

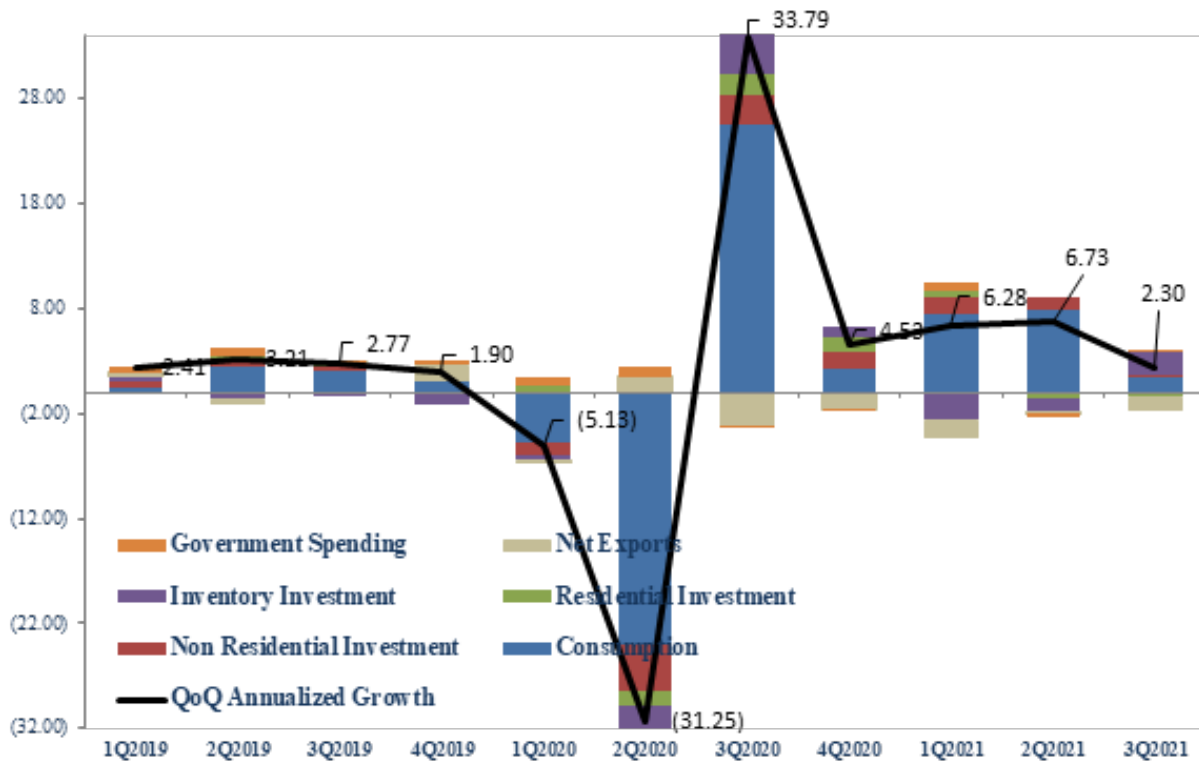
22.Dec.2021

3Q21 GDP: Modest Growth, 4Q Likely Stronger, 1st Quarter '21?

Bottom Line: The final reading of 3rd Quarter GDP confirmed modest growth led by inventory investment with consumption slightly higher than previously reported.

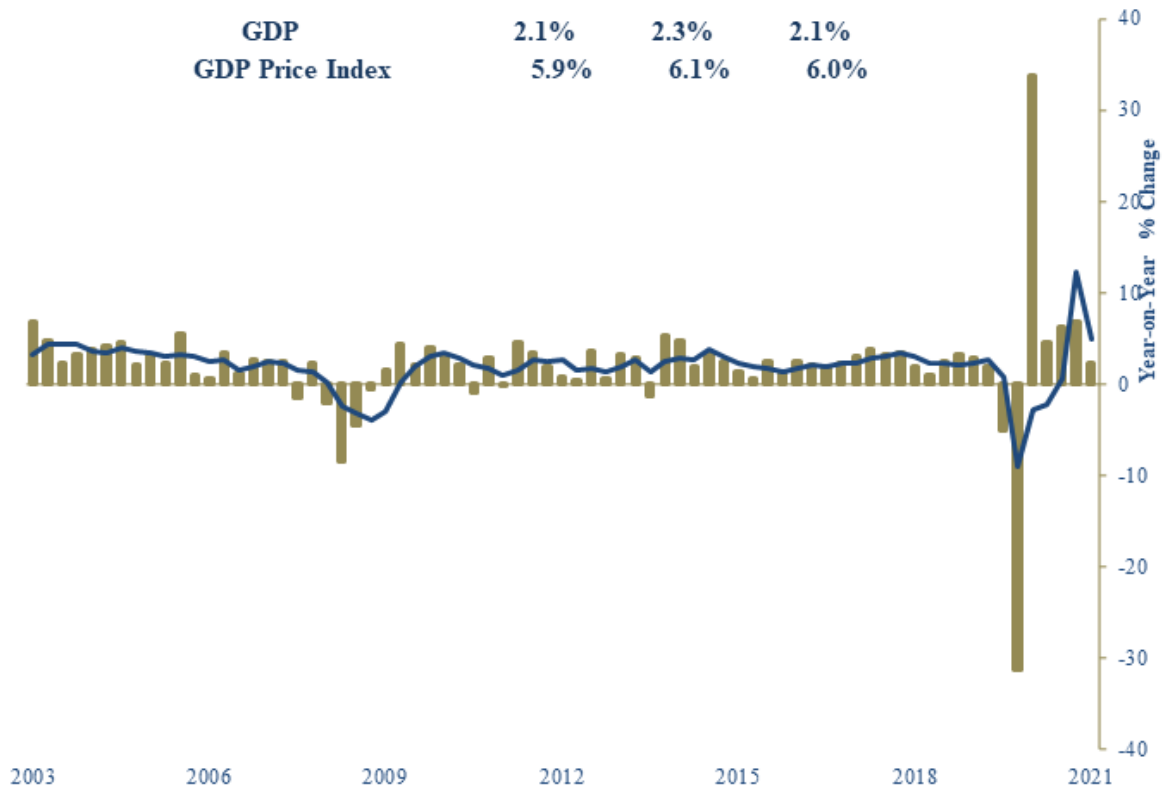
Quarter-on-quarter annualized growth was still just 2.3% after these upward revisions. Of course, this is old news with only a week and a half to go in the 4th Quarter. Consumption likely rebounded sharply in the 4th Quarter with robust retail sales readings in October indicating the quarter started with early holiday shopping. While growth likely slowed over the quarter, most indicators suggest it will be in the 5-7% range. The Atlanta Fed's model, which will be updated tomorrow, stood at 7.1%, while the consensus forecast was 6%. Our models were running a touch below the consensus. The economic recovery remains robust but volatile -- and we may still see more volatility in the 1st Quarter as businesses and consumers contend with the impact of the omicron variant. Consensus forecasts are still at 4% for the 1st Quarter, down from 4.5% and likely moving lower.

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



GDP

	Cons.	Actual	Prior
GDP	2.1%	2.3%	2.1%
GDP Price Index	5.9%	6.1%	6.0%

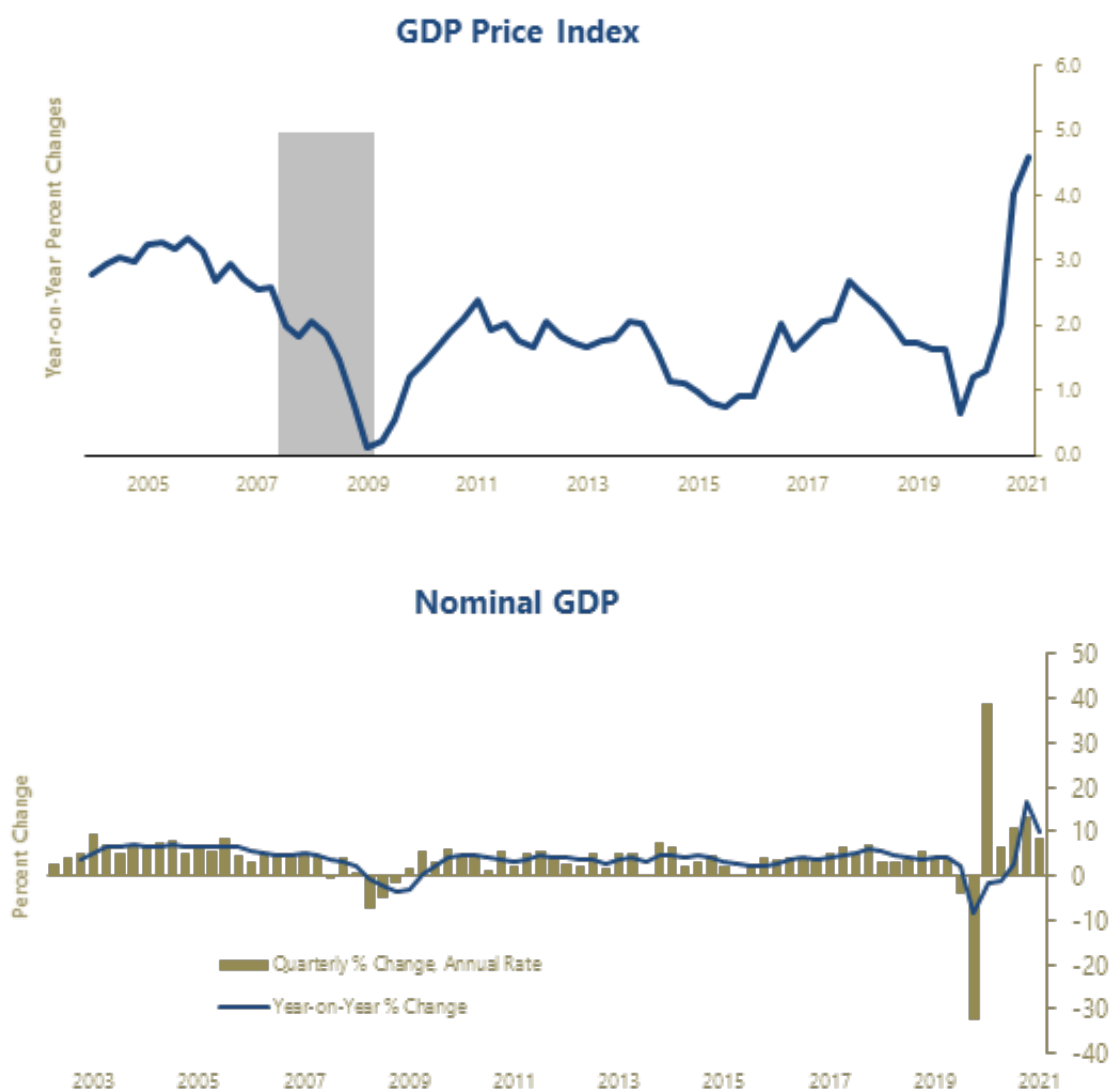


GDP was REVISED HIGHER by 0.2 percentage points to 2.3% in this third estimate for 2021 3rd Quarter. This compared with market expectations for no change revision to 2.1%. Economic activity was 4.9% above its year-ago level.

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

As a result of all of these changes, real final sales were revised up by 0.1 percentage points to 0.1% while real domestic demand was revised up by 0.2 percentage points to 1.3%.

The GDP Price Index was REVISED UP by 0.06 points to 6.1%, compared with market expectations of 5.9%. Economy-wide prices were 4.8% ABOVE year-ago levels.



GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages							Annual Averages		
	Q3-21 3rd Est.	Q3-21 2nd Est.	Q3-21 Advance	Q2-21	Q1-21	Q4-20	Q3-20	2020	2019	Five Year
Real GDP	2.3	2.1	2.0	6.7	6.3	4.5	33.8	-3.4	2.3	1.1
Consumption	2.0	1.7	1.6	12.0	11.4	3.4	41.4	-3.8	2.2	1.2
Business Fixed Investment	1.6	1.5	1.8	9.2	12.9	12.5	18.7	-5.3	4.3	2.0
Residential Investment	-7.7	-8.3	-7.7	-11.7	13.3	34.4	60.0	6.8	-0.9	3.1
Inventory Investment (\$ Chg)	101.7	95.4	90.8	-80.2	-177.1	63.5	278.1	-117.4	9.4	-36.0
Net Exports (\$ Change)	-72.1	-67.7	-67.2	-18.4	-93.3	-111.5	-246.5	32.0	6.8	27.5
Exports	-5.3	-3.0	-2.5	7.6	-2.9	22.5	54.5	3.0	3.3	3.0
Imports	4.7	5.8	6.1	7.1	9.3	31.3	89.2	-8.9	1.1	0.3
Government Purchases	0.93	0.89	0.76	-2.0	4.2	-0.5	-2.1	2.5	2.2	1.7
Addendum:										
Real Final Sales	0.1	0.0	-0.1	8.1	9.1	3.4	25.9	-2.9	2.2	1.3
Final Domestic Demand	1.3	1.1	1.0	10.4	5.0	29.9	-27.3	-2.5	2.4	1.5
Price Index (final sales)	6.1	6.0	5.9	6.3	4.5	2.2	3.5	1.3	1.8	1.7

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

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December 22, 2021

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