

## GDP INCREASES IN FOURTH QUARTER

*“Second” estimate of GDP*

Real gross domestic product (GDP) increased 1.9 percent in the fourth quarter of 2016, according to the “second” estimate released by the Bureau of Economic Analysis. In the third quarter, real GDP increased 3.5 percent.

### Fourth-quarter GDP highlights

The increase in real GDP reflected an increase in consumer spending, private inventory investment, residential investment, business investment, and state and local government spending. These contributions were partly offset by declines in exports and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased.

### Revisions

Real GDP was unrevised for the quarter. Notable underlying revisions include:

- An upward revision in consumer spending, both in services and goods;
- A downward revision to business investment, mostly in intellectual property products and equipment;
- A downward revision to state and local government spending, primarily in structures.

### Prices

Prices of goods and services purchased by U.S. residents increased 1.9 percent in the fourth quarter after increasing 1.5 percent in the third quarter. Excluding energy and food, prices rose 1.5 percent after increasing 1.7 percent.

### Annual GDP growth

For the year 2016, real GDP increased 1.6 percent, compared with 2.6 percent in 2015.

The increase in real GDP in 2016 reflected increases in consumer spending, residential investment, state and local government spending, exports, and federal government spending.

These contributions were partly offset by declines in private inventory investment and business investment. Imports increased.



*Real GDP growth is measured at seasonally adjusted annual rates.*

