

GDP and the Economy

Advance Estimates for the Fourth Quarter of 2023

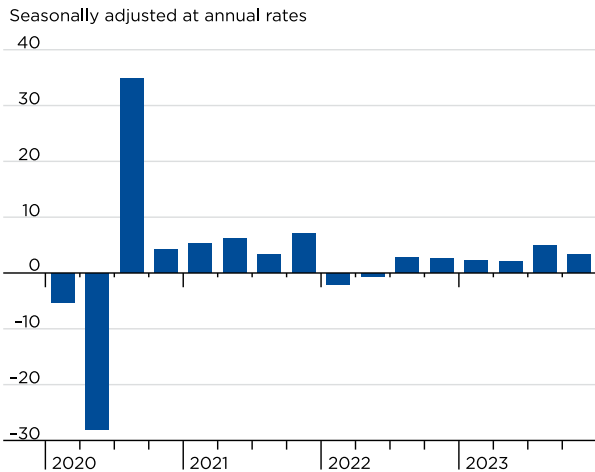
January 30, 2024

This article reflects GDP statistics published on January 25, 2024. Refer to the GDP product page for the [latest statistics](#).

Real gross domestic product (GDP) increased at an annual rate of 3.3 percent in the fourth quarter of 2023, according to the “advance” estimate of the National Income and Product Accounts (chart 1 and table 1).¹ In the third quarter, real GDP increased 4.9 percent.

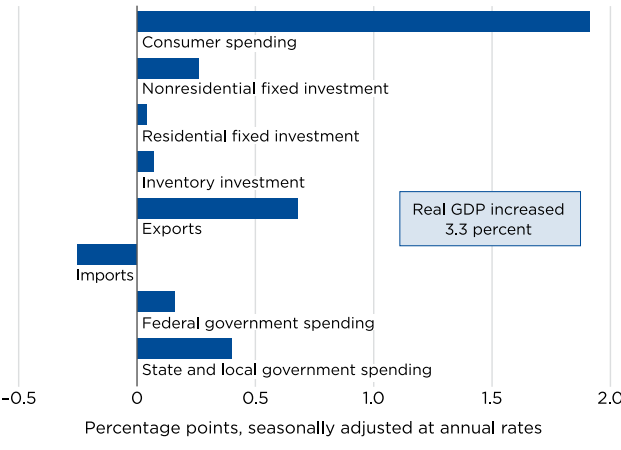
Real GDP increased 2.5 percent in 2023 (from the 2022 annual level to the 2023 annual level), compared with an increase of 1.9 percent in 2022 (see “[Real GDP for 2023](#)”).

Chart 1. Real GDP: Percent Change From Preceding Quarter



GDP Gross domestic product
U.S. Bureau of Economic Analysis

Chart 2. Real GDP: Contributions to the Percent Change in 2023:Q4



GDP Gross domestic product
U.S. Bureau of Economic Analysis

GDP by Expenditure

The increase in fourth-quarter real GDP reflected increases in consumer spending, exports, state and local government spending, nonresidential fixed investment, federal government spending, private inventory investment, and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased (chart 2 and table 1).²

- The increase in consumer spending reflected increases in both services and goods. Within services, the leading contributors to the increase were food services and accommodations (led by food services) and health care (led by both hospitals and outpatient services). Within goods, the increase was led by other nondurable goods (led by prescription drugs) and recreational goods and vehicles (led by computer software).
- Within exports, both goods and services increased. The increase in goods was led by petroleum. The increase in services was led by financial services.
- The increase in state and local government spending primarily reflected increases in state and local government employee compensation and in gross investment in structures.
- The increase in nonresidential fixed investment reflected increases in intellectual property products (led by software) and structures (led by manufacturing structures). Equipment also contributed. Increases in information, industrial, and other equipment were mostly offset by a decrease in transportation equipment.
- The increase in federal government spending reflected an increase in nondefense spending. The increase in nondefense spending primarily reflected increases in federal government employee compensation.
- Within private inventory investment, the increase primarily reflected increases in wholesale trade and other industries that were partly offset by decreases in manufacturing and retail trade industries.
- The increase in residential fixed investment primarily reflected an increase in new single-family construction. Partly offsetting this increase was a decrease in brokers' commissions and other ownership transfer costs.
- Within imports, both services and goods increased. Within services, the leading contributor to the increase was travel. Within goods, the increase was led by computers.

Compared to the third quarter, the deceleration in GDP in the fourth quarter primarily reflected slowdowns in inventory investment, federal government spending, residential investment, and consumer spending. Imports decelerated.

Real final sales to private domestic purchasers, which measures private demand in the domestic economy and is derived as the sum of consumer spending and private fixed investment, increased 2.6 percent in the fourth quarter after increasing 3.0 percent in the third quarter.

Table 1. Real Gross Domestic Product and Related Measures

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)				
			2023									
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
1	Gross domestic product (GDP)¹	100.0	2.2	2.1	4.9	3.3	2.2	2.1	4.9	3.3		
2	Personal consumption expenditures	67.6	3.8	0.8	3.1	2.8	2.54	0.55	2.11	1.91		
3	Goods	22.4	5.1	0.5	4.9	3.8	1.14	0.11	1.09	0.85		
4	Durable goods	7.9	14.0	-0.3	6.7	4.6	1.07	-0.03	0.53	0.36		
5	Nondurable goods	14.5	0.5	0.9	3.9	3.4	0.07	0.14	0.56	0.49		
6	Services	45.2	3.1	1.0	2.2	2.4	1.40	0.44	1.02	1.06		
7	Gross private domestic investment	17.8	-9.0	5.2	10.0	2.1	-1.69	0.90	1.74	0.38		
8	Fixed investment	17.4	3.1	5.2	2.6	1.7	0.53	0.90	0.46	0.31		
9	Nonresidential	13.5	5.7	7.4	1.4	1.9	0.76	0.98	0.21	0.26		
10	Structures	3.1	30.3	16.1	11.2	3.2	0.77	0.46	0.33	0.10		
11	Equipment	5.0	-4.1	7.7	-4.4	1.0	-0.21	0.38	-0.22	0.05		
12	Intellectual property products	5.4	3.8	2.7	1.8	2.1	0.20	0.15	0.10	0.11		
13	Residential	3.9	-5.3	-2.2	6.7	1.1	-0.22	-0.09	0.26	0.04		
14	Change in private inventories	0.4	---	---	---	---	-2.22	0.00	1.27	0.07		
15	Net exports of goods and services	-2.8	---	---	---	---	0.58	0.04	0.03	0.43		
16	Exports	10.9	6.8	-9.3	5.4	6.3	0.76	-1.09	0.59	0.68		
17	Goods	7.3	12.0	-16.0	7.7	4.7	0.89	-1.31	0.55	0.34		
18	Services	3.7	-3.5	6.2	1.0	9.5	-0.13	0.22	0.04	0.34		
19	Imports	13.7	1.3	-7.6	4.2	1.9	-0.18	1.13	-0.56	-0.25		
20	Goods	11.2	1.9	-6.5	5.9	0.8	-0.22	0.78	-0.64	-0.08		
21	Services	2.6	-1.2	-12.2	-2.8	6.8	0.04	0.35	0.08	-0.17		
22	Government consumption expenditures and gross investment	17.4	4.8	3.3	5.8	3.3	0.82	0.57	0.99	0.56		
23	Federal	6.5	5.2	1.1	7.1	2.5	0.33	0.07	0.45	0.16		
24	National defense	3.7	1.9	2.3	8.4	0.9	0.07	0.08	0.30	0.03		
25	Nondefense	2.9	9.5	-0.4	5.5	4.6	0.26	-0.01	0.15	0.13		
26	State and local	10.9	4.6	4.7	5.0	3.7	0.49	0.50	0.53	0.40		
Addenda:												
27	Gross domestic income (GDI) ²	---	0.5	0.5	1.5	---	---	---	---	---		
28	Average of GDP and GDI	---	1.4	1.3	3.2	---	---	---	---	---		
29	Final sales of domestic product	---	4.6	2.1	3.6	3.2	---	---	---	---		
30	Goods	31.3	-1.3	0.9	7.3	4.8	-0.40	0.29	2.30	1.49		
31	Services	60.0	3.2	1.9	2.9	2.5	1.92	1.13	1.73	1.48		
32	Structures	8.7	8.9	7.7	10.0	3.6	0.72	0.63	0.83	0.31		

1. The GDP estimates under the contribution columns are also percent changes.
2. GDI is deflated by the implicit price deflator for GDP.

Note. Percent changes are from National Income and Product Accounts (NIPA) tables 1.1.1 and 1.2.1, contributions are from NIPA tables 1.1.2 and 1.2.2, and shares are from NIPA table 1.1.10 or are calculated from NIPA table 1.2.5.

Prices

The U.S. Bureau of Economic Analysis' featured measure of inflation in the U.S. economy, the price index for gross domestic purchases (goods and services purchased by U.S. residents), increased 1.9 percent in the fourth quarter after increasing 2.9 percent in the third quarter (table 2 and chart 3).

Within gross domestic purchases, food prices increased 1.5 percent in the fourth quarter after increasing 1.9 percent in the third quarter. Prices for energy goods and services decreased 5.4 percent after increasing 16.1 percent. Excluding food and energy, gross domestic purchases prices increased 2.1 percent after increasing 2.5 percent.

The price index for personal consumption expenditures (PCE) increased 1.7 percent in the fourth quarter after increasing 2.6 percent in the third quarter. The increase in PCE prices reflected an increase in prices for services that was partly offset by a decrease in prices for goods.

- Within services, price increases were widespread. The leading contributors were housing and utilities (mainly accounted for by housing) and health care (led by hospitals).
- Within goods, the leading contributors to the decrease were gasoline and other energy goods (led by motor vehicle fuels, lubricants, and fluids) and recreational goods and vehicles (led by information processing equipment) that were partly offset by increases in other nondurable goods (led by pharmaceutical products) and food and beverages.

Excluding food and energy, the “core” PCE price index increased 2.0 percent in the fourth quarter, the same increase as the third quarter.

Chart 3. Prices for Gross Domestic Purchases

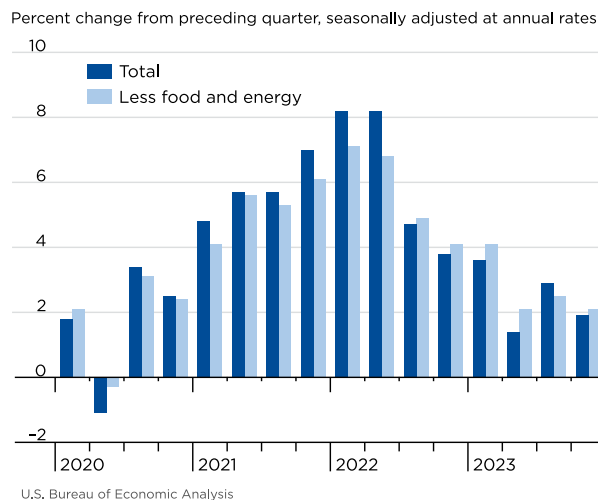


Table 2. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2017=100)]

Line	Series	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
		2023							
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Gross domestic purchases¹	3.6	1.4	2.9	1.9	3.6	1.4	2.9	1.9
2	Personal consumption expenditures	4.2	2.5	2.6	1.7	2.73	1.63	1.71	1.09
3	Goods	0.7	0.2	0.9	-1.9	0.16	0.05	0.20	-0.42
4	Durable goods	-0.9	0.1	-4.4	-3.5	-0.07	0.01	-0.35	-0.27
5	Nondurable goods	1.6	0.3	3.9	-1.0	0.23	0.04	0.55	-0.14
6	Services	6.0	3.6	3.5	3.5	2.57	1.58	1.51	1.51
7	Gross private domestic investment	3.2	-0.1	1.7	2.6	0.56	-0.02	0.30	0.45
8	Fixed investment	4.2	0.0	1.7	2.9	0.71	-0.01	0.30	0.48
9	Nonresidential	6.4	0.2	0.9	2.1	0.81	0.03	0.12	0.28
10	Structures	7.2	0.9	-2.3	2.5	0.20	0.03	-0.07	0.08
11	Equipment	7.9	-1.1	2.3	1.7	0.38	-0.06	0.11	0.08
12	Intellectual property products	4.5	1.1	1.4	2.3	0.24	0.06	0.08	0.12
13	Residential	-2.6	-0.9	4.8	5.5	-0.10	-0.03	0.18	0.21
14	Change in private inventories	---	---	---	---	-0.15	-0.01	0.00	-0.03
15	Government consumption expenditures and gross investment	1.5	-1.1	5.1	1.9	0.26	-0.18	0.84	0.33
16	Federal	4.1	2.1	4.0	3.8	0.26	0.13	0.25	0.23
17	National defense	3.3	1.9	4.2	4.2	0.12	0.07	0.15	0.15
18	Nondefense	5.2	2.3	3.7	3.2	0.14	0.06	0.10	0.09
19	State and local	0.0	-2.9	5.7	0.9	0.00	-0.31	0.59	0.09
Addenda:									
Gross domestic purchases:									
20	Food	3.8	0.1	1.9	1.5	0.20	0.00	0.10	0.08
21	Energy goods and services	-11.4	-15.6	16.1	-5.4	-0.36	-0.46	0.42	-0.16
22	Excluding food and energy	4.1	2.1	2.5	2.1	3.72	1.90	2.34	1.95
Personal consumption expenditures:									
23	Food and beverages purchased for off-premises consumption	3.8	0.0	1.9	1.9	---	---	---	---
24	Energy goods and services	-9.8	-15.6	16.2	-5.4	---	---	---	---
25	Excluding food and energy	5.0	3.7	2.0	2.0	---	---	---	---
26	Gross domestic product	3.9	1.7	3.3	1.5	---	---	---	---
27	Exports of goods and services	0.1	-3.9	4.0	-3.0	---	---	---	---
28	Imports of goods and services	-1.3	-4.8	0.3	0.8	---	---	---	---

1. The estimated prices for gross domestic purchases under the contribution columns are also percent changes.

Note. Most percent changes are from National Income and Product Accounts (NIPA) table 1.6.7; percent changes for personal consumption expenditures (PCE) for food and energy goods and services and for PCE excluding food and energy are from NIPA table 2.3.7. Contributions are from NIPA table 1.6.8. Gross domestic product, export, and import prices are from NIPA table 1.1.7.

Note on Prices

The U.S. Bureau of Economic Analysis' (BEA's) gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption expenditures and gross investment.

The gross domestic product (GDP) price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export. The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the FAQ [“How do the effects of dollar depreciation show up in the GDP accounts?”](#) on BEA's website.

BEA also produces price indexes for all the components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, for energy goods and services, and for all items except food and energy are also estimated and reported.

Because prices for food and for energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or “core,” inflation. The core PCE price index includes purchased meals and beverages, such as restaurant meals and pet food. (See [“What is the core PCE price index?”](#) on BEA's website.)

BEA also prepares a supplemental PCE price index, the “market-based” PCE price index, that is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as financial services furnished without payment, that are included in PCE and in the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

Personal Income

Measured in current dollars, personal income increased \$224.8 billion in the fourth quarter, compared with an increase of \$196.2 billion in the third quarter (table 3). The increase in the fourth quarter primarily reflected increases in compensation, personal income receipts on assets, and proprietors' income that were partly offset by a decrease in personal current transfer receipts.

Personal current taxes increased \$13.2 billion in the fourth quarter after increasing \$52.6 billion in the third quarter.

Current-dollar disposable personal income (DPI) increased \$211.7 billion, or 4.2 percent, in the fourth quarter after increasing \$143.5 billion, or 2.9 percent, in the third quarter. Personal outlays increased \$244.0 billion after increasing \$319.9 billion.

Real DPI (chart 4) increased 2.5 percent in the fourth quarter, compared with an increase of 0.3 percent in the third quarter. Current-dollar DPI is deflated by the implicit price deflator for consumer spending, which increased 1.7 percent in the fourth quarter after increasing 2.6 percent in the third quarter.

The personal saving rate (chart 5)—personal saving as a percentage of DPI—was 4.0 percent in the fourth quarter, compared with 4.2 percent in the third quarter.

Chart 4. Real Disposable Personal Income

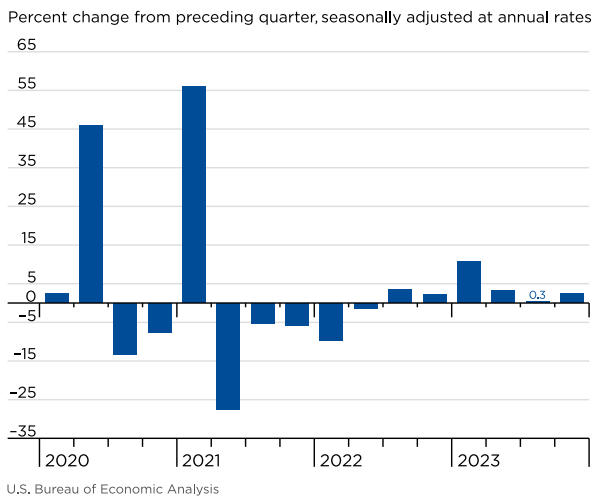


Chart 5. Personal Saving Rate

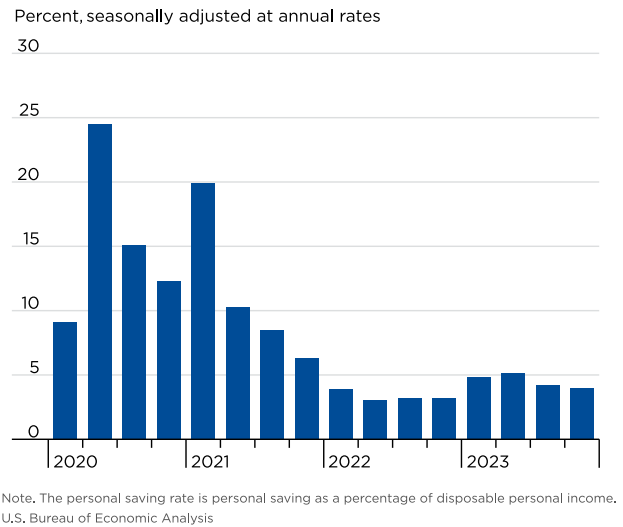


Table 3. Personal Income and Its Disposition

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

Line	Series	Level		Change from preceding period			
		2023					
		Q3	Q4	Q1	Q2	Q3	Q4
1	Personal income	23,064.2	23,289.0	369.8	224.1	196.2	224.8
2	Compensation of employees	14,344.2	14,503.7	290.2	188.9	190.0	159.5
3	Wages and salaries	11,894.5	12,027.9	248.4	167.8	161.3	133.3
4	Private industries	10,141.2	10,238.6	218.8	142.7	118.8	97.4
5	Goods-producing industries	1,864.5	1,886.3	33.9	27.6	27.1	21.8
6	Manufacturing	1,094.9	1,104.5	16.7	14.6	13.1	9.6
7	Services-producing industries	8,276.7	8,352.3	184.9	115.2	91.8	75.6
8	Trade, transportation, and utilities	1,815.0	1,824.1	52.3	8.3	16.5	9.1
9	Other services-producing industries	6,461.7	6,528.2	132.7	106.9	75.2	66.5
10	Government	1,753.3	1,789.3	29.6	25.1	42.4	35.9
11	Supplements to wages and salaries	2,449.6	2,475.8	41.8	21.1	28.8	26.2
12	Proprietors' income with IVA and CCAdj	1,859.6	1,886.7	2.1	-3.3	35.5	27.1
13	Farm	49.9	42.9	-12.7	-13.0	-8.3	-7.0
14	Nonfarm	1,809.6	1,843.8	14.8	9.7	43.7	34.2
15	Rental income of persons with CCAdj	974.4	986.9	38.3	15.3	13.3	12.5
16	Personal income receipts on assets	3,606.5	3,669.1	51.7	25.6	3.9	62.6
17	Personal interest income	1,776.4	1,815.5	37.7	10.4	21.6	39.1
18	Personal dividend income	1,830.2	1,853.6	14.0	15.2	-17.6	23.4
19	Personal current transfer receipts	4,093.7	4,074.9	28.7	17.7	-26.5	-18.8
20	Government social benefits to persons	3,987.8	3,967.3	26.6	15.8	-29.5	-20.4
21	Social security	1,361.3	1,374.4	114.1	13.8	7.5	13.2
22	Medicare	946.3	951.3	3.9	3.8	4.4	5.0
23	Medicaid	880.6	863.3	43.1	39.9	-30.8	-17.3
24	Unemployment insurance	21.0	22.7	-0.2	0.3	-1.3	1.7
25	Veterans' benefits	172.8	173.6	-0.8	-0.3	0.3	0.7
26	Other	605.7	582.0	-133.6	-41.7	-9.6	-23.7
27	Other current transfer receipts, from business (net)	105.9	107.5	2.1	2.0	3.0	1.7
28	Less: Contributions for government social insurance	1,814.1	1,832.3	41.1	20.1	20.1	18.2
29	Less: Personal current taxes	2,756.5	2,769.6	-332.0	-59.8	52.6	13.2
30	<i>Equals:</i> Disposable personal income	20,307.7	20,519.4	701.8	284.0	143.5	211.7
31	Less: Personal outlays	19,456.5	19,700.5	376.0	204.6	319.9	244.0
32	Personal consumption expenditures	18,679.5	18,888.1	352.5	149.4	260.5	208.6
33	Personal interest payments ¹	530.6	563.8	24.5	54.9	55.9	33.1
34	Personal current transfer payments	246.4	248.6	-1.0	0.3	3.5	2.3
35	<i>Equals:</i> Personal saving	851.2	818.9	325.8	79.3	-176.3	-32.3
36	Personal saving as a percentage of DPI	4.2	4.0	---	---	---	---

CCAdj Capital consumption adjustment

DPI Disposable personal income

IVA Inventory valuation adjustment

1. Consists of nonmortgage interest paid by households. Note that mortgage interest paid by households is an expense item in the calculation of rental income of persons.

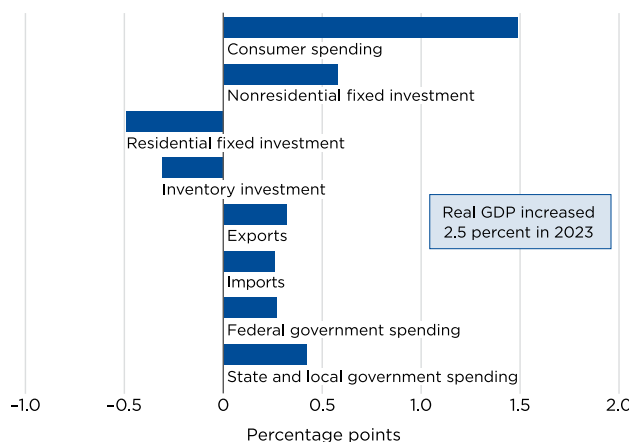
Note. Dollar levels and percent changes are from National Income and Product Account tables [2.1](#) and [2.2B](#).

Real GDP for 2023

Real GDP increased 2.5 percent in 2023 (from the 2022 annual level to the 2023 annual level), compared with an increase of 1.9 percent in 2022. The increase in real GDP in 2023 primarily reflected increases in consumer spending, nonresidential fixed investment, state and local government spending, exports, and federal government spending. These increases were partly offset by decreases in residential fixed investment and private inventory investment. Imports decreased (table 4 and chart 6).

- The increase in consumer spending reflected increases in both services and goods. Within services, the leading contributor to the increase was health care (both outpatient services and hospitals). Within goods, the leading contributors to the increase were recreational goods and vehicles, other nondurable goods (led by pharmaceutical products), and motor vehicles and parts.
- The increase in nonresidential fixed investment reflected increases in structures and intellectual property products (mainly software) that were partly offset by a decrease in equipment (mainly computers and peripheral equipment).
- The increase in state and local government spending reflected increases in gross investment in structures and in compensation of state and local government employees.
- The increase in exports reflected increases in both goods (mainly other exports of goods and automotive vehicles, engines, and parts) and services (led by travel).
- The increase in federal government spending reflected increases in both nondefense (led by lower sales of crude oil) and defense spending (led by services).
- The decrease in residential fixed investment reflected decreases in new single-family housing construction and brokers' commissions.
- The decrease in private inventory investment primarily reflected a decrease in wholesale trade industries.
- Within imports, the decrease primarily reflected a decrease in goods (mainly durable consumer goods, except food and automotive).

Chart 6. Real GDP: Contributions to Percent Change in 2023



GDP Gross domestic product
U.S. Bureau of Economic Analysis

Table 4. Real Gross Domestic Product and Components, Annual

[Seasonally adjusted at annual rates]

Line	Series	Share of current-dollar GDP (percent)	Change from preceding period (percent)		Contribution to percent change in real GDP (percentage points)	
		2023	2022	2023	2022	2023
1	Gross domestic product (GDP)¹	100.0	1.9	2.5	1.9	2.5
2	Personal consumption expenditures	67.9	2.5	2.2	1.72	1.49
3	Goods	22.6	0.3	2.1	0.07	0.47
4	Durable goods	8.0	-0.3	4.3	-0.02	0.34
5	Nondurable goods	14.6	0.6	0.9	0.09	0.13
6	Services	45.2	3.7	2.3	1.65	1.02
7	Gross private domestic investment	17.7	4.8	-1.2	0.86	-0.21
8	Fixed investment	17.5	1.3	0.5	0.24	0.09
9	Nonresidential	13.6	5.2	4.4	0.68	0.58
10	Structures	3.1	-2.1	12.7	-0.06	0.36
11	Equipment	5.1	5.2	-0.1	0.26	-0.01
12	Intellectual property products	5.5	9.1	4.3	0.48	0.23
13	Residential	3.9	-9.0	-10.7	-0.44	-0.49
14	Change in private inventories	0.2	---	---	0.62	-0.31
15	Net exports of goods and services	-2.9	---	---	-0.48	0.58
16	Exports	11.1	7.0	2.7	0.76	0.32
17	Goods	7.4	5.8	2.6	0.44	0.21
18	Services	3.7	9.6	3.0	0.33	0.11
19	Imports	14.0	8.6	-1.7	-1.24	0.26
20	Goods	11.4	6.8	-1.7	-0.82	0.21
21	Services	2.6	17.5	-1.6	-0.42	0.05
22	Government consumption expenditures and gross investment	17.3	-0.9	4.0	-0.16	0.68
23	Federal	6.5	-2.8	4.2	-0.19	0.27
24	National defense	3.6	-2.8	3.5	-0.11	0.12
25	Nondefense	2.8	-2.9	5.2	-0.08	0.14
26	State and local	10.9	0.2	3.8	0.03	0.42
Addenda:						
27	Gross domestic income (GDI) ²	---	2.1	---	---	---
28	Average of GDP and GDI	---	2.0	---	---	---

1. The GDP estimates under the contribution columns are also percent changes.
2. GDI is deflated by the implicit price deflator for GDP. Not estimated with the Q4 advance or second estimates.

Note. Percent changes are from NIPA table 1.1.1, contributions to percent change are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Information on Key Source Data, Assumptions, and Methodologies

A comprehensive table that presents the “[Key Source Data and Assumptions](#)” (under Current Release) that are used to prepare each vintage of the estimate of GDP for the current quarter is available on BEA's website. For the advance estimates that are released near the end of the month after the close of the quarter, the table shows the months of source data for the quarter that are available; for most components of GDP, 3 months of data are available. For the components for which only 2 months of source data are available, BEA's assumptions for the third month are shown. Second estimates are released near the end of the second month after the close of the quarter, and third estimates are released near the end of the third month after the close of the quarter. With each vintage, the table is updated to add newly available and revised source data that have been incorporated into the estimates.

For additional details about the source data and the methodologies that are used to prepare the estimates, see “[Concepts and Methods of the U.S. National Income and Product Accounts](#)” on BEA's website.

1. “Real” estimates are in chained (2017) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see “[The Revisions to GDP, GDI, and Their Major Components](#)” in the January 2018 *Survey of Current Business*. Quarterly estimates are expressed at seasonally adjusted annual rates, which reflect a rate of activity for a quarter as if it were maintained for a year.
2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”



Subscribe to the SCB

The *Survey of Current Business* is published by the U.S. Bureau of Economic Analysis. Guidelines for citing BEA information.

Survey of Current Business

bea.gov/scb
scb@bea.gov