

## News Release

### Comment on Q4 GDP

#### **US Economic Growth is Settling Into a Flat Growth Path Around 2 Percent**

**Erik Lundh, Senior Economist, The Conference Board**

US Real Gross Domestic Product grew by 2.1 percent during the fourth quarter of 2019, in line with the consensus forecast and just below The Conference Board's forecast of 2.2 percent. This quarterly annualized growth rate was unchanged from the 2.1 percent rate seen in Q3, but the drivers differed. Growth contributions from both consumption and private investment disappointed, as did inventories. However, strong residential investment and government spending and investment propped growth up. Additionally, weak import growth for the quarter resulted in a boost from net exports.

While this growth rate is welcome, we do not expect an acceleration in US economic activity over the coming quarters. Instead, The Conference Board expects the US economy to expand at around its long-term growth potential growth rate of 2 percent. While we project that the US economy will remain relatively steady in the near-term, the drivers of growth are likely to change. Over the coming quarters, we expect consumer spending growth to decelerate somewhat relative to 2019, but real capital spending should improve as risks that have hurt business confidence moderate. We also expect the strength in residential investment to continue.

The Bureau of Economic Analysis also reported its advanced estimate of 2019 Real Gross Domestic Product growth at 2.3 percent. This rate was down from 2.9 percent in 2018. For 2020, we expect US annual Real GDP growth to slow to 2.1 percent.

These data are unlikely to result in a change of course for the Federal Reserve.

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