

US economy grows at 2.8% in Q3, helped by consumer spending

BLOOMBERG

27 November

The US economy expanded at a solid pace in the third quarter, largely powered by a broad-based advance in consumer spending and steady business investment.

Gross domestic product increased at a 2.8 per cent annualised pace in the third quarter, the second estimate of the figures from the Bureau of Economic Analysis showed Wednesday. The economy's primary growth engine — consumer spending — advanced 3.5 per cent, the most this year.

While still strong, household spending was revised modestly lower from the initial reading, reflecting slightly less robust outlays for merchandise. At the same time, business investment in research and development was revised higher.

The GDP report showcases the durability of an economic expansion

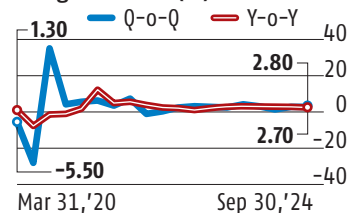


that's been tested by lingering price pressures, high borrowing costs and political uncertainty. While progress on inflation has levelled out more recently, the Federal Reserve has started reducing interest rates.

With Donald Trump sealing his return to the White House, American businesses and consumers now await the roll-out next year of his economic agenda. The government's other main gauge of economic activity —

PACING FORWARD

Change in US GDP (%)



Source: Bloomberg; Compiled by BS Research Bureau

gross domestic income — rose 2.2 per cent, after a revised 2 per cent annualised pace in the second quarter. Whereas GDP measures spending on goods and services, GDI measures income generated and costs incurred from producing those same goods and services. The average of the two growth measures in the third quarter was 2.5 per cent. The GDI data include figures on corporate profits. After-tax profits were little changed.