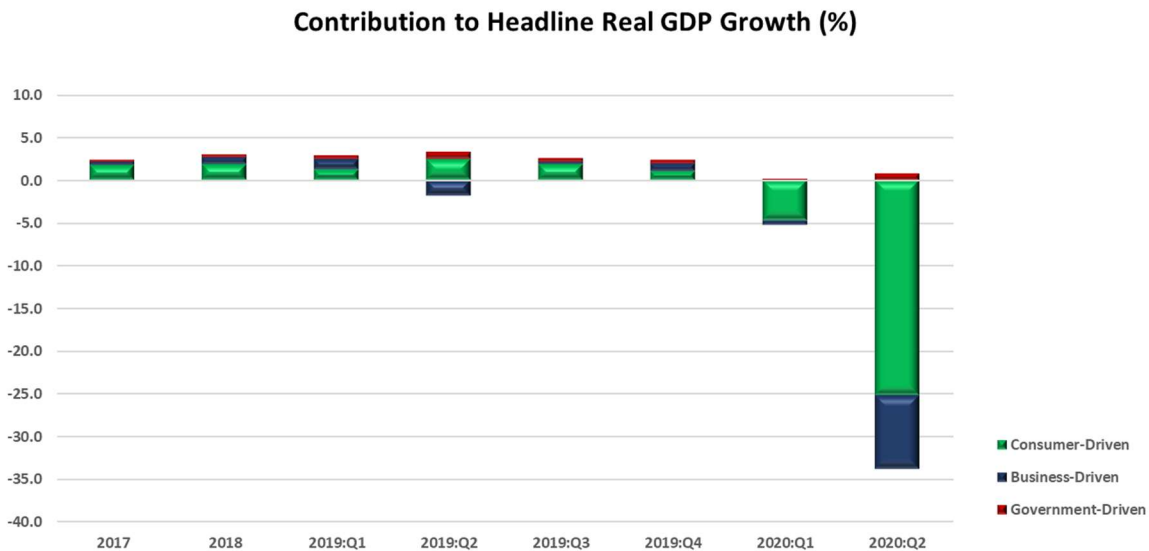


**US GDP Release: 2020Q2**



Source: Bureau of Economic Analysis



US economic activity decreased at a 32.9% annual rate in the second quarter of 2020, according to the preliminary release from the Bureau of Economic Analysis (BEA). The Q2 figure was slightly better than the 34.7% GDP decline in the consensus forecast.

Consumer-driven real GDP was assailed by the economic shutdown as a result of COVID-19. Consumer-driven GDP has seen its contribution to headline GDP growth declining since 2019Q2. However, the -25.05% contribution in Q2 is five times the negative contribution figure from Q1. Additionally, consumer sentiment continues to be understandably shaken. In the most recent data, consumer sentiment registered 72.3. By comparison, the index stood at 101.0 in February 2020, before the full effect of COVID and the eventual economic shutdown were known. With the consumer accounting for roughly two-thirds of the US economy, as the consumer goes, so does real GDP.

Government-driven GDP was a bright spot, adding 0.82% to headline real GDP growth. This is compared to 0.22% in 2020Q1. Federal government spending accounted for all of the government-driven growth, as the stimulus packages were employed as a means to keep the economy afloat.

Business-driven real GDP (which consists of gross domestic private investment and net exports) faltered in the recent report. BEA statistics show that business-driven GDP fell by 8.7% in 2020Q2. Net exports actually contributed 0.68% to real GDP growth. However, gross domestic private investment added -9.36% to real GDP growth, which resulted in the negative contribution of business-driven real GDP.

While we do not feel that the current recession will be a long-lasting one. However, we expect a prolonged recovery with muted growth. Consequently, we expect -6.5% GDP growth in 2020 with moderate 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.