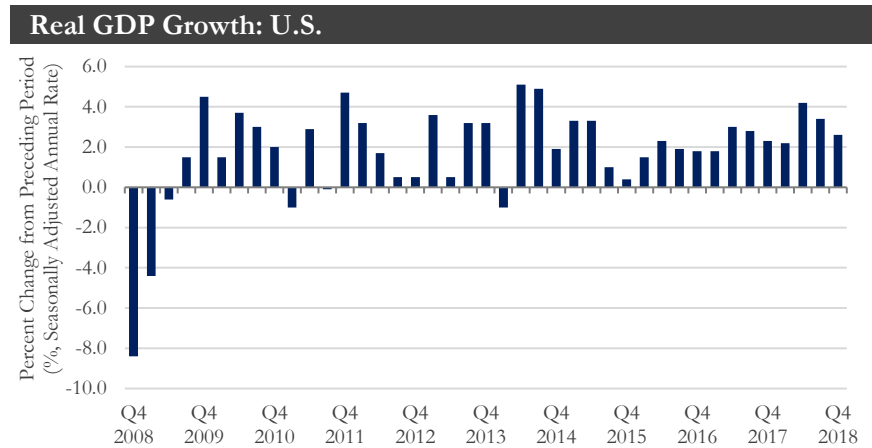


**CMC UPDATE: Fourth Quarter GDP Retreats**  
 Abdur Chowdhury, Ph.D. Chief Economist

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The U.S. economy slowed to a 2.6% annualized pace in the fourth quarter, from a 3.4% clip in Q3. The U.S. economy grew 2.9% in 2018 as a whole, tying 2015 for the best year for growth since the recession. But recent data indicates that momentum slowed heading into 2019. Some of this weakness was due to the confidence hit from the government shutdown, but not all of it.

We expect growth of around 2.0-2.5% in 2019, but there are a lot of downside risks. Although the worst case scenario on the China-U.S. tariff escalation won't come to pass, fiscal risks still remain as the year progresses. Overall, Q4's performance is unlikely to move the Federal Reserve off its wait-and-see stance.



Source: U.S. Bureau of Economic Analysis

Dr. Abdur Chowdhury is a retired Professor of Economics at Marquette University, the Chief Economist at Capital Market Consultants, Inc. (CMC) and a member of the Federal Reserve Board of Chicago's Academic Advisory Council. CMC provides capital market, investment manager and economic research to financial professionals (for more information about Capital Market Consultants, Inc. see our website at [www.cmarkc.com](http://www.cmarkc.com)).

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