

## 'Not as robust as headline suggests'

By Steve Goldstein

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Now it's time for the rain on the parade.

"Q3 real GDP grew 4.9% but inventories accounted for nearly 30% of this gain, so the economy is not as robust as the headline suggests. Final sales were good, but not spectacular, at 3.5%. Final sales to private domestic purchasers were a tad weaker at 3.3%. Meanwhile, nonresidential fixed investment (i.e., capex) was flat and continues to slow on a year-over-year basis," said Joseph Lavorgna, chief economist at SMBC Nikko Securities.

**Bernard Baumohl, chief global economist at The Economic Outlook Group**, said the GDP number won't be repeated soon.

"Consumer spending cannot defy gravity much longer. The combination of record household debt, highest interest rates in more than two decades, growing consumer delinquencies and the prospect of higher energy prices this winter due to the Middle East conflict should act to dampen spending the next few quarters," he said. Another reading of this magnitude won't come until 2025 at the earliest, he added.