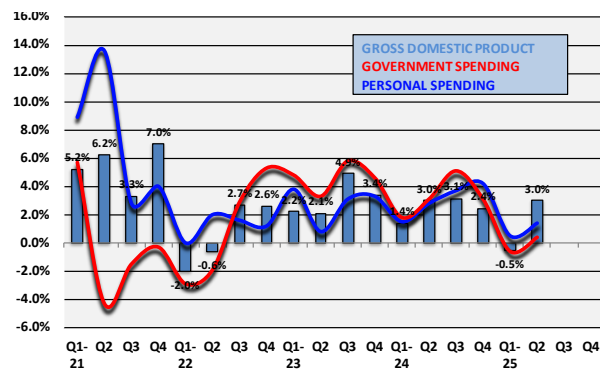




GROSS DOMESTIC PRODUCT

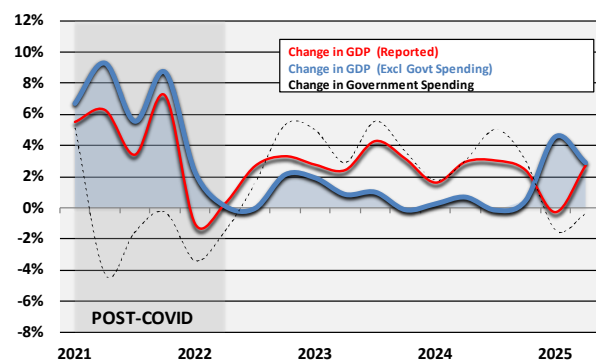
GROSS DOMESTIC PRODUCT

QUARTERLY CHANGE GDP COMPARED TO PERSONAL & GOVERNMENT SPENDING



GROSS DOMESTIC PRODUCT

QUARTERLY CHG IN GDP EXCLUDING THE IMPACT OF GOVT SPENDING



	AVG 2021	AVG 2022	II	III	IV	AVG 2023	I	II	III	IV	AVG 2024	2025 I	II	AVG 2025
GDP	5.7%	0.7%	2.1%	4.9%	3.4%	3.2%	1.6%	3.0%	3.1%	2.4%	2.5%	-0.5%	3.0%	1.3%
Personal Spending	7.8%	1.2%	0.8%	3.1%	3.3%	2.8%	1.5%	2.9%	3.7%	4.0%	2.9%	0.5%	1.4%	1.0%
Domestic Investment	9.0%	-2.2%	5.2%	10.0%	0.7%	1.7%	4.4%	7.5%	0.8%	-5.6%	1.8%	23.8%	-15.6%	4.1%
Net Exports	-4.0%	2.3%	-1.7%	1.2%	2.9%	2.0%	-4.5%	-5.4%	-1.1%	1.7%	-2.3%	-37.5%	28.5%	-4.5%
- Exports	7.5%	4.7%	-9.3%	5.4%	5.1%	2.0%	1.6%	1.6%	9.6%	-0.2%	3.2%	0.4%	-1.8%	-0.7%
- Imports	11.5%	2.4%	-7.6%	4.2%	2.2%	0.0%	6.1%	7.0%	10.7%	-1.9%	5.5%	37.9%	-30.3%	3.8%
Government Spending	-0.2%	0.8%	3.3%	5.8%	4.6%	4.6%	1.8%	3.0%	5.1%	3.1%	3.4%	-0.6%	0.4%	-0.1%
- Federal	1.2%	0.0%	1.1%	7.1%	2.4%	4.0%	-0.2%	3.3%	8.9%	4.0%	4.0%	-4.6%	-3.7%	-4.2%
: National Defense	-4.8%	0.4%	2.3%	8.4%	0.5%	3.3%	-0.9%	4.9%	13.9%	4.8%	5.7%	-7.1%	2.2%	-2.5%
: Non- defense	12.6%	-0.2%	-0.4%	5.5%	4.8%	4.9%	0.6%	1.2%	2.6%	2.9%	1.8%	-1.2%	-11.2%	-6.2%
- State	-0.9%	1.4%	4.7%	5.0%	6.0%	5.1%	3.0%	2.3%	2.9%	2.5%	2.7%	2.0%	3.0%	2.5%

(July 2025)..... In their first estimate, the Commerce Department projected second quarter economic growth advanced by 3.0%, compared with -0.5 the previous quarter. Consumer spending expanded +1.4%, while domestic investment contracted by -15.6%. Net exports were down by -28.2% due to a massive 30.3% decrease in imports. Exports were down -1.8%, compared with +0.4% the previous quarter.

The economy had experienced the pace of government spending exceeding that of consumer spending over nine of the past eleven quarters. This has, in essence, overstated core economic growth significantly - particularly between 2022-2024. The Commerce Department had reported that, during that period, average quarterly GDP rose by +2.6%. But when excluding the volatile government spending that took place during that time, the actual core GDP only averaged +0.6% - with three incidents of negative growth.

During the second quarter of 2025, federal spending decreased -3.7% with defense-related expenditures increasing 2.% and nondefense spending dropping -11.2%.

Strategically ... The first two quarters of 2025 reflects the initial effect of from the massive attempt to reduce the level of government spending. It confirms the elevated level of GDP that had been previously reported and demonstrated the reliance that a positive GDP required significant levels of government spending needed to retain a positive growth narrative. There will be a period of slower but stable growth figures in the near future as the economy goes through a much needed transition away its past reliance on the government. It's Friedman versus Keynes.