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BEA 06-02

GROSS DOMESTIC PRODUCT: FOURTH QUARTER 2005 (ADVANCE)

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 1.1 percent in the fourth quarter of 2005, according to advance estimates released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 4.1 percent.

The Bureau emphasized that the fourth-quarter "advance" estimates are based on source data that are incomplete or subject to further revision by the source agency (see the box on page 3). The fourth-quarter "preliminary" estimates, based on more comprehensive data, will be released on February 28, 2006.

The major contributors to the increase in real GDP in the fourth quarter primarily reflected positive contributions from private inventory investment, personal consumption expenditures (PCE), equipment and software, exports, and residential fixed investment that were partly offset by a negative contribution from federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the fourth quarter primarily reflected a deceleration in PCE, an acceleration in imports, a downturn in federal government spending, and decelerations in equipment and software and in residential fixed investment that were partly offset by an upturn in private inventory investment.

Final sales of computers contributed 0.33 percentage point to the fourth-quarter growth in real GDP after contributing 0.16 percentage point to the third-quarter growth. Motor vehicle output subtracted 0.58 percentage point from the fourth-quarter growth in real GDP after contributing 0.56 percentage point to the third-quarter growth.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 3.3 percent in the fourth quarter, compared with an increase of 4.2 percent in the third. Excluding food and energy prices, the price index for gross domestic purchases increased 2.9 percent in the fourth quarter, compared with an increase of 2.5 percent in the third.

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.

This news release is available on BEA's Web site at www.bea.gov/bea/rels.htm.

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Real personal consumption expenditures increased 1.1 percent in the fourth quarter, compared with an increase of 4.1 percent in the third. Durable goods purchases decreased 17.5 percent, in contrast to an increase of 9.3 percent. Nondurable goods purchases increased 5.1 percent, compared with an increase of 3.5 percent. Services expenditures increased 3.2 percent, compared with an increase of 3.3 percent.

Real nonresidential fixed investment increased 2.8 percent in the fourth quarter, compared with an increase of 8.5 percent in the third. Nonresidential structures increased 0.7 percent, compared with an increase of 2.2 percent. Equipment and software increased 3.5 percent, compared with an increase of 10.6 percent. Real residential fixed investment increased 3.5 percent, compared with an increase of 7.3 percent.

Real exports of goods and services increased 2.4 percent in the fourth quarter, compared with an increase of 2.5 percent in the third. Real imports of goods and services increased 9.1 percent, compared with an increase of 2.4 percent.

Real federal government consumption expenditures and gross investment decreased 7.0 percent in the fourth quarter, in contrast to an increase of 7.4 percent in the third. National defense decreased 13.1 percent, in contrast to an increase of 10.0 percent. Nondefense increased 6.9 percent, compared with an increase of 2.4 percent. Real state and local government consumption expenditures and gross investment increased 0.4 percent, compared with an increase of 0.2 percent.

The real change in private inventories added 1.45 percentage points to the fourth-quarter change in real GDP after subtracting 0.43 percentage point from the third-quarter change. Private businesses increased inventories \$25.7 billion in the fourth quarter, following decreases of \$13.3 billion in the third quarter and \$1.7 billion in the second.

Real final sales of domestic product -- GDP less change in private inventories -- decreased 0.3 percent in the fourth quarter, in contrast to an increase of 4.6 percent in the third.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 2.2 percent in the fourth quarter, compared with an increase of 4.0 percent in the third.

Disposition of personal income

Current-dollar personal income increased \$231.6 billion (9.4 percent) in the fourth quarter, compared with an increase of \$45.3 billion (1.8 percent) in the third. The acceleration in personal income partly reflected a rebound from the third-quarter impacts of Hurricanes Katrina and Rita. Rental income and proprietors' income were reduced by the uninsured property damage caused by the hurricanes, and current transfer receipts were increased by insurance settlements related to the hurricanes. For more information, see the FAQs on "Disasters" on BEA's Web site.

Personal current taxes increased \$18.4 billion in the fourth quarter, compared with an increase of \$9.9 billion in the third.

Disposable personal income increased \$213.2 billion (9.8 percent) in the fourth quarter, compared with an increase of \$35.4 billion (1.6 percent) in the third. Real disposable personal income increased 7.0 percent, in contrast to a decrease of 2.0 percent.

Personal outlays increased \$87.7 billion (3.9 percent) in the fourth quarter, compared with an increase of \$172.7 billion (7.9 percent) in the third. Personal saving -- disposable personal income less personal outlays -- was a negative \$33.3 billion in the fourth quarter, compared with a negative \$158.9 billion in the third. The personal saving rate -- saving as a percentage of disposable personal income -- increased from a negative 1.8 percent in the third quarter to a negative 0.4 percent in the fourth. Saving from current income may be near zero or negative when outlays are financed by borrowing (including borrowing financed through credit cards or home equity loans), by selling investments or other assets, or by using savings from the previous periods. For more information, see the FAQs on "Personal Saving" on BEA's Web site.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 4.2 percent, or \$129.6 billion, in the fourth quarter to a level of \$12,735.3 billion. In the third quarter, current-dollar GDP increased 7.6 percent, or \$227.7 billion.

2005 GDP

Real GDP increased 3.5 percent in 2005 (that is, from the 2004 annual level to the 2005 annual level), compared with an increase of 4.2 percent in 2004.

The major contributors to the increase in real GDP in 2005 were personal consumption expenditures (PCE), equipment and software, exports, and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased in 2005.

The deceleration in real GDP in 2005 primarily reflected a downturn in private inventory investment and decelerations in PCE and in federal government spending that were partly offset by a deceleration in imports.

The price index for gross domestic purchases increased 3.2 percent in 2005, compared with an increase of 2.9 percent in 2004.

Current-dollar GDP increased 6.4 percent, or \$745.1 billion, in 2005. Current-dollar GDP increased 7.0 percent, or \$763.1 billion, in 2004.

During 2005 (that is, measured from the fourth quarter of 2004 to the fourth quarter of 2005), real GDP increased 3.1 percent. Real GDP increased 3.8 percent during 2004. The price index for gross domestic purchases increased 3.4 percent during 2005, the same increase as during 2004.

Information on the assumptions used for unavailable source data is provided in a technical note that is posted with the news release on BEA's Web site. Within a few days after the release, a detailed "Key Source Data and Assumptions" file is posted on the Web site. In the middle of each month, an analysis of the current quarterly estimates of GDP and related series is made available on the Web site; click on *Survey of Current Business*, "Business Situation."

BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at www.bea.gov. By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

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 -- February 28, 2006, at 8:30 A.M. EST for:
Gross Domestic Product: Fourth Quarter 2005 (Preliminary)

Comparisons of Revisions to GDP

Quarterly estimates of GDP are released on the following schedule: “Advance” estimates, based on source data that are incomplete or subject to further revision by the source agency, are released near the end of the first month after the end of the quarter; as more detailed and more comprehensive data become available, “preliminary” and “final” estimates are released near the end of the second and third months, respectively. The “latest” estimates reflect the results of both annual and comprehensive revisions.

Annual revisions, which cover the quarters of the 3 most recent calendar years, are usually carried out each summer and incorporate more comprehensive data including annual surveys. Comprehensive (or benchmark) revisions are carried out at about 5-year intervals and incorporate major periodic source data, as well as improvements in concepts and methods that update the accounts to portray more accurately the evolving U.S. economy.

The table below shows comparisons of the revisions between quarterly percent changes of current-dollar and real GDP for the different vintages of the estimates. From the advance estimate to the preliminary estimate (one month later), the average revision to real GDP without regard to sign is 0.5 percentage point, while from the advance estimate to the final estimate (two months later), it is 0.6 percentage point. From the advance estimate to the latest estimate, the average revision without regard to sign is 1.3 percentage points. The average revision (with regard to sign) from the advance estimate to the latest estimate is 0.4 percentage point, which is larger than the average revisions from the advance estimate to the preliminary or to the final estimates. The larger average revisions to the latest estimate reflect the fact that comprehensive revisions include major improvements such as the introduction of chain indexes and the capitalization of software. The quarterly estimates correctly indicate the direction of change of real GDP 98 percent of the time, correctly indicate whether it is accelerating or decelerating 74 percent of the time, and correctly indicate whether real GDP growth is above, near, or below trend growth more than three-fifths of the time.

Revisions Between Quarterly Percent Changes of GDP: Vintage Comparisons
[Annual rates]

Vintages compared	Average	Average without regard to sign	Standard deviation of average without regard to sign
<u>Current-dollar GDP</u>			
Advance to preliminary.....	0.1	0.5	0.4
Advance to final.....	.2	.7	.4
Preliminary to final.....	.0	.3	.2
Advance to latest.....	.4	1.2	.9
<u>Real GDP</u>			
Advance to preliminary.....	0.1	0.5	0.4
Advance to final.....	.1	.6	.4
Preliminary to final.....	.0	.3	.2
Advance to latest.....	.4	1.3	1.0

NOTE.--These comparisons are based on the period from 1983 through 2002.

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			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Gross domestic product (GDP)	2.7	4.2	3.5	2.7	2.2	2.4	0.2	1.7	3.7	7.2	3.6	4.3	3.5	4.0	3.3	3.8	3.3	4.1	1.1
Personal consumption expenditures	2.9	3.9	3.6	1.4	2.4	2.3	1.4	2.5	3.6	5.8	3.1	4.7	1.9	4.4	4.3	3.5	3.4	4.1	1.1
Durable goods	6.6	6.0	4.4	-4.2	3.6	11.5	-5.2	3.6	15.1	19.8	-3	4.4	.4	10.8	5.5	2.6	7.9	9.3	-17.5
Nondurable goods	3.2	4.7	4.4	3.3	1.3	.3	3.6	3.2	1.9	8.3	3.1	6.6	2.6	3.9	5.5	5.3	3.6	3.5	5.1
Services	2.0	3.0	2.9	1.8	2.6	1.3	1.8	1.9	2.3	2.0	3.8	3.8	1.8	3.4	3.6	2.8	2.3	3.3	3.2
Gross private domestic investment	3.9	11.9	5.8	13.6	1.9	5.8	-1.0	-4	2.7	17.5	12.0	10.1	20.9	4.6	6.8	8.6	-3.7	5.3	12.2
Fixed investment	3.6	9.7	8.0	-6.3	-1.4	-.7	-1.4	.8	8.8	14.8	6.9	6.9	15.1	8.4	7.2	7.0	9.5	8.0	3.0
Nonresidential	1.3	9.4	8.5	-12.8	-6.1	-2.0	-5.0	-1.1	8.4	11.2	4.4	7.9	13.5	11.8	10.4	5.7	8.8	8.5	2.8
Structures	-4.2	2.2	1.9	-19.0	-19.0	-15.5	-5.3	-8.4	13.3	-1	1.3	-3.5	8.8	1.4	4.7	-2.0	2.7	2.2	-.7
Equipment and software	3.2	11.9	10.8	-10.4	-.9	3.3	-4.9	1.6	6.7	15.4	5.5	12.0	15.2	15.5	12.4	8.3	10.9	10.6	3.5
Residential	8.4	10.3	7.2	10.4	9.5	2.0	6.4	4.7	9.6	21.9	11.5	5.2	17.8	2.6	1.6	9.5	10.8	7.3	3.5
Change in private inventories																			
Net exports of goods and services																			
Exports	1.8	8.4	6.7	5.2	10.6	2.9	-3.1	-2.9	-2.1	11.5	19.1	5.0	6.9	5.5	7.1	7.5	10.7	2.5	2.4
Goods	1.8	8.9	7.1	-1.6	14.2	2.2	-9.1	1.5	0	9.1	17.2	7.5	7.9	8.2	3.7	5.3	16.0	3.2	3.8
Services	1.7	7.4	6.0	22.9	2.7	4.6	11.7	-11.9	-6.6	17.2	23.7	-4	4.8	-6	15.5	12.5	-4	1.0	-9
Imports	4.6	10.7	6.2	11.7	12.5	5.7	9.0	-2.5	3.3	4.1	16.5	12.0	14.5	4.7	11.3	7.4	-3	2.4	9.1
Goods	4.9	11.0	6.7	9.2	16.0	6.5	8.1	-2.6	6.3	.9	17.7	12.4	14.7	4.7	13.0	8.2	-1.1	3.5	10.0
Services	3.0	9.6	3.5	24.7	-3.0	1.7	14.0	-2.2	-10.2	21.4	10.7	10.0	13.7	4.6	3.1	3.7	4.4	-3.2	4.2
Government consumption expenditures and gross investment	2.8	2.2	1.7	4.3	4.8	2.3	4.8	-.3	7.2	.5	.5	3.3	2.3	1.8	.9	1.9	2.5	2.9	-2.4
Federal	6.9	5.2	2.0	5.9	12.5	3.0	10.2	.3	22.1	-2.0	3.1	10.7	3.2	3.6	-.6	2.4	2.4	7.4	-7.0
National defense	8.8	7.0	2.3	3.7	11.5	4.1	14.8	-3.6	37.4	-6.5	7.9	13.8	.8	9.0	-3.3	3.0	3.7	10.0	-13.1
Nondefense	3.4	1.8	1.6	10.2	14.1	1.2	2.1	8.0	-2.4	7.2	-5.8	4.9	8.1	-6.4	5.2	1.1	-2	2.4	6.9
State and local .....	.6	.4	1.5	3.5	1.0	1.9	2.0	-.6	-.3	2.0	-.9	-.7	1.8	.8	1.8	1.6	2.6	.2	.4
Addenda:																			
Final sales of domestic product	2.7	3.9	3.8	-.2	1.7	1.4	.1	1.9	4.6	6.9	2.8	3.8	2.6	4.6	3.3	3.5	5.6	4.6	-.3
Gross domestic purchases	3.0	4.7	3.6	3.6	2.7	2.8	1.7	1.5	4.2	6.5	3.9	5.2	4.7	3.9	4.1	4.0	2.1	4.0	2.2
Final sales to domestic purchasers	3.0	4.4	3.9	.7	2.2	1.8	1.6	1.7	5.0	6.1	3.2	4.8	3.8	4.5	4.1	3.7	4.2	4.5	.8
Gross national product (GNP)	3.0	4.0	.....	.8	1.8	2.9	1.0	1.5	4.5	7.2	4.5	3.8	2.2	4.0	2.9	3.9	3.2	4.4	.....
Disposable personal income	2.4	3.4	1.4	11.6	1.9	-1.6	.2	2.5	4.5	7.2	1.0	3.6	1.2	2.8	9.1	-3.4	.2	-2.0	7.0
Current-dollar measures:																			
GDP	4.8	7.0	6.4	4.3	3.7	3.9	2.4	4.8	4.8	9.3	5.5	8.1	7.5	5.3	6.1	7.0	6.0	7.6	4.2
Final sales of domestic product	4.8	6.6	6.7	1.4	3.2	3.0	2.4	5.1	5.7	8.8	4.8	7.5	6.6	6.1	6.2	6.7	8.3	8.1	2.7
Gross domestic purchases	5.3	7.7	6.9	4.9	5.2	4.4	3.9	5.7	4.6	8.6	5.6	9.7	9.0	5.9	7.4	7.0	5.5	8.4	5.6
Final sales to domestic purchasers	5.3	7.4	7.2	2.2	4.8	3.6	3.8	5.9	5.4	8.2	4.9	9.2	8.1	6.6	7.4	6.7	7.6	8.9	4.2
GNP	5.1	6.8	.....	2.3	3.3	4.4	3.2	4.6	5.7	9.2	6.4	7.7	6.1	5.4	5.7	7.0	5.9	7.8	.....
Disposable personal income	4.3	6.1	4.2	12.6	4.7	.2	1.9	5.6	5.2	9.4	2.3	7.6	5.1	4.3	12.5	-1.3	3.5	1.6	9.8

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

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

	2003	2004	2005	Seasonally adjusted at annual rates															
				2002				2003				2004				2005			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Gross domestic product (GDP)	2.0	2.6	2.8	1.7	1.5	1.6	2.2	3.1	1.1	1.8	1.9	3.6	3.9	1.5	2.7	3.1	2.6	3.3	3.0
Personal consumption expenditures	1.9	2.6	2.8	.9	2.8	1.8	1.7	3.0	.6	2.0	1.3	3.9	3.8	1.5	3.1	2.3	3.3	3.7	2.6
Durable goods	-3.5	-1.9	-5	-3.2	-1.9	-1.8	-2.7	-4.3	-4.3	-4.4	-4.1	.1	-1	-2.4	.6	.9	-5	-3.0	-1.0
Nondurable goods	2.0	3.3	3.7	.2	5.4	.9	1.2	5.6	-2.4	3.1	.6	6.0	6.6	.1	4.5	1.3	5.7	7.9	.7
Services	3.0	3.2	3.1	2.2	2.6	3.0	2.8	3.4	3.2	2.8	2.8	3.6	3.3	2.9	3.0	3.0	2.9	3.1	4.4
Gross private domestic investment	1.6	3.1	3.0	-2	.5	.2	2.9	2.9	-5	1.7	3.7	3.4	4.6	3.2	2.3	2.6	2.7	3.7	4.6
Fixed investment	1.7	3.2	3.0	-3	.5	.2	3.0	3.1	-5	1.7	3.9	3.5	4.6	3.0	2.2	2.6	2.7	4.0	4.9
Nonresidential .....	.3	1.3	2.1	-1	-2	-4	1.1	.1	-1.0	1.2	1.9	1.2	1.8	.9	1.1	3.1	1.9	2.5	3.7
Structures	3.5	5.5	10.0	3.8	5.2	4.3	5.1	4.0	.3	2.9	4.6	7.1	6.8	6.6	5.6	10.3	9.9	16.5	19.5
Equipment and software	-9	-1	-4	-1.5	-2.1	-2.0	-3	-1.2	-1.4	.6	1.0	-8	.2	-9	-4	.9	-7	-1.8	-1.2
Residential	4.8	6.7	4.7	-8	2.2	1.5	7.0	9.3	.3	2.7	7.6	8.0	9.7	6.9	4.2	1.6	4.3	6.5	7.1
Change in private inventories																			
Net exports of goods and services																			
Exports	2.1	3.6	3.7	-1.1	2.8	3.0	.6	4.1	1.0	.9	2.9	5.9	4.8	1.7	4.3	4.6	3.7	2.9	2.9
Goods	2.0	3.7	3.1	-1.4	2.2	3.3	.5	3.6	1.6	-7	4.1	6.5	5.3	1.0	3.8	4.5	2.9	1.3	2.0
Services	2.5	3.1	5.0	-3	4.3	2.1	.7	5.2	-3	4.6	.1	4.4	3.7	3.2	5.6	4.7	5.4	6.7	4.9
Imports	3.4	5.0	6.1	-1.7	10.3	3.5	.6	11.2	-4.4	2.6	1.1	9.6	6.6	5.7	6.8	2.9	8.2	9.4	5.1
Goods	2.9	5.0	6.4	-2.0	10.8	2.6	.4	11.9	-6.7	2.5	.5	10.1	7.9	5.4	6.9	1.9	9.9	10.6	5.4
Services	5.8	4.9	4.7	-3	7.6	8.1	1.4	8.0	7.5	3.2	4.2	7.5	.3	7.4	6.5	7.9	-2	3.4	3.3
Government consumption expenditures and gross investment	3.7	3.7	4.7	5.2	2.9	2.6	3.6	8.9	0	2.5	1.4	6.2	5.0	3.2	4.1	5.7	3.7	6.7	4.9
Federal	3.9	4.2	3.6	10.1	.5	1.0	4.6	9.9	1.3	1.2	1.2	9.7	4.9	2.2	2.6	7.0	2.1	3.0	.3
National defense	4.4	4.0	3.5	9.1	1.3	2.4	6.9	9.3	1.1	1.3	1.5	7.8	5.6	2.8	2.7	6.6	1.4	3.5	.5
Nondefense	3.0	4.6	3.7	12.0	-8	-1.4	.5	11.0	1.6	1.0	.7	13.7	3.6	1.2	2.5	7.9	3.6	2.1	-1
State and local	3.7	3.4	5.4	2.7	4.2	3.4	3.0	8.4	-7	3.2	1.6	4.2	5.0	3.7	4.9	4.9	4.7	9.0	7.6
Addenda:																			
Final sales of domestic product	2.0	2.6	2.8	1.7	1.5	1.6	2.3	3.1	1.1	1.8	1.9	3.6	3.8	1.4	2.7	3.1	2.6	3.3	3.1
Gross domestic purchases	2.2	2.9	3.2	1.5	2.5	1.7	2.2	4.1	.4	2.0	1.7	4.2	4.1	2.0	3.2	2.9	3.3	4.2	3.3
Final sales to domestic purchasers	2.2	2.9	3.2	1.5	2.5	1.7	2.2	4.1	.4	2.0	1.7	4.2	4.1	2.0	3.2	2.9	3.3	4.3	3.4
Gross national product (GNP)	2.0	2.6	.....	1.7	1.5	1.6	2.2	3.1	1.1	1.8	1.9	3.6	3.8	1.5	2.7	3.1	2.6	3.3	.....
Implicit price deflators:																			
GDP	2.0	2.6	2.8	1.5	1.4	1.5	2.2	3.1	1.1	1.9	1.8	3.7	3.9	1.3	2.7	3.0	2.6	3.3	3.0
Gross domestic purchases	2.2	2.9	3.2	1.3	2.4	1.6	2.2	4.1	.4	2.1	1.6	4.3	4.1	1.9	3.2	2.9	3.3	4.2	3.4
GNP	2.0	2.6	.....	1.4	1.5	1.5	2.3	3.1	1.1	1.9	1.8	3.7	3.8	1.3	2.7	3.0	2.6	3.3	.....

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				
				2004	2005			
					IV	I	II	III	IV
Gross domestic product	105.130	109.562	113.386	111.003	112.044	112.959	114.112	114.429
Personal consumption expenditures	108.416	112.601	116.600	114.236	115.217	116.176	117.338	117.670
Durable goods	119.134	126.245	131.777	129.166	129.999	132.499	135.492	129.119
Nondurable goods	107.938	113.000	118.014	114.857	116.351	117.392	118.413	119.900
Services	106.493	109.725	112.960	111.027	111.789	112.440	113.353	114.260
Gross private domestic investment	93.195	104.286	110.379	107.398	109.645	108.615	110.023	113.234
Fixed investment	95.297	104.534	112.929	107.880	109.722	112.252	114.443	115.300
Nonresidential	88.063	96.314	104.510	100.246	101.633	103.806	105.935	106.665
Structures	77.621	79.314	80.802	80.554	80.145	80.680	81.123	81.259
Equipment and software	92.154	103.126	114.250	108.201	110.376	113.274	116.170	117.180
Residential	113.989	125.714	134.732	127.772	130.695	134.100	136.484	137.648
Change in private inventories								
Exports of goods and services	94.064	101.970	108.850	104.398	106.295	109.037	109.710	110.357
Imports of goods and services	105.205	116.495	123.676	120.518	122.698	122.620	123.340	126.044
Government consumption expenditures and gross investment	111.009	113.398	115.305	114.008	114.537	115.248	116.063	115.372
Federal	118.839	125.038	127.575	125.704	126.446	127.188	129.491	127.174
State and local	107.042	107.487	109.071	108.069	108.489	109.183	109.246	109.365
Addenda:								
Final sales of domestic product	105.564	109.650	113.849	111.122	112.088	113.613	114.896	114.800
Gross domestic purchases	106.285	111.301	115.276	113.000	114.112	116.695	115.836	116.463
Final sales to domestic purchasers	106.708	111.394	115.731	113.124	114.164	115.332	116.598	116.831
Gross national product	105.370	109.637		110.916	111.977	112.851	114.076	

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				
				2004	2005			
					IV	I	II	III	IV
Gross domestic product	106.310	109.102	112.144	110.111	110.950	111.655	112.567	113.407
Personal consumption expenditures (PCE)	105.520	108.246	111.298	109.326	109.936	110.832	111.846	112.576
Durable goods	92.372	90.631	90.159	90.449	90.648	90.527	89.839	89.621
Nondurable goods	104.151	107.634	111.585	108.982	109.327	110.854	112.985	113.176
Services	109.246	112.695	116.176	113.955	114.803	115.633	116.508	117.758
Gross private domestic investment	103.311	106.555	109.796	107.733	108.427	109.164	110.169	111.424
Fixed investment	103.432	106.697	109.937	107.831	108.522	109.254	110.318	111.653
Nonresidential	99.764	101.025	103.155	101.455	102.244	102.715	103.358	104.304
Structures	113.889	120.124	132.176	122.827	125.876	128.886	133.914	140.027
Equipment and software	95.133	95.022	94.666	94.854	95.067	94.910	94.491	94.197
Residential	112.379	119.935	125.568	122.574	123.062	124.359	126.335	128.516
Change in private inventories								
Exports of goods and services	101.398	104.999	108.879	106.366	107.559	108.534	109.323	110.098
Imports of goods and services	99.610	104.571	110.982	107.026	107.783	109.925	112.413	113.807
Government consumption expenditures and gross investment	109.460	113.505	118.874	115.148	116.747	117.820	119.751	121.178
Federal	109.740	114.354	118.478	115.575	117.550	118.168	119.056	119.140
State and local	109.303	113.022	119.131	114.914	116.291	117.635	120.186	122.411
Addenda:								
PCE excluding food and energy	105.082	107.156	109.297	107.980	108.617	109.083	109.450	110.037
Market-based PCE ¹	105.009	107.422	110.327	108.378	108.948	109.860	110.917	111.582
Market-based PCE excluding food and energy ¹	104.348	105.898	107.671	106.514	107.106	107.506	107.797	108.274
Final sales of domestic product	106.330	109.124	112.166	110.124	110.963	111.667	112.589	113.443
Gross domestic purchases	105.863	108.899	112.377	110.092	110.883	111.785	112.953	113.886
Final sales to domestic purchasers	105.883	108.921	112.399	110.106	110.898	111.798	112.976	113.922
Gross national product	106.304	109.094		110.100	110.933	111.638	112.550	
Implicit price deflators:								
Gross domestic product	106.305	109.099	112.113	110.077	110.905	111.622	112.527	113.369
Final sales of domestic product	106.330	109.124	112.167	110.117	110.956	111.659	112.582	113.436
Gross domestic purchases	105.858	108.896	112.345	110.055	110.837	111.750	112.911	113.846
Final sales to domestic purchasers	105.883	108.920	112.398	110.095	110.886	111.787	112.965	113.911
Gross national product	106.299	109.091		110.064	110.890	111.607	112.512	

1. This index is a supplemental measure that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. Percentage changes for these series are included in the addenda to table 8 and appendix table A.

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

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

[Billions of dollars]

	2003	2004	2005	Seasonally adjusted at annual rates				
				2004	2005			
					IV	I	II	III	IV
Gross domestic product	10,971.2	11,734.3	12,479.4	11,995.2	12,198.8	12,378.0	12,605.7	12,735.3
Plus: Income receipts from the rest of the world	343.7	415.4	.....	462.4	462.3	489.4	520.8	.....
Less: Income payments to the rest of the world	275.6	361.7	.....	425.6	422.9	453.9	476.6	.....
Equals: Gross national product	11,039.3	11,788.0	.....	12,032.0	12,238.2	12,413.5	12,650.0	.....
Less: Consumption of fixed capital	1,331.3	1,435.3	1,574.1	1,442.0	1,448.4	1,457.2	1,863.8	1,526.9
Less: Statistical discrepancy	47.1	76.8	.....	30.6	39.4	78.3	66.5	.....
Equals: National income	9,660.9	10,275.9	.....	10,559.3	10,750.4	10,878.0	10,719.6	.....
Compensation of employees	6,321.1	6,687.6	7,113.6	6,895.8	7,001.7	7,060.2	7,155.4	7,237.3
Wage and salary accruals	5,111.1	5,389.4	5,711.9	5,562.9	5,629.9	5,672.3	5,741.6	5,803.6
Supplements to wages and salaries	1,210.0	1,298.1	1,401.8	1,332.9	1,371.8	1,387.9	1,413.8	1,433.7
Proprietors' income with inventory valuation and capital consumption adjustments	810.2	889.6	937.8	900.9	917.9	936.6	932.4	964.2
Rental income of persons with capital consumption adjustment	131.7	134.2	73.9	128.7	118.0	104.4	-11.1	84.5
Corporate profits with inventory valuation and capital consumption adjustments	1,031.8	1,161.5	.....	1,219.5	1,288.2	1,347.5	1,293.1	.....
Net interest and miscellaneous payments	528.5	505.5	497.1	492.7	498.3	488.7	497.6	503.8
Taxes on production and imports less subsidies	754.8	809.4	847.1	824.4	833.2	848.0	853.4	853.8
Business current transfer payments	81.6	91.1	79.4	102.6	99.0	99.6	21.8	97.2
Current surplus of government enterprises	1.3	-3.0	-11.2	-5.2	-6.1	-7.0	-22.8	-8.8
Addendum:								
Gross domestic income	10,924.2	11,657.5	.....	11,964.6	12,159.4	12,299.7	12,539.2	.....

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2003	2004	2005	Seasonally adjusted at annual rates				
				2004	2005			
					IV	I	II	III	IV
Personal income ¹	9,169.1	9,713.3	10,238.2	10,024.8	10,073.4	10,185.7	10,231.0	10,462.6
Compensation of employees, received	6,321.1	6,687.6	7,113.6	6,895.8	7,001.7	7,060.2	7,155.4	7,237.3
Wage and salary disbursements	5,111.1	5,389.4	5,711.9	5,562.9	5,629.9	5,672.3	5,741.6	5,803.6
Supplements to wages and salaries	1,210.0	1,298.1	1,401.8	1,332.9	1,371.8	1,387.9	1,413.8	1,433.7
Proprietors' income with inventory valuation and capital consumption adjustments	810.2	889.6	937.8	900.9	917.9	936.6	932.4	964.2
Farm	27.7	35.8	20.1	24.6	24.7	19.6	18.0	17.9
Nonfarm	782.4	853.8	917.7	876.3	893.2	917.1	914.3	946.3
Rental income of persons with capital consumption adjustment	131.7	134.2	73.9	128.7	118.0	104.4	-11.1	84.5
Personal income receipts on assets	1,338.7	1,396.5	1,456.7	1,493.6	1,407.9	1,439.8	1,468.9	1,510.3
Personal interest income	917.6	905.9	945.0	907.4	915.4	936.0	951.2	977.5
Personal dividend income	421.1	490.6	511.7	586.2	492.5	503.8	517.6	532.9
Personal current transfer receipts	1,344.0	1,427.5	1,525.5	1,449.2	1,488.8	1,509.6	1,558.1	1,545.5
Less: Contributions for government social insurance	776.6	822.2	869.4	843.5	861.0	864.9	872.6	879.2
Less: Personal current taxes	999.9	1,049.1	1,206.9	1,094.3	1,171.4	1,206.0	1,215.9	1,234.3
Equals: Disposable personal income	8,169.2	8,664.2	9,031.3	8,930.4	8,902.0	8,979.7	9,015.1	9,228.3
Less: Personal outlays	7,996.3	8,512.5	9,072.8	8,725.0	8,854.6	9,001.2	9,173.9	9,261.6
Equals: Personal saving	172.8	151.8	-41.6	205.4	47.4	-21.5	-158.9	-33.3
Personal saving as a percentage of disposable personal income	2.1	1.8	-5	2.3	.5	-2	-1.8	-4
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	7,741.8	8,004.3	8,114.5	8,169.2	8,098.1	8,102.6	8,060.8	8,198.0

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.

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			
				I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
Gross domestic product (GDP) and related aggregates:																			
GDP	2.7	4.2	3.5	2.7	2.2	2.4	0.2	1.7	3.7	7.2	3.6	4.3	3.5	4.0	3.3	3.8	3.3	4.1	1.1
Goods	3.4	6.5	4.6	3.9	1.5	5.2	-5.2	4.3	2.3	16.8	2.9	7.2	4.7	6.6	3.9	4.4	5.0	5.3	.6
Services	2.2	2.7	2.7	2.5	3.4	1.7	2.9	.7	3.7	1.3	3.8	3.3	1.2	3.0	3.2	3.2	1.5	3.6	1.1
Structures	3.2	5.7	4.8	-1	-2.7	-3.0	3.1	-9	8.2	13.6	4.1	.6	13.1	1.2	2.2	5.2	8.4	3.3	2.5
Motor vehicle output	3.8	4.6	3.5	15.5	5.7	11.6	.5	.3	-2.5	22.6	-3.6	14.4	-7.3	3.0	8.8	4.3	-3	17.6	-15.9
GDP excluding motor vehicle output	2.7	4.2	3.5	2.3	2.1	2.0	.2	1.8	3.9	6.7	3.8	3.9	3.9	4.0	3.1	3.8	3.4	3.7	1.8
Final sales of computers ¹	20.2	20.4	39.6	-7.6	.7	29.3	15.3	7.1	14.4	78.0	11.9	10.2	10.3	13.3	56.5	54.9	45.4	20.3	46.4
GDP excluding final sales of computers	2.6	4.1	3.2	2.8	2.2	2.2	.1	1.7	3.6	6.8	3.5	4.2	3.4	3.9	3.0	3.5	3.0	4.0	.8
Farm gross value added ²	8.4	0	-9.1	-64.0	133.6	63.9	34.2	-22.3	27.0	-34.1	-13.1	89.8	-31.5	-11.3	-17.1	7.3	-31.1	20.9	14.8
Nonfarm business gross value added ³	3.3	4.8	4.1	3.5	1.4	3.1	.1	2.0	4.7	10.4	2.8	4.2	4.6	4.6	3.9	4.3	4.4	4.7	.9
Price indexes:																			
GDP	2.0	2.6	2.8	1.7	1.5	1.6	2.2	3.1	1.1	1.8	1.9	3.6	3.9	1.5	2.7	3.1	2.6	3.3	3.0
GDP excluding food and energy	1.8	2.5	2.7	2.1	1.8	1.6	2.0	2.6	.9	1.6	1.7	3.3	3.4	2.0	2.6	2.9	2.4	2.8	3.1
GDP excluding final sales of computers	2.2	2.7	3.0	1.9	1.7	1.7	2.4	3.2	1.2	2.0	1.9	3.7	3.9	1.6	2.9	3.3	2.8	3.5	3.2
Gross domestic purchases	2.2	2.9	3.2	1.5	2.5	1.7	2.2	4.1	.4	2.0	1.7	4.2	4.1	2.0	3.2	2.9	3.3	4.2	3.3
Gross domestic purchases excluding food and energy	1.8	2.4	2.5	1.8	1.7	1.6	1.8	2.5	1.0	1.7	1.8	3.4	3.2	2.0	2.4	3.0	2.1	2.5	2.9
Gross domestic purchases excluding final sales of computers to domestic purchasers	2.4	3.0	3.4	1.7	2.6	1.9	2.4	4.3	.5	2.2	1.8	4.3	4.3	2.2	3.4	3.1	3.5	4.5	3.6
Personal consumption expenditures (PCE)	1.9	2.6	2.8	.9	2.8	1.8	1.7	3.0	.6	2.0	1.3	3.9	3.8	1.5	3.1	2.3	3.3	3.7	2.6
PCE excluding food and energy	1.3	2.0	2.0	1.3	1.8	1.9	1.2	1.1	1.0	1.5	1.4	2.7	2.5	1.5	2.3	2.4	1.7	1.4	2.2
Market-based PCE ⁴	1.9	2.3	2.7	.6	2.8	1.7	1.7	3.1	.5	1.9	.9	3.4	3.7	1.1	2.8	2.1	3.4	3.9	2.4
Market-based PCE excluding food and energy ⁴	1.2	1.5	1.7	.9	1.6	1.7	1.2	.8	1.0	1.4	.9	1.9	2.0	1.1	1.8	2.2	1.5	1.1	1.8

1. For some components of final sales of computers, includes computer parts.

2. Farm output less intermediate goods and services purchased.

3. Consists of GDP less gross value added of farm, of households and institutions, and of general government.

4. This index is a supplemental measure that is based on household expenditures for which there are observable

price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions.

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

Explanatory Note: NIPA Measures of Quantities and Prices

Current-dollar GDP is a measure of the market value of goods, services, and structures produced in the economy in a particular period. Changes in current-dollar GDP can be decomposed into quantity and price components. Quantities, or “real” measures, and prices are expressed as index numbers with the reference year -- at present, the year 2000 -- equal to 100.

Annual changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent years. (Quarterly changes in quantities and prices are calculated using a Fisher formula that incorporates weights from two adjacent quarters; quarterly indexes are adjusted for consistency to the annual indexes before percent changes are calculated.) For example, the 2003-04 annual percent change in real GDP uses prices for 2003 and 2004 as weights, and the 2003-04 annual percent change in GDP prices uses quantities for 2003 and 2004 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.