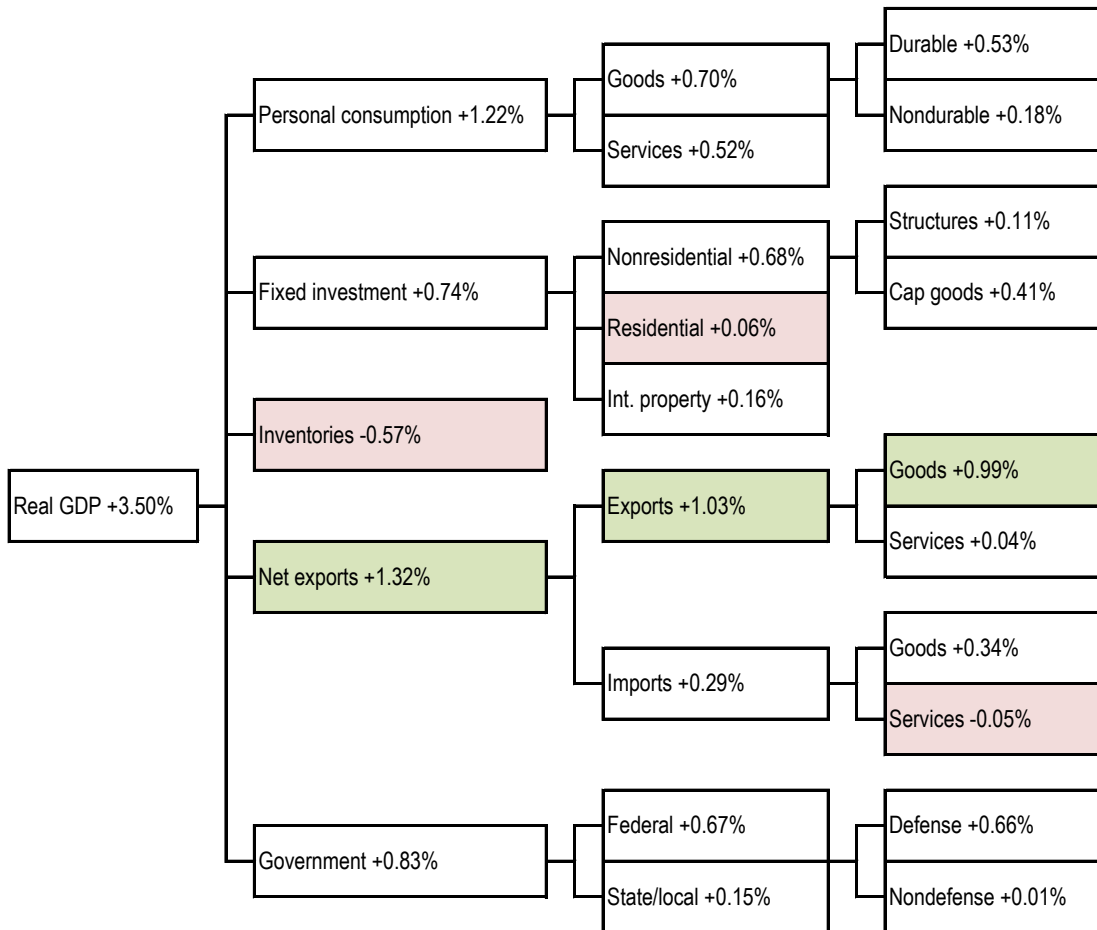


## Data Insights: GDP

Thursday, October 30, 2014

Today's GDP data: what you need to know -- where did the growth come from?

Contributions to real, sequential quarter change, SAAR Biggest change per detail-level: ■ positive ■ negative



Source: Bureau of Economic Analysis

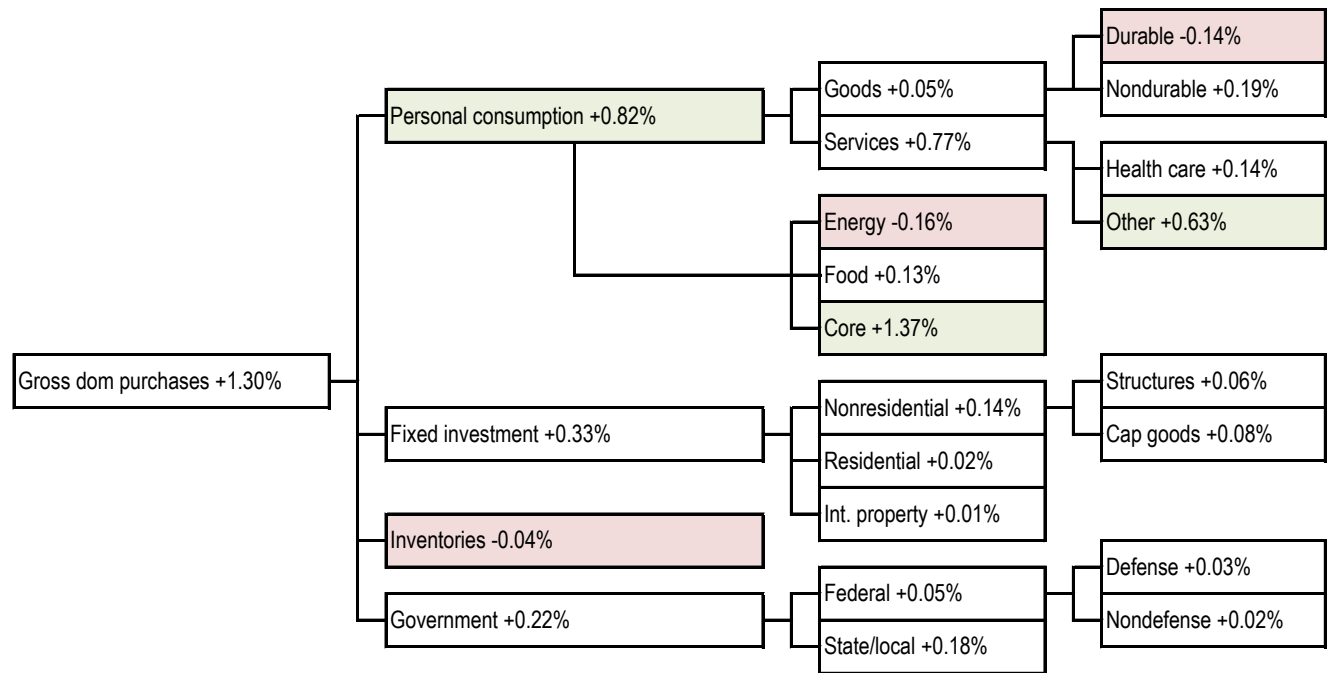
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Donald Luskin: 312 273 6766 [don@trendmacro.com](mailto:don@trendmacro.com)

Thomas Demas: 704 552 3625 [tdemas@trendmacro.com](mailto:tdemas@trendmacro.com)

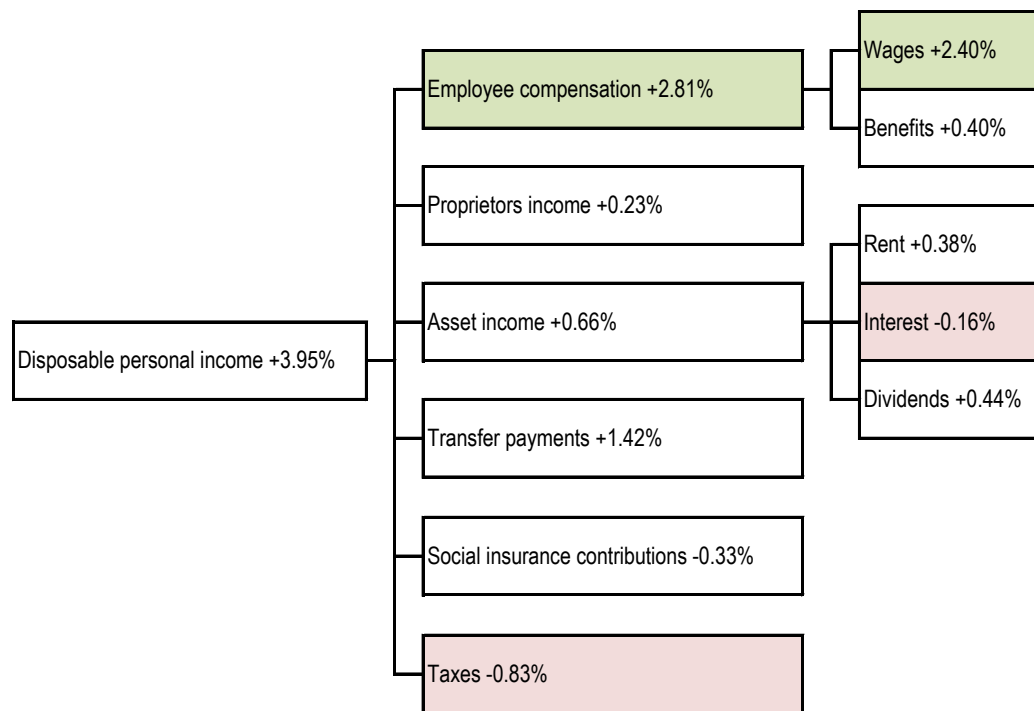
# Price index data: what you need to know -- where did the inflation come from?

Contribution to sequential quarter change, SAAR Biggest change per detail-level: ■ positive ■ negative



Source: Bureau of Economic Analysis, TrendMacro calculations

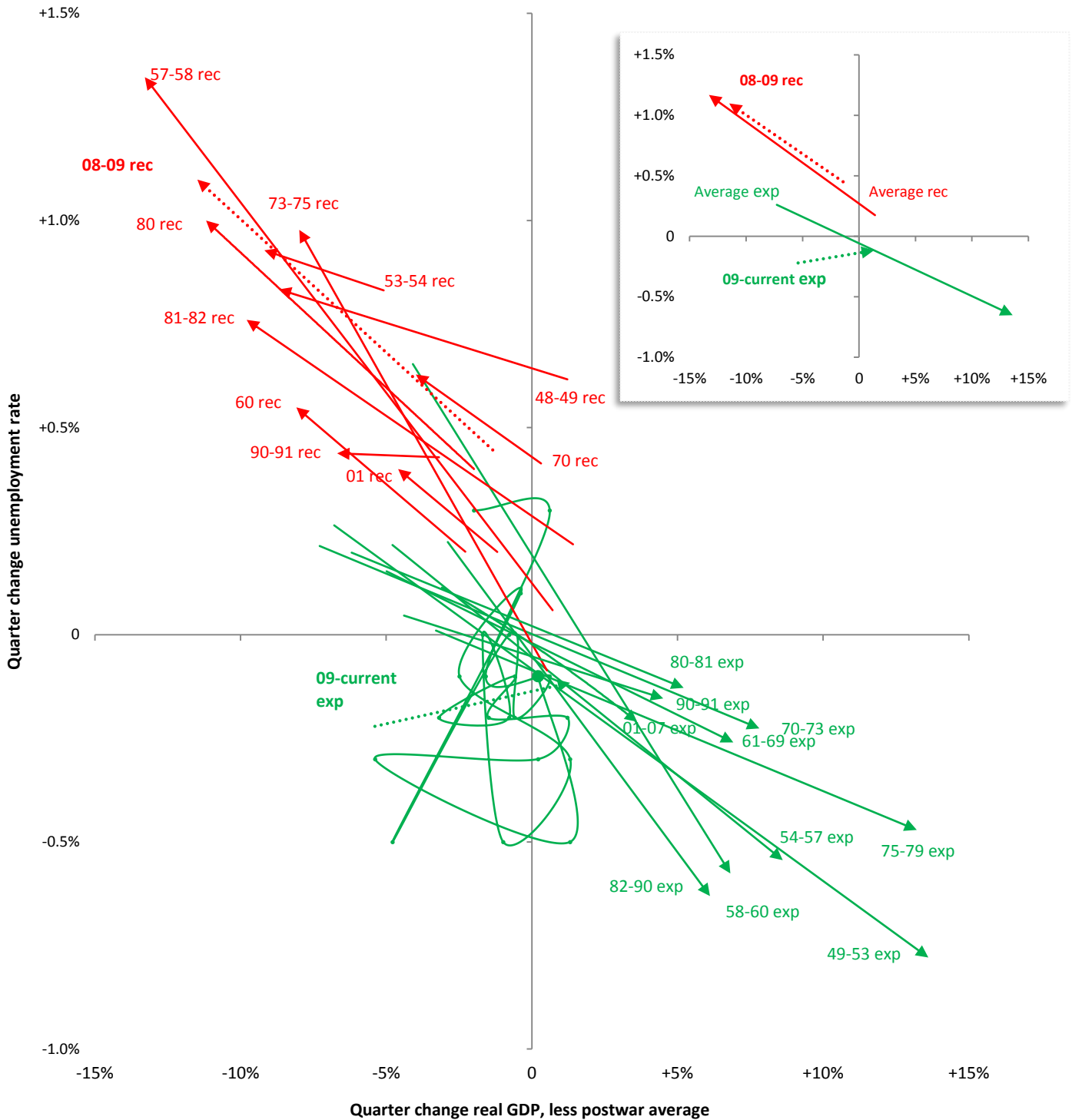
Personal income data: what you need to know -- where did the growth come from?  
 Contribution to nominal, seq quarter change, SAAR Biggest change per detail-level: ■ positive ■ negative



Source: Bureau of Economic Analysis, TrendMacro calculations

# Broken Okun's Law: real growth required to change unemployment

— Expansion — Recession Linear trend, plus monthly plots for 09-current expansion • Latest



Source: Bureau of Economic Analysis, BLS Current Population Survey, TrendMacro calculations

## The Zarnowitz Law: severity of output loss in recession, versus vigor of recovery

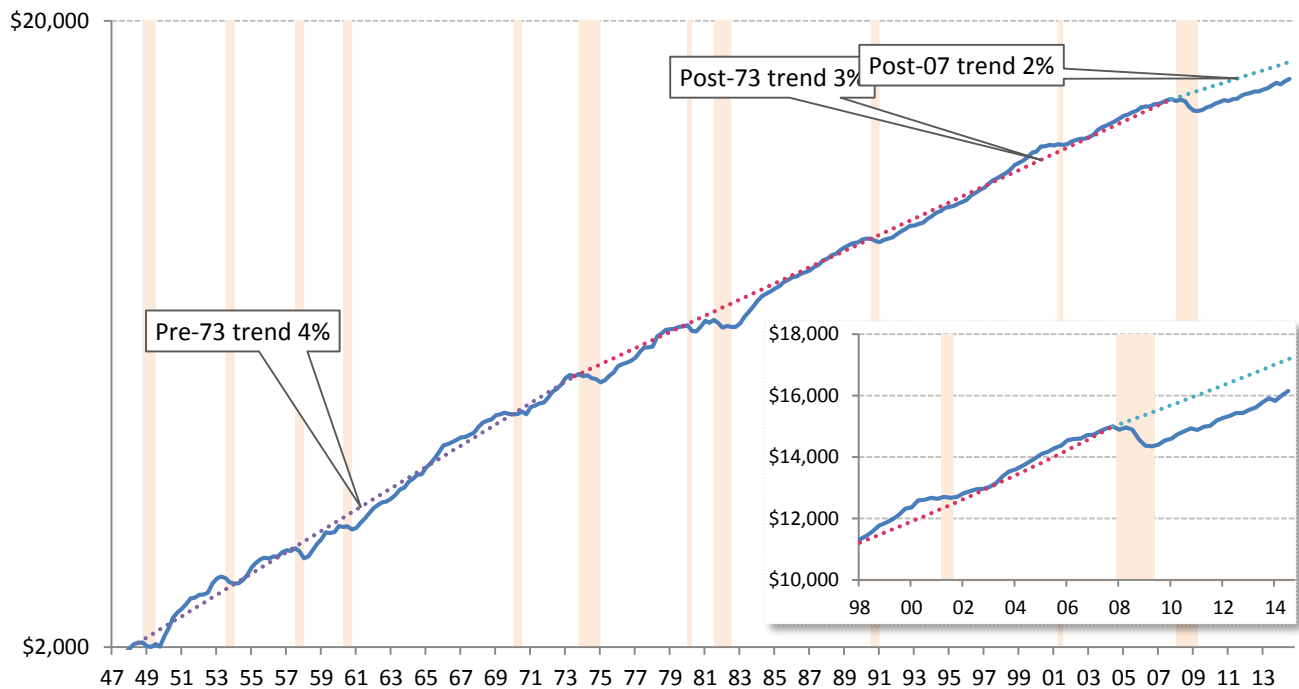
◆ Actual --- Regression for recessions 1948-2001 ▲ Theoretical for current recovery based on regression



Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations

## The plucked string theory: GDP reverts to trend after perturbation

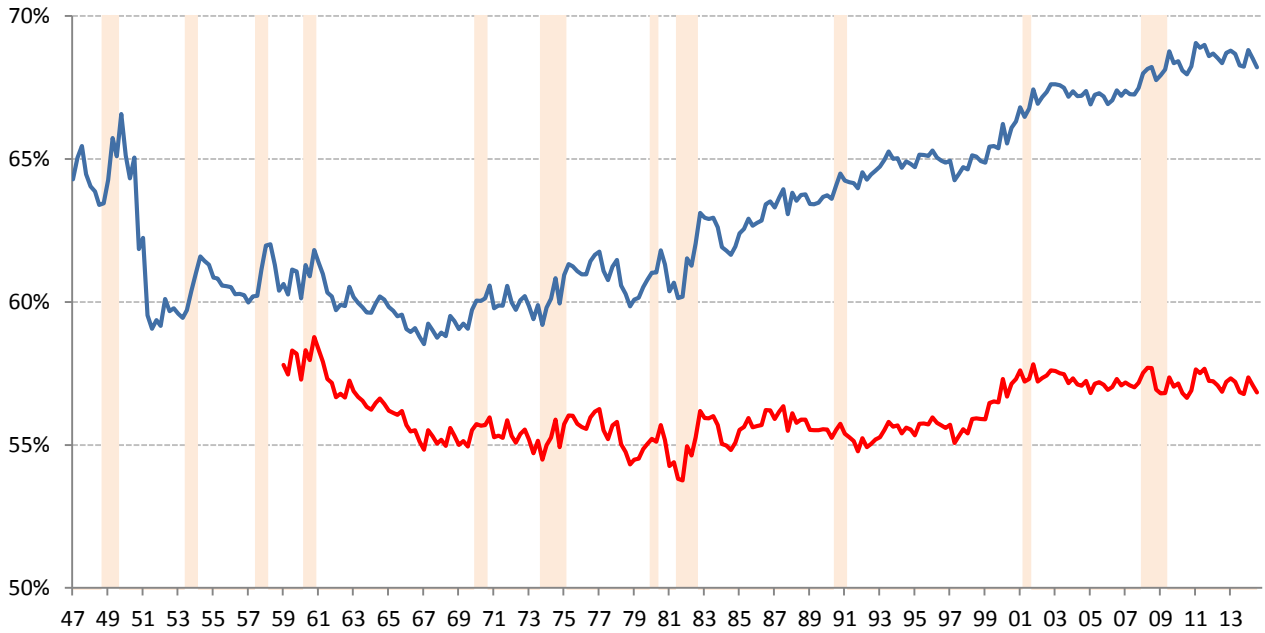
— Real GDP, USD billions, log scale --- '47-'74 3.99% --- '74-'07 trend 3.02% --- Post-'07 trend Recession



Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations

## "New normal" watch: personal consumption share of nominal GDP

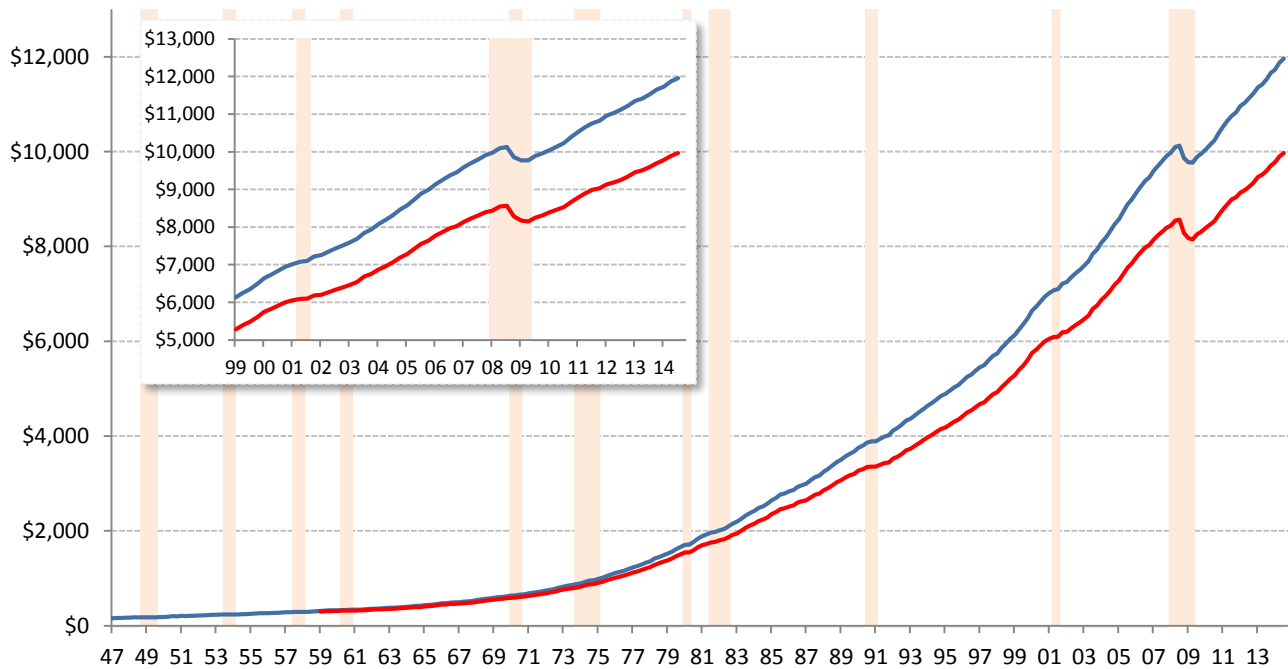
— Personal consumption expenditures — Ex-health care services — Recession



Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations

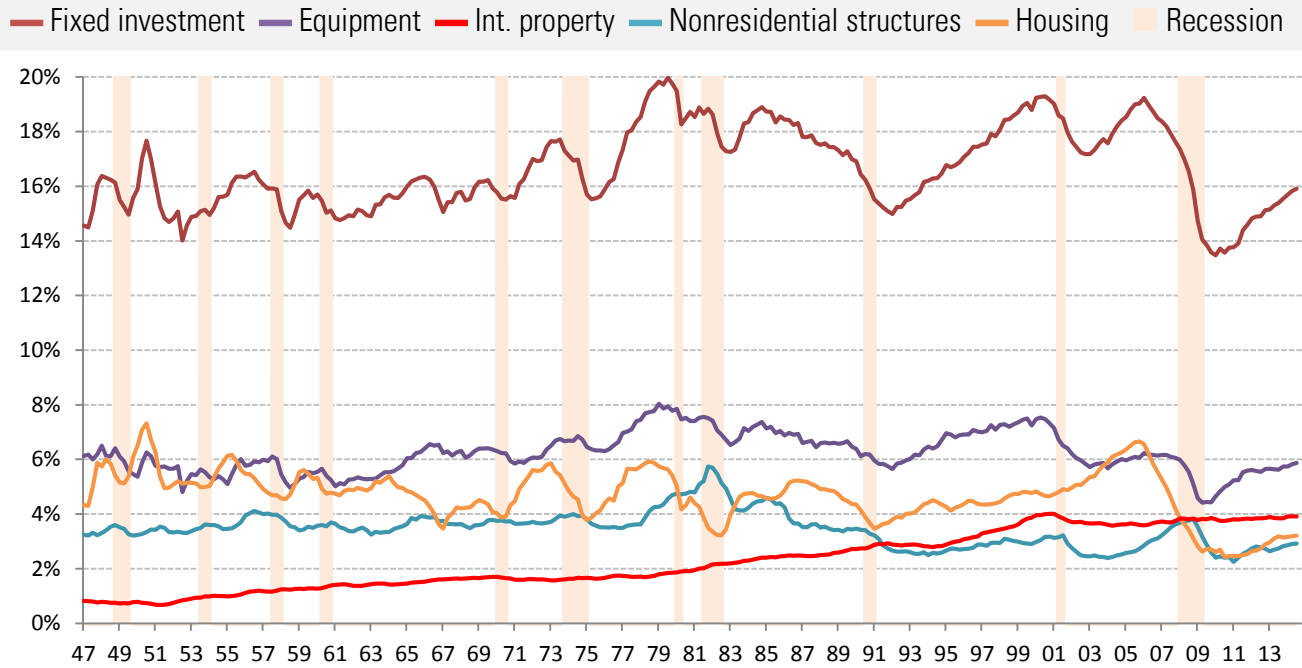
## "New normal" watch: nominal personal consumption expenditures

USD billions — Personal consumption expenditures — Ex-health care services — Recession



Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations

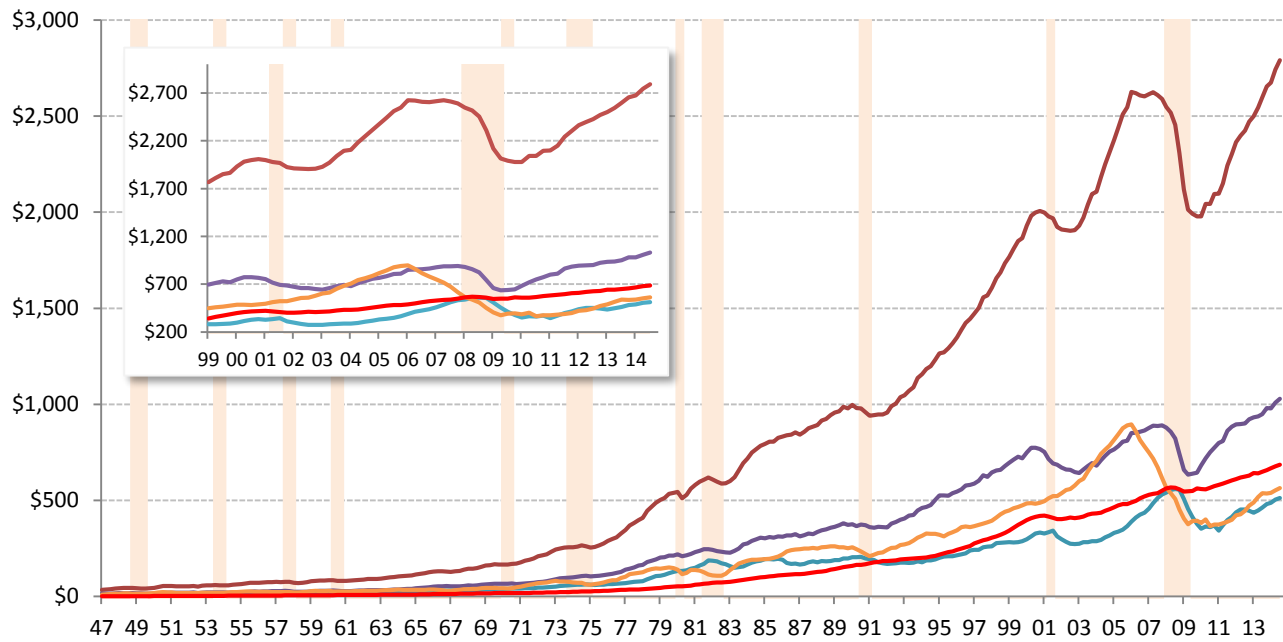
## Capital on strike: fixed investment share of nominal GDP



Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations

## Capital on strike: nominal fixed investment

USD billions — Fixed investment (dark red) — Equipment (purple) — Int. property (red) — Nonresidential structures (teal) — Housing (orange)



Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations