

# GDP and the Economy

## Second Estimates for the Fourth Quarter of 2009

REAL GROSS domestic product (GDP) increased 5.9 percent at an annual rate in the fourth quarter of 2009, the largest increase since the third quarter of 2003, according to the “second” estimates of the national income and product accounts (NIPAs) (chart 1 and table 1).<sup>1</sup> The fourth-quarter increase was revised up 0.2 percentage point from the advance estimate. In the third quarter, real GDP increased 2.2 percent.

The acceleration in real GDP in the fourth quarter primarily reflected an acceleration in private inventory investment, an upturn in nonresidential fixed investment, a deceleration in imports, and an acceleration in exports. In contrast, consumer spending and federal government spending both decelerated.<sup>2</sup>

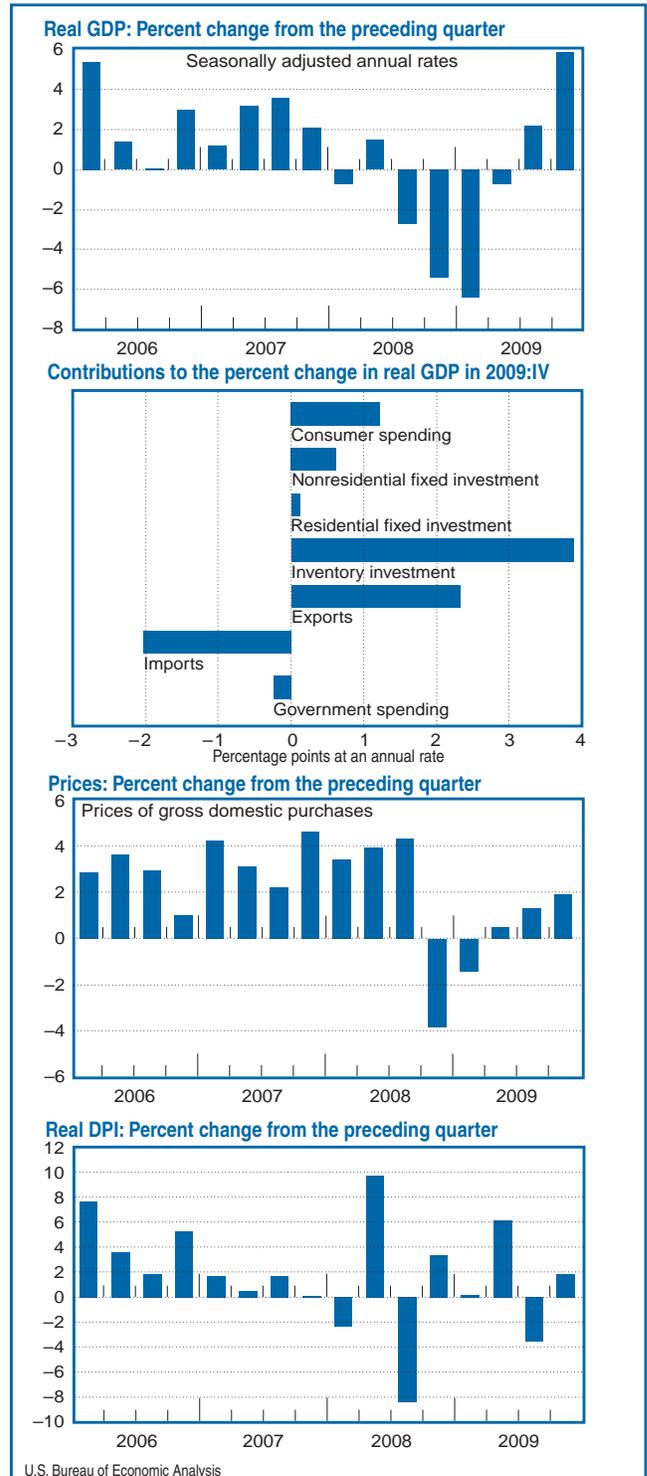
- Businesses drew down inventories for the seventh straight quarter. However, the drawdown was much less than in the third quarter, resulting in a strong contribution to GDP growth (see page 5).
- Prices of goods and services purchased by U.S. residents increased 1.9 percent in the fourth quarter after increasing 1.3 percent (see page 8). Energy prices slowed, and food prices remained unchanged after decreasing 2.0 percent. Excluding food and energy, gross domestic purchases prices increased 1.3 percent after increasing 0.3 percent.
- Real disposable personal income (DPI) increased 1.9 percent, 0.2 percentage point less than in the advance estimate, after decreasing 3.6 percent (revised). The upturn reflected an upturn in current-dollar DPI, which in turn resulted from a sharp upturn in personal income that was partly offset by a smaller decrease in personal current taxes.
- The personal saving rate was 4.1 percent in the fourth quarter, 0.5 percentage point less than in the advance estimate; in the third quarter, the rate was 3.9 percent (revised).

1. “Real” estimates are in chained (2005) dollars, and price indexes are chain-type measures. Each GDP estimate for a quarter (advance, second, and third) incorporates increasingly comprehensive and improved source data. More information can be found at [www.bea.gov/about/infoqual.htm](http://www.bea.gov/about/infoqual.htm) and [www.bea.gov/faq/national/gdp\\_accuracy.htm](http://www.bea.gov/faq/national/gdp_accuracy.htm). Quarterly estimates are expressed at seasonally adjusted annual rates, which assumes that a rate of activity for a quarter is maintained for a year.

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

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



## Real GDP Overview

Table 1. Real Gross Domestic Product and Components

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)			
	2009	2009					2009			
	IV	I	II	III	IV	I	II	III	IV	
<b>Gross domestic product</b> <sup>1</sup> .....	<b>100.0</b>	<b>-6.4</b>	<b>-0.7</b>	<b>2.2</b>	<b>5.9</b>	<b>-6.4</b>	<b>-0.7</b>	<b>2.2</b>	<b>5.9</b>	
<b>Personal consumption expenditures</b> .....	<b>70.8</b>	<b>0.6</b>	<b>-0.9</b>	<b>2.8</b>	<b>1.7</b>	<b>0.44</b>	<b>-0.62</b>	<b>1.96</b>	<b>1.23</b>	
Goods.....	23.1	2.5	-3.1	7.2	2.8	0.56	-0.71	1.59	0.66	
Durable goods.....	7.3	3.9	-5.6	20.4	0.2	0.28	-0.41	1.36	0.02	
Nondurable goods.....	15.8	1.9	-1.9	1.5	4.1	0.29	-0.29	0.23	0.64	
Services.....	47.7	-0.3	0.2	0.8	1.2	-0.13	0.09	0.37	0.57	
<b>Gross private domestic investment</b> .....	<b>11.9</b>	<b>-50.5</b>	<b>-23.7</b>	<b>5.0</b>	<b>48.9</b>	<b>-8.98</b>	<b>-3.10</b>	<b>0.54</b>	<b>4.63</b>	
Fixed investment.....	12.0	-39.0	-12.5	-1.3	6.2	-6.62	-1.68	-0.15	0.75	
Nonresidential.....	9.5	-39.2	-9.6	-5.9	6.5	-5.29	-1.01	-0.59	0.62	
Structures.....	3.0	-43.6	-17.3	-18.4	-13.9	-2.28	-0.69	-0.68	-0.47	
Equipment and software.....	6.4	-36.4	-4.9	1.5	18.2	-3.01	-0.32	0.10	1.09	
Residential.....	2.5	-38.2	-23.3	18.9	5.0	-1.33	-0.67	0.43	0.13	
Change in private inventories.....	-0.1	.....	.....	.....	.....	-2.36	-1.42	0.69	3.88	
<b>Net exports of goods and services</b> .....	<b>-3.1</b>	.....	.....	.....	.....	<b>2.64</b>	<b>1.65</b>	<b>-0.81</b>	<b>0.30</b>	
Exports.....	11.6	-29.9	-4.1	17.8	22.4	-3.95	-0.45	1.78	2.32	
Goods.....	7.9	-36.9	-6.3	24.6	34.2	-3.41	-0.45	1.58	2.27	
Services.....	3.7	-13.6	0.1	5.6	1.4	-0.54	0.00	0.20	0.05	
Imports.....	14.7	-36.4	-14.7	21.3	15.3	6.58	2.09	-2.59	-2.02	
Goods.....	12.0	-41.0	-16.5	25.1	20.2	6.25	1.89	-2.41	-2.13	
Services.....	2.7	-11.5	-7.5	7.0	-3.9	0.34	0.21	-0.18	0.11	
<b>Government consumption expenditures and gross investment</b> .....	<b>20.5</b>	<b>-2.6</b>	<b>6.7</b>	<b>2.6</b>	<b>-1.2</b>	<b>-0.52</b>	<b>1.33</b>	<b>0.55</b>	<b>-0.23</b>	
Federal.....	8.1	-4.3	11.4	8.0	0.1	-0.33	0.85	0.62	0.02	
National defense.....	5.5	-5.1	14.0	8.4	-3.5	-0.27	0.70	0.45	-0.19	
Nondefense.....	2.6	-2.5	6.1	7.0	8.3	-0.06	0.15	0.17	0.21	
State and local.....	12.4	-1.5	3.9	-0.6	-2.0	-0.19	0.48	-0.08	-0.25	

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

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

Table 2. Real Gross Domestic Product (GDP) by Type of Product

[Seasonally adjusted at annual rates]

	Share of current-dollar GDP (percent)	Change from preceding period (percent)					Contribution to percent change in real GDP (percentage points)			
	2009	2009					2009			
	IV	I	II	III	IV	I	II	III	IV	
<b>Gross domestic product</b> <sup>1</sup> .....	<b>100.0</b>	<b>-6.4</b>	<b>-0.7</b>	<b>2.2</b>	<b>5.9</b>	<b>-6.4</b>	<b>-0.7</b>	<b>2.2</b>	<b>5.9</b>	
Final sales of domestic product.....	100.1	-4.1	0.7	1.5	1.9	-4.07	0.68	1.54	2.04	
Change in private inventories.....	-0.1	.....	.....	.....	.....	-2.36	-1.42	0.69	3.88	
Goods.....	26.6	-8.7	-3.2	6.3	23.9	-2.19	-0.84	1.60	5.75	
Services.....	65.7	-0.9	1.5	1.1	1.2	-0.53	0.96	0.70	0.84	
Structures.....	7.8	-34.0	-9.7	-0.8	-8.1	-3.70	-0.86	-0.06	-0.66	
<b>Addenda:</b>										
Motor vehicle output.....	2.0	-64.5	13.3	131.8	25.0	-1.69	0.19	1.45	0.44	
GDP excluding motor vehicle output.....	98.0	-4.9	-0.9	0.8	5.6	-4.74	-0.93	0.78	5.48	
Final sales of computers.....	0.5	11.2	-7.3	-13.9	-2.9	0.06	-0.04	-0.08	-0.01	
GDP excluding final sales of computers.....	99.5	-6.5	-0.7	2.3	6.0	-6.49	-0.69	2.32	5.93	

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

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

Consumer spending increased 1.7 percent in the fourth quarter after increasing 2.8 percent and contributed 1.23 percentage points to real GDP growth. The slowdown mainly reflected a sharp deceleration in durable goods that was partly offset by accelerations in nondurable goods and in services. (See page 3.)

Nonresidential fixed investment turned up, increasing 6.5 percent after decreasing 5.9 percent. The upturn mainly reflected a sharp acceleration in equipment and software. (See page 4.)

Residential fixed investment increased 5.0 percent after increasing 18.9 percent. The slowdown mainly reflected a slowdown in investment in single-family structures.

Inventory investment accelerated, reflecting a much slower drawdown in inventories than in the third quarter. The change in inventory investment added 3.88 percentage points to real GDP growth, the largest positive contribution since the fourth quarter of 1987. (See page 5.)

Exports picked up, increasing 22.4 percent after increasing 17.8 percent, and added 2.32 percentage points to real GDP growth. The pickup reflected an acceleration in exports of goods; exports of services slowed. (See page 6.)

Imports slowed, increasing 15.3 percent after increasing 21.3 percent. The slowdown reflected a slowdown in imports of goods and a downturn in imports of services.

Federal government spending decelerated, reflecting a downturn in national defense spending that was partly offset by a slight pickup in nondefense spending.

State and local government spending decreased more than in the third quarter.

Real final sales of domestic product, real GDP less inventory investment, increased 1.9 percent after increasing 1.5 percent. The fourth-quarter increase, which was the largest since the second quarter of 2008, added 2.04 percentage points to real GDP growth.

Motor vehicle output decelerated sharply in response to slower sales due to the expiration of the "cash for clunkers" program that was in effect in the third quarter.

Final sales of computers decreased less than in the third quarter.

## Consumer Spending

**Table 3. Real Personal Consumption Expenditures (PCE)**

[Seasonally adjusted at annual rates]

	Share of current-dollar PCE (percent)	Change from preceding period (percent)					Contribution to percent change in real PCE (percentage points)				
	2009	2009					2009				
	IV	I	II	III	IV	I	II	III	IV		
<b>PCE</b> <sup>1</sup> .....	<b>100.0</b>	<b>0.6</b>	<b>-0.9</b>	<b>2.8</b>	<b>1.7</b>	<b>0.6</b>	<b>-0.9</b>	<b>2.8</b>	<b>1.7</b>		
<b>Goods</b> .....	<b>32.6</b>	<b>2.5</b>	<b>-3.1</b>	<b>7.2</b>	<b>2.8</b>	<b>0.80</b>	<b>-1.00</b>	<b>2.26</b>	<b>0.92</b>		
<b>Durable goods</b> .....	<b>10.3</b>	<b>3.9</b>	<b>-5.6</b>	<b>20.4</b>	<b>0.2</b>	<b>0.40</b>	<b>-0.58</b>	<b>1.92</b>	<b>0.03</b>		
Motor vehicles and parts ....	3.1	6.7	-6.3	43.6	-20.7	0.19	-0.19	1.14	-0.74		
Furnishings and durable household equipment ....	2.5	-7.0	-7.8	6.8	10.6	-0.19	-0.21	0.17	0.25		
Recreational goods and vehicles .....	3.3	9.3	-4.6	17.5	16.5	0.29	-0.15	0.52	0.50		
Other durable goods .....	1.4	7.2	-1.9	6.6	1.3	0.10	-0.03	0.09	0.02		
<b>Nondurable goods</b> .....	<b>22.3</b>	<b>1.9</b>	<b>-1.9</b>	<b>1.5</b>	<b>4.1</b>	<b>0.41</b>	<b>-0.42</b>	<b>0.33</b>	<b>0.89</b>		
Food and beverages for off-premises consumption....	7.8	0.6	3.6	3.8	5.0	0.05	0.28	0.30	0.38		
Clothing and footwear .....	3.2	-1.7	-8.2	-0.3	7.4	-0.06	-0.28	-0.01	0.23		
Gasoline and other energy goods .....	3.4	8.6	1.1	-1.8	-3.4	0.24	0.03	-0.05	-0.11		
Other nondurable goods....	8.0	2.2	-5.5	1.2	5.1	0.17	-0.45	0.10	0.39		
<b>Services</b> .....	<b>67.4</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.8</b>	<b>1.2</b>	<b>-0.19</b>	<b>0.13</b>	<b>0.54</b>	<b>0.78</b>		
Household consumption expenditures .....	64.8	0.7	0.7	0.5	1.1	0.47	0.43	0.35	0.69		
Housing and utilities .....	18.4	0.1	-1.2	0.5	2.4	0.03	-0.23	0.10	0.45		
Health care .....	16.1	3.4	3.9	0.1	1.9	0.53	0.62	0.02	0.30		
Transportation services .....	3.0	-7.0	1.0	3.9	0.5	-0.22	0.03	0.12	0.01		
Recreation services .....	3.7	1.8	-1.6	-3.0	-0.5	0.07	-0.06	-0.12	-0.02		
Food services and accommodations .....	5.9	-1.6	-2.3	-2.0	-0.7	-0.10	-0.14	-0.12	-0.04		
Financial services and insurance .....	8.2	0.4	2.5	3.0	0.3	0.03	0.21	0.25	0.02		
Other services .....	9.3	1.5	0.1	1.1	-0.4	0.14	0.01	0.10	-0.03		
Final consumption expenditures of NPISHs <sup>2</sup> .....	2.6	-21.3	-10.9	7.3	3.6	-0.67	-0.30	0.19	0.09		
Gross output of NPISHs <sup>3</sup> .....	10.6	-3.0	0.1	-0.5	1.3	-0.32	0.02	-0.05	0.13		
Less: Receipts from sales of goods and services by NPISHs <sup>4</sup> .....	7.9	4.5	4.1	-2.9	0.5	0.35	0.32	-0.24	0.04		

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

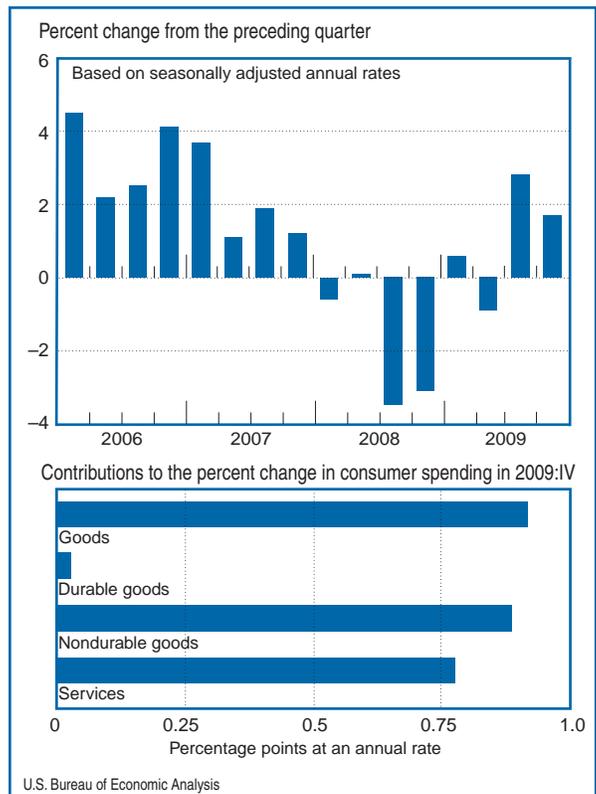
Spending for goods slowed, mainly reflecting a sharp deceleration in spending for durable goods that was partly offset by a pickup in spending for nondurable goods.

The deceleration in spending for durable goods primarily reflected a downturn in motor vehicles and parts that was partly due to the expiration of the “cash for clunkers” program that was in effect in the third quarter.

The pickup in spending for nondurable goods reflected an acceleration in “other” nondurable goods and an upturn in clothing and footwear.

Spending for services picked up slightly. Accelerations in housing and utilities and in health care were partly offset by a slowdown in financial services and insurance.

**Chart 2. Real Personal Consumption Expenditures**



## Private Fixed Investment

**Table 4. Real Private Fixed Investment (PFI)**

[Seasonally adjusted at annual rates]

	Share of current-dollar PFI (percent)	Change from preceding period (percent)				Contribution to percent change in real PFI (percentage points)			
		2009				2009			
		IV	I	II	III	IV	I	II	III
<b>Private fixed investment</b> <sup>1</sup>	<b>100.0</b>	<b>-39.0</b>	<b>-12.5</b>	<b>-1.3</b>	<b>6.2</b>	<b>-39.0</b>	<b>-12.5</b>	<b>-1.3</b>	<b>6.2</b>
<b>Nonresidential</b> .....	<b>78.9</b>	<b>-39.2</b>	<b>-9.6</b>	<b>-5.9</b>	<b>6.5</b>	<b>-30.88</b>	<b>-7.36</b>	<b>-4.82</b>	<b>5.12</b>
<b>Structures</b> .....	<b>25.3</b>	<b>-43.6</b>	<b>-17.3</b>	<b>-18.4</b>	<b>-13.9</b>	<b>-13.33</b>	<b>-5.17</b>	<b>-5.61</b>	<b>-3.89</b>
Commercial and health care	6.8	-35.3	-21.6	-30.2	-32.6	-3.07	-2.01	-2.89	-2.85
Manufacturing.....	3.9	59.7	30.0	-29.3	-35.0	1.98	1.22	-1.59	-1.77
Power and communication	5.5	-8.8	42.5	3.1	-2.6	-0.33	1.88	0.17	-0.14
Mining exploration, shafts, and wells.....	5.0	-82.4	-69.1	8.6	72.0	-10.36	-5.90	0.36	2.58
Other structures <sup>2</sup> .....	4.1	-31.6	-7.3	-29.0	-32.3	-1.54	-0.37	-1.66	-1.71
<b>Equipment and software</b> .....	<b>53.6</b>	<b>-36.4</b>	<b>-4.9</b>	<b>1.5</b>	<b>18.2</b>	<b>-17.55</b>	<b>-2.18</b>	<b>0.79</b>	<b>9.01</b>
Information processing equipment and software	31.7	-19.6	5.5	7.6	27.0	-4.55	1.60	2.19	7.50
Computers and peripheral equipment...	4.8	-14.7	16.8	9.7	90.9	-0.46	0.63	0.39	2.96
Software <sup>3</sup> .....	14.7	-24.0	1.3	5.2	22.1	-2.88	0.21	0.70	2.90
Other <sup>4</sup> .....	12.2	-15.6	6.9	9.9	14.3	-1.20	0.76	1.10	1.64
Industrial equipment.....	8.3	-49.7	-15.1	-13.4	-6.3	-4.98	-1.34	-1.24	-0.55
Transportation equipment.....	4.6	-81.3	20.7	22.6	66.5	-5.26	0.83	0.85	2.31
Other equipment <sup>5</sup> .....	9.0	-31.1	-29.8	-10.4	-2.7	-2.77	-3.26	-1.01	-0.25
<b>Residential</b> .....	<b>21.1</b>	<b>-38.2</b>	<b>-23.3</b>	<b>18.9</b>	<b>5.0</b>	<b>-8.10</b>	<b>-5.18</b>	<b>3.54</b>	<b>1.05</b>
<b>Structures</b> .....	<b>20.5</b>	<b>-38.8</b>	<b>-23.6</b>	<b>19.0</b>	<b>4.8</b>	<b>-8.07</b>	<b>-5.13</b>	<b>3.46</b>	<b>0.98</b>
Permanent site.....	7.7	-60.9	-44.5	29.3	1.3	-6.67	-4.40	1.92	0.11
Single family.....	6.4	-67.5	-47.0	73.0	20.8	-6.11	-3.53	3.14	1.20
Multifamily.....	1.3	-28.8	-36.6	-50.9	-53.2	-0.56	-0.87	-1.22	-1.09
Other structures <sup>6</sup> .....	12.8	-13.9	-6.2	13.2	7.0	-1.40	-0.73	1.54	0.87
<b>Equipment</b> .....	<b>0.5</b>	<b>-7.1</b>	<b>-10.0</b>	<b>14.6</b>	<b>13.5</b>	<b>-0.03</b>	<b>-0.05</b>	<b>0.07</b>	<b>0.07</b>

Private fixed investment turned up in the fourth quarter, reflecting an upturn in nonresidential fixed investment. Residential fixed investment slowed.

The upturn in nonresidential fixed investment reflected a sharp acceleration in equipment and software and a smaller decrease in structures.

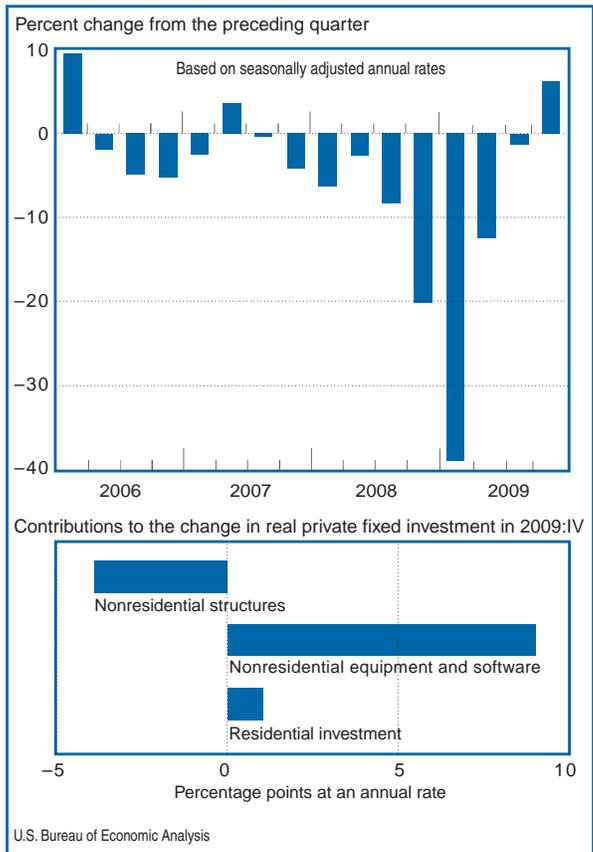
The smaller decrease in structures mainly reflected a sharp acceleration in mining exploration, shafts, and wells.

The pickup in equipment and software reflected sharp accelerations in information processing equipment and software and in transportation equipment and smaller decreases in "other" equipment and in industrial equipment.

Residential fixed investment slowed, reflecting a slowdown in single-family structures and in "other" structures that reflected a downturn in improvements.

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

**Chart 3. Real Private Fixed Investment**



## Inventory Investment

**Table 5. Change in Real Private Inventories by Industry**

[Billions of chained (2005) dollars; seasonally adjusted at annual rates]

	Level					Change from preceding quarter					
	2008	2009				2009					
		IV	I	II	III	IV	I	II	III	IV	
<b>Change in private inventories<sup>1</sup></b>	<b>-37.4</b>	<b>-113.9</b>	<b>-160.2</b>	<b>-139.2</b>	<b>-16.9</b>	<b>-76.5</b>	<b>-46.3</b>	<b>21.0</b>	<b>122.3</b>		
Farm.....	-1.9	0.3	2.2	1.9	-5.7	2.2	1.9	-0.3	-7.6		
Mining, utilities, and construction....	-11.3	6.6	7.6	4.0	-11.5	17.9	1.0	-3.6	-15.5		
Manufacturing.....	8.2	-28.9	-39.8	-55.3	-4.7	-37.1	-10.9	-15.5	50.6		
Durable-goods industries.....	31.9	-23.5	-30.7	-48.3	-14.0	-55.4	-7.2	-17.6	34.3		
Nondurable-goods industries.....	-22.0	-5.6	-9.4	-7.6	8.7	16.4	-3.8	1.8	16.3		
Wholesale trade.....	-16.8	-42.3	-72.9	-66.5	-3.0	-25.5	-30.6	6.4	63.5		
Durable-goods industries.....	-1.6	-53.1	-54.7	-44.2	-20.7	-51.5	-1.6	10.5	23.5		
Nondurable-goods industries.....	-14.6	8.7	-19.2	-22.8	15.6	23.3	-27.9	-3.6	38.4		
Retail trade.....	-21.5	-47.2	-51.4	-17.3	11.1	-25.7	-4.2	34.1	28.4		
Motor vehicle and parts dealers.....	-3.7	-35.6	-32.8	4.7	22.3	-31.9	2.8	37.5	17.6		
Food and beverage stores.....	-0.7	2.3	-0.3	0.3	-2.9	3.0	-2.6	0.6	-3.2		
General merchandise stores.....	-4.0	-3.6	-2.6	-4.3	-0.9	0.4	1.0	-1.7	3.4		
Other retail stores.....	-13.0	-12.3	-17.2	-17.4	-5.7	0.7	-4.9	-0.2	11.7		
Other industries.....	5.4	-3.4	-5.8	-4.3	-3.1	-8.8	-2.4	1.5	1.2		
Residual <sup>2</sup> .....	-1.9	5.3	2.7	-1.2	1.0	7.2	-2.6	-3.9	2.2		
<b>Addenda: Ratios of private inventories to final sales of domestic business:<sup>3</sup></b>											
Private inventories to final sales	2.44	2.44	2.38	2.33	2.31	.....	.....	.....	.....		
Nonfarm inventories to final sales	2.24	2.23	2.18	2.12	2.10	.....	.....	.....	.....		
Nonfarm inventories to final sales of goods and structures	4.15	4.18	4.09	3.97	3.93	.....	.....	.....	.....		

Real inventory investment increased \$122.3 billion in the fourth quarter. The increase resulted from a much smaller drawdown in inventories than in the third quarter.

Inventory investment in manufacturing industries increased \$50.6 billion. The increase reflected a smaller drawdown in durable-goods industries than in the third quarter and an accumulation in nondurable-goods industries.

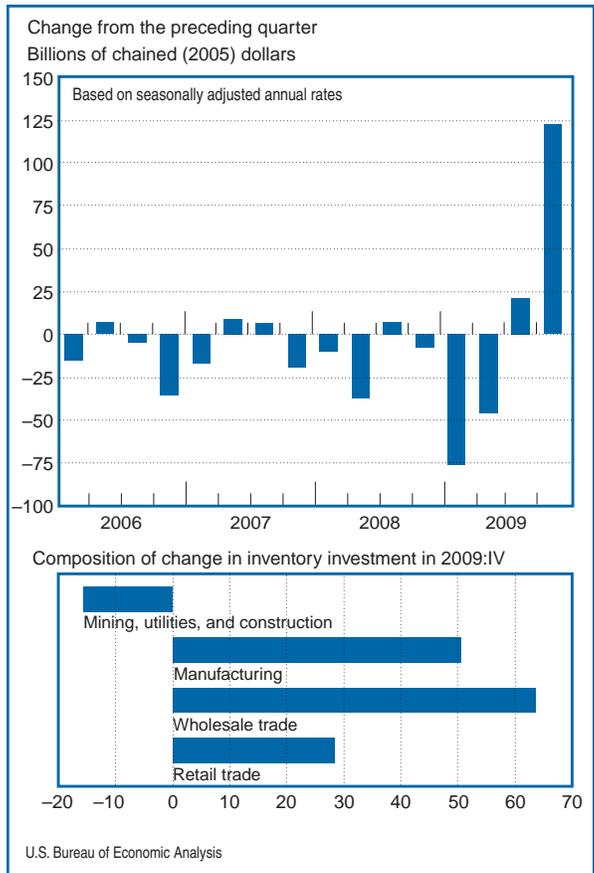
Inventory investment in wholesale trade industries increased \$63.5 billion. The increase mainly reflected a smaller drawdown in durable-goods industries than in the third quarter and an accumulation in nondurable-goods industries.

Inventory investment in retail trade industries increased \$28.4 billion. The increase mainly reflected a larger buildup in motor vehicle and parts dealers and a smaller drawdown in "other" retail stores.

The ratio of private inventories to final sales decreased to 2.31, the third consecutive quarterly decrease.

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

**Chart 4. Real Private Inventory Investment**



### Inventory Investment

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

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

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

For most industries, the estimates of change in private inventories are prepared by revaluing book-value estimates of inventories from the Census Bureau to a replacement-cost basis and calculating the change over a quarter or a year. BEA does not always have complete data for every industry.

## Exports and Imports

**Table 6. Real Exports and Imports of Goods and Services**

[Seasonally adjusted at annual rates]

	Share of current-dollar exports and imports (percent)	Change from preceding period (percent)				Contribution to percent change in real exports and imports (percentage points)			
		2009				2009			
		IV	I	II	III	IV	I	II	III
<b>Exports of goods and services</b> <sup>1</sup> .....	<b>100.0</b>	<b>-29.9</b>	<b>-4.1</b>	<b>17.8</b>	<b>22.4</b>	<b>-29.9</b>	<b>-4.1</b>	<b>17.8</b>	<b>22.4</b>
<b>Exports of goods</b> <sup>2</sup> .....	<b>68.0</b>	<b>-36.9</b>	<b>-6.3</b>	<b>24.6</b>	<b>34.2</b>	<b>-25.76</b>	<b>-4.19</b>	<b>15.82</b>	<b>21.79</b>
Foods, feeds, and beverages	6.1	-20.1	23.5	-0.2	55.4	-1.01	1.27	0.10	3.05
Industrial supplies and materials.....	19.0	-34.6	10.5	38.9	14.1	-6.34	1.72	6.43	2.83
Capital goods, except automotive.....	24.7	-28.3	-18.9	8.8	34.3	-6.81	-5.29	2.34	7.88
Automotive vehicles, engines, and parts.....	6.2	-83.0	-17.8	182.7	111.1	-8.50	-0.89	5.47	4.75
Consumer goods, except automotive.....	9.6	-23.8	-2.7	12.6	29.2	-2.09	-0.26	1.28	2.65
Other.....	2.4	-35.1	-25.4	8.1	27.1	-1.00	-0.74	0.20	0.63
<b>Exports of services</b> <sup>2</sup> .....	<b>32.0</b>	<b>-13.6</b>	<b>0.1</b>	<b>5.6</b>	<b>1.4</b>	<b>-4.18</b>	<b>0.04</b>	<b>1.99</b>	<b>0.63</b>
<b>Imports of goods and services</b> <sup>1</sup> .....	<b>100.0</b>	<b>-36.4</b>	<b>-14.7</b>	<b>21.3</b>	<b>15.3</b>	<b>-36.40</b>	<b>-14.70</b>	<b>21.30</b>	<b>15.30</b>
<b>Imports of goods</b> <sup>2</sup> .....	<b>81.8</b>	<b>-41.0</b>	<b>-16.5</b>	<b>25.1</b>	<b>20.2</b>	<b>-34.65</b>	<b>-13.30</b>	<b>19.80</b>	<b>16.00</b>
Foods, feeds, and beverages	3.9	-20.9	-1.6	-1.1	1.3	-0.74	-0.03	0.02	0.07
Industrial supplies and materials, except petroleum and products.....	9.9	-51.6	-39.5	24.4	27.7	-6.85	-4.86	2.28	2.49
Petroleum and products.....	14.2	-15.9	-21.9	5.3	-31.1	-1.84	-2.76	0.73	-5.21
Capital goods, except automotive.....	18.8	-44.0	-19.9	22.7	45.6	-8.99	-3.93	4.20	7.32
Automotive vehicles, engines, and parts.....	9.8	-82.3	-7.3	279.5	83.0	-11.00	-0.45	11.35	5.92
Consumer goods, except automotive.....	21.3	-25.3	-3.8	4.5	27.0	-4.87	-0.71	1.24	5.35
Other.....	4.0	-11.7	-12.4	-2.9	1.2	-0.35	-0.56	-0.04	0.07
<b>Imports of services</b> <sup>2</sup> .....	<b>18.3</b>	<b>-11.5</b>	<b>-7.5</b>	<b>7.0</b>	<b>-3.9</b>	<b>-1.72</b>	<b>-1.45</b>	<b>1.47</b>	<b>-0.72</b>
<b>Addenda:</b>									
Exports of agricultural goods <sup>3</sup>	6.5	-17.8	12.3	-2.3	48.1	.....	.....	.....	.....
Exports of nonagricultural goods.....	61.5	-38.6	-8.2	28.0	32.8	.....	.....	.....	.....
Imports of nonpetroleum goods.....	67.6	-44.9	-15.5	29.4	35.2	.....	.....	.....	.....

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

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

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

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

Exports of goods and services picked up in the fourth quarter, reflecting an acceleration in exports of goods. Exports of services slowed.

The acceleration in exports of goods reflected major contributions by nonautomotive capital goods, foods, feeds, and beverages, and nonautomotive consumer goods. In contrast, industrial supplies and materials decelerated sharply, and automotive vehicles, engines, and parts slowed.

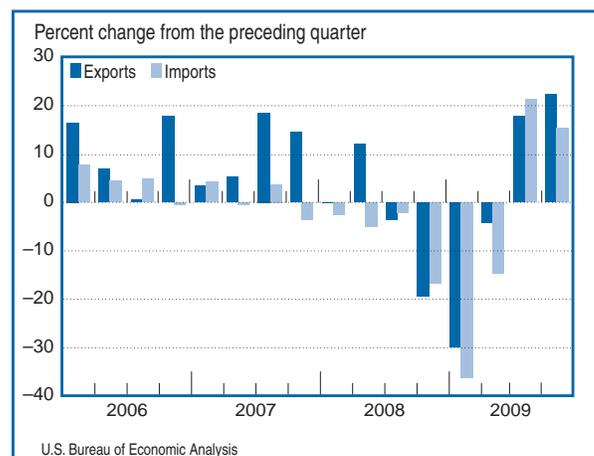
The slowdown in exports of services mainly reflected a downturn in transfers under U.S. military agency sales contracts and a deceleration in travel. Exports of "other" transportation services picked up.

Imports of goods and services slowed, reflecting a slowdown in imports of goods and a downturn in imports of services.

The slowdown in imports of goods mainly reflected a downturn in petroleum and products and a deceleration in automotive vehicles, engines, and parts. In contrast, both nonautomotive consumer goods and nonautomotive capital goods picked up.

The largest contributors to the downturn in imports of services were downturns in both passenger fares and travel and a slowdown in "other" private services.

**Chart 5. Real Exports and Imports of Goods and Services**



## Government Spending

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

	Share of current-dollar CEGI (percent)	Change from preceding period (percent)					Contribution to percent change in real CEGI (percentage points)			
		2009					2009			
	2009	IV	I	II	III	IV	I	II	III	IV
<b>Government consumption expenditures and gross investment <sup>1</sup></b>	<b>100.0</b>	<b>-2.6</b>	<b>6.7</b>	<b>2.6</b>	<b>-1.2</b>	<b>-2.6</b>	<b>6.7</b>	<b>2.6</b>	<b>-1.2</b>	
Consumption expenditures.....	82.7	-1.3	4.0	1.8	0.6	-1.04	3.37	1.48	0.48	
Gross investment.....	17.3	-8.7	20.3	6.8	-9.0	-1.57	3.35	1.17	-1.64	
<b>Federal.....</b>	<b>39.5</b>	<b>-4.3</b>	<b>11.4</b>	<b>8.0</b>	<b>0.1</b>	<b>-1.66</b>	<b>4.31</b>	<b>3.02</b>	<b>0.06</b>	
<b>National defense.....</b>	<b>26.8</b>	<b>-5.1</b>	<b>14.0</b>	<b>8.4</b>	<b>-3.5</b>	<b>-1.36</b>	<b>3.53</b>	<b>2.17</b>	<b>-0.94</b>	
Consumption expenditures.....	23.0	-4.9	12.2	8.0	-1.3	-1.10	2.66	1.76	-0.30	
Gross investment.....	3.8	-6.6	24.7	11.0	-15.4	-0.25	0.87	0.41	-0.64	
<b>Nondefense.....</b>	<b>12.7</b>	<b>-2.5</b>	<b>6.1</b>	<b>7.0</b>	<b>8.3</b>	<b>-0.30</b>	<b>0.78</b>	<b>0.85</b>	<b>1.00</b>	
Consumption expenditures.....	11.1	2.4	5.6	6.3	8.3	0.26	0.63	0.67	0.88	
Gross investment.....	1.6	-29.6	9.7	11.7	7.8	-0.56	0.15	0.18	0.12	
<b>State and local.....</b>	<b>60.5</b>	<b>-1.5</b>	<b>3.9</b>	<b>-0.6</b>	<b>-2.0</b>	<b>-0.95</b>	<b>2.41</b>	<b>-0.37</b>	<b>-1.22</b>	
Consumption expenditures.....	48.6	-0.4	0.1	-2.0	-0.2	-0.20	0.08	-0.96	-0.10	
Gross investment.....	11.9	-6.1	20.4	4.8	-8.9	-0.75	2.33	0.59	-1.12	

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

Government spending turned down in the fourth quarter, reflecting a deceleration in federal government spending and a larger decrease in state and local government spending.

The slowdown in federal government spending reflected a downturn in national defense spending that was partly offset by a slight pickup in nondefense spending. The downturn in national defense spending reflected downturns both in consumption expenditures and in gross investment. The pickup in nondefense spending was mainly due to a slight pickup in consumption expenditures.

The larger decrease in state and local government spending reflected a downturn in structures. Consumption expenditures decreased less than in the third quarter.

### Government Spending

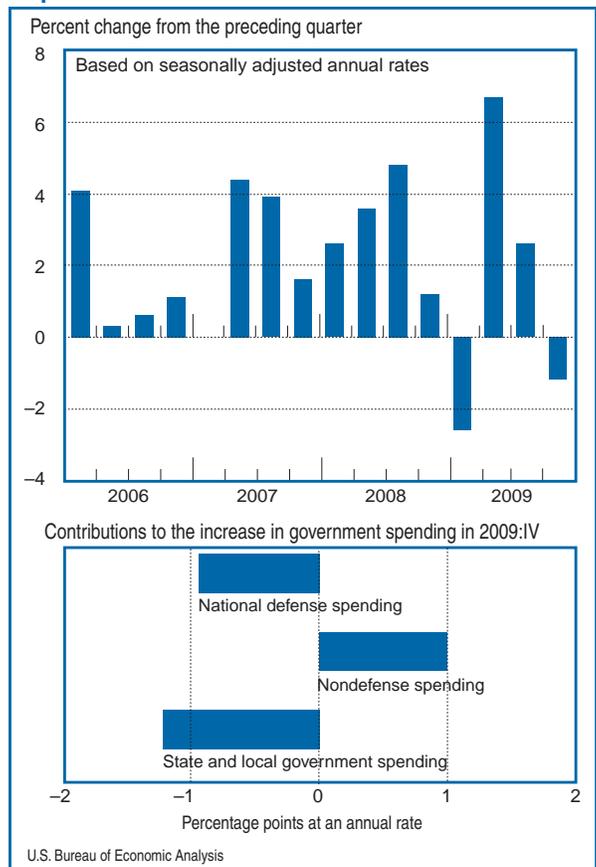
“Government consumption expenditures and gross investment,” or “government spending,” consists of two components: (1) consumption expenditures by federal government and by state and local governments and (2) gross investment by government and government-owned enterprises.

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

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

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

**Chart 6. Real Government Consumption Expenditures and Gross Investment**



## Prices

**Table 8. Prices for Gross Domestic Purchases**

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

	Change from preceding period (percent)				Contribution to percent change in gross domestic purchases prices (percentage points)			
	2009				2009			
	I	II	III	IV	I	II	III	IV
<b>Gross domestic purchases<sup>1</sup></b> .....	<b>-1.4</b>	<b>0.5</b>	<b>1.3</b>	<b>1.9</b>	<b>-1.4</b>	<b>0.5</b>	<b>1.3</b>	<b>1.9</b>
<b>Personal consumption expenditures</b> .....	<b>-1.5</b>	<b>1.4</b>	<b>2.6</b>	<b>2.3</b>	<b>-1.01</b>	<b>0.93</b>	<b>1.77</b>	<b>1.60</b>
Goods .....	-6.0	2.7	5.4	2.6	-1.35	0.58	1.17	0.59
Durable goods .....	-1.7	0.3	-3.1	-0.1	-0.12	0.02	-0.22	0.00
Nondurable goods .....	-7.9	3.8	9.6	3.9	-1.23	0.56	1.39	0.59
Services .....	0.7	0.7	1.3	2.2	0.34	0.34	0.60	1.01
<b>Gross private domestic investment</b> .....	<b>-1.8</b>	<b>-4.5</b>	<b>-5.7</b>	<b>-0.7</b>	<b>-0.22</b>	<b>-0.51</b>	<b>-0.63</b>	<b>-0.07</b>
Fixed investment .....	-2.0	-4.4	-4.4	-0.4	-0.27	-0.55	-0.54	-0.05
Nonresidential .....	-1.3	-4.2	-4.9	-1.4	-0.13	-0.42	-0.47	-0.13
Structures .....	-3.5	-10.2	-10.1	-1.6	-0.14	-0.38	-0.35	-0.05
Equipment and software .....	0.1	-0.6	-1.9	-1.3	0.01	-0.04	-0.12	-0.08
Residential .....	-4.9	-5.2	-2.7	3.1	-0.14	-0.13	-0.07	0.08
Change in private inventories .....	.....	.....	.....	.....	0.05	0.04	-0.09	-0.02
<b>Government consumption expenditures and gross investment</b> .....	<b>-1.1</b>	<b>0.4</b>	<b>0.9</b>	<b>1.9</b>	<b>-0.21</b>	<b>0.09</b>	<b>0.19</b>	<b>0.37</b>
Federal .....	1.7	0.5	1.4	2.0	0.12	0.04	0.11	0.16
National defense .....	0.9	0.3	1.9	2.5	0.05	0.02	0.10	0.14
Nondefense .....	3.3	0.9	0.3	0.8	0.08	0.02	0.01	0.02
State and local .....	-2.8	0.4	0.6	1.8	-0.34	0.05	0.08	0.22
<b>Addenda:</b>								
Gross domestic purchases:								
Food .....	-1.1	-3.5	-2.0	0.0	-0.06	-0.20	-0.11	0.00
Energy goods and services .....	-36.1	-1.3	39.8	20.1	-1.59	-0.05	1.16	0.68
Excluding food and energy .....	0.2	0.8	0.3	1.3	0.22	0.75	0.28	1.22
Personal consumption expenditures (PCE):								
Food and beverages for off-premises consumption .....	-1.1	-3.6	-2.1	-0.1	.....	.....	.....	.....
Energy goods and services .....	-36.7	-2.0	40.6	19.9	.....	.....	.....	.....
Excluding food and energy .....	1.1	2.0	1.2	1.6	.....	.....	.....	.....
"Market-based" PCE .....	-1.2	1.5	2.8	2.1	.....	.....	.....	.....
Excluding food and energy .....	1.9	2.3	1.2	1.2	.....	.....	.....	.....
Gross domestic product .....	1.9	0.0	0.4	0.4	.....	.....	.....	.....

Prices paid by U.S. residents, as measured by the gross domestic purchases price index, picked up, increasing 1.9 percent in the fourth quarter after increasing 1.3 percent in the third quarter.

Consumer prices slowed slightly in the fourth quarter, increasing 2.3 percent after increasing 2.6 percent; the slowdown reflected a deceleration in nondurable-goods prices that was mainly due to a slowdown in prices paid for gasoline and other energy goods and a downturn in clothing and footwear prices. In contrast, services prices picked up, and durable-goods prices were unchanged after a third-quarter decrease.

Prices paid for nonresidential fixed investment decreased less than in the third quarter, mainly reflecting a smaller decrease in prices paid for structures.

Prices paid for residential investment turned up, the first increase in these prices since the fourth quarter of 2007.

Prices paid by government accelerated, reflecting pick-ups in prices paid by both state and local governments and federal government.

Consumer prices excluding food and energy, a measure of the "core" rate of inflation, picked up, increasing 1.6 percent after increasing 1.2 percent.

The GDP price index increased 0.4 percent, 1.5 percentage points less than the percent change in the price index for gross domestic purchases, reflecting a larger increase in import prices (16.5 percent) than in export prices (5.6 percent).

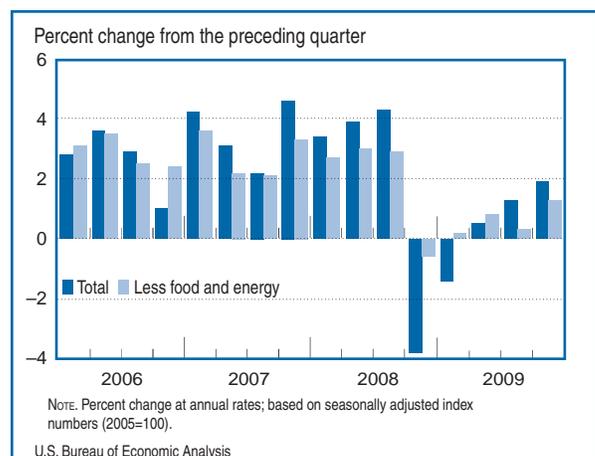
### Note on Prices

BEA's gross domestic purchases price index is the most comprehensive index of prices paid by U.S. residents for all goods and services, regardless of whether those goods and services were produced domestically or imported. It is derived from prices of consumer spending, private investment, and government spending.

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

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

**Chart 7. Gross Domestic Purchases Prices**



## Revisions

**Table 9. Advance and Second Estimates for the Fourth Quarter of 2009**  
[Seasonally adjusted at annual rates]

	Change from preceding quarter (percent)			Contribution to percent change in real GDP (percentage points)		
	Advance	Second	Second minus advance	Advance	Second	Second minus advance
<b>Gross domestic product (GDP) <sup>1</sup></b> .....	<b>5.7</b>	<b>5.9</b>	<b>0.2</b>	<b>5.7</b>	<b>5.9</b>	<b>0.2</b>
<b>Personal consumption expenditures</b> .....	<b>2.0</b>	<b>1.7</b>	<b>-0.3</b>	<b>1.44</b>	<b>1.23</b>	<b>-0.21</b>
Goods .....	2.6	2.8	0.2	0.61	0.66	0.05
Durable goods .....	-0.9	0.2	1.1	-0.06	0.02	0.08
Nondurable goods .....	4.3	4.1	-0.2	0.67	0.64	-0.03
Services .....	1.7	1.2	-0.5	0.83	0.57	-0.26
<b>Gross private domestic investment</b> .....	<b>39.3</b>	<b>48.9</b>	<b>9.6</b>	<b>3.82</b>	<b>4.63</b>	<b>0.81</b>
Fixed investment .....	3.5	6.2	2.7	0.43	0.75	0.32
Nonresidential .....	2.9	6.5	3.6	0.29	0.62	0.33
Structures .....	-15.4	-13.9	1.5	-0.52	-0.47	0.05
Equipment and software .....	13.3	18.2	4.9	0.81	1.09	0.28
Residential .....	5.7	5.0	-0.7	0.14	0.13	-0.01
Change in private inventories .....				3.39	3.88	0.49
<b>Net exports of goods and services</b> .....				<b>0.50</b>	<b>0.30</b>	<b>-0.20</b>
Exports .....	18.1	22.4	4.3	1.90	2.32	0.42
Goods .....	28.1	34.2	6.1	1.90	2.27	0.37
Services .....	0.0	1.4	1.4	0.00	0.05	0.05
Imports .....	10.5	15.3	4.8	-1.41	-2.02	-0.61
Goods .....	14.5	20.2	5.7	-1.55	-2.13	-0.58
Services .....	-5.2	-3.9	1.3	0.14	0.11	-0.03
<b>Government consumption expenditures and gross investment</b> .....	<b>-0.2</b>	<b>-1.2</b>	<b>-1.0</b>	<b>-0.02</b>	<b>-0.23</b>	<b>-0.21</b>
Federal .....	0.1	0.1	0.0	0.02	0.02	0.00
National defense .....	-3.5	-3.5	0.0	-0.19	-0.19	0.00
Nondefense .....	8.1	8.3	0.2	0.21	0.21	0.00
State and local .....	-0.3	-2.0	-1.7	-0.04	-0.25	-0.21
<b>Addenda:</b>						
Final sales of domestic product .....	2.2	1.9	-0.3	2.34	2.04	-0.30
Gross domestic purchases price index .....	2.1	1.9	-0.2			
GDP price index .....	0.6	0.4	-0.2			

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

The “second” estimate of the fourth-quarter increase in real GDP is 0.2 percentage point higher than the advance estimate, primarily reflecting upward revisions to inventory investment, to exports, and to nonresidential fixed investment that were partly offset by an upward revision to imports and downward revisions to consumer spending and to state and local government spending. The average revision (without regard to sign) between the advance estimate and the “second” estimate is 0.5 percentage point.

The downward revision to consumer spending was more than accounted for by a downward revision to services that was due mainly to electricity and gas services and to financial services and insurance.

The upward revision to nonresidential fixed investment primarily reflected an upward revision to software.

The upward revision to inventory investment primarily reflected upward revisions to retail trade and to nondurable-goods manufacturing inventories.

The upward revision to exports was widespread. The largest contributors were nonautomotive capital goods, industrial supplies and materials and foods, feeds, and beverages.

The upward revision to imports was also widespread. The largest contributor was petroleum and products.

The downward revision to state and local government spending primarily reflected a downward revision to gross investment in structures.

### Source Data for the Second Estimates

*Personal consumption expenditures:* retail sales for Nov. and Dec. (revised). Motor vehicle registrations for Dec. (new). Retail natural gas sales for Nov. (new). Consumer price index, seasonal factors for Oct., Nov., and Dec. (revised). Energy Information Administration seasonal factors for Oct., Nov., and Dec. (revised).

*Nonresidential fixed investment:* construction spending (value put in place) for Oct. and Nov. (revised) and Dec. (new). Manufacturers’ shipments (M3) of machinery and equipment for Nov. (revised) and Dec. (new). Exports and imports for Nov. (revised) and Dec. (new). Additional software company revenue data for the fourth quarter.

*Residential fixed investment:* construction spending (value put in place) and one-unit deflator for Oct. and Nov. (revised) and Dec. (new).

*Change in private inventories:* manufacturers’ inventories for Nov. and Dec. (revised) and trade inventories for Nov. (revised) and Dec. (new).

*Exports and imports of goods and services:* international transactions for Oct. and Nov. (revised) and Dec. (new).

*Government consumption expenditures and gross investment:* state and local construction spending (value put in place) for Oct. and Nov. (revised) and Dec. (new).

### Personal Income for the Third Quarter of 2009

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

Wage and salary disbursements decreased \$63.9 billion, a downward revision of \$84.0 billion. Personal current taxes decreased \$11.6 billion, a downward revision of \$15.1 billion. Contributions for government social insurance, which is subtracted in calculating personal income, decreased \$8.4 billion, a downward revision of \$11.5 billion.

As a result of these revisions,

- Personal income decreased \$43.6 billion, a downward revision of \$78.7 billion.
- Disposable personal income decreased \$31.9 billion, a downward revision of \$63.5 billion.
- Personal saving decreased \$164.2 billion, a downward revision of \$63.5 billion.
- The personal saving rate was 3.9 percent, a downward revision of 0.6 percentage point.