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BEA 05-18

GROSS DOMESTIC PRODUCT: FIRST QUARTER 2005 (ADVANCE)

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 3.1 percent in the first quarter of 2005, according to advance estimates released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 3.8 percent.

The Bureau emphasized that the first-quarter "advance" estimates are based on source data that are incomplete or subject to further revision by the source agency (see the box on page 3). The first-quarter "preliminary" estimates, based on more comprehensive data, will be released on May 26, 2005.

The major contributors to the increase in real GDP in the first quarter were personal consumption expenditures (PCE), private inventory investment, exports, equipment and software, and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the first quarter primarily reflected a deceleration in equipment and software, an acceleration in imports, and a deceleration in PCE that were partly offset by accelerations in private inventory investment and in exports.

Final sales of computers contributed 0.56 percentage point to the first-quarter change in real GDP, the same contribution as to the fourth-quarter change. Motor vehicle output contributed 0.17 percentage point to the first-quarter change in real GDP after contributing 0.86 percentage point to the fourth-quarter change.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 3.0 percent in the first quarter, compared with an increase of 2.9 percent in the fourth. Excluding food and energy prices, the price index for gross domestic purchases increased 3.1 percent in the first quarter, compared with an increase of 2.0 percent in the fourth. About 0.2 percentage point of the first-quarter increase in the index was accounted for by the pay raise for federal civilian and military personnel, which is treated as an increase in the price index of employee services purchased by the federal government.

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 are annualized. "Real" estimates are in chained (2000) dollars. Price indexes are chain-type measures.

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Real personal consumption expenditures increased 3.5 percent in the first quarter, compared with an increase of 4.2 percent in the fourth. Durable goods purchases were unchanged, in contrast to an increase of 3.9 percent. Nondurable goods purchases increased 4.9 percent, compared with an increase of 5.9 percent. Services expenditures increased 3.6 percent, compared with an increase of 3.4 percent.

Real nonresidential fixed investment increased 4.7 percent in the first quarter, compared with an increase of 14.5 percent in the fourth. Nonresidential structures decreased 2.6 percent, in contrast to an increase of 2.1 percent. Equipment and software increased 6.9 percent, compared with an increase of 18.4 percent. Real residential fixed investment increased 5.7 percent, compared with an increase of 3.4 percent.

Real exports of goods and services increased 7.0 percent in the first quarter, compared with an increase of 3.2 percent in the fourth. Real imports of goods and services increased 14.7 percent, compared with an increase of 11.4 percent.

Real federal government consumption expenditures and gross investment increased 0.6 percent in the first quarter, compared with an increase of 1.2 percent in the fourth. National defense increased 0.2 percent, in contrast to a decrease of 0.6 percent. Nondefense increased 1.3 percent, compared with an increase of 5.3 percent. Real state and local government consumption expenditures and gross investment increased 0.5 percent, compared with an increase of 0.6 percent.

The real change in private inventories added 1.21 percentage points to the first-quarter change in real GDP after adding 0.46 percentage point to the fourth-quarter change. Private businesses increased inventories \$80.2 billion in the first quarter, following increases of \$47.2 billion in the fourth quarter and \$34.5 billion in the third.

Real final sales of domestic product -- GDP less change in private inventories -- increased 1.9 percent in the first quarter, compared with an increase of 3.4 percent in the fourth.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 4.4 percent in the first quarter, compared with an increase of 5.0 percent in the fourth.

Disposition of personal income

Current-dollar personal income increased \$58.7 billion (2.4 percent) in the first quarter, compared with an increase of \$253.4 billion (10.9 percent) in the fourth. Personal income in the fourth quarter had been boosted by a special dividend payment made by the Microsoft Corporation. (For more information, see the FAQs on the Microsoft special dividend on BEA's Web site at www.bea.gov.)

Personal current taxes increased \$17.6 billion in the first quarter, compared with an increase of \$20.6 billion in the fourth.

Disposable personal income increased \$41.2 billion (1.9 percent) in the first quarter, compared with an increase of \$232.7 billion (11.2 percent) in the fourth. Real disposable personal income decreased 0.3 percent, in contrast to an increase of 8.3 percent.

Personal outlays increased \$134.2 billion (6.3 percent) in the first quarter, compared with an increase of \$151.2 billion (7.2 percent) in the fourth. Personal saving -- disposable personal income less personal outlays -- was \$52.0 billion in the first quarter, compared with \$145.0 billion in the fourth. The personal saving rate -- saving as a percentage of disposable personal income -- decreased from 1.6 percent in the fourth quarter to 0.6 percent in the first.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 6.4 percent, or \$187.9 billion, in the first quarter to a level of \$12,182.7 billion. In the fourth quarter, current-dollar GDP increased 6.2 percent, or \$179.9 billion.

Information on the assumptions used for unavailable source data is provided in a technical note that is posted with the news release on BEA's Web site. Within a few days after the release, a detailed "Key Source Data and Assumptions" file is posted on the Web site. In the middle of each month, an analysis of the current quarterly estimates of GDP and related series is made available on the Web site; click on [Survey of Current Business](#), "Business Situation."

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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 |
| (202) | 606-5303 | Personal income and outlays |
| (202) | 606-5362 | U.S. international transactions |

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Next release -- May 26, 2005, at 8:30 A.M. EDT for:
Gross Domestic Product: First Quarter 2005 (Preliminary)
Corporate Profits: First Quarter 2005

Comparisons of Revisions to GDP

Quarterly estimates of GDP are released on the following schedule: “Advance” estimates, based on source data that are incomplete or subject to further revision by the source agency, are released near the end of the first month after the end of the quarter; as more detailed and more comprehensive data become available, “preliminary” and “final” estimates are released near the end of the second and third months, respectively. The “latest” estimates reflect the results of both annual and comprehensive revisions.

Annual revisions are usually carried out each summer and cover the quarters of the most recent calendar year and of the 2 preceding years. Comprehensive (or benchmark) revisions are carried out at about 5-year intervals and incorporate definitional and classificational changes that update the accounts to portray more accurately the evolving U.S. economy and statistical changes that update the accounts to reflect the introduction of new and improved methodologies and the incorporation of newly available and revised source data.

The table below shows comparisons of the revisions between quarterly percent changes of GDP for the different vintages of the estimates. These comparisons can be used to assess the likely size of future revisions. For example, two-thirds of the revisions between the quarterly change in the advance estimate of real GDP and that in the final estimate were within a range of -0.6 to +0.9 percentage point. Thus, based on past history, the first-quarter change in real GDP now estimated at 3.1 percent at an annual rate, is not likely to be revised below 2.5 percent or above 4.0 percent in the next two releases.

Revisions Between Quarterly Percent Changes of GDP: Vintage Comparisons
[Annual rates]

| Vintages compared | Average without regard to sign | Range | |
|----------------------------------|--------------------------------|-------------------------|--------------------------|
| | | Two-thirds of revisions | Nine-tenths of revisions |
| <u>Current-dollar GDP</u> | | | |
| Advance to preliminary..... | 0.6 | -0.5 to 0.8 | -0.9 to 1.4 |
| Advance to final..... | .7 | - .6 to 1.0 | -1.0 to 1.6 |
| Preliminary to final..... | .3 | - .3 to .4 | - .6 to .7 |
| Advance to latest..... | 1.3 | -1.0 to 1.8 | -1.9 to 3.4 |
| Preliminary to latest..... | 1.2 | - .9 to 1.7 | -1.9 to 2.6 |
| Final to latest..... | 1.3 | -1.0 to 1.9 | -2.2 to 2.6 |
| <u>Real GDP</u> | | | |
| Advance to preliminary..... | 0.5 | -0.5 to 0.7 | -0.9 to 1.2 |
| Advance to final..... | .6 | - .6 to .9 | -1.0 to 1.3 |
| Preliminary to final..... | .3 | - .3 to .4 | - .5 to .6 |
| Advance to latest..... | 1.5 | -1.1 to 2.1 | -2.5 to 3.3 |
| Preliminary to latest..... | 1.4 | -1.1 to 1.9 | -2.0 to 2.9 |
| Final to latest..... | 1.5 | -1.2 to 2.1 | -2.6 to 3.1 |

NOTE.--These comparisons are based on the period from 1978 through 2003 for the first three comparisons in each group and on the period from 1978 through 2001 for the last three comparisons in each group.

Table 1.—Real Gross Domestic Product and Related Measures: Percent Change From Preceding Period

| | 2002 | 2003 | 2004 | Seasonally adjusted at annual rates | | | | | | | | | | | | | | | |
|---|-------|------|------|-------------------------------------|-------|-------|-------|-------|-------|-------|-------|------|------|------|------|------|------|------|-------|
| | | | | 2001 | | | 2002 | | | | 2003 | | | | 2004 | | | | 2005 |
| | | | | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I |
| | | | | | | | | | | | | | | | | | | | |
| Gross domestic product (GDP) | 1.9 | 3.0 | 4.4 | 1.2 | -1.4 | 1.6 | 3.4 | 2.4 | 2.6 | 0.7 | 1.9 | 4.1 | 7.4 | 4.2 | 4.5 | 3.3 | 4.0 | 3.8 | 3.1 |
| Personal consumption expenditures | 3.1 | 3.3 | 3.8 | 1.0 | 1.8 | 7.0 | 1.8 | 2.8 | 2.9 | 2.5 | 2.7 | 3.9 | 5.0 | 3.6 | 4.1 | 1.6 | 5.1 | 4.2 | 3.5 |
| Durable goods | 6.5 | 7.4 | 6.7 | -3 | 3.1 | 37.4 | -8.5 | 4.4 | 14.0 | -2.4 | -1 | 20.6 | 16.5 | 3.9 | 2.2 | -3 | 17.2 | 3.9 | 0 |
| Nondurable goods | 2.6 | 3.7 | 4.6 | -1 | 2.4 | 4.9 | 3.8 | .8 | -6 | 5.3 | 5.0 | 1.6 | 6.9 | 5.1 | 6.7 | -1 | 4.7 | 5.9 | 4.9 |
| Services | 2.6 | 2.2 | 2.8 | 1.8 | 1.2 | 2.3 | 3.3 | 3.5 | 2.4 | 2.2 | 2.1 | 1.8 | 1.9 | 2.8 | 3.3 | 2.7 | 3.0 | 3.4 | 3.6 |
| Gross private domestic investment | -2.4 | 4.4 | 13.2 | -7.6 | -10.5 | -22.7 | 16.8 | .3 | 4.1 | -5 | -8 | 3.5 | 22.4 | 13.9 | 12.3 | 19.0 | 2.4 | 13.3 | 12.5 |
| Fixed investment | -4.9 | 5.1 | 10.3 | -8.7 | -4.5 | -10.6 | -4.3 | -3.5 | .2 | -8 | 2.4 | 10.9 | 18.0 | 10.5 | 4.5 | 13.9 | 8.8 | 10.5 | 5.0 |
| Nonresidential | -8.9 | 3.3 | 10.6 | -13.6 | -6.8 | -13.3 | -9.7 | -9.6 | -1.1 | -3.2 | -1 | 11.8 | 15.7 | 11.0 | 4.2 | 12.5 | 13.0 | 14.5 | 4.7 |
| Structures | -17.8 | -5.6 | 1.4 | -4.0 | 6.0 | -33.2 | -18.5 | -22.6 | -16.0 | -6.6 | -13.0 | 14.5 | -1.3 | 7.9 | -7.6 | 6.9 | -1.1 | 2.1 | -2.6 |
| Equipment and software | -5.5 | 6.4 | 13.6 | -16.9 | -11.4 | -4.2 | -6.3 | -4.5 | 4.6 | -2.0 | 4.5 | 11.0 | 21.7 | 12.0 | 8.0 | 14.2 | 17.5 | 18.4 | 6.9 |
| Residential | 4.8 | 8.8 | 9.7 | 5.6 | 1.8 | -3.7 | 9.3 | 11.3 | 2.8 | 4.2 | 7.5 | 9.1 | 22.4 | 9.6 | 5.0 | 16.5 | 1.6 | 3.4 | 5.7 |
| Change in private inventories | | | | | | | | | | | | | | | | | | | |
| Net exports of goods and services | | | | | | | | | | | | | | | | | | | |
| Exports | -2.3 | 1.9 | 8.6 | -12.7 | -18.2 | -10.8 | 4.7 | 11.0 | 3.1 | -4.2 | -1.5 | -1.6 | 11.3 | 17.5 | 7.3 | 7.3 | 6.0 | 3.2 | 7.0 |
| Goods | -4.1 | 2.2 | 8.8 | -17.1 | -20.0 | -8.8 | -1.9 | 14.0 | 2.9 | -10.2 | 4.0 | -8 | 10.1 | 16.1 | 9.1 | 6.0 | 9.5 | 1.9 | 9.3 |
| Services | 1.8 | 1.4 | 8.0 | -7 | -13.7 | -15.3 | 21.7 | 4.5 | 3.5 | 10.5 | -12.7 | -3.4 | 14.1 | 20.6 | 3.4 | 10.2 | -1.8 | 6.2 | 1.8 |
| Imports | 3.4 | 4.4 | 9.9 | -12.6 | -10.3 | -3.4 | 12.5 | 11.4 | 5.4 | 9.6 | -2.0 | 2.5 | 2.8 | 17.1 | 10.6 | 12.6 | 4.6 | 11.4 | 14.7 |
| Goods | 3.7 | 4.7 | 10.8 | -16.9 | -8.6 | -2.0 | 10.1 | 15.3 | 5.9 | 8.2 | -1.8 | 5.1 | 0 | 18.4 | 12.7 | 13.0 | 5.0 | 14.9 | 16.1 |
| Services | 1.9 | 3.1 | 5.8 | 12.8 | -18.3 | -10.4 | 24.7 | -5.8 | 2.8 | 16.6 | -2.6 | -9.4 | 17.9 | 11.1 | 1.2 | 10.6 | 2.8 | -5.2 | 7.5 |
| Government consumption expenditures and gross investment | 4.4 | 2.8 | 1.9 | 7.9 | -1.5 | 8.5 | 4.7 | 4.4 | 2.1 | 4.0 | .2 | 7.2 | .1 | 1.6 | 2.5 | 2.2 | .7 | .9 | .6 |
| Federal | 7.5 | 6.6 | 4.7 | 9.1 | 0 | 8.8 | 8.2 | 12.8 | 2.9 | 9.1 | .3 | 22.1 | -3.3 | 4.8 | 7.1 | 2.7 | 4.8 | 1.2 | .6 |
| National defense | 7.7 | 9.0 | 7.3 | 4.3 | 2.4 | 12.5 | 5.8 | 11.5 | 3.4 | 13.5 | -2.7 | 38.4 | -7.7 | 11.6 | 10.6 | 1.9 | 10.1 | -6 | .2 |
| Nondefense | 7.1 | 2.4 | -5 | 18.0 | -3.9 | 2.3 | 12.6 | 15.0 | 1.9 | 1.6 | 6.2 | -3.9 | 5.8 | -7.5 | .2 | 4.4 | -5.3 | 5.3 | 1.3 |
| State and local | 2.8 | .7 | .4 | 7.2 | -2.3 | 8.4 | 2.9 | .3 | 1.7 | 1.4 | .1 | -4 | 2.2 | -1 | 0 | 1.9 | -1.7 | .6 | .5 |
| Addenda: | | | | | | | | | | | | | | | | | | | |
| Final sales of domestic product | 1.4 | 3.1 | 4.0 | 1.0 | -4 | 3.8 | .3 | 1.8 | 2.0 | .7 | 2.4 | 5.2 | 6.8 | 3.7 | 3.3 | 2.5 | 5.0 | 3.4 | 1.9 |
| Gross domestic purchases | 2.5 | 3.3 | 4.8 | .7 | -8 | 2.2 | 4.4 | 2.8 | 2.9 | 2.4 | 1.7 | 4.4 | 6.4 | 4.7 | 5.0 | 4.2 | 3.9 | 5.0 | 4.4 |
| Final sales to domestic purchasers | 2.1 | 3.4 | 4.4 | .5 | .2 | 4.3 | 1.4 | 2.2 | 2.4 | 2.3 | 2.2 | 5.4 | 5.9 | 4.2 | 3.9 | 3.5 | 4.9 | 4.5 | 3.2 |
| Gross national product (GNP) | 1.7 | 3.3 | 4.3 | 1.5 | -2.5 | 3.9 | 1.4 | 2.1 | 3.0 | 1.4 | 1.7 | 4.4 | 7.6 | 5.5 | 3.9 | 1.9 | 4.0 | 3.5 | ..... |
| Disposable personal income | 3.1 | 2.3 | 3.5 | -1.7 | 11.5 | -5.6 | 10.8 | 2.7 | -1.7 | .2 | 1.8 | 4.3 | 8.2 | 1.4 | 2.4 | 2.8 | 2.9 | 8.3 | -3 |
| Current-dollar measures: | | | | | | | | | | | | | | | | | | | |
| GDP | 3.5 | 4.9 | 6.6 | 4.4 | .2 | 3.6 | 4.5 | 4.2 | 3.9 | 2.7 | 4.9 | 5.3 | 8.8 | 5.7 | 7.4 | 6.6 | 5.5 | 6.2 | 6.4 |
| Final sales of domestic product | 3.1 | 5.1 | 6.2 | 4.2 | 1.2 | 5.5 | 1.7 | 3.3 | 3.7 | 2.7 | 5.3 | 6.3 | 8.4 | 5.4 | 6.1 | 5.8 | 6.5 | 5.7 | 5.2 |
| Gross domestic purchases | 4.0 | 5.4 | 7.3 | 3.0 | .2 | 3.1 | 5.3 | 5.6 | 4.4 | 4.3 | 5.7 | 4.8 | 8.1 | 5.9 | 8.6 | 7.9 | 5.9 | 8.1 | 7.5 |
| Final sales to domestic purchasers | 3.6 | 5.5 | 6.9 | 2.8 | 1.2 | 4.9 | 2.6 | 4.7 | 4.2 | 4.3 | 6.0 | 5.8 | 7.7 | 5.7 | 7.4 | 7.1 | 6.9 | 7.6 | 6.3 |
| GNP | 3.4 | 5.2 | 6.5 | 4.6 | -8 | 6.0 | 2.4 | 3.9 | 4.3 | 3.4 | 4.6 | 5.6 | 9.0 | 7.0 | 6.8 | 5.2 | 5.6 | 5.9 | ..... |
| Disposable personal income | 4.6 | 4.2 | 5.8 | .8 | 12.1 | -5.0 | 11.8 | 5.7 | .2 | 1.5 | 5.1 | 5.0 | 9.9 | 2.6 | 5.8 | 6.0 | 4.2 | 11.2 | 1.9 |

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

Table 4.—Price Indexes for Gross Domestic Product and Related Measures: Percent Change From Preceding Period

| | 2002 | 2003 | 2004 | Seasonally adjusted at annual rates | | | | | | | | | | | | | | | |
|---|------|------|------|-------------------------------------|------|-------|------|------|------|------|------|------|------|------|------|------|------|------|-------|
| | | | | 2001 | | | 2002 | | | | 2003 | | | | 2004 | | | | 2005 |
| | | | | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I |
| | | | | | | | | | | | | | | | | | | | |
| Gross domestic product (GDP) | 1.7 | 1.8 | 2.2 | 3.1 | 1.6 | 1.7 | 1.4 | 1.5 | 1.7 | 2.0 | 2.7 | 1.1 | 1.4 | 1.6 | 2.8 | 3.2 | 1.4 | 2.3 | 3.3 |
| Personal consumption expenditures | 1.4 | 1.9 | 2.2 | 2.6 | .6 | .6 | .9 | 2.9 | 2.0 | 1.4 | 3.2 | .7 | 1.6 | 1.2 | 3.3 | 3.1 | 1.3 | 2.7 | 2.1 |
| Durable goods | -2.7 | -3.4 | -2.0 | -3.1 | -2.8 | -1.6 | -3.8 | -2.5 | -2.1 | -2.8 | -3.7 | -3.8 | -4.4 | -4.3 | 0 | -1 | -3.1 | .1 | .9 |
| Nondurable goods | .6 | 2.0 | 3.3 | 3.5 | -9 | -4.0 | 0 | 5.4 | 1.3 | 1.2 | 5.1 | -2.2 | 3.5 | .5 | 5.3 | 6.6 | .9 | 4.7 | 1.2 |
| Services | 2.7 | 3.0 | 2.5 | 3.4 | 2.0 | 3.3 | 2.3 | 2.8 | 3.2 | 2.4 | 3.8 | 3.1 | 2.0 | 2.7 | 3.0 | 2.1 | 2.3 | 2.2 | 2.9 |
| Gross private domestic investment | .2 | 1.1 | 2.5 | 1.5 | 2.1 | .2 | -1.0 | -.1 | -5 | 2.6 | 1.4 | -.1 | 1.2 | 2.7 | 2.1 | 4.4 | 2.9 | 2.4 | 3.3 |
| Fixed investment | .2 | 1.2 | 2.5 | 1.8 | 2.2 | .1 | -1.1 | -.1 | -.4 | 2.7 | 1.9 | -.3 | 1.2 | 2.8 | 2.0 | 4.3 | 3.0 | 2.4 | 3.3 |
| Nonresidential | -.8 | -.4 | .8 | .6 | .3 | -1.0 | -1.3 | -1.1 | -1.3 | .6 | -.5 | -1.3 | .3 | 1.2 | .3 | 1.7 | .9 | 1.6 | 2.8 |
| Structures | 2.4 | 2.1 | 4.9 | 6.5 | 6.6 | 2.1 | 0 | 2.1 | 1.6 | 3.0 | 3.9 | 0 | 1.3 | 1.4 | 4.8 | 7.6 | 9.8 | 10.9 | 10.7 |
| Equipment and software | -1.9 | -1.2 | -.4 | -1.5 | -2.0 | -2.2 | -1.7 | -2.2 | -.1 | -1.9 | -1.7 | 0 | 1.2 | -1.1 | .1 | -1.6 | -.9 | .6 | |
| Residential | 2.5 | 4.4 | 5.7 | 5.0 | 6.9 | 2.8 | -.8 | 2.1 | 1.6 | 7.1 | 6.8 | 1.7 | 3.1 | 5.8 | 5.4 | 9.1 | 6.8 | 3.8 | 4.4 |
| Change in private inventories | | | | | | | | | | | | | | | | | | | |
| Net exports of goods and services | | | | | | | | | | | | | | | | | | | |
| Exports | -.4 | 2.1 | 3.5 | -1.3 | -2.0 | -3.5 | -1.2 | 3.0 | 3.0 | 4 | 4.1 | 1.0 | .8 | 3.2 | 5.7 | 4.6 | 1.6 | 3.9 | 4.5 |
| Goods | -.7 | 2.0 | 3.8 | -1.6 | -2.6 | -3.8 | -1.4 | 2.2 | 3.3 | 5 | 3.5 | 1.6 | -.6 | 4.2 | 6.4 | 5.3 | 1.2 | 3.9 | 4.4 |
| Services | .4 | 2.4 | 2.8 | -.7 | -.6 | -2.8 | -.6 | 4.8 | 2.4 | .3 | 5.4 | -.6 | 4.0 | .9 | 4.0 | 3.2 | 2.7 | 3.9 | 4.7 |
| Imports | -1.2 | 3.4 | 4.9 | -5.9 | -5.3 | -10.0 | -1.9 | 10.5 | 3.4 | 5 | 11.3 | -4.3 | 2.6 | .9 | 9.6 | 6.4 | 5.1 | 7.7 | 2.3 |
| Goods | -1.8 | 2.9 | 4.9 | -6.6 | -6.5 | -11.3 | -2.0 | 10.8 | 2.6 | 4 | 12.0 | -6.7 | 2.4 | .4 | 9.9 | 7.8 | 5.2 | 7.1 | 2.1 |
| Services | 1.7 | 5.9 | 4.9 | -2.2 | 1.2 | -3.3 | -1.2 | 8.8 | 7.7 | .9 | 7.9 | 8.4 | 3.6 | 3.5 | 8.3 | -.5 | 5.0 | 10.9 | 3.6 |
| Government consumption expenditures and gross investment | 2.7 | 3.2 | 3.2 | 1.8 | 1.6 | 1.1 | 4.2 | 3.1 | 2.7 | 3.3 | 7.4 | -.5 | 2.2 | 1.0 | 5.1 | 4.3 | 3.6 | 4.2 | 6.1 |
| Federal | 3.3 | 3.6 | 2.9 | 1.1 | 2.2 | 1.8 | 7.4 | 1.4 | 1.8 | 5.1 | 8.5 | .3 | 1.1 | 1.0 | 6.6 | 3.0 | 1.7 | 2.3 | 7.7 |
| National defense | 3.4 | 4.2 | 2.8 | .7 | 2.5 | .8 | 7.1 | 1.6 | 2.9 | 7.7 | 8.6 | -.3 | 1.1 | 1.3 | 5.7 | 3.5 | 1.9 | 2.4 | 7.8 |
| Nondefense | 3.1 | 2.6 | 3.0 | 1.8 | 1.6 | 3.4 | 8.0 | 1.1 | -.2 | .5 | 8.2 | 1.4 | 1.0 | .3 | 8.3 | 1.9 | 1.3 | 2.2 | 7.5 |
| State and local | 2.4 | 3.0 | 3.4 | 2.1 | 1.3 | .8 | 2.5 | 4.0 | 3.2 | 2.4 | 6.8 | -1.0 | 2.9 | 1.0 | 4.2 | 5.2 | 4.7 | 5.3 | 5.1 |
| Addenda: | | | | | | | | | | | | | | | | | | | |
| Final sales of domestic product | 1.7 | 1.8 | 2.2 | 3.2 | 1.6 | 1.7 | 1.3 | 1.5 | 1.7 | 2.0 | 2.8 | 1.1 | 1.4 | 1.6 | 2.7 | 3.2 | 1.4 | 2.3 | 3.3 |
| Gross domestic purchases | 1.5 | 2.0 | 2.4 | 2.3 | 1.0 | .6 | 1.2 | 2.5 | 1.8 | 1.9 | 3.7 | .4 | 1.7 | 1.4 | 3.4 | 3.5 | 1.9 | 2.9 | 3.0 |
| Final sales to domestic purchasers | 1.5 | 2.0 | 2.4 | 2.3 | 1.0 | .6 | 1.1 | 2.5 | 1.8 | 1.9 | 3.8 | .3 | 1.7 | 1.4 | 3.4 | 3.5 | 1.9 | 2.9 | 3.0 |
| Gross national product (GNP) | 1.6 | 1.8 | 2.2 | 3.1 | 1.6 | 1.7 | 1.3 | 1.5 | 1.7 | 2.0 | 2.7 | 1.1 | 1.5 | 1.6 | 2.8 | 3.2 | 1.4 | 2.3 | ..... |
| Implicit price deflators: | | | | | | | | | | | | | | | | | | | |
| GDP | 1.7 | 1.8 | 2.1 | 3.1 | 1.7 | 2.0 | 1.0 | 1.8 | 1.3 | 2.0 | 2.9 | 1.1 | 1.3 | 1.4 | 2.7 | 3.2 | 1.4 | 2.3 | 3.2 |
| Gross domestic purchases | 1.5 | 2.0 | 2.4 | 2.2 | 1.1 | .9 | .8 | 2.8 | 1.4 | 1.9 | 3.9 | .4 | 1.6 | 1.2 | 3.4 | 3.5 | 2.0 | 2.9 | 3.0 |
| GNP | 1.6 | 1.8 | 2.1 | 3.1 | 1.7 | 2.0 | 1.0 | 1.8 | 1.3 | 2.0 | 2.9 | 1.1 | 1.3 | 1.4 | 2.7 | 3.2 | 1.5 | 2.3 | ..... |

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

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

| | 2002 | 2003 | 2004 | Seasonally adjusted | | | | |
|---|----------------|----------------|----------------|---------------------|----------------|----------------|----------------|----------------|
| | | | | 2004 | | | | 2005 |
| | | | | I | II | III | IV | I |
| Gross domestic product | 102.626 | 105.749 | 110.440 | 108.969 | 109.858 | 110.941 | 111.993 | 112.847 |
| Personal consumption expenditures | 105.698 | 109.143 | 113.253 | 111.925 | 112.360 | 113.776 | 114.951 | 115.949 |
| Durable goods | 111.150 | 119.378 | 127.338 | 124.572 | 124.482 | 129.529 | 130.768 | 130.774 |
| Nondurable goods | 104.630 | 108.481 | 113.417 | 112.331 | 112.367 | 113.659 | 115.310 | 116.692 |
| Services | 105.085 | 107.418 | 110.423 | 109.237 | 109.955 | 110.782 | 111.717 | 112.701 |
| Gross private domestic investment | 89.928 | 93.852 | 106.223 | 101.672 | 106.191 | 106.823 | 110.207 | 113.498 |
| Fixed investment | 92.253 | 96.924 | 106.877 | 102.529 | 105.913 | 108.170 | 110.897 | 112.267 |
| Nonresidential | 87.302 | 90.157 | 99.720 | 95.204 | 98.041 | 101.075 | 104.560 | 105.757 |
| Structures | 80.346 | 75.810 | 76.844 | 75.886 | 77.171 | 76.958 | 77.359 | 76.859 |
| Equipment and software | 89.947 | 95.679 | 108.670 | 102.699 | 106.157 | 110.524 | 115.299 | 117.226 |
| Residential | 105.178 | 114.392 | 125.457 | 121.400 | 126.122 | 126.628 | 127.680 | 129.472 |
| Change in private inventories | | | | | | | | |
| Exports of goods and services | 92.343 | 94.116 | 102.195 | 99.924 | 101.690 | 103.176 | 103.991 | 105.763 |
| Imports of goods and services | 100.585 | 105.048 | 115.468 | 111.504 | 114.862 | 116.167 | 119.340 | 123.507 |
| Government consumption expenditures and gross investment | 107.918 | 110.906 | 113.066 | 112.443 | 113.062 | 113.259 | 113.500 | 113.656 |
| Federal | 111.725 | 119.140 | 124.695 | 123.249 | 124.068 | 125.539 | 125.922 | 126.098 |
| State and local | 105.999 | 106.739 | 107.171 | 106.965 | 107.482 | 107.033 | 107.202 | 107.348 |
| Addenda: | | | | | | | | |
| Final sales of domestic product | 103.102 | 106.346 | 110.595 | 109.173 | 109.854 | 111.211 | 112.141 | 112.660 |
| Gross domestic purchases | 103.414 | 106.858 | 110.988 | 110.253 | 111.393 | 112.465 | 113.840 | 115.067 |
| Final sales to domestic purchasers | 103.876 | 107.438 | 112.143 | 110.455 | 111.396 | 112.731 | 113.991 | 114.898 |
| Gross national product | 102.494 | 105.865 | 110.421 | 109.241 | 109.769 | 110.863 | 111.812 | ..... |

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

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

| | 2002 | 2003 | 2004 | Seasonally adjusted | | | | |
|---|----------------|----------------|----------------|---------------------|----------------|----------------|----------------|----------------|
| | | | | 2004 | | | | 2005 |
| | | | | I | II | III | IV | I |
| Gross domestic product | 104.097 | 106.003 | 108.298 | 107.314 | 108.169 | 108.551 | 109.159 | 110.038 |
| Personal consumption expenditures (PCE) | 103.548 | 105.511 | 107.824 | 106.860 | 107.683 | 108.021 | 108.734 | 109.309 |
| Durable goods | 95.475 | 92.244 | 90.378 | 90.741 | 90.725 | 90.008 | 90.039 | 90.235 |
| Nondurable goods | 102.097 | 104.154 | 107.626 | 105.914 | 107.616 | 107.869 | 109.106 | 109.436 |
| Services | 106.083 | 109.237 | 111.999 | 111.085 | 111.667 | 112.314 | 112.932 | 113.729 |
| Gross private domestic investment | 101.221 | 102.304 | 104.898 | 103.514 | 104.644 | 105.405 | 106.029 | 106.892 |
| Fixed investment | 101.232 | 102.435 | 104.978 | 103.618 | 104.709 | 105.482 | 106.101 | 106.974 |
| Nonresidential | 98.909 | 98.546 | 99.328 | 98.793 | 99.220 | 99.449 | 99.850 | 100.537 |
| Structures | 107.908 | 110.176 | 115.578 | 111.926 | 113.984 | 116.677 | 119.726 | 122.815 |
| Equipment and software | 95.868 | 94.754 | 94.382 | 94.611 | 94.626 | 94.256 | 94.034 | 94.169 |
| Residential | 107.246 | 111.951 | 118.338 | 115.179 | 117.710 | 119.674 | 120.787 | 122.082 |
| Change in private inventories | | | | | | | | |
| Exports of goods and services | 99.275 | 101.395 | 104.919 | 103.565 | 104.746 | 105.175 | 106.189 | 107.362 |
| Imports of goods and services | 96.326 | 99.615 | 104.508 | 102.163 | 103.760 | 105.066 | 107.042 | 107.658 |
| Government consumption expenditures and gross investment | 105.313 | 108.702 | 112.187 | 110.522 | 111.703 | 112.682 | 113.841 | 115.530 |
| Federal | 105.288 | 109.081 | 112.213 | 111.203 | 112.020 | 112.491 | 113.138 | 115.257 |
| State and local | 105.317 | 108.485 | 112.180 | 110.131 | 111.524 | 112.802 | 114.265 | 115.698 |
| Addenda: | | | | | | | | |
| PCE excluding food and energy | 103.707 | 105.072 | 106.643 | 106.081 | 106.523 | 106.753 | 107.217 | 107.814 |
| Market-based PCE ¹ | 103.113 | 105.040 | 107.427 | 106.334 | 107.292 | 107.674 | 108.406 | 108.966 |
| Market-based PCE excluding food and energy ¹ | 103.186 | 104.388 | 105.905 | 105.261 | 105.798 | 106.060 | 106.500 | 107.082 |
| Final sales of domestic product | 104.100 | 106.025 | 108.310 | 107.332 | 108.178 | 108.561 | 109.168 | 110.048 |
| Gross domestic purchases | 103.489 | 105.571 | 108.131 | 106.980 | 107.913 | 108.429 | 109.203 | 110.014 |
| Final sales to domestic purchasers | 103.491 | 105.592 | 108.143 | 106.997 | 107.923 | 108.440 | 109.214 | 110.025 |
| Gross national product | 104.087 | 105.997 | 108.295 | 107.308 | 108.164 | 108.549 | 109.158 | ..... |
| Implicit price deflators: | | | | | | | | |
| Gross domestic product | 104.092 | 105.998 | 108.237 | 107.246 | 108.093 | 108.482 | 109.100 | 109.971 |
| Final sales of domestic product | 104.100 | 106.025 | 108.310 | 107.325 | 108.172 | 108.555 | 109.161 | 110.042 |
| Gross domestic purchases | 103.484 | 105.566 | 108.077 | 106.916 | 107.842 | 108.364 | 109.149 | 109.952 |
| Final sales to domestic purchasers | 103.491 | 105.592 | 108.148 | 106.992 | 107.917 | 108.435 | 109.208 | 110.020 |
| Gross national product | 104.082 | 105.992 | 108.232 | 107.240 | 108.087 | 108.479 | 109.099 | ..... |

1. This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. Percentage changes for these series are included in the addenda to table 8 and appendix table A.

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

Table 9.—Relation of Gross Domestic Product, Gross National Product, and National Income

[Billions of dollars]

| | 2002 | 2003 | 2004 | Seasonally adjusted at annual rates | | | | |
|--|-----------------|-----------------|-----------------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | | | | 2004 | | | | 2005 |
| | | | | I | II | III | IV | I |
| Gross domestic product | 10,487.0 | 11,004.0 | 11,735.0 | 11,472.6 | 11,657.5 | 11,814.9 | 11,994.8 | 12,182.7 |
| Plus: Income receipts from the rest of the world | 301.8 | 329.0 | 405.8 | 373.8 | 388.0 | 406.8 | 454.7 | ..... |
| Less: Income payments to the rest of the world | 274.7 | 273.9 | 361.9 | 300.3 | 351.9 | 368.6 | 426.7 | ..... |
| Equals: Gross national product | 10,514.1 | 11,059.2 | 11,778.9 | 11,546.1 | 11,693.6 | 11,853.0 | 12,022.8 | ..... |
| Less: Consumption of fixed capital | 1,303.9 | 1,353.9 | 1,407.3 | 1,355.0 | 1,375.2 | 1,497.9 | 1,401.2 | 1,407.7 |
| Less: Statistical discrepancy | -15.3 | 25.6 | 50.9 | 63.0 | 56.4 | 60.4 | 24.0 | ..... |
| Equals: National income | 9,225.4 | 9,679.6 | 10,320.6 | 10,128.1 | 10,262.0 | 10,294.7 | 10,597.6 | ..... |
| Compensation of employees | 6,069.5 | 6,289.0 | 6,632.0 | 6,489.4 | 6,578.5 | 6,687.4 | 6,772.5 | 6,868.7 |
| Wage and salary accruals | 4,976.3 | 5,103.6 | 5,355.7 | 5,240.7 | 5,311.4 | 5,403.0 | 5,467.8 | 5,539.8 |
| Supplements to wages and salaries | 1,093.2 | 1,185.5 | 1,276.3 | 1,248.8 | 1,267.2 | 1,284.4 | 1,304.7 | 1,328.9 |
| Proprietors' income with inventory valuation and capital consumption adjustments | 769.6 | 834.1 | 902.8 | 872.1 | 901.4 | 902.9 | 934.9 | 961.8 |
| Rental income of persons with capital consumption adjustment | 170.9 | 153.8 | 165.1 | 172.8 | 172.6 | 153.8 | 161.3 | 151.5 |
| Corporate profits with inventory valuation and capital consumption adjustments | 874.6 | 1,021.1 | 1,181.6 | 1,165.6 | 1,173.9 | 1,118.0 | 1,268.8 | ..... |
| Net interest and miscellaneous payments | 532.9 | 543.0 | 549.5 | 554.5 | 548.5 | 546.7 | 548.2 | 556.5 |
| Taxes on production and imports less subsidies | 724.4 | 751.3 | 800.6 | 782.9 | 796.3 | 803.5 | 819.9 | 828.3 |
| Business current transfer payments | 80.9 | 77.7 | 82.1 | 82.7 | 83.5 | 76.0 | 86.3 | 87.2 |
| Current surplus of government enterprises | 2.8 | 9.5 | 6.9 | 8.1 | 7.4 | 6.5 | 5.7 | 3.3 |
| Addendum: | | | | | | | | |
| Gross domestic income | 10,502.3 | 10,978.5 | 11,684.0 | 11,409.6 | 11,601.1 | 11,754.5 | 11,970.9 | ..... |

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

| | 2002 | 2003 | 2004 | Seasonally adjusted at annual rates | | | | |
|--|----------------|----------------|----------------|-------------------------------------|----------------|----------------|----------------|-----------------|
| | | | | 2004 | | | | 2005 |
| | | | | I | II | III | IV | I |
| Personal income ¹ | 8,878.9 | 9,161.8 | 9,673.0 | 9,445.0 | 9,592.7 | 9,700.4 | 9,953.8 | 10,012.5 |
| Compensation of employees, received | 6,069.5 | 6,289.0 | 6,632.0 | 6,487.9 | 6,580.0 | 6,687.4 | 6,772.5 | 6,868.7 |
| Wage and salary disbursements | 4,976.3 | 5,103.6 | 5,355.7 | 5,239.2 | 5,312.8 | 5,403.0 | 5,467.8 | 5,539.8 |
| Supplements to wages and salaries | 1,093.2 | 1,185.5 | 1,276.3 | 1,248.8 | 1,267.2 | 1,284.4 | 1,304.7 | 1,328.9 |
| Proprietors' income with inventory valuation and capital consumption adjustments | 769.6 | 834.1 | 902.8 | 872.1 | 901.4 | 902.9 | 934.9 | 961.8 |
| Farm | 9.7 | 21.8 | 18.2 | 17.9 | 18.9 | 13.6 | 22.4 | 26.5 |
| Nonfarm | 759.9 | 812.3 | 884.6 | 854.2 | 882.5 | 889.3 | 912.5 | 935.3 |
| Rental income of persons with capital consumption adjustment | 170.9 | 153.8 | 165.1 | 172.8 | 172.6 | 153.8 | 161.3 | 151.5 |
| Personal income receipts on assets | 1,334.6 | 1,322.7 | 1,387.3 | 1,337.1 | 1,352.3 | 1,367.8 | 1,491.9 | 1,416.3 |
| Personal interest income | 946.7 | 929.9 | 946.2 | 936.2 | 941.7 | 946.5 | 960.5 | 976.2 |
| Personal dividend income | 387.9 | 392.8 | 441.1 | 400.9 | 410.6 | 421.3 | 531.4 | 440.1 |
| Personal current transfer receipts | 1,282.7 | 1,335.4 | 1,405.9 | 1,379.0 | 1,400.4 | 1,415.4 | 1,428.9 | 1,469.6 |
| Less: Contributions for government social insurance | 748.3 | 773.2 | 820.2 | 803.9 | 814.0 | 826.9 | 835.7 | 855.4 |
| Less: Personal current taxes | 1,051.2 | 1,001.9 | 1,038.9 | 1,006.6 | 1,030.6 | 1,048.9 | 1,069.5 | 1,087.1 |
| Equals: Disposable personal income | 7,827.7 | 8,159.9 | 8,634.0 | 8,438.4 | 8,562.1 | 8,651.5 | 8,884.2 | 8,925.4 |
| Less: Personal outlays | 7,668.5 | 8,049.3 | 8,531.9 | 8,351.6 | 8,448.7 | 8,588.1 | 8,739.3 | 8,873.5 |
| Equals: Personal saving | 159.2 | 110.6 | 102.1 | 86.8 | 113.4 | 63.4 | 145.0 | 52.0 |
| Personal saving as a percentage of disposable personal income | 2.0 | 1.4 | 1.2 | 1.0 | 1.3 | .7 | 1.6 | .6 |
| Addendum: | | | | | | | | |
| Disposable personal income, billions of chained (2000) dollars ² | 7,559.5 | 7,733.8 | 8,007.3 | 7,897.0 | 7,951.5 | 8,009.5 | 8,170.9 | 8,165.6 |

1. Personal income is also equal to national income less corporate profits with inventory valuation and capital consumption adjustments, taxes on production and imports less subsidies, contributions for government social insurance, net interest and miscellaneous payments, business current transfer payments, current surplus of government enterprises, and wage accruals less disbursements, plus personal income receipts on assets, and personal current transfer receipts.

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

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

| | 2002 | 2003 | 2004 | Seasonally adjusted at annual rates | | | | | | | | | | | | | | | |
|--|------|------|------|-------------------------------------|-------|------|-------|------|------|-------|-------|------|------|-------|-------|-------|------|------|------|
| | | | | 2001 | | | 2002 | | | | 2003 | | | | 2004 | | | | 2005 |
| | | | | II | III | IV | I | II | III | IV | I | II | III | IV | I | II | III | IV | I |
| | | | | | | | | | | | | | | | | | | | |
| Gross domestic product (GDP) and related aggregates: | | | | | | | | | | | | | | | | | | | |
| GDP | 1.9 | 3.0 | 4.4 | 1.2 | -1.4 | 1.6 | 3.4 | 2.4 | 2.6 | 0.7 | 1.9 | 4.1 | 7.4 | 4.2 | 4.5 | 3.3 | 4.0 | 3.8 | 3.1 |
| Goods | 1.2 | 4.3 | 7.4 | -1.3 | -5.5 | 2.6 | 4.1 | .9 | 4.7 | -3.2 | 4.3 | 4.1 | 17.7 | 5.8 | 8.2 | 2.5 | 8.3 | 6.1 | 3.7 |
| Services | 3.0 | 2.3 | 2.7 | 1.8 | 1.7 | 2.8 | 3.4 | 4.2 | 2.2 | 3.0 | .9 | 3.6 | 1.1 | 3.1 | 3.0 | 2.3 | 2.8 | 3.0 | 2.9 |
| Structures | -2.4 | 3.0 | 5.3 | 7.0 | -4.3 | -8.5 | .9 | -3.3 | -2.4 | .9 | 0 | 7.3 | 13.9 | 5.4 | .7 | 12.7 | -2.5 | 1.4 | 1.8 |
| Motor vehicle output | 11.6 | 4.2 | 5.6 | 36.3 | -5.7 | 22.0 | 7.3 | 10.3 | 18.4 | 6.0 | -12.4 | 3.0 | 26.3 | 2.9 | 8.8 | -15.2 | 10.4 | 27.6 | 4.9 |
| GDP excluding motor vehicle output | 1.5 | 3.0 | 4.4 | .2 | -1.2 | .9 | 3.3 | 2.1 | 2.1 | .5 | 2.5 | 4.1 | 6.8 | 4.2 | 4.3 | 4.0 | 3.8 | 3.1 | 3.0 |
| Final sales of computers ¹ | 8.8 | 41.0 | 22.7 | -11.2 | -19.4 | 23.7 | -3.7 | 12.2 | 46.0 | 30.9 | 35.1 | 37.8 | 93.7 | 29.0 | .1 | .1 | 20.7 | 74.6 | 68.0 |
| GDP excluding final sales of computers | 1.8 | 2.8 | 4.3 | 1.4 | -1.2 | 1.4 | 3.4 | 2.3 | 2.3 | .5 | 1.7 | 3.8 | 6.8 | 4.0 | 4.5 | 3.3 | 3.9 | 3.3 | 2.5 |
| Farm gross value added ² | 6.5 | 4.0 | -9.8 | -31.0 | -20.4 | 94.2 | -39.2 | 69.9 | 26.1 | -19.5 | -13.9 | 52.3 | .5 | -30.6 | -31.3 | -21.3 | 36.4 | 77.1 | 2.0 |
| Nonfarm business gross value added ³ | 1.8 | 3.8 | 5.3 | 1.2 | -2.9 | 1.2 | 4.0 | 1.7 | 3.6 | 1.4 | 2.4 | 5.3 | 9.3 | 4.6 | 5.7 | 4.2 | 4.2 | 3.7 | 3.6 |
| Price indexes: | | | | | | | | | | | | | | | | | | | |
| GDP | 1.7 | 1.8 | 2.2 | 3.1 | 1.6 | 1.7 | 1.4 | 1.5 | 1.7 | 2.0 | 2.7 | 1.1 | 1.4 | 1.6 | 2.8 | 3.2 | 1.4 | 2.3 | 3.3 |
| GDP excluding food and energy | 2.0 | 1.6 | 1.9 | 2.3 | 2.1 | 2.6 | 1.7 | 1.8 | 1.6 | 1.7 | 2.3 | .8 | 1.1 | 1.5 | 2.3 | 2.7 | 1.8 | 2.1 | 3.2 |
| GDP excluding final sales of computers | 1.9 | 2.0 | 2.3 | 3.3 | 1.8 | 1.9 | 1.6 | 1.7 | 1.9 | 2.2 | 2.9 | 1.2 | 1.6 | 1.7 | 2.9 | 3.3 | 1.5 | 2.5 | 3.6 |
| Gross domestic purchases | 1.5 | 2.0 | 2.4 | 2.3 | 1.0 | .6 | 1.2 | 2.5 | 1.8 | 1.9 | 3.7 | .4 | 1.7 | 1.4 | 3.4 | 3.5 | 1.9 | 2.9 | 3.0 |
| Gross domestic purchases excluding food and energy | 1.8 | 1.6 | 1.9 | 2.0 | 1.8 | 2.3 | 1.5 | 1.7 | 1.6 | 1.6 | 2.2 | 1.0 | 1.2 | 1.5 | 2.5 | 2.5 | 1.7 | 2.0 | 3.1 |
| Gross domestic purchases excluding final sales of computers to domestic purchasers | 1.7 | 2.2 | 2.6 | 2.6 | 1.3 | .9 | 1.4 | 2.6 | 2.0 | 2.1 | 4.0 | .5 | 1.9 | 1.5 | 3.6 | 3.7 | 2.1 | 3.1 | 3.3 |
| Personal consumption expenditures (PCE) | 1.4 | 1.9 | 2.2 | 2.6 | .6 | .6 | .9 | 2.9 | 2.0 | 1.4 | 3.2 | .7 | 1.6 | 1.2 | 3.3 | 3.1 | 1.3 | 2.7 | 2.1 |
| PCE excluding food and energy | 1.8 | 1.3 | 1.5 | 2.1 | 1.4 | 2.6 | 1.2 | 2.0 | 2.0 | .9 | 1.5 | 1.1 | .9 | 1.3 | 2.1 | 1.7 | .9 | 1.7 | 2.2 |
| Market-based PCE ⁴ | 1.1 | 1.9 | 2.3 | 2.1 | .8 | -5 | .6 | 2.9 | 1.8 | 1.5 | 3.0 | .6 | 2.0 | .8 | 3.2 | 3.7 | 1.4 | 2.7 | 2.1 |
| Market-based PCE excluding food and energy ⁴ | 1.5 | 1.2 | 1.5 | 1.3 | 1.9 | 1.6 | 1.0 | 1.8 | 1.7 | 1.1 | .9 | 1.1 | 1.3 | .8 | 1.8 | 2.1 | 1.0 | 1.7 | 2.2 |

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 value added of farm, of households and institutions, and of general government.

4. This index is a supplemental measure that is based on household expenditures for which there are observable

price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions.

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

Explanatory Note: NIPA Measures of Quantities and Prices

Current-dollar GDP is a measure of the market value of goods, services, and structures produced in the economy in a particular period. Changes in current-dollar GDP 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 2000 -- equal to 100.

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 2002-03 annual percent change in real GDP uses prices for 2002 and 2003 as weights, and the 2002-03 annual percent change in GDP prices uses quantities for 2002 and 2003 as weights. These annual changes are “chained” (multiplied) together to form time series of quantity and price indexes. Percent changes in Fisher indexes are not affected by the choice of reference year. (BEA also publishes a measure of the price level known as the implicit price deflator (IPD), which is calculated as the ratio of the 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.)

Index numbers of quantity and price indexes for GDP and its major components are presented in this release in tables 5 and 6. Percent changes from the preceding period are presented in tables 1, 4, 7, and 8. Contributions by major components to changes in real GDP are presented in table 2.

Measures of real GDP and its major components are also presented in dollar-denominated form, designated “chained (2000) dollar estimates.” For most series, these estimates, which are presented in table 3, are computed by multiplying the current-dollar value in 2000 by a corresponding quantity index number and then dividing by 100. For example, if a current-dollar GDP component equaled \$100 in 2000 and if real output for this component increased 10 percent in 2001, then the chained (2000) dollar value of this component in 2001 would be \$110 (= \$100 x 110 / 100). Percent changes calculated from chained-dollar estimates and from chain-type quantity indexes are the same; any differences will be small and due to rounding.

Chained-dollar values for the detailed GDP components will not necessarily sum to the chained-dollar estimate of GDP (or to any intermediate aggregate). This is because the relative prices used as weights for any period other than the reference year differ from those of the reference year. A measure of the extent of such differences is provided by a “residual” line, which indicates the difference between GDP (or other 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, the residuals tend to be small, and the chained-dollar estimates can be used to approximate the contributions to growth and to aggregate the detailed estimates. For periods further from the reference year, the residuals tend to be larger, and the chained-dollar estimates are 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.

Reference: “Chained-Dollar Indexes: Issues, Tips on Their Use, and Upcoming Changes,” November 2003 *Survey*, pp. 8-16.