

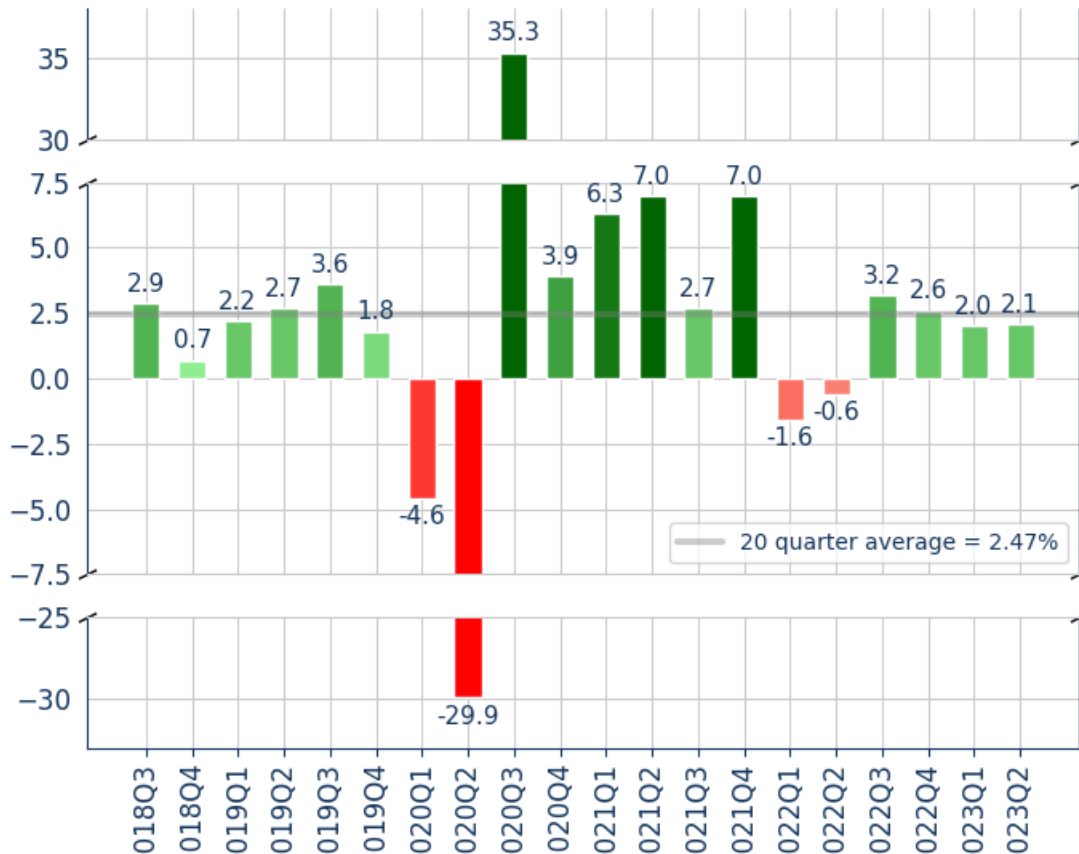
30.Aug.2023

## 2Q23 GDP: Negative Revisions

**Bottom Line:** The second reading of 2nd Quarter 2023 GDP showed growth of 2.1% annualized, revised lower by 30 basis points. Nonresidential fixed investment drove the negative revisions, accounting for 20 of the 30 basis points, while inventories flipped from a slight boost to a slight drag. On the consumption side, overall, there was a minor upward revision as the BLS revised down durable goods consumption but reported high nondurable goods consumption. Overall, the report will do little to change the trend and should boost 3Q estimates as the inventory drag will likely flip in the 3rd Quarter. More broadly, the trend in GDP remains towards a modest deceleration amid continued slower growth in consumer services. That said, early estimates for the 3rd Quarter have been surprisingly robust (see [US Economics: Strong Start to 3Q... Can It Last?](#)).

## US GDP rose 2.1% in the 2nd Quarter

The quarter was revised lower from 2.4%, below consensus of 2.4%

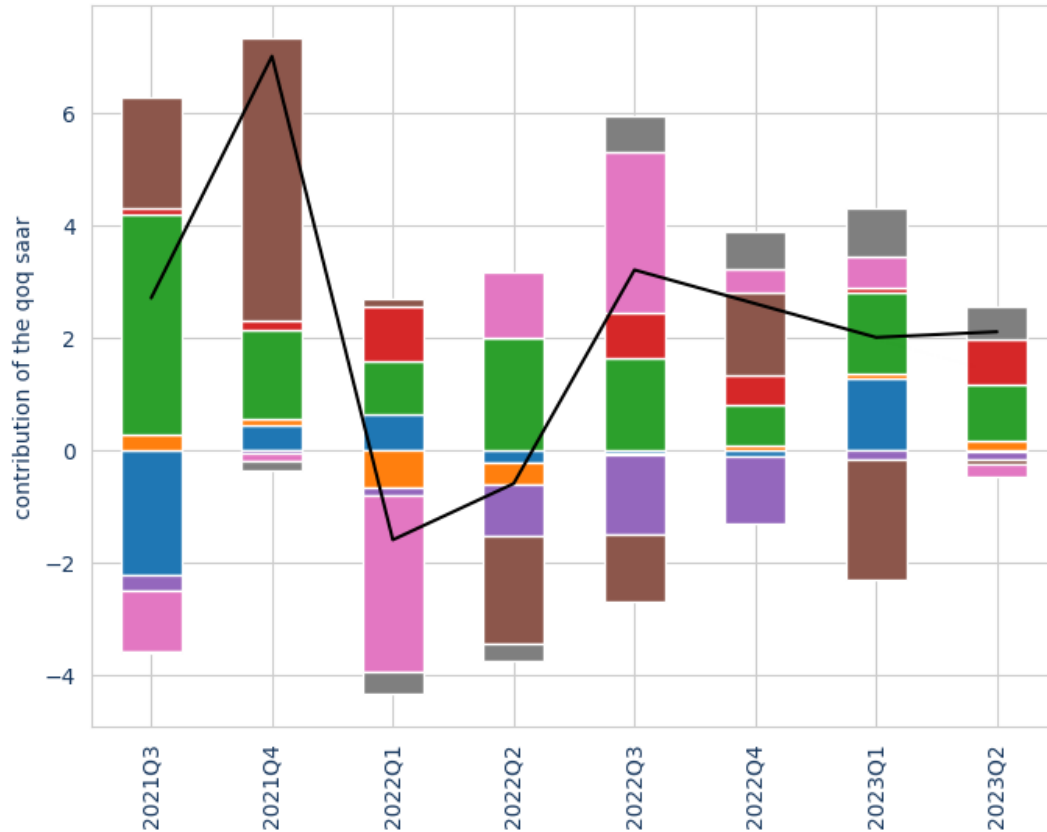


US Real GDP (QoQ SAAR) Headline Components	2Q '23	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22
<b>Gross domestic product</b>	<b>2.10</b>	<b>2.00</b>	<b>2.60</b>	<b>3.20</b>	<b>-0.60</b>	<b>-1.60</b>
Personal consumption expenditures	1.70	4.20	1.00	2.30	2.00	1.30
Gross private domestic investment	3.30	-11.90	4.50	-9.60	-14.10	5.40
Exports	-10.60	7.80	-3.70	14.60	13.80	-4.60
Imports	-7.00	2.00	-5.50	-7.30	2.20	18.40
Government consumption expenditures and gross investment	3.30	5.00	3.80	3.70	-1.60	-2.30

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

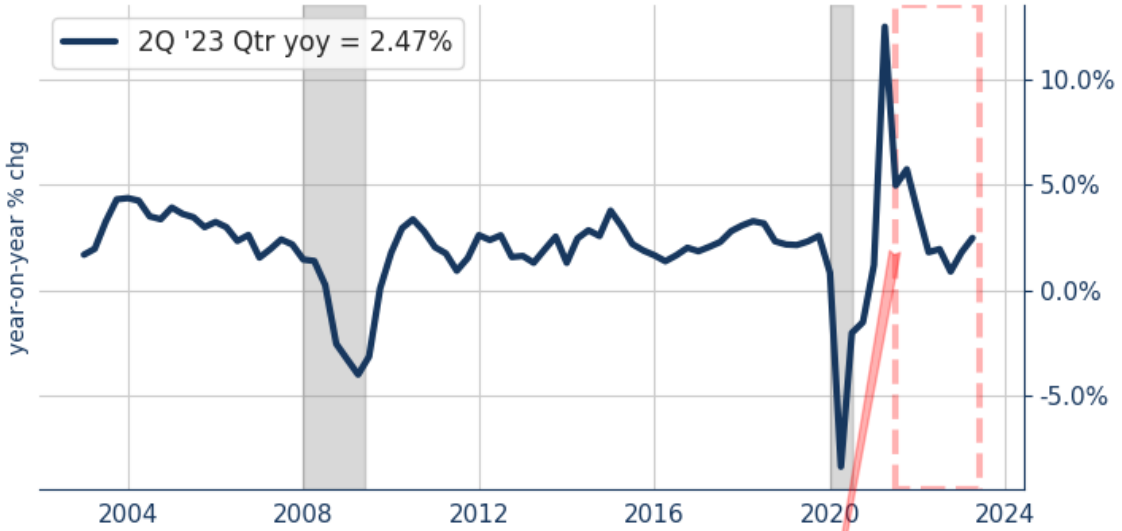
US Real GDP Breakdown by Contribution to Total	2Q '23	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22
<b>GDP qoq saar</b>	<b>2.10</b>	<b>2.00</b>	<b>2.60</b>	<b>3.20</b>	<b>-0.60</b>	<b>-1.60</b>
Consumption - Durable Goods	-0.02	1.28	-0.11	-0.07	-0.24	0.64
Consumption - Nondurable goods	0.17	0.07	0.09	-0.01	-0.37	-0.66
Consumption - Services	0.99	1.44	0.72	1.63	1.99	0.93
Fixed Investment - Nonresidential	0.80	0.08	0.52	0.80	0.01	0.98
Fixed Investment - Residential	-0.14	-0.16	-1.20	-1.42	-0.93	-0.15
Change in inventories	-0.09	-2.14	1.47	-1.19	-1.91	0.15
Net exports	-0.22	0.58	0.42	2.86	1.16	-3.13

Government	0.58	0.85	0.65	0.65	-0.29	-0.40
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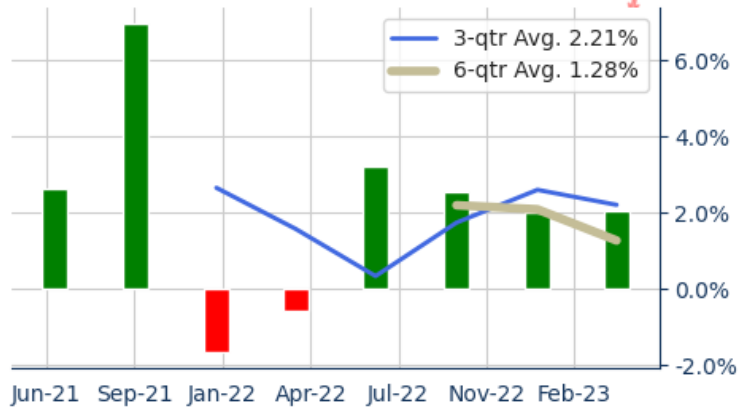
Quarter-over-quarter seasonally adjusted rates. Source: US BEA.

## Real GDP

Averaged 2.31% in the five years before the pandemic



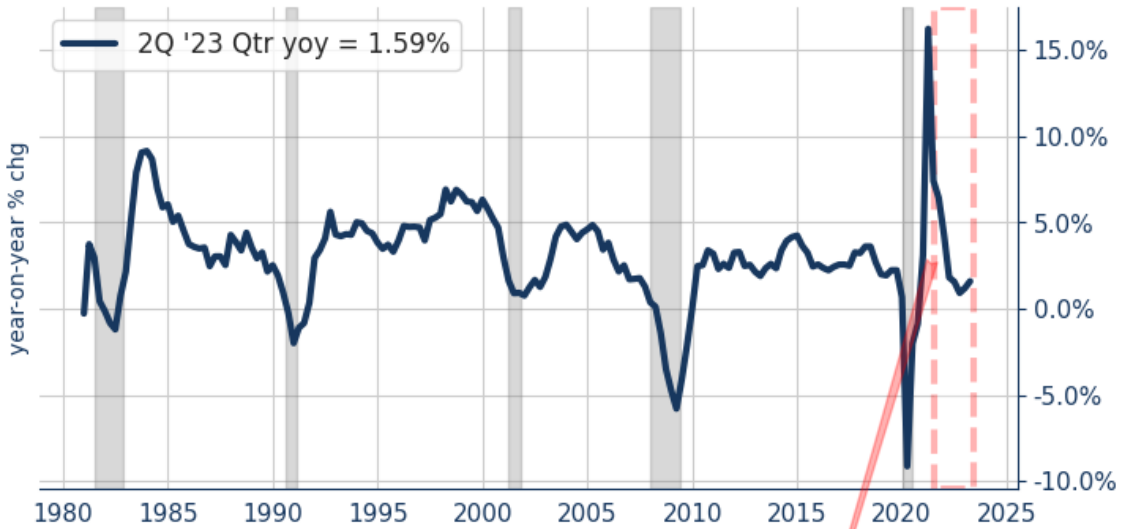
### QoQ annualized (2Q '23 = 2.1%)



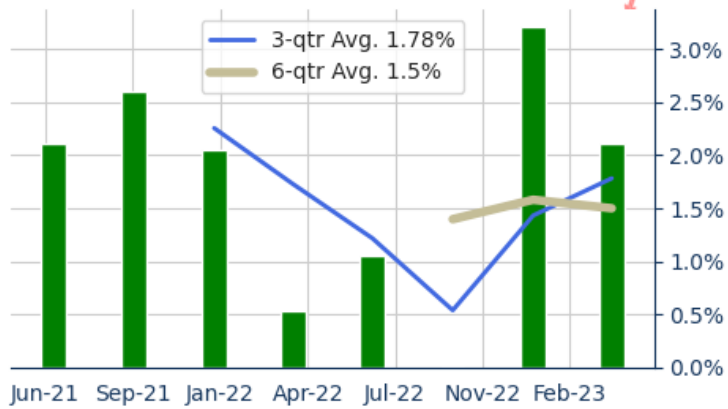
Contingent Macro Advisors 2023 source: US BEA

# Real Final Domestic Demand

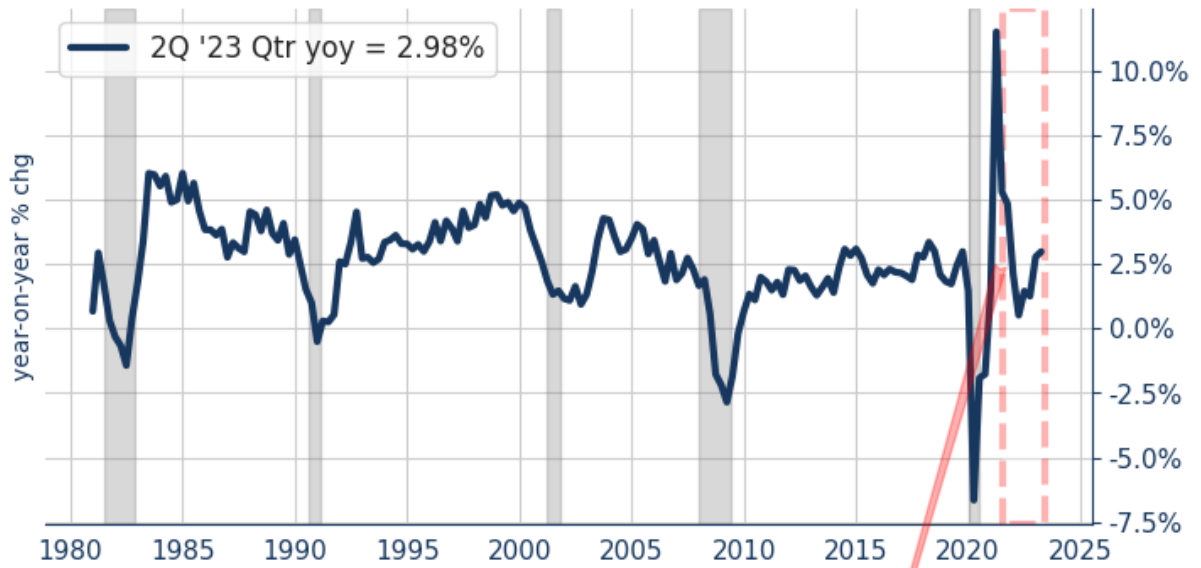
The quarter was revised lower from 2.29% to 2.11%.



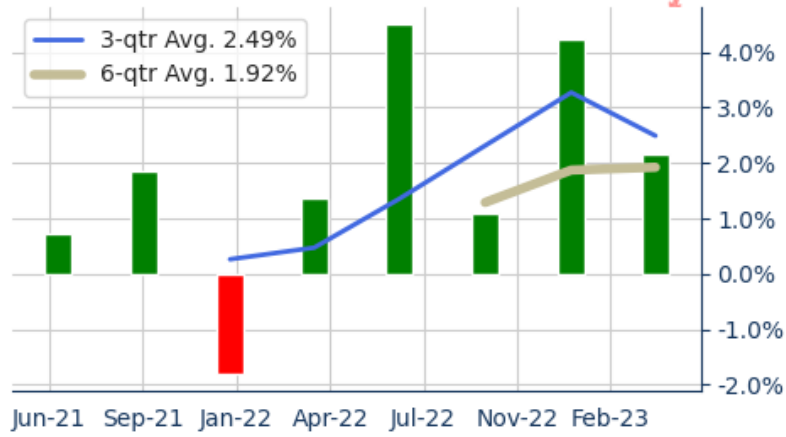
## QoQ annualized (2Q '23 Qtr = 2.11%)



# Real Final Sales

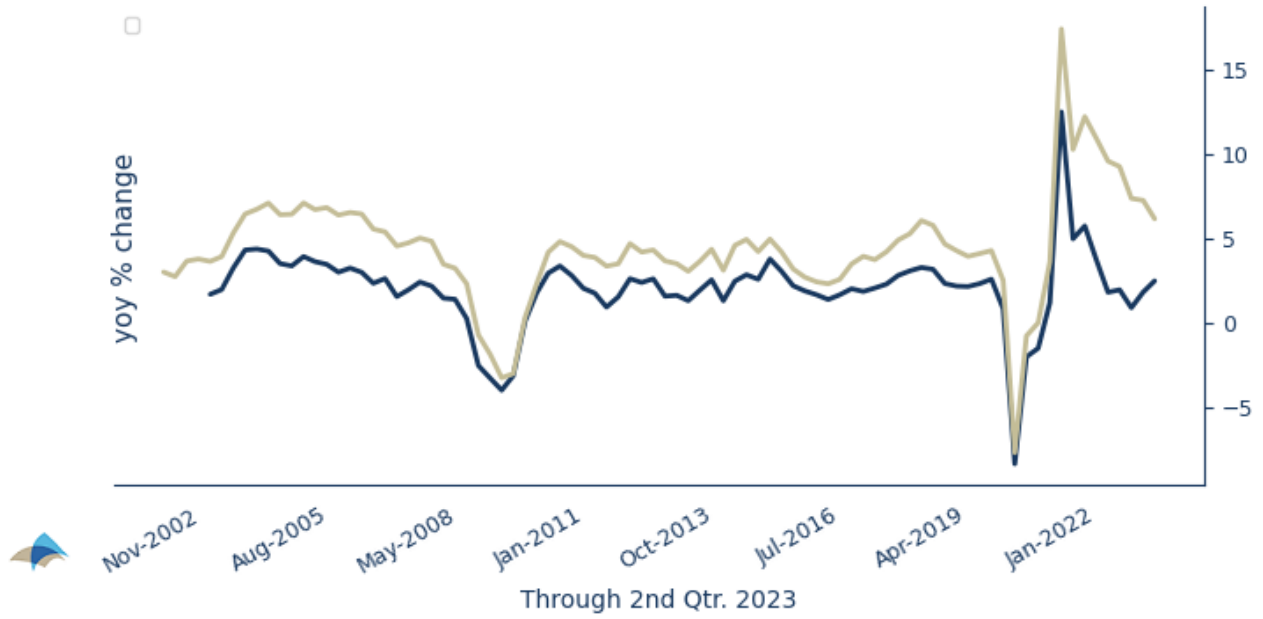


## QoQ annualized (2Q '23 Qtr = 2.16%)

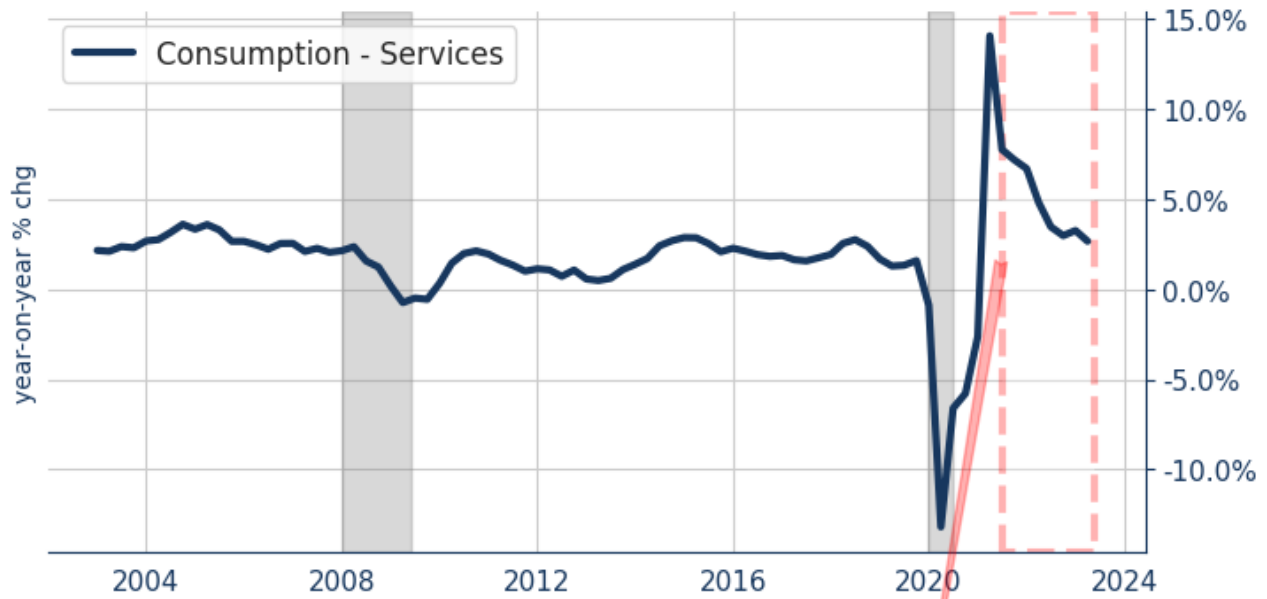


## Real & Nominal GDP Year-over-Year

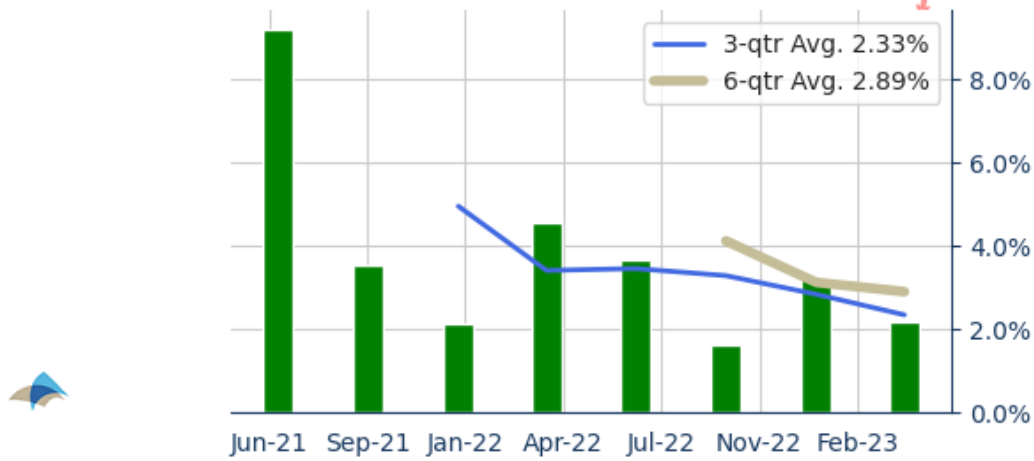
Nominal GDP (6.14%) was 367bps over Real GDP (2.47%).



# Consumption - Services

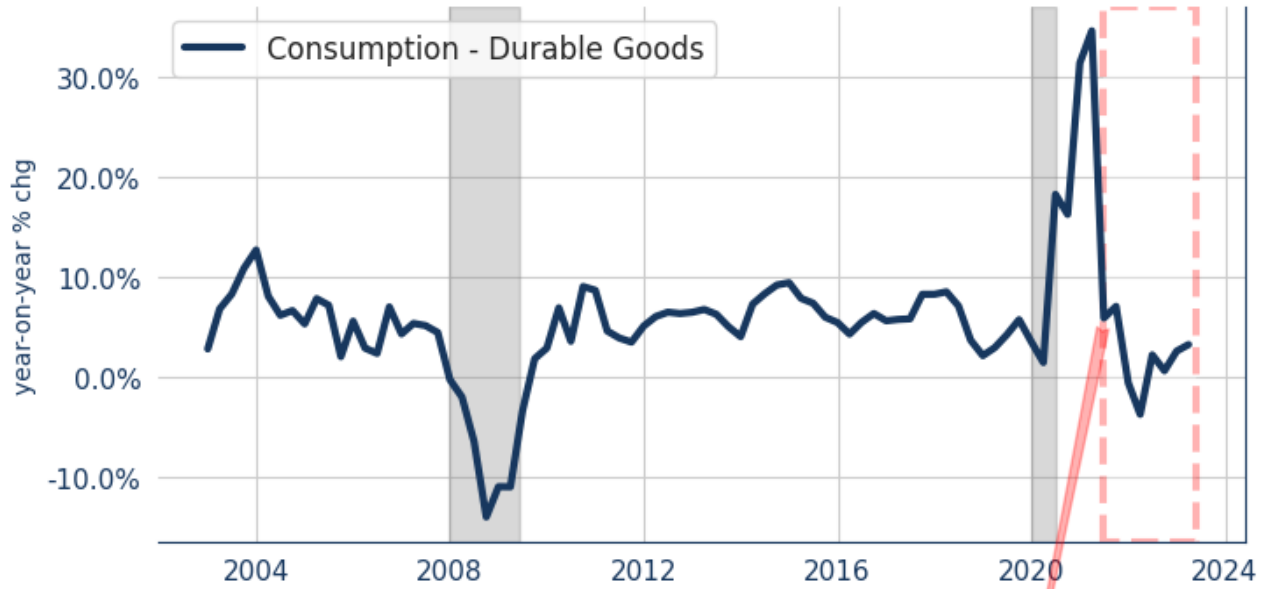


QoQ annualized (2nd Qtr = 2.18%)





# Consumption - Durable Goods



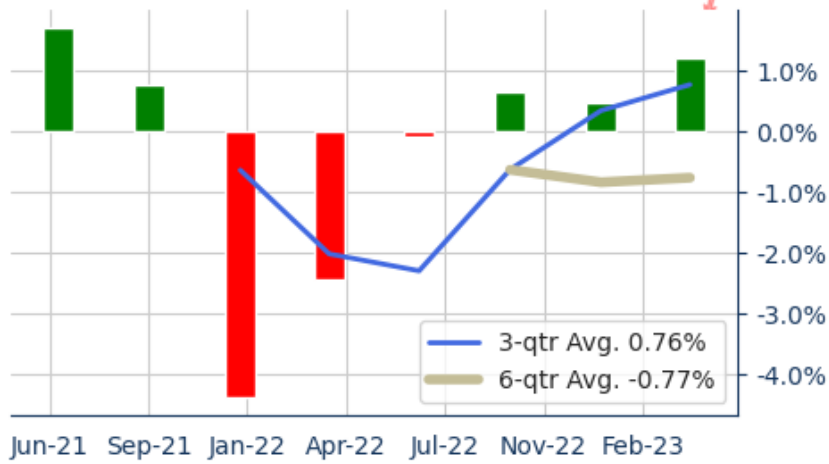
QoQ annualized (2nd Qtr = -0.26%)



# Consumption - Nondurable goods



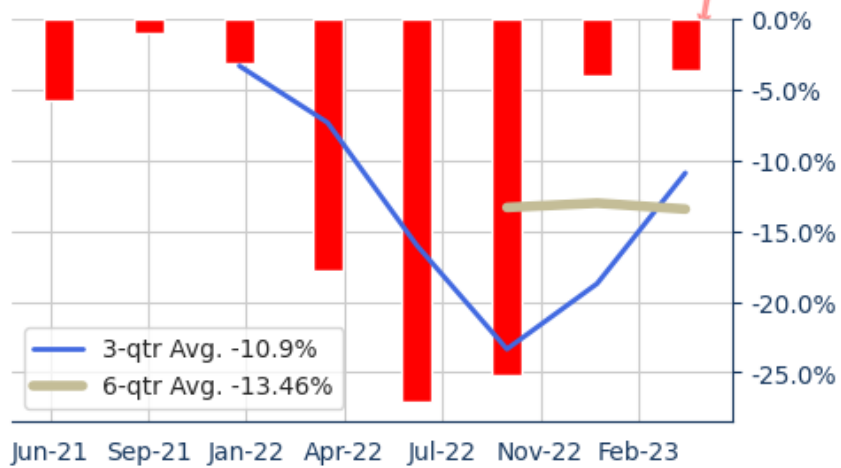
QoQ annualized (2nd Qtr = 1.19%)



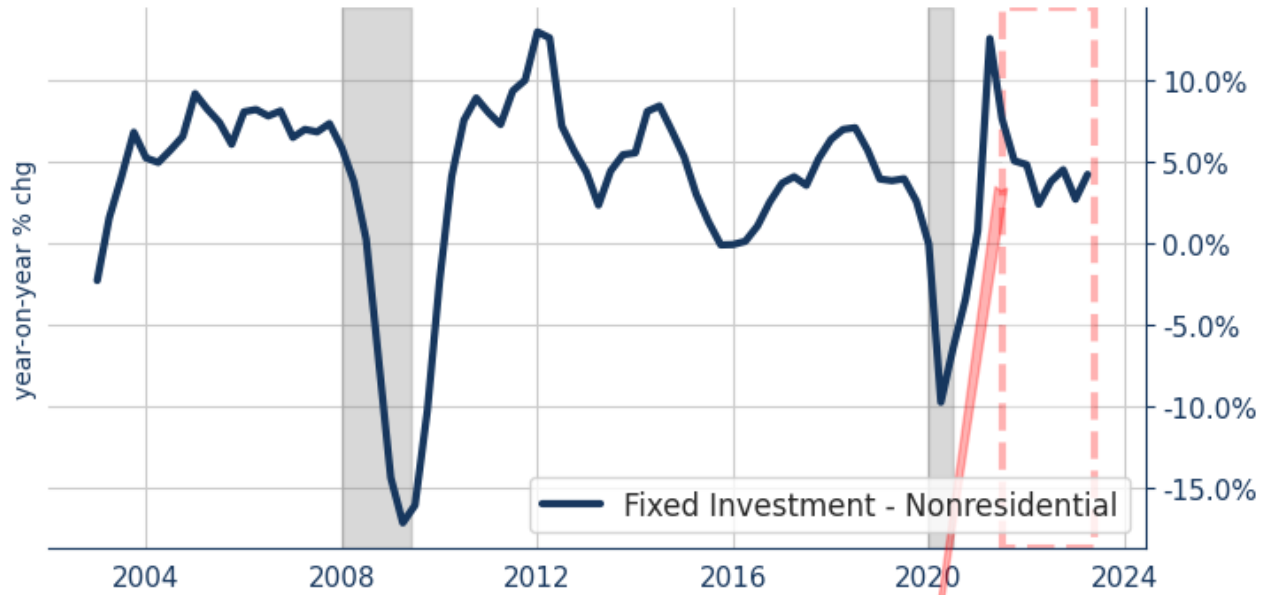
# Fixed Investment - Residential



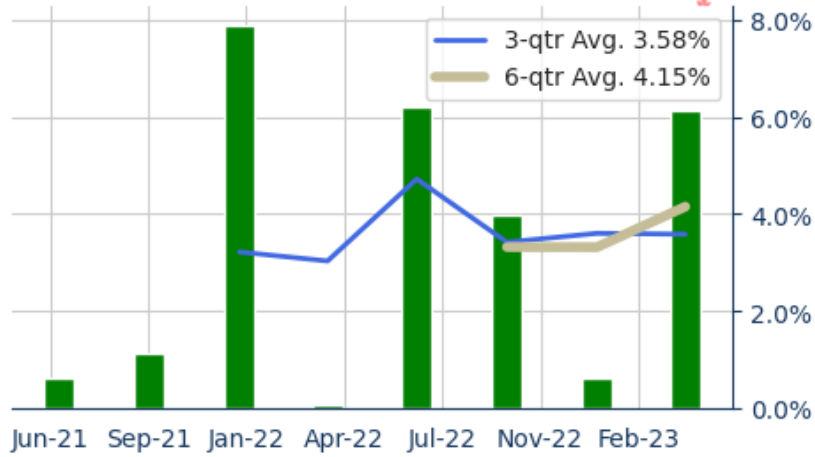
## QoQ annualized (2nd Qtr = -3.61%)



# Fixed Investment - Nonresidential



QoQ annualized (2nd Qtr = 6.14%)



# Government



**QoQ annualized (2nd Qtr = 3.35%)**

