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Virginia H. Mannering: (202) 606-5304 (GDP)
 Kenneth A. Petrick: (202) 606-9738 (Profits)
 Recorded message: (202) 606-5306

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GROSS DOMESTIC PRODUCT: SECOND QUARTER 2004 (FINAL) CORPORATE PROFITS: SECOND QUARTER 2004 (REVISED)

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 3.3 percent in the second quarter of 2004, according to revised estimates released by the Bureau of Economic Analysis. In the first quarter, real GDP increased 4.5 percent.

The GDP estimates released today are based on more complete source data than were available for the preliminary estimates issued last month. In the preliminary estimates, the increase in real GDP was 2.8 percent (see "Revisions" on page 3).

The major contributors to the increase in real GDP in the second quarter were nonresidential fixed investment, personal consumption expenditures (PCE), residential fixed investment, private inventory investment, exports, and government spending. Imports, which are a subtraction in the calculation of GDP, increased.

The deceleration in real GDP growth in the second quarter reflected decelerations in PCE and in private inventory investment and an acceleration in imports that were partly offset by accelerations in nonresidential fixed investment and in residential fixed investment.

Motor vehicle output subtracted 0.58 percentage point from the second-quarter change in real GDP after contributing 0.30 percentage point to the first-quarter change.

The price index for gross domestic purchases, which measures prices paid by U.S. residents, increased 3.5 percent in the second quarter, the same increase as the preliminary estimate; this index increased 3.4 percent in the first quarter. Excluding food and energy prices, the price index for gross domestic purchases increased 2.5 percent in the second quarter, the same increase as in the first.

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 annualized. "Real" estimates are in chained (2000) dollars. Price indexes are chain-type measures.

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Real personal consumption expenditures increased 1.6 percent in the second quarter, compared with an increase of 4.1 percent in the first. Real nonresidential fixed investment increased 12.5 percent, compared with an increase of 4.2 percent. Nonresidential structures increased 6.9 percent, in contrast to a decrease of 7.6 percent. Equipment and software increased 14.2 percent, compared with an increase of 8.0 percent. Real residential fixed investment increased 16.5 percent, compared with an increase of 5.0 percent.

Real exports of goods and services increased 7.3 percent in the second quarter, the same increase as in the first. Real imports of goods and services increased 12.6 percent, compared with an increase of 10.6 percent.

Real federal government consumption expenditures and gross investment increased 2.7 percent in the second quarter, compared with an increase of 7.1 percent in the first. National defense increased 1.9 percent, compared with an increase of 10.6 percent. Nondefense increased 4.4 percent, compared with an increase of 0.2 percent. Real state and local government consumption expenditures and gross investment increased 1.9 percent, compared with no change in the first.

The real change in private inventories added 0.78 percentage point to the second-quarter change in real GDP, after adding 1.17 percentage points to the first-quarter change. Private businesses increased inventories \$61.1 billion in the second quarter, following increases of \$40.0 billion in the first quarter and \$8.6 billion in the fourth quarter of 2003.

Real final sales of domestic product -- GDP less change in private inventories -- increased 2.5 percent in the second quarter, compared with an increase of 3.3 percent in the first.

Gross domestic purchases

Real gross domestic purchases -- purchases by U.S. residents of goods and services wherever produced -- increased 4.2 percent in the second quarter, compared with an increase of 5.0 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 1.9 percent in the second quarter, compared with an increase of 3.9 percent in the first. GNP includes, and GDP excludes, net receipts of income from the rest of the world, which decreased \$35.3 billion in the second quarter after decreasing \$13.4 billion in the first; in the second quarter, receipts increased \$10.2 billion, and payments increased \$45.5 billion.

Current-dollar GDP

Current-dollar GDP -- the market value of the nation's output of goods and services -- increased 6.6 percent, or \$184.9 billion, in the second quarter to a level of \$11,657.5 billion. In the first quarter, current-dollar GDP increased 7.4 percent, or \$201.7 billion.

Revisions

The final estimate of the second-quarter increase in real GDP is 0.5 percentage point, or \$13.3 billion, higher than the preliminary estimate issued last month. The upward revision to the percent change in real GDP primarily reflected a downward revision to imports and upward revisions to private inventory investment and to exports.

	<u>Advance</u>	<u>Preliminary</u>	<u>Final</u>
	(Percent change from preceding quarter)		
Real GDP.....	3.0	2.8	3.3
Current-dollar GDP.....	6.3	6.1	6.6
Gross domestic purchases price index.....	3.5	3.5	3.5

Corporate Profits

Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$8.3 billion in the second quarter. In the first quarter, profits increased \$36.5 billion. Current-production cash flow (net cash flow with inventory valuation and capital consumption adjustments) -- the internal funds available to corporations for investment -- decreased \$5.7 billion in the second quarter, in contrast to an increase of \$5.9 billion in the first.

Taxes on corporate income increased \$14.7 billion in the second quarter, compared with an increase of \$4.2 billion in the first. Profits after tax with inventory valuation and capital consumption adjustments decreased \$6.4 billion in the second quarter, after increasing \$32.3 billion in the first. Dividends increased \$9.8 billion, compared with an increase of \$7.0 billion; current-production undistributed profits decreased \$16.2 billion, in contrast to an increase of \$25.3 billion.

Domestic profits increased \$28.3 billion in the second quarter, compared with an increase of \$47.0 billion in the first. Domestic profits of financial corporations decreased \$7.9 billion in the second quarter, in contrast to an increase of \$19.8 billion in the first. Domestic profits of nonfinancial corporations increased \$36.2 billion in the second quarter, compared with an increase of \$27.3 billion in the first. In the second quarter, both real gross value added and profits per unit of real gross value added increased. The second quarter increase in unit profits reflected a larger increase in the prices corporations received than in the unit costs they incurred; unit labor costs increased while unit nonlabor costs were unchanged.

The foreign component of profits (rest-of-the-world profits) decreased \$20.0 billion in the second quarter, compared with a decrease of \$10.5 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 decrease was accounted for by a larger increase in payments than in receipts.

The revised estimates of second-quarter corporate profits from current production is \$6.7 billion higher than the preliminary estimate issued last month. Domestic profits of nonfinancial corporations and the foreign component of profits (rest-of-the-world profits) were revised up \$7.5 billion and \$3.5 billion, respectively. Domestic profits of financial corporations was revised down \$4.3 billion.

Profits before tax with inventory valuation adjustment is the best available measure of industry profits because estimates of the capital consumption adjustment by industry do not exist. This measure reflects the depreciation-accounting practices used for federal income tax returns. According to this measure, domestic profits of financial corporations decreased, and domestic profits of nonfinancial corporations increased. Increases in profits of nonfinancial corporations were widespread among major industry groups with the largest occurring in information and in durable goods manufacturing; only retail trade and utilities decreased.

Profits before tax increased \$25.9 billion in the second quarter, in contrast to a decrease of \$3.8 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 \$6.9 billion in the second quarter (from \$240.2 billion to \$233.3 billion), in contrast to an increase of \$53.0 billion in the first. The inventory valuation adjustment decreased \$10.8 billion (from -\$37.0 billion to -\$47.8 billion), compared with a decrease of \$12.7 billion.

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Next release -- October 29, 2004, at 8:30 A.M. EDT for:
Gross Domestic Product: Third Quarter 2004 (Advance)

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

	2001	2002	2003	Seasonally adjusted at annual rates															
				2000		2001				2002				2003				2004	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II ^r
Gross domestic product (GDP)	0.8	1.9	3.0	-0.5	2.1	-0.5	1.2	-1.4	1.6	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2	4.5	3.3
Personal consumption expenditures	2.5	3.1	3.3	3.9	3.4	1.7	1.0	1.8	7.0	1.8	2.8	2.9	2.5	2.7	3.9	5.0	3.6	4.1	1.6
Durable goods	4.3	6.5	7.4	6.0	7	6.7	-3	3.1	37.4	-8.5	4.4	14.0	-2.4	-1	20.6	16.5	3.9	2.2	-3
Nondurable goods	2.0	2.6	3.7	2.3	3.7	.5	-1	2.4	4.9	3.8	.8	-6	5.3	5.0	1.6	6.9	5.1	6.7	.1
Services	2.4	2.6	2.2	4.3	3.9	1.1	1.8	1.2	2.3	3.3	3.5	2.4	2.2	2.1	1.8	1.9	2.8	3.3	2.7
Gross private domestic investment	-7.9	-2.4	4.4	-9.9	-2.3	-13.6	-7.6	-10.5	-22.7	16.8	.3	4.1	-5	-8	3.5	22.4	13.9	12.3	19.0
Fixed investment	-3.0	-4.9	5.1	-6	7	-2.6	-8.7	-4.5	-10.6	-4.3	-3.5	.2	-8	2.4	10.9	18.0	10.5	4.5	13.9
Nonresidential	-4.2	-8.9	3.3	2.2	.9	-4.2	-13.6	-6.8	-13.3	-9.7	-9.6	-1.1	-3.2	-1	11.8	15.7	11.0	4.2	12.5
Structures	-2.3	-17.8	-5.6	9.6	1.2	-8.3	-4.0	6.0	-33.2	-18.5	-22.6	-16.0	-6.6	-13.0	14.5	-1.3	7.9	-7.6	6.9
Equipment and software	-4.9	-5.5	6.4	-2	8	-2.8	-16.9	-11.4	-4.2	-6.3	-4.5	4.6	-2.0	4.5	11.0	21.7	12.0	8.0	14.2
Residential .....	.4	4.8	8.8	-8.0	.4	2.2	5.6	1.8	-3.7	9.3	11.3	2.8	4.2	7.5	9.1	22.4	9.6	5.0	16.5
Change in private inventories																			
Net exports of goods and services																			
Exports	-5.4	-2.3	1.9	10.7	-2.7	-5.3	-12.7	-18.2	-10.8	4.7	11.0	3.1	-4.2	-1.5	-1.6	11.3	17.5	7.3	7.3
Goods	-6.1	-4.1	2.2	18.3	-5.4	-5.4	-17.1	-20.0	-8.8	-1.9	14.0	2.9	-10.2	4.0	-8	10.1	16.1	9.1	6.0
Services	-3.7	1.8	1.4	-6.6	4.4	-5.0	-7	-13.7	-15.3	21.7	4.5	3.5	10.5	-12.7	-3.4	14.1	20.6	3.4	10.2
Imports	-2.7	3.4	4.4	14.1	-1.6	-3.7	-12.6	-10.3	-3.4	12.5	11.4	5.4	9.6	-2.0	2.5	2.8	17.1	10.6	12.6
Goods	-3.2	3.7	4.7	14.1	-1.6	-3.4	-16.9	-8.6	-2.0	10.1	15.3	5.9	8.2	-1.8	5.1	0	18.4	12.7	13.0
Services	-3	1.9	3.1	14.1	-1.9	-5.0	12.8	-18.3	-10.4	24.7	-5.8	2.8	16.6	-2.6	-9.4	17.9	11.1	1.2	10.6
Government consumption expenditures and gross investment	3.4	4.4	2.8	-2.1	1.3	5.3	7.9	-1.5	8.5	4.7	4.4	2.1	4.0	.2	7.2	.1	1.6	2.5	2.2
Federal	3.9	7.5	6.6	-8.2	-1.0	8.1	9.1	0	8.8	8.2	12.8	2.9	9.1	.3	22.1	-3.3	4.8	7.1	2.7
National defense	3.9	7.7	9.0	-7.4	1.7	7.0	4.3	2.4	12.5	5.8	11.5	3.4	13.5	-2.7	38.4	-7.7	11.6	10.6	1.9
Nondefense	3.9	7.1	2.4	-9.7	-5.7	10.1	18.0	-3.9	2.3	12.6	15.0	1.9	1.6	6.2	-3.9	5.8	-7.5	.2	4.4
State and local	3.2	2.8	.7	1.3	2.5	4.0	7.2	-2.3	8.4	2.9	.3	1.7	1.4	.1	-4	2.2	-1	0	1.9
Addenda:																			
Final sales of domestic product	1.6	1.4	3.1	1.3	2.6	1.6	1.0	-.4	3.8	.3	1.8	2.0	.7	2.4	5.2	6.8	3.7	3.3	2.5
Gross domestic purchases .....	.9	2.5	3.3	.4	2.1	-.4	.7	-.8	2.2	4.4	2.8	2.9	2.4	1.7	4.4	6.4	4.7	5.0	4.2
Final sales to domestic purchasers	1.8	2.1	3.4	2.1	2.6	1.5	.5	.2	4.3	1.4	2.2	2.4	2.3	2.2	5.4	5.9	4.2	3.9	3.5
Gross national product (GNP) .....	.8	1.7	3.3	-.7	3.0	-1.1	1.5	-2.5	3.9	1.4	2.1	3.0	1.4	1.7	4.4	7.6	5.5	3.9	1.9
Disposable personal income	1.9	3.1	2.3	5.2	.6	1.3	-1.7	11.5	-5.6	10.8	2.7	-1.7	.2	1.8	4.3	8.2	1.4	2.4	2.4
Current-dollar measures:																			
GDP	3.2	3.5	4.9	1.6	3.8	2.8	4.4	.2	3.6	4.5	4.2	3.9	2.7	4.9	5.3	8.8	5.7	7.4	6.6
Final sales of domestic product	4.1	3.1	5.1	3.2	4.5	4.9	4.2	1.2	5.5	1.7	3.3	3.7	2.7	5.3	6.3	8.4	5.4	6.1	5.8
Gross domestic purchases	2.9	4.0	5.4	2.9	3.7	2.2	3.0	.2	3.1	5.3	5.6	4.4	4.3	5.7	4.8	8.1	5.9	8.6	7.9
Final sales to domestic purchasers	3.8	3.6	5.5	4.5	4.4	4.3	2.8	1.2	4.9	2.6	4.7	4.2	4.3	6.0	5.8	7.7	5.7	7.4	7.1
GNP	3.2	3.4	5.2	1.4	4.7	2.1	4.6	-.8	6.0	2.4	3.9	4.3	3.4	4.6	5.6	9.0	7.0	6.8	5.2
Disposable personal income	4.1	4.6	4.2	7.2	2.4	4.6	8	12.1	-5.0	11.8	5.7	.2	1.5	5.1	5.0	9.9	2.6	5.8	5.6

^r Revised.
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

	2001	2002	2003	Seasonally adjusted at annual rates															
				2000		2001				2002				2003				2004	
				III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II ^r
Gross domestic product (GDP)	2.4	1.7	1.8	1.9	1.8	3.3	3.1	1.6	1.7	1.4	1.5	1.7	2.0	2.7	1.1	1.4	1.6	2.8	3.2
Personal consumption expenditures	2.1	1.4	1.9	1.9	1.8	3.3	2.6	.6	.6	.9	2.9	2.0	1.4	3.2	.7	1.6	1.2	3.3	3.1
Durable goods	-1.9	-2.7	-3.4	-2.5	-1.0	-1.4	-3.1	-2.8	-1.6	-3.8	-2.5	-2.1	-2.8	-3.7	-3.8	-4.4	-4.3	0	-1
Nondurable goods	1.5	.6	2.0	3.4	1.4	1.4	3.5	-.9	-4.0	0	5.4	1.3	1.2	5.1	-2.2	3.5	.5	5.3	6.6
Services	3.3	2.7	3.0	2.1	2.6	5.3	3.4	2.0	3.3	2.3	2.8	3.2	2.4	3.8	3.1	2.0	2.7	3.0	2.1
Gross private domestic investment	1.0	.2	1.1	1.9	.8	0	1.5	2.1	.2	-1.0	-.1	-5	2.6	1.4	-.1	1.2	2.7	2.1	4.4
Fixed investment	1.0	.2	1.2	1.9	.9	-.3	1.8	2.2	.1	-1.1	-.1	-.4	2.7	1.9	-.3	1.2	2.8	2.0	4.3
Nonresidential	-.3	-.8	-.4	1.4	0	-2.3	.6	.3	-1.0	-1.3	-1.1	-1.3	.6	-.5	-1.3	.3	1.2	.3	1.7
Structures	5.4	2.4	2.1	4.5	5.0	6.0	6.5	6.6	2.1	0	2.1	1.6	3.0	3.9	0	1.3	1.4	4.8	7.6
Equipment and software	-2.3	-1.9	-1.2	.4	-1.7	-5.1	-1.5	-2.0	-2.2	-1.7	-2.2	-2.2	-.1	-1.9	0	1.2	1.2	-1.1	.1
Residential	4.6	2.5	4.4	3.2	3.4	5.5	5.0	6.9	2.8	-.8	2.1	1.6	7.1	6.8	1.7	3.1	5.8	5.4	9.1
Change in private inventories																			
Net exports of goods and services																			
Exports	-4	-4	2.1	.9	4	.1	-1.3	-2.0	-3.5	-1.2	3.0	3.0	.4	4.1	1.0	.8	3.2	5.7	4.6
Goods	-7	-7	2.0	.3	4	-.1	-1.6	-2.6	-3.8	-1.4	2.2	3.3	.5	3.5	1.6	-.6	4.2	6.4	5.3
Services .....	.4	.4	2.4	2.5	.6	.6	-.7	-.6	-2.8	-.6	4.8	2.4	.3	5.4	-.6	4.0	.9	4.0	3.2
Imports	-2.5	-1.2	3.4	4.2	.7	-3.0	-5.9	-5.3	-10.0	-1.9	10.5	3.4	.5	11.3	-4.3	2.6	.9	9.6	6.4
Goods	-3.0	-1.8	2.9	4.5	.8	-3.8	-6.6	-6.5	-11.3	-2.0	10.8	2.6	.4	12.0	-6.7	2.4	.4	9.9	7.8
Services .....	.1	1.7	5.9	2.5	.3	1.5	-2.2	1.2	-3.3	-1.2	8.8	7.7	.9	7.9	8.4	3.6	3.5	8.3	-.5
Government consumption expenditures and gross investment	2.5	2.7	3.2	4.5	2.7	3.1	1.8	1.6	1.1	4.2	3.1	2.7	3.3	7.4	-.5	2.2	1.0	5.1	4.3
Federal	1.9	3.3	3.6	5.0	1.6	1.9	1.1	2.2	1.8	7.4	1.4	1.8	5.1	8.5	.3	1.1	1.0	6.6	3.0
National defense	2.0	3.4	4.2	3.6	.9	3.5	.7	2.5	.8	7.1	1.6	2.9	7.7	8.6	-.3	1.1	1.3	5.7	3.5
Nondefense	1.7	3.1	2.6	7.5	2.7	-1.0	1.8	1.6	3.4	8.0	1.1	-.2	.5	8.2	1.4	1.0	.3	8.3	1.9
State and local	2.9	2.4	3.0	4.2	3.2	3.8	2.1	1.3	.8	2.5	4.0	3.2	2.4	6.8	-1.0	2.9	1.0	4.2	5.2
Addenda:																			
Final sales of domestic product	2.4	1.7	1.8	1.9	1.8	3.3	3.2	1.6	1.7	1.3	1.5	1.7	2.0	2.8	1.1	1.4	1.6	2.7	3.2
Gross domestic purchases	2.0	1.5	2.0	2.3	1.8	2.7	2.3	1.0	.6	1.2	2.5	1.8	1.9	3.7	.4	1.7	1.4	3.4	3.5
Final sales to domestic purchasers	2.0	1.5	2.0	2.3	1.8	2.7	2.3	1.0	.6	1.1	2.5	1.8	1.9	3.8	.3	1.7	1.4	3.4	3.5
Gross national product (GNP)	2.4	1.6	1.8	1.9	1.8	3.3	3.1	1.6	1.7	1.3	1.5	1.7	2.0	2.7	1.1	1.5	1.6	2.8	3.2
Implicit price deflators:																			
GDP	2.4	1.7	1.8	2.1	1.6	3.3	3.1	1.7	2.0	1.0	1.8	1.3	2.0	2.9	1.1	1.3	1.4	2.7	3.2
Gross domestic purchases	2.0	1.5	2.0	2.5	1.6	2.7	2.2	1.1	.9	.8	2.8	1.4	1.9	3.9	.4	1.6	1.2	3.4	3.5
GNP	2.4	1.6	1.8	2.1	1.6	3.2	3.1	1.7	2.0	1.0	1.8	1.3	2.0	2.9	1.1	1.3	1.4	2.7	3.2

r. Revised.

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

Table 5.—Real Gross Domestic Product, Quantity Indexes

[Index numbers, 2000=100]

	2001	2002	2003	Seasonally adjusted				
				2003			2004	
				II	III	IV	I	II ^r
Gross domestic product	100.751	102.626	105.749	104.792	106.681	107.780	108.969	109.858
Personal consumption expenditures	102.537	105.698	109.143	108.488	109.828	110.794	111.925	112.360
Durable goods	104.327	111.150	119.378	118.146	122.733	123.902	124.572	124.482
Nondurable goods	102.027	104.630	108.481	107.338	109.145	110.517	112.331	112.367
Services	102.403	105.085	107.418	107.099	107.613	108.346	109.237	109.955
Gross private domestic investment	92.103	89.928	93.852	90.902	95.616	98.771	101.672	106.191
Fixed investment	97.047	92.253	96.924	94.902	98.904	101.412	102.529	105.913
Nonresidential	95.817	87.302	90.157	88.518	91.802	94.235	95.204	98.041
Structures	97.737	80.346	75.810	76.203	75.955	77.406	75.886	77.171
Equipment and software	95.136	89.947	95.679	93.235	97.917	100.735	102.699	106.157
Residential	100.357	105.178	114.392	111.420	117.201	119.916	121.400	126.122
Change in private inventories								
Exports of goods and services	94.565	92.343	94.116	91.813	94.300	98.170	99.924	101.690
Imports of goods and services	97.291	100.585	105.048	103.792	104.522	108.725	111.504	114.862
Government consumption expenditures and gross investment	103.412	107.918	110.906	111.251	111.290	111.738	112.443	113.062
Federal	103.908	111.725	119.140	120.765	119.751	121.154	123.249	124.068
State and local	103.162	105.999	106.739	106.432	107.006	106.968	106.965	107.482
Addenda:								
Final sales of domestic product	101.644	103.102	106.346	105.553	107.309	108.290	109.173	109.854
Gross domestic purchases	100.918	103.414	106.858	105.999	107.668	108.904	111.253	111.393
Final sales to domestic purchasers	101.781	103.876	107.438	106.739	108.279	109.401	110.455	111.396
Gross national product	100.788	102.494	105.865	104.818	106.755	108.192	109.241	109.769

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

Table 6.—Price Indexes for Gross Domestic Product

[Index numbers, 2000=100]

	2001	2002	2003	Seasonally adjusted				
				2003			2004	
				II	III	IV	I	II ^r
Gross domestic product	102.402	104.097	106.003	105.780	106.158	106.586	107.314	108.169
Personal consumption expenditures	102.094	103.548	105.511	105.269	105.689	106.005	106.860	107.683
Durable goods	98.114	95.475	92.244	92.787	91.757	90.747	90.741	90.725
Nondurable goods	101.531	102.097	104.154	103.520	104.423	104.564	105.914	107.616
Services	103.257	106.083	109.237	108.993	109.529	110.266	111.085	111.667
Gross private domestic investment	101.013	101.221	102.304	101.969	102.276	102.968	103.514	104.644
Fixed investment	101.023	101.232	102.435	102.085	102.401	103.101	103.618	104.709
Nonresidential	99.683	98.909	98.546	98.354	98.431	98.729	98.793	99.220
Structures	105.403	107.908	110.176	109.906	110.255	110.633	111.926	113.984
Equipment and software	97.708	95.868	94.754	94.585	94.588	94.862	94.611	94.626
Residential	104.633	107.246	111.951	111.253	112.097	113.675	115.179	117.710
Change in private inventories								
Exports of goods and services	99.624	99.275	101.395	101.160	101.355	102.146	103.565	104.746
Imports of goods and services	97.497	96.326	99.615	98.959	99.606	99.837	102.163	103.760
Government consumption expenditures and gross investment	102.544	105.313	108.702	108.299	108.898	109.167	110.522	111.703
Federal	101.907	105.288	109.081	108.892	109.181	109.447	111.203	112.020
State and local	102.868	105.317	108.485	107.959	108.736	109.007	110.131	111.524
Addenda:								
Final sales of domestic product	102.406	104.100	106.025	105.799	106.179	106.608	107.332	108.178
Gross domestic purchases	101.994	103.489	105.571	105.287	105.721	106.086	106.980	107.913
Final sales to domestic purchasers	101.998	103.491	105.592	105.305	105.741	106.107	106.997	107.923
Gross national product	102.399	104.087	105.997	105.772	106.156	106.579	107.308	108.164
Implicit price deflators:								
Gross domestic product	102.399	104.092	105.998	105.799	106.148	106.523	107.246	108.093
Final sales of domestic product	102.407	104.100	106.025	105.793	106.173	106.601	107.325	108.172
Gross domestic purchases	101.992	103.484	105.566	105.306	105.713	106.028	106.916	107.842
Final sales to domestic purchasers	101.998	103.491	105.592	105.300	105.735	106.102	106.992	107.917
Gross national product	102.396	104.082	105.992	105.791	106.146	106.516	107.240	108.087

^r Revised.
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]

	2001	2002	2003	Seasonally adjusted at annual rates				
				2003			2004	
				II	III	IV	I	II ^r
Gross domestic product	10,128.0	10,487.0	11,004.0	10,884.0	11,116.7	11,270.9	11,472.6	11,657.5
Plus: Income receipts from the rest of the world	322.4	301.8	329.0	309.8	329.8	371.8	373.8	388.0
Less: Income payments to the rest of the world	278.8	274.7	273.9	264.7	278.2	284.6	300.3	351.9
Equals: Gross national product	10,171.6	10,514.1	11,059.2	10,929.0	11,168.3	11,358.1	11,546.1	11,693.6
Less: Consumption of fixed capital	1,281.5	1,303.9	1,353.9	1,347.0	1,360.6	1,374.2	1,355.0	1,375.2
Less: Statistical discrepancy	-89.6	-15.3	25.6	13.2	36.6	12.8	63.0	67.0
Equals: National income	8,979.8	9,225.4	9,679.6	9,568.8	9,771.1	9,971.1	10,128.1	10,251.4
Compensation of employees	5,942.1	6,069.5	6,289.0	6,245.6	6,324.7	6,406.7	6,489.4	6,568.0
Wage and salary accruals	4,942.8	4,976.3	5,103.6	5,072.0	5,128.6	5,188.9	5,240.7	5,301.4
Supplements to wages and salaries	999.3	1,093.2	1,185.5	1,173.7	1,196.1	1,217.8	1,248.8	1,266.5
Proprietors' income with inventory valuation and capital consumption adjustments	771.9	769.6	834.1	825.7	852.0	864.7	872.1	901.4
Rental income of persons with capital consumption adjustment	167.4	170.9	153.8	144.1	148.8	167.1	172.8	172.6
Corporate profits with inventory valuation and capital consumption adjustments	767.3	874.6	1,021.1	986.2	1,057.1	1,129.1	1,165.6	1,173.9
Net interest and miscellaneous payments	566.3	532.9	543.0	542.8	542.8	545.3	554.5	548.5
Taxes on production and imports less subsidies	673.3	724.4	751.3	737.7	757.4	769.4	782.9	796.3
Business current transfer payments	92.8	80.9	77.7	76.9	78.9	80.1	82.7	83.5
Current surplus of government enterprises	-1.4	2.8	9.5	9.8	9.3	8.7	8.1	7.4
Addendum:								
Gross domestic income	10,217.6	10,502.3	10,978.5	10,870.8	11,080.1	11,258.1	11,409.6	11,590.5

^r Revised.

Table 10.—Personal Income and Its Disposition

[Billions of dollars]

	2001	2002	2003	Seasonally adjusted at annual rates				
				2003			2004	
				II	III	IV	I	II ^r
Personal income ¹	8,724.1	8,878.9	9,161.8	9,105.7	9,209.3	9,330.0	9,445.0	9,583.4
Compensation of employees, received	5,942.1	6,069.5	6,289.0	6,247.0	6,324.7	6,406.7	6,487.9	6,569.4
Wage and salary disbursements	4,942.8	4,976.3	5,103.6	5,073.3	5,128.6	5,188.9	5,239.2	5,302.9
Supplements to wages and salaries	999.3	1,093.2	1,185.5	1,173.7	1,196.1	1,217.8	1,248.8	1,266.5
Proprietors' income with inventory valuation and capital consumption adjustments	771.9	769.6	834.1	825.7	852.0	864.7	872.1	901.4
Farm	19.7	9.7	21.8	24.1	24.8	24.7	17.9	18.9
Nonfarm	752.2	759.9	812.3	801.6	827.2	840.0	854.2	882.5
Rental income of persons with capital consumption adjustment	167.4	170.9	153.8	144.1	148.8	167.1	172.8	172.6
Personal income receipts on assets	1,380.0	1,334.6	1,322.7	1,324.7	1,314.4	1,325.8	1,337.1	1,352.3
Personal interest income	1,011.0	946.7	929.9	932.4	922.8	932.0	936.2	941.7
Personal dividend income	369.0	387.9	392.8	392.3	391.6	393.8	400.9	410.6
Personal current transfer receipts	1,193.9	1,282.7	1,335.4	1,333.1	1,346.2	1,350.7	1,379.0	1,400.4
Less: Contributions for government social insurance	731.1	748.3	773.2	768.9	776.7	785.0	803.9	812.8
Less: Personal current taxes	1,237.3	1,051.2	1,001.9	1,030.7	941.7	1,009.4	1,006.6	1,029.0
Equals: Disposable personal income	7,486.8	7,827.7	8,159.9	8,075.0	8,267.6	8,320.5	8,438.4	8,554.4
Less: Personal outlays	7,354.5	7,668.5	8,049.3	7,982.9	8,107.8	8,209.4	8,351.6	8,448.7
Equals: Personal saving	132.3	159.2	110.6	92.1	159.8	111.1	86.8	105.7
Personal saving as a percentage of disposable personal income	1.8	2.0	1.4	1.1	1.9	1.3	1.0	1.2
Addendum:								
Disposable personal income, billions of chained (2000) dollars ²	7,333.3	7,559.5	7,733.8	7,671.1	7,822.9	7,849.6	7,897.0	7,944.3

^r Revised.

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						
	2001	2002	2003	Seasonally adjusted at annual rates					2002	2003	Quarterly rates				Quarter one year ago
				2003			2004				2003		2004		
				II	III	IV	I	II ^r			III	IV	I	II ^r		2004
Corporate profits with inventory valuation and capital consumption adjustments	767.3	874.6	1,021.1	986.2	1,057.1	1,129.1	1,165.6	1,173.9	14.0	16.8	7.2	6.8	3.2	0.7	19.0
Less: Taxes on corporate income	204.1	183.8	234.9	224.6	238.7	252.3	256.5	271.2	-9.9	27.8	6.3	5.7	1.6	5.7	20.8
Equals: Profits after tax with inventory valuation and capital consumption adjustments	563.2	690.7	786.2	761.7	818.4	876.8	909.1	902.7	22.6	13.8	7.4	7.1	3.7	-0.7	18.5
Net dividends	370.9	390.0	395.3	394.7	394.1	396.4	403.4	413.2	5.2	1.4	-1	.6	1.8	2.4	4.7
Undistributed profits with inventory valuation and capital consumption adjustments	192.3	300.7	390.9	367.0	424.2	480.4	505.7	489.5	56.4	30.0	15.6	13.2	5.3	-3.2	33.4
Cash flow:															
Net cash flow with inventory valuation and capital consumption adjustments	944.8	1,058.5	1,173.4	1,146.0	1,210.0	1,273.2	1,279.1	1,273.4	12.0	10.9	5.6	5.2	.5	-4	11.1
Undistributed profits with inventory valuation and capital consumption adjustments	192.3	300.7	390.9	367.0	424.2	480.4	505.7	489.5	56.4	30.0	15.6	13.2	5.3	-3.2	33.4
Consumption of fixed capital	752.5	757.8	782.5	779.0	785.8	792.9	773.4	783.9	.7	3.3	.9	.9	-2.5	1.4	.6
Less: Inventory valuation adjustment	11.3	-1.2	-14.1	-1.0	-3.8	-24.3	-37.0	-47.8							
Equals: Net cash flow	933.5	1,059.8	1,187.5	1,147.0	1,213.8	1,297.6	1,316.1	1,321.2	13.5	12.1	5.8	6.9	1.4	.4	15.2
Addenda:															
Profits before tax (without inventory valuation and capital consumption adjustments)	707.9	758.0	874.5	824.5	881.0	966.2	962.4	988.3	7.1	15.4	6.8	9.7	-4	2.7	19.9
Profits after tax (without inventory valuation and capital consumption adjustments)	503.8	574.2	639.6	600.0	642.3	713.9	705.9	717.1	14.0	11.4	7.1	11.2	-1.1	1.6	19.5
Inventory valuation adjustment	11.3	-1.2	-14.1	-1.0	-3.8	-24.3	-37.0	-47.8							
Capital consumption adjustment	48.1	117.8	160.8	162.7	179.9	187.2	240.2	233.3	144.9	36.5	10.6	4.1	28.3	-2.9	43.4

^r Revised.

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

[Billions of dollars]

	Level								Change from preceding period							
	2001	2002	2003	Seasonally adjusted at annual rates					2002	2003	2003				2004	
				2003			2004				III	IV	I	II ^r		
				II	III	IV	I	II ^r								
Corporate profits with inventory valuation and capital consumption adjustments	767.3	874.6	1,021.1	986.2	1,057.1	1,129.1	1,165.6	1,173.9	107.3	146.5	70.9	72.0	36.5	8.3		
Domestic industries	597.6	716.8	844.2	824.9	883.7	913.3	960.3	988.6	119.2	127.4	58.8	29.6	47.0	28.3		
Financial	240.4	298.4	327.8	323.8	336.4	335.9	355.7	347.8	58.0	29.4	12.6	-5	19.8	-7.9		
Nonfinancial	357.2	418.4	516.4	501.1	547.3	577.3	604.6	640.8	61.2	98.0	46.2	30.0	27.3	36.2		
Rest of the world	169.7	157.8	176.9	161.4	173.4	215.8	205.3	185.3	-11.9	19.1	12.0	42.4	-10.5	-20.0		
Receipts from the rest of the world	182.6	206.0	250.7	230.5	253.1	293.4	299.0	305.6	23.4	44.7	22.6	40.3	5.6	6.6		
Less: Payments to the rest of the world	12.9	48.2	73.8	69.1	79.7	77.5	93.7	120.3	35.3	25.6	10.6	-2.2	16.2	26.6		
Corporate profits with inventory valuation adjustment	719.2	756.8	860.4	823.5	877.2	941.9	925.4	940.6	37.6	103.6	53.7	64.7	-16.5	15.2		
Domestic industries	549.5	599.0	683.4	662.2	703.8	726.1	720.0	755.2	49.5	84.4	41.6	22.3	-6.1	35.2		
Financial	227.6	276.2	299.8	295.4	306.1	305.3	313.7	306.4	48.6	23.6	10.7	-8	8.4	-7.3		
Federal Reserve banks	28.3	22.9	19.2	19.9	18.5	17.6	18.2	18.1	-5.4	-3.7	-1.4	-9	.6	-1		
Other financial	199.3	253.3	280.6	275.5	287.6	287.8	295.5	288.3	54.0	27.3	12.1	.2	7.7	-7.2		
Nonfinancial	322.0	322.8	383.6	366.8	397.6	420.7	406.4	448.8	.8	60.8	30.8	23.1	-14.3	42.4		
Utilities	24.7	11.4	18.8	15.3	18.6	24.3	23.2	21.5	-13.3	7.4	3.3	5.7	-1.1	-1.7		
Manufacturing	52.6	50.7	67.3	54.1	66.8	93.4	81.5	94.8	-1.9	16.6	12.7	26.6	-11.9	13.3		
Durable goods	-25.4	-8.3	-3.5	-8.5	-7.5	9.3	2.8	14.9	17.1	4.8	1.0	16.8	-6.5	12.1		
Fabricated metal products	9.9	9.3	10.1	10.6	10.1	13.2	11.8	12.1	-6	.8	-5	3.1	-1.4	.3		
Machinery	2.7	1.6	-.5	-.9	1.1	1.1	2.2	3.6	-1.1	-2.1	2.0	0	1.1	1.4		
Computer and electronic products	-48.5	-32.9	-15.4	-14.8	-15.2	-14.0	-17.2	-15.9	15.6	17.5	-4	1.2	-3.2	1.3		
Electrical equipment, appliances, and components	1.9	-.2	-.3	-.2	-.7	-.4	-.4	-.1	-1.6	-2.1	-3.0	-1.6	-1	-3.7		
Motor vehicles, bodies and trailers, and parts	-9.2	-6.0	-6.2	-9.0	-11.4	-5.0	-5	-1.2	3.2	-2	-2.4	6.4	4.5	-7		
Other durable goods	17.8	19.8	11.8	8.4	12.2	18.4	14.6	18.0	2.0	-8.0	3.8	6.2	-3.8	3.4		
Nondurable goods	78.0	58.9	70.7	62.6	74.2	84.1	78.6	79.9	-19.1	11.8	11.6	9.9	-5.5	1.3		
Food and beverage and tobacco products	28.0	24.1	27.7	25.4	28.6	34.2	31.1	27.9	-3.9	3.6	3.2	5.6	-3.1	-3.2		
Petroleum and coal products	29.6	4.0	14.8	12.5	12.6	18.7	24.5	27.3	-25.6	10.8	.1	6.1	5.8	2.8		
Chemical products	12.6	17.1	21.2	18.9	24.5	21.3	14.1	13.7	4.5	4.1	5.6	-3.2	-7.2	-4		
Other nondurable goods	7.8	13.6	7.1	5.8	8.5	9.8	8.9	11.0	5.8	-6.5	2.7	1.3	-9	2.1		
Wholesale trade	52.1	51.0	47.9	45.1	53.1	50.1	46.0	52.2	-1.1	-3.1	8.0	-3.0	-4.1	6.2		
Retail trade	71.0	78.1	77.7	82.6	78.9	74.7	80.0	73.1	7.1	-4	-3.7	-4.2	5.3	-6.9		
Transportation and warehousing	1.3	-1.3	10.5	12.4	11.9	12.4	11.7	15.5	-2.6	11.8	-5	.5	-7	3.8		
Information	-25.6	-11.2	-.7	-1.8	6.7	-1.0	-6.6	16.5	14.4	10.5	8.5	-7.7	-5.6	23.1		
Other nonfinancial	145.9	144.2	162.1	159.1	161.7	166.8	170.7	175.1	-1.7	17.9	2.6	5.1	3.9	4.4		
Rest of the world	169.7	157.8	176.9	161.4	173.4	215.8	205.3	185.3	-11.9	19.1	12.0	42.4	-10.5	-20.0		

^r Revised.

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

	2001	2002	2003	Seasonally adjusted at annual rates				
				2003			2004	
				II	III	IV	I	II ^r
Billions of dollars								
Gross value added of nonfinancial corporate business	5,293.5	5,377.7	5,606.8	5,547.8	5,669.0	5,767.5	5,839.4	5,947.9
Consumption of fixed capital	646.8	655.7	676.4	673.7	679.0	684.3	671.8	680.9
Net value added	4,646.7	4,722.0	4,930.5	4,874.1	4,990.0	5,083.3	5,167.6	5,267.1
Compensation of employees	3,595.9	3,601.3	3,696.2	3,668.5	3,717.9	3,771.0	3,818.1	3,871.0
Wage and salary accruals	3,016.5	2,971.0	3,006.9	2,985.5	3,022.4	3,062.8	3,089.9	3,131.4
Supplements to wages and salaries	579.3	630.3	689.3	683.1	695.4	708.3	728.1	739.6
Taxes on production and imports less subsidies	439.1	465.1	483.4	472.6	489.0	495.0	501.1	508.4
Net operating surplus	611.8	655.5	750.8	733.0	783.2	817.2	848.5	887.6
Net interest and miscellaneous payments	204.0	181.7	170.8	169.6	170.2	172.1	174.8	177.2
Business current transfer payments	50.6	55.5	63.5	62.3	65.7	67.8	69.0	69.6
Corporate profits with inventory valuation and capital consumption adjustments	357.2	418.4	516.4	501.1	547.3	577.3	604.6	640.8
Taxes on corporate income	111.7	89.0	130.0	120.5	132.2	146.8	147.7	164.9
Profits after tax with inventory valuation and capital consumption adjustments	245.5	329.4	386.4	380.6	415.1	430.5	456.9	475.9
Net dividends	245.4	254.9	275.4	307.0	265.6	273.6	270.6	265.5
Undistributed profits with inventory valuation and capital consumption adjustments .....	.1	74.5	111.0	73.6	149.5	156.9	186.2	210.5
Addenda:								
Profits before tax (without inventory valuation and capital consumption adjustments)	310.6	324.1	397.7	367.8	401.4	445.0	443.4	496.5
Profits after tax (without inventory valuation and capital consumption adjustments)	198.9	235.1	267.7	247.3	269.2	298.2	295.6	331.7
Inventory valuation adjustment	11.3	-1.2	-14.1	-1.0	-3.8	-24.3	-37.0	-47.8
Capital consumption adjustment	35.2	95.6	132.9	134.3	149.7	156.6	198.3	192.0
Billions of chained (2000) dollars								
Gross value added of nonfinancial corporate business ¹	5,229.7	5,306.6	5,520.2	5,463.8	5,579.6	5,670.7	5,711.5	5,763.5
Consumption of fixed capital ²	615.8	628.0	647.2	644.5	649.5	655.1	654.1	657.2
Net value added ³	4,613.8	4,678.6	4,873.0	4,819.3	4,930.1	5,015.6	5,057.4	5,106.3
Dollars								
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	1.012	1.013	1.016	1.015	1.016	1.017	1.022	1.032
Compensation of employees (unit labor cost) .....	.688	.679	.670	.671	.666	.665	.668	.672
Unit nonlabor cost .....	.257	.256	.253	.252	.252	.250	.249	.249
Consumption of fixed capital .....	.124	.124	.123	.123	.122	.121	.118	.118
Taxes on production and imports less subsidies plus business current transfer payments .....	.094	.098	.099	.098	.099	.099	.100	.100
Net interest and miscellaneous payments .....	.039	.034	.031	.031	.031	.030	.031	.031
Corporate profits with inventory valuation and capital consumption adjustments (unit profits from current production) .....	.068	.079	.094	.092	.098	.102	.106	.111
Taxes on corporate income .....	.021	.017	.024	.022	.024	.026	.026	.029
Profits after tax with inventory valuation and capital consumption adjustments .....	.047	.062	.070	.070	.074	.076	.080	.083

r Revised.

1. Effective with the estimates scheduled for release on November 30, 2004, chained-dollar gross value added of nonfinancial corporate business for 1929 to 2004 will be revised. The current-dollar value added will be deflated by a revised chain-type price index calculated using the gross value added chain-type price index for nonfinancial industries from the comprehensive revision to the GDP-by-industry accounts.

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

	2001	2002	2003	Seasonally adjusted at annual rates															
				2000		2001				2002				2003				2004	
				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	0.8	1.9	3.0	-0.5	2.1	-0.5	1.2	-1.4	1.6	3.4	2.4	2.6	0.7	1.9	4.1	7.4	4.2	4.5	3.3
Goods	-1.7	1.2	4.3	-3.3	.2	-4.5	-1.3	-5.5	2.6	4.1	.9	4.7	-3.2	4.3	4.1	17.7	5.8	8.2	2.5
Services	2.4	3.0	2.3	1.5	3.6	1.9	1.8	1.7	2.8	3.4	4.2	2.2	3.0	.9	3.6	1.1	3.1	3.0	2.3
Structures .....	.4	-2.4	3.0	-7	.4	.4	7.0	-4.3	-8.5	.9	-3.3	-2.4	.9	0	7.3	13.9	5.4	.7	12.7
Motor vehicle output	-4.7	11.6	4.2	-18.1	-12.6	-18.5	36.3	-5.7	22.0	7.3	10.3	18.4	6.0	-12.4	3.0	26.3	2.9	8.8	-15.2
GDP excluding motor vehicle output	1.0	1.5	3.0	.3	2.7	.2	-1.2	.9	3.3	2.1	2.1	.5	2.5	4.1	6.8	4.2	4.3	4.0	
Final sales of computers ¹	13.8	8.8	41.0	9.2	18.6	48.2	-11.2	-19.4	23.7	-3.7	12.2	46.0	30.9	35.1	37.8	93.7	29.0	.1	.1
GDP excluding final sales of computers .....	.6	1.8	2.8	-6	1.9	-9	1.4	-1.2	1.4	3.4	2.3	2.3	.5	1.7	3.8	6.8	4.0	4.5	3.3
Farm gross value added ²	-8.3	6.5	4.0	4.8	-18.2	-1.3	-31.0	-20.4	94.2	-39.2	69.9	26.1	-19.5	-13.9	52.3	.5	-30.6	-31.3	-21.3
Nonfarm business gross value added ³ .....	.4	1.8	3.8	-8	2.2	-1.1	1.2	-2.9	1.2	4.0	1.7	3.6	1.4	2.4	5.3	9.3	4.6	5.7	4.2
Price indexes:																			
GDP	2.4	1.7	1.8	1.9	1.8	3.3	3.1	1.6	1.7	1.4	1.5	1.7	2.0	2.7	1.1	1.4	1.6	2.8	3.2
GDP excluding food and energy	2.1	2.0	1.6	1.7	1.7	2.4	2.3	2.1	2.6	1.7	1.8	1.6	1.7	2.3	.8	1.1	1.5	2.3	2.7
GDP excluding final sales of computers	2.7	1.9	2.0	2.1	1.9	3.8	3.3	1.8	1.9	1.6	1.7	1.9	2.2	2.9	1.2	1.6	1.7	2.9	3.3
Gross domestic purchases	2.0	1.5	2.0	2.3	1.8	2.7	2.3	1.0	.6	1.2	2.5	1.8	1.9	3.7	.4	1.7	1.4	3.4	3.5
Gross domestic purchases excluding food and energy	1.9	1.8	1.6	1.6	1.4	2.3	2.0	1.8	2.3	1.5	1.7	1.6	1.6	2.2	1.0	1.2	1.5	2.5	2.5
Gross domestic purchases excluding final sales of computers to domestic purchasers	2.3	1.7	2.2	2.5	2.0	3.3	2.6	1.3	.9	1.4	2.6	2.0	2.1	4.0	.5	1.9	1.5	3.6	3.7
Personal consumption expenditures	2.1	1.4	1.9	1.9	1.8	3.3	2.6	.6	.6	.9	2.9	2.0	1.4	3.2	.7	1.6	1.2	3.3	3.1
Personal consumption expenditures excluding food and energy	1.9	1.8	1.3	.9	1.5	2.8	2.1	1.4	2.6	1.2	2.0	2.0	.9	1.5	1.1	.9	1.3	2.1	1.7

^r Revised.

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.

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 2002-03 annual percent change in real GDP uses prices for 2002 and 2003 as weights, and the 2002-03 annual percent change in GDP prices uses quantities for 2002 and 2003 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.