Micro-Bite on Actualized Growth Factor

Model for Retroactive Economic Analysis & Short-term Forecasting

Grey Theorem

Published Feb. 2026

Executive Summary

Actualized Growth Factor (AGF) –

- Novel model to provide global-story of nationalized GDP
- Illustrates difference between GDP growth and consumer/consumption recession
  - Monetary policy
  - Global impact from Federal Interest Rates
  - Fiscal/Government-led growth
  - Consumer/Consumption-led growth
- Short-term Forecasting & Retroactive economic analysis tool

AGF Model Background

Actualized Growth Factor (AGF)

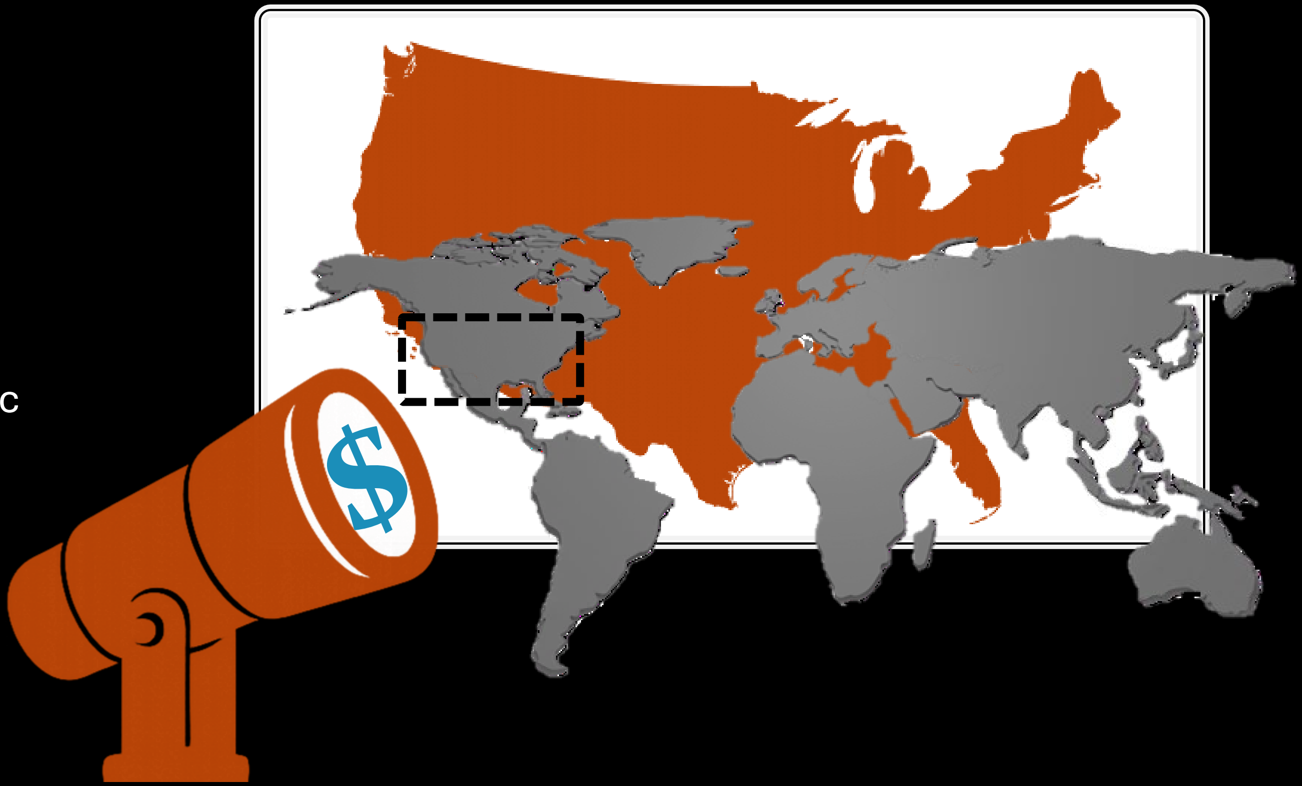
WHAT? AGF translates to the globalized growth, which can differ from the *nationalized* GDP. Differences between the two *should* normalize over time.

HOW? Derived by transforming Change in GDP by Change in National Currency (US Dollar), meant for retroactive and short-term forecasting of national economic product.

WHY? Designed to correct for smoothing or/and distortion methods in calculation of reported GDP by "stretching" along underlying currency value.

This model is only one of multiple perspectives of national economic product, and economic growth.

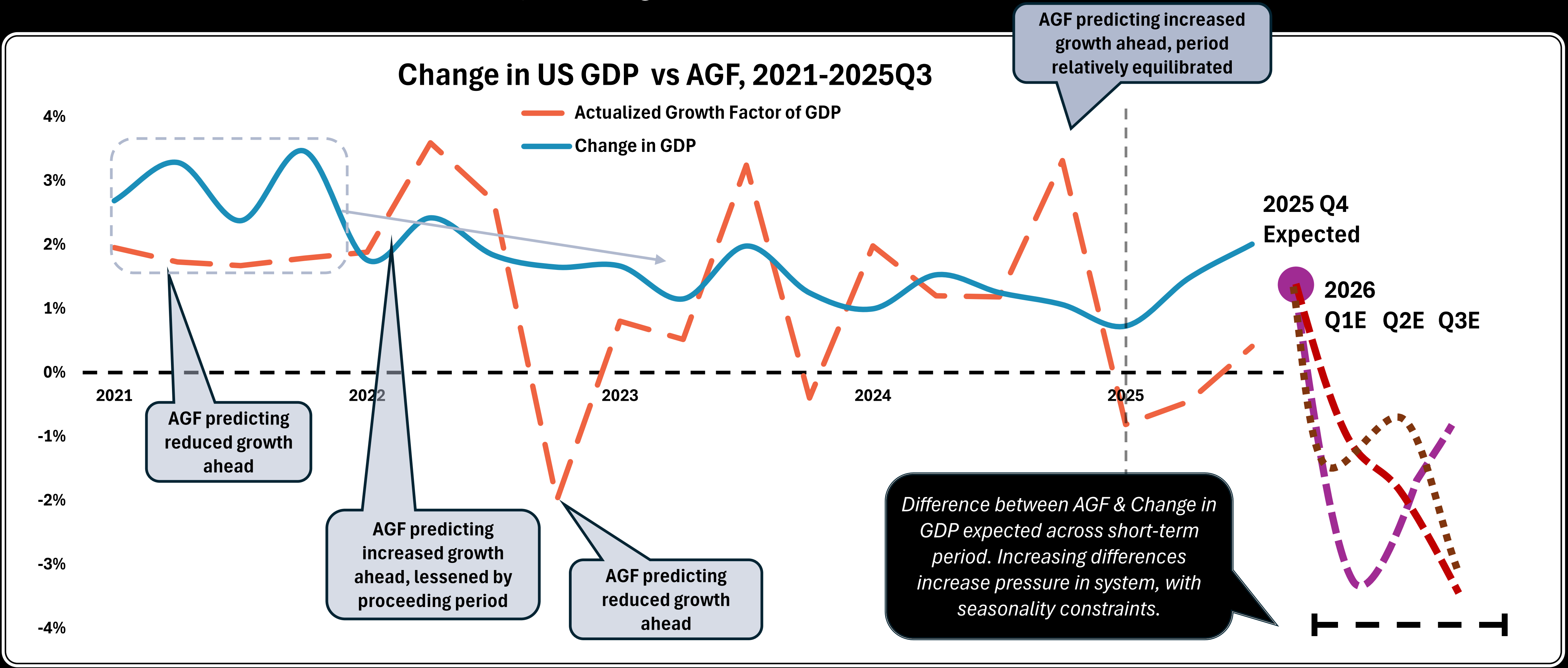
*This is **NOT** a reconstruction of nationalized GDP.*



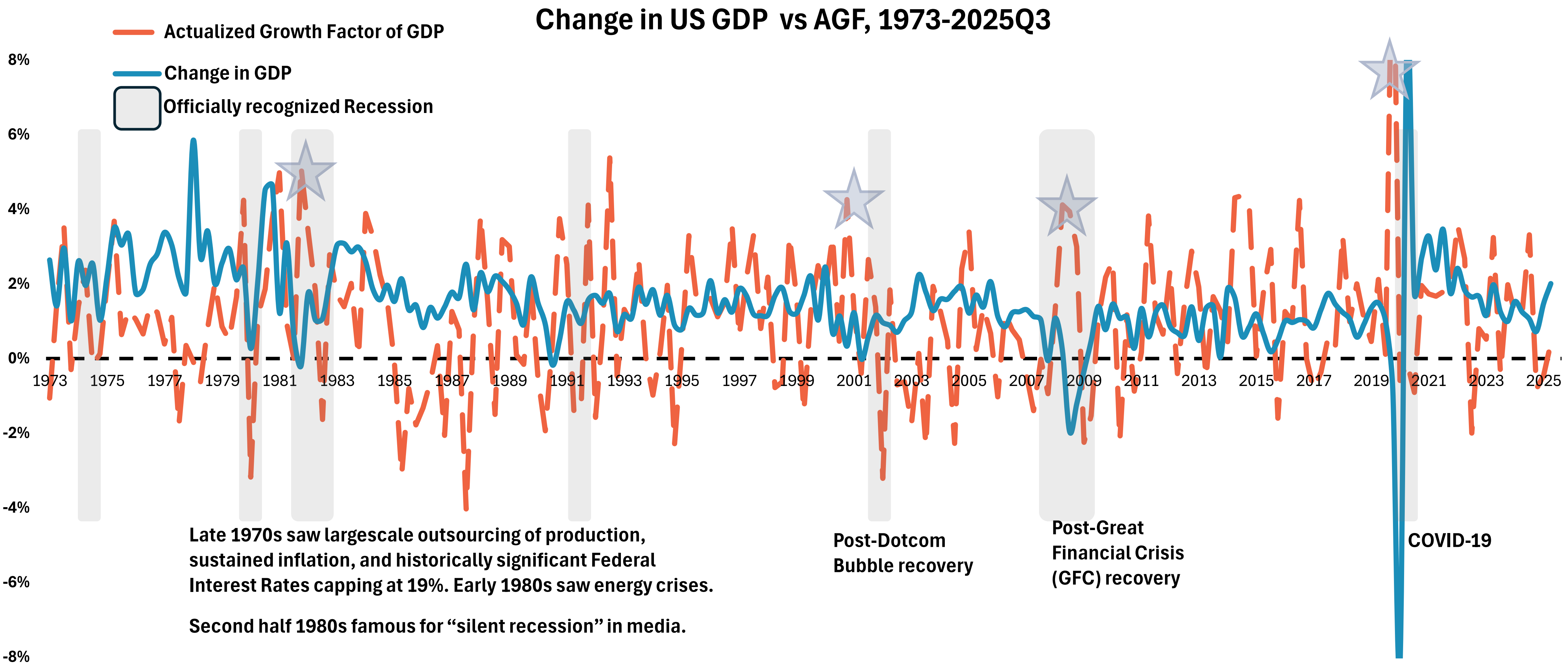
Interpretations & Usage

Rule(s) of Thumb

1: Differences *should* equalize over time.
2: AGF difference from Change in GDP forecasts following quarters in opposite direction.
3: Nothing is certain.



AGF Model in Action



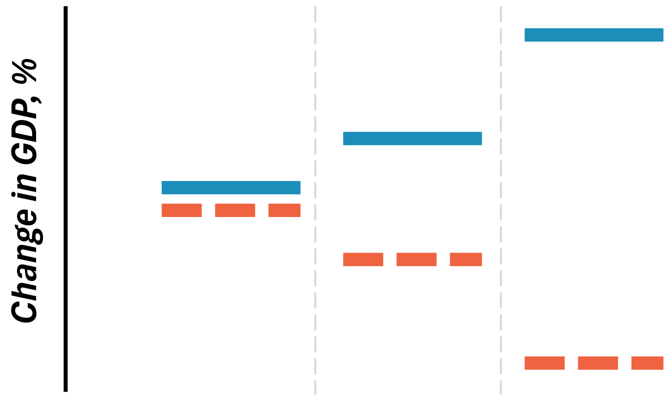
See slide **Economic Dichotomy**; Role of US Dollar in International Finance distorts monetary economy from consumer economy

Interpretations & Usage

Brief deviations between reported Change in GDP & AGF Normal, sustained differences must neutralize over time.

Change in GDP over AGF translates to the *underlying* economy grew less than described. Causes aside from smoothing can stem from miscalculation of underlying inflation, or government-led support for economic growth.

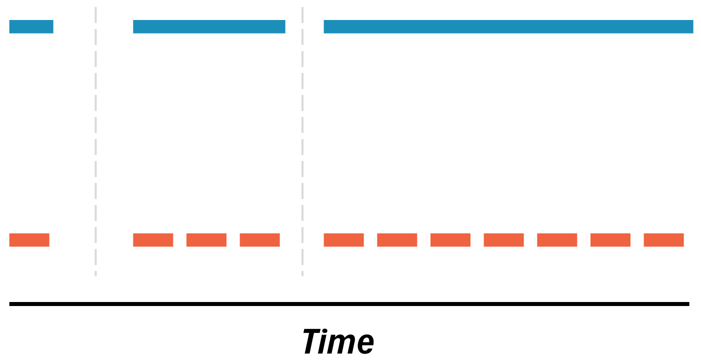
AGF over Change in GDP translates to underlying economy grew more than described. Causes include government-led (monetary) growth instead of consumer/consumption, or overcalculation of consumption (discounts; Revenue vs Profit).



Magnitude of Differences in Change

In general, the larger the difference between Change in GDP & AGF *through* a period, the more distortion between headline and underlying economy.

As magnitude of difference increases, magnitude of opposite reaction increases. This opposite reaction is expected as a net change to GDP, resulting in **actual** change in GDP. Thus, an expected loss or growth can be quenched in the immediate quarter(s), resulting in normalized relationship.



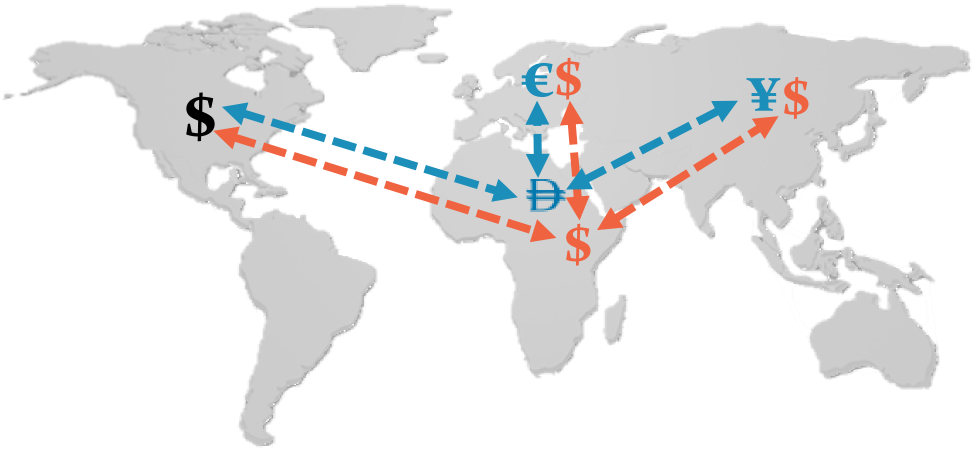
Magnitude of Differences in Time

Short periods with significant difference between reported change in GDP and AGF are common due to official methodology utilizing smoothing for seasonal or delayed economic product.

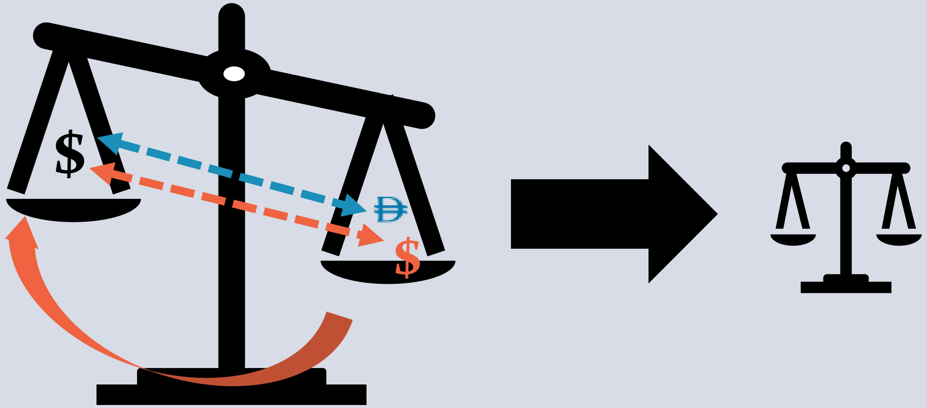
Longer periods of sustained difference can be due to underlying deviation in monetary and consumer economy – that is the nation and the citizen. Advanced economies are considered consumer-driven, but the sovereign government can play significant intermediary roles.

Economic Dichotomy

Why the US Economy can do well but US Consumers don't



Currency strength is measure of ability to pay debts, in debt's currency – often the US Dollar.



US Trade deficit & GLOBALIZED economic activity ensures easy access to US Dollar…

For the past 20 years, ~65% of global debt has been written in US Dollars – with an even greater share in the decades prior.

For access to financing, countries borrow in USD**$** instead of their own. This ensures the country cannot create more currency to pay off loans, while enabling any USD**$** holders to buy-in to their loans. As of 2024, over 65% of all international transactions were done in USD**$**. Because of the long-running US trade deficit, and the US Dollars' role in international trade, countries rarely have problems finding USD**$**.

During the extended shutdown period caused by COVID-19, international trade came to a halt, as did many countries' access to USD**$**. Many nations went to currency markets, causing USD**$** to increase in value rapidly and a global recession. This heavily benefited the US monetary economy, but ultimately hurting consumers due to increased global need for USD**$**.

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See more at Greytheorem.com

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