

Macroeconomic Data Report of the 2010s

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ECO 202

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Ten-Year Period of U.S. Economic History

Overview

- 2011 the Fourth Industrial Revolution is defined as encompassing digital, biological, and physical innovations
- The Budget Control Act of 2011 presented caps on defense discretionary spending
- 2014 ISIS beheaded three Americans and that provoked President Obama to order air strikes first against ISIS targets in Iraq and then in Syria
- 2016 the Presidential Election of Trump exploited widespread discontent among white working-class voters, targeting the government, undocumented immigrants and political correctness
- As of December 2019, the country had experienced its longest running period of economic expansion which lasted for 127 months

GDP - 2010-2019: Real Gross Domestic Product, Percent Change, Billions of Chained 2012 Dollars, Seasonally Adjusted Annual Rate

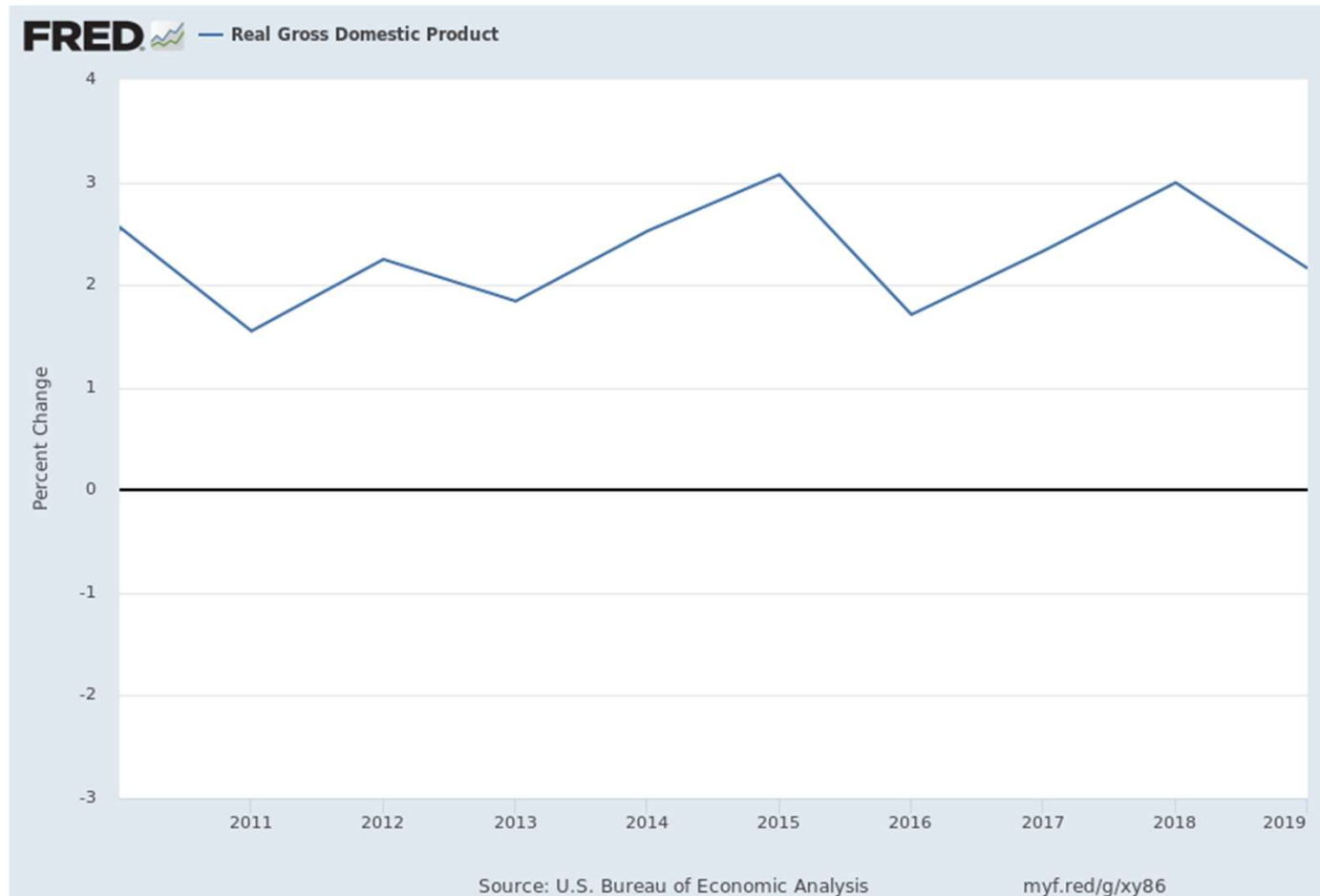


Figure 1. U.S. Bureau of Economic Analysis, Real Gross Domestic Product [GDPC1], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/GDPC1>,

GDP - 2010-2019: Major Economic Events of the 2010s

- 2011 – The Fourth Industrial Revolution is defined
- 2014 – Emergence of ISIS
- 2016 – Presidential Election

Unemployment - 2010-2019: Labor Force Statistics from the Current Population Survey, Quarterly, Seasonal Unemployment rate



Figure 2. U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/UNRATE>, November 9, 2020.

Inflation - 2010-2019: Consumer Price Index & Producer Price Index, Percent Change, Annual, Seasonally Adjusted Annual Rate

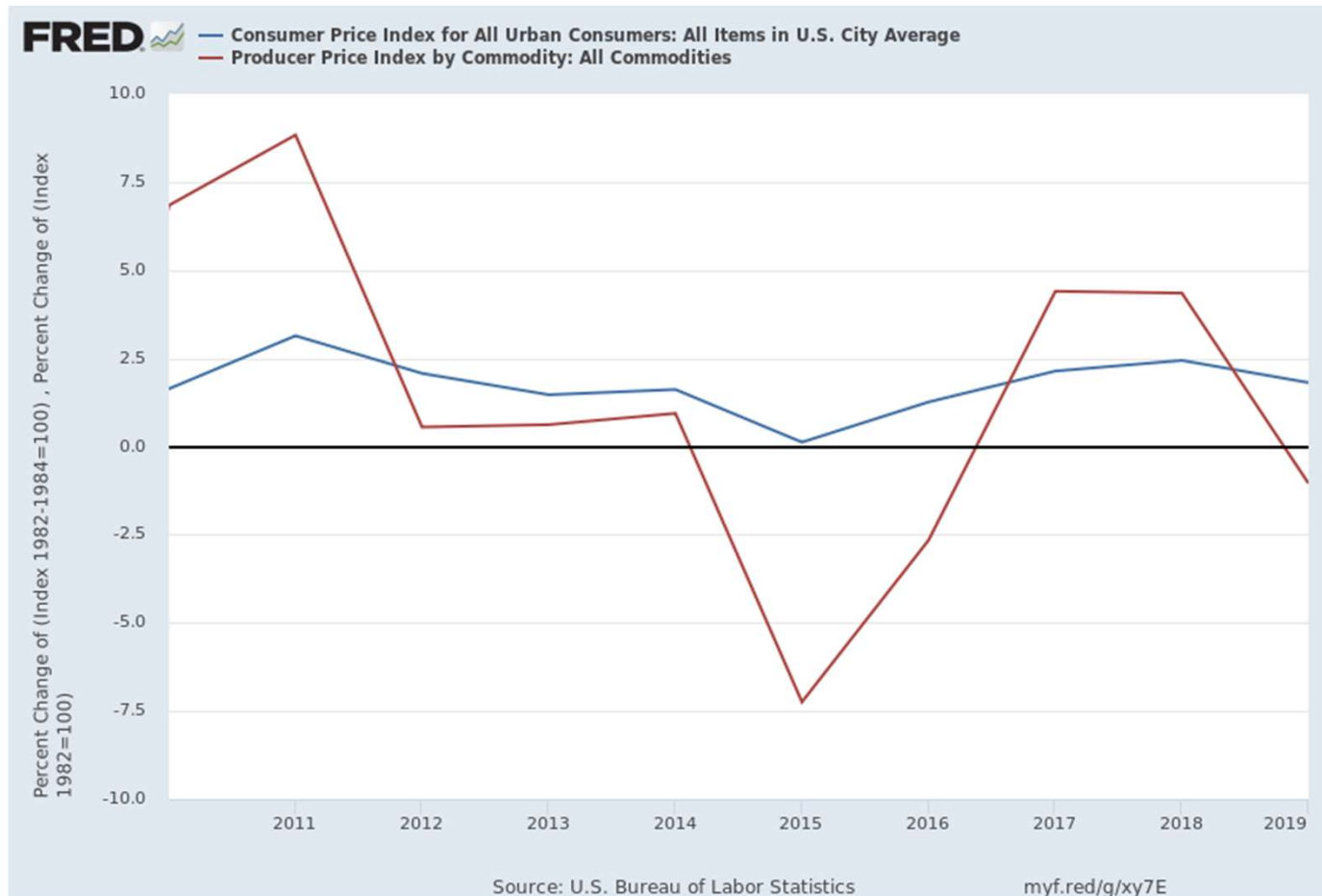


Figure 3. U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All

Items in U.S. City Average [CPIAUCSL], retrieved from FRED, Federal Reserve Bank of St. Louis;

<https://fred.stlouisfed.org/series/CPIAUCSL>, November 9, 2020.

Interest Rates - 2010-2019: Effective Federal Funds Rate, Change, Percent, Annual, Not Seasonally Adjusted

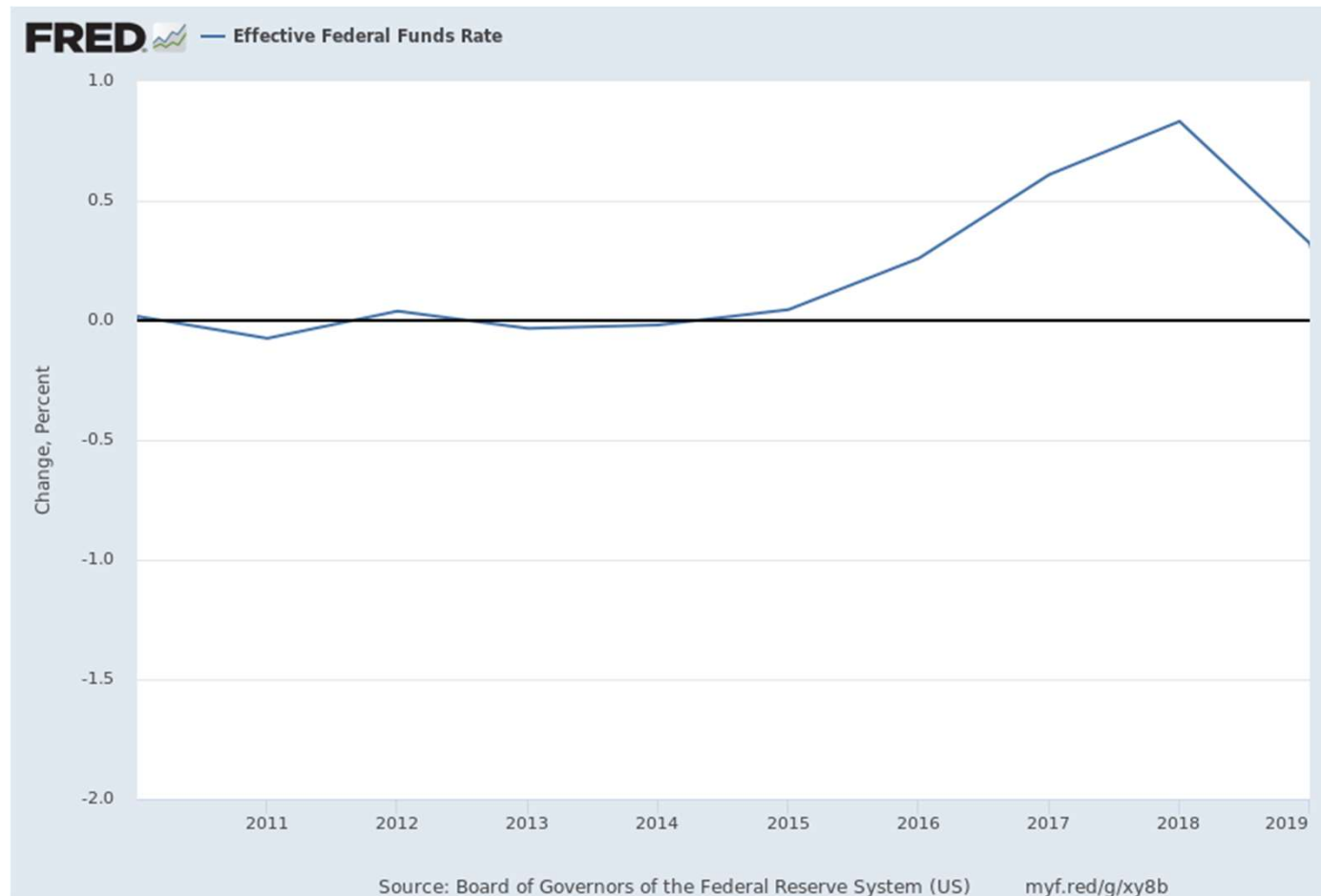


Figure 4. Board of Governors of the Federal Reserve System (US), Effective Federal Funds Rate

[DFF], retrieved from FRED, Federal Reserve Bank of St. Louis;

<https://fred.stlouisfed.org/series/DFF>, November 9, 2020.

Foreign Trade: Imports and Exports

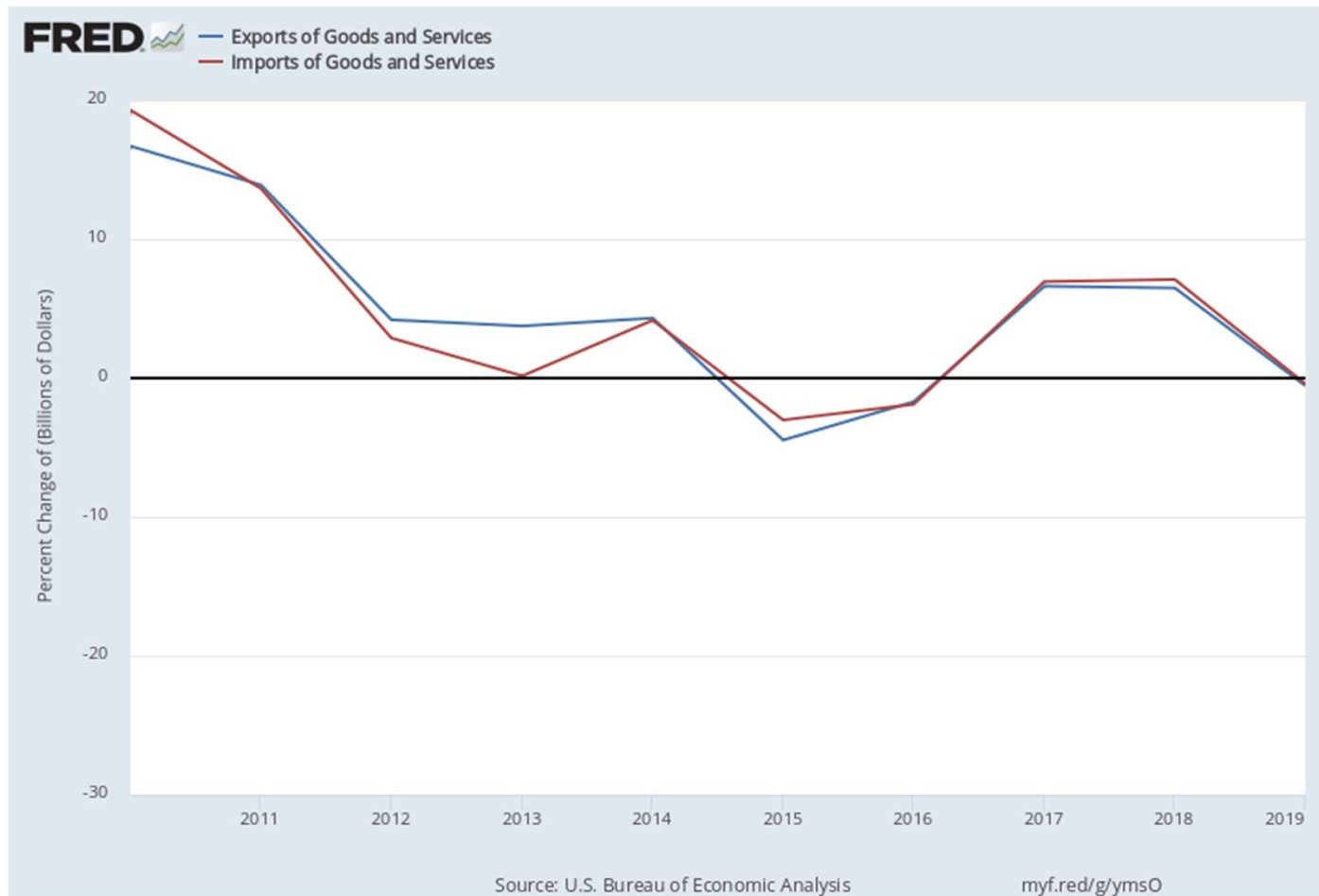


Figure 5. U.S. Bureau of Economic Analysis, Imports of Goods and Services [IMPGS] and Exports of Goods and Services [EXPGS], retrieved from FRED, Federal Reserve Bank of St. Louis;
<https://fred.stlouisfed.org/series/IMPGS> and <https://fred.stlouisfed.org/series/EXPGS>, December 5,

Foreign Trade: Models

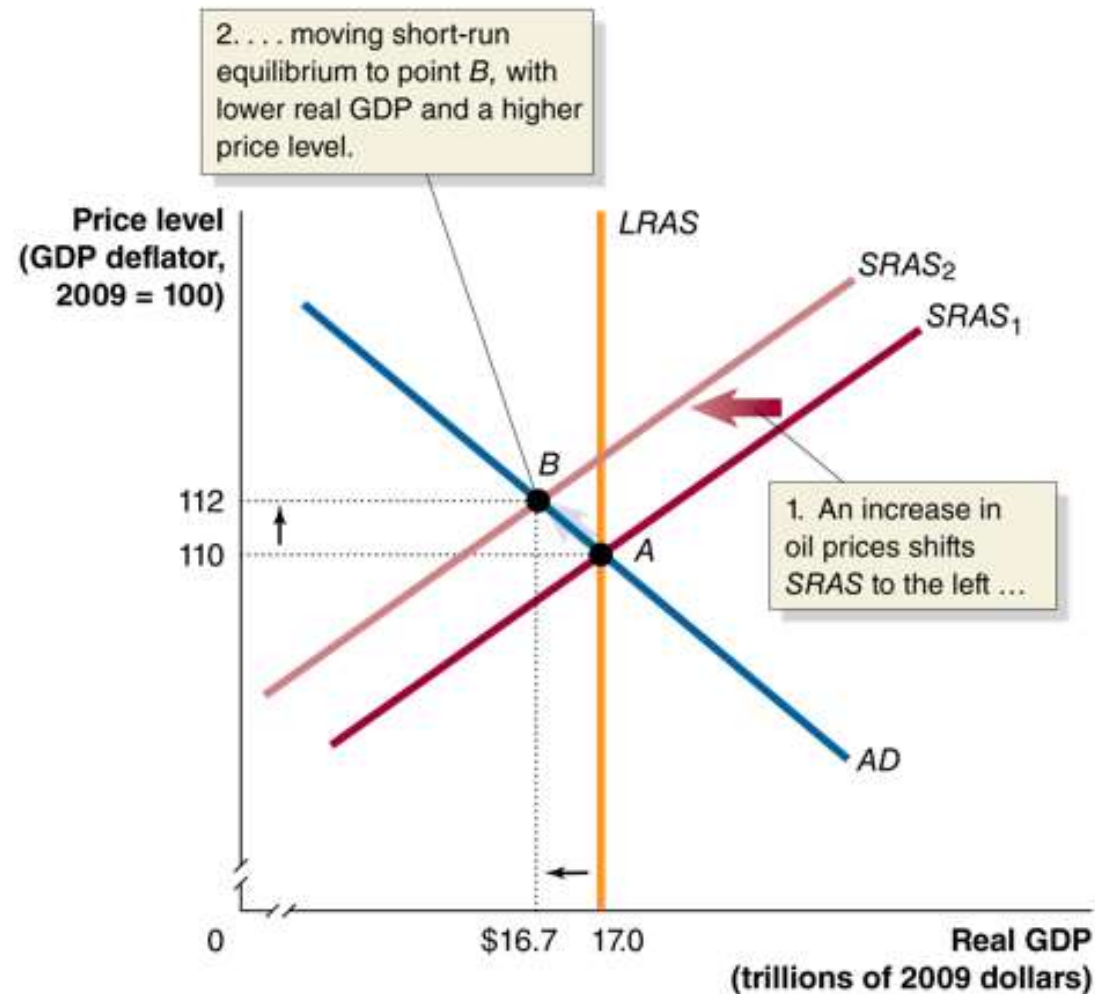


Figure 6. Supply Shock, Macroeconomics. (5th ed.), by G. Hubbard, 2014, retrieved from Pearson Education; <https://etext-ise.pearson.com/courses/5587517/products/45956/pages/286?locale=&platformId=1030&isTpi=Y>, December 8, 2020.

Fiscal Policy - Existing Policies at the start of the 2010s

- **War on Terror following 9/11**
 - Economic Stimulus Act of 2008
- **Housing Bubble Crash**
 - Emergency Economic Stabilization Act (EESA),
 - Troubled Asset Relief Program (TARP) of 2008
 - Hope for Homeowners program
- **2008 Financial Crisis**
 - The American Recovery and Reinvestment Act (ARRA) of 2009

Fiscal Policy Actions Taken During the 2010s

- **2008 Financial Crisis**
 - Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010
 - Tax Cuts and Jobs Act of 2017

Fiscal Policy Impact

- Economic Stimulus Act of 2008
- Emergency Economic Stabilization Act (EESA)
- The American Recovery and Reinvestment Act (ARRA) of 2009
- Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010
- Tax Cuts and Jobs Act of 2017

Monetary Policy - Existing Policies at the start of the 2010s

- **The Great Recession (December 2007 – June 2009)**
 - **Credit easing**
 - Term Auction Facility (TAF) December 2007
 - Temporary central bank liquidity swap lines (reciprocal currency arrangements) December 2007
 - Temporary foreign-currency liquidity swap lines also established
 - Term Securities Lending Facility (TSLF) March 2008
 - TSLF Options Program (TOP) July 2008
 - Primary Dealer Credit Facility (PDCF) March 2008
 - Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF) September 2008
 - Commercial Paper Funding Facility (CPFF) October 2008
 - Money Market Investor Funding Facility (MMIFF) November 2008
 - Asset-backed securities (ABS) November 2008

Monetary Policy Actions Taken During the 2010s

- **Aftermath of The Great Recession**
 - **Quantitative easing (QE1) (March 2009 – May 2010)**
 - Large scale asset purchase (LSAP) programs November 2008
 - **Dollar liquidity swap lines reestablished (May 2010)**
 - **Quantitative easing (QE2) (November 2010 – July 2011)**
 - **Maturity Extension Program (Operation Twist)**
 - **Quantitative easing (QE3) (October 2012 – October 2014)**

Monetary Policy Impacts

- Term Auction Facility (TAF)
- Temporary central bank liquidity swap lines (reciprocal currency arrangements)
- Temporary foreign-currency liquidity swap lines
- Term Securities Lending Facility (TSLF)
- TSLF Options Program (TOP)
- Primary Dealer Credit Facility (PDCF)
- Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF)
- Commercial Paper Funding Facility (CPFF)
- Money Market Investor Funding Facility (MMIFF)
- Asset-backed securities (ABS)

Monetary Policy Impacts

- Quantitative easing (QE1)
- Large scale asset purchase (LSAP) programs
- Dollar liquidity swap lines reestablished
- Quantitative easing (QE2)
- Maturity Extension Program (Operation Twist)
- Quantitative easing (QE3)

Conclusions

- Steady decline in Unemployment Rates throughout the decade
- Inflation experienced during 2011 & 2016 triggering Real GDP dips and interest rate decreases
 - Led to foreign investors buying foreign stocks and bonds rather than U.S. stocks and bonds
 - Led to Real GDP decreases and import decreases, and this will increase exports and aggregate demand
- Deflation experienced during 2012 & 2015 triggering Real GDP growths and interest rate increases
 - Led to foreign investors buying U.S. stocks and bonds rather than foreign stocks and bonds
 - Led to Real GDP and import increases, and this will decrease exports and aggregate demand

“Agree/Disagree”

Agree - Based on current data at hand

- At the end of the decade:
 - Real GDP was 2.2%
 - Unemployment at a mere 3.7%
 - Inflation rates were: Producer Price Index at -1.0% and Consumer Price Index at 1.8%
 - Interest rates was at 0.3%
- Currently no reason to doubt the success of the expansionary monetary and fiscal policies that were implemented in the 2010s

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