# Economy proves stronger in Q4

## Growth remains weak at 1% annual rate, but still better than thought.

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The economy wasn't as feeble as believed late last year as businesses throttled back stockpiling less than initially estimated.

The nation's gross domestic product — a measure of all the goods and services produced in the economy — expanded at a seasonally adjusted annual rate of 1% in the fourth quarter, above the 0.7% initially estimated, the Commerce Department said Friday. Economists surveyed by Bloomberg expected a downward revision to 0.3% growth.

Growth was still weak in the quarter and below the roughly 2.3% pace that has marked the nearly seven-year-old recovery. For all of 2015, the economy grew 2.4%, an estimate unchanged after Friday's revisions.

Manufacturing and business investment have been crimped by a weak global economy and strong dollar that have dampened exports, as well as a sharp downturn in drilling activity amid the plunge in oil prices. Consumer spending supported the economy through much of 2015, but even that slowed more than first estimated in the final three months of the year.

Job growth, by contrast, averaged a robust 279,000 a month in the quarter, and many economists believe it provides a more accurate picture of the economy than GDP, which can be difficult to measure and is subject to multiple revisions.

Businesses slowed their stockpiling last quarter but that subtracted just 0.14% from growth, less than the nearly half a percentage point first estimated. That, however, could mean companies will have to do more to shrink bloated inventories in the current quarter, possibly curtailing growth.

"Unfortunately, the cause of the upward revision bodes ill for the first quarter," Chris Williamson, chief economist of Markit, wrote in a note to clients.

Imports fell 0.6% instead of rising slightly as the government previously believed, narrowing the U.S. trade gap. A stronger dollar generally has made U.S. products more expensive overseas and imports cheaper for American consumers. Business outlays on equipment, a measure of capital spending, fell 1.8%, less than the 2.5% first estimated.

Consumer spending grew 2%, down from the 2.2% first estimated. Consumption has been lifted by cheap gas, job growth and lower household debt, but wage gains have yet to pick up in earnest.