

## DAILY GLOBAL COMMENTARY

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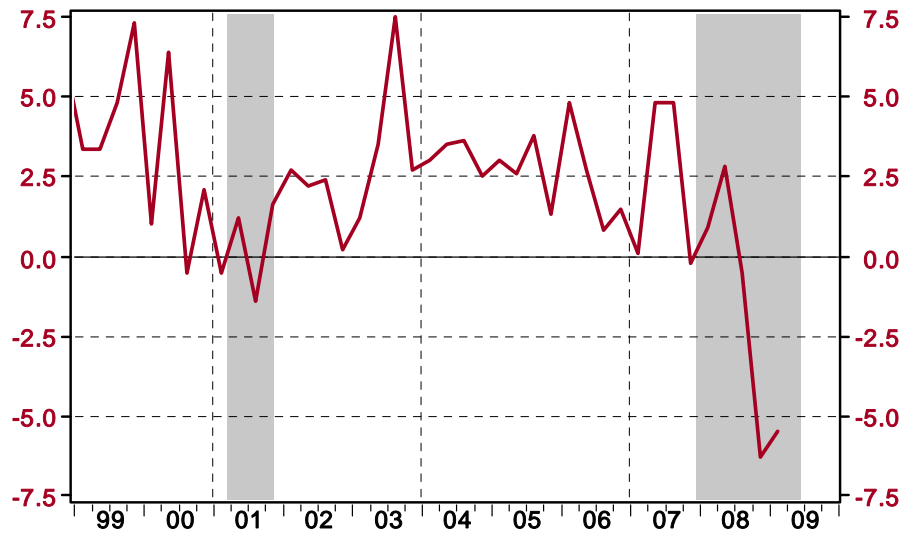
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### Q1 Real GDP Minor Upward Revisions, Outlook for Q2 Unchanged June 25, 2009

Real gross domestic product (GDP) of the U.S. declined at an annual rate of 5.5% in the first quarter of 2009, which is a small upward revision from the preliminary estimate of a 5.7% drop.

Upward revisions of inventories, net exports, and government spending more than offset downward revisions of consumer spending and investment expenditures (both residential and non-residential) to yield an upward revision of the headline number. The final estimate also included a small upward revision of corporate profits.

Chart 1  
Real Gross Domestic Product  
SAAR, %Chg



Source: Bureau of Economic Analysis /Haver Analytics

The more important issue is the outlook for the rest of 2009. We are projecting a contraction of real GDP in the second and third quarters and a small increase in the final three months of 2009. The unemployment rate is expected to peak in the first-half of 2010, while inflation will not present problems until 2011/2012.

## REAL GROSS DOMESTIC PRODUCT 2009: Q1 FINAL ESTIMATE

	(2000 chained dollars)				Percent Change (SAAR)			
	08:4	09:1	09:1	09:1	from prior quarter			
	Final	Advance	Preliminary	Final	08:4 Fin	09:1 Adv	09:1 Prel.	09:1 Fin
GDP	11522.1	11340.9	11353.7	<b>11360.5</b>	-6.3	-6.1	-5.7	<b>-5.5</b>
CONSUMPTION	8170.5	8214.2	8202.0	<b>8198.0</b>	-4.3	2.2	1.5	<b>1.4</b>
DURABLE GOODS	1108.6	1133.9	1134.4	<b>1134.1</b>	-22.1	9.4	9.6	<b>9.5</b>
NONDURABLE GOODS	2318.6	2326.2	2315.2	<b>2316.4</b>	-9.4	1.3	-0.6	<b>-0.4</b>
SERVICES	4729.4	4746.5	4745.0	<b>4740.5</b>	1.5	1.5	1.3	<b>0.9</b>
INVESTMENT	1596.0	1329.8	1346.7	<b>1349.2</b>	-23.0	-51.8	-49.3	<b>-48.9</b>
FIXED INVESTMENT	1627.0	1444.3	1447.6	<b>1445.9</b>	-22.0	-37.9	-37.3	<b>-37.6</b>
NONRESIDENTIAL	1341.1	1190.6	1195.1	<b>1193.4</b>	-21.7	-37.9	-36.9	<b>-37.3</b>
STRUCTURES	339.9	293.9	296.2	<b>295.5</b>	-9.4	-44.2	-42.3	<b>-42.9</b>
EQUIPM. & SOFTWARE	970.5	875.3	876.4	<b>875.7</b>	-28.1	-33.8	-33.5	<b>-33.7</b>
RESIDENTIAL	331.6	294.2	293.4	<b>293.3</b>	-22.8	-38.0	-38.7	<b>-38.8</b>
CHG. BUS. INVENT.	-25.8	-103.7	-91.4	<b>-87.1</b>				
NET EXPORTS	-364.5	-308.4	-302.6	<b>-296.8</b>				
EXPORTS	1454.9	1331.0	1336.8	<b>1327.7</b>	-23.6	-30.0	-28.7	<b>-30.6</b>
IMPORTS	1819.4	1639.5	1639.5	<b>1624.6</b>	-17.5	-34.1	-34.1	<b>-36.4</b>
GOVERNMENT (C & I)	2094.7	2073.8	2076.3	<b>2078.4</b>	1.3	-3.9	-3.5	<b>-3.1</b>
FEDERAL	824.5	816.1	815.4	<b>815.2</b>	7.0	-4.0	-4.3	<b>-4.5</b>
DEFENSE	555.0	545.9	545.4	<b>545.4</b>	3.4	-6.4	-6.8	<b>-6.8</b>
OTHER	268.9	269.8	269.6	<b>269.3</b>	15.3	1.3	1.0	<b>0.6</b>
STATE AND LOCAL	1272.3	1259.7	1262.8	<b>1265.1</b>	-2.0	-3.9	-2.9	<b>-2.2</b>
DISP. PERS. INC.	8754.2	8886.6	8897.4	<b>8887.0</b>	2.7	6.2	6.5	<b>6.0</b>
FINAL SALES	11552.2	11452.3	11451.9	<b>11454.6</b>	-6.2	-3.4	-3.4	<b>-3.3</b>
GROSS DOMESTIC PURCHASE	11904.0	11747.7	11741.9	<b>11738.7</b>	-5.8	-5.1	-5.3	<b>-5.4</b>
<b>PRICE DEFLATORS:</b>								
GDP CHAIN TYPE	123.3	124.2	124.2	<b>124.2</b>	0.5	2.9	2.8	<b>2.8</b>
GDP EX. FOOD & ENERGY					0.4	2.0	2.0	<b>2.0</b>
PCE CHAIN TYPE	121.5	121.2	121.2	<b>121.2</b>	-4.9	-1.0	-1.0	<b>-0.9</b>
PCE EX. FOOD & ENERGY	117.7	118.2	118.2	<b>118.2</b>	0.9	1.5	1.5	<b>1.6</b>

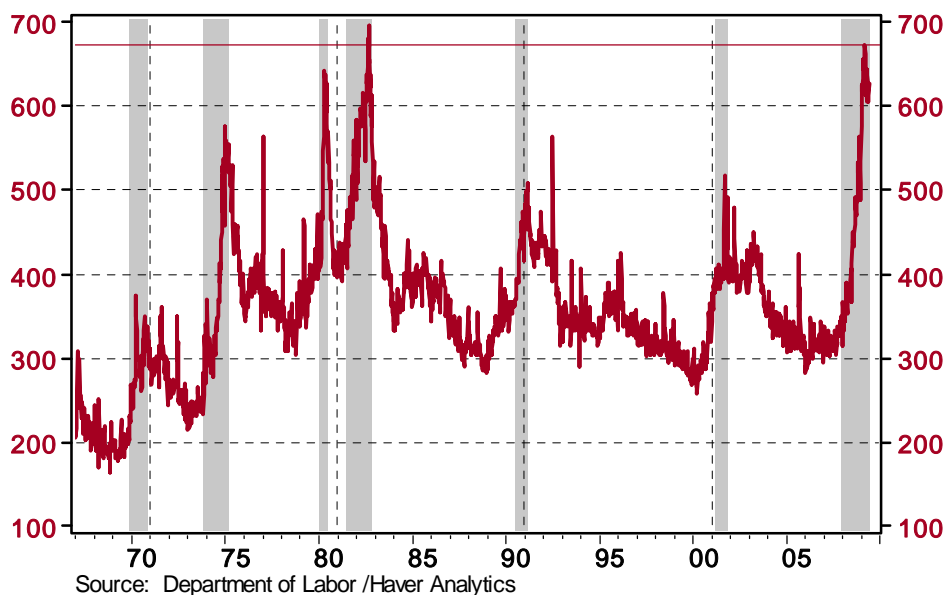
### Jobless Claims – Temporary Setback or Reversal of Improvement?

Initial jobless claims rose 15,000 to 627,000 during the week ended June 19. The initial claims estimate of last week was revised to 612,000 from the prior count of 608,000. Continuing claims, which lag initial jobless claims by one week, advanced to 6.738 million from 6.709 million. The insured unemployment rate held steady at 5.0%. The pertinent question is if the latest jump in initial jobless claims represents a second leg of weakness in the demand for labor. The recent low

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of initial jobless claims is 605,000 and the cycle high is 674,000. The path of economic recovery is fraught with ups and downs. Based on other reports indicating that a nascent stabilization is underway, for now, the latest hike in jobless claims appears to be a temporary setback. Given the large fiscal stimulus that is underway and the aggressive quantitative easing put in place, it would be a surprise to see a further round of layoffs and a larger number of applicants for unemployment insurance.

Chart 2  
Unemployment Insurance: Initial Claims, State Programs  
SA, Thous



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