

ANAEMIC PRESENTER – NOT ANAEMIC STATISTICS

It was only in the middle of last week that a presenter, working for a news broadcaster that used to be among the most-reliable news channel in the world, described trade statistics of The United States of America as being ‘*anaemic*’.

In no uncertain terms, the presenter was informed by the person with whom he was trying to interview that the US trade statistics since the beginning of this year were far from being anaemic and, then, this erudite economist went on to prove it.

It was clearly more than a little embarrassment to the presenter who was forced to sit in silence and be taught yet another lesson.

(This was not the first time that this presenter had put his foot in his mouth.)

Now, Some US Statistics

Last Thursday, Washington time, The Bureau of Economic Analysis, a division of the US Department of Commerce, released its findings with regard to the Real Gross Domestic Product for the second quarter of 2015.

The following is a verbatim copy from this Release:

‘Real gross domestic product – the value of the goods and services produced by the nation's economy less the value of the goods and services used up in production, adjusted for price changes – increased at an annual rate of 3.7 percent in the second quarter of 2015... In the first quarter, real GDP increased 0.6 percent.

‘The GDP estimate released today is based on more complete source data than were available for the "advance" estimate issued last month. In the advance estimate, the increase in real GDP was 2.3 percent. With the second estimate for the second quarter, non-residential fixed investment and private inventory investment increased. With the advance estimate, both of these components were estimated to have slightly decreased.

‘The increase in real GDP in the second quarter reflected positive contributions from personal consumption expenditures (PCE), exports, state and local government spending, non-residential fixed investment, residential fixed investment, and private inventory investment. Imports, which are a subtraction in the calculation of GDP, increased.

‘The acceleration in real GDP in the second quarter reflected an upturn in exports, an acceleration in PCE, a deceleration in imports, an upturn in state and local government spending, and an acceleration in non-residential fixed investment that were partly offset by decelerations in private inventory investment, in federal government spending, and in residential fixed investment.

‘Real gross domestic income (GDI) – the value of the costs incurred and the incomes earned in the production of goods and services in the nation's economy – increased 0.6 percent in the second quarter, compared with an increase of 0.4 percent (revised) in the first. The

average of real GDP and real GDI, a supplemental measure of U.S. economic activity that equally weights GDP and GDI, increased 2.1 percent in the second quarter, compared with an increase of 0.5 percent in the first quarter.'

On the same day that The Bureau released its finding in respect of Real Gross Domestic Product, it, also, released its findings with regard to '*Personal Income and Outlays*' in the US in respect of the month of July.

In the opening statement of The Bureau's findings with regard to this statistic, one is told:

'Personal income increased \$67.1 billion, or 0.4 percent, and disposable personal income (DPI) increased \$61.5 billion, or 0.5 percent, in July ... Personal consumption expenditures (PCE) increased \$37.4 billion, or 0.3 percent. In June, personal income increased \$59.4 billion, or 0.4 percent, DPI increased \$52.4 billion, or 0.4 percent, and PCE increased \$31.8 billion, or 0.3 percent, based on revised estimates.

'Real DPI increased 0.4 percent in July, compared with an increase of 0.2 percent in June.

'Real PCE increased 0.2 percent, compared to an increase of less than 0.1 percent.

	<u>2015</u>				
	<u>Mar.</u>	<u>Apr.</u>	<u>May</u>	<u>June</u>	<u>July</u>
	(Percent change from preceding month)				
<i>Personal income, current dollars</i>	0.0	0.4	0.4	0.4	0.4
<i>Disposable personal income:</i>					
<i>Current dollars</i>	0.0	0.4	0.4	0.4	0.5
<i>Chained (2009) dollars</i>	-0.2	0.3	0.1	0.2	0.4
<i>Personal consumption expenditures:</i>					
<i>Current dollars</i>	0.5	0.3	0.8	0.3	0.3
<i>Chained (2009) dollars</i>	0.3	0.2	0.5	0.0	0.2'

Then, under the heading of '*Personal Outlays and Personal Saving*', The Bureau produced the following statistics:

'Personal outlays – PCE, personal interest payments, and personal current transfer payments – increased \$37.7 billion in July, compared with an increase of \$36.5 billion in June. PCE increased \$37.4 billion, compared with an increase of \$31.8 billion. Personal saving – DPI less personal outlays – was \$651.1 billion in July, compared with \$627.3 billion in June. The personal saving rate – personal saving as a percentage of disposable personal income – was 4.9 percent in July, compared with 4.7 percent in June.'

Now, the statistics, compiled by this very objective and dependable division of the US Department of Commerce, could hardly be described as being anaemic and, due to US law, it is extremely unlikely that the veracity of the statistics could have been artificially created for the benefit of The White House.

The raw statistics were gathered and, then, compiled, using the best-known methodology of the day in preparation to be used in conjunction with other data.

The end result of all of this work was that the above statistics, along with many others, have the ability to be used as a kind of thermometer of the health of the largest and most-important economy of the world, today.

Where this presenter went terribly wrong – again – when he stated, categorically, that US economic statistics were '*anaemic*', was that he did not do that which every journalist, worth his salt, must do: Be objective and impartial and, most importantly, gather the facts before this flapper mouthed any definitive (or

suggestive) statements.

In the words of Thomas Gray (1716-1771), an English poet and a Professor at Cambridge University:

*'To each his suff'rings: all are men,
Condemn'd alike to groan,
The tender for another's pain;
Th' unfeeling for his own.
Yet ah! why should they know their fate?
Since sorrow never comes too late,
And happiness too swiftly flies.
Thought would destroy their paradise.
No more; where ignorance is bliss,
'Tis folly to be wise.'*

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