

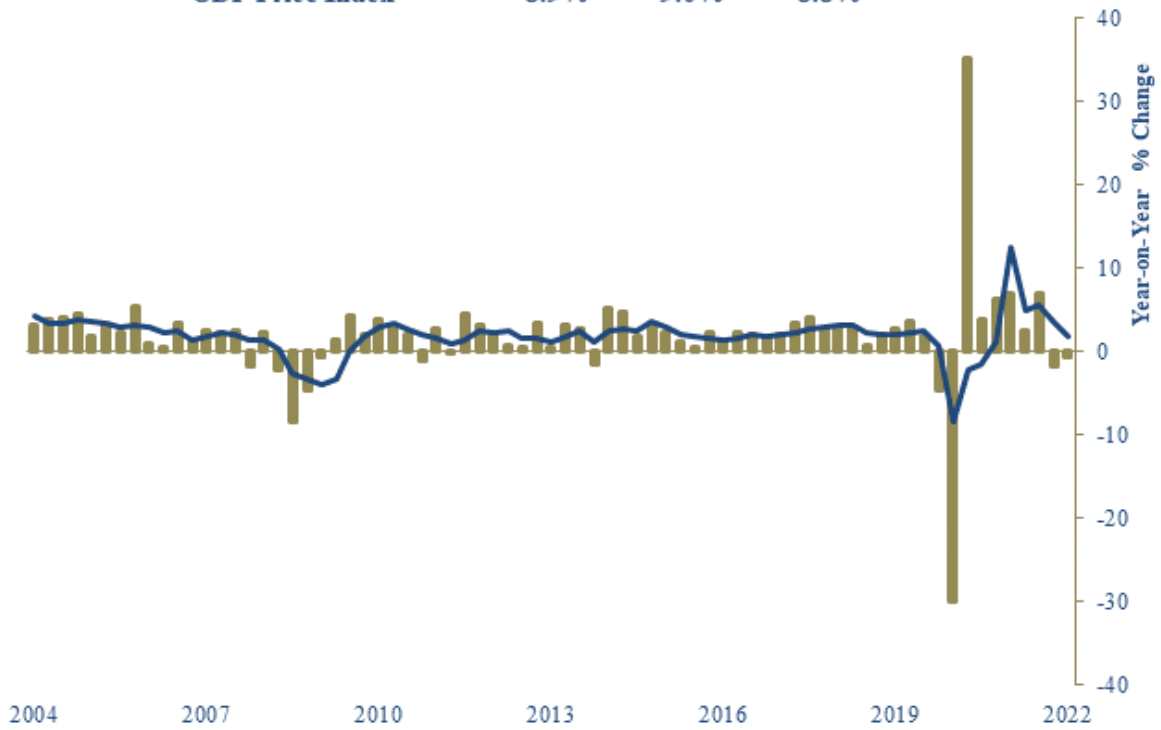
29.Sep.2022

2Q22 GDP: 2Q Still Down, But Slightly Better Outlook for 3Q

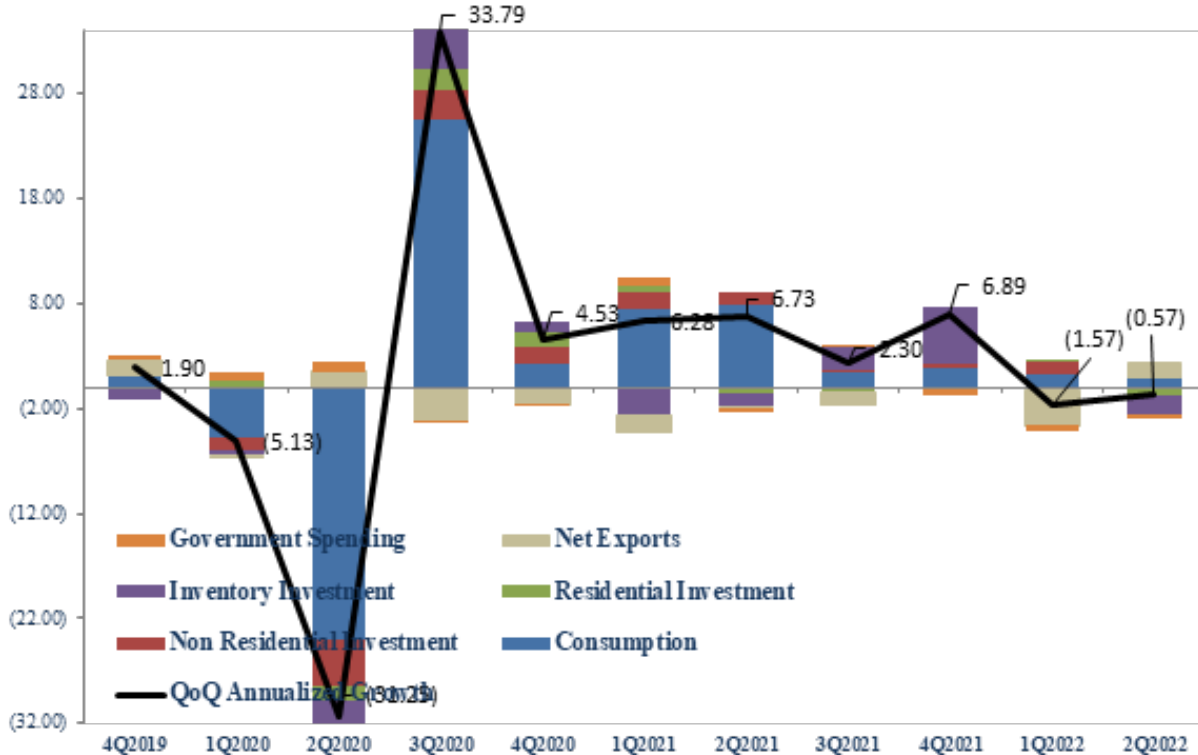
Bottom Line: The final reading of 2nd Quarter GDP was little changed from its second estimate of a decline of -0.6% annualized. As expected, residential investment was revised lower as housing-related activity continued to slow over the quarter. However, consumption was revised notably higher, with the consumer finishing the quarter on a stronger note as gasoline prices declined. Of course, this is old news with only a day left in the 3rd quarter. The Atlanta Fed's model for 3Q was down to just 0.3% before this report, while the consensus of economist forecasts was more optimistic at 1.4%. Given the continued move in mortgage rates, we expect an even more significant drag from residential investment in the 3rd quarter, but we should see a nice rebound in net exports and a continued positive contribution from consumption.

GDP

	Cons.	Actual	Prior
GDP	-0.6%	-0.6%	-0.9%
GDP Price Index	8.9%	9.0%	8.8%



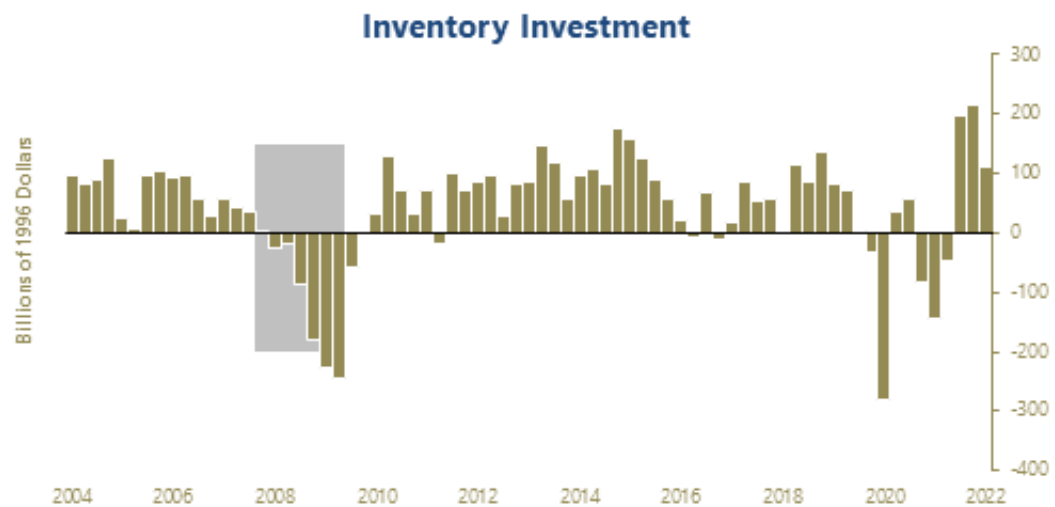
US Quarterly GDP (seas. adj. ann rate) with contributions in bar graphs



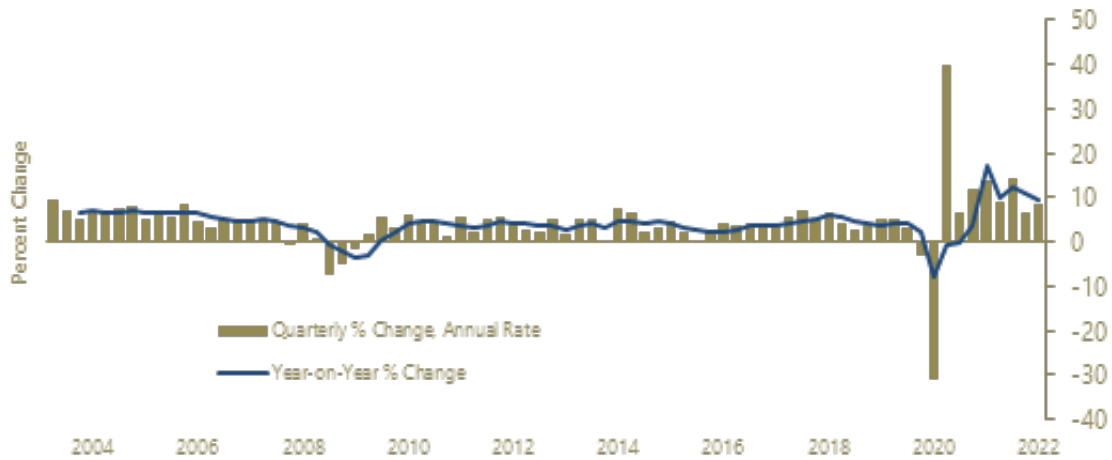
GDP was UNCHANGED at -0.6% in this third estimate for 2022 2nd Quarter. This compared with market expectations for no change revision to -0.6%. Economic activity was still 1.8% above its year-ago level.

Real final sales were revised up by 0.1 percentage points to 1.4% while real domestic demand was revised up by 0.3 percentage points to 0.2%.

The GDP Price Index was REVISED UP by 0.07 points to 9.0%, compared with market expectations of 8.9%. Economy-wide prices were 7.6% ABOVE year-ago levels.



Nominal GDP



GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages							Annual Averages		
	Q2-22 3rd Est.	Q2-22 2nd Est.	Q2-22 Advance	Q1-22	Q4-21	Q3-21	Q2-21	2021	2020	Five Year
Real GDP	-0.6	-0.6	-0.9	-1.6	7.0	2.7	7.0	5.9	-2.8	2.1
Consumption	2.0	1.5	1.0	1.3	3.1	3.0	12.1	8.3	-3.0	2.4
Business Fixed Investment	0.1	0.0	-0.1	7.9	1.1	0.6	9.9	6.4	-4.9	3.0
Residential Investment	-17.8	-16.2	-14.0	-3.1	-1.1	-5.8	-4.8	10.7	7.2	4.0
Inventory Investment (\$ Chg)	-104.4	-104.6	-106.9	17.0	246.1	95.0	-60.6	35.2	-127.7	-11.0
Net Exports (\$ Change)	58.2	70.1	70.0	-191.1	-30.1	-63.6	-39.4	32.0	6.8	27.5
Exports	13.8	17.6	18.0	-4.6	23.5	-1.1	4.8	3.0	3.3	3.0
Imports	2.3	2.8	3.1	18.4	18.6	6.6	7.9	14.1	-9.0	2.7
Government Purchases	-1.63	-1.82	-1.91	-2.3	-0.9	-0.2	-3.0	0.5	2.5	1.4
Addendum:										
Real Final Sales	1.4	1.3	1.1	-1.8	1.9	0.7	7.9	5.7	-2.2	2.1
Final Domestic Demand	0.2	-0.2	-0.3	2.0	1.7	8.2	9.9	6.7	-1.9	2.5
Price Index (final sales)	9.0	9.0	8.8	8.3	6.8	6.3	6.5	4.6	1.4	2.4

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

T.J. Connelly, Head of Research

September 29, 2022

Steven A. Wood, Sr. Economic

GDP - by contribution

	Quarterly							Annual Averages			
	Q2-22 3rd Est.	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	-0.6	-0.9	-1.6	7.0	2.7	7.0	5.9	-2.8	2.1	2.1
Consumption	1.38	0.99	0.7	0.9	2.1	2.0	7.8	5.5	-2.0	1.7	1.6
Business Fixed Investment	0.0	0.0	0.0	1.0	0.2	0.1	1.3	0.8	-0.7	0.4	0.5
Residential Investment	-0.9	-0.8	-0.7	-0.2	-0.1	-0.3	-0.2	0.5	0.3	0.2	0.2
Inventory Investment (\$ Chg)	-1.9	-1.8	-2.0	0.2	5.0	2.0	-0.8	0.2	-0.6	0.0	0.0
Net Exports (\$ Change)	1.2	1.4	1.4	-3.1	-0.2	-1.1	-0.6	-1.3	-0.3	-0.4	-0.3
Exports	1.5	1.9	1.9	-0.5	2.4	-0.1	0.5	0.6	-1.5	0.0	0.2
Imports	-0.4	-0.5	-0.5	-2.6	-2.5	-1.0	-1.1	-1.9	1.3	-0.4	-0.5
Government Purchases	-0.3	-0.3	-0.3	-0.4	-0.2	0.0	-0.5	0.1	0.5	0.3	0.1
Others:											
Defense	0.1	0.0	0.1	-0.3	-0.2	-0.1	-0.1	-0.1	0.1	0.1	0.0
Intellectual Property	0.5	0.5	0.5	0.5	0.4	0.4	0.6	0.5	0.2	0.3	0.3
Equipment	-0.1	-0.2	-0.2	0.6	0.1	-0.1	0.7	0.5	-0.6	0.1	0.2
Medical Care	0.1	0.2	0.4	-0.1	0.4	0.6	1.2	0.8	-0.9	0.2	0.3

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