

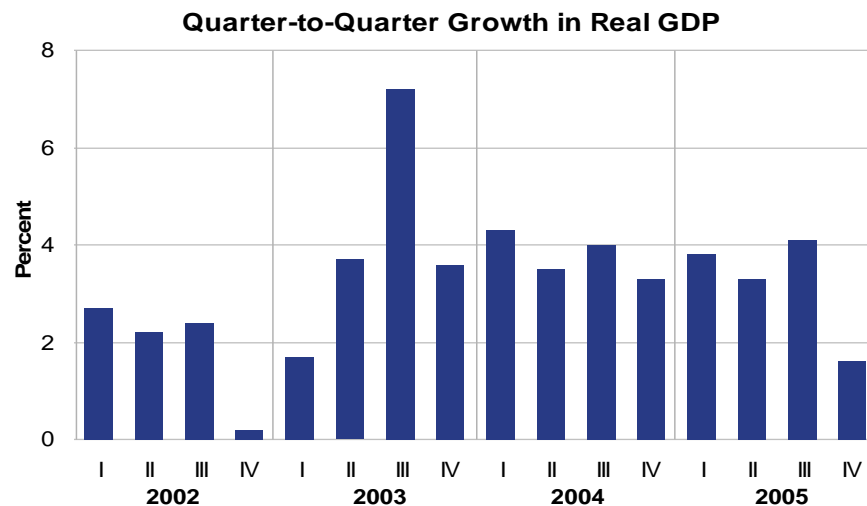
GDP GREW 1.6 PERCENT IN FOURTH QUARTER

“Preliminary” Estimates of GDP

Real gross domestic product, the most comprehensive measure of economic activity, increased 1.6 percent in the fourth quarter of 2005 after increasing 4.1 percent in the third quarter, according to the “preliminary” estimates released today by the U.S. Bureau of Economic Analysis. The fourth-quarter growth rate was revised up 0.5 percentage point from the “advance” estimates released in January. Annual growth in 2005 was 3.5 percent, unchanged from the January estimate.

Gross Domestic Product (GDP)

The slowdown in GDP growth in the fourth quarter primarily reflected a deceleration in consumer spending, an acceleration in imports, a downturn in Federal government spending, and decelerations in investment in equipment and software and in residential fixed investment. In contrast, inventory investment turned up and exports accelerated.



Real GDP growth is measured at seasonally adjusted annual rates.

Prices

Inflation, as measured by the price index for gross domestic purchases, increased 3.6 percent, compared with 4.2 percent in the third quarter. The index was revised up 0.3 percentage point from the advance estimate. Excluding food and energy, prices increased 3.0 percent following an increase of 2.5 percent in the third quarter.

Real Disposable Income (DPI)

Real DPI increased 7.1 percent in the fourth quarter, 0.1 percentage point more than in the advance estimate; real DPI decreased 1.4 percent in the third quarter (revised).

Revisions

The upward revision to real GDP growth reflected upward revisions to exports, Federal government spending, equipment and software, and inventory investment. Imports were also revised up.

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.

NOTE: Additional information that becomes available in the coming weeks will be incorporated in a “final” estimate of fourth-quarter GDP on March 30, 2006. An estimate of corporate profits will also be released.