

GROWTH SLOWS IN THE FOURTH QUARTER

“Final” Estimate of GDP

The economy grew at an annual rate of 0.6 percent in the fourth quarter, compared with a 4.9 percent increase in the third quarter, according to the “final” estimate released by the Bureau of Economic Analysis. The fourth-quarter growth rate was unchanged from the “preliminary” estimate.

Gross Domestic Product (GDP)

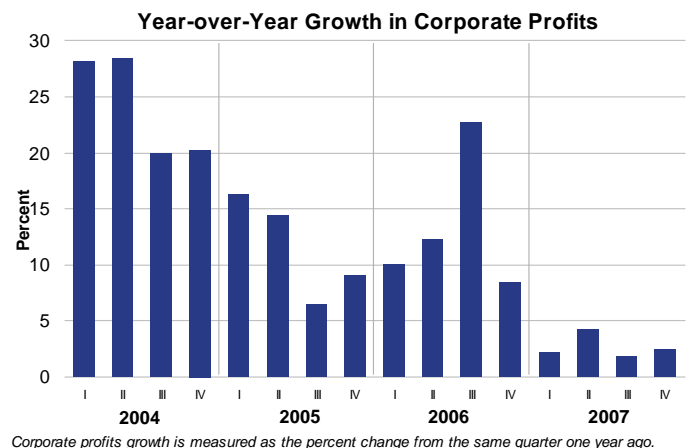
The fourth-quarter slowdown in GDP growth reflected a downturn in inventory investment and slowdowns in exports, federal government spending, and consumer spending. In contrast, imports turned down.



Corporate Profits

Fourth-quarter corporate profits increased 2.5 percent from the same quarter a year ago. Compared to the third quarter, profits fell 3.3 percent.

Profits in the fourth quarter were adjusted to exclude unusually large asset write-downs and higher provisions for loan losses. Unlike profits reported in corporate financial statements, the BEA measure of profits does not treat these items as charges against earnings because they do not reflect losses from current production. As a result, aggregate profits based on financial statements declined more than the GDP measure of profits.



BEA data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on the BEA Web site: www.bea.gov. [E-mail](#) alerts are also available.

NOTE: The “advance” estimate of GDP for the first quarter of 2008 will be released on April 30, 2008.