






THE US ECONOMY: PULSE CHECK

An agglomeration of events are clouding the outlook of the US economy (geo-political unrest, tariffs, government regulation/budgetary changes and major developments in AI) so we are due for a review of what current economic indicators are telling us.

ECONOMIC INDICATORS

Data gathered from YCharts¹

- 
US House Price Index: 436.10
Changes in Prices of Residential Houses
 - Up 0.42% MoM, up 4.72% YoY
- 
US Real GDP YoY: 2.50%
US Inflation Adjusted Gross Domestic Product
 - Down 7.41% QoQ, down 21.88% YoY
- 
US Index of Consumer Sentiment: 64.70
Gauge of Consumer Sentiment in the US
 - Down 9.76% MoM, down 15.86% YoY
- 
US Retail Sales MoM: -1.16%
MoM % Change in Total Retail Sales in the US
 - Down from 0.82% last month & -0.66% last year
- 
S&P 500 (^SPX): \$5,897.35
Index of 500 Largest Public Companies in the US
 - February saw record highs, \$6,144.15 on 02.19.25
- 
US ISM Manufacturing PMI: 50.90
Survey by the Institute of Supply Management
 - January's reading was up 3.67% YoY
 - > 50 ~ expanding manufacturing economy
- 
US Unemployment Rate: 4.00%
% of Total Employees, Part of Labor Force, w/o a Job
 - Down 2.44% MoM, up 8.11% YoY

UNITED STATES GDP

A LOOK UNDER THE HOOD

Atlanta Fed est. Real GDP growth of -1.5% for Q1 2025²
as of 2/28/2025

- The GDPNow model, a running estimate of real GDP growth, reflected the recent releases from the US Bureau of Economic Analysis and US Census Bureau, net exports falling from -.41% to -3.70% and real personal consumption expenditures growth fell from 2.3% to 1.3%.

How Important is the GDP number?




- Overall, it is very important, but it can be padded or skewed so what really matters is which levers are pushing it one way or the other - refer to the equation below:

$$\text{Nominal GDP} = \text{C} + \text{I} + \text{G} + \text{NX}^3$$

C - Consumer Spending
I - Business Investment
G - Government Spending
NX - Net Exports

- Decreases in consumer spending and net exports dropping are undoubtedly bad news for the economy. Reducing government spending would decrease GDP, but is that bad?
- Government spending can push up GDP, if not done so to increase a more productive economy via the other levers, the spending is wasted and can falsely inflate US GDP.

1 - YCharts, 02/28/2025, 2 - Atlanta Fed GDPNow, 02.28.2025, 3 - Federal Reserve Bank of St. Louis, 02.28.2025

-  - Leading Economic Indicator
-  - Coincident Economic Indicator
-  - Lagging Economic Indicator

SUMMARY

As always, we have a mixed bag of metrics. The US economy is still growing but slower than it has been due to lower net exports and PCE, the unemployment rate remains low, yet overall consumer sentiment is quite low. Persistent inflation is a factor in the retail sales and real GDP numbers, but it's important to note US manufacturing is strong likely due to the potential onslaught of incoming tariffs and the S&P has recently hit record highs. Lastly, as we see GDP fall we need to reflect on it's actual variables to understand the US economy's true performance today and in the future.

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