Federal Reserve
Bank of Dallas

U.S. Economic Activity
Output Growth Decomposition

Contributions to real growth, annual rate, percentage points

<table>
<thead>
<tr>
<th>Component</th>
<th>2018Q2:2019Q1 avg.</th>
<th>2019Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP</td>
<td>2.6</td>
<td>2.0</td>
</tr>
<tr>
<td>PCE</td>
<td>1.7</td>
<td>3.0</td>
</tr>
<tr>
<td>Business Fixed Investment</td>
<td>-0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>Residential Fixed Investment</td>
<td>-0.1</td>
<td>-0.1</td>
</tr>
<tr>
<td>Government Spending</td>
<td>0.3</td>
<td>0.8</td>
</tr>
<tr>
<td>Net Exports</td>
<td>-0.2</td>
<td>-0.7</td>
</tr>
<tr>
<td>Private Inventories</td>
<td>0.4</td>
<td>-0.9</td>
</tr>
</tbody>
</table>

SOURCE: Bureau of Economic Analysis.

Federal Reserve Bank of Dallas
Level of Actual and Potential GDP

Tril. chained 2012 dollars

- Real GDP
- CBO Potential

SOURCES: Congressional Budget Office; Bureau of Economic Analysis.
Retail Sales Control

Percent, annualized

Retail sales control, 1M%
3M% of 3M moving average

SOURCE: Census Bureau/Haver Analytics.

Federal Reserve Bank of Dallas

Sep 2019
6.8
0.5

Consumer Confidence

Index


SOURCES: University of Michigan; The Conference Board.

Consumer confidence (Conference Board)

Consumer sentiment (University of Michigan)

Sep 125.1
Oct 96.0
New Residential Construction

Thousands

SOURCES: Census Bureau.

Single family housing permits (3M moving average)
Single family new houses sold (3M moving average)

Sep 862
Aug 702
ISM Purchasing Manager Indices

Diffusion index, 50+ = expansion

Nonfarm Payroll Employment Growth

Thousands

M/M nonfarm payroll gains
Annual averages


Federal Reserve Bank of Dallas
Unemployment Rate

Percent

- Unemployment rate, Sep 2019 = 3.5
- SEP longer run projection, Sep 2019 = 4.2
- CBO estimate of natural rate, Q3 2019 = 4.6

SOURCES: Federal Reserve Board; Bureau of Labor Statistics.
Labor Force Participation

![Graph showing labor force participation rate](image)


Federal Reserve Bank of Dallas
Potential Labor Force Participation

SOURCE: Bureau of Labor Statistics; Congressional Budget Office.
Combined Unemployment and Participation Gaps

Jobless Claims

Thous.

800

700

600

500

400

300

200


Oct  Jan Apr Jul Oct Jan Apr Jul Oct

Initial Claims, 4-Week Moving Average

Week ending Oct 12

214.75

SOURCE: Department of Labor.
Wage Growth

Percent, year-over-year

- Atlanta Fed Wage Growth Tracker
- Average Hourly Earnings
- ECI: Wages and Salaries

Wage Phillips Curve

*Detrended ECI wage growth*

**Unemployment gap**

*Four-quarter ECI wages and salaries growth less SPF 4-quarter-laged 10 year inflation expectations.*

**Unemployment rate less CBO natural rate, lagged 4 quarters.
PCE Inflation

SOURCES: Federal Reserve Bank of Dallas; Bureau of Economic Analysis.
Core Inflation

Treasury Yield Curve

SOURCE: Federal Reserve Board.
FOMC Summary of Economic Projections: GDP

SOURCES: Bureau of Economic Analysis; Federal Reserve Board.
FOMC Summary of Economic Projections: Unemployment

SOURCES: Federal Reserve Board; Bureau of Labor Statistics.
FOMC Summary of Economic Projections: Inflation

SOURCES: Bureau of Economic Analysis; Federal Reserve Board.
FOMC Summary of Economic Projections: Core Inflation

Percent

Core PCE inflation (4-quarter rate)
FOMC median projection
Central tendency
Range

SOURCES: Bureau of Economic Analysis; Federal Reserve Board.