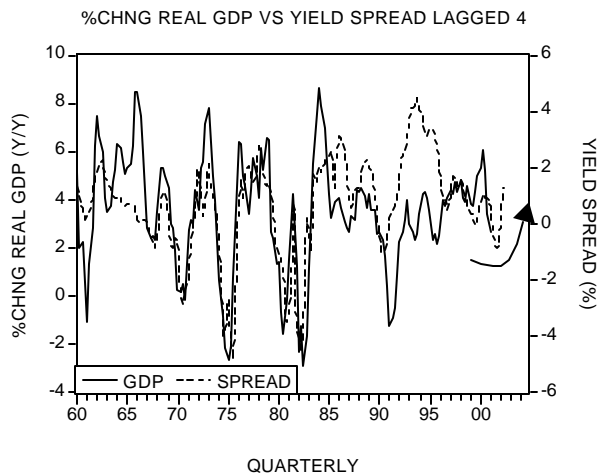
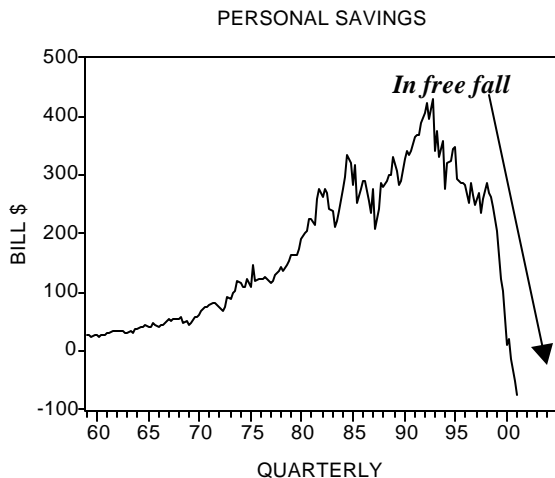


## US GDP rises above expectations

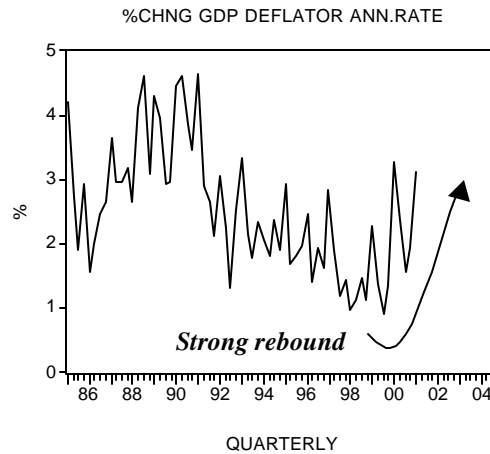
Real gross domestic product (GDP) increased at an annual rate of **2%** in Q1 after rising by **1%** in the previous quarter. This was double the expected growth rate. It is quite possible that an easier interest rate stance by the FED (rebound in the differential between the yield on 30yr T-bond and the fed funds rate) will lead to a strong rebound in the momentum of GDP (see chart).



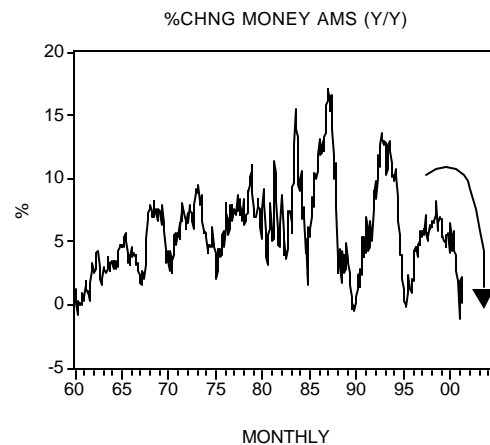
The aggressive lowering of the federal funds rate target by the FED is aimed at keeping consumer outlays going. At an annualised rate consumer spending grew in Q1 by **3.1%** after rising by **2.8%** in Q4. However, this increase has further weakened the pool of funding. Personal savings fell by **\$74.3bill** in Q1 after a fall of **\$51.6bill** in Q4 (see chart).



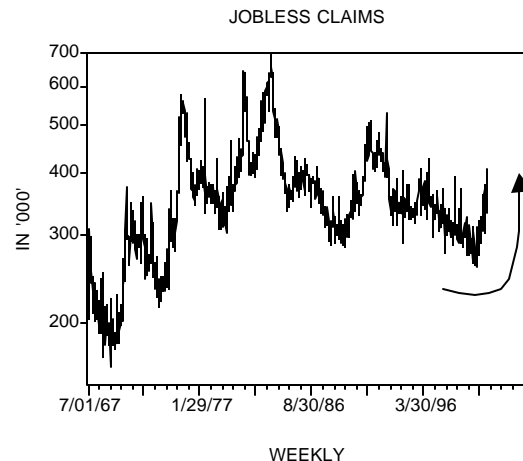
The GDP price deflator increased at an annual **3.2%** in Q1 from **2%** in the previous quarter (see chart).



Despite aggressive pumping by the FED the money AMS rate of growth remains subdued. Year-on-year in the w/e April 16 it increased by **0.2%** after rising by **2.2%** in March (see chart).



Meanwhile jobless claims rose to **408,000** in the w/e April 21 from **390,000** in the previous week (see chart). Job cuts at dot-com companies in April surged **84%** from March and **37%** from January.



### Thought for today

A wise man never attempts impossibilities.

**Anonymous**