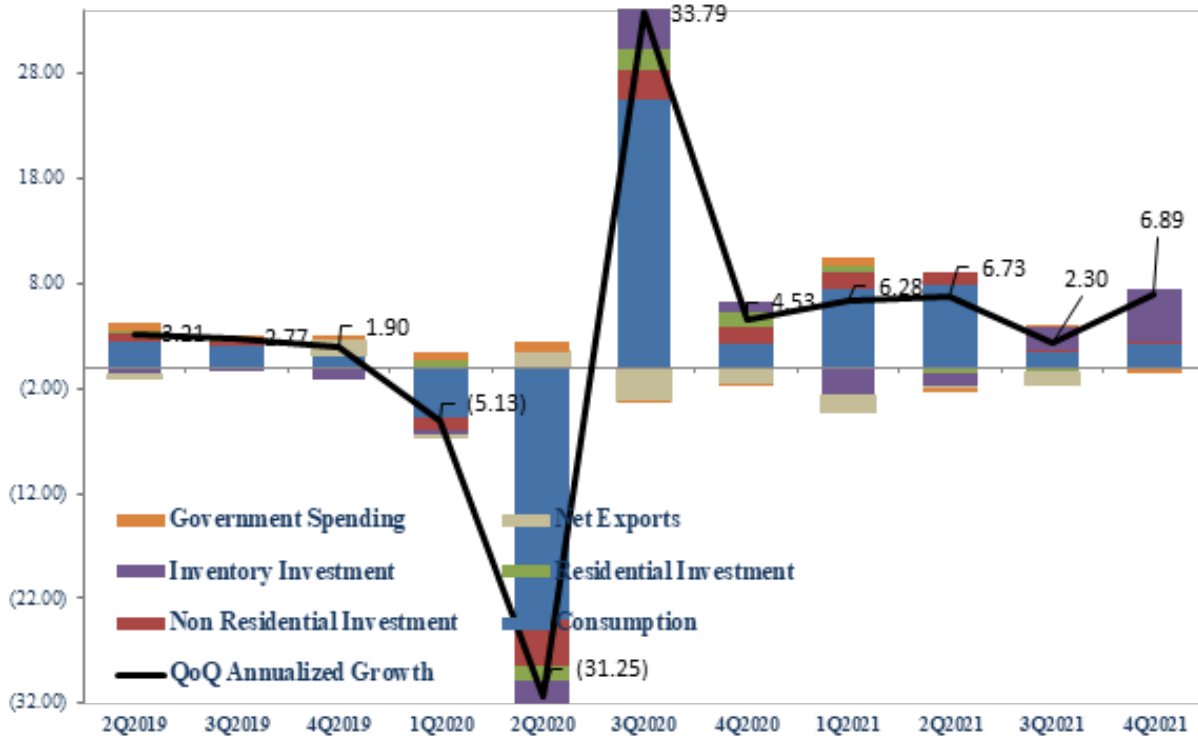


27.Jan.2022

## 4Q21 GDP: Advance Reading Shows Sharp Rebound

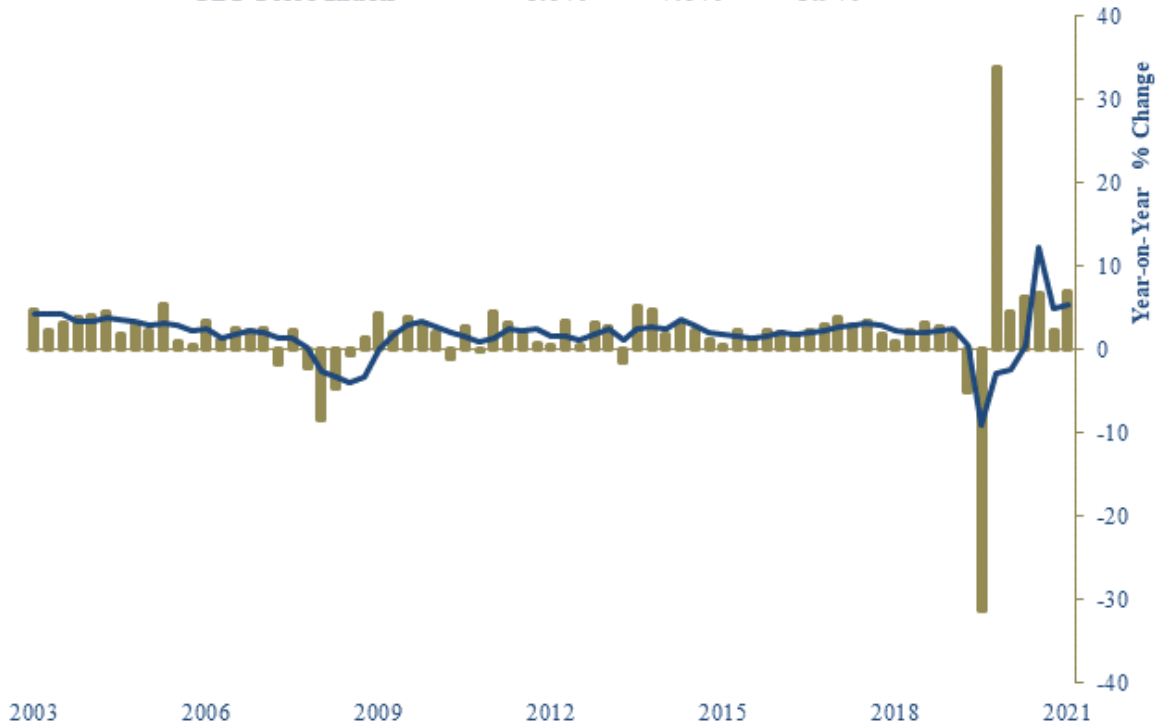
**Bottom Line:** The advance estimate of 4th Quarter GDP showed more robust than expected growth, a swift rebound for the economy after the 3rd Quarter showed the slowest growth of the recovery. Quarter-on-quarter annualized growth was 6.9%, versus expectations of 6% and just 2.3% in the 3rd Quarter. Consumption grew at a 3.3% annualized rate, in line with the 4th Quarter of 2020, above the 3rd Quarter pace of 2% but below the rapid gains of the first half of 2021. Inventory reinvestment accounted for nearly 5 points of the 6.9 points of growth. The impact of residential investment was flat as the housing market cooled modestly. So too was the impact of net exports. Finally, business fixed investment added to growth modestly, while government spending was a drag. **Overall, looking through the volatility in inventory investment, the recovery remained robust, but the trend in the pace of gains of crucial categories like consumption was decelerating. While stronger than expected at the headline level, this report still supports the consensus notion that growth should steadily decelerate over 2022, likely falling to the 2.5 - 4% annualized range.**

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



## GDP

	Cons.	Actual	Prior
GDP	5.5%	6.9%	2.0%
GDP Price Index	6.0%	7.0%	5.9%



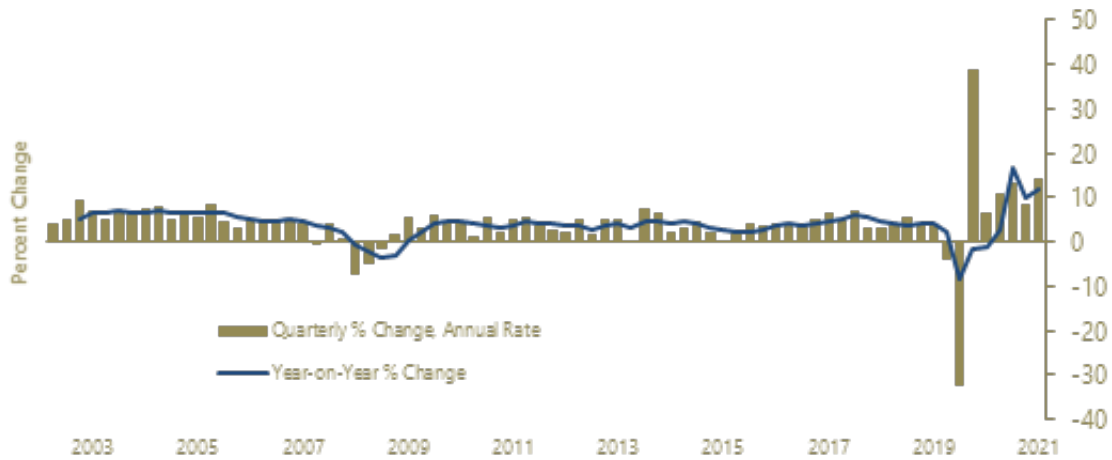
**Gross Domestic Product** ROSE by 6.9% in the 4th Quarter, higher than market expectations for an increase of 5.5%. Economic activity was 5.5% ABOVE its year-ago level.

**Inventory Investment** ROSE by \$240.3 billion, adding 4.90 percentage points to overall economic activity. Consequently, **Real Final Sales** ROSE by 1.9% and was 4.7% ABOVE its year-ago level. Additionally, **Imports** ROSE by 17.7% and **Exports** ROSE by 24.5% so **Net Exports** FELL by \$21.4 billion. This implies that **Real Final Domestic Demand** ROSE by 1.9% and was 5.3% ABOVE its year-ago level.

**Consumer Spending** ROSE by 3.3%, contributing 2.25 percentage points to economic growth. **Business Investment** ROSE by 2.0%, adding 0.28 percentage points to GDP. Intellectual property products increased by 10.6% while non-residential structures declined by 11.4%. **Residential Investment** FELL by 0.8%, subtracting 0.03 percentage points to economic growth. Finally, **Government Purchases** FELL by 2.9%, subtracting 0.51 percentage points to GDP. This was its 4th negative contribution in the last 12 quarters. **The GDP Price Index** ROSE by 7.0%, compared with market expectations of 6.0%. This is also 6.0% ABOVE its year-ago level.



## Nominal GDP



## GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages						Annual Averages			
	Q4-21 Advance	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	2020	2019	Five Year	Ten Year
<b>Real GDP</b>	<b>6.9</b>	<b>2.3</b>	<b>6.7</b>	<b>6.3</b>	<b>4.5</b>	<b>33.8</b>	<b>-3.4</b>	<b>2.3</b>	<b>1.1</b>	<b>1.6</b>
<b>Consumption</b>	<b>3.3</b>	<b>2.0</b>	<b>12.0</b>	<b>11.4</b>	<b>3.4</b>	<b>41.4</b>	<b>-3.8</b>	<b>2.2</b>	<b>1.2</b>	<b>1.7</b>
<b>Business Fixed Investment</b>	<b>2.0</b>	<b>1.6</b>	<b>9.2</b>	<b>12.9</b>	<b>12.5</b>	<b>18.7</b>	<b>-5.3</b>	<b>4.3</b>	<b>2.0</b>	<b>4.1</b>
<b>Residential Investment</b>	<b>-0.8</b>	<b>-7.7</b>	<b>-11.7</b>	<b>13.3</b>	<b>34.4</b>	<b>60.0</b>	<b>6.8</b>	<b>-0.9</b>	<b>3.1</b>	<b>5.4</b>
<b>Inventory Investment (\$ Chg)</b>	<b>240.3</b>	<b>101.7</b>	<b>-80.2</b>	<b>-177.1</b>	<b>63.5</b>	<b>278.1</b>	<b>-117.4</b>	<b>9.4</b>	<b>-36.0</b>	<b>-10.0</b>
<b>Net Exports (\$ Change)</b>	<b>-21.4</b>	<b>-72.1</b>	<b>-18.4</b>	<b>-93.3</b>	<b>-111.5</b>	<b>-246.5</b>	<b>-37.4</b>	<b>-41.1</b>	<b>-44.2</b>	<b>-35.3</b>
<b>Exports</b>	<b>24.5</b>	<b>-5.3</b>	<b>7.6</b>	<b>-2.9</b>	<b>22.5</b>	<b>54.5</b>	<b>-13.6</b>	<b>-0.1</b>	<b>-1.5</b>	<b>1.0</b>
<b>Imports</b>	<b>17.7</b>	<b>4.7</b>	<b>7.1</b>	<b>9.3</b>	<b>31.3</b>	<b>89.2</b>	<b>-8.9</b>	<b>1.1</b>	<b>0.3</b>	<b>2.0</b>
<b>Government Purchases</b>	<b>-2.9</b>	<b>0.9</b>	<b>-2.0</b>	<b>4.2</b>	<b>-0.5</b>	<b>-2.1</b>	<b>2.5</b>	<b>2.2</b>	<b>1.7</b>	<b>0.2</b>
<b>Addendum:</b>										
<b>Real Final Sales</b>	<b>1.9</b>	<b>0.1</b>	<b>8.1</b>	<b>9.1</b>	<b>3.4</b>	<b>25.9</b>	<b>-2.9</b>	<b>2.2</b>	<b>1.3</b>	<b>1.7</b>
<b>Final Domestic Demand</b>	<b>1.9</b>	<b>1.3</b>	<b>8.0</b>	<b>10.4</b>	<b>5.0</b>	<b>29.9</b>	<b>-2.5</b>	<b>2.4</b>	<b>1.5</b>	<b>1.8</b>
<b>Price Index (final sales)</b>	<b>7.0</b>	<b>6.1</b>	<b>6.3</b>	<b>4.5</b>	<b>2.2</b>	<b>3.5</b>	<b>1.3</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>

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

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January 27, 2022

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## GDP - by contribution

	% Contributions									
	Quarterly						Annual Averages			
	Q4-21 Advance	Q3-21	Q2-21	Q1-21	Q4-20	Q3-20	2020	2019	Five Year	Ten Year
<b>Real GDP</b>	<b>6.9</b>	<b>2.3</b>	<b>6.7</b>	<b>6.3</b>	<b>4.5</b>	<b>33.8</b>	<b>-3.4</b>	<b>2.3</b>	<b>1.1</b>	<b>1.6</b>
<b>Consumption</b>	<b>2.3</b>	<b>1.4</b>	<b>7.9</b>	<b>7.4</b>	<b>2.3</b>	<b>25.5</b>	<b>-2.6</b>	<b>1.5</b>	<b>0.8</b>	<b>1.1</b>
<b>Business Fixed Investment</b>	<b>0.3</b>	<b>0.2</b>	<b>1.2</b>	<b>1.7</b>	<b>1.6</b>	<b>2.7</b>	<b>-0.7</b>	<b>0.6</b>	<b>0.3</b>	<b>0.5</b>
<b>Residential Investment</b>	<b>0.0</b>	<b>-0.4</b>	<b>-0.6</b>	<b>0.6</b>	<b>1.3</b>	<b>2.2</b>	<b>0.3</b>	<b>0.0</b>	<b>0.1</b>	<b>0.2</b>
<b>Inventory Investment (\$ Chg)</b>	<b>4.9</b>	<b>2.2</b>	<b>-1.3</b>	<b>-2.6</b>	<b>1.1</b>	<b>6.8</b>	<b>-0.5</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.0</b>
<b>Net Exports (\$ Change)</b>	<b>0.0</b>	<b>-1.3</b>	<b>-0.2</b>	<b>-1.6</b>	<b>-1.7</b>	<b>-3.3</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>
<b>Exports</b>	<b>2.4</b>	<b>-0.6</b>	<b>0.8</b>	<b>-0.3</b>	<b>2.1</b>	<b>4.6</b>	<b>-1.6</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.2</b>
<b>Imports</b>	<b>-2.4</b>	<b>-0.7</b>	<b>-1.0</b>	<b>-1.3</b>	<b>-3.7</b>	<b>-7.9</b>	<b>1.3</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.3</b>
<b>Government Purchases</b>	<b>-0.5</b>	<b>0.2</b>	<b>-0.4</b>	<b>0.8</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>
<b>Others:</b>										
<b>Defense</b>	<b>-0.2</b>	<b>-0.1</b>	<b>0.0</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>
<b>Intellectual Property</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.8</b>	<b>0.5</b>	<b>0.5</b>	<b>0.1</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>
<b>Equipment</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.7</b>	<b>0.8</b>	<b>1.3</b>	<b>2.7</b>	<b>-0.5</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>
<b>Medical Care</b>	<b>0.8</b>	<b>0.5</b>	<b>1.1</b>	<b>-0.5</b>	<b>1.5</b>	<b>7.4</b>	<b>-1.0</b>	<b>0.4</b>	<b>0.1</b>	<b>0.2</b>

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