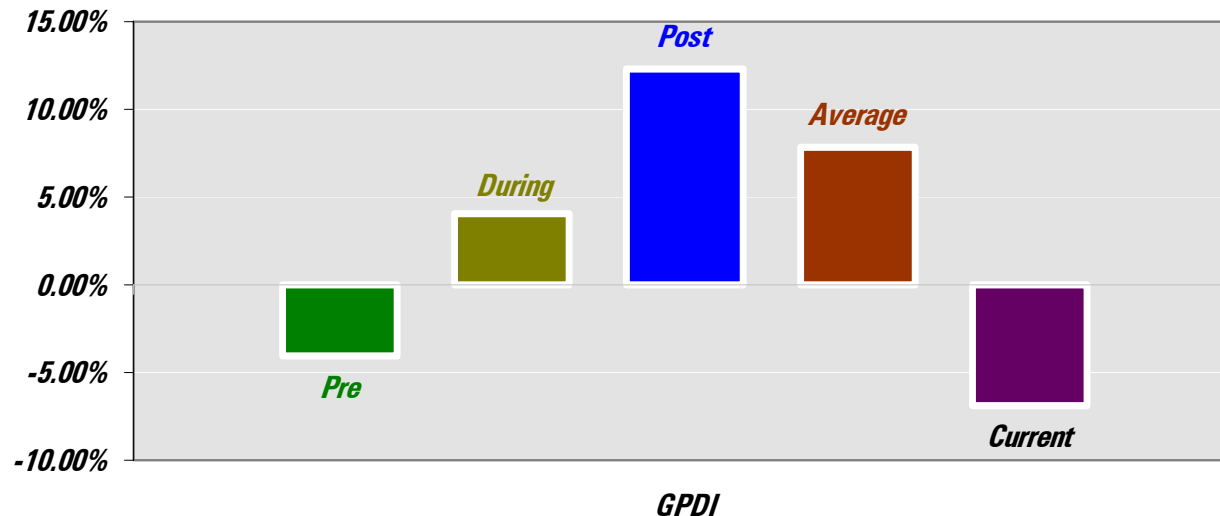


Part IV: GPDI During Recession

What's Different This Time?

Year over Year Change in GPDI During, Before, and After Recessions



- GPDI has usually turned around at this point during the economic cycle, but the duration of the current recession (12 months so far vs. an average of 10 months for previous recessions) and extensive weakness in the housing market mean that movements in the underlying components GPDI may be more indicative of an economic turnaround than comparisons of movement in overall GPDI to previous recessions.
- While residential investment is not expected to turn around in the near or intermediate future, a turnaround in business inventories and non-residential investment, along with *stabilization* of residential investment will indicate that the economy is finding its footing.