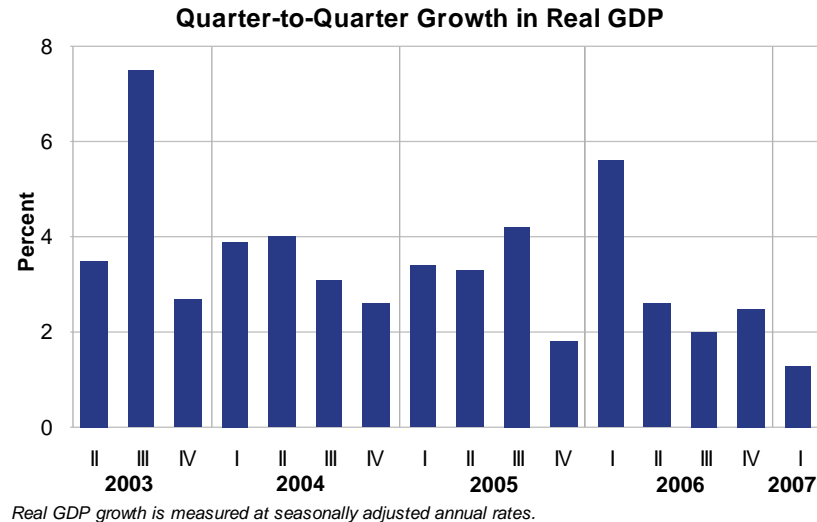


GROWTH SLOWS IN THE FIRST QUARTER

“Advance” Estimates of GDP

Real gross domestic product (GDP) increased 1.3 percent in the first quarter of 2007 after increasing 2.5 percent in the fourth quarter of 2006, according to estimates released today by the Bureau of Economic Analysis.



The deceleration in real GDP growth reflected the following:

- Exports turned down, mainly because of downturns in capital goods and in industrial supplies and materials.
- Imports turned up, led by petroleum and related products. (Imports are subtracted when calculating GDP.)
- Federal government spending turned down.
- Consumer spending slowed, reflecting a slowdown in spending on food.

In contrast, an upturn in nonresidential business investment added to real GDP growth in the first quarter. Investment in information processing equipment and software turned up, and investment in commercial structures accelerated.

Prices

Inflation, as measured by prices for domestic purchases, increased 3.6 percent in the first quarter after increasing 0.2 percent in the previous quarter. Energy prices turned up, after dropping sharply in the fourth quarter of 2006. Excluding food and energy, prices increased 2.8 percent, following an increase of 2.4 percent.

Personal income

Real disposable personal income increased 4.5 percent, following an increase of 5.3 percent.

BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. [E-mail](#) alerts are also available.

NOTE: The “preliminary” estimate of GDP and corporate profits for the first quarter of 2007 will be released on May 31, 2007.