

Excel with FRED: HW 9 the Federal Deficit and GDP Gaps

Economists debate the effects of Federal deficit on the economy. Data on the deficit and on the economy can be accessed and analyzed using FRED.

1. Search FRED for GDP (GDPC96), potential GDP (GDPPOT) and the federal deficit (FGDEF) back to 1960. Make sure that all data is quarterly. Download data in excel.
2. Create a new column: the difference of actual GDP and potential GDP. Label the Deficit and GDP Gap columns.
3. Insert the new column on the GDP Gap and the deficit column into a scatter diagram.
4. Repeat step 3. Lag the deficit data by 3 months. Repeat Step 3. Lag the GDP Gap data by 3 months
5. Insert a trend lines and r-squared correlation coefficients into the scatter diagrams.
6. Edit graphs for clarity and style.