

**Doing the inventory swing:  
GDP growth in the four quarters after a  
recession**

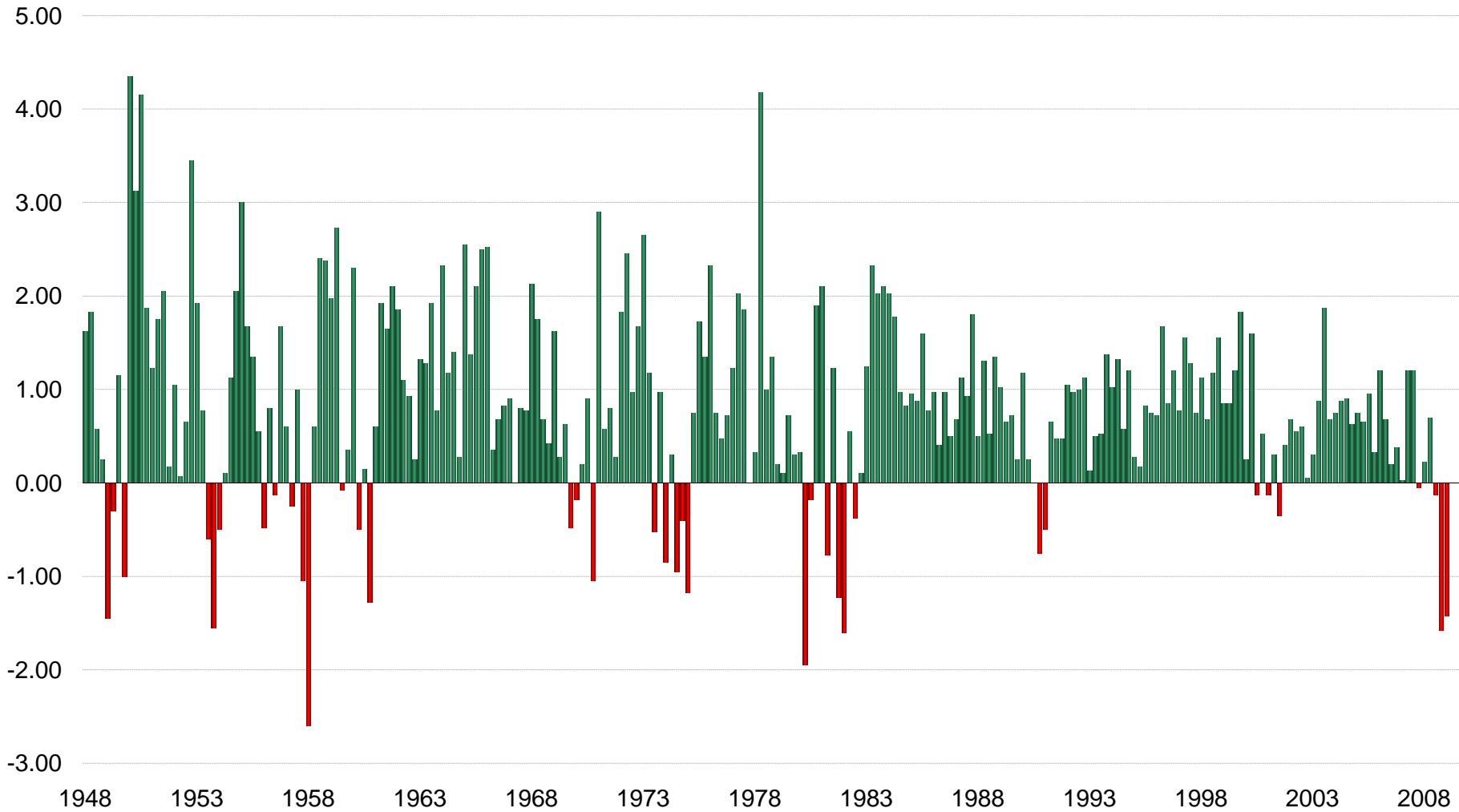
John Kemp

Reuters

5 June 2009

UNITED STATES: GDP GROWTH

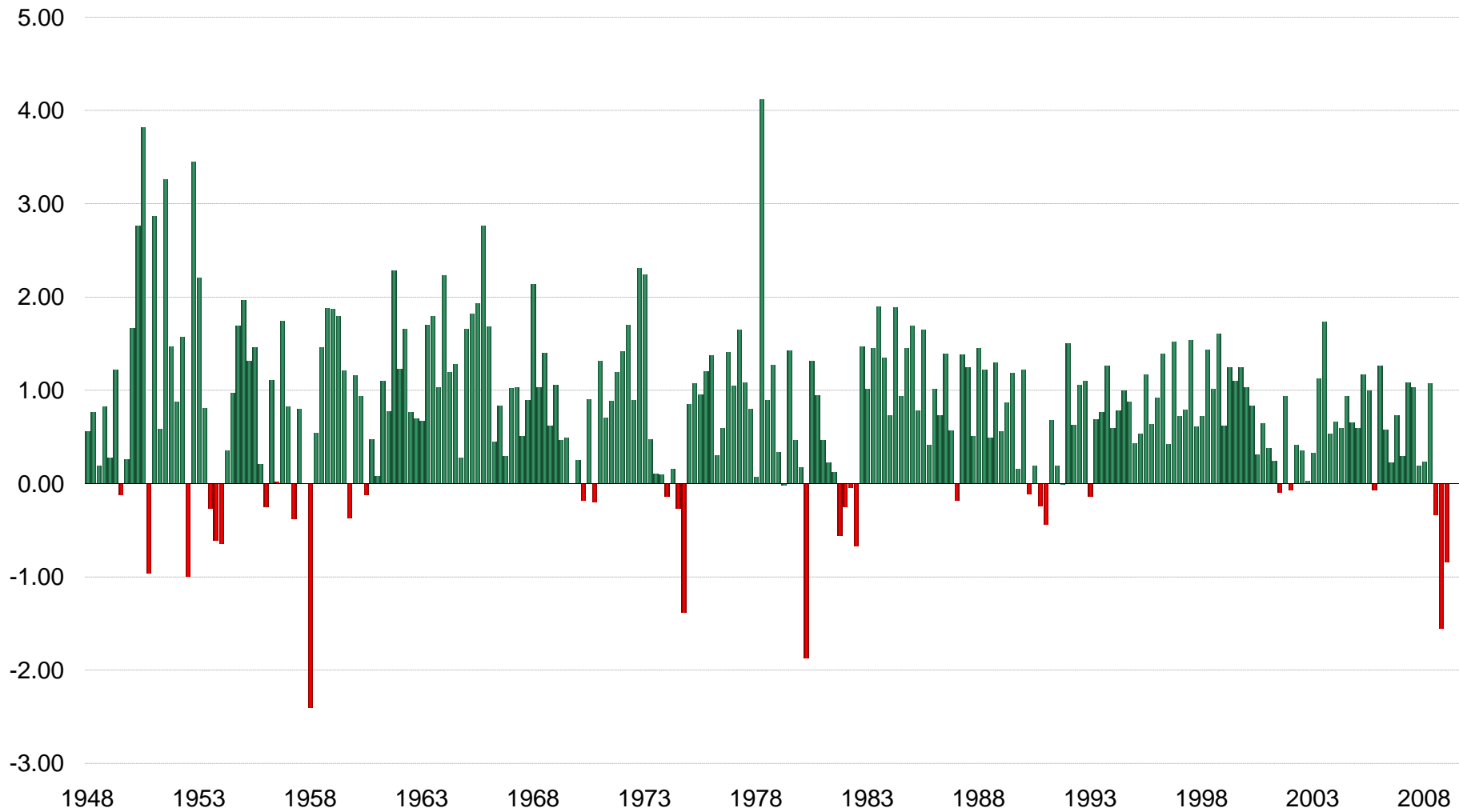
Percent



Quarter-on-quarter growth in "headline" gross domestic product  
Seasonally adjusted, but reported at quarterly not annualised rate

**UNITED STATES: GROWTH IN FINAL DEMAND  
(GDP ex INVENTORY CHANGES)**

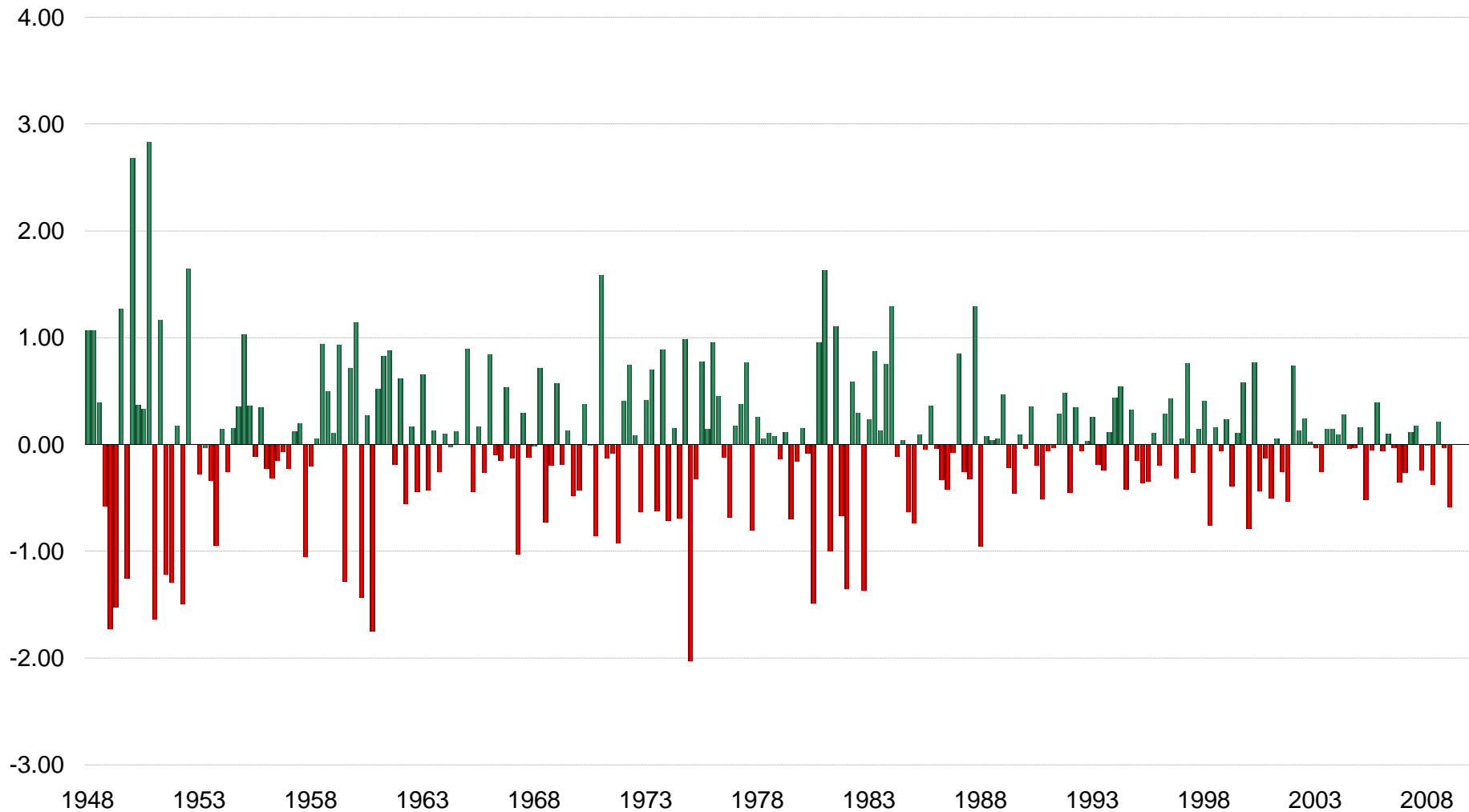
Percent



Quarter-on-quarter growth in gross domestic product minus the contribution from inventory changes  
Seasonally adjusted, but reported at quarterly not annualised rate

**UNITED STATES: INVENTORY CHANGES -- CONTRIB. TO HEADLINE GDP GROWTH**

Percent



Quarter-on-quarter growth in gross domestic product, contribution from inventory changes  
Seasonally adjusted, but reported at quarterly not annualised rate

**Table 1: Contributions to GDP growth from final demand and inventories**

Quarter-on-Quarter growth rates

	<b>1948-2009</b>			
	Negative quarters	Positive quarters	Mean*†	Standard* deviation
Headline GDP	37	208	1.06	1.03
<i>contributions from</i>				
Final demand	35	210	0.95	0.85
Inventories	119	126	0.48	0.67

\* Percentage points, Q-o-Q

† absolute mean w/o sign

Source: Bureau of Economic Analysis, *NIPA Table 1.1.2*

**Table 2: Economic performance in the four quarters following a contraction**

*Deep recessions with at least two quarters of negative growth in final demand*

Recession ends:	Inventory changes				Final demand changes			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
1954 (first quarter)	-0.3	+0.2	+0.4	+1.0	+0.4	+1.0	+1.7	+2.0
1974 (fourth quarter)	-2.0	-0.3	+0.7	+0.1	+0.9	+1.1	+1.0	+1.2
1982 (third quarter)	-1.3	+0.2	+0.9	+0.1	+1.5	+1.0	+1.5	+1.9
1991 (first quarter)	-0.0	+0.3	+0.5	-0.4	+0.6	+0.2	-0.0	+1.5

Source: Bureau of Economic Analysis, *NIPA Table 1.1.2*

**Table 3: Economic performance in the four quarters following a contraction**

*Other recessions with at least two quarters of negative growth*

Recession ends:	Inventory changes				Final demand changes			
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>
1949 (second quarter)	+1.3	-1.3	+2.7	+0.4	-0.1	+0.3	+1.7	+2.8
1958 (second quarter)	+0.9	+0.5	+0.1	+0.9	+1.5	+1.9	+1.9	+1.8
1960 (fourth quarter)*	+0.5	+0.8	+0.9	+0.9	+0.1	+1.1	+0.8	+2.3
1970 (first quarter)	+0.4	-0.0	-0.9	+1.6	-0.2	+0.9	-0.2	+1.3
2001 (third quarter)*	-0.5	+0.7	+0.1	+0.2	+0.9	-0.1	+0.4	+0.4

*\*two quarters of negative growth but not consecutive*

Source: Bureau of Economic Analysis, *NIPA Table 1.1.2*