

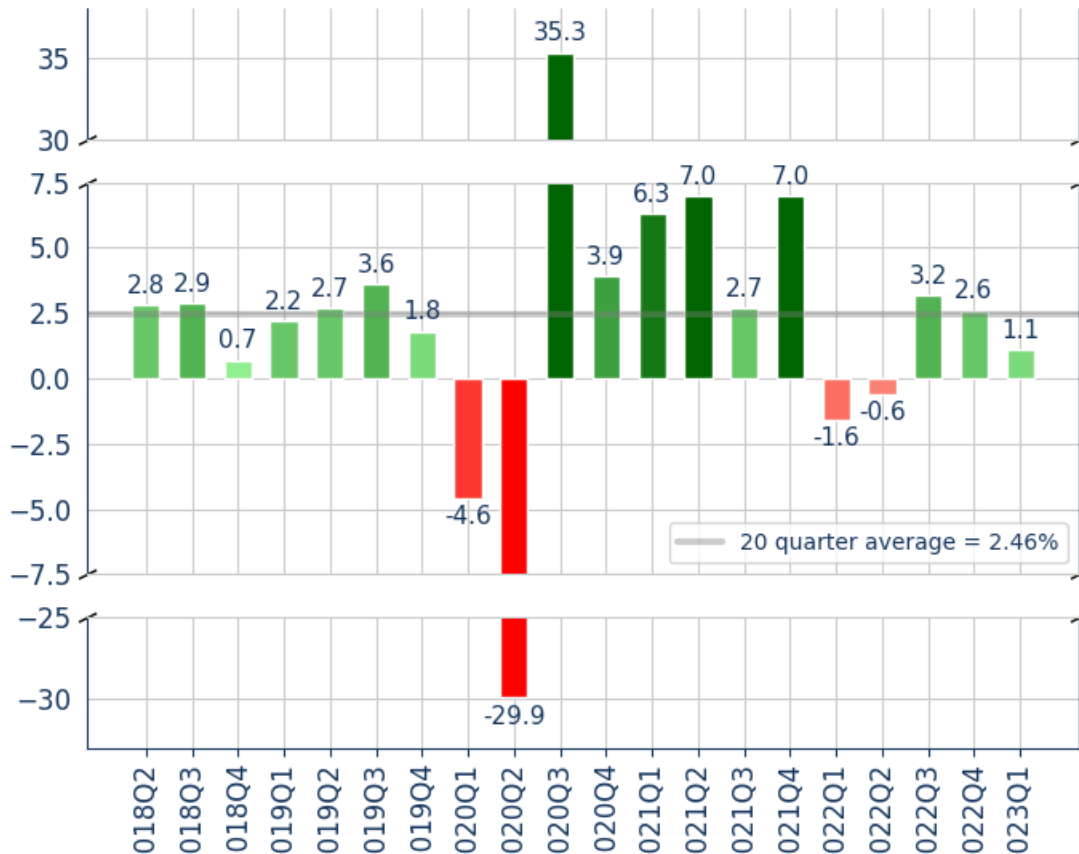
27.Apr.2023

1Q23 GDP: Slow Growth To Start '23

Bottom Line: The advance reading of 1st Quarter 2023 GDP showed a gain of 1.1%, less than the consensus, though close to model estimates following revisions to consumption data earlier this week. That said, consumption gains were stronger than expected gains with surprising growth in durable goods consumption. Services consumption was also robust. Residential fixed investment was a drag, mostly as expected. But the big drag was from inventories, which corrected more than expected after 4th Quarter's rebound. Trade and government spending were positive contributors. **Overall, Real final domestic demand was stronger, up 2.85% annualized in the quarter, its highest reading since 1st Quarter of 2021. Still, the trend remains tepid, and most data indicate the quarter finished on a slower note (we'll learn more with tomorrow's March spending data), suggesting there's scope for this report to get revised.**

US GDP rose 1.1% in the 1st Quarter

1st Qtr. 2023 growth was below consensus of 1.9%.

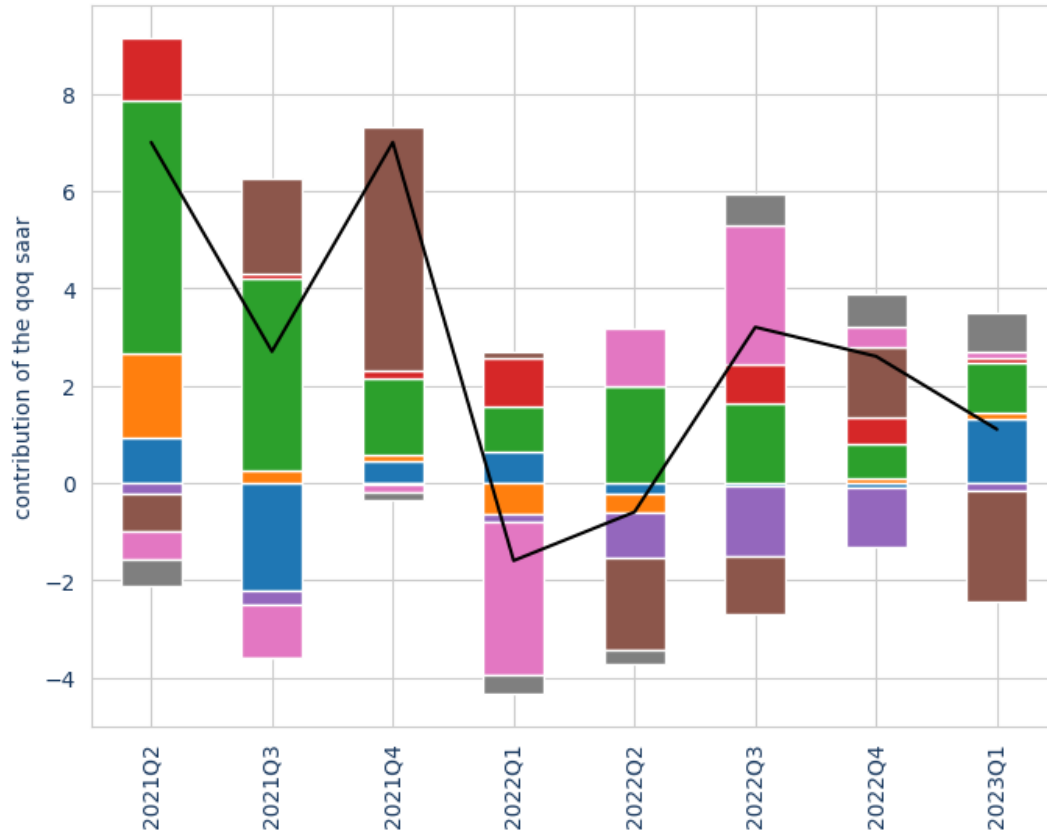


US Real GDP (QoQ SAAR) Headline Components	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21
Gross domestic product	1.10	2.60	3.20	-0.60	-1.60	7.00
Personal consumption expenditures	3.70	1.00	2.30	2.00	1.30	3.10
Gross private domestic investment	-12.50	4.50	-9.60	-14.10	5.40	32.00
Exports	4.80	-3.70	14.60	13.80	-4.60	23.50
Imports	2.90	-5.50	-7.30	2.20	18.40	18.60
Government consumption expenditures and gross investment	4.70	3.80	3.70	-1.60	-2.30	-1.00

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

US Real GDP by component

Inventories were a major drag after strength in Q4.



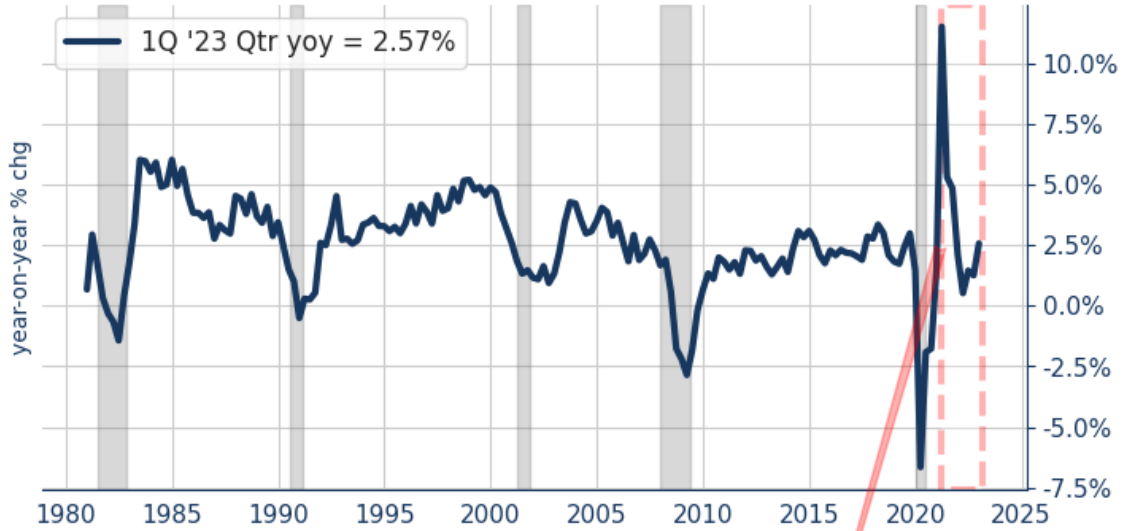
— GDP qoq saar	■ Consumption - Services	■ Change in inventories
■ Consumption - Durable Goods	■ Fixed Investment - Nonresidential	■ Net exports
■ Consumption - Nondurable goods	■ Fixed Investment - Residential	■ Government

US Real GDP Breakdown by Contribution to Total	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21
GDP qoq saar	1.10	2.60	3.20	-0.60	-1.60	7.00
Consumption - Durable Goods	1.32	-0.11	-0.07	-0.24	0.64	0.44
Consumption - Nondurable goods	0.12	0.09	-0.01	-0.37	-0.66	0.12
Consumption - Services	1.03	0.72	1.63	1.99	0.93	1.58
Fixed Investment - Nonresidential	0.10	0.52	0.80	0.01	0.98	0.17
Fixed Investment - Residential	-0.17	-1.20	-1.42	-0.93	-0.15	-0.05
Change in inventories	-2.26	1.47	-1.19	-1.91	0.15	5.01
Net exports	0.11	0.42	2.86	1.16	-3.13	-0.16

Government	0.81	0.65	0.65	-0.29	-0.40	-0.16
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Quarter-over-quarter seasonally adjusted rates. Source: US BEA.

Real Final Sales



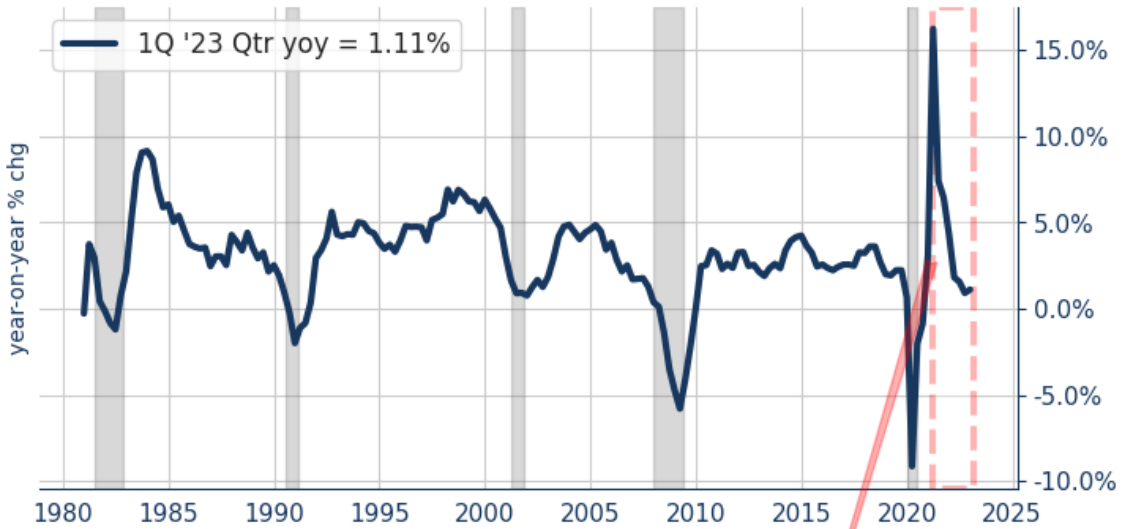
QoQ annualized (1Q '23 Qtr = 3.39%)



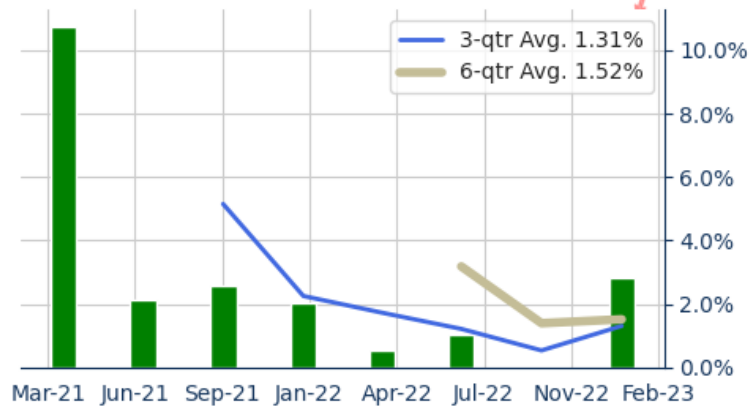
Contingent Macro Advisors 2023 source: US BEA

Real Final Domestic Demand

1Q '23 Qtr. 2023 growth was 1.1%.



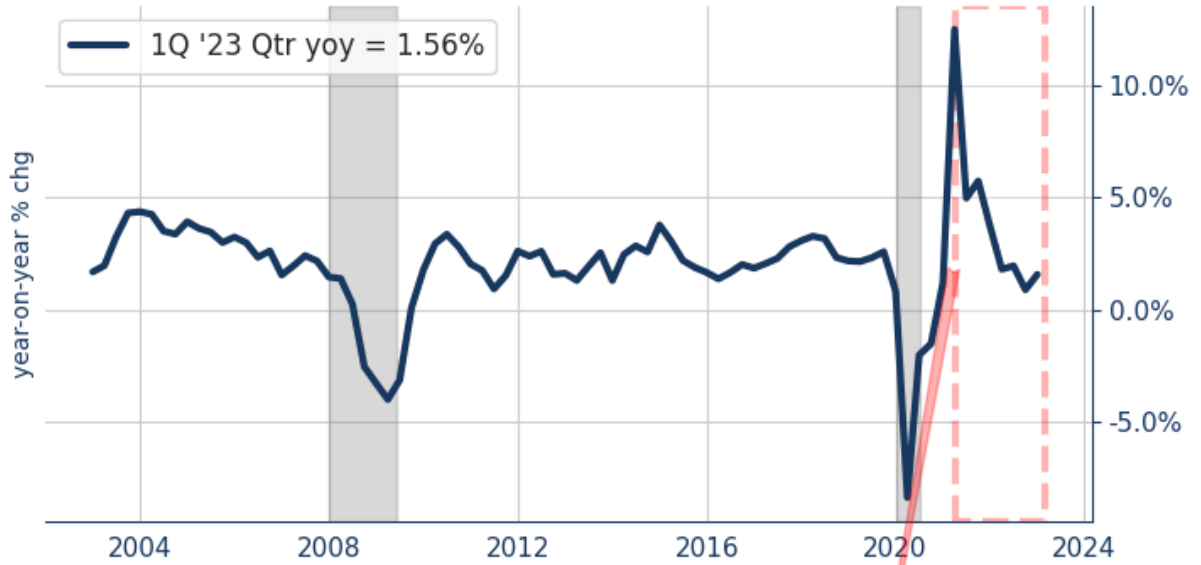
QoQ annualized (1Q '23 Qtr = 2.85%)



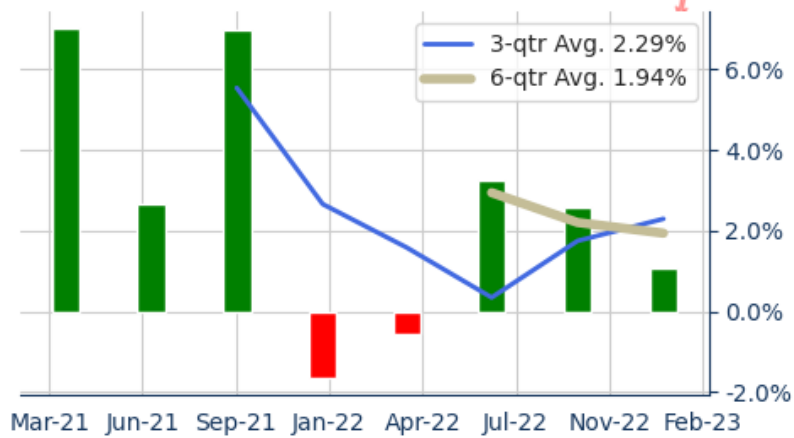
Contingent Macro Advisors 2023 source: US BEA

Real GDP

Averaged 2.31% in the five years before the pandemic

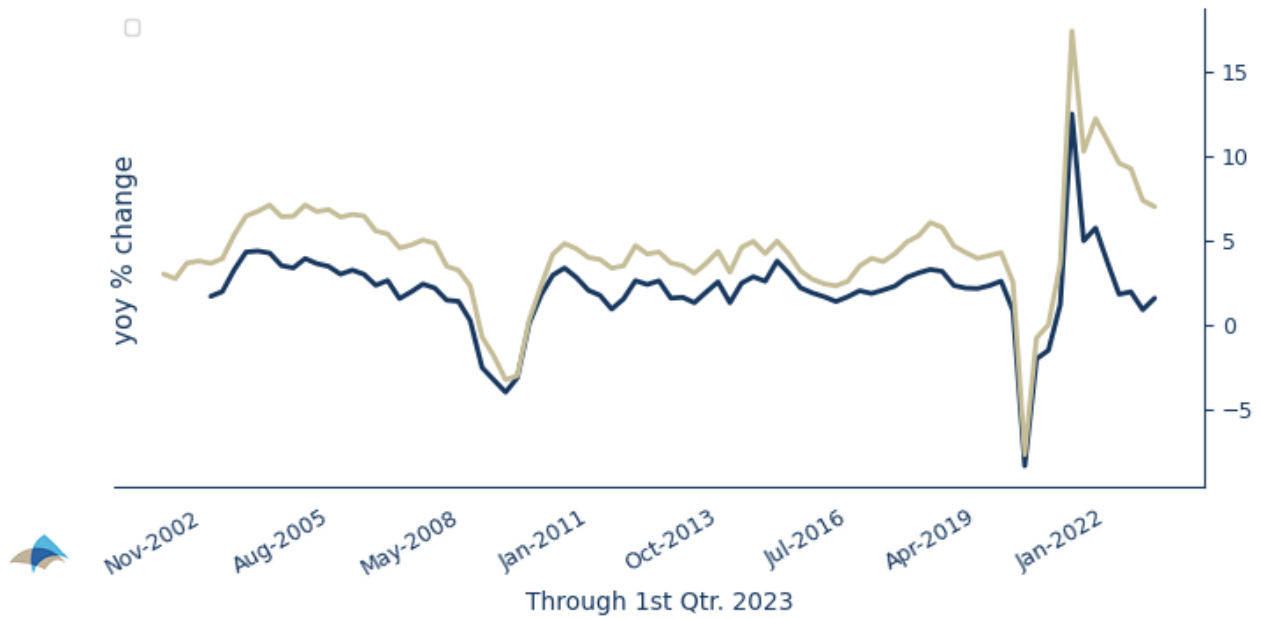


QoQ annualized (1Q '23 = 1.1%)

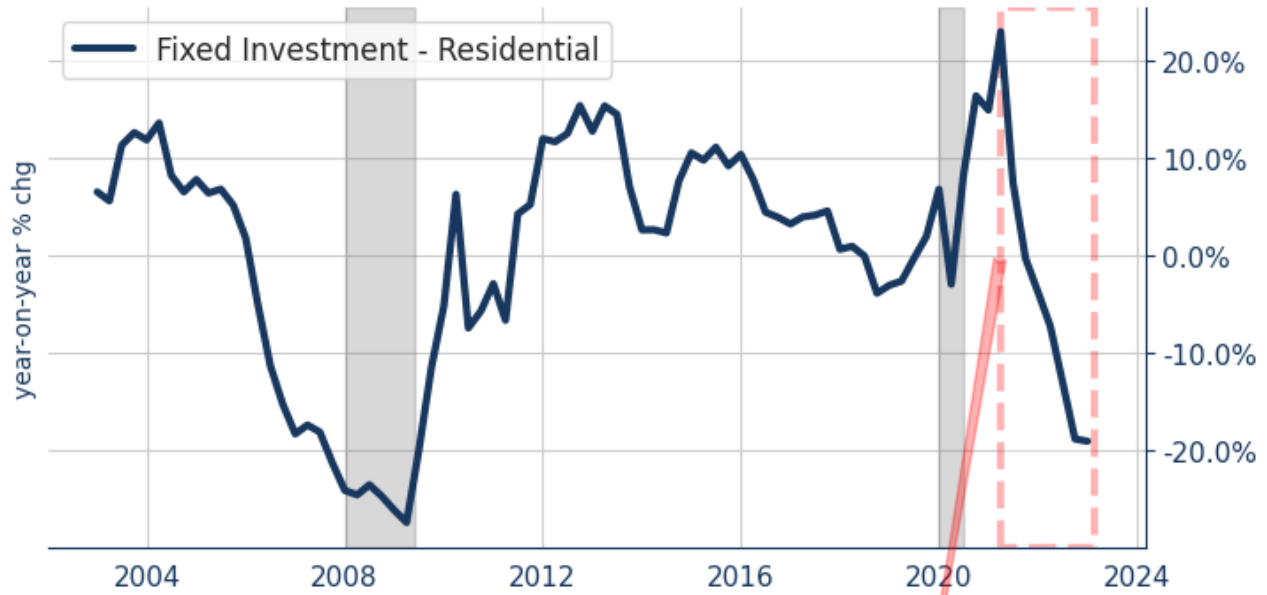


Real & Nominal GDP Year-over-Year

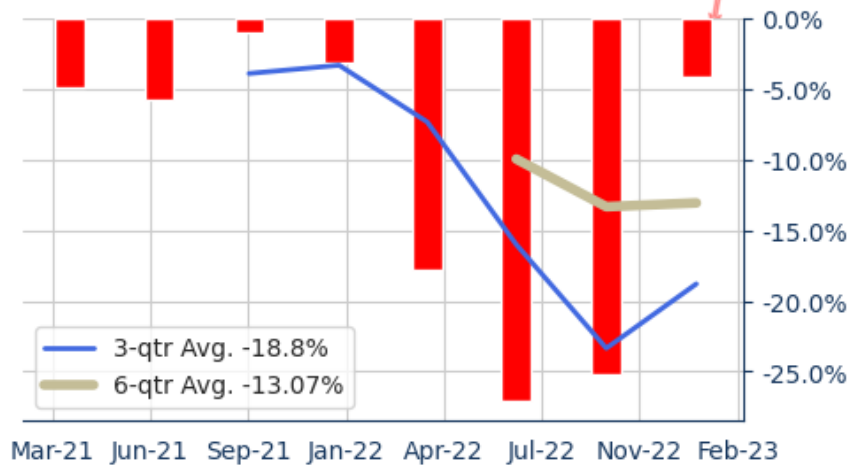
Nominal GDP (6.97%) was 541bps over Real GDP (1.56%).



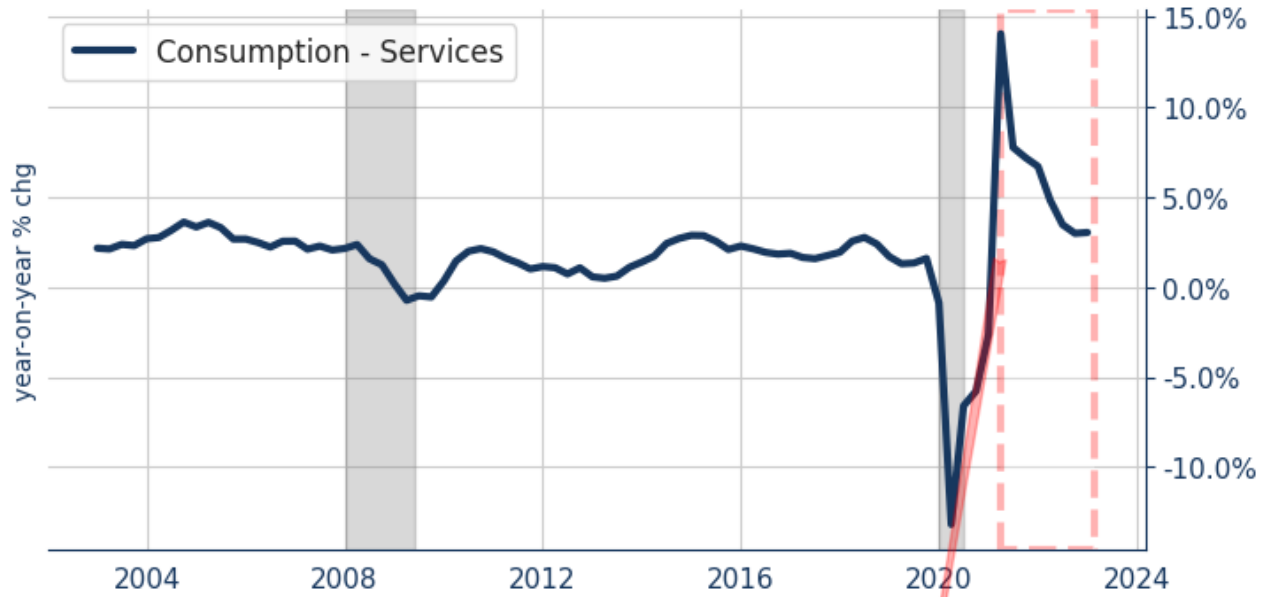
Fixed Investment - Residential



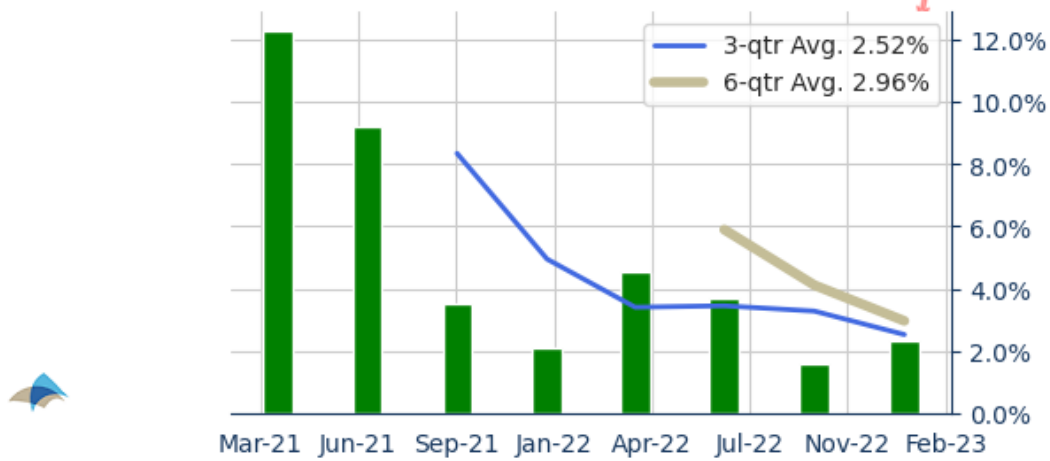
QoQ annualized (1st Qtr = -4.18%)



Consumption - Services



QoQ annualized (1st Qtr = 2.31%)



Consumption - Durable Goods



QoQ annualized (1st Qtr = 16.91%)



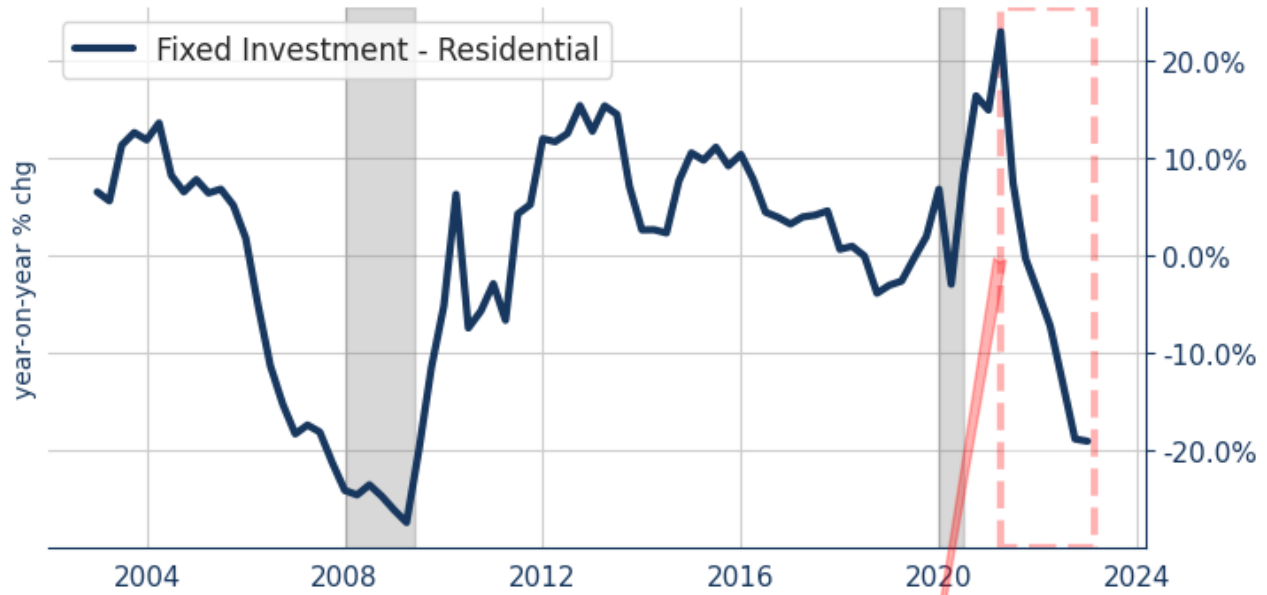
Consumption - Nondurable goods



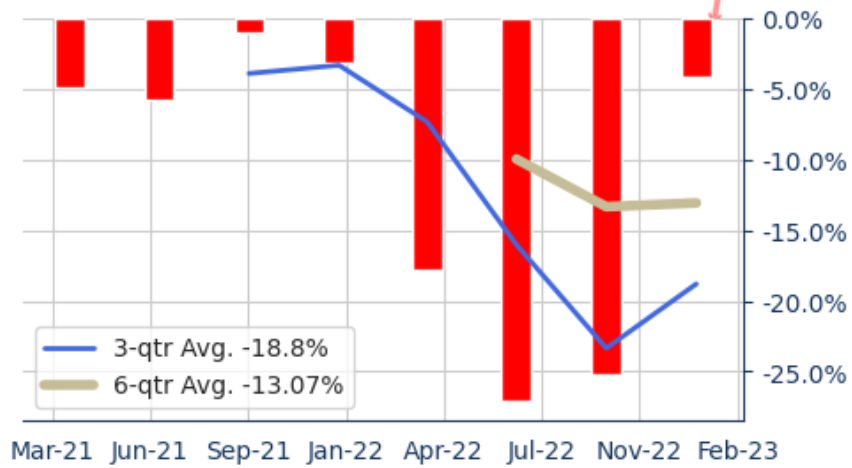
QoQ annualized (1st Qtr = 0.86%)



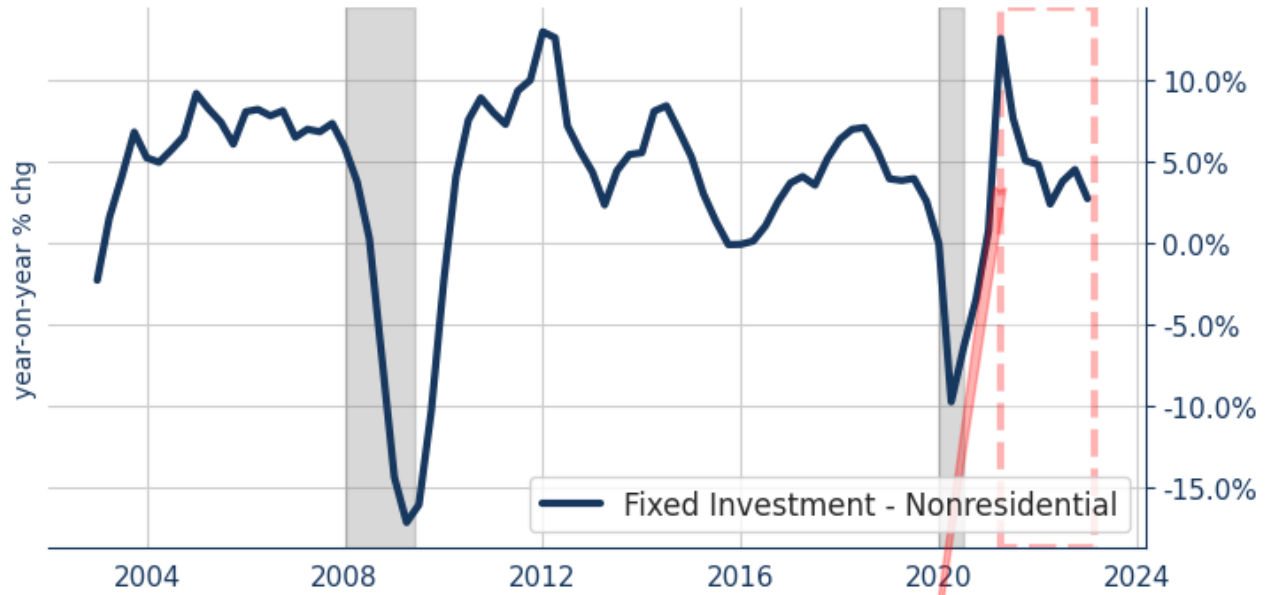
Fixed Investment - Residential



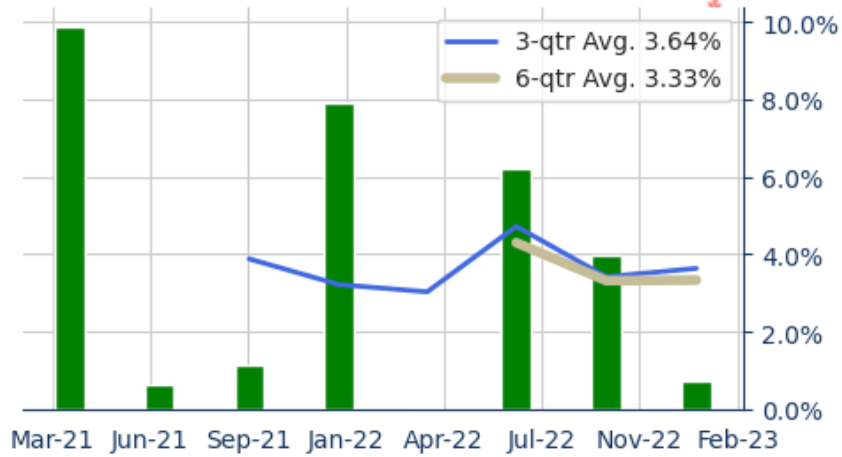
QoQ annualized (1st Qtr = -4.18%)



Fixed Investment - Nonresidential



QoQ annualized (1st Qtr = 0.72%)



Government



QoQ annualized (1st Qtr = 4.69%)

