

GDP INCREASES IN THIRD QUARTER

“Advance” estimate of GDP

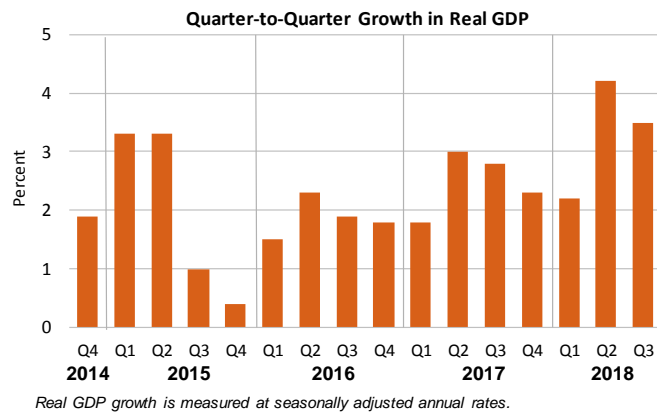
Real gross domestic product (GDP) increased 3.5 percent in the third quarter of 2018, according to the “advance” estimate released by the Bureau of Economic Analysis. In the second quarter of 2018, real GDP increased 4.2 percent.

GDP highlights

The increase in real GDP reflected increases in consumer spending, inventory investment, government spending, and business investment. These increases were partly offset by decreases in exports and housing investment. Imports, which are a subtraction in the calculation of GDP, increased.

The increase in consumer spending reflected increases in spending on both goods (mainly in recreational goods and in “other” nondurable goods, primarily prescription drugs) and services (mainly in health care and in food services and accommodations). The increase in inventory investment primarily reflected increases in wholesale and in manufacturing inventories.

The decrease in exports reflected a decrease in goods that was partly offset by an increase in services.

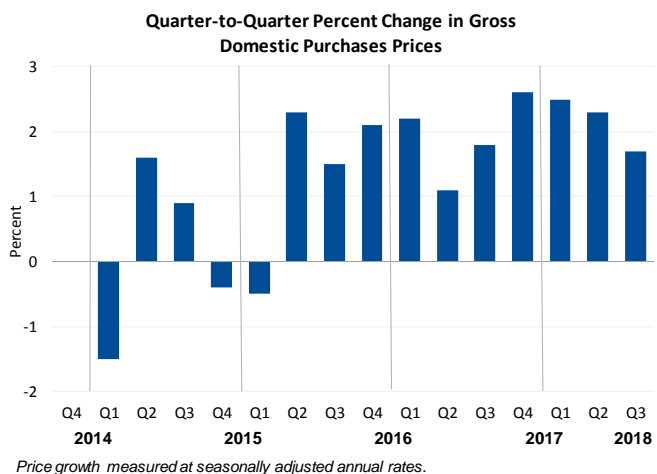


Third-quarter prices

Prices of goods and services purchased by U.S. residents increased 1.7 percent in the third quarter of 2018 after increasing 2.4 percent in the second quarter of 2018.

Food and energy prices both increased in the third quarter.

Excluding food and energy, prices increased 1.7 percent in the third quarter of 2018, compared with an increase of 2.5 percent in the second quarter of 2018.



Impact of Hurricane Florence on Third Quarter 2018 Estimates

During the third quarter, Hurricane Florence caused severe damage and flooding in several U.S. states. For further information, please see the technical note.