



NEWS RELEASE



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GROSS DOMESTIC PRODUCT: SECOND QUARTER 2007 (PRELIMINARY) CORPORATE PROFITS: SECOND QUARTER 2007 (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 4.0 percent in the second quarter of 2007, according to preliminary estimates released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 0.6 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 3.4 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, exports, nonresidential structures, federal government spending, state and local government spending, and equipment and software that were partly offset by a negative contribution from residential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased.

The acceleration in real GDP growth in the second quarter primarily reflected a downturn in imports, upturns in federal government spending and in private inventory investment, accelerations in exports and in nonresidential structures, and a smaller decrease in residential fixed investment that were partly offset by a notable deceleration in PCE.

Final sales of computers contributed 0.21 percentage point to the second-quarter growth in real GDP after subtracting 0.01 percentage point from the first-quarter growth. Motor vehicle output contributed 0.02 percentage point to the second-quarter growth in real GDP after contributing 0.18 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. 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 3.8 percent in the second quarter, 0.1 percentage point less than in the advance estimate; this index also increased 3.8 percent in the first quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 1.6 percent in the second quarter, compared with an increase of 3.1 percent in the first.

Real personal consumption expenditures increased 1.4 percent in the second quarter, compared with an increase of 3.7 percent in the first. Real nonresidential fixed investment increased 11.1 percent, compared with an increase of 2.1 percent. Nonresidential structures increased 27.7 percent, compared with an increase of 6.4 percent. Equipment and software increased 4.3 percent, compared with an increase of 0.3 percent. Real residential fixed investment decreased 11.6 percent, compared with a decrease of 16.3 percent.

Real exports of goods and services increased 7.6 percent in the second quarter, compared with an increase of 1.1 percent in the first. Real imports of goods and services decreased 3.2 percent, in contrast to an increase of 3.9 percent.

Real federal government consumption expenditures and gross investment increased 5.9 percent in the second quarter, in contrast to a decrease of 6.3 percent in the first. National defense increased 8.6 percent, in contrast to a decrease of 10.8 percent. Nondefense increased 0.5 percent, compared with an increase of 3.8 percent. Real state and local government consumption expenditures and gross investment increased 3.0 percent, the same increase as in the first.

The real change in private inventories added 0.21 percentage point to the second-quarter change in real GDP, after subtracting 0.65 percentage point from the first-quarter change. Private businesses increased inventories \$5.4 billion in the second quarter, following increases of \$0.1 billion in the first quarter and \$17.4 billion in the fourth.

Real final sales of domestic product -- GDP less change in private inventories -- increased 3.7 percent in the second quarter, compared with an increase of 1.3 percent in the first.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 2.4 percent in the second quarter, compared with an increase of 1.1 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 4.0 percent in the second quarter, compared with an increase of 0.7 percent in the first. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which increased \$0.6 billion in the second quarter after increasing \$1.8 billion in the first; in the second quarter, receipts increased \$34.9 billion, and payments increased \$34.3 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 6.7 percent, or \$222.8 billion, in the second quarter to a level of \$13,774.7 billion. In the first quarter, current-dollar GDP increased 4.9 percent, or \$159.6 billion.

Revisions

The preliminary estimate of the second-quarter increase in real GDP is 0.6 percentage point, or \$15.9 billion, more than the advance estimate issued last month. The upward revision to the percentage change in real GDP primarily reflected upward revisions to nonresidential structures, to equipment and software investment, to exports, and a downward revision to imports 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.....	3.4	4.0
Current-dollar GDP.....	6.2	6.7
Gross domestic purchases price index...	3.9	3.8

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$98.3 billion in the second quarter, compared with an increase of \$16.5 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 \$40.6 billion in the second quarter, compared with an increase of \$0.2 billion in the first.

Taxes on corporate income increased \$39.4 billion in the second quarter, compared with an increase of \$0.1 billion in the first. Profits after tax with inventory valuation and capital consumption adjustments increased \$58.9 billion in the second quarter, compared with an increase of \$16.4 billion in the first. Dividends increased \$24.7 billion, compared with an increase of \$23.0 billion; current-production undistributed profits increased \$34.2 billion, in contrast to a decrease of \$6.6 billion.

Domestic profits of financial corporations increased \$56.7 billion in the second quarter, in contrast to a decrease of \$26.9 billion in the first. Domestic profits of nonfinancial corporations increased \$25.3 billion in the second quarter, compared with an increase of \$23.2 billion in the first. In the second quarter, real gross corporate value added increased, and profits per unit of real value added increased. The increase in profits per unit reflected an increase in unit prices that was partly offset by an increase in unit labor costs; unit nonlabor costs decreased slightly.

The rest-of-the-world component of profits increased \$16.2 billion in the second quarter, compared with an increase of \$20.1 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 \$120.0 billion in the second quarter, compared with an increase of \$26.6 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 \$7.8 billion in the second quarter (from -\$227.9 billion to -\$235.7 billion), in contrast to an increase of \$9.1 billion in the first. The inventory valuation adjustment decreased \$13.9 billion (from -\$40.2 billion to -\$54.1 billion), compared with a decrease of \$19.2 billion.

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Next release -- September 27, 2007, at 8:30 A.M. EDT for:
Gross Domestic Product: Second Quarter 2007 (Final)
Corporate Profits: Second Quarter 2007 (Final)

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

	2004	2005	2006	Seasonally adjusted at annual rates															
				2003		2004				2005				2006				2007	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r	II ^r
Gross domestic product (GDP)	3.6	3.1	2.9	7.5	2.7	3.0	3.5	3.6	2.5	3.1	2.8	4.5	1.2	4.8	2.4	1.1	2.1	0.6	4.0
Personal consumption expenditures	3.6	3.2	3.1	5.8	2.3	4.4	2.4	3.5	4.2	2.4	3.5	4.1	1.2	4.4	2.4	2.8	3.9	3.7	1.4
Durable goods	6.3	4.9	3.8	16.7	7	5.8	1.9	7.8	7.0	2.2	11.3	6.2	-13.0	16.6	.8	5.6	3.9	8.8	1.7
Nondurable goods	3.5	3.6	3.6	7.7	1.8	4.6	1.5	3.1	4.9	3.5	3.7	2.5	4.7	4.5	2.3	3.2	4.3	3.0	-3
Services	3.2	2.7	2.7	2.9	2.8	4.1	3.0	2.9	3.4	1.9	1.8	4.4	2.6	2.1	2.7	2.0	3.7	3.1	2.3
Gross private domestic investment	9.7	5.6	2.7	17.7	9.3	2.1	20.7	8.0	6.4	5.3	-3.9	7.0	13.4	4.3	.6	-4.1	-14.1	-8.2	4.7
Fixed investment	7.3	6.9	2.4	13.6	5.5	-2	12.9	9.3	7.3	4.0	7.9	8.0	2.3	7.9	-1.9	-4.7	-7.1	-4.4	3.3
Nonresidential	5.8	7.1	6.6	9.4	2.8	-2.6	10.7	12.3	10.3	3.3	5.0	8.6	3.4	13.3	4.2	5.1	-1.4	2.1	11.1
Structures	1.3	.5	8.4	-8	-4.7	-3	6.1	3.6	-2	2.1	-1.6	-6.3	4.8	15.0	16.4	10.8	7.4	6.4	27.7
Equipment and software	7.4	9.6	5.9	13.2	5.6	-3.4	12.4	15.5	14.3	3.8	7.4	14.5	3.1	13.0	-1	2.9	-4.9	.3	4.3
Residential	10.0	6.6	-4.6	22.2	10.6	4.0	16.7	4.2	2.4	5.3	13.1	6.9	.5	-7	-11.7	-20.4	-17.2	-16.3	-11.6
Change in private inventories																			
Net exports of goods and services																			
Exports	9.7	6.9	8.4	11.4	20.8	10.0	6.5	3.1	10.0	6.0	9.5	2.1	10.6	11.5	5.7	5.7	14.3	1.1	7.6
Goods	9.0	7.5	9.9	8.8	19.8	7.4	7.2	6.2	7.2	5.8	13.6	1.9	12.6	15.5	6.5	7.4	9.6	.9	7.3
Services	11.5	5.4	4.8	17.5	23.1	16.2	5.1	-3.4	16.8	6.5	.9	2.6	6.3	2.9	3.9	2.0	26.0	1.6	8.3
Imports	11.3	5.9	5.9	3.7	17.6	12.3	15.2	4.8	13.8	2.1	.8	2.1	16.2	6.9	.9	5.4	1.6	3.9	-3.2
Goods	11.3	6.6	6.0	.6	17.2	11.5	16.6	5.5	14.5	3.2	1.0	2.5	17.3	6.5	1.1	6.2	-6	4.2	-3.1
Services	11.5	2.3	5.2	21.2	19.6	16.5	8.9	1.8	10.5	-3.5	-5	0	10.3	9.5	-1	1.3	14.2	2.3	-3.8
Government consumption expenditures and gross investment	1.4	.7	1.8	1.5	.7	1.5	1.3	1.6	-1.8	1.3	1.2	3.2	-1.9	4.9	1.0	.8	3.5	-5	4.1
Federal	4.2	1.5	2.2	.4	3.1	6.1	2.4	6.2	-4.6	2.8	.7	8.6	-6.2	8.4	-1.6	.9	7.3	-6.3	5.9
National defense	5.8	1.5	1.9	-5.3	8.1	8.1	2.0	10.9	-9.7	4.6	2.6	10.0	-11.7	6.8	2.3	-1.5	16.9	-10.8	8.6
Nondefense	1.1	1.3	2.8	12.4	-6.0	2.3	3.2	-2.7	6.5	-8	-3.0	5.8	5.8	11.9	-8.8	6.0	-10.0	3.8	.5
State and local	-2	.3	1.6	2.1	-6	-1.0	.7	-1.1	-1	.4	1.5	0	.7	2.9	2.5	.7	1.3	3.0	3.0
Addenda:																			
Final sales of domestic product	3.3	3.3	2.8	6.9	2.1	2.6	2.4	3.8	2.7	2.9	4.8	4.6	-.5	5.4	2.0	1.0	3.5	1.3	3.7
Gross domestic purchases	4.1	3.1	2.8	6.6	3.0	3.6	4.8	3.8	3.4	2.6	1.9	4.3	2.5	4.5	1.9	1.3	.8	1.1	2.4
Final sales to domestic purchasers	3.8	3.3	2.7	6.1	2.5	3.2	3.7	4.0	3.6	2.4	3.7	4.5	.8	5.0	1.5	1.2	2.1	1.7	2.2
Gross national product (GNP)	3.8	3.0	2.8	7.3	3.5	3.6	2.6	3.9	1.5	3.6	2.7	5.1	0	5.2	2.4	.5	2.6	.7	4.0
Disposable personal income	3.6	1.7	3.1	6.3	1.7	3.7	2.4	2.9	7.5	-3.3	2.5	-1.2	6.6	4.9	.2	1.7	6.2	5.4	.1
Current-dollar measures:																			
GDP	6.6	6.4	6.1	9.7	4.9	6.8	7.4	6.0	5.9	7.1	5.5	8.1	4.8	8.4	6.0	3.4	3.8	4.9	6.7
Final sales of domestic product	6.2	6.6	6.1	9.1	4.4	6.4	6.2	6.1	6.0	6.9	7.5	8.3	3.0	9.0	5.5	3.4	5.2	5.5	6.5
Gross domestic purchases	7.3	6.9	6.1	9.1	4.9	8.0	9.2	6.7	7.2	6.3	5.5	9.1	6.3	7.3	6.2	3.8	.9	4.9	6.3
Final sales to domestic purchasers	7.0	7.1	6.1	8.5	4.4	7.6	8.0	6.8	7.3	6.1	7.4	9.3	4.6	7.9	5.7	3.7	2.1	5.5	6.1
GNP	6.8	6.3	6.0	9.6	5.8	7.4	6.5	6.3	4.8	7.6	5.4	8.7	3.5	8.8	6.0	2.8	4.3	4.9	6.7
Disposable personal income	6.4	4.7	5.9	8.9	3.2	7.3	6.3	4.9	10.8	-1.2	6.0	3.0	9.6	6.7	4.5	4.4	5.2	9.1	4.4

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2007.

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								
	2006	Seasonally adjusted at annual rates					2006	Seasonally adjusted at annual rates					Change from preceding period		
		2006			2007			2006			2007		2006	2007	
		II	III	IV	I	II ^r		II	III	IV	I	II ^r		I	II ^r
Gross domestic product	13,194.7	13,155.0	13,266.9	13,392.3	13,551.9	13,774.7	11,319.4	11,306.7	11,336.7	11,395.5	11,412.6	11,523.8	316.0	17.1	111.2
Personal consumption expenditures	9,224.5	9,183.9	9,305.7	9,373.7	9,540.5	9,674.4	8,044.1	8,009.3	8,063.8	8,141.2	8,215.7	8,245.2	240.5	74.5	29.5
Durable goods	1,048.9	1,042.8	1,053.8	1,056.5	1,074.0	1,074.8	1,180.5	1,170.2	1,186.3	1,197.6	1,223.2	1,228.4	43.1	25.6	5.2
Motor vehicles and parts	434.2	431.8	437.6	434.8	444.5	441.5	437.3	434.3	439.5	439.6	451.5	448.3	-14.0	11.9	-3.2
Furniture and household equipment	404.1	401.8	405.1	409.0	414.2	414.5	550.9	544.4	555.4	566.9	579.9	585.9	58.7	13.0	6.0
Other	210.6	209.2	211.1	212.8	215.3	218.8	213.9	212.4	213.6	215.2	216.6	220.1	8.4	1.4	3.5
Nonurable goods	2,688.0	2,692.2	2,732.4	2,705.4	2,759.4	2,823.7	2,337.7	2,325.6	2,343.9	2,368.8	2,386.6	2,384.5	82.3	17.8	-2.1
Food	1,259.3	1,245.9	1,263.2	1,291.7	1,312.2	1,322.7	1,091.8	1,084.4	1,091.4	1,110.7	1,115.3	1,111.4	41.8	4.6	-3.9
Clothing and shoes	357.2	354.9	359.6	363.2	371.1	368.5	391.1	388.0	393.3	397.0	405.1	407.6	18.5	8.1	2.5
Gasoline, fuel oil, and other energy goods	340.1	363.3	373.1	306.3	320.9	374.7	198.6	199.0	199.9	197.0	198.2	196.5	-6	1.2	-1.7
Other	731.4	728.1	736.5	744.3	755.1	757.8	666.2	663.4	669.5	676.5	681.7	684.5	27.1	5.2	2.8
Services	5,487.6	5,448.9	5,519.5	5,611.8	5,707.1	5,775.9	4,545.5	4,531.6	4,554.0	4,595.5	4,630.7	4,656.7	118.2	35.2	26.0
Housing	1,381.3	1,371.1	1,392.5	1,413.9	1,435.1	1,455.4	1,148.3	1,146.0	1,151.0	1,156.6	1,163.7	1,171.6	30.0	7.1	7.9
Household operation	501.6	496.7	503.3	509.7	520.0	525.1	412.9	410.9	415.4	419.1	420.1	420.7	-3.6	1.0	.6
Electricity and gas	209.8	206.6	211.3	212.7	220.6	223.3	148.5	147.0	150.9	152.5	153.1	153.5	-4.7	.6	.4
Other household operation	291.8	290.1	292.1	297.0	299.4	301.8	265.1	264.9	267.7	266.8	267.1	267.2	2.0	.3	.1
Transportation	340.6	338.4	342.5	346.8	349.6	354.7	291.2	289.5	291.0	294.1	296.0	299.1	3.4	1.9	3.1
Medical care	1,587.7	1,578.6	1,596.1	1,617.9	1,656.9	1,677.1	1,300.3	1,298.2	1,301.4	1,310.5	1,323.2	1,332.8	42.1	12.7	9.6
Recreation	381.0	375.7	384.4	392.8	395.3	398.2	321.3	316.8	321.9	330.3	332.0	331.0	9.7	1.7	-1.0
Other	1,295.3	1,288.4	1,300.5	1,330.7	1,350.1	1,365.4	1,069.9	1,068.6	1,071.6	1,083.5	1,094.1	1,099.8	36.2	10.6	5.7
Gross private domestic investment	2,209.2	2,239.0	2,224.1	2,152.4	2,117.3	2,140.3	1,919.5	1,948.5	1,928.2	1,856.2	1,816.9	1,837.7	50.2	-39.3	20.8
Fixed investment	2,162.5	2,179.5	2,161.3	2,132.4	2,118.9	2,135.7	1,874.7	1,892.3	1,869.6	1,835.5	1,815.2	1,830.0	43.3	-20.3	14.8
Nonresidential	1,397.7	1,391.2	1,415.2	1,417.1	1,431.4	1,469.1	1,306.8	1,303.2	1,319.4	1,314.8	1,321.7	1,356.9	81.0	6.9	35.2
Structures	405.1	400.2	416.1	428.4	439.6	465.4	268.6	266.4	273.3	278.3	282.6	300.4	20.8	4.3	17.8
Equipment and software	992.6	991.1	999.1	988.7	991.8	1,003.7	1,050.6	1,050.1	1,057.6	1,044.4	1,045.3	1,056.2	58.8	.9	10.9
Information processing equipment and software	480.9	479.0	484.9	480.5	497.6	507.5	595.9	592.1	602.0	599.6	623.3	638.1	41.6	23.7	14.8
Computers and peripheral equipment	91.3	91.7	91.6	90.4	96.6	96.5									
Software	203.3	202.6	204.9	205.9	210.5	216.0	213.0	212.1	213.8	215.1	219.9	225.2	7.3	4.8	5.3
Other	186.2	184.7	188.4	184.3	190.5	194.9	204.8	203.3	207.1	202.6	209.2	213.4	13.3	6.6	4.2
Industrial equipment	166.7	168.5	169.2	167.5	168.1	175.9	149.6	152.0	150.9	148.4	147.3	152.8	5.3	-1.1	5.5
Transportation equipment	171.9	169.5	172.4	168.0	162.9	152.5	155.2	153.3	156.3	150.9	144.8	134.6	10.1	-6.1	-10.2
Other equipment	173.2	174.0	172.6	172.7	163.2	167.5	156.2	157.9	155.2	153.7	144.8	148.1	4.3	-8.9	3.3
Residential	764.8	788.2	746.1	715.3	687.5	666.5	569.5	587.5	555.0	529.4	506.3	491.0	-27.6	-23.1	-15.3
Change in private inventories	46.7	59.5	62.8	20.0	-1.6	4.7	40.3	51.4	53.9	17.4	.1	5.4	7.1	-17.3	5.3
Farm	-1.2	-6.6	-3.7	4.7	5.5	4.8	-9	-5.5	-2.9	3.8	5.0	4.1	-5	1.2	-9
Nonfarm	47.8	66.1	66.5	15.3	-7.0	-1	41.7	57.6	57.6	13.6	-5.8	.3	7.7	-19.4	6.1
Net exports of goods and services	-762.0	-780.4	-799.1	-705.3	-714.2	-710.8	-624.5	-626.6	-633.8	-597.3	-612.1	-571.1	-6.5	-14.8	41.0
Exports	1,467.6	1,447.4	1,484.5	1,531.9	1,549.9	1,598.4	1,304.1	1,288.4	1,306.6	1,350.9	1,362.1	1,379.6	100.7	3.8	24.9
Goods	1,030.5	1,016.4	1,047.8	1,072.3	1,084.0	1,116.1	927.4	917.3	933.7	955.4	957.6	974.6	83.9	2.2	17.0
Services	437.1	431.0	436.7	459.6	465.9	482.3	377.1	371.5	373.4	395.6	397.2	405.2	17.3	1.6	8.0
Imports	2,229.6	2,227.8	2,283.6	2,237.2	2,264.0	2,309.2	1,928.6	1,915.0	1,940.4	1,948.2	1,966.8	1,950.7	107.1	18.6	-16.1
Goods	1,880.4	1,879.8	1,933.3	1,879.9	1,902.7	1,945.2	1,646.9	1,636.3	1,661.0	1,658.7	1,675.6	1,662.4	93.3	16.9	-13.2
Services	349.2	348.0	350.3	357.3	361.4	364.0	283.8	281.0	281.9	291.4	293.1	290.2	14.0	1.7	-2.9
Government consumption expenditures and gross investment	2,523.0	2,512.5	2,536.1	2,571.4	2,608.3	2,670.7	1,981.4	1,976.5	1,980.2	1,997.2	1,994.7	2,014.7	35.1	-2.5	20.0
Federal	932.5	926.9	932.0	949.7	946.6	969.2	742.3	737.4	739.2	752.3	740.2	750.8	15.8	-12.1	10.6
National defense	624.3	620.6	620.7	645.2	634.8	654.5	491.5	488.2	486.4	505.8	491.6	501.8	9.1	-14.2	10.2
Consumption expenditures	544.8	540.0	542.0	561.5	555.7	573.9	416.6	412.5	412.6	427.7	417.4	426.3	4.9	-10.3	8.9
Gross investment	79.5	80.6	78.7	83.7	79.1	80.7	76.6	77.8	75.5	80.1	75.6	77.0	4.9	-4.5	1.4
Nondefense	308.2	306.3	311.3	304.5	311.7	314.7	250.7	249.0	252.7	246.1	248.4	248.7	6.8	2.3	.3
Consumption expenditures	268.0	266.7	271.3	264.9	274.0	276.0	212.6	211.4	214.8	208.8	212.5	212.0	4.7	3.7	-5
Gross investment	40.2	39.6	40.0	39.6	37.7	38.7	38.5	38.0	38.3	37.8	35.9	36.9	2.3	-1.9	1.0
State and local	1,590.5	1,585.7	1,604.1	1,621.7	1,661.7	1,701.4	1,239.0	1,238.9	1,240.9	1,244.9	1,254.2	1,263.7	19.4	9.3	9.5
Consumption expenditures	1,276.5	1,270.0	1,287.7	1,300.8	1,326.7	1,357.0	990.9	988.1	992.7	997.5	1,002.5	1,007.7	13.2	5.0	5.2
Gross investment	314.0	315.7	316.4	320.9	335.0	344.4	248.0	250.7	248.1	247.3	251.5	255.8	6.2	4.2	4.3
Residual							-93.4	-86.5	-99.3	-108.2	-130.7	-135.5			
Addenda:															
Final sales of domestic product	13,148.0	13,095.5	13,204.1	13,372.3	13,553.5	13,770.0	11,275.9	11,252.1	11,279.7	11,375.8	11,411.6	11,516.9	309.0	35.8	105.3
Gross domestic purchases	13,956.7	13,935.4	14,065.9	14,097.6	14,266.1	14,485.4	11,937.1	11,926.1	11,963.6	11,987.1	12,018.7	12,089.9	324.0	31.6	71.2
Final sales to domestic purchasers	13,910.1	13,875.9	14,003.2	14,077.6	14,267.7	14,480.7	11,893.4	11,871.3	11,906.4	11,967.3	12,017.4	12,082.7	317.0	50.1	65.3
Gross domestic product	13,194.7	13,155.0	13,266.9	13,392.3	13,551.9	13,774.7	11,319.4	11,306.7	11,336.7	11,395.5	11,412.				

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

	2004	2005	2006	Seasonally adjusted at annual rates															
				2003		2004				2005				2006				2007	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II ^r
Gross domestic product (GDP)	2.9	3.2	3.2	2.1	2.2	3.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.7
Personal consumption expenditures	2.6	2.9	2.8	2.4	1.5	3.5	3.8	2.0	3.0	2.2	3.4	4.3	2.8	1.7	4.3	2.6	-9	3.5	4.2
Durable goods	-1.8	-7	-1.3	-4.0	-3.5	-5	3	-2.5	-2	1	-4	-2.8	-1.1	-1.0	-7	-1.3	-2.7	-1.9	-1.4
Nondurable goods	3.3	3.7	3.1	3.9	5	5.3	6.2	1.4	4.7	3	5.0	9.5	.8	3	8.6	2.8	-7.9	5.0	10.0
Services	3.2	3.4	3.4	3.0	3.0	3.5	3.4	3.1	2.8	3.6	3.4	3.3	4.6	3.0	3.2	3.2	3.0	3.8	2.6
Gross private domestic investment	3.4	4.2	3.5	1.3	3.5	4.1	4.7	3.9	3.9	5.2	2.8	4.0	5.8	4.0	2.5	1.6	2.2	2.0	-2
Fixed investment	3.4	4.3	3.5	1.3	3.5	4.1	4.7	3.9	3.9	5.3	2.9	4.2	6.0	3.9	2.4	1.5	2.0	1.9	-1
Nonresidential	1.3	2.9	3.1	.7	1.4	1.1	2.4	1.3	2.5	4.5	2.4	1.6	4.6	3.9	2.8	1.9	2.0	1.9	-1
Structures	6.2	11.7	11.7	2.3	4.2	6.8	7.6	10.1	12.0	12.8	8.7	13.8	17.6	13.0	10.7	5.6	4.6	4.1	-1.5
Equipment and software	-3	-1	0	.1	4	-8	.7	-1.7	-6	1.8	.3	-2.5	.2	.6	-2	.4	.8	1.0	.6
Residential	7.3	6.7	4.4	2.6	7.7	9.8	8.8	8.5	6.2	6.6	3.6	8.7	8.5	3.9	1.8	.8	2.1	2.0	-1
Change in private inventories																			
Net exports of goods and services																			
Exports	3.5	3.6	3.4	.9	3.0	5.5	4.8	1.9	4.2	4.6	3.6	2.5	3.0	2.7	6.0	4.6	-8	3.6	5.2
Goods	3.7	3.1	3.3	-7	4.1	6.3	5.2	1.0	3.6	4.3	3.0	1.3	2.3	3.0	6.3	5.2	.1	3.5	4.8
Services	3.2	4.9	3.7	4.7	7	3.9	3.8	3.8	5.5	5.0	4.9	5.2	4.8	2.2	5.5	3.3	-2.7	3.9	6.1
Imports	4.9	6.3	4.0	2.6	4	9.2	7.3	5.3	6.9	2.2	9.7	10.3	4.3	-1.5	10.1	4.7	-9.4	1.0	11.8
Goods	4.9	6.5	4.2	2.5	5	10.0	7.9	5.0	7.0	2.0	10.1	10.9	4.9	-1.9	10.4	5.3	-10.1	.7	12.8
Services	4.4	5.6	3.1	3.1	0	4.9	4.7	6.7	6.0	3.5	7.7	7.5	1.3	.5	8.4	1.4	-5.3	2.3	7.0
Government consumption expenditures and gross investment	4.5	5.8	4.9	2.5	2.2	7.2	5.0	4.8	5.7	7.5	4.6	6.4	5.0	5.1	5.7	3.0	2.1	6.4	5.6
Federal	4.7	4.8	3.9	1.0	1.1	11.6	5.5	2.5	2.6	11.5	2.3	3.4	.8	9.1	4.0	1.3	.5	5.3	3.8
National defense	4.7	5.3	4.1	1.2	1.3	10.6	5.6	2.9	3.1	12.2	2.5	3.5	1.3	9.3	4.2	1.6	-1	5.0	4.1
Nondefense	4.9	4.0	3.5	.6	.6	13.8	5.2	1.4	1.7	10.1	1.8	3.2	-2	8.9	3.5	.7	1.7	5.9	3.4
State and local	4.3	6.4	5.4	3.3	2.9	4.6	4.7	6.2	7.6	5.2	6.1	8.1	7.6	2.7	6.7	4.0	3.1	7.0	6.6
Addenda:																			
Final sales of domestic product	2.9	3.2	3.2	2.1	2.2	3.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.3	1.7	4.2	2.7
Gross domestic purchases	3.1	3.7	3.3	2.2	1.9	4.3	4.2	2.8	3.6	3.6	3.5	4.6	3.7	2.7	4.2	2.5	.1	3.8	3.8
Final sales to domestic purchasers	3.1	3.7	3.3	2.2	1.9	4.3	4.2	2.7	3.6	3.6	3.5	4.6	3.7	2.7	4.2	2.5	.1	3.8	3.8
Gross national product (GNP)	2.9	3.2	3.1	2.1	2.2	3.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.7
Implicit price deflators:																			
GDP	2.9	3.2	3.2	2.1	2.2	3.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.7
Gross domestic purchases	3.1	3.6	3.3	2.3	1.9	4.3	4.2	2.7	3.7	3.6	3.6	4.6	3.7	2.7	4.2	2.5	.1	3.8	3.8
GNP	2.9	3.2	3.2	2.1	2.2	3.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.7

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

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2004	2005	2006	Seasonally adjusted				
				2006			2007	
				II	III	IV	I	II ^r
Gross domestic product	108.748	112.086	115.304	115.175	115.481	116.080	116.254	117.387
Personal consumption expenditures	112.197	115.791	119.359	118.843	119.652	120.801	121.906	122.343
Durable goods	125.652	131.748	136.735	135.542	137.413	138.720	141.680	142.291
Nondurable goods	111.833	115.828	120.051	119.434	120.370	121.650	122.563	122.458
Services	109.726	112.687	115.696	115.341	115.911	116.969	117.865	118.527
Gross private domestic investment	102.003	107.709	110.607	112.274	111.106	106.955	104.690	105.890
Fixed investment	102.012	109.080	111.657	112.705	111.354	109.325	108.113	108.993
Nonresidential	92.873	99.490	106.062	105.770	107.090	106.711	107.277	110.128
Structures	78.760	79.127	85.770	85.063	87.270	88.849	90.241	95.928
Equipment and software	98.505	107.935	114.332	114.276	115.100	113.662	113.753	114.945
Residential	125.343	133.608	127.433	131.465	124.190	118.462	113.301	109.873
Change in private inventories								
Exports of goods and services	102.723	109.775	118.957	117.528	119.182	123.222	123.568	125.846
Imports of goods and services	116.546	123.425	130.683	129.764	131.483	132.014	133.272	132.182
Government consumption expenditures and gross investment	112.210	113.050	115.092	114.807	115.022	116.007	115.865	117.026
Federal	123.693	125.524	128.255	127.414	127.708	129.977	127.886	129.727
State and local	106.384	106.721	108.418	108.407	108.584	108.935	109.748	110.574
Addenda:								
Final sales of domestic product	108.804	112.360	115.526	115.282	115.565	116.550	116.916	117.995
Gross domestic purchases	110.444	113.894	117.071	116.963	117.331	117.562	117.871	118.570
Final sales to domestic purchasers	110.505	114.166	117.292	117.074	117.421	118.021	118.515	119.159
Gross national product	109.031	112.265	115.363	115.286	115.422	116.152	116.344	117.479

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

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2004	2005	2006	Seasonally adjusted				
				2006			2007	
				II	III	IV	I	II ^r
Gross domestic product	109.462	113.005	116.568	116.350	117.030	117.527	118.750	119.538
Personal consumption expenditures (PCE)	108.392	111.588	114.675	114.670	115.406	115.143	116.129	117.339
Durable goods	90.696	90.018	88.857	89.110	88.827	88.213	87.799	87.489
Nondurable goods	107.626	111.561	114.989	115.763	116.576	114.210	115.620	118.418
Services	112.929	116.726	120.725	120.252	121.209	122.122	123.252	124.041
Gross private domestic investment	106.686	111.155	115.090	114.891	115.335	115.958	116.532	116.478
Fixed investment	106.845	111.404	115.352	115.169	115.592	116.162	116.718	116.691
Nonresidential	100.896	103.778	106.961	106.764	107.267	107.789	108.301	108.277
Structures	120.912	135.013	150.806	150.294	152.344	154.071	155.637	155.034
Equipment and software	94.600	94.527	94.485	94.379	94.470	94.667	94.892	95.029
Residential	120.587	128.653	134.288	134.137	134.390	135.076	135.736	135.701
Change in private inventories								
Exports of goods and services	104.997	108.803	112.537	112.359	113.641	113.424	114.433	115.879
Imports of goods and services	104.526	111.117	115.610	116.339	117.689	114.834	115.114	118.378
Government consumption expenditures and gross investment	114.754	121.435	127.334	127.125	128.076	128.757	130.765	132.563
Federal	115.322	120.914	125.622	125.686	126.097	126.244	127.886	129.092
State and local	114.431	121.758	128.370	127.998	129.271	130.272	132.499	134.648
Addenda:								
PCE excluding food and energy	107.338	109.670	112.130	111.871	112.519	113.052	113.730	114.106
Market-based PCE ¹	107.386	110.307	113.168	113.240	113.926	113.456	114.472	115.761
Market-based PCE excluding food and energy ¹	105.857	107.667	109.717	109.500	110.072	110.507	111.161	111.466
Final sales of domestic product	109.487	113.040	116.603	116.388	117.065	117.553	118.773	119.566
Gross domestic purchases	109.235	113.225	116.920	116.850	117.575	117.609	118.702	119.819
Final sales to domestic purchasers	109.259	113.261	116.956	116.890	117.612	117.636	118.727	119.848
Gross national product	109.456	112.999	116.558	116.342	117.022	117.515	118.740	119.529
Implicit price deflators:								
Gross domestic product	109.462	113.000	116.567	116.347	117.026	117.522	118.745	119.532
Final sales of domestic product	109.487	113.040	116.603	116.383	117.061	117.550	118.770	119.563
Gross domestic purchases	109.234	113.221	116.919	116.848	117.573	117.606	118.700	119.814
Final sales to domestic purchasers	109.259	113.261	116.956	116.886	117.610	117.634	118.725	119.847
Gross national product	109.455	112.994	116.558	116.338	117.019	117.511	118.736	119.523

^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

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Gross domestic product (GDP)	-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	3.6	3.1	2.9
Personal consumption expenditures .....	.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	3.6	3.2	3.1
Durable goods	-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	6.3	4.9	3.8
Nondurable goods	-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	3.5	3.6	3.6
Services	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	3.2	2.7	2.7
Gross private domestic investment	-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	9.7	5.6	2.7
Fixed investment	-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	6.9	2.4
Nonresidential	-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	5.8	7.1	6.6
Structures	-11.1	-6.0	-7	1.8	6.4	5.6	7.3	5.1	-4	6.8	-2.3	-17.1	-4.1	1.3	.5	8.4
Equipment and software	-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	7.4	9.6	5.9
Residential	-9.6	13.8	8.2	9.6	-3.2	8.0	1.9	7.6	6.0	8	.4	4.8	8.4	10.0	6.6	-4.6
Change in private inventories																
Net exports of goods and services																
Exports	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	9.7	6.9	8.4
Goods	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	9.9
Services	6.0	5.5	3.2	6.3	6.3	7.2	5.9	2.9	5.6	2.9	-3.7	1.9	0	11.5	5.4	4.8
Imports	-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	11.3	5.9	5.9
Goods	-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	11.3	6.6	6.0
Services	-2.6	-2.6	2.9	5.7	3.3	5.5	9.4	11.4	6.9	11.1	-3	2.1	0	11.5	2.3	5.2
Government consumption expenditures and gross investment	1.1	.5	-9	0	.5	1.0	1.9	1.9	3.9	2.1	3.4	4.4	2.5	1.4	.7	1.8
Federal	-2	-1.7	-4.2	-3.7	-2.7	-1.2	-1.0	-1.1	2.2	.9	3.9	7.0	6.8	4.2	1.5	2.2
National defense	-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	5.8	1.5	1.9
Nondefense	2.4	6.9	-7	-1.2	-4	-7	2.6	.7	2.8	3.5	3.9	6.3	3.4	1.1	1.3	2.8
State and local	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	-1.2	.3	1.6
Addenda:																
Final sales of domestic product .....	.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	3.3	3.3	2.8
Gross domestic purchases	-8	3.3	3.2	4.4	2.4	3.8	4.8	5.3	5.3	4.4	.9	2.2	2.8	4.1	3.1	2.8
Final sales to domestic purchasers	-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	3.8	3.3	2.7
Gross national product	-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	3.0	2.8
Real disposable personal income .....	.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	1.7	3.1
Price indexes:																
Gross domestic purchases	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	3.7	3.3
Gross domestic purchases excluding food and energy	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	3.1	2.9
GDP	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	2.9	3.2	3.2
GDP excluding food and energy	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	3.2	3.1
Personal consumption expenditures	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	2.8

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

	2003		2004				2005				2006				2007	
	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r	II ^r
Gross domestic product (GDP)	3.1	3.7	4.1	4.1	3.2	3.1	3.2	3.0	3.2	2.9	3.3	3.2	2.4	2.6	1.5	1.9
Personal consumption expenditures (PCE)	3.2	3.4	4.0	3.7	3.2	3.7	3.1	3.4	3.5	2.8	3.3	3.0	2.7	3.4	3.2	2.9
Durable goods	6.7	8.3	9.8	6.1	4.0	5.6	4.7	7.0	6.6	1.2	4.6	2.1	2.0	6.6	4.7	5.0
Nondurable goods	4.3	3.9	4.1	3.9	2.8	3.5	3.3	3.8	3.6	3.6	3.8	3.5	3.7	3.6	3.2	2.5
Services	2.0	2.2	2.9	3.2	3.2	3.3	2.8	2.5	2.9	2.7	2.7	3.0	2.4	2.6	2.9	2.8
Gross private domestic investment	4.4	7.0	7.9	12.2	9.8	9.1	9.9	3.8	3.6	5.3	5.0	6.2	3.4	-3.6	-6.6	-5.7
Fixed investment	5.4	7.2	7.3	7.8	6.8	7.2	8.3	7.1	6.8	5.5	6.5	4.0	.8	-1.6	-4.5	-3.3
Nonresidential	2.9	4.9	4.9	4.9	5.6	7.5	9.1	7.7	6.8	5.1	7.5	7.3	6.4	5.2	2.5	4.1
Structures .....	.1	.2	2.0	0	1.1	2.3	2.9	1.0	-1.6	-3	2.7	7.1	11.6	12.3	10.2	12.8
Equipment and software	3.9	6.6	6.0	6.7	7.3	9.4	11.4	10.1	9.9	7.1	9.4	7.4	4.6	2.5	-5	.6
Residential	10.6	11.7	11.6	13.2	8.8	6.7	7.0	6.2	6.9	6.4	4.8	-1.5	-8.5	-12.8	-16.5	-16.4
Change in private inventories																
Net exports of goods and services																
Exports .....	.1	5.8	9.8	12.0	9.9	7.4	6.4	7.1	6.9	7.0	8.4	7.4	8.4	9.3	6.6	7.1
Goods	-1	7.1	8.4	10.7	10.0	7.0	6.6	8.1	7.0	8.3	10.7	9.0	10.4	9.7	6.1	6.2
Services .....	.5	3.0	13.0	15.3	9.8	8.3	6.0	4.9	6.6	4.1	3.2	3.9	3.8	8.3	7.9	9.1
Imports	2.8	4.8	9.3	12.1	12.4	11.5	8.8	5.3	4.6	5.1	6.3	6.4	7.2	3.7	2.9	1.9
Goods	3.2	5.3	9.3	11.3	12.6	11.9	9.8	5.9	5.2	5.8	6.6	6.7	7.6	3.2	2.7	1.6
Services	1.0	2.2	9.2	16.4	11.5	9.3	4.3	1.9	1.5	1.4	4.7	4.8	5.2	6.1	4.3	3.3
Government consumption expenditures and gross investment	2.7	1.7	2.5	1.3	1.3	.7	.6	.6	.9	.9	1.8	1.8	1.2	2.5	1.2	1.9
Federal	7.3	5.5	7.1	3.0	4.4	2.4	1.6	1.2	1.8	1.3	2.7	2.1	.3	3.7	0	1.8
National defense	9.1	7.5	10.8	3.1	7.2	2.5	1.7	1.8	1.6	1.1	1.6	1.5	-1.3	5.9	1.2	2.8
Nondefense	4.0	1.9	.3	2.8	-9	2.3	1.5	-1	2.1	1.9	5.0	3.4	3.4	-7	-2.5	-1
State and local .....	.3	-4	-1	.3	-5	-4	0	.2	.5	.7	1.3	1.5	1.7	1.8	1.9	2.0
Addenda:																
Final sales of domestic product	3.2	3.7	4.0	3.5	2.7	2.8	2.9	3.5	3.7	2.9	3.5	2.8	1.9	3.0	1.9	2.4
Gross domestic purchases	3.3	3.6	4.3	4.5	3.8	3.9	3.7	2.9	3.1	2.8	3.3	3.3	2.5	2.1	1.2	1.4
Final sales to domestic purchasers	3.4	3.7	4.2	3.9	3.3	3.6	3.4	3.4	3.5	2.9	3.5	2.9	2.1	2.4	1.6	1.8
Gross national product	3.3	3.9	4.6	4.2	3.4	2.9	2.9	2.9	3.2	2.8	3.2	3.2	2.0	2.7	1.5	1.9
Real disposable personal income	3.3	3.7	4.2	3.5	2.7	4.1	2.3	2.3	1.3	1.1	3.1	2.6	3.3	3.2	3.4	3.3
Price indexes:																
Gross domestic purchases	2.3	2.2	2.2	3.1	3.3	3.7	3.5	3.4	3.8	3.8	3.6	3.8	3.3	2.4	2.6	2.5
Gross domestic purchases excluding food and energy	1.9	1.9	2.1	2.7	2.9	3.1	3.2	3.0	3.0	3.1	2.9	3.1	3.0	2.8	2.8	2.3
GDP	2.2	2.2	2.3	2.9	3.0	3.2	3.3	3.0	3.3	3.4	3.2	3.5	3.2	2.7	2.9	2.7
GDP excluding food and energy	1.9	1.9	2.1	2.7	2.9	3.2	3.3	3.1	3.2	3.3	3.1	3.3	3.2	2.9	2.9	2.5
PCE	1.9	1.9	2.0	2.8	2.7	3.1	2.8	2.6	3.2	3.2	3.1	3.3	2.9	1.9	2.3	2.3
PCE excluding food and energy	1.3	1.4	1.8	2.1	2.1	2.2	2.3	2.1	2.1	2.2	2.0	2.2	2.4	2.3	2.4	2.0
Market-based PCE ¹	1.8	1.6	1.6	2.4	2.3	2.8	2.4	2.4	3.1	3.0	2.9	3.2	2.7	1.6	2.2	2.2
Market-based PCE excluding food and energy ¹	1.1	1.0	1.3	1.5	1.4	1.6	1.8	1.7	1.7	1.7	1.6	1.9	2.1	2.0	2.2	1.8

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2007. price measures. It excludes most implicit

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

[Billions of dollars]

	2004	2005	2006	Seasonally adjusted at annual rates				
				2006			2007	
				II	III	IV	I ^r	II ^r
Gross domestic product	11,685.9	12,433.9	13,194.7	13,155.0	13,266.9	13,392.3	13,551.9	13,774.7
Plus: Income receipts from the rest of the world	437.5	544.1	691.4	688.9	709.7	733.8	752.2	801.0
Less: Income payments to the rest of the world	361.3	475.6	633.4	625.0	664.7	673.7	689.0	736.6
Equals: Gross national product	11,762.1	12,502.4	13,252.7	13,218.9	13,311.9	13,452.4	13,615.1	13,839.1
Less: Consumption of fixed capital	1,436.1	1,609.5	1,615.2	1,602.8	1,628.8	1,654.4	1,670.9	1,685.5
Less: Statistical discrepancy	19.1	5.4	-18.1	-2.6	-2.5	-46.6	-66.3	-81.6
Equals: National income	10,306.8	10,887.6	11,655.6	11,618.7	11,685.6	11,844.6	12,010.5	12,235.3
Compensation of employees	6,656.4	7,029.6	7,448.3	7,371.9	7,442.5	7,649.9	7,764.9	7,875.4
Wage and salary accruals	5,379.5	5,672.9	6,025.7	5,958.4	6,015.8	6,203.0	6,294.4	6,389.1
Supplements to wages and salaries	1,276.9	1,356.8	1,422.6	1,413.5	1,426.7	1,446.9	1,470.5	1,486.3
Proprietors' income with inventory valuation and capital consumption adjustments	911.6	969.9	1,006.7	1,013.5	1,003.6	1,009.8	1,027.4	1,030.1
Rental income of persons with capital consumption adjustment	118.4	42.9	54.5	55.4	52.9	50.9	53.2	61.1
Corporate profits with inventory valuation and capital consumption adjustments	1,231.2	1,372.8	1,553.7	1,575.5	1,592.5	1,531.2	1,547.7	1,646.0
Net interest and miscellaneous payments	491.2	558.0	598.5	611.0	594.2	596.0	599.6	590.3
Taxes on production and imports less subsidies	819.2	863.1	917.6	916.2	922.9	931.1	943.8	955.0
Business current transfer payments	83.0	66.5	90.2	88.6	91.4	91.8	91.8	92.5
Current surplus of government enterprises	-4.2	-15.1	-13.9	-13.4	-14.5	-16.0	-17.8	-15.1
Addendum:								
Gross domestic income	11,666.8	12,428.6	13,212.8	13,157.5	13,269.4	13,438.9	13,618.2	13,856.3

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2007.

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2004	2005	2006	Seasonally adjusted at annual rates				
				2006			2007	
				II	III	IV	I ^r	II ^r
Personal income ¹	9,727.2	10,301.1	10,983.4	10,915.5	11,030.9	11,200.2	11,469.2	11,604.9
Compensation of employees, received	6,671.4	7,024.6	7,440.8	7,371.9	7,442.5	7,599.9	7,764.9	7,850.4
Wage and salary disbursements	5,394.5	5,667.9	6,018.2	5,958.4	6,015.8	6,153.0	6,294.4	6,364.1
Supplements to wages and salaries	1,276.9	1,356.8	1,422.6	1,413.5	1,426.7	1,446.9	1,470.5	1,486.3
Proprietors' income with inventory valuation and capital consumption adjustments	911.6	969.9	1,006.7	1,013.5	1,003.6	1,009.8	1,027.4	1,030.1
Farm	37.3	30.8	19.4	14.6	18.1	23.9	29.1	24.1
Nonfarm	874.3	939.1	987.4	998.9	985.5	985.8	998.3	1,006.0
Rental income of persons with capital consumption adjustment	118.4	42.9	54.5	55.4	52.9	50.9	53.2	61.1
Personal income receipts on assets	1,432.1	1,617.8	1,796.5	1,795.7	1,828.1	1,836.6	1,882.9	1,924.7
Personal interest income	895.1	1,018.9	1,100.2	1,112.7	1,119.7	1,102.8	1,126.1	1,143.1
Personal dividend income	537.0	598.9	696.3	682.9	708.4	733.8	756.8	781.6
Personal current transfer receipts	1,422.5	1,520.7	1,612.5	1,599.1	1,630.6	1,647.7	1,710.7	1,717.0
Less: Contributions for government social insurance	828.8	874.8	927.6	920.1	926.8	944.6	969.8	978.4
Less: Personal current taxes	1,046.3	1,209.1	1,354.3	1,342.6	1,355.2	1,401.0	1,454.7	1,483.0
Equals: Disposable personal income	8,680.9	9,092.0	9,629.1	9,572.9	9,675.8	9,799.2	10,014.5	10,121.9
Less: Personal outlays	8,499.2	9,047.4	9,590.3	9,542.9	9,677.1	9,757.2	9,917.5	10,069.0
Equals: Personal saving	181.7	44.6	38.8	30.0	-1.4	42.0	97.0	52.8
Personal saving as a percentage of disposable personal income	2.1	.5	.4	.3	0	.4	1.0	.5
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	8,008.9	8,147.9	8,396.9	8,348.6	8,384.5	8,510.7	8,623.9	8,626.5

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2007.

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						
	2004	2005	2006	Seasonally adjusted at annual rates					2005	2006	Quarterly rates				Quarter one year ago
				2006			2007				2006		2007		
				II	III	IV	I	II			III	IV	I	II	II
Corporate profits with inventory valuation and capital consumption adjustments	1,231.2	1,372.8	1,553.7	1,575.5	1,592.5	1,531.2	1,547.7	1,646.0	11.5	13.2	1.1	-3.8	1.1	6.4	4.5
Less: Taxes on corporate income	307.4	392.9	453.9	460.0	470.4	452.4	452.5	491.9	27.8	15.5	2.3	-3.8	0	8.7	6.9
Equals: Profits after tax with inventory valuation and capital consumption adjustments	923.9	979.9	1,099.8	1,115.6	1,122.1	1,078.8	1,095.2	1,154.1	6.1	12.2	.6	-3.9	1.5	5.4	3.5
Net dividends	539.5	601.4	698.9	685.6	711.1	736.4	759.4	784.1	11.5	16.2	3.7	3.6	3.1	3.3	14.4
Undistributed profits with inventory valuation and capital consumption adjustments	384.4	378.6	400.9	430.0	411.1	342.4	335.8	370.0	-1.5	5.9	-4.4	-16.7	-1.9	10.2	-14.0
Cash flow:															
Net cash flow with inventory valuation and capital consumption adjustments	1,181.5	1,235.4	1,290.9	1,314.2	1,308.3	1,251.3	1,251.5	1,292.1	4.6	4.5	-4	-4.4	0	3.2	-1.7
Undistributed profits with inventory valuation and capital consumption adjustments	384.4	378.6	400.9	430.0	411.1	342.4	335.8	370.0	-1.5	5.9	-4.4	-16.7	-1.9	10.2	-14.0
Consumption of fixed capital	797.1	856.8	890.0	884.2	897.3	908.9	915.7	922.1	7.5	3.9	1.5	1.3	.7	.7	4.3
Less: Inventory valuation adjustment	-43.1	-36.2	-36.3	-57.7	-35.2	-21.0	-40.2	-54.1							
Equals: Net cash flow	1,224.6	1,271.6	1,327.2	1,371.9	1,343.6	1,272.2	1,291.7	1,346.2	3.8	4.4	-2.1	-5.3	1.5	4.2	-1.9
Addenda:															
Profits before tax (without inventory valuation and capital consumption adjustments)	1,204.7	1,579.6	1,805.8	1,842.3	1,851.4	1,789.2	1,815.8	1,935.8	31.1	14.3	.5	-3.4	1.5	6.6	5.1
Profits after tax (without inventory valuation and capital consumption adjustments)	897.3	1,186.7	1,351.9	1,382.4	1,381.0	1,336.8	1,363.3	1,443.9	32.2	13.9	-1	-3.2	2.0	5.9	4.5
Inventory valuation adjustment	-43.1	-36.2	-36.3	-57.7	-35.2	-21.0	-40.2	-54.1							
Capital consumption adjustment	69.7	-170.6	-215.8	-209.1	-223.7	-237.0	-227.9	-235.7							

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

(Billions of dollars)

	Level								Change from preceding period							
	2004	2005	2006	Seasonally adjusted at annual rates					2005	2006	2006				2007	
				2006			2007				III	IV	I	II		
				II	III	IV	I	II								
Corporate profits with inventory valuation and capital consumption adjustments	1,231.2	1,372.8	1,553.7	1,575.5	1,592.5	1,531.2	1,547.7	1,646.0	141.6	180.9	17.0	-61.3	16.5	98.3		
Domestic industries	1,037.8	1,154.6	1,296.4	1,316.1	1,342.8	1,253.5	1,249.8	1,331.8	116.8	141.8	26.7	-89.3	-3.7	82.0		
Financial	356.2	405.5	482.2	498.6	476.3	495.6	468.7	525.4	49.3	76.7	-22.3	19.3	-26.9	56.7		
Nonfinancial	681.6	749.1	814.3	817.5	866.4	757.9	781.1	806.4	67.5	65.2	48.9	-108.5	23.2	25.3		
Rest of the world	193.4	218.2	257.3	259.4	249.8	277.8	297.9	314.1	24.8	39.1	-9.6	28.0	20.1	16.2		
Receipts from the rest of the world	316.4	358.7	419.8	420.6	425.9	438.7	448.7	474.7	42.3	61.1	5.3	12.8	10.0	26.0		
Less: Payments to the rest of the world	123.0	140.6	162.5	161.2	176.1	160.9	150.8	160.6	17.6	21.9	14.9	-15.2	-10.1	9.8		
Corporate profits with inventory valuation adjustment	1,161.6	1,543.4	1,769.5	1,784.6	1,816.2	1,768.2	1,775.6	1,881.7	381.8	226.1	31.6	-48.0	7.4	106.1		
Domestic industries	968.2	1,325.2	1,512.2	1,525.2	1,566.4	1,490.4	1,477.7	1,567.5	357.0	187.0	41.2	-76.0	-12.7	89.8		
Financial	348.9	423.6	505.3	521.0	500.3	521.0	493.0	550.6	74.7	81.7	-20.7	20.7	-28.0	57.6		
Federal Reserve banks	20.0	26.6	33.8	33.8	35.9	34.8	38.5	39.2	6.6	7.2	2.1	-1.1	3.7	.7		
Other financial	328.9	397.1	471.4	487.3	464.4	486.2	454.5	511.4	68.2	74.3	-22.9	21.8	-31.7	56.9		
Nonfinancial	619.3	901.6	1,006.9	1,004.2	1,066.1	969.5	984.7	1,016.9	282.3	105.3	61.9	-96.6	15.2	32.2		
Utilities	18.6	28.4	35.7	35.3	37.8	36.4	36.4	36.4	9.8	7.3	2.5	0	-1.4	.....	
Manufacturing	152.7	251.2	293.4	298.0	319.5	280.2	298.9	298.9	98.5	42.2	21.5	-39.3	18.7	.....	
Durable goods	38.3	85.1	95.9	81.8	101.8	107.2	113.0	.....	46.8	10.8	20.0	5.4	5.8	.....	
Fabricated metal products	11.9	17.3	20.3	18.9	19.3	22.5	23.3	.....	5.4	3.0	.4	3.2	.8	.....	
Machinery	7.2	16.0	19.3	19.5	18.3	18.7	21.8	.....	8.8	3.3	-1.2	.4	3.1	.....	
Computer and electronic products	-4.9	10.1	7.7	7.8	7.1	6.2	9.0	.....	15.0	-2.4	-7	-9	2.8	.....	
Electrical equipment, appliances, and components .....	.3	-3.7	-1.9	-2.9	-1.6	.2	1.3	.....	-4.0	1.8	1.3	1.8	1.1	.....	
Motor vehicles, bodies and trailers, and parts	-7.6	.1	-1.1	-2.8	-1.4	1.3	4.6	.....	7.7	-1.2	1.4	2.7	3.3	.....	
Other durable goods	31.3	45.3	51.7	41.4	60.1	58.3	52.9	.....	14.0	6.4	18.7	-1.8	-5.4	.....	
Nondurable goods	114.5	166.0	197.5	216.1	217.6	173.0	185.9	.....	51.5	31.5	1.5	-44.6	12.9	.....	
Food and beverage and tobacco products	24.2	27.8	29.2	27.9	30.4	31.8	30.1	.....	3.6	1.4	2.5	1.4	-1.7	.....	
Petroleum and coal products	48.9	89.8	110.4	125.6	128.7	85.2	94.9	.....	40.9	20.6	3.1	-43.5	9.7	.....	
Chemical products	25.4	29.7	37.6	41.5	40.6	31.7	41.0	.....	4.3	7.9	-9	-8.9	9.3	.....	
Other nondurable goods	16.0	18.7	20.3	21.2	17.9	24.3	20.0	.....	2.7	1.6	-3.3	6.4	-4.3	.....	
Wholesale trade	79.2	95.2	97.0	85.4	118.1	91.1	97.8	.....	16.0	1.8	32.7	-27.0	6.7	.....	
Retail trade	91.1	114.4	124.5	119.6	126.9	132.1	134.3	.....	23.3	10.1	7.3	5.2	2.2	.....	
Transportation and warehousing	14.1	28.2	41.9	45.9	47.7	40.0	39.1	.....	14.1	13.7	1.8	-7.7	-9	.....	
Information	43.9	74.8	85.4	83.2	81.5	91.5	109.5	.....	30.9	10.6	-1.7	10.0	18.0	.....	
Other nonfinancial	219.7	309.5	329.0	336.7	334.5	296.7	268.7	.....	89.8	19.5	-2.2	-37.8	-28.0	.....	
Rest of the world	193.4	218.2	257.3	259.4	249.8	277.8	297.9	314.1	24.8	39.1	-9.6	28.0	20.1	16.2		

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

	2004	2005	2006	Seasonally adjusted at annual rates				
				2006			2007	
				II	III	IV	I ^r	II
				Billions of dollars				
Gross value added of nonfinancial corporate business	5,956.4	6,319.4	6,689.4	6,639.8	6,739.1	6,784.5	6,865.0	6,967.7
Consumption of fixed capital	687.4	742.3	772.8	767.6	779.5	789.8	795.7	801.2
Net value added	5,269.0	5,577.1	5,916.6	5,872.2	5,959.6	5,994.7	6,069.3	6,166.5
Compensation of employees	3,865.2	4,078.5	4,316.7	4,269.2	4,306.4	4,442.1	4,494.1	4,557.4
Wage and salary accruals	3,159.7	3,334.8	3,543.8	3,501.0	3,532.3	3,657.5	3,695.5	3,753.0
Supplements to wages and salaries	705.5	743.6	772.9	768.2	774.1	784.6	798.6	804.5
Taxes on production and imports less subsidies	523.9	558.7	584.9	583.9	587.3	592.1	599.7	606.5
Net operating surplus	879.9	940.0	1,015.0	1,019.1	1,065.9	960.5	975.6	1,002.6
Net interest and miscellaneous payments	138.9	132.5	133.2	135.0	132.3	133.6	136.0	136.9
Business current transfer payments	59.3	58.3	67.6	66.7	67.2	68.9	58.5	59.2
Corporate profits with inventory valuation and capital consumption adjustments	681.6	749.1	814.3	817.5	866.4	757.9	781.1	806.4
Taxes on corporate income	191.0	263.4	288.2	288.8	300.6	285.2	298.6	322.2
Profits after tax with inventory valuation and capital consumption adjustments	490.7	485.7	526.0	528.6	565.8	472.7	482.5	484.2
Net dividends	367.0	199.2	448.6	405.2	463.2	532.2	483.7	491.0
Undistributed profits with inventory valuation and capital consumption adjustments	123.7	286.5	77.4	123.5	102.6	-59.5	-1.2	-6.9
Addenda:								
Profits before tax (without inventory valuation and capital consumption adjustments)	662.4	937.8	1,043.2	1,061.9	1,101.4	990.4	1,024.9	1,071.1
Profits after tax (without inventory valuation and capital consumption adjustments)	471.4	674.4	755.0	773.0	800.7	705.3	726.3	748.8
Inventory valuation adjustment	-43.1	-36.2	-36.3	-57.7	-35.2	-21.0	-40.2	-54.1
Capital consumption adjustment	62.4	-152.5	-192.7	-186.7	-199.7	-211.6	-203.6	-210.5
	Billions of chained (2000) dollars							
Gross value added of nonfinancial corporate business ¹	5,652.3	5,806.6	6,012.1	5,965.7	6,039.7	6,076.2	6,089.6	6,158.1
Consumption of fixed capital ²	651.4	682.4	686.9	683.1	690.4	698.1	701.7	705.2
Net value added ³	5,001.0	5,124.2	5,325.3	5,282.6	5,349.2	5,378.1	5,387.9	5,452.9
	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	1.054	1.088	1.113	1.113	1.116	1.117	1.127	1.131
Compensation of employees (unit labor cost) .....	.684	.702	.718	.716	.713	.731	.738	.740
Unit nonlabor cost .....	.250	.257	.260	.261	.259	.261	.261	.260
Consumption of fixed capital .....	.122	.128	.129	.129	.129	.130	.131	.130
Taxes on production and imports less subsidies plus business current transfer payments .....	.103	.106	.109	.109	.108	.109	.108	.108
Net interest and miscellaneous payments .....	.025	.023	.022	.023	.022	.022	.022	.022
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production) .....	.121	.129	.135	.137	.143	.125	.128	.131
Taxes on corporate income .....	.034	.045	.048	.048	.050	.047	.049	.052
Profits after tax with inventory valuation and capital consumption adjustments .....	.087	.084	.087	.089	.094	.078	.079	.079

^r Revised. Revisions include changes to series affected by the introduction of revised wage and salary estimates for the first quarter of 2007.

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

	2004	2005	2006	Seasonally adjusted at annual rates															
				2003		2004				2005				2006				2007	
				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	3.6	3.1	2.9	7.5	2.7	3.0	3.5	3.6	2.5	3.1	2.8	4.5	1.2	4.8	2.4	1.1	2.1	0.6	4.0
Goods	4.7	4.3	5.0	16.2	2.5	2.1	3.4	6.6	3.7	4.2	3.9	5.8	1.5	9.6	4.6	3.4	1.1	.2	5.6
Services	2.8	2.3	2.3	1.9	2.8	3.8	2.2	2.4	2.4	2.3	1.4	4.4	1.0	2.4	2.0	2.0	4.4	2.1	3.2
Structures	5.2	3.4	-1	14.1	2.2	1.0	11.5	1.3	-3	4.0	7.3	1.2	1.2	4.3	-1.4	-9.9	-7.0	-6.2	3.4
Motor vehicle output	4.0	4.2	-1.3	8.9	-6.5	8.8	-6.1	29.0	-9.6	5.4	4.7	30.6	-30.5	17.0	-10.9	15.1	-21.6	6.2	.8
GDP excluding motor vehicle output	3.6	3.0	3.0	7.4	3.0	2.8	3.8	2.8	3.0	3.0	2.7	3.6	2.5	4.4	2.9	.6	2.9	.4	4.1
Final sales of computers ¹	5.4	35.1	19.4	90.4	20.0	-31.0	-6.6	19.8	50.1	39.5	51.7	21.8	34.2	7.3	20.7	5.1	27.0	-1.3	36.4
GDP excluding final sales of computers	3.6	2.9	2.8	7.0	2.5	3.3	3.6	3.5	2.3	2.8	2.5	4.3	1.0	4.8	2.3	1.0	1.9	.6	3.8
Farm gross value added ²	8.1	5.9	.6	-34.7	-36.1	149.5	-30.8	18.9	40.8	-10.9	14.0	-3.0	6.0	-8.9	17.5	-12.4	.8	-12.5	-27.8
Nonfarm business gross value added ³	4.1	3.6	3.2	11.0	1.6	2.6	5.0	3.8	2.6	3.9	3.2	5.6	.9	5.7	2.4	.8	2.6	.3	5.0
Price indexes:																			
GDP	2.9	3.2	3.2	2.1	2.2	3.7	3.8	2.3	3.2	3.9	2.6	3.5	3.5	3.4	3.5	2.4	1.7	4.2	2.7
GDP excluding food and energy	2.7	3.2	3.1	1.7	2.1	3.5	3.4	2.8	3.1	4.1	2.6	2.9	3.5	3.4	3.2	2.6	2.4	3.3	1.6
GDP excluding final sales of computers	3.0	3.4	3.3	2.2	2.3	3.8	3.8	2.4	3.4	4.1	2.7	3.6	3.7	3.5	3.6	2.5	1.8	4.3	2.8
Gross domestic purchases	3.1	3.7	3.3	2.2	1.9	4.3	4.2	2.8	3.6	3.6	3.5	4.6	3.7	2.7	4.2	2.5	.1	3.8	3.8
Gross domestic purchases excluding food and energy	2.7	3.1	2.9	1.8	2.0	3.5	3.4	2.6	2.8	4.0	2.6	2.7	3.2	3.2	3.2	2.5	2.3	3.1	1.6
Gross domestic purchases excluding final sales of computers to domestic purchasers	3.2	3.9	3.5	2.4	2.0	4.4	4.3	2.9	3.9	3.8	3.7	4.8	3.9	2.9	4.5	2.7	.2	3.9	4.0
Personal consumption expenditures (PCE)	2.6	2.9	2.8	2.4	1.5	3.5	3.8	2.0	3.0	2.2	3.4	4.3	2.8	1.7	4.3	2.6	-9	3.5	4.2
PCE excluding food and energy	2.1	2.2	2.2	1.8	1.6	2.4	2.7	1.7	2.1	2.6	2.1	1.7	2.4	2.0	2.9	2.3	1.9	2.4	1.3
Market-based PCE ⁴	2.3	2.7	2.6	2.2	.9	3.2	3.4	1.5	2.9	1.9	3.1	4.3	2.6	1.5	4.3	2.4	-1.6	3.6	4.6
Market-based PCE excluding food and energy ⁴	1.5	1.7	1.9	1.4	.9	1.8	1.9	1.1	1.8	2.3	1.5	1.2	1.9	1.8	2.6	2.1	1.6	2.4	1.1

^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 2005-06 annual percent change in real GDP uses prices for 2005 and 2006 as weights, and the 2005-06 annual percent change in GDP prices uses quantities for 2005 and 2006 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, 8, and Appendix Table A. 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.