First Quarter GDP Revision Indicates Underlying Weakness

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First quarter U.S. Gross Domestic Product (GDP) was revised slightly lower this morning from -1.5% to -1.6%. Normally, a tiny revision to *an already stale economic number* would have little importance, but in this case underlying details suggest weakness in consumer spending, the main engine of economic growth. According to the Bureau of Economic Analysis (BEA), the personal consumption component (which historically contributes about two-thirds of overall economic output) was revised sharply downward from +3.1% to +1.8%. This signals consumers have been struggling with higher prices and dwindling savings for months and indicates there was less momentum heading into the second quarter.

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