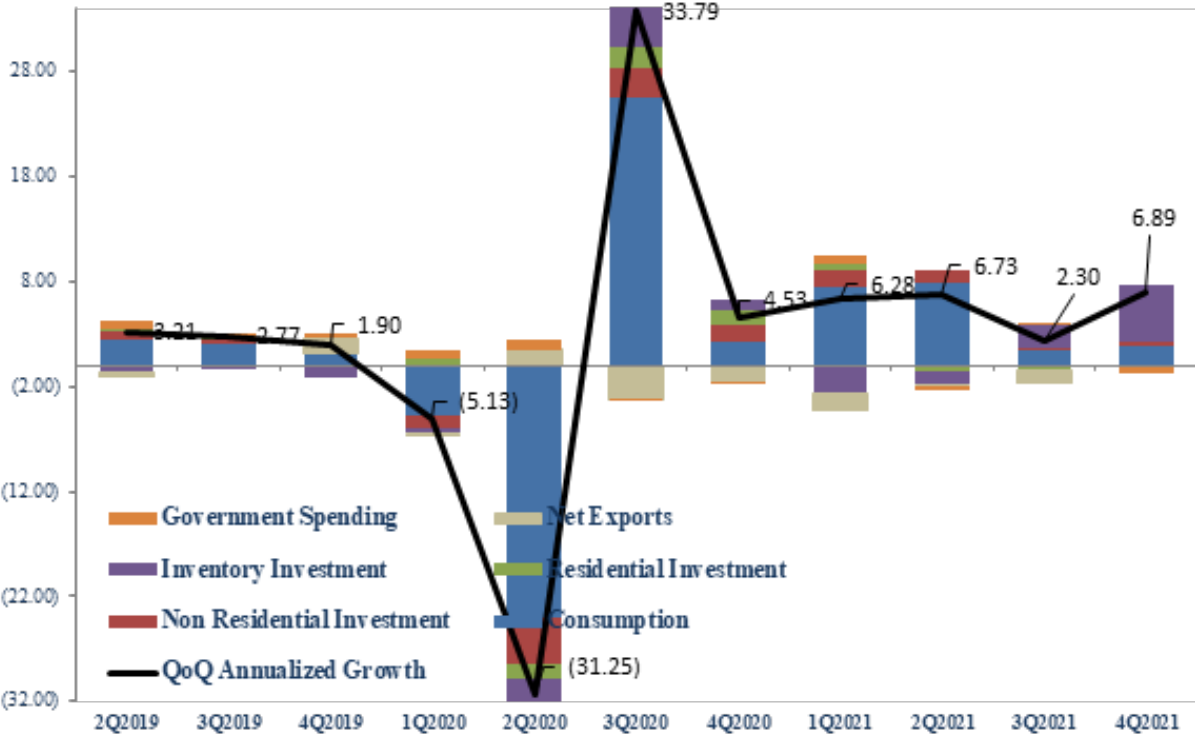


30.Mar.2022

4Q21 GDP: Downward Revisions, Hints of Concern

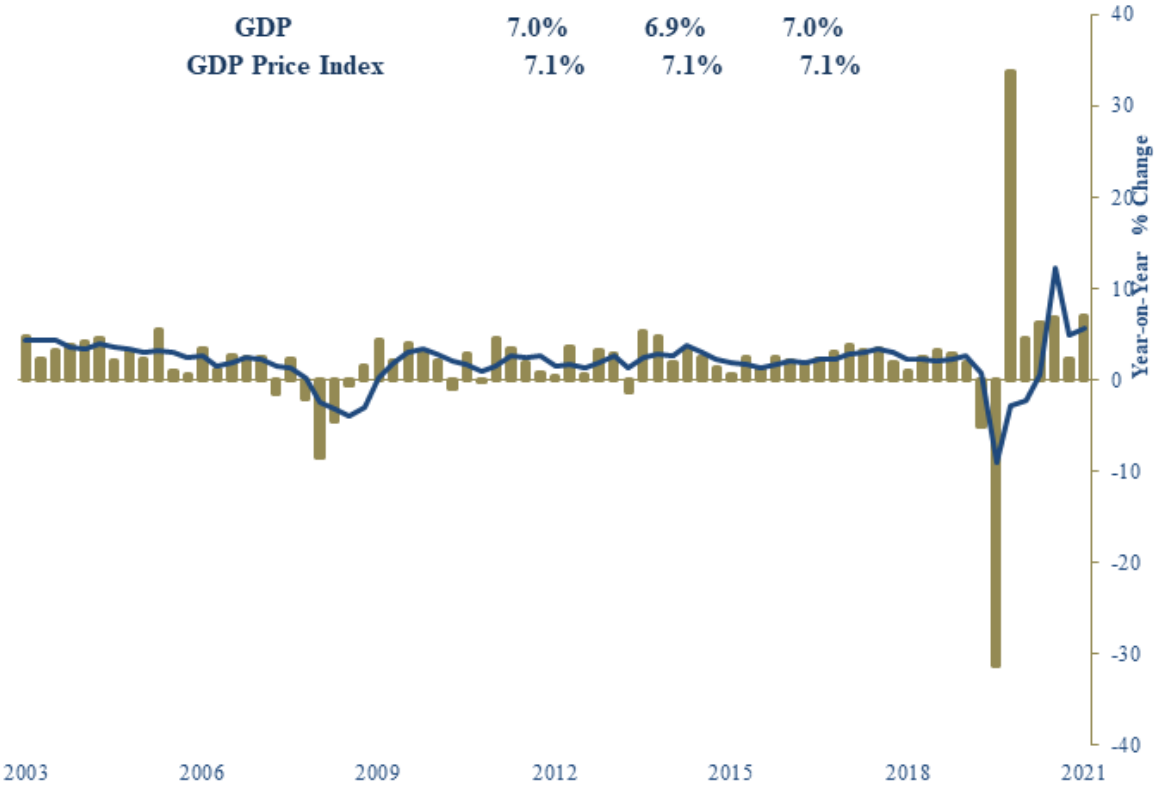
Bottom Line: The final estimate of 4th Quarter GDP showed notably slower consumption gains than first reported, with the net revisions taking a tenth off the annualized tally, back down to 6.9%, as initially reported. Consumption gains were just 2.5% annualized, down from the advanced reading of 3.3%, as the consumer slowed over the 4th Quarter (though we should note that difficult seasonal adjustments continued to skew the reported consumption figures). Residential investment was revised notably higher, as was inventory investment. The upward revision to inventories will likely further dampen 1st Quarter growth forecasts as most economists (ourselves included) expect a reversal in the 4Q gains. Overall, this report gives further credence to the notion that consumption ended the 4th Quarter much slower than it started, likely confirming estimates showing a slower start to consumption in the current quarter. Forecasts for the current quarter, which ends tomorrow, stand around 1.5% annualized.

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



GDP

	Cons.	Actual	Prior
GDP	7.0%	6.9%	7.0%
GDP Price Index	7.1%	7.1%	7.1%

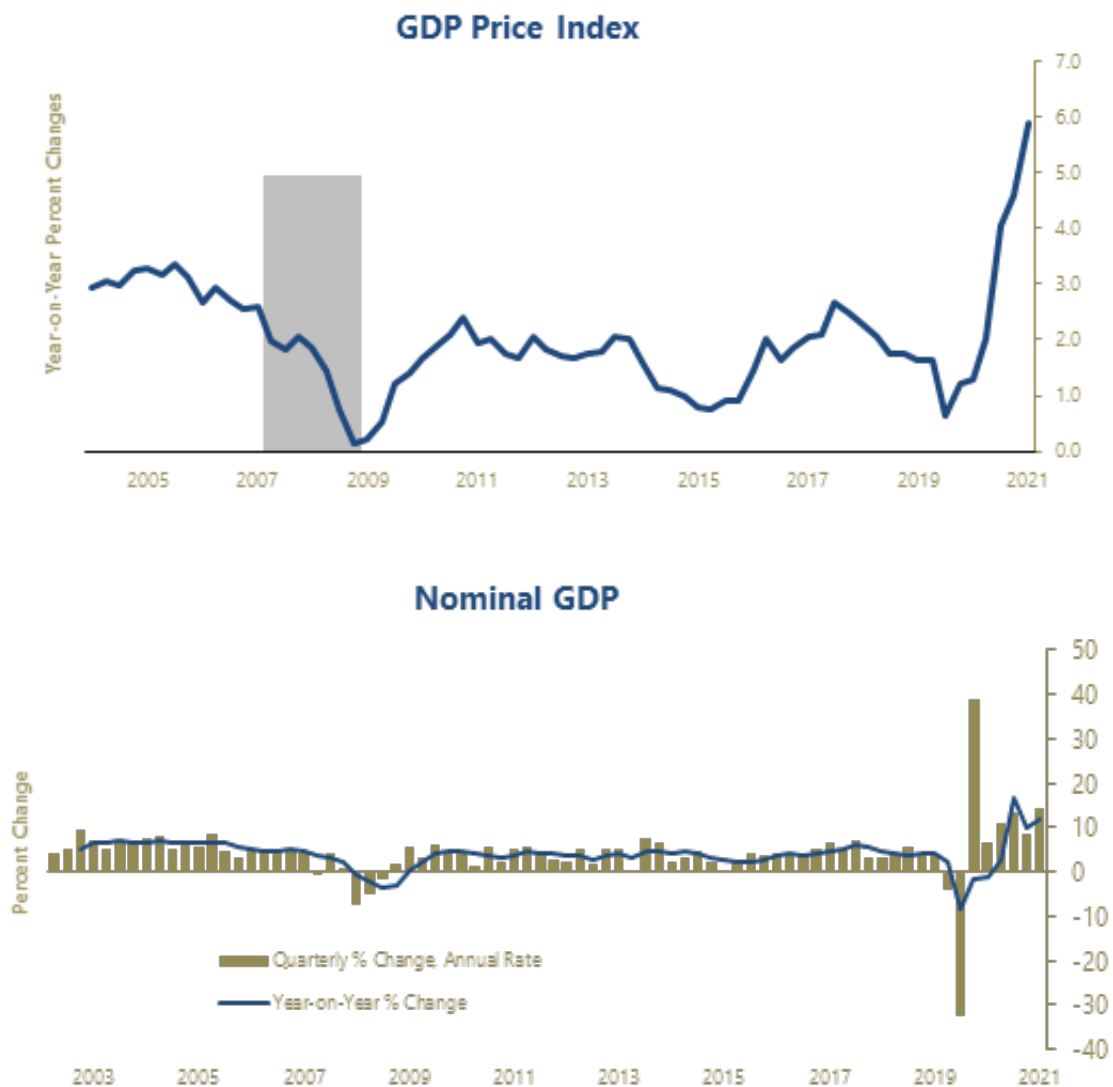


GDP was REVISED LOWER by 0.1 percentage points to 6.9% in this third estimate for 2021 4th Quarter.

This compared with market expectations for no change revision to 7.0%. Economic activity was 5.5% above its year-ago level.

In final sales categories, residential investment and imports were revised higher while, exports, consumption, fixed investment and government purchases were revised lower. As a result of all of these changes, real final sales were revised down by 0.5 percentage points to 1.5% while real domestic demand was revised down by 0.3 percentage points to 1.7%.

The GDP Price Index was nearly unchanged at 7.1%. Economy-wide prices were 6.0% ABOVE year-ago levels.



GDP - by annual % Change

	% Change at Annual Rate (unless noted as \$)									
	Quarterly Averages							Annual Averages		
	Q4-21 3rd Est.	Q4-21 2nd Est.	Q4-21 Advance	Q3-21	Q2-21	Q1-21	Q4-20	2020	2019	Five Year
Real GDP	6.9	7.0	6.9	2.3	6.7	6.3	4.5	-3.4	2.3	1.1
Consumption	2.5	3.1	3.3	2.0	12.0	11.4	3.4	-3.8	2.2	1.2
Business Fixed Investment	2.9	3.1	2.0	1.6	9.2	12.9	12.5	-5.3	4.3	2.0
Residential Investment	2.1	1.0	-0.8	-7.7	-11.7	13.3	34.4	6.8	-0.9	3.1
Inventory Investment (\$ Chg)	260.0	238.0	240.3	101.7	-80.2	-177.1	63.5	-117.4	9.4	-36.0
Net Exports (\$ Change)	-33.5	-25.1	-21.4	-72.1	-18.4	-93.3	-111.5	32.0	6.8	27.5
Exports	22.4	23.6	24.5	-5.3	7.6	-2.9	22.5	3.0	3.3	3.0
Imports	17.9	17.6	17.7	4.7	7.1	9.3	31.3	-8.9	1.1	0.3
Government Purchases	-2.65	-2.57	-2.90	0.9	-2.0	4.2	-0.5	2.5	2.2	1.7
Addendum:										
Real Final Sales	1.5	2.0	1.9	0.1	8.1	9.1	3.4	-2.9	2.2	1.3
Final Domestic Demand	1.7	2.0	1.9	8.0	10.4	5.0	29.9	-2.5	2.4	1.5
Price Index (final sales)	7.1	7.1	7.0	6.1	6.3	4.5	2.2	1.3	1.8	1.7

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

T.J. Connelly, Head of Research

March 30, 2022

Steven A. Wood, Sr. Economist

GDP - by contribution

	Quarterly							Annual Averages			
	Q4-21 3rd Est.	Q4-21 2nd Est.	Q4-21 Advance	Q3-21	Q2-21	Q1-21	Q4-20	2020	2019	Five Year	Ten Year
Real GDP	2.1	7.0	6.9	2.3	6.7	6.3	4.5	-3.4	2.3	1.1	1.6
Consumption	1.76	2.13	2.3	1.4	7.9	7.4	2.3	-2.6	1.5	0.8	1.1
Business Fixed Investment	0.4	0.4	0.3	0.2	1.2	1.7	1.6	-0.7	0.6	0.3	0.5
Residential Investment	0.1	0.1	0.0	-0.4	-0.6	0.6	1.3	0.3	0.0	0.1	0.2
Inventory Investment (\$ Chg)	5.3	4.9	4.9	2.2	-1.3	-2.6	1.1	-0.5	0.1	-0.2	0.0
Net Exports (\$ Change)	-0.2	-0.1	0.0	-1.3	-0.2	-1.6	-1.7	-0.3	-0.2	-0.2	-0.2
Exports	2.2	2.4	2.4	-0.6	0.8	-0.3	2.1	-1.6	0.0	-0.1	0.2
Imports	-2.5	-2.4	-2.4	-0.7	-1.0	-1.3	-3.7	1.3	-0.2	-0.1	-0.3
Government Purchases	-0.5	-0.5	-0.5	0.2	-0.4	0.8	-0.1	0.4	0.4	0.3	0.0
Others:											
Defense	-0.2	-0.2	-0.2	-0.1	0.0	-0.3	0.2	0.1	0.2	0.1	0.0
Intellectual Property	0.5	0.5	0.5	0.5	0.6	0.8	0.5	0.1	0.3	0.3	0.2
Equipment	0.2	0.1	0.1	-0.1	0.7	0.8	1.3	-0.5	0.2	0.0	0.2
Medical Care	0.4	0.6	0.8	0.5	1.1	-0.5	1.5	-1.0	0.4	0.1	0.2

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