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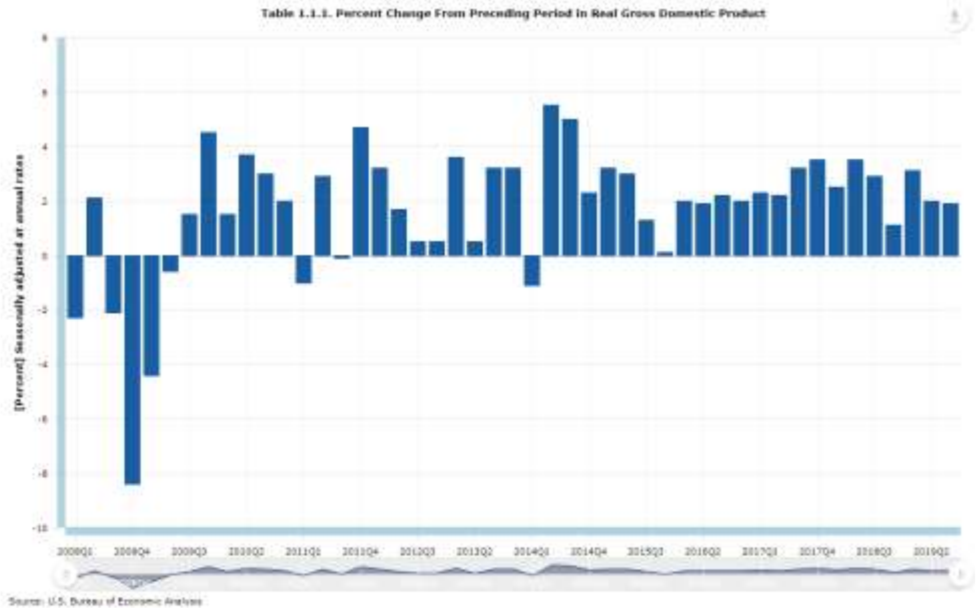
The U.S. Bureau of Economic Analysis released the advanced estimate for third quarter GDP yesterday. The report showed the U.S. economy continues to slow but beat pre-report expectations coming in at 1.9% compared to 2% in the second quarter and over 3% in the first quarter, all comparisons are to year ago and in real dollars.

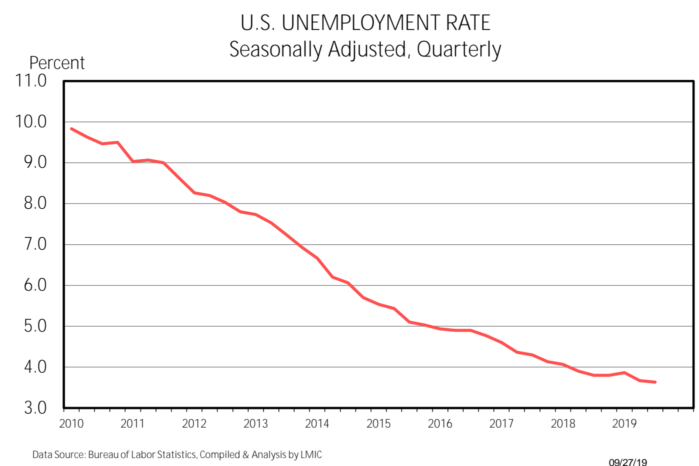
The U.S. has been on a long economic recovery pattern since 2009 enjoying few negative quarters of GDP. Slowdowns in the economy have happened before, as evident on the chart to the right. This third quarter number is the second smallest quarter since the beginning of 2016. Pre-report market action suspected that GDP would be higher than the preceding quarter of a year ago, but was closer to 1.5% as opposed to the 1.9% that was listed. This estimate will go through two more rounds of revisions as the year continues on and is likely to be revised lower, as what happened in the second quarter estimate. The economy has shown signs of weakening this year, but it is still difficult to say when and if a recession will happen in 2020. There are economists on both sides of the aisle.



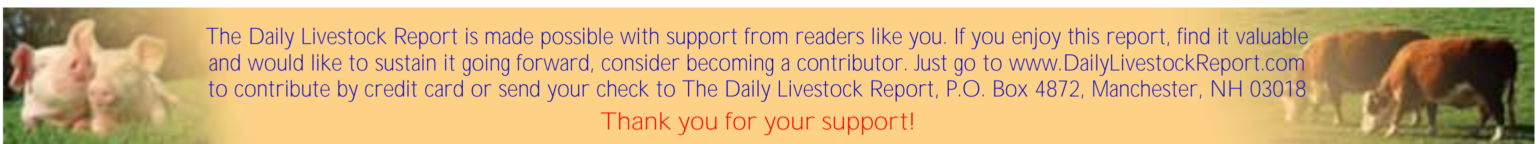
Other economic data released yesterday was the personal savings rate, which showed consumers increased their savings rate to 8.1%, up 0.1% from the previous quarter. Unemployment data was also released for the month of September, showing that unemployment rates continued to fall, landing at 3.5% compared to 3.7% in the previous two months.

The Federal Open Markets Committee (FOMC) wrapped up their meeting yesterday, and determined whether or not interest rates will be decreased again. It was anticipated that the FOMC would likely lower interest rates, and that played into stock market movement. This week still holds important releases that are forthcoming at the time of this writing, personal income data is due to be released today and will provide an update on wages, and per capita figures.

The stock market is eyeing all of these releases and the positive news of GDP did little to move the major U.S. indexes in a positive direction early on, but closed the day up about a third of a percent. The market reacted stronger after the FOMC announcement that interest rates would be lowered another quarter of a percent.



The Bureau of Economic Analysis cited decreased personal consumption expenditures, and government spending for the decline in GDP from the previous quarter, all which have been a key driver over the last year. Further deceleration in consumer spending could be what drives this recession, but with the tight labor market, it may take a while to unwind from last decade of growth.



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