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Virginia H. Mannering: (202) 606-5304 (GDP)  
Kenneth A. Petrick: 606-9738 (Profits)  
Recorded message: 606-5306

BEA 99-28

**GROSS DOMESTIC PRODUCT: SECOND QUARTER 1999 (FINAL)  
CORPORATE PROFITS: SECOND QUARTER 1999 (REVISED)**

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 1.6 percent in the second quarter of 1999, according to revised estimates released by the Commerce Department's Bureau of Economic Analysis. In the first quarter, real GDP increased 4.3 percent. Real GDP increased \$31.0 billion in the second quarter, following an increase of \$81.9 billion in the first.

The GDP estimates released today are based on more complete source data than were available for the preliminary estimates issued last month. In the preliminary estimates, the increase in real GDP was 1.8 percent (see "Revisions" on page 3).

The major contributors to the increase in real GDP in the second quarter were: Personal consumption expenditures (PCE), private fixed investment, and exports. The contributions of these components were partially offset by the effects of an increase in imports and of a decrease in inventory investment.

Comprehensive Revision of the National Income and Product Accounts

In the next GDP news release, scheduled for October 28, 1999, the Bureau of Economic Analysis plans to release the initial results of its 11<sup>th</sup> comprehensive, or benchmark, revision of the national income and product accounts (NIPA's) along with the advance estimates for the third quarter of 1999. The August and September issues of the Survey of Current Business presented the first two in a series of articles on the comprehensive revision.

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NOTE.--Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between these published estimates. Percent changes are calculated from unrounded data and annualized. "Real" estimates are in chained (1992) dollars. Price indexes are chain-type measures.

The deceleration in real GDP in the second quarter primarily reflected a deceleration in PCE, a larger decrease in inventory investment, and a downturn in government spending that more than offset an upturn in exports.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 1.9 percent in the second quarter, 0.2 percentage point less than the preliminary estimate; this index increased 1.2 percent in the first quarter. Excluding food and energy prices, which are normally more volatile than many other prices, the price index increased 1.2 percent in the second quarter, compared with an increase of 1.3 percent in the first.

Real personal consumption expenditures increased 4.8 percent in the second quarter, compared with an increase of 6.7 percent in the first. Real nonresidential fixed investment increased 10.8 percent, compared with an increase of 8.5 percent. Nonresidential structures decreased 1.0 percent, in contrast to an increase of 5.7 percent. Producers' durable equipment increased 15.3 percent, compared with an increase of 9.5 percent. Real residential fixed investment increased 7.1 percent, compared with an increase of 15.4 percent.

Real exports of goods and services increased 4.9 percent in the second quarter, in contrast to a decrease of 5.1 percent in the first. Real imports of goods and services increased 15.1 percent, compared with an increase of 13.5 percent.

Real federal government consumption expenditures and gross investment decreased 3.6 percent in the second quarter, compared with a decrease of 1.9 percent in the first. National defense decreased 3.5 percent, compared with a decrease of 6.6 percent. Nondefense decreased 3.8 percent, in contrast to an increase of 7.4 percent. Real state and local government consumption expenditures and gross investment decreased 1.1 percent, in contrast to an increase of 7.7 percent.

The real change in business inventories subtracted 1.41 percentage points from the second-quarter change in real GDP, after subtracting 0.27 percentage point from the first-quarter change. Businesses increased inventories \$7.4 billion in the second quarter, following increases of \$38.7 billion in the first quarter and \$44.2 billion in the fourth.

Real final sales of domestic product -- GDP less change in business inventories -- increased 3.1 percent in the second quarter, compared with an increase of 4.6 percent in the first.

### **Gross domestic purchases**

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 2.9 percent in the second quarter, compared with an increase of 6.6 percent in the first.

### **Gross national product**

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 1.6 percent in the second quarter, compared with an increase of 4.4 percent in the first. 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 3.0 percent, or \$64.7 billion, in the second quarter. In the first quarter, current-dollar GDP increased 6.0 percent, or \$127.5 billion.

### **Revisions**

The final estimate of the second-quarter increase in real GDP is 0.2 percentage point, or \$3.7 billion, lower than the preliminary estimate issued last month. The downward revision to the percentage change in real GDP primarily reflected a downward revision to nonfarm inventory investment (\$4.4 billion) and an upward revision to imports of services (\$2.3 billion) that more than offset an upward revision to personal consumption expenditures for services (\$3.0 billion).

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	2.3	1.8	1.6
Current-dollar GDP.....	3.9	3.4	3.0
Gross domestic purchases price index.....	2.1	2.1	1.9

### **Corporate Profits**

Profits from current production (profits before tax with inventory valuation and capital consumption adjustments) decreased \$9.5 billion in the second quarter, according to revised estimates. In the first quarter, profits increased \$47.1 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- decreased \$13.2 billion in the second quarter, in contrast to an increase of \$34.7 billion in the first.

The revised estimate of second-quarter corporate profits from current production is \$0.3 billion lower than the preliminary estimate issued last month. Domestic profits of financial corporations were revised down \$4.7 billion. Domestic profits of nonfinancial corporations and the foreign component of profits (rest-of-the-world profits) were revised up \$3.3 billion and \$1.0 billion, respectively.

Domestic profits of financial corporations decreased \$7.7 billion in the second quarter, in contrast to an increase of \$13.4 billion in the first.

Domestic profits of nonfinancial corporations decreased \$0.5 billion in the second quarter, in contrast to an increase of \$29.0 billion in the first. In the second quarter, real gross corporate product increased, and profits per unit of real product decreased. The decrease in unit profits reflected a smaller increase in the prices corporations received than in the unit costs they incurred; both unit labor and nonlabor costs increased.

The foreign component of profits decreased \$1.2 billion in the second quarter, in contrast to an increase of \$4.6 billion in the first. 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 second-quarter decrease was accounted for by a larger increase in payments than in receipts.

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 and nonfinancial corporations decreased. Profit decreases for nonfinancial corporations were widespread among major industry groups; the largest decreases occurred in the transportation and public utilities group and in nondurable goods manufacturing. Profits increased in durable goods manufacturing.

Profits before tax increased \$15.4 billion in the second quarter, compared with an increase of \$44.5 billion in the first. 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 inventory withdrawals reported on an historical-cost basis to the replacement-cost measures used in the national income and product accounts. The capital consumption adjustment increased \$4.1 billion in the second quarter (from \$104.6 billion to \$108.7 billion), compared with an increase of \$4.4 billion in the first. The inventory valuation adjustment decreased \$29.0 billion (from \$11.6 billion to -\$17.4 billion), compared with a decrease of \$1.8 billion.

Profits tax liability increased \$6.3 billion in the second quarter, compared with an increase of \$15.1 billion in the first. Profits after tax increased \$9.1 billion, compared with an increase of \$29.4 billion. Dividends increased \$4.1 billion, compared with an increase of \$3.3 billion; undistributed profits increased \$4.9 billion, compared with an increase of \$26.2 billion.

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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	U.S. 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, DC 20402. First class mail: Annual subscription \$120.00 domestic. Second class mail: Annual subscription \$48.00 domestic, \$60.00 foreign; single issue \$17.25 domestic, \$21.56 foreign.

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Next release -- October 28, 1999, at 8:30 A.M. EDT for:  
Comprehensive revision (1959 through second quarter 1999)  
and advance estimate of GDP for the third quarter of 1999.

Table 1.--Real Gross Domestic Product and Related Measures: Percent Change From Preceding Period  
[Percent: quarters seasonally adjusted at annual rates]

	1996	1997	1998	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	II 99r
Gross domestic product (GDP)	3.4	3.9	3.9	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	4.3	1.6
Personal consumption expenditures	3.2	3.4	4.9	2.6	2.3	3.7	4.7	1.8	2.9	4.3	1.6	6.2	2.8	6.1	6.1	4.1	5.0	6.7	4.8
Durable goods	6.3	6.8	10.2	8.3	4.8	5.8	12.7	-1.9	7.2	12.3	-1.5	16.8	3.1	15.8	11.2	2.4	24.5	12.9	9.7
Nondurable goods	2.4	2.4	3.9	.7	2.0	2.2	4.8	1.2	2.9	3.6	-2	5.1	-4	7.4	5.3	2.1	4.2	9.5	2.8
Services	3.0	3.2	4.3	2.4	1.9	4.0	3.0	3.0	2.0	3.1	3.2	4.7	4.3	3.5	5.4	5.4	1.7	4.1	4.7
Gross private domestic investment	8.8	11.3	10.3	.6	9.3	9.8	18.0	18.0	-7	15.3	20.3	1.5	8.9	28.3	-4.5	7.9	9.0	8.5	.3
Fixed investment	8.8	8.3	11.4	3.4	7.3	12.0	13.3	9.3	5.1	5.9	11.8	12.0	3.6	20.4	13.4	2.2	13.2	10.5	9.7
Nonresidential	9.3	10.7	11.8	.9	6.1	13.1	11.0	14.2	8.8	7.0	14.0	17.0	1.8	22.2	12.8	-7	14.6	8.5	10.8
Structures	5.0	7.1	-1	-4	-3.8	6.4	7.4	8.9	24.5	3.9	-6.2	12.4	.9	-4.9	-2.3	-2	6.0	5.7	-1.0
Producers' durable equipment	10.9	12.1	16.5	1.4	10.1	15.7	12.3	16.2	3.2	8.3	22.8	18.8	2.2	34.3	18.8	-1.0	17.8	9.5	13.3
Residential	7.4	2.5	10.4	10.1	10.6	9.3	19.5	-1.7	-3.9	3.1	6.1	-4	8.2	15.6	15.0	9.9	10.0	15.4	7.1
Change in business inventories (CBI)																			
Net exports of goods and services																			
Exports	8.5	12.8	1.5	17.8	10.2	3.7	5.8	2.1	32.0	8.3	15.5	10.6	4.4	-2.8	-7.7	-2.8	19.7	-5.1	4.9
Goods	9.7	15.4	2.2	16.1	11.8	6.9	4.0	7.6	28.9	15.2	17.1	12.5	7.9	-3.4	-11.3	.6	24.6	-8.7	5.3
Services	5.6	6.6	-2	21.7	6.4	-4.0	10.3	-9.9	39.8	-6.7	11.8	5.9	-4.0	-1.2	1.7	-10.4	8.3	4.3	4.0
Imports	9.2	13.9	10.6	2.0	3.5	13.1	13.5	13.6	7.0	18.6	17.9	13.5	6.3	15.7	9.3	2.3	12.0	13.5	15.1
Goods	10.0	14.7	11.5	1.8	3.1	13.8	15.4	14.3	8.7	18.8	19.4	13.1	6.4	17.0	11.4	2.9	14.1	13.8	16.6
Services	5.4	9.9	5.8	3.1	5.5	9.2	4.3	9.9	-1.1	17.8	10.6	15.8	5.8	9.3	-6	-6	2.0	11.8	7.2
Government consumption expenditures and gross investment	1.1	1.3	.9	-8	-4.1	3.2	7.1	-1.6	.0	2.1	2.1	1.4	.1	-1.9	3.7	1.5	3.3	4.2	-1.9
Federal	-1.1	-1.6	-1.0	-2.6	-14.7	8.0	8.1	-4.7	-6.3	-2.7	3.6	-1.2	-2.1	-8.8	7.3	-1.4	7.3	-1.9	-3.6
National defense	-1.3	-3.2	-2.7	-5.4	-12.6	7.2	8.1	-6.3	-3.3	-9.9	8.1	-1.8	-2.0	-18.5	9.9	4.3	1.3	-6.6	-3.5
Nondefense	-5	1.7	2.4	3.3	-19.2	9.9	8.1	-1.3	-2.0	13.3	-6.4	-1	-2.3	13.1	2.6	-11.5	19.8	7.4	-3.8
State and local	2.4	3.1	2.0	.4	2.8	.5	6.5	.3	3.8	4.9	1.3	2.9	1.3	2.1	1.8	3.1	1.3	7.7	-1.1
Addenda:																			
Final sales of domestic product (GDP less CBI)	3.4	3.5	4.0	3.7	2.5	3.6	5.4	.9	5.1	2.9	2.7	5.8	2.1	4.3	4.6	2.8	6.6	4.6	3.1
Gross domestic purchases	3.6	4.2	5.0	1.7	2.0	4.5	7.0	3.4	1.8	5.5	4.4	4.6	3.2	7.8	3.9	4.2	5.4	6.6	2.9
Final sales to domestic purchasers	3.6	3.7	5.1	2.1	1.8	4.7	6.3	2.2	2.7	4.1	3.1	6.2	2.4	6.6	6.7	3.3	6.0	6.8	4.4
Gross national product (GNP)	3.4	3.7	3.7	2.6	3.5	3.3	5.7	1.6	4.5	3.6	4.1	3.8	2.4	5.8	1.7	3.3	6.3	4.4	1.6
Disposable personal income	2.8	2.8	3.2	2.7	3.9	2.9	2.1	4.4	1.3	3.3	2.9	2.4	2.9	4.0	2.6	3.2	4.3	3.5	2.6
Current-dollar measures:																			
GDP	5.4	5.9	4.9	5.3	4.9	5.7	7.3	3.9	6.1	7.2	5.6	5.4	4.2	6.4	2.7	4.7	6.9	6.0	3.0
Final sales of domestic product (GDP less CBI)	5.4	5.4	5.1	5.8	4.6	6.0	6.7	2.8	7.0	5.8	4.4	7.0	3.3	5.3	5.5	3.8	7.5	6.3	4.5
Gross domestic purchases	5.4	5.8	5.6	3.3	3.9	6.6	8.3	5.1	4.1	7.8	5.2	5.8	3.3	7.6	4.4	4.9	6.3	7.8	4.9
Final sales to domestic purchasers	5.4	5.4	5.7	3.8	3.7	7.0	7.6	3.9	5.0	6.5	4.0	7.3	3.5	6.5	7.2	4.1	6.9	8.2	6.4
GNP	5.3	5.6	4.8	4.5	5.5	5.6	7.0	3.5	6.4	6.5	5.6	5.0	3.6	6.7	2.5	4.3	7.2	6.1	3.0
Disposable personal income	4.9	4.7	4.0	4.7	5.6	5.2	4.6	6.0	3.8	5.9	4.0	3.8	4.0	4.0	3.5	4.3	5.4	4.8	4.8

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

Table 2.--Contributions to Percent Change in Real Gross Domestic Product

	1996	1997	1998	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	II 99r
Percent change at annual rate:																			
Gross domestic product	3.4	3.9	3.9	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	4.3	1.6
Percentage points at annual rates:																			
Personal consumption expenditures	2.17	2.31	3.32	1.77	1.57	2.50	3.21	1.26	1.97	2.91	1.08	4.19	1.88	4.09	4.09	2.78	3.48	4.56	3.26
Durable goods	.52	.56	.82	.66	.39	.48	1.03	-.16	.58	.98	-.13	1.30	.26	1.23	.91	.20	1.90	1.09	.81
Nondurable goods	.48	.49	.77	.15	.41	.45	.96	.24	.57	.71	-.04	1.00	-.08	1.41	1.01	.42	.84	1.77	.56
Services	1.18	1.26	1.73	.95	.77	1.57	1.20	1.18	.81	1.20	1.26	1.85	1.70	1.40	2.14	2.15	.74	1.70	1.88
Gross private domestic investment	1.26	1.65	1.51	.09	1.26	2.33	2.45	2.48	-1.2	2.17	2.92	2.3	1.34	4.07	-0.75	1.22	1.42	1.31	.06
Fixed investment	1.21	1.18	1.58	.47	1.00	1.65	1.83	1.29	-.72	.83	1.63	1.66	.48	2.82	1.95	.33	1.95	1.58	1.47
Nonresidential	.92	1.08	1.15	.10	.61	1.29	1.09	1.37	.88	.71	1.39	1.67	.16	2.21	1.35	-.08	1.52	.91	1.15
Structures	.14	.20	.00	-.01	-.11	.17	.20	.24	.64	.11	-.19	.35	.03	-.15	-.07	.01	.17	.15	-.03
Producers' durable equipment	.78	.88	1.15	.11	.71	1.12	.89	1.12	.24	.59	1.58	1.32	.13	2.36	1.42	-.09	1.35	.76	1.18
Residential	.29	.10	.43	.37	.40	.36	.73	-.07	-.16	.12	.24	-.02	.32	.60	.60	.41	.43	.66	.32
Change in business inventories	.04	.47	-.06	-.39	.25	-.32	.61	1.17	-.83	1.33	1.27	-1.41	.85	1.22	-2.66	.88	-.53	-2.7	-1.41
Net exports of goods and services	-.19	-.27	-1.13	1.60	1.70	-1.10	-.94	-1.33	2.35	-1.24	-.45	-.47	-.30	-2.24	2.09	-.62	.52	-2.23	-1.36
Exports	.95	1.43	.19	1.81	1.10	.43	.65	.23	3.22	.95	1.76	1.22	.53	-.33	-.92	-.32	2.02	-.58	.53
Goods	.76	1.21	.19	1.16	.89	.57	.33	.57	2.06	1.19	1.37	1.02	.67	-.29	-.98	.04	1.76	-.68	.40
Services	.18	.22	.01	.64	.21	.14	.33	-.34	1.14	.24	.38	.20	-.14	-.04	.06	-.36	.26	1.10	.13
Imports	-1.13	-1.71	-1.32	-.20	-.40	-1.54	-1.60	-1.58	-.85	-2.21	-2.21	-1.69	-.83	-1.94	-1.18	-.30	-1.50	-1.65	-1.89
Goods	-1.02	-1.51	-1.20	-.14	-.29	-1.36	-1.52	-1.38	-.88	-1.87	-1.99	-1.38	-.71	-1.75	-1.19	-.32	-1.46	-1.42	-1.74
Services	-.11	-.20	-.12	-.06	-.11	-.18	-.09	-.19	.02	-.34	-.21	-.31	-.12	-.19	.01	.01	-.04	-.23	-.15
Government consumption expenditures and gross investment	.20	.24	.18	-.15	-.78	.59	1.28	-.30	.00	.37	.38	-.25	.02	-.34	.64	-.27	.60	.70	-.34
Federal	-.08	-.11	-.06	-.19	-1.10	.53	.54	-.33	-.44	-.18	.23	-.08	-.14	-.57	.44	-.09	.44	-.08	-.22
National defense	-.06	-.15	-.10	-.27	-.63	.32	.37	-.30	-.39	-.46	.38	-.08	-.09	-.84	.38	-.17	.06	-.23	-.14
Nondefense	-.01	.04	.04	-.08	-.48	.20	.17	-.03	-.05	-.27	-.15	.00	-.05	-.26	.06	-.26	.38	-.14	-.08
State and local	.28	.35	.24	.05	.33	.06	.74	.04	.44	.55	.15	.33	.15	.24	.20	.35	.16	.78	-.12

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

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

	Billions of current dollars										Billions of chained (1992) dollars						
	Seasonally adjusted at annual rates										Seasonally adjusted at annual rates				Change from preceding period		
	1998	II 98	III 98	IV 98	I 99	II 99r	1998	II									

equipment.....	95.1	94.8	95.6	98.0	100.3	105.6	351.8	331.5	370.5	413.0	452.9	501.6	137.0	39.9	48.7
Other.....	138.3	136.8	139.5	142.0	147.1	157.1	141.2	139.7	142.8	145.6	151.0	161.5	14.6	5.4	10.5
Industrial equipment.....	147.0	146.8	147.4	148.3	146.0	148.1	132.7	132.5	133.1	133.5	131.2	133.2	6.8	-2.3	2.0
Transportation and related equipment.....	175.1	181.2	164.0	182.8	181.0	186.7	162.0	167.9	151.7	168.7	166.2	171.3	21.7	-2.5	5.1
Other.....	135.9	137.0	138.8	135.9	143.2	140.6	123.3	124.6	125.8	122.5	128.9	126.4	10.3	6.4	-2.5

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						Change from preceding period		
	1998	II 98	III 98	IV 98	I 99	II 99r	1998	II 98	III 98	IV 98	I 99	II 99r	1998	I 99	II 99r
Residential.....	369.6	363.8	375.8	388.9	405.3	415.7	312.0	309.1	316.5	324.1	335.9	341.8	29.2	11.8	5.9
Structures.....	361.1	355.4	367.3	380.3	396.4	406.7	303.9	300.9	308.3	315.7	327.3	332.9	28.8	11.6	5.6
Single family.....	187.3	183.8	190.9	198.7	209.0	210.9	153.0	151.3	155.6	159.7	167.0	167.1	15.8	7.3	-1
Multifamily.....	24.4	23.5	23.9	25.3	27.6	27.8	21.3	20.7	20.8	21.7	23.6	23.5	1.1	1.9	-1.1
Other.....	149.4	148.1	152.6	156.3	159.8	168.0	130.2	129.6	132.6	135.0	137.3	143.0	11.7	2.3	5.7
Producers' durable equipment.....	8.5	8.5	8.5	8.6	8.9	9.1	8.2	8.2	8.2	8.3	8.6	8.9	.5	3.3	5.3
Change in business inventories (CBI).....	59.3	39.2	57.0	45.7	39.5	7.5	57.4	38.2	55.7	44.2	38.7	7.4	-5.8	-5.5	-31.3
Farm.....	6.7	7.7	7.7	6.3	3.1	2.2	7.6	8.7	9.1	7.2	3.6	2.6	3.3	-3.6	-1.0
Nonfarm.....	52.7	31.5	49.3	39.3	36.4	5.2	50.1	29.9	47.0	37.5	35.1	5.0	-8.7	-2.4	-30.1
Manufacturing.....	20.9	25.1	20.1	6.5	-3.3	-7.4	19.9	23.9	19.2	6.2	-3.3	-7.2	-2.2	-9.5	-3.9
Wholesale trade.....	20.1	7.9	30.5	14.1	9.7	11.9	19.5	7.6	29.6	13.7	9.4	11.4	-2.5	-4.3	2.0
Retail trade.....	3.0	-12.7	-5.5	11.7	17.1	-5.4	2.8	-11.9	-5.3	10.9	16.1	-5.0	-4.0	5.2	-21.1
Other.....	8.7	11.2	4.3	7.0	12.9	6.2	8.1	10.4	4.0	6.6	12.3	5.8	-1.8	5.7	-6.5
Net exports of goods and services.....	-151.2	-159.3	-165.5	-156.2	-196.9	-240.6	-238.2	-245.2	-259.0	-250.0	-303.6	-338.0	-102.1	-53.6	-34.4
Exports.....	959.0	949.6	936.2	976.8	962.7	973.8	984.7	972.1	965.3	1,009.6	996.5	1,008.5	14.7	-13.1	12.0
Goods.....	680.8	668.8	663.3	696.6	677.7	683.8	742.6	726.3	727.3	788.4	781.2	760.9	16.1	-17.2	9.7
Foods, feeds, and beverages.....	46.1	44.9	42.4	47.5	43.2	45.3	43.1	41.7	39.9	45.4	41.7	44.1	-8	-3.7	2.4
Industrial supplies and materials, except petroleum and products.....	142.5	144.2	138.1	139.3	133.2	136.6	130.6	130.7	127.9	131.1	126.6	129.2	-1.8	-4.5	2.6
Capital goods, except automotive.....	301.2	288.4	299.2	315.0	307.5	303.6	430.6	389.7	407.6	430.6	421.5	421.9	19.8	-9.1	.4
Automotive vehicles, engines, and parts.....	72.3	72.2	65.3	73.9	70.7	74.2	68.7	68.7	62.1	70.0	66.8	70.2	-1.7	-3.2	3.4
Consumer goods, except automotive.....	79.6	80.1	80.3	79.7	80.1	79.7	75.8	76.3	76.6	76.1	76.6	76.2	2.1	.5	-4
Other.....	39.1	39.1	37.9	41.1	43.1	42.7	39.7	39.5	38.7	42.3	44.9	45.0	2.5	2.6	.1
Services.....	278.2	280.8	272.9	280.2	285.0	290.0	246.4	248.8	242.1	247.0	249.6	252.1	-6	2.6	2.5
Imports.....	1,110.2	1,108.9	1,101.7	1,133.0	1,159.6	1,214.4	1,222.9	1,217.3	1,224.3	1,259.6	1,300.1	1,346.6	116.8	40.5	46.5
Goods.....	932.4	931.8	924.7	952.2	975.2	1,022.5	1,054.4	1,048.8	1,056.3	1,091.7	1,127.6	1,171.7	108.7	35.9	44.1
Foods, feeds, and beverages.....	41.3	41.8	40.5	41.1	41.2	43.3	38.1	38.3	37.8	38.2	39.0	41.1	2.6	.8	2.1
Industrial supplies and materials, except petroleum and products.....	142.7	144.4	144.8	140.2	140.1	143.7	137.0	137.3	140.3	137.6	137.9	140.7	13.3	.3	2.8
Petroleum and products.....	51.2	53.9	49.2	46.6	43.2	64.5	71.8	74.5	73.4	70.8	72.0	76.2	5.1	1.2	4.2
Capital goods, except automotive.....	270.4	270.5	267.0	275.1	280.0	292.7	426.7	424.7	426.2	442.3	455.8	491.0	53.4	13.5	35.2
Automotive vehicles, engines, and parts.....	150.3	146.0	143.5	163.7	174.1	177.6	138.0	133.9	132.2	150.3	159.2	162.0	8.6	8.9	2.8
Consumer goods, except automotive.....	215.6	217.5	217.2	218.3	226.5	230.1	213.7	215.5	216.1	216.8	225.0	230.0	24.9	8.2	5.0
Other.....	61.0	57.7	62.6	67.1	70.0	70.7	57.3	53.9	58.8	62.9	65.6	66.5	7.4	2.7	3.9
Services.....	177.8	177.1	177.0	180.8	184.5	191.9	171.2	171.0	170.8	171.6	176.5	179.6	9.4	4.9	3.1

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						Change from preceding period		
	1998	II 98	III 98	IV 98	I 99	II 99r	1998	II 98	III 98	IV 98	I 99	II 99r	1998	I 99	II 99r
Government consumption expenditures and gross investment.....	1,487.1	1,481.2	1,492.3	1,510.2	1,537.5	1,541.5	1,296.9	1,294.8	1,299.6	1,310.3	1,323.9	1,317.5	11.9	13.6	-6.4
Federal.....	520.6	520.7	519.4	530.7	536.6	532.8	453.3	454.1	452.5	460.6	458.4	454.2	-4.7	-2.2	-4.2
National defense.....	340.4	339.8	343.7	346.4	345.5	344.3	300.4	300.3	303.5	304.6	299.4	296.8	-8.5	-5.2	-2.6
Consumption expenditures.....	301.5	303.0	302.9	306.7	303.7	300.1	264.1	266.1	265.1	267.3	261.1	257.0	-8.3	-6.2	-4.1
Gross investment.....	38.9	36.8	40.9	39.7	41.8	43.3	36.3	34.1	38.5	37.2	38.5	40.0	-2	1.3	1.5
Nondefense.....	180.2	180.9	175.7	184.3	191.1	189.4	152.1	152.9	148.4	155.2	158.0	156.5	3.5	2.8	-1.5
Consumption expenditures.....	159.6	160.9	155.8	164.0	168.0	169.4	131.5	132.9	128.4	134.6	135.1	136.0	2.8	5	9
Gross investment.....	20.7	20.0	19.9	20.4	23.1	20.0	20.7	19.9	19.9	20.5	23.3	20.2	.9	2.8	-3.1
State and local.....	966.5	960.4	972.9	979.5	1,000.9	1,008.7	843.8	840.9	847.3	850.0	865.8	863.5	16.7	15.8	-2.3
Consumption expenditures.....	789.1	784.7	793.9	801.2	810.2	823.3	689.3	687.3	691.6	695.6	700.8	704.5	17.0	5.2	3.7
Gross investment.....	177.4	175.7	179.0	178.3	190.7	185.4	154.4	153.5	155.6	154.3	165.0	158.9	-4	10.7	-6.1
Residual.....	.....	.....	.....	.....	.....	.....	-162.5	-138.5	-175.7	-210.7	-237.9	-259.2	-87.0	-27.2	-21.3
Addenda:															
Final sales of domestic product (GDP less CBI).....	8,451.6	8,401.3	8,480.9	8,635.5	8,769.1	8,865.9	7,491.3	7,456.4	7,507.6	7,628.9	7,715.4	7,773.6	287.6	86.5	58.2
Gross domestic purchases.....	8,662.2	8,599.9	8,703.4	8,837.4	9,005.6	9,114.0	7,765.9	7,718.6	7,798.8	7,901.3	8,027.8	8,085.8	369.4	126.5	58.0
Final sales to domestic purchasers.....	8,602.8	8,560.6	8,646.4	8,791.7	8,966.0	9,106.5	7,705.2	7,676.4	7,739.8	7,852.5	7,983.6	8,069.2	375.0	131.1	85.6
Gross domestic product.....	8,511.0	8,440.6	8,537.9	8,681.2	8,808.7	8,873.4	7,551.9	7,498.6	7,566.5	7,677.7	7,759.6	7,790.6	282.1	81.9	31.0
Plus: Receipts of factor income from the rest of the world.....	269.2	270.6	265.0	270.7	274.3	286.4	239.5	241.0	235.7	240.4	242.8	252.2	1.5	2.4	9.4
Less: Payments of factor income to the rest of the world.....	289.6	289.3	292.1	291.9	294.6	306.7	252.7	252.8	254.6	253.9	255.3	264.3	12.0	1.4	9.0
Equals: Gross national product.....	8,490.5	8,421.8	8,510.9	8,660.0	8,788.4	8,853.1	7,537.8	7,485.9	7,546.7	7,663.3	7,746.3	7,777.4	271.6	83.0	31.1

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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	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	II 99r
Gross domestic product (GDP).....	1.9	1.9	1.0	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	1.6	1.3
Personal consumption expenditures.....	2.0	1.9	.8	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	1.2	2.2
Durable goods.....	-9	-2.0	-2.3	-1.3	-1.1	.6	-2.1	-1.5	-1.8	-9	-3.4	-2.8	-2.4	-1.4	-2.2	-3.0	-2.5	-3.3	-2.1
Nondurable goods.....	2.0	1.5	.0	.8	.9	3.0	3.6	3	3.6	2.0	-2	.8	.9	-2.2	-2	1.5	.9	1.4	5.3
Services.....	2.7	2.9	1.9	2.9	2.5	2.1	3.0	2.7	2.9	3.5	2.8	2.5	1.9	1.4	1.7	1.9	2.2	1.7	
Gross private domestic investment.....	-3	-3																	

Federal.....	2.9	2.0	1.1	2.5	8.2	4.2	-2.1	1.8	2.7	4.8	.9	-2	1.4	2.7	.0	.4	1.5	6.6	.8
National defense.....	3.3	1.8	1.1	2.7	4.3	6.7	-3	1.9	2.7	4.0	.5	-4	1.2	2.9	-.3	.4	1.8	6.0	1.0
Nondefense.....	2.2	2.4	1.0	2.1	16.5	-7	-5.9	1.6	2.6	6.4	1.7	4	1.8	2.2	-.6	.5	1.1	7.6	.4
State and local.....	2.2	2.2	1.4	1.9	1.4	4.3	-.6	2.7	2.8	3.3	1.4	1.4	2.7	.2	1.2	2.1	1.5	1.3	4.2
Addenda:																			
Final sales of domestic product (GDP less CBI).....	1.9	1.9	1.1	1.9	2.0	2.3	1.4	1.9	1.7	2.8	1.8	1.2	1.2	.9	.9	1.0	.8	1.6	1.4
Gross domestic purchases.....	1.8	1.6	.6	1.6	1.8	2.1	1.4	1.5	2.1	2.2	.9	1.1	1.0	-1.2	.4	.7	.9	1.2	1.9
Final sales to domestic purchasers.....	1.8	1.6	.6	1.6	1.8	2.2	1.4	1.5	2.1	2.3	.9	1.1	1.0	-.1	.5	.7	.9	1.2	2.0
Gross national product (GNP).....	1.9	1.8	1.0	1.9	2.0	2.2	1.4	1.8	1.6	2.7	1.7	1.2	1.1	.9	.8	1.0	.8	1.6	1.3
Implicit price deflators:																			
GDP.....	1.9	1.9	1.0	1.9	2.0	2.3	1.2	1.8	1.8	2.8	1.6	1.2	1.2	.8	.9	1.0	.8	1.6	1.3
Gross domestic purchases.....	1.8	1.6	.6	1.6	1.8	2.1	1.2	1.6	2.2	2.2	.8	1.1	1.1	-.2	.5	.7	.9	1.2	1.9
GNP.....	1.9	1.8	1.0	1.9	2.0	2.3	1.2	1.8	1.8	2.8	1.5	1.2	1.2	.8	.9	1.0	.8	1.6	1.3

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

Table 5.--Quantity and Price Indexes for Gross Domestic Product  
[Index numbers, 1992=100]

	Seasonally adjusted at annual rates							
	1996	1997	1998	II 98	III 98	IV 98	I 99	II 99r
Gross domestic product:								
Chain-type quantity index.....	112.02	116.42	120.94	120.09	121.17	122.95	124.26	124.76
Chain-type price index.....	109.54	111.57	112.71	112.57	112.85	113.08	113.53	113.91
Implicit price deflator.....	109.53	111.57	112.70	112.56	112.84	113.07	113.52	113.90
Personal consumption expenditures:								
Chain-type quantity index.....	112.62	116.44	122.12	121.58	122.80	124.32	126.36	127.85
Chain-type price index.....	109.75	111.81	112.70	112.55	112.84	113.14	113.48	114.10
Durable goods:								
Chain-type quantity index.....	128.16	136.86	150.87	149.30	150.18	158.64	163.53	167.34
Chain-type price index.....	102.75	100.66	98.33	98.72	97.98	97.35	96.53	96.01
Nondurable goods:								
Chain-type quantity index.....	109.77	112.44	116.81	116.57	117.19	118.41	121.12	121.96
Chain-type price index.....	106.08	107.69	107.66	107.41	107.80	108.06	108.43	109.83
Services:								
Chain-type quantity index.....	111.09	114.61	119.51	118.98	120.56	121.07	122.30	123.73
Chain-type price index.....	113.32	116.61	118.80	118.55	119.05	119.61	120.26	120.75
Gross private domestic fixed investment:								
Chain-type quantity index.....	134.10	145.25	161.82	161.36	162.23	167.35	171.56	175.58
Chain-type price index.....	104.68	104.45	103.20	103.33	102.91	102.76	102.56	102.54
Nonresidential:								
Chain-type quantity index.....	139.21	154.04	172.21	172.15	171.84	177.79	181.44	186.16
Chain-type price index.....	101.46	100.15	97.71	98.12	97.21	96.61	96.12	95.77
Residential:								
Chain-type quantity index.....	122.32	125.36	138.34	137.05	140.31	143.68	148.93	151.52
Chain-type price index.....	113.03	115.96	118.42	117.71	118.77	120.00	120.66	121.65
Exports of goods and services:								
Chain-type quantity index.....	134.50	151.70	154.00	152.03	150.96	157.89	155.85	157.73
Chain-type price index.....	101.60	99.53	97.39	97.68	96.98	96.75	96.61	96.56
Imports of goods and services:								
Chain-type quantity index.....	145.19	165.35	182.81	181.97	183.02	188.30	194.35	201.29
Chain-type price index.....	99.36	95.72	90.69	90.98	89.87	89.84	89.09	90.08
Government consumption expenditures and gross investment:								
Chain-type quantity index.....	100.35	101.68	102.63	102.45	102.84	103.69	104.76	104.25
Chain-type price index.....	110.80	113.20	114.66	114.39	114.82	115.25	116.13	117.00
Federal:								
Chain-type quantity index.....	88.19	86.75	85.86	86.00	85.71	87.24	86.81	86.03
Chain-type price index.....	111.35	113.58	114.83	114.66	114.77	115.21	117.05	117.29
State and local:								
Chain-type quantity index.....	109.09	112.42	114.68	114.28	115.16	115.52	117.67	117.36
Chain-type price index.....	110.48	112.96	114.55	114.23	114.83	115.25	115.61	116.82
Addenda:								
Final sales of domestic product:								
Chain-type quantity index.....	111.61	115.49	120.10	119.54	120.36	122.31	123.70	124.63
Chain-type price index.....	109.59	111.66	112.84	112.69	112.99	113.22	113.68	114.07
Implicit price deflator.....	109.59	111.66	112.82	112.67	112.97	113.20	113.66	114.05
Gross domestic purchases:								
Chain-type quantity index.....	113.18	117.89	123.78	123.03	124.30	125.94	127.95	128.88
Chain-type price index.....	109.18	110.92	111.54	111.42	111.60	111.84	112.18	112.71
Implicit price deflator.....	109.18	110.92	111.54	111.42	111.60	111.85	112.18	112.71
Final sales to domestic purchasers:								
Chain-type quantity index.....	112.78	116.97	122.95	122.49	123.50	125.30	127.39	128.76
Chain-type price index.....	109.24	111.00	111.66	111.53	111.72	111.97	112.31	112.86
Implicit price deflator.....	109.23	111.00	111.65	111.52	111.71	111.96	112.30	112.86
Gross national product:								
Chain-type quantity index.....	112.04	116.16	120.50	119.67	120.64	122.51	123.83	124.33
Chain-type price index.....	109.51	111.51	112.65	112.51	112.79	113.01	113.46	113.84
Implicit price deflator.....	109.50	111.52	112.64	112.50	112.78	113.01	113.45	113.83

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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	-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	-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	-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	.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	.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	.7	-7	-2	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	-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	.5	2.2	1.1	-10.7	-6.8	1.0	1.0	4.8	5.0	7.1	-1
Producers' durable equipment.....	4.6	19.2	5.5	1.0	.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	.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	3.3	13.3	10.9	8.7	9.4	9.1	4.4	5.5	2.0	4.3	8.2	5.6	6.6	-2
Imports.....	12.6	24.3	6.5	8.4	6.1	3.9	3.9	3.9	-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	9.6	10.5	13.6	9.6	10.0	14.7	11.5
Services.....	8.1	24.8	7.4	.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	.6	.5	-9	.0	.2	1.1	1.3	.9
Federal.....	5.4	2.4	6.9	4.6	3.1	-1.8	1.3	2.0	-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	-.9	-1.0	.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	2.1	-4	9.2	8.0	1.1	7.2	-7	-1.1	-1.8	-.5	1.7	2.4
State and local.....	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	-7	2.5	2.1	2.9	2.8	3.4	3.5	4.0
Gross domestic purchases price index.....																

Personal consumption expenditures.....	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	5.2
Durable goods.....	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	12.1
Nondurable goods.....	1.8	1.7	1.6	2.4	2.6	2.6	3.1	1.8	2.0	2.9	4.3	3.6	4.7	5.2	4.6	4.6
Services.....	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	4.0
Gross private domestic investment.....	1.2	.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	6.4
Fixed investment.....	4.7	4.8	5.7	8.9	10.5	9.9	8.4	8.0	8.5	8.2	11.8	12.2	9.6	12.1	9.7	8.8
Nonresidential.....	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	8.6	8.1
Structures.....	4.3	2.7	1.7	2.3	4.6	11.6	10.9	7.2	8.1	2.5	.3	1.3	-1.5	-.3	2.3	2.7
Producers' durable equipment.....	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	10.1
Residential.....	-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	10.6
Change in business inventories (CBI).....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Net exports of goods and services.....	11.7	10.5	9.1	9.2	5.4	10.3	11.5	14.0	16.3	9.6	6.7	9.9	-2.3	1.1	.5	3.7
Exports.....	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	4.8
Goods.....	10.0	9.8	8.4	8.2	.4	7.5	6.7	7.1	11.5	1.5	2.9	.5	-3.6	-.6	.7	1.3
Services.....	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	9.2	10.6
Imports.....	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	10.4	11.7
Goods.....	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	3.0	5.0
Services.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Government consumption expenditures and gross investment.....	-8	-9	-1	1.3	1.1	2.1	1.8	.6	1.4	1.4	.4	.8	.8	1.6	3.2	1.8
Federal.....	-4.7	-5.6	-3.2	-.8	-.3	1.1	-1.5	-2.1	-1.7	-.6	-2.2	-1.4	-1.4	.9	2.7	0
National defense.....	-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	-1.2
Nondefense.....	-.4	-7.0	-3.7	-.2	-1.3	3.5	4.3	.6	.9	.9	.8	3.2	.1	5.3	4.0	2.3
State and local.....	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	2.7
Addenda:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Final sales of domestic product (GDP less CBI).....	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	4.7	4.3
Gross domestic purchases price index.....	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	1.2
GDP price index.....	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	1.1	1.2
Real disposable personal income.....	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	3.4	3.4

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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	II 98	III 98	IV 98	I 99	II 99r
Gross domestic product.....	7,661.6	8,110.9	8,511.0	8,440.6	8,537.9	8,681.2	8,808.7	8,873.4
Plus: Receipts of factor income from the rest of the world.....	235.5	265.5	269.2	270.6	265.0	270.7	274.3	286.4
Less: Payments of factor income to the rest of the world.....	223.1	273.5	289.6	289.3	292.1	291.9	294.6	306.7
Equals: Gross national product.....	7,674.0	8,102.9	8,490.5	8,421.8	8,510.9	8,660.0	8,788.4	8,853.1
Less: Consumption of fixed capital.....	832.0	871.8	908.0	902.3	912.3	923.0	931.9	943.1
Less: Indirect business tax and nontax liability.....	606.4	627.2	655.3	647.7	656.5	675.1	673.6	681.1
Less: Business transfer payments.....	33.8	35.1	36.1	36.0	36.3	36.4	36.4	37.0
Less: Statistical discrepancy.....	-32.2	-55.8	-76.5	-85.7	-102.0	-64.2	-93.1	-120.1
Plus: Subsidies less current surplus of government enterprises.....	22.0	21.9	27.1	23.9	24.6	36.3	25.5	32.6
Equals: National income.....	6,256.0	6,646.5	6,994.7	6,945.5	7,032.3	7,126.0	7,265.2	7,344.8
Compensation of employees.....	4,409.0	4,687.2	4,981.0	4,945.2	5,011.6	5,084.3	5,166.5	5,237.4
Wage and salary accruals.....	3,640.4	3,893.6	4,153.9	4,121.6	4,181.1	4,246.8	4,317.0	4,378.5
Supplements to wages and salaries.....	768.6	793.7	827.1	823.5	830.5	837.5	849.6	858.9
Proprietors' income with inventory valuation and capital consumption adjustments.....	527.7	551.2	577.2	571.7	576.1	596.9	598.3	609.0
Rental income of persons with capital consumption adjustment.....	150.2	158.2	162.6	161.0	163.6	167.5	167.7	169.8
Corporate profits with inventory valuation and capital consumption adjustments.....	750.4	817.9	824.6	820.6	827.0	821.7	868.8	859.3
Net interest.....	418.6	432.0	449.3	447.1	454.0	455.6	463.9	469.2
Addendum:	.....	.....	.....	.....	.....	.....	.....	.....
Gross domestic income.....	7,693.8	8,166.7	8,587.5	8,526.3	8,639.9	8,745.4	8,901.8	8,993.5

r revised

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

	Seasonally adjusted at annual rates							
	1996	1997	1998	II 98	III 98	IV 98	I 99	II 99r
Personal income\1).....	6,425.2	6,784.0	7,126.1	7,081.9	7,160.8	7,257.9	7,349.3	7,441.0
Wage and salary disbursements.....	3,631.1	3,889.8	4,149.9	4,117.6	4,177.1	4,242.8	4,317.0	4,378.5
Other labor income.....	387.0	392.9	406.9	405.7	408.4	411.0	414.7	419.6
Proprietors' income with inventory valuation and capital consumption adjustments.....	527.7	551.2	577.2	571.7	576.1	596.9	598.3	609.0
Farm.....	38.9	35.5	28.7	27.7	25.2	34.7	32.5	22.4
Nonfarm.....	488.8	515.8	548.5	544.0	550.9	562.2	575.8	586.6
Rental income of persons with capital consumption adjustment.....	150.2	158.2	162.6	161.0	163.6	167.5	167.7	169.8
Personal dividend income.....	248.2	260.3	263.1	262.1	263.0	265.7	268.8	272.7
Personal interest income.....	719.4	747.3	764.8	763.0	769.2	769.9	771.0	777.8
Transfer payments to persons.....	1,068.0	1,110.4	1,149.0	1,145.8	1,152.9	1,158.3	1,175.2	1,181.4
Less: Personal contributions for social insurance.....	306.3	326.2	347.4	345.1	349.5	354.1	363.4	367.9
Less: Personal tax and nontax payments.....	890.5	989.0	1,098.3	1,092.9	1,108.4	1,124.9	1,144.1	1,162.4
Equals: Disposable personal income.....	5,534.7	5,795.1	6,027.9	5,988.9	6,052.4	6,133.1	6,205.2	6,278.5
Less: Personal outlays.....	5,376.2	5,674.1	6,000.2	5,963.3	6,039.8	6,133.6	6,250.7	6,358.6
Equals: Personal saving.....	158.5	121.0	27.7	25.6	12.6	-.6	-45.5	-80.1
Addenda:	.....	.....	.....	.....	.....	.....	.....	.....
Disposable personal income, billions of chained (1992) dollars\2).....	5,043.0	5,183.1	5,348.5	5,321.5	5,364.1	5,421.2	5,468.2	5,503.1
Personal saving as a percentage of disposable personal income.....	2.9	2.1	.5	.4	.2	.0	-.7	-1.3

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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									
	1996	1997	1998	Seasonally adjusted at annual rates			1997	1998	Quarterly rates		Quarter one year ago				
			II 98	III 98	IV 98	I 99	II 99r	III 98	IV 98	I 99	II 99r	II 99r			
Corporate profits with inventory valuation and capital consumption adjustments.....	750.4	817.9	824.6	820.6	827.0	821.7	868.8	859.3	9.0	.8	-.8	5.7	-1.1	4.7	
Profits before tax.....	680.2	734.4	717.8	723.5	720.5	708.1	752.6	768.0	8.0	-2.3	-.4	-1.7	6.3	2.0	6.1
Profits tax liability.....	226.1	246.1	240.1	241.6	243.2	235.6	250.7	257.0	8.8	-2.4	.6	-3.1	6.4	2.5	6.3
Profits after tax.....	454.1	488.3	477.7	481.8	477.3	472.5	501.9	511.0	7.5	-2.2	-1.0	6.2	1.8	6.0	

Dividends.....	261.9	275.1	279.2	278.1	279.0	282.3	285.6	289.7	5.0	1.5	-3	1.2	1.2	1.4	4.2	
Undistributed profits.....	192.3	213.2	198.5	203.7	198.3	190.2	216.4	221.3	10.9	-6.9	-2.7	-4.1	13.8	2.3	8.6	
Inventory valuation adjustment.....	-1.2	6.9	14.5	7.8	11.7	13.4	11.6	-17.4	.....	.....	.....	.....	.....	.....	.....	
Capital consumption adjustment.....	71.4	76.6	92.3	89.4	94.8	100.2	104.6	108.7	7.3	20.4	6.1	5.7	4.3	3.9	21.6	
<b>Addenda:</b>																
Corporate profits after tax with inventory valuation and capital consumption adjustments.....	524.3	571.8	584.5	579.0	583.7	586.2	618.1	602.3	9.1	2.2	.8	.4	5.4	-2.6	4.0	
<b>Net cash flow with inventory valuation and capital consumption adjustments.....</b>																
Undistributed profits with inventory valuation and capital consumption adjustments.....	714.4	774.1	806.0	798.7	807.9	812.8	847.5	834.3	8.3	4.1	1.2	.6	4.3	-1.6	4.5	
Consumption of fixed capital.....	262.4	296.7	305.4	300.9	304.8	303.9	332.5	312.6	13.1	2.9	1.3	-3	9.4	-6.0	3.9	
Equals: Net cash flow.....	452.0	477.3	500.6	497.8	503.1	508.9	514.9	521.7	5.6	4.9	1.1	1.1	1.2	1.3	4.8	
Less: Inventory valuation adjustment.....	-1.2	6.9	14.5	7.8	11.7	13.4	11.6	-17.4	.....	.....	.....	.....	.....	.....	.....	
Equals: Net cash flow.....	715.7	767.2	791.4	790.9	796.2	799.3	835.9	851.7	7.2	3.2	.7	.4	4.6	1.9	7.7	

r revised

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										1997	1998	III 98	IV 98	I 99	II 99r
	1996	1997	1998	II 98	III 98	IV 98	I 99	II 99r								
Corporate profits with IVA and CCAdj.....	750.4	817.9	824.6	820.6	827.0	821.7	868.8	859.3	67.5	6.7	6.4	-5.3	47.1	-9.5		
Domestic industries.....	654.0	718.9	729.0	723.3	737.0	724.9	767.4	759.1	64.9	10.1	13.7	-12.1	42.5	-8.3		
Financial.....	105.5	124.7	130.3	130.1	129.5	130.1	143.5	135.8	19.2	5.6	-6	.6	13.4	-7.7		
Nonfinancial.....	548.5	594.2	598.7	593.2	607.5	594.8	623.8	623.3	45.7	4.5	14.3	-12.7	29.0	-5		
Rest of the world.....	96.4	99.0	95.7	97.3	89.9	96.8	101.4	100.2	2.6	-3.3	-7.4	6.9	4.6	-1.2		
Receipts from the rest of the world.....	134.5	149.5	145.8	146.0	140.5	150.6	161.5	168.3	15.0	-3.7	-5.5	10.1	10.9	6.8		
Less: Payments to the rest of the world.....	38.1	50.4	50.1	48.7	50.5	53.8	60.1	68.1	12.3	-3	1.8	3.3	6.3	8.0		
Corporate profits with IVA.....	679.0	741.2	732.3	731.3	732.1	721.5	764.2	750.6	62.2	-8.9	.8	-10.6	42.7	-13.6		
Domestic industries.....	582.6	642.2	636.6	633.9	642.2	624.7	662.8	650.4	59.6	-5.6	8.3	-17.5	38.1	-12.4		
Financial.....	110.7	130.0	134.2	134.4	133.2	133.0	146.2	138.2	19.3	4.2	-1.2	-2	13.2	-8.0		
Federal Reserve banks.....	21.8	23.3	24.6	24.4	24.7	24.6	24.4	24.5	1.5	1.3	.3	-1	-2	.1		
Other.....	88.9	106.6	109.7	110.0	108.5	108.4	121.8	113.7	17.7	3.1	-1.5	-1	13.4	-8.1		
Nonfinancial.....	471.8	512.3	502.4	499.5	509.0	491.7	516.6	512.2	40.5	-9.9	9.5	-17.3	24.9	-4.4		
Manufacturing.....	195.6	214.4	192.8	194.6	195.0	184.5	195.5	197.3	18.8	-21.6	-4	-10.5	11.0	1.8		
Durable goods.....	97.2	107.3	108.3	104.5	109.4	118.7	112.7	117.2	10.1	1.0	4.9	9.3	-6.0	4.5		
Primary metal industries.....	5.4	5.6	5.4	5.7	4.9	4.5	5.2	5.0	.2	-2	-8	-1	-3.6	-2		
Fabricated metal products.....	14.2	15.5	15.0	15.5	17.5	14.6	16.5	16.5	1.3	-5	2.0	-2.9	1.9	.0		
Industrial machinery and equipment.....	26.1	27.6	29.2	28.5	30.4	34.5	32.7	34.9	1.5	1.6	1.9	4.1	-1.8	2.2		
Electronic and other electric equipment.....	20.1	24.8	21.8	19.8	20.5	25.0	24.6	24.8	4.7	-3.0	.7	4.5	-.4	.2		
Motor vehicles and equipment.....	2.4	3.8	5.8	4.9	4.6	7.3	7.9	8.6	1.4	2.0	-3	2.7	.6	-.7		
Other.....	29.0	30.0	31.2	30.1	31.5	32.4	29.7	31.5	1.0	1.2	1.4	.9	-2.7	1.8		
Nondurable goods.....	98.5	107.1	84.5	90.2	85.6	65.8	82.9	80.1	8.6	-22.6	-4.6	-19.8	17.1	-2.8		
Food and kindred products.....	22.0	22.7	17.9	21.4	22.0	18.4	18.4	19.5	.7	-4.8	.6	-14.5	10.9	1.1		
Chemicals and allied products.....	28.8	28.1	21.1	18.9	18.4	20.0	24.8	21.0	-7	-7.0	-5	1.6	4.8	-3.8		
Petroleum and coal products.....	10.9	18.0	8.4	10.0	7.2	5.4	2.3	2.2	7.1	-9.6	-2.8	-1.8	-3.1	-1		
Other.....	36.7	38.3	37.1	39.8	38.0	32.9	37.4	37.3	1.6	-1.2	-1.8	-5.1	4.5	-1		
Transportation and public utilities.....	92.7	88.4	90.4	87.5	92.7	89.7	94.1	89.8	-4.3	2.0	5.2	-3.0	4.4	-4.3		
Transportation.....	14.8	17.6	17.7	17.5	18.5	17.7	16.5	14.7	2.8	1	1.0	-8	-1.2	-1.8		
Communications.....	35.8	31.2	33.3	32.5	34.8	31.9	37.1	37.7	-4.6	2.1	2.3	-2.9	5.2	.6		
Electric, gas, and sanitary services.....	42.1	39.7	39.3	37.5	39.5	40.0	40.5	37.4	-2.4	-4	2.0	.5	.5	-3.1		
Wholesale trade.....	37.9	49.8	51.3	53.5	53.9	46.3	50.0	50.0	11.9	1.5	.4	-7.6	3.7	.0		
Retail trade.....	51.8	61.2	67.2	67.4	67.1	66.8	73.0	72.2	9.4	6.0	-3	-3	6.2	-.8		
Other.....	93.8	98.5	100.7	96.5	100.2	104.4	103.9	102.9	4.7	2.2	3.7	4.2	-5	-1.0		
Rest of the world.....	96.4	99.0	95.7	97.3	89.9	96.8	101.4	100.2	2.6	-3.3	-7.4	6.9	4.6	-1.2		

r revised  
IVA Inventory valuation adjustment  
CCAdj. Capital consumption adjustment

Table 12.--Gross Domestic Product of Nonfinancial Corporate Business  
[Billions of dollars]

	Seasonally adjusted at annual rates							
	1996	1997	1998	II 98	III 98	IV 98	I 99	II 99r
	Billions of dollars							
Gross domestic product of nonfinancial corporate business.....	4,134.4	4,414.5	4,657.4	4,618.8	4,688.9	4,747.8	4,827.7	4,886.2
Consumption of fixed capital.....	393.4	415.4	435.3	433.1	437.4	442.3	447.3	453.0
Net domestic product.....	3,741.0	3,999.1	4,222.1	4,185.7	4,251.4	4,305.5	4,380.4	4,433.2
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	411.6	436.8	461.3	454.2	461.1	479.2	472.5	477.4
Domestic income.....	3,329.4	3,562.3	3,760.8	3,731.4	3,790.3	3,826.4	3,907.9	3,955.8
Compensation of employees.....	2,679.7	2,871.2	3,066.6	3,043.1	3,086.3	3,134.6	3,232.8	3,282.8
Wage and salary accruals.....	2,240.7	2,416.6	2,592.9	2,571.4	2,610.7	2,654.9	2,698.5	2,740.8
Supplements to wages and salaries.....	439.0	454.6	473.7	471.7	475.6	479.7	486.6	491.9
Corporate profits with IVA and CCAdj.....	548.5	594.2	598.7	593.2	607.5	594.8	623.8	623.3
Profits before tax.....	473.1	505.4	487.9	491.8	497.3	478.2	505.0	529.5
Profits tax liability.....	151.5	169.8	160.4	162.1	163.8	156.1	165.8	175.2
Profits after tax.....	321.5	335.6	327.4	329.6	333.5	322.1	339.3	354.3
Dividends.....	217.1	229.3	249.6	254.3	247.3	259.3	247.8	275.7
Undistributed profits.....	104.4	106.3	77.9	75.3	86.2	62.8	91.5	78.6
Inventory valuation adjustment.....	-1.2	6.9	14.5	7.8	11.7	13.4	11.6	-17.4
Capital consumption adjustment.....	76.7	81.9	96.3	93.7	98.5	103.2	107.2	111.2
Net interest.....	101.2	96.9	95.6	95.2	96.5	96.9	99.0	99.7
Billions of chained (1992) dollars								
Gross domestic product of nonfinancial corporate business(1).....	3,914.8	4,154.4	4,388.8	4,352.0	4,417.2	4,477.0	4,550.6	4,594.0
Consumption of fixed capital(2).....	374.3	394.6	422.4	417.7	426.6	436.0	446.0	456.5
Net domestic product(3).....	3,540.5	3,759.8	3,966.4	3,934.3	3,990.6	4,040.9	4,104.6	4,137.5
Dollars								
Price, costs, and profits per unit of real gross domestic product of nonfinancial corporate business:								
Price per unit of real gross domestic product(4).....	1.056	1.063	1.061	1.061	1.062	1.060	1.061	1.064
Compensation of employees (unit labor cost).....	.685	.691	.699	.699	.699	.700	.700	.704
Unit nonlabor cost.....	.231	.228	.226	.226	.225	.228	.224	.225
Consumption of fixed capital.....	.100	.100	.099	.100	.099	.099	.098	.099
Indirect business tax and nontax liability plus business transfer payments less subsidies.....	.105	.105	.105	.104	.104	.107	.104	.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	.136	.138	.133	.137	.136
Profits tax liability.....	.039	.041	.037	.037	.037	.035	.036	.038
Profits after tax with IVA and CCAdj.....	.101	.102	.100	.099	.100	.098	.101	.098

r revised

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	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	II 99r
<b>GDP and related aggregates:</b>																			
GDP.....	3.4	3.9	3.9	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	4.3	1.6
Goods.....	4.5	5.9	5.0	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	4.0	-1.1
Services.....	2.4	2.6	3.1	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	2.8	3.2
Structures.....	5.6	4.1	4.0	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	15.4	-1.3
Motor vehicle output.....	-4	5.9	3.4	-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	-18.7	2.4
GDP less motor vehicle output.....	3.6	3.9	3.9	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	5.3	1.6
Final sales of computers\1\.....	63.1	55.3	62.5	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	24.2	26.5
GDP less final sales of computers.....	2.9	3.4	3.3	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	4.1	1.3
Farm product\2\.....	9.1	14.9	2.4	-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	-4	-1.6
Nonfarm business less housing product\3\.....	4.1	4.5	4.7	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	5.0	1.6
<b>Price indexes:</b>																			
GDP.....	1.9	1.9	1.0	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	1.6	1.3
GDP less food and energy.....	1.7	1.9	1.1	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	1.5	1.4
Gross domestic purchases.....	1.8	1.6	.6	1.6	1.8	2.1	1.4	1.5	2.1	2.2	.9	1.1	1.0	-.2	.4	.7	.9	1.2	1.9
Gross domestic purchases less food and energy.....	1.5	1.6	.9	1.7	1.9	1.7	.6	1.5	1.6	2.2	1.7	.9	1.0	.7	.7	.7	1.1	1.3	1.2
Gross domestic purchases less computers.....	2.2	2.0	1.1	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	1.7	2.3
Personal consumption expenditures.....	2.0	1.9	.8	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	1.2	2.2
Personal consumption expenditures less food and energy.....	1.8	1.8	1.2	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	1.3	1.2

r revised

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 ( $\$100 \times 1.10$ ).

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.