The Economy at Midyear

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U.S. Economy Still Breathing

- Second quarter growth fueled by business spending and exports
- Consumer spending slows dramatically
- Industrial economy roars ahead
- Federal Reserve begins raising interest rates
- Inflation, energy prices and deficits are concerns
U.S. Economy Decelerates
GDP Growth, Percent
Slower Consumer Spending Growth is Why

U.S. Personal Consumption Expenditures, Percent Growth
Business Spending Hasn’t Lost a Step

U.S. Business Fixed Investment, Percent Growth
Export Growth Continues to be Strong

U.S. Exports, Percent Growth
World Economy is Recovering

Canada

Germany

Japan

United Kingdom

Real Gross Domestic Product Growth, Percent
Raw Material Prices Heading Up

U.S. Producer Price Index for Crude Materials, Percent Growth
Oil Prices Aren’t Helping

Dollars per bbl., West Texas Intermediate
Gas Prices Still Not as High as 1982 in Real Terms

Producer Price Index for Gas / Producer Price Index Total, 1982=100
Reversal from Surplus to Deficits in Federal Government is Dramatic

Federal Budget Surplus, Billions of dollars
Compared to the Size of the Economy They Are Less So

Fed Budget Surplus as Percent of Gross Domestic Product
U.S. Manufacturing Output Surging

Index of Industrial Production, Manufacturing, 1997=100