

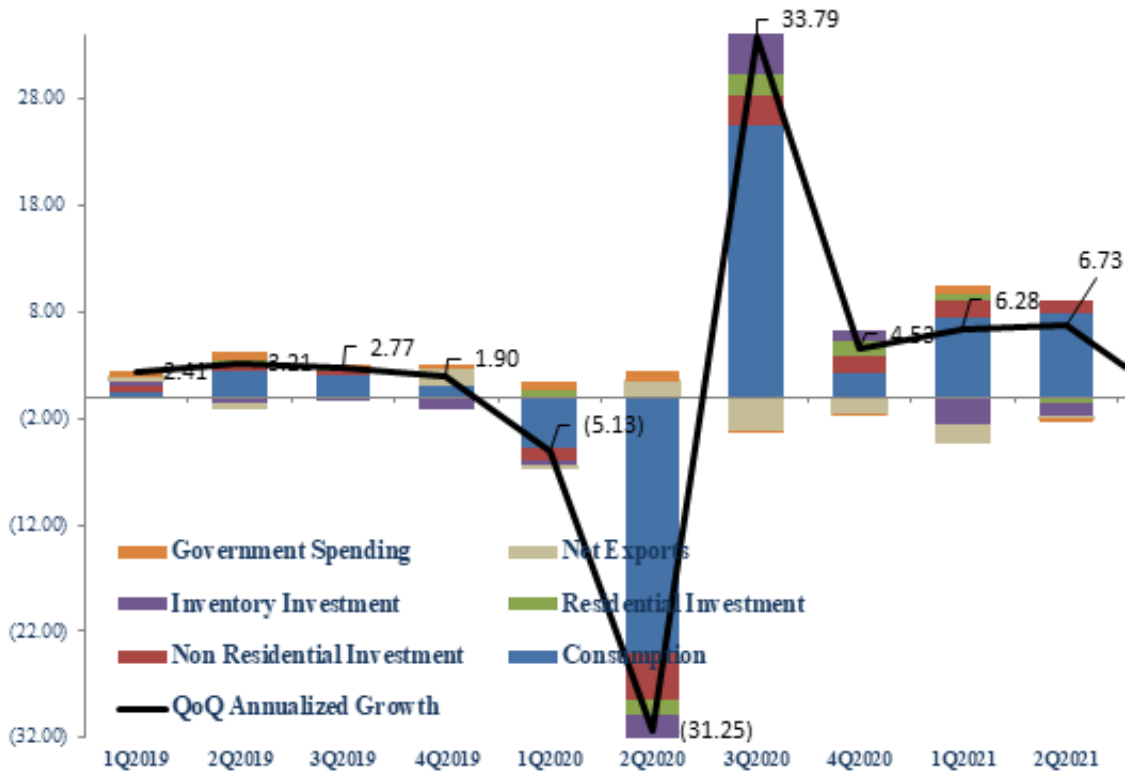
*30.Sep.2021*

## **2Q21 GDP: Modest Upward Revision, 3Q Likely Cooler**

**Bottom Line:** The final reading of 2nd Quarter GDP showed a slightly stronger than expected upward revision as consumption was revised higher. Of course, 2nd Quarter growth figures are old news with the 3rd Quarter ending today. And a few tenths of revision is small compared to the uncertainty in economic estimates since the pandemic -- consensus forecasts for 2Q were as high as 10% before the initial reading disappointed expectations.

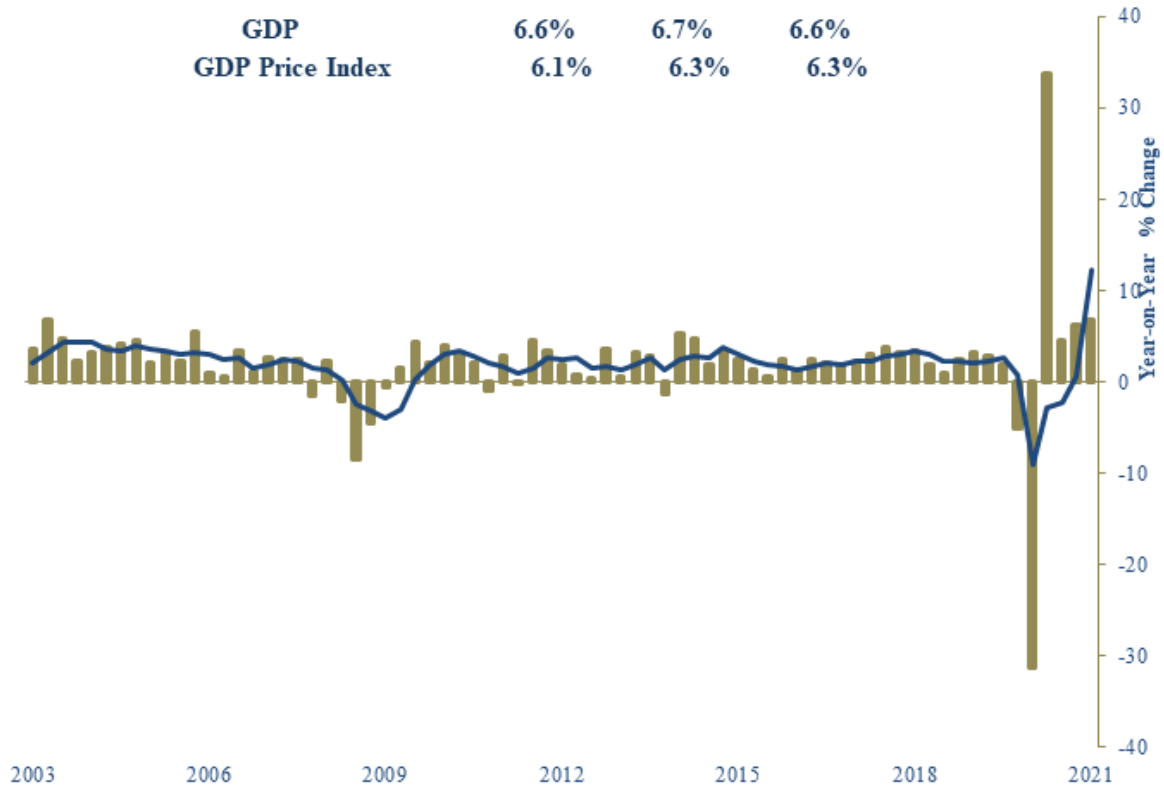
Overall, growth continues to decelerate moderately as stimulus measures to boost the economy during the pandemic have run their course. Forecasts for 3rd Quarter growth are well below the 2Q readings with the consensus at 5% and the Atlanta Fed GDPNow model at 3.2%. Our Nowcast models suggest growth closer to the Atlanta Fed's projection than to the consensus.

## US Quarterly GDP (seas. adj. ann rate) with contributions in bar graphs



### GDP

|                        | Cons. | Actual | Prior |
|------------------------|-------|--------|-------|
| <b>GDP</b>             | 6.6%  | 6.7%   | 6.6%  |
| <b>GDP Price Index</b> | 6.1%  | 6.3%   | 6.3%  |

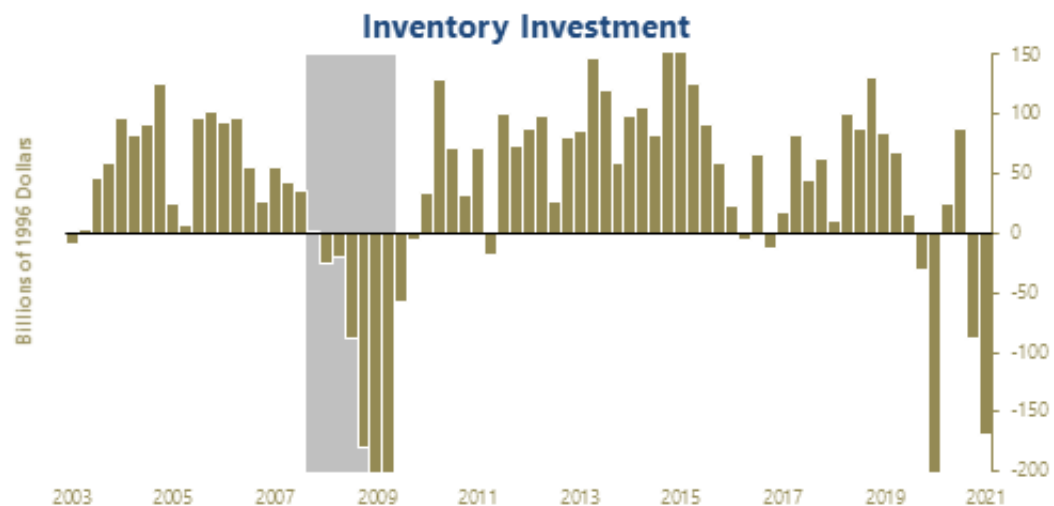


**GDP** was REVISED HIGHER by 0.1 percentage points to 6.7% in this third estimate for 2021 2nd Quarter. This compared with market expectations for no change revision to 6.6%. Economic activity was 12.2% above its year-ago level.

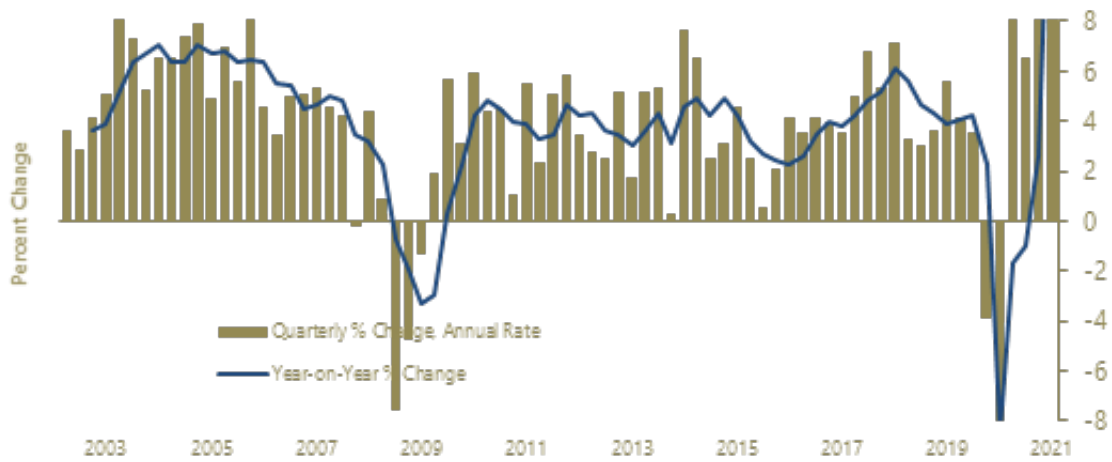
In final sales categories, net exports, exports, consumption, were revised higher while, imports, government purchases, residential investment, fixed investment were revised lower.

As a result of all of these changes, real final sales were revised up by 0.2 percentage points to 8.1% while real domestic demand was revised up by 0.1 percentage points to 8.0%.

**The GDP Price Index** was REVISED UP by 0.05 points to 6.3%, compared with market expectations no change at 6.1%. Economy-wide prices were 4.1% ABOVE year-ago levels.



## Nominal GDP



## GDP - by annual % Change

|                                      | % Change at Annual Rate (unless noted as \$) |                   |                  |        |        |        |                 |        |      |              |
|--------------------------------------|--|-------------------|------------------|--------|--------|--------|-----------------|--------|------|--------------|
|                                      | Quarterly Averages                           |                   |                  |        |        |        | Annual Averages |        |      |              |
|                                      | Q2-21<br>3rd Est.                            | Q2-21<br>2nd Est. | Q2-21<br>Advance | Q1-21  | Q4-20  | Q3-20  | Q2-20           | 2020   | 2019 | Five<br>Year |
| <b>Real GDP</b>                      | 6.7  | 6.6               | 6.5              | 6.3    | 4.5    | 33.8   | -31.2           | -3.4   | 2.3  | 1.1          |
| <b>Consumption</b>                   | 12.0   | 11.9              | 11.8             | 11.4   | 3.4    | 41.4   | -33.4           | -3.8   | 2.2  | 1.2          |
| <b>Business Fixed Investment</b>     | 9.2  | 9.3               | 8.0              | 12.9   | 12.5   | 18.7   | -30.3           | -5.3   | 4.3  | 2.0          |
| <b>Residential Investment</b>        | -11.7  | -11.5             | -9.8             | 13.3   | 34.4   | 60.0   | -30.8           | 6.8    | -0.9 | 3.1          |
| <b>Inventory Investment (\$ Chg)</b> | -80.2  | -81.8             | -77.6            | -177.1 | 63.5   | 278.1  | -222.4          | -117.4 | 9.4  | -36.0        |
| <b>Net Exports (\$ Change)</b>       | -18.4  | -21.0             | -32.9            | -93.3  | -111.5 | -246.5 | 67.1            | 32.0   | 6.8  | 27.5         |
| <b>Exports</b>                       | 7.6  | 6.0               | 6.0              | -2.9   | 22.5   | 54.5   | -59.9           | 3.0    | 3.3  | 3.0          |
| <b>Imports</b>                       | 7.1  | 7.8               | 7.8              | 9.3    | 31.3   | 89.2   | -53.1           | -8.9   | 1.1  | 0.3          |
| <b>Government Purchases</b>          | -2.00  | -1.50             | -1.51            | 4.2    | -0.5   | -2.1   | 3.9             | 2.5    | 2.2  | 1.7          |
| <b>Addendum:</b>                     |  |                   |                  |        |        |        |                 |        |      |              |
| <b>Real Final Sales</b>              | 8.1  | 7.9               | 7.7              | 9.1    | 3.4    | 25.9   | -27.6           | -2.9   | 2.2  | 1.3          |
| <b>Final Domestic Demand</b>         | 8.0  | 7.9               | 7.9              | 5.0    | 29.9   | -27.3  | -4.4            | -2.5   | 2.4  | 1.5          |
| <b>Price Index</b>                   | 6.3  | 6.3               | 6.3              | 4.5    | 2.2    | 3.5    | -1.3            | 1.3    | 1.8  | 1.7          |

Source: Bureau of Economic Analysis, Department of Commerce via Bloomberg. Our calculations.

T.J. Connelly, Head of Research

September 30, 2021

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## GDP - by contribution

|                               | Quarterly         |                   |                  |       |       |       |       | Annual Averages |      |              |             |
|-------------------------------|-------------------|-------------------|------------------|-------|-------|-------|-------|-----------------|------|--------------|-------------|
|                               | Q2-21<br>3rd Est. | Q2-21<br>2nd Est. | Q2-21<br>Advance | Q1-21 | Q4-20 | Q3-20 | Q2-20 | 2020            | 2019 | Five<br>Year | Ten<br>Year |
| Real GDP                      | 6.7               | 6.6               | 6.5              | 6.3   | 4.5   | 33.8  | -31.2 | -3.4            | 2.3  | 1.1          | 1.6         |
| Consumption                   | 7.92              | 7.80              | 7.8              | 7.4   | 2.3   | 25.5  | -24.1 | -2.6            | 1.5  | 0.8          | 1.1         |
| Business Fixed Investment     | 1.2               | 1.1               | 1.1              | 1.7   | 1.6   | 2.7   | -4.3  | -0.7            | 0.6  | 0.3          | 0.5         |
| Residential Investment        | -0.6              | -0.6              | -0.5             | 0.6   | 1.3   | 2.2   | -1.4  | 0.3             | 0.0  | 0.1          | 0.2         |
| Inventory Investment (\$ Chg) | -1.3              | -1.3              | -1.1             | -2.6  | 1.1   | 6.8   | -4.0  | -0.5            | 0.1  | -0.2         | 0.0         |
| Net Exports (\$ Change)       | -0.2              | -0.2              | -0.4             | -1.6  | -1.7  | -3.3  | 1.5   | -0.3            | -0.2 | -0.2         | -0.2        |
| Exports                       | 0.8               | 0.7               | 0.6              | -0.3  | 2.1   | 4.6   | -8.3  | -1.6            | 0.0  | -0.1         | 0.2         |
| Imports                       | -1.0              | -0.9              | -1.1             | -1.3  | -3.7  | -7.9  | 9.9   | 1.3             | -0.2 | -0.1         | -0.3        |
| Government Purchases          | -0.4              | -0.3              | -0.3             | 0.8   | -0.1  | -0.2  | 1.0   | 0.4             | 0.4  | 0.3          | 0.0         |
| Others:                       |                   |                   |                  |       |       |       |       |                 |      |              |             |
| Defense                       | 0.0               | 0.0               | 0.0              | -0.3  | 0.2   | 0.1   | 0.2   | 0.1             | 0.2  | 0.1          | 0.0         |
| Intellectual Property         | 0.6               | 0.7               | 0.5              | 0.8   | 0.5   | 0.5   | -0.5  | 0.1             | 0.3  | 0.3          | 0.2         |
| Equipment                     | 0.7               | 0.6               | 0.7              | 0.8   | 1.3   | 2.7   | -2.0  | -0.5            | 0.2  | 0.0          | 0.2         |
| Medical Care                  | 1.1               | 0.7               | 0.5              | -0.5  | 1.5   | 7.4   | -7.7  | -1.0            | 0.4  | 0.1          | 0.2         |

Source: Bureau of Economic Analysis, Department of Commerce via Bloomberg. Our calculations.