

Macro Book

Prosperity Pub

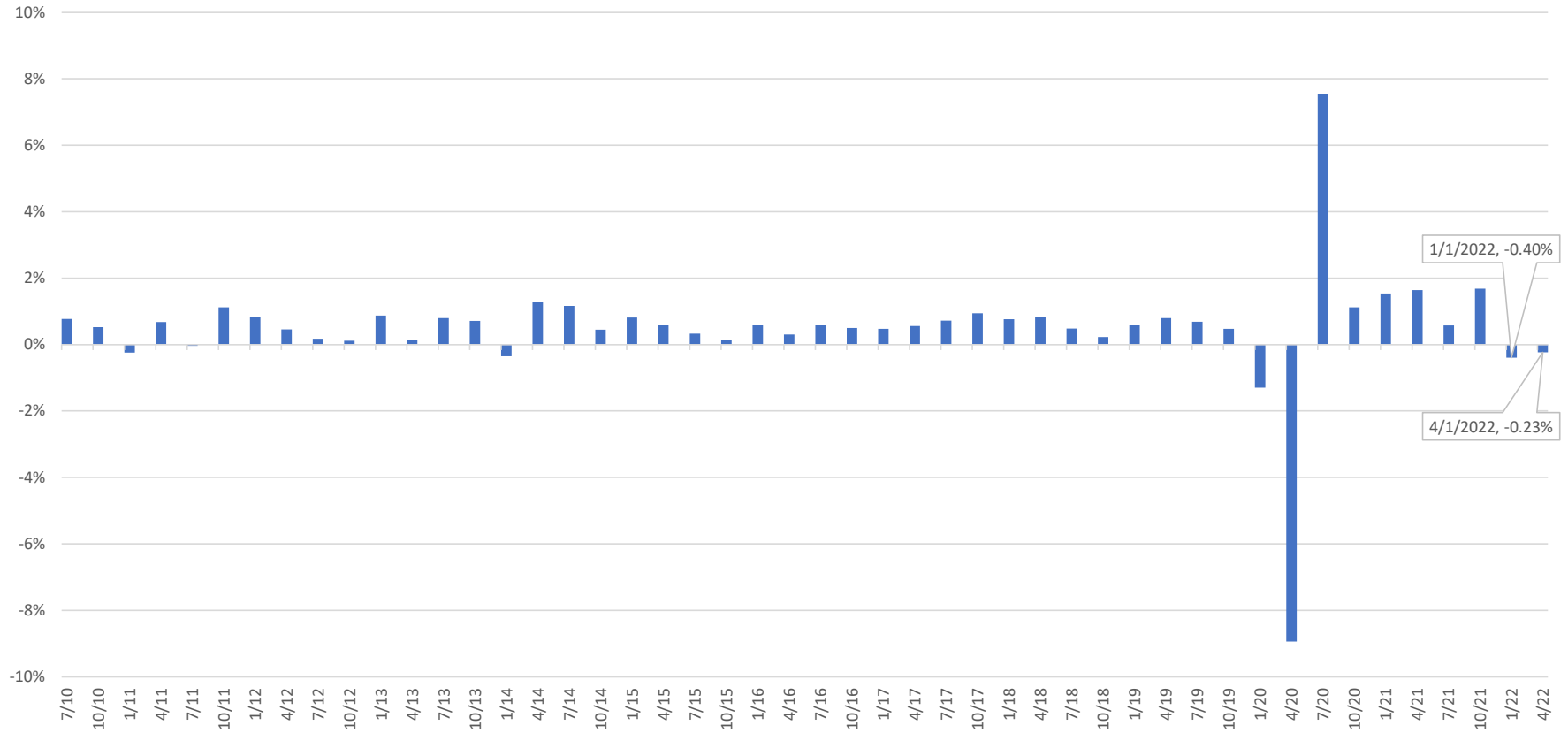
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Latest update as of 8/19/2022



Economic Growth

Quarterly Change Real GDP



Source: FRED

Annual Change in GDP and Implied Inflation



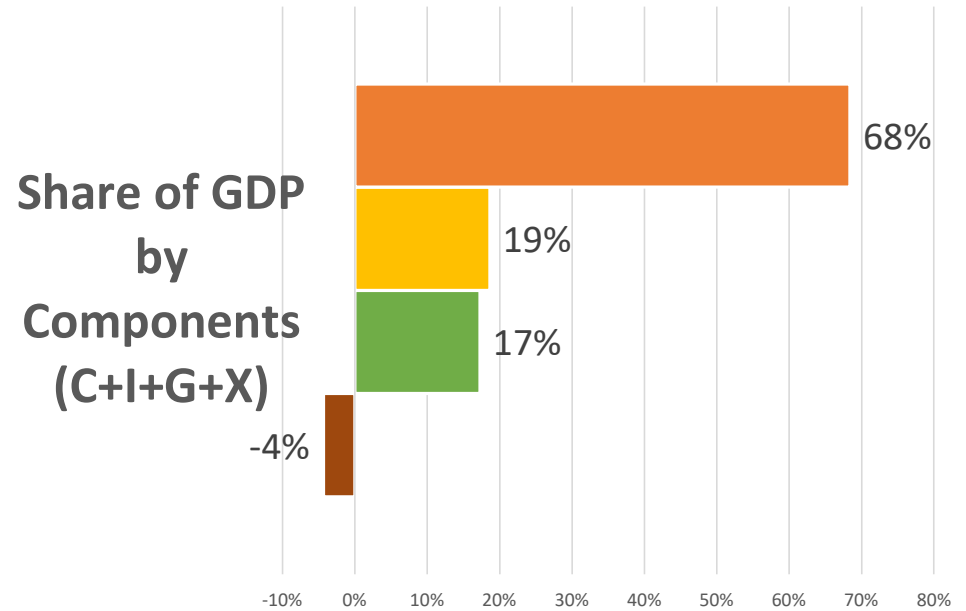
Source: FRED

GDP Components

There are four primary components of GDP:

- Consumer Spending
- Business (Private) Investment
- Government Spending
- Net Export (Trade)

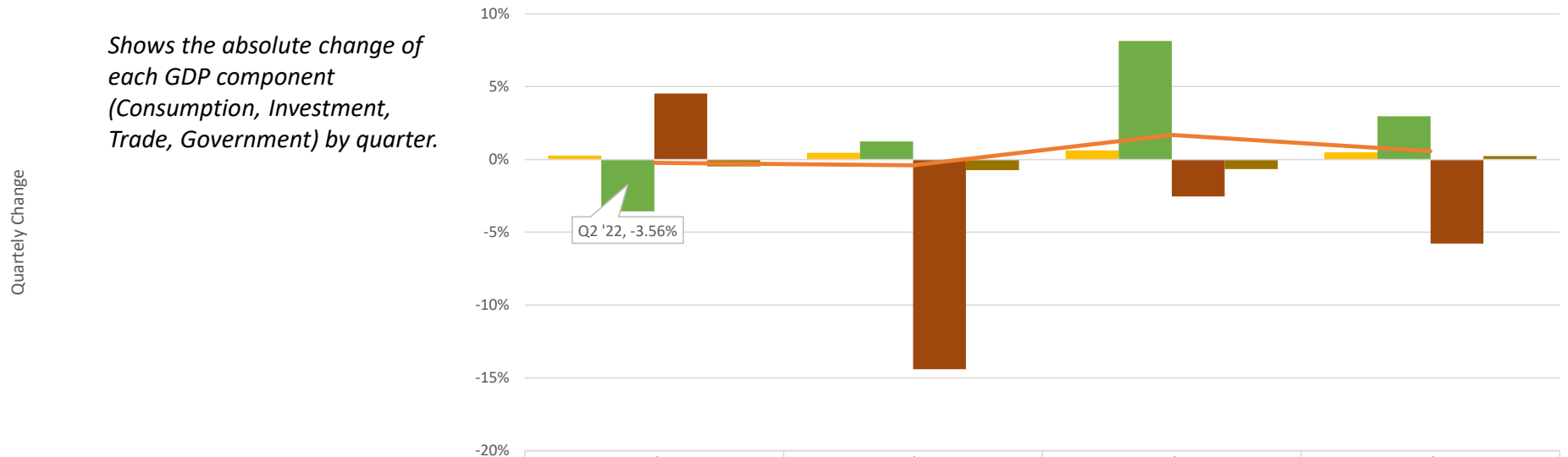
Consumer spending has historically been the main driver of economic growth in the U.S. at around 70%. Net exports rarely have a significant impact on GDP.



Share of GDP by Components (C+I+G+X)	
Personal Consumption Expenditures (C)	68%
Gross Private Domestic Investment (I)	19%
Government Consumption Expenditures and Gross Investment (G)	17%
Net Exports of Goods and Services (X)	-4%

GDP and Major Components Change by Quarter

Shows the absolute change of each GDP component (Consumption, Investment, Trade, Government) by quarter.



Real Personal Consumption Expenditures	0.26%	0.45%	0.63%	0.49%
Real Gross Private Domestic Investment	-3.56%	1.23%	8.13%	2.96%
Real Net Exports of Goods and Services	4.53%	-14.41%	-2.55%	-5.79%
Real Government Consumption Expenditures and Gross Investment	-0.48%	-0.74%	-0.67%	0.23%
Real Gross Domestic Product	-0.23%	-0.40%	1.68%	0.57%

Business investment fell more than any other GDP component during 2Q.

Contribution to GDP By Quarter

Shows the relative contribution of each GDP component to that quarters GDP.

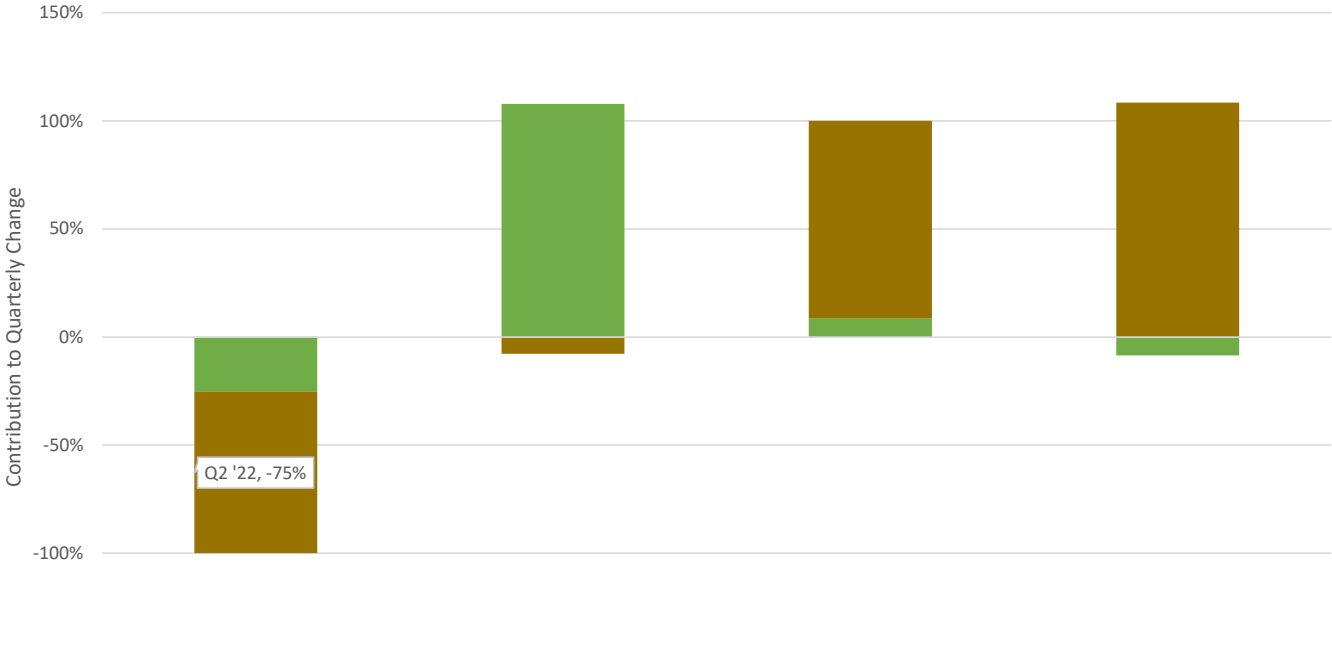


■ Real Government Consumption Expenditures and Gross Investment	-31%	-23%	-7%	7%
■ Real Net Exports of Goods and Services	138%	-179%	-10%	-68%
■ Real Gross Private Domestic Investment	-277%	44%	91%	98%
■ Real Personal Consumption Expenditures	70%	58%	27%	63%

The decline in business investment was also the biggest drag on growth.

Investment Drivers

Shows the relative contribution of each component to Investment

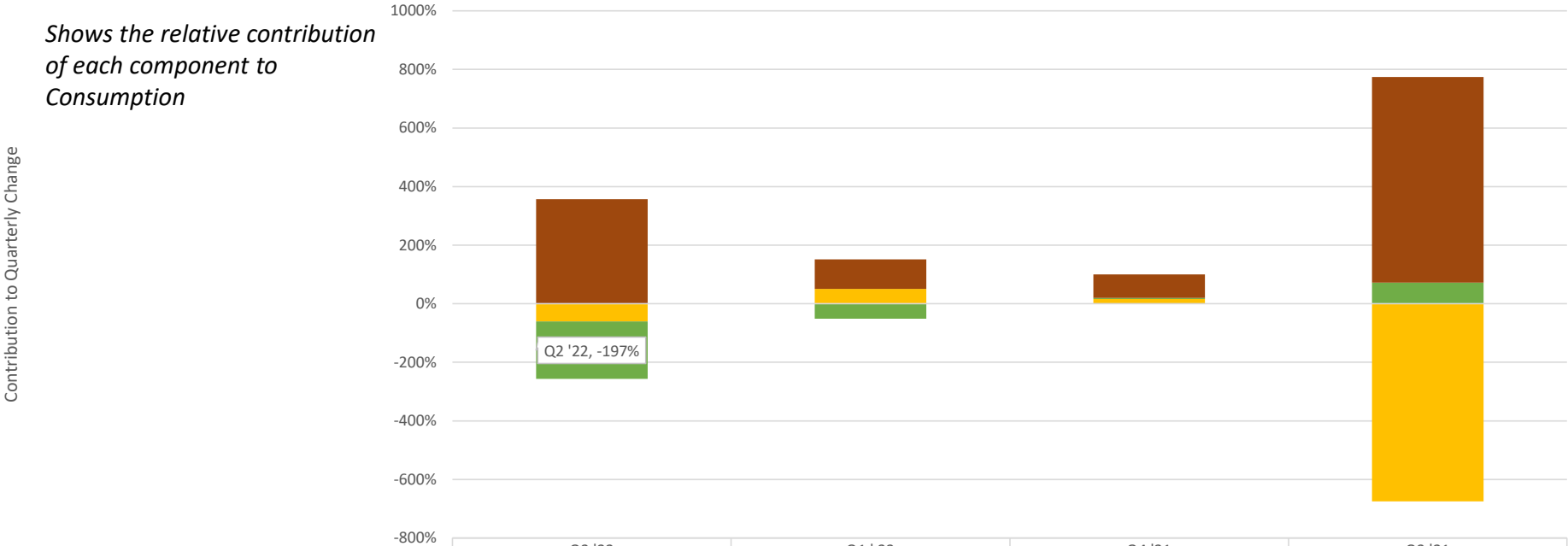


	Q2 '22	Q1 ' 22	Q4 '21	Q3 '21
Change in Real Private Inventories	-75%	-8%	92%	108%
Real Private Fixed Investment	-25%	108%	8%	-8%

With most of the decline in business activity the result of falling inventories.

Consumption Drivers

Shows the relative contribution of each component to Consumption

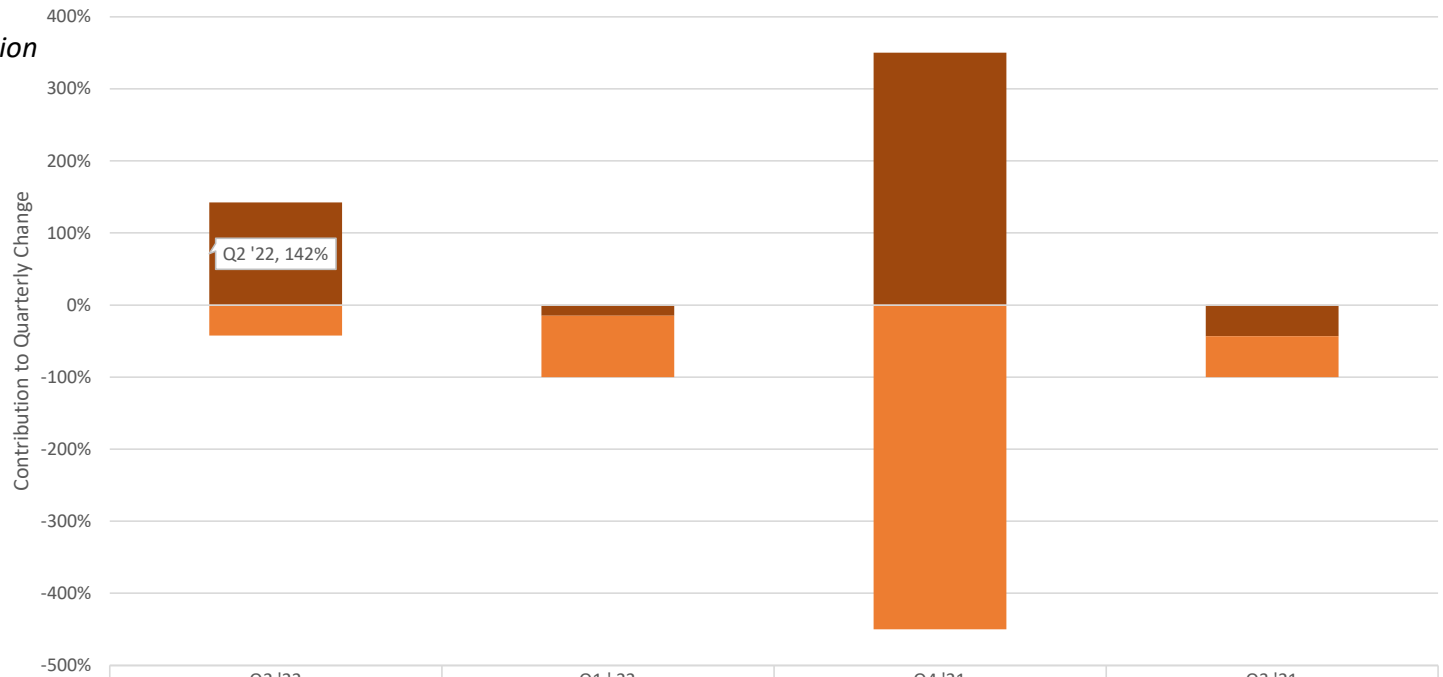


	Q2 '22	Q1 ' 22	Q4 '21	Q3 '21
■ Real Personal Consumption Expenditures: Services	357%	101%	80%	703%
■ Real Personal Consumption Expenditures: Nondurable Goods	-197%	-51%	4%	72%
■ Real Personal Consumption Expenditures: Durable Goods	-60%	51%	16%	-674%

For the consumer, spending on services rose while spending on goods, particularly nondurable goods, declined.

Trade Drivers

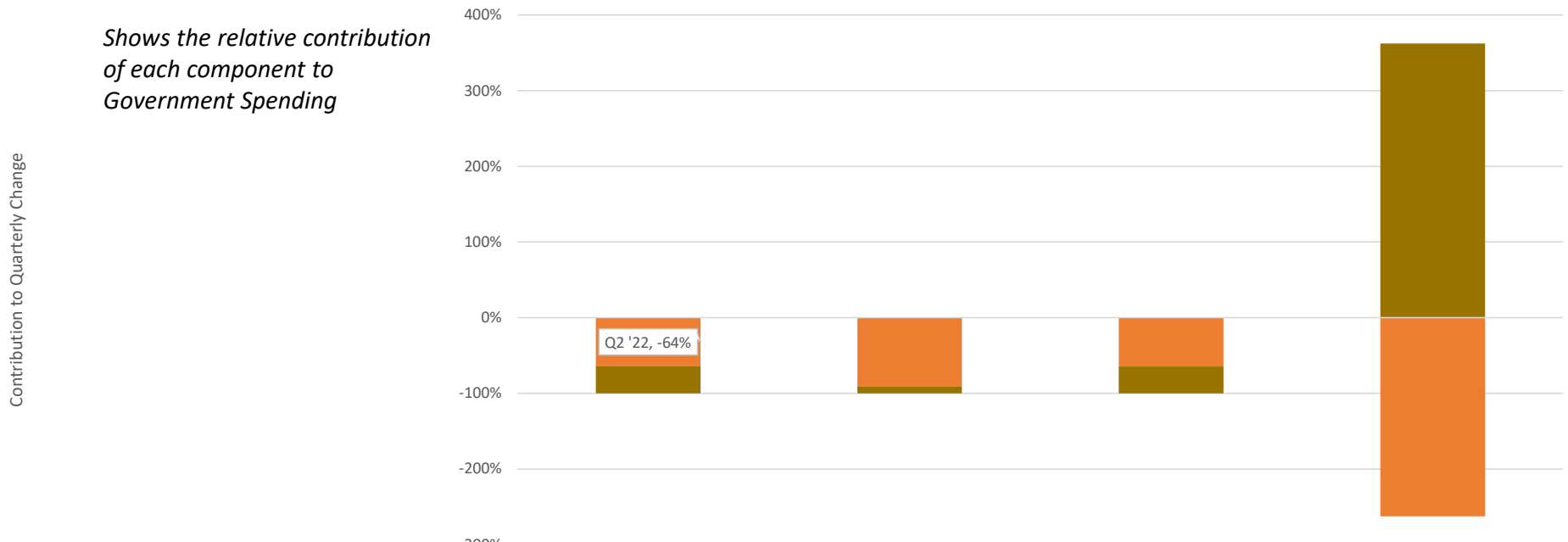
Shows the relative contribution of each component to Trade



	Q2 '22	Q1 '22	Q4 '21	Q3 '21
Real imports of goods and services	-42%	-85%	-450%	-57%
Real Exports of Goods and Services	142%	-15%	350%	-43%

Government Spending Drivers

Shows the relative contribution of each component to Government Spending



	Q2 '22	Q1 ' 22	Q4 '21	Q3 '21
■ Real State and Local Consumption Expenditures & Gross Investment, 1 Decimal	-36%	-9%	-35%	362%
■ Real Federal Consumption Expenditures and Gross Investment	-64%	-91%	-65%	-262%