

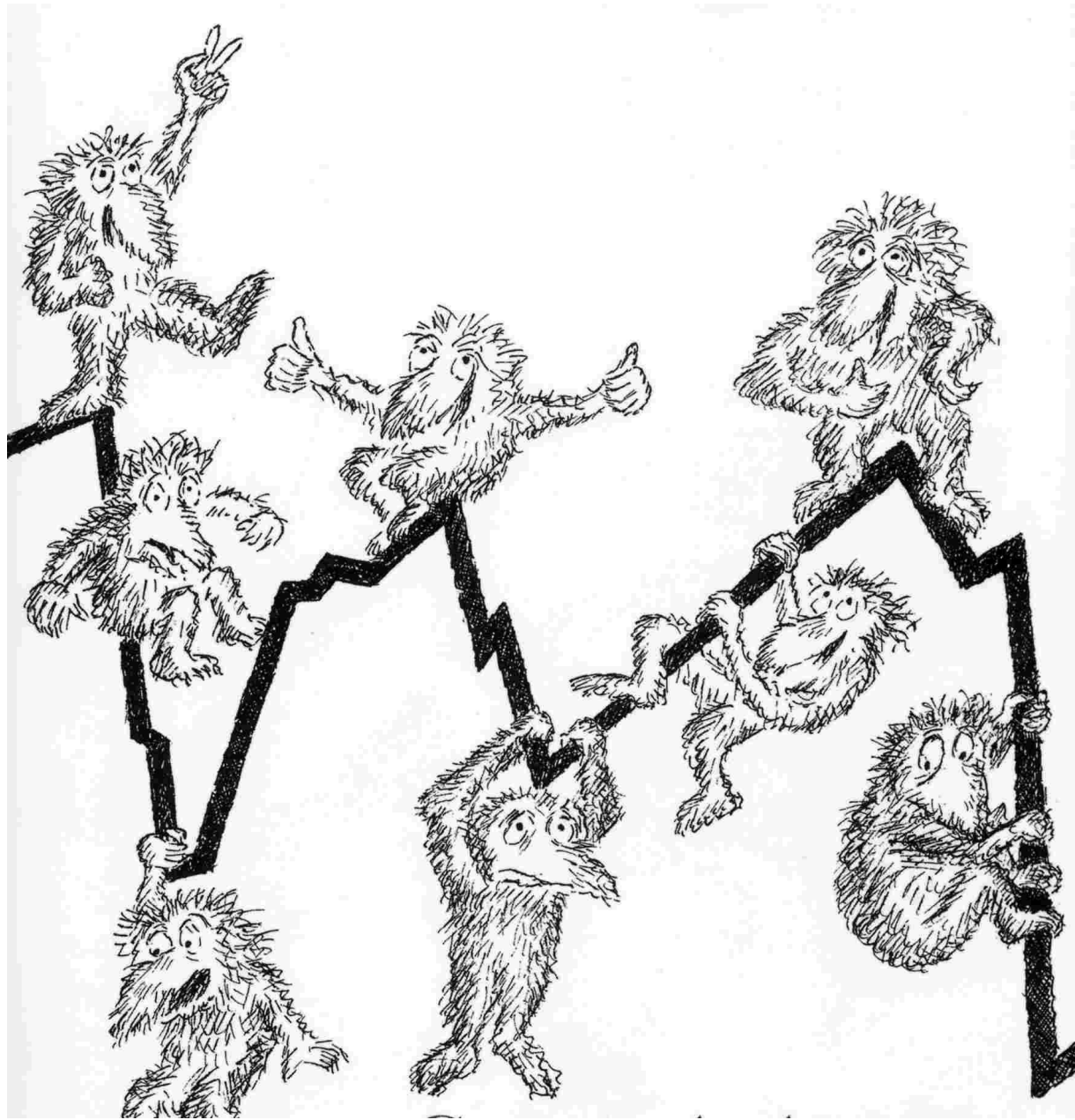
*Animal Spirits*  
And the Economic Outlook

Robert J. Shiller

Arthur M. Okun Professor of Economics

Yale University

London School of Economics, 20 May, 2009

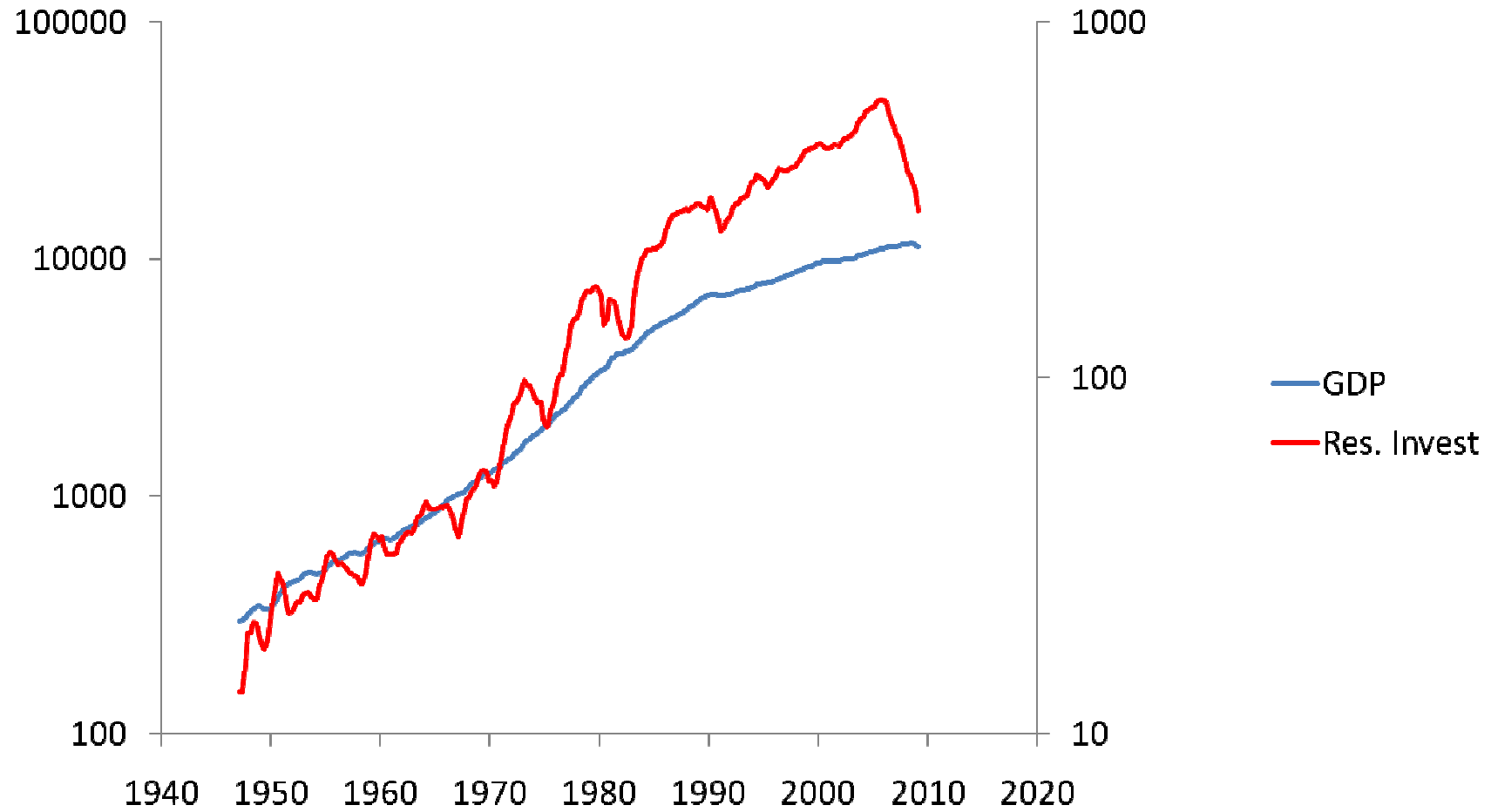


Ed Koren cover for Akerlof-Shiller *Animal Spirits*, Princeton, 2009

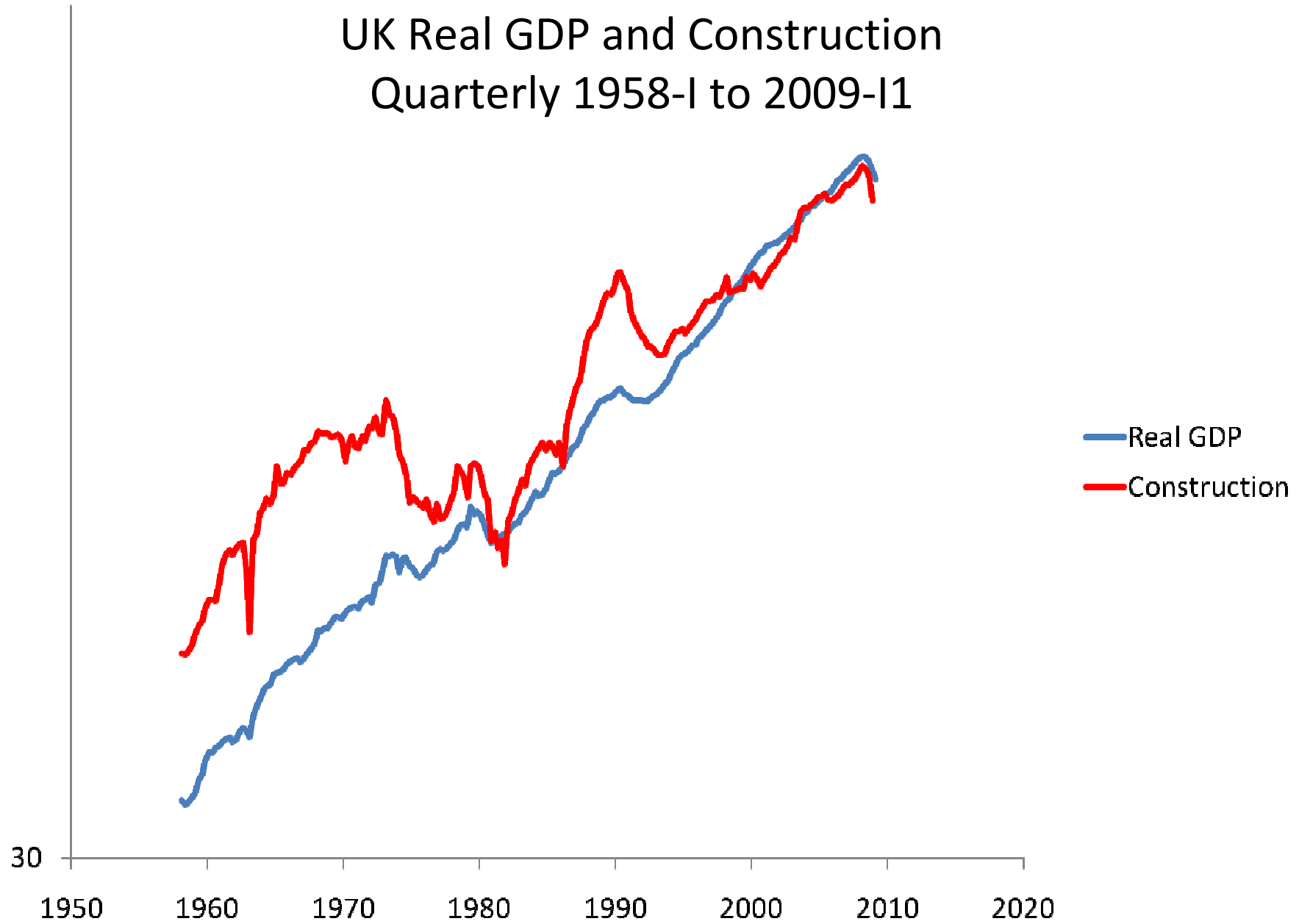
From R. Shiller *Irrational Exuberance*,  
2<sup>nd</sup> Edition, Spring 2005

- “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



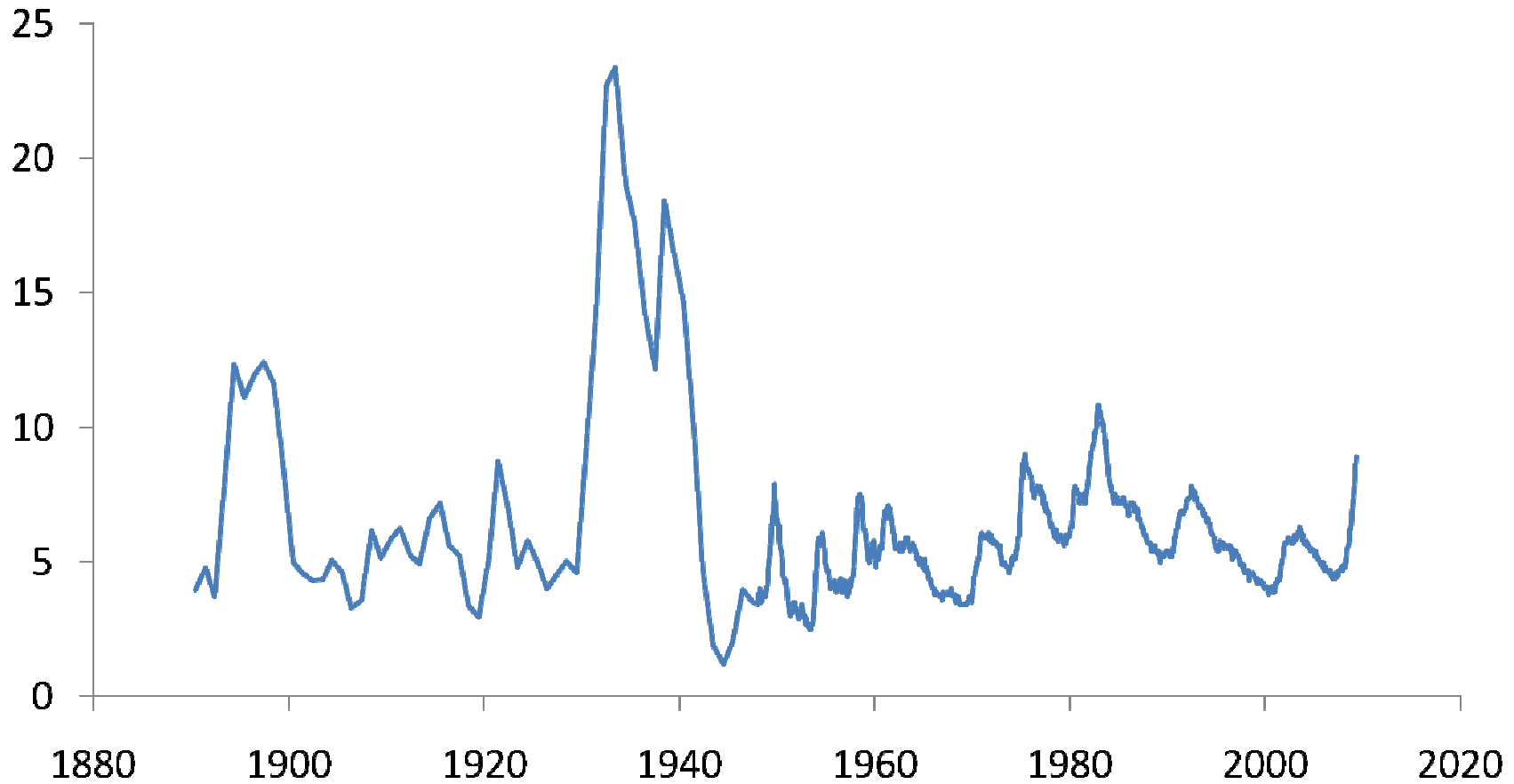
# UK Real GDP and Construction Quarterly 1958-I to 2009-I1



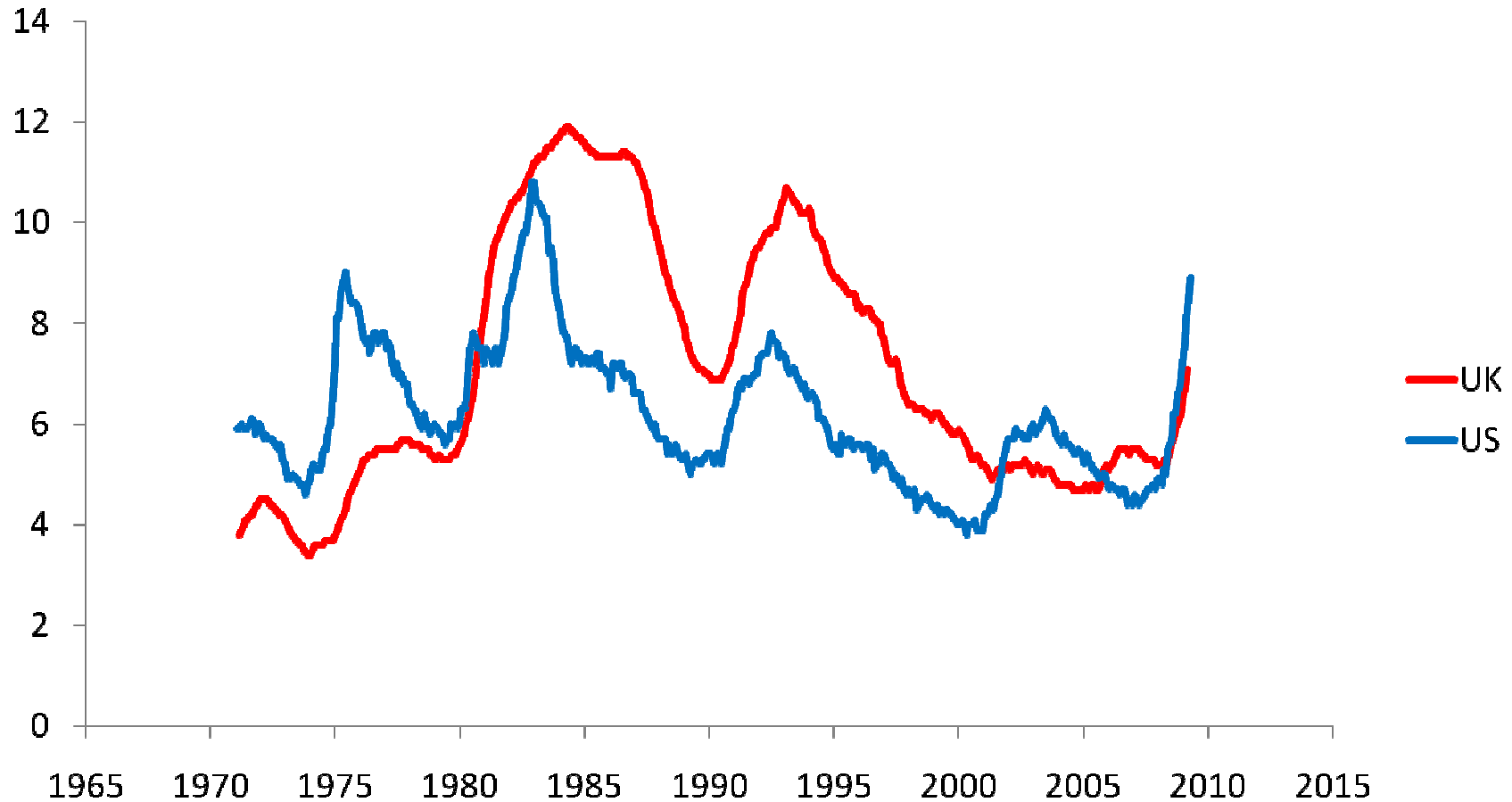
# US Unemployment Rate

Annual 1890-1947

Monthly Jan 1948-April 2009



# UK and US Unemployment Rate, Jan 1971-March-April 2009



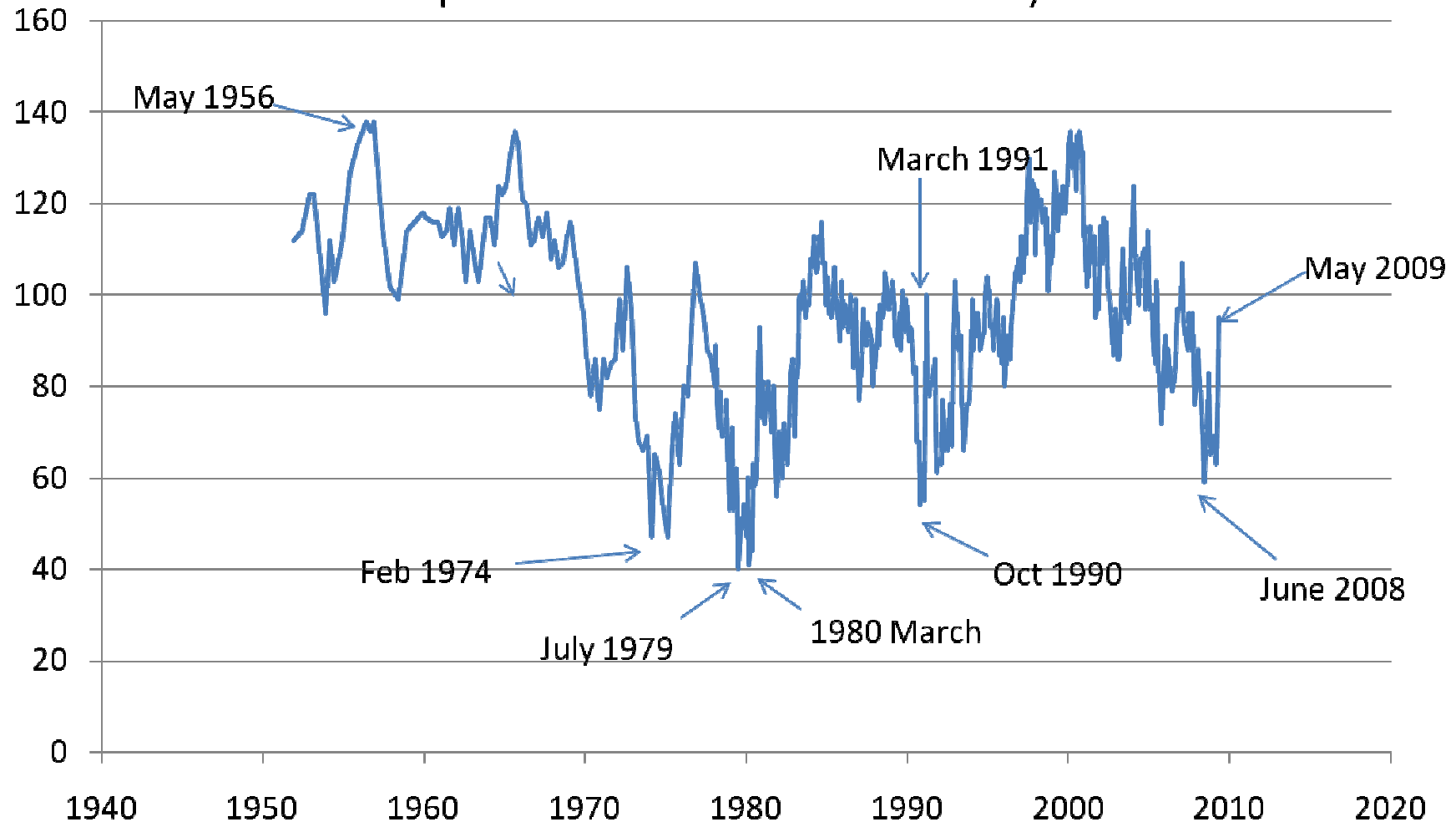
# X4 on Michigan Consumer Sentiment Survey 1951-2009

- 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?"

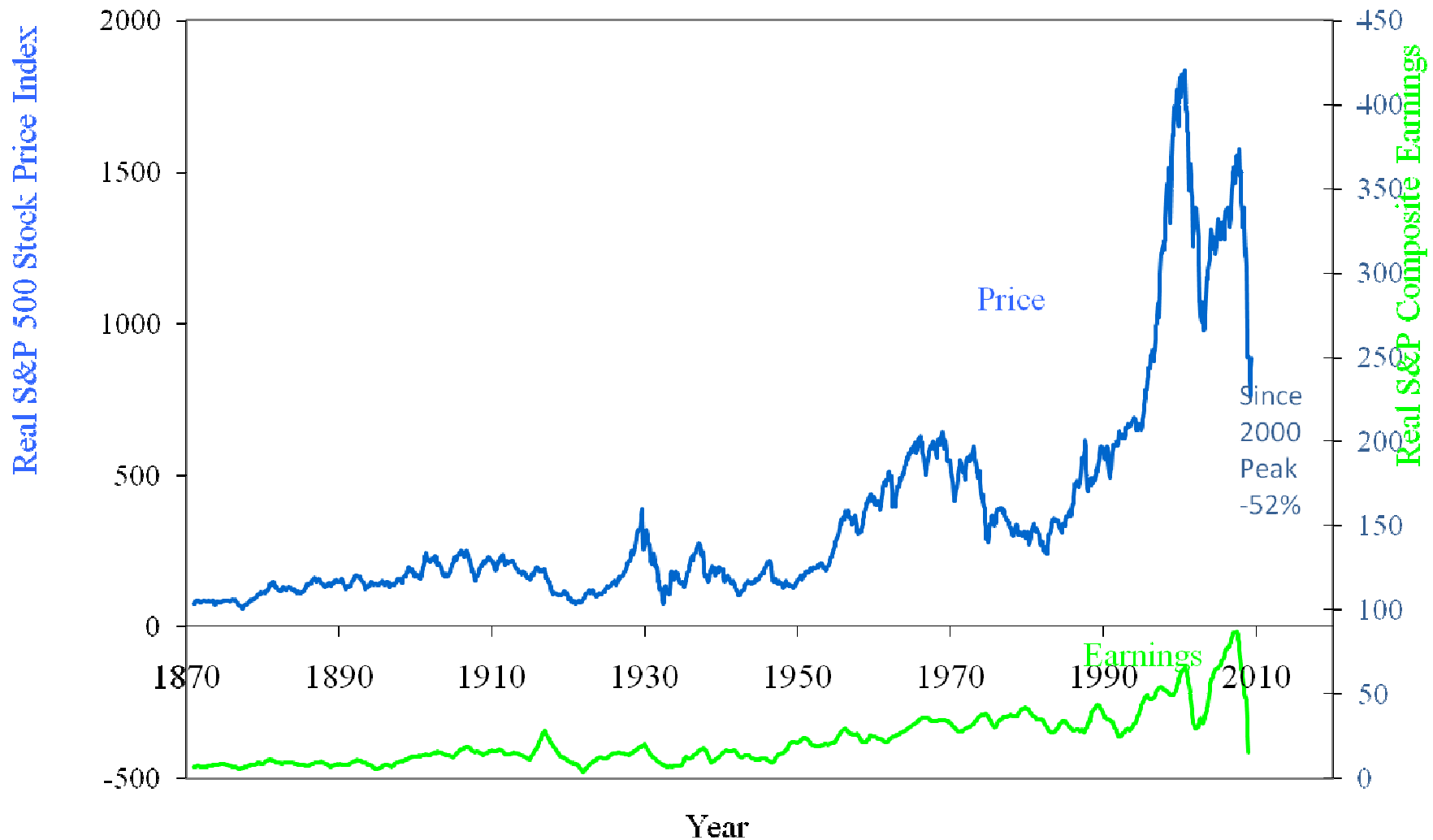


# Depression Confidence (Tabulating Michigan Question X4 1951-2009)

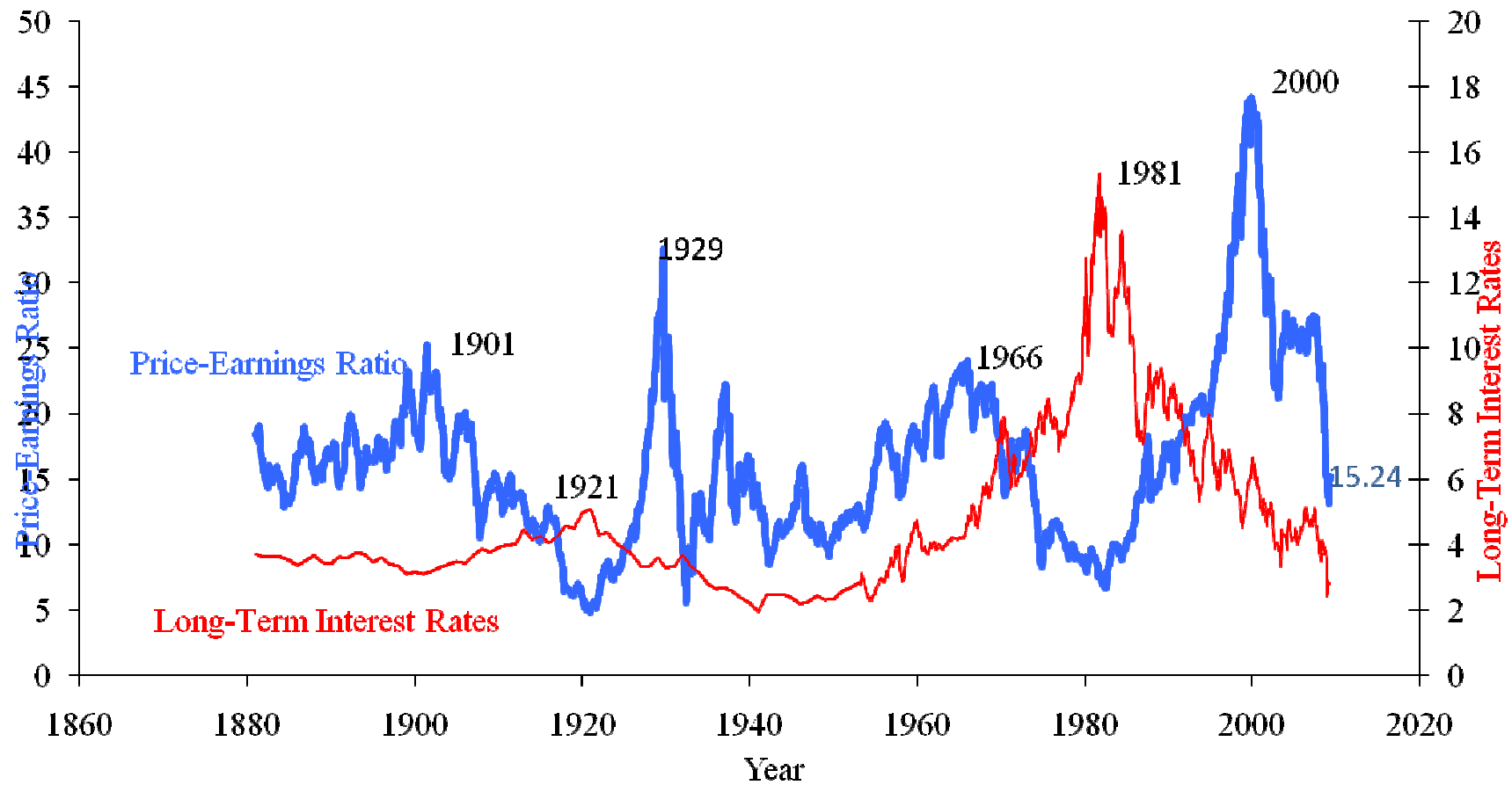
x4 US Depression Confidence Feb 1951-May 2009



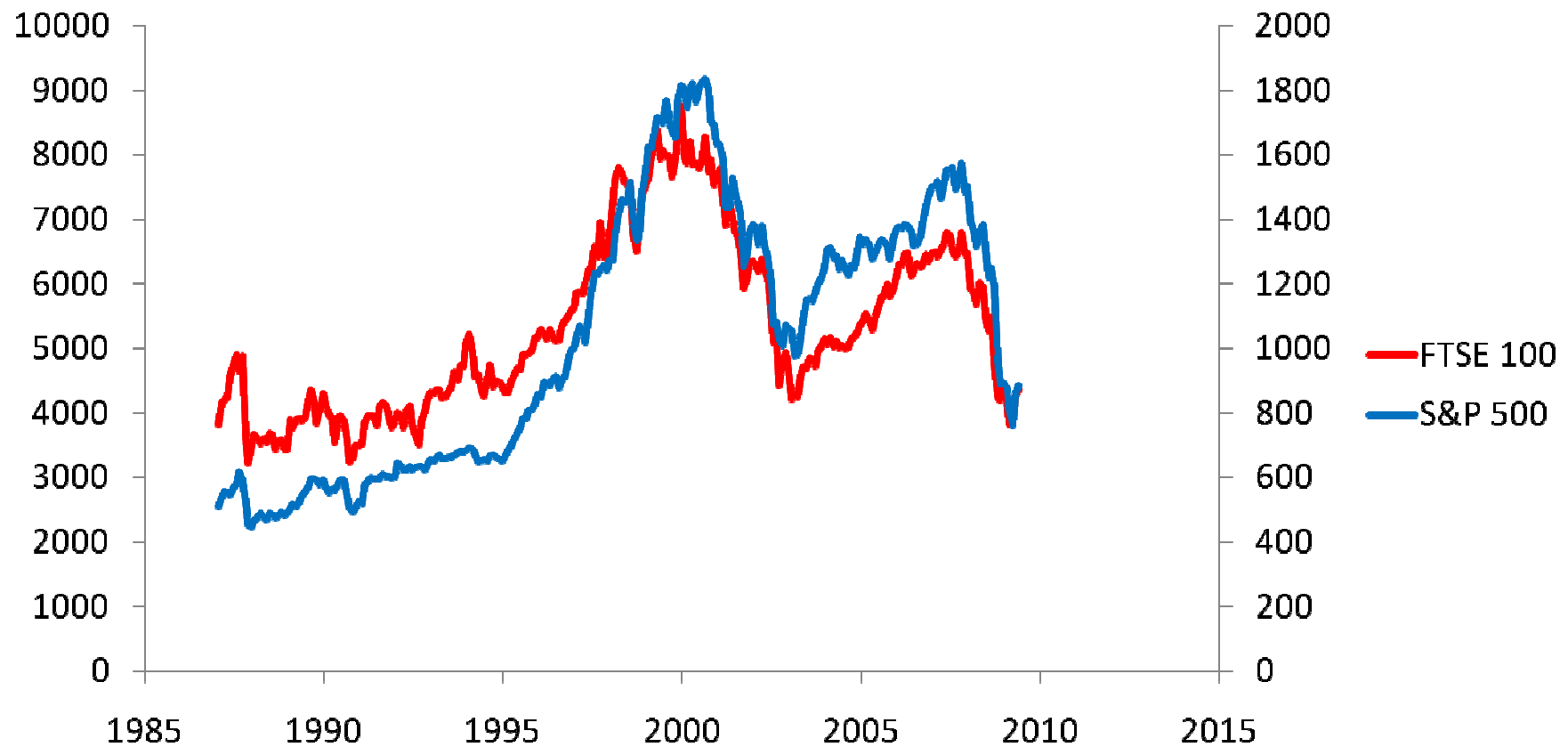
# Real S&P Composite Stock Price Index and Real Earnings, Monthly, Jan 1871 to May 15, 2009



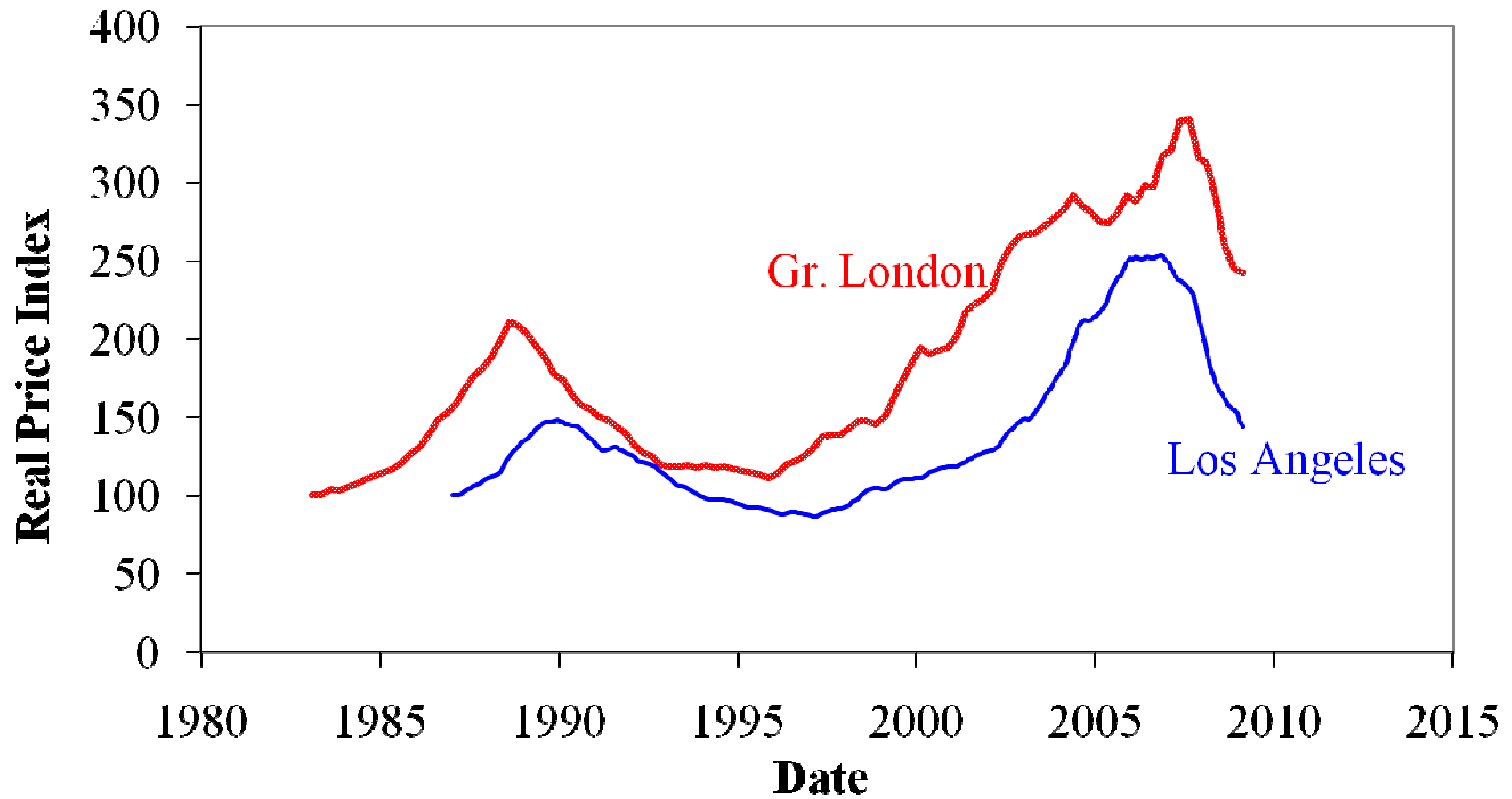
# Real (S&P Composite) Price Divided by 10-Year Average Real Earnings, Monthly, Jan 1871 to May 15, 2009



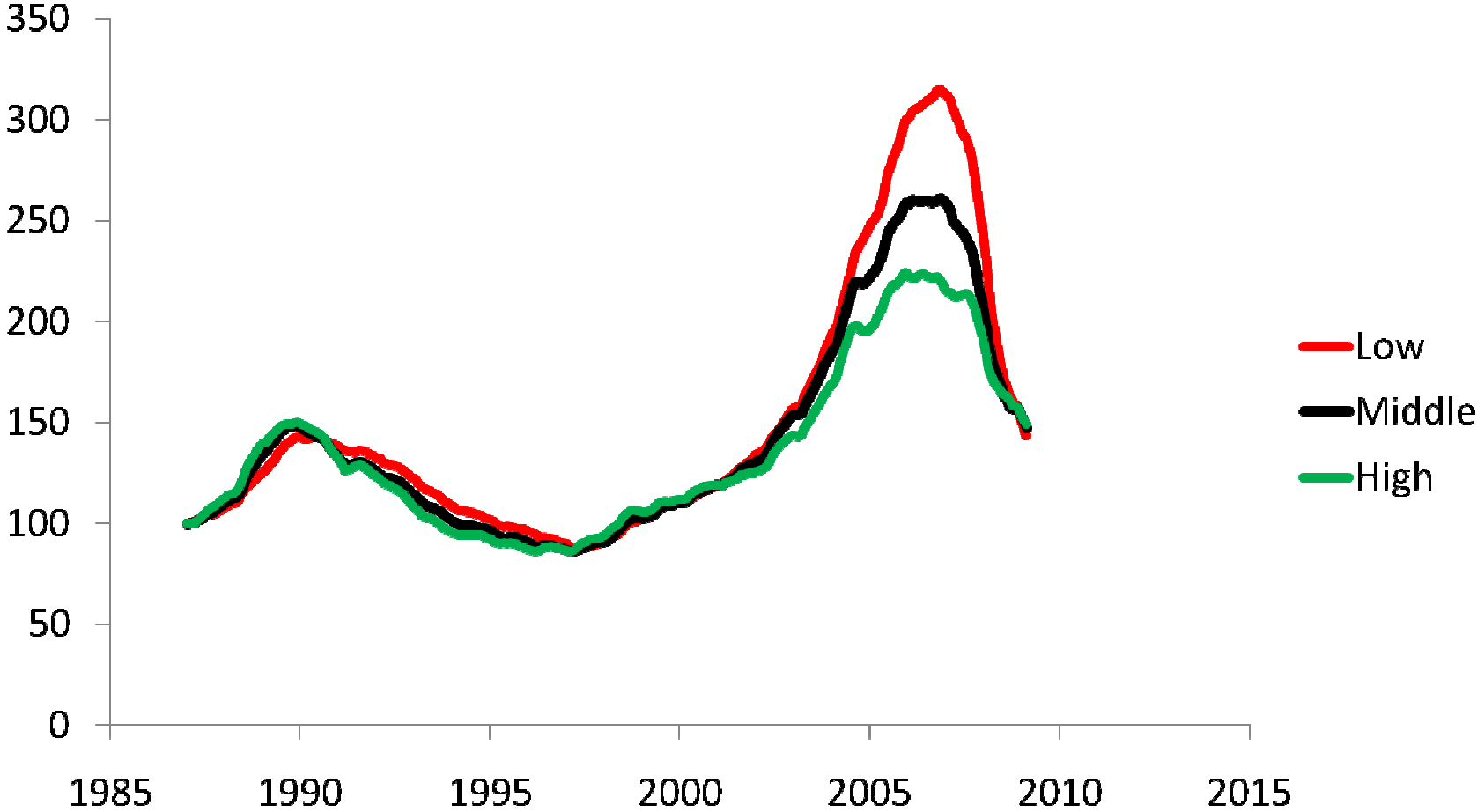
# Real FTSE 100 and Real S&P 500 Compared Jan 1987-May 15, 2009



Real House Prices – Greater London (Halifax),  
Los Angeles (S&P/Case-Shiller) through 2009-I



Los Angeles: Real (Inflation-Corrected) S&P/Case-Shiller Price Indices for Low-, Middle- and High-Priced Homes, Monthly Jan 1987-Feb 2009 (1987=100)



# US Home Prices 1890 to 2008 Q4 With Annual Building Costs, Population, Ten-Year Treasury Yield

