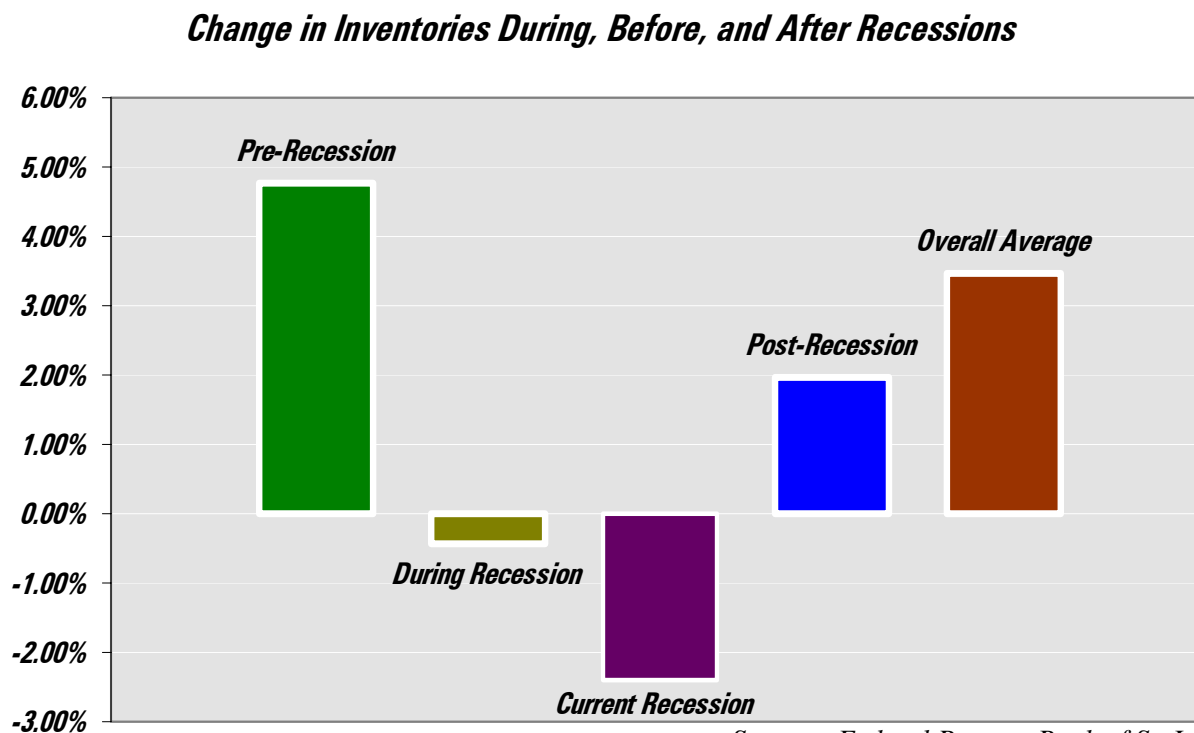
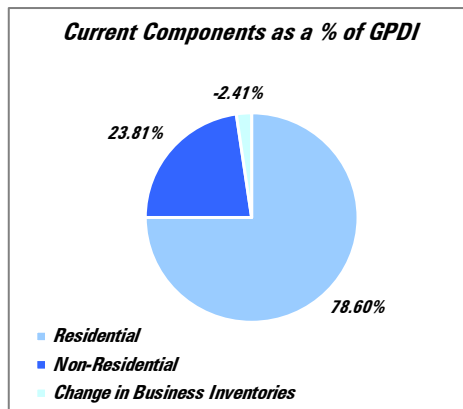


Part II: GPDI During Recession

Change in Business Inventory as a % of GPDI



Source: Federal Reserve Bank of St. Louis

- Gross Private Domestic Investment is composed of change in business inventory, residential, and non-residential investment.
- Current change in inventory is lower than previous recessions, implying that businesses have already acted on anticipation of more difficult economic conditions ahead by not replacing inventory as it cycled out.
- A positive (or less negative) change in business inventory will indicate the expectation of a near-term increase in consumer demand by U.S. businesses; an early indicator of a strengthening economy.