

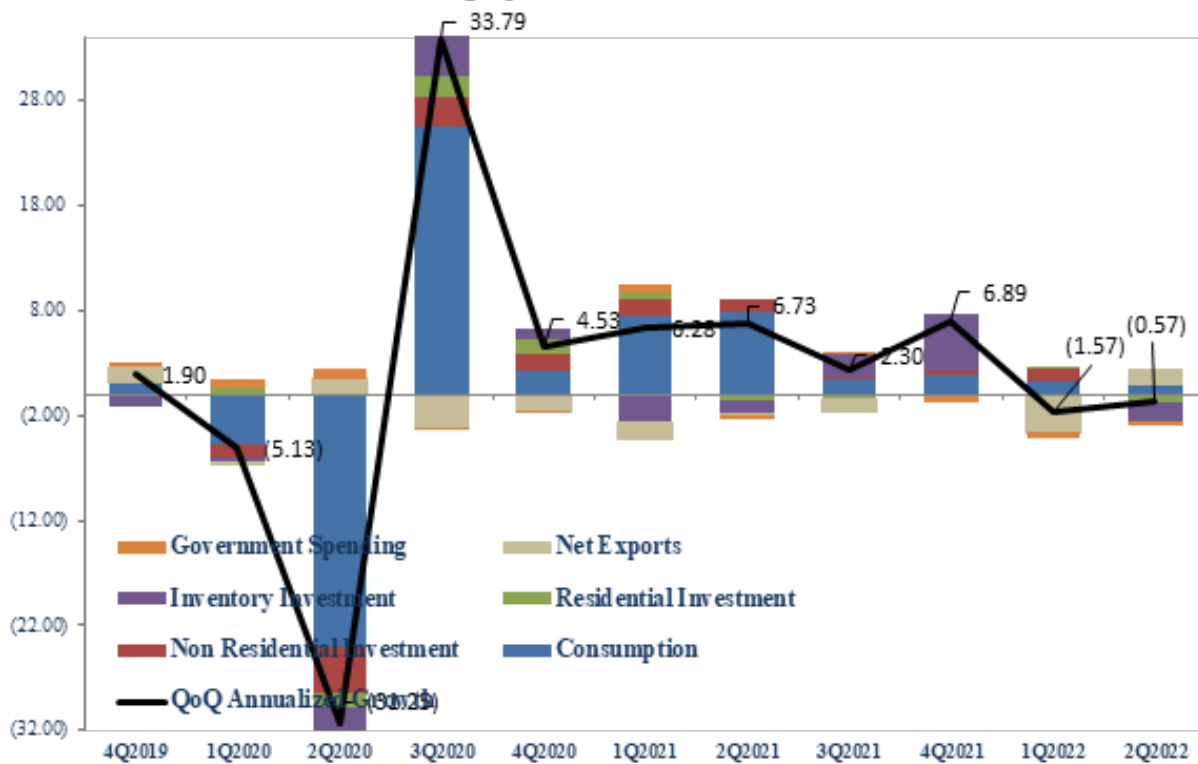
25.Aug.2022

2Q22 GDP: 2Q Revised Less Negative

Bottom Line: The second reading of 2nd Quarter GDP showed a smaller contraction than first estimated as consumption growth proved sharply higher. Consumption grew 1.5% annualized in the Quarter compared to 1.0% in the first estimate, suggesting consumer spending ended the quarter on a stronger note. Against this, residential investment was not unexpectedly revised lower. Housing data for late in the 2nd Quarter and into the 3rd Quarter has been sharply lower. Overall, real final domestic demand, a critical indicator of trend growth that looks through volatile inventory and trade data, slipped just 0.2% annualized in the quarter, a tenth better than previously reported. This suggests that real economic growth has slowed sharply but remains slightly positive this year, despite record inflation.



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



GDP was REVISED UP by 0.3 points to -0.6% in this second estimate of economic activity for Q2-22. This was in line with market expectations for an upward revision to -0.7%.

Economic activity was 1.7% ABOVE its year-ago level and 31.4% ABOVE its 2007 Q4 cyclical peak. Because most of the adjustment was due to new June data, this revision suggests that the economic activity increased modestly at the end of the quarter.

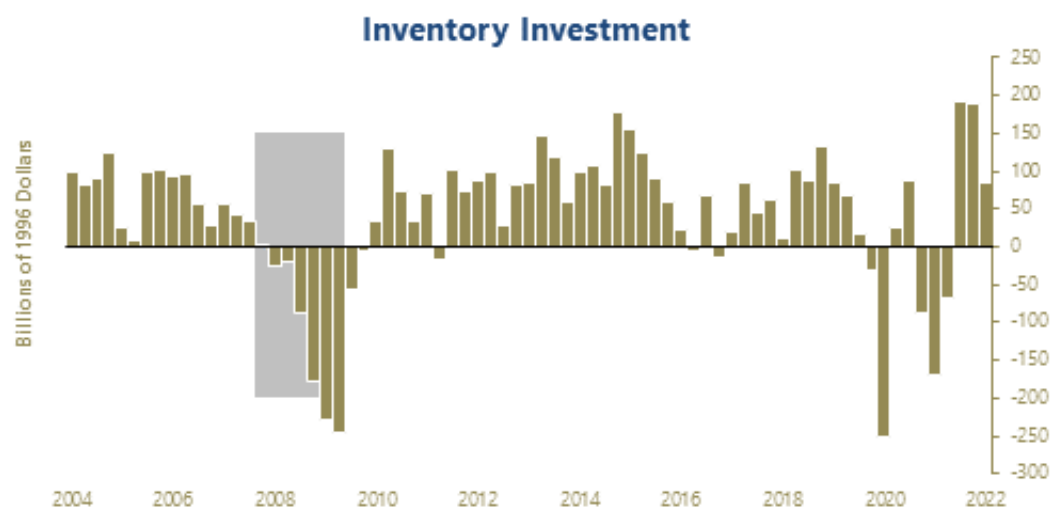
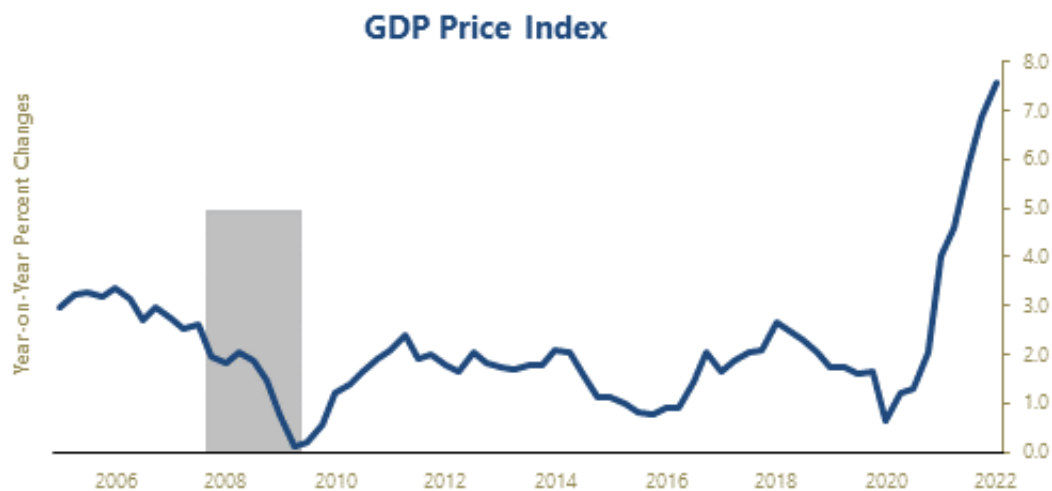
Consumer Spending was revised higher by 0.42% to 1.5%, contributing 0.99% to economic growth. **Business Fixed Investment** was revised slightly higher.

Residential Investment was revised lower by -2.18% to -16.2%, hindering growth by -0.83%. **Inventory Investment** was revised slightly higher, contributing -1.83% to economic growth.

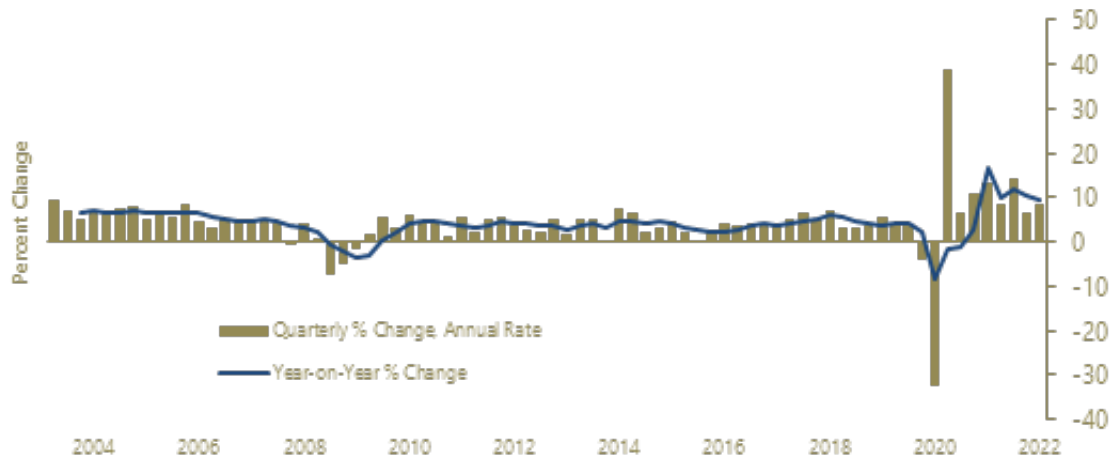
Net Exports were revised slightly higher with a slight decline in Exports and slight decline in Imports, contributing 1.42% to economic growth. **Government Purchases** were revised slightly higher but still fell modestly for the 6th time in the past 12 quarters, contributing -0.32% to economic growth.

As a result of all of these changes, **Real Final Sales** were revised modestly higher

while Real Domestic Demand was revised higher. **The GDP Price Index** was REVISED UP by 0.13 points to 9.0%, compared with market expectations of 8.7%. Economy-wide prices are now 7.6% ABOVE its year-ago level.



Nominal GDP



GDP - by annual % Change

| | % Change at Annual Rate (unless noted as \$) | | | | | | | | | |
|--------------------------------------|--|------------------|--------|-------|-------|-------|-----------------|--------|--------------|-------------|
| | Quarterly Averages | | | | | | Annual Averages | | | |
| | Q2-22 2nd Est. | Q2-22 Advance | Q1-22 | Q4-21 | Q3-21 | Q2-21 | 2021 | 2020 | Five Year | Ten Year |
| Real GDP | -0.6 | -0.9 | -1.6 | 6.9 | 2.3 | 6.7 | 5.7 | -3.4 | 1.9 | 2.0 |
| Consumption | 1.5 | 1.0 | 1.8 | 2.5 | 2.0 | 12.0 | 7.9 | -3.8 | 2.3 | 2.3 |
| Business Fixed Investment | 0.0 | -0.1 | 10.0 | 2.9 | 1.6 | 9.2 | 7.4 | -5.3 | 3.3 | 4.0 |
| Residential Investment | -16.2 | -14.0 | 0.5 | 2.1 | -7.7 | -11.7 | 9.2 | 6.8 | 3.6 | 6.3 |
| Inventory Investment (\$ Chg) | -104.6 | -106.9 | -4.7 | 260.0 | 101.7 | -80.2 | 9.7 | -117.4 | -13.7 | -7.9 |
| Net Exports (\$ Change) | 70.1 | 70.0 | -194.6 | -33.5 | -72.1 | -18.4 | -341.6 | -37.4 | -105.4 | -71.3 |
| Exports | 17.6 | 18.0 | -4.8 | 22.4 | -5.3 | 7.6 | 4.5 | -13.6 | -0.7 | 0.8 |
| Imports | 2.8 | 3.1 | 18.9 | 17.9 | 4.7 | 7.1 | 14.0 | -8.9 | 2.7 | 2.9 |
| Government Purchases | -1.8 | -1.9 | -2.9 | -2.6 | 0.9 | -2.0 | 0.5 | 2.5 | 1.4 | 0.5 |
| Addendum: | | | | | | | | | | |
| Real Final Sales | 1.3 | 1.1 | -1.2 | 1.5 | 0.1 | 8.1 | 5.3 | -2.9 | 1.9 | 2.0 |
| Final Domestic Demand | -0.2 | -0.3 | 2.0 | 1.7 | 1.3 | 8.0 | 6.5 | -2.5 | 2.3 | 2.3 |
| Price Index (final sales) | 9.0 | 8.8 | 8.2 | 7.1 | 6.1 | 6.3 | 4.3 | 1.3 | 2.3 | 1.9 |

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

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August 25, 2022

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GDP - by contribution

GDP -- by Contribution

| | Quarterly | | | | | | Annual Averages | | | |
|--------------------------------------|-------------------|------------------|-------------|-------------|-------------|-------------|-----------------|-------------|--------------|-------------|
| | Q2-22 2nd Est. | Q2-22 Advance | Q1-22 | Q4-21 | Q3-21 | Q2-21 | 2021 | 2020 | Five Year | Ten Year |
| Real GDP | -0.6 | -0.9 | -1.6 | 6.9 | 2.3 | 6.7 | 5.7 | -3.4 | 1.9 | 2.0 |
| Consumption | 1.0 | 0.7 | 1.2 | 1.8 | 1.4 | 7.9 | 5.3 | -2.6 | 1.6 | 1.5 |
| Business Fixed Investment | 0.0 | 0.0 | 1.3 | 0.4 | 0.2 | 1.2 | 1.0 | -0.7 | 0.4 | 0.5 |
| Residential Investment | -0.8 | -0.7 | 0.0 | 0.1 | -0.4 | -0.6 | 0.4 | 0.3 | 0.1 | 0.2 |
| Inventory Investment (\$ Chg) | -1.8 | -2.0 | -0.4 | 5.3 | 2.2 | -1.3 | 0.4 | -0.5 | 0.0 | 0.0 |
| Net Exports (\$ Change) | 1.4 | 1.4 | -3.2 | -0.2 | -1.3 | -0.2 | -1.4 | -0.3 | -0.5 | -0.3 |
| Exports | 1.9 | 1.9 | -0.6 | 2.2 | -0.6 | 0.8 | 0.5 | -1.6 | -0.1 | 0.1 |
| Imports | -0.5 | -0.5 | -2.7 | -2.5 | -0.7 | -1.0 | -1.9 | 1.3 | -0.4 | -0.5 |
| Government Purchases | -0.3 | -0.3 | -0.5 | -0.5 | 0.2 | -0.4 | 0.1 | 0.4 | 0.2 | 0.1 |
| Others: | | | | | | | | | | |
| Defense | 0.0 | 0.1 | -0.4 | -0.2 | -0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 |
| Intellectual Property | 0.5 | 0.5 | 0.6 | 0.5 | 0.5 | 0.6 | 0.5 | 0.1 | 0.3 | 0.3 |
| Equipment | -0.2 | -0.2 | 0.7 | 0.2 | -0.1 | 0.7 | 0.7 | -0.5 | 0.2 | 0.2 |
| Medical Care | 0.2 | 0.4 | -0.1 | 0.4 | 0.5 | 1.1 | 0.8 | -1.0 | 0.1 | 0.2 |

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