50	3.55	3.80	4.06	4.32	4.50	4.60	4.85	5.00	5.25	3.26	3.51	4.17	4.93
Libor 3-Mo. U.S. Dollar	0.62	0.64	0.79	0.92	1.07	1.19	1.39	1.47	1.73	1.97	2.22	2.40	0.34	0.74	1.28	2.08
Mortgage-30 Year (yield)	3.74	3.59	3.45	3.84	4.17	4.07	4.28	4.48	4.75	4.95	5.19	5.40	3.85	3.66	4.25	5.07
BAA Corporate (yield)	5.30	4.66	4.26	4.64	4.66	4.57	4.80	5.10	5.43	5.65	5.88	6.07	5.00	4.71	4.78	5.76

Source: Bank of the West Economics, Bloomberg, Federal Reserve