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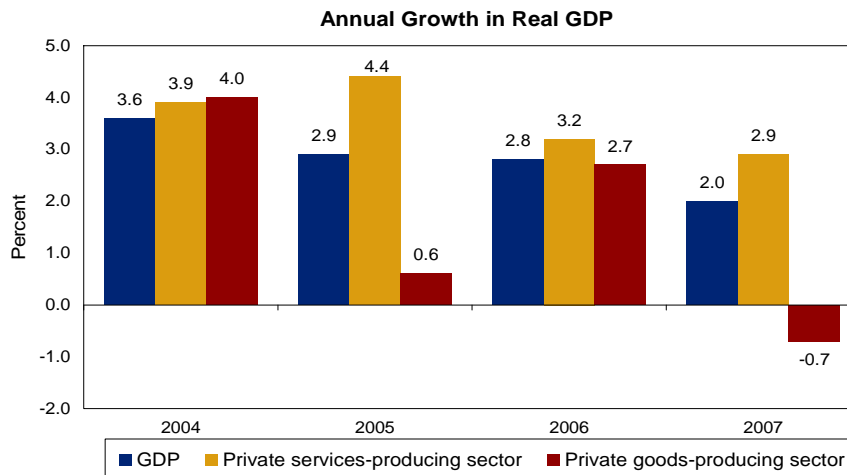
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BEA 08-54

**Finance and Insurance Industries Led Slowdown in 2007**  
*Revised Statistics of Gross Domestic Product by Industry*

A sharp slowdown in finance and insurance, a further contraction in construction, and a deceleration in durable-goods manufacturing were the leading contributors to the economic slowdown in 2007, according to revised statistics of real gross domestic product (GDP) by industry from the Bureau of Economic Analysis.

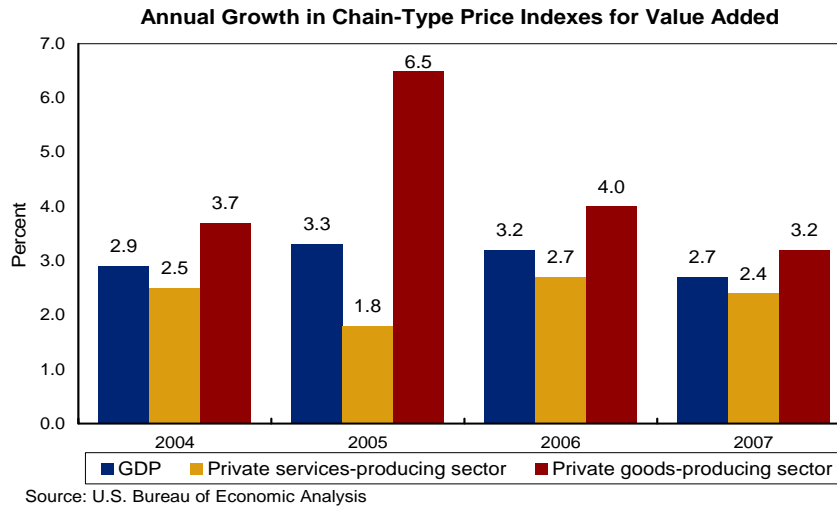
- Finance and insurance industries' value added—a measure of an industry's contribution to GDP—slowed to 0.1 percent in 2007 after increasing 6.3 percent in 2006.
- Construction's value added continued to decline, dropping 11.2 percent in 2007 after falling 4.1 percent in 2006, reflecting the further decline in residential building.
- Durable-goods manufacturing value added slowed to 4.8 percent from an 8.1 percent increase. Decelerations were reported in 8 of 11 durable-goods manufacturing industries.



Source: U.S. Bureau of Economic Analysis

## Prices:

Slower growth in the value added price indexes for construction and utilities industries contributed most to the slowdown in the overall GDP price index in 2007. The value added price index, which measures changes in an industry's labor and capital input prices including its profit margin, accelerated sharply in the agriculture, forestry, fishing, and hunting industry group.



## Other highlights:

- Private services-producing industries accounted for most of the 2.0 percent growth in real GDP in 2007. Professional and business services and real estate and rental and leasing were the largest contributors to overall economic growth.
- Private goods-producing industries subtracted from GDP growth in 2007 for the first time since 2001, reflecting the 11.2 percent drop in construction value added.
- Information-communication-technology-producing (ICT) industries' value added remained strong in 2007, increasing 13.0 percent. These industries account for 4 percent of GDP, but accounted for over 20 percent of real GDP growth in 2007.

NOTE: These revised statistics incorporate more accurate and more detailed data on the industry composition of GDP than were available for preparing the "advance" GDP by industry statistics for 2007 released on April 29, 2008. For more information on the revised statistics, see "Annual Industry Accounts: Revised Statistics for 2005-2007" in the forthcoming December 2008 issue of the *Survey of Current Business*, and at <http://www.bea.gov/industry/index.htm>.

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Advance statistics of gross domestic product (GDP) by industry for 2008 will be released on April 28, 2009 at 8:30 A.M. EDT.

**Table 1. Annual Percent Changes in Real Value Added by Industry Group**

	2004	2005	2006	2007
<b>Gross domestic product</b> .....	<b>3.6</b>	<b>2.9</b>	<b>2.8</b>	<b>2.0</b>
<b>Private industries</b> .....	<b>3.9</b>	<b>3.5</b>	<b>3.1</b>	<b>2.1</b>
Agriculture, forestry, fishing, and hunting.....	6.7	8.5	-5.3	6.9
Mining.....	1.0	-3.8	7.4	0.1
Utilities.....	5.7	-5.9	1.1	1.2
Construction.....	0.3	-0.5	-4.1	-11.2
Manufacturing.....	5.6	0.9	5.5	2.9
Durable goods.....	5.8	5.5	8.1	4.8
Nondurable goods.....	5.3	-5.0	2.1	0.4
Wholesale trade.....	2.0	3.3	0.6	0.8
Retail trade.....	2.6	8.9	5.6	4.5
Transportation and warehousing.....	9.1	4.0	2.1	2.5
Information.....	11.7	8.7	2.7	8.1
Finance, insurance, real estate, rental, and leasing.....	2.9	4.2	4.1	2.0
Finance and insurance.....	1.1	7.7	6.3	0.1
Real estate and rental and leasing.....	4.1	2.0	2.7	3.3
Professional and business services.....	4.1	5.5	3.4	4.3
Professional, scientific, and technical services.....	7.9	5.5	5.8	7.1
Management of companies and enterprises.....	-4.8	2.6	-1.4	-2.2
Administrative and waste management services.....	1.1	7.4	1.0	2.1
Educational services, health care, and social assistance.....	3.3	2.8	3.2	2.1
Educational services.....	2.0	-0.3	1.8	3.2
Health care and social assistance.....	3.5	3.3	3.4	1.9
Arts, entertainment, recreation, accommodation, and food services.....	3.8	2.1	3.4	1.7
Arts, entertainment, and recreation.....	3.0	0.8	4.1	1.9
Accommodation and food services.....	4.1	2.6	3.2	1.7
Other services, except government.....	0.2	2.0	-0.4	0.4
<b>Government</b> .....	<b>0.5</b>	<b>0.7</b>	<b>0.5</b>	<b>1.3</b>
Federal.....	0.9	0.2	-0.1	0.6
State and local.....	0.2	0.9	0.8	1.7
<b>Addenda:</b>				
Private goods-producing industries <sup>1</sup> .....	4.0	0.6	2.7	-0.7
Private services-producing industries <sup>2</sup> .....	3.9	4.4	3.2	2.9
Information-communications-technology-producing industries <sup>3</sup> .....	11.4	12.4	9.3	13.0

<sup>1</sup>. Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

<sup>2</sup>. Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

<sup>3</sup>. Consists of computer and electronic products (within durable-goods manufacturing); publishing industries (includes software) and information and data processing services (within information); and computer systems design and related services (within professional, scientific, and technical services).

Source: U.S. Bureau of Economic Analysis

**Table 2. Industry Contributions to Annual Growth in Real Gross Domestic Product**

	2004	2005	2006	2007
<b>Percent change:</b>				
<b>Gross domestic product.....</b>	<b>3.6</b>	<b>2.9</b>	<b>2.8</b>	<b>2.0</b>
<b>Percentage points:</b>				
<b>Private industries.....</b>	<b>3.42</b>	<b>3.09</b>	<b>2.72</b>	<b>1.80</b>
Agriculture, forestry, fishing, and hunting.....	0.07	0.09	-0.05	0.07
Mining.....	0.01	-0.06	0.14	0.00
Utilities.....	0.12	-0.12	0.02	0.02
Construction.....	0.01	-0.02	-0.21	-0.56
Manufacturing.....	0.68	0.10	0.65	0.34
Durable goods.....	0.40	0.38	0.54	0.32
Nondurable goods.....	0.28	-0.27	0.11	0.02
Wholesale trade.....	0.12	0.19	0.04	0.05
Retail trade.....	0.18	0.58	0.36	0.29
Transportation and warehousing.....	0.26	0.12	0.06	0.07
Information.....	0.51	0.38	0.12	0.33
Finance, insurance, real estate, rental, and leasing.....	0.60	0.85	0.83	0.41
Finance and insurance.....	0.08	0.59	0.49	0.00
Real estate and rental and leasing.....	0.52	0.26	0.33	0.41
Professional and business services.....	0.46	0.64	0.40	0.51
Professional, scientific, and technical services.....	0.52	0.38	0.40	0.50
Management of companies and enterprises.....	-0.09	0.05	-0.03	-0.04
Administrative and waste management services.....	0.03	0.21	0.03	0.06
Educational services, health care, and social assistance.....	0.26	0.22	0.25	0.16
Educational services.....	0.02	0.00	0.02	0.03
Health care and social assistance.....	0.24	0.22	0.23	0.13
Arts, entertainment, recreation, accommodation, and food services.....	0.14	0.08	0.13	0.06
Arts, entertainment, and recreation.....	0.03	0.01	0.04	0.02
Accommodation and food services.....	0.11	0.07	0.09	0.05
Other services, except government.....	0.00	0.05	-0.01	0.01
<b>Government.....</b>	<b>0.06</b>	<b>0.09</b>	<b>0.07</b>	<b>0.17</b>
Federal.....	0.04	0.01	-0.01	0.02
State and local.....	0.02	0.08	0.07	0.14
<b>Addenda:</b>				
Private goods-producing industries <sup>1</sup> .....	0.78	0.12	0.53	-0.14
Private services-producing industries <sup>2</sup> .....	2.64	2.97	2.19	1.94
Information-communications-technology-producing industries <sup>3</sup> .....	0.42	0.45	0.34	0.47

<sup>1</sup> Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

<sup>2</sup> Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

<sup>3</sup> Consists of computer and electronic products (within durable-goods manufacturing); publishing industries (includes software) and information and data processing services (within information); and computer systems design and related services (within professional, scientific, and technical services).

NOTE. Percentage-point contributions do not sum to the percent change in gross domestic product because the contribution of "not allocated by industry" is excluded.

Source: U.S. Bureau of Economic Analysis

**Table 3. Annual Percent Changes in Chain-Type Price Indexes for Value Added by Industry Group**

	2004	2005	2006	2007
<b>Gross domestic product</b> .....	<b>2.9</b>	<b>3.3</b>	<b>3.2</b>	<b>2.7</b>
<b>Private industries</b> .....	<b>2.8</b>	<b>2.8</b>	<b>3.0</b>	<b>2.5</b>
Agriculture, forestry, fishing, and hunting.....	16.5	-13.6	-3.7	29.1
Mining.....	18.4	35.7	9.2	4.7
Utilities.....	3.3	5.9	12.6	2.0
Construction.....	8.4	12.8	11.3	6.4
Manufacturing.....	-0.5	2.8	1.0	-0.4
Durable goods.....	-1.1	-0.8	-1.6	-2.2
Nondurable goods.....	0.3	7.8	4.5	2.1
Wholesale trade.....	5.7	1.9	6.4	3.3
Retail trade.....	0.7	-2.5	-0.5	-1.5
Transportation and warehousing.....	-0.2	1.7	4.1	2.5
Information.....	-2.9	-3.3	-2.3	-3.1
Finance, insurance, real estate, rental, and leasing.....	3.0	2.0	2.1	2.6
Finance and insurance.....	3.9	1.2	0.9	2.8
Real estate and rental and leasing.....	2.4	2.5	2.8	2.4
Professional and business services.....	3.0	3.7	3.5	3.7
Professional, scientific, and technical services.....	0.2	2.7	2.4	1.1
Management of companies and enterprises.....	12.9	9.6	6.0	12.3
Administrative and waste management services.....	3.6	2.2	4.5	4.6
Educational services, health care, and social assistance.....	3.5	2.9	2.5	3.8
Educational services.....	6.1	5.2	4.7	3.6
Health care and social assistance.....	3.1	2.6	2.2	3.8
Arts, entertainment, recreation, accommodation, and food services.....	3.2	3.5	3.8	4.1
Arts, entertainment, and recreation.....	3.0	3.1	3.2	3.6
Accommodation and food services.....	3.3	3.7	4.0	4.3
Other services, except government.....	3.1	2.9	4.6	5.0
<b>Government</b> .....	<b>4.7</b>	<b>4.5</b>	<b>4.6</b>	<b>4.3</b>
Federal.....	5.9	4.5	5.3	4.4
State and local.....	4.1	4.5	4.3	4.3
<b>Addenda:</b>				
Private goods-producing industries <sup>1</sup> .....	3.7	6.5	4.0	3.2
Private services-producing industries <sup>2</sup> .....	2.5	1.8	2.7	2.4
Information-communications-technology-producing industries <sup>3</sup> .....	-6.1	-4.4	-4.1	-8.0

<sup>1</sup> Consists of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

<sup>2</sup> Consists of utilities; wholesale trade; retail trade; transportation and warehousing; information; finance, insurance, real estate, rental, and leasing; professional and business services; educational services, health care, and social assistance; arts, entertainment, recreation, accommodation, and food services; and other services, except government.

<sup>3</sup> Consists of computer and electronic products (within durable-goods manufacturing); publishing industries (includes software) and information and data processing services (within information); and computer systems design and related services (within professional, scientific, and technical services).

Source: U.S. Bureau of Economic Analysis