



Joint Economic Committee

Republicans

Representative David Schweikert • Vice Chairman

Q3 2023 GDP Advanced Estimate Report

Republican Staff Commentary

KEY TAKEAWAYS

At 8:30am, the BEA [announced](#) that in Q3:

- The economy expanded at a rapid pace. Real GDP growth printed at 4.9% vs. 2.1% in Q2.
 - The print beat the expectations of professional forecasters. The Blue Chip consensus was 3.5%.
 - However, the print fell slightly short of the 5.4% nowcast from the Atlanta Fed's GDPNow tracker.
- The largest contributors to this quarter's print were personal consumption expenditures (2.69%) and inventory accumulation (1.32%).
- Despite these strong numbers, economy inflation re-accelerated to 3.5% and remains far above the Federal Reserve's 2% inflation target.

Next month, the BEA will release a "second" estimate that reflects data not yet available, including data on consumer services not yet available.

Technical note: All numbers above expressed at a quarter-over-quarter seasonally adjusted annualized rate.

ADVANCE ECONOMIC INDICATORS

At 8:30am, Census [announced](#) that in Sep:

- The international trade deficit was \$85.8B, an increase of \$1.1B (1.3%) from last month.
 - Goods exports were \$174.0B, an increase of \$5.0B from last month.
 - Goods imports were \$259.8B, an increase of \$6.1B from last month.
- Wholesale inventories were \$900.6B, unchanged from last month's revised level.
- Retail inventories were \$800.7B, an increase of \$6.9B (0.9%) from last month's revised level.

DURABLE GOODS

At 8:30am, Census [announced](#) that in Sep:

- New orders for manufactured durable goods were \$297.2B, up 4.7% over last month's revised figure.
 - Nondefense aircraft accounted for the bulk of this month's increase.
 - Ex. transportation, new orders for durables only increased 0.5%.
- This month's increase follows two months of consecutive declines, including a -0.1% print in Aug.

This month's aircraft order was an anticipated wildcard. I'm expecting order growth to moderate over the next few months.

JOBLESS CLAIMS

At 8:30am, the DOL [announced](#) that in the week ending Oct 21:

- Initial jobless claims rose to 210k, an increase of 10k from the previous week's revised level.
- The largest increases in initial jobless claims occurred in TN (1.1k), KY (0.4k), and VA (0.3k).
- The largest decreases occurred in TX (3.1k), CA (2.1k), NY (2.0k), NJ (1.5k), and GA (1.0k).

Despite this week's rise, unemployment claims remain close to historically low levels.

Technical note: data are seasonally adjusted. Jobless claims predictably vary through the year due to (e.g.) the weather.

Table 1. Gross Domestic Product**10/26/2023**

	Q3 2023	Q2 2023	Difference
Size of the US Economy (billions)			
Nominal GDP	\$27,624	\$27,063	\$561
Real GDP	\$22,492	\$22,225	\$266
GDP Growth Rates			
Nominal GDP	8.5%	3.8%	4.7%
GDP Deflator	- 3.5%	1.7%	1.8%
Real GDP	= 4.9%	2.1%	2.8%
Subcomponet Growth Rate			
Consumption	4.0%	0.8%	3.2%
Investment	8.4%	5.2%	3.2%
Exports	6.2%	-9.3%	15.5%
Imports	5.7%	-7.6%	13.3%
Government Expenditures	4.6%	3.3%	1.3%

Source: Bureau of Economic Analysis, JEC Republican Staff

* Discrepancy from quarterly figures due to rounding.

Table 2. GDP Forecast Error**10/26/2023**

Subcomponet Contributions (bps)		Actual	Atlanta. Fed GDPNow	Error
Consumer Spending (PCE)	+	269	277	-8
Nonresidential fixed investment	+	0	23	-23
Residential Investment	+	15	19	-4
Change in private inventories	+	132	70	62
Net exports	+	-8	99	-107
Government Spending	+	79	53	26
Total Real GDP Growth	=	490	541	-51

Source: Bureau of Economic Analysis, Atlanta Fed, JEC Republican Staff

* Discrepancy from quarterly figures due to rounding.

Econ Calendar

Date	Time (ET)	Release
Oct 27	08:30AM	Personal Income and Outlays
Nov 01	02:00PM	Federal Reserve Announcement
	02:30PM	Fed Chairman Powell Presser
Nov 03	08:30AM	Employment Situation Report
Nov 14	08:30AM	Consumer Price Index JEC State Inflation Tracker
Nov 17	10:00AM	State-level Unemployment