The “Subpar” Recovery: A Longstanding Misunderstanding

Presented to the 24th Annual Hyman P. Minsky Conference

April 2015

Lakshman Achuthan
Co-Founder & Chief Operations Officer
Falling U.S. GDP Growth (%) During Expansions

- 49-53
- 54-57
- 58-60
- 61-69
- 70-73
- 75-80
- 80-81
- 82-90
- 91-01
- 01-07
- 09-14
First Year of Recovery, Two Independent Variables

- Estimated USCI Growth (%)
- Actual USCI Growth (%)

Years: 01, 09, 10, 14

Data points:
- 2001: Estimated 0%, Actual 0%
- 2009: Estimated 82%, Actual 75%
- 2010: Estimated 80%, Actual 70%
- 2014: Estimated 54%, Actual 82%
Falling U.S. GDP Growth (%) During Expansions
Growth in Labor Productivity and Hours Worked (%)
Actual and Trend U.S. Nominal GDP Growth (%)
A Stylized View of Recession

1. Effect of Lower Cyclical Volatility
2. Effect of Higher Trend Growth

Recessions
Japanese GDP, Growth Rate (%)

German GDP, Growth Rate (%)

Shaded areas represent Japanese business cycle recessions.

Shaded areas represent German business cycle recessions.
U.S. Coincident Index Growth (%)
Volatility of U.S. Economic Growth (\%) 

Shaded areas represent U.S. business cycle recessions.
Volatility of Crude Oil and Stock Price Growth (%)
Diffusion Indexes of 20-Country Long Leading and Coincident Index Growth

20LLIGDI

20CIGDI
Thank you.

businesscycle.com