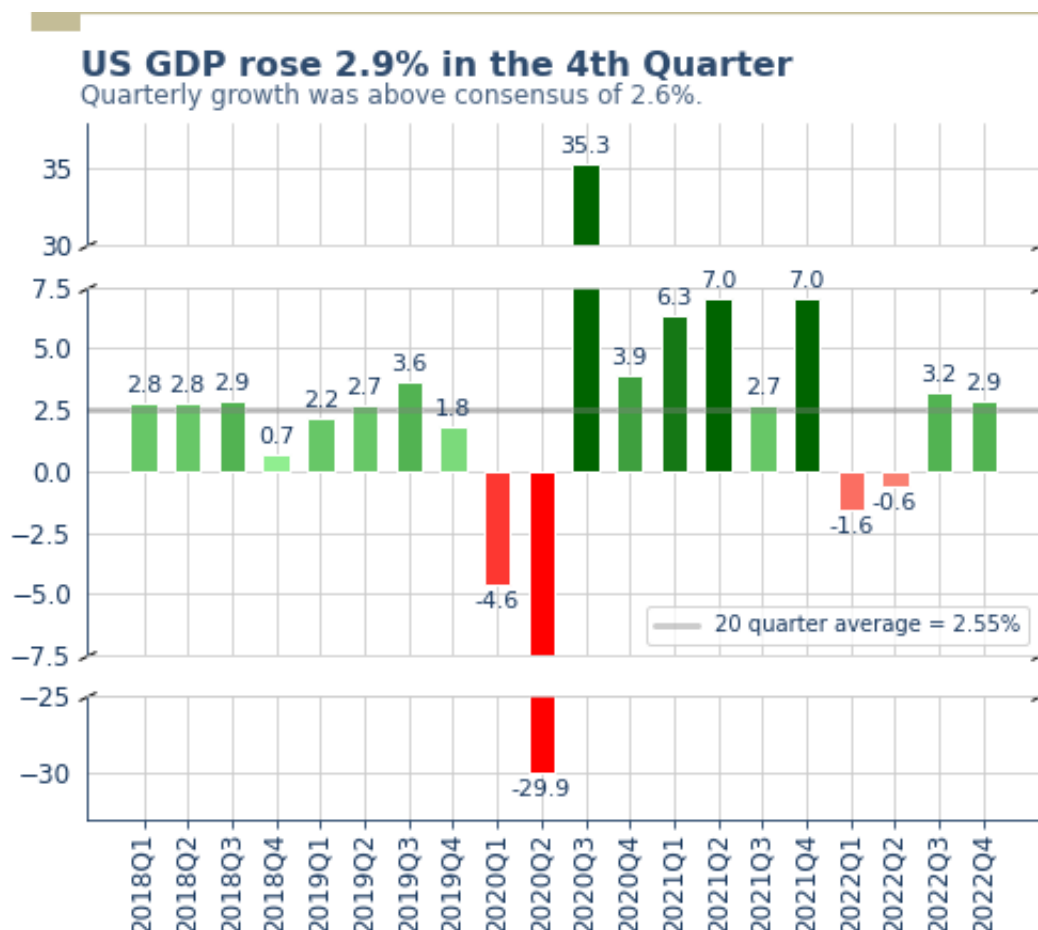


26.Jan.2023

4Q22 GDP: Headline Better, Domestic Demand Concerning

Bottom Line: The advanced reading of 4th Quarter GDP was better than expected, led by consumer spending on services and a rebound in inventories. Goods consumption was slightly stronger after three quarters of declines. Residential fixed investment was a drag, declining nearly as much as it did in the 3rd Quarter. Moreover, with much of the gain coming from inventories, real final domestic demand was up only slightly in the quarter and still trending lower. Overall, in 2022 the declines in growth in the 1st Half combined with the modest rebound in the 2nd Half left growth barely outpacing inflation for real GDP gains on the year of just under 1%, well below trend.



US Real GDP (QoQ SAAR) Headline	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21	3Q '21
	2.9	3.2	-0.6	-1.6	7.0	2.7

Components						
Gross domestic product	2.90	3.20	-0.60	-1.60	7.00	2.70
Personal consumption expenditures	2.10	2.30	2.00	1.30	3.10	3.00
Gross private domestic investment	1.40	-9.60	-14.10	5.40	32.00	10.40
Exports	-1.30	14.60	13.80	-4.60	23.50	-1.10
Imports	-4.60	-7.30	2.20	18.40	18.60	6.60
Government consumption expenditures and gross investment	3.70	3.70	-1.60	-2.30	-1.00	-0.20

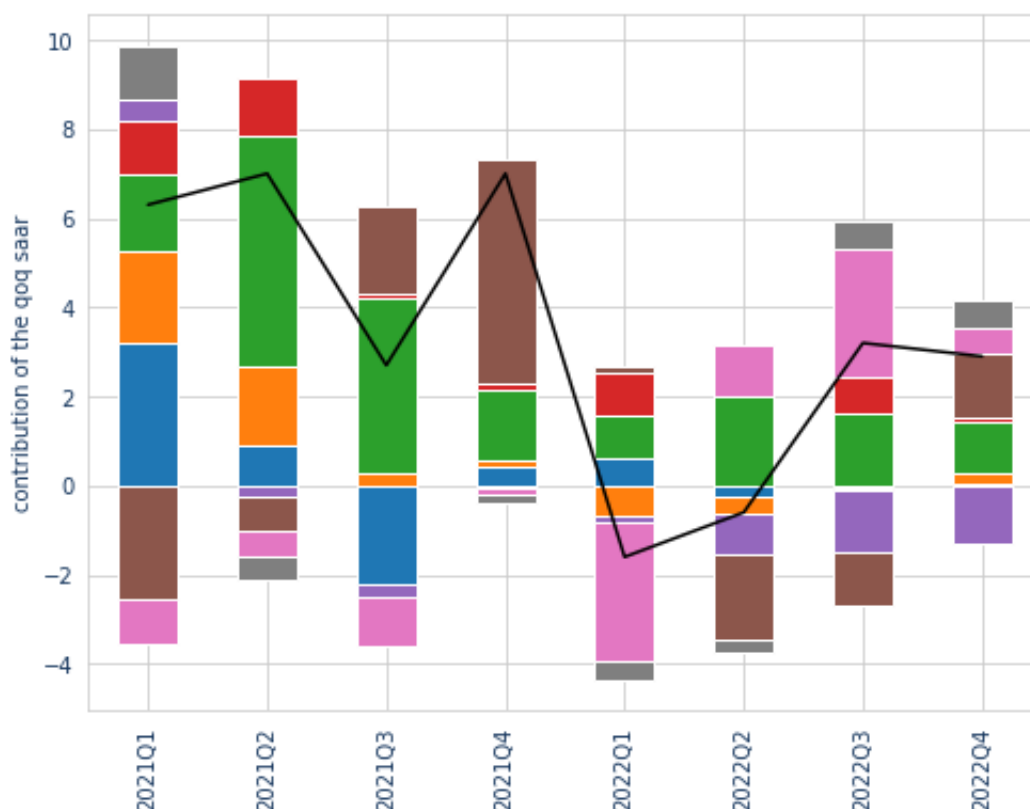
Quarter-over-quarter seasonally adjusted rates. Source: US BEA.

Gross Domestic Product ROSE by 2.9% in the 4th Quarter. Economic activity was 1.0% ABOVE its year-ago level.

- Inventory Investment ROSE by \$91.2 billion, adding 1.46 percentage points to overall economic activity.
- Consequently, Real Final Sales ROSE by 1.4% and was 1.3% ABOVE its year-ago level.
- Imports FELL by 4.6% and Exports FELL by 1.3% so Net Exports ROSE by \$36.4 billion.
- This implies that Real Final Domestic Demand ROSE by 0.8% and was 1.0% ABOVE its year-ago level.
- Consumer Spending ROSE by 2.1%, contributing 1.42 percentage points to economic growth.
- Business Investment ROSE by 0.7%, adding 0.09 percentage points to GDP. Intellectual property products increased by 5.3% while non-residential structures increased by 0.4%.
- Residential Investment FELL by 26.7%, subtracting 1.29 percentage points to economic growth.
- Finally, Government Purchases ROSE by 3.7%, adding 0.64 percentage points to GDP.
- The GDP Price Index ROSE by 3.6%. This is also 6.3% ABOVE its year-ago level.

US Real GDP by component

Services spending remained a key driver of growth.



— GDP qoq saar	■ Consumption - Services	■ Change in inventories
■ Consumption - Durable Goods	■ Fixed Investment - Nonresidential	■ Net exports
■ Consumption - Nondurable goods	■ Fixed Investment - Residential	■ Government

US Real GDP Breakdown by Contribution to Total	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21	3Q '21
GDP qoq saar	2.90	3.20	-0.60	-1.60	7.00	2.70
Consumption - Durable Goods	0.04	-0.07	-0.24	0.64	0.44	-2.22
Consumption - Nondurable goods	0.22	-0.01	-0.37	-0.66	0.12	0.26
Consumption - Services	1.16	1.63	1.99	0.93	1.58	3.94
Fixed Investment - Nonresidential	0.09	0.80	0.01	0.98	0.17	0.10
Fixed Investment - Residential	-1.29	-1.42	-0.93	-0.15	-0.05	-0.29
Change in inventories	1.46	-1.19	-1.91	0.15	5.01	1.96
Net exports	0.56	2.86	1.16	-3.13	-0.16	-1.08

Government

0.64

0.65

-0.29

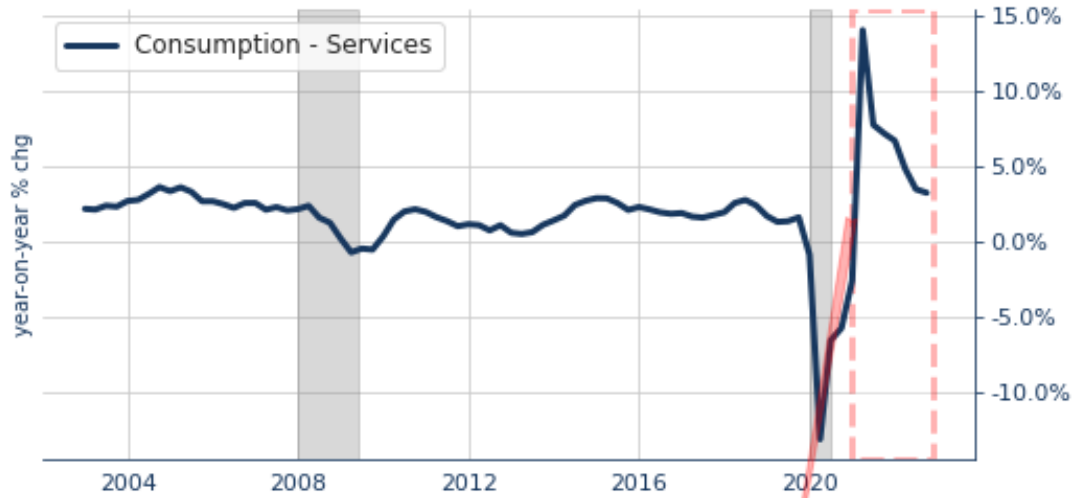
-0.40

-0.16

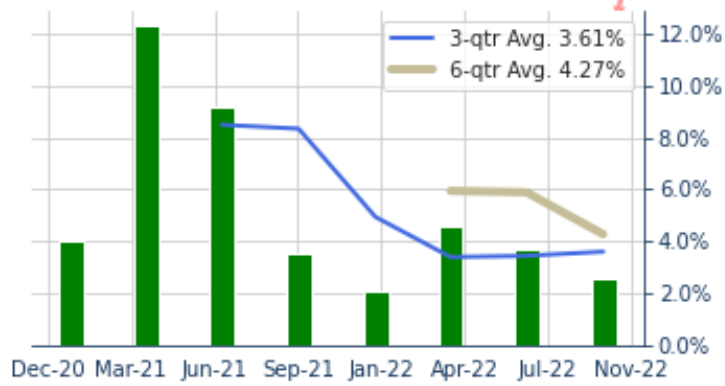
-0.02

Quarter-over-quarter seasonally adjusted rates. Source: US BEA.

Consumption - Services

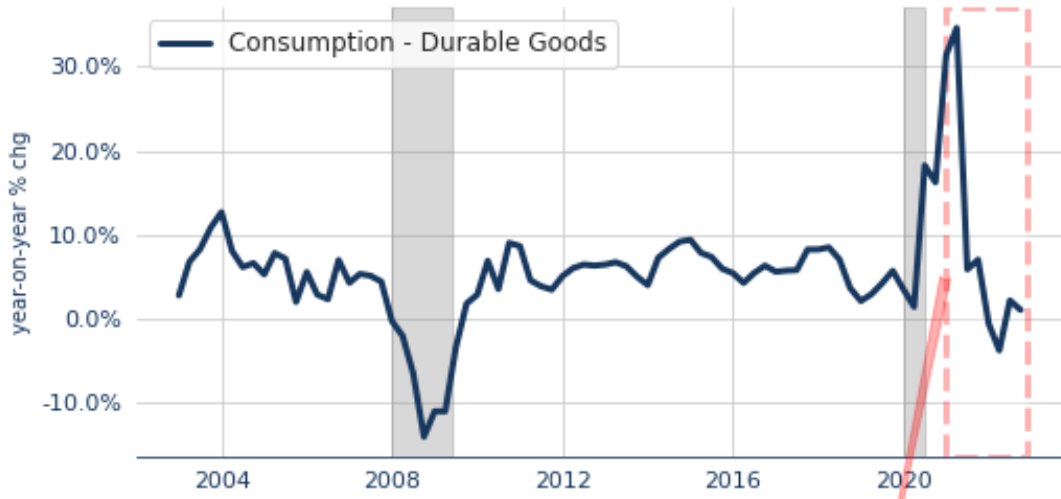


QoQ annualized (4th Qtr = 2.59%)

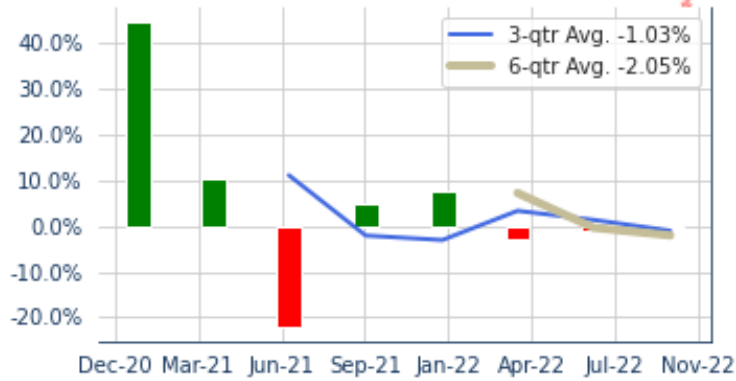


Contingent Macro Advisors 2023 source: US BEA

Consumption - Durable Goods



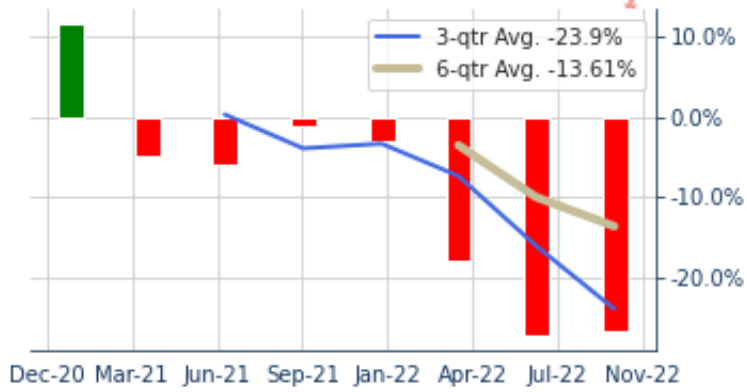
QoQ annualized (4th Qtr = 0.51%)



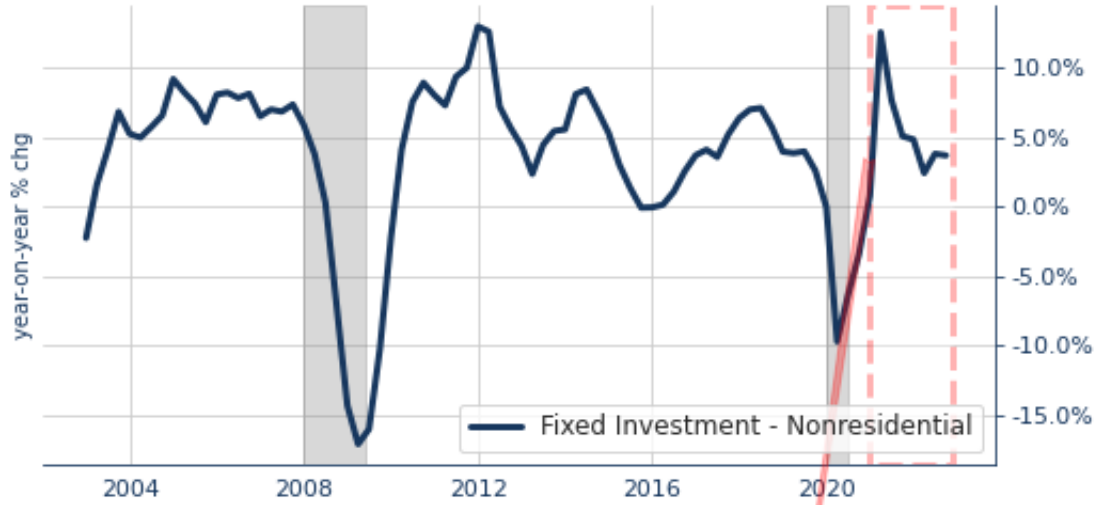
Fixed Investment - Residential



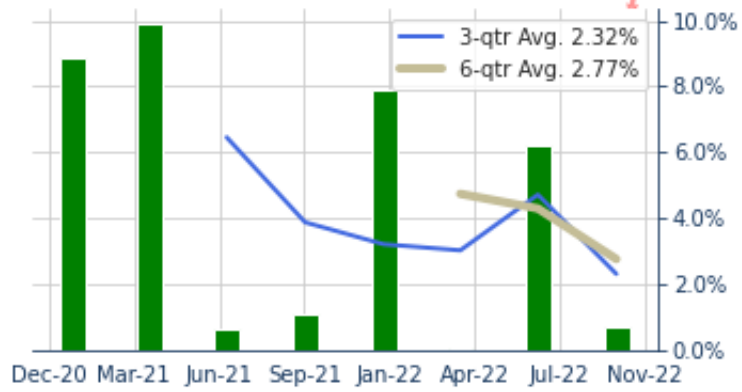
QoQ annualized (4th Qtr = -26.75%)



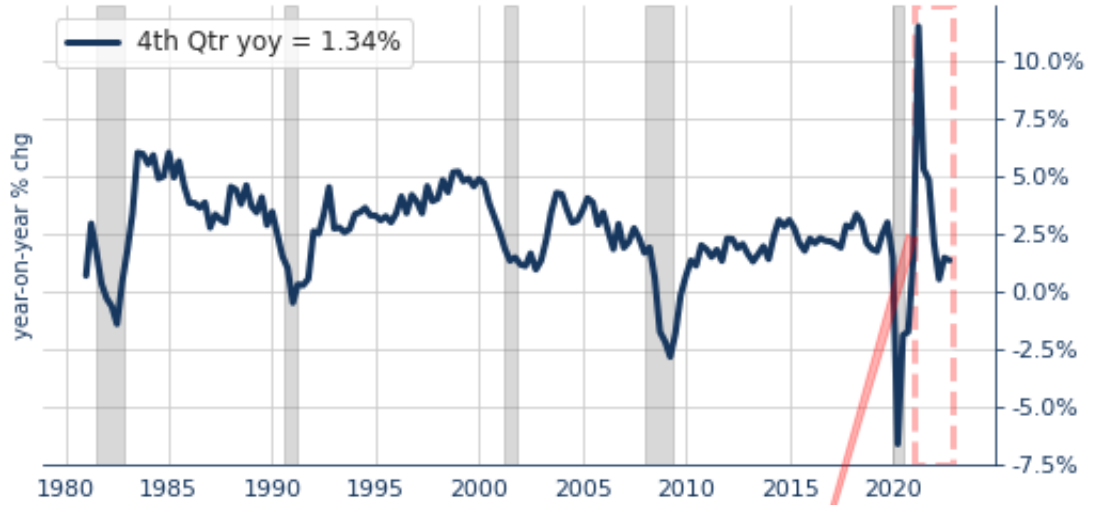
Fixed Investment - Nonresidential



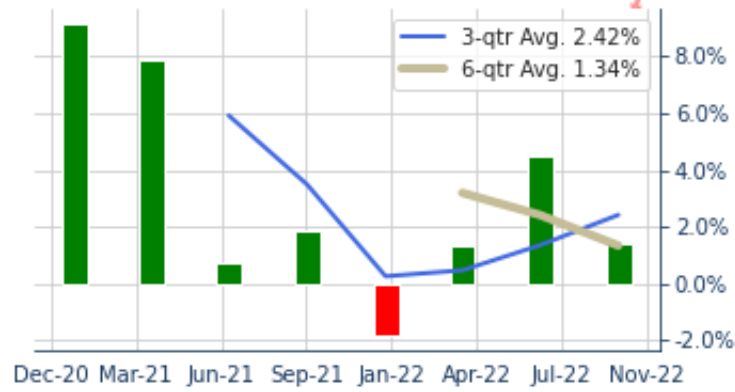
QoQ annualized (4th Qtr = 0.68%)



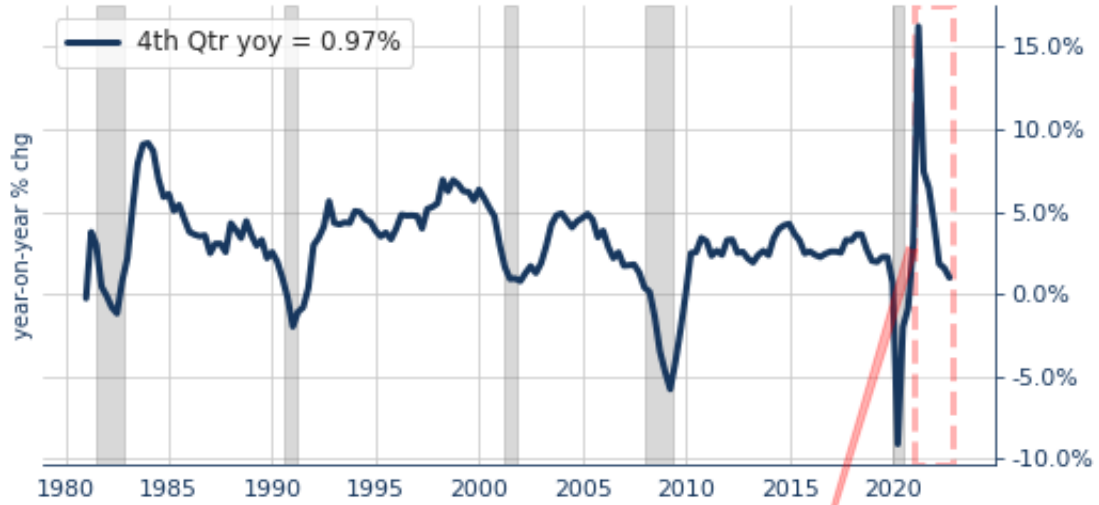
Real Final Sales



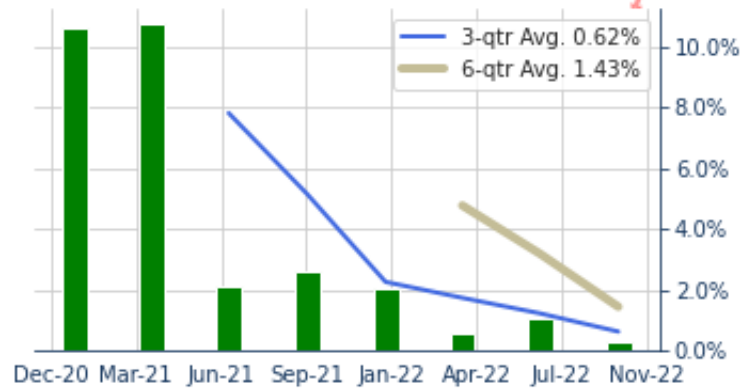
QoQ annualized (4th Qtr = 1.41%)



Real Final Domestic Demand



QoQ annualized (4th Qtr = 0.25%)



Contingent Macro Advisors 2023 source: US BEA

GDP Price Deflator



QoQ annualized (4th Qtr = 3.6%)

