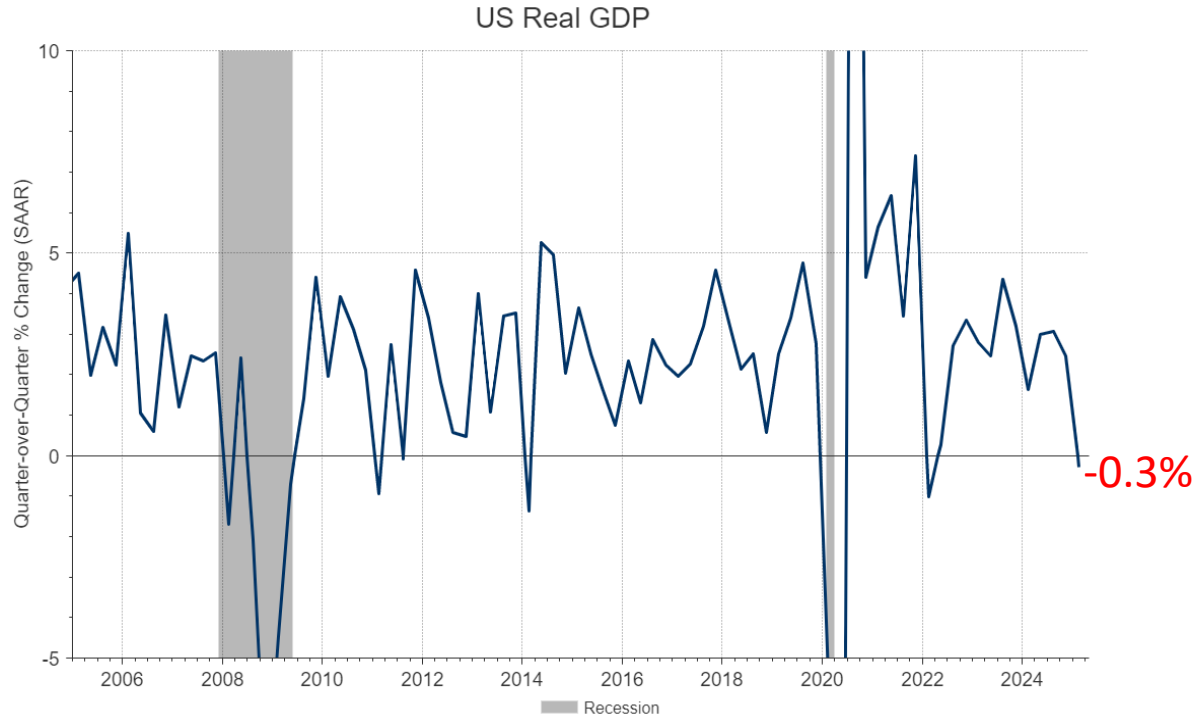


“The Best *Negative* Print...for GDP that I’ve ever seen”

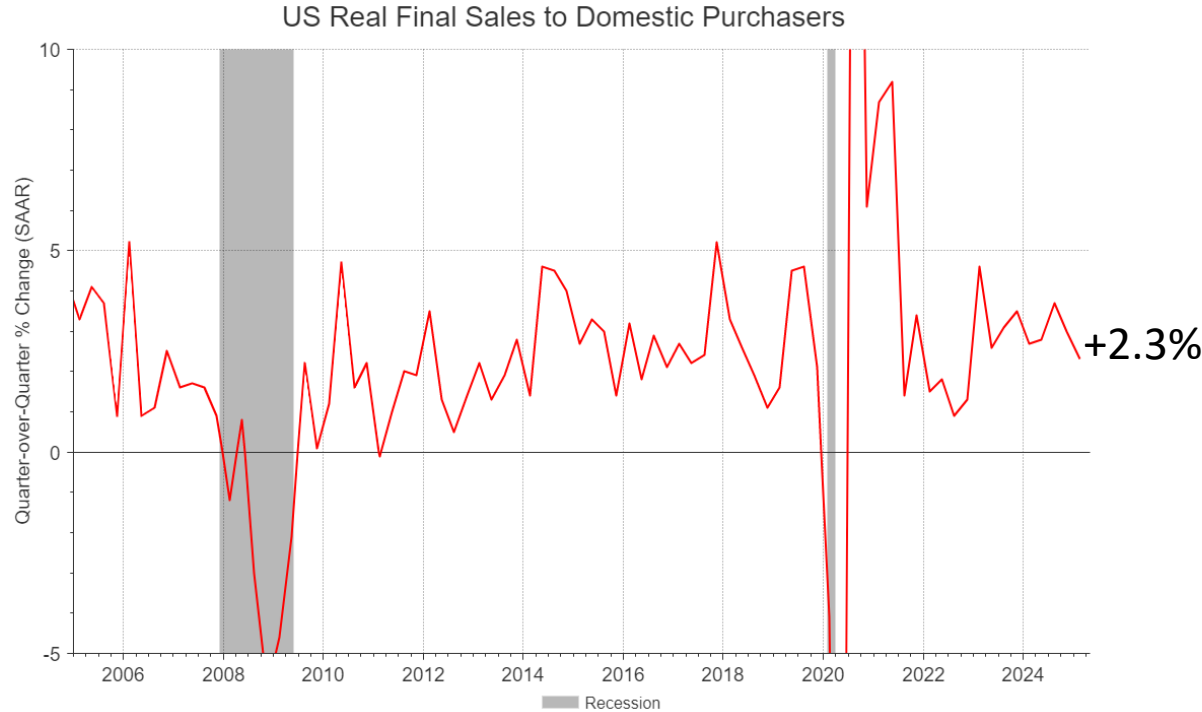


US Economic Output Contracts in Q1



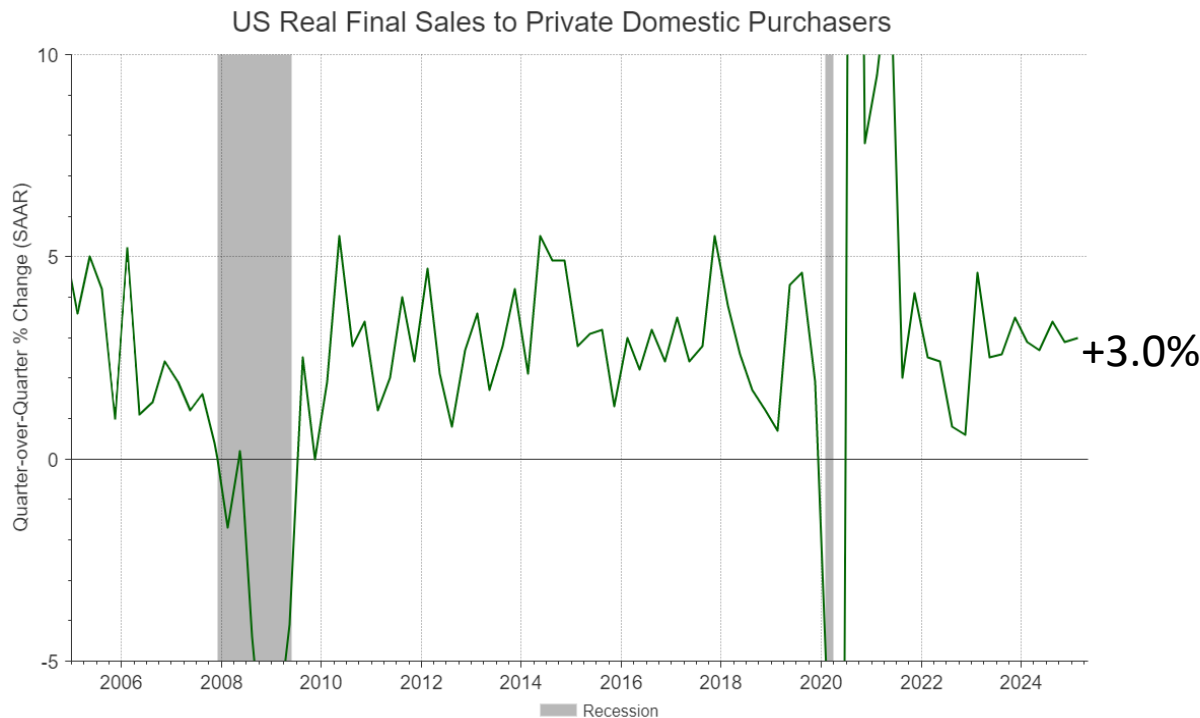
1. GDP ↓ 0.3% q/q SAAR in Q1
2. First ↓ in three years
3. *Could've been worse*: Q1 GDP ↓ faster during Ford, GW Bush, & Obama
4. Supports our outlook 2 weeks ago of weak growth in 2025
5. *Peeling the onion*: GDP equals $C + I + G + NX$
6. Front-loading tariffs: GDP ↓ came as imports ↑ 41.3% q/q

US Economic Output *Expands* in Q1, *Excluding* Net Exports & Inventories



1. Excl. net exports & inventories, *real final sales to domestic purchasers* ↑ 2.3% q/q
2. Slowest in 9 quarters
3. ≈ 16-year average increase
4. *But wait, there's more:* Federal govt. spending ↓ 5.1% q/q. DOGE?

US Economic Output *Expands Further* in Q1, also *Excluding* Government Spending



1. Federal govt. spending: Biggest ↓ in 12 quarters
2. Excl. govt. spending also, *real final sales to **private** domestic purchasers* ↑ 3.0% q/q
3. Navarro: “It really should be very positive news.”
4. ≈ 16-year average increase
5. Trump: “GDP...removing distortions...was up 3%. But this is Biden’s economy”

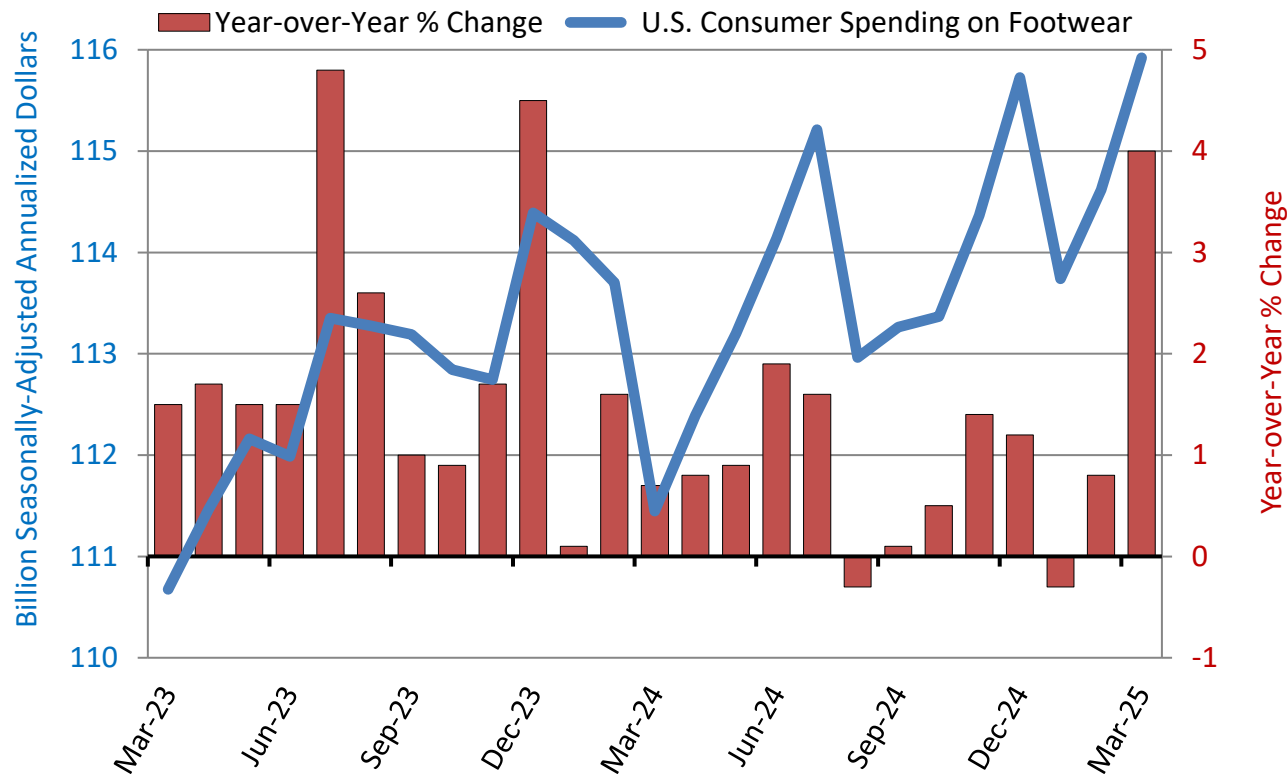
Table 1. Real Gross Domestic Product and Related Measures: Percent Change from Preceding Period

Line		2022	2023	2024	Seasonally adjusted at annual rates																2025	Line
					2021				2022				2023				2024					
					Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
1	Gross domestic product (GDP)	2.5	2.9	2.8	6.4	3.5	7.4	-1.0	0.3	2.7	3.4	2.8	2.4	4.4	3.2	1.6	3.0	3.1	2.4	-0.3	1	
2	Personal consumption expenditures	3.0	2.5	2.8	14.1	3.1	4.4	1.0	2.6	1.5	1.2	4.9	1.0	2.5	3.5	1.9	2.8	3.7	4.0	1.8	2	
3	Goods	-0.6	1.9	2.4	14.4	-9.6	4.6	-1.7	-1.5	-2.3	-0.7	7.4	-0.3	3.5	3.4	-1.2	3.0	5.6	6.2	0.5	3	
4	Durable goods	-1.9	3.9	3.3	14.7	-24.8	8.6	0.1	-2.2	-1.9	-2.0	17.1	-0.3	4.2	2.9	-1.8	5.5	7.6	12.4	-3.4	4	
5	Nondurable goods	0.1	0.8	1.9	14.2	0.4	2.5	-2.7	-1.2	-2.5	0.1	2.5	-0.4	3.1	3.6	-0.8	1.7	4.6	3.1	2.7	5	
6	Services	5.0	2.9	2.9	13.9	10.4	4.3	2.4	4.7	3.5	2.2	3.8	1.6	2.1	3.5	3.4	2.7	2.8	3.0	2.4	6	
7	Gross private domestic investment	6.0	0.1	4.0	-6.4	16.3	28.3	7.4	-8.5	-5.7	5.8	-8.9	8.0	10.1	0.7	3.6	8.3	0.8	-5.6	21.9	7	
8	Fixed investment	2.7	2.4	3.7	5.5	-2.1	2.9	8.5	2.0	-1.8	-1.9	3.1	8.6	2.6	3.5	6.5	2.3	2.1	-1.1	7.8	8	
9	Nonresidential	7.0	6.0	3.6	8.9	-1.8	3.4	13.6	7.3	7.7	5.7	5.3	9.9	1.1	3.8	4.5	3.9	4.0	-3.0	9.8	9	
10	Structures	3.6	10.8	3.5	0.6	-3.8	-9.5	10.9	8.8	9.2	9.8	14.9	16.4	1.7	6.5	6.3	0.2	-5.0	2.9	0.4	10	
11	Equipment	4.4	3.5	3.4	8.7	-10.6	1.5	16.4	1.1	6.6	1.1	0.9	12.5	-1.1	0.7	0.3	9.8	10.8	-8.7	22.5	11	
12	Intellectual property products	11.2	5.8	3.9	13.8	8.6	12.4	12.6	12.7	8.0	7.9	4.5	3.9	2.8	5.2	7.5	0.7	3.1	-0.5	4.1	12	
13	Residential	-8.6	-8.3	4.2	-3.7	-3.4	1.2	-4.5	-11.6	-25.2	-22.8	-4.3	4.5	7.7	2.5	13.7	-2.8	-4.3	5.5	1.3	13	
14	Change in private inventories	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	14
15	Net exports of goods and services	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	15
16	Exports	7.5	2.8	3.3	3.2	0.9	25.5	-4.6	12.7	14.5	-1.1	2.0	-4.8	4.9	6.2	1.9	1.0	9.6	-0.2	1.8	16	
17	Goods	5.9	2.3	2.2	1.2	-2.7	27.6	-9.4	10.9	20.3	-5.4	5.3	-10.9	7.5	5.3	-0.2	0.9	10.3	-4.6	3.2	17	
18	Services	11.1	3.8	5.4	7.4	8.9	21.1	6.9	16.8	2.6	8.7	-4.5	8.8	0.0	8.0	6.1	1.2	8.4	8.5	-0.7	18	
19	Imports	8.6	-1.2	5.3	8.3	8.6	20.8	13.4	5.9	-5.4	-4.5	-0.8	-3.1	4.7	4.2	6.1	7.6	10.7	-1.9	41.3	19	
20	Goods	6.7	-1.8	4.8	5.3	0.9	21.7	13.6	3.1	-8.2	-4.0	0.1	-5.0	5.1	1.8	6.5	8.4	10.7	-4.9	50.9	20	
21	Services	17.8	1.6	7.4	25.5	55.3	16.6	12.4	20.4	8.1	-6.9	-4.8	5.0	2.6	14.8	4.8	4.3	11.0	10.9	8.6	21	
22	Government consumption expenditures and gross investment	-1.1	3.9	3.4	-4.2	-1.5	-0.3	-3.4	-1.5	1.6	5.4	5.1	2.9	5.7	3.6	1.8	3.1	5.1	3.1	-1.4	22	
23	Federal	-3.2	2.9	2.6	-8.0	-7.5	3.1	-8.5	-3.3	-0.4	9.0	4.6	-1.1	5.3	-0.3	-0.4	4.3	8.9	4.0	-5.1	23	
24	National defense	-3.9	3.2	3.1	-2.8	-4.6	-3.7	-11.2	2.0	-2.9	7.6	4.9	0.8	6.7	-1.3	-2.5	6.4	13.9	4.8	-8.0	24	
25	Nondefense	-2.3	2.5	1.8	-14.3	-11.3	13.0	-5.0	-9.7	2.9	10.8	4.3	-3.5	3.4	0.9	2.6	1.5	2.6	2.9	-1.0	25	
26	State and local	0.2	4.4	3.9	-1.8	2.3	-2.3	-0.1	-0.4	2.7	3.4	5.3	5.4	5.9	6.1	3.1	2.3	2.9	2.5	0.8	26	
27	Addenda:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	27
27	Gross domestic income (GDI) ¹	2.8	1.7	3.0	5.3	4.4	6.4	1.7	-0.3	3.9	-1.4	1.7	2.1	2.7	5.1	3.0	2.0	1.4	4.5	.....	27
28	Average of GDP and GDI	2.7	2.3	2.9	5.9	3.9	6.9	0.3	0.0	3.3	1.0	2.3	2.3	3.5	4.1	2.3	2.5	2.2	3.5	.....	28
29	Final sales of domestic product	1.9	3.3	2.7	8.7	0.4	3.2	-0.9	2.3	3.5	1.9	5.1	2.6	3.0	3.7	2.1	1.9	3.3	3.3	-2.5	29	
30	Gross domestic purchases	2.8	2.3	3.1	7.0	4.4	7.4	1.4	-0.2	0.2	2.7	2.4	2.5	4.4	3.0	2.2	3.8	3.4	2.1	4.5	30	
31	Final sales to domestic purchasers	2.3	2.7	3.0	9.2	1.4	3.4	1.5	1.8	0.9	1.3	4.6	2.6	3.1	3.5	2.7	2.8	3.7	3.0	2.3	31	
32	Final sales to private domestic purchasers	3.0	2.5	3.0	12.3	2.0	4.1	2.5	2.4	0.8	0.6	4.6	2.5	2.6	3.5	2.9	2.7	3.4	2.9	3.0	32	
33	Gross national product (GNP)	2.4	2.7	2.6	5.4	3.5	7.8	-1.8	0.9	2.9	2.8	2.1	2.5	4.3	3.1	1.4	2.7	2.4	3.3	.....	33
34	Disposable personal income	-5.5	5.1	2.7	-27.7	-4.5	-4.5	-10.9	-1.8	6.6	3.8	10.9	3.4	1.4	3.2	5.6	1.0	0.2	1.9	2.7	34	
35	Current-dollar measures:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	35
35	GDP	9.8	6.6	5.3	13.2	9.8	15.1	7.3	9.7	7.4	7.2	6.6	4.3	7.7	4.8	4.7	5.6	5.0	4.8	3.5	35	
36	GDI	10.1	5.3	5.5	12.0	10.8	14.0	10.2	9.1	8.6	2.3	5.5	4.0	6.0	6.7	6.1	4.6	3.3	6.9	.....	36
37	Average of GDP and GDI	10.0	6.0	5.4	12.6	10.3	14.5	8.7	9.4	8.0	4.7	6.0	4.2	6.8	5.8	5.4	5.1	4.2	5.9	.....	37
38	Final sales of domestic product	9.2	7.0	5.3	15.6	6.7	10.5	7.5	12.0	8.2	5.8	8.9	4.7	6.3	5.3	5.2	4.5	5.3	5.7	1.2	38	
39	Gross domestic purchases	9.9	5.8	5.5	13.4	10.4	15.1	9.6	8.4	5.0	6.4	5.8	4.1	7.1	4.8	5.3	6.4	5.4	4.4	8.0	39	
40	Final sales to domestic purchasers	9.3	6.2	5.5	15.7	7.4	10.7	9.8	10.6	5.7	5.1	8.0	4.4	5.8	5.3	5.8	5.3	5.7	5.2	5.7	40	
41	Final sales to private domestic purchasers	10.0	6.3	5.4	18.8	8.1	11.5	10.9	10.7	6.1	4.6	8.6	4.9	5.0	5.3	5.9	5.3	5.3	5.2	6.2	41	
42	GNP	9.7	6.4	5.1	12.0	9.9	15.5	6.5	10.4	7.6	6.6	5.9	4.4	7.6	4.7	4.5	5.3	4.4	5.7	.....	42
43	Disposable personal income	0.7	9.0	5.3	-23.1	0.9	2.0	-4.0	5.6	11.7	7.9	15.3	6.4	4.1	4.9	9.2	3.6	1.8	4.3	6.4	43	

¹ Gross domestic income deflated by the implicit price deflator for gross domestic product.

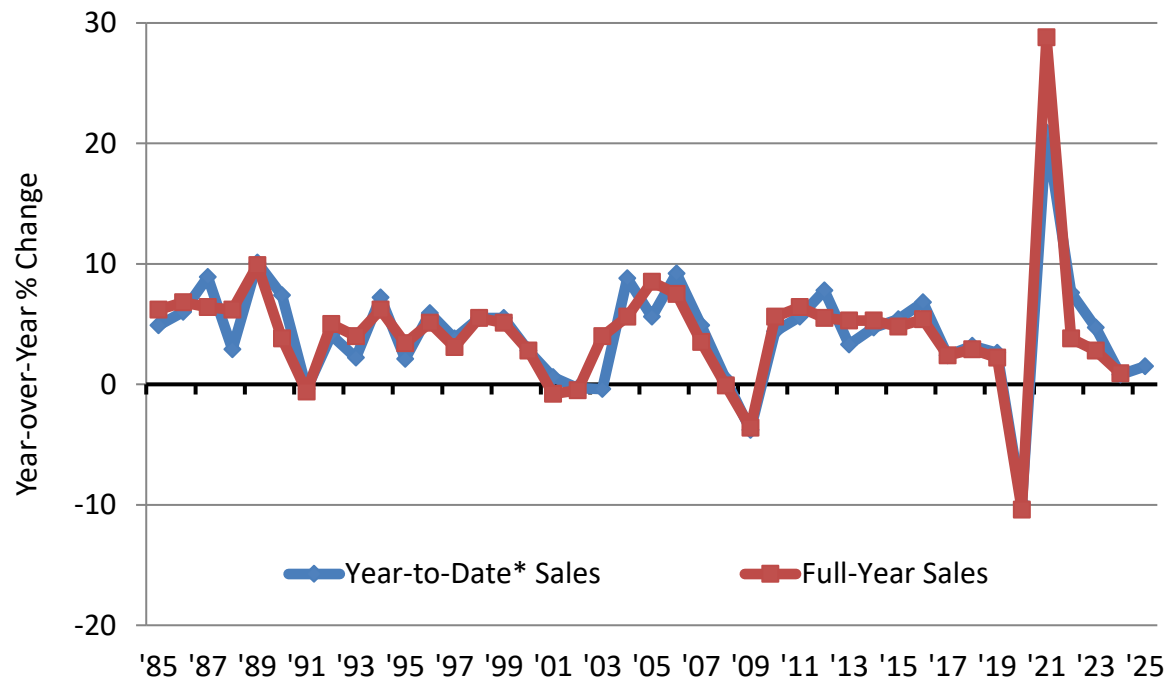
Source: U.S. Bureau of Economic Analysis

Footwear Spending Rebounds to *a Record* in March



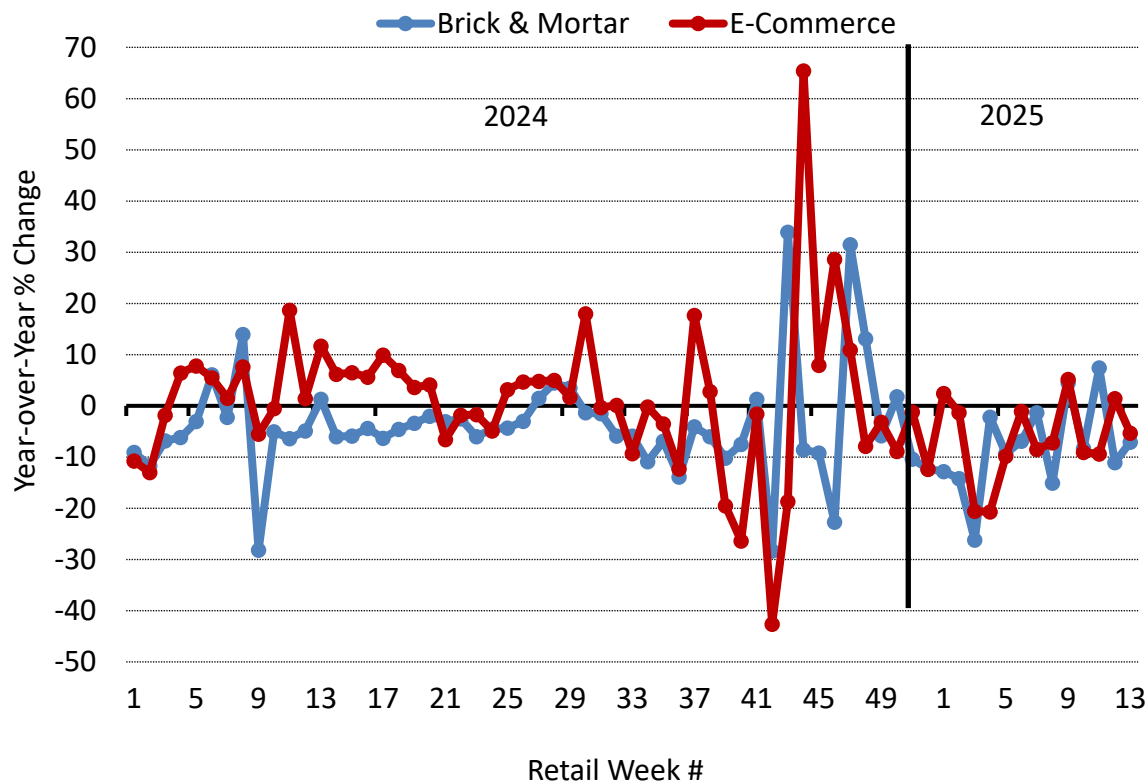
1. An annualized record \$115.9B in March
2. ↑4.0% y/y, most in 15 months, higher 31 of 33 months
3. Rose in step with gains in other key areas of consumer spending

Uptick in Year-to-Date Footwear Spending Hints at Modest Change in 2025



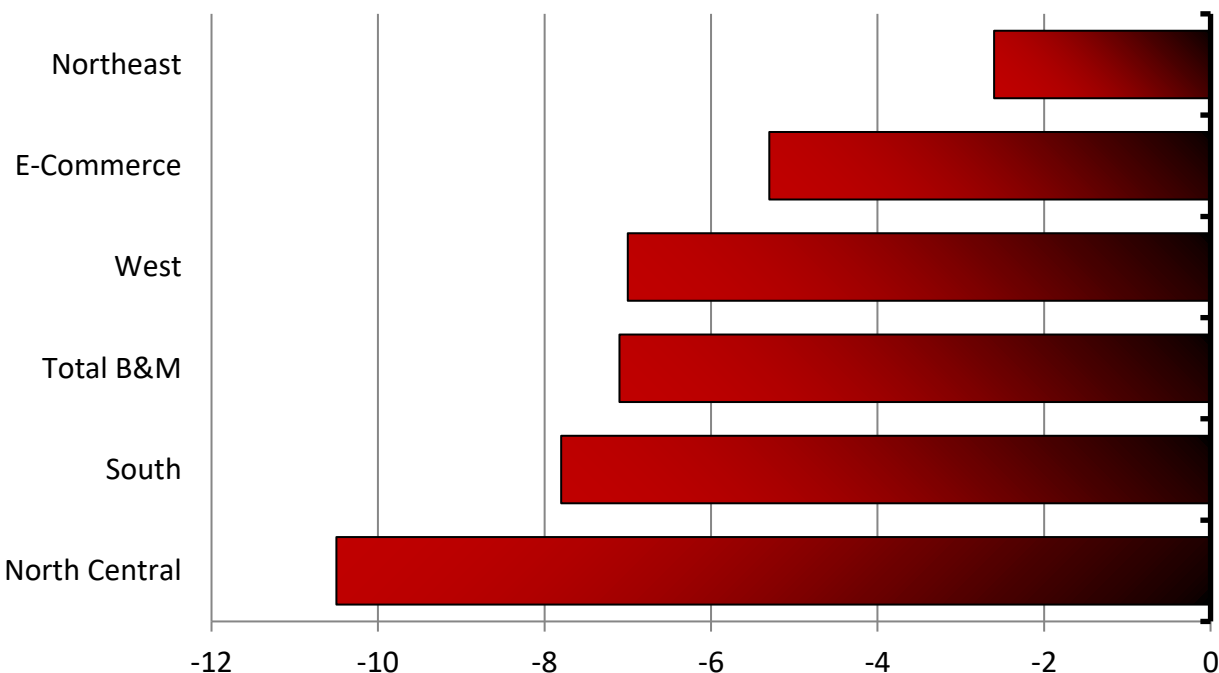
1. YTD spending: $\uparrow 1.5\%$ y/y
2. YTD +/- \rightarrow full-year +/- 38 of the last 41 years
3. ~2-in-3 chance that spending in 2025 will range from -0.4% lower to 3.4% higher
4. Range is likely to narrow with each passing month

Both Brick & Mortar and E-Commerce Shoe Sales Sag y/y in Latest Week



1. B&M ↓7.1% y/y
2. ↓ 13 of last 15 weeks
3. @ a 10-week low
4. E-comm ↓5.3% y/y
5. ↓ 15 of last 18 weeks

Brick & Mortar Shoe Store Sales Lower Across-the-Board in Latest Week



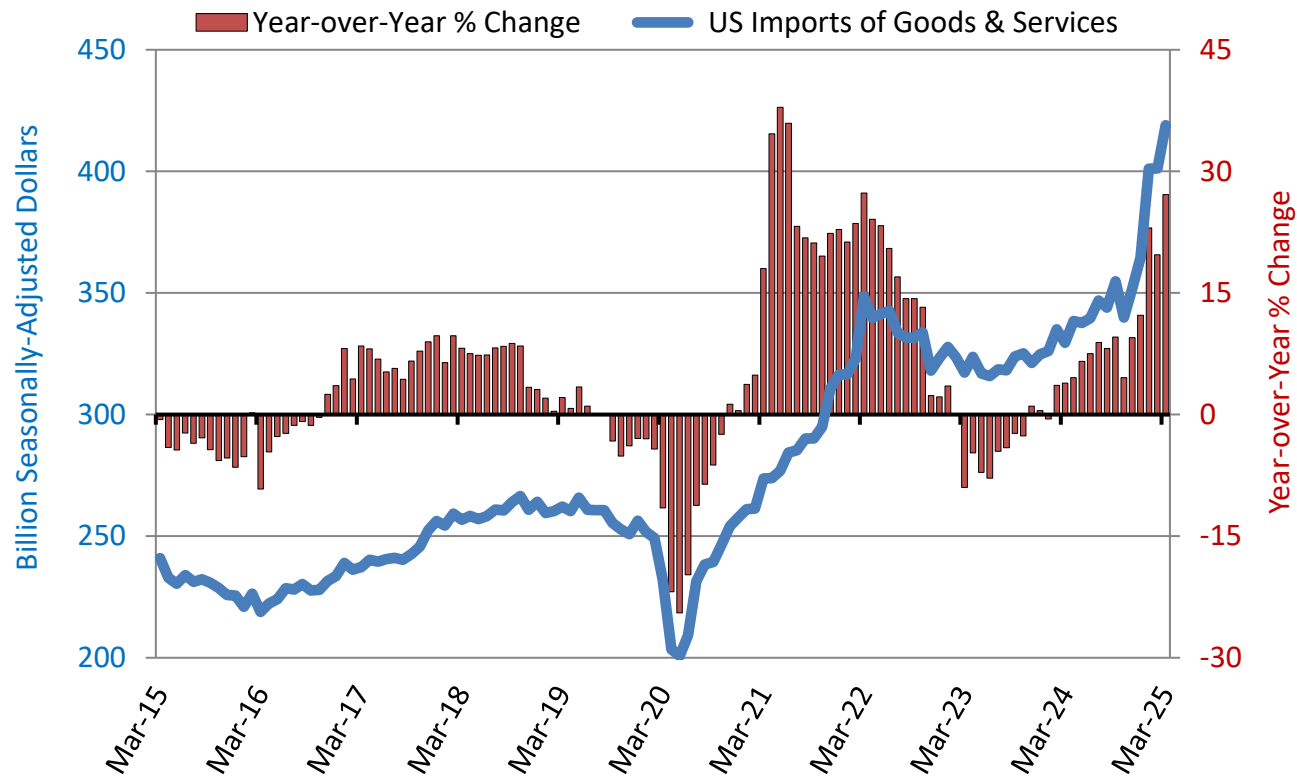
Week 13 2025 vs. Week 13 2024, % Change

1. Northeast: ↓2.6%, ↓13 of 16 weeks & 2nd highest YTD
2. West: ↓7.0%, ↓14 of 16 weeks but ~8.7% more than YTD avg.
3. South: ↓7.8%, ↓13 of 15 weeks & a 10-week low
4. North Central: ↓10.5%, ↓12 of 15 weeks & a 10-week low
5. YTD B&M: ↓7.7%
6. YTD e-comm: ↓6.9%
7. YTD total: ↓7.5%



1000 km
500 mi
Lat: 13.667338 Long: -27.597656

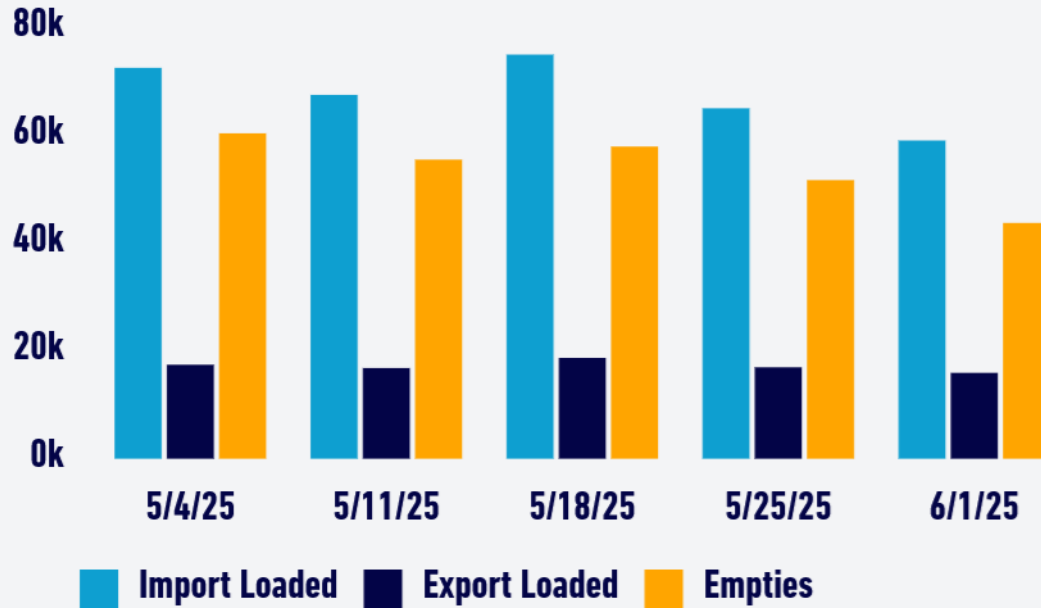
Front-Loading? US Imports Jump to *a Record* in March



1. Imports @ SA record \$419.0B in March
2. ↑27.1% y/y, most in 3 years, higher 14th straight month
3. Exports rose to a record also, albeit slower
4. Trade deficit jumped to a SA record in March

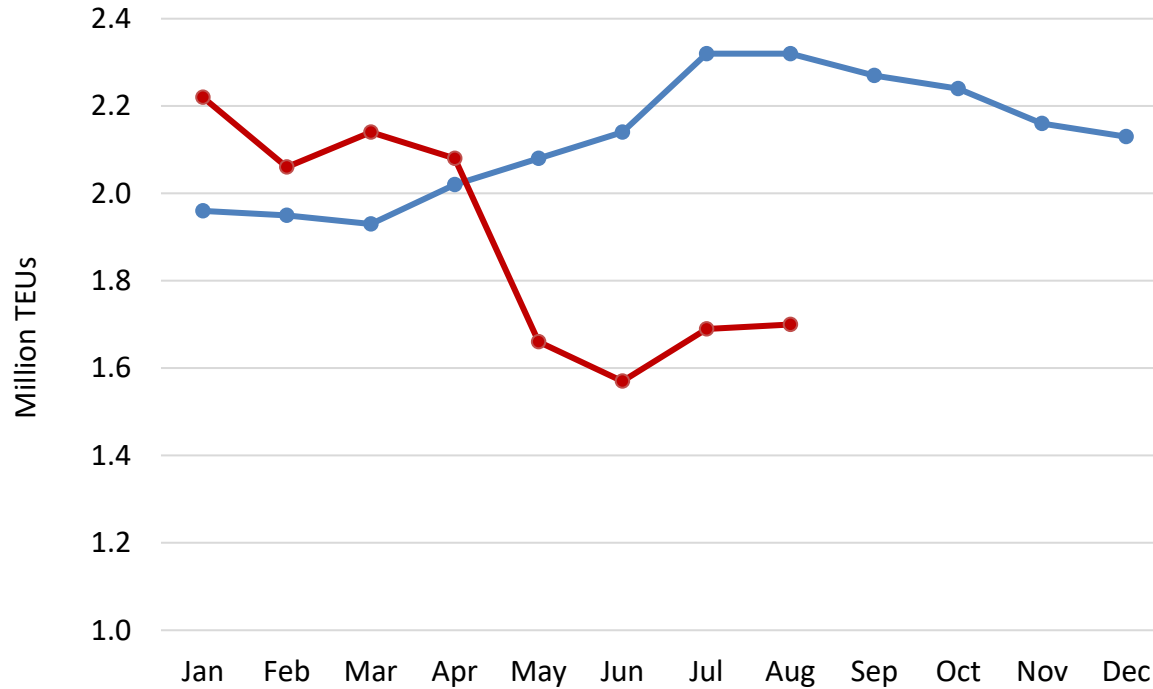
Loaded Imports & Empties set to Plunge at Port of Long Beach

PROJECTED WEEKLY TEU VOLUME



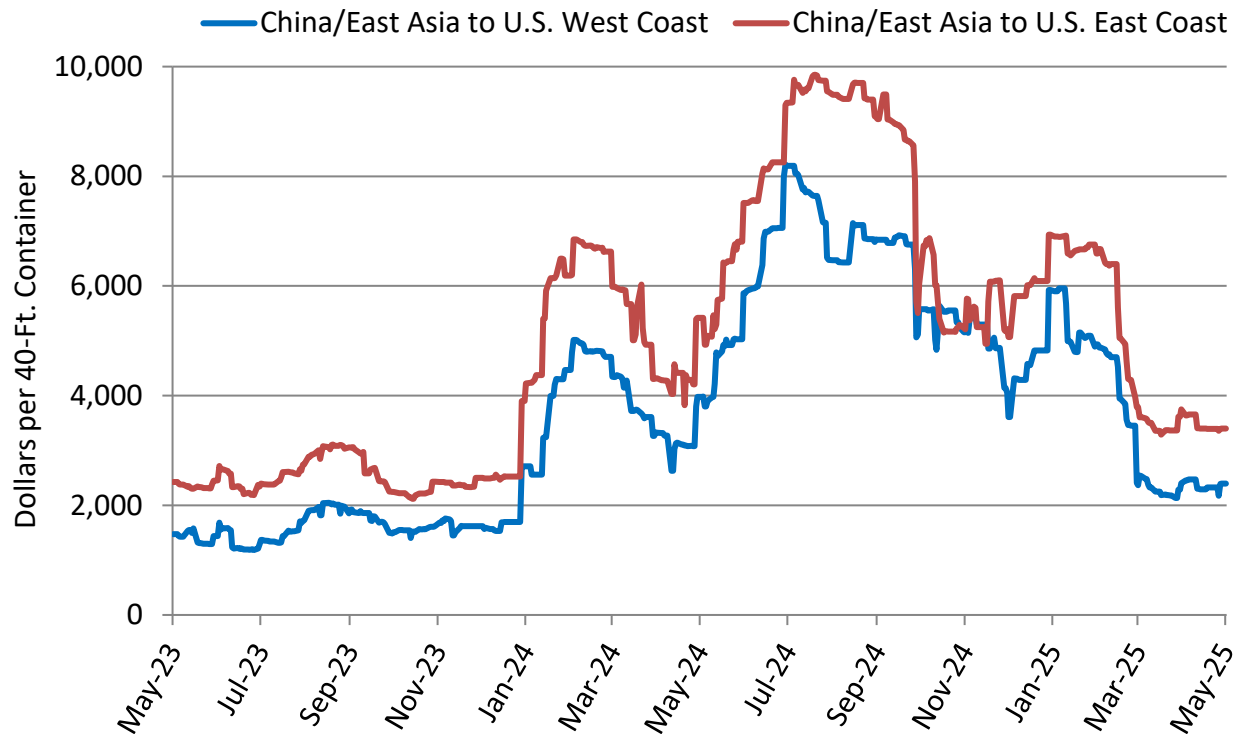
1. 72,473 loaded containers to be imported this week
2. Only 58,997 containers by first week of June, an 18% drop
3. 60,330 empty containers to be imported this week
4. Only 43,714 empty containers by first week of June, off 27%

Loaded Imports & Empties set to Plunge at Port of Long Beach



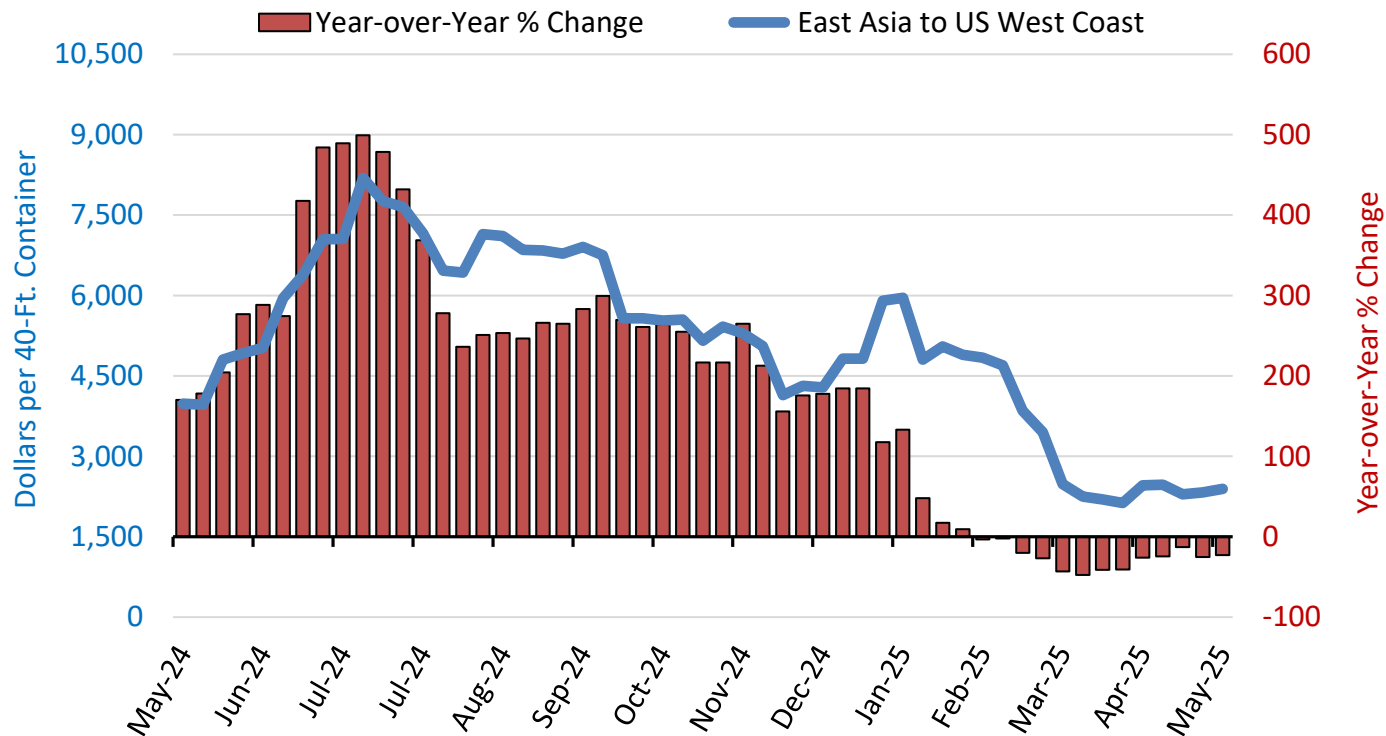
1. May: 1.66 TEU, ↓20.5% y/y
2. June: 1.57 TEU, ↓26.6% y/y
3. July: 1.69 TEU, ↓27% y/y
4. August: 1.7 TEU, ↓26.8% y/y
5. Hackett Associates expects 2H 2025 imports to be ↓ at least 20% y/y

Trans-Pac Container Rates Flat near Fifteen-Month Lows



1. US W Coast: \$2,292/FEU
2. Just up from 15-month low
3. US E Coast: \$3,401/FEU
4. Just up from 15-month low

China/East Asia to US West Coast Rate Flat w/w but still Fades y/y



1. Currently ↓22.4% y/y
2. Just up from 15-month low

- Student Loan Debt Pmts. Restart: -1 day!
- Next Fed meeting: 1 day
- Footwear Tariff & Customs Conf: 43 days
- End of 90-day pause on new tariffs: 64 days
- Shoe Sourcing Executive Summit: 71 days

