

A Brief Update on the Pulse of the US Economy: Tweaks and Twists in the Data

- In the 2q08 advance release, roughly two weeks ago, real GDP growth came-in at 1.9% annualized. Recently, the details from the various indicators--largely from the international trade report--suggest that the initial growth reading is likely to be revised up by around 0.8% in the preliminary release to 2.7%. Specifically, the contribution from net exports--according to my calculations--probably added an additional 0.7% to real GDP growth in 2q08.
- The relevant details from the retail sales data combined with the plunge in unit auto sales in July, however, raise the odds of a slight contraction in 3q08 real consumer spending growth. Accordingly, our 3q08 real GDP growth forecast has been downgraded to less than 0.5% from our initial estimate of 1%. Nevertheless, it is still too early to firm-up any growth forecast at this juncture in view of the highly uneven flow of data releases.