



The Daily Dish

Data Dump

DOUGLAS HOLTZ-EAKIN | MAY 1, 2026

When it rains, it pours...data. Yesterday the Bureau of Economic Analysis (BEA) dropped the [report](#) on 1st quarter gross domestic product (GDP) and the [March report](#) on personal income and outlays, which happens to contain the Federal Reserve's preferred measure of inflation: the price index for personal consumption expenditures (PCE). For good measure there was the latest data on [new and continuing claims](#) for unemployment insurance and the [employment cost index](#) for the 1st quarter.

Let's begin with the GDP data, which showed growth of 2.0 percent, up from 0.5 percent in the final quarter of 2025. Both are misleading, however, as the latter is depressed by the record-length government shutdown and the former boosted by the succeeding rebound. It is safe to say that the 1.25 percent average of the past two quarters is a reasonable estimate of the current growth trajectory, and hardly shows an economy growing gangbusters.

Inside the details, the business investment growth was eye-popping, with equipment investment growing at a 17.2 percent annual rate and intellectual property products at 13.0 percent. Household spending was an unspectacular 1.6 percent, and concentrated in services spending. Last, federal spending grew strongly at a 9.3 percent annual rate, but net exports subtracted from growth. Remember when the plan was to control spending and improve the trade numbers?

On the inflation front, top-line PCE inflation was 3.5 percent, year over year. The annualized reading for March alone was a whopping 8.3 percent, fueled by an astronomical 876.7 percent increase for gasoline and other energy goods. Turning to the core inflation, year-over-year inflation was 3.2 percent (up from 3.0 one month before) and 3.6 percent for March. The March numbers are understandable, but as the conflict in Iran stretches out they will become more worrisome.

What is the upshot? The economy continues to be remarkably resilient in the face of

headwinds. But rising inflation is a concern for the Federal Reserve and the household sector appears to be weakening. The outlook is continued growth, but the risk of further weakening.