



NEWS RELEASE



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GROSS DOMESTIC PRODUCT: SECOND QUARTER 2006 (PRELIMINARY) CORPORATE PROFITS: SECOND QUARTER 2006 (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 2.9 percent in the second quarter of 2006, according to preliminary estimates released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 5.6 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 2.5 percent (see "Revisions" on page 3).

The increase in real GDP in the second quarter primarily reflected positive contributions from personal consumption expenditures (PCE) for services, private inventory investment, nonresidential structures, exports, and state and local government spending that were partly offset by negative contributions from residential fixed investment and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the second quarter primarily reflected a deceleration in PCE for durable goods, downturns in equipment and software and in federal government spending, decelerations in exports and in PCE for nondurable goods, and a larger decrease in residential fixed investment that were partly offset by a deceleration in imports, an acceleration in PCE for services, and an upturn in private inventory investment.

Final sales of computers contributed 0.05 percentage point to the second-quarter growth in real GDP after contributing 0.07 percentage point to the first-quarter growth. Motor vehicle output subtracted 0.28 percentage point from the second-quarter growth in real GDP after contributing 0.12 percentage point to the first-quarter growth.

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. Prices 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 4.0 percent in the second quarter, the same as in the advance estimate; this index increased 2.7 percent in the first quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 2.9 percent in the second quarter, compared with an increase of 3.0 percent in the first.

Real personal consumption expenditures increased 2.6 percent in the second quarter, compared with an increase of 4.8 percent in the first. Real nonresidential fixed investment increased 4.7 percent, compared with an increase of 13.7 percent. Nonresidential structures increased 22.2 percent, compared with an increase of 8.7 percent. Equipment and software decreased 1.6 percent, in contrast to an increase of 15.6 percent. Real residential fixed investment decreased 9.8 percent, compared with a decrease of 0.3 percent.

Real exports of goods and services increased 5.1 percent in the second quarter, compared with an increase of 14.0 percent in the first. Real imports of goods and services increased 0.6 percent, compared with an increase of 9.1 percent.

Real federal government consumption expenditures and gross investment decreased 4.3 percent in the second quarter, in contrast to an increase of 8.8 percent in the first. National defense decreased 1.8 percent, in contrast to an increase of 8.9 percent. Nondefense decreased 9.3 percent, in contrast to an increase of 8.5 percent. Real state and local government consumption expenditures and gross investment increased 4.2 percent, compared with an increase of 2.7 percent.

The real change in private inventories added 0.63 percentage point to the second-quarter change in real GDP, after subtracting 0.03 percentage point from the first-quarter change. Private businesses increased inventories \$58.7 billion in the second quarter, following increases of \$41.2 billion in the first quarter and \$43.5 billion in the fourth.

Real final sales of domestic product -- GDP less change in private inventories -- increased 2.3 percent in the second quarter, compared with an increase of 5.6 percent in the first.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 2.3 percent in the second quarter, compared with an increase of 5.3 percent in the first.

Gross national product

Real gross national product -- the goods and services produced by the labor and property supplied by U.S. residents -- increased 2.6 percent in the second quarter, compared with an increase of 6.1 percent in the first. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which decreased \$8.6 billion in the second quarter after increasing \$14.4 billion in the first; in the second quarter, receipts increased \$38.7 billion, and payments increased \$47.3 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 6.3 percent, or \$201.3 billion, in the second quarter to a level of \$13,209.7 billion. In the first quarter, current-dollar GDP increased 9.0 percent, or \$277.9 billion.

Revisions

The preliminary estimate of the second-quarter increase in real GDP is 0.4 percentage point, or \$12.3 billion, more than the advance estimate issued last month. The upward revision to the percentage change in real GDP primarily reflected upward revisions to exports of goods, to nonresidential structures, to private inventory investment, and to state and local government spending that were partly offset by a downward revision to residential fixed investment.

	<u>Advance</u>	<u>Preliminary</u>
	(Percent change from preceding quarter)	
Real GDP.....	2.5	2.9
Current-dollar GDP.....	5.8	6.3
Gross domestic purchases price index...	4.0	4.0

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$49.5 billion in the second quarter, compared with an increase of \$175.6 billion in the first quarter. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- increased \$16.7 billion in the second quarter, compared with an increase of \$125.3 billion in the first.

Taxes on corporate income increased \$26.5 billion in the second quarter, compared with an increase of \$32.3 billion in the first. Profits after tax with inventory valuation and capital consumption adjustments increased \$23.1 billion in the second quarter, compared with an increase of \$143.2 billion in the first. Dividends increased \$15.4 billion, compared with an increase of \$14.7 billion; current-production undistributed profits increased \$7.6 billion, compared with an increase of \$128.5 billion.

Domestic profits of financial corporations increased \$34.7 billion in the second quarter, compared with an increase of \$51.4 billion in the first. Domestic profits of nonfinancial corporations increased \$5.6 billion in the second quarter, compared with an increase of \$94.5 billion in the first. In the second quarter, real gross nonfinancial corporate value added increased, and profits per unit of real value added 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 \$9.1 billion in the second quarter, compared with an increase of \$29.8 billion in the first. 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 second-quarter increase was accounted for by a larger increase in receipts than in payments.

Profits before tax increased \$91.8 billion in the second quarter, compared with an increase of \$142.3 billion in the first. 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 \$8.4 billion in the second quarter (from -\$148.6 billion to -\$157.0 billion), in contrast to an increase of \$17.0 billion in the first. The inventory valuation adjustment decreased \$33.9 billion (from -\$22.9 billion to -\$56.8 billion), in contrast to an increase of \$16.3 billion.

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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

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Next release – September 28, 2006, at 8:30 A.M. EDT for:
Gross Domestic Product: Second Quarter 2006 (Final)
Corporate Profits: Second Quarter 2006 (Final)

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

	2003	2004	2005	Seasonally adjusted at annual rates															
				2002		2003				2004				2005				2006	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r	II ^r
Gross domestic product (GDP)	2.5	3.9	3.2	2.4	0.2	1.2	3.5	7.5	2.7	3.9	4.0	3.1	2.6	3.4	3.3	4.2	1.8	5.6	2.9
Personal consumption expenditures	2.8	3.9	3.5	2.3	1.4	2.1	3.6	5.8	2.3	4.7	2.9	3.9	4.3	2.7	4.2	3.9	.8	4.8	2.6
Durable goods	5.8	6.4	5.5	11.5	-5.2	.4	16.8	16.7	.7	6.1	1.7	8.7	6.1	2.4	12.8	9.0	-12.3	19.8	.5
Nondurable goods	3.2	3.6	4.5	.3	3.6	3.8	2.3	7.7	1.8	4.3	1.7	3.7	5.4	5.2	4.9	3.4	3.9	5.9	1.7
Services	1.9	3.5	2.6	1.3	1.8	1.5	1.8	2.9	2.8	4.6	3.8	3.1	3.4	1.6	2.3	3.2	2.0	1.6	3.5
Gross private domestic investment	3.6	9.8	5.4	5.8	-1.0	-1.3	3.3	17.7	9.3	4.8	21.7	2.0	5.1	8.2	-3.6	5.2	16.2	7.8	2.8
Fixed investment	3.4	7.3	7.5	-7	-1.4	-.4	10.6	13.6	5.5	2.2	11.7	7.6	4.9	7.8	10.5	6.3	2.8	8.2	-9
Nonresidential	1.0	5.9	6.8	-2.0	-5.0	-2.6	10.7	9.4	2.8	1.7	7.2	10.3	8.3	6.0	5.2	5.9	5.2	13.7	4.7
Structures	-4.1	2.2	1.1	-15.5	-5.3	-6.9	14.7	-.8	-4.7	3.3	6.9	3.1	-2.0	5.3	-2.0	-7.0	12.0	8.7	22.2
Equipment and software	2.8	7.3	8.9	3.3	-4.9	-1.0	9.3	13.2	5.6	1.2	7.3	13.0	12.3	6.3	7.9	11.0	2.8	15.6	-1.6
Residential	8.4	9.9	8.6	2.0	6.4	4.1	10.5	22.2	10.6	3.1	19.8	3.2	-6	11.1	20.0	7.1	-9	-3	-9.8
Change in private inventories																			
Net exports of goods and services																			
Exports	1.3	9.2	6.8	2.9	-3.1	-5.3	-1.7	11.4	20.8	7.2	6.2	4.8	9.9	4.7	9.4	3.2	9.6	14.0	5.1
Goods	1.8	9.0	7.5	2.2	-9.1	2.0	-1.2	8.8	19.8	7.1	6.4	8.3	6.1	5.5	12.8	3.7	11.5	17.3	5.5
Services	0	9.7	5.1	4.6	11.7	-20.0	-2.8	17.5	23.1	7.5	5.6	-2.8	19.2	2.9	2.0	2.1	5.5	6.7	3.9
Imports	4.1	10.8	6.1	5.7	9.0	-5.0	4.1	3.7	17.6	10.2	16.0	4.4	12.0	4.1	1.4	2.5	13.2	9.1	.6
Goods	4.9	10.9	6.7	6.5	8.1	-3.9	8.6	.6	17.2	10.1	17.7	4.7	12.6	4.9	2.0	2.7	14.1	9.4	-1
Services	0	10.0	2.8	1.7	14.0	-10.6	-15.7	21.2	19.6	10.9	7.6	3.1	9.0	-2	-1.5	1.2	8.3	7.4	4.5
Government consumption expenditures and gross investment	2.5	1.9	.9	2.3	4.8	-1.4	6.1	1.5	.7	2.9	2.2	1.3	-1.9	1.6	1.1	3.4	-1.1	4.9	.9
Federal	6.8	4.3	1.5	3.0	10.2	.1	19.7	.4	3.1	7.2	2.5	5.0	-5.2	3.4	.4	9.6	-4.6	8.8	-4.3
National defense	8.7	5.9	1.7	4.1	14.8	-4.4	36.3	-5.3	8.1	9.1	2.0	9.1	-9.1	4.5	2.9	11.2	-9.9	8.9	-1.8
Nondefense	3.4	1.2	1.1	1.2	2.1	9.0	-6.4	12.4	-6.0	3.6	3.5	-2.9	3.4	1.2	-4.4	6.2	7.1	8.5	-9.3
State and local .....	.2	.5	.5	1.9	2.0	-2.2	-.8	2.1	-.6	.5	2.1	-.9	.1	.6	1.5	-.1	1.0	2.7	4.2
Addenda:																			
Final sales of domestic product	2.5	3.5	3.5	1.4	.1	1.3	4.5	6.9	2.1	3.4	2.6	4.0	2.6	3.3	5.6	4.4	-.3	5.6	2.3
Gross domestic purchases	2.8	4.4	3.3	2.8	1.7	.9	4.0	6.6	3.0	4.4	5.5	3.1	3.3	3.4	2.4	4.0	2.7	5.3	2.3
Final sales to domestic purchasers	2.8	4.0	3.6	1.8	1.6	1.1	5.1	6.1	2.5	4.0	4.1	4.0	3.2	3.3	4.6	4.2	.7	5.4	1.7
Gross national product (GNP)	2.7	3.8	3.1	2.9	1.0	.8	4.1	7.3	3.5	3.5	2.9	3.3	2.0	3.6	3.0	4.9	.5	6.1	2.6
Disposable personal income	2.2	3.6	1.2	-1.6	.2	1.7	5.0	6.3	1.7	3.9	2.4	2.8	7.5	-4.0	.5	-6	5.5	4.6	1.5
Current-dollar measures:																			
GDP	4.7	6.9	6.3	3.9	2.4	4.4	4.8	9.7	4.9	7.8	7.9	5.3	5.9	7.0	5.8	7.6	5.1	9.0	6.3
Final sales of domestic product	4.7	6.5	6.7	3.0	2.4	4.6	5.8	9.1	4.4	7.3	6.4	6.2	5.9	6.9	8.2	7.8	3.0	9.1	5.7
Gross domestic purchases	5.2	7.6	6.9	4.4	3.9	5.1	4.7	9.1	4.9	8.9	9.7	5.8	7.0	6.7	5.8	8.5	6.3	8.2	6.4
Final sales to domestic purchasers	5.2	7.2	7.2	3.6	3.8	5.3	5.7	8.5	4.4	8.5	8.3	6.7	7.0	6.7	8.1	8.8	4.3	8.2	5.8
GNP	4.9	6.7	6.2	4.4	3.2	4.0	5.4	9.6	5.8	7.4	6.7	5.4	5.3	7.2	5.6	8.4	3.8	9.6	6.0
Disposable personal income	4.2	6.4	4.1	.2	1.9	4.8	5.7	8.9	3.2	7.7	6.0	4.7	10.7	-1.8	3.6	3.5	8.6	6.8	5.7

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2006.

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

Table 3.—Gross Domestic Product and Related Measures: Level and Change From Preceding Period

	Billions of current dollars						Billions of chained (2000) dollars						Change from preceding period			
	2005	Seasonally adjusted at annual rates					2005	Seasonally adjusted at annual rates							2005	2006
		2005			2006			2005			2006		2006	I		II ^r
		II	III	IV	I	II ^r		II	III	IV	I	II ^r				
Gross domestic product	12,455.8	12,346.1	12,573.5	12,730.5	13,008.4	13,209.7	11,048.6	11,001.8	11,115.1	11,163.8	11,316.4	11,397.6	345.1	152.6	81.2	
Personal consumption expenditures	8,742.4	8,674.6	8,847.3	8,927.8	9,079.2	9,229.6	7,841.2	7,819.8	7,895.3	7,910.2	8,003.8	8,054.8	264.1	93.6	51.0	
Durable goods	1,033.1	1,042.3	1,057.3	1,019.6	1,064.1	1,063.2	1,145.3	1,150.8	1,175.9	1,137.9	1,190.5	1,191.8	59.6	52.6	1.3	
Motor vehicles and parts	448.2	459.6	468.1	421.6	442.7	442.1	452.9	463.0	474.6	426.3	445.1	444.2	2.5	18.8	-9	
Furniture and household equipment	377.2	374.4	380.0	386.0	402.3	401.8	490.6	482.0	497.7	511.5	538.5	543.5	44.6	27.0	5.0	
Other	207.7	208.3	209.2	212.0	219.1	219.3	212.6	214.2	213.1	216.3	224.6	223.0	17.0	8.3	-1.6	
Non-durable goods	2,539.3	2,508.6	2,584.9	2,613.5	2,658.2	2,723.0	2,276.8	2,268.4	2,287.6	2,309.6	2,342.8	2,352.4	97.6	33.2	9.6	
Food	1,201.4	1,191.9	1,214.7	1,233.7	1,262.3	1,274.8	1,065.7	1,058.5	1,074.9	1,085.7	1,103.4	1,109.5	54.7	17.7	6.1	
Clothing and shoes	341.8	341.5	341.3	349.1	355.4	355.3	372.7	371.1	373.9	383.1	391.1	387.6	21.8	8.0	-3.5	
Gasoline, fuel oil, and other energy goods	302.1	285.5	331.0	322.1	316.2	359.9	199.5	200.7	197.8	196.6	196.0	196.8	-1.0	-6	.8	
Other	694.0	689.7	698.0	708.6	724.2	733.0	643.9	642.2	646.7	652.4	662.6	668.0	25.4	10.2	5.4	
Services	5,170.0	5,123.7	5,205.1	5,294.7	5,356.8	5,443.5	4,436.6	4,420.0	4,454.5	4,476.7	4,494.5	4,532.9	112.7	17.8	38.4	
Housing	1,304.1	1,297.2	1,311.7	1,326.6	1,345.4	1,370.1	1,122.6	1,120.0	1,126.4	1,131.2	1,137.6	1,144.5	31.0	6.4	6.9	
Household operation	483.0	474.3	484.3	506.1	494.8	496.2	418.0	416.9	419.4	419.8	404.3	410.1	8.7	-15.5	5.8	
Electricity and gas	199.8	192.1	199.4	219.9	206.2	206.5	153.8	153.2	154.0	154.7	141.7	146.4	4.0	-13.0	5.0	
Other household operation	283.2	282.2	285.0	286.2	288.6	289.7	264.1	263.7	265.4	264.9	264.8	264.7	4.6	-1	-1	
Transportation	320.4	318.8	322.3	325.9	330.4	335.7	284.4	284.8	283.6	283.5	286.3	287.3	.4	2.8	1.0	
Medical care	1,493.4	1,478.3	1,505.0	1,534.0	1,557.2	1,581.2	1,260.9	1,253.8	1,267.5	1,279.0	1,292.6	1,303.4	43.6	13.6	10.8	
Recreation	360.6	357.9	362.6	367.7	372.4	374.5	313.1	312.5	313.9	315.1	317.5	315.9	8.3	2.4	-1.6	
Other	1,208.4	1,197.1	1,219.1	1,234.4	1,256.5	1,285.7	1,036.2	1,030.6	1,042.2	1,046.5	1,054.9	1,070.2	20.2	8.4	15.3	
Gross private domestic investment	2,057.4	2,009.1	2,052.6	2,154.5	2,214.8	2,245.7	1,866.3	1,832.6	1,855.9	1,927.0	1,963.6	1,977.0	95.7	36.6	13.4	
Fixed investment	2,036.2	2,016.7	2,067.9	2,105.8	2,167.7	2,177.6	1,842.0	1,835.8	1,864.2	1,877.3	1,914.6	1,910.2	128.1	37.3	-4.4	
Nonresidential	1,265.7	1,251.8	1,276.7	1,304.3	1,359.2	1,384.9	1,223.8	1,214.8	1,232.4	1,248.2	1,288.8	1,303.7	78.0	40.6	14.9	
Structures	338.6	332.0	336.3	359.7	378.2	407.8	251.5	251.7	247.1	254.2	259.6	272.9	2.8	5.4	13.3	
Equipment and software	927.1	919.8	940.4	944.7	981.0	977.1	984.9	974.8	1,000.6	1,007.6	1,044.8	1,040.6	80.7	37.2	-4.2	
Information processing equipment and software	454.3	452.3	456.6	461.3	482.4	479.4	552.6	547.9	557.7	567.3	595.9	593.9	43.3	28.6	-2.0	
Computers and peripheral equipment	85.1	85.3	83.9	85.9	88.0	85.9	.....	.....	.....	.....	.....	.....	.....	.....	.....
Software	194.0	193.8	195.6	196.9	203.6	206.2	206.2	205.7	208.0	209.5	215.6	217.2	11.2	6.1	1.6	
Other	175.2	173.3	177.2	178.4	190.8	187.2	193.6	191.5	196.0	197.5	211.6	206.8	12.9	14.1	-4.8	
Industrial equipment	155.1	149.5	157.0	163.9	163.4	170.1	143.5	138.4	144.9	150.4	149.0	153.8	10.8	-1.4	4.8	
Transportation equipment	158.3	158.0	165.0	154.6	165.7	155.7	145.4	144.6	152.3	143.2	152.2	142.6	16.6	9.0	-9.6	
Other equipment	159.4	159.9	161.8	164.9	169.4	172.0	147.3	148.0	148.8	151.2	154.3	157.0	9.7	3.1	2.7	
Residential	770.4	764.9	791.2	801.5	808.5	792.7	608.0	609.9	620.4	618.9	618.5	602.7	48.1	-4	-15.8	
Change in private inventories	21.3	-7.6	-15.3	48.6	47.2	68.1	19.6	-7.4	-12.7	43.5	41.2	58.7	-33.8	-2.3	17.5	
Farm .....	.3	-6.7	1.3	5.8	5.4	5.2	.2	-5.8	1.1	4.8	4.3	4.0	-5.9	-5	-3
Nonfarm	21.0	-9	-16.6	42.8	41.8	62.9	19.6	-1.0	-14.0	38.6	36.8	54.8	-27.4	-1.8	18.0	
Net exports of goods and services	-716.7	-686.4	-728.8	-775.4	-765.2	-780.4	-619.2	-606.1	-607.6	-636.6	-636.6	-623.6	-28.3	0	13.0	
Exports	1,303.1	1,293.8	1,312.4	1,352.4	1,405.4	1,444.0	1,196.1	1,191.0	1,200.5	1,228.4	1,269.3	1,285.1	75.7	40.9	15.8	
Goods	907.5	902.6	913.9	944.3	989.3	1,017.6	843.2	839.7	847.5	870.8	906.2	918.5	58.8	35.4	12.3	
Services	395.6	391.2	398.5	408.1	416.0	426.4	352.9	351.2	353.0	357.8	363.6	367.1	17.0	5.8	3.5	
Imports	2,019.9	1,980.2	2,041.2	2,127.8	2,170.6	2,224.4	1,815.3	1,797.1	1,808.1	1,865.0	1,905.9	1,908.7	104.0	40.9	2.8	
Goods	1,699.0	1,662.4	1,719.1	1,799.3	1,832.6	1,878.8	1,549.9	1,533.6	1,543.9	1,595.8	1,631.9	1,631.4	97.7	36.1	-5	
Services	320.9	317.8	322.1	328.5	338.1	345.6	267.5	265.5	266.3	271.7	276.6	279.6	7.2	4.9	3.0	
Government consumption expenditures and gross investment	2,372.8	2,348.9	2,402.4	2,423.6	2,479.6	2,514.7	1,958.0	1,952.6	1,968.8	1,963.5	1,987.1	1,991.8	17.4	23.6	4.7	
Federal	878.3	868.4	895.8	886.2	921.7	919.9	727.5	721.6	738.2	729.6	745.1	736.9	10.9	15.5	-8.2	
National defense	589.3	584.3	605.0	590.9	613.5	616.7	483.6	481.1	494.1	481.4	491.8	489.6	8.2	10.4	-2.2	
Consumption expenditures	516.9	512.1	530.9	516.9	537.7	537.9	413.3	410.9	421.9	410.0	419.0	414.9	5.0	9.0	-4.1	
Gross investment	72.4	72.2	74.2	74.1	75.8	78.8	71.2	71.2	73.2	72.6	74.0	76.5	3.7	1.4	2.5	
Nondefense	289.0	284.1	290.7	295.3	308.2	303.1	243.7	240.1	243.8	248.0	253.1	247.0	2.7	5.1	-6.1	
Consumption expenditures	251.7	248.7	253.4	254.2	265.9	264.7	207.3	205.4	207.5	208.7	212.8	210.2	.3	4.1	-2.6	
Gross investment	37.4	35.4	37.4	41.1	42.4	38.4	36.7	34.8	36.6	40.1	41.1	37.1	2.8	1.0	-4.0	
State and local	1,494.4	1,480.5	1,506.6	1,537.4	1,557.9	1,594.8	1,230.4	1,230.9	1,230.5	1,233.7	1,242.0	1,254.8	6.5	8.3	12.8	
Consumption expenditures	1,207.2	1,192.8	1,217.8	1,243.4	1,256.2	1,280.7	988.0	986.0	989.5	991.9	996.1	1,001.0	8.4	4.2	4.9	
Gross investment	287.3	287.7	288.7	294.0	301.7	314.2	242.1	244.7	240.7	241.6	245.7	253.7	-2.0	4.1	8.0	
Residual .....	.....	.....	.....	.....	.....	.....	-42.6	-39.1	-47.1	-53.7	-78.7	-76.3	.....	.....	.....
Addenda:																
Final sales of domestic product	12,434.6	12,353.7	12,588.8	12,681.9	12,961.2	13,141.6	11,025.2	11,005.3	11,123.5	11,115.5	11,269.0	11,332.5	376.9	153.5	63.5	
Gross domestic purchases	13,172.5	13,032.6	13,302.3	13,505.9	13,773.6	13,990.1	11,659.7	11,599.9	11,714.6	11,792.9	11,946.3	12,014.8	373.2	153.4	68.5	
Final sales to domestic purchasers	13,151.3	13,040.2	13,317.6	13,457.3	13,726.4	13,922.0	11,636.1	11,603.2	11,722.8	11,744.6	11,898.7	11,949.7	405.0	154.1	51.0	
Gross domestic product	12,455.8	12,346.1	12,573.5	12,730.5	13,008.4	13,209.7	11,048.6	11,0								

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

	2003	2004	2005	Seasonally adjusted at annual rates															
				2002		2003				2004				2005				2006	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II ^r
Gross domestic product (GDP)	2.1	2.8	3.0	1.6	2.2	3.1	1.3	2.1	2.2	3.7	3.7	2.1	3.2	3.5	2.4	3.3	3.3	3.3	3.3
Personal consumption expenditures	2.0	2.6	2.9	1.8	1.7	3.1	.7	2.4	1.5	3.7	3.6	1.9	3.0	2.3	3.1	4.1	2.9	2.0	4.1
Durable goods	-3.6	-1.6	-7	-1.8	-2.7	-4.8	-4.2	-4.0	-3.5	0	.3	-2.3	.3	.3	-6	-2.9	-1.3	-1.0	-8
Nondurable goods	2.0	3.3	3.6	.9	1.2	5.6	-2.9	3.9	.5	5.7	6.0	1.1	4.4	1.1	4.8	9.0	.6	1.1	8.3
Services	3.2	3.2	3.2	3.0	2.8	3.6	3.5	3.0	3.0	3.5	3.2	3.1	3.0	3.2	3.1	3.2	5.0	3.1	3.1
Gross private domestic investment	1.5	3.3	3.4	.2	2.9	2.8	-7	1.3	3.5	4.2	4.5	3.6	3.7	3.0	2.7	3.7	4.3	3.7	2.9
Fixed investment	1.6	3.4	3.5	.2	3.0	3.1	-8	1.3	3.5	4.3	4.6	3.6	3.7	3.1	2.7	4.0	4.6	3.8	2.8
Nonresidential .....	.1	1.2	2.6	-4	1.1	.1	-1.3	.7	1.4	1.0	2.1	1.4	2.6	3.6	2.0	2.2	3.5	3.7	3.0
Structures	3.5	6.2	11.3	4.3	5.1	4.8	-2	2.3	4.2	6.7	7.8	10.2	12.0	11.6	9.2	13.2	16.8	12.4	10.6
Equipment and software	-1.1	-4	-4	-2.0	-3	-1.5	-1.7	.1	.4	-9	.2	-1.5	-.5	.9	-4	-1.5	-1.0	.6	0
Residential	4.8	7.3	5.1	1.5	7.0	9.4	.2	2.6	7.7	10.5	9.0	7.4	5.6	2.3	3.8	6.9	6.3	3.8	2.5
Change in private inventories																			
Net exports of goods and services																			
Exports	2.2	3.7	3.6	3.0	.6	4.1	1.1	.9	3.0	6.1	5.0	1.8	4.0	4.6	3.6	2.6	2.8	2.3	6.1
Goods	2.0	3.7	3.1	3.3	.5	3.6	1.6	-.7	4.1	6.5	5.2	1.1	3.6	4.4	3.0	1.3	2.3	2.8	6.0
Services	2.6	3.5	4.8	2.1	.7	5.3	-2	4.7	.7	5.0	4.5	3.5	5.0	5.1	4.9	5.6	4.2	1.2	6.2
Imports	3.5	5.0	6.3	3.5	.6	11.3	-3.9	2.6	.4	9.7	7.3	5.5	6.7	2.6	9.2	10.2	4.3	-.7	9.6
Goods	2.9	5.0	6.5	2.6	.4	11.9	-6.7	2.5	.5	10.1	7.9	5.4	6.8	1.8	10.1	11.3	5.1	-1.6	10.6
Services	6.3	5.1	5.4	8.1	1.4	8.1	11.8	3.1	0	8.0	4.4	6.2	6.3	6.8	5.1	4.3	-.1	4.5	4.5
Government consumption expenditures and gross investment	4.1	4.4	5.6	2.6	3.6	9.2	1.3	2.5	2.2	6.8	5.3	4.6	5.7	7.0	4.6	5.9	4.7	4.4	4.8
Federal	4.2	4.7	4.8	1.0	4.6	11.3	1.5	1.0	1.1	11.5	5.3	2.2	2.9	11.3	2.2	3.3	.4	7.6	3.7
National defense	4.7	4.7	5.1	2.4	6.9	10.3	1.4	1.2	1.3	10.5	5.8	2.8	3.2	11.6	2.4	3.4	1.0	6.7	4.0
Nondefense	3.4	4.7	4.1	-1.4	.5	12.9	1.6	.6	.6	13.7	4.3	.9	2.3	10.6	1.8	3.2	-.7	9.5	3.1
State and local	4.1	4.3	6.2	3.4	3.0	8.1	1.1	3.3	2.9	4.1	5.3	6.1	7.4	4.6	6.1	7.4	7.3	2.6	5.4
Addenda:																			
Final sales of domestic product	2.1	2.8	3.0	1.6	2.3	3.2	1.3	2.1	2.2	3.7	3.7	2.1	3.2	3.5	2.4	3.3	3.3	3.3	3.3
Gross domestic purchases	2.3	3.1	3.5	1.7	2.2	4.1	.6	2.2	1.9	4.3	4.1	2.6	3.6	3.2	3.3	4.4	3.5	2.7	4.0
Final sales to domestic purchasers	2.3	3.1	3.5	1.7	2.2	4.2	.6	2.2	1.9	4.3	4.1	2.6	3.6	3.2	3.3	4.4	3.5	2.7	4.0
Gross national product (GNP)	2.1	2.8	3.0	1.6	2.2	3.2	1.3	2.1	2.2	3.7	3.7	2.1	3.2	3.5	2.4	3.3	3.2	3.3	3.3
Implicit price deflators:																			
GDP	2.1	2.8	3.0	1.5	2.2	3.2	1.3	2.1	2.2	3.8	3.7	2.1	3.2	3.4	2.5	3.3	3.3	3.3	3.3
Gross domestic purchases	2.3	3.1	3.5	1.6	2.2	4.1	.6	2.3	1.9	4.3	4.0	2.6	3.6	3.2	3.4	4.3	3.5	2.7	4.0
GNP	2.1	2.8	3.0	1.5	2.3	3.1	1.3	2.1	2.2	3.8	3.7	2.1	3.2	3.4	2.5	3.3	3.3	3.3	3.3

^r Revised
See "Explanatory Note" at the end of the tables.

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2003	2004	2005	Seasonally adjusted				
				2005			2006	
				II	III	IV	I	II ^r
Gross domestic product	104.931	109.031	112.546	112.069	113.223	113.719	115.274	116.101
Personal consumption expenditures	108.249	112.430	116.349	116.031	117.152	117.373	118.761	119.519
Durable goods	118.214	125.753	132.666	133.299	136.207	131.799	137.893	138.048
Nondurable goods	108.002	111.913	116.924	116.496	117.481	118.608	120.313	120.809
Services	106.363	110.055	112.925	112.501	113.379	113.945	114.398	115.375
Gross private domestic investment	92.949	102.026	107.537	105.595	106.938	111.034	113.143	113.920
Fixed investment	95.110	102.080	109.708	109.339	111.032	111.811	114.033	113.770
Nonresidential	87.804	92.995	99.326	98.601	100.025	101.308	104.606	105.810
Structures	77.735	79.418	80.302	80.356	78.903	81.174	82.893	87.148
Equipment and software	91.747	98.400	107.180	106.087	108.889	109.653	113.704	113.245
Residential	113.977	125.281	136.050	136.476	138.821	138.495	138.391	134.855
Change in private inventories								
Exports of goods and services	93.599	102.201	109.105	108.637	109.503	112.054	115.783	117.222
Imports of goods and services	104.693	115.962	123.007	121.775	122.520	126.377	129.146	129.338
Government consumption expenditures and gross investment	110.644	112.720	113.731	113.417	114.358	114.048	115.423	115.696
Federal	118.712	123.813	125.701	124.668	127.545	126.053	128.728	127.313
State and local	106.557	107.094	107.660	107.709	107.674	107.954	108.682	109.795
Addenda:								
Final sales of domestic product	105.375	109.096	112.958	112.754	113.965	113.883	115.455	116.106
Gross domestic purchases	106.071	110.691	114.351	113.764	114.889	115.657	117.161	117.833
Final sales to domestic purchasers	106.504	110.761	114.755	114.430	115.610	115.825	117.345	117.848
Gross national product	105.067	109.039	112.399	111.894	113.252	113.390	115.085	115.820

^r Revised
See "Explanatory Note" at the end of the tables.

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2003	2004	2005	Seasonally adjusted				
				2005			2006	
				II	III	IV	I	II ^r
Gross domestic product	106.409	109.429	112.744	112.229	113.139	114.048	114.967	115.916
Personal consumption expenditures (PCE)	105.597	108.373	111.493	110.940	112.067	112.873	113.445	114.594
Durable goods	92.366	90.845	90.198	90.570	89.908	89.606	89.385	89.204
Nondurable goods	104.145	107.617	111.530	110.604	113.016	113.177	113.484	115.771
Services	109.379	112.863	116.529	115.929	116.858	118.281	119.194	120.097
Gross private domestic investment	103.191	106.645	110.284	109.664	110.675	111.853	112.860	113.660
Fixed investment	103.313	106.811	110.542	109.875	110.946	112.194	113.238	114.021
Nonresidential	99.591	100.834	103.428	103.055	103.607	104.510	105.471	106.241
Structures	113.872	120.951	134.647	131.941	136.089	141.476	145.684	149.397
Equipment and software	94.912	94.503	94.134	94.347	93.983	93.754	93.887	93.897
Residential	112.372	120.618	126.714	125.450	127.573	129.536	130.765	131.581
Change in private inventories								
Exports of goods and services	101.429	105.151	108.949	108.648	109.341	110.108	110.737	112.385
Imports of goods and services	99.685	104.678	111.268	110.222	112.919	114.117	113.918	116.565
Government consumption expenditures and gross investment	109.849	114.718	121.183	120.302	122.029	123.444	124.791	126.260
Federal	110.094	115.249	120.726	120.361	121.353	121.479	123.721	124.845
State and local	109.712	114.417	121.463	120.276	122.438	124.620	125.434	127.108
Addenda:								
PCE excluding food and energy	105.175	107.314	109.559	109.298	109.732	110.418	110.983	111.764
Market-based PCE ¹	104.995	107.393	110.339	109.801	110.952	111.647	112.116	113.276
Market-based PCE excluding food and energy ¹	104.330	105.865	107.713	107.530	107.854	108.375	108.810	109.528
Final sales of domestic product	106.430	109.455	112.783	112.261	113.181	114.101	115.025	115.972
Gross domestic purchases	105.966	109.210	112.981	112.362	113.572	114.541	115.313	116.459
Final sales to domestic purchasers	105.986	109.235	113.021	112.395	113.614	114.594	115.371	116.516
Gross national product	106.401	109.419	112.733	112.218	113.131	114.038	114.958	115.906
Implicit price deflators:								
Gross domestic product	106.404	109.426	112.737	112.219	113.121	114.034	114.951	115.899
Final sales of domestic product	106.430	109.455	112.783	112.252	113.173	114.092	115.017	115.964
Gross domestic purchases	105.961	109.207	112.975	112.351	113.553	114.526	115.296	116.441
Final sales to domestic purchasers	105.985	109.235	113.021	112.385	113.604	114.583	115.360	116.505
Gross national product	106.396	109.416	112.726	112.209	113.113	114.025	114.942	115.889

^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 in appendix table A.
See "Explanatory Note" at the end of the tables.

Table 7.—Real Gross Domestic Product: Percent Change From Preceding Year

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Gross domestic product (GDP)	1.9	-0.2	3.3	2.7	4.0	2.5	3.7	4.5	4.2	4.5	3.7	0.8	1.6	2.5	3.9	3.2
Personal consumption expenditures	2.0	.2	3.3	3.3	3.7	2.7	3.4	3.8	5.0	5.1	4.7	2.5	2.7	2.8	3.9	3.5
Durable goods	-3	-5.6	5.9	7.8	8.4	4.4	7.8	8.6	11.3	11.7	7.3	4.3	7.1	5.8	6.4	5.5
Nondurable goods	1.6	-2	2.0	2.7	3.5	2.2	2.6	2.7	4.0	4.6	3.8	2.0	2.5	3.2	3.6	4.5
Services	2.9	1.7	3.5	2.8	2.9	2.6	2.9	3.3	4.2	4.0	4.5	2.4	1.9	1.9	3.5	2.6
Gross private domestic investment	-3.4	-8.1	8.1	8.9	13.6	3.1	8.9	12.4	9.8	7.8	5.7	-7.9	-2.6	3.6	9.8	5.4
Fixed investment	-2.1	-6.5	5.9	8.6	9.3	6.5	9.0	9.2	10.2	8.3	6.5	-3.0	-5.2	3.4	7.3	7.5
Nonresidential .....	.5	-5.4	3.2	8.7	9.2	10.5	9.3	12.1	11.1	9.2	8.7	-4.2	-9.2	1.0	5.9	6.8
Structures	1.5	-11.1	-6.0	-7	1.8	6.4	5.6	7.3	5.1	-4	6.8	-2.3	-17.1	-4.1	2.2	1.1
Equipment and software	0	-2.6	7.3	12.5	11.9	12.0	10.6	13.8	13.3	12.7	9.4	-4.9	-6.2	2.8	7.3	8.9
Residential	-8.6	-9.6	13.8	8.2	9.6	-3.2	8.0	1.9	7.6	6.0	.8	.4	4.8	8.4	9.9	8.6
Change in private inventories																
Net exports of goods and services																
Exports	9.0	6.6	6.9	3.2	8.7	10.1	8.4	11.9	2.4	4.3	8.7	-5.4	-2.3	1.3	9.2	6.8
Goods	8.4	6.9	7.5	3.3	9.7	11.7	8.8	14.3	2.2	3.8	11.2	-6.1	-4.0	1.8	9.0	7.5
Services	10.5	6.0	5.5	3.2	6.3	7.2	5.9	2.9	5.6	2.9	-3.7	1.9	0	9.7	5.1	
Imports	3.6	-6	7.0	8.8	11.9	8.0	8.7	13.6	11.6	11.5	13.1	-2.7	3.4	4.1	10.8	6.1
Goods	3.0	-1	9.3	10.1	13.3	9.0	9.3	14.4	11.7	12.4	13.5	-3.2	3.7	4.9	10.9	6.7
Services	6.5	-2.6	-2.6	2.9	5.7	3.3	5.5	9.4	11.4	6.9	11.1	-3	2.1	0	10.0	2.8
Government consumption expenditures and gross investment	3.2	1.1	.5	-9	0	.5	1.0	1.9	1.9	3.9	2.1	3.4	4.4	2.5	1.9	.9
Federal	2.0	-2	-1.7	-4.2	-3.7	-2.7	-1.2	-1.0	-1.1	2.2	.9	3.9	7.0	6.8	4.3	1.5
National defense	0	-1.1	-5.0	-5.6	-4.9	-3.8	-1.4	-2.8	-2.1	1.9	-5	3.9	7.4	8.7	5.9	1.7
Nondefense	8.3	2.4	6.9	-7	-1.2	-4	-7	2.6	.7	2.8	3.5	3.9	6.3	3.4	1.2	1.1
State and local	4.1	2.1	2.2	1.4	2.6	2.6	2.3	3.6	3.6	4.7	2.7	3.2	3.1	.2	.5	.5
Addenda:																
Final sales of domestic product	2.1	.1	3.0	2.6	3.4	3.0	3.7	4.0	4.2	4.5	3.8	1.6	1.2	2.5	3.5	3.5
Gross domestic purchases	1.4	-8	3.3	3.2	4.4	2.4	3.8	4.8	5.3	5.3	4.4	.9	2.2	2.8	4.4	3.3
Final sales to domestic purchasers	1.6	-6	3.1	3.2	3.8	2.8	3.8	4.3	5.3	5.4	4.5	1.8	1.8	2.8	4.0	3.6
Gross national product	2.0	-3	3.3	2.7	3.9	2.6	3.7	4.4	4.0	4.6	3.7	.8	1.5	2.7	3.8	3.1
Real disposable personal income	1.9	.5	3.4	1.0	2.7	2.8	3.0	3.5	5.8	3.0	4.8	1.9	3.1	2.2	3.6	1.2
Price indexes:																
Gross domestic purchases	4.1	3.3	2.3	2.2	2.1	2.1	1.8	1.4	.6	1.6	2.5	2.0	1.6	2.3	3.1	3.5
Gross domestic purchases excluding food and energy	3.7	3.5	2.6	2.3	2.2	2.2	1.5	1.3	1.0	1.4	1.9	1.9	1.9	1.9	2.7	2.8
GDP	3.9	3.5	2.3	2.3	2.1	2.0	1.9	1.7	1.1	1.4	2.2	2.4	1.7	2.1	2.8	3.0
GDP excluding food and energy	3.7	3.6	2.5	2.4	2.2	2.1	1.7	1.7	1.2	1.5	2.0	2.1	2.1	1.9	2.7	3.0
Personal consumption expenditures	4.6	3.6	2.9	2.3	2.1	2.1	2.2	1.7	.9	1.7	2.5	2.1	1.4	2.0	2.6	2.9

Table 8.—Real Gross Domestic Product: Percent Change From Quarter One Year Ago

	2002		2003				2004				2005				2006	
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r	II ^r
Gross domestic product (GDP)	2.2	1.9	1.5	1.8	3.1	3.7	4.3	4.5	3.4	3.4	3.3	3.1	3.4	3.1	3.7	3.6
Personal consumption expenditures (PCE)	3.2	1.9	2.0	2.3	3.2	3.4	4.1	3.9	3.5	4.0	3.5	3.8	3.8	2.9	3.4	3.0
Durable goods	11.0	1.2	2.4	5.5	6.7	8.3	9.8	6.1	4.2	5.6	4.7	7.4	7.5	2.5	6.6	3.6
Nondurable goods	2.4	2.1	2.3	2.5	4.3	3.9	4.0	3.8	2.9	3.8	4.0	4.8	4.7	4.4	4.5	3.7
Services	2.0	1.9	1.8	1.6	2.0	2.2	3.0	3.5	3.6	3.7	3.0	2.6	2.6	2.3	2.3	2.6
Gross private domestic investment	-1.4	4.9	1.3	1.6	4.4	7.0	8.6	13.2	9.2	8.2	9.0	2.8	3.6	6.3	6.2	7.9
Fixed investment	-4.9	-2.5	-1.0	1.9	5.4	7.2	7.9	8.2	6.7	6.6	8.0	7.7	7.4	6.8	6.9	4.1
Nonresidential	-8.7	-6.5	-3.9	.1	2.9	4.9	6.1	5.2	5.5	6.9	8.0	7.4	6.3	5.6	7.4	7.3
Structures	-22.0	-14.9	-11.9	-3.9	.1	2	2.9	1.1	2.0	2.7	3.2	1.0	-1.6	1.8	2.6	8.5
Equipment and software	-3.2	-3.4	-9	1.5	3.9	6.6	7.2	6.7	6.7	8.3	9.7	9.8	9.3	7.0	9.2	6.7
Residential	4.4	7.0	5.5	5.7	10.6	11.7	11.4	13.7	9.0	6.1	8.1	8.1	9.1	9.0	6.1	-1.2
Change in private inventories																
Net exports of goods and services																
Exports	1.6	3.8	1.1	-1.9	.1	5.8	9.1	11.2	9.6	7.0	6.4	7.2	6.8	6.7	9.0	7.9
Goods	1.1	1.1	2.0	-1.6	-1	7.1	8.4	10.4	10.3	7.0	6.6	8.1	7.0	8.3	11.2	9.4
Services	2.8	10.2	-1.0	-2.4	.5	3.0	10.9	13.2	7.9	7.1	5.9	5.0	6.3	3.1	4.0	4.5
Imports	6.4	9.7	5.3	3.3	2.8	4.8	8.8	11.7	11.9	10.6	9.0	5.4	4.9	5.2	6.4	6.2
Goods	7.2	9.9	6.4	4.7	3.2	5.3	9.0	11.2	12.3	11.2	9.8	6.0	5.5	5.8	6.9	6.4
Services	2.4	8.8	.1	-3.3	1.0	2.2	7.9	14.7	10.1	7.6	4.8	2.5	2.0	1.9	3.7	5.3
Government consumption expenditures and gross investment	4.9	4.0	2.6	2.9	2.7	1.7	2.8	1.8	1.8	1.1	.8	.5	1.0	1.2	2.1	2.0
Federal	7.5	7.8	6.3	8.0	7.3	5.5	7.4	3.3	4.4	2.3	1.3	.8	1.9	2.1	3.4	2.1
National defense	7.9	8.4	6.3	11.7	9.1	7.5	11.1	3.3	7.0	2.5	1.4	1.6	2.1	1.9	2.9	1.8
Nondefense	6.8	6.8	6.5	1.3	4.0	1.9	.6	3.2	-5	1.8	1.2	-7	1.5	2.4	4.2	2.9
State and local	3.6	2.1	.7	.2	.3	-4	.3	1.0	.3	.4	.5	.3	.5	.8	1.3	1.9
Addenda:																
Final sales of domestic product	1.7	.8	1.1	1.8	3.2	3.7	4.2	3.7	3.0	3.1	3.1	3.9	4.0	3.2	3.8	3.0
Gross domestic purchases	2.8	2.7	2.0	2.3	3.3	3.6	4.5	4.9	4.0	4.1	3.8	3.0	3.3	3.1	3.6	3.6
Final sales to domestic purchasers	2.3	1.6	1.7	2.4	3.4	3.7	4.4	4.2	3.6	3.8	3.6	3.8	3.8	3.2	3.7	3.0
Gross national product	2.3	1.6	1.6	2.2	3.3	3.9	4.6	4.3	3.3	2.9	3.0	3.0	3.4	3.0	3.6	3.5
Real disposable personal income	1.4	2.9	.6	1.3	3.3	3.7	4.2	3.6	2.7	4.1	2.1	1.6	.8	.3	2.5	2.8
Price indexes:																
Gross domestic purchases	1.6	1.9	2.6	2.1	2.3	2.2	2.2	3.1	3.2	3.7	3.4	3.2	3.6	3.6	3.5	3.6
Gross domestic purchases excluding food and energy	1.9	1.7	1.9	1.8	1.9	1.9	2.1	2.6	2.8	3.0	3.0	2.8	2.8	2.8	2.7	2.9
GDP	1.6	1.7	2.1	2.1	2.2	2.2	2.3	2.9	2.9	3.2	3.1	2.8	3.1	3.1	3.1	3.3
GDP excluding food and energy	2.0	1.9	2.0	1.9	1.9	1.9	2.1	2.6	2.9	3.1	3.1	2.9	2.9	3.0	2.9	3.1
PCE	1.5	1.8	2.3	1.8	1.9	1.9	2.0	2.8	2.7	3.0	2.7	2.6	3.1	3.1	3.0	3.3
PCE excluding food and energy	1.9	1.6	1.5	1.4	1.3	1.4	1.8	2.1	2.1	2.2	2.2	2.0	2.0	2.1	2.0	2.3
Market-based PCE ¹	1.1	1.7	2.3	1.7	1.8	1.6	1.7	2.4	2.3	2.7	2.5	2.4	3.1	3.0	2.9	3.2
Market-based PCE excluding food and energy ¹	1.5	1.4	1.3	1.2	1.1	1.0	1.3	1.5	1.4	1.7	1.8	1.7	1.7	1.8	1.6	1.9

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2006.

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

[Billions of dollars]

	2003	2004	2005	Seasonally adjusted at annual rates				
				2005			2006	
				II	III	IV	I ^r	II ^r
Gross domestic product	10,960.8	11,712.5	12,455.8	12,346.1	12,573.5	12,730.5	13,008.4	13,209.7
Plus: Income receipts from the rest of the world	336.8	410.2	513.3	489.0	527.2	564.9	603.3	654.0
Less: Income payments to the rest of the world	280.0	363.9	481.5	460.6	475.0	552.4	574.3	634.8
Equals: Gross national product	11,017.6	11,758.7	12,487.7	12,374.6	12,625.7	12,743.0	13,037.4	13,228.9
Less: Consumption of fixed capital	1,336.5	1,436.2	1,604.8	1,491.1	1,898.0	1,562.5	1,548.0	1,566.6
Less: Statistical discrepancy	48.8	66.7	71.0	88.1	84.5	74.3	-61.9	-76.5
Equals: National income	9,632.3	10,255.9	10,811.8	10,795.4	10,643.2	11,106.2	11,551.3	11,738.8
Compensation of employees	6,325.4	6,650.3	7,030.3	6,953.7	7,093.6	7,184.4	7,400.3	7,532.4
Wage and salary accruals	5,127.7	5,377.1	5,664.8	5,601.3	5,715.2	5,787.0	5,970.1	6,080.4
Supplements to wages and salaries	1,197.7	1,273.2	1,365.5	1,352.4	1,378.4	1,397.4	1,430.3	1,451.9
Proprietors' income with inventory valuation and capital consumption adjustments	811.3	911.1	970.7	965.8	967.3	996.8	1,008.3	1,014.5
Rental income of persons with capital consumption adjustment	133.0	127.0	72.8	102.8	-11.5	81.5	76.8	67.0
Corporate profits with inventory valuation and capital consumption adjustments	993.1	1,182.6	1,330.7	1,342.9	1,266.3	1,393.5	1,569.1	1,618.6
Net interest and miscellaneous payments	524.7	485.1	483.4	477.1	482.9	490.0	514.8	510.0
Taxes on production and imports less subsidies	759.3	819.4	865.1	864.7	872.1	874.2	897.4	911.2
Business current transfer payments	83.8	85.5	74.2	99.9	.2	99.1	93.8	94.5
Current surplus of government enterprises	1.7	-5.0	-15.4	-11.3	-27.7	-13.3	-9.2	-9.5
Addendum:								
Gross domestic income	10,912.0	11,645.8	12,384.8	12,258.1	12,489.0	12,656.2	13,070.3	13,286.2

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2006.

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2003	2004	2005	Seasonally adjusted at annual rates				
				2005			2006	
				II	III	IV	I ^r	II ^r
Personal income ¹	9,163.6	9,731.4	10,239.2	10,161.5	10,262.7	10,483.7	10,721.4	10,900.8
Compensation of employees, received	6,310.4	6,665.3	7,030.3	6,953.7	7,093.6	7,184.4	7,400.3	7,532.4
Wage and salary disbursements	5,112.7	5,392.1	5,664.8	5,601.3	5,715.2	5,787.0	5,970.1	6,080.4
Supplements to wages and salaries	1,197.7	1,273.2	1,365.5	1,352.4	1,378.4	1,397.4	1,430.3	1,451.9
Proprietors' income with inventory valuation and capital consumption adjustments	811.3	911.1	970.7	965.8	967.3	996.8	1,008.3	1,014.5
Farm	29.2	36.2	30.2	28.7	29.7	28.7	23.9	19.0
Nonfarm	782.1	874.9	940.4	937.1	937.7	968.1	984.4	995.5
Rental income of persons with capital consumption adjustment	133.0	127.0	72.8	102.8	-11.5	81.5	76.8	67.0
Personal income receipts on assets	1,336.6	1,427.9	1,519.4	1,500.5	1,532.7	1,580.2	1,602.3	1,649.9
Personal interest income	914.1	890.8	945.0	934.8	951.2	981.7	989.1	1,021.4
Personal dividend income	422.6	537.1	574.4	565.7	581.5	598.5	613.2	628.5
Personal current transfer receipts	1,351.0	1,426.5	1,526.6	1,510.1	1,569.0	1,539.8	1,570.4	1,589.8
Less: Contributions for government social insurance	778.6	826.4	880.6	871.5	888.5	898.9	936.7	952.8
Less: Personal current taxes	1,001.1	1,049.8	1,203.1	1,191.8	1,215.0	1,247.6	1,332.6	1,380.5
Equals: Disposable personal income	8,162.5	8,681.6	9,036.1	8,969.7	9,047.7	9,236.1	9,388.8	9,520.3
Less: Personal outlays	7,987.7	8,507.2	9,070.9	9,000.4	9,180.3	9,264.5	9,418.5	9,582.6
Equals: Personal saving	174.9	174.3	-34.8	-30.8	-132.6	-28.5	-29.7	-62.2
Personal saving as a percentage of disposable personal income	2.1	2.0	-4	-3	-1.5	-3	-3	-7
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	7,729.9	8,010.8	8,104.6	8,085.8	8,074.1	8,183.3	8,276.8	8,308.5

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2006.

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							
	2003	2004	2005	Seasonally adjusted at annual rates					2004	2005	Quarterly rates				Quarter one year ago	
				2005			2006				2005		2006			2006
				II	III	IV	I	II			III	IV	I	II		II
	Corporate profits with inventory valuation and capital consumption adjustments	993.1	1,182.6	1,330.7	1,342.9	1,266.3	1,393.5	1,569.1	1,618.6	19.1	12.5	-5.7	10.0	12.6	3.2	20.5
Less: Taxes on corporate income	243.3	300.1	399.3	392.8	378.9	424.6	456.9	483.4	23.3	33.1	-3.5	12.1	7.6	5.8	23.1	
Equals: Profits after tax with inventory valuation and capital consumption adjustments	749.9	882.5	931.4	950.1	887.5	968.9	1,112.1	1,135.2	17.7	5.5	-6.6	9.2	14.8	2.1	19.5	
Net dividends	424.7	539.5	576.9	568.2	584.0	601.0	615.7	631.1	27.0	6.9	2.8	2.9	2.5	2.5	11.1	
Undistributed profits with inventory valuation and capital consumption adjustments	325.1	343.0	354.5	381.9	303.5	367.9	496.4	504.0	5.5	3.4	-20.5	21.2	34.9	1.5	32.0	
Cash flow:																
Net cash flow with inventory valuation and capital consumption adjustments	1,084.9	1,139.2	1,211.3	1,209.8	1,230.7	1,223.9	1,349.2	1,365.9	5.0	6.3	1.7	-5	10.2	1.2	12.9	
Undistributed profits with inventory valuation and capital consumption adjustments	325.1	343.0	354.5	381.9	303.5	367.9	496.4	504.0	5.5	3.4	-20.5	21.2	34.9	1.5	32.0	
Consumption of fixed capital	759.8	796.2	856.8	827.9	927.2	856.0	852.8	861.8	4.8	7.6	12.0	-7.7	-4	1.1	4.1	
Less: Inventory valuation adjustment	-13.6	-39.8	-32.6	-21.0	-30.9	-39.2	-22.9	-56.8								
Equals: Net cash flow	1,098.5	1,178.9	1,243.9	1,230.8	1,261.5	1,263.2	1,372.1	1,422.7	7.3	5.5	2.5	.1	8.6	3.7	15.6	
Addenda:																
Profits before tax (without inventory valuation and capital consumption adjustments)	908.1	1,144.3	1,518.7	1,508.3	1,475.8	1,598.3	1,740.6	1,832.4	26.0	32.7	-2.2	8.3	8.9	5.3	21.5	
Profits after tax (without inventory valuation and capital consumption adjustments)	664.8	844.2	1,119.4	1,115.5	1,096.9	1,173.7	1,283.7	1,349.0	27.0	32.6	-1.7	7.0	9.4	5.1	20.9	
Inventory valuation adjustment	-13.6	-39.8	-32.6	-21.0	-30.9	-39.2	-22.9	-56.8								
Capital consumption adjustment	98.7	78.1	-155.5	-144.5	-178.6	-165.6	-148.6	-157.0								

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

[Billions of dollars]

	Level								Change from preceding period							
	2003	2004	2005	Seasonally adjusted at annual rates					2004	2005	2005				2006	
				2005			2006				III	IV	I	II		
				II	III	IV	I	II								
	Corporate profits with inventory valuation and capital consumption adjustments	993.1	1,182.6	1,330.7	1,342.9	1,266.3	1,393.5	1,569.1	1,618.6	189.5	148.1	-76.6	127.2	175.6	49.5	
Domestic industries	827.7	1,006.3	1,133.7	1,157.7	1,042.9	1,197.2	1,343.0	1,383.4	178.6	127.4	-114.8	154.3	145.8	40.4		
Financial	335.6	353.7	369.4	373.3	296.1	390.8	442.2	476.9	18.1	15.7	-77.2	94.7	51.4	34.7		
Nonfinancial	492.1	652.6	764.2	784.3	746.8	806.4	900.9	906.5	160.5	111.6	-37.5	59.6	94.5	5.6		
Rest of the world	165.5	176.3	197.0	185.2	223.4	196.3	226.1	235.2	10.8	20.7	38.2	-27.1	29.8	9.1		
Receipts from the rest of the world	249.1	302.0	338.0	327.4	344.0	360.6	376.3	398.7	52.9	36.0	16.6	16.6	15.7	22.4		
Less: Payments to the rest of the world	83.6	125.8	141.0	142.2	120.5	164.2	150.2	163.5	42.2	15.2	-21.7	43.7	-14.0	13.3		
Corporate profits with inventory valuation adjustment	894.5	1,104.5	1,486.1	1,487.4	1,444.9	1,559.1	1,717.7	1,775.5	210.0	381.6	-42.5	114.2	158.6	57.8		
Domestic industries	729.0	928.2	1,289.1	1,302.2	1,221.5	1,362.8	1,491.6	1,540.3	199.2	360.9	-80.7	141.3	128.8	48.7		
Financial	317.3	344.2	389.0	391.7	317.4	413.3	463.9	500.6	26.9	44.8	-74.3	95.9	50.6	36.7		
Federal Reserve banks	20.1	20.0	26.6	25.9	26.9	30.4	30.9	33.7	-1	6.6	1.0	3.5	.5	2.8		
Other financial	297.2	324.1	362.5	365.7	290.6	382.9	433.0	466.9	26.9	38.4	-75.1	92.3	50.1	33.9		
Nonfinancial	411.8	584.0	900.1	910.5	904.1	949.4	1,027.7	1,039.7	172.2	316.1	-6.4	45.3	78.3	12.0		
Utilities	11.6	16.2	30.3	30.9	22.4	38.3	39.7	.....	4.6	14.1	-8.5	15.9	1.4	.....	
Manufacturing	76.0	150.2	254.8	264.0	260.7	258.9	300.7	.....	74.2	104.6	-3.3	-1.8	41.8	.....	
Durable goods	-5.9	31.3	73.8	86.2	75.4	72.9	102.2	.....	37.2	42.5	-10.8	-2.5	29.3	.....	
Fabricated metal products	7.9	12.3	20.6	21.2	22.8	21.2	25.7	.....	4.4	8.3	1.6	-1.6	4.5	.....	
Machinery	1.5	7.0	13.8	13.7	14.5	15.0	19.1	.....	5.5	6.8	.8	.5	4.1	.....	
Computer and electronic products	-15.6	-6.7	3.9	2.8	6.7	8.0	12.3	.....	8.9	10.6	3.9	1.3	4.3	.....	
Electrical equipment, appliances, and components	2.1	.2	5.7	7.2	6.7	5.6	8.4	.....	-1.9	5.5	-5	-1.1	2.8	.....	
Motor vehicles, bodies and trailers, and parts	-12.3	-11.2	-17.9	-10.8	-19.8	-25.3	-18.2	.....	1.1	-6.7	-9.0	-5.5	7.1	.....	
Other durable goods	10.5	29.7	47.7	52.2	44.5	48.5	54.9	.....	19.2	18.0	-7.7	4.0	6.4	.....	
Nondurable goods	81.9	118.9	181.0	177.8	185.2	186.0	198.5	.....	37.0	62.1	7.4	.8	12.5	.....	
Food and beverage and tobacco products	23.6	22.4	28.5	26.7	29.3	28.6	29.6	.....	-1.2	6.1	2.6	-7	1.0	.....	
Petroleum and coal products	23.3	49.3	70.4	66.4	74.2	76.0	74.5	.....	26.0	21.1	7.8	1.8	-1.5	.....	
Chemical products	19.5	23.8	45.3	46.4	43.3	44.4	54.1	.....	4.3	21.5	-3.1	1.1	9.7	.....	
Other nondurable goods	15.5	23.4	36.8	38.3	38.4	37.0	40.1	.....	7.9	13.4	.1	-1.4	3.1	.....	
Wholesale trade	55.2	69.9	97.6	102.1	94.1	105.9	107.2	.....	14.7	27.7	-8.0	11.8	1.3	.....	
Retail trade	86.8	89.3	113.7	107.3	115.9	129.1	123.0	.....	2.5	24.4	8.6	13.2	-6.1	.....	
Transportation and warehousing	7.3	11.8	21.0	22.0	23.1	19.0	27.3	.....	4.5	9.2	1.1	-4.1	8.3	.....	
Information	3.2	37.7	77.5	79.9	77.8	83.6	89.8	.....	34.5	39.8	-2.1	5.8	6.2	.....	
Other nonfinancial	171.7	208.8	305.2	304.3	310.1	314.6	340.1	.....	37.1	96.4	5.8	4.5	25.5	.....	
Rest of the world	165.5	176.3	197.0	185.2	223.4	196.3	226.1	235.2	10.8	20.7	38.2	-27.1	29.8	9.1		

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

	2003	2004	2005	Seasonally adjusted at annual rates				
				2005			2006	
				II	III	IV	I ^r	II
				Billions of dollars				
Gross value added of nonfinancial corporate business	5,558.4	5,932.9	6,369.7	6,324.4	6,425.7	6,534.8	6,788.2	6,899.2
Consumption of fixed capital	657.5	686.2	739.7	713.2	804.9	737.2	733.7	741.1
Net value added	4,900.9	5,246.7	5,630.1	5,611.3	5,620.8	5,797.6	6,054.5	6,158.0
Compensation of employees	3,703.2	3,873.4	4,099.7	4,049.9	4,140.7	4,198.0	4,341.0	4,427.1
Wage and salary accruals	3,019.4	3,158.4	3,335.1	3,292.7	3,369.0	3,414.5	3,537.5	3,610.5
Supplements to wages and salaries	683.8	714.9	764.6	757.1	771.7	783.5	803.5	816.6
Taxes on production and imports less subsidies	488.5	522.9	558.1	556.8	562.9	567.2	576.7	583.8
Net operating surplus	709.2	850.4	972.2	1,004.6	917.3	1,032.4	1,136.8	1,147.1
Net interest and miscellaneous payments	152.6	137.8	156.6	152.9	159.3	165.1	175.1	178.9
Business current transfer payments	64.4	60.0	51.4	67.3	11.1	60.9	60.9	61.7
Corporate profits with inventory valuation and capital consumption adjustments	492.1	652.6	764.2	784.3	746.8	806.4	900.9	906.5
Taxes on corporate income	135.7	185.3	251.4	244.9	255.8	266.4	280.9	293.2
Profits after tax with inventory valuation and capital consumption adjustments	356.4	467.4	512.9	539.4	491.0	540.0	620.0	613.2
Net dividends	292.7	366.9	228.5	303.0	126.3	120.1	377.7	386.4
Undistributed profits with inventory valuation and capital consumption adjustments	63.8	100.5	284.4	236.5	364.7	419.9	242.3	226.9
Addenda:								
Profits before tax (without inventory valuation and capital consumption adjustments)	425.4	623.8	932.6	931.4	935.0	988.7	1,050.6	1,096.5
Profits after tax (without inventory valuation and capital consumption adjustments)	289.7	438.6	681.3	686.5	679.2	722.3	769.7	803.3
Inventory valuation adjustment	-13.6	-39.8	-32.6	-21.0	-30.9	-39.2	-22.9	-56.8
Capital consumption adjustment	80.3	68.6	-135.8	-126.2	-157.3	-143.0	-126.8	-133.2
	Billions of chained (2000) dollars							
Gross value added of nonfinancial corporate business ¹	5,382.1	5,654.5	5,959.9	5,935.2	5,994.7	6,079.8	6,268.0	6,326.7
Consumption of fixed capital ²	630.5	650.9	681.6	660.5	738.9	670.5	666.1	669.3
Net value added ³	4,751.6	5,003.6	5,278.3	5,274.7	5,255.8	5,409.3	5,601.8	5,657.4
	Dollars; quarters seasonally adjusted							
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	1.033	1.049	1.069	1.066	1.072	1.075	1.083	1.090
Compensation of employees (unit labor cost) .....	.688	.685	.688	.682	.691	.690	.693	.700
Unit nonlabor cost .....	.253	.248	.252	.251	.257	.251	.247	.247
Consumption of fixed capital .....	.122	.121	.124	.120	.134	.121	.117	.117
Taxes on production and imports less subsidies plus business current transfer payments .....	.103	.103	.102	.105	.096	.103	.102	.102
Net interest and miscellaneous payments .....	.028	.024	.026	.026	.027	.027	.028	.028
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production) .....	.091	.115	.128	.132	.125	.133	.144	.143
Taxes on corporate income .....	.025	.033	.042	.041	.043	.044	.045	.046
Profits after tax with inventory valuation and capital consumption adjustments .....	.066	.083	.086	.091	.082	.089	.099	.097

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2006.

1. The current-dollar gross value added is deflated using the gross value added chain-type price index for non-financial industries from the GDP-by-industry accounts. For periods when this price index is not available, the chain-type price index for GDP goods and structures is used.

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

	2003	2004	2005	Seasonally adjusted at annual rates															
				2002		2003				2004				2005				2006	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II ^r
Gross domestic product (GDP) and related aggregates:																			
GDP	2.5	3.9	3.2	2.4	0.2	1.2	3.5	7.5	2.7	3.9	4.0	3.1	2.6	3.4	3.3	4.2	1.8	5.6	2.9
Goods	3.1	4.9	4.6	5.2	-5.2	3.9	1.6	16.2	2.5	3.7	3.0	5.0	4.6	4.9	3.5	6.7	3.1	12.8	4.3
Services	2.1	3.2	2.3	1.7	2.9	.1	3.6	1.9	2.8	4.5	3.0	2.5	2.5	1.8	1.8	3.5	.8	2.4	2.3
Structures	3.3	5.2	4.6	-3.0	3.1	-1.0	9.2	14.1	2.2	.5	13.6	.6	-2.7	8.0	11.1	.7	3.1	2.9	1.7
Motor vehicle output	1.3	3.5	5.9	11.6	.5	-11.8	10.9	8.9	-6.5	9.9	-7.1	16.6	1.9	12.0	-7	22.6	-19.1	3.8	-8.5
GDP excluding motor vehicle output	2.6	3.9	3.1	2.0	.2	1.7	3.2	7.4	3.0	3.6	4.5	2.7	2.6	3.1	3.4	3.6	2.6	5.6	3.3
Final sales of computers ¹	20.8	8.2	24.5	29.3	15.3	16.9	-2.5	90.4	20.0	-16.0	-17.4	23.0	42.8	24.3	31.5	11.6	33.8	9.5	7.4
GDP excluding final sales of computers	2.4	3.9	3.1	2.2	.1	1.1	3.5	7.0	2.5	4.0	4.2	3.0	2.4	3.3	3.1	4.1	1.6	5.6	2.9
Farm gross value added ²	8.4	7.4	1.0	63.9	34.2	-16.1	26.6	-34.7	-36.1	120.0	-17.4	19.4	23.7	-2.0	-24.6	11.3	8.1	14.1	12.7
Nonfarm business gross value added ³	3.1	4.3	3.8	3.1	.1	1.2	4.3	11.0	1.6	3.6	5.2	3.2	2.4	4.2	4.4	4.9	1.8	6.7	3.1
Price indexes:																			
GDP	2.1	2.8	3.0	1.6	2.2	3.1	1.3	2.1	2.2	3.7	3.7	2.1	3.2	3.5	2.4	3.3	3.3	3.3	3.3
GDP excluding food and energy	1.9	2.7	3.0	1.6	2.0	2.7	1.1	1.7	2.1	3.4	3.4	2.6	3.1	3.4	2.4	2.8	3.3	3.1	3.1
GDP excluding final sales of computers	2.3	2.9	3.2	1.7	2.4	3.3	1.4	2.2	2.3	3.8	3.7	2.2	3.4	3.7	2.6	3.4	3.4	3.4	3.5
Gross domestic purchases	2.3	3.1	3.5	1.7	2.2	4.1	.6	2.2	1.9	4.3	4.1	2.6	3.6	3.2	3.3	4.4	3.5	2.7	4.0
Gross domestic purchases excluding food and energy	1.9	2.7	2.8	1.6	1.8	2.6	1.3	1.8	2.0	3.5	3.3	2.5	2.9	3.4	2.3	2.5	3.0	3.0	2.9
Gross domestic purchases excluding final sales of computers to domestic purchasers	2.5	3.2	3.7	1.9	2.4	4.4	.7	2.4	2.0	4.4	4.2	2.8	3.8	3.4	3.5	4.6	3.7	2.9	4.3
Personal consumption expenditures (PCE)	2.0	2.6	2.9	1.8	1.7	3.1	.7	2.4	1.5	3.7	3.6	1.9	3.0	2.3	3.1	4.1	2.9	2.0	4.1
PCE excluding food and energy	1.4	2.0	2.1	1.9	1.2	1.1	1.3	1.8	1.6	2.5	2.5	1.7	2.3	2.4	1.9	1.6	2.5	2.1	2.8
Market-based PCE ⁴	1.9	2.3	2.7	1.7	1.7	3.1	.3	2.2	.9	3.3	3.4	1.5	2.9	2.1	3.1	4.3	2.5	1.7	4.2
Market-based PCE excluding food and energy ⁴	1.1	1.5	1.7	1.7	1.2	.7	1.0	1.4	.9	1.7	1.9	1.2	1.8	2.2	1.7	1.2	1.9	1.6	2.7

^r Revised

1. Some components of final sales of computers include 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 2004-05 annual percent change in real GDP uses prices for 2004 and 2005 as weights, and the 2004-05 annual percent change in GDP prices uses quantities for 2004 and 2005 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.