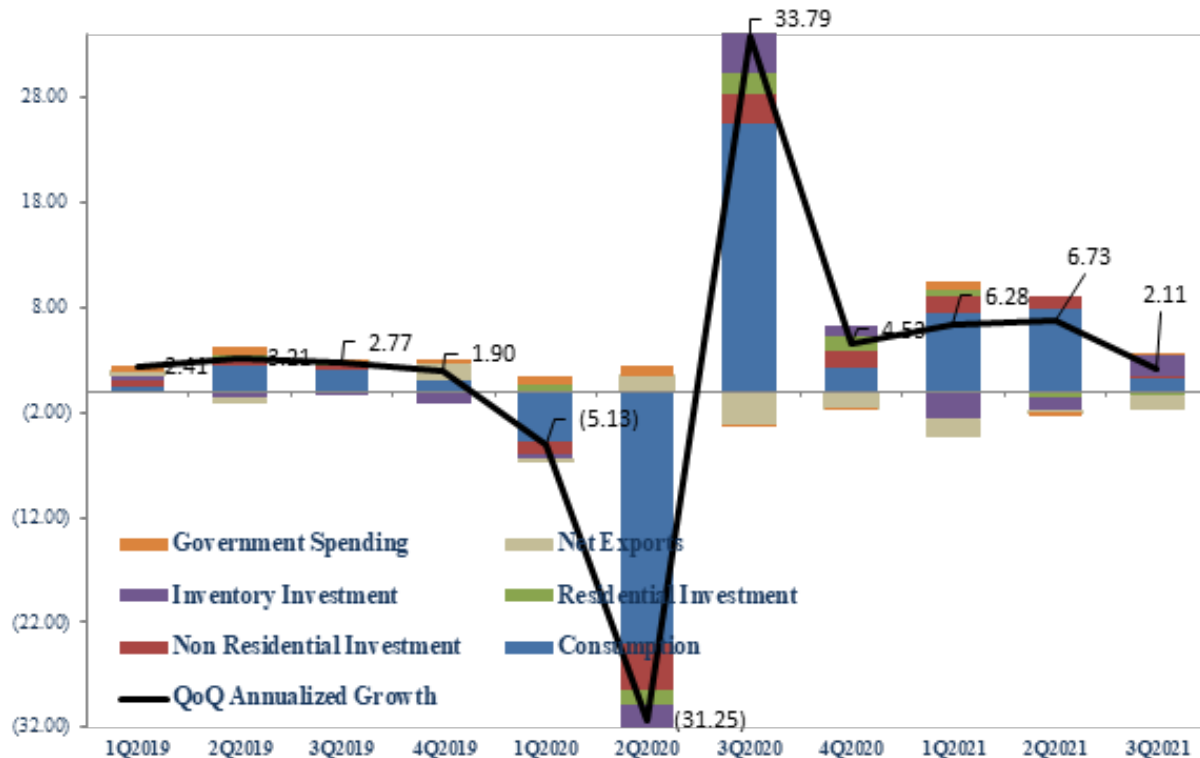


24.Nov.2021

3Q21 GDP: Revised Only Slightly Higher

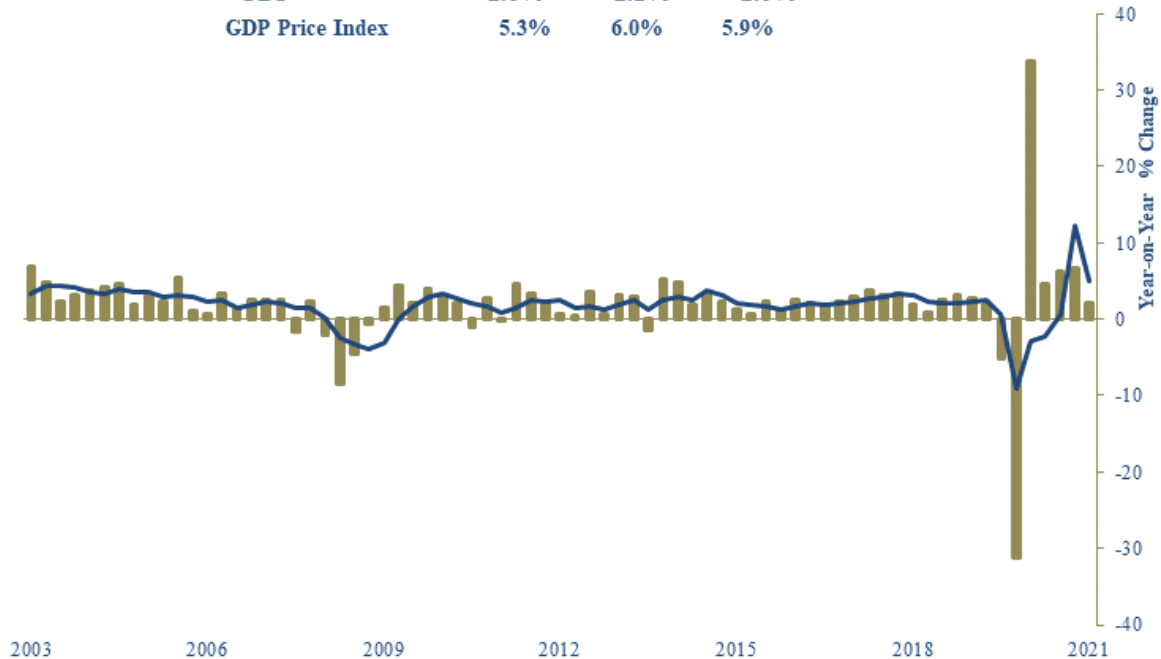
Bottom Line: The second reading of 3rd Quarter GDP offered only a slight positive revision to the disappointing initial reading. Consumption was revised just a touch higher, while business fixed investment was revised lower, and the drag from net exports was revised to be a slightly more significant drag. Overall, this report reveals that real growth, adjusted for the higher inflation seen over the last year, slowed considerably from the pandemic-recovery pace. That said, most indicators suggest a moderate acceleration in the current quarter from the anemic 3rd Quarter pace. Early estimates for the 4th Quarter are 4.9% annualized.

US Quarterly GDP (seas. adj. ann rate) with contributions in bar graphs



GDP

	Cons.	Actual	Prior
GDP	2.6%	2.1%	2.0%
GDP Price Index	5.3%	6.0%	5.9%



GDP was REVISED UP by 0.1 points to 2.1% in this second estimate of economic activity for Q3-21. This was in line with market expectations for an upward revision to 2.2%.

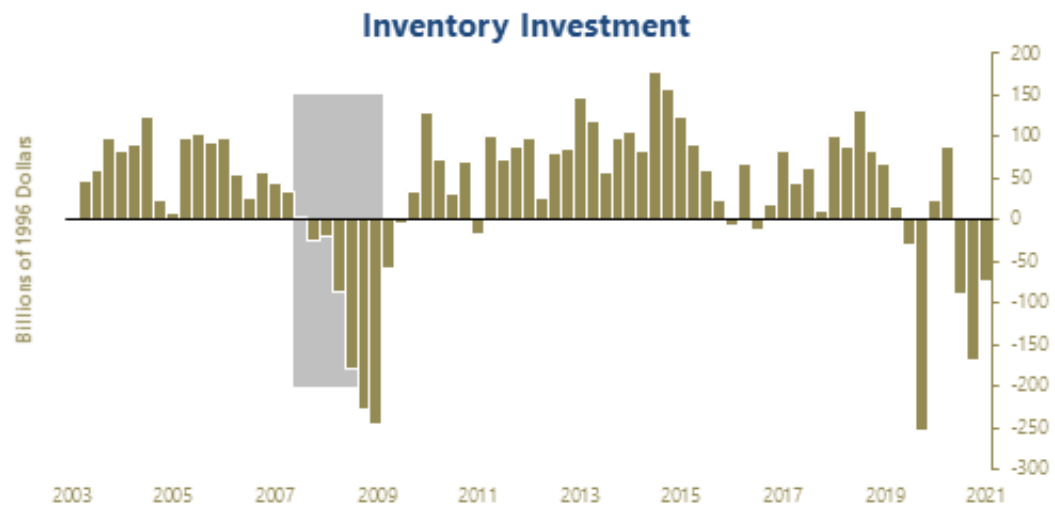
Economic activity was 4.9% ABOVE its year-ago level and 29.8% ABOVE its 2007 Q4 cyclical peak. Because most of the adjustment was due to new September data, this revision suggests that the economic activity increased slightly at the end of the quarter.

Consumer Spending was revised higher by 0.13% to 1.7%, contributing 1.18% to economic growth. **Business Fixed Investment** was revised lower by -0.24% to 1.5%, contributing 0.21% to economic growth. **Residential Investment** was revised lower by -0.58% to -8.3%, contributing -0.41% to economic growth. **Inventory Investment** was revised slightly higher, contributing 2.13% to economic growth.

Net Exports were revised slightly lower with a modest decline in Exports and slight decline in Imports, contributing -1.16% to economic growth. **Government Purchases** were revised slightly higher but grew slightly for the 8th time in the past 12 quarters, contributing 0.16% to economic growth.

As a result of all of these changes, **Real Final Sales** was revised slightly higher

while **Real Domestic Demand** was unchanged. **The GDP Price Index** was REVISED UP by 0.16 points to 6.0%, compared with market expectations of 5.7%. Economy-wide prices are now 4.8% ABOVE its year-ago level.



GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages						Annual Averages			
	Q3-21 2nd Est.	Q3-21 Advance	Q2-21	Q1-21	Q4-20	Q3-20	2020	2019	Five Year	Ten Year
Real GDP	2.1	2.0	6.7	6.3	4.5	33.8	-3.4	2.3	1.1	1.6
Consumption	1.7	1.6	12.0	11.4	3.4	41.4	-3.8	2.2	1.2	1.7
Business Fixed Investment	1.5	1.8	9.2	12.9	12.5	18.7	-5.3	4.3	2.0	4.1
Residential Investment	-8.3	-7.7	-11.7	13.3	34.4	60.0	6.8	-0.9	3.1	5.4
Inventory Investment (\$ Chg)	95.4	90.8	-80.2	-177.1	63.5	278.1	-117.4	9.4	-36.0	-10.0
Net Exports (\$ Change)	-67.7	-67.2	-18.4	-93.3	-111.5	-246.5	-37.4	-41.1	-44.2	-35.3
Exports	-3.0	-2.5	7.6	-2.9	22.5	54.5	-13.6	-0.1	-1.5	1.0
Imports	5.8	6.1	7.1	9.3	31.3	89.2	-8.9	1.1	0.3	2.0
Government Purchases	0.9	0.8	-2.0	4.2	-0.5	-2.1	2.5	2.2	1.7	0.2
Addendum:										
Real Final Sales	0.0	-0.1	8.1	9.1	3.4	25.9	-2.9	2.2	1.3	1.7
Final Domestic Demand	1.1	1.0	8.0	10.4	5.0	29.9	-2.5	2.4	1.5	1.8
Price Index (final sales)	6.0	5.9	6.3	4.5	2.2	3.5	1.3	1.8	1.7	1.7

Source: Bureau of Economic Analysis, Department of Commerce via Bloomberg. Our calculations.

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T.J. Connelly, Head of Research

November 24, 2021

Steven A. Wood, Sr. Economic Adviser

GDP - by contribution

GDP -- by Contribution

	GDP -- by Contribution									
	Quarterly						Annual Averages			
	Q3-21 2nd Est.	Q3-21 Advance	Q2-21	Q1-21	Q4-20	Q3-20	2020	2019	Five Year	Ten Year
Real GDP	2.1	2.0	6.7	6.3	4.5	33.8	-3.4	2.3	1.1	1.6
Consumption	1.2	1.1	7.9	7.4	2.3	25.5	-2.6	1.5	0.8	1.1
Business Fixed Investment	0.2	0.2	1.2	1.7	1.6	2.7	-0.7	0.6	0.3	0.5
Residential Investment	-0.4	-0.4	-0.6	0.6	1.3	2.2	0.3	0.0	0.1	0.2
Inventory Investment (\$ Chg)	2.1	2.1	-1.3	-2.6	1.1	6.8	-0.5	0.1	-0.2	0.0
Net Exports (\$ Change)	-1.2	-1.1	-0.2	-1.6	-1.7	-3.3	-0.3	-0.2	-0.2	-0.2
Exports	-0.3	-0.3	0.8	-0.3	2.1	4.6	-1.6	0.0	-0.1	0.2
Imports	-0.8	-0.9	-1.0	-1.3	-3.7	-7.9	1.3	-0.2	-0.1	-0.3
Government Purchases	0.2	0.1	-0.4	0.8	-0.1	-0.2	0.4	0.4	0.3	0.0
Others:										
Defense	-0.1	-0.1	0.0	-0.3	0.2	0.1	0.1	0.2	0.1	0.0
Intellectual Property	0.5	0.6	0.6	0.8	0.5	0.5	0.1	0.3	0.3	0.2
Equipment	-0.1	-0.2	0.7	0.8	1.3	2.7	-0.5	0.2	0.0	0.2
Medical Care	0.6	0.6	1.1	-0.5	1.5	7.4	-1.0	0.4	0.1	0.2

Source: Bureau of Economic Analysis, Department of Commerce via Bloomberg. Our calculations.