

# U.S. GDP Watch

April 28, 2017

**FLOATINGPATH**

# What's Changed

## The BEA's First Estimate Of Q1 Real GDP Growth Is A Decrease From Q4 To 0.69%...

U.S. Real GDP, SAAR, QoQ Growth

Components	3rd Est. Q4 '16	1st Est. Q1 '17	Change
<b>Total</b>	2.08	0.69	-1.39
<b>Consumption</b>	3.53	0.33	-3.20
Goods	6.00	0.11	-5.89
Dur. Goods	11.38	-2.52	-13.90
Nondur. Goods	3.28	1.50	-1.79
Services	2.39	0.44	-1.95
<b>Investment</b>	9.37	4.28	-5.09
Fixed Inv.	2.85	10.42	7.57
Nonres.	0.86	9.40	8.54
Structures	-1.87	22.12	23.99
Equipment	1.95	9.09	7.14
IP	1.29	2.01	0.73
Residential	9.60	13.67	4.07
Inventories			0.00
<b>Net Exports</b>			0.00
Exports	-4.47	5.75	10.23
Imports	8.94	4.13	-4.81
<b>Government</b>	0.17	-1.69	-1.86
Federal	-1.20	-1.95	-0.74
Defense	-3.60	-3.98	-0.38
Nondefense	2.31	0.88	-1.43
S&L	1.01	-1.54	-2.55

Source: Floating Path, Bureau of Economic Analysis

## ...Consumption, Investment, And Government Were All A Drag In Q1

U.S. Real GDP, SAAR, QoQ, Component Contributions

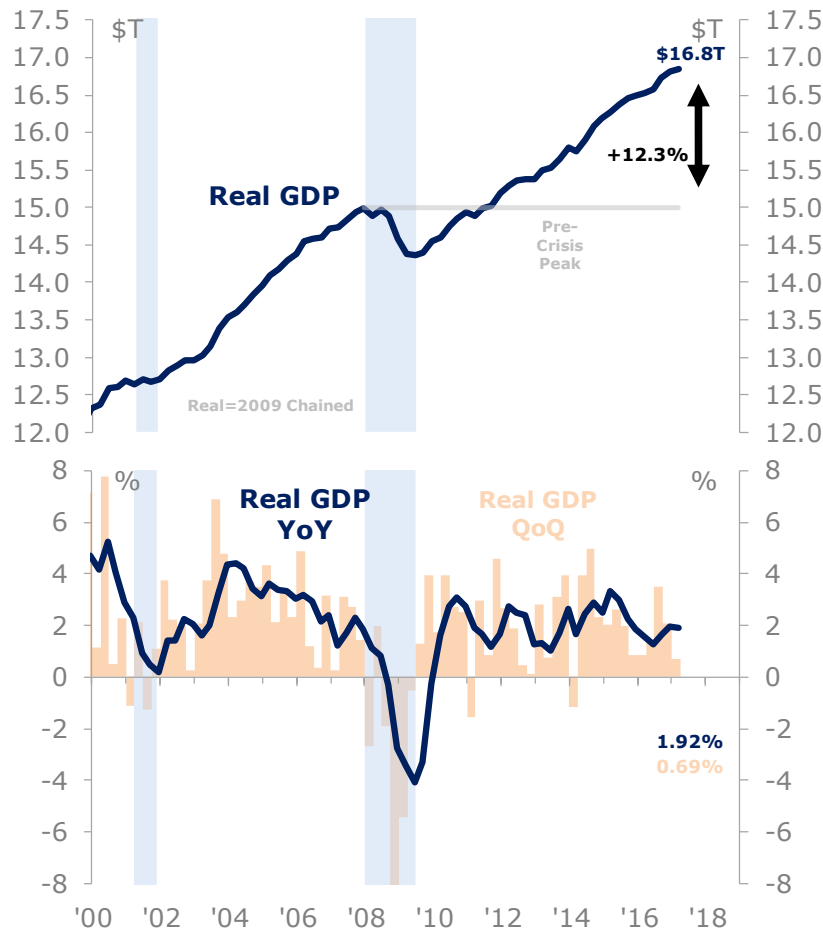
Components	3rd Est. Q4 '16	1st Est. Q1 '17	Change
<b>Total</b>	2.08	0.69	-1.39
<b>Consumption</b>	2.40	0.23	-2.17
Goods	1.29	0.02	-1.27
Dur. Goods	0.82	-0.19	-1.01
Nondur. Goods	0.47	0.22	-0.25
Services	1.11	0.21	-0.90
<b>Investment</b>	1.47	0.69	-0.78
Fixed Inv.	0.46	1.62	1.16
Nonres.	0.11	1.12	1.01
Structures	-0.05	0.55	0.60
Equipment	0.11	0.49	0.38
IP	0.05	0.08	0.03
Residential	0.35	0.50	0.15
Inventories	1.01	-0.93	-1.94
<b>Net Exports</b>	-1.82	0.07	1.89
Exports	-0.55	0.68	1.23
Imports	-1.27	-0.61	0.66
<b>Government</b>	0.03	-0.30	-0.33
Federal	-0.08	-0.13	-0.05
Defense	-0.14	-0.16	-0.02
Nondefense	0.06	0.03	-0.03
S&L	0.11	-0.17	-0.28

Source: Floating Path, Bureau of Economic Analysis

# Real GDP Growth Slow But Positive

**Real GDP Increased At An Annual Rate Of 0.69% In Q1 2017 And Is Up 1.92% From A Year Ago...**

U.S. Real Gross Domestic Product, SAAR



Source: Floating Path, Bureau of Economic Analysis

**...Real GDP Has Grown 12.3% From It's Pre-Crisis Peak and 17.3% From It's Post-Crisis Low**

U.S. Real Gross Domestic Product, SAAR

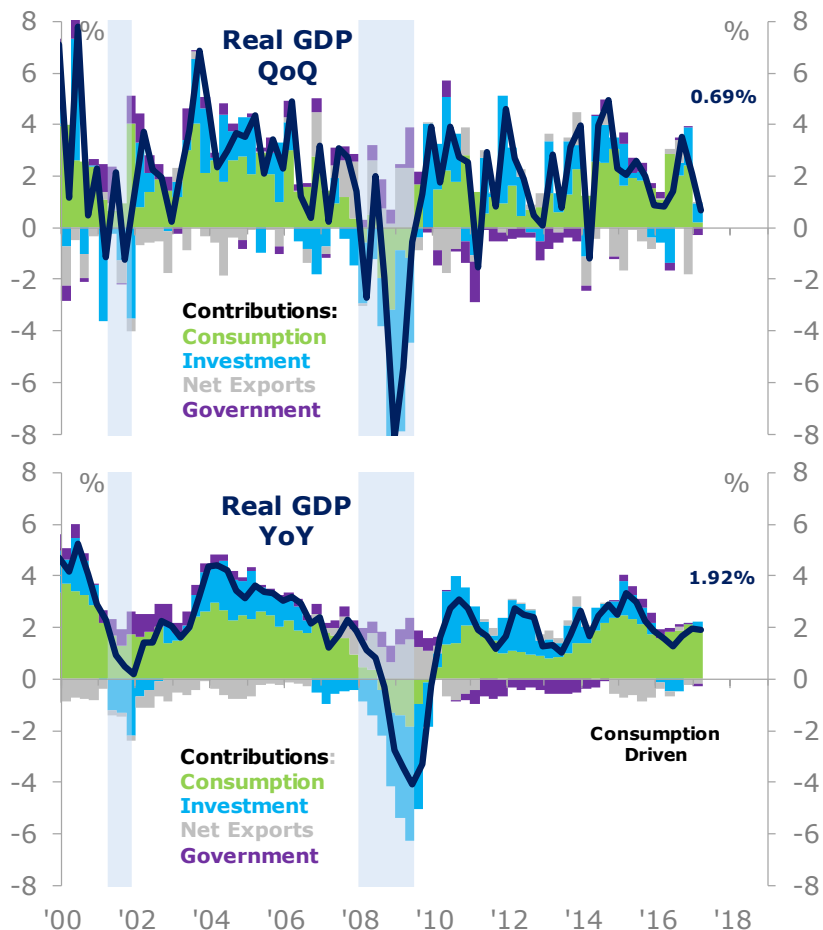
Components	Δ YoY (%)	Δ From Peak (%)	Δ From Low (%)
<b>Total</b>	1.92	12.3	17.3
<b>Consumption</b>	2.77	15.8	19.1
Goods	4.13	21.6	30.4
Dur. Goods	7.40	41.7	63.3
Nondur. Goods	2.47	13.0	17.0
Services	2.12	12.6	14.2
<b>Investment</b>	2.00	4.5	60.6
Fixed Inv.	2.96	6.2	43.9
Nonres.	3.09	12.5	40.6
Structures	7.05	-14.9	35.8
Equipment	0.76	16.5	67.8
IP	3.83	28.5	34.8
Residential	2.45	-30.2	67.2
Inventories			
<b>Net Exports</b>		-64.5	-0.4
Exports	3.12	21.1	41.2
Imports	3.83	17.0	45.4
<b>Government</b>	-0.62	-7.0	2.5
Federal	-0.29	-13.2	5.8
Defense	-2.21	-20.6	0.0
Nondefense	2.48	-0.9	21.2
S&L	-0.81	-5.3	4.3

Source: Floating Path, Bureau of Economic Analysis

# What's Driving Real GDP Growth

## Consumption Has Been Serving As The Primary Driver Of GDP Growth...

U.S. Real GDP, SAAR, Component Contributions



Source: Floating Path, Bureau of Economic Analysis

## ...And Comprises Nearly 69% Of Total Gross Domestic Product

U.S. Real Gross Domestic Product, SAAR

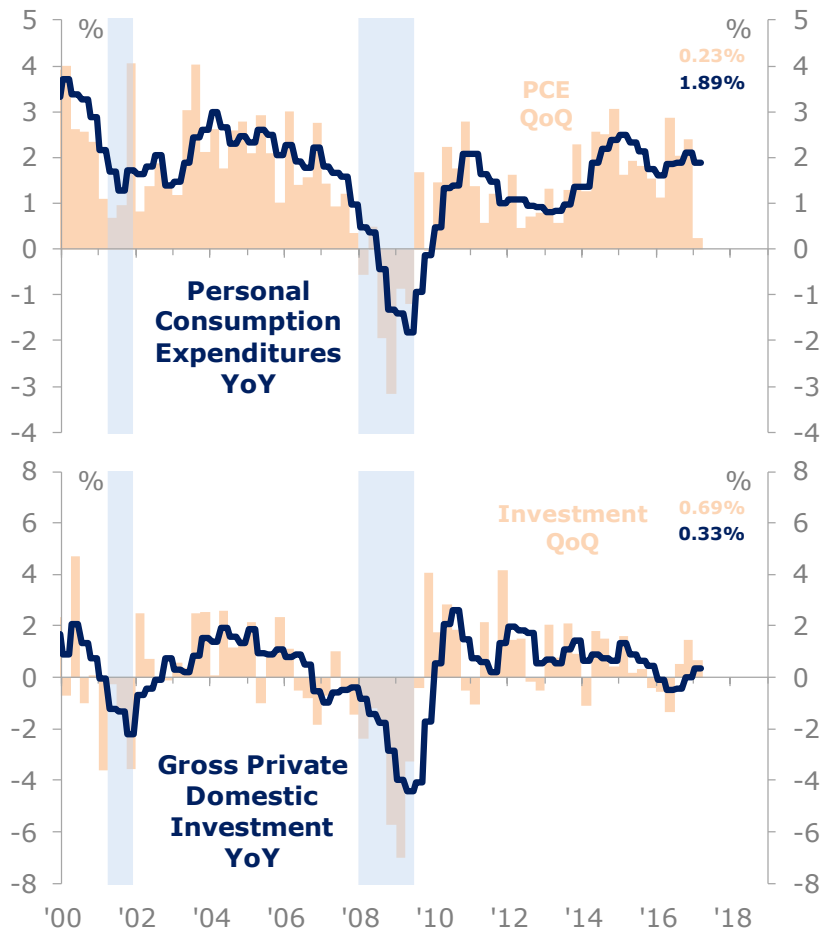
Components	Δ YoY (%)	x	GDP Share (%)	=	Δ YoY Contr. (%)
<b>Total</b>	1.92		100.0		1.92
<b>Consumption</b>	2.77		68.9		1.89
Goods	4.13		22.2		0.91
Dur. Goods	7.40		7.5		0.55
Nondur. Goods	2.47		14.6		0.36
Services	2.12		46.7		0.99
<b>Investment</b>	2.00		16.6		0.33
Fixed Inv.	2.96		16.5		0.48
Nonres.	3.09		12.5		0.39
Structures	7.05		2.8		0.19
Equipment	0.76		5.7		0.04
IP	3.83		4.1		0.16
Residential	2.45		4.0		0.09
Inventories			0.0		-0.15
<b>Net Exports</b>			-2.9		-0.19
Exports	3.12		12.2		0.37
Imports	3.83		-15.1		-0.56
<b>Government</b>	-0.62		17.5		-0.11
Federal	-0.29		6.6		-0.02
Defense	-2.21		3.9		-0.09
Nondefense	2.48		2.8		0.07
S&L	-0.81		10.9		-0.09

Source: Floating Path, Bureau of Economic Analysis

# GDP Component Contributions

## Consumption Has Been Propelling Real GDP Higher As Investment Growth Has Slowed...

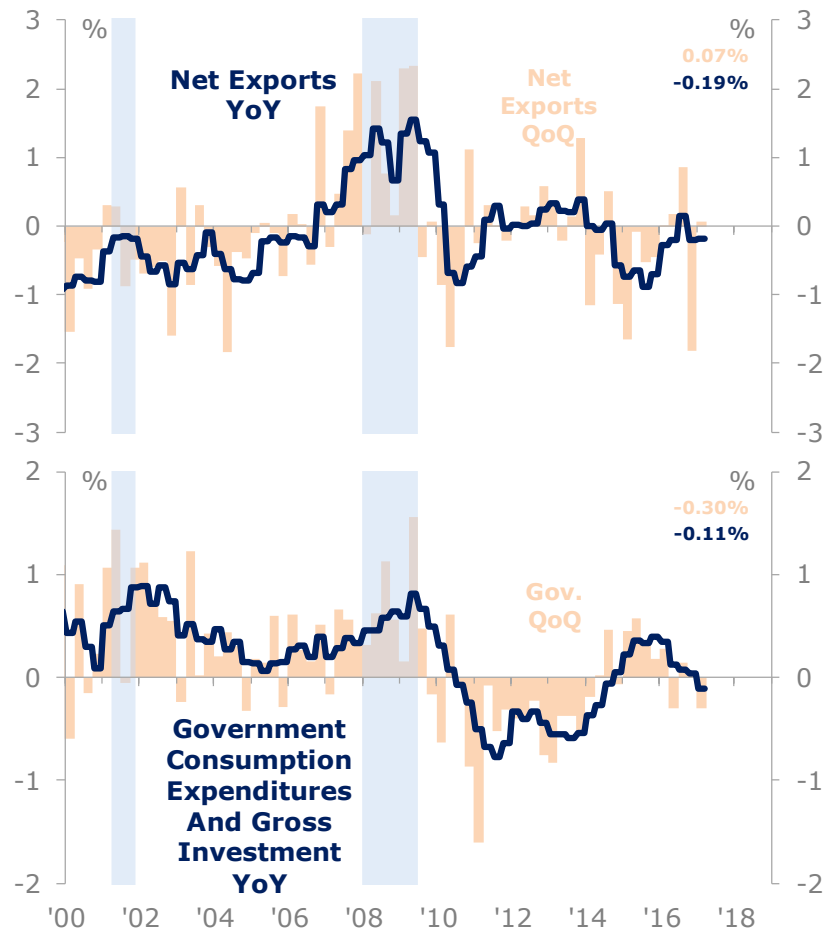
U.S. Real Gross Domestic Product, SAAR, Component Contributions



Source: Floating Path, Bureau of Economic Analysis

## ...Government Consumption Is Beginning To Drag Again

U.S. Real Gross Domestic Product, SAAR, Component Contributions

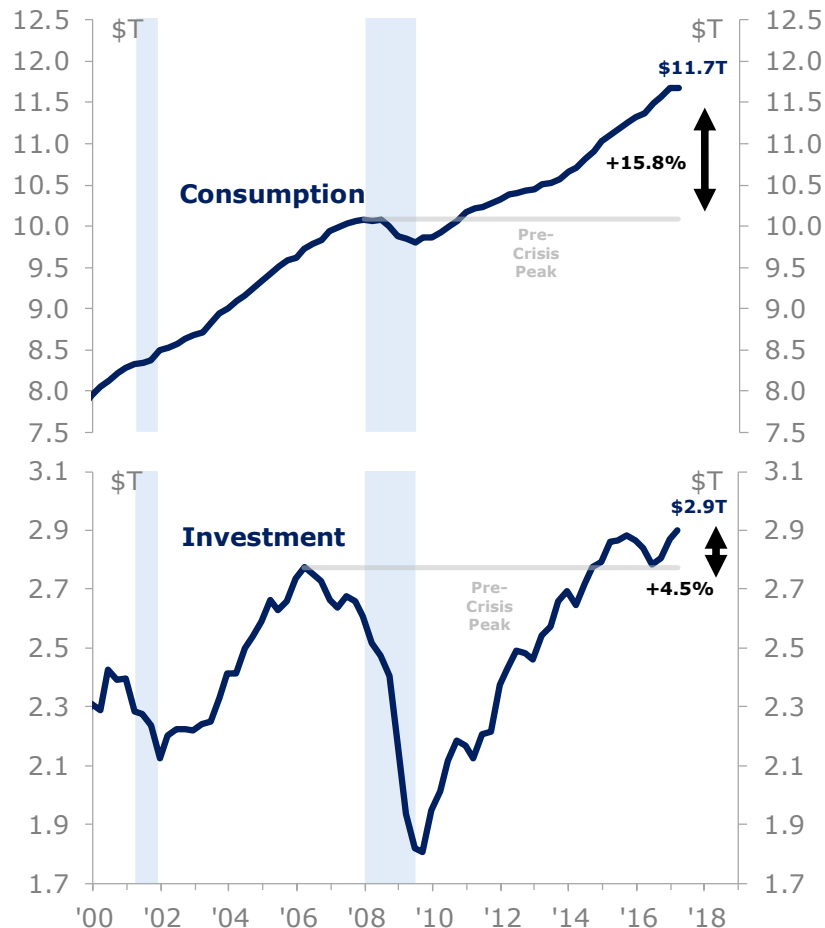


Source: Floating Path, Bureau of Economic Analysis

# Real Growth From Peaks

Since Peaking In 2007, Real Consumption Has Grown Substantially, Real Investment Has Not...

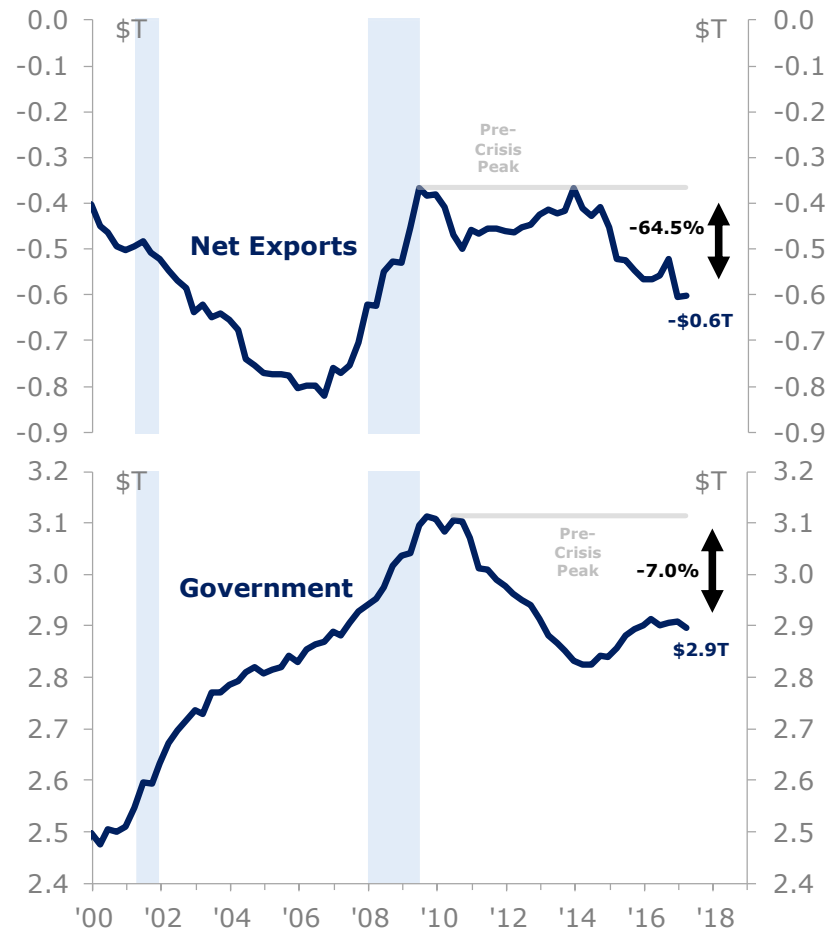
U.S. Real Gross Domestic Product, SAAR



Source: Floating Path, Bureau of Economic Analysis

...Both Real Trade And Government Are Well Below Their 2009 Highs

U.S. Real Gross Domestic Product, SAAR

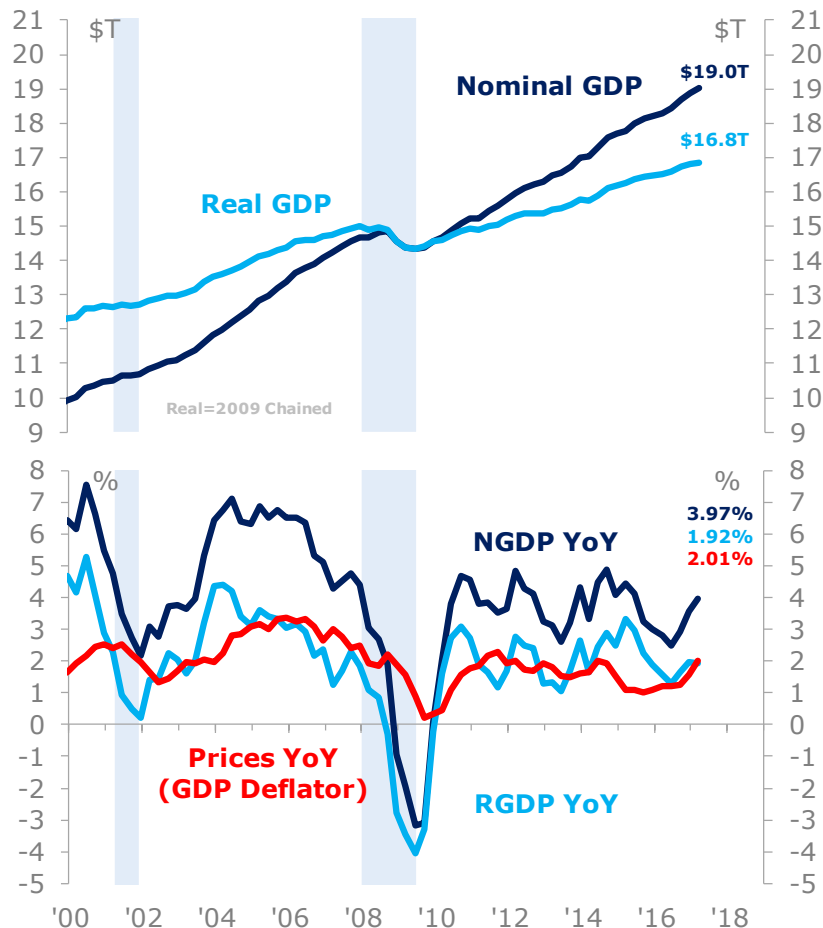


Source: Floating Path, Bureau of Economic Analysis

# Nominal vs. Real Growth

## Nominal GDP Has Increased 3.97% YoY, But Once Dividing By The Price Deflator Of 2.01%...

U.S. Real Gross Domestic Product, SAAR



Source: Floating Path, Bureau of Economic Analysis

## ...Real GDP Has Increased Only By Only 1.92% From A Year Ago

U.S. Gross Domestic Product, SAAR

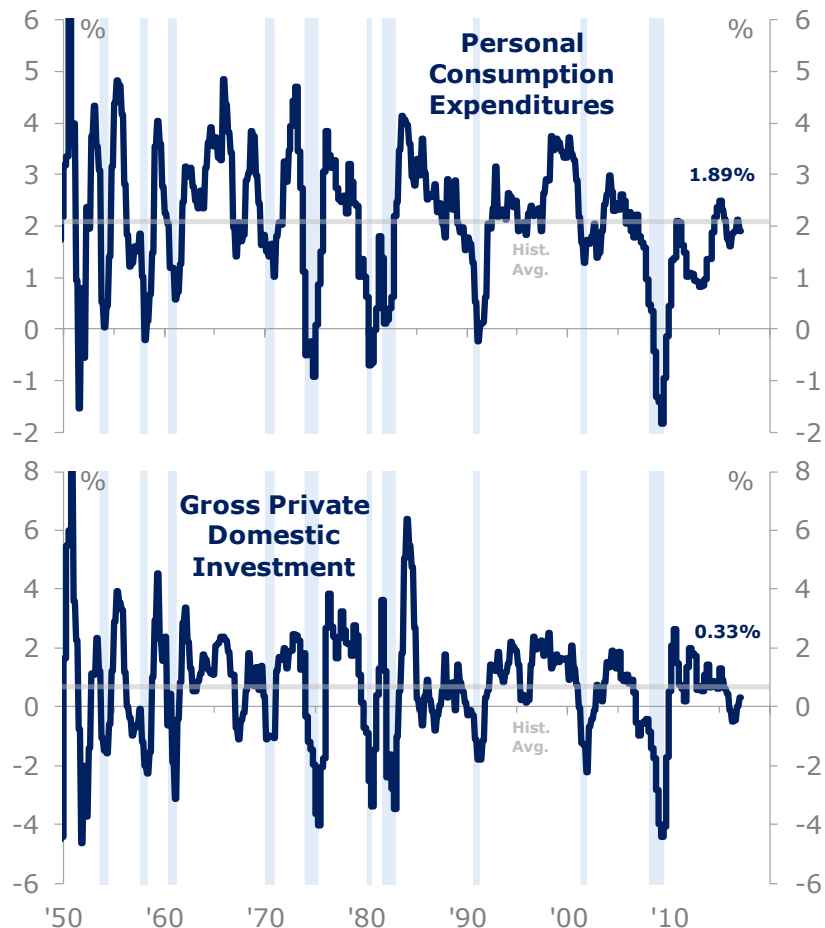
Components	RGDP Δ YoY (%)	Price Δ YoY (%)	NGDP Δ YoY (%)
<b>Total</b>	1.92	2.01	3.97
<b>Consumption</b>	2.77	1.97	4.79
Goods	4.13	1.00	5.18
Dur. Goods	7.40	-2.23	5.01
Nondur. Goods	2.47	2.73	5.27
Services	2.12	2.43	4.60
<b>Investment</b>	2.00	1.58	3.61
Fixed Inv.	2.96	1.77	4.78
Nonres.	3.09	0.92	4.04
Structures	7.05	2.02	9.22
Equipment	0.76	0.45	1.21
IP	3.83	0.87	4.73
Residential	2.45	4.64	7.20
Inventories			
<b>Net Exports</b>			
Exports	3.12	3.08	6.30
Imports	3.83	3.07	7.01
<b>Government</b>	-0.62	2.74	2.10
Federal	-0.29	2.44	2.15
Defense	-2.21	2.35	0.10
Nondefense	2.48	2.59	5.14
S&L	-0.81	2.91	2.07

Source: Floating Path, Bureau of Economic Analysis

# Historical GDP Drivers

## Personal Consumption's Contribution To Real GDP Growth Is Near Its Historical Average...

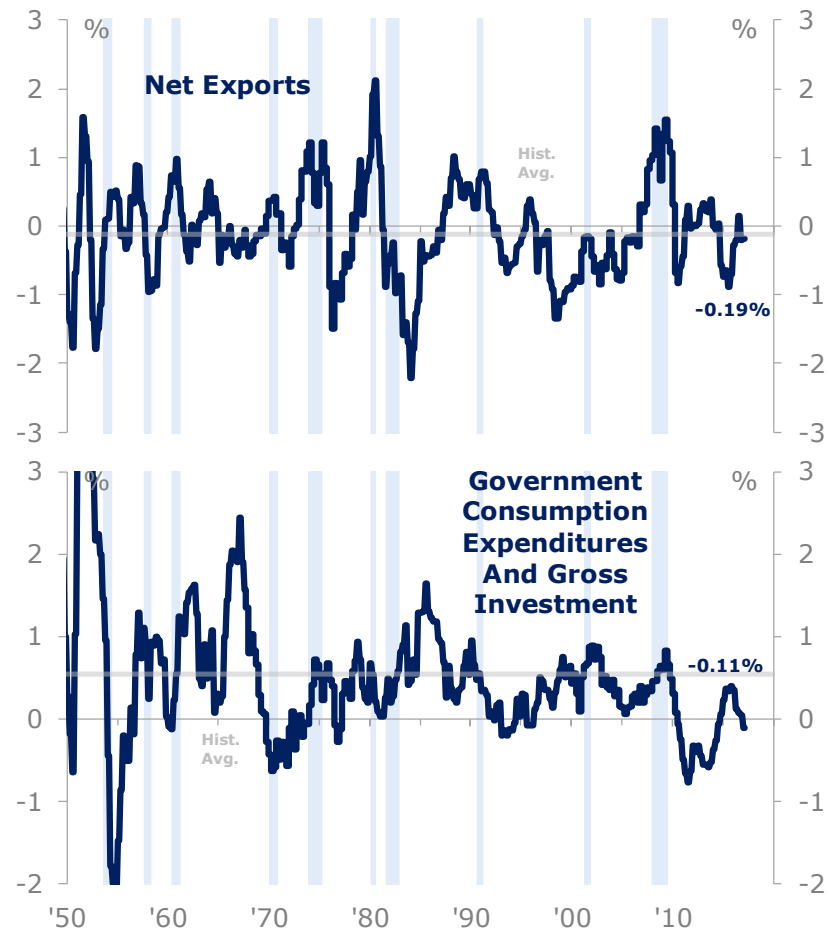
U.S. Real Gross Domestic Product, SAAR, YoY, Component Contributions



Source: Floating Path, Bureau of Economic Analysis

## ...Since 2009, Government's Contribution To Growth Has Been Well Below Average

U.S. Real Gross Domestic Product, SAAR, YoY, Component Contributions

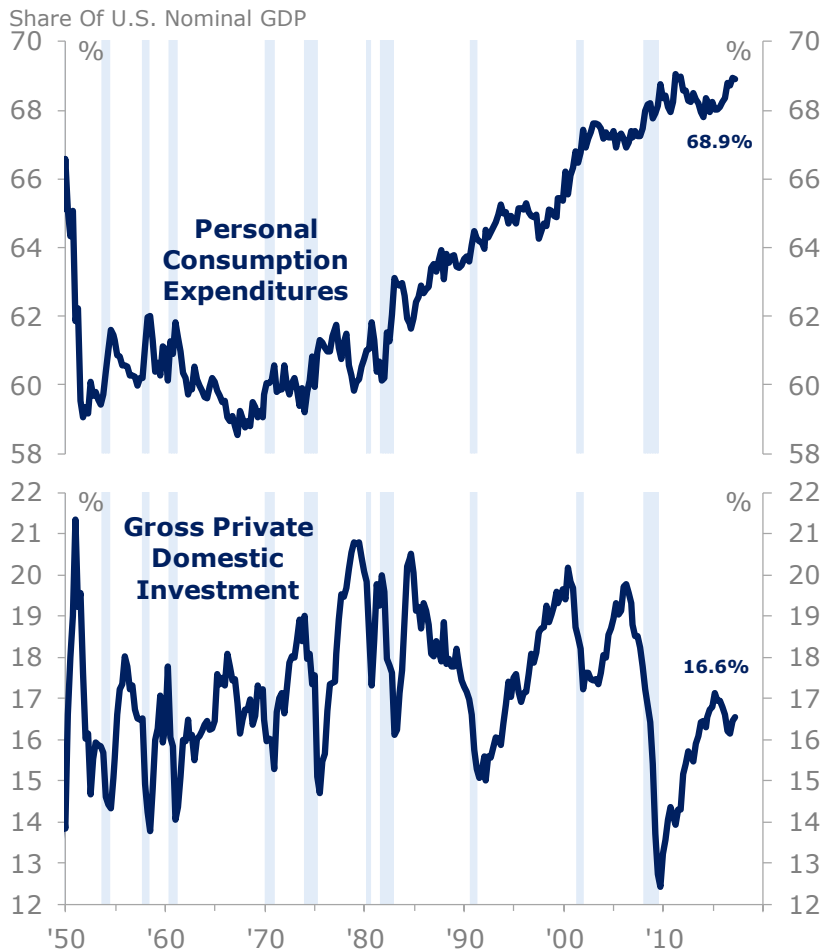


Source: Floating Path, Bureau of Economic Analysis



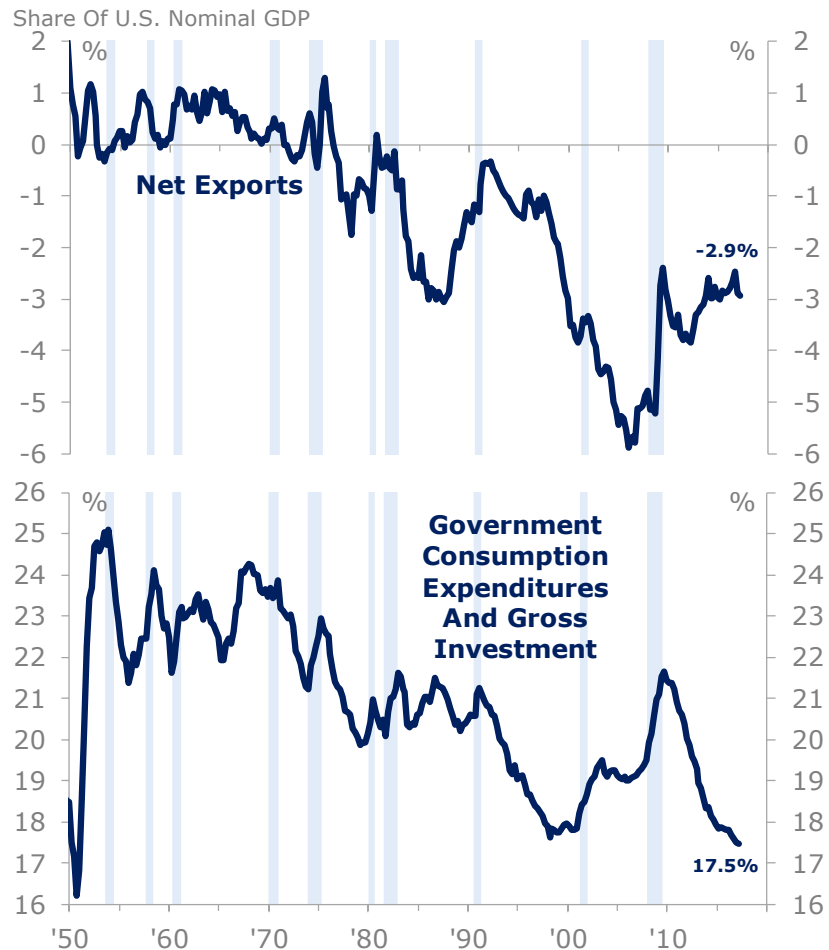
# GDP Is Increasingly Consumption

## Personal Consumption's Share Of GDP Has Grown Significantly Since The 1950's...



Source: Floating Path, Bureau of Economic Analysis

## ...As Government Consumption And Investment Has Become Less Important



Source: Floating Path, Bureau of Economic Analysis