

Analysis of First Quarter 2009 Real GDP

Robert F. Dieli, Ph.D.

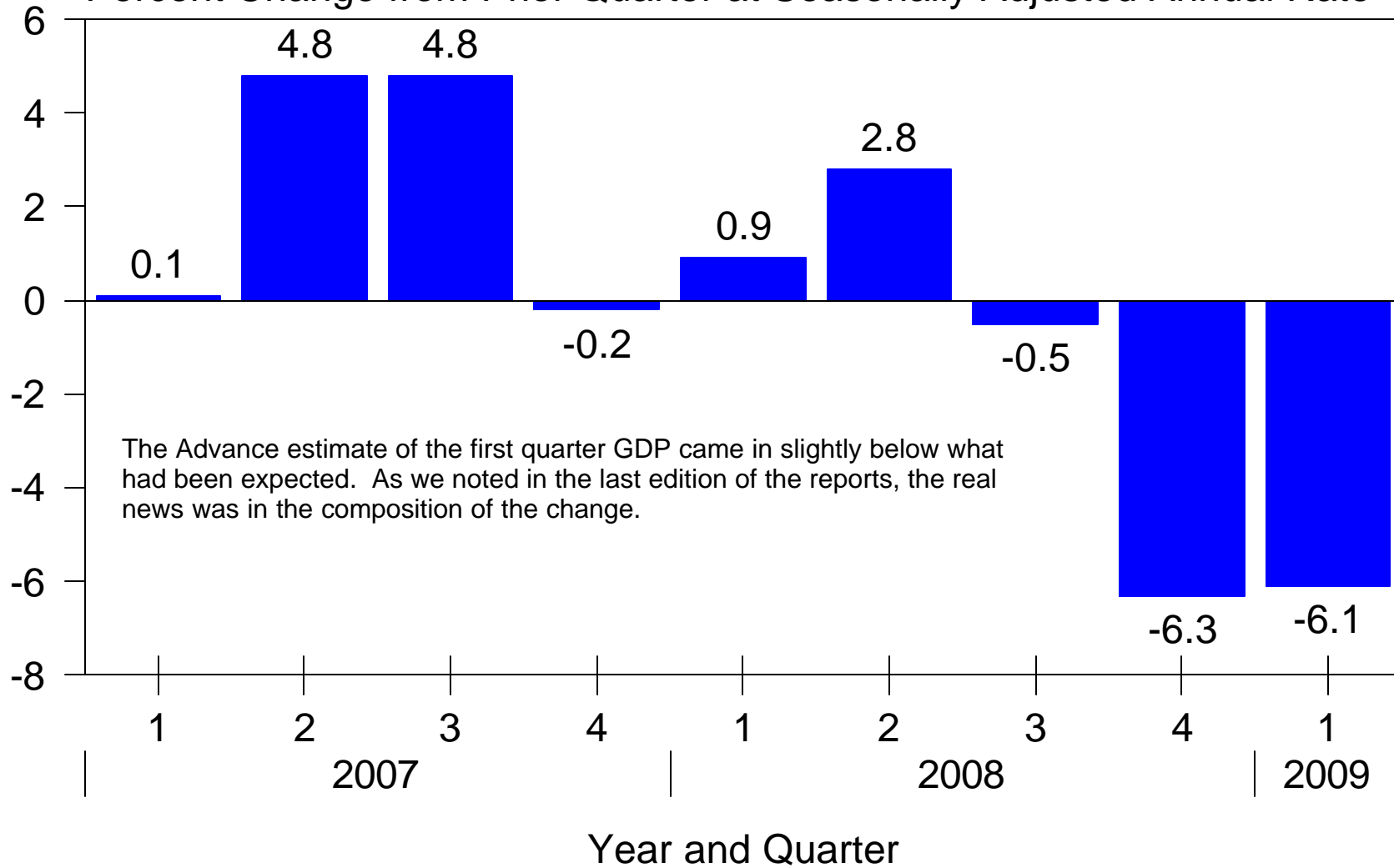
April 30, 2009

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Chart 1 -- Real Gross Domestic Product



Percent Change from Prior Quarter at Seasonally Adjusted Annual Rate



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Chart 2 -- Contributions to Percent Change in Real Gross Domestic Product

Percentage Points at Annual Rates

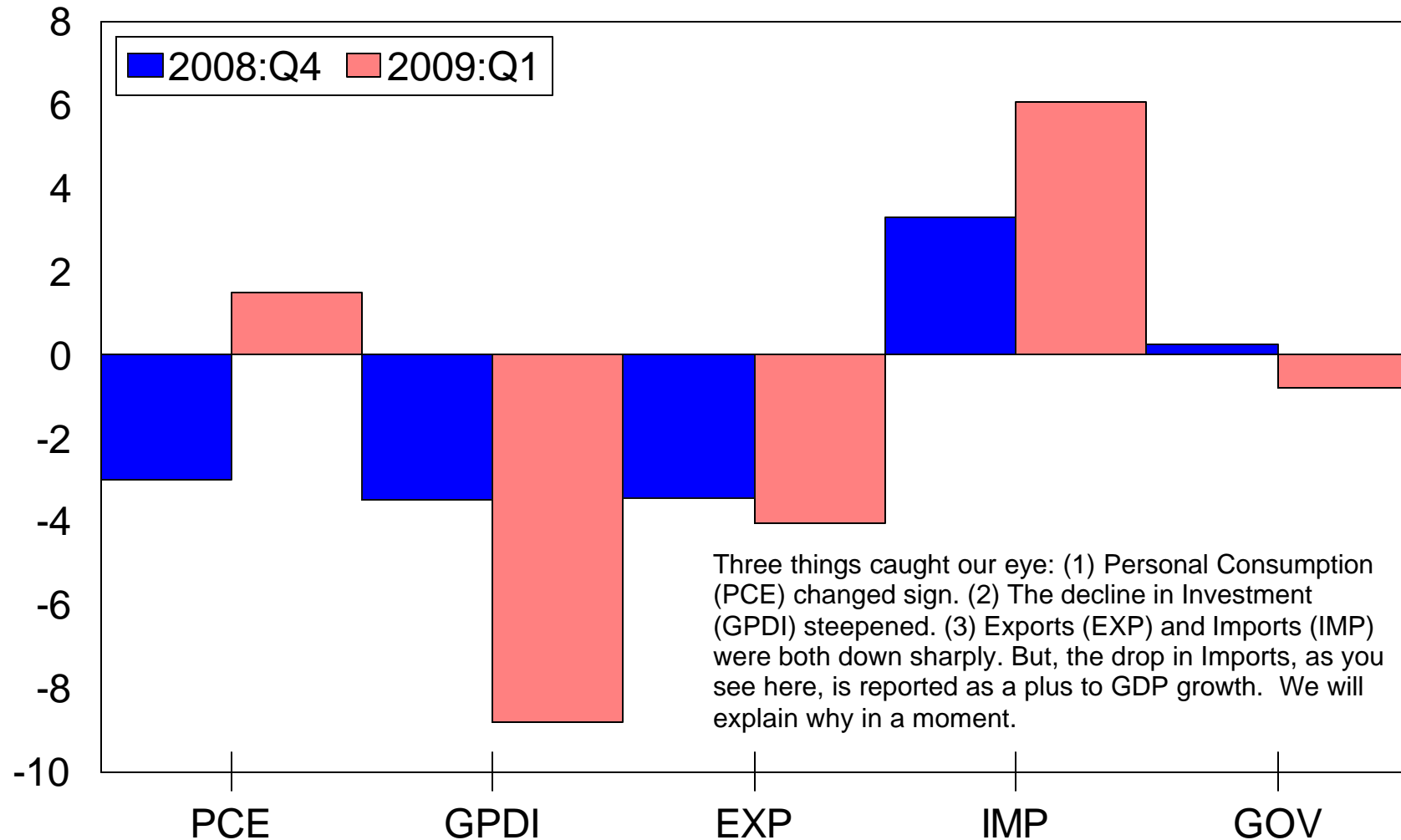
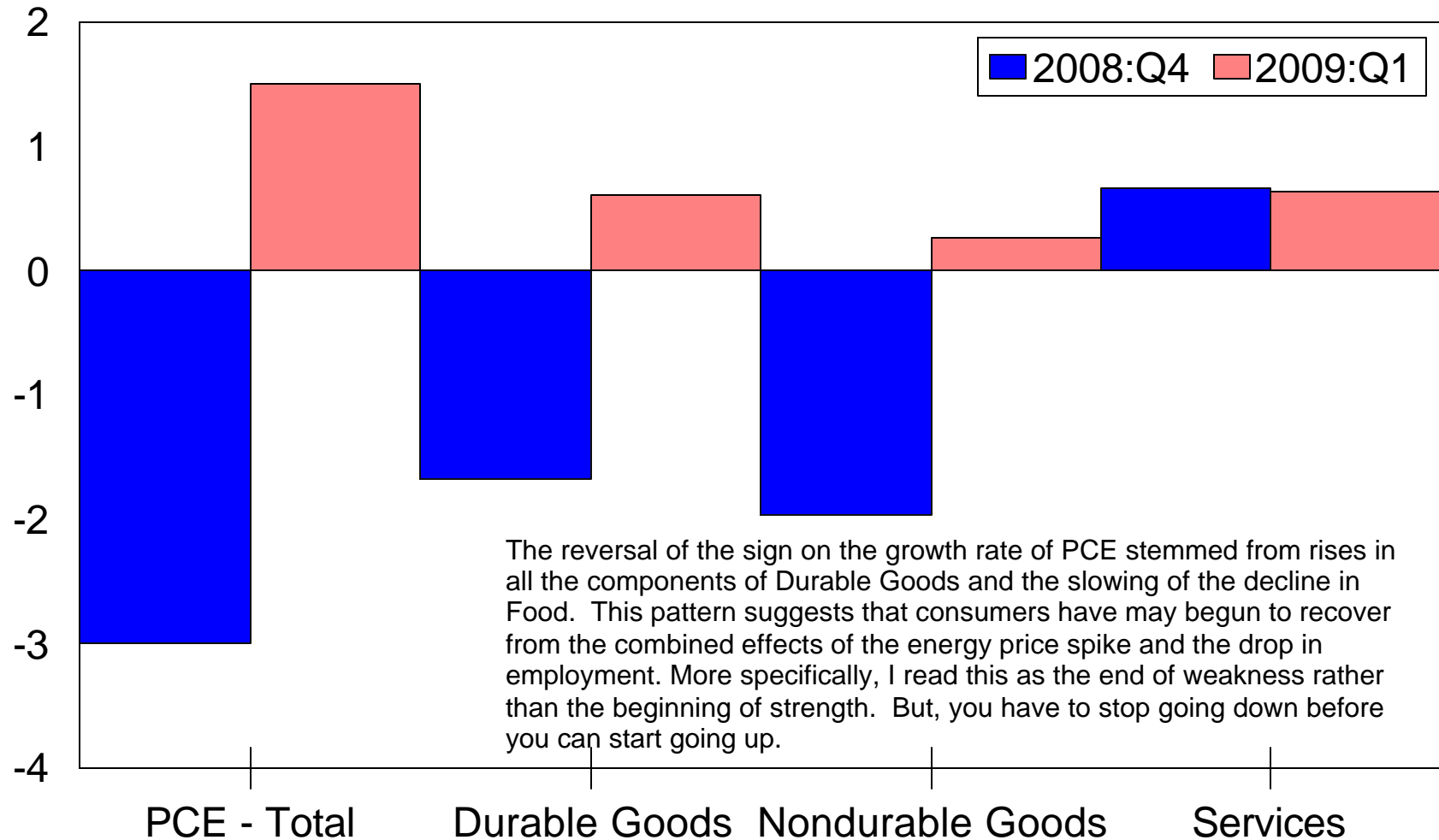


Chart 3 -- Contributions to Percent Change in Real Gross Domestic Product from Personal Consumption Expenditures (PCE)



Percentage Points at Annual Rates

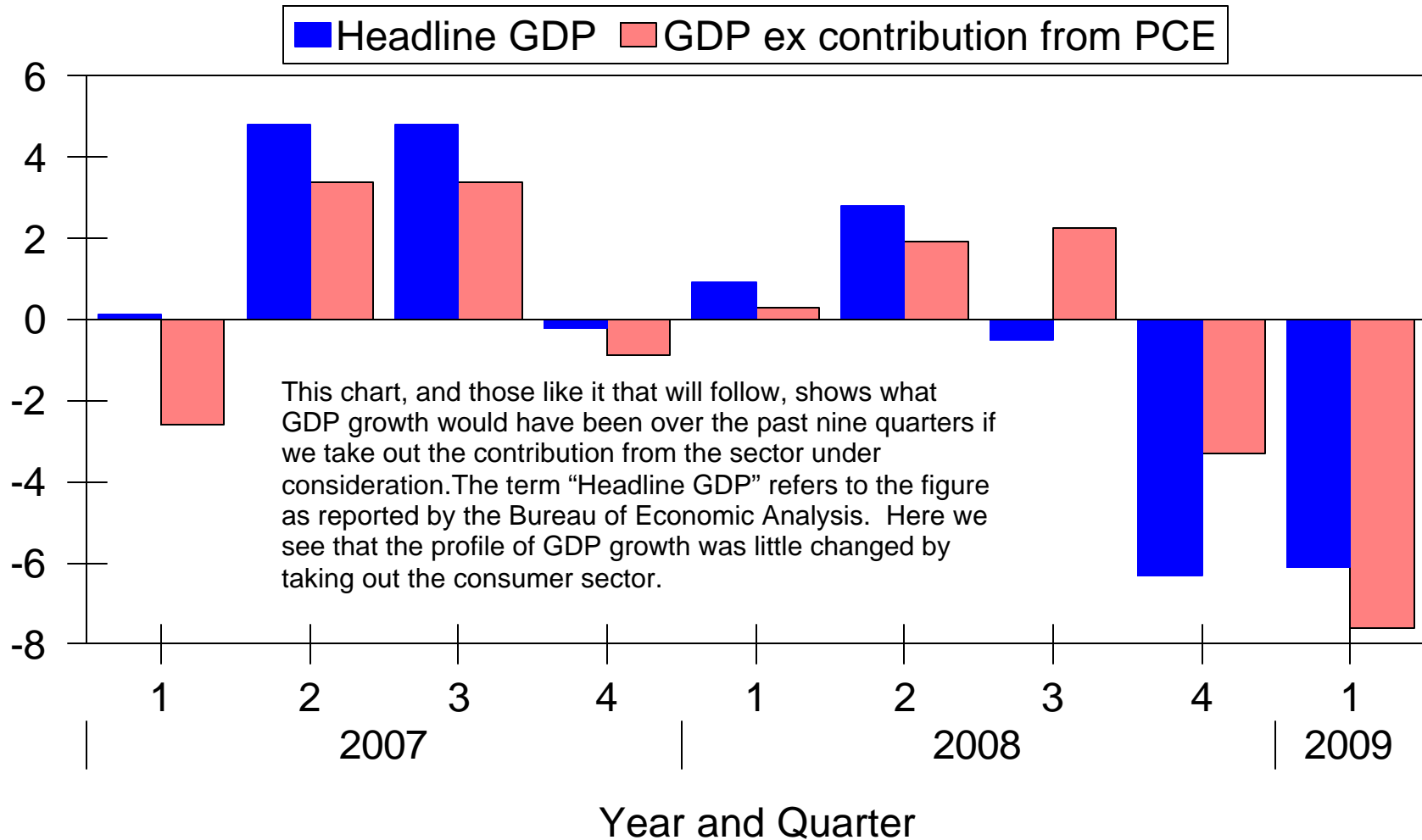


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Chart 4 -- Real Gross Domestic Product



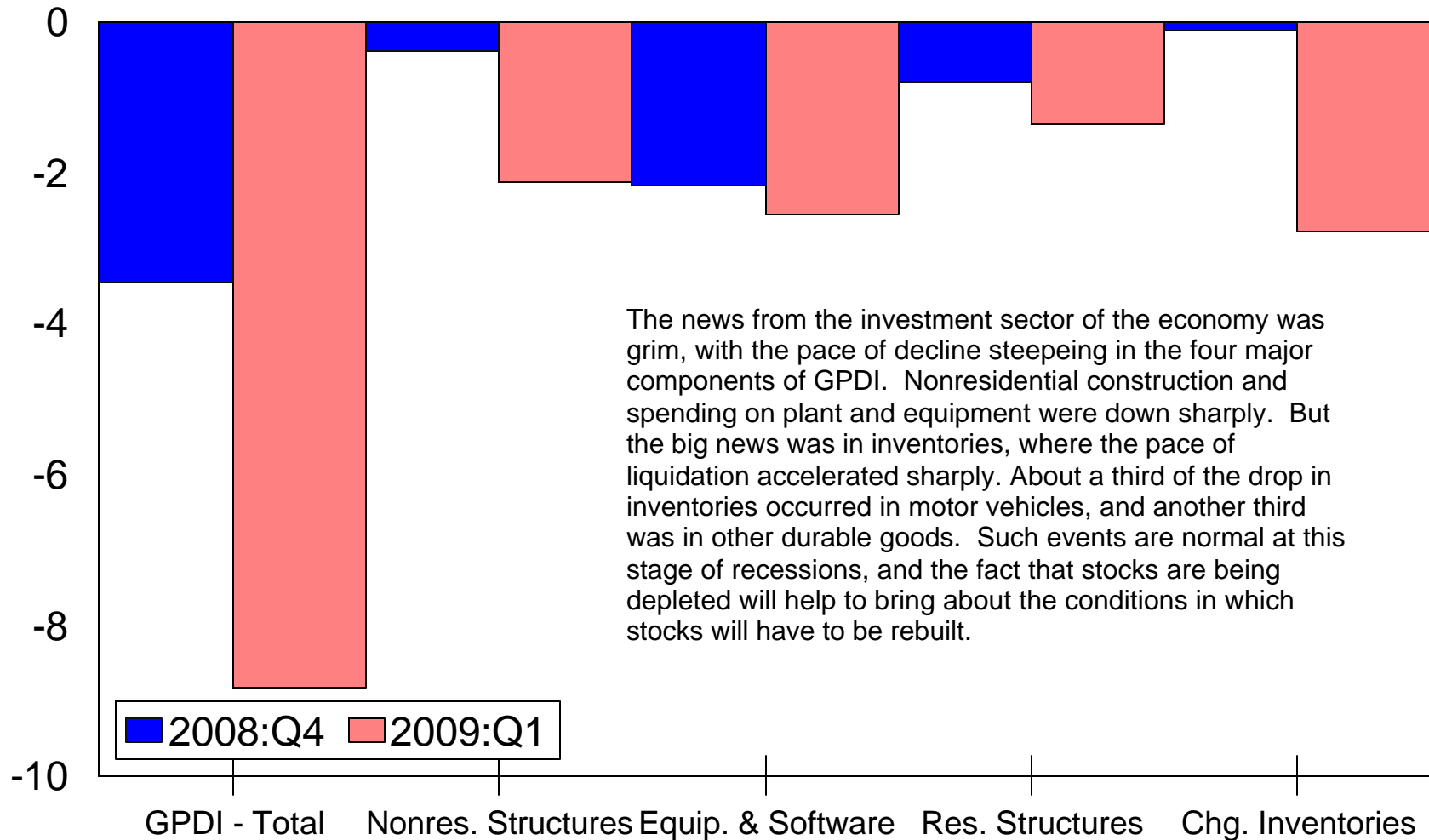
Percent Change from Prior Quarter at Seasonally Adjusted Annual Rate



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Chart 5 -- Contributions to Percent Change in Real Gross Domestic Product from Gross Private Domestic Investment (GPDI)

Percentage Points at Annual Rates



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Chart 6 -- Real Gross Domestic Product

Percent Change from Prior Quarter at Seasonally Adjusted Annual Rate

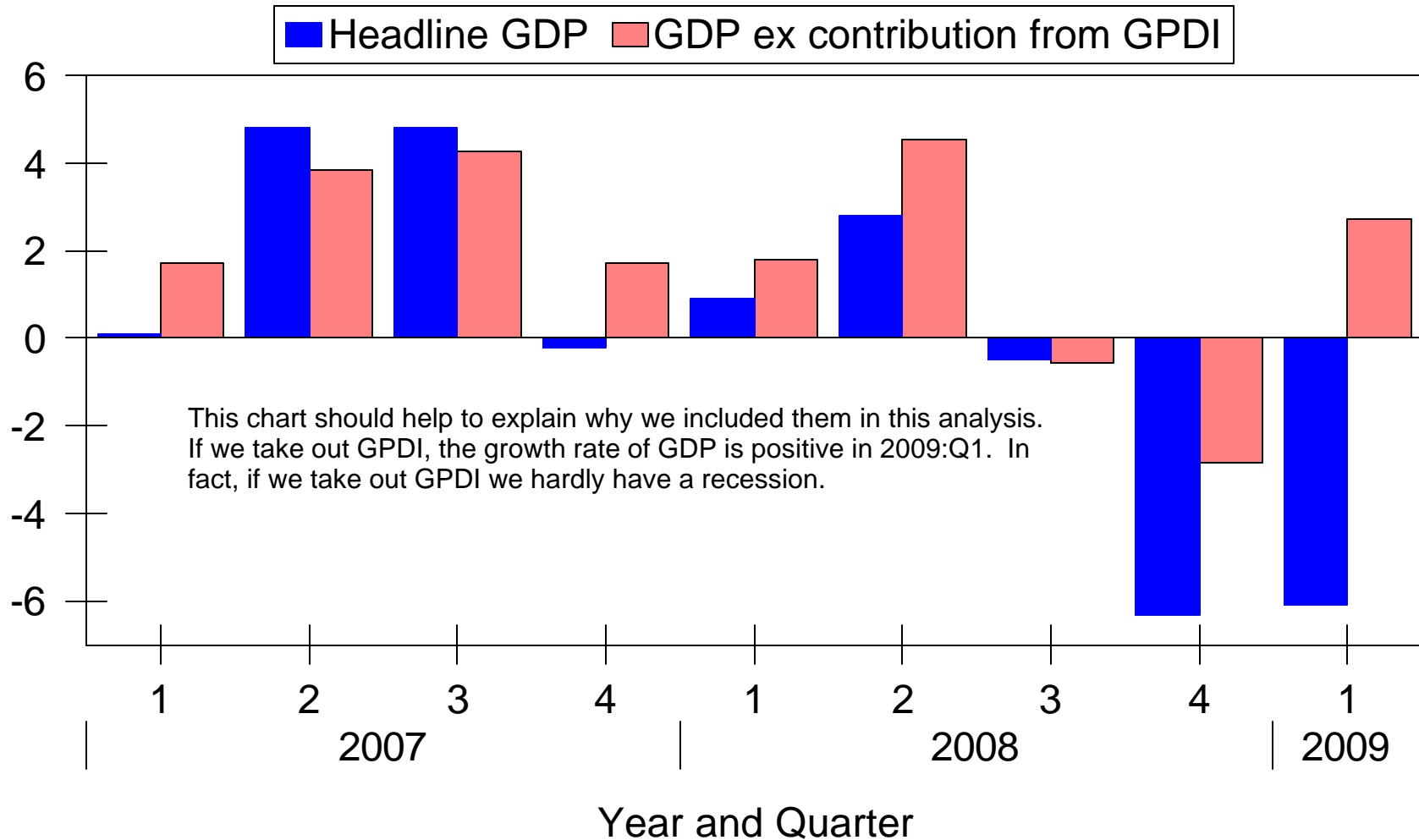
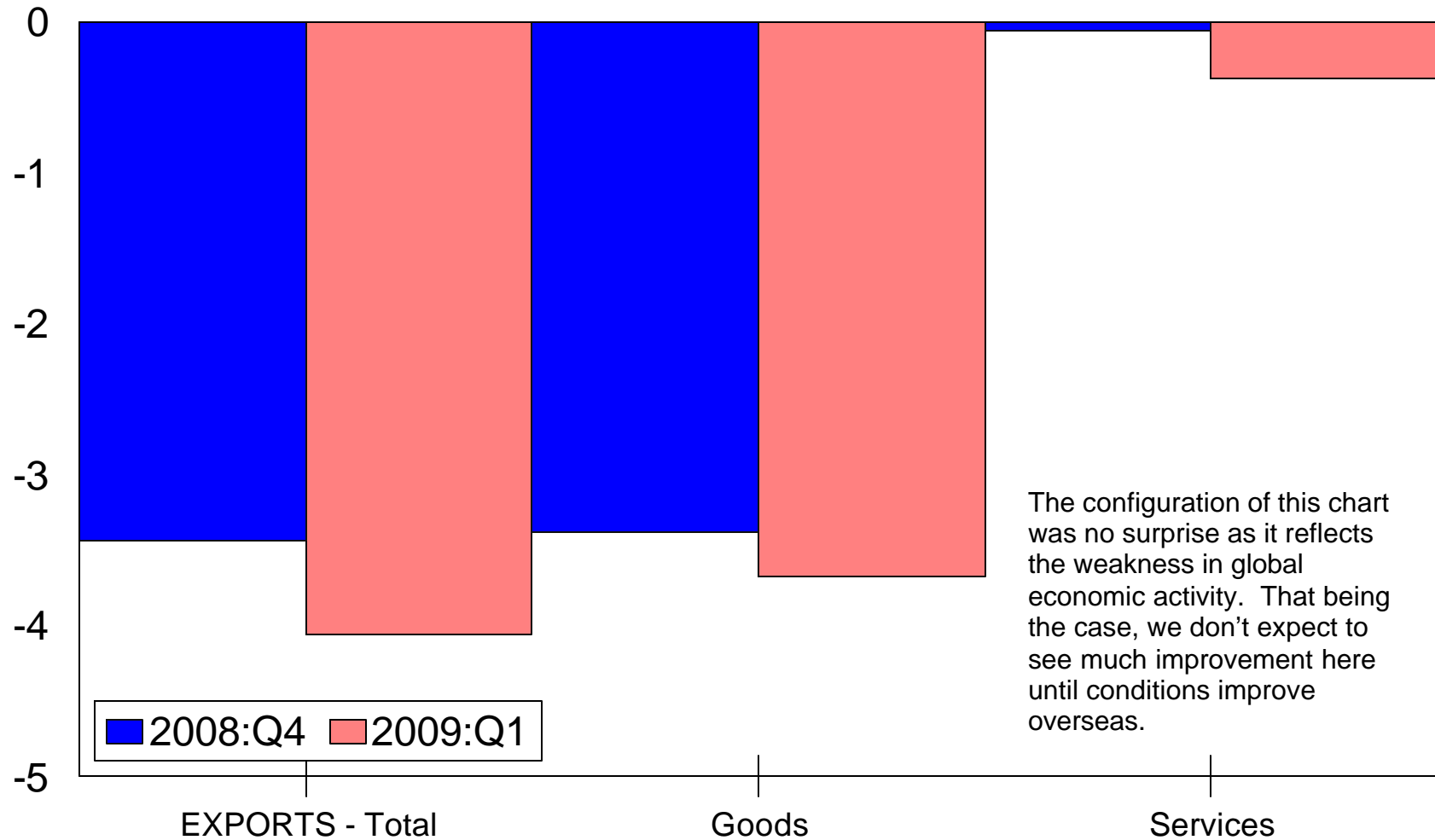


Chart 7 -- Contributions to Percent Change in Real Gross Domestic Product from Exports (EXPORTS)



Percentage Points at Annual Rates



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Chart 8 -- Real Gross Domestic Product

Percent Change from Prior Quarter at Seasonally Adjusted Annual Rate

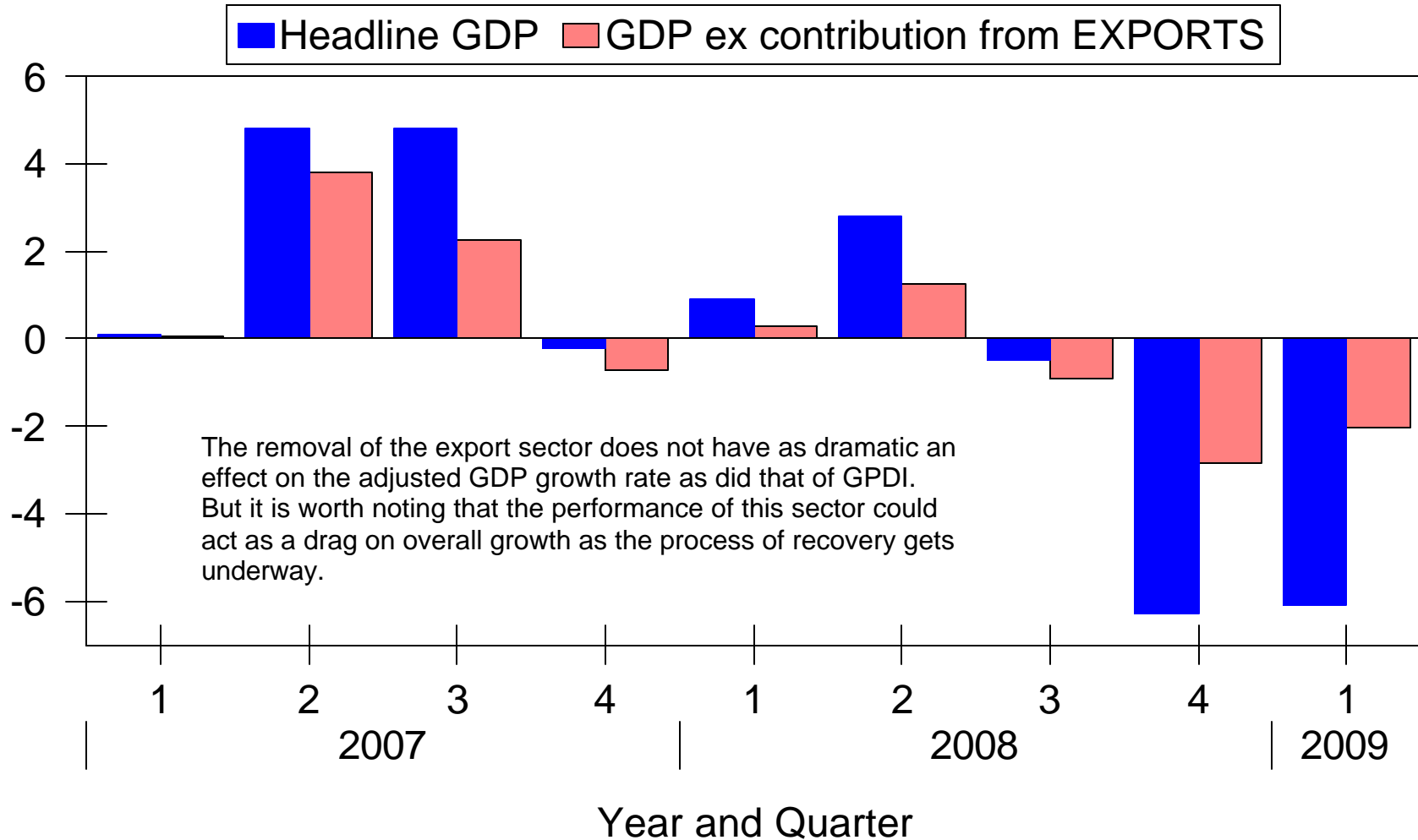
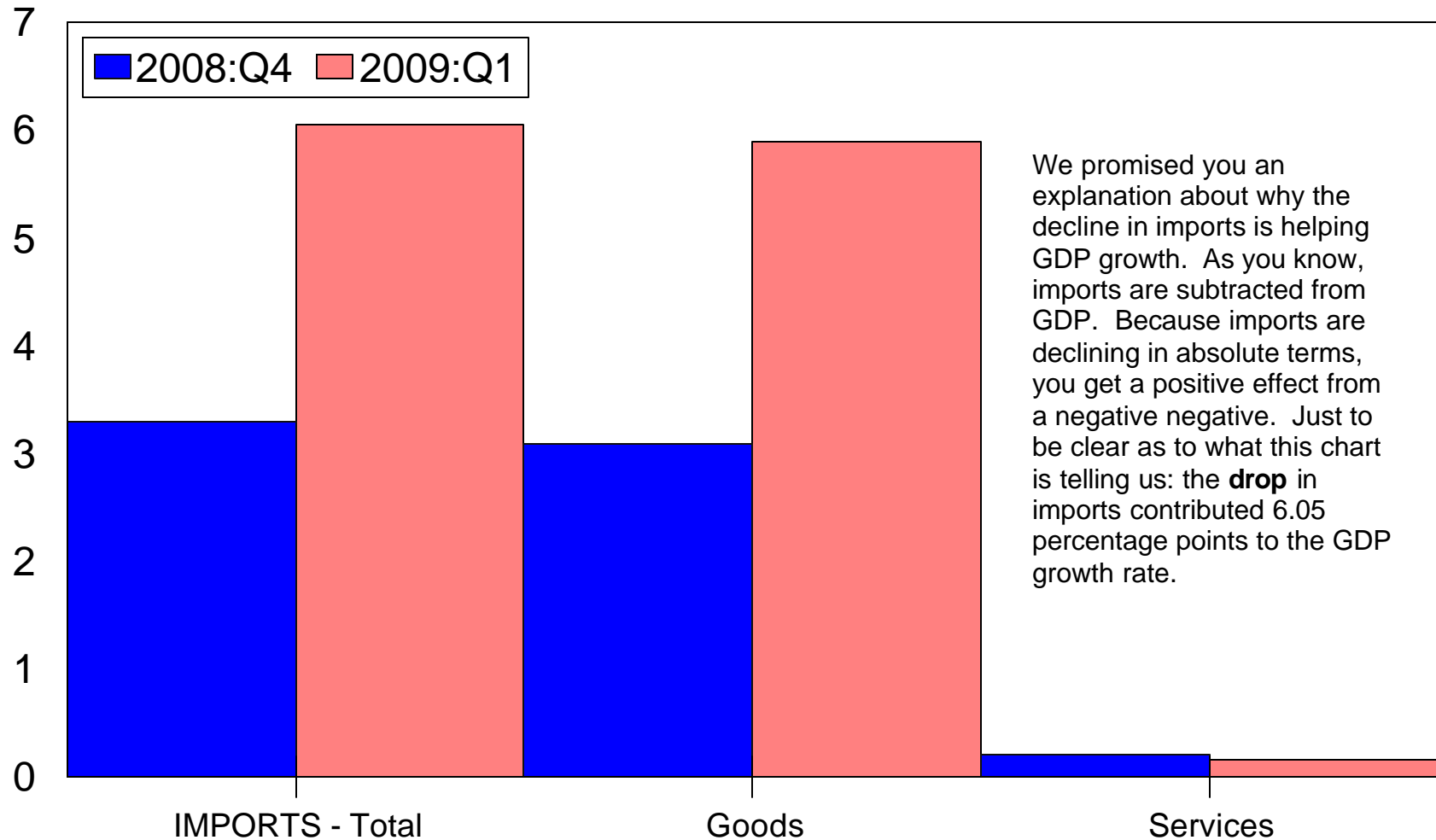


Chart 9 -- Contributions to Percent Change in Real Gross Domestic Product from Imports (IMPORTS)



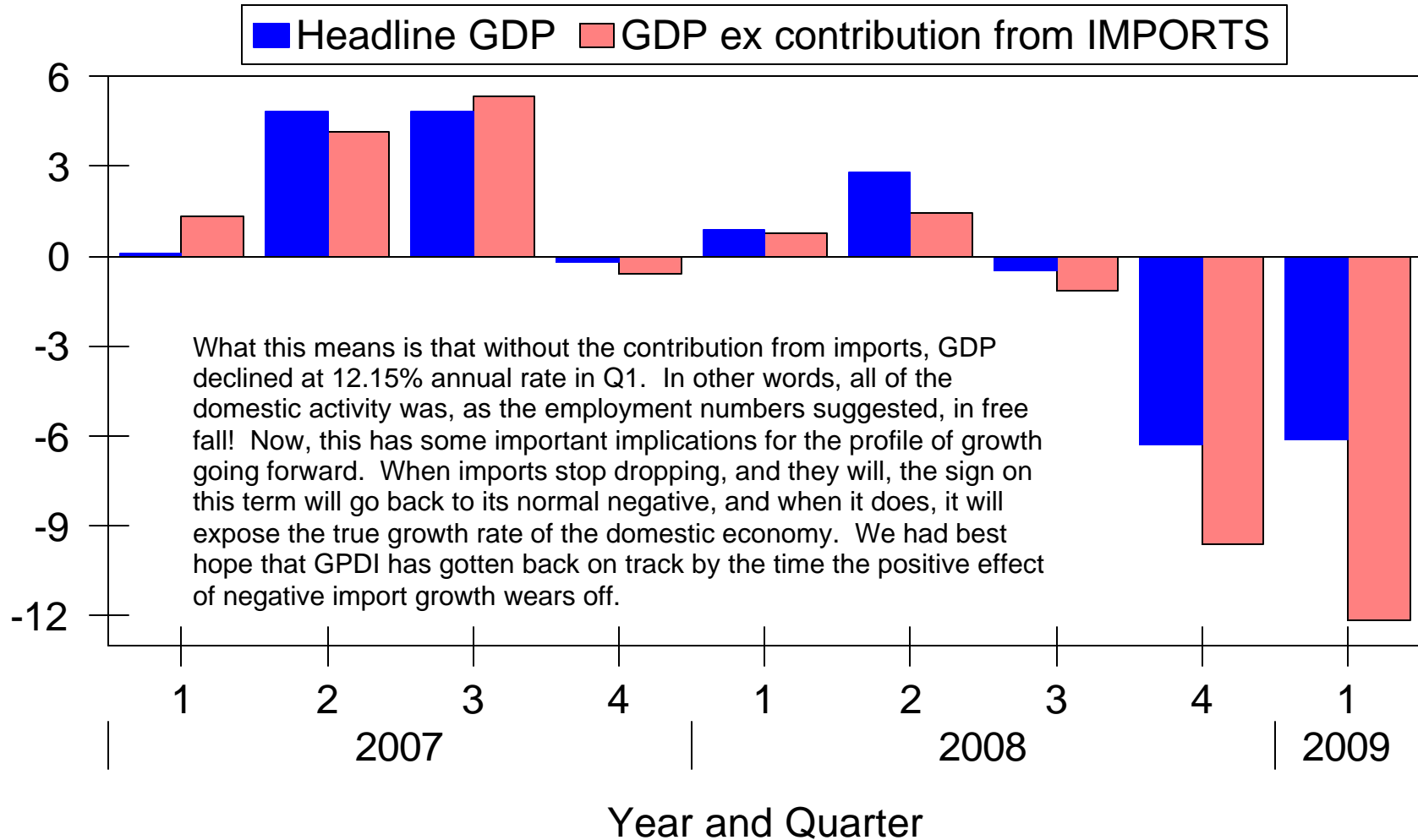
Percentage Points at Annual Rates



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Chart 10 -- Real Gross Domestic Product

Percent Change from Prior Quarter at Seasonally Adjusted Annual Rate



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Chart 11 -- Contributions to Percent Change in Real Gross Domestic Product from Government (GOVERNMENT)

Percentage Points at Annual Rates

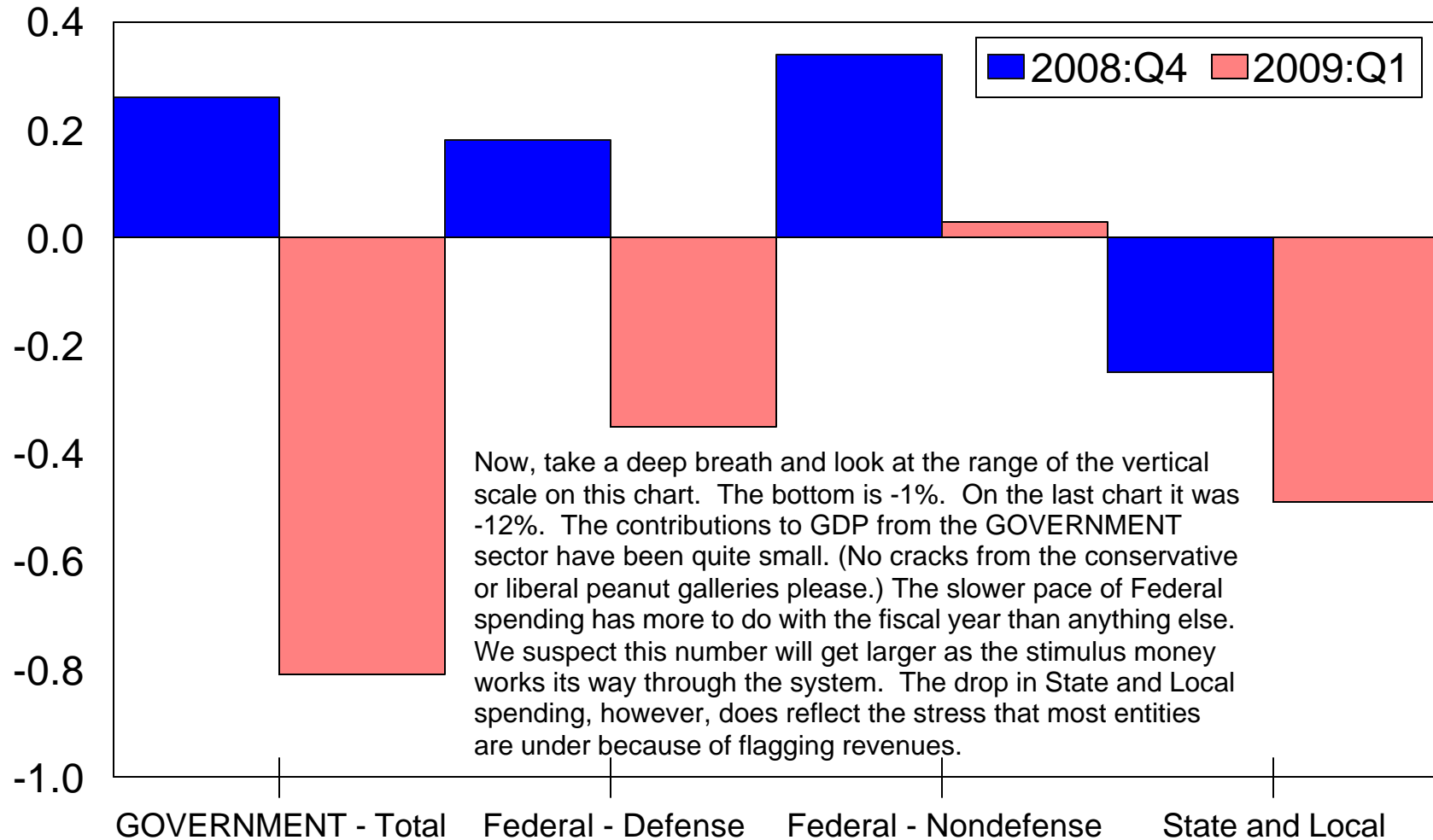
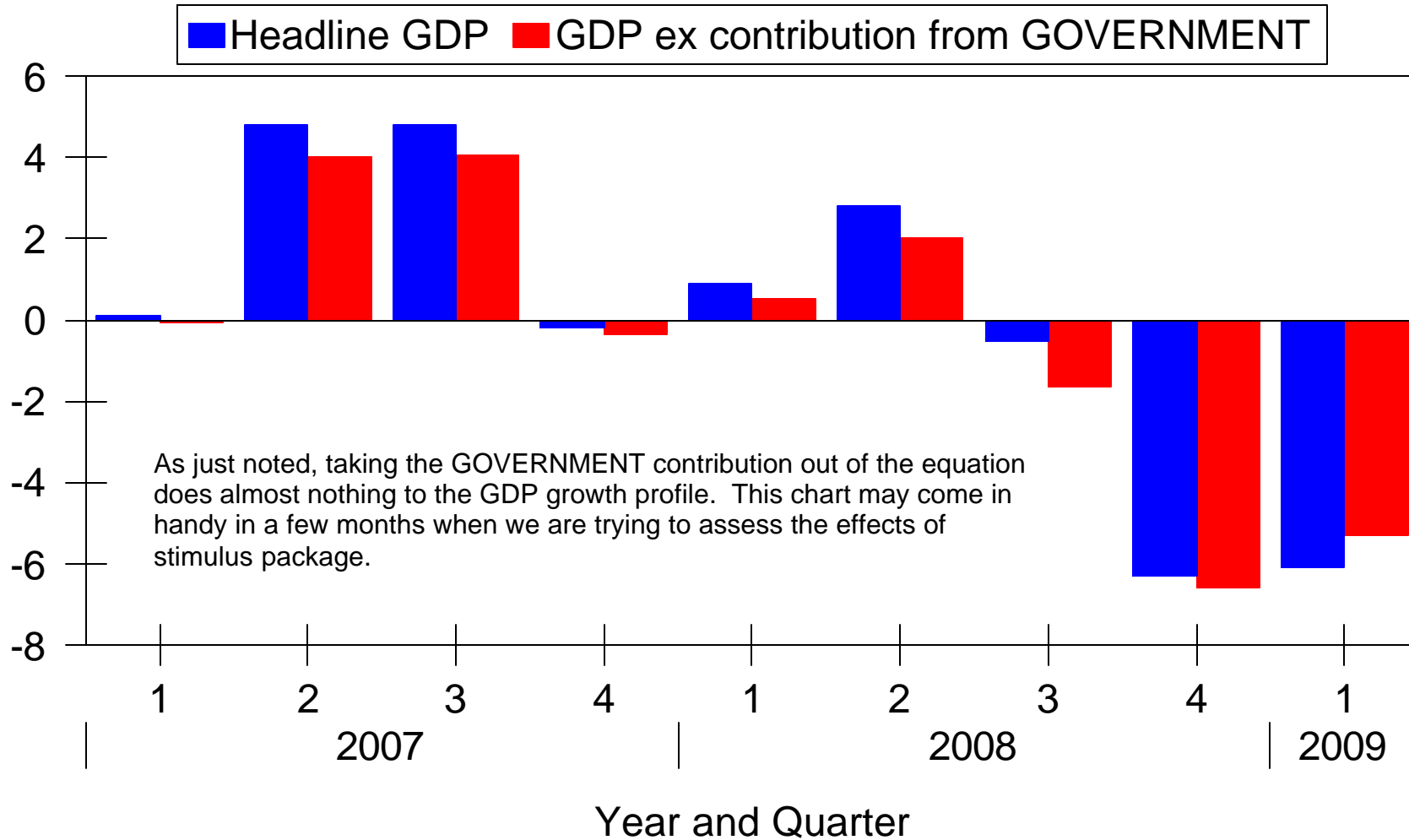


Chart 12 -- Real Gross Domestic Product



Percent Change from Prior Quarter at Seasonally Adjusted Annual Rate

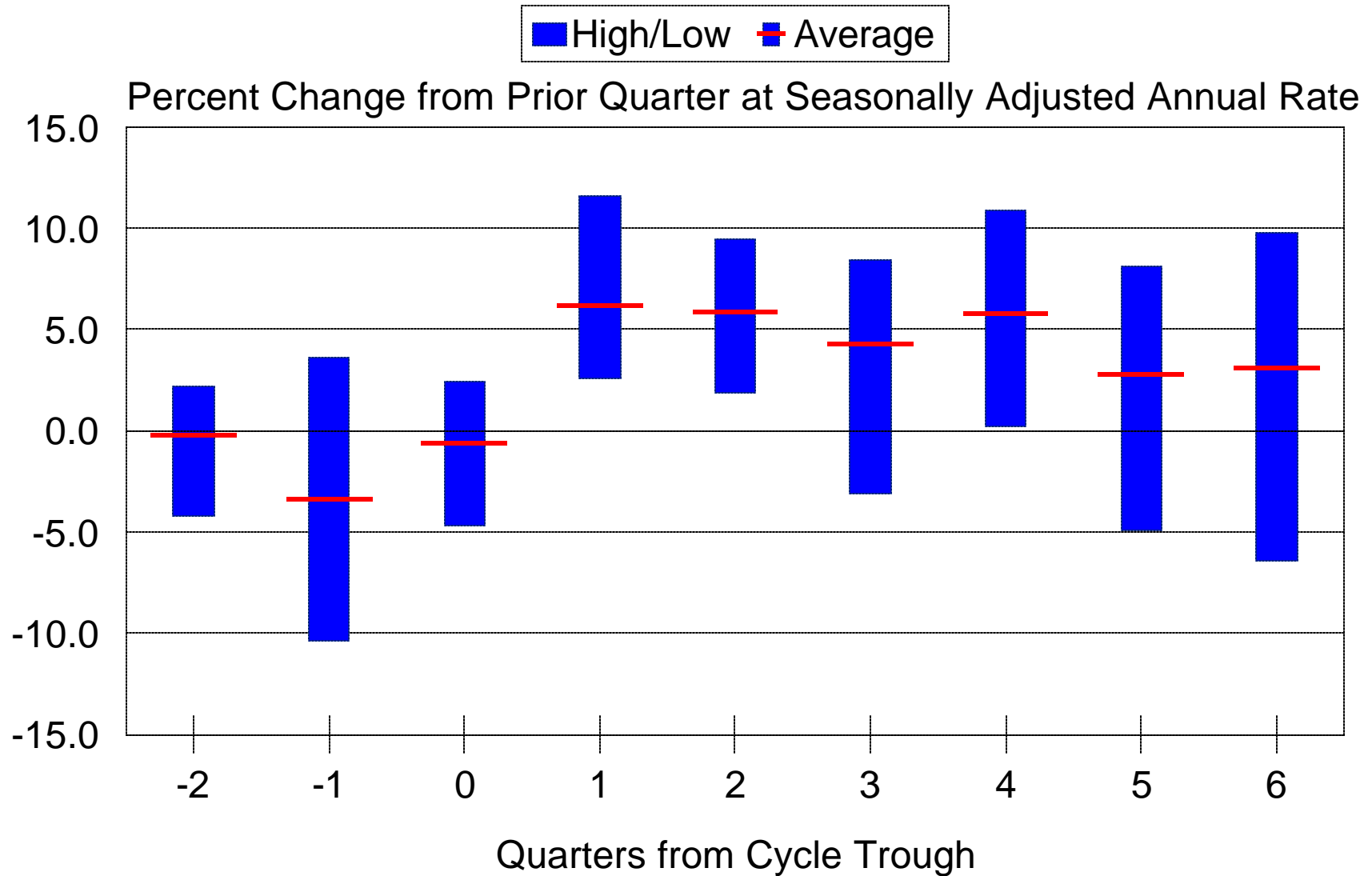


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Chart 13 -- What does all this portend for the Recovery?

- The composition of the numbers we just got suggests that we may be setting up to form a bottom. We reserve final judgement on that point until we see the revisions that will be published next month. As you know, this version of the report includes estimates made by the Bureau of Economic Analysis on inventory growth and export and import activity. We get the actuals in about three weeks, and when those are published we will be able to see if what this report told us holds up.
- But, in the interest of looking at the profile of GDP growth around cycle troughs, we put together the next chart that was made by taking the GDP growth figures in the two periods before the trough quarter of each of the eight troughs since 1958 and sorting them from high to low while computing the average growth rate in each of the nine periods on the horizontal scale. So, what you will see on the chart is a bar in each quarter, the high and low values of which are the highest and lowest growth rates recorded at that point around each trough. The red hash mark is the average.
- As you can see the range in the growth rate in the two periods in front of the cycle trough is large, but the average is near zero. In the periods immediately following the trough the growth rates are somewhat less spread out, and the average is strongly positive. The negative readings you see on the right side of the chart stem from the double-dip recessions of 1980 and 1981.
- As you might suspect, I have been constructing charts like this one for all of the categories of GDP and when I am finished I will share the results with you. For now we can say that the current profile of the data is starting to look like those seen in prior recessions about two quarters before the turn.
- As you also suspect, my motivation for doing this research is not completely disinterested. I am looking for evidence to back up the claim made late last year by the Aggregate Spread that the economy would turn up some time in the second half of 2009. Now, I can hear you saying that there is a growing consensus among forecasters around that outlook. But, I hasten to add, they were not saying that six months ago, and I was.
- I have attached a copy of the full contributions table. Comments and suggestions are always welcome.

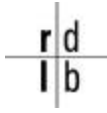
Chart 14 -- Real Gross Domestic Product



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Table 2. Contributions to Percent Change in Real Gross Domestic Product

	2006	2007	2008	Seasonally adjusted at annual rates															
				2005			2006				2007				2008				2009
				II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I
Percent change at annual rate:																			
Gross domestic product	2.8	2.0	1.1	2.6	3.8	1.3	4.8	2.7	0.8	1.5	0.1	4.8	4.8	-0.2	0.9	2.8	-0.5	-6.3	-6.1
Percentage points at annual rates:																			
Personal consumption expenditures	2.13	1.95	0.16	2.50	2.59	0.94	2.86	1.88	1.52	2.55	2.71	1.42	1.44	0.67	0.61	0.87	-2.75	-2.99	1.50
Durable goods	0.36	0.38	-0.33	0.95	0.44	-1.02	1.37	0.14	0.27	0.33	0.71	0.40	0.19	0.03	-0.33	-0.21	-1.16	-1.67	0.61
Motor vehicles and parts	-0.09	0.07	-0.42	0.53	0.15	-1.59	0.53	0.06	0.06	0.01	0.30	0.05	-0.22	-0.03	-0.35	-0.64	-0.83	-1.13	0.44
Furniture and household equipment	0.35	0.24	0.10	0.29	0.37	0.41	0.55	0.15	0.20	0.23	0.34	0.17	0.26	0.11	0.05	0.39	-0.25	-0.25	0.12
Other	0.10	0.08	-0.01	0.13	-0.08	0.17	0.29	-0.06	0.00	0.09	0.07	0.17	0.15	-0.06	-0.04	0.04	-0.08	-0.29	0.05
Nondurable goods	0.74	0.50	-0.13	0.83	0.59	0.93	0.85	0.62	0.46	0.62	0.71	0.40	0.25	0.05	-0.08	0.80	-1.57	-1.97	0.26
Food	0.38	0.18	-0.02	0.29	0.45	0.37	0.50	0.43	0.10	0.20	0.12	0.27	0.03	0.27	0.13	0.40	-0.75	-1.52	-0.08
Clothing and shoes	0.16	0.13	0.01	0.27	0.00	0.35	0.18	0.02	0.14	0.12	0.25	0.08	0.12	-0.09	0.08	0.28	-0.38	-0.24	0.10
Gasoline, fuel oil, and other energy goods	-0.05	0.02	-0.14	0.09	0.02	-0.04	-0.17	-0.11	0.03	0.03	0.13	-0.07	-0.01	-0.05	-0.18	-0.20	-0.45	0.23	0.13
Other	0.25	0.17	0.02	0.17	0.11	0.25	0.33	0.27	0.19	0.26	0.22	0.12	0.11	-0.08	-0.10	0.33	0.01	-0.43	0.12
Services	1.02	1.07	0.62	0.72	1.55	1.02	0.64	1.12	0.79	1.61	1.29	0.62	1.00	0.59	1.02	0.28	-0.03	0.66	0.63
Housing	0.34	0.16	0.10	0.36	0.39	0.35	0.37	0.31	0.25	0.22	0.12	0.09	0.08	0.12	0.05	0.18	0.08	0.04	-0.01
Household operation	-0.02	0.07	-0.01	0.02	0.15	-0.01	-0.42	0.26	0.10	0.03	0.08	0.02	0.06	0.09	0.07	-0.17	-0.33	0.31	0.32
Electricity and gas	-0.05	0.03	-0.04	0.00	0.12	-0.04	-0.42	0.20	0.05	-0.01	0.07	-0.04	0.02	0.01	0.11	-0.19	-0.38	0.29	0.31
Other household operation	0.03	0.04	0.02	0.01	0.04	0.03	0.01	0.06	0.05	0.04	0.00	0.06	0.04	0.08	-0.05	0.02	0.05	0.02	0.01
Transportation	0.05	0.05	-0.02	0.02	0.02	0.01	0.08	0.08	0.03	0.10	0.03	0.04	0.06	-0.02	0.04	-0.08	-0.06	-0.17	-0.14
Medical care	0.31	0.35	0.43	0.37	0.48	0.39	0.37	0.15	0.07	0.35	0.63	0.13	0.45	0.48	0.59	0.35	0.31	0.38	0.25
Recreation	0.09	0.13	-0.02	0.02	0.04	0.04	0.08	0.04	0.18	0.36	0.06	0.08	0.07	-0.01	-0.14	0.04	-0.04	-0.03	0.07
Other	0.24	0.31	0.14	-0.08	0.46	0.24	0.16	0.27	0.15	0.55	0.37	0.27	0.28	-0.08	0.40	-0.03	0.02	0.14	0.14
Gross private domestic investment	0.35	-0.90	-1.02	-0.86	0.69	1.98	1.15	-0.02	-0.92	-2.68	-1.63	0.94	0.54	-1.93	-0.89	-1.74	0.06	-3.47	-8.83
Fixed investment	0.32	-0.50	-0.76	1.21	0.88	0.41	1.39	-0.40	-0.81	-1.27	-0.57	0.47	-0.15	-0.97	-0.86	-0.25	-0.79	-3.36	-6.04
Nonresidential	0.77	0.52	0.17	0.64	0.64	0.40	1.62	0.71	0.59	-0.09	0.33	1.07	0.91	0.36	0.26	0.27	-0.19	-2.56	-4.68
Structures	0.23	0.40	0.39	-0.04	-0.26	0.05	0.42	0.54	0.42	0.08	0.35	0.57	0.65	0.29	0.30	0.64	0.36	-0.38	-2.13
Equipment and software	0.54	0.13	-0.22	0.68	0.90	0.35	1.20	0.16	0.17	-0.18	-0.02	0.50	0.26	0.07	-0.04	-0.37	-0.55	-2.18	-2.55
Information processing equipment and software	0.32	0.34	0.18	0.31	0.36	0.33	0.61	0.15	0.34	0.04	0.57	0.41	0.31	0.37	0.27	0.30	-0.16	-0.92	-0.69
Computers and peripheral equipment	0.15	0.11	0.05	0.12	0.09	0.22	0.16	0.17	0.13	0.02	0.17	0.09	0.12	0.12	0.10	0.08	-0.16	-0.28	-0.10
Software	0.06	0.15	0.08	0.16	0.04	0.10	0.03	0.02	0.07	0.14	0.21	0.22	0.10	0.16	0.16	0.04	-0.08	-0.23	-0.28
Other	0.11	0.08	0.05	0.03	0.23	0.02	0.41	-0.04	0.14	-0.11	0.19	0.09	0.09	0.10	0.00	0.18	0.08	-0.42	-0.31
Industrial equipment	0.07	0.02	-0.06	-0.04	0.19	0.19	-0.07	0.25	-0.12	-0.02	-0.10	0.34	-0.04	-0.20	0.01	-0.05	-0.12	-0.19	-0.70
Transportation equipment	0.09	-0.17	-0.32	0.24	0.31	-0.24	0.52	-0.25	0.06	-0.15	-0.21	-0.32	-0.07	-0.18	-0.16	-0.58	-0.47	-0.75	-0.65
Other equipment	0.05	-0.07	-0.02	0.17	0.04	0.07	0.15	0.02	-0.12	-0.05	-0.28	0.07	0.06	0.08	-0.16	-0.04	0.20	-0.31	-0.50
Residential	-0.45	-1.02	-0.93	0.57	0.25	0.01	-0.23	-1.11	-1.40	-1.18	-0.91	-0.60	-1.06	-1.33	-1.12	-0.52	-0.60	-0.80	-1.36
Change in private inventories	0.03	-0.40	-0.26	-2.07	-0.19	1.56	-0.24	0.38	-1.11	-1.41	-1.06	0.47	0.69	-0.96	-0.02	-1.50	0.84	-0.11	-2.79
Farm	-0.03	0.04	0.02	0.14	0.19	-0.15	0.02	-0.24	0.00	0.12	-0.07	0.14	-0.08	0.47	-0.17	-0.14	0.01	0.06	0.05
Nonfarm	0.06	-0.44	-0.28	-2.20	-0.39	1.71	-0.26	0.62	-0.12	-1.52	-0.99	0.33	0.77	-1.43	0.15	-1.36	0.83	-0.17	-2.84
Net exports of goods and services	-0.02	0.58	1.40	0.79	-0.07	-1.26	0.09	0.59	-0.12	1.33	-1.20	1.66	2.03	0.94	0.77	2.93	1.05	-0.15	1.99
Exports	0.96	0.95	0.76	0.89	0.04	1.09	1.70	0.58	0.39	1.66	0.06	1.01	2.54	0.53	0.63	1.54	0.40	-3.44	-4.06
Goods	0.73	0.59	0.51	0.98	-0.06	0.91	1.27	0.49	0.28	0.78	0.15	0.55	1.66	0.43	0.39	1.39	0.34	-3.38	-3.68
Services	0.23	0.36	0.25	-0.09	0.10	0.18	0.42	0.09	0.11	0.87	-0.09	0.46	0.88	0.10	0.24	0.15	0.06	-0.06	-0.38
Imports	-0.98	-0.37	0.64	-0.10	-0.11	-2.35	-1.61	0.01	-0.51	-0.33	-1.25	0.65	-0.51	0.40	0.14	1.39	0.65	3.29	6.05
Goods	-0.82	-0.25	0.65	-0.10	-0.14	-2.18	-1.18	-0.04	-0.51	0.13	-1.14	0.59	-0.34	0.38	0.29	1.14	0.74	3.09	5.89
Services	-0.16	-0.12	-0.01	0.00	0.03	-0.17	-0.43	0.05	0.01	-0.46	-0.11	0.06	-0.17	0.02	-0.15	0.25	-0.09	0.20	0.16
Government consumption expenditures and gross investment	0.32	0.40	0.57	0.17	0.65	-0.34	0.72	0.23	0.32	0.30	0.17	0.77	0.75	0.16	0.38	0.78	1.14	0.26	-0.81
Federal	0.16	0.11	0.43	0.08	0.66	-0.53	0.66	-0.11	0.13	0.12	-0.26	0.47	0.51	-0.04	0.41	0.47	0.97	0.52	-0.32
National defense	0.08	0.12	0.35	0.18	0.56	-0.73	0.39	0.09	-0.04	0.32	-0.29	0.40	0.48	-0.04	0.34	0.36	0.85	0.18	-0.35
Consumption expenditures	0.04	0.11	0.27	0.06	0.45	-0.70	0.40	-0.02	0.00	0.14	-0.08	0.28	0.45	-0.06	0.31	0.15	0.72	0.17	-0.24
Gross investment	0.04	0.01	0.08	0.12	0.11	-0.02	-0.01	0.11	-0.05	0.18	-0.21	0.12	0.03	0.02	0.04	0.21	0.14	0.01	-0.10
Nondefense	0.08	0.00	0.08	-0.11	0.10	0.20	0.27	-0.20	0.17	-0.20	0.03	0.07	0.03	0.01	0.06	0.11	0.12	0.34	0.03
Consumption expenditures	0.05	0.00	0.06	-0.12	0.03	0.10	0.22	-0.14	0.15	-0.20	0.06	0.02	0.03	-0.02	0.06	0.08	0.11	0.21	0.12
Gross investment	0.03	0.00	0.02	0.01	0.07	0.10	0.05	-0.07	0.03	0.01	-0.04	0.05	-0.01	0.02	0.01	0.03	0.00	0.14	-0.09
State and local	0.16	0.28	0.14	0.10	-0.01	0.19	0.06	0.34	0.19	0.18	0.43	0.30	0.24	0.19	-0.03	0.31	0.17	-0.25	-0.49



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RDLB, Inc.
One Imperial Place, Suite 300
Lombard, IL 60148
630-261-8128

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