Animal Spirits
And the Economic Outlook

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“Significant further rises in these markets could lead, eventually, to even more significant declines. The bad outcome could be that eventual declines would result in a substantial increase in the rate of personal bankruptcies, which could lead to a secondary string of bankruptcies of financial institutions as well. Another long-run consequence could be a decline in consumer and business confidence, and another, possibly worldwide, recession.”
US Real GDP and Residential Investment
Quarterly 1947-I to 2009-I
UK Real GDP and Construction Quarterly 1958-I to 2009-I1
X4 on Michigan Consumer Sentiment Survey 1951-2009

• x4: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next five years or so, or that we will have periods of widespread unemployment or depression, or what?"
Depression Confidence (Tabulating Michigan Question X4 1951-2009)
Real S&P Composite Stock Price Index and Real Earnings, Monthly, Jan 1871 to May 15, 2009
Real (S&P Composite) Price Divided by 10-Year Average Real Earnings, Monthly, Jan 1871 to May 15, 2009
Real FTSE 100 and Real S&P 500 Compared Jan 1987-May 15, 2009
Real House Prices – Greater London (Halifax), Los Angeles (S&P/Case-Shiller) through 2009-I
US Home Prices 1890 to 2008 Q4
With Annual Building Costs, Population, Ten-Year Treasury Yield