

Financial Expert Charges That the U.S. GDP Growth Estimate Is Inaccurate

GDP number is inaccurate

PLANO, TEXAS, UNITED STATES, October 31, 2022 /EINPresswire.com/ -- "Political considerations may have played a role in the government's decision to release implausible data," [Ed Butowsky](#) stated.

After analyzing the recently released third quarter U.S. GDP growth estimate, financial expert and investment adviser Ed Butowsky believes that the estimate was inaccurate by a wide margin. Further, Butowsky charged that the data may have been influenced by political considerations.

Explaining the GDP Deflator

In order to estimate GDP growth, the federal government's Bureau of Economic Analysis (BEA) utilizes the "GDP deflator." The latter metric is supposed to ensure that the GDP data reflects the economy's real growth and is not impacted by price increases, i.e. inflation.

The BEA's Inaccurate Deflator

Yesterday the BEA estimated that U.S. GDP had increased at an annual rate of 2.6% in the third quarter. To compute that figure, the agency used a GDP deflator figure of 4.1%.

Yet the consumer price index jumped 8.2% year-over-year in September, 8.3% year-over-year in August, and 8.5% in July.

Further, the unadjusted producer price index soared 8.5% year-over-year in September, 8.7% in August, and 9.8% in July.

"To calculate third quarter GDP growth, the BEA used a GDP deflator that's tremendously below both the CPI and the PPI for the same period. As a result, I believe that the deflator utilized by the agency was completely inaccurate, rendering its GDP growth estimate totally incorrect and unreliable," Butowsky said.

Possible Political Influences

"With the midterm elections occurring in 11 days and the Biden administration controlled by the Democratic Party which is seeking to portray the poor economy in a positive light, I believe that political considerations may have been the key factor behind the BEA's overly optimistic GDP estimate," Butowsky stated.

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