

GDP INCREASES IN THIRD QUARTER

“Advance” estimate of GDP

Real gross domestic product (GDP) increased 2.9 percent in the third quarter of 2016, according to the “advance” estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP rose 1.4 percent.

Third-quarter GDP highlights

The increase in real GDP partly reflected an increase in consumer spending on services, notably on housing and utilities and on health care. Spending on durable goods, notably on motor vehicles and parts, also increased.

Exports of goods increased, notably in foods, feeds, and beverages and in industrial supplies and materials. Exports of services also increased. In addition, private inventory investment increased, as did federal government spending and business investment.

Offsetting these contributions to growth, residential housing investment, consumer spending on nondurable goods, and state and local government spending declined.

Personal income and saving

Real disposable personal income (DPI), personal income adjusted for taxes and inflation, increased 2.2 percent in the third quarter after increasing 2.1 percent in the second quarter.

Personal saving as a percentage of DPI was 5.7 percent in the third quarter, the same as in the second quarter.

Third-quarter prices

Prices of goods and services purchased by U.S. residents—gross domestic purchases prices—increased 1.5 percent in the third quarter after increasing 2.1 percent in the second quarter. Prices of energy goods increased, while food prices decreased.

Excluding food and energy, gross domestic purchases prices increased 1.8 percent in the third quarter after increasing 2.0 percent in the second quarter.

