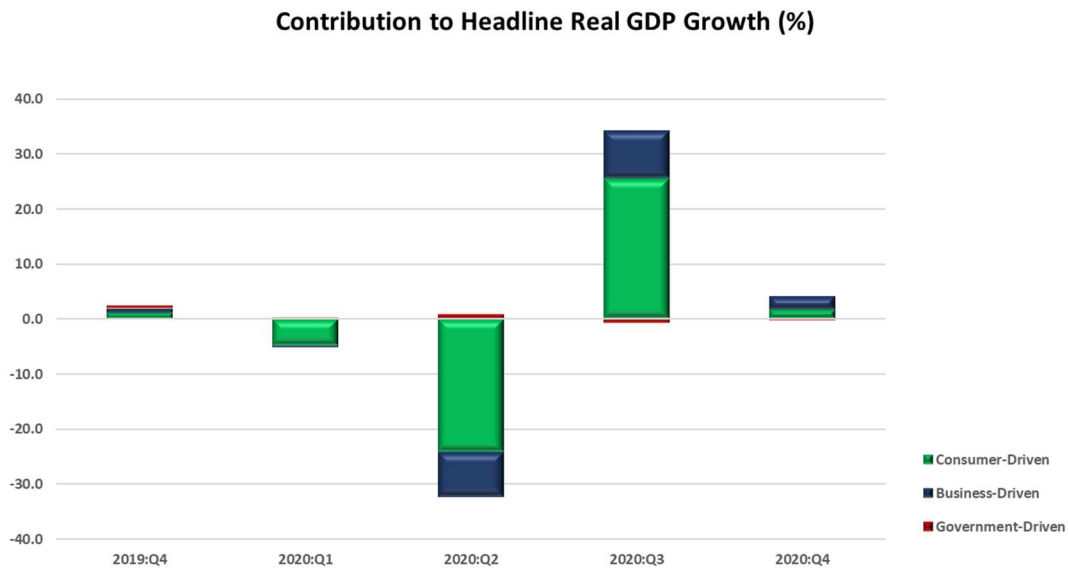


## US GDP Release: 2020Q4



Source: Bureau of Economic Analysis  
Visualized by TCA



US economic activity grew by a 4.0% annual rate in the fourth quarter of 2020. The Q4 figure was slightly below the 4.3% GDP growth in the consensus forecast.

Consumer-driven real GDP, which surged by 41% in 2020Q3 (coming off of the record contraction in Q2), grew by 2.5% in Q4. This translated into consumer-driven GDP adding 1.7 percentage points to the 4.0% headline GDP growth figure. In the most recent data, consumer sentiment registered 76.9. This was a sizable decrease from the 81.8 index just one month before. That being said, COVID vaccine efficacy and vaccination rates will play a substantial role in consumer expectations regarding the economy. Lingering doubts about vaccine efficacy and/or vaccination rates will keep downward pressure on consumer sentiment and also consumer-driven GDP.

Government-driven GDP continued its slide in 2020Q4, adding -0.22% to headline real GDP growth. This is compared to -0.75% in 2020Q3. Most of the decline came from state-level government, which added -0.19% to headline GDP growth.

Business-driven real GDP (which consists of gross domestic private investment and net exports) also grew robustly in the recent report. BEA statistics show that business-driven GDP grew by a 15.7% annual rate and added 2.5 percentage points to headline GDP in 2020Q4. All of the gains came from gross domestic private investment (25.3% annual growth rate).

We expect a tenuous recovery in 2021 with much of economic activity tied to the effectiveness of COVID vaccines and current and future government stimulus packages. Consequently, we expect 3.4% GDP growth in 2021.

## **About Thompson Consulting and Analytics, LLC**

Thompson Consulting and Analytics, LLC (TCA) is an economic consulting firm that operates with client success in mind. We are experienced at performing economic impact analysis, econometric forecasts, and economic research studies. In addition, we offer predictive analytics, site feasibility studies, white papers/industry analysis, and other economic consulting services. Our extensive background in regional economics and commercial real estate research has provided private and public sector clients with valuable results and actionable insights.