

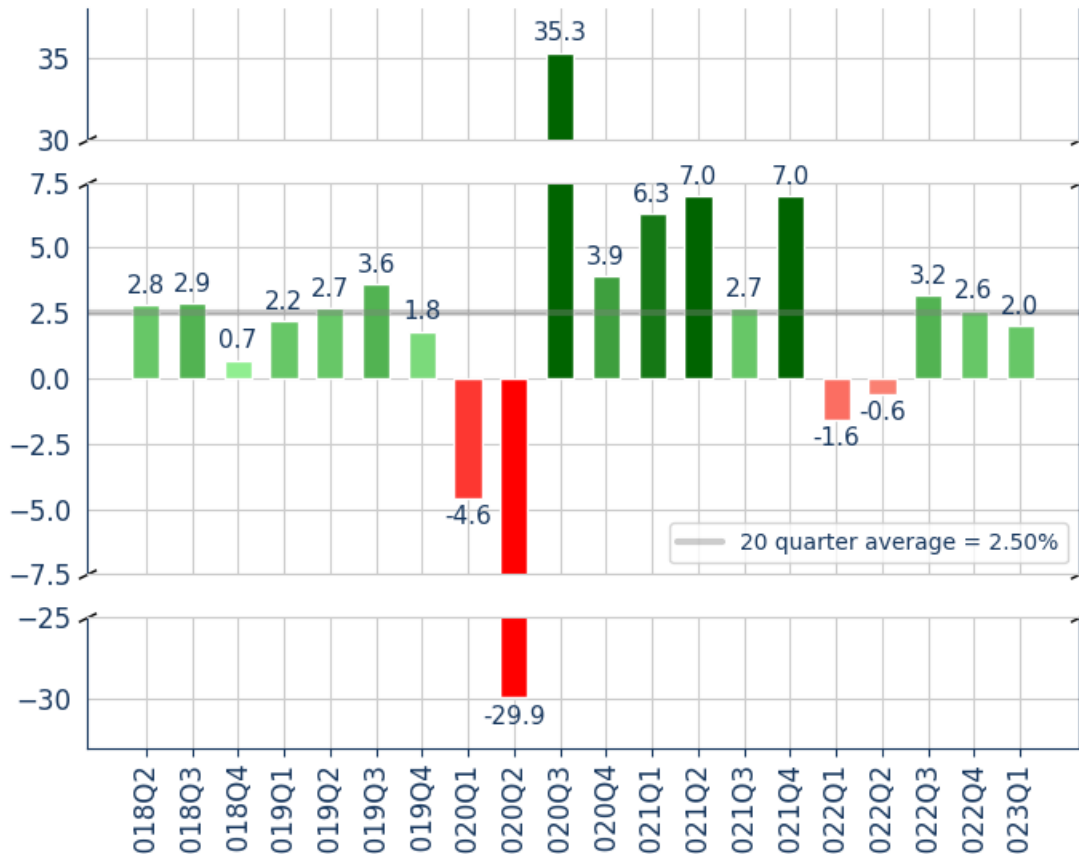
29.Jun.2023

1Q23 GDP: Surprise Upward Revisions

Bottom Line: The third reading of 1st Quarter 2023 GDP was revised surprisingly higher, led by consumption. Consumer spending on services was notably higher, led by spending on health care. Nonresidential investment edged higher, but residential fixed investment was lower. Net exports were revised sharply higher. Looking through some more volatile components, real final sales were sharply higher, advancing 4.22% annualized versus 3.44% in the second estimate. Real final domestic demand was also higher, revised from 2.95% to 3.22%. **Overall, these revisions suggest the consumer spent more on services late in the 1st Quarter than previously estimated. While a positive, it does little to change the trend, which is still towards a slow deceleration. That said, all signs point to the economy avoiding recession amid slow but positive growth over the remainder of the year.**

US GDP rose 2.0% in the 1st Quarter

The quarter was revised sharply higher from 1.3%, sharply above consensus of 1.4%

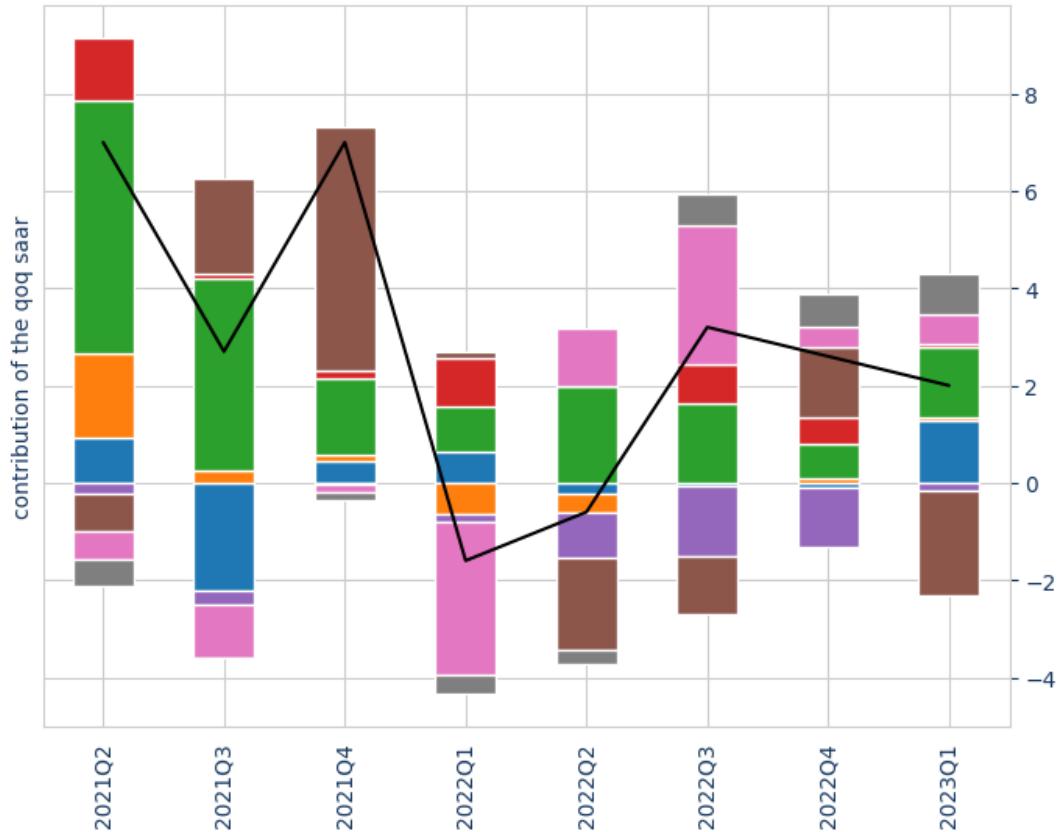


US Real GDP (QoQ SAAR) Headline Components	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22	4Q '21
Gross domestic product	2.00	2.60	3.20	-0.60	-1.60	7.00
Personal consumption expenditures	4.20	1.00	2.30	2.00	1.30	3.10
Gross private domestic investment	-11.90	4.50	-9.60	-14.10	5.40	32.00
Exports	7.80	-3.70	14.60	13.80	-4.60	23.50
Imports	2.00	-5.50	-7.30	2.20	18.40	18.60
Government consumption expenditures and gross investment	5.00	3.80	3.70	-1.60	-2.30	-1.00

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

US Real GDP by component

Consumption was revised sharply higher for Q1.



— 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	2.00	2.60	3.20	-0.60	-1.60	7.00
Consumption - Durable Goods	1.28	-0.11	-0.07	-0.24	0.64	0.44
Consumption - Nondurable goods	0.07	0.09	-0.01	-0.37	-0.66	0.12
Consumption - Services	1.44	0.72	1.63	1.99	0.93	1.58
Fixed Investment - Nonresidential	0.08	0.52	0.80	0.01	0.98	0.17
Fixed Investment - Residential	-0.16	-1.20	-1.42	-0.93	-0.15	-0.05
Change in inventories	-2.14	1.47	-1.19	-1.91	0.15	5.01
Net exports	0.58	0.42	2.86	1.16	-3.13	-0.16

Government	0.85	0.65	0.65	-0.29	-0.40	-0.16
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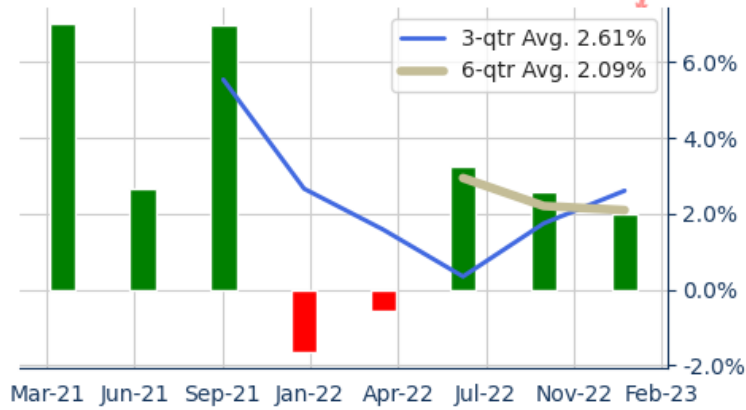
Quarter-over-quarter seasonally adjusted rates. Source: US BEA.

Real GDP

Averaged 2.31% in the five years before the pandemic



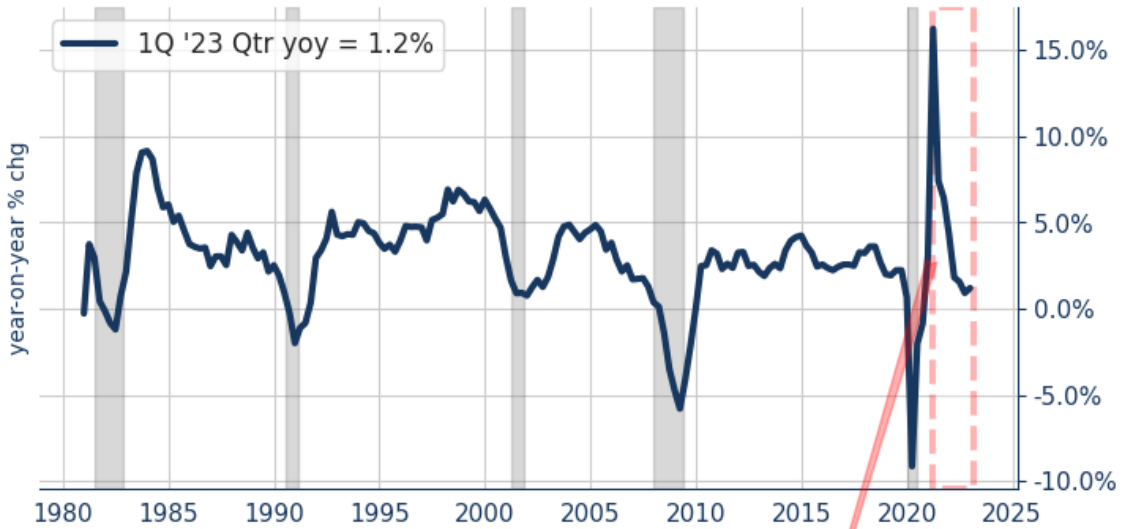
QoQ annualized (1Q '23 = 2.0%)



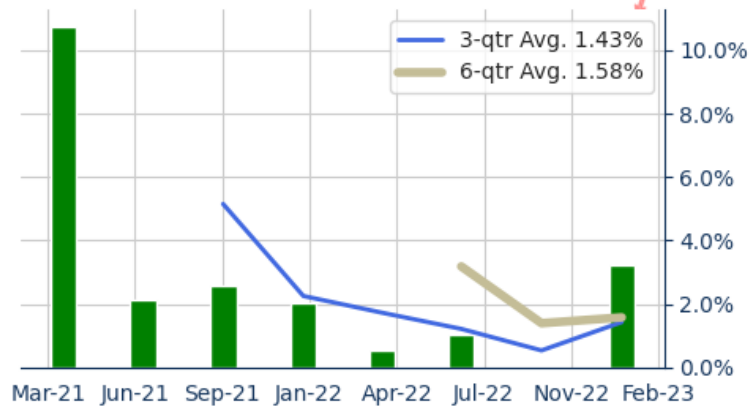
Contingent Macro Advisors 2023 source: US BEA

Real Final Domestic Demand

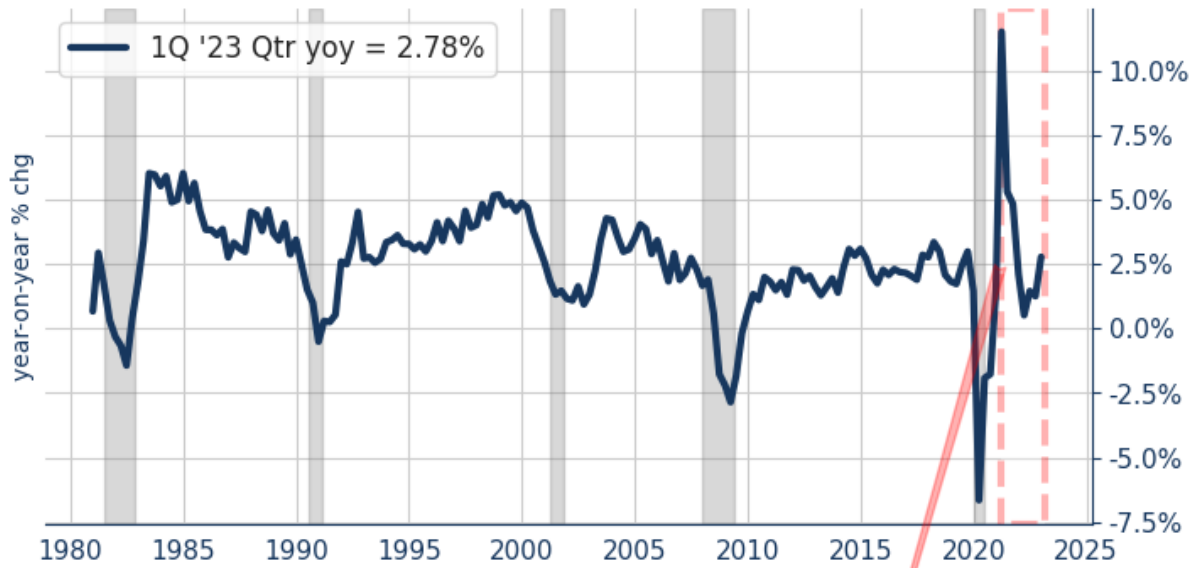
The quarter was revised up from 2.95% to 3.21%.



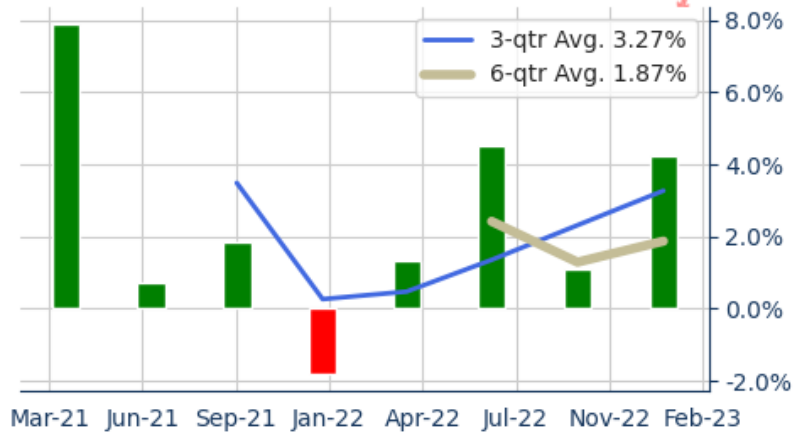
QoQ annualized (1Q '23 Qtr = 3.21%)



Real Final Sales

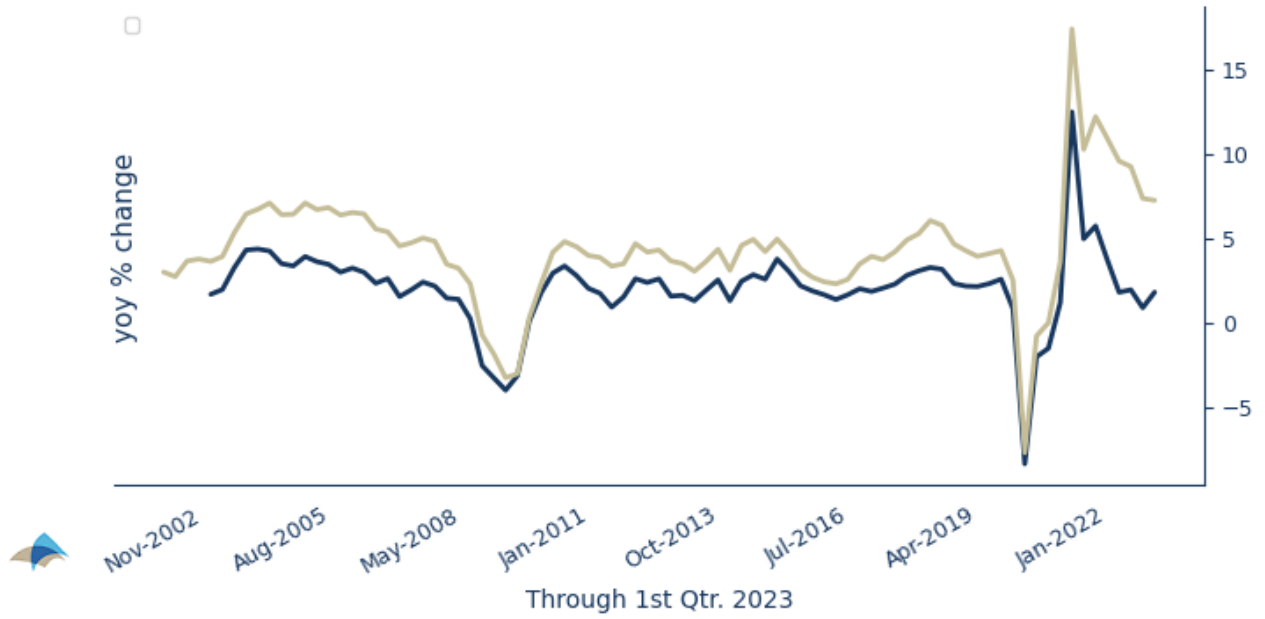


QoQ annualized (1Q '23 Qtr = 4.22%)

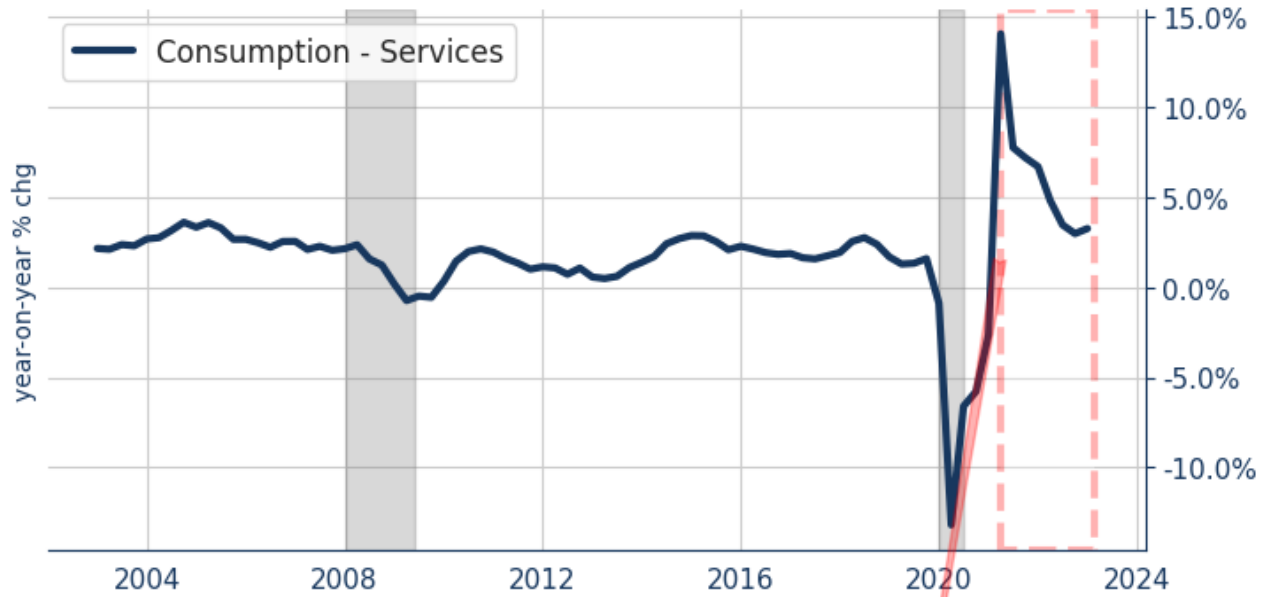


Real & Nominal GDP Year-over-Year

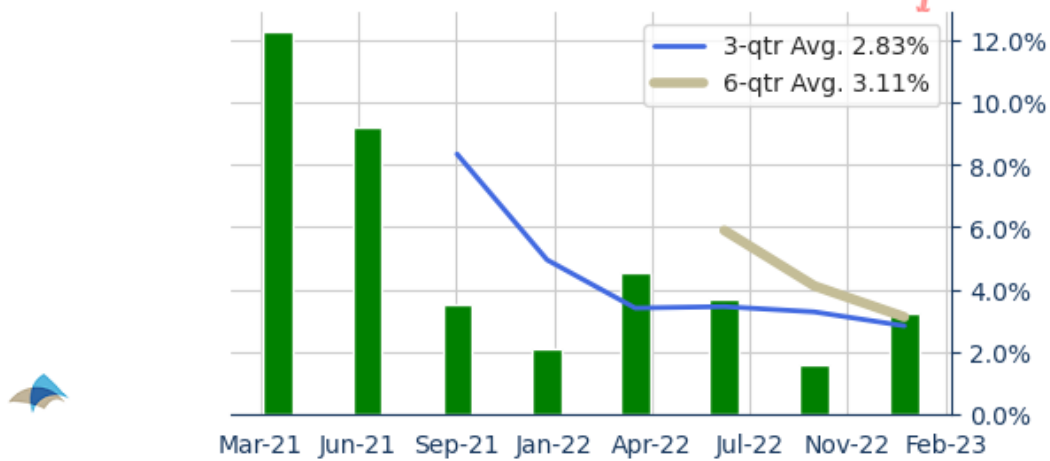
Nominal GDP (7.23%) was 543bps over Real GDP (1.8%).



Consumption - Services



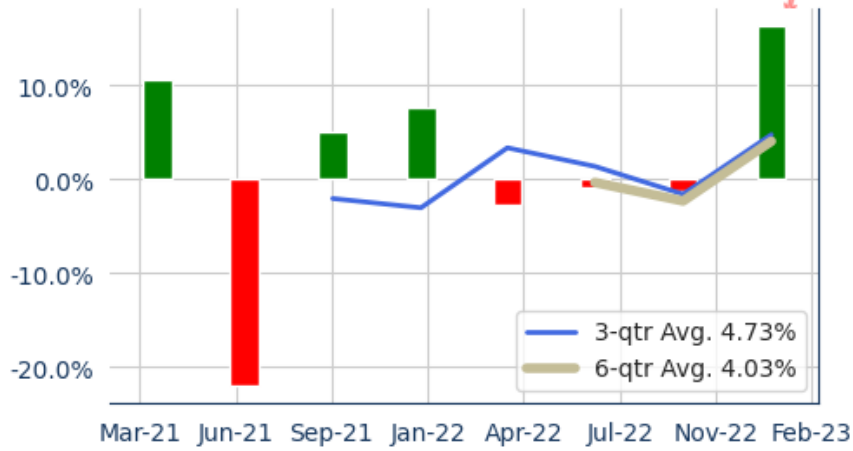
QoQ annualized (1st Qtr = 3.22%)



Consumption - Durable Goods



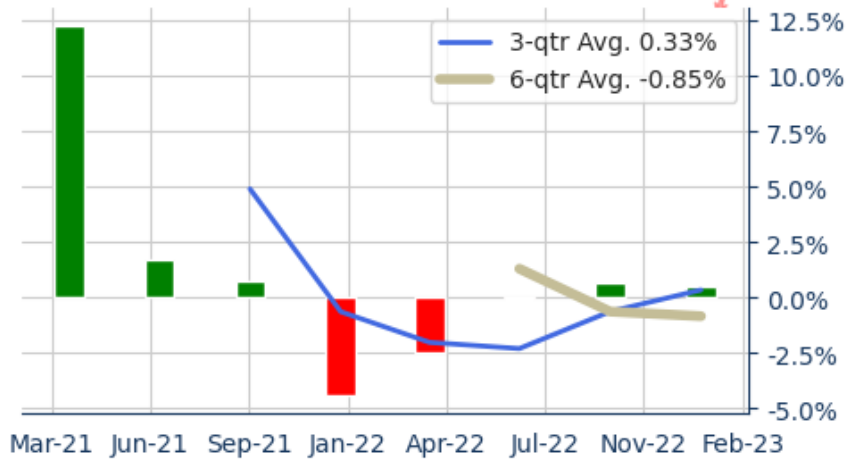
QoQ annualized (1st Qtr = 16.3%)



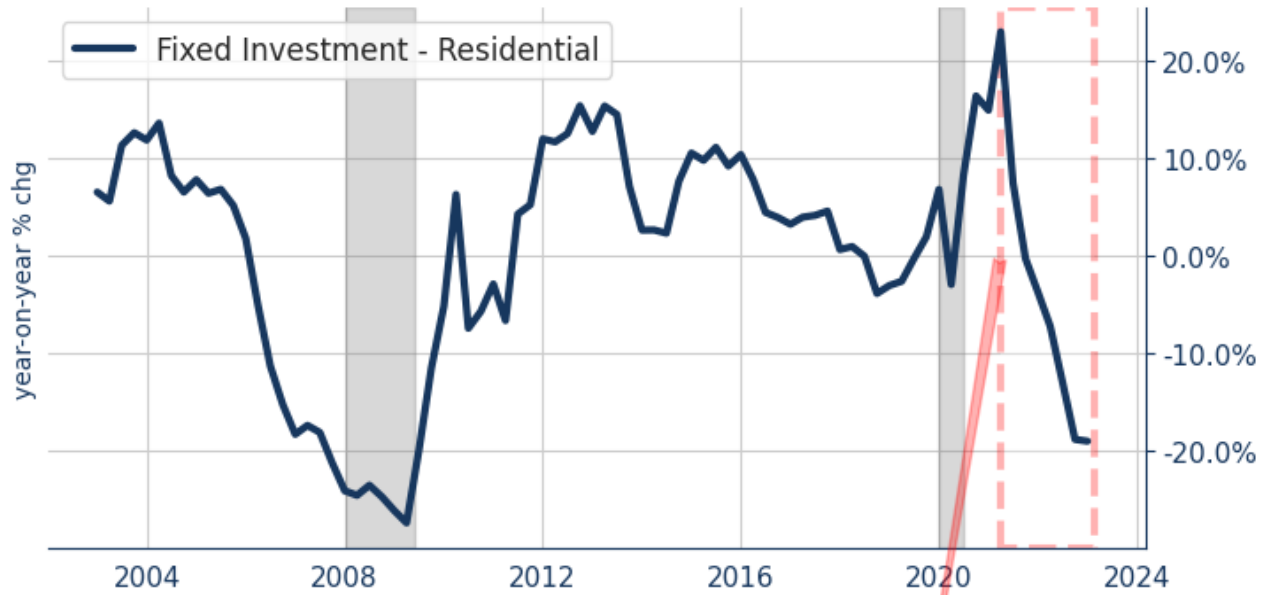
Consumption - Nondurable goods



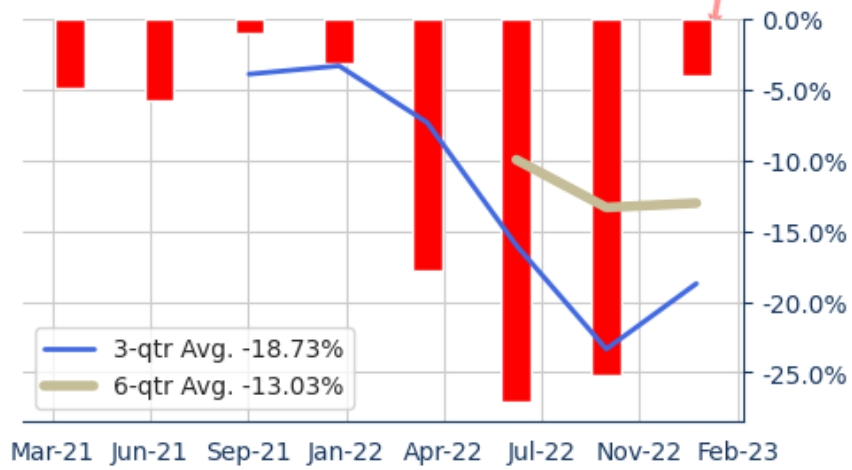
QoQ annualized (1st Qtr = 0.46%)



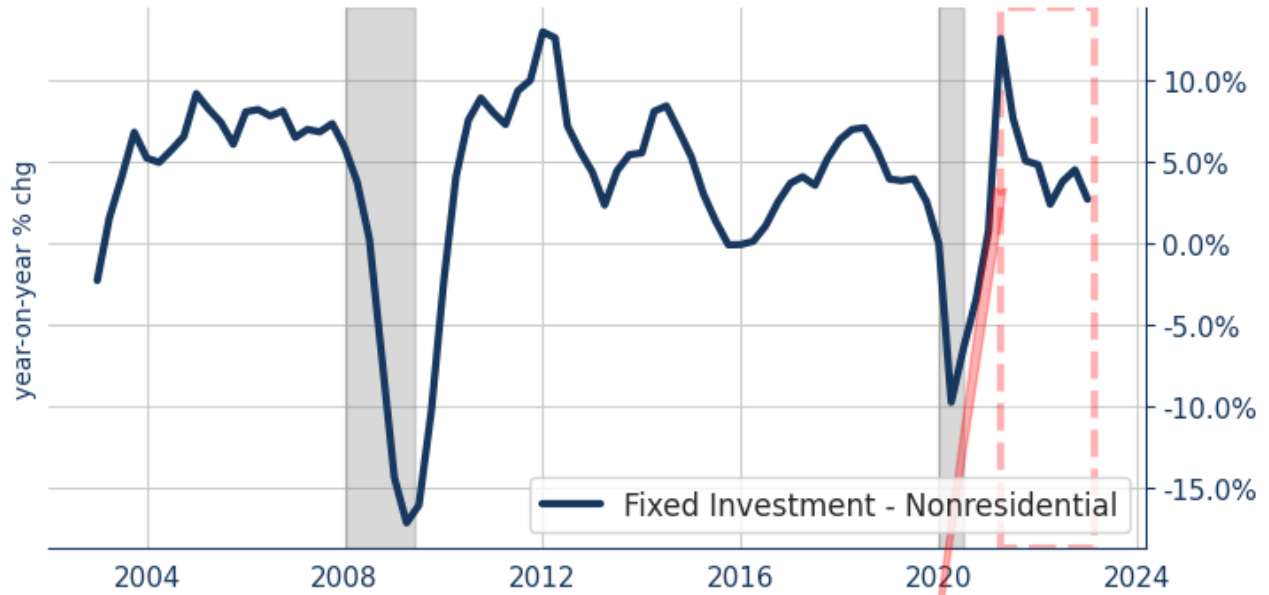
Fixed Investment - Residential



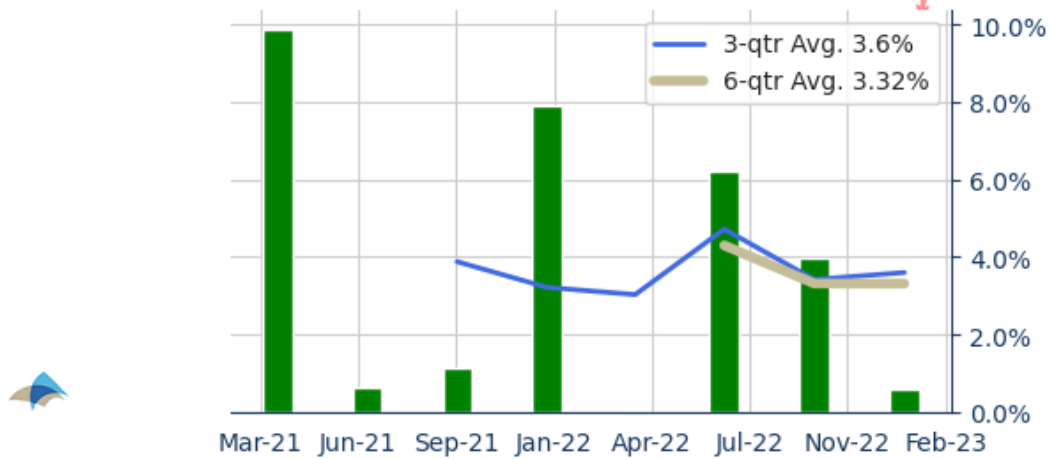
QoQ annualized (1st Qtr = -3.95%)



Fixed Investment - Nonresidential



QoQ annualized (1st Qtr = 0.61%)



Government



QoQ annualized (1st Qtr = 4.97%)

