

POLITICAL PULSE

## Is GDP “Rigged”?

Friday, October 28, 2016

Donald Luskin

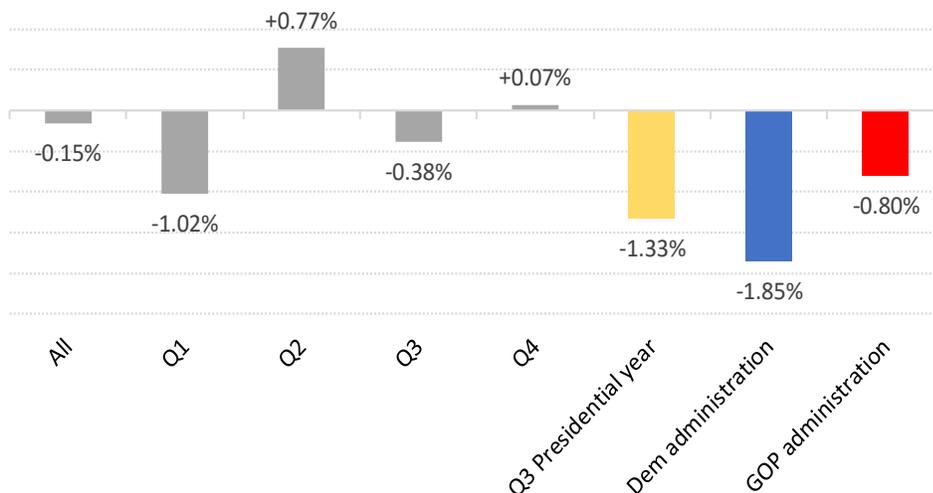
“Advance” estimates ahead of presidential elections tend to be revised sharply lower.

The “advance” estimate of Gross Domestic Product growth for Q3-16 [was reported](#) at a 2.9% annual rate this morning, beating expectations for 2.6% (please see [“Data Insights: GDP”](#) October 28, 2016).

Since records started being kept in 1997, on average, revisions have been more than eight times greater in the four Q3 “advance” estimates immediately before presidential elections, compared to revisions overall.

- Three of four were revised, all three downward – that is, the “advance” estimates were uniformly too high when released days before presidential elections.
- The downward revisions to Q3-2000 and Q3-2012, under Democratic administrations, were 2.2% and 1.5%, respectively.
- There was no revision to Q3-2004, when a Republican administration controlled the Bureau of Economic Analysis. There was a 1.6% downward revision in Q2-2008.
- If growth reported this morning were revised down by the average during Democratic administrations, it would be only 1.05%.
- Just saying.

**Revisions to advance estimates, real GDP growth** Average, QOQ, from 1997



Source: Bureau of Economic Analysis, TrendMacro calculations

**Update to strategic view**

**US MACRO:** Q3 GDP growth at 2.9% beat expectations. “Advance” estimates like this morning’s, immediately preceding the last four presidential elections, have been subject to revision more than eight times greater than usual, on average. Downward revisions to “advance” estimates have been greater in Democratic administrations than in Republican administrations, on average. If growth reported this morning were revised down by the average during Democratic administrations, it would be only 1.05%.

[\[Strategy dashboard\]](#)

**Contact TrendMacro**

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

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

Michael Warren  
 Houston TX  
 713 893 1377  
[mike@trendmacro.energy](mailto:mike@trendmacro.energy)