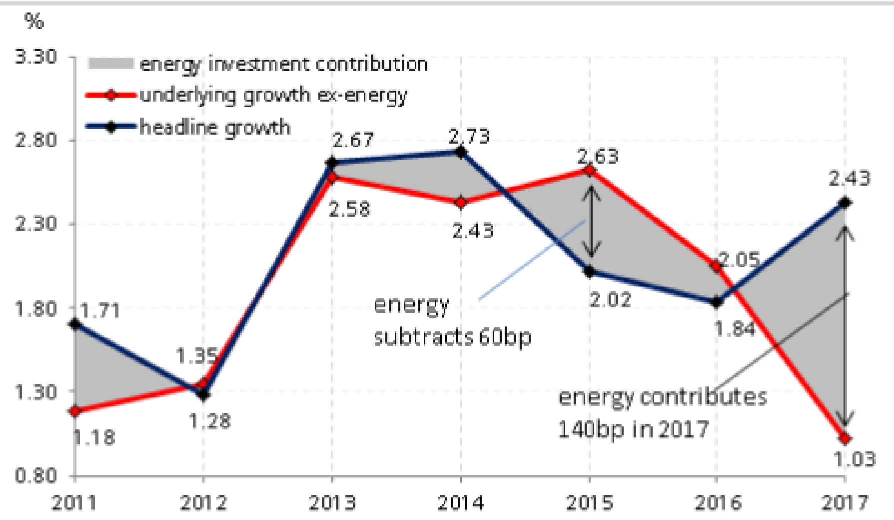
How GDP Became A Joke, In One Chart
By Tyler Durden – Zero Hedge

For all the rhetoric about above-trend US growth, [one month ago UBS shattered the narrative of surging GDP]by showing just one chart, which revealed that excluding contributions from energy investment, which are about to hit a brick wall now that the price of oil has peaked and is reverting lower once again, US growth for the past 2 years has been slowing.

Figure 5: Excluding energy underlying US growth has been slowing

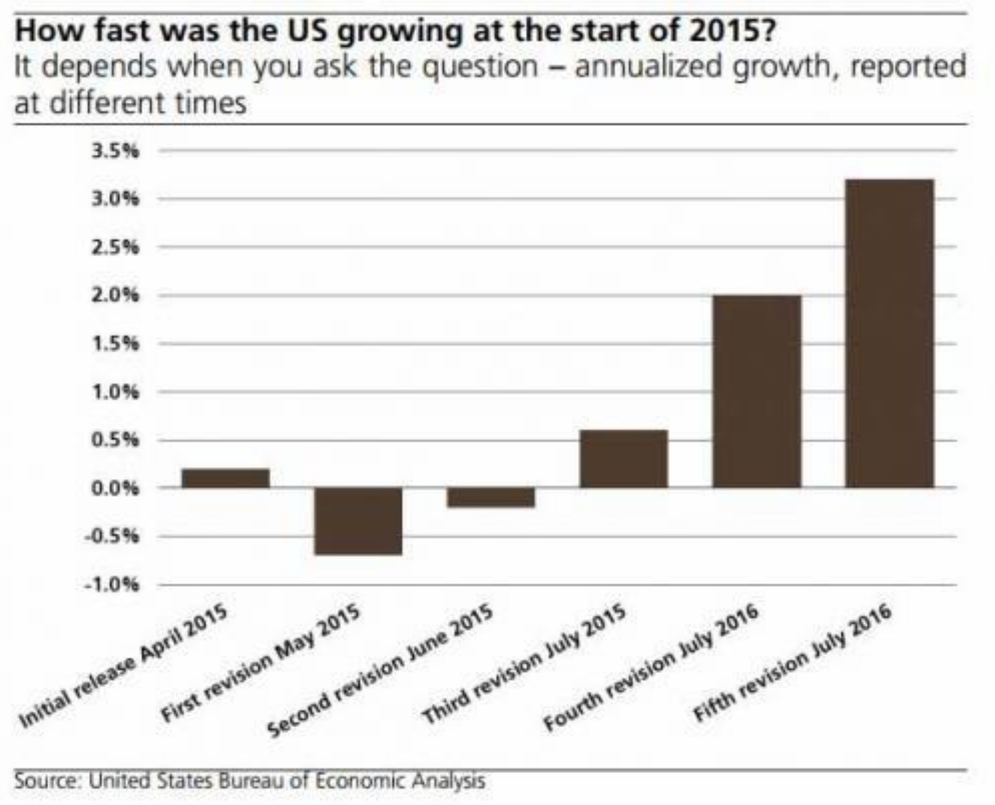


Source: UBS calculations, Haver

On the other hand, things get even more complicated thank to a chart released yesterday by UBS' global chief economist Paul Donovan who makes a point we have repeatedly underscored over the past decade, namely that economic data is largely worthless, and any instant snapshot reveals more about the political and "goal-seeking" climate of the agency releasing the "data" than about the underlying economy itself.

As Donovan shows, here are the ***no less than 6 answers*** one gets to the question of "**how fast was the US growing at the start of 2015?**."

By way of context, recall that this was the quarter when the US was blanketed by deep snow, and when every "expert" was rushing to convince those who bothered to listen that the economy would suffer a sharp slowdown as a result of the weather and nothing but the weather (and yes, that included UBS). And when the number was first reported, that was indeed the case: **with Q1 2015 GDP reportedly growing only 0.2%. The problem is that within just over a year, that 0.2% initial GDP print turned to -0.7%, before subsequently surging to 2% and ultimately 3.2%!**



Here is the sarcastic take of UBS' own chief economist on this GDP travesty, which is even more sarcastic - and ironic - considering ***his*** entire job is to predict the exact number associated with said travesty:

Economic data is not very precise. Economists are trying to hit a target that is moving rapidly. Economic data is being revised more often, and the revisions are larger than in the past. The following chart shows annualized US GDP growth in the first quarter of 2015.

Growth was initially reported very weak, below consensus and barely moving. Then the data was revised to show the US economy was shrinking – and shrinking a lot (the number was –0.7% annualized). Then it was revised to show the economy was shrinking a bit. Then it was revised to show the economy was growing, but a long way below trend growth.

The growth number was then revised to be basically in line with trend growth. Now, US growth at the start of 2015 is thought to be 3.2%.

So which number in the range of –0.7% to 3.2% is the economist supposed to be forecasting? An economist predicting 3.2% growth when the data was first released would have been ridiculed. According to the latest information we have, that economist would have been right.

In other words, that terrible weather which at the time was used to justify why the economy ground to a halt - when in reality it was all a function of China's credit impulse crashing - would eventually serve as a the catalyst to grow the economy at a pace that has been recorded on just a handful of occasions in the past decade.

No wonder then economists - especially those who work at the Fed but all of them really - their predictions and their analyses have become the butt of all jokes; and by implication, no wonder traders and algos no longer respond to economic "data."