

FOR WIRE TRANSMISSION: 8:30 A.M. EDT, THURSDAY, MAY 27, 1999

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Recorded message: 606-5306

BEA 99-14

GROSS DOMESTIC PRODUCT: FIRST QUARTER 1999 (PRELIMINARY)
CORPORATE PROFITS: FIRST QUARTER 1999 (PRELIMINARY)

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- increased at an annual rate of 4.1 percent in the first quarter of 1999, according to preliminary estimates released by the Commerce Department's Bureau of Economic Analysis. In the fourth quarter, real GDP increased 6.0 percent. Real GDP increased \$77.0 billion in the first quarter, following an increase of \$111.2 billion in the fourth.

The GDP estimates released today are based on more complete source data than were available for the advance estimates issued last month. In the advance estimates, the increase in real GDP was 4.5 percent (see "Revisions" on page 3).

As announced in the February issue of the Survey of Current Business, the Bureau of Economic Analysis plans to release the results of its 11th comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) beginning on October 28, 1999, along with the release of the advance estimates for the third quarter of 1999. The annual revision of the NIPA's that would normally take place this summer will instead be combined with the upcoming comprehensive revision. An article previewing the definitional and statistical changes that will be introduced in the comprehensive revision is scheduled for the August issue of the Survey.

The major contributors to the increase in real GDP in the first quarter were personal consumption expenditures and fixed investment. The contributions of these components were partially offset by the effects of a decrease in exports and an increase in imports. The deceleration in real GDP in the first quarter reflected a downturn in exports.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 1.1 percent in the first quarter, 0.1 percentage point more than the advance estimate; this index increased 0.9 percent in the fourth.

Real personal consumption expenditures increased 6.8 percent in the first quarter, compared with an increase of 5.0 percent in the fourth. Real nonresidential fixed investment increased 7.9 percent, compared with an increase of 14.6 percent. Nonresidential structures increased 2.9 percent, compared with an increase of 6.0 percent. Producers' durable equipment increased 9.7 percent, compared with an increase of 17.8 percent. Real residential fixed investment increased 15.4 percent, compared with an increase of 10.0 percent.

Real exports of goods and services decreased 6.8 percent in the first quarter, in contrast to an increase of 19.7 percent in the fourth. Real imports of goods and services increased 14.2 percent, compared with an increase of 12.0 percent.

Real federal government consumption expenditures and gross investment decreased 1.7 percent in the first quarter, in contrast to an increase of 7.3 percent in the fourth. National defense decreased 6.6 percent, in contrast to an increase of 1.3 percent. Nondefense increased 8.1 percent, compared with an increase of 19.8 percent. Real state and local government consumption expenditures and gross investment increased 7.7 percent, compared with an increase of 1.3 percent.

The real change in business inventories subtracted 0.23 percentage point from the first-quarter change in real GDP, after subtracting 0.53 percentage point from the fourth-quarter change. Businesses increased inventories \$39.0 billion in the first quarter, following increases of \$44.2 billion in the fourth quarter and \$55.7 billion in the third.

Real final sales of domestic product -- GDP less change in business inventories -- increased 4.3 percent in the first quarter, compared with an increase of 6.6 percent in the fourth.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 6.6 percent in the first quarter, compared with an increase of 5.4 percent in the fourth.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 4.0 percent in the first quarter, compared with an increase of 6.3 percent in the fourth. GNP includes, and GDP excludes, net receipts of factor income from the rest of the world.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 5.6 percent, or \$118.5 billion, in the first quarter. In the fourth quarter, current-dollar GDP increased 6.9 percent, or \$143.3 billion.

Revisions

The preliminary estimate of the first-quarter increase in real GDP is 0.4 percentage point, or \$7.8 billion, lower than the advance estimate issued last month. The downward revision to the percent change in real GDP reflected a downward revision to the change in business inventories (\$6.2 billion) and an upward revision to imports (\$7.1 billion) that more than offset an upward revision to exports (\$2.5 billion).

	Advance	Preliminary
	(Percent change from preceding quarter)	
Real GDP.....	4.5	4.1
Current-dollar GDP.....	6.0	5.6
Gross domestic purchases price index.....	1.0	1.1

Corporate Profits

Profits from current production (profits before tax with inventory valuation and capital consumption adjustments) increased \$31.8 billion in the first quarter, according to the preliminary estimates. In the fourth quarter, profits decreased \$5.3 billion. The first-quarter turnaround partly reflects the effects of payments by tobacco companies related to out-of-court settlements. Third-quarter profits had been reduced by \$1.7 billion, fourth-quarter profits by \$13.5 billion, and first-quarter profits by \$0.9 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$24.2 billion in the first quarter, compared with an increase of \$4.9 billion in the fourth.

Domestic profits of financial corporations increased \$9.1 billion in the first quarter, compared with an increase of \$0.6 billion in the fourth.

Domestic profits of nonfinancial corporations increased \$19.7 billion in the first quarter, in contrast to a decrease of \$12.7 billion in the fourth. In the first quarter, both real gross corporate product and profits per unit of real product increased. The increase in unit profits reflected a small increase in the prices corporations received and a decrease in the unit nonlabor costs they incurred. The decrease in unit nonlabor costs primarily reflected much smaller tobacco settlement payments in the first quarter than in the fourth.

The foreign component of profits increased \$3.0 billion in the first quarter, compared with an increase of \$6.9 billion in the fourth. Profits from the rest of the world is calculated as (1) receipts by U.S. residents of earnings from their foreign affiliates plus dividends received by U.S. residents from unaffiliated foreign corporations minus (2) payments by U.S. affiliates of earnings to their foreign parents plus dividends paid by U.S. corporations to unaffiliated foreign residents. The first-quarter increase was accounted for by a larger increase in receipts than in payments.

Profits before tax with inventory valuation adjustment is the best available measure of industry profits because estimates of the capital consumption adjustment by industry do not exist. According to this measure, domestic profits of both financial corporations and nonfinancial corporations increased. Profit increases for nonfinancial corporations were widespread among major industry groups. The largest increases occurred in nondurable goods manufacturing and in the transportation and public utilities group. Profits decreased in durable goods manufacturing and in "other" nonmanufacturing.

Profits before tax increased \$30.3 billion in the first quarter, in contrast to a decrease of \$12.4 billion in the fourth. The before-tax measure of profits does not reflect, as does profits from current production, the capital consumption and inventory valuation adjustments; these adjustments convert depreciation and inventories reported by business to the measures used in the national income and product accounts. The capital consumption adjustment increased \$4.5 billion in the first quarter (from \$100.2 billion to \$104.7 billion), compared with an increase of \$5.4 billion in the fourth. The inventory

valuation adjustment decreased \$3.0 billion (from \$13.4 billion to \$10.4 billion), in contrast to an increase of \$1.7 billion.

Profits tax liability increased \$10.2 billion in the first quarter, in contrast to a decrease of \$7.6 billion in the fourth. Profits after tax increased \$20.1 billion, in contrast to a decrease of \$4.8 billion. Dividends increased \$3.3 billion, the same increase as in the fourth; undistributed profits increased \$16.9 billion in the first quarter, in contrast to a decrease of \$8.1 billion in the fourth.

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Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306	Gross domestic product
606-5303	Personal income and outlays
606-5362	Summary of international transactions

Most of BEA's estimates and analyses appear in the Survey of Current Business, BEA's monthly journal. The printed Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402. First class mail: Annual subscription \$88.00 domestic. Second class mail: Annual subscription \$39.00 domestic, \$48.75 foreign; single issue \$14.00 domestic, \$17.50 foreign.

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Next release -- June 25, 1999, at 8:30 A.M. EDT for:
Gross Domestic Product: First Quarter 1999 (Final)
Corporate Profits: First Quarter 1999 (Revised)

Wholesale trade.....	20.1	28.1	7.9	30.5	14.1	10.7	19.5	27.0	7.6	29.6	13.7	10.4	-2.5	-15.9	-3.3
Retail trade.....	3.0	18.3	-12.7	-5.5	11.7	20.0	2.8	17.3	-11.9	-5.3	10.9	18.8	-4.0	16.2	7.9
Other.....	8.7	12.3	11.2	4.3	7.0	10.4	8.1	11.5	10.4	4.0	6.6	9.9	-1.8	2.6	3.3
Net exports of goods and services....	-151.2	-123.7	-159.3	-165.5	-156.2	-203.1	-238.2	-198.5	-245.2	-259.0	-250.0	-310.1	-102.1	9.0	-60.1
Exports.....	959.0	973.3	949.6	936.2	976.8	958.1	984.7	991.9	972.1	965.3	1,009.6	992.0	14.7	44.3	-17.6
Goods.....	680.8	694.5	668.8	663.3	696.6	672.6	742.6	748.5	726.3	727.3	768.4	745.4	16.1	41.1	-23.0
Foods, feeds, and beverages....	46.1	49.8	44.9	42.4	47.5	44.0	43.1	45.6	41.7	39.9	45.4	42.4	-.8	5.5	-3.0
Industrial supplies and materials.....	142.5	148.6	144.2	138.1	139.3	133.9	130.6	132.8	130.7	127.9	131.1	127.3	-1.8	3.2	-3.8
Capital goods, except automotive.....	301.2	302.0	288.4	299.2	315.0	302.8	408.4	405.5	389.7	407.6	430.6	415.0	19.8	23.0	-15.6
Automotive vehicles, engines, and parts.....	72.3	77.7	72.2	65.3	73.9	71.8	68.7	73.9	68.7	62.1	70.0	67.9	-1.7	7.9	-2.1
Consumer goods, except automotive.....	79.6	78.3	80.1	80.3	79.7	79.5	75.8	74.4	76.3	76.6	76.1	76.0	2.1	-.5	-.1
Other.....	39.1	38.1	39.1	37.9	41.1	40.5	39.7	38.3	39.5	38.7	42.3	42.2	2.5	3.6	-.1
Services.....	278.2	278.8	280.8	272.9	280.2	285.5	246.4	247.8	248.8	242.1	247.0	250.3	-.6	4.9	3.3
Imports.....	1,110.2	1,097.1	1,108.9	1,101.7	1,133.0	1,161.2	1,222.9	1,190.4	1,217.3	1,224.3	1,259.6	1,302.1	116.8	35.3	42.5
Goods.....	932.4	920.9	931.8	924.7	952.2	978.3	1,054.4	1,021.0	1,048.8	1,056.3	1,091.7	1,131.0	108.7	35.4	39.3
Foods, feeds, and beverages....	41.3	41.7	41.8	40.5	41.1	42.8	38.1	38.2	38.3	37.8	38.2	40.5	2.6	.4	2.3
Industrial supplies and materials, except petroleum and products.....	142.7	141.3	144.4	144.8	140.2	139.4	137.0	132.8	137.3	140.3	137.6	137.2	13.3	-2.7	-.4
Petroleum and products.....	51.2	54.9	53.9	49.2	46.6	41.8	71.8	68.3	74.5	73.4	70.8	69.9	5.1	-2.6	-.9
Capital goods, except automotive.....	270.4	268.9	270.5	267.0	275.1	280.9	426.7	413.6	424.7	426.2	442.3	457.2	53.4	16.1	14.9
Automotive vehicles, engines, and parts.....	150.3	148.0	146.0	143.5	163.7	173.4	138.0	135.5	133.9	132.2	150.3	158.5	8.6	18.1	8.2
Consumer goods, except automotive.....	215.6	209.3	217.5	217.2	218.3	231.1	213.7	206.3	215.5	216.1	216.8	229.6	24.9	.7	12.8
Other.....	61.0	56.7	57.7	62.6	67.1	68.8	57.3	53.4	53.9	58.8	62.9	64.4	7.4	4.1	1.5
Services.....	177.8	176.2	177.1	177.0	180.8	182.9	171.2	171.3	171.0	170.8	171.6	175.3	9.4	.8	3.7

See note at the end of the table.

Table 3.--Gross Domestic Product and Related Measures: Level and Change From Preceding Period--Continued

	Billions of current dollars						Billions of chained (1992) dollars						Change from preceding period		
	Seasonally adjusted at annual rates						Seasonally adjusted at annual rates								
	1998	I 98	II 98	III 98	IV 98	I 99r	1998	I 98	II 98	III 98	IV 98	I 99r	1998	IV 98	I 99r
Government consumption expenditures and gross investment.....	1,487.1	1,464.9	1,481.2	1,492.3	1,510.2	1,537.7	1,296.9	1,283.0	1,294.8	1,299.6	1,310.3	1,324.2	11.9	10.7	13.9
Federal.....	520.6	511.6	520.7	519.4	530.7	536.9	453.3	446.1	454.1	452.5	460.6	458.6	-4.7	8.1	-2.0
National defense.....	340.4	331.6	339.8	343.7	346.4	345.5	300.4	293.3	300.3	303.5	304.6	299.4	-8.5	1.1	-5.2
Consumption expenditures.....	301.5	293.3	303.0	302.9	306.7	303.7	264.1	257.9	266.1	265.1	267.3	261.0	-8.3	2.2	-6.3
Gross investment.....	38.9	38.3	36.8	40.9	39.7	41.8	36.3	35.4	34.1	38.5	37.2	38.5	-.2	-1.3	1.3
Nondefense.....	180.2	180.0	180.9	175.7	184.3	191.4	152.1	151.9	152.9	148.4	155.2	158.3	3.5	6.8	3.1
Consumption expenditures.....	159.6	157.6	160.9	155.8	164.0	168.2	131.5	130.0	132.9	128.4	134.6	135.3	2.8	6.2	.7
Gross investment.....	20.7	22.4	20.0	19.9	20.4	23.1	20.7	22.2	19.9	19.9	20.5	23.4	.9	.6	2.9
State and local.....	966.5	953.3	960.4	972.9	979.5	1,000.8	843.8	837.1	840.9	847.3	850.0	865.9	16.7	2.7	15.9
Consumption expenditures.....	789.1	776.7	784.7	793.9	801.2	810.6	689.3	682.8	687.3	691.6	695.6	701.2	17.0	4.0	5.6
Gross investment.....	177.4	176.6	175.7	179.0	178.3	190.2	154.4	154.2	153.5	155.6	154.3	164.6	-.4	-1.3	10.3
Residual.....							-162.5	-124.7	-138.5	-175.7	-210.7	-233.6	-87.0	-35.0	-22.9
Addenda:															
Final sales of domestic product (GDP less CBI).....	8,451.6	8,288.7	8,401.3	8,480.9	8,635.5	8,759.9	7,491.3	7,372.5	7,456.4	7,507.6	7,628.9	7,710.2	287.6	121.3	81.3
Gross domestic purchases.....	8,662.2	8,508.0	8,599.9	8,703.4	8,837.4	9,002.8	7,765.9	7,644.9	7,718.6	7,798.8	7,901.3	8,028.3	369.4	102.5	127.0
Final sales to domestic purchasers.....	8,602.8	8,412.5	8,560.6	8,646.4	8,791.7	8,963.0	7,705.2	7,552.2	7,676.4	7,739.8	7,852.5	7,983.8	375.0	112.7	131.3
Gross domestic product.....	8,511.0	8,384.2	8,440.6	8,537.9	8,681.2	8,799.7	7,551.9	7,464.7	7,498.6	7,566.5	7,677.7	7,754.7	282.1	111.2	77.0
Plus: Receipts of factor income from the rest of the world.....	269.2	270.3	270.6	265.0	270.7	270.3	239.5	241.0	241.0	235.7	240.4	239.3	1.5	4.7	-1.1
Less: Payments of factor income to the rest of the world.....	289.6	285.1	289.3	292.1	291.9	292.9	252.7	249.6	252.8	254.6	253.9	254.1	12.0	-.7	.2
Equals: Gross national product.....	8,490.5	8,369.4	8,421.8	8,510.9	8,660.0	8,777.1	7,537.8	7,455.2	7,485.9	7,546.7	7,663.3	7,739.0	271.6	116.6	75.7

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Note.--Users are cautioned that particularly for components for which relative prices are changing rapidly, the use of chained-dollar estimates to calculate component shares or component contributions to real growth may be misleading even just a few years from the base year. For accurate estimates of the contributions to percent changes in real GDP, use table 2.

See "Explanatory Note" at the end of the tables.

Table 4.--Chain-Type Price Indexes for Gross Domestic Product and Related Measures: Percent Change From Preceding Period [Percent; quarters seasonally adjusted at annual rates]

	1996	1997	1998	II 95	III 95	IV 95	I 96	II 96	III 96	IV 96	I 97	II 97	III 97	IV 97	I 98	II 98	III 98	IV 98	I 99r
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Chain-type quantity index.....	100.35	101.68	102.63	101.53	102.45	102.84	103.69	104.79
Chain-type price index.....	110.80	113.20	114.66	114.17	114.39	114.82	115.25	116.12
Federal:								
Chain-type quantity index.....	88.19	86.75	85.86	84.50	86.00	85.71	87.24	86.86
Chain-type price index.....	111.35	113.58	114.83	114.66	114.66	114.77	115.21	117.05
State and local:								
Chain-type quantity index.....	109.09	112.42	114.68	113.77	114.28	115.16	115.52	117.68
Chain-type price index.....	110.48	112.96	114.55	113.89	114.23	114.83	115.25	115.60
Addenda:								
Final sales of domestic product:								
Chain-type quantity index.....	111.61	115.49	120.10	118.20	119.54	120.36	122.31	123.61
Chain-type price index.....	109.59	111.66	112.84	112.45	112.69	112.99	113.22	113.64
Implicit price deflator.....	109.59	111.66	112.82	112.43	112.67	112.97	113.20	113.61
Gross domestic purchases:								
Chain-type quantity index.....	113.18	117.89	123.78	121.85	123.03	124.30	125.94	127.96
Chain-type price index.....	109.18	110.92	111.54	111.29	111.42	111.60	111.84	112.14
Implicit price deflator.....	109.18	110.92	111.54	111.29	111.42	111.60	111.85	112.14
Final sales to domestic purchasers:								
Chain-type quantity index.....	112.78	116.97	122.95	120.51	122.49	123.50	125.30	127.40
Chain-type price index.....	109.24	111.00	111.66	111.40	111.53	111.72	111.97	112.27
Implicit price deflator.....	109.23	111.00	111.65	111.39	111.52	111.71	111.96	112.26
Gross national product:								
Chain-type quantity index.....	112.04	116.16	120.50	119.18	119.67	120.64	122.51	123.72
Chain-type price index.....	109.51	111.51	112.65	112.28	112.51	112.79	113.01	113.42
Implicit price deflator.....	109.50	111.52	112.64	112.26	112.50	112.78	113.01	113.41

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See "Explanatory Note" at the end of the tables.

Table 6.--Real Gross Domestic Product: Historical Perspective
[Percent change from preceding year]

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Gross domestic product (GDP)....	4.0	7.0	3.6	3.1	2.9	3.8	3.4	1.2	-0.9	2.7	2.3	3.5	2.3	3.4	3.9	3.9
Personal consumption expenditures.....	5.2	5.2	4.7	4.0	3.1	3.9	2.3	1.7	-0.6	2.8	2.9	3.3	2.7	3.2	3.4	4.9
Durable goods.....	14.7	14.5	9.7	9.0	1.5	6.3	2.6	-0.6	-6.4	5.8	7.2	7.1	5.0	6.3	6.8	10.2
Nondurable goods.....	2.9	3.5	2.3	3.2	1.9	2.8	2.3	1.0	-1.0	1.5	2.2	2.9	2.0	2.4	2.4	3.9
Services.....	4.7	4.1	5.0	3.2	4.2	4.0	2.3	2.6	0.8	2.9	2.5	2.7	2.5	3.0	3.2	4.3
Gross private domestic investment.....	9.4	29.8	-1.1	-1.5	1.2	0.8	4.3	-5.6	-9.4	7.1	9.3	13.0	2.1	8.8	11.3	10.3
Fixed investment.....	7.2	16.5	4.8	0.7	-0.7	2.4	1.7	-3.1	-8.0	5.7	7.6	8.6	5.5	8.8	8.3	11.4
Nonresidential.....	-1.7	17.3	6.2	-3.5	-1.1	4.4	4.0	-0.6	-6.4	1.9	7.6	8.0	9.6	9.3	10.7	11.8
Structures.....	-10.4	14.3	7.3	-10.8	-3.6	0.5	2.2	1.1	-10.7	-6.8	1.0	1.0	4.8	5.0	7.1	-1.1
Producers' durable equipment.....	4.6	19.2	5.5	1.0	0.3	6.4	5.0	-1.5	-4.1	6.2	10.5	11.0	11.5	10.9	12.1	16.5
Residential.....	41.1	14.6	1.4	12.0	0.2	-2.0	-3.7	-9.3	-12.3	16.6	7.6	10.1	-3.8	7.4	2.5	10.4
Change in business inventories (CBI).....																
Net exports of goods and services.....																
Exports.....	-2.6	8.3	2.7	7.4	11.0	15.9	11.7	8.5	6.3	6.6	2.9	8.2	11.3	8.5	12.8	1.5
Goods.....	-2.9	7.9	3.6	5.1	11.0	18.8	12.5	8.3	7.0	7.0	3.4	9.9	12.5	9.7	15.4	2.2
Services.....	-1.7	9.3	0.3	13.3	10.9	8.7	9.4	9.1	4.4	5.5	2.0	4.3	8.2	5.6	6.6	-0.2
Imports.....	12.6	24.3	6.5	8.4	6.1	3.9	3.9	3.9	-0.7	7.5	8.9	12.2	8.8	9.2	13.9	10.6
Goods.....	13.6	24.2	6.3	10.3	4.6	4.0	4.2	3.0	0.0	9.6	10.5	13.6	9.6	10.0	14.7	11.5
Services.....	8.1	24.8	7.4	0.4	12.9	3.6	2.6	7.6	-3.2	-1.0	1.9	5.3	4.9	5.4	9.9	5.8
Government consumption expenditures and gross investment.....	2.8	3.1	6.1	5.1	2.7	1.3	2.8	3.0	0.6	0.5	-0.9	0.0	0.2	1.1	1.3	0.9
Federal.....	5.4	2.4	6.9	4.6	3.1	-1.8	1.3	2.0	-0.5	-2.1	-4.2	-3.8	-3.3	-1.1	-1.6	-1.0
National defense.....	5.7	4.0	7.5	5.2	4.0	-0.9	-1.0	0.0	-1.0	-5.5	-5.7	-4.9	-4.0	-1.3	-3.2	-2.7
Nondefense.....	4.6	-2.2	5.1	2.8	0.1	-4.9	9.2	8.0	1.1	7.2	-0.7	-1.1	-1.8	-0.5	1.7	2.4
State and local.....	0.7	3.8	5.3	5.5	2.4	3.9	4.0	3.8	1.4	2.4	1.5	2.6	2.4	2.4	3.1	2.0
Addenda:																
Final sales of domestic product (GDP less CBI).....	3.7	5.0	4.6	3.5	2.6	4.1	3.0	1.6	-0.7	2.5	2.1	2.9	2.8	3.4	3.5	4.0
Gross domestic purchases price index.....	3.8	3.5	3.2	2.6	3.4	3.6	4.2	4.5	3.7	2.8	2.5	2.3	2.3	1.8	1.6	0.6
GDP price index.....	4.2	3.8	3.4	2.6	3.1	3.7	4.2	4.4	3.9	2.8	2.6	2.4	2.3	1.9	1.9	1.0
Real disposable personal income.....	2.7	7.4	2.9	2.9	1.9	4.1	2.0	1.8	-0.1	2.7	1.3	2.3	2.8	2.8	2.8	3.2

Table 7.--Real Gross Domestic Product: Percent Change From Quarter One Year Ago

	II 95	III 95	IV 95	I 96	II 96	III 96	IV 96	I 97	II 97	III 97	IV 97	I 98	II 98	III 98	IV 98	I 99r
Gross domestic product (GDP)....	1.9	2.3	2.1	2.4	3.9	3.5	3.9	4.1	3.6	4.1	3.8	4.2	3.6	3.5	4.3	3.9
Personal consumption expenditures.....	2.7	2.8	2.6	3.0	3.3	3.1	3.3	3.4	2.7	3.7	3.7	4.2	5.3	4.7	5.3	5.5
Durable goods.....	5.0	6.0	4.5	6.2	7.9	5.2	5.8	7.4	3.9	8.5	7.4	8.2	11.6	8.0	13.2	12.5
Nondurable goods.....	2.2	1.8	1.7	1.6	2.4	2.6	2.8	3.1	1.8	2.8	2.0	2.9	4.3	3.6	4.7	5.2
Services.....	2.5	2.6	2.6	3.0	2.8	3.0	3.0	2.8	2.8	3.2	3.8	3.9	4.5	4.7	4.0	4.2
Gross private domestic investment.....	-0.6	1.2	0.2	1.6	9.2	13.7	11.0	12.4	12.9	8.7	11.3	14.3	7.9	9.5	9.6	5.0
Fixed investment.....	4.9	4.7	4.8	5.7	8.9	10.5	9.9	8.4	8.0	8.6	8.2	11.8	12.2	9.6	12.1	9.6
Nonresidential.....	10.8	9.0	7.3	6.6	7.6	11.0	11.7	10.2	11.0	11.6	9.8	13.5	13.2	8.7	11.9	8.5
Structures.....	4.2	4.3	2.7	1.7	2.3	4.6	11.6	10.9	7.2	8.1	2.5	0.3	1.3	-1.5	-0.3	1.6
Producers' durable equipment.....	13.4	10.8	9.1	8.6	9.8	13.6	11.8	9.9	12.4	13.0	12.7	19.0	18.0	12.7	16.8	11.0

Residential.....	-8.1	-5.1	-1.4	3.1	12.3	9.2	5.4	3.9	.8	1.2	4.2	7.2	9.4	12.1	12.6	12.5
Change in business inventories (CBI).....																
Net exports of goods and services.....																
Exports.....	9.9	11.7	10.5	9.1	9.2	5.4	10.3	11.5	14.0	16.3	9.6	6.7	.9	-2.3	1.1	.0
Goods.....	11.9	12.4	10.8	10.2	9.6	7.5	11.4	13.5	16.9	18.2	13.1	8.3	1.0	-1.8	1.8	-.4
Services.....	5.2	10.0	9.8	6.4	8.2	.4	7.5	6.7	7.1	11.5	1.5	2.9	.5	-3.6	-.6	1.0
Imports.....	10.0	7.2	5.6	6.4	7.9	10.8	11.8	13.1	14.2	14.2	14.0	13.3	11.1	8.3	9.7	9.4
Goods.....	11.3	7.7	5.5	6.9	8.4	11.6	13.0	14.2	15.2	14.9	14.3	13.9	11.9	9.3	11.2	10.8
Services.....	3.6	4.5	6.1	3.5	5.5	7.2	5.5	7.5	9.1	10.5	12.4	10.3	7.4	3.4	2.4	2.3
Government consumption expenditures and gross investment.....	1.3	-.8	-.9	-.1	1.3	1.1	2.1	1.8	.6	1.4	1.4	.4	.8	.8	1.6	3.2
Federal.....	-1.0	-4.7	-5.6	-3.2	-.8	-1.3	1.1	-1.5	-2.6	-1.7	-.6	-2.2	-1.4	-1.4	.9	2.8
National defense.....	-2.3	-6.7	-5.0	-2.9	-1.0	-1.3	-.1	-4.3	-4.1	-3.0	-1.4	-3.8	-3.6	-2.2	-1.3	2.1
Nondefense.....	1.7	-.4	-7.0	-3.7	-.2	-1.3	3.5	4.3	.6	.9	.9	.8	3.2	.1	5.3	4.2
State and local.....	2.8	1.7	2.1	1.7	2.5	2.5	2.8	3.8	2.6	3.2	2.6	1.9	2.0	2.1	2.1	3.4
Addenda:																
Final sales of domestic product (GDP less CBI).....	2.7	2.8	2.7	3.0	3.8	3.1	3.7	3.6	2.9	4.1	3.4	3.7	4.2	3.5	4.6	4.6
Gross domestic purchases price index.....	2.5	2.2	2.0	2.0	1.7	1.7	1.8	1.8	1.7	1.6	1.3	.7	.6	.5	.4	.8
GDP price index.....	2.4	2.2	2.1	2.0	1.9	1.9	1.8	1.9	2.0	1.8	1.7	1.2	1.0	1.0	.9	1.0
Real disposable personal income.....	2.4	2.4	2.1	2.2	2.9	3.3	2.7	2.8	3.0	2.5	2.9	3.0	3.0	3.2	3.5	3.6

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Table 8.--Relation of Gross Domestic Product, Gross National Product, and National Income
[Billions of dollars]

	Seasonally adjusted at annual rates								
	1996	1997	1998	I 98	II 98	III 98	IV 98	I 99r	
Gross domestic product.....	7,661.6	8,110.9	8,511.0	8,384.2	8,440.6	8,537.9	8,681.2	8,799.7	
Plus: Receipts of factor income from the rest of the world.....	235.5	265.5	269.2	270.3	270.6	265.0	270.7	270.3	
Less: Payments of factor income to the rest of the world.....	223.1	273.5	289.6	285.1	289.3	292.1	291.9	292.9	
Equals: Gross national product.....	7,674.0	8,102.9	8,490.5	8,369.4	8,421.8	8,510.9	8,660.0	8,777.1	
Less: Consumption of fixed capital.....	832.0	871.8	908.0	894.5	902.3	912.3	923.0	931.9	
Less: Indirect business tax and nontax liability.....	606.4	627.2	655.3	641.9	647.7	656.5	675.1	673.8	
Less: Business transfer payments.....	33.8	35.1	36.1	35.6	36.0	36.3	36.4	36.7	
Less: Statistical discrepancy.....	-32.2	-55.8	-76.5	-54.1	-85.7	-102.0	-64.2	-91.0	
Plus: Subsidies less current surplus of government enterprises.....	22.0	21.9	27.1	23.5	23.9	24.6	36.3	25.4	
Equals: National income.....	6,256.0	6,646.5	6,994.7	6,875.0	6,945.5	7,032.3	7,126.0	7,251.0	
Compensation of employees.....	4,409.0	4,687.2	4,981.0	4,882.8	4,945.2	5,011.6	5,084.3	5,163.9	
Wage and salary accruals.....	3,640.4	3,893.6	4,153.9	4,065.9	4,121.6	4,181.1	4,246.8	4,314.5	
Supplements to wages and salaries.....	768.6	793.7	827.1	816.8	823.5	830.5	837.5	849.4	
Proprietors' income with inventory valuation and capital consumption adjustments.....	527.7	551.2	577.2	564.2	571.7	576.1	596.9	601.0	
Rental income of persons with capital consumption adjustment.....	150.2	158.2	162.6	158.3	161.0	163.6	167.5	168.9	
Corporate profits with inventory valuation and capital consumption adjustments.....	750.4	817.9	824.6	829.2	820.6	827.0	821.7	853.5	
Net interest.....	418.6	432.0	449.3	440.5	447.1	454.0	455.6	463.6	
Addendum									
Gross domestic income.....	7,693.8	8,166.7	8,587.5	8,438.4	8,526.3	8,639.9	8,745.4	8,890.7	

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Table 9.--Personal Income and Its Disposition
[Billions of dollars]

	Seasonally adjusted at annual rates								
	1996	1997	1998	I 98	II 98	III 98	IV 98	I 99r	
Personal income\1.....	6,425.2	6,784.0	7,126.1	7,003.9	7,081.9	7,160.8	7,257.9	7,350.7	
Wage and salary disbursements.....	3,631.1	3,889.8	4,149.9	4,061.9	4,117.6	4,177.1	4,242.8	4,314.5	
Other labor income.....	387.0	392.9	406.9	402.8	405.7	408.4	411.0	414.7	
Proprietors' income with inventory valuation and capital consumption adjustments.....	527.7	551.2	577.2	564.2	571.7	576.1	596.9	601.0	
Farm.....	38.9	35.5	28.7	27.4	27.7	25.2	34.7	25.5	
Nonfarm.....	488.8	515.8	548.5	536.8	544.0	550.9	562.2	575.5	
Rental income of persons with capital consumption adjustment.....	150.2	158.2	162.6	158.3	161.0	163.6	167.5	168.9	
Personal dividend income.....	248.2	260.3	263.1	261.6	262.1	263.0	265.7	268.8	

Personal interest income.....	719.4	747.3	764.8	757.0	763.0	769.2	769.9	770.2
Transfer payments to persons.....	1,068.0	1,110.4	1,149.0	1,139.0	1,145.8	1,152.9	1,158.3	1,175.7
Less: Personal contributions for social insurance.....	306.3	326.2	347.4	340.9	345.1	349.5	354.1	363.2
Less: Personal tax and nontax payments.....	890.5	989.0	1,098.3	1,066.8	1,092.9	1,108.4	1,124.9	1,135.9
Equals: Disposable personal income.....	5,534.7	5,795.1	6,027.9	5,937.1	5,988.9	6,052.4	6,133.1	6,214.7
Less: Personal outlays.....	5,376.2	5,674.1	6,000.2	5,864.0	5,963.3	6,039.8	6,133.6	6,249.8
Equals: Personal saving.....	158.5	121.0	27.7	73.0	25.6	12.6	-.6	-35.0
Addenda:								
Disposable personal income, billions of chained (1992) dollars\2\...	5,043.0	5,183.1	5,348.5	5,287.1	5,321.5	5,364.1	5,421.2	5,479.0
Personal saving as a percentage of disposable personal income.....	2.9	2.1	.5	1.2	.4	.2	.0	-.6

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1. Personal income is also equal to national income less corporate profits with inventory valuation and capital consumption adjustments, net interest, contributions for social insurance, and wage accruals less disbursements, plus personal interest income, personal dividend income, government transfer payments to persons, and business transfer payments to persons.

2. Equals disposable personal income deflated by the implicit price deflator for personal consumption expenditures.

Table 10.--Corporate Profits: Level and Percent Change
[Billions of dollars]

	Billions of dollars								Percent change from preceding period						
	Seasonally adjusted at annual rates								Quarterly rates						
	1996	1997	1998	I 98	II 98	III 98	IV 98	I 99	1997	1998	II 98	III 98	IV 98	I 99	Quarter one year ago
Corporate profits with inventory valuation and capital consumption adjustments.....	750.4	817.9	824.6	829.2	820.6	827.0	821.7	853.5	9.0	.8	-1.0	.8	-.6	3.9	2.9
Profits before tax.....	680.2	734.4	717.8	719.1	723.5	720.5	708.1	738.4	8.0	-2.3	.6	-.4	-1.7	4.3	2.7
Profits tax liability.....	226.1	246.1	240.1	239.9	241.6	243.2	235.6	245.8	8.8	-2.4	.7	.6	-3.1	4.4	2.5
Profits after tax.....	454.1	488.3	477.7	479.2	481.8	477.3	472.5	492.6	7.5	-2.2	.6	-1.0	-1.0	4.3	2.8
Dividends.....	261.9	275.1	279.2	277.3	278.1	279.0	282.3	285.6	5.0	1.5	.3	.3	1.2	1.2	3.0
Undistributed profits.....	192.3	213.2	198.5	201.8	203.7	198.3	190.2	207.1	10.9	-6.9	.9	-2.7	-4.1	8.9	2.6
Inventory valuation adjustment.....	-1.2	6.9	14.5	25.3	7.8	11.7	13.4	10.4	.....	.....	.....	.....	.....	.....	.....
Capital consumption adjustment.....	71.4	76.6	92.3	84.9	89.4	94.8	100.2	104.7	7.3	20.4	5.3	6.1	5.7	4.4	23.3
Addenda:															
Corporate profits after tax with inventory valuation and capital consumption adjustments.....	524.3	571.8	584.5	589.3	579.0	583.7	586.2	607.7	9.1	2.2	-1.8	.8	.4	3.7	3.1
Net cash flow with inventory valuation and capital consumption adjustments.....	714.4	774.1	806.0	804.5	798.7	807.9	812.8	837.0	8.3	4.1	-.7	1.2	.6	3.0	4.0
Undistributed profits with inventory valuation and capital consumption adjustments.....	262.4	296.7	305.4	312.0	300.9	304.8	303.9	322.1	13.1	2.9	-3.6	1.3	-.3	6.0	3.3
Consumption of fixed capital.....	452.0	477.3	500.6	492.5	497.8	503.1	508.9	514.8	5.6	4.9	1.1	1.1	1.1	1.2	4.5
Less: Inventory valuation adjustment.....	-1.2	6.9	14.5	25.3	7.8	11.7	13.4	10.4	.....	.....	.....	.....	.....	.....	.....
Equals: Net cash flow.....	715.7	767.2	791.4	779.2	790.9	796.2	799.3	826.6	7.2	3.2	1.5	.7	.4	3.4	6.1

Table 11.--Corporate Profits by Industry: Level and Change From Preceding Period
[Billions of dollars]

	Level								Change from preceding period					
	Seasonally adjusted at annual rates													
	1996	1997	1998	I 98	II 98	III 98	IV 98	I 99	1997	1998	II 98	III 98	IV 98	I 99
Corporate profits with IVA and CCAAdj.....	750.4	817.9	824.6	829.2	820.6	827.0	821.7	853.5	67.5	6.7	-8.6	6.4	-5.3	31.8
Domestic industries.....	654.0	718.9	729.0	730.6	723.3	737.0	724.9	753.7	64.9	10.1	-7.3	13.7	-12.1	28.8
Financial.....	105.5	124.7	130.3	131.3	130.1	129.5	130.1	139.2	19.2	5.6	-1.2	-.6	.6	9.1
Nonfinancial.....	548.5	594.2	598.7	599.3	593.2	607.5	594.8	614.5	45.7	4.5	-6.1	14.3	-12.7	19.7
Rest of the world.....	96.4	99.0	95.7	98.6	97.3	89.9	96.8	99.8	2.6	-3.3	-1.3	-7.4	6.9	3.0
Receipts from the rest of the world.....	134.5	149.5	145.8	146.1	146.0	140.5	150.6	157.5	15.0	-3.7	-.1	-5.5	10.1	6.9
Less: Payments to the rest of the world....	38.1	50.4	50.1	47.5	48.7	50.5	53.8	57.7	12.3	-.3	1.2	1.8	3.3	3.9

payments less subsidies.....	.105	.105	.105	.105	.104	.104	.107	.104
Net interest.....	.026	.023	.022	.022	.022	.022	.022	.022
Corporate profits with IVA and CCAdj. (unit profits from current production)..	.140	.143	.136	.139	.136	.138	.133	.135
Profits tax liability.....	.039	.041	.037	.037	.037	.037	.035	.036
Profits after tax with IVA and CCAdj....	.101	.102	.100	.102	.099	.100	.098	.100

1. Chained-dollar gross domestic product of nonfinancial corporate business equals the current-dollar product deflated by the implicit price deflator for goods and structures in gross domestic product.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 1992 current-dollar value of the corresponding series, divided by 100.

3. Chained-dollar net domestic product of nonfinancial corporate business is the difference between the gross product and the consumption of fixed capital.

4. The deflator for gross domestic product of nonfinancial corporate business divided by 100.

IVA Inventory valuation adjustment
CCAdj. Capital consumption adjustment

Appendix Table A.--Real Gross Domestic Product and Related Aggregates and Price Indexes: Percent Change From Preceding Period
[Percent; quarters seasonally adjusted at annual rates]

	1996	1997	1998	II 95	III 95	IV 95	I 96	II 96	III 96	IV 96	I 97	II 97	III 97	IV 97	I 98	II 98	III 98	IV 98	I 99
GDP and related aggregates:																			
GDP.....	3.4	3.9	3.9	.4	3.3	2.8	3.3	6.1	2.1	4.2	4.2	4.0	4.2	3.0	5.5	1.8	3.7	6.0	4.1
Goods.....	4.5	5.9	5.0	-3.0	4.9	5.9	3.7	7.1	4.3	3.8	8.7	6.0	5.4	3.8	12.0	-4.1	3.4	12.0	3.0
Services.....	2.4	2.6	3.1	3.6	2.4	.5	2.5	4.2	.9	3.9	1.1	3.5	3.4	2.6	1.4	5.6	3.4	2.4	3.2
Structures.....	5.6	4.1	4.0	-4.6	3.0	3.9	7.1	13.4	.5	8.1	5.5	-1.6	4.5	1.7	5.3	4.5	6.2	4.8	14.2
Motor vehicle output.....	-.4	5.9	3.4	-13.3	-9.3	27.4	-31.6	54.8	-7.7	-9.1	13.2	-6.3	27.2	15.2	-8.6	-11.2	-11.2	87.7	-18.3
GDP less motor vehicle output.....	3.6	3.9	3.9	1.0	3.8	1.9	5.0	4.6	2.5	4.8	3.9	4.4	3.4	2.5	6.1	2.3	4.2	3.8	5.0
Final sales of computers\1.....	63.1	55.3	62.5	58.3	61.2	82.2	71.6	44.7	73.9	34.0	43.1	85.9	74.4	27.7	68.3	65.3	91.3	46.6	16.7
GDP less final sales of computers.....	2.9	3.4	3.3	-.1	2.9	2.1	2.7	5.6	1.5	3.9	3.8	3.2	3.6	2.7	5.0	1.2	2.9	5.6	3.9
Farm product\2.....	9.1	14.9	2.4	-11.1	-27.0	21.6	30.7	10.8	1.9	14.9	36.4	13.6	13.6	-19.1	10.8	1.0	10.1	.5	17.6
Nonfarm business less housing product\3.....	4.1	4.5	4.7	.4	5.2	3.2	4.2	6.6	2.2	5.0	4.5	4.5	4.9	4.1	7.1	1.7	4.0	7.5	4.4
Price indexes:																			
GDP.....	1.9	1.9	1.0	2.0	1.9	2.0	2.2	1.4	1.8	1.6	2.8	1.7	1.2	1.1	.9	.9	1.0	.8	1.5
GDP less food and energy.....	1.7	1.9	1.1	2.1	1.5	2.1	2.0	.8	1.9	2.0	2.7	1.8	1.0	1.2	1.2	.9	1.0	1.0	1.4
Gross domestic purchases.....	1.8	1.6	.6	2.4	1.6	1.8	2.1	1.4	1.5	2.1	2.2	.9	1.1	1.0	-.2	.4	.7	.9	1.1
Gross domestic purchases less food and energy.....	1.5	1.6	.9	2.5	1.7	1.9	1.7	.6	1.5	1.6	2.2	1.7	.9	1.0	.7	.7	.7	1.1	1.1
Gross domestic purchases less computers.....	2.2	2.0	1.1	2.6	2.0	2.2	2.6	1.8	1.9	2.5	2.7	1.3	1.5	1.4	.4	1.0	1.3	1.4	1.5
Personal consumption expenditures.....	2.0	1.9	.8	2.4	1.8	1.6	2.2	2.5	1.5	2.5	2.5	1.1	1.3	1.1	.0	.9	1.0	1.1	1.1
Personal consumption expenditures less food and energy.....	1.8	1.8	1.2	2.5	2.0	1.8	1.6	1.7	1.3	1.9	2.4	2.2	1.0	1.0	1.1	1.3	1.1	1.3	1.1

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1. For some components of final sales of computers, includes computer parts.

2. Farm output less intermediate goods and services purchased.

3. Consists of GDP less gross product of farm of housing, of households and institutions, and of general government.

See "Explanatory Note" at the end of the tables.

Explanatory Note: Measures of Output and Prices

This note describes the chain-type quantity and price indexes that, in combination with the current-dollar estimates, provide users with the basic data series from which all other analytical tables and presentations of GDP are derived.

Changes in current-dollar GDP measure changes in the market value of goods, services, and structures produced in the economy in a particular period. For many purposes, it is necessary to decompose these changes into quantity and price components. Prices are expressed as index numbers with the base period at present, the year 1992--equal to 100. Quantities, or "real" measures, are expressed as index numbers with the base period (1992) equal to 100. (The current-dollar values and price indexes for most GDP components are determined largely using data from federal government surveys. The real values (expressed with 1992 as the base period) of these components are calculated by deflation at the most detailed level for which all the required data are available by dividing the current-dollar value of the component by its price index, where the price index uses 1992 as the base period.)

The annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent years. (Similar formulas are used to calculate the quarterly indexes for the most recent quarters, called the "tail" period and for the indexes for the other quarters, called the "historical period.") For example, the 1996-97 annual percent change in real GDP uses prices for 1996 and 1997 as weights, and the 1996-97 annual percent change in price uses quantities for 1996 and 1997 as weights. These annual changes are "chained" (multiplied) together to form time series of quantity and price. Because the Fisher formula allows for the effects of changes in relative prices and in the composition of output over time, the resulting quantity or price changes are not affected by the substitution bias associated with changes in quantities and prices calculated using a fixed-weighted formula. The Fisher formula also produces changes in quantities and prices that are not affected by the choice of base periods. In addition, because the changes in quantities and prices calculated in this way are symmetric, in general, the product of a quantity index and the corresponding price index equals the current-dollar index. (BEA also publishes a measure of the price level, known as the "implicit price deflator (IPD)," which is calculated as the ratio of current-dollar value to the corresponding chained-dollar value, multiplied by 100. The values of the IPD are very close to the values of the corresponding "chain-type" price index for all periods.)

Chain-type quantity and price indexes for GDP and its major components are presented in this release as index numbers in table 5 and in the form of percentage changes from the preceding period in tables 1, 4, 6A, and 6B. Contributions by major components to changes in real GDP are presented in table 2. BEA also prepares measures of real GDP and its components in a dollar-denominated form, designated "chained (1992) dollar estimates." For GDP and most other series, these estimates, which are presented in table 3, are computed by multiplying the 1992 current-dollar value by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 1992 and if real output for this component increased 10 percent in 1993, then the chained (1992) dollar value of this component in 1993 would be \$110 ($\100×1.10).

For analyses of changes over time in an aggregate or in a component, the percentage changes calculated from the chained-dollar estimates and from the chain-type quantity indexes are the same; any differences will be small and due to rounding. However, because the relative prices used as weights for any period other than the base period differ from those used for the base period, the chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP or to any intermediate aggregate. A measure of the extent of such differences is provided by a "residual" line, which indicates the difference between GDP (or an other major aggregate) and the sum of the most detailed components in the table. For periods close to the base year, when there usually has not been much change in the relative prices that are used as weights for the chain-type index, the residuals tend to be small, and the chained (1992) dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. As one moves further from the base period, the residual tends to become larger, and the chained-dollar estimates become less useful for analyses of contributions to growth. In particular, for components for which relative prices are changing rapidly, these calculations may be misleading even just a few years from the base year. In such cases, table 2 on contributions provides a better basis for determining the composition of GDP growth than the chained-dollar estimates.

References: "A Guide to the NIPA's," March 1998 Survey of Current Business (SCB) pp. 36-40.

"BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth," May 1997 SCB, pp. 58-68.