U.S. Macro Forecaster: 2020
Economic Barometers: Real GDP

Consensus forecast:

Real GDP, Q1:2020, annualized 2.2%

As a U.S. macro forecaster, you must submit your first forecast on Tuesday, 2/11.
You may update your forecast, anytime, via email.
The forecast closest to correct, and presented the earliest, wins bragging rights.

In class, starting 2/12, you must be ready to speak about emerging developments that bear on Q1 real GDP growth:

> **Was the news signal or noise?**
> **Are reactions to news sensible or do you have a unique interpretation?**
> **Did the news change your forecast?**

On April 29th, the U.S. Bureau of Economic Analysis (BEA) will issue its first estimate of Q1:2020 real GDP growth. At that time, we will assess the accuracy of all forecasters.

Bottom up Assessments of an Unfolding Quarter's Real GDP Performance:

- Monthly retail sales — used to estimate personal consumption of durables and non-durables
- Monthly durable goods shipments – used to estimate equipment investment
- Monthly construction spending – input for residential & structures investment
- Monthly manufacturing and trade – input used for inventory investment
- Monthly trade balance—the source of the net exports calculation.

Top-Down Guides for Estimating an Unfolding Quarter's Real GDP Growth:
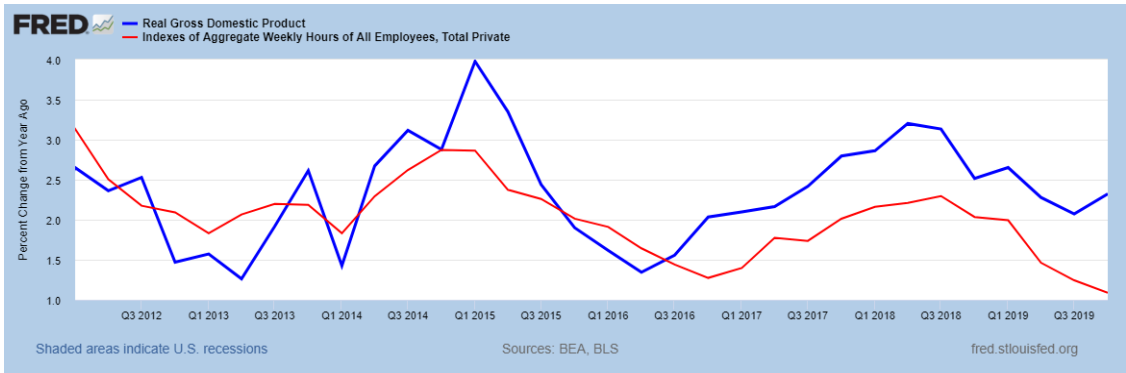
- Monthly employment statistics, most notably employee hours worked, provide useful indications of unfolding real GDP momentum.
- Monthly industrial production performance provides a barometer for GDP goods economic performance.
- Monthly Surveys of Purchasing Managers provide a coarse sense of swings in real GDP momentum.

Both the Atlanta Fed and the N.Y. Fed attempt to 'bean count' the contemporaneous quarter's real GDP growth. Be prepared to explain why you favor one guess versus the other, or why your guess is different from both of the Fed's guesses.

https://www.frbatlanta.org/cqer/research/gdpnow
https://www.newyorkfed.org/research/policy/nowcast

Real GDP versus Labor Hours Worked
(YOY, percent change, quarterly data)

Real GDP Growth, quarterly, annualized