

An Update on the Economy and Financial Markets

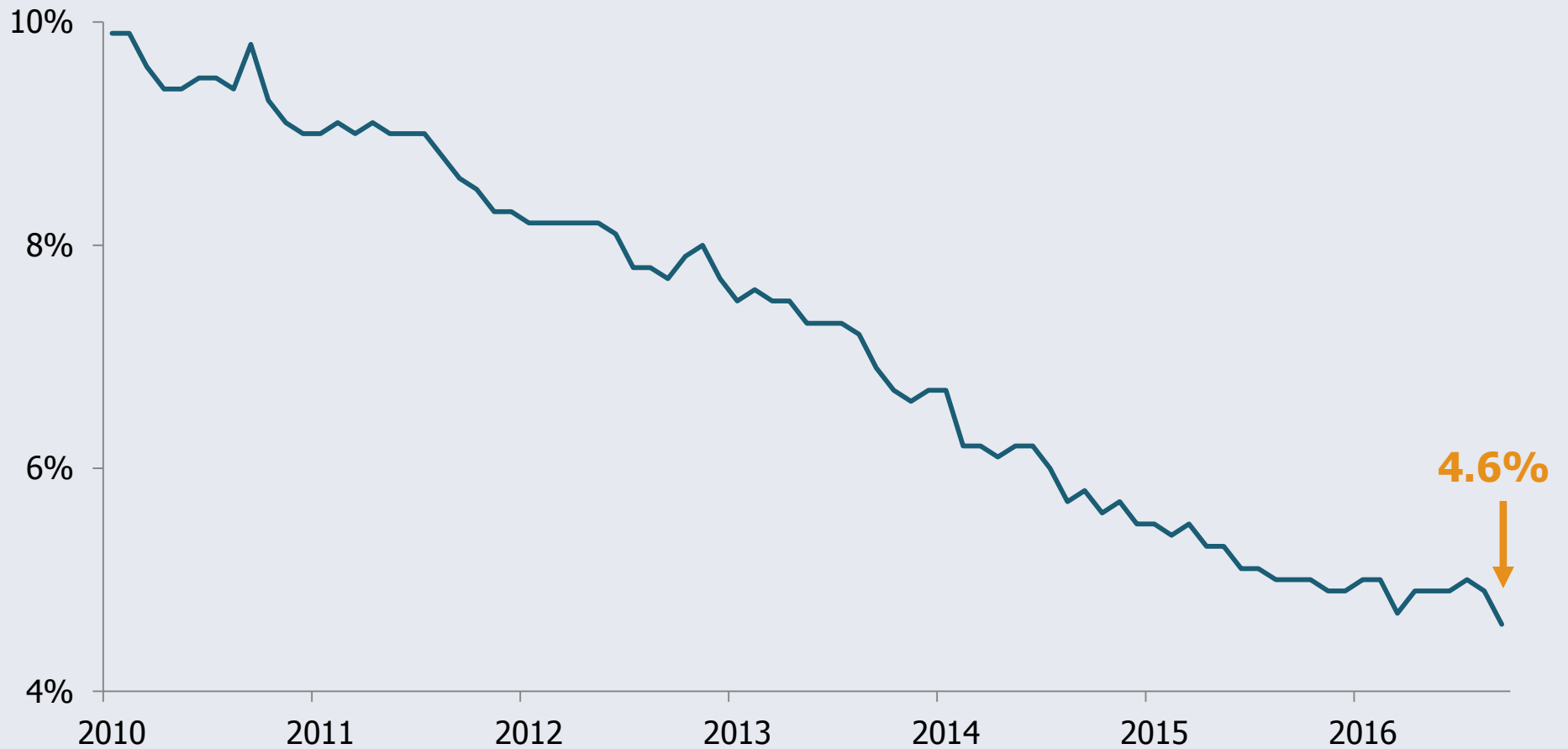
John Kim
President
New York Life Insurance Company

January 9, 2017



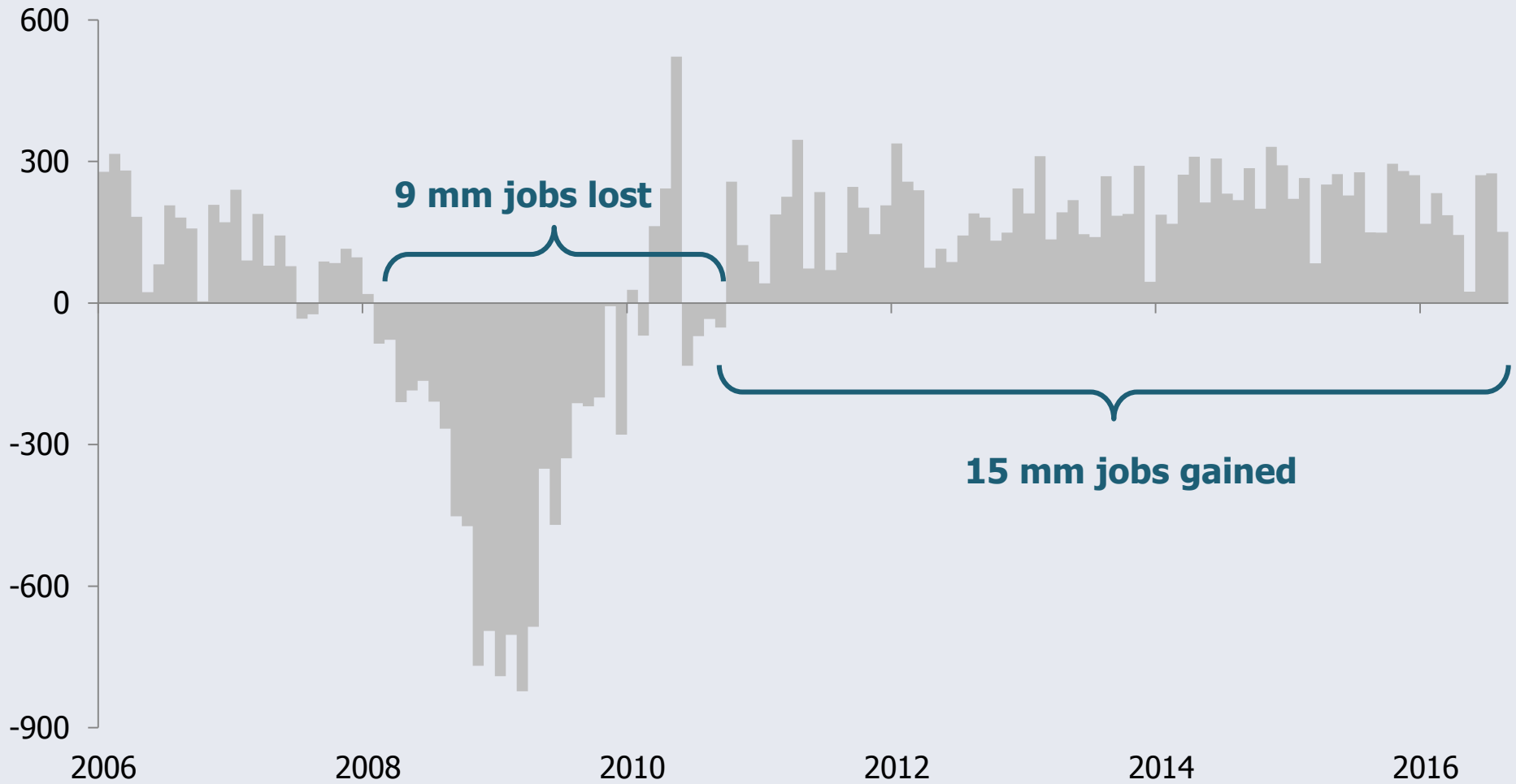
Favorable employment trends

Unemployment rate



Source: Bureau of Labor Statistics; seasonally adjusted, December 2016

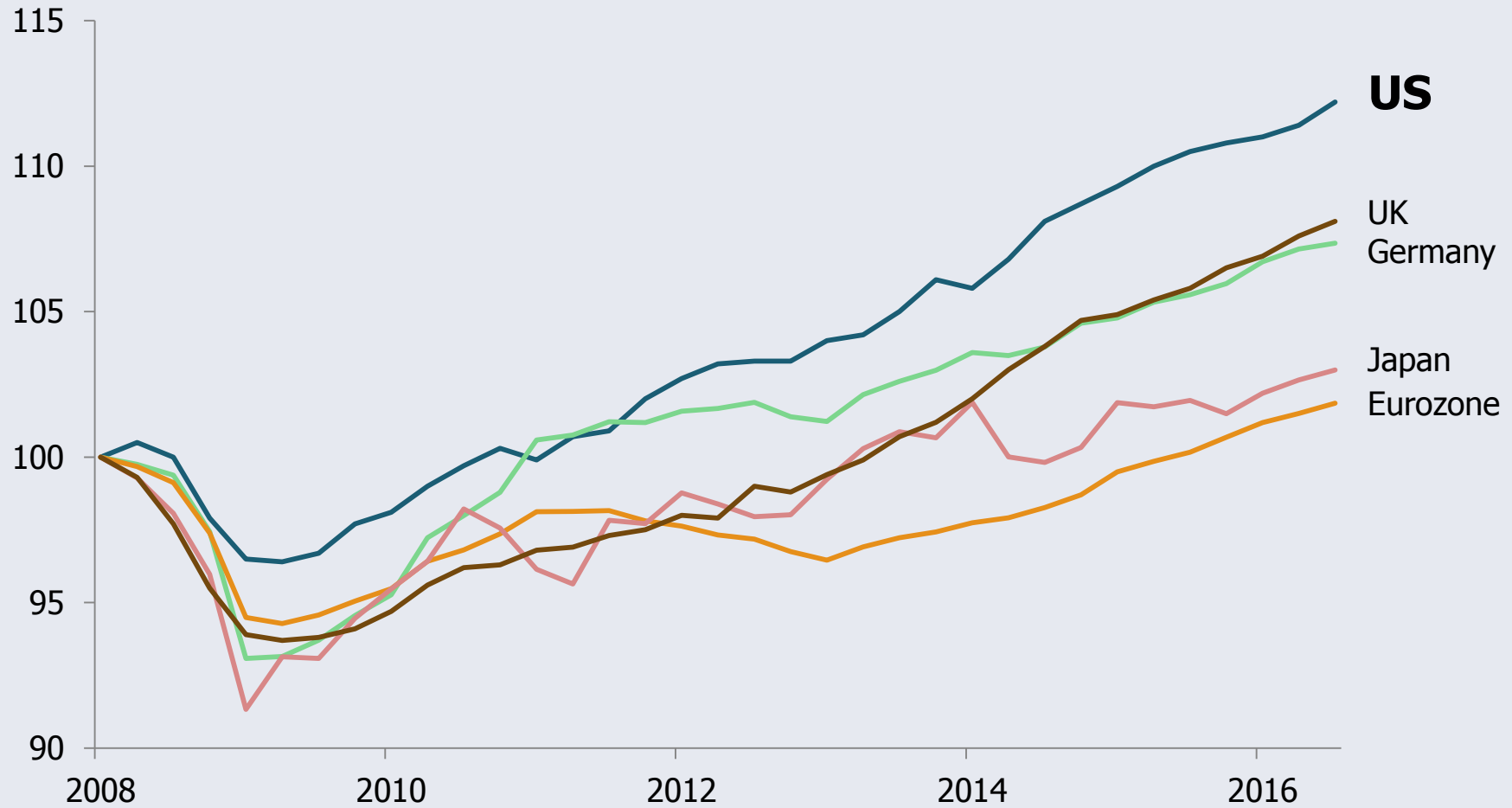
Solid job growth



Note: Non-farm payroll ('000s), total job gain / loss
Source: Bureau of Labor Statistics, December 2016

U.S. outpacing other developed economies

Real GDP
(Indexed to year 2008)



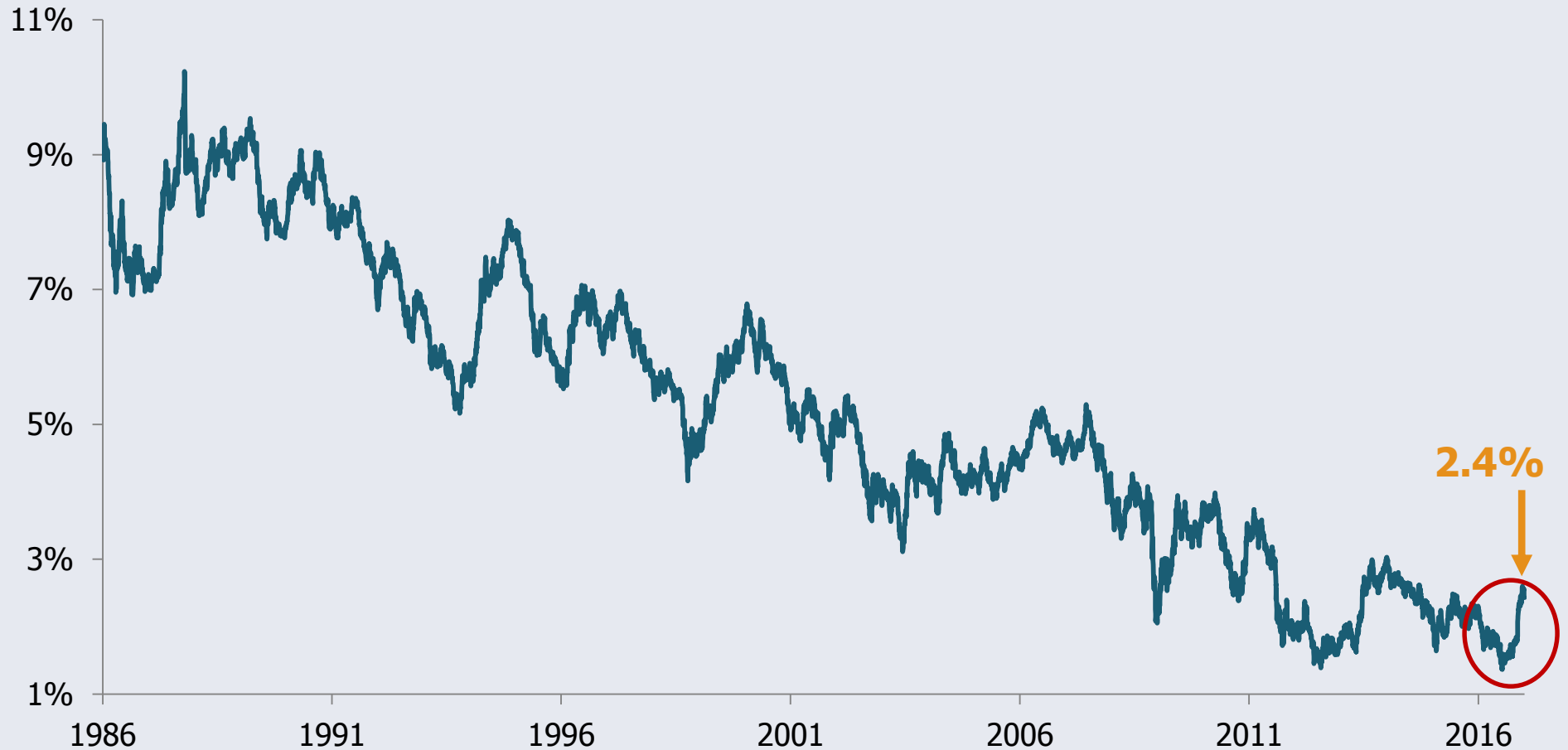
2016 – a tumultuous year for markets

S&P 500 Total Return Index



Interest rates... a new era?

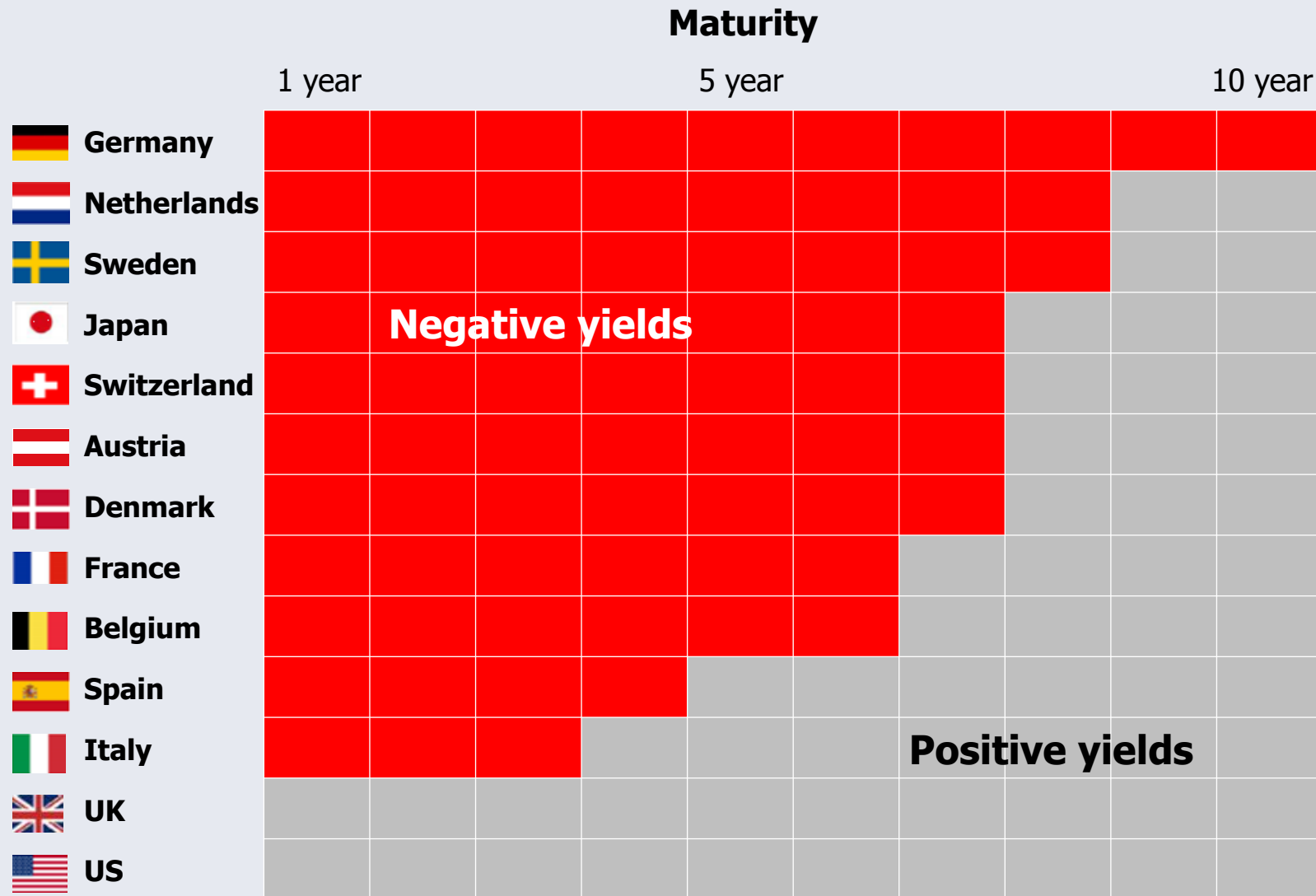
10-year Treasury yields



Source: Department of Treasury, January 2017

Past performance is no guarantee of future results, which will vary. Treasuries are backed by the full faith and credit of the US Government.

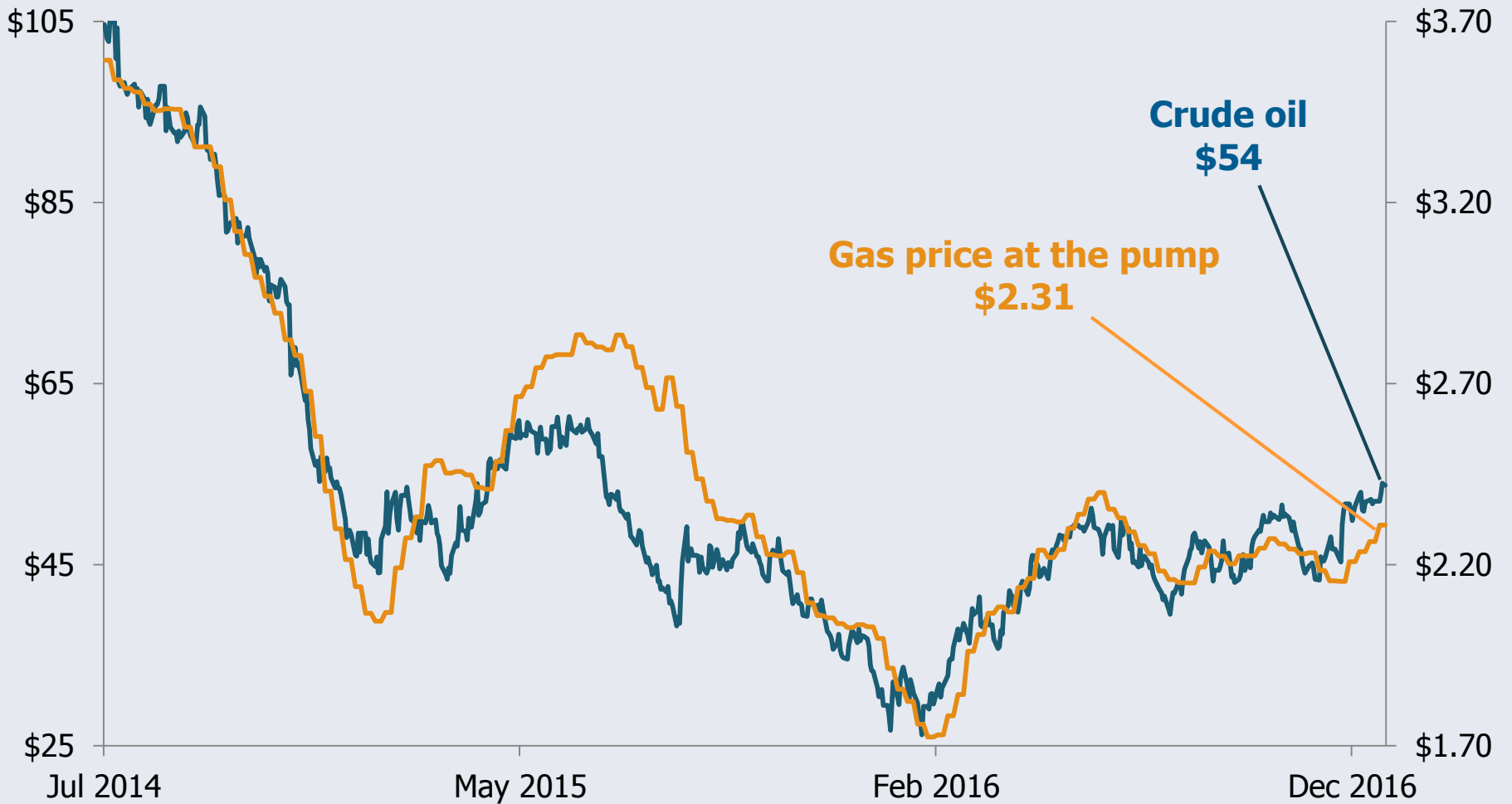
Global bond rates



Oil prices... a volatile recovery

Crude oil

Gas price



2017 investment outlook

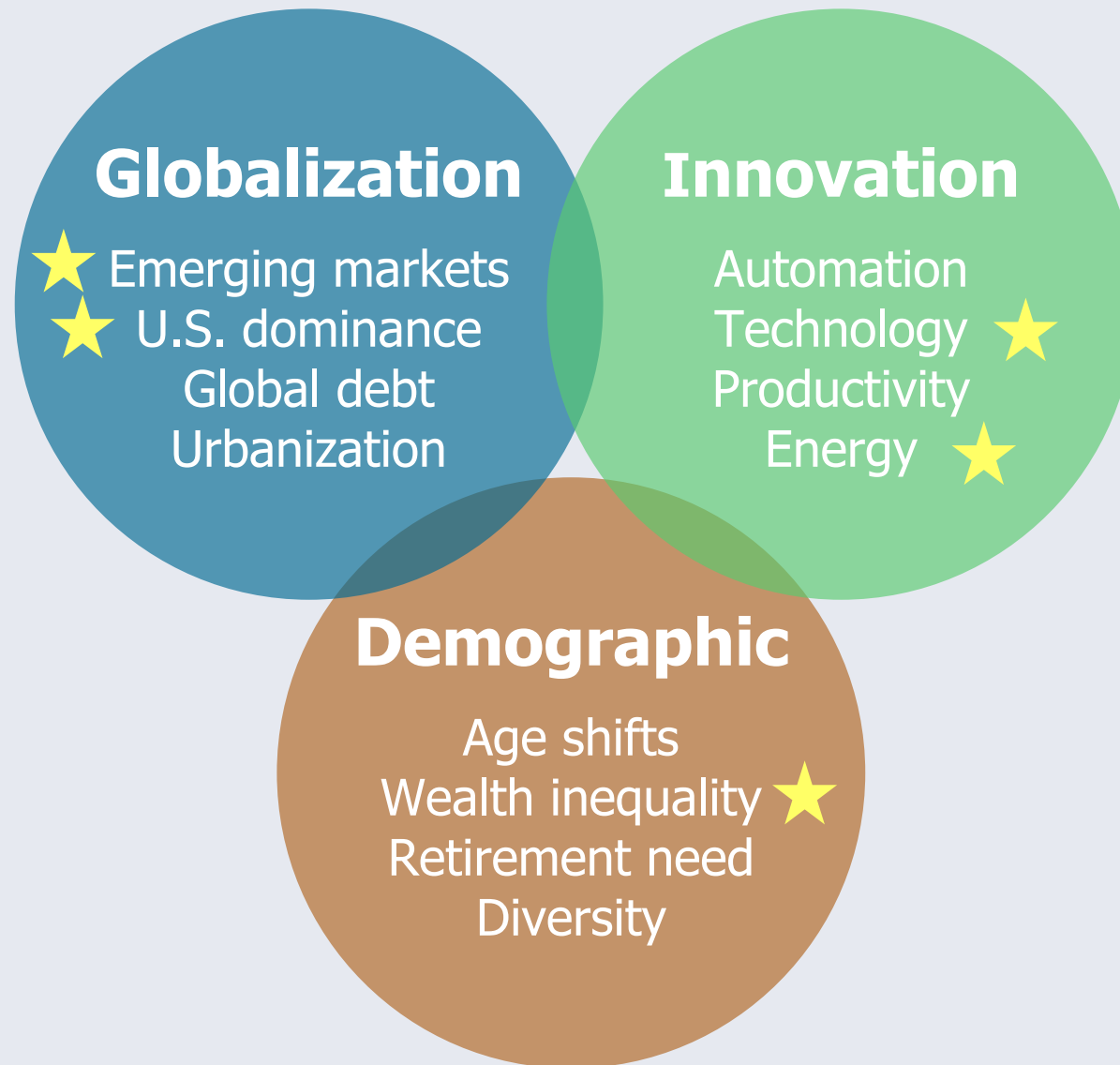
- Global growth outlook improving; uncertainty to remain high
- Key items to watch:
 - **Anticipated Trump policies:** Tax reform; fiscal policy; trade; (de)regulation; healthcare; immigration
 - **Geopolitical events:** Brexit; European politics; terrorism; cybersecurity
 - **China:** Slower, still decent growth; US/China relationship

Reaganomics II?

Trump administration inherits a drastically different economy than Reagan

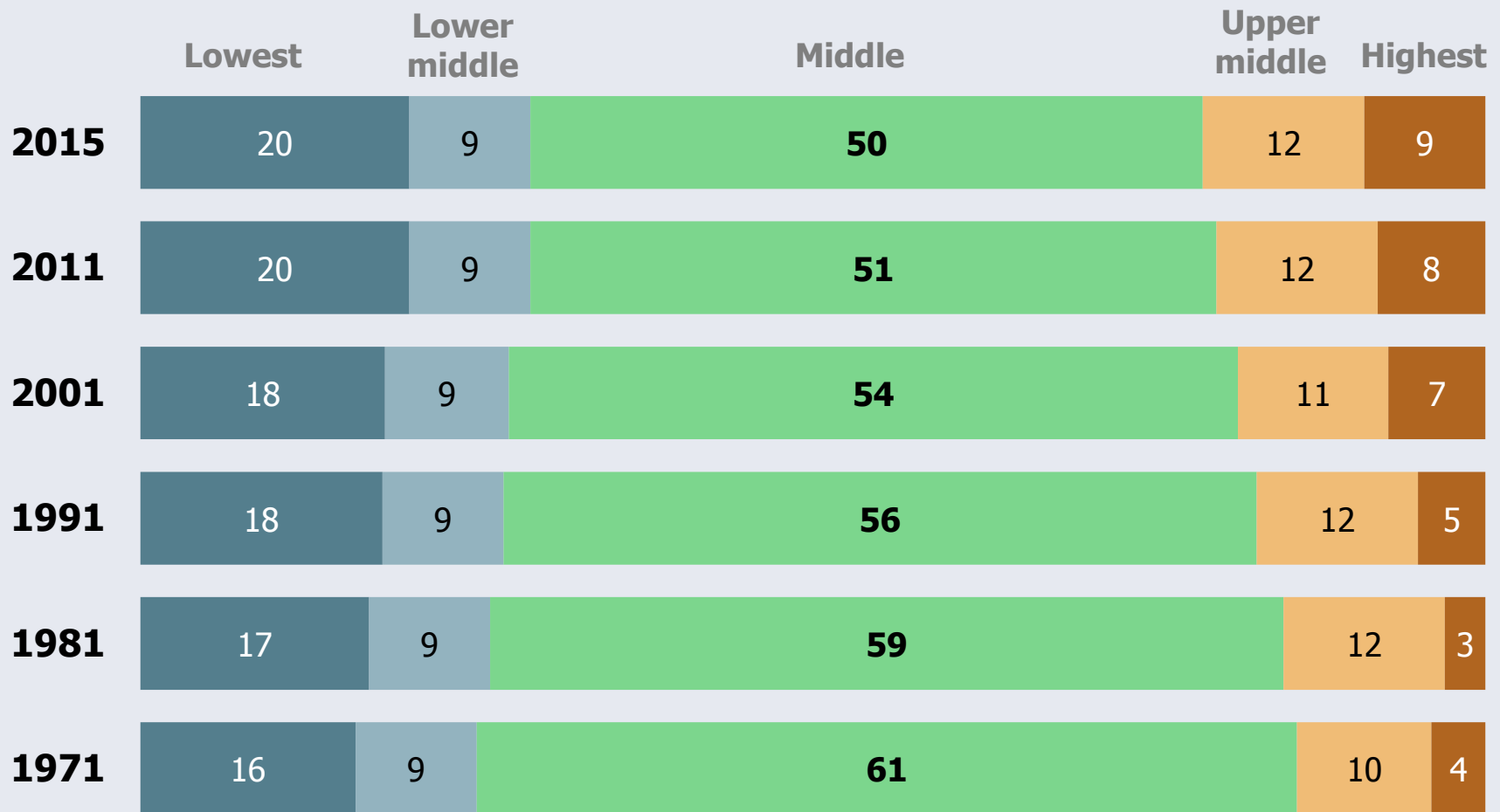
	REAGAN (Jan 1981)	TRUMP (Jan 2017)
10 Year US Treasury Interest Rate	10.3%	2.5%
Inflation (PCE)	9.2%	1.5%
Total US Debt/GDP	31%	105%
Unemployment	6.3%	4.6%
US GDP Growth- past 4 years annualized	4.3%	2.2%
S&P 500 P/E ratio (trailing)	7.5x	21.3x

Long-term macro trends



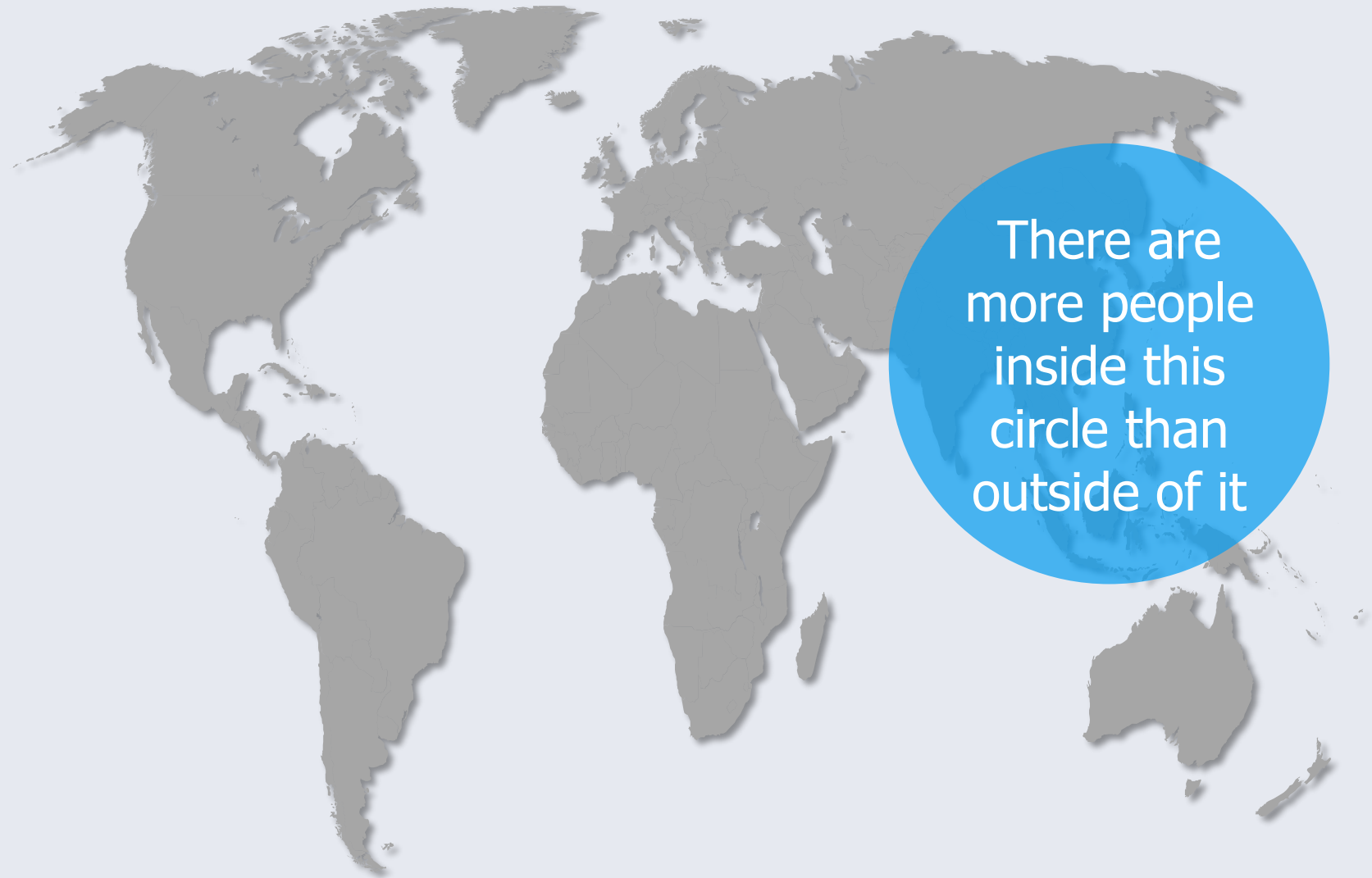
Shrinking middle class

Percentage of adults in middle-income households is falling

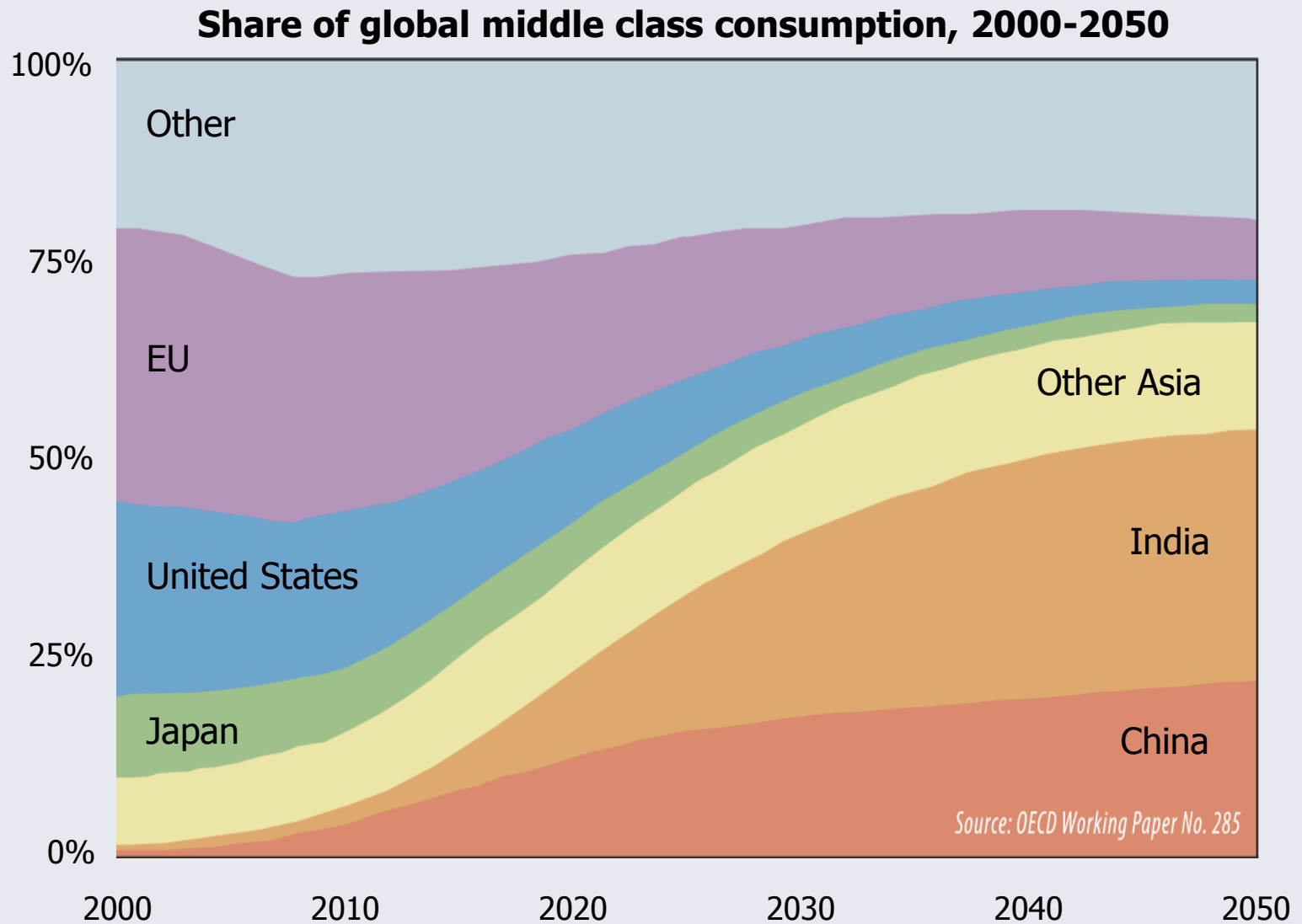


Note: Adults are assigned to income tiers based on their size-adjusted household income in the calendar year prior to the survey year.
 Source: Pew Research Center analysis of the Current Population Survey, Annual Social and Economic Supplements

Emerging middle class



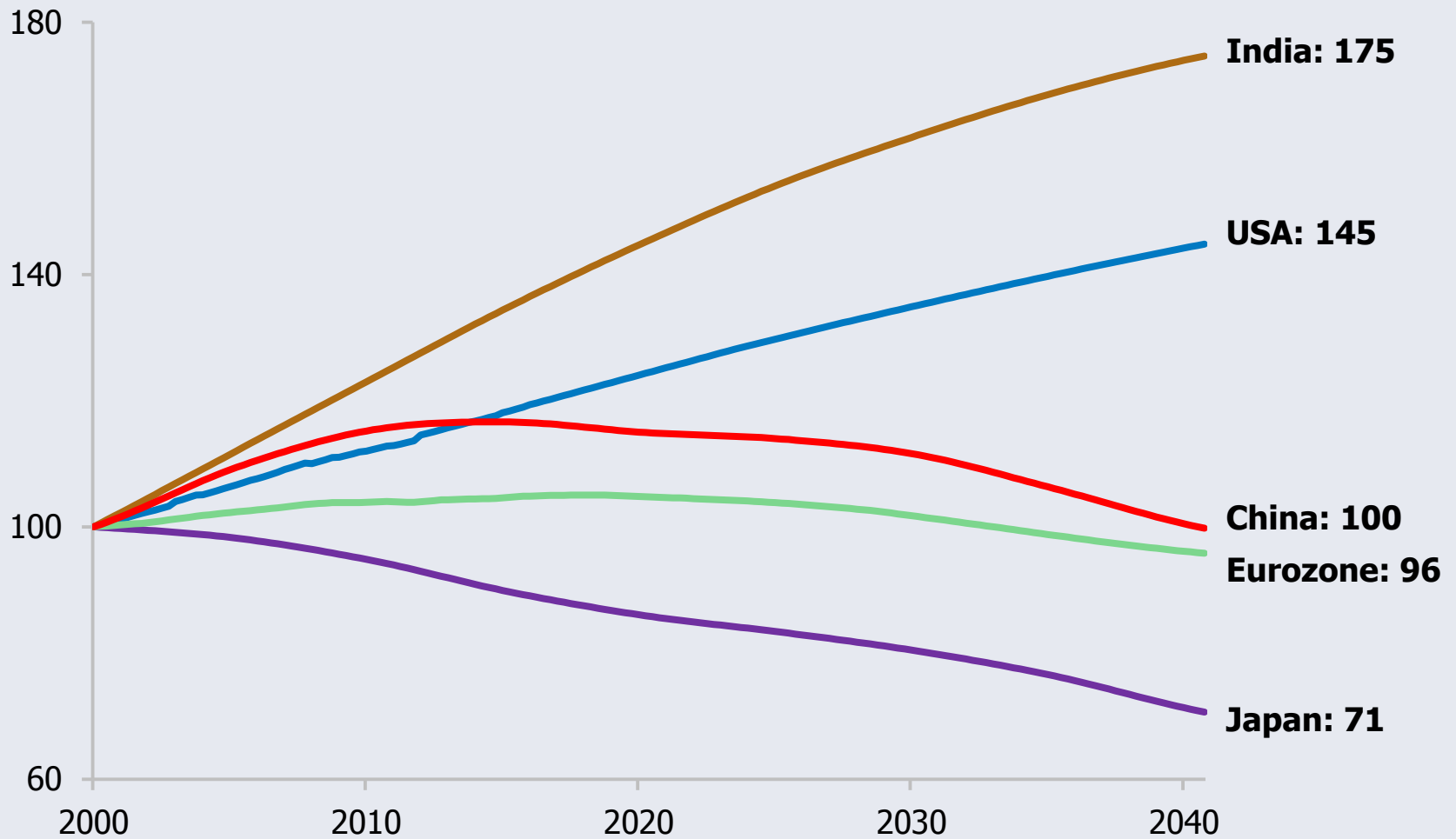
India & China lead middle class growth



World labor force growth

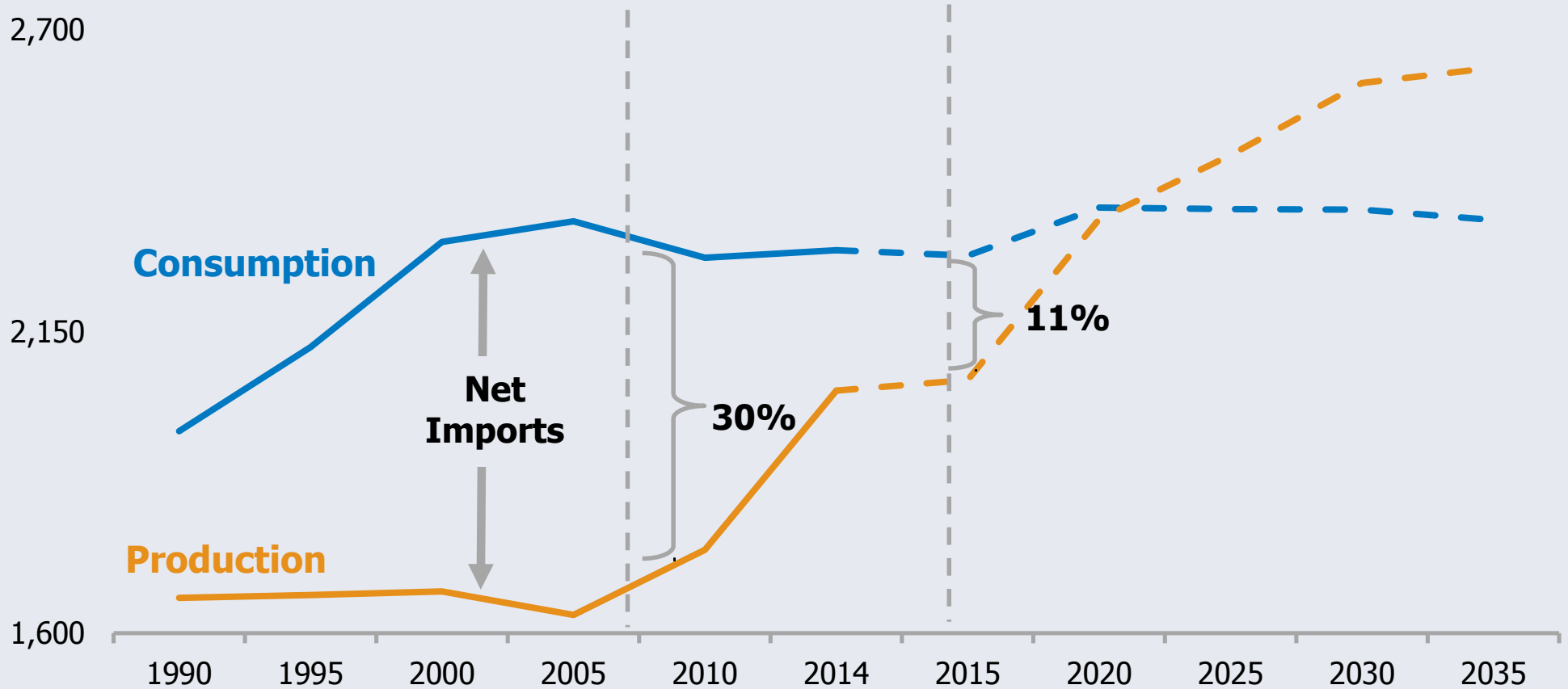
Working age population forecast to 2040

(Indexed to year 2000)

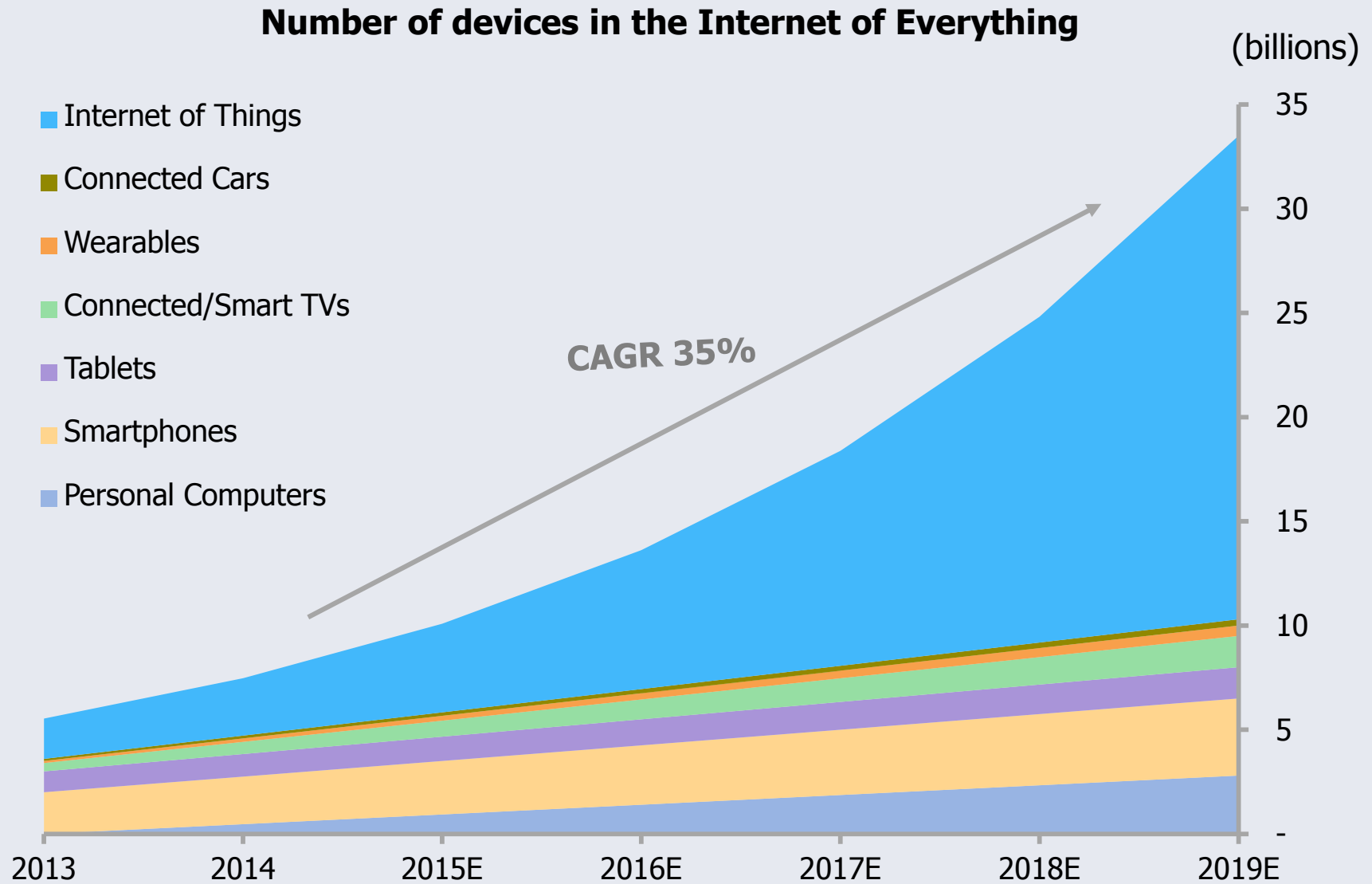


U.S. path toward energy independence

Total U.S. energy consumption & production

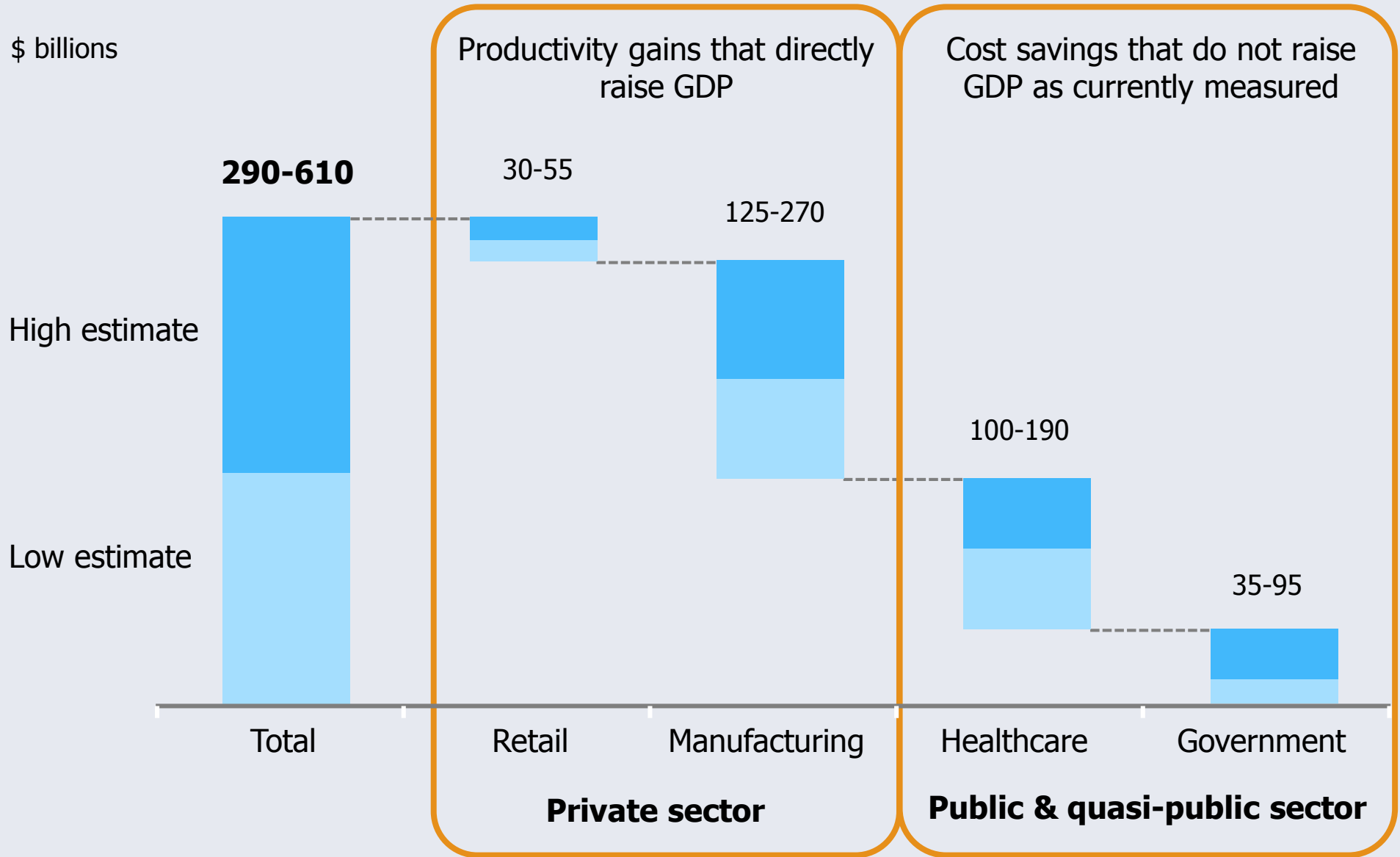


A surge of technological trends



Big data driving GDP

\$ billions



An Uber for everything



Moving & Storage



Transportation



Home Services



Office Storage



Health & Beauty



Food & Dining



Care Services



Delivery



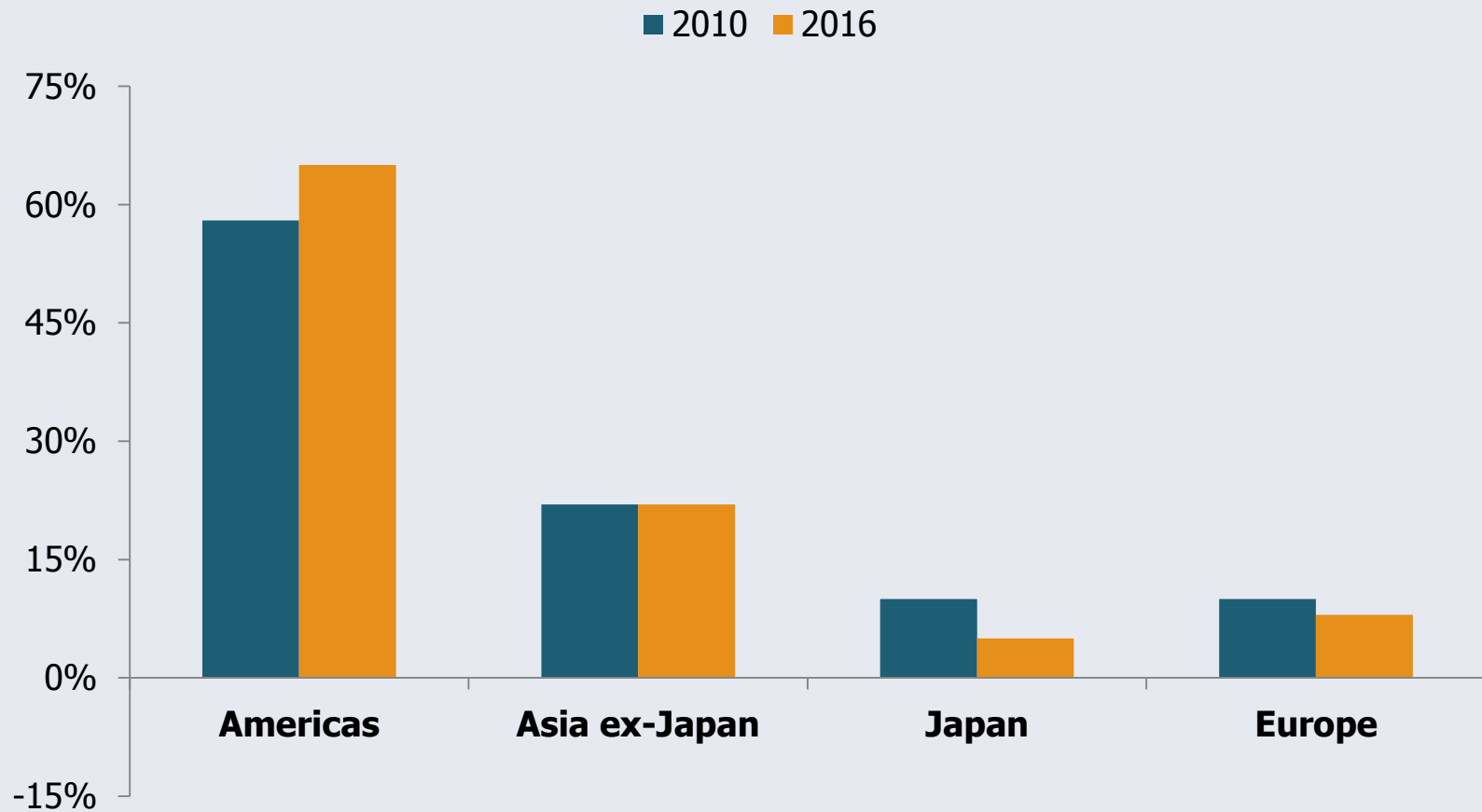
Events



Travel

Digital leadership

Technology market capitalization (% of global)



Note: Based on Goldman Sachs research universe consisting of 265 companies in 2010, 334 companies in 2016
Source: Goldman Sachs Investment Research, October 2016



Concluding thoughts

- Economy and markets should continue to perform, but uncertainty and market volatility will remain high
- Longer term, key economic mega-themes to watch include
 - Globalization
 - Innovation
 - Demographics
- Global demand and innovation will drive long term U.S. growth