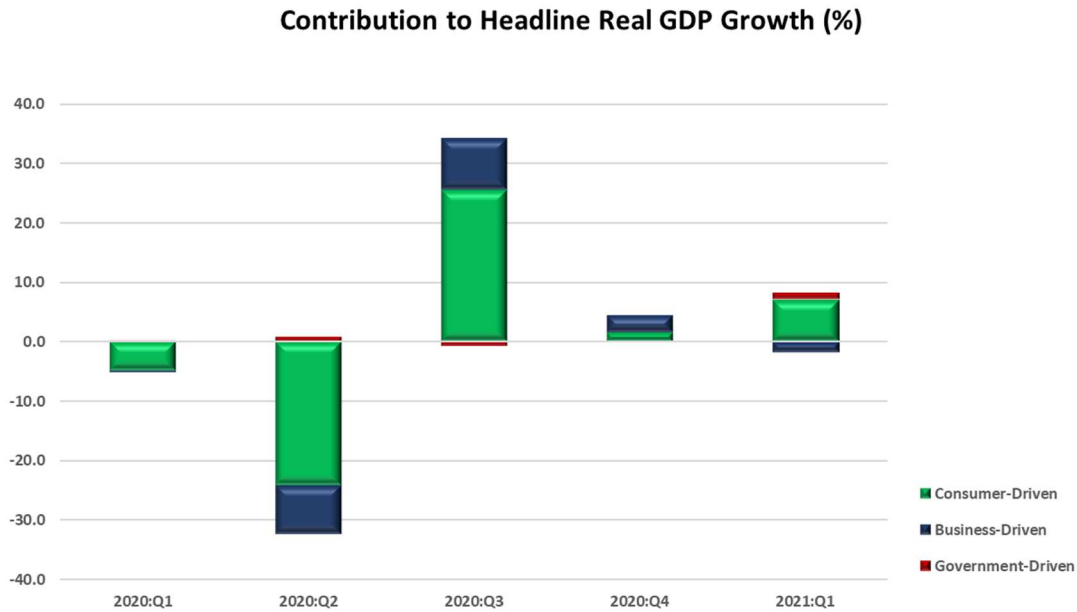


**US GDP Release: 2021Q2**



Source: Bureau of Economic Analysis  
Visualized by TCA



US economic activity grew by a 6.5% annual rate in the second quarter of 2021. The Q1 figure was well below the 8.0% GDP growth in the consensus forecast.

Consumer-driven real GDP grew by 11.8% in Q2. This translated into consumer-driven GDP adding 7.8 percentage points to the 6.5% headline GDP growth figure. In the most recent data, consumer sentiment registered 82.9. This was a sizable decrease from the 88.3 index just one month before. It should be noted that this data was updated on June 25, 2021. While vaccination rates were strong at the beginning of the year, the vaccination rate has recently decreased. Moreover, the new variants of the COVID virus have resulted in a surge in COVID cases. We expect the new COVID surge to put downward pressure on consumer sentiment and also consumer-driven GDP growth.

Government-driven GDP decreased in 2021Q2 after the Q1 surge from the stimulus package. The sector fell by 1.5% in Q2 and added -0.27 percentage points to headline real GDP growth (-0.36 percentage points came from federal). This is compared to 0.78 percentage points in 2021Q1.

Business-driven real GDP (which consists of gross domestic private investment and net exports) retreated for the second consecutive quarter in the recent report. BEA statistics show that business-driven GDP declined and added -1.01 percentage points to headline

GDP in 2021Q1. Both net exports and gross private direct investment faltered in the latest report.

We expect several factors to have profound impacts on GDP going forward. Inflation is accelerating and this will likely be sustained through 2021 and into 2022. Also, the new COVID variants will more than likely infuse uncertainty into the outlook of businesses and also negatively affect consumer confidence. Additional stimulus may be needed to sustain the economy in 2021Q4. Finally, we expect government-driven will rebound in the remainder of 2021 and into 2022 due to additional stimulus to support the economy, the Infrastructure Bill, and US Economic Development Administration six-program funding initiative via the American Rescue Plan. 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.