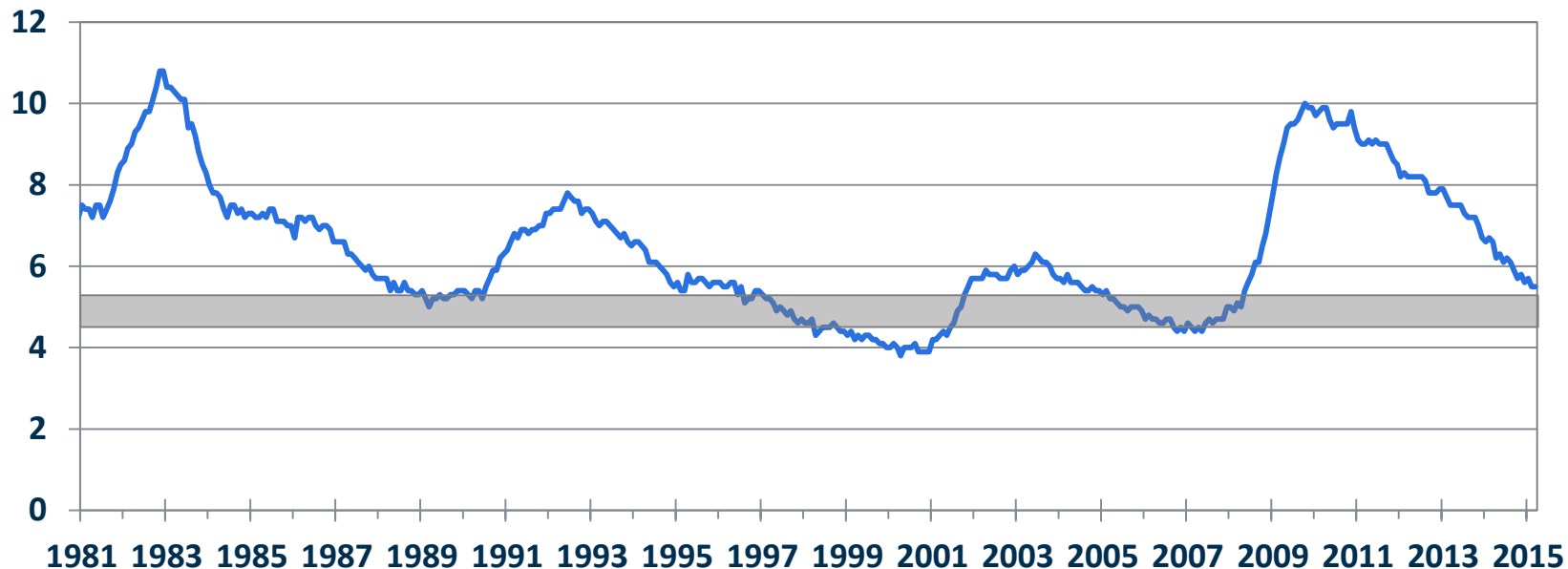




Unemployment approaching Fed-set NAIURU

Civilian unemployment rate, NAIURU=Non-Accelerating Inflation Rate of Unemployment

Percent



#MIGlobal

Sources: Bureau of Labor Statistics, IHS Global Insight.

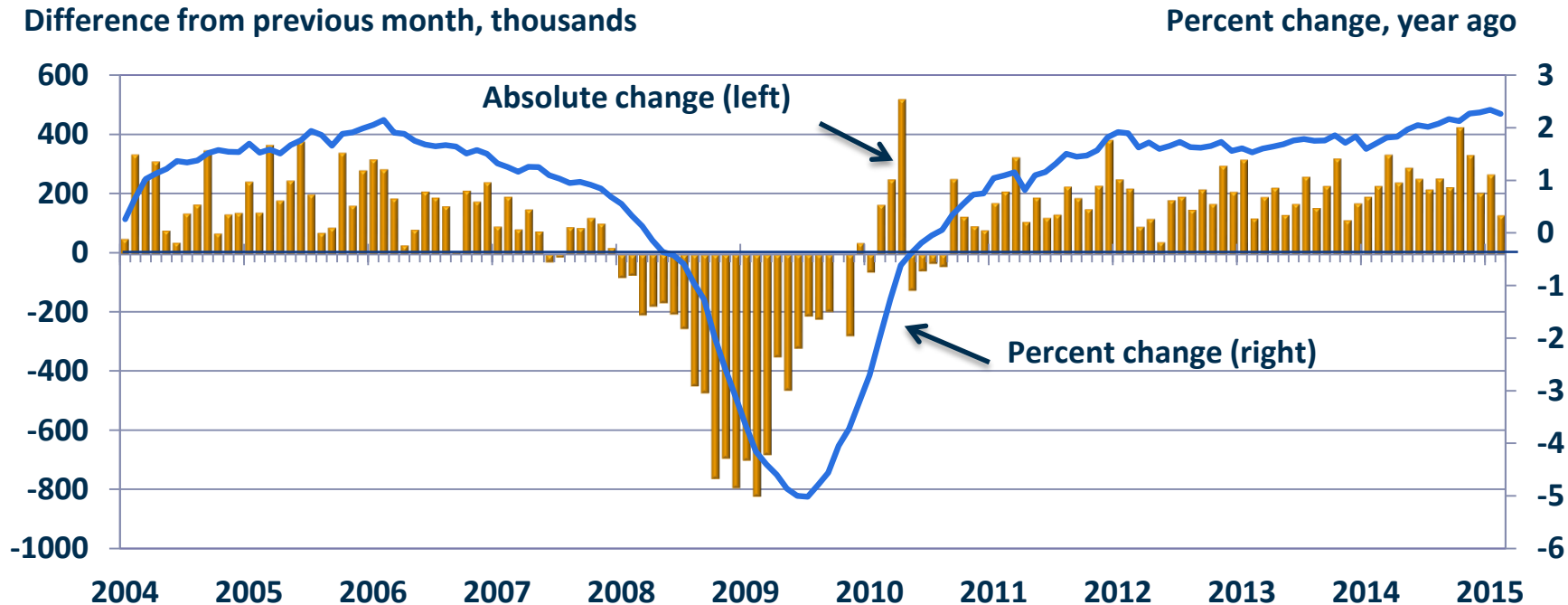


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Labor market gaining momentum

Nonfarm employment, United States



#MIGlobal

Sources: Bureau of Labor Statistics, IHS Global Insight.

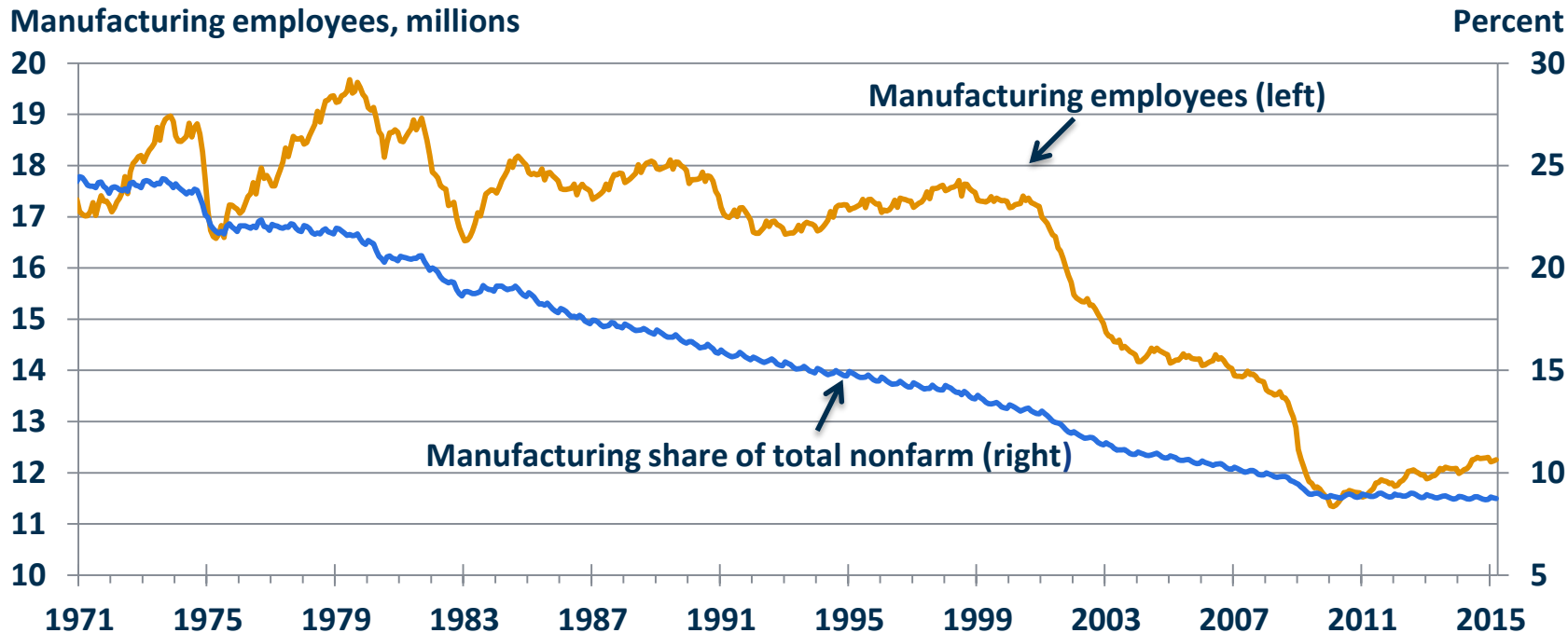


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Manufacturing jobs starting to grow again, but slowly

Manufacturing employment, United States



#MIGlobal

Sources: Bureau of Labor Statistics, IHS Global Insight.



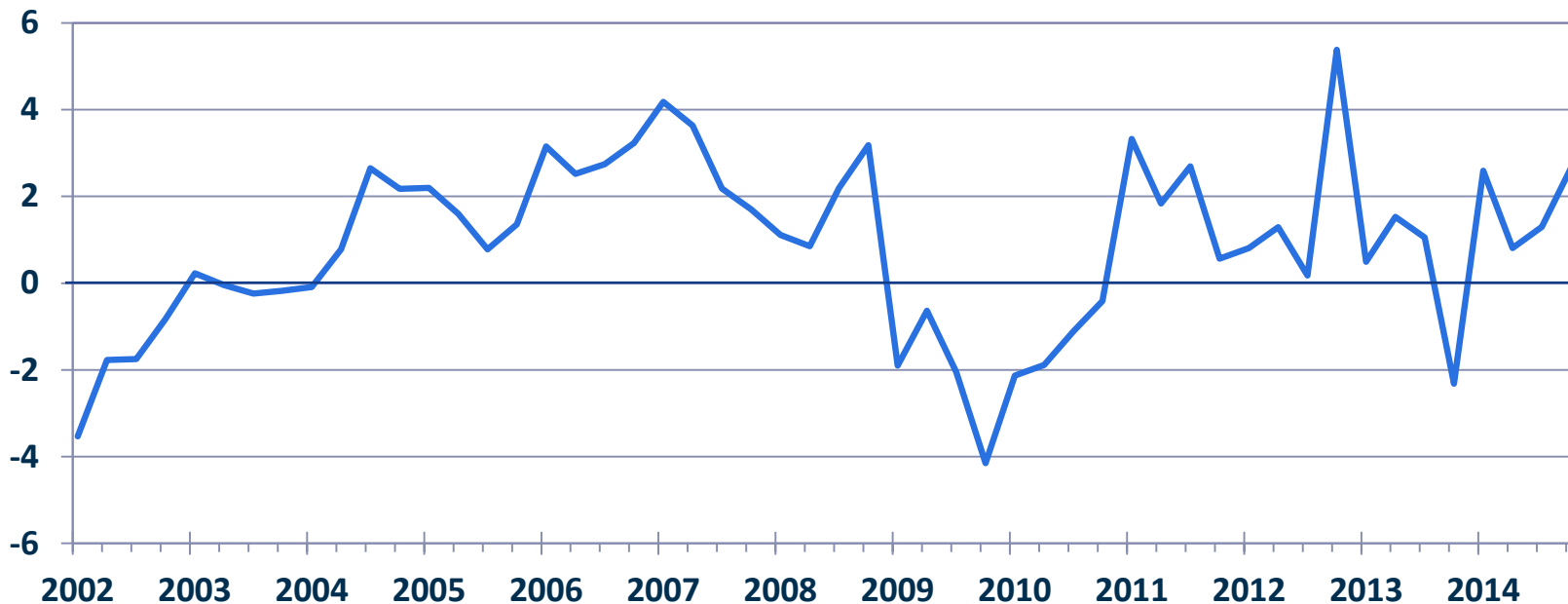
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Unit labor costs rising as productivity growth slows

United States

Percent change, year ago



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Sources: Bureau of Labor Statistics, IHS Global Insight.



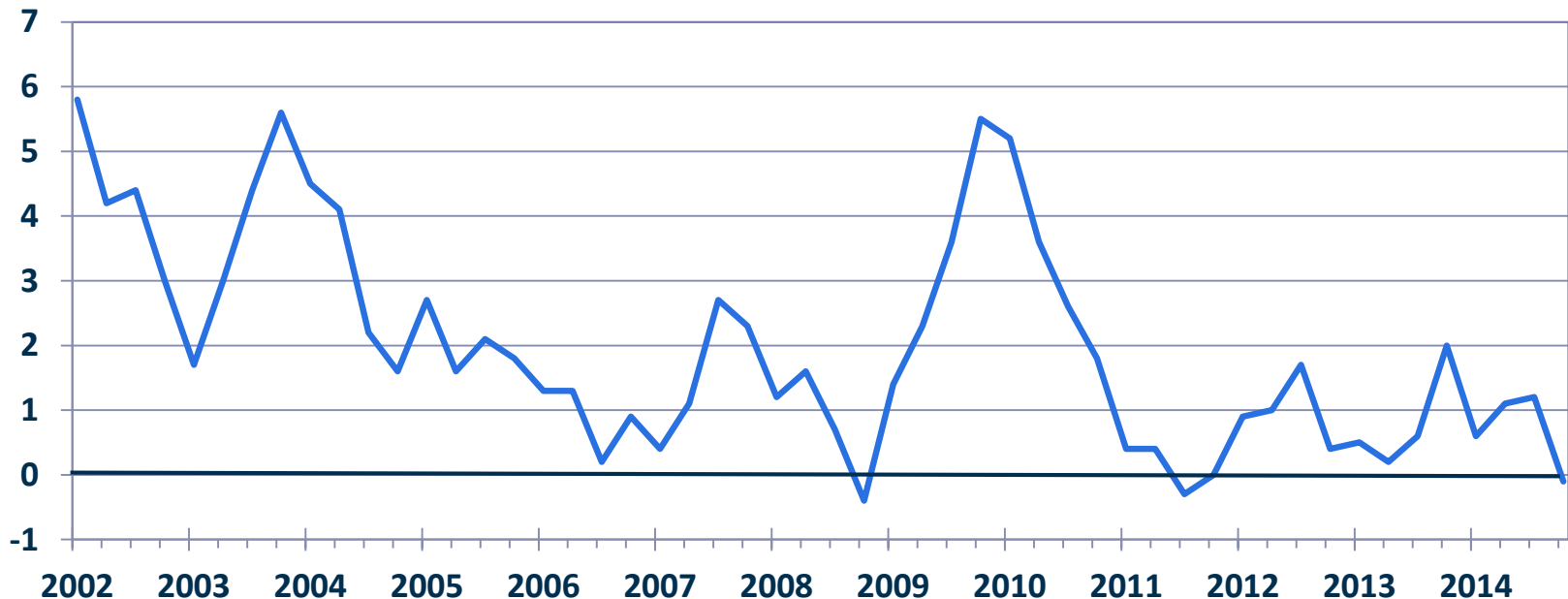
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Productivity growth slows

Output per hour among nonfarm businesses, United States

Percent change, year ago



#MIGlobal

Sources: Bureau of Labor Statistics, IHS Global Insight.

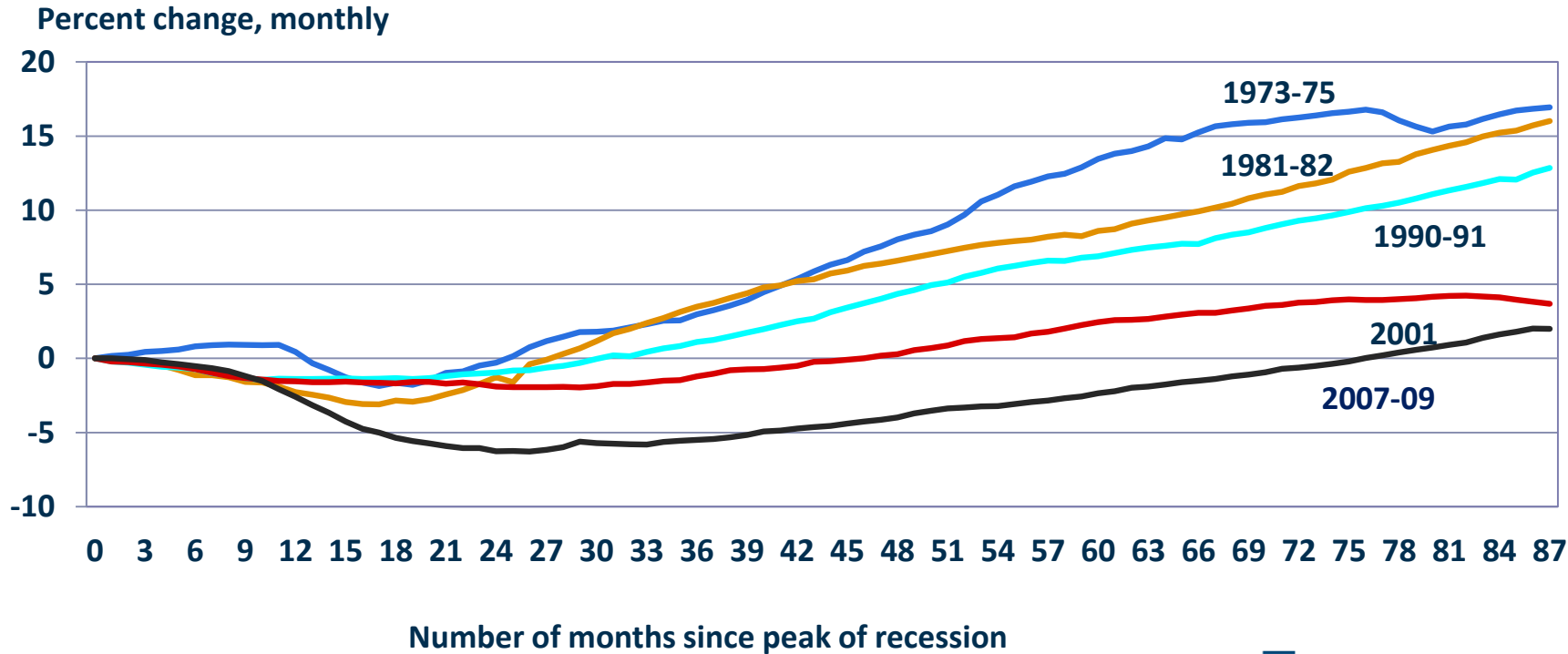


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Weak U.S. jobs recovery compared with previous recoveries

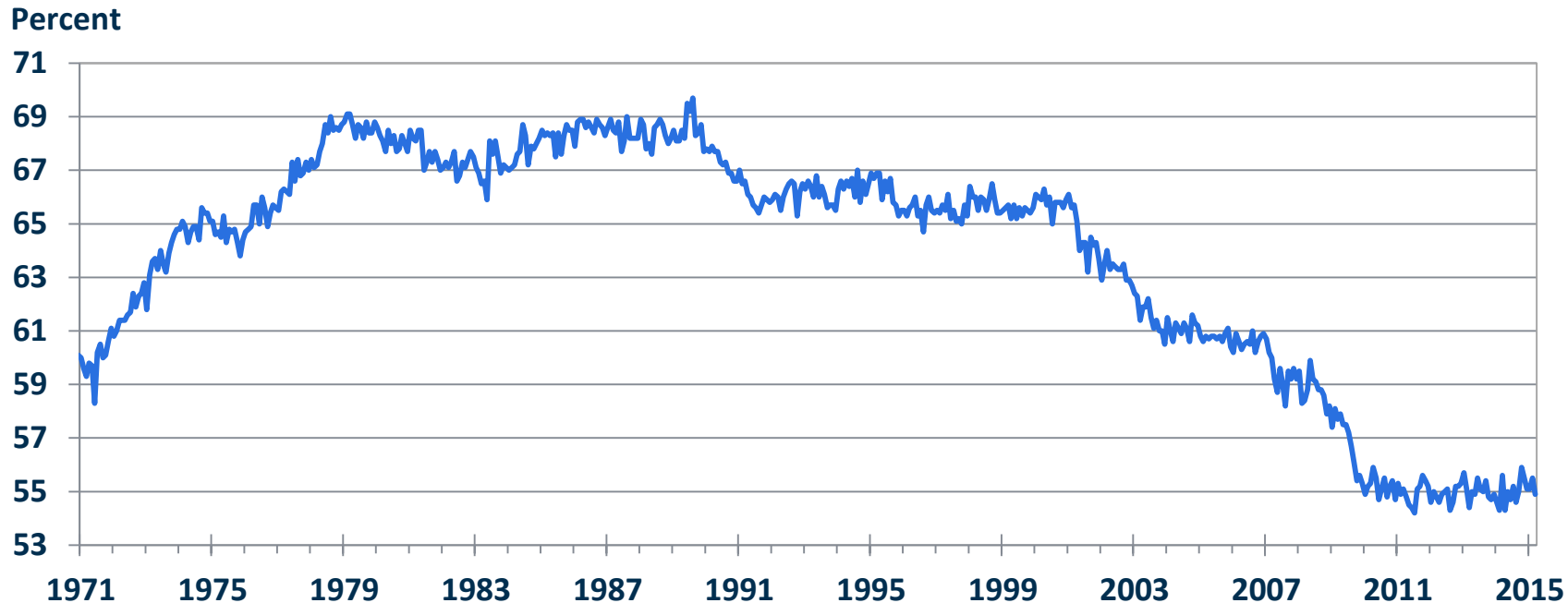
Change in total nonfarm employment from the start of recession





Youth labor force participation still at historic lows

16-24 year olds



#MIGlobal

Sources: Bureau of Labor Statistics, IHS Global Insight.



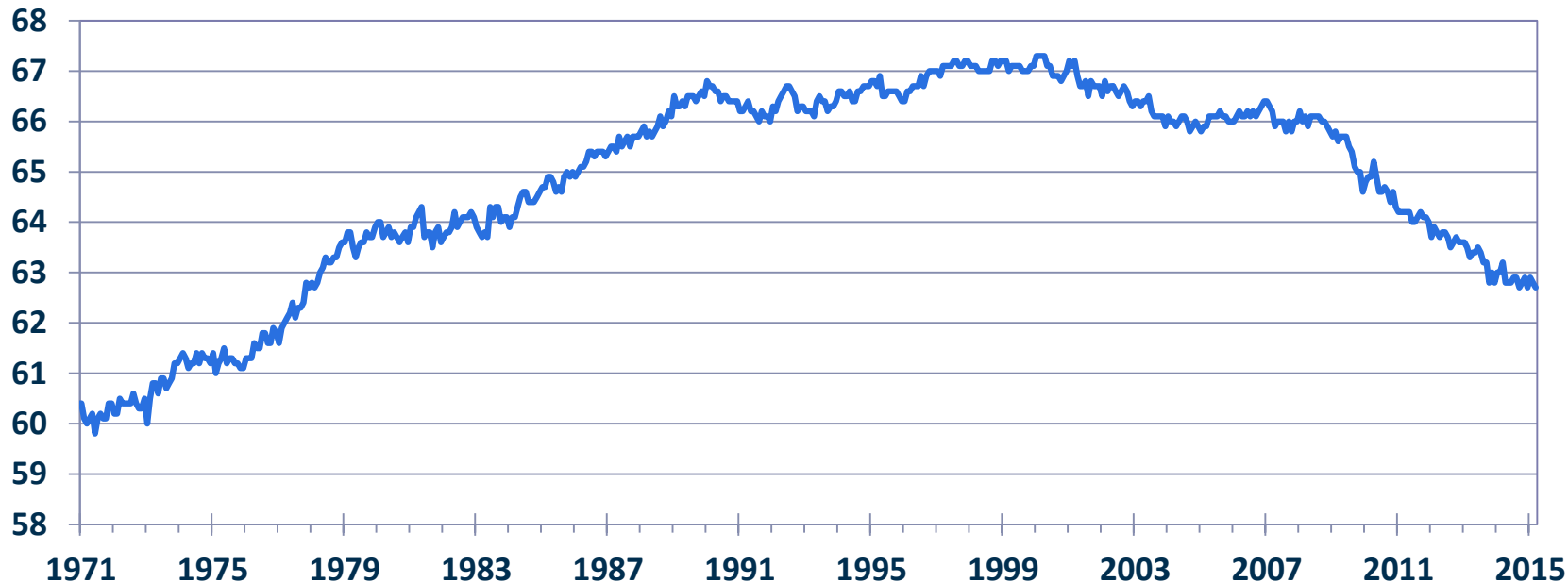
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Labor force participation rate lowest since 1979

United States

Percent



#MIGlobal

Source: Bureau of Labor Statistics.



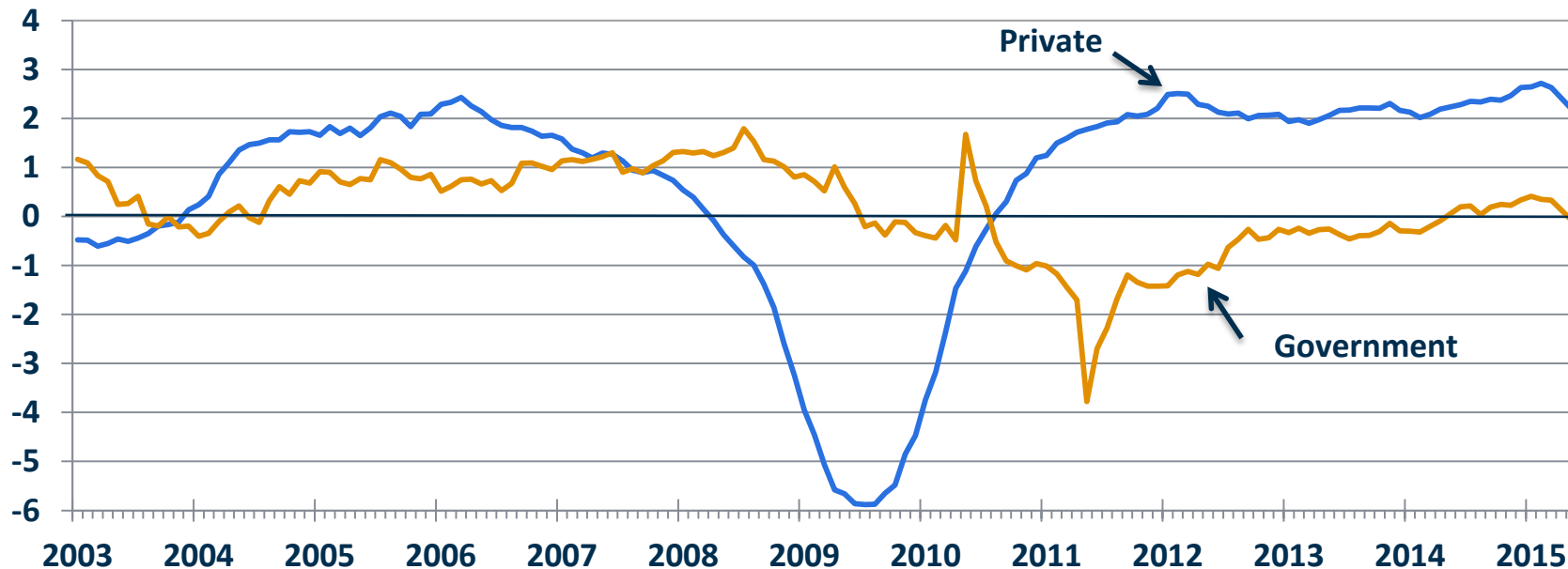
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Private employment grows but government employment stagnant

U.S. employment

Percent change, year ago



#MIGlobal

Source: Bureau of Labor Statistics, IHS Global Insight.

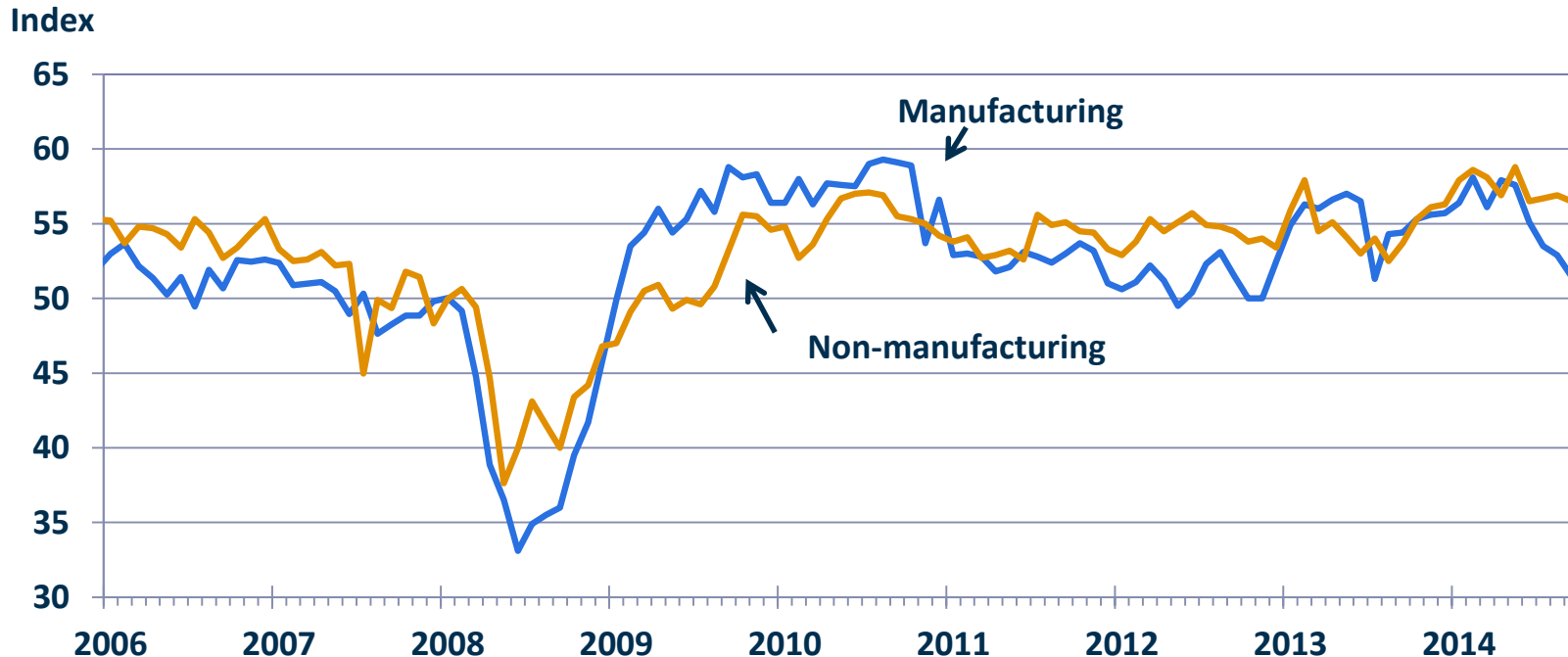


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Purchasing managers index indicates continued growth

U.S. ISM diffusion indices



#MIGlobal

Sources: Institute for Supply Management, Moody's Analytics.



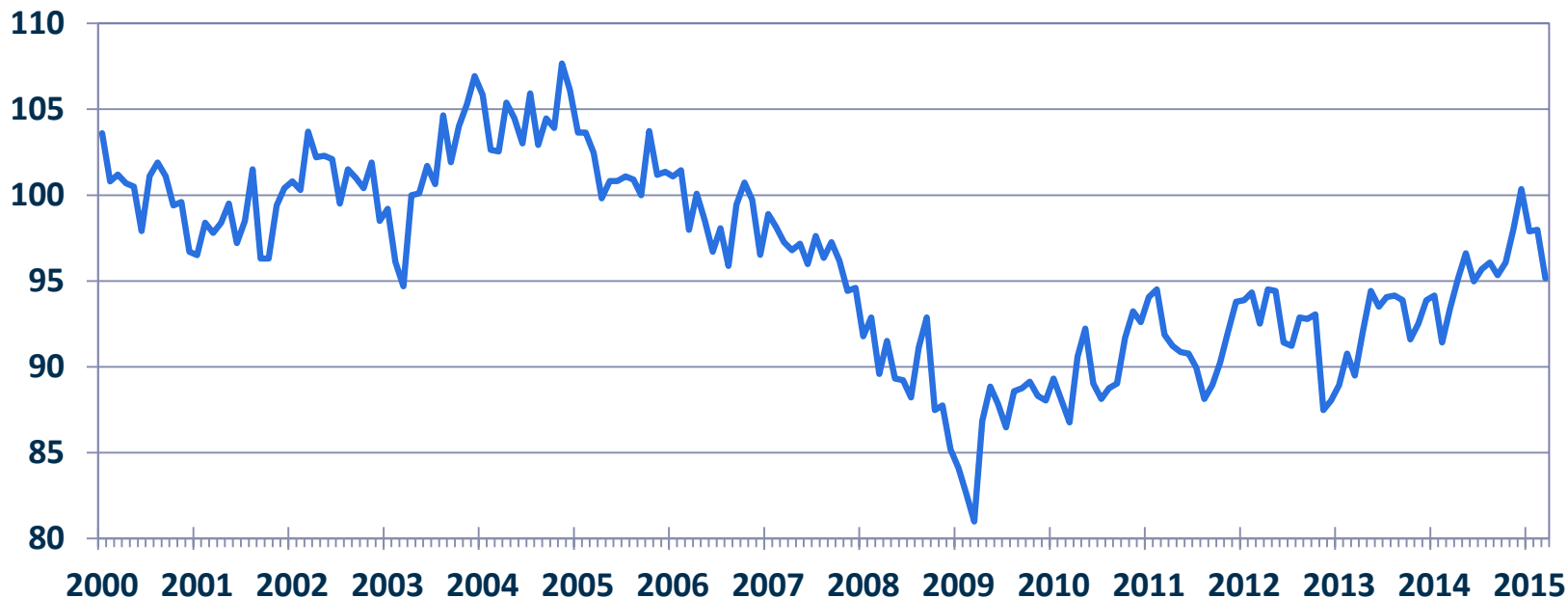
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U.S. small business mood improves

Small business optimism Index

Index

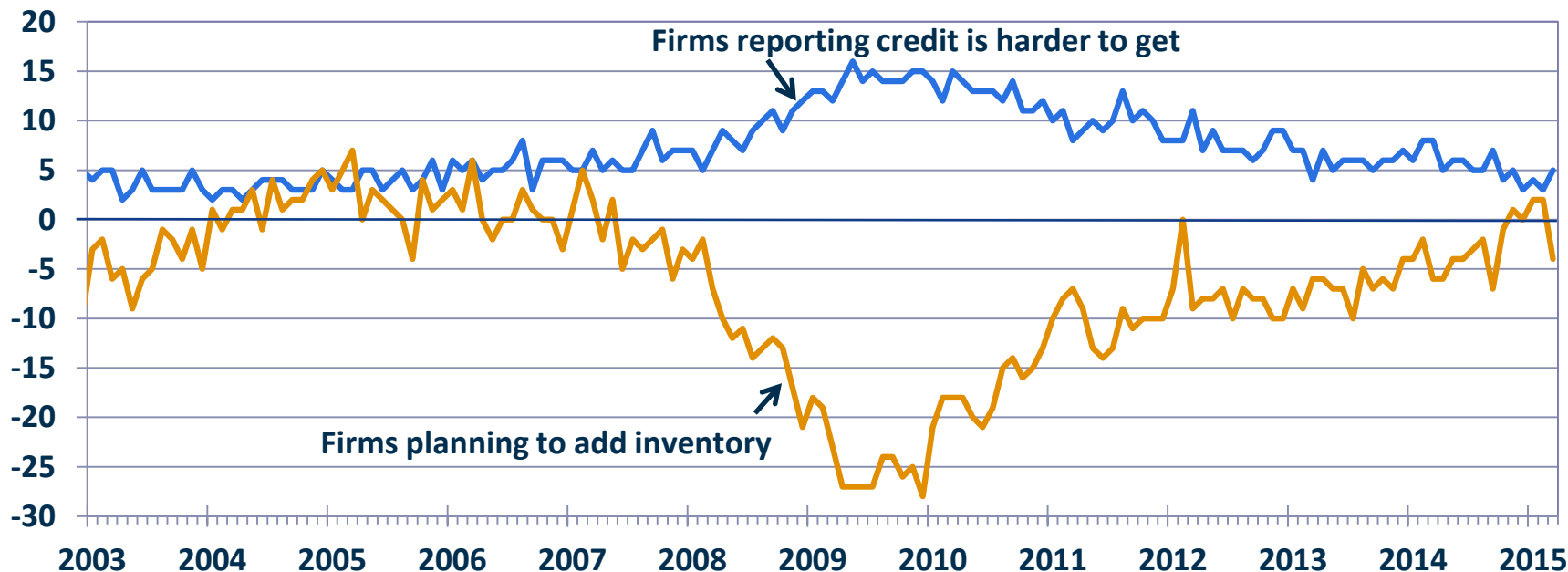


Sources: National Federation of Independent Business, IHS Global Insight.



U.S. small businesses find less difficulty in accessing credit

Net percent



#MIGlobal

Sources: National Federation of Independent Business, IHS Global Insight.

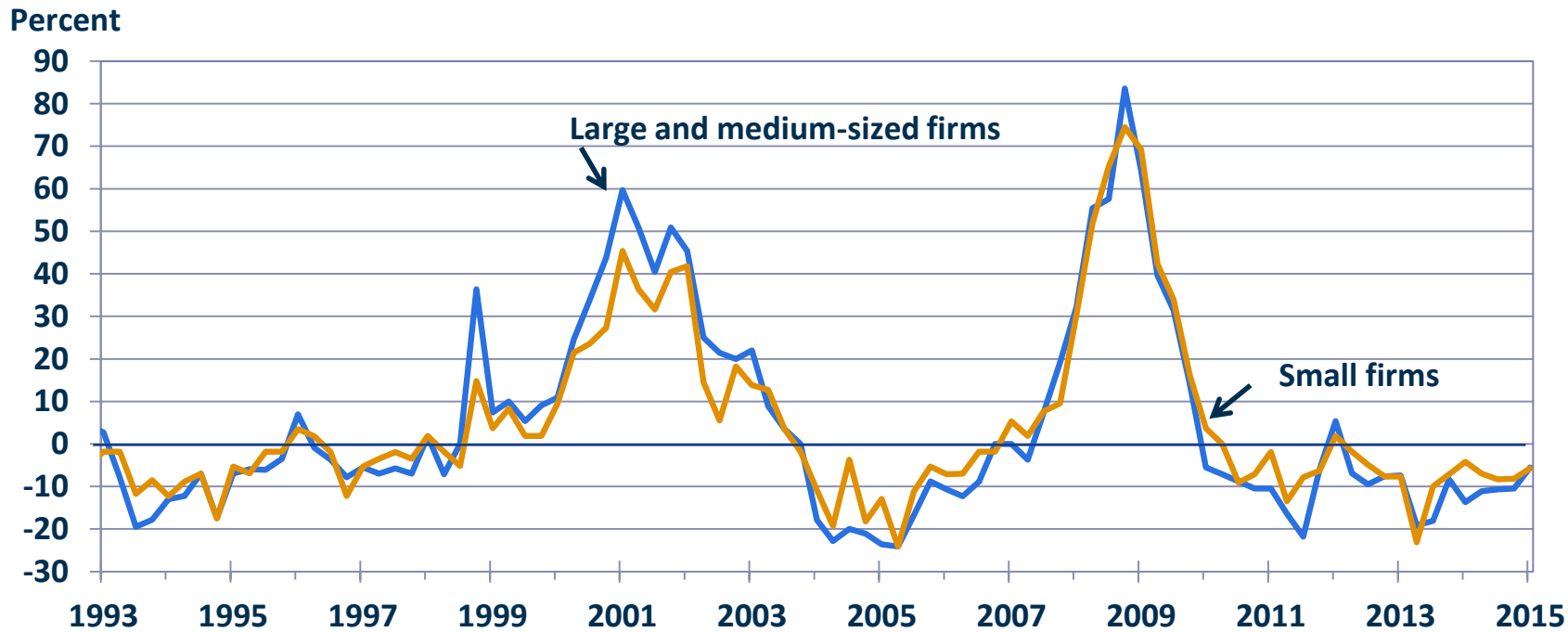


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Domestic banks tighten standards, commercial and industrial

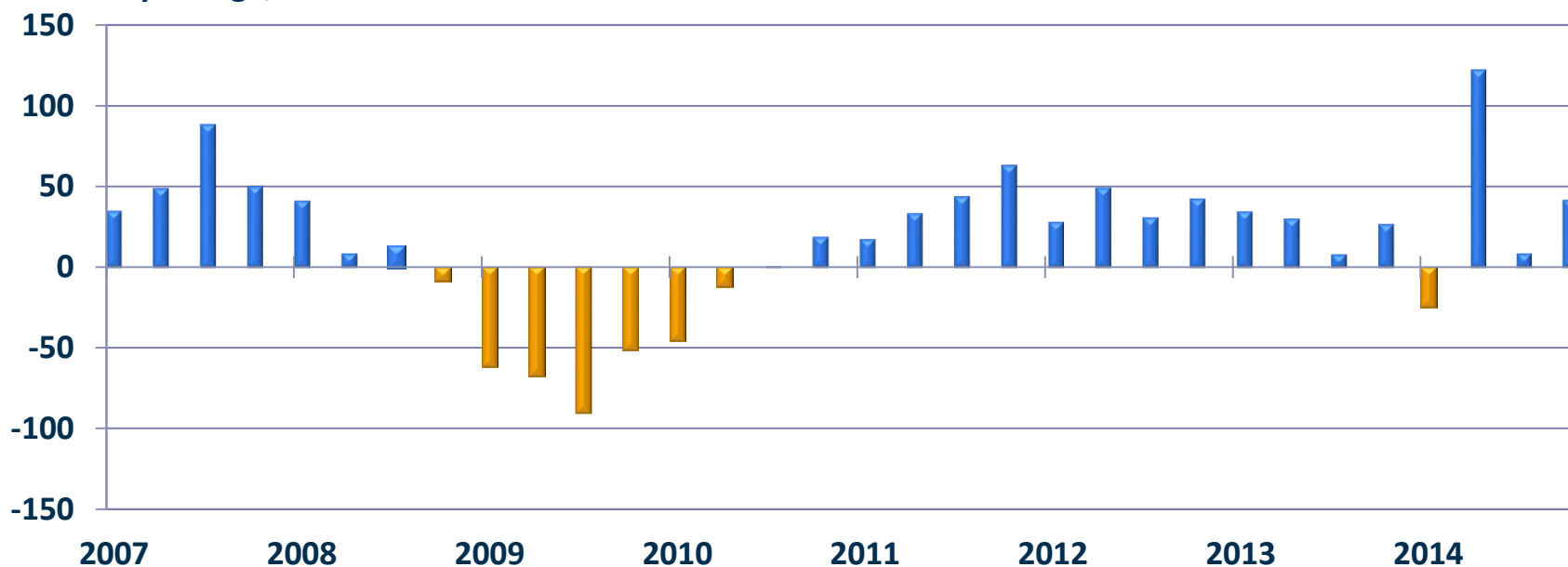
Net percent of bank respondents





U.S. commercial and industrial lending

Quarterly change, US\$ billions

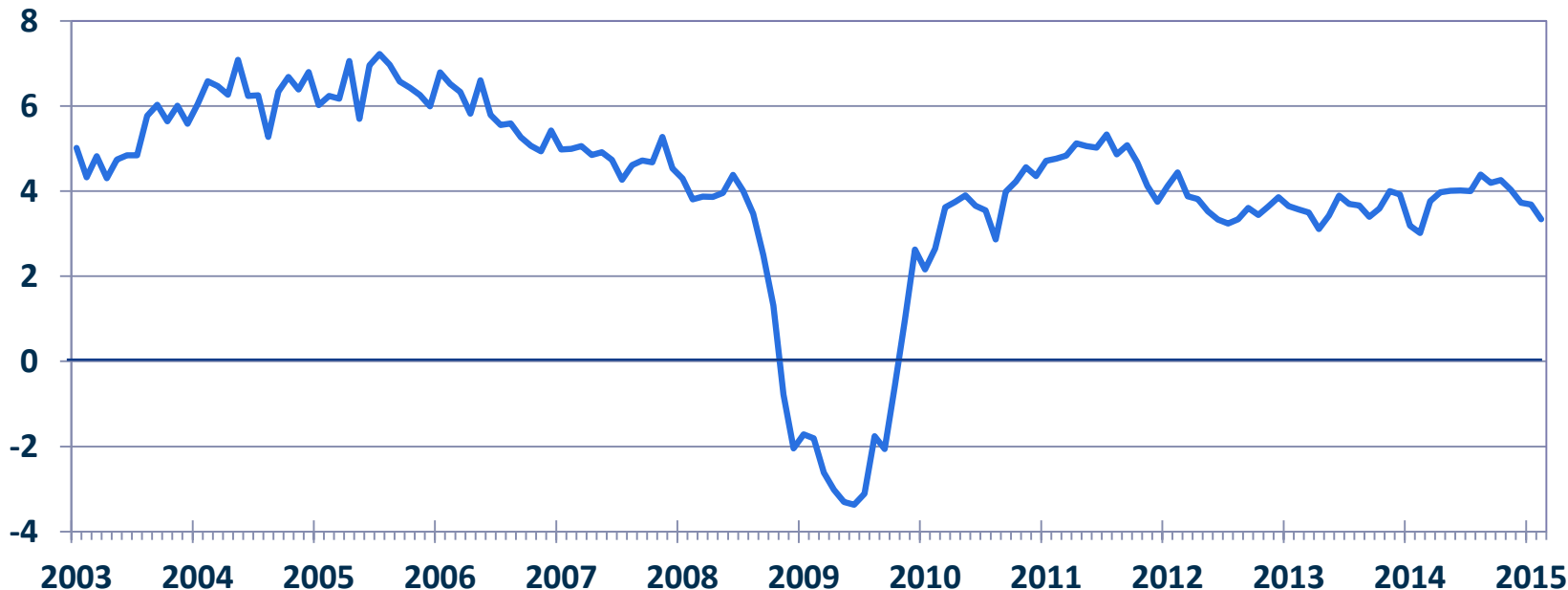




Consumer spending fluctuating around 4% growth

Personal consumption expenditures

Percent change, year ago



#MIGlobal

Sources: Bureau of Economic Analysis, IHS Global Insight.



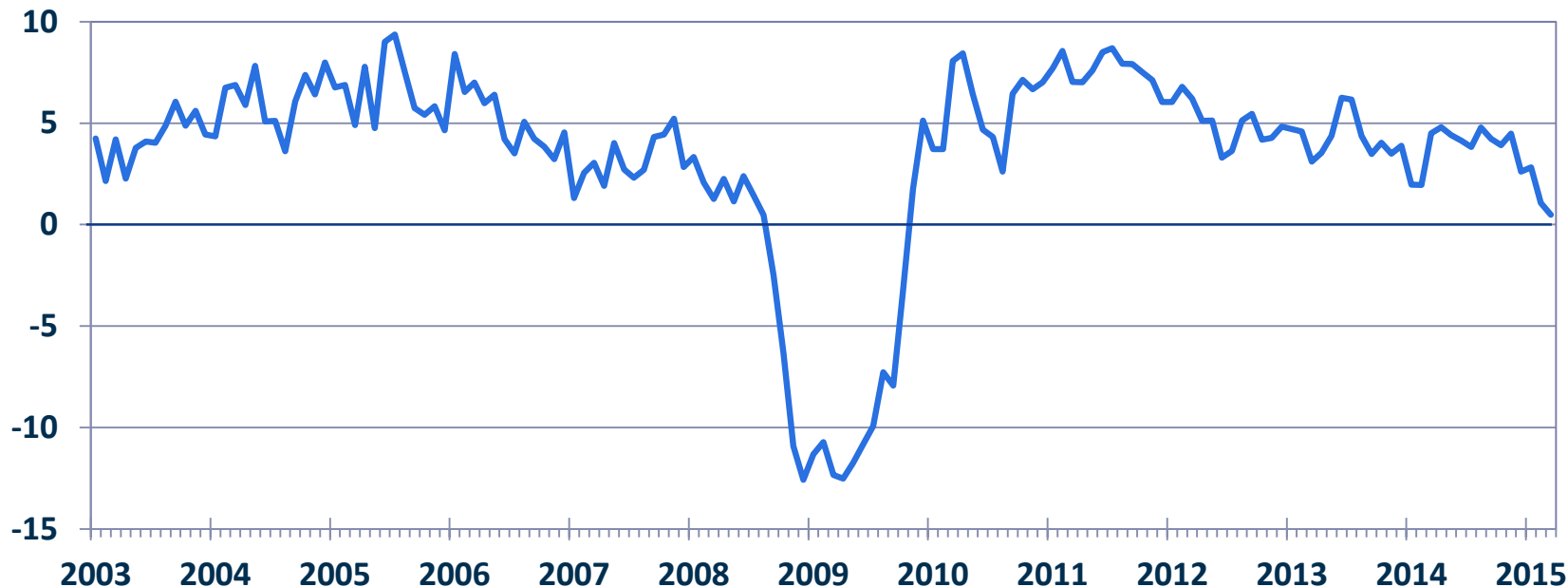
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Declining gasoline prices and severe winter curtail retail sales

Total retail sales

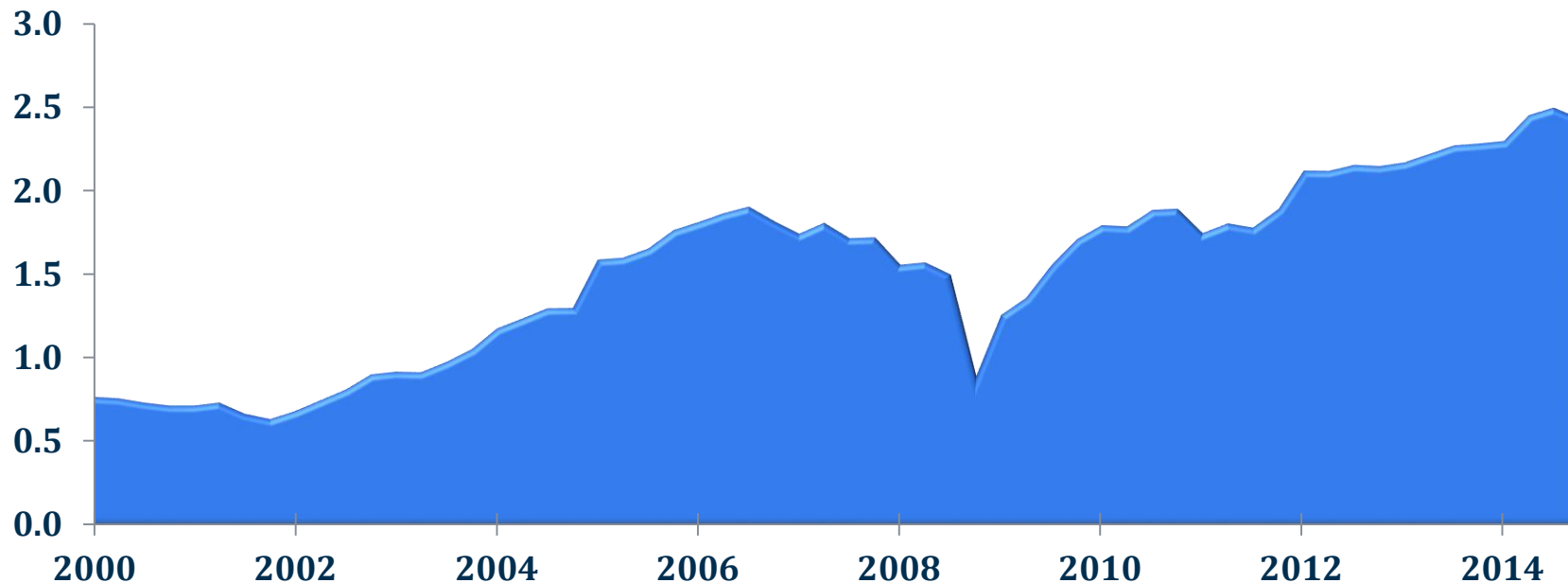
Percent change, year ago





U.S. corporate profits

US\$ trillions



Source: BEA, Bloomberg.

Note: U.S. corporate profits without IVA and CCA profits before tax, seasonally.



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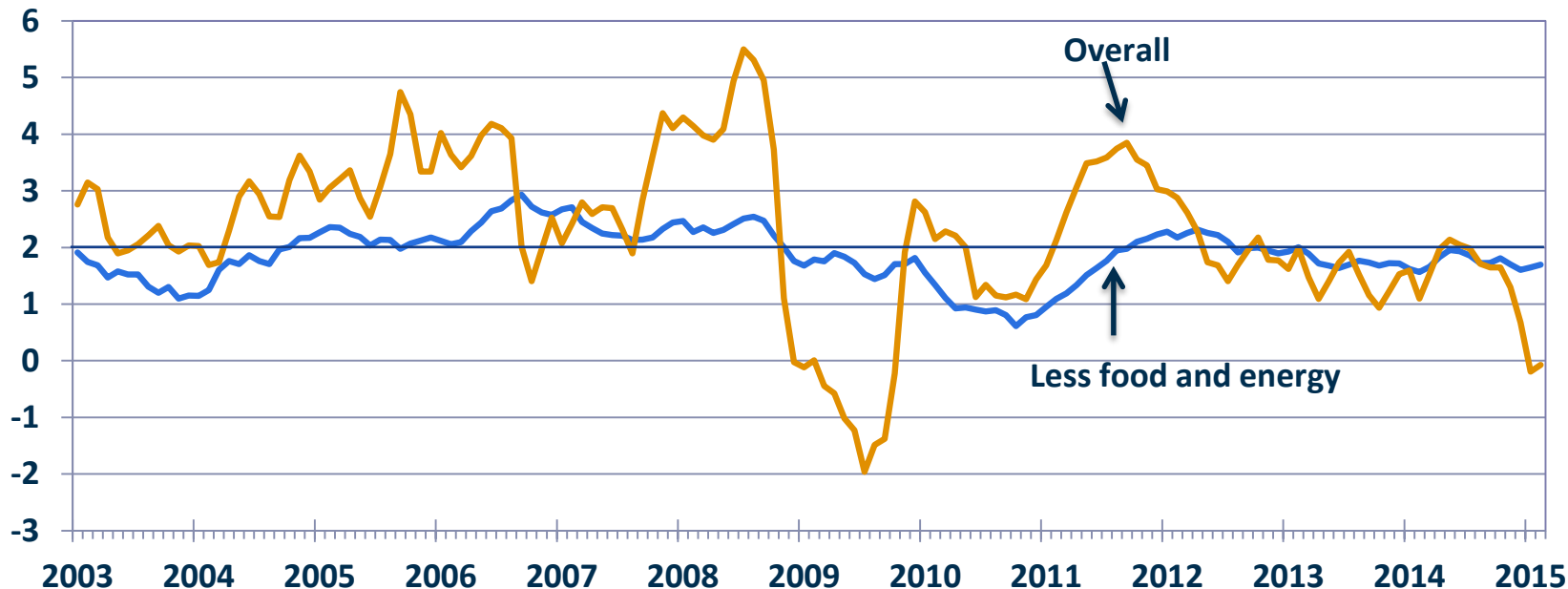
#MIGlobal



Headline CPI inflation a non-issue, for now

Overall vs. core

Percent change, year ago



#MIGlobal

Source: FRED.



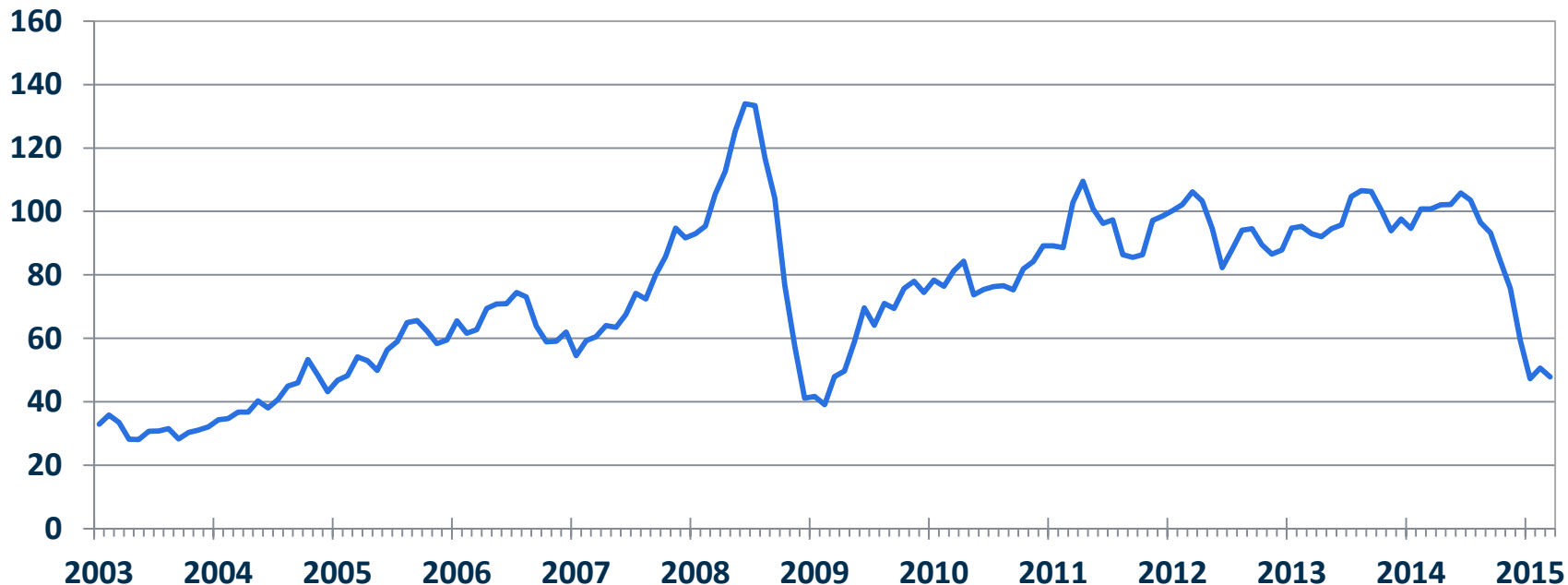
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Oil prices plummet to recession lows

West Texas intermediate

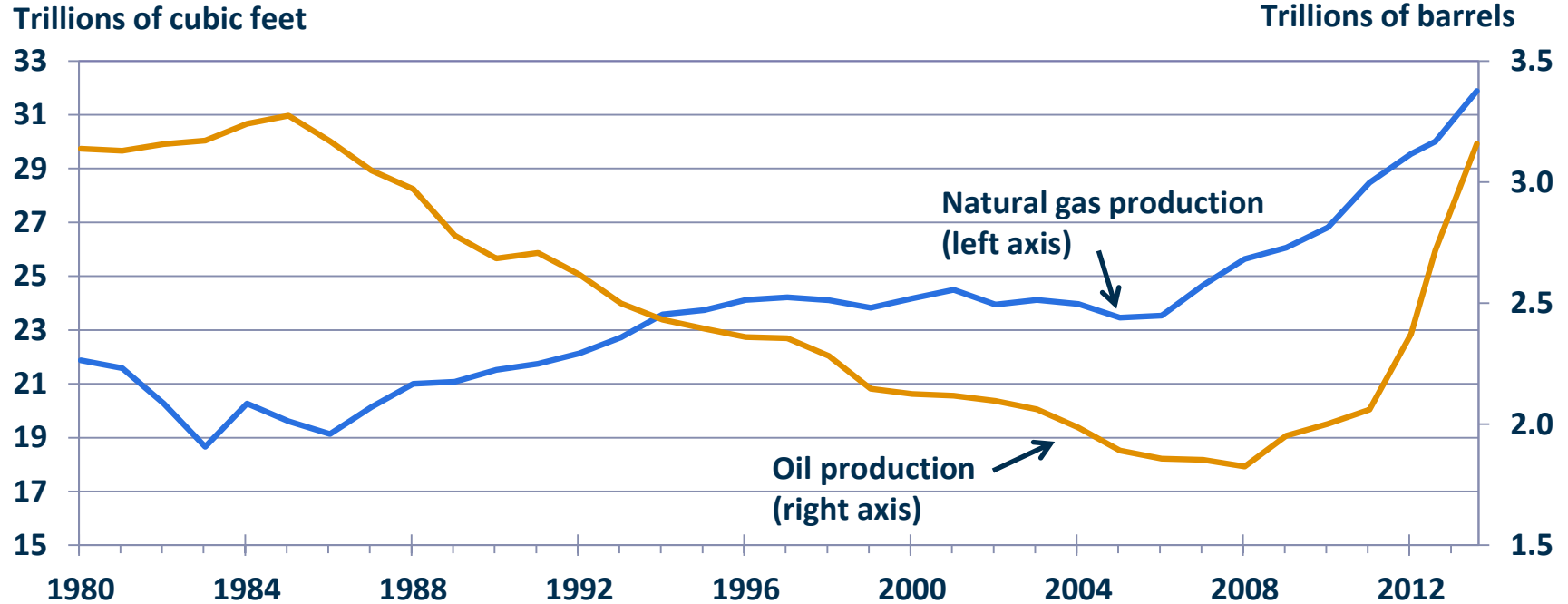
US\$ per barrel





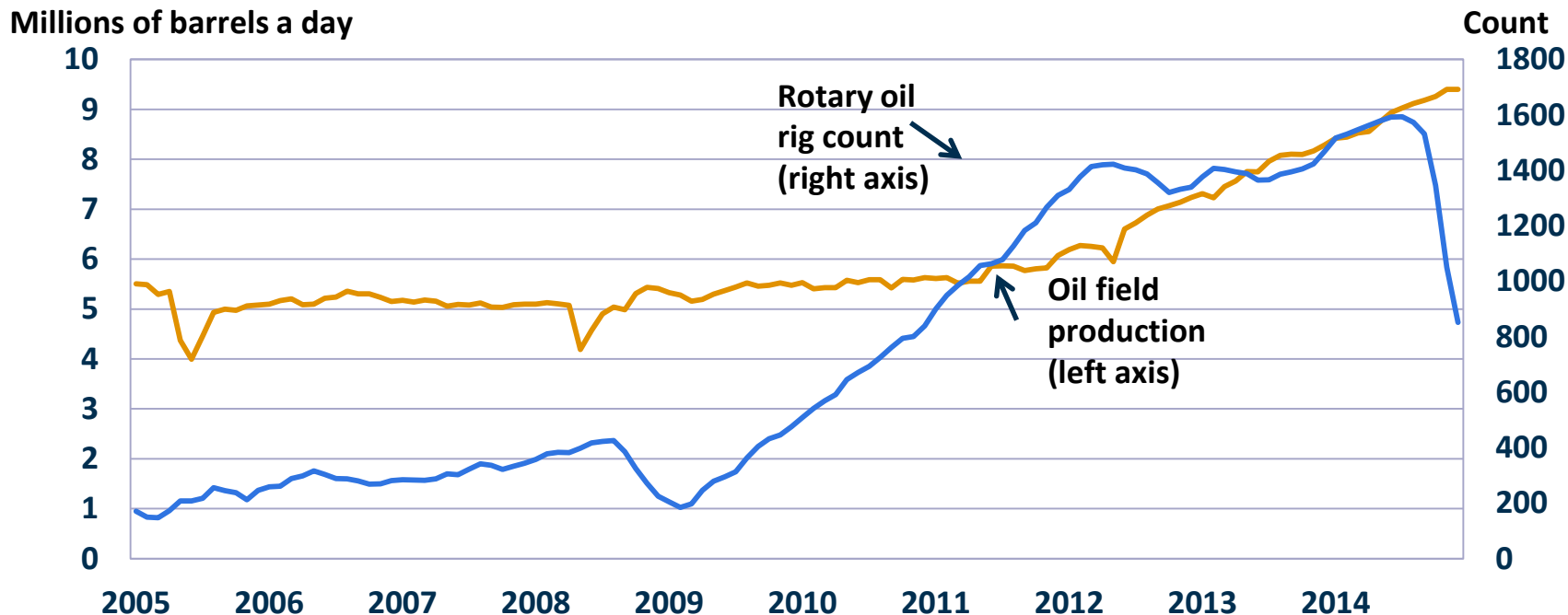
Extraction of natural gas and crude oil from shale drives growth in production

United States, annual





Oil rig count falls but U.S. production increases





Value of the U.S. dollar

Trade-weighted value of U.S. dollar against major currencies



#MIGlobal

Source: Thomson Datastream.

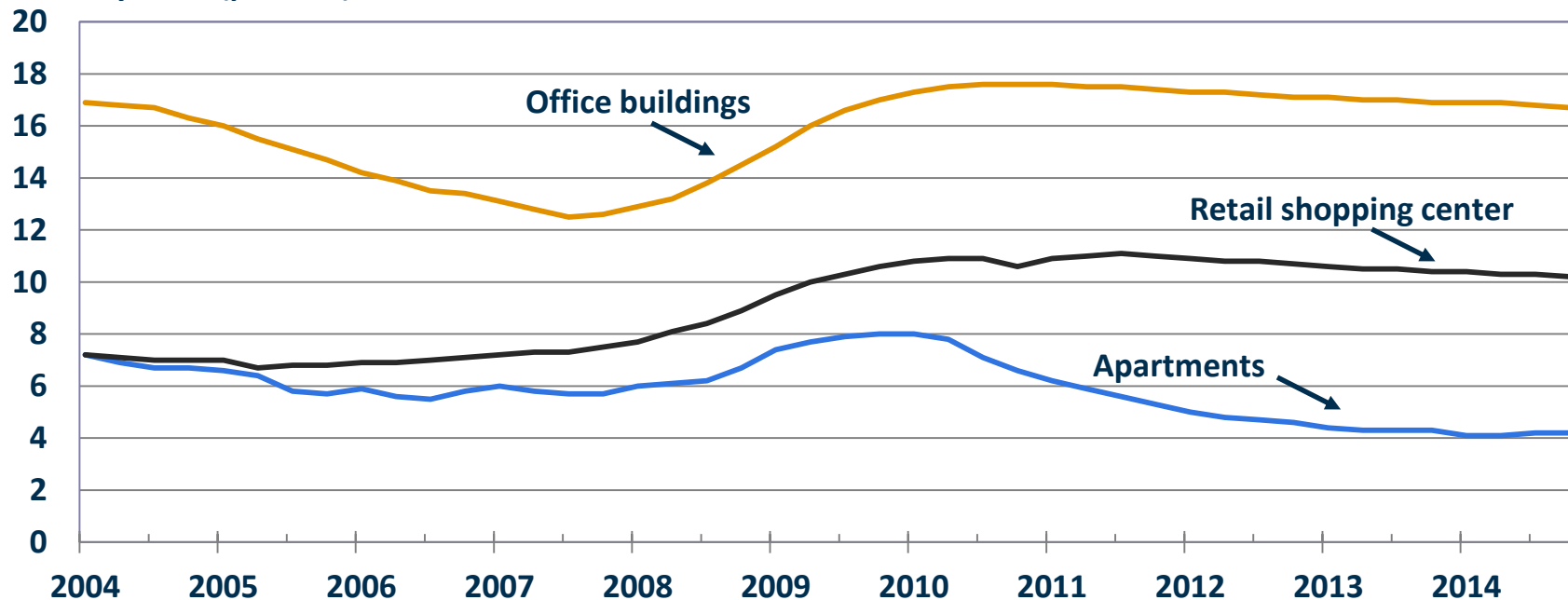


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Vacancy rates still low for apartments in U.S.

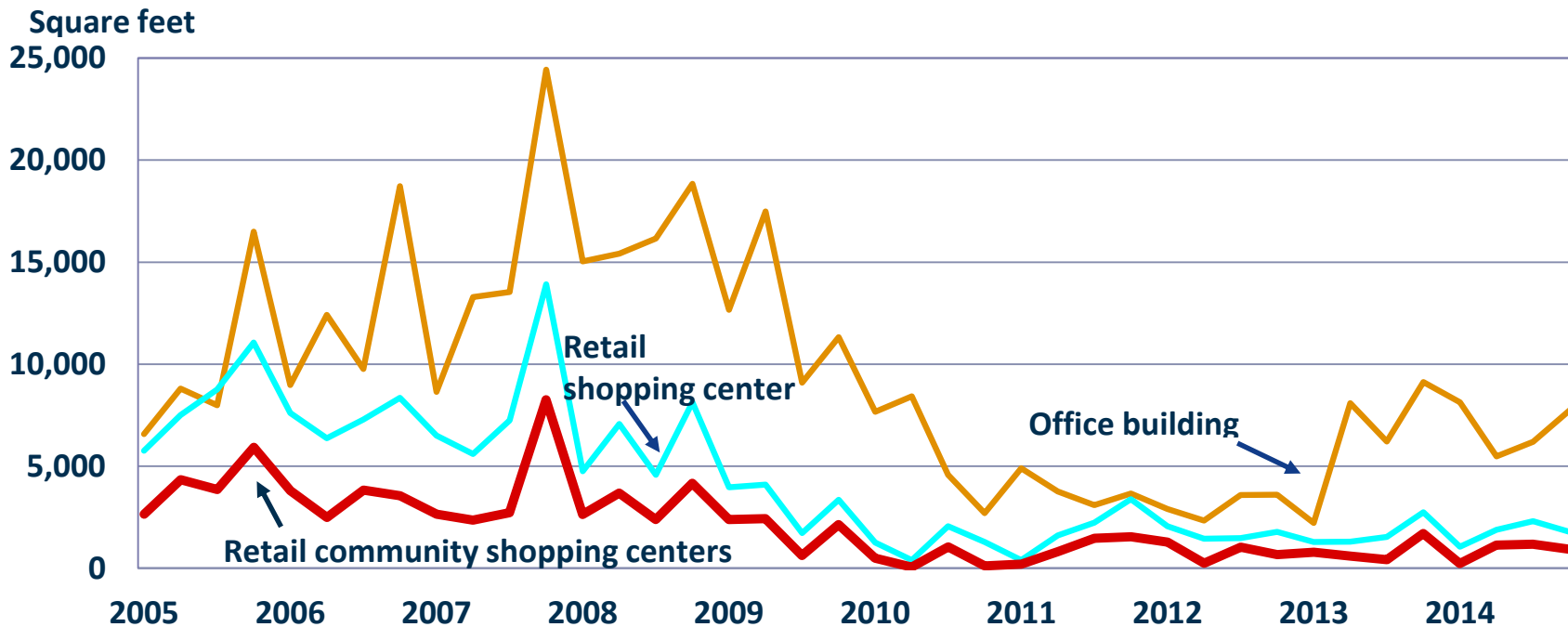
Vacancy rates (percent)





Office construction increasing

Construction completions



#MIGlobal

Source: REIS.



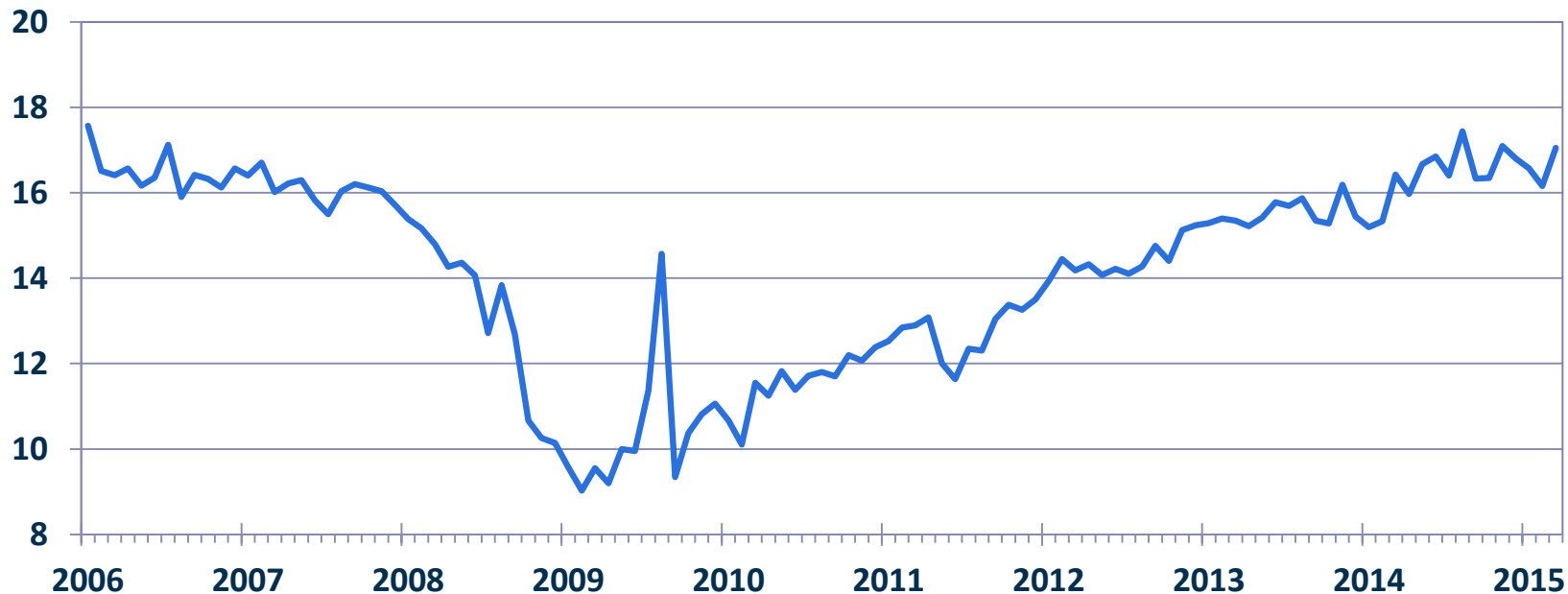
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Auto sales are bright spot

Light-vehicle sales

Millions, SAAR



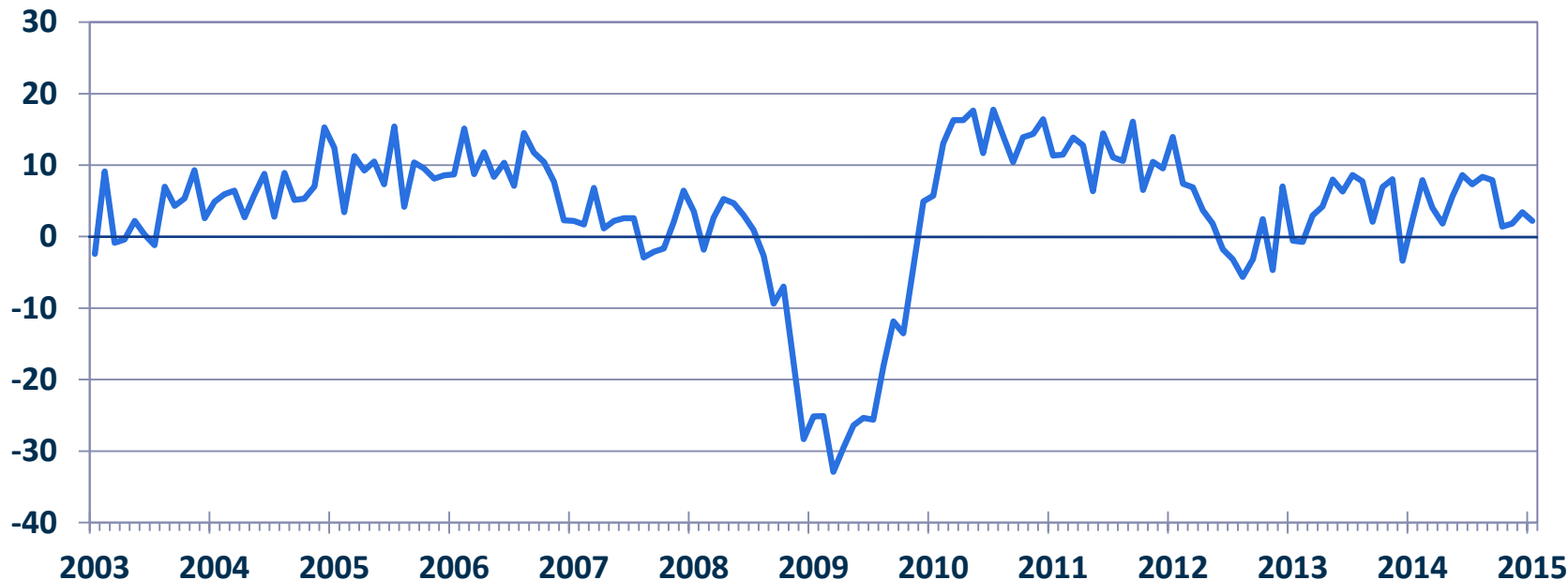
Sources: Bureau of Economic Analysis, IHS Global Insight.



Some strength in nondefense capital goods, but will it last?

Value of U.S. manufacturing new orders (excluding aircraft)

Percent change, year ago

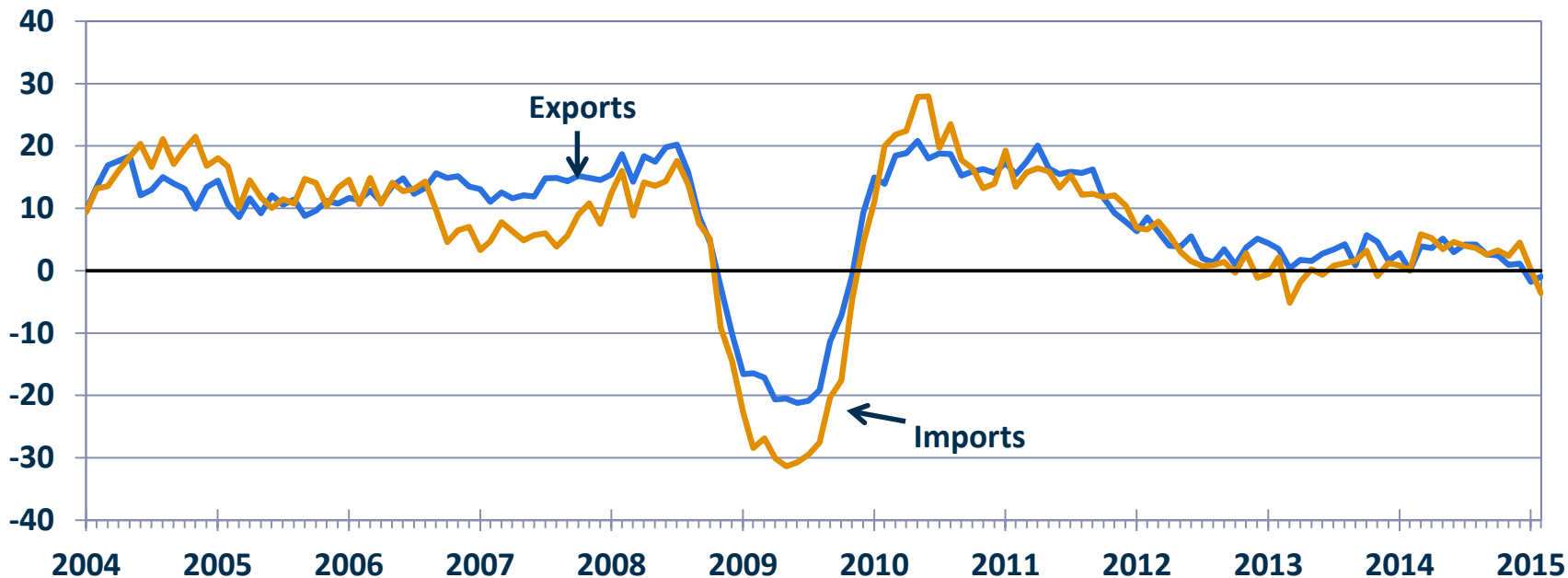




Imports outpacing exports as dollar appreciates

U.S. international goods and services trade

Percent change year-over-year



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Sources: Bureau of Economic Analysis, IHS Global Insight.



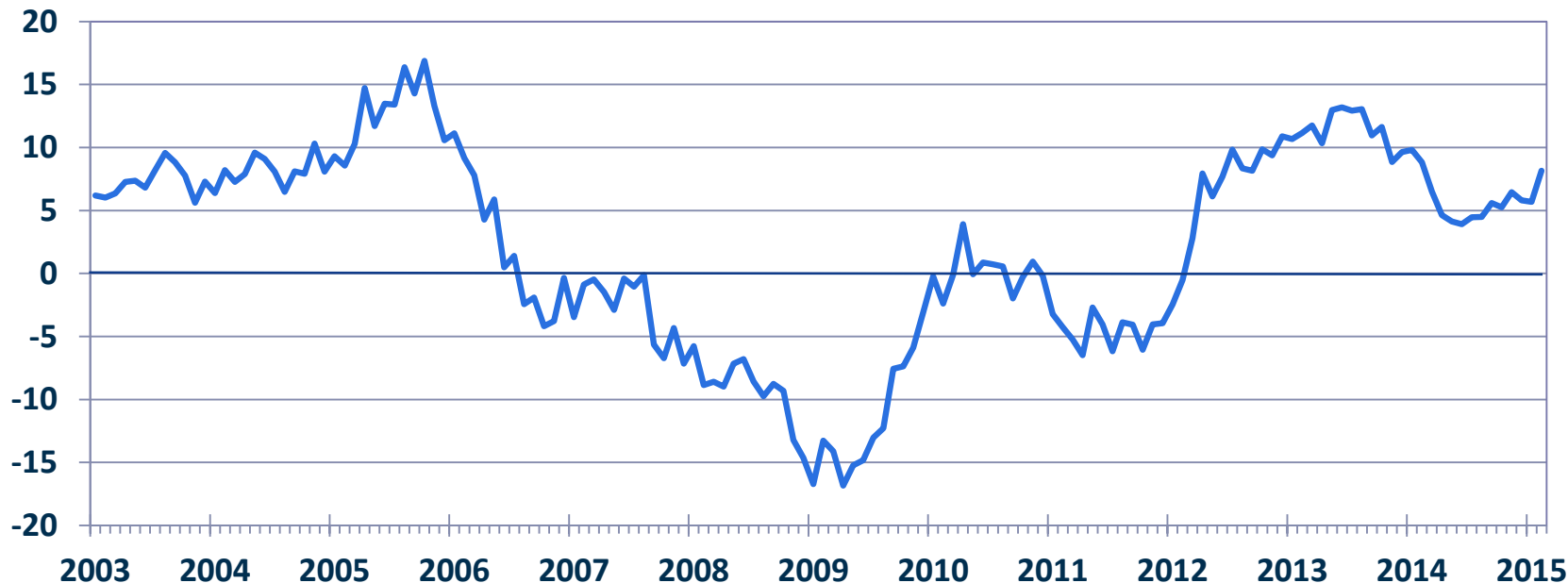
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Housing values appreciate at slower rate

Median price of existing home sales, single family

Percent change, year ago



#MIGlobal

Sources: National Association of Realtors, IHS Global Insight.



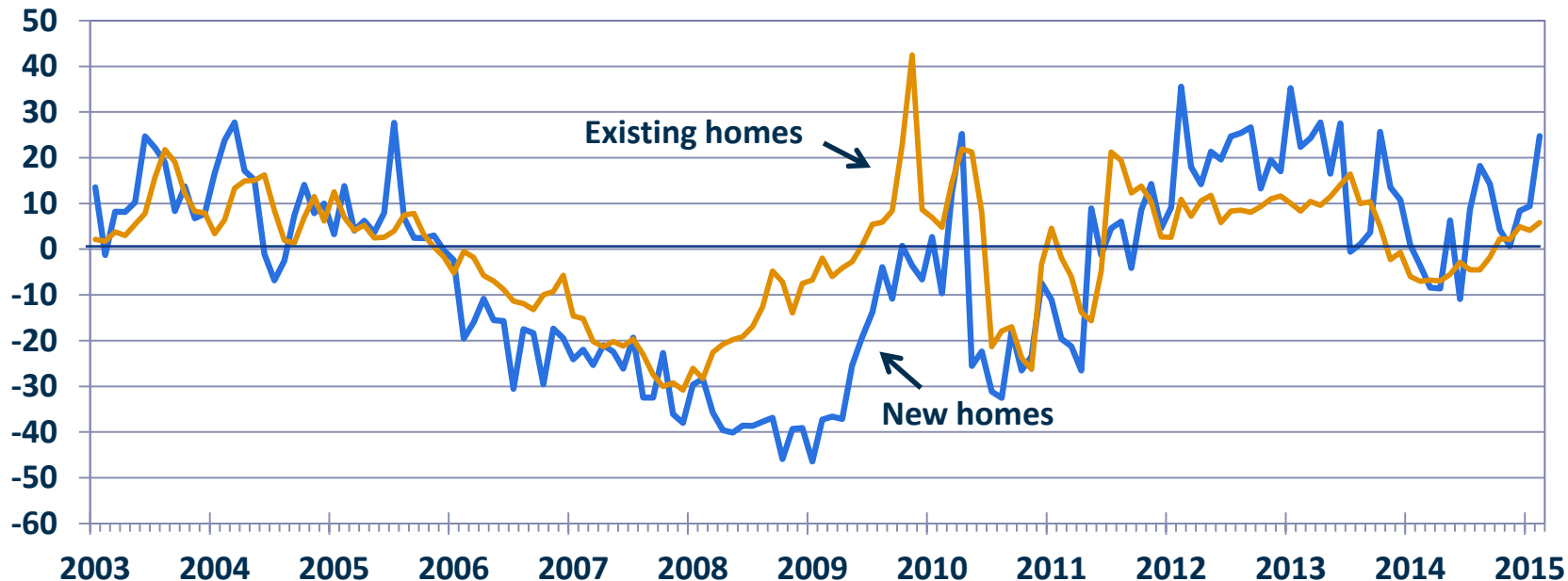
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U.S. home sales show modest gains

Single-family home sales

Percent change, year ago

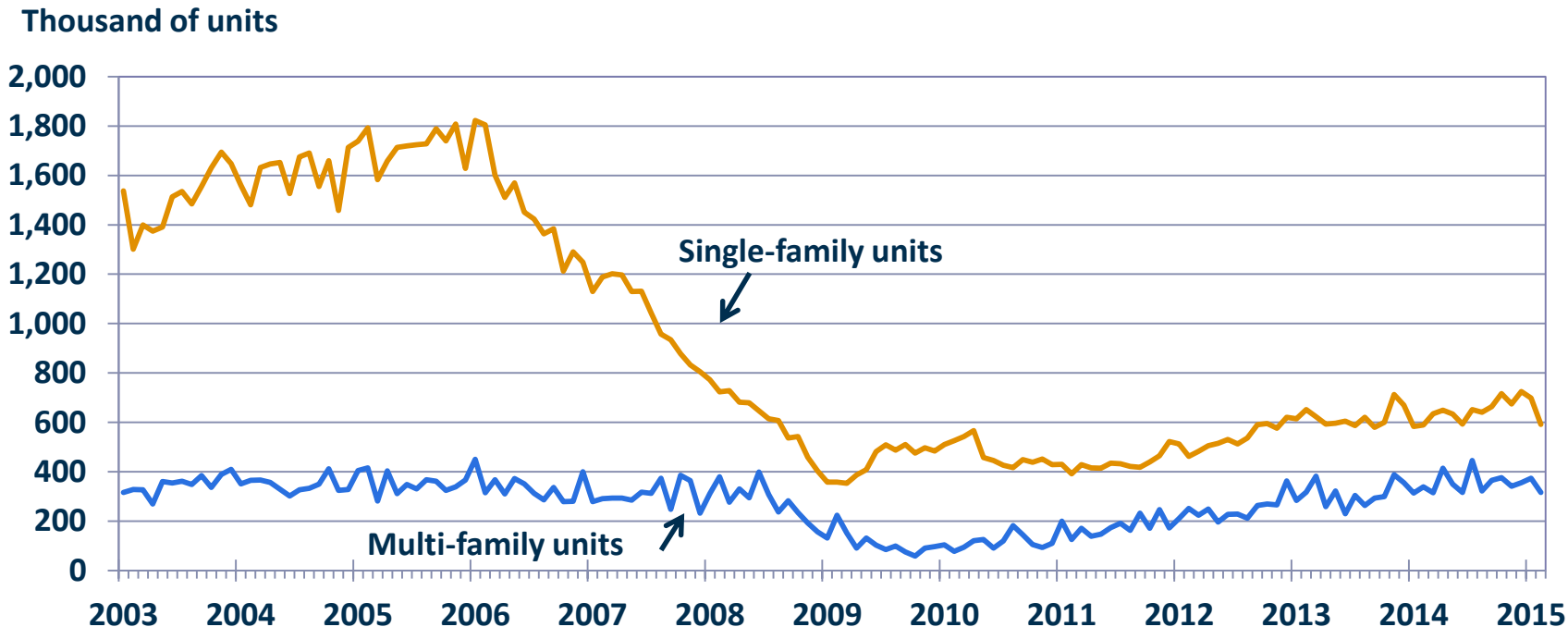


Sources: National Association of Realtors, IHS Global Insight.



Housing starts continue to disappoint

United States

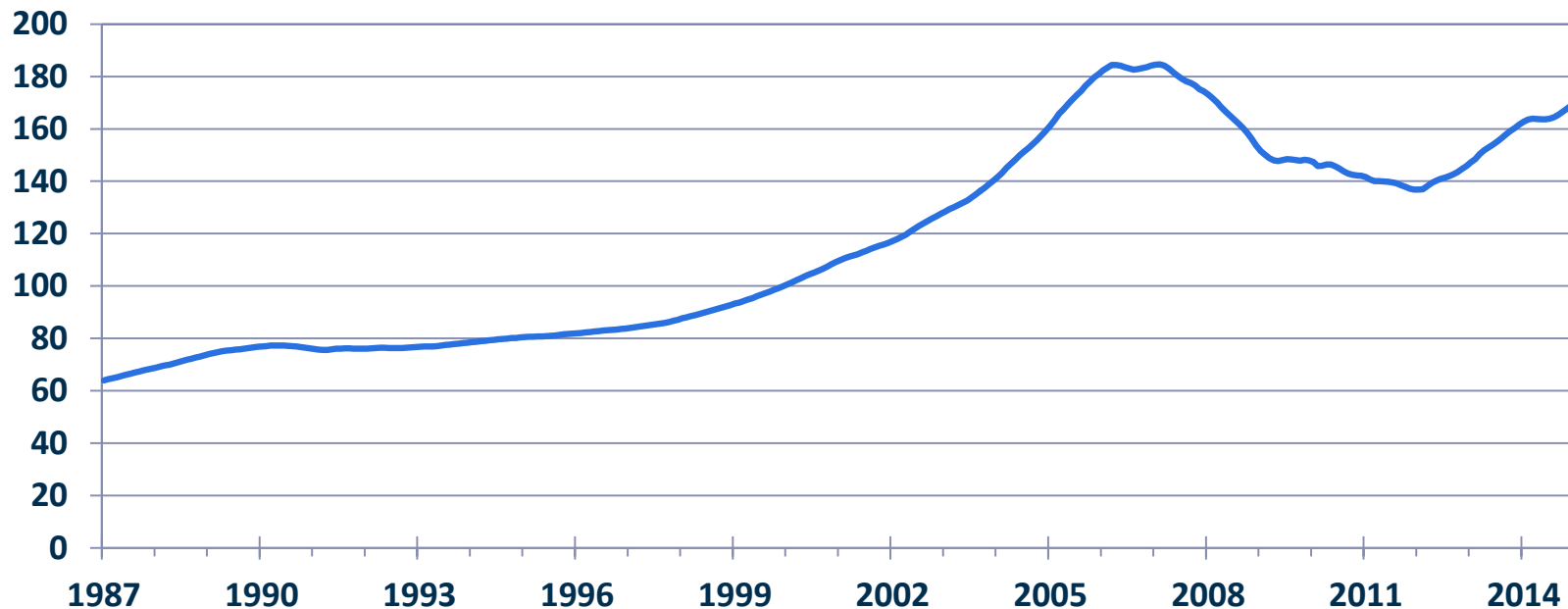




Case-Shiller home price index stabilizes

Seasonally adjusted

Thousands, US\$



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Sources: Standard and Poor's, IHS Global Insight.



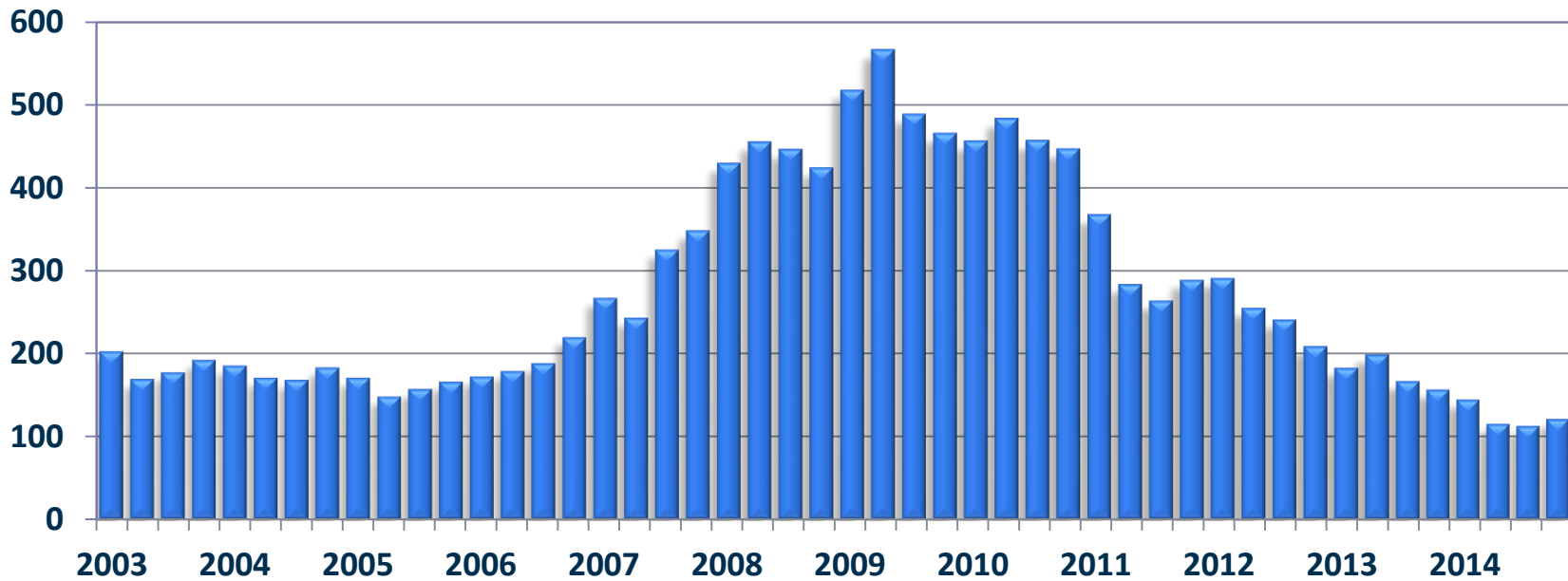
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Foreclosures decline from peak in 2009

Number of new home foreclosures

Thousands



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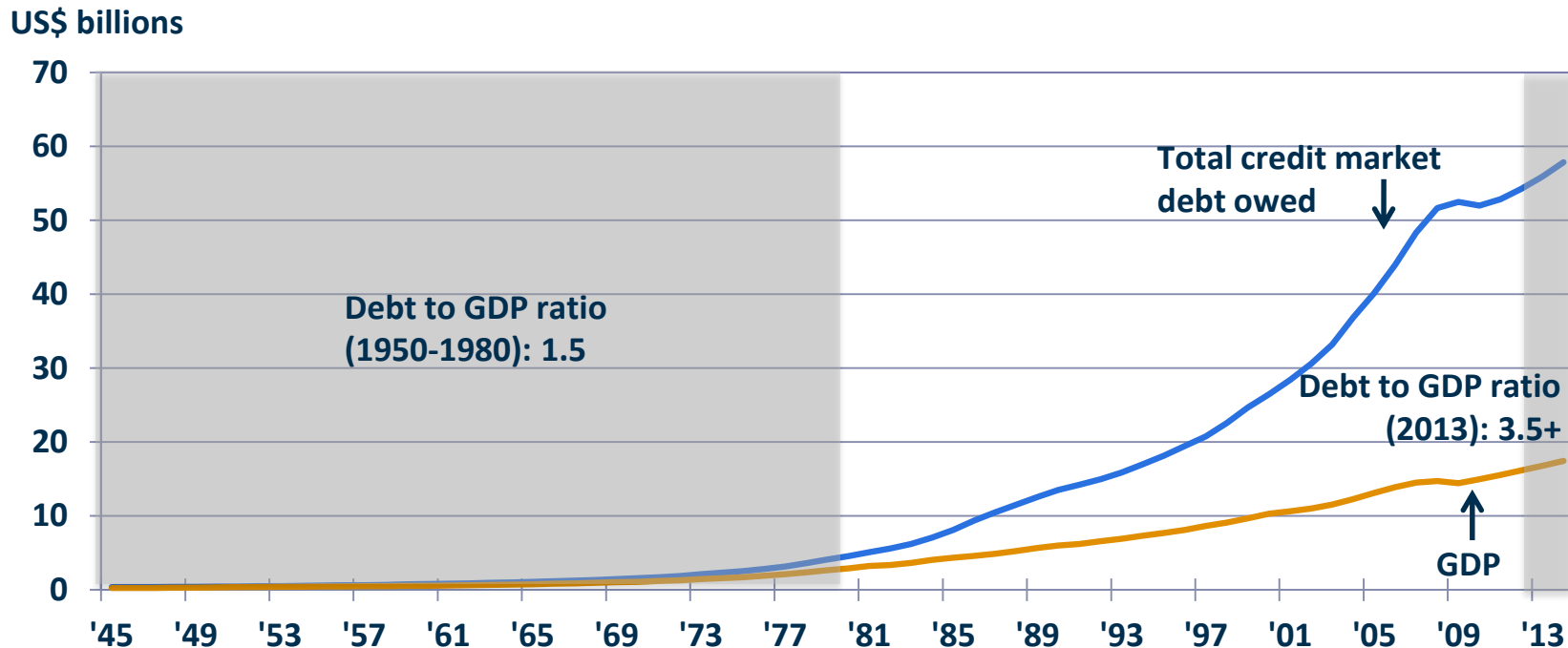
Sources: Federal Reserve Bank of New York, IHS Global Insight.



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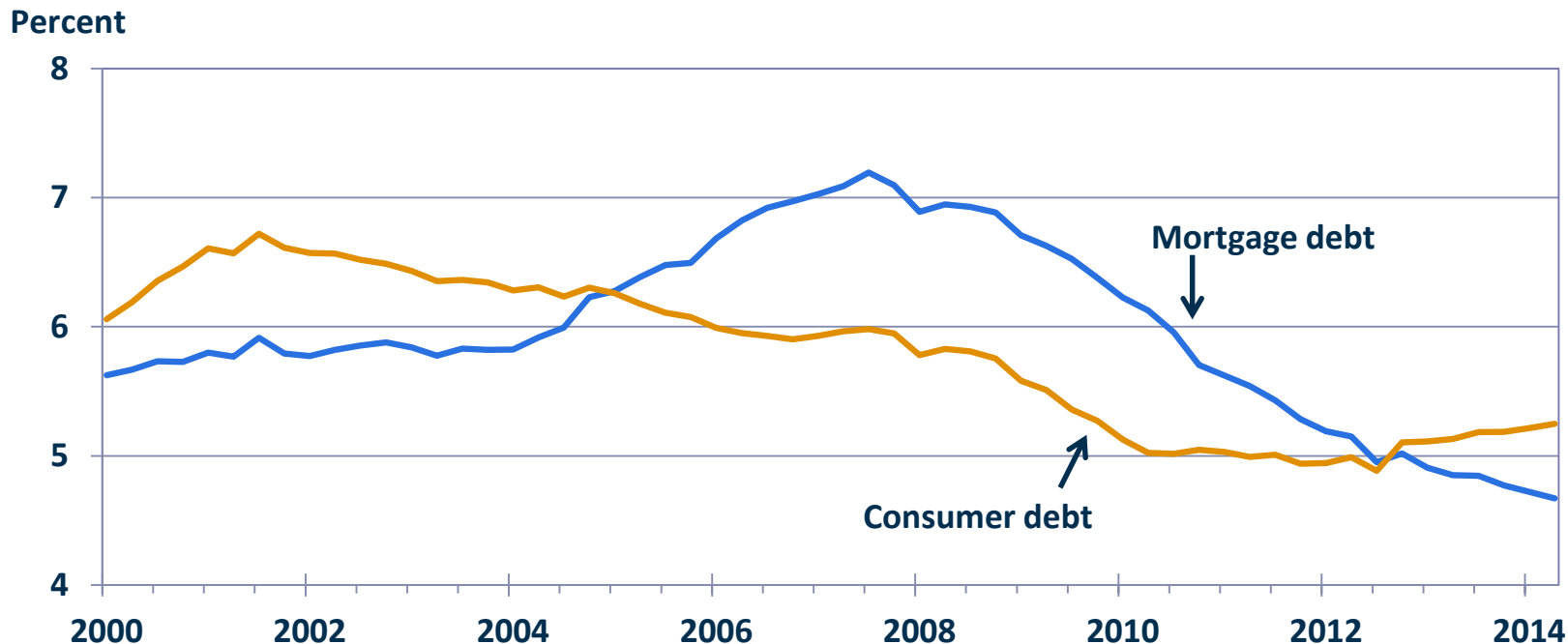
Total U.S. credit market debt





U.S. households reduce financial obligations

Debt service ratio as a percent of disposable income

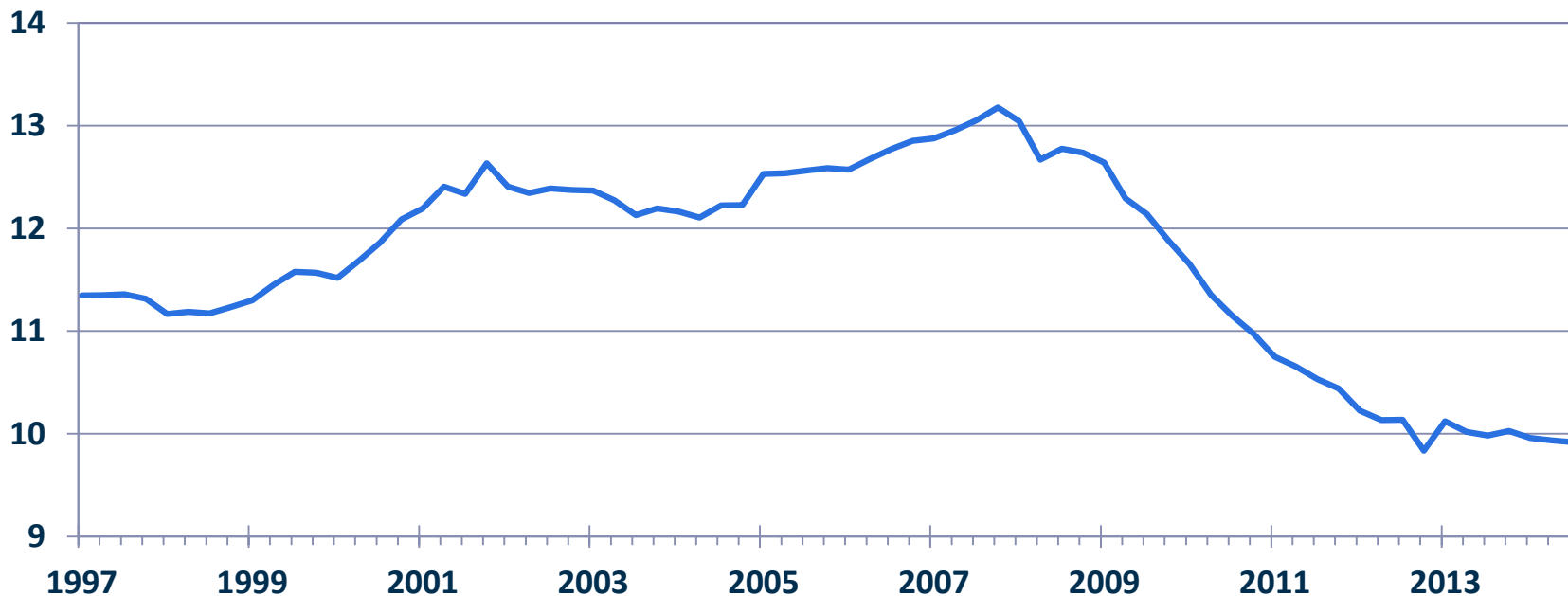




Household debt falls

Percent of disposable personal income

Percent



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Sources: Federal Reserve, IHS Global Insight.



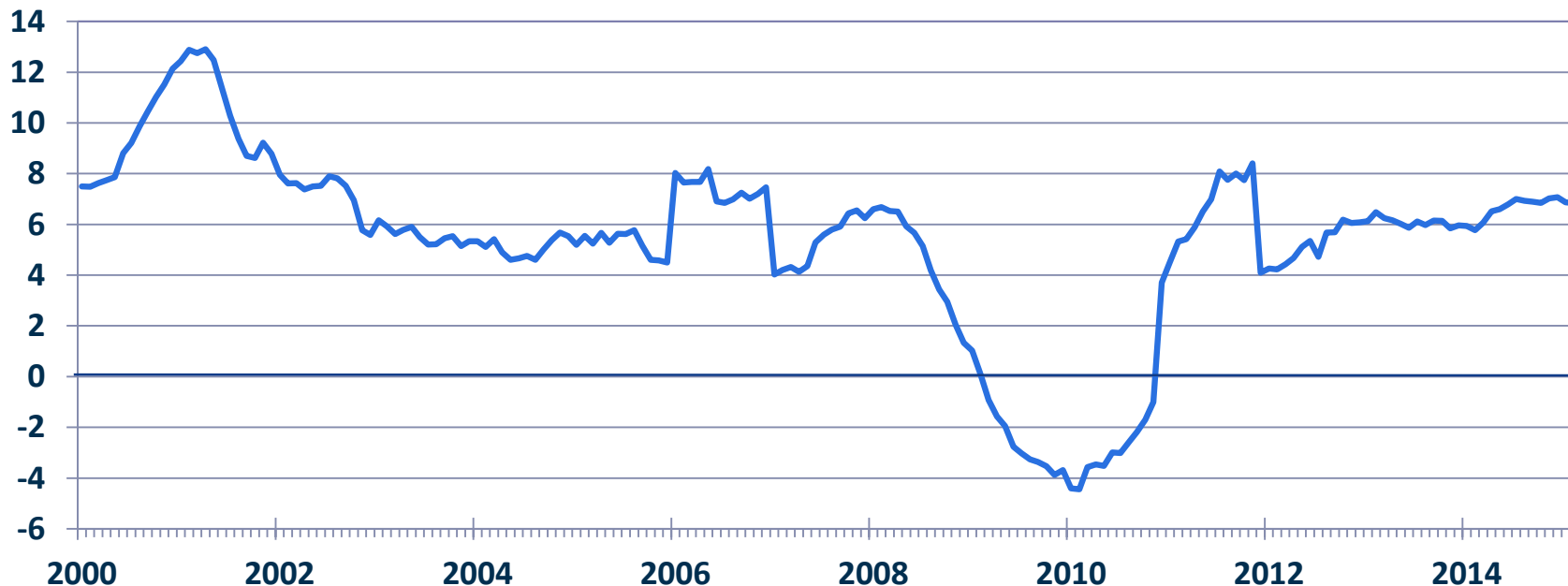
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U.S. consumer outstanding credit

Extended to household and personal expenditures, annual change

Percent, annual change



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Sources: Federal Reserve, IHS Global Insight.

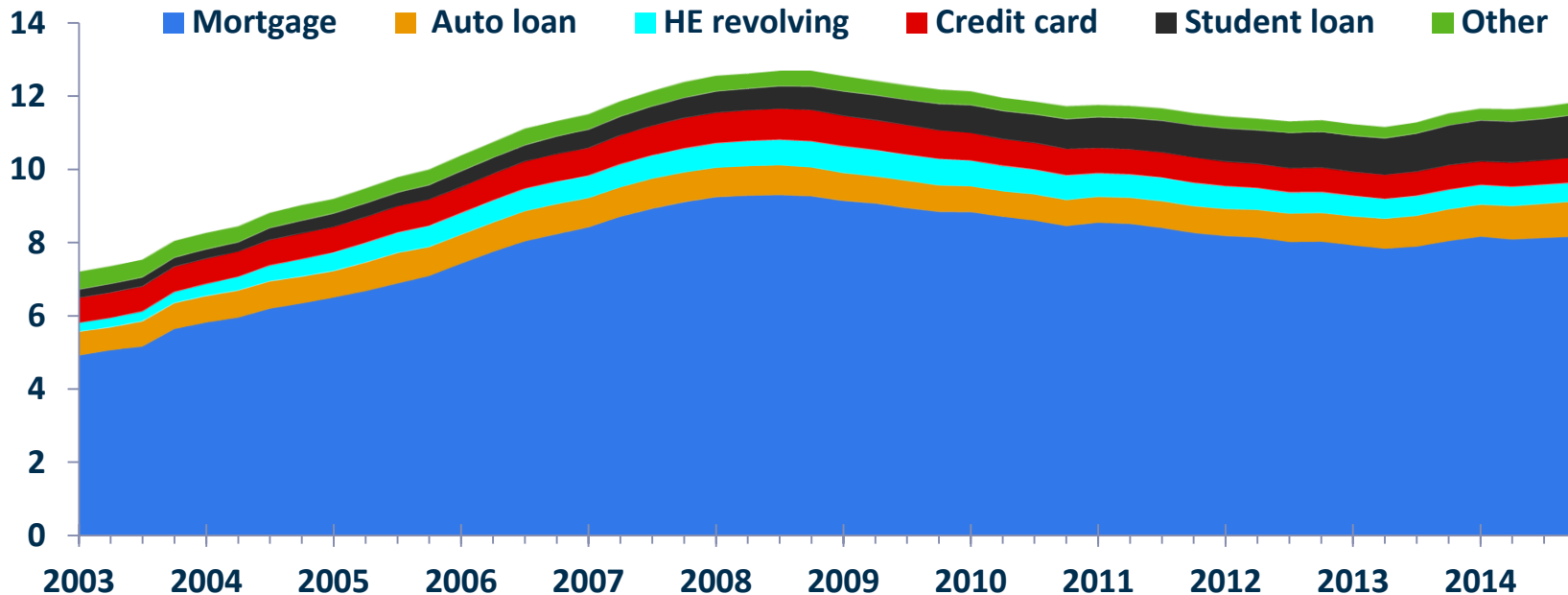


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Composition of the U.S. household debt balance

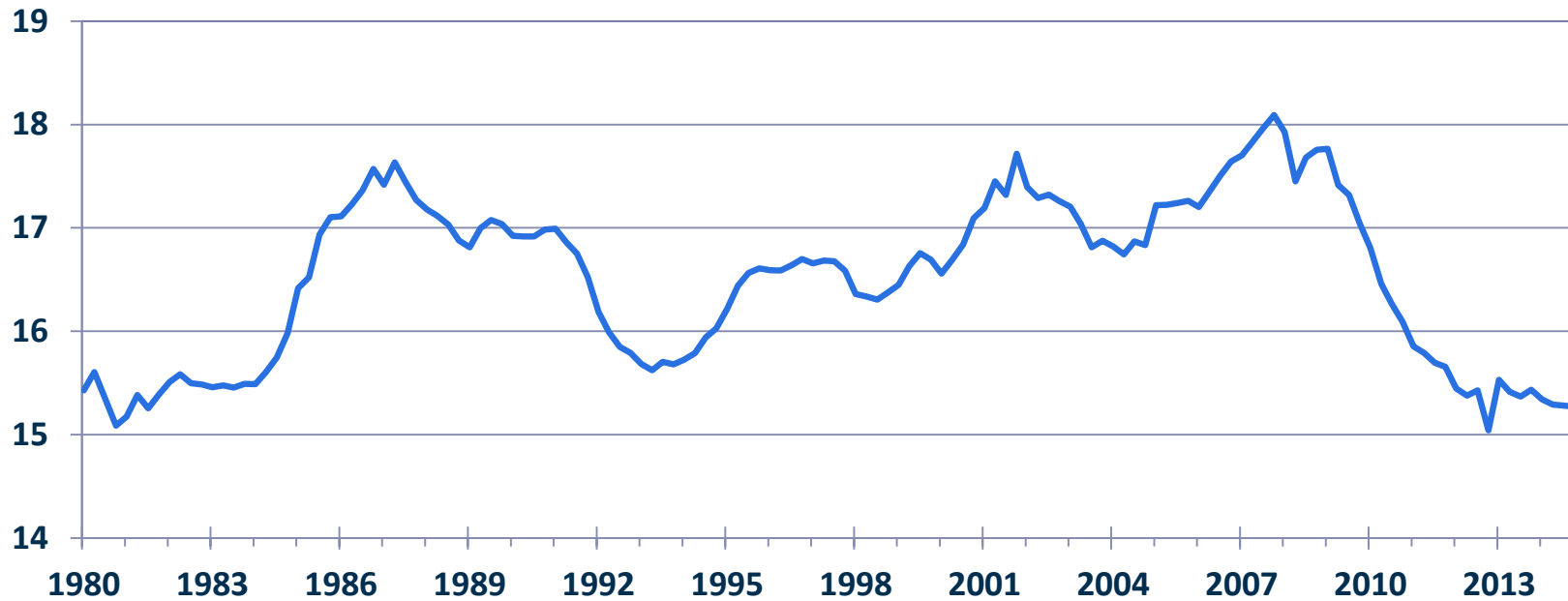
US\$ trillions





Historical trend of U.S. household financial obligation ratio

Percent of disposable income

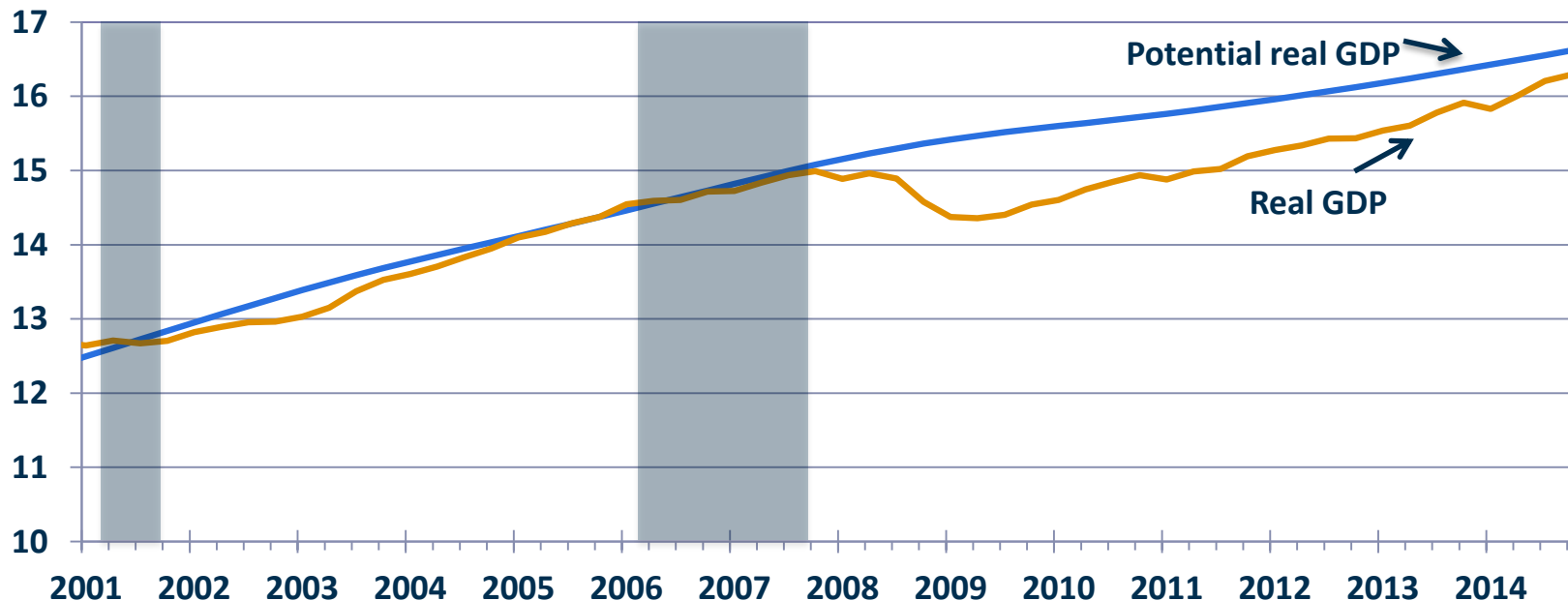




U.S. economy is still below its potential output trend

Real GDP in chained 2009 U.S. dollars

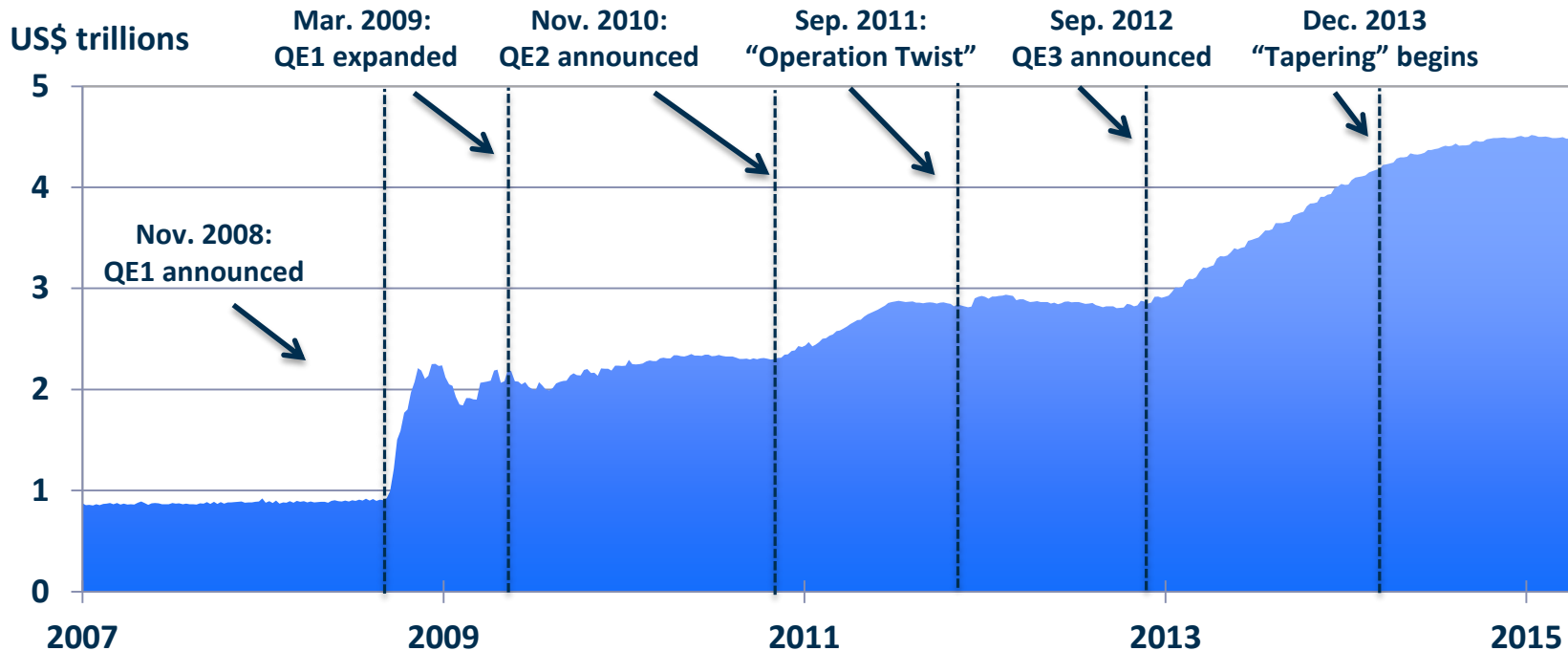
US\$ trillions





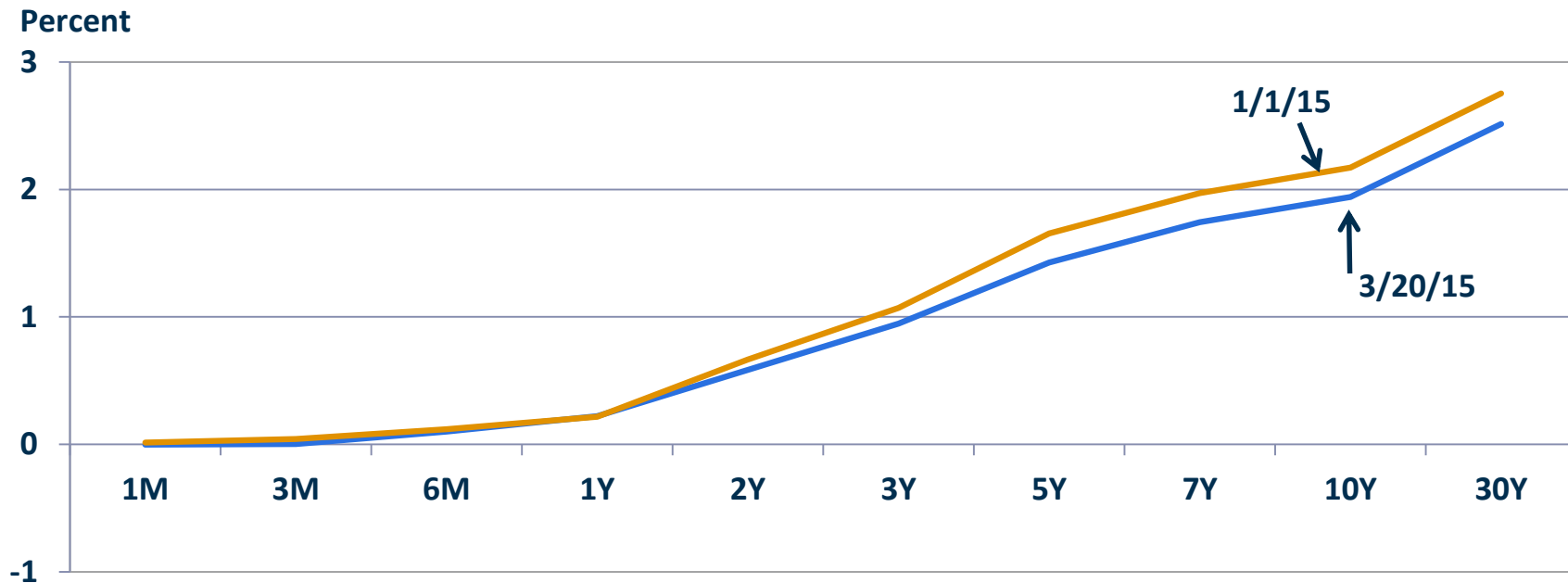
Repeated QE has led to unprecedented amount of Fed assets

Total assets of Federal Reserve banks





U.S. 10-year Treasury yields have dropped

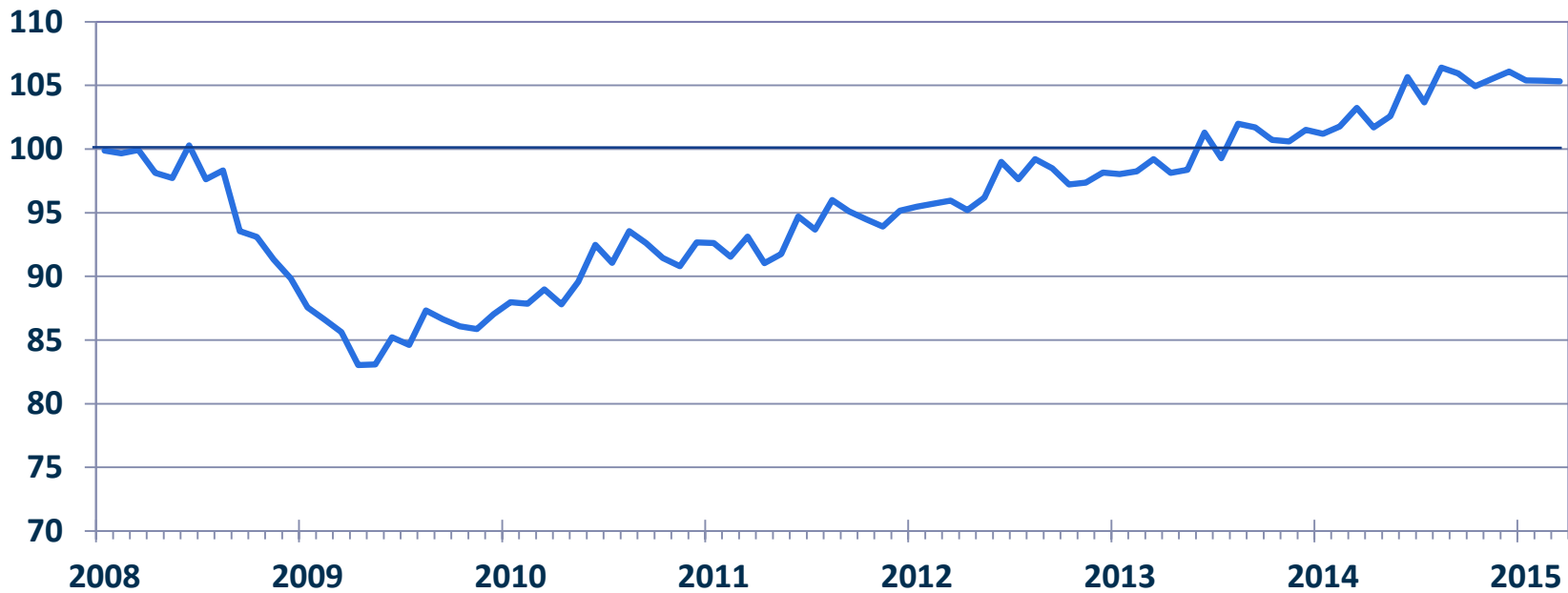




Industrial production has recovered

Industrial production Index

Index, 2007=100



#MIGlobal

Sources: Federal Reserve Bank, IHS Global Insight.



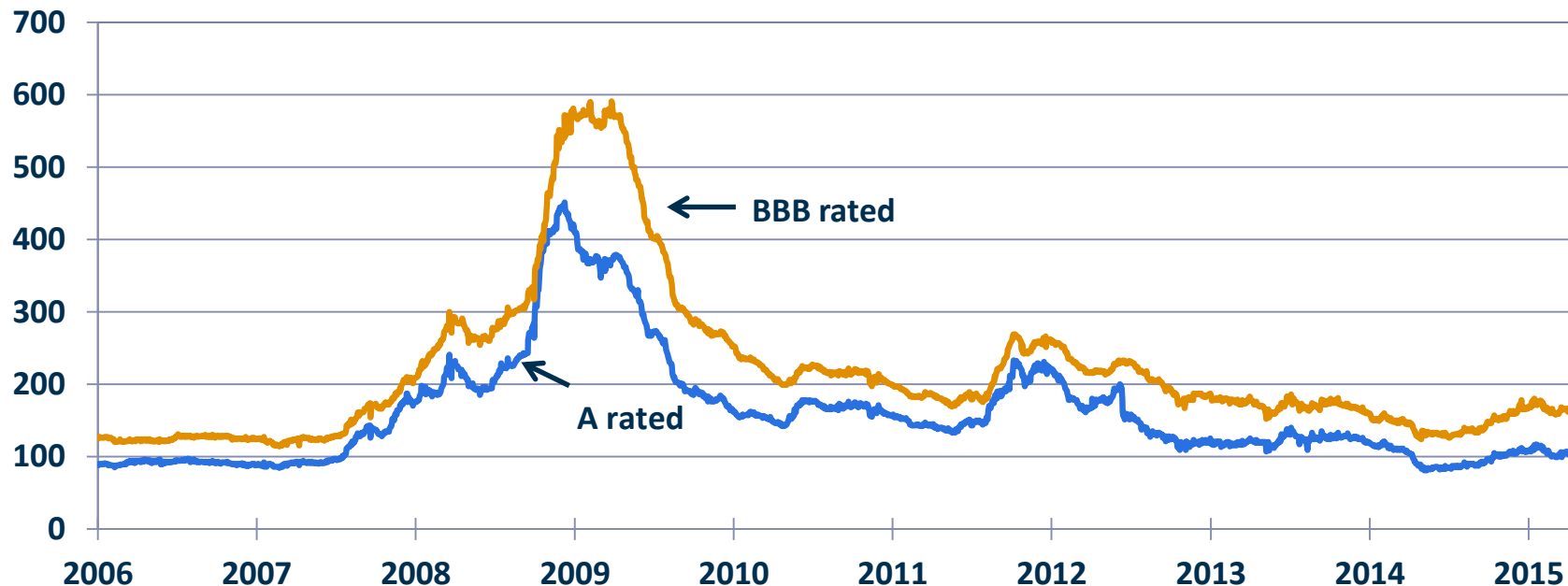
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High-yield corporate spreads near lows

Corporate bond spreads over U.S. Treasuries

Basis points



#MIGlobal

Source: Bloomberg.



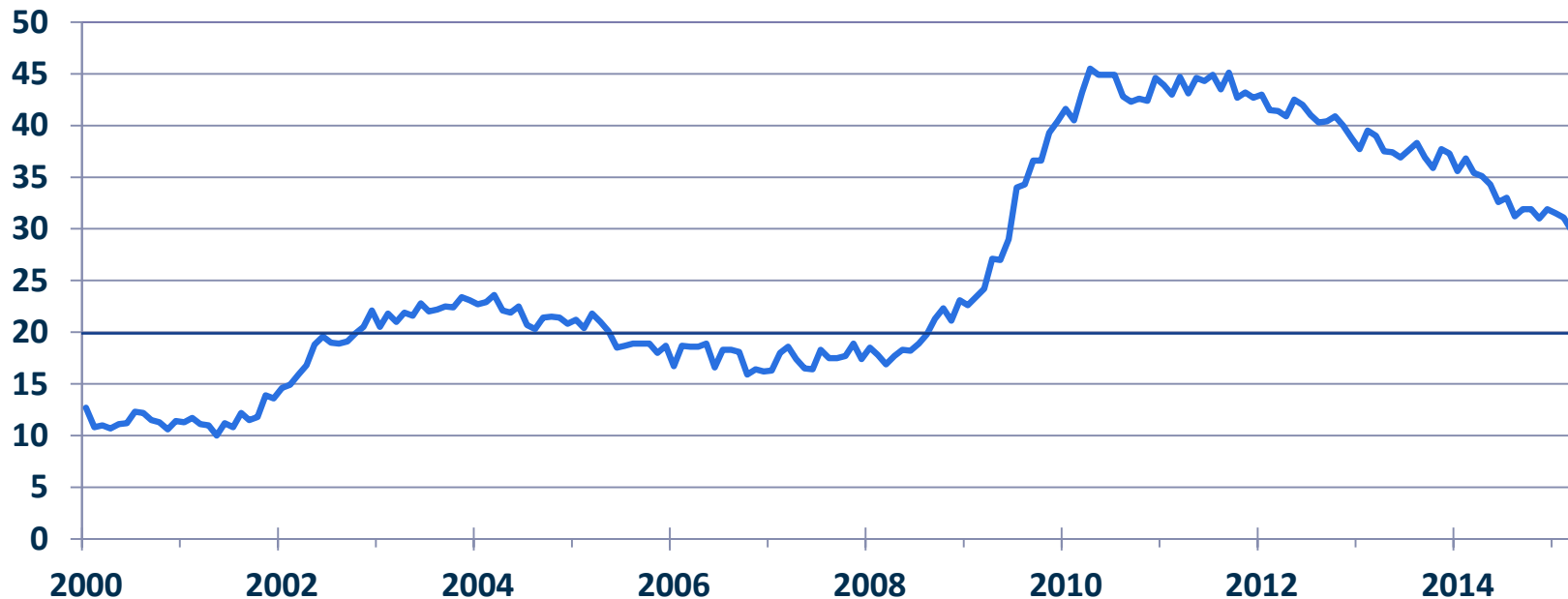
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Long-term joblessness still a challenge

Percent unemployed for 27 weeks or more

Percent



#MIGlobal

Sources: Bureau of Labor Statistics, Moody's Analytics.



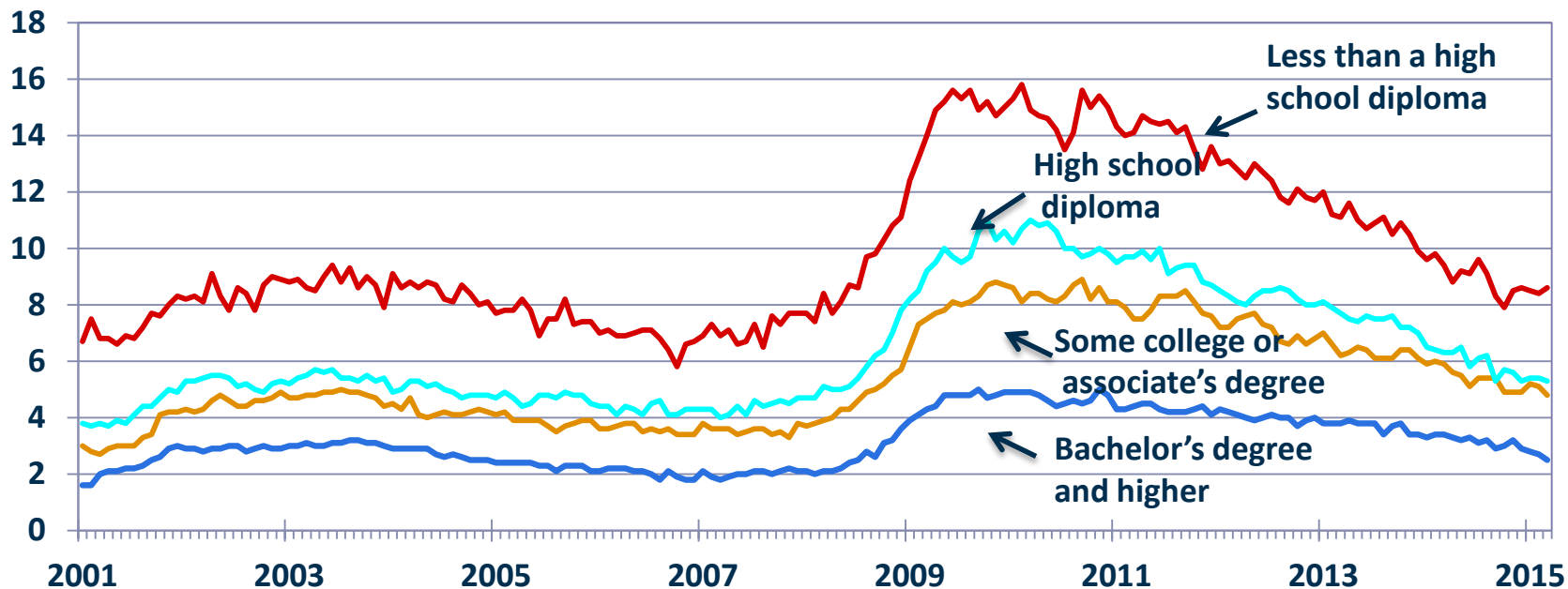
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Unemployment gap by education

Jobless rates for adults 25 and older

Percent



#MIGlobal

Sources: Bureau of Labor Statistics, Moody's Analytics.



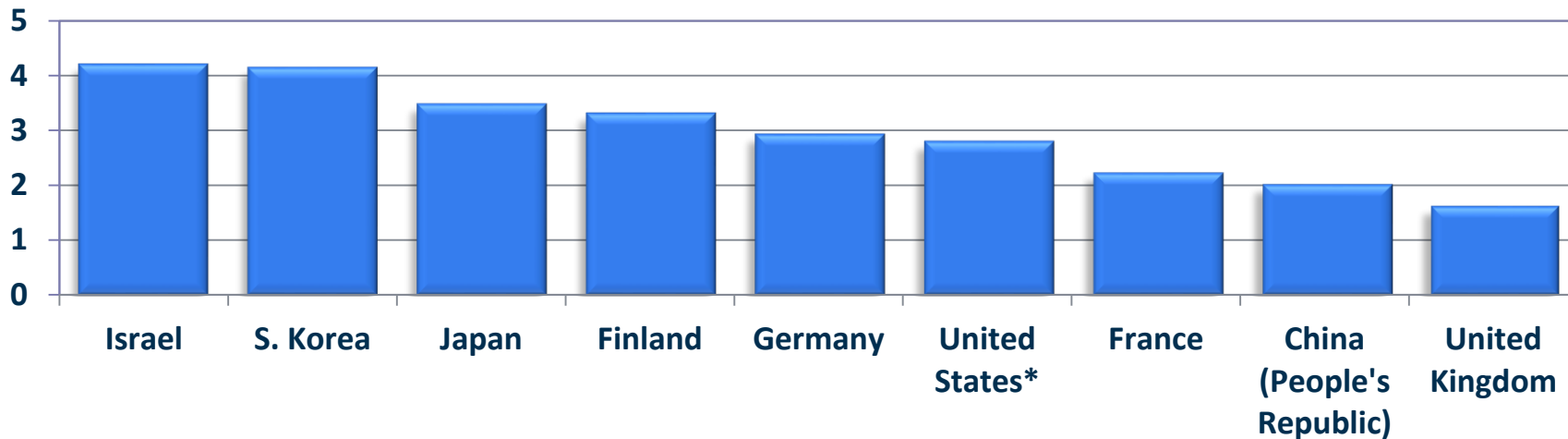
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Lower R&D expenditures inhibit U.S. competitiveness

Selected countries, most recent year

R&D expenditures as percent of GDP



*Note: U.S. R&D expenditures are from 2012

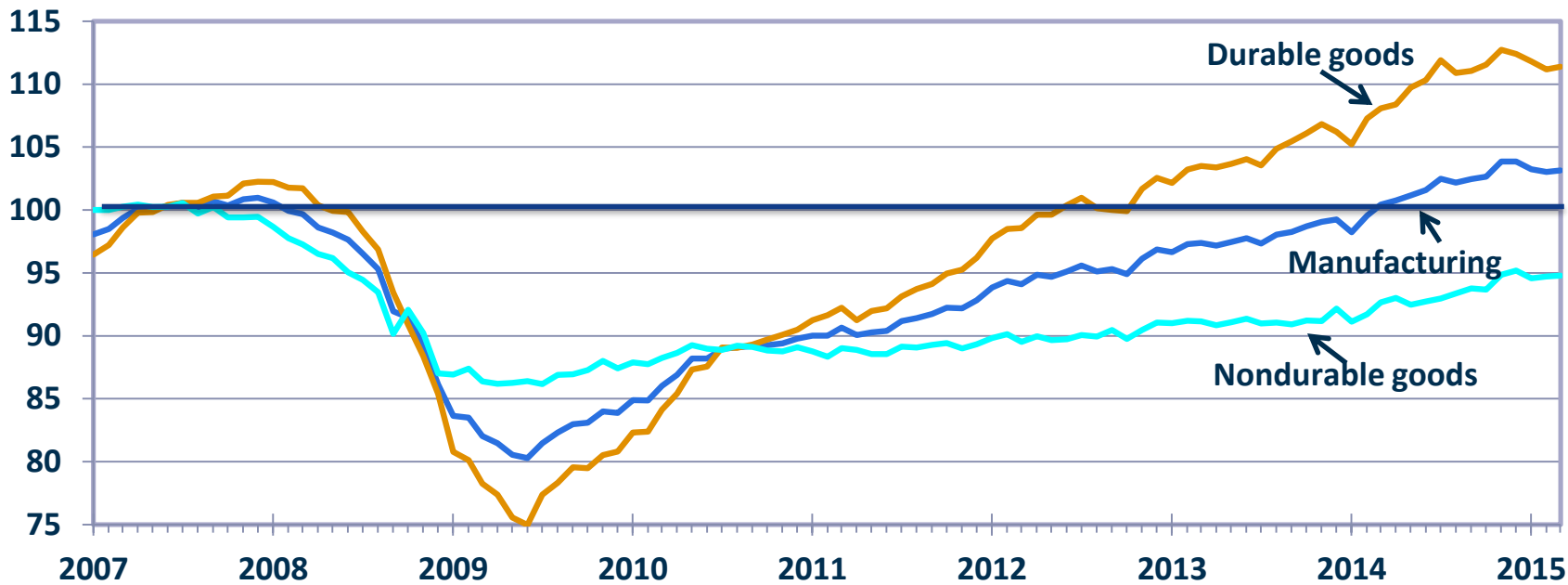
Sources: Organisation for Economic Co-operation and Development, The World Bank.



Durable goods lift U.S. manufacturing

Industrial production and capacity utilization, seasonally adjusted

Index, 2007=100



#MIGlobal

Source: Federal Reserve.



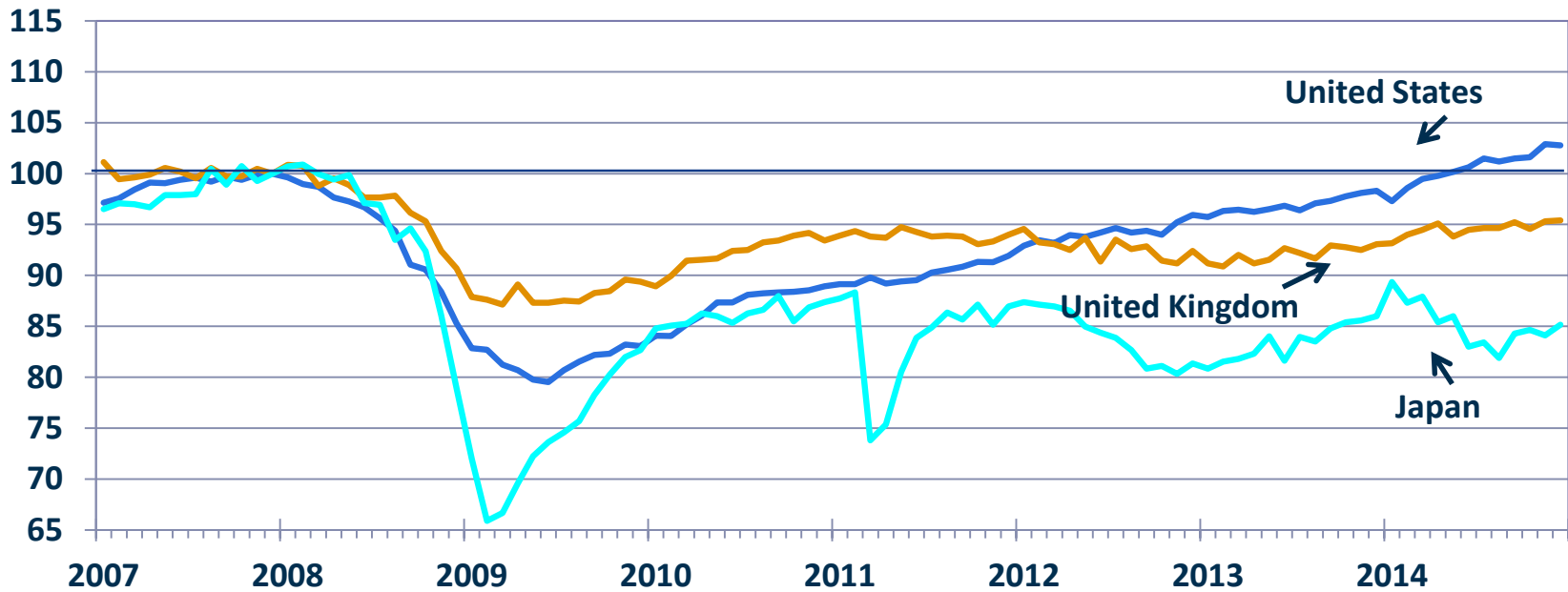
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U.S. manufacturing output above pre-recession peak

Production in manufacturing since 2007

Index, 12/2007=100



#MIGlobal

Source: Federal Reserve of St. Louis.

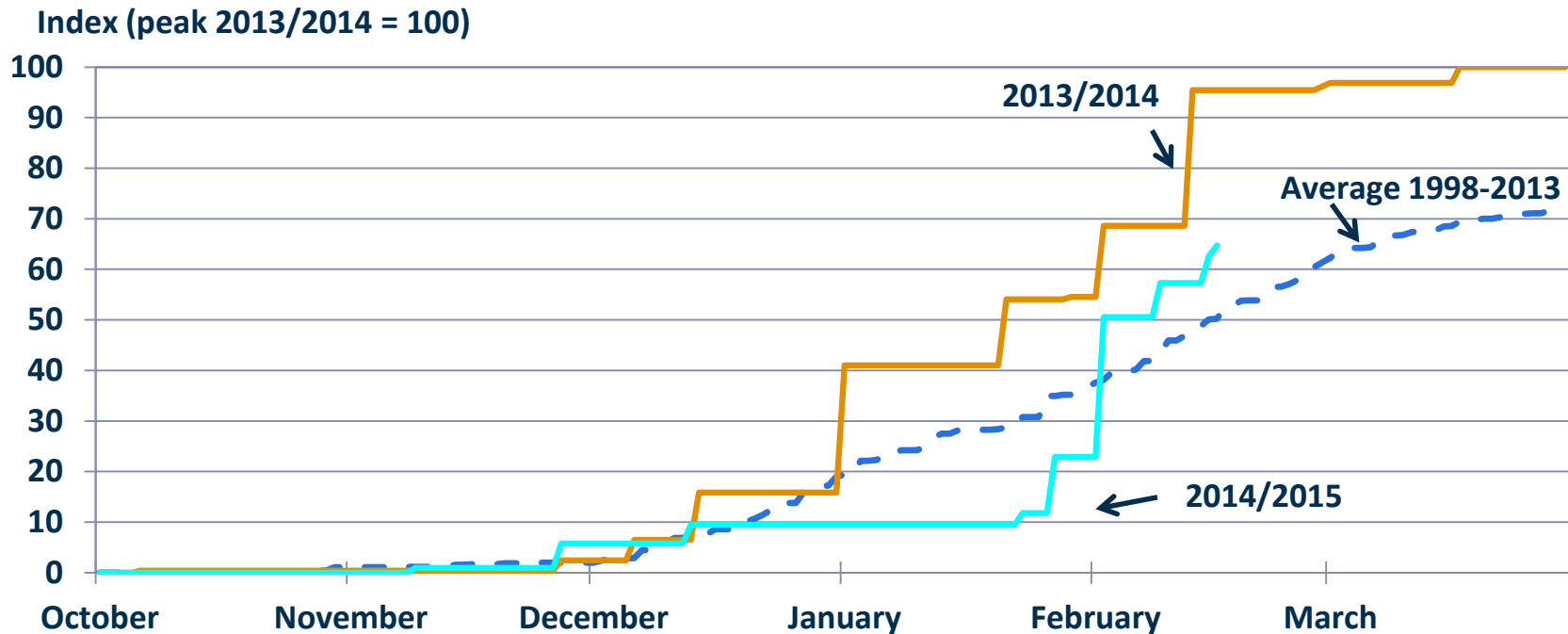


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Cumulative Snowfall Index

Population under 6" of snow



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Source: National Climatic Data Center.



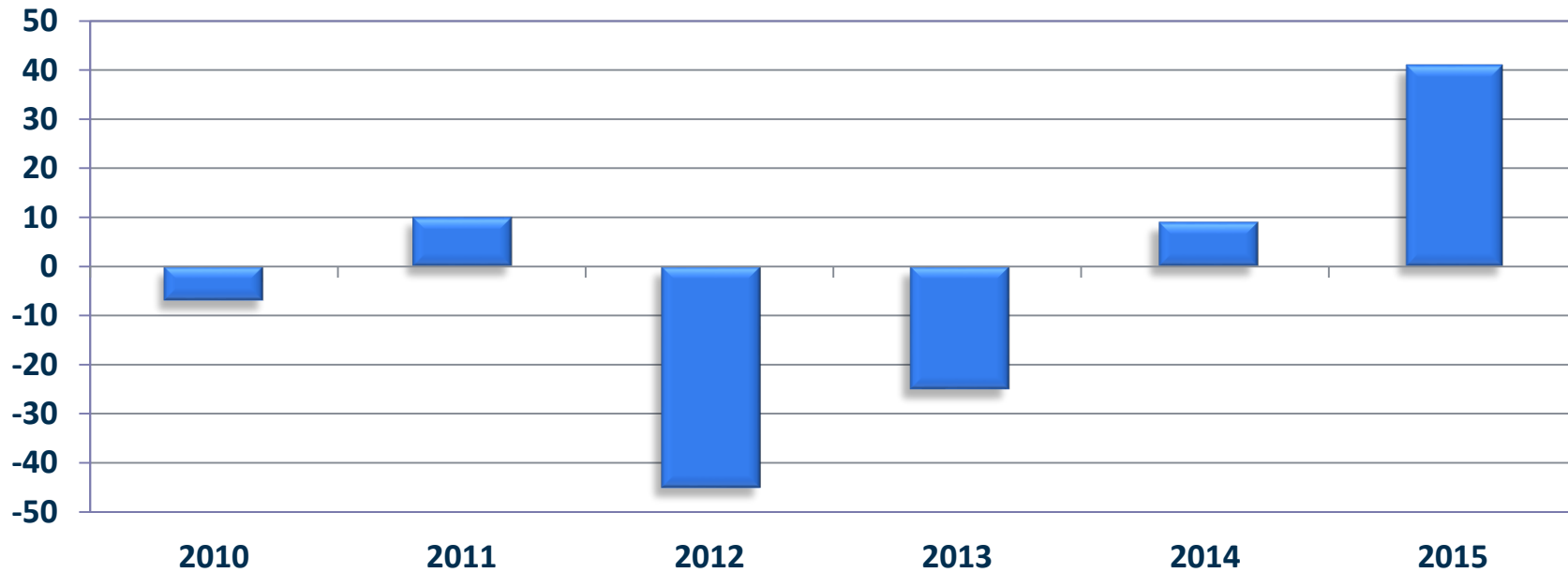
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March high for those unable to work due to weather

Difference from historical average

Workers, thousands

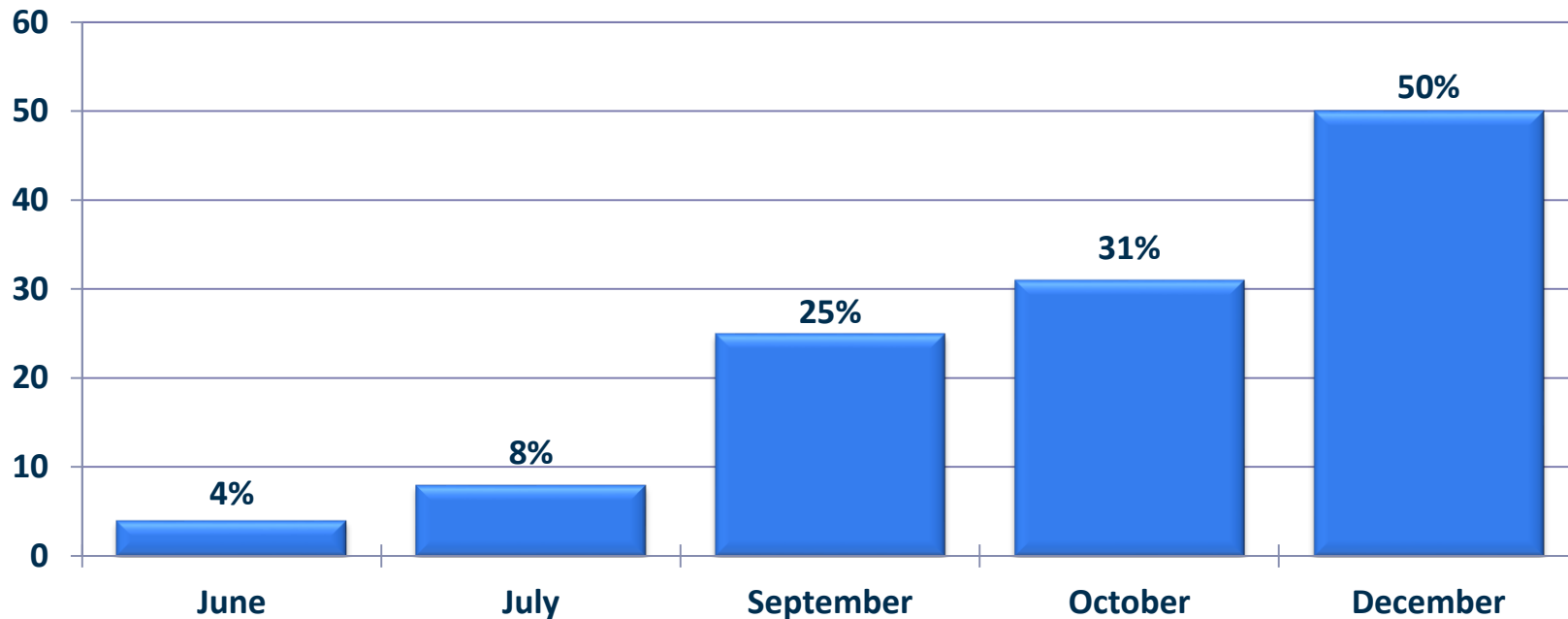




Fed Funds futures don't see rate hike until December

Implied probability of target rate greater than 0.25, by 2015 meeting date

Percent chance



#MIGlobal

Sources: Bloomberg, Milken Institute.
As of 4/24/2015.



MILKEN INSTITUTE



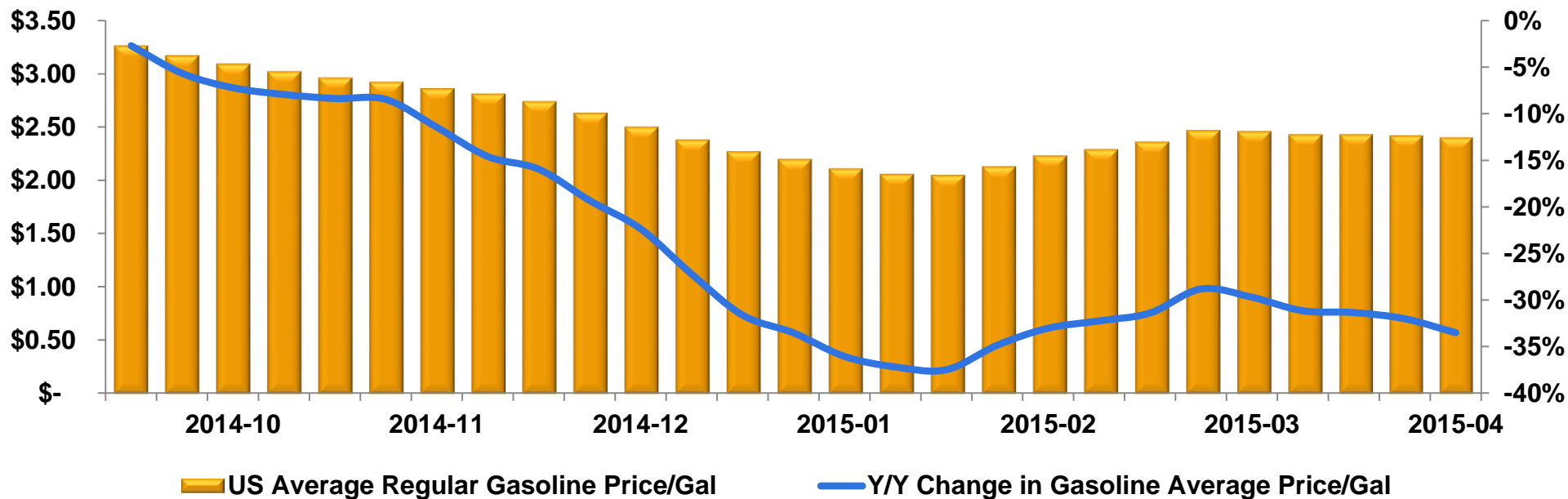
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US Gasoline Prices

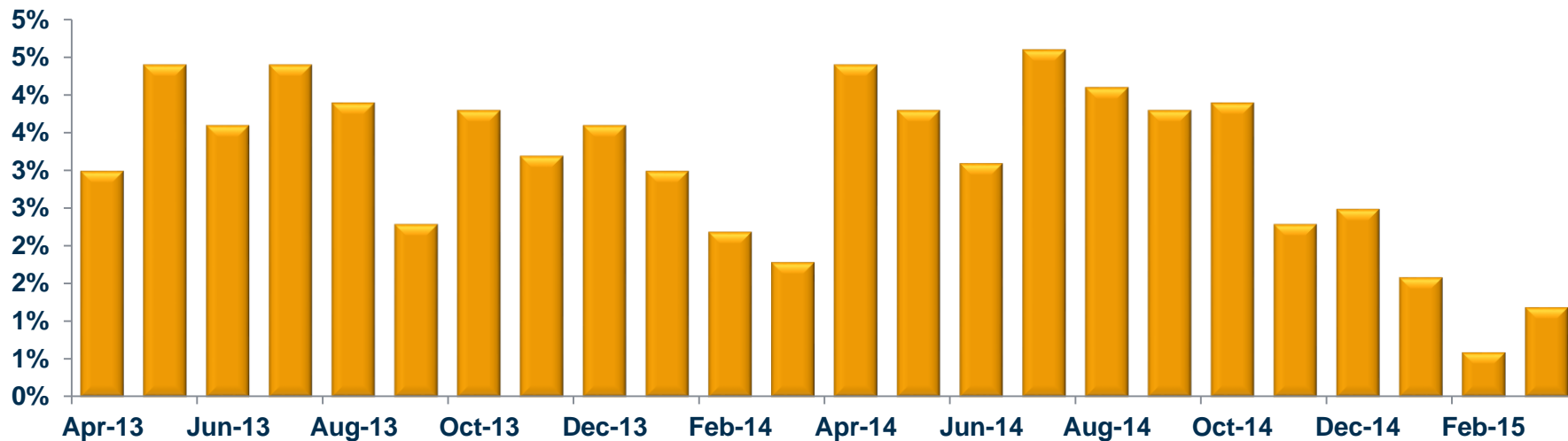


Gasoline prices are now **down 33.5% year over year**,
granting the consumer additional spending power



US Y/Y Total Retail Sales Growth

(ex. Auto)



■ US Y/Y Total Retail Sales Growth x-Auto

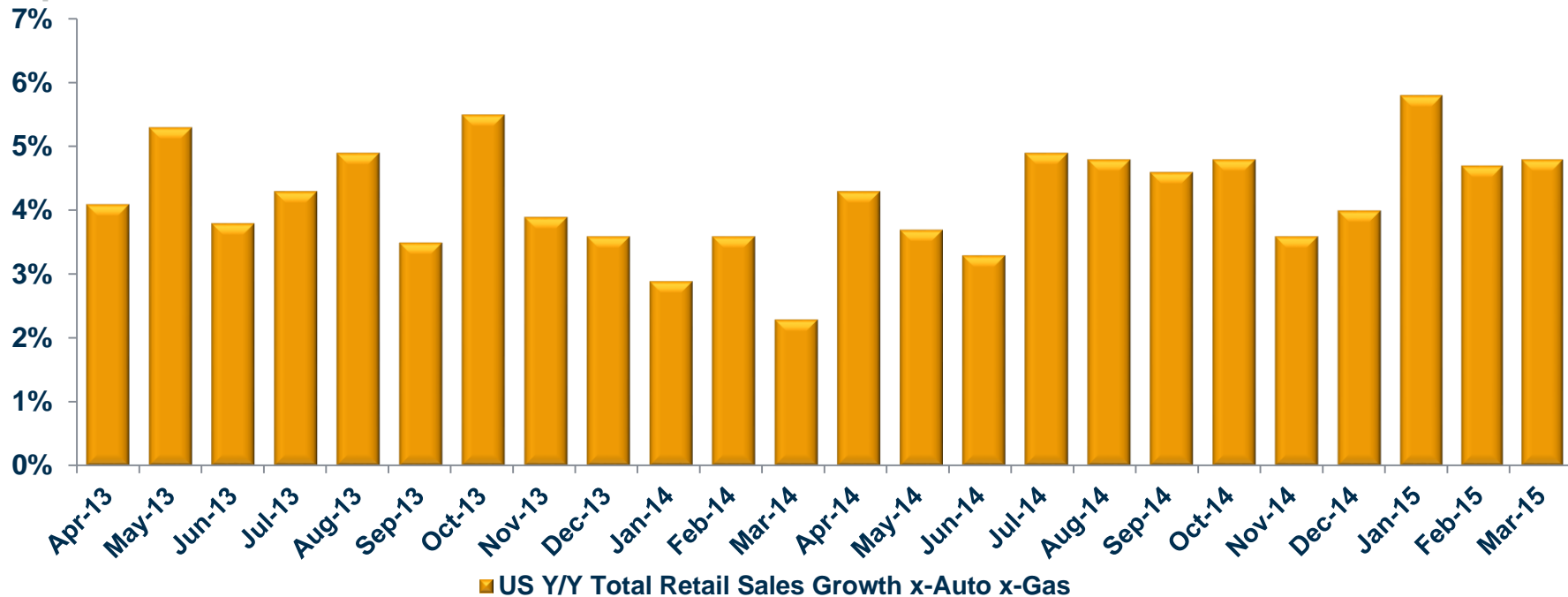


Total Retail sales **grew by 1.2% year-over-year in March**.
Excluding gasoline, retail sales **grew by 4.8%** showing the gasoline savings are now being spent by the consumer



US Y/Y Total Retail Sales Growth

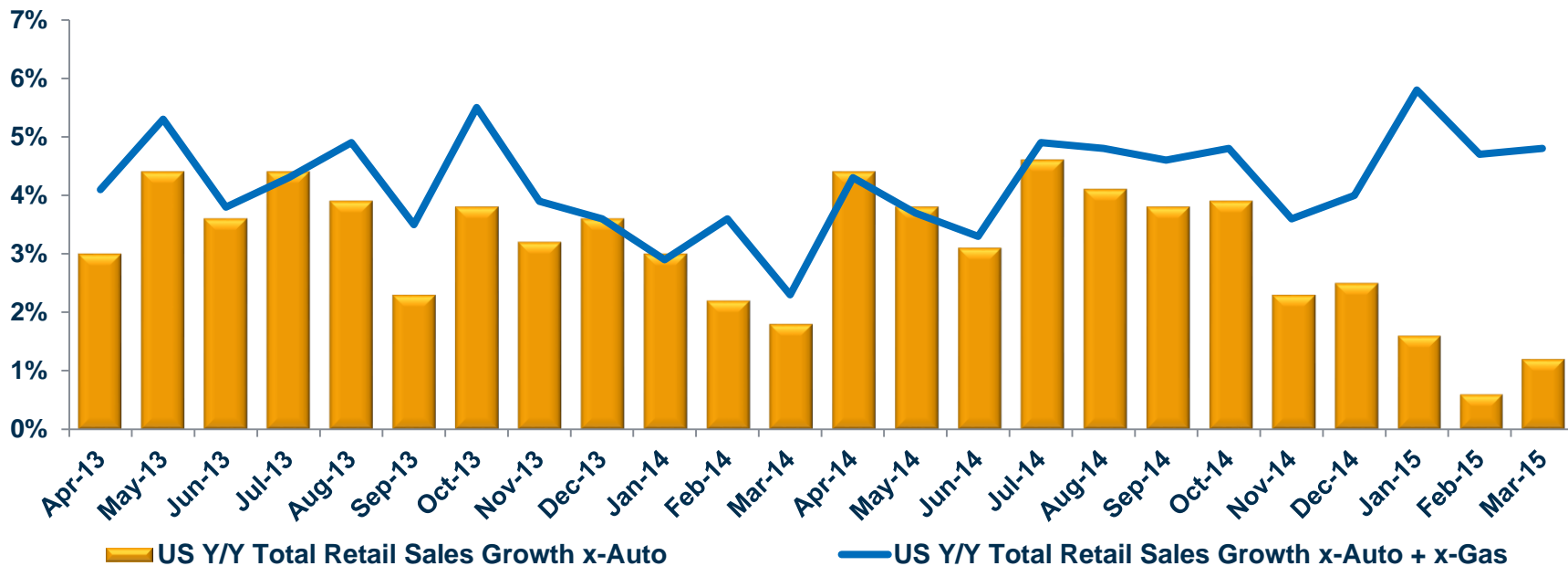
(ex. Auto+ex.Gas)



Total Retail xGas sales grew by **4.8% year-over-year in March**.
Including gasoline, retail sales grew by 1.2%



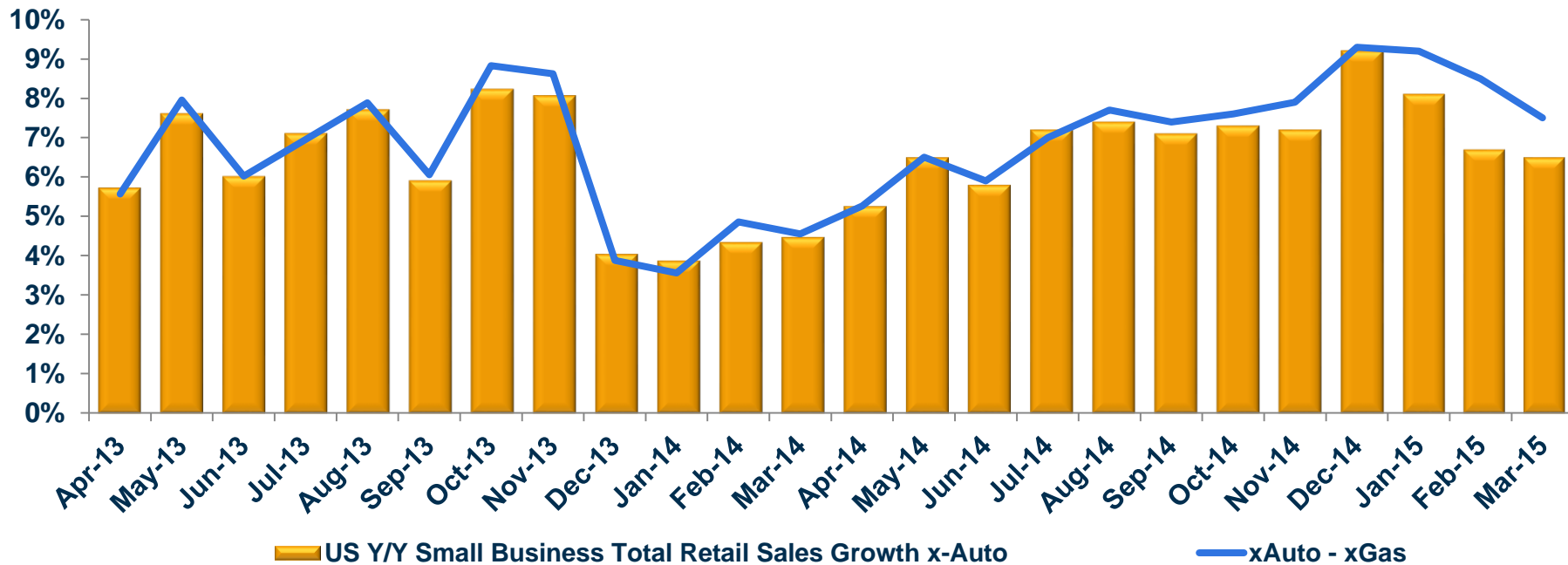
US Y/Y Total Retail Sales Growth



Total Retail sales **grew by 1.2% year-over-year** in March.
Excluding gasoline, retail sales grew by 4.8%



US Y/Y Small Business Sales Growth

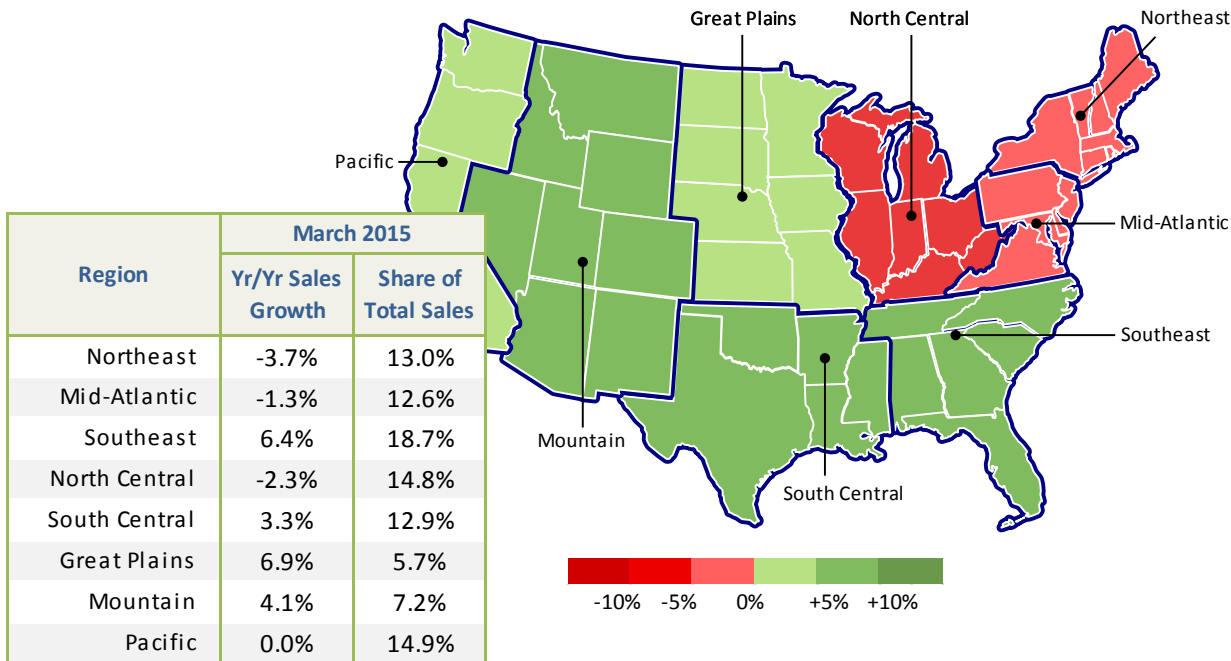


Small Business Retail xGas sales **grew by 7.5% year-over-year in March**. Including gasoline, retail sales grew by 6.5%



Regional US Y/Y YTD Total Retail Sales Growth

(ex. Auto)



The Southeast continues to be a leading sales region, while the Northeast continues to lag.



US Sector Performance

Sectors	Year-over-Year March 2015
Leading	
Hardware	+8.3%
Grocery	+8.0%
Restaurant	+7.4%
Lagging	
Department Stores	+1.0%
Luxury excl. Jewelry	(3.0%)
Automotive	(3.9%)

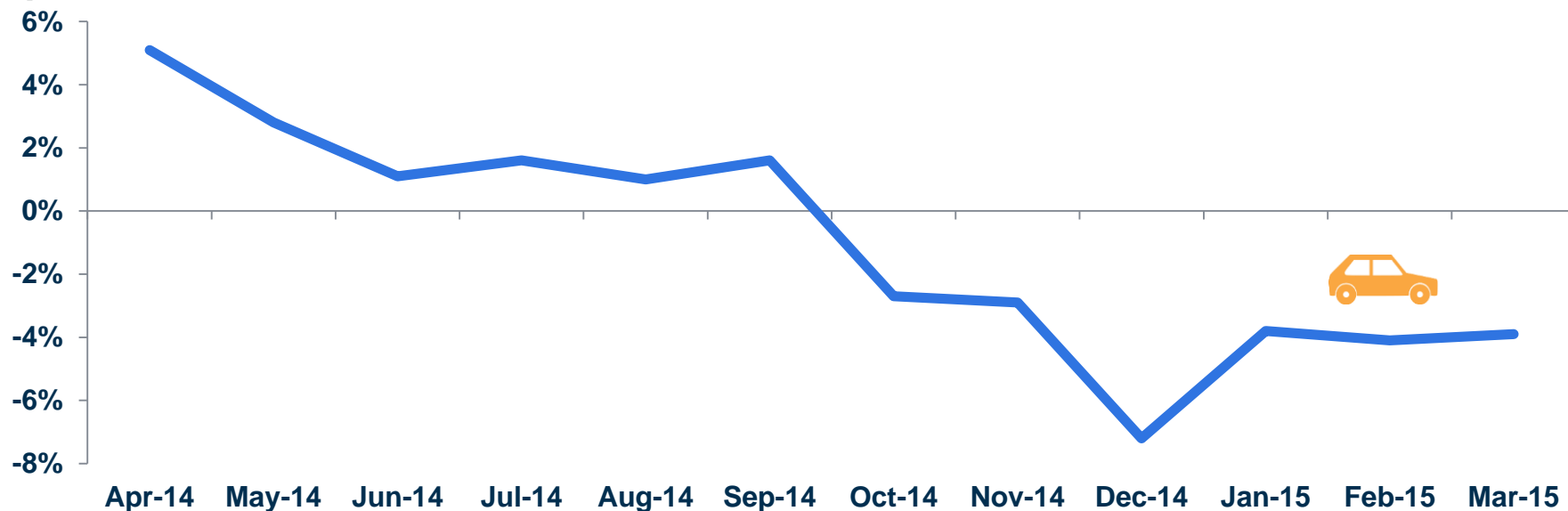


Hardware, Grocery, and Restaurant were the leading sectors for the month of March 2015, with luxury continuing to underperform

Source: SpendingPulse™



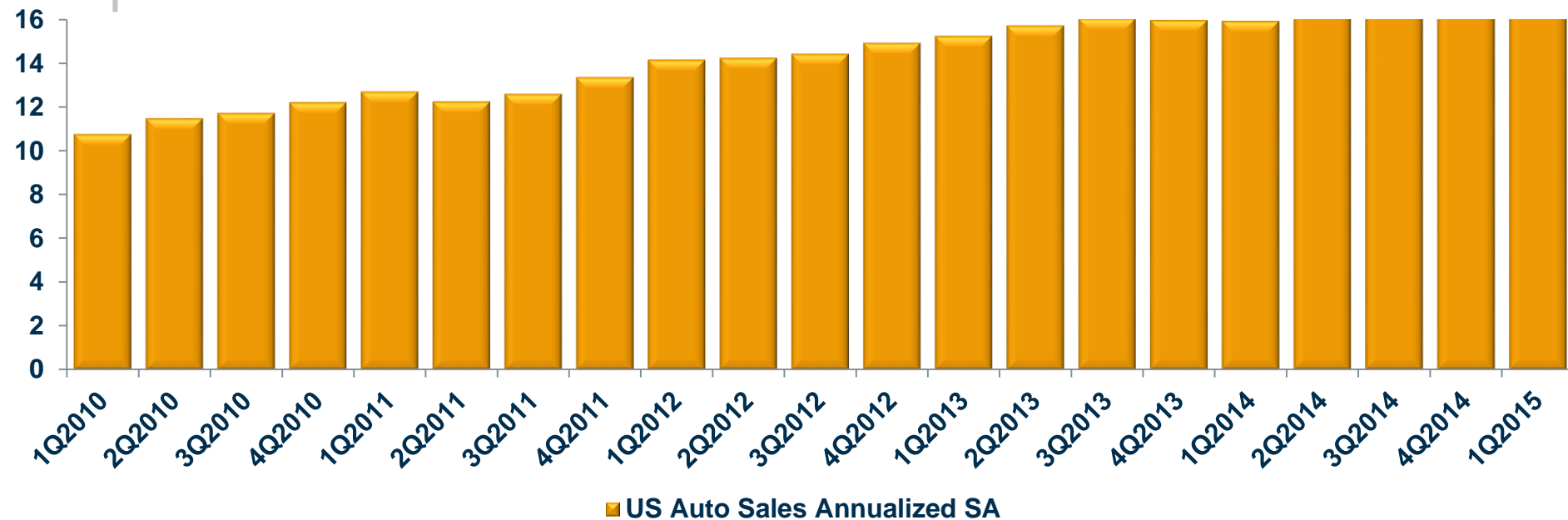
US Automotive Repairs and Tires Y/Y Sales Growth



6 months of negative Auto repairs and tires shows the increasing new auto purchases



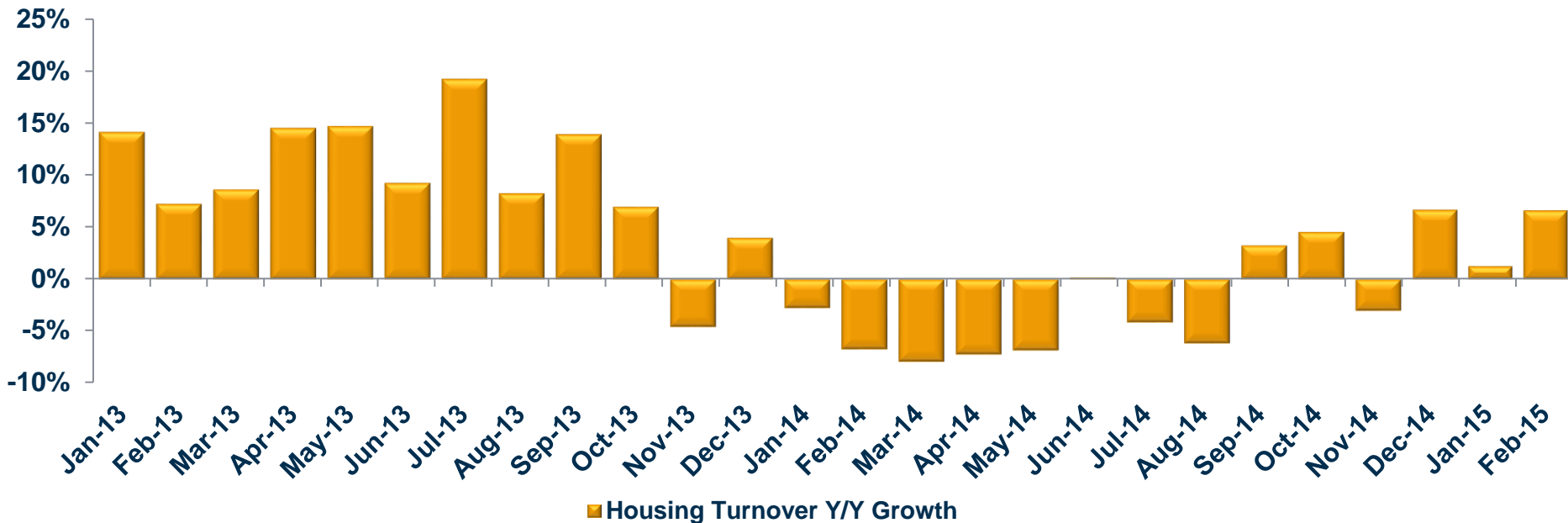
US Auto Sales



The number of cars sold **increased over 40%** from early 2010.



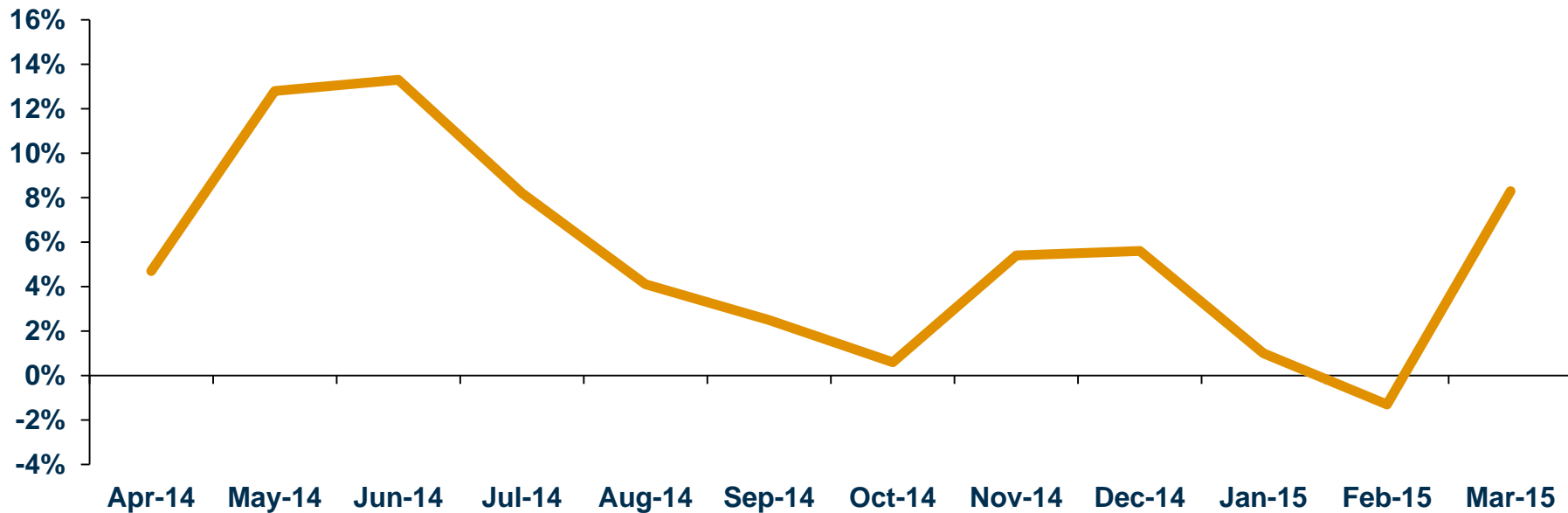
U.S. Housing Turnover



The recent improvement in housing statistics **is a positive** for future spend on home related sectors.



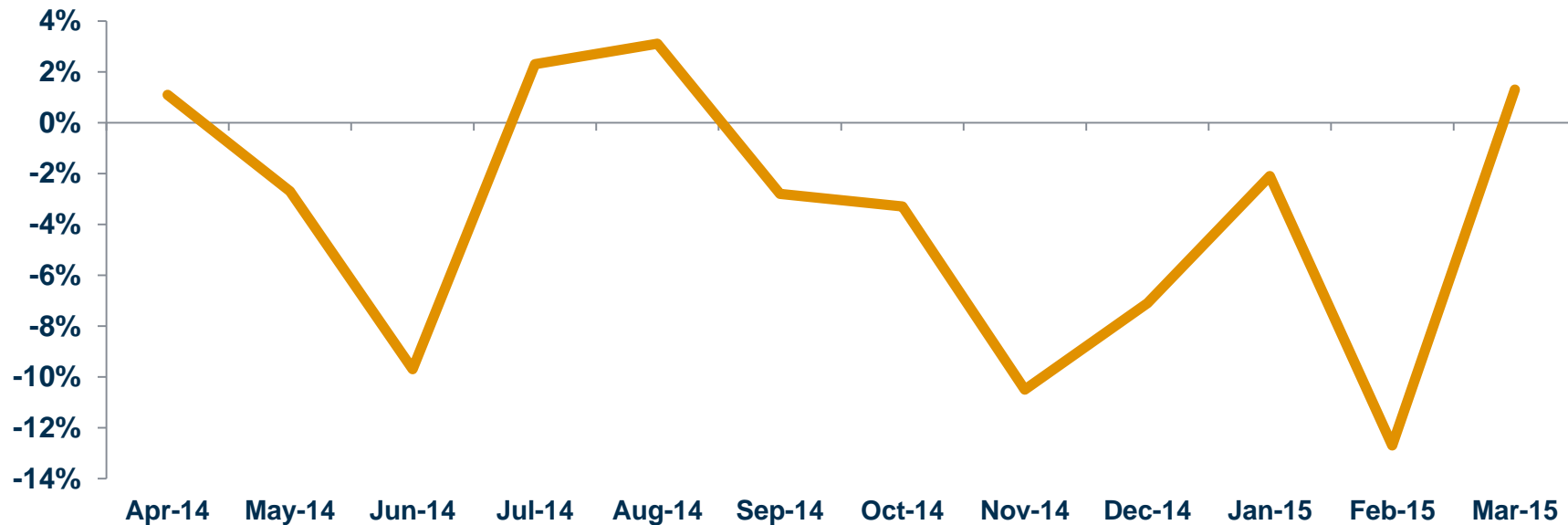
US Hardware Y/Y Sales Growth



Hardware sales grew by 8.3% year-over-year in March



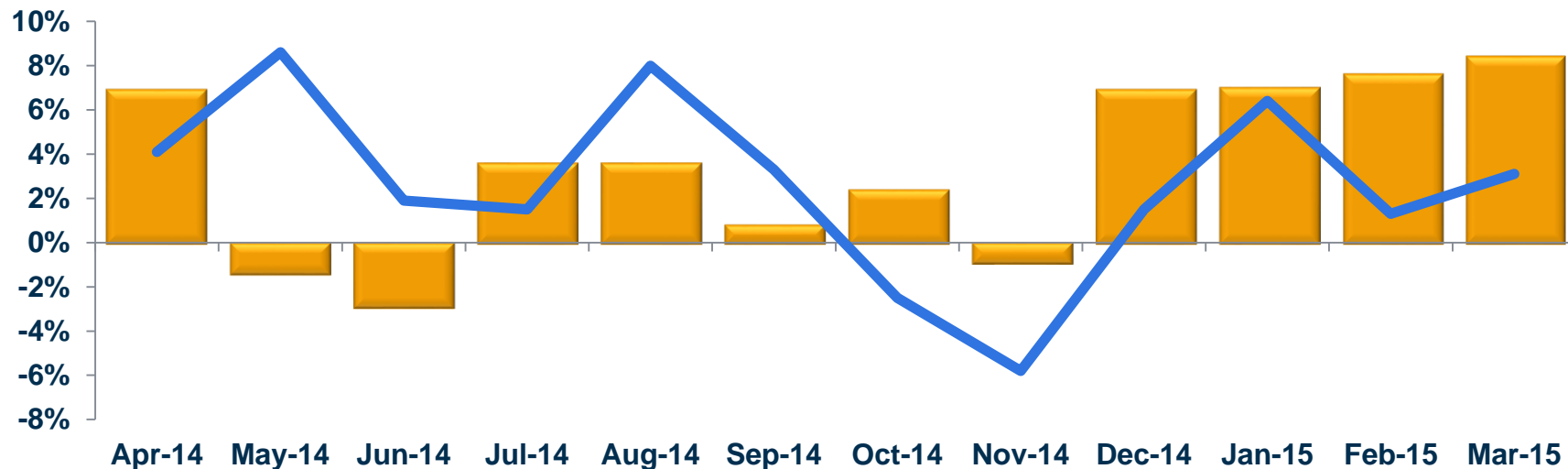
US Appliance Y/Y Sales Growth



Appliance sales have been volatile and largely
declining year over year.



US Furniture and Furnishings Y/Y Sales Growth



 Furniture Y/Y Sales Growth

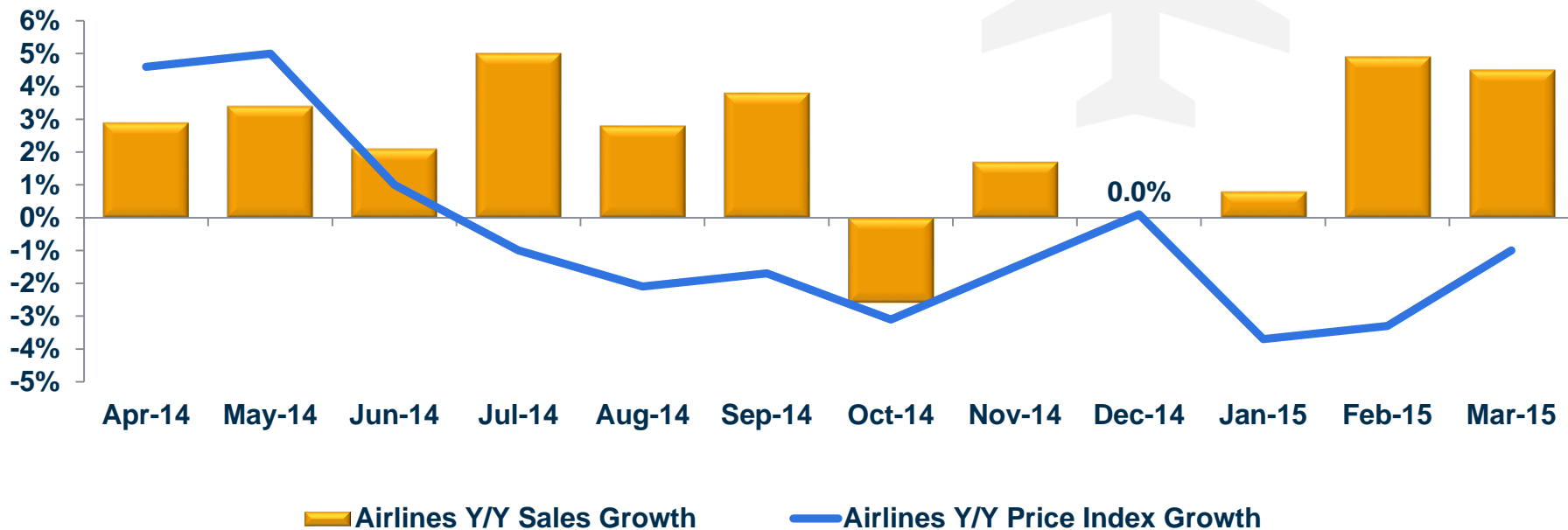
 Furnishings Y/Y Sales Growth



Furniture & Furnishings combined sales **grew by 8.4% year-over-year in March**, showing that consumers are making more larger ticket purchases



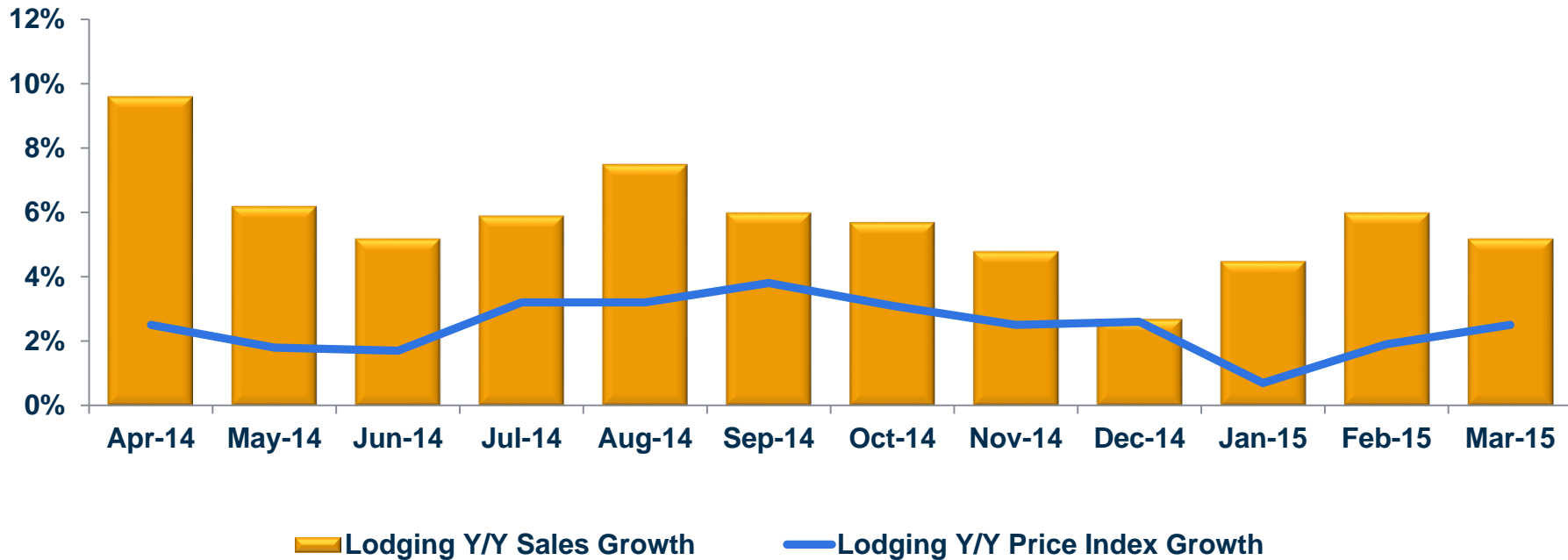
US Consumer Airlines Y/Y Sales Growth



The consumer continues to travel
demonstrating experiential spending



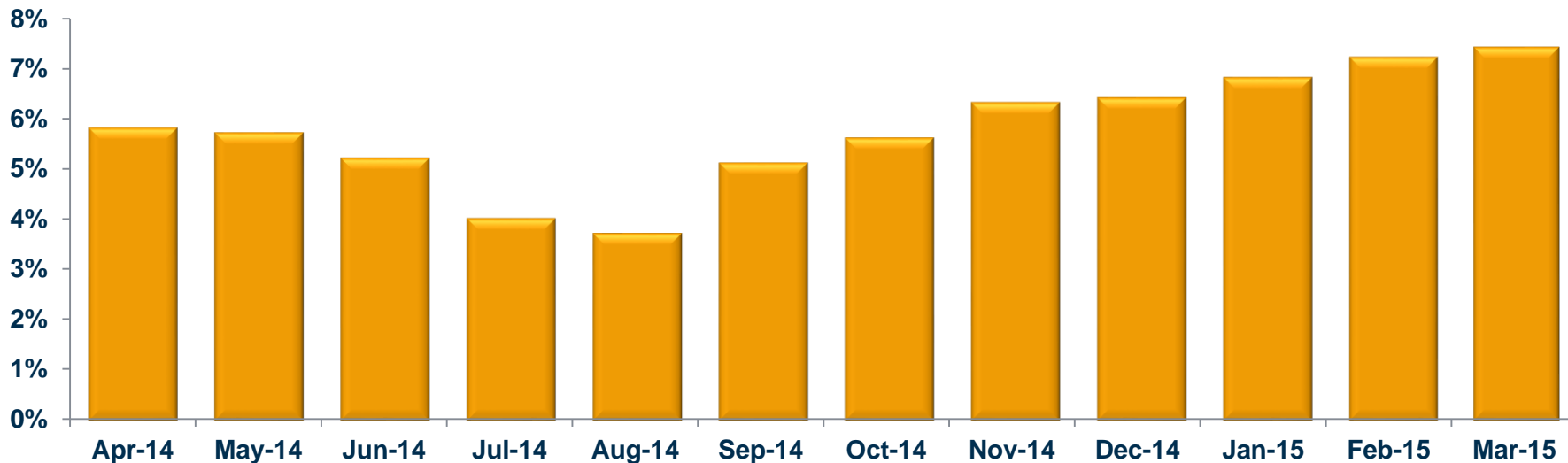
US Consumer Lodging Y/Y Sales Growth



The strength in **lodging** outpaces airlines sales, reflecting both driving and flying vacations by the consumer



US Restaurant Y/Y Sales Growth



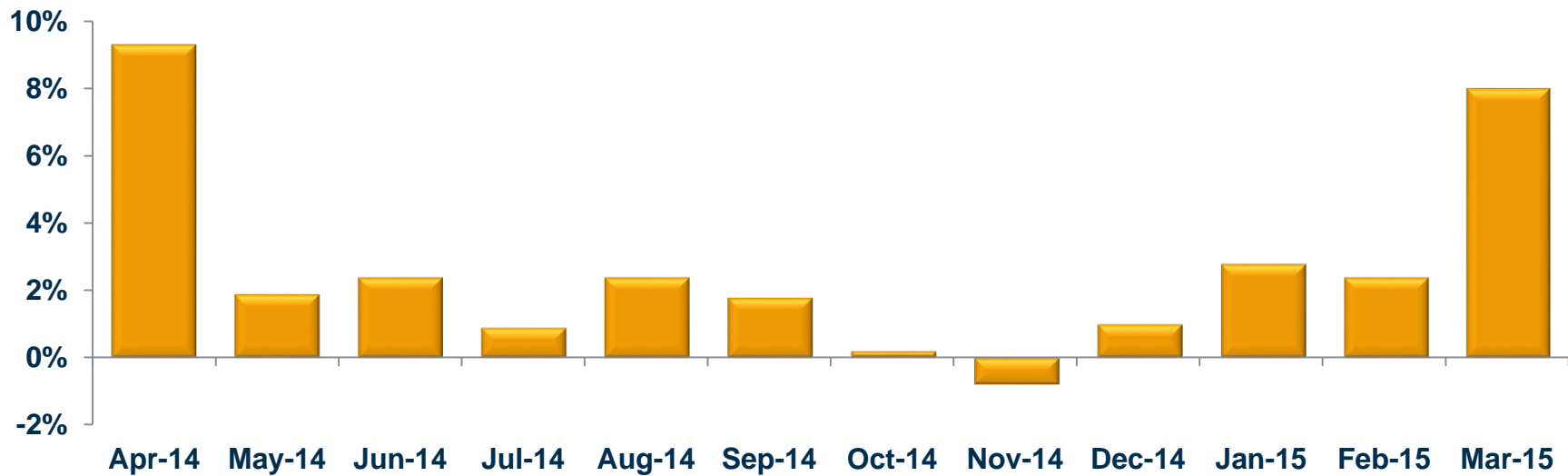
■ Restaurant Y/Y Sales Growth



The strength in restaurant sales **continues to improve each month**, reflecting the traveling consumer and the experiential spender



US Grocery Y/Y Sales Growth



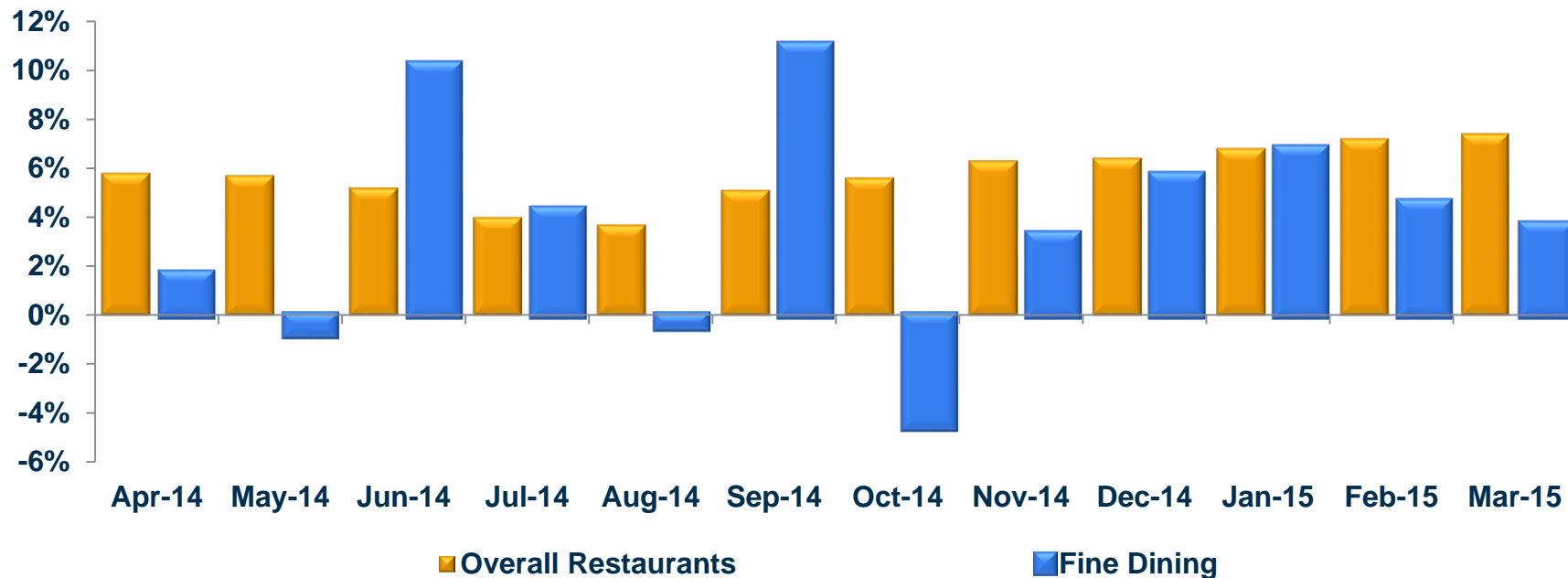
■ Grocery Store Y/Y Sales Growth



Grocery sales grew by **8.0% year-over-year in March**



US Fine Dining Restaurants Sales



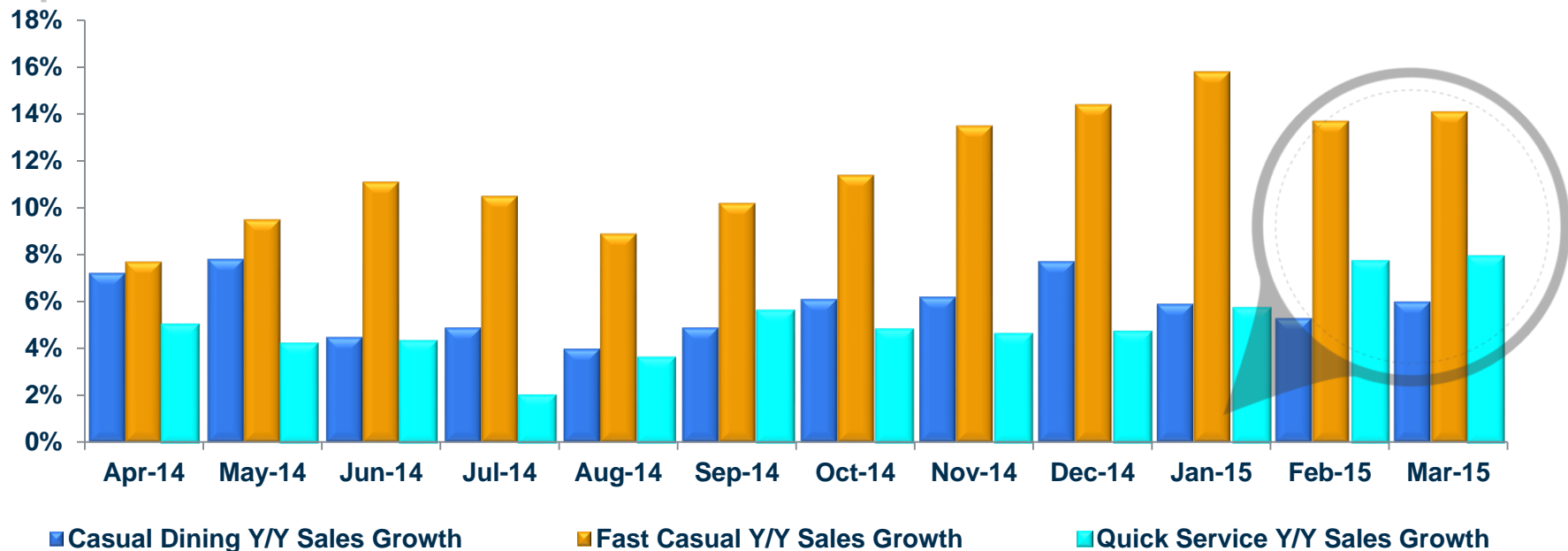
Restaurant segment year-over-year growth rates in March:

Overall: +7.4% Fine Dining: +3.7%

Fine Dining continues to lag in growth versus other categories



US Fast Casual, Casual Dining and Quick Service Restaurants Sales

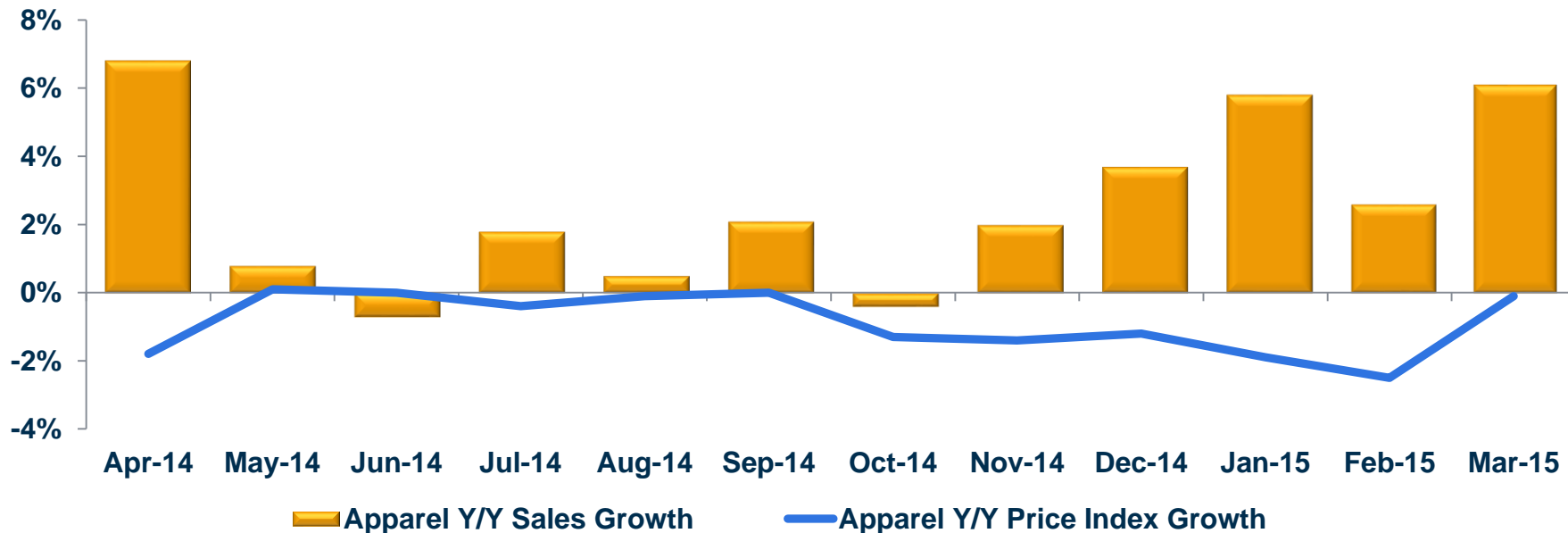


Restaurant segment year-over-year growth rates in March:
Casual Dining: +6.0% | Fast Casual: +14.1% | Quick Service: +7.9%





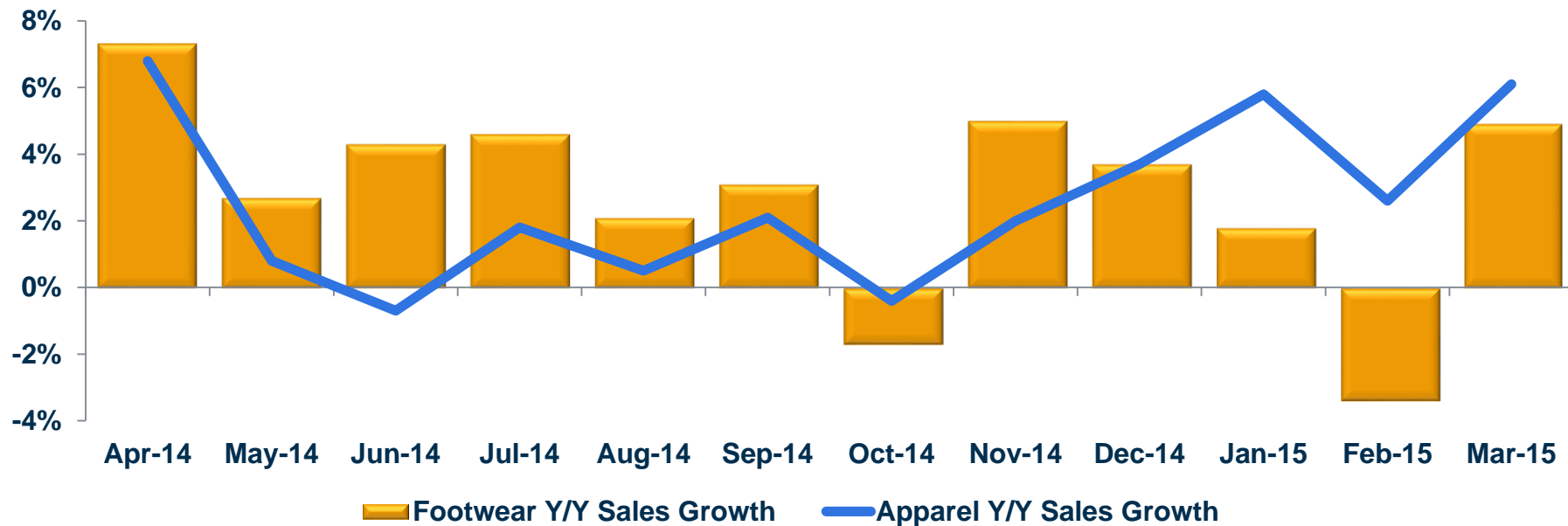
US Total Apparel Y/Y Sales Growth



Specialty Apparel sales **grew by 6.1% year-over-year in March**, demonstrating sustained growth over a number of months



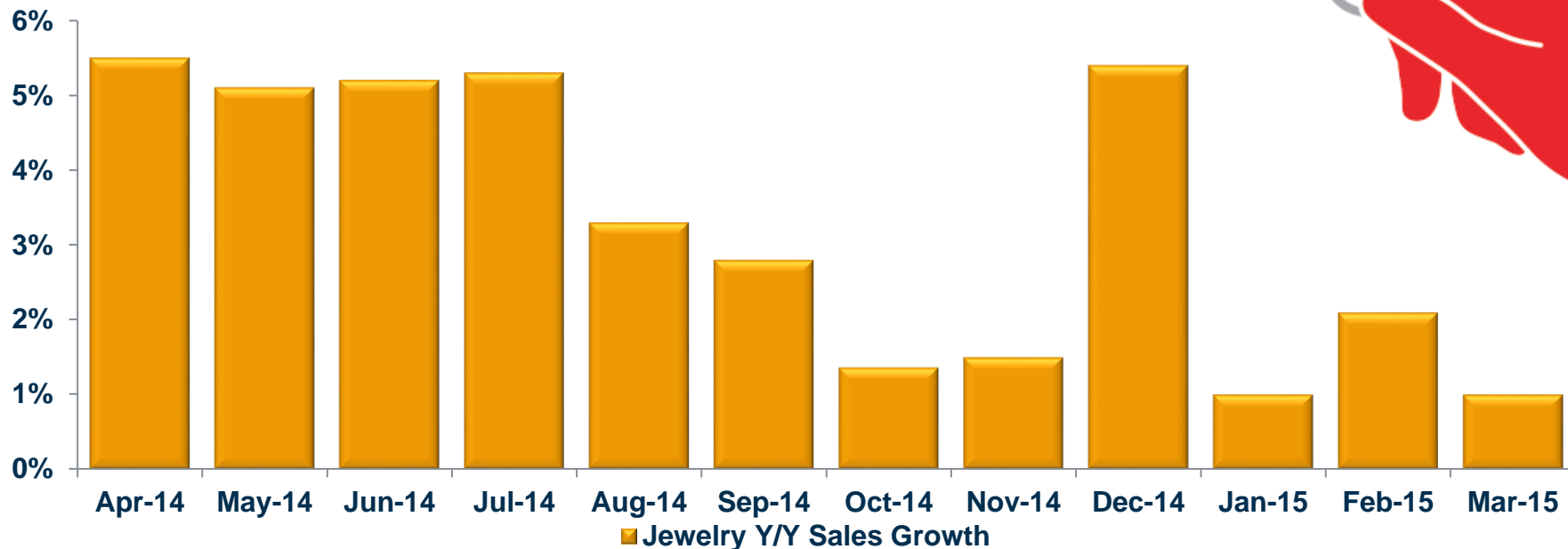
US Footwear Y/Y Sales Growth



Footwear sales **grew by 4.9% year-over-year in March**, demonstrating the unique nature of accessories



US Jewelry Y/Y Sales Growth



Jewelry sales **grew by 1.0% year-over-year in March**, making it the 25th consecutive month of year over year growth



US Independent Jeweler Y/Y Sales Growth

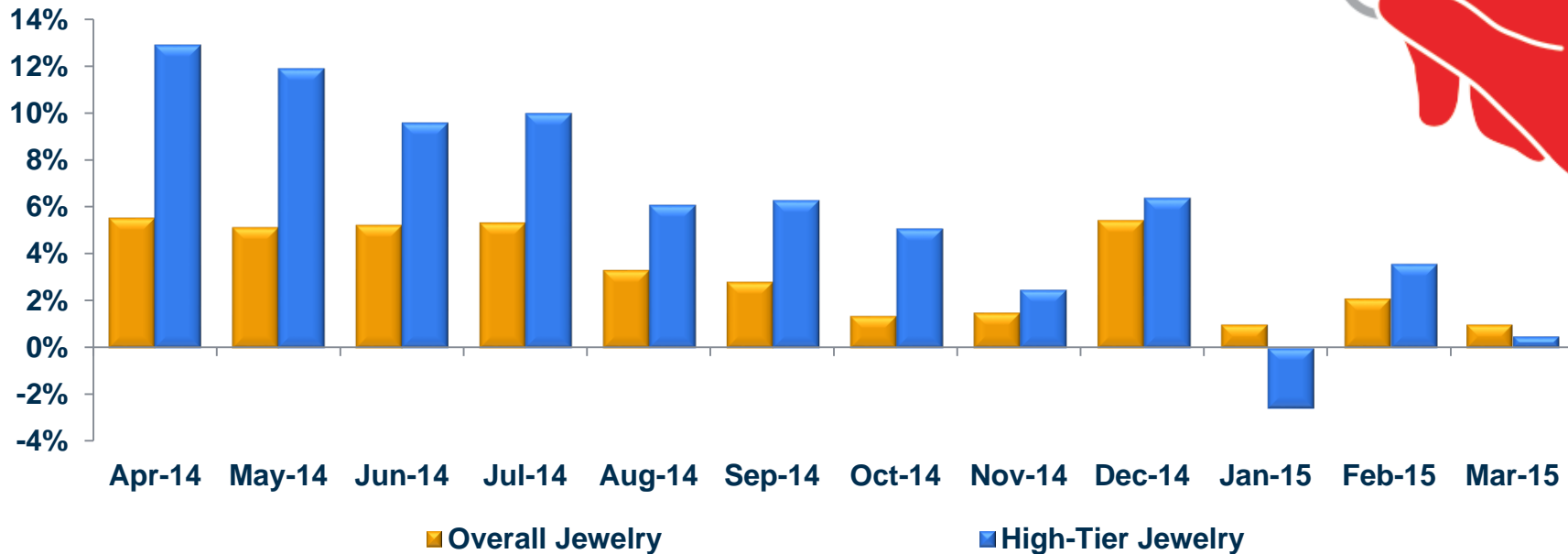


Jewelry segment year-over-year growth rates in March:

Overall: +1.0% Independent: +0.1%



US High-Tier Jewelry Y/Y Sales Growth



Jewelry segment year-over-year growth rates in March:
Overall: +1.0% **High-Tier: +0.5%** - This is one of the few months
that high-tier jewelry has lagged in its growth rate



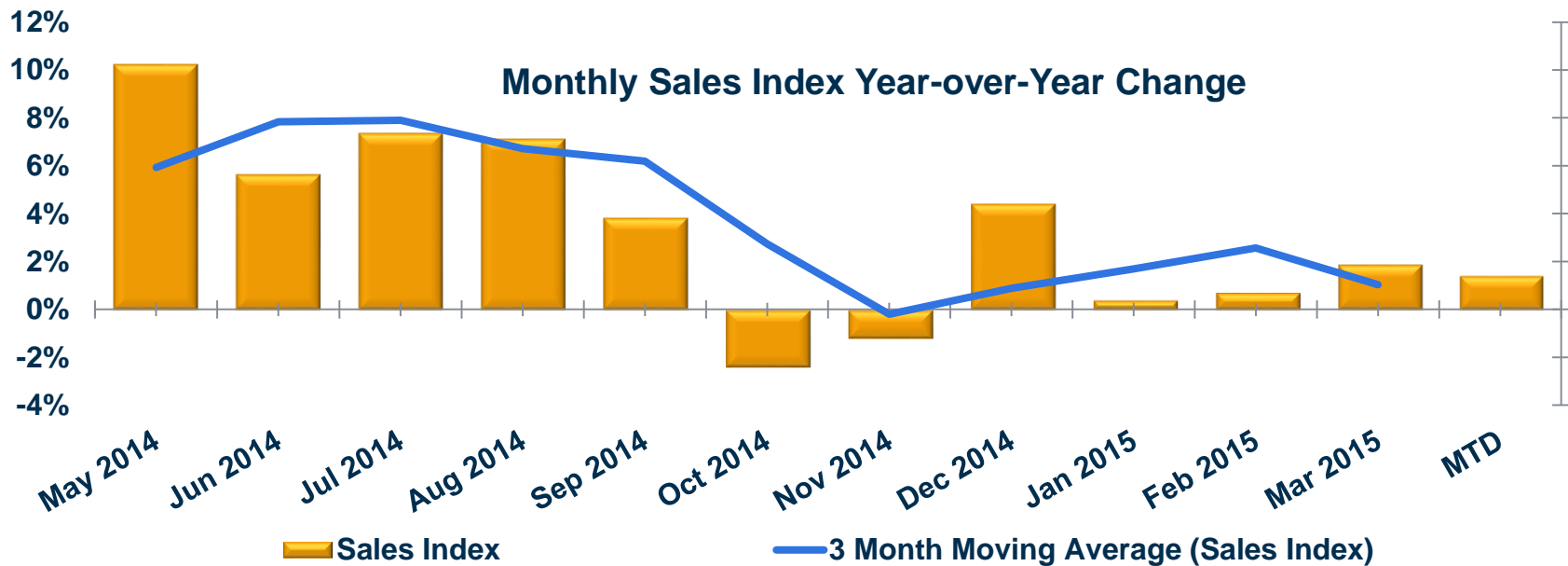
US Luxury excl. Jewelry Y/Y Sales Growth



Luxury sales **declined by 3.0% year-over-year in March**, again showing that the affluent consumer is not traditionally spending



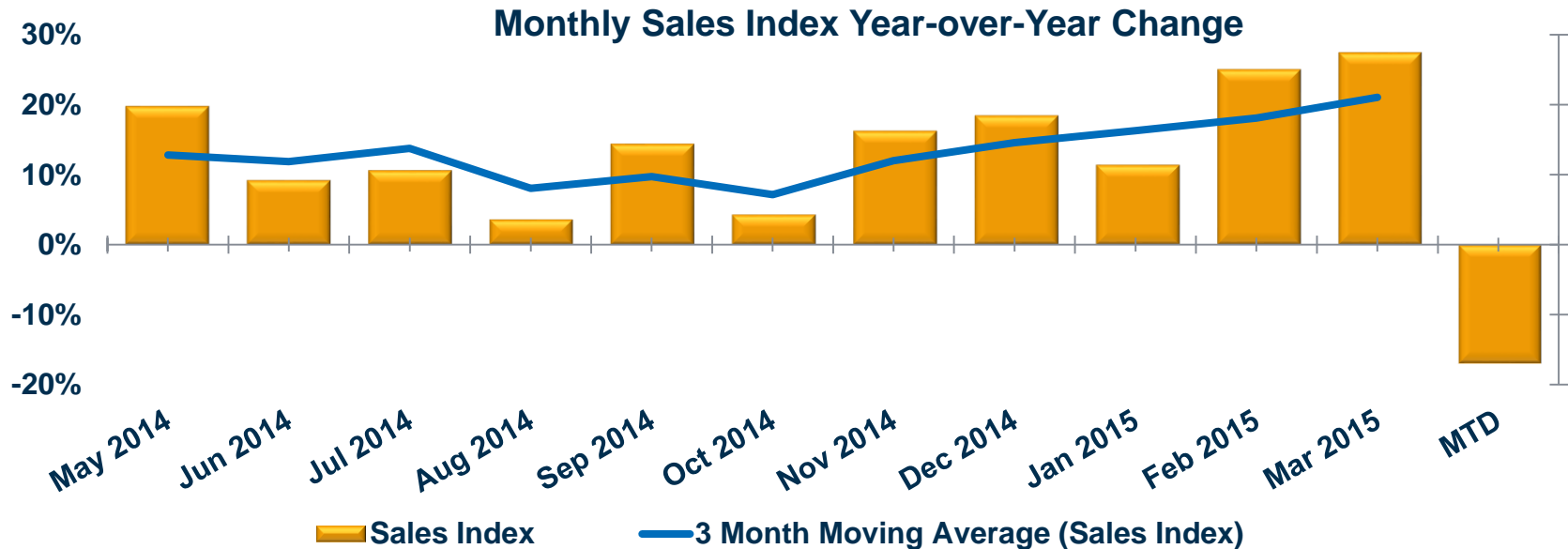
US Luxury Goods & Accessories Total Sales



The recent recovery in luxury spending
had been focused on only a few select brands



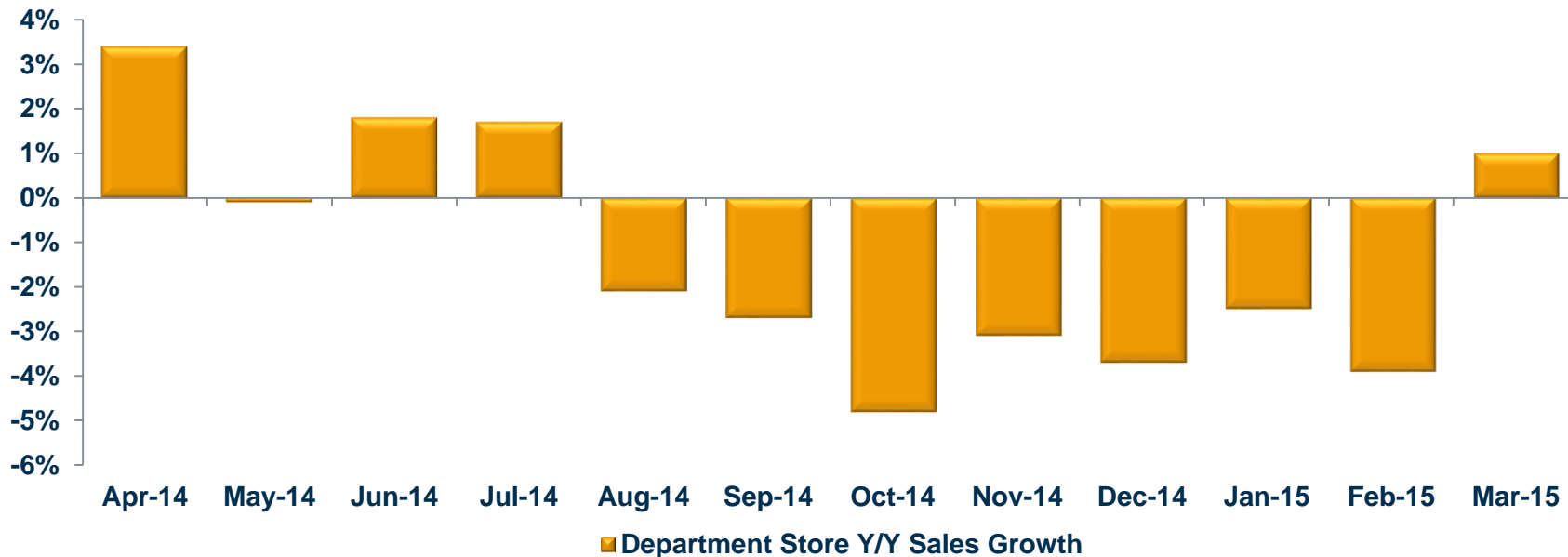
US Luxury Retail eCommerce



Using a more concentrated view we see,
the concentration of the consumer on fewer brands



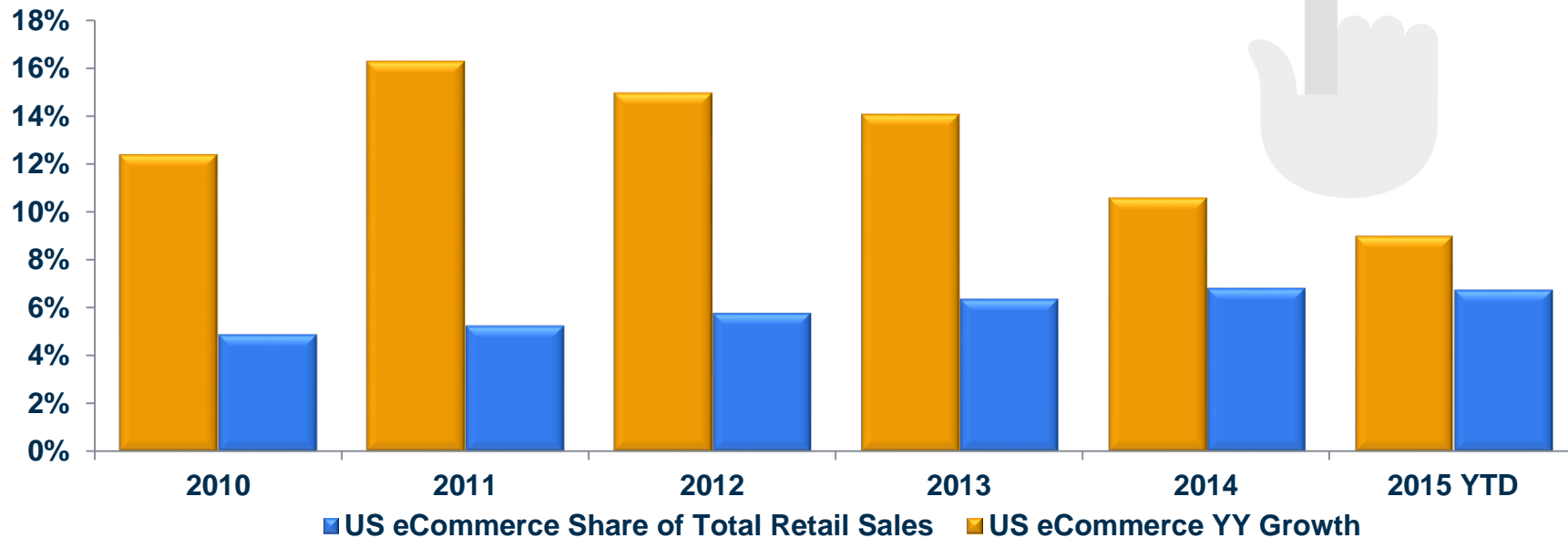
US Department Store Y/Y Sales Growth



Department Store sales finally **reversed their negative trend benefiting from the early Easter**, however they are not the preferred channel for purchases



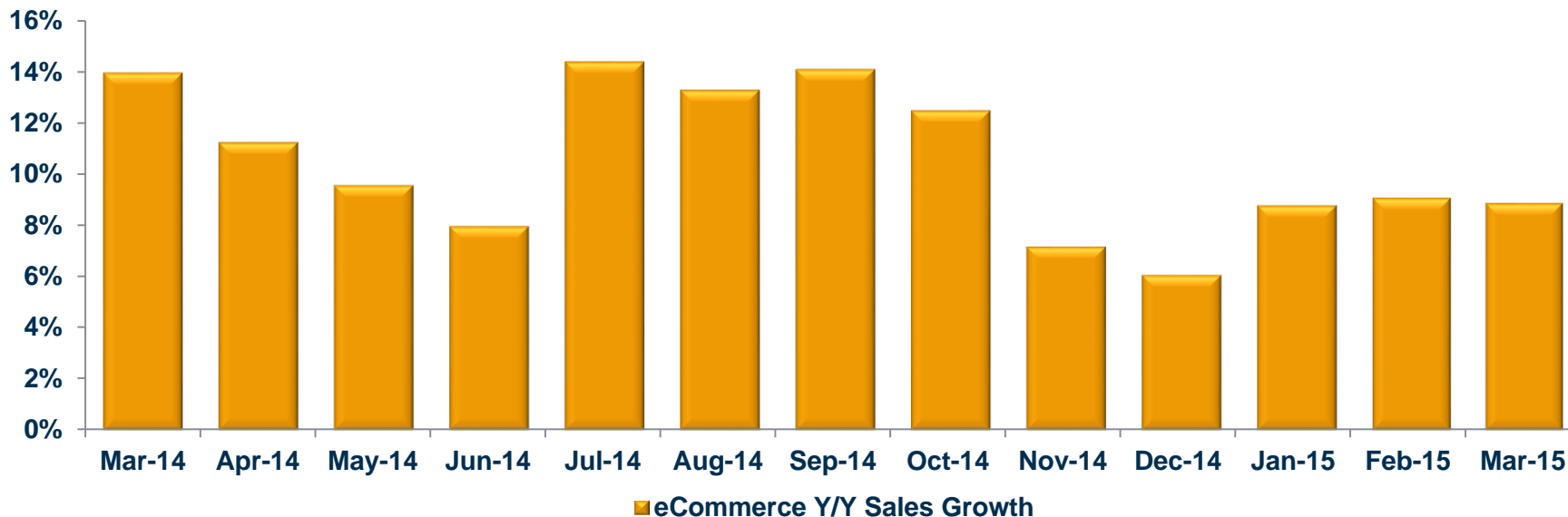
US eCommerce Y/Y Sales Growth



eCommerce sales share of total retail sales is **6.7% YTD**
in retail 2015, with the growth rates again in single digits



US eCommerce Y/Y Sales Growth



eCommerce sales **grew by 8.9% year-over-year in March**,
the fifth month of single digit growth



US eCommerce Sector Performance

Sectors	Year-over-Year March 2015
Total eCommerce	+8.9%
Leading	
Women's Apparel	+23.1%
Children's Apparel	+21.0%
Electronics	+12.0%
Lagging	
Jewelry	+1.5%
Footwear Apparel	+1.2%
Family Apparel	+0.5%



More generic sectors, such as electronics and children's apparel are the clear leaders in eCommerce growth

Source: SpendingPulse™



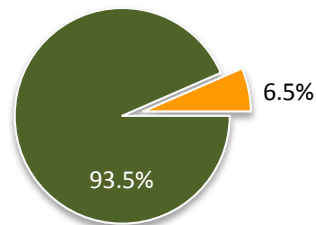
US eCommerce Y/Y Sales Growth

Channel Share by Sector for Mar. 2015

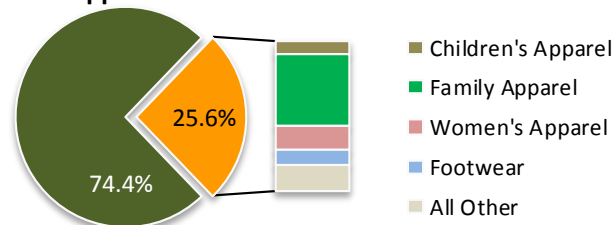
 In Store

 eCommerce

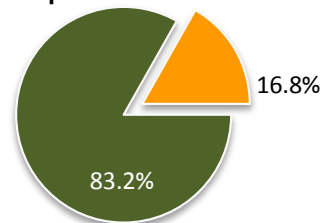
Total U.S. Retail Sales x Auto



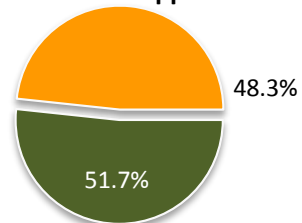
Apparel



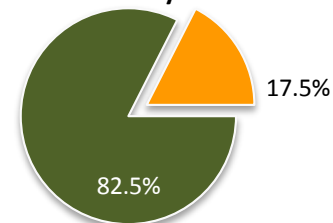
Department Store



Electronics & Appliances



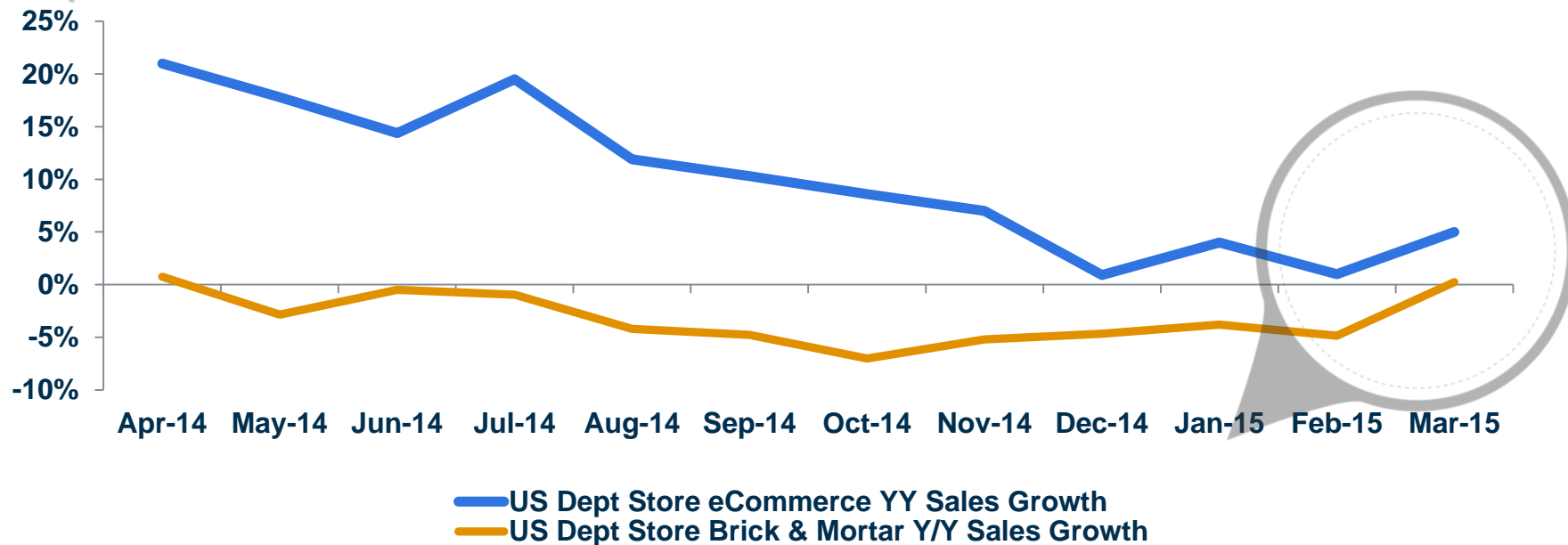
Jewelry



eCommerce Shares are growing but at a slower pace



US Dept. Stores eCommerce vs Bricks & Mortar



Department Store sales **finally reversed their negative trend** benefiting from the early Easter, however they are not the preferred channel for purchases



UK Y/Y Total Retail Sales Growth (ex. Auto)



The UK Consumer continued to reflect the rebound in the economy taking advantage of both an early Easter and Mothers Day



Canada Y/Y Total Retail Sales Growth

(ex. Auto)

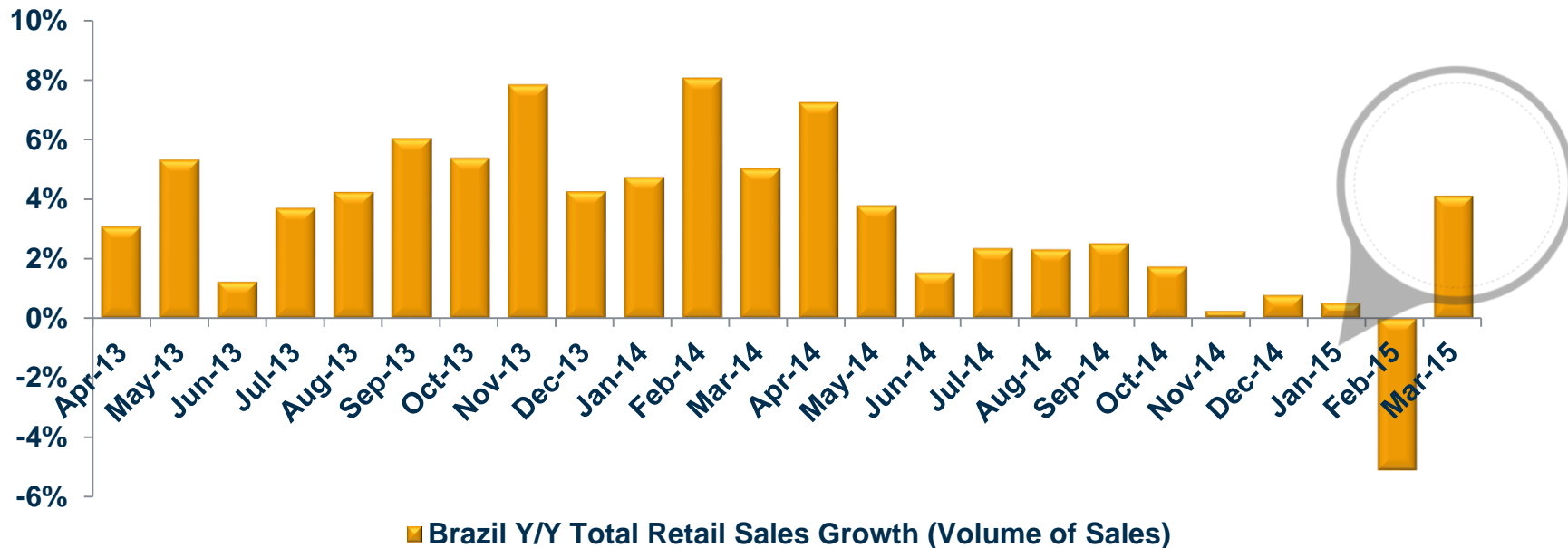
87



Total Retail sales **grew by 1.6% year-over-year** in March, but was positive mostly due to the early Easter shift



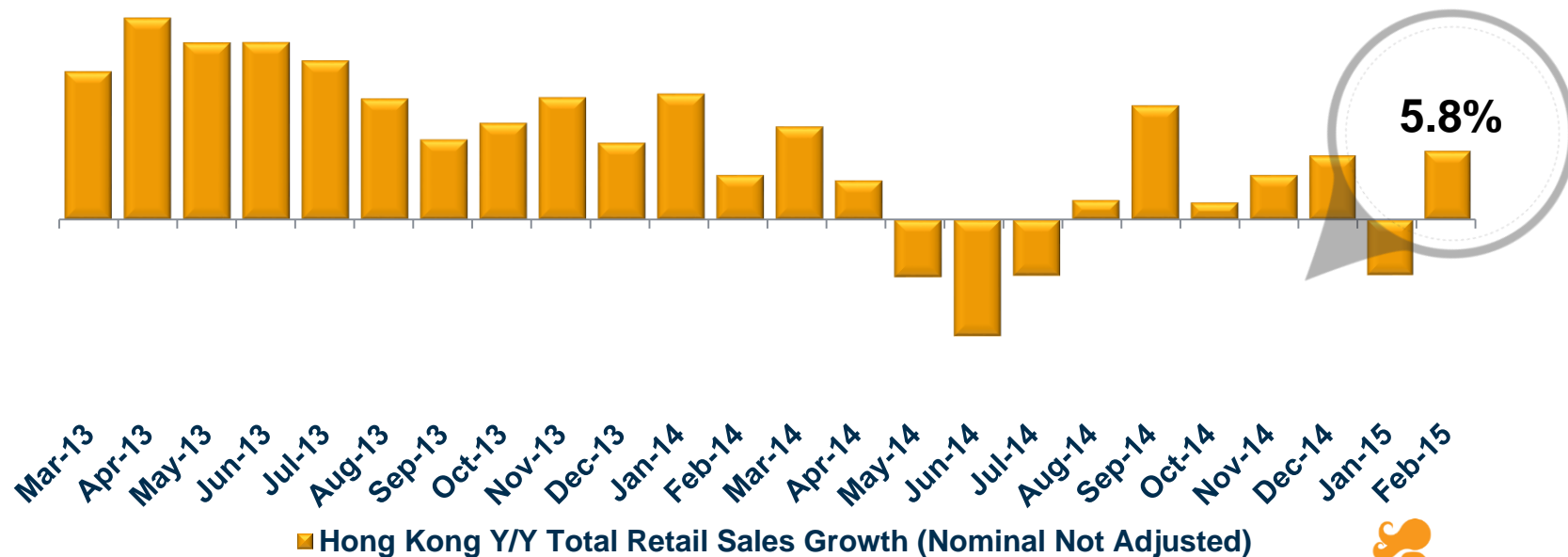
Brazil Y/Y Total Retail Sales Growth



Brazilian **total retail sales** rose **4.1%** in March 2015, reflecting 2 additional sales days in March due to an earlier Carnival



Hong Kong Y/Y Total Retail Sales Growth



Total Retail sales **grew by 5.8% year-over-year in February**, reflecting the shift in the Lunar New Year to February from January





Hong Kong Jewelry Y/Y Sales Growth



Jewellery sales **declined by 9.4% year-over-year** in February, showing renewed concern by the tourist consumer



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