Consumers Drive Q3 GDP Growth

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The initial measure of third quarter GDP showed the U.S. economy grew at *its strongest pace since the end of 2021*. The +4.9% quarterly annualized increase exceeded the +4.5% median forecast and was more than double the pace of the previous period.

Personal consumption (consumer spending) rose +4.0% in the third quarter, a significant bump from the +0.8% advance in Q2. Consumer spending, which historically accounts for about 2/3rd of U.S. economic growth, contributed 2.7 percentage points to the headline, up from 0.5 in the second quarter. Within the consumption number, spending on goods rose +4.8% (adding 1.1 percentage points) while spending on services rose +3.6% (adding 1.6 percentage points).

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