Monthly GDP Index: March 2020

Monthly GDP fell 5.1% in March. The February reading was unrevised. The weakness in March was mainly in personal consumption expenditures and was reinforced by much smaller declines in nonresidential fixed investment, net exports, and residential investment. This month’s reading on monthly GDP for March is subject to more than the usual amount of (potential) revision, as the March decline is largely predicated on assumptions about spending on consumer services for which limited source data are currently available. Implicit in our forecast of a 37.0% annualized decline in GDP in the second quarter is a 7.4% (not annualized) decline in monthly GDP in April.

Contributions to annualized % change

<table>
<thead>
<tr>
<th>Jan.20</th>
<th>Feb.20</th>
<th>Mar.20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly GDP</td>
<td>-0.7</td>
<td>7.4</td>
</tr>
<tr>
<td>Final Sales</td>
<td>5.0</td>
<td>5.6</td>
</tr>
<tr>
<td>Domestic</td>
<td>3.7</td>
<td>-0.1</td>
</tr>
<tr>
<td>PCE</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Nonres Fixed Inv</td>
<td>0.0</td>
<td>-2.1</td>
</tr>
<tr>
<td>Res Fixed Inv</td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Covered Gov C&amp;GI</td>
<td>0.9</td>
<td>-0.4</td>
</tr>
<tr>
<td>Not Covered</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Net Exports</td>
<td>1.3</td>
<td>5.7</td>
</tr>
<tr>
<td>Nonfarm CPl</td>
<td>-5.7</td>
<td>1.6</td>
</tr>
</tbody>
</table>

Recent historical data

Forecast assumptions

Note: IHS Markit’s index of Monthly GDP (MGDP) is a monthly indicator of real aggregate output that is conceptually consistent with real Gross Domestic Product (GDP) in the NIPA’s. The consistency is derived from two sources. First, MGDP is calculated using much of the same underlying monthly source data that is used in the calculation of GDP. Second, the method of aggregation to arrive at MGDP is similar to that for official GDP. Growth of MGDP at the monthly frequency is determined primarily by movements in the underlying monthly source data, and growth of MGDP at the quarterly frequency is nearly identical to growth of real GDP.
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