

GROWTH SLOWS IN THE THIRD QUARTER

“Advance” Estimates of GDP

Real gross domestic product (GDP), the most comprehensive measure of economic activity, increased 1.6 percent in the third quarter after increasing 2.6 percent in the second quarter, according to estimates released today by the Bureau of Economic Analysis.



The deceleration in quarterly real GDP growth primarily reflected the following:

- Imports accelerated.
- Inventory investment turned down.
- Residential investment decreased for the fourth consecutive quarter; the decrease was the largest since the first quarter of 1991.
- Consumer spending for services and state and local government spending both decelerated.

Prices

Inflation, as measured by prices for domestic purchases, increased 2.0 percent in the third quarter after increasing 4.0 percent. The increase was the smallest since the fourth quarter of 2003.

Excluding food and energy, prices increased 1.9 percent, following a 2.9-percent increase.

Disposable Income

Real disposable personal income increased 3.7 percent in the third quarter, following an increase of 1.7 percent in the second quarter.

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: The “preliminary” estimate of GDP and corporate profits for the third quarter of 2006 will be released on November 29, 2006.