

Excel with FRED: HW 10 Policy Uncertainty and GDP Gaps

Economists examine the effects of uncertainty on the economy. Data on policy uncertainty should correlate with the level of output.

1. Search FRED for actual GDP (GDPC96), potential GDP (GDPPOT) and policy uncertainty (USEPUINDEXM). Make sure that all data is quarterly, and back to 1960-. Download in excel.
2. Create a new column: the difference of actual GDP and potential divided by potential GDP.
3. Label the Policy uncertainty and GDP Gap columns. Insert the new GDP Gap column and the consumer confidence column into a scatter diagram.
4. Insert a trend line and r-squared correlation coefficient into the scatter diagram. Lag the data on GDP Gaps by one quarter.
5. Edit graph for clarity and style.