Output Growth Decomposition

Contributions to real growth, annual rate, percentage points

<table>
<thead>
<tr>
<th>Component</th>
<th>2018Q3:2019Q2 avg.</th>
<th>2019Q3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real GDP</td>
<td>2.5</td>
<td>2.1</td>
</tr>
<tr>
<td>PCE</td>
<td>1.9</td>
<td>2.1</td>
</tr>
<tr>
<td>Business Fixed Investment</td>
<td>0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Residential Fixed Investment</td>
<td>0.2</td>
<td>-0.1</td>
</tr>
<tr>
<td>Government Spending</td>
<td>0.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Net Exports</td>
<td>0.0</td>
<td>-0.1</td>
</tr>
<tr>
<td>Private Inventories</td>
<td>0.0</td>
<td>-0.2</td>
</tr>
</tbody>
</table>

SOURCE: Bureau of Economic Analysis.
Level of Actual and Potential GDP

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.
New Residential Construction

Thousands


SOURCES: Census Bureau.

Single family housing permits (3M moving average)
Single family new houses sold (3M moving average)
Nonfarm Payroll Employment Growth

Unemployment Rate

- Unemployment rate, Dec 2019 = 3.5
- SEP longer run projection, Dec 2019 = 4.1
- CBO estimate of natural rate, Q0 2020 = 4.6

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

Potential Labor Force Participation

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

Sources: Congressional Budget Office; Bureau of Labor Statistics; National Bureau of Economic Research.
Jobless Claims

SOURCE: Department of Labor.

Initial Claims, 4-Week Moving Average
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*

Periods of declining unemployment, 1984-2008
Current expansion, 2011-2019

Unemployment gap**

Fitted curve: 1984-2019

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

Sources: Federal Reserve Bank of Dallas; Federal Reserve Bank of Cleveland; Bureau of Labor Statistics; Bureau of Economic Analysis.
FOMC Summary of Economic Projections: Unemployment

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

Percent

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

Sources: Bureau of Economic Analysis; Federal Reserve Board.