Brave-Butters-Kelley Indexes (BBKI)

Business Cycle Indexes and Monthly GDP Growth
December 2020

The Brave-Butters-Kelley (BBK) Coincident Index was 0.9 standard deviations from trend growth in December 2020, and the BBK Leading Index was 0.4 standard deviations from trend growth. In annualized real gross domestic product (GDP) units, BBK Monthly GDP Growth was 7.5% in December. The trend component contributed 2.4%, the cycle component contributed 3.1%, and the irregular component contributed 2.1%. The leading subcomponent contributed 1.0% and the lagging subcomponent contributed 2.1% to the cycle component of BBK Monthly GDP Growth.

The Coincident and Leading Indexes and Monthly GDP Growth for the U.S. are constructed from a collapsed dynamic factor analysis of a panel of 500 monthly measures of real economic activity and quarterly real GDP growth. Monthly GDP Growth is indexed to the quarterly estimates from the U.S. Bureau of Economic Analysis and consists of three components: cycle, trend, and irregular components. The sum of the leading and lagging subcomponents of the cycle measured in standard deviation units from trend real GDP growth is the Coincident Index. Similarly, the leading subcomponent of the cycle is the Leading Index when measured in standard deviation units from trend real GDP growth.

Current estimates are based on data as of January 29, 2021.