

Handout for January 2025 Newsletter Visualizing 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. Click on EDIT GRAPH and select FORMAT.
6. Select “Graph type > Area” and “Stacking > Normal”

Writing Prompts. Answer the following questions:

1. Consumption is the largest expenditure component of gross domestic product. What is the largest expenditure component of consumption: goods (durable plus nondurable) or services?
2. The shaded areas in the graph represent recessions. Consumption generally decreases during recessions. Compare the impacts of the 2007-2009 recession and the 2020 recession on consumption. Which one had a larger impact?
3. Compare the impact of the COVID-19-induced recession of 2020 on the consumption of goods and services. What expenditure component decreased the most? What expenditure component was the slowest to bounce back to 2019 values?