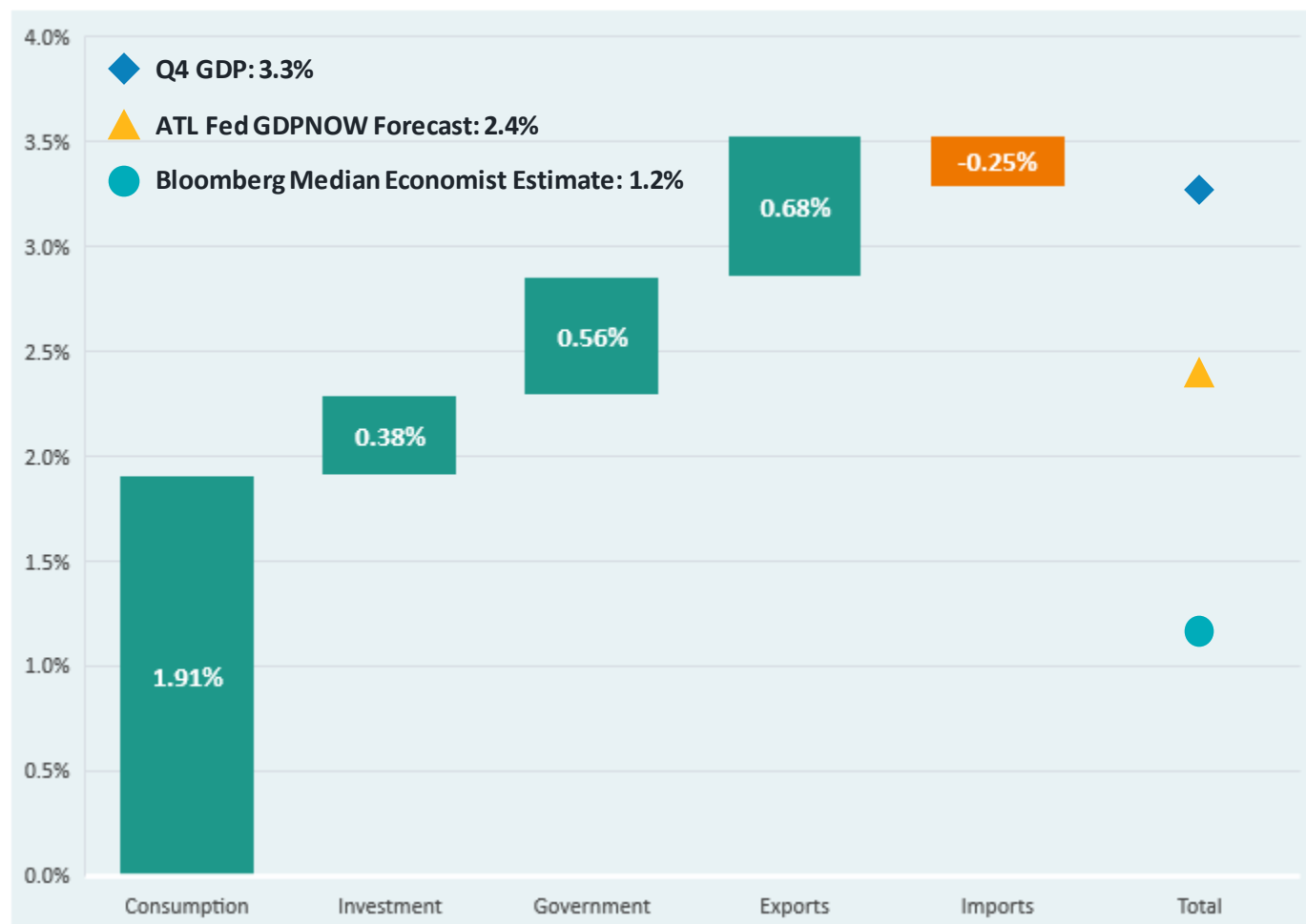


Verus Market Note

Contributions to Real Q4 GDP

Fourth quarter GDP surprised to the upside off continued resilience amongst the domestic consumer. Increases across consumer spending were reflected in both goods and services, driving the quarter-over-quarter annualized rate to **3.3%**. Despite many calls for a recession at the start of the year, U.S. GDP grew at a rate of **2.5%** in 2023.

While growth was strong last year, the domestic outlook remains mixed. Inflation conditions have eased, but still reflect rising prices. At the same time, labor market cooling has brought worker supply and demand closer in line, but directionally is still weakening. Investors have diverged around whether there is still pain to be felt from the Fed's quick hiking cycle, or if the economy is settling back into a more normalized pre-pandemic environment.



Source: BEA, Bloomberg, Atlanta Federal Reserve as of 1/25/24