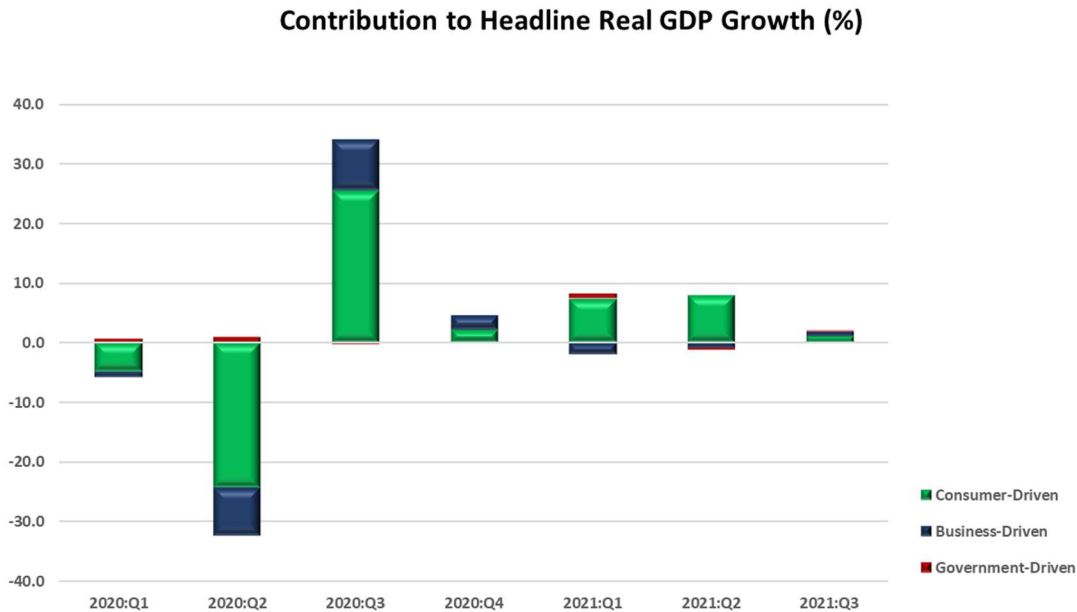


**US GDP Release: 2021Q3**



Source: Bureau of Economic Analysis  
Visualized by TCA



US economic activity grew by a 2.0% annual rate in the third quarter of 2021. The Q3 figure was well below the 2.8% GDP growth in the consensus forecast.

Consumer-driven real GDP grew by 1.6% in Q3. This translated into consumer-driven GDP adding 1.1 percentage points to the 2.0% headline GDP growth figure. In the most recent data, consumer sentiment registered 70.3. This was the lowest figure since December 2011. In our previous report, we expected the new COVID surge to put downward pressure on consumer sentiment and also consumer-driven GDP growth. The COVID surge subsided but supply chain issues became a major factor slowing down consumer-driven GDP growth. We see this issue lasting into at least the first half of 2022. Moreover, the labor market continues to see muted growth, which will also affect consumer-driven GDP.

Government-driven GDP rebounded in 2021Q3 after faltering in the previous quarter. The sector rose by 0.8% in Q3 and added 0.14 percentage points to headline real GDP growth (0.46 percentage points came from state and local government expenditures). Federal government expenditures actually added -0.33 percentage points to headline GDP growth.

Business-driven real GDP (which consists of gross domestic private investment and net exports) rebounded in 2021Q3 after retreating for the two previous quarters. BEA statistics show that business-driven GDP added 0.8 percentage points to headline GDP in 2021Q3. The positive addition to headline GDP came from gross domestic private investment, which added 1.94 percentage points to GDP. Net exports actually added -1.14 percentage points.

We expect several factors to have profound impacts on GDP going forward. Inflation has accelerated and will likely remain elevated well into 2022. The supply chain issues will also be a systemic problem going into 2022, which will continue to put upward pressure on inflation and downward pressure on consumer confidence and spending. We expect 5.4% 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.