

# U.S. Data Review

- Revised Q1 GDP: consumer spending revised upward; downward adjustments elsewhere

**Lawrence Werther**  
**Michael Moran**

Daiwa Capital Markets America  
lawrence.werther@us.daiwacm.com  
michael.moran@us.daiwacm.com

## Revised Q1 GDP

The second estimate of Q1 GDP was close to the preliminary tally, with output falling at a marginally faster pace (-1.5 percent versus -1.4 percent) after a strong performance last year (growth of 5.5 percent over the four quarters of 2021).

Consumer spending stood out on the firm side in the latest estimate of Q1 GDP, with growth revised 0.4 percentage point higher to 3.1 percent. Outlays for nondurable items were revised lower, but spending on durable goods and services more than offset the drag from nondurables.

On the soft side, residential construction was weaker than first reported (and expected), as growth was adjusted to 0.4 percent from 2.1 percent. Construction of new homes still posted double-digit growth, but improvements to existing homes were revised sharply lower (-6.4 percent versus -1.9 percent), and brokerage commissions remained soft (-14.7 percent versus -13.4 percent). Business investment in structures also was revised lower (-3.6 percent versus -0.9 percent), and growth in equipment spending was slightly slower, but an upward adjustment to intellectual property left the growth of total business fixed investment unchanged.

Inventory investment provided a downside surprise. We had expected a small upward revision, but instead saw inventory investment subtract 1.1 percentage points from growth rather than 0.8 percentage point. However, while the results for Q1 were softer than expected, the adjustment opens the possibility of more inventory building in Q2.

Today's report contained data on corporate profits for the first quarter. After-tax corporate profits slipped 4.3 percent (not annualized), but the easing followed a strong performance last year, and the level of profits remained well above pre-pandemic norms.

## GDP and Related Items\*

	21-Q4	22-Q1(a)	22-Q1(p)
<b>1. Gross Domestic Product</b>	6.9	-1.4	-1.5
<b>2. Personal Consumption Expenditures</b>	2.5	2.7	3.1
<b>3. Nonresidential Fixed Investment</b>	2.9	9.2	9.2
<b>3a. Nonresidential Structures</b>	-8.3	-0.9	-3.6
<b>3b. Nonresidential Equipment</b>	2.8	15.3	13.2
<b>3c. Intellectual Property Products</b>	8.9	8.1	11.6
<b>4. Change in Business Inventories (Contribution to GDP Growth)</b>	5.3	-0.8	-1.1
<b>5. Residential Construction</b>	2.2	2.1	0.4
<b>6. Total Government Purchases</b>	-2.6	-2.7	-2.7
<b>6a. Federal Government Purchases</b>	-4.3	-5.9	-6.1
<b>6b. State and Local Govt. Purchases</b>	-1.6	-0.8	-0.6
<b>7. Net Exports (Contribution to GDP Growth)</b>	-0.2	-3.2	-3.2
<b>7a. Exports</b>	22.4	-5.9	-5.4
<b>7b. Imports</b>	17.9	17.7	18.3
<b>Additional Items</b>			
<b>8. Final Sales</b>	1.5	-0.6	-0.4
<b>9. Final Sales to Domestic Purchasers</b>	1.7	2.6	2.7
<b>10. Gross Domestic Income</b>	6.3	--	2.1
<b>11. Average of GDP &amp; GDI</b>	6.6	--	0.3
<b>12. GDP Chained Price Index</b>	7.1	8.0	8.1
<b>13. Core PCE Price Index</b>	5.0	5.2	5.1
<b>14. After-tax Corp. Profits (not annualized)</b>	0.2	--	-4.3

\* Percent change SAAR, except as noted

(a) = advance (1<sup>st</sup> estimate of GDP); (p) = preliminary (2<sup>nd</sup> estimate of GDP)

Source: Bureau of Economic Analysis via Haver Analytics