

30.Mar.2023

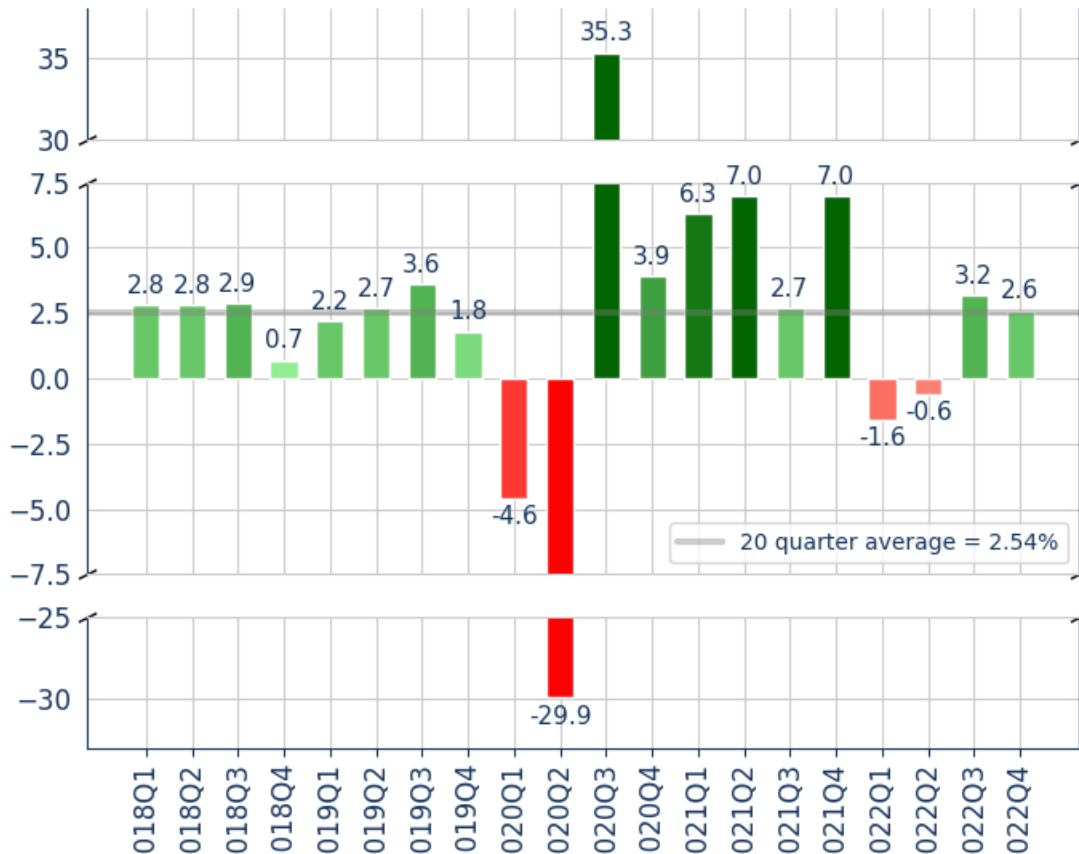
4Q22 GDP: Consumer Ended 2022 On A Slow Note

Bottom Line: The 4th Quarter ended on a slow note for consumption. GDP was revised from 2.7% to 2.6% in the third estimate. That's down from 2.9% in the advance reading, with consumption dropping from gains of 2.1% in the advance reading to 1.4% in the second reading and now just 1% in this third reading. Real final domestic demand was revised even lower, now nearly flat on the quarter. This suggests consumption gains decelerated over the fourth quarter and likely started the 1st Quarter on a slow note. While some of the initial indications of consumption in January and February were stronger, the data appeared skewed higher by difficult seasonal adjustments.

Of course, this is old news with only one more day until the end of the 1st Quarter. The consensus forecasts are for 1% annualized growth in the 1st Quarter, in line with our estimates and notably slower than in the 4th Quarter.

US GDP rose 2.6% in the 4th Quarter

The quarter was revised lower from 2.7%, below consensus of 2.7%



US Real GDP (QoQ SAAR) Headline Components	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21	3Q '21
Gross domestic product	2.60	3.20	-0.60	-1.60	7.00	2.70
Personal consumption expenditures	1.00	2.30	2.00	1.30	3.10	3.00
Gross private domestic investment	4.50	-9.60	-14.10	5.40	32.00	10.40
Exports	-3.70	14.60	13.80	-4.60	23.50	-1.10
Imports	-5.50	-7.30	2.20	18.40	18.60	6.60
Government consumption expenditures and gross investment	3.80	3.70	-1.60	-2.30	-1.00	-0.20

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

Personal consumption expenditures were revised lower from 1.4% to 1.0%.

Gross private domestic investment was revised sharply higher from 3.7% to 4.5%.

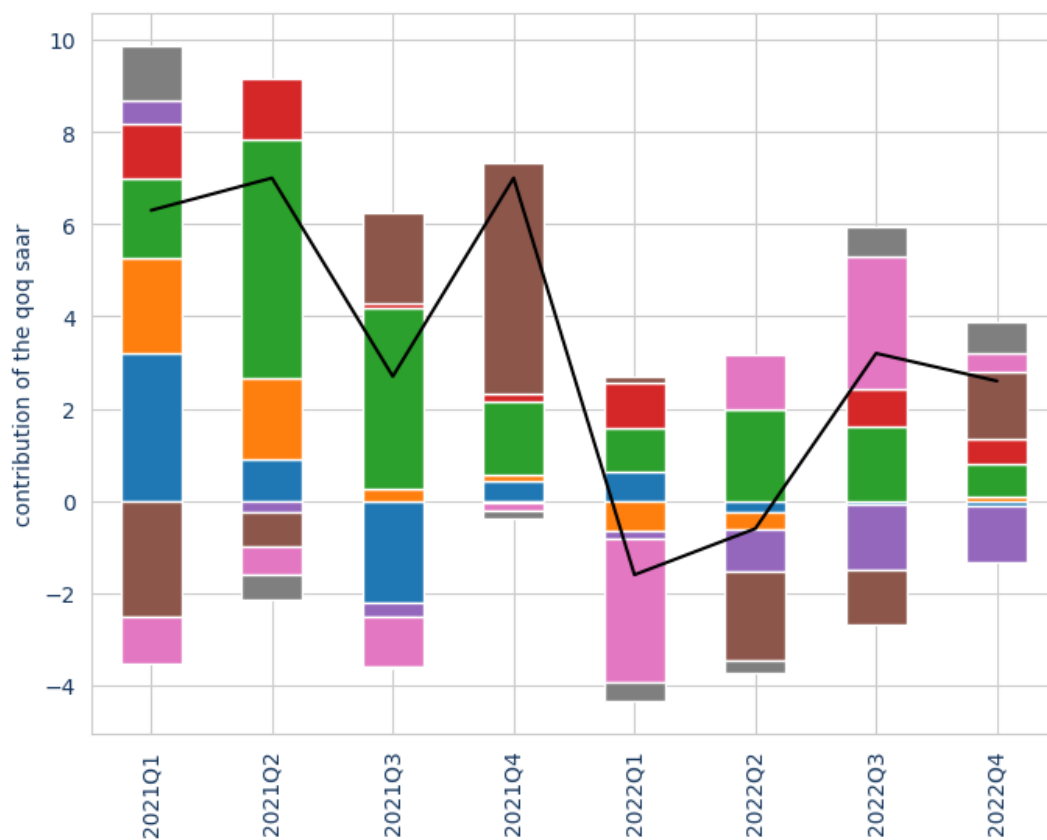
Exports were revised lower from -1.6% to -3.7%.

Imports were revised lower from -4.2% to -5.5%.

Government consumption expenditures and gross investment was revised up from 3.6% to 3.8%.

US Real GDP by component

Inventory rebuilding was the largest driver of the quarter.



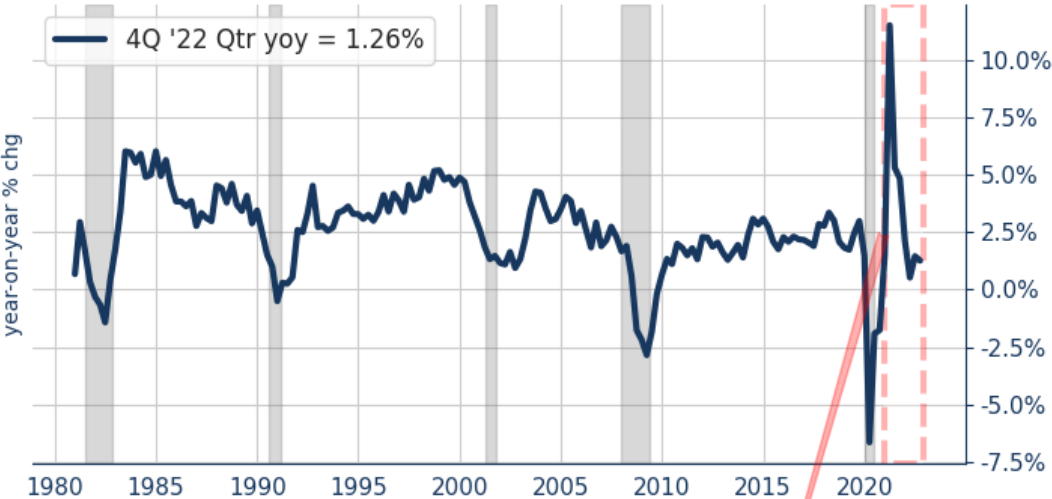
— GDP qoq saar	Consumption - Services	Change in inventories
Consumption - Durable Goods	Fixed Investment - Nonresidential	Net exports
Consumption - Nondurable goods	Fixed Investment - Residential	Government

US Real GDP Breakdown by Contribution to Total	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21	3Q '21
GDP qoq saar	2.60	3.20	-0.60	-1.60	7.00	2.70
Consumption - Durable Goods	-0.11	-0.07	-0.24	0.64	0.44	-2.22
Consumption - Nondurable goods	0.09	-0.01	-0.37	-0.66	0.12	0.26

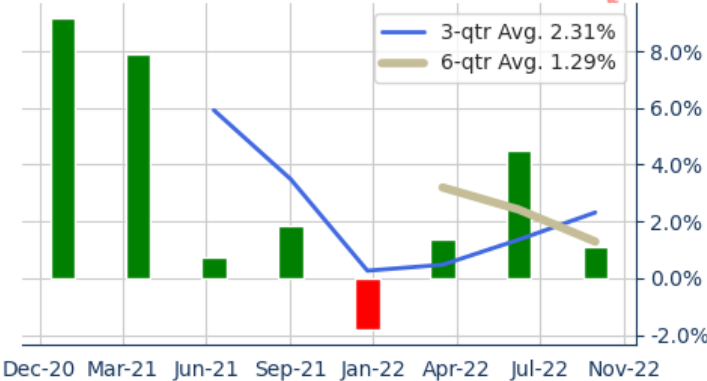
Consumption - Services	0.72	1.63	1.99	0.93	1.58	3.94
Fixed Investment - Nonresidential	0.52	0.80	0.01	0.98	0.17	0.10
Fixed Investment - Residential	-1.20	-1.42	-0.93	-0.15	-0.05	-0.29
Change in inventories	1.47	-1.19	-1.91	0.15	5.01	1.96
Net exports	0.42	2.86	1.16	-3.13	-0.16	-1.08
Government	0.65	0.65	-0.29	-0.40	-0.16	-0.02

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

Real Final Sales



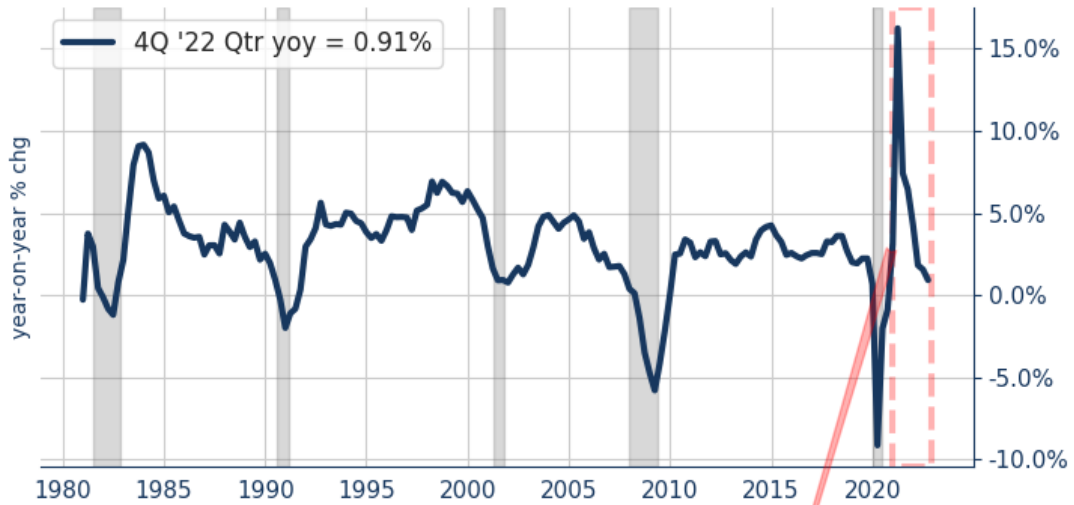
QoQ annualized (4Q '22 Qtr = 1.09%)



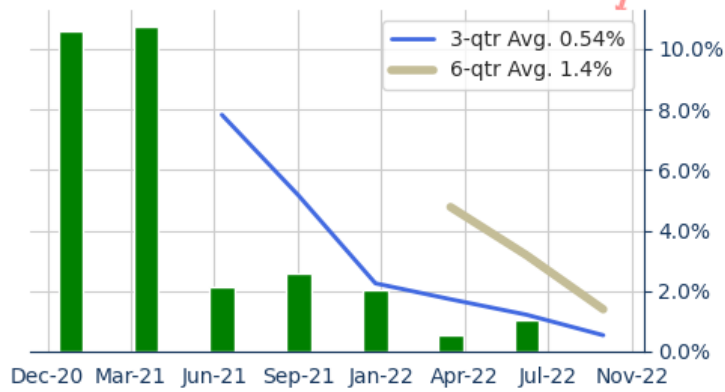
Contingent Macro Advisors 2023 source: US BEA

Real Final Domestic Demand

The quarter was revised lower from 0.13% to 0.02%.



QoQ annualized (4Q '22 Qtr = 0.02%)



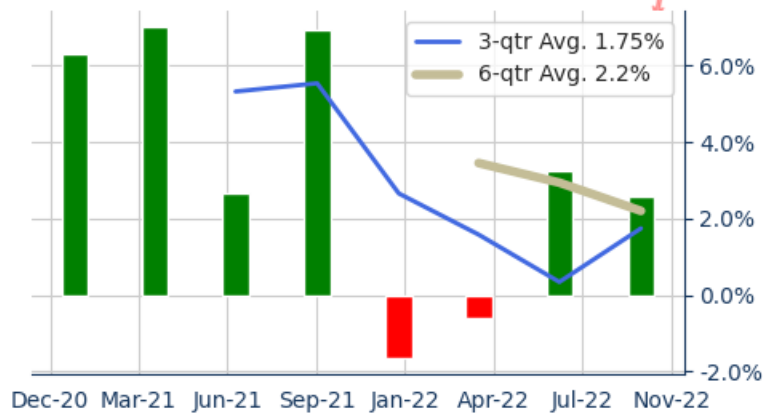
Contingent Macro Advisors 2023 source: US BEA

Real GDP

Averaged 2.31% in the five years before the pandemic



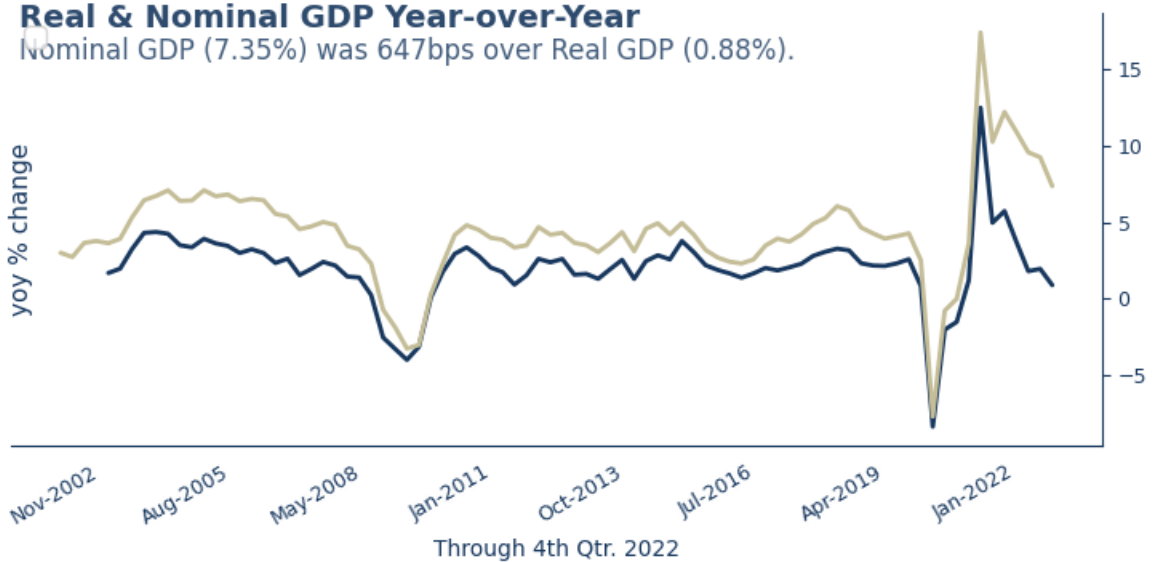
QoQ annualized (4Q '22 = 2.6%)



Contingent Macro Advisors 2023 source: US BEA

Real & Nominal GDP Year-over-Year

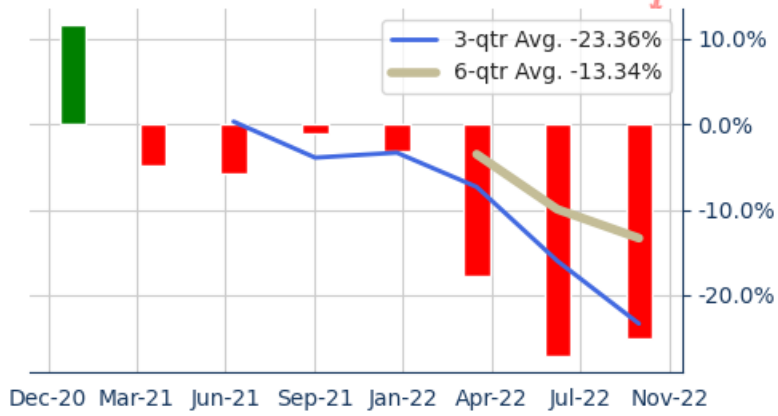
Nominal GDP (7.35%) was 647bps over Real GDP (0.88%).



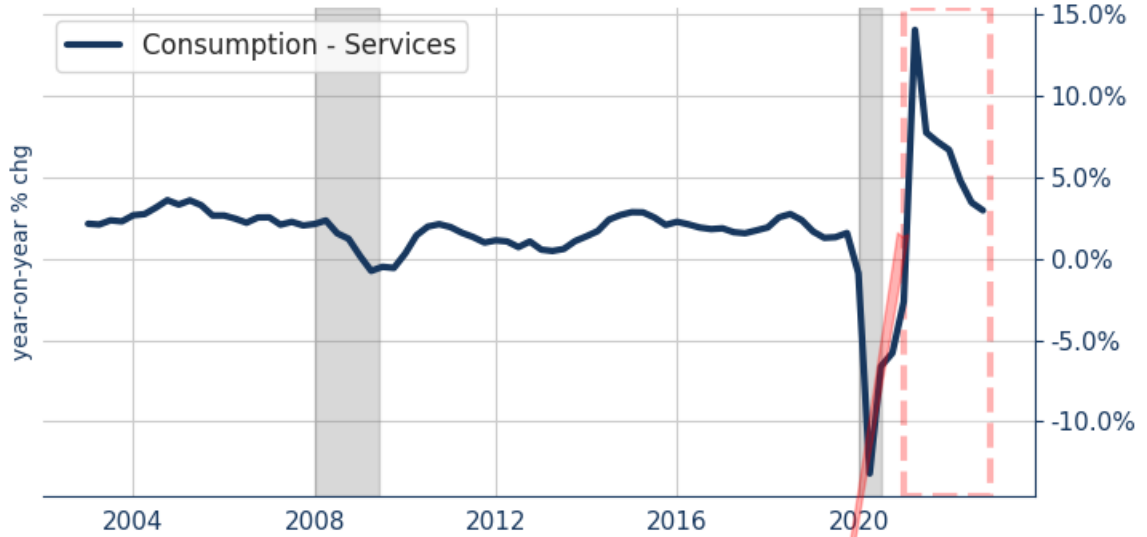
Fixed Investment - Residential



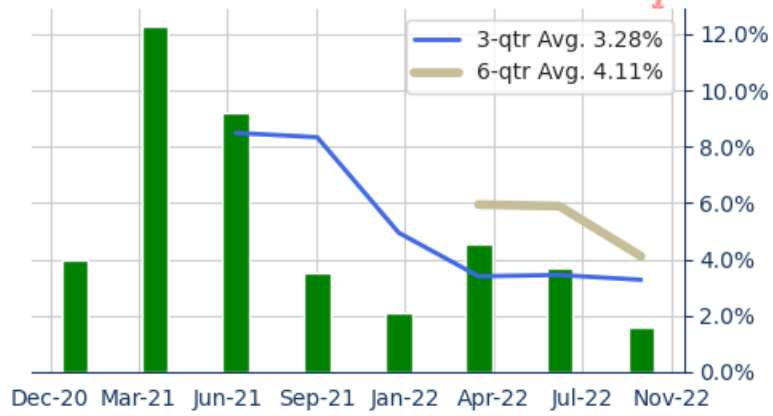
QoQ annualized (4th Qtr = -25.14%)



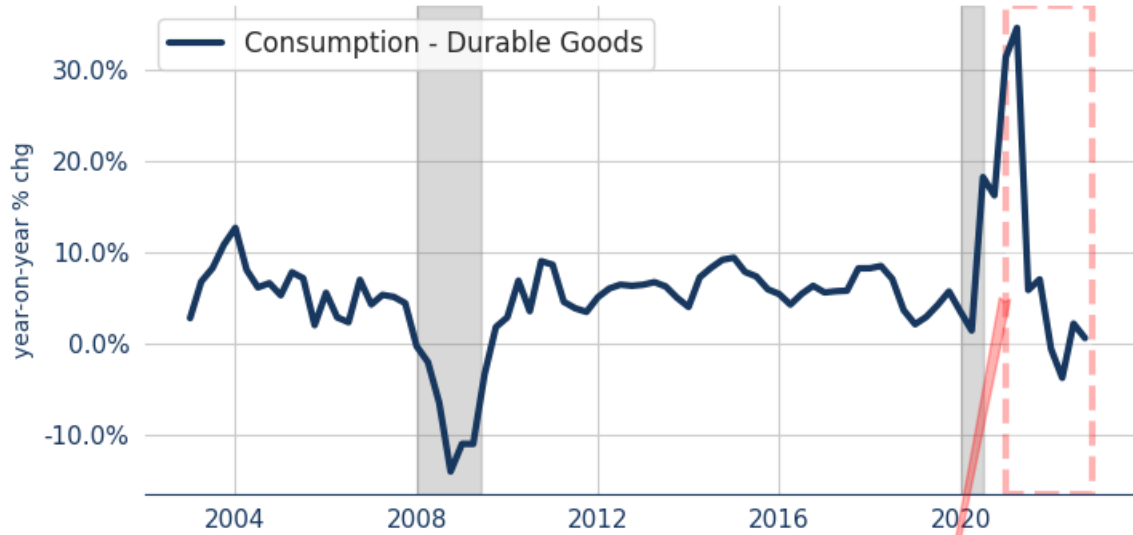
Consumption - Services



QoQ annualized (4th Qtr = 1.59%)



Consumption - Durable Goods



QoQ annualized (4th Qtr = -1.27%)



Consumption - Nondurable goods



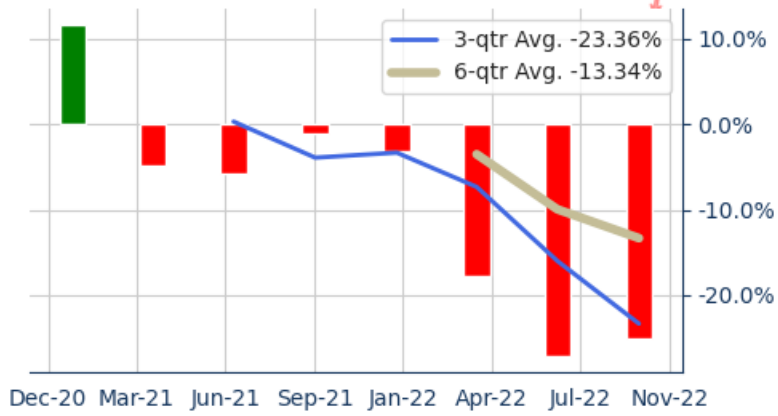
QoQ annualized (4th Qtr = 0.63%)



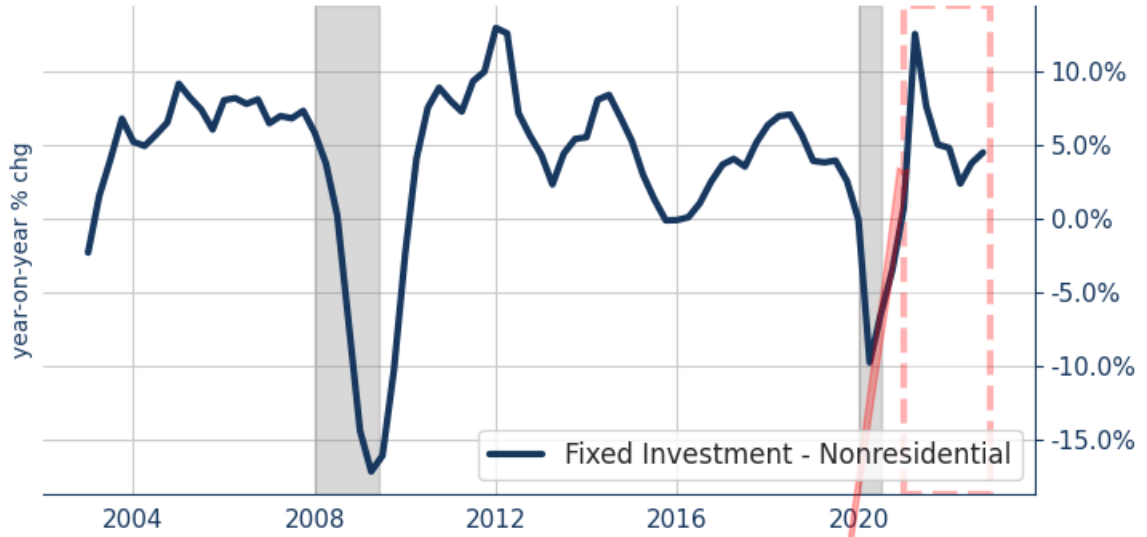
Fixed Investment - Residential



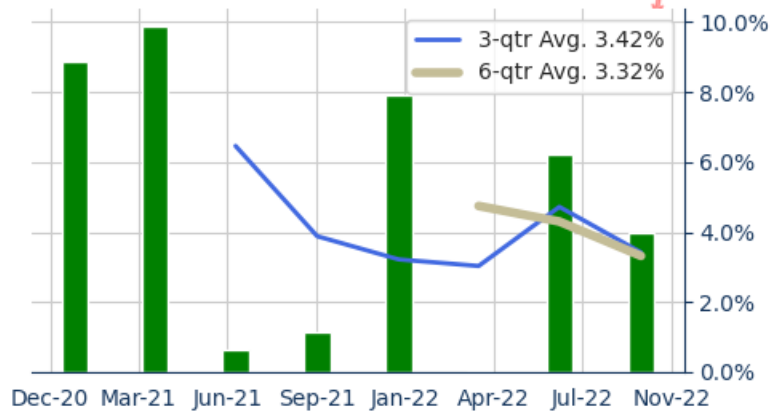
QoQ annualized (4th Qtr = -25.14%)



Fixed Investment - Nonresidential



QoQ annualized (4th Qtr = 3.99%)



Government



QoQ annualized (4th Qtr = 3.79%)

