

PMI™

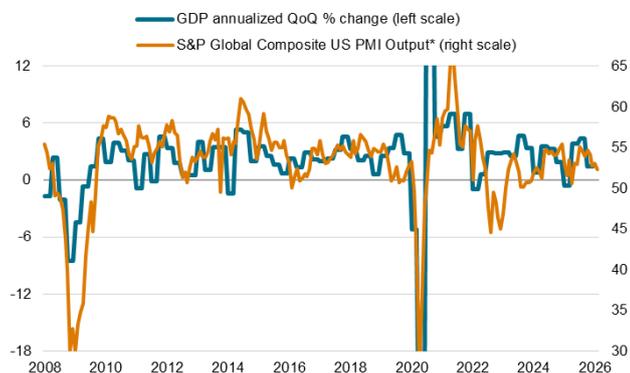
by **S&P Global**

# United States

## US economic slowdown confirmed as GDP growth falters in line with weakened PMI

US economic growth came in weaker than many had expected in the fourth quarter of last year, albeit the official data largely mirroring a slowdown in activity tracked by S&P Global PMIs. The latter, provisional data for which are now available up to February, suggest that this slower pace of growth has persisted into the first quarter of 2026.

### US quarterly GDP growth and the PMI



Data compiled Feb. 20, 2026.

\* PMI covers manufacturing only prior to 2009 but manufacturing & services thereafter.

Sources: S&P Global PMI, S&P Global Market Intelligence, BEA.

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## US growth slows in fourth quarter

US economic growth, as measured by GDP (gross domestic product) slowed from an annualized rate of 4.4% in the third quarter of last year to 1.4% in the fourth quarter, according to the advance official estimate from the Bureau of Economic Analysis.

The federal government shutdown accounted for some of the slowdown, with Federal government spending falling at a 1.15% annualized rate. However, personal spending on goods also fell – albeit only marginally – for the first time since the first quarter of 2024, marking a strong contrast to the robust gains seen in the prior two quarters. Spending on services remained more resilient, though also weakened slightly.

A further major drag was exports, with exports of services falling for a second successive quarter and exports of goods growing at a much-reduced rate.

Helping support growth was a rise in inventories and higher IT spending, both on kit and software, presumably – though not for certain – reflecting higher AI-related investment spending.

## PMI signals further weakness to come in early 2026

This growth profile was signalled in advance by S&P Global PMI surveys. These survey data have provided a reliable advance guide to economic growth for nearly two decades in all but a few instances (such as when financial services activity shrank more in the PMI than captured by the GDP data in 2022).

The headline PMI, tracking output of the goods and services economies, fell from a recent high of 55.1 last July of last year to 52.7 in December – one of its lowest readings seen over the prior year-and-a-half and signaling a marked cooling in growth. The PMI has since held close to this December low in the first two months of 2026, pointing to a sustained weak GDP growth rate. A regression analysis of historical PMI against GDP puts the recent PMI data at a level consistent with 1.5% annualized growth so far in the first quarter.

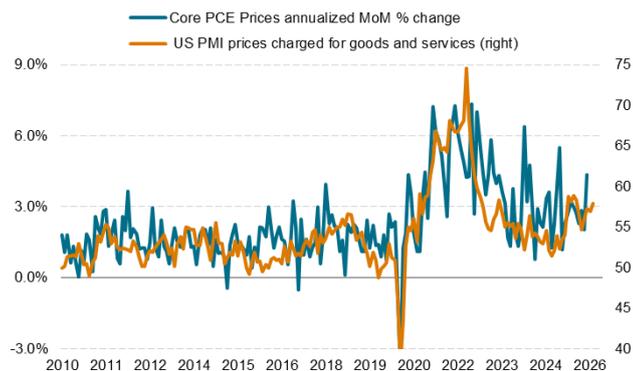
## High prices and low confidence stymie growth

The February PMI showed that a combination of weakened demand, high prices, and adverse weather colluded to dampen business activity, resulting in the slowest expansion of output for ten months.

Customer demand growth was reported to have softened, with orders even falling in factories for the second time in the past three months, often linked to rising prices.

Averages prices charged for goods and services rose at an increased rate again in February, indicative of consumer price inflation running at a pace above the Fed's 2% target.

## US core PCE inflation



Data compiled Feb. 20, 2026.

PMI 50 = no change on prior month.

Source: S&P Global PMI, BEA via S&P Global Market Intelligence.

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More encouragingly, companies are suggesting that at least some of this slowdown may prove temporary, partly as extreme weather passes, with business growth expectations rising sharply to the highest for just over a year in February. However, business confidence remains subdued on the whole, as companies worry about the political environment and impact of policies such as tariffs, in turn hitting affordability via higher prices and limiting sales growth for many companies.

Access the latest flash PMI press release [here](#).

## Links to more resources

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- [Calendar of upcoming PMI releases](#)
- [Running commentary on the PMI survey findings](#)
- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)

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