

## GDP GROWTH SLOWS IN FOURTH QUARTER

*Annual Growth in 2013 Also Slows*

Real gross domestic product (GDP) increased 3.2 percent in the fourth quarter of 2013, according to the “advance” estimate released by the Bureau of Economic Analysis. In the third quarter, the growth rate was 4.1 percent. For the full year 2013, real GDP increased 1.9 percent, compared with 2.8 percent in 2012.

### Fourth-quarter GDP highlights

The slowdown in real GDP growth mainly reflected a slowdown in inventory investment. In fact, GDP less inventory investment (real final sales of domestic product) accelerated, rising 2.8 percent in the fourth quarter, compared with 2.5 percent in the third quarter.

Also contributing to the economic slowdown: a larger decrease in federal government spending, a downturn in housing investment, a slowdown in state and local government spending, and a slowdown in business investment.

Offsetting the contributions to the slowdown:

- Net exports accelerated, reflecting a pickup in exports and a slowdown in imports.
- Consumer spending accelerated, reflecting a pickup in spending on household services, notably household utilities as well as food services and accommodations.

### Gross domestic purchases prices

Prices of goods and services purchased by U.S. residents rose 1.2 percent in the fourth quarter after rising 1.8 percent in the third quarter. Both energy prices and food prices turned down in the fourth quarter. Excluding these items, prices rose 1.7 percent after rising 1.5 percent.

### Government shutdown

The full effects of the federal government shutdown in October could not be quantified. However, BEA was able to estimate the effects of the reduction in hours worked by federal employees, which reduced GDP growth by 0.3 percentage point. [More information](#)

### Annual GDP highlights

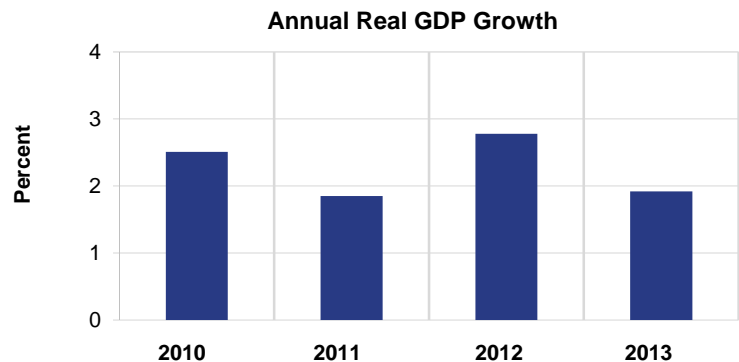
The slowdown in real GDP growth in 2013 reflected the following:

- Business investment slowed, reflecting slower growth in both structures (mainly power and communication) and equipment (mainly transportation).
- Federal government spending declined more in 2013 than in 2012.
- Consumer spending on services slowed, rising 1.2 percent after rising 1.6 percent.

In contrast, state and local government spending declined less in 2013 than in 2012, and consumer spending on goods accelerated.



*Real GDP growth is measured at seasonally adjusted annual rates*



BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: [www.bea.gov](http://www.bea.gov). [E-mail](#) alerts are also available.

NOTE: The “second” estimate of GDP for the fourth quarter of 2013 will be released on February 28, 2014.