

GDP: US economy grows at a faster pace than expected in Q2



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·Reporter

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The US economy grew at a faster-than-expected pace in the second quarter of 2023, adding to signs that the threat of a recession [has faded](#) in the immediate term.

The Bureau of Economic Analysis's [advance estimate of second quarter US gross domestic product \(GDP\)](#) showed the economy grew at an annualized pace of 2.4% during the period, faster than consensus forecasts. Economists surveyed by Bloomberg had the US economy growing at an annualized pace of 1.8% during the period.

The reading came in higher than first quarter GDP, which was revised up to 2%.

Increases in consumer spending and nonresidential fixed investment, which includes spending on commercial real estate and equipment, led the growth of the economy in the second quarter, according to the BEA. Housing and utilities as well as healthcare led services spending. In goods spending, recreational goods, vehicles, and gasoline led the gains.

U.S. ECONOMIC GROWTH QUICKENS IN Q2 2023



SOURCE: BUREAU OF ECONOMIC ANALYSIS

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The GDP release was just one of several upbeat prints released on Thursday morning. The Department of Labor announced 221,000 people filed jobless claims in the week ending July 22, the lowest number of claims since February. Meanwhile, data from the US Census Bureau showed durable goods orders increased 4.7% in June. Economists surveyed by Bloomberg had expected a 1.3% increase for the month.

"Quirky seasonal adjustment factors may lead to outsized revisions down the road, but these data suggest the economy was solid in Q2," Oren Klachkin, Oxford Economics lead US economist, wrote on Thursday. "The economy withstood pervasive pressures from persistent recession fears, elevated interest rates, the Fed's hawkish policy tilt, and tighter bank lending standards."

Klachkin still believes growth will slow in the coming quarters as "tighter lending standards and elevated interest rates take their toll."

But for now, the data is telling a different story. Thursday's numbers add to other positive reads on the economy. In recent weeks, June's Consumer Price Index showed that inflation fell to its lowest level in more than two years while retail sales for the month showed that [consumers are still spending](#) more than they did a month ago.

In totality, the data is painting a picture of a US economy that is [stronger than many expected](#). Consumers are responding to it with more [upbeat economic confidence readings](#). And Wall Street is responding by [lowering recession forecasts](#) and [projections for growth](#) in the coming quarters.

In a press conference Wednesday after [pushing interest rates to their highest levels since 2001](#), Federal Reserve Chair Jerome Powell noted the economy has withstood the rising rate environment. The staff at the Federal Reserve no longer see a recession in 2023, he said.

"The overall resilience of the economy, the fact that we've been able to achieve disinflation so far without any meaningful negative impact on the labor market, the strength of the economy, overall that's a good thing," Powell said. "It's good to see that, of course. ... You see consumer confidence coming up and things like that. That will support activity going forward."



The GDP data is painting a picture of a US economy that is stronger than many expected. (Mark Rightmire/MediaNews Group/Orange County Register via Getty Images)