An illustration of a road intersection. A vertical road on the left curves to the right, meeting a horizontal road. The road is dark grey with white dashed lines. Various cars and trucks in different colors (white, yellow, red, blue, orange, grey) are shown from a top-down perspective. There are also some green bushes in the corners of the intersection.

ROAD MAP TO THE REST OF THE YEAR

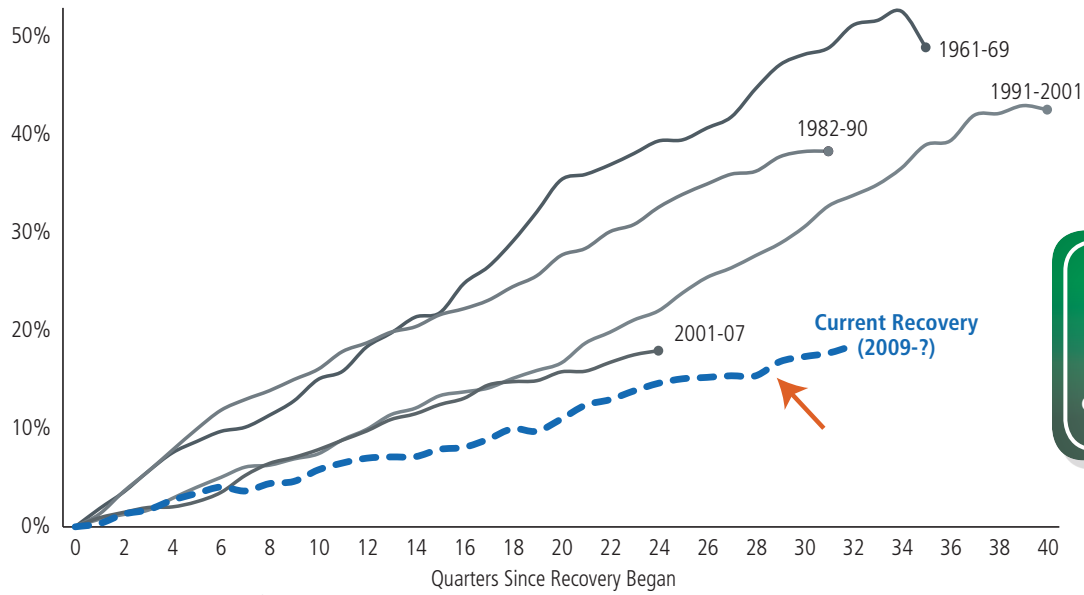
1. IS THE CYCLE OVER?
2. DO ECONOMIC EXPANSIONS DIE OF OLD AGE?
3. WHAT CAN WE LOOK TO FOR A TURNING POINT?
4. IS INFLATION TOO LOW?
5. ARE WAGES TOO LOW?
6. IS THE EURO AREA HEADED TO THE MOON?

August 2017

Payden & Rygel
Investment Management

IS THE CYCLE OVER? NO.

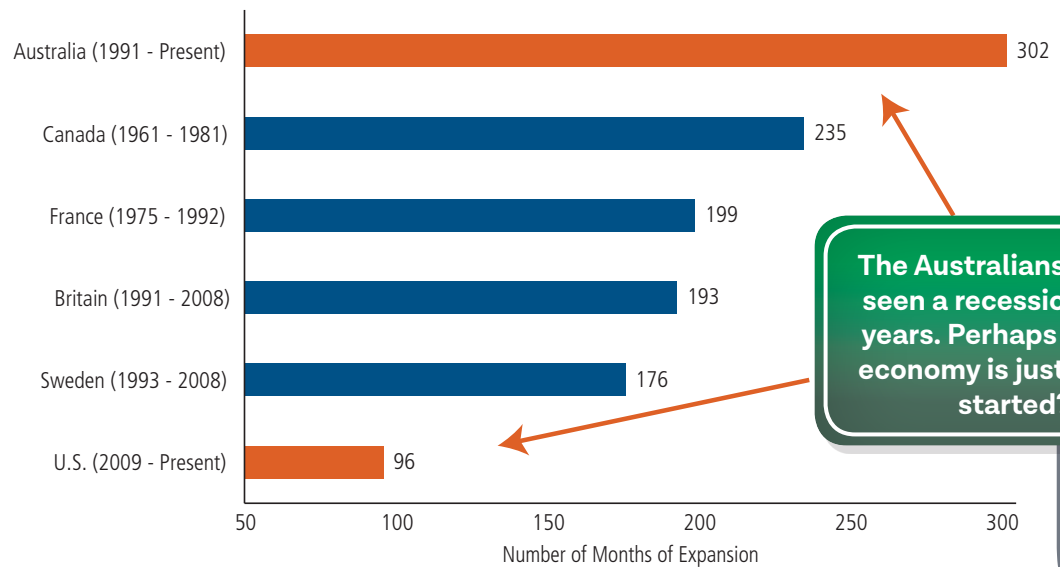
Cumulative Change in U.S. Real GDP During Different Recoveries



Long, slow recovery suggests it can continue.

DO ECONOMIC EXPANSIONS DIE OF OLD AGE? THE HISTORICAL EVIDENCE SUGGESTS OTHERWISE.

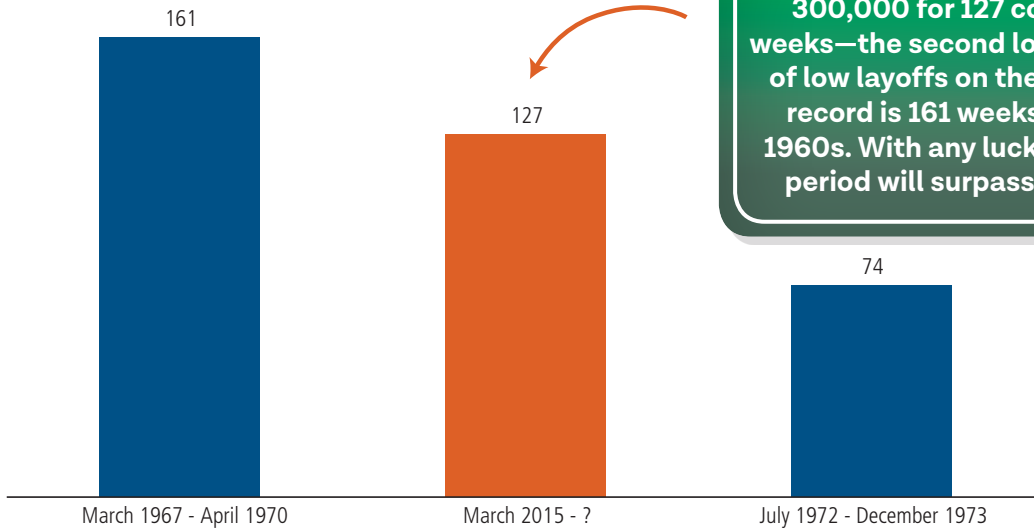
Number of Months During an Economic Expansion



The Australians haven't seen a recession for 25 years. Perhaps the U.S. economy is just getting started?

WHAT CAN WE LOOK TO FOR A TURNING POINT? LAYOFFS.

Number of Consecutive Weeks When Initial Claims for Unemployment Insurance Were Below 300,000, By Time Period

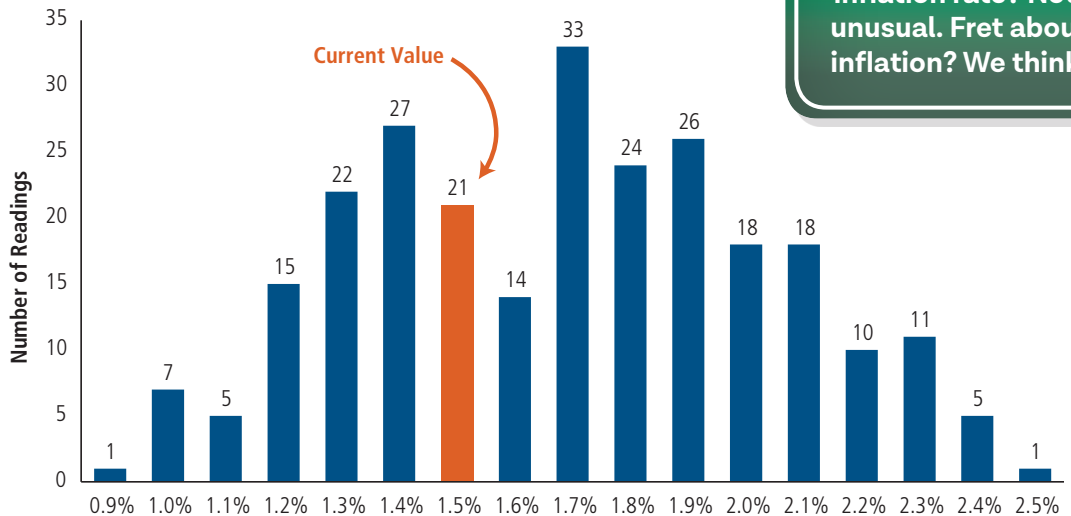


Initial claims have been under 300,000 for 127 consecutive weeks—the second longest stretch of low layoffs on the record. The record is 161 weeks, set in the 1960s. With any luck, the current period will surpass the 1960s.

Source: Bureau of Labor Statistics

IS INFLATION TOO LOW? NO, STOP HYPERVENTILATING ABOUT LOW INFLATION.

Monthly Inflation Readings Since 1996, Personal Consumption Expenditures Price Index Excl. Food and Energy (Core PCE)

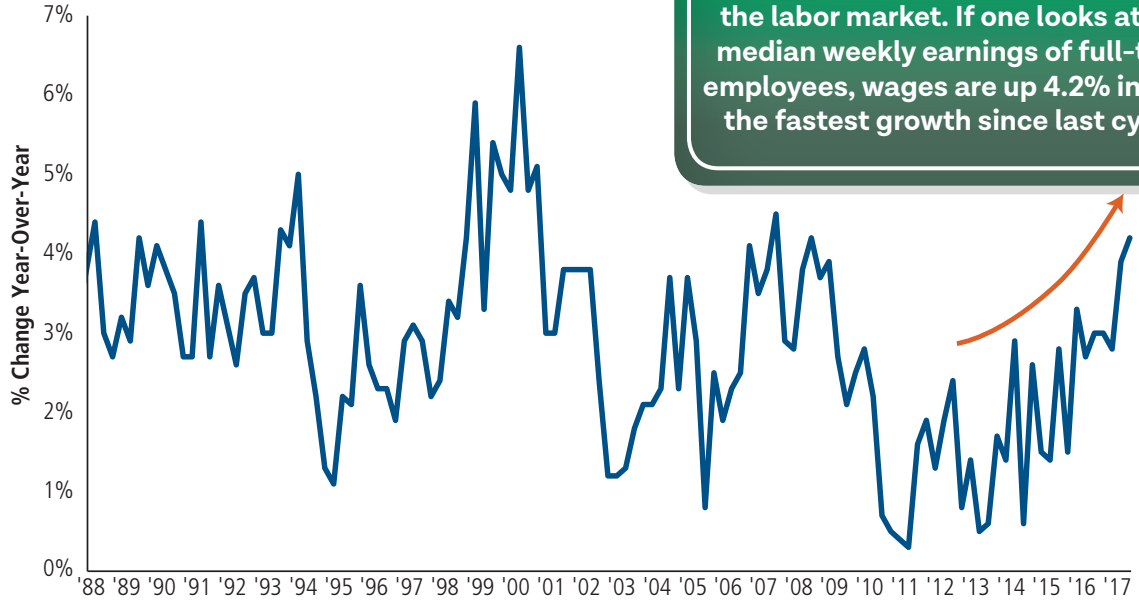


How unusual is a 1.5% inflation rate? Not that unusual. Fret about low inflation? We think not.

Source: Bureau of Economic Analysis

ARE WAGES TOO LOW? WAGE GROWTH IS FINE.

Median Weekly Earnings,
Full Time Employees

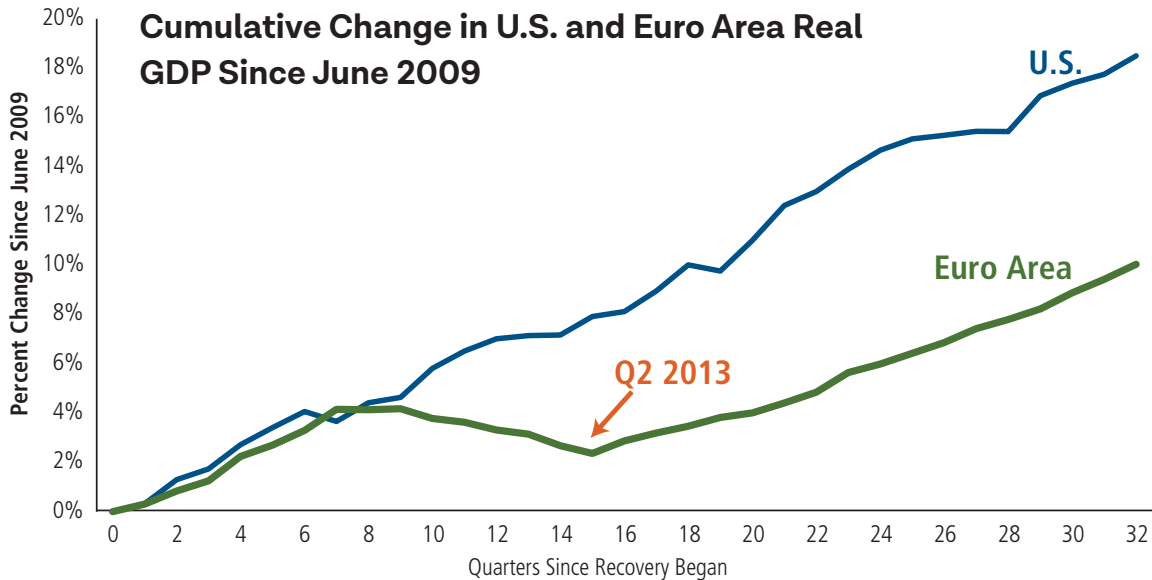


The media is fond of touting the “lack of wage growth” as a key problem in the labor market. If one looks at the median weekly earnings of full-time employees, wages are up 4.2% in Q2—the fastest growth since last cycle.

Source: Bureau of Economic Analysis

IS THE EURO AREA HEADED TO THE MOON? NO, EVEN THOUGH THE EURO AREA IS GROWING, THERE IS STILL A LONG WAY TO GO.

Growing at same rate but the Euro area is way behind in the race!



Source: Eurostat, Bureau of Economic Analysis