



UNITED STATES

The U.S. economy returns to faster growth

HIGHLIGHTS

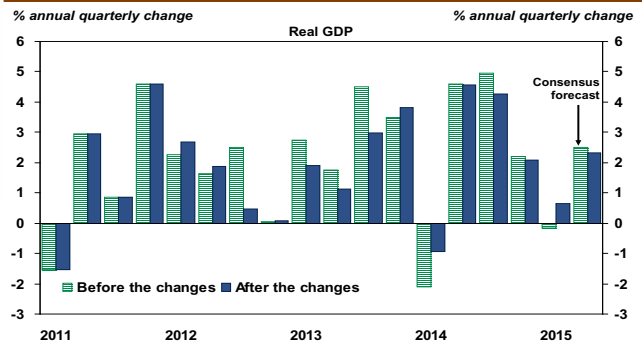
- According to preliminary results for economic accounts, U.S. real GDP increased 2.3% (quarterly annualized) in the second quarter of 2015.
- Consumers played a big role in the increase, with a 2.9% advance in consumer spending.
- Non-residential investment fell slightly, while residential investment grew 6.6%. Total fixed investment therefore made a slightly positive contribution to real GDP.
- Exports increased 5.3%, while imports grew 3.5%. Improvement in the trade balance therefore made a small positive contribution to real GDP.
- After two quarters of decreases, government spending returned to positive territory in the spring, gaining 0.8%.
- The historical revision made by the Bureau of Economic Analysis (BEA) to economic accounts translated into weak growth of real GDP in 2012 and 2013. The result for 2014 was unchanged at 2.4%.
- In the shorter term, the revisions resulted in improving the change in real GDP in the first quarter of 2015, which went from -0.2% to +0.6%.

COMMENTS

While weaker than expected, the results for economic accounts are overall fairly consistent with expectations. In addition, U.S. households began to contribute significantly to economic growth again. Not only has consumer spending adopted a more sustained pace, but residential investment is continuing to rise. It must be said that conditions are continuing to improve, particularly with an upswing in the job market.

The only dark spot in the picture is the decrease in non-residential investment. Note that the latter was not really very robust in the previous quarters either. Clearly, the drop in oil prices is also impacting the U.S. energy sector. That said, recent data on drilling activities in the U.S. suggest that some stabilization is appearing in the third quarter.

Economic growth was revised down in 2012 and 2013



Sources: Bureau of Economic Analysis and Desjardins, Economic Studies

In addition, the changes made by the BEA to certain seasonal adjustment processes seems to have fixed the problem with underestimating economic growth in the first quarters. As such, the pullback in real GDP initially recorded in winter 2014 was sharply lessened while that of winter 2015 turned into a slight gain.

Implications: Overall, the evolution of the U.S. economy is satisfactory. The door is therefore open for the Federal Reserve to begin gradual monetary tightening as early as September. This assumes, however, that job market statistics will continue to be strong and that the U.S. economy will display other positive signs in the coming weeks.

Benoit P. Durocher
Senior Economist

François Dupuis
Vice-President and Chief Economist

Hélène Bégin
Senior Economist

Benoit P. Durocher
Senior Economist

Francis Généreux
Senior Economist

514-281-2336 or 1 866 866-7000, ext. 2336
E-mail: desjardins.economics@desjardins.com