

# U.S. GDP Flash

## Final Estimate for 2Q12 GDP Growth Revised Down to 1.3%

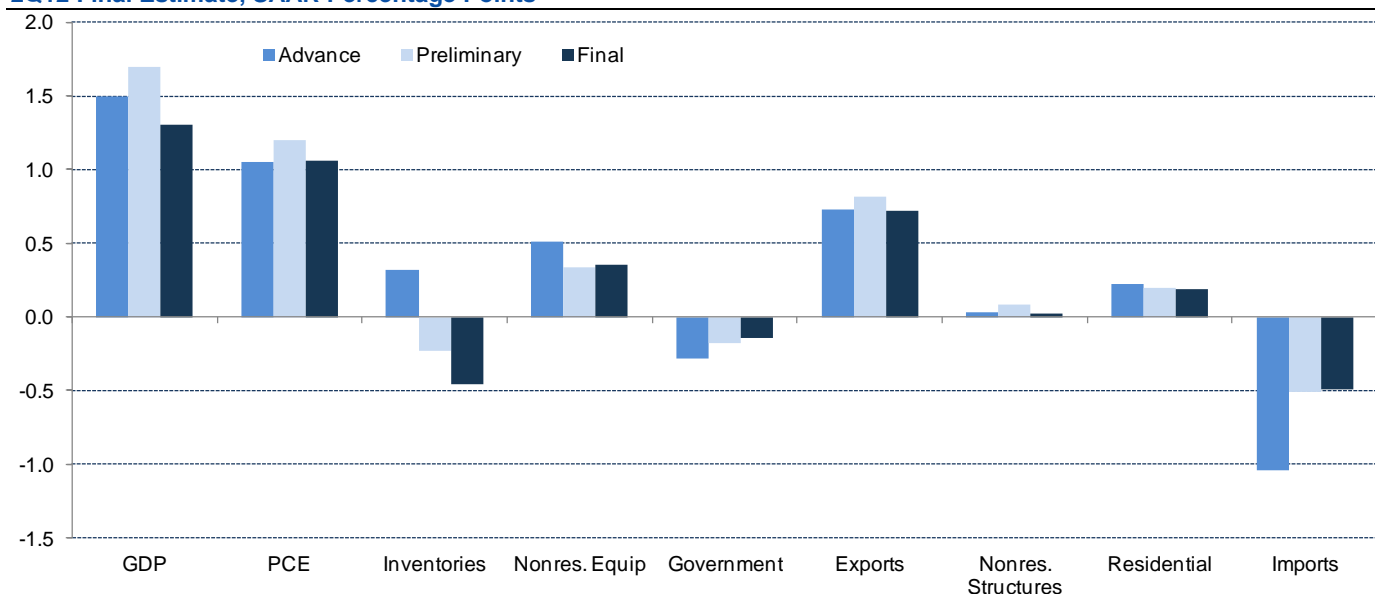
- Real GDP growth for 2Q12 was revised down to 1.3%, the lowest rate since last year
- Contributions from most major components were lower than previously reported, with half of the revision coming from a change in private inventory investment
- Despite 2H12 slowing, we maintain our baseline scenario of 2.1% annual growth

The final estimate for real GDP growth in 2Q12 came in at 1.3% on a QoQ seasonally-adjusted annualized basis, lower than both the advance and preliminary estimates of 1.5% and 1.7%, respectively. The downward revision was larger than expected given only small changes to the data since the previous release last month. Still, the BEA's revision reflected a significant drop in the contribution from change in private inventories, from -0.23 to -0.46 percentage points, which accounted for almost half of the total GDP revision. Contributions from personal consumption expenditures, exports, and nonresidential structures were revised down from the second estimate but were mostly in line with the initial estimates released for the quarter. On the other hand, negative contributions from government spending and imports were slightly less than previously reported.

Despite this downward shift in GDP growth for the second quarter, we are still on track to reach our baseline scenario of 2.1% growth for the year. The outlook for GDP growth in 3Q12 is not so encouraging given weak production data and only a modest boost in consumer spending, so we could see growth just as slow as in the second quarter. However, the QE3 announcement from the Fed could help increase growth for 4Q12 as long as fiscal uncertainties do not intensify significantly.

Chart 1

### Contributions to Real GDP Growth 2Q12 Final Estimate, SAAR Percentage Points



Source: Bureau of Economic Analysis & BBVA Research

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