

Handout for February 2021 Newsletter
The Economics of Consumption in FRED®

Purpose.

1. Create a plot of changes in consumption levels.
2. Customize the units of the series.
3. Describe and discuss patterns in the evolution of consumption levels over time.

Pedagogical Rationale. This assignment requires that you first look for data and plot them into a graph. Next, you will change the units of the data. Lastly, you will describe and discuss patterns in the evolution of the data series. These tasks will develop your proficiency in searching for, transforming, and interpreting data.

Grading. Your grade will be determined by (a) how precisely you complete the search and transformation data tasks and (b) how accurately you interpret the data.

Steps to Search for and Transform the Data.

1. Access <https://fred.stlouisfed.org/> and browse data by “Release.” Search for “Personal Income and Outlays.”
2. Select “Table 2.8.6. Real Personal Consumption Expenditures by Major Type of Product, Chained Dollars.”
3. From the table, select:
 - “Durable goods”
 - “Nondurable goods.”
 - “Services.”
4. Click on “Add to Graph.”
5. Change the date range of the graph to start at “2020-02-02” and end at “2020-12-01.”
6. Click on EDIT GRAPH and select EDIT LINE 1.
7. Change the units to “Index (Scale value to 100 for chosen date)” and use the expanded menu to select the date “2020-02-01.” Click on “Copy to all.”
8. Click on EDIT GRAPH and select ADD LINE.
9. Click on “Create user-defined line?” and then click on “Create line.”
10. Enter “100” in the boxes next to “Value start/end:”

Writing Prompts. Answer the following questions:

1. The shaded area in the graph represents the COVID-19 recession. (At the time of this writing, the recession’s end date is undecided.) Between February and December 2020, which consumption category experienced the largest initial decrease?
2. Between February and December 2020, which consumption category experienced the fastest recovery to pre-recession levels?
3. Since February 2020, which consumption category remains below pre-recession levels?