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A New Age Expansion

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As Good as it Gets?

The data from the University of Michigan's Surveys of Consumers indicate that consumers now hold the most favorable economic expectations since 2007. The latest survey data indicate that the economy will finally return to an annual growth rate of just over 3% for 2015. This would be the first time in ten years since the economy expanded at that rate, the last time being in 2005 when GDP advanced by 3.3%. The survey data also make a convincing case that the stronger economic outlook will be due to gains in consumer spending. The survey data indicate that consumer expenditures will also advance by nearly a 3% pace in 2015, the best showing since 2006. Given the dismal performance over the past few years, the current economic outlook must be described as quite favorable. While falling gas prices will brighten holiday retail sales, the positive forecast for 2015 depends on continued job growth as well as modest gains in wages, expanding availability of credit, modest gains in home prices and stock prices, and an very small hike in interest rates in the 2nd half of 2015.

Despite this positive outlook, the best description of the current state of consumer confidence is that it is betwixt and between. Most series have now regained their long term average levels, an informal dividing line between optimism and pessimism. Consumers are in general agreement that their personal finances as well as conditions in the overall economy have improved, but when asked whether they think the current state of their finances or the economy could be characterized as "good" or "satisfactory," many fewer concur. Moreover, since the end of the Great Recession the recovery in confidence has been led by improvements in how consumers evaluated current economic conditions, while expectations for future gains have posted moderate gains and a much more volatile path. This is the opposite of what has typcially occurred in past recoveries, when optimism about the future was always the frontrunner. To be sure, widespread misgivings about economic policy, especially the standoffs between the President and Congress, have repeatedly soured expectations. It is likely that there will be a return engagement of the DC follies, but hopefully without quite as much damage to the national economy. Of greater consequence for economy in the years ahead is whether consumers have lowered their long term economic expectations.

There are two important components of people's long term economic expectations that play a critical role in shaping the macroeconomy. The first is the belief that productivity based wage increases would provide consumers a constantly rising living standard for themselves as well as future generations. The second is that home ownership represents the best purchase a family can make in terms of safety and return on the investment. To be sure, the recent improvements in wages and home values are an important part of the more favorable outlook for 2015. Nonetheless, like many consumers, I would hesitate from calling current levels "good" or "satisfactory." To call it a satisfactory performance would imply the acceptance of the notion that the economy is as good as it can get. Unfortunately, it is my belief that consumers as well as policy makers have begun to accept the assumption of more limited economic prospects.

My presentation will involve a review of the key factors that will influence consumer spending during 2015, including the impact of changes in wages and wealth on personal finances, the outlook for jobs, what rate of appreciation in home prices is anticipated, the impact of outstanding mortgage and consumer debt, and the ability of consumers to make scheduled repayments. On all these counts, the data indicate at least some improvement. As usual, I will begin with a discussion of the overall level of consumer sentiment as well as its very distinctive characteristics.

Index of Consumer Sentiment
Reaches Seven Year High

The Index of Consumer Sentiment rose in the most recent surveys to 88.2 in the 4th quarter of 2014—this is a preliminary estimate based on surveys conducted the first half of the quarter (see Chart 1). This represents a 15% gain over last year's 4th quarter, which brought the Index to its highest level since 92.2 was recorded in the 1st quarter of 2007. Most of the 4th quarter gains were spread between personal finances and the outlook for the overall economy. While the Sentiment Index is still well below its prior peaks, the latest reading is nearly identical to the 2001 to 2007 average of 89.0. Changes over time in the Sentiment Index continue to show a high correspondence with changes in real GDP (see Chart 2). When the data is used in a regression model to predict GDP, it indicates GDP will grow just above 3% in 2015.

The Sentiment Index has two major components, one that focuses on consumers' evaluations of current economic conditions and the other which measures future economic expectations. The Index of Current Economic Conditions shows a considerable increase in consumers' evaluations since the lowpoint of the Great Recession (see Chart 3). Indeed, from its lowpoint in the 2nd quarter of 2008 to its current reading, the Current Conditions Index has nearly doubled, rising from 51.2 to 100.7. Overall, its present level is equal to the peaks recorded in the 1950's, 60's and 70's. An objective comparison would not indicate that current economic conditions were as good as those in the earlier periods. Rather, the data underscore the relative nature of these economic judgements.

Given the runup in evaluations of current economic conditions, you might anticipate a similar trend in the Expectations Index. That has not happened, as the Expectations Index has only recorded a gain of just 29%—from its recession low of 61.9 in the 4th quarter of 2008 to 80.1 in the 4th quarter of 2014 (see Chart 4). To be sure, we could all name several reasons for the lack of improvement in the Expectations Index. I will only note that the initial gain following the recession could not be sustained due to the incessant DC squabbles over economic policies. The Expectations Index is closer to past recession lows and considerably below the peaks recorded throughout the past half century.

Overall, this represents a remarkable shift from basing consumer confidence on optimistic expectations about the future to basing it on excessively favorable evaluations of current economic conditions.

Economy Improves & Continued Gains Expected

Consumers are asked several questions about the current and the expected state of the national economy. When asked whether current conditions in the economy are better or worse than a year ago, 58% of all consumers in the 4th quarter survey reported improvement (see Chart 5). While this series is not quite at the levels of past peaks, it is very close. Despite the widespread agreement that the economy has improved, many fewer think that good economic times have returned. When consumers are asked whether they expect economic conditions to be good or bad in the year ahead, the recent trends were much less favorable (see Chart 6). While these evaluations have improved, just 44% expected good times in the economy during the year ahead, barely above the 40% who anticipated bad times. The long term outlook for the economy was a bit better, with most of the recent gains recorded in the 4th quarter (see Chart 7). Nonetheless, more consumers anticipated a renewed downturn sometime in the next five years than a continuous expansion. Given the advanced age of the current expansion, this may not be too surprising. Overall, these long term expectations are comparable to the trends in the mid to late 1980's following the dual recessions at the start of that decade.

Consumers have always looked toward the beneficial impact on the economy stemming from changes in economic policies. The Great Recession and subsequent recovery marks the first time that consumers have not renewed their confidence in the government's economic policies. The 4th quarter 2014 survey recorded a rather modest uptick in confidence, although consumers' overall opinion remained quite negative (see Chart 8). Overall, 42% of all consumers judged current economic policies unfavorably compared with just 17% who gave favorable ratings. Other than for a brief time when Obama first introduced his stimulus package, consumers have witnessed a series of self-inflicted fiascos, including the disastrous debt ceiling debate, the fiscal cliff, and the shutdown of the federal government. The lack of confidence in government economic policies has been an important reason for the meager gains in optimism about future economic prospects.

Personal Finances Show Considerable Improvement

Questions about consumers' personal financial situation showed the same pattern of considerable improvement over the past year as well as considerable apprehension about their financial prospects for the year ahead. When asked about their current financial situation, nearly four-in-ten mentioned that their finances had improved in the most recent survey. This represented a substantial gain over the past few years (see Chart 9). You might think these gains were driven by comparable large net increases in income and wealth. To be sure, when consumers were asked to explain how their financial situation had changed, positive income and wealth changes were mentioned, but not to the extent you might have expected. Income increases were only mentioned by 32% of all consumers while 23% cited income declines in the 4th quarter 2014 survey (see Chart 10). This was well below any prior expansion, although it was still much better than what had been recorded during the prior six years. The largest income gains were concentrated among respondents under age 45, with older consumers reporting net income declines. More frequent income gains were reported by households in the top third of the distribution, but the differences were not nearly as large as across age groups.

Gains in household wealth, defined as the net difference between changes in assets and debts, also played a positive role in household finances (see Chart 11). Net wealth gains have gradually declined during 2014 along with slower gains in home prices as well as stock prices. Among all households, 11% mentioned increases in wealth, while 5% reported declines. Wealth changes were evenly distributed across age subgroups, but were more likely to be concentrated among top income holders. Note that the survey does not attempt to adequately cover the extremes in the wealth distribution.

More households anticipated that their financial situation would improve during the year ahead in the 4th quarter 2014 survey (see Chart 12). Among all households, 33% expected their finances to improve, while just 11% expected their finances to worsen. This was the best personal financial outlook since 2007. When asked about how they anticipated their household income to change in the year ahead, consumers in the 4th quarter survey held the most favorable outlook since 2007. You might be surprised, however, to learn that they anticipated a gain of just 1.2% in their annual income (see Chart 13). This rate of increase is even less than the currently low rate of inflation, meaning that most households anticipate declining living standards in the year ahead. Only those under age 45, who anticipated income gains of 3.4%, would clearly expect real income gains; those in the top third of the income distribution would achieve very small real income gains. Indeed, when specifically asked to adjust their expected income gains for price increases, most families anticipated a falling standard of living in the years ahead.

Overall inflation expectation did decline in the 4th quarter survey, with most of the falloff occurring in early November which largely resulted from falling prices at the pump. What was more unusual was that consumers expected the smallest long term inflation rate in decades—just 2.6%. There has been only one other survey conducted since 1980 that recorded a lower long term inflation expectation: 2.5% in September of 2002. Needless to say, these very low inflation expectations are based on preliminary data and it is uncertain whether these low levels will be confirmed in future months.

Households Improve Balance Sheets

The surveys regularly ask consumers a number of questions about the market value of their home. There is perhaps no more important measure of the status of the household balance sheet than whether the market value of their home has increased or declined. In the 4th quarter, 44% of all homeowners reported that the value of their home had increased during the past year while just 13% thought it had declined (see Chart 14). To be sure, most of the improvement came in 2012 and 2013, with very small additional gains recorded in 2014. FRB data indicates that net home equity increased to 54% of the value of the home, up from a low of just 37% in 2009 (see Chart 15). Also note that survey data closely matched the FRB data even though one was measured using a qualitative scale and the other a numeric scale. Overall, the decline starting in 2005 indicates just how important the piggy-bank of available home equity was in financing the spending boom. That type of use of home equity is unlikely to resume anytime soon.

While homes were once considered the best investment a family could make, consumers no longer think homes will appreciate faster than the rate of inflation (see Chart 16). The preliminary findings from the 4th quarter 2014 surveys indicate that consumers anticipated the value of their home to appreciate by less than one-third of one percent—0.3%—during the year ahead and by an annual rate of just 2.2% over the next five years. When corrected for the inflation rates they anticipated over the same horizons, both were negative. Also note that the rates of appreciation have remained largely unchanged during the past two years. When the data is divided by the household's income or the value of the home they own, only those in the lowest third of the distributions held significantly less favorable expectations.

Household Debt &
Repayments Decline

The burden of debt on household finances can be approximated in two ways: the drain on household income from the required monthly repayments, and the amount of outstanding household debt as a proportion of personal disposable income. By both metrics, household balance sheets have improved significantly. Debt repayments as a percentage of personal disposable income has fallen to its lowest level since this series was first published back in 1980 by the Federal Reserve Board (see Chart 17). Currently, debt repayments account for 9.9% of personal disposable income, down from a peak of 13.2% in the closing quarter of 2007. Note that it has been near this record low level for the past few years, and also note that the same extended low levels characterized the early 1980's. Mortgage debt declined the most from the 2007 peak, falling by 2.5 percentage points, while consumer loans fell by just 0.8 percentage points. It is also worth noting that households face other financial obligations that require monthly payments, like rent on housing and leases on vehicles. When these other obligations are included, the same pattern held: total financial obligations as a proportion of personal disposable income fell to a low of 15.3% from a peak of 18.1% in late 2007.

Another way of looking at the same data is to determine the quarterly rate of growth in household debt (see Chart 18). Mortgage debt has largely remained unchanged for several years, as new mortgage debt was offset by repayments on existing mortgages. Mortgage debt increased by just 0.4% by mid 2014, extending the periods of near zero growth that has persisted for more than five years. All other forms of consumer debt, in contrast, increased by 6.6% in the 3rd quarter of 2014. Note that education loans account for 40% of all outstanding consumer debt, and outstanding vehicle loans are a distant second at 29% of the total. Nonetheless, in the past year due to strong vehicle sales, outstanding vehicle loans grew by 8.6% and student loans grew by 7.9%. In contrast, outstanding balances on credit cards and other revolving accounts grew by just 3.5%.

Finally, mortgage and consumer debt combined equaled 107% of personal disposable income in mid 2014 (see Chart 19). While this was well below the 2007 peak of 135%, it remained above the 92% recorded in the late 1990's, and much higher than the 60% to 70% range recorded from 1960 to the mid 1980's. All of the recent improvement was due to declining mortgage debt as a percentage of income. Of course, this decline mirrored dismal sales of new homes as well as declines in the prices of existing homes. The pace of home foreclosures have sharply declined, with mortgage charge-offs now accounting for just about one-quarter of one percent, although it is still nearly twice as high as during the years prior to the housing bust. Payment delinquencies have also declined but still remain about three times as high as from 1991 to 2007.

Employment Outlook Improves

There is no more critical element for determining the outlook for consumer spending than job prospects. The national unemployment rate fell to 5.8% in October, barely above the 5% to 5½% rate that is widely considered to be the lowest unemployment rate that would be consistent with a non-accelerating rate of inflation (see Chart 20). The decline in the unemployment rate has been remarkable, with the latest data indicating that it is well below 5% for everyone over age 25 or for anyone with at least some college education. The Fed's new policy of transparency has meant that nearly everyone, from the most sophisticated Wall Street strategist to the ordinary consumer, expects an interest rate hike sometime next year.

As I have repeatedly stressed, the unemployment rate is a ratio. It equals the proportion of adults employed divided by the labor force participation rate—the exact formula is shown in Chart 21. Even a casual glance at the data indicates that the drop in the unemployment rate was almost entirely due to the falloff in labor force participation rates. The issue has always been how much of this decline is secular and how much cyclical. My reading of the literature is that it was initially viewed as mainly cyclical but over time it has been more frequently viewed as secular as the basic question has shifted from why people left the labor force to whether they will return.

To be sure, young adults are entering the labor force at older ages due to furthering their education or, perhaps, as the simple recognition of an extended adolescence. Less than half of all adults under age 25 are currently employed, which represents a double-digit percentage point drop in the last fifteen years (see Chart 22). The employment rates for people aged 25 to 34 are less affected by concerns about furthering their education. Indeed, these early working years are crucial for building work skills and advancing their wage levels. Employment rates for this group sharply declined due to the Great Recession and are now making a very slow comeback, especially among males. Male employment rates for this age group are still 6.2 percentage points lower than at its 2007 peak.

Retiring baby boomers represent a potent cause of recent declines as well as additional downward pressures in the decade ahead. Among those age 55 or older, the percent employed falls to just 44% among men and 33.5% among women (see Chart 23). The overall drag on national figures has been diminished somewhat as more older people continue to work. Also note that there was no sharp downturn in employment rates during the past recession. The reasons people extend their employment well past normal retirement ages are many: some out of economic necessity, some due to interesting and fulfilling work, and a few to simply occupy their time. Whatever the reason, working late in life is now commonplace. One-third of men aged 65 to 69 still work, one-in-five men aged 70 to 75 still work, and one-in-ten work when they are 75 or older.

I would like to approach the issue of whether the declines in labor force participation rates are due more to secular or cyclical changes in a completely different way. Say, for example, most consumers believe that the decline in the official unemployment rate ignores the problem of discouraged workers, and workers who were forced to accept part time work when they needed a full time job. When asked in surveys about prospects for unemployment, you might anticipate that they would provide less favorable replies than would be consistent with the official unemployment rate which excludes these groups. When a comparison is made between consumers' unemployment expectations and changes in the official national unemployment rate, no divergence is apparent (see Chart 24). Like all of the survey measures, consumers are not asked about the official unemployment rate, but are simply asked whether they expect unemployment to increase or decrease in the year ahead. The survey question contains no special qualifications like the questions used to measure the official unemployment rate such as only counting those who have actively searched for work, and so forth. You may be surprised to know that I find the continued close correspondence somewhat troubling. On the one hand it shows that consumers are well aware of trends in unemployment and they hold reasonably accurate forecasts of changes in the unemployment rate. On the other hand, the close correspondence signals that the views of consumers are closely aligned with the growing professional opinion that the decline in labor force participation rates represents a permanent shift. Most troubling is the implication that the secular falloff in labor force participation among non-retirees could reflect a permanent decline in economic optimism, especially among the young. While talk of a lost generation is now commonplace, I think it could be easily reversed by more robust economic growth.

Summary Outlook

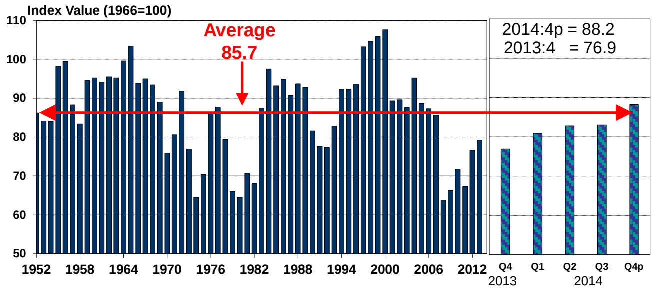
I started this presentation by indicating that the recent improvements in consumer sentiment would energize spending in 2015. I also mentioned that most analysts suggested the key elements were growth in wages and employment as well as the reduction of household debt. On these counts, the data indicates improved growth prospects for 2015. That is hardly a surprising forecast. Indeed, it is the emerging consensus. Getting from “better” to a “good” economy is the real challenge. I would like to bring up three risks to the current forecast. The first involves the greater dependence on current trends rather than prospects for future economic conditions, the second involves the actions of the administration and Congress, and the third, a much more fundamental problem, involves the ultimate cost to the national economy of diminished long term economic expectations. All forecasts are contingent, and mine depends on avoiding these potential risks in the year ahead.

When economic confidence is based on positive future expectations, consumers can look past some events that would otherwise have a significant negative impact. Based on their favorable expectations, consumers would view it as a temporary setback, which would be easily overcome by tomorrow’s stronger economy. Optimism can easily persist even if the timing of the gains proves slower than originally anticipated. When confidence is based on favorable current conditions, how the economy performs in the here and now is much more important. The greater dependence on current conditions lessens the ability of positive expectations to insulate consumer behavior against volatile changes in the domestic and global economies, or from adverse political events at home or abroad. Unfortunately, we only have to wait until tomorrow for the first potential confrontation between the President and Congress.

As we are all aware, the inability of the President and Congress to work together during the past few years has had a negative impact on the economy. Hopefully, all participants have now learned that holding the economy hostage to partisan differences is a fool’s errand. There are a number of problems that need their attention in the domestic and global economies, let alone in the geopolitical arena. While a bad start in the lame duck session can be overcome in time, it would be much better if the first step was to dial back the rhetoric and expand their common ground. The economy has been needlessly harmed over the past several years by partisan bickering. Let's not celebrate the new year with a re-run of the DC follies.

The more fundamental concern is about expectations for the long-term performance of the economy. The two aspects that have become "better" but not "good" involve wage growth and home prices. As I mentioned at the beginning, these are two central elements of the American Dream. The data from the surveys made it clear that consumers judged current economic conditions more favorably than future prospects by a rather large margin. To be sure, the favorable ratings of current conditions simply reflect the widespread relief among consumers that economic conditions weren't as bad as they had been a few years ago. There is another interpretation, however, Some years ago I mentioned that the last stage of economic discontent was quite different in that consumers came to accept the economic constraints as normal. In that final stage, people assumed the new limits were irreversible and planned accordingly. If the current modest economic expectations become the norm, the American Dream will transmute into a much less promising reality. Consumers are not foolish enough to abandon the American Dream when first challenged. The problem is that this is not the first time. Many of you are well aware that median household income has not progressed at a pace consistent with the American Dream for quite some time. The alternate prognosis would be for an extended period of secular stagnation. While emerging models that describe the conditions that spark secular stagnation typically include economic shocks and negative real interest rates, some models take the trigger to be self-fulfilling expectations. I do not know whether the diminished economic expectations of consumers are a cause or a symptom, but I do know that it is easier to avoid a problem than it is to cure a problem. These problems will not be resolved until the partisan gridlock on common economic sense has finally ended.

Chart 1: Consumer Sentiment Reaches Highest Level Since 2007



All time Records: Peak = 112.0 (Jan 2000); Trough = 51.7 (May 1980)
Last cyclical low = 55.3 (November 2008)

Chart 2 : Sentiment Signals Stronger GDP Growth During Year Ahead

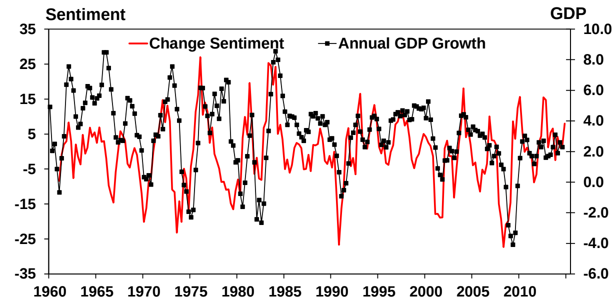


Chart 3: Current Economic Conditions Index

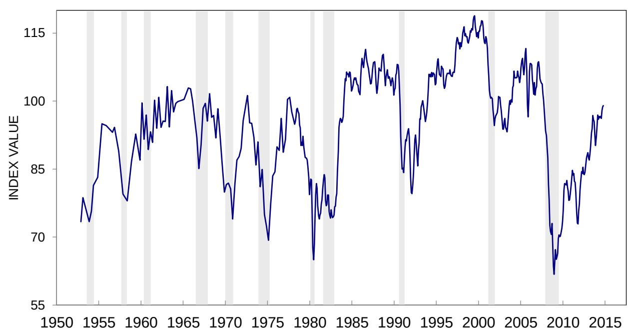


Chart 4: Consumer Expectations Index

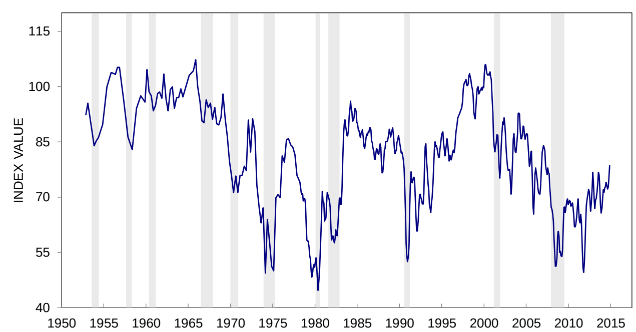


Chart 5: Evaluations of the Current Performance of the Economy

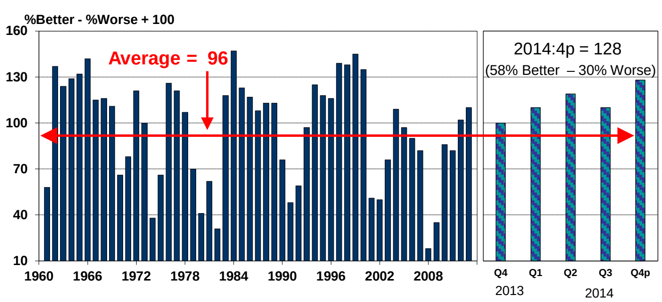


Chart 6: Economic Outlook for Year Ahead Best Since 2004

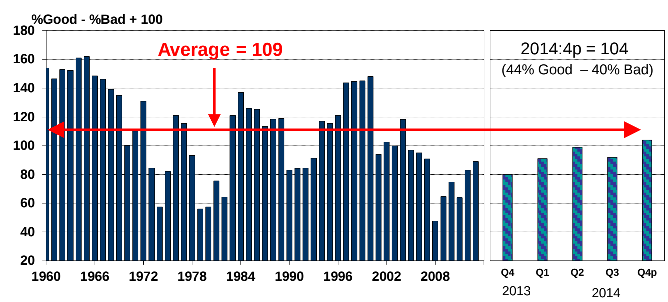


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Chart 7: Five-Year Economic Outlook Improves

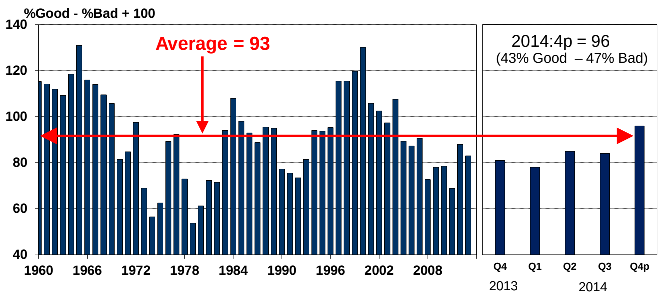


Chart 8: Small Upturn in Confidence in Economic Policies But Still at Low Levels

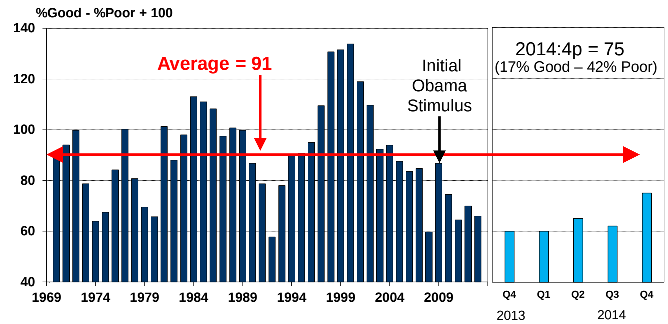


Chart 9: Consumer Current Finances Improve Due to Higher Income and Wealth

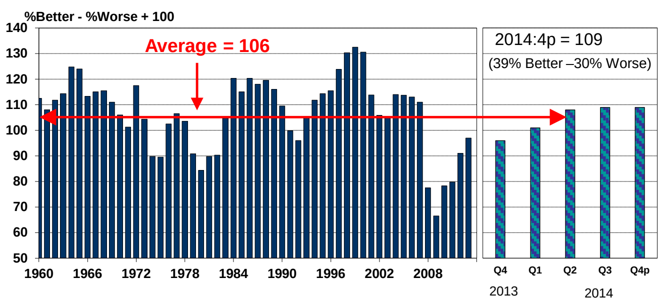
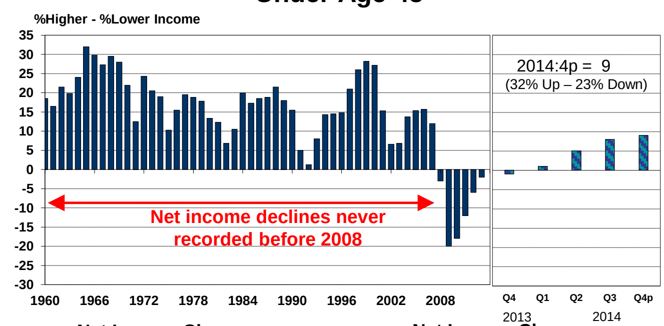


Chart 10: Income Changes Favored Those Under Age 45



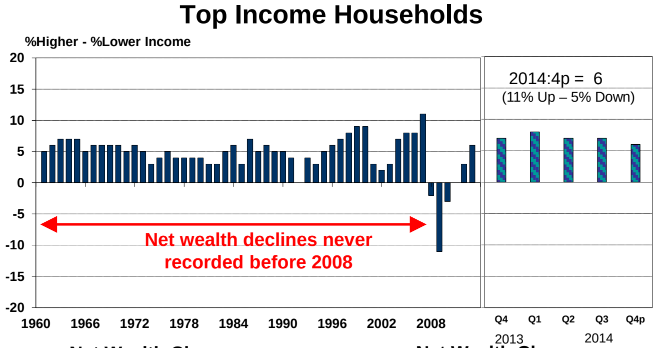
Net Income Change

Income	4th 2013	4th 2014p	Difference
Bottom 1/3	-13	+4	+17
Middle 1/3	-2	+6	+8
Top 1/3	+15	+19	+4

Net Income Change

Age	4th 2013	4th 2014p	Difference
18 - 44	+17	+35	+18
45 - 64	-8	-4	+4
65 +	-5	-7	-2

Chart 11: Recent Wealth Gains Favored Top Income Households



Net Wealth Change

Income	4th 2013	4th 2014p	Difference
Bottom 1/3	-1	+2	+3
Middle 1/3	+7	+3	-4
Top 1/3	+16	+16	0

Net Wealth Change

Age	4th 2013	4th 2014p	Difference
18 - 44	+9	+6	-3
45 - 64	+8	+6	-2
65 +	+5	+6	+1

Chart 12: Stronger Financial Prospects Expected for Year Ahead

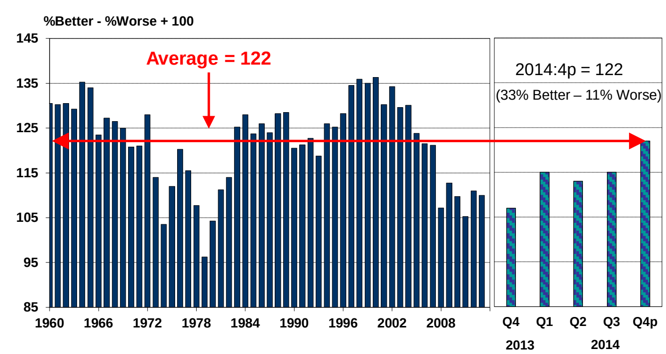


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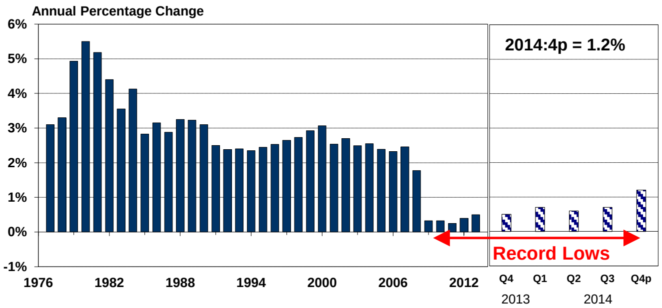
Chart 13: Income Prospects Remain Weak



Net Income Change

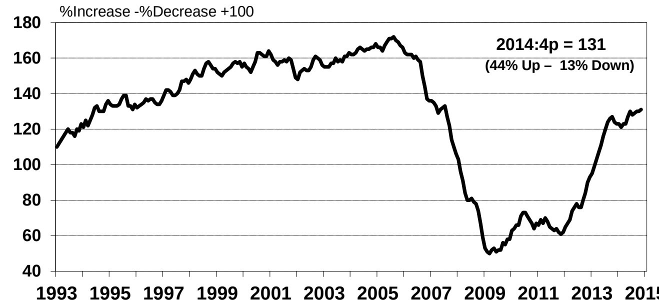
Income	4th 2013	4th 2014p	Difference
Bottom 1/3	0.3%	0.7%	+0.4
Middle 1/3	0.8%	1.2%	+0.4
Top 1/3	1.7%	2.1%	+0.4

Net Income Change

Age	4th 2013	4th 2014p	Difference
18 - 44	2.6%	3.4%	+0.8
45 - 64	1.0%	1.2%	+0.2
65 +	0.1%	0.3%	+0.2

Chart 14: Home Values Post Small Additional Gains During the Past Year

(Three month moving averages)



Home Values

Income	One-year	Five-year	Difference
Bottom 1/3	90	97	+7
Middle 1/3	128	139	+11
Top 1/3	140	144	+4

Home Values

Home Value	One-year	Five-year	Difference
Bottom 1/3	96	102	+6
Middle 1/3	127	139	+12
Top 1/3	149	157	+8

Chart 15: Net Home Equity Rises But Still at Historically Low Levels

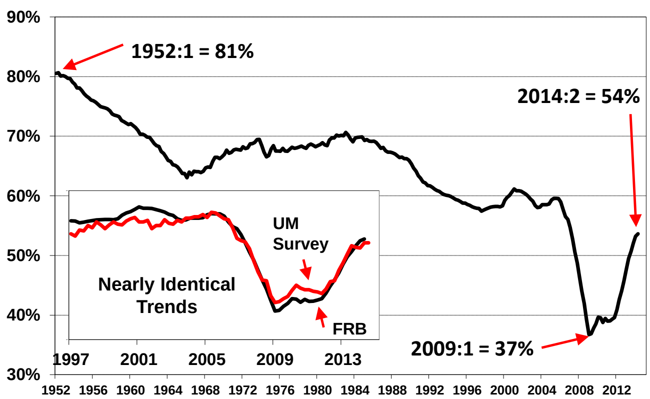
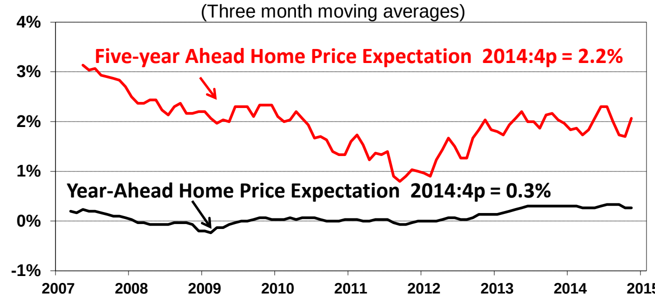


Chart 16: Annual Expected Rates of Home Price Appreciation

(Three month moving averages)



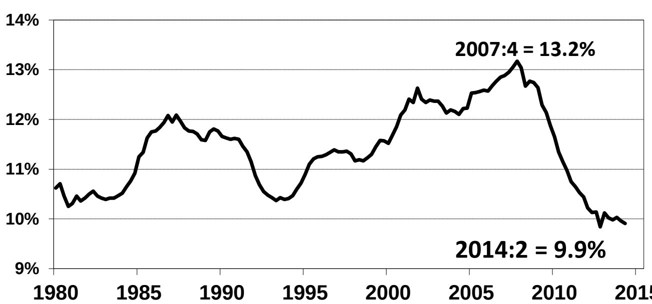
Home Prices: 2014:4p

Income	One-year	Five-year	Difference
Bottom 1/3	0.1%	1.0%	+0.9
Middle 1/3	0.3%	2.7%	+2.4
Top 1/3	0.3%	2.2%	+1.9

Home Prices: 2014:4p

Home Value	One-year	Five-year	Difference
Bottom 1/3	0.1%	0.6%	+0.5
Middle 1/3	0.3%	2.6%	+2.3
Top 1/3	0.3%	2.8%	+2.5

Chart 17: Debt Repayments as a Percentage of Personal Disposable Income Lowest Since 1980

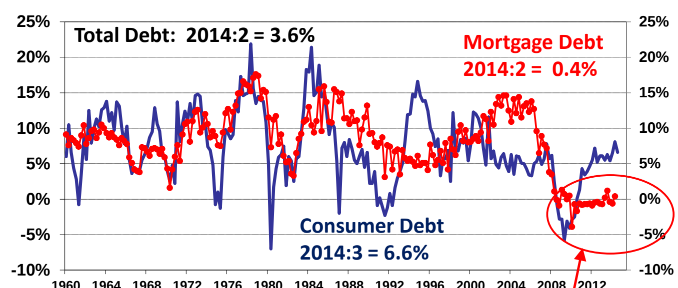


Debt Service

	Peak	Latest	Difference
Mortgage	7.2%	4.7%	-2.5pp
Consumer	6.0%	5.2%	-0.8pp
Total	13.2%	9.9%	-3.3pp

Chart 18: Mortgage Growth Barely Positive, Consumer Debt Increases

(Percentage change in nominal values)



Outstanding Consumer Debt: 2014:3

Student loans	40%	Vehicle loans	29%
Credit cards	26%	Other	5%

Total = 100%

No Recovery in Mortgage Debt

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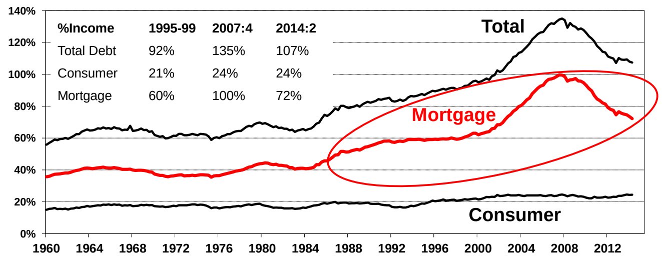
Chart 19: Mortgage Debt Still High

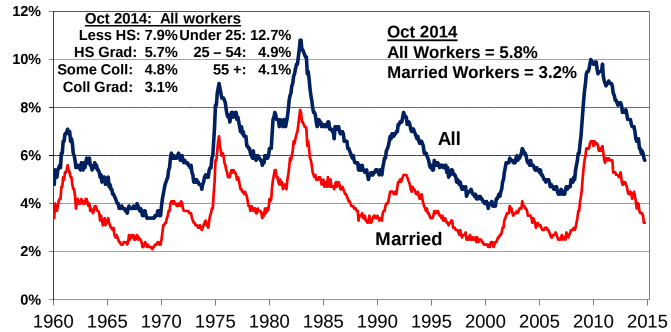
(Debt as a Percentage of Personal Disposable Income)



Mortgage Charge offs:
2014:2 = 0.27%
Peak: 2009:4 = 2.85%
Avg. 1991-2007 = 0.15%

Mortgage Delinquencies:
2014:2 = 7.39%
Peak: 2010:1 = 11.27%
Avg. 1991-2007 = 2.24%

Chart 20: Persistent Gaps in Unemployment Rates Among Young and Less Educated



Decade Averages:

1950s = 4.5% 1960s = 4.8% 1970s = 6.2% 1980s = 7.3% 1990s = 5.8% 2000s = 5.5%

Chart 21: Unemployment Is Equal to the Ratio of Employment to Labor Force Participation Rates

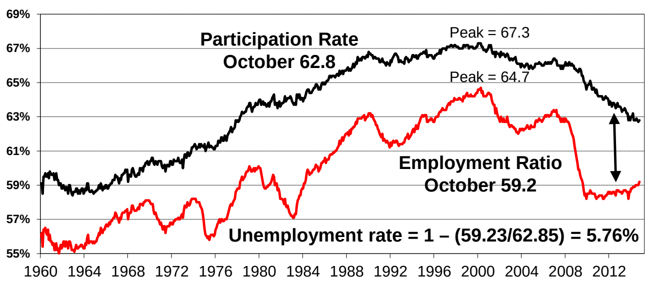
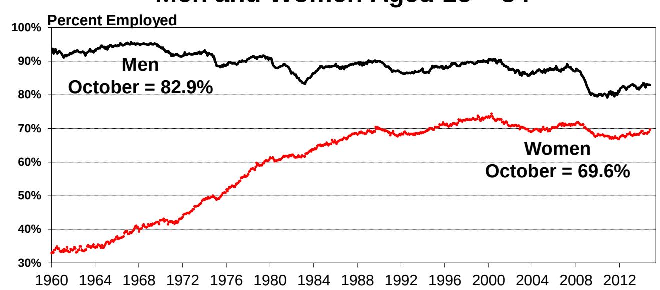
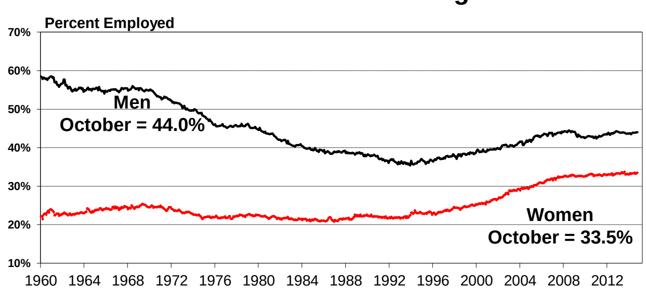


Chart 22: Diminished Employment of Men and Women Aged 25 – 34



Under age 25 (October)
Men = 49.7% Women = 47.8%
Pct Pt Change from 2000 Peak
Men = -13.0 Woman = -10.4

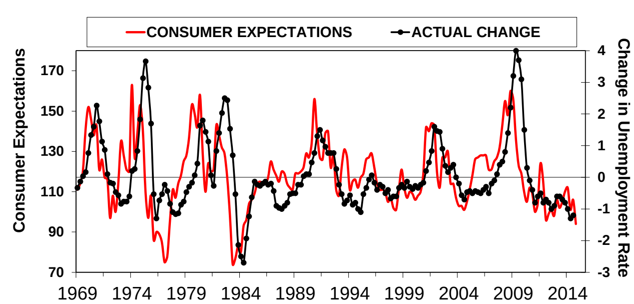
Chart 23: Rising Employment of Men and Women Over Age 55



Employment Ratios (10-year ppt. change)

Age	Men	Women
65 – 69:	34.9 (+2.4)	25.4 (+3.8)
70 – 74:	22.0 (+2.7)	15.5 (+3.0)
75 +:	10.9 (+1.4)	5.7 (+1.5)

Chart 24: Consumers Expect Small Declines in Unemployment Rate During Year Ahead



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