

Macro View – GDP Innovation

GDP, a measure of the growth of an economy, will be a focal point throughout the presidential election. There is no shortage of ways to calculate GDP, supporting the saying that you can beat any statistic into telling you what you want to hear. For example, European nations include illegal goods such as prostitution and drugs in GDP calculations. Economists are constantly striving to create a more accurate depiction of GDP. MIT recently created a newer version of GDP called GDP-B that includes goods that are free, such as smart phone pictures, Google searches, and Facebook, attempting to quantify what consumers would pay for those free services if they were not free. Then, the team at MIT works to quantify the impact on GDP. The results below attempted to quantify, through research and experimentation, the economic benefit of free goods and services in the digital economy.

Table 3: Estimates of gross contributions of popular digital goods to real GDP-B growth in the Netherlands, percentage points, Total Income Method

Users Service	Average per year	Average per year
	10 million	2 million
WhatsApp	4.10	0.82
Facebook	0.5	0.11
Maps	0.34	0.07
Instagram	0.07	0.01
Snapchat	0.02	0.00
LinkedIn	0.01	0.00
Skype	0.00	0.00
Twitter	0.00	0.00

Source: MIT

Taking Stock – Coronavirus Victory

The coronavirus is certainly threatening and tragic, but it is and will create opportunities for companies to stand in the gap and offer solutions. Johnson & Johnson is one of those companies. Janssen Pharmaceutical Companies, a unit of JNJ, is working toward a vaccine to fight 2019-nCoV, the coronavirus. Janssen is applying the same technology that provided vaccines for Ebola and Zika. The chart below shows 1 year performance for JNJ. The first incident of the coronavirus was on January 21, 2020. As of January 29th, 2020, the 1 year return for JNJ was approximately 16%. The appreciation over 8 days since the outbreak of the virus has been de minimis. The chief scientific officer at JNJ, Paul Stoffels, said, “At the moment we think we can make a vaccine and bring it to humans in the next eight to twelve months.” Both history and the market will determine JNJ’s success in providing solutions to a challenging problem.

