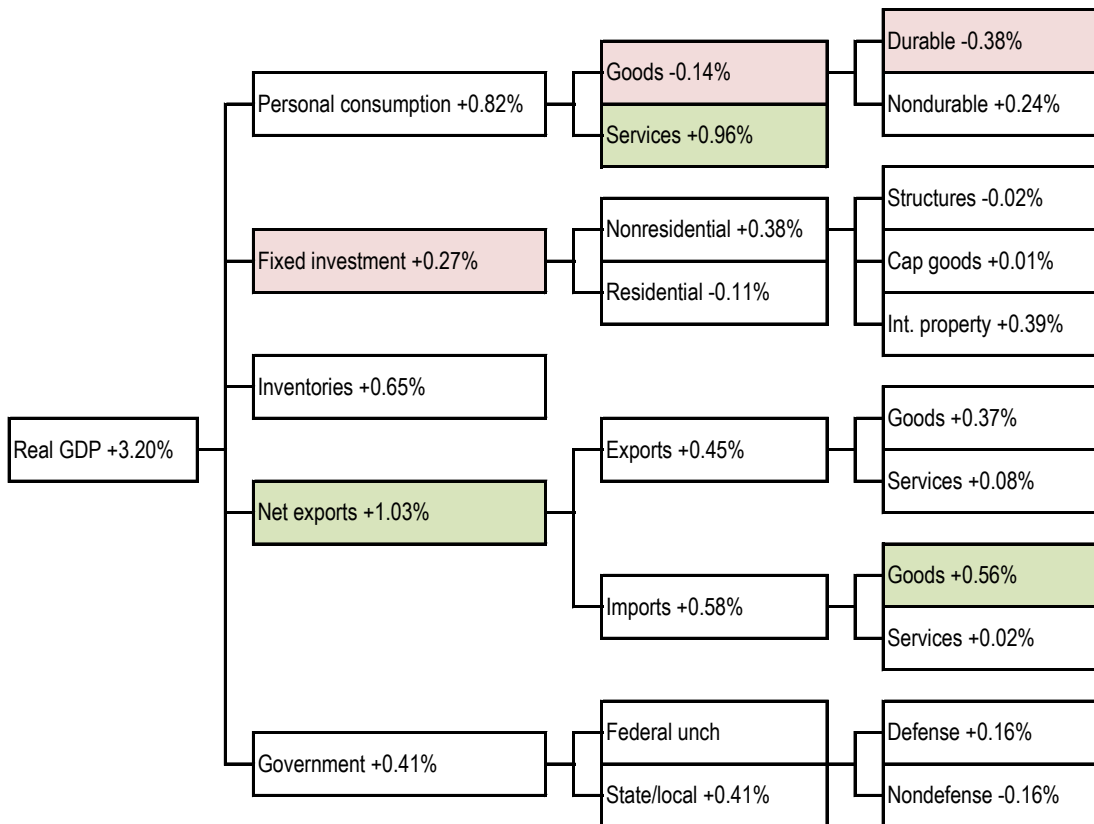# Data Insights: GDP
Friday, April 26, 2019

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
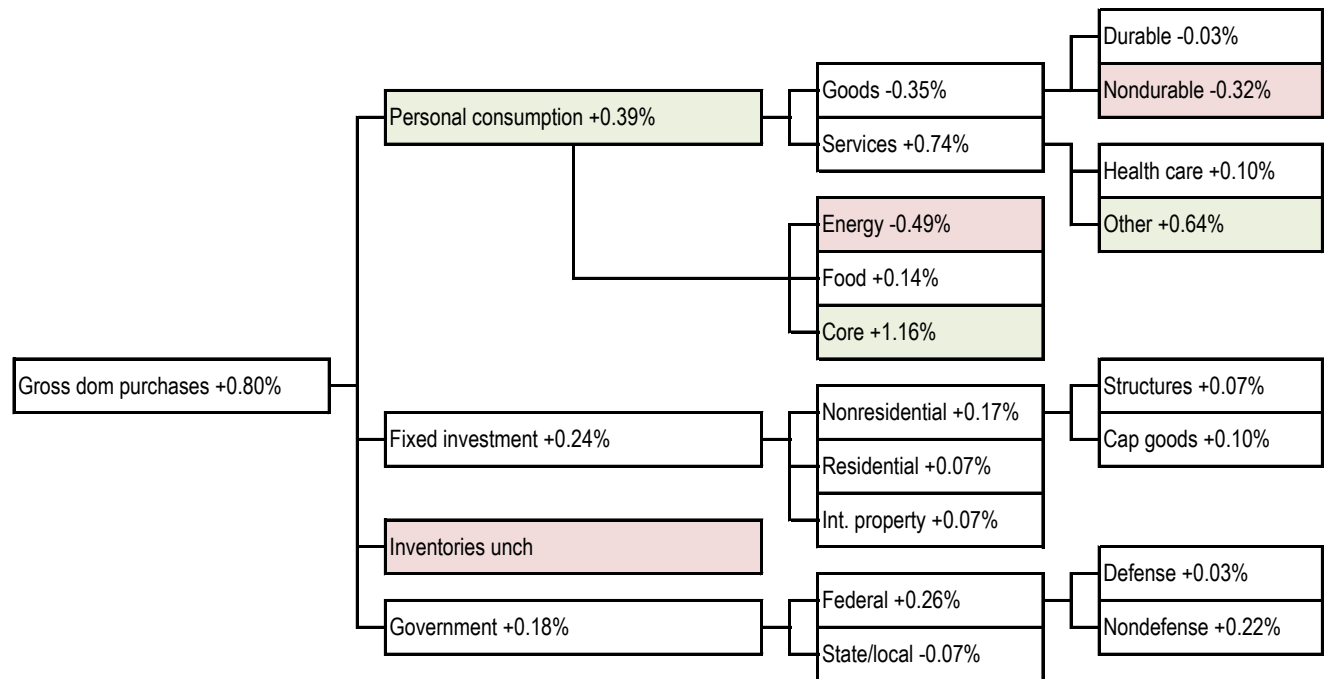
	Personal consumption +0.82%	Goods -0.14%	Durable -0.38%
			Nondurable +0.24%
		Services +0.96%	
	Fixed investment +0.27%	Nonresidential +0.38%	Structures -0.02%
			Cap goods +0.01%
		Residential -0.11%	Int. property +0.39%
	Inventories +0.65%		
Real GDP +3.20%		Exports +0.45%	Goods +0.37%
			Services +0.08%
	Net exports +1.03%		
		Imports +0.58%	Goods +0.56%
			Services +0.02%
	Government +0.41%	Federal unch	Defense +0.16%
		State/local +0.41%	Nondefense -0.16%

Source: Bureau of Economic Analysis

For more information contact us:
Donald Luskin: 312 273 6766 don@trendmacro.com
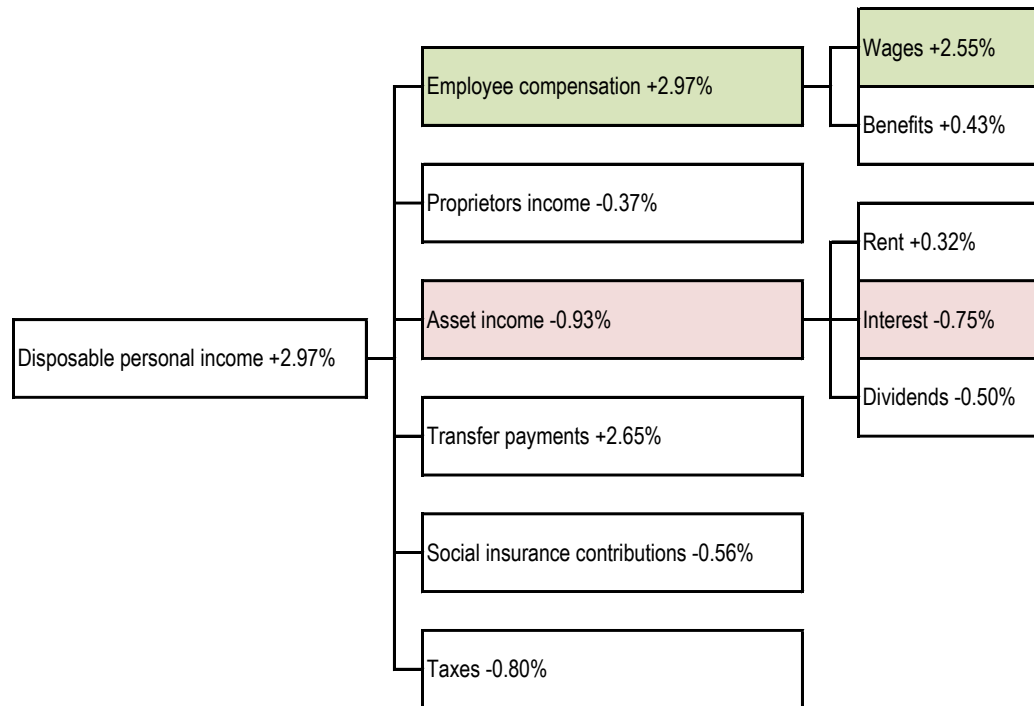Thomas Demas: 704 552 3625 tdemas@trendmacro.com

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

```
                                                                    ┌─ Durable -0.03%
                                             ┌─ Goods -0.35% ───────┤
                         ┌─ Personal          │                     └─ Nondurable -0.32%
                         │  consumption       │
                         │  +0.39% ───────────┤                     ┌─ Health care +0.10%
                         │                    └─ Services +0.74% ───┤
                         │        ┌─ Energy -0.49%                   └─ Other +0.64%
                         │        ├─ Food +0.14%
                         │        └─ Core +1.16%
Gross dom purchases      │
+0.80% ──────────────────┤                              ┌─ Nonresidential +0.17% ──┬─ Structures +0.07%
                         │  Fixed investment +0.24% ─────┤                          └─ Cap goods +0.10%
                         │                               ├─ Residential +0.07%
                         │                               └─ Int. property +0.07%
                         │  Inventories unch
                         │                               ┌─ Federal +0.26% ─────────┬─ Defense +0.03%
                         └─ Government +0.18% ────────────┤                          └─ Nondefense +0.22%
                                                         └─ State/local -0.07%
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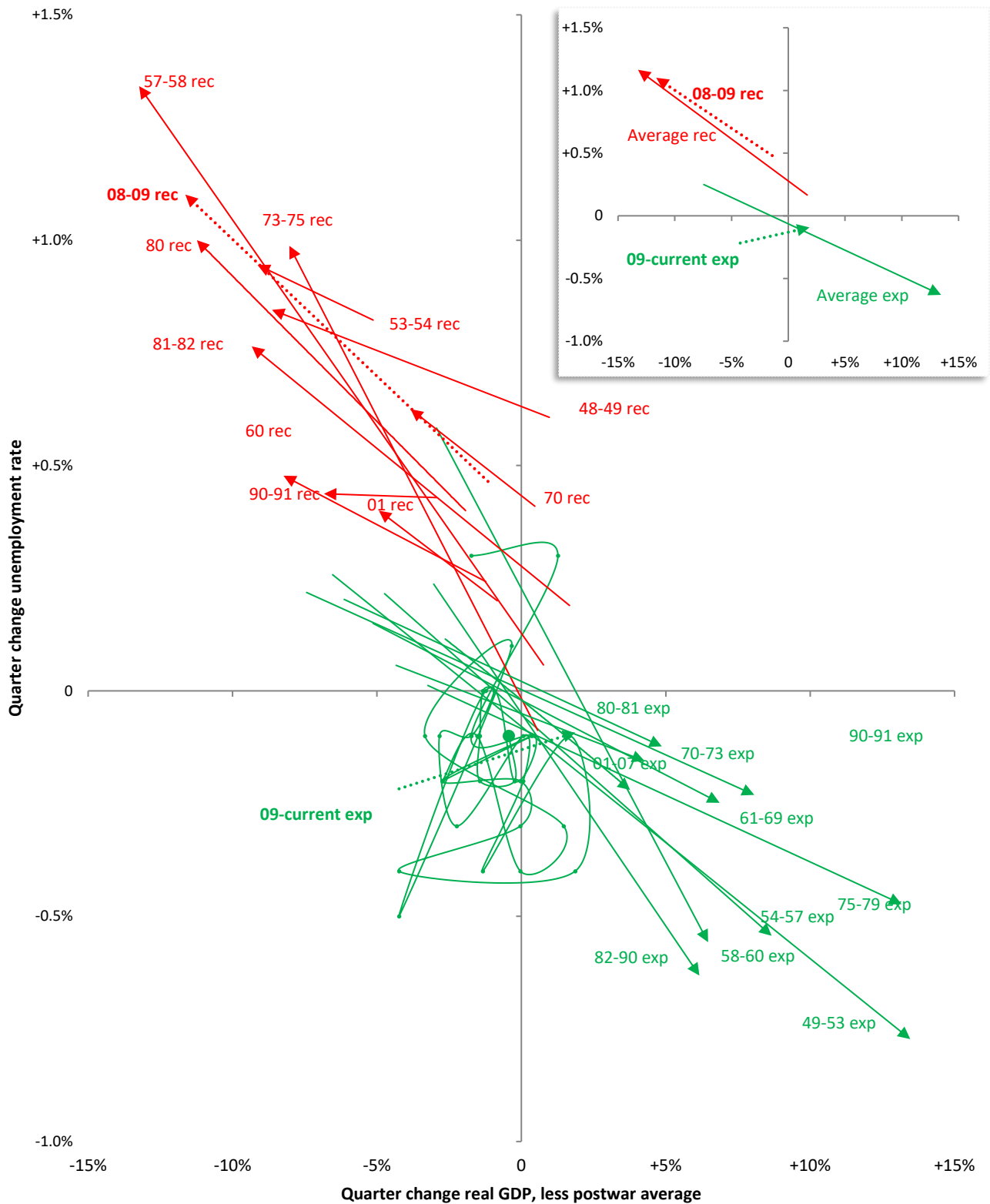
Personal income data: what you need to know -- where did the growth come from?

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

	Employee compensation +2.97%	Wages +2.55%
		Benefits +0.43%
	Proprietors income -0.37%	
Disposable personal income +2.97%	Asset income -0.93%	Rent +0.32%
		Interest -0.75%
		Dividends -0.50%
	Transfer payments +2.65%	
	Social insurance contributions -0.56%	
	Taxes -0.80%	

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

Quarter change unemployment rate

Quarter change real GDP, less postwar average

57-58 rec
08-09 rec
73-75 rec
80 rec
81-82 rec
53-54 rec
60 rec
48-49 rec
90-91 rec
01 rec
70 rec

80-81 exp
90-91 exp
70-73 exp
01-07 exp
61-69 exp
75-79 exp
54-57 exp
58-60 exp
82-90 exp
49-53 exp

09-current exp

Inset:
08-09 rec
Average rec
09-current exp
Average exp

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

39-quarter gain from recession min (y-axis)

- 1957
- 1960
- 1990
- 1953
- 1973
- 1981
- 1980
- 1970
- 2008
- 2001

$y = -5.5218x + 0.3075$
$R^2 = 0.3056$

Loss from expansion max to recession min (x-axis)

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

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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
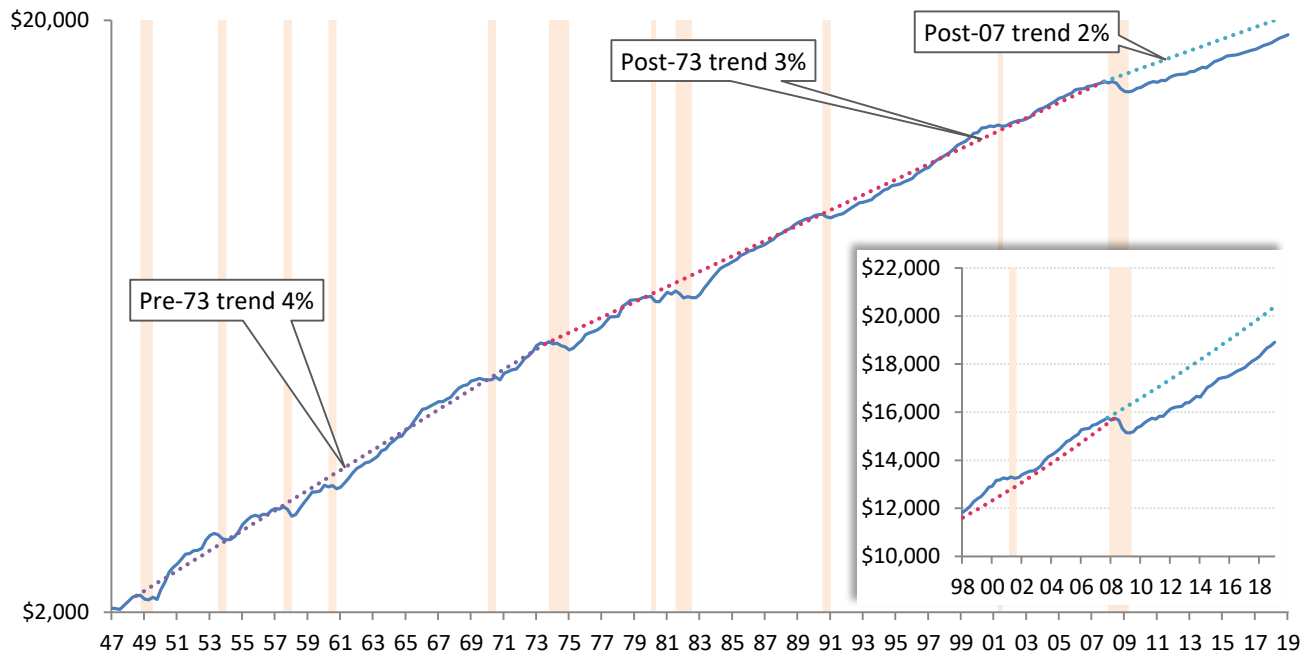
Post-73 trend 3%

Post-07 trend 2%

Pre-73 trend 4%

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

"New normal" watch: personal consumption share of nominal GDP
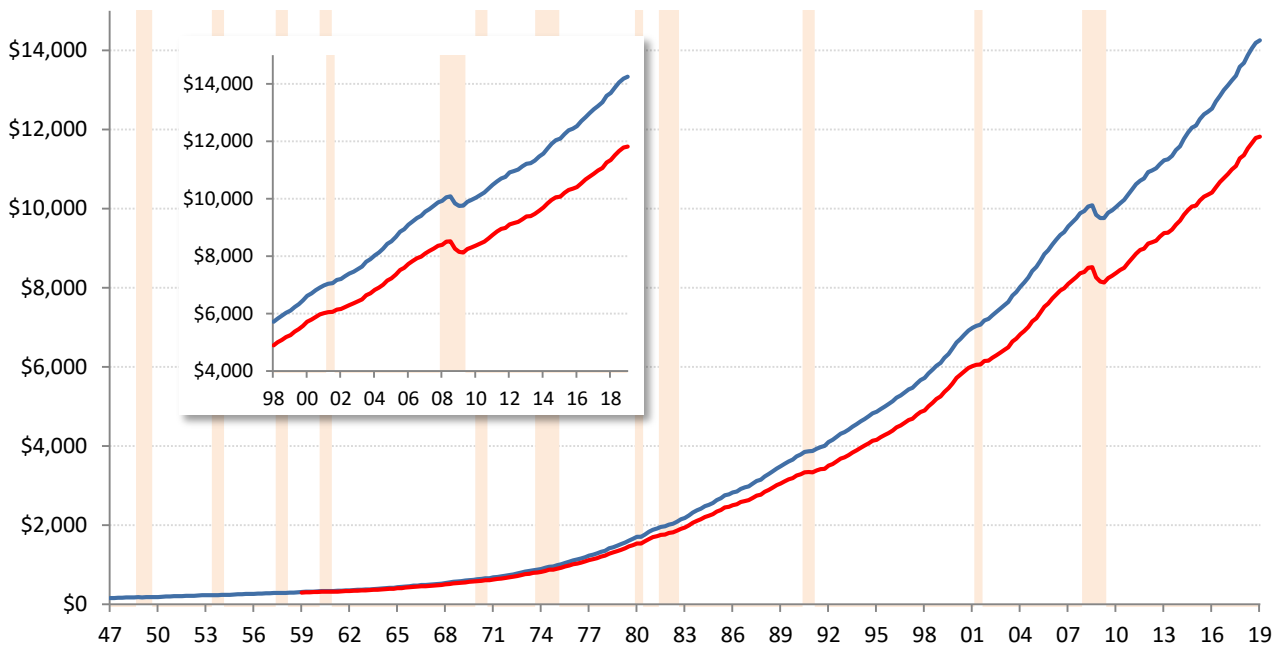
— Personal consumption expenditures   — Ex-health care services   ▨ Recession
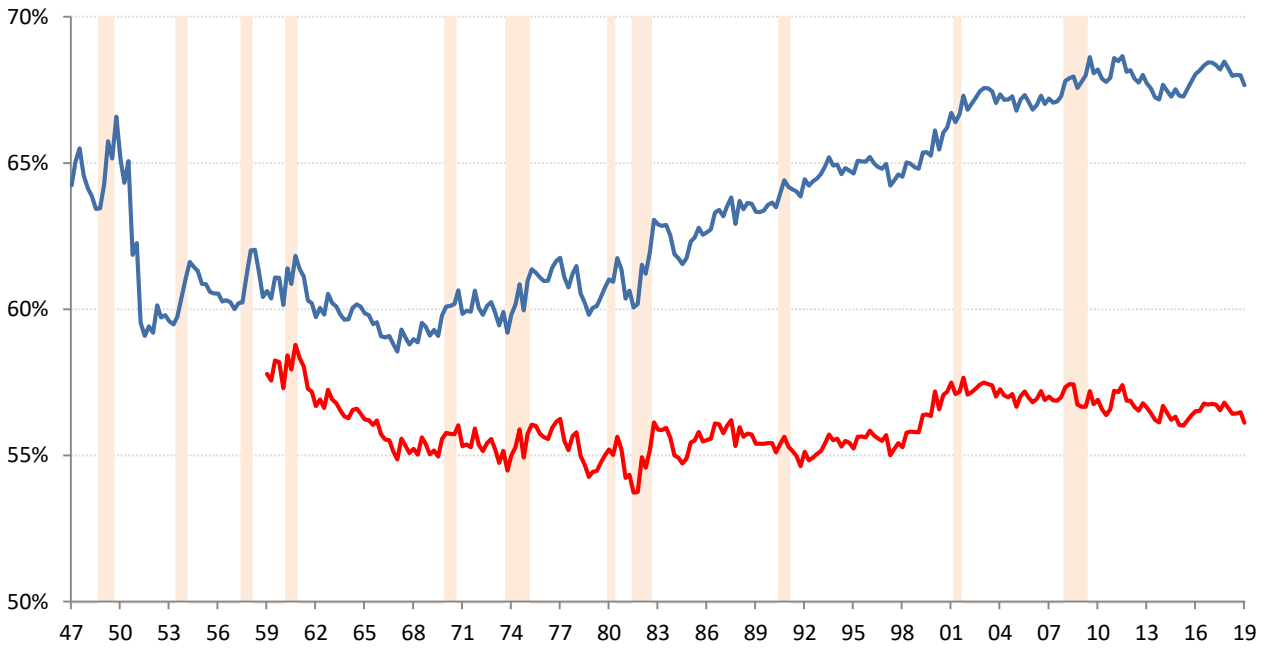
Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations
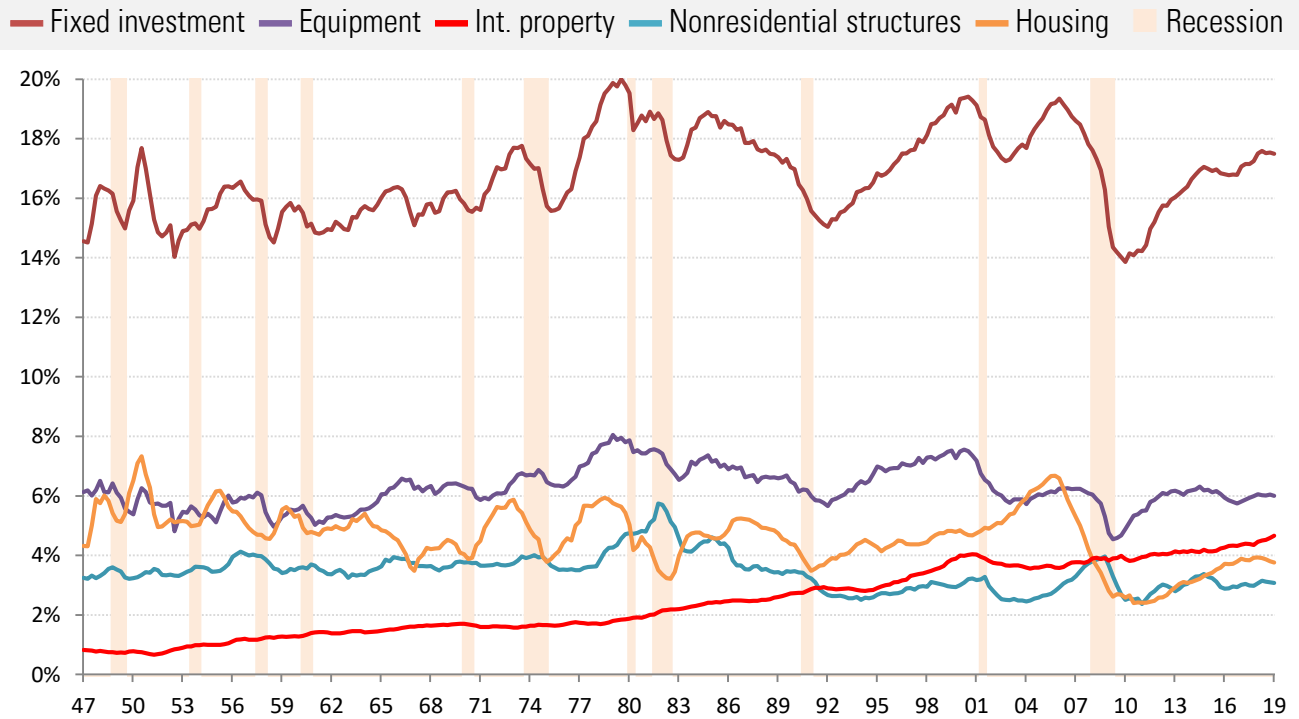
"New normal" watch: nominal personal consumption expenditures

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

Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations
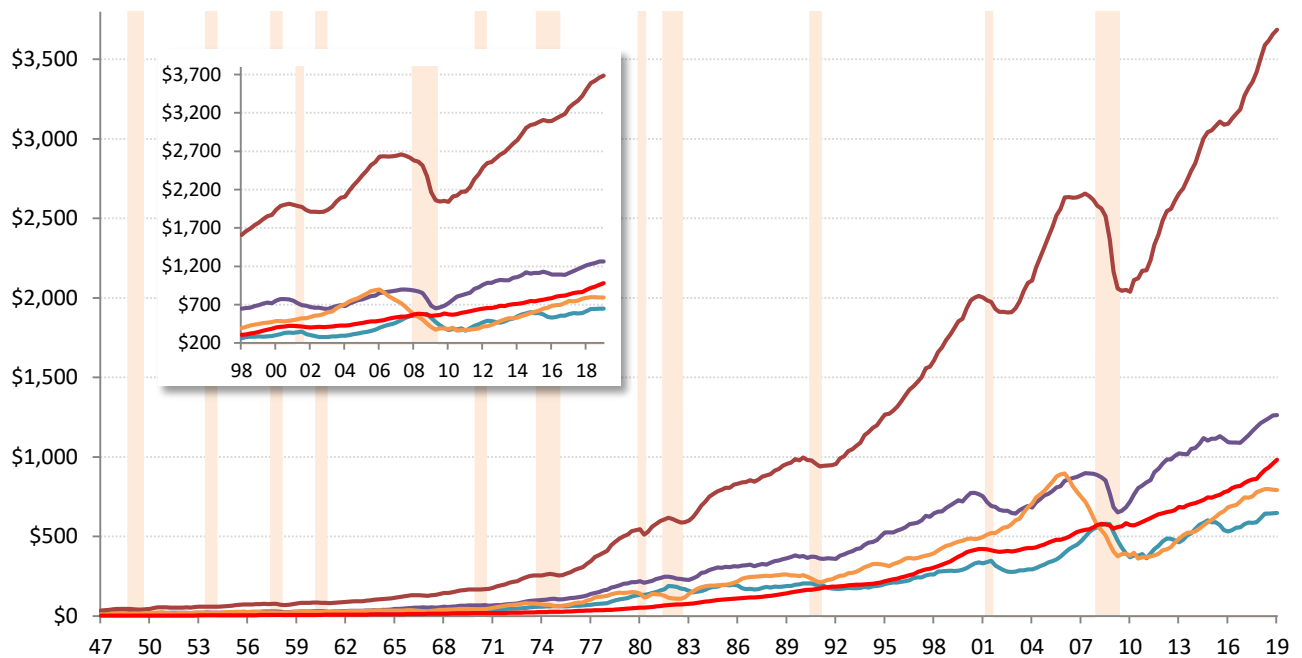
Capital on strike: fixed investment share of nominal GDP

— Fixed investment   — Equipment   — Int. property   — Nonresidential structures   — Housing   ▢ Recession

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

Capital at work: nominal fixed investment

USD billions   — Fixed investment   — Equipment   — Int. property   — Nonresidential structures   — Housing

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