

# MarketDesk U.S. GDP Indicator

6-Month Forecast of U.S. GDP Growth

Economic Activity

**Current Takeaway** Macro inputs suggest downside risks to 1H23 GDP; Indicator's estimates appear aggressive but are likely not directionally wrong

## Overview of Indicator

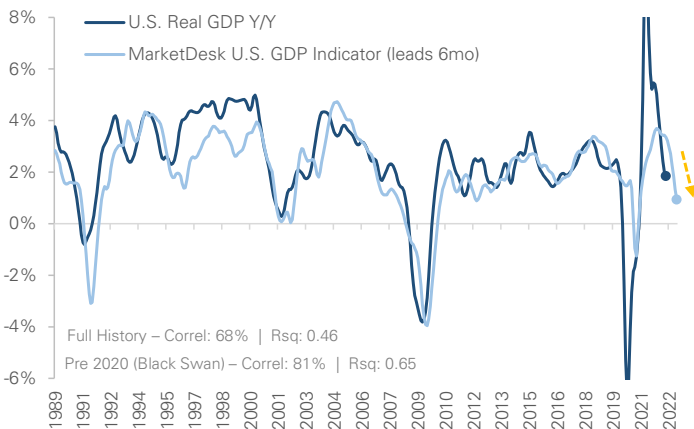
Gross Domestic Product (GDP) measures the total value of goods and services produced in the United States. The U.S. GDP Indicator is a combination of seven macro inputs that historically exhibit a high statistical correlation with future economic activity. The indicator forecasts the year-over-year change in U.S. GDP. The aim of the model is to provide a quick and easy way to understand the current state of the U.S. economy.

## How to Use

The U.S. GDP Indicator is built to forecast and spot key 'turning points' in U.S. economic activity. The indicator is not built to forecast with exact precision; however, that is rarely needed for successful asset allocation. Instead, there are two key model outputs to focus on: (1) the indicator's forecasted direction of GDP growth over the next 6 months, and (2) the expectations gap between the indicator estimate and current consensus estimates.

**Figure 35 – Quarterly GDP Growth (% Y/Y)**

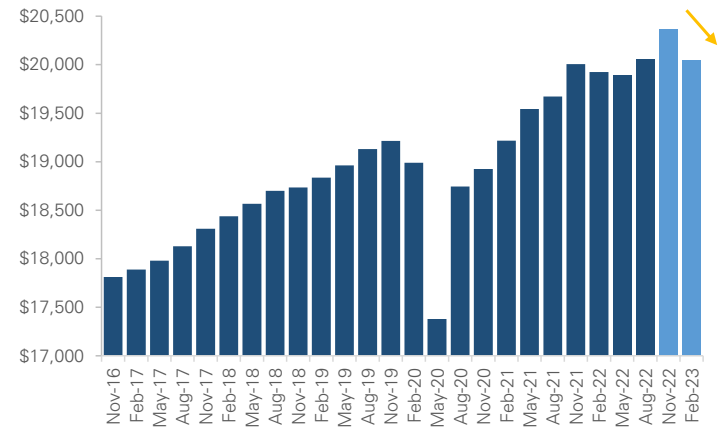
Relationship Between MarketDesk GDP Indicator and Actual GDP Growth



Source: www.QuantPack.com. Both lines smoothed with a rolling 3-month average.

**Figure 36 – Historical U.S. GDP in \$ Billions**

Path of U.S. GDP Since 2015 and MarketDesk's Forecast for the Next 2 Quarters



Source: www.QuantPack.com, U.S. Bureau of Economic Analysis (seasonally adjusted)

**Figure 37 – Atlanta Fed's GDPNow Cast Model**

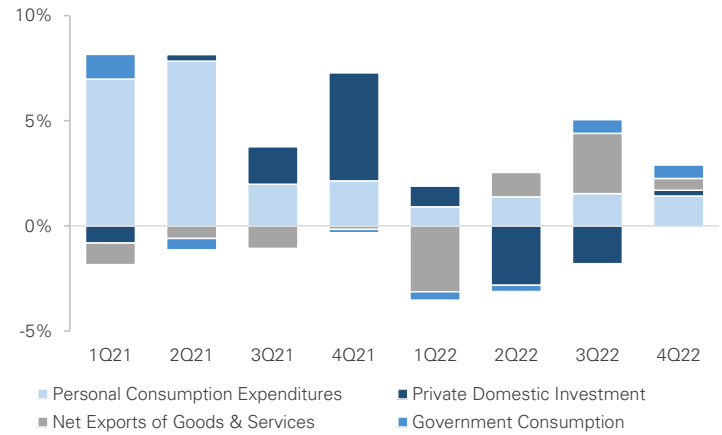
Last 6 Months of the GDPNow Cast's Prediction



Source: www.QuantPack.com, Atlanta Federal Reserve

**Figure 38 – Contribution to % Change in Real GDP vs 1-Quarter Ago**

Breakdown of Key Drivers to U.S. GDP Growth



Source: www.QuantPack.com, U.S. Bureau of Economic Analysis (seasonally adjusted)

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