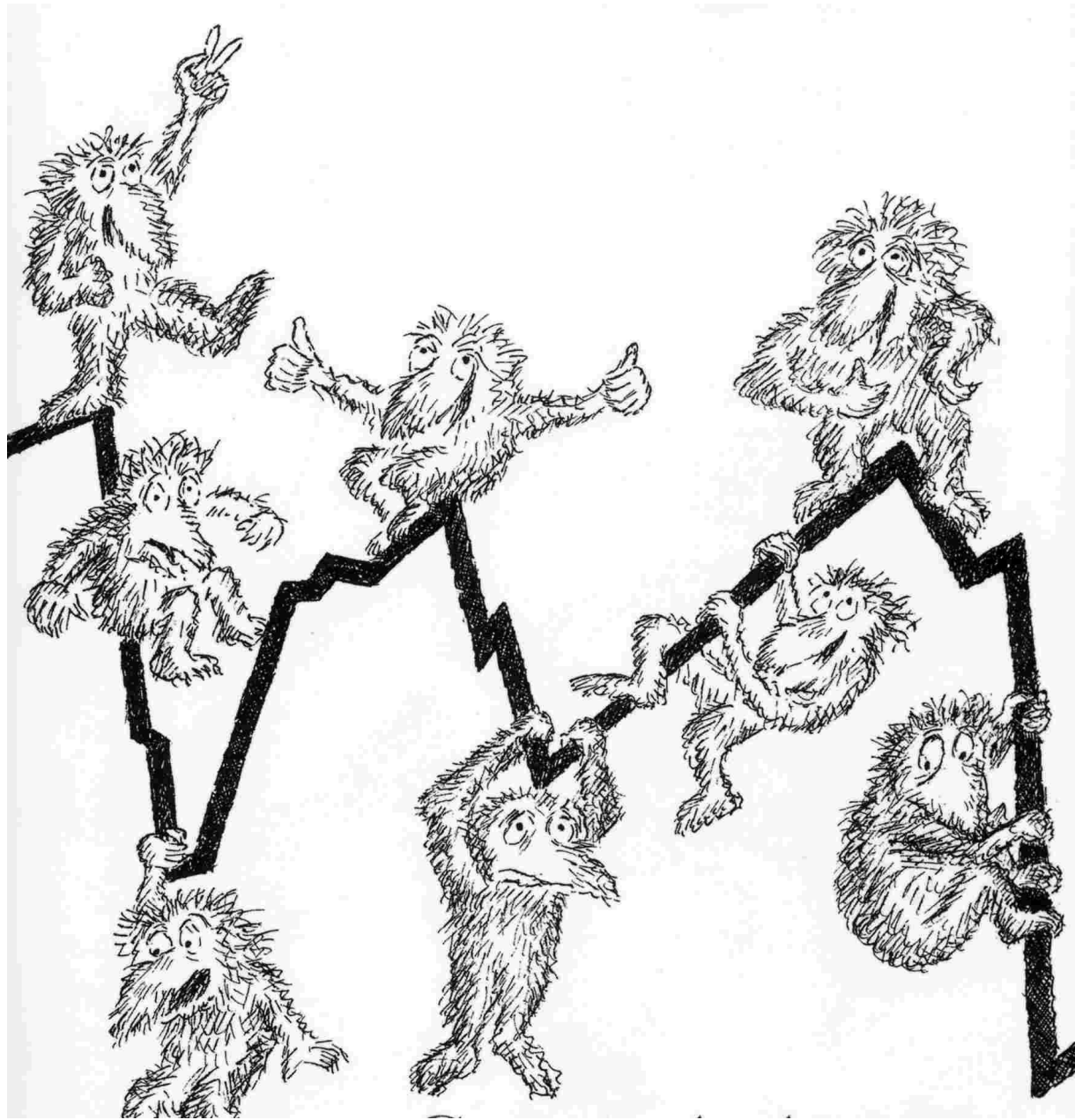


Animal Spirits And the Economic Outlook

Robert J. Shiller
Arthur M. Okun Professor of Economics
Yale University
London School of Economics, 20 May, 2009



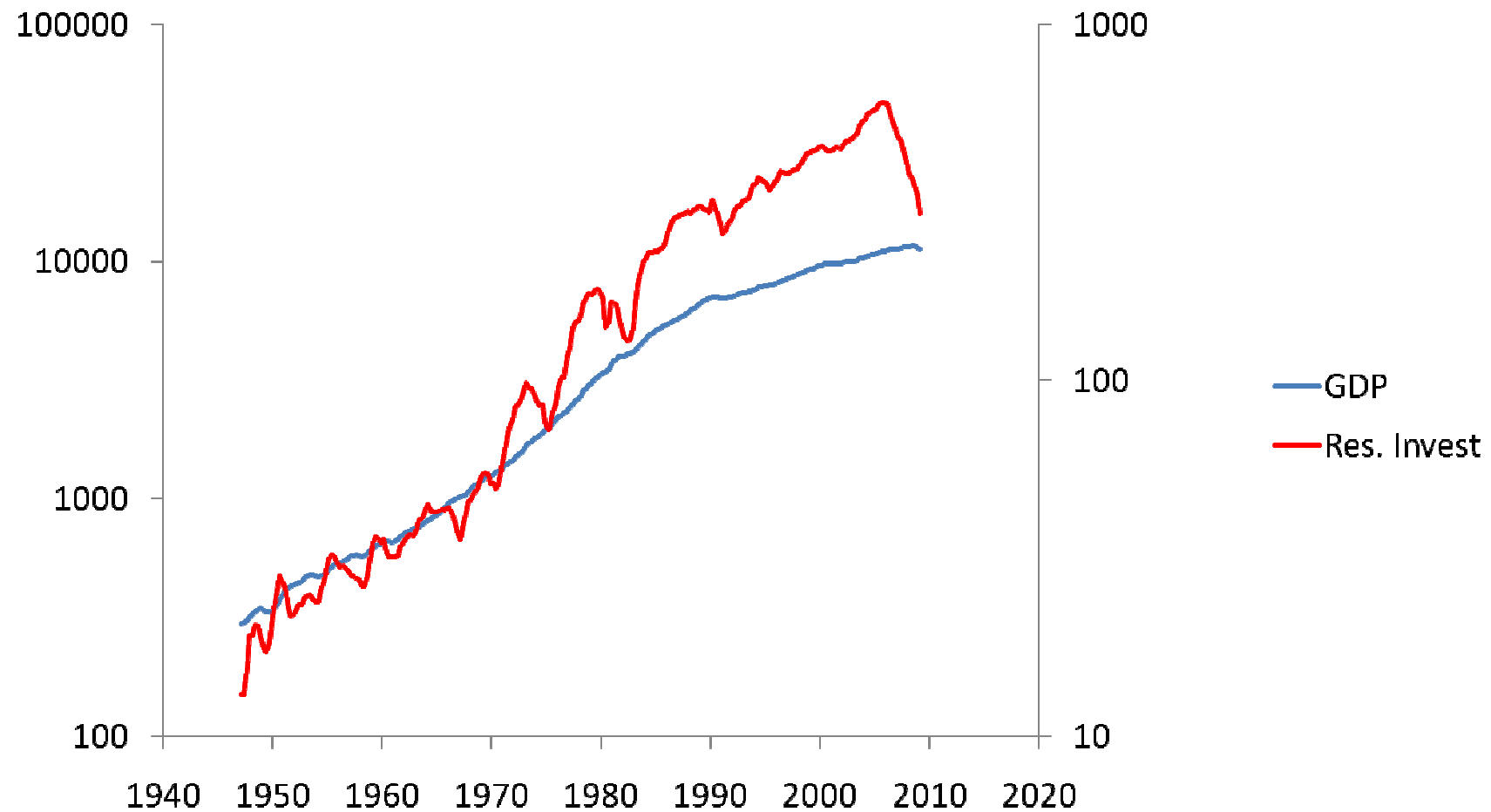
Ed Koren cover for Akerlof-Shiller *Animal Spirits*, Princeton, 2009

From R. Shiller *Irrational Exuberance*,
2nd Edition, Spring 2005

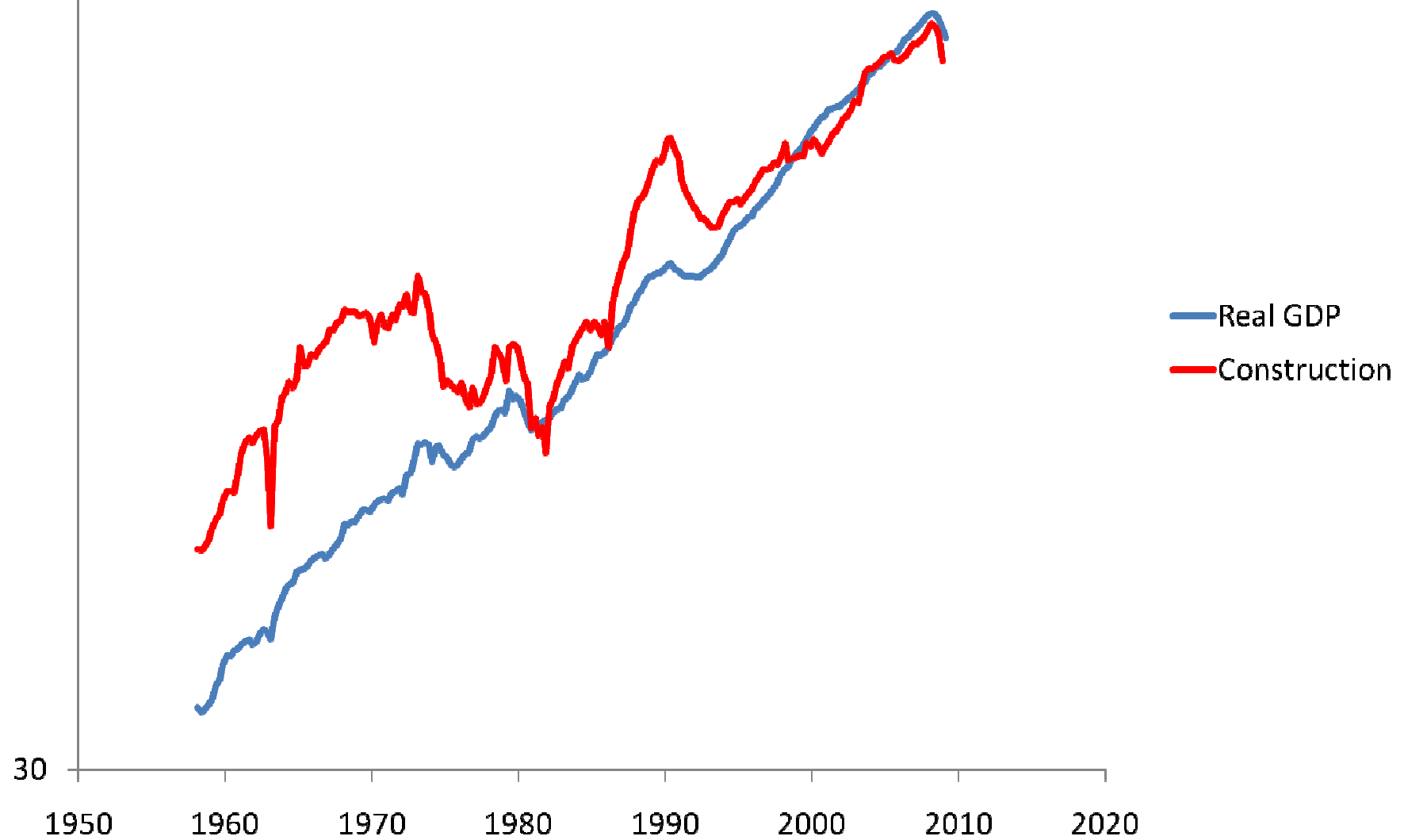
- “Significant further rises in these markets could lead, eventually, to even more significant declines. The bad outcome could be that eventual declines would result in a substantial increase in the rate of personal bankruptcies, which could lead to a secondary string of bankruptcies of financial institutions 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



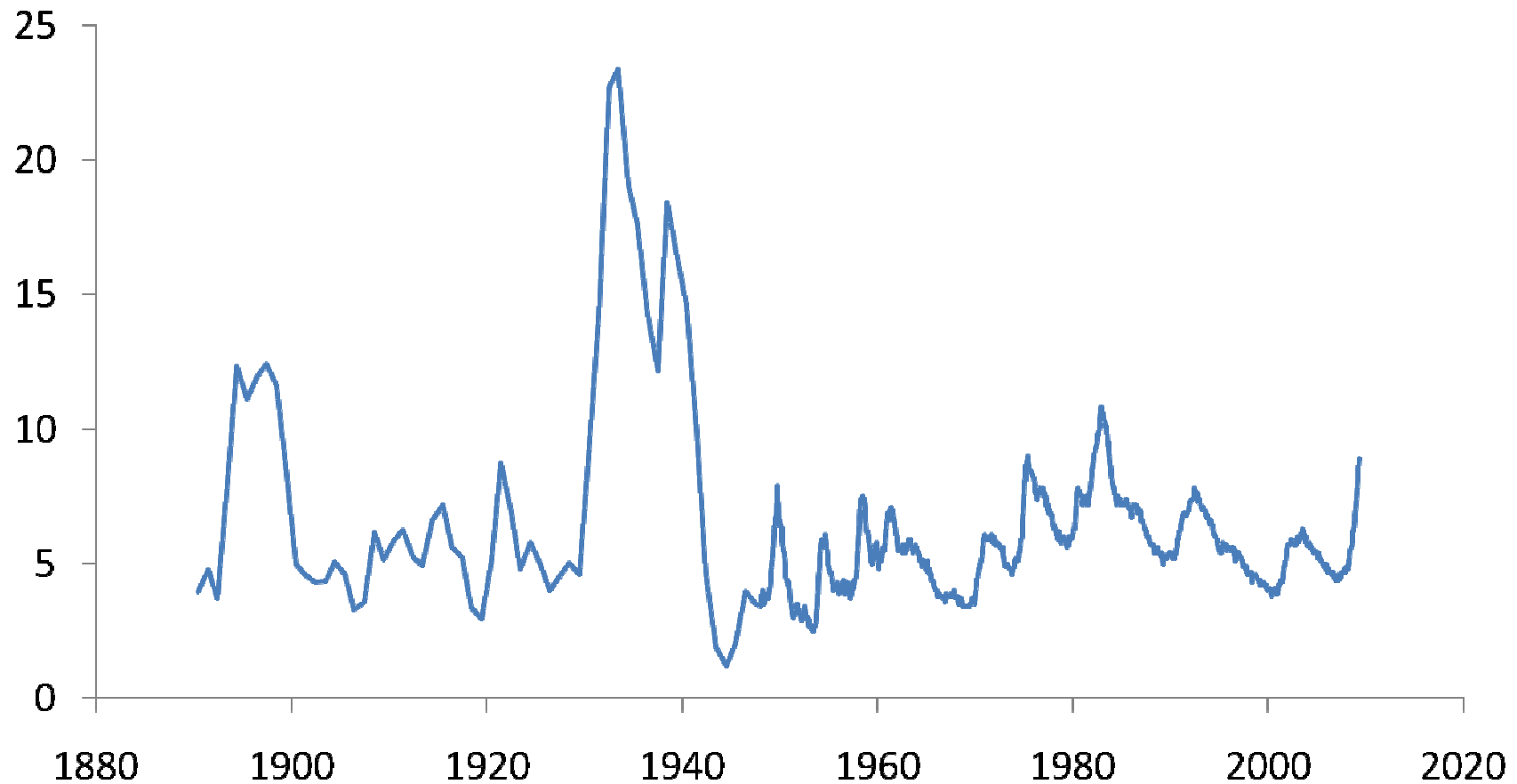
UK Real GDP and Construction Quarterly 1958-I to 2009-I1



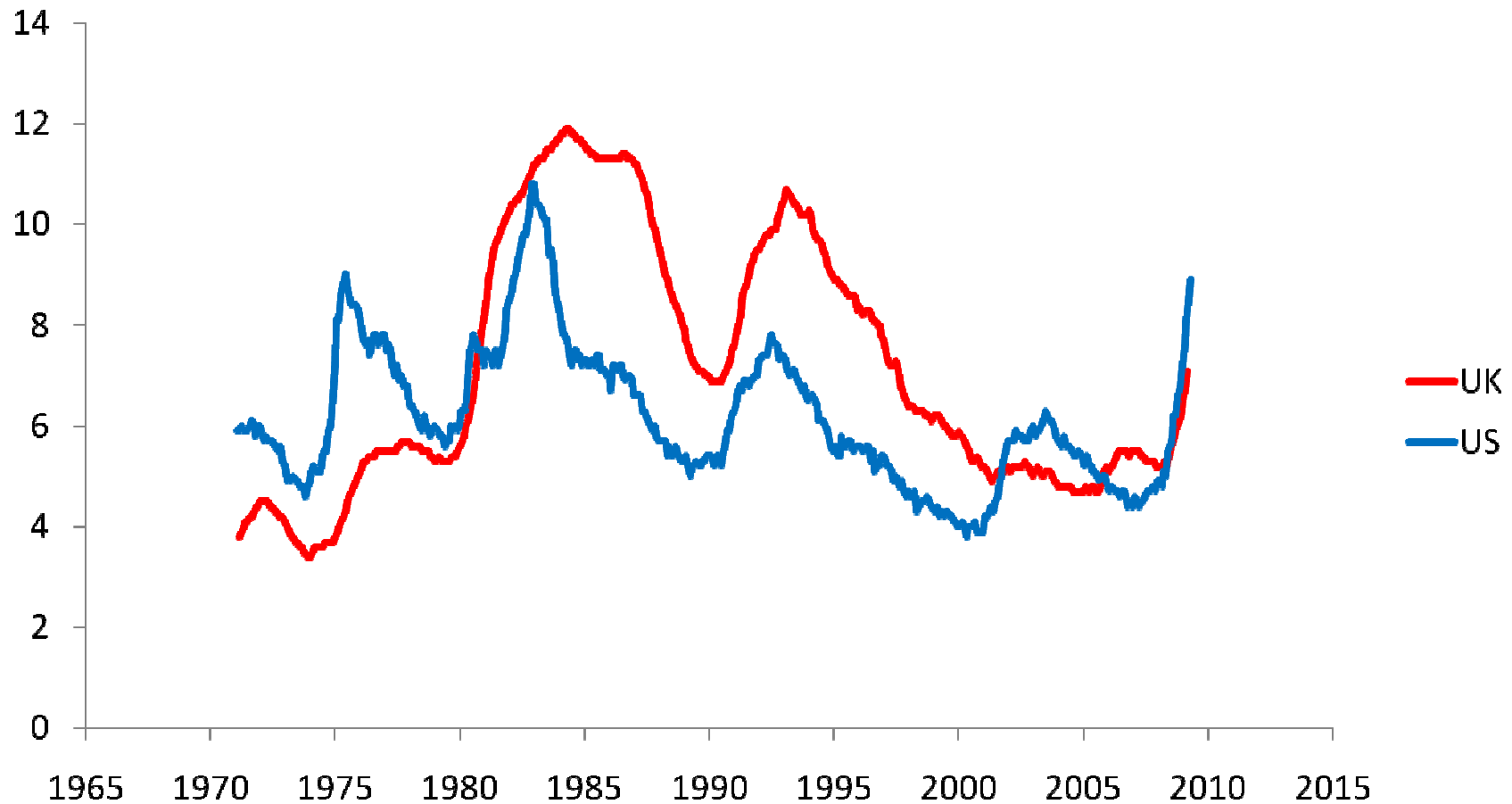
US Unemployment Rate

Annual 1890-1947

Monthly Jan 1948-April 2009



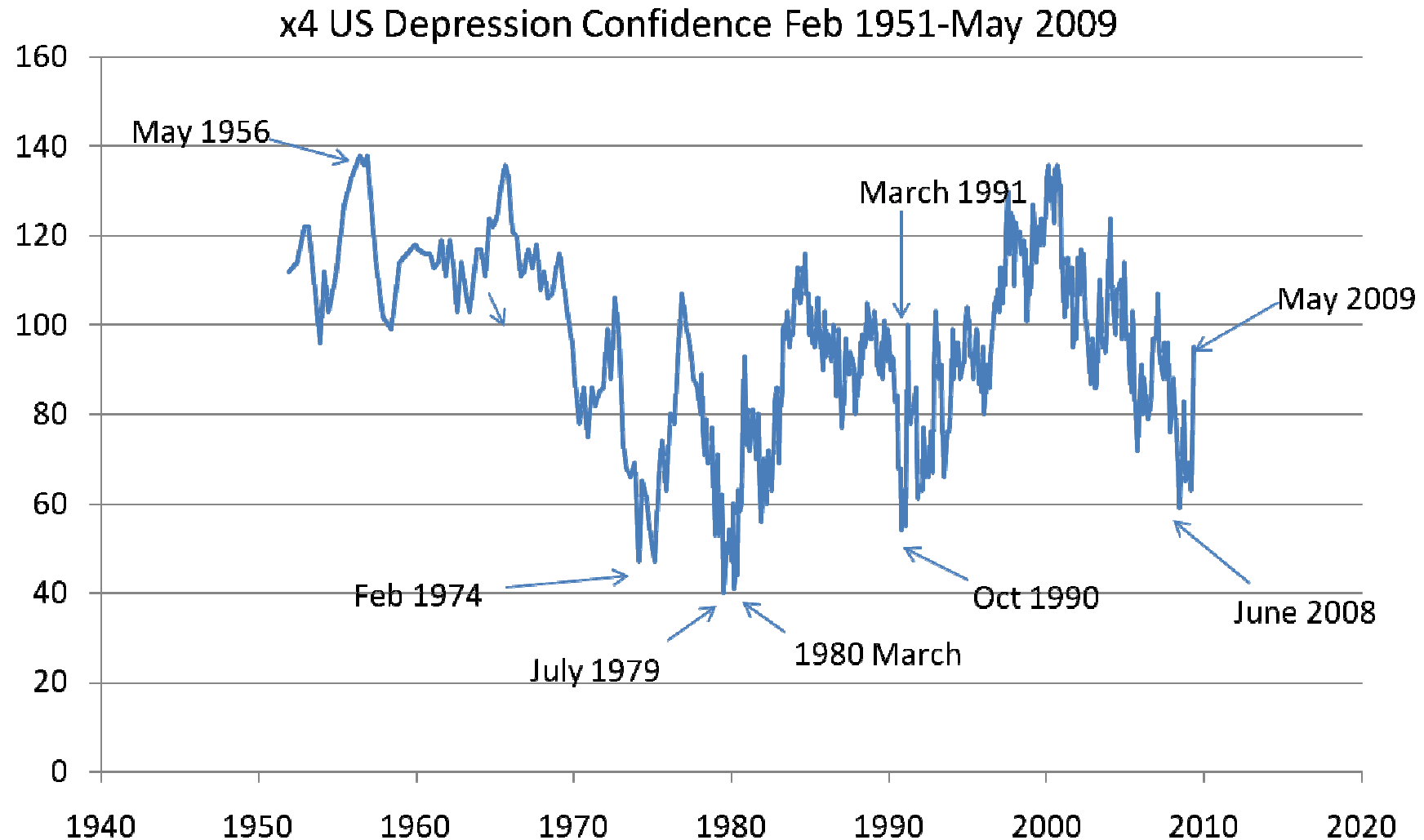
UK and US Unemployment Rate, Jan 1971-March-April 2009



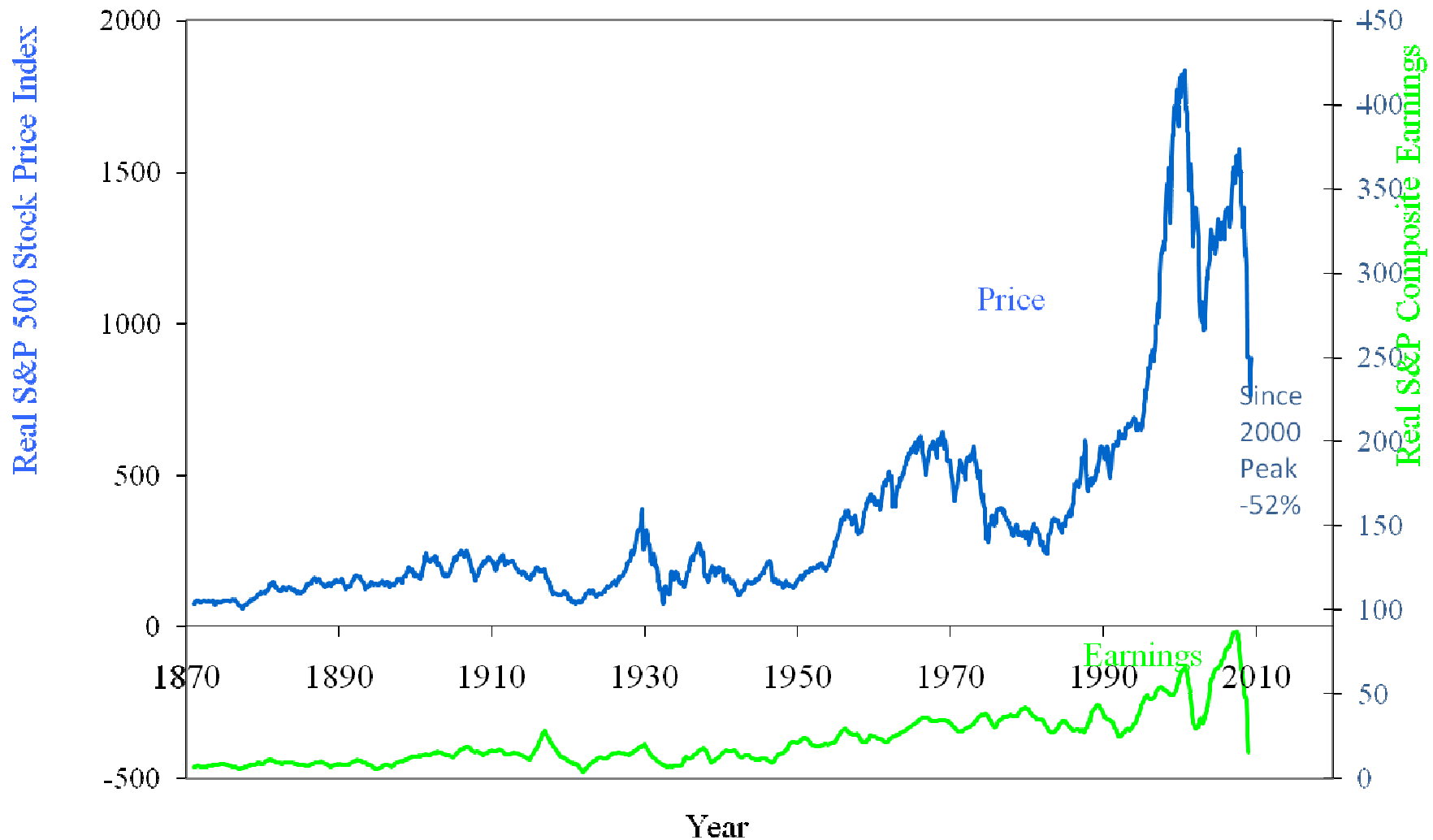
X4 on Michigan Consumer Sentiment Survey 1951-2009

- 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?"

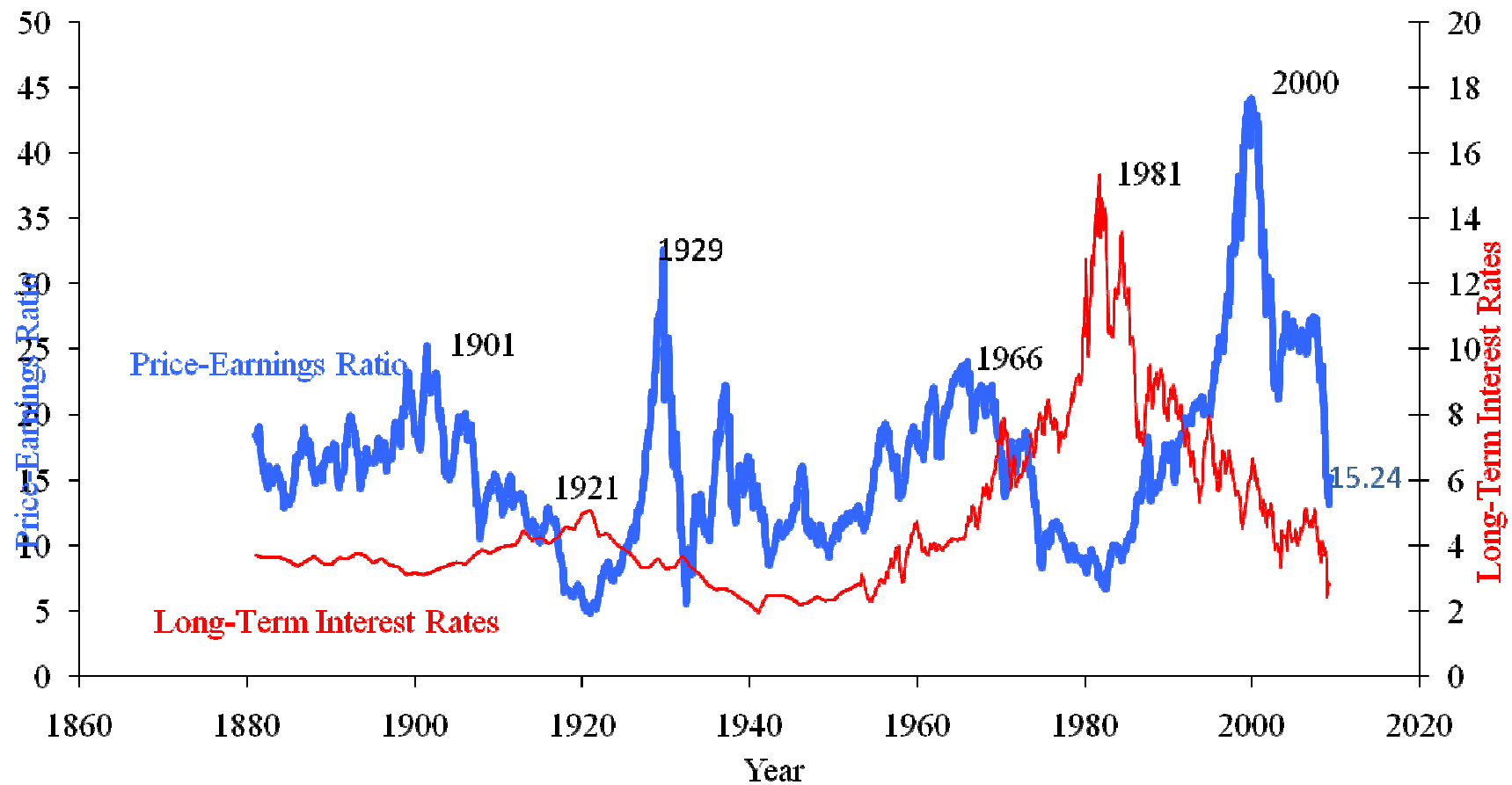
Depression Confidence (Tabulating Michigan Question X4 1951-2009)



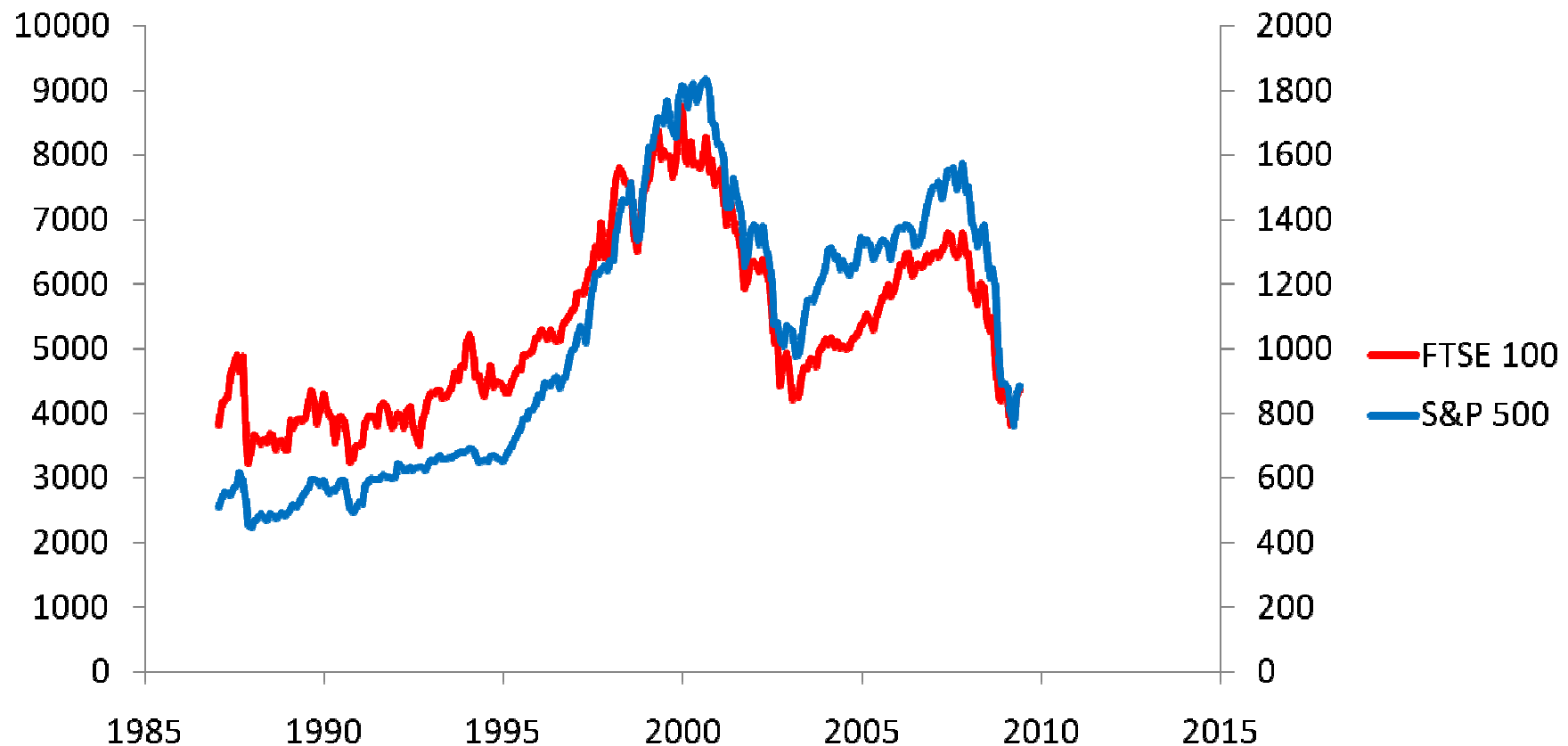
Real S&P Composite Stock Price Index and Real Earnings, Monthly, Jan 1871 to May 15, 2009



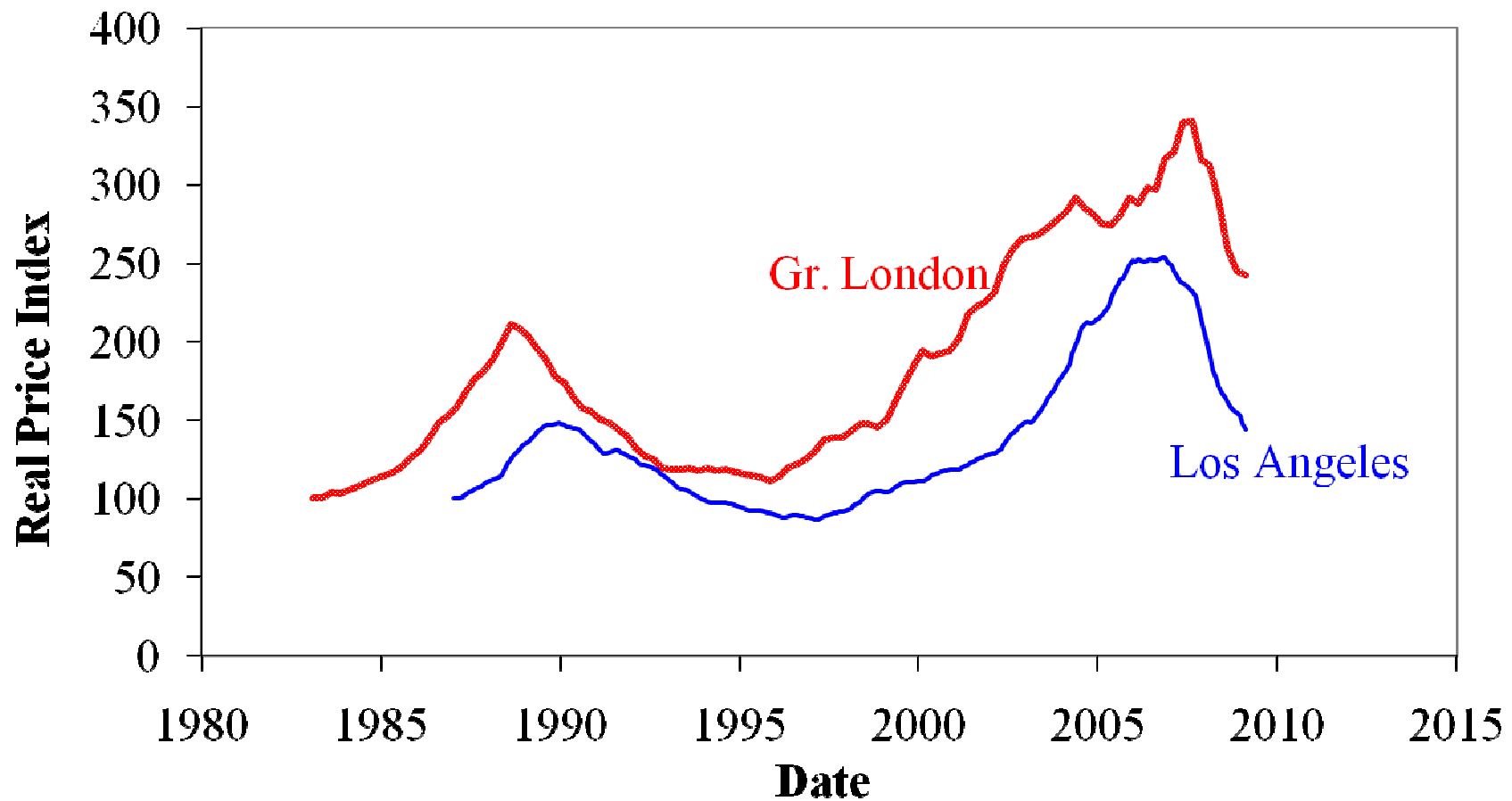
Real (S&P Composite) Price Divided by 10-Year Average Real Earnings, Monthly, Jan 1871 to May 15, 2009



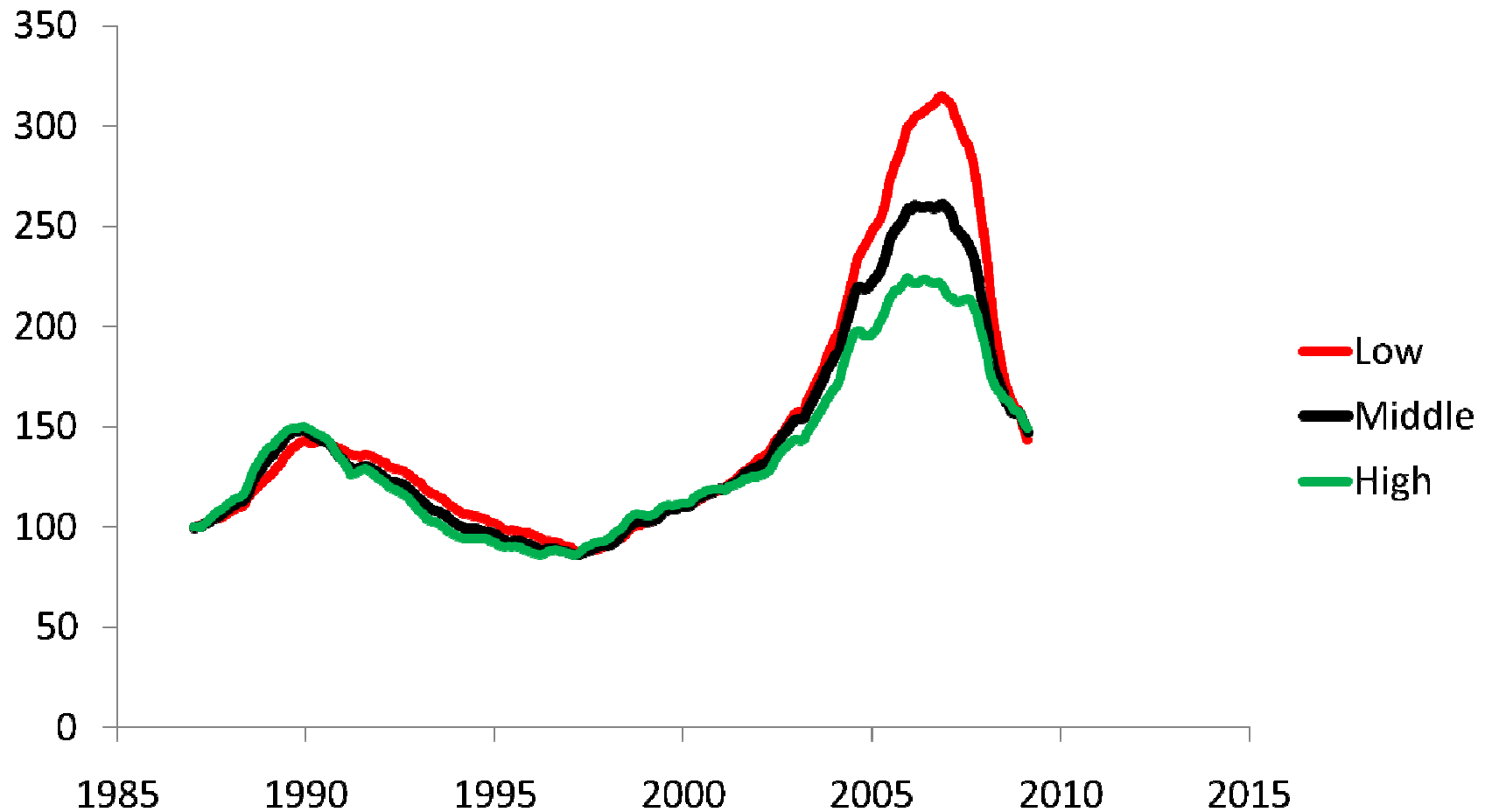
Real FTSE 100 and Real S&P 500 Compared Jan 1987-May 15, 2009



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

