

GDP and the Economy

Second Estimates for the Fourth Quarter of 2011

REAL GROSS domestic product (GDP) increased 3.0 percent at an annual rate in the fourth quarter of 2011, according to the second estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).¹ The second estimate of real GDP growth was revised up 0.2 percentage point from the advance estimate, reflecting an upward revision to nonresidential fixed investment, a downward revision to imports, and an upward revision to consumer spending.² In the third quarter, real GDP increased 1.8 percent.

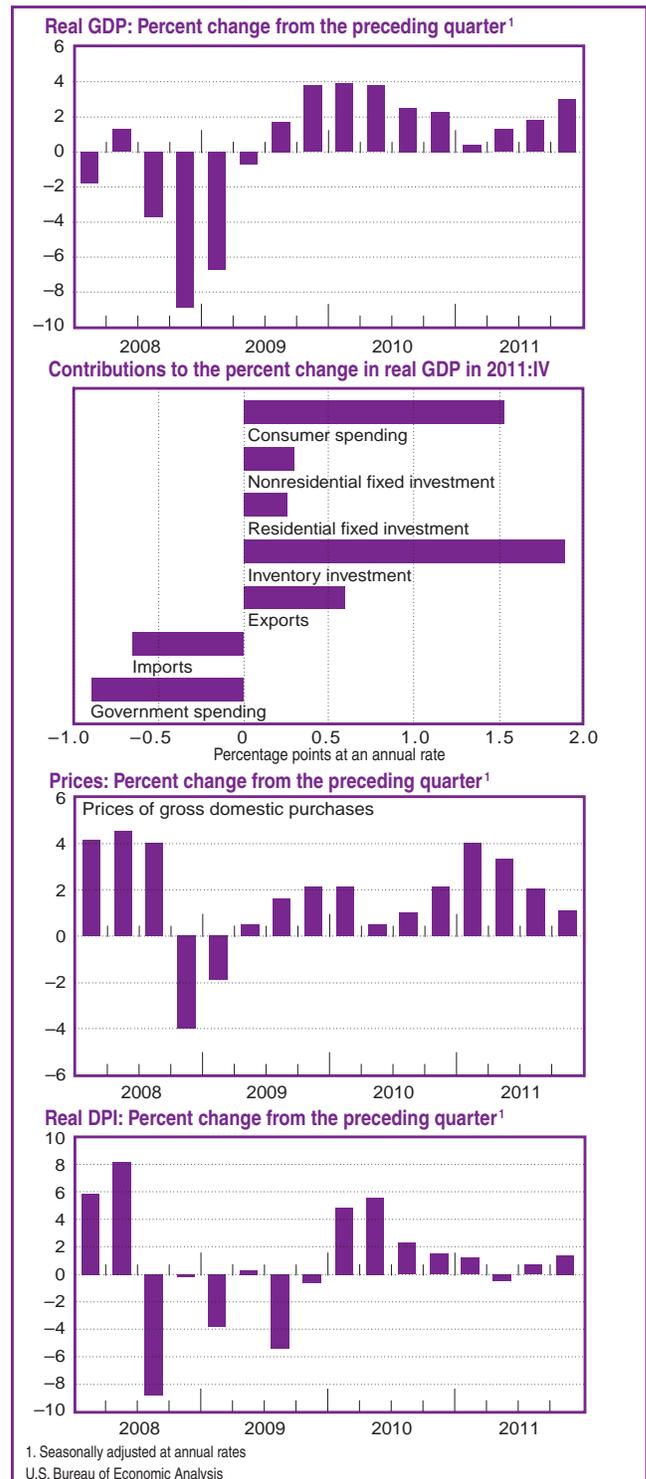
- Prices of goods and services purchased by U.S. residents increased 1.1 percent, 0.3 percentage point more than in the advance estimate. In the third quarter, prices increased 2.0 percent. In the fourth quarter, energy prices turned down, and food prices decelerated. Excluding food and energy, gross domestic purchases prices increased 1.2 percent after increasing 1.8 percent.
- Real disposable personal income (DPI) increased 1.4 percent in the fourth quarter, 0.6 percentage point more than in the advance estimate; real DPI increased 0.7 percent (revised) in the third quarter. Current-dollar DPI increased 2.6 percent in the fourth quarter, 1.1 percentage points more than in the advance estimate, after increasing 3.1 percent (revised) in the third quarter. The revisions to real and current-dollar DPI reflected an upward revision to personal income and a downward revision to personal current taxes. The fourth-quarter acceleration in real DPI, in contrast to the deceleration in current-dollar DPI, reflected a large deceleration in the PCE implicit price deflator that is used to deflate current-dollar DPI.
- The personal saving rate was 4.5 percent, 0.8 percentage point more than in the advance estimate; in the third quarter, the rate was 4.6 percent (revised).

1. "Real" estimates are in chained (2005) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data; for more information, see "Revisions to GDP, GDI, and Their Major Components" in the July 2011 SURVEY OF CURRENT BUSINESS. 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 (PCE)," "inventory investment" refers to "change in private inventories," and "government spending" refers to "government consumption expenditures and gross investment."

Christopher Swann prepared this article.

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)			
		2011					2011			
		IV	I	II	III	IV	I	II	III	IV
Gross domestic product ¹	100.0	0.4	1.3	1.8	3.0	0.4	1.3	1.8	3.0	
Personal consumption expenditures	71.0	2.1	0.7	1.7	2.1	1.47	0.49	1.24	1.52	
Goods.....	24.2	4.7	-1.6	1.4	4.9	1.10	-0.38	0.33	1.17	
Durable goods.....	7.8	11.7	-5.3	5.7	15.3	0.85	-0.42	0.42	1.10	
Nondurable goods.....	16.4	1.6	0.2	-0.5	0.4	0.25	0.04	-0.09	0.06	
Services.....	46.8	0.8	1.9	1.9	0.7	0.36	0.87	0.90	0.35	
Gross private domestic investment	13.1	3.8	6.4	1.3	20.6	0.47	0.79	0.17	2.42	
Fixed investment.....	12.6	1.2	9.2	13.0	4.3	0.15	1.07	1.52	0.53	
Nonresidential.....	10.4	2.1	10.3	15.7	2.8	0.20	0.98	1.49	0.29	
Structures.....	2.8	-14.3	22.6	14.4	-2.6	-0.40	0.54	0.37	-0.07	
Equipment and software.....	7.6	8.7	6.2	16.2	4.8	0.60	0.44	1.12	0.36	
Residential.....	2.3	-2.4	4.2	1.3	11.5	-0.06	0.09	0.03	0.25	
Change in private inventories.....	0.5	.....	.....	.....	.....	0.32	-0.28	-1.35	1.88
Net exports of goods and services	-3.8	.....	.....	.....	.....	-0.34	0.24	0.43	-0.07
Exports.....	13.8	7.9	3.6	4.7	4.3	1.01	0.48	0.64	0.59	
Goods.....	9.8	10.6	2.5	5.0	4.9	0.94	0.24	0.48	0.47	
Services.....	4.1	1.7	6.2	4.0	2.8	0.07	0.24	0.16	0.11	
Imports.....	17.6	8.3	1.4	1.2	3.8	-1.35	-0.24	-0.21	-0.65	
Goods.....	14.8	9.5	1.6	0.5	3.4	-1.29	-0.23	-0.08	-0.49	
Services.....	2.8	2.2	0.4	4.8	6.0	-0.06	-0.01	-0.13	-0.16	
Government consumption expenditures and gross investment	19.7	-5.9	-0.9	-0.1	-4.4	-1.23	-0.18	-0.02	-0.89	
Federal.....	8.0	-9.4	1.9	2.1	-6.9	-0.82	0.16	0.17	-0.58	
National defense.....	5.3	-12.6	7.0	5.0	-12.1	-0.74	0.37	0.27	-0.70	
Nondefense.....	2.7	-2.7	-7.6	-3.8	4.4	-0.08	-0.22	-0.10	0.12	
State and local.....	11.7	-3.4	-2.8	-1.6	-2.5	-0.41	-0.34	-0.19	-0.30	

1. The estimates 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.

Table 2. Real Gross Domestic Product (GDP) and Related Measures

[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)			
		2011					2011			
		IV	I	II	III	IV	I	II	III	IV
Gross domestic product ¹	100.0	0.4	1.3	1.8	3.0	0.4	1.3	1.8	3.0	
Final sales of domestic product.....	99.5	0.0	1.6	3.2	1.1	0.04	1.62	3.16	1.10	
Change in private inventories.....	0.5	.....	.....	.....	.....	0.32	-0.28	-1.35	1.88
Goods.....	28.6	4.9	-0.6	2.2	12.2	1.36	-0.17	0.62	3.30	
Services.....	64.6	-0.1	1.8	1.2	-0.6	-0.05	1.18	0.81	-0.37	
Structures.....	6.8	-13.1	5.0	5.8	0.7	-0.95	0.33	0.38	0.05	
Addenda:										
Motor vehicle output.....	2.6	59.2	-4.1	5.1	18.4	1.08	-0.10	0.12	0.43	
GDP excluding motor vehicle output.....	97.4	-0.7	1.5	1.7	2.6	-0.73	1.44	1.69	2.55	
Final sales of computers.....	0.6	14.7	13.0	42.1	21.3	0.08	0.07	0.22	0.12	
GDP excluding final sales of computers.....	99.4	0.3	1.3	1.6	2.9	0.27	1.26	1.60	2.86	
Gross domestic income (GDI) ².....	.....	2.4	0.2	2.6	.....	.....	.....	.....	.....

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

2. GDI is deflated by the implicit price deflator for GDP. The third-quarter change reflect the incorporation of revised wage and salary estimates for the third quarter of 2011.

NOTE: For GDP and its components, 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. For GDI, percent changes are from NIPA table 1.7.1.

The acceleration in real GDP in the fourth quarter primarily reflected an upturn in inventory investment and accelerations in consumer spending and in residential fixed investment that were partly offset by a deceleration in nonresidential fixed investment, a downturn in federal government spending, an acceleration in imports, and a larger decrease in state and local government spending.

The acceleration in consumer spending reflected an acceleration in spending for durable goods and an upturn in spending for nondurable goods that were partly offset by a slowdown in spending for services.

The deceleration in nonresidential fixed investment reflected a slowdown in equipment and software and a downturn in structures. (See page 4.)

The upturn in inventory investment was the largest contributor to the acceleration in real GDP. It reflected upturns in wholesale trade and in manufacturing industries. (See page 5.)

Exports slowed slightly, mainly reflecting a slight slowdown in exports of services. (See page 6.)

The acceleration in imports mainly reflected a pickup in imports of goods. (See page 6.)

The downturn in federal government spending reflected a downturn in defense spending. Nondefense spending turned up. (See page 7.)

The larger decrease in state and local government spending mainly reflected a larger decrease in consumption expenditures. (See page 7.)

Real final sales of domestic product, real GDP less inventory investment, decelerated, increasing 1.1 percent after increasing 3.2 percent.

Motor vehicle output accelerated, contributing 0.43 percentage point to real GDP growth after contributing 0.12 percentage point.

Final sales of computers slowed, contributing 0.12 percentage point to real GDP growth after contributing 0.22 percentage point.

Consumer Spending

Table 3. Real Personal Consumption Expenditures (PCE)

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)					Contribution to percent change in real PCE (percentage points)				
		2011					2011				
		IV	I	II	III	IV	I	II	III	IV	
PCE ¹	100.0	2.1	0.7	1.7	2.1	2.1	0.7	1.7	2.1		
Goods	34.1	4.7	-1.6	1.4	4.9	1.57	-0.54	0.47	1.65		
Durable goods	11.0	11.7	-5.3	5.7	15.3	1.21	-0.59	0.60	1.55		
Motor vehicles and parts	3.7	15.8	-25.5	1.6	37.9	0.53	-1.03	0.06	1.14		
Furnishings and durable household equipment	2.4	3.5	3.1	5.6	8.6	0.08	0.07	0.13	0.20		
Recreational goods and vehicles.....	3.2	15.3	8.9	12.1	11.7	0.46	0.27	0.37	0.36		
Other durable goods	1.7	8.5	6.1	2.6	-8.0	0.14	0.10	0.05	-0.15		
Nondurable goods	23.1	1.6	0.2	-0.5	0.4	0.36	0.05	-0.13	0.09		
Food and beverages for off-premises consumption.....	7.5	0.8	1.2	-0.1	-1.4	0.06	0.09	-0.01	-0.11		
Clothing and footwear.....	3.3	3.1	2.2	-7.8	3.2	0.10	0.07	-0.27	0.10		
Gasoline and other energy goods.....	3.9	-6.0	-8.0	-1.5	-3.8	-0.23	-0.33	-0.06	-0.15		
Other nondurable goods.....	8.4	5.3	2.7	2.6	3.0	0.43	0.22	0.21	0.25		
Services	65.9	0.8	1.9	1.9	0.7	0.52	1.22	1.27	0.50		
Household consumption expenditures	63.2	0.8	1.9	1.6	0.6	0.50	1.20	1.03	0.37		
Housing and utilities	17.8	-1.5	0.7	2.8	-2.7	-0.27	0.13	0.49	-0.49		
Health care	16.0	0.6	2.8	-0.6	0.8	0.09	0.45	-0.10	0.12		
Transportation services	2.9	-0.5	-0.2	0.3	1.6	-0.01	-0.01	0.01	0.05		
Recreation services.....	3.8	-2.0	9.2	7.5	3.1	-0.07	0.33	0.27	0.12		
Food services and accommodations.....	6.4	6.9	1.1	2.6	5.3	0.42	0.07	0.17	0.33		
Financial services and insurance	7.5	4.3	1.3	3.5	-1.3	0.32	0.10	0.26	-0.09		
Other services	8.9	0.2	1.5	-0.8	3.8	0.02	0.13	-0.07	0.33		
Final consumption expenditures of NPISHs ²	2.7	0.6	0.8	9.7	5.0	0.02	0.02	0.25	0.13		
Gross output of NPISHs ³	10.8	-1.7	1.4	-0.3	1.9	-0.19	0.15	-0.03	0.20		
Less: Receipts from sales of goods and services by NPISHs ⁴	8.1	-2.5	1.5	-3.4	0.8	-0.21	0.13	-0.28	0.07		

1. The estimates under the contribution columns are also percent changes.
 2. Net of expenses, or gross operating expenses less primary sales to households.
 3. Net of unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; excludes own-account investment (construction and software).
 4. Excludes unrelated sales, secondary sales, and sales to business, to government, and to the rest of the world; includes membership dues and fees.
 NOTE: Percent changes are from NIPA table 2.3.1, and contributions, from NIPA table 2.3.2; shares are calculated from NIPA table 2.3.5.
 NPISHs Nonprofit institutions serving households

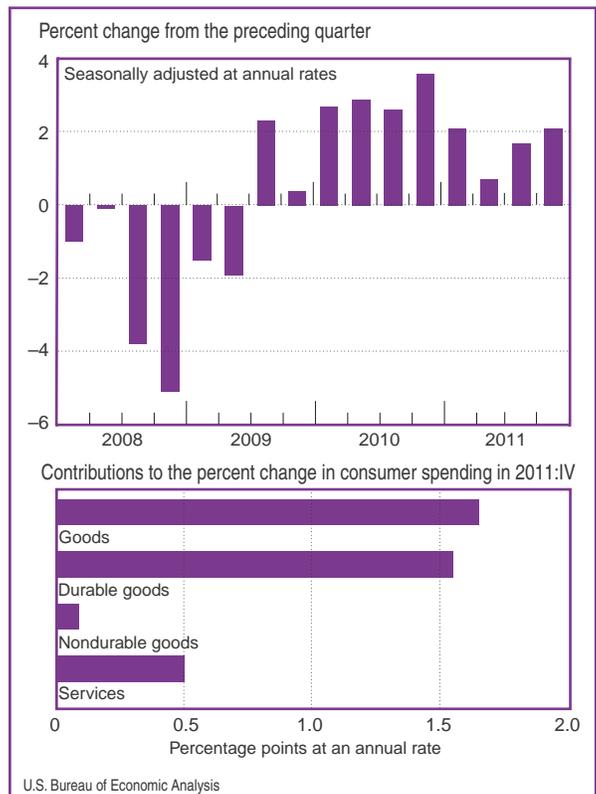
Spending for goods accelerated, reflecting an acceleration in spending for durable goods and an upturn in spending for nondurable goods.

The acceleration in spending for durable goods primarily reflected a sharp acceleration in spending for motor vehicles and parts. In contrast, spending for "other" durable goods turned down.

The upturn in spending for nondurable goods primarily reflected an upturn in spending for clothing and footwear that was partly offset by larger decreases in food and beverages purchased for off-premises consumption and in gasoline and other energy goods.

Spending for services slowed. Downturns in spending for housing and utilities and in financial services and insurance were partly offset by upturns in spending for "other" services and household spending for health care.

Chart 2. Real Personal Consumption Expenditures



Private Fixed Investment

Table 4. Real Private Fixed Investment (PFI)

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)				Contribution to percent change in real PFI (percentage points)			
		2011				2011			
	2011	IV	I	II	III	IV	I	II	III	IV
Private fixed investment ¹	100.0	1.2	9.2	13.0	4.3	1.2	9.2	13.0	4.3
Nonresidential	82.1	2.1	10.3	15.7	2.8	1.67	8.39	12.69	2.32
Structures	22.1	-14.3	22.6	14.4	-2.6	-3.33	4.52	3.10	-0.58
Commercial and health care	4.7	-19.5	22.7	10.8	-16.9	-1.07	1.02	0.53	-0.89
Manufacturing.....	2.2	-20.5	55.4	35.6	23.0	-0.43	0.87	0.65	0.45
Power and communication	5.1	-33.3	13.0	19.6	23.1	-1.98	0.59	0.89	1.04
Mining exploration, shafts, and wells.....	7.0	8.0	33.6	7.5	-18.7	0.52	2.11	0.55	-1.49
Other structures ²	3.1	-11.1	-2.4	16.2	10.6	-0.37	-0.06	0.47	0.31
Equipment and software	60.0	8.7	6.2	16.2	4.8	5.00	3.87	9.59	2.90
Information processing equipment and software	29.6	0.3	8.9	1.2	4.2	0.10	2.73	0.45	1.25
Computers and peripheral equipment...	5.6	-6.7	50.5	12.1	15.4	-0.38	2.30	0.67	0.80
Software ³	14.2	2.0	8.0	8.0	-1.0	0.30	1.17	1.17	-0.15
Other ⁴	9.8	1.6	-6.7	-13.0	6.2	0.18	-0.74	-1.39	0.59
Industrial equipment.....	10.9	11.7	-0.8	31.8	18.0	1.13	-0.05	2.98	1.79
Transportation equipment...	8.8	37.8	14.9	33.0	17.6	2.50	1.22	2.59	1.43
Other equipment ⁵	10.7	12.6	-0.5	36.7	-13.4	1.26	-0.03	3.57	-1.57
Residential	17.9	-2.4	4.2	1.3	11.5	-0.46	0.78	0.28	1.96
Structures	17.4	-2.6	4.2	1.2	11.7	-0.47	0.77	0.25	1.93
Permanent site.....	6.5	-0.8	-4.6	7.6	9.9	-0.05	-0.31	0.49	0.61
Single family.....	5.7	1.3	-6.4	3.6	9.6	0.07	-0.38	0.21	0.52
Multifamily.....	0.8	-15.0	10.0	41.6	12.3	-0.13	0.07	0.28	0.09
Other structures ⁶	11.0	-3.7	9.8	-2.3	12.8	-0.42	1.08	-0.24	1.32
Equipment	0.5	3.3	3.3	5.5	4.8	0.02	0.02	0.03	0.02

Private fixed investment decelerated, reflecting a deceleration in nonresidential fixed investment that was partly offset by an acceleration in residential fixed investment.

The deceleration in nonresidential fixed investment reflected a deceleration in equipment and software and a downturn in structures.

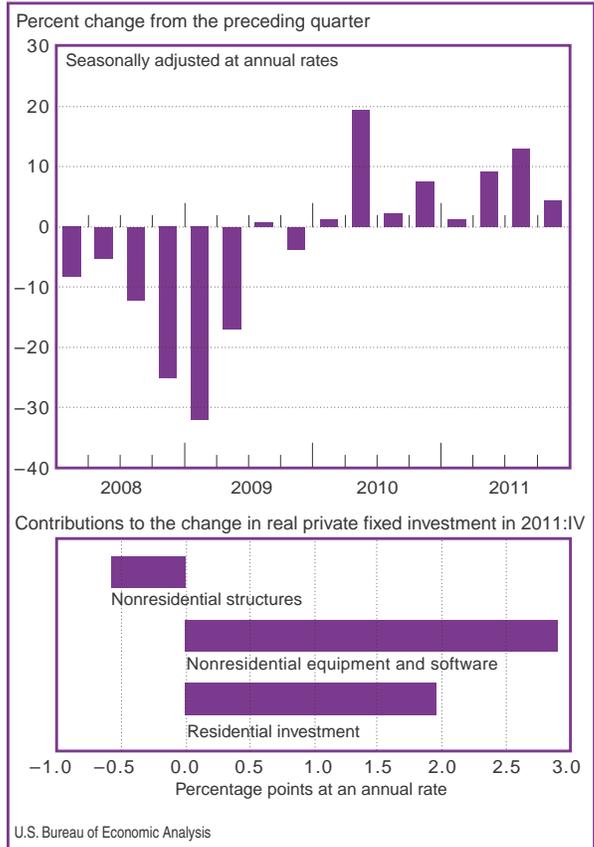
The downturn in structures primarily reflected downturns in mining exploration, shafts, and wells and in commercial and health care.

The deceleration in equipment and software mainly reflected a downturn in "other" equipment (especially a downturn in agricultural machinery, a larger decrease in mining and oilfield machinery, and a slowdown in construction machinery). Industrial equipment and transportation equipment also slowed. In contrast, information processing equipment and software picked up.

The acceleration in residential fixed investment primarily reflected an upturn in "other" structures, mainly improvements, and an acceleration in single-family structures.

1. The estimates under the contribution columns are also percent changes.
 2. Consists primarily of religious, educational, vocational, lodging, railroads, farm, and amusement and recreational structures, net purchases of used structures, and brokers' commissions on the sale of structures.
 3. Excludes software "embedded," or bundled, in computers and other equipment.
 4. Includes communication equipment, nonmedical instruments, medical equipment and instruments, photocopy and related equipment, and office and accounting equipment.
 5. Consists primarily of furniture and fixtures, agricultural machinery, construction machinery, mining and oilfield machinery, service industry machinery, and electrical equipment not elsewhere classified.
 6. Consists primarily of manufactured homes, improvements, dormitories, net purchases of used structures, and brokers' commissions on the sale of residential structures.
 NOTE. Percent changes are from NIPA table 5.3.1, contributions are from NIPA table 5.3.2, and shares are calculated from NIPA table 5.3.5.

Chart 3. Real Private Fixed Investment



Inventory Investment

Table 5. Change in Real Private Inventories by Industry
 [Billions of chained (2005) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter				
	2010	2011				2011				
	IV	I	II	III	IV	I	II	III	IV	
Change in private inventories¹	38.3	49.1	39.1	-2.0	54.3	10.8	-10.0	-41.1	56.3	
Farm.....	-5.2	-7.8	-8.7	-6.0	-5.6	-2.6	-0.9	2.7	0.4	
Mining, utilities, and construction....	-1.6	-1.2	2.5	-0.8	13.5	0.4	3.7	-3.3	14.3	
Manufacturing.....	39.7	33.3	24.2	11.3	32.9	-6.4	-9.1	-12.9	21.6	
Durable-goods industries.....	19.4	27.3	21.2	19.1	19.3	7.9	-6.1	-2.1	0.2	
Nondurable-goods industries.....	20.1	7.0	4.0	-5.9	13.5	-13.1	-3.0	-9.9	19.4	
Wholesale trade.....	16.5	22.3	39.0	6.4	30.3	5.8	16.7	-32.6	23.9	
Durable-goods industries.....	13.9	15.2	30.6	23.2	12.8	1.3	15.4	-7.4	-10.4	
Nondurable-goods industries.....	3.3	7.5	10.1	-12.4	16.3	4.2	2.6	-22.5	28.7	
Retail trade.....	-13.7	-0.7	-20.5	-12.7	-20.7	13.0	-19.8	7.8	-8.0	
Motor vehicle and parts dealers.....	-17.7	-9.1	-23.0	-11.1	-17.3	8.6	-13.9	11.9	-6.2	
Food and beverage stores.....	-0.5	-0.3	2.1	1.3	-0.4	0.2	2.4	-0.8	-1.7	
General merchandise stores.....	1.4	3.7	-0.9	-0.2	1.5	2.3	-4.6	0.7	1.7	
Other retail stores.....	2.2	4.3	-0.4	-3.5	-5.5	2.1	-4.7	-3.1	-2.0	
Other industries.....	1.2	3.9	1.5	-0.4	3.0	2.7	-2.4	-1.9	3.4	
Residual ²	1.8	-1.4	0.1	-5.3	3.2					
Addenda: Ratios of private inventories to final sales of domestic business:³										
Private inventories to final sales.....	2.33	2.34	2.34	2.32	2.32					
Nonfarm inventories to final sales.....	2.12	2.14	2.15	2.13	2.13					
Nonfarm inventories to final sales of goods and structures.....	3.91	3.94	3.96	3.90	3.89					

1. The levels are from NIPA table 5.6.6B.
 2. The residual is the difference between the first line and the sum of the most detailed lines.
 3. The ratios are from NIPA table 5.7.6B.
 NOTE: The chained-dollar series are calculated as the period-to-period change in end-of-period inventories. Quarterly changes are stated at annual rates. Because the formula for the chain-type quantity indexes uses weights of more than one period, chained-dollar estimates are usually not additive.

Real inventory investment turned up in the fourth quarter, increasing \$56.3 billion after decreasing \$41.1 billion in the third quarter.

Inventory investment in manufacturing industries turned up, mainly reflecting a fourth-quarter accumulation in nondurable-goods industries after a third-quarter drawdown and a second-quarter accumulation.

Inventory investment in wholesale trade industries also turned up, primarily reflecting a fourth-quarter accumulation in merchant wholesale trade (nondurable goods) after a third-quarter drawdown and a second-quarter accumulation. In contrast, inventory investment in durable-goods industries in the fourth quarter decreased more than in the third quarter.

Inventory investment in retail trade industries turned down, primarily reflecting larger drawdowns by motor vehicles and parts dealers than in the third quarter. In contrast, inventory investment in "other" industries turned up.

Inventory Investment

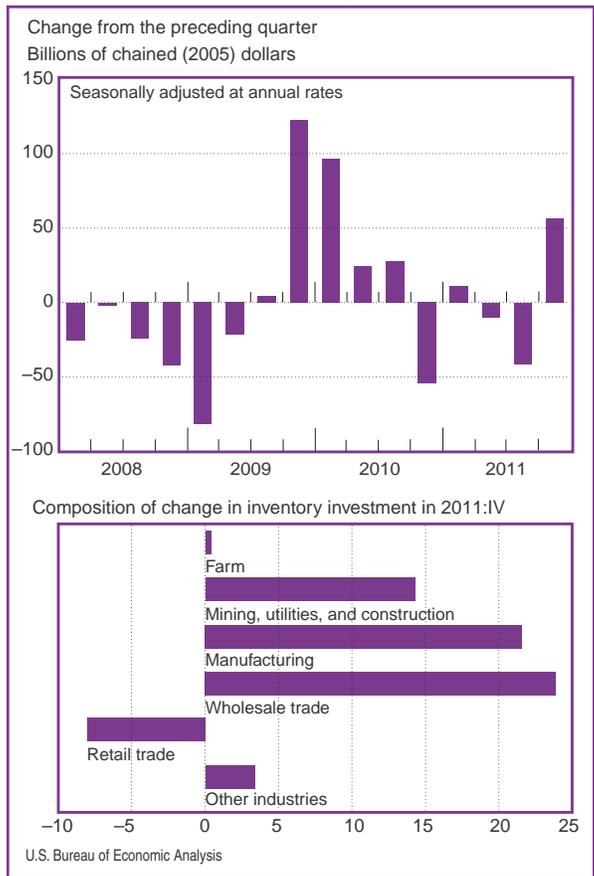
The change in real private inventories, often called real private inventory investment, represents the change in the physical stock of goods held by businesses. It includes finished goods, goods at various stages of production, and raw materials.

The change in private inventories is a key component of gross domestic product (GDP), which aims to measure output derived from current production. To include the value of currently produced goods that are not yet sold and to exclude the value of goods produced in previous periods, the change in private inventories must be included in the GDP calculation.

Thus, GDP can also be seen as the sum of final sales of domestic product and the change in private inventories (table 2).

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA provides estimates for incomplete industry data.

Chart 4. Real Private Inventory Investment



Exports and Imports

Table 6. Real Exports and Imports of Goods and Services

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)				Contribution to percent change in real exports and imports (percentage points)			
		2011				2011			
		IV	I	II	III	IV	I	II	III	IV
Exports of goods and services¹	100.0	7.9	3.6	4.7	4.3	7.9	3.6	4.7	4.3
Exports of goods²	70.5	10.6	2.5	5.0	4.9	7.33	1.79	3.51	3.44
Foods, feeds, and beverages.....	5.8	-9.6	-7.4	-19.5	6.5	-0.61	-0.47	-1.29	0.37
Industrial supplies and materials.....	23.1	15.3	-6.2	4.4	9.3	3.30	-1.48	1.04	2.10
Capital goods, except automotive.....	23.8	4.9	15.7	10.1	1.9	1.18	3.43	2.31	0.46
Automotive vehicles, engines, and parts.....	6.4	48.2	-1.0	28.0	-9.1	2.47	-0.06	1.58	-0.61
Consumer goods, except automotive.....	8.5	-10.5	15.2	1.5	8.2	-0.95	1.20	0.13	0.67
Other.....	3.0	90.0	-23.5	-8.6	16.2	1.95	-0.83	-0.26	0.44
Exports of services²	29.5	1.7	6.2	4.0	2.8	0.52	1.77	1.15	0.83
Imports of goods and services¹	100.0	8.3	1.4	1.2	3.8	8.30	1.40	1.20	3.80
Imports of goods²	84.0	9.5	1.6	0.5	3.4	7.92	1.31	0.46	2.85
Foods, feeds, and beverages.....	4.2	8.6	3.8	4.8	18.1	0.34	0.15	0.19	0.69
Industrial supplies and materials, except petroleum and products.....	10.7	20.3	23.5	-2.5	-11.6	2.04	2.37	-0.28	-1.37
Petroleum and products.....	17.2	13.2	-11.3	-5.8	3.4	2.02	-2.11	-1.05	0.58
Capital goods, except automotive.....	19.7	11.4	16.8	1.9	12.5	2.14	2.97	0.36	2.32
Automotive vehicles, engines, and parts.....	9.9	40.2	-37.7	70.6	-2.0	3.36	-4.39	4.98	-0.20
Consumer goods, except automotive.....	19.3	8.6	4.8	-11.1	0.1	1.72	0.93	-2.28	0.03
Other.....	3.2	-64.9	54.2	-37.1	29.0	-3.71	1.38	-1.46	0.79
Imports of services²	16.0	2.2	0.4	4.8	6.0	0.38	0.07	0.75	0.94
Addenda:									
Exports of agricultural goods ³	6.3	-0.3	-17.9	-24.9	12.5	.....	.....	.....	.....
Exports of nonagricultural goods.....	64.3	11.9	5.1	8.6	4.2	.....	.....	.....	.....
Imports of nonpetroleum goods.....	66.9	8.7	5.2	2.3	3.4	.....	.....	.....	.....

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

2. Exports and imports of certain goods, primarily military equipment purchased and sold by the federal government, are included in services.

3. Includes parts of foods, feeds, and beverages, of nondurable industrial supplies and materials, and of nondurable nonautomotive consumer goods.

NOTE. Percent changes are from NIPA table 4.2.1, contributions are from NIPA table 4.2.2, and shares are calculated from NIPA table 4.2.5.

Exports of goods and services slowed in the fourth quarter of 2011 reflecting slowdowns in exports of both services and goods.

The slight slowdown in exports of goods reflected a downturn in automotive vehicles, engines, and parts and a slowdown in nonautomotive capital goods that were largely offset by an upturn in foods, feeds, and beverages, a pickup in industrial supplies and materials, an upturn in "other" exports of goods, and a pickup in nonautomotive consumer goods.

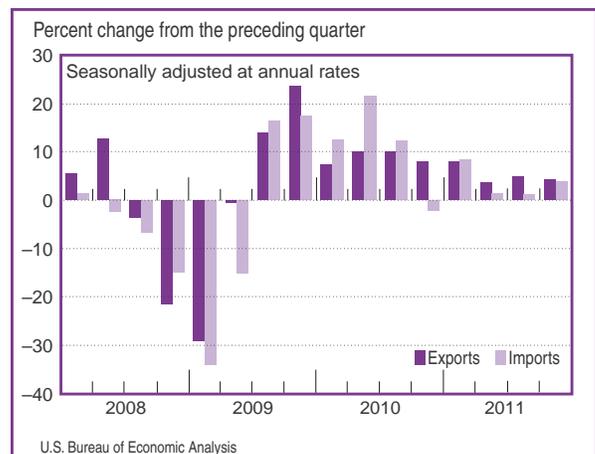
The slowdown in exports of services mainly reflected downturns in travel and in passenger fares that were partly offset by pickups in royalties and license fees and in "other" private services.

Imports of goods and services picked up, reflecting pickups in imports of both goods and services.

The pickup in imports of goods reflected upturns in nonautomotive consumer goods and in "other" imports of goods, a pickup in nonautomotive capital goods, an upturn in petroleum and products, and a pickup in foods, feeds, and beverages. In contrast, automotive vehicles, engines, and parts turned down sharply, and nonpetroleum industrial supplies and materials decreased more than in the third quarter.

The pickup in imports of services mainly reflected an upturn in "other" transportation, a pickup in "other" private services, and an upturn in direct defense expenditures. In contrast, travel services slowed, and passenger fares turned down.

Chart 5. Real Exports and Imports of Goods and Services



Government Spending

Table 7. Real Government Consumption Expenditures and Gross Investment (CEGI)
[Seasonally adjusted at annual rates]

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)					Contribution to percent change in real CEGI (percentage points)			
	2011	2011					2011			
	IV	I	II	III	IV	I	II	III	IV	
Government consumption expenditures and gross investment¹	100.0	-5.9	-0.9	-0.1	-4.4	-5.9	-0.9	-0.1	-4.4	
Consumption expenditures.....	84.1	-2.4	0.5	-0.7	-3.9	-1.95	0.40	-0.61	-3.31	
Gross investment.....	15.9	-21.6	-7.8	3.3	-6.5	-3.91	-1.29	0.52	-1.05	
Federal.....	40.6	-9.4	1.9	2.1	-6.9	-3.90	0.78	0.83	-2.86	
National defense.....	27.0	-12.6	7.0	5.0	-12.1	-3.54	1.84	1.34	-3.46	
Consumption expenditures.....	23.5	-7.3	9.1	4.0	-10.9	-1.70	2.05	0.94	-2.72	
Gross investment.....	3.5	-39.1	-5.8	11.9	-19.1	-1.84	-0.21	0.40	-0.74	
Nondefense.....	13.6	-2.7	-7.6	-3.8	4.4	-0.36	-1.07	-0.51	0.60	
Consumption expenditures.....	11.8	-2.4	-8.0	-4.9	6.8	-0.27	-0.98	-0.58	0.79	
Gross investment.....	1.7	-5.3	-5.0	4.2	-10.5	-0.09	-0.09	0.07	-0.19	
State and local.....	59.4	-3.4	-2.8	-1.6	-2.5	-1.97	-1.67	-0.93	-1.50	
Consumption expenditures.....	48.7	0.0	-1.4	-2.0	-2.8	0.01	-0.68	-0.97	-1.38	
Gross investment.....	10.8	-16.9	-8.9	0.4	-1.2	-1.98	-0.99	0.05	-0.12	

1. The estimates under the contribution columns are also percent changes.
NOTE. Percent changes are from NIPA table 3.9.1, contributions from NIPA table 3.9.2, and shares are calculated from NIPA table 3.9.5.

Government spending decreased more in the fourth quarter than in the third quarter, reflecting a downturn in federal government spending and a larger decrease in state and local government spending.

The downturn in federal government spending reflected a downturn in national defense spending that was partly offset by an upturn in nondefense spending. The downturn in national defense spending reflected downturns in consumption expenditures and in gross investment (both structures and equipment and software). The upturn in nondefense spending reflected an upturn in consumption expenditures that was partly offset by a downturn in gross investment, mainly in equipment and software.

The larger decrease in state and local government spending reflected a larger decrease in consumption expenditures and a downturn in gross investment as a result of a deceleration in equipment and software.

Government Spending

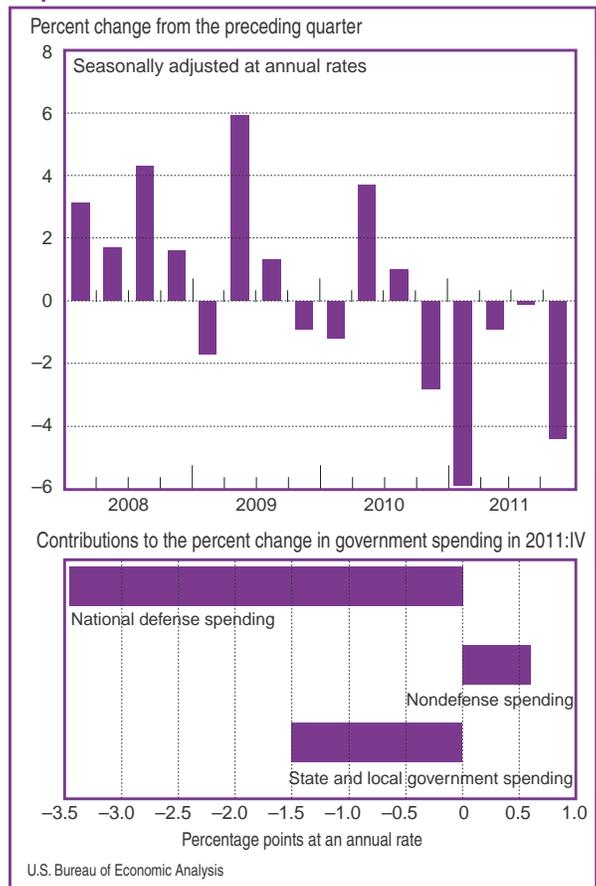
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

Government consumption expenditures consists of the goods and services that are produced by general government (less any sales to other sectors and investment goods produced by government itself). Governments generally provide services to the general public without charge. The value of government production—that is, government’s gross output—is measured as spending for labor and for intermediate goods and services and a charge for consumption of fixed capital (which represents a partial measure of the services provided by government-owned fixed capital).

Gross investment consists of new and used structures (such as highways and dams) and of equipment and software purchased or produced by government and government-owned enterprises.

Government consumption expenditures and gross investment excludes current transactions of government-owned enterprises, current transfer payments, interest payments, subsidies, and transactions in financial assets and nonproduced assets, such as land.

Chart 6. Real Government Consumption Expenditures and Gross Investment



Prices

Table 8. Prices for Gross Domestic Purchases

(Percent change at annual rates; based on seasonally adjusted index numbers (2005=100))

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2011				2011			
	I	II	III	IV	I	II	III	IV
Gross domestic purchases¹	4.0	3.3	2.0	1.1	4.0	3.3	2.0	1.1
Personal consumption expenditures	3.9	3.3	2.3	1.2	2.67	2.26	1.60	0.80
Goods	8.0	5.1	2.9	0.0	1.80	1.17	0.67	0.01
Durable goods	-0.6	1.7	-0.5	-2.5	-0.04	0.13	-0.04	-0.19
Nondurable goods	12.4	6.7	4.5	1.2	1.84	1.04	0.71	0.19
Services	1.9	2.4	2.1	1.8	0.87	1.09	0.93	0.80
Gross private domestic investment	2.1	2.2	1.1	1.3	0.26	0.27	0.14	0.16
Fixed investment	1.4	2.4	1.5	1.3	0.17	0.28	0.18	0.15
Nonresidential	1.4	2.5	1.8	1.6	0.14	0.24	0.17	0.16
Structures	5.0	6.1	5.6	4.6	0.12	0.15	0.15	0.12
Equipment and software	0.2	1.2	0.4	0.5	0.01	0.09	0.03	0.04
Residential	1.5	2.0	0.3	-0.2	0.03	0.04	0.01	-0.01
Change in private inventories .....	.....	.....	.....	.....	0.09	-0.01	-0.04	0.01
Government consumption expenditures and gross investment	5.4	4.2	1.3	0.9	1.05	0.81	0.24	0.18
Federal	5.3	3.8	1.8	-0.4	0.42	0.30	0.14	-0.03
National defense	6.3	3.8	1.5	-0.6	0.33	0.20	0.08	-0.03
Nondefense	3.4	3.7	2.3	0.1	0.09	0.10	0.06	0.00
State and local	5.5	4.5	0.9	1.8	0.63	0.52	0.10	0.21
Addenda:								
Gross domestic purchases:								
Food	5.9	5.7	4.2	3.5	0.29	0.28	0.21	0.18
Energy goods and services	42.4	15.0	3.2	-3.0	1.49	0.60	0.13	-0.13
Excluding food and energy	2.4	2.7	1.8	1.2	2.20	2.46	1.64	1.10
Personal consumption expenditures (PCE):								
Food and beverages for off-premises consumption	6.5	6.4	4.7	3.3	.....	.....	.....	.....
Energy goods and services	40.7	15.0	3.3	-3.2	.....	.....	.....	.....
Excluding food and energy	1.6	2.3	2.1	1.3	.....	.....	.....	.....
Gross domestic product (GDP)	2.5	2.5	2.6	0.9	.....	.....	.....	.....
Exports	11.0	8.8	1.9	-3.7	.....	.....	.....	.....
Imports	19.1	12.5	-1.3	-1.3	.....	.....	.....	.....

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. GDP, export, and import prices are from NIPA table 1.1.7.

Prices of goods and services purchased by U.S. residents, as measured by the price index for gross domestic purchases, slowed in the fourth quarter, increasing 1.1 percent after increasing 2.0 percent. The largest contributor to the slowdown was a slowdown in consumer prices.

Consumer prices slowed, mainly reflecting a slowdown in prices paid for goods.

The slowdown in goods prices reflected a slowdown in nondurable-goods prices that mainly reflected a downturn in prices paid for gasoline and other energy goods and a slowdown in prices of clothing and footwear. Durable-goods prices decreased more than in the third quarter, mainly reflecting a downturn in prices of motor vehicles and parts.

The largest contributor to the slowdown in services prices was a slowdown in prices paid for food services and accommodations.

Prices paid by government decelerated, reflecting a downturn in prices paid by the federal government that was partly offset by an acceleration in prices paid by state and local governments.

The downturn in prices paid by the federal government reflected a downturn in prices paid for national defense and a slowdown in prices paid for nondefense.

The pickup in prices paid by state and local governments reflected a pickup in prices paid for consumption expenditures.

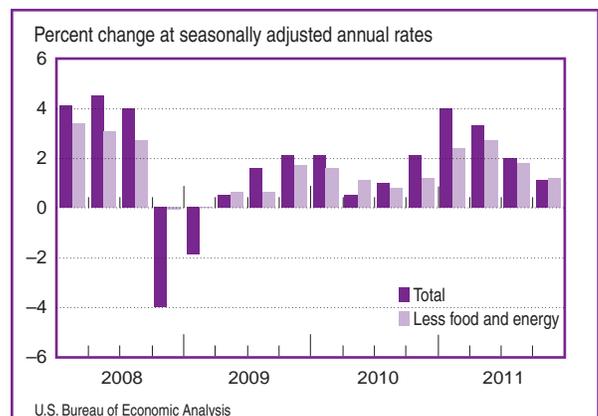
The GDP price index increased 0.9 percent, 0.2 percentage point less than the increase in the price index for gross domestic purchases prices, reflecting a larger decrease in export prices (3.7 percent) than in import prices (1.3 percent).

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, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

The GDP price index measures the prices of goods and services produced in the United States, including the prices of goods and services produced for export.

The difference between the gross domestic purchases price index and the GDP price index reflects the differences between imports prices (included in the gross domestic purchases index) and exports prices (included in the GDP price index). For other measures that are affected by import and export prices, see the dollar depreciation [FAQ Answer ID 498](#) on BEA's Web site.

Chart 7. Gross Domestic Purchases Prices

Revisions

Table 9. Advance and Second Estimates for the Fourth Quarter of 2011
[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
Gross domestic product (GDP) ¹	2.8	3.0	0.2	2.8	3.0	0.2
Personal consumption expenditures	2.0	2.1	0.1	1.45	1.52	0.07
Goods	5.7	4.9	-0.8	1.34	1.17	-0.17
Durable goods	14.8	15.3	0.5	1.07	1.10	0.03
Nondurable goods	1.7	0.4	-1.3	0.27	0.06	-0.21
Services	0.2	0.7	0.5	0.10	0.35	0.25
Gross private domestic investment	20.0	20.6	0.6	2.35	2.42	0.07
Fixed investment	3.3	4.3	1.0	0.41	0.53	0.12
Nonresidential	1.7	2.8	1.1	0.18	0.29	0.11
Structures	-7.2	-2.6	4.6	-0.21	-0.07	0.14
Equipment and software	5.2	4.8	-0.4	0.39	0.36	-0.03
Residential	10.9	11.5	0.6	0.23	0.25	0.02
Change in private inventories				1.94	1.88	-0.06
Net exports of goods and services				-0.11	-0.07	0.04
Exports	4.7	4.3	-0.4	0.64	0.59	-0.05
Goods	5.0	4.9	-0.1	0.48	0.47	-0.01
Services	3.9	2.8	-1.1	0.16	0.11	-0.05
Imports	4.4	3.8	-0.6	-0.75	-0.65	0.10
Goods	4.1	3.4	-0.7	-0.60	-0.49	0.11
Services	5.6	6.0	0.4	-0.15	-0.16	-0.01
Government consumption expenditures and gross investment	-4.6	-4.4	0.2	-0.93	-0.89	0.04
Federal	-7.3	-6.9	0.4	-0.62	-0.58	0.04
National defense	-12.5	-12.1	0.4	-0.73	-0.70	0.03
Nondefense	4.2	4.4	0.2	0.11	0.12	0.01
State and local	-2.6	-2.5	0.1	-0.32	-0.30	0.02
Addenda:						
Final sales of domestic product	0.8	1.1	0.3	0.81	1.10	0.29
Gross domestic purchases price index	0.8	1.1	0.3			
GDP price index	0.4	0.9	0.5			

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

The second estimate of the fourth-quarter increase in real GDP is 0.2 percentage point more than the advance estimate, primarily reflecting an upward revision to nonresidential fixed investment, a downward revision to imports, and an upward revision to consumer spending. The average revision (without regard to sign) between the advance estimate and the second estimate is 0.5 percentage point.

The upward revision to consumer spending reflected an upward revision to services that was partly offset by a downward revision to goods.

The downward revision to goods was due to downward revisions to motor vehicle fuels, lubricants, and fluids (based on a revised consumer price index) and to food and beverages purchased for off-premises consumption (based on revised retail sales data).

The upward revision to services was due to upward revisions to "other" services (based on newly available cellular telephone revenue data) and to financial services and insurance (based on newly available data from the Securities and Exchange Commission).

The upward revision to nonresidential fixed investment was more than accounted for by an upward revision to structures, mainly manufacturing structures, based on the incorporation of revised and newly available Census Bureau construction spending data.

The downward revision to imports was more than accounted for by a downward revision to goods, mainly petroleum and products (based on the incorporation of newly available data from the Census Bureau).

Source Data for the Second Estimates

Personal consumption expenditures: retail sales for October, November, and December (revised). Motor vehicle registrations for December (new). Energy Information Administration data for motor vehicle fuels, lubricants, and fluids for November (revised).

Nonresidential fixed investment: construction spending (value put in place) for October and November (revised) and December (new). Manufacturers' shipments (M3) of machinery and equipment for November and December (revised). Exports and imports for October and November (revised) and December (new).

Residential fixed investment: construction spending for October and November (revised) and December (new).

Change in private inventories: manufacturers' inventories for October, November, and December (revised) and trade inventories for October and November (revised) and December (new).

Exports and imports: international transactions accounts for October and November (revised) and December (new).

Government consumption expenditures and gross investment: state and local construction spending for October and November (revised) and December (new).

Prices: Seasonal adjustment factors for consumer price indexes.

Personal Income for the Third Quarter of 2011

With the release of the second estimates of GDP, BEA also releases revised estimates of various income-related measures for the previous quarter. This revision reflects the incorporation of newly available third-quarter tabulations from the Quarterly Census of Employment and Wages from the Bureau of Labor Statistics.

Wage and salary disbursements increased \$107.2 billion, an upward revision of \$82.4 billion. Personal current taxes increased \$12.9 billion, an upward revision of \$0.6 billion. Contributions for government social insurance, which is subtracted in calculating personal income, increased \$15.0 billion, an upward revision of \$11.2 billion.

As a result of these revisions,

- Personal income increased \$101.5 billion, an upward revision of \$77.2 billion.
- Disposable personal income increased \$88.5 billion, an upward revision of \$76.6 billion.
- Personal saving decreased \$23.4 billion, \$76.6 billion less of a decrease.
- The personal saving rate was 4.6 percent, an upward revision of 0.7 percentage point.