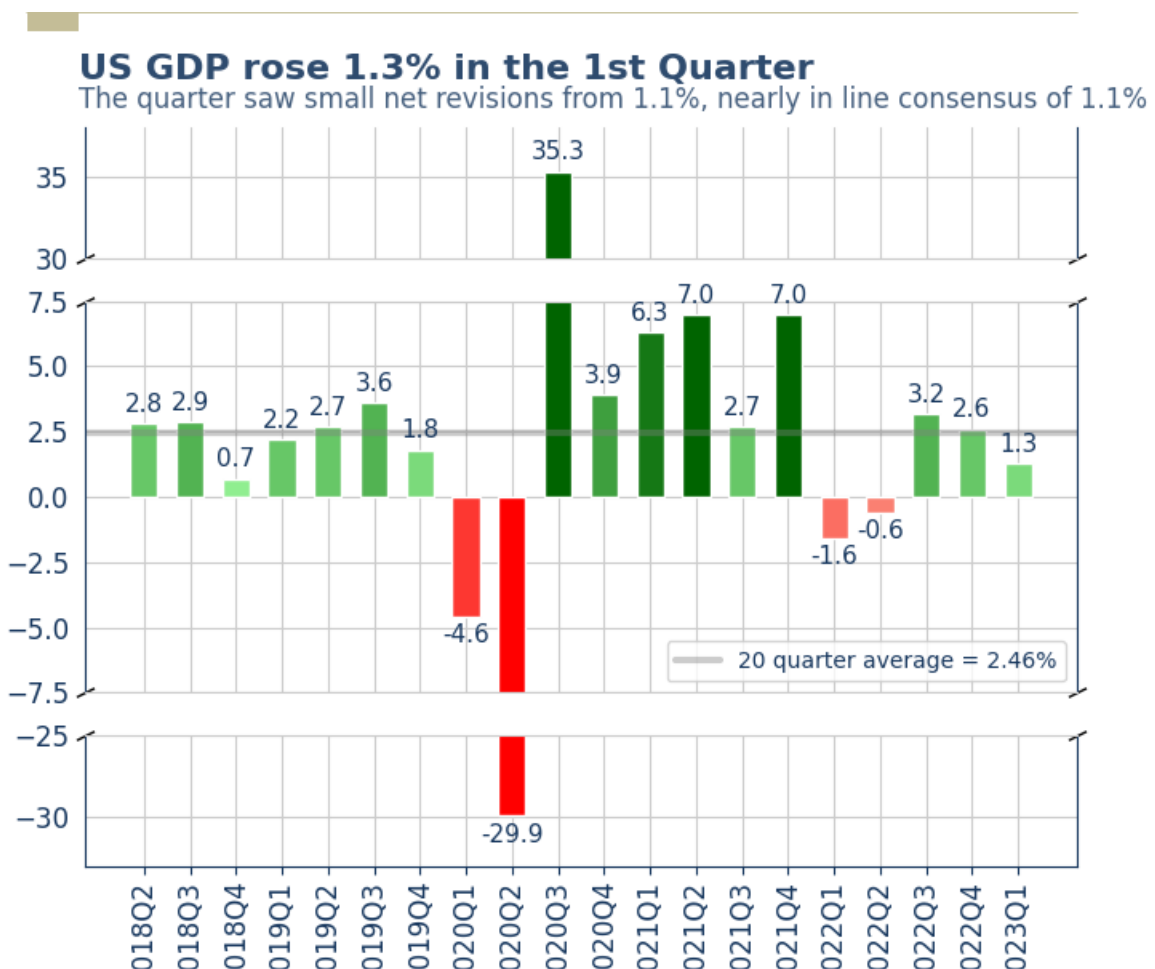


25.May.2023

1Q23 GDP: Positive Revisions, Still Tepid Growth

Bottom Line: The second reading of 1st Quarter 2023 GDP saw modest positive revisions on the back of stronger consumption readings late in the quarter.

Consumer spending on services was modestly stronger late in the quarter. Moreover, the drag from inventories was revised moderately lower. Residential fixed investment was still a drag, mostly as expected. Trade and government spending remained positive contributors. **Overall, Real final domestic demand was more robust, up 2.95% annualized in the quarter, a tenth higher than previously reported and its highest reading since the 1st Quarter of 2021. Still, the trend remains tepid. Tomorrow's personal income and spending report will give us a more timely read on how consumer spending started in the current quarter.**

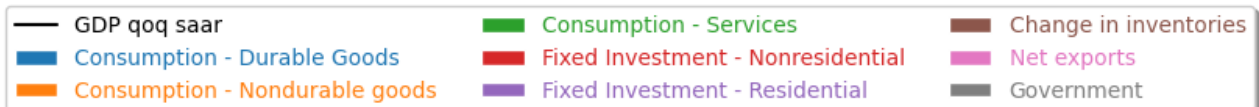
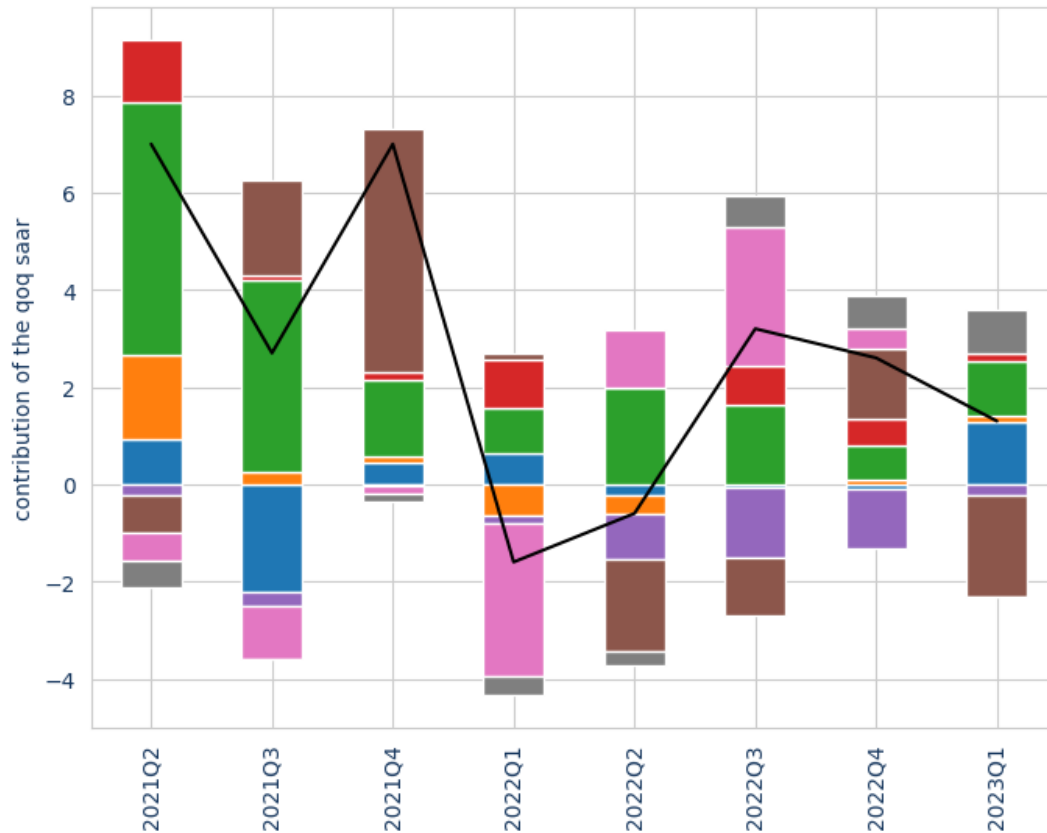


US Real GDP (QoQ SAAR) Headline Components	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21
Gross domestic product	1.30	2.60	3.20	-0.60	-1.60	7.00
Personal consumption expenditures	3.80	1.00	2.30	2.00	1.30	3.10
Gross private domestic investment	-11.50	4.50	-9.60	-14.10	5.40	32.00
Exports	5.20	-3.70	14.60	13.80	-4.60	23.50
Imports	4.00	-5.50	-7.30	2.20	18.40	18.60
Government consumption expenditures and gross investment	5.20	3.80	3.70	-1.60	-2.30	-1.00

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

US Real GDP by component

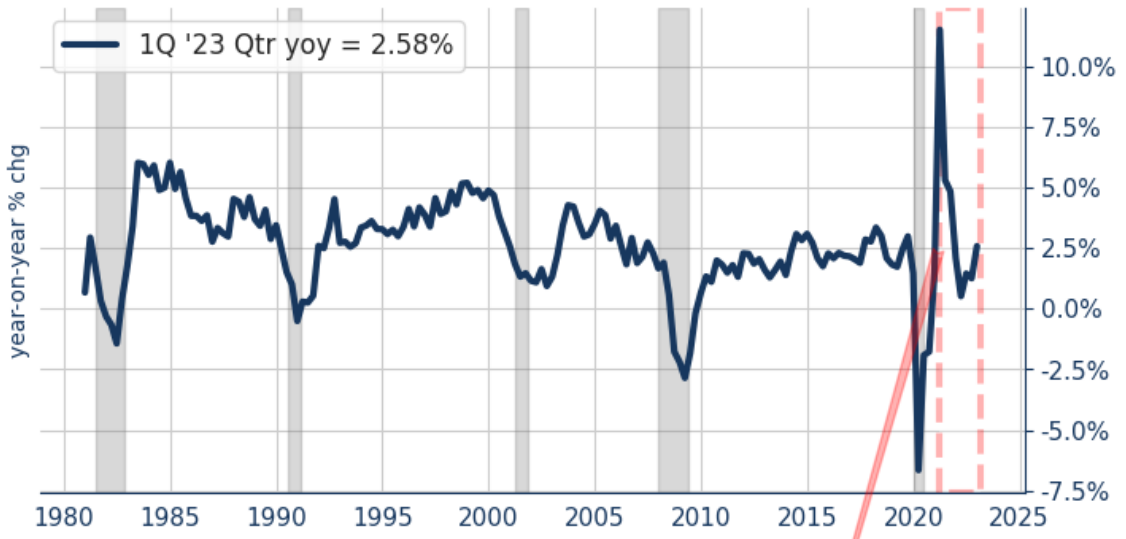
Inventories were a major drag after strength in Q4.



US Real GDP Breakdown by Contribution to Total	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21
GDP qoq saar	1.30	2.60	3.20	-0.60	-1.60	7.00
Consumption - Durable Goods	1.29	-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	1.11	0.72	1.63	1.99	0.93	1.58
Fixed Investment - Nonresidential	0.18	0.52	0.80	0.01	0.98	0.17
Fixed Investment - Residential	-0.22	-1.20	-1.42	-0.93	-0.15	-0.05
Change in inventories	-2.10	1.47	-1.19	-1.91	0.15	5.01
Net exports	0.00	0.42	2.86	1.16	-3.13	-0.16
Government	0.89	0.65	0.65	-0.29	-0.40	-0.16

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

Real Final Sales

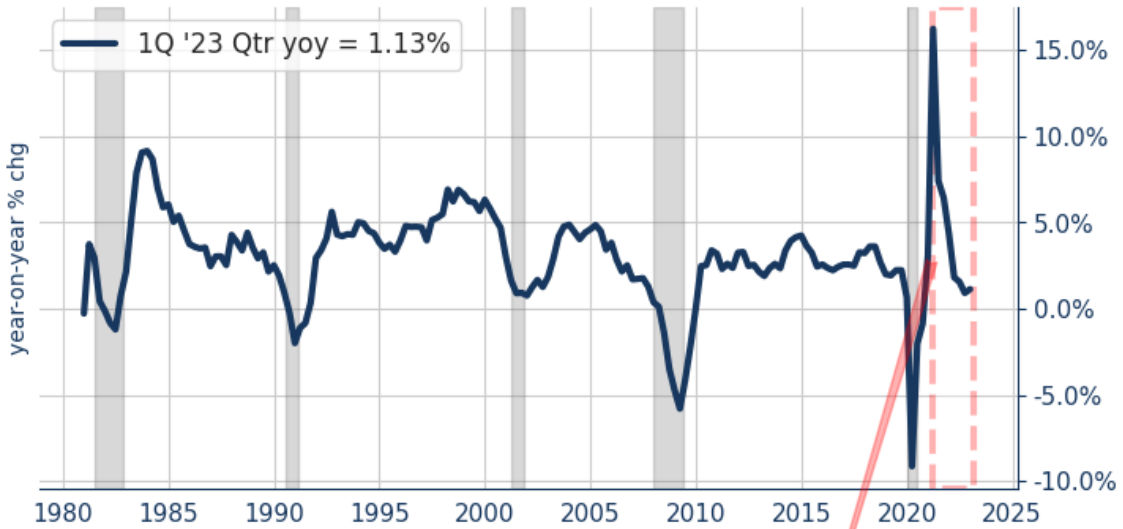


QoQ annualized (1Q '23 Qtr = 3.44%)



Real Final Domestic Demand

The quarter was revised up from 2.85% to 2.95%.



QoQ annualized (1Q '23 Qtr = 2.95%)

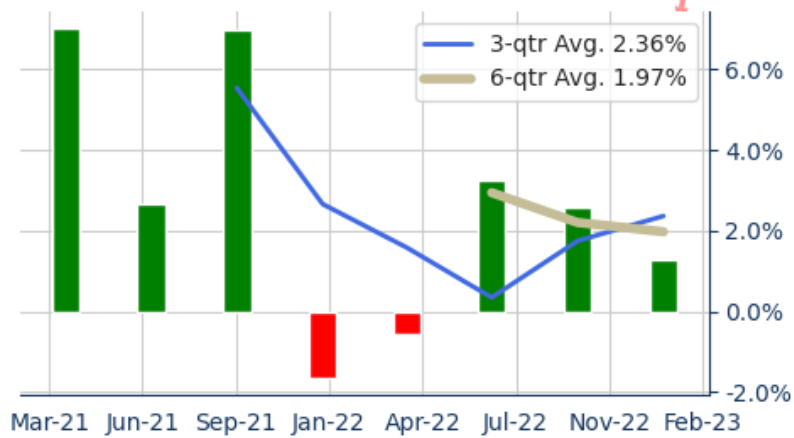


Real GDP

Averaged 2.31% in the five years before the pandemic



QoQ annualized (1Q '23 = 1.3%)

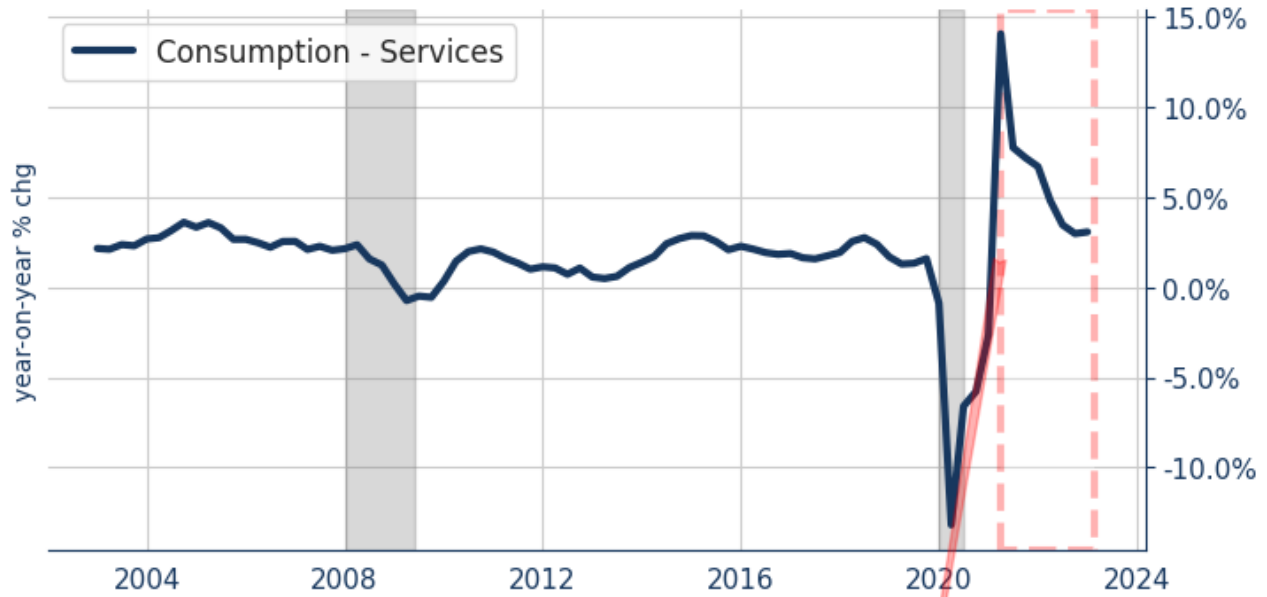


Real & Nominal GDP Year-over-Year

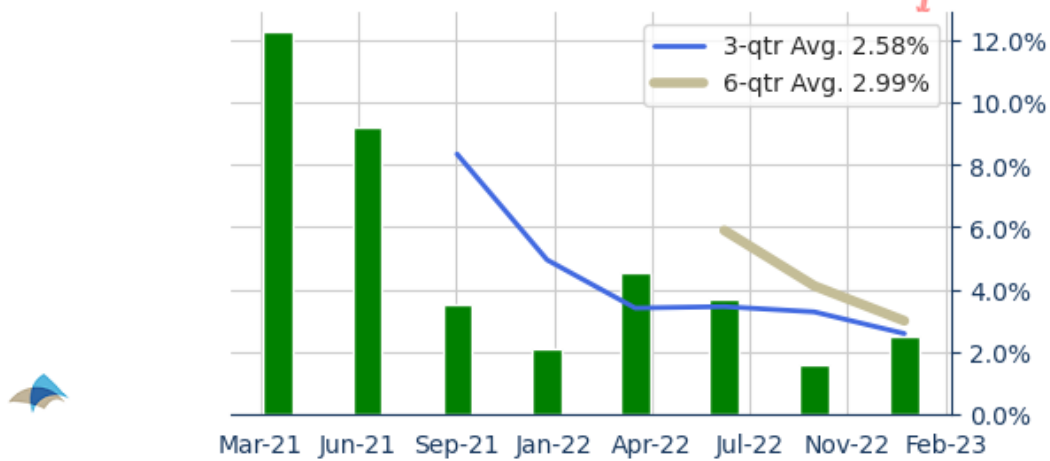
Nominal GDP (7.06%) was 544bps over Real GDP (1.62%).



Consumption - Services



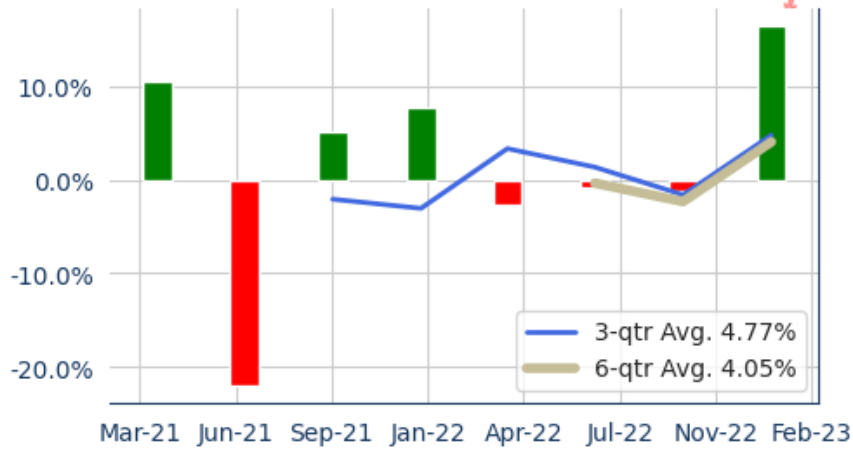
QoQ annualized (1st Qtr = 2.48%)



Consumption - Durable Goods



QoQ annualized (1st Qtr = 16.43%)



Consumption - Nondurable goods



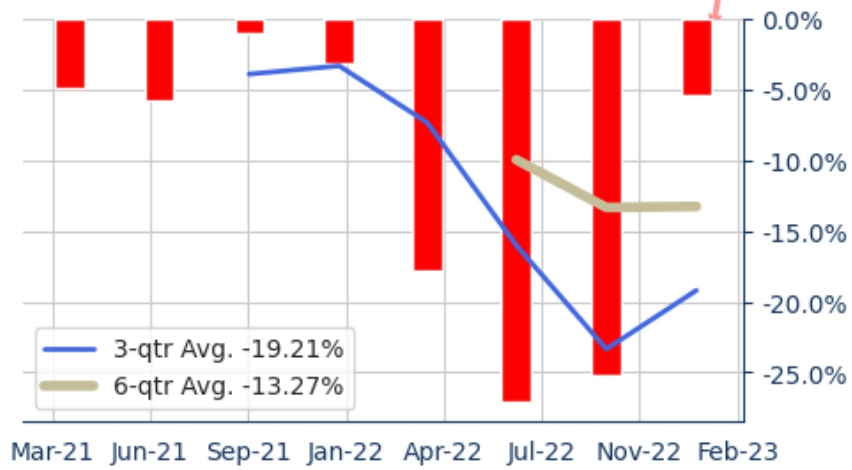
QoQ annualized (1st Qtr = 0.85%)



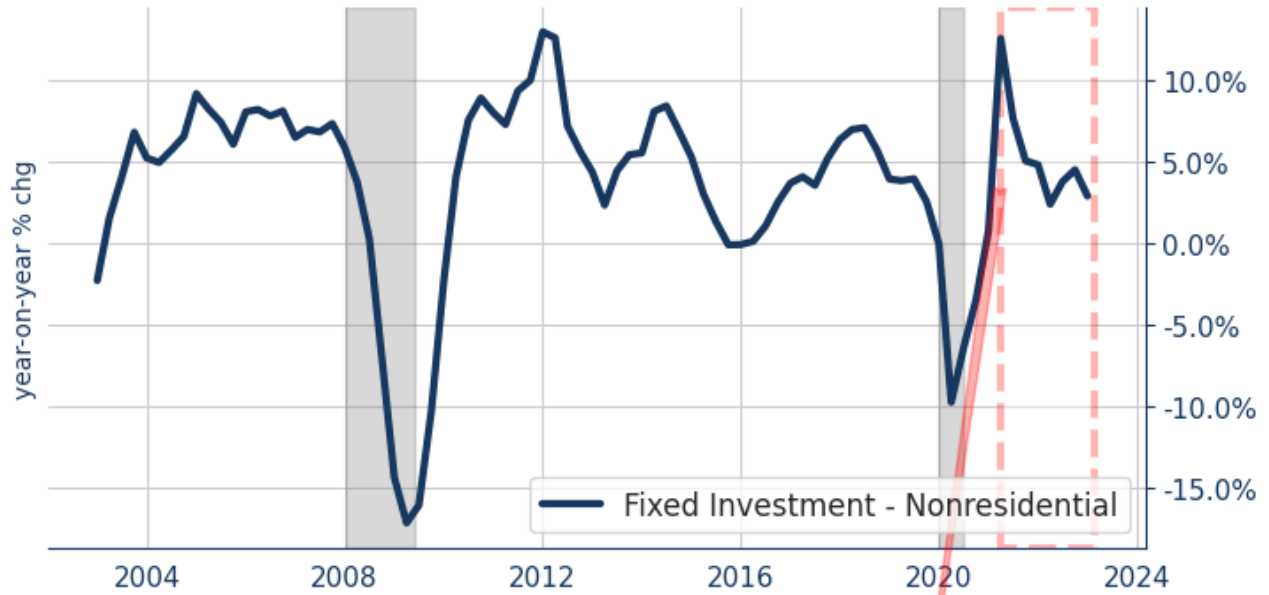
Fixed Investment - Residential



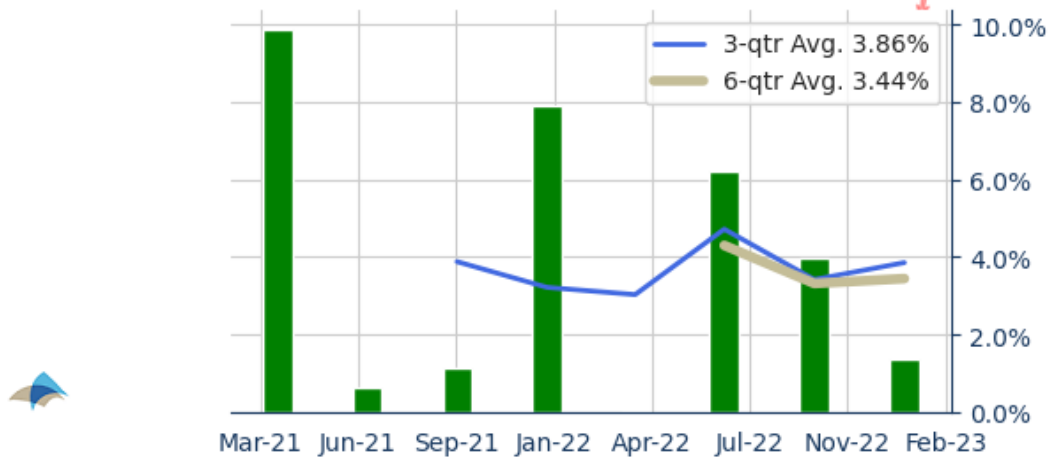
QoQ annualized (1st Qtr = -5.39%)



Fixed Investment - Nonresidential



QoQ annualized (1st Qtr = 1.38%)



Government



QoQ annualized (1st Qtr = 5.18%)



Contingent Macro Advisors 2023 source: US BEA