

Q4 2023 GDP Release (Jan. 25, 2024)

Core Statistics

- Real GDP grew at an annualized rate of 3.3 percent in Q4 2023.
 - The largest contributors to the GDP growth were consumer spending (1.91 percent), government spending (0.56 percent), and net exports (0.43 percent).
- In 2023, real GDP grew 2.5 percent, increasing from 1.9 percent in 2022.
- Current-dollar GDP grew at an annualized rate of 4.8 percent (\$328.7 billion) in Q4 2023. The size of the U.S. Economy is \$27.9 trillion. For more information, see *Table 1. Gross Domestic Product*.
- Real disposable personal income increased 2.5 percent in Q4 and increased 4.2 percent in 2023.

Economic Context

- The GDP growth in Q4 2023 exceeded mainstream market expectations, fueled by larger than expected private inventory restocking and net exports.
- The Census Dept. has changed the release of trade, inventory, and orders data to be the same day as GDP data, rather than a day before as had been typical, contributing to the surprise.
- Note, this is the advanced estimate and is subject to two more revisions.

December PCE Release (Jan. 26, 2024)

Headline personal income increased by 0.26 percent m/m (\$60B).

- Real Disposable Personal Income (DPI) per capita rose by 0.04 percent m/m. That means income rose faster than prices.
 - However, the growth in real disposable income (DPI) slowed in December compared to November, for information see *Table 3. Income & Consumption Indicators*.

Real personal consumption expenditures (PCE) rose by 0.54 percent m/m (\$84.3B).

Headline PCE Inflation printed at +0.17 percent m/m.

- All goods PCE inflation printed at -0.18 percent m/m.
 - Durable goods PCE inflation printed at -0.4 percent m/m.
 - Nondurable goods PCE inflation printed at -0.06 percent m/m.

Core PCE inflation printed at +0.17 percent m/m.

- The annualized value of December's m/m core inflation is 2.06 percent.
- Core PCE inflation has been similarly mild since June 2023, except for a brief surge in August and September.

Nominal personal savings decreased 0.4 percentage points to 3.7 percent.

Over the past 12 months:

- Headline PCE inflation has risen 2.60 percent.
- Core PCE inflation has risen 2.93 percent.
 - The Federal Reserve's 2.00 percent inflation target refers to core PCE inflation.
 - Notably, year-over-year core PCE inflation remains higher than the Fed's target, but month-over-month inflation has settled in right at the desired level from October through December.

Economic Context

- Despite the fact that the rate of inflation has declined recently, the damage remains and Americans continue to face significantly higher prices.
- Both [average](#) and [median](#) real weekly earnings remain lower than they were prior to this inflation episode.

Table 1. Gross Domestic Product**1/25/2024**

	Q4 2023	Q3 2023	Difference
Size of the US Economy (billions)			
Nominal GDP	\$27,939	\$27,610	\$329
Real GDP	\$22,673	\$22,491	\$182
GDP Growth Rates (pps)			
Nominal GDP	4.8	8.2	-3.4
- GDP Deflator	1.5	3.3	-1.8
= Real GDP	3.3	4.9	-1.6
Contribution of Subcomponents (pps)			
Consumer Spending +	1.9	2.1	-0.2
Nonresidential Fixed Investment +	0.3	0.2	0.1
Residential Investment +	0.0	0.3	-0.2
Change in Private Inventories +	0.1	1.3	-1.2
Net Exports +	0.4	0.0	0.4
Government Spending +	0.6	1.0	-0.4
Total Real GDP Growth =	3.3	4.9	-1.6

Subcomponent Growth Rate (pps)

Consumption	2.8	3.1	-0.3
Investment	2.1	10.0	-7.9
Exports	6.3	5.4	0.9
Imports	1.9	4.2	-2.3
Government Expenditures	3.3	5.8	-2.5

Source: Bureau of Economic Analysis, JEC Republican Staff

* Discrepancy from quarterly figures due to rounding.

Table 2. GDP Forecast Error**1/25/2024**

Subcomponent Contributions (pps)	Actual	Atlanta Fed GDPNow	Error
Consumer Spending (PCE) +	1.91	1.92	-0.01
Nonresidential fixed investment +	0.26	0.42	-0.16
Residential Investment +	0.04	-0.02	0.06
Change in private inventories +	0.07	-0.52	0.59
Net exports +	0.43	-0.09	0.52
Government Spending +	0.56	0.68	-0.12
Total Real GDP Growth =	3.27	2.39	0.88

Source: Bureau of Economic Analysis, Atlanta Fed GDPNow, JEC Republican Staff

* Discrepancy from quarterly figures due to rounding.

Table 3. Income & Consumption Indicators**1/26/2024**After seasonal adjustment

	Dec 2023	Nov 2023	Change
Income and Outlays (m/m growth)			
Real DPI	0.09%	0.47%	-0.39%
Real PCE	0.54%	0.46%	0.09%
PCE Price Index (m/m growth)			
Headline	0.17%	-0.07%	0.23%
Core (ex. Food and Energy)	0.17%	0.06%	0.11%
PCE Price Index (y/y growth)			
Headline	2.60%	2.64%	-0.04%
Core (ex. Food and Energy)	2.93%	3.15%	-0.22%
Personal Savings Rate	3.70%	4.10%	-0.40%

Source: Bureau of Economic Analysis, JEC Republicans

* Discrepancy from monthly figures due to rounding.

Table 4. Inflation Forecast Error**1/26/2024**

	Actual	Forecast	Error
PCE Price Index (m/m growth)			
Headline	0.17%	0.27%	-0.10%
Core (ex. Food and Energy)	0.17%	0.25%	-0.08%
PCE Price Index (y/y growth)			
Headline	2.60%	2.70%	-0.10%
Core (ex. Food and Energy)	2.93%	3.02%	-0.09%

Source: Bureau of Economic Analysis, Cleveland Fed, JEC Republicans

Econ Calendar

Date	Time (ET)	Release
Jan 31	2:00 PM	Federal Reserve Announcement
	2:30 PM	Fed Chairman Powell Presser
Feb 02	8:30 AM	Employment Situation
Feb 13	8:30 AM	Consumer Price Index
Feb 13	8:30 AM	Personal Income and Outlays

Legend

m/m = month over month; q/q = quarter over year; y/y = year over year

SA = seasonally adjusted; SAAR = seasonally adjusted annual rate

pps = percentage points