

GDP GREW 2.5 PERCENT IN THE FOURTH QUARTER

“Final” Estimates of GDP

The economy grew at an annual rate of 2.5 percent in the fourth quarter, according to the “final” estimates released by the Bureau of Economic Analysis. The growth rate was 0.3 percentage point more than in the “preliminary” estimates released in February. In the third quarter, real gross domestic product grew 2.0 percent. For 2006, the annual growth rate was 3.3 percent, compared with 3.2 percent in 2005.

Gross Domestic Product (GDP)

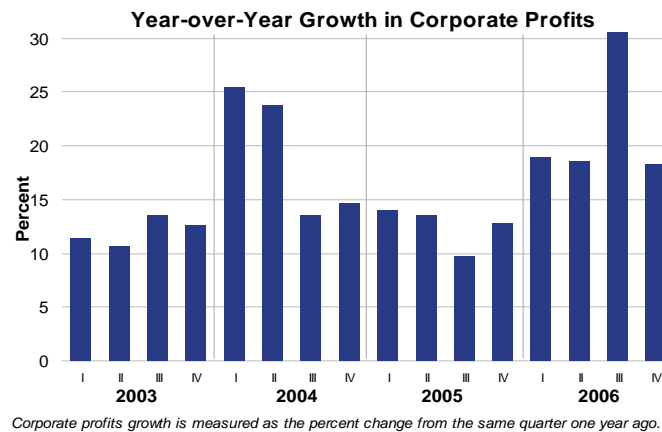
The step up in fourth-quarter GDP growth primarily reflected accelerations in consumer spending, exports, and Federal government spending and a downturn in imports—moderated by downturns in investment in inventories and in equipment and software.

The higher GDP growth rate, in comparison to the preliminary estimate, reflected upward revisions to inventory investment and consumer spending. In contrast, investment in equipment and software was revised down.



Corporate Profits

BEA also released the first estimate of fourth-quarter corporate profits, which rose 18 percent from the same quarter a year ago. Profits of financial corporations increased 27 percent, and profits of nonfinancial corporations increased 9 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 “advance” estimate of GDP for the first quarter of 2007 will be released on April 27, 2007.