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THE ECONOMY OF THE UNITED STATES OF AMERICA IS DOING RATHER NICELY, THANK YOU, VERY MUCH

First Quarter's Advance Estimates Of Real GDP

While President Donald John Trump may well be losing sleep over the numerous allegations, pertaining to matters in respect of his Administration, past and present, and perhaps, his interminable propensity to '*shoot from the hip*', (an Americanism, suggesting that one's mouth spews out utterances far ahead of learning the known facts) with regard to the largest economy of the world, it appears to be motoring along at a very nice pace.

According to a recently released analysis of the economy of The United States of America with regard to the advance estimates for the First Quarter of 2017, The **B**ureau of **E**conomic **A**nalysis (**BEA**), a division of the US Department of Commerce, has stated:

> '*Real **G**ross **D**omestic **P**roduct (**GDP**) increased 0.7 percent at an annual rate in the first quarter of 2017, according to the advance estimates of the national income and product accounts. In the fourth quarter of 2016, Real GDP increased 2.1 percent*.'

The Advance Estimates explain that the increase in Real GDP in the first quarter of 2017 reflected '*positive contributions from non-residential fixed investment, exports, residential fixed investment, and consumer spending*.'

However, these contributions were somewhat offset by the negative contributions to Real GDP from inventory investment, state and local government spending, and Federal Government spending.

Imports, which are a subtraction in the calculation of Real GDP, increased in the First Quarter, the BEA pointed out.

The Advance Estimates for the First Quarter of 2017, then pinpointed certain salient aspects of the findings of the BEA:

> '*Prices of goods and services purchased by U.S. residents — measured by the "gross domestic purchases price index" — increased 2.6 percent in the first quarter of 2017 after increasing 2.0 percent in the fourth quarter of 2016. Excluding food and energy, gross domestic purchases prices increased 2.3 percent after increasing 1.6 percent.*
>
> '*Real **d**isposable **p**ersonal **i**ncome* (**DPI**) *increased 1.0 percent in the first quarter after increasing 2.0 percent in the fourth quarter. Current-dollar DPI increased 3.4 percent in the first quarter after increasing 4.1 percent in the fourth quarter*.
>
> *'The personal saving rate, personal saving as a percentage of current-dollar DPI, was 5.7 percent in the first quarter; in the fourth quarter, the rate was 5.5 percent.*'

That which may well be considered a negative in respect of Advance Estimates, it was noted that there had been a deceleration in consumer spending in the First Quarter of 2017.

The actual figure was a 0.23 percentage-point contribution change to Real GDP, against which, in the Fourth Quarter of the 2016-Year, there was the figure of a 2.40 percentage-point increase.

Explaining this matter, the BEA stated:

> '*The deceleration in consumer spending reflected a downturn in spending for durable goods and decelerations in spending for non-durable goods and for services*.
>
> '*The downturn in durable goods primarily reflected downturns in motor vehicles and parts and in "other" durable goods (mainly jewelry).*
>
> '*The deceleration in non-durable goods primarily reflected a deceleration in foods and beverages purchased for off-premises consumption, a downturn in clothing and footwear, and a larger decrease in gasoline and other energy goods.*
>
> '*The main contributors to the deceleration in services spending were a larger decrease in spending by non-profit institutions serving households and a deceleration in health-care spending.'*

Turning to non-residential fixed investment in The United States of America, the BEA stated that there had been a 1.12 percentage-point acceleration in the First Quarter of 2017.

In the Fourth Quarter of 2016, there had been a 0.11 percentage-point contribution to Real GDP.

In explaining this acceleration, the BEA pointed out:

> '*The acceleration in non-residential fixed investment primarily reflected an upturn in structures and an acceleration in equipment.*
>
> '*The upturn in structures primarily reflected an acceleration in mining exploration, shafts, and wells (mainly petroleum and natural gas drilling).*
>
> '*All the subcomponents of investment in equipment contributed to its acceleration; the leading contributor was information processing equipment*.'

Another negative was a 0.93 percentage-point fall in respect of changes in private inventories. In the Fourth Quarter of 2016, there had been a 1.01 percentage-point contribution to Real GDP.

The BEA explained:

> '*The leading contributors to the downturn in inventory investment were downturns in wholesale trade industries (mainly motor vehicles wholesalers) and in manufacturing and a slowdown in mining, utilities, and construction. These movements were partly offset by an upturn in retail trade industries (which was more than accounted for by an upturn in motor vehicle and parts dealers).'*

Turning to exports, there had been a positive contribution to Real GDP in the First Quarter of 2017, amounting to 0.68 percentage-points, against the Fourth Quarter of 2016 of a negative contribution of 0.55 percentage points.

The BEA explained:

> '*The upturn in exports primarily reflected an upturn in goods exports. The largest contributors were a smaller decrease in foods, feeds, and beverages and upturns in industrial supplies and materials (mainly petroleum and products) and in automotive vehicles, engines, and parts*.'

As for **P**ersonal **C**onsumption **E**xpenditures (**PCE**), there had been an acceleration to Real GDP, amounting to 1.60 percentage points in the First Quarter of 2017 (Fourth Quarter of 2016: 1.36 percentage points).

This acceleration was explained thusly:

> '*The acceleration in consumer prices primarily reflected an upturn in the prices paid for durable goods that was partly offset by a deceleration in the prices paid for nondurable goods*.'

PCE, excluding food and energy, accelerated by a contribution to Real GDP of 2 percent (Fourth Quarter of 2016: 1.30 percent) and this is explained by the BEA as being due to:

> '*Consumer prices excluding food and energy, a measure of the "core" rate of inflation, increased 2.0 percent after increasing 1.3 percent.*'

All in all, not a bad kettle of fish, is it?

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