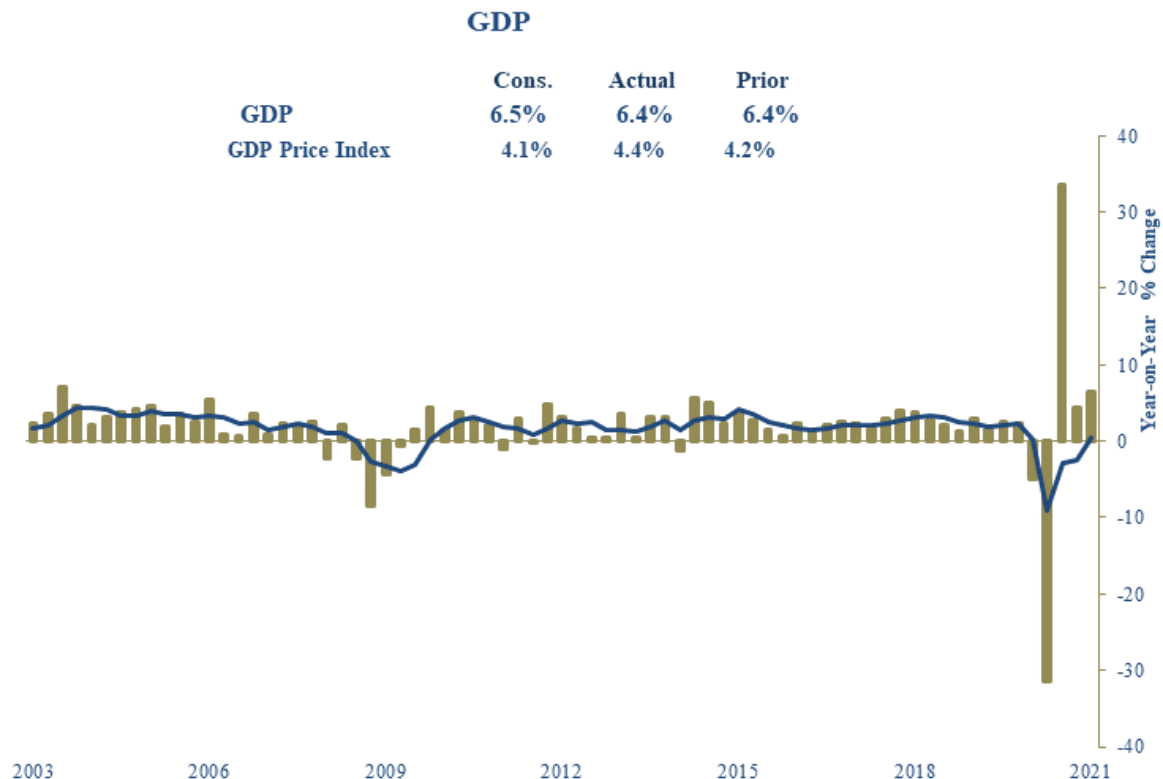


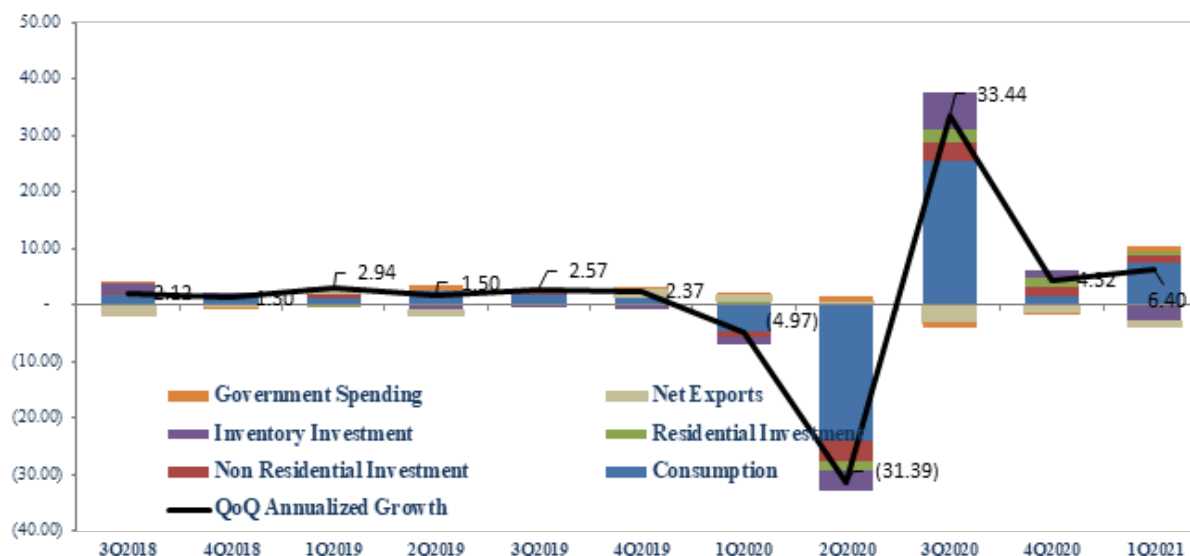
27.May.2021

1Q21 GDP: Consumer Ended Quarter Even Stronger

Bottom Line: The second estimate of 1st Quarter US GDP growth was unchanged at 6.4%, in line with expectations. Consumption was revised higher, now 11,3% versus 10.7% previously. Residential investment remained positive, while most other categories were a larger drag on growth than previously reported. Inventory investment and net exports contracted more than previously reported, as government spending growth was slower. Overall, the consumer drove growth in the 1st Quarter even more than previously estimated, with spending ending the quarter on a strong note. The late strength in consumption in the 1st Quarter likely carried into the 2nd Quarter, supporting elevated expectations of 9.4% quarter-over-quarter annualized GDP growth in 2Q.



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



GDP was unchanged at 6.4% in this second estimate of economic activity for Q1-21. This was in line with market expectations for an upward revision to 6.5%. Economic activity was 0.4% ABOVE its year-ago level and 27.3% ABOVE its 2007 Q4 cyclical peak.

Consumer Spending was revised higher by 0.61% to 11.3%, contributing 7.40% to economic growth.

Business Fixed Investment was revised higher by 0.85% to 10.8%, contributing 1.39% to economic growth.

Residential Investment was revised higher by 1.92% to 12.7%, contributing 0.57% to economic growth.

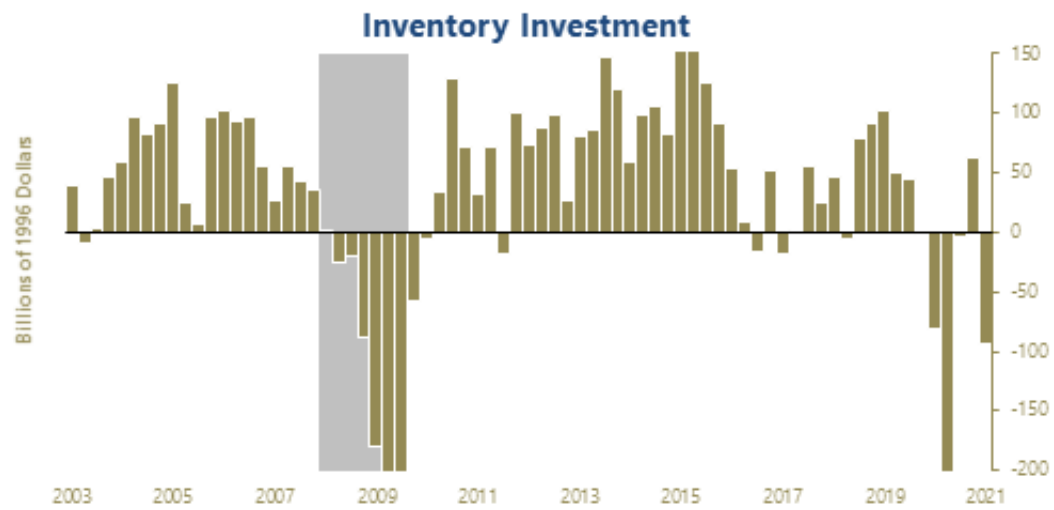
Inventory Investment was revised modestly lower, contributing -2.78% to economic growth.

Net Exports were revised sharply lower with a moderate decline in Exports and modest growth in Imports, contributing -1.20% to economic growth.

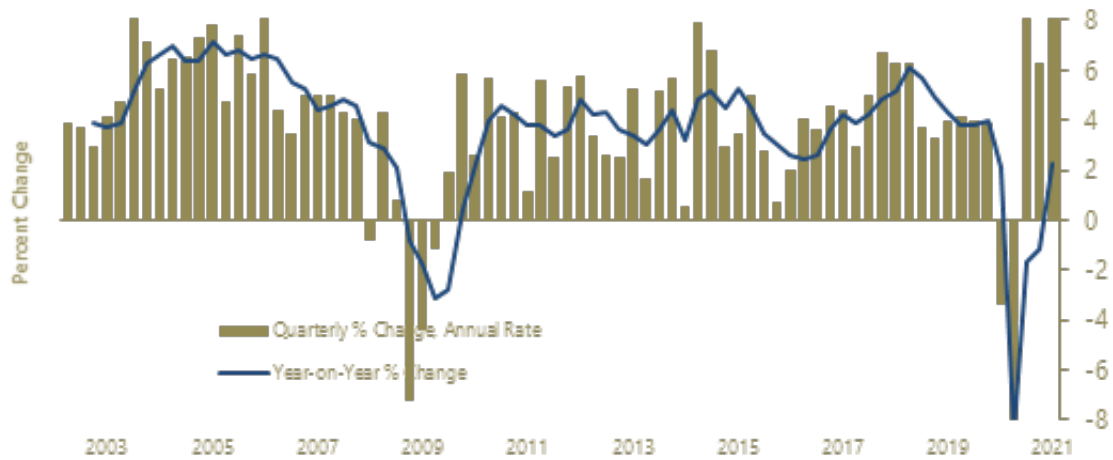
Government Purchases were revised slightly lower but grew solidly for the 9th time in the past 12 quarters, contributing 1.02% to economic growth.

As a result of all of these changes, **Real Final Sales** was revised modestly higher while Real Domestic Demand was revised higher.

The **GDP Price Index** was REVISED UP by 0.18 points to 4.4%, compared with market expectations of 4.1%. Economy-wide prices are now 2.0% ABOVE its year-ago level.



Nominal GDP



GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages						Annual Averages			
	Q1-21 2nd Est.	Q1-21 Advance	Q4-20	Q3-20	Q2-20	Q1-20	2020	2019	Five Year	Ten Year
Real GDP	6.4	6.4	4.3	33.4	-31.4	-5.0	-3.5	2.2	1.1	1.7
Consumption	11.3	10.7	2.3	41.0	-33.2	-6.9	-3.9	2.4	1.3	1.8
Business Fixed Investment	10.8	9.9	13.1	22.9	-27.2	-6.7	-4.0	2.9	1.9	4.1
Residential Investment	12.7	10.8	36.6	63.0	-35.5	19.0	6.1	-1.7	2.8	5.2
Inventory Investment (\$ Chg)	-155.0	-147.5	65.8	283.3	-206.1	-79.9	-126.0	-4.9	-43.0	-13.5
Net Exports (\$ Change)	-71.9	-53.5	-103.0	-243.9	12.9	73.5	-8.4	-39.9	-41.3	-36.0
Exports	-2.9	-1.1	22.3	59.6	-64.4	-9.5	-12.9	-0.1	-1.4	1.1
Imports	6.7	5.7	29.9	93.0	-54.1	-15.0	-9.3	1.1	0.3	2.1
Government Purchases	5.7	6.3	-0.8	-4.8	2.5	1.3	1.1	2.3	1.6	0.1
Addendum:										
Real Final Sales	9.4	9.2	2.9	25.9	-28.1	-3.6	-2.9	2.2	1.3	1.7
Final Domestic Demand	10.3	9.8	4.4	29.8	-27.1	-4.6	-2.7	2.3	1.5	1.9
Price Index	4.4	4.2	2.1	3.4	-1.7	1.3	1.2	1.8	1.7	1.7

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

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T.J. Connelly, Head of Research

May 27, 2021

Steven A. Wood, Sr. Economic Adviser

GDP - by contribution

GDP -- by Contribution

	Quarterly						Annual Averages			
	Q1-21 2nd Est.	Q1-21 Advance	Q4-20	Q3-20	Q2-20	Q1-20	2020	2019	Five Year	Ten Year
Real GDP	6.4	6.4	4.3	33.4	-31.4	-5.0	-3.5	2.2	1.1	1.7
Consumption	7.4	7.0	1.6	25.4	-24.0	-4.8	-2.6	1.6	0.9	1.2
Business Fixed Investment	1.4	1.3	1.7	3.2	-3.7	-0.9	-0.5	0.4	0.3	0.5
Residential Investment	0.6	0.5	1.4	2.2	-1.6	0.7	0.2	-0.1	0.1	0.2
Inventory Investment (\$ Chg)	-2.8	-2.6	1.4	6.6	-3.5	-1.3	-0.6	0.0	-0.2	-0.1
Net Exports (\$ Change)	-1.2	-0.9	-1.5	-3.2	0.6	1.1	-0.1	-0.2	-0.2	-0.2
Exports	-0.3	-0.1	2.0	4.9	-9.5	-1.1	-1.5	0.0	-0.1	0.2
Imports	-0.9	-0.8	-3.6	-8.1	10.1	2.3	1.3	-0.2	-0.1	-0.4
Government Purchases	1.0	1.1	-0.1	-0.8	0.8	0.2	0.2	0.4	0.3	0.0
Others:										
Defense	-0.1	-0.1	0.2	0.2	0.2	0.0	0.1	0.2	0.1	0.0
Intellectual Property	0.8	0.5	0.5	0.5	-0.5	0.1	0.1	0.3	0.2	0.2
Equipment	0.8	0.9	1.3	3.3	-2.0	-0.9	-0.3	0.1	0.1	0.3
Medical Care	-0.2	0.3	1.5	7.4	-7.6	-2.0	-0.9	0.3	0.1	0.2

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