

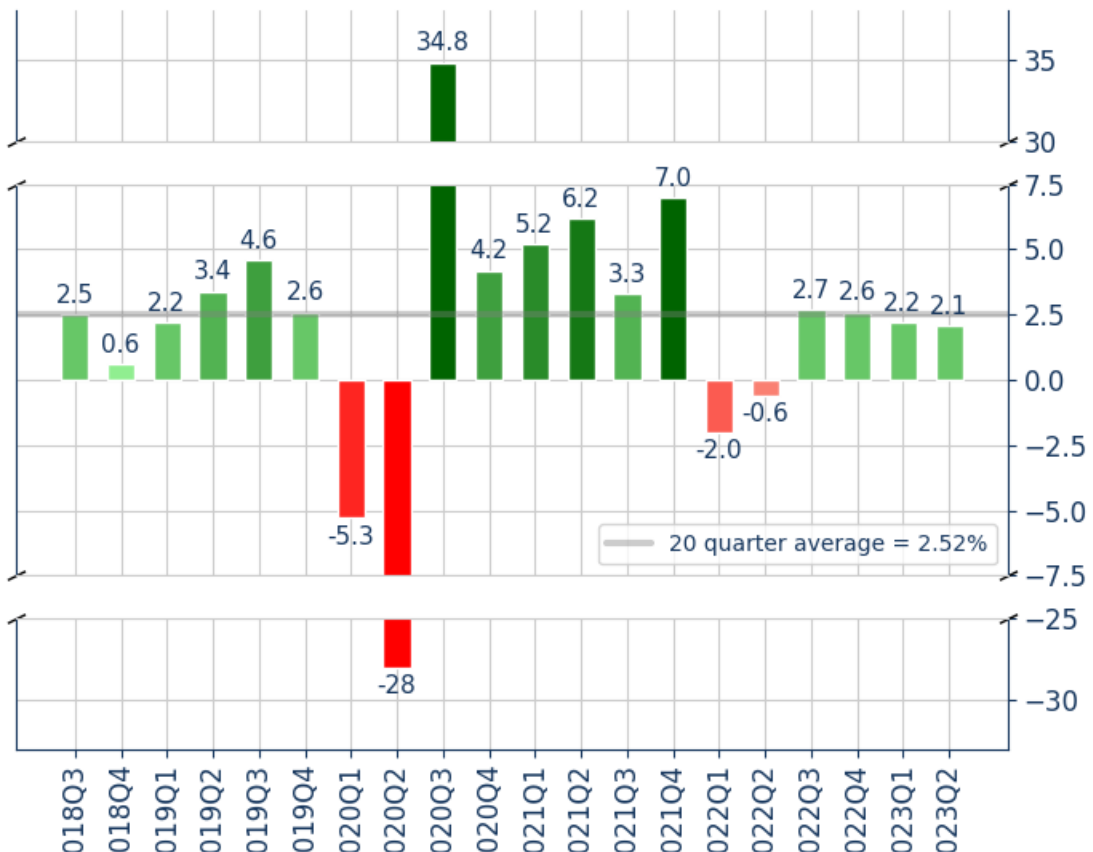
28.Sep.2023

## 2Q23 GDP: Slow End to 2Q But 3Q Still Looks Robust

**Bottom Line:** The third reading of 2nd Quarter 2023 GDP showed growth of 2.1% annualized, unchanged from prior reports. Consumption was notably lower, though, rising 0.8% in the quarter, down from a previously reported 1.7%. This suggests the consumer ended the 2nd Quarter on a slower note. The drag from net exports, though, was revised higher. All that said, this report is old data with only two more business days left in the THIRD quarter. The Atlanta Fed's GDP model suggests 3Q started on a very strong note, with that model running at 4.86%. While we think that model will ultimately come in lower once more 3Q data is available, consensus forests of 3+% still look reasonable. Overall, the economy is still growing at a surprisingly moderate to even robust pace.

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

The quarter saw small net revisions from 2.1%, below consensus of 2.2%

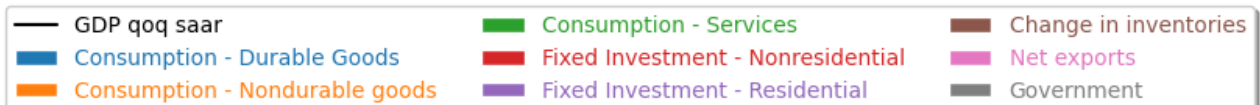
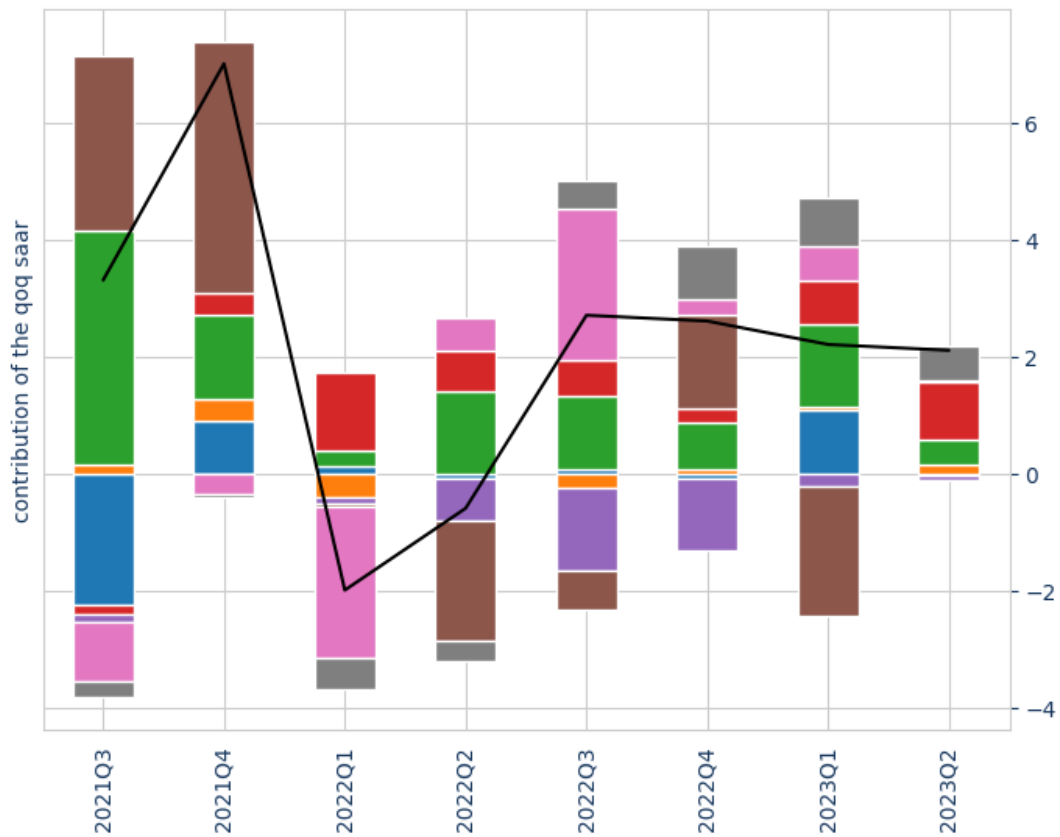


US Real GDP (QoQ SAAR) Headline Components	2Q '23	1Q '23	4Q '22	3Q '22	2Q '22	1Q '22
<b>Gross domestic product</b>	<b>2.10</b>	<b>2.20</b>	<b>2.60</b>	<b>2.70</b>	<b>-0.60</b>	<b>-2.00</b>
Personal consumption expenditures	0.80	3.80	1.20	1.60	2.00	0.00
Gross private domestic investment	5.20	-9.00	3.40	-7.60	-10.60	6.20
Exports	-9.30	6.80	-3.50	16.20	10.60	-4.60
Imports	-7.60	1.30	-4.30	-4.80	4.10	14.70
Government consumption expenditures and gross investment	3.30	4.80	5.30	2.90	-1.90	-2.90

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

## US Real GDP by component

Consumption was revised sharply higher for Q1.



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>2.20</b>	<b>2.60</b>	<b>2.70</b>	<b>-0.60</b>	<b>-2.00</b>
Consumption - Durable Goods	-0.03	1.07	-0.08	0.08	-0.08	0.12
Consumption - Nondurable goods	0.14	0.07	0.07	-0.26	-0.01	-0.42
Consumption - Services	0.44	1.40	0.80	1.23	1.41	0.27
Fixed Investment - Nonresidential	0.98	0.76	0.24	0.62	0.68	1.32
Fixed Investment - Residential	-0.09	-0.22	-1.23	-1.41	-0.73	-0.09
Change in inventories	0.00	-2.22	1.61	-0.66	-2.05	-0.07
Net exports	0.04	0.58	0.26	2.58	0.56	-2.59
Government	0.57	0.82	0.90	0.49	-0.34	-0.52

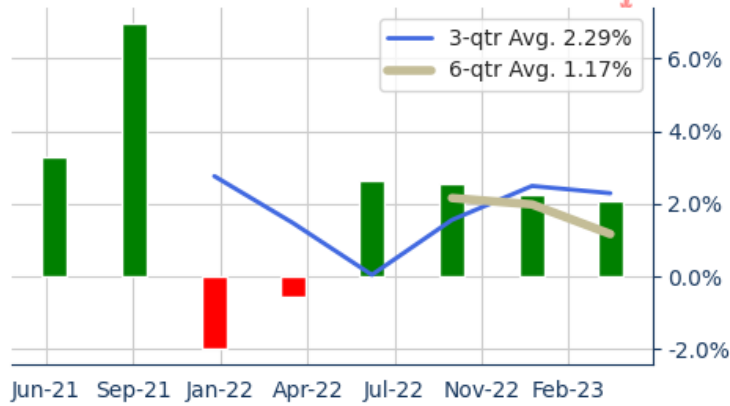
Quarter-over-quarter seasonally adjusted rates. Source: US BEA.

# Real GDP

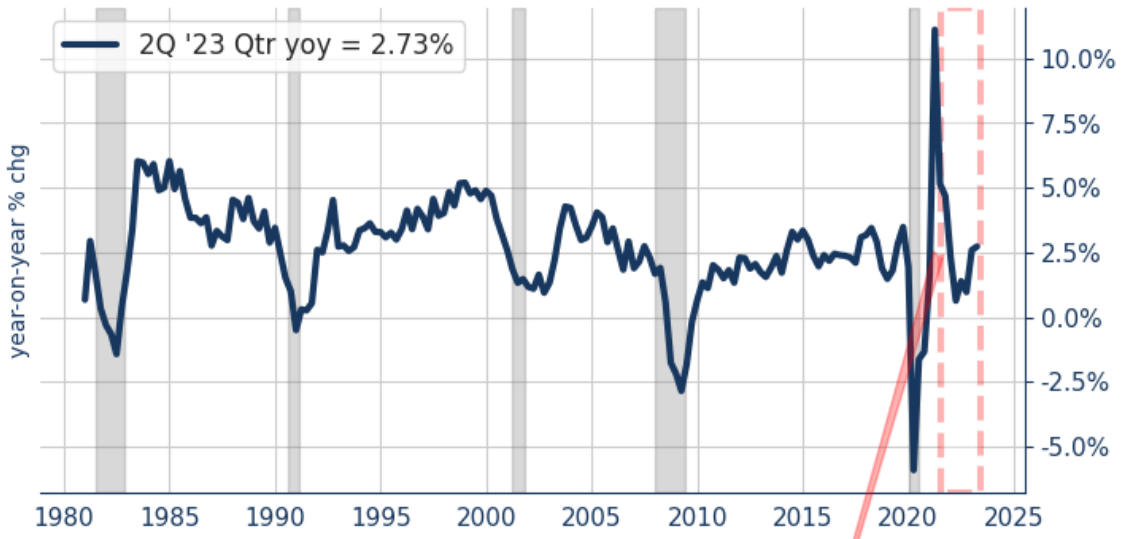
Averaged 2.5250000000000004% in the five years before the pandemic



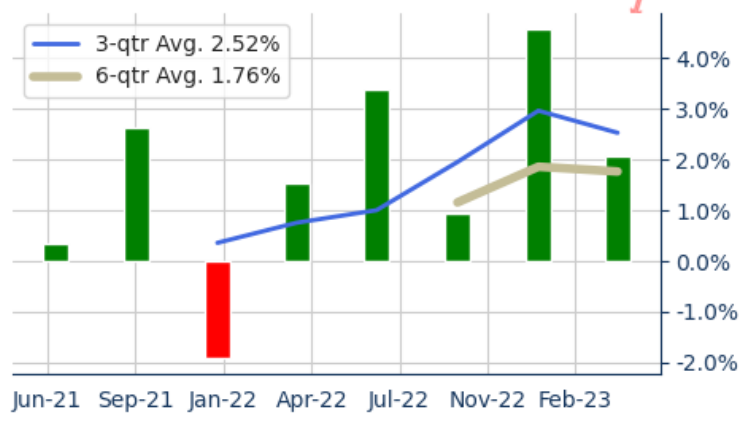
QoQ annualized (2Q '23 = 2.1%)



# Real Final Sales



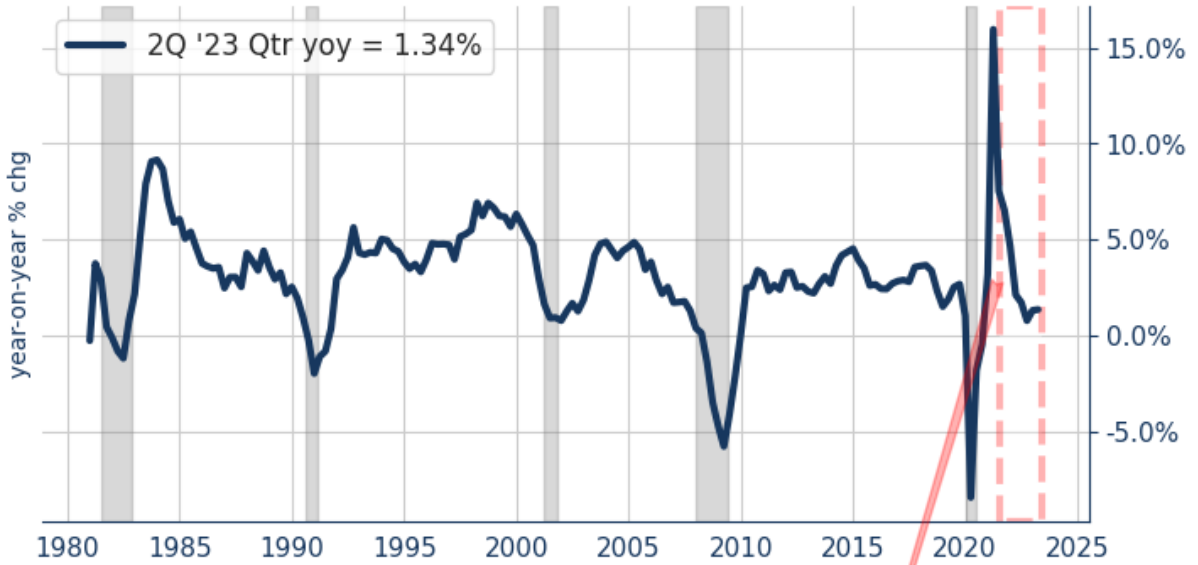
## QoQ annualized (2Q '23 Qtr = 2.06%)



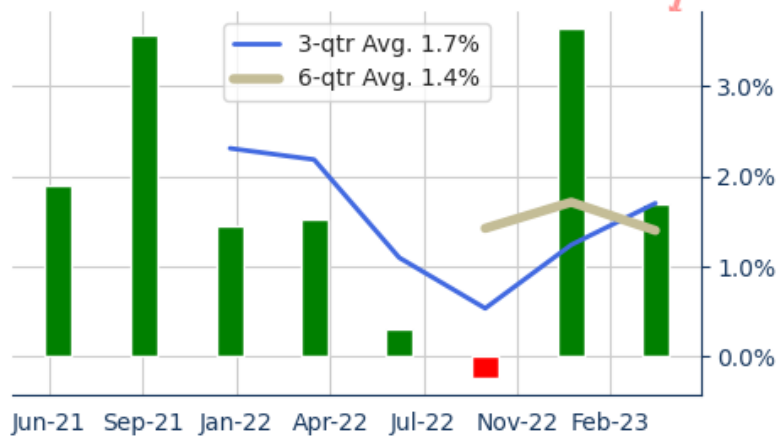
Contingent Macro Advisors 2023 source: US BEA

# Real Final Domestic Demand

The quarter was revised lower from 2.11% to 1.69%.

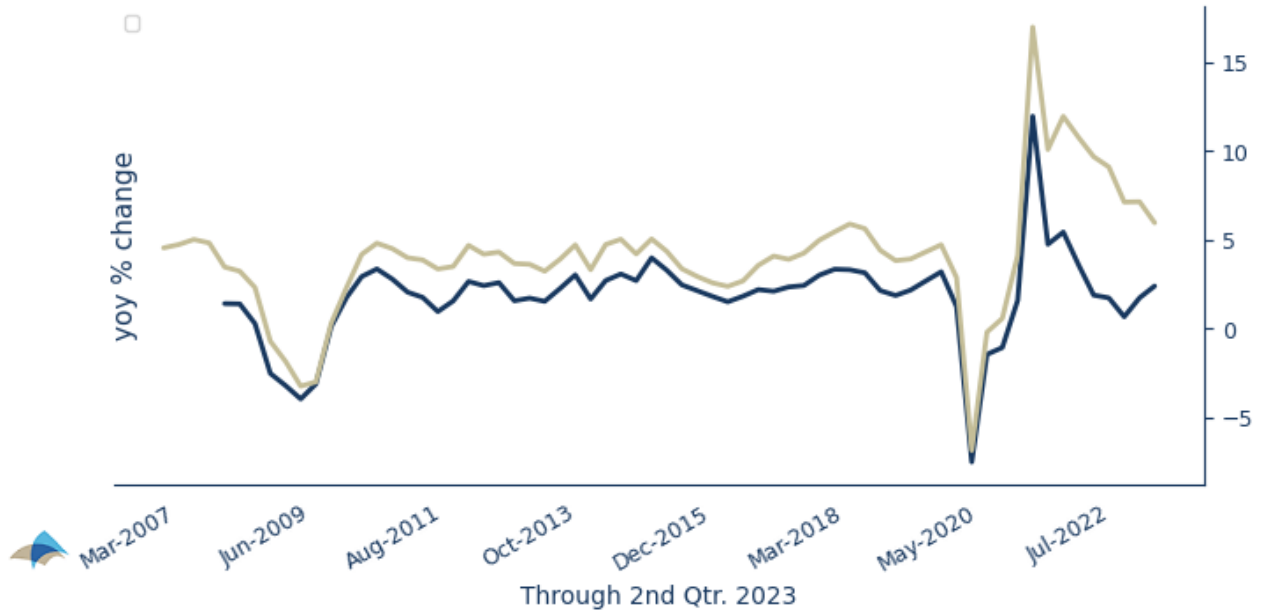


QoQ annualized (2Q '23 Qtr = 1.69%)

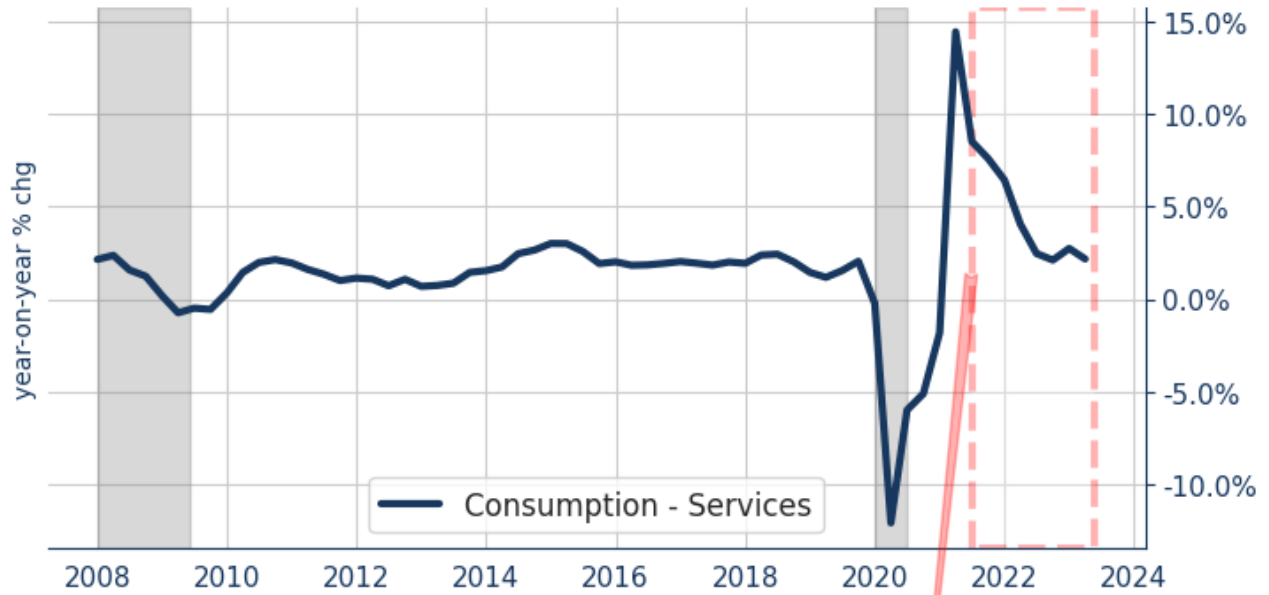


# Real & Nominal GDP Year-over-Year

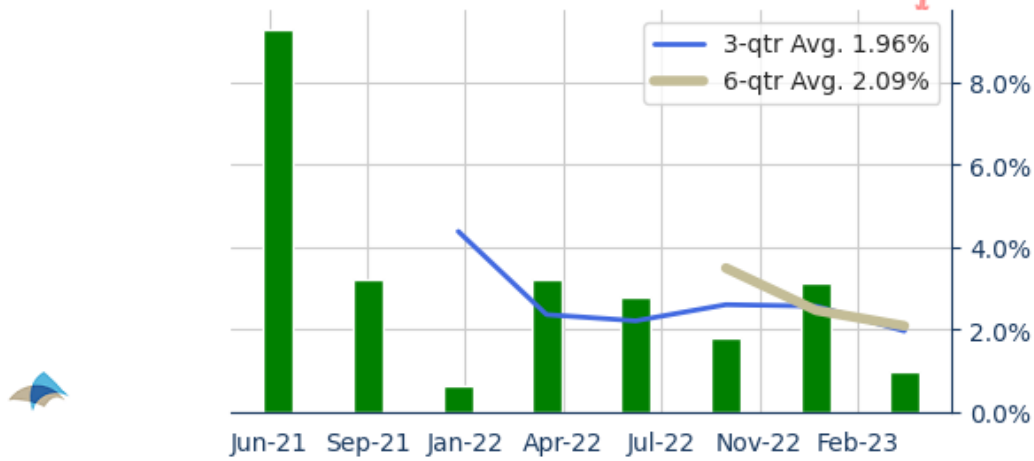
Nominal GDP (5.95%) was 357bps over Real GDP (2.38%).



# Consumption - Services

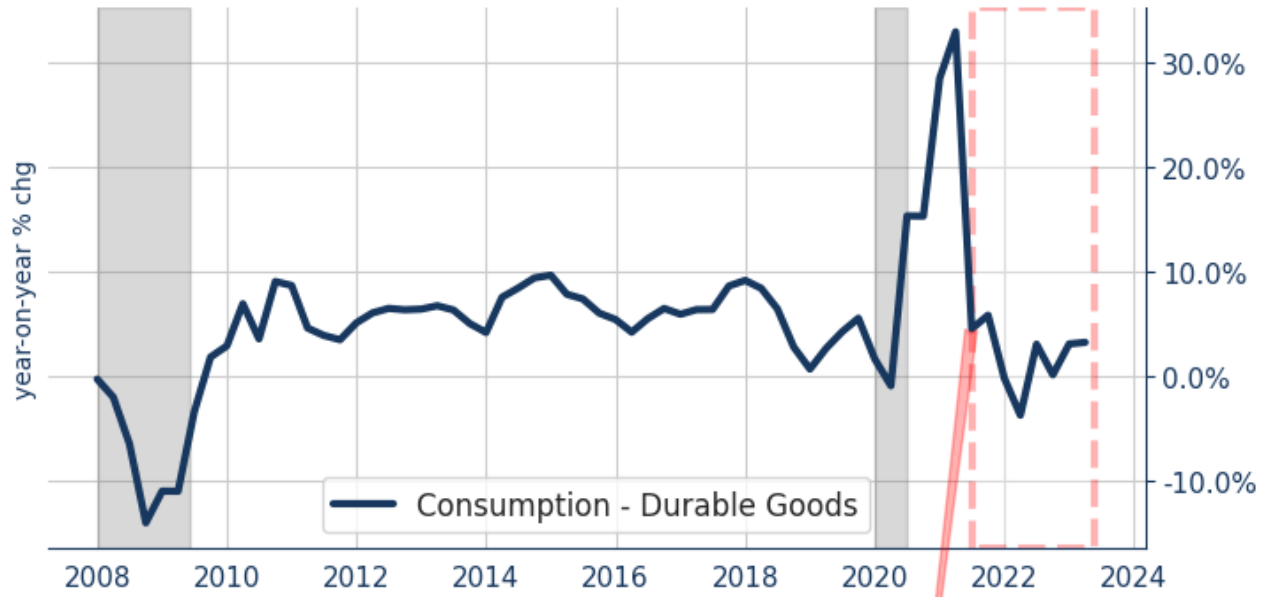


QoQ annualized (2nd Qtr = 0.97%)

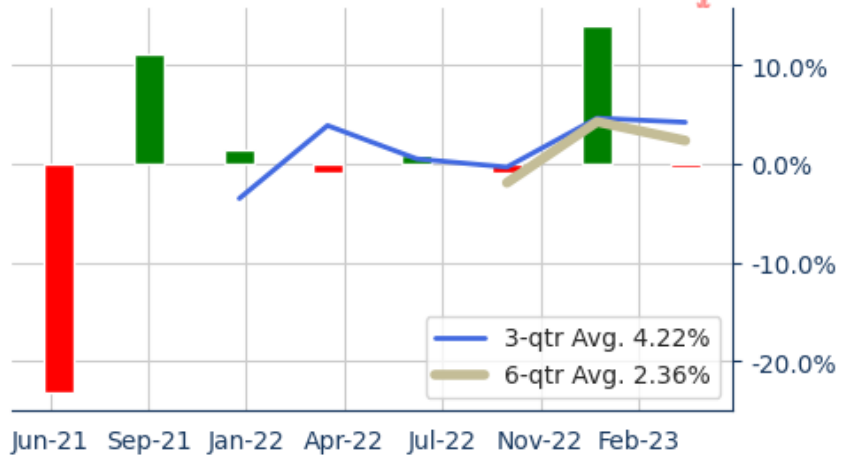




# Consumption - Durable Goods



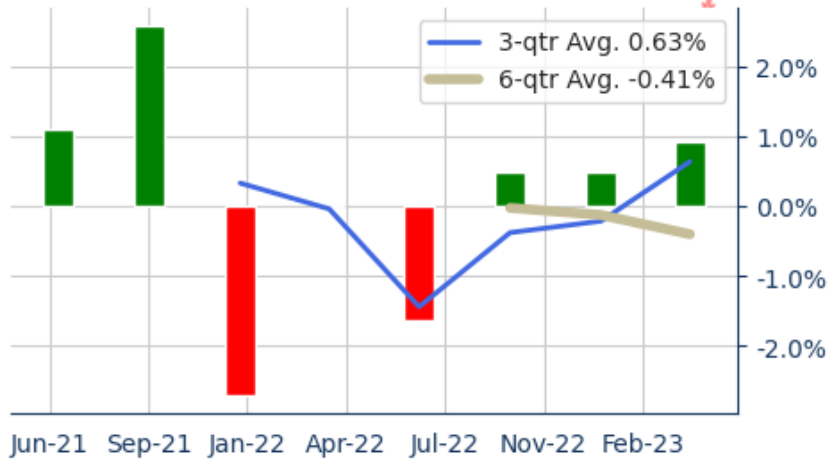
QoQ annualized (2nd Qtr = -0.33%)



# Consumption - Nondurable goods



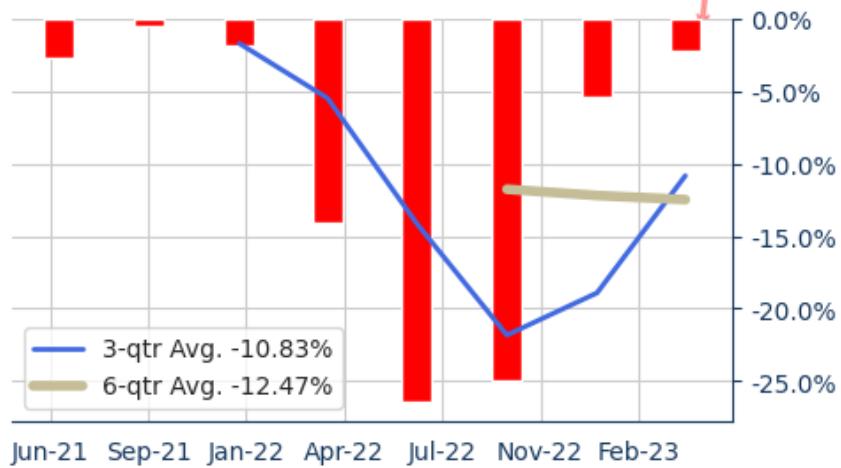
QoQ annualized (2nd Qtr = 0.92%)



# Fixed Investment - Residential



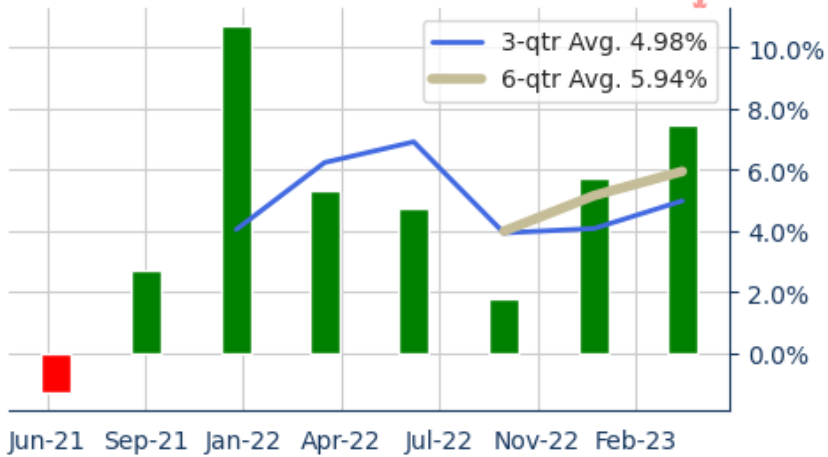
## QoQ annualized (2nd Qtr = -2.19%)



# Fixed Investment - Nonresidential



QoQ annualized (2nd Qtr = 7.45%)



# Government



**QoQ annualized (2nd Qtr = 3.34%)**

