

FOR WIRE TRANSMISSION: 8:30 A.M. EST, FRIDAY, NOVEMBER 30, 2001

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

BEA 01-37

GROSS DOMESTIC PRODUCT: THIRD QUARTER 2001 (PRELIMINARY)
CORPORATE PROFITS: THIRD QUARTER 2001 (PRELIMINARY)

Real gross domestic product -- the output of goods and services produced by labor and property located in the United States -- decreased at an annual rate of 1.1 percent in the third quarter of 2001, according to preliminary estimates released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 0.3 percent.

The GDP estimates released today are based on more complete source data than were available for the advance estimates issued last month. In the advance estimates, the decrease in real GDP was 0.4 percent (see "Revisions" on page 3).

The major contributors to the decrease in real GDP in the third quarter were exports, nonresidential fixed investment, and private inventory investment. The negative contributions of these components were partly offset by positive contributions from personal consumption expenditures (PCE) and federal government spending. Imports, which are a subtraction in the calculation of GDP, decreased sharply.

The downturn in real GDP growth in the third quarter primarily reflected a deceleration in PCE, a downturn in state and local government spending, larger decreases in exports and in private inventory investment, and a deceleration in residential fixed investment that were partly offset by a smaller decrease in nonresidential fixed investment. There was also a much larger decrease in imports in the third quarter than in the second.

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 (1996) dollars. Price indexes are chain-type measures.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, decreased 0.2 percent in the third quarter, 0.1 percentage point less of a decrease than the advance estimate; this index increased 1.3 percent in the second quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 0.5 percent in the third quarter, compared with an increase of 0.9 percent in the second. The third-quarter downturn in the price index also reflected a deceleration in PCE services prices associated with the treatment of insurance payments resulting from the September 11th terrorist attacks. The increase in benefit payments is treated as a reduction in the average net premiums paid for insurance services (see the Technical Note).

Real personal consumption expenditures increased 1.1 percent in the third quarter, compared with an increase of 2.5 percent in the second. Real nonresidential fixed investment decreased 9.3 percent, compared with a decrease of 14.6 percent. Nonresidential structures decreased 9.3 percent, compared with a decrease of 12.2 percent. Equipment and software decreased 9.3 percent, compared with a decrease of 15.4 percent. Real residential fixed investment increased 2.5 percent, compared with an increase of 5.9 percent.

Real exports of goods and services decreased 17.7 percent in the third quarter, compared with a decrease of 11.9 percent in the second. Real imports of goods and services decreased 12.9 percent, compared with a decrease of 8.4 percent.

Real federal government consumption expenditures and gross investment increased 2.7 percent in the third quarter, compared with an increase of 1.8 percent in the second. National defense increased 2.6 percent, compared with an increase of 2.3 percent. Nondefense increased 2.8 percent, compared with an increase of 0.9 percent. Real state and local government consumption expenditures and gross investment decreased 0.1 percent, in contrast to an increase of 6.6 percent.

The real change in private inventories subtracted 0.75 percentage point from the third-quarter change in real GDP, after subtracting 0.42 percentage point from the second-quarter change. Private businesses reduced inventories \$60.1 billion in the third quarter, following decreases of \$38.3 billion in the second quarter and \$27.1 billion in the first.

Real final sales of domestic product -- GDP less change in private inventories -- decreased 0.3 percent in the third quarter, in contrast to an increase of 0.7 percent in the second.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- decreased 0.9 percent in the third quarter, in contrast to an increase of 0.4 percent in the second.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- decreased 0.9 percent in the third quarter, in contrast to an increase of 0.3 percent in the second. GNP includes, and GDP excludes, net receipts of 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 1.1 percent, or \$27.1 billion, in the third quarter to a level of \$10,229.7 billion. In the second quarter, current-dollar GDP increased 2.4 percent, or \$60.9 billion.

Revisions

The preliminary estimate of the third-quarter decrease in real GDP is 0.7 percentage point more of a decrease than the advance estimate issued last month. The downward revision to the change in real GDP reflected a downward revision to the change in private inventories, an upward revision to imports of goods, and downward revisions to exports of goods, to federal defense spending, and to personal consumption expenditures for durable goods that were partly offset by upward revisions to equipment and software investment and to nonresidential structures.

	<u>Advance</u>	<u>Preliminary</u>
	(Percent change from preceding quarter)	
Real GDP.....	-0.4	-1.1
Current-dollar GDP.....	1.8	1.1
Gross domestic purchases price index...	- .3	- .2

Corporate Profits

Profits from current production (profits before tax with inventory valuation and capital consumption adjustments) decreased \$63.1 billion in the third quarter, compared with a decrease of \$30.0 billion in the second. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$12.3 billion in the third quarter, in contrast to a decrease of \$6.5 billion in the second.

The third-quarter estimates of corporate profits from current production reflected the effects of the September 11th terrorist attacks. Profits were reduced about \$40 billion by the benefits paid by insurance carriers (less payments received from foreign reinsurers). Profits were increased about \$20 billion to reflect the subsidies received as part of the special airline bill passed by the Congress after the September 11th attacks.

Domestic profits of financial corporations decreased \$28.4 billion in the third quarter, compared with a decrease of \$19.5 billion in the second.

Domestic profits of nonfinancial corporations decreased \$33.6 billion in the third quarter, compared with a decrease of \$14.4 billion in the second. In the third quarter, real gross corporate product increased, and profits per unit of real product decreased. The decrease in unit profits reflected increases in both the unit labor and nonlabor costs incurred by corporations while the prices nonfinancial corporations received were unchanged.

The rest-of-the-world component of profits decreased \$1.1 billion in the third quarter, in contrast to an increase of \$4.0 billion in the second. This measure 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 third-quarter decrease was accounted for by a larger decrease in receipts than in payments.

Profits before tax with inventory valuation adjustment is the best available measure of industry profits because estimates of the capital consumption adjustment by industry do not exist. According to this measure, domestic profits of both financial and nonfinancial corporations decreased. The decrease in the profits of nonfinancial corporations primarily reflected decreases in "other" nonmanufacturing, in the transportation and utilities group, and in durable goods manufacturing that were partially offset by an increase in wholesale trade.

Profits before tax decreased \$58.2 billion in the third quarter, compared with a decrease of \$17.4 billion in the second. 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 of fixed assets and inventory withdrawals reported on an historical-cost basis to the current-cost measures used in the national income and product accounts. The capital consumption adjustment decreased \$17.0 billion in the third quarter (from \$30.3 billion to \$13.3 billion), compared with a decrease of \$5.7 billion in the second. The inventory valuation adjustment increased \$12.1 billion (from -\$8.8 billion to \$3.3 billion), in contrast to a decrease of \$6.9 billion.

Profits tax liability decreased \$22.0 billion in the third quarter, compared with a decrease of \$8.8 billion in the second. Profits after tax decreased \$36.2 billion, compared with a decrease of \$8.6 billion. Dividends increased \$8.1 billion, compared with an increase of \$7.1 billion; undistributed profits decreased \$44.3 billion, compared with a decrease of \$15.7 billion.

Real gross product of nonfinancial corporate business

For 1998-2000 and the first two quarters of 2001, the annual and quarterly estimates of real gross product of nonfinancial corporate business have been revised to reflect new and revised estimates of the industry-based price index used for deflation, which become available about 4 months after the annual revision of the national income and product accounts (NIPA's). The use of the industry-based price index was introduced in the 1999 comprehensive revision of the NIPA's to better reflect the changing industrial composition of this sector and to provide better measures of productivity, costs, and profits per unit of gross product.

The revised estimates are shown in table 12. The annual growth rate of real gross product of nonfinancial corporate business was unchanged at 5.8 percent for 1998, was revised up from 5.5 percent to 5.6 percent for 1999, and was revised down from 6.2 percent to 4.8 percent for 2000.

BEA's major national, international, regional, and industry estimates; the Survey of Current Business; and BEA news releases are available without charge on BEA's Web site:

<www.bea.doc.gov>

STAT-USA maintains an Internet site that contains BEA estimates, the Survey of Current Business, and BEA news releases. For information about STAT-USA, go to <www.stat-usa.gov>, or call (202) 482-1986. Subscriptions for single-user unlimited access to STAT-USA's Internet information are \$75.00 for 3 months or \$175.00 for 1 year.

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 are published in the Survey of Current Business, BEA's monthly journal. Subscriptions and single copies of the printed Survey are for sale by the Superintendent of Documents, U.S. Government Printing Office. Internet: <bookstore.gpo.gov>; phone: 202-512-1800; fax: 202-512-2550; mail: Stop SSOP, Washington, DC 20402-0001.

* * *

Next release -- December 21, 2001, at 8:30 A.M. EST for:
Gross Domestic Product: Third Quarter 2001 (Final)
Corporate Profits: Third Quarter 2001 (Revised)

Release dates in 2002

Gross domestic product

	<u>2001: IV and 2001 annual</u>	<u>2002:I</u>	<u>2002:II</u>	<u>2002:III</u>
Advance.....	January 30	April 26	July 31	October 31
Preliminary..	February 28	May 24	August 29	November 26
Final.....	March 28	June 27	September 27	December 20

Corporate Profits

Preliminary..	....	May 24	August 29	November 26
Final.....	March 28	June 27	September 27	December 20

Table 5.—Quantity and Price Indexes for Gross Domestic Product

[Index numbers, 1996=100]

	1998	1999	2000	Seasonally adjusted				
				2000		2001		
				III	IV	I	II	III ^r
Gross domestic product:								
Chain-type quantity index	108.91	113.35	118.06	118.52	119.08	119.47	119.56	119.25
Chain-type price index	103.20	104.66	107.04	107.31	107.78	108.65	109.22	109.80
Implicit price deflator	103.20	104.65	107.04	107.31	107.78	108.65	109.21	109.80
Personal consumption expenditures:								
Chain-type quantity index	108.52	113.96	119.48	120.14	121.07	121.98	122.74	123.08
Chain-type price index	103.03	104.72	107.52	107.85	108.37	109.23	109.59	109.51
Durable goods:								
Chain-type quantity index	117.87	132.66	145.27	146.66	145.90	149.63	152.17	152.45
Chain-type price index	95.40	93.04	91.53	91.29	91.03	90.86	90.05	89.41
Nondurable goods:								
Chain-type quantity index	107.14	112.22	117.52	118.43	118.60	119.31	119.40	119.55
Chain-type price index	101.31	103.67	107.55	107.96	108.49	109.01	109.74	109.33
Services:								
Chain-type quantity index	107.43	111.36	115.78	116.19	117.78	118.32	119.13	119.58
Chain-type price index	105.53	107.80	111.10	111.52	112.24	113.53	114.00	114.23
Private fixed investment:								
Chain-type quantity index	122.04	131.56	141.52	142.66	142.83	143.51	139.89	137.62
Chain-type price index	99.03	98.92	100.11	100.34	100.55	100.46	100.60	100.62
Nonresidential:								
Chain-type quantity index	126.29	136.60	150.17	152.44	152.81	152.75	146.86	143.33
Chain-type price index	96.95	95.61	95.74	95.90	95.91	95.44	95.41	95.30
Residential:								
Chain-type quantity index	110.17	117.56	118.55	116.95	116.62	119.03	120.76	121.49
Chain-type price index	105.58	109.57	114.46	114.89	115.88	117.19	117.95	118.41
Exports of goods and services:								
Chain-type quantity index	114.67	118.38	129.63	132.62	131.27	130.88	126.78	120.75
Chain-type price index	96.26	95.65	97.33	97.58	97.70	97.67	97.42	96.99
Imports of goods and services:								
Chain-type quantity index	127.03	140.35	159.09	163.07	162.86	160.79	157.30	151.97
Chain-type price index	91.27	91.78	95.73	96.27	96.37	95.65	94.19	89.90
Government consumption expenditures and gross investment:								
Chain-type quantity index	104.32	107.72	110.60	110.41	111.31	112.76	114.14	114.36
Chain-type price index	103.72	106.58	110.71	111.10	111.63	112.58	113.09	113.13
Federal:								
Chain-type quantity index	98.84	100.97	102.68	101.92	103.07	103.88	104.35	105.04
Chain-type price index	102.63	105.09	108.12	108.35	108.46	109.62	109.96	110.05
State and local:								
Chain-type quantity index	107.56	111.71	115.26	115.41	116.17	117.99	119.88	119.84
Chain-type price index	104.35	107.42	112.14	112.62	113.37	114.22	114.82	114.82
Addenda:								
Final sales of domestic product:								
Chain-type quantity index	108.33	112.96	117.78	118.22	118.93	120.10	120.32	120.23
Chain-type price index	103.28	104.76	107.16	107.44	107.92	108.77	109.34	109.93
Implicit price deflator	103.28	104.75	107.16	107.43	107.91	108.77	109.34	109.92
Gross domestic purchases:								
Chain-type quantity index	110.37	115.85	121.42	122.01	122.68	122.88	123.01	122.74
Chain-type price index	102.43	103.99	106.70	107.02	107.47	108.19	108.54	108.49
Implicit price deflator	102.43	103.98	106.69	107.02	107.47	108.19	108.53	108.48
Final sales to domestic purchasers:								
Chain-type quantity index	109.81	115.47	121.16	121.73	122.55	123.52	123.78	123.73
Chain-type price index	102.50	104.08	106.81	107.13	107.60	108.31	108.65	108.61
Implicit price deflator	102.50	104.08	106.81	107.13	107.60	108.30	108.65	108.61
Gross national product:								
Chain-type quantity index	108.65	113.05	117.69	118.08	118.90	119.13	119.21	118.95
Chain-type price index	103.17	104.62	107.00	107.27	107.74	108.60	109.16	109.75
Implicit price deflator	103.17	104.62	106.99	107.27	107.74	108.60	109.16	109.74

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

Table 8.—Relation of Gross Domestic Product, Gross National Product, and National Income

[Billions of dollars]

	1998	1999	2000	Seasonally adjusted at annual rates				
				2000		2001		
				III	IV	I	II	III ^r
Gross domestic product	8,781.5	9,268.6	9,872.9	9,937.5	10,027.9	10,141.7	10,202.6	10,229.7
Plus: Income receipts from the rest of the world	286.1	313.8	384.2	386.6	402.1	378.9	346.9	322.2
Less: Income payments to the rest of the world	289.6	320.5	396.3	404.7	397.9	389.4	358.6	329.2
Equals: Gross national product	8,778.1	9,261.8	9,860.8	9,919.4	10,032.1	10,131.3	10,190.9	10,222.8
Less: Consumption of fixed capital	1,072.0	1,151.4	1,241.3	1,254.3	1,276.8	1,299.9	1,341.5	1,406.3
Less: Indirect business tax and nontax liability	681.3	713.1	762.7	767.6	775.6	785.7	792.3	794.7
Less: Business transfer payments	38.0	41.3	43.9	44.0	44.4	44.3	44.5	44.5
Less: Statistical discrepancy	-31.0	-72.7	-130.4	-156.3	-150.0	-120.5	-143.2	-140.2
Plus: Subsidies less current surplus of government enterprises	23.5	33.3	37.6	37.3	38.7	47.8	52.2	71.8
Equals: National income	7,041.4	7,462.1	7,980.9	8,047.2	8,124.0	8,169.7	8,207.9	8,189.2
Compensation of employees	4,989.6	5,310.7	5,715.2	5,759.3	5,868.9	5,955.7	6,010.8	6,038.9
Wage and salary accruals	4,192.1	4,477.4	4,837.2	4,875.8	4,973.2	5,049.4	5,099.8	5,124.6
Supplements to wages and salaries	797.5	833.4	878.0	883.5	895.7	906.3	911.0	914.3
Proprietors' income with inventory valuation and capital consumption adjustments	623.8	672.0	715.0	719.3	725.2	735.2	745.3	753.0
Rental income of persons with capital consumption adjustment	138.6	147.7	141.6	138.3	141.7	139.6	139.0	143.6
Corporate profits with inventory valuation and capital consumption adjustments	777.4	825.2	876.4	895.0	847.6	789.8	759.8	696.7
Net interest	511.9	506.5	532.7	535.3	540.6	549.4	553.0	557.0
Addendum:								
Gross domestic income	8,812.5	9,341.3	10,003.4	10,093.7	10,178.0	10,262.2	10,345.7	10,369.9

r revised

Table 9.—Personal Income and Its Disposition

[Billions of dollars]

	1998	1999	2000	Seasonally adjusted at annual rates				
				2000		2001		
				III	IV	I	II	III ^r
Personal income ¹	7,426.0	7,777.3	8,319.2	8,381.5	8,519.6	8,640.2	8,714.6	8,772.5
Wage and salary disbursements	4,192.8	4,472.2	4,837.2	4,875.8	4,973.2	5,049.4	5,099.8	5,124.6
Other labor income	490.6	509.7	534.2	537.9	544.9	549.3	552.2	555.4
Proprietors' income with inventory valuation and capital consumption adjustments	623.8	672.0	715.0	719.3	725.2	735.2	745.3	753.0
Farm	25.6	26.6	30.6	31.6	31.7	29.8	28.7	32.2
Nonfarm	598.2	645.4	684.4	687.6	693.5	705.4	716.6	720.8
Rental income of persons with capital consumption adjustment	138.6	147.7	141.6	138.3	141.7	139.6	139.0	143.6
Personal dividend income	348.3	343.1	379.2	385.8	396.6	404.8	411.9	420.0
Personal interest income	964.4	950.0	1,000.6	1,009.2	1,013.1	1,010.9	1,001.0	991.3
Transfer payments to persons	983.7	1,019.6	1,069.1	1,074.6	1,089.0	1,123.1	1,139.4	1,158.9
Less: Personal contributions for social insurance	316.3	337.1	357.7	359.4	364.1	372.1	374.0	374.3
Less: Personal tax and nontax payments	1,070.4	1,159.2	1,288.2	1,300.2	1,329.8	1,345.2	1,351.4	1,195.6
Equals: Disposable personal income	6,355.6	6,618.0	7,031.0	7,081.3	7,189.8	7,295.0	7,363.2	7,576.9
Less: Personal outlays	6,054.1	6,457.2	6,963.3	7,026.9	7,115.1	7,216.2	7,281.7	7,292.6
Equals: Personal saving	301.5	160.9	67.7	54.5	74.7	78.8	81.5	284.3
Addenda:								
Disposable personal income, billions of chained (1996) dollars ²	6,168.6	6,320.0	6,539.2	6,566.5	6,634.9	6,679.0	6,719.2	6,919.3
Personal saving as a percentage of disposable personal income	4.7	2.4	1.0	.8	1.0	1.1	1.1	3.8

r revised

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								Percent change from preceding period							
	1998	1999	2000	Seasonally adjusted at annual rates					1999	2000	Quarterly rates				Quarter one year ago	
				2000		2001					2000	2001				2001
				III	IV	I	II	III				IV	I	II			III
Corporate profits with inventory valuation and capital consumption adjustments	777.4	825.2	876.4	895.0	847.6	789.8	759.8	696.7	6.1	6.2	-5.3	-6.8	-3.8	-8.3	-22.2	
Profits before tax	721.1	776.3	845.4	858.3	816.5	755.7	738.3	680.1	7.7	8.9	-4.9	-7.4	-2.3	-7.9	-20.8	
Profits tax liability	238.8	253.0	271.5	274.9	253.5	236.8	228.0	206.0	5.9	7.3	-7.8	-6.6	-3.7	-9.7	-25.1	
Profits after tax	482.3	523.3	573.9	583.4	563.0	518.9	510.3	474.1	8.5	9.7	-3.5	-7.8	-1.7	-7.1	-18.7	
Dividends	348.7	343.5	379.6	386.2	397.0	405.2	412.3	420.4	-1.5	10.5	2.8	2.1	1.8	2.0	8.9	
Undistributed profits	133.6	179.8	194.3	197.2	165.9	113.7	98.0	53.7	34.6	8.1	-15.8	-31.5	-13.8	-45.1	-72.7	
Inventory valuation adjustment	18.3	-2.9	-12.4	-3.6	-7.3	-1.9	-8.8	3.3								
Capital consumption adjustment	38.0	51.7	43.4	40.4	38.4	36.0	30.3	13.3	36.1	-16.1	-4.9	-6.3	-15.7	-56.1	-67.1	
Addenda:																
Corporate profits after tax with inventory valuation and capital consumption adjustments	538.6	572.1	604.9	620.1	594.1	553.0	531.8	490.7	6.2	5.7	-4.2	-6.9	-3.8	-7.7	-20.9	
Net cash flow with inventory valuation and capital consumption adjustments	810.0	897.9	952.4	969.9	946.7	911.6	905.1	917.4	10.8	6.1	-2.4	-3.7	-7	1.4	-5.4	
Undistributed profits with inventory valuation and capital consumption adjustments	189.9	228.7	225.3	233.9	197.0	147.8	119.5	70.4	20.4	-1.5	-15.8	-25.0	-19.1	-41.1	-69.9	
Consumption of fixed capital	620.2	669.2	727.1	736.0	749.7	763.8	785.6	847.0	7.9	8.6	1.9	1.9	2.9	7.8	15.1	
Less: Inventory valuation adjustment	18.3	-2.9	-12.4	-3.6	-7.3	-1.9	-8.8	3.3								
Equals: Net cash flow	791.7	900.7	964.8	973.5	954.0	913.5	913.9	914.1	13.8	7.1	-2.0	-4.2	0	0	-6.1	

Table 11.—Corporate Profits by Industry: Level and Change From Preceding Period

(Billions of dollars)

	Level								Change from preceding period								
	1998	1999	2000	Seasonally adjusted at annual rates					1999	2000	2000				2001		
				2000		2001					IV	I	II	III			
				III	IV	I	II	III									
Corporate profits with inventory valuation and capital consumption adjustments	777.4	825.2	876.4	895.0	847.6	789.8	759.8	696.7	47.8	51.2	-47.4	-57.8	-30.0	-63.1			
Domestic industries	675.2	710.5	739.6	754.0	690.8	649.7	615.8	553.8	35.3	29.1	-63.2	-41.1	-33.9	-62.0			
Financial	144.5	180.3	189.5	187.2	187.5	184.9	165.4	137.0	35.8	9.2	.3	-2.6	-19.5	-28.4			
Nonfinancial	530.7	530.3	550.1	566.8	503.4	464.8	450.4	416.8	-4	19.8	-63.4	-38.6	-14.4	-33.6			
Rest of the world	102.3	114.6	136.8	141.0	156.8	140.0	144.0	142.9	12.3	22.2	15.8	-16.8	4.0	-1.1			
Receipts from the rest of the world	145.3	173.3	204.9	205.0	210.4	201.0	194.0	185.5	28.0	31.6	5.4	-9.4	-7.0	-8.5			
Less: Payments to the rest of the world	43.1	58.7	68.1	64.0	53.6	61.0	50.0	42.5	15.6	9.4	-10.4	7.4	-11.0	-7.5			
Corporate profits with inventory valuation adjustment	739.4	773.4	833.0	854.6	809.2	753.8	729.5	683.4	34.0	59.6	-45.4	-55.4	-24.3	-46.1			
Domestic industries	637.2	658.8	696.3	713.6	652.4	613.8	585.4	540.5	21.6	37.5	-61.2	-38.6	-28.4	-44.9			
Financial	158.4	191.0	204.4	203.1	204.4	202.2	183.3	154.4	32.6	13.4	1.3	-2.2	-18.9	-28.9			
Federal Reserve banks	24.6	25.7	30.0	30.4	30.9	30.4	28.7	27.4	1.1	4.3	.5	-5	-1.7	-1.3			
Other	133.9	165.3	174.4	172.7	173.5	171.7	154.6	127.0	31.4	9.1	.8	-1.8	-17.1	-27.6			
Nonfinancial	478.8	467.8	491.8	510.6	448.0	411.6	402.1	386.1	-11.0	24.0	-62.6	-36.4	-9.5	-16.0			
Manufacturing	164.3	163.7	155.2	159.4	119.4	90.4	93.4		-6	-8.5	-40.0	-29.0	3.0				
Durable goods	80.7	75.8	63.2	65.7	38.1	24.8	15.6		-4.9	-12.6	-27.6	-13.3	-9.2				
Primary metal industries	6.2	2.6	3.1	3.5	1.6	-2.0	-1.5		-3.6	.5	-1.9	-3.6	.5				
Fabricated metal products	16.6	16.7	14.3	14.2	7.4	9.3	9.7		.1	-2.4	-6.8	1.9	.4				
Industrial machinery and equipment	16.1	9.4	7.9	11.0	7.6	4.5	-3.6		-6.7	-1.5	-3.4	-3.1	-8.1				
Electronic and other electric equipment	7.6	6.2	3.7	2.3	.8	-1.5	-4.8		-1.4	-2.5	-1.5	-2.3	-3.3				
Motor vehicles and equipment	5.2	6.7	5.1	5.2	2.6	-2.9	-3.2		1.5	-1.6	-2.6	-5.5	-3				
Other	29.1	34.2	29.1	29.5	18.0	17.4	18.9		5.1	-5.1	-11.5	-6	1.5				
Nondurable goods	83.6	87.9	92.0	93.7	81.3	65.6	77.8		4.3	4.1	-12.4	-15.7	12.2				
Food and kindred products	22.0	25.2	21.6	23.6	17.2	10.9	16.6		3.2	-3.6	-6.4	-6.3	5.7				
Chemicals and allied products	25.4	26.6	30.6	29.6	32.2	25.1	29.0		1.2	4.0	2.6	-7.1	3.9				
Petroleum and coal products	5.0	.5	7.5	10.0	7.9	9.0	10.4		-4.5	7.0	-2.1	1.1	1.4				
Other	31.2	35.6	32.3	30.5	23.9	20.5	22.0		4.4	-3.3	-6.6	-3.4	1.5				
Transportation and public utilities	79.1	59.0	67.4	70.5	67.3	66.4	62.6		-20.1	8.4	-3.2	-.9	-3.8				
Transportation	21.3	15.3	13.7	13.6	10.7	5.1	3.3		-6.0	-1.6	-2.9	-5.6	-1.8				
Communications	22.5	5.9	12.7	12.8	17.8	15.5	9.9		-16.6	6.8	5.0	-2.3	-5.6				
Electric, gas, and sanitary services	35.3	37.8	41.0	44.1	38.7	45.8	49.4		2.5	3.2	-5.4	7.1	3.6				
Wholesale trade	55.9	53.8	60.5	63.7	55.9	40.3	34.0		-2.1	6.7	-7.8	-15.6	-6.3				
Retail trade	73.8	77.1	81.8	84.5	76.3	84.9	85.6		3.3	4.7	-8.2	8.6	.7				
Other	105.7	114.2	126.9	132.5	129.1	129.7	126.5		8.5	12.7	-3.4	.6	-3.2				
Rest of the world	102.3	114.6	136.8	141.0	156.8	140.0	144.0	142.9	12.3	22.2	15.8	-16.8	4.0	-1.1			

Table 12.—Gross Domestic Product of Nonfinancial Corporate Business

	1998	1999	2000	Seasonally adjusted at annual rates														
				1998				1999				2000				2001		
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III
Billions of dollars																		
Gross product of nonfinancial corporate business	4,707.1	5,006.1	5,380.7	4,596.8	4,658.0	4,756.0	4,817.4	4,905.3	4,958.7	5,029.5	5,130.7	5,252.7	5,370.1	5,437.1	5,463.0	5,496.3	5,539.7	5,542.7
Consumption of fixed capital	523.1	560.7	606.9	511.8	518.7	526.8	535.2	544.3	553.9	569.6	575.1	588.0	600.5	614.0	625.0	637.3	656.7	702.2
Net product	4,183.9	4,445.4	4,773.9	4,085.1	4,139.2	4,229.2	4,282.2	4,361.1	4,404.8	4,460.0	4,555.7	4,664.7	4,769.7	4,823.1	4,838.0	4,859.0	4,883.0	4,840.5
Indirect business tax and nontax liability plus business transfer payments less subsidies	457.4	479.2	516.5	446.7	451.7	457.5	473.8	467.4	472.2	482.8	494.5	507.1	513.9	518.8	526.0	532.9	537.0	517.7
Domestic income	3,726.5	3,966.1	4,257.4	3,638.3	3,687.5	3,771.7	3,808.4	3,893.6	3,932.6	3,977.1	4,061.2	4,157.6	4,255.8	4,304.3	4,312.0	4,326.1	4,345.9	4,322.8
Compensation of employees	3,058.0	3,272.2	3,535.2	2,982.9	3,031.3	3,082.9	3,135.0	3,185.5	3,240.8	3,302.1	3,360.6	3,431.3	3,502.4	3,563.7	3,643.4	3,694.5	3,726.7	3,737.5
Wage and salary accruals	2,612.6	2,805.4	3,041.7	2,544.7	2,588.4	2,635.0	2,682.2	2,726.5	2,776.5	2,832.5	2,886.0	2,948.2	3,012.1	3,066.9	3,139.5	3,185.1	3,214.6	3,223.6
Supplements to wages and salaries	445.4	466.9	493.5	438.1	442.9	447.9	452.9	459.0	464.4	469.5	474.6	483.0	490.3	496.7	503.9	509.4	512.0	513.9
Corporate profits with inventory valuation and capital consumption adjustments	530.7	530.3	550.1	526.3	521.2	548.1	527.2	550.8	531.5	508.8	530.0	552.5	577.6	566.8	503.4	464.8	450.4	416.8
Profits before tax	460.4	470.7	504.2	455.4	460.0	476.2	450.1	462.8	469.7	463.9	486.3	514.4	532.8	514.2	455.3	413.5	411.0	382.8
Profits tax liability	154.6	170.9	186.6	152.0	154.4	160.8	151.2	167.4	170.3	168.6	177.3	190.6	197.2	190.3	168.2	152.5	151.2	140.0
Profits after tax	305.8	299.8	317.6	303.4	305.6	315.5	298.9	295.4	299.4	295.3	309.0	323.8	335.6	323.9	287.1	261.0	259.8	242.8
Dividends	242.2	240.0	269.0	237.8	243.0	241.6	246.5	227.4	247.8	236.3	248.4	261.2	256.5	276.0	282.2	300.9	294.3	313.7
Undistributed profits	63.6	59.8	48.6	65.6	62.5	73.8	52.4	68.0	51.6	59.0	60.6	62.6	79.0	48.0	5.0	-39.9	-34.5	-70.9
Inventory valuation adjustment	18.3	-2.9	-12.4	20.0	10.3	20.2	22.9	28.1	-9	-17.7	-21.0	-23.8	-14.8	-3.6	-7.3	-1.9	-8.8	3.3
Capital consumption adjustment	52.0	62.5	58.3	50.9	50.9	51.7	54.2	59.9	62.7	62.6	64.7	61.9	59.6	56.2	55.4	53.2	48.2	30.7
Net interest	137.7	163.6	172.1	129.1	135.1	140.6	146.1	157.3	160.3	166.3	170.6	173.8	175.8	173.8	165.2	166.8	168.9	168.5
Billions of chained (1996) dollars																		
Gross product of nonfinancial corporate business ¹	4,658.1	4,920.9	5,157.9	4,551.1	4,616.9	4,703.9	4,760.7	4,839.2	4,882.4	4,941.7	5,020.5	5,085.9	5,156.8	5,192.3	5,196.7	5,205.3	5,216.3	5,219.6
Consumption of fixed capital ²	533.8	579.1	624.8	517.7	528.3	539.1	550.0	561.6	572.5	588.4	594.0	602.6	615.4	631.0	650.1	666.7	688.4	730.6
Net product ³	4,124.3	4,341.8	4,533.1	4,033.4	4,088.5	4,164.7	4,210.7	4,277.6	4,309.9	4,353.3	4,426.5	4,483.3	4,541.4	4,561.2	4,546.6	4,538.6	4,527.9	4,489.1
Dollars																		
Price, costs, and profits per unit of real gross product of nonfinancial corporate business:																		
Price per unit of real gross product of nonfinancial corporate business ⁴	1.011	1.017	1.043	1.010	1.009	1.011	1.012	1.014	1.016	1.018	1.022	1.033	1.041	1.047	1.051	1.056	1.062	1.062
Compensation of employees (unit labor cost) .....	.656	.665	.685	.655	.657	.655	.659	.658	.664	.668	.669	.675	.679	.686	.701	.710	.714	.716
Unit nonlabor cost .....	.240	.244	.251	.238	.239	.239	.243	.242	.243	.247	.247	.250	.250	.251	.253	.256	.261	.266
Consumption of fixed capital .....	.112	.114	.118	.112	.112	.112	.112	.112	.113	.115	.115	.116	.116	.118	.120	.122	.126	.135
Indirect business tax and nontax liability plus business transfer payments less subsidies .....	.098	.097	.100	.098	.098	.097	.100	.097	.097	.098	.098	.100	.100	.100	.101	.102	.103	.099
Net interest .....	.030	.033	.033	.028	.029	.030	.031	.033	.033	.034	.034	.034	.034	.033	.032	.032	.032	.032
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production) .....	.114	.108	.107	.116	.113	.117	.111	.114	.109	.103	.106	.109	.112	.109	.097	.089	.086	.080
Profits tax liability .....	.033	.035	.036	.033	.033	.034	.032	.035	.035	.034	.035	.037	.038	.037	.032	.029	.029	.027
Profits after tax with inventory valuation and capital consumption adjustments .....	.081	.073	.070	.082	.079	.082	.079	.079	.074	.069	.070	.071	.074	.073	.065	.060	.057	.053

1. Effective with this release, the estimates of chained-dollar gross product of nonfinancial corporate business for 1998-2001 are revised to reflect revisions to the gross product price indexes for nonfinancial industries (see text).

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of

the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100.

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

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

Appendix Table A.—Real Gross Domestic Product and Related Aggregates and Price Indexes: Percent Change From Preceding Period
[Percent]

	1998	1999	2000	Seasonally adjusted at annual rates																
				1997	1998				1999				2000				2001			
					IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III ^r
GDP and related aggregates:																				
GDP	4.3	4.1	4.1	2.8	6.1	2.2	4.1	6.7	3.1	1.7	4.7	8.3	2.3	5.7	1.3	1.9	1.3	0.3	-1.1	
Goods	5.9	5.5	5.8	3.1	12.7	-3.1	6.1	13.2	2.1	.9	7.6	15.2	1.8	8.2	2.1	-2.4	-2.6	-3.6	-4.6	
Services	2.9	3.2	3.3	2.6	1.9	4.8	2.2	2.5	3.2	3.1	4.1	4.2	1.7	5.3	1.1	4.9	2.2	2.7	2.3	
Structures	5.9	3.4	2.3	2.5	4.7	10.5	7.0	5.7	5.9	-2.5	-3.4	5.3	9.1	-2.1	-2	2.2	12.3	2.0	-6.3	
Motor vehicle output	8.1	12.0	-7	20.9	1.3	-9.9	-5.9	77.2	-4.2	1.5	23.0	5.5	-4.0	-1.4	-12.8	-20.0	-16.9	24.7	5.8	
GDP less motor vehicle output	12.2	3.8	4.3	2.1	6.3	2.7	4.5	4.7	3.4	1.7	4.0	8.4	2.6	6.0	1.9	2.8	2.0	-4	-1.3	
Final sales of computers ¹	39.3	42.4	52.3	12.4	42.9	36.5	42.9	54.9	20.5	54.8	61.1	33.4	66.8	66.3	39.1	30.0	9.0	-26.5	-9.4	
GDP less final sales of computers	4.0	3.8	3.7	2.7	5.8	1.9	3.8	6.3	2.9	1.3	4.2	8.1	1.8	5.2	1.0	1.6	1.2	.6	-1.0	
Farm product ²	-3.2	5.7	13.7	-9.2	-19.0	-7.4	11.2	5.5	5.2	18.8	-14.1	19.2	28.3	8.7	17.8	8.5	-10.9	-21.9	6.7	
Nonfarm business less housing product ³	5.1	4.7	4.6	3.5	7.9	2.0	4.3	8.4	3.6	1.4	5.3	10.0	2.0	6.6	1.2	1.8	1.4	-5	-1.8	
Price indexes:																				
GDP	1.2	1.4	2.3	1.4	1.1	1.0	1.4	1.1	1.7	1.4	1.4	1.8	3.8	2.1	1.9	1.8	3.3	2.1	2.2	
GDP less food and energy	1.4	1.4	2.2	1.5	1.3	1.2	1.5	1.1	1.6	1.4	1.5	1.9	3.4	2.0	1.9	1.6	2.2	1.2	2.7	
GDP less final sales of computers	1.6	1.8	2.5	1.7	1.5	1.4	1.9	1.4	2.1	1.6	1.6	2.1	4.0	2.4	2.1	1.9	3.8	2.3	2.4	
Gross domestic purchases .....	.8	1.5	2.6	1.3	.1	.7	1.1	1.2	1.5	2.0	2.0	2.2	4.2	1.9	2.3	1.7	2.7	1.3	-2
Gross domestic purchases less food and energy	1.1	1.4	2.0	1.2	.9	1.1	1.3	1.2	1.6	1.3	1.4	1.7	3.3	1.7	1.7	1.3	2.3	.9	.5	
Gross domestic purchases less final sales of computers	1.2	1.9	2.9	1.7	.6	1.1	1.6	1.6	1.9	2.3	2.4	2.5	4.5	2.2	2.6	2.0	3.3	1.6	.1	
Personal consumption expenditures	1.1	1.6	2.7	1.3	.6	1.0	1.4	1.4	1.3	2.0	2.2	2.4	4.0	2.1	2.4	2.0	3.2	1.3	-3	
Personal consumption expenditures less food and energy	1.5	1.5	1.9	1.2	1.6	1.7	1.6	1.5	1.4	1.2	1.5	1.8	2.9	1.7	1.6	1.5	2.6	.7	.4	

^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 calculation of chain-type quantity and price indexes used in the NIPA's.

Changes in current-dollar GDP measure changes in the market value of goods, services, and structures produced in the economy in a particular period. These changes can be decomposed into quantity and price components. Quantities, or "real" measures, and prices are expressed as index numbers with the reference year--at present, the year 1996--equal to 100.

The annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent years. (Quarterly changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent quarters; quarterly indexes are adjusted for consistency to the annual indexes before percent changes are calculated.) For example, the 1999-2000 annual percent change in real GDP uses prices for 1999 and 2000 as weights, and the 1999-2000 annual percent change in GDP prices uses quantities for 1999 and 2000 as weights. These annual changes are "chained" (multiplied) together to form time series of quantity and price indexes. The Fisher formula also produces percent changes in quantities and prices that are not affected by the choice of reference years. 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 (1996) dollar estimates." For GDP and most other series, these estimates, which are presented in table 3, are computed by multiplying the 1996 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 1996 and if real output for this component increased 10 percent in 1997, then the chained (1996) dollar value of this component in 1997 would be \$110 ($\100×1.10).

For analyses of changes over time in an aggregate or in a component, the percentage changes calculated from the chained-dollar estimates and from the chain-type quantity indexes are the same; any differences will be small and due to rounding. However, because the relative prices used as weights for any period other than the reference year differ from those used for the reference year, 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 another major aggregate) and the sum of the most detailed components in the table. For periods close to the reference 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 (1996) dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. As one moves further from the reference year, the residual tends to become larger, and the chained-dollar estimates become less useful for analyses of contributions to growth. Thus, the contributions to percent change shown in table 2 provide a better measure of the composition of GDP growth. In particular, for components for which relative prices are changing rapidly, calculation of contributions using chained-dollar estimates may be misleading even just a few years from the reference year.

References: "A Preview of the 1999 Comprehensive Revision of the NIPA's: Statistical Changes," October 1999 Survey, pp. 6-17; "A Guide to the NIPA's," March 1998 Survey, pp. 36-40; "BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth," May 1997 Survey, pp. 58-68.