

U.S. Data Review

- Revised GDP: modest downward adjustment led by consumer spending
- Corporate profits: some softening in Q4, but still-strong post-pandemic performance

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Revised Q4 GDP

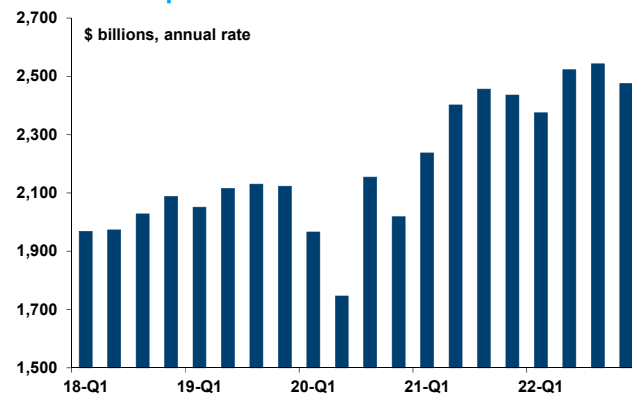
- Real U.S. GDP grew at an annual rate of 2.6 percent in the fourth quarter, revised from the second estimate (and consensus projection) of 2.7 percent.
- The primary source of the revision was a downward adjustment to consumer spending (growth of 1.0 percent versus 1.4 percent). Outlays for durable goods were less of a drag than previously reported, and outlays for nondurable items were adjusted higher, but spending on services was revised lower (growth of 1.6 percent versus 2.4 percent).
- Net exports, while still contributing positively to growth because a drop in imports exceed that in exports, involved softer trade flows than previously believed. Imports fell 5.5 percent rather than 4.2 percent and exports slipped 3.7 percent rather than 1.6 percent.
- Other areas generally showed better results than previously indicated. Business fixed investment was adjusted higher, as spending on new structures could be turning a corner after a soft performance for much of the prior three years. Total government spending also was adjusted upward, and residential construction was slightly less of a drag than indicated previously (although it was still weak).
- Inventory investment was unrevised with a contribution of 1.5 percentage points to growth. The firm contribution sets the stage for inventory investment to be a constraint on growth in Q1.
- An alternative measure of growth, Gross Domestic Income (GDI), which measures income earned in production (corporate profits, wages, rents), fell 1.1 percent in Q4. The results suggested a softer performance for the economy than implied by the GDP statistics.
- Aggregate corporate profits for the fourth quarter were released with today's report. Profits softened in the final quarter of last year, but earnings remained well above levels prior to the onset of the pandemic (chart).

GDP and Related Items*

	22-Q3	22-Q4(p)	22-Q4(r)
1. Gross Domestic Product	3.2	2.7	2.6
2. Personal Consumption Expenditures	2.3	1.4	1.0
3. Nonresidential Fixed Investment	6.2	3.3	4.0
3a. Nonresidential Structures	-3.6	8.5	15.8
3b. Nonresidential Equipment	10.6	-3.2	-3.5
3c. Intellectual Property Products	6.8	7.4	6.2
4. Change in Business Inventories (Contribution to GDP Growth)	-1.2	1.5	1.5
5. Residential Construction	-27.1	-25.9	-25.1
6. Total Government Purchases	3.7	3.6	3.8
6a. Federal Government Purchases	3.7	5.9	5.8
6b. State and Local Govt. Purchases	3.7	2.3	2.6
7. Net Exports (Contribution to GDP Growth)	2.9	0.5	0.4
7a. Exports	14.6	-1.6	-3.7
7b. Imports	-7.3	-4.2	-5.5
Additional Items			
8. Final Sales	4.5	1.2	1.1
9. Final Sales to Domestic Purchasers	1.5	0.7	0.7
10. Gross Domestic Income	2.8	--	-1.1
11. Average of GDP & GDI	3.0	--	0.7
12. GDP Chained Price Index	4.4	3.9	3.9
13. Core PCE Price Index	4.7	4.3	4.4
14. After-tax Corp. Profits (not annualized)	0.8	--	-2.7

* Percent change SAAR, except as noted
 (p) = preliminary (2nd estimate of GDP); (r) = revised (3rd estimate of GDP)
 Source: Bureau of Economic Analysis via Haver Analytics

After-Tax Corporate Profits



Source: Bureau of Economic Analysis via Haver Analytics

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