

GDP and the Economy

Advance Estimates for the First Quarter of 2009

REAL GROSS domestic product (GDP) decreased at an annual rate of 6.1 percent in the first quarter of 2009, according to the “advance” estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ In the fourth quarter of 2008, real GDP decreased 6.3 percent.

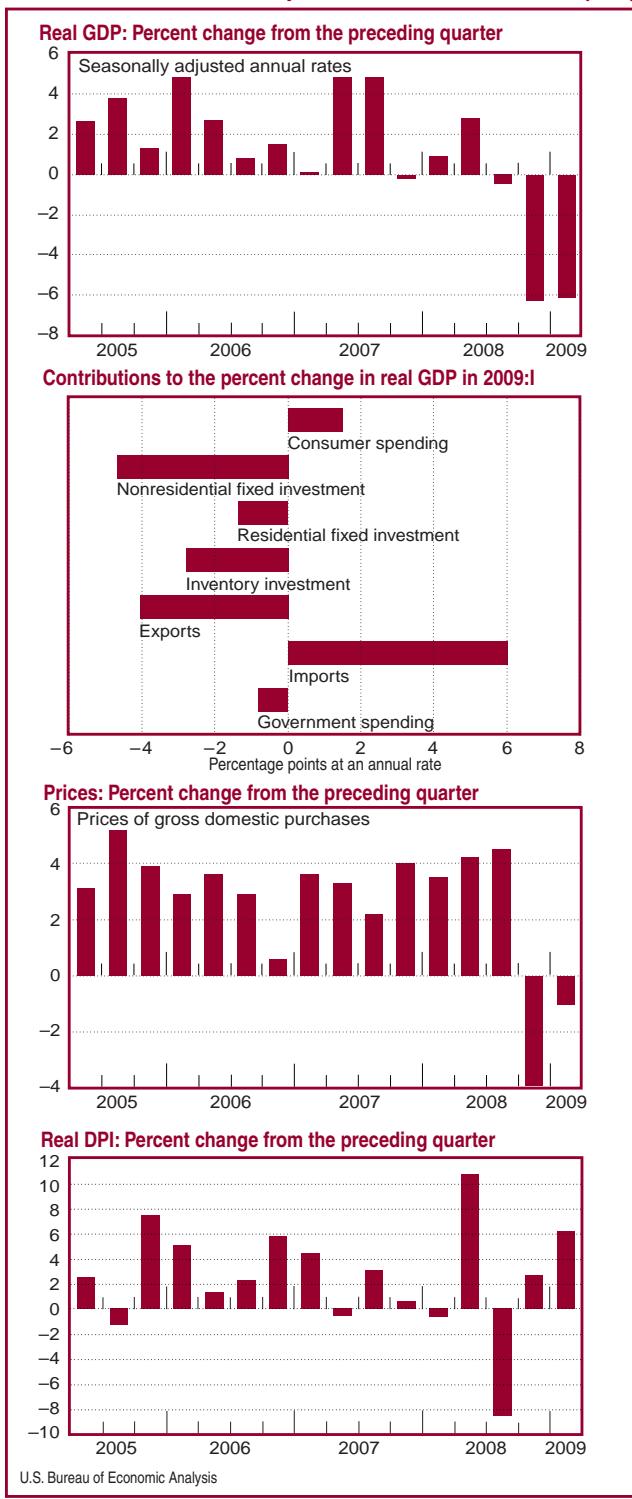
The slightly smaller decrease in real GDP in the first quarter than in the fourth quarter was the result of a notable upturn in consumer spending, reflecting rebounds in motor vehicles and parts and food and a larger decrease in imports that were more than offset by larger decreases in both inventory investment and nonresidential investment in structures and a downturn in federal government spending.² Exports and residential investment also decreased more in the first quarter than in the fourth quarter.

- Prices of goods and services purchased by U.S. residents decreased 1.0 percent in the first quarter after decreasing 3.9 percent in the fourth quarter (see page 3). Energy prices decreased less in the first quarter, while food prices decelerated. Excluding food and energy, gross domestic purchases prices increased 1.4 percent in the first quarter after increasing 1.2 percent in the fourth quarter. The federal pay raise for civilian and military personnel added 0.3 percentage point to the percent change in the gross domestic purchases price index.
- Real disposable personal income (DPI) increased 6.2 percent in the first quarter after increasing 2.7 percent in the fourth quarter. The acceleration primarily reflected an upturn in current-dollar DPI that mainly resulted from a sharp downturn in personal current taxes.
- The personal saving rate, personal saving as a percentage of current-dollar DPI, was 4.2 percent in the first quarter; in the fourth quarter, it was 3.2 percent.

1. “Real” estimates are in chained (2000) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, preliminary, and final) incorporates increasingly comprehensive and improved source data. More information can be found at www.bea.gov/about/info_qual.htm and www.bea.gov/faq/national/gdp_accuracy.htm. Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is maintained for a year.

2. In this article, “consumer spending” refers to “personal consumption expenditures,” “inventory investment” refers to “change in private inventories,” and “government spending” refers to “government consumption expenditures and gross investment.”

Chart 1. GDP, Prices, Disposable Personal Income (DPI)



Real GDP Overview

Table 1. Real Gross Domestic Product and Components
 [Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2009		2008		2009		2008	
		I	II	III	IV	I	II	III	IV
Gross domestic product ¹	100.0	2.8	-0.5	-6.3	-6.1	2.8	-0.5	-6.3	-6.1
Personal consumption expenditures.....	70.7	1.2	-3.8	-4.3	2.2	0.87	-2.75	-2.99	1.50
Durable goods.....	6.8	-2.8	-14.8	-22.1	9.4	-0.21	-1.16	-1.67	0.61
Nondurable goods.....	20.0	3.9	-7.1	-9.4	1.3	0.80	-1.57	-1.97	0.26
Services.....	43.9	0.7	-0.1	1.5	1.5	0.28	-0.03	0.66	0.63
Gross private domestic investment.....	11.2	-11.5	0.4	-23.0	-51.8	-1.74	0.06	-3.47	-8.83
Fixed investment.....	12.2	-1.7	-5.3	-22.0	-37.9	-0.25	-0.79	-3.36	-6.04
Nonresidential.....	9.5	2.5	-1.7	-21.7	-37.9	0.27	-0.19	-2.56	-4.68
Structures.....	3.5	18.5	9.7	-9.4	-44.2	0.64	0.36	-0.38	-2.13
Equipment and software.....	6.0	-5.0	-7.5	-28.1	-33.8	-0.37	-0.55	-2.18	-2.55
Residential	2.7	-13.3	-16.0	-22.8	-38.0	-0.52	-0.60	-0.80	-1.36
Change in private inventories.....	-1.0	.....	.....	.....	-1.50	0.84	-0.11	-2.79	.....
Net exports of goods and services	-2.4	.....	.....	.....	2.93	1.05	-0.15	1.99	.....
Exports.....	10.9	12.3	3.0	-23.6	-30.0	1.54	0.40	-3.44	-4.06
Goods.....	7.1	16.3	3.7	-32.0	-38.7	1.39	0.34	-3.38	-3.68
Services	3.9	3.8	1.4	-1.5	-9.3	0.15	0.06	-0.06	-0.38
Imports.....	13.3	-7.3	-3.5	-17.5	-34.1	1.39	0.65	3.29	6.05
Goods.....	10.6	-7.1	-4.7	-19.6	-39.4	1.14	0.74	3.09	5.89
Services	2.7	-8.0	3.3	-6.7	-5.6	0.25	-0.09	0.20	0.16
Government consumption expenditures and gross investment	20.4	3.9	5.8	1.3	-3.9	0.78	1.14	0.26	-0.81
Federal	7.8	6.6	13.8	7.0	-4.0	0.47	0.97	0.52	-0.32
National defense	5.3	7.3	18.0	3.4	-6.4	0.36	0.85	0.18	-0.35
Nondefense	2.5	5.0	5.1	15.3	1.3	0.11	0.12	0.34	0.03
State and local	12.6	2.5	1.3	-2.0	-3.9	0.31	0.17	-0.25	-0.49

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 1.1.1, contributions are from NIPA table 1.1.2, and shares are from NIPA table 1.1.10.

Consumer spending rebounded in the first quarter of 2009, increasing 2.2 percent after decreasing 4.3 percent. Spending for durable goods turned up, mainly reflecting an upturn in motor vehicles and parts. Spending for nondurable goods also turned up, reflecting a smaller decrease in food and an upturn in "other" nondurable goods.

Nonresidential fixed investment decreased more than in the fourth quarter of 2008; it reduced the percent change in real GDP by 4.68 percentage points. The larger decrease was mainly due to a larger decrease in structures, which was the largest decrease on record.

Residential investment continued to decline, decreasing 38.0 percent, the largest decrease since the second quarter of 1980.

Inventory investment decreased more than in the fourth quarter and reduced the first-quarter percent change in real GDP by 2.79 percentage points.

Exports decreased more than in the fourth quarter and reduced the first-quarter percent change in real GDP by 4.06 percentage points. The decrease was due to larger decreases in both goods and services.

Imports of goods and services decreased much more than in the fourth quarter, reflecting the largest decrease in goods imports since the first quarter of 1969. The larger first-quarter decrease in goods imports primarily reflected a slowdown in petroleum and products and larger decreases in nonautomotive capital goods, in automotive vehicles, engines, and parts, and in nonpetroleum industrial supplies and materials.

Federal government spending turned down. Defense spending turned down, and nondefense spending slowed sharply.

Table 2. Real Gross Domestic Product (GDP) by Type of Product
 [Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)				Contribution to percent change in real GDP (percentage points)			
		2009		2008		2009		2008	
		I	II	III	IV	I	II	III	IV
Gross domestic product ¹	100.0	2.8	-0.5	-6.3	-6.1	2.8	-0.5	-6.3	-6.1
Final sales of domestic product	101.0	4.4	-1.3	-6.2	-3.4	4.32	-1.35	-6.23	-3.35
Change in private inventories....	-1.0	.....	.....	.....	.....	-1.50	0.84	-0.11	-2.79
Goods	29.6	4.9	-4.2	-19.2	-8.4	1.49	-1.29	-6.16	-2.47
Services	62.0	1.7	1.5	1.9	0.4	1.02	0.87	1.17	0.23
Structures.....	8.4	3.3	-1.0	-13.8	-36.3	0.32	-0.09	-1.35	-3.91
Addenda:									
Motor vehicle output	1.5	-33.8	7.3	-62.8	-56.4	-1.01	0.16	-2.01	-1.36
GDP excluding motor vehicle output	98.5	4.0	-0.7	-4.5	-4.9	3.84	-0.67	-4.34	-4.79
Final sales of computers.....	0.6	28.4	-1.7	-4.8	8.7	0.17	-0.01	-0.02	0.05
GDP excluding final sales of computers	99.4	2.7	-0.5	-6.4	-6.2	2.66	-0.50	-6.32	-6.20

Real final sales of domestic product, real GDP less inventory investment, decreased 3.4 percent in the first quarter after decreasing 6.2 percent in the first quarter.

Motor vehicle output continued to decline, decreasing 56.4 percent after decreasing 62.8 percent.

Excluding motor vehicle output, real GDP decreased 4.9 percent after decreasing 4.5 percent.

Final sales of computers turned up, increasing 8.7 percent after decreasing 4.8 percent.

1. The estimates of GDP under the contribution columns are also percent changes.

NOTE. Percent changes are from NIPA table 1.2.1, contributions are from NIPA table 1.2.2, and shares are calculated from NIPA table 1.2.5.

Prices

Table 3. Prices for Gross Domestic Purchases

[Percent change at annual rates; based on seasonally adjusted index numbers (2000=100)]

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2008		2009		2008		2009	
	II	III	IV	I	II	III	IV	I
Gross domestic purchases¹	4.2	4.5	-3.9	-1.0	4.2	4.5	-3.9	-1.0
Personal consumption expenditures	4.3	5.0	-4.9	-1.0	2.87	3.37	-3.31	-0.69
Durable goods	-1.6	-0.6	-3.5	-1.7	-0.11	-0.04	-0.23	-0.11
Nondurable goods	6.5	10.3	-16.6	-5.2	1.29	2.02	-3.52	-1.03
Services	4.2	3.4	1.1	1.1	1.69	1.39	0.44	0.45
Gross private domestic investment	0.4	2.0	4.4	-1.5	0.05	0.27	0.56	-0.17
Fixed investment	0.8	2.3	1.2	-1.8	0.11	0.32	0.16	-0.23
Nonresidential	2.3	4.2	4.6	-0.9	0.23	0.43	0.47	-0.09
Structures	3.3	7.1	7.4	-3.4	0.12	0.26	0.27	-0.12
Equipment and software	1.7	2.6	3.0	0.5	0.12	0.17	0.19	0.03
Residential	-3.5	-3.3	-9.4	-4.8	-0.12	-0.11	-0.30	-0.14
Change in private inventories	.....	.....	.....	.....	-0.06	-0.05	0.40	0.06
Government consumption expenditures and gross investment	7.0	4.4	-5.8	-0.6	1.32	0.85	-1.16	-0.13
Federal	5.1	2.7	-3.4	2.5	0.36	0.19	-0.25	0.19
National defense	6.3	3.1	-4.5	2.4	0.29	0.15	-0.23	0.12
Nondefense	2.8	1.9	-0.9	2.7	0.06	0.04	-0.02	0.06
State and local	8.1	5.5	-7.3	-2.5	0.96	0.66	-0.91	-0.31
Addenda:								
Gross domestic purchases:								
Food	6.1	8.5	5.4	0.5	0.57	0.80	0.51	0.05
Energy goods and services	35.5	25.1	-66.1	-39.3	1.79	1.34	-5.48	-2.23
Excluding food and energy	2.2	2.8	1.2	1.4	1.88	2.35	1.07	1.19
Personal consumption expenditures (PCE):								
Food	6.4	8.5	5.6	0.9	.....	.....	.....	.....
Energy goods and services	27.4	31.7	-65.0	-35.8	.....	.....	.....	.....
Excluding food and energy	2.2	2.4	0.9	1.5	.....	.....	.....	.....
"Market-based" PCE	4.3	5.6	-5.9	-1.4	.....	.....	.....	.....
Excluding food and energy	1.8	2.5	1.0	1.6	.....	.....	.....	.....
Gross domestic product	1.1	3.9	0.5	2.9	.....	.....	.....	.....

1. The estimates under the contribution columns are also percent changes.

NOTE. Most percent changes are from NIPA table 1.6.7; percent changes for PCE for food and energy goods and services and for PCE excluding food and energy are calculated from index numbers in NIPA table 2.3.4. Contributions are from NIPA table 1.6.8.

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, decreased 1.0 percent in the first quarter after decreasing 3.9 percent in the fourth quarter of 2008. The federal pay raise for civilian and military personnel added 0.3 percentage point to the first-quarter percent change; the pay raise is treated as an increase in the price of employee services purchased by the federal government.

Consumer prices decreased 1.0 percent after decreasing 4.9 percent. The smaller decrease was mainly due to a slowdown in prices paid for gasoline, fuel oil, and other energy goods.

Prices paid for nonresidential fixed investment turned down, mainly reflecting a downturn in prices paid for structures.

Prices paid for residential investment continued to decline but at a slower rate, decreasing 4.8 percent after decreasing 9.4 percent.

Prices paid by government decreased less than in the fourth quarter. Prices paid by state and local government decreased less than in the fourth quarter, and prices paid by the federal government turned up, primarily reflecting the federal pay raise.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, picked up somewhat, increasing 1.5 percent after increasing 0.9 percent.

The GDP price index increased 2.9 percent, 3.9 percentage points more than the percent decrease in the price index for gross domestic purchases, reflecting a much larger decrease in import prices than in export prices.

Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services. It is derived from the prices of personal consumption expenditures (PCE), private investment, and government consumption and investment.

BEA also produces price indexes for all components of GDP. The PCE price index is a measure of the total cost of consumer goods and services, including durable goods, nondurable goods, and services. PCE prices for food, energy goods and services, and for all items except food and energy are also estimated and reported. However, because prices for food and energy can be volatile, the price measure that excludes food and energy is often used as a measure of underlying, or "core," inflation.

BEA also prepares a supplemental PCE price index, the "market-based" PCE price index, which is based on market transactions for which there are corresponding price measures. This index excludes many imputed expenditures, such as services furnished without charge by financial intermediaries, that are included in PCE and the PCE price index. BEA also prepares a market-based measure that excludes food and energy.

More information on these market-based measures is available on BEA's Web site at www.bea.gov/faq/national/markbsdPCE.htm. See also "Comparing the Consumer Price Index and the Personal Consumption Expenditures Price Index" in the November 2007 SURVEY OF CURRENT BUSINESS.

Personal Income

Table 4. Personal Income and Its Disposition

[Billions of dollars; quarterly estimates are seasonally adjusted at annual rates]

	Level	Change from preceding period				
	2009	2008		2009		
		I	II	III	IV	I
Personal income	12,067.6	191.7	18.2	-42.9	-59.9	
Compensation of employees, received	8,025.1	23.8	59.4	-8.8	-59.0	
Wage and salary disbursements	6,495.8	13.3	50.5	-12.4	-73.6	
Private industries.....	5,332.5	-0.4	35.6	-20.7	-90.3	
Goods-producing industries.....	1,148.1	-5.0	-1.0	-17.8	-45.8	
Manufacturing	702.7	-3.4	-2.8	-12.0	-27.5	
Services-producing industries	4,184.4	4.7	36.6	-3.0	-44.4	
Trade, transportation, and utilities	1,026.6	-2.0	2.0	-12.9	-10.9	
Other services-producing industries	3,157.8	6.5	34.8	9.9	-33.6	
Government.....	1,163.3	13.7	14.9	8.4	16.6	
Supplements to wages and salaries	1,529.3	10.5	8.9	3.6	14.6	
Proprietors' income with IVA and CCAdj.....	1,040.7	5.2	3.6	-19.9	-19.9	
Farm	25.1	-3.6	-5.6	-6.1	-1.2	
Nonfarm	1,015.6	8.9	9.2	-14.0	-18.6	
Rental income of persons with CCAdj	89.8	19.5	9.9	22.9	-1.6	
Personal income receipts on assets	1,912.8	-1.8	3.4	-67.2	-75.7	
Personal interest income	1,149.8	-15.9	8.7	-34.0	-33.6	
Personal dividend income	762.9	14.1	-5.3	-33.2	-42.2	
Personal current transfer receipts	1,993.3	148.2	-53.6	26.6	94.0	
Less: Contributions for government social insurance	994.0	3.2	4.6	-3.6	-2.4	
Less: Personal current taxes.....	1,296.9	-188.9	124.6	19.7	-193.5	
Equals: Disposable personal income.....	10,770.7	380.5	-106.3	-62.6	133.6	
Less: Personal outlays	10,317.8	133.3	21.7	-260.2	18.1	
Equals: Personal saving	453.0	247.3	-128.1	197.6	115.6	
Addenda: Special factors in personal income						
In government wages and salaries:						
Federal pay raise	18.2	0.3	0.0	0.0	10.1	
Reservists' pay	8.5	0.6	0.6	0.7	0.4	
In supplements to wages and salaries:						
Employer contributions for social insurance	8.5	0.0	0.0	0.0	5.8	
In nonfarm proprietors' income:						
Disasters	0.0	0.0	-2.9	2.9	0.0	
In rental income of persons:						
Disasters	0.0	0.0	-8.9	8.9	0.0	
In personal current transfer receipts:						
Cost-of-living adjustments	59.9	0.0	0.0	3.3	41.1	
Social security retroactive payments	0.0	0.0	0.0	2.5	-2.5	
Emergency unemployment compensation	32.0	0.0	14.1	2.6	15.3	
Disasters	0.0	0.0	9.0	-9.0	0.0	
Economic Stimulus Act of 2008 rebate payments	0.0	112.3	-107.8	-1.7	-2.7	
In contributions for government social insurance:						
Increase in taxable wage base	14.2	0.0	0.0	0.0	8.5	
Changes in premiums for supplementary medical insurance	4.3	0.0	0.0	0.0	1.8	
In personal current taxes:						
Federal tax law changes	-7.8	0.0	0.0	0.0	3.7	
Refunds, settlements, and other	-106.0	0.0	0.0	0.0	-112.7	
Economic Stimulus Act of 2008 rebate payments	0.0	-199.3	142.3	50.8	6.2	

NOTE. Dollar levels are from NIPA tables 2.1 and 2.2B. CCAdj Capital consumption adjustment
IVA Inventory valuation adjustment

Saving

Personal saving—disposable personal income less personal outlays—was \$453.0 billion in the first quarter, an increase of \$115.6 billion. The increase reflected an increase of \$133.6 billion in disposable personal income, compared with an increase of \$18.1 billion in personal outlays.

Personal income, which is only measured in current dollars, decreased \$59.9 billion in the first quarter of 2009 after decreasing \$42.9 billion in the fourth quarter of 2008. The larger decrease primarily reflected a larger decrease in private wage and salary disbursements and a downturn in rental income of persons that were partly offset by an acceleration in personal current transfer receipts.

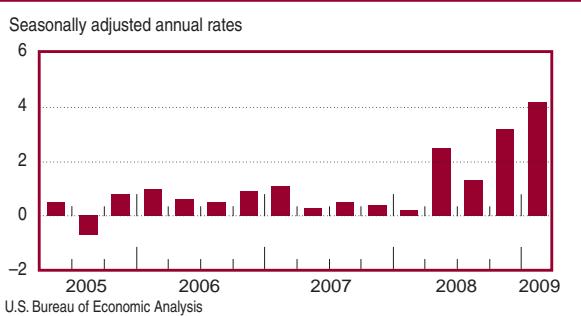
The larger decrease in wage and salary disbursements reflected a larger decrease in wages and salaries in private industries. Wages and salaries in government accelerated, reflecting the federal pay raise.

The downturn in rental income of persons largely reflected a return to more normal levels, following the third-quarter hurricane.

The acceleration in personal current transfer receipts primarily reflected an acceleration in government social benefits to persons, mainly federal social security payments, which included a January cost-of-living adjustment.

Personal current taxes turned down sharply, reflecting a downturn in federal income taxes, primarily in non-withheld taxes, and a larger decrease in state and local taxes.

Personal saving increased \$115.6 billion after increasing \$197.6 billion. The deceleration reflected an upturn in personal outlays that exceeded the upturn in disposable personal income.

Chart 2. Personal Saving Rate

Source Data for the Advance Estimates

Table 5. Monthly Advance Estimates of Key NIPA Components Based on Partial Data, 2009:IV

[Billions of dollars, seasonally adjusted at annual rates]

	2008			2009		
	Oct.	Nov.	Dec.	Jan.	Feb.	March ¹
Private fixed investment:						
Nonresidential structures:						
Value of new nonresidential construction put in place	423.1	413.9	406.9	389.5	390.7	390.1
Equipment and software:						
Manufacturers' shipments of complete aircraft	16.7	16.5	44.9	50.6	32.8	37.9
Residential structures:						
Value of new residential construction put in place:						
Single family	162.0	151.8	138.7	125.9	112.1	103.5
Multifamily.....	43.7	41.9	40.1	39.8	39.0	36.0
Change in private inventories:						
Change in inventories for nondurable manufacturing.....	-57.0	-45.9	-137.7	-28.8	-30.8	-33.6
Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment.....	-53.2	-106.2	-122.8	-53.5	-54.3	-109.0
Net exports: ²						
Exports of goods:						
U.S. exports of goods, international-transactions-accounts basis	1,256.5	1,164.5	1,065.1	986.9	1,016.3	975.0
Excluding gold	1,242.2	1,151.2	1,052.5	971.3	1,004.3	961.8
Imports of goods:						
U.S. imports of goods, international-transactions-accounts basis	2,091.3	1,804.0	1,680.2	1,550.0	1,458.6	1,460.1
Excluding gold.....	2,082.8	1,797.3	1,675.5	1,544.4	1,451.4	1,451.7
Net exports of goods.....	-834.8	-639.6	-615.1	-563.1	-442.3	-485.1
Excluding gold	-840.6	-646.1	-623.0	-573.1	-447.0	-489.9
State and local government structures:						
Value of new construction put in place.....	290.3	290.1	279.1	273.6	275.9	274.7

1. Assumption.

2. Nonmonetary gold is included in balance-of-payments exports and im-

ports, but it is not used directly in estimating exports and imports in the national income and product accounts.

Summary of the Source Data for the Advance Estimates

The advance estimates of many components of GDP are based on 3 months of source data, but the estimates of some components are based on only 2 months of data. For the following items, the number of months for which data are available is shown in parentheses.

Personal consumption expenditures: Sales of retail stores (3), unit auto and truck sales (3), and consumers' shares of auto and truck sales (2);

Nonresidential fixed investment: Unit auto and truck sales (3), construction spending (value put in place) (2), manufacturers' shipments of machinery and equipment excluding aircraft (3), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

Residential investment: Construction spending (value put in place) (2), single-family housing starts (3), sales of new homes (3), and sales of existing houses (3);

Change in private inventories: Trade and nondurable-goods manufacturing inventories (2), durable-goods manufacturing inventories (3), and unit auto and truck inventories (3);

Net exports of goods and services: Exports and imports of goods and services (2);

Government consumption expenditures and gross invest-

ment: Federal outlays (3), state and local government construction spending (value put in place) (2), and state and local government employment (3);

Compensation: Employment, average hourly earnings and average weekly hours (3); and

GDP prices: Consumer price indexes (3), producer price indexes (3), and values and quantities of petroleum imports (2).

Unavailable source data

When source data were unavailable, BEA made various assumptions for March, including the following (table 5):

- A small decrease in nonresidential structures, an increase in aircraft shipments, and decreases in single-family and multifamily residential structures,
 - Decreases in inventories of nondurable-goods manufacturing and of nonmotor vehicle merchant wholesale and retail trade,
 - A decrease in exports of goods excluding gold and a slight increase in imports of goods excluding gold, and
 - A decrease in state and local government structures.
- A more comprehensive list is available on BEA's Web site at www.bea.gov/national/index.htm#supp.