Fourth Quarter GDP Handily Beats Forecasts

Scott McIntyre

Fourth quarter GDP proved much better than expected with the U.S. economy growing at a surprisingly resilient +3.3% pace, well above the +2.0% median forecast. A year ago, a majority of U.S. economists were predicting a mild recession ahead for 2023. The reality was that the U.S. economy grew +2.5% in 2023, *up from +2.2% in 2022* defying the Fed's aggressive actions to stem consumer demand.

The majority of GDP growth last quarter was attributed to consumer spending as personal consumption climbed +2.8%, adding 1.9 percentage points to the overall gain. However, Q4 growth was widespread with business fixed investment adding 0.3 percentage points and housing making a (fractional) positive contribution for the second straight quarter. Net exports added 0.4 to the total as exports gained while imports slipped. Government spending added roughly 0.6, mostly on the state and local side.

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