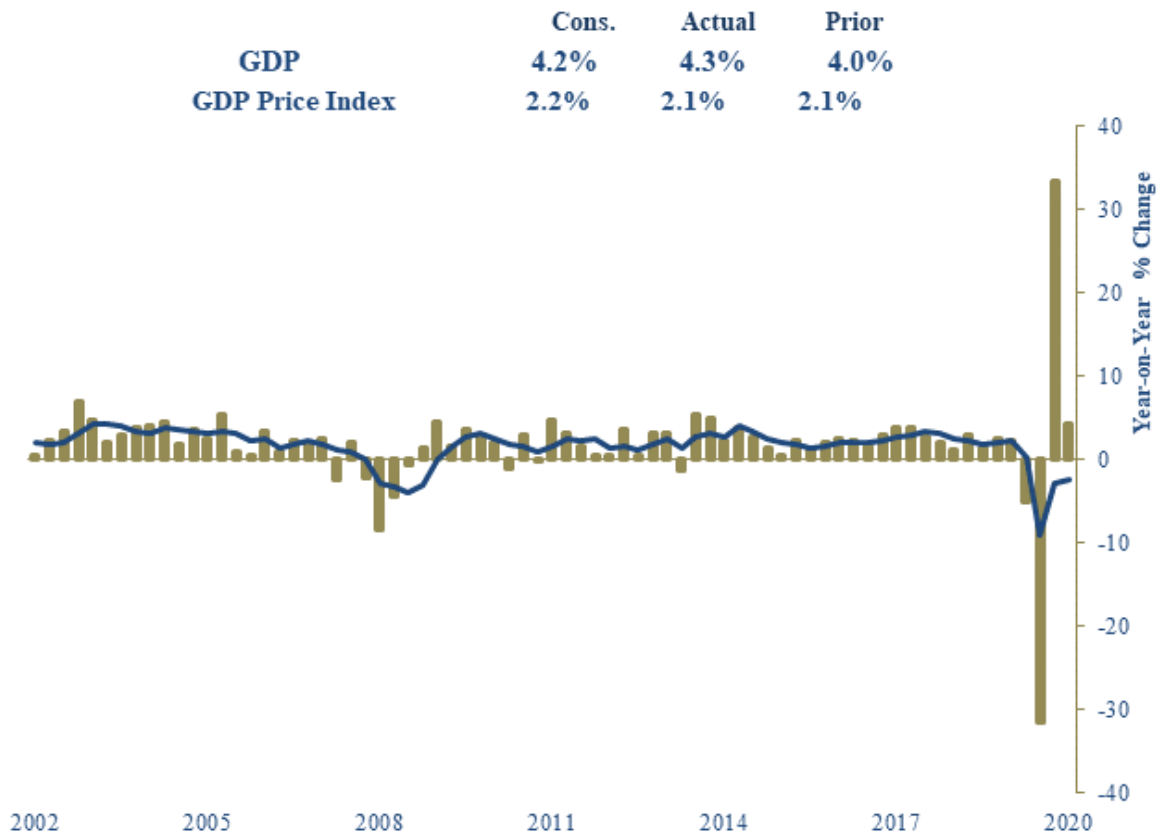


25.Mar.2021

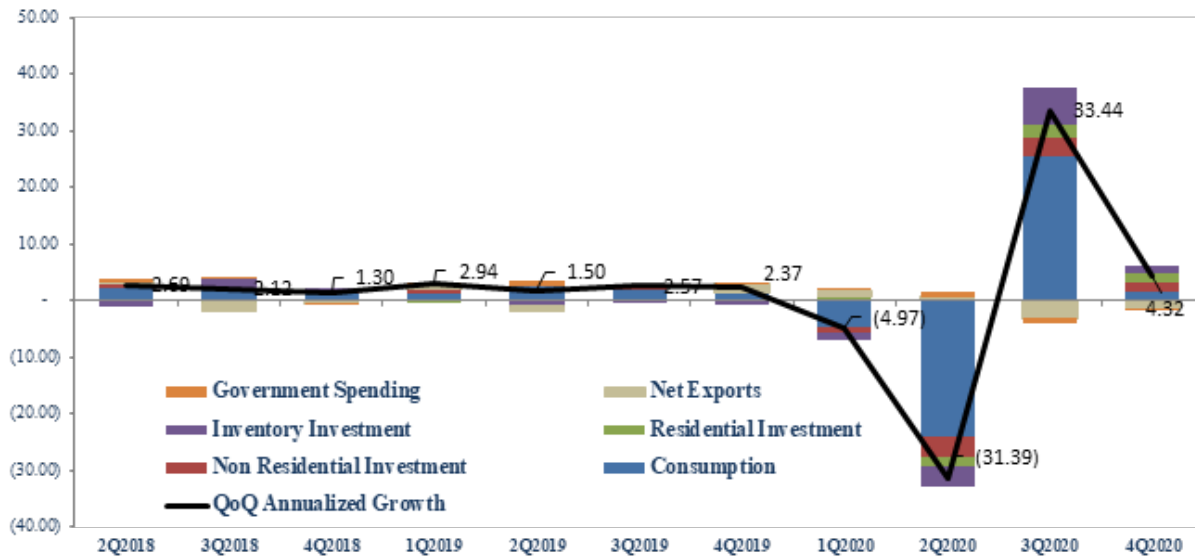
4Q20 GDP: Upward Revisions

Bottom Line: The third estimate of 4th Quarter 2020 GDP was revised higher, driven by an increase in inventory investment late in the quarter. Consumption was revised a touch lower, suggesting the consumer slowed more than previously reported in December. Overall, these revisions were minor and confirmed that while consumption continued to grow in the 4th Quarter, the pace of gains slowed sharply. The recovery was driven by housing and manufacturing. Of course, these data are old news, with the close of the 1st Quarter of 2021 less than a week away. The median of Bloomberg consensus estimates for the 1st Quarter was 4.8% quarter-over-quarter annualized this morning, with the Atlanta Fed's GDP Now at 5.4%. We suspect growth will initially come in around 5% but then see negative revisions to bring it near 4.5% amid weather-related volatility and difficult seasonal adjustments.

GDP



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

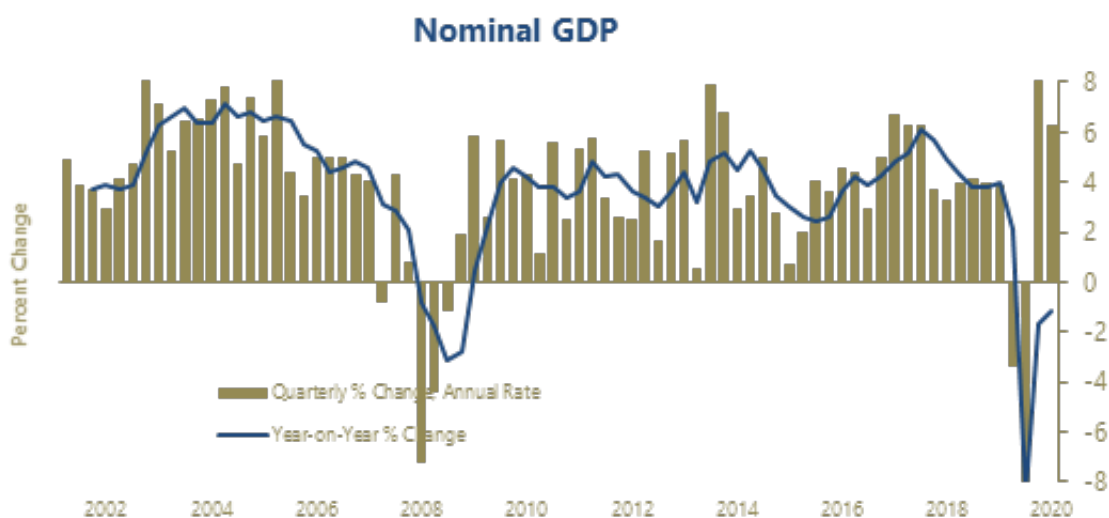


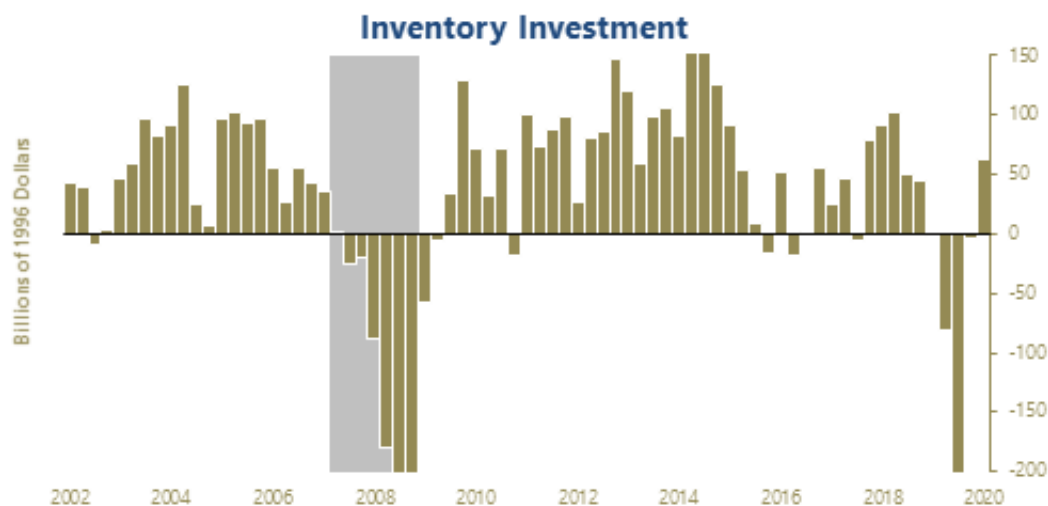
GDP was REVISED HIGHER by 0.2 percentage points to 4.3% in this third estimate for 2020 4th Quarter. This compared with market expectations for no change revision to 4.1%. Economic activity was 2.4% below its year-ago level.

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

As a result of all of these changes, real final sales were revised down slightly to 2.9% while real domestic demand was revised down by 0.1 percentage points to 4.4%.

The GDP Price Index was REVISED LOWER by 0.10 points to 2.1%, compared with market expectations of 2.1%. Economy-wide prices were 1.3% ABOVE year-ago levels.





GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages							Annual Averages		
	Q4-20 3rd Est.	Q4-20 2nd Est.	Q4-20 Advance	Q3-20	Q2-20	Q1-20	Q4-19	2018	2017	Five Year
Real GDP	4.3	4.1	4.0	33.4	-31.4	-5.0	2.4	3.0	2.3	2.5
Consumption	2.3	2.4	2.5	41.0	-33.2	-6.9	1.6	2.7	2.6	3.0
Business Fixed Investment	13.1	14.0	13.8	22.9	-27.2	-6.7	-0.3	6.9	3.7	4.1
Residential Investment	36.6	35.8	33.5	63.0	-35.5	19.0	5.8	-0.6	4.0	4.7
Inventory Investment (\$ Chg)	65.8	51.8	48.4	283.3	-206.1	-79.9	-45.1	37.6	-8.8	-11.0
Net Exports (\$ Change)	-104.0	-104.0	-102.1	-243.9	12.9	73.5	88.7	32.0	6.8	27.5
Exports	21.8	21.8	22.0	59.6	-64.4	-9.5	3.4	3.0	3.3	3.0
Imports	29.6	29.6	29.5	93.0	-54.1	-15.0	-7.5	4.1	4.7	4.1
Government Purchases	-0.82	-1.10	-1.24	-4.8	2.5	1.3	2.4	2.1	-0.1	0.9
Addendum:										
Real Final Sales	2.9	3.0	3.0	25.9	-28.1	-3.6	3.2	2.8	2.4	2.6
Final Domestic Demand	4.4	4.4	4.4	-27.1	-4.6	1.6	2.6	3.0	2.5	2.8
Price Index	2.1	2.2	2.1	3.4	-1.7	1.3	1.4	2.4	1.9	1.6

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

T.J. Connelly, Head of Research

March 25, 2021

Steven A. Wood, Sr. Economic

GDP - by contribution

	Quarterly							Annual Averages			
	Q4-20 3rd Est.	Q4-20 2nd Est.	Q4-20 Advance	Q3-20	Q2-20	Q1-20	Q4-19	2018	2017	Five Year	Ten Year
Real GDP	4.3	33.1	33.1	33.4	-31.4	-5.0	2.4	3.0	2.3	2.5	1.8
Consumption	1.58	25.22	25.3	25.4	-24.0	-4.8	1.1	1.9	1.8	2.0	1.4
Business Fixed Investment	1.7	3.1	2.9	3.2	-3.7	-0.9	0.0	0.9	0.5	0.5	0.4
Residential Investment	1.4	2.2	2.1	2.2	-1.6	0.7	0.2	0.0	0.2	0.2	0.1
Inventory Investment (\$ Chg)	1.4	6.6	6.6	6.6	-3.5	-1.3	-0.8	0.2	0.0	0.0	0.1
Net Exports (\$ Change)	-1.5	-3.2	-3.1	-3.2	0.6	1.1	1.5	-0.3	-0.2	-0.3	-0.1
Exports	2.0	5.0	4.9	4.9	-9.5	-1.1	0.4	0.4	0.5	0.3	0.4
Imports	-3.6	-8.1	-8.0	-8.1	10.1	2.3	1.1	-0.6	-0.7	-0.6	-0.5
Government Purchases	-0.1	-0.8	-0.7	-0.8	0.8	0.2	0.4	0.3	0.2	0.2	0.0
Others:											
Defense	0.2	0.2	0.2	0.2	0.2	0.0	0.3	0.1	0.0	0.0	0.0
Intellectual Property	0.5	0.3	0.0	0.5	-0.5	0.1	0.2	0.3	0.2	0.2	0.2
Equipment	1.3	3.2	3.3	3.3	-2.0	-0.9	-0.1	0.5	0.2	0.2	0.2
Medical Care	1.5	7.8	7.6	7.4	-7.6	-2.0	0.5	0.3	0.3	0.4	0.3

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