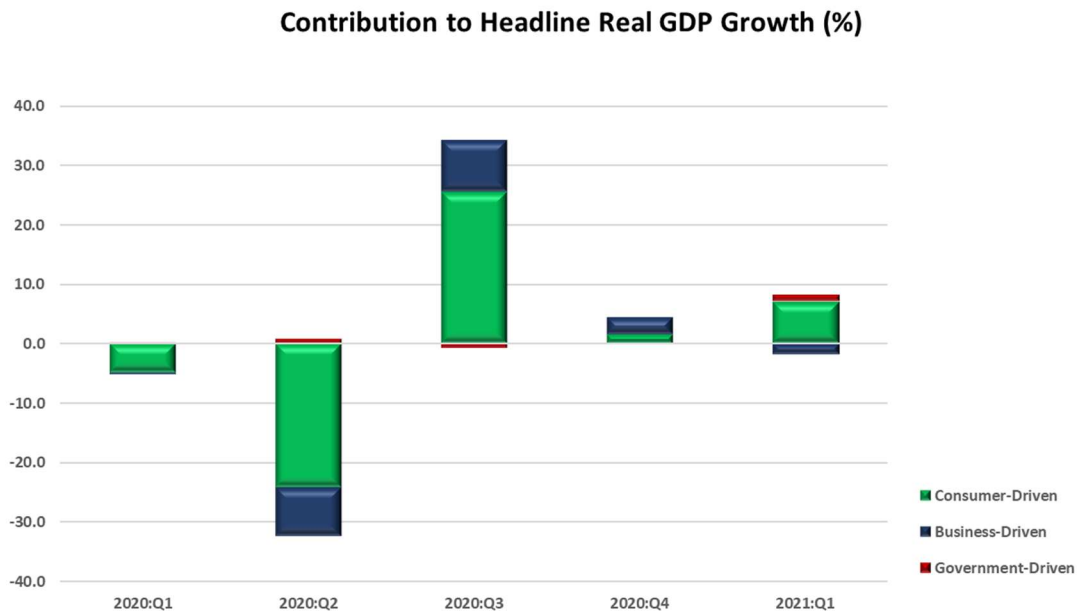


US GDP Release: 2021Q1



Source: Bureau of Economic Analysis
Visualized by TCA



US economic activity grew by a 6.4% annual rate in the first quarter of 2021. The Q1 figure was slightly below the 6.7% GDP growth in the consensus forecast.

Consumer-driven real GDP grew by 10.7% in Q1. This translated into consumer-driven GDP adding 7.0 percentage points to the 6.4% headline GDP growth figure. In the most recent data, consumer sentiment registered 76.8. This was a slight decrease from the 79.0 index just one month before. It should be noted that this data was updated on March 26, 2021. Robust employment figures and other positive economic data have been released since then. Moreover, COVID vaccination rates have exceeded expectations and states are relaxing restrictions and phasing in re-opening of their economies. We expect a strong surge in consumer sentiment by the next GDP release.

Government-driven GDP surged in 2021Q1 due to the latest round of stimulus spending. The sector grew by 6.3% in Q1 and added 1.1 percentage points to headline real GDP growth (0.93 percentage points came from federal). This is compared to -0.14 percentage points in 2020Q4.

Business-driven real GDP (which consists of gross domestic private investment and net exports) retreated in the recent report. BEA statistics show that business-driven GDP

declined and added -1.74 percentage points to headline GDP in 2021Q1. Both net exports and gross private direct investment faltered in the latest report.

We adjusted our forecast and expect a stronger recovery in 2021. COVID vaccination rates are higher than expected and the federal government has planned for the current stimulus package to run through September. Consequently, we expect 5.9% 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.