State of the U.S. Economy

Quick Summary

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March 19, 2009
Outline

1. How does this recession compare to others?
2. Where should we look for growth?
3. Fiscal Policy Risks
4. Trade Policy Risks
5. Monetary Policy Risks
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Real Investment and the Business Cycle

Quarter 0 = Peak of Business Cycle

R GDP Index = 100 at Peak of Business Cycle
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Payrolls and the Business Cycle

Last Obs: 2/09
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Consumer

![Graph: Personal Saving Rate (PSAVERT) and Real Personal Consumption Expenditures (PCEC96)]

Shaded areas indicate US recessions.
2009 research.stlouisfed.org
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Int’l Trade

US Closed vs Open Economy Real GDP

- GDP
- Closed Economy

y/y % Change
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NonRes Investment

Real Change in Private Inventories (CBICA)
Source: U.S. Department of Commerce: Bureau of Economic Analysis

Shaded areas indicate US recessions.
2009 research.stlouisfed.org
NonRes Investment: Upstream Pricing

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Hamilton vs Jefferson

State & Local Consumption Expenditures & Gross Investment (SLCE)
Federal Consumption Expenditures & Gross Investment (FGCE)

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Stealth Protectionism:
- Buy American clause still in the stimulus bill
- US blocks Mexican trucks
- Congress proposing Auto vouchers for North American cars only
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M1 Velocity

NGDP/M1 – Quarterly

Last Obs: 12/08
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![M1 Money Multiplier (MULT)
Source: Federal Reserve Bank of St. Louis](image)

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Greenspan: Don’t Blame the Fed
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Unconventional on the way out too?

Selected Assets of the Federal Reserve

- Total Assets
- Securities Held Outright
- All Liquidity Facilities

$Billions

2007 2008 2009
Unconventional on the way out too?