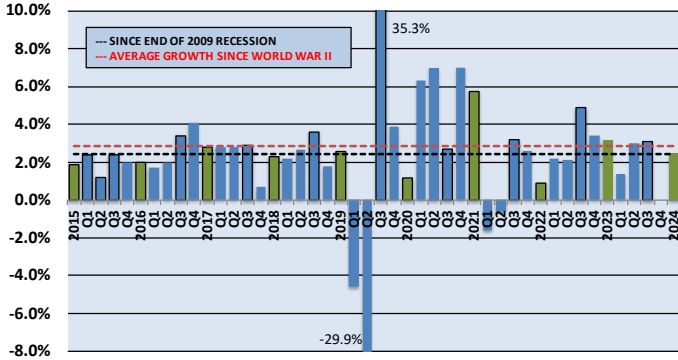




## GROSS DOMESTIC PRODUCT

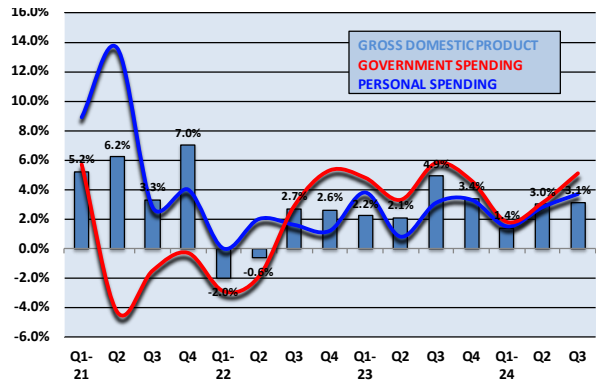
### GROSS DOMESTIC PRODUCT

QUARTERLY CHANGE IN THE VALUE OF THE GOODS AND SERVICES PRODUCED BY THE ECONOMY



### GROSS DOMESTIC PRODUCT

QUARTERLY CHANGE GDP COMPARED TO PERSONAL & GOVERNMENT SPENDING



	I	II	III	IV	AVG 2022	I	II	III	IV	AVG 2023	I	II	III	AVG 2024
<b>GDP</b>	-2.0%	-0.6%	2.7%	2.6%	0.7%	2.2%	2.1%	4.9%	3.4%	3.2%	1.4%	3.0%	3.1%	2.5%
<b>Personal Spending</b>	0.0%	2.0%	1.6%	1.2%	1.2%	3.8%	0.8%	3.1%	3.3%	2.8%	1.5%	2.9%	3.7%	2.7%
<b>Domestic Investment</b>	6.2%	-10.6%	-7.6%	3.4%	-2.2%	-9.0%	5.2%	10.0%	0.7%	1.7%	4.4%	7.5%	0.8%	4.2%
<b>Net Exports</b>	-19.3%	6.5%	21.0%	0.8%	2.3%	5.5%	-1.7%	1.2%	2.9%	2.0%	-4.5%	-5.4%	-1.1%	-3.7%
- Exports	-4.6%	10.6%	16.2%	-3.5%	4.7%	6.8%	-9.3%	5.4%	5.1%	2.0%	1.6%	1.6%	9.6%	4.3%
- Imports	14.7%	4.1%	-4.8%	-4.3%	2.4%	1.3%	-7.6%	4.2%	2.2%	0.0%	6.1%	7.0%	10.7%	7.9%
<b>Government Spending</b>	-2.9%	-1.9%	2.9%	5.3%	0.8%	4.8%	3.3%	5.8%	4.6%	4.6%	1.8%	2.7%	5.1%	3.2%
- Federal	-6.9%	-3.9%	1.2%	9.8%	0.0%	5.2%	1.1%	7.1%	2.4%	4.0%	-0.2%	3.3%	8.9%	4.0%
: National Defense	-6.9%	0.9%	-0.3%	7.7%	0.4%	1.9%	2.3%	8.4%	0.5%	3.3%	-0.9%	4.9%	13.9%	6.0%
: Non- defense	-6.9%	-9.8%	3.3%	12.6%	-0.2%	9.5%	-0.4%	5.5%	4.8%	4.9%	0.6%	1.2%	2.6%	1.5%
- State	-0.4%	-0.8%	3.8%	2.8%	1.4%	4.6%	4.7%	5.0%	6.0%	5.1%	3.0%	2.3%	2.9%	2.7%

GROSS DOMESTIC PRODUCT & CU STRATEGY

**(December 2024).....** In their final estimate, the Commerce Department projected third quarter economic growth increased +3.1%, compared with the previous estimate of +2.8% and Q2's 3.0%. Consumer spending expanded +3.7%, while domestic investment increased a very mild 0.8%. Net exports declined another -1.1%, effected by a 10.7% increase in imports.

The economy experienced its ninth consecutive quarter where the pace of government spending has exceeded that of consumer spending. This has, in essence, overstated core economic growth at least 1.5 to 1.75 percentage points. Federal spending increased 8.9% and state spending was up +2.9%. Federal defense-related expenditures increased +13.9% while nondefense spending was up +2.6%.

For 2024, growth was up 2.5% with consumer spending up 2.7% but government spending increasing 3.2%. This strongly suggests that the sizeable government injection had a significant contribution to 2023 and 2024 growth metrics. It includes nine consecutive quarters that reflected growth in government spending exceeding consumer spending.

**Strategically ...** The level of consumer spending - two-thirds of the nation's gross domestic product - remains very volatile due to higher prices, and with elevated inflation - although the pace of rising prices slowing - continues to be trending below levels needed to sustain the type of recovery needed without elevating inflation. The current environment continues to reflect a dilution in consumers' purchasing power.