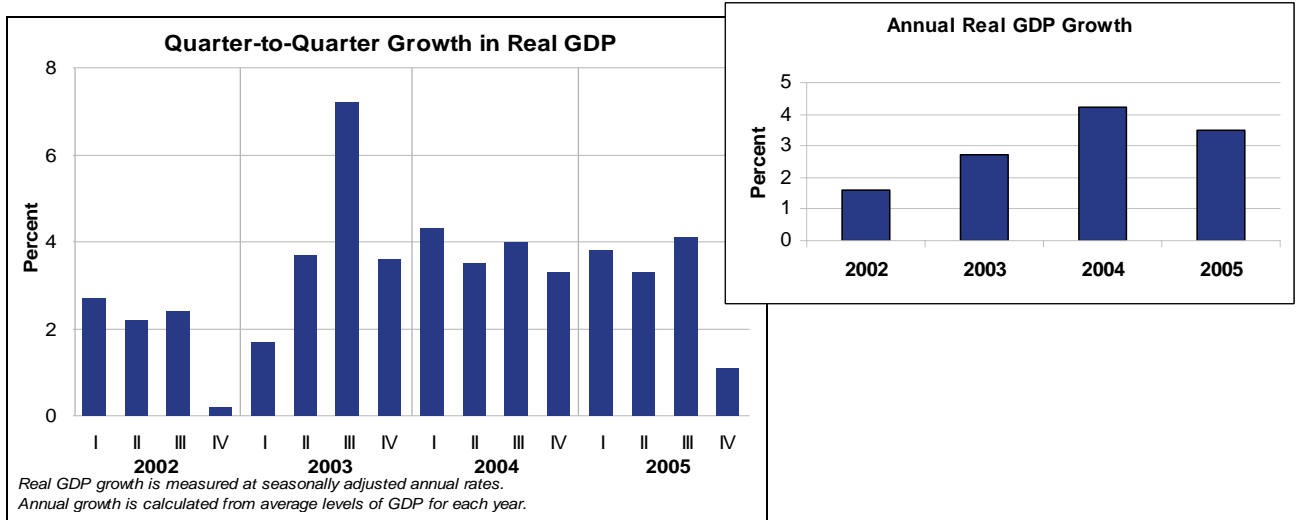


GROWTH SLOWS IN THE FOURTH QUARTER

"Advance" Estimates of GDP

Real gross domestic product, the most comprehensive measure of economic activity, increased 1.1 percent in the fourth quarter after increasing 4.1 percent in the third quarter, according to estimates released today by the U.S. Bureau of Economic Analysis. Annual growth in 2005 was 3.5 percent compared with 4.2 percent in 2004.



Fourth-quarter highlights

The slowdown in GDP growth in the fourth quarter reflected the following:

- Consumer spending decelerated, increasing 1.1 percent after increasing 4.1 percent in the third quarter, mainly due to a downturn in purchases of motor vehicles.
- Imports accelerated sharply, increasing 9.1 percent after increasing 2.4 percent.
- Federal government spending fell 7.0 percent after increasing 7.4 percent.
- Business investment in equipment and software slowed, increasing 3.5 percent after increasing 10.6 percent.

In contrast, inventory investment turned up and goods exports accelerated slightly.

Prices paid for domestic purchases increased 3.3 percent after increasing 4.2 percent.

Real disposable income increased 7.0 percent after decreasing 2.0 percent.

2005 highlights

The slowdown in GDP growth in 2005 mainly reflected a downturn in inventory investment, a slowdown in consumer spending, and a slowdown in federal government spending.

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: Additional information that becomes available in the coming weeks will be incorporated in a revised estimate of fourth-quarter GDP on February 28, 2006.