

30.Nov.2022

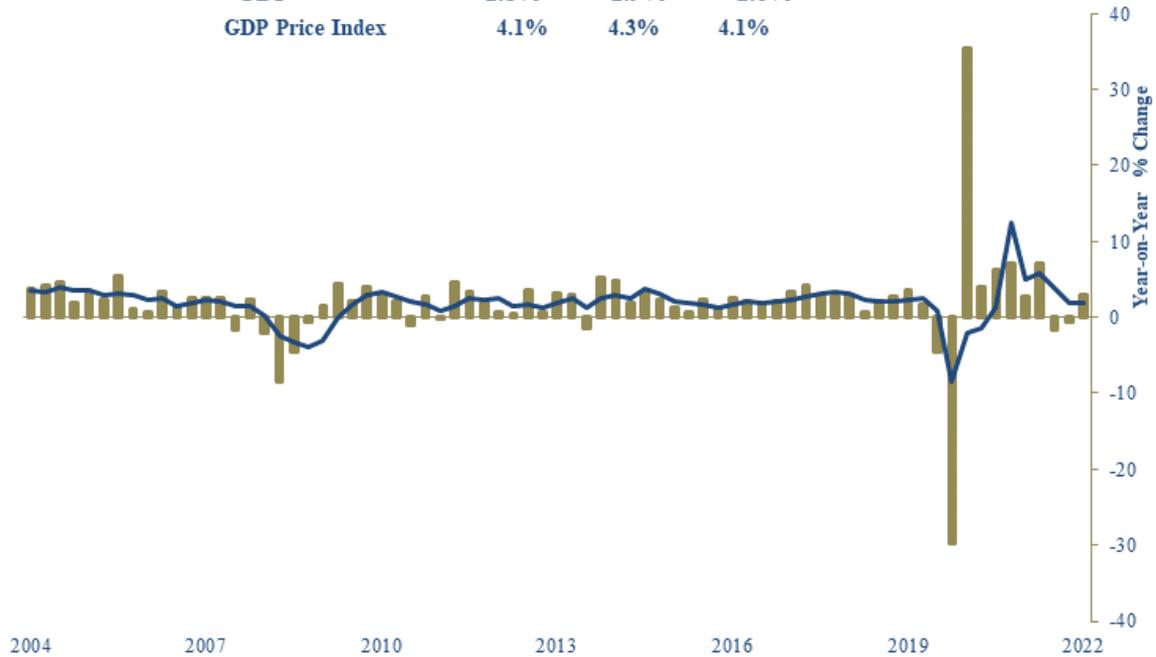
### 3Q22 GDP: Bigger Rebound, Trend Still Slower

**Bottom Line:** The first revision of the 3rd Quarter GDP showed growth was 0.3% stronger than initially reported, now 2.9% versus 2.6% initially reported. This was even slightly higher than the consensus. Consumption growth drove the revision, now 1.7% quarter-on-quarter annualized versus 1.4% initially reported. The drag from residential investment was significant but unchanged from the first reading amid continued weakness in housing activity. Net exports were slightly higher, as were government purchases.

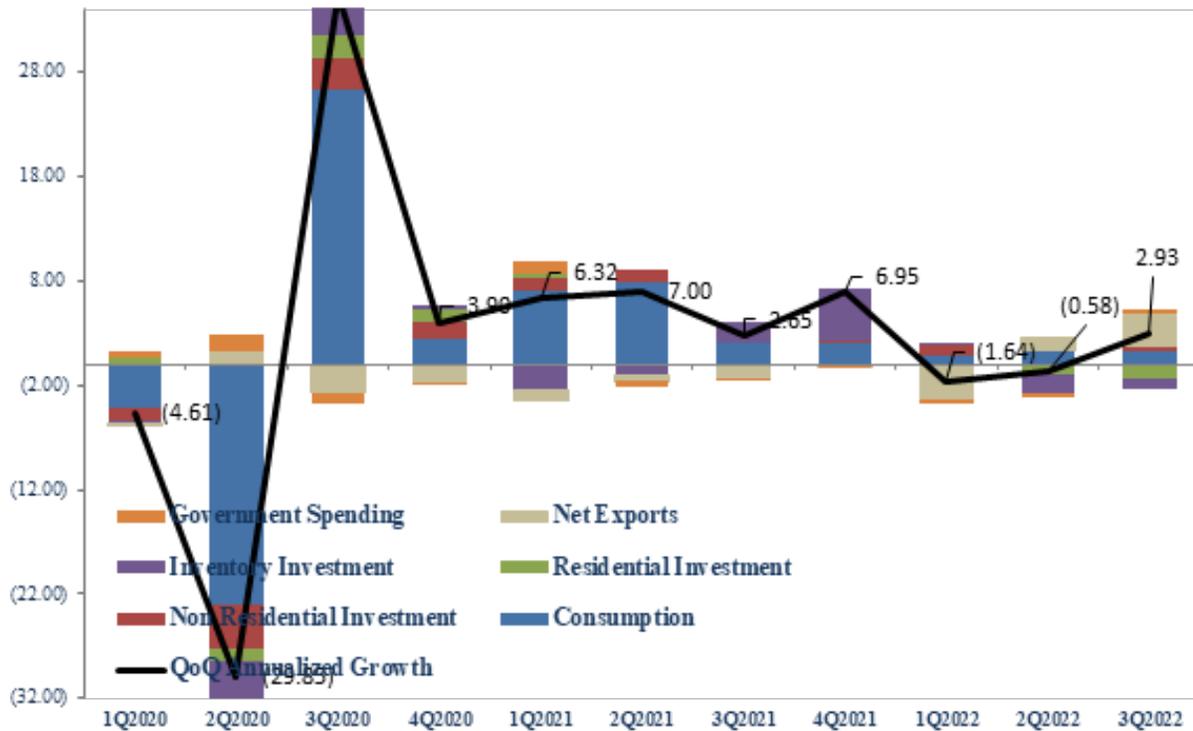
Overall the rebound after two negative quarters to start 2022 was moderate. Consumption ended the quarter on a solid note, and those gains likely carried into the early weeks of the 4th Quarter. However, growth was still trending lower. Real final domestic demand was only 0.9%, following readings of 0.2% and 1.3% in the 2nd and 1st Quarters, respectively, and well below the pre-pandemic trend of 2.5%. While volatile and potentially running north of 3.5% in the 4th Quarter, GDP growth still looks anemic on a trend basis going into 2023.

## GDP

	Cons.	Actual	Prior
GDP	2.8%	2.9%	2.6%
GDP Price Index	4.1%	4.3%	4.1%



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



**GDP** was REVISED UP by 0.3 points to 2.9% in this second estimate of economic activity for Q3-22. This was in line with market expectations for an upward revision

to 2.8%.

Economic activity was 1.9% ABOVE its year-ago level and 33.6% ABOVE its 2007 Q4 cyclical peak. Because most of the adjustment was due to new September data, this revision suggests that the economic activity increased modestly at the end of the quarter.

**Consumer Spending** was revised higher by 0.31% to 1.7%, contributing 1.18% to economic growth. **Business Fixed Investment** was revised higher by 1.39% to 5.1%, contributing 0.66% to economic growth. **Residential Investment was revised lower** by -0.43% to -26.8%, contributing -1.40% to economic growth. **Inventory Investment** was revised moderately lower, contributing -0.97% to economic growth.

**Net Exports** were revised moderately higher with a modest increase/growth in Exports and slight decline in Imports, contributing 2.93% to economic growth.

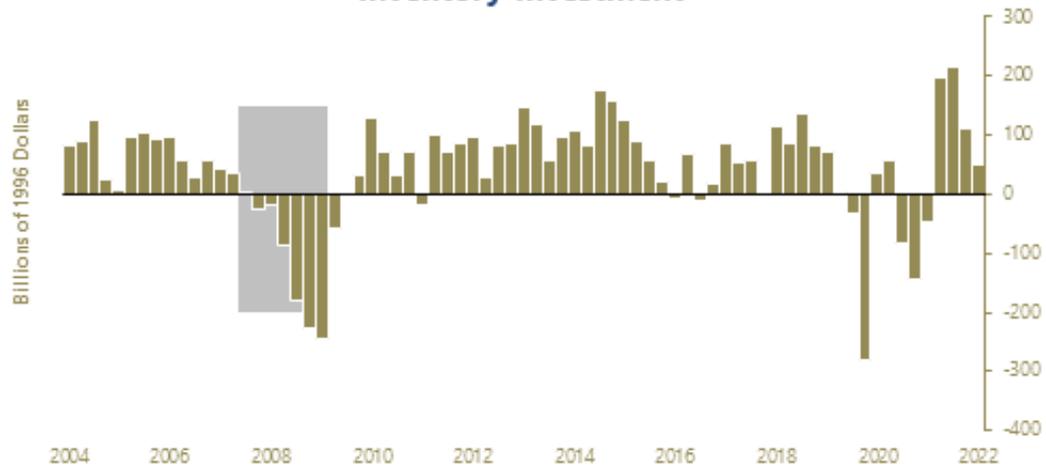
**Government Purchases** were revised slightly higher and grew moderately for the 5th time in the past 12 quarters, contributing 0.53% to economic growth.

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

**The GDP Price Index** was REVISED UP by 0.18 points to 4.3%, compared with market expectations of 4.1%. Economy-wide prices are now 7.1% ABOVE its year-ago level.



## Inventory Investment



## GDP - by annual % Change

	% Change at Annual Rate (**unless noted as \$)									
	Quarterly Averages					Annual Averages				
	Q3-22 2nd Est.	Q3-22 Advance	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020	Five Year	Ten Year
<b>Real GDP</b>	<b>2.9</b>	<b>2.6</b>	<b>-0.6</b>	<b>-1.6</b>	<b>7.0</b>	<b>2.7</b>	<b>5.9</b>	<b>-2.8</b>	<b>2.1</b>	<b>2.1</b>
<b>Consumption</b>	<b>1.7</b>	<b>1.4</b>	<b>2.0</b>	<b>1.3</b>	<b>3.1</b>	<b>3.0</b>	<b>8.3</b>	<b>-3.0</b>	<b>2.4</b>	<b>2.4</b>
<b>Business Fixed Investment</b>	<b>5.1</b>	<b>3.7</b>	<b>0.1</b>	<b>7.9</b>	<b>1.1</b>	<b>0.6</b>	<b>6.4</b>	<b>-4.9</b>	<b>3.0</b>	<b>3.9</b>
<b>Residential Investment</b>	<b>-26.8</b>	<b>-26.4</b>	<b>-17.8</b>	<b>-3.1</b>	<b>-1.1</b>	<b>-5.8</b>	<b>10.7</b>	<b>7.2</b>	<b>4.0</b>	<b>6.5</b>
<b>Inventory Investment (\$ Chg)</b>	<b>-60.6</b>	<b>-48.2</b>	<b>-104.4</b>	<b>17.0</b>	<b>246.1</b>	<b>95.0</b>	<b>35.2</b>	<b>-127.7</b>	<b>-11.0</b>	<b>-6.6</b>
<b>Net Exports (\$ Change)</b>	<b>165.8</b>	<b>156.5</b>	<b>58.2</b>	<b>-191.1</b>	<b>-30.1</b>	<b>-63.6</b>	<b>-310.8</b>	<b>-30.0</b>	<b>-95.3</b>	<b>-66.2</b>
<b>Exports</b>	<b>15.3</b>	<b>14.4</b>	<b>13.8</b>	<b>-4.6</b>	<b>23.5</b>	<b>-1.1</b>	<b>6.1</b>	<b>-13.2</b>	<b>-0.2</b>	<b>1.0</b>
<b>Imports</b>	<b>-7.3</b>	<b>-6.9</b>	<b>2.3</b>	<b>18.4</b>	<b>18.6</b>	<b>6.6</b>	<b>14.1</b>	<b>-9.0</b>	<b>2.7</b>	<b>2.9</b>
<b>Government Purchases</b>	<b>3.0</b>	<b>2.4</b>	<b>-1.6</b>	<b>-2.3</b>	<b>-0.9</b>	<b>-0.2</b>	<b>0.6</b>	<b>2.6</b>	<b>1.7</b>	<b>0.7</b>
<b>Addendum:</b>										
<b>Real Final Sales</b>	<b>4.0</b>	<b>3.3</b>	<b>1.4</b>	<b>-1.8</b>	<b>1.9</b>	<b>0.7</b>	<b>5.7</b>	<b>-2.2</b>	<b>2.1</b>	<b>2.1</b>
<b>Final Domestic Demand</b>	<b>0.9</b>	<b>0.5</b>	<b>0.2</b>	<b>1.3</b>	<b>2.0</b>	<b>1.7</b>	<b>6.7</b>	<b>-1.9</b>	<b>2.5</b>	<b>2.4</b>
<b>Price Index (final sales)</b>	<b>4.3</b>	<b>4.1</b>	<b>9.0</b>	<b>8.3</b>	<b>6.8</b>	<b>6.3</b>	<b>4.6</b>	<b>1.4</b>	<b>2.4</b>	<b>2.0</b>

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November 30, 2022

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## GDP - by contribution

GDP -- by Contribution

	Quarterly						Annual Averages			
	Q3-22 2nd Est.	Q3-22 Advance	Q2-22	Q1-22	Q4-21	Q3-21	2021	2020	Five Year	Ten Year
<b>Real GDP</b>	<b>2.9</b>	<b>2.6</b>	<b>-0.6</b>	<b>-1.6</b>	<b>7.0</b>	<b>2.7</b>	<b>5.9</b>	<b>-2.8</b>	<b>2.1</b>	<b>2.1</b>
<b>Consumption</b>	<b>1.2</b>	<b>1.0</b>	<b>1.4</b>	<b>0.9</b>	<b>2.1</b>	<b>2.0</b>	<b>5.5</b>	<b>-2.0</b>	<b>1.7</b>	<b>1.6</b>
<b>Business Fixed Investment</b>	<b>0.7</b>	<b>0.5</b>	<b>0.0</b>	<b>1.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.8</b>	<b>-0.7</b>	<b>0.4</b>	<b>0.5</b>
<b>Residential Investment</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-0.9</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.3</b>	<b>0.5</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>
<b>Inventory Investment (\$ Chg)</b>	<b>-1.0</b>	<b>-0.7</b>	<b>-1.9</b>	<b>0.2</b>	<b>5.0</b>	<b>2.0</b>	<b>0.2</b>	<b>-0.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Net Exports (\$ Change)</b>	<b>2.9</b>	<b>2.8</b>	<b>1.2</b>	<b>-3.1</b>	<b>-0.2</b>	<b>-1.1</b>	<b>-1.3</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.3</b>
<b>Exports</b>	<b>1.7</b>	<b>1.6</b>	<b>1.5</b>	<b>-0.5</b>	<b>2.4</b>	<b>-0.1</b>	<b>0.6</b>	<b>-1.5</b>	<b>0.0</b>	<b>0.2</b>
<b>Imports</b>	<b>1.2</b>	<b>1.1</b>	<b>-0.4</b>	<b>-2.6</b>	<b>-2.5</b>	<b>-1.0</b>	<b>-1.9</b>	<b>1.3</b>	<b>-0.4</b>	<b>-0.5</b>
<b>Government Purchases</b>	<b>0.5</b>	<b>0.4</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.1</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>
<b>Others:</b>										
<b>Defense</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.1</b>	<b>-0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
<b>Intellectual Property</b>	<b>0.3</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>
<b>Equipment</b>	<b>0.5</b>	<b>0.5</b>	<b>-0.1</b>	<b>0.6</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.5</b>	<b>-0.6</b>	<b>0.1</b>	<b>0.2</b>
<b>Medical Care</b>	<b>0.5</b>	<b>0.3</b>	<b>0.1</b>	<b>-0.1</b>	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>	<b>-0.9</b>	<b>0.2</b>	<b>0.3</b>

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