

# *A Three-Year Comparison*

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**2015Q4-2016Q3**

**2016Q4-2017Q3**

**2017Q4-2018Q3**

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# *Some numbers thru '18Q3 for discussion*

	<i>Predicted % Change for <u>'15Q4-'16Q3</u></i>	<i>Actual % Change for <u>'15Q4-'16Q3</u></i>	<i>Predicted % Change for <u>'16Q4-'17Q3</u></i>	<i>Predicted % Change for <u>'17Q4-'18Q3</u></i>
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Real GDP	<b>2.6%</b>	<b>1.6%</b>	<b>2.1%</b>	<b>2.8%</b>
Nominal GDP	<b>4.1%</b>	<b>2.8%</b>	<b>4.3%</b>	<b>4.8%</b>
US Personal Income	<b>4.5%</b>	<b>3.6%</b>	<b>4.6%</b>	<b>5.3%</b>
VA Personal Income	<b>4.3%</b>	<b>3.8%</b>	<b>4.3%</b>	<b>5.3%</b>
U.S. Consumption (PCE)	<b>4.4%</b>	<b>3.5%</b>	<b>4.6%</b>	<b>5.1%</b>
U.S. PCE, Nondur. & Serv.	<b>4.0%</b>	<b>3.5%</b>	<b>4.3%</b>	<b>4.6%</b>

## *Keys to '16 actual and '17 predicted*

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- ❖ '15Q4-'16Q3, GDP growth ~ 1% below expected mainly because of demand being met out of inventories instead of current production, and decline in energy sector investment.
  - *Meant income and consumption .5%-.9% < expected.*
- ❖ '16Q4-'17Q3, higher growth because inventories will be rebuilt; more energy sector investment; and consumer buying power and confidence higher.
  - *Moderate acceleration, with inflation in 2% range.*

# *Keys to '17Q4-'18Q3*

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- ❖ Federal policy changes in 2017 begin to impact economy in '17Q4, then mainly in 2018 and beyond.
- ❖ Can push real GDP growth close to 3% for '17Q4-'18Q3.
  - *Actual growth rate will depend on the 2017 extent and timing of policy changes: Wide range of expectations!*

# *The numbers again thru '18Q3 for discussion*

	<i>Predicted % Change for <u>'15Q4-'16Q3</u></i>	<i>Actual % Change for <u>'15Q4-'16Q3</u></i>	<i>Predicted % Change for <u>'16Q4-'17Q3</u></i>	<i>Predicted % Change for <u>'17Q4-'18Q3</u></i>
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# *CBO risk spread based on past errors*

## **The Uncertainty of CBO's Projection of Real GDP**

In CBO's baseline projections, real GDP grows at an average annual rate of 2.0 percent over the 2016–2020 period—but there is a two-thirds chance that the growth will be between 0.7 percent and 3.2 percent.

Trillions of 2009 Dollars

