BEA東亞銀行

Economic Indicators Analysis

30 October 2026

US Growth Accelerates as AI Investment Fuels Expansion



Summary:

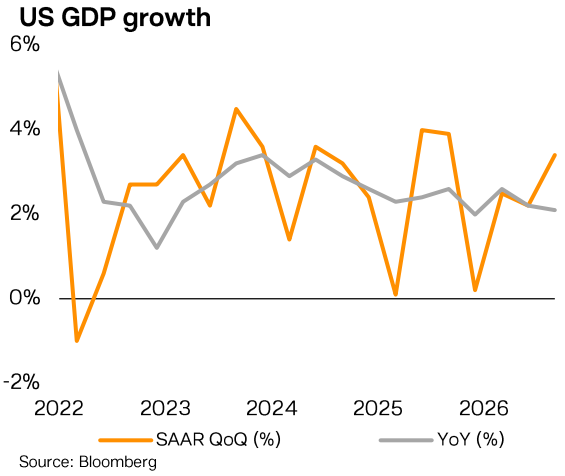
- US real GDP growth accelerated to 3.4% SAAR in Q3, driven by strong consumer spending and investment.
- AI-related capital expenditure fuelled a surge in business investment, while net exports weighed on growth.
- Quarterly inflation moderated, but recent monthly data suggest underlying price pressures remain persistent.

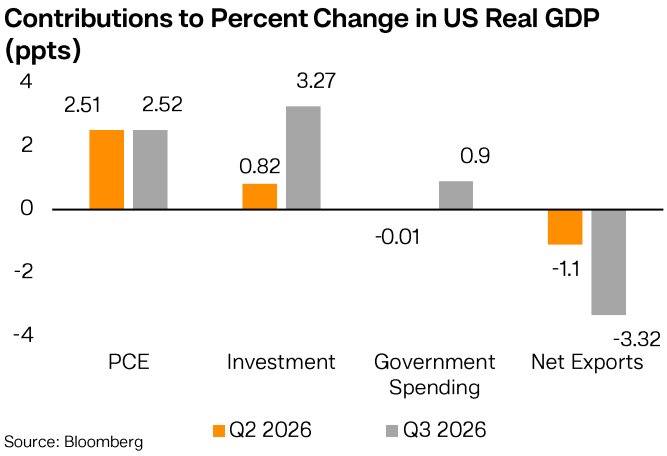
The US economy accelerated in the third quarter. According to advance estimates, US real GDP expanded at a seasonally adjusted annual rate (SAAR) of 3.4% in Q3, an acceleration from the 2.2% growth recorded in Q2. On a year-on-year (YoY) basis, real GDP grew by 2.1% in Q3, a slight dip from Q2's increase of 2.2%. Overall, the headline figures paint a picture of a resilient US economy expanding comfortably, anchored by strong underlying private demand.

The primary engines driving economic growth during the quarter were consumer spending, robust business investment, and a surge in government expenditures. Personal consumption expenditures grew by 3.8% SAAR, matching Q2's pace, and contributed 2.52 percentage points (ppts) to headline GDP growth. This continued strength in consumption highlights the resilience of US households, suggesting that consumer demand remains a key pillar of economic expansion, with both goods (+3.0% SAAR) and services (+4.1% SAAR) consumption experiencing solid growth. Government spending added further momentum, accelerating by 15.8% SAAR driven primarily by nondefense federal outlays.

Simultaneously, private domestic investment saw significant gains, surging by 19.4% SAAR in Q3 and contributing 3.27 ppts to headline growth. This was driven by non-residential fixed investment, where heavy capital spending on artificial intelligence (AI) infrastructure, data centre structures,

and specialised tech equipment provided a powerful structural tailwind, with business equipment spending alone adding 1.16 percentage points to growth. However, the increasing concentration of investment in AI-related infrastructure also raises questions about the sustainability of this spending should expected returns fail to materialise. Additionally, inventory accumulation flipped from a drag in prior quarters to a positive contributor.





Conversely, growth was partially weighed down by headwinds from net exports. Net exports subtracted 3.32 ppts from headline quarterly GDP growth. This drag was largely caused by a downturn in US exports alongside a substantial surge in imports. The spike in import activity reflects both strong domestic demand for foreign consumer goods and front-loaded capital goods imports by firms building out hardware infrastructure.

Inflationary pressures eased on a quarterly basis during the third quarter, though recent monthly data pointed to renewed price pressures. The overall PCE price index rose at a rate of 2.1% SAAR in Q3, slowing sharply from a 5.0% pace in Q2. Core PCE inflation, which excludes volatile food and energy components, eased to a rate of 2.5% SAAR, down from 3.3% in the previous quarter. However, when looking at monthly data, recent PCE inflation data for September showed that headline and core PCE inflation accelerated, to 3.6% and 3.1% YoY from 3.4% and 3.0% in August, respectively. This divergence highlights that disinflation progress remains uneven, with inflationary pressures yet to be fully contained.

Looking ahead, the solid GDP expansion points toward a resilient US economy, supported by consumption and investment. However, the pace of expansion may increasingly hinge on the evolution of AI-related investment. For the Fed, the combination of resilient economic activity and renewed signs of inflationary pressure reinforces the case for maintaining a restrictive monetary policy stance. The Fed is likely to remain cautious, keeping interest rates elevated for an extended period, with a potential rate hike in December or in early 2027.

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