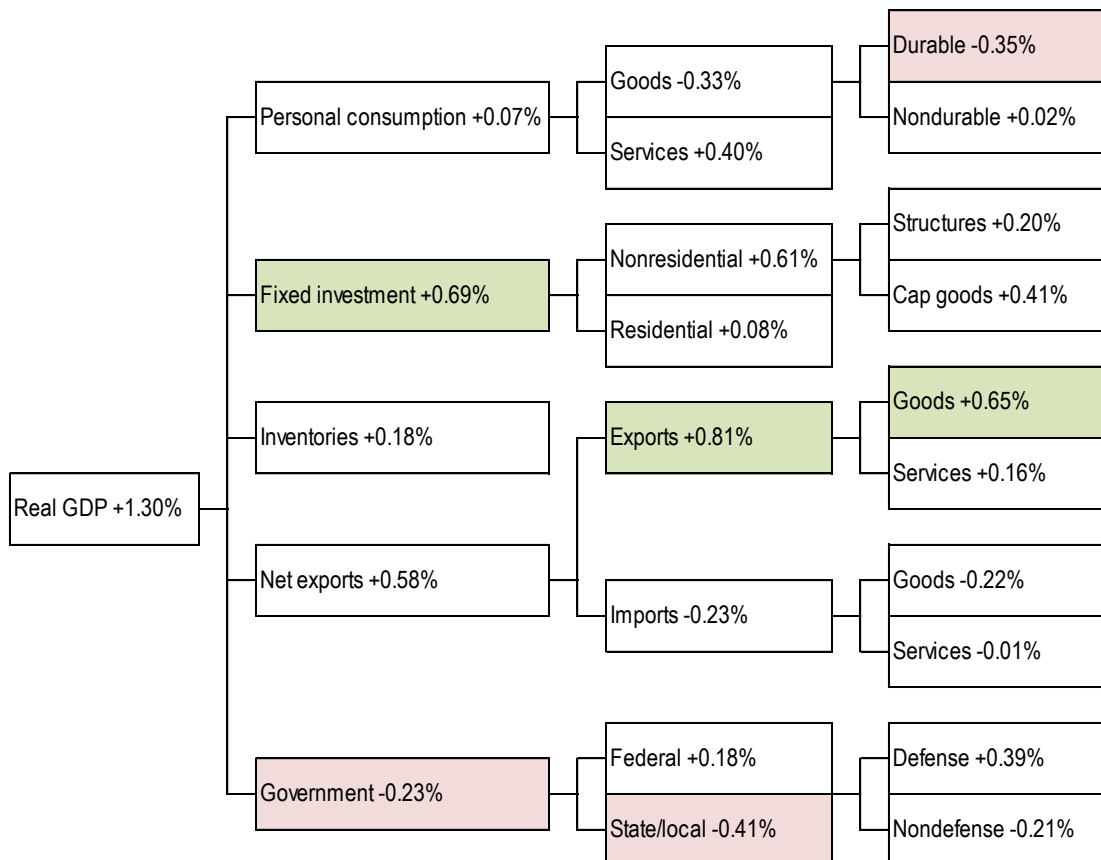


## Data Insights: GDP

Friday, July 29, 2011

### 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



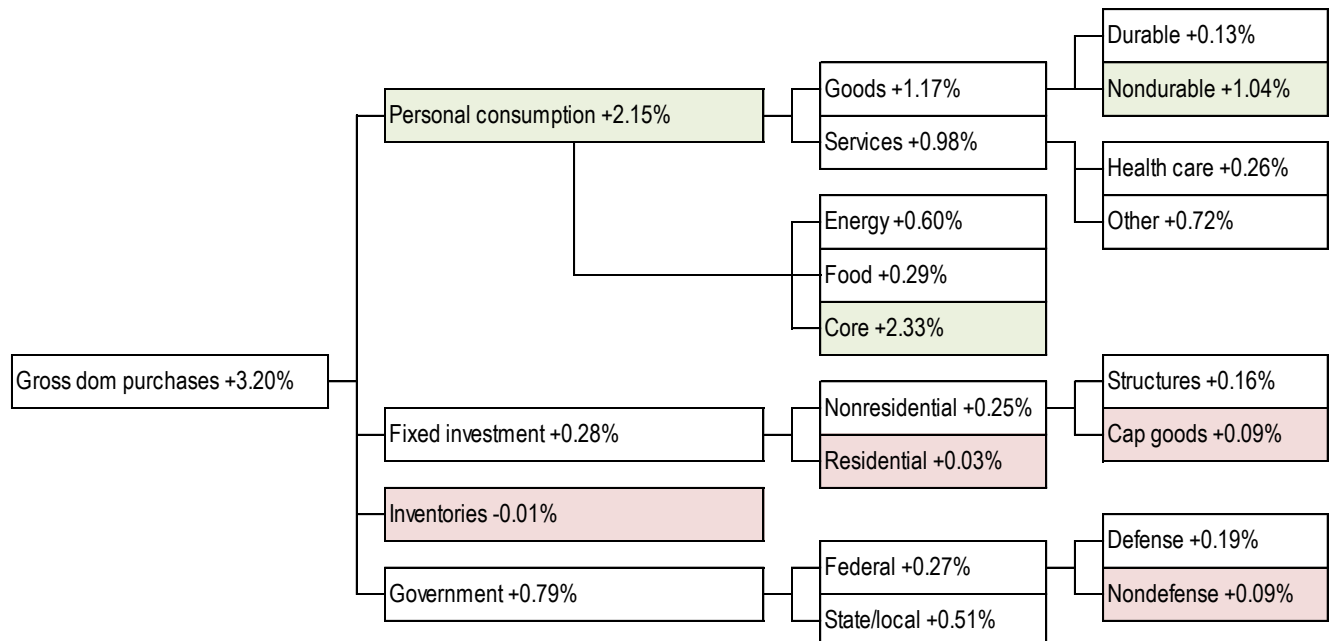
Source: Bureau of Economic Analysis

### For more information contact us:

Donald Luskin: 650 429 2112 [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?

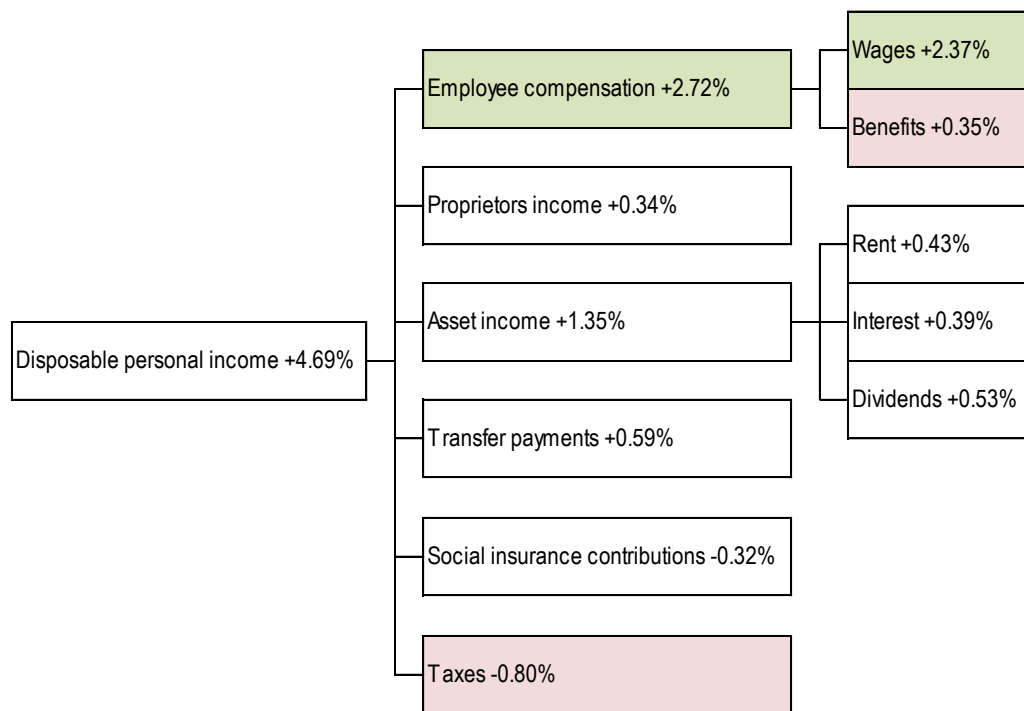
Contribution to sequential quarter change, SAAR    Biggest change per detail-level: ■ positive ■ negative



Source: Bureau of Economic Analysis, TrendMacro calculations

## Personal income data: what you need to know -- where did the growth come from?

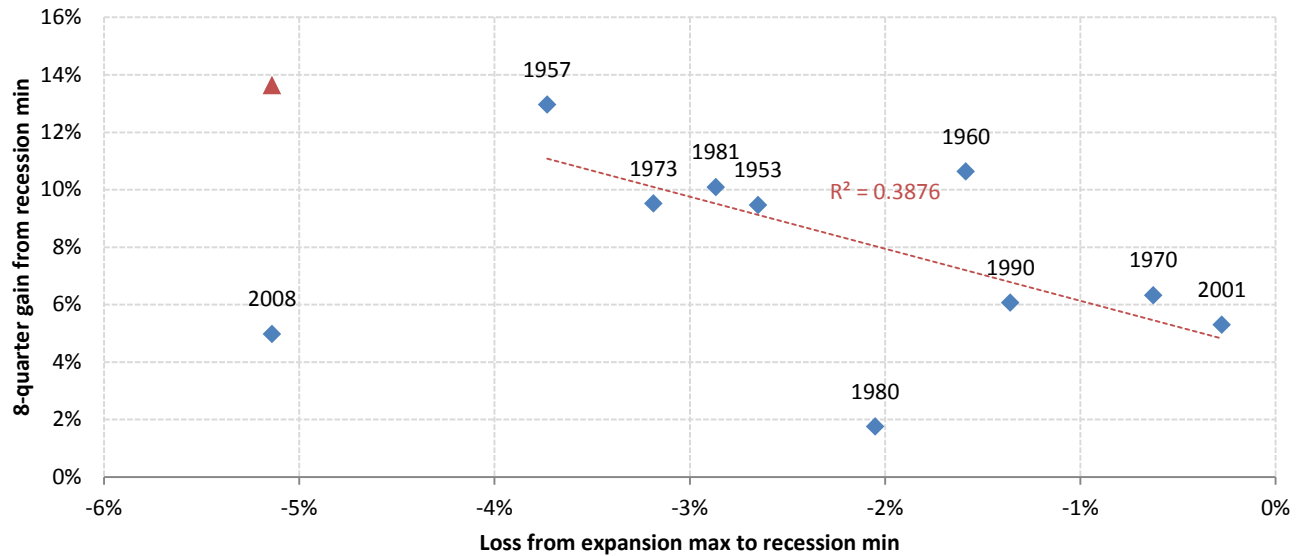
Contribution to nominal, seq quarter change, SAAR    Biggest change per detail-level: ■ positive ■ negative



Source: Bureau of Economic Analysis, TrendMacro calculations

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

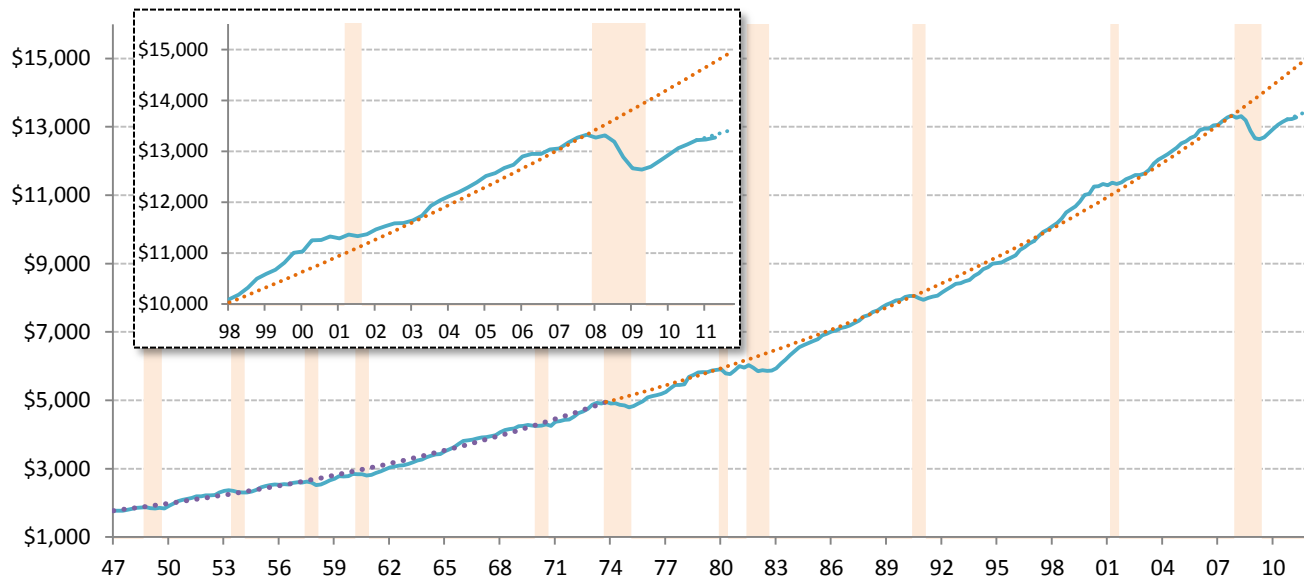
◆ Actual --- Regression for recessions 1948-2001 ▲ Theoretical for current recovery based on regression



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

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

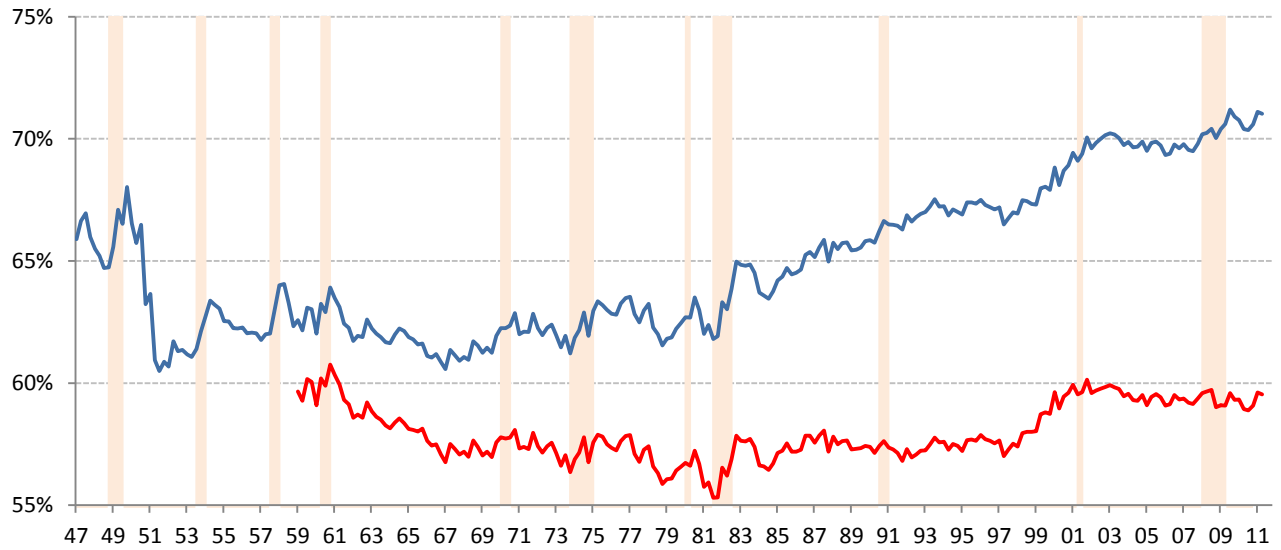
— Real GDP, USD billions — '47-'74 3.9% — '74-'07 trend 2.9% - - - Projected at last YOY growth ■ Recession



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

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

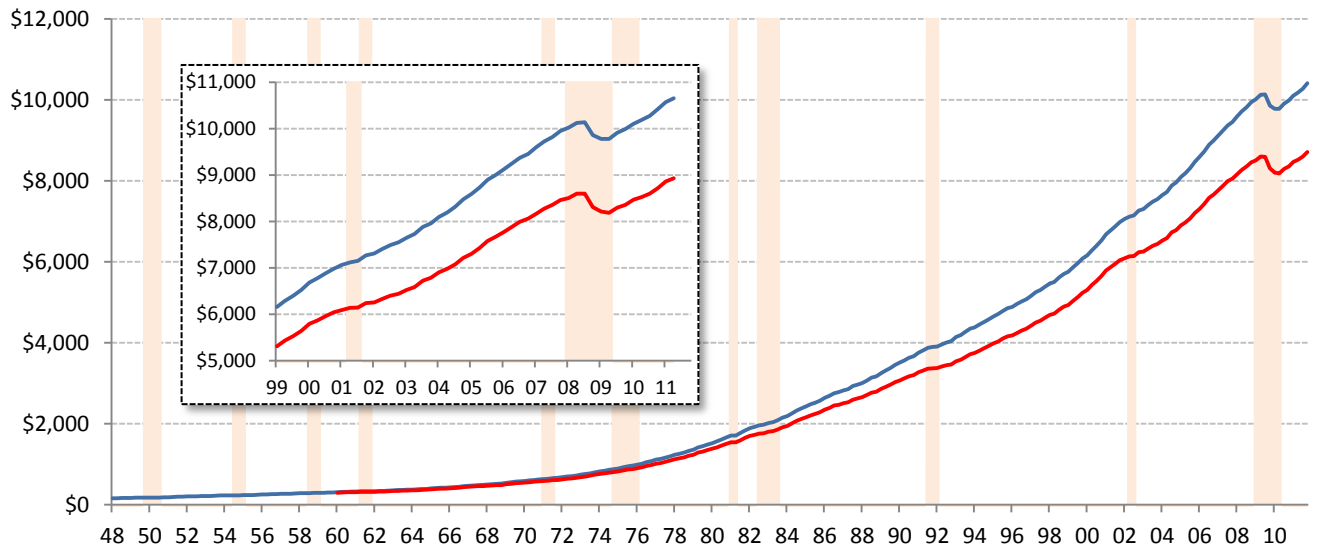
— Personal consumption expenditures — Ex-health care services — Recession



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

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

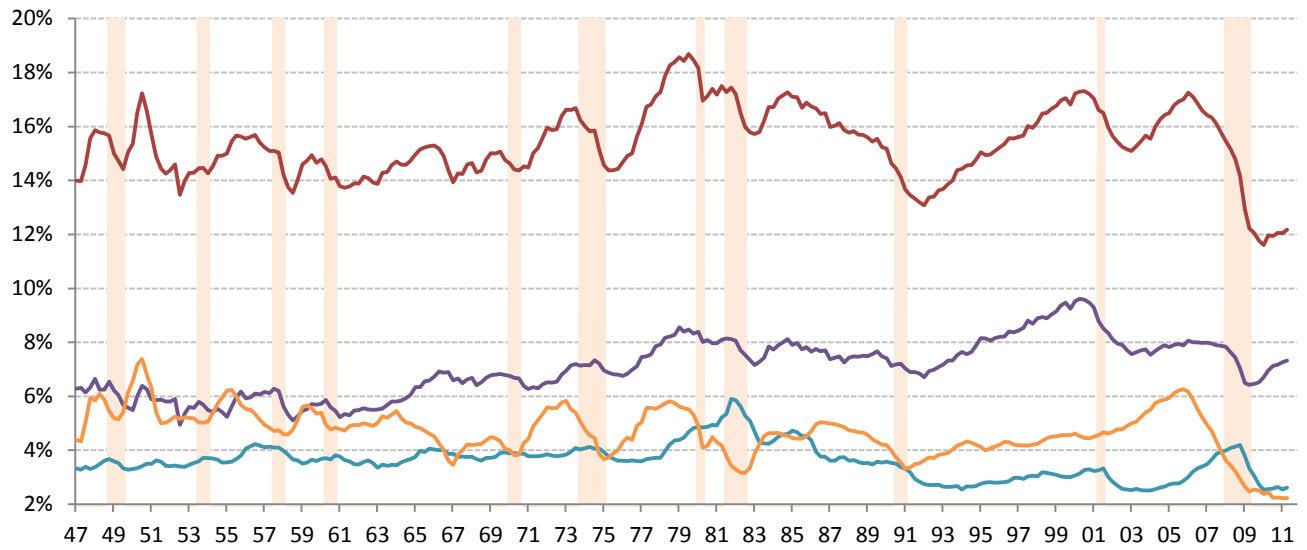
USD billions — Personal consumption expenditures — Ex-health care services — Recession



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

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

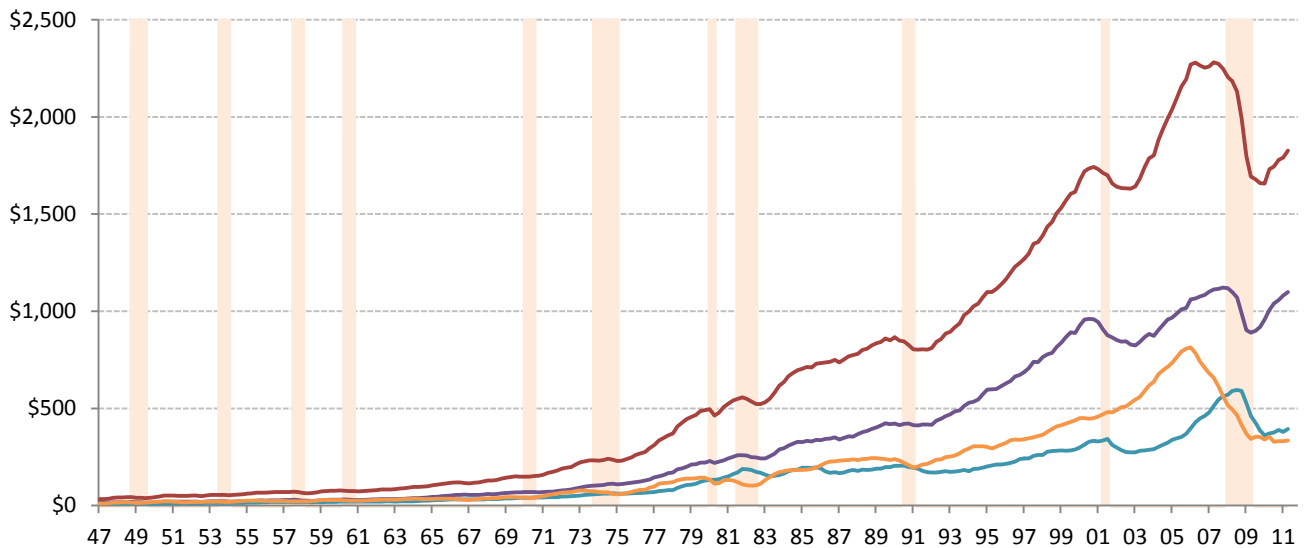
— Fixed investment — Equipment/software — Nonresidential structures — Housing — Recession



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

## Capital on strike: nominal fixed investment

USD billions — Fixed investment — Equipment/software — Nonresidential structures — Housing — Recession



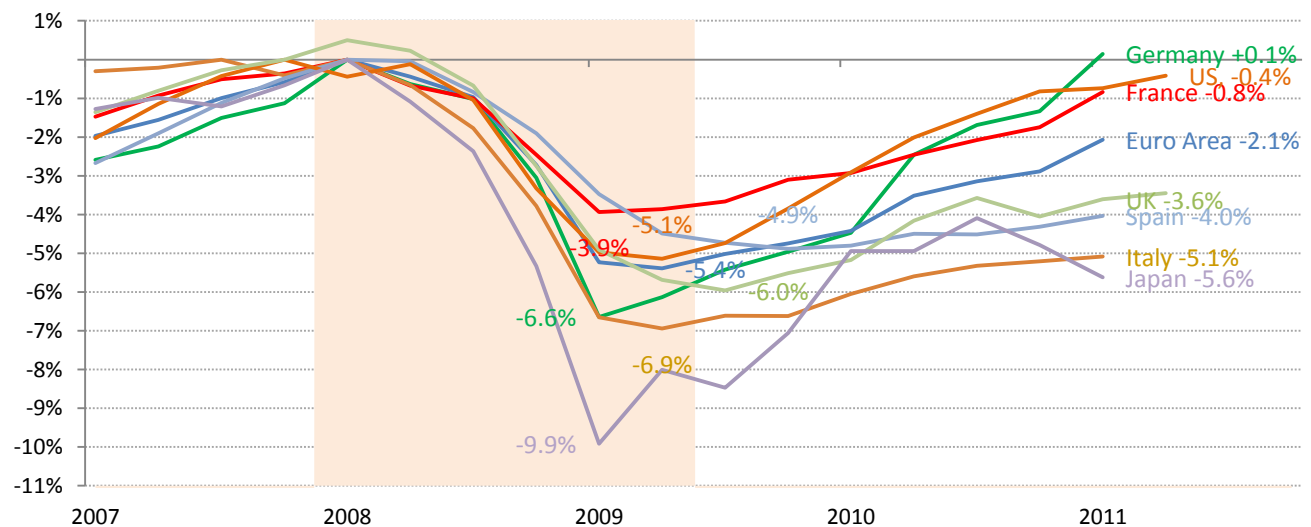
Source: Bureau of Economic Analysis, National Bureau of Economic Research, TrendMacro calculations

## Developed world real GDP, seasonally adjusted

	Quarter ended	Sequential quarter AR	Year over year
US	Jun 11	+1.3%	+1.6%
Japan	Mar 11	-3.5%	-0.7%
UK	Jun 11	+0.7%	+0.7%
Euro Area	Mar 11	+0.8%	+2.5%
Germany	Mar 11	+1.5%	+4.8%
France	Mar 11	+0.9%	+2.2%
Italy	Mar 11	+0.1%	+1.0%
Spain	Mar 11	+0.3%	+0.8%

## Developed world real GDP during and after the Great Recession

Drop from respective high-water mark, current difference to high-water mark, seasonally adjusted



Source: Respective data bureaus, NBER, TrendMacro calculations