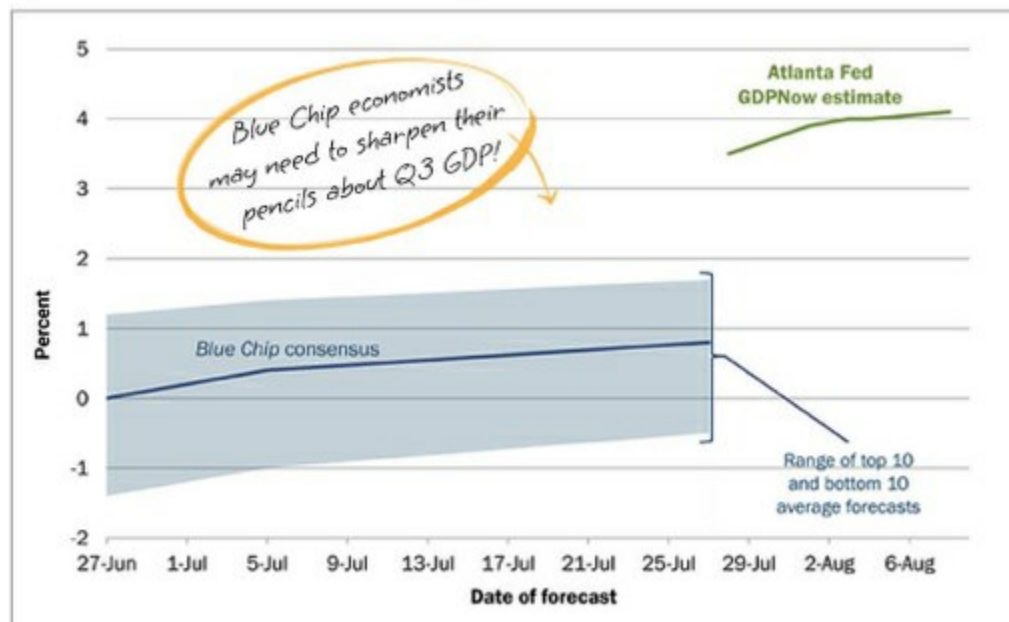


Wall Street is slowly starting to talk about an “expansion economy” and forgetting about any recession fears.

July’s consumer inflation report was soft, so attention will soon shift to gross domestic product in the coming weeks and resolution to several matters.

## Atlanta Fed's GDPNow Outlook

The GDPNow forecast for Q3 2023 GDP is a bit more optimistic than the Blue Chip consensus.



Probabilities are based on assumptions and subject to revisions. As more monthly source data becomes available, the GDPNow forecast evolves and generally becomes more accurate. However the forecasting error can still be substantial just prior to the “advance” GDP estimate release. It is important to emphasize that the Atlanta Fed GDPNow forecast is a model projection not subject to judgmental adjustments. It is not an official forecast of the Federal Reserve Bank of Atlanta, its president, the Federal Reserve System, or the FOMC.

AtlantaFed.org, August 10, 2023

As you can see from the accompanying chart, the Atlanta Fed’s GDPNow forecasting tool is projecting 4.1% growth in Q3. But the Blue Chip consensus from economists is still seeing less than 1% growth in Q3.

Why are these numbers so far apart? From my perspective, economists are “dragging their feet” updating forecasts because the current economic trends conflict so sharply with what they anticipated at the start of 2023. Circle this date on your calendar: the advanced estimate for Q3 GDP will release on October 26.

Remember,  $GDP = C + G + I + NX$ .

C stands for consumption, G for government spending, I for investment, and NX for net exports. If GDP increases to 4.1%, some or all of these components will affect the overall economic growth.

Eventually, the Atlanta Fed GDP estimate and the Blue Chip economists' numbers will start to trend together. How will the financial markets react? Stay tuned!



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