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GROSS DOMESTIC PRODUCT: FIRST QUARTER 2005 (PRELIMINARY) CORPORATE PROFITS: FIRST QUARTER 2005 (PRELIMINARY)

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 3.5 percent in the first quarter of 2005, according to preliminary estimates released by the Bureau of Economic Analysis. In the fourth quarter, real GDP increased 3.8 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 increase in real GDP was 3.1 percent (see "Revisions" on page 3).

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

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

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 0.23 percentage point to the first-quarter change in real GDP after contributing 0.86 percentage point to the fourth-quarter change.

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 (2000) dollars. Price indexes are chain-type measures.

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The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 2.9 percent in the first quarter, 0.1 percentage point less than the advance estimate; this index also increased 2.9 percent in the fourth quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 3.0 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.

Real personal consumption expenditures increased 3.6 percent in the first quarter, compared with an increase of 4.2 percent in the fourth. Real nonresidential fixed investment increased 3.5 percent, compared with an increase of 14.5 percent. Nonresidential structures decreased 3.3 percent, in contrast to an increase of 2.1 percent. Equipment and software increased 5.6 percent, compared with an increase of 18.4 percent. Real residential fixed investment increased 8.8 percent, compared with an increase of 3.4 percent.

Real exports of goods and services increased 7.2 percent in the first quarter, compared with an increase of 3.2 percent in the fourth. Real imports of goods and services increased 9.1 percent, compared with an increase of 11.4 percent.

Real federal government consumption expenditures and gross investment increased 0.4 percent in the first quarter, compared with an increase of 1.2 percent in the fourth. National defense increased 0.3 percent, in contrast to a decrease of 0.6 percent. Nondefense increased 0.7 percent, compared with an increase of 5.3 percent. Real state and local government consumption expenditures and gross investment decreased 0.5 percent, in contrast to an increase of 0.6 percent.

The real change in private inventories added 0.78 percentage point to the first-quarter change in real GDP, after adding 0.46 percentage point to the fourth-quarter change. Private businesses increased inventories \$68.4 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 2.7 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 4.0 percent in the first quarter, compared with an increase of 5.0 percent in the fourth.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 3.7 percent in the first quarter, compared with an increase of 3.5 percent in the fourth. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which increased \$4.8 billion in the first quarter after decreasing \$9.7 billion in the fourth; in the first quarter, receipts decreased \$0.3 billion, and payments decreased \$5.1 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 6.7 percent, or \$196.9 billion, in the first quarter to a level of \$12,191.7 billion. In the fourth quarter, current-dollar GDP increased 6.2 percent, or \$179.9 billion.

Revisions

The preliminary estimate of the first-quarter increase in real GDP is 0.4 percentage point, or \$10.6 billion, higher than the advance estimate issued last month. The upward revision to the percentage change in real GDP primarily reflected a downward revision to imports that was partly offset by a downward revision to private nonfarm inventory investment.

	<u>Advance</u>	<u>Preliminary</u>
	(Percent change from preceding quarter)	
Real GDP.....	3.1	3.5
Current-dollar GDP.....	6.4	6.7
Gross domestic purchases price index...	3.0	2.9

Fourth-quarter estimates of wages and salaries, personal taxes, and contributions for government social insurance have been revised to incorporate tabulations of preliminary data from the quarterly census of employment and wages from the Bureau of Labor Statistics. These tabulations provide more comprehensive coverage than is available for the earlier estimates of quarterly wages and salaries and include wages in the form of stock options and bonus payments. Wage and salary disbursements are now estimated to have increased \$135.8 billion in the fourth quarter, an upward revision of \$71.0 billion. Real disposable income is now estimated to have increased 10.8 percent in the fourth quarter, revised up from 8.3 percent.

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$57.5 billion in the first quarter. In the fourth quarter, profits increased \$150.8 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$103.4 billion in the first quarter, in contrast to a decrease of \$37.7 billion in the fourth.

Taxes on corporate income increased \$47.5 billion in the first quarter, compared with an increase of \$42.4 billion in the fourth. Profits after tax with inventory valuation and capital consumption adjustments increased \$10.0 billion in the first quarter, after an increase of \$108.3 billion in the fourth. Dividends decreased \$91.9 billion, in contrast to an increase of \$110.7 billion; current-production undistributed profits increased \$101.9 billion, in contrast to a decrease of \$2.4 billion.

Domestic profits of financial corporations increased \$42.0 billion in the first quarter, compared with an increase of \$84.1 billion in the fourth. Domestic profits of nonfinancial corporations decreased \$5.6 billion in the first quarter, in contrast to an increase of \$66.7 billion in the fourth. In the first quarter, real gross corporate product increased, and profits per unit of real product decreased. The decrease in unit profits reflected an increase in unit prices that was more than offset by an increase in unit labor costs; unit nonlabor costs were unchanged.

The rest-of-the-world component of profits increased \$21.1 billion in the first quarter, following no change in the fourth. 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 first-quarter increase was accounted for by a larger decrease in payments than in receipts.

Profits before tax increased \$250.0 billion in the first quarter, compared with an increase of \$125.1 billion in the fourth. 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 a tax-return, historical-cost basis to the current-cost measures used in the national income and product accounts. The capital consumption adjustment decreased \$200.8 billion in the first quarter (from \$260.0 billion to \$59.2 billion), in contrast to an increase of \$37.0 billion in the fourth. The large increase in first-quarter profits before tax and the large decrease in the first-quarter capital consumption adjustment reflect the expiration of the "bonus" depreciation provisions of both the Job Creation and Worker Assistance Act of 2002 and the Jobs and Growth Tax Relief Reconciliation Act of 2003. The inventory valuation adjustment increased \$8.3 billion (from -\$49.1 billion to -\$40.8 billion), in contrast to a decrease of \$11.3 billion.

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(202)	606-5306	Gross domestic product
(202)	606-5303	Personal income and outlays
(202)	606-5362	U.S. international transactions

Annual Revision of the National Income and Product Accounts

The annual revision of the national income and product accounts, covering the first quarter of 2002 through the first quarter of 2005, will be released along with the "advance" estimate of GDP for the second quarter of 2005 on July 29. An article describing the revision will appear in the August 2005 issue of the *Survey of Current Business*.

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Next release -- June 29, 2005, at 8:30 A.M. EDT for:
Gross Domestic Product: First Quarter 2005 (Final)
Corporate Profits: First Quarter 2005 (Revised)

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

	2002	2003	2004 ^r	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 ^r	I ^r
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	3.5
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	3.6
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	1.7
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	5.4
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	3.2
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	10.0
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	5.3
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	3.5
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	-3.3
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	5.6
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	8.8
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	7.2
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	8.7
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	3.6
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	9.1
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	9.8
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	5.3
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	-2
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	.4
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	.3
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	.7
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	2.7
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	4.0
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	3.7
Disposable personal income	3.1	2.3	3.7	-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	10.8	-1.2
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	6.7
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	6.0
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	7.0
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	6.9
Disposable personal income	4.6	4.2	6.0	.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	13.8	.8

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the fourth quarter of 2004.

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 ^r
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	3.2
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	1.3
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	2.7
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	2.9
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	2.8
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	2.6
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	10.5
Equipment and software	-1.9	-1.2	-.4	-1.5	-2.0	-2.2	-1.7	-2.2	-2.2	-.1	-1.9	-1.7	0	1.2	-1.1	.1	-1.6	-.9	.4
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	3.3
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	4.3
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	4.3
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	4.2
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	2.4
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	2.0
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	4.4
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	6.3
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	8.3
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	8.4
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	8.1
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	5.2
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	3.2
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	2.9
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	2.9
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	3.2
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	3.1
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	2.9
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	3.1

r Revised.
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 ^r
Gross domestic product	102.626	105.749	110.440	108.969	109.858	110.941	111.993	112.955
Personal consumption expenditures	105.698	109.143	113.253	111.925	112.360	113.776	114.951	115.983
Durable goods	111.150	119.378	127.338	124.572	124.482	129.529	130.768	131.330
Nondurable goods	104.630	108.481	113.417	112.331	112.367	113.659	115.310	116.842
Services	105.085	107.418	110.423	109.237	109.955	110.782	111.717	112.589
Gross private domestic investment	89.928	93.852	106.223	101.672	106.191	106.823	110.207	112.866
Fixed investment	92.253	96.924	106.877	102.529	105.913	108.170	110.897	112.349
Nonresidential	87.302	90.157	99.720	95.204	98.041	101.075	104.560	105.472
Structures	80.346	75.810	76.844	75.886	77.171	76.958	77.359	76.714
Equipment and software	89.947	95.679	108.670	102.699	106.157	110.524	115.299	116.883
Residential	105.178	114.392	125.457	121.400	126.122	126.628	127.680	130.392
Change in private inventories								
Exports of goods and services	92.343	94.116	102.195	99.924	101.690	103.176	103.991	105.802
Imports of goods and services	100.585	105.048	115.468	111.504	114.862	116.167	119.340	121.963
Government consumption expenditures and gross investment	107.918	110.906	113.066	112.443	113.062	113.259	113.500	113.450
Federal	111.725	119.140	124.695	123.249	124.068	125.539	125.922	126.052
State and local	105.999	106.739	107.171	106.965	107.482	107.033	107.202	107.061
Addenda:								
Final sales of domestic product	103.102	106.346	110.595	109.173	109.854	111.211	112.141	112.892
Gross domestic purchases	103.414	106.858	111.988	110.253	111.393	112.465	113.840	114.949
Final sales to domestic purchasers	103.876	107.438	112.143	110.455	111.396	112.731	113.991	114.897
Gross national product	102.494	105.865	110.421	109.241	109.769	110.863	111.812	112.819

r Revised.
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 ^r
Gross domestic product	104.097	106.003	108.298	107.314	108.169	108.551	109.159	110.012
Personal consumption expenditures (PCE)	103.548	105.511	107.824	106.860	107.683	108.021	108.734	109.295
Durable goods	95.475	92.244	90.378	90.741	90.725	90.008	90.039	90.238
Nondurable goods	102.097	104.154	107.626	105.914	107.616	107.869	109.106	109.447
Services	106.083	109.237	111.999	111.085	111.667	112.314	112.932	113.698
Gross private domestic investment	101.221	102.304	104.898	103.514	104.644	105.405	106.029	106.779
Fixed investment	101.232	102.435	104.978	103.618	104.709	105.482	106.101	106.848
Nonresidential	98.909	98.546	99.328	98.793	99.220	99.449	99.850	100.494
Structures	107.908	110.176	115.578	111.926	113.984	116.677	119.726	122.740
Equipment and software	95.868	94.754	94.382	94.611	94.626	94.256	94.034	94.135
Residential	107.246	111.951	118.338	115.179	117.710	119.674	120.787	121.767
Change in private inventories								
Exports of goods and services	99.275	101.395	104.919	103.565	104.746	105.175	106.189	107.309
Imports of goods and services	96.326	99.615	104.508	102.163	103.760	105.066	107.042	107.678
Government consumption expenditures and gross investment	105.313	108.702	112.187	110.522	111.703	112.682	113.841	115.604
Federal	105.288	109.081	112.213	111.203	112.020	112.491	113.138	115.413
State and local	105.317	108.485	112.180	110.131	111.524	112.802	114.265	115.723
Addenda:								
PCE excluding food and energy	103.707	105.072	106.643	106.081	106.523	106.753	107.217	107.797
Market-based PCE ¹	103.113	105.040	107.427	106.334	107.292	107.674	108.406	108.955
Market-based PCE excluding food and energy ¹	103.186	104.388	105.905	105.261	105.798	106.060	106.500	107.067
Final sales of domestic product	104.100	106.025	108.310	107.332	108.178	108.561	109.168	110.021
Gross domestic purchases	103.489	105.571	108.131	106.980	107.913	108.429	109.203	109.998
Final sales to domestic purchasers	103.491	105.592	108.143	106.997	107.923	108.440	109.214	110.008
Gross national product	104.087	105.997	108.295	107.308	108.164	108.549	109.158	110.010
Implicit price deflators:								
Gross domestic product	104.092	105.998	108.237	107.246	108.093	108.482	109.100	109.946
Final sales of domestic product	104.100	106.025	108.310	107.325	108.172	108.555	109.161	110.014
Gross domestic purchases	103.484	105.566	108.077	106.916	107.842	108.364	109.149	109.936
Final sales to domestic purchasers	103.491	105.592	108.148	106.992	107.917	108.435	109.208	110.003
Gross national product	104.082	105.992	108.232	107.240	108.087	108.479	109.099	109.944

r Revised.
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 ^r	Seasonally adjusted at annual rates				
				2004				2005
				I	II	III	IV ^r	I ^r
Gross domestic product	10,487.0	11,004.0	11,735.0	11,472.6	11,657.5	11,814.9	11,994.8	12,191.7
Plus: Income receipts from the rest of the world	301.8	329.0	405.8	373.8	388.0	406.8	454.7	457.7
Less: Income payments to the rest of the world	274.7	273.9	361.9	300.3	351.9	368.6	426.7	424.4
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	12,225.0
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	1,408.1
Less: Statistical discrepancy	-15.3	25.6	31.9	63.0	56.4	60.4	-52.1	-70.1
Equals: National income	9,225.4	9,679.6	10,339.6	10,128.1	10,262.0	10,294.7	10,673.7	10,887.0
Compensation of employees	6,069.5	6,289.0	6,651.0	6,489.4	6,578.5	6,687.4	6,848.6	6,967.0
Wage and salary accruals	4,976.3	5,103.6	5,373.4	5,240.7	5,311.4	5,403.0	5,538.8	5,631.5
Supplements to wages and salaries	1,093.2	1,185.5	1,277.5	1,248.8	1,267.2	1,284.4	1,309.8	1,335.5
Proprietors' income with inventory valuation and capital consumption adjustments	769.6	834.1	902.8	872.1	901.4	902.9	934.9	962.0
Rental income of persons with capital consumption adjustment	170.9	153.8	165.1	172.8	172.6	153.8	161.3	153.7
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	1,326.3
Net interest and miscellaneous payments	532.9	543.0	549.5	554.5	548.5	546.7	548.2	557.4
Taxes on production and imports less subsidies	724.4	751.3	800.6	782.9	796.3	803.5	819.9	830.0
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	3.4
Addendum:								
Gross domestic income	10,502.3	10,978.5	11,703.0	11,409.6	11,601.1	11,754.5	12,046.9	12,261.7

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the fourth quarter of 2004.

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2002	2003	2004 ^r	Seasonally adjusted at annual rates				
				2004				2005
				I	II	III	IV ^r	I ^r
Personal income ¹	8,878.9	9,161.8	9,689.6	9,445.0	9,592.7	9,700.4	10,020.1	10,100.2
Compensation of employees, received	6,069.5	6,289.0	6,651.0	6,487.9	6,580.0	6,687.4	6,848.6	6,967.0
Wage and salary disbursements	4,976.3	5,103.6	5,373.5	5,239.2	5,312.8	5,403.0	5,538.8	5,631.5
Supplements to wages and salaries	1,093.2	1,185.5	1,277.5	1,248.8	1,267.2	1,284.4	1,309.8	1,335.5
Proprietors' income with inventory valuation and capital consumption adjustments	769.6	834.1	902.8	872.1	901.4	902.9	934.9	962.0
Farm	9.7	21.8	18.2	17.9	18.9	13.6	22.4	25.8
Nonfarm	759.9	812.3	884.6	854.2	882.5	889.3	912.5	936.2
Rental income of persons with capital consumption adjustment	170.9	153.8	165.1	172.8	172.6	153.8	161.3	153.7
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	1,469.0
Less: Contributions for government social insurance	748.3	773.2	822.6	803.9	814.0	826.9	845.4	868.0
Less: Personal current taxes	1,051.2	1,001.9	1,042.6	1,006.6	1,030.6	1,048.9	1,084.4	1,145.9
Equals: Disposable personal income	7,827.7	8,159.9	8,646.9	8,438.4	8,562.1	8,651.5	8,935.8	8,954.3
Less: Personal outlays	7,668.5	8,049.3	8,531.9	8,351.6	8,448.7	8,588.1	8,739.3	8,874.2
Equals: Personal saving	159.2	110.6	115.0	86.8	113.4	63.4	196.5	80.1
Personal saving as a percentage of disposable personal income	2.0	1.4	1.3	1.0	1.3	.7	2.2	.9
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	7,559.5	7,733.8	8,019.3	7,897.0	7,951.5	8,009.5	8,218.3	8,193.1

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the fourth quarter of 2004.

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.

Table 11.—Corporate Profits: Level and Percent Change

	Billions of dollars								Percent change from preceding period						
	2002	2003	2004	Seasonally adjusted at annual rates					2003	2004	Quarterly rates				Quarter one year ago
				2004				2005			2004			2005	
				I	II	III	IV				I	II	III			IV
	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	1,326.3	16.8	15.7	0.7	-4.8	13.5	4.5	13.8
Less: Taxes on corporate income	183.8	234.9	269.2	256.5	271.2	253.3	295.7	343.2	27.8	14.6	5.7	-6.6	16.8	16.1	33.8
Equals: Profits after tax with inventory valuation and capital consumption adjustments	690.7	786.2	912.4	909.1	902.7	864.7	973.0	983.0	13.8	16.0	-7	-4.2	12.5	1.0	8.1
Net dividends	390.0	395.3	443.9	403.4	413.2	424.0	534.7	442.8	1.4	12.3	2.4	2.6	26.1	-17.2	9.8
Undistributed profits with inventory valuation and capital consumption adjustments	300.7	390.9	468.5	505.7	489.5	440.7	438.3	540.2	30.0	19.9	-3.2	-10.0	-5	23.2	6.8
Cash flow:															
Net cash flow with inventory valuation and capital consumption adjustments	1,058.5	1,173.4	1,264.6	1,279.1	1,273.4	1,271.8	1,234.1	1,337.5	10.9	7.8	-4	-1	-3.0	8.4	4.6
Undistributed profits with inventory valuation and capital consumption adjustments	300.7	390.9	468.5	505.7	489.5	440.7	438.3	540.2	30.0	19.9	-3.2	-10.0	-5	23.2	6.8
Consumption of fixed capital	757.8	782.5	796.1	773.4	783.9	831.2	795.8	797.4	3.3	1.7	1.4	6.0	-4.3	2	3.1
Less: Inventory valuation adjustment	-1.2	-14.1	-42.9	-37.0	-47.8	-37.8	-49.1	-40.8							
Equals: Net cash flow	1,059.8	1,187.5	1,307.5	1,316.1	1,321.2	1,309.6	1,283.2	1,378.4	12.1	10.1	.4	-9	-2.0	7.4	4.7
Addenda:															
Profits before tax (without inventory valuation and capital consumption adjustments)	758.0	874.5	985.3	962.4	988.3	932.8	1,057.9	1,307.9	15.4	12.7	2.7	-5.6	13.4	23.6	35.9
Profits after tax (without inventory valuation and capital consumption adjustments)	574.2	639.6	716.2	705.9	717.1	679.5	762.1	964.6	11.4	12.0	1.6	-5.3	12.2	26.6	36.6
Inventory valuation adjustment	-1.2	-14.1	-42.9	-37.0	-47.8	-37.8	-49.1	-40.8							
Capital consumption adjustment	117.8	160.8	239.1	240.2	233.3	223.0	260.0	59.2	36.5	48.7	-2.9	-4.4	16.6	-77.2	-75.3

Table 12.—Corporate Profits by Industry: Level and Change From Preceding Period

[Billions of dollars]

	Level								Change from preceding period						
	2002	2003	2004	Seasonally adjusted at annual rates					2003	2004	2004				2005
				2004				2005			II	III	IV	I	
				I	II	III	IV								
				I	II	III	IV								
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	1,326.3	16.8	15.7	0.7	-4.8	13.5	4.5	13.8
Domestic industries	716.8	844.2	989.6	960.3	988.6	929.3	1,080.1	1,116.5	127.4	145.4	28.3	-59.3	150.8	8.1	36.4
Financial	298.4	327.8	336.4	355.7	347.8	279.1	363.2	405.2	29.4	8.6	-7.9	-68.7	84.1	42.0	
Nonfinancial	418.4	516.4	653.1	604.6	640.8	650.2	716.9	711.3	98.0	136.7	36.2	9.4	66.7	-5.6	
Rest of the world	157.8	176.9	192.0	205.3	185.3	188.7	188.7	209.8	19.1	15.1	-20.0	3.4	0	21.1	
Receipts from the rest of the world	206.0	250.7	315.4	299.0	305.6	313.1	343.9	331.5	44.7	64.7	6.6	7.5	30.8	-12.4	
Less: Payments to the rest of the world	48.2	73.8	123.4	93.7	120.3	124.5	155.3	121.8	25.6	49.6	26.6	4.2	30.8	-33.5	
Corporate profits with inventory valuation adjustment	756.8	860.4	942.4	925.4	940.6	895.0	1,008.8	1,267.0	103.6	82.0	15.2	-45.6	113.8	258.2	
Domestic industries	599.0	683.4	750.4	720.0	755.2	706.3	820.1	1,057.3	84.4	67.0	35.2	-48.9	113.8	237.2	
Financial	276.2	299.8	294.0	313.7	306.4	237.6	318.2	384.3	23.6	-5.8	-7.3	-68.8	80.6	66.1	
Federal Reserve banks	22.9	19.2	19.1	18.2	18.1	19.0	21.1	21.9	-3.7	-1	-1	9	2.1	.8	
Other financial	253.3	280.6	274.9	295.5	288.3	218.6	297.1	362.4	27.3	-5.7	-7.2	-69.7	78.5	65.3	
Nonfinancial	322.8	383.6	456.4	406.4	448.8	468.7	501.9	672.9	60.8	72.8	42.4	19.9	33.2	171.0	
Utilities	11.4	18.8	23.3	23.2	21.5	21.1	27.5		7.4	4.5	-1.7	-4	6.4		
Manufacturing	50.7	67.3	105.9	81.5	94.8	105.0	142.4		16.6	38.6	13.3	10.2	37.4		
Durable goods	-8.3	-3.5	23.9	2.8	14.9	29.8	48.1		4.8	27.4	12.1	14.9	18.3		
Fabricated metal products	9.3	10.1	13.6	11.8	12.1	13.1	17.2		.8	3.5	.3	1.0	4.1		
Machinery	1.6	-5	3.4	2.2	3.6	6.7	1.1		-2.1	3.9	1.4	3.1	-5.6		
Computer and electronic products	-32.9	-15.4	-13.8	-17.2	-15.9	-10.5	-11.5		17.5	1.6	1.3	5.4	-1.0		
Electrical equipment, appliances, and components	-2	-3.2	-2.7	-8.1	-1.6	-5.5	4.4		-3.0	5	6.5	-3.9	9.9		
Motor vehicles, bodies and trailers, and parts	-6.0	-6.2	2.7	-5	-1.2	5.0	7.4		-2	8.9	-7	6.2	2.4		
Other durable goods	19.8	11.8	20.8	14.6	18.0	21.2	29.6		-8.0	9.0	3.4	3.2	8.4		
Non-durable goods	58.9	70.7	82.0	78.6	79.9	75.2	94.4		11.8	11.3	1.3	-4.7	19.2		
Food and beverage and tobacco products	24.1	27.7	26.9	31.1	27.9	26.4	22.4		3.6	-8	-3.2	-1.5	-4.0		
Petroleum and coal products	4.0	14.8	28.6	24.5	27.3	20.0	42.5		10.8	13.8	2.8	-7.3	22.5		
Chemical products	17.1	21.2	12.7	14.1	13.7	14.8	8.4		4.1	-8.5	-4	1.1	-6.4		
Other nondurable goods	13.6	7.1	13.8	8.9	11.0	14.0	21.1		-6.5	6.7	2.1	3.0	7.1		
Wholesale trade	51.0	47.9	54.6	46.0	52.2	61.1	59.0		-3.1	6.7	6.2	8.9	-2.1		
Retail trade	78.1	77.7	72.2	80.0	73.1	64.7	70.8		-4	-5.5	-6.9	-8.4	6.1		
Transportation and warehousing	-1.3	10.5	9.7	11.7	15.5	7.3	4.5		11.8	-8	3.8	-8.2	-2.8		
Information	-11.2	-7	9.5	-6.6	16.5	21.6	6.6		10.5	10.2	23.1	5.1	-15.0		
Other nonfinancial	144.2	162.1	181.2	170.7	175.1	187.9	191.2		17.9	19.1	4.4	12.8	3.3		
Rest of the world	157.8	176.9	192.0	205.3	185.3	188.7	188.7	209.8	19.1	15.1	-20.0	3.4	0	21.1	

NOTE.—Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

Table 13.—Gross Value Added of Nonfinancial Domestic Corporate Business

	2002	2003	2004 ^r	Seasonally adjusted at annual rates				
				2004				2005
				I	II	III	IV ^r	I
Billions of dollars								
Gross value added of nonfinancial corporate business	5,377.7	5,606.8	6,024.6	5,839.4	5,955.5	6,058.2	6,245.4	6,330.9
Consumption of fixed capital	655.7	676.4	692.6	671.8	680.9	726.8	691.0	692.3
Net value added	4,722.0	4,930.5	5,332.0	5,167.6	5,274.7	5,331.4	5,554.4	5,638.6
Compensation of employees	3,601.3	3,696.2	3,926.7	3,818.1	3,878.6	3,949.7	4,060.3	4,133.1
Wage and salary accruals	2,971.0	3,006.9	3,180.0	3,089.9	3,138.5	3,199.1	3,292.5	3,349.6
Supplements to wages and salaries	630.3	689.3	746.6	728.1	740.1	750.5	767.8	783.4
Taxes on production and imports less subsidies	465.1	483.4	511.4	501.1	508.4	511.7	524.4	533.7
Net operating surplus	655.5	750.8	893.9	848.5	887.6	870.0	969.7	971.8
Net interest and miscellaneous payments	181.7	170.8	177.5	174.8	177.2	177.3	180.5	187.1
Business current transfer payments	55.5	63.5	63.3	69.0	69.6	42.5	72.2	73.5
Corporate profits with inventory valuation and capital consumption adjustments	418.4	516.4	653.1	604.6	640.8	650.2	716.9	711.3
Taxes on corporate income	89.0	130.0	165.8	147.7	164.9	167.5	183.3	212.7
Profits after tax with inventory valuation and capital consumption adjustments	329.4	386.4	487.3	456.9	475.9	482.7	533.6	498.6
Net dividends	254.9	275.4	303.9	270.6	265.5	278.7	400.8	317.8
Undistributed profits with inventory valuation and capital consumption adjustments	74.5	111.0	183.4	186.2	210.5	204.0	132.9	180.8
Addenda:								
Profits before tax (without inventory valuation and capital consumption adjustments)	324.1	397.7	499.4	443.4	496.5	506.5	551.0	713.8
Profits after tax (without inventory valuation and capital consumption adjustments)	235.1	267.7	333.5	295.6	331.7	338.9	367.8	501.1
Inventory valuation adjustment	-1.2	-14.1	-42.9	-37.0	-47.8	-37.8	-49.1	-40.8
Capital consumption adjustment	95.6	132.9	196.7	198.3	192.0	181.5	215.0	38.3
Billions of chained (2000) dollars								
Gross value added of nonfinancial corporate business ¹	5,275.9	5,423.0	5,726.4	5,598.7	5,657.4	5,752.2	5,897.5	5,943.5
Consumption of fixed capital ²	628.0	647.2	668.3	654.1	657.2	697.3	664.7	669.1
Net value added ³	4,647.9	4,775.8	5,058.1	4,944.6	5,000.2	5,054.8	5,232.9	5,274.3
Dollars								
Price, costs, and profits per unit of real gross value added of nonfinancial corporate business:								
Price per unit of real gross value added of nonfinancial corporate business ⁴	1.019	1.034	1.052	1.043	1.053	1.053	1.059	1.065
Compensation of employees (unit labor cost) .....	.683	.682	.686	.682	.686	.687	.688	.695
Unit nonlabor cost .....	.257	.258	.252	.253	.253	.253	.249	.249
Consumption of fixed capital .....	.124	.125	.121	.120	.120	.126	.117	.116
Taxes on production and imports less subsidies plus business current transfer payments .....	.099	.101	.100	.102	.102	.096	.101	.102
Net interest and miscellaneous payments .....	.034	.032	.031	.031	.031	.031	.031	.031
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production) .....	.079	.095	.114	.108	.113	.113	.122	.120
Taxes on corporate income .....	.017	.024	.029	.026	.029	.029	.031	.036
Profits after tax with inventory valuation and capital consumption adjustments .....	.062	.071	.085	.082	.084	.084	.090	.084

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the fourth quarter of 2004.

1. Effective December 22, 2004, chained-dollar gross value added of nonfinancial corporate business was revised beginning with 1929. The current-dollar gross value added is deflated by a revised chain-type price index calculated using the gross value added chain-type price index for nonfinancial industries from the comprehensive revision of the GDP-by-industry accounts.

2. Chained-dollar consumption of fixed capital of nonfinancial corporate business is calculated as the product of the chain-type quantity index and the 2000 current-dollar value of the corresponding series, divided by 100.

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

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

NOTE.—Estimates in this table are based on the 1997 North American Industry Classification System (NAICS).

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 ^r
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	3.5
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	5.2
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	2.8
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	2.3
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	6.4
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	3.4
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	68.5
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	2.9
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	5.8
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	4.0
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	3.2
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	3.0
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	3.5
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	2.9
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	3.0
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	2.0
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	2.1

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 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.