

## NGDP Outlook Update: First Estimate of '18 Q1 NGDP as Expected

We've updated the NGDP Forecast for one market day, Thursday April 26, but using the just-updated NGDP data, including the first estimate of 2018's first quarter. The NGDP report may have looked good if one considers year-over-year growth, but quarter-on-quarter is the only new information truly contained in the report, and this is how it shows up in the forecasting model. The signal is the 4.3% annualized quarterly rate, not the 4.8% year-over-year that Q3 and Q4 '17 earned us. The NGDP outlook is lifted a twentieth of a percentage point by the new BLS figures.

To get our year ahead number, we recursively forecast every unpublished or future quarter in between the government's last NGDP observation and the year-ahead quarter from today. This means we have quarterly forecasts for  $t$ ,  $t+1$ ... $t+4$  quarters ahead. Our forecasting system had \$19.965 trillion as the expected number for the recently updated 2018Q1 NGDP estimate, which turned out be right on the nose, in fact, it's almost exactly what the BLS published for the quarter, simply by luck. This means the new NGDP figure contains little new information for the system, and the forecast hardly moved when we reran the last market day signal along with the new NGDP observation.



The forecast is at 4.1% presently, which suggests that 2018 will be

another year of relatively slow growth. If this 4.1% proves about right, we can definitively say the “Trump bounce” was just that, a transient blip to a slightly higher NGDP path, and then back to the old regime of nominal growth between about 3% and 4%.

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