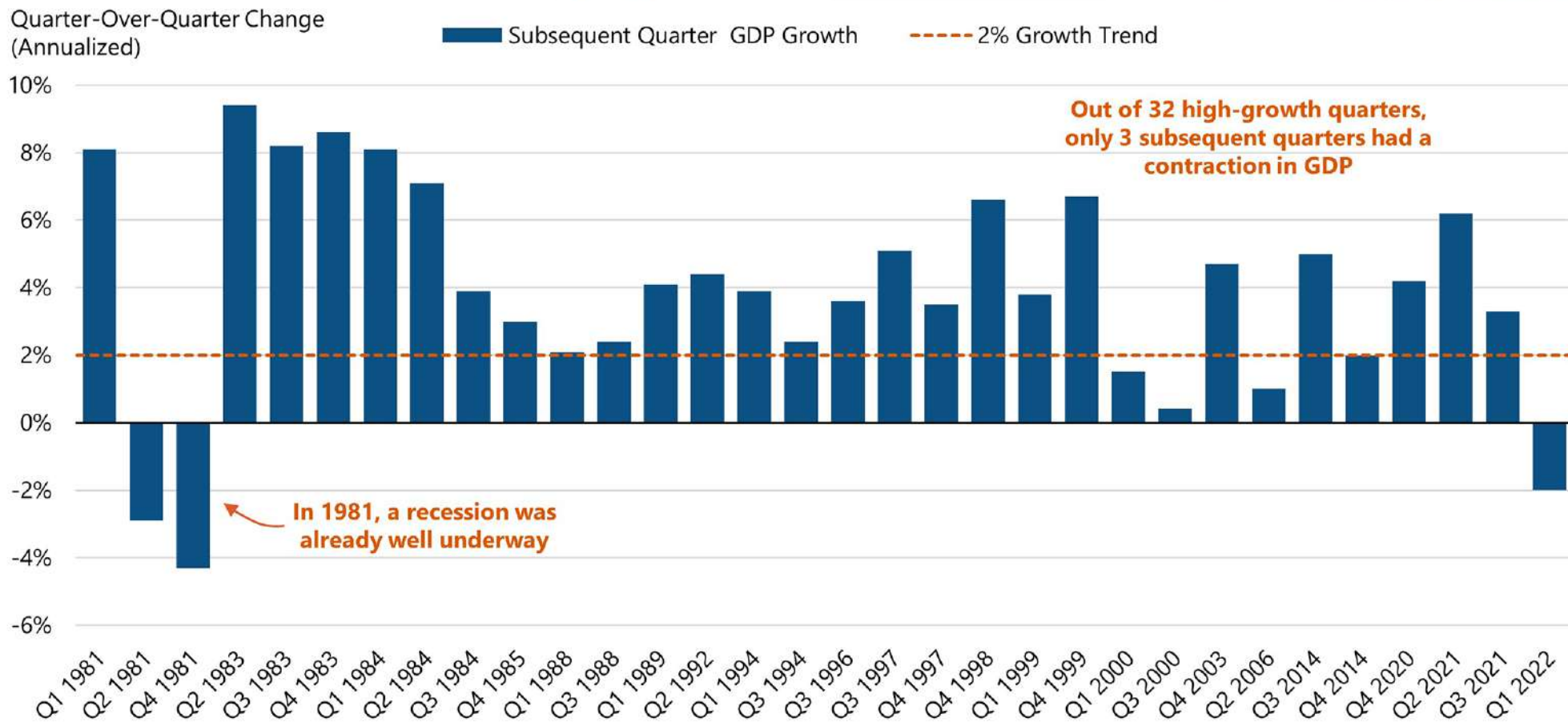


## Boom...And Then Bust?

Real GDP Growth Of Quarters Following High\* Growth Quarters Since 1980

For The Week Ending 10/27/2023



Source: Bureau of Economic Analysis

\*"High" is defined as above the Q3 2023 GDP growth of 4.9%

Despite repeated gloomy GDP forecasts, the U.S. economy expanded at an annual rate of 4.9% in the third quarter, up from 2.1% in Q2, according to Bureau of Economic Analysis data released this week. Consumer spending drove the strong growth, but instead of gaining confidence in the resilient U.S. economy, many investors dismissed the Q3 results as a "last gasp" and now expect a Q4 slump. History suggests a growth slump is unlikely. Thirty-two times since 1980, GDP growth has accelerated above 4.9%, and the subsequent quarters' growth averaged 3.3%. GDP growth turned negative in only three of the 32 quarters. Two of the three were in 1981, when a recession was well underway, with the unemployment rate hovering above 7%. Boom and then bust? With the unemployment rate near year-ago levels and the manufacturing and services Purchasing Managers' Indices picking up in October, we wouldn't bet on it.